

*As a matter of proper business decorum, the Board of Directors respectfully request that all cell phones be turned off or placed on vibrate. To prevent any potential distraction of the proceeding, we request that side conversations be taken outside of the meeting room.*

**AGENDA  
REGULAR BOARD MEETING  
THREE VALLEYS MUNICIPAL WATER DISTRICT  
1021 E. MIRAMAR AVENUE, CLAREMONT, CA 91711  
Wednesday, October 17, 2018 at 8:00 AM**

*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.*

**Item 1 – Call to Order** **Kuhn**

**Item 2 – Pledge of Allegiance** **Kuhn**

**Item 3 – Roll Call** **Kuhn**

**Item 4 – Additions to Agenda** *(Government Code Section 54954.2(b)(2))* **Kuhn**

Additions to the agenda may be considered when two-thirds of the Board members present determine a need for immediate action, and the need to act came to the attention of TVMWD after the agenda was posted; this exception requires a degree of urgency. If fewer than two-thirds of the Board members are present, all must affirm the action to add an item to the agenda. *The Board shall call for public comment prior to voting to add any item to the agenda after posting.*

**Item 5 – Reorder Agenda** **Kuhn**

**Item 6 – Public Comment** *(Government Code Section 54954.3)* **Kuhn**

Opportunity for members of the public to directly address the Board on items of public interest within its jurisdiction. The public may also address the Board on items being considered on this agenda. TVMWD requests that all public speakers complete a speaker's card and provide it to the Executive Assistant.

***We request that remarks be limited to five minutes or less. Pursuant to Government Code Section 54954.3, if speaker is utilizing a translator, the total allotted time will be doubled.***

**Item 7 – Consent Calendar**

The Board is being asked to consider consent calendar items 7.A – 7.I listed below. Consent calendar items are routine in nature and approved by a single motion. Any member of the Board may request that a specific item be pulled from the consent calendar for further discussion.

**7.A – Receive, Approve and File Minutes – September 2018 [enc]**

- September 5, 2018 – Regular Board Meeting
- September 19, 2018 – Regular Board Meeting

**7.B – Receive, Approve and File Financial Reports and Investment Update – September 2018 [enc]**

- Change in Cash and Cash Equivalents Reports
- Consolidated Listing of Investment Portfolio and Investment Report
- YTD District Budget Monthly Status Reports
- Warrant Summary Disbursements

**7.C – Imported Water Sales and Peak Flow Reports [enc]**

The Board will review the imported water sales report period ending September 30, 2018; this is the final peak flow report for the 2018 season.

**7.D – Miramar Operations Report [enc]**

The Board will review the Miramar Operations report for the period ending September 30, 2018.

**7.E – On-call Emergency Contractors – Request to Enter into Long-Term Contracts [enc]**

The Board will consider approval of and authorize the General Manager to negotiate and enter into one or more on-call emergency services contracts.

**7.F – FY 2017-18 Reserve Schedule and Encumbrance Carryforward [enc]**

The Board will consider approval of recommendations to carry forward project funds from FY 17-18 to FY 18-19 and reserve fund year end allocations for FYE June 30, 2018.

**7.G – Contribution to Pension Trust [enc]**

The Board will consider approval to disburse \$50,000 to TVMWD's Pension Trust.

**7.H – Cancellation of November 21, 2018 and December 19, 2018 Regular Board Meeting [enc]**

The Board will consider approval to cancel the November 21, 2018 and December 19, 2018 regularly scheduled board meetings.

**7.I – Resolution No. 18-10-837 Appointing Directors from Division 3 and Division 5 in lieu of election [enc]**

TVMWD received notice on September 20, 2018 that that Los Angeles County Registrar/Recorder County Clerk has certified that there were two candidates, the seated incumbents, for the November 6, 2018 election in Division 3 and Division 5. Approval of this resolution will seek to appoint Director Brian Bowcock, Division 3 and Director Joe Ruzicka, Division 5 to a four-year term commencing upon approval by the Los Angeles County Board of Supervisors and running through December 2, 2022.

**Items 7.A – 7.I: Board Action Required – Motion No. 18-10-5192**

Staff Recommendation: Approve as presented

**Item 8 – General Manager’s Report**

Hansen

*The Executive Leadership Team will provide brief updates on existing matters under their purview and will be available to respond to any questions thereof.*

**8.A – Legislative Update, October 2018 / Resolution No. 18-10-838 Support Proposition 3 Water Supply and Water Quality Act of 2018 [enc]**

Howie

The Board will be provided a legislative update of current activities that will include a preview of the upcoming November 6, 2018 election. The Board will also consider approval of Resolution No. 18-10-838 in support of Proposition 3 Water Supply and Water Quality Act of 2018.

**Items 8.A: Board Action Required – Motion No. 18-10-5193**

Staff Recommendation: Approve as presented

**8.B – Director Expense Reports, September 2018 [enc]**

Kuhn

The Board will consider approval of the September 2018 Director expense reports that include disclosure of per diem requests for meeting attendance, and an itemization of any expenses incurred by TVMWD.

**Item 8.B: Board Action Required – Motion No. 18-10-5194**

Staff Recommendation: None

**8.C – FY 17-18 Audit and Comprehensive Annual Financial Report (CAFR) [enc]**

Linthicum

The Board will receive and file the FYE 6/30/2018 Audit and CAFR.

**Items 8.C: Board Action Required – Motion No. 18-10-5195**

Staff Recommendation: Approve as presented

**8.D – Instrumentation/Electrical System Operator [enc]**

**Lang**

The Board will consider the addition of a new position, Instrumentation/Electrical System Operator to the organizational chart and salary schedule.

**Items 8.D: Board Action Required – Motion No. 18-10-5196**

Staff Recommendation: Approve as presented

**Item 9 – Directors’ / GM / AGM Oral Reports**

The following reports are provided by Directors as it concerns activities at meetings of which they are assigned to serve as the representative or alternate of the District.

**9.A – Local Agency Formation Commission**

**Ruzicka**

**9.B – Main San Gabriel Basin Watermaster**

**Bowcock**

**9.C – Six Basins Watermaster**

**Bowcock**

**9.D – San Gabriel Valley Water Quality Authority**

**Kuhn**

**9.E – Chino Basin Watermaster**

**Kuhn**

**9.F – Pomona City Council**

**Mendoza**

**9.G – San Gabriel Valley Council of Governments**

**Goytia**

**9.H – Metropolitan Water District**

**De Jesus**

**9.I – Additional Board Member or Staff Reports / Comments**

**All**

**Item 10 – Closed Session**

**Kuhn**

**10.A Conference with Labor Negotiators pursuant to Government Code 54957.6**

District designated representative: Steven M. Kennedy, Esq. Law Offices of Brunick, McElhaney and Kennedy

Unrepresented employee: General Manager

**Item 11 – Announcement of Closed Session Actions**

**Kuhn**

**Item 12 – Future Agenda Items**

**Kuhn**

**Item 13 – Adjournment**

**Kuhn**

The Board will adjourn to its next meeting scheduled for Wednesday, November 7, 2018 at 8:00 a.m.

## **American Disabilities Act Compliance Statement**

*Government Code Section 54954.2(a)*



*Any request for disability-related modifications or accommodations (including auxiliary aids or services) sought to participate in the above public meeting should be directed to the TVMWD's Executive Assistant at (909) 621-5568 at least 24 hours prior to meeting.*

### **Agenda items received after posting**

*Government Code Section 54957.5*

*Materials related to an item on this agenda submitted after distribution of the agenda packet are available for public review at the TVMWD office located at, 1021 East Miramar Avenue, Claremont, CA, 91711. The materials will also be posted on the TVMWD website at [www.threevalleys.com](http://www.threevalleys.com).*

*Three Valleys MWD Board Meeting packets and agendas are available for review on its website at [www.threevalleys.com](http://www.threevalleys.com). The website is updated on Sunday preceding any regularly scheduled board meeting.*

**MINUTES**  
**REGULAR BOARD OF DIRECTORS MEETING**  
**THREE VALLEYS MUNICIPAL WATER DISTRICT**

**Wednesday, September 5, 2018**  
**8:00 a.m.**

**1. Call to Order / Pledge of Allegiance**

The Board of Directors meeting of Three Valleys Municipal Water District (TVMWD) was called to order at 8:00 a.m. at the TVMWD office located at 1021 East Miramar Avenue, Claremont, California. The presiding officer was Vice President David De Jesus.

**2. Pledge of Allegiance**

The flag salute was led by Vice President David De Jesus.

**3. Roll Call**

Roll call was taken with a quorum of the Board present. Directors Dan Horan and Bob Kuhn had excused absences.

**Directors Present**

David De Jesus, Vice President  
 Brian Bowcock, Secretary  
 Joe Ruzicka, Treasurer  
 Carlos Goytia, Director (ar. 8:17 am)  
 John Mendoza, Director

**Directors Absent**

Dan Horan  
 Bob Kuhn (excused)

**Staff Present**

Rick Hansen, General Manager  
 Steve Kennedy, Legal Counsel (ar. 8:05 a.m.)  
 Ray Evangelista, Engineer  
 Mario Garcia, Chief of Engineering/Operations Officer  
 Vicki Hahn, District Clerk/Executive Assistant  
 Kirk Howie, Chief Administrative Officer  
 Steve Lang, Water Operations Manager  
 James Linthicum, Chief Finance Officer  
 Matt Litchfield, Assistant General Manager

Guests and others present: Kathy Cole, Metropolitan Water District; Tom Harwig, D & H Water Systems; Director Ed Hilden, Walnut Valley Water District; Denise Jackman, Rowland Heights Community Coordination Council; Ben Lewis, Golden State Water Company; Director Tony Lima, Rowland Water District; Director Szu Pei Lu-Yang, Rowland Water District; Steve Patton, City of Glendora; Bob Pence, Representative Grace F. Napolitano; Darron Poulsen, City of Pomona; Brian Teuber, Walnut Valley Water District

**4. Additions to Agenda**

Vice President De Jesus inquired if there was a need to add items to the agenda. Staff did not have a need to add items to the published agenda.

## 5. Reorder Agenda

The agenda was updated immediately before today's meeting and placed on the dais and public table; this resulted in the numbering on the agenda packet materials received via email being different. Vice President De Jesus inquired if there was a need to reorder the agenda. Staff informed. *Item 10.G (originally 9.G) – Addition of Instrumentation / Electric System Operator to Organizational Chart and Salary Schedule* was pulled from the General Manager's Report and will be returned for consideration at a future meeting.

## 6. Public Comment

Vice President De Jesus called for any public comment. There being none, the Board continued with the published agenda.

## 7. Presentation – Kathy Cole, Metropolitan Water District

Ms. Cole was present at today's meeting to provide the Board with a legislative year-end report of activity in Sacramento. August 31, 2018 triggered the end of the 2017-18 legislative session. The Governor now has 30 days to either act to support legislation becoming law, veto legislation to prevent it from becoming law or do nothing. If the Governor doesn't take any action to support or veto the legislation on his desk, it will automatically become law effective January 1, 2019. The 2018-19 legislative session will begin on December 3, 2018.

The democratic super-majority position was lost early in CY 2018 due to resignations for varying reasons on both the Assembly and Senate side of the aisle. Special elections were held during the April and August time frame to replace those seats.

As of the February 16, 2018 deadline the Assembly introduced approximately 1,500 new bills, a total of 3,239 for the two-year session; the Senate introduced 673 new bills, a total of 1,493 for the two-year session.

Proposition 54 passed in 2016 (reference 72-hour rule), helped to eliminate last minute amendments finding their way into introduced bills during this legislative session.

In May 2018 the Brown Administration made a formal request to the Joint Legislative Budget Committee to schedule the required hearing to set the contract extension on the State Water Project by 8/31/2018 legislative cycle deadline. The hearing has been set for September 11, 2018; at this time, it is the only required action for the contract extensions to occur.

Ms. Cole reviewed several legislative bills, propositions and ballot measures that were followed during the last session, and industry action taken. She further responded to inquiries from individual directors and members of the audience. Staff will return with a scorecard of legislation supported and opposed, as well as a candidate update for TVMWD during its October meeting.

# Item 7.A

Ms. Cole affirmed that she has turned in her papers for retirement effective the end of CY 2018. She will continue her role in a transitional capacity for the short term to bring the new employee up-to-date. Many thanks were extended to Ms. Cole for her efforts.

## 8. CY 2018 Board Appointment Amendments

The Board was provided an amended list of CY 2018 Board Appointments. Earlier this year TVMWD established relationships with two additional agencies as follows: BizFed and Southern California Water Coalition. These amendments have been designated by the Board President to the representative/alternates to attend and report on action taken at the respective meetings. A representative and alternate to attend and report at meetings of the San Gabriel Valley Economic Partnership were also made. The below table shows these appointments.

Committee / Board	Representative	Alternate
ACWA Region 8 Delegate	Brian Bowcock	Bob Kuhn
ACWA / JPIA Representative	Brian Bowcock	Bob Kuhn
BizFed	John Mendoza	Carlos Goytia
Chino Basin Watermaster <sup>1</sup>	Bob Kuhn	David De Jesus
City of Pomona Council Meeting	John Mendoza	Carlos Goytia
Local Agency Formation Commission (LAFCO)	Joe Ruzicka	Bob Kuhn
Main San Gabriel Basin Watermaster	Carlos Goytia	Brian Bowcock
MWD Board Representative	David De Jesus	N/A
PWR Joint Water Line Commission	Carlos Goytia	Joe Ruzicka
Rowland Water District	Joe Ruzicka	David De Jesus
San Gabriel Basin WQA <sup>1</sup>	Bob Kuhn	Brian Bowcock
San Gabriel Valley Council of Governments (SGV-COG) <sup>2</sup>	Carlos Goytia	Joe Ruzicka
San Gabriel Valley Economic Partnership (SGVEP)	Bob Kuhn	John Mendoza
Six Basins Watermaster <sup>1</sup>	John Mendoza	Carlos Goytia
Southern California Water Coalition	Brian Bowcock	John Mendoza
Walnut Valley Water District	David De Jesus	Joe Ruzicka
<i>Amended 9/5/2018</i>		

Upon motion and second Vice President De Jesus opened the floor for discussion. Director Bowcock inquired about the representative/alternate for Six Basins. It was his understanding that he would be moved to the alternate position for Six Basins and that Director Mendoza would be moved to the representative position. Mr. Hansen explained that policy falls to the Board President's decision to appoint directors to serve in various roles as representative/alternate, and that the Board is then be asked to ratify the decision. The appointments under consideration today are interim and may be reconsidered at a future time. Following discussion Vice President De Jesus called for the vote.

<sup>1</sup> Both the representative and alternate will attend these meetings due to voting requirements.

<sup>2</sup> For CY 2018 TVMWD will be the alternate



**Moved: Ruzicka; Second: Bowcock  
Motion No. 18-09-5187 – Approval of CY 2018 Board  
Appointment Amendments. The motion passed by a 5-0 vote;  
Directors Horan and Kuhn were absent from the vote.**

**9. Resolution No. 18-09-831 Appointment of Representative and Alternate to Serve on the San Gabriel Basin Water Quality Authority Board for CY 2019**

Every four years the District prepares a resolution for the San Gabriel Basin Water Quality Authority to act to appoint the representative and alternate to serve on their board. Resolution No. 18-09-831 serves this purpose and upon approval by the TVMWD Board will be forwarded to WQA.

Upon motion and second Vice President De Jesus opened the floor for discussion. There being no discussion the vote was called.

**Moved: Ruzicka; Second: Bowcock  
Motion No. 18-09-5188 – Approval of Resolution No. 18-09-831  
to appoint the representative and alternate to serve on the  
WQA board for CY 2019. The motion passed by a 5-0 vote;  
Directors Horan and Kuhn were absent from the vote.**

**10. General Manager's Report**

**10.A Surplus Property – Enabling Resolution Update**

During the last time the Board acted to consider surplus property, there was discussion as to the threshold amount in value necessary to bring to the Board for consideration. The draft resolution before the Board for consideration today is to adjust this value to \$1,000 before the District is required to come to the Board for formal action to dispose of surplus property. Discussion concerning what is a typical threshold occurred. Consultation also took place with Chief Finance Officer James Linthicum to determine any audit reviews that need to be considered when establishing a threshold. The District policy for disposition of surplus property will not change, only the amount that requires Board authorization to act. Staff and legal counsel will review the resolution language to ensure all legal considerations are incorporated within the proposed process, and the draft resolution will be modified to ensure the surplus property process for disposition is clear. This item will be returned for Board consideration at the September 19, 2018 meeting.

**10.B Proposed Amendments to the Three Valleys MWD Conflict of Interest Code**

On a biennial basis TVMWD is required to review its conflict of interest code for any proposed changes. During this review cycle it is necessary to make modifications

as follows: addition of Assistant General Manager to conflict of interest code, changes to titles of two positions, Assistant General Manager-Administration to Chief Administrative Officer and Manager Engineering and Operations to Chief of Engineering/Operations Officer, and removal of two advisory positions, Engineer/Assistant Engineer and Conservation and Resource Analyst. This item will be returned for Board consideration at the September 19, 2018 meeting. These recommendations must be received by the Los Angeles County Board of Supervisors by October 1, 2018.

## **10.C Filter Aid System Replacement**

Mr. Lang presented to the Board consideration of entering into a single source agreement with D & H Water Systems to purchase one USGI PolyBlend DP2000 Polymer Feed System, and to approve purchase order number 10298 in the amount of \$121,900 to make this purchase. Staff informed that competitive bidding options are limited to the scope of product operations which is where the proprietary considerations are.

Staff reported the current filtration system was fully depreciated in 2017 and met its life expectancy of 30 years. During the past few years it has become increasingly difficult to find parts and staff has been piecing the current equipment together as repairs become necessary. Staff budgeted for a replacement system during the current fiscal year. This item will be returned for Board consideration at the September 19, 2018 meeting.

## **10.D Project Summary Update**

The Board was provided with an update of ongoing projects at the District including a photographic presentation of progress. Much of the update was dedicated to the new Grand Avenue Well project. The full report was included as part of the agenda packet and is available upon request.

## **10.E Employee Health Care Costs CY 2019**

Mr. Linthicum informed the Board ACWA JPIA Executive Committee approved renewal of all employee benefit plans in July 2018 with no rate increases for 2019 except for Kaiser, which will renew with a 2.64% increase. The Anthem PPO and Consumer Driven Health Plan (CDHP) will have an aggregate increase of zero, however there are variables depending upon status of single, two-party or family. TVMWD's policy requires employees to contribute 10% toward their individual medical premiums with some exceptions:

- Employees hired before 12/31/2010 under previous allowance method;
- Single employees enrolled in Kaiser (JPIA requires 100% be paid by TVMWD);
- Employees enrolled in Anthem Blue Cross CDHP

Employees may continue to opt out of coverage for self or family with proof of comparable alternate coverage. This is limited to no greater than 25% of the work

force. Employees that choose to opt out of coverage receive approximately 70% of TVMWD savings for the coverage in cash. Upon approval by the Board, open enrollment is scheduled to begin around October 1, 2018. This item will be returned for Board consideration at the September 19, 2018 meeting.

## **10.F CAMP (California Asset Management Program)**

Staff informed the Board that CAMP is an additional investment tool that can be utilized along with LAIF and Chandler Asset Management. CAMP is similar in structure to LAIF with one key exception, which is the duration with which they will hold onto investments. CAMP will not go out greater than 60 days, while LAIF goes out up to 180 days. The shorter duration allows CAMP to take advantage of rising interest rates more quickly than LAIF. There is no fee to set up the account with CAMP. The only time costs are applied is when short term funds are placed in the account. To summarize how this will work, when interest rates are rising, funds will be moved to CAMP and when interest rates are decreasing the funds will be moved to LAIF. A question was asked regarding the protection of funds disbursed to CAMP. Both CAMP and LAIF are afforded the same protections to the invested funds, provided that the investments made are in alignment with Government Code recommendations (e.g., low risk). CAMP is AAA rated.

Director Bowcock commented on improved interest rates being offered at Opus Bank. Staff will discuss this offline to determine its value to TVMWD.

## **10.G Addition of Instrumentation / Electrical System Operator to Organizational Chart and Salary Schedule**

This item was pulled from the agenda and will be returned for consideration during a future meeting.

## **10.H AGM Report**

Mr. Litchfield provided the Board with an update of activities since the last meeting. He has continued to meet with each of the member agencies to introduce himself and to identify priorities.

Staff initiated a request for proposal for on-call emergency construction services during July. A staff recommendation will be prepared and brought to the Board for consideration in October.

A meeting was held with a GIS vendor. Staff is undertaking a needs assessment to update the scope of work and to initiate a request for proposal. A staff recommendation will be prepared and brought to the Board for consideration at a future meeting to be determined.

Messrs. Kuhn, Goytia and Litchfield were in Sacramento on August 20<sup>th</sup> to advocate for the State Water Project contract extension.

Messrs. Litchfield and Kennedy are working together to develop a cyclic storage account agreement between TVMWD and Main San Gabriel Basin Watermaster

# Item 7.A

(MSGBWM). The draft agreement was sent over to MSGBWM Executive Director for his review and comment.

## 11. Future Agenda Items

The following items were reviewed by the Board and recommended to move forward for consideration of approval at the September 19, 2018 Board Meeting.

- Surplus property – enabling resolution update
- Conflict of Interest Code amendments
- Filter Aid System Replacement
- Employee health care costs CY 2019
- CAMP (California Asset Management Program)

## 12. Adjournment

The Board adjourned at 9:25 a.m. to its next regular meeting scheduled for Wednesday, September 19, 2018 at 8:00 a.m.

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/s/ David De Jesus  
*Vice President, Board of Directors*  
Three Valleys Municipal Water District

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Recorded by: Victoria A. Hahn  
District Clerk/Executive Assistant

**MINUTES**  
**REGULAR BOARD OF DIRECTORS MEETING**  
**THREE VALLEYS MUNICIPAL WATER DISTRICT**

**Wednesday, September 19, 2018**  
**8:00 a.m.**

**1. Call to Order**

The Board of Directors meeting of Three Valleys Municipal Water District (TVMWD) was called to order at 8:00 a.m. at the TVMWD office located at 1021 East Miramar Avenue, Claremont, California. The presiding officer was President Bob Kuhn.

**2. Pledge of Allegiance**

The flag salute was led by President Bob Kuhn.

**3. Roll Call**

Roll call was taken with a quorum of the board present. Director Dan Horan was marked as absent.

**Directors Present**

Bob Kuhn, President  
 David De Jesus, Vice President  
 Brian Bowcock, Secretary  
 Joe Ruzicka, Treasurer  
 Carlos Goytia, Director  
 John Mendoza, Director

**Directors Absent**

Dan Horan, Director

**Staff Present**

Rick Hansen, General Manager  
 Steve Kennedy, Legal Counsel  
 Dominique Aguiar, Water Operations Supervisor  
 Liz Cohn, Senior Financial Analyst  
 Ray Evangelista, Engineer  
 Mario Garcia, Chief of Engineering/Operations Officer  
 Vicki Hahn, District Clerk/Executive Assistant  
 Kirk Howie, Chief Administrative Officer  
 Steve Lang, Water Operations Manager  
 James Linthicum, Chief Finance Officer  
 Matt Litchfield, Assistant General Manager  
 Ben Peralta, Project Manager  
 Esther Romero, Accounting Technician

Guests and others present: Tom Coleman, Rowland Water District; Director Ted Ebenkamp, Walnut Valley Water District; Director Ed Hilden, Walnut Valley Water District; Erik Hitchman, Walnut Valley Water District; Denise Jackman, Rowland Heights Community Coordination Council; Maria Elena Kennedy, Kennedy Communications; Ben Lewis, Golden State Water Company; Director Tony Lima, Rowland Water District; Darron Poulsen, City of Pomona; Ed Rendon, San Gabriel Valley Civic Alliance; Brian Teuber, Walnut Valley Water District; Dave Warren, Rowland Water District

## 4. Additions to Agenda

President Kuhn inquired if there was a need to add items to the agenda. Staff did not have a need to add items to the published agenda.

## 5. Reorder Agenda

President Kuhn inquired if there was a need to reorder the agenda. Staff did not have a need to reorder the published agenda.

## 6. Public Comment

President Kuhn called for any public comment. Mr. Ed Rendon, Executive Director of the San Gabriel Valley Civic Alliance (SGVCA) approached the lectern and provided a brief summary to the Board of the benefits of participating as a member of the SGVCA. His presentation culminated with an invitation to Three Valleys MWD to join the organization as an affiliate member with a \$2,500-5,000 annual dues obligation.

## 7. Consent Calendar

The Board considered consent calendar items A-K that included: A) Receive, approve and file minutes, June 2018 for June 6, 2018 and June 20, 2018 regular board meetings; B) ratify financial reports (warrant summary disbursements) for June/July 2018; C) receive, approve and file financial reports and investment update, August 2018; D) approve amendments to TVMWD Conflict of Interest Code; E) approve employee health care costs for CY 2019; F) add California Asset Management Program as an additional short-term investment vehicle; G) approval to enter into a single source agreement with D & H Water Systems for the purchase of one USGI PolyBlend DP2000 Polymer Feed System at a cost of \$121,900; H) approve Resolution No. 18-09-832 to participate in the Great California Shakeout on October 18, 2018; I) approve Resolution No. 18-09-832 Tax Sharing Exchange with County Sanitation District, Annexation 21-758; J) approve Resolution No. 18-09-833 Tax Sharing Exchange with County Sanitation District, Annexation 22-432; K) approve Resolution No. 18-09-834 Tax Sharing Exchange with County Lighting Maintenance District 1687, Annexation L-032-2016.

Upon motion and second, President Kuhn called for any discussion. There being none, he called for the vote.

**Moved: Ruzicka; Second: De Jesus  
Motion No. 18-09-5189 – Approval of Consent Calendar items A-K. The motion passed by a 6-0 vote; Director Horan was absent from the meeting.**

## 8. General Manager's Report

### 8.A Legislative Update, September 2018

Mr. Howie provided an update on the current legislative session that officially concluded on August 31, 2018. TVMWD initially acted to support or oppose 17 different bills and settled on action for 15 bills; two of the bills were amended satisfactorily. A final scorecard will be provided to the Board in October. On October 3, 2018 Mr. Jerry Meral will be in attendance to share with the Board regarding Proposition 3 the Water Supply and Water Quality Act of 2018 that will be on the November 6, 2018 ballot.

### 8.B Resolution No. 18-09-836 Surplus Property – Enabling Resolution Update

During the last surplus property consideration by the Board, staff was asked to evaluate the current enabling resolution to determine whether it could be updated to raise the threshold for when surplus property disposition requires Board approval. The suggested amount was any items greater than \$1,000 in value. All property that is considered for surplus will still be documented as it is now prior to any disposition. Approval of this resolution will establish that only those surplus items that are valued at \$1,000 or greater will require approval by the Board. Approval of this action will supersede Resolution No. 11-04-488 and the new threshold will become effective immediately.

Upon motion and second, President Kuhn called for any discussion. There being none, he called for the vote.

**Moved: Bowcock; Second: Ruzicka**  
**Motion No. 18-09-5190 – Approval Resolution No. 18-09-836**  
**Surplus Property – Enabling Resolution Update. The motion**  
**passed by a 6-0 vote; Director Horan was absent from the**  
**meeting.**

### 8.C Ratify and Approve Director Expense Reports June-August 2018

The Board was asked to ratify previously paid director expense reports for June and July 2018 and approve director expense reports submitted for August 2018. Upon motion and second President Kuhn called for any discussion. There being none, he called for the vote.

**Moved: Ruzicka; Second: Goytia**  
**Motion No. 18-09-5191 – Ratify payment of June-July 2018**  
**director expenses and approve payment of August 2018**  
**director expenses. The motion passed by a 6-0 vote; Director**  
**Horan was absent from the meeting.**

## **8.D Calendar Year Imported Water Sales and Peak Flow Reports – August 2018**

Year-to-date the District has sold 10,000/AF, greater than this same period last year. If this trend continues it is expected that we will end the year at approximately 70,000/AF of the total Tier 1 allocation. Once the peak flow period concludes at the end of September staff will be evaluating opportunities for spreading water and/or storage of water in the surrounding basins as they are available and make economic sense.

The peak flow period will run through the end of September. The District reached a new peak flow of 143.2 cfs on 8/9/2018.

## **8.E Miramar Operations Report – August 2018**

Source water quality being delivered to the Miramar Treatment Plant continues to be high and positively impacts the water quality leaving the treatment plant. During August the District experienced a record-high production of 2,329/AF. All hydro-generators have been automated and are maximizing flow of all water being processed. A summary of the special activities was reviewed, most notable of which was a 4.4 magnitude earthquake in La Verne. Staff responded and checked the treatment plant/perimeter and the entire distribution system. No damages were identified. A copy of the full report is included in the agenda packet and available upon request.

## **9. Directors' / GM / AGM Oral Reports**

**9.A Local Agency Formation Commission** – Director Ruzicka reported that the annual CALAFCO meeting is scheduled in Yosemite, California, October 3-5, 2018 and that he will miss the first TVMWD Board Meeting in October.

**9.B Main San Gabriel Basin Watermaster** – Director Bowcock informed that it was reported at the September board meeting that the Key Well was slightly above the previous all-time low. As of September 18, 2018, the Key Well has now dropped below the previous all-time low.

**9.C Six Basins Watermaster** – Director Bowcock will attend the next meeting to help transition the new representatives. Director Mendoza requested clarification on his recent appointment as the representative for Six Basins Watermaster. The transition will occur during the next Six Basins Watermaster Meeting

**9.D San Gabriel Valley Water Quality Authority** – The agency was dark for the month of August. During the September Admin/Finance Committee meeting discussion occurred about next year's budget and a proposed increase to the assessment from \$10/AF to \$13/AF. The maximum allowed is \$13.50/AF.

**9.E Chino Basin Watermaster** – President Kuhn reported on the progress made on the settlement of the safe yield issues. Current outstanding issues are related to policy.



**9.F Pomona City Council** – Director Mendoza informed there was no report for the Pomona City Council.

**9.G San Gabriel Valley Council of Governments** – Director Goytia informed that this agency was dark during the month of August.

**9.H Metropolitan Water District** – Director De Jesus reported additional staff changes occurring at MWD. The current CFO has recently retired. During the month of October, the MWD Board will act to elect a new chair for a two-year term. There are three candidates as follows: Gloria Gray, West Basin; Steve Blois, Calleguas; and Mike Camacho, IEUA. MWD has been served with a new lawsuit relative to the California Water Fix, filed by the Food and Water Watch and Center for Food Safety, citing violations with Proposition 26 and Proposition 13 and how the California Water Fix will be funded.

**9.I Additional Board Member or Staff Reports** – The next Leadership Breakfast is scheduled for Wednesday, October 31. The speaker will be Mickey Chaudhuri, Assistant Group Manager (interim) Water System Operations at MWD. He will be talking about “Developing a New Source of Water for Southern California: Progress on the Regional Recycled Water Program.” This is related to the Carson Reclamation Project that MWD is moving forward with a demonstration project.

## 10. Closed Session

The Board convened to closed session at 9:19 a.m. to review seven closed session items as follows:

- A) Conference with Legal Counsel – Existing Litigation pursuant to Government Code Section 54956.9(d)(1) – San Diego County Water Authority v. Metropolitan Water District of Southern California et al., San Francisco County Superior Court, Case No. CPF-10-510830
- B) Conference with Legal Counsel – Existing Litigation pursuant to Government Code Section 54956.9(d)(1) – San Diego County Water Authority v. Metropolitan Water District of Southern California et al., San Francisco County Superior Court, Case No. CPF-10-512466
- C) Conference with Legal Counsel – Existing Litigation pursuant to Government Code Section 54956.9(d)(1) – San Diego County Water Authority v. Metropolitan Water District of Southern California et al., Los Angeles County Superior Court, Case No. BS173836
- D) Conference with Legal Counsel – Existing Litigation pursuant to Government Code Section 54956.9(d)(1) – Chino Basin Municipal Water District v. City of Chino, et al., State of California Court of Appeal, Fourth Appellate District, Division Two, Case No. E068640 (Reference San Bernardino County Superior Court Case No. RCVRS51010)
- E) Conference with Legal Counsel – Anticipated Litigation – Initiation of litigation pursuant to Government Code Section 54956.9(d)(4); two potential cases.

- F) Public Employee Performance Evaluation pursuant to Government Code 54957; Title General Manager.
- G) Conference with Labor Negotiators pursuant to Government Code 54957.6; District designated representative: Steven M. Kennedy, Esq. Law Offices of Brunick, McElhaney and Kennedy; Unrepresented employee: General Manager

## 11. Closed Session Announcements

The Board reconvened to regular session at 10:40 a.m. The following closed session report was provided. Regarding items 10.A-E the Board was provided a briefing on the current status of the referenced cases. No reportable action under the Brown Act was taken. Regarding items 10.F and 10.G the following statement was read into the record and is stated verbatim below.

*The Board has accepted the early retirement of its long-time General Manager, Rick Hansen, effective December 28, 2018, and will promote its Assistant General Manager, Matt Litchfield, to serve as the District's Interim General Manager from that date through June 30, 2019, at his current salary. These dual actions will result in a savings to the District of approximately \$100,000 in employee compensation and benefits.*

*The Board wishes to thank Rick for all his tremendous accomplishments during his current Employment Agreement; but more importantly, we wish to express our deep appreciation for all the contributions that Rick has made to the District during the course of his remarkable career. Rick has served as the District's General Manager since February of 1981 and during that nearly 38-year period has brought a high-level of skill, excellence, consistency, and stability that is rarely experienced by public agencies in this day and age. We would like to offer our most sincere thanks to Rick for his commitment to the District and to our constituents, and we wish him well as he moves forward to this new phase in his life.*

Following this statement, Mr. Hansen extended his thanks to all from the top down, the board, member agencies and staff. He expressed that TVMWD has the best and most dedicated staff in the area and it has been a privilege to work alongside each of them.

## 12. Future Agenda Items

There were no requests for any future agenda items.

## 13. Adjournment

The Board was adjourned at 10:45 a.m. at to its next Regular Meeting scheduled for October 3, 2018 at 8:00 a.m.

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/s/ Bob Kuhn  
*President, Board of Directors*  
Three Valleys Municipal Water District

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Recorded by: Victoria A. Hahn  
District Clerk/Executive Assistant

Staff Report/Memorandum



**To:** TVMWD Board of Directors  
**From:** Richard W. Hansen, General Manager *RH*  
**Date:** October 17, 2018  
**Subject:** Change in Cash and Cash Equivalents Position Report

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<input type="checkbox"/> <b>For Action</b>	<input type="checkbox"/> <b>Fiscal Impact</b>	<input type="checkbox"/> <b>Funds Budgeted</b>
<input checked="" type="checkbox"/> <b>Information Only</b>	<input type="checkbox"/> <b>Cost Estimate:</b>	<b>\$</b>

---

**Discussion:**

Attached for your review is the Change in Cash and Cash Equivalents Report for the period ending September 30, 2018.



## CHANGE IN CASH AND CASH EQUIVALENTS REPORT

September 1 through September 30, 2018

		<u>CASH</u>	<u>CASH EQUIVALENTS</u>
SUMMARY 09/30/2018			
	Petty Cash	6,000.00	
	Local Agency Investment Fund		27,990.73
	General Checking	1,600,000.00	
	Sweep Account	1,995,382.86	
	U.S. Bank	5,000.00	
	<b>TOTAL CASH IN BANKS &amp; ON HAND</b>	<b>\$ 3,606,382.86</b>	<b>\$ 27,990.73</b>
	TOTAL CASH IN BANKS & ON HAND 09/30/18	\$ 3,606,382.86	\$ 27,990.73
	TOTAL CASH IN BANKS & ON HAND 08/31/18	\$ 2,064,855.95	\$ 27,990.73
	<b>PERIOD INCREASE (DECREASE)</b>	<b>\$ 1,541,526.91</b>	<b>\$ -</b>
CHANGE IN CASH POSITION DUE TO:			
	Water Sales/Charges Revenue	7,573,012.19	
	Interest Revenue	367.53	
	Subvention/RTS Standby Charge Revenue	4,113.05	
	Hydroelectric Revenue	15,593.61	
	Other Revenue	1,963.51	
	Investment Xfer From Chandler Asset Mgt	250,000.00	
	LAIF Quarterly Interest		
	Transfer To LAIF		
	Transfer From LAIF		
	INFLOWS	7,845,049.89	-
	Expenditures	(6,331,251.74)	
	Current Month Outstanding Payables	101,002.94	
	Prior Month Cleared Payables	(73,027.19)	
	Bank/FSA Svc Fees	(246.99)	
	HRA/HSA Payment		
	Xfer to PARS - Fund OPEB & Pension Trusts		
	Investment Xfer to Chandler Asset Mgmt		
	Transfer to LAIF		
	Transfer From LAIF		
	OUTFLOWS	(6,303,522.98)	-
	<b>PERIOD INCREASE (DECREASE)</b>	<b>1,541,526.91</b>	<b>-</b>



# Item 7.B

## THREE VALLEYS MUNICIPAL WATER DISTRICT CONSOLIDATED LISTING OF INVESTMENT PORTFOLIO September 30, 2018

ITEM	BOOK YIELD	BOOK VALUE	PAR VALUE	MARKET VALUE
<b>Chandler Asset Management</b>				
ABS - Asset Backed Securities	2.47%	493,496.03	493,520.73	491,851.10
Bonds - Agency	1.76%	3,773,899.39	3,780,000.00	3,673,243.44
CMO - Collateralized Mortgage Obligation	0.00%	0.00	0.00	0.00
Commercial Paper	2.39%	204,813.45	205,000.00	204,813.45
Money Market Fund	1.67%	10,441.61	10,441.61	10,441.61
Negotiable CD	0.00%	0.00	0.00	0.00
Supranational	2.35%	629,118.03	640,000.00	614,592.40
US Corporate	2.38%	2,437,618.20	2,445,000.00	2,409,512.52
US Treasury	1.68%	2,311,374.14	2,325,000.00	2,251,216.56
	<b>1.98%</b>	<b>9,860,760.85</b>	<b>9,898,962.34</b>	<b>9,655,671.08</b>
Local Agency Invest Fund TVMWD	2.00%	27,990.73	27,990.73	27,990.73
<b>Reserve Fund</b>		<b>\$ 9,888,751.58</b>	<b>\$ 9,926,953.07</b>	<b>\$ 9,683,661.81</b>
<hr/>				
Checking (Citizens)	0.55%	1,600,000.00	1,600,000.00	1,600,000.00
Sweep Account (Citizens)	0.20%	1,995,382.86	1,995,382.86	1,995,382.86
Emergency Checking (U.S. Bank)	0.00%	5,000.00	5,000.00	5,000.00
Petty Cash Fund	0.00%	6,000.00	6,000.00	6,000.00
<b>Working Cash</b>		<b>\$ 3,606,382.86</b>	<b>\$ 3,606,382.86</b>	<b>\$ 3,606,382.86</b>
<hr/>				
<b>TOTAL PORTFOLIO</b>	<b>1.54%</b>	<b>\$ 13,495,134.44</b>	<b>\$ 13,533,335.93</b>	<b>\$ 13,290,044.67</b>

I certify that this report accurately reflects all investments of Three Valleys Municipal Water District and that all investments and this report are in conformity with Sections 53600 et seq of the California Government Code and the District's annual statement of investment policy (Resolution 17-09-807). The District's investment program herein shown provides sufficient cash flow and liquidity to meet all budgeted expenditures for the next six months.

RICHARD W. HANSEN, General Manager/Assistant Treasurer



# Three Valleys Municipal Water District - Account #10065

## MONTHLY ACCOUNT STATEMENT

SEPTEMBER 1, 2018 THROUGH SEPTEMBER 30, 2018

### Chandler Team:

For questions about your account, please call (800) 317-4747,  
or contact [operations@chandlerasset.com](mailto:operations@chandlerasset.com)

### Custodian

US Bank  
Christopher Isles  
(503) 464-3685

**CHANDLER ASSET MANAGEMENT**  
chandlerasset.com

*Information contained herein is confidential. We urge you to compare this statement to the one you receive from your qualified custodian. Please see Important Disclosures.*



**PORTFOLIO CHARACTERISTICS**

Average Modified Duration	2.29
Average Coupon	1.84%
Average Purchase YTM	1.98%
Average Market YTM	2.88%
Average S&P/Moody Rating	AA/Aa1
Average Final Maturity	2.48 yrs
Average Life	2.39 yrs

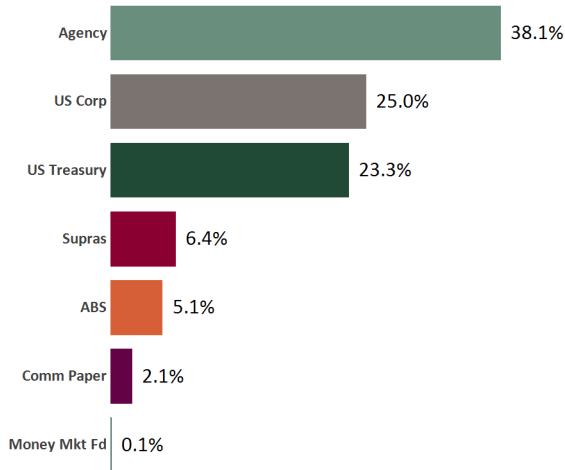
**ACCOUNT SUMMARY**

	Beg. Values as of 8/31/18	End Values as of 9/30/18
Market Value	9,922,406	9,655,671
Accrued Interest	40,274	41,098
<b>Total Market Value</b>	<b>9,962,680</b>	<b>9,696,769</b>
Income Earned	16,572	16,186
Cont/WD		-251,110
Par	10,139,596	9,898,962
Book Value	10,101,265	9,860,761
Cost Value	10,083,879	9,840,566

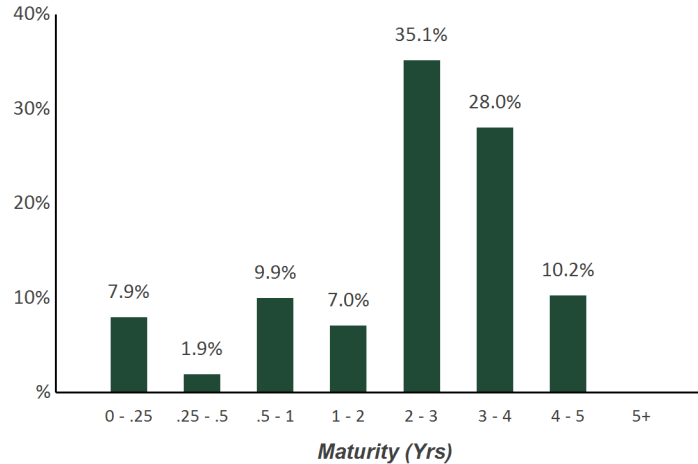
**TOP ISSUERS**

Government of United States	23.3%
Federal National Mortgage Assoc	13.2%
Federal Home Loan Mortgage Corp	10.3%
Federal Home Loan Bank	7.2%
International Finance Corp	4.4%
Federal Farm Credit Bank	4.3%
Tennessee Valley Authority	3.0%
MUFG Bank Ltd/NY	2.1%
<b>Total</b>	<b>67.8%</b>

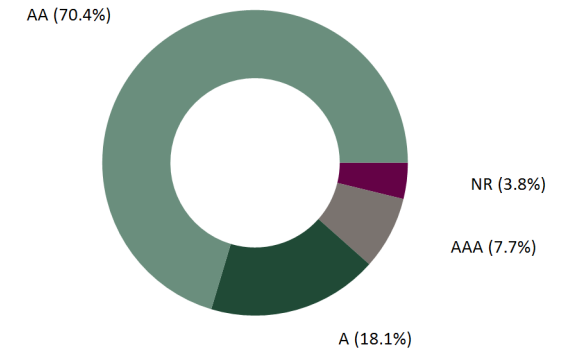
**SECTOR ALLOCATION**



**MATURITY DISTRIBUTION**



**CREDIT QUALITY (S&P)**



**PERFORMANCE REVIEW**

TOTAL RATE OF RETURN	1M	3M	YTD	1YR	Annualized				
					2YRS	3YRS	5YRS	10YRS	4/30/2009
Three Valleys Municipal Water District	-0.15%	0.27%	0.12%	-0.15%	0.15%	0.67%	1.01%	N/A	1.62%
ICE BAML 1-5 Yr US Treasury/Agency Index	-0.27%	0.06%	-0.18%	-0.55%	-0.29%	0.30%	0.74%	N/A	1.30%



# Statement of Compliance

As of September 30, 2018

# Item 7.B



## Three Valleys Municipal Water District

*Assets managed by Chandler Asset Management are in full compliance with state law and with the District's investment policy.*

Category	Standard	Comment
Treasury Issues	No Limitation	<i>Complies</i>
Agency Issues	No Limitation	<i>Complies</i>
Municipal Securities/ Local Agency Bonds	Bonds issued by TVMWD; Issued by local agency within the state of California, including pooled investment accounts sponsored by the state of California, County Treasurers, or Joint Power Agencies	<i>Complies</i>
Supranationals	Issued by IBRD, IFC or IADB only; "AA" rated or higher by a NRSRO; 30% maximum; 10% max per issuer	<i>Complies</i>
Banker's Acceptances	"A" rated or higher by a NRSRO; 40% maximum; 5% max per issuer; 180 days max maturity	<i>Complies</i>
Commercial Paper	"A-1" rated or equivalent by a NRSRO; "A" rated issuer or equivalent by a NRSRO; 25% maximum; 5% max per issuer; 270 days max maturity; Issuer must be organized and operating within the US, have AUM >\$500 mil	<i>Complies</i>
Corporate Medium Term Notes	"A" rated or better by a NRSRO; 30% maximum; 5% max per issuer; Issued by corporations organized and operating within the U.S. or by depository institutions licensed by the U.S.	<i>Complies</i>
Negotiable Certificates of Deposit	30% maximum; 5% max per issuer	<i>Complies</i>
Certificates of Deposits/Time Deposit	Collateralized/ FDIC insured	<i>Complies</i>
Money Market Mutual Funds	"AAA" rated by 2 NRSROs; 20% maximum; 10% per fund	<i>Complies</i>
Mortgage Pass-throughs, CMOs and Asset Backed Securities	"AA" rated or higher by a NRSRO; "A" rated issuer or higher by a NRSRO; 20% maximum; 5% max per issuer	<i>Complies</i>
Local Agency Investment Fund - LAIF	Max program limitation	<i>Complies</i>
Repurchase Agreements	102% Collateralized; 1year max maturity	<i>Complies</i>
Reverse Repurchase Agreements	20% maximum; 92 days max maturity	<i>Complies</i>
Prohibited Securities	Inverse floaters; Ranges notes, Interest-only strips from mortgaged backed securities; Zero interest accrual securities	<i>Complies</i>
Max Per Issuer	5% of portfolio per issuer (except U.S. Government, Agencies/GSEs, Supranationals, Money Market Mutual Funds, LAIF, LGIP)	<i>Complies</i>
Maximum maturity	5 years	<i>Complies</i>

Reconciliation Summary

As of September 30, 2018



BOOK VALUE RECONCILIATION		
<b>BEGINNING BOOK VALUE</b>		<b>\$10,101,265.14</b>
<b>Acquisition</b>		
+ Security Purchases	\$312,869.00	
+ Money Market Fund Purchases	\$363,163.74	
+ Money Market Contributions	\$0.00	
+ Security Contributions	\$0.00	
+ Security Transfers	\$0.00	
<b>Total Acquisitions</b>		<b>\$676,032.74</b>
<b>Dispositions</b>		
- Security Sales	\$319,493.17	
- Money Market Fund Sales	\$125,567.08	
- MMF Withdrawals	\$251,109.87	
- Security Withdrawals	\$0.00	
- Security Transfers	\$0.00	
- Other Dispositions	\$0.00	
- Maturities	\$200,000.00	
- Calls	\$0.00	
- Principal Paydowns	\$17,120.74	
<b>Total Dispositions</b>		<b>\$913,290.86</b>
<b>Amortization/Accretion</b>		
+/- Net Accretion	\$1,510.16	
		\$1,510.16
<b>Gain/Loss on Dispositions</b>		
+/- Realized Gain/Loss	(\$4,756.33)	
		(\$4,756.33)
<b>ENDING BOOK VALUE</b>		<b>\$9,860,760.85</b>

CASH TRANSACTION SUMMARY		
<b>BEGINNING BALANCE</b>		<b>\$23,954.82</b>
<b>Acquisition</b>		
Contributions	\$0.00	
Security Sale Proceeds	\$319,493.17	
Accrued Interest Received	\$1,470.59	
Interest Received	\$14,241.16	
Dividend Received	\$82.57	
Principal on Maturities	\$200,000.00	
Interest on Maturities	\$0.00	
Calls/Redemption (Principal)	\$0.00	
Interest from Calls/Redemption	\$0.00	
Principal Paydown	\$17,120.74	
<b>Total Acquisitions</b>	<b>\$552,408.23</b>	
<b>Dispositions</b>		
Withdrawals	\$251,109.87	
Security Purchase	\$312,869.00	
Accrued Interest Paid	\$1,942.57	
<b>Total Dispositions</b>	<b>\$565,921.44</b>	
<b>ENDING BOOK VALUE</b>		<b>\$10,441.61</b>



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
<b>ABS</b>									
89238MAB4	Toyota Auto Receivables Owner 2017-A 1.42% Due 9/16/2019	7,159.79	03/07/2017 1.43%	7,159.10 7,159.53	99.93 2.56%	7,155.04 4.52	0.07% (4.49)	Aaa / AAA NR	0.96 0.06
47787XAB3	John Deere Owner Trust 2017-A A2 1.5% Due 10/15/2019	6,155.33	02/22/2017 1.51%	6,155.30 6,155.32	99.93 2.65%	6,150.97 4.10	0.06% (4.35)	Aaa / NR AAA	1.04 0.06
47788BAB0	John Deere Owner Trust 2017-B A2A 1.59% Due 4/15/2020	13,684.54	07/11/2017 1.60%	13,683.35 13,683.87	99.74 2.58%	13,648.71 9.67	0.14% (35.16)	Aaa / NR AAA	1.54 0.26
89237RAB4	Toyota Auto Receivable 2017-C A2A 1.58% Due 7/15/2020	66,521.07	07/25/2017 1.59%	66,520.44 66,520.69	99.60 2.61%	66,252.52 46.71	0.68% (268.17)	Aaa / AAA NR	1.79 0.39
89238BAB8	Toyota Auto Receivables Owner 2018-A A2A 2.1% Due 10/15/2020	125,000.00	01/23/2018 2.12%	124,987.23 124,990.37	99.70 2.70%	124,628.13 116.67	1.29% (362.24)	Aaa / AAA NR	2.04 0.50
47788BAD6	John Deere Owner Trust 2017-B A3 1.82% Due 10/15/2021	20,000.00	07/11/2017 1.83%	19,998.54 19,998.95	98.63 3.01%	19,725.96 16.18	0.20% (272.99)	Aaa / NR AAA	3.04 1.16
47788CAC6	John Deere Owner Trust 2016-B A4 2.66% Due 4/18/2022	35,000.00	02/21/2018 2.68%	34,997.48 34,997.84	99.27 3.13%	34,743.31 41.38	0.36% (254.53)	Aaa / NR AAA	3.55 1.62
43814UAG4	Honda Auto Receivables 2018-2 A3 3.01% Due 5/18/2022	40,000.00	05/22/2018 3.03%	39,999.13 39,999.20	99.89 3.08%	39,955.64 43.48	0.41% (43.56)	NR / AAA AAA	3.63 2.02
47788EAC2	John Deere Owner Trust 2018-B A3 3.08% Due 11/15/2022	100,000.00	07/18/2018 3.10%	99,992.42 99,992.75	99.83 3.18%	99,832.90 136.89	1.03% (159.85)	Aaa / NR AAA	4.13 2.11
65479GAD1	Nissan Auto Receivables Owner 2018-B A3 3.06% Due 3/15/2023	80,000.00	07/17/2018 3.08%	79,997.41 79,997.51	99.70 3.21%	79,757.92 108.80	0.82% (239.59)	Aaa / AAA NR	4.46 2.35
<b>Total ABS</b>		<b>493,520.73</b>	<b>2.47%</b>	<b>493,490.40</b> <b>493,496.03</b>	<b>2.94%</b>	<b>491,851.10</b> <b>528.40</b>	<b>5.08%</b> <b>(1,644.93)</b>	<b>Aaa / AAA</b> <b>AAA</b>	<b>3.06</b> <b>1.32</b>
<b>AGENCY</b>									
880591EQ1	Tennessee Valley Authority Note 1.75% Due 10/15/2018	290,000.00	Various 1.58%	292,357.15 290,018.23	99.98 2.19%	289,944.62 2,340.14	3.01% (73.61)	Aaa / AA+ AAA	0.04 0.04
3137EADK2	FHLMC Note 1.25% Due 8/1/2019	240,000.00	09/04/2014 1.83%	233,452.80 238,886.83	98.91 2.58%	237,377.76 500.00	2.45% (1,509.07)	Aaa / AA+ AAA	0.84 0.82
3133EHEZ2	FFCB Note 1.6% Due 4/6/2020	200,000.00	09/28/2017 1.60%	200,012.00 200,007.21	98.24 2.79%	196,479.80 1,555.56	2.04% (3,527.41)	NR / AA+ NR	1.52 1.47



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
<b>AGENCY</b>									
3137EAEK1	FHLMC Note 1.875% Due 11/17/2020	200,000.00	12/28/2017 2.05%	199,016.00 199,274.36	98.00 2.85%	196,004.40 1,395.83	2.04% (3,269.96)	Aaa / AA+ AAA	2.13 2.05
3135G0F73	FNMA Note 1.5% Due 11/30/2020	200,000.00	12/16/2015 1.90%	196,220.00 198,348.08	97.19 2.85%	194,379.80 1,008.33	2.01% (3,968.28)	Aaa / AA+ AAA	2.17 2.10
3130A7CV5	FHLB Note 1.375% Due 2/18/2021	140,000.00	04/28/2016 1.42%	139,727.00 139,864.67	96.58 2.87%	135,205.42 229.93	1.40% (4,659.25)	Aaa / AA+ AAA	2.39 2.32
3135G0J20	FNMA Note 1.375% Due 2/26/2021	200,000.00	Various 1.41%	199,699.04 199,859.83	96.54 2.87%	193,080.80 267.36	1.99% (6,779.03)	Aaa / AA+ AAA	2.41 2.34
3135G0K69	FNMA Note 1.25% Due 5/6/2021	180,000.00	06/29/2016 1.18%	180,612.00 180,327.60	95.94 2.88%	172,685.88 906.25	1.79% (7,641.72)	Aaa / AA+ AAA	2.60 2.52
3130A8QS5	FHLB Note 1.125% Due 7/14/2021	185,000.00	10/04/2016 1.33%	183,290.60 184,002.03	95.35 2.87%	176,406.38 445.16	1.82% (7,595.65)	Aaa / AA+ AAA	2.79 2.71
3137EAEC9	FHLMC Note 1.125% Due 8/12/2021	185,000.00	08/30/2016 1.33%	183,185.15 183,949.46	95.17 2.89%	176,055.25 283.28	1.82% (7,894.21)	Aaa / AA+ AAA	2.87 2.78
3135G0N82	FNMA Note 1.25% Due 8/17/2021	185,000.00	09/28/2016 1.28%	184,715.10 184,832.06	95.52 2.88%	176,718.48 282.64	1.83% (8,113.58)	Aaa / AA+ AAA	2.88 2.79
3135G0Q89	FNMA Note 1.375% Due 10/7/2021	160,000.00	10/27/2016 1.50%	159,025.60 159,405.10	95.54 2.93%	152,856.16 1,063.33	1.59% (6,548.94)	Aaa / AA+ AAA	3.02 2.90
3130AABG2	FHLB Note 1.875% Due 11/29/2021	200,000.00	12/28/2016 2.10%	197,940.00 198,675.22	96.87 2.92%	193,746.60 1,270.83	2.01% (4,928.62)	Aaa / AA+ AAA	3.17 3.02
3135G0S38	FNMA Note 2% Due 1/5/2022	200,000.00	01/11/2017 2.02%	199,845.00 199,898.43	97.11 2.93%	194,226.40 955.56	2.01% (5,672.03)	Aaa / AA+ AAA	3.27 3.11
3137EADB2	FHLMC Note 2.375% Due 1/13/2022	200,000.00	01/27/2017 2.03%	203,193.40 202,118.34	98.27 2.93%	196,545.00 1,029.17	2.04% (5,573.34)	Aaa / AA+ AAA	3.29 3.12
3135G0T45	FNMA Note 1.875% Due 4/5/2022	200,000.00	Various 1.86%	200,108.00 200,079.49	96.47 2.94%	192,933.60 1,833.33	2.01% (7,145.89)	Aaa / AA+ AAA	3.52 3.33
313379Q69	FHLB Note 2.125% Due 6/10/2022	200,000.00	09/28/2017 1.92%	201,806.00 201,419.53	97.08 2.96%	194,164.80 1,310.42	2.02% (7,254.73)	Aaa / AA+ AAA	3.70 3.50
3133EAYP7	FFCB Note 1.95% Due 7/19/2022	225,000.00	07/28/2017 1.92%	225,310.50 225,237.41	96.34 2.97%	216,768.15 877.50	2.24% (8,469.26)	Aaa / AA+ AAA	3.80 3.61



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
<b>AGENCY</b>									
3137EAEN5	FHLMC Note 2.75% Due 6/19/2023	190,000.00	09/27/2018 3.03%	187,691.50 187,695.51	98.77 3.03%	187,664.14 1,596.53	1.95% (31.37)	Aaa / AA+ AAA	4.72 4.35
<b>Total Agency</b>		<b>3,780,000.00</b>	<b>1.76%</b>	<b>3,767,206.84</b> <b>3,773,899.39</b>	<b>2.83%</b>	<b>3,673,243.44</b> <b>19,151.15</b>	<b>38.08%</b> <b>(100,655.95)</b>	<b>Aaa / AA+</b> <b>AAA</b>	<b>2.60</b> <b>2.49</b>
<b>COMMERCIAL PAPER</b>									
62479MKF9	MUFG Bank Ltd/NY Discount CP 2.34% Due 10/15/2018	205,000.00	06/14/2018 2.39%	203,374.35 204,813.45	99.91 2.39%	204,813.45 0.00	2.11% 0.00	P-1 / A-1 NR	0.04 0.04
<b>Total Commercial Paper</b>		<b>205,000.00</b>	<b>2.39%</b>	<b>203,374.35</b> <b>204,813.45</b>	<b>2.39%</b>	<b>204,813.45</b> <b>0.00</b>	<b>2.11%</b> <b>0.00</b>	<b>P-1 / A-1</b> <b>NR</b>	<b>0.04</b> <b>0.04</b>
<b>MONEY MARKET FUND FI</b>									
31846V203	First American Govt Obligation Fund	10,441.61	Various 1.67%	10,441.61 10,441.61	1.00 1.67%	10,441.61 0.00	0.11% 0.00	Aaa / AAA AAA	0.00 0.00
<b>Total Money Market Fund FI</b>		<b>10,441.61</b>	<b>1.67%</b>	<b>10,441.61</b> <b>10,441.61</b>	<b>1.67%</b>	<b>10,441.61</b> <b>0.00</b>	<b>0.11%</b> <b>0.00</b>	<b>Aaa / AAA</b> <b>AAA</b>	<b>0.00</b> <b>0.00</b>
<b>SUPRANATIONAL</b>									
45950KCJ7	International Finance Corp Note 1.125% Due 7/20/2021	215,000.00	05/08/2018 2.81%	203,989.85 205,348.43	95.02 2.99%	204,299.45 477.03	2.11% (1,048.98)	Aaa / AAA NR	2.81 2.72
4581X0CW6	Inter-American Dev Bank Note 2.125% Due 1/18/2022	200,000.00	10/26/2017 2.10%	200,158.00 200,123.55	97.15 3.04%	194,302.40 861.81	2.01% (5,821.15)	Aaa / NR AAA	3.30 3.14
45950VLH7	International Finance Corp Note 2% Due 10/24/2022	225,000.00	10/26/2017 2.16%	223,339.50 223,646.05	96.00 3.05%	215,990.55 1,962.50	2.25% (7,655.50)	Aaa / AAA NR	4.07 3.83
<b>Total Supranational</b>		<b>640,000.00</b>	<b>2.35%</b>	<b>627,487.35</b> <b>629,118.03</b>	<b>3.03%</b>	<b>614,592.40</b> <b>3,301.34</b>	<b>6.37%</b> <b>(14,525.63)</b>	<b>Aaa / AAA</b> <b>AAA</b>	<b>3.41</b> <b>3.24</b>



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
<b>US CORPORATE</b>									
02665WAC5	American Honda Finance Note 2.125% Due 10/10/2018	65,000.00	04/14/2014 1.83%	65,820.95 65,004.51	99.99 2.57%	64,991.55 656.09	0.68% (12.96)	A2 / A+ NR	0.03 0.03
74005PBH6	Praxair Note 1.25% Due 11/7/2018	135,000.00	01/08/2015 1.68%	132,876.45 134,943.64	99.85 2.73%	134,793.59 675.00	1.40% (150.05)	A2 / A NR	0.10 0.10
24422ESF7	John Deere Capital Corp Note 1.95% Due 12/13/2018	60,000.00	12/10/2013 1.99%	59,872.20 59,994.89	99.90 2.45%	59,938.32 351.00	0.62% (56.57)	A2 / A A	0.20 0.20
17275RAR3	Cisco Systems Note 2.125% Due 3/1/2019	180,000.00	Various 2.02%	180,856.20 180,070.98	99.85 2.48%	179,728.02 318.75	1.86% (342.96)	A1 / AA- NR	0.42 0.42
91159HHH6	US Bancorp Callable Note Cont 3/25/2019 2.2% Due 4/25/2019	140,000.00	Various 2.15%	140,322.10 140,031.10	99.75 2.64%	139,651.68 1,334.67	1.45% (379.42)	A1 / A+ AA-	0.57 0.56
06406HCW7	Bank of New York Callable Note Cont 8/11/2019 2.3% Due 9/11/2019	145,000.00	Various 2.29%	145,058.95 145,010.06	99.52 2.82%	144,298.20 185.28	1.49% (711.86)	A1 / A AA-	0.95 0.93
94974BGF1	Wells Fargo Corp Note 2.15% Due 1/30/2020	100,000.00	01/26/2015 2.18%	99,864.00 99,963.74	98.82 3.06%	98,816.30 364.31	1.02% (1,147.44)	A2 / A- A+	1.33 1.30
22160KAG0	Costco Wholesale Corp Note 1.75% Due 2/15/2020	80,000.00	02/05/2015 1.77%	79,916.00 79,976.88	98.38 2.96%	78,706.32 178.89	0.81% (1,270.56)	A1 / A+ A+	1.38 1.34
747525AD5	Qualcomm Inc Note 2.25% Due 5/20/2020	120,000.00	06/11/2015 2.49%	118,671.00 119,559.22	98.69 3.07%	118,429.44 982.50	1.23% (1,129.78)	A2 / A- NR	1.64 1.58
857477AS2	State Street Bank Note 2.55% Due 8/18/2020	100,000.00	06/28/2017 1.86%	102,098.00 101,257.70	99.23 2.97%	99,229.40 304.58	1.03% (2,028.30)	A1 / A AA-	1.88 1.82
00440EAT4	Chubb INA Holdings Inc Callable Note Cont 10/3/2020 2.3% Due 11/3/2020	125,000.00	02/06/2017 2.16%	125,588.75 125,323.99	98.18 3.21%	122,726.25 1,181.94	1.28% (2,597.74)	A3 / A A	2.10 2.00
30231GAV4	Exxon Mobil Corp Callable Note Cont 2/1/2021 2.222% Due 3/1/2021	120,000.00	05/16/2016 1.84%	122,103.60 121,062.04	98.01 3.08%	117,615.48 222.20	1.22% (3,446.56)	Aaa / AA+ NR	2.42 2.33
084670BQ0	Berkshire Hathaway Callable Note Cont 2/15/2021 2.2% Due 3/15/2021	130,000.00	03/23/2018 2.69%	128,180.00 128,495.65	98.05 3.03%	127,470.72 127.11	1.32% (1,024.93)	Aa2 / AA A+	2.46 2.37
369550BE7	General Dynamics Corp Note 3% Due 5/11/2021	135,000.00	Various 3.19%	134,275.95 134,366.30	99.47 3.21%	134,278.02 1,575.00	1.40% (88.28)	A2 / A+ NR	2.61 2.47



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
<b>US CORPORATE</b>									
166764BG4	Chevron Corp Callable Note Cont 4/15/2021 2.1% Due 5/16/2021	135,000.00	03/23/2018 2.91%	131,750.55 132,283.62	97.54 3.08%	131,683.05 1,063.13	1.37% (600.57)	Aa2 / AA- NR	2.63 2.51
68389XBK0	Oracle Corp Callable Note Cont 8/01/21 1.9% Due 9/15/2021	115,000.00	11/29/2016 2.40%	112,425.15 113,409.13	96.55 3.13%	111,035.38 97.11	1.15% (2,373.75)	A1 / AA- A+	2.96 2.84
24422ETL3	John Deere Capital Corp Note 2.65% Due 1/6/2022	125,000.00	07/27/2017 2.15%	127,605.00 126,918.37	97.98 3.31%	122,479.25 782.12	1.27% (4,439.12)	A2 / A A	3.27 3.08
91159HHP8	US Bancorp Callable Cont 12/23/2021 2.625% Due 1/24/2022	60,000.00	01/19/2017 2.66%	59,896.80 59,931.56	97.76 3.34%	58,656.30 293.13	0.61% (1,275.26)	A1 / A+ AA-	3.32 3.13
44932HAC7	IBM Credit Corp Note 2.2% Due 9/8/2022	125,000.00	12/28/2017 2.60%	122,780.00 123,138.57	95.68 3.38%	119,604.75 175.69	1.24% (3,533.82)	A1 / A+ A+	3.94 3.72
808513AT2	Charles Schwab Corp Callable Note Cont 12/25/2022 2.65% Due 1/25/2023	125,000.00	06/01/2018 3.31%	121,453.75 121,700.63	96.77 3.46%	120,958.75 607.29	1.25% (741.88)	A2 / A A	4.32 4.02
69371RP59	Paccar Financial Corp Note 3.4% Due 8/9/2023	125,000.00	09/10/2018 3.37%	125,177.50 125,175.62	99.54 3.50%	124,421.75 613.89	1.29% (753.87)	A1 / A+ NR	4.86 4.42
<b>Total US Corporate</b>		<b>2,445,000.00</b>	<b>2.38%</b>	<b>2,436,592.90</b> <b>2,437,618.20</b>	<b>3.02%</b>	<b>2,409,512.52</b> <b>12,089.68</b>	<b>24.97%</b> <b>(28,105.68)</b>	<b>A1 / A+ A+</b>	<b>2.08</b> <b>1.97</b>

<b>US TREASURY</b>									
912828ST8	US Treasury Note 1.25% Due 4/30/2019	75,000.00	01/23/2015 1.22%	75,091.07 75,012.36	99.31 2.45%	74,481.45 392.32	0.77% (530.91)	Aaa / AA+ AAA	0.58 0.57
912828R85	US Treasury Note 0.875% Due 6/15/2019	160,000.00	07/28/2016 0.82%	160,250.54 160,061.26	98.85 2.52%	158,162.56 413.11	1.64% (1,898.70)	Aaa / AA+ AAA	0.71 0.70
912828TH3	US Treasury Note 0.875% Due 7/31/2019	200,000.00	03/30/2015 1.30%	196,414.73 199,313.75	98.59 2.59%	197,187.60 294.84	2.04% (2,126.15)	Aaa / AA+ AAA	0.83 0.82
912828L99	US Treasury Note 1.375% Due 10/31/2020	180,000.00	11/23/2015 1.71%	177,181.07 178,810.20	97.06 2.84%	174,705.48 1,035.73	1.81% (4,104.72)	Aaa / AA+ AAA	2.09 2.02
912828N89	US Treasury Note 1.375% Due 1/31/2021	155,000.00	03/09/2016 1.40%	154,849.15 154,927.99	96.67 2.86%	149,835.40 359.07	1.55% (5,092.59)	Aaa / AA+ AAA	2.34 2.27
912828B90	US Treasury Note 2% Due 2/28/2021	180,000.00	04/26/2016 1.40%	185,056.07 182,520.88	98.00 2.86%	176,392.98 308.29	1.82% (6,127.90)	Aaa / AA+ AAA	2.42 2.33



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
<b>US TREASURY</b>									
912828P87	US Treasury Note 1.125% Due 2/28/2021	200,000.00	12/29/2016 1.86%	194,125.67 196,599.68	95.97 2.86%	191,945.40 192.68	1.98% (4,654.28)	Aaa / AA+ AAA	2.42 2.35
912828Q37	US Treasury Note 1.25% Due 3/31/2021	210,000.00	12/13/2016 1.81%	205,136.25 207,171.08	96.14 2.86%	201,903.45 7.21	2.08% (5,267.63)	Aaa / AA+ AAA	2.50 2.43
912828T34	US Treasury Note 1.125% Due 9/30/2021	185,000.00	11/09/2016 1.48%	181,871.52 183,080.85	94.97 2.89%	175,692.28 5.72	1.81% (7,388.57)	Aaa / AA+ AAA	3.00 2.91
912828J43	US Treasury Note 1.75% Due 2/28/2022	215,000.00	03/13/2017 2.14%	211,112.24 212,325.15	96.26 2.91%	206,954.27 322.20	2.14% (5,370.88)	Aaa / AA+ AAA	3.42 3.28
912828XR6	US Treasury Note 1.75% Due 5/31/2022	205,000.00	07/27/2017 1.84%	204,103.81 204,320.62	95.96 2.92%	196,719.85 1,205.64	2.04% (7,600.77)	Aaa / AA+ AAA	3.67 3.49
9128282P4	US Treasury Note 1.875% Due 7/31/2022	200,000.00	09/28/2017 1.90%	199,805.36 199,845.81	96.21 2.93%	192,429.60 631.79	1.99% (7,416.21)	Aaa / AA+ AAA	3.84 3.65
912828N30	US Treasury Note 2.125% Due 12/31/2022	160,000.00	01/31/2018 2.54%	156,975.00 157,384.51	96.75 2.94%	154,806.24 859.24	1.61% (2,578.27)	Aaa / AA+ AAA	4.25 4.00
<b>Total US Treasury</b>		<b>2,325,000.00</b>	<b>1.68%</b>	<b>2,301,972.48</b> <b>2,311,374.14</b>	<b>2.82%</b>	<b>2,251,216.56</b> <b>6,027.84</b>	<b>23.28%</b> <b>(60,157.58)</b>	<b>Aaa / AA+</b> <b>AAA</b>	<b>2.57</b> <b>2.47</b>
<b>TOTAL PORTFOLIO</b>		<b>9,898,962.34</b>	<b>1.98%</b>	<b>9,840,565.93</b> <b>9,860,760.85</b>	<b>2.88%</b>	<b>9,655,671.08</b> <b>41,098.41</b>	<b>100.00%</b> <b>(205,089.77)</b>	<b>Aa1 / AA</b> <b>AAA</b>	<b>2.48</b> <b>2.29</b>
<b>TOTAL MARKET VALUE PLUS ACCRUED</b>						<b>9,696,769.49</b>			





Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
<b>ACQUISITIONS</b>										
Purchase	09/01/2018	31846V203	3,245.70	First American Govt Obligation Fund	1.000	1.53%	3,245.70	0.00	3,245.70	0.00
Purchase	09/04/2018	31846V203	82.57	First American Govt Obligation Fund	1.000	1.53%	82.57	0.00	82.57	0.00
Purchase	09/08/2018	31846V203	1,375.00	First American Govt Obligation Fund	1.000	1.53%	1,375.00	0.00	1,375.00	0.00
Purchase	09/11/2018	31846V203	124,694.93	First American Govt Obligation Fund	1.000	1.53%	124,694.93	0.00	124,694.93	0.00
Purchase	09/11/2018	31846V203	1,667.50	First American Govt Obligation Fund	1.000	1.53%	1,667.50	0.00	1,667.50	0.00
Purchase	09/12/2018	69371RP59	125,000.00	Paccar Financial Corp Note 3.4% Due 8/9/2023	100.142	3.37%	125,177.50	389.58	125,567.08	0.00
Purchase	09/15/2018	31846V203	2,522.50	First American Govt Obligation Fund	1.000	1.53%	2,522.50	0.00	2,522.50	0.00
Purchase	09/17/2018	31846V203	3,435.23	First American Govt Obligation Fund	1.000	1.53%	3,435.23	0.00	3,435.23	0.00
Purchase	09/17/2018	31846V203	1,694.46	First American Govt Obligation Fund	1.000	1.53%	1,694.46	0.00	1,694.46	0.00
Purchase	09/17/2018	31846V203	30.33	First American Govt Obligation Fund	1.000	1.53%	30.33	0.00	30.33	0.00
Purchase	09/17/2018	31846V203	77.58	First American Govt Obligation Fund	1.000	1.53%	77.58	0.00	77.58	0.00
Purchase	09/17/2018	31846V203	427.78	First American Govt Obligation Fund	1.000	1.53%	427.78	0.00	427.78	0.00
Purchase	09/17/2018	31846V203	204.00	First American Govt Obligation Fund	1.000	1.53%	204.00	0.00	204.00	0.00
Purchase	09/17/2018	31846V203	7,271.41	First American Govt Obligation Fund	1.000	1.53%	7,271.41	0.00	7,271.41	0.00
Purchase	09/17/2018	31846V203	218.75	First American Govt Obligation Fund	1.000	1.53%	218.75	0.00	218.75	0.00
Purchase	09/17/2018	31846V203	4,863.20	First American Govt Obligation Fund	1.000	1.53%	4,863.20	0.00	4,863.20	0.00
Purchase	09/18/2018	31846V203	1,875.00	First American Govt Obligation Fund	1.000	1.53%	1,875.00	0.00	1,875.00	0.00
Purchase	09/18/2018	31846V203	200,000.00	First American Govt Obligation Fund	1.000	1.53%	200,000.00	0.00	200,000.00	0.00
Purchase	09/18/2018	31846V203	100.33	First American Govt Obligation Fund	1.000	1.53%	100.33	0.00	100.33	0.00
Purchase	09/28/2018	3137EAEN5	190,000.00	FHLMC Note 2.75% Due 6/19/2023	98.785	3.03%	187,691.50	1,552.99	189,244.49	0.00
Purchase	09/28/2018	31846V203	7,024.34	First American Govt Obligation Fund	1.000	1.67%	7,024.34	0.00	7,024.34	0.00
Purchase	09/30/2018	31846V203	2,353.13	First American Govt Obligation Fund	1.000	1.67%	2,353.13	0.00	2,353.13	0.00
<b>Subtotal</b>			<b>678,163.74</b>				<b>676,032.74</b>	<b>1,942.57</b>	<b>677,975.31</b>	<b>0.00</b>
<b>TOTAL ACQUISITIONS</b>			<b>678,163.74</b>				<b>676,032.74</b>	<b>1,942.57</b>	<b>677,975.31</b>	<b>0.00</b>



Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
<b>DISPOSITIONS</b>										
Sale	09/11/2018	912828ST8	125,000.00	US Treasury Note 1.25% Due 4/30/2019	99.301	2.36%	124,125.98	568.95	124,694.93	-896.57
Sale	09/12/2018	31846V203	125,567.08	First American Govt Obligation Fund	1.000	1.53%	125,567.08	0.00	125,567.08	0.00
Sale	09/28/2018	912828VF4	200,000.00	US Treasury Note 1.375% Due 5/31/2020	97.684	2.80%	195,367.19	901.64	196,268.83	-3,859.76
<b>Subtotal</b>			<b>450,567.08</b>				<b>445,060.25</b>	<b>1,470.59</b>	<b>446,530.84</b>	<b>-4,756.33</b>
Paydown	09/17/2018	47787XAB3	3,423.26	John Deere Owner Trust 2017-A A2 1.5% Due 10/15/2019	100.000		3,423.26	11.97	3,435.23	0.00
Paydown	09/17/2018	47788BAB0	1,674.11	John Deere Owner Trust 2017-B A2A 1.59% Due 4/15/2020	100.000		1,674.11	20.35	1,694.46	0.00
Paydown	09/17/2018	47788BAD6	0.00	John Deere Owner Trust 2017-B A3 1.82% Due 10/15/2021	100.000		0.00	30.33	30.33	0.00
Paydown	09/17/2018	47788CAC6	0.00	John Deere Owner Trust 2016-B A4 2.66% Due 4/18/2022	100.000		0.00	77.58	77.58	0.00
Paydown	09/17/2018	47788EAC2	0.00	John Deere Owner Trust 2018-B A3 3.08% Due 11/15/2022	100.000		0.00	427.78	427.78	0.00
Paydown	09/17/2018	65479GAD1	0.00	Nissan Auto Receivables Owner 2018-B A3 3.06% Due 3/15/2023	100.000		0.00	204.00	204.00	0.00
Paydown	09/17/2018	89237RAB4	7,174.38	Toyota Auto Receivable 2017-C A2A 1.58% Due 7/15/2020	100.000		7,174.38	97.03	7,271.41	0.00
Paydown	09/17/2018	89238BAB8	0.00	Toyota Auto Receivables Owner 2018-A A2A 2.1% Due 10/15/2020	100.000		0.00	218.75	218.75	0.00
Paydown	09/17/2018	89238MAB4	4,848.99	Toyota Auto Receivables Owner 2017-A 1.42% Due 9/16/2019	100.000		4,848.99	14.21	4,863.20	0.00
Paydown	09/18/2018	43814UAG4	0.00	Honda Auto Receivables 2018-2 A3 3.01% Due 5/18/2022	100.000		0.00	100.33	100.33	0.00
<b>Subtotal</b>			<b>17,120.74</b>				<b>17,120.74</b>	<b>1,202.33</b>	<b>18,323.07</b>	<b>0.00</b>



Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
<b>DISPOSITIONS</b>										
Maturity	09/18/2018	3135G0YM9	200,000.00	FNMA Note 1.875% Due 9/18/2018	100.000		200,000.00	0.00	200,000.00	0.00
<b>Subtotal</b>			<b>200,000.00</b>				<b>200,000.00</b>	<b>0.00</b>	<b>200,000.00</b>	<b>0.00</b>
Security Withdrawal	09/07/2018	31846V203	1,005.70	First American Govt Obligation Fund	1.000		1,005.70	0.00	1,005.70	0.00
Security Withdrawal	09/24/2018	31846V203	250,000.00	First American Govt Obligation Fund	1.000		250,000.00	0.00	250,000.00	0.00
Security Withdrawal	09/25/2018	31846V203	104.17	First American Govt Obligation Fund	1.000		104.17	0.00	104.17	0.00
<b>Subtotal</b>			<b>251,109.87</b>				<b>251,109.87</b>	<b>0.00</b>	<b>251,109.87</b>	<b>0.00</b>
<b>TOTAL DISPOSITIONS</b>			<b>918,797.69</b>				<b>913,290.86</b>	<b>2,672.92</b>	<b>915,963.78</b>	<b>-4,756.33</b>
<b>OTHER TRANSACTIONS</b>										
Interest	09/01/2018	17275RAR3	180,000.00	Cisco Systems Note 2.125% Due 3/1/2019	0.000		1,912.50	0.00	1,912.50	0.00
Interest	09/01/2018	30231GAV4	120,000.00	Exxon Mobil Corp Callable Note Cont 2/1/2021 2.222% Due 3/1/2021	0.000		1,333.20	0.00	1,333.20	0.00
Interest	09/08/2018	44932HAC7	125,000.00	IBM Credit Corp Note 2.2% Due 9/8/2022	0.000		1,375.00	0.00	1,375.00	0.00
Interest	09/11/2018	06406HCW7	145,000.00	Bank of New York Callable Note Cont 8/11/2019 2.3% Due 9/11/2019	0.000		1,667.50	0.00	1,667.50	0.00
Interest	09/15/2018	084670BQ0	130,000.00	Berkshire Hathaway Callable Note Cont 2/15/2021 2.2% Due 3/15/2021	0.000		1,430.00	0.00	1,430.00	0.00
Interest	09/15/2018	68389XBK0	115,000.00	Oracle Corp Callable Note Cont 8/01/21 1.9% Due 9/15/2021	0.000		1,092.50	0.00	1,092.50	0.00
Interest	09/18/2018	3135G0YM9	200,000.00	FNMA Note 1.875% Due 9/18/2018	0.000		1,875.00	0.00	1,875.00	0.00



Account #10065

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Chandler Asset Management, Inc. ("Chandler") is an SEC registered investment adviser. For additional information about our firm, please see our current disclosures (Form ADV). To obtain a copy of our current disclosures, you may contact your client service representative by calling the number on the front of this statement or you may visit our website at [www.chandlerasset.com](http://www.chandlerasset.com).

Information contained in this monthly statement is confidential and is provided for informational purposes only and should not be construed as specific investment or legal advice. The information contained herein was obtained from sources believed to be reliable as of the date of this statement, but may become outdated or superseded at any time without notice.

**Custody:** Your qualified custodian bank maintains control of all assets reflected in this statement and we urge you to compare this statement to the one you receive from your qualified custodian. Chandler does not have any authority to withdraw or deposit funds from/to the custodian account.

**Valuation:** Prices are provided by IDC, an independent pricing source. In the event IDC does not provide a price or if the price provided is not reflective of fair market value, Chandler will obtain pricing from an alternative approved third party pricing source in accordance with our written valuation policy and procedures. Our valuation procedures are also disclosed in Item 5 of our Form ADV Part 2A.

**Performance:** Performance results are presented gross-of-advisory fees and represent the client's Total Return. The deduction of advisory fees lowers performance results. These results include the reinvestment of dividends and other earnings. Past performance may not be indicative of future results. Therefore, clients should not assume that future performance of any specific investment or investment strategy will be profitable or equal to past performance levels. All investment strategies have the potential for profit or loss. Economic factors, market conditions or changes in investment strategies, contributions or withdrawals may materially alter the performance and results of your portfolio.

Source ice Data Indices, LLC ("ICE"), used with permission. ICE PERMITS USE OF THE ICE INDICES AND RELATED DATA ON AN "AS IS" BASIS; ICE, ITS AFFILIATES AND THEIR RESPECTIVE THIRD PARTY SUPPLIERS DISCLAIM ANY AND ALL WARRANTIES AND REPRESENTATIONS, EXPRESS AND/OR IMPLIED, INCLUDING ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, INCLUDING THE INDICES, INDEX DATA AND ANY DATA INCLUDED IN, RELATED TO, OR DERIVED THEREFROM. NEITHER ICE DATA, ITS AFFILIATES OR THEIR RESPECTIVE THIRD PARTY PROVIDERS GUARANTEE THE QUALITY, ADEQUACY, ACCURACY, TIMELINESS OR COMPLETENESS OF THE INDICES OR THE INDEX DATA OR ANY COMPONENT THEREOF, AND THE INDICES AND INDEX DATA AND ALL COMPONENTS THEREOF ARE PROVIDED ON AN "AS IS" BASIS AND LICENSEE'S USE IS AT LICENSEE'S OWN RISK. ICE DATA, ITS AFFILIATES AND THEIR RESPECTIVE THIRD PARTY DO NOT SPONSOR, ENDORSE, OR RECOMMEND CHANDLER, OR ANY OF ITS PRODUCTS OR SERVICES.

Index returns assume reinvestment of all distributions. Historical performance results for investment indexes generally do not reflect the deduction of transaction and/or custodial charges or the deduction of an investment management fee, the incurrence of which would have the effect of decreasing historical performance results. It is not possible to invest directly in an index.

**Ratings:** Ratings information have been provided by Moody's, S&P and Fitch through data feeds we believe to be reliable as of the date of this statement, however we cannot guarantee its accuracy.

Security level ratings for U.S. Agency issued mortgage-backed securities ("MBS") reflect the issuer rating because the securities themselves are not rated. The issuing U.S. Agency guarantees the full and timely payment of both principal and interest and carries a AA+/Aaa/AAA by S&P, Moody's and Fitch respectively.



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Benchmark Index	Disclosure
ICE BAML 1-5 Yr US Treasury/Agency Index	The ICE BAML 1-5 Year US Treasury & Agency Index tracks the performance of US dollar denominated US Treasury and nonsubordinated US agency debt issued in the US domestic market. Qualifying securities must have an investment grade rating (based on an average of Moody's, S&P and Fitch). Qualifying securities must have at least one year remaining term to final maturity and less than five years remaining term to final maturity, at least 18 months to maturity at time of issuance, a fixed coupon schedule and a minimum amount outstanding of \$1 billion for sovereigns and \$250 million for agencies. (Index: GVA0. Please visit <a href="http://www.mlindex.ml.com">www.mlindex.ml.com</a> for more information)

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## Staff Report/Memorandum



**To:** TVMWD Board of Directors  
**From:** Richard W. Hansen, General Manager *RH*  
**Date:** October 17, 2018  
**Subject:** YTD District Budget Monthly Status Report

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<input type="checkbox"/>	<b>For Action</b>	<input type="checkbox"/>	<b>Fiscal Impact</b>	<input type="checkbox"/>	<b>Funds Budgeted</b>
<input checked="" type="checkbox"/>	<b>Information Only</b>	<input type="checkbox"/>	<b>Cost Estimate:</b>	<b>\$</b>	

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**Discussion:**

Attached for your review is the YTD District Budget Status Report for period ending September 30, 2018.

The YTD credit for the ***MWD RTS Standby Charge*** is due to an adjustment made by MWD for FY 2017/18.

Due to the payment schedule for ***Membership Dues & Fees***, the YTD actuals are higher than expected. This line item is not expected to exceed budget.

THREE VALLEYS MUNICIPAL WATER DISTRICT				
DISTRICT BUDGET - FISCAL YEAR 2018-2019				
Month Ending September 30, 2018				
	2018-2019 YTD Actual	Annual Budget All Funds	2018-2019 Percent of Budget	2018-2019 Balance Remaining
<b>REVENUES</b>				
<b>OPERATING REVENUES</b>				
Water Sales	21,929,505	56,527,935	38.8%	34,598,430
MWD RTS Standby Charge	33,223	3,466,681	1.0%	3,433,458
MWD Capacity Charge Assessment	332,340	1,208,200	27.5%	875,860
TVMWD Fixed Charges	162,621	665,901	24.4%	503,280
Hydroelectric Revenue	15,594	34,583	45.1%	18,989
<b>NON-OPERATING REVENUES</b>				
Property Taxes	71,809	2,120,753	3.4%	2,048,944
Interest Income	46,706	151,600	30.8%	104,894
Pumpback O&M/Reservoir #2 Reimbursement	715	20,000	3.6%	19,285
Grants and Other Revenue	5,751	5,054	113.8%	(697)
<b>TOTAL REVENUES</b>	<b>22,598,264</b>	<b>64,200,707</b>	<b>35.2%</b>	<b>41,602,443</b>
<b>EXPENSES</b>				
<b>OPERATING EXPENSES</b>				
MWD Water Purchases	19,567,381	50,329,635	38.9%	30,762,254
MWD RTS Standby Charge	(26,820)	3,466,681	-0.8%	3,493,501
Staff Compensation	1,095,892	4,309,457	25.4%	3,213,565
MWD Capacity Charge	-	1,208,200	0.0%	1,208,200
Operations and Maintenance	291,764	1,307,790	22.3%	1,016,026
Professional Services	125,442	437,004	28.7%	311,562
Directors Compensation	50,721	309,965	16.4%	259,244
Communication and Conservation Programs	37,112	185,700	20.0%	148,588
Planning & Resources	5,006	90,000	5.6%	84,994
Membership Dues and Fees	62,963	109,764	57.4%	46,801
Hydroelectric Facilities	3,254	42,500	7.7%	39,246
Board Elections	-	-	0.0%	-
<b>NON OPERATING EXPENSES</b>				
Pumpback O&M/Reservoir #2 Expenses	807	20,000	4.0%	19,193
<b>RESERVE EXPENSES</b>				
Reserve Replenishment	-	234,878	0.0%	234,878
<b>CAPITAL INVESTMENT</b>				
Capital Repair & Replacement	7,770	551,000	1.4%	543,230
Capital Investment Program	118,534	1,666,885	7.1%	1,548,351
<b>TOTAL EXPENSES</b>	<b>21,339,826</b>	<b>64,269,459</b>	<b>33.2%</b>	<b>42,929,633</b>
<b>NET INCOME (LOSS) BEFORE TRANSFERS</b>	<b>1,258,438</b>	<b>(68,752)</b>		<b>(1,327,190)</b>
TRANSFER IN FROM DEBT RESERVES				-
TRANSFER FROM/(TO) CAPITAL RESERVES		97,132		97,132
TRANSFER IN FROM CAPITAL RESERVES				-
TRANSFER IN FROM OPPORTUNITY RESERVE				-
TRANSFER IN FROM ENCUMBERED RESERVES	112,089			(112,089)
<b>NET INCOME (LOSS) AFTER TRANSFERS</b>	<b>\$ 1,370,527</b>	<b>\$ 28,380</b>		<b>\$ (1,342,147)</b>

*\*\*This budget is prepared on a modified cash-basis of accounting, which is a basis of accounting other than generally accepted accounting principles (GAAP).*



Staff Report/Memorandum

**To:** TVMWD Board of Directors  
**From:** Richard W. Hansen, General Manager *RH*  
**Date:** October 17, 2018  
**Subject:** Warrant Summary Disbursements

<input checked="" type="checkbox"/>	<b>For Action</b>	<input type="checkbox"/>	<b>Fiscal Impact</b>	<input checked="" type="checkbox"/>	<b>Funds Budgeted</b>
<input type="checkbox"/>	<b>Information Only</b>	<input type="checkbox"/>	<b>Cost Estimate:</b>	<b>\$</b>	<b>6,331,251.74</b>

**Requested Action:**

Receive and file the Warrant Summary (Disbursements) for the period ending September 30, 2018 as presented.

**Discussion:**

The monthly disbursements list is provided for your information.  
 General checks 48587 through 48677 totaling \$334,317.99 are listed on pages 1 to 4.  
 MWD July water invoice totaling \$5,743,162.00 is listed on page 4.  
 Wire transfers for taxing agencies and PERS totaling \$89,207.16 are listed on page 5.  
 Total payroll checks 12101 through 12156 totaling \$164,564.59 are listed on page 5.  
 Chase Card Services invoice detail is listed on page 6.  
 Umpqua Bank invoice detail is listed on page 6.





THREE VALLEYS MUNICIPAL WATER DISTRICT  
 Warrant List  
**September 2018**  
**General Checks 48587 through 48677**  
**Payroll Wire Transfer 2580 through 2593**  
**Payroll Checks 12101 through 12156**

# Item 7.B

Check Numbe	Vendor	Description	Paid Amount
48587	EUROFINS EATON ANALYTICAL	LABORATORY TESTING - WTP	60.00
48588	FAULK, GEORGE	RETIREE HEALTH BENEFITS - SEPT	355.00
48589	FLO-SYSTEMS INC.	ORINGS/CIRCLIPS/RET SLEEVE STAINLESS	1,710.26
48590	HOME DEPOT CREDIT SERVICES	RUGGED REACHER	64.61
48591	JAN-PRO CLEANING SYS OF SO CA	JANITORIAL SERVICE - SEPT	545.00
48592	JERICO SYSTEMS, INC.	SIX BASIN STRATEGIC PLAN PROGRAMMATIC EIR - EIR DEVELOPMENT	12,766.40
48593	KRIEDEL, BETTY	RETIREE HEALTH BENEFITS - SEPT	112.00
48594	LAREZ, MARY PAT	RETIREE HEALTH BENEFITS - SEPT	114.00
48595	OFFICE DEPOT	MONTHLY DESK PAD CALENDARS/POST CARDS LABELS	96.61
48596	TUNQUE, DOMINGO	RETIREE HEALTH BENEFITS - SEPT	134.00
48597	VISTA PAINT ACCT#80435	PAINT	52.17
48598	CALPERS, FISCAL SERVICES DIVISION	GASB 68 REPORTS & SCHEDULES FEES	700.00
48599	DE LAGE LANDEN FIN SVCS, INC.	POSTAGE METER LEASING CHARGES 8/15/18 - 9/14/18	106.06
48600	GENTRY, JASON R	ELECTRICAL SERVICES - ANALYZERS/STRAUT SUPPORTS/CONDUITS/PANEL INSTALL	1,822.88
48601	HACH COMPANY	MAINTENANCE KIT FOR TURBIDIMETER	1,292.83
48602	KEMIRA WATER SOLUTIONS, INC.	PAX-XL19	12,437.60
48603	LSL CPAS	2018 DISTRICT AUDIT YEAR END FIELDWORK	10,930.00
48604	SCWUA	9/13/18 VENDOR'S FAIR - BOWCOCK, GOYTIA, MENDOZA	90.00
48605	AZUSA LIGHT & WATER	ELECTRIC UTILITY - 7/11/18 TO 8/09/18	19.09
48606	BRENNTAG PACIFIC, INC.	SODIUM HYDROXIDE	10,714.42
48607	CLS LANDSCAPE MANAGEMENT	LANDSCAPE MAINT - BROKEN LATERAL LINE REPAIRED	185.50
48608	EDISON	MIRAMAR/WILLIAMS/FULTON/PM-26/SCADA/PUMPBACK - AUG	1,763.70
48609	FIREMASTER, DEPT 1019	EXTINGUISHERS ANNUAL MAINT & TRAINING/EXTINGUISHERS RECHARGE-REIMBURSED	1,992.38
48610	FLO-SYSTEMS INC.	ROTOR	4,123.84



THREE VALLEYS MUNICIPAL WATER DISTRICT  
 Warrant List  
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# Item 7.B

Check Numbe	Vendor	Description	Paid Amount
48611	LINCOLN CLUBS	9/21/18 SGV CHAPTER MEETING - DE JESUS	35.00
48612	OFFICE DEPOT	PENS/POST-IT NOTES/ARROW FLAG PADS/SIGN HERE FLAGS	68.21
48613	PEST OPTIONS INC.	ANT REMOVAL	195.00
48614	SIGMA-ALDRICH INC.	TOC STANDARD	160.30
48615	TIME WARNER CABLE	BROADBAND SERVICES - WILLIAMS/PLANT 2/FULTON 8/9/18 - 9/20/18	239.97
48616	VERIZON WIRELESS	CELLULAR & IPAD SERVICES/MOBILE BROADBAND/HARNESS KIT 8/26/18 - 9/25/18	826.11
48617	BRIAN R. BLOOM - ARCHITECT	CONTROL ROOM MODIFICATION STUDY	5,790.00
48618	CELL BUSINESS EQUIPMENT	PLOTTER LEASE - SEPT	268.28
48619	CLAREMONT PRINT & COPY	BUSINESS CARDS - GOYTIA	107.31
48620	CLS LANDSCAPE MANAGEMENT	LANDSCAPE MAINT - WEEDS REMOVAL AT MIRAMAR/BASELINE/GRAND AVE	942.00
48621	HACH COMPANY	SYSTEM AND CHLORINE VERIFICATION CHEMKEY	1,095.22
48622	IDEXX DISTRIBUTION CORP	GAMMA IRRAD COLILERT	3,790.56
48623	JCI JONES CHEMICALS, INC.	CHLORINE	5,451.95
48624	LARRY BURKE ENTERPRISES	BATTERY FOR DISTRICT VEHICLE	141.82
48625	LARSON, JONATHAN	EMPLOYEE TUITION REIMBURSEMENT	194.00
48626	LINCOLN FINANCIAL GROUP	401A DEFRD: SEPTEMBER 7 PAYROLL	200.00
48627	LINCOLN LIFE, EMPL SVCS(5H-26)	457 DEFRD: SEPTEMBER 7 PAYROLL	10,770.83
48628	LOWE'S	NOZZLES/HVAC AIR FILTERS/ADAPTERS/FITTINGS/COUPLINGS/PIPES/PAINT TRAYS	187.99
48629	SAM'S CLUB	OFFICE SUPPLIES	50.11
48630	WEX BANK	FUEL 8/1/18 - 8/31/18	1,083.10
48631	CHASE CARD SERVICES	CHASE CARD SERVICES INVOICE DETAIL - LAST PAGE	6,946.51
48632	CITY OF CLAREMONT	REFUSE PICKUP/STREET SWEEPING - AUG	149.64
48633	CLS LANDSCAPE MANAGEMENT	LANDSCAPE MAINT - AUG/SEPT / PLASTIC BENDER BOARD REMOVAL/MULCH INSTALL	16,695.17
48634	EDISON	MIRAMAR/WILLIAMS/FULTON - AUG	528.23



THREE VALLEYS MUNICIPAL WATER DISTRICT  
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# Item 7.B

Check Numbe	Vendor	Description	Paid Amount
48635	GAS COMPANY	FULTON SERVICE 8/02/18 - 9/03/18	15.78
48636	SAN ANTONIO WATER COMPANY	WATER AVAILABILITY CHARGE 6/30/18 - 8/31/18	4.00
48637	UMPQUA BANK	UMPQUA BANK INVOICE DETAIL - LAST PAGE	52,727.61
48638	BRUNICK, MCELHANEY & KENNEDY	LEGAL FEES - AUG	14,982.00
48639	CANNON CORPORATION	RESERVOIR PUMP STATION PRELIMINARY DESIGN THROUGH AUGUST 31, 2018	182.30
48640	CANON FINANCIAL SERVICES, INC.	COPY MACHINE LEASE - SEPT	1,595.96
48641	CCS INTERACTIVE	QUARTERLY WEBSITE HOSTING OCT - DEC 2018	174.00
48642	EMPLOYER'S INFOSOURCE	INTERN BACKGROUND VERIFICATION REPORTS	31.50
48643	FEDEX	SHIPPING CHARGES - FLASH DRIVES	22.61
48644	HACH COMPANY	OUTPUT EXPANSION MODULE/CHLORINE SENSORS/CONTROLLER/PANEL W/SENSOR	19,153.40
48645	HERSHEY, PHILIP	9/13 & 9/20 - CPR/AED/FIRST AID TRAINING	1,890.00
48646	IDEAL COMFORT INC	A/C - CONDENSER FAN MOTOR REPLACED	675.00
48647	JOHN ROBINSON CONSULTING, INC	CONSULTING SERVICES - SIX BASINS GRANT FUNDING SUPPORT	1,200.00
48648	KEMIRA WATER SOLUTIONS, INC.	PAX-XL19	13,361.60
48649	LAGERLOF, SENEAL, GOSNEY & KRUSE	LEGAL FEES THROUGH SEPTEMBER 13, 2018	76.70
48650	LSA ASSOCIATES, INC.	SASG ANNUAL HABITAT ASSESSMENTS - JULY 31, 2018	745.00
48651	MICHAEL J ARNOLD & ASSOC, INC.	LEGISLATIVE CONSULTANT SEPT/AUG EXPENSES	6,084.00
48652	POLYDYNE, INC	CLARIFLOC	2,300.00
48653	SARTORIUS CORPORATION	CALIBRATION & PREVENTIVE MAINTENANCE/CERTIFICATES OF CALIBRATION	470.00
48654	SO CAL NEWS GROUP	DISASTER PREPAREDNESS AD	575.00
48655	THOMPSON PLUMBING SUPPLY	ADAPTER/FLEX RISER WITH ELBOW	44.48
48656	TRANSPORTATION CONNECTION INC.	10/5/18 CTEC FIELD TRIP TO ORANGE COUNTY RECYCLING PLANT TRANSPORTATION	823.00
48657	UNDERGROUND SERVICE ALERT	DIGALERT TICKETS - AUG	64.45
48658	AAA OIL, INC.	RED DYED DIESEL	1,766.91



THREE VALLEYS MUNICIPAL WATER DISTRICT  
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# Item 7.B

Check Numbe	Vendor	Description	Paid Amount
48659	ACWA/JPIA	ACWA EMPLOYEE BENEFITS - OCTOBER 2018	48,761.26
48660	AFLAC	AFLAC SUPP. INS: SEPTEMBER 2018 (EMPLOYEE REIMBURSED)	1,100.22
48661	BRIAN R. BLOOM - ARCHITECT	CONTROL ROOM MODIFICATION STUDY	1,980.00
48662	DE LAGE LANDEN FIN SVCS, INC.	POSTAGE METER LEASING PROPERTY TAX	42.96
48663	DENALI WATER SOLUTIONS, LLC	SLUDGE REMOVAL - AUG	9,123.07
48664	FRONTIER	DSL FOR SCADA 9/10/18 - 10/9/18	93.98
48665	HIGH-TECH DIGITAL NETWORKS, INC	TELEPHONE SYSTEM REPAIRS	91.00
48666	HOWIE, KIRK	MILEAGE EXPENSE JUL/AUG/SEPT	65.95
48667	IDEAL COMFORT INC	HEAT & AIR CONDITIONING MAINTENANCE	635.00
48668	INTERFACE SECURITY SYSTEMS LLC	EOC WIRELESS BROADBAND SERVICE 10/1/18 - 10/31/18	134.88
48669	LINCOLN LIFE, EMPL SVCS(5H-26)	457 DEFRD: SEPTEMBER 21 PAYROLL	10,150.00
48670	LINCOLN LIFE, EMPL SVCS(5H-26)	457 DEFRD: BOARD-SEPTEMBER 2018	5,330.53
48671	OFFICE DEPOT	TONER CARTRIDGE	502.46
48672	PATTON SALES CORP.	RECT STEEL TUBE	111.15
48673	RELIANCE STANDARD LIFE INS.	LT DISAB: SEPTEMBER 2018	1,147.77
48674	SYNCB/AMAZON	CERTIFICATE FRAMES/RADIO BATTERIES/ISOPROPYL ALCOHOL/BATTERY CABLES	255.37
48675	THOMAS HARDER & CO.	GRAND AVE WELL-ENGR DESIGN/ANALYSIS/CONSTRUCTION MGMT/INSPECTION	8,855.50
48676	ENGRAVE 'N EMBROIDER THINGS	PROMOTIONAL ITEMS	1,865.93
48677	RAVENKAMP, RICK	GRAND AVE WELL BLOCK WALL CONSTRUCTION MATERIALS DEPOSIT	7,000.00
<b>TOTAL AMOUNT OF CHECKS LISTED</b>			<b>\$ 334,317.99</b>
12782	METROPOLITAN WATER DISTRICT	JULY 2018 MWD WATER INVOICE	5,743,162.00
<b>TOTAL AMOUNT OF WIRE TRANSFERS</b>			<b>\$ 5,743,162.00</b>



THREE VALLEYS MUNICIPAL WATER DISTRICT  
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**September 2018**  
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# Item 7.B

Check Numbe	Vendor	Description	Paid Amount
2580	FEDERAL TAX PAYMENT	FED TAX: SEPTEMBER 7 PAYROLL	15,007.10
2581	WAGeworks	HEALTH SAVINGS ACCT: SEPTEMBER 7 PAYROLL	1,651.33
2582	PUBLIC EMPLOYEES RETIREMENT SY	PERS CONTR: SEPTEMBER 7 PAYROLL	18,238.02
2583	STATE TAX PAYMENT	STATE TAX: SEPTEMBER 7 PAYROLL	5,675.44
2584	CALPERS-457 PLAN	PERS-457 DEFERRED COMP/EMPL LOAN: SEPTEMBER 7 PAYROLL	2,841.39
2585	FEDERAL TAX PAYMENT	FED TAX: BOARD-SEPTEMBER 2018	1,139.02
2586	WAGeworks	HEALTH SAVINGS ACCT: BOARD-SEPTEMBER 2018	509.58
2587	STATE TAX PAYMENT	STATE TAX: BOARD-SEPTEMBER 2018	352.44
2588	CALPERS-457 PLAN	PERS-457 DEF RD COMP: BOARD-SEPTEMBER 2018	300.00
2589	FEDERAL TAX PAYMENT	FED TAX: SEPTEMBER 21 PAYROLL	15,231.47
2590	WAGeworks	HEALTH SAVINGS ACCT: SEPTEMBER 21 PAYROLL	1,651.33
2591	PUBLIC EMPLOYEES RETIREMENT SY	PERS CONTR: SEPTEMBER 21 PAYROLL	18,178.64
2592	STATE TAX PAYMENT	STATE TAX: SEPTEMBER 21 PAYROLL	5,751.40
2593	CALPERS-457 PLAN	PERS-457 DEFERRED COMP: SEPTEMBER 21 PAYROLL	2,680.00

<b>TOTAL AMOUNT OF PAYROLL WIRE TRANSFERS LISTED</b>	<b>\$ 89,207.16</b>
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**PAYROLL SUMMARY**

Check# 12101 - 12156

<b>TOTAL AMOUNT OF PAYROLL CHECKS LISTED</b>	<b>\$ 164,564.59</b>
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<b>TOTAL SEPTEMBER 2018 CASH DISBURSEMENTS</b>	<b>\$ 6,331,251.74</b>
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THREE VALLEYS MUNICIPAL WATER DISTRICT  
 Warrant List  
 September 2018  
 Chase Card Services Invoice Detail Check 48631  
 Umpqua Bank Invoice Detail Check 48637

# Item 7.B

Check Number	Vendor	Description	Paid Amount
48631	ACWA	10/4/18 REGION 8 EVENT SPONSORSHIP / 11/27-30/18 FALL CONFERENCE - HANSEN, LITCHFIELD	1,648.00
48631	ALLCLAVEPARTS	THERMOMETER	93.47
48631	AMERICAN FLAG & AMP BANNER	WINDSOCKS/BRACKETS/FLAGS	400.80
48631	BEST BUY	REFRIGERATOR ICE MAKER REPAIRED	614.05
48631	BROWN AND CALDWELL	INSTRUMENTATION/ELECTRICAL SYSTEM OPERATOR RECRUITMENT POSTING	200.00
48631	CSDA	9/24-27/18 ANNUAL CONFERENCE - LANG	600.00
48631	HOME DEPOT	SALT	471.20
48631	ICANVAS	ARTWORK FOR RESTROOM	79.99
48631	JUDY GALLEGOS PHOTOS	DIRECTORS/STAFF PORTRAITS	65.72
48631	LIEBERT CASSIDY	EMPLOYEE TRAINING WEBINAR - LITCHFIELD	70.00
48631	MISCELLANEOUS VENDORS	EVENTS REGISTRATIONS & EXPENSES - AUG	2,584.77
48631	SECRETARY OF STATE	TVMWD FINANCING CORP STATEMENT OF INFORMATION FILING FEE	20.00
48631	STAPLES	POCKET FOLDERS FOR LEGISLATIVE MEETINGS	19.68
48631	JOSS & MAIN	ARTWORK FOR RESTROOM	78.83
<b>TOTAL AMOUNT OF CHASE CARD SERVICES INVOICE</b>			<b>\$ 6,946.51</b>
48637	ACCENT COMPUTER SOLUTIONS, INC.	IT SERVICES-AUG & SEPT/PROTECH ALL IT/MICROSOFT OFFICE 365/BACKUP/PROTECTION PLAN	10,383.46
48637	AIRGAS SPECIALTY PRODUCTS	AMMONIA/AMMONIA HYDROXIDE	3,169.35
48637	AIRGAS USA, LLC	RESPIRATORY MASKS/SAFETY GLOVES/OXYGEN/ACETYLENE	570.14
48637	ALPINE TECHNICAL SERVICES, LLC	EARTHTECH	33,717.75
48532	CLINICAL LABORATORY OF SB	LABORATORY TESTING - JUN/JUL	590.00
48532	GROUND CONTROL SYSTEMS, INC.	IDIRECT EMERGENCY RESPONDER SERVICES FEE - AUG	279.00
48637	R & S OVERHEAD DOORS OF INLAND	GATES MAINTENANCE/NEW CABLES/LOOP DETECTOR	1,320.77
48637	TRUESDAIL LABORATORIES, INC.	LABORATORY TESTING FOR THMS	200.00
48637	VWR INTERNATIONAL INC.	STIRRER HOTPLATE	926.49
48637	WECK LABORATORIES, INC.	LABORATORY TESTING FOR ALKALINITY	150.00
48637	WESTERN WATER WORKS SUPPORT	FLANGED CONCENTRIC REDUCER/SPOOL/ADAPTER/RING GASKETS/COUPLINGS	1,420.65
<b>TOTAL AMOUNT OF UMPQUA BANK INVOICE</b>			<b>\$ 52,727.61</b>

# Item 7.C



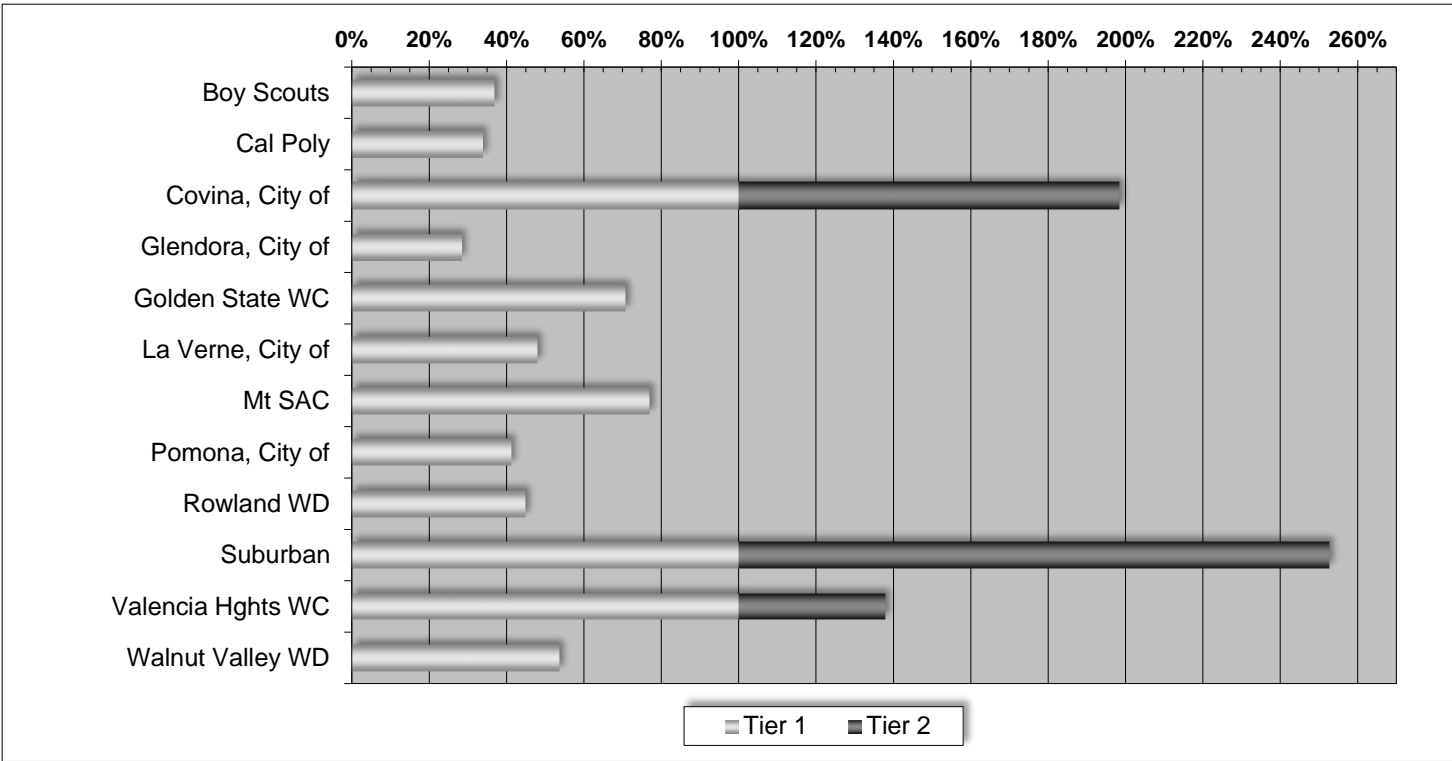
## Tier 1 Balance (in Acre-Feet) Calendar Year 2018 (through September 2018)

Agency	Tier 1 Allocation					Balance
		Weymouth	Miramar	CIC	Spreading	
Boy Scouts of America	36	13.1	0.0	0.0	0.0	22.5
Cal Poly Pomona	269	90.8	0.0	0.0	0.0	178.2
Covina, City of *	1,568	0.0	0.0	3,110.9	0.0	<b>-1,542.9</b>
Glendora, City of *	4,101	459.5	0.0	25.2	670.0	2,946.7
Golden State Water Company *	15,714	4,925.9	5,866.6	302.3	0.0	4,619.1
La Verne, City of	8,026	0.0	3,847.0	0.0	0.0	4,179.3
Mt San Antonio College	699	536.4	0.0	0.0	0.0	162.6
Pomona, City of *	7,052	2,087.4	806.1	0.0	0.0	4,158.7
Rowland Water District *	14,741	5,550.7	1,036.6	0.0	0.0	8,153.7
Suburban Water Systems *	1,961	1,542.7	0.0	3,408.9	0.0	<b>-2,990.6</b>
Three Valleys MWD	NA				3,385.7	NA
Valencia Heights Water Co *	464	123.1	0.0	516.2	0.0	<b>-175.3</b>
Walnut Valley Water District *	26,057	12,032.5	1,904.0	0.0	0.0	12,120.3

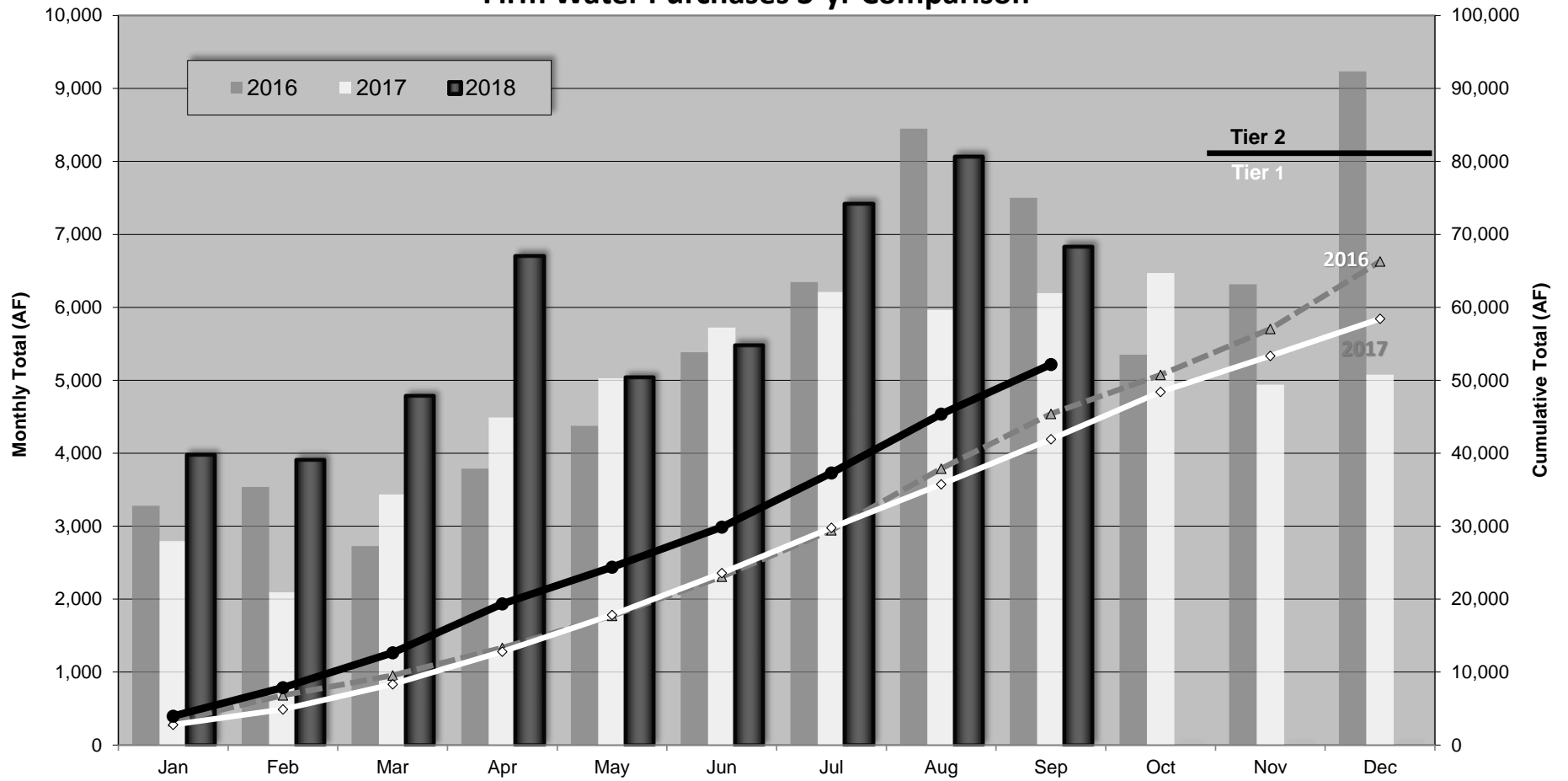
\* Deliveries to JWL are assigned to Pomona, RWD, and WVWD.  
 Deliveries to PM-24 are assigned to Suburban, VHWC, and WVWD.  
 Deliveries to CIC are assigned to Covina, Glendora, GSWC, SWS, and VHWC.  
 Quantities apportioned to above agencies are preliminary based on available data.

**TVMWD Tier 1 Allowable = 80,688**  
**MWD Tier 1 Deliveries = 52,185**  
**TVMWD Tier 1 Balance = 28,504**

**Overage by Individual Agencies -4,708.7**



### TVMWD Firm Water Purchases 3-yr Comparison

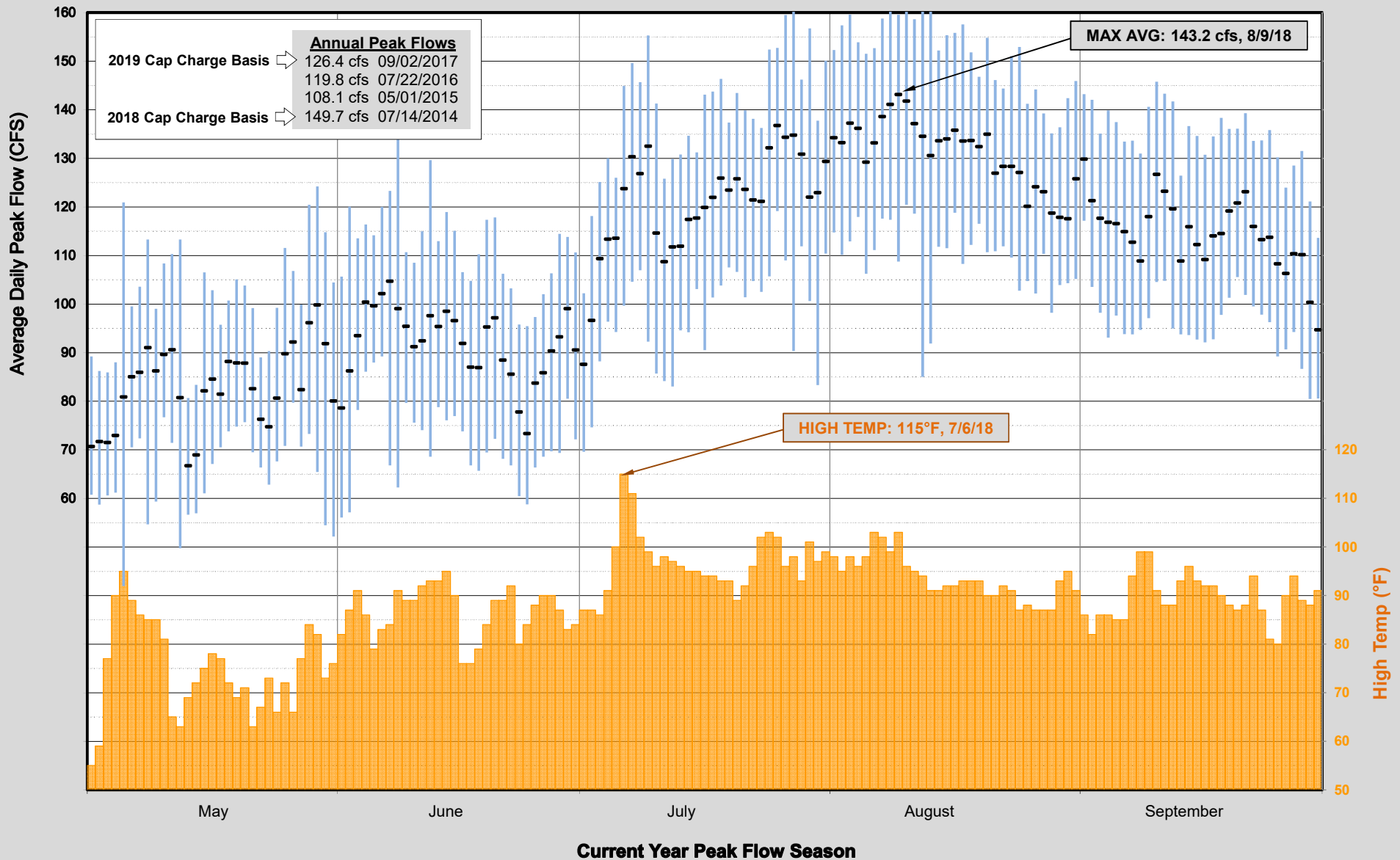


**2018 Firm Water Usage (AF)**

Direct Delivery	3,972.6	3,614.8	2,939.6	4,778.5	5,037.3	5,476.7	7,416.5	8,065.2	6,827.6	0.0	0.0	0.0	<b>48,128.8</b>
Spreading Delivery	0.0	289.6	1,841.9	1,924.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	<b>4,055.7</b>
<b>Total</b>	<b>3,972.6</b>	<b>3,904.4</b>	<b>4,781.5</b>	<b>6,702.7</b>	<b>5,037.3</b>	<b>5,476.7</b>	<b>7,416.5</b>	<b>8,065.2</b>	<b>6,827.6</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>52,184.5</b>



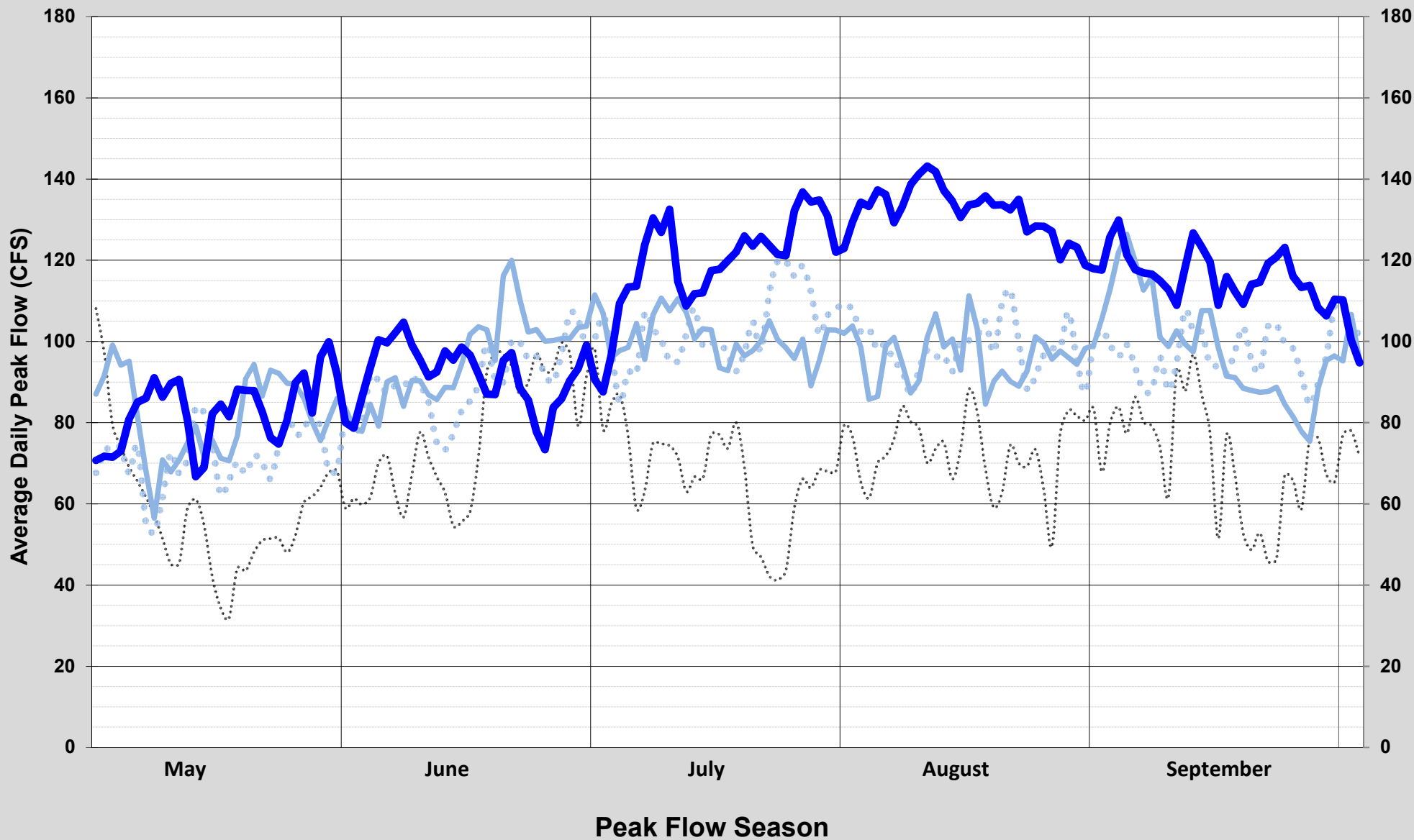
Average Daily Peak Flow Values (May 1 - Sep 30)



Date	MtSAC	Glendora	GSWC	Cal Poly	RWD	WVWD	Pomona	WVWD	BSA	JWL	JWL	GSWC	Glendora	Covina	TVMWD	RWD	Glendora	WVWD	Spread	CIC	TOTAL
	PM-01	PM-06	PM-07	PM-08	PM-09	PM-10	PM-11	PM-12	PM-14	PM-15A	PM-15B	PM-16	PM-18	PM-19	PM-21	PM-22	PM-23	PM-24	PM-26	PM-SG	
9/30/18	0.3	0.0	2.5	0.2	0.0	3.3	0.0	1.9	0.0	0.0	17.8	6.7	1.5	0.0	34.5	5.8	0.0	10.3	0.0	9.9	94.8
9/29/18	0.2	0.0	3.0	0.8	0.0	2.6	0.0	1.6	0.0	0.0	21.7	7.0	1.5	0.0	34.9	7.0	0.0	10.3	0.0	9.7	100.4
9/28/18	0.4	0.0	3.4	0.6	0.0	5.3	0.0	1.5	0.0	0.0	24.9	7.5	1.5	0.0	34.5	7.9	0.0	12.9	0.0	9.9	110.2

### Comparison of Current Daily Peak Flow to Prior Years (May 1 - Sep 30)

..... 2015 (108.1 cfs, 5/1/15)    ••••• 2016 (119.8 cfs, 7/22/16)    — 2017 (126.4 cfs, 9/2/17)    — 2018 Avg Peak Flow



**Three Valleys Municipal Water District  
Miramar Operations Report**

**SEPTEMBER 2018**

**Water Quality**

The treatment plant produced treated water that met or exceeded state and federal drinking water standards.

Water quality data for the month of September (results of the combined filter effluent)

		Units	Results	Limits	
Turbidity	TU	NTU	<b>0.069</b>	0.3	<i>Results should be less than limits to comply</i>
Total Dissolved Solids	TDS	mg/l	<b>200</b>	500	
Total Trihalomethanes	TTHM	µg/l	<b>45.9-49.6</b>	80	<i>Ranges from 4 distribution locations (Jun results)</i>
Haloacetic Acids	HAA	µg/l	<b>13.5-15.4</b>	60	
		Units	Results	Minimum Limit	
Total Organic Carbon	TOC	RAA Ratio	<b>1.13</b>	1.00	<i>* RAA Results should be greater than minimum limit to comply</i>

Reportable violations made to SWRCB: **NONE**

\*RAA - Running Annual Average

**Monthly Plant Production**

		Capacity	Monthly %
<b>Potable water produced from Miramar Plant</b>	<b>2132.0</b> AF	<b>1785.1</b> AF	<b>119.4%</b>

**Monthly Well Production**

	Days in service		Same month prior year	Days in service
Well #1	<b>30</b>	<b>33.2</b> AF	<b>35.2</b> AF	<b>30</b>
Well #2	<b>30</b>	<b>58.8</b> AF	<b>66.5</b> AF	<b>30</b>
<b>Total monthly Well production</b>		<b>91.9</b> AF	<b>101.7</b> AF	

**Monthly Sales**

La Verne	<b>566.7</b> AF	25.5%
GSWC (Claremont)	<b>760.2</b>	34.2%
GSWC (San Dimas)	<b>296.1</b>	13.3%
PWR-JWL	<b>596.8</b>	26.8%
Pomona (Mills)	<b>0.0</b>	0.0%
TVMWD Admin	<b>4.2</b>	0.2%
<b>Total Potable Water Sold</b>	<b>2223.9</b> AF	<b>100.0%</b>

**Year To Date 2018-19**

	Actual	Budget	% of Budget
Potable Water Sold from Miramar Plant (95.8%)	<b>6,709.3</b> AF	<b>5,493.7</b> AF	<b>122.1%</b>
Total Well Production (4.2%)	<b>294.4</b>	<b>322.1</b>	<b>91.4%</b>
<b>Total Potable Water Sold (Plant &amp; Wells)</b>	<b>7,003.6</b> AF	<b>5,815.8</b> AF	<b>120.4%</b>

Average monthly water sold **2,334.5** AF

## Hydroelectric Generation (kWh)

	Monthly kWh		YTD kWh		
	Actual	Budget	Actual	Budget	% of Budget
Miramar					
Hydro 1	<b>259,670</b>	110,543	<b>898,548</b>	<b>248,721</b>	361.3%
Hydro 2	<b>0</b>	23,160	<b>39</b>	<b>65,620</b>	0.1%
Hydro 3	<b>0</b>	16,560	<b>14,835</b>	<b>46,920</b>	31.6%
Williams	<b>215,840</b>	74,356	<b>611,600</b>	<b>223,068</b>	274.2%
Fulton	<b>125,960</b>	30,940	<b>375,680</b>	<b>69,615</b>	539.7%
	<b>601,470</b>	<u>255,559</u>	<b>1,900,702</b>	<u>653,944</u>	290.7%

## Operations/Maintenance Review

### Special Activities

- ▶ A new air conditioning unit was installed in the EOC trailer. Operations staff also installed New tires on the EOC trailer.
- ▶ Staff welcomed our newest intern, Zachary Sanchez, who came to us from Citrus College.
- ▶ The BFP conveyor chain drive was skipping so the chain was changed out along with the drive sprocket by Operations staff.
- ▶ The guide for the forklift chain on the mast was broken and was subsequently service by the forklift contractor.
- ▶ Operations staff is making good progress on the dismantling and removal of the PAC tank in the Dry Chem Building.

### Outages/Repairs

- ▶ None


### Unbudgeted Activities

- ▶ None

## Other

- ▶ District staff received their annual CPR and First Aid Training required by JPIA.
- ▶ Operations staff attended a JPIA 2 day training program in San Diego.

Submitted by: \_\_\_\_\_

  
Steve Lang  
Operations Manager

### Distribution:

Board of Directors  
General Manager

Assistant General Manager  
Chief Engineering & Operations Officer



Staff Report/Memorandum

To: TVMWD Board of Directors
From: Richard W. Hansen, General Manager
Date: October 17, 2018
Subject: On-Call Emergency Contractors – Request to Enter Into Long-Term Contracts

Form with checkboxes for: For Action, Information Only, Fiscal Impact, Cost Estimate, Funds Budgeted.

Requested Action:

The Board will consider approval to authorize the General Manager to enter into professional service agreements with a pre-approved list of contractors to provide "on-call" emergency services and to negotiate and execute agreements with the qualified firms as outlined in the staff report for a 3-year term with an option to extend an additional 3 years.

Discussion:

In June 2018, staff identified an existing list of pre-approved contractors identified for "on-call" services. Upon review of the contractors, it was determined that (1) the list has not been updated in some time; and (2) was limited to only a limited number of available contractors. The District's facilities include a 25 MGD treatment plant and several miles of large diameter transmission mains and appurtenances with the ability to deliver up to approximately 30% of the water deliveries to its customers annually. It is critical that any interruptions of water deliveries due to unforeseen circumstances or failure of infrastructure be corrected in a timely manner in order for service to be restored.

Currently, District operations staff is not equipped to make major repairs including transmission main ruptures, major leaks, trench failures or structural failures of facilities and relies on outside contracted forces to respond and conduct these repairs. It is common practice in the water utility industry to maintain and periodically update a list of on-call contractors to conduct unplanned repairs to water facilities in the event of an incident.

# Item 7.E

Staff issued an informal RFP to various general engineering contractors located within a reasonable distance to the District. Listed in the RFP were the following requirements to be addressed within the proposal:

1. Letter of Interest
2. Firm Organization
3. Construction Team and Approach to Providing the Service
4. Experience
5. Sample of Costs Including Typical Hours Worked
6. Equipment and Staff
7. Financial Statement

The RFP identified minimum qualifications for selection as follows:

- The contractor shall have an Engineering Class A, or Pipeline Class C-34 license
- The contractor must have completed five construction/repair projects in the past five (5) years
- All contractors and subcontractors shall be registered on an annual basis with the California Department of Industrial Relations (DIR)
- The contractor must be available 24-hours a day, 7 days a week, and be able to respond on site within 2-hours for an emergency call out

All of the proposals received were evaluated by staff based on the following categories and percentage weightings:

- Relevant Experience (30%)
- Approach to providing service (40%)
- Qualifications of the firm, project manager(s), foremen, etc. (15%)
- References on previous project experience (15%)

A total of seven proposals were received by the deadline identified in the RFP. The firms that responded are as follows:

1. Ted Burton Underground, Inc.
2. CP Construction, Inc.
3. Stephen Doreck Equipment Rentals, Inc. dba Doreck Construction
4. El-Co Contractors, Inc.
5. Doty Bros. Equipment Co. dba Doty Bros. Construction Company
6. Kirtley Construction, Inc. dba TK Construction
7. WA Rasic Construction Company Inc.

## **Analysis:**

Staff thoroughly analyzed all seven of the proposals received. All seven contractors who proposed met the minimum qualifications as outlined in the RFP and are qualified to perform the work.

## **Fiscal Impact:**

Currently, there is no fiscal impact as a result of executing professional service agreements with the qualified contractors as no work has been identified. As incidents arise necessitating the need for these services, task orders will be issued to the responding contractor conducting the repair. All task orders issued that exceed the General Manager's authority as outlined in the District's Purchasing Policy will be brought back to Board for ratification.

## Strategic Plan Objectives:

- 1.4 – Capable of delivering 10,000 AFY from local sources in case of drought or catastrophe.
- 1.5 – Maintain water infrastructure to assure 100% reliability.
- 2.3 – Manage water infrastructure and staff operations to minimize costs.
- 3.3 – Be accountable and transparent with major decisions



Staff Report/Memorandum

To: TVMWD Board of Directors
From: Richard W. Hansen, General Manager
Date: October 17, 2018
Subject: FY 2017-18 Reserves Schedule and Encumbrance Carryforward

Form with checkboxes for For Action, Information Only, Fiscal Impact, Cost Estimate, and Funds Budgeted.

Recommendation:

Staff is asking for board approval of the following recommendations:

- Approval to return \$634,878 of unused funds from completed capital projects to the Capital Asset reserve category.
Approval to carryforward encumbrances of \$1,907,288 from unused capital projects to FY 18-19 to complete ongoing projects.
Approval to utilize \$318,280 of Water Rate Stabilization reserves.

Background:

Attached for Board review is the Reserves Schedule as of June 30, 2018 presented as prescribed by GASB Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions. GASB 54 presentation is not required, however tracking fund balance in this manner provides greater visibility as to the level of fund balance available for use. GASB 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The hierarchy of five possible classifications of fund balance is:

- Nonspendable – Amounts that cannot be spent due to form.
Restricted – Amounts constrained for a specific purpose by external parties, constitutional provision or enabling legislation.
Committed (Reserved for Encumbrance) – Amounts constrained for a specific purpose by a government using its highest level of decision-making authority.
Assigned (Board Designated) – Amounts intended for specific purposes.
Unassigned – The residual fund balance.



## **Committed (Reserved for Encumbrance):**

The Reserved for Encumbrance category reflects the final reconciliation for all encumbered projects that were completed or are still in progress.

- There is \$634,878 remaining from projects completed as of June 30, 2018. As has been done in the past, staff is proposing to return those funds to the Capital Asset reserve category.
- There is \$1,907,288 remaining from projects that are incomplete as of June 30, 2018. Staff recommends carrying these funds forward to FY 18-19 to finish the projects.

## **Assigned (Board Designated):**

- All categories are within goal limits.
- Board Elections reserves will be replenished to the upper goal limit by the end of FY 18-19.
- Miramar sales were 2,600 acre-feet short of budget while Weymouth sales were 8,100 acre-feet more than budget. Due to this shift of sales, water expenses were higher than expected. This is the primary reason for a bottom line loss for the year of \$318,280. Staff recommends using \$318,280 of the Water Rate Stabilization reserve.
- Total Board Designated reserves are just short of the \$10 million goal for Emergency reserves. Discussion and options will be brought forward during the next budget/rate setting cycle.

## **Strategic Plan Objectives:**

- 3.1 – Utilize and comply with a set of financial policies to maintain TVMWD's financial health
- 3.3 – Be accountable and transparent with major decisions

# Item 7.F

**TVMWD RESERVES SCHEDULE**

FUND BALANCE	June 30, 2017 BALANCE	SOURCES	USES	TRANSFERS	Year End Allocation	June 30, 2018 BALANCE
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RESERVE GOAL
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<b>NONSPENDABLE</b>						
Water Inventory - Long Term	\$ 785,788	6,269,010	(6,733,068)	-	-	\$ 321,730
Prepays	58,193	72,781	(58,193)	-	-	72,781
Deposits	26,089	23,072	(17,656)	-	-	31,505
Invested in Capital Assets net of related debt	28,369,643	2,760,960	(1,572,226)	-	-	29,558,377
	\$ 29,239,713	\$ 9,125,823	\$ (8,381,143)	\$ -	\$ -	\$ 29,984,393

<b>RESTRICTED</b>						
Restricted for debt service	\$ 338,096	3,005	-	-	-	\$ 341,101
	\$ 338,096	\$ 3,005	\$ -	\$ -	\$ -	\$ 341,101

<b>RESERVED FOR ENCUMBRANCE</b>						
Security Equipment	92,270	-	(58,780)	-	(33,490)	-
SCADA Modification/Upgrades	75,497	92,774	(11,928)	-	(156,343)	-
Manway Installations	274,408	14,406	-	(200,000)	(88,814)	-
Miramar Transmission Main Inspect/Repair	-	-	(97,579)	100,000	(2,421)	-
PM-26 Expansion	207,813	-	(12,871)	-	(194,942)	-
Administration Building Improvements	101,090	-	(52,438)	-	-	48,652
TVMWD Well - Grand Ave. Claremont	379,086	1,139,862	(890,394)	-	-	628,554
TVMWD Well - West Baseline Claremont	510,903	-	(155)	-	-	510,748
Carports	238,722	-	(9,550)	-	-	229,172
Pond 3 Sump Pump	82,594	-	(14,650)	(31,000)	(36,944)	-
Williams Hydroelectric Analysis/Switchboard Replacement	234,574	-	(167,184)	(49,500)	(17,890)	-
Fulton Hydroelectric Analysis/Switchboard Replacement	217,107	-	(166,151)	(38,000)	(12,956)	-
Leroy's Connection Replacement	191,730	-	(180,651)	-	(11,079)	-
Plant 2 Electrical Panel Modifications	80,000	-	-	-	(80,000)	-
Bldg Modifications-Bathroom Upgrades	-	48,000	(47,913)	-	-	87
Bldg Modifications-Operations Interior	-	272,460	-	-	-	272,460
Miramar Plant Plunger Valve	-	150,000	(160,727)	16,000	(5,273)	-
Hydropneumatic Tank System Improvements	-	-	(12,357)	50,000	-	37,643
CLP - Land Acquisitions	-	-	(721,850)	722,678	(828)	-
Reservoir Effluent Pump System	-	256,000	(120,028)	44,000	-	179,972
	\$ 2,685,794	\$ 1,973,502	\$ (2,725,206)	\$ 614,178	\$ (634,878)	\$ 1,907,288

<b>BOARD DESIGNATED</b>						
Board Elections	\$ 90,245	34,878	-	-	-	\$ 125,123
Water Management	133,334	66,666	-	-	-	200,000
Water Rate Stabilization	1,672,035	-	-	-	(318,280)	1,353,755
Capital Asset R/R	5,727,440	-	-	(816,678)	634,878	5,545,640
Operations Reliability	1,885,273	614,727	-	-	-	2,500,000
Employee Benefits - Retiree Medical	128,237	50,000	-	-	-	178,237
Emergency	-	-	-	-	-	-
	\$ 9,636,564	\$ 766,271	\$ -	\$ (816,678)	\$ 316,598	\$ 9,902,755

Lower	Upper
\$ 120,000	\$ 160,000
-	200,000
1,200,000	1,800,000
4,100,000	8,200,000
2,000,000	3,000,000
-	2,100,000
-	97,245
\$ 7,420,000	\$ 15,557,245

<b>UNASSIGNED</b>						
General	\$ -	-	(318,280)	-	318,280	-
	\$ -	\$ -	\$ (318,280)	\$ -	\$ 318,280	\$ -

<b>TOTAL FUND BALANCE</b>	<b>\$ 41,900,167</b>					<b>\$ 42,135,538</b>
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Staff Report/Memorandum

To: TVMWD Board of Directors
From: Richard W. Hansen, General Manager
Date: October 17, 2018
Subject: Contribution to Pension Trust

Form with checkboxes for 'For Action', 'Fiscal Impact', 'Funds Budgeted', 'Information Only', and 'Cost Estimate: \$'.

Recommendation:

Staff is asking for board approval to contribute \$50,000 to the pension trust as budgeted for FY 17-18.

Background:

TVMWD established an IRS Section 115 Trust with PARS in November of 2016. The Trust provides for the ability to legally set-aside funds to reduce TVMWD's pension and OPEB liabilities.

- OPEB Trust
- Balance of \$876,000 as of June 30, 2018...
- The initial strategy decision was to maintain Trust at 80-90%...
- Staff recommends no contribution currently.
Pension Trust
- Balance of \$341,000 as of June 30, 2018...
- The initial strategy decision for the FY 17-18 budget was to accumulate \$50,000...
- Staff recommends a \$50,000 contribution to the pension trust as planned.

Strategic Plan Objectives:

- 3.1 – Utilize and comply with a set of financial policies to maintain TVMWD's financial health
3.3 – Be accountable and transparent with major decisions



Staff Report/Memorandum

**To:** TVMWD Board of Directors  
**From:** Richard W. Hansen, General Manager *RH*  
**Date:** October 17, 2018  
**Subject:** Cancellation of November 21, 2018 and December 19, 2018 Regular Board Meeting

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<input checked="" type="checkbox"/> <b>For Action</b>	<input type="checkbox"/> <b>Fiscal Impact</b>	<input type="checkbox"/> <b>Funds Budgeted</b>
<input type="checkbox"/> <b>Information Only</b>	<input type="checkbox"/> <b>Cost Estimate:</b>	<b>\$</b>

---

**Action Requested:**

The Board will consider approval of a modified board meeting schedule for its regular meetings in November and December 2018. It is proposed that the Board:

- 1) Cancel the November 21, 2018 and December 19, 2018 regular board meetings.
- 2) Direct staff to issue proper notice of meeting cancellations.

**Discussion:**

The second meeting in November (November 21, 2018), is presently scheduled for the day prior to Thanksgiving, and the second meeting in December (December 19, 2018) is presently scheduled the week immediately preceding Christmas. This is typically a time of year where both directors and staff schedule time away from the office to be with their families. Staff has reviewed business that needs to be considered by the Board for the months of November and December and determined that any business can be handled in either of the single monthly meetings with Board approval. In the event urgent business should arise, a special meeting can be scheduled.


**Strategic Plan Objective(s):**

- 3.3 – Be accountable and transparent with major decisions.



## Staff Report/Memorandum

**To:** TVMWD Board of Directors

**From:** Richard W. Hansen, General Manager 

**Date:** October 17, 2018

**Subject:** Resolution No. 18-10-837 Requesting Appointment of Directors in Divisions 3 and 5 in Lieu of Election

<input checked="" type="checkbox"/> <b>For Action</b>	<input type="checkbox"/> <b>Fiscal Impact</b>	<input type="checkbox"/> <b>Funds Budgeted</b>
<input type="checkbox"/> <b>Information Only</b>	<input type="checkbox"/> <b>Cost Estimate:</b>	<b>\$</b>

### Requested Action:

Consider approval of Resolution No. 18-10-837 requesting appointment of Directors in Divisions 3 and 5 in Lieu of Election and directing staff to file same with the Los Angeles County Registrar/Recorder County Clerk and Los Angeles County Board of Supervisors for action at a regular or special meeting.

### Discussion:

The Los Angeles County Registrar/Recorder County Clerk published a “*Notice of Election*” in the San Gabriel Valley Tribune on July 12, 2018 announcing the criteria to run for one of the open electoral seats in TVMWD Divisions 1, 3 and 5. This notice was also posted on the district website, at the external gate, and forwarded to our distribution list for public notices.

The nomination period opened at 8:00 a.m. on July 16, 2018 and closed at 5:00 p.m. on August 10, 2018. During this time the only candidates drawing nomination papers for Divisions 3 and 5 were the current incumbents, Brian Bowcock, Division 3 and Joe Ruzicka, Division 5. An election will be held on November 6, 2018 for Division 1 and will be certified within the procedures of the Los Angeles County Registrar/Recorder County Clerk.

On September 20, 2018 the District received notice from the Los Angeles County Registrar/Recorder County Clerk directing them that pursuant to Election Code §10515 that an election not be held to fill the electoral seats in Divisions 3 and 5, and to immediately prepare a resolution for consideration by the TVMWD Board of Directors requesting the Los Angeles County Board of Supervisors appoint the persons nominated in lieu of election. The Los Angeles County Board of Supervisors has until November 26, 2018 within which to adopt this resolution and notify the District. Upon notification, the District will place this item on the agenda to swear in Directors Bowcock and Ruzicka.

### Strategic Plan Objective(s):

3.3 – Be accountable and transparent with major decisions.

I, DEAN C. LOGAN, Registrar-Recorder/County Clerk of the County of Los Angeles, do hereby certify that, at the close of nominations, only two persons were nominated for the two offices of Director in Divisions 3 and 5 for the

**THREE VALLEYS MUNICIPAL WATER DISTRICT**

for the full term ending December 2, 2022, namely:

**BRIAN BOWCOCK – DIVISION 3**

**JOSEPH THOMAS RUZICKA – DIVISION 5**

Pursuant to Section 10515 of the Elections Code, there being only two candidates nominated for the two offices to be filled, and no petition having been filed, the election scheduled for the 6<sup>th</sup> day of November, 2018 shall not be held. The Board of Supervisors, therefore, shall at a regular or special meeting held prior to November 26, 2018 appoint to the office of Director, the persons nominated. Such persons shall take office and serve exactly as if elected at a general district election.

Dated this 14<sup>th</sup> day of September, 2018.



*Dean C. Logan*  
DEAN C. LOGAN  
Registrar-Recorder/County Clerk  
County of Los Angeles

**RESOLUTION NO. 18-10-837**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF  
THREE VALLEYS MUNICIPAL WATER DISTRICT  
REQUESTING APPOINTMENT OF DIRECTORS IN LIEU  
OF ELECTION FOR DIVISIONS 3 AND 5 BY THE LOS  
ANGELES COUNTY BOARD OF SUPERVISORS TO  
SERVE A FULL FOUR-YEAR TERM ENDING  
DECEMBER 2, 2022**

WHEREAS, the enactment into law of Senate Bill 1742 establishes the boundaries of the seven divisions within the Three Valleys Municipal Water District from which directors are elected in accordance with Water Code, Chapter 6, Section 71540; and

WHEREAS, the Three Valleys Municipal Water District was notified by the County of Los Angeles Registrar-Recorder/County Clerk to post a *Notice of Election* for Divisions 1, 3, and 5 of the Division at the General Election to be held November 6, 2018, pursuant to Election Code §12113. Said notice was posted at the Three Valleys Municipal Water District public notice board and on the website commencing July 16, 2018 through August 10, 2018. The Los Angeles County Registrar/Recorder County Clerk published the notice of election in the July 12, 2018 edition of the San Gabriel Valley Tribune.

WHEREAS, pursuant to Election Code §10515, if within 83 days prior to the day fixed for the general district election only one person has filed a declaration of candidacy for any elective office to be filled at that election, the County of Los Angeles Registrar-Recorder/County Clerk shall submit a certificate of these facts to the supervising authority and request that the supervising authority, at a regular or special meeting held prior to the Monday before the first Friday in December in which the election is held, appoint to office or offices, the person or persons, if any, who have filed declarations of candidacy.

WHEREAS, as of August 10, 2018, the closing date of the nomination period, a single candidate, the current incumbent for each division respectively, declared their intention to run as candidates in Divisions 3 and 5 of Three Valleys Municipal Water District 2018 election scheduled for November 6, 2018. On September 20, 2018 the District received a notice certifying this and requesting this resolution be prepared and submitted to the Los Angeles County Board of Supervisors for action for the full terms ending December 2, 2022 as follows, Frederick "Brian" Bowcock, Division 3; and Joseph T. Ruzicka, Division 5.

WHEREAS, Three Valleys Municipal Water District has been directed to seek a resolution from their Board of Directors pursuant to Election Code §10515 that an election not be held to fill the electoral seats in Divisions 3 and 5, and immediately

# Item 7.1

request the Los Angeles County Board of Supervisors to appoint the persons nominated.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE THREE VALLEYS MUNICIPAL WATER DISTRICT HEREBY RESOLVES, DETERMINES, AND ORDERS AS FOLLOWS:

1. That pursuant to Election Code Section 10515(a) no election is hereby called by the Board of Directors of the Three Valleys Municipal Water District to be held on November 6, 2018 for the purpose of electing members to its board of directors in Divisions 3 and 5.
2. That pursuant Election Code Section 10515(a) the Board of Supervisors of the County of Los Angeles is hereby requested to appoint said nominees for a full-term ending December 2, 2022 to the Three Valleys Municipal Water District Board of Directors
3. That the General Manager is hereby directed to file a certified copy of this resolution with the Los Angeles County Board of Supervisors and the Registrar-Recorder/County Clerk of the County of Los Angeles.

**ADOPTED and PASSED** at a meeting of the Three Valleys Municipal Water District's Board of Directors, on this 17th day of October 2018 by the following vote:

AYES:  
NOES:  
ABSTAIN:  
ABSENT:

---

Bob G. Kuhn, President

ATTEST:

---

Brian Bowcock, Secretary

SEAL:



CERTIFIED COPY  
RESOLUTION NO. 18-10-837

This is to certify that at a regular meeting of the Three Valleys Municipal Water District Board of Directors, held at the offices of the District located at 1021 East Miramar Avenue, Claremont, California on October 17, 2018 at 8:00 a.m., a quorum of the Directors being present and voting, it was unanimously voted by Motion No. 18-10-5192 to adopt Resolution No. 18-10-837

**VOTED:**

AYES:

NOES:

ABSTAIN:

ABSENT:

A TRUE COPY

ATTEST: \_\_\_\_\_  
Victoria A. Hahn, Executive Assistant / District Clerk

The undersigned hereby certifies that she is the Executive Assistant / District Clerk of Three Valleys Municipal Water District Board of Directors, a public agency organized under the provisions of the Municipal Water District Act of 1911, that the foregoing is a true and correct copy of a resolution duly adopted at a meeting of the Board of Directors of said district held on 10/17/2018, at which meeting a quorum was at all times present and acting; that the passage of said resolution was in all respects legal; and that said resolution is in full force and effect.



## Staff Report/Memorandum

**To:** TVMWD Board of Directors  
**From:** Richard W. Hansen, General Manager *RH*  
**Date:** October 17, 2018  
**Subject:** Legislative Update – October 2018

<input checked="" type="checkbox"/>	<b>For Action</b>	<input type="checkbox"/>	<b>Fiscal Impact</b>	<input type="checkbox"/>	<b>Funds Budgeted</b>
<input type="checkbox"/>	<b>Information Only</b>	<input type="checkbox"/>	<b>Cost Estimate:</b>	<b>\$</b>	

### **Requested Action:**

Board approval of Resolution No. 2018-10-838 in support of Proposition 3, the Water Supply and Water Quality Act of 2018, which will come before voters on the November 6 ballot.

### **Discussion:**

#### ***November Election Preview***

The November 6, 2018 election is just around the corner. This morning, staff will provide the Board with an election preview of the local state Senate and Assembly seats, along with a look at the Congressional seats on the ballot.

#### ***Proposition 3 Water Bond***

The Water Supply & Water Quality Act initiative, known as Proposition 3, will appear on the ballot in November. This initiative would authorize nearly \$9 billion in general obligation bonds for water infrastructure projects, watershed protection and groundwater sustainability. Following a Q&A presentation earlier this month from water bond advocate Jerry Meral, the Board is requested to consider the approval of Resolution No. 2018-10-838 in support of the bond.

### **Strategic Plan Objectives:**

1.7 – Advocate for a Bay-Delta fix

3.5 – Ensure that all of the region's local government policy makers understand TVMWD's role in the delivery of water.

**RESOLUTION NO. 18-10-838**  
**A RESOLUTION OF THE BOARD OF DIRECTORS OF**  
**THREE VALLEYS MUNICIPAL WATER DISTRICT**  
**IN SUPPORT OF THE WATER SUPPLY AND WATER QUALITY ACT OF 2018**

WHEREAS, California faces a new climate reality and a growing list of challenges associated with aging infrastructure, natural disasters, climate change, population growth and other factors; and

WHEREAS, the water community agrees that funding is needed to improve water supply reliability and ecosystem health in California; and

WHEREAS, a diverse group of stakeholders, including water managers, has developed Proposition 3, the Water Supply & Water Quality Act of 2018 which will appear on the November 2018 ballot; and

WHEREAS, if approved by voters, this bond measure would provide nearly \$8.9 billion in General Obligation bond funding for safe drinking water, Sustainable Groundwater Management (SGMA) implementation, watershed restoration, fish and wildlife habitat conservation and infrastructure repair; and

WHEREAS, projects funded through this bond would provide substantial benefits for California communities, and help ensure safe and reliable water for California's future; and

NOW THEREFORE BE IT RESOLVED that the Board of Directors of Three Valleys Municipal Water District formally supports the Water Supply & Water Quality Act of 2018.

ADOPTED and PASSED at a meeting of the Three Valleys Municipal Water District's Board of Directors, on this 17<sup>th</sup> day of October 2018 by the following vote:

AYES:  
NOES:  
ABSTAIN:  
ABSENT:

\_\_\_\_\_  
Bob G. Kuhn, President

ATTEST:

\_\_\_\_\_  
Brian Bowcock, Secretary

SEAL:

CERTIFIED COPY  
RESOLUTION NO. 18-10-838

This is to certify that at a regular meeting of the Three Valleys Municipal Water District Board of Directors, held at the offices of the District located at 1021 E. Miramar Avenue, Claremont, California on 10/17/2018 at 8:00 a.m., a quorum of the Directors being present and voting, it was unanimously voted by Motion No. 18-10-5193 to adopt Resolution No. 18-10-838

**VOTED:**

AYES:

NOES:

ABSTAIN:

ABSENT:

A TRUE COPY

ATTEST: \_\_\_\_\_  
Victoria A. Hahn, Executive Assistant / District Clerk

The undersigned hereby certifies that she is the Executive Assistant / District Clerk of Three Valleys Municipal Water District Board of Directors, a public agency organized under the provisions of the Municipal Water District Act of 1911, that the foregoing is a true and correct copy of a resolution duly adopted at a meeting of the Board of Directors of said district held on 10/17/2018, at which meeting a quorum was at all times present and acting; that the passage of said resolution was in all respects legal; and that said resolution is in full force and effect.



THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

## **FACT SHEET:** **Water Supply and Water Quality Act,** **Proposition 3 November 2018 Ballot Initiative**

Prepared by MWD  
External Affairs Office  
August 2018

### **Summary of Metropolitan Board Action**

- On July 10, 2018, Metropolitan's Board of Directors voted to support the "Water Supply and Water Quality Act of 2018" which will appear as Proposition 3 on the November 2018 statewide ballot.
- If approved by voters, this initiative would authorize \$8.877 billion in general obligation bonds for water infrastructure projects, watershed protection, fish and wildlife habitat and groundwater sustainability. Metropolitan and its member agencies would be eligible to compete for water project funding under several provisions authorized by the Act.
- Proposition 3 would authorize funding for projects that may benefit Metropolitan by increasing conservation programs in disadvantaged communities, enhancing watershed functions, improving water quality, funding Oroville spillway repairs, and funding projects to improve reliability in areas from which Metropolitan imports water supplies.

### **Background**

- The largest amount of revenue from Proposition 3 - \$2.355 billion - would go toward conservancies and state parks to restore and protect watershed lands and nonprofits and local agencies for river parkways.
- The measure would also allocate \$1.85 billion for projects to increase water supplies including stormwater collection (\$400 million), water quality improvements (\$750 million), recycling and desalination (\$400 million) and water conservation activities (\$300 million). An additional \$1.2 billion is designated for four projects to improve the availability of water in certain areas of the state: \$750 million for improvements to Friant Kern Canal and other Friant water interconnections, \$200 million for Oroville Dam repairs, \$250 million for water system improvements in the Bay Area and \$5 million for the North Bay Aqueduct.
- The initiative would require that \$1.398 billion be spent on projects benefitting disadvantaged communities and an additional \$2.637 billion would be prioritized for disadvantaged communities. To be eligible for funding, the measure would require that certain projects provide matching funds, unless waived for certain criteria.
- The November initiative is the second of two water-related bond measures in 2018. Proposition 68, or the "California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access for All Act of 2018," was approved by voters in June 2018. It authorized \$4 billion and reallocated \$100 million of previously approved unissued bonds for parks, environmental protection and restoration, and water infrastructure flood protection.

**Cap and Trade**

- California's cap-and-trade program requires electricity generators and importers to acquire allowances to offset emissions of greenhouse gases (GHG).
- Metropolitan and the State Water Project (SWP) fall under this requirement when their emissions-free hydroelectric and renewable energy resources are insufficient to meet their respective Colorado River Aqueduct and SWP pumping demands. As a result of being under the regulation, Metropolitan and the SWP incur higher electricity costs to operate their water delivery systems than others not subject to the regulation.
- Section 6 in Proposition 3 would allow for recovery of compliance costs incurred directly by Metropolitan and those compliance costs charged to Metropolitan as a SWP contractor. The amount appropriated would be equal to each entity's associated costs with the cap-and-trade program.
- Metropolitan and the SWP would be required to spend the funds on projects that reduce GHGs, including water conservation programs.

**Proponents**

The lead proponent is Jerry Meral, Director of the California Water Program at the Natural Heritage Institute. U.S. Senator Dianne Feinstein and John Cox, GOP Candidate for Governor also support the initiative. Additional support includes:

- **Water Agencies:** Association of California Water Agencies (ACWA), CalDesal, Northern California Water Association, Southern California Water Coalition
- **Conservation Groups:** American River Conservancy, California Native Plant Society, California Waterfowl Association, California Watershed Network, Delta Waterfowl, Ducks Unlimited, Natural Heritage Institute, Sacramento River Watershed Program, Salmonid Restoration Foundation, Sierra Foothill Conservancy, Sierra Nevada Alliance
- **Agricultural Organizations:** Agricultural Council of California, California Fresh Fruit Association, American Pistachio Growers, California Rice Commission
- **Environmental Justice Organizations:** Center for Sustainable Neighborhoods, Community Water Center, Grassroots Ecology, Leadership Counsel for Justice and Accountability, The Watershed Project
- **Labor Organizations:** California Labor Federation, Contra Costa Building and Construction Trades Council
- **Business:** American Council of Engineering Companies - California, Bay Area Council, Bay Planning Coalition, Biz Fed - Los Angeles County, California Building Industry Association, California Business Properties Association, California Chamber of Commerce

**Opponents**

The measure is currently opposed by the Sierra Club based on concerns regarding funding for dam-related projects, reallocation of Habitat Conservation Fund monies after 2020, and the ability for water agencies to access Greenhouse Gas Reduction Fund monies. The measure is also opposed by the League of Women Voters.



# DIRECTOR EXPENSE SHEET

Submit Form

## Item 8.B

**NAME:** Brian Bowcock, Division 3

**MONTH / YEAR**

September 2018

No	Day	Title of Meeting / Description	Mileage (assumed as round trip unless noted)				Meeting Compensation
			From City	To City	Miles	Miles \$	
1	5	TVMWD Board meeting	La Verne	Claremont	10.0	\$ 5.45	\$ 200.00
Regular board meeting to discuss issues within the region.							
2	6	Citrus Oversight Committee	La Verne	Azusa	18.0	\$ 9.81	\$ 200.00
Wrapping up the bond issue for Citrus College improvements, \$30 million dollars.							
3	10	David & Margaret Executive Board Meeting	La Verne				\$ 200.00
Regular board meeting to discuss upcoming events, policy and budget.							
4	11	Citrus Board Meeting with City of Azusa	La Verne	Azusa	18.0	\$ 9.81	\$ 200.00
Discuss possible classes for Azusa employees through Citrus College in Water and Electrical field with Director of Water and Power and Personnel Director and Representatives from Citrus College.							
5	13	SCWUA Vendors Fair	La Verne	Irwindale	24.0	\$ 13.08	\$ 200.00
Water vendors fair at Irwindale Speedway, I worked with the board on the event. Over 750 employees from all over Southern California attended.							
6	14	SGV PAN meeting at Fairplex	La Verne	Pomona	6.0	\$ 3.27	\$ 200.00
Speakers included Miguel Santana, CEO Fairplex and Supervisor Hilda Solis.							
7	18	Water Forum at Fairplex	La Verne	Pomona	6.0	\$ 3.27	\$ 200.00
SGV water event for all interested parties. State, County and City officials from all over San Gabriel Valley.							
8	19	TVMWD Board meeting	La Verne	Claremont	10.0	\$ 5.45	\$ 200.00
Regular board meeting to discuss issues within the District,							
9	25	USC Foundation	La Verne	Los Angeles	75.0	\$ 40.88	\$ 200.00
Quarterly advisory board meeting. To discuss issues in the water industry pertaining to backflow, and scholarships to be given out by SCWUA.							
10	26	Six Basins Watermaster Board Meeting	La Verne	Claremont	10.0	\$ 5.45	\$ 200.00
Regular meeting of Watermaster to discuss issues and projects in the district.							

No	Day	Miscellaneous Expense (please itemize each expense)	Misc. Expense
1			
2			
3			
4			
5			

*I certify the above is correct and accurate to the best of my knowledge*

\_\_\_\_\_  
Signature

Subtotal Miscellaneous Expense	\$ 0.00
Subtotal Mileage	\$ 96.47
Subtotal Meeting Compensation	\$ 2,000.00
Subtotal All	\$ 2,096.47
Mandatory Deferred Compensation @ 7.5%	(\$ 150.00)
Voluntary Deferred Compensation <i>(negative entry; default @ 0)</i>	(\$ 1,350.00)
<b>TOTAL</b>	<b>\$ 596.47</b>

\* Mileage is reimbursed at IRS Standard Business Mileage Rate

\*\*Directors are eligible for ten meeting days per month at \$200 per day. Ordinance Nos. 02-01-7 and 02-07-15



# DIRECTOR EXPENSE SHEET

Submit Form

## Item 8.B

**NAME:** David De Jesus, Division 2

**MONTH / YEAR**

September 2018

No	Day	Title of Meeting / Description	Mileage (assumed as round trip unless noted)				Meeting Compensation
			From City	To City	Miles	Miles \$	
1	5	Board Workshop	Walnut	Claremont	38.0	\$ 20.71	\$ 200.00
<p>Attended the board workshop where those present were provided with a presentation from Kathy Cole MWD's lobbyist in Sacramento. Several other staff reports/presentations were provided for consideration at the next board meeting.</p>							
2	12	Meeting with Legal Counsel, Directors Bowcock, Kuhn, and GM	Walnut	Claremont	38.0	\$ 20.71	\$ 200.00
<p>Meeting to discuss personnel issues under confidentiality</p>							
3	17	Walnut Valley Water District Board Meeting	Walnut	Walnut	4.0	\$ 2.18	\$ 200.00
<p>Attended the board meeting and availed myself to answer questions. I did provide an update on the current candidate list for the position of MWD Board chairman elections slated for next month.</p>							
4	19	Board Meeting	Walnut	Claremont	38.0	\$ 20.71	\$ 200.00
<p>Attended the board meeting in representation of Division II. The board approved an updated standard for which to dispose of surplus property. A closed session was conducted after which a public announcement detailing the early retirement of the GM effective December 28, 2018 culminating an outstanding 42 year tenure with the District.</p>							
5	20	Chino Basin Advisory Committee Meeting	Walnut	Rancho Cucamonga	42.0	\$ 22.89	\$ 200.00
<p>Attended the Committee with no news on the outcome of the Safe yield reset agreement. The Committee agree to extend the discussions one month to help resolve the issues.</p>							
6	21	SGV Lincoln Club	Walnut	West Covina	8.0	\$ 4.36	\$ 200.00
<p>Attended the event and was able to hear Mark Meuser the candidate for the position of California's Secretary of State. He provided the group with insight into the duties of that position and how the current Secretary of State had not fulfilled those duties to the residents over the course of his term.</p>							
7	24	San Gabriel Valley Water Association	Walnut	Azusa	20.0	\$ 10.90	\$ 200.00
<p>Provided the group with updates related to both TVMWD and MWD and fielded questions as necessary.</p>							
8	26	Six Basins Board Meeting	Walnut	Claremont	38.0	\$ 20.71	\$ 200.00
<p>First time attendance (in 20 years) to this board meeting. Based on previous reporting of staff as the administrator of this basin, I wanted to compare the activities and interaction with that of the both the Chino Basin and Main Basin to gain insight and possible strategies to use when making groundwater basin decisions.</p>							
9	27	Chino Basin Board Meeting	Walnut	Ranch Cucamonga	42.0	\$ 22.89	\$ 200.00
<p>As the voting board alternate, I attended the meeting as assigned. Director Kuhn will provide the oral report to the board.</p>							
10							

No	Day	Miscellaneous Expense (please itemize each expense)	Misc. Expense
1			
2			
3			
4			
5			

Subtotal Miscellaneous Expense \$ 0.00

Subtotal Mileage \$ 146.06

Subtotal Meeting Compensation \$ 1,800.00

Subtotal All \$ 1,946.06

Mandatory Deferred Compensation @ 7.5% (\$ 135.00)

Voluntary Deferred Compensation *(negative entry; default @ 0)* (\$ 915.50)

**TOTAL \$ 895.56**

*I certify the above is correct and accurate to the best of my knowledge*

Signature \_\_\_\_\_

\* Mileage is reimbursed at IRS Standard Business Mileage Rate

\*\*Directors are eligible for ten meeting days per month at \$200 per day. Ordinance Nos. 02-01-7 and 02-07-15





# DIRECTOR EXPENSE SHEET

Submit Form

## Item 8.B

**NAME:** David De Jesus, MWD

**MONTH / YEAR**

September 2018

No	Day	Title of Meeting / Description	Mileage (assumed as round trip unless noted)				Meeting Compensation
			From City	To City	Miles	Miles \$	
1	4	Conference call with Operations Manager Jim Green					\$ 200.00
Monthly meeting to review engineering and operations agenda items for the current month and discuss other operational issues.							
2	6	Southern Coalition/Inland Empire Caucus Meeting					\$ 200.00
Attended the meeting with GM Hansen and AGM Litchfield. Numerous topics were discussed with management as it related to current events/issues							
3	7	San Gabriel Valley MWD Directors Meeting					\$ 200.00
Meeting was held to interview potential MWD chair candidate. The interview posed numerous questions regarding vision for the District's future and the plan to deal with current issues.							
4	10	MWD Committee Meeting Day					\$ 200.00
As usual, I attended a number of committee meetings in preparation for the decisions to be made at the board meeting the following day.							
5	11	Board Meeting					\$ 200.00
Attended the Monthly Board Meeting on behalf of the District representing the directors on the Board. Oral report provided at the Three Valleys Board meeting							
6	13	Annual Direct Report Evaluations					\$ 200.00
Evaluations were provided as required from every director on the direct reports (Jeff Knightlinger, Marcia Scully, and Gerry Riss)							
7	14	SGV PAN Luncheon					\$ 200.00
Attended the luncheon at the Fairplex and heard presentations from County Supervisor Solis and Fairplex CEO Santana on the importance of developing the resources in the Pomona area to further enhance community opportunities.							
8	18	Palo Verde Irrigation District					\$ 200.00
Represented MWD in the PVID board elections by casting MWD's votes.							
9	25	Executive Committee Meeting					\$ 200.00
Attended the meeting to approved meeting schedules and agendas for the following months.							
10	28	Meeting with COO Deven Upadhyay					\$ 200.00
Monthly meeting to discuss operational developing issues and possible solutions for development and future board consideration.							

No	Day	Miscellaneous Expense (please itemize each expense)	Misc. Expense
1			
2			
3			
4			
5			

*I certify the above is correct and accurate to the best of my knowledge*

Signature \_\_\_\_\_

Subtotal Miscellaneous Expense	\$ 0.00
Subtotal Mileage	\$ 0.00
Subtotal Meeting Compensation	\$ 2,000.00
Subtotal All	\$ 2,000.00
Mandatory Deferred Compensation @ 7.5%	(\$ 150.00)
Voluntary Deferred Compensation <i>(negative entry; default @ 0)</i>	(\$ 915.50)
<b>TOTAL</b>	<b>\$ 934.50</b>

\* Mileage is reimbursed at IRS Standard Business Mileage Rate

\*\*Directors are eligible for ten meeting days per month at \$200 per day. Ordinance Nos. 02-01-7 and 02-07-15



# DIRECTOR EXPENSE SHEET

Submit Form

## Item 8.B

**NAME:** Carlos Goytia, Division 1

**MONTH / YEAR**

September 2018

No	Day	Title of Meeting / Description	Mileage (assumed as round trip unless noted)				Meeting Compensation
			From City	To City	Miles	Miles \$	
1	2	Supervisor Hilda Solis Luncheon @ Fairplex	Pomona	Pomona	8.5	\$ 4.63	\$ 200.00
Community Leaders meet & greet and LAC District 1 updates							
2	4	Meeting w/Assembly Member F. Rodriguez & Pomona Mayor T. Sandoval	Pomona	Pomona	8.0	\$ 4.36	\$ 200.00
Discuss local issues related to Pomona							
3	5	TVMWD Board Meeting	Pomona	Claremont	32.0	\$ 17.44	\$ 200.00
Attended and participated in board meeting deliberations & discussions							
4	14	SGVPAN Luncheon	Pomona	Pomona	8.5	\$ 4.63	\$ 200.00
Presentation and discussion on regional issues							
5	17	Meeting with PUSD and Maria Kennedy	Pomona	Pomona	8.0	\$ 4.36	\$ 200.00
Met with Dr. Enrique Medina and staff along w/Maria Kennedy to discuss and begin implementation of a Career Pathways in water program.							
6	18	San Gabriel Valley Water Forum	Pomona	Pomona	8.5	\$ 4.63	\$ 200.00
Storm water capture and MS4 permit presentations							
7	19	TVMWD Board Meeting	Pomona	Claremont	32.0	\$ 17.44	\$ 200.00
Attended and participated in board meeting deliberations & discussions							
8	20	Assembly Member C. Holden	Pomona	Claremont	32.0	\$ 17.44	\$ 200.00
Community open house and meeting w/Assemblymember C.Holden							
9	27	SGVCA - Storm Water Capture	Pomona	El Monte	46.0	\$ 25.07	\$ 200.00
Discussion on MS4 pros and cons Bizfed & LA County							
10	28	SGVEP Developers Meeting	Pomona	Pomona	8.5	\$ 4.63	\$ 200.00
PolyPlex and beyond. Discussion on development of the Lanterman facility in the Spadra basin.							

No	Day	Miscellaneous Expense (please itemize each expense)	Misc. Expense
1			
2			
3			
4			
5			

*I certify the above is correct and accurate to the best of my knowledge*

Signature \_\_\_\_\_

Subtotal Miscellaneous Expense	\$ 0.00
Subtotal Mileage	\$ 104.64
Subtotal Meeting Compensation	\$ 2,000.00
Subtotal All	\$ 2,104.64
Mandatory Deferred Compensation @ 7.5%	(\$ 150.00)
Voluntary Deferred Compensation <i>(negative entry; default @ 0)</i>	\$ 0.00
<b>TOTAL</b>	<b>\$ 1,954.64</b>

\* Mileage is reimbursed at IRS Standard Business Mileage Rate

\*\*Directors are eligible for ten meeting days per month at \$200 per day. Ordinance Nos. 02-01-7 and 02-07-15



**DIRECTOR EXPENSE SHEET**

Submit Form

**Item 8.B**

**NAME:** Bob Kuhn, Division 4

**MONTH / YEAR**

September 2018

No	Day	Title of Meeting / Description	Mileage (assumed as round trip unless noted)				Meeting Compensation
			From City	To City	Miles	Miles \$	
1	6	Glendora Chamber of Commerce Legislative Committee	Glendora	Glendora	2.0	\$ 1.09	\$ 200.00
Reviewed propositions scheduled on the November 6, 2018 ballot with specific discussion on the twin tunnels.							
2	8	SGVEP Awards Gala Dinner	Glendora	San Gabriel	46.0	\$ 25.07	\$ 200.00
Annual Economic Partnership Event to recognize various accomplishments across disciplines, e.g. legislative, business, etc.							
3	11	Glendora City Council Meeting	Glendora	Glendora	4.0	\$ 2.18	\$ 200.00
Presentation to city council regarding the Glendora finances and future costs of water.							
4	12	TVMWD Executive Committee	Glendora	Claremont	20.0	\$ 10.90	\$ 200.00
Meeting with GM, Legal Counsel, VP and Board President to discuss confidential personnel issues.							
5	18	SGV Water Forum	Glendora	Pmona	16.0	\$ 8.72	\$ 200.00
Presentations discussing water issues in the San Gabriel Valley.							
6	19	TVMWD Board Meeting	Glendora	Claremont	20.0	\$ 10.90	\$ 200.00
Served as presiding officer over board meeting to review and approve district business.							
7	24	CSDA Annual Conference	Glendora	Indian Wells	77.0	\$ 41.97	\$ 200.00
Day one of three day conference. Participated in several workshop sessions each day and received District of Distinction Award on behalf of District.							
8	25	CSDA Annual Conference	Glendora	Indian Wells			\$ 200.00
Day two of three day conference. Participated in several workshop sessions each day and received District of Distinction Award on behalf of District.							
9	26	CSDA Annual Conference	Glendora	Indian Wells	77.0	\$ 41.97	\$ 200.00
Day three of three day conference. Participated in several workshop sessions each day and received District of Distinction Award on behalf of District.							
10							

No	Day	Miscellaneous Expense (please itemize each expense)	Misc. Expense
1			
2			
3			
4			
5			

*I certify the above is correct and accurate to the best of my knowledge*

Signature \_\_\_\_\_

Subtotal Miscellaneous Expense	\$ 0.00
Subtotal Mileage	\$ 142.79
Subtotal Meeting Compensation	\$ 1,800.00
Subtotal All	\$ 1,942.79
Mandatory Deferred Compensation @ 7.5%	(\$ 135.00)
Voluntary Deferred Compensation <i>(negative entry; default @ 0)</i>	(\$ 1,665.00)
<b>TOTAL</b>	<b>\$ 142.79</b>

\* Mileage is reimbursed at IRS Standard Business Mileage Rate

\*\*Directors are eligible for ten meeting days per month at \$200 per day. Ordinance Nos. 02-01-7 and 02-07-15



# DIRECTOR EXPENSE SHEET

Submit Form

## Item 8.B

**NAME:** John Mendoza, Division 6

**MONTH / YEAR**

September 2018

No	Day	Title of Meeting / Description	Mileage (assumed as round trip unless noted)				Meeting Compensation
			From City	To City	Miles	Miles \$	
1	5	TVMWD Board of Directors Meeting	Pomona	Claremont			\$ 200.00
Meeting of BOD to vote and discuss issues important to the District and member agencies.							
2	8	SGVEP 15th Annual Gala	Pomona	SGV			\$ 200.00
Award and presentation to important individuals who made positive impacts in SGV Region.							
3	11	SCE Annual Water Conference	Pomona	Irwindale			\$ 200.00
Day one presentation on several water topics as related to energy savings and water related measures to be voted upon.							
4	12	SCE Annual Water Conference	Pomona	Irwindale			\$ 200.00
Day two workshops related to pumps and energy efficiency practices.							
5	14	SGV Public Affairs Network "Future of Fairplex."	Pomona	Pomona			\$ 200.00
Presentation by Supervisor Hilda Solis and Fairplex CEO Miguel Santana on issues related to the region.							
6	18	SGV Water Forum	Pomona	Pomona			\$ 200.00
Annual Water Conference that was attended by Regional water agencies and elected representatives. Brief presentations on important water issues affecting the region and state.							
7	19	TVMWD Board of Directors Meeting	Pomona	Claremont			\$ 200.00
Follow up meeting of the Board of Directors regarding issues important to the District.							
8	21	SGV Chamber Legislative Power Luncheon	Pomona	Pomona			\$ 200.00
Meeting of area business sectors and elected representatives to hear presentation by Congressional representative Napolitano, Supervisor Hahn and Senator Ling Ling Chang							
9	26	Six Basins Watermaster	Pomona	Claremont			\$ 200.00
Meeting of the members of the Six Basins Watermaster to vote on topics important to the District.							
10	27	2018 Stormwater Workshop	Pomona				\$ 200.00
Southern California Water Coalition Workshop on storm water issues.							

No	Day	Miscellaneous Expense (please itemize each expense)	Misc. Expense
1			
2			
3			
4			
5			

Subtotal Miscellaneous Expense \$ 0.00

Subtotal Mileage \$ 0.00

Subtotal Meeting Compensation \$ 2,000.00

Subtotal All \$ 2,000.00

Mandatory Deferred Compensation @ 7.5% (\$ 150.00)

Voluntary Deferred Compensation *(negative entry; default @ 0)* \$ 0.00

**TOTAL \$ 1,850.00**

*I certify the above is correct and accurate to the best of my knowledge*

\_\_\_\_\_  
Signature

\* Mileage is reimbursed at IRS Standard Business Mileage Rate

\*\*Directors are eligible for ten meeting days per month at \$200 per day. Ordinance Nos. 02-01-7 and 02-07-15



**DIRECTOR EXPENSE SHEET**

Submit Form

**Item 8.B**

**NAME:** Joe Ruzicka, Division 5

**MONTH / YEAR**

September 2018

No	Day	Title of Meeting / Description	Mileage (assumed as round trip unless noted)				Meeting Compensation
			From City	To City	Miles	Miles \$	
1	5	TVMWD - Board Meeting	Diamond Bar	Claremont	40.0	\$ 21.80	\$ 200.00
Attended and participated in the deliberations.							
2	10	SGV Regional Chamber of Commerce - GAC	Diamond Bar	Rowland Heights	22.0	\$ 11.99	\$ 200.00
Attended and discussed business and political issues of concern.							
3	11	RWD - Board Meeting	Diamond Bar	Rowland Heights	14.0	\$ 7.63	\$ 200.00
Attended and apprised myself of issues of concern to a member agency.							
4	12	LAFCO - Commission Meeting	Diamond Bar	Los Angeles	30.0	\$ 16.35	\$ 200.00
Attended and participated in deliberations as Alternate Special District Representative.							
5	17	WVWD - Board Meeting	Diamond Bar	Walnut	10.0	\$ 5.45	\$ 200.00
Attended and apprised myself of issues of concern to a member agency.							
6	18	IMC - Executive Meeting	Diamond Bar	City of Industry	20.0	\$ 10.90	\$ 200.00
Attended and heard a presentation by Dr. Linnea McCord, Professor, Pepperdine University on the economical condition of the nation now and the outlook for the foreseeable future.							
7	19	TVMWD - Board Meeting	Diamond Bar	Claremont	40.0	\$ 21.80	\$ 200.00
Attended and participated in the deliberations.							
8	21	SGV Regional Chamber of Commerce	Diamond Bar	Pomona	10.0	\$ 5.45	\$ 200.00
Attended and was updated on legislative issues by Congresswoman Grace Napolitano, State Senator Ling Ling Chang, Los Angeles County Supervisor Janice Hahn, and Mayor of Diamond Bar Ruth Low.							
9							
10							

No	Day	Miscellaneous Expense (please itemize each expense)	Misc. Expense
1			
2			
3			
4			
5			

*I certify the above is correct and accurate to the best of my knowledge*

Signature \_\_\_\_\_

Subtotal Miscellaneous Expense	\$ 0.00
Subtotal Mileage	\$ 101.37
Subtotal Meeting Compensation	\$ 1,600.00
Subtotal All	\$ 1,701.37
Mandatory Deferred Compensation @ 7.5%	(\$ 120.00)
Voluntary Deferred Compensation <i>(negative entry: default @ 0)</i>	\$ 0.00
<b>TOTAL</b>	<b>\$ 1,581.37</b>

\* Mileage is reimbursed at IRS Standard Business Mileage Rate

\*\*Directors are eligible for ten meeting days per month at \$200 per day. Ordinance Nos. 02-01-7 and 02-07-15



# Item 8.C Staff Report/Memorandum

**To:** TVMWD Board of Directors  
**From:** Richard W. Hansen, General Manager *RH*  
**Date:** October 17, 2018  
**Subject:** FY 17-18 Audit and CAFR (Comprehensive Annual Financial Report)

---

<input checked="" type="checkbox"/> <b>For Action</b>	<input type="checkbox"/> <b>Fiscal Impact</b>	<input type="checkbox"/> <b>Funds Budgeted</b>
<input type="checkbox"/> <b>Information Only</b>	<input type="checkbox"/> <b>Cost Estimate:</b>	<b>\$</b>

---

**Recommendation:**

Board approval to receive and file the attached FY 17-18 Audit and CAFR.

**Discussion:**

Attached for Board review and approval is the FY 17-18 Audit and CAFR. The preparation for the audit and compilation of the CAFR required a significant amount of staff time, review and oversight.

TVMWD has received the Certificate of Achievement for Excellence in Financial Reporting presented by the Government Finance Officers Association of the United States and Canada for 11 consecutive years and we are confident this report will again qualify for the award. The award is presented to government units and public employee retirement systems whose CAFR achieves the highest standards in government accounting and financial reporting.

Also included are the audit committee and management letters provided by TVMWD's auditor, Lance, Soll & Lunghard (LSL). A representative from LSL will attend this morning to make a brief presentation and answer any questions.

**Strategic Plan Objectives**

- 3.1 – Utilize and comply with a set of financial policies to maintain TVMWD's financial health
  
- 3.3 – Be accountable and transparent with major decisions



October 17, 2018

To the Board of Directors  
Three Valleys Municipal Water District  
Claremont, California

We have audited the financial statements of the Three Valleys Municipal Water District (the District) for the year ended June 30, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 27, 2018. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant Audit Findings**

#### ***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in the notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during fiscal year 2017-2018.

We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the District's financial statements was:

Management's estimates of its net pension liability and net other postemployment benefits liability are based on actuarial valuation specialist assumptions. We evaluated the key factors and assumptions used to develop the net pension liability and net other postemployment benefits liability in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

The financial statement disclosures are neutral, consistent, and clear.

#### ***Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.



To the Board of Directors  
Three Valleys Municipal Water District  
Claremont, California

### ***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

### ***Disagreements with Management***

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### ***Management Representations***

We have requested certain representations from management that are included in the management representation letter dated October 17, 2018.

### ***Management Consultations with Other Independent Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### ***Other Audit Findings or Issues***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### **Other Matters**

We applied certain limited procedures to management discussion and analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.





To the Board of Directors  
Three Valleys Municipal Water District  
Claremont, California

#### New Auditing Standard No. 130

This new auditing standard is effective for financial periods ending on or after December 15, 2018; for most California municipalities it is effective for the period July 1, 2017 through June 30, 2018 and future periods thereafter. The standard allows CPA firms to issue an opinion on the financial statements conformity with generally accepted accounting principles, as well as an opinion on the operating effectiveness of internal controls over financial reporting through an integrated audit. This standard does not change the objectives of a financial statement audit, it only enhances the value and scope of a financial statement audit and increases the level of assurance provided by CPA firms on financial controls. Municipalities should look to perform an integrated audit for more assurance on the operating effectiveness of internal controls over financial reporting.

#### New Accounting Standards

The following new Governmental Accounting Standards Board (GASB) pronouncements were effective for fiscal year 2017-2018 audit:

*GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*

*GASB Statement No. 81, Irrevocable Split Interest Agreements.*

*GASB Statement No. 85, Omnibus 2017.*

*GASB Statement No. 86, Certain Debt Extinguishment Issues.*

The following Governmental Accounting Standards Board (GASB) pronouncements are effective in the following fiscal year audit and should be reviewed for proper implementation by management:

Fiscal year 2018-2019

*GASB Statement No. 83, Certain Assets Retirement Obligations.*

*GASB Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements.*

Fiscal year 2019-2020

*GASB Statement No. 84, Fiduciary Activities.*

Fiscal year 2020-2021

*GASB Statement No. 87, Leases.*



CPAs AND ADVISORS

To the Board of Directors  
Three Valleys Municipal Water District  
Claremont, California

**Restriction on Use**

This information is intended solely for the use of the Board of Directors and management of Three Valleys Municipal Water District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*Lance, Soll & Lughard, LLP*

Brea, California

DRAFT



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors  
Three Valleys Municipal Water District  
Claremont, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Three Valleys Municipal Water District (The District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 17, 2018.

#### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



To the Board of Directors  
Three Valleys Municipal Water District  
Claremont, California

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Lance, Soll & Lingham, LLP*

Brea, California  
October 17, 2018

DRAFT

**DRAFT**

Item 8.C

**THREE VALLEYS MUNICIPAL WATER DISTRICT  
1021 EAST MIRAMAR AVENUE  
CLAREMONT, CA 91711-2052**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED  
JUNE 30, 2018**

Item 8.C

***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.***



THREE  
VALLEYS



**Comprehensive Annual Financial Report**  
**Fiscal Year Ended**  
**June 30, 2018**

**Three Valleys Municipal Water District**  
**1021 East Miramar Avenue**  
**Claremont, CA 91711-2052**

**General Manager/Chief Engineer**  
**Richard W. Hansen, P.E.**

**Prepared by the Finance Department of**  
**Three Valleys Municipal**  
**Water District**

**THREE VALLEYS MUNICIPAL WATER DISTRICT****Comprehensive Annual Financial Report****Fiscal Year Ending****June 30, 2018****TABLE OF CONTENTS**

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**THREE VALLEYS MUNICIPAL WATER DISTRICT**

**Comprehensive Annual Financial Report  
Fiscal Year Ending  
June 30, 2018**

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Item 8.C

# INTRODUCTORY SECTION





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# Item 8.C

## BOARD OF DIRECTORS

Brian Bowcock  
David D. De Jesus  
Dan Horan  
Carlos Goytia  
Bob Kuhn  
John Mendoza  
Joseph T. Ruzicka

## GENERAL MANAGER/CHIEF ENGINEER

Richard W. Hansen, P.E.

October 17, 2018

To the Honorable Board of Directors and Member Agencies:

### **Introduction**

It is our pleasure to submit the Comprehensive Annual Financial Report (CAFR) for Three Valleys Municipal Water District (TVMWD) for the fiscal year (FY) ended June 30, 2018. TVMWD staff, following guidelines set forth by the Governmental Accounting Standards Board (GASB), worked collectively to prepare this financial report. TVMWD is ultimately responsible for both the accuracy of the data and the completeness and fairness of presentation, including all disclosures in this financial report. We believe the data presented is accurate in all material respects. This report is designed in a manner that we believe is necessary to enhance your understanding of TVMWD's financial position and activities.

TVMWD derives its legal power from the Municipal Water District Act of 1911, including the powers of acquisition and construction of water and hydroelectric generating facilities; acquisition and disposal of property; purchase, production, treatment, distribution, and sale of water, wastewater, and storm waters; provision, generation, delivery and sale of hydroelectric power; levying and collection of taxes; issuance of general obligation and improvement bonds; acquisition of water rights; and right of eminent domain.

State law and TVMWD bylaws require an annual audit of financial statements by an independent certified public accountant. The accounting firm of Lance, Soll & Lunghard, LLP conducted TVMWD's annual audit. Their report, providing an unmodified opinion on TVMWD's financial statements, appears in the Financial Section.

Management's discussion and analysis immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. TVMWD's Management's discussion and analysis complements this letter of transmittal and should be read in conjunction with it.

### **Agency 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.

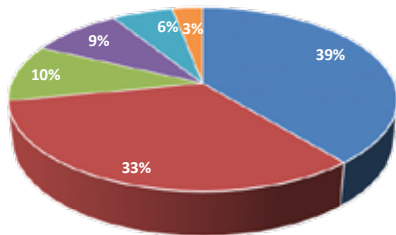
TVMWD's operations consist of a conventional surface water treatment plant (manned and operated 24 hours per day, 7 days per week, 365 days per year), a state certified laboratory, two groundwater wells, five hydroelectric generators rated at over 1.3 megawatts, residual solids removal, spreading pipelines, spreading grounds, 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. TVMWD receives a Tier 1 water supply allotment from MWD of 80,688 AFY.

# Item 8.C

TVMWD is governed by a Board of Directors elected by the registered voters residing within TVMWD's boundaries. The Board averages over 15 years of experience with TVMWD; this stability provides a tremendous benefit to TVMWD. The General Manager has over 41 years with TVMWD and has vast experience in the water industry.

Approximately 70% of TVMWD's treated water sales are wholesaled out of MWD's Weymouth Treatment Plant in La Verne. The remaining 30% is treated and sold out of TVMWD's Miramar Treatment Plant in Claremont to the following agencies:

Golden State Water Company (Claremont)	39%
City of La Verne	33%
Golden State Water Company (San Dimas)	10%
Walnut Valley Water District	9%
Rowland Water District	6%
City of Pomona	3%



## Local Economy<sup>1</sup>

The region that TVMWD serves is located in the eastern part of Los Angeles County. The county, a thriving and vibrant metropolis, is the most populous county in the United States with more than 10 million residents and a workforce of more than 5.1 million people. Los Angeles County remains one of the largest manufacturing centers in the nation, is a global gateway for trade and tourism, serves as the world's largest entertainment hub, and draws entrepreneurs and risk-takers from around the world.

In 2017, real GDP in Los Angeles County grew at 3.2%, an uptick from the prior year when the economy grew by 2.1%. Real GDP growth is expected to be 2.4% for 2018 and 2.2% for 2019, outpacing the nation in both years (2.3% and 2.1%, respectively).

In 2017, the average unemployment rate in Los Angeles County reached 4.6%, the lowest unemployment rate since 2000 and more than 63% below the post-recession peak rate of 12.5% reached in 2010. It is expected to decline slowly over the next two years, falling to 4.3% in 2018 and reaching 4.1% in 2019 as the county, similar to the state, starts to tick above full employment (approximately 5%).

Job growth has been positive since 2011, averaging 2.5% annually. This is expected to slow to 1.9% for the next two years as there are fewer jobs needed to be added and as the labor market tightens.

Personal income in Los Angeles County has been rising, posting consecutive year-over-year increases since 2013. In 2016, personal income totaled \$563.9 billion and is predicted to reach \$585.5 billion in 2017. It is forecasted that the personal income growth pattern will continue, reaching \$619.7 billion in 2019.

<sup>1</sup> Source: Los Angeles County Economic Development Corporation's 2018-2019 Economic Forecast and Industry Outlook

## Industry Outlook

California continues to experience dramatic fluctuations in its hydrologic conditions with off-and-on dry or wet periods. These fluctuations can have an impact on the imported water supplies MWD receives from both the Colorado River Aqueduct (CRA) and the State Water Project (SWP).

The Department of Water Resources (DWR) allocates water from the SWP annually to each of the twenty-nine SWP contractors throughout the state. Last year's record rainfall led DWR to raise the SWP allocations from the initial 15% to 20% in January 2018. The late season rain and snow in March and April allowed DWR to increase the SWP allocations up to 30% in April 2018, and again up to 35% in May. While 35% is an improvement, the allocation is still relatively low leaving water districts with the difficult task of finding other sources of water to augment their supplies.

State Water Project Five Year Allocation History

Year	Allocation	Acre-Feet
2018	35%	700,000
2017	85%	1,700,000
2016	60%	1,200,000
2015	20%	400,000
2014	5%	100,000

The CRA is the other major source of Southern California's imported water supply. MWD receives a base supply each calendar year which is comprised of two components, MWD's Basic Apportionment 550,000 acre-feet, and the established Colorado River supply programs 395,000 acre-feet for CY 2018. MWD's Basic Apportionment of water from the CRA will increase or decrease from year to year depending on the amount of water available after the higher priority agricultural users receive their allotment. As this calendar year progresses, MWD will have a better idea if adjustments will need to be made to their CRA base supply projections and plan for alternate water sources to meet demands. Another factor which can impact MWD's water supply from the CRA is the volume of water at Lake Mead. For CY 2018 and 2019, MWD projects the levels to be sufficient with a 0% likelihood of water shortages that would impact their CRA water supply. Unless the Colorado River Watershed experiences some wet winters and greater snowpack, MWD anticipates a 52% likelihood of a water shortage in Lake Mead for CY 2020 that will impact MWD's CRA supplies.

# Item 8.C

California's major reservoirs continue to be well above their historical averages but that could change at any time. Snowpack accumulation for the year is below average because warm temperatures brought more rain than snow in the Northern Sierra. This year's weather has been anything but normal currently trending back to dry conditions, so Californians must continue to embrace water conservation as a way of life.

Governor Brown, in his ongoing effort to make conservation a way of life in California, signed legislation on May 31, 2018, establishing statewide water efficiency goals to help the state better prepare for droughts and climate change. SB 606 and AB 1668 will require cities and water districts across the state to set permanent water conservation rules, even in non-drought years. Both bills provide guidelines for efficient water use and a framework for the implementation and oversight of the new standards which must be in place by 2020.

MWD continues with its commitment of water supply reliability and conservation. A historic decision for MWD was approval by their Board on July 10, 2018, to provide the additional funding needed for the full construction of the California WaterFix project. The Board authorized \$10.8 billion for the project to modernize the state's aging water delivery system by building three new water intakes in the northern Delta and two tunnels to carry the water under the Delta to the existing aqueduct systems in the southern Delta that deliver water to cities and farms. This investment by MWD is part of ensuring Southern California has a reliable water supply in the age of climate change.

As part of a broad effort to urge Southern Californians to continue to conserve water 365 days a year, the MWD Board approved a three-year contract on March 13, 2018 for the agency's culturally diverse, multimedia advertising and public outreach campaign to promote water conservation and water conservation rebate programs offered by MWD and its member agencies. The new campaign will help remind Southern Californians that the need for conservation is not solely based on weather but must become a permanent way of life.

California's climate uncertainties are ongoing and will continue to bring water supply issues and challenges throughout the state well into the future. TVMWD understands how critical water supply reliability and conservation efforts are and has taken an active role in addressing these issues. TVMWD expressed strong support to MWD for moving forward with the California WaterFix project which is critical to ensure the safety, reliability and affordability of our state's water supply and in turn our region. TVMWD continues to work with MWD and our member agencies at the local and regional level in finding alternate sources of water at a reasonable cost and assisting with their various conservation programs. Preserving our water supplies for the future and in case of emergencies such as a catastrophic earthquake is at the forefront of TVMWD's goals.



## MAJOR INITIATIVES AND PROJECTS

TVMWD began, continued, or completed many projects and programs in FY 2017-2018. These included, but were not limited to:

**Williams/Fulton Hydroelectric Stations Improvements:** In the early part of FY 2017-2018, TVMWD completed major upgrades at its Williams and Fulton Hydroelectric Generating Facilities. The improvements involved the replacement of outdated equipment with state-of-the-art technology and instrumentation. The changes allowed the two stations to comply with new Southern California Edison (SCE) interconnection requirements and prepared them to be integrated into TVMWD's Supervisory Control and Data Acquisition (SCADA) System. The stations can now be remotely monitored and controlled and more fully automates operational changes to free up staff time.



**Leroy (La Verne) Connection Improvements:** In the summer of 2017, TVMWD completed the realignment and upgrade of its Leroy connection. The improvements included a horizontal and vertical realignment of the metered connection to improve access to the buried vault that houses the meter equipment. The meter and associated valves were also replaced as were portions of the pipeline that had exhibited signs of corrosion. The overall change improved the location of the facility and helped to lessen the impact to the adjacent property owner.





## MAJOR INITIATIVES AND PROJECTS

**Pipeline Inspection/Repairs:** During the latter part of FY 2017-2018, TVMWD completed its round of video inspections on the final reach of pipe on the Miramar Transmission Pipeline. The inspections revealed no major structural deficiencies along the pipeline and provides at least an initial assurance that the 30-plus-year-old pipe is in adequate condition. Within the next two to three years, TVMWD will schedule additional inspections of its entire pipeline using other non-destructive methods that may more readily reveal hidden structural issues.



**JWL Control Valve Installation:** TVMWD began planning and preliminary design work in late FY 2017-2018 for this control valve installation. The new pressure/flow control device at the Joint Water Line (JWL) connection will serve to regulate flow in the pipeline between the Fulton Reservoir and the delivery point to the JWL. The ability to better control deliveries with such a valve can also help to utilize the Fulton Reservoir for potential improvements that could enhance water quality. The final design for the project is expected to be completed in early FY 2018-2019 and construction will follow thereafter.



## MAJOR INITIATIVES AND PROJECTS

**Reservoir Effluent Pump Station:** The pipeline for this proposed pump station was installed in late FY 2017-2018. The project continues, however, it waits for the arrival of the pumping equipment that will be installed within the vault of the reservoir effluent at the Miramar site. The completion of this project is expected early in the next fiscal year and testing of it will take place soon thereafter. Through the alteration of the onsite potable water system by this project, TVMWD hopes to take advantage of reservoir detention time to enhance the disinfection process through the plant.



**Hydropneumatic Tank Replacement Project:** Design work for the replacement of the hydropneumatic tank at the Miramar Plant was completed in FY 2017-2018, but construction is not scheduled until the next fiscal year. Variable speed pumps will be employed instead of the pressurized tank system, which feeds process water to the plant and onsite irrigation system. Over the past several years, the use of hydropneumatic tank systems has been met with reluctance by insurance agencies because of the potential results from a catastrophic failure. As these tanks age, that potential increases. Once the above Reservoir Effluent Pump Station Project is completed and fully tested, the need for the hydropneumatic tank to feed the potable water system will no longer exist, and the tank replacement project will get underway.



# MAJOR INITIATIVES AND PROJECTS

**Grand Avenue Well Project:** During FY 2017-2018, TVMWD completed the Phase I (drilling) design and environmental compliance work for its Grand Avenue Well. By late fiscal year, the drilling of the well began and was scheduled to be completed by summer 2018. The second phase of the project, which will include pipeline design and construction, is expected to be completed in the next fiscal year.



## Relevant Financial Policies

### Internal Control Structure

TVMWD management is responsible for the establishment and maintenance of the internal control structure that ensures the assets of TVMWD are protected from loss, theft, or misuse. The internal control structure also ensures that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. TVMWD's internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

### Financial Policies

Prior to June 30th each fiscal year, TVMWD adopts an annual appropriated budget for planning, control, and evaluation purposes. The budget includes proposed expenses and the means of financing them. Budgetary control and evaluation are affected by comparisons of actual revenues and expenses with planned revenues and expenses for the period. The Board of Directors approve total budgeted appropriations and any significant amendments to the appropriations throughout the year. Formal budgetary integration is employed as a management control device during the year. The Board of Directors requires the preparation of an annual budget, but TVMWD is not legally required to report on the budget. Encumbrance accounting is used to account for commitments related to unperformed or incomplete contracts for construction and services. Consistent with the State of California Government Code, TVMWD annually adopts an investment policy that is intended to minimize credit and market risks while maintaining a competitive yield on its overall portfolio. TVMWD's cash management system is also designed to forecast revenues and expenditures accurately, and to invest surplus funds to the fullest extent possible. During FY 2017-2018, all funds were invested in accordance with this policy. These investments primarily consisted of United States Government Securities/Instrumentalities.

### Long-Term Financial Planning

TVMWD's main expense is for treated and untreated water from MWD. Since MWD is forecasting rate increases in the future of 3% to 4.1%, TVMWD's rates are expected to mirror those increases. TVMWD's financial forecast is to continue leveraging costs so that TVMWD can offer water at a \$10 discount below MWD for the foreseeable future.

TVMWD will continue to work towards providing a sustainable supply of water by making capital investments to enhance groundwater production capabilities during the next few years. TVMWD will utilize reserves and debt financing if necessary to pay for these projects with as little rate impact as possible. Not only will these projects improve reliability, they will also provide an avenue to decrease dependence upon MWD. Operating expenses would increase slightly with the additional infrastructure but the cost would be justifiable.

TVMWD's strategic plan includes maintaining a reserve of funds in accordance with TVMWD's Reserve Policy. The objective of reserve funds is:

- to balance short-term fluctuations in revenues/expenses without adopting unplanned significant rate increases that could severely impact ratepayers
- to provide a safety net in the event of an emergency
- to minimize external borrowing and interest expense
- to determine the most opportune time to issue debt when necessary

TVMWD's strategic plan also includes a reserve category for unfunded employee pension and OPEB liabilities. TVMWD has gone beyond what is required by establishing irrevocable trusts to accumulate and grow funds to pay these future obligations. A long-term plan for bringing down these liabilities will be established during the next budget/rate cycle.

### Other References

More information is contained in the Management's Discussion and Analysis and the Notes to the Basic Financial Statements found in the Financial Section of the report.

## Contact TVMWD

This CAFR is designed to provide a general overview of TVMWD's finances and to demonstrate TVMWD's accountability for the resources it receives. If you have any questions about this report or need additional information, please contact the Finance Department at (909) 621-5568.

## Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to TVMWD for its CAFR for the fiscal year ended June 30, 2017. This was the eleventh consecutive year that TVMWD has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

TVMWD currently maintains the District of Distinction biannual accreditation by the Special District Leadership Foundation (SDLF) for its sound fiscal management policies and practices in district operations. The SDLF provides an independent audit review of the last three years of a district's operations to ensure prudent fiscal practices. This recognition is further proof of TVMWD's commitment towards developing a fiscally sound operation that is open and transparent.

Preparation of this report was accomplished by the combined efforts of TVMWD staff. We appreciate the dedicated efforts and professionalism that these staff members contribute to the service of TVMWD's customers. The contributions made by Esther Romero, Liz Cohn, and our auditors deserve special recognition. We would also like to thank and recognize the members of the Board of Directors for their continued support in the planning and implementation of TVMWD's fiscal policies.

Respectfully submitted,



Richard W. Hansen, P.E.  
General Manager/Chief Engineer



James Linthicum, CPA  
Chief Finance Officer



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Three Valleys Municipal  
Water District, California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morill*

Executive Director/CEO



# Organizational Chart

VOTING ELECTORATE

BOARD OF DIRECTORS

GENERAL MANAGER

ASSISTANT GENERAL MANAGER

CHIEF FINANCE OFFICER

CHIEF ADMINISTRATIVE OFFICER

CHIEF ENGR/OPER OFFICER

SENIOR FINANCIAL ANALYST

CONSERVATION & RESOURCE ANALYST

EXECUTIVE ASSISTANT

ADMINISTRATIVE ASSISTANT

PROJECT MANAGER

WATER OPERATIONS MANAGER

ACCOUNTING TECHNICIAN

ENGINEER / ASST. ENGINEER

COMPLIANCE SPECIALIST

OPERATIONS SUPERVISOR

OPERATIONS SUPERVISOR

SHIFT OPERATORS (8)

PLANT ASSISTANT

APPRENTICES (PT)

Richard Hansen, P.E.  
General Manager

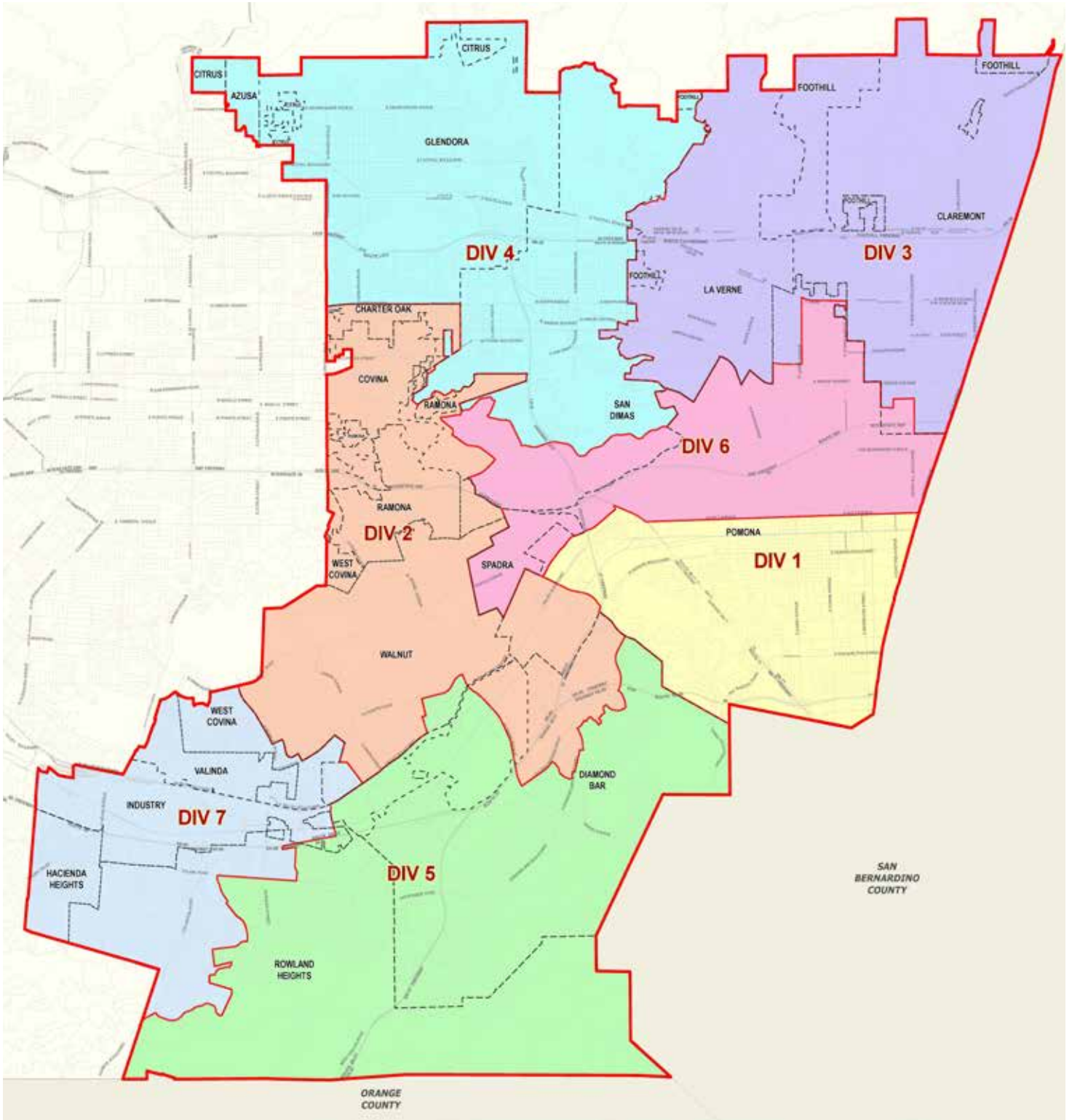
January 1, 2018

Date

FTE 25



# Elective Subdivision Boundary Map





# TVMWD Board of Directors



**Director Bob Kuhn, President**  
**Division 4**  
Glendora, San Dimas



**Director David De Jesus, Vice President**  
**Division 2**  
Walnut, Covina, West Covina,  
San Dimas



**Director Brian Bowcock, Secretary**  
**Division 3**  
Claremont, La Verne



**Director Joseph Ruzicka, Treasurer**  
**Division 5**  
Diamond Bar, City of Industry, Rowland Heights



**Director Dan Horan**  
**Division 7**  
Rowland Heights, West Covina,  
City of Industry, Hacienda Heights



**Director John Mendoza**  
**Division 6**  
Northern Pomona



**Director Carlos Goytia**  
**Division 1**  
Southern Pomona



### **BOARD REPRESENTATION**

(Revised at the December 6, 2017 Board Meeting)

<b><u>NAME</u></b>	<b><u>REPRESENTING</u></b>	<b><u>POSITION</u></b>
<b>Bob Kuhn</b>	<b>Division IV</b>	<b>President</b>
<b>David De Jesus</b>	<b>Division II</b>	<b>Vice President</b>
<b>Brian Bowcock</b>	<b>Division III</b>	<b>Secretary</b>
<b>Joseph Ruzicka</b>	<b>Division V</b>	<b>Treasurer</b>
<b>Dan Horan</b>	<b>Division VII</b>	<b>Director</b>
<b>John Mendoza</b>	<b>Division VI</b>	<b>Director</b>
<b>Carlos Goytia</b>	<b>Division I</b>	<b>Director</b>

### **2018 COMMITTEE/REPRESENTATION APPOINTMENTS**

(Revised at the January 17, 2018 Board Meeting)

<b><u>COMMITTEE/BOARD</u></b>	<b><u>REPRESENTATIVE</u></b>	<b><u>ALTERNATE</u></b>
ACWA Region 8 Delegate	Director Horan	Director Bowcock
ACWA/JPIA Representative	Director Bowcock	Director Kuhn
Chino Basin Watermaster	Director Kuhn	Director De Jesus
City of Pomona Council Meetings	Director Mendoza	Director Goytia
Local Agency Formation Commission	Director Ruzicka	Director Kuhn
Main San Gabriel Basin Watermaster	Director Bowcock	Director Horan
MWD Board Representative	Director De Jesus	-----
PWR Joint Water Line Commission	Director Horan	Director Goytia
Rowland Water District	Director Horan	Director Ruzicka
San Gabriel Basin WQA	Director Kuhn	Director Horan
San Gabriel Valley Council of Govt's	Director Goytia	Director Ruzicka
Six Basins Watermaster	Director Bowcock	Director Mendoza
Walnut Valley Water District	Director De Jesus	Director Ruzicka

# FINANCIAL SECTION





## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
 Three Valleys Municipal Water District  
 Claremont, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of Three Valleys Municipal Water District, (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Controller's Minimum Audit Requirements for California Special District. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



To the Board of Directors  
Three Valleys Municipal Water District  
Claremont, California

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the Three Valleys Municipal Water District, as of June 30, 2018, and the respective changes in financial position and, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of proportionate share of the net pension liability, the schedule of pension plan contributions, the schedule of the Net OPEB liability and related ratios, the schedule of OPEB plan contributions, and the schedule of OPEB investment returns be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2018 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Brea, California  
October 17, 2018

**THREE VALLEYS MUNICIPAL WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2018**

This section of TVMWD's annual financial report presents our analysis of TVMWD's financial performance during the fiscal year ended on June 30, 2018. Please read it in conjunction with the basic financial statements that follow this section.

**FINANCIAL HIGHLIGHTS**

- Water Storage Inventory increased by \$2.6 million from the prior year due to \$2.8 million of water purchased in the Main San Gabriel Basin for sales anticipated later in the calendar year and a decrease of \$200,000 to replenish groundwater stored in Six Basins.
- Capital assets increased by \$1.2 million as a result of \$700,000 increase to land for groundwater production and the completion of the following projects: The Miramar, Fulton and Williams Switchboards, the Administration Building Renovation and the Leroy's Connection.
- Net pension liability increased \$600,000 due to the latest CalPERS actuarial valuation of TVMWD's pension plan. While the changes of assumption increased significantly as a result of CalPERS reducing the discount rate from 7.65% to 7.15%, the investment income was slightly greater than anticipated.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The discussion and analysis are intended to serve as an introduction to TVMWD's basic financial statements, which are comprised of two components: Basic Financial Statements (pages 22-29) and Notes to the Basic Financial Statements (pages 30-43). This report also includes other supplementary information in addition to the basic financial statements.

**Required Financial Statements**

The financial statements of TVMWD report information about TVMWD using the accrual basis of accounting; accordingly, all of the current year's revenues and expenses are accounted for regardless of when the cash is received or paid. This accounting treatment is similar to the methods used by private sector companies and aids in answering the question of whether TVMWD, as a whole, has improved or deteriorated as a result of this year's activities.

The Statement of Net Position (pages 22-23) includes all of TVMWD's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for evaluating the capital structure of TVMWD and assessing the liquidity and financial flexibility of TVMWD.

The Statement of Revenues, Expenses and Changes in Net Position (page 25) includes all of the current year revenues and expenses. This statement measures the success of TVMWD's operations over the past year and can be used to determine whether TVMWD has successfully recovered all of its costs through user fees and other charges.

The Statement of Cash Flows (pages 26-27) reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities. This statement demonstrates where the cash came from, how the cash was used, and how much the change in cash was during the fiscal year.

The Statement of Fiduciary Net Position (page 28) includes all of TVMWD's OPEB investments in resources (assets).

The Statement of Changes in Fiduciary Net Position (page 29) provides the basis for evaluating the changes in investments and contributions to the OPEB trust.

These statements are one of many different ways to measure TVMWD's financial health or financial position. Over time, increases or decreases in TVMWD's net position are one of the indicators of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in TVMWD's property tax base, investment income, grant opportunities, and other operational measures to help assess the overall financial health of TVMWD.

**THREE VALLEYS MUNICIPAL WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2018**

**TABLE A-1  
Condensed Statement of Net Position  
Fiscal Years 2018 and 2017**

	2018	2017	Dollar Change	Total Percent Change
<b>Current and noncurrent assets</b>				
Cash and cash equivalents	\$ 1,803,767	\$ 5,068,989	\$ (3,265,222)	(64) %
Accounts receivable	9,915,140	10,262,352	(347,212)	(3) %
Interest receivable	53,721	42,473	11,248	26 %
Interest receivable - <i>restricted</i>	151	14	137	979 %
Taxes receivable	135,536	58,118	77,418	133 %
Other receivables	30,448	21,970	8,478	39 %
Loans receivable from employees	4,290	1,423	2,867	201 %
Prepaid expenses and deposits	104,286	84,282	20,004	24 %
Water storage inventory	3,368,550	785,788	2,582,762	329 %
Investments	10,015,648	10,003,600	12,048	0 %
Investments - <i>restricted</i>	340,950	338,082	2,868	1 %
Notes receivable	-	35,695	(35,695)	(100) %
<b>Capital assets</b>				
Depreciable assets	26,304,496	25,950,912	353,584	1 %
Nondepreciable assets	3,253,881	2,418,731	835,150	35 %
<b>Total Assets</b>	<b>\$ 55,330,864</b>	<b>\$ 55,072,429</b>	<b>\$ 258,435</b>	<b>0 %</b>
<b>Deferred outflows of resources</b>				
Deferred OPEB and pension related items	\$ 1,608,652	\$ 1,036,113	\$ 572,539	55 %
<b>Current liabilities</b>				
Accounts payable	\$ 9,785,036	\$ 10,028,882	\$ (243,846)	(2) %
Retention payable	41,610	18,780	22,830	122 %
Accrued payroll	189,876	22,994	166,882	726 %
Accrued compensated absences	102,015	353,465	(251,450)	(71) %
Unearned revenue	-	43,500	(43,500)	(100) %
<b>Long-term liabilities</b>				
Accrued compensated absences	339,703	256,796	82,907	32 %
Net OPEB liability	517,532	251,035	266,497	106 %
Net pension liability	3,518,869	2,953,009	565,860	19 %
<b>Total Liabilities</b>	<b>\$ 14,494,641</b>	<b>\$ 13,928,461</b>	<b>\$ 566,180</b>	<b>4 %</b>
<b>Deferred inflows of resources</b>				
Deferred OPEB and pension related items	\$ 309,337	\$ 279,916	\$ 29,421	11 %
<b>Investment in capital assets</b>	<b>\$ 29,558,377</b>	<b>\$ 28,369,643</b>	<b>\$ 1,188,734</b>	<b>4 %</b>
<b>Restricted for pensions</b>	<b>341,101</b>	<b>338,096</b>	<b>3,005</b>	<b>1 %</b>
<b>Unrestricted</b>	<b>12,236,060</b>	<b>13,192,426</b>	<b>(956,366)</b>	<b>(7) %</b>
<b>Total Net Position</b>	<b>\$ 42,135,538</b>	<b>\$ 41,900,165</b>	<b>\$ 235,373</b>	<b>1 %</b>

As depicted in Table A-1, the following significant changes occurred during FY 2017-2018:

- Water Storage Inventory increased by \$2.6 million from the prior year due to \$2.8 million of water purchased in the Main San Gabriel Basin for sales anticipated later in the calendar year and a decrease of \$200,000 to replenish groundwater stored in Six Basins.
- Net pension liability increased \$600,000 due to the latest CalPERS actuarial valuation of TVMWD's pension plan. While the changes of assumption increased significantly as a result of CalPERS reducing the discount rate from 7.65% to 7.15%, the investment income was slightly greater than anticipated.

**THREE VALLEYS MUNICIPAL WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2018**

**TABLE A-2  
Condensed Statements of Revenues, Expenses and Changes in Net Position  
Fiscal Years 2018 and 2017**

	<b>2018</b>	<b>2017</b>	<b>Dollar Change</b>	<b>Total Percent Change</b>
<b>Operating revenues</b>				
Water and hydroelectric sales	\$ 58,752,407	\$ 58,867,655	\$ (115,248)	0 %
Water use and connection capacity charges	5,499,472	6,173,593	(674,121)	(11) %
<b>Nonoperating revenues</b>				
Property tax revenue	2,291,505	2,266,019	25,486	1 %
Investment income	3,089	25,793	(22,704)	(88) %
<b>Total Revenues</b>	<b>66,546,473</b>	<b>67,333,060</b>	<b>(786,587)</b>	<b>(1) %</b>
<b>Operating expenses</b>				
Water purchases	52,987,129	52,807,504	179,625	0 %
Water use and connection capacity	4,887,541	5,490,812	(603,271)	(11) %
Water treatment and transmission	2,891,079	2,891,120	(41)	0 %
Administrative expenses	3,928,897	3,639,408	289,489	8 %
Depreciation	1,578,054	1,907,758	(329,704)	(17) %
<b>Nonoperating expenses</b>				
Loss on sale/disposal of assets	40,400	88,421	(48,021)	(54) %
<b>Total Expenses</b>	<b>66,313,100</b>	<b>66,825,023</b>	<b>(511,923)</b>	<b>(1) %</b>
<b>Net income (loss) before capital contributions</b>	<b>233,373</b>	<b>508,037</b>	<b>(274,664)</b>	<b>(44) %</b>
<b>Capital contributions</b>	<b>2,000</b>	<b>5,250</b>	<b>(3,250)</b>	<b>(62) %</b>
<b>Changes in net position</b>	<b>235,373</b>	<b>513,287</b>	<b>(277,914)</b>	<b>(44) %</b>
<b>Beginning net position, as previously reported</b>	<b>41,900,165</b>	<b>41,858,315</b>	<b>41,850</b>	<b>0 %</b>
<b>Prior period adjustment</b>	<b>-</b>	<b>(471,437)</b>	<b>471,437</b>	<b>(100) %</b>
<b>Beginning net position, as restated</b>	<b>41,900,165</b>	<b>41,386,878</b>	<b>513,287</b>	<b>1 %</b>
<b>Ending net position</b>	<b>\$ 42,135,538</b>	<b>\$ 41,900,165</b>	<b>\$ 235,373</b>	<b>1 %</b>



**THREE VALLEYS MUNICIPAL WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2018**

**TABLE A-3  
Capital Assets  
Fiscal Years 2018 and 2017**

	<b>2018</b>	<b>2017</b>	<b>Dollar Change</b>	<b>Total Percent Change</b>
<b>Nondepreciable Assets</b>				
Land	\$ 1,633,704	\$ 910,800	\$ 722,904	79 %
Water Share	301,000	301,000	-	0 %
Construction in Progress	1,319,177	1,206,931	112,246	9 %
<b>Total Nondepreciable Assets</b>	<b>3,253,881</b>	<b>2,418,731</b>	<b>835,150</b>	<b>35 %</b>
<b>Depreciable Assets</b>				
Building	7,521,416	6,984,946	536,470	8 %
Furniture, Fixtures, & Equipment	954,141	954,141	-	0 %
Infrastructure	56,669,340	57,406,858	(737,518)	(1) %
Land Improvements	1,257,839	1,257,839	-	0 %
District Vehicles	414,648	398,222	16,426	4 %
<b>Total Depreciable Assets</b>	<b>66,817,384</b>	<b>67,002,006</b>	<b>(184,622)</b>	<b>0 %</b>
<b>Less Accumulated Depreciation</b>	<b>(40,512,888)</b>	<b>(41,051,094)</b>	<b>538,206</b>	<b>(1) %</b>
<b>Net Depreciable Assets</b>	<b>26,304,496</b>	<b>25,950,912</b>	<b>353,584</b>	<b>1 %</b>
<b>Total Capital Assets, Net</b>	<b>\$ 29,558,377</b>	<b>\$ 28,369,643</b>	<b>\$ 1,188,734</b>	<b>4 %</b>

As depicted in Table A-3, the following significant changes occurred during FY 2017-2018:

- Capital assets increased by \$1.2 million as a result of \$700,000 increase to land for groundwater production and the completion of the following projects: The Miramar, Fulton and Williams Switchboards, the Administration Building Renovation and the Leroy's Connection.
- More information about TVMWD's capital assets is presented in Note 3 of the Notes to the Basic Financial Statements.

**THREE VALLEYS MUNICIPAL WATER DISTRICT**  
**STATEMENT OF NET POSITION**  
**June 30, 2018**

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**ASSETS****Current assets**

Cash and cash equivalents (Note 2)	\$ 1,803,767
Accounts receivable (Note 1)	9,915,140
Interest receivable	53,721
Interest receivable - restricted (Note 1)	151
Investments	1,902,139
Investments - restricted (Note 1)	340,950
Taxes receivable (Note 1)	135,536
Other receivables	30,448
Loans receivable from employees (Note 1)	4,290
Prepaid expenses (Note 1)	72,781
Deposits (Note 1)	22,529
Water storage inventory (Note 1)	3,368,550
	<hr/>
Total current assets	17,650,002
	<hr/>

**Noncurrent assets**

Advance dues deposit (Note 1)	8,976
Investments	8,113,509
Capital assets (Note 3)	
Depreciable assets, net	26,304,496
Nondepreciable assets	3,253,881
	<hr/>
Total noncurrent assets	37,680,862
	<hr/>
<b>TOTAL ASSETS</b>	<b>\$ 55,330,864</b>
	<hr/>

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred pension related items (Note 7)	1,263,801
Deferred OPEB related items (Note 9)	344,851
	<hr/>
Total deferred outflows of resources	\$ 1,608,652
	<hr/>

*See accompanying independent auditors' report and notes to the basic financial statements.*

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**THREE VALLEYS MUNICIPAL WATER DISTRICT**  
**STATEMENT OF NET POSITION (continued)**  
**June 30, 2018**

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**LIABILITIES****Current liabilities**

Accounts payable	\$ 9,785,036
Retainage payable	41,610
Accrued payroll	189,876
Current portion of accrued compensated absences (Note 1)	102,015
Total current liabilities	10,118,537

**Noncurrent liabilities**

Accrued compensated absences, net of current portion (Note 1)	339,703
Net OPEB liability (Note 9)	517,532
Net pension liability (Note 7)	3,518,869
Total noncurrent liabilities	4,376,104

**TOTAL LIABILITIES**

<b>\$ 14,494,641</b>
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**DEFERRED INFLOWS OF RESOURCES**

Deferred pension related items (Note 7)	309,337
Total deferred inflows of resources	\$ 309,337

**NET POSITION**

Investment in capital assets	29,558,377
Restricted for pensions	341,101
Unrestricted	12,236,060
<b>TOTAL NET POSITION</b>	<b>\$ 42,135,538</b>



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**THREE VALLEYS MUNICIPAL WATER DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**For the Year Ended June 30, 2018**

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**OPERATING REVENUES**

Water sales - MWD	\$ 42,578,270
Water and hydroelectric sales - Miramar	16,174,137
Water use and connection capacity charges	5,499,472
	<hr/>
Total operating revenues	64,251,879
	<hr/>

**OPERATING EXPENSES**

Water purchases - MWD	42,721,136
Water purchases - Miramar	10,265,993
Water use and connection capacity	4,887,541
Water treatment and distribution	2,891,079
Administrative expenses	3,928,897
Depreciation	1,578,054
	<hr/>
Total operating expenses	66,272,700
	<hr/>

**OPERATING LOSS** (2,020,821)

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**NONOPERATING REVENUES (EXPENSES)**

Property tax revenue	2,291,505
Investment income	3,089
Loss on sale/disposal of assets	(40,400)
	<hr/>
Net nonoperating revenues	2,254,194
	<hr/>

**NET INCOME BEFORE CAPITAL CONTRIBUTIONS** 233,373

**CAPITAL CONTRIBUTIONS** *(Note 1)* 2,000

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**CHANGES IN NET POSITION** 235,373

**NET POSITION:**

Beginning of year 41,900,165

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**NET POSITION AT END OF YEAR** \$ 42,135,538

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*See accompanying independent auditors' report and notes to the basic financial statements.*

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**THREE VALLEYS MUNICIPAL WATER DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2018**

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash received from customers	\$ 61,964,350
Cash payments to suppliers of goods or services	(60,364,918)
Cash payments to employees for services	(4,286,038)
	<hr/>
Net cash provided by operating activities	(2,686,606)
	<hr/>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Proceeds from property taxes	2,214,087
	<hr/>
Net cash provided by noncapital financing activities	2,214,087
	<hr/>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Proceeds from capital contributions	2,000
Proceeds from sale of capital assets	1,672
Acquisitions of capital assets	(1,810,999)
Cost of construction in progress additions	(997,861)
	<hr/>
Net cash used by capital and related financing activities	(2,805,188)
	<hr/>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchases of investments in government securities	(4,203,455)
Proceeds from sales of investments in government securities	4,004,477
Investment income	175,768
Payments received on notes receivable	35,695
	<hr/>
Net cash provided by investing activities	\$ 12,485
	<hr/>

See accompanying independent auditors' report and notes to the basic financial statements.

**THREE VALLEYS MUNICIPAL WATER DISTRICT**  
**STATEMENT OF CASH FLOWS (continued)**  
**For the Year Ended June 30, 2018**

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**NET INCREASE (DECREASE)**

<b>IN CASH AND CASH EQUIVALENTS</b>	\$ (3,265,222)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	5,068,989
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 1,803,767</u>

**RECONCILIATION OF INCOME FROM OPERATIONS TO  
NET CASH PROVIDED BY OPERATING ACTIVITIES**

Income from operations	\$ (2,020,821)
Adjustments to reconcile income from operations to net cash provided by operating activities:	
Depreciation	1,578,054
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	347,212
(Increase) decrease in other receivables	(8,478)
(Increase) decrease in loans receivable from employees	(2,867)
(Increase) decrease in prepaid expenses	(14,588)
(Increase) decrease in deposits	(3,623)
(Increase) decrease in water storage inventory	(2,582,763)
(Increase) decrease in advance dues deposit	(1,793)
Increase (decrease) in accounts payable	(243,846)
Increase (decrease) in accrued payroll	166,882
Increase (decrease) in accrued OPEB liability	266,497
Increase (decrease) in retention payable	22,830
Increase (decrease) in accrued compensated absences	(168,543)
Increase (decrease) in net pension liability and related items	22,741
Increase (decrease) in unearned revenue	(43,500)
Net cash provided by operating activities	<u>\$ (2,686,606)</u>

**RECONCILIATION OF CASH AND CASH EQUIVALENTS  
TO STATEMENT OF NET POSITION**

Cash and cash equivalents	\$ 1,803,767
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**NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:**

Loss on sale/disposal of assets	(40,400)
Changes in fair value of investments	(184,063)

*See accompanying independent auditors' report and notes to the basic financial statements.*

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**THREE VALLEYS MUNICIPAL WATER DISTRICT  
OTHER POST EMPLOYMENT BENEFITS PLAN TRUST  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2018**

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**ASSETS:**

Mutual funds ( <i>Note 9</i> )	\$ 874,608
Interest receivable ( <i>Note 9</i> )	1,107
<b>TOTAL ASSETS</b>	<b>\$ 875,715</b>

**NET POSITION RESTRICTED FOR OPEB BENEFITS**

Restricted for OPEB benefits	\$ 875,715
<b>TOTAL NET POSITION RESTRICTED FOR OPEB BENEFITS</b>	<b>\$ 875,715</b>

See accompanying independent auditors' report and notes to the basic financial statements.



**THREE VALLEYS MUNICIPAL WATER DISTRICT  
OTHER POST EMPLOYMENT BENEFITS PLAN TRUST  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2018**

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**ADDITIONS:**

Employers' contributions	\$ -
Investment Income:	
Interest and dividends	19,085
Net appreciation in fair value of investments	28,864
Less: investment expense	<u>(2,918)</u>
Net investment income	<u>45,031</u>
TOTAL ADDITIONS	<u>45,031</u>

**DEDUCTIONS:**

Administrative expenses	<u>(2,158)</u>
TOTAL DEDUCTIONS	<u>(2,158)</u>
CHANGE IN NET POSITION	42,873

**NET POSITION RESTRICTED  
FOR OPEB BENEFITS:**

BEGINNING OF YEAR	<u>832,842</u>
END OF YEAR	<u><u>\$ 875,715</u></u>

*See accompanying independent auditors' report and notes to the basic financial statements.*

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**THREE VALLEYS MUNICIPAL WATER DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES**

**Nature of Organization**

TVMWD wholesales potable and non-potable water to its member agencies which include Golden State Water Company, serving Claremont and San Dimas; Rowland Water District; Walnut Valley Water District; the Boy Scouts of America; California State Polytechnic University, Pomona; Mount San Antonio College; Pomona-Walnut-Rowland Joint Water Line; Valencia Heights Water Company; Covina Irrigating Company; Suburban Water Systems; and the cities of Covina, Glendora, La Verne and Pomona. The majority of TVMWD's imported water supply is purchased from MWD.

**Basis of Accounting and Financial Statement Presentation**

TVMWD uses proprietary fund accounting which is similar to the principles applied to a business in the private sector. TVMWD utilizes the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange like transactions are recognized when the exchange takes place. The measurement focus is on determination of net income, net position and cash flows.

TVMWD's basic financial statements are presented in conformance with the provisions of GASB Statement No. 34 "Basic Financial Statements and Management's Discussion and Analysis - For State and Local Governments". GASB Statement No. 34 established standards for external financial reporting for all state and local governmental entities, which includes a statement of net position, statement of revenues, expenses and changes in net position, and statement of cash flows.

The other post-employment benefits plan trust fiduciary fund is reported using the economic resources measurement focus and the accrual basis of accounting.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Cash and Cash Equivalents**

TVMWD's cash and cash equivalents are considered to be cash on hand, demand deposits, and highly liquid investments with a maturity of three months or less from the date of acquisition.

**Restricted Investments and Interest Receivable**

Amounts shown as restricted are associated with an irrevocable trust established to collect and invest additional funds for TVMWD's pension plan as explained in Note 8.

**Accounts Receivable**

TVMWD grants unsecured credit to its member agencies. Bad debts are accounted for by the reserve method, which establishes an allowance for doubtful accounts based upon historical losses and a review of past due accounts. All receivables are considered collectible as of June 30, 2018, thus no allowance is reflected on the statement of net position.

**Property Taxes**

Property tax in California is levied in accordance with Article 13A of the State Constitution at 1% of county-wide assessed valuations. Taxes are collected by Los Angeles County for each fiscal year on taxable real and personal property which is situated within TVMWD as of the preceding January 1. For assessment and collection purposes, property is classified as either secured or unsecured. Taxes receivable at year-end are related to property taxes collected by Los Angeles County which have not been received by TVMWD as of June 30. All taxes receivable are considered collectible as of June 30, 2018, thus no allowance is reflected on the statement of net position.

**Loans Receivable from Employees**

TVMWD offers interest free loans to full-time employees for the initial purchase and/or upgrades for technology (computers, tablets, smart phones) eligible under the program. TVMWD deems all loans receivable to be collectible.

**Prepaid Expenses and Deposits**

Certain payments to vendors reflect costs or deposits applicable to future accounting periods and are recorded as prepaid items or deposits in the financial statements.

**Water Storage Inventory**

TVMWD maintains storage of untreated water within Main San Gabriel Basin and Six Basins. This stored water is intended for future benefit of TVMWD and its member agencies. Payments made reflect costs applicable to future accounting periods and are recorded at cost as inventory in the financial statements. Cost is determined using the weighted average method.

	Six Basins		Main San Gabriel Basin	
	Acre Feet	Amount	Acre Feet	Amount
Beginning Balance at July 1, 2017	3,087	\$ 785,788	-	\$ -
Acquired	1,041	15,816	5,005	3,441,882
Used or Sold	(1,224)	(246,735)	(930)	(628,201)
Ending Balance at June 30, 2018	<b>2,904</b>	<b>\$ 554,869</b>	<b>4,075</b>	<b>\$ 2,813,681</b>

**THREE VALLEYS MUNICIPAL WATER DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

**Investments**

Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any realized or unrealized gains or losses upon the liquidation or sale of investments.

**Capital Assets**

Capital assets purchased and/or constructed are capitalized at historical cost. TVMWD's capitalization policy dollar threshold is \$5,000. Depreciation has been provided using the straight-line method over the following useful lives:

Category	Useful Life (years)
Building and Building Improvements	10-40
Infrastructure	5-40
Land Improvements	10-20
Furniture, Fixture and Equipment	3-20
Vehicles	5-10

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

**Compensated Absences**

TVMWD's employees earn vacation, sick, compensatory and universal leave in varying amounts depending primarily on length of service. Accumulated vacation, compensatory and universal leave time is accrued at year-end to account for TVMWD's obligation to the employees for amounts owed. The current portion of accrued compensated absences is based on a rolling 3-year annual average of leave cashed out by the employee. Sick leave can be accumulated without limit. Any unused sick leave is treated as additional service time in the calculation of the employee's retirement plan.

**Net Pension Liability**

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

**Postemployment Benefits other than Pensions (OPEB)**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by PARS. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Net Position**

Net investment in capital assets - The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted - The restricted component of net position consists of constraints placed on assets used through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted - The unrestricted component of net position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

Sometimes TVMWD will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is TVMWD's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

**THREE VALLEYS MUNICIPAL WATER DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

**Classification of Revenues and Expenses**

As an enterprise (proprietary) fund, TVMWD classifies its revenues and expenses into the following classifications: operating revenues, operating expenses, nonoperating revenues and nonoperating expenses. Operating revenues and expenses are defined as revenues realized by TVMWD in exchange for providing its primary services for water treatment and transmission, hydroelectric sales and water use and connection capacity charges. Non-operating revenues are those derived from the investment of cash reserves and from entities other than customers and other ancillary sources. Non-operating expenses include those related to bond costs and amortization expenses.

**Capital Contributions**

Capital contributions are comprised of federal, state, and local grants and of project reimbursements from member agencies. The portion of the grants and reimbursements used for capital purposes are reflected as capital contributions in the statement of revenues, expenses and changes in net position. The funds are reimbursable contributions, whereas TVMWD first pays for the project and then the granting agency reimburses TVMWD for its eligible expenditures.

**NOTE 2 – CASH AND CASH EQUIVALENTS AND  
INVESTMENTS**

**Deposits**

As of June 30, 2018, the carrying amount of TVMWD's cash deposits was \$794,515 and the bank balances were \$1,078,187. The bank balances were fully insured and/or collateralized with securities held by the pledging financial institutions in TVMWD's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure an agency's cash deposits by pledging government securities with a value of 110% of an agency's deposits. California law also allows institutions to secure agency deposits by pledging first trust deed mortgage notes having a value of 150% of an agency's total deposits.

TVMWD's Treasurer may waive the collateral requirement for deposits that are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an

Agent of Depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an Agent of Depository has the effect of perfecting the security interest in the name of the local government agency. Accordingly, all collateral held by California Agents of Depository are considered to be held for, and in the name of, the local government agency.

Cash and cash equivalents and investments are presented on the Statement of Net Position as follows as of June 30, 2018:

Type	Fair Value
<b>Cash and cash equivalents</b>	
Cash	\$ 794,515
Money Market Funds	87,374
Local Agency Investment Fund	<u>921,878</u>
<b>Total cash and cash equivalents</b>	<u>1,803,767</u>
<b>Investments</b>	
Federal Agency Securities	3,768,980
US Treasury Notes	2,577,653
US Corporate Notes	2,283,801
Supranational	617,389
Asset Backed Security	364,300
Commercial Paper	203,588
Negotiable CD	199,937
Mutual Funds	<u>1,215,558</u>
<b>Total investments</b>	<u>11,231,206</u>
<b>Total cash and cash equivalent and investments</b>	<u>\$ 13,034,973</u>

**Investment in State Investment Pool**

TVMWD is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of TVMWD's investment in this pool is reported in the accompanying financial statements at amounts based on TVMWD's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of the portfolio.) The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

**Investments**

TVMWD contracts the services of an external investment manager to assist in the management of TVMWD's investment portfolio. The external manager is granted the discretion to purchase and sell investment securities in accordance with TVMWD's investment policy. For security purposes, physical custody of the securities is maintained by a separate banking institution.

**THREE VALLEYS MUNICIPAL WATER DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2018**

**NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS (continued)**

TVMWD's investment policy limits certain concentrations of investments. It is empowered by the California Government Code 53601 to invest in a variety of securities. Investment options under the code include the following:

- 1) Direct obligations of the United States Government, its agencies, and instruments to which the full faith and credit of the United States government is pledged, or obligations to the payment of which the full faith and credit of the United States is pledged;
- 2) Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions;
- 3) With certain limitation, negotiable certificates of deposit, prime bankers' acceptances, prime commercial paper, and repurchase agreements with certain limitations;
- 4) Medium term notes (5 years or less) issued by corporations organized and operating with the United States or by depository institutions licensed by the United States or any state and operating within the United States;
- 5) Mutual funds investing in the securities and obligations authorized by TVMWD's investment policy and share in money market mutual funds;
- 6) County, municipal, or school district tax supported debt obligations; bond or revenue anticipation notes; money judgments; or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality, or school district;
- 7) Notes or bonds secured by a mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and obligations of the National Mortgage Association;
- 8) Money market funds regulated by the Securities and Exchange Commission (SEC) in which investments consist of the investments mentioned in points 1, 2, 3, and 4 above.

Funds held in the pension and OPEB trusts are governed by the trust agreements rather than by TVMWD's investment policy.

**Interest Rate Risk**

TVMWD's investment policy limits investment maturities to five years or less as a means of managing its exposure to fair value losses arising from increasing interest rates. As of June 30, 2018, TVMWD had the following investment maturities:

<b>Investment Type</b>	<b>Fair Value</b>	<b>Investment Maturities (In Years)</b>		
		<b>Less than 1</b>	<b>1 to 3</b>	<b>3 to 5</b>
Money Market Funds	\$ 87,374	\$ 87,374	\$ -	\$ -
Federal Agency Securities	3,768,980	564,476	1,326,890	1,877,614
US Treasury Notes	2,577,653	356,005	1,289,932	931,716
US Corporate Notes	2,283,801	578,133	1,173,858	531,810
Supranational	617,389	-	-	617,389
Asset Backed Security	364,300	-	269,722	94,578
Commercial Paper	203,588	203,588	-	-
Negotiable CD	199,937	199,937	-	-
Mutual Funds	1,215,558	1,215,558	-	-
Local Agency Investment Fund	921,878	921,878	-	-
<b>Total</b>	<b>\$12,240,458</b>	<b>\$4,126,949</b>	<b>\$4,060,402</b>	<b>\$4,053,107</b>

## THREE VALLEYS MUNICIPAL WATER DISTRICT NOTES TO THE BASIC FINANCIAL STATEMENTS For the Year Ended June 30, 2018

### NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS (continued)

#### Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This risk is measured by the assignment of a rating by a nationally recognized statistical rating organization (NRSRO's).

State law limits investments in commercial paper and corporate bonds to the top two ratings issued by NRSROs. It is TVMWD's policy to limit its investments in these investment types to rated "A" or better issued by NRSROs, including raters S&P's and Moody's Investors Service. As of June 30, 2018, TVMWD's credit risks, expressed on a percentage basis, were as follows:

Credit Quality Distribution for Securities With Credit Exposure as a Percentage of Total Investments			
Investment Type	Moody's Credit Rating	S&P's Credit Rating	% of Investment with Interest Rate Risk
Federal Agency Securities	Aaa	AA+	30.79%
US Corporate Notes	A1	AA-	18.66%
Supranational	Aaa	AAA	5.05%
Asset Backed Security	Aaa	AAA	2.98%
Commercial Paper	A1	A+	1.66%
Negotiable CD	P-1	A-1+	1.63%
Money Market Fund	Aaa	AAA	0.71%
Mutual Funds	Aaa	AAA	9.93%
Local Agency Investment Fund	Not Rated	Not Rated	7.53%

It is not necessary to disclose the credit ratings of obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government, therefore it is not disclosed.



#### Fair Value Measurements

TVMWD categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

TVMWD has the following recurring fair value measurements as of June 30, 2018:

Investments by Fair Value Level	Totals	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Un-observable Inputs (Level 3)
Federal Agency Securities	\$ 3,768,980	\$ -	\$ 3,768,980	\$ -
US Treasury Notes	2,577,653	-	2,577,653	-
US Corporate Notes	2,283,801	-	2,283,801	-
Supranational	617,389	-	617,389	-
Asset Backed Security	364,300	-	364,301	-
Commercial Paper	203,588	-	203,588	-
Negotiable CD	199,937	-	199,937	-
Mutual Funds	1,215,558	-	1,215,558	-
Local Agency Investment Fund	921,878	-	921,878	-
<b>Totals</b>	<b>\$12,153,084</b>	<b>\$ -</b>	<b>\$12,153,084</b>	<b>\$ -</b>
<b>Investments Measured at Amortized Cost</b>				
Money Market Fund	87,374	-	-	-
<b>Total Investments</b>	<b>\$12,240,458</b>			

Securities and mutual funds are classified in Level 1 of the fair value hierarchy are valued using priced quoted in active markets for those securities and mutual funds. Corporate bonds classified in Level 2 of the fair value hierarchy are valued using a matrix pricing model. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Mortgage-backed securities classified in Level 3 are valued using discounted cash flow techniques.

#### Concentration of Credit Risk

TVMWD's policy is that assets shall be diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer or a specific class of securities. According to GASB 40, there is potential concentration of credit risk if more than 5% of the entity's investments are with any one issuer. The following investments are considered exposed to concentration of credit risk as shown in the Credit Quality Distribution for Securities Table:

- Federal National Mortgage Association
- Federal Home Loan Mortgage Corporation
- Federal Home Loan Bank
- Government of United States

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**NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS (continued)**

**Custodial Credit Risk**

The custodial credit risk for deposits is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside agency. TVMWD's policy is to diversify its investments by security type and institution. As of June 30, 2018, none of TVMWD's deposits or investments were exposed to custodial credit risk.

**NOTE 3 – CAPITAL ASSETS**

A summary of the changes in capital assets for the year ended June 30, 2018 is as follows:

	Beginning Balance 06/30/2017	Additions	Retirements*	Transfers	Ending Balance 06/30/2018
<b>Capital assets, not being depreciated:</b>					
Land	\$ 910,800	\$ 722,904	\$ -	\$ -	\$ 1,633,704
Water Share	301,000	-	-	-	301,000
Construction in progress	1,206,931	997,861	-	(885,615)	1,319,177
<b>Total capital assets, not being</b>	<b>2,418,731</b>	<b>1,720,765</b>	<b>-</b>	<b>(885,615)</b>	<b>3,253,881</b>
<b>Capital assets, being depreciated:</b>					
Building and Building Improvement	6,984,946	100,351	-	436,119	7,521,416
Furniture, Fixtures, and Equipment	954,141	-	-	-	954,141
Infrastructure	57,406,858	965,313	(2,152,327)	449,496	56,669,340
Land Improvements	1,257,839	-	-	-	1,257,839
Vehicles	398,222	22,432	(6,006)	-	414,648
<b>Total capital assets, being depreciated</b>	<b>67,002,006</b>	<b>1,088,096</b>	<b>(2,158,333)</b>	<b>885,615</b>	<b>66,817,384</b>
<b>Less accumulated depreciation for:</b>					
Building and Building Improvement	6,595,107	25,864	-	-	6,620,971
Furniture, Fixture and Equipment	776,756	28,676	-	-	805,432
Infrastructure	32,383,236	1,385,561	(2,110,254)	-	31,658,543
Land Improvement	1,025,378	96,428	-	-	1,121,806
Vehicles	270,617	41,525	(6,006)	-	306,136
<b>Total accumulated depreciation</b>	<b>41,051,094</b>	<b>1,578,054</b>	<b>(2,116,260)</b>	<b>-</b>	<b>40,512,888</b>
<b>Total capital assets, being depreciated,</b>	<b>25,950,912</b>	<b>(489,958)</b>	<b>(42,073)</b>	<b>885,615</b>	<b>26,304,496</b>
<b>Total capital assets, net</b>	<b>\$ 28,369,643</b>	<b>\$ 1,230,807</b>	<b>\$ (42,073)</b>	<b>\$ -</b>	<b>\$ 29,558,377</b>

\*Replacement of the Miramar, Fulton and Williams Hydros switchboards, the west sleeve valve and meter connections.

Depreciation expense for the year totaled \$1,578,054.



**THREE VALLEYS MUNICIPAL WATER DISTRICT  
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**NOTE 4 – COMMITMENTS AND CONTINGENCIES**

**Litigation**

TVMWD is subject to claims and litigation from outside parties in the ordinary course of operations. After consultation with legal counsel, TVMWD believes the ultimate outcome of such matters, if any, will not materially affect its financial conditions.

**Grant Awards**

Grant funds received by TVMWD are subject to optional audits by the grantor agencies. Such an audit could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under the terms of the grant. Management of TVMWD believes that such disallowances, if any, would not be significant.

**Operating Leases**

TVMWD leases office equipment under non-cancelable leases. Total costs for such leases were \$20,245 for the year ended June 30, 2018. The future minimum lease payments are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2019	\$ 23,147
2020	23,147
2021	23,147
2022	18,794
2023	3,429
<b>Total</b>	<b><u>\$ 91,664</u></b>

**Contracts**

TVMWD usually has a variety of agreements with private parties relating to the installation, improvement or modification of water facilities and distribution systems and other TVMWD activities. The financing of such contracts is provided primarily from TVMWD encumbered reserves. TVMWD has committed to approximately \$883,074 of open contracts as of June 30, 2018.

<b>Project Name</b>	<b>Contract Amount</b>	<b>Expenditures to date as of June 30, 2018</b>	<b>Remaining Commitment</b>
TVMWD Grand Ave. Well Drilling, Construction	\$1,243,956	\$862,906	\$381,050
TVMWD West Baseline	450,000	154,172	295,828
Reservoir Effluent Pump Station	257,935	97,413	160,522
Bracket Fabrication	45,000	-	45,000
Fulton & Williams Hydroelectric Generating Station	35,000	34,326	674

**NOTE 5 – POOLED ARRANGEMENTS**

TVMWD is a member of the ACWA/JPIA, a risk-pooling, self-insurance authority, created under provisions of California Government Code Sections 6500 et seq. The purpose of ACWA/JPIA is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage. Members of ACWA/JPIA share the costs of professional risk management, claims administration and excess insurance. TVMWD participates in the property, liability, and worker's compensation programs of ACWA/JPIA as follows:

**Property Loss:** Insured up to replacement value with a \$25,000 deductible for buildings, personal property, fixed equipment and catastrophic coverage. The deductible on mobile equipment is \$2,500. The deductible on vehicles is \$2,500. The deductibles for boiler and machinery equipment vary based on property type. The pooled layer is up to \$100,000 per occurrence and excess insurance coverage has been purchased up to \$150 million.

**General Liability:** The pooled layer is up to \$5 million per occurrence and excess insurance coverage has been purchased up to \$60 million.

**Workers Compensation:** The pooled layer is up to \$2 million per occurrence and excess insurance coverage has been purchased for \$2 million to statutory employer's liability.

Settlements have not exceeded insurance coverage in each of the past three fiscal years.

**NOTE 6 – RELATED PARTY TRANSACTIONS**

**Covina Irrigating Company (CIC)**

TVMWD wholesales potable and non-potable water to its member agencies, one of which is Covina Irrigating Company (CIC). CIC is a wholesale water supplier that provides water to the City of Covina, City of Glendora, Golden State Water Company, Suburban Water Systems, Valencia Heights Water Company and Valley County Water District. The President/CEO of CIC is David De Jesus. Mr. De Jesus is also a voter elected member of the Board of Directors for TVMWD.

TVMWD began selling water to CIC in November 2015. The amount of water sold to CIC for FY 2017-2018 was 6,582 acre feet. These sales occurred in the same manner as would occur with any TVMWD member agency. TVMWD expects sales to CIC to continue in the future.

TVMWD's rates are set annually for the calendar year and approved by the TVMWD Board of Directors. The rate charged to CIC is the same rate charged to any TVMWD member agency. The rates for 2017 and 2018 were \$679 and \$700, respectively, per acre foot. The pipeline used to deliver water to CIC is owned by San Gabriel Valley Municipal Water District (SGVMWD). SGVMWD charges a fee of \$5 per acre foot, so TVMWD (and ultimately CIC) was also responsible for this fee. For FY 2017-2018, total water sales revenue from CIC was \$4,601,206.



**THREE VALLEYS MUNICIPAL WATER DISTRICT  
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**NOTE 6 – RELATED PARTY TRANSACTIONS (continued)**

TVMWD allows its member agencies approximately 45 days to pay for monthly water purchases. As such, TVMWD had a receivable outstanding at June 30, 2018 from CIC for June 2018 water sales of \$461,080. This receivable, due August 23, 2018, was paid by CIC on July 19, 2018.

**SGV-COG Joint Powers Agreement**

On June 9, 2008, TVMWD, San Gabriel Valley Municipal Water District and Upper San Gabriel Valley Municipal Water District entered into a Joint Exercise of Powers Agreement to create the San Gabriel Water District Joint Powers Authority which was required to participate as a single Member on the San Gabriel Valley Council of Governments.

The San Gabriel Valley Council of Governments (the "Council") is a Joint Powers Authority formed pursuant to Chapter 5 of Division 7, Title 1 of the Government Code of the State of California (Sections 6500, et seq.). The purpose of the Council is to provide a means for the Members to engage in regional and cooperative planning and coordination of government services and responsibilities to assist the Members in the conduct of their affairs. In addition, the Council provides a regional organization for the review of federal, state, and/or regional projects and studies which involve the use of federal, state and/or regional funds, in various forms.

The Members of the Council are 30 incorporated cities, the unincorporated communities in Los Angeles County Supervisorial Districts 1, 4, and 5, and 1 seat for the San Gabriel Water District Joint Powers Authority.

As a Member of the Council, TVMWD has limited financial liability as outlined in the Council's Fourth Amended and Restated Joint Exercise of Powers Agreement adopted on December 19, 2017. The debts, liabilities and obligations of the Council are debts, liabilities or obligations of the Council alone. No Member of the Council shall be responsible, directly or indirectly, for any obligation, debt or liability of the Council whatsoever, to the fullest extent allowed by law. No Member of the Council shall be responsible for the debts or liabilities of any other Member solely by reason of membership on the Council. Implementation agreements to provide for the design and/or construction of projects with other Members or other agencies shall provide for indemnification of the individual Members of the Council who are not parties to the contracts. TVMWD has no debt, liabilities or obligations associated with the Council as of June 30, 2018.



**NOTE 7 – PENSION PLANS**

**Plan Descriptions**

All qualified permanent, probationary and part-time vested employees are eligible to participate in TVMWD's miscellaneous employee pension plan (the Plan), a cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). TVMWD sponsors a plan with two tiers: Tier 1, 2% @ 55 for employees hired on or prior to December 31, 2012 or employees hired after January 1, 2013 who are considered classic CalPERS members and Tier 2, 2% @ 62 for employees hired on or after January 1, 2013. Benefit provisions under the Plan are established by State statute and TVMWD resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website ([www.calpers.ca.gov](http://www.calpers.ca.gov)).

**Benefits Provided**

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 (or 52 for members hired on or after January 1, 2013) with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The Post-Retirement Death Benefit is a one-time payment made to a retiree's designated survivor or estate upon the retiree's death. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1959 Survivor Benefit (level 4) if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least 5 years of credited service. The cost of living adjustments for the plan are applied as specified by the California Public Employees' Retirement Law (PERL).

The Plan's provisions and benefits in effect at June 30, 2018, are summarized as follows:

	Miscellaneous	
Hire date	Prior to 12/31/12 or hired after 1/1/13 who are considered classic	On or after 1/1/13
Benefit Formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.0% to 2.5%
Required employee contributions rates	7%	6.25%
Required employer contributions rates	8.921%	6.533%

**THREE VALLEYS MUNICIPAL WATER DISTRICT  
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**NOTE 7 – PENSION PLANS (continued)**

**Contributions**

Section 20814(c) of the California PERL requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by the miscellaneous risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2017 (the measurement date), the active employee's contribution rates for Tier 1, 2% @ 55 and Tier 2, 2% @ 62 are 6.896% and 6.533% respectively, of annual pay and the average employer's contribution rates for Tier 1, 2% @ 55 and Tier 2, 2% @ 62 are 8.512% and 6.237% respectively, of annual payroll. Employer contributions rates may change if plan contracts are amended.

For the year ended June 30, 2018, the contributions recognized as reductions to net pension liability for the Plan were as follows:

Contributions - employer	\$324,213
Contributions - employee (paid by employer)	\$0

**Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources**

As of June 30, 2018, TVMWD reported net pension liability for its proportionate share of the net pension liability of the Plan as follows:

	<b>Proportionate Share of Net Pension Liability</b>
Total Net Pension Liability	<b>\$3,518,869</b>

TVMWD established an irrevocable trust through PARS in an effort to reduce the pension liability and to stabilize pension costs. The trust will enable TVMWD to meet future contribution requirements to CalPERS. As of June 30, 2018 the market value of all assets held in the trust amounted to \$341,101 (including accrued interest), which in essence reduces the net pension liability above.

TVMWD's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2017, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. TVMWD's proportion of the net pension liability was based on a projection of TVMWD's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. TVMWD's proportionate share of the net pension liability for the Plan as of June 30, 2017 was as follows:

Proportion - June 30, 2017	0.0009680
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For the year ended June 30, 2018, TVMWD recognized pension expense of \$601,317. At June 30, 2018, TVMWD reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$363,282	\$0
Differences between actual and expected experience	5,214	(74,702)
Changes in assumptions	646,949	(49,330)
Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	102,043	(37,469)
Difference between actual and proportionate share	0	(147,836)
Net differences between projected and actual earnings on plan investments	146,313	0
Total	\$1,263,801	\$(309,337)

The \$363,282 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as pension expense as follows:

<u>Year Ending June 30</u>	<u>Deferred Outflows/ (Inflows) of Resources</u>
2018	\$100,776
2019	360,782
2020	216,493
2021	(86,869)
2022	-
Remaining	-
Total	<u>\$591,182</u>



**THREE VALLEYS MUNICIPAL WATER DISTRICT  
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**NOTE 7 – PENSION PLANS (continued)**

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

	<b>Current Target Allocation</b>	<b>Real Return Years 1-10<sup>1</sup></b>	<b>Real Return Years 11+<sup>2</sup></b>
Global Equity	47.0%	4.90%	5.38%
Fixed Income	19.0%	0.80%	2.27%
Inflation Assets	6.0%	0.60%	1.39%
Private Equity	12.0%	6.60%	6.63%
Real Estate	11.0%	2.80%	5.21%
Infrastructure and Forestland	3.0%	3.90%	5.36%
Liquidity	2.0%	(0.40)%	(0.90)%

<sup>1</sup>An expected inflation of 2.50% used for this period

<sup>2</sup>An expected inflation of 3.00% used for this period

**Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount**

The following presents TVMWD's proportionate share of the net pension liability for the Plan, calculated using the discount rate for each tier, as well as what the TVMWD's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

<b>Net Pension Liability</b>		
<b>Discount Rate-1%</b>	<b>Current Discount Rate</b>	<b>Discount Rate+1%</b>
<b>6.15%</b>	<b>7.15%</b>	<b>8.15%</b>
\$ 5,651,399	\$ 3,518,869	\$ 1,752,670

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 Q Street, Sacramento, CA 95811.

**Payable to the Pension Plan**

At June 30, 2018, TVMWD reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2018.

**NOTE 8 – DEFERRED COMPENSATION PLANS**

**457 Deferred Compensation Savings Plan**

TVMWD participates in two 457 Deferred Compensation Programs (Programs) administered by Lincoln Financial Services and CalPERS. Both plans qualify as defined contribution pension plans. The purpose is to provide deferred compensation for employees that elect to participate in the Programs. Generally, eligible employees may voluntarily defer receipt of a portion of their salary until termination, retirement, death or unforeseen emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes. TVMWD matches employee contributions up to \$4,800 per year. The plan is authorized and may be amended by the Board of Directors. Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, TVMWD is in compliance with this legislation. Therefore, these assets are not the legal property of TVMWD and are not subject to claims of TVMWD's general creditors. Market value of all plan assets held in trust by the two TVMWD plans amounted to \$6,822,697 at June 30, 2018.

TVMWD has implemented GASB Statement 32, Accounting for Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. Since TVMWD has little administrative involvement and does not perform the investing function of this plan, the assets and related liabilities are not shown on the statement of net position.

**401(a) Defined Contribution Plan**

TVMWD participates in a 401(a) plan (a defined contribution plan), administered by Lincoln Financial Services. The purpose of this plan is to provide an additional option for employees who fully contribute to the 457 Plan. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes. Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. The plan is authorized and may be amended by the Board of Directors.

Accordingly, TVMWD is in compliance with this legislation. Therefore, these assets are not the legal property of TVMWD and are not subject to claims of TVMWD's general creditors. Market value of all plan assets held in trust by TVMWD plan amounted to \$183,682 at June 30, 2018.

TVMWD has implemented GASB Statement 32, Accounting for Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. Since TVMWD has little administrative involvement and does not perform the investing function of this plan, the assets and related liabilities are not shown on the statement of net position.



**THREE VALLEYS MUNICIPAL WATER DISTRICT  
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**NOTE 9 – OTHER POST EMPLOYMENT BENEFITS**

**Plan Description**

*Plan administration.* TVMWD administers the Retiree Benefits Plan—a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for all TVMWD permanent full-time employees.

Management of the TVMWD Retiree Benefits Plan is vested in the Board of Directors (the Board), which consists of seven members elected by the registered voters residing within TVMWD's boundaries.

**Plan membership**

At June 30, 2018, TVMWD Retiree Benefits Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	7
Inactive plan members entitled to but not yet receiving benefit payments	0
Active plan members	25
<b>Total</b>	<b>32</b>

**Benefits**

TVMWD offers continued medical coverage to employees who retire from TVMWD at age 50 or older with a minimum of 10 years of service. The retired employee may continue medical coverage through either their own personal medical insurance or ACWA/JPIA. For eligible retirees hired prior to January 1, 2005, TVMWD provides 50% (plus an additional 10% for each additional year of service at retirement in excess of 10 years – not to exceed 100%) of the lesser of \$355 per month or the cost for single medical coverage. For eligible retirees hired on or after January 1, 2005 with 10 years of TVMWD service, TVMWD provides 50% (plus an additional 5% for each additional year of service at retirement in excess of 10 years – not to exceed 100%) of the lesser of \$355 per month or the cost for single medical coverage. For employees retiring on or after January 1, 2015, the monthly benefits cap has been increased from \$355 to \$600. Employees retiring on or after January 1, 2015 may cover dependents, but the retiree must pay the entire additional premiums. Retirees must pay the portion of the coverage, if any not covered by their benefits. This plan is authorized and may be amended by the Board of Directors.

**Contributions**

The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to pre-fund benefits as determined annually by the Board. Plan members are not required to contribute to the plan. Any additional amounts for pre-funding are deposited into an irrevocable trust from which funds can only be used to pay for retiree medical coverage. Separate financial statements for the irrevocable trust may be obtained by writing to PARS at 4350 Von Karman Ave., Suite 100 Newport Beach, CA 92660-2043 or by visiting the PARS website at www.pars.org. For the year ended June 30, 2018, TVMWD's average contribution rate was 1.56% of covered-employee payroll.

**Investments**

TVMWD's policy in regard to the allocation of invested assets is established and may be amended by the Board by a majority vote of its members. It is the policy of the Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes.

The following was the Board's adopted asset allocation policy as of June 30, 2018:

<b>Asset Class</b>	<b>Target Allocation</b>
Mutual Funds-Equity	51%
Mutual Funds-Fixed Income	46%
Cash and Equivalents	3%
<b>Total</b>	<b>100%</b>

**Rate of return**

For the year ended June 30, 2018, the annual money-weighted rate of return on investments, net of investment expense, was 6.15%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Net OPEB Liability**

The components of the Net OPEB Liability at June 30, 2018 were as follows:

Total OPEB Liability	\$1,393,247
Plan fiduciary net position	(875,715)
TVMWD's net OPEB Liability	<u>\$ 517,532</u>
Plan fiduciary net position as a percentage of the total OPEB liability	63%



**THREE VALLEYS MUNICIPAL WATER DISTRICT  
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**NOTE 9 – OTHER POST EMPLOYMENT BENEFITS  
(Continued)**

Deferred outflows and inflows of resources related to OPEB as of June 30, 2018 were:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$98,718	\$0
Changes in assumptions	241,089	0
Net differences between projected and actual earnings on OPEB investments	5,044	0
Total	\$344,851	\$0

Amounts reported as deferred outflows and inflows will be recognized in OPEB expense as follows:

<u>Year Ending June 30</u>	<u>Deferred Outflows/ (Inflows) of Resources</u>
2019	\$42,095
2020	42,095
2021	42,097
2022	42,049
2023	40,823
Thereafter	135,692
Total	\$344,851

**Actuarial assumptions**

The total OPEB liability was determined by an actuarial valuation as of July 1, 2017. Update procedures were used to roll forward the total OPEB liability to June 30, 2018. The following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary increases	3.00%, average, including inflation
Investment rate of return	6.15%, net of OPEB plan investment expense, including inflation. At 6-30-2018 the rate was 6.15%
Healthcare cost trend rates	6% for 2018, 5.5% for 2019, 5% for 2020 and all later years

Mortality rates were taken from the 2014 CalPERS OPEB Assumptions Model.

**Discount rate**

The discount rate used to measure the total OPEB liability was 6.15%. The projection of cash flows used to determine the discount rate assumed that TVMWD's contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Sensitivity of the net OPEB liability to changes in the discount rate**

The following presents the net OPEB liability of TVMWD, as well as what TVMWD's net OPEB liability would be if it were calculated using a discount rate that is 1% point lower (5.15%) or 1% point higher (7.15%) than the current discount rate:

<b>Net OPEB Liability</b>		
<b>1% Decrease 5.15%</b>	<b>Discount Rate 6.15%</b>	<b>1% Increase 7.15%</b>
\$ 729,614	\$ 517,532	\$ 345,387

**Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates**

The following presents the net OPEB liability of TVMWD, as well as what TVMWD's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% point lower (4.5% decreasing to 4.0%) or 1% point higher (6.0% increasing to 6.5%) than the current healthcare cost trend rates:

<b>Net OPEB Liability</b>		
<b>1% Decrease (4.5% decreasing to 4.0%)</b>	<b>Healthcare cost Trend Rates (5.5% decreasing to 5.0%)</b>	<b>1% Increase (6.0% increasing to 6.5%)</b>
\$ 446,594	\$ 517,532	\$ 594,619



**THREE VALLEYS MUNICIPAL WATER DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2018**

**NOTE 9 – OTHER POST EMPLOYMENT BENEFITS (Continued)**

The long-term expected rate of return of 6.15% on OPEB plan investments was calculated the following way:

1. The expected return of each asset class is determined through a combination of historical rates of returns, valuation projections, and economic expectations. Expected rates of return are provided by Wilshire Associates Incorporated and HighMark proprietary research. Expected rates of return are developed and annually reviewed by HighMark's Asset Allocation Committee.
2. With thirty year forecasts for U.S. Treasuries, Wilshire's ten year forecast for U.S. Treasuries is used as the assumed return for the first ten years of the thirty year period. Over the following twenty years (years 11-thirty) U.S. Treasuries are assumed to return a historical long run (1926-2014) risk premium over inflation. The resulting combination of the assumed return on U.S. Government bonds over the two periods becomes HighMark's thirty year forecast. All other taxable fixed income asset classes are derived from the expected return on U.S. Treasuries plus a credit or term premium consistent with those of the ten year forecasts.
3. With thirty year forecasts for global equity, Wilshire's ten year forecast for global equity is used as the assumed return for the first ten years of the thirty year period. Over the following twenty years (years 11-30) global equities are assumed to return historical long run (1926-2014) risk premiums over cash. The return on cash over this period is derived from the ten and thirty year cash assumptions. The resulting combination of the assumed global equity returns over the two periods becomes HighMark's thirty year forecast.
4. Returns reflect the reinvestment of dividends, interests, and other distributions.
5. An expected return is then calculated by weighting the returns for each asset class according to the exposure as determined by HighMark's current strategic allocation.





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# REQUIRED SUPPLEMENTARY INFORMATION



## SCHEDULE 1

**Three Valleys Municipal Water District**  
Miscellaneous Cost-Sharing Pension Plan  
Schedule of the Plan's Proportionate Share of the Net Pension Liability  
As of June 30, For The Last Ten Fiscal Years <sup>(1)</sup>

FY	Proportion of the Net Pension Liability/(Asset)	Proportionate Share of the Net Pension Liability/(Asset)	Covered-Employee Payroll	Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability
2018	0.09680%	\$ 3,518,869	\$ 2,539,815	138.55%	75.38%
2017	0.09532%	\$ 2,953,009	\$ 2,419,392	122.06%	75.87%
2016	0.07819%	\$ 2,145,000	\$ 2,400,313	89.36%	79.82%
2015	0.03310%	\$ 2,059,901	\$ 2,287,837	90.04%	78.40%

**Notes to Schedule:**

Benefit Changes: None.

Changes of Assumptions: Discount rate reduced from 7.65% to 7.15%.

<sup>(1)</sup> Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only four years are shown.

**NOTE:** Accounting standard require presentation of 10 years of information. However the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

**SOURCE:** CalPERS GASB 68 Accounting Valuation Report

## SCHEDULE 2

**Three Valleys Municipal Water District**  
 Miscellaneous Cost-Sharing Pension Plan  
 Schedule of the Plan Contributions - California Public Employees Retirement Plan  
 For the Year Ended June 30, 2018

FY	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contribution as a Percentage of Covered-Employee Payroll	Valuation date
2018	\$ 363,282	\$ (363,282)	\$ -	\$ 2,662,296	13.645%	6/30/2016
2017	\$ 324,213	\$ (324,213)	\$ -	\$ 2,539,815	12.765%	6/30/2015
2016	\$ 286,627	\$ (286,627)	\$ -	\$ 2,419,392	11.847%	6/30/2014
2015	\$ 272,007	\$ (272,007)	\$ -	\$ 2,400,313	11.332%	6/30/2013

**Note to Schedule:**

Methods and assumptions used to determine contributions rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll and direct rate smoothing
Asset valuation method	Market value
Inflation	2.75%
Salary increases	varies by entry age and service
Investment rate of return	7.50%
Retirement age	50-63 for 2% @ 55 and 52-67 for 2% @ 62
Mortality	The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

**NOTE:** Accounting standard require presentation of 10 years of information. However the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

**SOURCE:** CalPERS GASB 68 Accounting Valuation Report

## SCHEDULE 3

**Three Valleys Municipal Water District**  
 Schedule of Changes in Net OPEB Liability and Related Ratios  
 For the Year Ended June 30, 2018

FISCAL YEAR	2018	2017
<b>Total OPEB Liability</b>		
Service cost	\$ 34,335	\$ 22,989
Interest	65,379	63,032
Changes of benefit terms	-	-
Differences between expected and actual experience	110,332	-
Changes of assumptions	140,935	143,737
Benefit payments	(41,611)	(23,007)
Net changes in total OPEB liability	309,370	206,751
Total OPEB liability - beginning	\$ 1,083,877	\$ 877,126
Total OPEB liability - ending (a)	\$ 1,393,247	\$ 1,083,877
<b>Plan fiduciary net position</b>		
Contributions-employer	\$ 41,611	\$ 138,561
Net investment income	45,031	52,341
Benefit payments	(41,611)	(23,007)
Administrative expense	(2,158)	(1,157)
Net changes in plan fiduciary net position	42,873	166,738
Plan fiduciary net position-beginning	832,842	666,104
Plan fiduciary net position-ending (b)	\$ 875,715	\$ 832,842
Net OPEB liability	\$ 517,532	\$ 251,035
Plan fiduciary net position as a percentage of the total OPEB liability	63%	77%
Covered-employee payroll	\$ 2,662,296	\$ 2,539,815
TVMWD's net OPEB liability as a percentage of covered-employee payroll	19.44%	9.88%

**Note:** Accounting standard require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

**SOURCE:** OPEB Actuarial Valuation

## SCHEDULE 4

**Three Valleys Municipal Water District**  
 Schedule of Contributions - OPEB  
 For the Year Ended June 30, 2018

FY	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contribution as a Percentage of Covered-Employee Payroll	Valuation date
<b>2018</b>	\$ 41,611	\$ (27,470)	\$ 14,141	\$ 2,662,296	1.56%	7/1/2017
<b>2017</b>	\$ 39,410	\$ (39,410)	\$ -	\$ 2,539,815	1.55%	7/1/2015

**Note to Schedule:**

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contributions rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Amortization period	22 years
Asset valuation method	Fair value
Inflation	2.75%
Healthcare cost trend rates	6% for 2018, 5.5% for 2019, 5% for 2020 and all later years
Salary increases	3.00% per year
Investment rate of return	6.15%, net of OPEB plan investment expense, including inflation.
Retirement age	Probabilities of retirement at different ages are taken from the 2014 CalPERS OPEB Assumptions Model
Mortality	Mortality rates were taken from the 2014 CalPERS OPEB Assumptions Model

SCHEDULE 5

**Three Valleys Municipal Water District**  
Schedule of Investment Returns - OPEB Trust  
Last Ten Fiscal Years

<b>Year</b>	<b>Annual Money-Weighted Rate of Return, Net of Investment Expense</b>
2018	6.15%
2017	7.94%

**Note:** Accounting standard require presentation of 10 years of information. However, the information in schedule is not required to be presented retroactively. Years will be added to this schedule as future data available.

**SOURCE:** TVMWD - Finance Department

# STATISTICAL SECTION



**THREE VALLEYS MUNICIPAL WATER DISTRICT  
STATISTICAL SECTION  
For the Year Ended June 30, 2018**

This part of TVMWD's CAFR presents detailed information as a context for understanding what the information in the accompanying financial statements and notes to the basic financial statements says about TVMWD's overall financial health.

## **Contents**

### **Financial Trends**

These schedules contain trend information to help the reader understand how TVMWD's financial performance and well-being have changed over time.

### **Revenue Capacity**

These schedules contain information to help the reader assess the factors affecting TVMWD's ability to generate revenues.

### **Debt Capacity**

These schedules present information to help the reader assess the affordability of TVMWD's current levels of outstanding debt and TVMWD's ability to issue additional debt in the future.

### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which TVMWD's financial activities take place and to help make comparisons over time and with other agencies.

### **Operating Information**

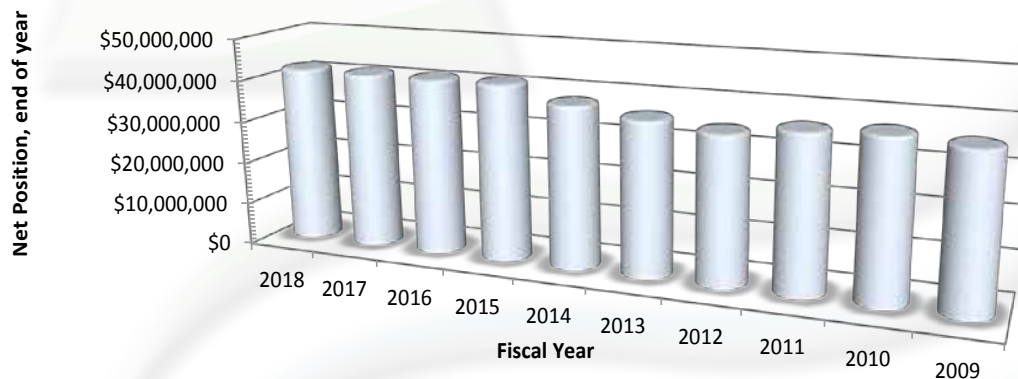
These schedules contain information about TVMWD's operations and resources to help the reader understand how TVMWD's financial information relates to the services TVMWD provides and the activities it performs.



## SCHEDULE 1

### Three Valleys Municipal Water District Changes in Net Position Last Ten Fiscal Years

	FISCAL YEAR									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Operating revenues (see Schedule 3)	\$ 64,251,879	\$ 65,041,248	\$ 55,387,218	\$ 58,657,568	\$ 66,759,939	\$ 59,240,205	\$ 50,665,608	\$ 48,780,881	\$ 42,547,611	\$ 44,607,527
Operating expenses (see Schedule 4)	66,272,700	66,736,601	57,910,157	61,091,237	68,546,823	60,088,682	53,638,803	51,179,455	43,935,929	45,397,036
Total operating income (loss)	(2,020,821)	(1,695,353)	(2,522,939)	(2,433,669)	(1,786,884)	(848,477)	(2,973,195)	(2,398,574)	(1,388,318)	(789,509)
Nonoperating revenues (expenses)										
Property tax revenue	2,291,505	2,266,019	2,091,254	2,014,754	1,886,998	1,958,128	1,783,167	1,636,394	1,674,451	1,792,410
Sublease income	-	-	-	5,775,000	821,303	832,593	832,946	844,434	838,412	914,446
Investment income	3,089	25,793	226,747	136,976	236,128	72,974	311,222	352,529	656,200	945,448
Intergovernmental grants revenue	-	-	6,121	46,924	115,962	-	-	-	-	-
Intergovernmental grants expense	-	-	(6,121)	(46,924)	(115,962)	-	-	-	-	-
Interest expense	-	-	-	-	(29,787)	(221,353)	(327,853)	(398,839)	(460,411)	(598,486)
Amortization of deferred bond costs/refunding	-	-	-	-	(195,647)	(183,225)	(221,097)	(221,096)	(221,096)	(221,096)
Reimbursements revenue	-	-	-	-	-	-	-	33,945	56,093	135,418
Gain (loss) on sale of assets	(40,400)	(88,421)	(40,173)	(12,109)	(104,254)	(3,297)	(2,339)	-	-	7,953
Other non-operating revenues (expenses)	-	-	-	-	-	-	-	-	-	-
Total nonoperating revenues (expenses)	2,254,194	2,203,391	2,277,828	7,914,621	2,614,741	2,455,820	2,376,046	2,247,367	2,543,649	2,976,093
Net income before capital contributions and change in accounting principle	233,373	508,038	(245,111)	5,480,952	827,857	1,607,343	(597,149)	(151,207)	1,155,331	2,186,584
Capital contributions	2,000	5,250	111,150	618,666	1,742,423	-	-	-	-	32,018
Change in net position	235,373	513,288	(133,961)	6,099,618	2,570,280	1,607,343	(597,149)	(151,207)	1,155,331	2,218,602
Net Position, beginning of year	41,900,165	41,858,315	41,992,276	38,463,002	36,506,223	34,949,375	36,894,832	37,581,089	36,425,758	34,207,156
Prior period adjustment	-	(471,437) <sup>9</sup>	-	(2,570,344) <sup>8</sup>	(613,501) <sup>7</sup>	(50,495) <sup>6</sup>	(1,348,308) <sup>5</sup>	(535,050) <sup>4</sup>	-	-
<b>Net Position, end of year, as restated (see Schedule 2)</b>	<b>\$ 42,135,538</b>	<b>\$ 41,900,165</b>	<b>\$ 41,858,315</b>	<b>\$ 41,992,276</b>	<b>\$ 38,463,002</b>	<b>\$ 36,506,223</b>	<b>\$ 34,949,375</b>	<b>\$ 36,894,832</b>	<b>\$ 37,581,089</b>	<b>\$ 36,425,758</b>



<sup>4</sup> Prior Period Adjustment related to disposal of capital assets.

<sup>5</sup> Prior Period Adjustment related to removal of prepaid pension asset.

<sup>6</sup> Prior Period Adjustment related to change in accounting principle.

<sup>7</sup> Prior Period Adjustment related to removal of MWD assets.

<sup>8</sup> Prior Period Adjustment related to GASB 68.

<sup>9</sup> Prior Period Adjustment related to GASB 75.

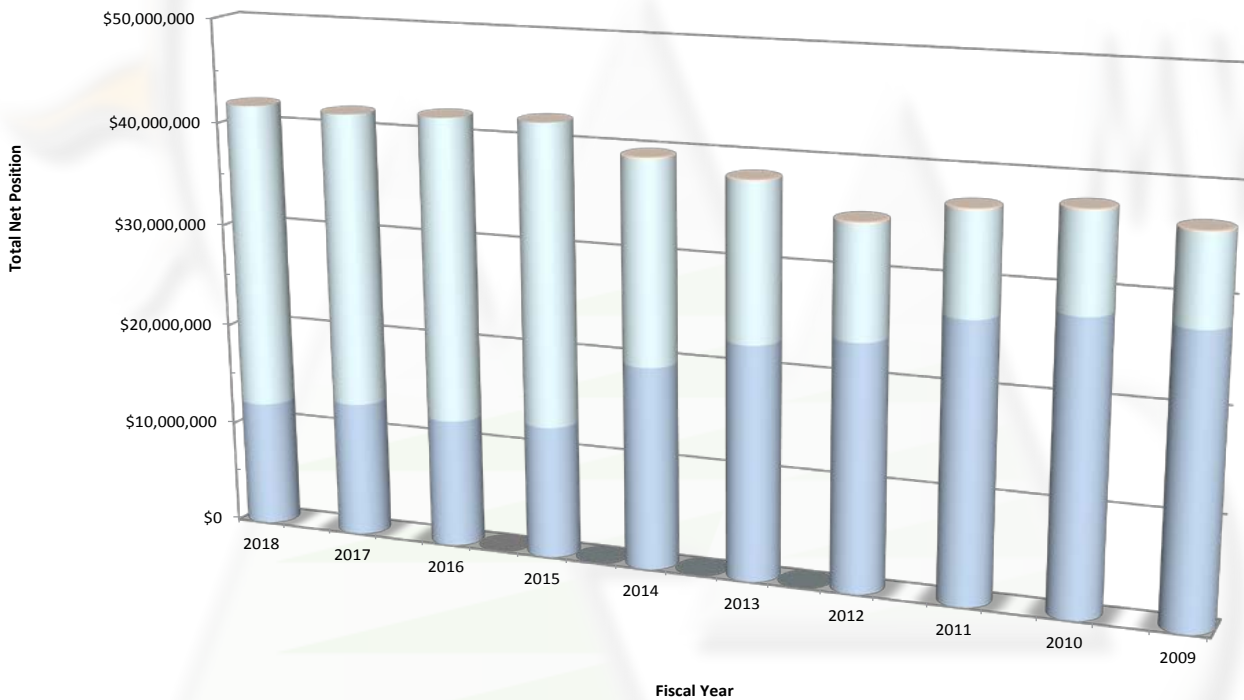
NOTE: Revenues and expenses in prior years may be reclassified to conform to current year presentation.

SOURCE: TVMWD - Finance Department

SCHEDULE 2

**Three Valleys Municipal Water District**  
 Changes in Net Position and Components of Net Position  
 Last Ten Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Net investment in capital assets</b>	\$ 29,558,377	\$ 28,369,643	\$ 29,354,853 <sup>1</sup>	\$ 29,078,712 <sup>1</sup>	\$ 19,483,706 <sup>1</sup>	\$ 15,073,992	\$ 10,791,926	\$ 9,747,308	\$ 9,288,517	\$ 8,406,471 <sup>1</sup>
<b>Restricted for debt service</b>	-	-	-	-	225,000	227,163	227,203	226,165	226,153	229,572
<b>Restricted for pensions</b>	341,101	338,096	-	-	-	-	-	-	-	-
<b>Unrestricted</b>	12,236,060	13,192,426	12,503,462	12,913,564	19,714,296	22,761,916	23,930,246	26,921,359	28,066,419	27,789,715
<b>Total Net Position</b>	\$ 42,135,538	\$ 41,900,165	\$ 41,858,315	\$ 41,992,276	\$ 39,423,002	\$ 38,063,071	\$ 34,949,375	\$ 36,894,832	\$ 37,581,089	\$ 36,425,758



<sup>1</sup> Increase due to significant increase in capital assets and construction in progress during fiscal year.

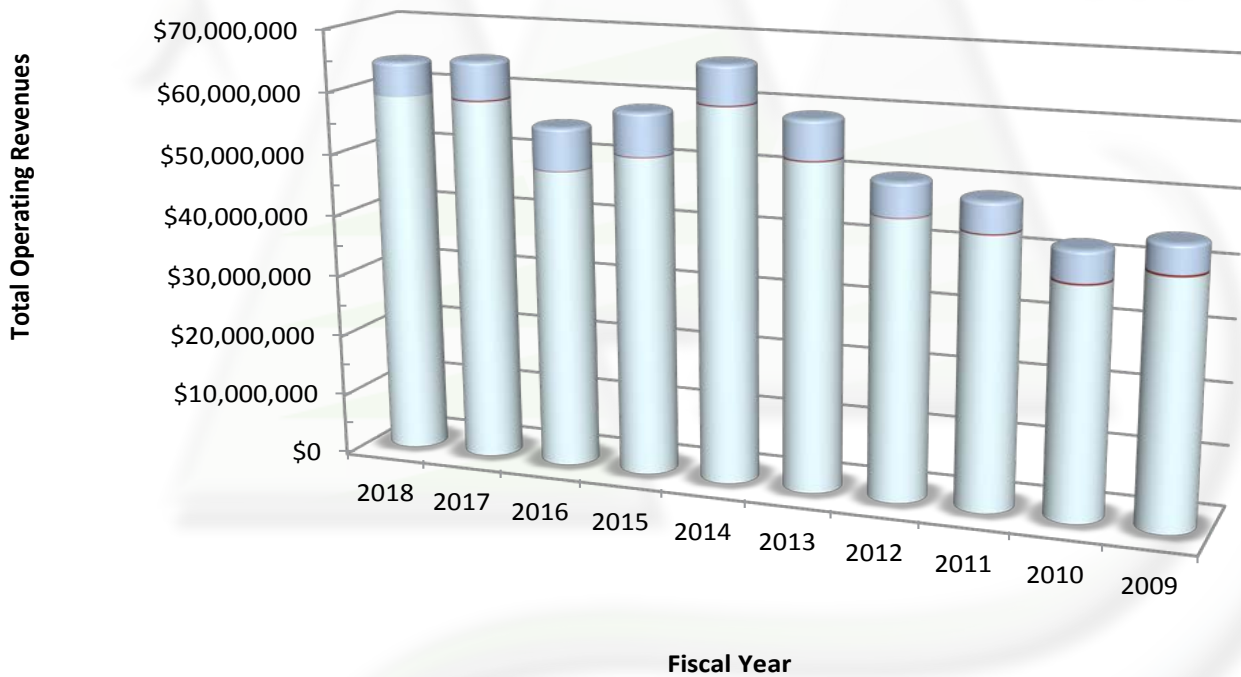
**NOTE:** Revenues and expenses in prior years may be reclassified to conform to current year presentation.

**SOURCE:** TVMWD - Finance Department

SCHEDULE 3

Three Valleys Municipal Water District  
 Operating Revenues by Source  
 Last Ten Fiscal Years

Fiscal Year	Water Sales <sup>1</sup>	Hydroelectric Sales	Water Use and Connection Charges	Total Operating Revenues
2018	\$ 58,728,537	\$ 23,870	\$ 5,499,472	\$ 64,251,879
2017	58,662,799	204,856	6,173,593	65,041,248
2016	48,374,543	98,142	6,914,533	55,387,218
2015	51,527,963	122,614	7,006,991	58,657,568
2014	60,281,711	190,561	6,287,667	66,759,939
2013	52,729,124	196,465	6,314,616	59,240,204
2012	45,097,918	117,593	5,450,097	50,665,608
2011	43,658,124	203,608	4,919,149	48,780,881
2010	37,256,856	281,703	5,009,053	42,547,612
2009	39,678,826	332,772	4,595,929	44,607,527



<sup>1</sup> Water sales will vary depending upon a variety of external factors beyond TVMWD's control such as rainfall, population growth and supply fluctuations.

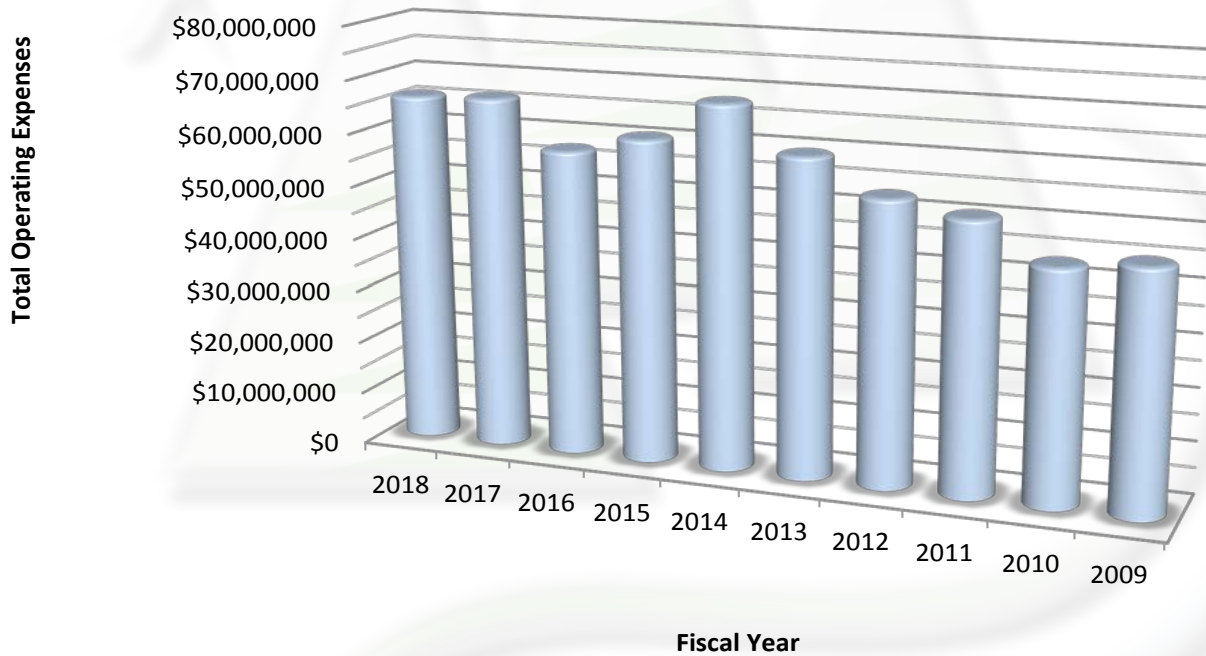
**NOTE:** Revenues and expenses in prior years may be reclassified to conform to current year presentation.

**SOURCE:** TVMWD - Finance Department

SCHEDULE 4

**Three Valleys Municipal Water District**  
 Operating Expenses by Activity  
 Last Ten Fiscal Years

Fiscal Year	Water Purchases <sup>1</sup>	Water Treatment and Distribution	Water Use and Connection	General and Administration	Depreciation	Total Operating Expenses
2018	\$ 52,987,129	\$ 2,891,079	\$ 4,887,541	\$ 3,928,897	\$ 1,578,054	\$ 66,272,700
2017	52,807,504	2,891,120	5,490,812	3,639,408	1,907,758	66,736,602
2016	43,514,064	2,543,649	6,323,886	3,304,582	2,223,976	57,910,157
2015	46,955,630	2,711,483	6,182,531	3,210,144	2,031,448	61,091,237
2014	55,401,389	2,648,714	5,254,027	3,347,977	1,894,716	68,546,823
2013	47,625,454	2,402,677	4,863,177	3,206,754	1,990,620	60,088,682
2012	41,371,120	2,316,509	4,645,695	3,377,341	1,928,138	53,638,802
2011	39,809,995	2,173,056	4,136,576	3,171,603	1,888,225	51,179,455
2010	33,442,860	2,084,430	3,512,201	3,021,927	1,874,511	43,935,929
2009	35,221,976	2,215,845	3,022,880	2,895,877	2,040,459	45,397,037



<sup>1</sup> Water purchases will vary depending upon a variety of external factors beyond TVMWD's control such as rainfall, population growth and supply fluctuations.

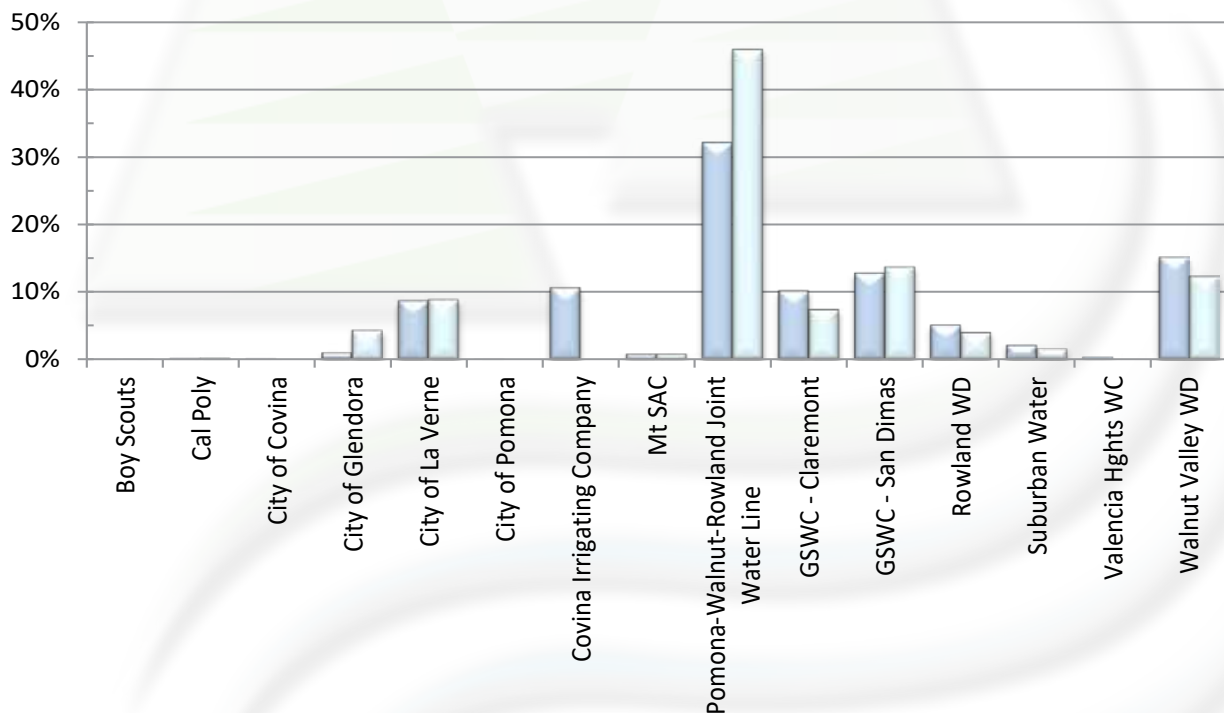
**NOTE:** Revenues and expenses in prior years may be reclassified to conform to current year presentation.

**SOURCE:** TVMWD - Finance Department

SCHEDULE 5

**Three Valleys Municipal Water District**  
 Principal Water Customers Changes in Past Ten Years  
 Current Fiscal Year and Nine Years Ago

<b>Member Agency</b>	<b>Acre Feet Sold FY 2018</b>	<b>Percentage of total</b>	<b>Acre Feet Sold FY 2009</b>	<b>Percentage of total</b>
Boy Scouts of America - Firestone Reservation	19	0.03%	64	0.10%
California State Polytechnic University, Pomona	101	0.16%	153	0.23%
City of Covina	63	0.10%	33	0.05%
City of Glendora	670	1.09%	2,906	4.38%
City of La Verne	5,366	8.75%	5,938	8.95%
City of Pomona	1	0.00%	-	0.00%
Covina Irrigating Company	6,582	10.72%	-	0.00%
Mt. San Antonio College	521	0.85%	569	0.86%
Pomona-Walnut-Rowland Joint Water Line	19,744	32.17%	30,531	46.03%
Golden State Water Company - Claremont	6,291	10.25%	4,970	7.49%
Golden State Water Company - San Dimas	7,907	12.88%	9,151	13.80%
Rowland Water District	3,168	5.16%	2,690	4.06%
Suburban Water Systems	1,344	2.19%	1,079	1.63%
Valencia Heights Water Company	236	0.39%	-	0.00%
Walnut Valley Water District	9,364	15.26%	8,239	12.42%
	<b>61,377</b>	<b>100.00%</b>	<b>66,323</b>	<b>100.00%</b>

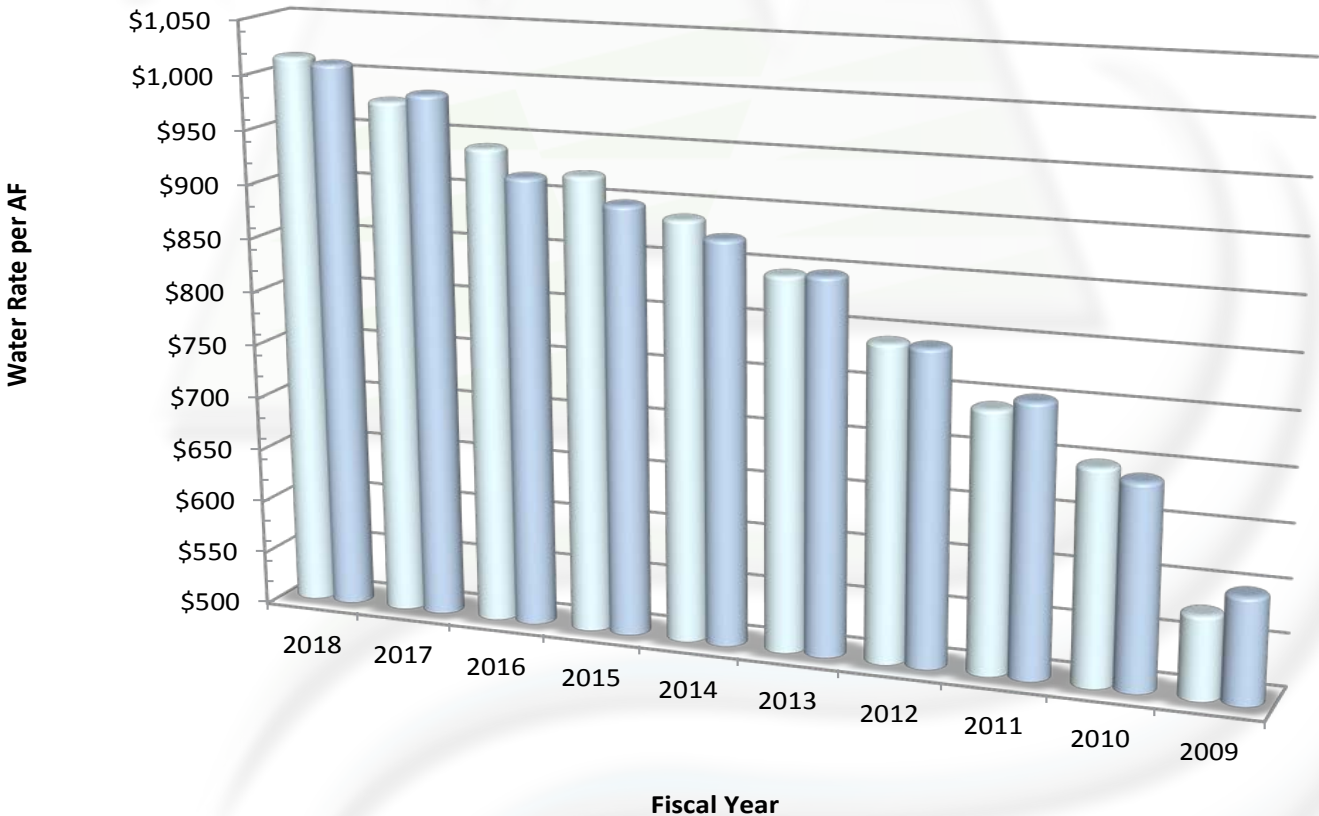


SOURCE: TVMWD - Finance Department

**SCHEDULE 6**

**Three Valleys Municipal Water District**  
**Water Rates for MWD and TVMWD Water Sold**  
**Last Ten Calendar Years**

<b>Calendar Year</b>	<b>MWD Water Rate</b>	<b>TVMWD Water Rate</b>
<b>2018</b>	<b>\$ 1,015</b>	<b>\$ 1,010</b>
<b>2017</b>	<b>979</b>	<b>987</b>
<b>2016</b>	<b>942</b>	<b>918</b>
<b>2015</b>	<b>923</b>	<b>899</b>
<b>2014</b>	<b>890</b>	<b>875</b>
<b>2013</b>	<b>847</b>	<b>849</b>
<b>2012</b>	<b>794</b>	<b>793</b>
<b>2011</b>	<b>744</b>	<b>754</b>
<b>2010</b>	<b>701</b>	<b>692</b>
<b>2009</b>	<b>579</b>	<b>600</b>



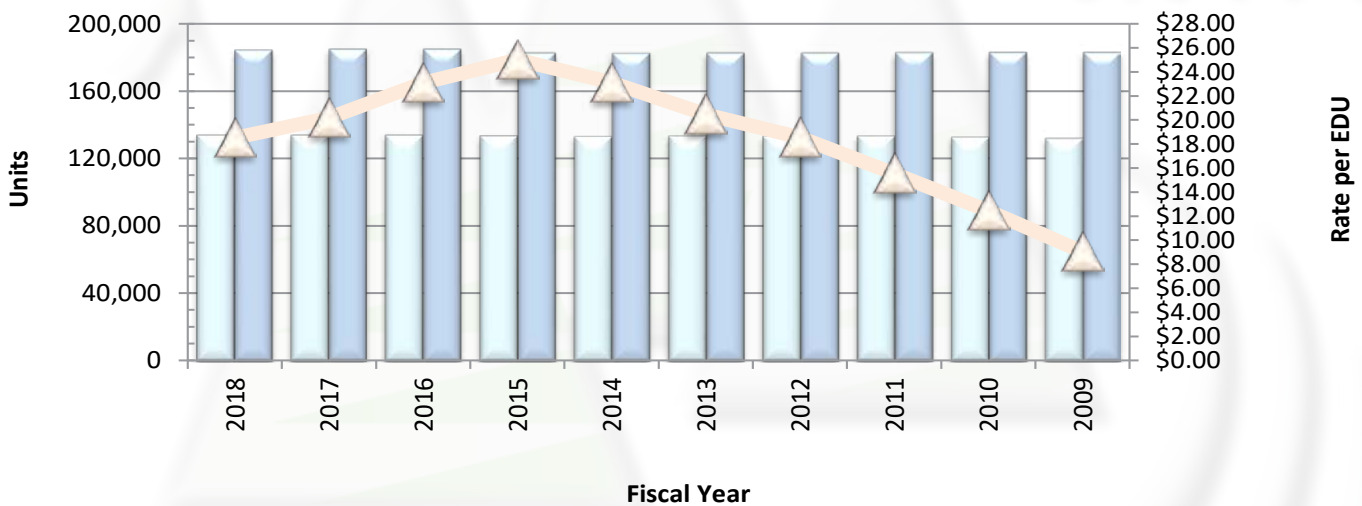
**Note:** All amounts are per acre foot.

**SOURCE:** TVMWD - Finance Department

SCHEDULE 7

**Three Valleys Municipal Water District**  
 Property Tax Rates per Equivalent Dwelling Unit (EDU)  
 Last Ten Fiscal Years

Fiscal Year	Parcels <sup>1</sup>	EDUs <sup>2</sup>	Rate per EDU <sup>3</sup>
2018	134,019	184,484.00	\$18.51
2017	133,986	185,153.00	\$20.16
2016	133,949	185,144.00	\$23.09
2015	133,653	182,768.00	\$25.02
2014	132,918	182,732.00	\$23.11
2013	133,421	182,902.00	\$20.46
2012	133,406	182,893.00	\$18.54
2011	133,428	183,118.00	\$15.55
2010	132,594	183,324.66	\$12.45
2009	132,041	183,236.00	\$9.04



<sup>1</sup> All parcels in service area including residential, commercial, vacant and industrial. Excluded parcels are public streets, right-of-ways, easements and public property.

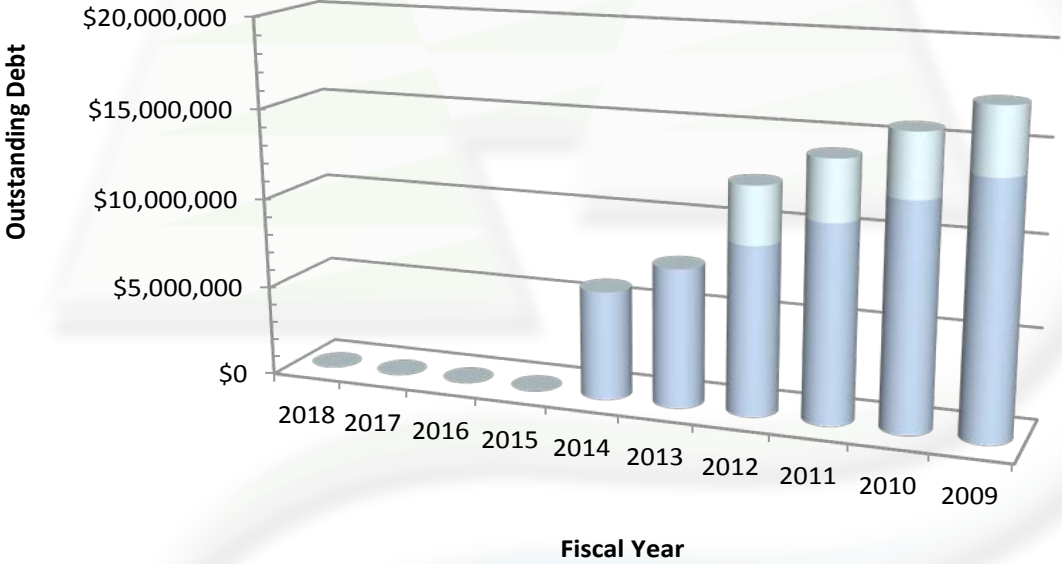
<sup>2</sup> EDUs are assigned to each parcel in proportion to the estimated benefit it receives from the availability of water service. A Single Family Residential parcel, the basic unit for calculating the Assessment, is defined as 1.0 EDU. Other land uses are assigned proportional EDUs.

<sup>3</sup> MWD imposed a Readiness to Serve (RTS) charge on TVMWD to pay for capital improvements at MWD. TVMWD adopted a Standby Charge to pass the RTS charge through, at cost, to property owners within its service area. In the years prior to FY 06/07, the Standby Charge rate per EDU remained unchanged, even though the District did not collect the full amount of its RTS obligation. In FY 06/07, TVMWD raised the rate per EDU to capture the entire cost of the RTS charge, and eliminated a monthly charge it had imposed on member agencies for the difference.

**SCHEDULE 8**

**Three Valleys Municipal Water District**  
 Ratio of Outstanding Debt  
 Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>Certificates of Participation</b>	<b>Installment Sales Agreement</b>	<b>Per Capita</b>	<b>Outstanding Debt as a Share of Personal Income</b>
2018	\$ -	\$ -	\$ -	0.00%
2017	-	-	-	0.00%
2016	-	-	-	0.00%
2015	-	-	-	0.00%
2014	6,000,000	-	11.77	0.02%
2013	7,654,353	-	15.06	0.03%
2012	9,266,129	3,167,070	24.54	0.05%
2011	10,817,903	3,306,356	27.95	0.06%
2010	12,324,678	3,438,978	31.29	0.07%
2009	13,761,453	3,565,257	34.49	0.08%



SOURCE: TVMWD - Finance Department

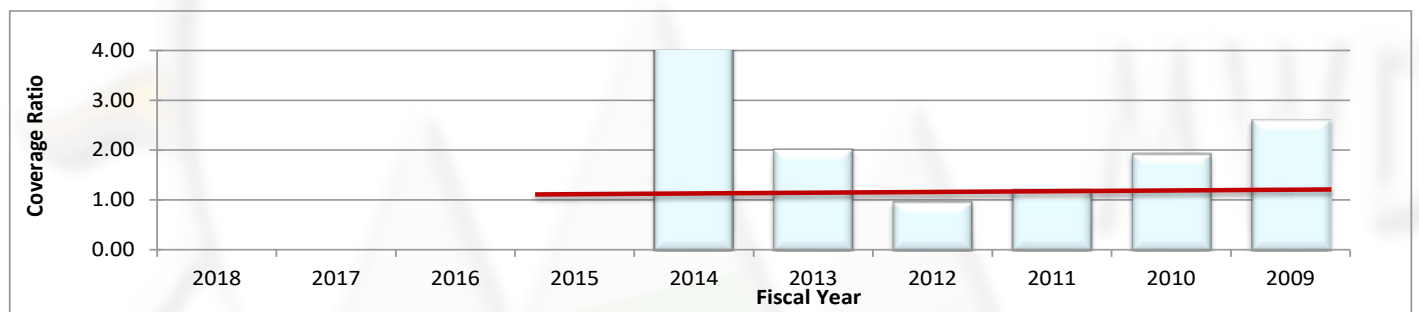


SCHEDULE 9

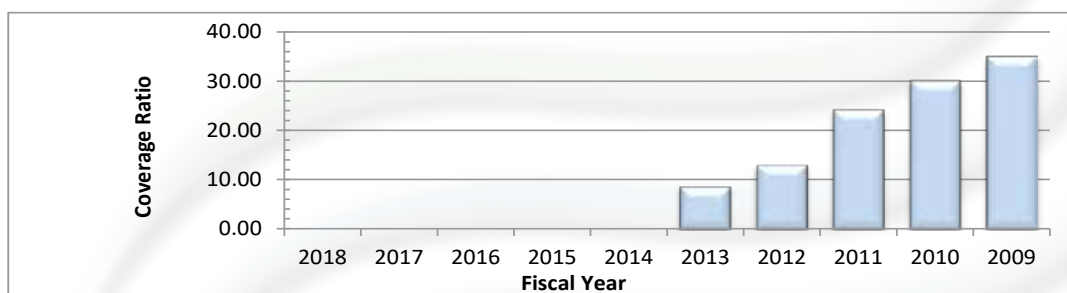
Three Valleys Municipal Water District  
Debt Coverage  
Last Ten Fiscal Years

2003 COP

Fiscal Year	Revenues <sup>1</sup>	Expenses <sup>2</sup>	Net Available Revenue	Debt Service		Total	Coverage Ratio <sup>3</sup>
				Principal	Interest		
2018	\$ 66,505,460	\$ 64,694,646	\$1,810,814	\$ -	\$ -	\$ -	0.00
2017	67,243,154	64,828,844	\$2,414,310	-	-	-	0.00
2016	57,668,990	55,692,302	\$1,976,687	-	-	-	0.00
2015	66,619,113	59,059,789	\$7,559,323	-	-	-	0.00
2014	69,716,076	66,652,107	\$3,063,969	-	29,787	29,787	102.86
2013	62,100,603	58,098,062	\$4,002,541	1,850,000	104,599	1,954,599	2.05
2012	53,590,604	51,710,665	\$1,879,939	1,735,000	166,310	1,901,310	0.99
2011	51,648,183	49,291,230	\$2,356,953	1,690,000	228,903	1,918,903	1.23
2010	45,772,767	42,061,418	\$3,711,349	1,620,000	285,699	1,905,699	1.95
2009	48,413,233	43,366,607	\$5,046,626	1,575,000	340,725	1,915,725	2.63



Fiscal Year	Unencumbered Cash and Cash Equivalents	Debt Service		Total	Coverage Ratio <sup>3</sup>
		Principal	Interest		
2018	1,803,767	\$ -	\$ -	\$ -	0.00
2017	5,068,989	-	-	-	0.00
2016	3,728,324	-	-	-	0.00
2015	2,315,773	-	-	-	0.00
2014	3,509,585	-	-	-	0.00
2013	2,643,326	146,289	156,269	302,558	8.74
2012	3,937,407	139,286	161,543	300,829	13.09
2011	7,356,510	132,622	169,936	302,558	24.31
2010	9,072,259	126,279	174,712	300,991	30.14
2009	10,609,613	120,244	182,314	302,558	35.07



<sup>1</sup> Revenues include operating and non-operating revenues less GSWC interest payments.

<sup>2</sup> Expenses include operating and non-operating expenses less depreciation, amortization and interest.

<sup>3</sup> Bond covenant debt coverage ratio of 1.15 is now 0 because debt has been fully repaid.

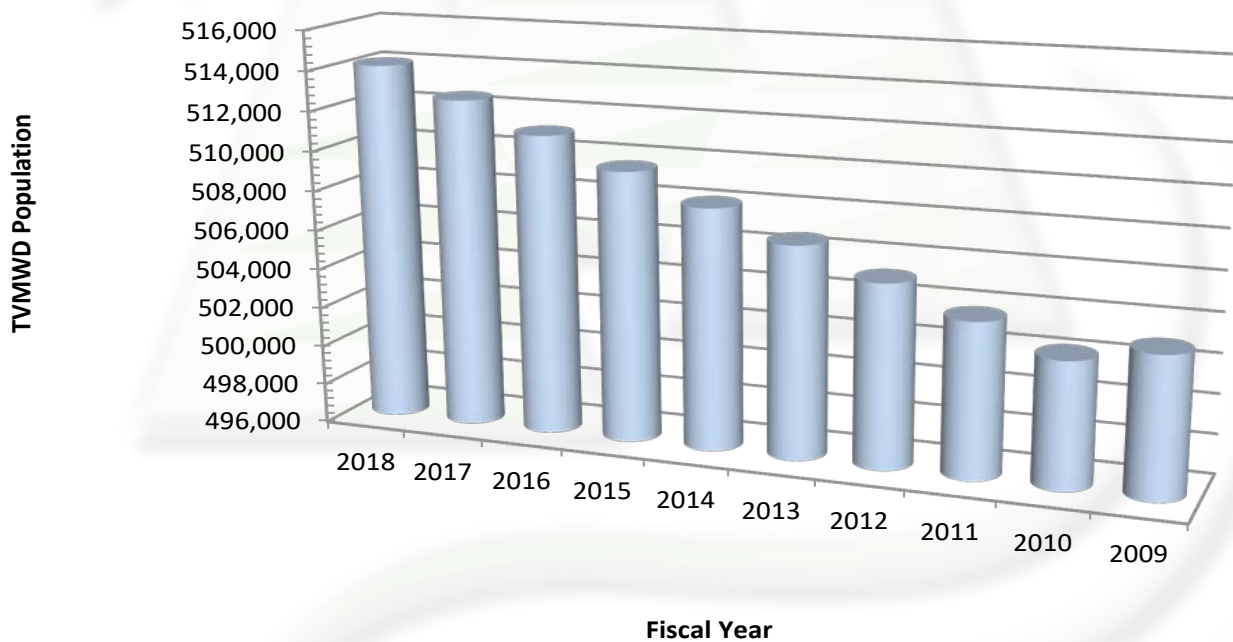
NOTE: Revenues and expenses in prior years may be reclassified to conform to current year presentation.

SOURCE: TVMWD - Finance Department

SCHEDULE 10

Three Valleys Municipal Water District  
Demographic and Economic Statistics  
Last Ten Fiscal Years

Fiscal Year	TVMWD Population Estimate <sup>1</sup>	County of Los Angeles			
		Unemployment Rate	Population	Personal Income (in thousands)	Personal Income per Capita
2018	514,089	4.9%	10,370,000	610,022,000	59,041
2017	512,607	5.0%	10,300,000	587,755,000	57,168
2016	511,129	5.1%	10,253,500	545,100,000	54,577
2015	509,655	6.7%	10,192,400	521,900,000	53,521
2014	508,186	8.2%	10,123,700	499,200,000	50,730
2013	506,721	9.7%	10,056,400	478,400,000	48,140
2012	505,260	10.9%	9,946,900	475,900,000	48,818
2011	503,803	12.2%	9,902,600	441,700,000	45,969
2010	502,351	12.5%	9,839,400	418,000,000	42,540
2009	503,077	11.6%	9,805,200	408,300,000	41,714



<sup>1</sup> Population estimate is based on TVMWD's population report for year 2010; the estimate is a percentage of the increase projected for the County of Los Angeles.

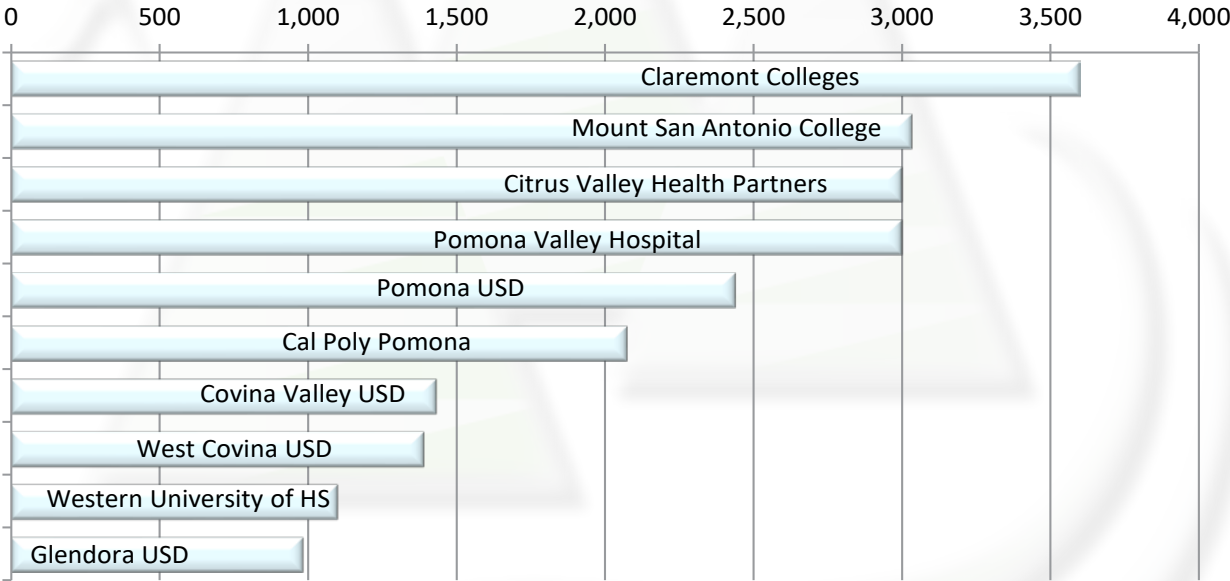
**NOTE:** Certain economic indicators such as unemployment rate and personal income are not calculated separately for TVMWD. Therefore, TVMWD has chosen to use the County of Los Angeles data, which is representative of the conditions and experiences of TVMWD.

**SOURCES:** LAEDC 2017-2018 Economic Forecast and Industry Outlook

SCHEDULE 11

Three Valleys Municipal Water District  
Principal Employers  
Calendar Year 2018

Rank	Employer	Number of Employees	Percentage of Total Employment
1	Claremont Colleges	3,600	1.8%
2	Pomona Unified School District	3,034	1.6%
3	Citrus Valley Health Partners	3,000	1.5%
4	Pomona Valley Hospital	3,000	1.5%
5	Cal State Polytechnic University Pomona	2,440	1.3%
6	Mount San Antonio College	2,075	1.1%
7	West Covina Unified School District	1,433	0.7%
8	Covina Valley Unified School District	1,391	0.7%
9	Western University of Health Sciences	1,100	0.6%
10	Glendora Unified School District	984	0.5%



**NOTE:** Principal Employers data for the fiscal year ended nine years prior is not available.

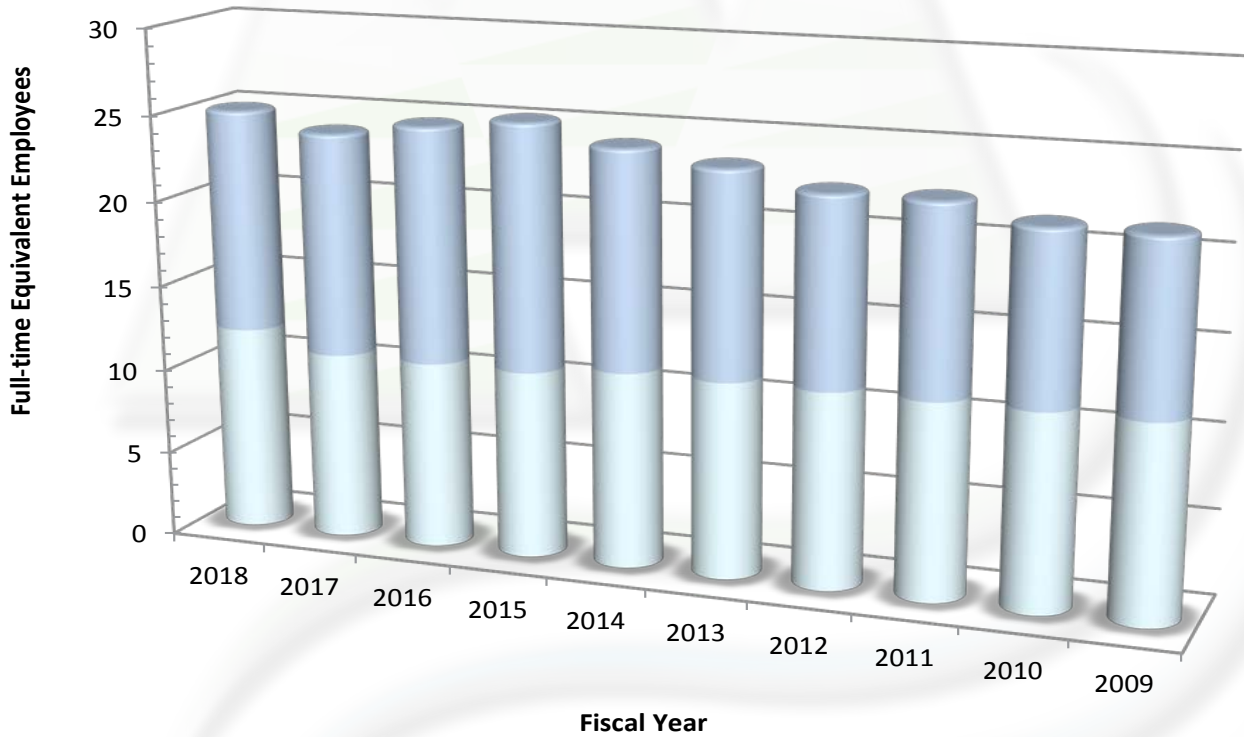
**NOTE:** The percentage of total employment is based on an estimate of 195,000 jobs in TVMWD's area.

**SOURCE:** City websites served by TVMWD

**SCHEDULE 12**

**Three Valleys Municipal Water District  
Personnel Trends  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Full-time Equivalent Employees by Department</b>		
	<b>Administration</b>	<b>Operations</b>	<b>TOTAL</b>
2018	12.00	13.00	25.00
2017	11.00	13.00	24.00
2016	11.00	13.75	24.75
2015	11.00	14.33	25.33
2014	11.50	12.75	24.25
2013	11.50	12.00	23.50
2012	11.50	11.00	22.50
2011	11.50	11.00	22.50
2010	11.50	10.00	21.50
2009	11.50	10.00	21.50

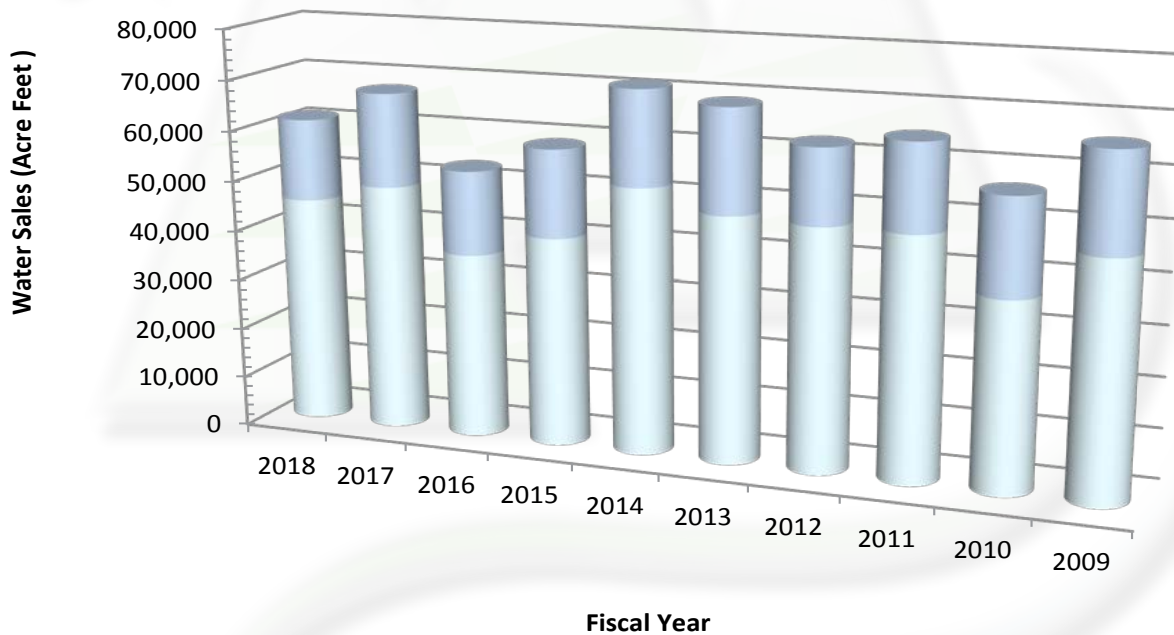


SOURCE: TVMWD - Finance Department

SCHEDULE 13

Three Valleys Municipal Water District  
Water Sales in Acre Feet  
Last Ten Fiscal Years

Fiscal Year	Total MWD acre feet sold	Total Miramar acre feet sold	Total acre feet sold
2018	45,186	16,191	61,377
2017	49,013	18,591	67,604
2016	36,739	16,710	53,449
2015	41,512	17,458	58,970
2014	52,718	18,791	71,509
2013	48,659	20,508	69,167
2012	47,985	14,870	62,855
2011	47,952	17,096	65,048
2010	37,487	18,980	56,467
2009	46,596	19,419	66,015



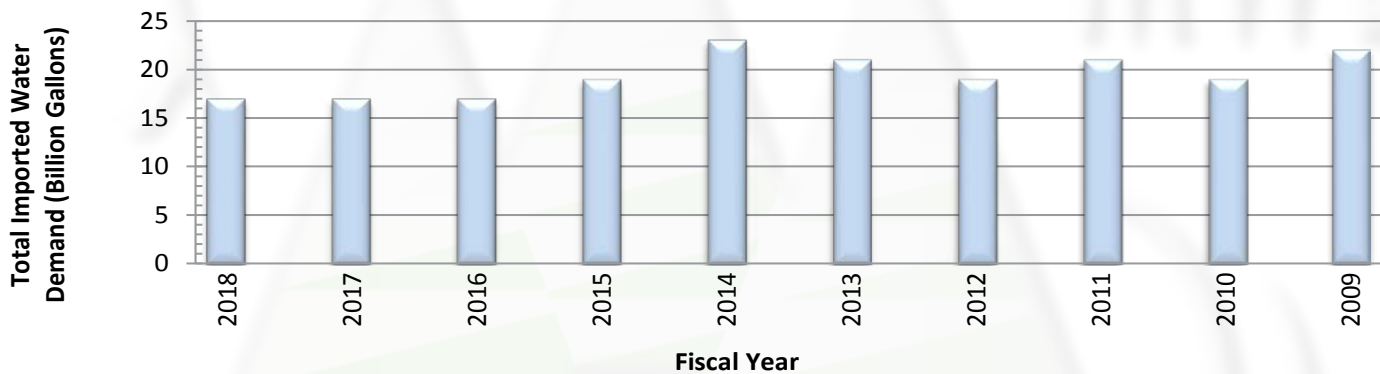
**Note:** Water Sales will vary depending upon a variety of external factors beyond TVMWD's control such as rainfall, population growth and supply fluctuations.

**SOURCE:** TVMWD - Finance Department

SCHEDULE 14

**Three Valleys Municipal Water District**  
Miscellaneous Operating Statistics  
Last Ten Fiscal Years

	FISCAL YEAR									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>TVMWD's SERVICE AREA:</b>										
Number of member agencies	13	13	13	13	13	13	13	13	13	13
Number of cities/communities	16	16	16	16	16	16	16	16	16	16
Approximate Area (in square miles)	133	133	133	133	133	133	133	133	133	133
Number of connections (imported)	20	20	20	20	20	20	20	20	20	20
System capacity										
Imported (Acre-feet)	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000
Imported (Billion gallons)	26	26	26	26	26	26	26	26	26	26
Local(Acre-feet)	70,600	70,600	70,600	70,600	70,600	70,600	70,600	70,600	70,600	70,600
Local (Billion gallons)	23	23	23	23	23	23	23	23	23	23
Water Demand										
Imported (Acre-feet)	51,660	51,660	51,600	57,116	70,061	64,858	59,471	64,193	55,737	66,015
<b>Imported (Billion gallons)</b>	<b>17</b>	<b>17</b>	<b>17</b>	<b>19</b>	<b>23</b>	<b>21</b>	<b>19</b>	<b>21</b>	<b>19</b>	<b>22</b>
Local (Acre-feet)	40,629	40,629	46,033	52,935	66,484	55,957	55,643	57,301	52,426	43,260
Local (Billion gallons)	13	13	15	17	22	18	18	19	17	14
Total water demand	92,289	92,289	97,633	110,051	136,545	120,815	115,114	121,494	108,163	109,275



	FISCAL YEAR									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>MIRAMAR WATER AND HYDROELECTRIC FACILITIES:</b>										
Length of pipeline (in miles)	10	10	10	10	10	10	10	10	10	10
Annual production (Acre-feet)	18,510	18,510	16,710	17,458	18,791	20,508	14,870	17,096	18,980	19,419
Annual production (billion gallons)	6	6	5	6	6	7	5	6	7	7
Number of connections	13	13	13	12	12	12	12	12	12	12
Hydroelectric Facilities										
Number of generating stations	5	5	5	3	3	3	3	3	3	3

SOURCE: TVMWD - Finance Department

## ACRONYMS AND ABBREVIATIONS

- ACWA/JPIA – Association of California Water Agencies /Joint Power Insurance Authority
- AF – Acre-Feet
- AFY – Acre-Feet per Year
- CAFR – Comprehensive Annual Financial Report
- CalPERS – California Public Employees Retirement System
- CRA – Colorado River Aqueduct
- DWR – Department of Water Resources
- EDU – Equivalent Dwelling Unit
- FY – Fiscal Year
- GASB – Governmental Accounting Standards Board
- GDP – Gross Domestic Product
- GFOA – Government Finance Officers Association
- GSWC – Golden State Water Company
- JWL – Joint Water Line
- LAEDC – Los Angeles County Economic Development Corporation
- LAIF – Local Agency Investment Fund
- MWD – Metropolitan Water District of Southern California
- NRSROs – Nationally Recognized Statistical Rating Organizations
- OPEB – Other Post-Employment Benefits
- PERL – Public Employees' Retirement Law
- RTS – Readiness-to-Serve
- S&P – Standard & Poor's
- SCADA – Supervisory Control and Data Acquisition
- SCE – Southern California Edison
- SDLF – Special District Leadership Foundation
- SEC – Securities and Exchange Commission
- SGV-COG – San Gabriel Valley Council of Governments
- SGVMWD – San Gabriel Valley Municipal Water District
- SWP – State Water Project
- TVMWD – Three Valleys Municipal Water District
- WVWD – Walnut Valley Water District



# EVENTS AND ACTIVITIES





# Item 8.C



**THREE VALLEYS MUNICIPAL WATER DISTRICT**  
**1021 EAST MIRAMAR AVENUE**  
**CLAREMONT, CALIFORNIA 91711-2052**

**PHONE: (909) 621-5568**  
**FAX: (909) 625-5470**

**[www.threevalleys.com](http://www.threevalleys.com)**





Staff Report/Memorandum

To: TVMWD Board of Directors
From: Richard W. Hansen, General Manager
Date: October 17, 2018
Subject: Instrumentation/Electrical System Operator

Form with checkboxes for 'For Action', 'Fiscal Impact', 'Funds Budgeted', 'Information Only', and 'Cost Estimate: \$'.

Requested Action:

Board approval to include the Instrumentation/Electrical System Operator position on the enclosed TVMWD organizational chart and salary schedule.

Background:

TVMWD has had a valuable relationship with Prime Systems over many years to perform SCADA system installation, programming, and maintenance. We expect this relationship to continue, however staff has identified the value of including an employee that can perform various duties associated with electrical systems, along with some of the Supervisory Control and Data Acquisition (SCADA) tasks currently assigned to Prime Systems.

Discussion:

Staff has an impending retirement this month of a water treatment shift operator. Staff is recommending an instrumentation/electrical system operator full time position to replace this upcoming vacancy and expand in-house capabilities - ultimately saving on consulting costs. Recruitment will commence upon Board approval and the position is expected to be filled by the beginning of 2019.

This change would have no impact on the total number of staff and would ultimately result in a reduction of the FY 18/19 budget.

Strategic Plan Objective(s):

- 2.4 - Evaluate short-term and long-term workforce needs to achieve optimal efficiency and cost effectiveness with sacrificing employee morale or productivity
3.3 - Be accountable and transparent with major decisions



## Three Valleys Municipal Water District Job Classification

**Title: INSTRUMENTATION / ELECTRICAL SYSTEM OPERATOR**

**Status: Non-Exempt**

**Monthly Salary Range: \$5,603 – 8,965**

### **Summary**

Under limited supervision, performs a variety of skilled duties including, but not limited to design, construction, installation, modification, maintenance and repair of electrical and electronic circuits including machinery, motors, instrumentation, plant control system components and related devices. Monitors electrical equipment and system for operating condition and performance, including predictive and advanced diagnostic testing, calibration, preventive and corrective electrical maintenance used in the operation and maintenance of the District's water system including water treatment plants, pipeline transmission systems, hydroelectric facilities, water quality laboratory and related facilities and equipment.

### **Supervision Received and Exercised**

- Reports to the Operations Supervisors
- More experienced staff may exercise functional and technical supervision over less experienced operations staff

### **Essential Functions**

#### ***Maintenance:***

- Operates valves, gates, pumps, motors and generators in controlling treatment processes
- Monitors chemical supplies; accepts chemical deliveries; changes chemical cylinders and storage drums as required
- Inspects transmission pipeline for leaks and potential hazards; inspects hydroelectric units for proper operation, power and efficiency and records control panel readings
- Performs preventive maintenance, including cleaning and lubricating plant equipment, pump stations and hydroelectric stations
- Makes emergency repairs to plant equipment; records failures of and problems with equipment and writes repair work orders

#### ***Electrical & Instrumentation:***

- Designs, modifies and changes control systems; programs equipment used for water blending, changes set points and other system parameters, and performs PLC programming to change control logic on a permanent or temporary basis

- Tests, troubleshoots, calibrates, repairs and performs preventive maintenance on a variety of industrial electrical and electronic systems, components and devices
- Performs daily electrical/electronic preventive maintenance and repair of the District's water systems, motor controls, programmable logic controllers, industrial networking hardware, turbidity meters, electronic flow meters, pH meters, chlorine analyzers, automatic chemical and chlorination equipment, and other associated instrumentation
- Installs conduits, wires, pull boxes, switchboards, controllers and switches required in making additions, extensions or alterations in industrial electrical systems
- Estimates time, materials and equipment needed for jobs assigned; requisitions materials and works with outside contractors and vendors used to provide instrumentation services or materials
- Reads and interprets a variety of technical manuals, charts, schematics, blueprints and gauges to troubleshoot instrumentation equipment
- Uses, operates and maintains electronic test equipment, computer hardware and software associated with the testing and adjusting of equipment
- Participates in discussions and research relating to the acquisition, upgrading and installation of new or modified telemetry and electronic control systems and equipment
- Provides technical assistance and advice to other District staff in connection with the operation of computerized telemetry equipment and other electrical or electronic systems
- Works safely with a variety of voltages from 12VDC to 480VAC, including UPS power supplies
- Observes safe work methods and safety practices related to work and complies with current electrical safety standards and practices

### **Qualification Requirements**

To perform this job successfully, an individual must be able to perform each essential duty satisfactorily. The requirements listed below are representative of the background, knowledge, skill or ability required. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

#### ***Knowledge of:***

- Theory, principles, hardware, testing equipment and procedures common to the repair and maintenance of electronic devices and electrical systems
- Operational characteristics of telemetry equipment, meters, controls, treatment plant instruments, and other electrical/electronic equipment
- Programmable Logic Controllers (PLC) programming theory for testing, troubleshooting and repairs of PLC components and highway systems
- Methods and techniques used to diagnose operational defects in telemetry systems
- Hazards involved in working on energized equipment and the proper safety precautions to use
- Principles of preventive maintenance governing electrical/electronic systems
- Pertinent Federal, State and local laws and regulations, including electrical codes
- Instrumentation calibration and adjustment procedures

- Operational use of a personal computer and related software including common Microsoft business computer applications such as Word, Excel, Outlook and the Internet
- Materials, methods, equipment and procedures for the operation and maintenance of water treatment facilities, transmission systems, hydroelectric facilities and water quality laboratory
- Functions and purposes of water purification systems
- Standard principles of and mathematics as related to water purification treatment
- Occupational hazards, standard safety practices
- Principles and procedures of record keeping and basic report preparation techniques

***Ability to:***

- Use control logic software, including Wonderware, to program SCADA system and associated programmable logic controllers (PLCs)
- Use electrical and electronic test equipment, hand and power tools, and equipment
- Operate machinery and equipment utilized in the water treatment facilities, transmission systems, and hydroelectric stations
- Make routine adjustments to telemetry equipment, motors, pumps and other equipment
- Read meters and gauges correctly
- Make necessary documentation and act quickly and competently; maintain records and compile data into written logs and reports
- Recognize and react to treatment process changes and demands
- Recognize and troubleshoot mechanical problems
- Communicate clearly and concisely, both orally and in writing
- Work effectively with a diversity of individuals, personalities, and organizations
- Demonstrate initiative, task-orientation and follow-through in the approach to and completion of assignments
- Comply with District policies and safety requirements
- Be on-call and respond to emergencies as required

**Education and Experience**

The ideal Instrumentation/Electrical System Operator will possess a combination of education and experience equivalent to:

- Two years of experience in a water treatment facility or like facility with SCADA automation
- Completion of the twelfth grade, supplemented by specialized training in the electrical field
- Programming experience with SCADA/PLC (supervisory control and data acquisition)
- Wonderware software experience is preferred
- Completion of an electrical apprenticeship program approved by the State of California or equivalent certification is desirable

**Physical Demands and Working Conditions**

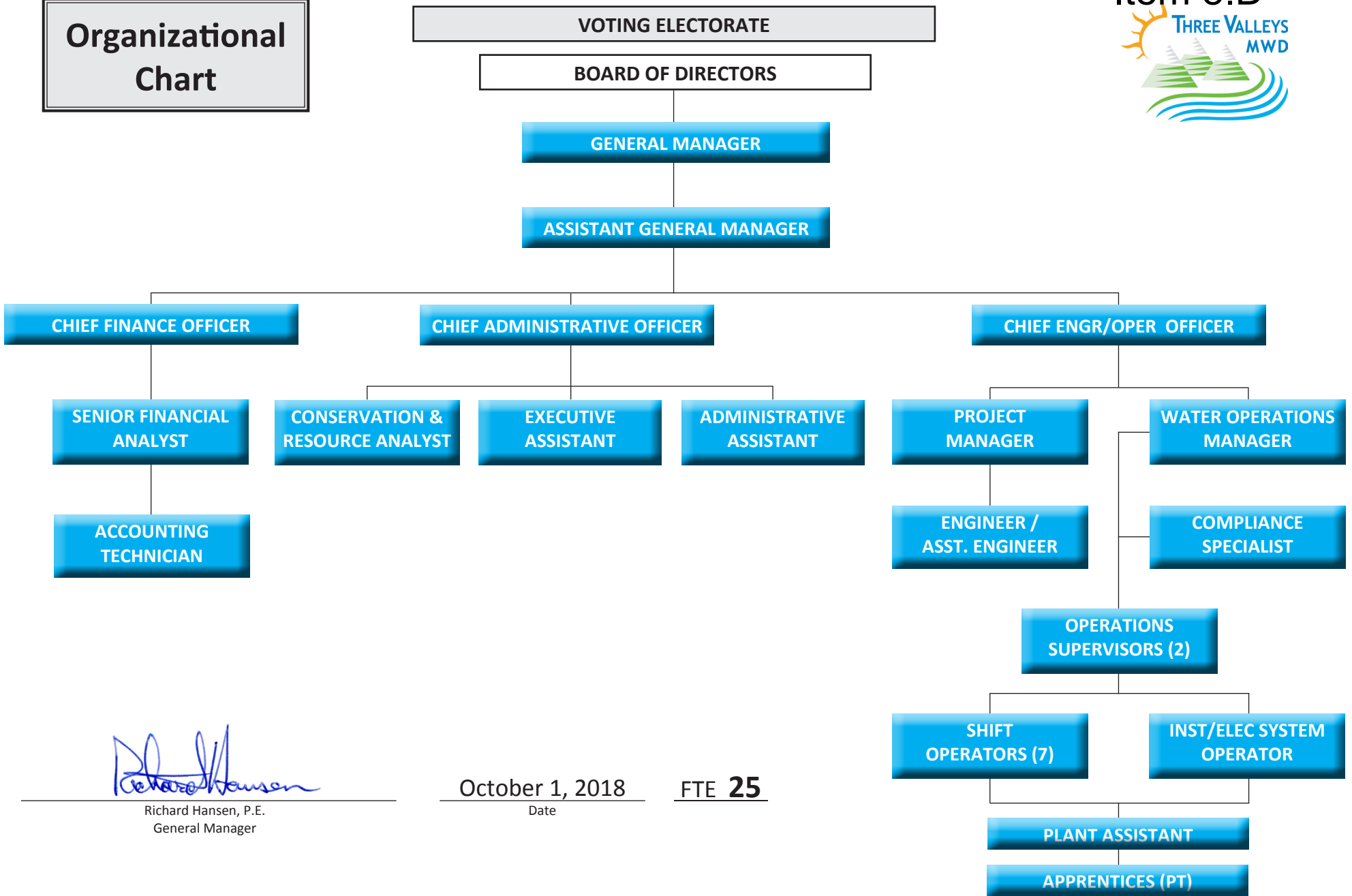
Requires ability to receive, understand, and act upon verbal and written communication from others, and to communicate to others. Requires ability to distinguish between colors. Requires ability to use hands and fingers to handle or feel objects, tools, or controls; to reach with hands and arms; to sit, stand and climb (ladder); and to talk and hear. The work may regularly require lifting supplies and/or equipment weighing up to 25 pounds and occasionally lifting approximately 55 pounds.

Requires working with and handling hazardous chemicals; use of respiration equipment and the manual operation of heavy equipment. Valid certification to use and wear a respirator must be obtained from the District's designated occupational physician within twelve months of hire.

**Certificates, Licenses and Registrations**

- Must have and maintain a current California (Class C) driver's license.
- Electrical certification desirable

**Organizational  
Chart**




Richard Hansen, P.E.  
General Manager

October 1, 2018  
Date

FTE **25**



**THREE VALLEYS MUNICIPAL WATER DISTRICT  
ANNUAL SALARY RANGE BY CLASSIFICATION  
Effective: November 1, 2018**

CLASSIFICATION	Miniumum Salary Range	Maximum Salary Range
ACCOUNTING TECHNICIAN	\$ 48,127	\$ 77,003
ADMINISTRATIVE ASSISTANT	\$ 44,483	\$ 71,172
ASSISTANT GENERAL MANAGER	\$ 128,426	\$ 205,481
CHIEF ADMINISTRATIVE OFFICER	\$ 135,235	\$ 216,376
CHIEF ENGINEER/OPERATIONS OFFICER	\$ 135,235	\$ 216,376
CHIEF FINANCE OFFICER	\$ 135,235	\$ 216,376
COMPLIANCE SPECIALIST	\$ 63,112	\$ 100,980
CONSERVATION & RESOURCE ANALYST	\$ 74,503	\$ 119,205
ENGINEER	\$ 75,117	\$ 120,187
EXECUTIVE ASSISTANT	\$ 55,419	\$ 88,671
GENERAL MANAGER	\$ 275,000	\$ 275,000
INSTRUMENTATION/ELECTRICAL SYSTEM OPERATOR	\$ 67,234	\$ 107,575
OPERATIONS SUPERVISOR	\$ 79,519	\$ 127,231
PLANT ASSISTANT	\$ 38,678	\$ 61,884
PROJECT MANAGER	\$ 98,622	\$ 157,795
SENIOR FINANCIAL ANALYST	\$ 74,317	\$ 118,908
SHIFT OPERATOR II	\$ 47,603	\$ 76,164
SHIFT OPERATOR III	\$ 58,588	\$ 93,740
SHIFT OPERATOR IV	\$ 64,648	\$ 103,437
SHIFT OPERATOR V	\$ 67,234	\$ 107,575
WATER OPERATIONS MANAGER	\$ 104,410	\$ 167,056

Based on Board approval, an adjustment to each salary range classification will be considered for July 1 of each year. Range adjustments are tied to changes in the Consumer Price Index - Urban Wage Earners and Clerical Workers for Los Angeles-Riverside-Orange County (CWURA421SA0) as prepared by the Bureau of Labor Statistics, from current year annual to the prior year annual. The adjustment to each salary range is intended to keep TVMWD's salary ranges at the market level and may not necessarily impact individual salaries. The opportunity for individual salary increases will continue under the merit-based system employed by TVMWD. An important note is that an employee's annual salary may be below the minimum salary range if: (1) their annual evaluation has not yet occurred in the current fiscal year or (2) their performance documented in prior annual evaluations has not merited an increase that has kept up with index adjustments to the salary ranges.

**Shift Differential Pay**

- Shift operators and plant assistants who work at times other than dayshift (7 AM to 3 PM) will be compensated with 10% additional pay for those hours.
- Shift differential pay is considered special compensation and will be reported to CalPERS as such.

**Standby Pay**

- Shift operators who serve in an on-call capacity will be paid \$35 per day (\$70 on holidays).
- One operator will be designated to serve in this role every day (weekdays and weekends).
- The on-call operator must be available on his designated day to return to the plant within 30 minutes of receiving a call, ready for work as in any other instance. If the on-call operator is unable to return to work, he is responsible for locating a substitute operator. The substitute operator will receive the \$35 standby pay.
- In addition to receiving the \$35 per day, the on-call operator will be paid for the additional time spent responding to the situation.
  - If responding by phone only, the on-call operator will be guaranteed at least 15 minutes of additional pay. All time over 15 minutes will be rounded up to the nearest 15 minute increment.
  - If responding in person, the on-call operator will be guaranteed at least two hours of additional pay. All time over two hours will be rounded up to the nearest 15 minute increment.
  - Operators will be eligible for OT and shift differential pay as applicable for time spent responding.
- Standby pay is not considered special compensation and thus will not be included as a part of final compensation in calculating CalPERS pension.

**Holiday Pay**

- Any employee scheduled who works on either the actual holiday or the observed holiday will be paid at one and one-half times the employee's regular rate of pay. Since the employee is working the holiday, the employee will also be paid an additional eight hours at regular pay for that holiday.