



STRATEGIC PLAN

FY 2020-2021

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PURPOSE OF STRATEGIC PLAN

The strategic plan sets the short-term and long-term path for achieving TVMWD's mission and vision. The plan provides the opportunity to reflect on challenges at TVMWD and in the Water Industry to ensure we are setting goals, objectives and actions that best serve the regional needs of TVMWD.

MISSION

The mission of Three Valleys Municipal Water District is to supplement and enhance local water supplies to meet our region's needs in a reliable and cost-effective manner.

VISION

TVMWD meets its regional water supply needs through:

- 1. Collaboration with its member agencies to understand their short-term and long-term needs**
- 2. Development and implementation of a plan to address these needs in a cost-effective manner based on current water conditions**
- 3. Periodic update of the plan as needs or as major changes in water conditions occur**
- 4. Adaptive management strategies that seek a combination of operational and cost efficiency**

CORE VALUES

To achieve success, TVMWD must have a set of core values from which it bases its policies and actions. To meet current and future challenges, the single most important factor to our success is faithful and consistent adherence to these values.



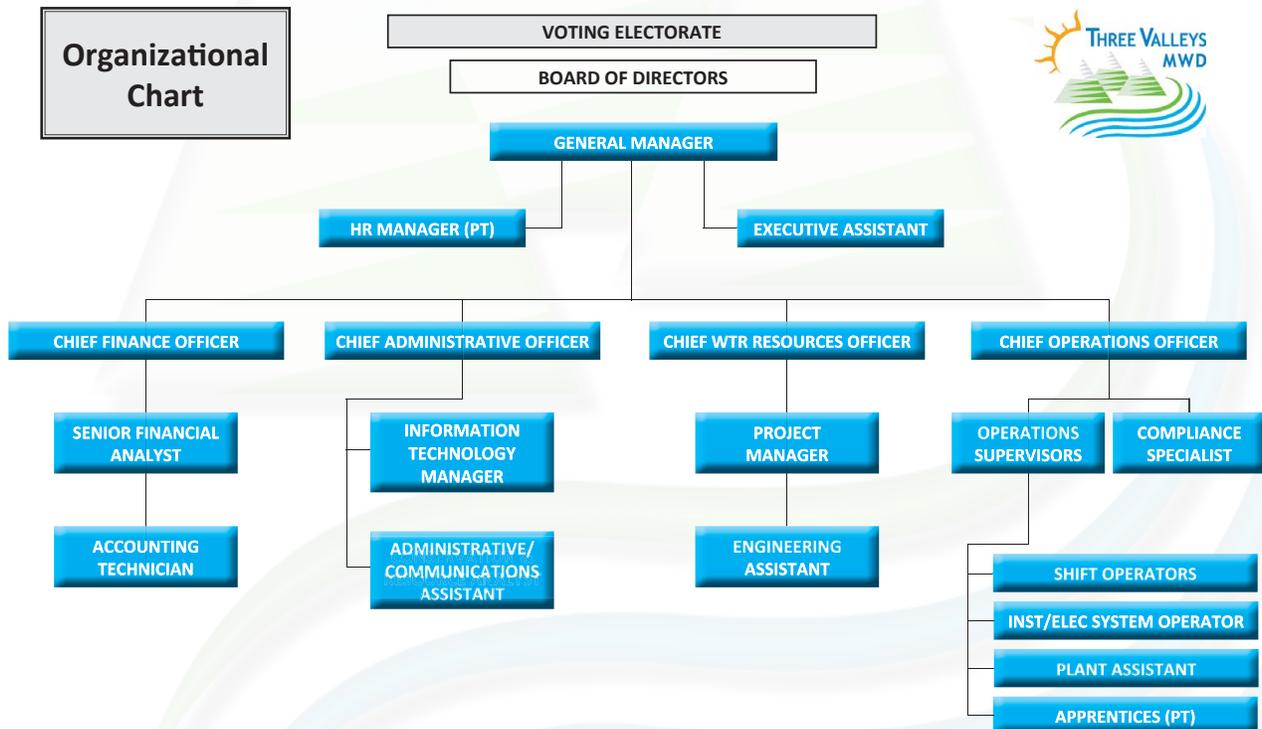
- Teamwork – the coordination, collaboration, participation and understanding of everyone’s role in fulfilling the mission and vision
- Communication – the exchanging of information and sharing of ideas or feelings
- Customer Service – the process of ensuring customer satisfaction
- Personal Responsibility – being accountable for something within one’s control
- Employee Development – the steps taken to encourage each employee’s professional and personal growth
- Professional Integrity – the manner in which people behave and act in the workplace
- Innovation – the process of inventing or introducing something new
- Recognition – appreciating the value of an achievement

PROFILE

TVMWD is a special district formed by public election in 1950 and is the area's primary source of supplemental water covering the Pomona, Walnut and East San Gabriel Valleys. TVMWD is one of 26 member agencies of the Metropolitan Water District of Southern California (MWD) that is authorized to deliver wholesale water supplies from the Colorado River and Northern California. The region served by TVMWD spans over 133 square miles and serves 13 retail member agencies that in turn serve a population of over 500,000.

TVMWD's operations consist of a conventional surface water treatment plant, a state certified laboratory, three groundwater wells, five hydroelectric generators rated with a potential of 1.1 megawatts, residual solids removal, groundwater recharge pipelines, pump stations, and transmission pipelines. Water is treated at the Miramar Treatment Plant and wholesaled to local agencies by way of several miles of pipeline. Approximately 30% of TVMWD's total treated sales are from the Miramar Treatment Plant, while the remaining 70% is from MWD's Weymouth Treatment Plant. TVMWD receives a Tier 1 water supply allotment from MWD of 80,688 AFY. TVMWD has water storage accounts in Six Basins (stored: approx. 3,500 AF; capacity: 3,500 AF) and Main San Gabriel Basin (stored: approx. 14,000 AF; capacity: 40,000 AF).

TVMWD is governed by a Board of Directors elected by the registered voters residing within TVMWD's boundaries. The Board has a combined 80 years of experience with TVMWD. The executive management team has a combined 58 years of experience with TVMWD and 98 years of experience in the water industry. This stability provides a tremendous benefit to TVMWD. Management recently re-evaluated the organizational structure of the agency, leading to the elimination of certain positions and hiring of new staff that will meet the current and future needs of the agency.

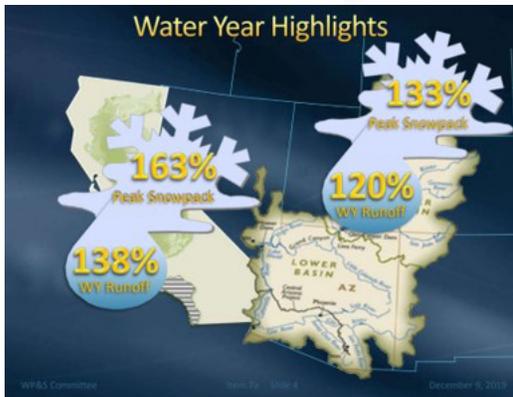


Matthew Litchfield, P.E.
General Manager

January 6, 2020
Date

INDUSTRY OUTLOOK

MWD imports water supplies to Southern California from two main sources: the Sacramento and San Joaquin Rivers through the State Water Project (SWP) and the Colorado River via the Colorado River Aqueduct (CRA). The SWP is operated and maintained by the California Department of Water Resources (DWR), who allocates water annually to each of the twenty-nine SWP contractors throughout the state. MWD is the largest contractor of the SWP, receiving about 50% of the supplies. The CRA is owned, operated and maintained by MWD. Operation of the CRA is dictated by The Law of the Colorado River, which provides for the benefit of the seven western states that rely on the Colorado River or its tributaries.



During 2019, above normal hydrologic conditions supported a 75% SWP allocation. Above normal snowpack in the Upper Colorado River Basin and above normal inflows into Lake Powell deferred any possible shortage for 2020 and reduced the probability of shortage through 2023 for the CRA. Demands remained low due to wet conditions and continued conservation and behavioral water use reductions following years of drought. MWD's storage reserves of approximately 4 million acre-feet are the highest they have ever been.

On the horizon, the Delta Conveyance Project is moving forward. This project is an infrastructure upgrade that will improve the reliability and sustainability of California's aging water system, improve river flows and benefit the fragile Sacramento-San Joaquin Delta (Delta) ecosystem. The main infrastructure improvement is a tunnel pipeline to carry the water under the Delta to the existing aqueduct systems in the southern Delta that deliver water to cities and farms. The project will take approximately 13 years for completion.

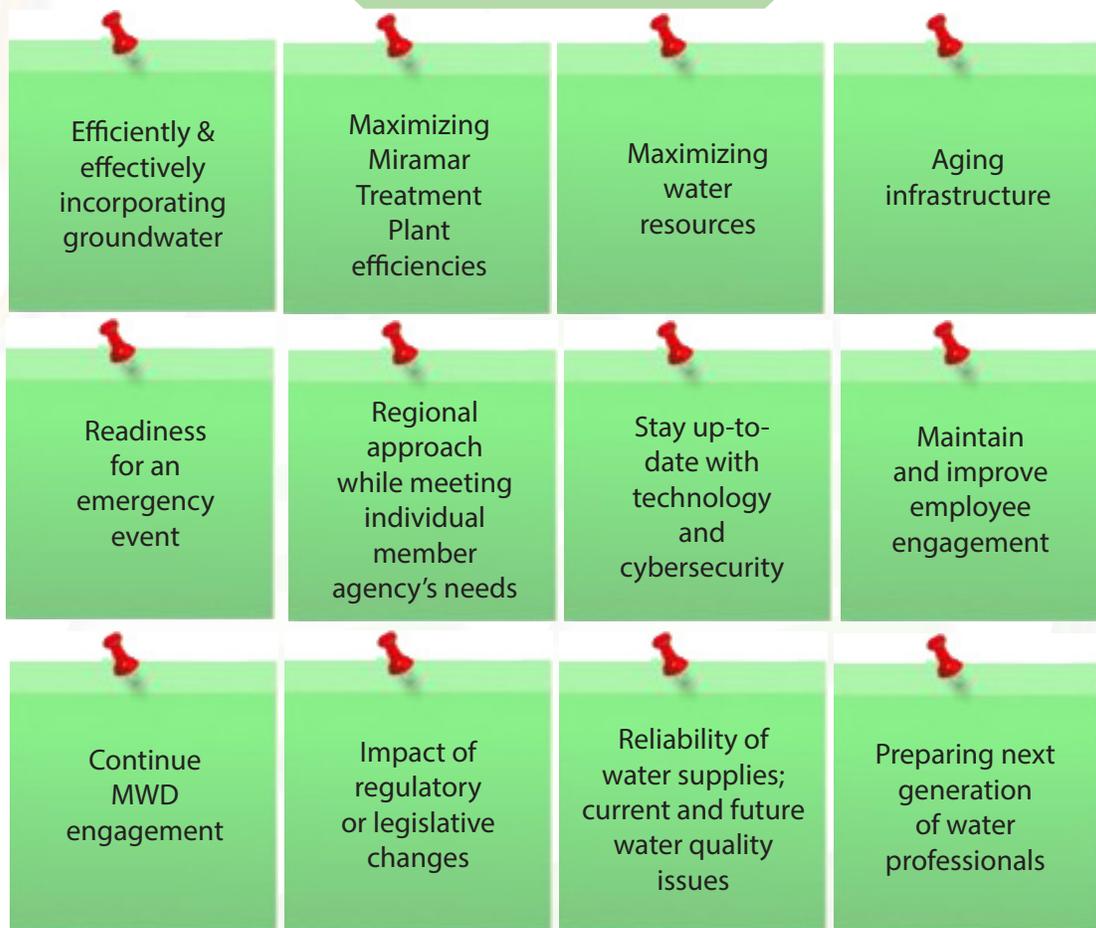
CHALLENGES

The Executive Team has identified the following items as current or ongoing challenges.

CURRENT CHALLENGES



ONGOING CHALLENGES



GOALS

The following goals have been identified to assist TVMWD in executing its mission:

1. Provide an adequate, reliable, high-quality water supply
2. Provide water supplies in the most cost-effective manner
3. Be financially responsible and maintain public trust
4. Continuously implement organizational enhancements

Each goal has several specific objectives and actions to support the goals and address the challenges above.

GOALS

Goal #1 - Provide an Adequate, Reliable, High-Quality Water Supply

Objective	Action
1.1 Secure water supplies that exceed the estimated annual demands by 10%	<ul style="list-style-type: none"> § Obtain short-term and long-term needs annually from member agencies; obtain additional supplies if necessary § Complete 2020 Regional Urban Water Management Plan § Maintain one-year supply of storage in local groundwater basins
1.2 Maintain 100% compliance with water quality standards	<ul style="list-style-type: none"> § Comply with all EPA and State Water Board standards for safe drinking water § Update treatment methods as needed
1.3 Maintain diverse sources of water supplies and storage	<ul style="list-style-type: none"> § Comply with MWD 10-year Purchase Order agreement § Determine need for additional spreading capabilities in local groundwater basins § Participate in regional collaborative efforts to bolster local water supplies § Communicate importance of Delta Conveyance Project and Carson Project
1.4 Maintain water infrastructure to assure 100% reliability	<ul style="list-style-type: none"> § Utilize asset management/GIS to identify infrastructure needing repair/replacement § Budget for replacement based on estimated remaining useful life
1.5 Prepare for long-term MWD shutdown or catastrophic event that affects operations	<ul style="list-style-type: none"> § Continue working with MWD, IEUA, WFA and other agencies on potential solutions to minimize impact of planned Rialto Feeder shutdown for PCCP Rehabilitation (2029) § Coordinate plans and resource sharing with member agencies and PWAG § Conduct emergency operations exercises at least three times per year § Address business recovery and continuity

Goal #2 – Provide Water Supplies in the Most Cost-Effective Manner

Objective	Action
2.1 Increase Miramar Treatment Plant deliveries to 60%-70% of available capacity	<ul style="list-style-type: none"> § Shift more demand from the Weymouth plant to the Miramar Treatment Plant § Consider additional connections to Miramar Treatment Plant
2.2 Reduce residual solids disposal costs	<ul style="list-style-type: none"> § Increase efficiency of belt filter press § Put hauling/disposal costs out to annual bid § Consult other agencies to see if beneficial use for solids
2.3 Maintain well efficiency at industry standards	<ul style="list-style-type: none"> § Consider pulling equipment; brush and bail, spinner testing, design new pump bowls to maximize efficiency
2.4 Increase involvement and awareness of all aspects of MWD	<ul style="list-style-type: none"> § Increase participation and staff presence at all MWD meetings § Participate and contribute to MWD's 2020 Integrated Resources Plan Update

GOALS

Goal #3 – Be Financially Responsible and Maintain Public Trust

Objective	Action
3.1 Utilize and comply with a set of financial policies to maintain TVMWD's financial health	<ul style="list-style-type: none"> § Maintain financial policies: <ul style="list-style-type: none"> • Annual budget and rate making process • Debt management • Reserves • Cash management & investments § Maintain accreditation of SDLF's "District of Distinction"
3.2 Maintain website with useful information	<ul style="list-style-type: none"> § Refine overall look and feel of website § Maintain one-year history: board agendas, packets, minutes, and recordings § Maintain two-year history: financial and water quality reports § Maintain SDLF's "District Transparency Certificate of Excellence"
3.3 Be accountable and transparent with major decisions	<ul style="list-style-type: none"> § Board staff reports will specify the strategic plan objective achieved with the requested action § Obtain board approval as needed for policy changes
3.4 Communicate to residents and local government policy makers what TVMWD's role is in the delivery of water	<ul style="list-style-type: none"> § Promote achievement of TVMWD goals and objectives § Communicate the importance of TVMWD so the value provided is recognized and supported § Coordinate communication efforts with member agencies so they reiterate the benefit provided § Provide tours of TVMWD facilities § Facilitate tours of MWD facilities
3.5 Maintain awareness of legislation that may affect TVMWD	<ul style="list-style-type: none"> § Track and support/oppose all proposed legislation affecting TVMWD and keep apprised of bills potentially impacting TVMWD

Goal #4 – Continuously Implement Organizational Enhancements

Objective	Action
4.1 Implement new accounting and human resource software by 2022 that provides for efficient use for all departments	<ul style="list-style-type: none"> § Finalize associated needs for all departments § Issue RFP, select a vendor and plan timeline for effective implementation
4.2 Prepare for transition to the next generation of water professionals	<ul style="list-style-type: none"> § Invest in qualified personnel and provide proper training § Provide opportunities for staff interaction and feedback § Maintain a succession plan that fosters qualified internal candidates for vacancies and retains institutional knowledge § Adhere to a compensation philosophy that retains staff § Maintain a health and wellness program to minimize absences and improve employee's overall well-being
4.3 Increase use of technology to secure information and keep current with industry standards	<ul style="list-style-type: none"> § Create a technology master plan § Implement full enterprise GIS § Request Department of Homeland Security cybersecurity review § Standardize engineering procedures (drawings, specifications, and AutoCAD standards)
4.4 Align agreements to current business practices	<ul style="list-style-type: none"> § Meet with all parties to agreements, discuss terms and draft new agreements § Consider whether additional agreements are necessary

RESERVE POLICIES

- a. Consistent with sound and prudent fiscal practices as well as legal requirements, TVMWD will maintain reserve funds that comply with adopted policy and legal bond documents.
- b. Objectives of reserve funds:
 - i. To balance short-term fluctuations in revenues/expenses without adopting unplanned rate increases.
 - ii. To provide a safety net in the event of emergency.
 - iii. To minimize external borrowing and interest expense.
 - iv. To determine the most opportune time to issue debt when necessary.
- c. In setting reserve goals TVMWD will consider that reserve levels affect bond ratings and ultimately the ability to access debt markets at favorable interest rates.
- d. The Board shall annually reevaluate what is reasonable for each reserve fund.

Reserve	Goal	Description	Source
Board Election	\$160,000 - \$240,000	To cover biennial election and associated costs.	Water rate over the 2 subsequent years.
Water Management	\$200,000	To replenish storage of water pumped from local basins. Amount set at (TVMWD Six Basins storage capacity, less current storage, less MWD current storage) * expected rate for replenishment.	Six Basins water sales annually & then from Unassigned Reserves. Additional shortfalls replenished from water rate over the next 3 years.
Water Rate Stabilization	\$1,200,000 - \$1,800,000	To help fund operations when water sales are less than projected. Reserve shall be set at an amount to supplant lost income in the event of 10% water sales shortages over a 2-3 year period.	Unassigned Reserves. Additional shortfalls replenished from water rate over the next 3 years unless rate stabilization utilized to balance upcoming budget.
Capital Investment Program	\$4,800,000 - \$10,400,000	To cover expected and actual capital project/repair/ replacement costs over the next 2-4 year period.	Unassigned Reserves. Additional shortfalls replenished from water rate over the next 3 years.
Opportunity	\$2,000,000 - \$3,000,000	For unbudgeted, unplanned or opportunistic projects that can increase supply reliability or decrease rates.	Unassigned Reserves. Additional shortfalls replenished from water rate over the next 3 years.
Employee Benefit	\$3,400,000	To accumulate funds to offset net OPEB and pension liabilities. Funds to be deposited at the close of each fiscal year to the Post Employment Benefit Trust until the balance of the trust and CalPERS assets reaches approximately 90% of the total liability. This reserve will maintain the remaining 10% to offset the unfunded liability and to ensure the trust is not overfunded.	Unassigned Reserves. The board will approve a rate funding strategy during the annual budget process.
Emergency	Total available reserve balances of at least \$10,000,000	To cover unexpected costs from litigation, catastrophic events, business interruptions, or other events deemed as emergencies by the Board.	Unassigned Reserves. Additional shortfalls replenished from water rate over the next 3 years.
Unassigned	Remaining balance of unrestricted net assets	To replenish all other reserves and then accumulate excess reserves above goal amounts.	Excess retained earnings.

DEBT MANAGEMENT ANALYSIS

TVMWD DEBT SUMMARY

TVMWD is debt free.

ANALYSIS

Based on budget/rate forecasts and the five-year capital improvement plan, TVMWD should not need to issue debt in the foreseeable future. However, TVMWD is well positioned to obtain debt at favorable rates should the need arise.



FIVE-YEAR CAPITAL PROGRAM

Project Enhanced Groundwater Production

Description Continued strategy to develop additional groundwater production capability within the groundwater basins that underlie TVMWD. This supply will augment imported water in the Miramar system for water delivery to the member agencies. Enhancing the capability to use local resources lessens the overall cost of water from Miramar and improves the reliability of supplies during emergencies. To the extent possible, existing wells that can be utilized will be incorporated into the strategy. In some cases, treatment may be required.



- Purpose**
- Serves as a cost-efficient source of water.
 - Provides additional options during emergency situations or drought conditions.

- TVMWD Objective**
- 1.3 - Maintain diverse sources of water supplies and storage.
 - 1.5 - Prepare for long-term MWD shutdown or catastrophic event that affects operations.
 - 2.3 - Maintain well efficiency at industry standards.



Fiscal Year	20/21	21/22	22/23	23/24	24/25
Cost Estimate	1,900,000	2,500,000	-	-	-
Encumbered					
Grant or Other Funding					
Budget Needs	1,900,000	2,500,000	-	-	-

FIVE-YEAR CAPITAL PROGRAM

Project Alternative Disinfection

Description Planning and design associated with modifications to the Miramar Plant filter bay gallery to improve water quality and address concerns associated with disinfection byproducts and taste and odor issues. This project will test and evaluate different filter media profiles to determine the optimum configuration that will achieve short-term and long-term objectives with regard to the potable water quality leaving the Miramar Plant.



Purpose

- Improves water quality.
- Increases operational efficiency.

TVMWD Objective

- 1.2 - Maintain 100% compliance with water quality standards
- 1.4 - Maintain water infrastructure to assure 100% reliability.
- 2.1 - Increase Miramar Treatment Plant deliveries to 60%-70% of available capacity.



Fiscal Year	20/21	21/22	22/23	23/24	24/25
Cost Estimate	50,000	150,000	2,500,000	-	-
Encumbered	(50,000)	(74,167)			
Grant of Other Funding					
Budget Needs	-	75,833	2,500,000	-	-

FIVE-YEAR CAPITAL PROGRAM

Project **Miramar Pipeline Repairs & Improvements**

Description Repair and improvement costs associated with the Miramar Transmission Pipeline. All phases of the initial visual inspections of the transmission main were completed by FY 2017-2018. Based on those observations, there were no major deficiencies requiring immediate repairs. In the future, TVMWD will conduct inspections involving more sophisticated non-destructive techniques to acquire a more precise assessment of the 30-plus-year-old pipeline. Next inspections are scheduled for FY 2023-2024. Repair phases will then follow based on those inspection outcomes. Other improvements will also be undertaken to address pipeline reliability and/or water quality issues. In FY 2022-2023, a residual control system is proposed at Fulton Reservoir to maintain disinfectant levels at the outer edges of the system.



- Purpose**
- Maintains pipeline integrity.
 - Lengthens the useful life of the facilities.
 - Improve water quality.

- TVMWD Objective**
- 1.2 - Maintain 100% compliance with water quality standards
 - 1.4 - Maintain water infrastructure to assure 100% reliability.
 - 2.1 - Increase Miramar Treatment Plant deliveries to 60%-70% of available capacity.



Fiscal Year	20/21	21/22	22/23	23/24	24/25
Cost Estimate	-	-	200,000	200,000	-
Encumbered					
Grant or Other Funding					
Budget Needs	-	-	200,000	200,000	-

FIVE-YEAR CAPITAL PROGRAM

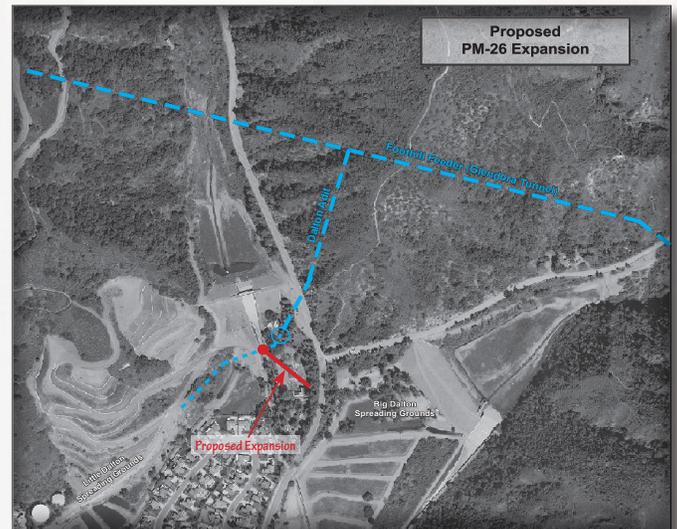
Project MWD Service Connections Enhancements

Description Planning, design, environmental and construction costs to expand the spreading connection at the existing PM-26 location. The existing connection currently delivers untreated import water to the Little Dalton Spreading Grounds, for which delivery rates are very limited. The addition of pipeline and low-lift pumping capability would allow delivery of water from the Rialto Pipeline into the adjacent Big Dalton Spreading Grounds and other potential recharge facilities downstream. This added capacity would allow TVMWD to utilize more spreading water over shorter periods of time in the Main San Gabriel Basin. Two new service connections (PM-27 & PM-29) are in the exploration and planning phase; both are being considered for enhancing ability to deliver water for groundwater recharge.



Purpose • Increases spreading capabilities.

TVMWD Objective 1.3 - Maintain diverse sources of water supplies and storage
1.5 - Prepare for long-term MWD shutdown or catastrophic event that affects operations



Fiscal Year	20/21	21/22	22/23	23/24	24/25
Cost Estimate	100,000	-	350,000	3,750,000	750,000
Encumbered					
Grant or Other Funding	(50,000)		(125,000)	(1,500,000)	
Budget Needs	50,000	-	225,000	2,250,000	750,000

FIVE-YEAR CAPITAL PROGRAM

Project **Miramar Building and Site Improvements**

Description Design and construction of various upgrades and improvements for the Miramar buildings and site as well as at other TVMWD-owned facilities. Some of the projects envisioned over the next several years include bathroom upgrades, addition of offices in locations with available space, modifying the operations control room, installing additional security, office lighting efficiency upgrade, and installing a roof structure over the chemical storage area.



- Purpose**
- Maintain TVMWD facilities in modern, working order to accommodate the needs of staff and visitors.
 - Improve security at TVMWD facilities.
 - Make efficient use of available space.



TVMWD Objective 1.4 - Maintain water infrastructure to assure 100% reliability.

Fiscal Year	20/21	21/22	22/23	23/24	24/25
Cost Estimate	126,000	150,000	150,000	75,000	75,000
Encumbered					
Grant or Other Funding					
Budget Needs	126,000	150,000	150,000	75,000	75,000

BUDGET PRIORITIES FOR FY 20-21

Based on TVMWD's goals and objectives, the following budget priorities have been identified:

1. Increase Ability to Store and Extract Water

- a. Enhanced Groundwater Production – Planning and design will begin on the MiraGrand Well and rehabilitation will be done on TVMWD Well #2.
- b. MWD Service Connections Enhancements – Planning will continue on PM-27 and PM-29 service connections that can enhance TVMWD's ability to deliver water for groundwater recharge.

2. Focus on Regional Collaborative Efforts to Bolster Water Supplies

- a. Rialto Feeder Shutdown tentatively in 2029 – Potential solutions will take a significant amount of time and planning to come together. Continue working with MWD, IEUA, WFA and other agencies on options to minimize the impact of this planned event.
- b. 2020 Regional Urban Water Management Plan – Complete document that satisfies requirement for TVMWD and our member agencies.
- c. MWD's 2020 Integrated Resources Plan Update – Participate and contribute, as outcome will affect future resources and their associated costs

3. Continuous Organizational Improvement

- a. Align Agreements to Current Business Practices – Complete Miramar Agreement 2.0 and modify other agreements as needed.
- b. Geographic Information System and Technology Master Plan – Complete and implement plan that will modernize processes and increase efficiencies of staff

ACRONYMS AND ABBREVIATIONS

- AF – Acre-Feet
- AFY – Acre-Feet per Year
- CRA – Colorado River Aqueduct
- DWR – Department of Water Resources
- EPA – Environmental Protection Agency
- FY – Fiscal Year
- GIS – Geographic Information System
- IEUA – Inland Empire Utilities Agency
- MWD – Metropolitan Water District of Southern California
- OPEB – Other Post-Employment Benefits
- PCCP – Prestressed Concrete Cylinder Pipe
- PWAG – Public Water Agencies Group
- RFP – Request for Proposal
- SDLF – Special District Leadership Foundation
- SWP – State Water Project
- TVMWD – Three Valleys Municipal Water District
- WFA – Water Facilities Authority

