



**SANTA CLARITA VALLEY WATER AGENCY
REGULAR BOARD MEETING
AGENDA
27234 BOUQUET CANYON ROAD
SANTA CLARITA, CA 91350
RIO VISTA WATER TREATMENT PLANT BOARDROOM
TUESDAY, APRIL 2, 2019 AT 6:30 PM**

6:00 PM DISCOVERY ROOM OPEN TO PUBLIC

Dinner for Directors and staff in the Discovery Room
There will be no discussion of Agency business taking place prior to the
Call to Order at 6:30 PM.

OPEN SESSION BEGINS AT 6:30 PM

1. **CALL TO ORDER**
2. **PLEDGE OF ALLEGIANCE**
3. **PUBLIC COMMENTS** – Members of the public may comment as to items not on the Agenda at this time. Members of the public wishing to comment on items covered in this Agenda may do so now or prior to each item as they arise. Please complete and return a comment request form to the Agency Board Secretary. (Comments may, at the discretion of the Board's presiding officer, be limited to three minutes for each speaker.) Members of the public wishing to comment on items covered in Closed Session before they are considered by the Board must request to make comment at the commencement of the meeting at 6:30 PM.
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13. DIRECTOR REQUESTS FOR APPROVAL FOR EVENT ATTENDANCE

14. REQUEST FOR FUTURE AGENDA ITEMS

15. ADJOURNMENT

- * Indicates Attachment
- ◆ Indicates Handout

Note: The Board reserves the right to discuss or take action or both on all of the above agenda items.

NOTICES

Any person may make a request for a disability-related modification or accommodation needed for that person to be able to participate in the public meeting by telephoning (661) 297-1600, or writing to Santa Clarita Valley Water Agency at 27234 Bouquet Canyon Road, Santa Clarita, CA 91350. Requests must specify the nature of the disability and the type of accommodation requested. A telephone number or other contact information should be included so that Agency staff may discuss appropriate arrangements. Persons requesting a disability-related accommodation should make the request with adequate time before the meeting for the Agency to provide the requested accommodation.

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Pursuant to Government Code Section 54957.5, non-exempt public records that relate to open session agenda items and are distributed to a majority of the Board less than seventy-two (72) hours prior to the meeting will be available for public inspection at the Santa Clarita Valley Water Agency, located at 27234 Bouquet Canyon Road, Santa Clarita, California 91350, during regular business hours. When practical, these public records will also be made available on the Agency's Internet Website, accessible at <http://www.yourscvwater.com>.

Posted on March 27, 2019.

M65

Minutes of the Regular Meeting of the Board of Directors of the Santa Clarita Valley Water Agency – March 5, 2019

A regular meeting of the Board of Directors of the Santa Clarita Valley Water Agency was held at the Santa Clarita Valley Water Agency, 27234 Bouquet Canyon Road, Santa Clarita, CA 91350, at 6:30 PM on Tuesday, March 5, 2019. A copy of the Agenda is inserted in the Minute Book of the Agency preceding these minutes.

DIRECTORS PRESENT: B. J. Atkins, Tom Campbell, William Cooper, Robert DiPrimio, Jerry Gladbach, Maria Gutzeit, R. J. Kelly, Gary Martin, Dan Mortensen and Lynne Plambeck.

DIRECTORS ABSENT: Dante Acosta, Ed Colley and Kathy Colley.

Also present: Matthew Stone, General Manager; Joseph Byrne and Tom Bunn, General Counsel; April Jacobs, Board Secretary; Steve Cole, Assistant General Manager; Eric Campbell, Chief Financial and Administrative Officer; Keith Abercrombie, Chief Operating Officer; Brian Folsom, Chief Engineer; Rochelle Patterson, Director of Finance and Administration; Dirk Marks, Director of Water Resources; Jim Leserman, Senior Engineer; Sarah Fleury, Associate Water Resources Planner; Kathie Martin, Public Information Officer; Cheryl Fowler, Administrative Analyst; Rene Ponce, IT Technician; Terri Bell, Administrative Assistant; Jennifer Saldivar, Vali-Cooper and Associates; Fred Fudacz, Nossaman, LLP; and members of the public.

President Cooper called the meeting to order at 6:33 PM. A quorum was present.

Upon motion of Director Gladbach, seconded by Director Atkins and carried, the Agenda was approved by the following electronic votes (Item 4):

Director Acosta	Absent	Director Atkins	Yes
Director Campbell	Yes	Director E. Colley	Absent
Director K. Colley	Absent	President Cooper	Yes
Director DiPrimio	Yes	Director Gladbach	Yes
Vice President Gutzeit	Yes	Director Kelly	Yes
Vice President Martin	Yes	Director Mortensen	Yes
Director Plambeck	Yes		

Upon motion of Director Mortensen, seconded by Director Gladbach and carried, the Board approved the Consent Calendar including Resolution Nos. SCV-93, SCV-94 and SCV-95 by the following electronic votes (Item 5):

Director Acosta	Absent	Director Atkins	Yes
Director Campbell	Yes	Director E. Colley	Absent
Director K. Colley	Absent	President Cooper	Yes
Director DiPrimio	Yes	Director Gladbach	Yes
Vice President Gutzeit	Yes	Director Kelly	Yes
Vice President Martin	Yes	Director Mortensen	Yes
Director Plambeck	Yes		

RESOLUTION NO. SCV-93

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
SANTA CLARITA VALLEY WATER AGENCY
CONCURRING IN NOMINATION TO THE
CALIFORNIA WATER INSURANCE FUND BOARD
AN ACWA JPIA CAPTIVE INSURANCE COMPANY**

WHEREAS, this district is a member district of the ACWA JPIA; and

WHEREAS, the Nominating Procedures for the California Water Insurance Fund Board provide that in order for a nomination to be made to the California Water Insurance Fund Board, three member districts must concur with the nominating district, and

WHEREAS, another ACWA JPIA member district, Calleguas Municipal Water District has requested that this district concur in its nomination of its member of the ACWA JPIA Board of Directors to the California Water Insurance Fund Board;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Santa Clarita Valley Water Agency that this district concur with the nomination of Scott H. Quady of Calleguas Municipal Water District to the California Water Insurance Fund Board.

BE IT FURTHER RESOLVED that the District Secretary is hereby directed to transmit a certified copy of this resolution to the ACWA JPIA at P.O. Box 619082, Roseville, CA 95661-9082, forthwith.

RESOLUTION NO. SCV-94

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
SANTA CLARITA VALLEY WATER AGENCY
CONCURRING IN NOMINATION TO THE EXECUTIVE COMMITTEE
OF THE ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY ("ACWA JPIA")**

WHEREAS, this district is a member district of the ACWA JPIA; and

WHEREAS, the Bylaws of the ACWA JPIA provide that in order for a nomination to be made to ACWA JPIA's **Executive Committee**, three member districts must concur with the nominating district, and

WHEREAS, another ACWA JPIA member district, the Vista Irrigation District has requested that this district concur in its nomination of its member of the ACWA JPIA Board of Directors to the **Executive Committee** of the ACWA JPIA.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Santa Clarita Valley Water Agency that this district concur with the nomination of Paul E. Dorey of Vista Irrigation District to the **Executive Committee** of the ACWA JPIA.

BE IT FURTHER RESOLVED that the District Secretary is hereby directed to transmit a

certified copy of this resolution to the ACWA JPIA at P.O. Box 619082, Roseville, CA 95661-9082, forthwith.

RESOLUTION NO. SCV-95

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
SANTA CLARITA VALLEY WATER AGENCY
CONCURRING IN NOMINATION TO THE EXECUTIVE COMMITTEE
OF THE ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY ("ACWA JPIA")**

WHEREAS, this district is a member district of the ACWA JPIA; and

WHEREAS, the Bylaws of the ACWA JPIA provide that in order for a nomination to be made to ACWA JPIA's **Executive Committee**, three member districts must concur with the nominating district, and

WHEREAS, another ACWA JPIA member district, the Humboldt Bay Municipal Water District has requested that this district concur in its nomination of its member of the ACWA JPIA Board of Directors to the **Executive Committee** of the ACWA JPIA;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Santa Clarita Valley Water Agency that this district concur with the nomination of John Bruce Rupp of Humboldt Bay Municipal Water District to the **Executive Committee** of the ACWA JPIA.

BE IT FURTHER RESOLVED that the District Secretary is hereby directed to transmit a certified copy of this resolution to the ACWA JPIA at P.O. Box 619082, Roseville, CA 95661-9082, forthwith.

A presentation was given by the Associate Water Resources Planner Sarah Fleury (Item 6).

A presentation/update was given by Assistant General Manager Steve Cole and Chief Engineer Brian Folsom regarding the Recycled Water Program (Item 7).

A presentation/update was given by Senior Engineer Jim Leserman regarding perchlorate related activities (Item 8).

The General Manager gave an update on agency related moves and Senior Engineer Jim Leserman gave an update on the Foothill Feeder Shutdown construction activities (Item 9).

There were no comments on Items 10 and 11.

The President updated the Board on upcoming items and reminders (Item 12).

AB 1234 Reports

Written reports were submitted by Directors Atkins, Gutzeit, Martin and Plambeck.

President Cooper reported that he was interviewed for the SCVTV SCV 101 with Bill Miranda on February 18, 2019.

There were no Director reports (Item 14).

There were no requests for approval for event attendance (Item 15).

Upon motion of Director Mortensen, seconded by Director Atkins and carried, the Board went into Closed Session at 8:33 PM to discuss the items listed on the Agenda by the following electronic votes (Item 16):

Director Acosta	Absent	Director Atkins	Yes
Director Campbell	Yes	Director E. Colley	Absent
Director K. Colley	Absent	President Cooper	Yes
Director DiPrimio	Yes	Director Gladbach	Yes
Vice President Gutzeit	Yes	Director Kelly	Yes
Vice President Martin	Yes	Director Mortensen	Yes
Director Plambeck	Yes		

Upon motion of Director Gladbach, seconded by Director Mortensen and carried, the Board voted to come out of Closed Session at 10:01 PM by the following voice votes (Item 16):

Director Acosta	Absent	Director Atkins	Yes
Director Campbell	Yes	Director E. Colley	Absent
Director K. Colley	Absent	President Cooper	Yes
Director DiPrimio	Yes	Director Gladbach	Yes
Vice President Gutzeit	Yes	Director Kelly	Yes
Vice President Martin	Yes	Director Mortensen	Yes
Director Plambeck	Yes		

President Cooper reconvened the Open Session at 10:01 PM.

Joe Byrne, Esq., reported that there were no actions taken in Closed Session that were reportable under the Ralph M. Brown Act (Item 17).

There were no requests for future agenda items (Item 18).

Upon motion of Director Gladbach, seconded by Director Atkins and carried, the meeting was adjourned at 10:03 PM by the following voice votes (Item 19):

Director Acosta	Absent	Director Atkins	Yes
Director Campbell	Yes	Director E. Colley	Absent
Director K. Colley	Absent	President Cooper	Yes
Director DiPrimio	Yes	Director Gladbach	Yes

Vice President Gutzeit Yes
Director Martin Yes
Director Plambeck Yes

Vice President Kelly Yes
Director Mortensen Yes

April Jacobs, Board Secretary

ATTEST:

President of the Board

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BOARD MEMORANDUM

DATE: April 2, 2019
TO: Board of Directors
FROM: Steve Cole *SC*
Assistant General Manager
SUBJECT: Approve a Media Policy

SUMMARY AND BACKGROUND

Communications staff has developed a draft Media Policy (Policy), to serve as a foundation for both our proactive and responsive relationships with the media. In an effort to shape our reputation as a “best in class” agency, we strive to maintain positive media relations by responding with accurate and timely information, and encouraging media coverage of the Santa Clarita Valley Water Agency’s (SCV Water) services and accomplishments.

DISCUSSION

The Policy defines media, describes our core values in how we approach our interaction with them, and also gives specific direction on when and how SCV Water responds to media requests. It identifies the proper protocol to respond to an inquiry, including the staff designated to respond, as well as their roles and responsibilities.

The Policy also spells out the importance of a proactive approach to telling the story, and not just responding. In all interactions, SCV Water strives to provide accurate and timely information while reducing the need for corrections. As a result, we hope to bolster our relationship with the public by increasing awareness of the services we provide, strengthening our credibility and reputation as the regional water authority in the Santa Clarita Valley.

In the attached document there is a reference to a Social Media Policy. The existing policy addresses employee’s personal use of social media, however a more robust guiding document is in development, and will be brought to the Public Outreach and Legislation Committee as a separate item at a future meeting. There is also reference to Emergency or Crisis Communications Plans. This will be developed in collaboration with the new emergency preparedness staff position when filled.

On February 14, 2019, the Public Outreach and Legislation Committee considered staff’s recommendation to approve a Media Policy.

FINANCIAL CONSIDERATIONS

None.

RECOMMENDATION

The Public Outreach and Legislation Committee recommends that the Board of Directors approve the attached Media Policy.

KM

Attachment

MGS



1. PURPOSE

To serve the public and ensure that they are informed about all aspects of SCV Water; and also shape the reputation of SCV Water by maintaining positive media relations, encouraging media coverage of the services and accomplishments of the agency, and responding to the media with accurate and timely information.

2. WHAT IS NEWS MEDIA

In general, SCV Water should respond to reporters fairly regardless of the type of media outlet represented by a reporter. Although traditional media such as print and broadcast remain important, new types of media such as independent bloggers, community or citizen journalists, corporate online newsrooms, online news outlets, and social media and neighborhood platforms have also emerged as essential channels for disseminating public information.

3. POLICY

3.1 RELATIONSHIP WITH NEWS MEDIA

The news media are an important component of SCV Water's ability to communicate with and serve the public, accomplish public policy goals, and provide high quality and responsive water services.

Media inquiries are a high priority. Staff is to make every effort to meet media deadlines while also ensuring the information provided is accurate. If other obligations or the need to gather information delay your response, staff shall let the reporter know that their query has been received and is under action.

The Agency will endeavor to verify facts and provide sources, timeframes, and context. Staff is to make every effort to ensure that facts provided to the media are accurate. Cite the source of information, particularly when it flows from a report, study, or other document. Qualify statements to underscore whether information is evolving, time-sensitive, or only an estimate. Do not speculate.

3.2 PROACTIVE MEDIA RELATIONS

It is the goal of SCV Water to keep the public informed about achievements and efforts of the Agency and staff through news releases, media events and other tools and resources. SCV Water seeks opportunities to proactively communicate by notifying local, national, professional, trade media and news media outlets about Agency achievements, awards, accomplishments, and innovations, as well as water industry trends that affect our service area.

3.3 TYPES OF MEDIA COVERAGE

News Releases. News releases are an opportunity for SCV Water to proactively communicate information to the community. Any news release or joint news release with an SCV Water partner is to be coordinated through the Public Information Officer.



MEDIA POLICY

Commentary. Commentary, opinion columns, and letters to the editor that are written to represent SCV Water's view regarding operations, policies, or agency positions shall be coordinated with the Public Information Officer.

Letters (to the editor). Individual agency employees may express personal opinions with "letters to the editor," but not as representatives of SCV Water unless they have prior approval by their department director and the Public Information Officer.

Responses to Opinion Pieces: On occasion, opinion pieces, letters and editorials may be printed that are unfavorable to the Agency. The decision on whether to respond shall be made by the General Manager, Public Information Officer, and other staff as needed. The piece will be evaluated on several factors, including whether it just expresses an opinion, or includes statements of misinformation.

Media Corrections. SCV Water has an obligation to help the news media provide accurate information to the public. Therefore, factual errors should be corrected in an appropriate and timely manner. Staff who observe or hear of a needed correction should, as soon as possible, alert the Public Information Officer, who will coordinate the correction.

News Conferences/Events Planning. News conferences or other efforts to attract media attention about an agency or departmental issue or event shall be coordinated with the Public Information Officer.

3.4 SCV WATER RESPONDS ONLY ON BEHALF OF SCV WATER

Management Team, Department Directors and Agency staff represent only SCV Water itself. For this reason, SCV Water staff will not respond to news media inquiries on behalf of other agencies, businesses, or organizations regarding policy, operations, or incidents. Staff, however, shall endeavor to be helpful to reporters by referring such inquiries to other organizations as the situation requires and coordinate responses as appropriate.

3.5 SOCIAL MEDIA POSTING, ON-LINE MONITORING, AND RESPONSE

Increasingly reporters are using a variety of social media platforms to report, update, and share news stories. SCV Water's **Agency Website and Social Media Policy (Employee Manual – Section No. 32)** provides a framework for the agency, to disseminate information to the media and correct misinformation.

SCV Water communications staff will proactively post to and actively monitor social media and on-line news and commentary sites relevant to Agency issues and operations. When online commentary becomes inaccurate, unhelpful for customers and public, or detrimental to SCV Water and its personnel, communications staff will determine when or whether it is appropriate to participate in an on-line discussion, submit a correction, or develop a response suitable for the specific discussion site and issue.

3.6 NO "PAY-TO-PLAY" MEDIA

Occasionally certain trade, business, or commercial media seek commitments from SCV Water in consideration for publishing a story. SCV Water will not provide lists of vendors or other potential advertising contacts to publications or other media as a condition for publication of a story.

4. ROLES AND RESPONSIBILITIES

4.1 Public Information Officer

The Public Information Officer (PIO) is responsible for the coordination of agency-wide media relations in a timely manner, and for ensuring accuracy, consistency, and quality in SCV Water's overall responses to media. The PIO responds or facilitates in responding to and aiding news media, and will refer news media inquiries to departments as appropriate.

- **Consulting assistance and training.** The Public Information Officer is available for advice and consultation with departments on media relations matters. Training in media relations policy, procedures, and techniques may periodically be coordinated by the Public Information Officer.
- **Coordination.** The Public Information Officer closely coordinates media relations and sensitive inquiries with the Management Team and Department Directors. As appropriate, the Public Information Officer also coordinates media inquiries and response with the offices of the General Manager, Board members, departments, partners and stakeholders. Depending on circumstances, these staff may serve as spokespersons on behalf of SCV Water.
- **When Absent.** When the Public Information Officer is not available, the Assistant General Manager or designee will coordinate the response according to the type and sensitivity of the inquiry.
- **Emergency Media Response.** The Public Information Officer or designee is available for urgent media response; at any time, staff may alert both the Public Information Officer and relevant Department Director to an urgent or emergency issue. During emergencies, the Public Information Officer may assign duties to other staff as necessary. The Public Information Officer will work with future Emergency Preparedness staff to develop an Emergency Communications Plan that adequately addresses the need for public information relating to SCV Water functions.
- **Media Policy Updates and Dissemination.** The Public Information Officer will keep the Media Policy updated, and will periodically distribute it agency-wide to remind staff of media protocols.

4.2 Role of Authorized Staff

The table below outlines the staff positions that are pre-authorized to respond to sensitive and standard inquiries. Other staff may be designated for media response as needed.

On-camera interviews must be approved by the Public Information Officer or Management Team on a case-by-case basis.



<i>Pre-Authorized Staff</i>
SENSITIVE INQUIRIES – MANAGEMENT TEAM
General Manager
Assistant General Manager
Chief Engineer
Chief Financial and Administrative Officer
Chief Operating Officer
Public Information Officer
STANDARD INQUIRIES – DEPARTMENT DIRECTORS
Director of Administrative Services
Director of Maintenance and Operations
Director of Technology
Director of Water Resources

5. WHAT TO DO IF THE MEDIA CONTACTS YOU

5.1 HANDLING OF MEDIA CALLS

All media calls should be treated as a priority and responded to as quickly as possible, within the same business day.

It is important that SCV Water retain a professional working relationship with representatives of the media. This means being responsive to the media’s requests for information and/or records, and ensuring that the information provided is both timely and accurate. Media calls should never be placed into voice mail, but always handed off to a live person. This means calls should be directed to either a designated spokesperson, or to someone who will give the message directly to the designated spokesperson, within a short timeframe.

A call from a reporter provides SCV Water with the opportunity to explain policies and practices and to represent the perspective of the agency, and the department to our customers. If the department chooses not to respond; however, not only does it potentially damage media relations the next time the need arises for SCV Water to disseminate information to the public, but it also circumvents the opportunity for the Agency’s position to be fairly represented in the story.

When speaking with the media, staff should address only the facts related to projects or services with which they are involved. Employees who represent SCV Water as media spokespersons should avoid speculation on any topic and refrain from offering personal opinions about SCV Water or department policies or programs, even when asked to do so by a reporter.

If you are ***not authorized for media response*** and you are contacted by a media representative, there is one simple response:



MEDIA POLICY

“Thanks for your interest. I’m not authorized to speak with media, but our Public Information Officer will help you with that. You can reach her/him at _____.”

Then immediately relay the inquiry to the Public Information Officer and your supervisor and department director.

Media Contact in the Field

The presence of media at a work site is to be immediately reported to your supervisor, department director and the Public Information Officer. Be friendly and understand the media’s right to be in a public location.

When relaying the media inquiry to the Public Information Officer, please include, if available:

- Approximate time of contact
- Reporter’s name, organization, contact information, and, if known, deadline
- Topic of interest to the reporter and any specific questions

5.2 DEPARTMENT INQUIRIES

For news media inquiries on departmental policy issues, the Public Information Officer may refer to the department director or the director’s designee for the issue. With the approval of a supervisor or director, news media inquiries regarding operations within a department may be answered by a departmental employee who has the most relevant knowledge and experience.

5.3 PROTECTED TOPICS

While we strive to be open and transparent in our dealings with media, some topics may be protected, including matters of active litigation, criminal investigation, personnel matters, and others that may be identified. If an inquiry addresses any of these areas, or seems to be of a sensitive nature, it must be referred to the Public Information Officer and/or Management, who will consult with legal counsel as deemed necessary.

6. PUBLIC RECORDS REQUESTS

Requests from the media for public records shall be handled promptly and consistent with SCV Water’s Public Records Policy. When there are questions about whether the information requested can be released, departments shall consult with SCV Water’s Attorney’s Office and the Board Secretary in the General Manager’s Office. The Agency Policy can be found at <https://yourscvwater.com/transparency-2/>.

In addition, the Public Information Officer should be notified whenever such a request is unusual, extensive, affects multiple departments, or appears to be related to a news media investigative effort. This requirement is in addition to any notification requirements contained in SCV Water’s Public Records Policy.



7. BOARD OF DIRECTORS

7.1 BOARD OF DIRECTORS AS A MEDIA RESOURCE

The Board of Directors can be valuable resources for providing policy and political perspectives in response to specific news media inquiries; helping to disseminate Agency news and information to constituents and identifying stakeholders who should be informed; participating in news media events; and providing statements for news releases.

Requests for participation from the Board of Directors will be coordinated through the Public Information Officer and Board Secretary.

When speaking to the media, Directors expressing personal views that differ from Agency-adopted policies or direction must be clear to state that they are not speaking on behalf of the Agency.

7.2 NOTIFICATIONS

Whenever a major event of unusual significance occurs, the Public Information Officer should be notified immediately. As much as practical, notification must be made to a live body; voicemail, email, or text messages can supplement that notification. The notifying party and the Public Information Officer will coordinate appropriate and timely notifications to the Board of Directors.

Events of unusual significance are those which have or could have a substantial practical or political impact on the Agency, the Agency service area or portion thereof. This includes but is not limited to any incident or issue that is likely to attract substantial news media interest, including major leaks.

8. PERSONAL EXPRESSION

Nothing in this policy shall be construed to prohibit the right of SCV Water employees to express their personal opinions or write letters to the media. However, they may not do so as representatives of the Agency unless they have prior written approval from the Public Information Officer or appropriate management staff. Expression of personal views must be done outside of work hours and without the use of Agency equipment.



BOARD MEMORANDUM

DATE: April 2, 2019
TO: Board of Directors
FROM: Steve Cole *SC*
Assistant General Manager
SUBJECT: Adopt a Resolution in Support of Santa Clara River Stewardship Objectives

SUMMARY AND BACKGROUND

As an integrated regional water agency, it's more important than ever to make an affirmative statement of the Agency's desire to take a leadership role to preserve and protect the Upper Santa Clara Valley watershed. The Public Outreach Committee reviewed and agreed on seven primary objectives. A resolution has been drafted for consideration by the Board of Directors.

DISCUSSION

We have participated in several outreach and relationship building activities this year within the watershed. At one event, we worked alongside members of the Sierra Club at a forest restoration project in San Francisquito Canyon, coordinated by TreePeople. Agency staff and board members also took part in a small-scale Arundo removal activity with the City of Santa Clarita. We have also entered into a Memorandum of Understanding with United Water Conservation District, to facilitate cooperative watershed planning.

As we continue to explore partnership opportunities within our watershed and with downstream parties as well, it would be beneficial to adopt a resolution of stewardship objectives pertaining to the river. It would communicate a strong message of commitment to this effort, and would also provide clear direction to staff on the Board's priorities in this area.

On February 14, 2019, the Public Outreach and Legislation Committee considered staff's recommendation to adopt a resolution supporting the Santa Clara River Stewardship Objectives.

FINANCIAL CONSIDERATIONS

None associated with adoption of the resolution. Projects may arise to move these objectives forward which would have associated costs to be considered on a project-by-project basis.

RECOMMENDATION

The Public Outreach and Legislation Committee recommends that the Board of Directors adopt the attached resolution in support of Santa Clara River Stewardship Objectives.

KM
Attachment

MCS

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RESOLUTION NO. ____

**RESOLUTION OF THE BOARD OF DIRECTORS OF
THE SANTA CLARITA VALLEY WATER AGENCY
IN SUPPORT OF SANTA CLARA RIVER STEWARDSHIP OBJECTIVES**

WHEREAS, the Santa Clara River is one of the last free-flowing, natural riparian systems remaining in Southern California. The Santa Clara River Watershed consist of approximately 1,634 square miles and travels through both Los Angeles and Ventura counties. Though surface flow is intermittent through much of the approximately 18 miles within the Santa Clarita Valley Water Agency service area, the river is home to many species of flora and fauna along its 83-mile length, including rare, very rare and protected species and

WHEREAS, The Santa Clarita Valley Water Agency is an integrated regional water agency, exercising responsible stewardship of the Santa Clara River in our delivery of high quality water to the residents of the Santa Clarita Valley and

WHEREAS, The Santa Clarita Valley Water Agency will endeavor to:

1. Work cooperatively with governmental agencies, non-governmental groups and other stakeholders, to develop and implement sustainable efforts for the long term health of the Santa Clara River.
2. Pursue and support public ownership of property along the Santa Clara River.
3. Preserve and protect parcels for water conservation and recharge.
4. Promote appreciation and enjoyment of the River through signage, mini-parks, respite areas and shade.
5. Seek options for the removal of invasive plant species from the River (incl. arundo and tamarisk); and prevention of their return.
6. Devise, promote and partner in conservation projects.
7. Manage the river to protect and ensure sustainability of groundwater resources.

NOW, THEREFORE, BE IT RESOLVED, that the Santa Clarita Valley Water Agency will seek to engage with stakeholders on a regular basis, to plan and discuss policies and projects to achieve tangible progress towards the objectives listed above, and

BE IT FURTHER RESOLVED, that the Board of Directors, does hereby adopt the Resolution in support of the Santa Clara River Stewardship Objectives.

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BOARD MEMORANDUM

DATE: March 8, 2019
TO: Board of Directors
FROM: Brian J. Folsom, P.E. BJF
Chief Engineer
SUBJECT: Approve a Resolution Awarding a Construction Contract to Olympus and Associates to Recoat Honby Tank No. 1

SUMMARY

Staff recommends recoating the Santa Clarita Water Division (SCWD) Honby Tank No. 1 exterior and interior roof and performing interior spot repairs to maintain the integrity and service life of the tank. Staff recommends awarding the contract to Olympus and Associates, Inc. as the lowest responsible bidder in the amount of \$338,848.

DISCUSSION

The SCV Water Capital Improvement Program (CIP) for the Retail Divisions includes funds for General Tank Improvements that include periodic tank inspections and recoating (as required) to maintain the integrity and extend the service life of water storage tanks. Honby Tank No. 1 is a welded steel tank with a nominal capacity of four million gallons. The tank is one of two tanks located at the Honby Tank Site west of Keaton Street in the City of Santa Clarita. The tank was originally constructed in 1981. The interior lining and exterior shell surfaces have been recoated once. The typical service life of an epoxy coating is 20 to 25 years. An inspection and condition assessment was recently performed by CSI Services, Inc. Results of the CSI Inspection indicate the following:

- Exterior roof surfaces are in poor condition.
- Exterior shell is in good condition.
- Interior roof surfaces in the “vapor area” are in fair condition with corrosion and spot peeling in certain areas primarily within the upper roof support structure.
- Interior shell surfaces in the “immersion area” are in good condition with only limited areas of spot rust.

Based on the CSI Inspection Report, the recommended scope of repairs will include: 1) removal and replacement of the exterior roof coating system with an epoxy/urethane system, 2) removal and replacement of the interior linings in the “vapor area” with a zinc primer and two coats of immersion grade epoxy, and 3) spot repair in the immersion area with two coats of immersion grade epoxy. All interior coatings will be with certified NSF ANSI Standard 61 materials.

SCV Water advertised for bids on January 22, 2019 in accordance with SCV Water Purchasing Policy, including notices in *The Signal* on January 24 and 26, 2019. Six bids were received on February 12, 2019. Bid results are as follows:

Bidder	Total Bid Price
Olympus and Associates, Inc.	\$338,848
Advanced Industrial Services, Inc.	\$469,900
Crosno Construction, Inc.	\$515,000
Paso Robles Tank, Inc.	\$585,000
Olympos Painting, Inc.	\$611,000
Spiess Construction Co., Inc.	\$708,700

Staff reviewed the bids for completeness and compliance with the bid and contract requirements and recommends awarding the contract to Olympus and Associates, Inc. as the lowest responsible bidder.

On March 7, 2019, the Engineering and Operations Committee considered staff's recommendation to approve a resolution awarding a construction contract to Olympus and Associates to Recoat Honby Tank No. 1.

FINANCIAL CONSIDERATIONS

Funding for the Honby Tank No. 1 Exterior/Interior Roof and Interior Spot Repair project is included in the SCV Water FY 2018/19 Budget for SCWD Major Capital Projects.

RECOMMENDATION

The Engineering and Operations Committee recommends the Board of Directors adopt the attached resolution awarding a contract to recoat Honby Tank No. 1 to Olympus and Associates, Inc. in the amount of \$338,848.

TBP

Attachment

M65

RESOLUTION NO. ____

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE SANTA CLARITA VALLEY WATER AGENCY
AWARDING A CONTRACT TO OLYMPUS AND ASSOCIATES, INC.
TO RECOAT HONBY TANK NO. 1**

WHEREAS, all proposals submitted to the Santa Clarita Valley Water Division (SCVWA) pursuant to SCVWA's Request for Bids for the Honby No. 1 Tank Recoat Project were received at SCVWA on February 12, 2019, in full accordance with the law and the SCVWA's customary procedures; and

WHEREAS, this Board finds, after considering the opinion of staff, that the total bid of Olympus and Associates, Inc. in the amount of \$338,848 is the lowest responsible bid of six bids received, and that said bid substantially meets the requirements of the construction contract documents as amended by Addenda; and

WHEREAS, it is in SCVWA's best interest that the Agency's Board of Directors authorize its General Manager or its Chief Engineer to accept the \$338,848 bid by Olympus and Associates, Inc. for the Honby No. 1 Tank Recoat Roof Project.

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors of the Santa Clarita Valley Water Agency does hereby authorize its General Manager or its Chief Engineer to issue a Notice of Award to Olympus and Associates, Inc. for the Honby No. 1 Tank Recoat Project.

RESOLVED FURTHER that the SCVWA's Chief Engineer is thereafter authorized to execute the contract and forward to Olympus and Associates, Inc. the Notice to Proceed.

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BOARD MEMORANDUM

DATE: March 14, 2019

TO: Board of Directors

FROM: Dirk Marks *DM*
Director of Water Resources

SUBJECT: Approve a Resolution Authorizing the General Manager to Enter into Contracts Related to Development of Solar Power Generation on SCV Water's Devil's Den Property

SUMMARY

On April 23, 2015, the SCV Water's predecessor agency, Castaic Lake Water Agency, executed a site control agreement (Agreement) with SunPower Corporation (SunPower) for possible development of a large-scale solar power generation project on its Devil's Den property. On September 19, 2018, SunPower contacted SCV Water wishing to have their Site Control Agreement assigned to a new owner, Clearway Energy. A new Reimbursement and Indemnification Agreement, Memorandum of Understanding (MOU) and Site Control Agreement between SCV Water and Alamo Springs I, LLC were drafted to effectively assign the agreements. A draft resolution (Attachment 4) is attached that would permit the General Manager to execute the agreements, assigning them to Alamo Springs I, LLC, a wholly owned subsidiary of Clearway Energy, Inc. (Clearway), under the new terms and conditions of the agreements.

DISCUSSION

Staff has researched the proposed new assignee and has found them to be an acceptable candidate to take over the agreements from SunPower due to the size and scope of their portfolio. Details about the company are as follows:

Clearway Energy, Inc. (Clearway) began operations as an independent enterprise on August 31, 2018. Clearway was formed with the completion of the sale of NRG Energy, Inc.'s renewables platform and NRG's controlling interest in NRG Yield, Inc. to Global Infrastructure Partners (GIP). Clearway Energy Group is one of the largest clean energy companies in the United States. Clearway is comprised of the workforce and capabilities from NRG's renewable energy development and operational platform and will continue to be affiliated with NRG Yield, Inc., which changed its name to Clearway Energy, Inc. effective August 31, 2018.

Including assets owned by its affiliate, GIP, Clearway's operating footprint of renewable energy projects includes 2.8 GW of wind, 1.1 GW of utility solar and over 300 MW of community solar and a 8.9 GW pipeline of renewable energy projects in development and provides operations, maintenance and asset management services to 4.1 GW of renewable operating assets.

Alamo Springs I, LLC was formed by Clearway as the single purpose entity for the Project and Clearway has assigned all of its rights in the agreements to Alamo.

The terms and conditions of both the Reimbursement and Indemnification Agreement (Attachment 1) and Non-Binding MOU (Attachment 2) between SCV Water and Alamo Springs I, LLC are identical to the agreements previously entered into with SunPower. The Site Control Agreement (Attachment 3) has been modified and addressed as the Third Amendment. Items addressed are the assignment of the SunPower Site Control Agreement to Alamo Springs and Alamo Springs acknowledging that it has agreed to assume all obligations of SunPower pursuant to the Agreement. The terms have changed to give Alamo the right to extend the Term of the Agreement to December 31, 2019 for evaluation of the project; to June 30, 2020, subject to an interconnection agreement being executed prior to December 31, 2019; and a final extension to December 31, 2020 to receive final CEQA approval.

The Site Control Agreement contemplates Alamo Springs I, LLC and SCV Water entering into a lease option agreement for a portion of the Devil's Den site and at that time SCV Water would make determinations under CEQA.

On March 13, 2019, the Water Resources and Watershed Committee considered staff's recommendation to approve a resolution authorizing the General Manager to enter into contracts related to development of solar power generation on SCV Water's Devil's Den Property.

FINANCIAL CONSIDERATIONS

There are no costs to the Agency to enter into the above-mentioned Agreements.

RECOMMENDATION

The Water Resources and Watershed Committee recommends that the Board of Directors approve the attached resolution authorizing the General Manager to enter into contracts related to development of solar power generation on SCV Water's Devil's Den Property.

RGV

Attachments

M65

ATTACHMENT 1

REIMBURSEMENT AND INDEMNIFICATION AGREEMENT

This Reimbursement and Indemnification Agreement (“Agreement”) is made as of _____, 2019, by and between Alamo Springs I, LLC, a Delaware limited liability company (“Applicant”), Raven Solar Parent Company, LLC, a Delaware limited liability company (“Clearway”) and Santa Clarita Valley Water Agency (“SCVWA”). Applicant, Clearway and SCVWA are sometimes individually referred to as a “Party” and jointly referred to as the “Parties.”

RECITALS

This Agreement is made with respect to the following facts.

A. SCVWA is the owner of real property located within the County of Kings and the County of Kern, California. The Applicant is contemplating the development of approximately 750-1,000 acres of that real property (the “Property”) for solar generation and related transmission purposes (“Project”) and has proposed that SCVWA lease the Property to the Applicant for purposes of this proposed development. The Property is more particularly described in the exhibit attached hereto as Exhibit “A.”

B. SCVWA is the successor in interest to Castaic Lake Water Agency (“CLWA”) by operation of law effective January 1, 2018. CLWA entered into a Reimbursement and Indemnification Agreement dated December 19, 2016 (“Existing Agreement”), with SunPower Corporation, Systems, a Delaware corporation (“SunPower”) with respect to development of the Property and the Project. SunPower subsequently transferred and assigned its interest in the Project to Clearway and Clearway has transferred and assigned such interest in the Project to Applicant as the single purpose entity for the Project. Applicant desires to assume SunPower’s rights and obligations with respect to the Project.

C. Prior to considering whether to approve any lease of the Property, review of the whole of the proposed action must be undertaken consistent with the California Environmental Quality Act (“CEQA”) and other applicable laws.

D. To provide SCVWA with the information necessary for the completion of CEQA review (to the extent that SCVWA acts as the lead agency for CEQA purposes) and compliance with other laws, it is necessary for SCVWA to expend staff time and resources to the review and analyze the proposed development and any information that the Applicant may submit. Similarly, it is necessary for SCVWA to engage the services of its legal counsel and potentially other SCVWA representatives to assist in that processing and review.

E. As a condition to SCVWA’s completion of the CEQA process, the Applicant has agreed to reimburse SCVWA for all costs associated with SCVWA’s review process. Applicant’s reimbursement of SCVWA under this Agreement will ensure that SCVWA has the necessary resources to diligently and efficiently process the Applicant’s Project.

F. As a further condition to SCVWA's completion of the review process, the Applicant has agreed to indemnify and hold harmless SCVWA as set forth below.

G. As a condition to SCVWA's consent to Applicant's assumption of SunPower's rights and obligations with respect to the Project, Applicant has agreed to execute new Project agreements with SCVWA, including this Agreement, and to assume all obligations of SunPower under the Existing Agreement through and including the date of this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the following mutual promises and agreements, SCVWA and the Applicant agree as follows:

1. Incorporation of Recitals; Assumption.

(a) The Parties agree that the Recitals constitute the factual basis upon which SCVWA and the Applicant have entered into this Agreement. The Parties each acknowledge the accuracy of the Recitals and agree that the Recitals are incorporated into this Agreement as though fully set forth at length.

(b) Applicant hereby assumes all of the obligations of SunPower under the Existing Agreement through the Effective Date of this Agreement. All obligations from and after the Effective Date for the duration of the Term will be governed by the terms of this Agreement.

2. Staff Time; Retention of Consultants. As a necessary and indispensable part of its evaluation of the Applicant's proposed development under CEQA and other laws, SCVWA will necessarily expend staff time and resources reviewing information, engaging in consultation, and reviewing environmental analyses. As a further necessary and indispensable part of its evaluation of the Applicant's proposed development under CEQA and other laws, SCVWA will retain the services of legal counsel and other consultants (the "Consultants") as may be necessary and convenient to assist with the completion of all required task.

3. Disclosure of Confidentiality. The Applicant agrees that, notwithstanding the Applicant's reimbursement obligations under this Agreement, Consultants shall be the contractors exclusively of SCVWA and not of the Applicant. All conversations, notes, memoranda, correspondence and other forms of communication by and between SCVWA, the Applicant and the Consultants shall be, to the extent permissible by law, privileged and confidential and not subject to disclosure. Applicant acknowledges that SCVWA is subject to the disclosure requirements of the Public Records Act and the Brown Act. The Applicant agrees that it shall have no claim to, nor shall it assert any right in any work product, reports, correspondence or any and all other document delivered to SCVWA by the Consultants in conjunction with their work on the project, provided, however SCVWA agrees to provide Applicant, upon request, with copies of any documentation prepared by Consultants in

connection with the Project which would be subject to public disclosure pursuant to the Public Records Act.

4. Applicant to Cooperate. The Applicant agrees to cooperate in good faith with SCVWA and its Consultants. The Applicant further agrees that it will instruct its agents, employees, consultants, contractors and attorneys to reasonably cooperate with SCVWA and its Consultants and to provide all necessary documents or information reasonably requested by SCVWA and/or the Consultants; provided, however, that the foregoing shall not require the disclosure of any documents or information of the Applicant which by law is privileged, proprietary, confidential, or exempt from disclosure under the Public Records Act.

5. Applicant's Reimbursement of Costs and Expenditures. The Applicant shall reimburse SCVWA for one hundred percent (100%) of the actual costs and expenditures incurred by SCVWA, whether incurred by SCVWA staff directly or by the Consultants, up to an amount of \$75,000 (the "Estimated Costs"). Within ten (10) business days of the execution of this Agreement by the Parties, the Applicant shall submit an initial deposit in the amount of \$37,500 and shall submit supplemental deposits from time to time as requested by SCVWA up to the amount of the Estimated Costs. Clearway agrees that it will be jointly and severally liable for any payment to be made by Applicant pursuant to this Agreement. Any payment that is not made by Applicant within the time periods set forth herein will be paid by Clearway within twenty (20) business days of notice of non-payment from SCVWA.

SCVWA shall not exceed the Estimated Costs without Applicant's prior written consent. Furthermore, SCVWA shall consult with the Applicant prior to incurring any expenses above and beyond the Estimated Costs. For purposes of this Section, SCVWA shall be deemed to have consulted with the Applicant when SCVWA has provided written notice to the Applicant that SCVWA reasonably anticipates that it will incur costs in excess of the Estimated Costs. If, after consultation, the Applicant disagrees with SCVWA's incurring of additional Costs, the Applicant's sole and exclusive remedy will be to terminate this Agreement, subject to the Applicant's obligation to reimburse SCVWA for all Estimated Costs incurred by SCVWA prior to the date of termination.

6. Indemnification and Hold Harmless. The Applicant and Clearway, jointly and severally, shall indemnify, protect, defend, and hold harmless SCVWA and its constituent public agency members, officers, employees, attorneys, and agents from any and all actual or alleged claims, actions, and proceedings against SCVWA to attack, set aside, void, annul, or seek monetary damages arising out of any challenge to the Applicant's proposed development of the Property or to any approvals of the Applicant's proposed development, including but not limited to actions challenging CEQA, leases, contracts, permits, variances, plot plans, design plans, and conditional use permits. SCVWA shall promptly notify the Applicant of any and all claims, actions, and proceedings covered by this Agreement.

In the event of any such third party action or proceeding, SCVWA shall have the absolute right to retain such legal counsel as SCVWA deems necessary and appropriate. The Applicant and Clearway, jointly and severally, shall be responsible and reimburse SCVWA

for whatever legal fees and costs, in their entirety, including actual attorneys' fees, may be incurred by SCVWA in defense of such action or proceeding. SCVWA shall cooperate with Applicant and Clearway in any such defense and shall not settle any such actual or alleged claims, actions, and proceedings without the prior written notice to the Applicant. This indemnification shall also include, but not be limited to, damages, fees and/or costs awarded against SCVWA, if any, and cost of suit, attorneys' fees and other costs, liabilities and expenses incurred in connection with such claim, action, or proceeding whether incurred by Applicant, SCVWA, and/or any parties bringing such forth.

7. Compliance with the California Environmental Quality Act ("CEQA"). The Parties acknowledge that an environmental assessment of any proposed development on the Property pursuant to CEQA must be completed in advance of entering into any potential lease of the Property or issuing any other entitlement or approval for development of the Property. The Parties understand and agree that nothing in this Agreement constitutes an approval or a commitment by SCVWA to enter into a lease for the Property or to issue any other approval for potential development of the Property.

8. Term. The term of this Agreement (the "Term") shall commence on the date first written above (the "Effective Date") and shall terminate when the Applicant and SCVWA have satisfied all of their respective obligations under this Agreement including, without limitation, the Applicant's obligation to reimburse SCVWA for Estimated Costs under Section 5 and the Applicant's obligation to indemnify and hold harmless SCVWA under Section 6.

9. Early Termination. SCVWA may terminate this Agreement at any time prior to the Term set forth above, without cost or liability to SCVWA, by providing thirty (30) days written notice of such termination to the Applicant, provided, however, that SCVWA will not unreasonably terminate this Agreement so long as the Site Control Agreement dated April 23, 2015, as amended, between SCVWA and Applicant remains in full force and effect. The Applicant may likewise terminate this Agreement at any time prior to the end of the Term by providing thirty (30) days written notice of such termination to SCVWA; provided, however, that (i) the Applicant has satisfied all of its obligations under this Agreement to date of termination regarding reimbursement to SCVWA of Estimated Costs under Section 5, (ii) the Applicant has satisfied all of its obligations under this Agreement to date of termination regarding indemnification and hold harmless under Section 6; and (iii) the Applicant has given SCVWA written notice of withdrawing its application for a lease of the Property.

Within two (2) business days following either SCVWA's decision to terminate this Agreement or SCVWA's receipt of written notice indicating the Applicant's decision to terminate this Agreement, SCVWA shall notify Consultants and instruct them to cease work. Consultants shall be instructed to bill SCVWA for any work completed prior to the date of termination.

10. Assignability. This Agreement may not be assigned by either Party without the prior and express written consent of the other Party, which consent shall not be

unreasonably withheld. Any attempted assignment of this Agreement not in compliance with the terms of this Agreement shall be null and void and shall confer no rights or benefits upon the assignee.

11. No Oral Modifications. This Agreement represents the entire understanding of the Parties and supersedes all other prior or contemporaneous written or oral agreements pertaining to the subject matter of this Agreement. This Agreement may be modified, only in writing signed by both the authorized representatives of both SCVWA and the Applicant.

12. Binding Upon Successors. This Agreement and each of its terms shall be binding upon SCVWA, the Applicant and their respective officers, elected officials, employees, agents, contractors, and permitted successors and assigns.

13. Attorneys' Fees. In the event that any action or proceeding, including arbitration, is commenced by either SCVWA or the Applicant against the other to establish the validity of this Agreement or to enforce any one or more of its terms, the prevailing party in any such action or proceeding shall be entitled to recover from the other, in addition to all other legal and equitable remedies available to it, reasonable attorneys' fees and costs of litigation, including, without limitation, filing fees, service fees, deposition costs, arbitration costs and expert witness fees, including actual costs and attorneys' fees on appeal.

14. Jurisdiction, Venue, and Choice of Law. This Agreement is executed and is to be performed in the County, and any action or proceeding brought relative to this Agreement shall be governed by California law and heard in the appropriate court in the County. The Parties each consent to the personal jurisdiction of said court in any such action or proceeding.

15. Severability. If any term or provision of this Agreement is found to be invalid or unenforceable, SCVWA and the Applicant both agree that they would have executed this Agreement notwithstanding the invalidity of such term or provision. The invalid term or provision may be severed from the Agreement and the remainder of the Agreement may be enforced in its entirety.

16. Headings. The headings of each Section of this Agreement are for the purposes of convenience only and shall not be construed to either expand or limit the express terms and language of each Section.

17. Parties Bound. Each representative signing this Agreement hereby represents and warrants that it has the authority to bind, and that his/her execution of this Agreement does in fact bind, the Party on whose behalf he or she signs.

18. Notices. Notices required under this Agreement shall be delivered in person or sent via commercial overnight delivery to the following addresses:

Alamo Springs I, LLC
100 California Street, Suite 400

Castaic Lake Water Agency
27234 Bouquet Canyon Road

San Francisco, California 94111
Attn: General Counsel

Santa Clarita, California 91350
Attn: General Manager

Raven Solar Parent Company, LLC
100 California Street, Suite 400
San Francisco, California 94111
Attn: General Counsel

Notices given pursuant to this Agreement shall be effective on receipt. The addresses for notices set forth in this Section may be changed upon written notice of such change to either SCVWA or the Applicant, as appropriate.

Signature page follows

IN WITNESS WHEREOF, each of the Parties has caused this Agreement to be signed by a duly authorized officer of the Party as of the date set forth in the introductory paragraph of this Agreement.

ALAMO SPRINGS I, LLC
a Delaware limited liability company

By: _____
Name: _____
Title: _____

RAVEN SOLAR PARENT COMPANY,
LLC
a Delaware limited liability company

By: _____
Name: _____
Title: _____

SANTA CLARITA VALLEY WATER
AGENCY

By: _____
Name: _____
Title: _____

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Exhibit "A"

Description of the Property

The Property is 16 miles southeast of the City of Avenal and approximately 20 miles northwest of the community of Lost Hills. The Property is approximately 11 miles west of Interstate-5, immediately east of State Route-33 and on either side of Devil's Den Road.

The Property is located in unincorporated Kings and Kern County, in the southern portion of the San Joaquin Valley within Sections 25 and 30, Township 24 South, Range 18 East, and Sections 30 and 31, Township 24 South, Range 19 East, Mount Diablo Base & Meridian California.

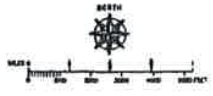
See attached map and list of assessor's parcel numbers.

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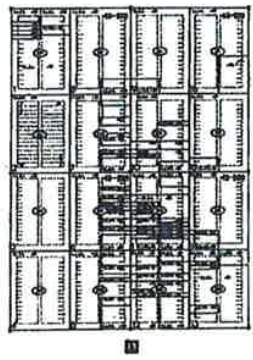
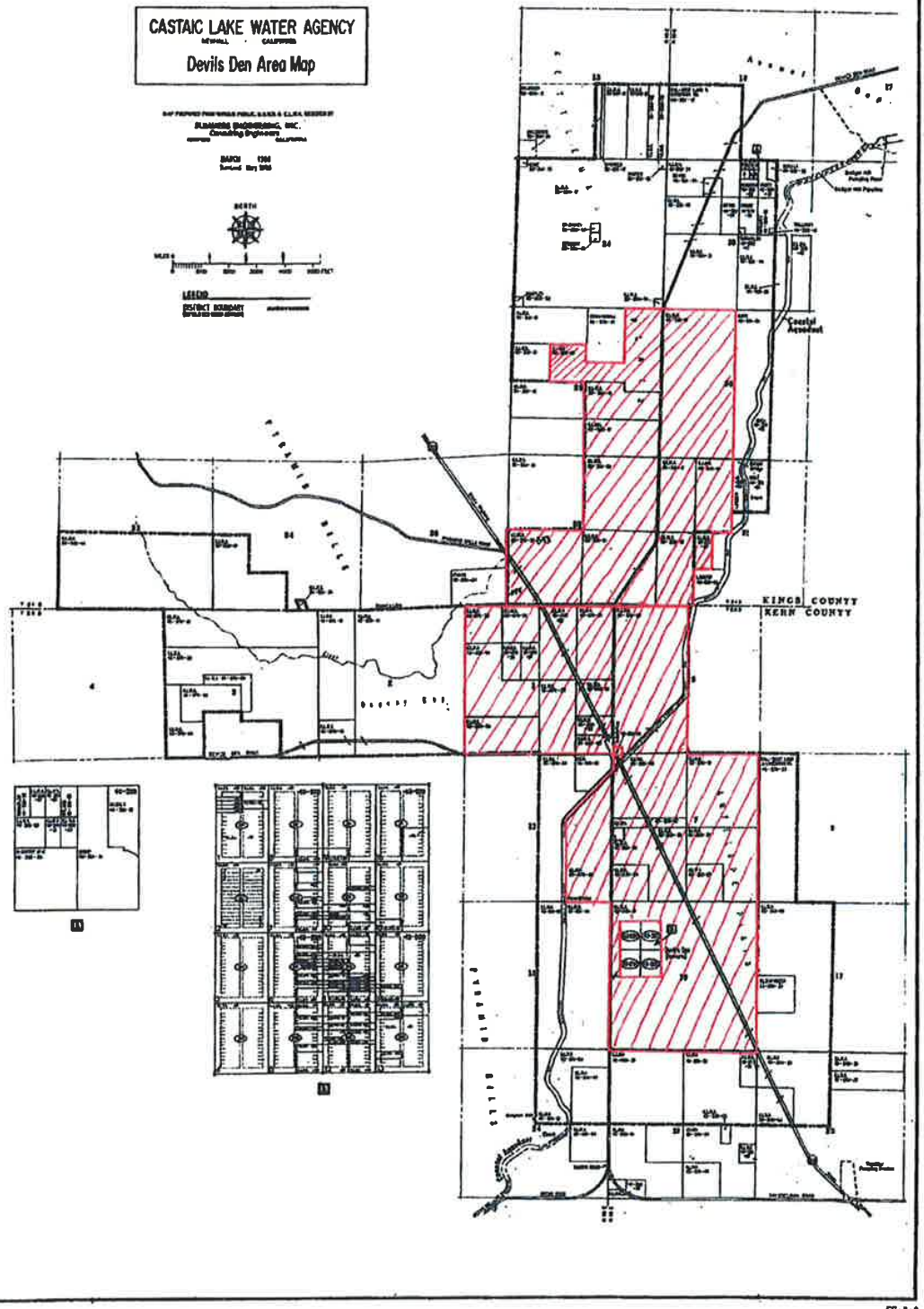
CASTAIC LAKE WATER AGENCY
 NEWHALL, CALIFORNIA
Devils Den Area Map

NOT PREPARED FROM THESE PLANS, MAPS & DATA, EXCEPT BY
PLANNING ENGINEERING, INC.
 Consulting Engineers
 SACRAMENTO, CALIFORNIA

MAP NO. 1006
 Revised May 1958



LEGEND
 DISTRICT BOUNDARY
 DISTRICT BOUNDARY



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APNs included in the Property

County	APN	County	APN
Kings	48-330-01	Kern	43-070-29
Kings	48-330-15	Kern	43-070-30
Kings	48-330-16	Kern	43-070-31
Kings	48-330-17	Kern	43-070-32
Kings	48-330-20	Kern	43-070-33
Kings	50-350-15	Kern	43-070-34
Kings	50-350-41	Kern	43-070-35
Kings	50-350-17	Kern	43-070-36
Kings	50-350-20	Kern	43-070-37
Kings	50-350-21	Kern	43-080-01
Kings	50-350-22-043	Kern	43-080-02
Kings	50-350-22-044	Kern	43-080-03
Kings	50-350-23	Kern	43-230-30
		Kern	43-070-40
		Kern	43-230-21
		Kern	43-230-22
		Kern	43-230-23
		Kern	43-230-24
		Kern	43-230-25
		Kern	43-230-26
		Kern	43-230-27
		Kern	43-230-28
		Kern	43-260-01

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ATTACHMENT 2

NON-BINDING MEMORANDUM OF UNDERSTANDING BETWEEN ALAMO SPRINGS I, LLC, AND SANTA CLARITA VALLEY WATER AGENCY REGARDING SOLAR ENERGY PROJECT DEVELOPMENT

This Non-Binding Memorandum of Understanding (the “MOU”) is entered into as of _____, 2019, by and between Alamo Springs I, LLC, a Delaware limited liability company, having an address of 100 California Street, San Francisco, California 94111 (“Alamo”), and Santa Clarita Valley Water Agency, having an address of 27234 Bouquet Canyon Road, Santa Clarita, California 91350 (“SCVWA”). Alamo and SCVWA are sometimes individually referred to as a “Party” and collectively referred to as the “Parties.”

RECITALS

A. SCVWA is the successor in interest to Castaic Lake Water Agency (“CLWA”) pursuant to operation of law as of January 1, 2018.

B. Clearway Energy Group LLC, a Delaware limited liability company (“Clearway”), is the successor in interest to SunPower Corporation Systems (“SunPower”) with respect to that certain solar energy project which is described in that certain Site Control Agreement between SunPower and CLWA dated effective April 23, 2015, as amended by that certain First Amendment to Site Control Agreement dated November 12, 2015, copies of which are attached hereto as Exhibit “A” (collectively, the “Site Control Agreement”);

B. The Site Control Agreement affords Alamo with site control and exclusivity rights that are necessary for environmental diligence and the CAISO interconnection process relative to the proposed development of a solar energy facility and associated infrastructure on certain SCVWA lands, which are described on Exhibit “B” (the “Lands”), together with certain offsite infrastructure including a generation intertie transmission line (the “Project”);

C. Alamo was formed as the single purpose entity for the Project and SunPower has assigned all of its rights in the Site Control Agreement to Alamo;

D. The Parties now intend to begin negotiating a ground lease agreement covering the Lands and governing the construction, installation, operation, and maintenance of a solar energy facility and associated infrastructure thereon (the “Ground Lease”);

E. By entering into this MOU, the Parties do not intend to create a binding agreement or option with respect to the Lands or the Ground Lease or to create a partnership, joint venture, or any other business entity or relationship; and

F. This MOU formally acknowledges Alamo’s application to SCVWA, as the successor to SunPower, for a lease of the Lands and presents the general parameters under which the Parties will negotiate a definitive Ground Lease.

GROUND LEASE PARAMETERS

1. Leased Premises.

The Parties intend that the Ground Lease will cover approximately between seven hundred fifty and one thousand (1,000) acres of the Lands or such lesser area as may be required for construction, installation, operation, and maintenance of the Project on the Lands. The lease area can be modified prior to construction without further action by the SCVWA Board as long as it is a reduced portion of the initially approved lease area.

2. Lease Term.

Depending upon the pace of development activities and receipt of required regulatory approvals, the Ground Lease is expected to commence with the start of construction approximately around January 1, 2021 but could potentially be before or after that date depending on project development advancement, and include a twenty-five (25) year term with one (1) extension period of five (5) years at tenant's option. The annual rate of escalation during the initial 25 year term will be at an annual rate of 1.5%. The annual rate of escalation during the extension period will be at a rate of 2.5%.

3. Lease Rent.

Alamo has proposed \$600 per acre—or approximately \$480,000 for the first year of a Ground Lease covering 800 acres—with an annual escalator of 1.5%, as fair and equitable consideration for a project of this nature. SCVWA is willing to enter into discussions regarding the Ground Lease based on such proposal, however, the actual consideration will be subject to negotiation and final approval by SCVWA. Factors influencing the final agreed upon lease rate that Alamo is willing to pay may include the total acreage under the Ground Lease, the cost of obtaining transmission line access to the Arco substation with adjacently situated property owners, the cost of securing mitigation lands for impacts to farmland or endangered species and the cost of clearing minerals and other title exceptions encumbering the Lands, among other relevant considerations. For the purposes of determining compensation, rent will be paid on the gross acreage under the control of Alamo for the purposes of the project.

4. Compliance with the California Environmental Quality Act (“CEQA”).

The Parties acknowledge that an Environmental Impact Report (“EIR”) or Mitigated Negative Declaration (“MND”), as determined by the lead agency for the Project, assessing the Project pursuant to CEQA must be completed in advance of the SCVWA Board making a final determination to enter into the Ground Lease. In the event SCVWA assumes the lead agency role relative to the CEQA approval process, then Alamo agrees to facilitate SCVWA's preparation of a Draft EIR or MND for the Project and to cooperate with SCVWA's completion of the CEQA process prior to entering into the Ground Lease. Further in this regard, Alamo agrees (i) to engage a CEQA consultant to prepare a proposed Draft EIR or MND for SCVWA's possible use, as authorized by CEQA Guideline § 15084(d)(3), and drafts of such other materials for the SCVWA's CEQA process as SCVWA may request (“CEQA Materials”); (ii) to pay the costs associated with the preparation of the CEQA Materials. SCVWA will subject the Draft EIR or MND prepared by

the consultant and the other CEQA Materials to its own review and analysis, and will exercise its independent judgment with respect to the adequacy and sufficiency of the CEQA Materials' compliance with the requirements of CEQA. Alamo will further indemnify and cooperate in the defense of SCVWA from any claim or lawsuit which is filed challenging any CEQA approval. Notwithstanding the foregoing, in the event of a challenge to any CEQA approval, Alamo and SCVWA will meet and confer to discuss the feasibility of defending such challenge and moving forward with the Project. If the Parties cannot agree on a strategy to move forward, then either Party may terminate this Agreement and Alamo may withdraw the project. However, the obligation by Alamo to indemnify and cooperate in the defense of SCVWA shall survive any termination of this Agreement or rescission of any approvals.

Alamo and SCVWA will enter into certain Reimbursement and Indemnification Agreement of even date herewith setting forth certain terms related to the CEQA process.

5. Necessity to Obtain County Conditional Use Permit(s).

SCVWA acknowledges that Alamo must obtain a Conditional Use Permit ("CUP") from Kern County and/or Kings County (depending on the Project location) in order to develop the Project. SCVWA further acknowledges that development of the Project may require additional land use approvals from regulatory agencies and/or public bodies having jurisdiction over the Lands. In this regard, SCVWA expressly grants Alamo with permission to submit any of the Lands to the appropriate authority to apply for a CUP or other required land use or environmental approval, provided, however, that no such approval will become final until such time as there is a final executed Ground Lease between SCVWA and Alamo and in no event will Alamo have the authority to commit SCVWA to any binding obligations with respect to the Lands. All applications will be submitted for SCVWA's review and approval in advance of Alamo's submission of the same. Any costs incurred by SCVWA to review and process such permit documentation will be reimbursed pursuant to the SCVWA's standard reimbursement and indemnification documentation.

6. Management and Maintenance of Leased Premises.

a. Prior to execution of the Ground Lease, SCVWA will continue to actively disk or otherwise till existing disturbed agricultural lands as described in Attachment A, until the mutually agreed upon transfer of management to Alamo.

b. After entering into a Ground Lease, Alamo agrees that it will accept sole responsibility for maintenance of the Leased Premises, including but not limited to payment of any property taxes associated with the Project.

c. Management of the Leased Premises during construction, operation and decommissioning by Alamo will be as described in Attachment A, and as required by any governmental entitlements for the Project.

d. After termination of the Ground Lease and the completion of any decommissioning obligations, the sole responsibility for the ongoing use and management of the Leased Premises will revert to SCVWA as permissible under applicable law.

7. Indemnification

Alamo agrees to indemnify, defend and hold SCVWA, its elected officials, officers, directors, employees, agents, consultants, affiliates and related persons and entities, harmless from and against any and all claims, expenses, damages, losses, liability or costs (including reasonable attorneys' fees and costs of defense) arising from Alamo's activities pursuant to this Agreement, provided, however, that Alamo's obligation does not extend to claims, expenses, damages, liabilities or costs caused exclusively by the intentional or grossly negligent acts of SCVWA.

8. Final Ground Lease Terms Subject to SCVWA Board Approval.

This MOU represents an indication of interest and preliminary terms for the commencement of negotiations regarding a definitive Ground Lease and are non-binding on the Parties. Except for the obligations of the Parties under the Site Control Agreement, neither Party will have any obligations to the other with respect to entering into the Ground Lease or commencing work on the project. The final terms of the Ground Lease and the ultimate timing for its execution will be negotiated in the coming months between the Parties, and entirely subject to SCVWA Board review and approval.

9. Execution in Counterparts.

This MOU may be executed in counterparts and signatures delivered by electronic mail or facsimile shall have the same effect as an original signature.

Signature Page Follows

IN WITNESS WHEREOF, each of the Parties has caused this MOU to be signed by a duly authorized officer of the Party as of the date set forth in the introductory paragraph of this Agreement.

ALAMO SPRINGS I, LLC
a Delaware limited liability company

By: _____
Name: _____
Title: _____

SANTA CLARITA VALLEY WATER
AGENCY

By: _____
Name: _____
Title: _____

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Exhibit A
(to Non-Binding Memorandum of Understanding)

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SITE CONTROL AGREEMENT

SunPower Corporation, Systems, a Delaware corporation, or its assignee ("SunPower"), proposes to enter into an option agreement with Castaic Lake Water Agency (CLWA), a public water agency of the State of California ("CLWA"), for a lease of up to 2,000 acres of real property located in Kern and/or King Counties, and generally described on Exhibit A attached hereto (the "Property"). Prior to development of an option agreement, SunPower requires access to the Property and certain of CLWA's documents for a period of time to conduct due diligence and title review. To accommodate this, SunPower and CLWA hereby agree to the terms of this Site Control Agreement (this "Agreement"). This Agreement supersedes any pre-existing correspondence, proposals and letters of intent between the parties regarding the subject matter of this Agreement. The Effective Date of this Agreement shall be April 23, 2015. CLWA or SunPower are also referred to each as a "Party" or collectively as the "Parties" in this Agreement.

Agreement Terms:

1. **Term:** This Agreement shall have a term of six (6) month (the "Term"), commencing on the Effective Date. The Term may be extended in accordance with Section 9 hereof.
2. **Consideration:** SunPower shall pay CLWA four thousand dollars (\$4,000.00) for the initial Term provided above, with payment due within thirty (30) days of the Effective Date. If SunPower exercises its first right to extend the Agreement as provided in Section 9 hereof, SunPower shall pay CLWA an additional four thousand dollars (\$4,000.00) within ten (10) days of SunPower's Renewal Notice, as defined in Section 9. If SunPower exercises its second and/or third right to extend the Agreement as provided in Section 9 hereof, SunPower shall pay CLWA an additional eight thousand dollars (\$8,000.00) per extension within ten (10) days of the applicable SunPower's Renewal Notice. All amounts paid by SunPower pursuant to this Section 2 are referred to herein as the "Consideration."
3. **Agreement Termination:** Notwithstanding anything to the contrary set forth in this Agreement, SunPower shall have the right to terminate this Agreement at any time, in which event CLWA shall retain all of the Consideration received prior to the date of termination.
4. **CAISO Interconnection Application.**
 - (a) In order to facilitate the development process during the Term, SunPower agrees to submit at least one CAISO interconnection application with respect to a solar electricity generation project to be located on the Property by April 30, 2015. If SunPower fails to do so, this Agreement shall terminate, in which event CLWA shall retain all of the Consideration paid to date. SunPower is further authorized to enter into discussions with prospective purchasers for energy to be produced by such a project. All costs incurred in connection with such interconnection application and prospective purchaser discussions will be the responsibility of SunPower.

(b) As a condition to the foregoing, SunPower shall keep CLWA generally apprised of the process with CAISO. Furthermore, in no event shall SunPower finalize any Interconnection Agreement or take any action that would bind CLWA and/or the Property until such time as and only if an option agreement between the Parties has been executed and then only in accordance with the terms of such agreement.

5. Due Diligence Materials and Title Review: Within fifteen (15) days after the Effective Date of this Agreement, CLWA shall deliver to SunPower all documents related to the Property in CLWA's possession (or reasonably available to CLWA); including, but not limited to, documentation and data related to the Devil's Den PG&E Substation, for SunPower's review and approval. In addition, SunPower shall have the right to review and approve of the status of title to the Property. To the extent CLWA incurs costs associated with such due diligence, SunPower shall pay such costs to the extent SunPower approves such costs in advance and CLWA provides reasonable evidence of such costs incurred.
6. Access to the Property: SunPower shall have the right to enter the Property during the Term, including as extended under Section 9 hereof, to conduct all tests, studies, inspections and investigations as SunPower deems appropriate, provided that SunPower has first given CLWA evidence of insurance adequate for SunPower to conduct the inspections and investigations contemplated hereby and SunPower has provided CLWA two business days prior notification of access and the general nature of such work in advance of entering the Property. CLWA shall determine adequacy of insurance, and such determination shall not be withheld unreasonably.
7. Indemnification. SunPower shall indemnify and hold CLWA harmless from any losses, liabilities, damages, claims, judgments, orders, penalties, fines, costs or expenses, including reasonable legal, accounting and other expenses that CLWA may suffer in connection with SunPower's entry upon and inspection of the Property, but in no event shall SunPower be liable to CLWA for any consequential, special or punitive damages. Upon the completion of the investigations of the Property, SunPower shall repair any damage to the Property caused by SunPower's entry, to the extent reasonably practicable. Notwithstanding the foregoing, SunPower shall not be liable to CLWA with respect to any environmental or physical condition that is merely discovered, as opposed to caused, by SunPower. SunPower's indemnity obligations hereunder shall survive the termination or expiration of this Agreement for one (1) year.
8. Continued Use. CLWA may continue its normal use of the Property, including but not limited to farming operations during the Term with consideration of access needed for due diligence on the part of SunPower.
9. SunPower's Renewal Notice: SunPower shall have the right to extend the Term by up to three (3) periods of six (6) months each by complying with the following procedures with respect to each such extension: No later than fifteen (15) days prior to the then scheduled expiration of this Agreement, SunPower shall notify CLWA in writing (each, "**SunPower's Renewal Notice**") that SunPower desires to extend the Term for another

six (6) months. Upon such written notification, the Term of this Agreement shall be extended by six (6) months. SunPower's Renewal Notice, if any, shall be provided to:

Castaic Lake Water Agency
27234 Bouquet Canyon Road
Santa Clarita, CA 91350
Attention: Dan Masnada, General Manager
Phone: (661) 297-1600
Fax: (661) 297-1611

If upon expiration of the Term, as extended by this paragraph, the Parties have been unable to negotiate an option agreement, then this Agreement and all agreements between the Parties related to the Property shall terminate and the neither Party shall have any obligation to the other Party except and to the extent specifically provided herein.

10. **Exclusivity:** CLWA will not place all or any portion of the Property on the open market during the Term. CLWA further agrees that it will not lease, license, sell or grant any other right of use, nor solicit any offers to lease, license, sell nor negotiate for the lease, license, sale, disposal or any other right of use, of all or any portion of the Property with any party other than SunPower, during the Term. CLWA specifically agrees that, with the exception of public utilities, it will not enter into any agreement for the development of solar energy or the transmission of electricity through the Property. The restrictions set forth in this Section 10 shall not apply to short-term farming or grazing leases.
11. **Confidentiality:** The contents of this Agreement and of our negotiations will be confidential and neither party will disclose or permit the disclosure of any information regarding the Property except as required by law or as reasonably required for SunPower to submit and process the CAISO interconnection application(s).
12. **Amendments:** This Agreement shall not be amended, modified or supplemented without the written authorization of both Parties at the time of such amendment, modification or supplement.
13. **No Agency:** This Agreement is not intended, and shall not be construed, to create any association, joint venture, agency relationship or partnership between the Parties or to impose any such obligation or resulting liability upon either Party. Neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act as or be an agent or representative of, or otherwise bind, the other Party.

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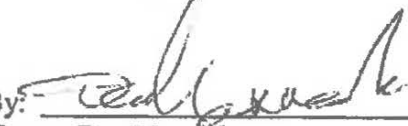
IN WITNESS WHEREOF, the Parties hereto have entered into this Agreement as of the Effective Date.

AGREED AND ACCEPTED AS OF: April 23, 2015.

SUNPOWER CORPORATION,
SYSTEMS,
a Delaware corporation

CASTAIC LAKE WATER AGENCY

By: E. Piscitello
Name: E.F. PISCITELLO
Title: MANAGING DIRECTOR

By: 
Name: Dan Masnada
Title: General Manager

DBM
I

Exhibit A

Property Description for Portions of Devils Den Parcel

[ATTACH SITE PLAN]

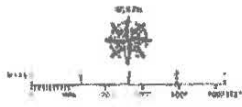
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Exhibit A

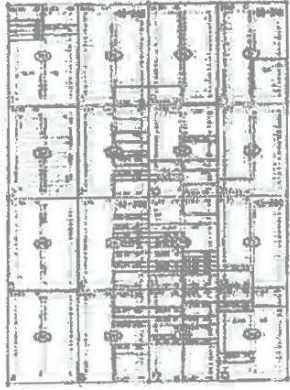
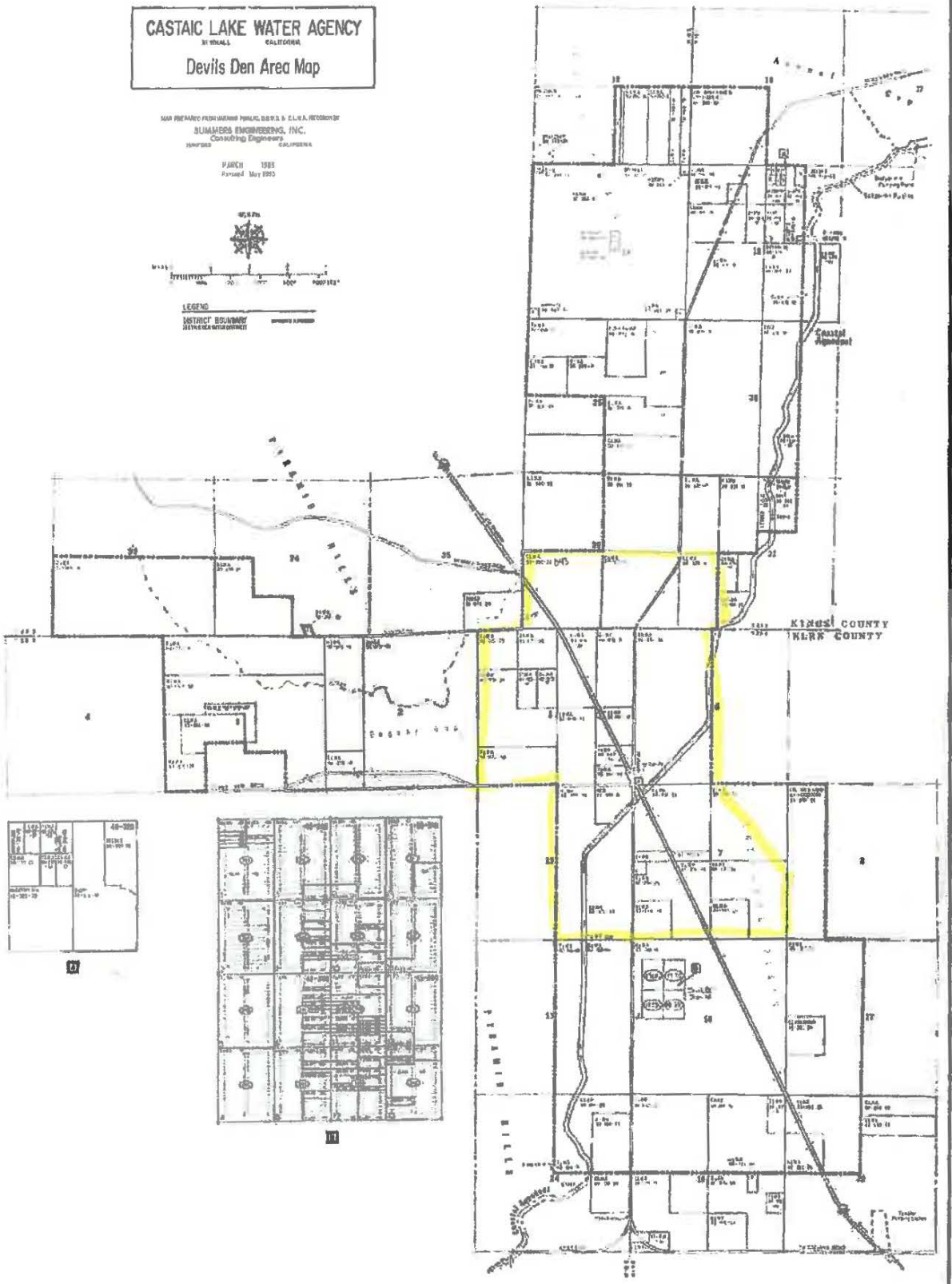
CASTAIC LAKE WATER AGENCY
SUNNYSIDE CALIFORNIA
Devils Den Area Map

MAP PREPARED FROM RECORDS, PLATS, D.E.P.S. & E.L.A. RECORDS BY
SUMMERS ENGINEERING, INC.
Consulting Engineers
SUNNYSIDE CALIFORNIA

MARCH 1988
Revised May 1993



LEGEND
DISTRICT BOUNDARY
PROPERTY BOUNDARY



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FIRST AMENDMENT TO SITE CONTROL AGREEMENT

THIS FIRST AMENDMENT TO SITE CONTROL AGREEMENT (this "**Amendment**") dated as of November __, 2015 (the "**Effective Date**"), is entered into by and between SunPower Corporation, Systems, a Delaware corporation, or its assignee ("**SunPower**"), and Castaic Lake Water Agency (CLWA), a public water agency of the State of California ("**CLWA**").

RECITALS:

- A. SunPower and CLWA entered into that certain Site Control Agreement dated April 23, 2015 (the "**Agreement**"). All capitalized terms used in this Amendment without definition shall have the respective meanings given to such terms in the Agreement.
- B. SunPower has exercised its first renewal option under Section 9 of the Agreement to extend the Term to April 22, 2016.
- C. SunPower and CLWA desire to modify the Agreement as set forth below.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

- 1. Property. Effective as of the Effective Date, (i) Exhibit A to the Agreement is replaced with Revised Exhibit A attached hereto, and (ii) the "Property" shall mean the real property outlined on Revised Exhibit A. SunPower represents that to its actual knowledge, the Property includes the parcels identified by the assessor parcel numbers listed on Exhibit B attached hereto; however, in the event of any inconsistency between Revised Exhibit A and Exhibit B, Revised Exhibit A shall control.
- 2. Renewal Options: The Term, as previously extended, is currently due to expire on April 22, 2016. Section 9 of the Agreement is hereby revised to provide that SunPower shall have the right to further extend the Term by up to six (6) additional periods of six (6) months each (with the first of such additional periods commencing on April 23, 2016, and the sixth and last of such additional periods expiring on April 22, 2019) by complying with the procedures set forth in Section 9 of the Agreement with respect to each such extension.
- 3. Consideration: If SunPower exercises any of its six extension rights as provided in Section 2 above, SunPower shall pay CLWA an additional Eight Thousand Dollars (\$8,000.00) per extension within ten (10) days of the applicable SunPower's Renewal Notice; provided, however, that with respect to any extension period that commences after CLWA's certification or adoption, as applicable, of a final environmental review document under the California Environmental Quality Act (e.g., certification of a Final Environmental Impact Report or adoption of a final Mitigated Negative Declaration with respect to SunPower's proposed development of the Property, and the filing of a Notice of Determination with respect to that development, the Consideration payable by SunPower

with respect to such extension shall be increased to Twelve Thousand Dollars (\$12,000.00) per extension. If SunPower has already paid the Consideration for such extension, then SunPower shall pay the balance of the Consideration that is owing to CLWA as a result of such issuance of a mitigated negative declaration within thirty (30) days after such issuance.


4. Confidentiality: CLWA will endeavor to maintain the confidentiality of this Amendment and the negotiations regarding such and will endeavor to not disclose or permit the disclosure of such information unless required to do so by law. Notwithstanding anything to the contrary, SunPower acknowledges and agrees that CLWA is a public entity and this Amendment and any other records regarding the negotiation are subject to the public records act and any action taken by the Board on this Amendment or anything otherwise related to the Site Control Agreement will be conducted at a public meeting.
5. No Other Modification. Except as set forth in this Amendment, the Agreement shall remain in full force and effect with no other modifications.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Parties hereto have entered into this Amendment as of the Effective Date.

AGREED AND ACCEPTED AS OF: November 12, 2015.

SUNPOWER CORPORATION,
SYSTEMS,
a Delaware corporation

By: 
Name: CHRIS BAKER
Title: Director, Dev.

CASTAIC LAKE WATER AGENCY

By: 
Name: DAN MASNICK
Title: GENERAL MANAGER *DTM*

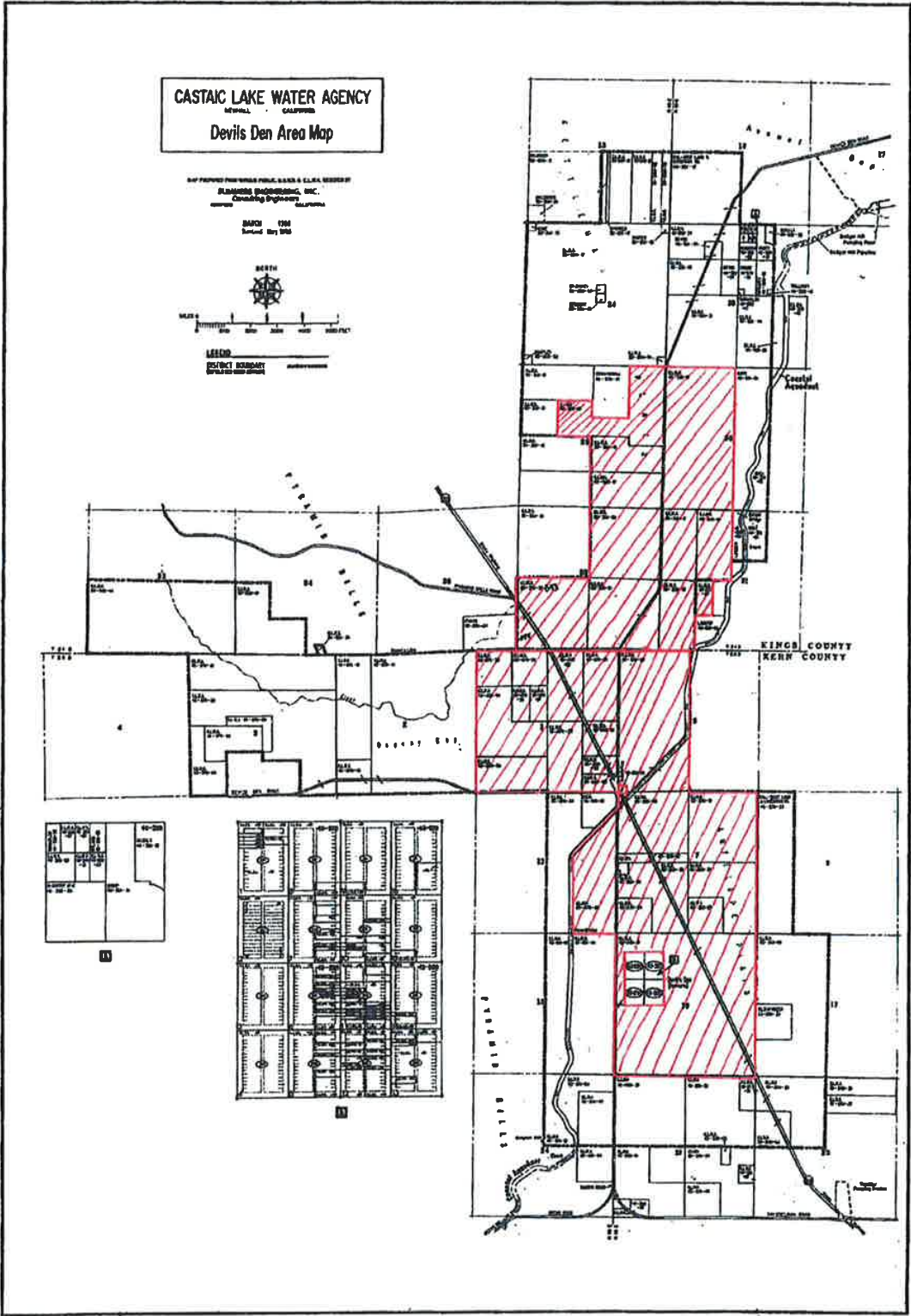
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Revised Exhibit A

Property Description for Portions of Devils Den Parcel

[SEE ATTACHED SITE PLAN]

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CG-1-0

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Exhibit B

APNs included in the Property

County	APN	County	APN
Kings	48-330-01	Kern	43-070-29
Kings	48-330-15	Kern	43-070-30
Kings	48-330-16	Kern	43-070-31
Kings	48-330-17	Kern	43-070-32
Kings	48-330-20	Kern	43-070-33
Kings	50-350-15	Kern	43-070-34
Kings	50-350-41	Kern	43-070-35
Kings	50-350-17	Kern	43-070-36
Kings	50-350-20	Kern	43-070-37
Kings	50-350-21	Kern	43-080-01
Kings	50-350-22-043	Kern	43-080-02
Kings	50-350-22-044	Kern	43-080-03
Kings	50-350-23	Kern	43-230-30
		Kern	43-070-40
		Kern	43-230-21
		Kern	43-230-22
		Kern	43-230-23
		Kern	43-230-24
		Kern	43-230-25
		Kern	43-230-26
		Kern	43-230-27
		Kern	43-230-28
		Kern	43-260-01

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Exhibit B
(to Non-Binding Memorandum of Understanding)

Description of the Property

The Property is 16 miles southeast of the City of Avenal and approximately 20 miles northwest of the community of Lost Hills. The Property is approximately 11 miles west of Interstate-5, immediately east of State Route-33 and on either side of Devil's Den Road.

The Property is located in unincorporated Kings and Kern County, in the southern portion of the San Joaquin Valley within Sections 25 and 30, Township 24 South, Range 18 East, and Sections 30 and 31, Township 24 South, Range 19 East, Mount Diablo Base & Meridian California.

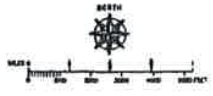
See attached map and list of assessor's parcel numbers.

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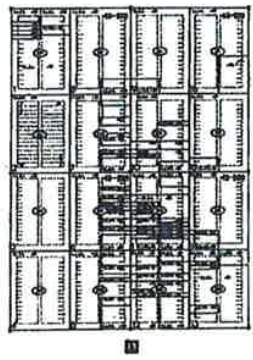
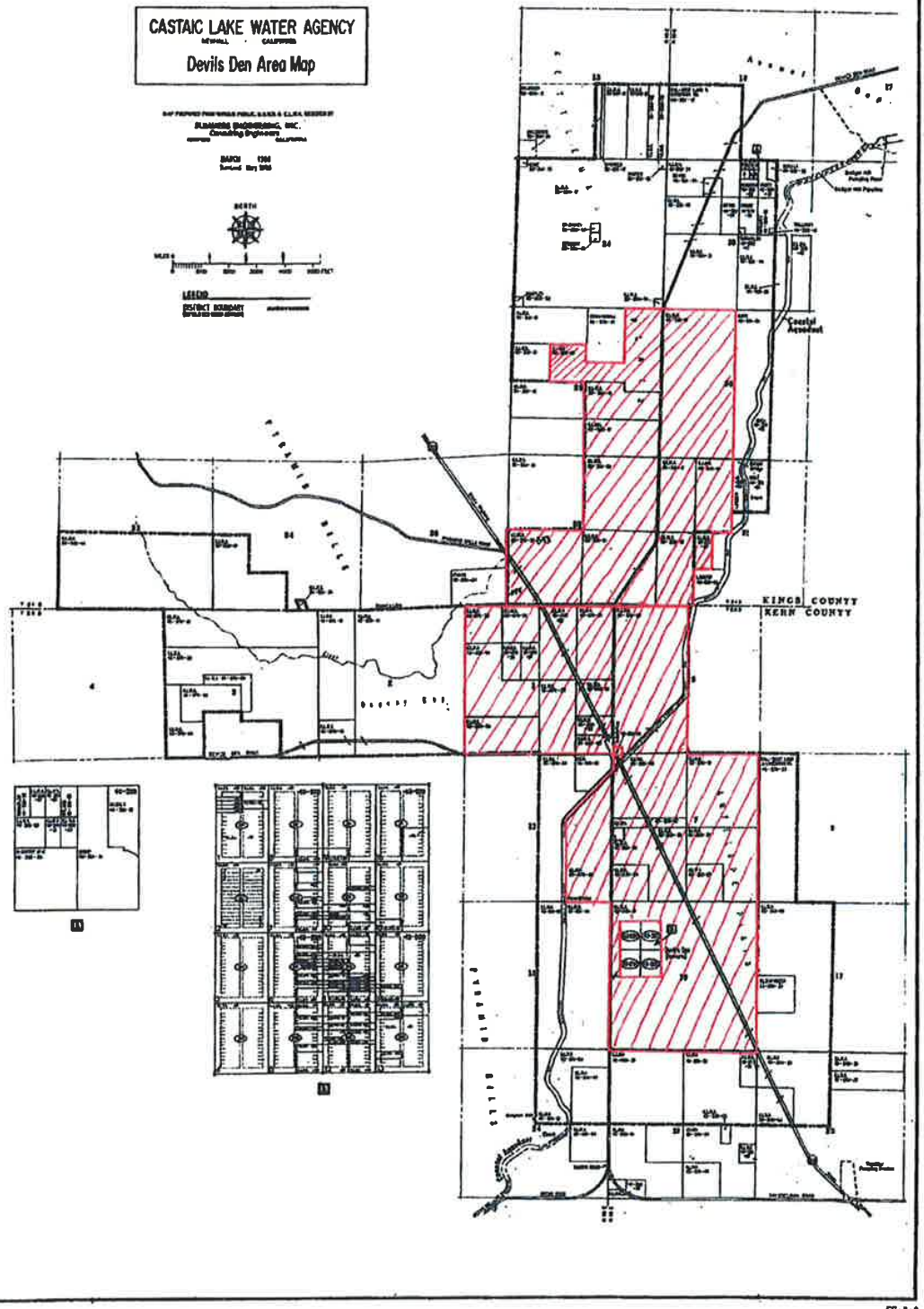
CASTAIC LAKE WATER AGENCY
 NEWHALL, CALIFORNIA
Devils Den Area Map

NOT PREPARED FROM THESE PLANS, MAPS & DATA, EXCEPT BY
PLANNING ENGINEERING, INC.
 Consulting Engineers
 SACRAMENTO, CALIFORNIA

MAP NO. 1006
 Revised May 1958



LEGEND
 DISTRICT BOUNDARY
 DISTRICT BOUNDARY



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APNs included in the Property

County	APN	County	APN
Kings	48-330-01	Kern	43-070-29
Kings	48-330-15	Kern	43-070-30
Kings	48-330-16	Kern	43-070-31
Kings	48-330-17	Kern	43-070-32
Kings	48-330-20	Kern	43-070-33
Kings	50-350-15	Kern	43-070-34
Kings	50-350-41	Kern	43-070-35
Kings	50-350-17	Kern	43-070-36
Kings	50-350-20	Kern	43-070-37
Kings	50-350-21	Kern	43-080-01
Kings	50-350-22-043	Kern	43-080-02
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		Kern	43-230-26
		Kern	43-230-27
		Kern	43-230-28
		Kern	43-260-01

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ATTACHMENT 3

SECOND AMENDMENT TO SITE CONTROL AGREEMENT

This Second Amendment to Site Control Agreement (“Second Amendment”) is made as of _____, 2019 (“Effective Date”), by and between Alamo Springs I, LLC, a Delaware limited liability company (“Alamo”) and Santa Clarita Valley Water Agency (“SCVWA”). Alamo and SCVWA are sometimes individually referred to as a “Party” and collectively referred to as the “Parties.”

RECITALS

A. SCVWA is the successor in interest to Castic Lake Water Agency (“CLWA”) pursuant to operation of law as of January 1, 2018.

B. Clearway Energy Group LLC, a Delaware limited liability company (“Clearway”), is the successor in interest to SunPower Corporation, Systems (“SunPower”) with respect to that certain solar energy project which is described in that certain Site Control Agreement between SunPower and CLWA dated effective April 23, 2015, as amended by that certain First Amendment to Site Control Agreement dated November 12, 2015, copies of which are attached hereto as Exhibit “A” (the “Site Control Agreement”). The Site Control Agreement applies to that certain property owned by SCVWA as defined in the Second Amendment (“Property”);

C. Alamo was formed as the single purpose entity for the Project and SunPower has assigned all of its rights in the Site Control Agreement to Alamo;

D. Alamo and SCVWA desire to modify the Site Control Agreement to take into account the transfer and assignment of the Project to Alamo and to provide for further extensions of the term of the Site Control Agreement in accordance with the terms and conditions set forth herein.

NOW, THEREFORE, the Parties agree as follows:

1. Assignment and Assumption. SCVWA consents to the assignment of the Site Control Agreement to Alamo and Alamo acknowledges that it has agreed to assume all of the obligations of SunPower pursuant the Site Control Agreement.
2. Renewal Options: The Term, as previously extended, is currently due to expire on April 22, 2019. Section 9 of the Site Control Agreement is hereby revised to provide that Alamo shall have the right to further extend the Term as follows (subject to payment for each such extension in accordance with Section 2 below):
 - (a) from April 22, 2019 to December 31, 2019;
 - (b) from December 31, 2019 to June 30, 2020, subject to confirmation that an interconnection agreement for the Project has been executed on or before December 31, 2019; and
 - (c) from June 30, 2020 to December 31, 2020.

It is anticipated that no later than December 31, 2020, Alamo will have received final approval for the Project with respect to the CEQA process and that Alamo and SCVWA will have executed an option to lease with the final form of lease attached.

3. Consideration: If Alamo exercises any of its extension rights as provided in Section 2 above, Alamo shall pay to SCVWA the sum of Eight Thousand Dollars (\$8,000.00) per extension within ten (10) days of the applicable renewal notice described in Section 9 of the Site Control Agreement.
4. Notice. All notices given pursuant to the Site Control Agreement, including the notice of renewal pursuant to Section 9, shall be delivered in person or sent via commercial overnight delivery to the following addresses:

Alamo Springs I, LLC
100 California Street, Suite 400
San Francisco, California 94111
Attn: General Counsel

Santa Clarita Valley Water Agency
27234 Bouquet Canyon Road
Santa Clarita, California 91350
Attn: General Manager

Notices given pursuant to this Agreement shall be effective on receipt. The addresses for notices set forth in this Section may be changed upon written notice of such change to other Party.

5. Nature of Amendment. Except as expressly set forth in this Third Amendment, the terms of the Site Control Agreement shall remain in full force and effect.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Parties hereto have entered into this Third Amendment as of the Effective Date.

ALAMO SPRINGS I, LLC
a Delaware limited liability company

By: _____
Name: _____
Title: _____

SANTA CLARITA VALLEY WATER
AGENCY

By: _____
Name: _____
Title: _____

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EXHIBIT A
SITE CONTROL AGREEMENT

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SITE CONTROL AGREEMENT

SunPower Corporation, Systems, a Delaware corporation, or its assignee ("SunPower"), proposes to enter into an option agreement with Castaic Lake Water Agency (CLWA), a public water agency of the State of California ("CLWA"), for a lease of up to 2,000 acres of real property located in Kern and/or King Counties, and generally described on Exhibit A attached hereto (the "Property"). Prior to development of an option agreement, SunPower requires access to the Property and certain of CLWA's documents for a period of time to conduct due diligence and title review. To accommodate this, SunPower and CLWA hereby agree to the terms of this Site Control Agreement (this "Agreement"). This Agreement supersedes any pre-existing correspondence, proposals and letters of intent between the parties regarding the subject matter of this Agreement. The Effective Date of this Agreement shall be April 23, 2015. CLWA or SunPower are also referred to each as a "Party" or collectively as the "Parties" in this Agreement.

Agreement Terms:

1. **Term:** This Agreement shall have a term of six (6) month (the "Term"), commencing on the Effective Date. The Term may be extended in accordance with Section 9 hereof.
2. **Consideration:** SunPower shall pay CLWA four thousand dollars (\$4,000.00) for the initial Term provided above, with payment due within thirty (30) days of the Effective Date. If SunPower exercises its first right to extend the Agreement as provided in Section 9 hereof, SunPower shall pay CLWA an additional four thousand dollars (\$4,000.00) within ten (10) days of SunPower's Renewal Notice, as defined in Section 9. If SunPower exercises its second and/or third right to extend the Agreement as provided in Section 9 hereof, SunPower shall pay CLWA an additional eight thousand dollars (\$8,000.00) per extension within ten (10) days of the applicable SunPower's Renewal Notice. All amounts paid by SunPower pursuant to this Section 2 are referred to herein as the "Consideration."
3. **Agreement Termination:** Notwithstanding anything to the contrary set forth in this Agreement, SunPower shall have the right to terminate this Agreement at any time, in which event CLWA shall retain all of the Consideration received prior to the date of termination.
4. **CAISO Interconnection Application.**
 - (a) In order to facilitate the development process during the Term, SunPower agrees to submit at least one CAISO interconnection application with respect to a solar electricity generation project to be located on the Property by April 30, 2015. If SunPower fails to do so, this Agreement shall terminate, in which event CLWA shall retain all of the Consideration paid to date. SunPower is further authorized to enter into discussions with prospective purchasers for energy to be produced by such a project. All costs incurred in connection with such interconnection application and prospective purchaser discussions will be the responsibility of SunPower.

(b) As a condition to the foregoing, SunPower shall keep CLWA generally apprised of the process with CAISO. Furthermore, in no event shall SunPower finalize any Interconnection Agreement or take any action that would bind CLWA and/or the Property until such time as and only if an option agreement between the Parties has been executed and then only in accordance with the terms of such agreement.

5. Due Diligence Materials and Title Review: Within fifteen (15) days after the Effective Date of this Agreement, CLWA shall deliver to SunPower all documents related to the Property in CLWA's possession (or reasonably available to CLWA); including, but not limited to, documentation and data related to the Devil's Den PG&E Substation, for SunPower's review and approval. In addition, SunPower shall have the right to review and approve of the status of title to the Property. To the extent CLWA incurs costs associated with such due diligence, SunPower shall pay such costs to the extent SunPower approves such costs in advance and CLWA provides reasonable evidence of such costs incurred.
6. Access to the Property: SunPower shall have the right to enter the Property during the Term, including as extended under Section 9 hereof, to conduct all tests, studies, inspections and investigations as SunPower deems appropriate, provided that SunPower has first given CLWA evidence of insurance adequate for SunPower to conduct the inspections and investigations contemplated hereby and SunPower has provided CLWA two business days prior notification of access and the general nature of such work in advance of entering the Property. CLWA shall determine adequacy of insurance, and such determination shall not be withheld unreasonably.
7. Indemnification. SunPower shall indemnify and hold CLWA harmless from any losses, liabilities, damages, claims, judgments, orders, penalties, fines, costs or expenses, including reasonable legal, accounting and other expenses that CLWA may suffer in connection with SunPower's entry upon and inspection of the Property, but in no event shall SunPower be liable to CLWA for any consequential, special or punitive damages. Upon the completion of the investigations of the Property, SunPower shall repair any damage to the Property caused by SunPower's entry, to the extent reasonably practicable. Notwithstanding the foregoing, SunPower shall not be liable to CLWA with respect to any environmental or physical condition that is merely discovered, as opposed to caused, by SunPower. SunPower's indemnity obligations hereunder shall survive the termination or expiration of this Agreement for one (1) year.
8. Continued Use. CLWA may continue its normal use of the Property, including but not limited to farming operations during the Term with consideration of access needed for due diligence on the part of SunPower.
9. SunPower's Renewal Notice: SunPower shall have the right to extend the Term by up to three (3) periods of six (6) months each by complying with the following procedures with respect to each such extension: No later than fifteen (15) days prior to the then scheduled expiration of this Agreement, SunPower shall notify CLWA in writing (each, "**SunPower's Renewal Notice**") that SunPower desires to extend the Term for another

six (6) months. Upon such written notification, the Term of this Agreement shall be extended by six (6) months. SunPower's Renewal Notice, if any, shall be provided to:

Castaic Lake Water Agency
27234 Bouquet Canyon Road
Santa Clarita, CA 91350
Attention: Dan Masnada, General Manager
Phone: (661) 297-1600
Fax: (661) 297-1611

If upon expiration of the Term, as extended by this paragraph, the Parties have been unable to negotiate an option agreement, then this Agreement and all agreements between the Parties related to the Property shall terminate and the neither Party shall have any obligation to the other Party except and to the extent specifically provided herein.

10. **Exclusivity:** CLWA will not place all or any portion of the Property on the open market during the Term. CLWA further agrees that it will not lease, license, sell or grant any other right of use, nor solicit any offers to lease, license, sell nor negotiate for the lease, license, sale, disposal or any other right of use, of all or any portion of the Property with any party other than SunPower, during the Term. CLWA specifically agrees that, with the exception of public utilities, it will not enter into any agreement for the development of solar energy or the transmission of electricity through the Property. The restrictions set forth in this Section 10 shall not apply to short-term farming or grazing leases.
11. **Confidentiality:** The contents of this Agreement and of our negotiations will be confidential and neither party will disclose or permit the disclosure of any information regarding the Property except as required by law or as reasonably required for SunPower to submit and process the CAISO interconnection application(s).
12. **Amendments:** This Agreement shall not be amended, modified or supplemented without the written authorization of both Parties at the time of such amendment, modification or supplement.
13. **No Agency:** This Agreement is not intended, and shall not be construed, to create any association, joint venture, agency relationship or partnership between the Parties or to impose any such obligation or resulting liability upon either Party. Neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act as or be an agent or representative of, or otherwise bind, the other Party.

[Remainder of page intentionally left blank]


IN WITNESS WHEREOF, the Parties hereto have entered into this Agreement as of the Effective Date.

AGREED AND ACCEPTED AS OF: April 23, 2015.

SUNPOWER CORPORATION,
SYSTEMS,
a Delaware corporation

CASTAIC LAKE WATER AGENCY

By: E. Piscitello
Name: E.F. PISCITELLO
Title: MANAGING DIRECTOR

By: 
Name: Dan Masnada
Title: General Manager

DBM
I

Exhibit A

Property Description for Portions of Devils Den Parcel

[ATTACH SITE PLAN]

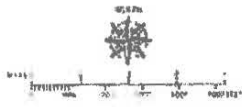
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Exhibit A

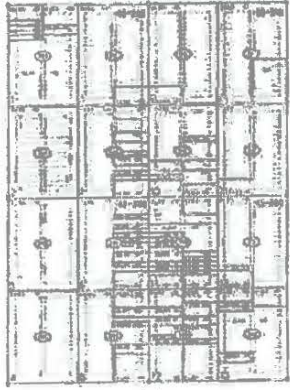
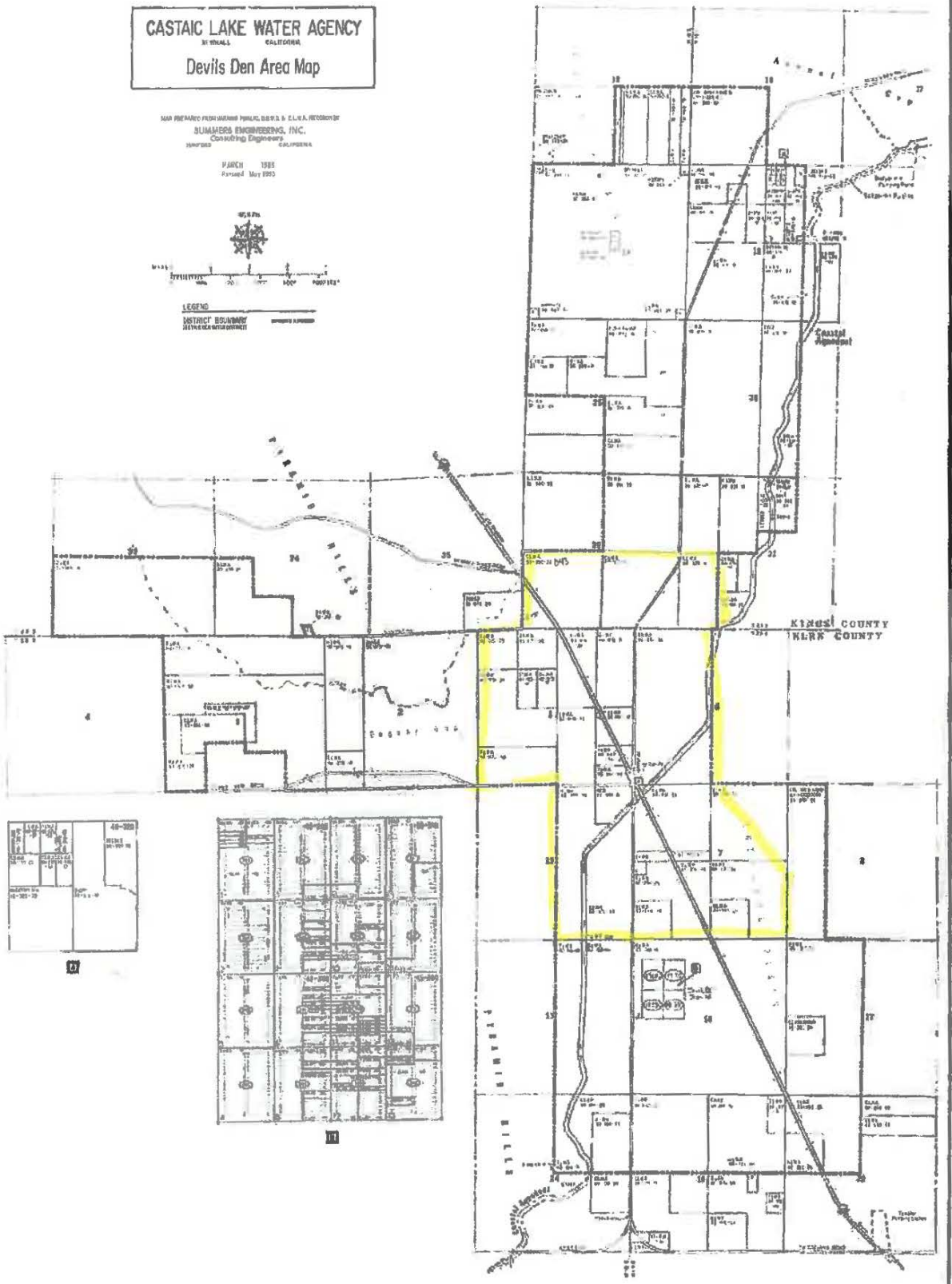
CASTAIC LAKE WATER AGENCY
SHERMAN, CALIFORNIA
Devils Den Area Map

MAP PREPARED FROM RECORDS, PLATS, D.E.D. & E.L.A. RECORDS BY
SUMMERS ENGINEERING, INC.
Consulting Engineers
SHERMAN, CALIFORNIA

MARCH 1988
Revised May 1993



LEGEND
DISTRICT BOUNDARY
PROPERTY BOUNDARY



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FIRST AMENDMENT TO SITE CONTROL AGREEMENT

THIS FIRST AMENDMENT TO SITE CONTROL AGREEMENT (this "**Amendment**") dated as of November __, 2015 (the "**Effective Date**"), is entered into by and between SunPower Corporation, Systems, a Delaware corporation, or its assignee ("**SunPower**"), and Castaic Lake Water Agency (CLWA), a public water agency of the State of California ("**CLWA**").

RECITALS:

- A. SunPower and CLWA entered into that certain Site Control Agreement dated April 23, 2015 (the "**Agreement**"). All capitalized terms used in this Amendment without definition shall have the respective meanings given to such terms in the Agreement.
- B. SunPower has exercised its first renewal option under Section 9 of the Agreement to extend the Term to April 22, 2016.
- C. SunPower and CLWA desire to modify the Agreement as set forth below.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

- 1. **Property.** Effective as of the Effective Date, (i) Exhibit A to the Agreement is replaced with Revised Exhibit A attached hereto, and (ii) the "Property" shall mean the real property outlined on Revised Exhibit A. SunPower represents that to its actual knowledge, the Property includes the parcels identified by the assessor parcel numbers listed on Exhibit B attached hereto; however, in the event of any inconsistency between Revised Exhibit A and Exhibit B, Revised Exhibit A shall control.
- 2. **Renewal Options:** The Term, as previously extended, is currently due to expire on April 22, 2016. Section 9 of the Agreement is hereby revised to provide that SunPower shall have the right to further extend the Term by up to six (6) additional periods of six (6) months each (with the first of such additional periods commencing on April 23, 2016, and the sixth and last of such additional periods expiring on April 22, 2019) by complying with the procedures set forth in Section 9 of the Agreement with respect to each such extension.
- 3. **Consideration:** If SunPower exercises any of its six extension rights as provided in Section 2 above, SunPower shall pay CLWA an additional Eight Thousand Dollars (\$8,000.00) per extension within ten (10) days of the applicable SunPower's Renewal Notice; provided, however, that with respect to any extension period that commences after CLWA's certification or adoption, as applicable, of a final environmental review document under the California Environmental Quality Act (e.g., certification of a Final Environmental Impact Report or adoption of a final Mitigated Negative Declaration with respect to SunPower's proposed development of the Property, and the filing of a Notice of Determination with respect to that development, the Consideration payable by SunPower

with respect to such extension shall be increased to Twelve Thousand Dollars (\$12,000.00) per extension. If SunPower has already paid the Consideration for such extension, then SunPower shall pay the balance of the Consideration that is owing to CLWA as a result of such issuance of a mitigated negative declaration within thirty (30) days after such issuance.


4. Confidentiality: CLWA will endeavor to maintain the confidentiality of this Amendment and the negotiations regarding such and will endeavor to not disclose or permit the disclosure of such information unless required to do so by law. Notwithstanding anything to the contrary, SunPower acknowledges and agrees that CLWA is a public entity and this Amendment and any other records regarding the negotiation are subject to the public records act and any action taken by the Board on this Amendment or anything otherwise related to the Site Control Agreement will be conducted at a public meeting.
5. No Other Modification. Except as set forth in this Amendment, the Agreement shall remain in full force and effect with no other modifications.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Parties hereto have entered into this Amendment as of the Effective Date.

AGREED AND ACCEPTED AS OF: November 12, 2015.

SUNPOWER CORPORATION,
SYSTEMS,
a Delaware corporation

By: 
Name: CHRIS BAKER
Title: Director, Dev.

CASTAIC LAKE WATER AGENCY

By: 
Name: DAN MASNICK
Title: GENERAL MANAGER *DTM*

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Revised Exhibit A

Property Description for Portions of Devils Den Parcel

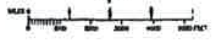
[SEE ATTACHED SITE PLAN]

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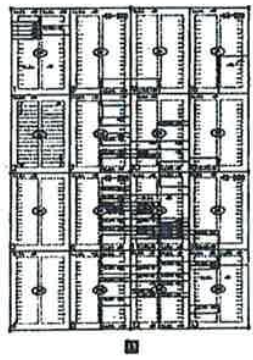
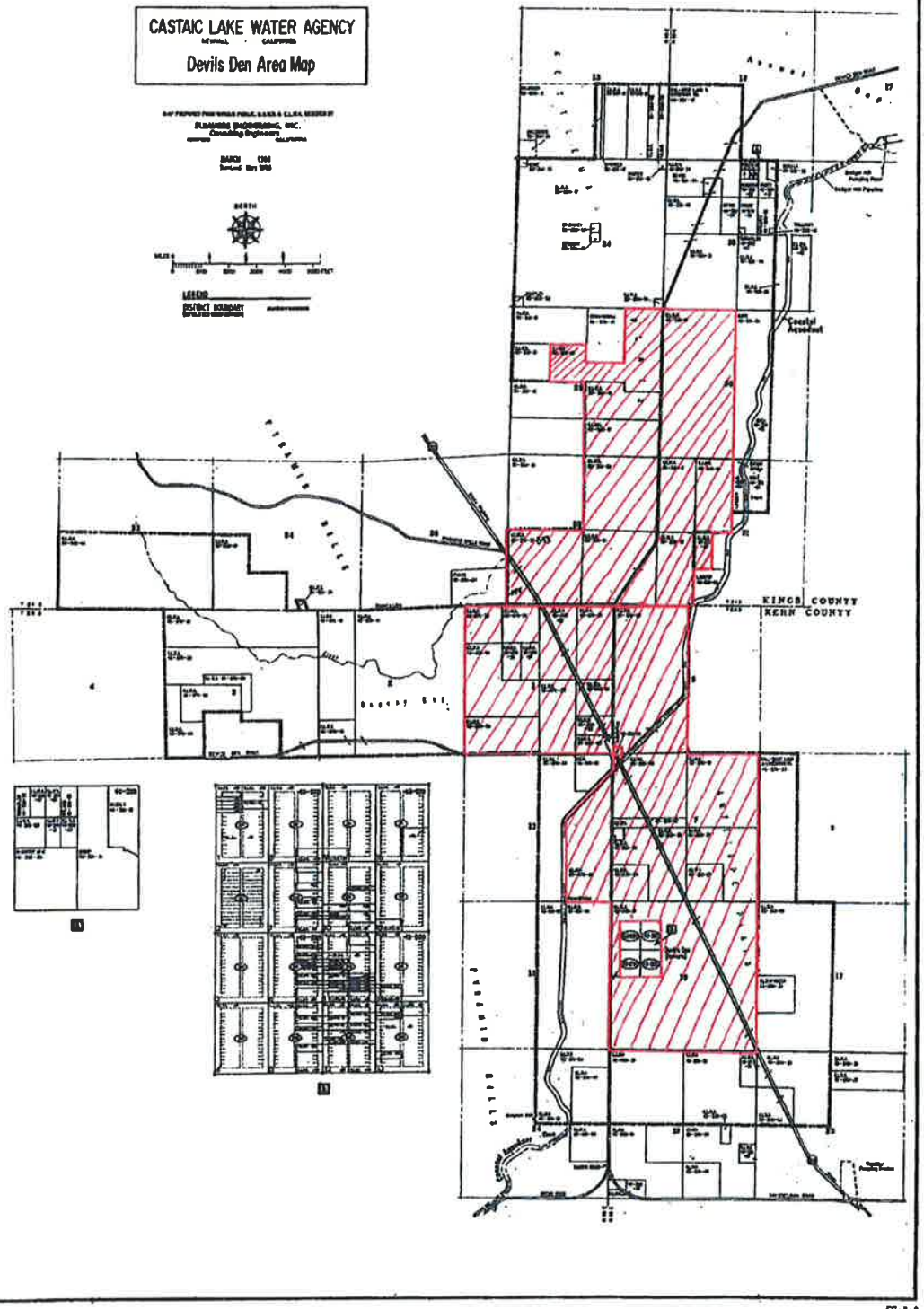
CASTAIC LAKE WATER AGENCY
 NEWHALL, CALIFORNIA
Devils Den Area Map

NOT PREPARED FROM THESE PLANS, RECORD & C.L.R.A. RECORD BY
 PLANNING ENGINEERING, INC.
 Consulting Engineers
 SACRAMENTO, CALIFORNIA

SCALE 1"=80'
 Based on City 1950



LEGEND
 DISTRICT BOUNDARY
 DISTRICT BOUNDARY



CG-1-0

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Exhibit B

APNs included in the Property

County	APN	County	APN
Kings	48-330-01	Kern	43-070-29
Kings	48-330-15	Kern	43-070-30
Kings	48-330-16	Kern	43-070-31
Kings	48-330-17	Kern	43-070-32
Kings	48-330-20	Kern	43-070-33
Kings	50-350-15	Kern	43-070-34
Kings	50-350-41	Kern	43-070-35
Kings	50-350-17	Kern	43-070-36
Kings	50-350-20	Kern	43-070-37
Kings	50-350-21	Kern	43-080-01
Kings	50-350-22-043	Kern	43-080-02
Kings	50-350-22-044	Kern	43-080-03
Kings	50-350-23	Kern	43-230-30
		Kern	43-070-40
		Kern	43-230-21
		Kern	43-230-22
		Kern	43-230-23
		Kern	43-230-24
		Kern	43-230-25
		Kern	43-230-26
		Kern	43-230-27
		Kern	43-230-28
		Kern	43-260-01

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ATTACHMENT 4

RESOLUTION NO. _____

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
SANTA CLARITA VALLEY WATER AGENCY AUTHORIZING
THE GENERAL MANAGER TO ENTER INTO CONTRACTS RELATED
TO DEVELOPMENT OF SOLAR POWER GENERATION ON SCV WATER'S
DEVIL'S DEN PROPERTY**

WHEREAS, the Board of Directors has determined that its Devil's Den property may potentially be an appropriate site for solar power generation; and

WHEREAS, on April 22, 2015, SunPower Corporation entered into a Site Control Agreement with SCV Water; and

WHEREAS, on December 19, 2016, SunPower Corporation entered into a Reimbursement and Indemnification Agreement with SCV Water; and

WHEREAS, on December 19, 2016, SunPower Corporation entered into a Non-Binding Memorandum of Understanding (MOU) with SCV Water; and

WHEREAS, SunPower requested the assignment to its Agreements with SCV Water to Clearway Energy, Inc. in August 2018; and

WHEREAS, Alamo Springs I, LLC was formed by Clearway Energy, Inc. as the single purpose entity for the solar generation project and Clearway has assigned all of its rights in the Agreements to Alamo Springs I, LLC; and

WHEREAS, a new Reimbursement and Indemnification Agreement has been prepared between SCV Water and Alamo Springs I, LLC under the same terms and conditions as the prior Agreement with SunPower; and

WHEREAS, a new non-binding MOU has been prepared between SCV Water and Alamo Springs I, LLC under the same terms and conditions as the prior Agreement with SunPower; and

WHEREAS, terms of the Site Control Agreement have been modified and addressed as the Third Amendment; and


WHEREAS, SCV Water consents to the assignment of the Site Control Agreement to Alamo Springs I, LLC and Alamo acknowledges that it has agreed to assume all of the obligations of SunPower; and

WHEREAS, terms of the Site Control Agreement have been modified to adjust the schedule and are addressed in a Third Amendment. The terms have changed to give Alamo the right to extend the Term of the Site Control Agreement to December 31, 2019 for evaluation of the project; to June 30, 2020, subject to an interconnection agreement being executed prior to December 31, 2019; and a final extension to December 31, 2020 to receive final CEQA approval.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Santa Clarita Valley Water Agency does hereby authorize the General Manager to enter into contracts related to development of solar power generation on SCV Water's Devil's Den Property.



BOARD MEMORANDUM

DATE: March 14, 2019
TO: Board of Directors
FROM: Dirk Marks 
Director of Water Resources
SUBJECT: Approve a Resolution Authorizing the General Manager to Enter Into Consultant(s) Contracts to Investigate the Feasibility of Groundwater Recharge Activities

SUMMARY

SCV Water staff seeks to contract with GSI Water Solutions (GSI) to investigate the feasibility of groundwater recharge activities at designated sites on the eastern portion of the Santa Clara River and near Castaic Creek. The aim is to collect site-specific data to improve upon the Agency's understanding of the existing groundwater basin and further its investigation of potential recharge facilities.

DISCUSSION

Consistent with SCV Water's practice of continuing to develop options to supplement our diversified water supply portfolio, staff seeks to conduct pilot feasibility investigations for recharging groundwater in the eastern end of the Santa Clara River and along Castaic Creek. Sites are shown on Attachment A. These investigations will build upon work completed by Trussell Technologies in the *2017 Upper Santa Clara River Watershed Recharge Feasibility Study* and Geosyntec's 2016 *Castaic Conceptual Feasibility Study for Infiltration of Recycled Water*.

Specifically, the purpose of the studies is to explore the feasibility of full scale groundwater recharge project implementation at each of the locations. The sites were chosen for their ability to maximize the potential beneficial impacts to the downstream wells. The studies would help determine if surface spreading or retention basins are feasible options for recharging groundwater. Raising alluvial groundwater levels at these locations would enhance the operation of wells that are subject to reduced production during times of drought, thereby diversifying the agency's water portfolio and increasing its resiliency during emergencies.

In addition to the Agency's efforts, both the City of Santa Clarita and the County of Los Angeles are constructing facilities that capture and infiltrate storm water and urban runoff in order to comply with storm water permits that aim to minimize water quality impacts to the Santa Clara River. The City is on track to meet their compliance requirements by 2022 and are conducting site investigations at four sites. They will also be breaking ground in the next few weeks at a fifth location in the Canyon Country area. In order to maximize Agency resources and take advantage of possible collaborative opportunities, staff recommends beginning feasibility study investigations as soon as possible to align with the City and County's compliance schedules.

The following items summarize the work that will be completed by the task descriptions depicted in the table below.

Task 1: Pre-Investigation – Environmental assessment, geologic information review and site access negotiations.

Task 2: Site Investigation – Land survey, geophysical survey, soil characterization, infiltration testing, soil boring, 3 monitoring wells, aquifer testing, ongoing water level monitoring, measured depth to groundwater, depth to bedrock, and thickness of the alluvial aquifer beneath the recharge area.

Task 3: Data Analysis – The information gathered from Tasks 1 & 2 will be used to calculate the infiltration rates, conduct a mounding assessment, calculate the groundwater gradient, and evaluate groundwater velocity. This data can then be used to calibrate the Agency’s existing groundwater model to account for site specific characteristics that will yield results with increased reliability.

Task 4: Report – Improved aquifer parameter estimates, hydraulic conductivity, estimated mound height for various operational scenarios, estimated infiltration rates for different sizes of recharge basins, estimated travel time of recycled water to nearest production well and compliance with permitting requirements, estimated diluent volumes, location of contaminant sources within 1 mile of the recharge area and likelihood of potential impacts to water quality, opinion regarding the feasibility of a full scale project, opinion regarding operational scenarios and next steps.

The critical component of successfully completing this work requires an understanding of the groundwater basin and the local watershed. Modeling tools are necessary to conduct these analyses and GSI is uniquely qualified in these areas due to their previous experiences in working on both the Reconnaissance Study and the Trussell report. This experience will allow GSI to efficiently conduct site investigations for each location.

	Description	Totals
Santa Clara River Recharge Sites	Task 1 - Pre-investigation	\$ 8,380
	Task 2 - Site Investigation	\$ 76,783
	Task 3 - Data Analysis	\$ 27,640
	Task 4 - Report	\$ 14,346
	Project Total	\$ 127,149
Castaic School Site	Task 1 - Pre-investigation	\$ 7,260
	Task 2 - Site Investigation	\$ 70,144
	Task 3 - Data Analysis	\$ 26,965
	Task 4 - Report	\$ 15,036
	Project Total	\$ 119,405
Combined Totals		\$ 246,554

The total cost of implementing the pilot studies would be approximately \$347,000. This total includes the estimated budget provided by GSI in the Scope of Work, as well as \$100,000 for environmental/biological assessments of each location and processing necessary permits. The work is anticipated to span FY 2018/19 and FY 2019/20.

CEQA COMPLIANCE

The proposed actions are exempt under the provisions of CEQA and the State CEQA Guidelines, since it involves a conceptual plan associated with feasibility and planning studies for possible future actions, as well as basic data collection and resource evaluation activities which do not result in a serious or major disturbance to an environmental resource. These activities may be strictly for information gathering purposes, or as part of a study leading to actions which a public agency has not yet approved, adopted, or funded. Impacts at both locations will be temporary and will be conducted consistent with any necessary permitting requirements from the California Department of Fish and Wildlife. Accordingly, the CEQA determination is that the proposed action qualifies under both the Feasibility and Planning Studies exemption and a categorical exemption (Section 15262 and Class 6, Section 15306 of the State CEQA Guidelines).

On March 13, 2019, the Water Resources and Watershed Committee considered staff's recommendation to approve a resolution authorizing the General Manager to enter into consultant(s) contracts to investigate the feasibility of groundwater recharge activities.

FINANCIAL CONSIDERATIONS

Sufficient funds were included in the FY 2018/19 operating budget to conduct the proposed work through the current fiscal year. Completion of remaining tasks will occur in FY 2019/20 and will be reflected in the draft operating budget.

RECOMMENDATIONS

The Water Resources and Watershed Committee recommends that the Board of Directors adopt the attached resolution authorizing the General Manager to enter into consultant(s) contracts to investigate the feasibility of groundwater recharge activities.

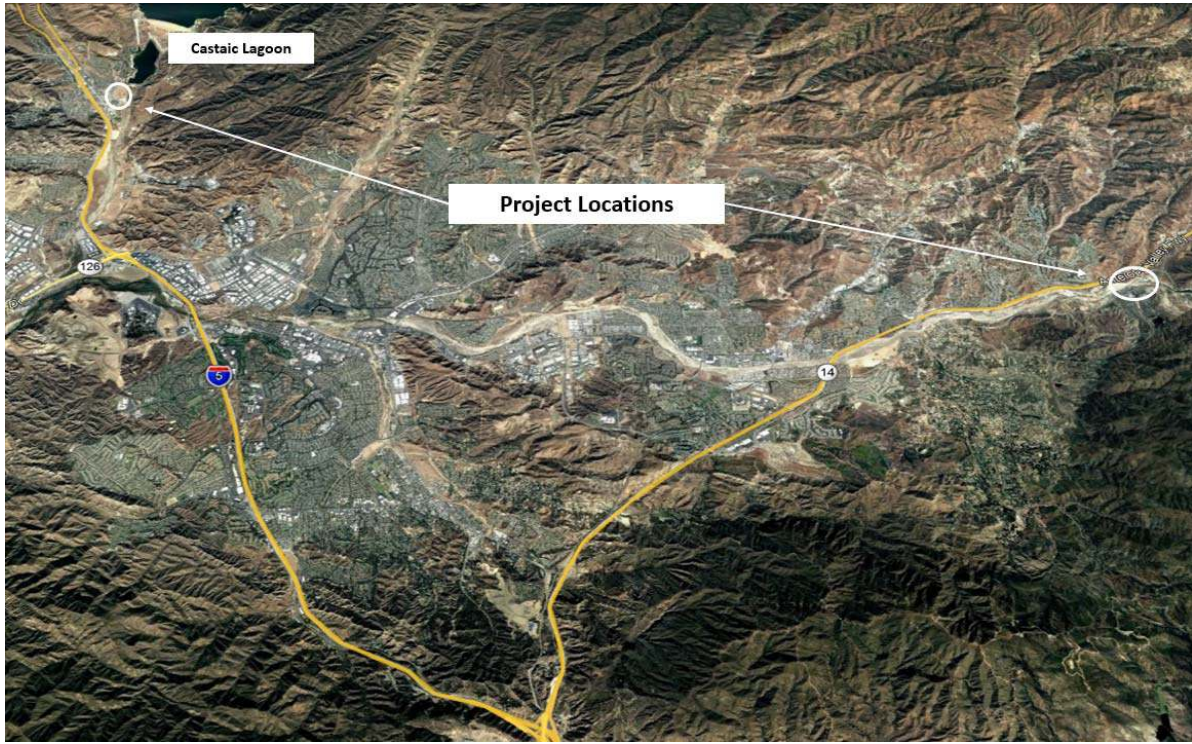
EV

Attachments

M65

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ATTACHMENT A



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RESOLUTION NO. ____

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SANTA CLARITA VALLEY WATER AGENCY AUTHORIZING THE GENERAL MANAGER TO ENTER INTO CONSULTANT(S) CONTRACTS TO INVESTIGATE THE FEASIBILITY OF GROUNDWATER RECHARGE ACTIVITIES

WHEREAS, the Board of Director's for the successor Castaic Lake Water Agency previously authorized the General Manager to execute a reconnaissance level study to explore how integrated local water resource operations could be incorporated into the Santa Clarita Valley's water supply portfolio; and

WHEREAS, the successor agency Newhall County Water District utilized the recommendations of the Reconnaissance Study to commission Trussell Technologies and GSI Water Solutions to complete the *Upper Santa Clara River Watershed Recharge Feasibility Study* in 2017, which identified potential designated recharge locations on the eastern end of the Santa Clarita Valley near the Canyon Country service area; and

WHEREAS, the Board of Directors finds that site specific data is required to determine the feasibility of future groundwater recharge activities for the locations identified in the above study; and

WHEREAS, the successor agency Newhall County Water District, in conjunction with JMP Development and Woodridge Capital, previously commissioned Geosyntec Consultants to complete the *Castaic Conceptual Feasibility Study for Infiltration of Recycled Water*, for the District's property known as the "Castaic School Site" located southwest of the Castaic Lagoon; and

WHEREAS, SCV Water's practice of continuing to develop options to supplement our diversified water supply portfolio is in alignment with feasibility investigations for groundwater recharge activities at both the Castaic School Site and east end locations; and

WHEREAS, the consulting firm GSI Water Solutions is uniquely qualified to conduct feasibility study investigations due to their previous experiences assisting the Agency's consultants to complete the Reconnaissance Study in 2015, the Trussell Study in 2017 as well as their recent work developing the Agency's current numeric groundwater basin model; and

WHEREAS, the CEQA determination is that the proposed action qualifies under both the feasibility and planning studies exemption and a categorical exemption (Section 15262 and Class 6, Section 15306 of the State CEQA Guidelines).

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors of the Santa Clarita Valley Water Agency does authorize the General Manager to enter into consultant(s) contracts with GSI Water Solutions in an amount not to exceed \$246,554 to investigate the feasibility of groundwater recharge activities.

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BOARD MEMORANDUM

DATE: April 2, 2019

TO: Board of Directors

FROM: Dirk Marks *DM*
Director of Water Resources

SUBJECT: Authorize the General Manager to Enter Into an Agreement with United Water Conservation District to Coordinate Deliveries of State Water Project Water Supplies

SUMMARY

SCV Water staff seeks authorization to enter into an agreement to coordinate deliveries of State Water Project (SWP) water supplies between United Water Conservation District (UWCD) and SCV Water for purposes of recharging water into the Upper Santa Clara River Groundwater Basin and the Piru Groundwater Basin (Agreement). This Agreement is consistent with the October 10, 2018 Memorandum of Understanding (MOU) entered into by UWCD and SCV Water to facilitate cooperation between the agencies. The Agreement would provide coordinated ordering of SWP Article 21 water and other SWP supplies in such a manner that the beneficiary pays associated SWP costs.

DISCUSSION

Ventura County Watershed Protection District (“Ventura County”) has contracted with the State of California’s Department of Water Resources (“DWR”) for a SWP water supply and holds a Table A amount of 20,000 acre-feet per year and UWCD is allocated 5,000 acre-feet of Ventura County’s Table A amount. SCV Water has contracted with DWR for a SWP water supply and holds a Table A amount of 95,200 acre-feet per year. The agencies’ service areas overlay adjacent groundwater basins; UWCD overlies the Piru Basin and SCV Water the Upper Santa Clara River Basin. Additionally, UWCD and Newhall County Water District, a predecessor agency to SCV Water, along with DWR and others, are parties to agreements regarding the release of native flood waters from Castaic Reservoir in to Castaic Creek. These agreements provide for equitable distribution on native water and UWCD administers these agreements.

Building on these cooperative agreements and the October 10, 2018 MOU between UWCD and SCV Water, staff recommends entering into a two-year pilot program agreement with UWCD to coordinate deliveries of SWP Article 21 and other SWP supplies into Castaic Creek for the purposes of enhancing natural recharge into the Upper Santa Clara River Basin and the Piru Basin. The objective would be to deliver up to 10,000 AF of water annually. If the water is available at sufficient flow rates, it is anticipated that UWCD and SCV Water will place water orders with the DWR for SWP supplies such that approximately 75% would pass into the UWCD’s basins and 25% would remain within SWC Water’s basin. The Agreement provides for specific measuring/monitoring procedures to calculate losses and confirm benefits. Each party would be responsible for paying DWR its share of water released down Castaic Creek.

CALIFORNIA ENVIRONMENTAL QUALITY ACT COMPLIANCE

The coordination of water deliveries contemplated by the Agreement is exempt from CEQA pursuant to State CEQA Guidelines Sections 15301 because it will involve no change in the type of use or expansion of use of either UWCD's or SCVWA's existing infrastructure facilities. Rather, the coordinated water deliveries will involve the exercising of UWCD and SCV Water's existing contractual rights to water provided by the SWP.

On March 13, 2019, the Water Resources and Watershed Committee considered staff's recommendation to authorize the General Manager to enter into an agreement with United Water Conservation District to coordinate deliveries of State Water Project water supplies.

RECOMMENDATIONS

The Water Resources and Watershed Committee recommends that the Board of Directors authorize the General Manager to enter into an agreement with United Water Conservation District to coordinate deliveries of State Water Project water supplies.

DSM

M65



BOARD MEMORANDUM

DATE: March 20, 2019
TO: Board of Directors
FROM: Steve Cole *SC*
Assistant General Manager
SUBJECT: Authorize the General Manager to Execute a LAFCO Municipal Services Reimbursement Agreement

SUMMARY AND DISCUSSION

On January 1, 2018, Senate Bill 634 (SB 634), reorganized Castaic Lake Water Agency, Newhall County Water District, Santa Clarita Water Division and Valencia Water Company into Santa Clarita Valley Water Agency (SCV Water). As required by SB 634, on April 11, 2018, the Local Agency Formation Commission for the County of Los Angeles (LAFCO) adopted a number of terms and conditions which are binding on SCV Water. One of the conditions imposed by LAFCO requires SCV Water to reimburse LAFCO for costs associated with soliciting, hiring and paying for a consultant to prepare a Municipal Service Review (MSR) and Sphere of Influence (SOI) Update for SCV Water and to enter into said agreement within one year of the adoption of terms and conditions (by April 11, 2019). Staff seeks Board approval to enter into a Reimbursement Agreement (attached) with LAFCO.

FINANCIAL CONSIDERATIONS

LAFCO has not yet solicited proposals to prepare the MSR. Staff estimates the cost to prepare the MSR and SOI at less than \$150,000 which will be included in the FY 2019/20 Budget. Should the cost exceed that amount, the Board will be asked to approve additional funds.

RECOMMENDATIONS

Staff recommends that the Board of Directors authorize the General Manager to execute the Reimbursement Agreement for preparation of the LAFCO MSR and SOI as described above.

CF

Attachment

MGS

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REIMBURSEMENT AGREEMENT

This Reimbursement Agreement (“Agreement”) is made on _____, 2019 (“Effective Date”), by and between the Santa Clarita Valley Water Agency (“SCV Water”) and the Local Agency Formation Commission for the County of Los Angeles (“LAFCO”). SCV Water and LAFCO are sometimes individually referred to as “Party” and collectively referred to as “Parties” herein.

RECITALS

- A. SB 634 (the “Act”), signed by the Governor (Chapter 833) on October 15, 2017 and effective on January 1, 2018, reorganized Castaic Lake Water Agency and Newhall County Water District into SCV Water.
- B. Pursuant to Section 29 of the Act, SCV Water submitted an application for conditions to LAFCO. LAFCO approved the application on April 11, 2018, and included conditions SCV Water must comply with.
- C. Condition 6 requires SCV Water to support LAFCO’s preparation of a Municipal Service Review (MSR) and Sphere of Influence (SOI) Update for SCV Water, and to enter into a Memorandum of Understanding or equivalent with LAFCO wherein SCV Water shall reimburse LAFCO the cost of soliciting, hiring, and paying for a consultant to prepare the MSR and SOI Update.
- D. This Agreement is intended to comply with this requirement and provide for the reimbursement of LAFCO’s costs associated with the LAFCO process as it relates to SCV Water described above.

AGREEMENT

- 1. Incorporation of Recitals. The Parties agree that the Recitals constitute the factual basis upon which the Parties have entered into this Agreement. The Parties each acknowledge the accuracy of the Recitals and agree that the Recitals are incorporated into this Agreement as though fully set forth at length.
- 2. Reimbursement of Costs. SCV Water agrees to reimburse LAFCO for the cost of soliciting, hiring, and paying for a consultant to prepare the MSR and SOI Update. The reimbursable costs covered by this Agreement, including the rates attributable to LAFCO employee and consultant time, shall be determined as described in Exhibit A.
- 3. Timing of Reimbursement Payments. LAFCO may send invoices to SCV Water on or around the first of each month, starting on May 1, 2019, and each month thereafter until all payments required by Section 2 have been made. Except as provided below, SCV Water is responsible for paying LAFCO invoices within thirty days (30) of receipt. SCV Water may request additional detail regarding any costs for which LAFCO seeks reimbursement. If there is a dispute with regards to whether certain costs are reimbursable or not, the Parties will meet and confer to

attempt to reach resolution and any obligation to pay is stayed until after such meet and confer concludes.

4. Nonwaiver of Rights or Remedies. The failure of a Party to exercise any one or more of its rights or remedies under this Agreement shall not constitute a waiver of that Party's right to enforce that right or seek that remedy in the future. No course of conduct or act of forbearance on any one or more occasions by any Party to this Agreement shall preclude that Party from asserting any right or remedy available to it in the future. No course of conduct or act of forbearance on any one or more occasions shall be deemed to be an implied modification of the terms of this Agreement.

5. Entire Agreement. This Agreement constitutes the sole agreement of the Parties with respect to its subject matter. It supersedes any prior written or oral agreements or communications between the Parties. It may not be modified except in writing signed by authorized representatives of the Parties.

6. Binding Upon Successors. This Agreement and each of its terms shall be binding upon the Parties and their respective officers, elected officials, employees, agents, contractors, and successors in interest, including SCV Water upon its creation.

7. Application of Law. The Parties agree that California law applies to this Agreement and any action brought related to this agreement will be brought in the County of Los Angeles.

8. Severability. If any term or provision of this Agreement is found to be invalid or unenforceable, the Parties agree that they would have executed this Agreement notwithstanding the invalidity of such term or provision. The invalid term or provision may be severed from the Agreement and the remainder of the Agreement may be enforced in its entirety.

9. Headings. The headings of each Section of this Agreement are for the purposes of convenience only and shall not be construed to either expand or limit the express terms and language of each Section.

10. Representations of Authority. Each person signing this Agreement on behalf of a Party which is not a natural person hereby represents and warrants to the other Party that all necessary legal prerequisites to that Party's execution of this Agreement have been satisfied and that he or she has been authorized to sign this Agreement and bind the Party on whose behalf he or she signs.

11. Notices. Notices required under this Agreement shall be in writing and shall be sent to the following, as applicable:

If to LAFCO:	Local Agency Formation Commission for Los Angeles County 80 S. Lake Avenue, Suite 870 Pasadena, CA 91101 Attn: Executive Officer
--------------	---

If to SCV Water: Santa Clarita Valley Water Agency
27234 Bouquet Canyon Road
Santa Clarita, CA 91350
Attn: General Manager

The addresses for notices set forth in this Section may be changed upon written notice of such change to the other Parties.

12. Counterparts. This Agreement may be signed in counterparts, each of which is considered an original, but all of which constitutes one and the same instrument.

13. Third Party Beneficiaries. This Agreement does not create any rights enforceable by any person not a party to the Agreement.

14. Litigation. In the event of litigation between the Parties regarding this Agreement, each party shall bear its own attorneys' fees and costs.

LOCAL AGENCY FORMATION COMMISSION FOR LOS ANGELES COUNTY

By: _____
Paul Novak, Executive Officer

Date: _____

APPROVED AS TO FORM:

Mary C. Wickham, County Counsel

By: _____
Lillian Salinger, LAFCO Counsel

SANTA CLARITA VALLEY WATER AGENCY

By: _____
Matt Stone, General Manager

Date: _____

APPROVED AS TO FORM:

By: _____
Thomas S. Bunn III, General Counsel

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Santa Clarita Valley Water Agency Reimbursement Agreement

Exhibit A

Labor and Expenses

Consultant

Total payment (fees and costs) to pay for a consultant to prepare a Santa Clarita Valley Water Agency Municipal Service Review (MSR). (Consultant will be chosen through a formal bidding process.)

LAFCO Labor shall be compensated pursuant to the following rates:

Labor	Staff	Rates
Professional Support	Executive Officer, Deputy Executive Officer, Government Analyst	\$90/hr.
Technical/ Administrative Support	GIS/Mapping Technician, Administrative Clerk	\$45/hr.
Legal Counsel	County Counsel	\$293/hr.

Reimbursable expenses shall be billed at cost for:

- Photocopying and/or Reproduction of document;
- Postage, FedEx, Courier Service, or equivalent;
- Notice of Public Hearing Publication;
- Special Commission Meeting (outside LAFCO meeting schedule);
- Fees required by other public agencies, such as California Environmental Quality Act (CEQA) Compliance, Los Angeles County Assessor, Los Angeles County Registrar-Recorder/County Clerk, State of California Board of Equalization (BOE), and any other non-LAFCO public agency; and
- Any other non-labor expenses, associated with the review, consideration, preparation and determination, associated with the preparation of the MSR.

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ITEM NO.
5.9

BOARD MEMORANDUM

DATE: March 19, 2019
TO: Board of Directors
FROM: Rochelle Patterson 
Director of Finance and Administration
SUBJECT: Approve Receiving and Filing Annual List of Professional Services Contracts

SUMMARY AND DISCUSSION

The Agency's Purchasing Policy requires the General Manager to present to an appropriate Committee an annual report of professional services contracts. The annual report of professional services contracts is to include consultant name, description of service, amount and expiration date.

As presented at the last Finance & Administration Committee meeting on February 11, 2019, additional information was requested in order to clarify some of the terms of certain contracts. The updated report of professional services contracts is attached.

On March 18, 2019, the Finance and Administration Committee considered staff's recommendation to approve receiving and filing the annual list of professional services contracts.

FINANCIAL CONSIDERATIONS

None.

RECOMMENDATION

The Finance and Administration Committee recommends that the Board of Directors receive and file the attached report of professional services contracts.

RP

Attachment

MBS

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PROFESSIONAL SERVICES CONTRACTS

CONSULTANT	CONTRACT TITLE	CONTRACT EFFECTIVE DATE	CONTRACT EXPIRATION DATE	ORIGINAL CONTRACT AMOUNT	PAYMENTS THROUGH 12/31/18	BALANCE REMAINING @ 12/31/18
Anchor Consulting, LLC	Legislative Advocacy Services (Federal)	01/01/19	06/30/19	\$ 27,000	-	\$ 27,000
Aquacraft, Inc	Residential Lawn Replacement Study	06/01/16	06/30/19	70,000	37,188	32,812
Black & Veatch - E1415-022	On-Call Engineering and/or Construction Management & Inspec. Svcs	03/04/15	06/30/19	(a)	59,160	-
California Advocates, Inc.	Government Affairs Services - Month to Month	01/01/19	06/30/19	24,450	-	24,450
Civiltec Engineering, Inc.	On-Call Professional Engineering Services	04/05/17	12/31/20	250,000	(b)	250,000
Contractor Compliance and Monitoring Inc	Labor Compliance Program - Grant Funded Projects	10/01/14	12/31/20	58,000	22,955	35,045
Daniel B. Stephens & Associates, Inc.	Groundwater Sustainability Agency Advisory Services	07/01/18	06/30/19	30,000	2,626	27,374
Droplet Technologies, LLC	Residential Conservation Program	03/01/16	03/01/19	62,856	62,844	12
Dudek	Grant Administration Services	06/01/12	12/31/20	397,870	277,957	119,913
Encompass Consultant Group (ECG)	On-Call Professional Engineering Services	03/22/17	12/31/20	250,000	(b)	250,000
Environmental Science Associates	RWMP Update Pair	12/15/15	12/31/19	230,505	193,245	37,260
Environmental Science Associates	IS/CEQA Determination	03/20/16	12/31/19	93,510	82,072	11,438
Fedak & Brown, LLP ¹	Auditor Services	01/01/06	06/30/19	989,750	720,751	268,999
Fieldman, Rolapp & Associates, Inc.	Financial Advisory Services	01/01/19	12/31/19	99,500	-	99,500
GSI Water Solutions, Inc.	As-Needed Hydrogeological Services	07/01/17	06/30/19	85,000	24,463	60,537
GVP Ventures, Inc.	Executive Recruitments	05/01/17	04/30/19	100,000	70,934	29,066
Inbound Design, Inc.	Website Maintenance	08/30/18	06/30/19	4,000	4,000	-
JAD HOYOS INC	SCVWA Monument Signs	08/01/18	08/31/19	45,000	32,976	12,024
Jensen Design & Surveying, Inc.	On-Call Professional Engineering Services	01/26/17	12/31/20	250,000	(b)	250,000
Kennedy/Jenks Consultants - E1415-018	On-Call Engineering and/or Construction Mmgt. & Inspection Services	03/09/15	06/30/19	(a)	626,135	-
Kennedy/Jenks Consultants - W1415-003	Grant Administration Services-Prop 84 Round 2 Implementation	09/15/14	06/30/20	300,000	173,968	126,032
Kennedy/Jenks Consultants - W1516-001	Proposition 84 IRWM Drought Grant Administration Services	07/01/15	06/30/20	600,000	282,583	317,417
Kennedy/Jenks Consultants	On-Call Professional Engineering Services	07/09/17	12/31/20	250,000	(b)	250,000
Koff & Associates	Classification Studies	03/16/15	03/15/19	100,000	21,085	78,915
Koff & Associates	Comprehensive Benefits Survey	06/01/17	05/30/19	50,000	48,100	1,900
LEE & RO, Inc. - E1415-020	On-Call Engineering Const. Mgmt and Inspection Services	01/20/15	06/30/19	(a)	895,643	-
LEE & RO, Inc.	On-Call Professional Engineering Services	01/26/17	12/31/20	250,000	(b)	250,000
Lee's Maintenance Service, Inc.	Janitorial Services	04/01/16	03/31/19	435,000	402,086	32,914
LSCE	2019 SCV Hydrologic Database Maintenance	01/01/19	12/31/19	10,000	-	10,000
LSCE	2018 SCV Annual Water Report	01/01/19	12/31/19	60,000	-	60,000
Maddaus Water Management, Inc.	Technical Services and DSS Model Updates	10/22/18	06/30/19	53,150	-	53,150
Mari-Co Mail Service	Mari-Co Mail Service	07/01/18	06/30/20	18,100	3,409	14,691
MBK Engineers	Water Reliability Model	01/23/13	12/31/19	70,000	55,726	14,274

PROFESSIONAL SERVICES CONTRACTS

CONSULTANT	CONTRACT TITLE	CONTRACT EFFECTIVE DATE	CONTRACT EXPIRATION DATE	ORIGINAL CONTRACT AMOUNT	PAYMENTS THROUGH 12/31/18	BALANCE REMAINING @ 12/31/18
Means Consulting LLC	Professional Services Agreement - Strategic Planning Svcs	07/25/18	07/25/19	72,267	39,628	32,639
Michael Baker Int'l - E1415-019	On-Call Engineering and/or CM and Inspection Services	01/22/15	06/30/19	(a)	1,193,835	-
Nancy Clemm, P.E.	Water Supply Assessment	09/01/17	06/30/19	40,000	14,915	25,085
National Corrosion	Catholic Assessment of Castaic Conduit (1500 ft segment)	11/07/17	06/30/19	26,490	25,537	953
OpenGov	As-Needed Professional Services	08/01/18	07/31/23	50,000	10,000	40,000
Poole & Shaffery, LLP	2019 Legislative Services - Month to Month	01/01/19	06/30/19	15,500	-	15,500
Raftelis Financial Consultants, Inc.	Annexation Financial Analysis	03/25/13	06/30/19	80,000	40,590	39,410
Raftelis Financial Consultants, Inc.	Facility Capacity Fees 2018	05/01/18	06/30/19	75,000	39,097	35,903
Redhill Group, Inc.	Social Marketing and Branding Evaluation	08/01/17	06/30/20	75,000	24,100	50,900
Southern California Material Handling	Forklift maintenance	08/17/17	06/30/19	10,000	736	9,264
SunWest Engineering Constructors, Inc.	UST and AST Preventive Inspections, Certifications and DO Training	01/01/14	12/31/19	34,000	25,724	8,276
United Records Management	Data Imaging Services	05/01/18	04/30/19	10,000	5,137	4,863
Vali Cooper & Associates, Inc. - E1415-017	On-Call Construction Management and Inspection Services	12/15/14	06/30/19	(a)	739,637	-
Waterwise Consulting Inc.	Water Use Surveys - Residential, LL & CII - Valencia Division	01/01/19	12/31/19	95,000	-	95,000
WaterWise Consulting, Inc.	Residential Home Check-ups for SCWD Customers	08/22/18	06/30/19	45,000	990	44,010
West Yost Associates	Saugus Formation VOC Investigation	07/01/17	06/30/19	40,000	16,305	23,695
Wheeler Company	Devil's Den Property Management Consulting	01/01/19	12/31/19	25,000	-	25,000
Wheeler Company	2019 Landscape Education Consulting	01/01/19	12/31/19	24,000	-	24,000
Woodard & Curran - E1415-021	On-Call Engineering and/or Construction Mngt and Inspection Services	03/04/15	06/30/19	(a)	144,288	-
Woodard & Curran	On-Call Professional Engineering Services	04/18/17	12/31/20	250,000	(b)	250,000

¹ Fedak & Brown, LLP - original contract effective 1/1/06 was \$52,250 and (8) contract amendments totalling \$937,500. Total contract amount \$989,750.


(a) Work Authorizations are issued per task performed.

(b) SCWD contracts. Not to Exceed \$250,000 annually. In 2018 invoices for work were billed directly to Developer Projects.



ITEM NO.
5.10

BOARD MEMORANDUM

DATE: March 19, 2019
TO: Board of Directors
FROM: Rochelle Patterson 
Director of Finance and Administration
SUBJECT: Approve Receiving and Filing CLWA and SCWD December 31, 2017 Financial Statements

SUMMARY

To review Castaic Lake Water Agency (CLWA) and Santa Clarita Water Division (SCWD) December 31, 2017 Financial Statement prepared by Fedak & Brown, LLP.

DISCUSSION

The December 31, 2017 Financial Statement is meant to give the reader a narrative overview and analysis of CLWA and SCWD's financial performance during the period of July 1, 2017 to December 31, 2017.

The auditors gave the report an unmodified opinion, which is termed a clean opinion and is the highest opinion achieved. An unmodified opinion is the auditor's judgment that he has no reservation as to the fairness of presentation of CLWA and SCWD's Financial Statement and their conformity with Generally Accepted Accounting Principles (GAAP). In the auditor's opinion, CLWA and SCWD have presented fairly its financial position, results of operations, and changes in cash flows. The draft report is attached.

On March 18, 2019, the Finance and Administration Committee considered staff's recommendation to approve receiving and filing the CLWA and SCWD December 31, 2017 Financial Statements.

FINANCIAL CONSIDERATIONS

None.

RECOMMENDATION

The Finance and Administration Committee recommends that the Board of Directors receive and file the attached CLWA and SCWD Financial Statements for the period of July 1, 2017 to December 31, 2017.

RP

Attachment

M65

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Castaic Lake Water Agency
Annual Financial Report
For the Six Month Period Ended December 31, 2017



Fedak & Brown LLP
Certified Public Accountants

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Castaic Lake Water Agency

Santa Clarita, California

Annual Financial Report

For The Six Month Period Ended

December 31, 2017

Prepared by:

Rochelle Patterson, MPA, Director of Finance and Administration

Amy Aguer, CPA, Controller

Elizabeth Ooms-Graziano, Retail Administrative Officer

Kim Grass, Accounting Manager

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**Castaic Lake Water Agency
Annual Financial Report
For The Six Month Period Ended December 31, 2017**

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Castaic Lake Water Agency

Our Mission Statement

"Providing Reliable Quality Water at a Reasonable cost to the Santa Clarita Valley."

Castaic Lake Water Agency

Board of Directors as of December 31, 2017

<u>Name</u>	<u>Title</u>	<u>Division</u>	<u>Elected/ Appointed</u>	<u>Term Expires</u>
Robert J. DiPrimo	President	2	Elected	January 2019
Gary R. Martin	Vice-President	At-Large	Elected	January 2019
Thomas Campbell	Director	At-Large	Elected	January 2019
Ed Colley	Director	1	Elected	January 2019
William Cooper	Director	At-Large	Elected	January 2021
R. J. Kelly	Director	1	Elected	January 2021
E. G. "Jerry" Gladbach	Director	2	Elected	January 2021
Jacque McMillan	Director	3	Elected	January 2019
William Pecsì	Director	3	Elected	January 2021
Dean Efstathiou	Director	LA County WWD #36	Appointed	January 2019
B. J. Atkins	Director	NCWD	Appointed	January 2021

Matthew G. Stone, General Manager
27234 Bouquet Canyon Road
Santa Clarita, California 91350-2173
(661) 297-1600
www.clwa.org

Financial Section

FINAL DRAFT

FINAL DRAFT

Independent Auditor's Report

Board of Directors
Castaic Lake Water Agency
Santa Clarita, California

Report on the Financial Statements

We have audited the accompanying combined financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Castaic Lake Water Agency (Agency) as of and for the six month period ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Agency'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 combined 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 an opinion on these combined financial statements based on our audit. We did not audit the financial statements of Valencia Water Company (Company), a component unit, which statements reflect total assets of 14 percent of combined total assets at December 31, 2017, and total revenues of 29 percent of combined total revenues for the six month period ended December 31, 2017. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Company, is based solely on the report of the other auditors. The financial statements of the Company were not audited in accordance with *Government Auditing Standards*. 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 Districts. 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 entity'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 opinion.

Independent Auditor's Report, continued

Opinion

In our opinion, based on our audits and the report of the other auditors, the combined financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Castaic Lake Water Agency and its component units, as of December 31, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the six month period then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 9 to the financial statements, in the six month period ended December 31, 2017, the Agency adopted the provisions of GASB Statement No. 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Consequently, the beginning net OPEB liability was recorded and net position was restated. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 9 and the required supplementary information on pages 70 through 77 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 Agency's basic financial statements. The supplemental information on pages 78 through 79 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information, consisting of the budget and actual capital project fund schedule, and the budget and actual debt service fund schedule, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budget and actual capital project schedule and budget and actual debt service schedule are fairly stated in all material respects in relation to the basic financial statements as a whole.

Independent Auditor's Report, continued

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 18, 2019, on our consideration of the Agency'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 Agency's internal control over financial reporting and compliance. That report can be found on pages 80 and 81.

Fedak & Brown LLP
Cypress, California
March 18, 2019



FINAL DRAFT

**Castaic Lake Water Agency
Management's Discussion and Analysis
For the Six Month Period Ended December 31, 2017**

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Castaic Lake Water Agency (Agency) provides an introduction to the financial statements of the Agency for the six month period ended December 31, 2017. We encourage readers to consider the information presented here in conjunction with the transmittal letter in the Introductory Section and with the basic financial statements and related notes, which follow this section.

Financial Highlights

- For the six month period ended December 31, 2017, the Agency's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$492.36 million (net position). Of this amount, unrestricted net position of \$8.30 million may be used to meet the Agency's ongoing obligations to its customers and creditors.
- The Agency's total net position increased by \$21.88 million during the period from July 1, 2017 to December 31, 2017, which is comprised of a change in net position of \$26.03 million and a decrease from prior period adjustments in the amount of \$4.15 million. Please see Note 9 to the basic financial statements for further discussion.
- The Agency's total revenues from all sources were \$109.98 million during the period from July 1, 2017 to December 31, 2017.
- The Agency's total expenses were \$83.95 million during the period from July 1, 2017 to December 31, 2017.

Using This Financial Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provides information about the activities and performance of the Agency using accounting methods similar to those used by private sector companies. The Statement of Net Position includes all of the Agency's investments in resources (assets), deferred outflows of resources and the obligations to creditors (liabilities), and deferred inflows of resources. It also provides the basis for computing a rate of return, evaluating the capital structure of the Agency and assessing the liquidity and financial flexibility of the Agency. All of the current year's revenues and expenses are accounted for in the Statement of Activities. This statement measures the success of the Agency's operations over the past year and can be used to determine the Agency's profitability and credit worthiness.

Government-wide Financial Statements

Statement of Net Position and Statement of Activities

One of the most important questions asked about the Agency's finances is, "Is the Agency better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Activities report information about the Agency in a way that helps answer this question. These statements include all assets, deferred outflows, liabilities and deferred inflows using the *accrual basis of accounting*, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the Agency's *net position* and changes in them. Think of the Agency's net position – the difference between assets, deferred outflows of resources, and liabilities and deferred inflows of resources – as one way to measure the Agency's financial health, or *financial position*. Over time, *increases or decreases* in the Agency's net position are one indicator of whether its *financial health* is improving or deteriorating. One will need to consider other non-financial factors; however, such as changes in the Agency's property tax base and the types of grants the Agency applies for to assess the *overall financial health* of the Agency.

**Castaic Lake Water Agency
Management's Discussion and Analysis
For the Six Month Period Ended December 31, 2017**

Fund Financial Statements

Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Propriety funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Agency maintains one type of propriety fund: the Water Enterprise Fund.

The Water Enterprise Fund accounts for all activities necessary to provide retail water distribution to the service area that includes a portion of the City of Santa Clarita and unincorporated portions of Los Angeles County in the communities of Castaic, Newhall, Saugus, Canyon County, Stevenson Ranch and Valencia. Some of these activities include, but are not limited to, operations and maintenance.

Government-wide Financial Analysis

Statement of Net Position

	December 31, 2017		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Current and other assets	\$ 176.89	75.78	252.67
Non-current assets	506.31	230.67	736.98
Total assets	683.20	306.45	989.65
Deferred outflows of resources	3.40	3.51	6.91
Liabilities:			
Current liabilities	24.16	44.05	68.21
Non-current liabilities	276.72	158.92	435.64
Total liabilities	300.88	202.97	503.85
Deferred inflows of resources	0.23	0.12	0.35
Net position:			
Net investment in capital assets	241.90	155.26	397.16
Restricted	86.90	-	86.90
Unrestricted	56.69	(48.39)	8.30
Total net position	\$ 385.49	106.87	492.36

**Castaic Lake Water Agency
Management's Discussion and Analysis
For the Six Month Period Ended December 31, 2017**

Government-wide Financial Analysis

Statement of Net Position, continued

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the six month period ended December 31, 2017, the Agencies, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$492.36 million. The Agency's net position is made-up of three components: (1) net investment in capital assets, (2) restricted, and (3) unrestricted.

Statement of Activities

	For the six month period ended December 31, 2017		
	Governmental Activities	Business-Type Activities	Total
Revenues:			
Program revenues:			
Charges for services	\$ 13.23	52.47	65.70
Cap. grants and contribs.	4.47	2.06	6.53
General revenues:			
Property taxes	28.15	-	28.15
Investment earnings	5.83	0.28	6.11
Loss on disposal of capital assets	-	(0.01)	(0.01)
Other revenues	3.84	(0.34)	3.50
Total revenues	55.52	54.46	109.98
Expenses:			
Wholesale water operations	34.82	-	34.82
Interest on long-term debt	6.38	-	6.38
Water enterprise fund	-	42.75	42.75
Total expenses	41.20	42.75	83.95
Change in net position	14.32	11.71	26.03
Net position, beginning of period, as previously stated	377.47	93.01	470.48
Prior period adjustment (note 9)	(6.30)	2.15	(4.15)
Net position, beginning of period, as restated	371.17	95.16	466.33
Net position, end of period	\$ 385.49	106.87	492.36

The Agency's net position increased by \$21.88 million from \$470.48 million at June 30, 2017, to \$492.36 million at December 31, 2017. The increase in net position is comprised of an increase from operations of \$26.03 million and a decrease from prior period adjustments in the amount of \$4.15 million. Please see Note 9 to the basic financial statements for further discussion.

**Castaic Lake Water Agency
Management's Discussion and Analysis
For the Six Month Period Ended December 31, 2017**

Government-wide Financial Analysis

Statement of Activities

Key elements for this increase are as follows:

Governmental activities increased the Agency's net position by \$8.02 million from \$377.47 million at June 30, 2017 to \$385.49 at December 31, 2017, which is comprised of an increase from operations of \$14.32 million and a decrease from prior period adjustments in the amount of \$6.30 million.

Business activities increased the Agency's net position by \$13.86 million from \$93.01 million at June 30, 2017 to \$106.87 million at December 31, 2017, which is comprised of an increase from operations of \$11.71 million and an increase from prior period adjustments in the amount of \$2.15 million.

Fund Financial Analysis

The General fund is the operating fund of the Agency. For the six month period ended December 31, 2017, the fund balance of the General fund was \$15.28 million. The General fund increased by \$3.03 million; primarily due to increased water demand from the four purveyors served.

For the six month period ended December 31, 2017, the fund balance of the Pledged Revenue fund was \$139.54 million. The Pledged Revenue fund decreased by \$0.22 million, which is comprised of a decrease in operations of \$0.55 million and an increase from prior period adjustments in the amount of \$0.33 million. Please see Note 9 to the basic financial statements for further discussion.

For the six month period ended December 31, 2017, the fund balance of the State Water Contract fund was \$54.10 million. The State Water Contract fund increased by \$7.40 million; primarily due to the State Water Contract payments coming in below the estimated budget.

For the six month period ended December 31, 2017, the fund balance of the Capital Project fund was \$27.26 million. The Capital Project fund decreased by \$6.43 million; primarily due to capital expenditures of \$7.54 million, which was offset by other revenues of \$0.89 million, and interest earnings of \$0.22 million.

Please see page 15 for the details of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.

General Fund Budgetary Highlights

The final actual expenditures for the General Fund as of December 31, 2017 were less than budgeted by \$1,340,849. Actual revenues as of December 31, 2017 were more than the anticipated budget by \$342,377. (See Budgetary Comparison Schedule for General Fund under the Required Supplementary Information section on page 70.)

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 22 through 69.

**Castaic Lake Water Agency
Management's Discussion and Analysis
For the Six Month Period Ended December 31, 2017**

Capital Asset Administration

	December 31, 2017		
	Governmental Activities	Business-Type Activities	Total
Capital assets:			
Non-depreciable	\$ 58.11	24.85	82.96
Depreciable	612.62	332.74	945.36
Total capital assets	670.73	357.59	1,028.32
Accumulated depreciation	(234.29)	(142.29)	(376.58)
Total capital assets, net	\$ 436.44	215.30	651.74

As of December 31, 2017, the Agency's investment in capital assets amounted to \$651.74 million (net of accumulated depreciation). This investment in capital assets includes land, transmission and distribution systems, pumping plants and rights, buildings and structures, equipment, vehicles, and construction-in-process.

Major capital asset additions in the business-type activities area included upgrades to water tanks and mains, and developer contributions to the water retail enterprise's transmission and distribution system. A significant portion of these additions were constructed by the Agency and/or sub-contractors and transferred out of construction-in-process upon completion of these various projects. The capital assets of the Agency are more fully analyzed in Note 6 to the basic financial statements.

Long-Term Debt Administration

	December 31, 2017		
	Governmental Activities	Business-Type Activities	Total
Long-term debt:			
Certificates of participation	\$ 137.28	-	137.28
Revenue Bonds	142.89	60.04	202.93
Note Payable	-	24.00	24.00
Total long-term debt	\$ 280.17	84.04	364.21

At December 31, 2017, the Agency had \$364.21 million in long-term debt of which \$18.22 million is considered a current liability. Changes in long-term debt are primarily due to (1) an increase of \$24 million from the secured note payable from Valencia Water Company, (2) issued the 2017A Series A Revenue Bonds of \$60.04 million to defeased the 2011 Series A Revenue Bonds of \$47.44 million and the 2010 Series B Revenue Refunding Certificate of Participation of \$13.52 million, (3) a decrease of \$15.62 million due to principal payments of long-term debt for the governmental activities, and (4) accretion of debt principal of \$3.72 million on the 1999 Certificates of Participation. The long-term debt position of the Agency is more fully analyzed in Note 10 to the basic financial statements.

**Castaic Lake Water Agency
Management's Discussion and Analysis
For the Six Month Period Ended December 31, 2017**

Conditions Affecting Current Financial Position

Expanding in Infrastructure – Management has identified a need to invest in the Agency's infrastructure and Capital Improvement Program (CIP). As the Agency's infrastructure continues to expand, the Agency understands the importance of monitoring the impacts of CIP projects on operating expenditures. Each major CIP project that becomes operational adds new complexity and costs to the Agency's overall system. As this additional infrastructure is implemented, the Agency will require additional staff resources and will incur additional costs to operate and maintain the infrastructure. The current CIP includes a number of water quality and pipeline projects that will not have significant operating costs. However, the future development of the recycled water program will have significant operating costs that should be identified as part of the planning process.

Requests for Information

This financial report is designed to provide the Agency's funding sources, customers, stakeholders, and other interested parties with an overview of the Agency's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the Agency's Director of Finance and Administration at 27234 Bouquet Canyon Road, Santa Clarita, California 91350-2173 or (661) 297-1600.



FINAL DRAFT

Basic Financial Statements

FINAL DRAFT

Castaic Lake Water Agency
Statement of Net Position
December 31, 2017

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Current assets:			
Cash and cash equivalents (note 2)	\$ 9,084,691	15,848,685	24,933,376
Cash and cash equivalents with fiscal agent (note 2)	5,544,057	-	5,544,057
Investments (note 2)	77,433,242	30,544,177	107,977,419
Accrued interest receivable	202,893	109,206	312,099
Accounts receivable - water sales and services	1,934,993	9,312,971	11,247,964
Accounts receivable - other	2,473,607	491,434	2,965,041
Property taxes receivable	5,421,140	-	5,421,140
Internal balances (note 3)	70,200,603	-	70,200,603
Materials and supplies inventory	-	1,115,437	1,115,437
Prepaid expenses and other deposits	4,597,579	1,848,250	6,445,829
Other current assets (note 5)	-	16,510,155	16,510,155
Total current assets	<u>176,892,805</u>	<u>75,780,315</u>	<u>252,673,120</u>
Non-current assets:			
Investments (note 2)	69,871,259	15,364,565	85,235,824
Capital assets - not being depreciated (note 6)	58,112,089	24,851,997	82,964,086
Capital assets, net - being depreciated (note 6)	<u>378,327,005</u>	<u>190,450,775</u>	<u>568,777,780</u>
Total non-current assets	<u>506,310,353</u>	<u>230,667,337</u>	<u>736,977,690</u>
Total assets	<u>683,203,158</u>	<u>306,447,652</u>	<u>989,650,810</u>
Deferred outflows of resources:			
Deferred pension outflows (note 7)	2,257,115	1,296,196	3,553,311
Deferred OPEB outflows (note 8)	1,138,746	728,051	1,866,797
Loss on defeasance of debt (note 10)	-	1,486,224	1,486,224
Total deferred outflows of resources	<u>\$ 3,395,861</u>	<u>3,510,471</u>	<u>6,906,332</u>

Continued on next page

See accompanying notes to the basic financial statements

Castaic Lake Water Agency
Statement of Net Position, continued
December 31, 2017

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Current liabilities:			
Accounts payable and accrued expenses	\$ 4,818,506	8,604,419	13,422,925
Accrued salaries and wages	226,941	202,933	429,874
Customer deposits and unearned revenue	6,437	513,373	519,810
Advances for construction	-	11,309,638	11,309,638
Accrued interest - long-term debt	3,485,571	678,682	4,164,253
Other current liabilities (note 5)	-	19,826,155	19,826,155
Long-term liabilities - due within one year:			
Compensated absences (note 4)	183,158	132,814	315,972
Revenue bonds (note 10)	6,845,000	2,780,000	9,625,000
Certificates of participation (note 10)	8,595,000	-	8,595,000
Total current liabilities	<u>24,160,613</u>	<u>44,048,014</u>	<u>68,208,627</u>
Non-current liabilities:			
Long-term liabilities - due in more than one year:			
Compensated absences (note 4)	549,472	398,442	947,914
Net pension liability (note 7)	6,439,708	3,858,622	10,298,330
Net OPEB liability (note 8)	5,004,151	3,199,375	8,203,526
Internal balances (note 3)	-	70,200,603	70,200,603
Revenue bonds (note 10)	136,048,817	57,261,222	193,310,039
Certificates of participation (note 10)	128,677,194	-	128,677,194
Note payable (note 10)	-	24,000,000	24,000,000
Total non-current liabilities	<u>276,719,342</u>	<u>158,918,264</u>	<u>435,637,606</u>
Total liabilities	<u>300,879,955</u>	<u>202,966,278</u>	<u>503,846,233</u>
Deferred inflows of resources:			
Deferred pension inflows (note 7)	225,611	122,133	347,744
Total deferred inflows of resources	<u>225,611</u>	<u>122,133</u>	<u>347,744</u>
Net position:			
Net invested in capital assets (note 11)	241,897,529	155,261,550	397,159,079
Restricted for capital improvement	27,257,986	-	27,257,986
Restricted for state water contract	54,097,846	-	54,097,846
Restricted for debt service	5,544,195	-	5,544,195
Unrestricted	56,695,897	(48,391,838)	8,304,059
Total net position	<u>\$ 385,493,453</u>	<u>106,869,712</u>	<u>492,363,165</u>

See accompanying notes to the basic financial statements

Castaic Lake Water Agency
Statement of Activities
For the Six Month Period Ended December 31, 2017

Functions/Programs	Program Revenues		Net (Expense) Revenue and Changes in Net Positions			
	Expenses	Charges for Services	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:						
Wholesale water agency	\$ 34,815,201	13,227,443	4,473,676	(17,114,082)	-	(17,114,082)
Interest on long-term debt	6,383,093	-	-	(6,383,093)	-	(6,383,093)
Total governmental activities	41,198,294	13,227,443	4,473,676	(23,497,175)	-	(23,497,175)
Business-type activities:						
Retail water enterprise	42,724,885	52,466,195	2,063,375	-	11,804,685	11,804,685
Total government	\$ 83,923,179	65,693,638	6,537,051	(23,497,175)	11,804,685	(11,692,490)
General revenues (expenses):						
Property taxes levied for general purposes				\$ 28,147,184	-	28,147,184
Interest and investment earnings				5,833,312	276,883	6,110,195
Loss on disposal of capital assets				-	(9,623)	(9,623)
Non-operating revenues (expenses), net				3,843,594	(363,071)	3,480,523
Total general revenues				37,824,090	(95,811)	37,728,279
Change in net position				14,326,915	11,708,874	26,035,789
Net position, beginning of period, as previously stated				377,472,538	93,011,052	470,483,590
Prior period adjustment (note 9)				(6,306,000)	2,149,786	(4,156,214)
Net position, beginning of period, as restated				371,166,538	95,160,838	466,327,376
Net position, end of period				\$ 385,493,453	106,869,712	492,363,165

See accompanying notes to the basic financial statements

Castaic Lake Water Agency
Balance Sheet – Governmental Funds
December 31, 2017

	General	Pledged Revenue	State Water Contract	Capital Project	Debt Service	Total Governmental Funds
Assets:						
Cash and investments	\$ 12,076,445	43,641,268	47,986,132	28,985,347	23,700,000	156,389,192
Cash and cash equivalents with fiscal agent	-	-	-	-	5,544,057	5,544,057
Accrued interest receivable	73,943	40,465	18,904	69,443	138	202,893
Accounts receivable - water sales, net	1,934,993	-	-	-	-	1,934,993
Accounts receivable - other	1,952,716	18,168	-	502,723	-	2,473,607
Property taxes receivable	-	2,470,599	2,950,541	-	-	5,421,140
Prepaid items	1,164,766	-	3,432,813	-	-	4,597,579
Advances to other funds (note 3)	-	70,200,603	-	-	-	70,200,603
Due from other funds (note 3)	-	23,700,000	-	-	-	23,700,000
Total assets	17,202,863	140,071,103	54,388,390	29,557,513	29,244,195	270,464,064
Liabilities:						
Accounts payable	1,693,332	535,103	290,544	2,299,527	-	4,818,506
Accrued expenditures	233,378	-	-	-	-	233,378
Due to other funds (note 3)	-	-	-	-	23,700,000	23,700,000
Total liabilities	1,926,710	535,103	290,544	2,299,527	23,700,000	28,751,884
Fund balances (note 12):						
Nonspendable	1,164,766	-	3,432,813	-	-	4,597,579
Restricted	-	-	50,665,033	27,257,986	5,544,195	83,467,214
Committed	5,920,000	55,190,700	-	-	-	61,110,700
Assigned	8,191,387	84,345,300	-	-	-	92,536,687
Total fund balances	15,276,153	139,536,000	54,097,846	27,257,986	5,544,195	241,712,180
Total liabilities and fund balances	\$ 17,202,863	140,071,103	54,388,390	29,557,513	29,244,195	270,464,064

See accompanying notes to the basic financial statements

**Castaic Lake Water Agency
Reconciliation of the Balance Sheet of Governmental
Funds to the Statement of Net Position
December 31, 2017**

Total fund balances – Governmental funds \$ 241,712,180

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the Statement of Net Position includes those capital assets among the assets of the Agency as a whole.

Beginning balance, net of depreciation	\$ 435,379,227
Current year additions	10,243,094
Current year depreciation	<u>(9,183,227)</u>
Ending balance, net of depreciation	436,439,094

Long-term liabilities applicable to the Agency are not due and payable in the current period and accordingly, are not reported as governmental fund liabilities. All liabilities both current and long-term, are reported in the Statement of Net Position.

Net OPEB liability	(5,004,151)
Net pension liability	(6,439,708)
Compensated absences	(732,630)
Premium on debt	(21,530,265)
Certificates of participation and revenue bonds	<u>(258,635,746)</u>
Deferred inflows of resources	(292,342,500)
Deferred outflows of resources	(225,611)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	3,395,861
	<u><u>(3,485,571)</u></u>

Net position of governmental activities \$ 385,493,453

See accompanying notes to the basic financial statements

Castaic Lake Water Agency
Statement of Revenues, Expenditures and Changes in Fund Balances– Governmental Funds
For the Six Month Period Ended December 31, 2017

	<u>General</u>	<u>Pledge d Revenue</u>	<u>State Water Contract</u>	<u>Capital Project</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
Revenues:						
Property taxes	\$ -	12,828,233	15,318,951	-	-	28,147,184
Water sales - Agency	13,160,699	-	-	-	-	13,160,699
Facility capacity fee	-	4,473,676	-	-	-	4,473,676
Laboratory fees	66,744	-	-	-	-	66,744
Interest and investment earnings	127,213	5,288,441	155,506	225,544	36,608	5,833,312
Other	605,427	1,736,132	612,356	889,679	-	3,843,594
Total revenues	13,960,083	24,326,482	16,086,813	1,115,223	36,608	55,525,209
Expenditures:						
Water treatment operations	3,141,757	-	-	-	-	3,141,757
Water resources	1,577,448	-	-	-	-	1,577,448
Maintenance	1,798,873	-	-	-	-	1,798,873
Water quality and regulatory affairs	524,710	-	-	-	-	524,710
Administration	2,360,618	-	-	-	-	2,360,618
Management	891,375	-	-	-	-	891,375
Engineering	637,720	-	-	-	-	637,720
State water contract payments	-	-	8,916,917	-	-	8,916,917
Capital outlay	-	2,032,449	3,200,608	7,544,349	-	12,777,406
Debt service:						
Interest	-	-	-	-	7,923,118	7,923,118
Principal	-	-	-	-	11,450,447	11,450,447
Total expenditures	10,932,501	2,032,449	12,117,525	7,544,349	19,373,565	52,000,389
Excess of revenues over(under) expenditures	3,027,582	22,294,033	3,969,288	(6,429,126)	(19,336,957)	3,524,820
Other financing sources(uses):						
Transfers in (note 3)	-	-	3,432,813	-	19,415,465	22,848,278
Transfers out (note 3)	-	(22,848,278)	-	-	-	(22,848,278)
Total other financing sources(uses)	-	(22,848,278)	3,432,813	-	19,415,465	-
Net change in fund balances	3,027,582	(554,245)	7,402,101	(6,429,126)	78,508	3,524,820
Fund balance, beginning of period, as previously stated	12,248,571	139,758,949	46,695,745	33,687,112	5,465,687	237,856,064
Prior period adjustment	-	331,296	-	-	-	331,296
Fund balance, beginning of period, as restated	12,248,571	140,090,245	46,695,745	33,687,112	5,465,687	238,187,360
Fund balance, end of period	\$ 15,276,153	139,536,000	54,097,846	27,257,986	5,544,195	241,712,180

See accompanying notes to the basic financial statements

Castaic Lake Water Agency
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Six Month Period Ended December 31, 2017

Net change in fund balances – Total governmental funds	\$	3,524,820
<p>When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the Statement of Revenues, Expenses and Changes in Fund Balance, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount that capital expenditures (\$12,775,666) and depreciation (\$9,183,227) in the current period.</p>		
		3,594,179
<p>Repayment of long-term debt is reported as expenditures in governmental funds, and thus, has the effect of reducing fund balance because current financial resources have been used. For the Agency as a whole, however, the principal payments reduce the liabilities in the Statement of Net Position and do not result in an expense in the Statement of Revenues, Expenses and Change in Fund Balance.</p>		
		11,450,447
<p>The accretion of interest on long-term debt is not reported as an expenditure in governmental funds, but as an addition to principal outstanding in the statement of activities.</p>		
		(3,715,111)
<p>Amortization of original issued premiums and original issued discounts on debt issued by the Agency. These amounts are the net effect amortized over the life of the debt service.</p>		
		(170,101)
<p>Pension expense</p>		
		(968,799)
<p>OPEB expense</p>		
<p>Some expenses reported in the Statement of Revenues, Expenses and Changes in Net Assets do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:</p>		
Net change in accrued interest for the current period		653,636
Net change in compensated absences for the current period.		(42,156)
		<u>14,326,915</u>
Change in net position of governmental activities	\$	14,326,915

See accompanying notes to the basic financial statements

Castaic Lake Water Agency
Statement of Net Position – Water Enterprise Fund
December 31, 2017

	<u>Santa Clarita</u> <u>Water Division</u>	<u>Valencia</u> <u>Water Company</u>	<u>Total</u>
Current assets:			
Cash and cash equivalents	\$ 8,845,549	7,003,136	15,848,685
Investments	21,282,508	9,261,669	30,544,177
Accrued interest receivable	109,206	-	109,206
Accounts receivable - water sales and services	5,586,180	3,726,791	9,312,971
Accounts receivable - other	98,557	392,877	491,434
Materials and supplies inventory	692,419	423,018	1,115,437
Prepaid expenses and other deposits	178,650	1,669,600	1,848,250
Other current assets	-	16,510,155	16,510,155
Total current assets	<u>36,793,069</u>	<u>38,987,246</u>	<u>75,780,315</u>
Non-current assets:			
Investments	15,364,565	-	15,364,565
Capital assets - not being depreciated (note 6)	19,502,381	5,349,616	24,851,997
Capital assets, net - being depreciated (note 6)	<u>93,831,223</u>	<u>96,619,552</u>	<u>190,450,775</u>
Total non-current assets	<u>128,698,169</u>	<u>101,969,168</u>	<u>230,667,337</u>
Total assets	<u>165,491,238</u>	<u>140,956,414</u>	<u>306,447,652</u>
Deferred outflows of resources:			
Deferred pension outflows	1,296,196	-	1,296,196
Deferred OPEB outflows	728,051	-	728,051
Loss on defeasance of debt (note 10)	<u>1,486,224</u>	<u>-</u>	<u>1,486,224</u>
Total deferred outflows of resources	<u>\$ 3,510,471</u>	<u>-</u>	<u>3,510,471</u>

Continued on next page

See accompanying notes to the basic financial statements.

Castaic Lake Water Agency
Statement of Net Position – Water Enterprise Fund, continued
December 31, 2017

	<u>Santa Clarita</u> <u>Water Division</u>	<u>Valencia</u> <u>Water Company</u>	<u>Total</u>
Current liabilities:			
Accounts payable and accrued expenses	\$ 3,182,932	5,421,487	8,604,419
Accrued wages and related payables	109,128	93,805	202,933
Customer deposits and unearned revenue	482,223	31,150	513,373
Advances for construction	3,100,411	8,209,227	11,309,638
Accrued interest	446,142	232,540	678,682
Other current liabilities	-	19,826,155	19,826,155
Long-term liabilities - due within one year:			
Compensated absences (note 4)	84,636	48,178	132,814
Revenue bonds (note 10)	2,780,000	-	2,780,000
Total current liabilities	<u>10,185,472</u>	<u>33,862,542</u>	<u>44,048,014</u>
Non-current liabilities:			
Long-term liabilities - due in more than one year:			
Compensated absences (note 4)	253,908	144,534	398,442
Net pension liability	3,858,622	-	3,858,622
Net OPEB liability	3,199,375	-	3,199,375
Advances from other funds (note 3)	-	70,200,603	70,200,603
Revenue bonds (note 10)	57,261,222	-	57,261,222
Note payable (note 10)	-	24,000,000	24,000,000
Total non-current liabilities	<u>64,573,127</u>	<u>94,345,137</u>	<u>158,918,264</u>
Total liabilities	<u>74,758,599</u>	<u>128,207,679</u>	<u>202,966,278</u>
Deferred inflows of resources:			
Deferred pension inflows	122,133	-	122,133
Total deferred inflows of resources	<u>122,133</u>	<u>-</u>	<u>122,133</u>
Net position:			
Net investment in capital assets (note 11)	53,292,382	101,969,168	155,261,550
Unrestricted	40,828,595	(89,220,433)	(48,391,838)
Total net position	<u>\$ 94,120,977</u>	<u>12,748,735</u>	<u>106,869,712</u>

See accompanying notes to the basic financial statements.

Castaic Lake Water Agency
Statement of Revenues, Expenses, and Changes in Net Position – Water Enterprise Fund
For the Six Month Period Ended December 31, 2017

	<u>Santa Clarita</u> <u>Water Division</u>	<u>Valencia</u> <u>Water Company</u>	<u>Total</u>
Operating revenues:			
Water consumption sales and services	\$ 20,323,262	31,076,152	51,399,414
Other charges and services	<u>456,443</u>	<u>610,338</u>	<u>1,066,781</u>
Total operating revenues	<u>20,779,705</u>	<u>31,686,490</u>	<u>52,466,195</u>
Operating expenses:			
Source of supply	6,812,961	9,665,512	16,478,473
Pumping	1,634,891	2,286,624	3,921,515
Water treatment	519,402	371,989	891,391
Transmission and distribution	2,176,418	1,222,186	3,398,604
Customer accounts	506,139	540,845	1,046,984
Engineering	718,004	-	718,004
General and administrative	<u>1,553,693</u>	<u>7,547,779</u>	<u>9,101,472</u>
Total operating expenses	<u>13,921,508</u>	<u>21,634,935</u>	<u>35,556,443</u>
Operating income before depreciation and amortization	6,858,197	10,051,555	16,909,752
Depreciation and amortization	<u>(2,577,984)</u>	<u>(2,741,729)</u>	<u>(5,319,713)</u>
Operating income	<u>4,280,213</u>	<u>7,309,826</u>	<u>11,590,039</u>
Non-operating revenue (expense):			
Interest earnings	170,092	106,791	276,883
Interest expense	(687,641)	(1,161,088)	(1,848,729)
Loss on disposal of capital assets	(9,623)	-	(9,623)
Other non-operating revenues (expenses), net	<u>173,615</u>	<u>(536,686)</u>	<u>(363,071)</u>
Total non-operating expense, net	<u>(353,557)</u>	<u>(1,590,983)</u>	<u>(1,944,540)</u>
Net income before capital contributions	3,926,656	5,718,843	9,645,499
Capital contributions – developer and customer	<u>2,063,375</u>	<u>-</u>	<u>2,063,375</u>
Change in net position	<u>5,990,031</u>	<u>5,718,843</u>	<u>11,708,874</u>
Net position, beginning of period, as previously stated	93,011,052	-	93,011,052
Prior period adjustment	<u>(4,880,106)</u>	<u>7,029,892</u>	<u>2,149,786</u>
Net position, beginning of period, as restated	<u>88,130,946</u>	<u>7,029,892</u>	<u>95,160,838</u>
Net position, end of period	<u>\$ 94,120,977</u>	<u>12,748,735</u>	<u>106,869,712</u>

See accompanying notes to the basic financial statements

**Castaic Lake Water Agency
Statement of Cash Flows – Water Enterprise Fund
For the Six Month Period Ended December 31, 2017**

	<u>Business-type Activities</u>
Cash flows from operating activities:	
Receipts from customers for water sales and services	\$ 52,271,177
Payments to employees for salaries and wages	(5,156,861)
Payments to vendors and suppliers for materials and services	<u>(29,669,773)</u>
Net cash provided by operating activities	<u>17,444,543</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(5,225,350)
Capital contributions	2,063,375
Principal paid	(2,407,533)
Interest paid	<u>(2,573,045)</u>
Net cash used in capital and related financing activities	<u>(8,142,553)</u>
Cash flows from investing activities:	
Purchase of investments, net	(650,901)
Interest earnings	<u>276,584</u>
Net cash used in investing activities	<u>(374,317)</u>
Net increase in cash and cash equivalents	8,927,673
Cash and cash equivalents, beginning of period	<u>6,921,012</u>
Cash and cash equivalents, end of period	<u>\$ 15,848,685</u>

Continued on next page

See accompanying notes to the basic financial statements.

Castaic Lake Water Agency
Statement of Cash Flows – Water Enterprise Fund, continued
For the Six Month Period Ended December 31, 2017

	<u>Business-type Activities</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ <u>11,590,039</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	5,319,713
Proceeds from non-operating revenues, net	(363,071)
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:	
(Increase) decrease in assets and deferred outflows of resources:	
Accounts receivable - water sales and services, net	236,600
Accounts receivable - other	(371,458)
Materials and supplies inventory	56,424
Prepaid expenses and other deposits	243,741
Other current assets	7,331,333
Deferred outflows of resources	(1,651,643)
Increase (decrease) in liabilities and deferred inflows of resources:	
Accounts payable and accrued expenses	1,646,815
Accrued salaries and wages	67,219
Customer deposits and unearned revenue	(60,160)
Advances for construction	372,254
Compensated absences	(70,416)
Other liabilities	(8,442,178)
Net pension liability	607,071
Net OPEB liability	739,467
Deferred inflows of resources	<u>192,793</u>
Total adjustments	<u>5,854,504</u>
Net cash provided by operating activities	<u>\$ <u>17,444,543</u></u>

See accompanying notes to the basic financial statements

Castaic Lake Water Agency
Notes to the Basic Financial Statements
December 31, 2017

(1) Reporting Entity and Summary of Significant Accounting Policies

A. Organization and Operations of the Reporting Entity

The Castaic Lake Water Agency (Agency) was organized on April 20, 1962, by virtue of Assembly Bill No. 26, Chapter 28, California Statutes of 1962, to contract with the State of California for the delivery of a portion of the water to be brought over the Tehachapi Mountains from the Sacramento-San Joaquin Delta through the state water resources development system.

The Agency provides supplemental wholesale water to four local retail water purveyors as follows: the Newhall County Water District, the Valencia Water Company, the Los Angeles County Waterworks District No. 36, and the Santa Clarita Water Division (blended component unit – retail water enterprise fund). The Agency covers an area of approximately 195 square miles situated in northwest Los Angeles County. It is divided into three elective divisions; its governing board is made up of two directors from each division, three directors at-large, and one director appointed by each of two of the retail water purveyors (Newhall County Water District and Los Angeles County Waterworks District No. 36).

The Agency's operations to date have consisted of participation in the development of the State Water Project, construction of its water treatment and delivery facilities and the sale of water to local water distribution agencies. All costs incurred by the Agency for construction, engineering, contract payments to the State Water Project and administrative costs through June 30, 1980, were capitalized. Water sales commenced during the fiscal year ended June 30, 1981.

Blended Component Units

The criteria used in determining the scope of the financial reporting entity is based on the provisions of Governmental Accounting Statements No. 14 and 34 (an amendment of No. 14) and GASB No. 61 – *The Financial Reporting Entity*, Omnibus (an amendment of GASB Statements No. 14 and No. 34). The Agency is the primary governmental unit based on the foundation of a separately elected governing board that is elected by the citizens in a general popular election. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The Agency is financially accountable if it appoints a voting majority of the organization's governing body and: 1) It is able to impose its will on that organization, or 2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The Agency has accounted for the Santa Clarita Water Division, Valencia Water Company and the Castaic Lake Water Agency Financing Corporation (Corporation) as blended component units. Accordingly, these basic financial statements present the Agency, and its component units, and the Corporation.

The Agency acquired 100% of the outstanding shares of the Santa Clarita Water Company (Company) through a Stock Purchase Agreement (Agreement). The Agreement was entered into in the settlement of the Agency's condemnation action files against the Company in which the Agency planned to exercise the power of eminent domain to acquire the Company. The Agency sells and distributes water to residential and commercial customers located in the Santa Clarita Valley of Southern California. The stock sale resulting in the acquisition of assets and assuming the liabilities of the Company became effective September 3, 1999. The acquisition of the Company was intended to maximize local revenues within the Santa Clarita Water Company's service area and integrate them with the Agency's resources. This will reduce long-term capital costs and increase water reliability while enhancing the Agency's financial strength. Although the Division is legally separate, it is included as a blended component unit – water enterprise fund of the Agency, as it is in substance part of the Agency's operations. There are no separate basic financial statements prepared for the Division or the Company.

Castaic Lake Water Agency
Notes to the Basic Financial Statements, continued
December 31, 2017

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

A. Organization and Operations of the Reporting Entity, continued

The Castaic Lake Water Agency Financing Corporation (Corporation) was formed in 1990. The Corporation is a California nonprofit public benefit corporation formed to assist the Castaic Lake Water Agency (Agency) by acquiring, constructing, operating and maintaining facilities, equipment, or other property needed by the Agency and leasing or selling such property to the Agency and as such has no employees or other operations. Although the Corporation is legally separate, it is included as a blended component unit of the Agency, as it is in substance part of the Agency's operations. There are no separate basic financial statements prepared for the Corporation.

On October 25, 1988, the Agency purchased land and equipment owned by Producers Cotton Oil Company. Of the 8,459 acres of land purchased in Kern and Kings Counties, approximately, 7,759 acres are within the Devil's Den Water District (District). The District encompasses 8,676 acres. The cost of acquiring the land and equipment was approximately \$5.0 million. The land is being leased to an outside party to the Agency under terms of an operating lease agreement. The annual lease payments received by the Agency range from \$105 to \$150 per acre foot of all water supplied to the leased property. The accompanying basic financial statements contain all above-mentioned land and water allocation transactions.

On December 21, 2012, the Agency acquired all of Valencia Water Company (VWC) common stock from the Newhall Land and Farming Company, a California limited partnership (Newhall Land), by an action of eminent domain pursuant to the Settlement Agreement (Settlement). On February 8, 2013, a petition was filed in the Los Angeles Superior Court (Court) seeking to invalidate the Settlement, including complaints of violations related to CEQA, Ralph M. Brown Act and a conflict of interest. The Agency and Newhall Land filed a demurrer to the CEQA cause of action and a motion to strike certain allegations in the complaint. On October 31, 2013, the Court granted the demurrer, and motions to strike without leave to amend and Newhall Land's motion. On March 20, 2014, the Court also granted the motion for judgment on the pleadings on the conflict of interest allegations. The trial took place on February 24, 2015. On March 10 2015, the Court issued a written decision in favor of the Agency. Petitions were filed subsequent to March 10, 2015 to challenge the Court's decision. On November 16, 2016, the Supreme Court issued its decision to deny the petition. The decision is final.

Although VWC is legally separate and Court's decision is final, it will be included as a blended component unit – water enterprise fund of the Agency, as it is in substance part of the Agency's operations. The financial statements of VWC as of December 31, 2017 were audited by other auditors.

B. Basis of Accounting and Measurement Focus

The *basic financial statements* of the Agency are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

Government-wide Financial Statements

These statements are presented on an *economic resources* measurement focus and the accrual basis of accounting for both governmental and business-like activities. Accordingly, all of the Agency's assets and liabilities, including capital assets, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flows take place. The Statement of Activities demonstrates the degree to which the operating expenses of a given function are offset by operating revenues.

Castaic Lake Water Agency
Notes to the Basic Financial Statements, continued
December 31, 2017

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

B. Basis of Accounting and Measurement Focus, continued

Government-wide Financial Statements, continued

Operating expenses are those that are clearly identifiable with a specific function. The types of transactions reported as operating revenues for the Agency are charges for services directly related to the operations of the Agency. Charges for services include revenues from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by the Agency. Taxes, operating grants, and other items not properly included among operating revenues are reported instead as non-operating revenues. Contributed capital and capital grants are included as capital contributions.

Fund Financial Statements

These statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds. Accompanying these statements is a schedule to reconcile and explain the differences in fund balances as presented in these statements to the net position presented in the Government-wide Financial Statements.

Governmental funds are accounted for on a spending or *current financial resources* measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Under modified accrual basis of accounting, revenues are recognized in the accounting period in which they become measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60-days after year-end) are recognized when due. The primary sources susceptible to accrual for the Agency are property tax, interest earnings, investment revenue, and operating and capital grant revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, exceptions to this rule include principal and interest on debt, which are recognized when due.

Inter-fund activity in the amount of \$20,729,161 (see note 3) has been eliminated from the general governmental function for the government-wide financial statements except for charges between the Agency's Water Enterprise Fund and various other functions of the government. Elimination of these charges prevents any potential distortion of the direct costs and program revenues for the various functions considered.

The accrual basis of accounting is followed by the proprietary fund. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Unbilled water and utility services receivables are recorded at year end.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flows take place. Operating revenues, such as water sales, result from exchange transactions associated with the principal activity of the Company. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as grant funding and investment income, result from non-exchange transactions, in which, the Agency gives (receives) value without directly receiving (giving) value in exchange.

When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first, and then unrestricted resources as they are needed.

Castaic Lake Water Agency
Notes to the Basic Financial Statements, continued
December 31, 2017

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

B. Basis of Accounting and Measurement Focus, continued

Fund Financial Statements, continued

The accounts of the Agency are organized on the basis of funds, each of which is considered a separate accounting entity with a self-balancing set of accounts established for the purpose of carrying out specific activities or attaining certain objectives in accordance with specific regulations, restrictions or limitations.

Funds are organized into two major categories: governmental and proprietary categories. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operation fund of the Agency, or meets the following criteria:

- a) Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or proprietary fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b) Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental fund or proprietary fund are at least 5 percent of the corresponding total for all governmental and proprietary funds combined.
- c) The entity has determined that a fund is important to the financial statement user.

C. Financial Reporting

The Agency's basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to governmental and enterprise funds. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles applicable to governmental entities.

The funds of the financial reporting entity are described below:

Governmental Fund Types

General Fund – This fund is used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Funds – These funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Capital Project Funds – These funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays including the acquisition or construction of capital facilities and other capital assets.

Debt Service Funds – These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Proprietary Fund Types

Enterprise Funds – These funds account for operations that are financed and operated in a manner similar to a private enterprise – where the intent of the entity is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Castaic Lake Water Agency
Notes to the Basic Financial Statements, continued
December 31, 2017

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

The major funds of the Agency are:

C. Financial Reporting

Governmental Funds

General Fund – is the general operating fund of the Agency. It is used to account for and report all financial resources not accounted for and reported in another fund.

Pledged Revenue Fund – is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Major revenue sources are property tax and facility capacity fees. Pledged revenue funds are used to finance certain capital improvements to the Agency's wholesale water system.

State Water Contract Fund – is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Revenue is derived from a tax collected to pay for participation in the State Water Project. Its use is restricted for costs of the State Water Project.

The funds of the financial reporting entity are described below:

Capital Project Fund – is used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays including the acquisition or construction of capital facilities and other capital assets.

Debt Service Fund – is used to account for resources and payments of various debt obligation instruments issued by the Agency.

Proprietary Fund

Water Enterprise Fund – is used to account for the operations of the Agency's retail water enterprise division including the amount of funds advanced to the fund to purchase the Company.

The Agency has adopted the following GASB pronouncements in the current year:

Government Accounting Standards Board Statement No. 75

In June 2015, the GASB issued Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

This Statement replaces the requirements of Statement No. 45 – *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57 – *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB.

Government Accounting Standards Board Statement No. 81

In March 2016, the GASB issued Statement No. 81 – *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

Castaic Lake Water Agency
Notes to the Basic Financial Statements, continued
December 31, 2017

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

C. Financial Reporting, continued

Government Accounting Standards Board Statement No. 81, continued

This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period.

Government Accounting Standards Board Statement No. 85

In March 2017, the GASB issued Statement No. 85 – *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

Government Accounting Standards Board Statement No. 86

In May 2017, the GASB issued Statement No. 86 – *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position

1. Cash and Cash Equivalents

Substantially all of the Agency's cash is invested in interest bearing accounts. The Agency considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

2. Use of Estimates

The preparation of the basic financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported changes in net assets during the reporting period. Actual results could differ from those estimates.

3. Investments and Investment Policy

The Agency has adopted an investment policy directing the Treasurer to deposit funds in financial institutions.

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 gains or losses realized upon the liquidation or sale of investments. The Agency's policy is to hold its investments until maturity, or until market values equal or exceed cost.

The Agency categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

Castaic Lake Water Agency
Notes to the Basic Financial Statements, continued
December 31, 2017

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position, continued

3. Investments and Investment Policy, continued

The hierarchy is based on valuation inputs used to measure the fair value of the assets, as follows:

- Level 1 – Valuation is based on quoted prices in active markets for identical assets.
- Level 2 – Valuation is based on directly observable and indirectly observable inputs. These inputs are derived principally from or corroborated by observable market data through correlation or market-corroborated inputs. The concept of market-corroborated inputs incorporates observable market data such as interest rates and yield curves that are observable at commonly quoted intervals.
- Level 3 – Valuation is based on unobservable inputs where assumptions are made based on factors such as prepayment rates, probability of defaults, loss severity and other assumptions that are internally generated and cannot be observed in the market.

4. Property Taxes and Assessments

The Counties of Los Angeles and Ventura Assessor's Offices assesses all real and personal property within each respective County each year. The Counties of Los Angeles and Ventura Tax Collector's Offices bills and collects the Agency's share of property taxes and/or tax assessments. The Counties of Los Angeles and Ventura Treasurer's Office remits current and delinquent property tax collections to the Agency throughout the year. Property tax in California is levied in accordance with Article 13A of the State Constitution at one percent (1%) of countywide assessed valuations.

Property taxes receivable at year-end are related to property taxes and tax assessments collected by the Counties of Los Angeles and Ventura, which have not been credited to the Agency's cash balance as of June 30. The property tax calendar is as follows:

Lien date	March 1
Levy date	July 1
Due dates	November 1 and March 1
Collection dates	December 10 and April 10

5. Accounts Receivable

The Agency extends credit to customers in the normal course of operations. Management deems not all accounts receivable as collectible at year-end. Accordingly, an allowance for doubtful accounts has been recorded.

6. Materials and Supplies Inventory

Materials and supplies inventory consists primarily of water meters, pipe and pipe fittings for construction and repair to the Agency's retail water transmission and distribution system. Inventory is valued at cost using a weighted average method. Inventory items are charged to expense at the time that individual items are withdrawn from inventory or consumed.

7. Prepaid Expenses

Certain payments to vendors reflect costs or deposits applicable to future accounting periods and are recorded as prepaid items in the basic financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

8. Premium on Debt Issued

The premium received on debt issued will be amortized over the remaining life of the respective debt service.

Castaic Lake Water Agency
Notes to the Basic Financial Statements, continued
December 31, 2017

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position, continued

9. Capital Assets

Capital assets acquired and/or constructed are capitalized at historical cost. Agency policy has set the capitalization threshold for reporting capital assets at \$5,000. Donated assets are recorded at estimated fair market value at the date of donation and/or historical cost. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Governmental Activities

- Castaic turnout, reservoirs, tanks and water mains – 50 years
- Treatment plant and facilities – 2 to 50 years
- Maintenance facility – 30 years
- Lighting and roads – 25 years
- Fencing – 5 to 25 years
- Meters and services – 2 to 40 years
- Office furniture and equipment – 2 to 20 years
- Vehicles, tools and equipment – 1 to 20 years

Business-Type Activities

- Wells – 30 years
- Pumping – equipment, structures and improvements – 10 to 30 years
- Water treatment equipment and storage tanks – 10 to 30 years
- Transmission and distribution mains – 60 years
- Services, meters and hydrants – 30 years
- Structures and improvements – 25 to 30 years
- Furniture, equipment, tools and other – 6 to 20 years

10. Compensated Absences

The Agency's policy is to permit employees to accumulate earned vacation with maximum hours ranging between 200 and 400 hours, based on years of service, and 480 hours of sick leave. Accumulated vacation and sick time is accrued at year-end to account for the Agency's obligation to the employees for the amount owed.

Governmental fund types and enterprise fund recognize the vested vacation and sick leave as expenditure in the current year to the extent it is paid during the year. The General and Water Enterprise funds have been used in prior years to liquidate compensated absences for vested vacation as a result of resignations or retirements. Accrued vacation and sick leave relating to governmental and water enterprise funds are included as a long-term liability in the Statement of Net Position as those are payable from future resources.

11. Pensions

For the purposes of measuring the net pension liability and deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the Plan's 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.

Castaic Lake Water Agency
Notes to the Basic Financial Statements, continued
December 31, 2017

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position, continued

11. Pensions, continued

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

- Valuation Date: June 30, 2016
- Measurement Date: June 30, 2017
- Measurement Period: July 1, 2016 to June 30, 2017

12. 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 of the Agency's Retiree Health Plan and additions to/deductions from the Agency's fiduciary net position have been determined on the same basis as they are reported by the Agency. For this purpose, the Agency recognizes benefit payments when due and payable in accordance with benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

13. Water Sales

Water sales, retail and wholesale, are billed on a monthly cyclical basis. Estimated unbilled water revenue through December 31, has been accrued at year-end for the water enterprise fund.

14. Net Positions/Fund Balances

The government-wide financial statements follow the financial reporting requirements of the GASB and reports net position under the following classifications:

- **Net Investment in Capital Assets** – Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and amortization, and reduced by outstanding balances of any debt, or other long-term borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- **Restricted** – Restricted consists of assets that have restrictions placed upon their use by external constraints imposed either by creditors (debt covenants), grantors, contributors, or laws and regulations of other governments or constraints imposed by law through enabling legislation.
- **Unrestricted** – Unrestricted consists of any remaining balance of the Agency's net position that do not meet the definition of "restricted" or "net investment in capital assets".

In the case where both restricted and unrestricted resources are available for use for the same purpose (restricted bond proceeds and unrestricted resources for the same capital project, for example), the Agency will first apply the restricted resources.

Castaic Lake Water Agency
Notes to the Basic Financial Statements, continued
December 31, 2017

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position, continued

14. Net Positions/Fund Balances, continued

In the fund financial statements, fund balances are reported based on the GASB Statement No. 54, which divide fund balance into the five classifications below:

- **Non-spendable** – includes amounts that cannot be spent because they are (1) not in spendable form, or (b) legally or contractually required to be maintained intact. This classification accounts for the Agency inventories and prepaid amounts.
- **Restricted** – includes amounts that have constraints that are either (1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or (2) imposed by law through constitutional provisions or enabling legislations.
- **Committed** – includes amounts that can only be used for specific purposes pursuant to constraints imposed by resolution of the government's highest level of decision making authority, the Board of Directors of the Agency.
- **Assigned** – includes amounts that are constrained by the government's "intent" to be used for specific purposes, but are neither restricted nor committed, except for stabilization arrangements. Intent should be expressed by the Board of Directors of the Agency itself or a subordinate high level body (the Agency's Finance and Administration committee, for example) or official to which the board has delegated the authority to assign amounts to be used for specific purposes. The Agency has delegated the authority to assign amounts for specific purposes to Assistant General Manager.
- **Unassigned** – includes amounts that have not been assigned to other funds and that has not been restricted, committed, or assigned for specific purposes.

The Agency's reserve amounts are reviewed annually to ensure compliance with the Agency's reserve policy. During the budget process, the designation of reserves are established first (committed), then the remaining resources will be available for other purposes. The order of spending is first committed fund balance, then assigned fund balance, and last is unassigned fund balance.

15. Facility Capacity Fee

Assembly Bill 4175 was signed into California law on September 16, 1986, and became effective January 1, 1987. This bill authorizes the Agency to impose standby charges and a facility capacity fee to generate revenues to pay for future Agency expansion. The Agency's Board of Directors elected to begin imposing facility capacity fees on October 1, 1987, but has not elected to impose any standby charges.

16. Capital Contributions

Capital contributions represent cash and capital asset additions contributed to the Agency by property owners, granting agencies, or real estate developers desiring services that require capital expenditures or capacity commitment.

Castaic Lake Water Agency
Notes to the Basic Financial Statements, continued
December 31, 2017

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position, continued

17. Budgetary Policies

The Agency follows specific procedures in establishing the budgetary data reflected in the financial statements. Each April, the Agency's General Manager and Assistant General Manager prepare and submit a capital and operating budget to the Board of Directors and adopted no later than June of each year. Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all government and proprietary funds. Annual budgets are adopted on the modified accrual basis of accounting for government fund types and accrual basis for the proprietary fund. The adopted budget becomes operative on July 1.

The Board of Directors must approve all supplemental appropriations to the budget and transfers between major funds. The legal level of budgetary control is at the fund level. Budget information is presented as required supplementary information for the general fund, pledged revenue fund and state water contract fund. Budget information is presented as other supplementary information for the debt service fund.

(2) Cash and Investments

Cash and investments as of December 31, are classified in the Statement of Net Position as follows:

	2017
Cash and cash equivalents	\$ 24,933,376
Cash and cash equivalents with fiscal agent	5,544,057
Investments - current	107,977,419
Investments - non-current	85,235,824
Total cash and investments	\$ 223,690,676

Cash and investments as of December 31, consist of the following:

	2017
Cash on hand	\$ 2,600
Deposits with financial institutions	29,937,532
Investments - current	193,750,544
Total cash and investments	\$ 223,690,676

As of December 31, the Agency's authorized deposits had the following maturities:

	2017
Deposits held with California Local Agency Investment Fund	186 Days
Deposits held with Los Angeles County Pooled Investment Fund	579 Days

Investments Authorized by the California Government Code and the Agency's Investment Policy

The table below identifies the investment types that are authorized by the Agency in accordance with the California Government Code (or the Agency's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the Agency's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

Castaic Lake Water Agency
Notes to the Basic Financial Statements, continued
December 31, 2017

(2) Cash and Investments, continued

Investments Authorized by the California Government Code and the Agency's Investment Policy, continued

This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the Agency, rather than the general provisions of the California Government Code or the Agency's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	5 years	None	None
U.S. Government Agency and Sponsored Enterprise Securities	5 years	None	None
Banker's Acceptances	180 days	30%	5%
Medium-Term Notes	5 years	30%	5%
Commercial Paper	270 days	10%	5%
Certificates of Deposit and Time Deposits	5 years	30%	10%
Municipal Obligations	5 years	30%	5%
Repurchase agreements	30 days	10%	None
California Local Agency Investment Fund (LAIF)	N/A	None	None
Los Angeles County Pooled Investment Fund (LACPIF)	N/A	30%	None
Investment Trust of California (CalTRUST)	N/A	20%	None
Money Market Mutual Funds	N/A	20%	10%
Investment Contracts	30 years	None	None

* Excluding amounts held by bond trustee that are not subject to California Government Code restrictions.

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the Agency's investment policy.

Investment in State Investment Pool

The Agency 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 the Agency's investment in this pool is reported in the accompanying financial statements at amounts based upon the Agency's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

The Agency's deposit and withdrawal restrictions and limitations are as follows:

- Same day transaction processing occurs for orders received before 10:00 a.m.
- Next day transactions processing occurs for orders received after 10:00 a.m.
- Maximum limit of 15 transactions (combination of deposits and withdrawals) per month.
- Minimum transaction amount requirement of \$5,000, in increments of a \$1,000 dollars.
- Withdrawals of \$10,000,000 or more require 24 hours advance notice.
- Prior to funds transfer, an authorized person must call LAIF to do a verbal transaction.

Castaic Lake Water Agency
Notes to the Basic Financial Statements, continued
December 31, 2017

(2) Cash and Investments, continued

Los Angeles County Pooled Investment Fund

The Los Angeles County Pooled Investment Fund (LACPIF) is a pooled investment fund program governed by the County of Los Angeles Board of Supervisors, and administered by the County of Los Angeles Treasurer and Tax Collector. Investments in LACPIF are highly liquid as deposits, and withdrawals can be made at any time without penalty. LACPIF does not impose a maximum investment limit. The fair value of the Agency's investment in this pool is reported in the accompanying financial statements at amounts based upon the fair value provided by LACPIF for the Agency's LACPIF portfolio.

The Agency's deposit and withdrawal restrictions and limitations are as follows:

- Same day transaction processing occurs for orders received before 10:00 a.m.
- Next day transactions processing occurs for orders received after 10:00 a.m.
- No limit of transactions (combination of deposits and withdrawals) per month.
- Minimum transaction amount requirement rounded to the next highest dollar.
- Prior to funds transfer, an authorized person must complete a deposit or withdrawal form and fax to LACPIF.

The County of Los Angeles' bank deposits are either Federally insured or collateralized in accordance with the California Government Code. Pool detail is included in the County of Los Angeles's Comprehensive Annual Financial Report (CAFR). Copies of the CAFR may be obtained from the County of Los Angeles Auditor-Controller's Office – 500 West Temple Street – Los Angeles, CA 90012.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its 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 (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

The California Government Code and the Agency's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit).

The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure Agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. Of the bank balances, up to \$250,000 is federally insured, and the remaining balance is collateralized in accordance with the California Government Code; however, the collateralized securities are not held in the Agency's name.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the sensitivity of the fair values of the Agency's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Agency's investments by maturity date:

Castaic Lake Water Agency
Notes to the Basic Financial Statements, continued
December 31, 2017

(2) Cash and Investments, continued

Interest Rate Risk, continued

Maturities of investments and cash equivalents at December 31, 2017 were as follows:

<u>Investment Type</u>	<u>Total</u>	<u>Remaining Maturity (in Months)</u>		
		<u>12 Months Or Less</u>	<u>13 to 24 Months</u>	<u>25-60 Months</u>
Federal Farm Credit Bank	\$ 34,888,725	9,873,400	995,794	24,019,531
Federal National Mortgage Association	23,707,460	4,991,850	-	18,715,610
Federal Home Loan Bank	14,808,541	-	4,928,750	9,879,791
Federal Home Loan Mortgage Corp.	21,782,660	1,991,760	-	19,790,900
Local Agency Investment Fund (LAIF)	37,651,212	37,651,212	-	-
Los Angeles County Pooled Investment Fund (LACPIF)	36,298,280	36,298,280	-	-
Certificates of Deposit	17,492,844	10,050,095	4,224,403	3,218,346
Commercial Paper	5,461,669	5,461,669	-	-
Money Market Funds	1,659,153	1,659,153	-	-
Total	<u>\$ 193,750,544</u>	<u>107,977,419</u>	<u>10,148,947</u>	<u>75,624,178</u>

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the Agency's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

Credit ratings of investments and cash equivalents as of December 31, 2017, were as follows:

<u>Investment Types</u>	<u>Total</u>	<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>	<u>Rating as of Year End</u>	
				<u>AAA</u>	<u>Not Rated</u>
Federal Farm Credit Bank	\$ 34,888,725	N/A	\$ -	34,888,725	-
Federal National Mortgage Association	23,707,460	N/A	-	23,707,460	-
Federal Home Loan Bank	14,808,541	N/A	-	14,808,541	-
Federal Home Loan Mortgage Corp.	21,782,660	N/A	-	21,782,660	-
Local Agency Investment Fund (LAIF)	37,651,212	N/A	-	-	37,651,212
Los Angeles County Pooled Investment Fund (LACPIF)	36,298,280	N/A	-	-	36,298,280
Certificates of Deposit	17,492,844	N/A	17,492,844	-	-
Commercial Paper	5,461,669	N/A	5,461,669	-	-
Money Market Funds	1,659,153	AAA	1,659,153	-	-
Total	<u>\$ 193,750,544</u>		<u>\$ 24,613,666</u>	<u>95,187,386</u>	<u>73,949,492</u>

Castaic Lake Water Agency
Notes to the Basic Financial Statements, continued
December 31, 2017

(2) Cash and Investments, continued

Concentration of Credit Risk

The investment policy of the Agency contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than for U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total Agency investments are as follows:

<u>Issuer</u>	<u>Investment type</u>	<u>Amount</u>
Federal Farm Credit Bank	Federal agency securities	\$ 34,888,725
Federal National Mortgage Association	Federal agency securities	23,707,460
Federal Home Loan Bank	Federal agency securities	14,808,541
Federal Home Loan Mortgage Corp.	Federal agency securities	21,782,660
		<u>\$ 95,187,386</u>

Fair Value Measurements

Investments measured at fair value on a recurring and non-recurring basis, are as follows:

Investments at December 31, 2017:

<u>Investment type</u>	<u>Total</u>	<u>Fair Value Measurement Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Federal agencies	\$ 95,187,386	-	95,187,386	-
Certificates of Deposit	17,492,844	-	17,492,844	-
Commercial Paper	5,461,669	5,461,669	-	-
Money Market Funds	1,659,153	1,659,153	-	-
Total investments measured at fair value	119,801,052	<u>7,120,822</u>	<u>112,680,230</u>	<u>-</u>
Investments measured at amortized cost:				
Local Agency Investment Fund (LAIF)	37,651,212			
Los Angeles County Pooled Investment Fund (LACPIF)	36,298,280			
Total	<u>\$ 193,750,544</u>			

(3) Interfund Receivables and Payables

Due from/to Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Pledged Revenue	Debt Service	\$ 23,700,000
	Total	<u>\$ 23,700,000</u>

Due from the Pledged Revenue Fund to the Debt Service Fund is to provide funds for next fiscal year's debt service payments.

Castaic Lake Water Agency
Notes to the Basic Financial Statements, continued
December 31, 2017

(3) Interfund Receivables and Payables, continued

Interfund Transfers

<u>Transfers From</u>	<u>Transfers to</u>	<u>Amount</u>
Pledged Revenue	Debt Service	\$ 19,415,465
Pledged Revenue	State Water Contract	<u>3,432,813</u>
	Total	<u>\$ 22,848,278</u>

Transfers are used to move revenues received and recorded in the Pledged Revenue Fund to Debt Service Fund to provide funds to pay debt service payments as they become due.

Advances to/from Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Pledged Revenue	Water Enterprise	\$ 70,200,603
	Total	<u>\$ 70,200,603</u>

Advances from the Pledged Revenue Fund to the Water Enterprise Fund are to provide funds for the acquisition of Valencia Water Company and amount to \$70,200,603 at December 31, 2017. The advance bears annual interest at 4.46%. The advance plus any accrued interest is due June 30th annually starting in fiscal year 2019.

Principal and estimated interest payments on the advances are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 1,585,067	3,132,528	4,717,595
2020	1,657,607	3,059,988	4,717,595
2021	1,733,468	2,984,127	4,717,595
2022	1,812,800	2,904,795	4,717,595
2023	1,895,763	2,821,832	4,717,595
2024-2028	10,862,400	12,725,575	23,587,975
2029-2033	13,586,151	10,001,824	23,587,975
2034-2038	16,992,886	6,595,089	23,587,975
2039-2043	<u>20,074,461</u>	<u>3,513,513</u>	<u>23,587,974</u>
Total	70,200,603	<u>47,739,271</u>	<u>117,939,874</u>
Less current portion	-		
Total non-current	<u>\$ 70,200,603</u>		

(4) Compensated Absences

Compensated absences comprise unpaid vacation leave, sick leave, personal, and other leave which is accrued as earned. The Agency's liability for compensated absences is determined annually.

The changes to governmental compensated absences balance at December 31, were as follows:

<u>Balance</u> <u>6/30/2017</u>	<u>Earned</u>	<u>Taken</u>	<u>Balance</u> <u>12/31/2017</u>	<u>Current</u> <u>Portion</u>	<u>Long-Term</u> <u>Portion</u>
\$ 690,474	<u>426,298</u>	<u>(384,142)</u>	<u>732,630</u>	<u>183,158</u>	<u>549,472</u>

Castaic Lake Water Agency
Notes to the Basic Financial Statements, continued
December 31, 2017

(4) Compensated Absences, continued

The changes to business-type compensated absences balance at December 31, were as follows:

<u>Balance</u> <u>6/30/2017</u>	<u>Earned</u>	<u>Taken</u>	<u>Balance</u> <u>12/31/2017</u>	<u>Current</u> <u>Portion</u>	<u>Long-Term</u> <u>Portion</u>
\$ 413,468	430,347	(312,559)	531,256	132,814	398,442

(5) Other Current Assets and Other Current Liabilities

The tax effects of temporary differences for Valencia Water Company's taxable transactions that give rise to significant portions of the deferred tax assets and liabilities as of December 31, 2017, are as follows:

	<u>2017</u>
Deferred tax assets:	
Advances for construction	\$ 630,000
Contributions in aid of construction liability	15,161,000
Settlement proceeds	372,000
Other	347,155
Total deferred tax assets	\$ <u>16,510,155</u>
Deferred tax liabilities:	
Excess tax depreciation	\$ 8,038,000
Contributions in aid of construction fixed assets	11,512,000
Investment tax credit	276,155
Total deferred tax liabilities	\$ <u>19,826,155</u>

The balance of deferred tax assets and liabilities as of December 31, 2017 amounting to \$16,510,155 and \$19,826,155, is shown as part of other current assets and other current liabilities in the statement of net position, respectively.

Castaic Lake Water Agency
Notes to the Basic Financial Statements, continued
December 31, 2017

(6) Capital Assets

Governmental Activities

Changes in capital assets for the six month period December 31, 2017 were as follows:

	<u>Balance 6/30/2017</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 12/31/2017</u>
Non-depreciable assets:				
Land	\$ 28,372,111	-	-	28,372,111
Construction-in-process	<u>22,333,112</u>	<u>7,638,739</u>	<u>(231,873)</u>	<u>29,739,978</u>
Total non-depreciable assets	<u>50,705,223</u>	<u>7,638,739</u>	<u>(231,873)</u>	<u>58,112,089</u>
Depreciable assets:				
Contractual state water project rights	143,912,078	1,994,771	-	145,906,849
Contractual water rights - other agencies	93,912,091	20,415	-	93,932,506
Treatment plant	167,930,734	31,850	-	167,962,584
Water mains	26,747,245	-	-	26,747,245
Reservoirs and tanks	1,649,965	-	-	1,649,965
Reclaimed water	4,638,901	-	-	4,638,901
Control system	168,364,368	280,604	-	168,644,972
Castaic turnout	398,243	-	-	398,243
Services and meters	153,965	-	-	153,965
Maintenance facility	-	188,310	-	188,310
Large tools and equipment	256,023	273,733	-	529,756
Furniture and fixtures	120,036	24,100	-	144,136
Vehicles	380,354	22,445	-	402,799
Office equipment	<u>1,319,902</u>	<u>-</u>	<u>-</u>	<u>1,319,902</u>
Total depreciable assets	<u>609,783,905</u>	<u>2,836,228</u>	<u>-</u>	<u>612,620,133</u>
Accumulated depreciation and amortization:				
Contractual state water project rights	(74,363,371)	(1,426,334)	-	(75,789,705)
Contractual water rights - other agencies	(23,836,354)	(1,960,167)	-	(25,796,521)
Treatment plant	(62,544,273)	(2,761,561)	-	(65,305,834)
Water mains	(11,148,590)	(267,473)	-	(11,416,063)
Reservoirs and tanks	(1,220,958)	(16,500)	-	(1,237,458)
Reclaimed water	(2,049,609)	(66,270)	-	(2,115,879)
Control system	(47,888,105)	(2,380,247)	-	(50,268,352)
Castaic turnout	(294,704)	(3,982)	-	(298,686)
Services and meters	(143,205)	(1,974)	-	(145,179)
Maintenance facility	-	(188,310)	-	(188,310)
Large tools and equipment	(146,154)	(17,022)	-	(163,176)
Furniture and fixtures	(93,554)	(7,094)	-	(100,648)
Vehicles	(216,797)	(30,616)	-	(247,413)
Office equipment	<u>(1,164,227)</u>	<u>(55,677)</u>	<u>-</u>	<u>(1,219,904)</u>
Total accumulated depreciation and amortization	<u>(225,109,901)</u>	<u>(9,183,227)</u>	<u>-</u>	<u>(234,293,128)</u>
Total depreciable assets, net	<u>384,674,004</u>	<u>(6,346,999)</u>	<u>-</u>	<u>378,327,005</u>
Total capital assets, net	<u>\$ 435,379,227</u>	<u>1,291,740</u>	<u>(231,873)</u>	<u>436,439,094</u>

A significant portion of these additions were constructed by the Agency and/or sub-contractors and transferred out of construction-in-process upon completion of these various projects. Depreciation expenses under governmental activities, wholesale water agency, totaled \$9,183,227.

Castaic Lake Water Agency
Notes to the Basic Financial Statements, continued
December 31, 2017

(6) Capital Assets, continued

Business-Type Activities – Santa Clarita Water Division

Changes in capital assets for the six month period December 31, 2017 were as follows:

	<u>Balance June 30, 2017</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance December 31, 2017</u>
Non-depreciable assets:				
Land and land rights	\$ 891,550	-	-	891,550
Construction-in-process	15,592,738	3,367,202	(349,109)	18,610,831
Total non-depreciable assets	<u>16,484,288</u>	<u>3,367,202</u>	<u>(349,109)</u>	<u>19,502,381</u>
Depreciable assets:				
Transmission and distribution mains	69,402,072	-	-	69,402,072
Reservoirs and tanks	27,908,300	87,386	(13,556)	27,982,130
Services	17,310,965	-	-	17,310,965
Hydrants	8,828,643	-	-	8,828,643
Boosters	10,636,132	143,764	(87,263)	10,692,633
Meters	5,390,853	-	-	5,390,853
Wells	2,544,262	-	-	2,544,262
Structures and improvements	7,609,079	10,880	-	7,619,959
Machinery and equipment	8,419,824	94,119	(14,597)	8,499,346
Transportation equipment	1,726,954	-	-	1,726,954
General plant	77,265	17,757	-	95,022
Total depreciable assets	<u>159,854,349</u>	<u>353,906</u>	<u>(115,416)</u>	<u>160,092,839</u>
Accumulated depreciation and amortization:				
Transmission and distribution mains	(20,004,015)	(583,362)	-	(20,587,377)
Reservoirs and tanks	(13,865,498)	(495,059)	7,495	(14,353,062)
Services	(8,041,795)	(248,854)	-	(8,290,649)
Hydrants	(4,924,652)	(117,503)	-	(5,042,155)
Boosters	(4,965,521)	(269,728)	83,701	(5,151,548)
Meters	(2,529,281)	(201,873)	-	(2,731,154)
Wells	(1,409,299)	(40,923)	-	(1,450,222)
Structures and improvements	(2,170,192)	(132,251)	-	(2,302,443)
Machinery and equipment	(4,722,575)	(424,723)	14,597	(5,132,701)
Transportation equipment	(1,087,565)	(59,720)	-	(1,147,285)
General plant	(69,032)	(3,988)	-	(73,020)
Total accumulated depreciation and amortization	<u>(63,789,425)</u>	<u>(2,577,984)</u>	<u>105,793</u>	<u>(66,261,616)</u>
Total depreciable assets, net	<u>96,064,924</u>	<u>(2,224,078)</u>	<u>(9,623)</u>	<u>93,831,223</u>
Total capital assets, net	<u>\$ 112,549,212</u>	<u>1,143,124</u>	<u>(358,732)</u>	<u>113,333,604</u>

Major capital asset additions in the business-type activities area included developer contributions to the water retail enterprise's transmission and distribution system and various other projects. A significant portion of these additions were constructed by the Agency and/or sub-contractors and transferred out of construction-in-process upon completion of these various projects. Depreciation expenses under business-type activities, retail water enterprise of Santa Clarita Water Division, totaled \$2,577,984.

Castaic Lake Water Agency
Notes to the Basic Financial Statements, continued
December 31, 2017

(6) Capital Assets, continued

Business-Type Activities – Valencia Water Company

Changes in capital assets for the six month period December 31, 2017 were as follows:

	<u>Balance June 30, 2017</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance December 31, 2017</u>
Non-depreciable assets:				
Land and land rights	\$ -	1,481,637	-	1,481,637
Construction-in-process	-	3,867,979	-	3,867,979
Total non-depreciable assets	-	5,349,616	-	5,349,616
Depreciable assets:				
Transmission and distribution mains	-	81,877,853	-	81,877,853
Reservoirs and tanks	-	36,692,943	-	36,692,943
Services	-	14,203,824	-	14,203,824
Hydrants	-	10,984,788	-	10,984,788
Boosters	-	-	-	-
Meters	-	8,871,790	-	8,871,790
Wells	-	11,091,277	-	11,091,277
Structures and improvements	-	2,442,894	-	2,442,894
Machinery and equipment	-	6,437,044	-	6,437,044
Transportation equipment	-	44,550	-	44,550
General plant	-	-	-	-
Total depreciable assets	-	172,646,963	-	172,646,963
Accumulated depreciation and amortization:	-	(76,027,411)	-	(76,027,411)
Total depreciable assets, net	-	96,619,552	-	96,619,552
Total capital assets, net	\$ -	101,969,168	-	101,969,168

As of December 31, 2017, the transfer of accumulated depreciation balance from Valencia Water Company amounted to \$76,027,411, which includes depreciation expense of \$2,741,729.

Construction-In-Process

The Agency has been involved in various construction projects throughout the year. The balances of the various construction projects that comprise the construction-in-process balances at year-end are as follows:

Castaic Lake Water Agency
Notes to the Basic Financial Statements, continued
December 31, 2017

(6) Capital Assets, continued

Governmental Activities

The balance at December 31, consists of the following projects:

	2017
ESFP Improvement project	\$ 8,216,854
RRB Extraction project	6,948,978
Recycled water project	3,454,871
Rio Vista water treatment plant and expansion	2,666,702
Foothill Feeder connection project	2,415,746
Honby Parallel project	2,102,157
Pipeline Inspection Facility Modifications	1,487,071
Various minor projects	2,447,599
Construction-in-process	\$ 29,739,978

Business-Type Activities

	2017
Internal construction projects	\$ 5,048,428
Developer on-site construction projects	13,562,403
Construction-in-process	\$ 18,610,831

(7) Defined Benefit Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Agency's Miscellaneous Employee Pension Plan, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and the Agency's 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.

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 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

On September 12, 2012, the California Governor signed the California Public Employees' Pension Reform Act of 2013 (PEPRA) into law. PEPRA took effect January 1, 2013. The new legislation closed the Agency's CalPERS 2.5% at 55 Risk Pool Retirement Plan to new employee entrants effective December 31, 2013. All employees hired after January 1, 2013, that were not already CalPERS members, are eligible for the Agency's CalPERS 2.0% at 62 Retirement Plan under PEPRA.

Castaic Lake Water Agency
Notes to the Basic Financial Statements, continued
December 31, 2017

(7) Defined Benefit Pension Plan, continued

Benefits Provided, continued

The following plan groups are as follows:

Classic Members - employees hired before January 1, 2013, are enrolled in the CalPERS Local Miscellaneous 2% at 55 Plan.

New Members - in accordance with the PEPRA, employees hired on or after January 1, 2013, that were not previously members of CalPERS, are enrolled in the CalPERS Local Miscellaneous 2% at 62 Plan.

The Plan's provisions and benefits in effect at December 31, 2017, are summarized as follows:

	Miscellaneous Pool	
	Classic	PEPRA
Hire date	Prior to January 1, 2011	On or after January 1, 2013
Benefit formula	2% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of service	
Benefit payments	Monthly for life	
Retirement age	50 - 55	52 - 62
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates	7.00%	6.50%
Required employer contribution rates	9.599%	6.908%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law 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 change in the rate. Funding contributions for both Plans are determined annually on actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Agency is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the six month period ended December 31, 2017, the contributions recognized as part of pension expense for the Plan were as follows:

	<u>2017</u>
Contributions – employer	\$ <u>1,140,043</u>

Net Pension Liability

As of December 31, 2017, the Agency reported net pension liabilities for its proportionate share of the net pension liability of the Plan as follows:

	<u>2017</u>
Proportionate share of net pension liability	\$ <u>10,298,330</u>

Castaic Lake Water Agency
Notes to the Basic Financial Statements, continued
December 31, 2017

(7) Defined Benefit Pension Plan, continued

Net Pension Liability, continued

The Agency'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 (the measurement date), 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 (the valuation date), rolled forward to June 30, 2017, using standard update procedures. The Agency's proportion of the net pension liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The Agency's proportionate share of the net pension liability for the Plan as of the measurement date June 30, 2017, was as follows:

	Miscellaneous
Proportion – June 30, 2015	0.09014%
Increase in proportion	0.00877%
Proportion – June 30, 2016	0.09891%
Increase in proportion	0.00493%
Proportion – June 30, 2017	0.10384%

Deferred Pension Outflows (Inflows) of Resources

For the six month period ended December 31, 2017, the Agency recognized pension expense of \$1,544,532.

As of December 31, 2017, the Agency reported deferred outflows of resources and deferred inflow of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 673,464	-
Differences between actual and expected experience	-	(211,852)
Differences in actual contribution and proportionate share of contribution	-	(135,892)
Changes in assumptions	1,821,996	-
Net differences between projected and actual earnings on plan investments	446,074	-
Adjustment due to differences in proportions of net pension liability	611,777	-
Total	\$ 3,553,311	(347,744)

As of December 31, 2017, employer pension contributions reported as deferred outflows of resources related to contributions subsequent to the measurement date of \$673,464, and will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2018.

Castaic Lake Water Agency
Notes to the Basic Financial Statements, continued
December 31, 2017

(7) Defined Benefit Pension Plan, continued

Deferred Pension Outflows (Inflows) of Resources, continued

At December 31, 2017, other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows.

Fiscal Year Ending June 30:	Deferred Outflows/ (Inflows) of Resources
2018	\$ 699,596
2019	1,301,525
2020	834,082
2021	(303,100)

Actuarial Assumptions

The total pension liabilities were determined by actuarial valuation reports as of June 30, 2016, which were rolled forward to June 30, 2017, using the following actuarial assumptions:

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.75%
Salary increases	Varies by Entry Age and Service
Investment Rate of Return	7.50 % Net of Pension Plan Investment and Administrative Expenses; includes inflation
Mortality Rate Table*	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

* The mortality rate used was developed based on CalPERS' specific data. The mortality rate includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on mortality rate, please refer to the 2014 Experience Study report. Further details of the Experience Study can be found on the CalPERS website.

Discount rate

The discount rates used in the actuarial valuations to measure the total pension liability as of June 30, 2017, reflect the long-term expected rates of return. The discount rates used to measure the total pension liability as of June 30, 2017, was 7.15%. These differ from the discount rates used as of June 30, 2016, which was 7.65%, due to a decrease in the long-term expected rate of return. The financial reporting discount rates are not adjusted for administrative expenses and are consistent with the funding discount rates at the end of the three-year funding discount rate phase-in period.

Castaic Lake Water Agency
Notes to the Basic Financial Statements, continued
December 31, 2017

(7) Defined Benefit Pension Plan, continued

Discount rate, continued

To determine whether the municipal bond rate should be used in the calculation of the discount rate, the amortization and smoothing periods adopted by CalPERS in 2013 were used. The crossover test was performed for a miscellaneous agent plan and a safety agent plan selected as being more at risk of failing the crossover test and resulting in a discount rate that would be different from the long-term expected rate of return on pension investments.

Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the PERF C. The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short term (first 10 years) and the long term (11+ years) using a building-block approach. Using the expected nominal returns for both short term and long term, the present value of benefits was calculated for each fund.

The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

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.

As of December 31, 2017, the target allocation and the long-term expected real rate of return by asset class were as follows:

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10*</u>	<u>Real Return Year 11+**</u>
Global Equity	47.0%	4.90%	5.38%
Global Fixed Income	19.0%	0.80%	2.27%
Inflation Sensitive	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%
Total	<u>100.0%</u>		

* An expected inflation of 2.5% used for this period

** An expected inflation of 3.0% used for this period

Castaic Lake Water Agency
Notes to the Basic Financial Statements, continued
December 31, 2017

(7) Defined Benefit Pension Plan, continued

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

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

As of December 31, 2017, the Agency's net pension liability at the current discount rate, using a discount rate that is one-percentage point lower, and using a discount rate that is one-percentage point higher, is as follows:

	Discount Rate - 1%	Current Discount Rate	Discount Rate + 1%
	6.15%	7.15%	8.15%
Agency's Net Pension Liability	\$ 16,799,903	10,298,330	4,913,613

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in separately issued CalPERS financial reports. See pages 74 through 75 for the Required Supplementary Schedules.

Payable to the Pension Plan

At December 31, 2017, the Agency reported no payables for the outstanding amount of contribution to the pension plan.

(8) Other Post-Employment Benefits

Plan Description

The Agency provides other post-employment benefits (OPEB) to qualified employees who retire from the Agency and meet the Agency's vesting requirements. The Agency participates in CalPERS California Employer's Retiree Benefit Trust Program (CERBT), a Prefunding Plan trust fund intended to perform an essential government function within the meaning of Section 115 of the Internal Revenue Code as an agent multiple-employer plan. Copies of CalPERS CERBT audited financial report may be obtained from their executive Office: 400 P Street, Sacramento, CA 95814. The Agency has set aside funds to cover retiree health liabilities in a trust that meets the criteria in paragraph 4 of Statement 75.

The new reporting requirements for these benefit programs as they pertain to the Agency are set forth below.

Benefits Provided

The Agency provides other post-employment medical and dental benefits to retired employees who satisfy the eligibility rules. Spouses and surviving spouses are also eligible to receive benefits. Retirees may enroll in any plan available through the Agency's medical and dental programs. The contribution requirements of Plan members and the Agency are established and may be amended by the Board of Directors.

All employees are eligible for retiree healthcare benefits, provided they have reached the age of 55 with a minimum of 5 years of Agency service and are employed by the Agency at the time of retirement. Employees hired on/after January 1, 2009 must have 10 or more years of CalPERS service to qualify for retiree healthcare benefits.

Castaic Lake Water Agency
Notes to the Basic Financial Statements, continued
December 31, 2017

(8) Other Post-Employment Benefits, continued

Benefits Provided, continued

Medical Benefits

The Agency currently maintains two different Public Employees' Medical and Hospital Care Act (PEMCHA) resolutions which apply to those eligible for coverage, based on the employee's hire date:

For retirees hired before January 1, 2009, the Agency pays 100% of the premiums for the retiree and any eligible enrolled dependents.

For retirees hired on or after January 1, 2009, the Agency contributes 50% of the cost for the first 10 years of CalPERS service, with this percent increasing by 5% for each of the next 10 additional years of service.

Dental Benefits

The Agency pays 100% of the premiums for dental coverage.

Employee Covered By Benefit Terms

At December 31, 2017, the following employees were covered by the benefit terms:

	2017
Participating active employees	108
Inactive employees	37
Beneficiaries currently receiving benefit payments	124
Total plan membership	269

Discount Rate

The discount rate to measure the total OPEB liability was 7.28%, which is based on assumed long-term return on plan assets assuming 100% funding through CERBT. The projection of cash flows used to determine the discount rate assumed that liabilities and cash flow will vary based on the number and demographic characteristics of employees and retirees.

Deferred OPEB Outflows of Resources

For the six month period ended December 31, 2017, the Agency recognized OPEB expense of \$574,073.

At December 31, 2017, the Agency reported deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources
OPEB contributions subsequent to measurement date	\$ 1,787,444
Net differences between projected and actual earnings on plan investments	79,353
Total	\$ 1,866,797

Castaic Lake Water Agency
Notes to the Basic Financial Statements, continued
December 31, 2017

(8) Other Post-Employment Benefits, continued

Deferred OPEB Outflows of Resources, continued

As of December 31, 2017, the Agency reported deferred outflows of resources related to employer OPEB contributions subsequent to measurement date in the amount of \$1,787,444. The employer OPEB contributions in the amount of \$1,787,444, will be recognized as a reduction of the net OPEB liability in the fiscal year ended June 30, 2018.

Actuarial Assumptions

The Agency's total OPEB liability in the July 1, 2015 actuarial valuation, which was measured at December 31, 2016, was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	July 1, 2015
Measurement Date	December 31, 2016
Measurement Period	June 30, 2016 to December 31, 2016
Actuarial cost method	Entry Age Normal cost method in accordance with the requirements of GASB Statement No. 75
Salary increases	3% per year; this is used to calculate the ARC/ADC as a level percent of payroll.
General inflation rate	2.5% per year.
Long Term Return on Assets	7.28%, net of plan investment expenses and including inflation
Mortality	Pre-retirement mortality rates were based on the MP-2014 and is applied generationally.
Service requirement	Per the service schedule contained in California Government Code Section 22893.
Discount rate	7.28% as of June 30, 2016 and June 30, 2017.

Demographic actuarial assumptions used in this valuation are based on the 2014 experience study of the CalPERS using data from 1997 to 2011.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

As of December 31, 2017, the following presents the net OPEB liability of the Agency, as well as what the Agency's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	Discount Rate - 1% 6.28%	Current Discount Rate 7.28%	Discount Rate + 1% 8.28%
Net OPEB Liability	\$ 10,970,658	8,203,526	5,965,652

Castaic Lake Water Agency
Notes to the Basic Financial Statements, continued
December 31, 2017

(8) Other Post-Employment Benefits, continued

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

As of December 31, 2017, the following presents the net OPEB liability of the Agency, as well as what the Agency's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

		Current	
	Healthcare	Healthcare	Healthcare
	Cost Trend	Cost Trend	Cost Trend
	Rates -1%	Rate	Rates +1%
	<u> </u>	<u> </u>	<u> </u>
Net OPEB Liability	\$ 5,629,007	8,203,526	11,673,032

Changes in the Net OPEB Liability

Changes in the net OPEB liability for the year were as follows:

	<u>Increase (Decrease)</u>		
	<u>Plan</u>		
	<u>Total OPEB</u>	<u>Fiduciary</u>	<u>Net OPEB</u>
	<u>Liability (a)</u>	<u>Net Position</u>	<u>Liability/(Asset)</u>
	<u> </u>	<u> </u>	<u>(c) = (a) - (b)</u>
	<u> </u>	<u> </u>	<u> </u>
Balance at July 1, 2017	\$ 16,995,216	8,969,996	8,025,220
Changes during the year:			
Service cost	274,360	-	274,360
Interest	838,660	-	838,660
Contributions - employer	-	475,120	(475,120)
Net investment income	-	236,590	(236,590)
Benefit payments	(475,120)	(249,606)	(225,514)
Administrative fee	-	(2,510)	2,510
Net changes	<u>637,900</u>	<u>459,594</u>	<u>178,306</u>
Balance at December 31, 2017	<u>\$ 17,633,116</u>	<u>9,429,590</u>	<u>8,203,526</u>

Payable to the OPEB Plan

The Agency had no outstanding amount of contributions to the CERBT required for the year ended December 31, 2017.

(9) Prior Period Adjustment

Net OPEB Liability

In fiscal year 2018, the Agency implemented Governmental Accounting Standards Board (GASB) Statement No. 75. As a result, the Agency recognized the net OPEB liability in the amount of \$12,258,478 and \$7,506,484, and removed the net OPEB obligation associated with GASB 45 in the amount of \$4,573,349 and \$2,188,325 for the governmental and business-type activities, respectively, as of June 30, 2017. The Agency recorded a prior period adjustment to reclassify prior year's employer OPEB contribution from expense to deferred outflows of resources of \$1,047,833 and \$669,926 for the governmental and business-type activities, respectively.

Castaic Lake Water Agency
Notes to the Basic Financial Statements, continued
December 31, 2017

(9) Prior Period Adjustment, continued

Component Unit – Valencia Water Company

As discussed in Note 1, the Agency acquired all of the stock of the Valencia Water Company (VWC) on December 21, 2012. Previously, the Agency has accounted for the investment in VWC by the Agency under the equity method of accounting as adjusted for changes in net income and dividends paid each fiscal year. As of December 31, 2017, VWC will be included as a blended component unit – water enterprise fund of the Agency. Thus, the balance of the investment in VWC account in the Agency’s books and the equity account in VWC books is eliminated. Consequently, net position as of June 30, 2017 was restated by \$7,361,188. Of the total amount, the Agency has recorded prior period adjustment to restate fund balance related to governmental activities in the amount of \$331,296 as of June 30, 2017.

Capital assets

During the six month period ended December 31, 2017, the Agency and the Division recorded as an addition to its construction-in-process, the expenditures for the Mesa Bridge project, effectively recording the expenditure twice. Consequently, net position as of June 30, 2017 was restated by \$231,873.

Effect of adjustment to net position

Overall, previously recorded net position of \$377,472,538, and \$93,011,052 for the governmental and business-type activities, respectively, has been restated to \$371,166,538, and \$95,160,838, respectively, as of June 30, 2017. In addition, the effect of the implementation of GASB 75 is recorded as an adjustment to the beginning net position at July 1, 2017.

The adjustment to fund balance is as follows:

Fund balance at June 30, 2017, as previously stated		\$ 237,856,064
Component Unit - Valencia Water Company		
Adjustments resulting from blending Valencia Water Company as a component unit as of December 31, 2017		331,296
		<u>\$ 238,187,360</u>

The adjustment to net position is as follows:

Governmental Activities:

Net position at June 30, 2017, as previously stated		\$ <u>377,472,538</u>
Net OPEB Liability - GASB 75 Implementation:		
Effect of adjustment to record net OPEB liability	\$ (12,258,478)	
Effect of adjustment to remove net OPEB liability associated with GASB 45	4,573,349	
Effect of adjustment to record deferred OPEB outflows	<u>1,047,833</u>	(6,637,296)
Component Unit - Valencia Water Company		
Effect of adjustment to record interfund loan receivable from Valencia Water Company	70,200,603	
Effect of adjustment to remove investment in stock of the Valencia Water Company	<u>(69,869,307)</u>	<u>331,296</u>
Total adjustment to net position		<u>(6,306,000)</u>
Net position at June 30, 2017, as restated		<u>\$ 371,166,538</u>

Castaic Lake Water Agency
Notes to the Basic Financial Statements, continued
December 31, 2017

(9) Prior Period Adjustment, continued

Business-Type Activities

Net position at June 30, 2017, as previously stated		\$	<u>93,011,052</u>
Net OPEB Liability - GASB 75 Implementation:			
Effect of adjustment to record net OPEB liability	\$		(7,506,484)
Effect of adjustment to remove net OPEB liability associated with GASB 45			2,188,325
Effect of adjustment to record deferred OPEB outflows			<u>669,926</u> (4,648,233)
Component Unit - Valencia Water Company			
Effect of adjustment to remove Valencia Water Company's stockholder's equity account			77,230,495
Effect of adjustment to record interfund loan payable to Castaic Lake Water Agency			<u>(70,200,603)</u> 7,029,892
Capital assets			
Adjustments to construction-in-process for the Division			<u>(231,873)</u>
Total adjustment to net position			<u>2,149,786</u>
Net position at June 30, 2017, as restated		\$	<u>95,160,838</u>

(10) Long-Term Debt

The following is a summary of the Agency's Long-Term Debt as of December 31, 2017:

Governmental Activities

	Balance 6/30/2017	Additions	Payments/ Retirements	Balance 12/31/2017	Current Portion	Long-Term Portion
Certificates of Participation (COPs):						
1999 Series A Revenue COPs - Capital Appr.	\$ 63,355,635	3,715,111	-	67,070,746	-	67,070,746
2008 Series A Revenue Refunding COPs	22,825,000	-	(5,375,000)	17,450,000	5,600,000	11,850,000
2010 Series A Revenue Refunding COPs	54,315,000	-	(2,865,000)	51,450,000	2,995,000	48,455,000
Premium on issuance - 2010 Series A	1,353,506	-	(52,058)	1,301,448	-	1,301,448
Total Certificates of Participation (COPs)	<u>141,849,141</u>	<u>3,715,111</u>	<u>(8,292,058)</u>	<u>137,272,194</u>	<u>8,595,000</u>	<u>128,677,194</u>
Revenue Bonds:						
2014 Series A Revenue Refunding Bonds	11,455,000	-	(2,685,000)	8,770,000	2,780,000	5,990,000
Premium on issuance - 2014 Series A	954,794	-	(119,349)	835,445	-	835,445
2015 Series A Revenue Refunding Bonds	61,460,000	-	(2,105,000)	59,355,000	2,165,000	57,190,000
Premium on issuance - 2015 Series A	9,290,386	-	(273,246)	9,017,140	-	9,017,140
2016 Series A Refunding Revenue Bonds	25,730,000	-	(1,380,000)	24,350,000	1,410,000	22,940,000
Premium on issuance - 2016 Series A Ref	4,662,229	-	(179,317)	4,482,912	-	4,482,912
2016 Series A New Revenue Bonds	30,665,000	-	(475,000)	30,190,000	490,000	29,700,000
Premium on issuance - 2016 Series A New	6,000,471	-	(107,151)	5,893,320	-	5,893,320
Total Revenue Bonds	<u>150,217,880</u>	<u>-</u>	<u>(7,324,063)</u>	<u>142,893,817</u>	<u>6,845,000</u>	<u>136,048,817</u>
Total Governmental Activities	<u>\$ 292,067,021</u>	<u>3,715,111</u>	<u>(15,616,121)</u>	<u>280,166,011</u>	<u>15,440,000</u>	<u>264,726,011</u>

Castaic Lake Water Agency
Notes to the Basic Financial Statements, continued
December 31, 2017

(10) Long-Term Debt, continued

Business-Type Activities – Santa Clarita Water Division

	<u>Balance 6/30/2017</u>	<u>Additions</u>	<u>Payments/ Retirements</u>	<u>Balance 12/31/2017</u>	<u>Current Portion</u>	<u>Long-Term Portion</u>
Certificates of Participation (COPs):						
2010 Series B Revenue Refunding COPs	\$ 12,900,000	-	(12,900,000)	-	-	-
Premium on issuance - 2010 Series B	624,358	-	(624,358)	-	-	-
Total Certificates of Participation (COPs)	<u>13,524,358</u>	<u>-</u>	<u>(13,524,358)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenue Bonds:						
2011 Series A Revenue Bonds	43,295,000	-	(43,295,000)	-	-	-
Premium on issuance - 2011 Series A	4,143,173	-	(4,143,173)	-	-	-
2017 Series A Revenue Bonds	-	50,745,000	-	50,745,000	2,780,000	47,965,000
Premium on issuance - 2017 Series A	-	9,296,222	-	9,296,222	-	9,296,222
Total Revenue Bonds	<u>47,438,173</u>	<u>60,041,222</u>	<u>(47,438,173)</u>	<u>60,041,222</u>	<u>2,780,000</u>	<u>57,261,222</u>
Total Business-Type Activities	<u>\$ 60,962,531</u>	<u>60,041,222</u>	<u>(60,962,531)</u>	<u>60,041,222</u>	<u>2,780,000</u>	<u>57,261,222</u>

Business-Type Activities – Valencia Water Company

	<u>Balance 6/30/2017</u>	<u>Additions</u>	<u>Payments/ Retirements</u>	<u>Balance 12/31/2017</u>	<u>Current Portion</u>	<u>Long-Term Portion</u>
Note Payable						
Senior Secured Note Payable	\$ -	24,000,000	-	24,000,000	-	24,000,000
Total Business-Type Activities	<u>\$ -</u>	<u>24,000,000</u>	<u>-</u>	<u>24,000,000</u>	<u>-</u>	<u>24,000,000</u>

1994 Refunding Revenue Certificates of Participation

On June 1, 1990, the Corporation issued \$132,000,000 of certificates of participation to provide financing for the acquisition and construction of a second water treatment plant and related facilities (Project). On August 31, 1994, the Corporation issued \$124,600,000 of certificates of participation to provide funds to refund in advance the June 1, 1990 certificates of participation issued by the Agency. A portion of the issuance of debt from the certificates of participation issued in 1994 were placed in an escrow fund to provide the debt service on the 1990, certificates of participation through August 1, 2000, and the prepayment price for all certificates outstanding on August 1, 2000. The advance refunding met the requirements of an in-substance defeasance and the certificates of participation were removed from the Agency's long-term liabilities. The refunded 1990 certificates of participation were paid in full on August 1, 2000.

The 1994 certificates of participation are payable solely from installment payments to be made by the Agency. The Agency has pledged for payment of the installment payments from all revenue derived from the ownership of its water system, including existing portions, on or after June 1, 1990. These revenues are deposited into the Pledged Revenue Fund and after payment of operation and maintenance costs, including contingency reserves, the remaining reserves are to be used to pay the installment payments on the certificates. Management believes that the physical condition of the water system meets the stated requirements of the installment purchase agreements with the Corporation.

Castaic Lake Water Agency
Notes to the Basic Financial Statements, continued
December 31, 2017

(10) Long-Term Debt, continued

1994 Refunding Revenue Certificates of Participation, continued

On May 5, 2004, the Agency refunded \$28,475,000 of the 1994 certificates (2004 Series A). On June 10, 2004, the Agency refunded \$37,350,000 of the 1994 certificates and concurrently entered into a variable-to-fixed swap agreement for \$40,000,000 (2004 Series B). On May 9, 2008, the Agency refunded all of the 2004B certificates (2008 Series A). In June 2014, the Agency refunded \$20,495,000 of the 2004A certificates (2014 A Revenue Bonds). The Certificates are payable by installment payments according to their respective Installment Agreements. Interest is payable semi-annually August 1 and February 1, and principal is due annually on August 1st. The outstanding balance at June 30, 2016, is \$42,025,000 as follows: No balance for the 1994 COP's or 2004A COP's as these were retired during FY 2013/14; \$27,975,000 for 2008 Series A; and \$14,050,000 for 2014 Series A. (See 2004 Series A, 2004 Series B, 2008 Series A Certificates of Participation and 2014 Series A for their respective debt service requirements.)

The last settlement for 1994 COP's was paid during FY 2013/14.

1999 Series A Revenue Certificates of Participation

In August 1999, the Corporation issued \$75,813,498 of certificates of participation to finance certain capital improvements to the Agency's wholesale water system and reimbursement of the Agency's cost of acquisition of certain state water project entitlements. The certificates are payable solely from installment payments to be made by the Agency. The Agency has pledged for payment of the installment payments all revenues derived from the ownership of its water system (which expressly excluded revenues derived from the retail sales of water). These revenues are deposited into the Pledged Revenue Fund and after payment of operation and maintenance costs, including contingency reserves, the remaining reserves are to be used to pay the installment payments on the certificates.

On December 7, 2006, the Agency refunded \$45,520,000 of the 1999 certificates (2006 Series A). A total of \$45,520,000 from the 2006 Series A COPs was used to pay off the outstanding principal of the 1999 Series A Revenue Certificates of Participation. As a result, the 1999 Series A Revenue Certificates of Participation are considered retired and the liability for those obligations has been removed from the financial statements. The Agency completed the advance refunding to reduce the Agency's total debt service payments over the next 24 years by achieving a 5.6% net present value savings. In May 2016, the Agency refunded all of the 2006A certificates of participation (2016 Series A Refunding). (See 2016 Series A Refunding for their respective debt service requirements.)

The Certificates are payable by installment payments according to their respective Installment Agreements. Interest is payable semi-annually August 1 and February 1 of each year, and principal is due annually on August 1. The outstanding balance at June 30, 2016, is \$59,846,309 as follows: \$59,846,309 Series 1999 remaining; and no balance for the Series 2006 A (refunded portion of 1999 Series A) as these were refunded during FY 2015/16 (2016A Refunded Revenue Bonds). (See 2006 Series A Certificates of Participation and 2016A Refunding Revenue Bonds for their respective debt service requirements). The par amount of the certificates is comprised of \$23,408,498 (original amount) capital appreciation certificates. No regular payments of interest are made on the capital appreciation certificates prior to maturity. Interest on the capital appreciation certificates is compounded semi-annually on February 1 and August 1 and is payable at maturity. The interest compounded annually is added to the principal amount outstanding. The yield to maturity for the capital appreciation certificates ranges from 5.76% to 5.8%. Principal on the capital appreciation certificates matures annually on August 1 from 2021 through 2030. All the certificates are subject to extraordinary prepayment as a whole or in part on any date in order of maturity if the Agency makes prepaid installment payments from insurance proceeds or condemnation awards.

Castaic Lake Water Agency
Notes to the Basic Financial Statements, continued
December 31, 2017

(10) Long-Term Debt, continued

1999 Series A Revenue Certificates of Participation, continued

Below is a schedule of future annual principal to be issued that will be added to the capital appreciation certificate's current outstanding principal balance of \$67,070,746.

	Year	Principal Issued
Balance as of December 31, 2017		\$ 67,070,746
Annual principal issued:	2018	3,932,963
	2019	4,163,590
	2020	4,407,741
	2021	4,365,394
	2022	4,011,146
	2023-2027	13,954,415
	2028-2030	2,544,005
	Total	\$ 104,450,000

2001 Series A Revenue Certificates of Participation

In February 2001, the Corporation issued \$80,000,000 of certificates of participation to finance certain capital improvements to the Agency's wholesale water system and reimbursement of the Agency's cost of acquisition of the outstanding stock of the Santa Clarita Water Company (the retail company). The certificates are payable solely from installment payments to be made by the Agency. By the first supplement dated June 13, 2001, to the installment agreement dated February 2001, between the Agency and the Corporation, the Agency agreed to apply solely to the acquisition of certain capital improvements the amount which could have been reimbursed to the Agency for the acquisition of the stock of the Company.

The certificates are payable solely from installment payments to be made by the Agency. The Agency has pledged for payment of the installment payments all revenues derived from the ownership or operation of its water system. These revenues are deposited into the Pledged Revenue Fund and after payment of operation and maintenance costs, including contingency reserves, the remaining reserves are to be used to pay the installment payments on the certificates.

On June 8, 2010, the Agency refunded all of the 2001A certificates (2010 Series A). (See 2010 Series A Certificates of Participation for their respective debt service requirements.)

2004 Series A Revenue Refunding Certificates of Participation (Fixed Rate)

In May 2004, the Corporation issued \$29,085,000 of certificates of participation to provide funds to prepay \$28,475,000 of the Agency's outstanding 1994 Refunding Revenue Certificates of Participation, to acquire a reserve policy and pay certain costs of delivery. The certificates are payable solely from installment payments to be made by the Agency. Interest on the certificates is payable semi-annually on February 1 and August 1 of each year. Principal matures August 1 of each year through August 1, 2020. Certificates are in denominations of \$5,000 and bear interest from the date of issue to their maturity dates at rates ranging from 2.0% to 4.0% per annum.

In June 2014, the Agency refunded all of the 2004A certificates (2014 Series A). (See 2014 Series A for their respective debt service requirements.)

Castaic Lake Water Agency
Notes to the Basic Financial Statements, continued
December 31, 2017

(10) Long-Term Debt, continued

2006 Series A Revenue Refunding Certificates of Participation

In December 2006, the Corporation issued \$45,520,000 of certificates of participation to provide funds to prepay \$45,385,000 of the Agency's outstanding 1999 A Revenue Certificates of Participation. The certificates are payable solely from installment payments to be made by the Agency. Pursuant to the reserve requirement, \$3,317,609 was placed in a debt service reserve fund on the issuance date of the certificates. Interest on the certificates is payable semi-annually on February 1 and August 1. Principal matures August 1 of each year through August 1, 2030. Certificates are in denominations of \$5,000 and bear interest from the date of issue to their maturity dates at rates ranging from 3.35% to 5.00% per annum.

Premium on Issuance – 2006 A

The Series 2006 A Certificates of Participation are structured as serial bonds with maturities ranging from 2007 through 2023 and two term bonds maturing on 2026 and 2030 respectively. Yields for the serial bonds range from 3.35% to 4.08% (yields to call for maturities 2017 through 2023), with the term bonds yielding 4.41% and 4.46% (yields to call). Market conditions required that the maturities after 2016 be structured in a manner that resulted in the debt being priced to the August 1, 2016, par call date. The ultimate structure produced an original issue premium of \$1,145,317 that will be amortized over the life of the debt service.

In May 2016, the Agency refunded all of the 2006A certificates (2016 Series A Refunding). (See 2016 Series A Refunding for their respective debt service requirements.)

2006 Series C Revenue Certificates of Participation

In December 2006, the Corporation issued \$89,830,000 of certificates of participation to finance certain capital improvements to the Agency's wholesale water system. The certificates are payable solely from installment payments to be made by the Agency. The Agency has pledged for payment of the installment payments all revenues derived from the ownership or operation of its water system. These revenues are deposited into the Pledged Revenue Fund and after payment of operation and maintenance costs, including contingency reserves, the remaining reserves are to be used to pay the installment payments on the certificates.

Premium on Issuance – 2006 C

The Series 2006 C Certificates of Participation are structured as serial bonds with maturities ranging from 2008 through 2026 and two term bonds maturing on 2030 and 2036, respectively. Yields for the serial bonds range from 3.40% to 4.14% (yields to call for maturities 2017 through 2026), with the term bonds yielding 4.16% and 4.20% (yields to call). Market conditions required that the maturities after 2016 be structured in a manner that resulted in the debt being priced to the August 1, 2016, par call date. The ultimate structure produced an original issue premium of \$4,978,449 that will be amortized over the life of the debt service.

In April 2015, the Agency refunded all of the 2006C certificates (2015 Series A). (See 2015 Series A for their respective debt service requirements.)

2008 Series A Revenue Refunding Certificates of Participation

In May 2008, the Agency refunded all of the 2004B certificates; the swap agreement remained in effect until August 2014 for the 2008A certificates (2008 Series A). The certificates are payable solely from installment payments to be made by the Agency. Interest on the certificates is calculated weekly at rates for Weekly Interest Rate Periods and payable monthly. Principal matures August 1 of each year through August 1, 2020. Certificates are in denominations of \$100,000 and bear interest from the date of issue to their maturity. The interest rate on the refunding certificates is determined by the remarketing agent on Tuesday of each week during the Weekly Interest Rate Period.

Castaic Lake Water Agency
Notes to the Basic Financial Statements, continued
December 31, 2017

(10) Long-Term Debt, continued

2008 Series A Revenue Refunding Certificates of Participation, continued

Annual debt service requirements on the 2008 Series A Revenue Refunding Certificates of Participation are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 5,600,000	683,961	6,283,961
2019	5,800,000	379,588	6,179,588
2020	<u>6,050,000</u>	<u>63,467</u>	<u>6,113,467</u>
Total	17,450,000	<u>1,127,016</u>	<u>18,577,016</u>
Less current portion	<u>(5,600,000)</u>		
Total non-current	\$ <u>11,850,000</u>		

In June 2010, the Agency implemented GASB Statement No. 53, which established accounting and financial reporting standards for all state and local governments that enter into derivative instrument agreements. The analysis of the swap valuation is conducted annually to comply with the reporting requirement of the GASB Statement No. 53.

2010 Series A Revenue Refunding Certificates of Participation

In June 2010, the Corporation issued \$70,595,000 of certificates of participation to provide funds to prepay \$68,520,000 of the Agency's outstanding 2001 A Revenue Certificates of Participation. The certificates are payable solely from installment payments to be made by the Agency. Pursuant to the reserve requirement, \$5,349,556 was placed in a debt service reserve fund on the issuance date of the certificates. Interest on the certificates is payable semi-annually on February 1 and August 1. Principal matures August 1 of each year through August 1, 2030. Certificates are in denominations of \$5,000 and bear interest from the date of issue to their maturity dates at rates ranging from 2.00% to 5.00% per annum.

Annual debt service requirements on the 2010 Series A Revenue Certificates of Participation are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 2,995,000	2,289,056	5,284,056
2019	3,115,000	2,158,681	5,273,681
2020	3,260,000	2,014,506	5,274,506
2021	3,405,000	1,860,681	5,265,681
2022	3,560,000	1,691,556	5,251,556
2023-2027	20,495,000	5,765,315	26,260,315
2028-2030	<u>14,620,000</u>	<u>1,069,829</u>	<u>15,689,829</u>
Total	51,450,000	<u>16,849,624</u>	<u>68,299,624</u>
Add: bond premium	1,301,448		
Less current portion	<u>(2,995,000)</u>		
Total non-current	\$ <u>49,756,448</u>		

Castaic Lake Water Agency
Notes to the Basic Financial Statements, continued
December 31, 2017

(10) Long-Term Debt, continued

Premium on Issuance – 2010 A

The Series 2010 A Certificates of Participation are structured as serial bonds with maturities ranging from 2011 through 2031. Yields for the serial bonds range from 2.00% to 5.00% and market conditions required that the Certificates be structured in a manner that resulted in an original issue premium of \$2,082,316 that will be amortized over the life of the debt service.

2010 Series B Revenue Certificates of Participation

In May 2010, the Santa Clarita Water Division (Retail) of the Agency issued \$14,475,000 of certificates of participation to provide funds to acquire the new Administration Office Building, several reservoir tanks and well. The certificates are payable by installment payments according to the Installment Purchase Agreement. Interest is payable semi-annually August 1 and February 1, and the principal is due annually on August 1. In June 2016, the fiscal year 2017 principal was defeased. The balance at the end of the FY 2016/17 is \$12,900,000.

In September 11, 2017, the Agency refunded all of the 2010 Series B Revenue Certificates of Participation with the 2017 Series A Revenue Bonds. See the 2017 Series A Revenue Bonds for their respective debt service requirements.

2011 Series A Revenue Bonds

In September 2011, the Retail division issued \$52,290,000 of Revenue Bonds through Upper Santa Clara Valley Joint Powers Authority, a Joint Powers Authority created on June 8, 2011 between the Castaic Lake Water Agency (the “Agency”) and Devil’s Den Water District (the “District”), to provide funds to prepay the outstanding interfund loan balance payable by Retail to the Agency. The Interfund Loan was established in September 1999 as a repayment of acquisition when the Agency acquired Santa Clarita Water Company’s (SCWC) stock for \$63 million. The bonds are payable by installment payments according to the Installment Purchase Agreement. Interest is payable semi-annually August 1 and February 1, and the principal is due annually on August 1. In June 2016, the fiscal year 2017 principal was defeased. The balance at the end of the FY 2016/17 was \$43,295,000.

In September 11, 2017, the Agency refunded all of the 2011 Series A Revenue Bonds with the 2017 Series A Revenue Bonds. See the 2017 Series A Revenue Bonds for their respective debt service requirements.

2014 Series A Revenue Refunding Bonds

In June 2014, the Agency issued \$16,750,000 of revenue bonds to provide funds to prepay \$20,495,000 of the Agency’s outstanding 2004 A Revenue Certificates of Participation. The aggregate difference between the refunding debt and the refunded debt is \$2,055,250. This amount is being netted against the new debt and amortized over the life of the refunding debt. The Agency completed the refunding to reduce the Agency’s total debt service payments over the next 6 years by achieving a \$2,147,813 savings, 10.48% net present value savings. The bonds are payable solely from installment payments to be made by the Agency. Interest on the certificates is payable semi-annually on February 1 and August 1. Principal matures August 1 of each year through August 1, 2020. Bonds are in denominations of \$5,000 and bear interest from the date of issue to their maturity dates at rates ranging from 2.00% to 5.00% per annum.

Castaic Lake Water Agency
Notes to the Basic Financial Statements, continued
December 31, 2017

(10) Long-Term Debt, continued

2014 Series A Revenue Refunding Bonds

Annual debt service requirements on the 2014 Series A Revenue Refunding Bonds are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 2,780,000	355,100	3,135,100
2019	2,920,000	226,500	3,146,500
2020	<u>3,070,000</u>	<u>76,750</u>	<u>3,146,750</u>
Total	8,770,000	<u>658,350</u>	<u>9,428,350</u>
Add: bond premium	835,445		
Less current portion	<u>(2,780,000)</u>		
Total non-current	\$ <u>6,825,445</u>		

2015 Series A Revenue Refunding Bonds

In April 2015, the Agency issued \$64,000,000 of Revenue Bonds through Upper Santa Clara Valley Joint Powers Authority, a Joint Powers Authority created on June 8, 2011 between the Castaic Lake Water Agency (the "Agency") and Devil's Den Water District (the "District"), to provide funds to prepay \$77,685,000 of the Agency's outstanding 2006 C Revenue Certificates of Participation. The difference between the net carrying amount and the reacquisition price is considered immaterial and recognized upon refunding. The Agency completed the refunding to reduce the Agency's total debt service payments over the next 20 years by achieving a \$10,311,149 savings, 13.27% net present value savings. The bonds are payable by installment payments according to the Installment Purchase Agreement. Interest is payable semi-annually August 1 and February 1, and the principal is due annually on August 1.

Annual debt service requirements on the 2015 Series A Revenue Refunding Bonds are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 2,165,000	2,856,850	5,021,850
2019	2,250,000	2,768,550	5,018,550
2020	2,345,000	2,676,650	5,021,650
2021	2,440,000	2,568,750	5,008,750
2022	2,560,000	2,443,750	5,003,750
2023-2027	14,840,000	10,116,250	24,956,250
2028-2032	18,955,000	5,912,125	24,867,125
2033-2035	<u>13,800,000</u>	<u>1,057,500</u>	<u>14,857,500</u>
Total	59,355,000	<u>30,400,425</u>	<u>89,755,425</u>
Add: bond premium	9,017,140		
Less current portion	<u>(2,165,000)</u>		
Total non-current	\$ <u>66,207,140</u>		

Castaic Lake Water Agency
Notes to the Basic Financial Statements, continued
December 31, 2017

(10) Long-Term Debt, continued

2016 Series A Revenue Refunding Bonds

In May 2016, the Agency issued \$56,395,000 of Revenue Bonds through Upper Santa Clara Valley Joint Powers Authority, a Joint Powers Authority created on June 8, 2011 between the Castaic Lake Water Agency (the “Agency”) and Devil’s Den Water District (the “District”), to provide funds to prepay \$35,555,000 of the Agency’s outstanding 2006 A Revenue Certificates of Participation (2016 Series A Refunding) and to provide \$30,665,000 new funds (2016 Series A New) to acquire certain capital improvements to the Agency’s Wholesale System. The difference between the net carrying amount and the reacquisition price is considered immaterial and recognized upon refunding. The Agency completed the refunding portion to reduce the Agency’s total debt service payments over the next 15 years by achieving a \$5,909,717 savings, 16.62% net present value savings. The bonds are payable by installment payments according to the Installment Purchase Agreement. Interest is payable semi-annually August 1 and February 1, and the principal is due annually on August 1.

Annual debt service requirements on the 2016 Series A Revenue Refunding Bonds are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 1,410,000	1,113,950	2,523,950
2019	1,460,000	1,063,600	2,523,600
2020	1,520,000	996,400	2,516,400
2021	1,600,000	918,400	2,518,400
2022	1,685,000	836,275	2,521,275
2023-2027	9,700,000	2,880,050	12,580,050
2028-2030	6,975,000	534,625	7,509,625
Total	24,350,000	8,343,300	32,693,300
Add: bond premium	4,482,912		
Less current portion	(1,410,000)		
Total non-current	\$ 27,422,912		

Castaic Lake Water Agency
Notes to the Basic Financial Statements, continued
December 31, 2017

(10) Long-Term Debt, continued

2016 Series A New Refunding Bonds, continued

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 490,000	1,473,350	1,963,350
2019	510,000	1,455,800	1,965,800
2020	535,000	1,432,225	1,967,225
2021	560,000	1,404,850	1,964,850
2022	590,000	1,376,100	1,966,100
2023-2027	3,400,000	6,424,400	9,824,400
2028-2032	4,315,000	5,508,125	9,823,125
2033-2037	5,545,000	4,282,625	9,827,625
2038-2042	7,120,000	2,707,000	9,827,000
2043-2047	<u>7,125,000</u>	<u>734,625</u>	<u>7,859,625</u>
Total	30,190,000	<u>26,799,100</u>	<u>56,989,100</u>
Add: bond premium	5,893,320		
Less current portion	<u>(490,000)</u>		
Total non-current	<u>\$ 35,593,320</u>		

2017 Series A Revenue Refunding Bonds

In September 11, 2017, the Agency issued \$50,745,000 of Revenue Bonds through Upper Santa Clara Valley Joint Powers Authority, to provide funds to prepay \$12,900,000 of the Division's outstanding 2010 Series B Revenue Refunding Certificates of Participation (2010 Series B Refunding) and to provide a portion of the funds to refund the \$43,295,000 of the Division's outstanding 2011 Series A Refunding Bonds) to acquire certain capital improvements to the Division's Retail Water System. The difference between the refunding debt and the refunded debt is being netted against the new debt and amortized over the life of the refunding debt. The bonds are payable by installment payments according to the Installment Purchase Agreement. Interest is payable semi-annually August 1 and February 1, and the principal is due annually on August 1. The defeased bond refunding amount recorded in deferred outflows of resources of \$1,486,224 will be amortized over the remaining life of the 2017 Series A Revenue Refunding Bonds.

Castaic Lake Water Agency
Notes to the Basic Financial Statements, continued
December 31, 2017

(10) Long-Term Debt, continued

2017 Series A Revenue Refunding Bonds, continued

Annual debt service requirements on the 2017 Series A Revenue Refunding Bonds are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 2,780,000	2,364,000	5,144,000
2019	3,035,000	2,218,625	5,253,625
2020	3,315,000	2,059,875	5,374,875
2021	3,615,000	1,886,625	5,501,625
2022	3,925,000	1,698,125	5,623,125
2023-2027	25,460,000	5,054,000	30,514,000
2028-2032	2,825,000	1,318,300	4,143,300
2033-2037	3,460,000	672,200	4,132,200
2038-2041	2,330,000	123,625	2,453,625
Total	50,745,000	<u>17,395,375</u>	<u>68,140,375</u>
Add: bond premium	9,296,222		
Less current portion	<u>(2,780,000)</u>		
Total non-current	<u>\$ 57,261,222</u>		

Secured Note Payable

On June 1, 2010, Valencia Water Company (VWC) entered into a \$12,000,000 senior secured note with Modern Woodmen of America (Modern Woodmen). On September 15, 2010, VWC entered into an additional \$12,000,000 senior secured note with Modern Woodmen (collectively, the "Senior Secured Notes"). The Senior Secured Notes are secured by all of the VWC's assets. Interest is payable semiannually on April 15 and October 15 at a fixed rate of 4.62% per annum. The Senior Secured Notes contain various financial covenants with which VWC was in compliance as of December 31, 2017. There are no principal payments due until the Senior Secured Notes mature on September 15, 2022. Debt issuance costs of \$555,000 have been capitalized and are amortized over the life of the loan. As of December 31, 2017, the balance of the note amounted to \$24,000,000.

(11) Net Investment in Capital Assets

This component of net position consists of capital assets, net of accumulated depreciation and reduced by any outstanding debt outstanding against the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds. At December 31, 2017, the net investment in capital assets for governmental activities was \$241,897,530 and the net investment in capital assets for business-type activities was \$155,261,550.

Castaic Lake Water Agency
Notes to the Basic Financial Statements, continued
December 31, 2017

(11) Net Investment in Capital Assets, continued

The balance consists of the following:

	Governmental Activities	Business-type Activities	Total
Capital assets, net	\$ 436,439,094	215,302,772	651,741,866
Long-term debt payable	(280,166,011)	(60,041,222)	(340,207,233)
Adjustments on long-term debt payable:			
1999 Series A cap appreciation bonds accretion since issuance	43,662,247	-	43,662,247
2010 Series A reserve fund	5,349,556	-	5,349,556
Unspent proceeds for capital improvement	36,612,643	-	36,612,643
Total	\$ <u>241,897,529</u>	<u>155,261,550</u>	<u>397,159,079</u>

(12) Fund Balances

In May 2011, the Agency adopted a fund balance policy based on the published Governmental Accounting Standards Board (GASB) Statement No. 54, which established accounting and financial reporting standards for all governments that report governmental funds. This statement divides the fund balance into five classifications: (1) non-spendable – accounts for fund balances that are not in “spendable” form, such as inventories and prepaid amounts; (2) restricted – accounts for fund balances that are restricted by debt covenants and laws; (3) committed – accounts for fund balances that are committed for specific purposes by formal action of the Board of Directors of the Agency; (4) assigned – accounts for fund balances that are constrained by the Agency’s “intent” to be used for specific purposes, but are neither restricted nor committed except for stabilization arrangements; and (5) unassigned – accounts for fund balances that have not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes.

At December 31, 2017, fund balances are as follows:

	General Fund	Pledged Revenue	State Water Contract	Capital Project	Debt Service	Total Governmental Funds
Fund Balances:						
Non-spendable (prepaid items)	\$ 1,164,766	-	3,432,813	-	-	4,597,579
Restricted	-	-	50,665,033	27,257,986	5,544,195	83,467,214
Committed:						
Reserve policy	5,920,000	-	-	-	-	5,920,000
Investment in the stock of the Valencia Water Co.	-	55,190,700	-	-	-	55,190,700
Assigned:						
Capital projects	-	84,345,300	-	-	-	84,345,300
Operations	8,191,387	-	-	-	-	8,191,387
Total	\$ <u>15,276,153</u>	<u>139,536,000</u>	<u>54,097,846</u>	<u>27,257,986</u>	<u>5,544,195</u>	<u>241,712,180</u>

Restricted:

State Water Contract – The Burns-Porter Act (Act) was approved by voters in 1960 to assist in the construction of a State Water Resources Development System for the State of California. The right to levy taxes for this purpose is included in the provisions of Section 11652 of the Water Code governing Central Valley Project, which are incorporated by reference into the Act. This law authorized the Agency to levy property taxes, but only for payment of the Agency’s State Water Project obligation or debt services on general obligations bonds.

Castaic Lake Water Agency
Notes to the Basic Financial Statements, continued
December 31, 2017

(12) Fund Balances, continued

Capital Project – fund to account for major capital projects, acquisition and improvements to the Agency’s wholesale water system.

Debt Service – funds held by US Bank, the trustee, for various debt reserve requirements.

Committed:

Reserve Policy – Agency Board approved reserve amount.

Investment in the stock of the Valencia Water Company – Agency Board approved the acquisition of the stock of the Valencia Water Company.

Assigned:

General Fund – intended for the Agency’s operations and maintenance expenditures.

Pledged Revenue – intended for the Agency’s minor capital projects, planning studies and administration, new equipment, repair and replacement program and compensated absences.

(13) Deferred Compensation Savings Plan

457 Deferred Compensation Savings Plan

For the benefit of its employees, the Agency participates in a 457 Deferred Compensation Program (Program). The purpose of this Program is to provide deferred compensation for public employees that elect to participate in the Program. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death or unforeseeable 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.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the Agency is in compliance with this legislation. Therefore, these assets are not the legal property of the Agency, and are not subject to claims of the Agency’s general creditors. Market value of all plan assets held in trust by Lincoln Financial Services at December 31, 2017, was \$14,409,168.

The Agency has implemented GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Since the Agency has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not shown on the statement of net assets.

(14) Defined Benefit Plan

401(a) Defined Benefit Plan

Also, for the benefit of its employees, the Agency participates in a 401(a) Defined Benefit Program (401(a) Program). The purpose of this 401(a) Program is to provide a defined benefit for public employees who fully contribute to their 457 Program. Generally, the Agency will match up to a certain amount for employees who fully contribute to their 457 Plan for the year. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the defined benefit for income tax purposes.

Federal law requires defined benefit assets to be held in trust for the exclusive benefit of the participants. Accordingly, the Agency is in compliance with this legislation. Therefore, these assets are not the legal property of the Agency, and are not subject to claims of the Agency’s general creditors. Market value of all plan assets held in trust by Lincoln Financial Services at December 31, 2017, was \$564,351.

Castaic Lake Water Agency
Notes to the Basic Financial Statements, continued
December 31, 2017

(15) Risk Management

The Agency is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Agency is a member of the Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA), an intergovernmental risk sharing joint powers authority created to provide self-insurance programs for California water agencies. The purpose of the ACWA/JPIA is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage. As of December 31, 2017, the Agency limits and deductibles for liability, property, and workers compensation programs of the ACWA/JPIA are as follows:

- General and auto liability, public officials and employees' errors and omissions: Total risk financing self-insurance limits of \$1,000,000, combined single limit per occurrence. The ACWA/JPIA purchased additional excess coverage layers: \$59 million for general, auto and public officials liability, which increases the limits on the insurance coverage noted above.
- Property loss is paid at the replacement cost for buildings, fixed equipment, and personal property on file, if replaced within two years after the loss, otherwise paid on actual cash value basis, subject to a \$5,000 deductible per loss; and actual cash value for mobile equipment, subject to a \$1,000 deductible per loss, and licensed vehicles, subject to a \$500 deductible per loss. ACWA/JPIA purchased excess coverage for a combined total of \$100 million per occurrence.
- Boiler and machinery coverage for the replacement cost up to \$100 million per occurrence, subject to various deductibles depending on the type of equipment.
- Workers compensation insurance up to California statutory limits for all work related injuries/illnesses covered by California law, and Employer's Liability Coverage up to \$4 million. The Authority is self-insured up to \$2 million and excess loss insurance has been purchased.

In addition to the above, the Agency also has the following insurance coverage:

- Crime coverage up to \$1,000,000 per loss includes public employee dishonesty, including Public Officials who are required by law to give bonds for the faithful performance of their service, forgery or alteration and computer fraud, subject to a \$1,000 deductible.
- Cyber liability coverage up to \$2,000,000 per occurrence with an aggregate of \$5,000,000 includes defense costs and damages for security, privacy and media liability; fees and expenses incurred from cyber extortion; as well as costs to restore network business interruption and digital asset protection, subject to a \$50,000 deductible.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years (June 30, 2018, June 30, 2017, and June 30, 2016). There were no reductions in insurance coverage in the six month period ended December 31, 2017. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There was no IBNR claims payable as of December 31, 2017 and any of the last three fiscal years (June 30, 2018, June 30, 2017, and June 30, 2016).

Castaic Lake Water Agency
Notes to the Basic Financial Statements, continued
December 31, 2017

(16) Governmental Accounting Standards Board Statements Issued, Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to December 31, 2017, that has effective dates that may impact future financial presentations.

Governmental Accounting Standards Board Statement No. 83

In November 2016, the GASB issued Statement No. 83 – *Certain Asset Retirement Obligations*. This Statement (1) addresses accounting and financial reporting for certain asset retirement obligations (AROs), (2) establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs, (3) requires that recognition occur when the liability is both incurred and reasonably estimable, (4) requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred, (5) requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation at least annually, and (6) requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. The impact of the implementation of this Statement to the Agency's financial statements has not been assessed at this time.

Governmental Accounting Standards Board Statement No. 87

In June 2017, the GASB issued Statement No. 87 – *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The impact of the implementation of this Statement to the Agency's financial statements has not been assessed at this time.

Governmental Accounting Standards Board Statement No. 88

In April 2018, the GASB issued Statement No. 88 – *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

Castaic Lake Water Agency
Notes to the Basic Financial Statements, continued
December 31, 2017

(16) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued

Governmental Accounting Standards Board Statement No. 88, continued

For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. The impact of the implementation of this Statement to the Agency's financial statements has not been assessed at this time.

Governmental Accounting Standards Board Statement No. 89

In June 2018, the GASB issued Statement No. 89 – *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement.

This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively. The impact of the implementation of this Statement to the Agency's financial statements has not been assessed at this time.

(17) Commitments and Contingencies

Department of Water Resources (DWR) Water Contract Commitment

On April 30, 1963, a contract was entered into between the State of California acting by and through its Department of Water Resources and the Agency (the Contract), pursuant to the provisions of the California Water Resources Development Bond Act, the State Central Valley Project Act, and other applicable laws of the State of California.

The contract provides for a maximum annual water entitlement for the Agency of up to 41,500 acre feet. As amended, on January 1, 1991, the Agency began receiving the Devil's Den agricultural entitlement of 12,700 acre feet. In March 1999, the Agency purchased an additional 41,000 acre feet from Wheeler Ridge-Maricopa Water Storage District, bringing the total maximum entitlement to 95,200 acre feet. The agreement contemplated water delivery of 20,100 acre feet beginning in 1981, with increasing deliveries through the years until the maximum entitlement was reached in 1991.

**Castaic Lake Water Agency
Notes to the Basic Financial Statements, continued
December 31, 2017**

(17) Commitments and Contingencies, continued

Department of Water Resources (DWR) Water Contract Commitment, continued

However, as of June 30, 2003, the water delivery objectives of the Contract cannot be achieved unless additional conservation features are constructed. The term of the Contract is for the project re-payment period or 75 year, whichever is longer, and provides for a pledge of certain Agency revenues to the bondholders of the State under the Bond Act.

Provision is made in the Contract for two general charges: (1) a Delta water charge and (2) a transportation charge, which are divided into components. The Delta water charge is intended to return to the State all costs of project conservation facilities including capital, maintenance, operation and replacement components, and is charged to the Agency on the basis of water entitlement and/or delivery. The transportation charge is for facilities necessary to deliver water to the contractors and also includes a capital, maintenance, operation and replacement component.

At December 31, 2017, the remaining estimated commitment for these charges is as follows:

<u>Calendar year ending December 31</u>	<u>Amount</u>
2018	\$ 28,917,776
2019	29,043,631
2020	29,162,168
2021	28,887,671
2022	28,956,181
2023-2027	144,241,288
2028-2032	142,514,378
2033-2035	<u>87,398,830</u>
Total	<u>\$ 519,121,923</u>

On May 22, 2007, the Agency entered into a 30-year agreement with the Buena Vista Water Storage District and Rosedale-Rio Bravo Water Storage District for the acquisition of 11,000 acre-feet (AF) of water supply per year for a 30-year period. The purchase price was established in FY 2006/07 at \$486.85 per AF, or \$5,335,350. The purchase price will be adjusted each calendar year by Consumer Price Index (All Urban Consumers – All Items – Southern California Area) and every 10 years based on historical changes to the cost of the State Water Project. The current purchase price is \$803.54 per AF.

Payments due under the DWR and BVRRB agreements are similar in nature to a long-term operating lease, since the Agency does not take title to any assets of the DWR and BVRRB at the end of the water delivery period. Accordingly, no liability under this contract is recorded in the Statement of Net Position.

Litigation

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

Grant Awards

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

Castaic Lake Water Agency
Notes to the Basic Financial Statements, continued
December 31, 2017

(17) Commitments and Contingencies, continued

Construction Contracts

The Agency has a variety of agreements with private parties relating to the installation, improvement or modification of water facilities and distribution systems and other Agency activities. The financing of such contracts is being provided primarily from the Agency's replacement reserves and advances for construction. The Agency has committed to approximately \$3,812,325 of open construction contracts as of December 31, 2017.

The contracts outstanding include:

<u>Project Name</u>	<u>Contractor</u>	<u>Total Approved Contract</u>	<u>Construction Costs to Date</u>	<u>Balance to Complete</u>
<i>Governmental activities:</i>				
Earl Smith Filtration Plant Clearwell/CT Improvements	Clark Brothers*	\$ 5,616,196	4,375,837	1,240,359
Rio Vista Valve No. 2 Modifications	Environmental Construction	2,169,946	1,603,466	566,480
Foothill Feeder Turnout CLWA-01	GSE Construction	2,752,122	2,415,746	336,376
ESIPS Pipeline Improvement	Pacific Hydrotech Corporation	3,082,540	1,813,778	1,268,762
Sub-Total		<u>13,620,804</u>	<u>10,208,827</u>	<u>3,411,977</u>
<i>Business-type activities:</i>				
Install Water System Golden Vally Ranch Phase 1-4	Tejon	299,915	295,595	4,320
Vista Canyon Ranch Potable Water Phase I	Mesa Engineering	227,225	209,610	17,615
Skyline Ranch Plum Canyon Extension	Staats Construction	380,392	332,801	47,591
TM 60258 Galloway Water Improvements	Mesa Engineering	655,055	425,180	229,875
PH 1 TM 46018-11 Toll Brothers Water Improvements	Staats Construction	431,003	426,728	4,275
PH 2 TM 46018-11 Toll Brothers Water Improvements	Staats Construction	949,310	941,880	7,430
Bouquet Tank Exterior Repaint	Advance Industrial	49,748	-	49,748
Deane Tank No. 1 Tank Exterior Repaint	Advance Industrial	39,494	-	39,494
Sub-Total		<u>3,032,142</u>	<u>2,631,794</u>	<u>400,348</u>
Total		<u>\$ 16,652,946</u>	<u>12,840,621</u>	<u>3,812,325</u>

* This contract was decreased via change order.

(18) Subsequent Events

Events occurring after December 31, 2017 have been evaluated for possible adjustment to the financial statements or disclosure as of March 18, 2019, which is the date the financial statements.

On October 15, 2017, the Governor of the State of California signed into law California Senate Bill 634 (SB-634), which reorganized Castaic Lake Water Agency and Newhall County Water District to create Santa Clarita Valley Water Agency (New Agency), effective January 1, 2018.

On January 22, 2018, VWC was dissolved in accordance with California Senate Bill 634 (SB634). The financial statements reflect balances immediately before the dissolution. SB634 is the implementing legislation for the formation of the New Agency, and provides that VWC be dissolved and that all of the Company's assets, property, liabilities and indebtedness be transitioned to the New Agency, which will thereafter provide water service to the customer of VWC. The Plan of Dissolution was approved by VWC's Board of Directors at a special meeting on December 28, 2017. Subsequent to the dissolution, VWC is accounted for as an enterprise fund, called the Valencia Water Division, within the New Agency.



FINAL DRAFT

Required Supplementary Information

FINAL DRAFT

FINAL DRAFT

Castaic Lake Water Agency
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual – General Fund
For the Six Month Period Ended December 31, 2017

	Original and Final Budgeted Amounts*	Actual Amounts	Variance Positive (Negative)
Revenues			
Water sales – Agency	\$ 12,643,256	13,160,699	517,443
Laboratory fees	53,000	66,744	13,744
Interest and investment earnings	53,700	127,213	73,513
Other	<u>867,750</u>	<u>605,427</u>	<u>(262,323)</u>
Total revenues	<u>13,617,706</u>	<u>13,960,083</u>	<u>342,377</u>
Expenditures:			
Water treatment operations	2,592,900	3,141,757	(548,857)
Water resources	3,379,000	1,577,448	1,801,552
Maintenance	1,628,900	1,798,873	(169,973)
Water quality and regulatory affairs	538,200	524,710	13,490
Administration	2,520,050	2,360,618	159,432
Management	1,027,050	891,375	135,675
Engineering	<u>587,250</u>	<u>637,720</u>	<u>(50,470)</u>
Total expenditures	<u>12,273,350</u>	<u>10,932,501</u>	<u>1,340,849</u>
Excess of revenues (under) expenditures	<u>1,344,356</u>	<u>3,027,582</u>	<u>1,683,226</u>
Net change in fund balance	<u>1,344,356</u>	<u>3,027,582</u>	<u>1,683,226</u>
Fund balance – beginning of period	<u>8,415,309</u>	<u>12,248,571</u>	
Fund balance – end of period	<u>\$ 9,759,665</u>	<u>15,276,153</u>	

* As of December 31, 2017, all amounts were applied at 50%, except for water sales, which is at 53%

Castaic Lake Water Agency
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual – Pledged Revenue Fund
For the Six Month Period Ended December 31, 2017

	Original and Final		Variance
	Budgeted	Actual	Positive
	Amounts*	Amounts	(Negative)
Revenues:			
Property taxes	\$ 12,373,650	12,828,233	454,583
Facility capacity fee	4,000,000	4,473,676	473,676
Interest and investment earnings	718,700	5,288,441	4,569,741
Other	<u>1,085,950</u>	<u>1,736,132</u>	<u>650,182</u>
Total revenues	<u>18,178,300</u>	<u>24,326,482</u>	<u>6,148,182</u>
Expenditures:			
Capital outlay	<u>7,082,850</u>	<u>2,032,449</u>	<u>5,050,401</u>
Total expenditures	<u>7,082,850</u>	<u>2,032,449</u>	<u>5,050,401</u>
Excess of revenues over expenditures	<u>11,095,450</u>	<u>22,294,033</u>	<u>11,198,583</u>
Other financing sources:			
Transfers out	<u>(23,004,781)</u>	<u>(22,848,278)</u>	<u>(156,503)</u>
Total other financing sources	<u>(23,004,781)</u>	<u>(22,848,278)</u>	<u>(156,503)</u>
Net change in fund balance	<u>(11,909,331)</u>	<u>(554,245)</u>	<u>11,355,086</u>
Fund balance - beginning of period	<u>136,674,409</u>	<u>139,758,949</u>	
Fund balance - end of period	<u>\$ 124,765,078</u>	<u>139,204,704</u>	

* As of December 31, 2017, all amounts were applied at 50%, except for transfers out, which is at 83.93%

Castaic Lake Water Agency
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual – State Water Contract Fund
For the Six Month Period Ended December 31, 2017

	Original and Final Budgeted Amounts*	Actual Amounts	Variance Positive (Negative)
Revenues			
Property taxes	\$ 14,911,400	15,318,951	407,551
Interest and investment earnings	200,500	155,506	(44,994)
Other	-	612,356	612,356
Total revenues	15,111,900	16,086,813	974,913
Expenditures:			
State water contract payments	16,285,000	8,916,917	7,368,083
Capital Outlay	-	3,200,608	(3,200,608)
Total expenditures	16,285,000	12,117,525	4,167,475
Excess of revenues (under) expenditures	(1,173,100)	3,969,288	5,142,388
Net change in fund balance	(1,173,100)	3,969,288	5,142,388
Fund balance – beginning of period	39,026,480	46,695,745	
Fund balance – end of period	\$ 37,853,380	50,665,033	

* As of December 31, 2017, all amounts were applied at 50%.

Castaic Lake Water Agency
Notes to the Required Supplementary Information
December 31, 2017

Basis of Budgeting

The Agency follows specific procedures in establishing the budgetary data reflected in the financial statements. Each April, the Agency's General Manager and Assistant General Manager prepare and submit a capital and operating budget to the Board of Directors and adopted no later than June of each year. Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all government and proprietary funds. Annual budgets are adopted on the modified accrual basis of accounting for government fund types and accrual basis for the proprietary fund. The adopted budget becomes operative on July 1.

The Board of Directors must approve all supplemental appropriations to the budget and transfers between major funds. The legal level of budgetary control is at the fund level. Budget information is presented as required supplementary information for the general fund, pledged revenue fund and state water contract fund.

FINAL DRAFT

Castaic Lake Water Agency
Schedule of the Agency's Proportionate Share of the Net Pension Liability
As of December 31, 2017
Last 10 Fiscal Years*

Defined Benefit Pension Plan

<u>Description</u>	<u>Measurement Dates</u>			
	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>6/30/2014</u>
Agency's Proportion of the Net Pension Liability	0.10384%	0.09891%	0.09014%	0.09601%
Agency's Proportionate Share of the Net Pension Liability	\$ 10,298,330	8,559,161	6,187,106	5,974,266
Agency's Covered-Employee Payroll	\$ 10,699,055	9,517,107	9,606,446	8,961,588
Agency's Proportionate Share of the Net Pension Liability as a percentage of its Covered-Employee Payroll	96.25%	89.93%	64.41%	66.67%
Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability	78.21%	79.28%	83.87%	83.03%

Notes:

Changes in Benefit Terms – The Agency can make changes to their plan provisions, and such changes occur on an ongoing basis. A summary of the plan provisions that were used for the Agency's plan can be found in the plan's annual valuation report.

Changes of Assumptions – In fiscal year 2018, the financial reporting discount rate was lowered from 7.65% to 7.15%. In December 2016, the CalPERS Board approved lowering the funding discount rate used from 7.50% to 7.00%, which is to be phased-in over a three-year period (7.50% to 7.375%, 7.375% to 7.25%, and 7.25% to 7.00%) beginning with the June 30, 2016, valuation reports. The funding discount rate includes a 15 basis-point reduction for administrative expenses, and the remaining decrease is consistent with the change in the financial reporting discount rate.

* The Agency has presented information for those years for which information is available until a full 10-year trend is compiled.

**Castaic Lake Water Agency
Schedule of Pension Plan Contributions
For the Six Month Period Ended December 31, 2017
Last 10 Years***

Defined Benefit Pension Plan

<u>Description</u>	<u>Years Ended</u>				
	<u>12/31/2017</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>6/30/2014</u>
Actuarially Determined Contribution	\$ 1,332,202	1,261,244	1,127,997	1,112,501	1,049,369
Contributions in Relation to the Actuarially Determined Contribution	<u>(673,464)</u>	<u>(1,256,199)</u>	<u>(1,140,043)</u>	<u>(1,138,635)</u>	<u>(790,373)</u>
Contribution Deficiency (Excess)	\$ <u>658,738</u>	<u>5,045</u>	<u>(12,046)</u>	<u>(26,134)</u>	<u>258,996</u>
Agency's Covered Payroll	\$ <u>10,946,311</u>	<u>10,699,055</u>	<u>9,517,107</u>	<u>9,606,446</u>	<u>8,961,588</u>
Contribution's as a percentage of Covered-Employee Payroll	<u>6.15%</u>	<u>11.74%</u>	<u>11.98%</u>	<u>11.85%</u>	<u>8.82%</u>

Note:

* The Agency has presented information for those years for which information is available until a full 10-year trend is compiled.

Castaic Lake Water Agency
Schedule of Changes in Net OPEB Liability and Related Ratios
As of December 31, 2017
Last Ten Years*

Defined Benefit OPEB Plan

	<u>December 31,</u> <u>2017</u>
Total OPEB Liability	
Service cost	\$ 274,360
Interest	838,660
Benefit payments	<u>(475,120)</u>
Net change in total OPEB liability	637,900
Total OPEB liability - beginning of year	<u>16,995,216</u>
Total OPEB liability - end of year (a)	<u>\$ 17,633,116</u>
Plan Fiduciary Net Position	
Contributions - employer	\$ 475,120
Net investment income	236,590
Benefit payments	(249,606)
Administrative fee	<u>(2,510)</u>
Net change in plan fiduciary net position	459,594
Plan Fiduciary Net Position - beginning of year	<u>8,969,996</u>
Plan Fiduciary Net Position - end of year (b)	<u>9,429,590</u>
Net OPEB Liability - ending (a) - (b)	<u>\$ 8,203,526</u>
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	53.48%
Covered - employee payroll	12,296,456
Net OPEB Liability as a percentage of covered-employee payroll	66.71%

Notes to Schedule

Benefit changes – None noted.

Changes of assumptions – None noted.

* The Agency has presented information for those years for which information is available until a full 10-year trend is compiled.

**Castaic Lake Water Agency
Schedule of OPEB Contributions
For the Six Month Period Ended December 31, 2017
Last Ten Years***

Defined Benefit OPEB Plan

	December 31, 2017
Actuarially Determined Contribution**	\$ 1,787,444
Contributions in relation to the Actuarially Determined Contribution	(1,731,944)
Contribution Deficiency (Excess)	\$ 55,500
District's Covered-Employee Payroll	12,296,456
Contribution's as a percentage of Covered-Employee Payroll	14.08%

Notes to Schedule

Valuation date:

The Agency has been prefunding its OPEB liability by contributing 100% or more of the actuarially determined contribution each year.

Methods and assumptions used to determine contribution rates:

Valuation Date	July 1, 2015
Measurement Date	December 31, 2016
Measurement Period	June 30, 2016 to December 31, 2016
Actuarial cost method	Entry Age Normal cost method in accordance with the requirements of GASB Statement No. 75
Salary increases	3% per year; this is used to calculate the ARC/ADC as a level percent of payroll.
General inflation rate	2.5% per year.
Long Term Return on Assets	7.28%, net of plan investment expenses and including inflation
Mortality	Pre-retirement mortality rates were based on the MP-2014 and is applied generationally.
Service requirement	Per the service schedule contained in California Government Code Section 22893.
Discount rate	7.28% as of June 30, 2016 and June 30, 2017.

* The Agency has presented information for those years for which information is available until a full 10-year trend is compiled.



FINAL DRAFT

Supplemental Information Section

FINAL DRAFT

Castaic Lake Water Agency
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual – Capital Projects Fund
For the Six Month Period Ended December 31, 2017

	Original and Final Budgeted Amounts*	Actual Amounts	Variance Positive (Negative)
Revenues:			
Interest and investment earnings	\$ 87,900	225,544	137,644
Others	<u>950,000</u>	<u>889,679</u>	<u>(60,321)</u>
Total revenues	<u>1,037,900</u>	<u>1,115,223</u>	<u>77,323</u>
Expenditures:			
Capital outlay	<u>10,729,000</u>	<u>7,544,349</u>	<u>3,184,651</u>
Total expenditures	<u>10,729,000</u>	<u>7,544,349</u>	<u>3,184,651</u>
Excess of revenues (under) expenditures	<u>(9,691,100)</u>	<u>(6,429,126)</u>	<u>3,261,974</u>
Net change in fund balance	<u>(9,691,100)</u>	<u>(6,429,126)</u>	<u>3,261,974</u>
Fund balance - beginning of period	<u>22,363,743</u>	<u>33,687,112</u>	
Fund balance - end of period	<u>\$ 12,672,643</u>	<u>27,257,986</u>	

* As of December 31, 2017, all amounts were applied at 50%.

Castaic Lake Water Agency
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual – Debt Service Fund
For the Six Month Period Ended December 31, 2017

	Original and Final Budgeted Amounts*	Actual Amounts	Variance Positive (Negative)
Revenues:	\$		
Interest and investment earnings	76,600	36,608	(39,992)
Total revenues	<u>76,600</u>	<u>36,608</u>	<u>(39,992)</u>
Expenditures:			
Interest expense	4,404,670	7,923,118	(3,518,448)
Principal payments expense	18,600,111	11,450,447	7,149,664
Total expenditures	<u>23,004,781</u>	<u>19,373,565</u>	<u>3,631,216</u>
Excess of revenues (under) expenditures	<u>(22,928,181)</u>	<u>(19,336,957)</u>	<u>3,591,224</u>
Other financing sources:			
Transfers in	23,004,781	19,415,465	(3,589,316)
Total other financing sources	<u>23,004,781</u>	<u>19,415,465</u>	<u>(3,589,316)</u>
Net change in fund balance	76,600	78,508	<u>1,908</u>
Fund balance - beginning of period	<u>5,477,637</u>	<u>5,465,687</u>	
Fund balance - end of period	\$ <u><u>5,554,237</u></u>	<u><u>5,544,195</u></u>	

* As of December 31, 2017, all amounts were applied at 50%, except for principal payments and transfers in, which is at 100% and 83.93%, respectively.



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Report on Internal Controls and Compliance

FINAL DRAFT

**Independent Auditor’s Report on Compliance 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***

Board of Directors
Castaic Lake Water Agency
Santa Clarita, 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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Castaic Lake Water Agency (Agency), as of and for the six month period ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Agency’s basic financial statements, and have issued our report thereon dated March 18, 2019. Our report includes a reference to other auditors who audited the financial statements of Valencia Water Company (Company), as described in our report on the Agency’s financial statements. This report does not include the results of the other auditors’ testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Company were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency’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 Agency’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency’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.

**Independent Auditor's Report on Compliance 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, Continued***

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Agency'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*.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Fedak & Brown LLP
Cypress, California
March 18, 2019



ITEM NO.
5.11

BOARD MEMORANDUM

DATE: March 19, 2019
TO: Board of Directors
FROM: Rochelle Patterson 
Director of Finance and Administration
SUBJECT: Approve Receiving and Filing SCV Water June 30, 2018 Financial Statements

SUMMARY

To review Santa Clarita Valley Water Agency's (SCV Water) June 30, 2018 Financial Statement prepared by Fedak & Brown, LLP.

DISCUSSION

The June 30, 2018 Financial Statement is meant to give the reader a narrative overview and analysis of SCV Water's financial performance during the period of January 1, 2018 to June 30, 2018.

The auditors gave the report an unmodified opinion, which is termed a clean opinion and is the highest opinion achieved. An unmodified opinion is the auditor's judgment that he has no reservation as to the fairness of presentation of SCV Water's Financial Statement and their conformity with Generally Accepted Accounting Principles (GAAP). In the auditor's opinion, SCV Water has presented fairly its financial position, results of operations, and changes in cash flows. The draft report is attached.

On March 18, 2019, the Finance and Administration Committee considered staff's recommendation to approve receiving and filing the SCV Water June 30, 2018 Financial Statement.

FINANCIAL CONSIDERATIONS

None.

RECOMMENDATION

The Finance and Administration Committee recommends that the Board of Directors receive and file the attached SCV Water Financial Statement for the period of January 1, 2018 to June 30, 2018.

RP

Attachment

MBS

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Santa Clarita Valley Water Agency
Annual Financial Report
For the Six Month Period Ended June 30, 2018



Fedak & Brown LLP
Certified Public Accountants

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Santa Clarita Valley Water Agency
Santa Clarita, California

Annual Financial Report
For The Six Month Period Ended
June 30, 2018

Prepared by:
Rochelle Patterson, MPA, Director of Finance and Administration
Amy Aguer, CPA, Controller
Elizabeth Ooms-Graziano, Retail Administrative Officer
Kim Grass, Accounting Manager

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**Santa Clarita Valley Water Agency
Annual Financial Report
For The Six Month Period Ended June 30, 2018**

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**Santa Clarita Valley Water Agency
Our Mission Statement**

***"Providing Responsible Water Stewardship to Ensure the
Santa Clarita Valley has Reliable Supplies of High Quality
Water at a Reasonable Cost."***

**Santa Clarita Valley Water Agency
Board of Directors as of June 30, 2018**

<u>Name</u>	<u>Title</u>	<u>Division</u>	<u>Elected/ Appointed</u>	<u>Term Expires</u>
William Cooper	President	1	Elected	January 2022
R. J. Kelly	Vice-President	1	Elected	January 2022
Maria Gutzeit	Vice-President	3	Elected	January 2020
B. J. Atkins	Director	3	Elected	January 2020
Thomas Campbell	Director	2	Elected	January 2020
Ed Colley	Director	2	Elected	January 2020
Robert J. DiPrimio	Director	1	Elected	January 2020
Gary R. Martin	Director	1	Elected	January 2020
Jerry Gladbach	Director	2	Elected	January 2022
Kathy Colley	Director	2	Elected	January 2020
Daniel Mortensen	Director	3	Elected	January 2022
Lynne Plambeck	Director	3	Elected	January 2022
Jacquelyn McMillan*	Director	3	Elected	January 2020

**Ms. McMillan resigned from the Board in January 2019.*

**Matthew G. Stone, General Manager
27234 Bouquet Canyon Road
Santa Clarita, California 91350-2173
(661) 297-1600
www.yourscvwater.org**

Financial Section

FINAL DRAFT

FINAL DRAFT

Independent Auditor's Report

Board of Directors
Santa Clarita Valley Water Agency
Santa Clarita, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Santa Clarita Valley Water Agency (Agency) as of and for the six month period ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Agency'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 an opinion 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 Districts. 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 entity'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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Santa Clarita Valley Water Agency, as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the six month period then ended in accordance with accounting principles generally accepted in the United States of America.

Independent Auditor's Report, continued

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 and the required supplementary information on pages 57 through 60 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 an opinion on the financial statements that collectively comprise the Agency's basic financial statements. The supplemental information on pages 61 through 66 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2019, on our consideration of the Agency'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 solely 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 the effectiveness of the Agency's 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 Agency's internal control over financial reporting and compliance. That report can be found on pages 67 and 68.

Fedak & Brown LLP
Cypress, California
March 18, 2019



FINAL DRAFT

**Santa Clarita Valley Water Agency
Management's Discussion and Analysis
For the Six Month Period Ended June 30, 2018**

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Santa Clarita Valley Water Agency (Agency) provides an introduction to the financial statements of the Agency for the six month period ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with the basic financial statements and related notes, which follow this section.

Financial Highlights

- As of June 30, 2018, the Agency's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$581.42 million (net position). Of this balance, unrestricted net position amounted to \$91.36 million.
- The Agency's total revenues amounted to \$74.24 million during the six month period from January 1, 2018 to June 30, 2018.
- The Agency's total expenses amounted to \$81.69 million during the six month period from January 1, 2018 to June 30, 2018.

Required Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows provide information about the activities and performance of the Agency using accounting methods similar to those used by private sector companies.

The Santa Clarita Valley Water Agency (Agency) was formed to modernize and enhance water service in the region. It was crafted during a two-year public process led by Castaic Lake Water Agency (CLWA) and Newhall County Water District (NCWD). It will provide water service to customers within the service boundary previously serviced by CLWA, NCWD and Valencia Water Company (VWC).

The Agency's financial statements comprised of four divisions as follows: (1) Wholesale Water Division (formerly CLWA); (2) Santa Clarita Water Division; (3) Newhall Water Division (formerly NCWD); and (4) Valencia Water Division (formerly VWC). The Agency's records are maintained on an enterprise basis, as it is the intent of the Board of Directors that the costs of providing water service to the customers of the Agency are financed primarily through user charges. See the detailed historical information of the Agency on Note 1 to the basic financial statements.

The Statement of Net Position includes all of the Agency's investments in resources (assets), deferred outflows of resources, the obligations to creditors (liabilities), and deferred inflows of resources. It also provides the basis for computing a rate of return, evaluating the capital structure of the Agency and assessing the liquidity and financial flexibility of the Agency. All of the current year's revenue and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the success of the Agency's operations over the past year and can be used to determine if the Agency has successfully recovered all of its costs through its rates and other charges. This statement can also be used to evaluate profitability and credit worthiness. The final required financial statement is the Statement of Cash Flows, which provide information about the Agency's cash receipts and cash payments during the reporting period. The Statement of Cash Flows report cash receipts, cash payments, and net changes in cash resulting from operations, investing, non-capital financing, and capital and related financing activities, as well as providing answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

**Santa Clarita Valley Water Agency
Management's Discussion and Analysis, continued
For the Six Month Period Ended June 30, 2018**

Financial Analysis of the Agency

One of the most important questions asked about the Agency's finances is, "Is the Agency better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the Agency in a way that helps answer this question. These statements include all assets, deferred outflows, liabilities, and deferred inflows using the *accrual basis of accounting*, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the Agency's *net position* and changes in them. Think of the Agency's net position – the difference between assets, and deferred outflows of resources, and liabilities and deferred inflows of resources – as one way to measure the Agency's financial health, or *financial position*. Over time, *increases or decreases* in the Agency's net position are one indicator of whether its *financial health* is improving or deteriorating. One will need to consider other non-financial factors however, such as changes in the Agency's property tax base and the types of grants the Agency applies for to assess the *overall financial health* of the Agency.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found on pages 13 through 56.

Statement of Net Position

Condensed Statement of Net Position (in millions)

	<u>June 30, 2018</u>
Assets:	
Current assets	\$ 158.09
Capital assets	736.65
Non-current assets	<u>103.17</u>
Total assets	<u>997.91</u>
Deferred outflows of resources	<u>7.46</u>
Liabilities:	
Current liabilities	50.37
Non-current liabilities	<u>370.09</u>
Total liabilities	<u>420.46</u>
Deferred inflows of resources	<u>3.49</u>
Net position:	
Net investment in capital assets	411.58
Restricted	78.48
Unrestricted	<u>91.36</u>
Total net position	<u><u>\$ 581.42</u></u>

**Santa Clarita Valley Water Agency
Management's Discussion and Analysis, continued
For the Six Month Period Ended June 30, 2018**

Statement of Net Position, continued

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the six month period ended June 30, 2018, the Agency's, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$581.42 million. The Agency's net position is made-up of three components: (1) net investment in capital assets, (2) restricted, and (3) unrestricted.

By far the largest portion of the Agency's net position (70.79% as of June 30, 2018) reflects the Agency's investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding. The Agency uses these capital assets to provide services to customers within the Agency's service area; consequently, these assets are *not* available for future spending. See Note 11 for further information.

Statement of Revenues, Expenses and Changes in Net Position

	Six Month Period Ended June 30, 2018
Revenues:	
Operating revenues	\$ 39.16
Non-operating revenues	35.08
Total revenues	74.24
Expenses:	
Operating expenses	59.32
Non-operating expenses	22.37
Total expenses	81.69
Net loss before capital contributions	(7.45)
Capital contributions – developer and customer	2.51
Change in net position	(4.94)
Transfers in to Santa Clarita Valley Water Agency	586.36
Net position, end of period	\$ 581.42

A closer examination of the components of net position reveals that:

The Agency's net position amounted to \$581.42 as of June 30, 2018, which is comprised of a decrease in net position of \$4.94 before transfers into the Agency.

The Agency's total revenues amounted to \$74.24. Operating revenues amounted to \$39.16, and is comprised of water consumption sales and services of \$27.21, and other charges and services of \$11.95. Non-operating revenues amounted to \$35.08, and are comprised of increases of \$28.24 in property taxes, and \$6.80 in interest earnings.

The Agency's total expenses (including depreciation expense) amounted to \$81.69. Operating expenses amounted to \$59.32, and is comprised of depreciation expense of \$16.88, transmission and distribution of \$12.37, general and administrative expense of \$8.42, pumping of \$8.28, source of supply of \$5.18, water treatment of \$3.40, management and engineering of \$3.33, and customer accounts of \$1.46. Non-operating expenses amounted to \$22.37, and are comprised of increases of \$12.45 in state water contract expenses, and interest expense of \$9.83.

**Santa Clarita Valley Water Agency
Management's Discussion and Analysis, continued
For the Six Month Period Ended June 30, 2018**

Statement of Revenues, Expenses and Changes in Net Position, continued

The Agency's capital contributions amounted to \$2.51.

Capital Asset Administration

Capital Assets (in millions)

	<u>June 30, 2018</u>
Capital assets:	
Non-depreciable assets	\$ 101.01
Depreciable assets	1,072.81
Accumulated depreciation	<u>(437.17)</u>
Total capital assets, net	<u><u>\$ 736.65</u></u>

As of June 30, 2018, the Agency's investment in capital assets amounted to \$736.65 million (net of accumulated depreciation). This investment in capital assets includes land, transmission and distribution systems, pumping plants and rights, buildings and structures, equipment, vehicles, and construction-in-process.

Major capital asset additions included upgrades to state water project rights, upgrades to water tanks and mains, meter installations, and developer contributions to the water retail enterprise's transmission and distribution system. A significant portion of these additions were constructed by the Agency and/or sub-contractors and transferred out of construction-in-process upon completion of these various projects. The capital assets of the Agency are more fully analyzed in Note 7 to the basic financial statements.

Long-Term Debt Administration

Long-term Debt (in millions)

	<u>June 30, 2018</u>
Long-term debt:	
Certificates of participation	\$ 137.22
Revenue bonds	228.42
Notes payable	<u>3.09</u>
Total long-term debt	<u><u>\$ 368.73</u></u>

At June 30, 2018, the Agency had \$368.73 million in long-term debt of which \$18.74 million is considered a current liability. The long-term debt position of the Agency is more fully analyzed in Note 10 to the basic financial statements.

Conditions Affecting Current Financial Position

Expanding in Infrastructure – Management has identified a need to invest in the Agency's infrastructure and Capital Improvement Program (CIP). As the Agency's infrastructure continues to expand, the Agency understands the importance of monitoring the impacts of CIP projects on operating expenditures. Each major CIP project that becomes operational adds new complexity and costs to the Agency's overall system. As this additional infrastructure is implemented, the Agency will require additional staff resources and will incur additional costs to operate and maintain the infrastructure. The current CIP includes a number of water quality and pipeline projects that will not have significant operating costs. However, the future development of the recycled water program will have significant operating costs that should be identified as part of the planning process.

**Santa Clarita Valley Water Agency
Management's Discussion and Analysis, continued
For the Six Month Period Ended June 30, 2018**

Requests for Information

This financial report is designed to provide the Agency's funding sources, customers, stakeholders, and other interested parties with an overview of the Agency's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the Agency's Director of Finance and Administration at 27234 Bouquet Canyon Road, Santa Clarita, California 91350-2173 or (661) 297-1600.

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Basic Financial Statements

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Santa Clarita Valley Water Agency
Statement of Net Position
June 30, 2018

	2018
Current assets:	
Cash and cash equivalents (note 2)	\$ 17,469,938
Cash and cash equivalents - restricted (note 2)	948,405
Cash and cash equivalents with fiscal agent (note 2)	5,512,074
Investments (note 2)	87,892,733
Investments - restricted (note 2)	18,840,811
Accounts receivable - water sales and services	13,342,489
Property tax receivable	1,661,378
Property tax receivable - restricted	1,475,093
Accrued interest receivable	505,730
Accrued interest receivable - restricted	293,142
Accounts receivable - other	1,697,909
Accounts receivable - other (restricted)	764,839
Materials and supplies inventory	1,972,078
Prepaid expenses and other deposits	5,710,728
Total current assets	158,087,347
Non-current assets:	
Investments (note 2)	103,172,206
Capital assets - not being depreciated (note 7)	101,010,916
Capital assets, net - being depreciated (note 7)	635,637,884
Total non-current assets	839,821,006
Total assets	997,908,353
Deferred outflows of resources:	
Deferred pension outflows (note 8)	5,389,988
Deferred OPEB outflows (note 9)	605,630
Loss on defeasance of debt (note 10)	1,464,720
Total deferred outflows of resources	\$ 7,460,338

Continued on next page

See accompanying notes to the basic financial statements.

Santa Clarita Valley Water Agency
Statement of Net Position, continued
June 30, 2018

	2018
Current liabilities:	
Accounts payable and accrued expenses	\$ 9,557,562
Accounts payable and accrued expenses - restricted	1,457,862
Accrued wages and related payables	488,651
Customer deposits and unearned revenue	1,678,262
Advances for construction	10,201,667
Accrued interest	5,341,031
Other current liabilities	2,492,245
Long-term liabilities - due within one year:	
Compensated absences (note 5)	408,831
Certificate of participation (note 10)	8,595,000
Revenue bonds (note 10)	9,625,000
Notes payable (note 10)	515,972
Total current liabilities	50,362,083
Non-current liabilities:	
Long-term liabilities - due in more than one year:	
Compensated absences (note 5)	1,226,491
Net pension liability (note 8)	13,615,322
Net OPEB liability (note 9)	5,257,027
Certificate of participation (note 10)	128,625,136
Revenue bonds (note 10)	218,796,857
Notes payable (note 10)	2,573,780
Total non-current liabilities	370,094,613
Total liabilities	420,456,696
Deferred inflows of resources:	
Deferred pension inflows (note 8)	618,351
Deferred OPEB inflows (note 9)	2,872,596
Total deferred inflows of resources	3,490,947
Net position: (note 11)	
Net investment in capital assets	411,579,302
Restricted	78,482,579
Unrestricted	91,359,167
Total net position	\$ 581,421,048

See accompanying notes to the basic financial statements.

Santa Clarita Valley Water Agency
Statement of Revenues, Expenses and Changes in Net Position
For the Six Month Period Ended June 30, 2018

	2018
Operating revenues:	
Water consumption sales and services	\$ 27,205,144
Other charges and services	11,950,701
Total operating revenues	39,155,845
Operating expenses:	
Source of supply	5,175,851
Pumping	8,276,837
Water treatment	3,395,992
Transmission and distribution	12,368,048
Customer accounts	1,465,356
Management and engineering	3,333,303
General and administrative	8,419,367
Total operating expenses	42,434,754
Operating loss before depreciation and amortization	(3,278,909)
Depreciation and amortization	(16,880,897)
Operating loss	(20,159,806)
Non-operating revenues (expenses):	
Interest earnings	6,793,755
Interest expense	(9,827,902)
Property taxes	28,242,190
State water contract	(12,450,652)
Gain on disposal of capital assets	45,329
Other non-operating expenses, net	(85,196)
Total non-operating revenues, net	12,717,524
Net loss before capital contributions	(7,442,282)
Capital contributions – developer and customer	2,507,509
Change in net position	(4,934,773)
Transfers in to Santa Clarita Valley Water Agency (note 6)	586,355,821
Net position, end of period	\$ 581,421,048

See accompanying notes to the basic financial statements

Santa Clarita Valley Water Agency
Statement of Cash Flows
For the Six Month Period Ended June 30, 2018

	2018
Cash flows from operating activities:	
Receipts from customers for water sales and services	\$ 42,238,940
Payments to employees for salaries and wages	(9,033,442)
Payments to vendors and suppliers for materials and services	(37,147,883)
Net cash used in operating activities	(3,942,385)
Cash flows from non-capital financing activities:	
Proceeds from property taxes	30,586,610
Payments for state water contract	(12,450,652)
Proceeds from non-operating revenues, net	(85,196)
Net cash provided by non-capital financing activities	18,050,762
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(19,974,103)
Capital contributions	2,507,509
Principal paid on long-term debt	(24,883,648)
Proceeds from issuance of revenue bonds	26,735,000
Interest paid	(3,708,148)
Net cash used in capital and related financing activities	(19,323,390)
Cash flows from investing activities:	
Purchase of investments	(14,452,507)
Investment earnings	6,331,800
Net cash used in investing activities	(8,120,707)
Net decrease in cash and cash equivalents	(13,335,720)
Cash and cash equivalents, beginning of period	37,266,137
Cash and cash equivalents, end of period	\$ 23,930,417
Reconciliation of cash and cash equivalents to statement of net position:	
Cash and cash equivalents	\$ 17,469,938
Cash and cash equivalents - restricted	948,405
Cash and cash equivalents with fiscal agent	5,512,074
Total cash and cash equivalents	\$ 23,930,417

Continued on next page

See accompanying notes to the basic financial statements.

Santa Clarita Valley Water Agency
Statement of Cash Flows, continued
For the Six Month Period Ended June 30, 2018

	2018
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ <u>(20,159,806)</u>
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	16,880,897
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:	
(Increase) decrease in assets and deferred outflows of resources:	
Accounts receivable - water sales and services, net	(617,264)
Accounts receivable - other	687,967
Materials and supplies inventory	(62,249)
Prepaid expenses and other deposits	952,818
Deferred outflows of resources	420,130
Increase (decrease) in liabilities and deferred inflows of resources:	
Accounts payable and accrued expenses	(3,011,511)
Accrued salaries and wages	58,777
Customer deposits and unearned revenue	(303,608)
Advances for construction	(1,107,971)
Other current liabilities	2,492,245
Compensated absences	178,325
Net OPEB liability	(3,223,731)
Deferred inflows of resources	<u>2,872,596</u>
Total adjustments	<u>16,217,421</u>
Net cash used in operating activities	<u>\$ (3,942,385)</u>

See accompanying notes to the basic financial statements

Santa Clarita Valley Water Agency
Notes to the Basic Financial Statements
June 30, 2018

(1) Reporting Entity and Summary of Significant Accounting Policies

A. Organization and Operations of the Reporting Entity

The Santa Clarita Valley Water Agency (Agency) was established in January 1, 2018, pursuant to California Senate Bill 634 (SB-634). On October 15, 2017, the Governor of the State of California signed into law SB-634, which reorganized Castaic Lake Water Agency (CLWA) and Newhall County Water District (NCWD) to create the Agency, effective January 1, 2018.

On January 22, 2018, Valencia Water Company (VWC) was fully transitioned into the Agency through a Plan of Dissolution which was approved by VWC's Board of Directors at a special meeting on December 28, 2017. Subsequent to the dissolution, VWC is accounted for as an enterprise fund, called the Valencia Water Division, within the Agency.

The Castaic Lake Water Agency Financing Corporation (Corporation) was formed in 1990. The Corporation is a California nonprofit public benefit corporation formed to assist CLWA by acquiring, constructing, operating and maintaining facilities, equipment, or other property needed by CLWA and leasing or selling such property to CLWA and as such has no employees or other operations. Although the Corporation is legally separate, it is included as a blended component unit of CLWA, as it is in substance part of CLWA's operations. There are no separate basic financial statements prepared for the Corporation.

On October 25, 1988, CLWA purchased land and equipment owned by Producers Cotton Oil Company. Of the 8,459 acres of land purchased in Kern and Kings Counties, approximately, 7,759 acres are within the Devil's Den Water District (District). The District encompasses 8,676 acres. The cost of acquiring the land and equipment was approximately \$5.0 million. The land is being leased to an outside party to CLWA under terms of an operating lease agreement. The annual lease payments received by CLWA range from \$105 to \$150 per acre foot of all water supplied to the leased property. The accompanying basic financial statements contain all above-mentioned land and water allocation transactions.

The criteria used in determining the transfer of operations is based on the provisions of Governmental Accounting Statements (GASB) No. 69, *Government Combinations and Disposals of Government Operations*. The effective transfer date of operations of CLWA and NCWD to the Agency was January 1, 2018, while the effective transfer date of operations of VWC to the Agency was January 23, 2018. These are the dates where the Agency obtained control of the assets and deferred outflows of resources and became obligated for the liabilities and deferred inflows of resources of the operations of CLWA and NCWD. The Agency recognized the carrying values of assets, deferred outflows of resources, liabilities and deferred inflows of resources of CLWA and NCWD as of January 1, 2018, and VWC as of January 23, 2018. The net position received or assumed by the Agency is reported as a special item in the statement of revenues, expenses and changes in net position in the period in which the transfer occurs.

B. Basis of Accounting and Measurement Focus

The Agency reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the Agency is that the cost of providing water to its customers on a continuing basis be financed or recovered primarily through user charges (water sales), capital grants, and similar funding. Revenues and expenses are recognized on the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flows take place.

Santa Clarita Valley Water Agency
Notes to the Basic Financial Statements, continued
June 30, 2018

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

B. Basis of Accounting and Measurement Focus, continued

Operating revenues and expenses, such as water sales and water purchases, result from exchange transactions associated with the principal activity of the District. Exchange transactions are those in which each party receives and gives up essentially equal values. Management, administration and depreciation expenses are also considered operating expenses.

Operating expenses are those that are clearly identifiable with a specific function. The types of transactions reported as operating revenues for the Agency are charges for services directly related to the operations of the Agency. Charges for services include revenues from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by the Agency. Taxes, operating grants, and other items not properly included among operating revenues are reported instead as non-operating revenues. Contributed capital and capital grants are included as capital contributions.

C. Financial Reporting

The Agency's basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to enterprise funds. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial accounting principles.

The Agency has adopted the following GASB pronouncements in the current year:

Government Accounting Standards Board Statement No. 75

In June 2015, the GASB issued Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

This Statement replaces the requirements of Statement No. 45 – *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57 – *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB.

Government Accounting Standards Board Statement No. 81

In March 2016, the GASB issued Statement No. 81 – *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period.

Government Accounting Standards Board Statement No. 85

In March 2017, the GASB issued Statement No. 85 – *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

Santa Clarita Valley Water Agency
Notes to the Basic Financial Statements, continued
June 30, 2018

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

C. Financial Reporting, continued

Government Accounting Standards Board Statement No. 86

In May 2017, the GASB issued Statement No. 86 – *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position

1. Cash and Cash Equivalents

Substantially all of the Agency’s cash is invested in interest bearing accounts. The Agency considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

2. Use of Estimates

The preparation of the basic financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, and liabilities, and deferred inflows of resources, and disclosures of contingent assets and liabilities at the date of the financial statements and the reported changes in net position during the reporting period. Actual results could differ from those estimates.

3. Investments and Investment Policy

The Agency has adopted an investment policy in accordance with the provisions of California Government Code Section 53601 and directing the Treasurer to deposit funds in financial institutions.

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 gains or losses realized upon the liquidation or sale of investments. The Agency’s policy is to hold its investments until maturity or until market values equal or exceed cost.

4. Fair Value Measurements

The Agency categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

The hierarchy is based on valuation inputs used to measure the fair value of the assets, as follows:

- Level 1 – Valuation is based on quoted prices in active markets for identical assets.
- Level 2 – Valuation is based on directly observable and indirectly observable inputs. These inputs are derived principally from or corroborated by observable market data through correlation or market-corroborated inputs. The concept of market-corroborated inputs incorporates observable market data such as interest rates and yield curves that are observable at commonly quoted intervals.
- Level 3 – Valuation is based on unobservable inputs where assumptions are made based on factors such as prepayment rates, probability of defaults, loss severity and other assumptions that are internally generated and cannot be observed in the market.

Santa Clarita Valley Water Agency
Notes to the Basic Financial Statements, continued
June 30, 2018

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position, continued

5. Property Taxes and Assessments

The Counties of Los Angeles and Ventura Assessor's Offices assesses all real and personal property within each respective County each year. The Counties of Los Angeles and Ventura Tax Collector's Offices bills and collects the Agency's share of property taxes and/or tax assessments. The Counties of Los Angeles and Ventura Treasurer's Office remits current and delinquent property tax collections to the Agency throughout the year. Property tax in California is levied in accordance with Article 13A of the State Constitution at one percent (1%) of countywide assessed valuations.

Property taxes receivable at year-end are related to property taxes and tax assessments collected by the Counties of Los Angeles and Ventura, which have not been credited to the Agency's cash balance as of June 30. The property tax calendar is as follows:

Lien date	March 1
Levy date	July 1
Due dates	November 1 and March 1
Collection dates	December 10 and April 10

6. Accounts Receivable

The Agency extends credit to customers in the normal course of operations. An allowance for doubtful accounts has been recorded based on an estimate of uncollectible accounts.

7. Materials and Supplies Inventory

Materials and supplies inventory consists primarily of water meters, pipe and pipe fittings for construction and repair to the Agency's retail water transmission and distribution system. Inventory is valued at cost using a weighted average method. Inventory items are charged to expense at the time that individual items are withdrawn from inventory or consumed.

8. Prepaid Expenses

Certain payments to vendors reflect cost or deposits applicable to future accounting periods and are recorded as prepaid items in the basic financial statements. The cost of prepaid items is recorded as an expense when consumed rather than when purchased.

9. Capital Assets

Capital assets acquired and/or constructed are capitalized at historical cost. Agency policy has set the capitalization threshold for reporting capital assets at \$5,000. Improvement to existing capital assets will be presumed to extend the useful life or increase the capacity of performance of the related capital asset and, therefore, will be subject to capitalization if the cost of the improvement meets the \$5,000 threshold. Donated assets are recorded at estimated fair market value at the date of donation.

Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized.

Santa Clarita Valley Water Agency
Notes to the Basic Financial Statements, continued
June 30, 2018

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position, continued

9. Capital Assets, continued

Depreciation will be calculated based on the assets in service at the beginning of the fiscal year and is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

- Franchise and consents – 20 years
- Other Intangible plan – 20 years
- Organizational costs – 33 years
- Structures and Improvements – 30 years
- Wells – 30 years
- Pumping Equipment – 20 years
- Castaic Turnout – 50 years
- Other Pumping Equipment – 30 years
- Water Treatment Equipment – 30 years
- Treatment Structures – 35 years
- Treatment Plant – 50 years
- Reservoirs and Tanks – 50 years
- Transmission and Distribution mains – 50 years
- Fire mains – 50 years
- Services – 30 years
- Meters and Meter installation – 20 years
- Hydrants – 30 years
- Computer Hardware and Software – 5 years
- Office Furniture and Equipment – 10 years
- Vehicles – 10 years
- Stores Equipment – 10 years
- Lab Equipment – 5 years
- Communications Equipment – 7 years
- Power Operating Equipment – 10 years
- Tools, Shop and Garage – 10 years
- Other General Plant Equipment – 8 years
- Sewer Plant – 51 years
- Sewer Lift Stations – 50 years
- Maintenance Facility – 30 years
- Lighting and Roads – 25 years
- Fencing – 15 years

10. Pensions

For the purposes of measuring the net pension liability and deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the Plan's 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.

Santa Clarita Valley Water Agency
Notes to the Basic Financial Statements, continued
June 30, 2018

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position, continued

10. Pensions, continued

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

- Valuation Date: June 30, 2016
- Measurement Date: June 30, 2017
- Measurement Period: July 1, 2016 to June 30, 2017

11. Compensated Absences

The Agency's policy is to permit employees to accumulate earned vacation with maximum hours ranging between 200 and 400 hours, based on years of service, and 480 hours of sick leave. Accumulated vacation and sick time is accrued at year-end to account for the Agency's obligation to the employees for the amount owed.

Vacation accrual increases to 120 hours for each full year of continuous service after 5 years until completion of 10 years of continuous service. After completion of 10 full years, vacation leave shall accrue at the rate of 160 hours per year.

Sick leave shall accrue year after year above the 96 hours accrued in that year. Sick leave shall accrue at the rate of eight hours per month for full time employees commencing on January 1 of each year. Sick leave shall accrue on a pro-rata basis. In the event that an employee has a sick leave accrual of more than 480 hours in any calendar year, the Agency will pay the employee 50% of the value of any unused sick leave in excess of 480 hours as a cash bonus. This bonus shall be based on leave balance on December 31 and is typically paid within 3 months of that date.

12. 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 of the Agency's Retiree Health Plan and additions to/deductions from the Agency's fiduciary net position have been determined on the same basis as they are reported by the Agency. For this purpose, the Agency recognizes benefit payments when due and payable in accordance with benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

13. Water Sales

Water sales, retail and wholesale, are billed on a monthly cyclical basis. Estimated unbilled water revenue through June 30, has been accrued at year-end.

14. Capital Contributions

Capital contributions represent cash and capital asset additions contributed to the Agency by property owners, granting agencies, or real estate developers desiring services that require capital expenditures or capacity commitment.

Santa Clarita Valley Water Agency
Notes to the Basic Financial Statements, continued
June 30, 2018

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position, continued

15. Net Position

The financial statements utilize a net position presentation. Net position is categorized as follows:

- *Net Investment in Capital Assets Component of Net Position* – This component of net position consists of capital assets, net of accumulated depreciation and amortization, and reduced by outstanding balances of any debt, or other long-term borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt is included in this component of net position.
- *Restricted Component of Net Position* – This component of net position consists of assets that have restrictions placed upon their use by external constraints imposed either by creditors (debt covenants), grantors, contributors, or laws and regulations of other governments or constraints imposed by law through enabling legislation.
- *Unrestricted Component of Net Position* – This component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of the net investment in capital assets or restricted component of net position.

16. Budgetary Policies

The Agency follows specific procedures in establishing the budgetary data reflected in the financial statements. Each April, the Agency's General Manager and Assistant General Manager prepare and submit a capital and operating budget to the Board of Directors and adopted no later than June of each year. Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all enterprise funds. Annual budgets are adopted on the accrual basis for the proprietary fund. The adopted budget becomes operative on July 1.

(2) Cash and Investments

Cash and investments as of June 30, are classified in the Statement of Net Position as follows:

	2018
Cash and cash equivalents	\$ 17,469,938
Cash and cash equivalents (restricted)	948,405
Cash and cash equivalents with fiscal agent	5,512,074
Investments - current	87,892,733
Investments - current (restricted)	18,840,811
Investments - non-current	103,172,206
Total cash and investments	\$ 233,836,167

Cash and investments as of June 30, consist of the following:

	2018
Cash on hand	\$ 3,775
Deposits with financial institutions	23,926,642
Investments	209,905,750
Total cash and investments	\$ 233,836,167

Santa Clarita Valley Water Agency
Notes to the Basic Financial Statements, continued
June 30, 2018

(2) Cash and Investments, continued

As of June 30, the Agency's authorized deposits had the following average maturities:

	2018
Deposits held with California Local Agency Investment Fund	193 Days
Deposits held with Los Angeles County Pooled Investment Fund	609 Days

Investments Authorized by the California Government Code and the Agency's Investment Policy

The table below identifies the investment types that are authorized by the Agency in accordance with the California Government Code (or the Agency's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the Agency's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the Agency, rather than the general provisions of the California Government Code or the Agency's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	5 years	None	None
U.S. Government Agency and Sponsored Enterprise Securities	5 years	None	None
Banker's Acceptances	180 days	30%	5%
Medium-Term Notes	5 years	30%	5%
Commercial Paper	270 days	10%	5%
Certificates of Deposit and Time Deposits	5 years	30%	10%
Municipal Obligations	5 years	30%	5%
Repurchase agreements	30 days	10%	None
California Local Agency Investment Fund (LAIF)	N/A	None	None
Los Angeles County Pooled Investment Fund (LACPIF)	N/A	30%	None
Investment Trust of California (CaITRUST)	N/A	20%	None
Money Market Mutual Funds	N/A	20%	10%
Investment Contracts	30 years	None	None

* Excluding amounts held by bond trustee that are not subject to California Government Code restrictions.

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the Agency's investment policy.

Los Angeles County Pooled Investment Fund

The Los Angeles County Pooled Investment Fund (LACPIF) is a pooled investment fund program governed by the County of Los Angeles Board of Supervisors, and administered by the County of Los Angeles Treasurer and Tax Collector. Investments in LACPIF are highly liquid as deposits, and withdrawals can be made at any time without penalty. LACPIF does not impose a maximum investment limit. The fair value of the Agency's investment in this pool is reported in the accompanying financial statements at amounts based upon the fair value provided by LACPIF for the Agency's LACPIF portfolio.

Santa Clarita Valley Water Agency
Notes to the Basic Financial Statements, continued
June 30, 2018

(2) Cash and Investments, continued

Los Angeles County Pooled Investment Fund, continued

The Agency's deposit and withdrawal restrictions and limitations are as follows:

- Same day transaction processing occurs for orders received before 10:00 a.m.
- Next day transactions processing occurs for orders received after 10:00 a.m.
- No limit of transactions (combination of deposits and withdrawals) per month.
- Minimum transaction amount requirement rounded to the next highest dollar.
- Prior to funds transfer, an authorized person must complete a deposit or withdrawal form and fax to LACPIF.

The County of Los Angeles' bank deposits are either Federally insured or collateralized in accordance with the California Government Code. Pool detail is included in the County of Los Angeles's Comprehensive Annual Financial Report (CAFR). Copies of the CAFR may be obtained from the County of Los Angeles Auditor-Controller's Office – 500 West Temple Street – Los Angeles, CA 90012.

Investment in State Investment Pool

The Agency 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 the Agency's investment in this pool is reported in the accompanying financial statements at amounts based upon the Agency's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

The Agency's deposit and withdrawal restrictions and limitations are as follows:

- Same day transaction processing occurs for orders received before 10:00 a.m.
- Next day transactions processing occurs for orders received after 10:00 a.m.
- Maximum limit of 15 transactions (combination of deposits and withdrawals) per month.
- Minimum transaction amount requirement of \$5,000, in increments of \$1,000 dollars.
- Withdrawals of \$10,000,000 or more require 24 hours advance notice.
- Prior to funds transfer, an authorized person must call LAIF to do a verbal transaction.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its 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 (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

The California Government Code and the Agency's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit).

Santa Clarita Valley Water Agency
Notes to the Basic Financial Statements, continued
June 30, 2018

(2) Cash and Investments, continued

Custodial Credit Risk, continued

The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure Agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. Of the bank balances, up to \$250,000 is federally insured, and the remaining balance is collateralized in accordance with the California Government Code; however, the collateralized securities are not held in the Agency's name.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Information about the sensitivity of the fair values of the Agency's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Agency's investments by maturity date at June 30, 2018:

Investment Type	Total	Remaining Maturity (in Months)		
		12 Months Or Less	13 to 24 Months	25-60 Months
Federal Farm Credit Bank	\$ 41,489,337	6,940,752	13,241,037	21,307,548
Federal National Mortgage Association	18,547,310	-	-	18,547,310
Federal Home Loan Bank	17,194,214	-	9,818,550	7,375,664
Federal Home Loan Mortgage Corp.	21,555,370	1,998,720	4,887,950	14,668,700
Local Agency Investment Fund (LAIF)	52,345,676	52,345,676	-	-
Los Angeles County Pooled Investment Fund (LACPIF)	36,600,129	36,600,129	-	-
Certificates of Deposit	18,660,782	5,775,335	2,957,399	9,928,048
Commercial Paper	2,954,367	2,954,367	-	-
Money Market Funds	558,565	558,565	-	-
Total	\$ 209,905,750	107,173,544	30,904,936	71,827,270

Concentration of Credit Risk

The investment policy of the Agency contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than for U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total Agency investments are as follows:

Issuer	Investment type	Amount
Federal Farm Credit Bank	Federal agency securities	\$ 41,489,337
Federal National Mortgage Association	Federal agency securities	18,547,310
Federal Home Loan Bank	Federal agency securities	17,194,214
Federal Home Loan Mortgage Corp.	Federal agency securities	21,555,370
		\$ 98,786,231

Santa Clarita Valley Water Agency
Notes to the Basic Financial Statements, continued
June 30, 2018

(2) Cash and Investments, continued

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the Agency's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

Credit ratings of investments and cash equivalents as of June 30, 2018, were as follows:

Investment Types	Total	Minimum Legal Rating	Exempt From Disclosure	Rating as of Year End	
				AAA	Not Rated
Federal Farm Credit Bank	\$ 41,489,337	N/A	\$ -	41,489,337	-
Federal National Mortgage Association	18,547,310	N/A	-	18,547,310	-
Federal Home Loan Bank	17,194,214	N/A	-	17,194,214	-
Federal Home Loan Mortgage Corp	21,555,370	N/A	-	21,555,370	-
Local Agency Investment Fund (LAIF)	52,345,676	N/A	-	-	52,345,676
Los Angeles County Pooled Investment Fund (LACPIF)	36,600,129	N/A	-	-	36,600,129
Certificates of Deposit	18,660,782	N/A	18,660,782	-	-
Commercial Paper	2,954,367	N/A	2,954,367	-	-
Money Market Funds	558,565	AAA	558,565	-	-
Total	\$ 209,905,750		\$ 22,173,714	98,786,231	88,945,805

Fair Value Measurements

Investments measured at fair value on a recurring and non-recurring basis at June 30, 2018, are as follows:

Investment type	Total	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Federal agencies	\$ 98,786,231	-	98,786,231	-
Certificates of Deposit	18,660,782	-	18,660,782	-
Commercial Paper	2,954,367	2,954,367	-	-
Money Market Funds	558,565	558,565	-	-
Total investments measured at fair value	120,959,945	3,512,932	117,447,013	-
Investments measured at amortized cost:				
Local Agency Investment Fund (LAIF)	52,345,676			
Los Angeles County Pooled Investment Fund (LACPIF)	36,600,129			
Total	\$ 209,905,750			

Santa Clarita Valley Water Agency
Notes to the Basic Financial Statements, continued
June 30, 2018

(3) Interfund Receivables and Payables

Advances to/from Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Acquisition Interfund Loan		
Wholesale Water Division	Valencia Water Division	\$ 70,200,603
2018 Series A Revenue Bonds		
Wholesale Water Division	Valencia Water Division	<u>26,370,945</u>
	Total	<u>\$ 96,571,548</u>

Advances from the Wholesale Water Division to the Valencia Water Division are to provide funds for the acquisition of Valencia Water Company and amount to \$70,200,603 at June 30, 2018. See pages 61 through 63 of the supplemental information for more detailed information. The advance bears annual interest at 4.46%. The advance plus any accrued interest is due June 30th annually starting in fiscal year 2019.

Principal and estimated interest payments on the advances are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 1,585,067	3,132,528	4,717,595
2020	1,657,607	3,059,988	4,717,595
2021	1,733,468	2,984,127	4,717,595
2022	1,812,800	2,904,795	4,717,595
2023	1,895,763	2,821,832	4,717,595
2024-2028	10,862,400	12,725,575	23,587,975
2029-2033	13,586,151	10,001,824	23,587,975
2034-2038	16,992,886	6,595,089	23,587,975
2039-2043	<u>20,074,461</u>	<u>3,513,513</u>	<u>23,587,974</u>
Total	70,200,603	<u>47,739,271</u>	<u>117,939,874</u>
Less current portion	<u>(1,585,067)</u>		
Total non-current	<u>\$ 68,615,536</u>		

Detailed information of the 2018 Series A Revenue Bonds is shown on page 51 under Note 10.

(4) Deferred Contribution Plan

457 Deferred Compensation Savings Plan

The Agency has implemented GASB Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. Since the Agency has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not shown on the statement of net position.

For the benefit of its employees, the Agency participates in a 457 Deferred Compensation Program (Program). The purpose of this Program is to provide deferred compensation for public employees that elect to participate in the Program. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death or unforeseeable 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.

Santa Clarita Valley Water Agency
Notes to the Basic Financial Statements, continued
June 30, 2018

(4) Deferred Contribution Plan, continued

457 Deferred Compensation Savings Plan, continued

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the Agency is in compliance with this legislation. Therefore, these assets are not the legal property of the Agency, and are not subject to claims of the Agency's general creditors. Market value of all plan assets held in trust by Lincoln Financial Services at June 30, 2018, was \$17,025,514.

401(a) Defined Benefit Plan

For the benefit of its employees, the Agency participates in a 401(a) Retirement Plan Program. The purpose of this 401(a) Plan is to provide a retirement benefit for public employees who fully contribute to their 457 Program. Generally, the Agency will match up to a certain amount for employees who fully contribute to their 457 Plan for the year. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the retirement benefit for income tax purposes.

Federal law requires defined benefit assets to be held in trust for the exclusive benefit of the participants. Accordingly, the Agency is in compliance with this legislation. Therefore, these assets are not the legal property of the Agency, and are not subject to claims of the Agency's general creditors. Market value of all plan assets held in trust by Lincoln Financial Services at June 30, 2018, was \$848,628.

(5) Compensated Absences

Compensated absences comprise unpaid vacation leave, sick leave, personal, and other leave which is accrued as earned. The Agency's liability for compensated absences is determined annually and the changes were as follows:

<u>Balance</u> <u>1/1/2018</u>	<u>Earned</u>	<u>Taken</u>	<u>Balance</u> <u>6/30/2018</u>	<u>Current</u> <u>Portion</u>	<u>Long-Term</u> <u>Portion</u>
\$ 1,657,974	901,326	(923,978)	1,635,322	408,831	1,226,491

The following tables below reflect the changes in compensated absences for each Division as of June 30, 2018:

Wholesale Water Division

<u>Balance</u> <u>1/1/2018</u>	<u>Earned</u>	<u>Taken</u>	<u>Balance</u> <u>6/30/2018</u>	<u>Current</u> <u>Portion</u>	<u>Long-Term</u> <u>Portion</u>
\$ 732,630	455,845	(389,268)	799,207	199,802	599,405

Santa Clarita Water Division

<u>Balance</u> <u>1/1/2018</u>	<u>Earned</u>	<u>Taken</u>	<u>Balance</u> <u>6/30/2018</u>	<u>Current</u> <u>Portion</u>	<u>Long-Term</u> <u>Portion</u>
\$ 338,544	249,167	(203,309)	384,402	96,101	288,301

Newhall Water Division

<u>Balance</u> <u>1/1/2018</u>	<u>Earned</u>	<u>Taken</u>	<u>Balance</u> <u>6/30/2018</u>	<u>Current</u> <u>Portion</u>	<u>Long-Term</u> <u>Portion</u>
\$ 263,710	15,134	(102,708)	176,136	44,034	132,102

Santa Clarita Valley Water Agency
Notes to the Basic Financial Statements, continued
June 30, 2018

(5) Compensated Absences, continued

Valencia Water Division

	<u>Balance</u> <u>1/23/2018</u>	<u>Earned</u>	<u>Taken</u>	<u>Balance</u> <u>6/30/2018</u>	<u>Current</u> <u>Portion</u>	<u>Long-Term</u> <u>Portion</u>
\$	323,090	181,180	(228,693)	275,577	68,894	206,683

(6) Transfer of Operations

The Agency has recognized the following assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and net position:

	<u>Carrying Values</u>		
	<u>Castaic Lake</u> <u>Water Agency</u>	<u>Newhall</u> <u>County</u> <u>Water District</u>	<u>Total</u>
Assets:			
Current assets	\$ 218,295,683	10,699,964	228,995,647
Capital assets	651,798,770	80,899,896	732,698,666
Non-current assets	105,322,744	208,220	105,530,964
Total assets	<u>975,417,197</u>	<u>91,808,080</u>	<u>1,067,225,277</u>
Deferred outflows of resources	<u>6,906,332</u>	<u>1,001,853</u>	<u>7,908,185</u>
Liabilities:			
Current liabilities	47,062,153	3,303,951	50,366,104
Non-current liabilities	427,942,717	9,850,469	437,793,186
Total liabilities	<u>475,004,870</u>	<u>13,154,420</u>	<u>488,159,290</u>
Deferred inflows of resources	<u>347,744</u>	<u>270,607</u>	<u>618,351</u>
Net position:			
Net investment in capital assets	292,189,911	76,724,489	368,914,400
Restricted	86,900,027	-	86,900,027
Unrestricted	127,880,977	2,660,417	130,541,394
Total net position	<u>\$ 506,970,915</u>	<u>79,384,906</u>	<u>586,355,821</u>

(7) Capital Assets

Changes in capital assets for the six month period June 30, 2018 were as follows:

	<u>Balance</u> <u>1/1/2018</u>	<u>Additions/</u> <u>Transfers</u>	<u>Deletions/</u> <u>Transfers</u>	<u>Balance</u> <u>6/30/2018</u>
Santa Clarita Valley Water Agency				
Capital assets, not being depreciated				
Non-depreciable assets	\$ 94,804,849	15,332,604	(9,126,537)	101,010,916
Capital assets, net - being depreciated				
Depreciable assets	1,058,720,406	14,833,183	(746,078)	1,072,807,511
Accumulated depreciation and amortization	(421,034,808)	(16,880,897)	746,078	(437,169,627)
Subtotal	<u>637,685,598</u>	<u>(2,047,714)</u>	<u>-</u>	<u>635,637,884</u>
Total capital assets, net	<u>\$ 732,490,447</u>	<u>13,284,890</u>	<u>(9,126,537)</u>	<u>736,648,800</u>

Santa Clarita Valley Water Agency
Notes to the Basic Financial Statements, continued
June 30, 2018

(7) Capital Assets

The following tables below reflect the changes in compensated absences for each Division as of June 30, 2018:

Wholesale Water Division

	<u>Balance 1/1/2018</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 6/30/2018</u>
Non-depreciable assets:				
Land	\$ 28,372,111	-	-	28,372,111
Construction-in-process	29,739,978	9,876,961	(2,280,661)	37,336,278
Total non-depreciable assets	<u>58,112,089</u>	<u>9,876,961</u>	<u>(2,280,661)</u>	<u>65,708,389</u>
Depreciable assets:				
Contractual state water project rights	145,906,849	1,951,110	-	147,857,959
Contractual water rights - other agencies	93,932,506	3,449,515	-	97,382,021
Treatment plant	167,962,584	1,379,706	-	169,342,290
Water mains	26,747,245	-	-	26,747,245
Reservoirs and tanks	1,649,965	-	-	1,649,965
Reclaimed water	4,638,901	337,261	-	4,976,162
Control system	168,644,972	563,693	-	169,208,665
Castaic turnout	398,243	-	-	398,243
Services and meters	153,965	-	-	153,965
Maintenance facility	188,310	-	-	188,310
Large tools and equipment	529,756	77,965	-	607,721
Furniture and fixtures	144,136	-	-	144,136
Vehicles	402,799	-	-	402,799
Office equipment	1,319,902	233,680	-	1,553,582
Total depreciable assets	<u>612,620,133</u>	<u>7,992,930</u>	<u>-</u>	<u>620,613,063</u>
Accumulated depreciation and amortization:				
Contractual state water project rights	(75,789,705)	(1,426,334)	-	(77,216,039)
Contractual water rights - other agencies	(25,796,521)	(1,960,166)	-	(27,756,687)
Treatment plant	(65,305,834)	(2,761,561)	-	(68,067,395)
Water mains	(11,416,063)	(267,472)	-	(11,683,535)
Reservoirs and tanks	(1,237,458)	(16,499)	-	(1,253,957)
Reclaimed water	(2,115,879)	(66,270)	-	(2,182,149)
Control system	(50,268,352)	(2,380,248)	-	(52,648,600)
Castaic turnout	(298,686)	(3,982)	-	(302,668)
Services and meters	(145,179)	(1,974)	-	(147,153)
Maintenance facility	(188,310)	-	-	(188,310)
Large tools and equipment	(163,176)	(17,022)	-	(180,198)
Furniture and fixtures	(100,648)	(7,095)	-	(107,743)
Vehicles	(247,413)	(30,617)	-	(278,030)
Office equipment	(1,219,904)	(55,677)	-	(1,275,581)
Total accumulated depreciation and amortization	<u>(234,293,128)</u>	<u>(8,994,917)</u>	<u>-</u>	<u>(243,288,045)</u>
Total depreciable assets, net	<u>378,327,005</u>	<u>(1,001,987)</u>	<u>-</u>	<u>377,325,018</u>
Total capital assets, net	<u>\$ 436,439,094</u>	<u>8,874,974</u>	<u>(2,280,661)</u>	<u>443,033,407</u>

A significant portion of these additions were constructed by the Agency and/or sub-contractors and transferred out of construction-in-process upon completion of these various projects. Depreciation expenses under the Agency's wholesale water division, totaled \$8,994,917.

Santa Clarita Valley Water Agency
Notes to the Basic Financial Statements, continued
June 30, 2018

(7) Capital Assets, continued

Santa Clarita Water Division

Changes in capital assets for the six month period June 30, 2018 were as follows:

	<u>Balance 1/1/2018</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 6/30/2018</u>
Non-depreciable assets:				
Land and land rights	\$ 891,550	-	-	891,550
Construction-in-process	18,610,833	1,939,714	(2,762,507)	17,788,040
Total non-depreciable assets	<u>19,502,383</u>	<u>1,939,714</u>	<u>(2,762,507)</u>	<u>18,679,590</u>
Depreciable assets:				
Transmission and distribution mains	69,402,072	63,959	-	69,466,031
Reservoirs and tanks	27,982,130	93,956	-	28,076,086
Services	17,310,965	137,054	-	17,448,019
Hydrants	8,828,643	-	-	8,828,643
Boosters	10,692,633	398,781	-	11,091,414
Meters	5,390,853	1,508,807	-	6,899,660
Wells	2,544,262	41,811	-	2,586,073
Structures and improvements	7,619,959	115,847	-	7,735,806
Machinery and equipment	8,499,346	198,414	(49,139)	8,648,621
Transportation equipment	1,726,954	201,006	(105,552)	1,822,408
General plant	95,020	2,872	-	97,892
Total depreciable assets	<u>160,092,837</u>	<u>2,762,507</u>	<u>(154,691)</u>	<u>162,700,653</u>
Accumulated depreciation and amortization:				
Transmission and distribution mains	(20,587,377)	(579,470)	-	(21,166,847)
Reservoirs and tanks	(14,353,062)	(495,032)	-	(14,848,094)
Services	(8,290,649)	(258,386)	-	(8,549,035)
Hydrants	(5,042,155)	(117,845)	-	(5,160,000)
Boosters	(5,151,548)	(295,326)	-	(5,446,874)
Meters	(2,731,154)	(281,223)	-	(3,012,377)
Wells	(1,450,222)	(40,702)	-	(1,490,924)
Structures and improvements	(2,302,443)	(135,726)	-	(2,438,169)
Machinery and equipment	(5,132,701)	(431,936)	49,139	(5,515,498)
Transportation equipment	(1,147,285)	(66,849)	105,552	(1,108,582)
General plant	(73,020)	(5,424)	-	(78,444)
Total accumulated depreciation and amortization	<u>(66,261,616)</u>	<u>(2,707,919)</u>	<u>154,691</u>	<u>(68,814,844)</u>
Total depreciable assets, net	<u>93,831,221</u>	<u>54,588</u>	<u>-</u>	<u>93,885,809</u>
Total capital assets, net	<u>\$ 113,333,604</u>	<u>1,994,302</u>	<u>(2,762,507)</u>	<u>112,565,399</u>

Major capital asset additions included developer contributions to the water retail enterprise's transmission and distribution system and various other projects. A significant portion of these additions were constructed by the Agency and/or sub-contractors and transferred out of construction-in-process upon completion of these various projects. Depreciation expenses under the Agency's Santa Clarita Water Division, totaled \$2,707,919.

Santa Clarita Valley Water Agency
Notes to the Basic Financial Statements, continued
June 30, 2018

(7) Capital Assets, continued

Newhall Water Division

Changes in capital assets for the six month period June 30, 2018 were as follows:

	<u>Balance 1/1/2018</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 6/30/2018</u>
Non-depreciable assets:				
Land and land rights	\$ 9,808,490	-	-	9,808,490
Construction-in-process	1,885,942	2,001,892	(2,962,716)	925,118
Total non-depreciable assets	<u>11,694,432</u>	<u>2,001,892</u>	<u>(2,962,716)</u>	<u>10,733,608</u>
Depreciable assets:				
Structures and improvements	10,332,693	147,648	(10,013)	10,470,328
Wells	5,013,007	159,269	(153,177)	5,019,099
Pumping Equipment	10,757,377	220,026	(46,895)	10,930,508
Water Treatment Equipment	1,586,267	57,787	(43,796)	1,600,258
Reservoirs/Tanks	16,999,722	33,366	-	17,033,088
Transmission/Distribution	48,754,315	1,137,428	(2,130)	49,889,613
Services	6,673,739	162,317	-	6,836,056
Meters	4,620,104	253,026	(164,321)	4,708,809
Hydrants	2,338,398	39,190	(12,898)	2,364,690
Furniture and Equipment	4,042,524	526,672	(11,231)	4,557,965
General Plant	367,344	18,248	-	385,592
Water Rights	17,617	-	-	17,617
Sewer Plant	1,288,118	80,489	-	1,368,607
Intangible Plant	340,437	121,627	(39,458)	422,606
Organization Costs	40,487	-	-	40,487
Total depreciable assets	<u>113,172,149</u>	<u>2,957,093</u>	<u>(483,919)</u>	<u>115,645,323</u>
Accumulated depreciation and amortization:				
Structures and improvements	(2,349,452)	(258,002)	10,013	(2,597,441)
Wells	(1,831,634)	(164,059)	153,177	(1,842,516)
Pumping Equipment	(5,882,652)	(509,870)	46,895	(6,345,627)
Water Treatment Equipment	(472,449)	(52,877)	43,796	(481,530)
Reservoirs/Tanks	(4,952,002)	(339,996)	-	(5,291,998)
Transmission/Distribution	(17,825,841)	(975,258)	2,130	(18,798,969)
Services	(3,830,141)	(222,457)	-	(4,052,598)
Meters	(1,132,174)	(231,006)	164,321	(1,198,859)
Hydrants	(1,613,475)	(77,946)	12,898	(1,678,523)
Furniture and Equipment	(3,563,734)	(385,152)	11,231	(3,937,655)
General Plant	(294,157)	(39,430)	-	(333,587)
Water Rights	(10,679)	(705)	-	(11,384)
Sewer Plant	(308,933)	(25,763)	-	(334,696)
Intangible Plant	(80,934)	(19,232)	39,458	(60,708)
Organization Costs	(26,647)	(1,227)	-	(27,874)
Total accumulated depreciation and amortization	<u>(44,174,904)</u>	<u>(3,302,980)</u>	<u>483,919</u>	<u>(46,993,965)</u>
Total depreciable assets, net	<u>68,997,245</u>	<u>(345,887)</u>	<u>-</u>	<u>68,651,358</u>
Total capital assets, net	<u>\$ 80,691,677</u>	<u>1,656,005</u>	<u>(2,962,716)</u>	<u>79,384,966</u>

Santa Clarita Valley Water Agency
Notes to the Basic Financial Statements, continued
June 30, 2018

(7) Capital Assets, continued

Newhall Water Division, continued

Major capital asset additions included developer contributions to the division's transmission and distribution system and various other projects. A significant portion of these additions were constructed by the Agency and/or sub-contractors and transferred out of construction-in-process upon completion of these various projects. Depreciation expenses under the Newhall Water Division, totaled \$3,302,980.

Valencia Water Division

Changes in capital assets for the six month period June 30, 2018 were as follows:

	<u>Balance</u> <u>1/23/2018</u>	<u>Additions/</u> <u>Transfers</u>	<u>Deletions/</u> <u>Transfers</u>	<u>Balance</u> <u>6/30/2018</u>
Non-depreciable assets:				
Land	\$ 1,366,286	-	-	1,366,286
Construction-in-process	4,129,659	1,514,037	(1,120,653)	4,523,043
Total non-depreciable assets	<u>5,495,945</u>	<u>1,514,037</u>	<u>(1,120,653)</u>	<u>5,889,329</u>
Depreciable assets:				
Plant	115,351	-	-	115,351
Building	2,442,894	70,356	-	2,513,250
Wells	11,091,277	174,514	-	11,265,791
Pumping plant	9,232,170	44,921	-	9,277,091
Reservoirs & tanks	27,460,772	15,616	-	27,476,388
T & D mains	81,859,348	156,287	-	82,015,635
Services	14,203,824	153,419	-	14,357,243
Meters	8,944,761	425,229	(107,468)	9,262,522
Hydrants	10,984,788	-	-	10,984,788
Other T & D plant	18,505	-	-	18,505
Office furniture & equipment	2,617,997	80,311	-	2,698,308
Transportation equipment	44,550	-	-	44,550
Other equipment	3,819,050	-	-	3,819,050
Total depreciable assets	<u>172,835,287</u>	<u>1,120,653</u>	<u>(107,468)</u>	<u>173,848,472</u>
Accumulated depreciation and amortization:				
Accumulated depreciation	(76,305,160)	(1,875,081)	107,468	(78,072,773)
Total accumulated depreciation and amortization	<u>(76,305,160)</u>	<u>(1,875,081)</u>	<u>107,468</u>	<u>(78,072,773)</u>
Total depreciable assets, net	<u>96,530,127</u>	<u>(754,428)</u>	<u>-</u>	<u>95,775,699</u>
Total capital assets, net	<u>\$ 102,026,072</u>	<u>759,609</u>	<u>(1,120,653)</u>	<u>101,665,028</u>

Major capital asset additions in the business-type activities area included developer contributions to the water retail enterprise's transmission and distribution system and various other projects. A significant portion of these additions were constructed by the Agency and/or sub-contractors and transferred out of construction-in-process upon completion of these various projects. Depreciation expenses under the Valencia Water Division, totaled \$1,875,081.

Santa Clarita Valley Water Agency
Notes to the Basic Financial Statements, continued
June 30, 2018

(7) Capital Assets, continued

Construction-In-Process

The Agency has been involved in various construction projects throughout the year. The balances of the various construction projects that comprise the construction-in-process balances at year-end are as follows:

Wholesale Water Division

The balance at June 30, consists of the following projects:

	2018
Rio Vista water treatment plant and expansion	\$ 8,753,817
RRB Extraction project	8,000,157
Lateral Extension and Storage project	6,908,763
ESFP Improvement project	6,586,319
Recycled Water project	3,688,177
Pipeline Inspection Facility Modifications	1,539,042
Castaic Conduit project	911,234
Various minor projects	948,769
Construction-in-process	\$ 37,336,278

Santa Clarita Valley Water Division

The balance at June 30, consists of the following projects:

	2018
Internal construction projects	\$ 3,229,397
Developer on-site construction projects	14,558,643
Construction-in-process	\$ 17,788,040

(8) Defined Benefit Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Agency's Miscellaneous Employee Pension Plan, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and the Agency's 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.

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 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

Santa Clarita Valley Water Agency
Notes to the Basic Financial Statements, continued
June 30, 2018

(8) Defined Benefit Pension Plan, continued

Benefits Provided, continued

On September 12, 2012, the California Governor signed the California Public Employees' Pension Reform Act of 2013 (PEPRA) into law. PEPRA took effect January 1, 2013. The new legislation closed the Agency's CalPERS 2.5% at 55 Risk Pool Retirement Plan to new employee entrants effective December 31, 2013. All employees hired after January 1, 2013 are eligible for the Agency's CalPERS 2.0% at 62 Retirement Plan under PEPRA.

The following plan groups are as follows:

Classic Members - employees hired before January 1, 2013, are enrolled in the CalPERS Local Miscellaneous 2% at 55 Plan.

New Members - in accordance with the PEPRA, employees hired on or after January 1, 2013, are enrolled in the CalPERS Local Miscellaneous 2% at 62 Plan.

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

	Miscellaneous Pool	
	Classic	PEPRA
Hire date	Prior to January 1, 2011	On or after January 1, 2013
Benefit formula	2% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of service	
Benefit payments	Monthly for life	
Retirement age	50 - 55	52 - 62
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates	7.00%	6.50%
Required employer contribution rates	9.599%	6.908%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law 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 change in the rate. Funding contributions for both Plans are determined annually on actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Agency is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the six month period ended June 30, 2018, the contributions recognized as part of pension expense for the Plan were as follows:

	2018
Contributions – employer	\$ 821,817

Santa Clarita Valley Water Agency
Notes to the Basic Financial Statements, continued
June 30, 2018

(8) Defined Benefit Pension Plan, continued

Net Pension Liability

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

	<u>2018</u>
Proportionate share of net pension liability	\$ <u>13,615,322</u>

The Agency'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 (the measurement date), 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 (the valuation date), rolled forward to June 30, 2017, using standard update procedures. The Agency's proportion of the net pension liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The Agency's proportionate share of the net pension liability for the Plan as of the measurement date June 30, 2017, was as follows:

	<u>Miscellaneous</u>
Proportion – June 30, 2015	0.11896%
Increase in proportion	<u>0.01163%</u>
Proportion – June 30, 2016	0.13059%
Increase in proportion	<u>0.00670%</u>
Proportion – June 30, 2017	<u>0.13729%</u>

Deferred Pension Outflows (Inflows) of Resources

As of June 30, 2018, the Agency reported deferred outflows of resources and deferred inflow of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 1,759,981	-
Differences between actual and expected experience	-	(277,356)
Differences in actual contribution and proportionate share of contribution	-	(340,995)
Changes in assumptions	2,385,350	-
Net differences between projected and actual earnings on plan investments	583,998	-
Adjustment due to differences in proportions of net pension liability	<u>660,659</u>	-
Total	<u>\$ 5,389,988</u>	<u>(618,351)</u>

Santa Clarita Valley Water Agency
Notes to the Basic Financial Statements, continued
June 30, 2018

(8) Defined Benefit Pension Plan, continued

Deferred Pension Outflows (Inflows) of Resources, continued

As of June 30, 2018, employer pension contributions reported as deferred outflows of resources related to contributions subsequent to the measurement date of \$1,759,981, and will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2019.

At June 30, 2018, other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows.

Fiscal Year Ending June 30:	Deferred Outflows/ (Inflows) of Resources
2019	\$ 724,734
2020	1,633,181
2021	1,018,140
2022	(364,739)

Actuarial Assumptions

The total pension liabilities were determined by actuarial valuation reports as of June 30, 2016, which were rolled forward to June 30, 2017, using the following actuarial assumptions:

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.75%
Salary increases	Varies by Entry Age and Service
Investment Rate of Return	7.50 % Net of Pension Plan Investment and Administrative Expenses; includes inflation
Mortality Rate Table*	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

* The mortality rate used was developed based on CalPERS' specific data. The mortality rate includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on mortality rate, please refer to the 2014 Experience Study report. Further details of the Experience Study can be found on the CalPERS website.

Discount rate

The discount rates used in the actuarial valuations to measure the total pension liability as of June 30, 2017, reflect the long-term expected rates of return. The discount rates used to measure the total pension liability as of June 30, 2017, was 7.15%. These differ from the discount rates used as of June 30, 2016, which was 7.65%, due to a decrease in the long-term expected rate of return.

Santa Clarita Valley Water Agency
Notes to the Basic Financial Statements, continued
June 30, 2018

(8) Defined Benefit Pension Plan, continued

Discount rate, continued

The financial reporting discount rates are not adjusted for administrative expenses and are consistent with the funding discount rates at the end of the three-year funding discount rate phase-in period. To determine whether the municipal bond rate should be used in the calculation of the discount rate, the amortization and smoothing periods adopted by CalPERS in 2013 were used. The crossover test was performed for a miscellaneous agent plan and a safety agent plan selected as being more at risk of failing the crossover test and resulting in a discount rate that would be different from the long-term expected rate of return on pension investments.

Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the PERF C. The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short term (first 10 years) and the long term (11+ years) using a building-block approach. Using the expected nominal returns for both short term and long term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

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.

As of June 30, 2018, the target allocation and the long-term expected real rate of return by asset class were as follows:

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10*</u>	<u>Real Return Year 11+**</u>
Global Equity	47.0%	4.90%	5.38%
Global Fixed Income	19.0%	0.80%	2.27%
Inflation Sensitive	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%
Total	<u>100.0%</u>		

* An expected inflation of 2.5% used for this period

** An expected inflation of 3.0% used for this period

Santa Clarita Valley Water Agency
Notes to the Basic Financial Statements, continued
June 30, 2018

(8) Defined Benefit Pension Plan, continued

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

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

As of June 30, 2018, the Agency's net pension liability at the current discount rate, using a discount rate that is one-percentage point lower, and using a discount rate that is one-percentage point higher, is as follows:

	Discount Rate - 1%	Current Discount Rate	Discount Rate + 1%
	6.15%	7.15%	8.15%
Agency's Net Pension Liability	\$ 22,127,154	13,615,322	6,565,668

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in separately issued CalPERS financial reports. See pages 57 and 58 for the Required Supplementary Schedules.

(9) Other Post-Employment Benefits

Plan Description

The Agency provides other post-employment benefits (OPEB) to qualified employees who retire from the Agency and meet the Agency's vesting requirements. The Agency participates in CalPERS California Employer's Retiree Benefit Trust Program (CERBT), a Prefunding Plan trust fund intended to perform an essential government function within the meaning of Section 115 of the Internal Revenue Code as an agent multiple-employer plan. CalPERS CERBT audited financial report may be obtained from their executive Office: 400 P Street, Sacramento, CA 95814. The Agency has set aside funds to cover retiree health liabilities in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided

Medical coverage is currently provided through CalPERS as permitted under the Public Employees' Medical and Hospital Care Act (PEMCHA). Under PEMCHA, the Agency is obligated to contribute toward the cost of retiree medical coverage for all employees who retire from the Agency for the retiree's lifetime or until CalPERS medical coverage is discontinued.

All employees who retire from the Agency who are eligible to continue coverage in retirement will receive a medical benefit not less than the required PEMCHA minimum employer contribution (MEC). MEC benefits continue to a covered surviving spouse as well, if eligible for survivor benefits under the retirement program. The MEC is \$133 per month in 2018 and \$136 per month in 2019.

All Agency retirees are also eligible for 100% paid dental premiums for the retiree and his or her eligible, covered dependents for the retiree's lifetime.

Additional retiree medical benefits are payable in the following circumstances, which vary based on the retiree's employment date with the Agency or predecessor agency (CLWA or NCWD):

For retirees hired before January 1, 2009, the Agency pays 100% of the medical premium for the retiree and any enrolled dependents, up to but not exceeding 90% of the PERS Care LA Basic Region Basic Plan premium for the coverage level selected by the retiree (e.g. single, two-party or family).

Santa Clarita Valley Water Agency
Notes to the Basic Financial Statements, continued
June 30, 2018

(9) Other Post-Employment Benefits, continued

Benefits Provided, continued

For retirees hired on or January 1, 2009, the Agency pays 100% of the medical premium for the retiree and any enrolled dependents, up to but not exceeding a vested percentage of 90% of the PERS Care LA Region Basic Plan premium for the coverage level selected by the retiree (e.g. single, two-party or family). The vested percent is based on all years of CalPERS membership, but requires at least 5 years of service with the Agency.

Employee Covered By Benefit Terms

At June 30, 2018, the following employees were covered by the benefit terms:

	2018
Participating active employees	151
Retiree employees	51
Total plan membership	202

Discount Rate

The discount rate to measure the total OPEB liability was 7.28%, which is based on the long-term return on plan assets assuming 100% funding through CERBT. The projection of cash flows used to determine the discount rate assumed that liabilities and cash flow will vary based on the number and demographic characteristics of employees and retirees.

Deferred OPEB Outflows (Inflows) of Resources

For the six month period ended June 30, 2018, the Agency recognized OPEB expense of \$1,041,716.

At June 30, 2018, the Agency reported deferred outflows and inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 601,683	-
Difference between expected and actual experience	3,947	-
Changes of assumptions	-	(2,517,375)
Net difference between projected and actual earnings on investments	-	(355,221)
Total	\$ 605,630	(2,872,596)

As of December 31, 2017, the Agency reported deferred outflows of resources related to employer OPEB contributions subsequent to measurement date in the amount of \$1,787,444. The employer OPEB contributions in the amount of \$1,787,444, will be recognized as a reduction of the net OPEB liability in the fiscal year ended June 30, 2018.

At June 30, 2018, other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows.

Santa Clarita Valley Water Agency
Notes to the Basic Financial Statements, continued
June 30, 2018

(9) Other Post-Employment Benefits, continued

Deferred OPEB Outflows (Inflows) of Resources, continued

<u>Period Ending June 30, 2018</u>	<u>Net Deferred Outflows/ Inflows of Resources</u>
2019	\$ (416,622)
2020	(416,622)
2021	(416,622)
2022	(416,623)
2023	(389,290)
Thereafter	(812,868)

Actuarial Assumptions

The Agency's total OPEB liability in the January 1, 2017 actuarial valuation, which was measured at June 30, 2017, was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2017
Measurement Period	January 1, 2017 to June 30, 2017
Actuarial cost method	Entry Age Normal cost method in accordance with the requirements of GASB Statement No. 75
Long Term Return on Assets	7.28% as of January 1, 2017 and June 30, 2017 net of plan investment expenses and including inflation.
Discount Rates	7.28% as of January 1, 2017 and June 30, 2017.
Participant Valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation.
Salary Increase	3.25% per year; since benefits do not depend on salary, this is used only to allocate the cost of benefits between service years.
Assumed Wage Inflation	3.0% per year; used to determine amortization payments if developed on a level percent of pay basis.
General Inflation Rate	2.75% per year.

Demographic actuarial assumptions used in this valuation are based on the 2014 experience study of the CalPERS using data from 1997 to 2011.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

As of June 30, 2018, the following presents the net OPEB liability of the Agency, as well as what the Agency's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

Santa Clarita Valley Water Agency
Notes to the Basic Financial Statements, continued
June 30, 2018

(9) Other Post-Employment Benefits, continued

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate, continued

		Discount Rate - 1% 6.28%	Current Discount Rate 7.28%	Discount Rate + 1% 8.28%
Net OPEB Liability	\$	<u>8,285,334</u>	<u>5,257,027</u>	<u>2,808,240</u>

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

As of June 30, 2018, the following presents the net OPEB liability of the Agency, as well as what the Agency's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

		Healthcare Cost Trend Rates -1%	Current Healthcare Cost Trend Rate	Healthcare Cost Trend Rates +1%
Net OPEB Liability	\$	<u>2,592,666</u>	<u>5,257,027</u>	<u>8,869,391</u>

Changes in the Net OPEB Liability

Changes in the net OPEB liability for the year were as follows:

		Increase (Decrease)		
		Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at January 1, 2018	\$	<u>20,235,141</u>	<u>11,754,382</u>	<u>8,480,759</u>
Changes during the year:				
Service cost		312,585	-	312,585
Interest		742,964	-	742,964
Changes in benefit terms		637,826	-	637,826
Differences between expected and actual experience		4,214	-	4,214
Changes of assumptions		(2,687,699)	-	(2,687,699)
Contributions - employer		-	1,298,476	(1,298,476)
Net investment income		-	938,262	(938,262)
Benefit payments		(273,181)	(273,181)	-
Administrative fee		-	(3,116)	3,116
Net changes		<u>(1,263,291)</u>	<u>1,960,441</u>	<u>(3,223,732)</u>
Balance at June 30, 2018	\$	<u>18,971,850</u>	<u>13,714,823</u>	<u>5,257,027</u>

Santa Clarita Valley Water Agency
Notes to the Basic Financial Statements, continued
June 30, 2018

(10) Long-Term Debt

Changes in long-term debt for the six month period ended June 30, 2018, were as follows:

	<u>Balance 1/1/2018</u>	<u>Additions</u>	<u>Payments/ Retirements</u>	<u>Balance 6/30/2018</u>	<u>Current Portion</u>	<u>Long-Term Portion</u>
Wholesale Water Division						
Certificates of Participation	\$ 137,272,194	-	(52,058)	137,220,136	8,595,000	128,625,136
Revenue Bonds	142,893,817	26,364,775	(672,894)	168,585,698	6,845,000	161,740,698
Santa Clarita Water Division						
Revenue Bonds	60,041,222	-	(205,063)	59,836,159	2,780,000	57,056,159
Newhall Water Division						
Notes Payable	3,973,400	-	(883,648)	3,089,752	515,972	2,573,780
Valencia Water Division						
Notes Payable	24,000,000	-	(24,000,000)	-	-	-
Santa Clarita Valley Water Agency						
Certificates of Participation	<u>137,272,194</u>	<u>-</u>	<u>(52,058)</u>	<u>137,220,136</u>	<u>8,595,000</u>	<u>128,625,136</u>
Revenue Bonds	<u>202,935,039</u>	<u>26,364,775</u>	<u>(877,957)</u>	<u>228,421,857</u>	<u>9,625,000</u>	<u>218,796,857</u>
Notes Payable	<u>27,973,400</u>	<u>-</u>	<u>(24,883,648)</u>	<u>3,089,752</u>	<u>515,972</u>	<u>2,573,780</u>
Total	<u>\$ 368,180,633</u>	<u>26,364,775</u>	<u>(25,813,663)</u>	<u>368,731,745</u>	<u>18,735,972</u>	<u>349,995,773</u>

The following is a summary of the Agency's Long-Term Debt by Division as of June 30, 2018:

Wholesale Water Division

	<u>Balance 1/1/2018</u>	<u>Additions</u>	<u>Payments/ Retirements</u>	<u>Balance 6/30/2018</u>	<u>Current Portion</u>	<u>Long-Term Portion</u>
Certificates of Participation:						
1999 Series A Revenue COPs - Capital Appr.	\$ 67,070,746	-	-	67,070,746	-	67,070,746
2008 Series A Revenue Refunding COPs	17,450,000	-	-	17,450,000	5,600,000	11,850,000
2010 Series A Revenue Refunding COPs	51,450,000	-	-	51,450,000	2,995,000	48,455,000
Premium on issuance - 2010 Series A	1,301,448	-	(52,058)	1,249,390	-	1,249,390
Total Certificates of Participation	<u>137,272,194</u>	<u>-</u>	<u>(52,058)</u>	<u>137,220,136</u>	<u>8,595,000</u>	<u>128,625,136</u>
Revenue Bonds:						
2014 Series A Revenue Refunding Bonds	8,770,000	-	-	8,770,000	2,780,000	5,990,000
Premium on issuance - 2014 Series A	835,445	-	(119,349)	716,096	-	716,096
2015 Series A Revenue Refunding Bonds	59,355,000	-	-	59,355,000	2,165,000	57,190,000
Premium on issuance - 2015 Series A	9,017,140	-	(273,246)	8,743,894	-	8,743,894
2016 Series A Refunding Revenue Bonds	24,350,000	-	-	24,350,000	1,410,000	22,940,000
Premium on issuance - 2016 Series A Ref	4,482,912	-	(179,317)	4,303,595	-	4,303,595
2016 Series A New Revenue Bonds	30,190,000	-	-	30,190,000	490,000	29,700,000
Premium on issuance - 2016 Series A New	5,893,320	-	(107,152)	5,786,168	-	5,786,168
2018 Series A Revenue Bonds	-	26,735,000	-	26,735,000	-	26,735,000
Discount on issuance - 2017 Series A	-	(370,225)	6,170	(364,055)	-	(364,055)
Total Revenue Bonds	<u>142,893,817</u>	<u>26,364,775</u>	<u>(672,894)</u>	<u>168,585,698</u>	<u>6,845,000</u>	<u>161,740,698</u>
Total Business Type Activities - WWD	<u>\$ 280,166,011</u>	<u>26,364,775</u>	<u>(724,952)</u>	<u>305,805,834</u>	<u>15,440,000</u>	<u>290,365,834</u>

Santa Clarita Valley Water Agency
Notes to the Basic Financial Statements, continued
June 30, 2018

(10) Long-Term Debt, continued

Santa Clarita Water Division

Business Type Activities - SCWD:

	<u>Balance 1/1/2018</u>	<u>Additions</u>	<u>Payments/ Retirements</u>	<u>Balance 6/30/2018</u>	<u>Current Portion</u>	<u>Long-Term Portion</u>
Revenue Bonds:						
2017 Series A Revenue Bonds	\$ 50,745,000	-	-	50,745,000	2,780,000	47,965,000
Premium on issuance - 2017 Series A	9,296,222	-	(205,063)	9,091,159	-	9,091,159
Total Revenue Bonds	<u>60,041,222</u>	<u>-</u>	<u>(205,063)</u>	<u>59,836,159</u>	<u>2,780,000</u>	<u>57,056,159</u>

Newhall Water Division

Business Type Activities - NWD:

	<u>Balance 1/1/2018</u>	<u>Additions</u>	<u>Payments/ Retirements</u>	<u>Balance 6/30/2018</u>	<u>Current Portion</u>	<u>Long-Term Portion</u>
Notes Payable:						
Municipal Leasing Associates 2007	\$ 2,846,150	-	(184,211)	2,661,939	376,756	2,285,183
Municipal Leasing Associates 2009	496,186	-	(68,373)	427,813	139,216	288,597
Municipal Finance Corporation 2012	631,064	-	(631,064)	-	-	-
Total Notes Payable	<u>3,973,400</u>	<u>-</u>	<u>(883,648)</u>	<u>3,089,752</u>	<u>515,972</u>	<u>2,573,780</u>

Valencia Water Division

	<u>Balance 1/23/2018</u>	<u>Additions</u>	<u>Payments/ Retirements</u>	<u>Balance 6/30/2018</u>	<u>Current Portion</u>	<u>Long-Term Portion</u>
Note Payable						
Senior Secured Note Payable	\$ 24,000,000	-	(24,000,000)	-	-	-
Total Note Payable	<u>24,000,000</u>	<u>-</u>	<u>(24,000,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Business-Type Activities - VWD	<u>\$ 24,000,000</u>	<u>-</u>	<u>(24,000,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>

1999 Series A Revenue Certificates of Participation

In August 1999, the Corporation issued \$75,813,498 of certificates of participation to finance certain capital improvements to Castaic Lake Water Agency's (CLWA) (currently part of the Agency as Wholesale Water Division) wholesale water system and reimbursement of the Agency's cost of acquisition of certain state water project entitlements. The certificates are payable solely from installment payments to be made by the Agency. The Agency has pledged all revenues derived from the ownership of its water system (which expressly exclude revenues derived from the retail sales of water).

On December 7, 2006, CLWA refunded \$45,520,000 of the 1999 certificates (2006 Series A). A total of \$45,520,000 from the 2006 Series A COPs was used to pay off the outstanding principal of the 1999 Series A Revenue Certificates of Participation. As a result, the 1999 Series A Revenue Certificates of Participation are considered retired and the liability for those obligations has been removed from the financial statements. CLWA completed the advance refunding to reduce CLWA's total debt service payments over the next 24 years by achieving a 5.6% net present value savings. In May 2016, CLWA refunded all of the 2006 Series A certificates of participation (2016 Series A Refunding). (See 2016 Series A Refunding for their respective debt service requirements.)

Santa Clarita Valley Water Agency
Notes to the Basic Financial Statements, continued
June 30, 2018

(10) Long-Term Debt, continued

1999 Series A Revenue Certificates of Participation, continued

The Certificates are payable by installment payments according to their respective Installment Agreements. Interest is payable semi-annually August 1 and February 1 of each year, and principal is due annually on August 1. The outstanding balance at June 30, 2016, is \$59,846,309 as follows: \$59,846,309 Series 1999 remaining; and no balance for the Series 2006 A (refunded portion of 1999 Series A) as these were refunded during FY 2015/16 (2016A Refunded Revenue Bonds). (See 2006 Series A Certificates of Participation and 2016A Refunding Revenue Bonds for their respective debt service requirements). The par amount of the certificates is comprised of \$23,408,498 (original amount) capital appreciation certificates. No regular payments of interest are made on the capital appreciation certificates prior to maturity. Interest on the capital appreciation certificates is compounded semi-annually on February 1 and August 1 and is payable at maturity. The interest compounded annually is added to the principal amount outstanding. The yield to maturity for the capital appreciation certificates ranges from 5.76% to 5.8%. Principal on the capital appreciation certificates matures annually on August 1 from 2021 through 2030. All the certificates are subject to extraordinary prepayment as a whole or in part on any date in order of maturity if the Agency makes prepaid installment payments from insurance proceeds or condemnation awards.

Below is a schedule of future annual principal to be issued that will be added to the capital appreciation certificate's current outstanding principal balance of \$67,070,746.

	Fiscal Year	Principal Issued
Balance as of June 30, 2018		\$ 67,070,746
Annual principal issued:		
	2019	3,932,963
	2020	4,163,590
	2021	4,407,741
	2022	4,365,394
	2023	4,011,146
	2024-2028	13,954,415
	2029-2031	2,544,005
	Total	\$ 104,450,000

2008 Series A Revenue Refunding Certificates of Participation

In May 2008, CLWA refunded all of the 2004B certificates; the swap agreement remained in effect until August 2014 for the 2008A certificates (2008 Series A). Interest on the certificates is calculated by the remarketing agent on Tuesday of each week during the Weekly Interest Rate Period. Principal matures August 1 of each year through August 1, 2020. Certificates are in denominations of \$100,000 and bear interest from the date of issue to their maturity. The interest rate on the refunding certificates is determined.

Santa Clarita Valley Water Agency
Notes to the Basic Financial Statements, continued
June 30, 2018

(10) Long-Term Debt, continued

2008 Series A Revenue Refunding Certificates of Participation, continued

Annual debt service requirements on the 2008 Series A Revenue Refunding Certificates of Participation are as follows:

Fiscal Year	Principal	Interest	Total
2019	\$ 5,600,000	683,961	6,283,961
2020	5,800,000	379,588	6,179,588
2021	6,050,000	63,467	6,113,467
Total	17,450,000	1,127,016	18,577,016
Less current portion	(5,600,000)		
Total non-current	\$ 11,850,000		

In June 2010, CLWA implemented GASB Statement No. 53, which established accounting and financial reporting standards for all state and local governments that enter into derivative instrument agreements. The analysis of the swap valuation is conducted annually to comply with the reporting requirement of the GASB Statement No. 53.

2010 Series A Revenue Refunding Certificates of Participation

In February 2001, the Corporation issued \$80,000,000 of certificates of participation to finance certain capital improvements to CLWA's wholesale water system and reimburse the Agency's cost of acquiring the outstanding stock of the Santa Clarita Water Company (the retail company).

In June 2010, the Corporation issued \$70,595,000 of certificates of participation to provide funds to prepay \$68,520,000 of CLWA's outstanding 2001 A Revenue Certificates of Participation. The certificates are payable solely from installment payments to be made by CLWA. Pursuant to the reserve requirement, \$5,349,556 was placed in a debt service reserve fund on the issuance date of the certificates. Interest on the certificates is payable semi-annually on February 1 and August 1. Principal matures August 1 of each year through August 1, 2030. Certificates are in denominations of \$5,000 and bear interest from the date of issue to their maturity dates at rates ranging from 2.00% to 5.00% per annum.

Santa Clarita Valley Water Agency
Notes to the Basic Financial Statements, continued
June 30, 2018

(10) Long-Term Debt, continued

2010 Series A Revenue Refunding Certificates of Participation, continued

Annual debt service requirements on the 2010 Series A Revenue Certificates of Participation are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 2,995,000	2,289,056	5,284,056
2020	3,115,000	2,158,681	5,273,681
2021	3,260,000	2,014,506	5,274,506
2022	3,405,000	1,860,681	5,265,681
2023	3,560,000	1,691,556	5,251,556
2024-2028	20,495,000	5,765,315	26,260,315
2029-2031	14,620,000	1,069,829	15,689,829
Total	51,450,000	<u>16,849,624</u>	<u>68,299,624</u>
Add: bond premium	1,249,390		
Less current portion	<u>(2,995,000)</u>		
Total non-current	<u>\$ 49,704,390</u>		

The Series 2010 A Certificates of Participation are structured as serial bonds with maturities ranging from 2011 through 2031. Yields for the serial bonds range from 2.00% to 5.00% and market conditions required that the Certificates be structured in a manner that resulted in an original issue premium of \$2,082,316 that will be amortized over the life of the debt service.

2014 Series A Revenue Refunding Bonds

In May 2004, the Corporation issued \$29,085,000 of certificates of participation to provide funds to prepay \$28,475,000 of the Agency's outstanding 1994 Refunding Revenue Certificates of Participation, to acquire a reserve policy and pay certain costs of delivery. Interest on the certificates was payable semi-annually on February 1 and August 1 of each year. Principal matures August 1 of each year through August 1, 2020. Certificates were in denominations of \$5,000 and bear interest from the date of issue to their maturity dates at rates ranging from 2.0% to 4.0% per annum.

In June 2014, CLWA issued \$16,750,000 of revenue bonds to provide funds to prepay \$20,495,000 of CLWA's outstanding 2004 A Revenue Certificates of Participation. The aggregate difference between the refunding debt and the refunded debt was \$2,055,250. This amount was being netted against the new debt to be amortized over the life of the refunding debt. CLWA completed the refunding to reduce CLWA's total debt service payments over the next 6 years by achieving a \$2,147,813 savings, or a 10.48% net present value savings. The bonds are payable solely from installment payments to be made by CLWA. Interest on the bonds are payable semi-annually on February 1 and August 1. Principal matures on August 1 of each year through August 1, 2020. Bonds are in denominations of \$5,000 and bear interest from the date of issue to their maturity dates at rates ranging from 2.00% to 5.00% per annum.

Santa Clarita Valley Water Agency
Notes to the Basic Financial Statements, continued
June 30, 2018

(10) Long-Term Debt, continued

2014 Series A Revenue Refunding Bonds, continued

Annual debt service requirements on the 2014 Series A Revenue Refunding Bonds are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 2,780,000	355,100	3,135,100
2020	2,920,000	226,500	3,146,500
2021	<u>3,070,000</u>	<u>76,750</u>	<u>3,146,750</u>
Total	8,770,000	<u>658,350</u>	<u>9,428,350</u>
Add: bond premium	716,096		
Less current portion	<u>(2,780,000)</u>		
Total non-current	<u>\$ 6,706,096</u>		

2015 Series A Revenue Refunding Bonds

In December 2006, the Corporation issued \$89,830,000 of certificates of participation to finance certain capital improvements to the CLWA's wholesale water system. CLWA has pledged all revenues derived from the ownership and operation of its water system. These revenues paid for the operation and maintenance of the water system, and after the application of contingency reserves, the remaining funds were used for installment payments on the certificates.

The Series 2006 C Certificates of Participation are structured as serial bonds with maturities ranging from 2008 through 2026 and two term bonds maturing on 2030 and 2036, respectively. Yields for the serial bonds range from 3.40% to 4.14% (yields to call for maturities 2017 through 2026), with the term bonds yielding 4.16% and 4.20% (yields to call). Market conditions required that maturities after 2016 be structured in a manner that resulted in the debt being price to the August 1, 2016, par call date. The ultimate structure produced an original issue premium of \$4,978,449 to be amortized over the life of the debt service.

In April 2015, CLWA issued \$64,000,000 of revenue bonds through Upper Santa Clara Valley Joint Powers Authority, a Joint Powers Authority created on June 8, 2011 between the CLWA and the Devil's Den Water District (District), to provide funds to prepay \$77,685,000 of CLWA's outstanding 2006 C Revenue Certificates of Participation. CLWA completed the refunding to reduce CLWA's total debt service payments over the next 20 years by achieving a \$10,311,149 savings, or a 13.27% net present value savings. The bonds are payable by installment payments according to the Installment Purchase Agreement. Interest is payable semi-annually on August 1 and February 1, and the principal is due annually on August 1.

Santa Clarita Valley Water Agency
Notes to the Basic Financial Statements, continued
June 30, 2018

(10) Long-Term Debt, continued

2015 Series A Revenue Refunding Bonds, continued

Annual debt service requirements on the 2015 Series A Revenue Refunding Bonds are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 2,165,000	2,856,850	5,021,850
2020	2,250,000	2,768,550	5,018,550
2021	2,345,000	2,676,650	5,021,650
2022	2,440,000	2,568,750	5,008,750
2023	2,560,000	2,443,750	5,003,750
2024-2028	14,840,000	10,116,250	24,956,250
2029-2033	18,955,000	5,912,125	24,867,125
2034-2036	13,800,000	1,057,500	14,857,500
Total	59,355,000	<u>30,400,425</u>	<u>89,755,425</u>
Add: bond premium	8,743,894		
Less current portion	<u>(2,165,000)</u>		
Total non-current	\$ <u>65,933,894</u>		

2016 Series A Revenue Refunding Bonds

In December 2006, the Corporation issued \$45,520,000 of certificates of participation to provide funds to prepay \$45,385,000 of the CLWA's outstanding 1999 A Revenue Certificates of Participation. Pursuant to the reserve requirement, \$3,317,609 was placed in a debt service reserve fund on the issuance date of the certificates. Interest on the certificates is payable semi-annually on February 1 and August 1. Principal matures August 1 of each year through August 1, 2030. Certificates are in denominations of \$5,000 and bear interest from the date of issue to their maturity dates at rates ranging from 3.35% to 5.00% per annum.

The Series 2006 A Certificates of Participation are structured as serial bonds with maturities ranging from 2007 through 2023 and two term bonds maturing on 2026 and 2030 respectively. Yields for the serial bonds range from 3.35% to 4.08% (yields to call for maturities 2010 through 2023), with the term bonds yielding 4.41% and 4.46% (yields to call). Market conditions required that the maturities after 2016 be structured in a manner that resulted in the debt being priced to the August 1, 2016, par call date. The ultimate structure produced an original issue premium of \$1,145,317 that will be amortized over the life of the debt service.

In May 2016, CLWA issued \$56,395,000 of revenue bonds through Upper Santa Clara Valley Joint Powers Authority, to provide funds to prepay \$35,555,000 of CLWA's outstanding 2006 A Revenue Certificates of Participation (2016 Series A Refunding) and to provide \$30,665,000 new funds (2016 Series A New) to acquire certain capital improvements to CLWA's Wholesale System. CLWA completed the refunding portion to reduce CLWA's total debt service payments over the next 15 years by achieving a \$5,909,717 savings, or a 16.62% net present value savings. The bonds are payable by installment payments according to the Installment Purchase Agreement. Interest is payable semi-annually on August 1 and February 1, and the principal is due annually on August 1.

Santa Clarita Valley Water Agency
Notes to the Basic Financial Statements, continued
June 30, 2018

(10) Long-Term Debt, continued

2016 Series A Revenue Refunding Bonds, continued

Annual debt service requirements on the 2016 Series A Revenue Refunding Bonds for the retirement of the 2006 A Certificates of Participation are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 1,410,000	1,113,950	2,523,950
2020	1,460,000	1,063,600	2,523,600
2021	1,520,000	996,400	2,516,400
2022	1,600,000	918,400	2,518,400
2023	1,685,000	836,275	2,521,275
2024-2028	9,700,000	2,880,050	12,580,050
2029-2031	6,975,000	534,625	7,509,625
Total	24,350,000	<u>8,343,300</u>	<u>32,693,300</u>
Add: bond premium	4,303,595		
Less current portion	<u>(1,410,000)</u>		
Total non-current	\$ <u>27,243,595</u>		

Annual debt service requirements on the 2016 Series A Revenue Refunding Bonds for the acquisition of certain capital improvements are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 490,000	1,473,350	1,963,350
2020	510,000	1,455,800	1,965,800
2021	535,000	1,432,225	1,967,225
2022	560,000	1,404,850	1,964,850
2023	590,000	1,376,100	1,966,100
2024-2028	3,400,000	6,424,400	9,824,400
2029-2033	4,315,000	5,508,125	9,823,125
2034-2038	5,545,000	4,282,625	9,827,625
2039-2043	7,120,000	2,707,000	9,827,000
2044-2047	7,125,000	734,625	7,859,625
Total	30,190,000	<u>26,799,100</u>	<u>56,989,100</u>
Add: bond premium	5,786,168		
Less current portion	<u>(490,000)</u>		
Total non-current	\$ <u>35,486,168</u>		

2017 Series A Revenue Refunding Bonds

In May 2010, the Santa Clarita Water Division (Retail) of the Agency issued \$14,475,000 of certificates of participation to provide funds to acquire the new Administration Office Building, several reservoir tanks, and well. The certificates are payable by installment payments according to the Installment Purchase Agreement. Interest is payable semi-annually August 1 and February 1, and the principal is due annually on August 1.

Santa Clarita Valley Water Agency
Notes to the Basic Financial Statements, continued
June 30, 2018

(10) Long-Term Debt, continued

2017 Series A Revenue Refunding Bonds, continued

In September 2011, the Retail division issued \$52,290,000 of Revenue Bonds through Upper Santa Clara Valley Joint Powers Authority, a Joint Powers Authority created on June 8, 2011 between the CLWA and Devil's Den Water District (the "District"), to provide funds to prepay the outstanding interfund loan balance payable by Retail to CLWA. The Interfund Loan was established in September 1999 as a repayment of acquisition when the Agency acquired Santa Clarita Water Company's (SCWC) stock for \$63 million. The bonds are payable by installment payments according to the Installment Purchase Agreement. Interest is payable semi-annually August 1 and February 1, and the principal is due annually on August 1.

In September 11, 2017, CLWA issued \$50,745,000 of Revenue Bonds through Upper Santa Clara Valley Joint Powers Authority, to provide funds to prepay \$12,900,000 of the Division's outstanding 2010 Series B Revenue Refunding Certificates of Participation (2010 Series B Refunding) and to acquire certain capital improvements to the Division's retail water system. The difference between the refunding debt and the refunded debt was being netted against the new debt and amortized over the life of the refunding debt. The bonds are payable by installment payments according to the Installment Purchase Agreement. Interest is payable semi-annually August 1 and February 1, and the principal is due annually on August 1. The loss on defeasance of debt totaling \$1,464,720 is recorded in deferred outflows of resources and will be amortized over the remaining life of the 2017 Series A Revenue Refunding Bonds.

Annual debt service requirements on the 2017 Series A Revenue Refunding Bonds are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 2,780,000	2,364,000	5,144,000
2020	3,035,000	2,218,625	5,253,625
2021	3,315,000	2,059,875	5,374,875
2022	3,615,000	1,886,625	5,501,625
2023	3,925,000	1,698,125	5,623,125
2024-2028	25,460,000	5,054,000	30,514,000
2029-2033	2,825,000	1,318,300	4,143,300
2034-2038	3,460,000	672,200	4,132,200
2039-2041	2,330,000	123,625	2,453,625
Total	50,745,000	<u>17,395,375</u>	<u>68,140,375</u>
Add: bond premium	9,091,159		
Less current portion	<u>(2,780,000)</u>		
Total non-current	<u>\$ 57,056,159</u>		

Municipal Leasing Associates, Inc. (2007)

On October 18, 2007, Newhall County Water District (currently part of the Agency as Newhall Water Division) entered into an Installment Sale Agreement (Agreement) with the Municipal Leasing Associates, Inc. (MLA). MLA provided \$5,500,000 for the purpose of financing the cost of the District's project. The Agreement was amended on October 26, 2012. The original 4.5% installment note was payable over twenty years in semi-annual installments of principal and interest of \$209,976. The amended agreement is payable in semi-annual installments of \$226,905 of principal and interest at 3% payable in April and October each year and matures October 2024.

Santa Clarita Valley Water Agency
Notes to the Basic Financial Statements, continued
June 30, 2018

(10) Long-Term Debt, continued

Municipal Leasing Associates, Inc. (2007), continued

Annual debt service requirements on the Municipal Leasing Associates, Inc. (2007) agreement are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 376,756	77,054	453,810
2020	388,143	65,666	453,809
2021	399,875	53,934	453,809
2022	411,961	41,848	453,809
2023	424,412	29,397	453,809
2024-2025	660,792	19,922	680,714
Total	2,661,939	287,821	2,949,760
Less current portion	(376,756)		
Total non-current	\$ 2,285,183		

Municipal Leasing Associates, Inc. (2009)

On April 1, 2009, Newhall County Water District (currently part of the Agency as Newhall Water Division) entered into an Installment Sale Agreement (Agreement) with the Municipal Leasing Associates, Inc. (MLA). MLA provided \$2,000,000 for the purpose of financing costs related to the construction of the new administrative facility. The Agreement was amended on June 8, 2016. The original 4.65% installment note was payable over twenty years in semi-annual installments of principal and interest of \$77,342. The amended agreement is payable in semi-annual installments of \$74,320 of principal and interest at 2.4% payable in June and December each year and matures June 2021.

Annual debt service requirements on the Municipal Leasing Associates, Inc. (2009) agreement are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 139,216	9,437	148,653
2020	142,577	6,076	148,653
2021	146,020	2,634	148,654
Total	427,813	18,147	445,960
Less current portion	(139,216)		
Total non-current	\$ 288,597		

2018 Series A Revenue Refunding Bonds

On June 1, 2010, Valencia Water Company (VWC) entered into a \$12,000,000 senior secured note with Modern Woodmen of America (Modern Woodmen). On September 15, 2010, VWC entered into an additional \$12,000,000 senior secured note with Modern Woodmen (collectively, the "Senior Secured Notes"). The Senior Secured Notes are secured by all of VWC's assets. Interest is payable semiannually on April 15 and October 15 at a fixed rate of 4.62% per annum. The Senior Secured Notes contain various financial covenants with which VWC was in compliance as of December 31, 2017.

Santa Clarita Valley Water Agency
Notes to the Basic Financial Statements, continued
June 30, 2018

(10) Long-Term Debt, continued

2018 Series A Revenue Refunding Bonds, continued

In January 9, 2018, The Agency issued \$26,735,000 of Revenue Bonds through Upper Santa Clara Valley Joint Powers Authority, to provide funds to prepay \$24,000,000 of VWC's senior secured note with Modern Woodmen and as such, is recorded as a liability of the Wholesale Water Division. Payments on the obligation are to be funded through an interdivisional loan to be funded by customers within the Valencia Water Division's service area. The difference between the refunding debt and the refunded debt is being netted against the new debt and amortized over the life of the refunding debt. The bonds are payable by installment payments according to the Installment Purchase Agreement. Interest is payable semi-annually on August 1 and February 1, and the principal is due annually on August 1.

Annual debt service requirements on the 2018 Series A Revenue Refunding Bonds are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ -	993,258	993,258
2020	-	976,975	976,975
2021	-	976,975	976,975
2022	-	976,975	976,975
2023	-	976,975	976,975
2024-2028	3,435,000	4,643,015	8,078,015
2029-2033	4,020,000	4,049,563	8,069,563
2034-2038	4,815,000	3,260,034	8,075,034
2039-2043	5,820,000	2,255,547	8,075,547
2044-2048	7,060,000	1,012,344	8,072,344
2049	<u>1,585,000</u>	<u>30,709</u>	<u>1,615,709</u>
Total	26,735,000	<u>20,152,370</u>	<u>46,887,370</u>
Less: bond discount	(364,055)		
Less current portion	<u>-</u>		
Total non-current	<u>\$ 26,370,945</u>		

Santa Clarita Valley Water Agency
Notes to the Basic Financial Statements, continued
June 30, 2018

(11) Net Position

Calculation of net position as of June 30 was as follows:

	2018
Net investment in capital assets:	
Capital assets, net	\$ 736,648,800
Certificate of participation, current	(8,595,000)
Certificate of participation, non-current	(128,625,136)
Revenue bonds, current	(9,625,000)
Revenue bonds, non-current	(218,796,857)
1999 Series A cap appreciation bonds accretion since issuance	43,662,247
Notes payable, current	(515,972)
Notes payable, non-current	<u>(2,573,780)</u>
Total net investment in capital assets	411,579,302
Restricted net position:	
Restricted for capital projects:	
Restricted – cash and cash equivalents	948,405
Restricted – investments	18,840,811
Restricted – accrued interest receivable	98,561
Restricted – accounts receivable, other	764,839
Restricted – accounts payable	<u>(2,156,954)</u>
Total restricted for capital projects	18,495,662
Restricted for state water contract	
Restricted – investments	54,263,031
Restricted – property tax receivable	1,475,093
Restricted – accrued interest receivable	194,492
Restricted – accounts payable	<u>(1,457,862)</u>
Total restricted for state water contract	54,474,754
Restricted for debt service:	
Restricted – cash and cash equivalents with fiscal agent	5,512,074
Restricted – accrued interest receivable	<u>89</u>
Total restricted for debt service	5,512,163
Total restricted net position	78,482,579
Unrestricted net position:	
Non-spendable net position:	
Materials and supplies inventory	1,972,078
Prepaid expenses and other assets	<u>5,710,728</u>
Total non-spendable net position	7,682,806
Spendable net position is designated as follows:	
Unrestricted	<u>83,676,361</u>
Total spendable net position	83,676,361
Total unrestricted net position	<u>91,359,167</u>
Total net position	\$ <u>581,421,048</u>

Santa Clarita Valley Water Agency
Notes to the Basic Financial Statements, continued
June 30, 2018

(12) Risk Management

The Agency is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Agency is a member of the Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA), an intergovernmental risk sharing joint powers authority created to provide self-insurance programs for California water agencies. The purpose of the ACWA/JPIA is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage. As of June 30, 2018, the Agency limits and deductibles for liability, property, and workers compensation programs of the ACWA/JPIA are as follows:

- General and auto liability, public officials and employees' errors and omissions: Total risk financing self-insurance limits of \$1,000,000, combined single limit per occurrence. The ACWA/JPIA purchased additional excess coverage layers: \$59 million for general, auto and public officials liability, which increases the limits on the insurance coverage noted above.
- Property loss is paid at the replacement cost for buildings, fixed equipment, and personal property on file, if replaced within two years after the loss, otherwise paid on actual cash value basis, subject to a \$5,000 deductible per loss; and actual cash value for mobile equipment, subject to a \$1,000 deductible per loss, and licensed vehicles, subject to a \$500 deductible per loss. ACWA/JPIA purchased excess coverage for a combined total of \$100 million per occurrence.
- Boiler and machinery coverage for the replacement cost up to \$100 million per occurrence, subject to various deductibles depending on the type of equipment.
- Workers compensation insurance up to California statutory limits for all work related injuries/illnesses covered by California law, and Employer's Liability Coverage up to \$4 million. The Agency is self-insured up to \$2 million and excess loss insurance has been purchased.

In addition to the above, the Agency also has the following insurance coverage:

- Crime coverage up to \$1,000,000 per loss includes public employee dishonesty, including Public Officials who are required by law to give bonds for the faithful performance of their service, forgery or alteration and computer fraud, subject to a \$1,000 deductible.
- Cyber liability coverage up to \$2,000,000 per occurrence with an aggregate of \$5,000,000 includes defense costs and damages for security, privacy, and media liability; fees and expenses incurred from cyber extortion; as well as costs to restore network business interruption and digital asset protection, subject to a \$50,000 deductible.

There were no reductions in insurance coverage in the six month period ended June 30, 2018. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There was no IBNR claims payable as of June 30, 2018.

Santa Clarita Valley Water Agency
Notes to the Basic Financial Statements, continued
June 30, 2018

(13) Governmental Accounting Standards Board Statements Issued, Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2018, that have effective dates that may impact future financial presentations.

Governmental Accounting Standards Board Statement No. 83

In November 2016, the GASB issued Statement No. 83 – *Certain Asset Retirement Obligations*. This Statement (1) addresses accounting and financial reporting for certain asset retirement obligations (AROs), (2) establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs, (3) requires that recognition occur when the liability is both incurred and reasonably estimable, (4) requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred, (5) requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation at least annually, and (6) requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. The impact of the implementation of this Statement to the Agency's financial statements has not been assessed at this time.

Governmental Accounting Standards Board Statement No. 87

In June 2017, the GASB issued Statement No. 87 – *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The impact of the implementation of this Statement to the Agency's financial statements has not been assessed at this time.

Governmental Accounting Standards Board Statement No. 88

In April 2018, the GASB issued Statement No. 88 – *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

Santa Clarita Valley Water Agency
Notes to the Basic Financial Statements, continued
June 30, 2018

(13) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued

Governmental Accounting Standards Board Statement No. 88, continued

For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. The impact of the implementation of this Statement to the Agency's financial statements has not been assessed at this time.

Governmental Accounting Standards Board Statement No. 89

In June 2018, the GASB issued Statement No. 89 – *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement.

This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively. The impact of the implementation of this Statement to the Agency's financial statements has not been assessed at this time.

(14) Commitments and Contingencies

Department of Water Resources (DWR) Water Contract Commitment

On April 30, 1963, a contract was entered into between the State of California acting by and through the Department of Water Resources and CLWA (the Contract), pursuant to the provisions of the California Water Resources Development Bond Act, the State Central Valley Project Act, and other applicable laws of the State of California.

The contract provides for a maximum annual water entitlement to the Agency of up to 41,500 acre feet. As amended, on January 1, 1991, the Agency began receiving the Devil's Den agricultural entitlement of 12,700 acre feet. In March 1999, the Agency purchased an additional 41,000 acre feet from Wheeler Ridge-Maricopa Water Storage District, bringing the total maximum entitlement to 95,200 acre feet. The agreement contemplated water delivery of 20,100 acre feet beginning in 1981, with increasing deliveries through the years until the maximum entitlement was reached in 1991.

Santa Clarita Valley Water Agency
Notes to the Basic Financial Statements, continued
June 30, 2018

(14) Commitments and Contingencies, continued

Department of Water Resources (DWR) Water Contract Commitment, continued

However, as of June 30, 2003, the water delivery objectives of the Contract cannot be achieved unless additional conservation features are constructed. The term of the Contract is for the project re-payment period or 75 year, whichever is longer, and provides for a pledge of certain CLWA revenues to the bondholders of the State under the Bond Act.

Provision is made in the Contract for two general charges: (1) a Delta water charge and (2) a transportation charge, which are divided into components. The Delta water charge is intended to return to the State all costs of project conservation facilities including capital, maintenance, operation, and replacement components, and is charged to CLWA on the basis of water entitlement and/or delivery. The transportation charge is for facilities necessary to deliver water to the contractors and also includes a capital, maintenance, operation, and replacement component.

At June 30, 2018, the Agency's remaining estimated commitment for these charges is as follows:

<u>Calendar year ending December 31</u>	<u>Amount</u>
2018	\$ 28,917,776
2019	29,043,631
2020	29,162,168
2021	28,887,671
2022	28,956,181
2023-2027	144,241,288
2028-2032	142,514,378
2033-2035	<u>87,398,830</u>
Total	<u>\$ 519,121,923</u>

On May 22, 2007, CLWA entered into a 30-year agreement with the Buena Vista Water Storage District and Rosedale-Rio Bravo Water Storage District for the acquisition of 11,000 acre-feet (AF) of water supply per year for a 30-year period. The purchase price was established in FY 2006/07 at \$486.85 per AF, or \$5,335,350. The purchase price will be adjusted each calendar year by Consumer Price Index (All Urban Consumers – All Items – Southern California Area) and every 10 years based on historical changes to the cost of the State Water Project. The current purchase price is \$803.54 per AF.

Payments due under the DWR and BVRRB agreements are similar in nature to a long-term operating lease, since the Agency does not take title to any assets of the DWR and BVRRB at the end of the water delivery period. Accordingly, no liability under this contract is recorded in the Statement of Net Position.

Litigation

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

Grant Awards

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

Santa Clarita Valley Water Agency
Notes to the Basic Financial Statements, continued
June 30, 2018

(14) Commitments and Contingencies, continued

Construction Contracts

The Agency has a variety of agreements with private parties relating to the installation, improvement, or modification of water facilities, and distribution systems, and other Agency activities. The financing of such contracts is being provided primarily from the Agency's replacement reserves and advances for construction. The Agency has committed to approximately \$1,455,150 of open construction contracts as of June 30, 2018.

The contracts outstanding include:

Project Name	Contractor	Total Approved Contract	Construction Costs to Date	Balance to Complete
Earl Smith Filtration Plant Clearwell/CT Improvements	Clark Brothers	\$ 5,706,769	4,790,262	916,507
Rio Vista Valve No. 2 Modifications	Environmental Construction	2,169,946	2,169,946	-
Foothill Feeder Turnout CLWA-01	GSE Construction	2,752,122	2,392,957	359,165
ESIPS Pipeline Improvement	Pacific Hydrotech Corporation	3,082,540	3,037,155	45,385
SPTF Pressure Control Modifications Project	GSE Construction	134,600	134,600	-
Install Water System Golden Vally Ranch Phase 1-4	Tejon	311,165	295,595	15,570
Vista Canyon Ranch Potable Water Phase I	Mesa Engineering	256,111	232,021	24,090
Skyline Ranch Plum Canyon Extension	Staats Construction	408,713	388,637	20,076
TM 60258 Galloway Water Improvements	Mesa Engineering	660,969	616,166	44,803
PH 1 TM 46018-11 Toll Brothers Water Improvements	Staats Construction	436,928	432,653	4,275
PH 2 TM 46018-11 Toll Brothers Water Improvements	Staats Construction	954,550	947,120	7,430
Bouquet Tank Exterior Repaint	Advance Industrial	53,618	43,668	9,950
Deane Tank No. 1 Tank Exterior Repaint	Advance Industrial	39,494	31,595	7,899
Total		<u>16,967,525</u>	<u>15,512,375</u>	<u>1,455,150</u>

(15) Subsequent Events

Events occurring after June 30, 2018, have been evaluated for possible adjustment to the financial statements or disclosure as of March 18, 2019, which is the date the financial statements.



FINAL DRAFT

Required Supplementary Information

FINAL DRAFT

FINAL DRAFT

Santa Clarita Valley Water Agency
Schedule of the Agency's Proportionate Share of the Net Pension Liability
As of June 30, 2018
Last 10 Fiscal Years*

Defined Benefit Pension Plan

<u>Description</u>	<u>6/30/2017</u>
Agency's Proportion of the Net Pension Liability	<u>0.13729%</u>
Agency's Proportionate Share of the Net Pension Liability	\$ <u>13,615,322</u>
Agency's Covered-Employee Payroll	\$ <u>13,148,794</u>
Agency's Proportionate Share of the Net Pension Liability as a percentage of its Covered-Employee Payroll	<u>103.55%</u>
Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>77.76%</u>

Notes:

Changes in Benefit Terms – The Agency can make changes to their plan provisions, and such changes occur on an ongoing basis. A summary of the plan provisions that were used for the Agency's plan can be found in the plan's annual valuation report.

Changes of Assumptions – In fiscal year 2018, the financial reporting discount rate was lowered from 7.65% to 7.15%. In December 2016, the CalPERS Board approved lowering the funding discount rate used from 7.50% to 7.00%, which is to be phased-in over a three-year period (7.50% to 7.375%, 7.375% to 7.25%, and 7.25% to 7.00%) beginning with the June 30, 2016, valuation reports. The funding discount rate includes a 15 basis-point reduction for administrative expenses, and the remaining decrease is consistent with the change in the financial reporting discount rate.

* The Agency has presented information for those years for which information is available until a full 10-year trend is compiled.

**Santa Clarita Valley Water Agency
Schedule of Pension Plan Contributions
For the Six Month Period Ended June 30, 2018
Last 10 Years***

Defined Benefit Pension Plan

Description	6/30/2018
Actuarially Determined Contribution	\$ 1,647,843
Contributions in Relation to the Actuarially Determined Contribution	(673,464)
Contribution Deficiency (Excess)	\$ 974,379
Agency's Covered Payroll	\$ 13,319,776
Contribution's as a percentage of Covered-Employee Payroll	5.06%

Note:

* The Agency has presented information for those years for which information is available until a full 10-year trend is compiled.

FINAL DRAFT

Santa Clarita Valley Water Agency
Schedule of Changes in Net OPEB Liability and Related Ratios
As of June 30, 2018
Last Ten Years*

Defined Benefit OPEB Plan

	2018
Total OPEB Liability	
Service cost	\$ 312,585
Interest	742,964
Changes of benefit terms	637,826
Differences between expected and actual experience	4,214
Changes of assumptions	(2,687,699)
Benefit payments	(273,181)
Net change in total OPEB liability	(1,263,291)
Total OPEB liability - beginning of period	20,235,141
Total OPEB liability - end of period (a)	\$ 18,971,850
Plan Fiduciary Net Position	
Contributions - employer	\$ 1,298,476
Net investment income	938,262
Benefit payments	(273,181)
Administrative fee	(3,116)
Net change in plan fiduciary net position	1,960,441
Plan Fiduciary Net Position - beginning of year	11,754,382
Plan Fiduciary Net Position - end of year (b)	13,714,823
Net OPEB Liability - ending (a) - (b)	\$ 5,257,027
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	72.29%
Covered - employee payroll	7,273,299
Net OPEB Liability as a percentage of covered-employee payroll	72.28%

Notes to Schedule

Benefit changes – None noted.

Changes of assumptions – None noted.

* The Agency has presented information for those years for which information is available until a full 10-year trend is compiled.

**Santa Clarita Valley Water Agency
Schedule of OPEB Contributions
For the Six Month Period Ended June 30, 2018
Last Ten Years***

Defined Benefit OPEB Plan

	2018
Actuarially Determined Contribution**	\$ 1,333,497
Contributions in relation to the Actuarially Determined Contribution	(1,298,476)
Contribution Deficiency (Excess)	\$ 35,021
Agency's Covered-Employee Payroll	7,273,299
Contribution's as a percentage of Covered-Employee Payroll	17.85%

Notes to Schedule

Valuation date:

** The Agency has been prefunding its OPEB liability by contributing 100% or more of the actuarially determined contribution each year.

Methods and assumptions used to determine contribution rates:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2017
Measurement Period	January 1, 2017 to June 30, 2017
Actuarial cost method	Entry Age Normal cost method in accordance with the requirements of GASB Statement No. 75
Long Term Return on Assets	7.28% as of January 1, 2017 and June 30, 2017 net of plan investment expenses and including inflation.
Discount Rates	7.28% as of January 1, 2017 and June 30, 2017.
Participant Valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation.
Salary Increase	3.25% per year; since benefits do not depend on salary, this is used only to allocate the cost of benefits between service years.
Assumed Wage Inflation	3.0% per year; used to determine amortization payments if developed on a level percent of pay basis.
General Inflation Rate	2.75% per year.

* The Agency has presented information for those years for which information is available until a full 10-year trend is compiled.



FINAL DRAFT

Supplemental Information Section

FINAL DRAFT

**Santa Clarita Valley Water Agency
Combining Schedule - Statement of Net Position
June 30, 2018**

	<u>Wholesale Water Division</u>	<u>Santa Clarita Water Division</u>	<u>Newhall Water Division</u>	<u>Valencia Water Division</u>	<u>Total</u>
Current assets:					
Cash and cash equivalents	\$ 3,654,900	6,742,603	1,764,221	5,308,214	17,469,938
Cash and cash equivalents - restricted	948,405	-	-	-	948,405
Cash and cash equivalents with fiscal agent	5,512,074	-	-	-	5,512,074
Investments	57,602,910	19,550,022	5,985,434	4,754,367	87,892,733
Investments - restricted	18,840,811	-	-	-	18,840,811
Accounts receivable - water sales and services	2,627,244	5,010,362	1,760,887	3,943,996	13,342,489
Property tax receivable	1,643,158	-	18,220	-	1,661,378
Property tax receivable - restricted	1,475,093	-	-	-	1,475,093
Accrued interest receivable	311,587	156,702	37,441	-	505,730
Accrued interest receivable - restricted	293,142	-	-	-	293,142
Accounts receivable - other	512,898	5,356	189,434	990,221	1,697,909
Accounts receivable - other (restricted)	764,839	-	-	-	764,839
Materials and supplies inventory	-	780,627	753,043	438,408	1,972,078
Prepaid expenses and other deposits	5,008,484	85,284	65,251	551,709	5,710,728
Total current assets	<u>99,195,545</u>	<u>32,330,956</u>	<u>10,573,931</u>	<u>15,986,915</u>	<u>158,087,347</u>
Non-current assets:					
Investments	79,744,635	21,187,571	2,240,000	-	103,172,206
Internal balances (note 3)	96,571,548	-	-	(96,571,548)	-
Capital assets - not being depreciated (note 7)	65,708,389	18,679,590	10,733,608	5,889,329	101,010,916
Capital assets, net - being depreciated (note 7)	<u>377,325,018</u>	<u>93,885,809</u>	<u>68,651,358</u>	<u>95,775,699</u>	<u>635,637,884</u>
Total non-current assets	<u>619,349,590</u>	<u>133,752,970</u>	<u>81,624,966</u>	<u>5,093,480</u>	<u>839,821,006</u>
Total assets	<u>718,545,135</u>	<u>166,083,926</u>	<u>92,198,897</u>	<u>21,080,395</u>	<u>997,908,353</u>
Deferred outflows of resources:					
Deferred pension outflows	2,712,378	1,541,337	1,049,093	87,180	5,389,988
Deferred OPEB outflows	268,800	215,040	53,759	68,031	605,630
Loss on defeasance of debt	-	1,464,720	-	-	1,464,720
Total deferred outflows of resources	<u>\$ 2,981,178</u>	<u>3,221,097</u>	<u>1,102,852</u>	<u>155,211</u>	<u>7,460,338</u>

Continued on next page

See accompanying notes to the basic financial statements.

**Santa Clarita Valley Water Agency
Combining Schedule - Statement of Net Position, continued
June 30, 2018**

	<u>Wholesale Water Division</u>	<u>Santa Clarita Water Division</u>	<u>Newhall Water Division</u>	<u>Valencia Water Division</u>	<u>Total</u>
Current liabilities:					
Accounts payable and accrued expenses	\$ 4,176,478	1,780,093	1,189,289	2,411,702	9,557,562
Accounts payable and accrued expenses - restricted	1,457,862	-	-	-	1,457,862
Accrued wages and related payables	219,845	104,703	57,724	106,379	488,651
Customer deposits and unearned revenue	6,639	455,127	1,183,896	32,600	1,678,262
Advances for construction	-	2,683,624	-	7,518,043	10,201,667
Accrued interest	3,891,385	1,013,958	15,046	420,642	5,341,031
Other current liabilities	-	-	-	2,492,245	2,492,245
Long-term liabilities - due within one year:					
Compensated absences (note 5)	199,802	96,101	44,034	68,894	408,831
Certificate of participation (note 10)	8,595,000	-	-	-	8,595,000
Revenue bonds (note 10)	6,845,000	2,780,000	-	-	9,625,000
Notes payable (note 10)	-	-	515,972	-	515,972
Total current liabilities	<u>25,392,011</u>	<u>8,913,606</u>	<u>3,005,961</u>	<u>13,050,505</u>	<u>50,362,083</u>
Non-current liabilities:					
Long-term liabilities - due in more than one year:					
Compensated absences (note 5)	599,405	288,301	132,102	206,683	1,226,491
Net pension liability	6,439,708	3,858,623	3,316,991	-	13,615,322
Net OPEB liability	2,628,513	2,102,811	525,703	-	5,257,027
Certificate of participation (note 10)	128,625,136	-	-	-	128,625,136
Revenue bonds (note 10)	161,740,698	57,056,159	-	-	218,796,857
Notes payable (note 10)	-	-	2,573,780	-	2,573,780
Total non-current liabilities	<u>300,033,460</u>	<u>63,305,894</u>	<u>6,548,576</u>	<u>206,683</u>	<u>370,094,613</u>
Total liabilities	<u>\$ 325,425,471</u>	<u>72,219,500</u>	<u>9,554,537</u>	<u>13,257,188</u>	<u>420,456,696</u>

Continued on next page

See accompanying notes to the basic financial statements.

**Santa Clarita Valley Water Agency
Combining Schedule - Statement of Net Position, continued
June 30, 2018**

	<u>Wholesale Water Division</u>	<u>Santa Clarita Water Division</u>	<u>Newhall Water Division</u>	<u>Valencia Water Division</u>	<u>Total</u>
Deferred inflows of resources:					
Deferred pension inflows	\$ 225,611	122,133	270,607	-	618,351
Deferred OPEB inflows	1,436,298	1,149,038	287,260	-	2,872,596
Total deferred inflows of resources	<u>1,661,909</u>	<u>1,271,171</u>	<u>557,867</u>	<u>-</u>	<u>3,490,947</u>
Net position: (note 11)					
Net investment in capital assets	180,889,820	52,729,240	76,295,214	101,665,028	411,579,302
Restricted	78,482,579	-	-	-	78,482,579
Unrestricted	135,066,534	43,085,112	6,894,131	(93,686,610)	91,359,167
Total net position	<u>\$ 394,438,933</u>	<u>95,814,352</u>	<u>83,189,345</u>	<u>7,978,418</u>	<u>581,421,048</u>

See accompanying notes to the basic financial statements.

Santa Clarita Valley Water Agency
Combining Schedule – Statement of Revenues, Expenditures and Changes in Net Position
For the Six Month Period Ended June 30, 2018

	<u>Wholesale Water Division</u>	<u>Santa Clarita Water Division</u>	<u>Newhall Water Division</u>	<u>Valencia Water Division</u>	<u>Total</u>
Operating revenues:					
Water consumption sales and services	\$ 218,503	7,244,647	6,290,673	13,451,321	27,205,144
Other charges and services	664,425	7,950,615	2,968,270	367,391	11,950,701
Total operating revenues	<u>882,928</u>	<u>15,195,262</u>	<u>9,258,943</u>	<u>13,818,712</u>	<u>39,155,845</u>
Operating expenses:					
Source of supply	2,608,491	95,201	-	2,472,159	5,175,851
Pumping	5,124,531	1,411,473	739,181	1,001,652	8,276,837
Water treatment	2,644,676	457,893	136,447	156,976	3,395,992
Transmission and distribution	9,758,314	1,952,358	225,328	432,048	12,368,048
Customer accounts	529,179	468,884	233,017	234,276	1,465,356
Management and engineering	3,049,109	284,194	-	-	3,333,303
General and administrative	1,775,657	1,151,079	2,431,486	3,061,145	8,419,367
Total operating expenses	<u>25,489,957</u>	<u>5,821,082</u>	<u>3,765,459</u>	<u>7,358,256</u>	<u>42,434,754</u>
Operating income (loss) before depreciation and amortization	(24,607,029)	9,374,180	5,493,484	6,460,456	(3,278,909)
Depreciation and amortization	(8,994,917)	(2,707,919)	(3,302,980)	(1,875,081)	(16,880,897)
Operating income (loss)	<u>\$ (33,601,946)</u>	<u>6,666,261</u>	<u>2,190,504</u>	<u>4,585,375</u>	<u>(20,159,806)</u>

Continued on next page

See accompanying notes to the basic financial statements.

Santa Clarita Valley Water Agency
Combining Schedule – Statement of Revenues, Expenditures and Changes in Net Position, continued
For the Six Month Period Ended June 30, 2018

	<u>Wholesale Water Division</u>	<u>Santa Clarita Water Division</u>	<u>Newhall Water Division</u>	<u>Valencia Water Division</u>	<u>Total</u>
Non-operating revenue (expense):					
Interest earnings	\$ 6,478,619	165,444	81,632	68,060	6,793,755
Interest expense	(4,360,876)	(1,463,687)	(55,707)	(3,947,632)	(9,827,902)
Property taxes	27,958,588	-	283,602	-	28,242,190
State water contract	(12,450,652)	-	-	-	(12,450,652)
Gain on disposal of capital assets	-	37,133	-	8,196	45,329
Other non-operating revenues (expenses), net	-	75,269	51,757	(212,222)	(85,196)
Total non-operating income (expense), net	<u>17,625,679</u>	<u>(1,185,841)</u>	<u>361,284</u>	<u>(4,083,598)</u>	<u>12,717,524</u>
Net income (loss) before capital contributions	<u>(15,976,267)</u>	<u>5,480,420</u>	<u>2,551,788</u>	<u>501,777</u>	<u>(7,442,282)</u>
Capital contributions – developer and customer	<u>-</u>	<u>1,254,858</u>	<u>1,252,651</u>	<u>-</u>	<u>2,507,509</u>
Change in net position	<u>(15,976,267)</u>	<u>6,735,278</u>	<u>3,804,439</u>	<u>501,777</u>	<u>(4,934,773)</u>
Transfers in to Santa Clarita Valley Water Agency	<u>410,415,200</u>	<u>89,079,074</u>	<u>79,384,906</u>	<u>7,476,641</u>	<u>586,355,821</u>
Net position, end of period	<u>\$ 394,438,933</u>	<u>95,814,352</u>	<u>83,189,345</u>	<u>7,978,418</u>	<u>581,421,048</u>

See accompanying notes to the basic financial statements

Santa Clarita Valley Water Agency
Combining Schedule - Net Position, continued
June 30, 2018

	<u>Wholesale Water Division</u>	<u>Santa Clarita Water Division</u>	<u>Newhall Water Division</u>	<u>Valencia Water Division</u>	<u>Total</u>
Net investment in capital assets:					
Capital assets, net	\$ 443,033,407	112,565,399	79,384,966	101,665,028	736,648,800
Certificate of participation, current	(8,595,000)	-	-	-	(8,595,000)
Certificate of participation, non-current	(128,625,136)	-	-	-	(128,625,136)
Revenue bonds, current	(6,845,000)	(2,780,000)	-	-	(9,625,000)
Revenue bonds, non-current	(161,740,698)	(57,056,159)	-	-	(218,796,857)
1999 Series A cap appreciation bonds accretion since issuance	43,662,247	-	-	-	43,662,247
Notes payable, current	-	-	(515,972)	-	(515,972)
Notes payable, non-current	-	-	(2,573,780)	-	(2,573,780)
Total net investment in capital assets	<u>180,889,820</u>	<u>52,729,240</u>	<u>76,295,214</u>	<u>101,665,028</u>	<u>411,579,302</u>
Restricted net position:					
Restricted for capital projects:					
Restricted – cash and cash equivalents	948,405	-	-	-	948,405
Restricted – investments	18,840,811	-	-	-	18,840,811
Restricted – accrued interest receivable	98,561	-	-	-	98,561
Restricted – accounts receivable, other	764,839	-	-	-	764,839
Restricted – accounts payable	(2,156,954)	-	-	-	(2,156,954)
Total restricted for capital projects	<u>18,495,662</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,495,662</u>
Restricted for state water contract					
Restricted – investments	54,263,031	-	-	-	54,263,031
Restricted – property tax receivable	1,475,093	-	-	-	1,475,093
Restricted – accrued interest receivable	194,492	-	-	-	194,492
Restricted – accounts payable and accrued expenses	(1,457,862)	-	-	-	(1,457,862)
Total restricted for state water contract	<u>54,474,754</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>54,474,754</u>
Restricted for debt service:					
Restricted – cash and cash equivalents with fiscal agent	5,512,074	-	-	-	5,512,074
Restricted – accrued interest receivable	89	-	-	-	89
Total restricted for debt service	<u>5,512,163</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,512,163</u>
Total restricted net position	<u>78,482,579</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>78,482,579</u>
Unrestricted net position:					
Non-spendable net position:					
Materials and supplies inventory	-	780,627	753,043	438,408	1,972,078
Prepaid expenses and other deposits	5,008,484	85,284	65,251	551,709	5,710,728
Total non-spendable net position	<u>5,008,484</u>	<u>865,911</u>	<u>818,294</u>	<u>990,117</u>	<u>7,682,806</u>
Spendable net position is designated as follows:					
Unrestricted	130,058,050	42,219,201	6,075,837	(94,676,727)	83,676,361
Total spendable net position	<u>130,058,050</u>	<u>42,219,201</u>	<u>6,075,837</u>	<u>(94,676,727)</u>	<u>83,676,361</u>
Total unrestricted net position	<u>135,066,534</u>	<u>43,085,112</u>	<u>6,894,131</u>	<u>(93,686,610)</u>	<u>91,359,167</u>
Total net position	<u>\$ 394,438,933</u>	<u>95,814,352</u>	<u>83,189,345</u>	<u>7,978,418</u>	<u>581,421,048</u>



FINAL DRAFT

Report on Internal Controls and Compliance

FINAL DRAFT

FINAL DRAFT

**Independent Auditor’s Report on Compliance 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***

Board of Directors
Santa Clarita Valley Water Agency
Santa Clarita, 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 Santa Clarita Valley Water Agency (Agency), as of and for the six month period ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Agency’s basic financial statements, and have issued our report thereon dated March 18, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency’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 Agency’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency’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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the separate management report that we consider to be material weaknesses.

- Preparation of Fiscal Year End Trial Balance; and
- Communication between Divisions.

**Independent Auditor’s Report on Compliance 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, Continued***

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Agency’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*.

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 entity’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 entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Fedak & Brown LLP
Cypress, California
March 18, 2019

FINAL DRAFT

Santa Clarita Valley Water Agency

Management Report

June 30, 2018



Fedak & Brown LLP
Certified Public Accountants

Santa Clarita Valley Water Agency

Management Report

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DRAFT



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CONFIDENTIAL

Board of Directors
Santa Clarita Valley Water Agency
Santa Clarita, California

Dear Members of the Board:

In planning and performing our audit of the financial statements of the Santa Clarita Valley Water Agency (Agency) and the Santa Clarita Water Division (Division) as of and for the six month period ended June 30, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered internal control over financial reporting (internal control) as a basis for designing 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 Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

Our consideration of internal control was for the limited period described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weakness and therefore material weaknesses may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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.

As your auditor over the past several years, we understand the difficulties encountered by the Agency with regard to staff turnover at key positions, as well as issues related to the formation of the Agency itself at January 1, 2018. However, our responsibility is to consider internal control as part of our audit procedures and assess the risk of material misstatement within the Agency's financial statements. Our comments, which we considered a material weakness, and all of which have been discussed with the appropriate members of management, are as follows:

Summary of Current Year Comments and Recommendations

Internal Controls - Preparation of the June 30, 2018 Trial Balance

During our audit of the Agency's June 30, 2018 financial statements, we noted a lack of controls with regard to the Agency providing timely, auditable divisional trial balances at time of our fieldwork. Over a period of time, we were provided several iterations of the trial balance which contained material variances from audit support, with the final corrected version received in January 2019; furthermore, we had to repeatedly review each trial balance and provide management lists of areas that needed adjustment. We were required to re-perform our audit procedures in several areas to ensure that the Agency's financial statements were materially correct at June 30, 2018. We believe that this lack of control could have, more likely than not, resulted in a material misstatement in the Agency's financial statements, and as a result, we consider this to be a material weakness within the Agency's internal control structure.

Summary of Current Year Comments and Recommendations, continued

Internal Controls - Preparation of the June 30, 2018 Trial Balance, continued

We recommend that the Agency review policies and procedures with regards to the accounting function and develop divisional processing and review procedures, as well as central oversight at the Agency level, to ensure that the Agency can provide accurate financial information in a timely manner.

Management's Response

We concur with the auditor's recommendations. The Agency's management is aware of this issue and is currently in the process of taking the proper corrective actions, such as transitioning to one Financial Software for the Agency as a whole to simplify accounting and reporting.

Internal Controls - Communication and Monitoring between Divisions

Among the central tenants of the internal control are communication and monitoring. During our audit of the June 30, 2018 financial statements, we noted a lack of communication and monitoring among the divisions. Among the several areas of concern were the interdivisional balances and transfer activity, as well as the dissemination of information from the wholesale division to the retail divisions. Discussions with divisional staff indicated a growing frustration with the Agency's lack of process to properly disseminate information in a timely manner. Moreover, we found ourselves providing instruction that could have jeopardized our independence as your auditor. We believe that this lack of control could, more likely than not, result in a material misstatement in the Agency's financial statements. As a result, we consider this to be a material weakness within the Agency's internal control structure.

We recommend that the Agency: (1) review policy and procedures regarding to interdivisional communication, (2) develop a process to foster and monitor improved communication, and (3) provide central monitoring at the Agency level to ensure that the Agency can provide accurate financial information in a timely manner.

Management's Response

We concur with the auditor's recommendations. The Finance staff from all four divisions will be moving to the Agency's Bouquet Canyon Office in April. We believe that this will significantly improve communications between Divisions because all Finance and Accounting staff will be working from the same location. Also, we are in the process of restructuring our general ledger so that the Agency is using the same set of accounts.

Disclosure of Audit Adjustments and Reclassifications

As your external auditor, we assume that the books and records of the Agency are properly adjusted before the start of the audit. In many cases, however, audit adjustments and reclassifications are made in the normal course of the audit process to present the Agency's financial statements in conformity with accounting principles generally accepted in the United States of America. For the Board of Directors to gain a full and complete understanding and appreciation of the scope and extent of the audit process we have presented these audit adjustments and reclassifications as an attachment to this letter. There can be very reasonable explanations for situations of having numerous adjustments as well as having no adjustments at all. However, the issue is simply disclosure of the adjustments and reclassifications that were made and to provide the Board of Directors with a better understanding of the scope of the audit.

Management's Response

We have reviewed and approved all of the audit adjustment and reclassification entries provided by the auditor and have entered those entries into the Agency's accounting system at June 30, 2018.

* * * * *

This communication is intended solely for the information and use of management and the Board of Directors of the Agency. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

We appreciate the courtesy and cooperation extended to us during our examination. We would be pleased to discuss the contents of this letter with you at your convenience. Please do not hesitate to contact us.

Fedak & Brown LLP
Cypress, California
March 18, 2019

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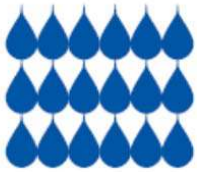
APPENDIX

Santa Clarita Valley Water Agency

Audit/Finance Committee Letter

June 30, 2018

DRAFT



Charles Z. Fedak, CPA, MBA
Christopher J. Brown, CPA, CGMA
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Board of Directors
Santa Clarita Valley Water Agency
Santa Clarita, California

We are audited the basic financial statements of the Santa Clarita Valley Water Agency (Agency) for the six month period ended June 30, 2018 and have issued our report thereon dated March 18, 2019. Professional standards require that we provide you and management with the following information related to our audit of the Agency's basic financial statements.

Auditor's Responsibility under United States Generally Accepted Auditing Standards

As stated in our engagement letter dated February 20, 2018, our responsibility, as described by professional standards, is to express an opinion about whether the basic financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with United States generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of its responsibilities.

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Governmental Auditing Standards*.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing requirements previously communicated to management.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Agency are described in Note 1 to the basic financial statements.

We noted no transactions entered into by the Agency during the six month period ended June 30, 2018 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.

Management's Judgments, Accounting Estimates and Financial Disclosures

Accounting estimates are an integral part of the basic financial statements prepared by management and are based upon 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 basic financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Agency's basic financial statements were:

Management's estimate of the fair value of cash and investments is based on information provided by financial institutions. We evaluated the key factors and assumptions used to develop the fair value of cash and investments in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the allowance for delinquent/doubtful accounts is based on historical write-offs of past due delinquent/doubtful customer accounts, customer creditworthiness, and calculated assumptions of expected future write-offs. We evaluated the key factors and assumptions used to develop the allowance for delinquent/doubtful accounts in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of capital assets depreciation is based on historical estimates of each capitalized item's useful life expectancy or cost recovery period. We evaluated the key factors and assumptions used to develop the capital asset depreciation calculations in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate of the defined benefit pension plan's deferred outflows of resources, net pension liability, and deferred inflows of resources are based on an actuarial evaluation of these amounts which was conducted by a third-party actuary. We evaluated the basis, actuarial methods and assumptions used by the actuary to calculate these amounts for the Agency to determine that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the other post-employment benefits (OPEB) plan: deferred outflows of resources, total OPEB liability, and deferred inflows of resources are based on the alternative measurement method to determine the liability balance. This alternative measurement method was determined and prepared by the Agency's third-party actuary. We evaluated the basis, methods and assumptions used by the actuary to calculate the annual required contribution for the Agency to determine that it is reasonable in relation to the financial statements taken as a whole.

Certain basic financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure(s) affecting the basic financial statements are:

The disclosure of fair value of cash and investments in Note 2 to the basic financial statements represents amounts susceptible to market fluctuations.

The disclosure of the Division's allowance for delinquent/doubtful accounts in the basic financial statements represents amounts susceptible to external factors the Division has no control over or may not be aware of, such as, the state of the economy in the Division's service area.

The disclosure of capital assets in Note 7 to the basic financial statements is based on historical cost information. The related depreciation expense and accumulated depreciation accounts are based on the estimated useful life of the asset at the time the asset was purchased or constructed which could differ from actual useful lives of each capitalized item.

The disclosure of the Agency's defined benefit pension plan in Note 8 to the basic financial statements is based on actuarial assumptions which could differ from actual costs.

The disclosure of the Agency's other post-employment benefits plan, in Note 9 to the basic financial statements is based on information which could differ from those in future periods.

Management’s Judgments, Accounting Estimates and Financial Disclosures, continued

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional Standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has reviewed and corrected all such misstatements. (See Pages 5 through 11)

Disagreements with Management

For the purpose 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 basic financial statements or the auditor’s report. We are pleased to report that no such disagreements arose during the course of our audit of the Agency.

Management Representations

We have requested certain representations from management that are included in the Management Representation Letter to the Auditor dated March 18, 2019.

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 the application of an accounting principle to the Agency’s basic 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 Agency’s auditor. 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 the Schedule of Changes in Agency’s Net OPEB Liability and Related Ratios, Schedule of Agency’s OPEB Contributions, Schedules of the Agency’s Proportionate Share of the Net Pension Liability, and Schedules of Pension Plan Contributions, which are 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.

Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management and is not intended to be and should not be used by anyone other than the specified parties. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

Conclusion

We appreciate the cooperation extended us by Eric Campbell, Chief Financial and Administrative Officer, Rochelle Patterson, Director of Finance and Administration, Amy Aguer, CPA Controller, Keith Abercrombie, Retail Manager, Elizabeth Ooms-Graziano, Retail Administrative Officer, and Kim Grass, Accounting Manager in the performance of our audit testwork.

We will be pleased to respond to any question you have about the foregoing. We appreciate the opportunity to continue to be of service to the Agency.

Fedak & Brown LLP
Cypress, California
March 18, 2019

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**Santa Clarita Valley Water Agency
Wholesale Water Division
Schedule of Adjusting Journal Entries
June 30, 2018**

Account	Description	Debit	Credit
Adjusting Journal Entries			
Adjusting Journal Entries JE # 1			
AJE - To accrue check 36103 Rosedale Rio Bravo Water Storage for June 2018 progress payment.			
014-10-56020	CAPITAL/OTHER	219,823.99	
400-00-18501	CONSTRUCTION	219,823.99	
014-00-20101	ACCOUNTS PAYABLE		219,823.99
400-00-31170	INVTMENT IN CAPITAL ASSET		219,823.99
Total		<u>439,647.98</u>	<u>439,647.98</u>
Adjusting Journal Entries JE # 2			
AJE - To add 2018 A debt service to SCVWA books at June 30, 2018.			
001-00-13022	DEFERRED BOND DISCOUNT	370,225.40	
001-10-45020	DEBT FNCING PREMIUM/DISC	364,054.97	
500-00-31167	AMT TO BE PROV-RVB18A	26,735,000.00	
233-00-13022	DEFERRED BOND DISCOUNT		370,225.40
233-00-13022	DEFERRED BOND DISCOUNT		364,054.97
500-00-29017	RVB-2018A (VWC)		26,735,000.00
Total		<u>27,105,225.40</u>	<u>27,105,225.40</u>
Adjusting Journal Entries JE # 3			
CPE - JE No C0618-52 - To reverse accounts payable for Drought Relief Project 200906E.			
014-00-20101	ACCOUNTS PAYABLE	15,231.84	
400-00-31170	INVTMENT IN CAPITAL ASSET	15,231.84	
014-10-56020	CAPITAL/OTHER		15,231.84
400-00-18501	CONSTRUCTION		15,231.84
Total		<u>30,463.68</u>	<u>30,463.68</u>
Adjusting Journal Entries JE # 4			
AJE - To record CIP additions for project 200906E at June 30, 2018.			
400-00-18501	CONSTRUCTION	126,642.66	
400-00-31170	INVTMENT IN CAPITAL ASSET		126,642.66
Total		<u>126,642.66</u>	<u>126,642.66</u>
Adjusting Journal Entries JE # 5			
GASB 68 Entry - To adjust pension outflows for contributions between January 1, 2018 and June 30, 2018.			
001-00-13053	DEFERRED OUTFLOW-PENSION	455,263.00	
001-10-51087	CALPERS PENSION EXP		455,263.00
Total		<u>455,263.00</u>	<u>455,263.00</u>
Adjusting Journal Entries JE # 6			
GASB 75 Entry - To adjust other post employment benefits liability and related deferred outflows and inflows for actuarial changes between January 1, 2018 and June 30, 2018.			
001-00-13052	DEFERRED OUTFLOW-OPEB	1,974.00	
001-00-21035	OPEB PAYABLE-UNFUNDED	2,375,638.00	
001-00-13052	DEFERRED OUTFLOW-OPEB		823,515.00
001-00-13052	DEFERRED OUTFLOW-OPEB		48,405.00
001-00-23052	DEFERRED INFLOW-OPEB		177,610.00
001-00-23052	DEFERRED INFLOW-OPEB		1,258,688.00
001-10-51085	OPEB-UNFUNDED		69,394.00
Total		<u>2,377,612.00</u>	<u>2,377,612.00</u>

**Wholesale Water Division
 Schedule of Adjusting Journal Entries
 June 30, 2018**

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 7			
CPE - To adjust investments and cash in banks to actual at June 30, 2018.			
003-00-11021	INVESTMENTS-REG/SCWD	37.81	
003-10-46005	INTEREST REVENUE	59,062.00	
003-00-10101	CASH IN BANKS		59,062.00
003-10-46005	INTEREST REVENUE		37.81
Total		<u>59,099.81</u>	<u>59,099.81</u>
Adjusting Journal Entries JE # 8			
AJE - To adjust transfers in/out to balance to zero at June 30, 2018.			
233-10-49001	TRANSFER IN	421,661.94	
233-10-49001	TRANSFER IN	202,606.06	
240-10-57001	INTEREST	207,733.71	
233-10-46017	PASS THRU REVENUE		421,661.94
233-10-46017	PASS THRU REVENUE		202,606.06
240-10-49001	TRANSFER IN		207,733.71
Total		<u>832,001.71</u>	<u>832,001.71</u>

Legend

AJE	Auditor Prepared Adjusting Journal Entry
CPE	Client Prepared Adjusting Journal Entry
GASB 68 Entry	GASB 68 Implementation Journal Entry
GASB 75 Entry	GASB 75 Implementation Journal Entry
PAJE	Proposed Audit Adjusting Journal Entry - Not Recorded

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**Santa Clarita Valley Water Agency
Santa Clarita Retail Water Division
Schedule of Adjusting Journal Entries
June 30, 2018**

Account	Description	Debit	Credit
Adjusting Journal Entries			
Adjusting Journal Entries JE # 1			
AJE - To transfer capacity fees to fund 921 at June 30, 2018.			
B-90100000-46005	INTEREST REVENUE	60,339.00	
B-90100000-59001	TRANSFER OUT	7,824,741.93	
B-92100000-11021	INVESTMENTS-REG/SCWD	7,027,644.65	
B-92100000-12015	INTEREST RECEIVABLE	33,605.00	
B-92100000-59001	TRANSFER OUT	823,831.28	
B-90100000-11021	INVESTMENTS-CLWA/SCWD		7,027,644.65
B-90100000-12015	INTEREST RECEIVABLE		33,605.00
B-90100000-49001	TRANSFER IN		823,831.28
B-92100000-46005	INTEREST REVENUE		60,339.00
B-92100000-49001	TRANSFER IN		7,824,741.93
Total		<u>15,770,161.86</u>	<u>15,770,161.86</u>
Adjusting Journal Entries JE # 2			
GASB 75 Entry - To adjust OPEB for GASB 75 at June 30, 2018.			
B-90100000-13052	DEFERRED OUTFLOW	215,040.00	
B-90100000-13053	DEFERRED OUTFLOW-PENSION	245,141.00	
B-90100000-31101	FUND BALANCE	4,648,233.60	
B-901210001-51085	OPEB-UNFUNDED	117,147.34	
B-901210001-53329	OTHER	122.20	
B-901222502-51085	OPEB-UNFUNDED	63,079.34	
B-901240001-51085	OPEB-UNFUNDED	45,056.66	
B-901260001-51085	OPEB-UNFUNDED	63,079.34	
B-901282501-51085	OPEB-UNFUNDED	225,458.98	
B-901283501-51085	OPEB-UNFUNDED	63,079.34	
B-90100000-14050	OPEB ASSETS		2,188,324.60
B-90100000-21035	OPEB PAYABLE-UNFUNDED		2,102,812.00
B-90100000-23052	DEFERRED INFLOW		1,149,038.00
B-90100000-24010	DUE TO CLWA		122.20
B-901210001-51087	CALPERS PENSION EXP		32,999.75
B-901222502-51087	CALPERS PENSION EXP		23,571.25
B-901240001-51087	CALPERS PENSION EXP		23,571.25
B-901260001-51087	CALPERS PENSION EXP		28,285.50
B-901282501-51087	CALPERS PENSION EXP		108,427.75
B-901283501-51087	CALPERS PENSION EXP		28,285.50
Total		<u>5,685,437.80</u>	<u>5,685,437.80</u>
Adjusting Journal Entries JE # 3			
AJE - To reconcile prior year ending net position and current year beginning net position at June 30, 2018.			
B-90100000-31101	FUND BALANCE	231,873.06	
B-901282501-53105	OUTSIDE SVCE/CONTRACTING		66,513.18
B-901282501-53108	ASPHALT & CONCRETE PATCH		66,513.18
B-901284502-53105	OUTSIDE SVCE/CONTRACTING		49,423.35
B-901284502-53108	ASPHALT & CONCRETE PATCH		49,423.35
Total		<u>231,873.06</u>	<u>231,873.06</u>
Total Adjusting Journal Entries		<u>21,687,472.72</u>	<u>21,687,472.72</u>

**Santa Clarita Valley Water Agency
 Santa Clarita Retail Water Division
 Schedule of Adjusting Journal Entries
 June 30, 2018**

Account	Description	Debit	Credit
Reclassifying Journal Entries			
Reclassifying Journal Entries JE # 4			
RJE - To reclassify variance within net pension liability, net OPEB liability, and related deferred accounts at June 30, 2018.			
B-90100000-13052	DEFERRED OUTFLOW	33,104.00	
B-90100000-21035	OPEB PAYABLE-UNFUNDED	1.00	
B-90100000-21037	CALPERS NET PENSION LIAB	1,636.94	
B-90100000-23053	DEFERRED INFLOW-PENSION	14,086.00	
B-90100000-13053	DEFERRED OUTFLOW-PENSION		48,827.94
Total		<u>48,827.94</u>	<u>48,827.94</u>
Total Reclassifying Journal Entries		<u>48,827.94</u>	<u>48,827.94</u>
Proposed Journal Entries			
Proposed Journal Entries JE # 100			
PAJE - To reverse accrual of July 2017 health insurance at June 30, 2018.			
B-90100000-20101	ACCOUNTS PAYABLE	67,961.73	
B-901210001-51056	MEDICAL INSURANCE		67,961.73
Total		<u>67,961.73</u>	<u>67,961.73</u>
Total Proposed Journal Entries		<u>67,961.73</u>	<u>67,961.73</u>
Total All Journal Entries		<u>21,804,262.39</u>	<u>21,804,262.39</u>

Legend

AJE	Auditor Prepared Adjusting Journal Entry
RJE	Auditor Prepared Reclassifying Journal Entry
GASB 75 Entry	GASB 75 Implementation Journal Entry
PAJE	Proposed Audit Adjusting Journal Entry - Not Recorded

**Santa Clarita Valley Water Agency
Valencia Retail Water Division
Schedule of Adjusting Journal Entries
June 30, 2018**

Account	Description	Debit	Credit
Adjusting Journal Entries			
Adjusting Journal Entries JE # 1			
AJE - To properly record intercompany accounts to/from the Agency as of June 30, 2018.			
1261-0000	A/R Other - Affiliated (0000)	30,888.57	
1430-0000	Clearing Account (0000)		15,919.61
2235-0000	Due to / from Affiliates (0000)		14,968.96
Total		<u>30,888.57</u>	<u>30,888.57</u>
Adjusting Journal Entries JE # 3			
GASB 68 & GASB 75 Entry - To defer CalPERS and OPEB employer contributions as of June 30, 2018.			
1500-0000	Deferred OPEB Outflows	68,031.00	
1505-0000	Deferred Pension Outflows	87,180.00	
7943-5000	GASB 68 Contra (Income/Expense)		87,180.00
7944-5000	GASB 75 Contra (Income/Expense)		68,031.00
Total		<u>155,211.00</u>	<u>155,211.00</u>
Adjusting Journal Entries JE # 4			
AJE - To record income tax payable and refund as of June 30, 2018.			
1253-0000	A/R Other (0000)	627,476.00	
5070-0000	Income Tax Exp (0000)	204,213.59	
2283-0000	Income Taxes Payable (0000)		204,213.59
2283-0000	Income Taxes Payable (0000)		627,476.00
Total		<u>831,689.59</u>	<u>831,689.59</u>
Adjusting Journal Entries JE # 5			
AJE - To properly reclass Los Angeles Property Taxes booked to prepaid as A/R - Other as of June 30, 2018.			
1253-0000	A/R Other (0000)	63,324.21	
1321-0000	Prepaid Property Taxes - Secured (0000)		63,324.21
Total		<u>63,324.21</u>	<u>63,324.21</u>
Adjusting Journal Entries JE # 6			
AJE - To eliminate stockholders equity accounts and transfer the net change to fund balance as of June 30, 2018.			
2000-0000	Common Capital Stock (0000)	1,536,500.00	
2700-0000	Capital Surplus (0000)	6,207,025.00	
2710-0000	Earned Surplus (0000)	8,369,009.24	
2713-0000	Contributions to Capital (0000)	50,674,993.86	
2712-0000	Retained Earnings Acquis Interfund Loan (0000)		58,600,000.00
2714-0000	Fund Balance		8,187,528.10
Total		<u>66,787,528.10</u>	<u>66,787,528.10</u>
Adjusting Journal Entries JE # 7			
AJE - To record Discount on 2018A Revenue Bonds as part of Valencia's books as of June 30, 2018.			
2133-0000	Discount on 2018A Bonds	364,054.97	
5301-0000	Interest Expense - Long Term Debt (0000)		364,054.97
Total		<u>364,054.97</u>	<u>364,054.97</u>
Total Adjusting Journal Entries		<u>68,232,696.44</u>	<u>68,232,696.44</u>
Total All Journal Entries		<u>68,232,696.44</u>	<u>68,232,696.44</u>

Legend

AJE	Auditor Prepared Adjusting Journal Entry
GASB 68 & 75 Entry	GASB 68 & 75 Implementation Journal Entry

**Santa Clarita Valley Water Agency
Newhall Retail Water Division
Schedule of Adjusting Journal Entries
June 30, 2018**

Account	Description	Debit	Credit
Adjusting Journal Entries			
Adjusting Journal Entries JE # 1			
AJE - To reconcile prior period ending net position to current period beginning net position at June 30, 2018.			
D-0300-00-0975	MAINLINE INSTALLATION - NEWHALL AVE AND SOUTH ON SIERRA	2,342.50	
D-0300-00-1021	RECYCLED WATER PLANS & CONSTRUCTION	128,479.19	
D-0300-01-0328	INSTALL FIRE HYDRANTS & WATER SERVICES - TACO BELL	2,665.00	
D-3900-00-00	Retained Earnings	239,063.53	
D-4101-001-00	WATER SALES-RES-SERVICE-PARENT	3,317.46	
D-5735-00-00	OTHER OPERATING EXP-EXPENSE-PARENT	2,400.00	
D-1430-00-00	GENERAL FUND ACCOUNT		1,200.00
D-5735-00-00	OTHER OPERATING EXP-EXPENSE-PARENT		16,080.00
D-7135-00-00	RETIREMENT PLAN-MISCELLANEOUS		328,600.00
D-7148-00-00	OTHER POST EMPLOYMENT BENEFITS (GASB 45)		32,387.68
Total		<u>378,267.68</u>	<u>378,267.68</u>
Adjusting Journal Entries JE # 2			
GASB 75 Entry - (PBC JE #15245 & 15182) - To adjust net OPEB obligation and related accounts at June 30, 2018.			
D-1975-00-00	DEFERRED OUTFLOWS - RELATED TO CONTRIBUTIONS	150,580.00	
D-1988-00-00	DEFERRED OUTFLOW - OPEB	394.00	
D-3900-00-00	Retained Earnings	343,105.03	
D-7130-00-00	RETIREMENT - EMPLOYER CONTRIBUTIONS CALPERS	77,866.73	
D-7148-00-00	OTHER POST EMPLOYMENT BENEFITS (GASB 45)	579,098.00	
D-7191-00-00	OTHER GENERAL EXP-EXP-PARENT	1,200.00	
D-8001-03-00	DEPRECIATION EXPENSE-ID #3	374.97	
D-1985-00-00	DEF CONTRIBUTIONS RELATED TO OPEB		24,760.00
D-1987-00-00	DEF DIFF BETWEEN EXPECTED AND ACTUAL		19,002.00
D-2792-00-00	NET OPEB OBLIGATION		248,470.00
D-2985-00-00	DEFERRED INFLOW - OPEB		287,260.00
D-5425-00-00	MAINT OF MAINS-EXP-PARENT		16,080.00
D-7135-00-00	RETIREMENT PLAN-MISCELLANEOUS		557,046.73
Total		<u>1,152,618.73</u>	<u>1,152,618.73</u>
Adjusting Journal Entries JE # 3			
AJE - To correct client journal entry at June 30, 2018.			
D-5425-00-00	MAINT OF MAINS-EXP-PARENT	16,080.00	
D-7135-00-00	RETIREMENT PLAN-MISCELLANEOUS	557,046.73	
D-3900-00-00	Retained Earnings		343,105.03
D-7130-00-00	RETIREMENT - EMPLOYER CONTRIBUTIONS CALPERS		228,446.73
D-7191-00-00	OTHER GENERAL EXP-EXP-PARENT		1,200.00
D-8001-03-00	DEPRECIATION EXPENSE-ID #3		374.97
Total		<u>573,126.73</u>	<u>573,126.73</u>
Adjusting Journal Entries JE # 4			
AJE - To reclassify expense reimbursements from accounts payable to due to/from other funds at June 30,			
D-2510-00-00	ACCOUNTS PAYABLE	259,961.31	
D-2511-00-00	DUE TO/FROM OTHER FUNDS		259,961.31
Total		<u>259,961.31</u>	<u>259,961.31</u>
Total Adjusting Journal Entries		<u>2,363,974.45</u>	<u>2,363,974.45</u>
Total All Journal Entries		<u>2,363,974.45</u>	<u>2,363,974.45</u>

Santa Clarita Valley Water Agency
Newhall Retail Water Division
Schedule of Adjusting Journal Entries
June 30, 2018


Account	Description	Debit	Credit
Legend			
AJE	Auditor Prepared Adjusting Journal Entry		
GASB 75 Entry	GASB 75 Implementation Journal Entry		

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BOARD MEMORANDUM

DATE: March 19, 2019
TO: Board of Directors
FROM: Rochelle Patterson 
Director of Finance and Administration
SUBJECT: Approve Receiving and Filing of FY 2018/19 Midyear Budget Report

SUMMARY

Attached is the FY 2018/19 Midyear Budget Report. This report reviews the significant revenues and expenditures as of December 31, 2018 and compares the FY 2018/19 Budget to actual revenues and expenditures for the operating and capital budgets. A summary is provided in this report, with detailed information provided in the attachments.

Overall, expenditures are less than budgeted throughout the Agency, in both the operating and capital programs. For operating programs, this is due to the timing of expenditures and invoices. One major area of reduced expenditures is for water conservation programs. As of December 31, 2018, expenditures of \$332,305 were 18% of the budgeted \$1.8 million. Conservation expenditures are currently less than budgeted as a result of program rebuilding and development post-merger, conservation team formation, and capacity building efforts. Additionally, funds for drought outreach campaigns included in the budget are not anticipated to be expended.

A significant amount of capital expenditures are deferred due to the delayed schedules of developer led projects that impacts the construction schedules of Agency projects, the deferral of Agency capital projects to allow Agency staff to address the significant increase in private development activity in the Agency's service area, the timing of payments to construction contractors, and the resolution of environmental documentation issues related to the Santa Clarita Valley Sanitation District's (SCVSD) Chloride Compliance Project. The SCVSD work is impacting the Agency's Recycled Water Program activities, including adoption of the Recycled Updated Water Master Plan and Preliminary EIR and certification of California Environmental Quality Act (CEQA) documentation for Recycled Water Phase 2 projects (except Vista Canyon (Phase 2B)) and preparation of CEQA documentation and design for the Replacement Wells and Dry Year Wells projects.

Overall, water sales revenues are higher than budgeted, but Agency-wide revenues are lower due to the delay of the expected bond issuance. Projected expenditures in the capital program have been lower due to timing of expenditures and delays in construction schedules. The increase in water sales is due to a warm summer and reduced conservation. The most significant reduction in revenue is the timing of grants and reimbursements that will take place in the last half of the fiscal year.

Facility Capacity Fees

Facility Capacity Fee revenues are slightly above budget, due to an increase in building activity. This will offset the use of one percent property tax revenues.

DISCUSSION AND FINANCIAL CONSIDERATIONS

Water Deliveries - Regional

As of December 31, 2018, total water deliveries to purveyors were 26,240-acre feet (AF), which is 110% of the budgeted amount of 22,327 AF for the first half of the fiscal year. The breakdown by type of water sales is as follows:

Type	Budget through 12/31/18 (AF)	Actual through 12/31/18 (AF)
Wholesale Water	19,975	24,240
Saugus 1 and 2 Well Water	2,052	1,722
Recycled Water	300	171
Total	22,327	26,133

Water sales are more than budgeted in general due to purveyors using less groundwater due to increased availability of imported water. Customer demands have also rebounded due to easing of mandatory conservation measures. Based on water sales through December 2018 and based on Retail Division projections and assumptions for the remainder of FY 2018/19, total water sales for FY 2018/19 would be 48,076 AF (compared to a budget of 39,675 AF). This would include 43,526 AF of imported water, 4,100 AF of Saugus 1 and 2 well water and 450 AF of recycled water.

Revenues

Through December 31, 2018, FY 2018/19 total revenues of \$94,391,049 are 42% of the budget of \$223,972,787 primarily due to the delay in capital spending and the need for the projected bond issuance in FY 2018/19 as noted earlier.

General/Operating Fund revenues of \$63,361,312 are 57% of the budget of \$111,361,312. Significant changes from the budget are as follows:

Regional Division

- Variable Water Rate Revenues – Revenues through December 31, 2018 are \$5,334,575, or 67% of budget, due to higher-than-budgeted water sales to the Retail Divisions. Based on projected water sales for FY 2018/19, variable revenues are projected to be significantly more than budgeted.
- Reimbursement from Settlement Agreement (O&M) – Revenues of \$424,685 are 27% of the budget of \$1,588,900 due to the timing of invoices. Expenditures and reimbursements are expected to be less than budgeted.
- Grants and Reimbursements – Revenues have not been received due to timing of invoices.

Retail Divisions

- Water Rate Revenues – Revenues through December 31, 2018 are \$47,609,250, or 58% of budget, due to higher-than-budgeted water sales to the Agency's retail customers. Based on current demand, projected water sales for FY 2018/19, are expected to exceed budget projections.
- Other Revenues – Revenues of \$1,750,968 are 63% of the budget of \$2,759,004 primarily due to the timing of connection fees and the higher than projected investment revenues.

Regional Division Capital Improvement Program revenues of \$18,156,874 are 22% of the budget of \$81,505,950. Significant changes are as follows:

- Due to timing and delays of the Agency's Capital Improvement Program (CIP), the projected bond issuance is not anticipated to be funded until July 2019. If the bond proceeds were removed from CIP revenues, CIP revenues would be 39% of the remaining budgeted revenues.
- Facility Capacity Fee revenues of \$5,564,979 are 57% of the budget of \$8,000,000. At this time, FY 2018/19 revenues are anticipated to be in the \$8-9 million range.
- One Percent Property Tax revenues of \$10,285,847 are 40% of the budget of \$25,446,900. Typically, more property tax receipts are received in the latter half of the fiscal year. Revenues are anticipated to match budgeted levels.
- Grants and Reimbursements (Debt Fund) revenues of \$50,205 are 1% of the budget of \$4,295,600 due to delays with the Saugus Dry Year Reliability Wells and the Rosedale-Rio Bravo Extraction projects.
- Reimbursement from Annexing Parties revenues will be received in the second half of FY 2018/19.

Capital Improvement Program

The FY 2018/19 Budget for Capital Improvement Program expenditures is \$52,721,800. Expenditures through December 31, 2019 are 18% of budget, or \$9,280,280. As discussed above, a significant amount of capital expenditures are delayed due to schedules of developer led projects that impact the construction schedules of Agency projects, the deferral of Agency capital projects to allow Agency staff to address the significant increase in private development activity in the Agency's service area and pending resolution of environmental documentation issues related to the Santa Clarita Valley Sanitation District's (SCVSD) Chloride Compliance Project. This has resulted in significant delays to the Agency's Recycled Water Program projects and the Replacement Wells and Dry Year Wells projects. Other projects with low expenditures that are expected to deviate significantly from budget are:

- Foothill Feeder Connection expenditures of \$387,790 are less than the budget of \$2,050,000 due to delays caused by coordination with other agencies. Significant expenditures will not occur until the second half of FY 2018/19. This project is expected to come in under budget.
- Earl Schmitt Filtration Plant Sludge Collection System expenditures of \$41,603 are less than the budget of \$3,482,000 due to delays with Department of Drinking Water to get project approval and Agency staff working on private developer funded projects.
- Magic Mountain Pipeline Projects No. 4 & No. 5 expenditures of \$108,766 are less than the budget of \$10,658,000 due to delays from the private contractor of Magic Mountain Parkway improvements.
- Deane Tank and Pump Station in the Santa Clarita Water Division were delayed due to the developer's schedule. The tank and pump station will be shared facilities (partly funded by the Agency and partly funded by the developer).

State Water Contract Fund

State Water Contract Fund Agency-Set Tax revenues of \$12,494,795 are 41% of the budget of \$30,422,900. Typically, more property tax receipts are received in the latter half of the fiscal year. Revenues are anticipated to match budgeted levels.

Regional Division General Fund – Operating Expenditures

Through December 31, 2018, FY 2018/19 expenditures of \$12,679,397 were 49% of the total budget of \$26,140,200. Significant deviations from budget include:

- Management – The expenditures of \$888,120 is 41% of the total budget of \$2,161,200. Some of the savings are attributed to lower than budgeted expenditures in Directors Compensation and Expenses.
- Engineering Professional Services/Consulting – Expenditures are 43% of budget due to timing of certain outside services. The increase to Salaries and Benefits is offset by the reduction in outside pipeline inspection services, since a majority of pipeline inspections are now being completed by Agency staff.
- Water Resources BMP Implementation (Conservation) – Expenditures are 18% of budget due to decreased demand for water conservation programs and cancellation of drought outreach campaign.
- Water Resources Groundwater Sustainability Agency – Expenditures are 8% of budget due to timing of the GSA creation. A majority of the budget is expected to be deferred to subsequent years.

Retail Divisions General Fund – Operating Expenditures

Through December 31, 2018, FY 2018/19 expenditures of \$57,669,585 were 49% of the total budget of \$57,669,585. Significant deviations from budget include:

- Purchased Water – Expenditures are 56% of budget due to an increase in customer demand. It is projected that this account will continue to be over budget at year end. The increase in this expense is offset by more than projected water sales revenue.
- Pumping – Purchased power expenditure is 54% of budget due to increased pumping to meet increased water demand.
- Customer Accounts – Total customer account expenditures are 41% of budget due to a reduction in bill processing, staff retirement and department transfers, and shared responsibilities utilized by current staff.
- Engineering – Total engineering expenditures are 21% of budget due to a significant reduction of time being spent on developer funded projects in FY 2018/19.

On March 18, 2019, the Finance and Administration Committee considered staff's recommendation to approve receiving and filing the FY 2018/19 Midyear Budget Report.

FINANCIAL CONSIDERATIONS

None at this time.

RECOMMENDATION

The Finance and Administration Committee recommends that the Board of Directors receive and file the FY 2018/19 Midyear Budget Report.

RP

Attachments

M65

GENERAL FUND - OPERATING SUMMARY - SCV WATER

FY 2018/19 Midyear Budget Report

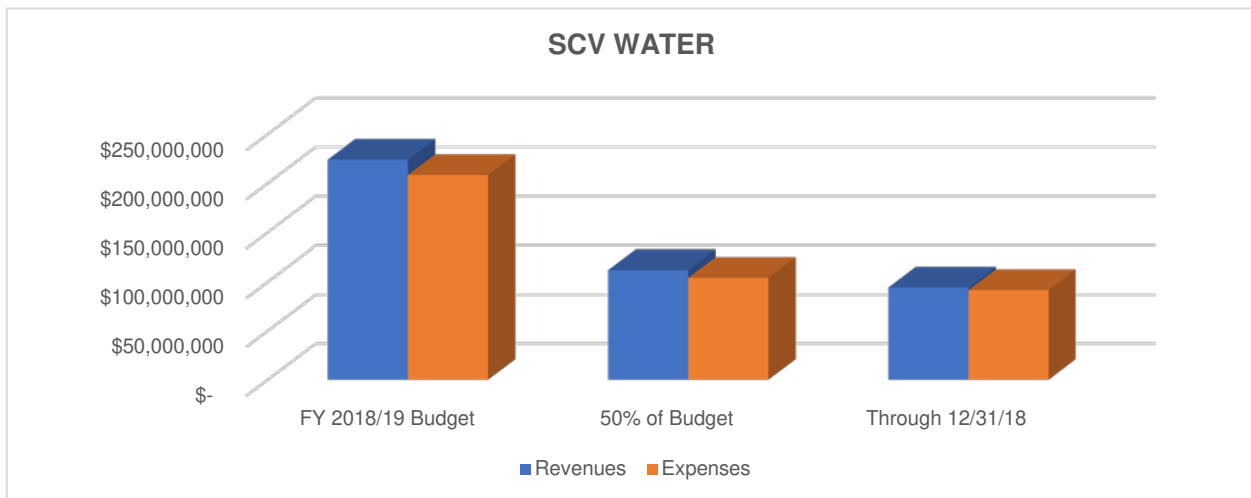
	FY 2018/19 Budget	Through 12/31/18	% of Budget *
Change in Fund Balance	\$ (15,603,630)		
REVENUES			
Water Sales - All	\$ 107,583,183	\$ 60,928,662	57%
Facility Capacity Fees	8,000,000	4,564,979	57%
1% Property Tax	25,446,900	10,285,847	40%
State Water Contract	30,992,900	12,494,795	40%
Bond Proceeds	35,000,000	-	0% (a)
Grants and Reimbursements	7,136,900	967,591	14% (b)
Interfund Loan & Misc Revenues	9,812,904	5,149,175	52%
Total Revenues	\$ 223,972,787	\$ 94,391,049	42%
EXPENDITURES			
Operating Expenditures	\$ (83,809,785)	\$ (40,934,238)	49%
Capital - Regional	(37,112,100)	(6,918,785)	19% (c)
Capital - Retail	(9,816,400)	(2,361,495)	24% (c)
Debt Service	(36,476,316)	(23,437,639)	64%
DWR	(35,365,000)	(12,277,864)	35%
Reserves	(5,789,556)	(5,789,556)	100%
Total Expenditures	\$(208,369,157)	\$ (91,719,577)	44%
Revenue Over/(Under) Expenses	\$ -	\$ 2,671,472	

* Significant items that are more/less than 50% of budget:

(a) Bond expected to be funded in July 2019

(b) Timing of reimbursements - Foothill Feeder Project completed in February 2019

(c) Timing of CIP - Some projects have been delayed, expected to be under budget at yearend



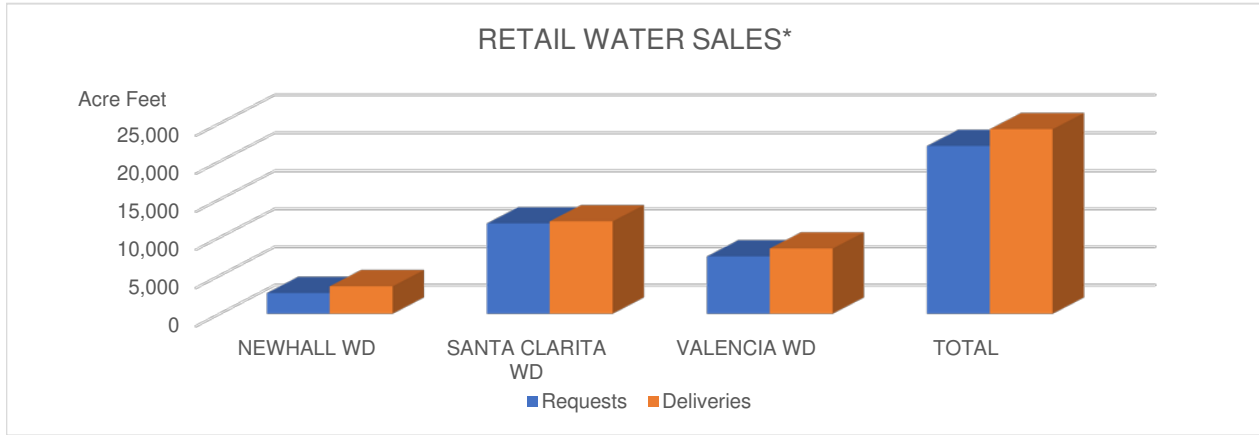
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Regional

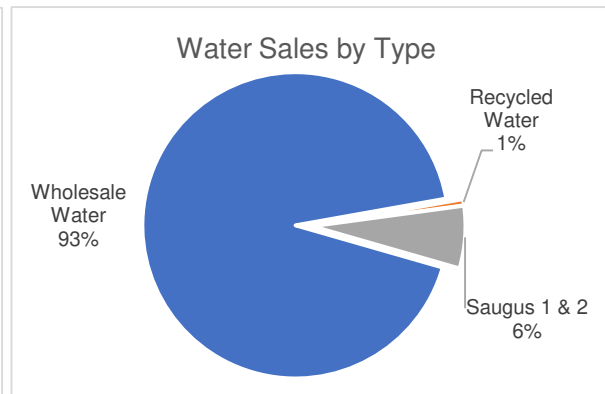
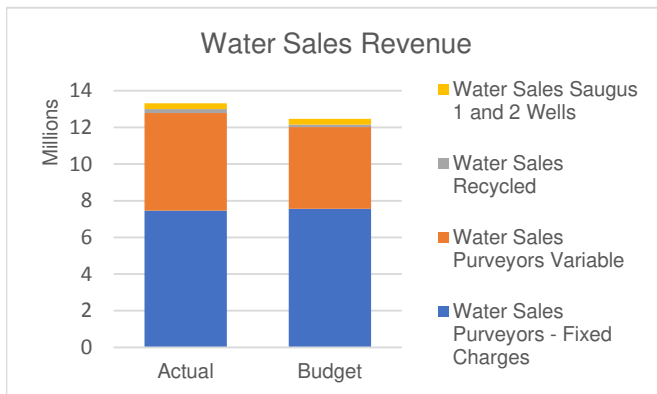
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MONTHLY WATER SALES - REGIONAL
FY 2018/19 Midyear Budget Report

	July 2018	Aug 2018	Sept 2018	Oct 2018	Nov 2018	Dec 2018	Through 12/31/2018	% of Request
LA County WWD #36								
Budget AF	0	0	0	0	0	0	0	
Actual AF	1	0	0	1	0	0	2	0%
Newhall Water Division*								
Budget AF	558	558	488	448	356	295	2,703	
Actual AF	946	939	803	460	305	138	3,590	133%
Santa Clarita Water Division*								
Budget AF	2,453	2,453	2,312	1,862	1,445	1,307	11,832	
Actual AF	2,485	2,617	2,321	1,962	1,663	1,067	12,114	102%
Valencial Water Division*								
Budget AF	1,655	1,637	1,441	1,178	908	673	7,492	
Actual AF	1,921	2,026	1,743	1,300	1,084	459	8,533	114%
Total								
Budget AF	4,666	4,648	4,241	3,488	2,709	2,275	22,027	
Actual AF	5,353	5,582	4,867	3,723	3,051	1,664	24,240	110%

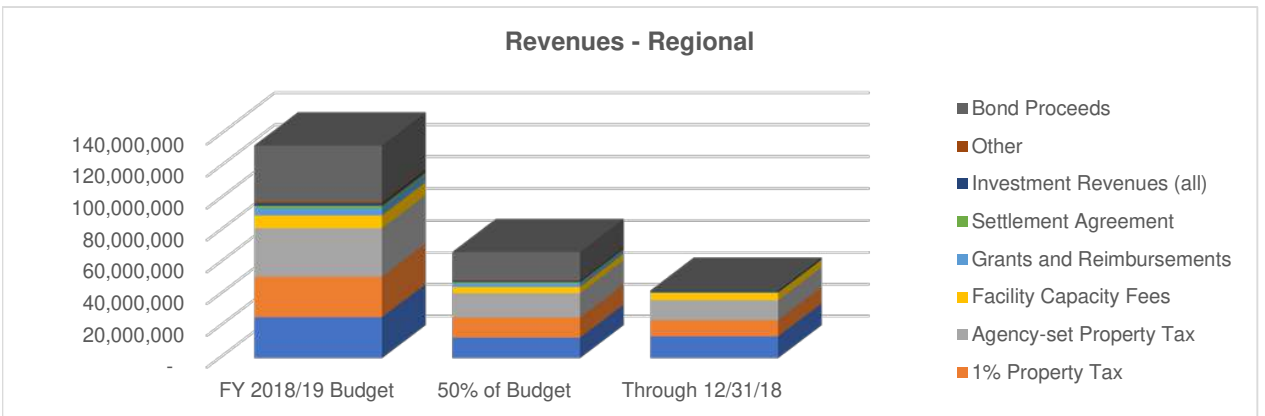


*Imported water only, net of Saugus 1 and 2 wells and recycled water sales.

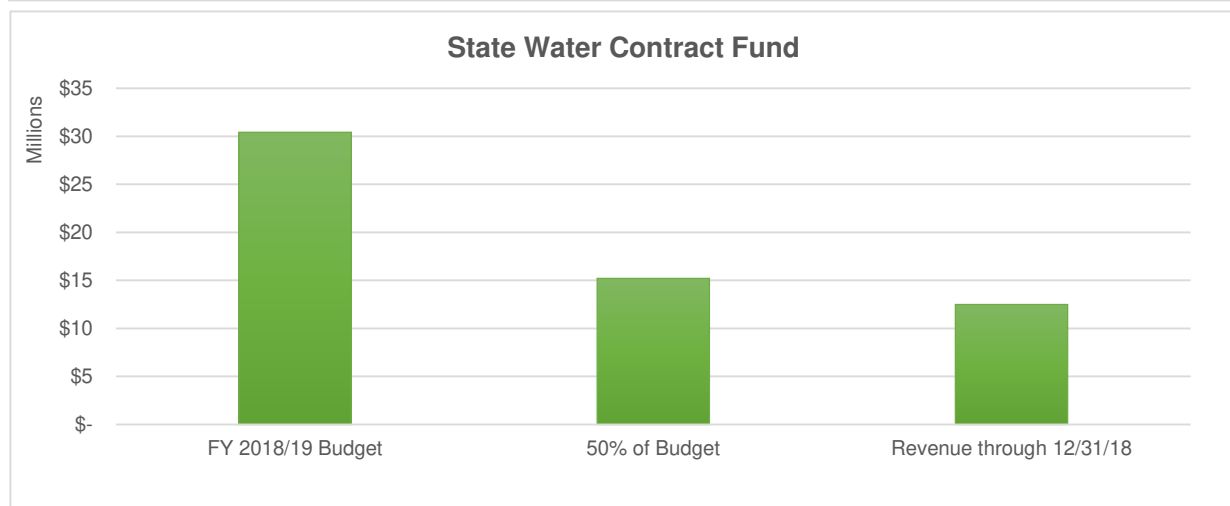
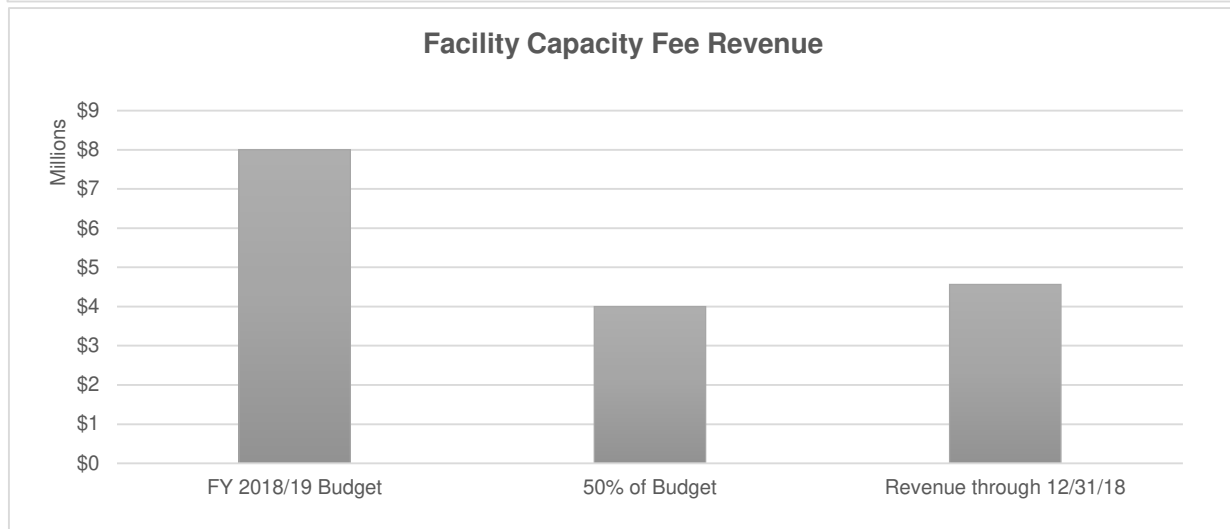
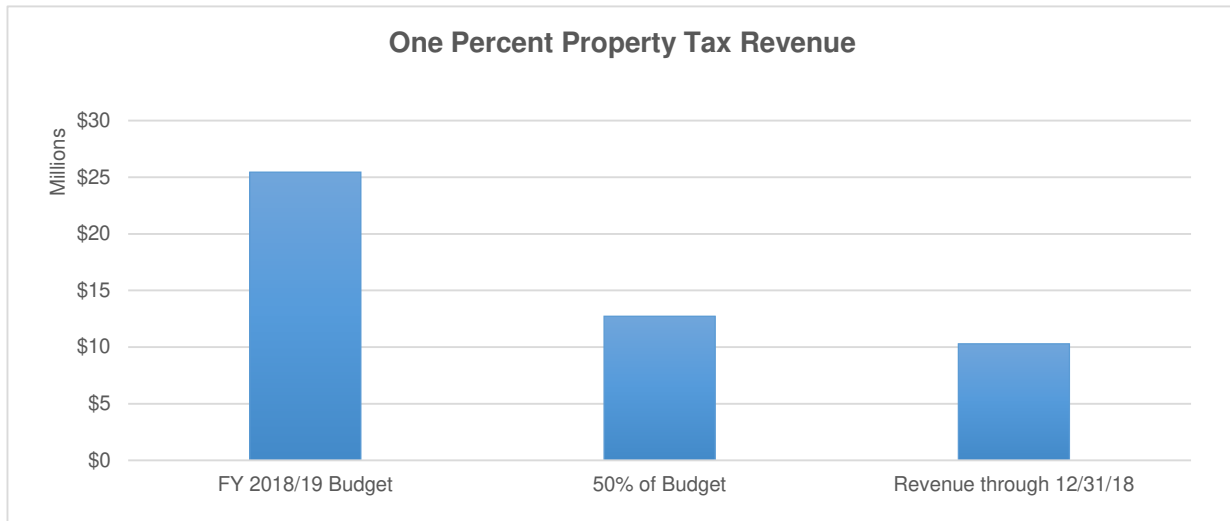


REVENUES - REGIONAL
FY 2018/19 Midyear Budget Report

	FY 2018/19 Budget	Through 12/31/18	% of Budget
<u>General Fund/Operating</u>			
Water Sales Purveyors Fixed Charges	\$ 15,107,100	\$ 7,456,602	49%
Water Sales Purveyors Variable Charges	7,933,900	5,334,575	67%
Water Sales Recycled	270,000	206,582	77%
Water Sales Saugus 1 and 2 Wells	627,300	321,853	51%
One-time Water Sales	468,750	-	0%
Laboratory Revenues	106,000	60,619	57%
Communications Revenues	185,000	83,868	45%
Reimbursement from Settlement Agreement (O&M)	1,588,900	424,685	27%
Grants	100,000	-	0%
Investment Revenues	120,000	97,367	81%
Other	-	15,143	100%
Total General Fund/Operating	\$ 26,506,950	\$ 14,001,294	53%
<u>Capital Improvement Program</u>			
Facility Capacity Fees	\$ 8,000,000	\$ 4,564,979	57%
One Percent Property Tax	25,446,900	10,285,847	40%
Bond Proceeds	35,000,000	-	0%
Grants and Reimbursements (1%)	95,000	2,816	3%
Grants and Reimbursements (Debt Fund)	4,295,600	50,205	1%
One-time Water Sales	1,406,250	379,266	27%
Investment Revenue	780,000	353,326	45%
Reimbursement from Annexing Parties	771,300	50,000	6%
VWD Interfund Loans	5,710,900	2,470,435	43%
Total Capital Improvement Program	\$ 81,505,950	\$ 18,156,874	22%
<u>State Water Contract Fund</u>			
Agency-Set Tax Revenues	\$ 30,422,900	\$ 12,494,795	41%
Investment Revenue	570,000	287,559	50%
Total State Water Contract Fund	\$ 30,992,900	\$ 12,782,354	41%
Total Special Revenue Fund	\$ 112,498,850	\$ 30,939,228	28%
<u>Debt Service Fund</u>			
<u>Certificates of Participation</u>			
Investment Revenue	\$ 152,000	\$ 90,509	60%
Total Revenues	\$ 139,157,800	\$ 45,031,031	32%



SELECTED REVENUES - REGIONAL
FY 2018/19 Midyear Budget Report



GENERAL FUND - OPERATING SUMMARY - REGIONAL

FY 2018/19 Midyear Budget Report

	FY 2018/19 Budget	Through 12/31/18	% of Budget
Change in Fund Balance	(366,750)		
<u>REVENUES</u>			
Water Sales - Purveyors - Fixed	\$ 15,107,100	\$ 7,456,602	49%
Water Sales - Purveyors - Variable	7,933,900	5,334,575	67%
Water Sales - Recycled	270,000	206,582	77%
Water Sales - Saugus 1 and 2 Wells	627,300	321,853	51%
One-Time Water Sales	468,750	-	0%
Laboratory Revenues	106,000	60,619	57%
Communications Revenues	185,000	83,868	45%
Reimbursement from Settlement Agreement (O&M)	1,588,900	424,685	27%
Grants	100,000	-	0%
Investment Revenues	120,000	97,367	81%
Other	-	15,143	N/A
Total Revenues	\$ 26,506,950	\$ 14,001,294	53%
<u>EXPENDITURES</u>			
Operating Expenditures	\$ (26,140,200)	\$ (12,679,397)	49%
Total Expenditures	\$ (26,140,200)	\$ (12,679,397)	49%
Revenue Over/(Under) Expenses	\$ -	\$ 1,321,897	

CAPITAL IMPROVEMENT PROGRAM - REGIONAL

Pledged Revenue Fund - Facility Capacity Fee

FY 2018/19 Midyear Budget Report

	FY 2018/19 Budget	Through 12/31/18	% of Budget
Fund Balance, Beginning	\$ -	\$ -	0%
<u>RESERVES</u>			
Debt Service Reserves	\$ -	\$ -	0%
Economic Uncertainties/Catastrophic Situations	-	-	0%
Total Reserves	\$ -	\$ -	0%
Net Available	\$ -	\$ -	0%
<u>REVENUES</u>			
Facility Capacity Fees	\$ 8,000,000	\$ 4,564,979	57%
One-Time Water Sales	562,500	151,706	27%
Interfund Loan	1,785,600	746,953	42%
Total Revenues	\$ 10,348,100	\$ 5,463,638	53%
<u>EXPENDITURES</u>			
Capital Improvement Program	\$ (3,020,600)	\$ (1,363,491)	45%
Debt Service Principal and Interest Payments	(7,327,500)	(4,100,147)	56%
Total Expenditures	\$ (10,348,100)	\$ (5,463,638)	53%
Fund Balance, Ending	\$ -	\$ -	0%

CAPITAL IMPROVEMENT PROGRAM - REGIONAL

Pledged Revenue Fund - 1% Property Tax
FY 2018/19 Midyear Budget Report

	FY 2018/19 Budget	Through 12/31/18	% of Budget
Fund Balance, Beginning	\$ 75,072,909	\$ 79,906,078	106%
<u>RESERVES</u>			
Debt Service Reserves	\$ (19,517,400)	\$ (19,517,400)	0%
Capital Reserves	(10,799,500)	(10,799,500)	0%
Economic Uncertainties/Catastrophic Situations	(29,273,400)	(29,273,400)	0%
Repair and Replacement Reserve	(3,204,700)	(3,204,700)	0%
Total Reserves	\$ (62,795,000)	\$ (62,795,000)	0%
Net Available	\$ 12,277,909	\$ 17,111,078	0%
<u>REVENUES</u>			
1% Property Tax Revenue	\$ 25,446,900	\$ 10,285,847	40%
One-Time Water Sales	843,750	227,559	27%
Grants and Reimbursements	95,000	2,816	3%
Investment Revenues	650,000	353,326	54%
VWD Interfund Loan (2018A Bonds)	993,300	504,770	51%
VWD Interfund Loan (Acquisition)	2,932,000	1,218,712	42%
Reimbursement from Annexing Parties	771,300	50,000	6%
Total Revenues	\$ 31,732,250	\$ 12,643,030	40%
<u>EXPENDITURES</u>			
Debt Service P&I Payments - Existing Users	\$ (6,489,615)	\$ (5,250,814)	81%
Debt Service P&I Payments - Future Users*	(11,049,885)	(8,940,656)	81%
Major Capital Projects	(1,840,000)	(120,652)	7%
Minor Capital Projects	(250,000)	(12,033)	5%
Capital Planning, Studies and Administration	(6,991,500)	(3,897,289)	56%
New Capital Equipment	(710,000)	(431,592)	61%
Repair and Replacement Projects	(1,008,000)	(371,603)	37%
Total Expenditures	\$ (28,339,000)	\$ (19,024,639)	67%
Fund Balance, Ending	\$ 15,671,159	\$ 10,729,469	68%

CAPITAL IMPROVEMENT PROGRAM - REGIONAL

Capital Project Fund - 2016A Bond Proceeds

FY 2018/19 Midyear Budget Report

	FY 2018/19 Budget	Through 12/31/18	% of Budget
Fund Balance, Beginning	\$ 14,815,938	\$ 18,046,532	122%
<u>REVENUES</u>			
Grants and Reimbursements	\$ 4,295,600	\$ 50,205	1%
Investment Revenues	130,000	90,509	70%
Bond Proceeds	35,000,000	-	0%
Total Revenues	\$ 39,425,600	\$ 140,714	0%
<u>EXPENDITURES</u>			
Capital Improvement Program	\$ (23,292,000)	\$ (2,085,615)	9%
Total Expenditures	\$ (23,292,000)	\$ (2,085,615)	9%
Fund Balance, Ending	\$ 30,949,538	\$ 16,101,631	52%

STATE WATER CONTRACT FUND - REGIONAL

FY 2018/19 Midyear Budget Report

	FY 2018/19 Budget	Through 12/31/18	% of Budget
Fund Balance, Beginning	\$ 52,153,566	\$ 54,801,982	105%
 <u>REVENUES</u>			
Agency Set Property Tax Revenues	\$ 30,422,900	\$ 12,494,795	41%
Investment Income	570,000	287,559	50%
Total Revenues	\$ 30,992,900	\$ 12,782,354	41%
 <u>EXPENDITURES</u>			
DWR Variable Charge	\$ (9,000,000)	\$ (3,210,365)	36%
State Water Contract Payments	(23,000,000)	\$ (9,030,347)	39%
Legal Consulting	(15,000)	\$ (5,450)	36%
State Water Contractors/SWPCA Dues	(215,000)	\$ (214,923)	100%
SWC Audit	(35,000)	\$ (23,396)	67%
Refunds from State	1,000,000	\$ 340,168	34%
California Water Fix Funding	(2,100,000)	\$ -	0%
Miscellaneous & Prop Tax Admin Fees	-	\$ (133,551)	100%
Contingencies	(2,000,000)	\$ -	0%
Total Expenditures	\$ (35,365,000)	\$ (12,277,864)	35%
 Fund Balance, Ending	 \$ 47,781,466	 \$ 55,306,472	 116%

DETAILS OF CAPITAL IMPROVEMENT EXPENDITURES - REGIONAL

FY 2018/19 Midyear Budget Report

	FY 2018/19 Budget	Through 12/31/18	% of Budget
<u>MAJOR CAPITAL PROJECTS</u>			
200903 Castaic Conduit Bypass Pipeline	\$ 426,000	\$ 8,217	2%
200964 Groundwater Treatment Improvements*	500,000	-	0%
200010 Distribution System - RV-2 Modifications	35,000	48,014	137%
200013 Update Water Conservation and Education Garden*	440,000	98,191	22%
200103 ESFP Sludge Collection System	3,482,000	41,603	1%
200105 ESFP Clearwell/CT Improvements	1,751,000	1,129,427	65%
200151 ESIPS Pipeline Improvements	35,000	104,822	299%
200453 Recycled Water Program Phase II, 2A - Central Park	100,000	233	0%
200454 Recycled Water Program Phase II, 2B - Vista Canyon	2,025,000	2,451	0%
200455 Recycled Water Program Phase II, 2C - South End	350,000	2,512	1%
200456 Recycled Water Program Phase II, 2D - West Ranch	1,700,000	21,745	1%
200510 Honby Parallel - Phase 2	100,000	2,462	2%
200525 Magic Mountain Pipeline No. 4	4,596,000	64,596	1%
200526 Magic Mountain Pipeline No. 5	6,062,000	44,170	1%
200527 Magic Mountain Pipeline No. 6	100,000	6,560	7%
200528 Magic Mountain Reservoir	80,000	42,890	54%
200905 Foothill Feeder Connection	2,050,000	387,790	19%
200906 Rosedale-Rio Bravo Extraction Project	400,000	178,124	45%
200962 Replacement Wells*	900,000	22,461	2%
Total Major Capital Projects	\$ 25,132,000	\$ 2,206,267	9%

*Pay-go (Funded by 1% Property Tax)

MINOR CAPITAL PROJECTS

300308 Pipeline Relocations/Modifications	\$ 150,000	\$ 8,416	6%
300328 Devil's Den Property Solar Project	100,000	3,617	4%
Total Minor Capital Projects	\$ 250,000	\$ 12,033	5%

CAPITAL PLANNING, STUDIES AND ADMINISTRATION

General Planning and Studies:

100015 Capital Program/Facility Capacity Fees	\$ 200,000	\$ 135,537	68%
100050 Recycled Water Master Plan PEIR (CEQA)	250,000	20,081	8%
100027 System Hydraulic Model	150,000	15,496	10%

Water Supply Reliability and Acquisition Planning:

110003 Buena Vista RRB Storage & Recovery Program	\$ 6,681,100	\$ 3,408,727	51%
110023 Watershed Permitting and Planning	450,000	163,313	36%
various Grant Administration	115,000	34,021	30%
110007 Integrated Regional Water Management Plan	230,000	21,332	9%
110004 Ventura County Flexible Storage	20,000	17,888	89%
110005 Water Banking	76,000	-	0%
110022 Sites Reservoir	500,000	-	0%
110017 Yuba Accord Water	90,000	-	0%

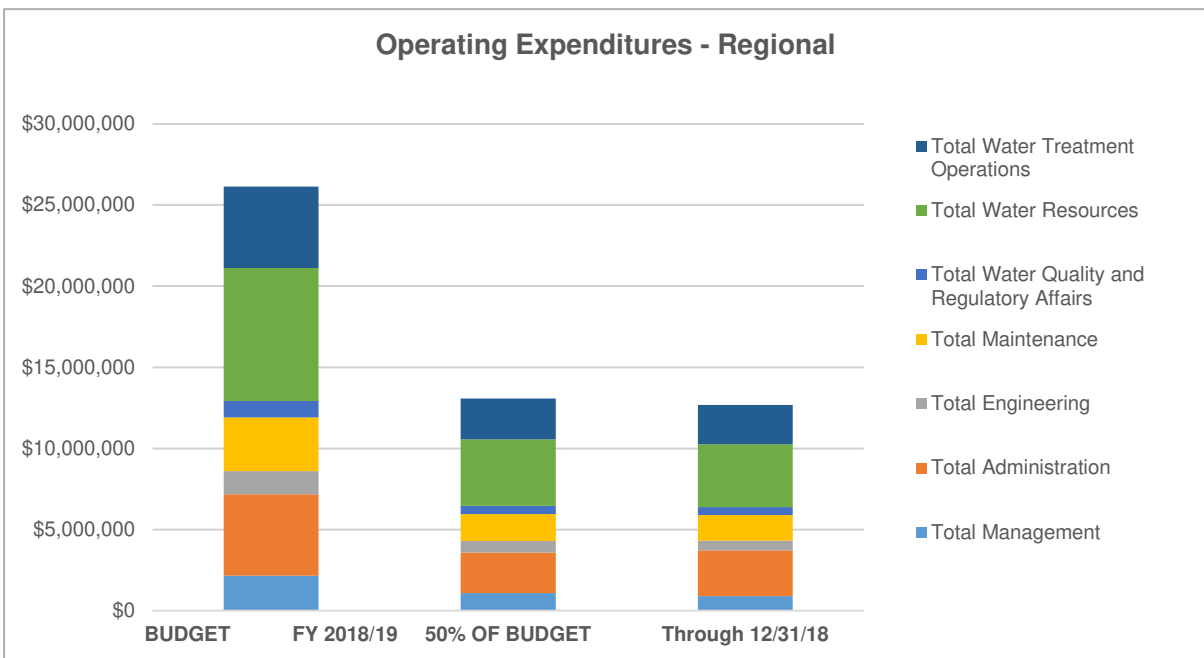
DETAILS OF CAPITAL IMPROVEMENT EXPENDITURES - REGIONAL

FY 2018/19 Midyear Budget Report

	FY 2018/19 Budget	Through 12/31/18	% of Budget
Administration:			
125001 Annexation Support	\$ 50,000	\$ 7,256	15%
120004 Debt Financing and Administration	250,000	24,183	10%
120001 One Percent Property Tax Administration	250,000	-	0%
120020 SCVWA Integration	200,000	5,326	3%
120019 Groundwater Treatment Cost Recovery	300,000	-	0%
120017 Create New Agency	200,000	44,128	22%
Total Capital Planning, Studies and Administration	\$ 10,012,100	\$ 3,897,289	39%
 <u>CAPITAL EQUIPMENT</u>			
130001 Office Equipment Additions	\$ 355,000	\$ 227,814	64%
130002 Vehicles	55,000	44,356	81%
130003 Miscellaneous Equipment	220,000	149,652	68%
130004 Office Furniture Additions	80,000	9,769	12%
Total Capital Equipment	\$ 710,000	\$ 431,592	61%
 <u>REPAIR AND REPLACEMENT</u>			
430XXX ESFP Repair and Replacement	\$ 330,000	124,277	38%
ESIPS Repair and Replacement	40,000	-	0%
400XXX RVWTP Repair and Replacement	270,000	156,110	58%
401XXX RVIPS Repair and Replacement	70,000	14,107	20%
450XXX Pipeline Repair and Replacement	45,000	9,324	21%
480XXX Recycled Water System Repair and Replacement	50,000	19,082	38%
460XXX Sand Canyon System Repair and Replacement	95,000	11,695	12%
480XXX Saugus 1 and 2 Wells Repair and Replacement	108,000	37,008	34%
Total Repair and Replacement	\$ 1,008,000	\$ 371,603	37%
 <u>SUMMARY</u>			
Major Capital Projects	\$ 25,132,000	\$ 2,206,267	9%
Minor Capital Projects	250,000	12,033	5%
Capital Planning, Studies and Administration	10,012,100	3,897,289	39%
Capital Equipment	710,000	431,592	61%
Repair and Replacement	1,008,000	371,603	37%
Total Capital Improvement Expenditures	\$ 37,112,100	\$ 6,918,785	19%

OPERATING EXPENSE SUMMARY - REGIONAL
 FY 2018/19 - Midyear Budget Report

OPERATING EXPENSE SUMMARY	BUDGET FY 2018/19	50% OF BUDGET	Through 12/31/18
Total Management	\$ 2,161,200	\$ 1,080,600	\$ 888,120
Total Administration	5,011,000	2,505,500	2,815,983
Total Engineering	1,427,000	713,500	613,415
Total Maintenance	3,303,500	1,651,750	1,569,625
Total Water Quality and Regulatory Affairs	1,027,300	513,650	486,099
Total Water Resources	8,190,300	4,095,150	3,880,348
Total Water Treatment Operations	5,019,900	2,509,950	2,425,806
Total Operating Expenditures	\$ 26,140,200	\$ 13,070,100	\$ 12,679,397



OPERATING EXPENSE SUMMARY - REGIONAL

FY 2018/19 - Midyear Report

	BUDGET FY 2018/19	Through 12/31/2018	% of Budget
MANAGEMENT			
Salary and Benefits	\$ 1,014,200	\$ 413,256	41%
Materials and Supplies	61,000	18,903	31%
Outside Services	710,000	325,045	46%
Directors Compensation and Expenses	376,000	130,916	35%
TOTAL MANAGEMENT	\$ 2,161,200	\$ 888,120	41%
ADMINISTRATION			
Salary and Benefits	\$ 2,260,600	\$ 1,700,942	75%
Materials and Supplies	340,000	92,922	27%
Outside Services	1,635,400	595,492	36%
Utilities	116,000	41,148	35%
Insurance	659,000	385,479	58%
TOTAL ADMINISTRATION	\$ 5,011,000	\$ 2,815,983	56%
ENGINEERING			
Salary and Benefits	\$ 847,000	\$ 509,866	60%
Materials and Supplies	44,500	22,461	50%
Outside Services	535,500	81,088	15%
TOTAL ENGINEERING	\$ 1,427,000	\$ 613,415	43%
MAINTENANCE			
Salary and Benefits	\$ 2,539,500	\$ 1,037,996	41%
Materials and Supplies	324,000	130,678	40%
Outside Services	440,000	400,951	91%
TOTAL MAINTENANCE	\$ 3,303,500	\$ 1,569,625	48%
WATER QUALITY & REGULATORY AFFAIRS			
Salary and Benefits	\$ 821,700	\$ 412,821	50%
Materials and Supplies	122,000	59,524	49%
Outside Services	83,600	13,755	16%
TOTAL WATER QUALITY & REG AFFAIRS	\$ 1,027,300	\$ 486,099	47%
WATER RESOURCES			
Salary and Benefits	\$ 1,981,000	\$ 920,478	46%
Materials and Supplies	309,000	191,703	62%
Outside Services	3,037,000	452,975	15%
Source of Supply	2,863,300	2,315,192	81%
TOTAL WATER RESOURCES	\$ 8,190,300	\$ 3,880,348	47%
WATER TREATMENT OPERATIONS			
Salary and Benefits	\$ 1,411,900	\$ 818,996	58%
Materials and Supplies	1,159,000	412,702	36%
Outside Services	34,000	1,423	4%
Utilities	2,415,000	1,192,685	49%
TOTAL WATER TREATMENT OPERATIONS	\$ 5,019,900	\$ 2,425,806	48%
Salary and Benefits	\$ 10,875,900	\$ 5,814,355	53%
Materials and Supplies	2,359,500	928,893	39%
Outside Services	6,475,500	1,870,729	29%
Utilities	2,531,000	1,233,834	49%
Source of Supply	2,863,300	2,315,192	81%
Insurance	659,000	385,479	58%
Directors Compensation and Expenses	376,000	130,916	35%
TOTAL OPERATING EXPENDITURES	\$ 26,140,200	\$ 12,679,397	49%

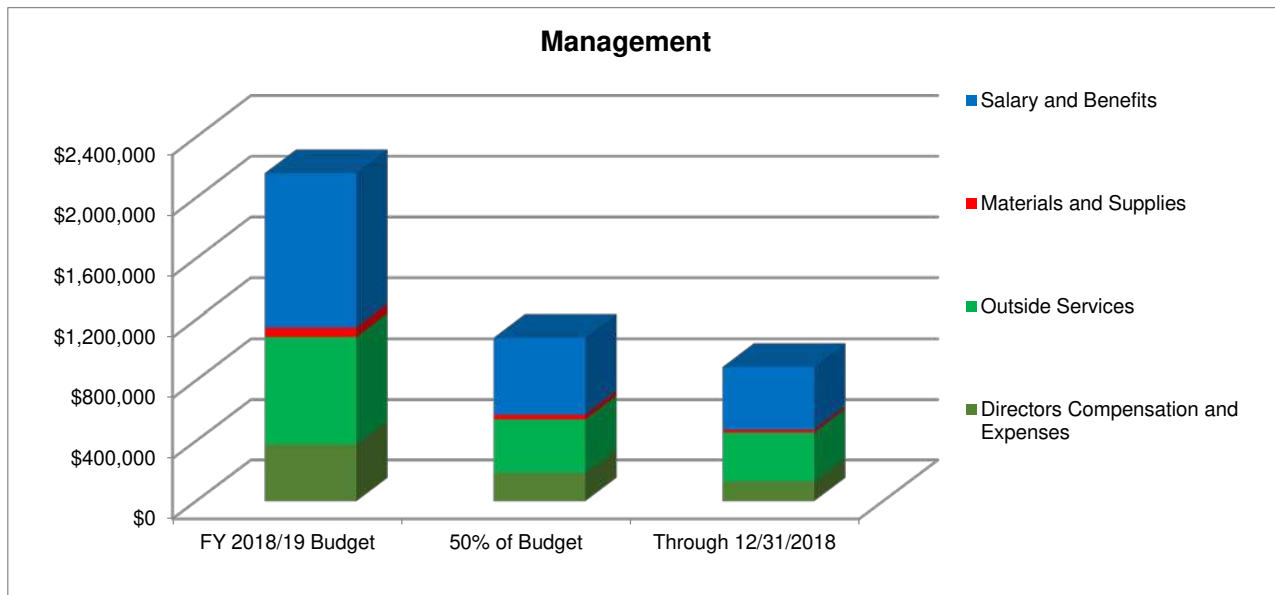
DETAILED MANAGEMENT EXPENDITURES - REGIONAL
 FY 2018/19 Midyear Budget Report

0011100000 MANAGEMENT

		BUDGET FY 2018/19	Through 12/31/2018	% of BUDGET	*
Salary and Benefits					
51001	Salary	\$ 569,300	\$ 241,441	42%	
51007	Overtime	14,000	5,368	38%	
51020	Less Reimbursement for shared positions	-	-	0%	
51050	Burden and Benefits	430,900	166,446	39%	
Materials and Supplies					
51505	Employee Expense	17,000	5,933	35%	
51515	Employee Travel	14,000	3,811	27%	
52010	Supplies and Services	30,000	9,159	31%	
Outside Services					
53101	Education/Seminars	10,000	2,668	27%	
53202	Legal Consulting	300,000	181,448	60%	(a)
53236	Professional Services/Consultants	100,000	39,628	40%	
53242	Legislative Advocate Services	300,000	101,301	34%	
Directors Compensation and Expenses					
51326	Directors Compensation	256,000	100,614	39%	
51327	Directors Expenses	60,000	12,784	21%	
51328	Directors Travel	25,000	7,216	29%	
51329	Directors Training	35,000	10,302	29%	
Total Management Expenditures		\$ 2,161,200	\$ 888,120	41%	

* Significant items that are more than 50% of budget:

(a) Based on actual workload requirements.



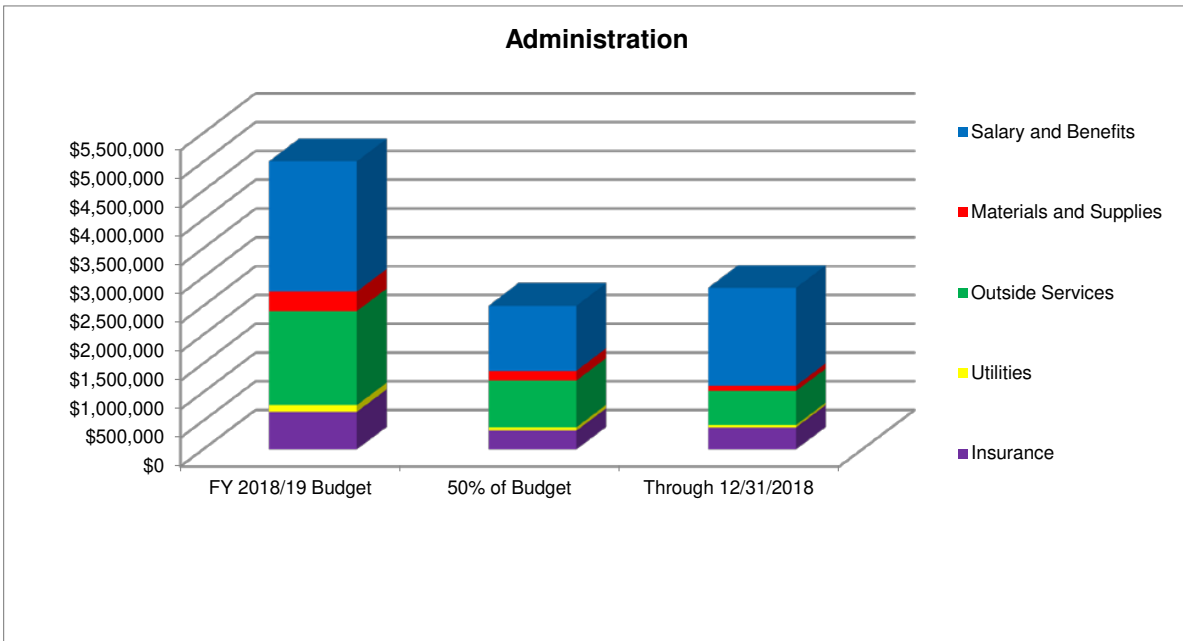
DETAILED ADMINISTRATION EXPENDITURES - REGIONAL
 FY 2018/19 Midyear Budget Report

0011200000 ADMINISTRATION		BUDGET	Through	% of	*
		FY 2018/19	12/31/2018	BUDGET	
Salary and Benefits					
51001	Salary	\$ 1,900,000	\$ 993,339	52%	
51007	Overtime	30,000	26,418	88%	(a)
51020	Less Reimbursement for shared positions	(720,000)	200,173	-28%	(b)
51050	Burden and Benefits	1,050,600	481,012	46%	
Materials and Supplies					
51505	Employee Expense	15,000	6,878	46%	
51515	Employee Travel	15,000	1,930	13%	
52005	Safety Training and Equipment	85,000	18,084	21%	
52010	Supplies and Services	47,000	17,170	37%	
52020	Postage	15,000	3,375	23%	
52024	Internal Relations	35,000	14,969	43%	
52035	Janitorial Supplies	8,000	1,563	20%	
52075	Parts and Materials	120,000	28,952	24%	
Outside Services					
53101	Education/Seminars	35,000	7,153	20%	
53104	Uniforms	5,000	585	12%	
53105	Outside Service/Contracting	491,000	120,764	25%	
53110	Office Equipment/Repair and Service	30,000	7,362	25%	
53210	Professional Services/Audit	77,000	45,311	59%	(c)
53212	Licenses/Fees	90,000	44,175	49%	
53213	Office and Storage Rent, HOA Dues	46,000	18,233	40%	
53214	Technology Services	277,000	120,802	44%	
53215	Recruitment Expenses	30,000	13,026	43%	
53216	Security/Alarm Services	150,000	48,055	32%	
53218	Agency Publications	12,000	4,573	38%	
53236	Professional Services/Consultants	225,000	32,994	15%	
53241	Temporary Personnel Services	100,000	86,728	87%	(a)
53304	Dues and Memberships	65,000	45,286	70%	(d)
53306	Subscriptions	2,400	446	19%	
Utilities					
54200	Pager/Cell Service	26,000	12,651	49%	
54205	Telephone	20,000	8,068	40%	
54305	Irrigation	15,000	3,982	27%	
54310	Refuse Disposal	20,000	5,447	27%	
54415	Natural Gas	35,000	10,999	31%	
Insurance					
55200	Retiree Medical Insurance	380,000	169,583	45%	
55205	Unemployment Insurance	5,000	3,809	76%	
55210	Bonds/Honesty Insurance	2,000	-	0%	
55215	Liability Insurance	188,000	212,087	113%	(e)
55220	Casualty Insurance	84,000	-	0%	(f)
Total Administration Expenditures		\$ 5,011,000	\$ 2,815,983	56%	

DETAILED ADMINISTRATION EXPENDITURES - REGIONAL
 FY 2018/19 Midyear Budget Report

* Significant items that are more/less than 50% of budget:

- (a) Due to staff vacancies
- (b) Due to change in reimbursement of shared positions among the divisions.
- (c) Due to actual workload requirements.
- (d) Based on timing of expenditures. Anticipate to be on budget at yearend.
- (e) Due to an increase number of liability claims as a result of additional agencies covered under the program.
- (f) Invoices to be received in the last half of the fiscal year.



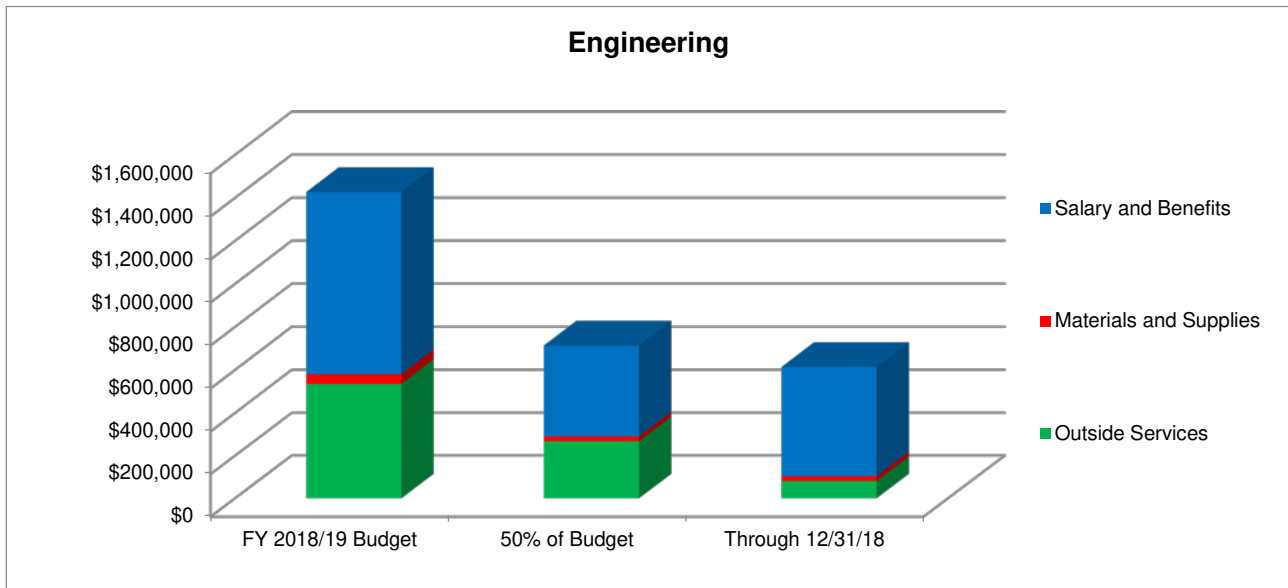
DETAILED ENGINEERING EXPENDITURES - REGIONAL
FY 2018/19 Midyear Budget Report

001160000 ENGINEERING

		BUDGET FY 2018/19	Through 12/31/2018	% of BUDGET	*
Salary and Benefits					
51001	Salary	\$ 619,900	\$ 363,241	59%	(a)
51007	Overtime	-	1,121	0%	
51050	Burden and Benefits	227,100	145,505	64%	(a)
Materials and Supplies					
51505	Employee Expense	10,000	5,280	53%	
51515	Employee Travel	4,500	1,025	23%	
52010	Supplies and Services	30,000	16,156	54%	(b)
Outside Services					
53101	Education/Seminars	13,000	7,129	55%	(b)
53214	Technology Services	107,500	599	1%	
53226	Professional Services/Consulting	200,000	73,360	37%	
53228	Pipeline Inspection Program Services	195,000	-	0%	(c)
53241	Temporary Personnel Service	20,000	-	0%	(d)
Total Engineering Expenditures		\$ 1,427,000	\$ 613,415	43%	

* Significant items that are more/less than 50% of budget:

- (a) Reclass of labor distribution
- (b) Based on timing of expenditures. Account expected to be on budget by yearend.
- (c) Timing of expenditures are projected to be utilized by yearend.
- (d) Based on current workload it is projected that account will not be expended.



DETAILED MAINTENANCE EXPENDITURES - REGIONAL
 FY 2018/19 Midyear Budget Report

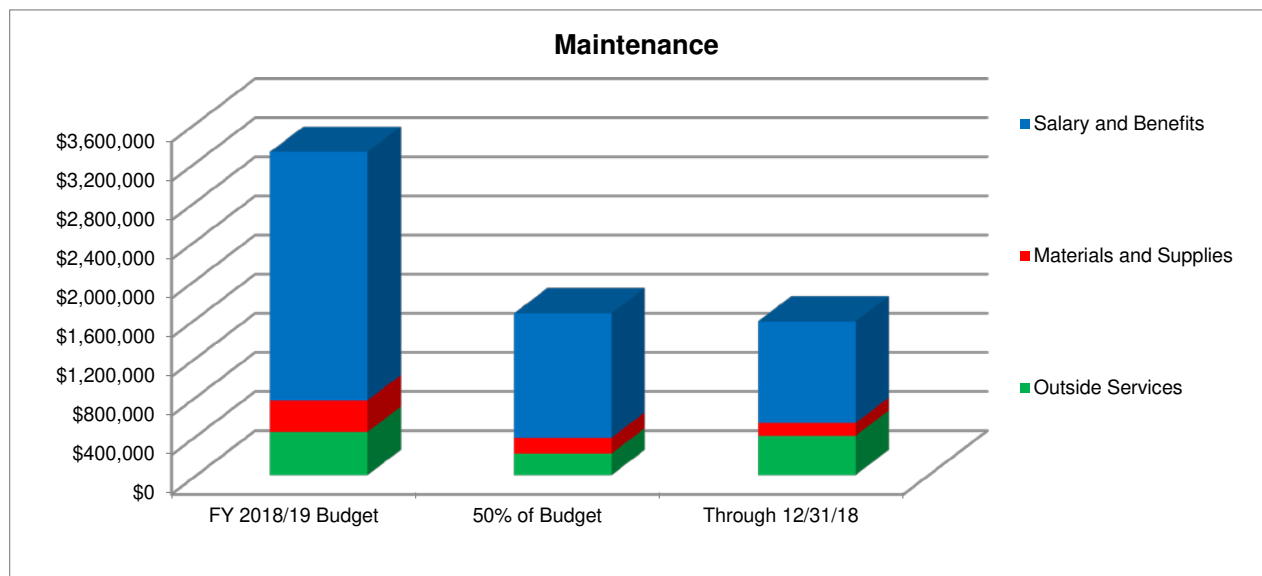
001170000 MAINTENANCE		BUDGET FY 2018/19	Through 12/31/2018	% of BUDGET	*
Salary and Benefits					
51001	Salary	\$ 1,555,300	\$ 655,678	42%	
51007	Overtime	65,000	30,230	47%	
51040	On Call Premium	23,000	9,969	43%	
51050	Burden and Benefits	896,200	342,119	38%	
Materials and Supplies					
51505	Employee Expense	3,000	1,339	45%	
51515	Employee Travel	1,000	-	0%	
52010	Supplies and Services	8,000	1,624	20%	
52075	Parts and Materials	250,000	97,587	39%	
52085	Small Tools	20,000	2,877	14%	
52651	Gasoline	32,000	27,251	85%	(a)
52652	Diesel	10,000	-	0%	
Outside Services					
53101	Education/Seminars	10,000	375	4%	
53104	Uniforms	15,000	9,537	64%	(b)
53105	Outside Service/Contracting	350,000	382,504	109%	(c)
53110	Office Equipment/Repair and Service	-	684	N/A	
53229	Hazardous Waste Disposal	40,000	6,972	17%	
53232	Tool Rental	25,000	879	4%	
Total Maintenance Expenditures		\$ 3,303,500	\$ 1,569,625	48%	

* Significant items that are more/less than 50% of budget:

(a) Account includes gasoline expenditure for all departments.

(b) Based on timing of expenditures. Account expected to be at or below budget at yearend.

(c) Based on expenditures of approximately \$300,000 related to a leak on the Recycled Water pipeline.

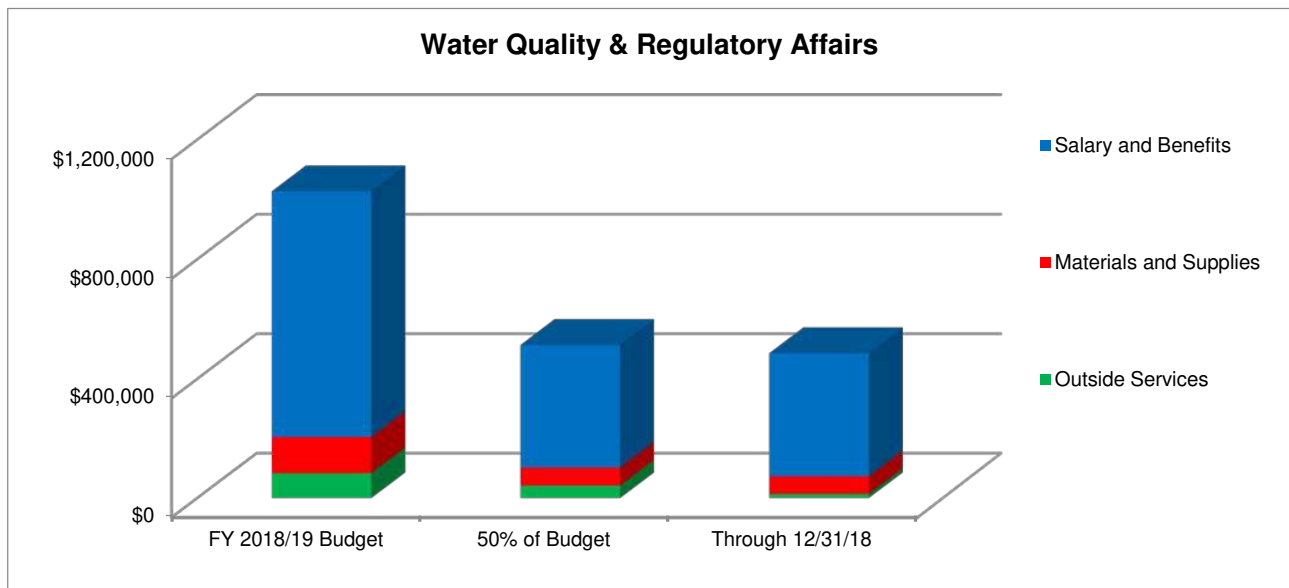


DETAILED WATER QUALITY COMPLIANCE EXPENDITURES - REGIONAL
 FY 2018/19 Midyear Budget Report

001150000 WATER QUALITY COMPLIANCE		BUDGET FY 2018/19	Through 12/31/2018	% of BUDGET	*
Salary and Benefits					
51001	Salary	\$ 521,200	\$ 275,168	53%	
51007	Overtime	1,500	166	11%	
51050	Burden and Benefits	299,000	137,487	46%	
Materials and Supplies					
51505	Employee Expense	3,000	2,418	81%	(a)
51515	Employee Travel	4,000	797	20%	
52010	Supplies and Services	7,000	1,172	17%	
52050	Laboratory Supplies	50,000	32,357	65%	(a)
52055	Microbiological Samples	35,000	16,216	46%	
52065	Performance Testing Samples/Standards	15,000	6,113	41%	
52605	Gases	8,000	452	6%	
Outside Services					
53101	Education/Seminars	3,500	1,219	35%	
53104	Uniforms	2,100	882	42%	
53105	Outside Service/Contracting	48,000	10,941	23%	
53112	Commercial Services/Repairs	30,000	713	2%	
Total Water Quality Expenditures		\$ 1,027,300	\$ 486,099	47%	

* Significant items that are more/less than 50% of budget:

(a) Due to timing of expenditures. This account is anticipated to be on budget at yearend.

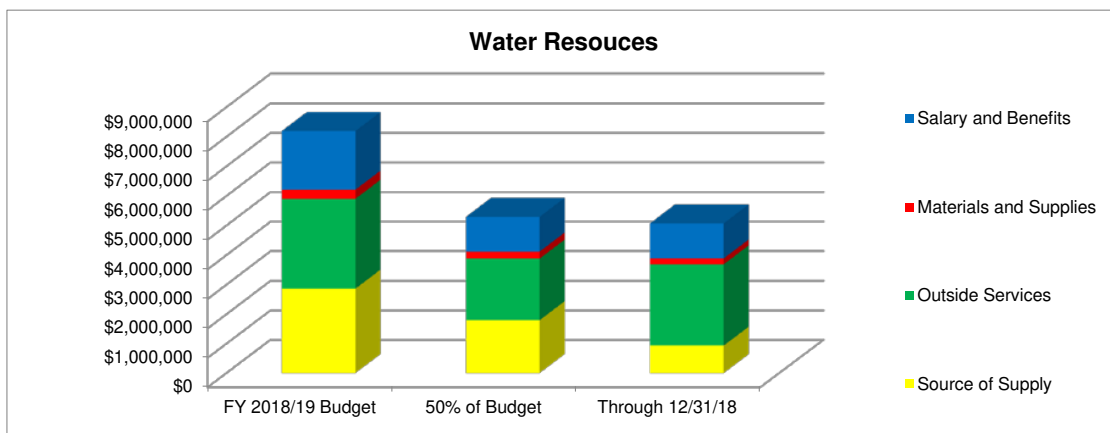


DETAILED WATER RESOURCES EXPENDITURES - REGIONAL
FY 2018/19 Midyear Budget Report

0011300000 WATER RESOURCES		BUDGET FY 2018/19	Through 12/31/2018	% of BUDGET	*
Salary and Benefits					
51001	Salary	\$ 1,365,000	\$ 667,522	49%	
51007	Overtime	-	399		
51008	Overtime - Public Events	35,000	13,398	38%	
51050	Burden and Benefits	581,000	239,159	41%	
Materials and Supplies					
51505	Employee Expense	15,000	5,070	34%	
51515	Employee Travel	25,000	8,146	33%	
52010	Supplies and Services	35,000	7,567	22%	
52025	Community Relations Promotions	65,000	14,979	23%	
52030	DD Landowner Expenditures	100,000	131,519	132%	(a)
52045	Materials and Services - Education	69,000	24,422	35%	
Outside Services					
53101	Education/Seminars	15,000	6,402	43%	
53218	Agency Publications	30,000	2,927	10%	
53219	BMP Implementation	1,800,000	332,305	18%	(b)
53222	Public Outreach Activities	32,000	3,222	10%	
53223	Public Relations Consulting	160,000	21,169	13%	(c)
53236	Professional Services/Consultants	250,000	28,969	12%	(d)
53243	Groundwater Sustainability Agency	750,000	57,982	8%	(e)
Source of Supply					
55501	Buena Vista/Rosedale Rio Bravo Supply	2,863,300	2,315,192	81%	(f)
Total Water Resources Expenditures		\$ 8,190,300	\$ 3,880,348	47%	

* Significant items that are more/less than 50% of budget:

- (a) Based on higher than anticipated costs due to repair of Agency owned infrastructure.
- (b) Based on timing of expenditures. Anticipate account will be below budget at yearend.
- (c) Due to deferral of outreach campaign on the CA WaterFix anticipate to be under budget at yearend. Based on timing of expenditures.
- (d) Due to deferral of work on local groundwater spreading project environmental work and the updated State schedule for submission of Proposition 1 grant applications. Anticipate this account to be below budget at yearend.
- (e) Due to work being deferred to subsequent fiscal years.
- (f) Based on timing of expenditures.



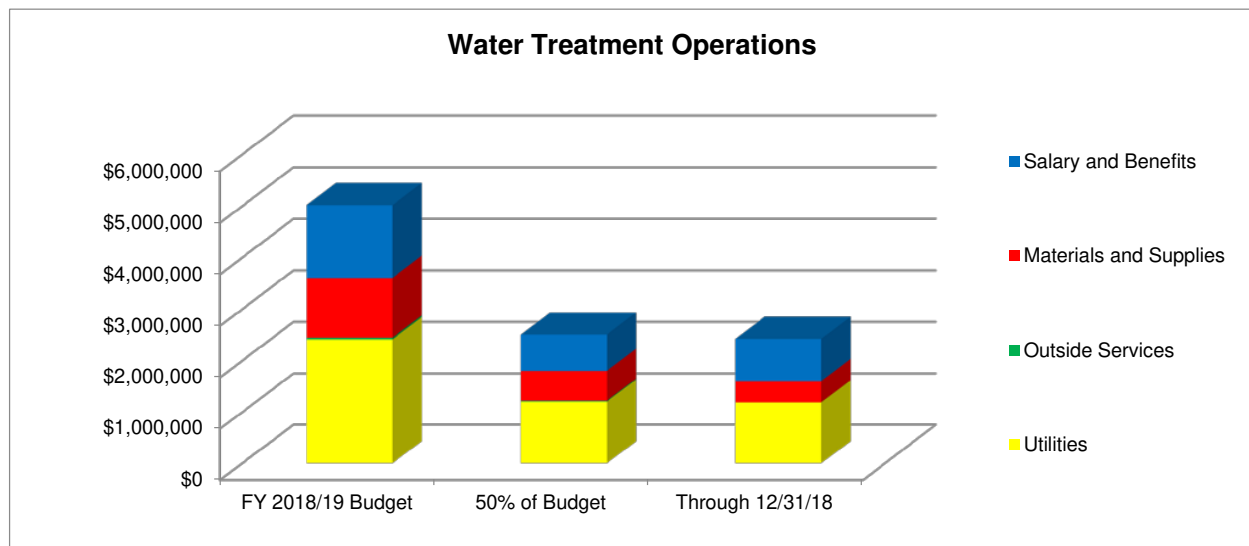
DETAILED WATER TREATMENT EXPENDITURES - REGIONAL

FY 2018/19 Midyear Budget Report

0011400000 WATER TREATMENT OPERATIONS		BUDGET FY 2018/19	Through 12/31/2018	% of BUDGET
Salary and Benefits				
51001	Salary	\$ 809,800	\$ 525,207	65%
51007	Overtime	120,000	65,591	55%
51050	Burden and Benefits	482,100	228,197	47%
Materials and Supplies				
51505	Employee Expense	-	876	N/A
51515	Employee Travel	1,000	759	76%
52010	Supplies and Services	8,000	346	4%
52600	Chemicals	1,150,000	410,721	36%
Outside Services				
53101	Education/Seminars	3,000	700	23%
53104	Uniforms	5,000	723	14%
53105	Outside Service/Contracting	2,000	-	0%
53224	DDW Large Water System Fee	24,000	-	0%
Utilities				
54401	Electricity - Pumping	1,680,000	953,263	57%
54402	Electricity - Treatment Plants	367,500	136,861	37%
54403	Electricity - Other	52,500	22,872	44%
54404	Electricity - Wells	147,000	76,871	52%
54426	Recycled Water Purchase	155,000	-	0%
54430	Telemetry	13,000	2,819	22%
		\$ 5,019,900	\$ 2,425,806	48%

(a) Based on timing of invoices. Anticipate to be on budget by yearend.

(b) Due to leak repair recycled water was not purchased.

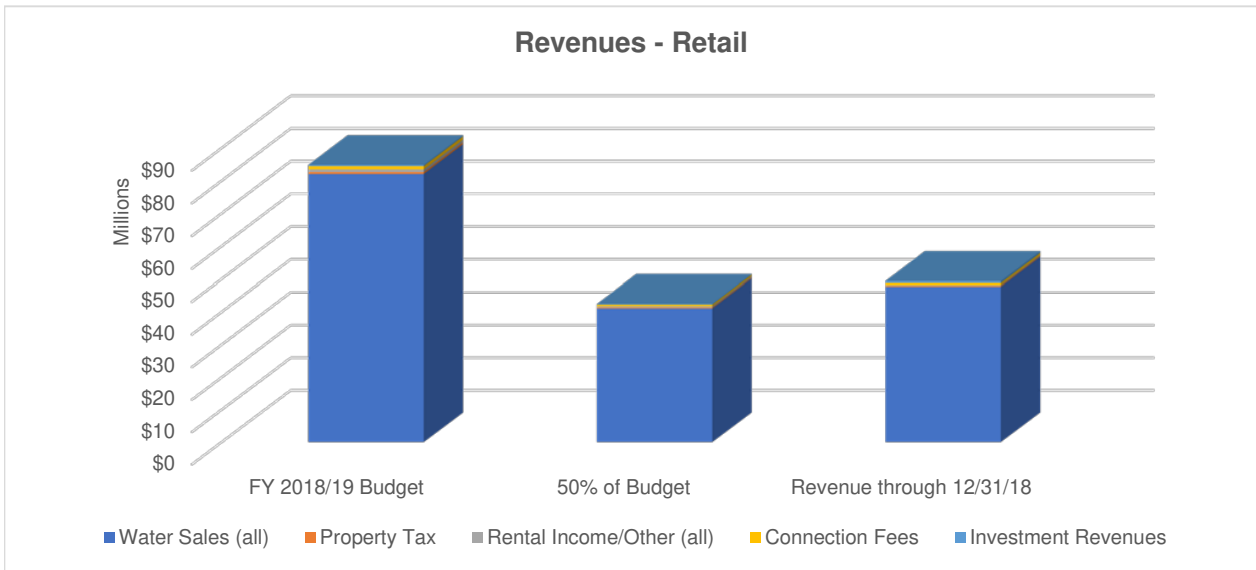


Retail

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REVENUES - RETAIL
FY 2018/19 Midyear Budget Report

	FY 2018/19 Budget	Through 12/31/18	% of Budget
<u>Water Sales Revenue</u>			
Service Charge	\$ 27,571,881	\$ 14,949,476	54%
Water Usage Charge (Commodity Rate)	53,167,916	31,824,698	60%
Miscellaneous Fees	1,316,186	834,876	63%
Total Water Sales	\$ 82,055,983	\$ 47,609,050	58%
<u>Other Non-Operating Revenues</u>			
Property Tax	\$ 551,343	\$ 282,868	51%
Communication/Rental Income/Other	840,287	248,300	30%
Connection Fees	1,000,000	626,108	63%
Investment Revenues	367,374	593,692	162%
Total Other Non-Operating Revenue	\$ 2,759,004	\$ 1,750,968	63%
Total Revenues	\$ 84,814,987	\$ 49,360,018	58%



GENERAL FUND - OPERATING SUMMARY - RETAIL

FY 2018/19 Midyear Budget Report

	FY 2018/19 Budget	Through 12/31/18	% of Budget
Change in Fund Balance	(78,386)		
<u>REVENUES</u>			
Water Sales - Service Charge	\$ 27,571,881	\$ 14,949,476	54%
Water Sales - Water Usage Charge	53,167,916	31,824,698	60%
Miscellaneous Fees	1,316,186	834,876	63%
Property Tax	551,343	282,868	51%
Communication/Rental Income/Other	840,287	248,300	30%
Connection Fees	1,000,000	626,108	63%
Investment Revenues	367,374	593,692	162%
Total Revenues	\$ 84,814,987	\$ 49,360,018	58%
<u>EXPENDITURES</u>			
Debt Service	\$ (11,457,316)	\$ (3,317,380)	29%
Major Capital Improvement Projects	(7,975,000)	(523,868)	7%
Minor Capital Improvement Projects	(7,634,700)	(1,837,627)	24%
Operating Expenditures	(57,669,585)	(28,254,841)	49%
Total Expenditures	\$ (84,736,601)	\$ (33,933,716)	40%
Revenue Over/(Under) Expenses	\$ -	\$ 15,426,302	

DETAILS OF CAPITAL IMPROVEMENT EXPENDITURES - RETAIL

FY 2018/19 Midyear Budget Report

	Retail Division	FY 2018/19 Budget	Through 12/31/18	% of Budget
<u>MAJOR CAPITAL PROJECTS</u>				
Newhall System Booster Station 4	NWD	\$ 100,000	\$ -	0%
Castaic Well 1 Drain Line	NWD	125,000	-	0%
Wildwood Road Pipeline Replacement	NWD	250,000	-	0%
Begonias Lane Pipeline Replacement	NWD	210,000	-	0%
Windcrest Place Pipeline Replacement	NWD	230,000	160,647	70%
Interconnection Study & Construction	NWD	100,000	-	0%
Castaic System Well 7 Rehabilitation	NWD	180,000	73,168	41%
Deane Pump Station	SCWD	1,000,000	-	0%
Two - 2.5 MG Deane Tanks	SCWD	2,365,000	-	0%
Honby Tank #1 Roof Interior Recoat	SCWD	365,000	-	0%
LARC Pipeline Expansion	SCWD	700,000	451	0%
Water Interconnection Study & Construction	SCWD	100,000	-	0%
Vista Canyon Extension (2B) Recycled Water	SCWD	1,200,000	285,383	24%
Well E-17 Construction	VWD	300,000	4,218	1%
Well D Rehabilitation	VWD	250,000	-	0%
Well 201 Noise Abatement	VWD	200,000	-	0%
Presley Booster Station Improvements	VWD	200,000	-	0%
Water Interconnection Study & Construction	VWD	100,000	-	0%
Total Major Capital Projects		\$ 7,975,000	\$ 523,868	7%

MINOR CAPITAL PROJECTS

General Facility Improvements	NWD	150,000	22,082	15%
Meter Improvements	NWD	275,000	114,677	42%
Appurtenance Improvements	NWD	90,000	-	0%
Pump/Motor Improvements	NWD	193,000	72,883	38%
Equipment Improvements	NWD	313,000	12,808	4%
Pinetree Turnout N2 Soft Starts	NWD	70,000	-	0%
Castaic Northlake Lighting	NWD	10,000	-	0%
Newhall Tank 2 Engineering Rafters	NWD	98,000	-	0%
RW Phase 2C Design	NWD	50,000	(116,165)	-232%
RMS - Improvements	NWD	98,000	15,462	16%
Pinetree Tank 3 (Disinfection Mixer)	NWD	25,000	9,941	40%
Castaic Tank 2 (Disinfection Mixer)	NWD	25,000	-	0%
Tesoro Tanks 1 & 1A (Analyzers/Chem Feed Tu	NWD	35,000	15,570	44%
SCADA Improvements	NWD	140,000	36,586	26%
Office Equipment	NWD	57,600	22,026	38%
Domain Consolidation Network P2/P3	NWD	22,400	-	0%
Software Upgrades	NWD	15,000	-	0%
Accounting Software Replacement	NWD	25,000	-	0%
Network Contingency	NWD	25,000	-	0%
Geographic Information System	NWD	25,000	-	0%

DETAILS OF CAPITAL IMPROVEMENT EXPENDITURES - RETAIL

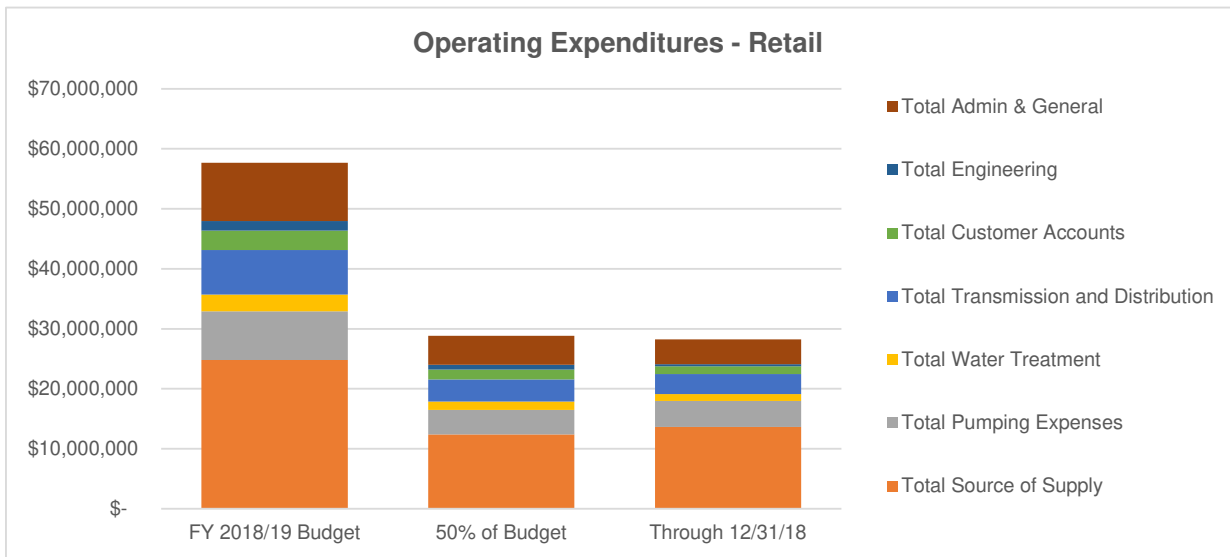
FY 2018/19 Midyear Budget Report

	Retail Division	FY 2018/19 Budget	Through 12/31/18	% of Budget
Meter Improvements	SCWD	750,000	810,902	108%
Appurtenance Improvements	SCWD	50,000	-	0%
General Well Improvements	SCWD	142,500	44,730	31%
3.25 MG Placerita Tank (WMP Table 9.46 #2)	SCWD	100,000	450	0%
Motor Drive Replacement	SCWD	145,500	-	0%
General Booster Station & Turnout Improvement	SCWD	143,000	71,908	50%
General Tank Improvements	SCWD	703,000	128,839	18%
Pressure Regulation Stations	SCWD	216,000	152,924	71%
Existing Irrigation Retrofit Cost	SCWD	250,000	-	0%
Service Lateral/Mainline Replacement Program	SCWD	200,000	-	0%
La Glorita Pipeline	SCWD	50,000	-	0%
Rainbow Glen	SCWD	35,000	-	0%
West Newhall Alley	SCWD	17,000	-	0%
SC-12 Warmuth Pipeline to Sand Cyn. Rd.	SCWD	50,000	-	0%
Chlorinator Replacement Program	SCWD	89,000	-	0%
SCADA Improvements	SCWD	366,500	60,076	16%
Office Equipment	SCWD	118,200	95,454	81%
Software Upgrades	SCWD	235,000	-	0%
Accounting Software Replacement	SCWD	25,000	-	0%
Network Contingency	SCWD	20,000	4,013	20%
Geographic Information System	SCWD	100,000	2,000	2%
General Facility Improvements	VWD	125,000	38,369	31%
Meter Improvements	VWD	350,000	122,806	35%
Appurtenance Improvements	VWD	50,000	-	0%
Avignon	VWD	25,000	-	0%
Tamarack	VWD	50,000	-	0%
Longfellow	VWD	75,000	-	0%
Cal Arts	VWD	30,000	-	0%
General Pipeline Improvements	VWD	250,000	-	0%
RW Phase 2C Design	VWD	50,000	34,291	69%
Disinfection Systems	VWD	40,000	-	0%
W9 - Softening Project	VWD	125,000	-	0%
SCADA Improvements	VWD	290,000	13,597	5%
Office Equipment (Plotter, etc.)	VWD	20,000	15,353	77%
IT Budget Items (Network P2/3, Acct)	VWD	37,000	-	0%
Accounting System Replacement	VWD	25,000	-	0%
Network Contingency	VWD	20,000	33,546	168%
AMI Pilot Program	VWD	375,000	-	0%
GIS/Asset Management	VWD	150,000	2,500	2%
Total Minor Capital Projects		\$ 7,634,700	\$ 1,837,627	24%

NWD - Newhall Water Division
 SCWD - Santa Clarita Water Division
 VWD - Valencia Water Division

OPERATING EXPENSE SUMMARY - RETAIL
 FY 2018/19 - Midyear Budget Report

OPERATING EXPENSE SUMMARY	BUDGET FY 2018/19	50% of BUDGET	THROUGH 12/31/18
Total Source of Supply	\$ 24,811,488	\$ 12,405,744	\$ 13,660,689
Total Pumping Expenses	8,120,496	4,060,248	4,315,383
Total Water Treatment	2,795,628	1,397,814	1,136,740
Total Transmission and Distribution	7,420,058	3,710,029	3,334,135
Total Customer Accounts	3,235,038	1,617,519	1,310,291
Total Engineering	1,601,313	800,657	342,905
Total Admin & General	9,685,564	4,842,782	4,154,698
Total Operating Expenditures	\$ 57,669,585	\$ 28,834,792	\$ 28,254,841



OPERATING EXPENSE SUMMARY - RETAIL
FY 2018/19 - Midyear Budget Report

	BUDGET FY 2018/19	Through 12/31/18	% of BUDGET
SOURCE OF SUPPLY			
Purchased Water	\$ 23,501,445	\$ 13,176,445	56%
Maintenance & Services	230,557	66,825	29%
Source of Supply - Salary	740,092	324,885	44%
Burden & Benefits	339,395	92,534	27%
TOTAL SOURCE OF SUPPLY	\$ 24,811,488	\$ 13,660,689	55%
PUMPING EXPENSES			
Power Purchased	\$ 5,180,168	\$ 2,774,752	54%
Maintenance & Services	1,029,398	351,398	34%
Pumping - Salary	1,278,592	812,473	64%
Burden & Benefits	632,338	376,760	60%
TOTAL PUMPING	\$ 8,120,496	\$ 4,315,383	53%
WATER TREATMENT			
Lab Expense	\$ 240,000	\$ 157,147	65%
Regulatory Fees	212,000	61,922	29%
Chemicals	372,100	224,816	60%
Maintenance & Services	725,220	166,479	23%
Water Treatment - Salary	817,413	370,779	45%
Burden & Benefits	428,895	155,597	36%
TOTAL WATER TREATMENT	\$ 2,795,628	\$ 1,136,740	41%
TRANSMISSION AND DISTRIBUTION			
Maintenance & Services	\$ 3,251,790	\$ 1,363,204	42%
Trans & Distribution - Salary	2,731,827	1,311,699	48%
Burden & Benefits	1,436,442	659,232	46%
TOTAL TRANS AND DISTR	\$ 7,420,058	\$ 3,334,135	45%
CUSTOMER ACCOUNTS			
Billing & Collecting	\$ 583,191	\$ 203,064	35%
Maintenance & Services	663,844	311,970	47%
Customer Accounts - Salary	1,321,544	549,414	42%
Burden & Benefits	666,459	245,843	37%
TOTAL CUSTOMER ACCOUNTS	\$ 3,235,038	\$ 1,310,291	41%
ENGINEERING EXPENSES			
Maintenance & Services	\$ 853,813	\$ 71,230	8%
Engineering - Salary	501,100	185,814	37%
Burden & Benefits	246,400	85,861	35%
TOTAL ENGINEERING	\$ 1,601,313	\$ 342,905	21%
ADMINISTRATIVE AND GENERAL			
Maintenance & Services	\$ 2,079,516	\$ 830,189	40%
Insurance (non employee related)	1,040,145	557,788	54%
Professional Services	1,284,573	407,855	32%
Training & Education	324,663	95,829	30%
Water Use Efficiency	1,056,000	112,095	11%
Other	236,857	512,858	217%
Admin & General Transfer	(499,604)	(244,971)	49%
Admin & General - Salary	1,502,062	1,084,377	72%
Shared Salary and Benefits	1,616,200	156,904	10%
Burden & Benefits	1,045,152	641,774	61%
TOTAL ADMIN & GENERAL	\$ 9,685,564	\$ 4,154,698	43%

OPERATING EXPENSE SUMMARY - RETAIL
 FY 2018/19 - Midyear Budget Report

	BUDGET FY 2018/19	Through 12/31/18	% of BUDGET
Purchased Water	\$ 23,501,445	\$ 13,176,445	56%
Maintenance & Services	10,776,154	4,080,991	38%
Power Purchased	5,180,168	2,774,752	54%
Salary and Benefits	15,303,909	7,053,946	46%
Billing & Collecting	583,191	203,064	35%
Insurance	1,040,145	557,788	54%
Professional Services	1,284,573	407,855	32%
TOTAL OPERATING EXPENDITURES	\$ 57,669,585	\$ 28,254,841	49%

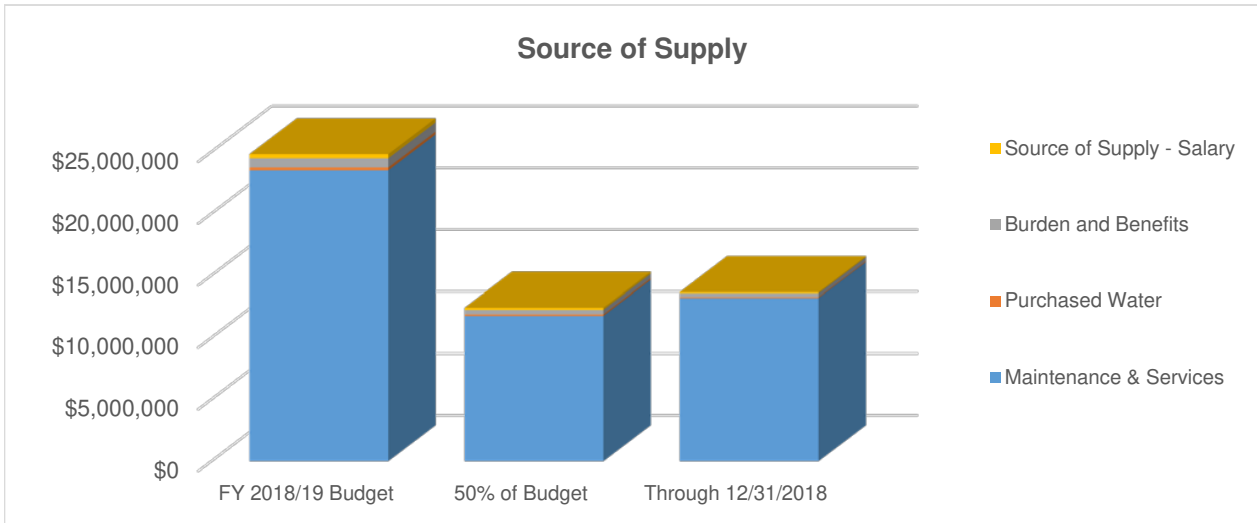
DETAILED SOURCE OF SUPPLY EXPENDITURES - RETAIL
 FY 2018/19 - Midyear Budget Report

SOURCE OF SUPPLY

SOURCE OF SUPPLY	BUDGET FY 2018/19	Through 12/31/2018	% of BUDGET	*
Purchased Water	\$ 23,501,445	\$ 13,176,445	56%	(a)
Maintenance & Services	230,557	66,825	29%	(b)
Source of Supply - Salary	740,092	324,885	44%	(c)
Burden and Benefits	339,395	92,534	27%	(c)
Total Source of Supply Expenditures	\$ 24,811,489	\$ 13,660,689	55%	

* Significant items that are more/less than 50% of budget:

- (a) Based on timing of expenditures. Account expected to be on budget by yearend.
- (b) Lower outside services and parts and materials needed in the first half of the year.
- (c) Labor allocation shifted for staff resulting in some departments lower and some departments higher. Overall labor and burden and benefits expected to be on budget.



DETAILED PUMPING EXPENDITURES - RETAIL

FY 2018/19 - Midyear Budget Report

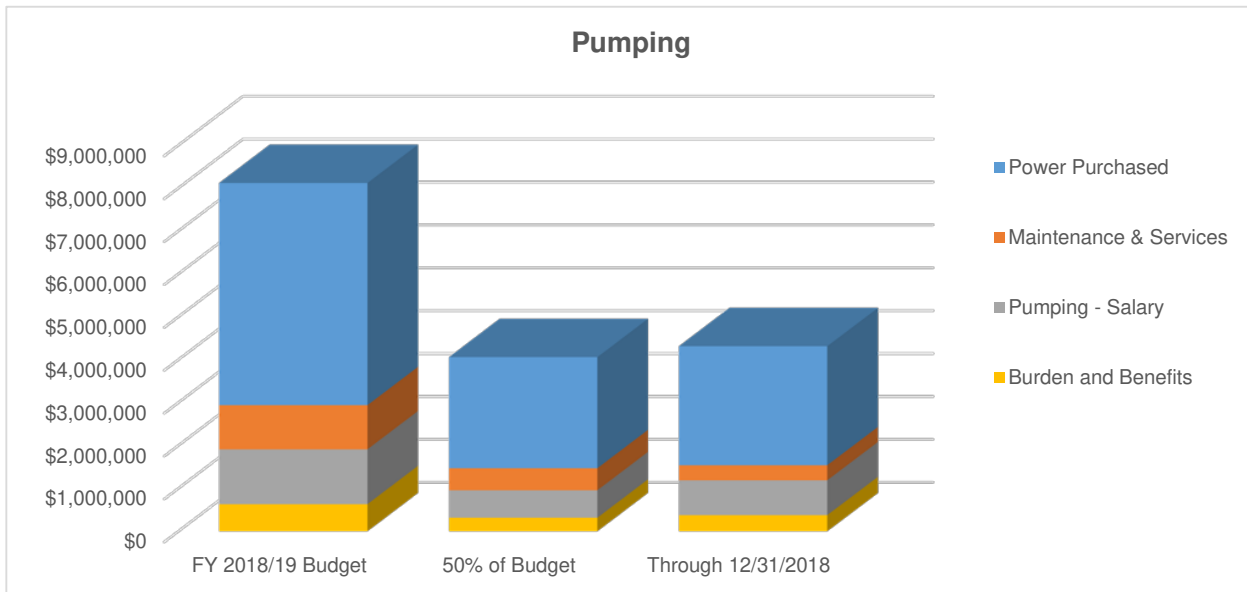
PUMPING

	BUDGET FY 2018/19	Through 12/31/2018	% of BUDGET	*
Power Purchased	\$ 5,180,168	\$ 2,774,752	54%	(a)
Maintenance & Services	1,029,398	351,398	34%	
Pumping - Salary	1,278,592	812,473	64%	(b)
Burden and Benefits	632,338	376,760	60%	(b)
Total Pumping Expenditures	\$ 8,120,496	\$ 4,315,383	53%	

* Significant items that are more/less than 50% of budget:

(a) Based on timing of expenditures. Account expected to be on budget by yearend.

(b) Labor allocation changed for staff resulting in some departments lower and some departments higher. Overall labor and burden and benefits expected to be on budget.

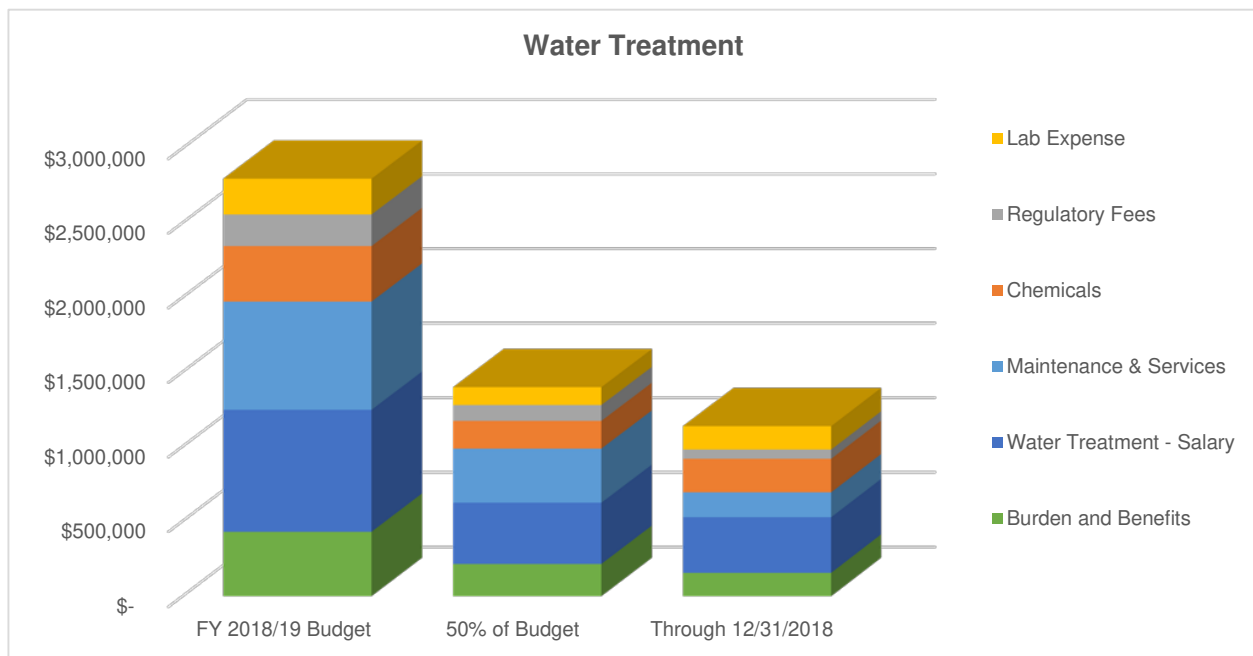


DETAILED WATER TREATMENT EXPENDITURES - RETAIL
 FY 2018/19 - Midyear Budget Report

WATER TREATMENT	BUDGET FY 2018/19	Through 12/31/2018	% of BUDGET	*
Lab Expense	\$ 240,000	\$ 157,147	65%	(a)
Regulatory Fees	212,000	61,922	29%	(a)
Chemicals	372,100	224,816	60%	(a)
Maintenance & Services	725,220	166,479	23%	(b)
Water Treatment - Salary	817,413	370,779	45%	(c)
Burden and Benefits	428,895	155,597	36%	(c)
Total Water Treatment Expenditures	\$ 2,795,628	\$ 1,136,740	41%	

* Significant items that are more/less than 50% of budget:

- (a) Based on timing of expenditures. Account expected to be on budget by yearend.
- (b) Lower outside services and parts and materials needed in the first half of the year.
- (c) Labor allocation changed for staff resulting in some departments lower and some departments higher. Overall labor and burden and benefits expected to be on budget.



DETAILED TRANSMISSION AND DISTRIBUTION EXPENDITURES - RETAIL

FY 2018/19 - Midyear Budget Report

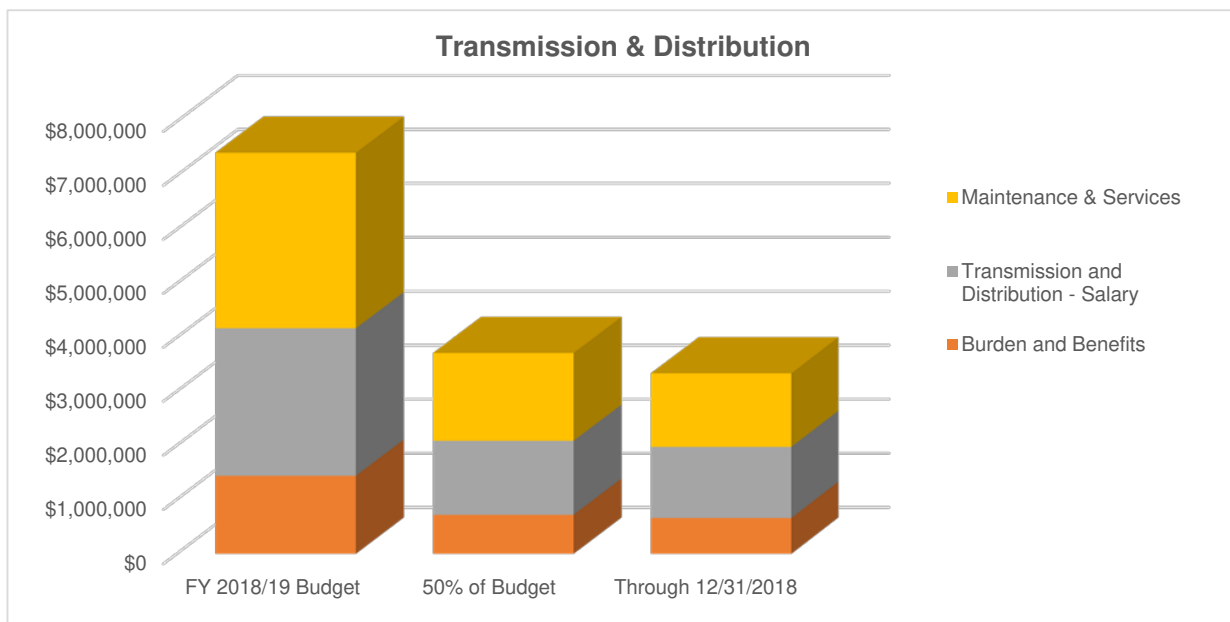
TRANSMISSION & DISTRIBUTION	BUDGET FY 2018/19	Through 12/31/2018	% of BUDGET
Maintenance & Services	\$ 3,251,790	\$ 1,363,204	42%
Transmission and Distribution - Salary	2,731,827	1,311,699	48%
Burden and Benefits	1,436,442	659,232	46%
Total Transmission & Distribution Expenditures	\$ 7,420,059	\$ 3,334,135	45%

*

(a)

* Significant items that are more/less than 50% of budget:

(a) Based on timing of expenditures. Account expected to be on budget by yearend.



DETAILED CUSTOMER ACCOUNTS EXPENDITURES - RETAIL

FY 2018/19 - Midyear Budget Report

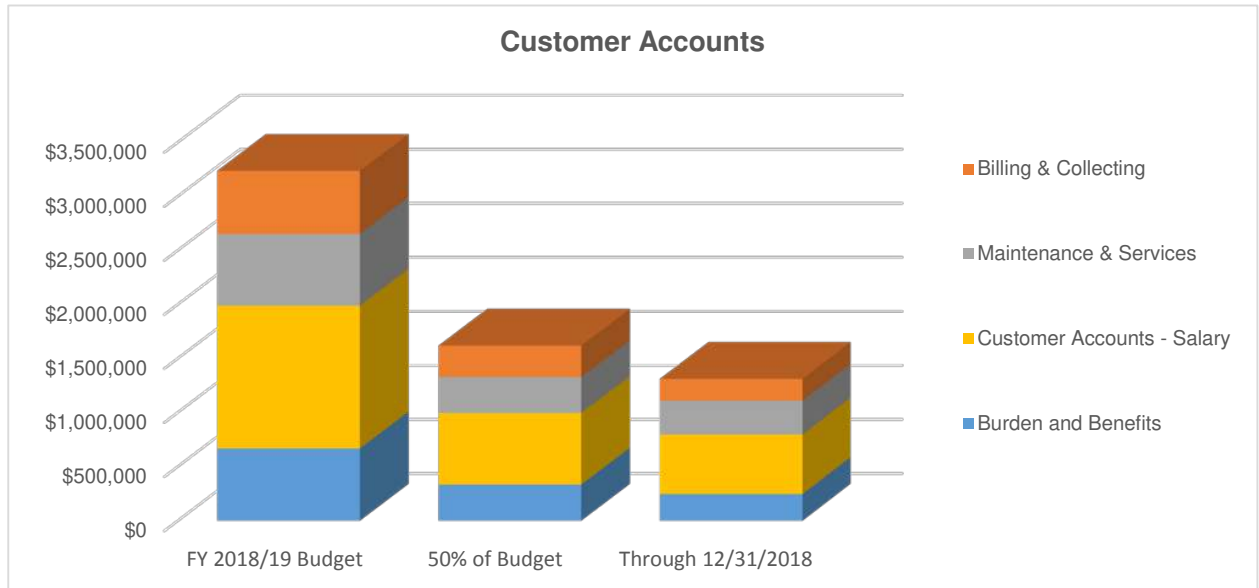
CUSTOMER ACCOUNTS

CUSTOMER ACCOUNTS	BUDGET FY 2018/19	Through 12/31/2018	% of BUDGET	*
Billing & Collecting	\$ 583,191	\$ 203,064	35%	(a)
Maintenance & Services	\$ 663,844	\$ 311,970	47%	
Customer Accounts - Salary	1,321,544	549,414	42%	(b)
Burden and Benefits	666,459	245,843	37%	(b)
Total Customer Accounts Expenditures	\$ 3,235,038	\$ 1,310,291	41%	

* Significant items that are more/less than 50% of budget:

(a) Lower uncollectibles and postage than budgeted.

(b) Staff retirement and department transfers were back filled as divisions shared responsibilities and utilized current employees for cost savings.



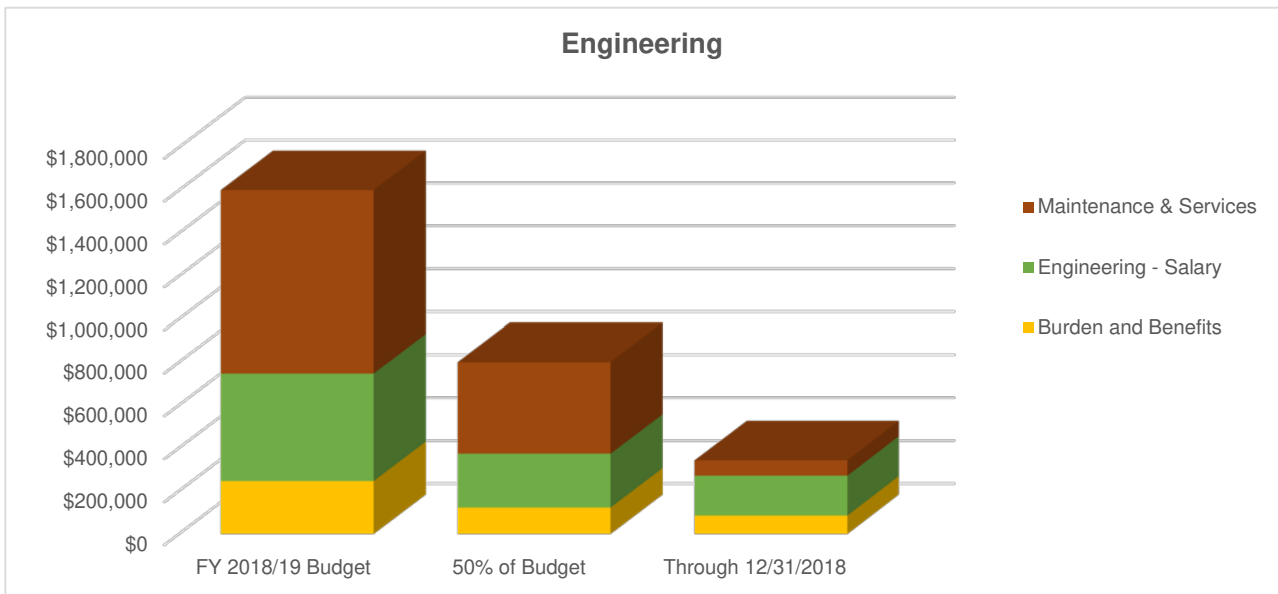
DETAILED ENGINEERING EXPENDITURES - RETAIL
 FY 2018/19 - Midyear Budget Report

ENGINEERING	BUDGET FY 2018/19	Through 12/31/2018	% of BUDGET	*
Maintenance & Services	\$ 853,813	\$ 71,230	8%	(a)
Engineering - Salary	501,100	185,814	37%	(b)
Burden and Benefits	246,400	85,861	35%	(b)
Total Engineering Expenditures	\$ 1,601,313	\$ 342,905	21%	

* Significant items that are more/less than 50% of budget:

(a) Using in house services for cost savings.

(b) More labor charged to projects than anticipated.



DETAILED ADMINISTRATIVE AND GENERAL EXPENDITURES - RETAIL

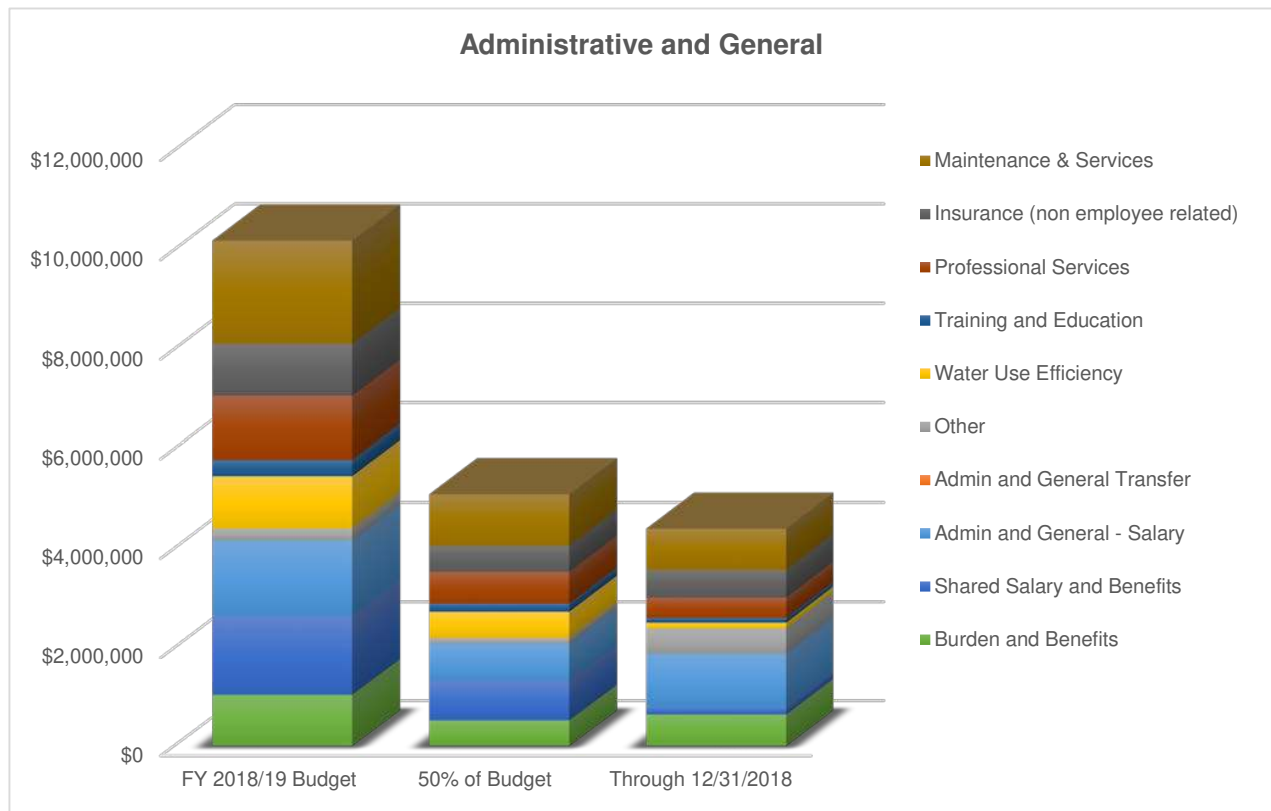
FY 2018/19 - Midyear Budget Report

ADMINISTRATIVE AND GENERAL

ADMINISTRATIVE AND GENERAL	BUDGET FY 2018/19	Through 12/31/2018	% of BUDGET	*
Maintenance & Services	\$ 2,079,516	\$ 830,189	40%	(a)
Insurance (non employee related)	1,040,145	557,788	54%	
Professional Services	1,284,573	407,855	32%	
Training and Education	324,663	95,829	30%	(a)
Water Use Efficiency	1,056,000	112,095	11%	(b)
Other	236,857	512,858	217%	(c)
Admin and General Transfer	(499,604)	(244,971)	49%	
Admin and General - Salary	1,502,062	1,084,377	72%	(d)
Shared Salary and Benefits	1,616,200	156,904	10%	(d)
Burden and Benefits	1,045,152	641,774	61%	(d)
Total Administrative and General Expenditures	\$ 9,685,564	\$ 4,154,698	43%	

* Significant items that are more/less than 50% of budget:

- (a) Based on timing of expenditures. Account expected to be on budget by yearend.
- (b) Conservation programs started later than anticipated and will continue in the second half of the year but not anticipated to hit full budget.
- (c) VWC paid \$390K in dissolution taxes
- (d) Some positions within divisions were anticipated to be shared but remained at the division level.





ITEM NO.
5.13

Monthly Financial Report

JANUARY 2019

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Statements of Revenues and Expenses

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**Santa Clarita Water Agency - Regional
Statement of Revenues and Expenses
For the 7th Period Ending 1.31.19**

(in \$000)

	(A)	(B)	(C)	(D)	(E)	(F)	(G)
	Current Period			Year-to-Date			
	Actual	Budget	Variance	Actual	Budget	Variance	Percent
	Operating Revenues						
(1)	\$2,147	\$1,776	\$371	\$15,464	\$14,472	\$992	7% (1)
(2)	33	175	(142)	717	1,223	(506)	(41%) (2)
(3)	\$2,180	1,951	229	\$16,181	\$15,695	\$484	3% (3)
	Operating Expense						
(4)	200	173	27	1,088	1,254	(166)	(13%) (4)
(5)	555	391	164	3,372	2,969	403	14% (5)
(6)	157	113	44	772	828	(56)	(7%) (6)
(7)	270	258	12	1,830	1,912	(82)	(4%) (7)
(8)	88	81	7	575	594	(19)	(3%) (8)
(9)	290	1,863	(1,573)	4,171	5,958	(1,787)	(30%) (9)
(10)	362	329	33	2,793	2,735	58	2% (10)
(11)	\$1,922	\$3,208	(\$1,286)	14,601	\$16,250	(\$1,649)	(10%) (11)
(12)	\$257	(\$1,257)	\$1,514	\$1,578	(\$555)	\$2,133	(12)
	Total Operating Expense						
	Operating Revenue Over/(Under) Operating Expenses						

**Santa Clarita Water Agency - Retail
Statement of Revenues and Expenses
For the 7th Period Ending 1.31.19**

(in \$000)

	(A) (B) (C)			(D) (E) (F) (G)			
	Current Period			Year-to-Date			
	Actual	Budget	Variance	Actual	Budget	Variance	Percent
(1)	\$5,015	\$5,609	(\$594)	\$50,980	\$49,945	\$1,035	2% (1)
(2)	146	109	37	979	766	213	28% (2)
(3)	\$5,161	\$5,718	(\$557)	\$51,959	\$50,711	\$1,248	2% (3)
Operating Revenues							
(4)	1,743	2,000	(257)	15,227	14,820	407	3% (4)
(5)	448	661	(213)	4,685	4,685	-	(5)
(6)	272	229	43	1,326	1,597	(271)	(17%) (6)
(7)	478	616	(138)	3,751	4,273	(522)	(12%) (7)
(8)	225	266	(41)	1,453	1,834	(381)	(21%) (8)
(9)	47	135	(88)	387	924	(537)	(58%) (9)
(10)	679	808	(129)	4,647	5,435	(788)	(14%) (10)
(11)	3,892	4,715	(823)	\$31,475	\$33,568	(\$2,092)	(6%) (11)
(12)	\$1,269	\$1,003	\$266	\$20,484	\$17,143	\$3,340	19% (12)
Operating Revenue Over/(Under) Operating Expenses							
Nonoperating Revenue and Expenses							
(13)	361	154	207	1,244	866	378	44% (13)
(14)	(540)	(543)	3	(3,793)	(3,867)	74	(2%) (14)
(15)	(213)	(1,063)	850	(3,450)	(7,435)	3,985	(54%) (15)
(16)	(392)	(1,452)	1,060	(5,999)	(10,436)	4,437	(43%) (16)
(17)	\$877	(\$449)	\$1,326	\$14,485	\$6,707	\$7,777	(17)
Total Change in Net Position							

Investment Reports

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Regional Division
Cash and Investment Summary
1/31/19

	BALANCE	% OF TOTAL	AVERAGE REMAINING LIFE DAYS	WGHTD. AVG. YIELD
<u>Agency Funds</u>				
Cash & Sweep Account	\$ 2,301,954	1.30%	-	2.330%
LAIF *	53,513,914	29.94%	-	2.355%
LACPIF	25,963,780	14.53%	-	2.180%
California GO Bonds	1,946,780	1.09%	-	2.250%
Federal Agencies	78,500,000	43.95%	608	1.624%
Total Agency	<u>162,226,428</u>			
<u>Capital Improvement Project Funds</u>				
Cash & Sweep Account	\$ 1,327,495	0.74%	-	2.330%
LAIF	5,118,016	2.86%	-	2.355%
Federal Agencies	9,996,000	5.59%	901	2.226%
Total CIP	<u>16,441,511</u>			
Total Cash and Investment	<u>\$ 178,667,939</u>	<u>100.00%</u>		1.999%

* Regional division's LAIF investments include SCWD pass through investment of \$13,642,929 and NWD pass-through investment of \$7,559,632. NWD and SCWD show these amounts on their division's monthly investment reports.

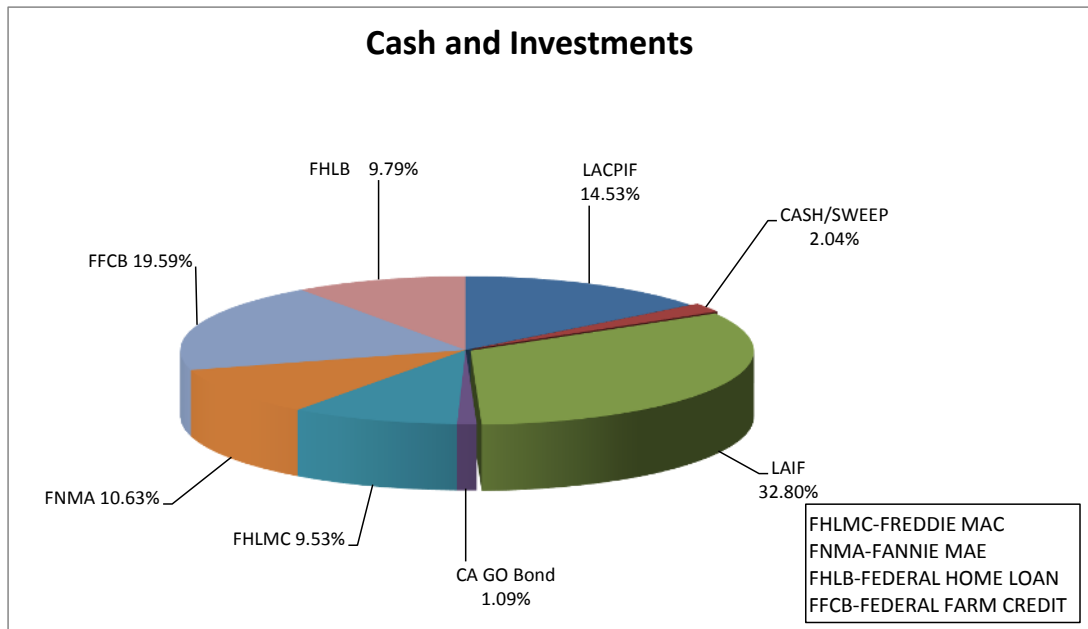
I certify that all investment actions executed since the last investment report have been made in full compliance with the Investment Policy as adopted by the Board of Directors, and that the Agency will meet its expenditure obligations for the next 6 months as required by Government Code Section 53646(b)(2) and (3), respectively.



Rochelle Patterson
Treasurer/Director of Finance & Administration



Amy Aguer
Controller



1/31/19

Regional Division General Funds Invested:

<u>Description</u>	<u>Par Value</u>	<u>Rate</u>	<u>Yield</u>	<u>Purchase Date</u>	<u>Maturity Date</u>	<u>Life Days</u>	<u>Rem. Days</u>	<u>Average Interest</u>	
State of California GO Bonds	1,946,780	2.250%	2.862%	01/25/19	10/01/23	1710	1704	43,803	
Federal Government Agency Investment Portfolio									
FFCB	5,000,000	1.030%	1.030%	07/05/16	04/05/19	1004	64	51,500	#
FHLB	5,000,000	1.200%	1.200%	10/31/16	10/11/19	1075	253	60,000	#
FFCB	5,000,000	1.300%	1.300%	05/25/16	11/25/19	1279	298	65,000	#
FFCB	2,500,000	1.240%	1.240%	07/13/16	01/13/20	1279	347	31,000	#
FFCB	5,000,000	1.360%	1.360%	05/18/16	02/18/20	1371	383	68,000	#
FHLB	5,000,000	1.450%	1.450%	03/30/16	03/30/20	1461	424	72,500	#
FFCB	5,000,000	1.470%	1.470%	06/29/16	06/29/20	1461	515	73,500	#
FNMA	6,000,000	1.500%	1.500%	06/30/16	09/29/20	1552	607	90,000	#
FHLMC	5,000,000	1.750%	1.750%	04/26/17	10/26/20	1279	634	87,500	#
FNMA	8,000,000	1.750%	1.750%	10/30/15	10/29/20	1826	637	140,000	#
FFCB	5,000,000	1.350%	1.350%	11/02/16	11/02/20	1461	641	67,500	#
FFCB	5,000,000	1.440%	1.440%	07/16/16	01/19/21	1648	719	72,000	#
FHLMC	2,000,000	2.900%	2.900%	07/30/18	07/30/21	1096	911	58,000	#
FNMA	5,000,000	1.550%	1.550%	08/24/16	08/24/21	1826	936	77,500	#
FHLMC	5,000,000	2.000%	2.000%	04/27/17	04/27/22	1826	1182	100,000	#
FHLMC	5,000,000	2.100%	2.100%	04/27/17	04/27/22	1826	1182	105,000	#
	<u>\$ 78,500,000</u>						<u>9733</u>	<u>1,262,803</u>	
		Weighted Avg Yield	<u>1.624%</u>			Avg Remaining Life	<u>608</u>	Days	

Regional Division CIP Funds Invested:

<u>Description</u>	<u>Par Value</u>	<u>Rate</u>	<u>Yield</u>	<u>Purchase Date</u>	<u>Maturity Date</u>	<u>Life Days</u>	<u>Rem. Days</u>	<u>Average Interest</u>	
Federal Government Agency Investment Portfolio									
FFCB	2,500,000	2.625%	2.625%	04/30/18	08/03/20	826	550	65,625	#
FHLB	2,497,500	2.680%	2.680%	04/30/18	04/26/21	1092	816	66,933	#
FHLB	4,998,500	1.800%	1.800%	04/30/18	09/29/22	1613	1337	89,973	#
	<u>\$ 9,996,000</u>					<u>3531</u>	<u>2703</u>	<u>222,531</u>	
		Weighted Avg Yield	<u>2.226%</u>			Avg Remaining Life	<u>901</u>	Days	

Callable
Cash & Sweep Account, LAIF, and LACPIF are liquid investments.

Newhall Water Division
 Cash and Investment Summary
 As of January 31, 2019

<u>Operating and Reserve Funds</u>	Balance	Percent of Total	Average Remaining Life Days	Weighted Avg. Yield
Checking Account	\$ 1,925,684	15.84%		n/a
LAIF	7,591,611	62.44%		2.36%
UBS Certificates of Deposit	2,640,000	21.72%	761	2.31%
Total	\$ 12,157,295	100.00%		

Total Cash and Investment \$ 12,157,295 100.00%

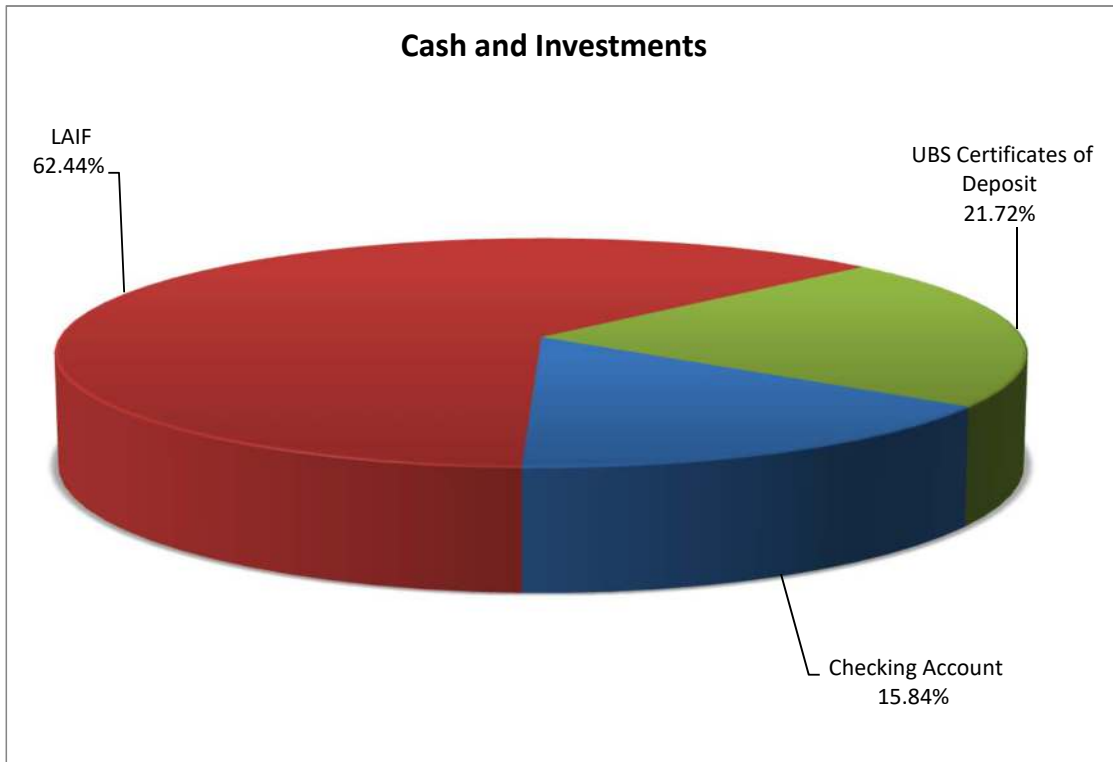


Rochelle Patterson
 Director of Finance and Administration/Treasurer



Amy Aguer
 Controller

I certify that the investments of the Newhall Water Division are in compliance with the Investment Policy as adopted by the Board of Directors, and that the Division has the ability to meet the expenditure requirements for the next 6 months.



NEWHALL WATER DIVISION
As of January 31, 2019

<u>Description</u>	<u>Rate</u>	<u>Yield</u>	<u>Market Value</u>
Wells Fargo Bank Checking Account	N/A	N/A	\$ 1,925,684
Local Agency Investment Fund (LAIF)	2.36%	2.36%	7,591,611
			<u>\$ 9,517,295</u>

<u>Description</u>	<u>Par</u>	<u>Rate</u>	<u>Yield</u>	<u>Purchase Date</u>	<u>Maturity Date</u>	<u>Average Remaining Days</u>	<u>Average Interest</u>
<u>UBS Certificates of Deposit</u>							
Barclays Bank DE US	240,000	2.05%	2.05%	07/11/14	07/16/19	166	4,920
Comenity Bank DE US	200,000	2.15%	2.15%	10/23/14	10/29/19	271	4,300
Capital One Bank VA US	100,000	1.90%	1.90%	10/29/15	11/04/19	277	1,900
MUFG Union Bank NA CA US	200,000	2.85%	2.85%	10/16/18	10/16/20	623	5,700
BMW Bank UT US	200,000	2.19%	2.19%	10/29/15	10/16/20	258	4,380
Compass Bank AL US	200,000	2.95%	2.95%	10/17/18	10/19/20	625	5,900
American Express C UT US	200,000	2.25%	2.25%	10/29/15	11/04/20	642	4,500
Capital One Bank VA US	200,000	2.14%	2.14%	10/29/15	03/31/21	789	4,280
World's Foremost B NE US	200,000	1.81%	1.81%	03/24/16	03/31/21	789	3,620
JP Morgan Chase Bank DE US	100,000	1.75%	1.75%	09/26/16	09/30/21	972	1,750
Wells Fargo Bank NA SD US	200,000	1.81%	1.81%	10/27/16	11/02/21	1,005	3,620
State Bank of India NY US	200,000	2.25%	2.25%	01/30/17	02/09/22	1,104	4,500
Goldman Sachs Bank NY US	200,000	2.36%	2.36%	10/24/17	11/01/22	1,369	4,720
Celtic Bank UT US	200,000	3.50%	3.50%	11/30/18	11/30/23	1,762	7,000
	<u>\$ 2,640,000</u>					<u>761</u>	<u>\$ 61,090</u>

NWD Total Cash and Investments

12,157,295

Santa Clarita Water Division
Cash and Investment Summary
As of January 31, 2019

SCWD*	Balance	Percent of Total	Maximum Concentration Allowed	Average Remaining Life Days	Weighted Avg. Yield
Retail Division Cash and Sweep	\$ 8,351,219	16.0%	n/a		2.27%
Wells Fargo Government I 1751 MMF	61,335	0.1%	10%		2.27%
FNMA Bond	3,000,000	5.8%	100%	438	1.52%
FFCB Bond	7,750,000	14.9%	100%	787	2.39%
FHLB Bond	5,000,000	9.6%	100%	860	1.83%
FHLMC Bond	5,500,000	10.5%	100%	832	2.59%
Wells Fargo Bank Note	1,000,000	1.9%	100%	-	-
California State Taxable Municipal Bond	1,500,000	2.9%	30%	-	-
United States Treasury bill	500,000	1.0%	n/a	-	-
LAIF	13,696,816	26.2%	State Max		2.36%
Wells Fargo Certificates of Deposit	5,800,000	11.1%	30%	326	0.00%
Total	\$ 52,159,370	100.00%			

Total Cash and Investment \$ 52,159,370 100.0%**

* See SCWD Portfolio on next page for detailed descriptions.

** Total for SCWD includes estimated \$3,610,356 in refundable Developer Deposits.

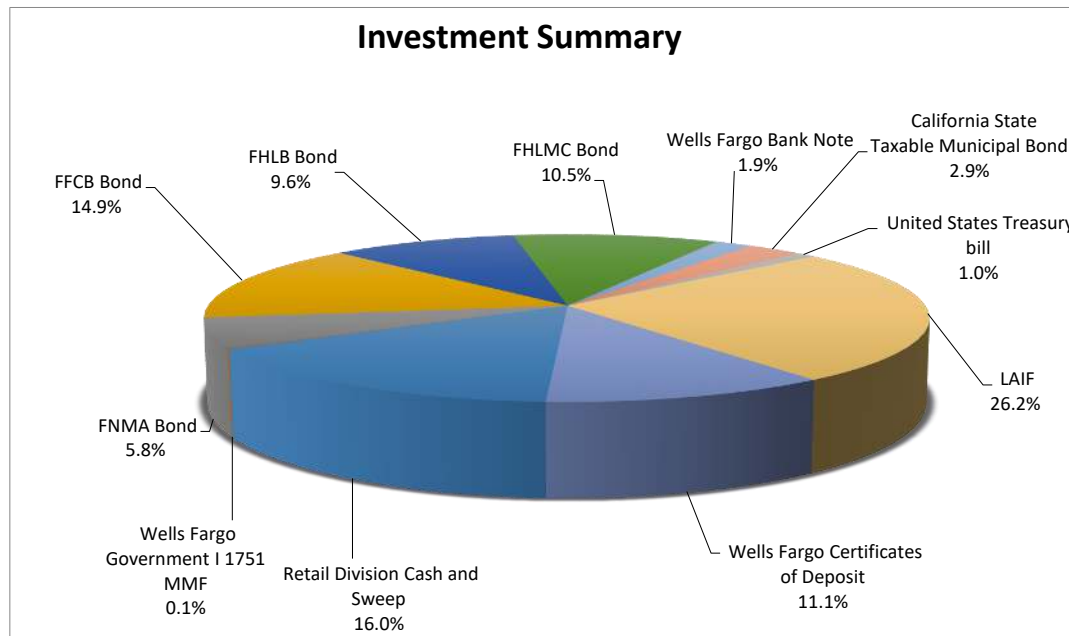
I certify that the investments of the Santa Clarita Water Division are in compliance with the Investment Policy as adopted by the Board of Directors, and that the Division has the ability to meet the expenditure requirements for the next 6 months.



Rochelle Patterson
Director of Finance and Administration/Treasurer



Elizabeth Ooms-Graziano
Retail Administrative Officer



Santa Clarita Water Division
Cash and Investment Summary
As of January 31, 2019

Description	Balance	Rate	Yield
Cash and Sweep (Cash in Bank)	\$ 8,351,219	2.27%	2.27%
Local Agency Investment Fund (LAIF)	13,696,816	2.36%	2.36%
Wells Fargo Government I 1751 Money Market Fund (MMF)	61,335	2.27%	2.27%
	\$ 22,109,370		

Description	Par	Rate	Yield	Purchase Date	Maturity Date	Life Days	Remaining Days	Average Interest
<u>Federal Government Agency Investment Portfolio</u>								
Federal Farm Credit Bank [†] (FFCB)	1,000,000	1.03%	1.03%	07/05/16	04/05/19	1,005	64	10,300
Federal Farm Credit Bank [†] (FFCB)	1,000,000	1.14%	1.14%	07/07/16	10/07/19	1,188	249	11,400
Fannie Mae [†] (FNMA)	1,000,000	1.30%	1.30%	05/25/16	11/25/19	1,280	298	13,000
Fannie Mae [†] (FNMA)	1,000,000	1.50%	1.50%	12/16/16	03/16/20	1,187	410	15,000
Federal Home Loan Bank [†] (FHLB)	2,000,000	1.75%	1.75%	01/30/17	07/30/20	1,278	546	35,000
Freddie Mac (FHLMC)	1,000,000	2.70%	2.70%	09/21/18	09/21/20	732	599	27,000
Fannie Mae [†] (FNMA)	1,000,000	1.75%	1.75%	12/28/16	09/28/20	1,371	606	17,500
Federal Home Loan Bank [†] (FHLB)	1,500,000	1.38%	1.38%	07/13/16	10/13/20	1,554	621	20,625
Freddie Mac (FHLMC)	1,500,000	2.13%	2.13%	12/29/17	06/29/21	1,279	880	31,875
Freddie Mac (FHLMC)	2,000,000	2.73%	2.73%	04/06/18	07/27/21	1,209	908	54,600
Freddie Mac (FHLMC)	1,000,000	2.90%	2.90%	11/21/18	08/27/21	1,011	939	29,000
Federal Farm Credit Bank [†] (FFCB)	1,500,000	2.68%	2.68%	01/15/19	01/15/21	732	684	40,200
Federal Farm Credit Bank [†] (FFCB)	2,000,000	2.87%	2.87%	05/16/18	11/15/21	1,280	1,019	57,400
Federal Farm Credit Bank [†] (FFCB)	1,250,000	3.12%	3.12%	06/27/18	06/27/22	1,462	1,243	39,000
Federal Home Loan Bank [†] (FHLB)	1,500,000	2.38%	2.38%	12/14/17	12/13/22	1,826	1,412	35,625
Federal Farm Credit Bank [†] (FFCB)	1,000,000	2.66%	2.66%	01/30/18	01/30/23	1,827	1,460	26,600
	\$ 21,250,000						746	\$ 29,008

[†] Callable

Description	Par	Rate	Yield	Purchase Date	Maturity Date	Life Days	Remaining Days	Average Interest
Wells Fargo Bank Note	\$ 1,000,000	1.75%	1.75%	12/9/2016	5/24/2019	896	113	\$ 17,500
	\$ 1,000,000						113	\$ 17,500

Description	Par	Rate	Yield	Purchase Date	Maturity Date	Life Days	Remaining Days	Average Interest
California State Taxable Municipal Bond	\$ 1,500,000	2.30%	2.30%	1/29/2018	10/1/2020	976	609	\$ 34,500
	\$ 1,500,000						609	\$ 34,500

Description	Par	Disc. Rate	Yield	Purchase Date	Maturity Date	Life Days	Remaining Days	Average Interest
United States Treasury Bill	\$ 500,000	2.30%	2.37%	8/28/2018	8/15/2019	352	196	\$ 11,500
	\$ 500,000						196	\$ 11,500

Note: Cash and Sweep, LAIF and Wells Fargo Money Market Fund are liquid investments.

Santa Clarita Water Division
Cash and Investment Summary
As of January 31, 2019

<u>Description</u>	<u>Par</u>	<u>Rate</u>	<u>Yield</u>	<u>Purchase Date</u>	<u>Maturity Date</u>	<u>Life Days</u>	<u>Remaining Days</u>	<u>Average Interest</u>
<u>Wells Fargo Certificates of Deposit</u>								
Sallie Mae Bank Interest	250,000	1.45%	1.45%	02/03/16	02/04/19	1,098	4	3,625
Private Bank & Trust Co Chicago	250,000	1.10%	1.10%	05/20/16	05/20/19	1,096	109	2,750
BMW Bank NY	50,000	1.95%	1.95%	06/20/14	06/20/19	1,827	140	975
Discover Bank	250,000	2.00%	2.00%	07/02/14	07/02/19	1,827	152	5,000
Centennial Bank Conway	250,000	1.20%	1.20%	05/20/16	11/20/19	1,280	293	3,000
Everbank/Jacksonville FL	250,000	1.45%	1.45%	12/09/16	12/09/19	1,096	312	3,625
American Exp Centurion	50,000	2.20%	2.20%	12/11/14	12/11/19	1,827	314	1,100
Bank of China/New York	250,000	2.75%	2.75%	12/28/18	12/27/19	365	330	6,875
Safra National Bank	250,000	2.80%	2.80%	12/27/18	04/15/20	476	440	7,005
Gothenburg State Bank & Trust	250,000	2.80%	2.80%	11/28/18	05/28/20	548	483	7,000
Capital One Bank, NA	50,000	2.30%	2.30%	07/23/15	07/29/20	1,834	545	1,150
Capital One Bank USA, NA	250,000	1.85%	1.85%	12/07/16	12/07/20	1,462	676	4,625
Pinnacle Gank TN	250,000	3.05%	3.05%	12/14/18	12/14/20	732	683	7,625
Mercantil Commercebank	250,000	1.90%	1.90%	12/16/16	12/16/20	1,462	685	4,750
Ally Bank	250,000	2.15%	2.15%	12/21/17	12/21/20	1,097	690	5,375
Morgan Stanley Bank	250,000	2.15%	2.15%	12/21/17	12/21/20	1,097	690	5,375
Merrick Bank	250,000	2.25%	2.25%	01/30/18	01/29/21	1,096	729	5,625
Eagle Bank	250,000	2.85%	2.85%	09/07/18	03/08/21	914	767	7,125
First Internet Bank	250,000	2.20%	2.20%	12/18/17	12/17/21	1,461	1,051	5,500
BMO Harris Bank	250,000	2.80%	2.80%	04/13/18	04/13/22	1,462	1,168	7,000
JP Morgan Chase Bank	150,000	2.85%	2.85%	04/17/18	04/17/22	1,462	1,172	4,275
American Express Bank FSB	250,000	2.35%	2.35%	05/03/17	05/03/22	1,827	1,188	5,875
Citibank	250,000	3.00%	3.00%	05/16/18	05/23/22	1,469	1,208	7,500
Bridgewater Bank Bloom MN	250,000	3.20%	3.20%	12/14/18	06/14/22	1,279	1,230	8,000
Allegiance Bank Texas	250,000	2.50%	2.50%	01/23/19	01/23/20	366	326	6,250
US Bank Natl Assoc	250,000	2.55%	2.55%	01/23/19	01/23/20	366	326	6,375
	\$ 5,800,000						604	\$ 133,380
SCWD Total Cash and Investments	\$ 52,159,370							

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**Santa Clarita Valley Water Agency
Valencia Water Division
As of January 31, 2019
Investment Report**

	Current Balance	Percent of Total	Average Remaining Life Days	Weighted Average Yield
Wells Fargo Cash and Sweep	\$3,539,437	22.2%	n/a	0.25%
Certificates of Deposit	\$3,250,000	20.3%	450	0.20%
Commercial Paper	\$2,000,000	12.5%	18	1.19%
Corporate Bond	\$3,687,500	23.1%	669	1.43%
US Treasury Bill	\$3,500,000	21.9%	518	0.84%
Total Cash and Investment	\$15,976,937	100.0%		

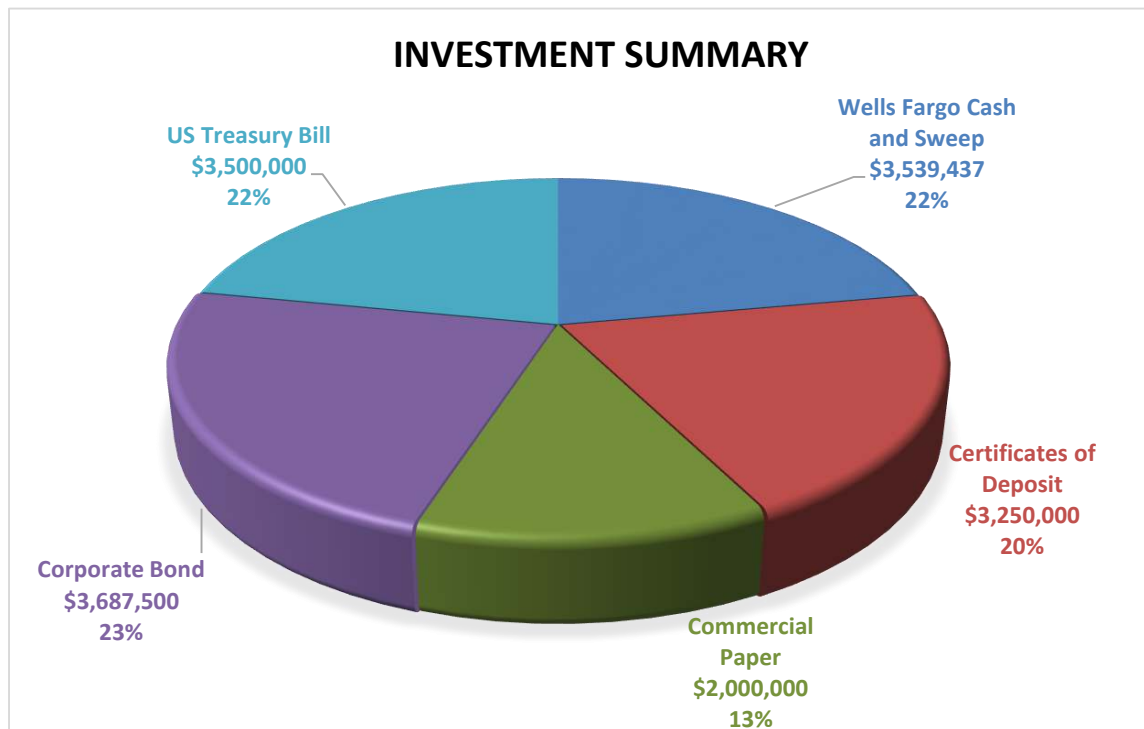
I certify that the investments of the Valencia Water Division are in compliance with the Investment Policy as adopted by the Board of Directors, and that the Division has the ability to meet the expenditure requirement for the next 6 months.



Rochelle Patterson
Director of Finance and Administration, Treasurer



Kim Grass
Accounting Manager



**Valencia Water Division
As of January 31, 2019**

Description	Balance	Rate	Yield
Wells Fargo Cash and Sweep	\$3,539,437	0.25%	0.25%

Description	Par	Rate	Yield	Purchase Date	Maturity Date	Life Days	Remaining Days	Average Interest
							1/31/2019	
Certificates of Deposit								
NEW YORK COMMUNITY BANK	250,000.00	2.050%	2.050%	5/25/2018	2/25/2019	276	25	5,125
FIRST DAKOTA NATIONAL BA	250,000.00	2.100%	2.100%	6/15/2018	3/15/2019	273	43	5,250
EAST-WEST BANK	250,000.00	2.300%	2.300%	6/29/2018	6/28/2019	364	148	5,750
MERCHANTS & MANUF BANK	250,000.00	2.250%	2.250%	7/11/2018	7/11/2019	365	161	5,625
MORGAN STANLEY PVT BANK	250,000.00	2.450%	2.450%	9/27/2018	9/27/2019	365	239	6,125
WOORI AMERICA BANK	250,000.00	2.500%	2.500%	10/1/2018	10/1/2019	365	243	6,250
FRANKLIN SYNERGY BANK	250,000.00	2.500%	2.500%	9/26/2018	11/26/2019	426	299	6,250
DRUMMOND COMMUNITY BANK	250,000.00	2.600%	2.600%	9/25/2018	3/25/2020	547	419	6,500
IBERIABANK/LA	250,000.00	2.850%	2.850%	11/28/2018	5/28/2020	547	483	7,125
BNY Mellon NA	250,000.00	2.800%	2.800%	9/24/2018	9/24/2020	731	602	7,000
STEARNS BANK NA	250,000.00	2.950%	2.950%	7/6/2018	7/6/2021	1096	887	7,375
BERKSHIRE BK/PITTSFIELD	250,000.00	3.150%	3.150%	11/30/2018	11/30/2021	1096	1034	7,875
COMENITY CAPITAL BANK	250,000.00	3.150%	3.150%	7/16/2018	7/18/2022	1463	1264	7,875
	<u>3,250,000.00</u>						<u>450</u>	<u>6,471</u>
Commercial Paper								
MUFG BANK LTD/NY	1,000,000.00	2.280%	2.280%	5/17/2018	2/11/2019	270	11	22,800
COMMERCIAL BANK PSQC	1,000,000.00	2.468%	2.468%	6/1/2018	2/25/2019	269	25	24,680
	<u>2,000,000.00</u>						<u>18</u>	<u>23,740</u>
Corporate Bond								
MUFG UNION BANK NA	687,500.00	2.250%	2.250%	9/20/2018	5/6/2019	228	95	15,469
FHLMC	3,000,000.00	3.000%	3.000%	12/27/2018	6/27/2022	1278	1243	90,000
	<u>3,687,500.00</u>						<u>669</u>	<u>52,734</u>
US Treasury Bill								
United States Treasury Bill	1,000,000.00	2.380%	2.450%	11/14/2018	9/12/2019	302	224	23,800
United States Treasury Bill	1,500,000.00	2.530%	2.613%	11/27/2018	11/7/2019	345	280	37,950
United States Treasury Bill	1,000,000.00	2.625%	2.625%	12/17/2018	12/15/2021	1094	1049	26,250
	<u>3,500,000.00</u>						<u>518</u>	<u>29,333</u>
VWD Total Cash and Investments	<u>15,976,936.58</u>							

Check Registers

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SCVWA - Regional
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From: Jan 1, 2019 to Jan 31, 2019

Vendor Name	Description	Amount
1 SOURCE MATERIAL HANDLING, INC.	EARL SCHMIDT FILTRATION PLANT DOOR & DOCK REPAIR	3,683.41
1 SOURCE MATERIAL HANDLING, INC.		3,683.41
ACC BUSINESS	EARL SCHMIDT FILTRATION PLANT 10/11/-11/10/18	364.42
	EARL SCHMIDT FILTRATION PLANT 11/11-12/10/18	364.42
	SCADA 10/11-11/10/18	728.84
	SCADA 11/11-12/10/18	728.84
ACC BUSINESS		2,186.52
ACCUSTANDARD, INC.	VOC LIQUID STANDARD	850.39
ACCUSTANDARD, INC.		850.39
ACWA/JPIA	CLAIM# 17-0798	200.00
	COBRA-CH FEB	-37.12
	COBRA-KF FEB	18.56
	COBRA-SA FEB	112.67
	REGIONAL DENTAL-FEB	10,741.44
	REGIONAL EAP-FEB	204.45
	REGIONAL LIFE-FEB	3,963.35
	REGIONAL RETIREE DENTAL	2,373.63
	REGIONAL VISION-FEB	1,559.04
	SCWD DENTAL-FEB	6,350.68
	SCWD EAP-FEB	117.50
	SCWD LIFE-FEB	1,817.15
	SCWD RETIREE DENTAL	886.27
	SCWD VISION-FEB	928.00
	VWD DENTAL-FEB	4,662.97
	VWD EAP-FEB	96.35
	VWD LIFE-FEB	1,770.29
	VWD VISION-FEB	760.96
ACWA/JPIA		36,526.19
AFLAC	SCVWA DEC. 2018	8,266.06
AFLAC		8,266.06
AKEL ENGINEERING GROUP, INC.	HYDRAULIC MODELING	1,615.50
AKEL ENGINEERING GROUP, INC.		1,615.50
ALBERT ICKSUN HAHN	SMART CONTROLLER REBATE	150.00
ALBERT ICKSUN HAHN		150.00
ALL SYSTEMS GO, INC.	MONITORING 2/1-4/30/19	270.00
ALL SYSTEMS GO, INC.		270.00
AMANDA JENNEY	SMART CONTROLLER REBATE	102.99
AMANDA JENNEY		102.99
AMARNATH THATAVARTHI	SMART CONTROLLER REBATE	139.99
AMARNATH THATAVARTHI		139.99
AMAZON CAPITAL SERVICES, INC.	PARTITION HANGERS	19.38
AMAZON CAPITAL SERVICES, INC.		19.38
AMERICAN BUSINESS MACHINES	WR7270-BASE RATE 1/5-2/4/19	485.45
	WR7270-BASE RATE 12/5-1/4/19	485.45
AMERICAN BUSINESS MACHINES		970.90
ANCHOR CONSULTING LLC	LEGISLATIVE ANALYSIS	27,000.00
ANCHOR CONSULTING LLC		27,000.00

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Vendor Name	Description	Amount
ANDREA PIERANTONI	SMART CONTROLLER REBATE	99.00
ANDREA PIERANTONI		99.00
ANDY GUMP, INC.	HOLDING TANK 12/17-1/13	247.00
	HOLDING TANK 1/14-2/10	247.00
	PORT TOILET 1/11-2/7	113.14
	PORT TOILET 11/16-12/1	113.14
	PORT TOILET 12/14-1/10	113.14
ANDY GUMP, INC.		833.42
ANTHONY D. CARELLI	SMART CONTROLLER REBATE	133.00
ANTHONY D. CARELLI		133.00
APPLIED BEST PRACTICES, LLC	CONSULT SERVICE SETUP FEE	1,500.00
	OCTOBER SERVICES	903.00
APPLIED BEST PRACTICES, LLC		2,403.00
AQUA-FLO SUPPLY	NEW CALSENSE CONTROLLERS	16,820.64
AQUA-FLO SUPPLY		16,820.64
ARAM TCHAMKERTENIAN	SMART CONTROLLER REBATE	150.00
ARAM TCHAMKERTENIAN		150.00
ARAMARK UNIFORM SERVICE INC.	APPAREL RENTAL AND MAINTENANCE	1,920.48
ARAMARK UNIFORM SERVICE INC.		1,920.48
ARISTEA MANTIS	MILEAGE 11/8, 12/13	16.95
ARISTEA MANTIS		16.95
AROUND THE CLOCK CALL CENTER	ANSWERING SERVICE -DEC	148.80
	ANSWERING SERVICE -JAN	166.70
	ANSWERING SERVICE- NOV	130.70
AROUND THE CLOCK CALL CENTER		446.20
ASHISH K JAIN	SMART CONTROLLER REBATE	119.99
ASHISH K JAIN		119.99
ASSOCIATION OF PUBLIC TREASURERS	MEMBERSHIP DUES-RP	179.00
ASSOCIATION OF PUBLIC TREASURERS		179.00
	EARL SCHMIDT FILTRATION PLANT COMP. AUTODIALER	20.73
	EARL SCHMIDT FILTRATION PLANT SERVICE 12/11-1/10	119.29
	EARL SCHMIDT FILTRATION PLANT/RIO VISTA WATER TREATMENT PLANT ALARMS	94.71
	EARL SCHMIDT INTAKE PUMP STATION 2/11-1/10/19	20.73
	IRRIGATION TELEMTRY	39.82
	INTERGRADED SERVICE DIGITAL NETWORK - EARL SCHMIDT FILTRATION PLANT TO RIO VISTA WATER TREATMENT PLANT	64.25
	INTERGRADED SERVICE DIGITAL NETWORK-RIO VISTA WATER TREATMENT PLANT TO EARL SCHMIDT FILTRATION PLANT 12/11	64.25
AT&T	LAN SERVICE 12/11-1/10	230.67
	MODEM 12/11-1/10/19	39.82
	PRIMARY INTERNET	1,325.63
	RIO VISTA INTAKE PUMP STATION ALRMS12/11-1/10	58.90

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Vendor Name	Description	Amount
	RIO VISTA WATER TREATMENT PLANT ELEVATOR SERVICE	20.73
	RIO VISTA WATER TREATMENT PLANT SERVICE 297-1600	42.34
	RIO VISTA WATER TREATMENT PLANT SERVICE297-1607-19	159.19
	SAFETY/ IT / EVENTS	20.82
	T-1 INTERNET JANUARY	1,347.89
	TURNOUTS TELEMTRY	125.73
	WAREHOUSE/SUMMIT	847.48
AT&T		4,642.98
AV PARTY RENTAL, INC.	ALL EMPLOYEE MEETING 1/8/19	470.45
AV PARTY RENTAL, INC.		470.45
	PERA WEEK ENDING 12/16/18	93.00
	PERA WEEK ENDING 1/13/19	93.00
BARRINGTON STAFFING SERVICES	PERA WEEK ENDING 1/6/19	302.25
	PERA WEEK ENDING 11/18/18	186.00
	PERA WEEK ENDING 11/25/18	176.70
BARRINGTON STAFFING SERVICES		850.95
	CYLINDER SEAL KITS	14,167.61
BASIN VALVE COMPANY	INSTALL REPACKING VALVE	1,447.50
	RIO VISTA WATER TREATMENT PLANT VALVE REPACKING	911.55
BASIN VALVE COMPANY		16,526.66
	ACCESS CONTROL 3479672 1/1-2/1/19	20.00
	ACCESS CONTROL 3479672 10/1-1/1/19	60.00
BAY ALARM COMPANY	ACCESS CONTROL 3479672 8/22-10/1/	26.46
	MONITORING 3479472 1/1-2/1/19	35.00
BAY ALARM COMPANY		141.46
BE VAN PHAN	SMART CONTROLLER REBATE	139.99
BE VAN PHAN		139.99
BENJAMIN JAMES KEIL	SMART CONTROLLER REBATE	150.00
BENJAMIN JAMES KEIL		150.00
	DEVILS DEN SOLAR PROJECT DEC	2,863.80
	GENERAL LEGAL DEC	4,170.00
BEST BEST & KRIEGER LLP	GENERAL LEGAL NOV.	13,602.21
	WATERFIX LITIGATION	4,980.20
	WATERSHED INITIATIVE	24,022.20
BEST BEST & KRIEGER LLP		49,638.41
BIG JOHN'S PERFORMANCE	TIRE REPAIR-UNIT# 150	15.00
BIG JOHN'S PERFORMANCE		15.00
	ACWA CONFERENCE EXPENSE 11/26-30/18	984.82
BILL COOPER	ACWA TRAVEL 11/26-30/18	318.96
BILL COOPER		1,303.78
	ACWA CONFERENCE EXPENSE 11/26-30/18	777.34
BJ ATKINS	ACWA TRAVEL 11/26-30/18	333.44
BJ ATKINS		1,110.78

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Vendor Name	Description	Amount
BLAINE TECH SERVICES, INC.	WHITTAKER BERMITE SERVICE	7,060.00
BLAINE TECH SERVICES, INC.		7,060.00
BRAD GRIFFITHS	SMART CONTROLLER REBATE	150.00
BRAD GRIFFITHS		150.00
BRIAN FELKEL	SMART CONTROLLER REBATE	150.00
BRIAN FELKEL		150.00
BURRTEC WASTE INDUSTRIES INC.	JAN SERVICES	339.30
BURRTEC WASTE INDUSTRIES INC.		339.30
CALIFORNIA DEPARTMENT OF TAX	UNDERGROUND STORAGE TANK	42.50
CALIFORNIA DEPARTMENT OF TAX		42.50
CALIFORNIA TELEPHONY, INC.	ADMIN/ENGINEERING EXTENSION CHANGES	110.00
CALIFORNIA TELEPHONY, INC.		110.00
CALPERS / CERBT	OPEB CONTRIBUTION	447,954.32
CALPERS / CERBT		447,954.32
	C3325-COPY USAGE 11/30-12/30	27.78
	C75801-COPY USAGE 11/30-12/30	1,507.84
CANON SOLUTIONS AMERICA, INC.	IRC5550-COPY USAGE 9/15-12/14	1,158.40
	OFFICE SUPPLIES-TONER	514.11
	VARIOUS- 8/19-11/18	3,307.17
CANON SOLUTIONS AMERICA, INC.		6,515.30
CDW GOVERNMENT, INC	COMPUTER EQUIPMENT	351.69
	GOV ADOBE ACROBAT	27.28
CDW GOVERNMENT, INC		378.97
CHARLES B GASSNER	POOL COVER REBATE	124.96
CHARLES B GASSNER		124.96
	GET WELL FLOWERS-AV	65.70
CHARMAINE'S FLORIST	SYMPATHY FLOWERS JM	98.55
	SYMPATHY FLOWERS-CA	93.08
	SYMPATHY FLOWERS-RH	98.55
CHARMAINE'S FLORIST		355.88
	AWA WORKSHOP REGISTRATION 8/27	45.00
CHRIS GRAZIANO	AWC DIST. SYSTEM CLASS	299.99
	DIST SYSTEM EXAM REVIEW	149.99
	GRADE 2 CERT RENEWAL	80.00
CHRIS GRAZIANO		574.98
CHRISAREK J AROYAN	SMART CONTROLLER REBATE	150.00
CHRISAREK J AROYAN		150.00
CHRISTINA M. HOFFMAN	SMART CONTROLLER REBATE	99.00
CHRISTINA M. HOFFMAN		99.00
CHRISTOPHER MUNDY	SMART CONTROLLER REBATE	88.00
CHRISTOPHER MUNDY		88.00
	PROGRESS PAYMENT#17 - CLEARWELL CT IMPROVEMENTS - RETENTION-TRUST	-2,500.00
CLARK BROS. INC.	PROGRESS PAYMENT #17 - CLEARWELL CT IMPROVEMENTS - THRU 12/20/18	50,000.00
CLARK BROS. INC.		47,500.00

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Vendor Name	Description	Amount
CMJ INFORMATION TECHNOLOGY INC.	MAINTENANCE/SUPPORT JAN 18	900.00
	MAINTENANCE/SUPPORT DEC 18	900.00
CMJ INFORMATION TECHNOLOGY INC.		1,800.00
CONTRACTOR COMPLIANCE & MONITORING	LABOR COMPLIANCE PROGRAM-GRANT FUNDED PROJECTS	446.25
CONTRACTOR COMPLIANCE & MONITORING		446.25
COPPER EAGLE PATROL & SECURITY	DECEMBER MEETINGS	732.00
	GARDEN GUARD DEC.	1,540.00
	GARDEN GUARD NOV.	1,232.00
	MAIN GATE GUARD DEC.	4,812.75
	MAIN GATE GUARD NOV.	4,641.53
	MEETING 1/14/19	156.75
	NOVEMBER MEETINGS	600.00
	PATROL SERVICE DEC.	3,135.00
	PATROL SERVICE JAN.	3,135.00
	COPPER EAGLE PATROL & SECURITY	
CORE & MAIN LP	AIR VAC PARTS	224.80
CORE & MAIN LP		224.80
CORINNA FISHER	SMART CONTROLLER REBATE	150.00
CORINNA FISHER		150.00
CORRPRO COMPANIES, INC.	WATER TANK INSPECTION	635.00
CORRPRO COMPANIES, INC.		635.00
CS-AMSCO	ACTUATOR REPAIR PARTS	425.21
	PARTS FOR VALVES	4,598.73
CS-AMSCO		5,023.94
CUSTOM CATERERS	ALL STAFF MEETING 1/8/19	3,749.25
	BOD DINNER 1/7/19	579.26
	BOD DINNER 2/5/19	580.35
	BOD WORKSHOP 1/25	164.25
	BOD WORKSHOP 1/25-26	2,766.49
CUSTOM CATERERS		7,839.60
DAN'S WELDING SERVICE	LADDER/LID INSTALLATION	3,384.00
DAN'S WELDING SERVICE		3,384.00
DANIEL B STEPHENS & ASSOCIATES, INC	LITIGATION SETTLEMENT AGREEMENT COST CONSULTANT	673.75
	GROUNDWATER SUSTAINABILITY AGENCY ADVISORY SERVICES	1,820.40
DANIEL B STEPHENS & ASSOCIATES, INC		2,494.15
DARYL ABRAM MENDELSON	SMART CONTROLLER REBATE	150.00
DARYL ABRAM MENDELSON		150.00
DAVID W. FLETCHER	SMART CONTROLLER REBATE	99.00
DAVID W. FLETCHER		99.00
DEAN EFSTATHIOU	ACWA CONFERENCE EXPENSE 11/27-30/18	812.19
	ACWA TRAVEL 11/27-30/18	247.80
DEAN EFSTATHIOU		1,059.99
DEPARTMENT OF JUSTICE	FINGERPRINTING DEC 18	79.00
	FINGERPRINTING NOV 18	32.00
DEPARTMENT OF JUSTICE		111.00
DEPARTMENT OF PUBLIC HEALTH	BACKFLOW ASSEMBLY	666.00
DEPARTMENT OF PUBLIC HEALTH		666.00

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Vendor Name	Description	Amount
DEPARTMENT OF WATER RESOURCES	CONTRACT# 160213 JAN 2019	4,272,174.00
DEPARTMENT OF WATER RESOURCES		4,272,174.00
	TRAILER 1/19-2/18/19	1,329.43
	TRAILER 12/19-1/18/19	1,329.43
DESIGN SPACE MODULAR BUILDINGS	TRAILER 9/19-10/18/18	1,329.43
	TRAILER 10/19-11/18/18	1,329.43
	TRAILER 11/19-12/18/18	1,329.43
DESIGN SPACE MODULAR BUILDINGS		6,647.15
DICKINSON ENTERPRISE, INC.	LABOR/PARTS UNIT# I59	4,803.94
DICKINSON ENTERPRISE, INC.		4,803.94
DMV RENEWAL	VEHICLE REGISTRATION-TITLE CHANGE	250.00
DMV RENEWAL		250.00
	EDUCATION GIVEAWAYS	952.65
	EMPLOYEE APPAREL	4,779.27
DOLPHIN PROMOTIONS	EVENT GIVEAWAY ITEMS	5,310.75
	FIELD JACKETS	5,384.34
DOLPHIN PROMOTIONS		16,427.01
DUDEK	GRANT ADMINISTRATION SERVICES	80.00
DUDEK		80.00
EDUARDO PLANELLS	SMART CONTROLLER REBATE	150.00
EDUARDO PLANELLS		150.00
	ACWA CONFERENCE EXPENSE 11/27-30/18	787.63
EDWARD COLLEY	ACWA CONFERENCE REGISTRATION 11/27-30/18	575.00
	ACWA TRAVEL 11/27-30/18	307.22
EDWARD COLLEY		1,669.85
	ACWA EXPENSE 11/27-29/18	35.00
	ACWA TRAVEL EXPENSE 11/16	619.02
EDWARD GLADBACH	ACWA TRAVEL EXPENSE 11/27-	105.16
	NWRA CONFERENCE EXPENSE 11/6-9/18	1,695.02
	NWRA REGISTRATION 11/6-9/18	695.00
	NWRA TRAVEL EXPENSE 11/6-9	177.68
EDWARD GLADBACH		3,326.88
EMPLOYMENT DEVELOPMENT DEPT.	WITHHOLDING 1/11/19	404.55
	WITHHOLDING 1/25/19	404.55
EMPLOYMENT DEVELOPMENT DEPT.		809.10
ENEL X NORTH AMERICA, INC	SERVICE THRU 1/31/19	1,500.00
	SERVICE THRU 12/31/18	1,500.00
ENEL X NORTH AMERICA, INC		3,000.00
ENVIRONMENTAL SAMPLING SUPPLY	40 ML AMBER VIALS	1,155.66
ENVIRONMENTAL SAMPLING SUPPLY		1,155.66
ENVIRONMENTAL SYSTEMS RESEARCH	EEAP11/28/18-11/27/19	28,000.00
ENVIRONMENTAL SYSTEMS RESEARCH		28,000.00
ERIC LEE GOLDNER	SMART CONTROLLER REBATE	79.97
ERIC LEE GOLDNER		79.97
ERICK ARNDT	SMART CONTROLLER REBATE	139.99
ERICK ARNDT		139.99

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Vendor Name	Description	Amount
ERIN SCHOENFELD	SMART CONTROLLER REBATE	150.00
ERIN SCHOENFELD		150.00
ERNESTO VELAZQUEZ	CEQA EXPENSE 11/15-16/18	53.49
	CEQA TRAVEL EXPENSE 11/15-16/18	29.00
ERNESTO VELAZQUEZ		82.49
	OUTSIDE LAB 10/11/18	1,225.00
	OUTSIDE LAB 10/8/18	350.00
	OUTSIDE LAB 10/9/18	400.00
	OUTSIDE LAB 11/13-26	75.00
	OUTSIDE LAB 11/13-27	240.00
	OUTSIDE LAB 11/14/18	765.00
	OUTSIDE LAB 11/15/18	2,040.00
EUROFINS EATON ANALYTICAL, INC.	PERCHLORATE 10/10/18	8,460.00
	PERCHLORATE 10/11/18	8,955.00
	PERCHLORATE 10/12/18	2,920.00
	PERCHLORATE 10/9/18	8,870.00
	PERCHLORATE 12/11/18	480.00
	PERCHLORATE 12/12/18	720.00
	PERCHLORATE 12/14/18	400.00
	PERCHLORATE 12/31/18	240.00
EUROFINS EATON ANALYTICAL, INC.		36,140.00
EVOQUA WATER TECHNOLOGIES, LLC.	DI TANK RENTAL 1/1-3/31	195.08
	RESIN CHANGE OUT 12/14	105,913.25
	RESIN TANK CHANGE 12/10	73.41
EVOQUA WATER TECHNOLOGIES, LLC.		106,181.74
FEATHERS CUSTOM SIGNS	SCVWA MONUMENT SIGNS	32,975.93
FEATHERS CUSTOM SIGNS		32,975.93
FEDAK & BROWN LLP	AUDITOR SERVICES	12,600.00
FEDAK & BROWN LLP		12,600.00
	DELIVERY THRU 1/14/19	1,649.09
	DELIVERY THRU 11/16	21.67
FEDEX	DELIVERY THRU 11/20	112.01
	DELIVERY THRU 12/14	24.14
	DELIVERY THRU 12/20	21.83
	DELIVERY THRU 12/6	54.84
FEDEX		1,883.58
FIELDMAN, ROLAPP & ASSOCIATES, INC.	FINANCIAL ADVISOR SERVICES	545.55
FIELDMAN, ROLAPP & ASSOCIATES, INC.		545.55
FISHER SCIENTIFIC	DPD INDICATOR REAGENT, 25	142.86
	LAB SUPPLIES	582.75
FISHER SCIENTIFIC		725.61
FLEETCOR TECHNOLOGIES, INC.	GASOLINE THRU 12/31	3,428.67
	SERVICE THRU 12/31	22.99
FLEETCOR TECHNOLOGIES, INC.		3,451.66
FRANCHISE TAX BOARD	WITHHOLDING 1/11/19	530.12
	WITHHOLDING 1/25/19	100.00
FRANCHISE TAX BOARD		630.12
FREDERICK A. ROTHSCHILD	SMART CONTROLLER REBATE	150.00
FREDERICK A. ROTHSCHILD		150.00

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FREDRIC D. COOPER	LL TURF REMOVAL	1,318.00
FREDRIC D. COOPER		1,318.00
GARY MARTIN	ACWA CONFERENCE EXPENSE 11/26-30/18	933.70
	ACWA TRAVEL 11/26-30/18	330.76
GARY MARTIN		1,264.46
GATES FIBERGLASS INSTALLERS, INC.	BLEACH TANK REPAIR EARL SCHMIDT	22,998.00
GATES FIBERGLASS INSTALLERS, INC.		22,998.00
	CORDLESS CABLE CUTTER	1,337.32
GRAINGER, INC.	PUMP-PERCH ANALYZER	1,762.44
	SAFETY SUPPLIES	100.95
GRAINGER, INC.		3,200.71
GSI WATER SOLUTIONS, INC.	GROUNDWATER TECHNICAL SUPPORT FOR PERCHLORATE	508.75
GSI WATER SOLUTIONS, INC.		508.75
	LAB SUPPLIES	609.52
HACH COMPANY	PROCESS VIAL	440.88
	TU5300SC TURBIDIMETER	4,766.22
HACH COMPANY		5,816.62
	CAUSTIC PUMP INSTALL PARTS	1,578.83
HARRINGTON INDUSTRIAL PLASTICS LLC	FERRIC PUMP INSTALL PARTS	16,097.33
	FILTER BAGS	4,465.64
HARRINGTON INDUSTRIAL PLASTICS LLC		22,141.80
HASA, INC.	BULK 12.5% SOLUTION SODIUM HYPOCHLORITE - (BLEACH)	23,401.48
HASA, INC.		23,401.48
HILL BROTHERS CHEMICAL CO.	BULK 19% AMMONIUM HYDROXIDE - (AQUA AMMONIA)	5,642.46
HILL BROTHERS CHEMICAL CO.		5,642.46
HISUNG CHOI	SMART CONTROLLER REBATE	129.69
HISUNG CHOI		129.69
	PEST SERVICE 11/21	133.00
HYDREX PEST CONTROL CO.	PEST SERVICE 12/19	133.00
	PEST SERVICE 12/3	300.00
HYDREX PEST CONTROL CO.		566.00
	BATTERY-UNIT# I38	205.71
	BATTERY-UNIT# I65	109.35
INTERSTATE BATTERY SYSTEM	POWER PLUS INSTALL-EXTRA ON HAND	10.94
	POWER PLUS INSTALL - #I09	10.94
INTERSTATE BATTERY SYSTEM		336.94
	SHRED 11/28-12/24/18	160.96
	SHRED 8/29-9/25/18	92.96
IRON MOUNTAIN	STORAGE 1/1-1/31/19	242.19
	STORAGE OCT. 2018	242.19
	STORAGE/SHRED-DEC 18	480.29
IRON MOUNTAIN		1,218.59
ISSA JESS ELIAS KUNCAR	SMART CONTROLLER REBATE	150.00
ISSA JESS ELIAS KUNCAR		150.00
J.G. TUCKER & SON, INC.	SCBA CYLINDER SERVICE	217.11
J.G. TUCKER & SON, INC.		217.11

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JACK M CRAWFORD	SMART CONTROLLER REBATE	79.00
JACK M CRAWFORD		79.00
JACOB D HOWARD	SMART CONTROLLER REBATE	99.00
JACOB D HOWARD		99.00
JACQUE MCMILLAN	ACWA CONFERENCE EXPENSE 11/25-30/18	1,150.53
	ACWA TRAVEL 11/25-30/18	192.93
JACQUE MCMILLAN		1,343.46
JAMES A JIMENEZ	LL TURF REMOVAL	5,000.00
JAMES A JIMENEZ		5,000.00
JEFF H. SOLOMON	SMART CONTROLLER REBATE	125.13
JEFF H. SOLOMON		125.13
JEFFREY B. CORBETS	SMART CONTROLLER REBATE	150.00
JEFFREY B. CORBETS		150.00
JEFFREY MARTIN BREWER	SMART CONTROLLER REBATE	119.99
JEFFREY MARTIN BREWER		119.99
JENNY JOO	PHIRA MEETING TRAVEL 1/22	33.60
JENNY JOO		33.60
JESSICA CRISTINA MONCAYO	SMART CONTROLLER REBATE	150.00
JESSICA CRISTINA MONCAYO		150.00
JOANNA BRISON	MILEAGE 1/22/19	28.77
	PHIRA MEETING TRAVEL 1/22	16.00
JOANNA BRISON		44.77
JOHN MURRAY PLUMBING	PLUMBING SERVICE	1,516.00
JOHN MURRAY PLUMBING		1,516.00
JOHNSTONE SUPPLY	PLEATED FILTERS	2,564.49
JOHNSTONE SUPPLY		2,564.49
JONATHON KING	SMART CONTROLLER REBATE	150.00
JONATHON KING		150.00
JOSEPH B ROSE	SMART CONTROLLER REBATE	84.13
JOSEPH B ROSE		84.13
JOSEPH S GRAY II	SMART CONTROLLER REBATE	150.00
JOSEPH S GRAY II		150.00
JOSHUA CALEB HOWARD	SMART CONTROLLER REBATE	89.10
JOSHUA CALEB HOWARD		89.10
JP ARMAN COMPANY	CHEM TANK FOUNDATION	14,445.00
	MONUMENT SIGN RESTORATION	24,420.00
	SC11-CONCRETE FLOOR	12,484.00
JP ARMAN COMPANY		51,349.00
KATHERINE CAUSLAND	DESIGN SERVICE	1,296.75
	PRINT & DIGITAL ADS	393.75
KATHERINE CAUSLAND		1,690.50
KATHLEEN GORDON	MILEAGE 1/22/19	10.92
KATHLEEN GORDON		10.92
KATHLEEN NOREEN CHAN	SMART CONTROLLER REBATE	105.99
KATHLEEN NOREEN CHAN		105.99
KEITH WILCOX	SMART CONTROLLER REBATE	150.00
KEITH WILCOX		150.00

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KENNEDY/JENKS	ENGINEERING AND/OR CONSTRUCTION MNGT. AND INSPECTION SERVICES	29,706.17
	UPDATE RISK MANAGEMENT PLAN	3,569.44
	GRANT ADMINISTRATION SERVICES-PROP 84 ROUND 2 IMPLEMENTATION	3,323.75
	GRANT ADMINISTRATION SERVICES-PROP 84 ROUND 2 IMPLEMENTATION	2,424.90
KENNEDY/JENKS		39,024.26
KENNETH BURNS	SMART CONTROLLER REBATE	150.00
KENNETH BURNS		150.00
KENNETH HWC HU	SMART CONTROLLER REBATE	150.00
KENNETH HWC HU		150.00
KENNETH TERWALL	SMART CONTROLLER REBATE	107.80
KENNETH TERWALL		107.80
KHTS AM 1220	DIGITAL ADS-NOV.	3,000.00
	SPONSORSHIP 3/17-18	2,200.00
KHTS AM 1220		5,200.00
KONE, INC.	ELEVATOR 1/1-3/31	570.00
KONE, INC.		570.00
KYUNG HI KIM	POOL COVER REBATE	72.99
KYUNG HI KIM		72.99
LAGERLOF,SENECAL,GOSNEY & KRUSE LLP	GENERAL LEGAL NOV.	7,227.19
LAGERLOF,SENECAL,GOSNEY & KRUSE LLP		7,227.19
LEE & RO, INC.	ENGINEERING CONST. MGMT AND INSPECTION SERVICES	36,456.68
LEE & RO, INC.		36,456.68
LEE'S MAINTENANCE SERVICE, INC.	JANITORIAL SERVICES	36,155.61
LEE'S MAINTENANCE SERVICE, INC.		36,155.61
LEGALSHIELD	MEMBERSHIP DUES JAN.	349.90
	MEMBERSHIP DUES OCT.	210.30
LEGALSHIELD		560.20
LITAL BARKAN ROSENBERG	SMART CONTROLLER REBATE	149.99
LITAL BARKAN ROSENBERG		149.99
LOS ANGELES BUSINESS JOURNAL	2019 SUBSCRIPTION	129.95
LOS ANGELES BUSINESS JOURNAL		129.95
LOS ANGELES TIMES	SUBSCRIPTION THRU 4/19	148.98
LOS ANGELES TIMES		148.98
LOWE'S	PARTS AND MATERIALS	196.93
LOWE'S		196.93
LUHDORFF & SCALMANINI	2018 DATABASE MAINTENANCE	710.00
LUHDORFF & SCALMANINI		710.00
LYNNE PLAMBECK	ACWA CONFERENCE EXPENSE 11/27-30/18	688.65
	ACWA TRAVEL 11/27-30/18	288.12
LYNNE PLAMBECK		976.77
MADDAUS WATER MANAGEMENT, INC.	TECHNICAL SERVICES AND DSS MODEL UPDATES	22,708.75
MADDAUS WATER MANAGEMENT, INC.		22,708.75
MAINSAVER SOFTWARE	MAINSAVER SOFTWARE	3,015.00
MAINSAVER SOFTWARE		3,015.00

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MARI-CO MAIL SERVICE	MAIL SERVICE	691.75
MARI-CO MAIL SERVICE		691.75
MARIA CHRISTINE LIEWELYN	SMART CONTROLLER REBATE	108.89
MARIA CHRISTINE LIEWELYN		108.89
MATHESON TRI-GAS, INC.	WATER TREATMENT CHEMICAL-BULK LIQUID OXYGEN	11,877.76
	SPECIALTY LAB GASES	859.83
MATHESON TRI-GAS, INC.		12,737.59
MATTHEW L WONG	SMART CONTROLLER REBATE	150.00
MATTHEW L WONG		150.00
MAX LANG	SMART CONTROLLER REBATE	129.99
MAX LANG		129.99
MCGREGOR SHOTT, INC.	COMMUNITY REPORT	1,980.00
MCGREGOR SHOTT, INC.		1,980.00
	COLD SAW BLADES	1,602.45
MCMASTER CARR SUPPLY CO.	MASTER PAD LOCKS	451.93
	PERCH ANALYZER PARTS	1,651.28
	STAINLESS STEEL ENCLOSURE/PANEL	683.44
MCMASTER CARR SUPPLY CO.		4,389.10
MEANS CONSULTING, LLC	PROFESSIONAL SERVICES AGREEMENT - STRATEGIC PLANNING SERVICES	4,125.00
MEANS CONSULTING, LLC		4,125.00
MICHAEL COLE	T4 EXAM FEE	130.00
MICHAEL COLE		130.00
MICHELLE BEJARANO	SMART CONTROLLER REBATE	99.00
MICHELLE BEJARANO		99.00
MICHELLE HOLLOWAY	SMART CONTROLLER REBATE	150.00
MICHELLE HOLLOWAY		150.00
MINDBOARD, INC.	CONSULTING SERVICES	6,003.00
MINDBOARD, INC.		6,003.00
MINDI BEDAUX	SMART CONTROLLER REBATE	145.11
MINDI BEDAUX		145.11
MOHAMMAD SHARIFUL ISLAM ASAD	SMART CONTROLLER REBATE	150.00
MOHAMMAD SHARIFUL ISLAM ASAD		150.00
	HERRERA WEEK ENDING 1/6	1,237.50
	HERRERA WEEK ENDING 11/18	2,010.94
	HERRERA WEEK ENDING 11/25	891.00
	HERRERA WEEK ENDING 12/2	2,215.12
	HERRERA WEEK ENDING 12/30	1,311.75
MUNITEMPS	HERRERA WEEK ENDING 12/9	1,701.56
	MARTINEZ WEEK ENDING 1/6	1,212.75
	MARTINEZ WEEK ENDING 11/18	1,732.50
	MARTINEZ WEEK ENDING 11/25	891.00
	MARTINEZ WEEK ENDING 12/2	2,170.58
	MARTINEZ WEEK ENDING 12/30	1,287.00
	MARTINEZ WEEK ENDING 12/9	1,675.58
MUNITEMPS		18,337.28
NALCO COMPANY	ACRYLIC POLYMER 2706	2,250.99
NALCO COMPANY		2,250.99

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NANCY CLEMM, P.E.	WATER SUPPLY ASSESSMENT	600.00
NANCY CLEMM, P.E.		600.00
	BANNERS 12/14-12/27	500.00
	CANYON COUNTRY 10-LOBBY ADS 12/21-1/17	86.65
	CANYON COUNTRY 10-LOBBY ADS 8/3-1/31	86.67
NATIONAL CINEMEDIA, LLC	CANYON COUNTRY 10-PRESHOW ADS 8/3-1/31	821.64
	CANYON COUNTRY 10-PRESHOW ADS 12/21-1/17	821.61
	VALENCIA 12-PRESHOW ADS 12/14-1/10	891.56
	VALENCIA 12-PRESHOW ADS 1/11-1/31	891.56
NATIONAL CINEMEDIA, LLC		4,099.69
	GASOLINE-UNIT# N73	834.92
NEWHALL WATER DIVISION	GRADE T2 RENEWAL-JG	60.00
	SEPT-WOODARD & CURRAN RECH20 PHASE 2	44,134.79
	URBAN WATER MEMBERSHIP DUES	435.00
NEWHALL WATER DIVISION		45,464.71
NEWHALL SCHOOL DISTRICT	BUS TRIPS 9/12-27/18	1,985.25
NEWHALL SCHOOL DISTRICT		1,985.25
NEWHALL-VALENCIA LOCK & KEY	RIO VISTA ACCESS DOORS; SERVICE CALLS	9,144.89
NEWHALL-VALENCIA LOCK & KEY		9,144.89
NIGP	MEMBERSHIP RENEWAL-SR	273.00
NIGP		273.00
NIPUN KUMAR GUPTA	SMART CONTROLLER REBATE	150.00
NIPUN KUMAR GUPTA		150.00
NOSSAMAN LLP	PERCHLORATE DEC.	11,449.75
NOSSAMAN LLP		11,449.75
OCCU-MED, LTD.	PRE-EMPLOYMENT PHYSICAL	152.96
OCCU-MED, LTD.		152.96
OFFICE DEPOT	SUPPLIES AND SERVICES	1,943.65
OFFICE DEPOT		1,943.65
PACIFIC MOBILE STRUCTURES, INC.	MODULAR 11/1-11/30/18	1,314.00
PACIFIC MOBILE STRUCTURES, INC.		1,314.00
	BUSINESS CARDS-CH	71.18
PACIFIC PRINTING COMPANY	BUSINESS CARDS-MS	98.55
	BUSINESS CARDS-T.BELL	71.18
	FACILITY CAPACITY FEES CERTIFICATES	1,281.15
PACIFIC PRINTING COMPANY		1,522.06
PANERA BREAD/RISEN BREAD LLC	STRATEGIC PLANNING	160.12
PANERA BREAD/RISEN BREAD LLC		160.12

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PANERA, LLC	ADMIN MEETING 11/7/18	145.07
	AGENDA PLANNING 1/2	102.52
	AGENDA PLANNING 12/3	114.24
	EXEC. STAFF MEETING 12/11	154.82
	INTERVIEW PANEL 11/30	252.30
	INTERVIEW PANEL 11/6	119.61
	WATER RESOURCES TEAM BUILDING MEETING	208.29
PANERA, LLC		1,096.85
PAUL STEPHENSON	SMART CONTROLLER REBATE	139.00
PAUL STEPHENSON		139.00
PAVAN KUMAR PABBA	SMART CONTROLLER REBATE	139.99
PAVAN KUMAR PABBA		139.99
PAWANJIT SINGH	SMART CONTROLLER REBATE	139.99
PAWANJIT SINGH		139.99
PERKINELMER HEALTH SCIENCES	MULTIFUNCTION PRINTER	338.36
	NEW LAB INSTRUMENT - ICP OPTICAL EMISSIONS SPECTROMETER	77,151.14
PERKINELMER HEALTH SCIENCES		77,489.50
PETERSON PRINTING & GRAPHICS	GARDENING CLASS CARDS	273.93
	PLANT GUIDE BROCHURES	1,556.48
PETERSON PRINTING & GRAPHICS		1,830.41
PLANETBIDS, INC.	LIC FEES OCT18-SEPT19	69,126.81
	PRORATED LIC 3/5-9/30	1,159.25
PLANETBIDS, INC.		70,286.06
POOLE & SHAFFERY, LLP	LEGISLATIVE ANALYSIS	5,457.00
POOLE & SHAFFERY, LLP		5,457.00
PREMIERE GLOBAL SERVICES	11/20-12/19 SERVICE	479.90
	12/20-1/19 SERVICE	497.01
PREMIERE GLOBAL SERVICES		976.91
PRIME PUBLICATIONS, INC.	1/2 PAGE AD-DEC.	900.00
	1/2 PAGE AD-JAN.	900.00
	1/2 PAGE AD-NOV.	900.00
PRIME PUBLICATIONS, INC.		2,700.00
PTM DOCUMENT SYSTEMS	YEAR END FORMS	294.34
PTM DOCUMENT SYSTEMS		294.34
R.J. KELLY	ACWA CONFERENCE EXPENSE 11/25-30/18	1,284.14
	ACWA TRAVEL 11/25-30/18	457.02
R.J. KELLY		1,741.16
RAFFI TIKIDJIAN	SMART CONTROLLER REBATE	150.00
RAFFI TIKIDJIAN		150.00
RAJASEKHAR REDDY BANALA	SMART CONTROLLER REBATE	139.99
RAJASEKHAR REDDY BANALA		139.99
RAKESH AJODHIA	SMART CONTROLLER REBATE	99.00
RAKESH AJODHIA		99.00
RANDY C YU	SMART CONTROLLER REBATE	150.00
RANDY C YU		150.00
RAVI DHARANIPATHI	SMART CONTROLLER REBATE	150.00
RAVI DHARANIPATHI		150.00

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RED HAWK FIRE & SECURITY	MONITORING 1/1-3/31	156.00
	SEMIANNUAL FM200 INSPECTION	400.00
	SEMIANNUAL FM200 INSPECTION	1,100.00
RED HAWK FIRE & SECURITY		1,656.00
RED WING SHOES	BOOT REPAIR-MM	100.00
	REPAIR BOOTS-AR	100.00
	REPAIR BOOTS-CT	100.00
	SAFETY BOOTS-CA	249.90
	SAFETY BOOTS-JY	250.00
	SAFETY BOOTS-PW	243.52
RED WING SHOES		1,043.42
REEVES COMPLETE AUTO CENTER, INC.	LABOR/PARTS UNIT# I36	396.20
	LABOR/PARTS UNIT# I58	243.30
REEVES COMPLETE AUTO CENTER, INC.		639.50
RICHARD M HOBSON	SMART CONTROLLER REBATE	119.00
RICHARD M HOBSON		119.00
RICOH AMERICAS CORPORATION	EDUC-R2051 COPY USAGE 9/21-12/20	73.21
	HR2051-COPY USAGE 9/30-12/30	539.51
RICOH AMERICAS CORPORATION		612.72
RITA BOWMAN	SMART CONTROLLER REBATE	140.00
RITA BOWMAN		140.00
ROBERT DIPRIMIO	ACWA CONFERENCE EXPENSE 11/27-29/18	489.06
	ACWA TRAVEL 11/27-29/18	70.00
	GASOLINE 11/29/18	30.03
ROBERT DIPRIMIO		589.09
ROBERT HEAGEY	SMART CONTROLLER REBATE	107.80
ROBERT HEAGEY		107.80
ROSEDALE-RIO BRAVO WATER STORAGE	DROUGHT RELIEF PROJECT	614,800.00
ROSEDALE-RIO BRAVO WATER STORAGE		614,800.00
SAGE STAFFING	BARRY WEEK ENDING 11/18/18	867.82
	BARRY WEEK ENDING 11/25/18	932.58
	BELL WEEK ENDING 10/21/18	1,876.16
	BELL WEEK ENDING 11/11/18	1,535.04
	BELL WEEK ENDING 11/18/18	42.64
	BELL WEEK ENDING 11/25/18	1,023.36
	BELL WEEK ENDING 11/4/18	1,940.12
	BELL WEEK ENDING 9/30/18	1,535.04
SAGE STAFFING		9,752.76
SANDEEP KUMAR	SMART CONTROLLER REBATE	139.99
SANDEEP KUMAR		139.99
SANTA CLARITA BEARING CO.	SOLENOID VALVE/KIT	4,944.28
SANTA CLARITA BEARING CO.		4,944.28
SANTA CLARITA VALLEY GSA	JPA CONTRIBUTION FY18 & FY19	40,000.00
SANTA CLARITA VALLEY GSA		40,000.00
	12/10-1/8/19 SERVICE	346.85
	AWA TRAINING REGISTRATION	193.34
	ENGINEERING LUNCHEON	406.20
	FINANCE LUNCH MEETING	45.68
	FIRST RESPONDERS KITS	748.76

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SANTA CLARITA WATER DIVISION	GASOLINE UNIT#N73-NOV	298.29	
	GASOLINE-UNIT# N73-SEPT	74.68	
	GASOLINE-UNIT#N73-OCT	141.38	
	MANAGEMENT TRAINING MEALS	439.23	
	MANAGEMENT TRAINING REGISTRATIONS	2,545.00	
	OFFICE SUPPLIES-SAFETY DEPT.	56.83	
	USE OF CRANE TRUCK100	44.00	
	WOMENS CONFERENCE REGISTRATION 11/29	400.00	
	WATER RESOURCES POSTAGE-NOV.	52.92	
	WATER RESOURCES POSTAGE-OCT.	61.52	
	WATER RESOURCES POSTAGE-SEPT.	71.86	
	SANTA CLARITA WATER DIVISION		5,926.54
	SAUGUS UNION SCHOOL DISTRICT	BUS TRIPS 11/14-11/27	1,063.55
BUS TRIPS 11/16/18		1,030.99	
BUS TRIPS 9/14-24/18		1,215.49	
BUS TRIPS 9/28/18		151.94	
SAUGUS UNION SCHOOL DISTRICT		3,461.97	
SC PUBLISHING INC.	ADVERTISING DEC. 18	900.00	
	ADVERTISING FEB. 18	900.00	
	ADVERTISING JAN. 18	900.00	
SC PUBLISHING INC.		2,700.00	
SCAQMD	FLAT FEE FY1819 EMIS	263.58	
	ICE EM ELECTRIC GENERATOR -NG & LPG	406.79	
	ICE EM ELECTRIC GENERATOR	406.79	
SCAQMD		1,077.16	
SCV CHAMBER OF COMMERCE	2019 BOARD DUES	1,200.00	
SCV CHAMBER OF COMMERCE		1,200.00	
SEAN KIGERL	SMART CONTROLLER REBATE	150.00	
SEAN KIGERL		150.00	
SEMITROPIC WATER STORAGE DISTRICT	WATER BANKING & EXCHANGE	73,655.40	
SEMITROPIC WATER STORAGE DISTRICT		73,655.40	
SHADI BADER	CSUS TRANSCRIPTS	8.00	
	MILEAGE 11/3/18	54.83	
	T2 CERT FEE	80.00	
	T2 EXAM FEE	65.00	
SHADI BADER		207.83	
SHARON R. O'KELLEY	SMART CONTROLLER REBATE	125.13	
SHARON R. O'KELLEY		125.13	
SHRM	MEMBERSHIP DUES-RP	209.00	
	MEMBERSHIP DUES-SR	209.00	
SHRM		418.00	
SKAGGS CONCRETE SAWING, INC.	CORE DRILLING 11/27	300.00	
SKAGGS CONCRETE SAWING, INC.		300.00	
SMART & FINAL	BOARD SUPPLIES	26.27	
	OFFICE SUPPLIES	59.53	
SMART & FINAL		85.80	

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SOLAR STAR CA. XXIV, LLC/ SUNPOWER	DEC. 2018 SERVICE	13,642.98
SOLAR STAR CA. XXIV, LLC/ SUNPOWER		13,642.98
SOLAR STAR CA. XXVIII, LLC/SUNPOWER	DEC. 2018 SERVICE	50,926.38
SOLAR STAR CA. XXVIII, LLC/SUNPOWER		50,926.38
	DL (SOLAR) 3/29-9/26	5,210.80
	RV (SOLAR) 3/29-10/1	-133,052.84
	RV (SOLAR) 3/29-9/26	-38,283.44
	RV (SOLAR) 3/29-9/30	124,495.63
SOUTHERN CALIFORNIA EDISON	RIO VISTA INTAKE PUMP STATION SERVICE11/27-12/27	21,439.73
	SAUGUS1WELL 11/7-12/7	-503.72
	SAUGUS2WEL 11/28-12/28	7,958.03
	SAUGUS2WELL 11/7-12/7	-503.72
	SAND CANYON PUMP STATION 11/28-12/28/18	41,707.81
SOUTHERN CALIFORNIA EDISON		28,468.28
SPARLING INSTRUMENTS, LLC	FLOW METERS CALIBRATION	893.76
SPARLING INSTRUMENTS, LLC		893.76
SPECTRUM REACH	LRP DIGITAL ADS-DEC.	5,000.00
	LRP DIGITAL COMMERCIAL-DEC	958.33
SPECTRUM REACH		5,958.33
SPEX CERTIPREP INC.	PERCH/CUSTOM STANDARDS	1,442.96
SPEX CERTIPREP INC.		1,442.96
SRINIVAS CHIGULLAPALLJ	SMART CONTROLLER REBATE	119.99
SRINIVAS CHIGULLAPALLJ		119.99
STAATS CONSTRUCTION, INC.	MAGIC MOUNTAIN PARKWAY/OLD RD LEAK REPAIR	47,042.00
STAATS CONSTRUCTION, INC.		47,042.00
STATE DISBURSEMENT UNIT	WITHHOLDING 1/11/19	702.71
	WITHHOLDING 1/25/19	702.71
STATE DISBURSEMENT UNIT		1,405.42
STATE WATER CONTRACTORS	MWQI 2018-2019	5,078.00
STATE WATER CONTRACTORS		5,078.00
	LANDSCAPE MAINTENANCE-NOV.	3,625.00
STAY GREEN INC.	LANDSCAPE MAINTENANCE.-DEC	6,742.00
	LANDSCAPE MAINTENANCE.-JAN	6,742.00
	REPLACE IRRIGATION VALVE	188.61
STAY GREEN INC.		17,297.61
STEVE C TERKIANIAN	SMART CONTROLLER REBATE	99.00
STEVE C TERKIANIAN		99.00
STEVEN GENOVESE JR.	SMART CONTROLLER REBATE	99.00
STEVEN GENOVESE JR.		99.00
SUEZ TREATMENT SOLUTIONS, INC.	STAINLESS STEEL TUBES-OZONE GEN	7,391.26
SUEZ TREATMENT SOLUTIONS, INC.		7,391.26
SULPHUR SPRINGS SCHOOL DISTRICT	BUS TRIPS THRU 12/31	1,427.50
SULPHUR SPRINGS SCHOOL DISTRICT		1,427.50
SUNWEST ENGINEERING	UST AND AST PREVENTIVE INSPECTIONS, CERTIFICATIONS AND DO TRAINING	452.53
SUNWEST ENGINEERING		452.53

SCVWA - Regional
Check Register Report
From: Jan 1, 2019 to Jan 31, 2019

Vendor Name	Description	Amount
SUPERION, LLC	COGNOS 8 1/1-12/31/19	5,005.90
SUPERION, LLC		5,005.90
SWRCB ACCOUNTING OFFICE	SYSTEM FEES 7/1-6/30	22,728.00
SWRCB ACCOUNTING OFFICE		22,728.00
THE BANK OF NY MELLON TRUST CO., NA	TRUSTEE FEES 10/1-12/31	875.00
THE BANK OF NY MELLON TRUST CO., NA		875.00
THE GAS COMPANY	12/18-1/18/19 SERVICE	24.34
	12/20-1/22/19 SERVICE	3,161.95
THE GAS COMPANY		3,186.29
THE SIGNAL	DIGITAL BANNER DEC.	2,500.00
	DIGITAL BANNER NOV.	2,500.00
	E-BLAST SPONSORSHIP-NOV.	1,500.00
	E-BLAST SPONSORSHIP-DEC.	1,500.00
	FACEBOOK ADS-NOV.	1,500.00
	RFP UNIFORM SERVICE	370.60
THE SIGNAL		9,870.60
THERMO ELECTRON NA LLC	GUARD/ANALYTICAL COLUMN	3,437.94
THERMO ELECTRON NA LLC		3,437.94
THOMAS CAMPBELL	ACWA CONFERENCE EXPENSE 11/27-28/18	588.34
	ACWA TRAVEL 11/27-28/18	221.14
THOMAS CAMPBELL		809.48
TODD GROUNDWATER	GROUNDWATER MODELING SERVICE	389.10
	GROUNDWATER MODELING SERVICE	362.85
TODD GROUNDWATER		751.95
TPX COMMUNICATIONS	RIO VISTA WATER TREATMENT PLANT SERVICE 1/16-2/15	889.48
TPX COMMUNICATIONS		889.48
TRANSCAT	CIMIS STATION EQUIPMENT	573.04
TRANSCAT		573.04
UNDERGROUND SERVICE ALERT	SERVICE DEC. 2018	46.30
UNDERGROUND SERVICE ALERT		46.30
UNITED RECORDS MANAGEMENT, INC.	DATA IMAGING SERVICE	678.26
UNITED RECORDS MANAGEMENT, INC.		678.26
UNITED STATES PLASTIC CORPORATION	HDPE SAMPLE BOTTLES	983.47
UNITED STATES PLASTIC CORPORATION		983.47
VAG USA, LLC	PUMP CONTROL VALVES	22,959.44
VAG USA, LLC		22,959.44
VAHRAM TIKIDJIAN	SMART CONTROLLER REBATE	149.99
VAHRAM TIKIDJIAN		149.99
VALENCIA WATER DIVISION	2017 AWWA WATER AUDIT	2,250.00
	GIS LICENSE	14,000.00
	WATER DIST & MAINTENANCE-DR	159.93
VALENCIA WATER DIVISION		16,409.93
VALLEY INDUSTRY ASSOCIATION	2019 LEADERSHIP SPONSOR	1,000.00
VALLEY INDUSTRY ASSOCIATION		1,000.00
VALLEY PUBLICATIONS	CC MAG/WEB ADS-DEC.	327.00
	CC MAG/WEB ADS-NOV	327.00
VALLEY PUBLICATIONS		654.00

SCVWA - Regional
Check Register Report
From: Jan 1, 2019 to Jan 31, 2019

Vendor Name	Description	Amount
VAUGHAN'S INDUSTRIAL REPAIR CO. INC	STREAM PUMP INSTALLATION	8,241.05
VAUGHAN'S INDUSTRIAL REPAIR CO. INC		8,241.05
	CIMIS 12/11-1/10/19	38.01
VERIZON WIRELESS	EQUIPMENT 12/11-1/10	1,596.07
	SERVICE 12/11-1/10/19	2,107.28
	TELEMETRY 11/24-12/23	840.63
VERIZON WIRELESS		4,581.99
	250ML BEAKER	23.41
VWR SCIENTIFIC INC.	AMMONIUM HYDROX.	60.83
	CARBON STANDARD	54.32
	LAB SUPPLIES	4,953.13
VWR SCIENTIFIC INC.		5,091.69
WATER CONSULTANCY, INC.	PERCH SUPPORT SERVICES	2,320.00
WATER CONSULTANCY, INC.		2,320.00
WAXIE SANITARY SUPPLY	JANITORIAL SUPPLIES	1,933.72
WAXIE SANITARY SUPPLY		1,933.72
WEST YOST ASSOCIATES	SAUGUS FORMATION VOC INVESTIGATION	787.50
WEST YOST ASSOCIATES		787.50
WHEELER COMPANY	WATER RESOURCES AND OUTREACH CONSULTING SERVICES	2,465.00
WHEELER COMPANY		2,465.00
WOODARD & CURRAN INC.	ENGINEERING AND/OR CONSTRUCTION MNGT AND INSPECTION SERVICES	20,289.34
WOODARD & CURRAN INC.		20,289.34
	TECHNOLOGY/MANAGED SERVICES	38,250.00
X-ACT TECHNOLOGY SOLUTIONS, INC.	OFFICE 365 LIC.-DEC.	4,160.00
	OFFICE 365 LIC.-JAN.	4,160.00
	OFFICE 365 LIC.-NOV.	4,155.00
X-ACT TECHNOLOGY SOLUTIONS, INC.		50,725.00
ZEE MEDICAL SERVICE, INC. #34	FIRST AID REFILL	80.44
	WATER RESOURCES FIRST AID REFILL	46.04
ZEE MEDICAL SERVICE, INC. #34		126.48
Summary		7,003,398.67

AP Check Register with GL Distributions

Date Range: 1/1/2019 to 1/31/2019

Check No.	Ck Date	Vendor Name /	Inv Date	Amount	GL Account	Description
CIP		Construction in Progress				
	1/28/2019	SCV WATER 9297047	10/29/18	96.00	0300-00-1052	Automation Direct - SCADA Panel Materials 300-1052
112259	1/3/2019	CONNECTRONICS S3720190.002	12/7/18	12,386.56	0300-00-1052	SCADA - NWD Radio Backbone 300-1052
		S3720190.001	12/7/18	889.22	0300-00-1052	SCADA Antenna - 300-1052
		S3720190.003	12/12/18	796.80	0300-00-1052	SCADA - NWD Radio Backbone 300-1052
112264	1/3/2019	GEOSOILS CONSULTANTS INC. 70314	12/14/18	6,202.00	0300-01-307F	Water-Domestic & Fire Trench Backfill 11/18 - 301-307F
112277	1/3/2019	QUINN RENTAL SERVICES 07930402	12/24/18	5,501.56	0300-01-307F	(1) Wheel Loader Rental 11/27-12/25/18 - 301-307F
		07932502	12/24/18	2,445.13	0300-01-307F	(1) Water Truck Rental 11/27-12/25/18 - 301-307F
		07944402	12/24/18	9,669.40	0300-01-307F	(1)Excavator Rnt, (1)Compaction Whl Rnt 11/27-12/25 301-307F
112299	1/9/2019	FAMCON PIPE AND SUPPLY INC 214569	12/14/18	196.01	0300-01-307F	(1) roll Poly Wrap - 301-307F
112309	1/9/2019	MICHAEL DEVORE TRUCKING CO. 95464	12/17/18	8,156.97	0300-01-307F	(400) tons Fill Sand - 301-307F
112328	1/17/2019	FAMCON PIPE AND SUPPLY INC 214818	12/21/18	417.20	0300-01-307F	(1) Cap, (1) Megalug Kit, (1) Gasket - 301-307F
112340	1/17/2019	R.C. BECKER & SON INC 11986	12/26/18	67,820.30	0300-00-1040	Asphalt & Concrete Repair - Windcrest 300-1040
112351	1/17/2019	VALENCIA BUILDING MATERIALS CO., INC 297771	12/14/18	18.60	0300-01-307F	(1) Rapid Set Mortar - 301-0307F
112359	1/24/2019	COUNTY OF LOS ANGELES RE-PW-1901070293	1/7/19	2,490.24	0300-01-307F	Permit Construction Inspections 11/6-12/14/18 301-307F
112366	1/24/2019	HIRSCH PIPE & SUPPLY 6279025	12/28/18	81.89	0300-01-0334	(10) Compression Sleeve, (100) ft. Tubing - 301-0334
112372	1/24/2019	QUINN RENTAL SERVICES 07930403	1/15/19	5,654.22	0300-01-307F	(1) Wheel Loader Rntl 10/30/18-1/14/19 301-307F
112384	1/31/2019	AV EQUIPMENT RENTALS INC 209126	1/16/19	224.00	0300-01-307F	(1) Pump Rental 1/11-16/19 - CHS 301-307F
		209701	1/28/19	56.00	0300-01-307F	(1) Pump Rental 1/26-28/19 - CHS 301-307F
112389	1/31/2019	DAN'S WELDING SERVICE 132	1/11/19	690.00	0300-00-1060	12" Nozzle & 2" Thread-O-Let - NDF 300-1060
		133	1/22/19	460.00	0300-00-1060	(4) 12" Nozzle - CDF 300-1060
112392	1/31/2019	FAMCON PIPE AND SUPPLY INC 215055	1/3/19	486.18	0300-01-307F	(2) Megalug Kit, (2) 16" Gasket - 301-307F
		215043	1/3/19	229.95	0300-01-307F	(1) 16" Plug - 301-307F
112393	1/31/2019	GEOSOILS CONSULTANTS INC. 70378	1/15/19	4,328.00	0300-01-307F	Compaction Testing 12/3-28/18 - CHS 301-307F
112397	1/31/2019	HOT LINE CONSTRUCTION INC 450084	1/7/19	4,068.50	0300-01-307F	Sloan Canyon Pole Holding 301-307F
112399	1/31/2019	MCMaster-CARR 83032221	1/7/19	424.57	0300-00-1062	(6) Hole Saws - 300-1062
112401	1/31/2019	QUINN RENTAL SERVICES 07944403	1/21/19	9,669.40	0300-01-307F	(1) Excavator Rental 12/25/18-1/22/19 - CHS 301-307F
		07932503	1/21/19	2,445.13	0300-01-307F	(1) Water Truck Rental 12/25/18-1/22/19 - CHS 301-307F

Santa Clarita Valley Water Agency
Newhall Division

Check No.	Ck Date	Vendor Name /	Inv Date	Amount	GL Account	Description
112408	1/31/2019	TRENCH SHORING CO., INC. 1158291-0002	1/3/19	528.00	0300-01-307F	Shoring Rental 11/29-12/27/18 - 301-307F
CONDEP	Construction Meter Deposit Refunds					
005468	1/17/2019	METROPOLITAN WATER DISTRICT 08993	1/15/19	1,200.00	2720-00	Refund Const. Meter Deposit A/C #24360
005469	1/17/2019	VEOLIA TRANSPORTATION MAINTENANCE 08995	1/15/19	1,200.00	2720-00	Refund Const. Meter Deposit A/C #24380
112318	1/17/2019	ARB INC 08994	1/15/19	1,200.00	2720-00	Refund Const. Meter Deposit A/C #06295
CONSER	Conservation/BMP/MOU					
	1/3/2019	SCV WATER 11/30/18-14	11/30/18	625.00	7170-00	Gardensoft Annual Website License
112379	1/24/2019	WATERWISE CONSULTING INC 5968	12/31/18	185.00	7170-00	Residential Water Survey Program 12/18
112410	1/31/2019	WATERWISE CONSULTING INC 5942	11/30/18	1,250.00	7170-00	Residual Water Survey Program 11/18
CUSREF	Customer Refunds					
112261	1/3/2019	STEVE DART 08987	1/2/19	63.33	1610-00	Refund CR Balance - Closed A/C #19073
112268	1/3/2019	CIRCIACO ALBERTO HERNANDEZ 08989	1/2/19	120.00	1610-00	Refund CR Balance - Closed A/C #23829
112269	1/3/2019	TINA J HOUSHOLDER 08986	1/2/19	38.20	1610-00	Refund CR Balance - Closed A/C #15374
112270	1/3/2019	AE KYOUNG JEE 08990	1/2/19	22.17	1610-00	Refund CR Balance - Closed A/C #23851
112271	1/3/2019	YVONNE JOHNSON 08983	1/2/19	258.90	1610-00	Refund CR Balance - Open A/C #22139 Over Payment
112272	1/3/2019	JULIE KARAPETYAN 08982	1/2/19	726.67	1610-00	Refund CR Balance - Open A/C #05196 Over Payment
112274	1/3/2019	MARY NARDONE 08985	1/2/19	55.97	1610-00	Refund CR Balance - Closed A/C #12866
112275	1/3/2019	NATHAN OLSEN 08988	1/2/19	102.11	1610-00	Refund CR Balance - Closed A/C #20212
112278	1/3/2019	TRISH SHARAR 08984	1/2/19	61.85	1610-00	Refund CR Balance - Closed A/C #12393
112281	1/3/2019	SUBMAR 08992	1/2/19	308.49	1610-00	Refund CR Balance - Closed A/C #24433
112284	1/3/2019	SULING YU 08991	1/2/19	18.89	1610-00	Refund CR Balance - Closed A/C #24051
112318	1/17/2019	ARB INC 08996	1/15/19	500.00	1610-00	Refund CR Balance - Closed A/C #06295
112320	1/17/2019	BRECKENRIDGE PROPERTY FUND 08999	1/15/19	273.32	1610-00	Refund CR Balance - Closed A/C #22899
112330	1/17/2019	FIRST BAPTIST CHURCH 08997	1/15/19	143.56	1610-00	Refund CR Balance - Closed A/C #13752
112334	1/17/2019	BRUCE HAMMETT 08998	1/15/19	83.47	1610-00	Refund CR Balance - Closed A/C #22329
112335	1/17/2019	MAINTENANCE VEOLIA TRANSPORTATION 09000	1/15/19	307.24	1610-00	Refund CR Balance - Closed A/C #24380

Santa Clarita Valley Water Agency
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Check No.	Ck Date	Vendor Name /	Inv Date	Amount	GL Account	Description
DIREMP		Director/Employee Expense				
	1/3/2019	SCV WATER				
		11/30/18-8	11/30/18	33.27	7165-00 Reimb. Mileage, Soda & Pizza - KG	
		12/31/18-1	12/31/18	221,804.70	2661-00 Direct Payroll 12/18	
		12/31/18-4	12/31/18	72,937.11	7108-00 Shared Payroll 10-12/18	
		11/30/18-1	11/30/18	328,630.43	2661-00 Direct Payroll 11/18	
112254	1/3/2019	AMERICAN EXPRESS				
		12/28/18	12/28/18	888.60	7120-00 Office Supp, Meals, IT Supp, Tools, Newsletter 12/18	
112360	1/24/2019	DELAWARE MANAGEMENT TRUST CO.				
		1/23/19	1/23/19	420.00	2663-00 Roth IRA 1/19	
112361	1/24/2019	DELAWARE MANAGEMENT TRUST CO.				
		12/31/18	1/24/19	600.00	2663-00 Roth IRA 1/18-1/19 - MD	
112375	1/24/2019	SCV QUALITY CARE INC				
		5452	12/31/18	136.00	5735-00 (2) DMV Exam - RG & MS	
DUES		Dues/Memberships/Certification				
	1/3/2019	SCV WATER				
		11/30/18-10	11/30/18	2,160.62	7163-00 Mindboard - RFP Consulting Service	
		11/30/18-15	11/30/18	576.00	7161-00 Passageways - Onboard Subscription	
		11/30/18-7	11/30/18	1,470.90	7161-00 ACWA 2019 Annual Dues	
		06-11247	12/1/18	90.00	7161-00 AWA of Ventura County - 18/19 Membership Dues	
112254	1/3/2019	AMERICAN EXPRESS				
		12/28/18	12/28/18	3,016.97	7163-00 Office Supp, Meals, IT Supp, Tools, Newsletter 12/18	
		12/28/18	12/28/18	194.60	7161-00 Office Supp, Meals, IT Supp, Tools, Newsletter 12/18	
112282	1/3/2019	SWRCB ACCOUNTING OFFICE				
		LW-1019939	12/19/18	15,751.00	5315-00 Water System Fees 7/1/18 - 6/30/19 - Newhall	
		LW-1020013	12/19/18	9,213.00	5315-00 Water System Fees 7/1/18-6/30/19 - Castaic	
		LW-1020016	12/19/18	12,240.50	5315-00 Water System Fees 7/1/18 - 6/30/19 - Pinetree	
		LW-1020019	12/19/18	6,563.50	5315-00 Water System Fees 7/1/18-6/30/19 - Tesoro	
112293	1/9/2019	CIVIC, LLC				
		1760	10/2/18	567.00	7163-00 MyCivic App Quarterly Maintenance 10-12/18	
112297	1/9/2019	EQUATION TECHNOLOGIES INC.				
		53155	12/28/18	53.75	7163-00 Sage Technical Support 12/18	
112307	1/9/2019	MASTER METER INC				
		194533	12/18/18	1,200.00	7163-00 Vehicle System Reading Support & Maintenance 2/18-2/19	
112312	1/9/2019	SCV WATER - SANTA CLARITA DIVISION				
		8421	1/2/19	4,131.00	5425-00 Zee Medical, Unleaded Fuel, Brinks, Encroachment Permit 11/18	
112344	1/17/2019	SCV WATER - VALENCIA WATER DIVISION				
		10391	12/31/18	1,186.74	7163-00 CAD Software Lic, Registered Domain, Uniform, Chair 12/18	
112346	1/17/2019	SPI COMMUNICATIONS				
		6487	12/20/18	850.00	7161-00 FCC License Renewal #WQJT486	
112349	1/17/2019	SWRCB ACCOUNTING OFFICE				
		WD-0151479	12/28/18	1,638.00	5315-00 Annual Permit Fees 7/1/18-6/30/19 - Sand Cyn Sewer Pipeline	
112357	1/24/2019	CIVIC, LLC				
		1836	1/2/19	567.00	7163-00 MyCivic App Quarterly Maintenance 1-3/19	
112406	1/31/2019	SWRCB-DWOCP				
		08648	1/28/19	105.00	7160-00 D4 Certification Fee - DB	
112407	1/31/2019	SWRCB-DWOCP				
		08649	1/30/19	70.00	7160-00 D1 Renewal Fee - JL	
INSUR		Insurance				

Santa Clarita Valley Water Agency
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Check No.	Ck Date	Vendor Name /	Inv Date	Amount	GL Account	Description
112315	1/17/2019	ACWA-JPIA/CB&T				
		0592310	1/9/19	50,313.80	7131-00	Health Benefits 2/19
		0592310	1/9/19	4,115.06	1680-00	Health Benefits 2/19
		0592310	1/9/19	4,836.60	7133-00	Health Benefits 2/19
		0592310	1/9/19	515.79	7129-00	Health Benefits 2/19
		0592310	1/9/19	75.20	7127-00	Health Benefits 2/19
112352	1/17/2019	WAGE WORKS				
		INV1159503	1/15/19	141.00	7191-00	Aflac Service Fee 12/18
112367	1/24/2019	THE LINCOLN NATIONAL LIFE INSURANCE CO.				
		3809046110	1/10/19	729.04	7131-00	Life & Disability Insurance 2/19
		3809046110	1/10/19	635.38	7132-00	Life & Disability Insurance 2/19
INV		Inventory				
112266	1/3/2019	GRISWOLD INDUSTRIES				
		760726	12/10/18	1,673.18	1810-00	Cla-Val Inventory
112288	1/9/2019	ARMORCAST PRODUCTS COMPANY				
		0196525-IN	12/18/18	4,674.30	1810-00	(12) Air Vac Cans, (24) 2" Meter Boxes
112299	1/9/2019	FAMCON PIPE AND SUPPLY INC				
		214564	12/14/18	185.06	1810-00	(1) 18" Saddle
		214576	12/14/18	2,412.31	1810-00	(54) ft. 6" Pipe, (36) ft. 4" Pipe
112358	1/24/2019	CORE & MAIN LP				
		J971265	12/28/18	86.21	1810-00	(1) 6" Break Off Spool
112388	1/31/2019	CORE & MAIN LP				
		J782457	1/4/19	267.67	1810-00	(12) 3/4" Coupling
		J973205	1/3/19	283.63	1810-00	(24) Brass Elbow
		J989959	1/8/19	56.37	1810-00	(11) Brass Elbow
		J973945	1/3/19	2,732.44	1810-00	(8) Couplings
112392	1/31/2019	FAMCON PIPE AND SUPPLY INC				
		215056	1/3/19	43.25	1810-00	(10) Brass Nipple
		215042	1/3/19	1,912.97	1810-00	(20) 3/4" Angle Stop, (3) 4" Saddle
LEGAL		Professional Services - Legal				
	1/28/2019	SCV WATER				
		57035	11/16/18	256.00	7151-00	Lagerlof - General Matters 10/18
MAINT		Maintenance and Services				
	1/28/2019	SCV WATER				
		PPC4096	10/11/18	938.80	7163-00	CDW - 3 yr Cloud License
		21975	11/7/18	10,942.82	7163-00	X-Act Tech - Network/Domain Consolidation
		22002	12/14/18	11,421.06	7163-00	X-Act Tech - Network/Domain Consolidation
		21950	10/1/18	814.70	7163-00	X-Act Tech - Office 365 License 10/18
112253	1/3/2019	AKEL ENGINEERING GROUP INC				
		18484-01	12/12/18	1,880.00	5345-00	Fire Flow Analysis - The Old Rd
112254	1/3/2019	AMERICAN EXPRESS				
		12/28/18	12/28/18	257.16	7221-00	Office Supp, Meals, IT Supp, Tools, Newsletter 12/18
112255	1/3/2019	AMTECH ELEVATOR SERVICES				
		DVA15884001	12/26/18	453.00	7221-00	Repairs to Elevator
112262	1/3/2019	DEPARTMENT OF INDUSTRIAL RELATIONS				
		S1609928MR	12/20/18	675.00	7221-00	Conveyance Inspection Fee #155827
112266	1/3/2019	GRISWOLD INDUSTRIES				
		760726	12/10/18	35.98	5225-00	Cla-Val Inventory

Santa Clarita Valley Water Agency
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Check No.	Ck Date	Vendor Name /	Inv Date	Amount	GL Account	Description
112286	1/9/2019	ALL TEMPERATURES CONTROLLED INC				
		217789	10/26/18	195.00	5225-00	Quarterly Maintenance 7-9/18 - Stetson Ranch
		217792	10/26/18	125.00	5325-00	Quarterly Maintenance 7-9/18 - Newhall Well #12
		217791	10/26/18	75.00	5325-00	Quarterly Maintenance 7-9/18 - Castaic OSEC
		217790	10/26/18	145.00	5225-00	Quarterly Maintenance 7-9/18 - Northlake Booster
		220828	10/9/18	1,175.00	7221-00	Quarterly Maintenance 9-11/18 - Office
		220828	10/9/18	220.00	5755-00	Quarterly Maintenance 9-11/18 - Office
112290	1/9/2019	BAY ALARM COMPANY				
		3504472181215M	12/15/18	65.00	7221-00	Burglar Monitoring 1/19
		3500972181115I	11/15/18	900.00	7221-00	Burglar System Upgrade - Office
		2499372181215M	12/15/18	360.00	7221-00	Elevator Testing 12/18
		3501672181115M	11/15/18	1,150.00	5755-00	Burglar System Installation Deposit - Warehouse
		3504472181130I	11/30/18	121.00	7221-00	Burglar Monitoring - 12/1/18-1/1/19
		3503372181115I	11/15/18	49.50	7221-00	Burglar System Deposit - Office
112298	1/9/2019	EXPERIAN				
		CD1909009173	12/28/18	180.72	5525-00	Credit Checks 12/18
112300	1/9/2019	GOLDEN WEST SECURITY INC				
		74570	1/1/19	53.25	5755-00	Alarm Response Service 1-3/19
112313	1/9/2019	UNDERGROUND SERVICE ALERT				
		1220180464	1/1/19	94.15	5425-00	(51) Dig Alerts 12/18
112319	1/17/2019	ASCENSION RECOVERY MANAGEMENT				
		000260	12/31/18	193.58	5525-00	Collections Balance
112322	1/17/2019	CONFIDENTIAL DATA DESTRUCTION COMPANY				
		43967	1/7/19	38.00	7221-00	Shredding Services 1/7/19
112323	1/17/2019	COURIER-MESSENGER INC.				
		21477	12/31/18	300.00	5525-00	Courier Services 12/18
112324	1/17/2019	DAN'S WELDING SERVICE				
		131	1/14/19	720.00	5215-00	Fabricate Support Stand - RW Pump Station
112327	1/17/2019	EUROFINS EATON ANALYTICAL INC				
		L0420106	10/30/18	480.00	5315-00	Water Analysis 10/15/18 - Newhall
		L0420271	10/30/18	200.00	5315-00	Water Analysis 10/18/18 - Castaic Well #1 & #2
		L0419882	10/29/18	10.00	5315-00	Water Analysis 10/18/18 - Castaic Well #2
		L0420104	10/30/18	240.00	5315-00	Water Analysis 10/15/18 - Pinetree
		L0420498	10/31/18	240.00	5315-00	Water Analysis 10/15/18 - Tesoro
		L0420497	10/31/18	240.00	5315-00	Water Analysis 10/15/18 - Castaic
		L0420491	10/31/18	100.00	5315-00	Water Analysis 10/18/18 - Pinetree Well #5
		L0420272	10/30/18	100.00	5315-00	Water Analysis 10/18/18 - Newhall Well #13
112342	1/17/2019	RICK FRANKLIN CONSTRUCTION INC				
		5438	1/14/19	10,854.00	5425-00	Remove & Replace Asphalt - Peachland Ave
112356	1/24/2019	AMTECH ELEVATOR SERVICES				
		DVA08379219	1/21/19	199.90	7221-00	Elevator Maintenance 2/19
112362	1/24/2019	GENERAL UNDERGROUND FIRE PROTECTION INC				
		20190129	1/1/19	695.00	7221-00	Quarterly Fire Sprinkler Testing - 1-3/19 Office
112364	1/24/2019	GREENSET LANDSCAPING				
		DECEMBER-2	1/1/19	375.00	5415-00	Landscape Maintenance 12/18
		DECEMBER-2	1/1/19	225.00	5225-00	Landscape Maintenance 12/18
		DECEMBER-2	1/1/19	150.00	5435-00	Landscape Maintenance 12/18
		DECEMBER-2	1/1/19	250.00	7221-00	Landscape Maintenance 12/18
		DECEMBER-2	1/1/19	250.00	5755-00	Landscape Maintenance 12/18
112373	1/24/2019	RICK FRANKLIN CONSTRUCTION INC				
		5441	1/22/19	8,237.00	5425-00	Asphalt Repairs - Newhall Ave
112382	1/31/2019	ANDEL ENGINEERING CO				
		01004-05351	1/17/19	5,793.00	5415-00	Survey Boundary & Topography - Castaic Tank 1A

Santa Clarita Valley Water Agency
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112387	1/31/2019	CLARK PEST CONTROL 1/25/19	1/25/19	47.00	7221-00	Pest Control Services 1/19
112389	1/31/2019	DAN'S WELDING SERVICE 137	1/28/19	2,110.00	5755-00	7' x 24' Canopy Wall - Yard
112391	1/31/2019	EUROFINS EATON ANALYTICAL INC L0433176	1/23/19	240.00	5315-00	Water Analysis 1/14/19 - Castaic
		L0433173	1/23/19	240.00	5315-00	Water Analysis 1/14/19 - Tesoro
112398	1/31/2019	KNUDTSON BUILDING MAINTENANCE 122498	1/24/19	1,294.00	7221-00	Janitorial Services 1/19
		122498	1/24/19	431.00	5755-00	Janitorial Services 1/19
MATSUP	Material and Supply Expense					
112252	1/3/2019	AIRGAS SPECIALTY PRODUCTS 131573364	12/6/18	531.73	5330-00	Ammonium Hydroxide Solution - Newhall
112254	1/3/2019	AMERICAN EXPRESS 12/28/18	12/28/18	282.63	5525-00	Office Supp, Meals, IT Supp, Tools, Newsletter 12/18
		12/28/18	12/28/18	33.04	5555-00	Office Supp, Meals, IT Supp, Tools, Newsletter 12/18
112256	1/3/2019	AQUA-FLO SUPPLY SI1274377	10/1/18	58.26	5325-00	(1) PVC Cement, (8) PVC Elbow, (1) PVC Nipple
		SI1283220	10/17/18	221.68	5375-00	Misc. Fittings
		SI1300898	11/29/18	22.01	5325-00	Misc. Fittings
		SI1302893	12/4/18	72.02	5755-00	(4) Repair Kits
		SI1311122	12/28/18	161.13	5325-00	Misc. Fittings
112260	1/3/2019	CORE & MAIN LP J499792	12/6/18	11,974.81	5555-00	(60) Master Meters
		J691168	12/12/18	1,929.76	5555-00	(1) XTR, (1) Octave Meter
112265	1/3/2019	GRAINGER INC 9029579944	12/12/18	135.44	5755-00	(3) cs Liquid Hand Soap
112267	1/3/2019	HACH COMPANY 11256972	12/12/18	222.56	5330-00	Water Quality Supplies
112276	1/3/2019	PRAXAIR DISTRIBUTION INC. 85702638	10/22/18	46.65	5706-00	Cylinder Rental 9/20-10/20/18
112280	1/3/2019	STEP SAVER INC 345532	12/27/18	831.94	5330-00	(6190) lbs. Certified Coarse Salt - Newhall
		345357	12/11/18	218.54	5330-00	(1485) lbs. Certified Coarse Salt - Castaic
		345529	12/27/18	115.52	5330-00	(785) lbs. Certified Coarse Salt - Tesoro
		345358-1	12/11/18	52.35	5330-00	Sales Tax on Certified Coarse Salt - Newhall
		345531	12/27/18	216.34	5330-00	(1470) lbs. Certified Coarse Salt - Castaic
112285	1/9/2019	AIRGAS SPECIALTY PRODUCTS 131574594	12/17/18	409.53	5330-00	Ammonium Hydroxide Solution - Newhall
112287	1/9/2019	AQUA-FLO SUPPLY SI1312964	1/3/19	12.01	5375-00	(1) 1 1/2" PVC Tee
112288	1/9/2019	ARMORCAST PRODUCTS COMPANY 0196525-IN	12/18/18	250.00	5555-00	(12) Air Vac Cans, (24) 2" Meter Boxes
112292	1/9/2019	CARQUEST AUTO PARTS 14448-274243	12/31/18	11.82	5225-00	(1) Telescoping Mirror
112294	1/9/2019	CORE & MAIN LP J885583	12/13/18	2,231.62	5555-00	(2000) Washers, (50) Gaskets, (200) Nuts, (200) Bolts

Santa Clarita Valley Water Agency
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112295	1/9/2019	CULLIGAN OF SYLMAR				
		1661984	12/31/18	488.00	5330-00 (4)	Portable Tank Exchange - Castaic 1/19
		1665634	12/31/18	148.00	5330-00 (4)	Portable Tank Exchange - Pinetree 1/19
		1661989	12/31/18	972.00	5330-00 (4)	Portable Tank Exchange - Newhall 1/19
		1663547	12/31/18	32.00	5330-00 (1)	Portable Tank Exchange - Stetson Ranch 1/19
		1661985	12/31/18	122.00	5330-00 (1)	Portable Tank Exchange - Tesoro 1/19
112299	1/9/2019	FAMCON PIPE AND SUPPLY INC				
		214573	12/14/18	60.23	5455-00 (1)	Elbow
112301	1/9/2019	GRAINGER INC				
		9032030745	12/13/18	89.88	5555-00 (4)	Screwdrivers
		9035301309	12/17/18	11.93	5175-00 (2)	Steel Grates
		9035240754	12/17/18	241.78	5735-00 (2)	Transport Drum
		9034759150	12/17/18	312.66	5425-00 (1)	Landscape Fabric
		9031348585	12/13/18	79.28	5435-00 (20)	Danger Signs
112302	1/9/2019	GREEN LANDSCAPE NURSERY				
		1/3/19	1/3/19	59.11	5475-00 (8)	5 sq. ft. Marathon Grass, (2) Topper
112303	1/9/2019	HASA INC				
		625629	12/18/18	595.45	5330-00 (16)	15 gal. Drum Carboys, Return (16) 15 gal. Drum Carboys
112304	1/9/2019	HOME DEPOT CREDIT SERVICES				
		12/28/18	12/28/18	8.72	5706-00	Tools & Supplies 12/18
		12/28/18	12/28/18	62.26	5425-00	Tools & Supplies 12/18
		12/28/18	12/28/18	67.45	5555-00	Tools & Supplies 12/18
		12/28/18	12/28/18	162.06	7221-00	Tools & Supplies 12/18
112308	1/9/2019	MCMASTER-CARR				
		81526382	12/12/18	70.91	5435-00 (6)	Aluminum Signs
		81393265	12/11/18	215.20	5415-00 (6)	Aluminum Signs
		79461265	11/16/18	234.84	5175-00 (12)	Electrical Insulating Grease
112310	1/9/2019	NEW PIG CORPORATION				
		4835224-00	12/18/18	695.41	5755-00 (2)	Spill Containment Pallets with Drain
		22644525-00	12/17/18	392.80	5425-00 (2)	Filter Socks
112311	1/9/2019	POLLARD WATER				
		WP001996	1/3/19	1,532.66	5330-00 (6)	40 Clor Tablets
112316	1/17/2019	AIRGAS SPECIALTY PRODUCTS				
		131575444	12/24/18	1,149.09	5330-00	Ammonium Hydroxide Solution - Castaic
		131575479	12/24/18	500.85	5330-00	Ammonium Hydroxide Solution - Newhall
112317	1/17/2019	AQUA-FLO SUPPLY				
		SI1314798	1/10/19	11.41	5215-00 (1)	Steel Nipple
		SI1313378	1/7/19	10.59	5325-00 (4)	PVC Bushing
112328	1/17/2019	FAMCON PIPE AND SUPPLY INC				
		214756	12/20/18	2,244.09	5275-00	Couplings, Gaskets, Flanges, Weld Reducer
112329	1/17/2019	FERGUSON ENTERPRISES INC #1350				
		6992425	1/3/19	317.45	5175-00 (2)	Pressure Valve, (1) Nut Driver Set
112333	1/17/2019	HACH COMPANY				
		11267901	12/20/18	4,214.59	5330-00	Water Quality Supplies
112338	1/17/2019	POLLARD WATER				
		WP002116	1/15/19	1,091.08	5330-00 (1)	Flushing Can
		WP002113	1/14/19	2,155.74	5325-00 (2)	Flushing Cans
112339	1/17/2019	PRAXAIR DISTRIBUTION INC.				
		86767706	12/21/18	49.53	5706-00	Cylinder Rental 11/20-12/20/18
112345	1/17/2019	SNAP-ON TOOLS				
		11131856277	11/30/18	289.06	5706-00 (2)	Jumper Cables
		11281856740	11/28/18	623.82	5706-00 (1)	Air Impact, (2) Impact Swivel Ball

Santa Clarita Valley Water Agency
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112348	1/17/2019	STEP SAVER INC				
		345699	1/9/19	57.55	5330-00 (315) lbs. Certified Coarse Salt - Stetson Ranch	
		345701	1/9/19	521.47	5330-00 (3880) lbs. Certified Coarse Salt - Newhall	
112355	1/24/2019	AIRGAS SPECIALTY PRODUCTS				
		131576037	12/28/18	445.01	5330-00 Ammonium Hydroxide Solution - Newhall	
112363	1/24/2019	GRAINGER INC				
		9044236355	1/2/19	82.65	5755-00 (12) Disposable Wipes	
112365	1/24/2019	HACH COMPANY				
		11275738	12/28/18	427.16	5330-00 (6) Ammonia Reagent Set, (1) 4L Deionized Water	
112368	1/24/2019	LOWE'S				
		1/17/19	1/17/19	20.79	5706-00 Tools & Supplies 1/19	
		1/17/19	1/17/19	128.20	5175-00 Tools & Supplies 1/19	
112378	1/24/2019	STEP SAVER INC				
		345700	1/9/19	175.87	5330-00 (3880) lbs. Certified Coarse Salt - Newhall	
		345881	1/23/19	624.96	5330-00 (4650) lbs. Certified Coarse Salt - Newhall	
112380	1/24/2019	WHITE CAP CONSTRUCTION SUPPLY				
		50009534761	12/27/18	691.12	5425-00 (80) Stakes, (4) 50 lb. Nails	
112381	1/31/2019	AIRGAS SPECIALTY PRODUCTS				
		131577561	1/4/19	561.95	5330-00 Ammonium Hydroxide Solution - Newhall	
112383	1/31/2019	AQUA-FLO SUPPLY				
		SI1098490-2	12/31/18	381.31	5325-00 Billing Correction	
		SI1294581	11/14/18	14.28	5375-00 PVC Pipe & Hose Washers - NDF	
		SI1291926	11/7/18	59.69	5375-00 Misc. Fittings - CDF	
112384	1/31/2019	AV EQUIPMENT RENTALS INC				
		209124	1/11/19	101.40	5475-00 (2) Hydrant Adapter	
112388	1/31/2019	CORE & MAIN LP				
		J953264	1/8/19	186.16	5555-00 (1) Octave Serial Programming Cable	
		J954698	1/3/19	342.77	5425-00 (24) Blue Marking Paint, (20) 2" Tape	
112392	1/31/2019	FAMCON PIPE AND SUPPLY INC				
		215084	1/4/19	226.61	5425-00 (2) 12" Insulating Kit	
112395	1/31/2019	GRAINGER INC				
		9048534391	1/7/19	58.39	5706-00 (4) Tape Measure	
112396	1/31/2019	HACH COMPANY				
		11281785	1/3/19	96.41	5300-00 (3) 4L Deionized Water	
		11281006	1/3/19	4,860.00	5330-00 Water Quality Supplies	
112402	1/31/2019	ROYAL INDUSTRIAL SOLUTIONS				
		8870-560620	1/22/19	161.70	5175-00 (1) AC Volt Timing Relay - Castaic Well #2	
112404	1/31/2019	SNAP-ON TOOLS				
		01091957967	1/9/19	75.28	5706-00 (1) Blow Gun	
		01091957966	1/9/19	328.50	5706-00 (2) Impact Wrench	
112405	1/31/2019	STEP SAVER INC				
		345877	1/23/19	91.06	5330-00 (495) lbs. Certified Coarse Salt - Tesoro	
		345880	1/23/19	239.88	5330-00 (1630) lbs. Certified Coarse Salt - Castaic	
112408	1/31/2019	TRENCH SHORING CO., INC.				
		1163400-000	1/8/19	3,241.20	5425-00 (50) Plywood with Rope Handles	
OFFSUP	Office Supply Expense					
	1/28/2019	SCV WATER				
		11/17/18	11/17/18	11.24	7115-00 Amazon - Employee Name Tags	
112254	1/3/2019	AMERICAN EXPRESS				
		12/28/18	12/28/18	299.81	7115-00 Office Supp, Meals, IT Supp, Tools, Newsletter 12/18	

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112273	1/3/2019	MCCALLA COMPANY 224626	12/6/18	386.60	7115-00	Office Supplies
112283	1/3/2019	US BANK 12/24/18	12/24/18	537.28	7115-00	Office Supplies, Car Wash, Valley Industrial Assoc. 12/18
112291	1/9/2019	CANON SOLUTIONS AMERICA INC 146175562	12/16/18	74.46	7115-00 (1)	cs. Color Copy Paper
112304	1/9/2019	HOME DEPOT CREDIT SERVICES 12/28/18	12/28/18	28.19	7115-00	Tools & Supplies 12/18
112344	1/17/2019	SCV WATER - VALENCIA WATER DIVISION 10391	12/31/18	344.00	7115-00	CAD Software Lic, Registered Domain, Uniform, Chair 12/18
		10391	12/31/18	1,084.74	7118-00	CAD Software Lic, Registered Domain, Uniform, Chair 12/18
112377	1/24/2019	STAPLES CREDIT PLAN 1/9/19	1/9/19	649.78	7115-00	Office Supplies 12/18
OTHER	Other Expenses					
1/3/2019	SCV WATER					
	11/30/18-9	11/30/18	44.26	7120-00	Home Depot - Pumpkins for Carving Contest	
	11/30/18-11	11/30/18	7.42	7120-00	Vincenzo's Pizza - Appreciation Lunch	
	11/30/18-5	11/30/18	473.04	7120-00	Pacific Printing - Budget Books FY 18-19	
	11/30/18-6	11/30/18	347.78	7120-00	Custom Caterers - Employee Thanksgiving Lunch	
	10/5/18	10/5/18	121.50	7120-00	Massage Hill - Health Fair Massages	
	10/19/18	10/19/18	36.85	7120-00	Paper Direct - Holiday Party Invites	
	11/8/18	11/8/18	41.54	7120-00	Smart & Final - Thanksgiving Potluck Items	
	34406	10/28/18	258.75	7156-00	Luhdorff & Scalmanini - 2017 Annual Report 10/18	
	10/30/18	10/30/18	4.05	7120-00	Albertsons - Pumpkin Carving Prizes	
	11/30/18-12	11/30/18	33.99	7120-00	Vincenzo's Pizza - Appreciation Lunch	
	10/25/18	10/25/18	2.93	7120-00	Party City - Pumpkin Carving Tablecloths	
	120518	12/6/18	2,956.74	7120-00	Sand Canyon Country Club - Holiday Party 2018	
	12/1/18	10/2/18	68.17	7120-00	Albertsons - Health Fair Raffle Prizes	
	10/30/18-1	10/30/18	98.42	7120-00	Albertsons - Pumpkin Carving Prizes	
	11/14/18	11/14/18	26.31	7120-00	Office Max - Holiday Party Name Tags	
112312	1/9/2019	SCV WATER - SANTA CLARITA DIVISION 8421	1/2/19	537.84	5525-00	Zee Medical, Unleaded Fuel, Brinks, Encroachment Permit 11/18
112400	1/31/2019	MULTIPLIER 597	1/23/19	5,000.00	7154-00	Maven's Notebook Sponsorship
PERCHL	Perchlorate					
112337	1/17/2019	NOSSAMAN LLP 490727	1/8/19	11,449.80	7150-00	Perchlorate Claim 12/18
PROFOT	Professional Services - Other					
1/28/2019	SCV WATER					
	113018.03	11/30/18	7,500.00	7152-00	Fedak & Brown - Audit Services FY17/18 11/18	
	103118.04	10/31/18	646.00	7152-00	Fedak & Brown - Audit Services FY17/18 10/18	
	2018.1.SCVWA	11/28/18	985.32	7163-00	Mindboard - RFP Consulting Services	
112283	1/3/2019	US BANK 12/24/18	12/24/18	50.00	7158-00	Office Supplies, Car Wash, Valley Industrial Assoc. 12/18
112306	1/9/2019	MACLEOD WATTS INC 181218SCVWD	12/18/18	4,850.00	7152-00	Prepare GASB 75 Report for NCWD & CLWA 12/17
PURWTR	Purchased Water					
1/9/2019	SCV WATER					
	010319C	1/3/19	130,046.35	5130-00	Fixed Water Charges 12/18	
	1900001	1/3/19	1,128.00	5315-00	Lab Fees 12/18	
	010319B	1/3/19	14,392.19	5130-00	Purchased Water 12/18 - Saugus Well #1 & #2	
	010319A	1/3/19	27,285.99	5130-00	Purchased Water 12/18	
RENTLE	Rent/Lease Expense					

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112305	1/9/2019	IRON MOUNTAIN RECORDS MANAGEMENT				
		AKNX792	12/31/18	239.78	7191-00	Document Storage Rental 1/19
		AKPJ321	12/31/18	299.73	7191-00	Document Storage Rental - Vault 1/19
112332	1/17/2019	GREATAMERICA FINANCIAL SVCS				
		24026340	1/7/19	152.21	7225-00	Mail Machine Lease 1/19
SAFETY		Safety Expense				
112263	1/3/2019	DIRECT SAFETY SOLUTIONS INC				
		993407	12/11/18	621.62	5735-00 (20)	Hardhats
112296	1/9/2019	DIRECT SAFETY SOLUTIONS INC				
		993408	12/19/18	1,142.00	5735-00 (76)	Safety Gloves
112312	1/9/2019	SCV WATER - SANTA CLARITA DIVISION				
		8421	1/2/19	561.57	5735-00	Zee Medical, Unleaded Fuel, Brinks, Encroachment Permit 11/18
112341	1/17/2019	RED WING SHOE STORE				
		20181220010653	12/20/18	250.00	5735-00 (1)	Workboots - JP
112350	1/17/2019	U.S. HEALTHWORKS MEDICAL GROUP, PC				
		3453495-CA	12/28/18	99.00	5735-00	DOT Physical - TA
		3450976-CA	12/21/18	99.00	5735-00	DOT Physical - LT
112354	1/17/2019	ZEE MEDICAL SERVICE				
		34-075796	1/11/19	418.60	5735-00	Medical & Safety Supplies 1/19
112363	1/24/2019	GRAINGER INC				
		9044650779	1/2/19	733.04	5735-00 (2)	Inline Drums
UNIFOR		Uniforms				
	1/28/2019	SCV WATER				
		DP10370	10/8/18	2,262.00	5705-00	Dolphin Promotions - Field T-Shirts
		DP10379	11/29/18	116.05	5705-00	Dolphin Promotions - Field T-Shirts
112321	1/17/2019	CINTAS CORP #684				
		684756606	1/2/19	956.65	5705-00	Uniform Rental W/E 1/2/19
		684759252	1/9/19	989.50	5705-00	Uniform Rental W/E 1/9/19
		684753931	12/26/18	956.65	5705-00	Uniform Rental W/E 12/26/18
112344	1/17/2019	SCV WATER - VALENCIA WATER DIVISION				
		10391	12/31/18	111.12	5705-00	CAD Software Lic, Registered Domain, Uniform, Chair 12/18
112386	1/31/2019	CINTAS CORP #684				
		684761912	1/16/19	956.65	5705-00	Uniform Rental W/E 1/16/19
		684764567	1/23/19	956.65	5705-00	Uniform Rental W/E 1/23/19
UTILIT		Utilities				
112257	1/3/2019	AT&T				
		12/23/18-1	12/23/18	239.60	7215-00	Elevator Emergency 661 254-4865 12/18
		12/23/18	12/23/18	147.77	7215-00	Operations Facility 661 254-1841 12/18
		12/23/18-3	12/23/18	322.68	7215-00	Backup Lines 661 254-1900 12/18
		12/23/18-2	12/23/18	126.88	7215-00	Backup Analog 661 753-9621 12/18
112258	1/3/2019	BURRTEC WASTE INDUSTRIES INC				
		N114512974	1/1/19	87.01	7215-00	Disposal Service 1/19
		N114512974	1/1/19	87.01	5755-00	Disposal Service 1/19
112279	1/3/2019	SPECTRUM BUSINESS				
		0023634122118	12/21/18	1,456.63	7215-00	Phone & Internet Services 1/19
112289	1/9/2019	AROUND-THE-CLOCK CALL CENTER INC				
		190100314101	1/7/19	484.90	7215-00	Answering Service 12/11/18-1/7/19
112314	1/9/2019	WASTE MANAGEMENT				
		3670286-0160-0	1/1/19	839.89	5755-00 (1)	40 yd. Roll-Off 12/17/18

Santa Clarita Valley Water Agency
Newhall Division

Check No.	Ck Date	Vendor Name /	Inv Date	Amount	GL Account	Description
112325	1/17/2019	DIRECTV				
		35717034203	1/8/19	82.99	7215-00	Satellite Services 1/7-2/6/19 - Office & Operations Facility
		35717034203	1/8/19	82.99	5755-00	Satellite Services 1/7-2/6/19 - Office & Operations Facility
		35718470578	1/8/19	24.99	7215-00	Satellite Services 1/7-2/6/19 - Lobby
112326	1/17/2019	EDISON CO				
		1/8/19	1/8/19	3,171.48	7215-00	A/C #2-40-708-2270 12/18
112347	1/17/2019	SPRINT				
		934727314-205	1/7/19	1,103.75	7215-00	Cell Phones 12/18
112353	1/17/2019	YP				
		1/1/19	1/1/19	21.00	7215-00	Directory Advertising 1/19
112390	1/31/2019	EDISON CO				
		1/19/19	1/19/19	338.54	5225-00	A/C #2-40-708-3344 12/18
		1/19/19	1/19/19	10,009.66	5230-00	A/C #2-40-708-3344 12/18
		1/19/19	1/19/19	618.31	5235-00	A/C #2-40-708-3344 12/18
		1/23/19	1/23/19	35.37	5225-00	A/C #2-40-708-3856 12/18
		1/23/19	1/23/19	48,044.48	5230-00	A/C #2-40-708-3856 12/18
112409	1/31/2019	VERIZON WIRELESS				
		9822335187	1/15/19	215.32	7215-00	Wireless Network Cards 1/16-2/15/19
VEHICL		Vehicle Maintenance				
	1/3/2019	SCV WATER				
		11/30/18-4	11/30/18	200.00	5715-00	DMV Renewal
		11/30/18-13	11/30/18	100.00	5715-00	DMV Renewal
112283	1/3/2019	US BANK				
		12/24/18	12/24/18	99.90	5715-00	Office Supplies, Car Wash, Valley Industrial Assoc. 12/18
112312	1/9/2019	SCV WATER - SANTA CLARITA DIVISION				
		8421	1/2/19	67.42	5715-00	Zee Medical, Unleaded Fuel, Brinks, Encroachment Permit 11/18
112331	1/17/2019	GRAND AMERICAN TIRE INC				
		284097	12/20/18	1,548.75	5775-74	(2) Tires - Unit #74
112336	1/17/2019	NAPA AUTO PARTS				
		019100	12/23/18	27.73	5775-51	(1) Adapter, (6) Cables - Unit #51
		018627	12/19/18	24.56	5775-17	(4) Spark Plugs, (1) Oil Filter - Unit #17
112343	1/17/2019	SCHWARTZ OIL CO., INC				
		128387	1/8/19	2,740.14	5715-00	(1000) gal. Unleaded Fuel
112369	1/24/2019	LYONS AUTO SPA & QUICK LUBE				
		12/31/18	12/31/18	46.99	5715-00	Truck Wash Service 12/18
112370	1/24/2019	NAPA AUTO PARTS				
		018134	1/16/19	7.40	5775-15	(4) Battery Cable Lug - Unit #15
112371	1/24/2019	OILSTOP INC				
		O-0011-138302	1/16/19	94.33	5775-63	Change Oil & Air Filter - Unit #63
		O-0011-138265	1/15/19	117.21	5775-79	Change Oil & Air Filter - Unit #79
112374	1/24/2019	SCHWARTZ OIL CO., INC				
		128508	1/17/19	3,162.77	5715-00	(1200) gal. Unleaded Fuel
		128509	1/17/19	1,364.59	5715-00	(400) gal. Diesel Fuel
112376	1/24/2019	SO CAL TURF & TRACTOR				
		122887	1/18/19	174.76	5715-00	(12) Ignition Key
112385	1/31/2019	BUSH & DAUGHTERS REPAIR SERVICE				
		1817	1/6/19	538.47	5775-68	Repairs to Unit #68
		1823	1/6/19	425.00	5775-26	Repairs to Coolant Heater - Unit #26
		1819	1/6/19	85.00	5775-15	Check Fluids, Clean Air Filter - Unit #15
		1818	1/6/19	255.00	5775-17	Replace Plugs, Clean Connections - Unit #17
		1820	1/6/19	170.00	5775-16	Replace RV Plug & Cable - Unit #16

Santa Clarita Valley Water Agency
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Check No.	Ck Date	Vendor Name /	Inv Date	Amount	GL Account	Description
112394	1/31/2019	GRAND AMERICAN TIRE INC 284565	1/7/19	992.73	5775-73 (4) Tires - Unit #73	
112403	1/31/2019	SC AUTO AIR 19700	11/27/18	330.57	5775-73 (1) Battery Replacement - Unit #73	
		Payments:		<u>1,342,196.99</u>		

Santa Clarita Valley Water Agency
Newhall Division

Totals by AP Distribution Code

Dist. Code		Total Amou
CIP	Construction in Progress	146,431.83
CONDEP	Construction Meter Deposit Refunds	3,600.00
CONSER	Conservation/BMP/MOU	2,060.00
CUSREF	Customer Refunds	3,084.17
DIREMP	Director/Employee Expense	625,450.11
DUES	Dues/Memberships/Certification	61,645.58
INSUR	Insurance	61,361.87
INV	Inventory	14,327.39
LEGAL	Professional Services - Legal	256.00
MAINT	Maintenance and Services	66,579.62
MATSUP	Material and Supply Expense	53,554.69
OFFSUP	Office Supply Expense	3,416.10
OTHER	Other Expenses	10,059.59
PERCHL	Perchlorate	11,449.80
PROFOT	Professional Services - Other	14,031.32
PURWTR	Purchased Water	172,852.53
RENTLE	Rent/Lease Expense	691.72
SAFETY	Safety Expense	3,924.83
UNIFOR	Uniforms	7,305.27
UTILIT	Utilities	67,541.25
VEHICL	Vehicle Maintenance	12,573.32

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Vendor Name	Transaction Description	Transaction Amount
A T & T	JANUARY - ANSWER SERVICE - ACCT# 335 451-0184 482 2	\$105.25
	DECEMBER - OFFICE - ACCT# 661-260-1513 030 9	\$91.00
	JANUARY - OFFICE - ACCT# 020 749 6745 001	\$27.24
	JANUARY - OFFICE - ACCT# 661 286-4331 677 1	\$179.51
	JANUARY - OFFICE - ACCT# 661 260-1513 030 9	\$92.14
	DECEMBER - SCADA - ACCT# 831-000-7549-638	\$638.72
	JANUARY - SCADA - ACCT# 831-000-7549-638	\$636.79
	JANUARY - TELEMETERING - ACCT# 831-000-2547-595	\$476.56
	JANUARY - WAREHOUSE - ACCT# 020 749 6745 001	\$12.70
A T & T		\$2,259.91
A V EQUIPMENT RENTAL INC	HOSE, PROPANE	\$276.26
A V EQUIPMENT RENTAL INC		\$276.26
ADVANTECH CORPORATION	S18725 - SCADA - COMPUTERS	\$13,133.05
ADVANTECH CORPORATION		\$13,133.05
AMAZON CAPITAL SERVICES	QI WIRELESS CHARGING - PROTECTIVE BATTERY CASE - L. QUINTERO	\$104.03
	SYMPATHY BASKET - E. BLANFORD	\$94.95
AMAZON CAPITAL SERVICES		\$198.98
AMERICAN BUSINESS MACHINES	BASE CHARGE - CANON/IR ADV C5255 & C5045 - 1/15/2019 TO 2/14/2019	\$466.94
	TONER SHIPPING	\$8.00
	USAGE - CANON/IR ADV C5255 - 12/18/2018 TO 1/17/2019	\$114.06
	USAGE - CANON IMAGERUNNER ADV C9270 - 12/1/2018 TO 12/31/2018	\$228.87
AMERICAN BUSINESS MACHINES		\$817.87
AMERIPRIDE SERVICES, INC.	DECEMBER MATS	\$117.88
	DECEMBER UNIFORMS	\$1,285.18
AMERIPRIDE SERVICES, INC.		\$1,403.06
AQUA METRIC SALES CO.	1 1/2" OMNI T2 METER	\$15,375.38
	1" I-PERL T/R METER	\$46,681.16
	2" OMNI T2 100 CU FT METE	\$4,329.40
	FOR PROGRAMING	\$2,456.66
	O RINGS	\$48.98
	S18721 - AMR PROJECT METERS	\$95,744.38
AQUA METRIC SALES CO.		\$164,635.96
AQUA-FLO SUPPLY	4" SCHEDULED 40 PVC PIPE	\$111.09
AQUA-FLO SUPPLY		\$111.09
ARC IMAGING RESOURCES	JANUARY SERVICE	\$659.63
	JANUARY USAGE & FEE	\$566.59
ARC IMAGING RESOURCES		\$1,226.22
AROUND THE CLOCK	JANUARY AND DECEMBER HOLIDAYS	\$1,157.52
AROUND THE CLOCK		\$1,157.52
AUTONATION, INC.	KIT-JET (UNIT 10)	\$24.97
	OIL, FILTER #12	\$64.50
	OIL, FILTER #29	\$69.86
AUTONATION, INC.		\$159.33
BAY ALARM COMPANY	2/1/19 TO 3/1/19 MONITORING FEE - ACCT# 3504672	\$115.00
BAY ALARM COMPANY		\$115.00
BEST BEST & KRIEGER LLP	S10808 - HONBY SOUTH CELL SITE	\$300.00
BEST BEST & KRIEGER LLP		\$300.00
BRIANNA CACERES/ROBERT HIGHTO	DECEMBER CREDIT REFUND - REF 15650 MEADOW	\$81.28
BRIANNA CACERES/ROBERT HIGHTO		\$81.28
BRINK'S INC.	JANUARY SERVICE - SCWD	\$551.41
	S18907 - JANUARY SERVICE - NWD	\$551.41
BRINK'S INC.		\$1,102.82
BURRTEC WASTE INDUSTRIES	JANUARY - SERVICE	\$87.01
BURRTEC WASTE INDUSTRIES		\$87.01
BUSH AND DAUGHTERS	FILTERS, OIL 310E	\$425.00
	RELOCATE VALVE - DITCH WITCH FX30 - LEAK	\$962.52
BUSH AND DAUGHTERS		\$1,387.52

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Vendor Name	Transaction Description	Transaction Amount
CALIFORNIA DEPT. TAX & FEE ADMIN.	S17728 - SCADA UPGRADE - SALES TAX	\$1,910.04
	S17729 - SCADA TANK EQUIP - SALES TAX	\$1,522.04
	SALES TAX	\$67.92
CALIFORNIA DEPT. TAX & FEE ADMIN.		\$3,500.00
CALIFORNIA TELEPHONY, INC.	SERVICE - 12/3/18	\$110.00
CALIFORNIA TELEPHONY, INC.		\$110.00
CARDNO, INC.	S16702 - VISTA CANYON RANCH, SERVICES RENDERED THROUGH 12/4/18 & 12/21/18	\$5,409.00
CARDNO, INC.		\$5,409.00
CHARLES P. CROWLEY COMPANY, INC.	S18728 - SOLAR BEE REPLACEMENT - (2) KASCO CERTISAFE MIXER, WITH 50FT CABLE	\$17,316.30
CHARLES P. CROWLEY COMPANY, INC.		\$17,316.30
CHARMAINE'S BOUQUET CANYON FLORIST	ARRANGEMENT 38831 - FORRAND FAMILY	\$84.32
	ARRANGEMENT - D. FORRAND	(\$84.32)
CHARMAINE'S BOUQUET CANYON FLORIST		\$0.00
CITY OF SANTA CLARITA	SCWD PERMIT FEES - 12/1/18 - 12/31/18	\$2,432.00
	S18906 - VWD PERMIT FEES 12/1/18 -12/31/18	\$410.00
CITY OF SANTA CLARITA		\$2,842.00
CLEAN RITE MOBILE DETAILING	VEHICLE WASHES - S101, S6, S12, S16, S20, S23, S28, S29, S33, S35	\$320.00
CLEAN RITE MOBILE DETAILING		\$320.00
COMM ENTERPRISES	QTR FORESTRY FEES	\$42.75
	QTR REPEATER SVC	\$990.00
COMM ENTERPRISES		\$1,032.75
CONNECTRONICS	S17728 - SCADA RADIO UPGRADE - SALES TAX	\$51.62
CONNECTRONICS		\$51.62
CORE & MAIN LP	1 1/2" PRO PRESS X M/A	\$363.43
	1" BRASS ELL	\$121.76
	1" BRASS, STREET, ELL	\$170.16
	1" FIP X INSTATITE IPS CO	\$628.31
	1" INSTATITE IPS ANGLE ME	\$1,703.93
	1" MIP X INSTATITE IPS CO	\$743.73
	1" PVC, SCH 80, PIPE	\$95.27
	1" RUBBER METER GASKET	\$91.98
	1" X 2" BRASS METER COUPL	\$1,113.07
	1" X 3/4" BRASS BELL REDU	\$153.21
	1" X 3/4" BRASS REDUCER B	\$63.95
	10" WELD FLANGE	\$744.60
	10" X 12" /W 2" TAP, CLAM	\$1,173.86
	10" X 2" C900 SERVICE SAD	\$1,007.05
	12" X 12 1/2" CLAMP	\$591.96
	12" X 121/2 W 2 TAP CLAMP	\$619.20
	12" X 15" 2-PIECE FULL CI	\$621.70
	12" X 20" 2-PIECE FULL CI	\$408.86
	16" SLIP ON FLANGES	\$932.83
	2" BRASS ELL	\$201.44
	2" BRASS PIPE PLUG	\$60.97
	2" BRASS, STREET, ELL	\$147.10
	2" COUPLINGS	\$809.95
	2" FIP BRASS COUPLING	\$169.62
	2" X 1" BRASS REDUCER BUS	\$248.35
	2" X 3/4" BRASS BUSHING	\$124.17
	2" X CLOSE BRASS NIPPLES	\$156.15
	3/4" 45 DEG, SLIP, PVC, S	\$71.39
	3/4" BRASS BALL VALVE X M	\$1,300.42
	3/4" INSTATITE BALL ANGLE	\$2,253.73
	3/4" PLASTIC METER GASKET	\$405.15
	3/4" PVC, SCH 80, PIPE	\$64.60
	3/4" RUBBER METER GASKETS	\$120.45
	3/4"X 6 REPAIR CLAMP	\$364.90

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Vendor Name	Transaction Description	Transaction Amount
	4" FLANGE BOLT KIT	\$58.87
	4" METER, PARTS	\$4,451.88
	4" REPAIR KIT 61-02 #9169	\$536.35
	4" X 12 1/2" W/2" TAP CLAM	\$452.65
	4" X 20" CLAMP	\$406.68
	5/8" WASHERS	\$702.99
	6"- 8" FLANGE BOLT KITS	\$205.25
	6" DIAPHRAM REPAIR KIT #9	\$472.10
	6" X 12 1/2" W/2" TAP 2PC	\$494.79
	6" X 12 1/2" W/2" TAP, C90	\$409.85
	6" X 20" C900, CLAMP	\$243.42
	6" X 4" X 2 1/2" HYD-FLGD	\$4,366.98
	8" SLIP ON FLANGES	\$134.52
	8" X 12 1/2" D/B 2" REPAI	\$268.03
	8" X 12 1/2" D/B REPAIR C	\$587.49
	8" X 12 1/2" S/B REPAIR C	\$353.90
	8" X 12 1/2" W/2" TAP, C9	\$474.64
	8" X 12" /W 2" TAP, AC RE	\$701.35
	8" X 12" 1-PIECE REPAIR C	\$173.15
	CDS6A ALT PILOT VALVE #20	\$4,631.90
	CHECK VALVE	\$2,764.56
	CONNECTOR, COUPLING	\$171.59
	NIPPLE	\$331.06
	REED DIE	\$253.12
	VALVE KEY	\$153.93
CORE & MAIN LP		\$41,648.30
CORELECTRIC INC.	S15714 - DELIVERY OF ELECTRICAL PANEL - PLACERITA BOOSTER SC-12	\$36,789.75
CORELECTRIC INC.		\$36,789.75
CSI SERVICES, INC	S18713 - PLACERITA #1, CATALA 3&4 TANK COATING	\$1,320.00
CSI SERVICES, INC		\$1,320.00
DAN'S WELDING SERVICE	FAB 2 - 10" WELL PIPE LIFTING TOOL ATTACHMENTS	\$345.00
	8" METER SWAP @ GUIDA WELL	\$460.00
	FAB 1 - 10" WELL GUIDE PLATE & ONE 8"	\$402.50
DAN'S WELDING SERVICE		\$1,207.50
DATAVO	JANUARY - WAREHOUSE - ACCT# 1003777	\$55.31
DATAVO		\$55.31
DESIGN SPACE MODULAR BUILDINGS	OPS TRAILER ADD'L - OCTOBER	\$332.88
	OPS TRAILER 10/26/18 TO 11/25/18	\$1,335.97
	OPS TRAILER 1/26/19 TO 2/25/19	\$1,335.97
DESIGN SPACE MODULAR BUILDINGS		\$3,004.82
DICKINSON ENTERPRISE, INC.	BRAKES, SHOCKS #34	\$2,082.38
	BRAKES, SHOCKS #42	\$1,628.88
	FILTER, OIL #19	\$601.30
	FILTERS, OIL #7	\$769.04
	LUBE, OIL #42	\$155.72
	TIRES #11	\$1,028.38
	WATER PUMP #13	\$552.63
	WATER PUMP - 310E	\$1,459.75
DICKINSON ENTERPRISE, INC.		\$8,278.08
DITCH WITCH WEST	MISC. PARTS - FILTER, WASHER, HANDLE, KNOB, & LOCKS	\$2,006.48
DITCH WITCH WEST		\$2,006.48
E. H. WACHS	BATTERY REPLACEMENT #72	\$293.02
	REPAIR - REPLACED THE SLC-LITE MICROSD CARD, 8 GBYTE	\$210.14
E. H. WACHS		\$503.16
E&M ELECTRIC AND MACHINERY, INC.	S18725 - SCADA ALLOWANCE - RENEWAL, CUSTOMER FIRST AGREEMENT #48347	\$22,615.00
E&M ELECTRIC AND MACHINERY, INC.		\$22,615.00

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Vendor Name	Transaction Description	Transaction Amount
EUROFINS EATON ANALYTICAL, INC.	ARROYO SECO JR HIGH - WATER TESTING	\$50.00
	BOWMAN HS - WATER TESTING	\$20.00
	CANYON HS - WATER TESTING	\$50.00
	GOLDEN VLY HS - WATER TESTING	\$50.00
	LA MESA JR HIGH - WATER TESTING	\$50.00
	SAUGUS HS - WATER TESTING	\$50.00
	SEQUOIA HS - WATER TESTING	\$10.00
	SIERRA VISTA - WATER TESTING	\$50.00
	WILEY CYN ELEM - WATER TESTING	\$50.00
EUROFINS EATON ANALYTICAL, INC.		\$380.00
FERGUSON WATERWORKS #1083	HEAVY DUTY CHAIN WRENCHES - (2) WA48, (2) WA60, & (2) WA72	\$5,260.80
FERGUSON WATERWORKS #1083		\$5,260.80
FUGRO USA LAND, INC.	S16618 - GLDN VLY RD WATERLINE EXT - SERVICES RENDERED 11/23/18 TO 12/20/18	\$10,692.50
FUGRO USA LAND, INC.		\$10,692.50
GENA MILNE	DECEMBER CREDIT REFUND - REF 20502 CALHAVEN	\$500.23
GENA MILNE		\$500.23
GRAINGER	BATTERY #19	\$240.53
	CAP, PLUG	\$135.79
	FAUCET	\$189.77
	JOBSITE BOX	\$1,073.10
	TAPS	\$10.68
GRAINGER		\$1,649.87
HACH COMPANY	TESTING SUPPLIES	\$195.47
HACH COMPANY		\$195.47
HENKELS & MCCOY INC	REFUND HYDRANT METER	\$704.31
HENKELS & MCCOY INC		\$704.31
HOME DEPOT CREDIT SERVICES	ADPTR, BLADES, LUMBER	\$304.60
	ADPTR, BOLT	\$169.04
	BATTERIES	\$108.41
	CABLE TIES, BAGS	\$98.52
	CEMENT, TAIL PIECE	\$6.73
	CONCRETE, SCREWS	\$24.17
	FEE	\$40.00
	HAMMER	\$21.87
	IMPACT WRENCH	\$327.41
	OIL, ADPTR	\$48.19
	PAD, REMOVER GRAFATTI	\$40.97
	PARTS UNIT #5	\$585.12
	RATCHETS	\$84.21
	S17728 - SCADA RADIO UPGRADE	\$208.29
	SILICONE, BOX, BOLTS	\$106.42
	SMALL TOOLS	\$1,342.49
	SMALL TOOLS	\$42.57
	SMALL TOOLS	\$217.83
	SURGE PROTECT, FUSE	\$66.96
	TAPE, TRASH BAGS	\$63.26
TAPE, UNION	\$46.60	
TRASH CAN, BLADES	\$60.16	
HOME DEPOT CREDIT SERVICES		\$4,013.82
HYDREX PEST CONTROL	SCWD - DECEMBER SERVICE	\$54.00
	SCWD - NOVEMBER SERVICE	\$54.00
	SCWD - OCTOBER SERVICE	\$54.00
	WAREHOUSE - NOVEMBER SERVICE	\$74.00
HYDREX PEST CONTROL		\$236.00

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Vendor Name	Transaction Description	Transaction Amount
INFOSEND, INC.	DECEMBER BILLING	\$3,379.37
	DECEMBER E-BILLING	\$497.98
	DECEMBER POSTAGE	\$10,481.10
INFOSEND, INC.		\$14,358.45
INTERNATIONAL LINE BUILDERS, INC.	REFUND HYDRANT METER	\$717.43
INTERNATIONAL LINE BUILDERS, INC.		\$717.43
IRON MOUNTAIN	DECEMBER SHREDDING	\$136.33
	LABELS	\$13.14
	JANUARY STORAGE & SERVICE	\$1,161.84
IRON MOUNTAIN		\$1,311.31
ISMAEL AGUILA LANDSCAPE	DECEMBER SERVICE	\$275.00
ISMAEL AGUILA LANDSCAPE		\$275.00
J. P. ARMAN CO.	CONCRETE - 19646 GOLDSTREAM	\$3,155.52
	CONCRETE PATCHES - LA ROCHELLE DR., GAVILAN DR., GOLDEN TRIANGLE RD. & GREEN MOUNTAIN DR.	\$5,105.80
J. P. ARMAN CO.		\$8,261.32
JOHN FOOTE	DINNER FOR CREW 12/27/18	\$67.89
JOHN FOOTE		\$67.89
JOHN MURRAY PLUMBING	SERVICE CALL - 28345 CONTESA, SAUGUS	\$432.00
JOHN MURRAY PLUMBING		\$432.00
JOHNSTONE SUPPLY	(24) FILTERS	\$97.50
JOHNSTONE SUPPLY		\$97.50
KIMBALL MIDWEST	SAFETY GLASSES	\$172.92
	SCREEN, BOLTS & NUTS	\$208.11
KIMBALL MIDWEST		\$381.03
LEE'S MAINTENANCE SERVICE INC	OFFICE - JANITORIAL SERVICE FOR DECEMBER 2018	\$2,223.16
	WAREHOUSE - JANITORIAL SERVICE FOR DECEMBER 2018	\$828.20
LEE'S MAINTENANCE SERVICE INC		\$3,051.36
LOS ANGELES TIMES	TO 3/28	\$110.58
LOS ANGELES TIMES		\$110.58
MARI-CO MAIL SERVICE	DECEMBER SERVICE	\$300.00
MARI-CO MAIL SERVICE		\$300.00
NAPA AUTO & TRUCK PARTS	BATTERY	\$137.93
	FILTER, LUBE	\$92.78
	FILTERS, OIL	\$149.61
	FUEL FILTER	\$25.08
	LED LIGHT	\$50.37
	ULTRA BLACK	\$15.84
NAPA AUTO & TRUCK PARTS		\$471.61
NEWHALL VALENCIA LOCK & KEY	DUPLICATE KEYS 310D	\$34.82
NEWHALL VALENCIA LOCK & KEY		\$34.82
NEWHALL WATER DIVISION-SCVWA	DIESEL IN TRUCKS	\$422.91
	GASOLINE IN TRUCKS	\$948.72
	MEMBERSHIP-CUEMA	\$180.00
	TESTING SUPPLIES	\$1,387.28
NEWHALL WATER DIVISION-SCVWA		\$2,938.91
NOSSAMAN LLP	S98806 - PERCHLORATE CONTAMINATION CLAIM	\$11,449.80
NOSSAMAN LLP		\$11,449.80
OFFICE DEPOT, INC.	CUST SVC - OFFICE SUPPLIES	\$78.86
	SCWD - OFFICE SUPPLIES	\$115.10
	SCWD - OFFICE SUPPLIES	\$84.73
	SCWD - OFFICE SUPPLIES	\$79.68
	SCWD - SNACKS FOR MGMNT MEETINGS - L. QUINTERO	\$15.39
	WHAREHOUSE - OFFICE SUPPLIES	\$298.92
OFFICE DEPOT, INC.		\$672.68
PATRICIA PASCOE	DECEMBER CREDIT REFUND - REF 28171 BAKERTON	\$5.73
PATRICIA PASCOE		\$5.73

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Vendor Name	Transaction Description	Transaction Amount
PAYMENTUS GROUP INC.	DECEMBER CREDIT CARD FEES	\$11,392.30
PAYMENTUS GROUP INC.		\$11,392.30
PHYL-MAR ELECTRICAL SUPPLY	SLEEVES	\$43.09
	WIRE, CONN, & SLEEVES	\$485.01
PHYL-MAR ELECTRICAL SUPPLY		\$528.10
PITNEY BOWES GLOBAL FINANCIAL SVCS	RED INK - SCWD POSTAGE MACHINE	\$256.85
	SCWD - SERVICE CALL FOR REPAIR & INSTALLATION OF NEW HARD DRIVE	\$323.03
PITNEY BOWES GLOBAL FINANCIAL SVCS		\$579.88
PRAXAIR DISTRIBUTION, INC	CARBON DIOXIDE & BLADES	\$259.28
PRAXAIR DISTRIBUTION, INC		\$259.28
PREMIERE GLOBAL SERVICES	JANUARY SERVICE	\$13.39
PREMIERE GLOBAL SERVICES		\$13.39
PUMP DESIGN & SUPPLY CO.	S18707 - NEW BOWLS 950 @ 310' - LINDA VISTA	\$12,045.13
	S18707 - 100 HP MOTORS - LINDA VISTA	\$12,765.64
PUMP DESIGN & SUPPLY CO.		\$24,810.77
RED HAWK FIRE & SECURITY	SEMI ANNUAL FM 200 INSPECTION - SUMMIT CIRCLE	\$550.00
RED HAWK FIRE & SECURITY		\$550.00
RED WING BUSINESS ADVANTAGE ACCT	SHOES - T. CLEM & T. DODD	\$500.00
RED WING BUSINESS ADVANTAGE ACCT		\$500.00
ROYAL INDUSTRIAL SOLUTIONS	CABLE	\$2,191.99
	CONN, BITS & SPLICE	\$513.96
	LUG	\$11.63
	S18710 - MISC. MOTOR RPR - SOFT START UPGRADE	\$54,698.92
	S18906 - WORK FOR VWD	\$445.30
	S18907 - WORK FOR NWD	\$445.30
	SERVICE CHARGE	\$52.91
	SUPPORT - TECHCONNECT 2019	\$445.30
ROYAL INDUSTRIAL SOLUTIONS		\$58,805.31
S & L SAFETY PRODUCTS	GLOVES	\$748.98
S & L SAFETY PRODUCTS		\$748.98
SAGE STAFFING	WK END 1/6 - CUST SVC	\$931.00
	WK END 12/23 - CUST SVC	\$1,368.00
	WK END 1/13 - CUST SVC	\$1,672.00
	WK END 1/20 - CUST SVC	\$1,368.00
	WK END 12/30 - CUST SVC	\$988.00
	WK END 1/6 - OFFICE ASSISTANT	\$572.58
	WK END 1/13 - OFFICE ASSISTANT	\$1,399.64
	WK END 1/20 - OFFICE ASSISTANT	\$1,129.26
	WK END 12/23 - OFFICE ASSISTANT	\$1,145.16
	WK END 12/30 - OFFICE ASSISTANT	\$254.48
SAGE STAFFING		\$10,828.12
SCHWARTZ OIL CO	DIESEL	\$1,262.42
	DIESEL	\$1,616.44
	GASOLINE	\$3,100.83
	GASOLINE	\$1,777.81
SCHWARTZ OIL CO		\$7,757.50
SKAUG TRUCK BODY	LID SHOCKS	\$154.00
SKAUG TRUCK BODY		\$154.00
SO. CALIFORNIA EDISON CO.	JANUARY - ACCT# 2-40-637-4652	\$2,877.75
	DECEMBER, INCLUDES NOVEMBER CREDITS	\$62,898.22
	ACCT# 9065 - NOVEMBER OFFICE BILLING	\$2,468.12
	ACCT# 9065 - NOVEMBER WAREHOUSE BILLING	\$1,328.60
SO. CALIFORNIA EDISON CO.		\$69,572.69
SOLAR ELECTRIC SUPPLY, INC.	(6) DEKA SEALEDGEL BATTERIES 12V 84AH	\$1,603.81
SOLAR ELECTRIC SUPPLY, INC.		\$1,603.81

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Vendor Name	Transaction Description	Transaction Amount
STAPLES ADVANTAGE	OFFICE SUPPLIES - CUST SVC	\$207.18
	OFFICE SUPPLIES - CUST SVC	\$91.93
	OFFICE SUPPLIES - ENGINEERING	\$94.90
	KITCHEN SUPPLIES	\$269.61
	OFFICE SUPPLIES - SUMMIT CIRCLE	\$102.43
	OFFICE SUPPLIES - SUMMIT CIRCLE	\$107.29
	STORAGE BOXES - SUMMIT CIRCLE	\$124.05
STAPLES ADVANTAGE		\$997.39
STEVE'S VALENCIA FLORIST	FLOWERS - A & S CHAN	\$106.55
STEVE'S VALENCIA FLORIST		\$106.55
SWRCB ACCOUNTING OFFICE	SYSTEM FEES	\$60,995.20
SWRCB ACCOUNTING OFFICE		\$60,995.20
TPX COMMUNICATIONS	JANUARY SERVICE - OFFICE- ACCT# 87050	\$777.64
TPX COMMUNICATIONS		\$777.64
TROPICAL WEST DESIGNS	DECEMBER SERVICE	\$137.50
TROPICAL WEST DESIGNS		\$137.50
UNDERGROUND SERVICE ALERT/SC	DECEMBER SERVICE	\$183.25
UNDERGROUND SERVICE ALERT/SC		\$183.25
USABUEBOOK	GATE VALVE	\$171.86
	GATE VALVES	\$1,107.73
	GAUGES	\$327.77
USABUEBOOK		\$1,607.36
VALENCIA WATER DIVISION	REFUND WATER PAYMENTS	\$2,176.25
VALENCIA WATER DIVISION		\$2,176.25
VALENCIA WATER DIVISION-SCVWA	CAD SOFTWARE LICENSE	\$5,673.45
	DUPLICATE KEYS FOR THE FACILITIES	\$102.60
	UNIFORM - M. REYES	\$102.92
VALENCIA WATER DIVISION-SCVWA		\$5,878.97
VERIZON WIRELESS	DECEMBER SERVICE -10 LINES - ACCT# 642026612-00001	\$437.52
	DECEMBER SERVICE - 7 LINES - ACCT# 972378078-00002	\$124.74
	DECEMBER SERVICE - CELL PHONES - ACCT# 972378078-00001 (ADMIN. & CUST. SVC)	\$2,451.14
	EQUIPMENT	\$12.99
VERIZON WIRELESS		\$3,026.39
WASTE MANAGEMENT-BLUE BARREL	DECEMBER SERVICE	\$1,028.01
WASTE MANAGEMENT-BLUE BARREL		\$1,028.01
WATERWISE CONSULTING, INC.	S18804 - RESIDENTIAL WATER SURVEY PROGRAM NOVEMBER 2019 - SCWD	\$495.00
WATERWISE CONSULTING, INC.		\$495.00
WELLS FARGO	CELL PHONE ACCESSORIES - K. ABERCROMBIE	\$10.95
	WHAREHOUSE - FOLDING CHAIRS, FOLDING TABLES & PARTS	\$1,922.56
	ENGINEERING - OFFICE SUPPLIES	\$78.34
	WHAREHOUSE - FLOAT VALVES	\$192.65
	FOOD FOR NORTH COUNTY ANNUAL UTILITIES MEETING 1/10/19 - HOSTED BY SCWD	\$512.09
	LUNCH MEETING - M. STONE & K. ABERCROMBIE - UPCOMING ALL STAFF MEETING	\$58.89
	WHAREHOUSE - OPS LUNCH SUPPLIES	\$195.07
	WHAREHOUSE - OPS HOLIDAY TACO LUNCHEON	\$916.31
	LUNCHES - SCWD ENGINEERING DEPT. END OF YEAR THANK YOU LUNCHEON 12/20/18 - B. PAYNE, E. LECAROS, E. BLANFORD, R. CHAN, J. MORENO, M. RESTIVO, N. MILLER & L. QUINTERO & WELCOME LUNCH FOR NEW TEMPORARY ENGINEER 1/9/19 - R. LYONS, M. RESTIVO, E. BLANFORD & L. QUINTERO	\$275.40
	WHAREHOUSE - METER GASKETS	\$245.17
	S18906 - COUNTY OF LA , DEPT. OF PW PERMIT FEES	\$4,718.00
	S18907 - FUSES FOR NEWHALL SEWER LIFT STATION	\$357.44
	WRITING WITH A PURPOSE WORKSHOP - L. QUINTERO	\$200.00
	WRITING WITH A PURPOSE WORKSHOP - E. BLANFORD & M. RESTIVO	\$400.00
	SNACKS FOR MANAGEMENT MEETINGS	\$50.87
WELLS FARGO		\$10,133.74
WOLF'S TOWING AND AUTO REPAIR	TOW S35	\$85.00
WOLF'S TOWING AND AUTO REPAIR		\$85.00

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WOODARD & CURRAN INC	S16618 - PIPELINE FOR GLDN VALLEY SHERIFF STATION	\$2,877.37
WOODARD & CURRAN INC		\$2,877.37
XEROX CORPORATION	DECEMBER SERVICE	\$149.75
XEROX CORPORATION		\$149.75
XTREME TRANSPORT, INC.	BASE	\$654.42
	BASE, ASPHALT	\$2,289.16
	DELIVERY/REMOVAL	\$500.00
	DUMP FEE	\$600.00
	DUMP FEE, REMOVAL	\$2,600.00
	TEMP ASPHALT, BASE	\$1,593.48
XTREME TRANSPORT, INC.		\$8,237.06
ZEE MEDICAL	FIRST AID SUPPLIES - WAREHOUSE	\$370.81
	FIRST AID SUPPLIES - WAREHOUSE	\$115.69
ZEE MEDICAL		\$486.50
Summary		\$692,516.43

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Vendor Name	Description	Total
ACC BUSINESS	Internal circuit 11/11/18-12/10/18	1,579.68
ACC BUSINESS Total		1,579.68
ACCO ENGINEERED SYSTEMS, INC	McBean B/S mtce inspection	132.00
	W205 Mtce Inspection	132.00
	Office A/C Maintenance	897.00
ACCO ENGINEERED SYSTEMS, INC Total		1,161.00
AIRGAS USA, LLC	W9 Water Softening	1,248.56
AIRGAS USA, LLC Total		1,248.56
AMAZON CAPITAL SERVICES, INC.	Charging station dock, cables	249.94
	Office Supplies	19.38
	Heavy Duty Calculator	67.54
	Surface Pro 3 Case	29.99
	Weight bags for large Maps	41.56
	GIS Batteries & Tape Measure	90.28
	IT- AA & AAA battery packs	26.81
	Chair mat for D.Richan	59.11
	NWD - GIS Binders	547.10
AMAZON CAPITAL SERVICES, INC. Total		1,131.71
AMERICAN BUSINESS MACHINES	Base charge 120818-010719	354.83
AMERICAN BUSINESS MACHINES Total		354.83
AQUA-FLO SUPPLY INC	3" Threaded Sch 40PVC Cap	4.83
	Parts for 2" Svc Repair AirVac	128.56
	1" Sch 80 PVC Union&Coupling	50.74
AQUA-FLO SUPPLY INC Total		184.13
AROUND THE CLOCK CALL CENTER	Answering Service	1,068.87
AROUND THE CLOCK CALL CENTER Total		1,068.87
ASTRA INDUSTRIAL SERVICES, INC	Backflow Test Equip Calibration	95.00
ASTRA INDUSTRIAL SERVICES, INC Total		95.00
AT&T	Long Distance svc thru 010119	63.41
	LAN modem 11/28/18-12/27/18	75.43
	Cust Svc, Gen'l 120418-010319	2,507.85
	Remote Access Line-Fiber Voice	385.73
	Main, NW, NC 01/07/19-02/06/19	1,634.68
	N.East 01/07/19-02/06/19	482.43
	S.West 01/07/19-02/06/19	449.79
AT&T Total		5,599.32
BOOT BARN, INC.	BB safety boots	250.00
BOOT BARN, INC. Total		250.00
BOUQUET AUTO PARTS	Pro Hydraulic Fluid	109.49
BOUQUET AUTO PARTS Total		109.49

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Vendor Name	Description	Total
BURRTEC WASTE INDUSTRIES, INC.	Trash Svc, December 2018	339.30
BURRTEC WASTE INDUSTRIES, INC. Total		339.30
BUSH & DAUGHTERS REPAIR	Vehicle Maintenance and Repair	370.00
BUSH & DAUGHTERS REPAIR Total		370.00
CINTAS CORPORATION #684	Uniforms	3,783.90
	Mop,freshners,soap,bldg mats	1,043.38
	NWD/ Uniforms, David S	111.12
	SCWD/ Uniforms, Mike R	77.19
	Mop,freshners, soap, bldg mats	253.29
	Uniforms/ David S	55.56
	Uniforms/ Mike R	25.73
	Uniforms/ Mike R	25.73
	Scrap towels	76.65
	SCWD/Uniforms, Mike D	25.73
	Mop,freshners,soap, blgd map	253.29
CINTAS CORPORATION #684 Total		5,731.57
CINTAS FIRST AID & SAFETY LOC #168	AED Lease, Dec	64.61
	AED Lease, December	108.41
	Inspect, restock first aid cabin	54.53
CINTAS FIRST AID & SAFETY LOC #168 Total		227.55
CLEAN TOUCH JANITORIAL, INC.	Janitorial svc, December	1,625.00
CLEAN TOUCH JANITORIAL, INC. Total		1,625.00
COLUMBUS US, INC.	GP Support Svc, Dec	323.75
	Dynamic GP- Renewal	3,679.50
	GP Support Svc, Jan	462.50
COLUMBUS US, INC. Total		4,465.75
CONNECTRONICS	SCADA VWD Radios to SCVWA	796.80
	Sales Tax for Inv#\$S3720194.006	51.62
	N500 Radios,Yagi Antenna & Acc	3,248.07
CONNECTRONICS Total		4,096.49
CORE & MAIN LP	3/4X7 BL06 MTR CF 3G	5,441.54
	5Gal dechlorinate (48)	3,528.12
	B9 X Conc Meter Box	832.73
	1 PVC S80 90 HXFIPT	124.40
	Stainless Steel Straps	275.69
	5/8X3/4X1 BMV IPSXMN	1,198.81
	Misc. parts	2,137.95
	850 CL HYD, 1/2 Hose X4 pumper	4,366.98
	Bolts and Nuts	330.55
	12X10 FLG Red C110 IMP	612.32
	2 R&W F/P Ball Valve	345.65

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Vendor Name	Description	Total
	4 FLGXFLG Di Pipe 2"	242.56
	Gate Valve Wrench- Blue	555.11
	Keeper Pin for Adj.Vlv (24)	58.87
	3 FLG Steel Pool 8" & 30"	1,044.84
	2" Alegro Meter (100)	43,839.42
	3/4,1 1/2 & 2" meters,3/4 Reg	78,967.02
	3x2 Tapt Blind FLG	80.18
	2" ARI Air release valve	1,650.77
	5# granular chlorine (144)	2,978.57
	6" Gate Cap & labor to EPOXY	3,383.56
	Bolts, nuts, washers & gaskets	1,133.87
	2x5 CPLG EPOXY	338.75
	18 TJ DI Pipe Gasket	1,038.12
	6" Gate cap & labor EPOXY	3,383.56
	HYMAX 2 Flip CPLG	559.86
CORE & MAIN LP Total		158,449.80
DATALINK NETWORKS INC.	VWD Domain Cutover 12012018	15,327.00
	I/T Support, December Overage	6,048.00
	Conservation Data Recovery	1,200.00
	Evault b/u & recovery, Feb	3,510.00
	Datto b/u & recovery svc, Feb	968.66
DATALINK NETWORKS INC. Total		27,053.66
DATAPROSE, LLC	Customer Billing, December	12,007.00
	Add'l Insterts-2019 Calendar	230.27
DATAPROSE, LLC Total		12,237.27
DCSE, INC.	2018 Water Smart Application (WSA) Technical S	2,600.00
DCSE, INC. Total		2,600.00
DELOITTE TAX, LLP	Clear AP Accrual, Deloitte Tax	13,000.00
DELOITTE TAX, LLP Total		13,000.00
DIRECTV, INC.	Service 12/16/18-01/15/19	106.23
	Service 01/16/19-02/15/19	106.23
DIRECTV, INC. Total		212.46
DLT SOLUTIONS LLC	VWD/CAD Software License	2,169.48
	NWD/CAD Software License	1,084.74
	SCWD/CAD Software License	5,673.45
DLT SOLUTIONS LLC Total		8,927.67
EBIX, INC.	Base fee December, CPI Adj	451.49
EBIX, INC. Total		451.49
ENDRESS+HAUSER, INC.	Maintenance Kit CCS14X	2,834.71
ENDRESS+HAUSER, INC. Total		2,834.71

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Vendor Name	Description	Total
ENTERPRISE FLEET SERVICES	Fleet svcs, December	17,771.34
	Fleet svcs, January	17,822.15
ENTERPRISE FLEET SERVICES Total		35,593.49
EUROFINS EATON ANALYTICAL INC	Rancho Pico Jr High School 1211	50.00
	Valencia High School 121218	50.00
	West Ranch High School 121118	50.00
	Rio Norte Jr High 121218	50.00
	Valencia Valley Elementary 1211	10.00
	Academy of the Canyons 121318	50.00
	Learning Post High 121318	20.00
	Well 201 Raw, 101718	1,350.00
	W201/ NPDES 120518	799.00
	Well 201/ NPDES 112818	2,780.00
EUROFINS EATON ANALYTICAL INC Total		5,209.00
FEDEX	FedEx Svc, K.Grass	32.25
	FedEx svc thru 010319	68.56
FEDEX Total		100.81
FERGUSON WATERWORKS	Coups, Adpt, Nip GBL	2,587.91
	5G dechlor solution (24)	1,695.21
FERGUSON WATERWORKS Total		4,283.12
GAS COMPANY, THE	Service 11/15/18-12/18/18	619.28
	Service 12/18/18-01/18/19	738.41
GAS COMPANY, THE Total		1,357.69
GENERAL PUMP COMPANY INC.	Layout, drill & tap sole plate	4,310.41
GENERAL PUMP COMPANY INC. Total		4,310.41
GOLDAK INC.	Via Dona Chrita/ Leak Survey	450.00
	Seural Ln, Service line leak	450.00
GOLDAK INC. Total		900.00
GRAINGER	Coated Gloves	1,005.65
	Ball valve with handle	102.14
GRAINGER Total		1,107.79
HARRIS AMERICAN	Office Supplies	129.58
	Customer Stamp, KG	22.95
	Bank Endorsement Stamp	45.90
	Filter Privacy, Danielle B	268.60
HARRIS AMERICAN Total		467.03
HOME DEPOT CREDIT SERVICES	Gen'l tools & equip	68.73
HOME DEPOT CREDIT SERVICES Total		68.73
IRJ ENGINEERS, INC.	Well E-17- Eng. Svc for Electrical Design	1,360.00
IRJ ENGINEERS, INC. Total		1,360.00

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Vendor Name	Description	Total
IRON MOUNTAIN, INC.	Off Site Document Shredding Svc	90.00
IRON MOUNTAIN, INC. Total		90.00
JENSEN DESIGN & SURVEY, INC.	Magic Mtn Booster Station Upgrade	87.50
	Mission Vlg Two 4MG Storage Tanks-Eng. Svcs	13,525.00
	Landmark Vlg Tr#53108 Phase 1- Eng. Svcs	2,065.00
JENSEN DESIGN & SURVEY, INC. Total		15,677.50
LANDCARE	Landscape mgmt. svc, January	644.70
LANDCARE Total		644.70
MARICO MAIL SERVICE	Banking, Inter-Office svc Dec	675.00
MARICO MAIL SERVICE Total		675.00
MCMASTER-CARR COMPANY	Well 159, repair materials	220.76
MCMASTER-CARR COMPANY Total		220.76
NEWHALL WATER DIVISION	Elbow, FLG	60.23
	Magic Mnt, 10" Mtr C/O	1,437.15
	Fuel Charges	1,071.44
	WQ testing supplies	2,166.05
	2019 CUEMA Membership, CP	180.00
NEWHALL WATER DIVISION Total		4,914.87
NFP PROPERTY & CASUALTY SRVCS	DIC- Earthquake, EQSL & Flood	322,634.68
NFP PROPERTY & CASUALTY SRVCS Total		322,634.68
NOSSAMAN LLP	Perchlorate Claim, December Svc	11,449.80
NOSSAMAN LLP Total		11,449.80
OFFICE DEPOT	Ergonomic chairs	1,373.13
OFFICE DEPOT Total		1,373.13
PANERA , LLC	Customer Care Qtr. Training	179.03
PANERA , LLC Total		179.03
PEREZ, CRIS	CP Tuition reimbursement	545.80
PEREZ, CRIS Total		545.80
PITNEY BOWES	Lease Property Tax	71.53
	Lease fees	43.41
PITNEY BOWES Total		114.94
RAIN FOR RENT	Westridge, Recycle Water	2,153.09
RAIN FOR RENT Total		2,153.09
RC BECKER & SON INC.	Valencia - 16" mainline repair	4,342.40
RC BECKER & SON INC. Total		4,342.40
RED WING BUSINESS ADVANTAGE ACCOUNT	JG safety work boots	250.00
RED WING BUSINESS ADVANTAGE ACCOUNT Total		250.00

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Vendor Name	Description	Total
REFUND CUSTOMER	Customer refund 01/03/19	33.96
	Customer Refund 01/15/19	1,498.59
	Customer Refund 12/15/19	58.45
REFUND CUSTOMER Total		1,591.00
ROYAL INDUSTRIAL SOLUTIONS	Light Bulbs (30)	97.89
ROYAL INDUSTRIAL SOLUTIONS Total		97.89
RYAN HERCO PRODUCTS CORP	Parts for W201	202.95
RYAN HERCO PRODUCTS CORP Total		202.95
RYAN PROCESS INC	50# Constant Chlor-briquettes	8,554.14
RYAN PROCESS INC Total		8,554.14
SANTA CLARITA CONCESSIONS	Coffee, creamer, tea	213.02
SANTA CLARITA CONCESSIONS Total		213.02
SANTA CLARITA VALLEY WATER AGENCY	Recycled Water, December	12,850.74
	Variable Water, December	102,383.83
	Fixed water charge, December	468,260.07
	Water softening lab fee, Dec	80.00
	Well 201 Lab Fee, December	1,680.00
	Lab Fee, December	2,091.00
SANTA CLARITA VALLEY WATER AGENCY Total		587,345.64
SANTA CLARITA WATER DIVISION	Fuel Charges	249.57
	Vehicle washing	25.00
	Via La Paz, 4" Mainline Break	2,517.34
	Rye Cyn Rd, Permit	1,821.50
	Tamarind Way, Permit	120.00
	Bronte Ln, Svc Repair	876.90
	Lupine St, Svc Repair	1,103.83
	Avocado Place, Permit	696.00
SANTA CLARITA WATER DIVISION Total		7,410.14
SKAGGS CONCRETE SAWING INC	Diablo Flatsaw asphalt	375.00
	Cheyenne, Clean Up for Paving	300.00
	Wayne Mills Rd, Flatsaw	475.00
	Old R & Pico Cyn, Flat Saw	600.00
	Baker Pl, 1" svc Clean Up	300.00
SKAGGS CONCRETE SAWING INC Total		2,050.00
SMART & FINAL	Kitchen Supplies	194.06
	Vending Machine	139.29
SMART & FINAL Total		333.35
SOLAR ELECTRIC SUPPLY	Batteries	1,603.81
SOLAR ELECTRIC SUPPLY Total		1,603.81

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Vendor Name	Description	Total
SOUTHERN CALIFORNIA EDISON CO	Purchased Power 12/18	161,659.75
	VWD Office 121218-011119	2,468.82
SOUTHERN CALIFORNIA EDISON CO Total		164,128.57
SPATIAL WAVE, INC.	Field Mapplet 010119-123119	16,100.00
	Field Mapplet 050118-123118	333.00
SPATIAL WAVE, INC. Total		16,433.00
STAATS CONSTRUCTION INC.	Concord, 1" Svc Repair	5,751.00
	Promenade, Water Truck	565.00
	Weatherfield Dr, 1" svc repair	4,191.00
	Diablo Place, 1" svc repair	4,814.00
	Dump Fees from paving jobs	1,183.00
	Weaters Field Dr, paving	1,997.00
	Cheyenne, 1" scv Paving	2,173.00
	Seurat Ln, 6" Svc Paving	2,038.00
	Diablo Place, 1" Svc Paving	2,698.00
	Relocate Ex Fire Hydrant J5380	12,227.00
	Pico Canyon/Old Road 2"svc repair	1,369.50
	Wayne Mills, 14" Svc emergency	1,376.00
	Wayne Mills Pl, 14" Emergency	6,644.00
	Wayne Mills, 14" Svc Repair	1,313.00
	Old Rd/Pico Canyon, 2" svc repair	2,356.00
	Pico Canyon, 2" Svc Clean up	1,047.00
	Eagle Lane, 2" Svc Repair	3,297.00
	River Chase Dr, 3" Svc Repair	7,678.00
	Baker PL/Stevenson Rch, 1" svc	4,237.00
	S17-810/Gateway	19,764.50
STAATS CONSTRUCTION INC. Total		86,719.00
SWRCB-DWOCP	JA, D3 Application fee OP40168	90.00
SWRCB-DWOCP Total		90.00
TECHNOFLO SYSTEMS	8" Meter Repair	1,796.91
TECHNOFLO SYSTEMS Total		1,796.91
TOYOTA-LIFT OF LOS ANGELES, INC.	Clark TM 22 Service Battery	120.81
TOYOTA-LIFT OF LOS ANGELES, INC. Total		120.81
TPX COMMUNICATIONS, CO.	Internet Circuit 010919-020819	1,226.44
TPX COMMUNICATIONS, CO. Total		1,226.44
TYCO INTEGRATED SECURITY LLC	Prorated Svc Charges	20.57
	Service 02/01/19-04/30/19	2,831.00
TYCO INTEGRATED SECURITY LLC Total		2,851.57
UNDERGROUND SERVICE ALERT	Tix Charge, database mtce	206.35
UNDERGROUND SERVICE ALERT Total		206.35

Santa Clarita Valley Water Agency
Valencia Water Division
Check Register Report
January 31, 2019

Vendor Name	Description	Total
UNIQUE SERVICES	West Hills 1&2 Storage Tank	708.00
	Entry gate Repairs	1,500.00
UNIQUE SERVICES Total		2,208.00
UNITED RECORDS MANAGEMENT, INC.	Filepath Cloud Svc, Dec 2018	568.29
	Scanning svc, Dec 2018	129.20
UNITED RECORDS MANAGEMENT, INC. Total		697.49
UNITED RENTALS (NORTH AMERICA), INC	W9 Softening	735.84
UNITED RENTALS (NORTH AMERICA), INC Total		735.84
VALLEY COURIERS, INC	Exchange for W/Fargo , Dec	247.03
VALLEY COURIERS, INC Total		247.03
VERIZON WIRELESS	Services 11/16/18-12/15/18	2,794.52
	Services 12/16/18-01/15/19	2,332.72
VERIZON WIRELESS Total		5,127.24
Waste Management- Blue Barrel	VWD Trash Service, Dec	608.09
Waste Management- Blue Barrel Total		608.09
WATERWISE CONSULTING, INC.	2018 Residential Water Surveys, Commercial an	2,957.50
WATERWISE CONSULTING, INC. Total		2,957.50
WELLS FARGO BANK, N.A.	Dual Monitor Arm, K.Wilson	213.53
	Secure Site Pro 1 YR Renewal	995.00
WELLS FARGO BANK, N.A. Total		1,208.53
WESTERLY METER SERVICE CO	Large Meter Testing (22)	4,726.53
	Large Meter Testing (7)	1,400.00
	Large Meter Testing (41)	9,579.52
WESTERLY METER SERVICE CO Total		15,706.05
WONDERWARE CALIFORNIA	Cust first Prog Renewal 2019	21,765.00
WONDERWARE CALIFORNIA Total		21,765.00
WRIGHT EXPRESS FINANCIAL SERVICES	Fuel Purchases, Dec 2018	3,674.28
WRIGHT EXPRESS FINANCIAL SERVICES Total		3,674.28
Grand Total		1,613,338.72

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Large Disbursement Check Registers

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SCVWA - Regional Division
Regional Division's Ten Largest Disbursements
Jan 1, 2019 to Jan 31, 2019

No.	Vendor Name	Check	Check Date	Account Title	Amount
	DEPARTMENT OF WATER RESOURCES	37419	01/09/2019	CONTRACT# 160213 JAN 2019	4,272,174.00
1	DEPARTMENT OF WATER RESOURCES				4,272,174.00
	ROSEDALE-RIO BRAVO WATER STORAGE	37560	01/17/2019	DROUGHT RELIEF PROJECT	614,800.00
2	ROSEDALE-RIO BRAVO WATER STORAGE				614,800.00
	CALPERS / CERBT	37475	01/17/2019	OPEB CONTRIBUTION	447,954.32
3	CALPERS / CERBT				447,954.32
	EVOQUA WATER TECHNOLOGIES, LLC.	37652	01/31/2019	RESIN CHANGE OUT 12/14	105,913.25
				DI TANK RENTAL 1/1-3/31	195.08
				RESIN TANK CHANGE 12/10	73.41
4	EVOQUA WATER TECHNOLOGIES, LLC.				106,181.74
	PERKINELMER HEALTH SCIENCES	37703	01/31/2019	MULTIFUNCTION PRINTER	338.36
				NEW LAB INSTRUMENT - ICP OPTICAL EMISSIONS SPECTROMETER	77,151.14
5	PERKINELMER HEALTH SCIENCES				77,489.50
	SEMITROPIC WATER STORAGE DISTRICT	37569	01/17/2019	WATER BANKING & EXCHANGE	73,655.40
6	SEMITROPIC WATER STORAGE DISTRICT				73,655.40
	PLANETBIDS, INC.	37553	01/17/2019	LIC FEES OCT18-SEPT19- NWD	4,147.61
				LIC FEES OCT18-SEPT19-SCWD	12,442.83
				LIC FEES OCT18-SEPT19- VWD	12,442.83
				LIC FEES OCT18-SEPT19- REGIONAL	41,252.79
7	PLANETBIDS, INC.				70,286.06
	SOLAR STAR CA. XXVIII, LLC/SUNPOWER	37608	01/25/2019	DEC. 2018 SERVICE-SCWD	25,463.19
				DEC. 2018 SERVICE-REGIONAL	25,463.19
8	SOLAR STAR CA. XXVIII, LLC/SUNPOWER				50,926.38
	CLARK BROS. INC.	37637	01/31/2019	PROGRESS PAYMENT #17 - CLEARWELL CT IMPROVEMENTS - THRU 12/20/18	50,000.00
				PROGRESS PAYMENT#17 - CLEARWELL CT IMPROVEMENTS - RETENTION-TRUST	-2,500.00
9	CLARK BROS. INC.				47,500.00
	NEWHALL WATER DIVISION	37544	01/17/2019	GASOLINE-UNIT# N73	834.92
				GRADE T2 RENEWAL-JG	60.00
				SEPT-WOODARD & CURRAN	44,134.79
				RECH20 PHASE 2	
				URBAN WATER MEMBERSHIP DUES	435.00
10	NEWHALL WATER DIVISION				45,464.71
	Summary				5,806,432.11

Largest Ten Vendor Payments as compared to Total Monthly Check Register 83%

Summary-All checks Issued During January 2019 \$ 7,003,398.67

SCV Water-Newhall Water Division
 Ten Largest Disbursements
 January 1, 2019 to January 31, 2019

Vendor Name	Check Number	Check Date	Description	Amount
SCV WATER	ACH	01/28/2019	DUE TO/FROM - SHARED PAYROLL AND SERVICES 12/18	235,243.39
1 SCV WATER				235,243.39
SCV WATER	ACH	01/03/2019	DUE TO/FROM - SHARED PAYROLL AND SERVICES 11/18	228,360.73
2 SCV WATER				228,360.73
SCV WATER	ACH	01/09/2019	PURCHASED WATER 12/18	27,285.99
			PURCHASED WATER 12/18 - SAUGUS WELL # 1 & # 2	14,392.19
			FIXED WATER CHARGES 12/18	130,046.35
			LAB FEES 12/18	1,128.00
3 SCV WATER				172,852.53
RC BECKER & SON INC.	112340	01/17/2019	ASPHALT & CONCRETE REPAIR - WINDCREST 300-1040	67,820.30
4 RC BECKER & SON INC.				67,820.30
ACWA-JPIA/CB&T	112315	01/17/2019	HEALTH BENEFITS 2/19	59,856.45
5 ACWA-JPIA/ CB&T				59,856.45
EDISON CO.	112390	01/31/2019	A/C # 2-40-708-3344 12/18	10,966.51
			A/C # 2-40-708-3856 12/18	48,079.85
6 EDI SON CO.				59,046.36
SWRCB ACCOUNTING OFFICE	112282	01/03/2019	WATER SYSTEM FEES 7/1/18-6/30/19	43,768.00
7 SWRCB ACCOUNTING OFFICE				43,768.00
QUINN RENTAL SERVICES	112277	01/03/2019	(1) WHEEL LOADER RENTAL 11/27-12/25/18 301-307F	5,501.56
			(1) WATER TRUCK RENTAL 11/27-12/25/18 301-307F	2,445.13
			EXCAVATOR & COMPACTION WHEEL RNTL 11/27-12/25	9,669.40
8 QUINN RENTAL SERVICES				17,616.09
CONNECTRONICS	112259	01/03/2019	SCADA ANTENNA 300-1052	889.22
			SCADA - NWD RADIO BACKBONE 300-1052	12,386.56
			SCADA - NWD RADIO BACKBONE 300-1052	796.80
9 CONNECTRONICS				14,072.58
CORE & MAIN LP	112260	01/03/2019	(60) MASTER METERS	11,974.81
			(1) XTR, (1) OCTAVE METER	1,929.76
10 CORE & MAIN LP				13,904.57
Summary				912,541.00

Santa Clarita Valley Water Agency
Santa Clarita Water Division
Ten Largest Disbursements
January 1, 2019 to January 31, 2019

Vendor Name	Check Number	Check Date	Transaction Description	Transaction Amount
AQUA METRIC SALES CO.	92409	01/09/2019	1 1/2" OMNI T2 METER	\$15,375.38
			1" I-PERL T/R METER	\$46,681.16
			2" OMNI T2 100 CU FT METE	\$4,329.40
			O RINGS	\$48.98
			S18721 - AMR PROJECT METERS	\$95,744.38
1 AQUA METRIC SALES CO.				\$162,179.30
SO. CALIFORNIA EDISON CO.	92523	01/16/2019	JANUARY - ACCT# 2-40-637-4652	\$2,877.75
			DECEMBER, INCLUDES NOVEMBER CREDITS	\$62,898.22
			ACCT# 9065 - NOVEMBER OFFICE BILLING	\$2,468.12
			ACCT# 9065 - NOVEMBER WAREHOUSE BILLING	\$1,328.60
2 SO. CALIFORNIA EDISON CO.				\$69,572.69
SWRCB ACCOUNTING OFFICE	92526	01/16/2019	SYSTEM FEES	\$60,995.20
3 SWRCB ACCOUNTING OFFICE				\$60,995.20
ROYAL INDUSTRIAL SOLUTIONS	92577	01/30/2019	S18710 - MISC. MOTOR RPR - SOFT START UPGRADE	\$54,698.92
4 ROYAL INDUSTRIAL SOLUTIONS				\$54,698.92
CORELECTRIC INC.	92566	01/30/2019	S15714 - DELIVERY OF ELECTRICAL PANEL - PLACERITA BOOSTER SC-12	\$36,789.75
5 CORELECTRIC INC.				\$36,789.75
PUMP DESIGN & SUPPLY CO.	92518	01/16/2019	S18707 - NEW BOWLS 950 @ 310' - LINDA VISTA	\$12,045.13
			S18707 - 100 HP MOTORS - LINDA VISTA	\$12,765.64
6 PUMP DESIGN & SUPPLY CO.				\$24,810.77
E&M ELECTRIC AND MACHINERY, INC.	92501	01/16/2019	S18725 - SCADA ALLOWANCE - RENEWAL, CUSTOMER FIRST AGREEMENT #48347	\$22,615.00
7 E&M ELECTRIC AND MACHINERY, INC.				\$22,615.00
CORE & MAIN LP	92420	01/09/2019	1 1/2" PRO PRESS X M/A	\$363.43
			1" INSTATITE IPS ANGLE ME	\$1,703.93
			1" X 2" BRASS METER COUPL	\$1,113.07
			1" X 3/4" BRASS BELL REDU	\$153.21
			10" WELD FLANGE	\$744.60
			10" X 12" /W 2" TAP, CLAM	\$1,173.86
			10" X 2" C900 SERVICE SAD	\$1,007.05
			16" SLIP ON FLANGES	\$932.83
			2" X 1" BRASS REDUCER BUS	\$248.35
			3/4" BRASS BALL VALVE X M	\$1,300.42
			3/4" INSTATITE BALL ANGLE	\$2,253.73
			3/4" PLASTIC METER GASKET	\$405.15
			3/4" RUBBER METER GASKETS	\$120.45
			3/4"X 6 REPAIR CLAMP	\$364.90
			5/8" WASHERS	\$702.99
			6" DIAPHRAM REPAIR KIT #9	\$472.10
			6" X 4" X 2 1/2" HYD-FLGD	\$4,366.98
			8" SLIP ON FLANGES	\$134.52
			CDS6A ALT PILOT VALVE #20	\$4,631.90
			VALVE KEY	\$153.93
8 CORE & MAIN LP				\$22,347.40
CHARLES P. CROWLEY COMPANY, INC.	92493	01/16/2019	S18728 - SOLAR BEE REPLACEMENT - (2) KASCO CERTISAFE MIXER, WITH 50FT CABLE	\$17,316.30
9 CHARLES P. CROWLEY COMPANY, INC.				\$17,316.30

Santa Clarita Valley Water Agency
Santa Clarita Water Division
Ten Largest Disbursements
January 1, 2019 to January 31, 2019

Vendor Name	Check Number	Check Date	Transaction Description	Transaction Amount
CORE & MAIN LP	92540	01/23/2019	12" X 12 1/2" CLAMP	\$591.96
			12" X 12 1/2 W 2 TAP CLAMP	\$619.20
			12" X 15" 2-PIECE FULL CI	\$621.70
			12" X 20" 2-PIECE FULL CI	\$408.86
			4" METER, PARTS	\$4,451.88
			4" REPAIR KIT 61-02 #9169	\$536.35
			4" X 12 1/2" W/2" TAP CLAM	\$452.65
			4" X 20" CLAMP	\$406.68
			6" X 12 1/2" W/2" TAP 2PC	\$494.79
			6" X 12 1/2" W/2" TAP, C90	\$409.85
			6" X 20" C900, CLAMP	\$243.42
			8" X 12 1/2" D/B 2" REPAI	\$268.03
			8" X 12 1/2" D/B REPAIR C	\$587.49
			8" X 12 1/2" S/B REPAIR C	\$353.90
			8" X 12 1/2" W/2" TAP, C9	\$474.64
			8" X 12" /W 2" TAP, AC RE	\$701.35
			8" X 12" 1-PIECE REPAIR C	\$173.15
			CHECK VALVE	\$2,764.56
10 CORE & MAIN LP				\$14,560.46
Summary - Largest Ten Payments Made During the Month				\$485,885.79
Largest Ten Vendor Payments as Compared to Total Monthly Check Register				70%
Summary - All Vendors Paid During the Month				\$692,516.43

Santa Clarita Valley Water Agency
Valencia Water Division
Top Ten Checks Paid Report
January 2019

	Vendor Name	Check #	Check Date	Description	Total
	SANTA CLARITA VALLEY WATER AGENCY	219227	1/8/2019	Fixed water charge, December	468,260.07
				Variable Water, December	102,383.83
				Recycled Water, December	12,850.74
				Lab Fee, December	2,091.00
				Well 201 Lab Fee, December	1,680.00
				Water softening lab fee, Dec	80.00
1	SANTA CLARITA VALLEY WATER AGENCY				587,345.64
	NFP PROPERTY & CASUALTY SRVCS	219323	1/28/2019	DIC- Earthquake, EQSL & Flood	220,269.88
				DIC- Earthquake, EQSL & Flood	102,364.80
2	NFP PROPERTY & CASUALTY SRVCS				322,634.68
	SOUTHERN CALIFORNIA EDISON CO	219201	1/8/2019	Purchased Power 12/18	161,659.75
3	SOUTHERN CALIFORNIA EDISON CO				161,659.75
	CORE & MAIN LP	219316	1/28/2019	3/4,1 1/2 & 2" meters,3/4 Reg	78,967.02
				2" Alegro Meter (100)	43,839.42
				6" Gate Cap & labor to EPOXY	3,383.56
				6" Gate cap & labor EPOXY	3,383.56
				5# granular chlorine (144)	2,978.57
				2" ARI Air release valve	1,650.77
				Bolts, nuts, washers & gaskets	1,133.87
				3 FLG Steel Pool 8" & 30"	1,044.84
				18 TJ DI Pipe Gasket	1,038.12
				HYMAX 2 Flip CPLG	559.86
				2x5 CPLG EPOXY	338.75
				3x2 Tapt Blind FLG	80.18
				Keeper Pin for Adj.Vlv (24)	58.87
4	CORE & MAIN LP				138,457.39
	STAATS CONSTRUCTION INC.	219229	1/8/2019	Relocate Ex Fire Hydrant J5380	12,227.00
				Diablo Place, 1" svc repair	4,814.00
				Concord, 1" Svc Repair	4,249.00
				Weatherfield Dr, 1" svc repair	4,191.00
				Diablo Place, 1" Svc Paving	2,698.00
				Cheyenne, 1" scv Paving	2,173.00
				Seurat Ln, 6" Svc Paving	2,038.00
				Weaters Field Dr, paving	1,997.00
				Concord, 1" Svc Repair	1,502.00
				Dump Fees from paving jobs	1,183.00
				Promenade, Water Truck	565.00
5	STAATS CONSTRUCTION INC.				37,637.00
	WONDERWARE CALIFORNIA	219304	1/22/2019	Cust first Prog Renewal 2019	21,765.00
6	WONDERWARE CALIFORNIA				21,765.00
	DATALINK NETWORKS INC.	219212	1/8/2019	VWD Domain Cutover 12012018	15,327.00
				I/T Support, December Overage	6,048.00
7	DATALINK NETWORKS INC.				21,375.00
	STAATS CONSTRUCTION INC.	219297	1/22/2019	S17-810/Gateway	19,764.50
8	STAATS CONSTRUCTION INC.				19,764.50
	CORE & MAIN LP	219211	1/8/2019	3/4X7 BL06 MTR CF 3G	5,441.54
				850 CL HYD, 1/2 Hose X4 pumper	4,366.98
				5Gal dechlorinate (48)	3,528.12
				Misc. parts	2,137.95
				5/8X3/4X1 BMV IPSXMN	1,198.81
				B9 X Conc Meter Box	832.73
				Stainless Steel Straps	275.69
				1" PVC S80 90 HXFIPT	124.40
9	CORE & MAIN LP				17,906.22
	ENTERPRISE FLEET SERVICES	219246	1/14/2019	Fleet svcs, January	17,822.15
10	ENTERPRISE FLEET SERVICES				17,822.15
	Grand Total				1,346,367.33

Total Monthly Check Register Payments	1,613,338.72
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Top Ten Percentage Compared to Total Monthly Check Payments	83%
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Credit Card Registers

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Santa Clarita Valley Water Agency - Regional Division
Credit Card Charges
Paid in January 2019

Sum of Amount		
Merchant Name	Description	Total
76 - DBA LA MARKET PLACE	Gas - Unit 78	58.31
76 - DBA LA MARKET PLACE Total		58.31
8870 ROYAL	3/4 Conduit - Clarifier EFF Actuator Install	108.65
	CAT5 Direct Burial Cable - Scada Distribution	375.87
	Contactora, Overload - Perchlorate 5500 SC Tank Install	233.54
	Drill and tap 3/4 inch box and cover	79.17
	EMT Conduit, Conduit Fittings - Rio Vista Scada Distribution	88.27
	Outlet Box, Labels - Clarifier EFF Actuator Install	51.45
	Pull Rope - Clarifier EFF Actuator Install	88.83
	Time Clock, Term. Rings - Spaceframe Lighting Repair	99.36
8870 ROYAL Total		1,125.14
ADOBE STOCK	Stock Photos	79.99
ADOBE STOCK Total		79.99
ALBERTSONS 1360	Holiday Party Raffle Prizes	700.00
ALBERTSONS 1360 Total		700.00
AMAZON.COM M07QL6YF0	Office Supplies, 4-Pack of Post-It Tabs - Office Supplies BL/ADM	13.92
AMAZON.COM M07QL6YF0 Total		13.92
AMAZON.COM M07V396Q2	Multifold Towel Dispenser - 4 Count RP/ADM	125.12
AMAZON.COM M07V396Q2 Total		125.12
AMAZON.COM M23MZ3T40	Adjustable Arching LED Floor Lamp - RV/WR	132.06
AMAZON.COM M23MZ3T40 Total		132.06
AMZN MKTP US M009L16T1	Good Earth, Bigelow and Twinings assorted 6 and 8 Pack Tea	62.96
	Melitta Cone Coffee Filters No. 4 - JM/ED	7.60
AMZN MKTP US M009L16T1 Total		70.56
AMZN MKTP US M00RD9H40 AM	20W LED CORN LIGHT BULB 50	234.90
AMZN MKTP US M00RD9H40 AM Total		234.90
AMZN MKTP US M027T7HC2	Bigelow Green Tea	9.56
AMZN MKTP US M027T7HC2 Total		9.56
AMZN MKTP US M02BJ6W22	GBC Thermal Laminating Sheets, 5Mil - Office Supplies	25.62
AMZN MKTP US M02BJ6W22 Total		25.62
AMZN MKTP US M03CB96K1	1 Bunn Replacement Water Pitcher	9.19
AMZN MKTP US M03CB96K1 Total		9.19
AMZN MKTP US M04A496W1	Pack of 2 Replacement Filters for the DCC-3200 Coffee Maker - JM/ED	13.90
AMZN MKTP US M04A496W1 Total		13.90
AMZN MKTP US M04V70VI0	60W LED Corn Cob Bulb 347V	438.10
AMZN MKTP US M04V70VI0 Total		438.10
AMZN MKTP US M06F609O2	Compressed Gas Duster, Pack of 8 - Office Supplies	35.70
AMZN MKTP US M06F609O2 Total		35.70
AMZN MKTP US M09KD5WU2	Power cord to change pins on server rack	16.98
AMZN MKTP US M09KD5WU2 Total		16.98

Santa Clarita Valley Water Agency - Regional Division
Credit Card Charges
Paid in January 2019

AMZN MKTP US M09QO9792	Replacement for Bell Gossett Sleeve.	140.00
AMZN MKTP US M09QO9792 Total		140.00
AMZN MKTP US M20MX00L2	20W LED Corn Light Bulbs.	626.40
AMZN MKTP US M20MX00L2 Total		626.40
AMZN MKTP US M22HA0DX0	2 Pack 100 W LED Flood Lights.	79.99
AMZN MKTP US M22HA0DX0 Total		79.99
AMZN MKTP US M26QH6FA1	GBC Thermal Laminating Sheets, 7Mil - Office Supplies	23.15
AMZN MKTP US M26QH6FA1 Total		23.15
AMZN MKTP US M278M7RE0	Plantronics CS540/HL10 Headset and lifter - DC/ENG	233.77
AMZN MKTP US M278M7RE0 Total		233.77
AMZN MKTP US M28HP8DA0	LED 480V LED Corn Cob Bulbs.	50.97
AMZN MKTP US M28HP8DA0 Total		50.97
ANA - HALLMARK	Hallmark Software	19.00
ANA - HALLMARK Total		19.00
APPLE STORE #R462	Holiday Party Raffle Prizes	100.00
APPLE STORE #R462 Total		100.00
AQUA-FLO SUPPLY INC #3	SCH80 PVC Pipe, Fittings, Valves - Perchlorate 5500 SC Install	206.86
	Valves for ESFP bleach storage room.	375.61
AQUA-FLO SUPPLY INC #3 Total		582.47
AUMA ACTUATORS	Auma Conventional Actuator Service Training Class A Registration (\$500.00) - 2/19-21/19 - Perris - and Class B Registration (\$500.00) - 1/29-31/19 - Santa Barbara - L. Margheritis	1,000.00
AUMA ACTUATORS Total		1,000.00
AV EQUIPMENT	Supplies for truck I64 and ESFP.	220.69
AV EQUIPMENT Total		220.69
BIG O TIRES 5839 -	Flat tire repair Unit #S41	25.00
BIG O TIRES 5839 - Total		25.00
BOX BOX.NET BUS SRVCS	File sharing for Engineering	225.00
BOX BOX.NET BUS SRVCS Total		225.00
CAPIO - CA ASSOCIATION OF	Video Webinar Registration	20.00
CAPIO - CA ASSOCIATION OF Total		20.00
CHEVRON 0209069	Vehicle maintenance - Oil Change - Truck I-63.	153.52
CHEVRON 0209069 Total		153.52
COSTCO DELIVERY 653	Coffee, Tea - Office Supplies Non Taxable	409.05
	Paper Cups, Manila Folders - Office Supplies Taxable	173.34
	Snacks for Board Meetings	31.88
COSTCO DELIVERY 653 Total		614.27
CROSS BORDER TRANS FEE	transfer fee for ForensiT profile transfer software	0.90
CROSS BORDER TRANS FEE Total		0.90
DAPPER DANS CARWASH	Car Wash Unit# N73	7.00
DAPPER DANS CARWASH Total		7.00
DISPUTE-AT&T BILL PAYMENT	Fraudulent Charge Credited Back to Account - see Oct. statement	(1,249.99)
DISPUTE-AT&T BILL PAYMENT Total		(1,249.99)

Santa Clarita Valley Water Agency - Regional Division
Credit Card Charges
Paid in January 2019

DNH SUCURI WEBSITE SECURI	GSA Website	9.99
DNH SUCURI WEBSITE SECURI Total		9.99
EIG CONSTANTCONTACT.COM	Agency E-News	225.00
	Agency E-News Design	199.00
EIG CONSTANTCONTACT.COM Total		424.00
ENGINEERING EDUCATION AN	EET Class - Registration - 12/8/18-4/5/19 - Webinar - Dolores Campos	1,150.00
ENGINEERING EDUCATION AN Total		1,150.00
FACEBK PV3EKJEJH2	Facebook Ad Runs	238.84
FACEBK PV3EKJEJH2 Total		238.84
FASTENAL COMPANY01	Bolts for ozone generator at ESFP.	154.08
	SS Anchors, SS Hardware - Truck I58 Stock	365.17
FASTENAL COMPANY01 Total		519.25
FORENSIT LTD	Profile transfer software for IT	89.95
FORENSIT LTD Total		89.95
GRAND HYATT SAN DIEGO	ACWA 2018 Fall Conference - Lodging - 11/27-30/18 - San Diego - M. Stone	778.59
	ACWA Spring Conference Hotel	519.06
	Lodging - ACWA Spring Conference 12/27-30/18 - KM	533.06
	Lodging and Parking - ACWA 11/26/18 -11/28-18 - D. Marks	768.59
	Lodging and Parking for ACWA 2018 Fall Conference in San Diego	512.56
GRAND HYATT SAN DIEGO Total		3,111.86
HILTON HOTELS	UWI Spring Conference 2019 - Lodging First Night Deposit - Registration - 2/27-3/1/19 - Palm Springs - Director Martin	188.26
HILTON HOTELS Total		188.26
HOBBY-LOBBY #716	Frame for Resolution for Director Efstathiou for Distinguished Service	43.78
HOBBY-LOBBY #716 Total		43.78
HYATT REGENCY SACRAMENTO	Hotel - DSM SWC/Sites Meeting - 11/19/18	176.63
	SWCs Monthly Meeting - Lodging - 12/19-20/18 - Sacramento - M. Stone	182.70
	SWCs Monthly Meeting - Lodging - No Show - 12/19-20/18 - Sacramento - D. Marks - Credit Being Issued	212.98
HYATT REGENCY SACRAMENTO Total		572.31
INTERNATIONAL PUBLIC MANA	A. Mantis - IPMA-SCP Re-certification valid thru 12/31/2021	200.00
INTERNATIONAL PUBLIC MANA Total		200.00
JOHNSTONE SUPPLY VALENCIA	Belts for air handler.	67.91
JOHNSTONE SUPPLY VALENCIA Total		67.91
LOGMEIN GOTOMEETING	GoTo meeting OpenVoice	33.92
LOGMEIN GOTOMEETING Total		33.92
LOWES #01510	cable ends for cat-5	19.69
	Calipers for measuring pipe thickness, angle indicator, storage bag for the tools.	76.56
	CAT6 Connectors - Rio Vista Scada Distribution	96.05
	CAT6 Jacks, Cover Plates - Rio Vista Scada Distribution	29.67

Santa Clarita Valley Water Agency - Regional Division
Credit Card Charges
Paid in January 2019

LOWES #01510	Electrical plates for patio lights.	49.17
	High pressure 70w bulb.	49.23
	Hose Adapter C10	21.86
	Keyring	2.61
	Outlet cover	0.87
	Pipe parts for flag pole lights.	43.03
	Power strip for fiber cabinet in admin building for Dist SCADA	44.33
	Rags in a box for shop use	55.95
	SH40 PVC parts	6.94
	Wheels For spray washer.	63.47
LOWES #01510 Total		559.43
LYFT RIDE THU 2PM	Taxi (Lyft) - SWC Sites meetings - D. Marks	17.48
	Taxi (Lyft) Tip - SWC Sites meetings -	3.50
LYFT RIDE THU 2PM Total		20.98
LYFT RIDE WED 8AM	Taxi (Lyft)- SWC Sites meetings -	20.90
	Taxi (Lyft) Tip - SWC Sites meetings -	4.18
LYFT RIDE WED 8AM Total		25.08
MCMASTER-CARR	Fuses for lab	130.63
	SS Hardware - Truck I58 Stock	128.88
MCMASTER-CARR Total		259.51
NAPA AUTO PARTS	Supplies for truck I 64.	129.70
NAPA AUTO PARTS Total		129.70
NEWARK US 00000075	25 batteries for Otis wireless Cl2 and NH3 leak detectors - to be used as needed at RVWTP and ESFP	484.81
NEWARK US 00000075 Total		484.81
NEWHALL VALENCIA LOCK K	Keys	36.27
	New keys for Boonies desk.	11.61
NEWHALL VALENCIA LOCK K Total		47.88
OFFICEMAX/DEPOT 6391	Labels for Holiday Party	15.32
OFFICEMAX/DEPOT 6391 Total		15.32
OPERATOR DEPOT	V-Wheels for RVWTP Security Gate.	188.34
OPERATOR DEPOT Total		188.34
PAYPAL SCPMA HR	A. Mantis - IPMA-HR United Membership	25.00
PAYPAL SCPMA HR Total		25.00
PAYPAL URBAN WATER	UWI Spring Conference 2019 - Registration - 2/27-3/1/19 - Palm Springs - Director Martin	425.00
PAYPAL URBAN WATER Total		425.00
PRAXAIR DIST INC 70163	Supplies for Truck I- 59	346.28
PRAXAIR DIST INC 70163 Total		346.28
RALPHS #0147	Sodas for Board Meetings	26.02
RALPHS #0147 Total		26.02
REALTECH CONTROLS, LLC	LED for Unit 50 and 10 also admin and Maint building	251.20
REALTECH CONTROLS, LLC Total		251.20
SMART AND FINAL 483	Kitchen Creamers - Office Supplies	38.46
	snacks for Board and Committee Meetings	75.11

Santa Clarita Valley Water Agency - Regional Division
Credit Card Charges
Paid in January 2019

SMART AND FINAL 483 Total		113.57
SOUTHWES 5262415034451	Finance Authority Meeting - Airfare - 12/14/18 - Sacramento - M. Stone	489.96
SOUTHWES 5262415034451 Total		489.96
SOUTHWES 5262415042703	SWCs Monthly Meeting - Airfare - 12/19-20/18 - Sacramento - M. Stone	489.96
SOUTHWES 5262415042703 Total		489.96
SOUTHWES 5262415838470	SWCs Monthly Meeting - Airfare - 12/20/18 - Sacramento - D. Marks	489.96
	SWCs Monthly Meeting - Airfare Credit - 12/20/18 - Sacramento - D. Marks	(489.96)
SOUTHWES 5262415838470 Total		0.00
SOUTHWES 5262416818983	SWCs Monthly Meeting - Airfare - 12/19-20/18 - Sacramento - D. Marks	489.96
SOUTHWES 5262416818983 Total		489.96
SPUDNUTS BAKERY CROISSANT	Landscape Class 12/2/18	48.56
SPUDNUTS BAKERY CROISSANT Total		48.56
SYNNEX	Cat 6 wire Distribution SCADA	354.93
SYNNEX Total		354.93
TALLEY	Brackets for Upper Fair Oaks tank	398.56
TALLEY Total		398.56
THE HOME DEPOT #0653	Weather stripping.	30.50
THE HOME DEPOT #0653 Total		30.50
THE HOME DEPOT #1055	Caulking	9.15
	Cord cover	13.06
	Quickset Concrete - Clarifier EFF Actuator Install	17.45
	Steel Wedges, Wire Brushes, Cleaner - Filter EFF Actuator Repair	69.43
THE HOME DEPOT #1055 Total		109.09
THE HOME DEPOT 1055	Circular Saw - Replacement Tool	228.76
	Shop vac for ESFP and batteries for truck I64.	86.33
	Supplies for the sodium hypochlorite tank at ESFP. Tools and parts for truck I64 and ESFP.	338.89
THE HOME DEPOT 1055 Total		653.98
TRAFFIC MANAGEMENT - NEW	SCVWA/Central Park Traffic Sign	87.60
TRAFFIC MANAGEMENT - NEW Total		87.60
UBER TRIP	SWCs Monthly Meeting - Taxi (Uber) - 12/19/18 - Sacramento - M. Stone	19.47
	SWCs Monthly Meeting - Taxi (Uber)- 12/20/18 - Sacramento - M. Stone	19.04
UBER TRIP Total		38.51
UBER TRIP LYXCX	SWCs Monthly Meeting - Taxi (Uber) Tip - 12/19/18 - Sacramento - M. Stone	3.00
UBER TRIP LYXCX Total		3.00
UBER TRIP NDSFA	SWCs Monthly Meeting - Taxi (Uber) Tip - 12/20/18 - Sacramento - M. Stone	1.00
UBER TRIP NDSFA Total		1.00
UBER TRIP NJYOQ	Finance Authority Meeting - Taxi (Uber) - 12/14/18 - Sacramento - M. Stone	17.87

Santa Clarita Valley Water Agency - Regional Division
Credit Card Charges
Paid in January 2019

UBER TRIP NJYOQ	Finance Authority Meeting - Taxi (umber) Tip - 12/14/18 - Sacramento - M. Stone	3.00
UBER TRIP NJYOQ Total		20.87
UBER TRIP Z2YJU	Finance Authority Meeting - Taxi (Uber) - 12/14/18 - Sacramento - M. Stone	25.22
	Finance Authority Meeting - Taxi (umber) Tip - 12/14/18 - Sacramento - M. Stone	3.00
UBER TRIP Z2YJU Total		28.22
V.S.P. PARKING BURBANK	LOST RECEIPT - Parking Burbank Airport - SWC Meeting 12/19/18	26.00
V.S.P. PARKING BURBANK Total		26.00
VALLEY INDUSTRIAL ASSOCIA	VIA Monthly Luncheon - December - Registration - 12/18/18 - D. Marks	50.00
	VIA Monthly Luncheon - December - Registration - 12/18/18 - E. Campbell	50.00
	VIA Monthly Luncheon - December - Registration - 12/18/18 - M. Stone	50.00
	VIA Monthly Luncheon Registration - Dec - Director Atkins (\$50) Martin (\$50)	100.00
	VIA Monthly Luncheon Registration-Dec	100.00
VALLEY INDUSTRIAL ASSOCIA Total		350.00
VARIDESK	Varidesk Standing CubeCorner 36 and Dual-Monitor Arm - RV/WR	755.56
VARIDESK Total		755.56
VONS #3325	Landscape Class 12/3/18	41.16
VONS #3325 Total		41.16
WAL-MART #3523	Office Supplies - Coffee Pot Descaling Solution	4.31
WAL-MART #3523 Total		4.31
WATEREUSE ASSOCIATION	2019 WaterReuse California Annual Conference - Registration - 3/17-19/19 - Garden Grove - S. Bader	450.00
WATEREUSE ASSOCIATION Total		450.00
WESTERN BAGEL TOO 4	Landscape Class 12/1/18	61.90
WESTERN BAGEL TOO 4 Total		61.90
WM SUPERCENTER #3523	Protein Snacks for 2/5/19 WRW Comm Mtg (Water Res & Watershed) - Board/Staff	20.58
WM SUPERCENTER #3523 Total		20.58
WM SUPERCENTER #5162	Snacks for FA (Finance & Administration) Committee Meeting	30.27
WM SUPERCENTER #5162 Total		30.27
WPONCALL.COM	GSA Website Maintenance	49.00
WPONCALL.COM Total		49.00
WPY SANTA CLARITA VALLEY	J. Joo - 2019 SCV Economic Outlook Forecast on 3/14/2019 - Registration	125.85
WPY SANTA CLARITA VALLEY Total		125.85
Subtotal		20,688.71

Santa Clarita Valley Water Agency - Regional Division
Credit Card Charges
Paid in January 2019

Employee Meals	jeff	
Sum of Amount		
Merchant Name	Description	Total
ALBERTSONS 1360	11/30/2018 Team building BBQ - Regional	185.27
	12/17/2018 Team Building BBQ - Regional	148.52
ALBERTSONS 1360 Total		333.79
BROTHER'S BURGER	Holiday Lunch for mechanical staff.	58.59
BROTHER'S BURGER Total		58.59
BUCA DI BEPPO-VALENCIA	Customer Service Dept Holiday Luncheon	323.19
BUCA DI BEPPO-VALENCIA Total		323.19
CASA CANELA	Monthly Management Lunch - Rochelle P. and M. Stone re: Finance and Admin Issues	31.44
CASA CANELA Total		31.44
CHEESECAKE VALENCIA	holiday luncheon - Building & Grounds Dept	140.80
CHEESECAKE VALENCIA Total		140.80
DARIOS MEXICAN RESTAURANT	ESS Supervisors Holiday Lunch	70.14
DARIOS MEXICAN RESTAURANT Total		70.14
EGG PLANTATION	Monthly Director Lunch - Director Cooper and M. Stone re: Agency Issues	42.26
EGG PLANTATION Total		42.26
ISLAND REST 040	Monthly Management Lunch - Mike A. and M. Stone re: Operations and Maintenance Issues	30.64
ISLAND REST 040 Total		30.64
LA COCINA BAR AND GRILL	Monthly Management Lunch - Cris P and M. Stone re: IT Issues	48.73
LA COCINA BAR AND GRILL Total		48.73
MIMIS CAFE 36	IT Dept Holiday Breakfast	183.68
MIMIS CAFE 36 Total		183.68
NOTHING BUNDT CAKES 75	Educational Staff Christmas Dessert	41.00
	WR Staff Christmas Dessert	42.00
NOTHING BUNDT CAKES 75 Total		83.00
PANERA BREAD #204228	WR Staff - Breakfast for December Birthdays	62.16
PANERA BREAD #204228 Total		62.16
RALPHS #0147	Cake For Director Efstathiou for His Service on the Board	17.00
RALPHS #0147 Total		17.00
STONEFIRE GRILL - 1	Monthly Management Lunch - Kathie M. and M. Stone re: Water Resources and Agency Issues	29.58
STONEFIRE GRILL - 1 Total		29.58
THE PIE TIN	staff lunch meeting with Dirk Marks Kris Helms	24.45
THE PIE TIN Total		24.45
WOLF CREEK RESTAURANT & B	WR Staff Christmas Luncheon	425.93
WOLF CREEK RESTAURANT & B Total		425.93
WOOD RANCH VALENCIA	12/20/2018 Electrical/Instrumentation Department Christmas lunch	193.35
WOOD RANCH VALENCIA Total		193.35
Subtotal		2,098.73
Grand Total		22,787.44

NWD Credit Card Register - American Express
For the month ending January 31, 2019

Merchant Name	Description	Total
Amazon Web Services	AWS Service	8.20
Santa Clarita Valley Chamber of Commerce	2019 Employment Law Update- Registration	55.00
Merrel.com	Work Boots - S. Patterson	208.05
CA-NV Section AWWA	Water Use Efficiency Grade 1 Workshop	375.00
American Express	Annual Membership - 3 members	165.00
GoDaddy.com	Web Hosting	2.99
CTC*Constant Contact	Monthly Electronic Newsletter Database	125.00
X-ACT Technology	Monthly IT Support Service	3,000.00
WEB*Networksolutions	Web Hosting & Web Forwarding	13.98
Amazon.com	iPad Cases	86.37
	Messenger Bags	55.78
Amazon.com Total		142.15
Grand Total American Express		4,095.37

NWD Credit Card Register - US Bank Visa
For the month ending January 31, 2019

Merchant Name	Description	Total
Dapper Dan's Carwash	Car Wash #55	29.95
	Car Wash #73	19.95
Dapper Dan's Carwash Total		49.90
Costco	Membership Renewal	300.00
	Office Supplies	110.94
Costco Total		410.94
Amazon.com	Teflon Tape	137.60
	Kitchen Supplies	169.04
Amazon.com Total		306.64
Von's	Kitchen/Office Supplies	84.15
Sam's Club	Kitchen/Office Supplies	79.45
Keystone Towing	Tow Unit #68	481.25
Subtotal US Bank Visa		1,412.33
Employee Meals- US Bank Visa		
Rattler's BBQ	Business Lunch Meeting - J. Jenkins & R. Hitchen	31.69
Life Thai Fusion	Quarterly Evaluation/Review - L. Terranova & M. Alvord	26.32
Subtotal		58.01
Grand Total US Bank Visa		1,470.34

SCWD		
Credit Card Register		
For the Month Ended January 31, 2019		
Merchant Name	Description	Total
Amazon	Office Supplies - Engineering	\$78.25
	iPad Cases for Production - Warehouse	\$47.58
	Interior Dome Light Bulb - Warehouse	\$12.03
	iPhone Chargers - Warehouse	\$32.97
	iPhone Chargers for Operations - Warehouse	\$46.21
	Return Charger - Purchased wrong cables - Warehouse	-\$32.97
	Towing Wiring - Warehouse	\$16.86
Amazon Total		\$200.93
	D4 Exam Prep - 1/15/19 - VWD, J. Foote	\$299.99
	D3 Exam Prep - 2/6/19 - J. Almanza	\$249.99
American College Total		\$549.98
American Public Works Total	Incident Command Pocket Guides - Warehouse	\$30.14
Best Buy	iPhone Cases for Operations 1/14/19 - Warehouse	\$120.42
	iPhone Cases for Operations 1/31/19 - Warehouse	\$123.15
	iPhone Cases for Production 2/7/19 - Warehouse	\$369.46
Best But Total		\$613.03
Costco Total	Snacks for Various Management Meetings	\$81.75
Joint Powers Ins.	Registration for JPIA Spring Training Conference 1/30/19 - L. Quintero	\$190.00
	Registration for JPIA Spring Training Conference 1/30/19 - N. Pipitharut	\$190.00
Joint Powers Ins. Total		\$380.00
L2G*EPIC-LA Total	Evacuation Permit for 25540 Burns Place, Stevenson Ranch - Repair <2"	\$995.00
Panera Bread Total	Executive Staff Meeting 1/22/19	\$167.90
SmartDraw Total	SmartDraw Software - L. Quintero	\$297.00
Walmart Total	Executive Staff Meeting 1/22/19	\$5.59
Employee Meals		
Chi Chis Pizza	Lunch Meeting 1/17/19 - B. Payne, J. Ngoon and N. Pipitharut - Re: Upcoming Engineering Projects & Started Planning Process	\$58.53
Maria Bonita Mexican Restaurant	Lunch Meeting 1/10/19 - B. Payne & R. Lyons (new Engineer, temp) - Re: Employee orientation and Engineering Projects	\$27.48
JiROS Restaurant	JPIA Spring Training Dinner 2/7/19 - L. Quintero	\$42.66
Rattlers Bar B Que	Lunch Meeting 1/16/19 - G. Haggin & K. Abercrombie - Re: Treatment Staffing and Budget	\$35.74
Chipotle	Lunch Meeting 1/23/19 - K. Abercrombie, M. Alvord, A. Pontious & G. Hermosillo - Re: Facility Tours	\$44.46
	La Cocina	Lunch Meeting 2/6/19 - K. Abercrombie & B. Johnson - Re: VWD Tax Issues
Subtotal		\$239.27
Grand Total		\$3,560.59

**Santa Clarita Valley Water Agency
Valencia Water Division
Credit Card Register
As of January 31, 2019**

Wells Fargo MasterCard

Merchant Name	Description	Total
Digicert	Secure Site Pro - 1 Year Renewal	995.00
Varidesk	Dual Monitor Arm for K.Willson	213.53
Grand Total - Wells Fargo MasterCard		1,208.53

Wire Disbursements

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Santa Clarita Valley Water Agency
All Divisions
Outgoing Wire Transfers / ACHs
From: January 1, 2019 through January 31, 2019

<u>Wire/ACH Recipient</u>	<u>Regional Division</u>	<u>Description</u>	<u>Amount</u>
BNY Mellon		Purchase California Bonds Investment	\$ 1,961,530.00
US Bank		2015A Debt Service 2/1/19	1,406,775.00
US Bank		2016A Debt Service 2/1/19	1,279,236.15
US Bank		2010A Debt Service 2/1/19	1,037,989.93
Payroll & Stipends		Pay Date 1/25	547,032.00
Payroll		Pay Date 1/11	541,938.75
US Bank		2018A Debt Svc 2/1/19 (VWD Reimbs)	468,180.24
CalPERS		Jan 2019 Medical - Directors & E's	212,299.11
IRS/EDD		Taxes & Withholdings - 12/28 Pay date	154,126.57
US Bank		Transfer to 2008A US Bank Account	150,000.00
US Bank		2014A Debt Service 2/1/19	149,747.75
IRS/EDD		Taxes & Withholdings - 1/11 Pay date	147,239.89
IRS/EDD		Taxes & Withholdings - 1/25 Pay date	144,924.20
CalPERS		Retirement - 12/28 Pay date	87,946.18
CalPERS		Retirement - 12/14 Pay date	87,733.21
Lincoln		Deferred Comp - 1/25 Pay date	74,567.56
Lincoln		Deferred Comp - 1/11 Pay date	72,726.82
Lincoln		Deferred Comp - 12/28 Pay date	69,806.99
		Total	\$ 6,632,270.35

<u>Wire Recipient</u>	<u>Newhall Water Division</u>	<u>Description</u>	<u>Amount</u>
SCVWA		Due from Reimbursement - Dec 18	\$ 235,243.39
SCVWA		Due from Reimbursement - Nov 18	228,360.73
SCVWA		Dec Water Purchases & Lab	172,852.53
CalPERS		Retirement 1/11/19 Pay date	26,849.62
CalPERS		Retirement 12/28/18 Pay date	15,196.63
M. Stambaugh		Mammoth Cell Lease	6,115.62
Infosend, INC		Bill Preparation and Postage	4,048.41
Transaction Warehouse		Web Payment Fee	2,874.90
		Total	\$ 691,541.83

<u>Wire Recipient</u>	<u>Santa Clarita Water Division</u>	<u>Description</u>	<u>Amount</u>
US Bank		2017A Debt Service 2/1/19	\$ 1,147,005.96
SCVWA		Dec Water Purchases & Lab	892,670.08
SCVWA		Due from Reimbursement - Dec 2018	614,954.89
		Total	\$ 2,654,630.93

<u>Wire Recipient</u>	<u>Valencia Water Division</u>	<u>Description</u>	<u>Amount</u>
SCVWA		Due from Reimbursement - Dec 2018	\$ 521,509.00
SCVWA		2018A Semi-Annual Debt Service	468,180.24
Franchise Tax Board		VWD State Taxes - Year Ended 1/22/18	4,535.90
		Total	\$ 994,225.14

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Director Stipends

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DIRECTORS STIPENDS PAID FEBRUARY 2019
For the Month of January 2019

Director Dante Acosta

Date	Meeting	Amount
01/07/19	Special Board Meeting	\$228.15
01/14/19	Special Finance and Administration Committee Meeting	\$228.15
01/25/19	Special Board Meeting	\$228.15
01/26/19	Special Board Meeting	\$228.15
01/29/19	VIA Monthly Luncheon	\$228.15
	Stipend Total	\$1,140.75
	Total Paid Days	5
	Total Meetings	5

Director Tom Campbell

Date	Meeting	Amount
01/07/19	Special Board Meeting	\$228.15
01/09/19	Water Resources and Watershed Committee Meeting	\$228.15
01/25/19	Special Board Meeting	\$228.15
01/26/19	Special Board Meeting	\$228.15
	Stipend Total	\$912.60
	Total Paid Days	4
	Total Meetings	4

Director Kathy Colley

Date	Meeting	Amount
01/07/19	Special Board Meeting	\$228.15
01/17/19	Public Outreach and Legislation Committee Meeting	\$228.15
01/25/19	Special Board Meeting	\$228.15
01/26/19	Special Board Meeting	\$0.00
	Stipend Total	\$684.45
	Total Paid Days	3
	Total Meetings	4

Director B. J. Atkins

Date	Meeting	Amount
01/07/19	Special Board Meeting	\$228.15
01/14/19	Special Finance and Administration Committee Meeting	\$228.15
01/25/19	Special Board Meeting	\$228.15
01/26/19	Special Board Meeting	\$228.15
	Stipend Total	\$912.60
	Total Paid Days	4
	Total Meetings	4

Director Ed Colley

Date	Meeting	Amount
01/07/19	Special Board Meeting	\$228.15
01/14/19	Special Finance and Administration Committee Meeting	\$228.15
01/25/19	Special Board Meeting	\$228.15
01/26/19	Special Board Meeting	\$228.15
	Stipend Total	\$912.60
	Total Paid Days	4
	Total Meetings	4

Director Robert DiPrimio

Date	Meeting	Amount
01/07/19	Special Board Meeting	\$228.15
01/09/19	Water Resources and Watershed Committee Meeting	\$228.15
01/14/19	Special Finance and Administration Committee Meeting	\$228.15
01/25/19	Special Board Meeting	\$228.15
01/26/19	Special Board Meeting	\$228.15
01/29/19	Compensation and Reimbursement Ad Hoc Committee Meeting	\$228.15
	Stipend Total	\$1,368.90
	Total Paid Days	6
	Total Meetings	6

Director William Cooper

Date	Meeting	Amount
01/02/19	Agenda Planning Committee Meeting	\$228.15
01/07/19	Special Board Meeting	\$228.15
01/09/19	Water Resources and Watershed Committee Meeting	\$228.15
01/24/19	ACWA Board Sacramento	\$228.15
01/25/19	ACWA Board Sacramento	\$0.00
01/25/19	Special Board Meeting	\$228.15
01/26/19	Special Board Meeting	\$228.15
01/28/19	ACWA Regional 8 Board	\$228.15
	Stipend Total	\$1,597.05
	Total Paid Days	7
	Total Meetings	8

Director Jerry Gladbach

Date	Meeting
01/07/19	Special Board Meeting
01/09/19	NWRA Leadership Forum - Travel Day
01/10/19	NWRA Leadership Forum
01/11/19	NWRA Leadership Forum
01/17/19	Public Outreach and Legislation Committee Meeting
01/25/19	Special Board Meeting
01/26/19	Special Board Meeting
	Stipend Total
	Total Paid Days
	Total Meetings

Director Maria Gutzeit

Date	Meeting	Amount
01/02/19	Agenda Planning Committee Meeting	\$228.15
01/07/19	Special Board Meeting	\$228.15
01/09/19	Water Resources and Watershed Committee Meeting	\$228.15
01/14/19	Special Finance and Administration Committee Meeting	\$228.15
01/25/19	Special Board Meeting	\$228.15
01/26/19	Special Board Meeting	\$228.15
01/29/19	Compensation and Reimbursement Ad Hoc Committee Meeting	\$228.15
	Stipend Total	\$1,597.05
	Total Paid Days	7
	Total Meetings	7

Director R.J. Kelly

Date	Meeting
01/07/19	Special Board Meeting
01/08/19	Lunch with the General Manager
01/14/19	Special Finance and Administration Committee Meeting
01/17/19	Public Outreach and Legislation Committee Meeting
01/25/19	Special Board Meeting
01/26/19	Special Board Meeting
01/29/19	VIA Monthly Luncheon
	Stipend Total
	Total Paid Days
	Total Meetings

Director Gary Martin

Date	Meeting	Amount
01/07/19	Special Board Meeting	\$228.15
01/17/19	Public Outreach and Legislation Committee Meeting	\$228.15
01/23/19	So Cal Water Dialogue Meeting	\$228.15
01/24/19	Arundo Removal Project Site Meeting	\$228.15
01/25/19	Special Board Meeting	\$228.15
01/26/19	Special Board Meeting	\$228.15
01/29/19	Compensation and Reimbursement Ad Hoc Committee Meeting	\$228.15
	Stipend Total	\$1,597.05
	Total Paid Days	7
	Total Meetings	7

Director Jacque McMillan

Date	Meeting
01/09/19	Water Resources and Watershed Committee Meeting
01/17/19	Public Outreach and Legislation Committee Meeting
01/25/19	Special Board Meeting
01/26/19	Special Board Meeting
	Stipend Total
	Total Paid Days
	Total Meetings

Director Dan Mortensen

Date	Meeting	Amount
01/07/19	Special Board Meeting	\$228.15
01/14/19	Special Finance and Administration Committee Meeting	\$228.15
01/25/19	Special Board Meeting	\$228.15
01/26/19	Special Board Meeting	\$228.15
01/29/19	Compensation and Reimbursement Ad Hoc Committee Meeting	\$228.15
	Stipend Total	\$1,140.75
	Total Paid Days	5
	Total Meetings	5

TOTAL PAID DAYS	75
TOTAL MEETINGS	77
TOTAL STIPENDS	\$17,111.25

Director Lynne Plambeck

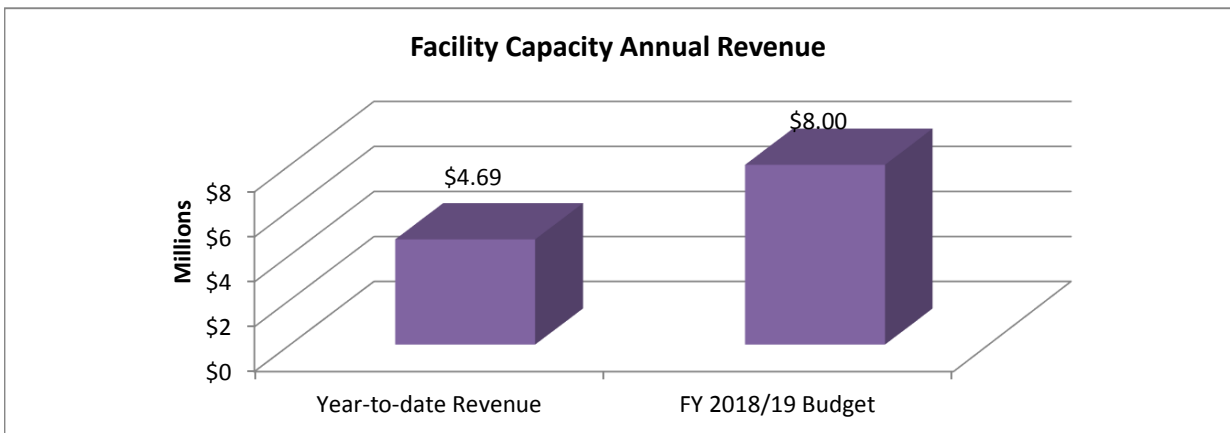
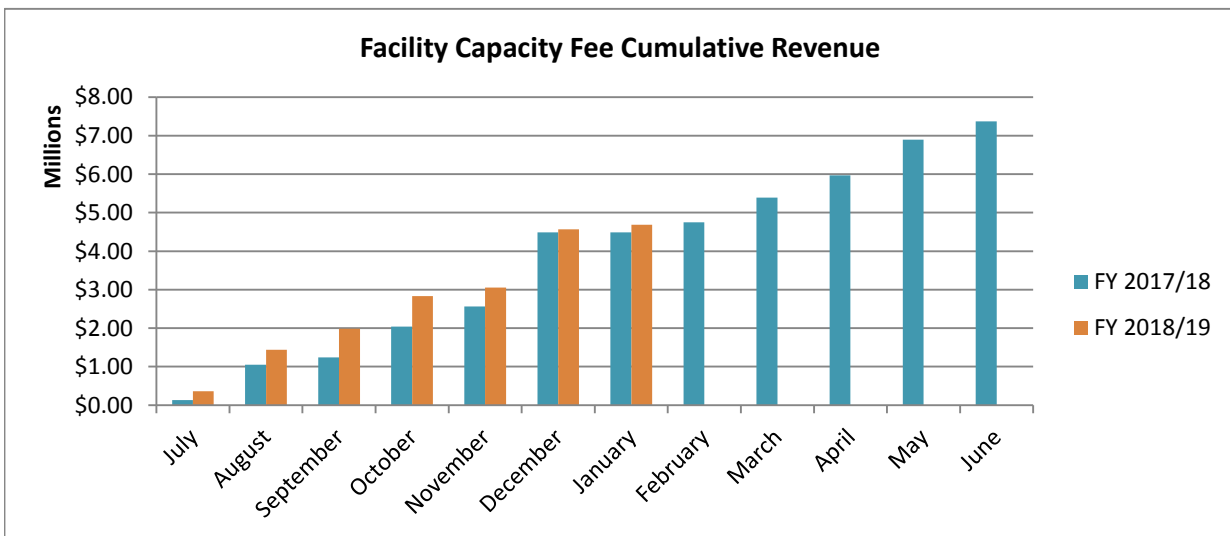
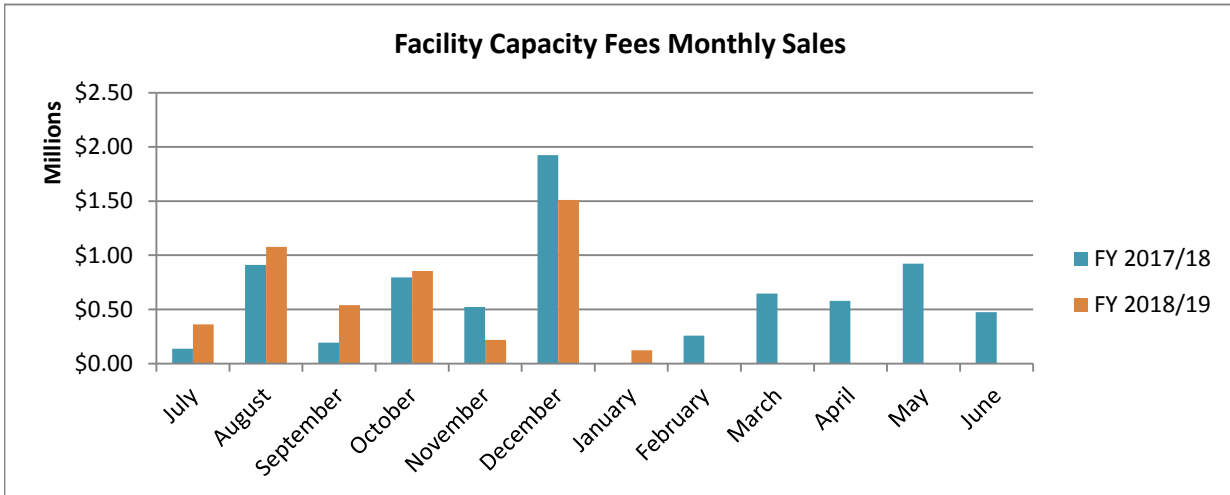
Date	Meeting	Amount
01/07/19	Special Board Meeting	\$228.15
01/17/19	Public Outreach and Legislation Committee Meeting	\$228.15
01/23/19	So Cal Water Dialogue Meeting	\$228.15
01/25/19	Special Board Meeting	\$228.15
01/26/19	Special Board Meeting	\$228.15
	Stipend Total	\$1,140.75
	Total Paid Days	5
	Total Meetings	5

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Facility Capacity Fee Revenues

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REGIONAL DIVISION FACILITY CAPACITY FEE REVENUES FY 2018/19 as of January 31, 2019



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Variable Rate Demand Obligations

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2008A VRDO Performance

Date	Bond Rate	Bond Rate including fees	Rate Decrease**
7/16/2014	0.04%	4.10%	
7/23/2014	0.05%	4.11%	
7/30/2014	0.05%	0.60%	Swap termination.
2/8/2017	0.63%	1.18%	2.93%
2/15/2017	0.63%	1.18%	2.93%
2/22/2017	0.62%	1.17%	2.94%
3/1/2017	0.60%	1.15%	2.96%
3/8/2017	0.62%	1.17%	2.94%
3/15/2017	0.72%	1.27%	2.84%
3/22/2017	0.80%	1.35%	2.76%
3/29/2017	0.87%	1.42%	2.69%
4/5/2017	0.87%	1.42%	2.69%
4/12/2017	0.86%	1.41%	2.70%
4/19/2017	0.90%	1.45%	2.66%
4/26/2017	0.90%	1.45%	2.66%
5/3/2017	0.82%	1.37%	2.74%
5/10/2017	0.77%	1.32%	2.79%
5/17/2017	0.75%	1.30%	2.81%
5/24/2017	0.75%	1.30%	2.81%
5/31/2017	0.73%	1.28%	2.83%
6/7/2017	0.72%	1.27%	2.84%
6/14/2017	0.78%	1.33%	2.78%
6/21/2017	0.81%	1.36%	2.75%
6/28/2017	0.86%	1.41%	2.70%
7/5/2017	0.81%	1.36%	2.75%
7/12/2017	0.78%	1.33%	2.78%
7/19/2017	0.78%	1.33%	2.78%
7/26/2017	0.83%	1.38%	2.73%
8/2/2017	0.74%	1.29%	2.82%
8/9/2017	0.74%	1.29%	2.82%
8/16/2017	0.73%	1.28%	2.83%
8/23/2017	0.75%	1.30%	2.81%
8/30/2017	0.75%	1.30%	2.81%
9/6/2017	0.75%	1.30%	2.81%
9/13/2017	0.80%	1.35%	2.76%
9/20/2017	0.85%	1.40%	2.71%
9/27/2017	0.91%	1.46%	2.65%
10/4/2017	0.89%	1.44%	2.67%
10/11/2017	0.89%	1.44%	2.67%
10/18/2017	0.89%	1.44%	2.67%
10/25/2017	0.90%	1.45%	2.66%
11/1/2017	0.90%	1.45%	2.66%
11/8/2017	0.90%	1.45%	2.66%
11/15/2017	0.90%	1.45%	2.66%
11/22/2017	0.94%	1.49%	2.62%
11/29/2017	0.94%	1.49%	2.62%
12/6/2017	0.96%	1.51%	2.60%
12/13/2017	1.08%	1.63%	2.48%
12/20/2017	1.38%	1.93%	2.18%
12/27/2017	1.60%	2.15%	1.96%
1/3/2018	1.40%	1.95%	2.16%
1/10/2018	1.28%	1.83%	2.28%
1/17/2018	1.15%	1.70%	2.41%

2008A VRDO Performance

Date	Bond Rate	Bond Rate including fees	Rate Decrease**
1/24/2018	1.04%	1.59%	2.52%
1/31/2018	0.99%	1.54%	2.57%
2/7/2018	0.88%	1.43%	2.68%
2/14/2018	0.93%	1.48%	2.63%
2/21/2018	1.00%	1.55%	2.56%
2/28/2018	1.03%	1.58%	2.53%
3/7/2018	1.04%	1.59%	2.52%
3/14/2018	1.11%	1.66%	2.45%
3/21/2018	1.28%	1.83%	2.28%
3/28/2018	1.46%	2.01%	2.10%
4/4/2018	1.53%	2.08%	2.03%
4/11/2018	1.58%	2.13%	1.98%
4/18/2018	1.67%	2.22%	1.89%
4/25/2018	1.64%	2.19%	1.92%
5/2/2018	1.51%	2.06%	2.05%
5/9/2018	1.35%	1.90%	2.21%
5/16/2018	1.20%	1.75%	2.36%
5/23/2018	0.95%	1.50%	2.61%
5/30/2018	0.83%	1.38%	2.73%
6/6/2018	0.83%	1.38%	2.73%
6/13/2018	1.15%	1.70%	2.41%
6/20/2018	1.30%	1.85%	2.26%
6/27/2018	1.30%	1.85%	2.26%
7/4/2018	0.95%	1.50%	2.61%
7/11/2018	0.90%	1.45%	2.66%
7/18/2018	0.85%	1.40%	2.71%
7/25/2018	0.69%	1.24%	2.87%
8/1/2018	1.09%	1.64%	2.47%
8/8/2018	1.22%	1.77%	2.34%
8/15/2018	1.26%	1.81%	2.30%
8/22/2018	1.28%	1.83%	2.28%
8/29/2018	1.28%	1.83%	2.28%
9/5/2018	1.25%	1.80%	2.31%
9/12/2018	1.24%	1.79%	2.32%
9/19/2018	1.24%	1.79%	2.32%
9/26/2018	1.29%	1.84%	2.27%
10/3/2018	1.27%	1.82%	2.29%
10/10/2018	1.26%	1.81%	2.30%
10/17/2018	1.29%	1.84%	2.27%
10/24/2018	1.29%	1.84%	2.27%
10/31/2018	1.28%	1.83%	2.28%
11/7/2018	1.28%	1.83%	2.28%
11/14/2018	1.32%	1.87%	2.24%
11/21/2018	1.34%	1.89%	2.22%
11/28/2018	1.35%	1.90%	2.21%
12/5/2018	1.29%	1.84%	2.27%
12/12/2018	1.28%	1.83%	2.28%
12/19/2018	1.33%	1.88%	2.23%
12/26/2018	1.38%	1.93%	2.18%
1/2/2019	1.30%	1.85%	2.26%
1/9/2019	1.00%	1.55%	2.56%
1/16/2019	1.00%	1.55%	2.56%
1/23/2019	1.00%	1.55%	2.56%
1/30/2019	1.21%	1.76%	2.35%

Director Reimbursements

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CA Govt. Code Section 53065.5
List of Reimbursement for "Individual Charges" = \$100 or more

Annual Disclosure for Fiscal Year 18/19

DIRECTORS

For the month of January 2019

Date of Reimbursement	Recipient of Reimbursement	Reason for Reimbursement	Amount of Reimbursement
01/11/19	Atkins, B.J.	ACWA Fall Conference, 11/26-11/30/18 - Expense (Lodging & Meals)	777.34
01/11/19	Atkins, B.J.	ACWA Fall Conference, 11/26-11/30/18 - Travel Expense (Parking, Taxi/Uber & Mileage)	333.44
01/11/19	Atkins, B.J.	M/C Charge - Professional Development Comm. Mtg Sacramento, 2/1/19 - Travel Expense (Airfare)	489.96
01/22/19	Atkins, B.J.	M/C Charge - UWI Water Conference Palm Springs, 2/27-3/1/19 - Registration	425.00
01/23/19	Atkins, B.J.	M/C Charge - ACWA Groundwater Comm. Meeting Sacramento, 2/21/19 - Travel Expense (Airfare)	489.96
01/09/19	Campbell, Thomas	ACWA Fall Conference, 11/27/18 - Expense (Lodging)	588.34
01/09/19	Campbell, Thomas	ACWA Fall Conference, 11/27/18 - Expense (Lodging)	221.14
01/09/19	Colley, Edward A.	ACWA Fall Conference, 11/27-11/30/18 - Travel Expense (Mileage & Parking)	787.63
01/09/19	Colley, Edward A.	ACWA Fall Conference, 11/27-11/30/18 - Expense (Meals & Lodging)	307.22
01/09/19	Colley, Edward A.	ACWA Fall Conference, 11/27-11/30/18 - Travel Expense (Parking & Mileage)	575.00
01/09/19	Cooper, Bill	ACWA Fall Conference, 11/27-11/30/18 - Registration	984.82
01/09/19	Cooper, Bill	ACWA Fall Conference, 11/27-11/30/18 - Expense (Meals & Lodging)	318.96
01/09/19	Cooper, Bill	ACWA Fall Conference, 11/27-11/30/18 - Travel Expense (Parking, Taxi & Mileage)	172.10
01/23/19	Cooper, Bill	M/C Charge - ACWA Board Meeting Sacramento, 1/24-1/26/19 - Travel Expense (Flight Change Fee)	489.06
01/09/19	DiPrimo, Robert	ACWA Fall Conference, 11/27-11/29/18 - Expense (Lodging)	100.03
01/09/19	DiPrimo, Robert	ACWA Fall Conference, 11/27-11/29/18 - Travel Expense (Parking & Gasoline)	812.19
01/09/19	Eisathiou, Dean	ACWA Fall Conference, 11/27-11/30/18 - Expense (Meals & Lodging)	247.80
01/09/19	Eisathiou, Dean	ACWA Fall Conference, 11/27-11/30/18 - Travel Expense (Parking & Mileage)	35.00
01/09/19	Gladbach, Edward	ACWA Fall Conference, 11/27-11/29/18 - Expense (Maid/Bellman Tips)	105.16
01/09/19	Gladbach, Edward	ACWA Fall Conference, 11/27-11/29/18 - Travel Expense (Taxi, Train & Mileage)	619.02
01/17/19	Gladbach, Edward	ACWA Board of Dir. Meeting Sacramento, 11/16/18 - Travel Expense (Airfare, Parking, Taxi & Mileage)	1,695.02
01/17/19	Gladbach, Edward	NWRA Annual Conference San Diego, 11/6-11/9/18 - Expense (Lodging & Meals)	177.68
01/17/19	Gladbach, Edward	NWRA Annual Conference San Diego, 11/6-11/9/18 - Travel Expense (Mileage)	695.00
01/09/19	Kelly, RJ	NWRA Annual Conference San Diego, 11/6-11/9/18 - Registration	1,284.14
01/09/19	Kelly, RJ	ACWA Fall Conference, 11/27-11/30/18 - Expense (Meals & Lodging)	457.02
01/02/19	Martin, Gary R.	M/C Charge - CSDA Memb Services Comm. Meeting, 2/1/19 - Travel Expense (Airfare)	489.96
01/09/19	Martin, Gary R.	ACWA Fall Conference, 11/27-11/30/18 - Travel Expense (Parking & Mileage)	933.70
01/09/19	Martin, Gary R.	ACWA Fall Conference, 11/27-11/30/18 - Expense (Meals & Lodging)	330.76
01/09/19	McMillan, Jacquelyn	ACWA Fall Conference, 11/25-11/30/18 - Travel Expense (Parking & Mileage)	1,150.53
01/09/19	McMillan, Jacquelyn	ACWA Fall Conference, 11/25-11/30/18 - Expense (Meals & Lodging)	192.93
01/09/19	Plambeck, Lynne	ACWA Fall Conference, 11/28-11/29/18 - Travel Expense (Mileage)	688.65
01/09/19	Plambeck, Lynne	ACWA Fall Conference, 11/28-11/29/18 - Expense (Meals & Lodging)	288.12
01/09/19	Plambeck, Lynne	ACWA Fall Conference, 11/28-11/29/18 - Travel Expense (Parking & Mileage)	

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ITEM NO.
6.1

BOARD MEMORANDUM

DATE: March 26, 2019
TO: Board of Directors
FROM: Joseph Byrne
Co-General Counsel
SUBJECT: Consider and Approve Amendments to Policy and Procedures Manual for the Board of Directors of the Santa Clarita Valley Water Agency

SUMMARY/DISCUSSION

President Cooper directed the Compensation and Reimbursement Policy Ad Hoc Committee (Ad Hoc Committee) to consider the appropriate use of teleconferencing for Board member attendance at Board meetings, and to review the Agency's travel expense reimbursement policy to determine if any changes should be recommended.

The Ad Hoc Committee met on two occasions and agreed upon certain recommended changes to the Board Policies and Procedures Manual. These changes are highlighted in the attached sections of the Board Policies and Procedures Manual. They include, along with a few clean up edits to other sections, a policy for Board member participation in meetings by teleconference and some additional details related to expense, and in particular travel expense reimbursement.

FINANCIAL CONSIDERATIONS

No financial impact.

RECOMMENDATION

The Ad Hoc Committee recommends that the Board of Directors approve the attached changes to the Policies and Procedures Manual for the Board of Directors of the Santa Clarita Valley Water Agency.

Attachment

MBS

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**POLICIES AND PROCEDURES
FOR THE
BOARD OF DIRECTORS
OF THE
SANTA CLARITA VALLEY WATER AGENCY
(SCV WATER)**

April 2, 2019

Adopted: January 2, 2018

Updated: July 17, 2018

Updated: April 2, 2019

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III. BOARD AND COMMITTEE MEETINGS

A. Board Meetings

1. Quorum and Voting

Eight (8) or more Directors constitute a quorum of the Board. No Board meeting may be called to order nor may any action be taken without the presence of a quorum. As the number of Directors reduces consistent with Sections 9 and 10 of the Act, a majority of the number of authorized Director positions shall constitute a quorum of the Board.

The Board shall act, at properly noticed Board meetings, only by ordinance, resolution, or motion. Adoption of any ordinance, resolution, or motion requires an affirmative vote by a majority of the Board unless the action being taken specifically requires otherwise. Directors should vote (aye, no, or abstain) on all proposed Board actions unless a Director declares the matter to be a conflict of interest prior to discussion of the subject, in which case the affected Director should recuse him or herself from discussing and/or voting on the matter and leave the room until after the discussion, vote and disposition of the matter is concluded (Political Reform Act, Government Code §§87100-87105).

Voting on ordinances shall be by roll call vote, with the ayes and nays recorded in the minutes. When conducting a roll call vote, the Secretary shall call for the vote of each Director and for the vote of the President last.

Voting on resolutions and motions may shall be by voice or electronic system vote, ruled upon as either passing or failing by the President. The President or the Board Secretary shall announce if an action was unanimous and if it was not, which Directors voted against the action. On demand of any Director, a roll call vote shall be called to confirm the ruling of the President as to the outcome of a voice or electronic system vote.

Directors may participate in Board meetings by teleconference with Board approval, at the request of the Board president, or by approval of the Board President if circumstances are such that obtaining Board approval is not practicable. Unless requested by the Board President, Directors wishing to participate in a Board meeting using teleconference shall submit a written request to the Board President that includes the reason(s) for the request. The Board President shall place the item on the next Board agenda for consideration. It is the Board's position that Directors not participate in Board meetings by teleconference unless there is an important reason to do so. Any teleconferenced meeting shall comply with all of the requirements of the Brown Act.

2. Regular Board Meetings

(a) Meeting Schedule

The Board shall hold regular meetings on the first and third Tuesdays of each month, or as the Board otherwise designates. Unless otherwise provided for by resolution or ordinance,

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activities, unless the Board determines that the General Manager is not properly carrying out these responsibilities.

20. If a Director has need of non-confidential, actual information on a specific topic, he or she should contact the Agency General Manager **or his or her designee** or Board Secretary. The General Manager shall review any request for information with the Board President as necessary for concurrence, scheduling, or prioritization so as not to unreasonably interfere with Agency business.
21. In cases where the General Manager is absent, the General Manager may delegate his or her duties to an Assistant General Manager and such person shall have the authority to perform the duties of the General Manager, including the ability to execute Agency documents.

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E. Directors' Relationship with Agency Staff

1. Individual Directors shall deal with matters within the authority of the General Manager through the General Manager **or his or her designee**, and not through other Agency employees.
2. Individual Directors shall not do the following:
 - a. Interfere with or direct Agency staff.
 - b. Frequent Agency premises on any basis different than the general public.
 - c. Make requests directly to Agency employees to undertake analyses, perform other work assignments, or change the priority of work assignments.

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F. Ethics and Fair Employment Training for Directors

Every Agency Director shall receive two (2) hours of training in general ethics principles, ethics and fair employment (sexual harassment) laws relevant to his or her position in public service every two years. Incoming Directors shall receive such training as soon as is practicable; usually within his or her first year, and then every two (2) years thereafter (Government Code §52335(b); 12,900 et seq).

An Agency Director who serves on more than one agency board satisfies such requirements if he or she receives the training once every two (2) years (Government Code §53235.1(c); 12,900 et seq).

All Directors who participate in such training shall be given a proof of participation form by the provider and shall submit a copy to the Board Secretary. This form shall state the following:

-The date of the training; and

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If a Director becomes aware of a conference, meeting, or event that requires Board approval after the conclusion of the most recent Board meeting and the conference, meeting, or event is taking place prior to the next Board meeting, the Director may only attend with the approval of the Board President. Unless subsequently determined by the Board, attendance at any such conference, meeting, or event shall count towards the corresponding category limits established above.

Directors may not serve on a board or committee of another organization on behalf of the Agency without the prior approval of the Board.

Directors who attend authorized events are attending as representatives of the Agency and not in their personal capacities and are expected to identify themselves as Directors of the Agency.

4. Directors' Compensation Rate

Pursuant to Section 13(c) of the Act, Directors are authorized to receive compensation equal to the amount authorized for Castaic Lake Water Agency Directors as of December 31, 2017, which is \$228.15, for each day's attendance at meetings of the Board, or for each day's service rendered as a member of the Board not to exceed ten meetings per month. The Board may adjust this compensation amount in accordance with Water Code Section 20200 et. seq.

Changes to Directors' compensation shall be done by ordinance adopted after a public hearing, notice of which has been published in a newspaper of general circulation once a week for two weeks, and shall not become effective for 60 days after adoption. Increases are subject to referendum.

5. Expense Reimbursement

Directors shall be reimbursed for reasonable and necessary expenses incurred incidental to services provided on behalf of the Agency and for authorized travel on Agency business, including two (2) hours of ethics training, subject to the following limits and restrictions. Such expenses will not be reimbursed when incurred for family members of the authorized Director. The President may review Directors' requests for expense reimbursement and may disallow amounts deemed improper or otherwise not properly accounted for. In the case of requests for reimbursement by the President, the Vice President(s) may review such requests and disallow amounts deemed improper or otherwise not accounted for. Agency staff responsible for issuing payments to reimburse Directors for incurred expenses shall bring questionable matters to the attention of the President, or the Vice President(s) if the matter concerns the President, before check execution and payment.

A request for reimbursement shall be submitted on an expense report form provided by the Agency as soon as practicable after the expenses are incurred. The request shall be accompanied by detailed receipts or other documentation evidencing each expense and the Director's payment thereof. A copy of a program agenda or such other document as may provide proof of attendance and/or that Agency-related business was conducted may also be required.

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All documents related to reimbursable Agency expenditures are public records subject to disclosure under the California Public Records Act, Government Code §6250 *et seq*; AB 1234, Government Code §§53232 – 53232.3.

6. Payment Interval

Directors shall receive Per Diem payments and shall be reimbursed for any properly submitted and approved expenses on a monthly basis.

H. Types of Expenses

1. Transportation

Directors who attend approved Agency functions shall use the appropriate commercial or private means of transportation in the most efficient manner consistent with scheduling needs and cargo space requirements. In the event a more expensive means of transportation is used, the reimbursable amount shall be limited to the cost of the most reasonably economical means of transportation available.

No reimbursement shall be made for transportation expenses incurred to travel to a destination within Agency boundaries, if the travel begins and ends within Agency boundaries. Any travel made without approval shall be the sole personal responsibility of the involved Director.

When a Director elects to use a private vehicle for transportation, reimbursement shall be made at the currently approved rate per mile established and adjusted from time to time by the United States Internal Revenue Service for business use of a vehicle. This reimbursement rate shall be considered to fully compensate for all vehicle operation and ownership expense. Reasonable mileage used for conducting Agency business as a Director will be reimbursed.

Reasonable mileage is the most direct route to and from Agency business, unless traffic or unforeseen circumstances require an alternate route. Proof of mileage must be attached to a request for reimbursement. Proof may be obtained using one of the free, on-line map/driving direction providers (i.e. MapQuest) or an equivalent method. Agency staff may assist with the submittal of such proof.

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Airplane travel shall be by air coach or economy class and, unless there is no alternative, shall be the lowest refundable fare. Directors may make their own travel arrangements or may request that the Board Secretary pre-purchase airplane tickets. Long-term parking should be used for travel exceeding 24 hours, however if Directors use other parking options they are responsible for paying the difference. If a Director travels to Agency business in an airplane that he or she owns, the reimbursement amount for such travel shall be the equivalent coach or economy class lowest refundable fare of a major commercial airline. The reimbursement rate for travel by personal plane to locations where there is no reasonable commercial fare, shall be the same as if the Director had travelled by private car.

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Other reimbursable transportation expenses may include, but are not limited to, ground transportation to and from airports and hotels, car rental, taxis (and reasonable tips) and parking

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d. Personal Expenses

The costs of medications, laundry/dry-cleaning, in-room movies, personal entertainment, the personal portion of any trip, and other personal expenses are not reimbursable (Government Code §§53232.2(a) and (g)).

I. Other Organizational Policies of the Agency

2. Disbursement Authorization

The Agency shall make disbursements of funds pursuant to its budget, which is a general expenditure projection, and in accordance with a duly adopted Purchasing Manual.

The Board, by resolution, shall authorize the disbursement of Agency funds through withdrawal order, with signing authority granted to specific individuals holding the following positions:

- a. President
- b. Vice President(s)
- c. General Manager/Treasurer
- d. Assistant Treasurer

3. Management Procedure Orders

Management Procedure Orders (MPOs) are written rules and regulations promulgated by the General Manager to direct and guide Agency employees in performance of their duties. An MPO may be issued by the General Manager to govern areas of policy not reserved by the Board. An MPO may provide detailed instructions to comply with policy established by action of the Board.

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BOARD MEMORANDUM

DATE: March 8, 2019
TO: Board of Directors
FROM: Brian J. Folsom, Chief Engineer BJF
Keith Abercrombie, Chief Operating Officer KA
SUBJECT: March 7, 2019 Engineering and Operations Committee Meeting

The Engineering and Operations Committee met at 5:30 PM on Thursday, March 7, 2019 in the Training Room of the Rio Vista Water Treatment Plant. In attendance were Committee Chair Tom Campbell; Directors Bill Cooper, Gary Martin and Lynne Plambeck; Chief Operating Officer Keith Abercrombie; Chief Engineer Brian Folsom; Principal Engineer Brent Payne and Senior Engineer Jim Leserman and me. No members of the public were present. A copy of the agenda is attached.

Item 1: Public Comments – There was no public comment.

Item 2: Recommend Approval of a Resolution Awarding a Construction Contract to Olympus and Associates to Recoat Honby Tank No. 1 – Recommended actions for this item are included in a separate report being submitted at the April 2, 2019 regular Board meeting.

Item 3: Operations and Production Report – Staff and the Committee reviewed the Monthly Operations and Production Report.

Item 4: Capital Improvement Projects Construction Status Report – Staff and the Committee reviewed the Capital Improvement Projects Construction Status Report.

Item 5: Committee Planning Calendar – Staff and the Committee reviewed the FY 2018/19 Committee Planning Calendar and discussed plans to move future Committee meetings to the Summit Circle location, effective May 2019.

Item 6: General Report on Treatment, Distribution, Operations and Maintenance Services Section Activities – Keith Abercrombie provided an update on recent operations and maintenance activities.

Item 7: General Report on Engineering Services Section Activities – Brian Folsom updated the Committee on the high engineering workload currently being handled by Engineering Services Section staff and the potential need for additional staff. This will be discussed further as part of the FY 2019/20 Budget preparation process.

Item 8: Adjournment – The meeting adjourned at 6:00 PM.

BJF

Attachment

MGS

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Date: February 26, 2019

To: **Engineering and Operations Committee**
Tom Campbell, Chair
Dante Acosta
Ed Colley
William Cooper
Gary Martin
Lynne Plambeck

From: Brian J. Folsom, Chief Engineer *BJF*
Keith Abercrombie, Chief Operating Officer *KA*

The **Engineering and Operations Committee** is scheduled to meet on **Thursday, March 7, 2019 at 5:30 PM at Rio Vista Water Treatment Plant** located at 27234 Bouquet Canyon Road, Santa Clarita, CA 91350 in the Training Room.

MEETING AGENDA

<u>ITEM</u>		<u>PAGE</u>
1.	Public Comments	
2. *	Recommend Approval of a Resolution Awarding a Construction Contract to Olympus and Associates to Recoat Honby Tank No. 1	3
3. *	Operations and Production Report	7
4. *	Capital Improvement Projects Construction Status Report	65
5. *	Committee Planning Calendar	67
6.	General Report on Treatment, Distribution, Operations and Maintenance Services Section Activities	
7.	General Report on Engineering Services Section Activities	
8.	Adjournment	
*	Indicates attachments	
◆	To be distributed	

NOTICES:

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Posted on February 27, 2019.

MGS



BOARD MEMORANDUM

DATE: March 14, 2019
TO: Board of Directors
FROM: Steve Cole *RAM for JRC*
Assistant General Manager
SUBJECT: March 13, 2019 Water Resources and Watershed Committee Meeting

The Water Resources and Watershed Committee met on Wednesday, March 13, 2019 at 6:00 PM in the Training Room at the Santa Clarita Water Division. In attendance were Committee Chair Maria Gutzeit, Directors Tom Campbell, Kathy Colley, William Cooper and Jerry Gladbach. Staff members present were Matt Dickens, Dirk Marks, Rick Vasilopoulos, Ernesto Velazquez, Rick Viergutz and me. No members of the public were present. A copy of the Agenda is attached hereto.

Item 1: Public Comment – There was no public comment.

Item 2: Water Resources Director's Report

- 2.1 Status of Water Supply and Water Banking Programs** – Ernesto Velazquez provided an update on the status of water supplies and water banking programs.
- 2.2 Status of Sustainable Groundwater Management Act Implementation** – Staff discussed the status of Sustainable Groundwater Management Act implementation.
- 2.3 Other Staff Activities** – Dirk Marks discussed the status of the Oroville Dam Spillway repairs.

Item 3: Recommend Approval of a Resolution Authorizing the General Manager to Enter Into Contracts Related to Development of Solar Power Generation on SCV Water's Devil's Den Property – Recommended actions for this item are included in a separate report being submitted at the April 2, 2019 regular Board meeting.

Item 4: Recommend Approval of a Resolution Authorizing the General Manager to Enter Into Consultant(s) Contracts to Investigate the Feasibility of Groundwater Recharge Activities – Recommended actions for this item are included in a separate report being submitted at the April 2, 2019 regular Board meeting

Item 5: Discuss and Provide Direction on the Preparation of a Draft LAFCO Application for the Tesoro Del Valle Annexation (Revised Vesting Tentative Tract Map 51644-1) – Staff discussed preparation of a Draft LAFCO Application for the Tesoro Del Valle Annexation and the Committee provided direction.

Item 6: Recommend Authorizing the General Manager to Enter Into an Agreement with United Water Conservation District to Coordinate Deliveries of State Water Project Water Supplies – Recommended actions for this item are included in a separate report being submitted at the April 2, 2019 regular Board meeting.

Item 7: Resource Conservation Manager's Report

- 7.1 Update on Conservation Activities – Staff discussed Conservation Activities.
- 7.2 Update on Conservation Strategies – Matt Dickens gave a presentation on Conservation Strategies.

Item 8: Committee Planning Calendar – The Committee reviewed the Planning Calendar.

The meeting adjourned at 7:55 PM.


Attachment

MBS



Date: March 6, 2019

To: Water Resources and Watershed Committee
Maria Gutzeit, Chair
Tom Campbell
Kathy Colley
William Cooper
Robert DiPrimio
Jerry Gladbach

From: Steve Cole, Assistant General Manager 

The **Water Resources and Watershed Committee** is scheduled to meet on **Wednesday, March 13, 2019 at 6:00 PM at Santa Clarita Water Division** located at 26521 Summit Circle, Santa Clarita, CA 91350 in the Training Room.

MEETING AGENDA

<u>ITEM</u>	<u>PAGE</u>
1. Public Comments	
2. Water Resources Director's Report	
2.1 Status of Water Supply and Water Banking Programs	
* 2.2 Status of Sustainable Groundwater Management Act Implementation	3
2.3 Other Staff Activities	
3. * Recommend Approval of a Resolution Authorizing the General Manager to Enter Into Contracts Related to Development of Solar Power Generation on SCV Water's Devil's Den Property	5
4. * Recommend Approval of a Resolution Authorizing the General Manager to Enter Into Consultant(s) Contracts to Investigate the Feasibility of Groundwater Recharge Activities	27
5. Discuss and Provide Direction on the Preparation of a Draft LAFCO Application for the Tesoro Del Valle Annexation (Revised Vesting Tentative Tract Map 51644-1)	
6. * Recommend Authorizing the General Manager to Enter Into an Agreement with United Water Conservation District to Coordinate Deliveries of State Water Project Water Supplies	33

7.	Resource Conservation Manager's Report	35
*	7.1 Update on Conservation Activities	
	7.2 Update on Conservation Strategies	
8.	* Committee Planning Calendar	37
9.	Adjournment	

- * Indicates attachment
- ◆ To be distributed

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Posted on March 6, 2019.

MGS



BOARD MEMORANDUM

DATE: March 19, 2019
TO: Board of Directors
FROM: Eric Campbell 
Chief Finance and Administrative Officer
SUBJECT: March 18, 2019 Finance and Administration Committee Meeting

The Finance and Administration Committee met at 6:00 PM on Monday, March 18, 2019 in the Training Room of the Rio Vista Water Treatment Plant. In attendance were Committee Chair Dan Mortensen and Directors Ed Colley, Bob DiPrimio, Maria Gutzeit and R. J. Kelly. Staff members present were Amy Aguer, Erika Dill, Ari Mantis, Rochelle Patterson, Matt Stone, Kathleen Wilson and myself. Financial consultant Chris Brown from Fedak and Brown LLP was also present, as well as two members of the public. A copy of the agenda is attached.

Item 1: Public Comment – There was public comment.

Item 2: Review Annual List of Professional Services Contracts – Recommended actions for this item are included in a separate report being submitted at the April 2, 2019 Board meeting.

Item 3: Review Risk Management Insurance Coverage – Staff and the Committee reviewed the risk management insurance coverage.

Item 4: Review Plan for Consolidation of Customer Service Centers – The Committee reviewed the plan for consolidation of customer service centers.

Item 5: Recommend Receiving and Filing of CLWA and SCWD December 31, 2017 Financial Statements – Recommended actions for this item are included in a separate report being submitted at the April 2, 2019 Board meeting.

Item 6: Recommend Receiving and Filing of SCV Water June 30, 2018 Financial Statement – Recommended actions for this item are included in a separate report being submitted at the April 2, 2019 Board meeting.

Item 7: Recommend Receiving and Filing of FY 2018/19 Midyear Budget Report – The Committee reviewed the FY 2018/19 Midyear Budget Report and recommended that the report be received and filed.

Item 8: Recommend Receiving and Filing of January 2019 Monthly Financial Report – The Committee reviewed the January 2019 Monthly Financial Report and recommended that the report be received and filed.

Item 9: Committee Planning Calendar – Staff and the Committee reviewed the FY 2018/19 Committee Planning Calendar.

Item 10: General Report on Finance and Administration Activities – Staff advised the Committee that the Agency earned the Distinguished Budget Award from the Government Finance Officers Association (GFOA) for its FY 2018/19 Budget presentation. Staff also advised the Committee that ten (10) responses were received for the Auditor RFP.

Item 11: Adjournment – The meeting adjourned at 8:04 PM.

EC/ed

Attachment

MBS



Date: March 11, 2019

To: **Finance and Administration Committee**
Dan Mortensen, Chair
B. J. Atkins
Ed Colley
Robert DiPrimio
Maria Gutzeit
R. J. Kelly

From: Eric Campbell
Chief Financial and Administrative Officer

The **Finance and Administration Committee** is scheduled to meet on **Monday, March 18, 2019** at **6:00 PM** at **Rio Vista Water Treatment Plant** located at 27234 Bouquet Canyon Road, Santa Clarita, CA 91350 in the Training Room.

MEETING AGENDA

<u>ITEM</u>	<u>PAGE</u>
1. Public Comments	
2. * Review Annual List of Professional Services Contracts	3
3. * Review Risk Management Insurance Coverage	7
4. * Review Plan for Consolidation of Customer Service Centers	11
5. * Recommend Receiving and Filing of CLWA and SCWD December 31, 2017 Financial Statements	15
6. * Recommend Receiving and Filing of SCV Water June 30, 2018 Financial Statement	117
7. * Recommend Receiving and Filing of FY 2018/19 Midyear Budget Report	205
8. * Recommend Receiving and Filing of January 2019 Monthly Financial Report	249
9. * Committee Planning Calendar	359

10. General Report on Finance and Administration Activities
11. Adjournment

- * Indicates attachments
- ◆ To be distributed

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Posted on March 12, 2019.

M65



BOARD MEMORANDUM

DATE: March 22, 2019
TO: Board of Directors
FROM: Steve Cole
Assistant General Manager *SC*
SUBJECT: March 21, 2019 Public Outreach and Legislation Committee Meeting

The Public Outreach and Legislation Committee met on Thursday, March 21, 2019 at 5:30 PM in the Training Room at the Santa Clarita Water Division located at 26521 Summit Circle, Santa Clarita 91350. In attendance were Committee Chair Jerry Gladbach, Directors Kathy Colley, R.J. Kelly, Gary Martin and Lynne Plambeck. Consultant Hunt Braly attended the meeting as well as legislative consultant Dennis Albiani and Harry Henderson whom participated via teleconference. The staff members present were Kathie Martin and me. Public were present. A copy of the agenda is attached.

Item 1: Public Comment – None

Item 2: Legislative Consultant Reports

- 2.1: Harry Henderson reported on federal legislative and related items.
- 2.2: Dennis Albiani reported on state legislative and related items.
- 2.3: Hunt Braly reported on local legislative and related items.

Item 3: Public Outreach/Legislative Advocacy:

- 3.1: Discussion of Public Outreach/Legislative FY 2019/20 – Staff and the Committee discussed public outreach and legislative Advocacy for FY 2019/20.

Item 4: Informational:

- 4.1: Monthly Outreach Matrix – Staff and the Committee reviewed the monthly outreach matrix.
- 4.2: Legislative Tracking – Staff and the Committee reviewed the legislative tracking spreadsheet.
- 4.3: Sponsorship Tracking FY 2018/19 – Staff and the Committee reviewed the sponsorship spreadsheet.
- 4.4: Public Outreach Event Calendar 2019 – Staff and the Committee reviewed the public outreach event calendar.
- 4.5: Committee Planning Calendar 2019 – Staff and the Committee reviewed the Public Outreach and Legislation Committee planning calendar.

The meeting adjourned at 6:45 PM.

Attachment

MBS

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Date: March 14, 2019

To: **Public Outreach and Legislation Committee**
Jerry Gladbach, Chair
B.J. Atkins
Kathy Colley
R.J. Kelly
Gary Martin
Lynne Plambeck

From: Steve Cole, Assistant General Manager *SM*

The **Public Outreach and Legislation Committee** is scheduled to meet on **Thursday, March 21, 2019 at 5:30 PM** at **Santa Clarita Water Division** located at 26521 Summit Circle, Santa Clarita, CA. 91350 in the Training Room.

MEETING AGENDA

<u>ITEM</u>	<u>PAGE</u>
1. Public Comments	
2. * Legislative Consultant Report:	
2.1 Anchor Consultant	1
2.2 California Advocates	11
2.3 Poole & Shaffery	17
3. ♦ Public Outreach/Legislative Advocacy	
3.1 Discussion of Public Outreach/Legislative FY 2019/20	
4. * Informational:	
4.1 Monthly Outreach Matrix	19
4.2 Legislative Tracking	21
4.3 Sponsorship Tracking FY 2018/19	23
4.4 Public Outreach Event Calendar 2019	25
4.5 Committee Planning Calendar 2019	29
5. Adjournment	
* Indicates attachments	
♦ To be distributed	

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Posted on March 14, 2019.

MGS



BOARD MEMORANDUM

DATE: March 5, 2019
TO: Board of Directors
FROM: Brian J. Folsom, P.E. *BJF*
 Chief Engineer
SUBJECT: Engineering Services Section Report

CAPITAL IMPROVEMENT PROJECTS (CIP) CONSTRUCTION

Project	Contractor	Contract Amount	Scheduled Completion	Notes
MWDSC Foothill Feeder Connection	GSE Construction	\$2,951,759	6/30/19	GSE is working on a solution to address a leak.
Well E-17 and Ancillary Facilities	Staats Construction, Padilla Electric, and General Pump	\$571,734	TBD	Materials being purchased.
Magic Mountain Pipeline Phase 4	FivePoint / Toro Enterprises	\$3,084,725	7/22/19	Construction is approximately 9% complete.
Magic Mountain Pipeline Phase 5	FivePoint / Toro Enterprises	\$3,269,978.85	TBD	Construction submittals under review.

CAPITAL IMPROVEMENT PROJECTS (CIP) DESIGN

1. ESFP Wastewater Return and Sludge Collection System – Lee & Ro completed 100% design plans and specifications to address constructability review comments. The Operating Permit amendment application has been submitted to the State Water Resources Control Board Division of Drinking Water for approval.
2. Castaic Conduit Bypass – Design is 90% complete. Staff is working with affected property owners to acquire necessary permanent and temporary easements.
3. Magic Mountain Pipeline No. 6A – The project has been divided into two phases (Phases 6A and 6B) to match the street improvements schedule. Michael Baker is preparing the 90% design plans and specifications for the Phase 6A portion.
4. Magic Mountain Reservoir – Staff is reviewing the reservoir and pump station sites evaluation technical memos.
5. Replacement Wells – Staff is finalizing easement documents for well site locations with the landowner, FivePoint. A work authorization has been issued to Jensen Design Services to design a portion of the pipeline along Commerce Center Drive that will

connect to the Magic Mountain Pipeline. Richard Slade and Associates submitted a proposal for well design. Slade will commence work once easement documents are executed.

6. Groundwater Treatment Improvements – Staff is reviewing strategies for potential cost recovery from responsible parties through the National Contingency Plan (NCP) process. One Statement of Qualifications was received from the consulting firm Advisian in response to a Request for Qualifications that was issued to eight consultants for preparation of NCP required documentation. Advisian has submitted a proposal to perform the initial phases of work. Kick-off meeting is being scheduled for March 2019.
7. Recycled Water Central Park (Phase 2A) – The project's Mitigated Negative Declaration (MND) and Mitigation Monitoring and Reporting Program (MMRP) was adopted by the CLWA Board of Directors at its December 13, 2017 regular Board meeting. Design is on hold pending resolution of recycled water permitting and regulatory issues.
8. Recycled Water Vista Canyon (Phase 2B) – The PDR has been completed. On July 17, 2017, the Department of Water Resources (DWR) approved repurposing \$2.7 million in Proposition 84 Grant Funding from the Saugus Formation Dry Year Wells project to the Vista Canyon Recycled Water Project. The CLWA Board of Directors adopted the MND/MMRP on November 20, 2017. Final design for the pipeline and tanks are approximately 90% complete. Staff are reviewing 90% design submittals. Based on the geotechnical investigation, tank site improvements will be required to provide an acceptable margin of safety for the tank foundation.
9. Recycled Water South End (Phase 2C) – The PDR has been completed. NCWD, as the CEQA Lead Agency, certified the recirculated MND on August 10, 2017. The project MND/IS was adopted by the CLWA Board of Directors on August 23, 2017. Final design is 90% complete. A 90% design review workshop is scheduled for March 13, 2019.
10. Recycled Water West Ranch (Phase 2D) – The PDR has been completed. On July 17, 2017, DWR approved repurposing \$1.8 million in Proposition 84 Grant Funding from the Saugus Formation Dry Year Wells project to the Phase 2D Project. The CLWA Board of Directors adopted the MND and MMRP at its July 28, 2017 regular Board meeting. The plans and specifications are being finalized.

DEVELOPMENT PROJECTS – DESIGN, CONSTRUCTION AND INSPECTION

Project Developer	Development Size	Infrastructure (Estimated at Build-out)	Schedule	Status
Skyline Ranch Pardee	1220 Dwelling Units	17 miles pipelines, 3 pump stations, and 4 tanks	Complete construction of Phase 1 in summer 2019 with backbone/in-tract pipelines. Complete construction of first pump station in fall 2019. Complete construction of two tanks by fall 2020.	Tract 60922-01 – Phase 1 in-tract pipeline is substantially complete. Installation of meters will be performed on developer’s schedule for buildout. Design for Phase 1 tank is 60% complete. Phase 1 Pump station construction by developer is pending finalization of contracts and SCE service.
Vista Canyon JSB Development	1100 Dwelling Units	5 miles potable and recycled pipelines	Completed construction of Phase 1 in 2018.	Construction of Phase 1 potable and recycled water pipelines is substantially complete. Final design of Phase 2 potable and recycled water mains is complete. Developer will construct a portion of the Phase 2 potable water system and a portion of the recycled water system based on development schedule.
Sheriff Station City of Santa Clarita	44,300 Square Feet	1 mile pipeline	Complete pipeline construction by May 2019.	Notice to Proceed for the main pipeline in Golden Valley was issued December 6, 2018. Procurements of materials is complete. Field construction was delayed due to rain, but is scheduled to start in mid-March. Final design of the bore & jack crossing under the LADWP aqueduct is underway.
Avanti Tract (52455) Lennar	92 Dwelling Units	3100 feet of pipeline, 6 fire hydrants and 2 irrigation services	Construction completed.	As-built drawings are being prepared.

Project Developer	Development Size	Infrastructure (Estimated at Build-out)	Schedule	Status
Mission Village Phase 1 Five Point	3138 Dwelling Units	6.9 miles new pipeline, 1 Pressure Reducing Station (Petersen), 2 Booster Stations (Petersen & Magic Mtn.), and 2 Tanks (Petersen & Magic Mtn. No. 2)	Temporary Highline and Skyview Pipeline Connection construction to be complete by March 2019. DS 542 pipelines and Magic Mountain Tank No. 2 to be constructed by December 2019.	Construction of temporary water main is complete. Skyview pipeline connection, DS 542 potable and recycled water pipelines are in construction. Magic Mountain Tank No. 2 design is in progress.
Landmark Village (Tract 53108) Five Point	1444 Dwelling Units	3.5 miles Piping Pressure Reducing Station, 2MG Zone IA Tank, and 2 Hwy 126 crossings	TBD	Design is 30% complete.
Needham Ranch Trammell Crow Co.	2,550,000 Square Feet Industrial and Commercial	4 miles of pipelines, 1 pump station, 2 tanks, and 2 Pressure Reducing Stations	Construct Phase 1 in 2018 with 1 tank, 1 pump station and pipelines.	Phase 1 tank construction is 95% complete. The tank has been coated. Pump station is 50% complete. The roof is under construction. Pipeline construction is 15% complete.
Castaic High School Rasmussen	250,000 Square Feet	2 miles of pipelines, 1 tank, and 1 pump station	Construct facilities to meet scheduled school opening in Fall 2019.	Pump station is 90% complete. The electrical wiring has started. Pipeline is 100% complete. Tank is 95% complete. Waiting on SCE to run electrical service to the tank.

MISCELLANEOUS PROJECTS – DESIGN, CONSTRUCTION AND INSPECTION

Project / Facility	Scope of Work / Details	Status
College of the Canyons Valencia Campus	Relocation of approximately 1,015 feet of 16" pipeline.	The pipeline has been installed and construction is 99% complete. Waiting for easement to be completed. The pipe is in service.
Skyblue Tanks	SCWD's Skyblue tanks main electrical service from SCE is not on SCVWA property or easement.	The property and easements have been surveyed. Staff is also verifying that the water mains and drains are on SCVWA property/easements.
AT&T cell sites	Pinetree Tanks 1&1A Job walk for new site location.	Job walk for new AT&T location at the Newhall Pinetree system for Pinetree Tanks 1&1A. AT&T to design and submit.
T-Mobile cell sites	Fiber optics upgrades at three water tank locations.	Round Mountain tank is waiting for the cell company to perform survey. Newhall Tank 2 is waiting on design plans. Pinetree Tank 3 is 20% complete.
Verizon cell site	Cell tower at NWD's Castaic Tank 1A.	Design plans have been completed and legal counsel is preparing contract.
Dig Alerts and Fire Flow Tests		During December 2018, SCVWA Inspection staff completed 72 dig alerts.

PERCHLORATE CONTAMINATION PROGRAM MANAGEMENT

The last monthly Technical Committee meeting was held on March 6, 2019. The Whittaker-Bermite Multi-Jurisdictional Task Force last met on March 6, 2018. The Settlement Agreement among SCVWA (former CLWA and retail purveyors), Whittaker-Bermite (Whittaker) and the insurance carriers is in effect. Reimbursement requests for operational and maintenance (O&M) costs through December 2018 have been submitted.

As a result of the detection of perchlorate at Well V-201, modifications are being made to the Department of Toxic Substances Control (DTSC) Remedial Action Plan (RAP) and the perchlorate project DDW 97-005 Engineering Report. A perchlorate removal facility has been constructed and resumption of Well V-201 service will occur following successful completion of testing and State Water Resources Control Board (SWRCB) Division of Drinking Water (DDW) approval. Until DDW approval is obtained, the perchlorate removal system is operating and the treated water is being discharged to the Santa Clara River.

In late December 2017, perchlorate was detected at Well V-205 just above the maximum contaminant level for drinking water of 6 ppb. A confirmation sample taken in March 2018 indicated a level of 8.1 ppb. The well was previously taken out of service in 2012. Staff is determining the course of action to pursue to return the well to service and potential cost recovery under the terms of the Settlement Agreement.

WATER QUALITY LABORATORY

Laboratory staff is continuing to monitor the progress of new laboratory regulations by the Environmental Laboratory Accreditation Program (ELAP). The current schedule would have any new regulations approved and implemented by the end of 2019 with a 3 year period for laboratories to complete all necessary programs to be in compliance.

FACILITY CAPACITY FEES (FCFs) AND CONNECTON FEES

Month	Regional	Distribution	Total
July 2018	\$ 363,105	\$ 40,866	\$ 403,971
August 2018	1,078,265	133,190	1,211,455
September 2018	540,716	58,297	599,013
October 2018	853,900	15,505	869,405
November 2018	218,678	7,753	226,431
December 2018	1,510,315	379,816	1,890,131
January 2019	124,000	3,959	127,959
February 2019	557,449	48,868	606,317
FY 2018/19 to Date	\$5,246,428	\$ 688,254	\$5,934,682
FY 2018/19 Budget	\$8,000,000	\$1,000,000	\$9,000,000

M65



BOARD MEMORANDUM

DATE: March 18, 2019
TO: Board of Directors
FROM: Eric Campbell *EC*
Chief Financial and Administrative Officer
SUBJECT: Finance, Administration and Information Technology Section Report

FINANCE & ADMINISTRATION

Key Accomplishments/Activities:

Staff prepared the contracts for X-act Technologies and Aramark Uniform Services and both contracts have been fully executed.

Staff completed the Regional Division's Mid-Year Budget review and schedules, and these will be presented to the Finance and Administration (F&A) Committee in March 2019.

Significant Upcoming Items:

Staff has begun working on transferring title on the Agency's mobile equipment. Staff has submitted title change forms to the Department of Motor Vehicles for the Newhall Water Division's (NWD) mobile equipment, and title change forms will be submitted for Santa Clarita Water Division (SCWD), Valencia Water Division (VWD) and Regional.

Staff is also developing a new contract with Raftellis Financial Consultants for the 2019 Facility Capacity Fees.

Staff is beginning its preparation for the FY 2019/20 – 2020/21 biennial budget.

Staff completed the line budget worksheets for the operating accounts for the Administration department.

Staff is working with Wells Fargo Bank to set up the Retail divisions' chart of accounts to the Commercial Card Expense Reporting site as part of the Purchasing Card (P-card) rollout.

CUSTOMER SERVICE

Key Accomplishments/Activities:

Work is underway to align the hydrant meter reading process amongst all locations.

Staff has updated Cross-Connection customer communications to a single point of contact for all locations.

Staff has begun work related to the conversion of NWD's current Customer Information Billing System (CIS), inHANCE to VWD's CIS, enQuesta. Testing is scheduled to commence in the enQuesta Train (test) environment the week of March 18, 2019.

Significant Upcoming Items:

Staff is working with SCWD's CIS support vendor (NorthStar) to integrate Advanced Metering Infrastructure (AMI) with the customer billing system.

Staff is researching the possibility of expanding its customer payment platform to include a retail point-of-sale (POS) cash payment solution.

HUMAN RESOURCES

Key Accomplishments/Activities:

Staff is currently recruiting for the positions of Accounting Technician I for Santa Clarita, Financial Analyst, three Utility Workers, and a Water Conservation Specialist I.

Staff has completed recruitment for Accounting Technician I and Utility Worker I.

Staff is currently recruiting for temporary positions of Accounting Technician and Administrative Technician for Engineering Distribution Design.

Staff has completed temporary recruitments for a Customer Service Representative, Information Technology Technician I (Desktop Support/Helpdesk), and GIS Intern.

Staff is working on identifying training vendors to comply with the new training requirements of SB1343, Prevention of Harassment in the workplace.

Staff completed compliance with the Affordable Care Act (ACA) reporting deadlines and furnished employees with the required 1095-C forms.

Staff met with representatives from the Agency's 457(b) Deferred Compensation Plan, Lincoln Financial Group on February 21, 2019, for the annual employer review. The plan is performing well and meeting the needs and expectations of participants. The plan's account representative continues to visit each division on a regular basis to conduct individual meetings and provide retirement planning and financial guidance.

All of the Agency's various health and wellness benefit plans have been consolidated into one monthly premium for CalPERS' health, ACWA/JPIA's dental/vision/life/EAP, AFLAC and LegalShield. These monthly premiums now contain all enrolled employees, retirees and Directors under the new SCV Water name.

The Agency held AFLAC open enrollment meetings at each division resulting in 12 new policies being issued to eligible employees.

Staff prepared and published an RFP for next fiscal year's comprehensive classification and compensation study.

Staff is continuing to handle employee relations issues. Staff updated the Corrective Action Form to be used by supervisors in case of disciplinary/corrective action. Three (3) disciplinary actions were currently issued.

Staff attended the PIHRA webinar titled "Millennials in the Workforce: We're Not in High School Anymore" on February 13, 2019, presented by Ana Bradshaw (Human Resources Assistant to the Director, City of San Antonio, Texas) to learn and dispel the myths about millennials and provide tools for HR professionals to use to attract, retain, and engage the generation.

Staff attended the IPMA-HR webinar titled "The Socially Intelligent Public Sector HR Leader" on February 27, 2019, presented by Dr. Gleb Tsipursky, CEO at Disaster Avoidance Experts, Inc., to learn more about how successful leaders navigate the workforce challenges of today and tomorrow.

Staff attended the Santa Clarita Valley Mayor's Committee for the Employment of Individuals with Disabilities Annual Employer Recognition Luncheon on February 28, 2019 at College of the Canyons Culinary Institute.

Staff attended the 2019 Annual St. Francis Dam Disaster Lecture and Bus on March 9, 2019 hosted by the SCV Historical Society. The lecture by Dr. Alan Pollack and Dianne Erskine-Hellrigel covered William Mulholland's quest to bring water to Los Angeles, the impact of the disaster, and personal stories of the families who were victims and survivors of the terrible disaster. The tour included hiking through the San Francisquito flood plain to see ruins of the dam.

Staff attended PIHRA's monthly luncheon and networking meeting on March 14, 2019 at the Hyatt Regency Valencia. The topic, "The Workplace Coach – Coaching Supervisors to Coach Employees," presented by Mike Deblieux, provided guidance about workplace leaders creating opportunities for employee success.

Staff attended the 2019 Santa Clarita Valley Economic Outlook Forecast put on by Santa Clarita Valley Economic Development Corporation on March 14, 2019 at the Hyatt Regency Valencia. Economists shared an in-depth forecast of our national and local economies, as well as a discussion on global trends.

Significant Upcoming Items:

Staff will comply with the Affordable Care Act (ACA) and will file an e-file reporting forms to the Internal Revenue Service (IRS).

Staff will evaluate and select a vendor for the next fiscal year's comprehensive classification and compensation study.

Staff will update the Agency's Benefits policy to reflect current practice for retiree medical coverage.

Staff will implement Paychex Human Resources Information System.

Staff will compile the different divisions' DMV Employee Pull Notice program into one account.

RISK MANAGEMENT

Key Accomplishments/Activities:

Staff is working on the renewal of Excess Crime Insurance and Property Program Insurance.

Staff is working on gathering insurance premiums and data for FY 2019/20 and 2020/21 budgets.

Staff is continuing to approve insurance certificate requirements for Agency contracts to ensure compliance with suggested insurance limits from ACWA/JPIA.

Significant Upcoming Items:

Staff plans to create new binders and files to transition all risk management insurance records from the different entities to SCV Water.

INFORMATION TECHNOLOGY SERVICES

Key Accomplishments/Activities:

IT staff has completed Agency-wide inventory of workstations for the management of replacements.

The organization's mobile devices and accounts have been consolidated and are now under the management of the IT group.

Significant Upcoming Items

Ongoing – Post Domain/Network Consolidation the IT staff is working to deploy network policies and network cleanup across the new domain.

Ongoing – GIS staff is working with Operations to capture survey grade data of facilities such as wells, tanks, boosters, and other assets.

Ongoing – Technology team has started developing a beta-test intranet site. The plan was to scale up the existing VWD SharePoint to serve the entire Agency.

Ongoing – Annual workstation replacements have been received. IT staff to configure and deploy across the Agency.

IT staff continues to work with various departments to relocate respective teams to other offices as they consolidate locations.

GIS staff continues to work on consolidating the various GIS databases for NWD, SCWD, VWD and Regional.

Staff is developing online training guides for the iManage Document Management System (DMS).

IT staff is researching audio/video live-streaming/recording systems.

GIS staff is finishing up the configuration of the VWD GIS-based hydraulic model.

GIS staff is working with Water Resources and their consultant on a water demand GIS application.

EC

MGS

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BOARD MEMORANDUM

DATE: March 18, 2019

TO: Board of Directors

FROM: Keith Abercrombie
Chief Operating Officer

SUBJECT: Treatment, Distribution, Operations and Maintenance Section Report

The Treatment, Distribution, Operations and Maintenance Section (TDOMS) provides reliable and high quality water through rigorous preventative maintenance programs and timely response to corrective action maintenance. Routine inspections and maintenance of each facility is part of the overarching goal of TDOMS. Below is a discussion on these activities for the month of February 2019.

TREATMENT OPERATIONS AND MAINTENANCE

Monthly corrective and preventative maintenance work orders were completed at the following locations:

- Rio Vista Water Treatment Plant (RVWTP)
- Rio Vista Intake Pump Station (RVIPS)
- Earl Schmidt Filtration Plant (ESFP)
- Earl Schmidt Intake Pump Station (ESIPS)
- Saugus Perchlorate Treatment Facility (SPTF)
- Castaic and Pitchess Pipelines
- Recycled Water Pump Station
- Rio Vista Valve Vault No. 1
- Saugus Well 1
- Sand Canyon Reservoir
- Sand Canyon Pump Station (SCPS)

Preventative and Corrective Maintenance Work Order Summary

Work Orders	February 2019	FYTD 2018/19
Corrective Maintenance	10	143
Preventative Maintenance	61	734
Key Action Items Completed:		
<ul style="list-style-type: none"> - ESFP – Insertion flow meter replacement. Wash Water return piping modifications completed - ESFP and RVWTP – Replaced regulatory pressure relief devices - ESIPS – Vault and pipeline project complete and ESFP back to full capacity 		

Work in Progress - Treatment

- Distribution System – Valve exercising and repairs underway
- ESFP – Ozone Generator cleaning and repairs underway
- ESFP – Propane vaporizer debris cover being fabricated by mechanical staff
- ESFP – Ammonia air supply piping being replaced
- ESFP – Rapid mix pump No. 3 removed for repairs
- ESFP – Water separators being replaced on Filter Backwash pneumatic control system
- RVWTP – Filters No. 10 and No. 11 Filter Effluent valves out of service for repairs
- Calibration of flow meters on Sand Canyon Pipeline turnouts
- Coordination for DWR/MWD shutdown in February 2019
- Sodium Hydroxide replacement tank on order
- SCPS discharge valves rehabilitation underway
- SPTP – Install new 5500sc chloramine analyzer
- Sand Canyon Pipeline – New gates being fabricated for turnout SC-11 by mechanical staff

Completed Work

- Chloramine Analyzer supply line at Sand Canyon Reservoir replaced
- ESFP – Plant water pump discharge pipe leak repaired, check valves replaced
- Recycled Pump Station-Installed Cla-Val on pump No. 1 discharge piping
- ESFP – Underground air leak at wash water basins repaired
- RVWTP – LOX evaporator relief valves replaced
- Sand Canyon Reservoir – Module No. 2 cleaned and inspected. Minor rust issue at inlet repaired
- SPTF – Back pressure and pressure relief valves on the ammonia injection system replaced
- RVWTP – Ferric and Caustic chemical feed pumps replaced
- RVWTP – Bi-annual chlorine scrubber maintenance completed by outside services (Evoqua)

Buildings and Grounds

An integral part of the TDOMS is maintaining the aesthetic quality, functionality and safety of the various office facilities and grounds. Staff works on projects based on the needs of the various Divisions.

Monthly corrective and preventative maintenance work orders were completed at the following locations:

- SCV Water General Office Building
- Santa Clarita Water Division and Water Resources Section Buildings
- Visitor and Maintenance gates of SCV Water
- Newhall Water Division General Office Building

Preventative and Corrective Maintenance Work Order Summary

Work Orders	February 2019	FYTD 2018/19
Corrective Maintenance	39	436

Work in Progress

- Gate access for approved personnel – Moving forward with work – In the process of scheduling for next month – Ongoing
- Working with Agency personnel setting new work spaces – Ongoing
- Working with Contractor to consolidate key fob access security system at all SCV Water locations and approved proposal to move forward – Ongoing

- Upgrade irrigation controls at the RVWTP for increased conservation and improved monitoring – All parts installed/scheduling programming and training – Ongoing
- Carpet has been ordered and is scheduled to be replaced on the second floor of the Administration Building at the RVWTP at the end of March 2019
- Installing (two) three-ton redundant HVAC systems in preparation of upgrading the SCADA system

Completed Work

- Re-lamped Office Building and Basement at the ESFP with LED fixtures to reduce maintenance and energy costs
- Assisted Electricians with over taxed circuits on the second floor of the Administration Building at the RVWTP
- Updated lighting fixtures to LED in the bathroom at the SCWD site

DISTRIBUTION OPERATIONS AND MAINTENANCE

General operational and maintenance activities within each distribution division include:

- Valve exercising
- Fire hydrant maintenance
- Air and vacuum valve maintenance
- Blow off maintenance
- Meter reading
- Meter change-outs
- Control valve maintenance

In addition to routine operational and maintenance activities, there are a variety of other projects.

Meter Change-out Summary

NWD

Meter Size	February 2019	Quantity FYTD 2018/19
3/4"	53	327
1"	2	37
1 1/2"	0	7
2"	2	29
>2"	0	1

SCWD

Meter Size	February 2019	Quantity FYTD 2018/19
3/4"	157	2158
1"	27	223
1 1/2"	11	41
2"	0	20
>2"	0	4

VWD

Meter Size	February 2019	Quantity FYTD 2018/19
3/4"	164	835
1"	3	73
1 1/2"	0	0
2"	27	31
>2"	1	2

Distribution System Leak Summary

NWD – Approx. 9,679 Service Connections

Leak Type	February 2019	FYTD 2018/19
Service Leaks	4	26
Main Leaks	0	10

SCWD – Approx. 31,218 Service Connections

Leak Type	February 2019	FYTD 2018/19
Service Leaks	8	52
Main Leaks	2	12

VWD – Approx. 29,974 Service Connections

Leak Type	February 2019	FYTD 2018/19
Service Leaks	10	83
Main Leaks	0	6

Capital Improvement Projects FY 2018/19

Work in Progress – NWD

- Castaic High School – New Zone 3 Tank final coating inspection scheduled March 18, New Zone 3 Booster Station under construction, Sloan Canyon piping complete, acceptance pending
- Ebelden Ave – Construction started March 2019
- Installed Pressure Control Valve on Pump 1 of Recycled Pump Station

Work in Progress – SCWD

- AMI Infrastructure installed, programming and customer service integration underway
- Placerita PRV Station – Rehabilitation project underway

Work in Progress – VWD

- 10” meters at Six Flags Magic Mountain (complete) and COC being scheduled for change out
- Pilot AMI Program – Infrastructure scheduled to be installed in March, meters being changed out

PRODUCTION OPERATIONS AND MAINTENANCE

In addition to the general operation and maintenance of the production facilities, there are a variety of other projects within the Production Department.

Capital Improvement Projects FY 2018/19

Work in Progress – NWD

- Pinetree N2 – Installation of soft start equipment
- SCADA backbone radio upgrade underway

Completed Work

- Newhall Well 12 back in service – Motor Control Center/Switch Gear upgraded
- Castaic Well 7 Rehabilitation

Work in Progress – SCWD

- SC-12 – Mechanical and facility construction complete – Block wall being designed
- Seismic Valves Installation
- Pump Drive Replacement Program
- Via Princessa – Replacement of head shaft – Pumps being reinstalled

- Lost Canyon 2 – Pump to control valve installation for pump to waste
- Well Mag Meter Retrofit – Five sites completed, three remaining

Completed Work

- Live Oak Booster – 2 new pumps installed

Work in Progress – VWD

- Well E17 – Facility construction underway
- Well 201 – Construction for soundproof enclosure structure being scheduled
- Carnegie Booster Station – Pump and motor replacement underway, Pumps/Motors 18 & 19 and SMC
- Cal Arts Booster Station – Pump and motor replacement

Completed Work

- Well 159 – Motor replaced

Water production summary by Division and Source is provided in the table below.

SCV Water Production Summary (Acre-Feet)

Division	Groundwater Feb 2019 (AF)	Imported Water Feb 2019 (AF)	Total Production Feb 2019 (AF)	Groundwater FYTD 2018/19 (AF)	Imported Water FYTD 2018/19 (AF)	Total Production FYTD 2018/19 (AF)	Recycled Water Production FYTD 2018/19 (AF)
NWD	249	15	263	2,057	3,709	5,766	NA
SCWD	522	324	847	3,550	13,348	16,898	NA
VWD	569	232	801	9,646	9,279	18,925	174
SCV Water Totals	1,340	571	1,911	15,253	26,336	41,589	174
Percent	70%	30%		37%	63%		

SCV Water Regional Raw Water and Wholesale Summary (Acre-Feet)

Source	February 2019 (AF)	FYTD 2018/19 (AF)
Wholesale (LA36)	.5	4.1
Raw Water (RVWTP)	0	15,435
Raw Water (ESTP)	458	11,430
Wells (Saugus 1 & 2)	230	2,227

WATER QUALITY

Water Quality Complaints

NWD

Type of Complaint	February 2019	# of Complaints FYTD 2018/19
Hardness	0	1
Odor	0	2
Taste	0	1
Color	0	3
Air	0	0
Suspended Solids	0	0
Totals	0	7

SCWD

Type of Complaint	February 2019	# of Complaints FYTD 2018/19
Hardness	1	1
Odor	1	2
Taste	0	1
Color	0	0
Air	0	0
Suspended Solids	1	1
Totals	3	5

VWD

Type of Complaint	February 2019	# of Complaints FYTD 2018/19
Hardness	0	0
Odor	1	8
Taste	0	0
Color	1	3
Air	0	0
Suspended Solids	0	1
Totals	2	12

Heterotrophic Plate Count Samples

NWD

Total # of HPCs Collected February 2019	# of HPCs Collected FYTD 2018/19
2	8

SCWD

Total # of HPCs Collected February 2019	# of HPCs Collected FYTD 2018/19
14	63

VWD

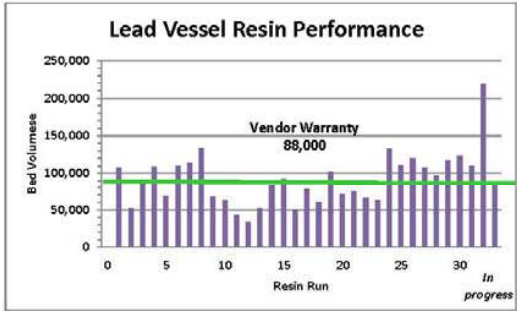
Total # of HPCs Collected February 2019	# of HPCs Collected FYTD 2018/19
11	49

**Saugus Perchlorate Treatment Facility
Resin Usage Summary
Based on Time to Breakthrough**

Resin Run Number	Fill Date	Breakthrough Date+	Days	Volume Treated (Million Gallons)	Volume Treated (Acra-Feet)	Bed Volumes Treated	Replacement Costs	\$/BV	\$/AF	Combined (Lead and Lag)		
										MC	AF	BVs
0												
1	5/3/10	8/25/10	115	253	776	107.310	*	*	*			
2	9/8/10	1/8/10	62	120	368	52.289	\$ 105,728	\$ 2.02	\$ 287	373	1,144	159,599
3	12/10/10	3/26/11	107	239	735	90.841	\$ 115,458	\$ 1.27	\$ 157	359	1,103	143,130
4	5/5/11	8/9/11	97	288	883	108.745	\$ 112,255	\$ 1.03	\$ 127	527	1,618	199,586
5	8/17/11	10/14/11	59	180	554	68.941	\$ 112,255	\$ 1.63	\$ 203	468	1,437	177,686
6	11/6/11	4/10/12	157	288	893	109.850	\$ 112,048	\$ 1.02	\$ 127	468	1,437	178,790
7	4/20/12	7/16/12	88	280	860	113.905	\$ 112,048	\$ 0.98	\$ 130	568	1,743	223,754
8	7/11/12	11/5/12	118	349	1,070	133.044	\$ 112,048	\$ 0.84	\$ 105	629	1,930	246,949
9	11/16/12	1/10/13	56	177	544	67.744	\$ 112,258	\$ 1.66	\$ 206	526	1,614	200,788
10	1/10/13	3/10/13	60	165	505	62.836	\$ 43,567	\$ 0.69	\$ 86	342	1,049	130,579
11	3/19/13	5/4/13	47	112	344	42.769	\$ 118,213	\$ 2.76	\$ 344	276	849	105,605
12	5/8/13	6/15/13	39	95	293	33.577	\$ 141,989	\$ 4.23	\$ 485	207	637	76,346
13	6/10/13	8/20/13	72	179	551	52.099	\$ 118,212	\$ 2.27	\$ 215	275	844	85,676
14	9/12/13	11/30/13	80	217	667	83.031	\$ 118,212	\$ 1.42	\$ 177	397	1,218	135,130
15	11/21/13	2/9/14	81	246	755	92.790	\$ 118,212	\$ 1.27	\$ 157	463	1,422	175,821
16	2/24/14	3/31/14	36	128	393	48.854	\$ 105,494	\$ 2.16	\$ 269	374	1,148	141,644
17	4/28/14	8/8/14	103	205	629	78.423	\$ 105,494	\$ 1.35	\$ 168	333	1,022	127,277
18	8/21/14	12/3/14	105	158	485	60.237	\$ 105,494	\$ 1.75	\$ 218	363	1,114	138,660
19	12/4/14	3/16/15	103	266	816	101.458	\$ 105,494	\$ 1.04	\$ 129	424	1,301	161,695
20	3/17/15	5/28/15	73	184	565	70.380	\$ 105,494	\$ 1.50	\$ 187	450	1,381	171,838
21	5/29/15	8/3/15	67	195	598	74.610	\$ 105,494	\$ 1.41	\$ 176	379	1,163	144,990
22	8/4/15	10/15/15	73	171	525	65.484	\$ 105,494	\$ 1.61	\$ 201	366	1,123	140,094
23	10/16/15	12/8/15	54	165	506	62.988	\$ 105,494	\$ 1.67	\$ 208	336	1,031	128,472
24	12/9/15	3/31/16	114	346	1,062	131.983	\$ 105,494	\$ 0.80	\$ 99	511	1,568	194,971
25	4/1/16	7/7/16	98	291	893	111.167	\$ 105,494	\$ 0.95	\$ 118	637	1,955	243,190
26	7/8/16	10/17/16	102	314	964	119.919	\$ 105,494	\$ 0.88	\$ 109	605	1,857	231,086
27	10/21/16	1/25/17	97	283	869	107.984	\$ 105,494	\$ 0.98	\$ 121	597	1,832	227,903
28	1/26/17	4/18/17	83	252	773	96.192	\$ 105,494	\$ 1.10	\$ 136	535	1,642	204,176
29	4/25/17	8/5/17	103	306	939	116.938	\$ 105,494	\$ 0.90	\$ 112	558	1,713	213,130
30	8/11/17	1/3/18	146	322	988	122.845	\$ 105,494	\$ 0.86	\$ 107	628	1,927	239,783
31	1/16/18	6/9/18	145	289	887	109.395	\$ 105,494	\$ 0.96	\$ 119	611	1,875	232,240
32	6/18/18	12/24/18	190	574	1,762	219.207	\$ 105,494	\$ 0.48	\$ 60	863	2,649	328,602
33	12/13/18	3/3/19	81	231	709	88.100		\$ -	\$ -	805	2,471	307,307
Total			3,011	7,869	24,151	3,005,933	\$3,345,901	NA	NA	15,254	46,817	5,816,456
Average			92	239	733	91,182	\$107,932	\$ 1.29	\$ 147.62	452	1,386	172,161

+ Breakthrough defined as Lead Vessel effluent reaching 6 µg/L
 * Initial resin delivery was included in construction contract

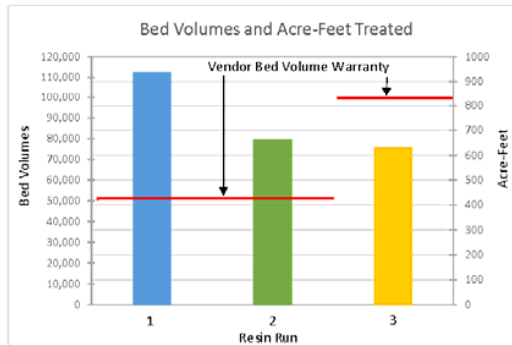
Runs 1-2 had 315 cubic feet of resin
 Runs 3-11 had 350 cubic feet of resin + 180 cubic feet of anthracite
 Run 12 has 434 cubic feet of resin + 180 cubic feet of anthracite
 Runs 13-present had 350 cubic feet of resin + 180 cubic feet of anthracite



**V-201 Perchlorate Treatment Facility
Resin Usage Summary
Based on Time to Breakthrough**

Resin Run Number	Fill Date	Breakthrough Dates	Days	Volume Treated (Million Gallons)	Volume Treated (Acre-Feet)	Bed Volumes Treated	Replacement Costs	\$/BV	\$/AF	Combined (Lead and Lag)		
										MG	AF	BVs
1	11/3/2017	4/19/2018	168	297	912	112,498	\$188,355	\$1.67	\$207			
2	5/7/2018	9/17/2018	134	210	644	79,476	\$105,494	\$1.33	\$164	507	1,556	191,973
3 (in progress)	9/24/2018	3/1/2019	159	206	632	78,000	\$105,494	-	-	416	1,276	157,475
Total			461	713	2,188	269,973	\$399,343			923	2,832	349,448
Average			153.7	238	729	89,991	\$133,114	\$1.50	\$185.22	461	1,416	174,724

+ Breakthrough defined as Lead Vessel effluent reaching 6 ug/l
 Runs 1 & 2 had 353 cubic feet of resin (PRS-2) + 180 cubic feet of anthracite
 Runs 3 - present had 353 cubic feet of resin (PRS2 Plus) + 180 cubic feet of anthracite



Safety/Emergency/Risk Management

A safe and healthful work environment is a critical component to the mission and values of SCV Water. Throughout the reporting month, a number of routine safety related training, inspections, and various other items were completed. The Safety Department continues to integrate health and safety programs for SCV Water. Some of the items completed and currently in progress are as follows:

Work in Progress

- New combined Safety Data Sheet (SDS) Program
- A three-tiered safety incentive program
- The Safety Department is working on creating a combined SCV Water Health and Safety Manual by using the components and information from each Division

Completed Work

Inspections

- Cal-OSHA conducted an audit of the Chlorine Building at RVWTP. Closing conference complete. Agency appealed three citations resulting in one citation being eliminated
- Los Angeles County Fire Department (Certified Unified Program Agencies – CUPA) was onsite to conduct an inspection – No violations noted

Monthly Inspections

- Underground storage tank (UST) designated operator
- Aboveground storage tank (AST) inspection
- Fire extinguishers
- Emergency eye-wash/shower stations
- Self-Contained Breathing Apparatus (SCBA) units
- Automated External Defibrillator (AED) units
- Load testing of cranes at RVIPS and ESIPS was completed

Incident Data

- There was no recordable injuries in February 2019
- Agency had a very low incident rate for calendar year 2018 2.7, 60 % better than the national average for our industry

Safety Training

- One ergonomic assessment was conducted in February 2019
- One new hire safety orientation was conducted in February 2019
- Three Fall Protection classes were held on February 28, 2019
- Tailgate meetings took place at each Division in February 2019

Safety Committee

- The Safety Committee formed a focus group on Fall Protection with the goal to create uniform safety practices for all Divisions where fall hazards are present
- New safety equipment for tanks and personal protective equipment were installed
- Additional focus group formed on confined space entry to establish uniform procedures for all Divisions

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BOARD MEMORANDUM

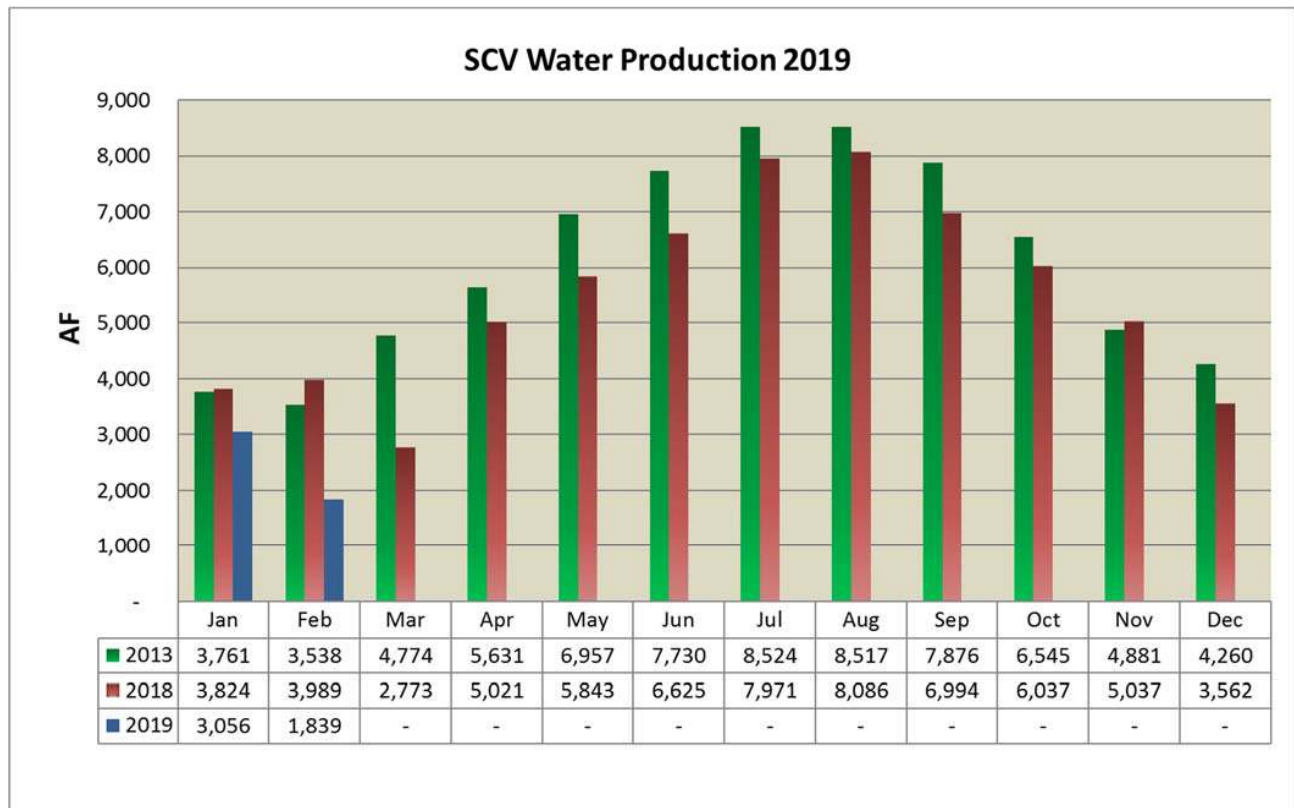
DATE: March 18, 2019
TO: Board of Directors
FROM: Steve Cole *[Signature]*
 Assistant General Manager
SUBJECT: Water Resources and Outreach Section Report

WATER RESOURCES

Key Accomplishments/Activities

Water Demand and Supply

Staff continues to monitor ongoing domestic water demands. As illustrated in the chart below, January and February 2019 demands fell below 2018 and 2013 pre-drought levels, reflecting higher than average precipitation.



The demand trend is illustrated in the following graph:



The 2018 demand showed an increase of 2.6% over 2017.

As shown in the table below, in February 2019 SCV Water took delivery of an estimated 1,645 AF of imported water into SCV Water’s service area:

Imported Water Supply Source	AF Water Delivered
SWP Table A	
SWP Carryover	2,103
Carryover Credit	
Buena Vista/Rosedale-Rio Bravo	
West Kern Water District Exchange	
Rosedale-Rio Bravo Banking	
Semitropic WSD Banking	
Yuba Accord Water	
Castaic Lake Terminal Reservoir Storage (Take)	
Castaic Lake Terminal Reservoir Storage (Backfilled)	
Total Imported Water Delivered into Service Area	2,103
Total Recycled Water Delivered into Service Area	2

Note: The balance of retail water demands were met with local groundwater resources.

SCV Water participates in water banking and exchange programs to provide water supplies during dry periods when State Water Project (SWP) supplies are reduced and to store water when supplies exceed demand. The table on the next page shows beginning of the year storage, 2019 estimated puts and takes for the current operating plan with 35% allocation and carryover spill from San Luis, and end of year storage.

Program	Storage (AF) as of December 2018	Estimated 2019 Net Put/ (Extraction)	Estimated 2019 End of Year Storage (AF)
Rosedale Rio-Bravo (RRB)	100,000	0	100,000
Semitropic Water Storage District (SWSD)	40,770	0	40,770
RRB 2:1 Exchange	9,440	0	9,440
West Kern Water District 2:1 Exchange	500	0	500
Central Coast Water Authority	750	0	750
Flexible Storage	6,060	0	6,060
Carryover (Article 56)	39,200	(3,200) ⁽¹⁾	3,000
Total:	196,720		161,020

Note: (1) Estimated net carryover depends on actual service area demand and available storage space in San Luis Reservoir.

On November 30, 2018, the Department of Water Resources (DWR) issued the initial 2019 SWP allocation at 10% of Table A amount. On January 25, 2019, DWR increased the initial SWP allocation to 15% of Table A amount. On February 20, 2019, DWR increased the allocation to 35% of Table A amount. Staff anticipates an additional allocation increase based upon the March 1, 2019 snow survey, as current snow levels are over 160% of average levels to date. Staff will continue to monitor imported water demand and hydrologic conditions.

Imported Water Supplies Planning and Administration

- Governor Newsom announced plans to revisit the California WaterFix replacing the two tunnel plan with one tunnel. Staff continues to participate with the State Water Contractors members to understand possible cost and schedule implications and assure SCV Water's needs are met.
- Staff continues to participate in the Sites Reservoir development efforts. On February 5, 2019, the Board of Directors authorized SCV Water's participation in Sites Reservoir Phase 2 (design and permitting costs) development efforts. The 2019 work plan will focus on analysis and negotiation of regulatory conditions in order to better estimate the project's anticipated yield.
- Staff is monitoring construction activities for the Rosedale Rio-Bravo Water Storage District Banking Extraction Facilities. The current schedule indicates project operation in spring 2019.
- Staff is pursuing an easement from FivePoint for the two Saugus Formation replacement wells.

Watershed

Staff has engaged with Upper Santa Clara River Regional Water Management Group (RWMG) members (City of Santa Clarita, Los Angeles County Flood Control District, Rivers and Mountains Conservancy, Santa Clarita Valley Sanitation District, SCV Water) to provide a comment letter on DWR's 2018 Integrated Regional Water Management (IRWM) Grant Program Guidelines and Proposal Solicitation Package (PSP). The comment letter was submitted to DWR on December 14, 2018. Staff will review the final PSP when released. DWR received over 400 comment letters.

DWR has proposed a number of substantive revisions (over their past approaches with grants) regarding the Prop 1 IRWM grant application process. These include requirement of a pre-application workshop with DWR and representatives from our funding area. The workshop will provide an opportunity for DWR to consider proposed projects and provide helpful feedback. The workshop is scheduled for July 16-17, 2019, and will be held in Santa Clarita, at the City's Centre room. Staff, working with the RWMG developed a RFP for consultant services to assist in developing material for the workshop and grant application. Staff received one proposal and has engaged in a review process. The proposal cost is approximately \$95,000. SCV Water anticipates some cost for the consultant services will be offset by RWMG members via a separate agreement.

Longer term (Fall or Winter 2019) staff recommends the existing Memorandum of Understanding with the RWMG members be revised to clarify member roles, funding responsibilities and add or remove members, if necessary.

Staff, in its role as an USCR IRWM Disadvantaged Community Involvement Program Task Force member, is working with the City of Santa Clarita, Greater Los Angeles County, and the Watersheds Coalition of Ventura County (WCVC) to review communication tools/messages developed by a consultant designed to reach out to disadvantaged communities. In late February 2019, Staff provided detailed comments on a series of communication tools.

Staff has initiated discussions with other agencies which would support SCV Water playing a greater role in the stewardship of the Santa Clara River and its Watershed (River System) with the objectives of:

- 1) Ensuring the sustainability and reliability of the Santa Clarita Valley's water resources as they relate to the River System; and
- 2) Preserving and enhancing the environmental, aesthetic and recreational values of the River System.

On October 2, 2018, the Board authorized the General Manager to execute a Memorandum of Understanding with United Water Conservation District (UWCD) to facilitate cooperative watershed planning. Staff has scheduled monthly meetings to discuss partnership opportunities. Staff has initiated discussions with UCWD regarding coordinating future delivery of SWP water to recharge groundwater in the Upper Santa Clara River and Piru groundwater basins. Additionally, on November 16, 2018, SCV Water staff participated in a meeting with Ventura County's Invasive Weed Task Force to discuss a joint project to facilitate Arundo and Tamarisk removal in the upper and lower watersheds. SCV Water is evaluating an option to pursue Proposition 1 IRWM funding for development of a revised map showing invasive weeds and has begun discussions with a representative of the Santa Clara River Conservancy to review options for more consistent funding for invasive weed removal.

Santa Clarita Valley Groundwater Sustainability Agency (SCV-GSA)

On January 7, 2019, the SCV-GSA Board met, below are some of the highlights:

- 1) Staff provided an Overview of Public Outreach.
- 2) The Board approved the Fiscal Year 2018/19 Budget.
- 3) The Board approved Consultant selections for Professional Engineering/Hydrogeology Services and Stakeholder Communication and Engagement Services.

The 2017 Proposition 1 Sustainable Groundwater Planning Grant was executed by SCV Water and DWR on November 13, 2018 and December 5, 2018, respectively.

On November 5, 2018, staff completed development of and launched a standalone website (www.scvgsa.org) for the SCV-GSA. A link to the new SCV-GSA website is available on the SCV Water website.

The next regularly scheduled SCV-GSA Board meeting is April 1, 2019. Topics for the meeting are anticipated to include a discussion of stakeholder engagement options and expected non-controversial administrative matters.

Annexations

Consistent with the Tesoro Annexation Agreement, staff has initiated preparation of a draft LAFCO annexation application. Staff will seek Board approval prior to submitting any application.

SCV Water's Board of Directors received a letter on January 16, 2019, from the Tapia Ranch property owner requesting modification of payment terms under the existing Deposit and Funding Agreement.

LEGISLATIVE/GOVERNMENT AFFAIRS

- Staff and Board Officials met with Congresswoman Katie Hill's Field Deputy District Director Andrea Rosenthal and Senior District Representative Jonathan Ahmadi on February 20, 2019 and with Assemblymember Christy Smith and her District Director Ryan Valencia on February 22, 2019. Staff had an opportunity to establish relationships and brief the legislators on important water issues.
- The Legislative Session has started with several issues of note. The Agency has signed on to two letters (Rule 1470 and SB 204) and continues to monitor and engage on the latest developments on the proposed water tax and other relevant topics.
- Preliminary planning for the Legislative Briefing for staff of all area elected officials is underway, with plans to incorporate a tour of SCV Water facilities.

UPCOMING SPONSORSHIPS

- VIA Leadership Program: January-June, 2019 – Kathie Martin and Rochelle Patterson participating
- KHTS Sacramento Road Trip: March 18-19, 2019
- CA Water Policy Conference: April 4-5, 2019
- ACWA Spring Conference: May 7-10, 2019 (Ice Cream Break)
- One-year sponsorship of Maven's Notebook (2019)

OUTREACH

Key Accomplishments/Activities

- SCV Water was recognized as a “Constant Contact All-Star” for excellence in engagement through our email newsletter communications. Only the top 10% of Constant Contact users receive this label, and SCV Water has made it for multiple years. Frequently, our newsletter open rate is near 30%.
- Staff distributed *The Pipeline* employee newsletter in February 2019. This edition covered events that took place from August 2018 to February 2019, and features a story about Agency staff that teaches in the Water Systems Technology program at College of the Canyons.
- Staff will participate in the KHTS Sacramento Bus Trip on March 18-19, 2019. As a sponsor, we will provide the participants with several key handouts.
- Staff drafted a communications plan for the Newhall Water Division Customer Care move scheduled for April 2019. This plan will be reviewed by the Finance and Administration Committee at its regular meeting on March 18, 2019. Upon approval, messaging and collateral will be developed.
- “The First Year in a New Era of Water” publication is nearly complete. It will include a new, colorful graphic depicting where our water comes from. The report also features 10 Agency employee photos and quotes about the role they play.
- A “Faces of Water” video was filmed in late February 2019, featuring the same ten Agency employees mentioned above. The end product will be an Agency video overview which will have snippets of interviews with the ten employees, as well as ten 30-second videos with these employees that can be repurposed for social media and other outreach and marketing needs.
- A survey to measure Agency awareness, general customer satisfaction, conservation knowledge, etc. was fielded February 14-21, 2019. Staff anticipates presenting a report to the Public Outreach and Legislation Committee in April 2019.

Social/Digital Media

Staff continues to share water news, conservation tips, featured plants and job openings on our social media and e-news channels.

Outlet	Description	Notable Activity	Audience
Facebook	Social media		353 likes 375 follows
Instagram			912
Twitter		@SCV_water	868
Website	yourSCVwater.org	Total users in February 2019	12,640
Water Currents	Customer e-newsletter	March 2019: 28% open rate (23.6% industry standard)	19,743
Garden Classes	E-news blast	March: 33% open; 8% click through	634

Public Education

2019

Activity	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Calendar Year To Date
Education													
Students	882	1,023											1,905
Teachers	67	85											152
Garden Classes													
Evening	35	48	31										114
Saturday	60	52	25										137

* Data not yet available

- As part of our ad buy and partnerships, *The Signal*, *SCVTV* and *KHTS* continue to share garden classes and other content on social media and in email blasts.

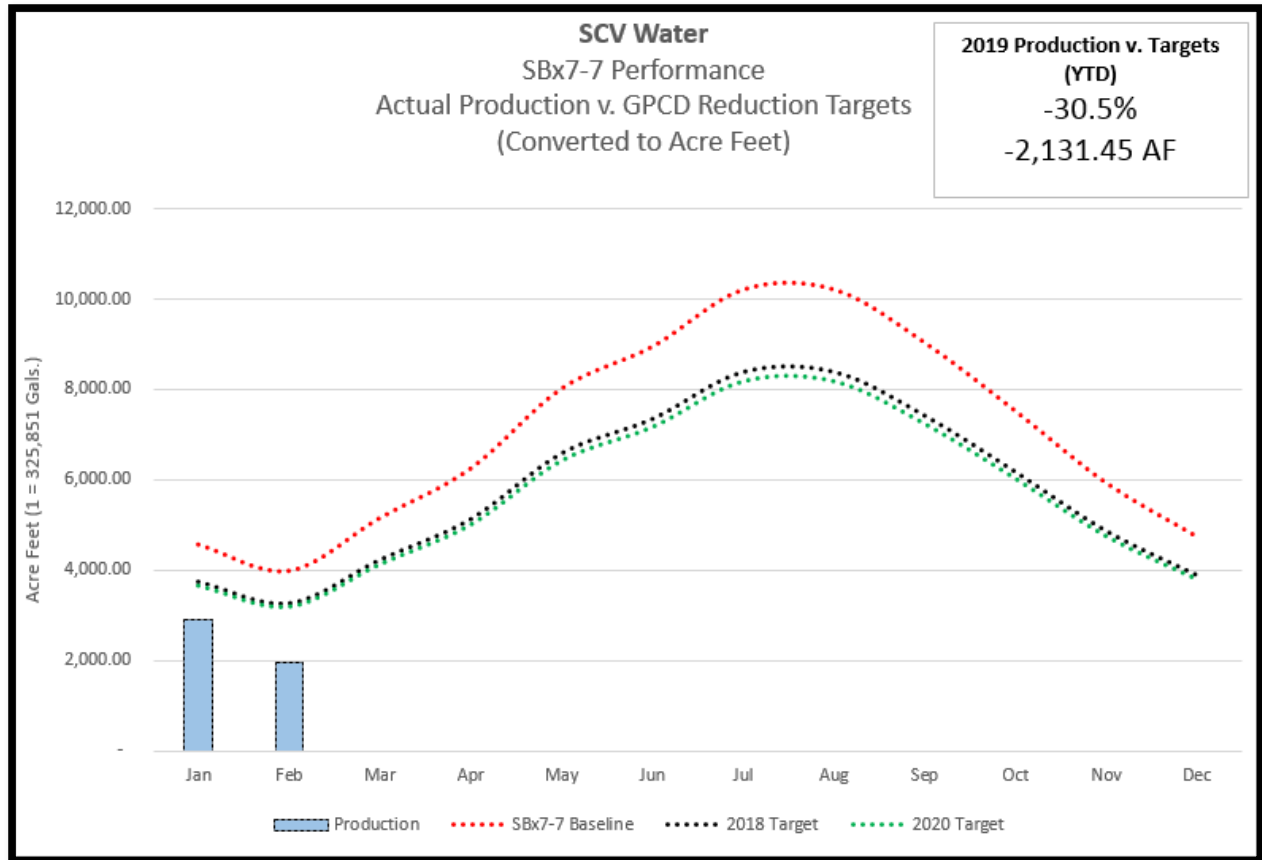
Significant Upcoming Items

- Preparing social media policy and plan.
- Staff is working with City of Santa Clarita Parks Staff for water bottle refill placement in city parks.
- Staff is developing its FY 2019/20 Communication Tactical Plan that fits within the Communications Plan and Agency Strategic Plan. The Tactical Plan identifies strategies and specific tasks that the Communications group wants to take action on during FY 2019/20.

CONSERVATION

Key Accomplishments/Activities

Monthly Conservation Performance compared to SCV Water's SBx7-7 20% Reduction in GPCD by 2020



Conservation developed the SBx7-7 Performance chart (above) to provide an overview of the Agency's water use efficiency efforts relative to its 2020 goals. On the SBx7-7 Chart, the red dotted line notes expected water production using 2019's population and the baseline consumption of 272 GPCD. The black dotted line notes our production targets for 2019, the green dotted line notes our 2020 target, and the bars depict actual monthly production. For February 2019, SCV Water customers decreased water consumption compared to SBx7-7 target for the month and year to date by 1,294.21 acre-feet, with year to date decrease of 2,131.45 acre-feet. SCV Water's production is currently well below the monthly SBx7-7 goals for 2019 (black dotted line).

Monthly Conservation Performance reported to the State Water Resources Control Board (SWRCB)

2018 Monthly Reduction in Percent (Compared to 2013 Drought Baseline)

Division	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Newhall	-3.5%	+7.0%	-46.5%	-18.0%	-20.2%	-16.8%	-9.4%	-10.3%	-16.2%	-13.3%	-2.5%	-24.6%	-14.8%
Santa Clarita	+2.2%	+13.7%	-39.7%	-12.9%	-16.4%	-14.5%	-6.9%	-9.1%	-15.5%	-10.2%	+1.6%	-22.3%	-11.5%
Valencia	-.5%	+10.3%	-43.2%	-13.9%	-15.1%	-15.4%	-6.9%	-3.3%	-9.8%	-6.0%	+6.5%	-16.2%	-9.9%
Total (SCVWA)	+.34%	+11.2%	-42.3%	-14.1%	-16.4%	-15.2%	-7.2%	-6.7%	-13.1%	-8.7%	+3.1%	-20%	-11.3%

2019 Monthly Reduction in Percent (Compared to 2013 Drought Baseline)

Division	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Newhall	-27.8%	-40.8%											-34.1%
Santa Clarita	-21.9%	-41.5%											-34.3%
Valencia	-18.6%	-46.0%											-32.1%
Total (SCVWA)	-21.5%	-43.3%											-32.1%

Notes – Monthly percentages compared to 2013 baseline month and year (LAC#36 does not provide SWRCB monthly production/conservation data).

For February 2019, SCV Water customers decreased water consumption compared to February 2013 by ~489 million gallons of water, with a year to date decrease of ~747 million gallons.

Conservation Programmatic Performance

Program	Description	December 2018 Notable Activity	Notes
Residential Water Check-Ups	The program includes, but is not limited to: home water use efficiency consultations, leak detection services, and a comprehensive irrigation system inspection.	24 Residential Check-Ups	High Consumption Letters (HCLs) provide a major source of marketing for the program. The program was reactivated in January 2019 staff mailed 963 letters to customers.
Water Efficiency Works Program	The Water Efficiency Works Program (WEW) provides services to Commercial, Industrial, and Institutional (CII) customers. Programs include incentives and rebates for water efficiency upgrades, onsite inspections, and education and training.	1 Multi-Family Residential Site Check-Up (233 of 256 Dwelling Units), 133 Kitchen Faucet Aerators (.5-1.5 gpm), 253 Bathroom Faucet Aerators (1.0 gpm), 274 HE Showerheads (1.5 gpm), and 10 Toilet Flapper Replacements.	Staff is working with 2 additional sites in March and April 2019 (583 Dwelling Units).

Leak Alert Notifications	Customers with continuous flows recorded on their water meters are contacted for conservation education and guidance.	3 Leak Alert Notifications Sent	Conservation staff will be expanding this program to Santa Clarita and Newhall Divisions in 2019.
Residential Water Efficiency Kits	Water Efficiency Kits include 1 showerhead, 3 faucet aerators, 2 hose nozzles, 1 toilet flapper, 2 toilet leak detection dye tabs, 1 flow measuring bag, and instructions.	9 Kits	
HELP Rebates (Healthy and Efficient Landscape Programs)	The HELP Program provides rebates and irrigation device distribution for customers seeking to improve overall operation of their irrigation system.	1 Residential (Pressure Regulator) 1 HOA (1,250 Pressure Regulating Bodies) 1 Commercial (1,620 sf Drip Conversion)	Conservation staff is currently working with several HOA's and Landscape Contractors to process Drip, Pressure Regulation, and High-Efficiency Nozzle rebates.
WaterSMART Garden	VWD's WaterSMART Garden provides customers with access to low water using plants, HE irrigation technologies, etc.	20 Customer Visits	
Residential Lawn Replacement Program	Customers receive a rebate of \$2.00 per sf for turf that is removed and converted to low water using plants.	0 Completed Project (0 sf)	Staff is currently evaluating options for program and process improvement.
Residential Smart Controller Rebates	Customers can choose a WaterSense Certified Smart Controller that best suits their needs and proficiency capabilities.	17 Smart Controller Rebates (109 Stations)	
Residential Pool Cover Rebates	Customers can receive up to \$200 towards the purchase of a pool cover to help conserve water, energy, and chemical costs.	2 Pool Cover Rebates	The EPA's WaterSense program recently published a NOI to include certification and labeling protocols for specific cover types.
Large Landscape Lawn Replacement Program	Customers receive a rebate of \$2.00 per sf for turf that is removed and converted to low water using plants.	0 Complete Project	Staff is currently working on 9 turf removal projects totaling 78,395 sf.

Large Landscape Smart Controller Rebate Program	Customers receive \$25 per active irrigation station when updated to a weather based controller.	1 Complete Project (26 stations)	Staff is currently working on 1 project to convert 77 stations.
Water Savings Opportunities	AKA - Water Waste complaints include prohibited measures (SWRCB).	6 Notifications	SWRCB is currently working on the next phase of regulation including permanent prohibited water waste measures to leverage existing tools and processes. Conservation staff has rebranded the water waste complaints to Water Savings Opportunities (WASOPS).

Significant Upcoming Items

As of the first week of March 2019, staff has launched the HCL Program for Santa Clarita Division customers and has mailed more than 70 letters to customers with water use exceeding last month and this month last year’s consumption by 150%. Staff will cross-reference HCL letters with top users to engage customers with static high water use issues. Additionally, staff worked with Customer Service to prepare representatives for return calls and to track qualitative response data.

Staff is currently evaluating cost estimates for demolition, irrigation infrastructure improvements, design, and refurbishment of the Conservatory Garden.

Staff is currently working with City of Santa Clarita parks staff to identify locations for the water efficient pocket parks pilot project.

Staff is working with IT, Customer Service, and consultants to migrate the WaterSMART Allocation Program database from Oracle to MS SQL Server 16. To date, the database has been created in a train environment and staff are conducting testing to ensure working order and interoperability with the Customer Information System (CIS).

Staff is developing SCV Water’s Water Shortage Contingency Plan (previously Ordinance No. 44). Staff continues to monitor updates to the SWRCB’s Regulation Rulemaking on Waste and Unreasonable Water Uses. As of March 2019, the regulation remains "In Progress."

MGS

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**ITEM NO.
9.5**

**Engineering and Operations Committee
Planning Calendar
FY 2018/19**

Item	PowerPoint Presentation (Y/N/Length)	July 3 Board	July 5 Comm	Cancelled	Aug 2 Comm	Aug 7 Board	Sept 4 Board	Sept 6 Comm	Sept 18 Board	Oct 2 Board	Oct 3 Comm	Nov 1 Comm	Cancelled	Nov 6 Board	Dec 4 Board	Dec 10 Comm	Dec 18 Board	Jan 2 Board	Jan 3 Comm	Cancelled	Feb 5 Board	Feb 7 Comm	March 5 Board	March 7 Comm	April 2 Board	April 4 Comm	April 30 Board	May 2 Comm	June 4 Board	June 6 Comm	July 2 Board
1 Monthly Committee Planning Calendar	None				C			C			C																				
2 C/P Construction Status Report	None				C			C			C																				
3 Monthly Operations and Production Report	None				C			C			C																				
4 Third Party Funded Agreements Quarterly Report	None				C			C			C																				
5 Quarterly Safety Program Presentation	Yes 15 min				C			C			C																				
6 Recommend Approval of Construction Contract Funding and a Work Authorization for Inspection Services for Magic Mountain Pipeline No. 4	Yes 10 min				C			C			C																				
7 Approve Community Workforce Agreement	None				C			C			C																				
8 Recommend Approval of a Change Order to Contract with GSE Construction to Increase Budget for Foothill Feeder Connection Construction	Yes 10 min				C			C			C																				
9 Recommend Approval of a Work Authorization for TBD for final design of the Magic Mountain Pipeline No. 6	Yes 10 min				C			C			C																				
10 Recommend Approval of a Change Order with GSE Construction, Increase Vall Cooper's budget for Construction Management Services and Increase MWDESC's Work Authorization for the Foothill Feeder Connection Project	Yes 10 min				C			C			C																				
11 Recommend Approval of Construction Contract Funding and a Work Authorization for Inspection Services for Magic Mountain Pipeline No. 5	Yes 10 min				C			C			C																				
12 Update on Recycled Water Program	Yes 10 min				C			C			C																				
13 Update on Perchlorate Related Activities - V201, V205, Replacement Wells, etc.	Yes 10 min				C			C			C																				
14 Quarterly Update on VOC Litigation Status - Closed Session	None				C			C			C																				
15 Foothill Feeder Connection Construction Update	Yes 5 min				C			C			C																				
16 Recommend Approval of Resolution Awarding Construction Contract to TBD to Recoat Roof Interior of Honey Tank #1	Yes 10 min				C			C			C																				
17 Review Proposed FY 2019/20 and FY 2020/21 Major Capital Projects (FY 2019/20 and FY 2020/21 Budget Preparation)	TBD				C			C			C																				
18 Recommend the purchase of a replacement dump truck	TBD				C			C			C																				
19 Follow Up Review Proposed FY 2019/20 and FY 2020/21 Major Capital Projects, if needed (FY 2019/20 and FY 2020/21 Budget Preparation)	TBD				C			C			C																				
20 Recommend Approval of Construction Contract Funding and a Work Authorization for Replacement Wells Construction	TBD				C			C			C																				
21 Recommend Approval of Resolution Authorizing SCVWA to Execute Consolidation and Water Service Agreement, and Financing Agreement for Construction of Pipeline to the Los Angeles Residential Community	TBD				C			C			C																				
22 Recommend Approval of Resolution Awarding Construction Contract to TBD for Pipeline to the Los Angeles Residential Community	TBD				C			C			C																				

**Engineering and Operations Committee
Planning Calendar
FY 2018/19**

	Item	PowerPoint Presentation (Y/N/Length)	July 3 Board	July 5 Comm	Aug 2 Comm	Aug 7 Board	Sept 4 Board	Sept 6 Comm	Sept 18 Board	Oct 2 Board	Oct 3 Comm	Nov 1 Comm	Nov 6 Board	Dec 4 Board	Dec 10 Comm	Dec 18 Board	Jan 2 Board	Jan 3 Comm	Feb 5 Board	Feb 7 Comm	March 5 Board	March 7 Comm	April 2 Board	April 4 Comm	April 30 Board	May 2 Comm	June 4 Board	June 6 Comm	July 2 Board	
23	Recommend Approval of Resolution Awarding Construction Contract to TBD for West Ranch Recycled Water Main Extension (Phase 2D) Project	TBD		CANCELLED																			Moved to FY 2019/20							
24	Recommend Approval of Resolution Awarding Construction Contract to TBD for Washwater Return and Sludge Systems Project	TBD		C																					Moved to FY 2019/20					
25	Recommend Approval of Resolution Awarding Construction Contract to TBD for Recycled Water Vista Canyon (Phase 2B) Tank	TBD		C																					Moved to FY 2019/20					
26	Recommend Approval of a Work Authorization for TBD for final design of the Groundwater Treatment Improvements (VOC Treatment)	TBD		C																					Moved to FY 2019/20					
27	Recommend Approval of a Work Authorization for TBD for final design of the Magic Mountain Reservoir	TBD		C																					Moved to FY 2019/20					
28	Recommend Approval of Construction Contract Funding and a Work Authorization for Inspection Services for Magic Mountain Pipeline No. 6	TBD		C																										
29	Recommend Approval of a Work Authorization for TBD for final design of the Replacement Wells On-Site Pipeline/Infrastructure	TBD		C																										
30	Recommend Approval of Construction Contract Funding and a Work Authorization for Replacement Wells Commerce Center Drive Pipeline	TBD		C																										
31	Recommend approval of Resolution Awarding Construction Contract to TBD for Recycled Water Vista Canyon (Phase 2B) Pipelines	TBD		C																										
32	Recommend Approval of Construction of a New 2.5 MG Deane Tank and Cost Sharing Agreement with Developer	TBD		C																										
33	Recommend Approval of Resolution Awarding Construction Contract to TBD for New Interlie and Pressure Regulating Station with Newhall County Water District at Gary Street	TBD		C																										
34	Recommend Approval of Resolution Awarding Construction Contract to TBD for Pipeline in Rainbow Glen Drive	TBD		C																										
35	Recommend Approval of Construction of a New Deane Zone Pump Station and Cost Sharing Agreement with Developer	TBD		C																										

**Finance and Administration Committee
Planning Calendar
FY 2018/19**

	Item	Author	PowerPoint Presentation (Y/N/Length)	July 3 Board CANCELLED	July 16 Comm	Aug 7 Board	Aug 20 Comm	Sept 4 Board	Sept 17 Comm	Oct 2 Board	Oct 15 Comm	Oct 16 Board	Oct 22 SPECIAL Comm	Nov 6 Board	Nov 19 Comm	Dec 4 Board	Dec 17 Comm	Jan 7 SPECIAL	Jan 14 SPECIAL	Feb 5 Board	Feb 11 SPECIAL	March 5 Board	March 18 Comm	April 2 Board	April 3 SPECIAL	April 16 Board	April 30 SPECIAL	May 1 SPECIAL	May 21 Board	June 4 Board	June 17 Comm	July 2 Board	
1	Monthly Planning Calendar		None		C																												
2	Recommend Approval of a Resolution Authorizing FY 2018/19 Water Supply Contract Payments (consent)	RP	None		C	C																											
3	Recommend Approval of an Employee Travel and Expense Reimbursement Policy (consent)	RP	None		C	C																											
4	Discuss Development of Rate-setting Process Incorporating an Independent Ratepayer Advocate Function	RP	Yes - 15 min		C	C	C		C	C																							
5	April 2018 Monthly Financial Report (consent)	RP	None		C	C																											
6	May 2018 Monthly Financial Report (consent)	RP	None		C	C																											
7	Approve Resolutions Establishing Banking Authority with City National Bank	RP	None			C																											
8	Recommend Approval of a Claims Policy (consent)	RP	None				C	C																									
9	Recommend Approval of a Surplus Inventory and Equipment Policy (consent)	RP	None				C	C																									
10	Review, Discuss and Recommend an Option for Revising Employer's Contributions to PERS Medical Insurance	RP	None			C	C																										
11	Recommend Receiving and Filing of June 2018 Monthly Financial Report (consent)	RP	None				C	C																									
12	Recommend Approval of an Emergency Response Specialist Classification	RP	None				C	P		C	P																						
13	Recommend Approval of a Safety Incentive Plan	RP	None				C	P		C	P																						
14	Review and Discuss New Agency Recruitments and Positions	RP	None				C			C																							
15	Recommend Receiving and Filing of July 2018 Monthly Financial Report (consent)	RP	None				C	C		C	C																						
16	Discuss USGVJPA Intent to Issue Tax Exempt Obligations	RP	None								C																						
17	Recommend Approval of Resolution Authorizing Professional Services Agreement with AAC Utility Partners for Selection Services for New Financial Management System	EC	None								C			P																			
18	Recommend Approval of a Resolution Adopting a Records Retention Policy and Schedule (consent)	RP	None				C			C	C																						
19	Discuss Reserve Fund Policy	RP	None								C		C																				
20	Review Valencia Water Company January 22, 2018 and December 31, 2017 Financial Statements (consent)	RP	None								C		C																				
21	Recommend Receiving and Filing of August 2018 Monthly Financial Report (consent)	RP	None								C		C																				
22	Approve a Resolution Appointing Treasurer for SCV Water	RP	None									C																					
23	Approve Resolutions Establishing Banking Authority	RP	None									C																					
24	Approve a Resolution of Intention for SCV Water to Enter into a Retirement Contract with CalPERS to Provide for a Merger of the Contracts of the Former Castaic Lake Water Agency and Newhall County Water District	RP	None											C																			
25	Recommend Receiving and Filing NCWD December 31, 2017 Financial Statements (consent)	RP	None												C																C	C	
26	Recommend Approval of an Underwriter for Issuance of 2019 Revenue Bonds	EC	None																													C	C

**Finance and Administration Committee
Planning Calendar
FY 2018/19**

Item	Author	PowerPoint Presentation (Y/N/Length)	July 3 Board	July 16 Comm	Aug 7 Board	Aug 20 Comm	Sept 4 Board	Sept 17 Comm	Oct 2 Board	Oct 15 Comm	Oct 16 Board	Oct 22 SPECIAL Comm	Nov 6 Board	Nov 19 Comm	Dec 4 Board	Dec 17 Comm	Jan 7 SPECIAL	Jan 14 SPECIAL	Feb 5 Board	Feb 11 SPECIAL	March 5 Board	March 18 Comm	April 2 Board	April 3 SPECIAL	April 16 Board	April 30 SPECIAL	May 1 SPECIAL	May 21 Board	June 4 Board	June 17 Comm	July 2 Board
27	EC	None											C				C														
28	RP	None											C																		
29	RP	None																													
30	RP	None																													
31	CP	None													C																
32	EC	None													C	P	C														
33	EC	None														C															
34	RP	None														C	C														
35	RP	None															C														
36	RP	None															C														
37	RP	None																C	C												
38	RP	None																C													
39	EC	Yes - 15 min																C													
40	RP	None																C													
41	EC	Yes - 15 min																C													
42	RP	None																C													
43	RP	None																C	C												
44	RP	None																C													
45	RP	None																C													
46	RP	None																	C	C											
47	RP	None																	C												
48	RP	None																	C	P											
49	RP	None																	C												
50	RP	None																	C												
51	RP	None																	C												
52	RP	None																	C												
53	RP	None																	C												

**Finance and Administration Committee
Planning Calendar
FY 2018/19**

Item	Author	PowerPoint Presentation (Y/N/Length)	July 3 Board	July 16 Comm	Aug 7 Board	Aug 20 Comm	Sept 4 Board	Sept 17 Comm	Oct 2 Board	Oct 15 Comm	Oct 16 Board	Oct 22 SPECIAL Comm	Nov 6 Board	Nov 19 Comm	Dec 4 Board	Dec 17 Comm	Jan 7 SPECIAL	Jan 14 SPECIAL	Feb 5 Board	Feb 11 SPECIAL	March 5 Board	March 18 Comm	April 2 Board	April 3 SPECIAL	April 16 Board	April 30 SPECIAL	May 1 SPECIAL	May 21 Board	June 4 Board	June 17 Comm	July 2 Board				
54	Recommend Receiving and Filing of January 2019 Monthly Financial Report (consent)	RP																																	
55	Recommend Approval of an Emergency Preparedness & Safety Coordinator Classification	RP																																	
56	Recommend Approval of a Resolution Engaging (Insert Company Here) for Audit Services	RP																																	
57	Recommend Approval of a Proposed Employee Salary Adjustment for FY 2019/20	RP																																	
58	Review Draft FY 2019/20 – 2020/21 Biennial Budget	RP																																	
59	Recommend Approval of a Customer Service Policy	RP																																	
60	Recommend Approval of a Resolution Engaging (Insert Company Here) for Classification and Compensation Study	RP																																	
61	Recommend Approval of a Resolution Approving an Official Statement and Authorizing Certain Other Documents and Actions in Connection with the Issuance of the Series 2019A Revenue Bonds	EC																																	
62	Recommend Approval of a Resolution Adopting the FY 2019/20 – 20/21 Biennial Budget	RP																																	
63	Approve a Resolution Adopting the Appropriation of All As-Yet Unappropriated Funds for FY 2018/19	RP																																	
64	Approve a Resolution Adopting the Appropriation Limit for FY 2019/20	RP																																	
65	Recommend Receiving and Filing of February 2019 Monthly Financial Report (consent)	RP																																	
66	Recommend Approval of Resolutions Setting Santa Clarita Valley Water Agency Tax Rate for FY 2019/20 and Requesting Levy of Tax by Los Angeles County and Ventura County	RP																																	
67	Recommend Approval of Resolution Authorizing July 2019 Water Supply Contract Payment	RP																																	
68	Recommend Approval of a Resolution Amending the Agency's Letter of Credit Reimbursement Agreement with Wells Fargo Bank	RP																																	
69	Review RFP for Enterprise Resource Planning (ERP for Finance and Accounting Software)	RP																																	
70	Recommend Adopting a Policy for Community Facility Districts (CFDs)	EC																																	
71	Recommend Receiving and Filing of March 2019 Monthly Financial Report (consent)	RP																																	
72	Recommend Receiving and Filing of April 2019 Monthly Financial Report (consent)	RP																																	

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**PUBLIC OUTREACH AND LEGISLATION COMMITTEE
AGENDA PLANNING CALENDAR 2019**

January 17, 2019 Committeeltem

1. Legislative Consultant Reports
2. Discussion of Legislative Advocacy Request for Proposals
3. Consideration of Sponsorship for Maven's Notebook
4. Informational: Monthly Outreach Matrix
5. Informational: Legislative Tracking
6. Informational: Sponsorship Tracking FY 2018/19
7. Informational: Public Outreach Event Calendar 2019
8. Informational: Committee Planning Calendar 2019

February 5, 2019 Board Meeting

February 19, 2019 Board Meeting - CANCELLED

February 21, 2019 Committee

1. Legislative Consultant Reports
2. Discussion of Legislative Advocacy Request for Proposals
3. Recommend Approval of a Media Policy
4. Discussion of Agency's Role in Stewardship of Santa Clara River
5. Other Staff Activity: Blue Ribbon Committee
6. Informational: Monthly Outreach Matrix
7. Informational: Legislative Tracking
8. Informational: Sponsorship Tracking FY 2018/19
9. Informational: Public Outreach Event Calendar 2019
10. Informational: Committee Planning Calendar 2019

March 5, 2019 Board Meeting

March 19, 2019 Board Meeting - CANCELLED

March 21, 2019 Committee

1. Legislative Consultant Reports
2. Discussion of Public Outreach/Legislative FY 2019/20
3. Informational: Monthly Outreach Matrix
4. Informational: Legislative Tracking
5. Informational: Sponsorship Tracking FY 2018/19
6. Informational: Public Outreach Event Calendar 2019
7. Informational: Committee Planning Calendar 2019

April 2, 2019 Board Meeting

1. Recommend Approval of Agency Media Policy
2. Resolution to Adopt Santa Clara River Stewardship

April 16, 2019 Board Meeting

April 18, 2019 Committee

1. Legislative Consultant Reports
2. 2019 Customer Satisfaction and Awareness Survey
3. Discussion of Blue Ribbon Committee
4. Informational: Monthly Outreach Matrix
5. Informational: Legislative Tracking



**PUBLIC OUTREACH AND LEGISLATION COMMITTEE
AGENDA PLANNING CALENDAR 2019**

6. Informational: Sponsorship Tracking FY 2018/19
7. Informational: Public Outreach Event Calendar 2019
8. Informational: Committee Planning Calendar 2019

May 7, 2019 Board Meeting - CANCELLED

May 16, 2019 Committee

1. Legislative Consultant Reports
2. Informational: Monthly Outreach Matrix
3. Informational: Legislative Tracking
4. Informational: Sponsorship Tracking FY 2019/19
5. Informational: Public Outreach Event Calendar 2019
6. Informational: Committee Planning Calendar 2019

May 21, 2019 Board Meeting

June 4, 2019 Board Meeting

June 18, 2019 Board Meeting

June 20, 2019 Committee

1. Legislative Consultant Reports
2. Informational: Monthly Outreach Matrix
3. Informational: Legislative Tracking
4. Informational: Sponsorship Tracking FY 2019/19
5. Informational: Public Outreach Event Calendar 2019
6. Informational: Committee Planning Calendar 2019

**Santa Clara Valley Water Agency
Water Resources & Watershed Committee and Board Calendar**

FY 2018/19

Item	Jul 11 Comm	Jul 17 Board	Aug 7 Board	Aug 8 Comm	Sep 4 Board	Sep 12 Comm	Oct 2 Board	Oct 10 Comm	Nov 6 Board	Nov 14 Comm	Nov 20 Board	Dec 5 Comm <i>Special</i>	Jan 7 Board <i>Special</i>	Jan 9 Comm	Feb 5 Board	Feb 13 Comm	Mar 5 Board	Mar 13 Comm	Apr 2 Board	Apr 10 Comm	Apr 30 Board <i>Special</i>	May 13 Comm <i>Special</i>	Jun 4 Board	Jun 12 Comm		
1 Update on Conservation Activities	C		C	C		C		CNL		C		C		C		C		C		P					P	
2 Update on Conservatory Garden															C											
3 Update on Conservation Strategies																		C				P				
4 Devil's Den Semi-Annual Report	C													C												
5 Status of Water Supply and Water Banking Programs	C				C													C							P	
6 Status of Sustainable Groundwater Management Act Implementation			C	C				CNL		C								C							P	
7 Status of Recycled Water Program		C																								
8 Status of Sites Reservoir Project			C			C																				
9 Status of Efforts Relating to Groundwater Spreading Pilot Program																C										
10 Status of Water Supplies												C				C										
11 Status of Integrated Regional Water Management Plan Update																										
12 Status of Upper Santa Clara River Salt and Nutrient Management Plan								CNL				C														
13 Status of Rosedale Rio-Bravo Water Storage District Banking and Exchange Program Extraction Facilities														C												
14 Status of Devil's Den Solar Generation Facilities												C														
15 Recommend Approval of a Resolution Authorizing the General Manager to Enter into Contracts Related to Development of Solar Power Generation on SCV Water's Devil's Den Property																									C	P

**Santa Clarita Valley Water Agency
Water Resources & Watershed Committee and Board Calendar**

FY 2018/19

Item	Jul 11 Comm	Jul 17 Board	Aug 7 Board	Aug 8 Comm	Sep 4 Board	Sep 12 Comm	Oct 2 Board	Oct 10 Comm	Nov 6 Board	Nov 14 Comm	Nov 20 Board	Dec 5 Comm <i>Special</i>	Jan 7 Board <i>Special</i>	Jan 9 Comm	Feb 5 Board	Feb 13 Comm	Mar 5 Board	Mar 13 Comm	Apr 2 Board	Apr 10 Comm	Apr 30 Board <i>Special</i>	May 13 Comm <i>Special</i>	Jun 4 Board	Jun 12 Comm	
16	Recommend Approval of a Resolution Authorizing the General Manager to Enter into Consultant Contract(s) to Investigate the Feasibility of Groundwater Recharge Activities																								
17	Discuss and Provide Direction on the Preparation of a Draft LAFCO Application for the Tesoro Del Valle Annexation (Revised Vesting Tentative Tract Map 51644-1)																								
18	Recommend Authorizing the General Manager to Enter Into an Agreement with United Water Conservation District to Coordinate Deliveries of State Water Project Water Supplies																								
19	Update on Invasive Weed Task Force																								
20	Authorize the General Manager to Execute a LAFCO Municipal Services Reimbursement Agreement																								
21	Recommend Authorizing the General Manager to Recover Stored Water from Existing Water Banking or Exchange Programs																								
22	Recommend Authorizing the General Manager to Execute an Agreement for SCV Water's Participation in Sites Reservoir 2019 Participation Agreement																								
23	Status of Requests for Proposals for (1) Stakeholder Communication and Engagement Services, (2) Engineering and Hydrogeology Services and (3) Grant Administration Services for Development of a Groundwater Sustainability Plan on Behalf of the Santa Clarita Valley Groundwater Sustainability Agency																								
24	Recommend Approval of a Resolution Authorizing the General Manager to Execute the Delta Conveyance Financing Authority Joint Power Agreement																								
25	CLOSED SESSION: Anticipated Litigation																								
26	CLOSED SESSION: Anticipated Litigation																								

**Santa Clarita Valley Water Agency
Water Resources & Watershed Committee and Board Calendar**

FY 2018/19

Item	Jul 11 Comm	Jul 17 Board	Aug 7 Board	Aug 8 Comm	Sep 4 Board	Sep 12 Comm	Oct 2 Board	Oct 10 Comm	Nov 6 Board	Nov 14 Comm	Nov 20 Board	Dec 5 Comm <i>Special</i>	Jan 7 Board <i>Special</i>	Jan 9 Comm	Feb 5 Board	Feb 13 Comm	Mar 5 Board	Mar 13 Comm	Apr 2 Board	Apr 10 Comm	Apr 30 Board <i>Special</i>	May 13 Comm <i>Special</i>	Jun 4 Board	Jun 12 Comm	
27	Recommend Approval of a Resolution Authorizing the General Manager to Enter into Contracts for (1) Stakeholder Communication and Engagement Services, and (2) Engineering and Hydrogeology Services for Development of a Groundwater Sustainability Plan on Behalf of the Santa Clarita Valley Groundwater Sustainability Agency (SCV-GSA)													C	C										
28	Recommend Approval of a Resolution Adopting Lead Agency CEQA Findings and Submit LAFCO Application for Annexation of Tesoro Del Valle (Revised Vesting Tentative Tract Map 51644-1)																						P		
29	California's Fourth Climate Change Assessment															CNL	C								
30	Recommend Approval of a Resolution Authorizing the General Manager to Execute an Amendment to the State Water Project Water Supply Contract to Allocate California WaterFix Costs and Provide for the Transfer and Exchange of State Water Project Water Supplies																								P
31	Review of Watershed Recharge Feasibility Study																								P
32	Approve Authorizing the General Manager to Approve the Agreement in Principle to Amend the Agency's Water Supply Contract with the California Department of Water Resources	C		C																					
33	Recommend Approval of a Resolution Authorizing the General Manager to Execute an Agreement Forming the Joint Powers Authority for the Santa Clarita Valley Groundwater Sustainability Agency (SCV-GSA) and to Execute a Contract for SCV Water to Provide Management and Technical Services to SCV-GSA	C		C																					
34	Appoint a Fourth Santa Clarita Valley Groundwater Sustainability Agency Director and Alternate Director, and Designate a Single Alternate Director for Each Existing Director			C																					
35	Recommend Approval of a Resolution Authorizing the General Manager to Execute an Assignment of Buena Vista-Rosedale Rio Bravo Water Supply to the Proposed Tapia Annexation		C																						

**Santa Clarita Valley Water Agency
Water Resources & Watershed Committee and Board Calendar**

FY 2018/19

Item	Jul 11 Comm	Jul 17 Board	Aug 7 Board	Aug 8 Comm	Sep 4 Board	Sep 12 Comm	Oct 2 Board	Oct 10 Comm	Nov 6 Board	Nov 14 Comm	Nov 20 Board	Dec 5 Comm	Jan 7 Board	Jan 9 Comm	Feb 5 Board	Feb 13 Comm	Mar 5 Board	Mar 13 Comm	Apr 2 Board	Apr 10 Comm	Apr 30 Board	May 13 Comm	Special	Jun 4 Board	Jun 12 Comm	
36	Recommend Adoption of a Resolution Approving a Labor Compliance Program on Certain Grant-Funded Public Works Capital Improvement Projects and Authorize Staff to Pursue Approval of the Labor Compliance Program by the Department of Industrial Relations					C	C																			
37	Recommend Authorizing the General Manager to Execute a Memorandum of Understanding with United Water Conservation District to Facilitate Cooperative Watershed Planning					C	C																			
38	Review Proposed Integrated Regional Water Management Proposition 1 Grant Funding Allocation Strategy					C																				
39	Recommend Adoption of a Resolution Authorizing the General Manager to Execute a Grant Agreement on Behalf of the Santa Clarita Valley Groundwater Sustainability Agency (SCV-GSA) with the California Department of Water Resources for Preparation of Portions of a Groundwater Sustainability Plan (GSP)					C	C																			

P = Planned
 C = Completed
 CNL = Cancelled
 CNT = Continued Item

DIRECTOR AB 1234 REPORT

Director Name: B. J. Atkins

Meeting Attended: ACWA Local Government Conf. Call

Date of Meeting: 2/25/19

Board Meeting to Be Presented At: 4/2/19

Points of Interest: This conference call Local Government Committee was led by the Committee Chair, T. Milford Harrison, Board Director San Bernardino Valley Water Conservation District, with significant input from Adam Quinonez of ACWA staff. The meeting focused on an overview of policy principles and guidelines. Of particular interest was the discussion regarding the ACWA Policies and Principles on the "Report on Protecting Property Tax and Reserve Funds". As I recall the group was going to work together with the ACWA Finance Committee to settle on policy guidance going forward.

Another point of interest centered on the Little Hoover Commission report and how it might impact "Special Districts: Improving Oversight and Transparency". There is little doubt the reaction if any to this report may well influence how special districts operate in the future. The sway of regional LAFCOs and how their actions may alter course for special districts was part of the conversation. There is no way for me to know how many other committee members were on the call, but I suspect it was about a dozen representatives on water boards and other special districts from across CA.

Next meeting is expected to be at the ACWA conference on 5/7/19.

The ACWA Local Government Committee Agenda, LHC plus Protecting Property Tax & Reserves Reports are attached for Board Member review.

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ACWA Local Government Committee Conference Call

February 25, 2019 • 2:00-4:00pm

Call-In Number: 1-563-999-2288

Passcode: 754571

Chair: Terri Daly

Vice-Chair: T. Milford Harrison

I. Introductions/Roll Call

II. Overview of Policy Principles and Guidelines

- a. Strategies to Protect Property Tax and Reserve Funds - *(Page 1)*
- b. Policy Principles on Reserve Fund – *(Page 4)*
- c. Developing Policies to Ensure Appropriate Use of Reserves - *(Page 7)*

III. Discussion of Sections to be Updated

- a. 2017 Little Hoover Commission Report on Special Districts
- b. Governmental Accounting Standards Board Statement 34

IV. Examples of Good Policy Principles

V. Volunteers/Assignments

VI. Discussion of Local Government Committee and Disadvantaged Communities

- a. Purpose
- b. Goals
- c. Approach/Process

VII. Closing Comments

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Special Districts: Improving Oversight & Transparency

Report #239, August 2017



Little Hoover Commission

Pedro Nava
Chairman

Sean Varner
Vice Chairman

David Beier

Iveta Brigis

Anthony Cannella
Senator

Joshua LaFarga

Chad Mayes
Assemblymember

Don Perata

Bill Quirk
Assemblymember

Richard Roth
Senator

Janna Sidley

Helen Iris Torres

Former Commissioners Who Served During The Study

Scott Barnett

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Jim Wasserman
Deputy Executive Director

In Memoriam

Matthew Gagnon
Research Analyst

Dedicated to Promoting Economy and Efficiency in California State Government

The Little Hoover Commission, formally known as the Milton Marks "Little Hoover" Commission on California State Government Organization and Economy, is an independent state oversight agency.

By statute, the Commission is a bipartisan board composed of five public members appointed by the governor, four public members appointed by the Legislature, two senators and two assemblymembers.

In creating the Commission in 1962, the Legislature declared its purpose:

...to secure assistance for the Governor and itself in promoting economy, efficiency and improved services in the transaction of the public business in the various departments, agencies and instrumentalities of the executive branch of the state government, and in making the operation of all state departments, agencies and instrumentalities, and all expenditures of public funds, more directly responsive to the wishes of the people as expressed by their elected representatives...

The Commission fulfills this charge by listening to the public, consulting with the experts and conferring with the wise. In the course of its investigations, the Commission typically empanels advisory committees, conducts public hearings and visits government operations in action.

Its conclusions are submitted to the Governor and the Legislature for their consideration. Recommendations often take the form of legislation, which the Commission supports through the legislative process.

Contacting the Commission

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This report is available from the Commission's website at www.lhc.ca.gov.

Letter From The Chair

August 30, 2017



The Honorable Kevin de León
President pro Tempore of the Senate
and members of the Senate

The Honorable Patricia Bates
Senate Minority Leader

The Honorable Anthony Rendon
Speaker of the Assembly
and members of the Assembly

The Honorable Chad Mayes
Assembly Minority Leader

Dear Governor and Members of the Legislature:

California’s most prevalent form of government – special districts – is often its least visible. In a year-long review, the Commission looked at how California’s more than 2,000 independent special districts provide vital services ranging from fire protection to healthcare, cemeteries to sewers. It wanted to better understand if California taxpayers were well-served through this additional layer of specialized bureaucracy and to analyze whether consolidation or dissolution of some special districts could lead to improved efficiency in governance and operations.

The Commission found no one-size-fits-all answer. The districts are as diverse as the geographic locations they serve and the millions of Californians who support them through taxes and fees. What might provide an appropriate pathway for five small water districts in rural Northern California who want to consolidate but need help sorting out water rights, likely would not make sense for their powerhouse counterparts, the Metropolitan Water District or Santa Clara Valley Water District, who serve millions of customers in Southern California and the Bay Area. And water districts are just one of 29 types of independent special districts ranging from airport districts to veterans memorial districts.

As part of this study, the Commission considered the role of the Legislature, which gave life to this form of local government in 1877 and retains the power to create or dissolve districts and amend the practice acts that guide district activities. As California began its rapid growth and urbanization after World War II, the Legislature realized that decision-making over local government growth was best done by local officials. In 1963, the Legislature and Governor Edmund G. “Pat” Brown created a local mechanism for overseeing local boundary decisions – and formed 58 Local Agency Formation Commissions (LAFCOs). LAFCOs have the authority to initiate special district consolidations or dissolutions.

In 2000, the Legislature expanded the authority of LAFCOs to conduct Municipal Service Reviews. These reviews provide information to guide districts in performance improvement and can serve as a catalyst for LAFCOs to initiate consolidations or dissolutions. Like many great ideas in government, particularly in a state as large and diverse as California, these 58 different commissions are not uniformly effective.

The Commission also used this review to assess the progress of its recommendations from a 2000 report, *Special Districts: Relics of the Past or Resources for the Future?* In that study, the Commission found an expansive government sector, largely invisible, serving constituents who know little about them or how the money they provide is used.

The Commission found some progress but also saw a missed opportunity for special districts – many have a great story to tell. Very rarely are taxpayer dollars so closely tied to services provided in the community. And still people do not seem to know much about these local governments and their locally-elected boards.

As much as the Commission wanted to find a magic bullet to ensure these 2,000 districts were performing efficiently and effectively, it didn't. The LAFCO process may not be working as it could and should in every corner of the state, but special districts remain best served by local decision-making. To that end, the Commission recommends the Legislature curtail its practice of bypassing the local process. Additionally, the Commission offers a number of common-sense recommendations to help LAFCOs exercise their authority. Two ideas have already resulted in legislation, AB 979 (Lackey) and SB 448 (Wieckowski). The Commission recommends the Legislature enact SB 448 and requests the Governor's signature on AB 979 and SB 448. This report also includes a rare recommendation to infuse a small one-time grant fund to pay to initiate the most urgent consolidations or dissolutions, which should lead to taxpayer savings in improved government efficiency.

The Commission heard extensive testimony on reserve funding – a thorny issue first raised in its 2000 report. The State Controller's Office has convened a task force to standardize reporting on reserves, a necessary first step before anyone can assess the adequacy of each district's rainy day fund. The Commission also urges special districts to adopt prudent reserve policies and make these policies public.

The Commission found significant improvements since its last review in the way that districts communicate their activities and finances with their constituents although not every district has a website. All districts should have a website with basic information including how to participate in decision-making and an easy guide to revenue sources and expenditures.

The Commission did not evaluate every type of special district, but it did take a deeper look at one type – healthcare districts. Originally formed in the 1940s to build hospitals where none existed, less than half of the current healthcare districts run hospitals today. But even within healthcare districts, the Commission found significant differences. In rural communities, districts largely continue to fulfill their original mission – providing a hospital that otherwise would not exist. Among healthcare districts no longer operating hospitals, the Commission found some districts assessing local needs and filling a void in preventative healthcare service. But this was not consistent and the Commission suspects that in some locations, LAFCOs should do more to assess whether every healthcare district should continue to operate. To guide this work, an essential step for the Legislature is an update to the 1945 practice act to reflect the modern healthcare landscape.

As part of the vigorous discussion on reserves, special districts were asked how they were planning and using their reserves to adapt to climate change, particularly those districts with large infrastructure investments. Building on its 2014 report, *Governing California Through Climate Change*, the Commission in this report recommends special districts and their associations take more active roles in existing state government process and in sharing best practices.

During its study process, the Commission discussed some rather extreme solutions that generated intense interest. Through a very robust public process, however, the Commission ultimately concluded that local institutions are best served by local decision-making. The important recommendations in this report will lead to improved efficiency. The Commission stands ready to assist.



Pedro Nava
Chair, Little Hoover Commission

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Executive Summary

Special districts, the workhorses of public service delivery created by the California Legislature during the earliest days of statehood, represent the most common form of local government. They have prevailed through endless upheaval as California morphed from a state of rural open spaces into one of the world's most powerful economic engines and home to nearly 40 million people. Today special districts generate some \$21 billion in annual revenues and employ more than 90,000 local government workers.¹

In 2016 and 2017, the Little Hoover Commission reviewed and analyzed California's 2,071 independent special districts and the State of California's role and responsibility in overseeing them.² The Legislature not only created special districts and enacted the practice acts by which they are governed, but it retained the power to create new districts and also to dissolve them. In the early 1960s, the Legislature had the foresight to develop a local oversight mechanism, Local Agency Formation Commissions (LAFCOs) tasked with bringing more rational planning practices and reining in inappropriate growth by considering local government boundary decisions. LAFCOs have the authority to initiate dissolutions and consolidations of special districts, although ultimately local voters have the final say. The process is slow -- intentionally slow according to some --and occasionally frustrated parties attempt to bypass the local process by taking issues directly to the Legislature. This tension, in part, prompted the Commission to update its 2000 review of special districts to consider whether the local oversight process works as intended or whether a different process or a greater role for the Legislature would be more effective.

The Commission's review broke new ground, but also revisited issues first identified in its May 2000 report, *Special Districts: Relics of the Past or Resources for the Future?* The 2000 report declared that California's expansive special district sector often amounted to a poorly overseen and largely invisible governing sector serving residents who know little about who runs them or

what they pay in taxes to sustain them. The Commission nearly two decades ago questioned the soundness of special districts' financial management and asked if their numbers might be pared back through consolidations. Yet Commissioners also acknowledged in their 2000 analysis that special districts provide Californians valuable services and are "physically closest to their communities." The Commission concluded that despite its range of criticisms, special districts should remain, in the end, local institutions best served by local decision-making.

In its newest review the Commission heard from some who still contend that special districts are ripe for consolidation and represent convoluted, dispersed, under-the-radar government. Frustrated with the local oversight process, various local special district issues percolated up into bills in the 2015-16 legislative session as the Commission began its study, potentially signifying that the current system of oversight fails to work as well as intended.

In this review, the Commission found special districts themselves could do a better job of telling their own story to overcome the stigma that they function as hidden government. During an advisory committee meeting, Chair Pedro Nava encouraged special districts to "tell your story." There are very few government entities in a position to let people know that they work directly for the public and that the taxes and fees they collect fund local services, he said.

In testimony, the Commission also learned that despite the perception that special districts continue to proliferate in California, the number of special districts has declined 5 percent since 1997, while the number nationally increased by 10 percent.³ Thirty-three states have more special districts per capita than California. Despite frequent calls for dissolving or consolidating these local governments, special districts seem to have pluses that render them tolerable to those they govern and able to forestall movements to purge them or fold their work into city and county governments.

The Commission's 2016-2017 review delved into four primary arenas concerning special districts:

- Oversight of special districts, specifically, opportunities to bolster the effectiveness of Local Agency Formation Commissions (LAFCOs).
- The continued need for districts to improve transparency and public engagement.
- The frequently-controversial evolution of California's healthcare special districts, which in the 1940s and 1950s built a far-ranging system of hospitals that are mostly now gone due to a tremendous transformation in healthcare from hospitalization to preventive care.
- The urgency of climate change adaptation in California and the front-line roles that special districts, particularly water, wastewater treatment and flood control districts, play in preparing their communities and defending them from harm.

Toward Higher-Quality Local Control

As in 2000, the Commission held fast to the concept that special districts are essentially local institutions. Whether their individual endeavors are praised or panned, special districts seemingly reflect the wishes of local voters. They also reflect the politics of LAFCOs, unique oversight bodies in each county with authority to judge their performances and recommend whether they should continue to exist. The Commission again determined that LAFCOs should be the leading voice on the status of special districts in California – and that they need more tools to do the job well.

Commissioners perplexed by the seemingly slow progress in dissolutions and consolidations at one point during the study asked if a lack of money prevented LAFCOs and special districts from initiating consolidations or conducting the mandated Municipal Service Reviews that can identify opportunities for improved efficiency in service delivery. A chorus of stakeholders suggested a small, one-time infusion of grant funding, tied to specified outcomes to ultimately improve efficiency and save taxpayer dollars, was indeed warranted. They also called for various statutory changes that could bolster the effectiveness of LAFCOs.

Clearly, special districts can be improved. Given the routine front-line services they provide, the historic climate challenges these districts face in keeping California stable, as well as the need to provide the best possible healthcare to millions of residents, LAFCOs and the state have obligations to see that they succeed. To that end, the Commission offers 20 recommendations to guide the Legislature and Governor going forward. The first eight of those recommendations address the basic structure and governing issues revolving around special districts:

Recommendation 1: The Legislature and the Governor should curtail a growing practice of enacting bills to override LAFCO deliberative processes and decide local issues regarding special district boundaries and operations.

The Legislature and Governor have reason to be frustrated with slow and deliberative LAFCO processes. But these are local institutions of city, county and special district members often better attuned to local politics than those in the State Capitol. Exemptions where the Legislature gets involved should be few, and in special cases where the local governing elites are so intransigent or negligent – or so beholden to entrenched power structures – that some higher form of political authority is necessary.

Recommendation 2: The Legislature should provide one-time grant funding to pay for specified LAFCO activities, to incentivize LAFCOs or smaller special districts to develop and implement dissolution or consolidation plans with timelines for expected outcomes. Funding should be tied to process completion and results, including enforcement authority for corrective action and consolidation.

The Commission rarely recommends additional funding as a solution. However, a small one-time infusion of \$1 million to \$3 million in grant funding potentially could save California taxpayers additional money if it leads to streamlined local government and improved efficiency in service delivery. This funding could provide an incentive for LAFCOs or smaller districts to start a dissolution or consolidation process. Participants in the Commission's public process suggested the Strategic Growth Council or Department of Conservation could administer this one-time funding.

Recommendation 3: The Legislature should enact and the Governor should sign SB 448 (Wieckowski) which would provide LAFCOs the statutory authority to conduct reviews of inactive districts and to dissolve them without the action being subject to protest and a costly election process.

There has been no formal review to determine the number of inactive special districts – those that hold no meetings and conduct no public business. Rough estimates gauge the number to be in the dozens. Simplifying the LAFCOs' legal dissolution process would represent a significant step toward trimming district rolls in California. The Commission supports SB 448 and encourages the Legislature to enact the measure and for the Governor to sign the bill.

Recommendation 4: The Governor should sign AB 979 (Lackey), co-sponsored by the California Special Districts Association and the California Association of Local Agency Formation Commissions. The bill would strengthen LAFCOs by easing a process to add special district representatives to the 28 county LAFCOs where districts have no voice.

The Cortese-Knox-Hertzberg Reorganization Act of 2000 (AB 2838, Hertzberg) provided the option to add two special district members to county LAFCOs to broaden local governing perspectives. Nearly two decades later, 30 counties have special district representatives on their LAFCOs alongside city council members and county supervisors. This change provides LAFCOs a more diverse decision-making foundation and stronger finances. But 28 counties, mostly in rural California have not added special district representatives to their LAFCO governing boards, citing scarce resources. Presently, a majority of a county's special districts must pass individual resolutions within one year supporting a change. This has repeatedly proved itself a formidable obstacle to broadening the outlook of local LAFCOs. AB 979 (Lackey) would allow a simple one-time election process where districts could easily – and simultaneously – decide the question.

Recommendation 5: The Legislature should adopt legislation to give LAFCO members fixed terms, to ease political pressures in controversial votes and enhance the independence of LAFCOs.

The California Association of Local Agency Formation Commissions (CALAFCO) testified on August 25, 2016, that

individual LAFCO members are expected to exercise their independent judgment on LAFCO issues rather than simply represent the interests of their appointing authority. But this is easier said than done when representatives serve on an at-will basis. The CALAFCO hearing witness said unpopular votes have resulted in LAFCO board members being removed from their positions. Fixed terms would allow voting members to more freely exercise the appropriate independence in decision-making.

Recommendation 6: The Legislature should convene an advisory committee to review the protest process for consolidations and dissolutions of special districts and to develop legislation to simplify and create consistency in the process.

Complicated and inconsistent processes potentially impact a LAFCO's ability to initiate a dissolution or consolidation of a district. If 10 percent of district constituents protest a LAFCO's proposed special district consolidation, a public vote is required. If a special district initiates the consolidation, then a public vote is required if 25 percent of the affected constituents protest. Additionally, the LAFCO must pay for all costs for studies and elections if it initiates a consolidation proposal, whereas the district pays these costs if it proposes or requests the consolidation. Various participants in the Commission's public process cautioned against setting yet another arbitrary threshold and advised the issue warranted further study before proposing legislative changes. They called for more consistency in the process.

Recommendation 7: The Legislature should require every special district to have a published policy for reserve funds, including the size and purpose of reserves and how they are invested.

The Commission heard a great deal about the need for adequate reserves, particularly from special districts with large infrastructure investments. The Commission also heard concerns that reserves were too large. To better articulate the need for and the size of reserves, special districts should adopt policies for reserve funds and make these policies easily available to the public.

Recommendation 8: The State Controller's Office should standardize definitions of special district financial reserves for state reporting purposes.

Presently, it is difficult to assess actual reserve levels held by districts that define their numbers one way and the State Controller's Office which defines them another way. The State Controller's Office is working to standardize numbers following a year-long consultation with a task force of cities, counties and special districts. To improve transparency on reserves, a subject that still eludes effective public scrutiny, they should push this project to the finish line as a high priority.

Improving Transparency and Public Involvement

Because there are thousands of special districts in California, performing tasks as varied as managing water supply to managing rural cemeteries, the public has little practical ability to ascertain the functionality of special districts, including the scope of services these local districts provide, their funding sources, the use of such funds and their governance structure. Although publicly elected boards manage independent special districts, constituents lack adequate resources to identify their local districts much less the board members who collect and spend their money.

The Commission saw a number of opportunities for special districts to do a better job communicating with the public, primarily through improvements to district websites and more clearly articulating financing policies, including adopting and making publicly available fund reserve policies. Existing law requires special districts with a website to post meeting agendas and to post or provide links to compensation reports and financial transaction reports that are required to be submitted to the State Controller's Office. The State Controller's Office – despite having a software platform from the late 1990s – attempts to make all the information it receives as accessible as possible.

Many special districts already utilize their websites to effectively communicate with their constituents and voluntarily follow the nonprofit Special District Leadership Foundation's transparency guidelines and receive the foundation's District Transparency Certificate of Excellence. But often, these districts are the exception and not the rule. The Commission makes three recommendations to improve special district transparency and to better engage the public served by the districts:

Recommendation 9: The Legislature should require that every special district have a website.

Key components should include:

- **Name, location, contact information**
- **Services provided**
- **Governance structure of the district, including election information and the process for constituents to run for board positions**
- **Compensation details – total staff compensation, including salary, pensions and benefits, or a link to this information on the State Controller's website**
- **Budget (including annual revenues and the sources of such revenues, including without limitation, fees, property taxes and other assessments, bond debt, expenditures and reserve amounts)**
- **Reserve fund policy**
- **Geographic area served**
- **Most recent Municipal Service Review**
- **Most recent annual financial report provided to the State Controller's Office, or a link to this information on the State Controller's website**
- **Link to the Local Agency Formation Commission and any state agency providing oversight**

Exemptions should be considered for districts that fall under a determined size based on revenue and/or number of employees. For districts in geographic locations without reliable Internet access, this same information should be available at the local library or other public building open and accessible to the public, until reliable Internet access becomes available statewide.

Building on this recommendation, every LAFCO should have a website that includes a list and links to all of the public agencies within each county service area and a copy of all of the most current Municipal Service Reviews. Many LAFCOs currently provide this information and some go further by providing data on revenues from property taxes

and user fees, debt service and fund balance changes for all the local governments within the service area. At a minimum, a link to each agency would enable the public to better understand the local oversight authority of LAFCOs and who to contact when a problem arises.

Recommendation 10: The State Controller’s Office should disaggregate information provided by independent special districts from dependent districts, nonprofits and joint powers authorities.

Over the course of this study, the Commission utilized data available on the State Controller’s website to attempt to draw general conclusions about independent special districts, such as overall revenues, number of employees and employee compensation. Presently, it is difficult to do this without assistance as information for independent districts is mixed with various other entities.

Recommendation 11: The California Special Districts Association, working with experts in public outreach and engagement, should develop best practices for independent special district outreach to the public on opportunities to serve on boards.

The Commission heard anecdotally that the public does not understand special district governance, does not often participate or attend special district board meetings and often does not know enough about candidates running to fill board positions. Often, the public fails to cast a vote for down-ballot races. Two county registrars provided the Commission information that showed in many instances those who voted for federal or statewide offices did not vote for local government officials at the same rate, whether they were city council positions, special district positions or local school or community college district positions.

What is the Role for Healthcare Districts?

The Commission found in its review that special districts were as diverse as the services provided and the millions of Californians served. To gain deeper insight on one type of local government service provider, the Commission took a closer look at an often-controversial group: healthcare districts that no longer operate hospitals. These entities struggle to explain their relevance within the rapidly evolving healthcare industry,

which emphasizes preventative care over hospitalization. Amid uncertainty about the future of the Affordable Care Act, many of these districts claim they are carving out new roles in preventative care. Yet the Legislature, local grand juries, LAFCOs and healthcare analysts continue to question their relevance and need to exist. Presently, just 37 of 79 California healthcare districts operate 39 hospitals, mostly in rural areas with few competitors or other alternatives – and few suggest the need to dissolve those districts.

Controversy tends to afflict districts in former rural areas that became suburbanized in recent decades and grew into competitive healthcare markets. The 2015-16 legislative session included a rash of legislation that considered whether to force district dissolutions or modify district boundaries – even though those decisions are the responsibility of LAFCOs. Nonetheless, most healthcare districts officials continue to maintain they are more flexible than counties in defining priorities and are pioneering a new era of preventative care under the umbrella of “wellness.” Officials say their districts are misunderstood by critics who lack understanding about how much the healthcare landscape is changing. They also say that local voters generally support their local missions and how they allocate their share of property taxes in the community.

As part of its special districts review, the Commission convened a two-hour advisory committee with experts to shed light on healthcare districts. During the course of the Commission’s study, the Association of Healthcare Districts convened a workgroup to develop recommendations, in part, in response to legislative scrutiny. These recommendations were considered and discussed during the November advisory committee meeting. Participants analyzed whether counties or healthcare districts are best positioned as local and regional healthcare providers and discussed the role of LAFCOs in consolidating, dissolving or steering healthcare districts toward more relevant roles. During the meeting Commissioners also pushed districts to share and adopt best practices and define better metrics to measure what they are accomplishing with their shares of local property taxes. Three Commission recommendations arose from the discussion as well as numerous interviews with experts during the study:

Recommendation 12: *The Legislature should update the 1945 legislative “practice acts” that enabled voters to create local hospital districts, renamed healthcare districts in the early 1990s.*

Experts widely agree that statutory language in the acts no longer reflects the evolution of healthcare during the past seventy years, particularly the shift from hospital-based healthcare to modern preventive care models.

Recommendation 13: *The Legislature, which has been increasingly inclined to override local LAFCO processes and authority to press changes on healthcare districts, should defer these decisions to LAFCOs.*

LAFCOs have shown successes in shaping the healthcare district landscape and should be the primary driver of change. Given the controversies over healthcare districts, the California Association of Local Agency Formation Commissions and LAFCOs should be at the forefront of studying the relevance of healthcare districts, potential consolidations and dissolutions of districts. To repeat a theme of Recommendation 1, the Legislature should retain its authority to dissolve healthcare districts or modify boundaries, but this authority should be limited to cases in which local political elites are so intransigent or negligent – or so beholden to local power structures – that some form of higher political authority is deemed necessary.

Recommendation 14: *The Association of California Healthcare Districts and its member districts should step up efforts to define and share best practices among themselves.*

A Commission advisory committee meeting discussion clearly showed that not enough thought or interest has been assigned to sharing what works best in rural, suburban and urban areas among members. The association should formally survey its members and collectively define their leading best practices and models for healthcare, as well as guidelines to improve the impacts of grantmaking in communities.

Front-line Roles for Climate Change Adaptation

At the Commission’s August 25, 2016, hearing, Chair Pedro Nava asked a simple question of special district attendees vigorously defending their need for robust reserve funds:

How are they assessing future climate change impacts when amassing reserves for long-range infrastructure spending? That question, rooted in the Commission’s 2014 climate adaptation report *Governing California Through Climate Change*, became the genesis of a deeper exploration of awareness of and preparations for climate change among special districts. In an October 27, 2016, hearing focused on special districts efforts to adapt to climate change, the Commission learned that:

- Special districts, even while vastly outnumbering cities and counties in California, have generally not participated at the levels of cities and counties in the state’s emerging climate adaptation information gathering and strategizing. Often that is because they lack land-use authority. Nonetheless, it is critical that their experienced voices be at the table.
- Many larger infrastructure-intensive water, wastewater and flood control districts stand at the forefront nationally in preparing for the varying, changing precipitation patterns – too much or too little water – at the heart of anticipated climate change impacts.

The Commission found it encouraging that many special districts are reducing the need for imported water by diversifying supplies and producing vastly more recycled water. Districts also are steering more stormwater runoff in wet years into groundwater recharge basins for use in dry years. The actions that all agencies must eventually take are already being done by some. The Commission agreed that these leading-edge actions and infrastructure spending strategies represent models for other districts to follow. Accordingly, the Commission makes six recommendations focused on climate change adaptation:

Recommendation 15: *The Legislature should place a requirement that special districts with infrastructure subject to the effects of climate change should formally consider long-term needs for adaptation in capital infrastructure plans, master plans and other relevant documents.*

Most special districts, especially the legions of small districts throughout California, have their hands full meeting their daily responsibilities. Many have few resources and little staff time to consider long-range issues, particularly those with the heavy uncertainty of

climate change adaptation. Making climate change a consideration in developing capital infrastructure plans and other relevant planning documents would formally and legally elevate issues of adaptation and mitigation, especially for districts where immediate concerns make it too easy to disregard the future.

Recommendation 16: The California Special Districts Association (CSDA), in conjunction with its member districts, should document and share climate adaptation experiences with the Integrated Climate Adaptation and Resilience Program's adaptation information clearinghouse being established within the Governor's Office of Planning and Research (OPR). Similarly, CSDA and member districts should step up engagement in the state's current Fourth Assessment of climate threats, a state research project designed to support the implementation of local adaptation activities. The CSDA also should promote climate adaptation information sharing among its members to help districts with fewer resources plan for climate impacts and take actions.

The OPR clearinghouse promises to be the definitive source of climate adaptation planning information for local governments throughout California. At the Commission's October 27, 2016, hearing, an OPR representative invited more district participation in state climate adaptation processes. It is critical that special districts and their associations assume a larger participatory role – both within state government and among their memberships – to expand the knowledge base for local governments statewide.

Recommendation 17: The state should conduct a study – by either a university or an appropriate state department – to assess the effect of requiring real estate transactions to trigger an inspection of sewer lines on the property and require repairs if broken.

The responsibility to safeguard California and adequately adapt to climate change impacts falls on every resident of California. This begins at home with maintenance and upgrading of aging sewer laterals. Requiring inspections and repairs during individual property transactions is an optimum way to slowly rebuild a region's collective wastewater infrastructure in the face of climate change. At the community level, repairs will help prevent excess stormwater during major climate events from overwhelming wastewater systems and triggering sewage

spills into public waterways. The Oakland-based East Bay Municipal Utility District has instituted an ordinance that requires property owners to have their private sewer laterals inspected if they buy or sell a property, build or remodel or increase the size of their water meter. If the lateral is found to be leaking or damaged, it must be repaired or replaced. The state should consider implementing this policy statewide.

Recommendation 18: State regulatory agencies should explore the beginnings of a new regulatory framework that incorporates adaptable baselines when defining a status quo as climate impacts mount.

With climate change what has happened historically will often be of little help in guiding regulatory actions. State regulations designed to preserve geographical or natural conditions that are no longer possible or no longer exist already are creating problems for special districts. Wastewater agencies, for example, face conflicting regulations as they divert more wastewater flows to water recycling for human needs and less to streams historically home to wildlife that may or may not continue to live there as the climate changes. While it is not easy for regulators to work with moving targets or baselines, climate change is an entirely new kind of status quo that requires an entirely new approach to regulation.

Recommendation 19: The California Special Districts Association, and special districts, as some of the closest-to-the-ground local governments in California, should step up public engagement on climate adaptation, and inform and support people and businesses to take actions that increase their individual and community-wide defenses.

Special districts are uniquely suited to communicate with and help prepare millions of Californians for the impacts of climate change. Nearly all have public affairs representatives increasingly skilled at reaching residents through newsletters, social media and public forums. District staff grapple constantly with new ways to increase their visibility. Many will find they can build powerful new levels of public trust by helping to prepare their communities for the uncertainty ahead.

Recommendation 20: The California Special Districts Association and special districts should lead efforts to seek and form regional partnerships to maximize climate adaptation resources and benefits.

Water, wastewater and flood control districts are already bringing numerous agencies to the table to pool money, brainpower and resources for big regional projects. The East Bay Municipal Utility District has arrangements with many Bay Area and Central Valley water agencies to identify and steer water to where it is most needed for routine demands and emergencies alike. The Metropolitan Water District and Sanitation Districts of Los Angeles County also increasingly pool their joint resources to steer more recycled water to groundwater recharge basins for dry years. Likewise, the Santa Clara Valley Water district and other state and federal agencies are collectively planning and funding 18 miles of levees to protect the region from sea level rise. These partnerships among special districts and other government agencies clearly hint at what will be increasingly necessary as climate impacts begin to mount.

Introduction

“Celebrated as the best example of democracy, cursed as the worst form of fragmented government, and generally misunderstood even by the experts, special districts are California’s unique contribution to local government.”

What’s So Special About Special Districts? 2010. Senate Local Government Committee.

At any given moment in any random neighborhood, millions of Californians whirl through their lives within the boundaries of special districts. During their relentless proliferation over the past 75 years or more they have become the backbone of California’s vast public services delivery system and the state’s most common form of local government. The largest of these districts, each individually established by their inhabitants to perform a specific function, provide healthcare, water delivery, transportation, flood control and fire protection. Hundreds more special districts operate airports, harbors, cemeteries, sewer systems, parks and libraries. Still more keep the street lights on, limit the spread of mosquitoes and operate memorials and halls for veterans.

Typically, most residents living in these districts know little about them, how they operate, who runs them and what they pay in taxes or fees to support them. Yet California has an estimated 2,071 independent special districts – many with the power to collect property taxes, to send monthly bills and collect fees and frequently to make voters scratch their heads over a list of unfamiliar candidates during election time.

Generally, it is the state’s 482 cities and 58 counties that attract all the media and social media attention with their noisy, divisive issues and controversial political campaigning. But it is the quiet, below-the-radar special districts where most of the grunt work and local governing of California gets done.

The Commission’s Study Process

The Commission, in keeping with its mission to seek economy and efficiency in California government, decided at its May 2016 business meeting to undertake a fresh look at the vast, interwoven political landscape of special districts that it first reviewed in 1999 and 2000. A new generation of Commissioners studied the basics of special districts and examined changes spurred by the Commission’s 2000 report. In following up during 2016 and 2017, they evaluated districts generally, but also specifically through the present political uncertainty regarding healthcare delivery and the lens of infrastructure planning for climate change.

“Districts were popular because they could be put in place quickly, had flexible boundaries, and could efficiently provide those specific services in greatest need without saddling citizens with creation of complex municipal bureaucracies. They were a perfect fit for the dominant, low-density suburban lifestyle that characterized California almost from the beginning.”

Growth Within Bounds. January 2000. Commission on Local Governance for the 21st Century.

Similarly to the 2000 study, this review largely focused on the 2,071 independent special districts. An August 25, 2016, introductory hearing helped the Commission explore the broad background of special districts and consider recommendations about their structures, operations and oversight. An October 27, 2016, hearing focused more narrowly on how special districts, as critical front-line service providers, are mapping out climate adaptation strategies, investing their financial reserves and budgeting for long-range infrastructure to prepare for anticipated climate impacts across California.

Additionally, a November 16, 2016, advisory committee meeting zeroed in on numerous controversies that continue to arise within the Capitol around healthcare districts and whether those districts without hospitals should continue to exist. The Commission examined the historic roles of hospital districts in California, noted the disappearance of many district hospitals and asked if redesigned successor healthcare districts remain a viable entity in an industry that has shifted from disease-focused care to an emphasis in preventative care. Finally, on June 22, 2017, the Commission held a roundtable meeting to discuss potential recommendations for this report, with 17 invited participants and approximately 40 others who provided input and comments to help guide the Commission's review.

During the course of the study, the Commission and staff interviewed dozens of special district officials and members of their trade associations, government analysts, legislative consultants, members of special district oversight bodies and many others. Staff also toured Sierra

Nevada water delivery infrastructure that supplies water to East Bay Municipal Utility District customers.

Throughout the Commission's study process, the evolution of special districts was viewed through California's spectacular population growth since World War II. The Commission learned that newcomers created special districts by the hundreds, then thousands, to bring basic public services to developing rural areas and small towns as the California population rose from nearly seven million in 1940 to 20 million in 1970 and to nearly 40 million today. Many quiet places with ranches and single stoplights morphed into bustling suburbs, cities and urban counties during a frenzy of residential, commercial and industrial development. Often, competing agencies were established to fight fires, build parks and control floodwater. Today, this vast interlaced and unruly governing landscape of city, county and special district service providers is locked into place, the vestige of seven decades of hurry-up growth and hyperactive local agency creation.

Institute for Local Government: A Guide to Special Districts

Special districts are public agencies created to provide one or more specific services to a community, such as water service, sewer service, parks, fire protection and others.

- **Independent Special Districts.** Many special districts operate under a locally elected, independent board of directors, which oversees district functions. These kind of special districts are called "independent special districts." About two-thirds of special districts are independent.
- **Dependent Special Districts.** Sometimes the governing board of either a city or county will also serve as decision-makers for a special district. These kinds of special districts are called "dependent special districts." About one-third of special districts are dependent.

Most special districts perform a single function, such as water service, parks and recreation, fire protection, pest abatement or cemetery management. Other districts have multiple functions, such as community service districts. Some special districts provide services for residents in both cities and counties, while others provide services only for residents who live outside city boundaries in the unincorporated areas.

In California, cities must be located in one county, and city boundaries may not cross county lines. On the other hand, special districts may cross city and county boundaries. For example, the Metropolitan Water District of Southern California serves residents in six different counties and most of the cities within those counties.

Special districts generate revenue from several sources including property taxes, special assessments, and fees.

- **Enterprise Special Districts.** These agencies run much like business enterprises and provide specific benefits to their customers. They are primarily funded by fees paid by service recipients.
- **Non-Enterprise Special Districts.** These deliver services that provide general benefits to entire communities. They are primarily funded by property taxes.

Source: Institute for Local Government. "About Special Districts." Sacramento, CA. <http://www.ca-ilg.org/post/about-special-districts>. Accessed July 18, 2016.

The Commission quickly learned that the status quo is a formidable political force and amply able to quash reform efforts. As it began its 2016-2017 study, it assessed the failure of many reformers during the past quarter century to spur mass consolidation of older special districts or simply absorb them into cities and counties. Consistently, in reports, studies and books, they have argued for centralizing government to create efficiencies and make optimum use of tax revenues. Yet special districts largely continue to prevail. They seem to possess advantages – or conversely, lack wide-scale harms – that make them mostly tolerable to their constituents in the larger scheme of governing and able to forestall movements to purge them on a significantly large scale. Likewise, in California as elsewhere, voters still tend to prefer government that’s closest to them.

The Little Hoover Commission, in lieu of reemphasizing past reform perspectives that California is broken, cracking up and encrusted with too much multilayered or “barnacled” government, elected to provide a newer understanding of districts’ collective role, shine fresh light on old and emerging issues and find ways for the state to oversee better order among local and regional service providers. The Commission, as it assessed the role of special districts in a state that has largely matured in its growth patterns, considered potential ways to clean up poorly-organized local and regional governing systems lingering from chaotic episodes of growth and better prepare them for a new kind of California – one that is:

- Much more densely populated and urban
- Implementing concepts of wellness to create a healthier population and greatly reduce catastrophic healthcare costs, and
- Increasingly focused on economic stability and reliable service delivery as climate impacts begin to mount.

Public hearing witnesses and advisory committee meeting participants are listed in the appendices.

Throughout this study, Commission received much valuable input from interviews and correspondence with special district officials, legislative advocates, government analysts and other experts on governing California. All gave generously of their time, providing great benefit to

the Commission. The findings and recommendations in the report, however, are the Commission’s own.

Background

Special districts are a unique creation of California, a governing mechanism dating to the Legislature's Wright Act of 1877 authorizing Stanislaus County farmers to form the Turlock Irrigation District and capture Sierra snowmelt to water their crops. Water districts led the way in formation of special districts in a vast rural state with approximately 1.5 million people in 1900. In 2017, with a population nearing 40 million, they still supply approximately 90 percent of the developed water in California.⁴

Cemetery districts likewise came into being when California's population growth overwhelmed the traditional role of churches in providing and maintaining burial grounds.⁵ Nearly 250 cemetery districts still exist statewide.⁶ New districts in the 1930s built levees and airports and brought electricity to residential areas. Yet most of today's 2,071 independent districts – the focus of this review – came into being after World War II to accommodate millions of newcomers who migrated to the state's bounty and warm climate. Hospital districts formed to provide intensive medical care. Library districts put books on the shelves. Harbor districts created shelter for fishing boats and new community services districts took on most of the responsibilities of a small town with fire trucks, parks and night lighting.

The state's largest districts tend to be located in long-developed coastal areas and include such regional giants as the Metropolitan Water District, Santa Clara Valley Water District and East Bay Regional Parks District. Most of the smaller districts, which are more narrowly focused and limited in service scope, are located in more recently developed inland areas of California.⁷

Proponents of special districts say their best quality is the ability to concentrate on one service. A city parks department is one among many competing for funding during budget season – and may share a city council meeting agenda with dozens of items on proposed shopping centers, gang prevention, pavement conditions, flooding and the homeless. A special district

has a narrowly-defined budget and a singular focus for interested constituents during its public meetings.

"By focusing only on providing the highest level of emergency services to the communities they serve, they avoid being sidetracked or competing for resources with other governmental services," North Tahoe Fire Protection District Chief Michael Schwartz told the Commission in August 25, 2016, testimony. "Along with a focused mission comes a certain level of organizational expertise, do one thing, do it efficiently and do it well."

One example from late 2015 testifies to the flexibility enjoyed by single-purpose special districts in contrast to cities, counties and state or federal agencies. When Amador and Calaveras counties were overwhelmed after the 70,000-acre Butte Fire and the federal government couldn't immediately move to begin watershed restoration, the East Bay Municipal Utilities District (EBMUD) board voted to loan the U.S. Bureau of Land Management (BLM) \$1 million for helicopter time to quickly re-seed the Mokelumne River watershed which drains into the district's Pardee and Camanche water storage reservoirs. "We really pushed the envelope of what could be done. We were like 'let's get going, let's get going,'" said Chris Swann, ranger supervisor of EBMUD's Mokelumne River Watershed and Recreation District. Unfortunately, said Mr. Swann, the BLM bureaucracy could not find a way to accept the loan to begin a response.⁸

Special Districts: How Many Are There?

Number of California Local Government Entities

- School Districts: 1,022
- Cities: 482
- Counties: 58
- Independent special districts: 2,071
- County-run dependent special districts (including more than 800 county service areas): 1,495
- City-run dependent special districts: 254
- Joint Powers Authorities and Nonprofit Corporations: 957

Number of Independent Special Districts by Category

- Airport districts: 10
- Water districts: 132
- Water storage districts: 8
- Citrus pest districts: 9
- Community services districts: 321
- Cotton pest abatement districts: 1
- County sanitation districts: 37
- County water districts: 169
- Fire protection districts: 346
- Harbor districts: 7
- Healthcare districts: 79
- Irrigation districts: 92
- Levee districts: 13
- Library districts: 13
- Mosquito control and vector control districts: 47
- Municipal utility districts: 5
- Municipal water districts: 37
- Park and recreation districts: 95
- Police protection districts: 3
- Port districts: 5
- Public cemetery districts: 248
- Public utility districts: 54
- Reclamation districts: 150
- Resource conservation districts: 99
- Sanitary districts: 66
- Transit districts: 17
- Water conservation districts: 13
- Water replenishment districts: 2
- Veterans memorial districts: 27

Sources: See endnote 73.

“What makes special districts an effective and efficient form of local governing is the empowerment of local service specialists with the revenue and budget authority. When you empower the specialists with the authority combined with the resources necessary to get the job done they will do it in a focused manner that results in efficiency and effectiveness. They will be more prudent, more innovative and more sustainable. As this Commission looks forward to its next hearing let’s not undermine this unique and invaluable tool, the independent special district, that local voters throughout California have established to make a difference in their communities. Let’s instead work together to strengthen these local specialists.”

Kyle Packham, Advocacy and Public Affairs Director, California Special Districts Association, addressing the Commission August 25, 2016.

State Auditor Elaine Howle on the Strengths and Challenges of Special Districts

Strengths: “Special districts are typically formed to provide specific services and serve certain areas or regions that are not necessarily tied to a city or a county and thus, often understand their constituents’ needs better than a government entity that provides many services and may be a bit further removed from the constituents. Special districts may be able to customize services and provide more tailored services to their customers.”

Challenges: “Special districts may have less resources or administrative staff than a city, county or state entity. With limited resources it is sometimes difficult to incorporate management controls and proper oversight that mitigate errors, irregularities, or mismanagement.”

Source: California Special District Magazine. October 15, 2015. “Interview with State Auditor Elaine Howle: Auditing in the Course of Checks and Balances.” Sacramento, CA. <http://www.csdanet.com/districts-in-the-news/interview-with-state-auditor-elaine-howle-auditing-in-the-course-of-checks-and-balances/#sthash.8PmlL0z2.dpuf>. Accessed July 18, 2016.

Numbers Rising Nationally, but Declining in California

Nationally, the proliferation of special districts is increasing, numbering 38,266 in the U.S. Census Bureau’s 2012 Census of Governments, and raising familiar concerns about too much government and too little oversight.⁹ In California, the number has peaked, however, and is falling. The California Special Districts Association (CSDA), testifying at the August 25, 2016, hearing and citing 2012 Census of Governments data stated:

- The number of special districts in California has declined 5 percent since a 1997 peak, while the number nationally increased 10 percent since 1997.
- Thirty-three states have more special districts per capita than California.

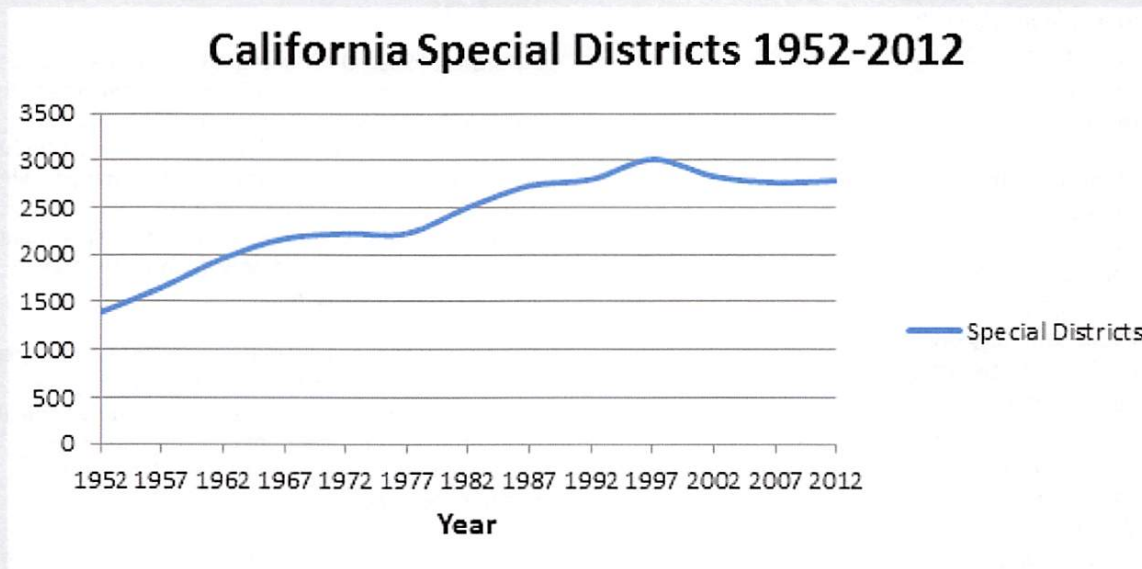
- California has 7.5 percent of the nation’s special districts with 12 percent of the nation’s population.

The leveling-off trend continues, according to the CSDA, which reported a half dozen district consolidations and dissolutions from mid-2015 through the end of 2016. They include:

- Lompico Water District in Santa Cruz County
- Los Trancos Water District in San Mateo County
- Rabb Park Community Services District in Amador County
- Del Rio Woods Recreation and Park District in Sonoma County
- Gold Springs Lighting District in Tuolumne County
- Niland Fire Protection District in Imperial County.

Slight Declining Trend in Number of Special Districts

After 75 years of relentless formation and growth to accommodate the rapid development of California, the number of special districts within the state has leveled off.



Source: U.S. Department of Commerce. U.S. Census Bureau. Census of Governments. “List & Structures of Governments. Number of Special Districts.” Washington, D.C. https://www.census.gov/govs/go/number_of_special_districts_by_county.html. Accessed July 18, 2016.

The Imperial County Local Agency Formation Commission moved to dissolve the Winterhaven Fire Protection District, in May 2017. The district had ceased to provide fire protection to the small community and its board had stopped meeting regularly, according to a May 2017 report from the LAFCO's executive officer.¹⁰ Studies also were underway to consider dissolving the West Contra Costa Healthcare District and Rollingwood Wilart Recreation and Park District in Contra Costa County, according to CSDA analysts.¹¹ Likewise, representatives of five Tuolumne County special districts gathered on January 18, 2017, to discuss possible consolidation of their sanitary, parks, cemetery, lighting and fire districts – with combined annual revenue of \$2.1 million – into a single community services district. “I think through consolidation we would be more efficient,” said one board member quoted by the local newspaper. “We may spend the same amount of money, but I think we would be increasing services to the community.”¹²

In May 2017, the Commission received a copy of a letter from four water districts and one flood control and water conservation district in the Ukiah Valley of Northern California seeking assistance from the Governor in resolving water rights issues so that the five districts could voluntarily consolidate into one Joint Powers Authority. The letter highlighted the challenges that willing water districts working in conjunction with their LAFCO encounter in attempt to consolidate to become more efficient. The districts hoped to provide a statewide model for voluntary water district consolidation using the LAFCO process.¹³

The special districts community maintains there are an unknown number of inactive districts statewide – all candidates for further rounds of dissolutions. A handful of them, according to CSDA, include the Alpine Resource Conservation District, Corcoran District Hospital, Mootamai District Hospital, Odessa Water District and Reclamation District 2120, Silver Creek Drainage District, Valley Health System Healthcare District and Willow Springs Water District.¹⁴ The California Association of Local Agency Formation Commissions (CALAFCO) suggested at the Commission's August 25, 2016, hearing that its member agencies would benefit from having statutory authority and funding to unilaterally dissolve inactive districts without protest votes and costly elections. Presently, when either a LAFCO or a district (even an inactive one) formally initiates its own dissolution residents can protest and upend the process. Legislation to resolve this issue is

currently pending consideration by the Legislature.

What Californians Can Find Online About Special Districts

Special districts report financial data annually to the California State Controller and California State Treasurer for public review. The Controller's office annually updates the number of independent districts and their employees and reports their statewide and individual salaries and wages paid per district. Data on individual districts can be found by entering the name of the district. Many special districts also provide links to the State Controller's website. One challenge, as described in greater detail later in this report, is that the State Controller combines information on independent special districts, joint powers authorities and nonprofit corporations making it difficult to assess trends in the aggregate. Upon request from the Commission, the State Controller provided the following details on the 1,895 independent special districts that have data available on the State Controller's website¹⁵:

- These districts have revenues of \$21.5 billion.
- These districts employ 90,461 people.
- The total payroll for these districts was nearly \$6 billion.

The Controller also updates a Top 250 list of the largest districts, an activity spurred by legislation codifying a recommendation in the Little Hoover Commission's 2000 report. For historical information, the Controller's Office maintains a list of annual financial transaction reports from fiscal year 1995-1996 through 2011-2012. In 2014, the Controller's Office updated its financial reporting to an open data format, allowing the public to sort and compare data in a variety of ways. The Treasurer's office tracks special districts' outstanding debts on its *DebtWatch* website. According to the State Treasurer's *DebtWatch* website, California special districts issued \$10 billion in debt from July 2016 to July 2017.

The California Special District Association also has a wealth of information on special districts on its website, including an interactive map of California that includes the name and contact information for a majority of special districts by county with links to many local district websites.

Relevant Websites to View Special Districts Data

Special Districts Annual Report – Top 250 Districts
<http://lgrs.sco.ca.gov/sb282/index.asp>

Salary Database for Special Districts
<http://publicpay.ca.gov/Reports/SpecialDistricts/SpecialDistricts.aspx>

Top 1,000 Special District Salaries
<http://publicpay.ca.gov/Reports/SpecialDistricts/SpecialDistricts.aspx?fiscalyear=2015&rpt=2&chart=1>

Annual Special District Financial Transaction reports 1995-2011
http://www.sco.ca.gov/ard_locarep_districts.html

Special Districts By the Numbers Open Data Website
<https://bythenumbers.sco.ca.gov>

Debtwatch (California State Treasurer’s Office)
<http://debtwatch.treasurer.ca.gov>

Special Districts Map (California Special Districts Association)
<http://www.cstda.net/special-districts/map/>

A Brief Recap: The Commission’s 2000 Study and Changes Since

In a May 3, 2000, letter to Governor Gray Davis and the Legislature following its initial year-long study, the Commission summarized that it found special districts were slow to change their ways, invisible to most citizens and often lacking in scrutiny until it was too late to head off scandal. “Ironically, these governments that are physically closest to their communities are oftentimes unknown to the people they serve. And in the absence of community involvement, the mechanisms for public accountability are dulled and the value of public scrutiny is lost.”

Wrote then Commission Chair Richard R. Terzian: “It also is ironic that when they were created, these districts were tailored to the needs of their communities. But as those communities have grown and changed, the districts themselves have been slow to change their boundaries, functions and governance to reflect their communities.” In its 2000 report, the Commission criticized excess

financial reserves held by some “well-heeled” districts, suggested that consolidating small districts into larger districts would yield efficiencies and stated that Local Agency Formation Commissions (LAFCOs) needed to be better-equipped and tougher to bring more order to the state’s checkerboard of districts.

“When special districts first emerged, they were state-of-the-art government. All of their attributes were tailored to the unique needs of their communities – their boundaries, their functions, their governance and their finances ... Many of these independent government entities continue to evolve in ways that increase their value and relevance to the citizens they serve. But others are reluctant to change and to open themselves to scrutiny. Their boundaries are meaningless relics of communities that have lost distinctions. They spend money on their defined missions, regardless of other community needs. In some cases, they hold vast financial reserves that have simply not been publicly examined. In extreme cases, the governing boards are only “governing” contracts with private service providers.

Little Hoover Commission. “Special Districts: Relics of the Past or Resources for the Future.” May 3, 2000.

The Commission’s five major recommendations in 2000:

- The Governor and Legislature should enact legislation to make special districts more visible and accountable to those they serve.
- The state should provide LAFCOs the direction and resources necessary to make them a catalyst for the effective and efficient evolution of independent special districts.
- The Governor and Legislature should establish a program at the California Policy Research Center, or similar institute, to equip policymakers and the public with tools necessary to assess and guide the organization of independent special districts. The program should develop guidelines and protocols for special district consolidations.

It also should study outcomes of consolidations and reorganizations, establish a cadre of trainers and develop performance measures.

- The Governor and Legislature should enact policies to ensure prudent management of special district reserve funds. Those reserves also should be incorporated into regional and statewide infrastructure planning.
- State policymakers should consider whether continuing to allocate property taxes to enterprise districts which bill their customers for services provided is appropriate.

The Commission's May 2000 report and recommendations have spurred few large-scale structural changes in the arena of special districts. There was no jump start in consolidations. There was no alteration of property tax allocations to enterprise districts. Explaining the lack of action, policymakers within the orbit of special districts told the Commission in 2016 that property tax policy is too intricate and convoluted to change allocations without tampering with Proposition 13. They also defended district reserve funds as a tool to pay for infrastructure or special programs such as the Metropolitan Water District's drought-inspired \$350 million lawn removal initiative in Southern California.¹⁶ Many LAFCOs, meanwhile, remain as resource-challenged as they were in 2000, continuing to lack adequate funds to more aggressively initiate and study formation, dissolution or consolidation of districts.

Still, August 25, 2016, hearing witnesses, as well as others in interviews, told the Commission its 2000 report prodded many smaller changes and results: Among them:

- Numerous county grand juries conducted their own reviews of special districts following the Commission's report. These grand juries documented many of the same issues locally as those raised by the Commission. Many questioned reserve levels and district spending and suggested district consolidations.
- Governor Davis in 2001 signed legislation – SB 282 (Dunn) – requiring the California State Controller to publish an annual online report of 250 special districts with the largest revenues. This annual

report now provides the public specific data about districts' reserves, revenues, expenditures and cash and investments on hand.¹⁷

- The California Special Districts Association in 2001 issued a publication to its members which cited Little Hoover Commission concerns about reserves. It outlined methods to establish "prudent" reserves. The association updated its "Special District Reserve Guidelines" in 2013.
- The CSDA's Special District Leadership Foundation, formed in 1999, now issues certificates of excellence to districts that adhere to principles identified in the Commission study – ethics, transparency, accountability, efficiency and good policy choices.¹⁸
- Most special districts now have websites – unlike 2000 – and post notices of board meetings, minutes and financial and budget information online. Water districts, especially, make strong use of social media to engage customers and keep them in the know.¹⁹
- The Cortese-Knox-Hertzberg Act of 2000 – AB 2838 (Hertzberg) – authorized Local Agency Formation Commissions to occasionally analyze the organization and relevance of individual special districts. Most LAFCOs are doing these studies, called Municipal Service Reviews, according to state LAFCO officials.
- LAFCOs also have become more independent of other local government organizations that could sway their decisions. In 2000, some 70 percent of LAFCOs relied on county employees for staff. In 2016, approximately one-third rely on county employees.
- The number of county LAFCOs with special district representatives on their governing boards has increased from 25 to 30 since the Commission's 2000 report. In 2017, the California Special Districts Association and California Association of California Local Agency Formation Commissions is co-sponsoring legislation to remove a legal constraint that requires a majority of special districts within a county to pass resolutions favoring special district

representation on their LAFCO within a one-year period. The proposed change would allow a one-time election process where a majority of districts could vote on the question.

Appropriate State Oversight

The Legislature gave life to special districts in 1877 and retains the power to create them to meet new needs, dissolve them when they become irrelevant and adjust their boundaries to meet changing circumstances. Generally, the Legislature is free to intervene in operations of special districts any way it sees fit – and has repeatedly done so.

Many outside the Capitol told the Commission the Legislature increasingly is too quick to override local oversight of special districts – and ill-informed while weighing issues complicated by fractious local politics. Yet Capitol insiders say local oversight processes for special districts can be interminably slow and ineffective. It often requires higher political authority to break logjams, shut down troubled districts, consider the fairness of property tax allocations and scrutinize the scale of financial reserves.

The standoff is a constant in Capitol politics. What, indeed, is appropriate state oversight for special governing entities that are local and regional in scale, run by locally-elected boards, subject to local oversight authorities and, in theory, reflecting the wishes of local constituents?

It Begins with Local Agency Formation Commissions (LAFCOs)

The Commission's 2000 report found LAFCOs were slow, underfunded and even unreliable when captured by local politics – and some still are. A frustrated

Legislature has reacted by bypassing LAFCOs altogether through legislation to directly create, expand, dissolve or alter the operations of special districts. Governor Schwarzenegger and Governor Brown have largely approved reorganization bills that reach their desks. An uptick in these types of bills introduced during the 2015-2016 legislative session signaled the LAFCO process was not living up to its potential equally across the state.

The Legislative action however raises red flags among local government watchers. One 2016 Senate Governance and Finance Committee analysis stated that “continuing to enact special legislation circumventing the LAFCO process for individual local government boundary changes and reorganizations may set a precedent that invites regular legislative involvement in all manner of disputes over local service delivery and boundary issues.”²⁰

Despite marked improvements since the last major reform effort in 2000, the enactment of the Cortese-Knox-Hertzberg Reorganization Act of 2000, the LAFCO process has generally not spurred an abundance of dissolutions or consolidations of special districts.

In August 25, 2016, hearing testimony, Pamela Miller, executive director of the California Association of Local Agency Formation Commissions (CALAFCO) told the Commission her member agencies oppose bills that bypass LAFCO authority and are increasingly being introduced in the Legislature. She also cited negative implications of the Legislature powerfully inserting itself into purely local disputes and issues, often of late involving healthcare districts, an issue discussed more fully later in this report.

What is a LAFCO and What Does it Do?

Many consider county Local Agency Formation Commissions, in theory, one of the best ideas of any state in helping guide the orderly growth of local government as communities develop and change. In practice, this task is often made much more difficult by local politics that can occasionally override the broader public interest. LAFCOs are dominated by local elected officials with varying ideologies about accommodating growth or development while the institutions are sometimes thought to be controlled by various city or county factions favorable or unfavorable to developers. A dissenting vote can lead to a member's removal. (The California Association of Local Agency Formation Commissions testified at the August 25, 2016, hearing that it would like to see statutory authority providing fixed terms for LAFCO members to ease political pressures in controversial local votes).

LAFCOs exist in each of California's 58 counties and are generally governed by five or seven members that include two county supervisors, two city council members and one public member – and in 30 counties, also two special district representatives. In most of those 30 counties, the cities, counties and special districts each pay one-third of a LAFCO's annual budget – though funding ratios can vary. In counties without special district representation cities and counties generally split the cost.

The Legislature and Governor Edmund G. "Pat" Brown created LAFCOs in 1963 as part of a tide of planning reforms enacted to prevent practices in which "many landowners engaged in leapfrog development – jumping far ahead of municipal boundaries and urban services to build subdivisions without central water and sewer systems," according to author William Fulton's "Guide to California Planning." Cities, wrote Fulton, "happily annexed distant property" and counties "permitted growth wherever landowners wanted to put it." LAFCOs were assigned to bring a rational view to these decisions, in essence, having the final say over city boundaries and also creation of special districts and their boundaries.

The Legislature has added many new responsibilities to LAFCOs since their creation. A 1993 reform law, AB 1335 (Gotch), gave LAFCOs the power to initiate consolidations among special districts while adding the option of including two special district members on LAFCOs.

Another major reform effort in 2000, the Cortese-Knox-Hertzberg Reorganization Act of 2000, AB 2838 (Hertzberg), gave LAFCOs authority to conduct reviews of the efficiency and effectiveness with which special districts deliver services. These are called Municipal Service Reviews (MSRs). While LAFCOs have no direct regulatory authority over special districts, these MSR's provide information to help districts improve their performance – and also serve as the basis for LAFCO decisions to recommend and take the initiative to consolidate or dissolve districts and make boundary changes. Local voters, however, have the final say on consolidations and dissolutions.

Sources: William Fulton. *Guide to California Planning*. Second Edition. Solano Press Books. 1999. Point Arena, CA. Pages 58-59, 76-77. Also, Pamela Miller, Executive Director, California Association of Local Agency Formation Commissions. August 25, 2016. Written testimony to the Commission.

Recent Legislation Overriding LAFCO Authority in Special District Controversies

- SB 1374 (Lara), creating the Lower Los Angeles River Recreation and Park District without requiring the usual LAFCO study and approval process for new local government boundaries. Governor Brown signed the bill on September 22, 2016.
- AB 2414 (Garcia), allowing the Desert Regional Healthcare District in Riverside County to expand its boundaries into the eastern Coachella Valley without a full LAFCO review. Governor Brown signed the bill on September 21, 2016.
- AB 2471 (Quirk), expediting the dissolution of the Eden Township Healthcare District in Alameda County by ordering the LAFCO, under conditions specified in the legislation, to dissolve it. The bill was ordered to the Inactive File on August 29, 2016, at the request of Senator Loni Hancock, D-Oakland.
- AB 2737 (Bonta), bypassing LAFCO and the board of Eden Township Healthcare District to cap the district's administrative expenses at 20 percent of its annual revenue. Governor Brown signed the bill on September 21, 2016.
- AB 2470 (Gonzalez), requiring the San Diego County Water Authority to provide water outside its boundaries to the Sycuan Band of the Kumeyaay Nation if asked – bypassing LAFCO review and circumventing the annexation process. Governor Brown signed the bill on September 12, 2016.
- AB 3 (Williams), creating the Isla Vista Community Services District to administrate a long-neglected student-occupied neighborhood near UC Santa Barbara. The bill specifically prohibited the local LAFCO from disapproving the application to create it. Governor Brown signed the bill October 7, 2015.
- SB 88 (Committee on Budget and Fiscal Review), granting the State Water Resources Control Board power to bypass LAFCOs to force consolidation of local water districts to serve disadvantaged areas. Governor Brown signed the bill June 24, 2015.
- AB 2453 (Achadjian), establishing a special process to create a new Paso Robles Water District in San Luis Obispo County that included exceptions to the customary and statutorily-required LAFCO process. Governor Brown signed the bill September 16, 2014.
- AB 1232 (Huffman) allowing a special process for the consolidation of the Sewerage Agency of Southern Marin and its member districts, after notice and hearing, but without protest hearings. Governor Schwarzenegger signed the bill October 11, 2009.

Source: : Legislative Information System. Bill analyses.

“LAFCOs have been criticized for not doing enough when it comes to dissolving or consolidating districts. Simply reorganizing agencies does not necessarily improve services – ultimately, LAFCO recommendations are designed to improve the provision of service. Each district has its own funding approach and some have distinctly different levels of service. Consolidation or dissolution for the sake of change is not as simple or logical a path as one presumes and often leads to unintended consequences. LAFCOs must always recognize and respect that a special district board is locally elected and is accountable to its constituents when making local decisions, even if in stark contrast to a LAFCO recommendation.”

Pamela Miller, executive director, California Association of Local Agency Formation Commissions. August 25, 2016, testimony to the Commission.

In her testimony, Ms. Miller told the Commission that the Legislature is prone to ignore or override the local circumstances and conditions behind a particular special district dispute. She also said the extensive and time-consuming deliberations involved in LAFCO processes are necessary to ensure quality decision-making. The LAFCO studies required to consolidate, dissolve, change or create a district can take one to two years and cost thousands of dollars in staff time, she said. “The Legislature made the process very deliberative so it takes a while. A dissolution is messy. There are a lot of factors. What are the assets? Who will take over the assets and liabilities? It’s time-consuming and costly. Some entities think it’s less costly to run a bill through the state and nothing could be further from the truth,” she told the Commission.

Witnesses at the Commission’s August 2016 hearing and participants at the June 2017, advisory committee meeting suggested part of the reason for the inconsistent effectiveness of LAFCOs across California was insufficient funding. A small, one-time infusion of grant funding – particularly targeting the most critically needed reorganization studies by LAFCOs or smaller special districts – could lead to improved local governance.

Ms. Miller suggested that although ongoing funding to support LAFCO mandates is appropriate, she indicated CALAFCO fully supports a one-time infusion for LAFCOs to conduct certain activities.

She also acknowledged to the Commission that CALAFCO is seeking middle ground with the Legislature. “We are willing to work with the local government committees to look at LAFCO processes on what could be streamlined and still get the job done,” Ms. Miller said.

Several “nuts and bolts” types of fixes were proposed to the Commission during the study. Two recommendations – one that would make it easier for LAFCOs to dissolve inactive districts and another that would make it easier to add special districts to LAFCOs in the 28 counties where this currently is not the case, were introduced in the Legislature in 2017. The first bill was under consideration by the Legislature and the second was sent to the Governor’s desk in August 2017. Other proposed improvements including establishing fixed terms of service for LAFCO members and simplifying the consolidation and dissolution process.

Dealing with Property Tax Inequities

The Commission spent considerable time in 1999 and 2000 examining a peculiar aspect of special districts that stems from rushed efforts to address the 1978 voter-created property tax limit measure, Proposition 13. The Commission then – alongside several other prominent task forces at the time – recommended reforms for fairer, more equal and sensible property tax distribution among local service providers. None of it gained traction due to powerful public entities, including special districts, fearing lost revenue and defending their locked-in property tax shares. The Commission revisited the topic at its August 25, 2016, hearing and heard a whole new round of opposition and protest from special districts and their trade associations. This opposition was repeated during and following the Commission’s June 2017 advisory committee meeting. It is clear that opportunities for property tax reform and more equitable distribution locally are little better in 2017 than in 2000.

Some districts – such as water districts – collect property taxes *and* charge fees for services to their customers. This enables them to prosper, build strong reserves and

keep fees lower. Meanwhile, some neighboring water districts *can't* collect property taxes, have few reserves and must charge customers higher fees.

“The allocation of property tax revenues is difficult to administer and understand, complicating the work of policymakers and confounding taxpayers. Formulas for allocating property taxes enacted in the late 1970s often fail to reflect the contemporary needs and desires of local communities. Formulas are now locked in place that provide subsidies to some districts, prevent others from delivering services that the public wants, and preclude understanding by the public of what their property tax buys and from whom.”

Special Districts: Relics of the Past or Resources for the Future. Little Hoover Commission. May 3, 2000.

This inequality prevails throughout California’s special districts landscape. It is due to AB 8, a quick, reactive measure which passed in 1979 and has defied solution ever since. AB 8 locked in a tax system in which special districts that levied their own property taxes in the mid-1970s get a similar share of their county’s 1 percent property tax rate today. Districts that didn’t levy property taxes in the 1970s – often due to politically-conservative boards – get no shares of their county’s property taxes. This inability to redistribute county property taxes for new program realities means libraries and parks may deteriorate due to taxing decisions made in the 1970s while nearby fire districts buy the best, newest fire trucks and healthcare districts give tax-funded grants to sometimes-questionable recipients – all while also maintaining reserve funds.

August 25, 2016, hearing witness Michael Coleman, a Davis-based government finance expert speaking for himself and not on behalf of his clients, told the Commission that special districts shouldn’t routinely be able to simultaneously receive property taxes and charge customer fees. He testified that the current system (inherited from the state government’s hurried, clumsy implementation of Proposition 13) often increases a region’s tax load – a struggling public library system must seek an additional parcel tax, for example, even as a nearby water district has seemingly outsized financial reserves.

Mr. Coleman acknowledged the difficulty of reforming an entrenched tax system fiercely defended by the winners. But he proposed a novel vision – one also floated during the early 1990s by the Legislative Analyst’s Office – to spend property tax dollars more efficiently in California by better aligning local property tax revenues with demand for services. “Communities should be empowered with the authority they need to allocate revenues according to their particular needs and preferences,” Mr. Coleman testified. “We have a local property tax apportionment system that fragments local governance: no local authority exists to allocate revenues among the core municipal services to better match local service level preferences as they exist today, not 30 or 40 years ago.”

Under Mr. Coleman’s scenario, the Legislature would give counties and cities responsibility to provide *all* services within their boundaries, even those now provided independently by special districts. Cities and counties would decide local service levels – for police, fire, parks, libraries, water and others – and have authority to shift annual spending of local property taxes to best provide them. In this manner, Mr. Coleman testified, a single government authority would set service priorities within its boundaries through an annual open budget process, he testified, rather than the current system of numerous independent entities making those decisions irrespective of one another and the region’s overall needs and wants.

“The authority to reallocate revenues from taxes should be tied at the hip with the responsibility for the service for which those taxes are intended,” Mr. Coleman told the Commission. Policymakers with the power to shift revenues from one program to another should shoulder the responsibilities for those programs.”

“Special districts could continue to be service providers under arrangement with cities and counties, but would no longer be ‘taxing entities,’” Mr. Coleman stated in his written testimony. Orally, he told the Commission, “I have said this many times, and I should reemphasize here again, that special districts, are in many cases, I do not doubt, the very best, most efficient and effective service provider for an area. What I’m suggesting is that that decision can be made through contract, as it is in many cases, as opposed to a locked-in allocation of revenues so that a community has the choice to think about what’s the best alternative for providing the service in the area.”

Special district representatives disagreed vigorously with Mr. Coleman’s proposal. Kyle Packham of the California Special Districts Association told the Commission it “fails on multiple levels” and noted the fact that it’s never been implemented suggested that it’s too difficult or “it may be it’s just a bad idea.” “The linchpin to the effectiveness of special districts, which Mr. Coleman recognizes in his written testimony, is their authority over revenues and expenditures. They’re independent,” Mr. Packham testified. “The moment that authority is subjugated to another body like cities, the district is completely undermined.”

Mr. Packham added: “Giving another body the purse strings might as well be handing them chains and shackles. He who controls, or she who controls, the revenue controls the outcomes. Therefore, turning over revenue control to the cities would inherently eliminate the purpose for which voters established special districts and the foundation for their effectiveness and efficiency.”

The Commission clearly recognizes that intense opposition to a different, more rational model of tax sharing creates formidable political obstacles to reforms. Yet, reflecting on the obvious inequities of property tax allocation and the locked-in formulas that have created winners and losers for nearly four decades after Proposition 13’s passage, it considers Mr. Coleman’s proposal worth keeping among policy options for the longer term in California.

The Prickly Question of Reserves

The August hearing also revisited a sensitive topic of financial reserves held by special districts. In its 2000 report the Commission issued a finding, noting: “Hundreds of independent special districts have banked multi-million dollar reserves that are not well publicized and often not considered in regional or statewide infrastructure planning.”²¹ The Commission found that “some reserves appear unreasonably large” and reported at length on ways to define a “prudent” reserve.

At the Commission’s August 25, 2016, hearing, Jon Coupal, president of the Howard Jarvis Taxpayers Association, reiterated many of those criticisms, stating, “Few can deny that many government entities have abused the public trust by hoarding vast sums of money. The problem remains, as it did in 2000, especially acute with enterprise districts.” Mr. Coupal added that reserves have continued

to increase since 2000 among the 25 top enterprise districts cited in the Commission’s original report.

The California Special Districts Association and individual special districts in 19 instances of public comment forcefully contested Mr. Coupal’s figures as well as his criticism. Mr. Coupal defended his testimony, stating, “It’s been said that we don’t understand reserves. I would submit that we do, very well.”

In his written testimony, Mr. Packham stated, “There are many factors to maintaining sufficient reserve levels and ultimately the fact that one agency has larger or smaller reserves than another is not, in and of itself, a bad thing.” He added, “The key is for agencies to establish a clear and well-articulated rationale for the accumulation and management of reserve funds.”²²

Special districts have likewise continued to dispute the numbers cited for special district reserves in the Commission’s 2000 report, labeling them inaccurate and misleading. In 2016, a Commission discussion with special districts about their reserve figures cited by the State Controller’s Office led to the same impasse as districts told the Commission they use different definitions and calculations for their reserves than those reported by the State Controller. The bottom line: it is nearly impossible under the current state reporting system to draw conclusions that won’t be challenged by special districts as inaccurate. Trade associations for special districts told the Commission the State Controller’s Office has established a task force including representatives of cities, counties and special districts, to work on standardizing definitions used in its reporting of reserves to eliminate this constant discrepancy. The Commission hopes that work remains a priority and is soon concluded to help the public properly assess the reserves held by their local districts.

Special district executives repeatedly told the Commission during its August 25, 2016, hearing that strong financial reserves are necessary for district operations and represent good fiscal judgment. The discussion, highly focused on the need for expensive infrastructure to do their work today and into the future, prompted Commission Chair Pedro Nava to ask district representatives if they are considering the impacts of climate change when investing their reserve funds. That discussion prompted additional research and a second

hearing on October 27, 2016, on districts' reserve policies and climate change adaptation, a subject that will be discussed in a later chapter.

RECOMMENDATIONS

Many of the concerns raised about special districts continue to be repeated in 2017. Within Capitol policy circles, some still contend that special districts are ripe for consolidation and represent convoluted, dispersed, under-the-radar government. The Commission, while recognizing that many districts could still be consolidated, believes that number may be more in the dozens than the hundreds. It takes at face value the fact that the number of districts has continued to level off since 1997. Yet the Commission remains frustrated with this seemingly slow process and at one juncture during the study process, even considered recommending broad and sweeping changes or encouraging a larger role for the Legislature.

After significant additional public input and several deliberations, the Commission still largely agrees, as it did in 2000, that keeping or dissolving a special district remains more of a local choice than a choice to be exercised within the Capitol. Governing issues remain, however, and special districts operations can be improved. The state can help through a one-time infusion of funding, combined with additional statutory improvements for LAFCOs. But these recommendations, if implemented, should be analyzed and measured and if additional progress does not occur, further reforms should be considered.

Recommendation 1: The Legislature and the Governor, should curtail a growing practice of enacting bills to override LAFCO deliberative processes and decide local issues regarding special district boundaries and operations.

The Legislature and Governor have reason to be frustrated with slow and deliberative LAFCO processes. But these are local institutions of city, county and special district members often better attuned to local politics than those in the State Capitol. Exemptions where the Legislature gets involved should be few, and in special cases where the local governing elites are so intransigent or negligent – or so beholden to entrenched power structures – that some higher form of political authority is necessary.

Recommendation 2: The Legislature should provide one-time grant funding to pay for specified LAFCO activities, particularly to incentivize LAFCOs or smaller special districts to develop and implement dissolution or consolidation plans with timelines for expected outcomes. Funding should be tied to process completion and results, including enforcement authority for corrective action and consolidation.

The Commission in its 2000 report and again in this study heard that certain LAFCOs and smaller districts lack the resources to propose consolidations and dissolutions. As part of the August 2016 hearing and June 2017 advisory committee meeting the Commission was told a small one-time infusion of \$1 million to \$3 million in grant funding could save California taxpayers money if local government is streamlined and efficiency is improved. This funding could provide an incentive for LAFCOs or smaller districts to start a dissolution or consolidation process. Participants in the Commission's public process suggested the Strategic Growth Council or Department of Conservation could administer this one-time funding.

Recommendation 3: The Legislature should enact and the Governor should sign SB 448 (Wieckowski) which would provide LAFCOs the statutory authority to conduct reviews of inactive districts and to dissolve them without the action being subject to protest and a costly election process.

The Commission's study found that there are inactive special districts that hold no meetings and conduct no public business. The exact number of inactive districts is not known and no formal effort to quantify this problem has occurred. A preliminary review by The California Special Districts Association found seven examples. Making the legal dissolution process for inactive districts easier for LAFCOs would represent a significant first step in trimming district rolls in California.

Recommendation 4: The Governor should sign AB 979 (Lackey), co-sponsored by the California Special Districts Association and the California Association of Local Agency Formation Commissions. The bill would strengthen LAFCOs by easing a process to add special district representatives to the 28 county LAFCOs where districts have no voice.

The Cortese-Knox-Hertzberg Reorganization Act of 2000 (AB 2838, Hertzberg) provided the option to add two special district members to county LAFCOs to broaden local governing perspectives. Nearly two decades later, 30 counties have special district representatives on their LAFCOs alongside city council members and county supervisors. This change provides LAFCOs a more diverse decision-making foundation and stronger finances. But 28 additional counties, mostly in rural California, have balked, citing scarce resources. Presently, a majority of a county's special districts must pass individual resolutions within one year supporting a change. This has repeatedly proved itself a formidable obstacle to broadening the outlook of local LAFCOs. AB 979 would allow a simple one-time election process where districts could easily – and simultaneously – decide the question.

Recommendation 5: The Legislature should adopt legislation to give LAFCO members fixed terms, to ease political pressures in controversial votes and enhance the independence of LAFCOs.

The California Association of Local Agency Formation Commissions testified on August 25, 2016, that individual LAFCO members – members of city councils, county boards of supervisors and special districts – are expected to exercise their independent judgment on LAFCO issues rather than simply represent the interests of their appointing authority. It is a sometimes difficult expectation when members serve at will of their appointing authority. The CALAFCO hearing witness said unpopular votes have resulted in LAFCO board members being removed from their positions. Fixed terms would make voting members more willing to exercise the appropriate independence in decision-making.

Recommendation 6: The Legislature should convene an advisory committee to review the protest process for consolidations and dissolutions of special districts and to develop legislation to simplify and create consistency in the process.

The Commission heard that an overly complicated and inconsistent process provides another obstacle to implementing district dissolutions or consolidations. There is one set of rules if a LAFCO initiates a dissolution or consolidation and another if the same process is initiated by a district. There was general agreement that a simplified and consistent process could improve

local governance, but the Commission was cautioned against recommending specifics on the process without significantly more stakeholder input. The June 2017 meeting participants agreed this topic warranted further review and suggested the local governance committees in the Legislature convene an advisory group to propose specific legislative changes.

Recommendation 7: The Legislature should require every special district to have a published policy for reserve funds, including the size and purpose of reserves and how they are invested.

The Commission heard a great deal about the need for adequate reserves, particularly from special districts with large infrastructure investments. The Commission also heard reserves were excessive and district policies on how reserves are set aside, invested and earmarked for future use are not readily available for public review. To be more responsive to constituents, special districts should better articulate the need for and the size of reserves, by adopting explicit policies for reserve funds. These policies should be readily available for public review.

Recommendation 8: The State Controller's Office should standardize definitions of special district financial reserves for state reporting purposes.

Presently, it is difficult to assess actual reserve levels held by districts that define their numbers one way and the State Controller's Office which defines them another way. The State Controller's Office is working to standardize numbers following a year-long consultation with a task force of cities, counties and special districts. To improve transparency on reserves, a subject that still eludes effective public scrutiny, the State Controller's Office should push this project to the finish line as a high priority.

Improving Transparency

Modern technology provides government a broad array of tools for providing information to the public and to solicit input and involvement from constituents. The Commission found dramatic improvement in the way special districts used websites to reach the public as compared to its prior review in 2000. But this is still not true statewide. And, it still is difficult for the public to know which districts receive their property tax dollars, how to participate in their district’s public process and how to pick the best board members to run their districts from an often obscure list of potential candidates.

Improving Transparency on Websites

In its 2000 report, the Commission found many districts provided minimal information to the public and many were still in the practice of posting meetings and agendas only at the district headquarters. In the subsequent 17 years, many special districts have embraced technology and provide much more information online. Some of the small and rural districts, however, still lack sufficient revenue and the consistent Internet access that would allow them to create and maintain a web presence. For these districts, it is more feasible to have no website at all rather than comply with state mandates for local government websites. Social media such as Twitter and Facebook provide new, less-costly outreach options.

The California Special Districts Association in partnership with the nonprofit Special District Leadership Foundation can be credited with making significant strides in improving online transparency for many special districts since the Commission’s 2000 report. The Special District Leadership Foundation has developed specific criteria special districts must meet to be awarded a District Transparency Certificate of Excellence. Currently, 118 special districts have received this certification.

Additionally, the California Special Districts Association has partnered with Streamline, a division of Digital Deployment, a web development company, to develop a website builder. With no startup fees and no commitment, association members can create and launch a website that meets all legal requirements as well as the Special District Leadership Foundation’s transparency guidelines for as little as \$10 per month.²³

Current law mandates four requirements for any local agency with a website:

1. Agendas must be posted 72 hours before a meeting occurs.
2. Annual compensation reports, or a link to the State Controller’s website that contains the report, must be posted.
3. Financial transaction reports, or a link to the State Controller’s website that contains the report, must be posted.
4. Enterprise system catalogs must be posted.

The fourth requirement – to post enterprise system catalogs – is a fairly new requirement unique to local governments enacted through legislation in 2015, SB 272 (Hertzberg). This law requires local governments to include a list of all software and computer systems that it uses to collect, store or analyze information. By creating the new rule as part of the Public Records Act, the law technically did not create an unfunded mandate for local government. Local governments, however, point to this type of legislation as state micromanagement as this website feature may add little value to local government constituents, but does require ongoing staff resources to keep the feature up-to-date.

Certificate of Excellence Website Requirements

The Special District Leadership Foundation encourages special districts to apply for a District Transparency Certificate of Excellence. These certificates indicate the district meets certain criteria and maintains a website with the following required items:

- Names of board members and their full terms of office to include start and end date
- Name of general manager and key staff along with contact information
- Election/appointment procedure and deadlines
- Board meeting schedule (Regular meeting agendas must be posted 72 hours in advance pursuant to Government Code Section 54954.2 (a)(1) and Government Code Section 54956 (a))
- District's mission statement
- Description of district's services/functions and service area
- Authorizing statute/Enabling Act (Principle Act or Special Act)
- Current District budget
- Most recent financial audit
- Archive of Board meeting minutes for at least the last 6 months
- Link to State Controller's webpages for district's reported board member and staff compensation (Government Code Section 53908)
- Link to State Controller's webpages for district's reported Financial Transaction Report (Government Code Section 53891 (a))
- Reimbursement and Compensation Policy
- Home page link to agendas/board packets (Government Code Section 54957.5) SB 272 compliance-enterprise catalogs (Government Code Section 6270.5)

The foundation also encourages additional items – and requires websites to include at least four of the items below:

- Post board member ethics training certificates
- Picture, biography and e-mail address of board members
- Last (3) years of audits
- Financial Reserves Policy
- Online/downloadable public records act request form
- Audio or video recordings of board meetings
- Map of district boundaries/service area
- Link to California Special Districts Association mapping program
- Most recent Municipal Service Review (MSR) and Sphere of Influence (SOI) studies (full document or link to document on another site)
- Link to www.districtsmakethedifference.org site or a general description of special districts
- Link to most recently filed FPPC forms
- Machine readable/searchable agendas (required in 2019)

Source: Special District Leadership Foundation website. Accessed August 7, 2017. https://docs.wixstatic.com/ugd/e1128e_2a54d6cbed247a19f30556c297daee0.pdf

In written comments to the Commission following the June 2017 advisory committee meeting, Mr. Packham from the California Special District Association noted that between April and June 2017, one district website had 289,133 unique page views to its homepage, but only 16 unique page views of the enterprise system catalog link. In the same letter, Mr. Packham urged the Commission to not only consider the upfront costs of developing or updating a website to comply with statutory requirements, but also the ongoing personnel costs required to maintain and update information on the website. He and others also suggested that any new requirements related to special district websites be consistent across all levels and types of state and local government and that consideration be given to small special districts with limited revenue and inconsistent access to the Internet.²⁴

Improving websites was a significant discussion topic at the Commission's June 2017 advisory committee meeting. Chair Pedro Nava encouraged districts to "tell their story" in plain language. There are very few government entities that are in a position to let people know that they are out there working directly for them and that the taxes and fees they pay fund local services, he said.

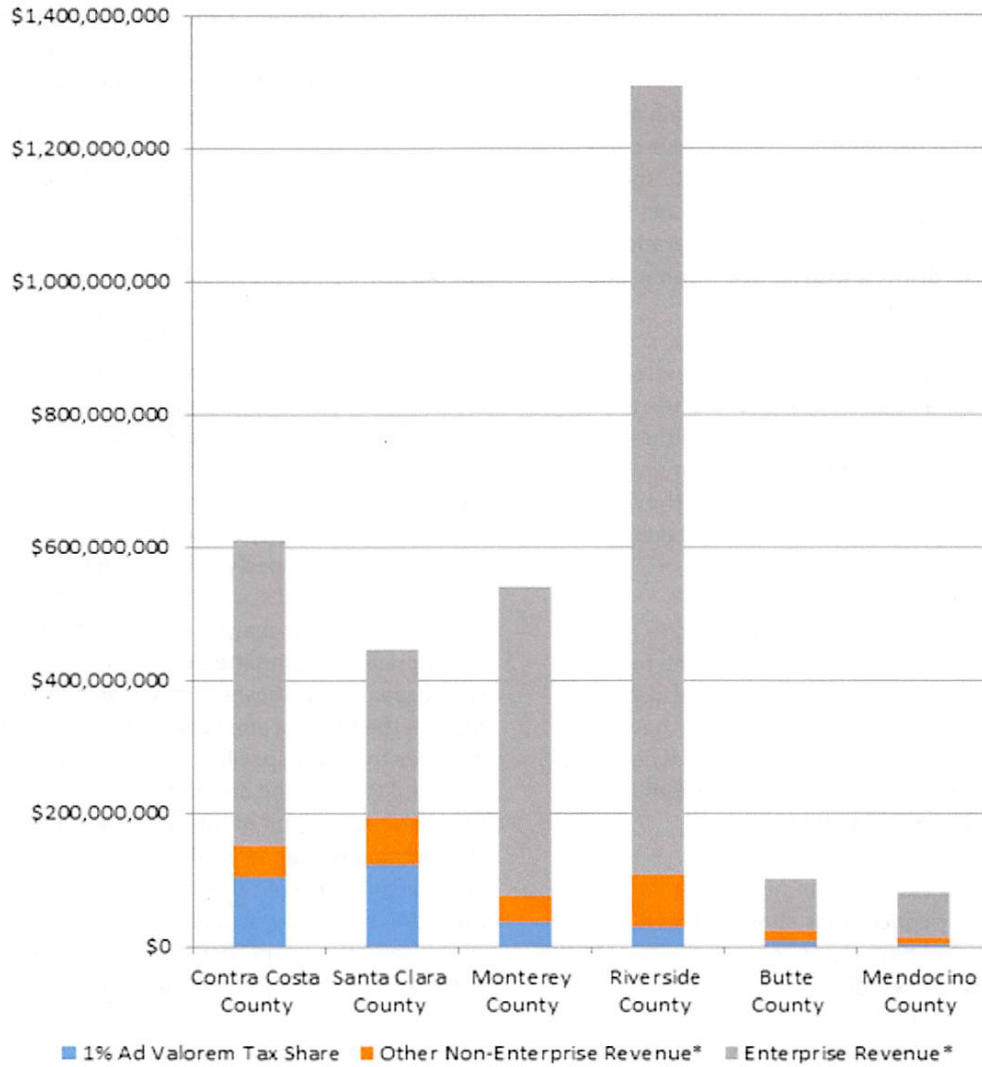
The goal of additional transparency is not micro-managing, another Commissioner stated at the meeting, but rather consistently making information available that answers basic questions about a district: how many employees are there and what are they paid, where does the revenue come from and how is money spent in the district. The goal, he said, is to build trust.

During the study process, the Commission also found it difficult to draw basic conclusions about independent special districts even though much information is publicly available on the State Controller's websites. [Government Compensation in California](#), includes employee salary, benefits and pension costs for every special district that submits this information as required to the State Controller's Office. Another State Controller's Office website, [By the Numbers](#), provides access to the financial information provided by special districts including revenue, expenditures, long-term debt and other data points and allows the website user to compare up to five different districts. This information on these two websites is valuable and helpful, particularly if the interested party knows where to look and the name of the special district they want to review, but it is difficult to

compile aggregate data as the State Controller combines independent and dependent special districts along with joint powers authorities and nonprofit corporations. Disaggregating independent special district data on the website would enable the public and policymakers to more easily draw general conclusions. With assistance from State Controller's Office staff, the Commission was able to learn that independent special districts generate some \$21 billion in annual revenues and employ more than 90,000 local government workers.²⁵

The Commission also found that it is difficult, if not impossible, for taxpayers to understand where their property tax dollars are spent locally. Although many special districts, as previously described, do receive a portion of their revenue from property taxes, not all do. SB 448 (Wieckowski), the legislation that would make it easier for LAFCOs to dissolve inactive districts, also included provisions requiring all county tax bills to include a list of all services provided by a city, county, special district or school district that are funded by the general ad valorem property tax. Ad valorem taxes are levied on property based on its value. In California, the ad valorem property tax is restricted by a formula set by Proposition 13, a ballot proposition enacted by voters in 1978. An analysis of SB 448 by the Senate Appropriations Committee concluded this provision would create "significant reimbursable mandate costs, likely in the millions annually related to requirements for counties to report specified information regarding services provided through the ad valorem property tax on every tax bill."²⁶ As a result of the cost, the bill was amended to delete the provision related to tax bills. The Legislature should continue to work with county officials to develop an alternative that would allow taxpayers to better understand the use of their ad valorem property taxes without causing an excessive burden for counties.

Independent Special District Revenue, by County FY 2015



Source: Data obtained from Kyle Packham, Advocacy and Public Affairs Director, California Special Districts Association. Sacramento, CA. June 21, 2007. Written communication. Citing State Controller's Office Financial Transaction Report Data obtained through www.bythenumbers.sco.ca.gov.

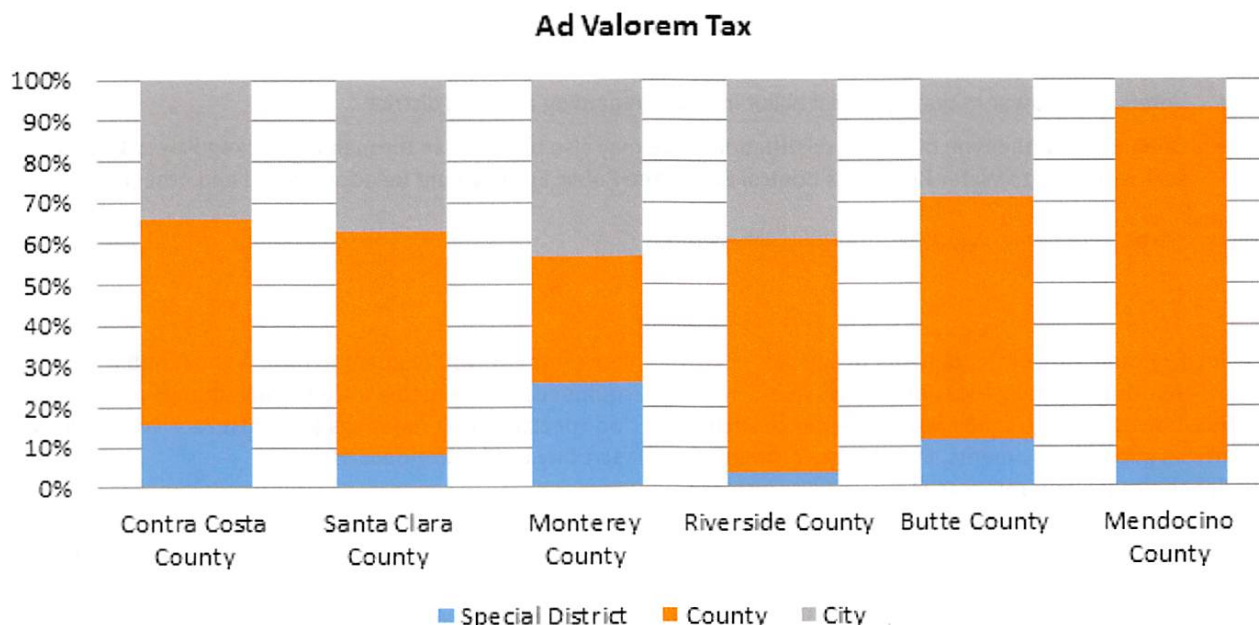
At the Commission’s April business meeting, Commissioners asked if it was possible to look at one or two counties and view how much of the ad valorem property tax went to each of the districts operating within the county – with the understanding that many districts straddle more than one county and many districts receive no property tax revenue at all. In response, the California Special Districts Association, using data from the State Controller’s By the Numbers website, compiled information for two urban, two suburban and two rural counties. In the six counties analyzed, the ad valorem property tax generated ranged from 2 percent of total special district revenue in Riverside County to 27 percent of total special district revenue in Santa Clara County. Data show the vast majority of revenue for special districts in each of these six counties came from fees charged for services, not property taxes. Approximately 47 percent of the 256 special districts identified in the six counties received no property tax at all.²⁷ The data provided also included the total ad valorem property tax provided to county government, city government and all the special districts within each of the six counties. The chart below reflects the variances in each county, with special districts

in Riverside County receiving approximately 3 percent of total ad valorem tax revenues and Monterey County receiving approximately 25 percent of the total.²⁸

Low Visibility = Public Engagement Challenges

The public often does not know what government entity provides a particular service, according to testimony at the Commission’s public hearings and discussion at its advisory committee meetings. Mr. Packham and others suggested that K-12 civics education should include more information about local government, particularly since cities, counties and special districts provide government services most relevant to local communities.

There was an ongoing dialogue throughout the study process about public outreach including opportunities to create greater awareness for public participation at district board meetings and opportunities to serve on boards as well as the need for better information on candidates running to serve on boards.



Source: Data obtained from Kyle Packham, Advocacy and Public Affairs Director. California Special Districts Association. Sacramento, CA. June 21, 2007. Written communication. Citing State Controller’s Office Financial Transaction Report Data obtained through www.bythenumbers.sco.ca.gov.

When Districts Go Bad

Given the Commission’s general interest in this review of working within existing institutions and the established system to regulate special districts, Commissioners also considered what legal or other mechanisms exist to deal with districts (or district officials) that go off the rails with poor ethical decisions or illegal behavior. The Commission learned of a number of options to right wrongs within the existing system:

- Residents of the district can vote perceived offenders on the board out at the next election.
- Residents of the district can mount a recall effort of board members who exercise questionable conduct.
- The county District Attorney can file criminal charges.
- Whistleblowers can use the State Attorney General’s whistleblower system. The Attorney General also has authority for criminal matters.
- County civil grand juries can investigate special districts and report on findings.
- County Local Agency Formation Commissions can do a Municipal Service Review and initiate a process for dissolution or reorganization.
- The California State Auditor has statutory authority to identify, audit and issue reports on local government agencies, including special districts deemed at “high risk for the potential of waste, fraud, abuse, and mismanagement or that has major challenges associated with its economy, efficiency, or effectiveness.” Audited districts must file reports every six months on their progress implementing corrective action plans until the auditor is satisfied with results.
- The California Public Employees Retirement System (CalPERS) can administratively address pension issues such as reports of pension spiking related to special districts and district members.
- The state’s Fair Political Practices Commission has authority to investigate and fine special district officials for elections or campaign financing violations.
- Voters have power to qualify a local ballot initiative regarding a special district.
- Depending on the type of district or situation there may also be recourse through various regulatory bodies, such as the State Water Resources Control Board, the Public Employment Relations Board and others.

Sources: California Special Districts Association. Commission staff research.

As previously noted, one of the benefits of special districts is that they typically focus on one service area. This, however, lowers their visibility – hence such nicknames as ghost governments, invisible governments and under-the-radar governments. Low visibility also can inhibit public participation. A 2016 “Last Week Tonight with Jon Oliver” parody on special districts made fun of the fact that no one attended a public meeting of the Litchfield, New Hampshire, Mosquito Control District, at which two board members recited the Pledge of Allegiance by themselves and faithfully asked of the empty room if there was public comment on individual agenda items. (“I guess when you’re a member of ghost

government, you’re going to have a ghost public,” Oliver quipped).²⁹ The media infrequently attends and reports on special district meetings and most receive little local scrutiny until a scandal arises.

Low visibility of special districts contributes to challenges with public engagement. How do districts reach out about climate change or other topics to residents who are busy with their lives, aren’t overly familiar with the district in the first place, don’t know about the district’s social media sites and typically throw away most of the unsolicited paper that comes in their mail? Moreover, how do they broaden a governing board with new voices from

underrepresented communities where many working people don't have time, money or inclination to run for office or serve long hours for a minimal volunteer salary?

Special districts impact quality of life dramatically, yet voters often have the least information about those candidates during an election. District candidates often do not have websites or the visibility typically found in a city council or county supervisor election. And, local government elections typically yield lower voter participation than national or statewide elections. A 2011 Legislative Analyst's review of 42 special districts in San Diego County found little difference in voter participation, stating, "In our analysis of San Diego County local governments since 2002, we found that regardless of the size of the district, special district voter turnout was substantially similar to the turnout for city and county government elections."³⁰

Voter participation drops for down ballot contests, such as school board or water district elections, in comparison to participation in top of the ballot contests such as presidential or gubernatorial seats, according to election data provided to the Commission by county registrars from Orange and Santa Cruz counties. Data collected on voter participation in Santa Cruz County since 1985 show that, on average, voters participate in special district and city elections at a much lower frequency than they do for presidential and gubernatorial elections.³¹

Average Voter Turnout in Santa Cruz County Elections Since 1985

Presidential General	78.90%
Presidential Primary	59.01%
Gubernatorial General	63.97%
Gubernatorial Primary	47.85%
Special District or City Special Election	42.21%

Similarly, data from Orange County's last three general elections show that participation in top of the ticket items is high. In 2012 and 2016, 67 percent and 78 percent of the county's registered voters respectively turned out to vote for a presidential candidate. Top of the ticket turnout in 2014 for the state's gubernatorial race was

comparatively lower – just 43 percent of registered voters cast a vote for a gubernatorial candidate.³² In these three elections, on average, about 47 percent of registered voters in Orange County turned out to cast a vote in special district or city elections.³³

Commissioners asked special district representatives during both public hearings how they engage with the public, particularly with underrepresented communities, about participating in public meetings and even running for office to ensure district boards reflect the diversity of the constituents served. Typically, representatives responded they make wide use of their websites and still wider use of social media sites – Facebook, Twitter, LinkedIn, Instagram and Next Door – to communicate with residents. Many go into schools with classroom presentations, erect booths at community fairs, use inserts with bills and publish a monthly or quarterly newsletter mailed to residents. In 2016, the Sanitation Districts of Los Angeles County began a quarterly workshop to educate the public and stakeholders on water issues related to climate change. As budgets have improved from the Great Recession, facility tours also are a popular public engagement tool, they said.

The California Special Districts Association, in August 25, 2016, hearing testimony, also cited a partnership with the Sacramento-based Institute for Local Government (ILG) to help build public outreach capacity within special districts. The institute, funded with a \$300,000 grant from the James Irvine Foundation, in 2017 began providing engagement training to cities, counties and special districts. The program provides a step-by-step approach to help local governments plan and execute their public engagement work in a systemic way. Sarah Rubin, ILG program manager for public engagement, said the program identifies up-and-comers in public organizations who may be doing a variety of jobs unrelated to outreach, but are expected to become leaders. They received training in systemic, continuous public outreach that goes beyond what cities, counties and special districts usually do – which is engage people to support one-time events such as voting for special taxes or benefit assessment districts. Ms. Rubin told the Commission, "We want them to think beyond the one-off way. To think about who is in their community, to think, when you need new board members, how do you notify the community to make sure they know about it."³⁴

RECOMMENDATIONS

The Commission recommended improving transparency in its 2000 report and while it acknowledges significant improvement in this area, much more can be done.

At the June 2017 advisory committee meeting, Commissioners agreed that the goal of increased transparency was not to micromanage or create unnecessary burdens or significant new mandates for special districts but to improve trust in government. Ultimately, it is in the best interest of special districts to “tell their story.” Many are quietly providing excellent services, often unnoticed until a rate hike is proposed, a street floods or the power goes out.

Likewise, the Commission commends efforts to improve public engagement by the California Special Districts Association and the Institute for Local Government and urges these organizations to continue to develop best practices.

Recommendation 9: The Legislature should require that every special district have a website.

Key components should include:

- ***Name, location, contact information***
- ***Services provided***
- ***Governance structure of the district, including election information and the process for constituents to run for board positions***
- ***Compensation details – total staff compensation, including salary, pensions and benefits or a link to this information on the State Controller’s website***
- ***Budget (including annual revenues and the sources of such revenues, including without limitation, fees, property taxes and other assessments, bond debt, expenditures and reserve amounts)***
- ***Reserve fund policy***
- ***Geographic area served***
- ***Most recent Municipal Service Review***

- ***Most recent annual financial report provided to the State Controller’s Office, or a link to this information on the State Controller’s website***
- ***Link to the Local Agency Formation Commission and any state agency providing oversight***

Exemptions should be considered for districts that fall under a determined size based on revenue and/ or number of employees. For districts in geographic locations without stable Internet access, make this same information available at the local library or other public building open and accessible to the public, until stable Internet access becomes available.

Building on this recommendation, every LAFCO should have a website that includes a list and links to all of the public agencies within each county service area and a copy of all of the most current Municipal Service Reviews. Many LAFCOs currently do this and some even go beyond by providing data on revenues from property taxes and user fees, debt service and fund balance changes for all the local governments within the service area. At a minimum, a link to each agency would enable the public to better understand the local oversight authority of LAFCOs and who to contact when a problem arises.

Recommendation 10: The State Controller’s Office should disaggregate information provided by independent special districts from dependent districts, nonprofits and joint powers authorities.

The State Controller’s Office is a leader in making the information it has available to the public. Despite its significantly out-of-date database software, the public can find a substantial amount of data on the State Controller’s website, particularly if the search is focused and the name of the district is known. But the manner in which data is stored on the State Controller’s Office website makes it difficult to draw general conclusions about independent special districts, such as overall revenues or employee compensation as information for independent districts is mixed with various other entities.

Recommendation 11: The California Special Districts Association, working with experts in public outreach and engagement, should develop best practices for independent special district outreach to the public on opportunities to serve on boards.

The Commission heard anecdotally that the public does not understand special district governance, does not often participate or attend special district board meetings and often does not vote in local elections. This was supported by information provided to the Commission by two county registrars that showed that many voters who voted for federal or statewide offices, did not vote for local government officials at the same rate, whether they were city council positions, special district positions or local school or community college district positions.

What Role for Healthcare Districts?

Few public policy arenas in 2017 appear fraught with more political and financial uncertainty than healthcare. And few public entities have more at stake in the outcome than a particular subset of special districts known as healthcare districts. As part of this review, the Commission sought to better understand one type of special district. It specifically focused on a controversial class of healthcare districts – those which no longer operate hospitals. Most of these districts, just like counties before them, have shed their hospitals in recent years due to deteriorating financial conditions within their operations. Instead, some districts manage various prevention and community-based wellness programs, often targeting specific identified needs. Others provide grants and manage healthcare facilities, among many other activities.

Scattered incidences of political turmoil, grand jury reviews and accompanying unflattering media in the wake of these transitions shows that many districts without hospitals still struggle to explain their roles in a rapidly evolving era of healthcare that emphasizes preventive care over hospitalization. No category of special district is perhaps more misunderstood regarding its proper role within the local and regional governing apparatus of California.

The Commission heard two equally compelling views of California healthcare districts that no longer operate hospitals:

- One segment questioned whether public healthcare districts without hospitals remain relevant – and more, whether they should continue to exist within the labyrinth of public, commercial, nonprofit and not-for-profit healthcare delivery in California. The Legislature, local grand juries, LAFCOs and healthcare analysts wondered if some of these districts are simply “money chasing a mission?” In other words, are they outmoded public institutions protecting their turf as they defend and hold firm to their traditional financial bases of property taxes?

- Alternatively, despite the great uncertainty about a long-term direction of healthcare in general and the Affordable Care Act and its potential replacement in particular, many healthcare districts without hospitals are indeed, carving out interesting and pioneering new roles in delivering preventive care. Some are receiving national attention as models of a new paradigm in healthcare. Are these districts onto something that has not yet jelled in public consciousness – a notion that healthcare districts can reduce out-of-control healthcare costs locally in the long run by investing upfront in healthier lifestyles – what one healthcare district executive calls “preventing the preventable?”³⁵

Each of these questions drove the Commission’s 2016-2017 review of healthcare districts (the new name the Legislature gave hospital districts during the 1990s to reflect changes in healthcare). The Commissioners also considered related questions:

- When a healthcare district primarily exists to manage real estate or redistribute its property tax allocations as community healthcare grants to other entities, might its job be better fulfilled by county health departments or other local or regional health organizations?
- Do critics who maintain that healthcare districts without hospitals should be dissolved have too narrow a focus and lack understanding of shifts in the healthcare landscape?
- In an era of higher emphasis on wellness and preventive care are healthcare districts the appropriate entities to model and offer a new menu of healthcare services?

The Commission in November 2016 convened an advisory committee meeting that brought together nearly two dozen experts to discuss how healthcare

districts are rethinking their roles and relevance in an era that favors preventive care over traditional hospital care – the original reason for the existence of California healthcare districts. Participants discussed the role of LAFCOs in consolidating or dissolving healthcare districts and analyzed best practices and metrics to define their accomplishments. Commissioners initially described a phenomenon of “mission creep” that comes over agencies defending their turf and asked what makes healthcare districts special – whether in finance, management or governance – compared to county governments? Indeed, if California was to develop a healthcare system from scratch, might it best be done by counties instead of healthcare districts? The November meeting is discussed in greater detail later in this chapter and forms the basis of recommendations at the end.

Nearly Half of Districts Still Operate Hospitals

Approximately one-half of California’s 79 healthcare districts still operate hospitals, mostly in rural areas with few competitors or other intensive-care alternatives. No one has suggested a need to dissolve those rural districts and their hospitals, which provide essential emergency services to visitors and tourists, as well to their own residents.

Debates about the mission and purpose of healthcare districts, instead, tend to center on suburban healthcare districts. Created in former rural areas that have suburbanized, they now operate in competitive healthcare markets. The Legislature’s 2015-16 session, for instance, considered whether to: force an East Bay healthcare district to dissolve (not passed); rein in its administrative overhead expenses (passed and signed by the Governor); and, require the Southern California Coachella Valley to expand its service boundaries to take in more lower-income residents (passed and signed by the Governor). This provides another example of the Legislature bypassing the LAFCO process.

In the face of institutional criticism executives of suburban healthcare districts without hospitals continue to tout their viability. Commonly, in formal Commission hearing testimony, remarks during an advisory committee meeting, in public comment and conversations with

Commission staff, healthcare district executives told the Commission:

- They are more nimble and flexible than county public health bureaucracies in defining and funding the healthcare priorities of their communities.
- They are helping to pioneer a new era of cost savings via proactive preventive care for children, adults and the elderly under the umbrella of “wellness.”
- They are often misunderstood in this new mission by critics who lack understanding about how much the healthcare landscape is changing and downplaying hospitalization.
- Voters generally support their districts’ local missions and the manner in which they channel their district property taxes to community groups as healthcare grants.

California Healthcare Districts: A Brief Introduction and History

Alongside the proliferation of large hospital chains, private doctor’s offices, federally-qualified health centers and county health departments that dominate California’s healthcare landscape, 79 public healthcare districts – with and without hospitals – employ 32,000 people and operate in 40 counties. More than two-thirds of these districts are established fixtures in small towns and rural areas, governed by volunteer elected boards and administered by professional staffs. The typical rural healthcare district provides nearly one-third of its care to low-income residents.

Statewide, 37 of the 79 healthcare districts operate 39 district hospitals, the Association of California Healthcare Districts (ACHD) reported in August 25, 2016, hearing testimony. Forty-two districts no longer own or operate a hospital, or never did.³⁶ The 39 district hospitals make up just 10 percent of hospitals in the state. The rest of the hospital landscape in California includes 209 nonprofit hospitals, 90 investor-owned private hospitals, 50 hospitals run by health systems and 10 veterans hospitals, according to the California Hospital Association.³⁷

Californians began to form hospital districts during the 1940s when the Legislature passed the Local District Hospital Law to deal with a shortage of local hospital beds and medical care in a growing state, particularly in rural areas. These new hospital districts steered property tax and fee revenues into a hospital building boom as the state added nearly 10 million new residents during the 1950s and 1960s.³⁸

By the late 1970s and into the 1980s, however, these and other smaller hospitals struggled as public and private insurers increasingly implemented cost-saving strategies. A new managed-care and cost-minded approach to financing hospital care added to deficits. Beds lay empty as patients were discharged earlier. Growth in outpatient care due to better technology and pharmaceutical drugs kept those hospital rooms vacant. Since then, a growing emphasis on wellness and preventive care accelerated by the passage of the Affordable Care Act in 2010 continues to drive a trend of less hospitalization. Just as many counties earlier closed hospitals under these financial pressures, special districts have in recent years closed at least 16 hospitals and outsourced operations of five more to for-profit and not-for-profit chains, stated the ACHD in written testimony to the Commission.

The most recent closures include Doctor's Hospital in San Pablo in April 2013. Six months after Doctor's Hospital closed, San Diego County-based Fallbrook Regional Health District, in November 2014, closed its Fallbrook Hospital emergency room and stopped admitting patients due

to continuing financial losses. The district's contracted hospital operator attributed losses - \$6 million in 2013 alone - to "modern health care's growing emphasis on managed care contracts, which funnel patients to specific providers, and ongoing competition from other hospitals in the region."³⁹ The West Contra Costa Healthcare District, which struggled through years of financial losses at the hospital - attributed in part to low reimbursement rates for Medi-Cal and Medicare - filed for bankruptcy in October 2016.⁴⁰

Amid these trends, more hospital districts, including West Contra Costa Healthcare District and Fallbrook Regional Health District, have turned toward being general community health providers. A 2006 California Healthcare Foundation study noted that districts increasingly offer substance abuse and mental health programs, outpatient services and free clinics. They also run senior programs that include transportation to wellness and outpatient care. Others provide nurse training, physician recruitment, ambulance services, health education programs and a variety of wellness and rehabilitation activities.⁴¹

At the Commission's August 25, 2016, hearing, Amber King, senior legislative advocate for ACHD, expanded on the 2006 list, testifying: "The range of services offered by healthcare districts are tailored to meet community needs and include prevention and public health programs, primary care, skilled nursing, ambulance, hospice and acute and emergency services. Despite their unique and



New 50-bed Hillcrest Hospital opened 1957 by the Petaluma Hospital District. Courtesy of Petaluma Health Care District.

varied nature, the mission of healthcare districts remains the same: to provide critical health services to the communities that created them,” testified Ms. King.⁴²

California Healthcare Districts at a Glance:

- Number of Districts: 79
- Districts that levy property taxes: 66
- Districts in rural areas: 54
- Districts without hospitals: 42
- Districts with hospitals: 37
- Number of hospitals: 39
- Districts that lease their hospitals: 5
- District hospitals that have closed: 16
- District employees statewide: 32,000
- Number of board members: 400

Source: Association of California Healthcare Districts. Written testimony to the Commission. August 25, 2016. Also, personal communication. August 1, 2017.

Another key development in the evolution of healthcare districts without hospitals is their role as grant-makers to community organizations. Critics question if people want to pay property taxes so health district executives can act as a “middleman” and disburse them in grants. Others also have questioned how the money is spent. A Senate Governance and Finance Committee analysis for AB 2471 (Quirk), which aimed, unsuccessfully in 2016, to force dissolution of Alameda County’s Eden Township Healthcare District, stated, “In recent years Eden Township Healthcare District has spent district funds on sponsorships of community organizations and events that appear to have relatively tenuous connections to community healthcare needs, including the Hayward Area Historical Society’s ‘Martini-Madness Gala,’ a Rotary Club ‘Lobsters for Literacy’ fundraiser, charity golf tournaments, and a community rodeo parade.”⁴³ The district, which doesn’t run a hospital, also reportedly spends more on administrative expenses than it allocates in grants.⁴⁴

Jack Hickey, a director of Sequoia Healthcare District in San Mateo County, told the Commission his district funds a food bank that provides services to residents

outside the district – with less than 10 cents per dollar of local taxes returning to district residents. Mr. Hickey, a long-time board member who campaigns to dissolve the district, said it spent \$10 million subsidizing nursing programs that didn’t require the nurses to work inside the district.⁴⁵ (A June 2013 San Mateo County Grand Jury report issued similar criticisms).⁴⁶ During the Commission’s November 2016 advisory meeting on healthcare districts, a fellow Sequoia board member, as well as the district’s chief executive officer, countered the criticism by citing continued support of voters for district operations and policies.

Healthcare District Bills and Outcomes: 2015-16 Legislative Session

During the 2015-16 legislative session lawmakers grappled several times with the issues of healthcare districts. Many involved an issue explored at the Commission’s August 25, 2016, hearing: legislative end runs around the local process, which requires LAFCO approval to dissolve and expand boundaries of districts. These issues clearly seemed to both frustrate and confound lawmakers, as nearly all were local issues with strains of local politics not always immediately apparent to legislators in Sacramento. The bills and their outcomes included:

- AB 2414 (Garcia), allowing the Desert Regional Healthcare District in Palm Springs to expand its boundaries into the eastern Coachella Valley without a full LAFCO review. Governor Brown signed the bill on September 21, 2016.
- AB 2471 (Quirk), expediting the dissolution of the Eden Township Healthcare District in Alameda County by ordering the LAFCO, under conditions specified in the legislation, to dissolve it. The bill was ordered to the inactive file on August 29, 2016, before reaching a final vote.
- AB 2737 (Bonta), bypassing LAFCO and the board of Eden Township Healthcare District to cap the district’s administrative expenses at 20 percent of its annual revenue. Governor Brown signed the bill on September 21, 2016.

Source: Legislative Information System. Bill analyses.

Directors of El Camino Healthcare District in Santa Clara County also questioned whether \$6.4 million in grants they approved in June 2016 were being put to good use considering failures by some of the same grantees to meet previous year's expectations. The district grants fund mobile dental clinics and school therapists, as well as food giveaways and police-sponsored summer camp stays for at-risk youth.⁴⁷ Statewide, however, testimonials from community grantees abound in healthcare district annual reports and other publications about the importance of district grants to their operations. The ACHD, in August 25, 2016, written testimony also submitted successful grantmaking examples that included:

- \$738,700 in community-based mental health grants provided by the El Camino Healthcare District in 2015 and 2016.
- \$40,000 from Los Medanos Healthcare District from 2013 to 2016 to sponsor a breastfeeding program in response to low birthweights and higher infant mortality within the district.
- \$650,000 from Desert Healthcare District from 2013 to 2015 to help target and register approximately 90,000 area residents eligible for Medi-Cal and Covered California.
- \$35,000 from Fallbrook Health District in 2015 and 2016 to provide senior citizens free transportation to medical appointments, grocery stores, the food pantry and senior centers.

Dissolution Has Proved Itself a Persistent Question

County grand juries have found healthcare districts that do not run hospitals an inviting target. Four grand jury reports over a decade successfully prodded the 2012 dissolution of the Mount Diablo Healthcare District in Contra Costa County. The district hadn't run a hospital since 1996 and, according to a Contra Costa County LAFCO consultant, "the health care district spent in the past decade 85 percent of its property tax proceeds on overhead, elections and legal bills." In March 2012, the county LAFCO voted 6-1 to subsume the Mount Diablo district's responsibilities into a new subsidiary district run by the City of Concord and transfer its property tax allocation to the city, as well.⁴⁸

Likewise, three grand juries over a decade criticized Pittsburg-based Los Medanos Community Healthcare District in Contra Costa County, which reportedly spent half of its 2010-2011 revenue on community and health programs and half on "administrative and operating expenses, including stipends for the board of directors, travel and election fees and a board retreat."⁴⁹ In 2017, the district continues to exist and dispense grants in its community.

San Mateo County's Peninsula Health Care District also is the subject of several grand jury reports since 2000. One in 2004 recommended that it and nearby Sequoia



Beach Cities Health District "Walking School Bus" Program. Courtesy Beach Cities Health District.

Healthcare District (also the subject of five grand jury examinations since 2000) merge their operations to cover the entirety of San Mateo County. No action resulted. The county grand jury in 2013 questioned whether Peninsula is, at its core, a commercial landlord, a real estate developer or a community health resource. The report suggested a closer examination by the county LAFCO and made no explicit call for the district's dissolution. In response, the district disagreed with the premise of the grand jury's question, writing that none of the three roles cited by the grand jury are

mutually exclusive, and all serve the needs of the district community.⁵⁰ The district's newest real estate project, a 124-unit assisted living and memory care center facility, is expected to open in early 2018.⁵¹

Healthcare districts generally have deflected criticisms of grand juries about their missions and prevailed with their own counterarguments about the necessity of their healthcare-centered real estate operations and grant programs. Yet the continuous public probing shows at the very least, a significant perception problem among

The Poster Child for Controversy: Eden Township Health District

Perhaps no district in recent years has fended off more pressure to dissolve than Alameda County's Eden Township Health District, formed in 1948, headquartered in Castro Valley and no longer running a hospital. As previously noted, AB 2471 (Quirk), which proposed to dissolve the district, passed the Assembly in 2016 and reached the Senate floor before being moved to the inactive file. The 2015-2016 Alameda County Grand Jury, in a report issued June 1, 2016, questioned whether the district should continue to exist. Grand jurors stated that the district:

"...provides no direct medical services and its forecasted grant awards to service providers account for a mere 12 percent of the district's total expenses. The Grand Jury found that 88 percent of the district's budget is spent on real estate, administration, legal and consulting fees. In effect, ETHD is essentially a commercial real estate management operation rather than an indirect (or direct) healthcare provider for citizens of the community."

The grand jury report prompted a series of local actions that led the Alameda County LAFCO to conduct a special study – released in December 2016 – to help determine its future. (The county LAFCO conducted a similar study in 2013 and concluded the district should continue in its current form. Eden executives, too, contend that dissolving the district would eliminate the option of funding local nonprofits from a "readily available taxing authority").

The new LACFO-commissioned study has again determined that the health district "provides a service of value, including significant expenditure of funds for community healthcare purposes consistent with its mission as a healthcare district." The study notes the district distributed nearly \$12 million in grants to nonprofit community health organizations from 1999 to 2015 – largely funded by rent received from three district-owned medical buildings.

Local elected officials have weighed in with dissenting views. The mayor of San Leandro said she believes the district has lost sight of its core mission and wants the district dissolved and its real estate assets used to support two other struggling area hospitals. An Alameda County supervisor has expressed similar sentiment. Further complicating this ongoing healthcare district controversy is who would be responsible for \$17.2 million the district, if dissolved, still owes Sacramento-based Sutter Health after losing a recent prolonged legal battle over the operations of San Leandro Hospital.

Sources: County of Alameda. 2015-2016 Alameda County Grand Jury Final Report. Page 43. June 1, 2016. Oakland, CA. <https://www.acgov.org/grandjury/final2015-2016.pdf>. Accessed January 12, 2017.

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Darin Moriki. December 29, 2016. The East Bay Times. "Eden Health District operations on track, study finds." <http://www.eastbaytimes.com/2016/12/29/eden-health-district-operations-on-track-study-finds>. Accessed January 12, 2017.

the public in how they operate and what is defined as healthcare.

Seeking a New Paradigm for Healthcare Districts

Mindful of the increasing political scrutiny and controversy regarding some of its member districts, the Association of California Healthcare Districts in 2016 engaged a

24-member expert task force to review how districts are perceived, where they are headed and how they might reposition themselves more effectively within a rapidly-changing healthcare environment that emphasizes preventive care. The task force approved four strategic recommendations on October 5, 2016, which ACHD shared with the Commission and others at the November 2016 advisory committee meeting. Those included:

- Updating the 1945 healthcare district enabling act and adding intent language to define today's

Beach Cities: Is This a Future of Healthcare Districts?

The Beach Cities Health District, which serves residents of Hermosa Beach, Manhattan Beach and Redondo Beach, offers one hint of how districts might retool themselves. The district, established in 1955, has no hospital and calls itself “one of the largest preventive health agencies in the nation.” The district encourages and helps children walk to school, eat right and lose weight, provides relatively-low cost memberships at a district fitness center and helps older people remain living at home through personal visits and in-home care. The district’s innovative Blue Zones Project branding effort also encourages healthy habits at home and work and promotes local restaurants that offer nutritious menus. The district, which receives 73 percent of its revenue from fees and other sources beyond its \$3.1 million annual property tax base (2016), also makes grants to community partners.

Asked if critics who support closing districts without hospitals may be thinking narrowly and not understand shifts in healthcare, Dr. Michelle Bholat answered, “Yes.” In written comments provided to the Commission in November 2016, Dr. Bholat explained, “Beach Cities Health District successfully transitioned in 1998 from disease-focused care to preventive care health services – largely because research from the Centers for Disease Control shows 70 percent of chronic illnesses are preventable, and healthcare cost savings associated with keeping people healthy and out of hospitals are substantial. Currently, the U.S. spends roughly \$3 trillion annually on healthcare costs.”

The district counts a major success in reducing childhood obesity in Redondo Beach K-5 students from 20 percent of children in 2004 to 7 percent in 2016 by working closely with the district’s 21 public schools and parents. Parents attend district training and teach nutrition in schools, said Dr. Bholat. The district identifies gaps in Los Angeles County Department of Public Health Department services, uses science and data to target specific community needs and measures program impacts with data collection and analysis, she said.

Beach Cities, often considered a model for transitioning California healthcare districts to preventive care, operates a Community Services Department which connects children and underinsured adults to medical, dental and mental health services; a LiveWell Kids program that provides elementary school students with daily physical education, nutritional and gardening information and fresh fruits and vegetables; and a Center for Health and Fitness with 3,000 members and free visits for police officers, firefighters and lifeguards. Their Community Services Department also works with nearly 20 percent of residents 85 and older to stay healthy at home.

In June 2016, U.S. Surgeon General Vivek Murthy visited the district, and told representatives, “We tend to believe that America’s health problems are too big and intractable. You have proven that communities can take charge and reverse the trend.”

Sources: Beach Cities Healthcare District. “BCHD Overview.” <http://bchd.org/bchd-centers-programs/center-health-and-fitness>. Accessed July 22, 2016. Dr. Michelle Bholat. Board Member. Beach Cities Health District. November 8, 2016. Written comments to the Commission. On file. Personal conversation with Beach Cities Health District officials on December 7, 2016 and July 21, 2017.

mission of healthcare districts: achieving health and wellness for the communities they serve. (The ACHD told the Commission the 1945 act is woefully outdated and reflects a healthcare landscape that largely no longer exists. The statute also only broadly and vaguely defines “healthcare,” which contributes to districts being criticized for operating outside the realm of healthcare, they said. They aim to introduce legislation in 2018 to modernize the act).

- Enhancing the oversight of healthcare districts by working collaboratively with LAFCOs to ensure timely, credible and relevant Municipal Service Reviews of healthcare districts.
- Enhancing ACHD’s current Certified District program to ensure that full transparency and good governance practices are met, as well as increase educational opportunities for healthcare districts, district trustees, district chief executive officers and district board clerks.
- Educating policymakers, the public and other stakeholders about the important role healthcare districts already play within the greater health care system.

Advisory Meeting: What Makes Healthcare Districts Special? Are They?

At the Commission’s November 2016 advisory committee meeting, participants helped the Commission understand the complexities of healthcare delivery and advised it in deliberations that informed its recommendations. District executives said healthcare districts manage healthcare as a single-purpose mission, making them more flexible than counties, which typically are strapped for funding and must balance many services beyond healthcare. Counties generally do not want more responsibility over healthcare, they said, noting that if healthcare districts went away and their property tax allocations were given to counties there is no guarantee that county supervisors would spend the money on healthcare. Already, district officials said, they are serving many residents neglected by their counties. Indeed, many healthcare districts were originally created to address needs that counties weren’t meeting, they said.

A Southern California healthcare district executive, citing voters’ general preference for close-to-the-ground government, suggested that public healthcare is better divided among many organizations than in a single county system “where it can get lost. That is what I worry about.”⁵²

How to Avoid Redundancies in Services Provided by Counties and Special Districts

Commissioners asked healthcare district representatives how they work with their counties to weed out redundancies in their collective healthcare work – a particularly important task, Commissioners said, if the Affordable Care Act is replaced and healthcare funding may become even more competitive. Bobbi Palmer, executive director of Fallbrook Regional Health District in San Diego County, said redundancies exist and continue due to lack of coordination. She said when she assumed command of the Fallbrook district in early 2016, she approached county officials “with a baseball bat and a smile, to say ‘we have needs that the county should be addressing.’” Now, county public health nurses, funded to provide the services, attend district wellness events and give vaccinations that would otherwise cost the district, Ms. Palmer said.

Dennis Zell, a board member for Burlingame-based Peninsula Healthcare District said his district only does work not being done by San Mateo County. The district performs a health needs assessment, he said, to determine where the needs are and what services exist, and then determine how the district can fill gaps. Mr. Zell said this includes seeking out nonprofit organizations, introducing them to county officials and in some cases, providing them seed money. He said Peninsula noticed a rash of teen suicides within the district, then contacted school districts to assess the problem and provided funding to districts and Stanford University to assist. “We did that in seven months,” he said. “Find a problem, find a solution and get it going.” Mr. Zell said the fact that Peninsula does not run a hospital is a positive, freeing the district to be an “engine of innovation” in government.

Making Healthcare Districts Better

Commissioners asked of the assembled experts, “There has to be things the Legislature can do to make

healthcare districts better. What can we recommend to the Legislature to improve things? If the Legislature were to be helpful [to healthcare districts] what could it do?"

Among the responses:

- Update and clarify the statutory language that, since 1945, has defined the roles, responsibilities and practices of districts. Executives widely agreed that legal language more than seven decades old speaks to a healthcare world that no longer exists.
- Empower LAFCOs to do stronger, smarter and more relevant Municipal Service Reviews. "We need LAFCOs in place to push us to be better," said one.
- Curtail a growing practice in the Legislature to pass bills that override and circumvent the LAFCO process to address healthcare district concerns. Those decisions are better made at the local level.
- Encourage districts to use better metrics to improve performance and measure outcomes. And help them to incorporate the same results driven-accountability into their grant giving.
- Help districts address inequities within counties when considering how to measure and improve healthcare outcomes. Many less affluent coastal residents of San Mateo County, for instance, pay property taxes to the county, but do not live within boundaries of the county's two healthcare districts that receive those taxes. They have no access to tax-subsidized health benefits available to wealthier healthcare district residents.

Start with One Thing (and Share it)

Commissioners also suggested during the advisory committee roundtable discussion that healthcare districts look to their counterparts in other localities for best practices. Said one Commissioner: there appears to be little information-sharing among the state's 79 healthcare districts. It was suggested to start, take a first step, by simply asking all 79 districts to answer a question such as, "What is the best practice on one thing?" Then the district's trade association or others could evaluate that "one thing" a year later to show what works and might be replicated on a larger scale.

Somewhat surprisingly to the Commission, the question got little traction and sparked scant discussion. Healthcare district representatives said they are interested in best practices, but noted all their districts are different and what works in a rural district likely doesn't translate to an urban or suburban district. One healthcare district board member cited the principle of local control and the importance of maintaining it against one-size-fits-all practices imposed by legislation. Another district chief executive said that since healthcare districts are locally funded and voters elect board members who hire staff, healthcare districts must be accountable first to their constituents. He said the primary responsibility of healthcare districts is to work within their areas and not focus on how the work is done elsewhere or how districts in the rest of the state might evaluate their work.

Another healthcare district board member, however, expressed support for a 58-county review of best practices if conducted by impartial public health professionals. The board member agreed on a need to aggregate best practices across healthcare districts, to get rid of programs that aren't working and focus money and energy on the four or five programs that work best.

Pressing the question, the Commission asked how healthcare district hospitals share information with one another about common, and often unforeseen, issues that some may be dealing with for the first time. A California Hospital Association representative said she often receives questions from member hospitals about how other hospitals are handling such issues. She recently coordinated, for example, conversations with healthcare district hospitals on how to conduct transgender patient registrations. The general manager of Lake County-based Redbud Healthcare District also noted, for example, that during the devastating wildfires that struck Lake County in 2016 he contacted the Feather River Healthcare District for advice about its actions in similar wildfire situations. The official said his district hospital (managed by Adventist Health System) often consults with other hospitals and belongs to a Northern California regional network set up for hospitals to share best practices.

What Should LAFCOs Decide about Healthcare Districts?

Experts and district officials convened by the Commission widely supported LAFCOs as the oversight entities best suited to advise and recommend options to special districts, including healthcare districts. Healthcare district officials and Association of California Healthcare Districts representatives stressed again the principle of local control and noted that across-the-board and statewide best practice recommendations may not always work at the local level. The advisory committee consensus held that local communities and LAFCOs are always better at determining what works and defining appropriate outcomes, including those for healthcare districts without hospitals.

A representative of the California Association of Local Agency Formation Commissions (CALAFCO) acknowledged that LAFCOs' Municipal Service Review studies, give them an important role in advising their local special districts. The executive said many LAFCOs can hire consultants and appropriate subject matter experts for the process, particularly as it relates to healthcare districts. She repeated a common theme of the advisory committee discussion – the 1945 enabling acts which established the ability of voters to form healthcare districts are out-of-date, making it difficult to assess the districts. "They are very antiquated and have not evolved with healthcare changes," the executive said. She also defended local control at a time when the Legislature is increasingly introducing bills to regulate individual healthcare districts. She said county LAFCOs are the agencies best suited to continue the work they do in advising and reviewing California's healthcare districts.

A California Special Districts Association official likewise contended that LAFCOs are ideal for initiating local processes regarding special districts, including gathering local input, providing local analysis and giving local voters a final say. He told the Commission it is key to remember the local role that healthcare districts play in convening people and collaborating with local institutions to be responsive to community needs. Decisions should remain local, he said, kept in the hands of healthcare districts, empowering locals to do what they do best.

RECOMMENDATIONS

The Commission has had vigorous discussions about the relevance and future of healthcare districts without hospitals. Among possible legislative proposals discussed was giving districts without hospitals three years to disband and to redistribute their property tax allocations elsewhere within their respective counties. Also extensively discussed was maintaining the principle of local control. If local residents continue to support their healthcare districts and their practices of allocating property taxes as community grant funds, that is a matter of local choice. LAFCOs, too, are an instrument of local policy, reflecting the will of local elected officials whom voters can keep or remove from office. If it is taken as a matter of faith, however, that these are local issues what then should be the role of the state and the Legislature regarding the institutional authority of special districts which it has created through various statutes over many decades and oversees? Recommendations supported by the Commission:

Recommendation 12: The Legislature should update the 1945 legislative "practice acts" that enabled voters to create local hospital districts, renamed healthcare districts in the early 1990s.

The Commission supports this recommendation, suggested by the Association of California Healthcare Districts and various others, to better define the mission of healthcare districts and will work with the association and others to support this legislative reform effort.

Recommendation 13: The Legislature, which has been increasingly inclined to override local LAFCO processes to press changes on healthcare districts, should defer these decisions to LAFCOs, which in statute already have that responsibility.

LAFCOs have shown successes in shaping the healthcare district landscape and should be the primary driver of change. Given the controversies over healthcare districts, the California Association of Local Agency Formation Commissions and statewide LAFCOs should be at the forefront of studying the relevance of healthcare districts, potential consolidations and dissolutions of districts. The Commission also supports the Association of California Healthcare District's commitment to build stronger bridges to LAFCOs statewide and help develop new

assessment tools for LAFCOs to analyze the relevance of districts during municipal service reviews.

To repeat a theme of Recommendation 1, the Legislature should retain its authority to dissolve healthcare districts or modify boundaries and administrative practices, but this authority should be limited to cases in which local political elites are so intransigent or negligent – or so beholden to local power structures – that some form of higher political authority is deemed necessary.

Recommendation 14: The Association of California Healthcare Districts and its member districts should step up efforts to define and share best practices among themselves.

A Commission advisory committee meeting discussion clearly showed that not enough thought or interest has been assigned to sharing what works best in rural, suburban and urban areas among members. The association should formally survey its members and collectively define their leading best practices and models for healthcare, as well as guidelines to improve the impacts of grant-making in communities.

Readying California for Climate Change

“Looking over several emission scenarios and using a suite of global climate models, the Assessment projects that annual average temperatures will increase between 1.8 and 5.4 degrees Fahrenheit by the middle of this century, and between 3.6 and 9 degrees Fahrenheit by the end of the century. These increases in temperature will be accompanied by rising sea levels and declines in mountain snowpack, while the state will continue to see similar temporal patterns in precipitation, with more falling as rain than as snow. California will also see an increase in the frequency and severity of extreme events.”

Louise Bedsworth, deputy director, Governor’s Office of Planning and Research. Testimony at the Commission’s October 27, 2016, hearing.

California’s ability to maintain its famed economic competitiveness and stature as a driving force of the global economy will soon hinge on much more than a legendary stock of private sector brainpower and know-how. The best and brightest of California’s public sector also must confront the impact of climate change, doing their part to govern to minimize disorder amid inevitable disruptions. When competitor nations and states stumble and develop reputations for instability due to sea level rise and flooding, wildfire, extreme heat episodes and drought, California must remain reliable, dependable and able to keep getting things done.

A surprising amount of these responsibilities will fall to California’s special districts. Their vigilance will be necessary to keep vital sectors of California’s \$2.6 trillion annual economy viable as temperatures and ocean levels rise, the Sierra snowpack dwindles and irregular precipitation patterns range between extended drought and superstorms.⁵³

The widespread institutional inability to think coherently about climate change impacts represented a key finding in the Commission’s July 2014 report, *Governing California Through Climate Change*. Special districts, like other local governments, grapple with endless conflicting climate change assessments and scenarios – almost none of them scaled down to their particular locations – when trying to analyze what they might do. Most have no access to a definitive, centralized source of climate change impact information, though the Governor’s Office of Planning and Research (OPR) is building a one-stop clearinghouse of climate impact material for local governments statewide. That information resource is a result of 2015 legislation, SB 246 (Wieckowski) enacted by the Legislature and signed by Governor Brown in the wake of the Commission’s 2014 report.

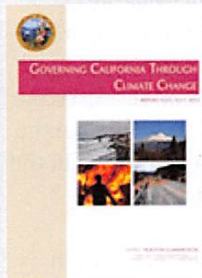
Some special districts are already at the forefront in preparing and investing for anticipated climate instability. These districts do not always call it climate change. Some call it a change in weather patterns and plan for it under that umbrella. Many simply plan for drought, a climate change condition which has already manifested itself across the Golden State. Their individual and collective efforts are encouraging – and should serve as models for other special districts that have yet to grapple with what’s coming.

Special districts are generally missing from the policy discussions, major conferences and research gatherings regarding local government preparations for climate change. These policy efforts tend to focus on cities and counties which make land use decisions – that is, decide how and where they will develop infrastructure and grow their residential, commercial and industrial neighborhoods. Yet many special districts also are missing in action because they are small and consumed with day-to-day operations. Like many local governments across California, they have little time or financial resources to look beyond the immediate, let alone consider longer-range climate scenarios that are at best uncertain.

Ample opportunity exists, however, for special districts to “engage in and support adaptation efforts, both in resource tool development, but also in contributing to adaptation and resilience efforts on the ground,” said Louise Bedsworth, deputy director of OPR, testifying at the Commission’s October 27, 2016, hearing. In testimony, Ms. Bedsworth also urged districts already preparing for climate impacts to document and share their experiences with the new Integrated Climate Adaptation and Resilience Program information clearinghouse within OPR. She, too, encouraged special districts to provide input to research projects being

conducted within the state’s fourth formal Climate Assessment. (The fourth assessment is a \$4.5 million research effort managed by the California Natural Resources Agency and the California Energy Commission to better understand climate risks and management options to help “the state to prioritize actions and investments to safeguard the people, economy and natural resources of California”).⁵⁴ Ms. Bedsworth also called on districts to step up information sharing within their trade associations as they individually integrate climate change considerations into their infrastructure investments. Finally, she urged more public engagement

A Snapshot: The Commission’s 2014 Climate Change Adaptation Report



Governing California Through Climate Change released by the Commission in July 2014 after a year-long study process, made a case that California state government should bring the same focus to climate change adaptation that it brings to reducing emissions. The report contended that the foundations of California’s role in the global economy must continue with a minimum of disruption through wilder weather and rising seas – and cited a lack of definitive information and preparation, especially within local governments and special districts most likely to be on the front lines of preventing and addressing climate change impacts.

The Commission recommended:

- The Governor create a new agency or empower an existing agency to establish the best state science on anticipated impacts and help state and local decision-makers assess their risks based on that science.
- State government at all levels incorporate climate risk assessment into everyday planning and governing processes.
- The Legislature expand the mission of the Strategic Growth Council beyond reducing greenhouse gas emissions to focus equally on climate change adaptation.

The report also called for state government to aggressively enforce defensible space requirements to minimize wildfires and property damage, and the Governor to work with state agencies to clarify the impact of sea level rise on California’s Common Law Public Trust Doctrine before a rising ocean begins to condemn private property in coastal areas.

In response, the Legislature passed three bills, all signed by Governor Brown, to carry out specific recommendations:

- SB 246 (Wieczowski) designated the Governor’s Office of Planning and Research as the lead entity on climate adaptation and established both a central clearinghouse of information to help local governments plan for climate impacts and a science advisory council to provide scientific support.
- AB 1482 (Gordon) required the Natural Resources Agency, in coordination with the Strategic Growth Council, to coordinate across state agencies to be sure state funding maximizes key adaptation objectives.
- SB 379 (Jackson) required that the safety element of local general plans address local climate change adaptation and resiliency strategies.

with residents about what’s coming:

“In many cases, special districts have direct relationships with local residents and businesses. These relationships provide the opportunity to support individuals and businesses to undertake actions that can increase their own resilience and that of the broader community.”

The urgency of climate change demands that special districts act as leaders on adapting to its impacts. Special districts are the most common form of local government in California and are frequently on the front lines of water delivery, wastewater treatment and flood control. Without leadership of this critical government sector, disruptions will be unpleasant and expensive. Consider St. Petersburg, Florida, home to three big sewage spills since 2015, as heavy rains leaked into and overwhelmed an aging wastewater treatment system. “Climate change has arrived and this is what it looks like,” Mayor Rick Kriseman told the media in 2016 as he presided over millions of gallons of partially treated human waste flowing out of manhole covers onto city streets and into Tampa Bay.⁵⁵

In California, scientists agree that climate change promises either too little water, as in the sustained,

severe drought that so recently gripped much of the state, or too much water, as in the type of wilder weather and big wet storms that overran California in 2017.

The robust discussion on special district reserves at the August 25, 2016, hearing prompted Chair Pedro Nava to ask the districts how climate change adaptation strategies were being included in district reserve policies. As a result of this question, the Commission scheduled a second hearing as part of this review on October 27, 2016, focusing on how leading-edge special districts are planning and investing for climate change. In keeping with the theme of appropriately investing special district reserve funds in long-term infrastructure, the Commission invited testimony from five districts with the massive infrastructure backbones that will be needed to dependably deliver water, treat wastewater and prevent flooding in a volatile climate.

Collectively, their stories make excellent case studies for how special districts are sizing up disruptive climate scenarios, assessing their vulnerabilities and investing in appropriate infrastructure to be flexible for too much or too little water. This chapter offers a wealth of examples and models for other districts to consider in their own strategy planning. Especially interesting is how some districts are creating regional partnerships to prepare for the worst. Special districts and their trade associations, too, are thinking ahead to regulatory changes necessary to move government rulemaking beyond a status quo

Also: A Brief Look at California Wildfires

The Commission, at its August 25, 2016, hearing, similarly invited a rural fire protection district to discuss one of the most obvious, rising climate threats of all – wildfire. The Commission heard that many rural fire districts desperately want to step up to their climate change challenge, but are constrained by poor finances. North Tahoe Fire Protection District Chief Michael Schwartz testified that rising numbers of fire districts, especially in rural mountainous areas, face bankruptcy scenarios in the next few years – even as their regions face worsening firestorms due to a warming climate, drought and tree mortality crisis. “A lot of districts are on the verge of failure,” he testified. “They will run out of capital in the next year or two.”

Chief Schwartz told the Commission that growing fire district stresses stem from the customary revenue challenges in the wake of Proposition 13 restrictions on property taxes, but also increasingly from inability of districts to reach the two-thirds majorities needed to approve special new property taxes. “I don’t think I would even try it now,” Chief Schwartz said.

At its October 2017 business meeting, the Commission decided to delve deeper into forest management practices in light of the tree mortality crisis and launched a full study on this topic in 2017. The Commission anticipates adopting a report on forest management in late 2017 or early 2018.

that may no longer be relevant for water delivery and wastewater treatment as climate uncertainty deepens.

On a practical level, the Commission learned at its October 27, 2016, hearing that many of these districts are reducing their dependence on imported water by diversifying supplies and producing vastly more recycled water. Many are steering more stormwater runoff in wet years into groundwater recharge basins for use in dry years. In one case, a Southern California district pays farmers to replace water-intensive avocado crops with wine grapes, creating a win-win of reduced water demand and the economic development of wine tourism.

Clearly, some districts are already well along on the climate adaptation strategies and actions that many special districts must eventually implement for a changing climate – with an added benefit of generating thousands of engineering and construction jobs. The leading-edge actions and infrastructure spending strategies detailed at the Commission’s hearing offer a window, as well as a road map, for special districts that have yet to engage or prepare for what Governor Brown in 2013 described as “the world’s greatest existential challenge – the stability of our climate on which we all depend.”⁵⁶

“Water and wastewater agencies, such as EMWD (Eastern Municipal Water District, Riverside County), have been looking at climate-change related actions for years. We might not have grouped it under the “climate change” umbrella or even used those words to describe what we are doing, but we have long had an environmental stewardship and water use efficiency ethic.

“For adaptability, we have focused on the potential for and reality of longer, more intense droughts and heat waves, less snowpack and early runoff. We have made significant investments in developing climate-resilient water supplies and reducing per capita water consumption. The combination of local supplies and conservation directly reduces our District’s dependence on more greenhouse gas-intensive supplies.”

Paul D. Jones II, General Manager, and Deborah S. Cherney, Deputy General Manager. Eastern Municipal Water District. November 14, 2016, letter to Little Hoover Commission Chair Pedro Nava.

As Imported Water Dwindles, a Climate-Driven Rush to New Sources

California’s storied history is filled with powerful cycles of boom and bust development, during which boosters of agriculture, cities and suburbs formed special districts to find and deliver water from below ground or distant mountain reservoirs. Now, stung by historic drought in California and the Colorado River basin, special district water managers must contend with a world-class water delivery system clearly inadequate for the variability of a changing climate. The Association of California Water Agencies, a Sacramento-based association representing special districts and agencies that supply 90 percent of California’s water explained the climate problem that water managers face:

“Less snow is falling in the Sierra Nevada and melting faster, with peak runoff levels occurring earlier in the year. The Department of Water Resources is projecting that the California snowpack will decline by 25 to 40 percent by 2050, thereby significantly reducing the amount of water that is stored at higher elevations for use during the summer and fall.”⁵⁷

Brandon J. Goshi, manager of water policy and strategy for the Metropolitan Water District of Southern California, offered a similar climate assessment in a November 22, 2016, letter to Little Hoover Commission Chair Pedro Nava:

“The past ten years, and in particular, the unprecedented drought conditions of the past five years, have given us a glimpse of the water supply and demand challenges that climate change will pose. Local rainfall in Southern California has been sharply below normal for that period, and our source waters have already experienced the range of higher temperatures and reduced snowpack that is being foreseen by climate change scientists.”

At the Commission’s hearing, executives of two special districts in the business of water delivery – one in Southern California, another in Northern California –

testified about their responses to this “new normal” within California’s climate. Each explained to the Commission how they are identifying and creating new water supplies to ease dependence on water imported from faraway high-country reservoirs.

The Rancho California Water District (Riverside County)

The Temecula-based Rancho California Water District, created in 1965 with 5,000 customer accounts, serves 45,000 customers now in a rapidly-suburbanized part of eastern Riverside County. Residential and commercial users dominate the customer base. Yet the region’s traditional agricultural sector of citrus, avocados and wine grapes, while fewer than 5 percent of customer accounts, still accounts for 40 percent of water use, the district stated in written testimony.

Presently, the district’s groundwater basin supplies 43 percent of demand. Treated imported water from the Metropolitan Water District (MWD) – 500 percent more costly than local well water, according to the district’s testimony – supplies an additional 32 percent of local demand. Another 18 percent comes from district purchases of untreated water from MWD to recharge its groundwater aquifer. The remaining 7 percent comes from recycled water, a rising source locally and for water districts statewide.⁵⁸ Ultimately, at buildout of its still-developing service area, the district expects to supply double its current demand for water – a daunting challenge in an era of climate uncertainty.⁵⁹ Key to meeting that challenge, the district reported, is a 50-year Long Range Financial Plan that envisions \$2.4 billion for new and replacement infrastructure and facilities, according to the district’s written testimony.

At the October 2016 hearing, Jeffrey D. Armstrong, district general manager, detailed for the Commission three significant initiatives to broaden supply options. All showcase the ingenuity with which Southern California water districts are meeting the needs of growing populations with less water:

Permanent Conservation. “On the climate change side there’s really two things,” he told the Commission. “There’s the supply side. And then there is the demand management side that we’re doing.” Mr. Armstrong said

the district has reduced water demand by more than 20 percent through conservation alone. Though mandatory conservation targets have been lifted by the state, he said, “We still are asking our customers to conserve and be efficient. A lot of the changes that took place in the last year, I think, are permanent changes. Where in Southern California you see grass and medians converted to California-friendly landscapes and those then put on drip systems, when we look at some of those accounts, their water use dropped by 70 percent. I don’t think anybody’s going to change those back to grass. So some of those savings really are long term and continue,” Mr. Armstrong told the Commission.

“We are one of the agencies where every one of our customers does have a meter, including our agricultural customers. We know for every one of our agricultural accounts what type of crop they have planted on their grove or farm, and we know the amount of acreage that they have there. So we know the amount of water that should be used there to be efficient and we build water budgets for our agricultural customers and tell them what efficient water use is, and if they go over that they pay a higher penalty. We take those penalties and we hold those in reserves and we use those to roll back into efficiency programs to help our agricultural customers become more efficient. And one of those we’re doing right now is, we’re calling it a crop swap, where we have primarily avocados, wine grapes and citrus. Avocados use twice as much water as wine grapes. But some of those areas where avocados are planted are very suitable for wine grapes and we’re going to help fund the conversion from avocados to wine grapes. It reduces the water use in half and still maintains the economic benefits of agriculture in our community, the viability of the farming as well as tourism that comes from that.”

Jeffrey D. Armstrong, General Manager, Rancho California Water District, addressing the Commission October 27, 2016.

Crop Swap. In late 2016 the Rancho California Water District unveiled a program to pay farmers up to \$15,000 per acre to replace thirsty avocado crops with less water-intensive wine grapes, thanks to a \$2 million grant from the Department of Water Resources and \$1 million from the U.S. Bureau of Reclamation. The district estimates it will save nearly 4,000 acre-feet of water in the next decade, enough to meet demands of nearly 8,000 households.⁶⁰

Additional water storage options. In 2010, the district built a \$10 million pipeline to buy untreated water in wet years and channel it into its Lake Vail reservoir for additional supply in dry years. Four years later, the district spent \$55 million in reserve funds to buy 7,500

acres of land surrounding the reservoir. The purchase allowed the district to remove legal restrictions that previously maintained a fixed lake level for boating and recreation. Mr. Armstrong told the Commission, “When we acquired the land, that removed the recreational rights. It allows us to use the full capacity of that lake and reservoir for water supply purposes, and we’ve done that during the drought. We really reduced the amount of water in that lake.... In terms of climate change, where we’re hearing about longer periods without rain followed by periods of greater rainfall, it really gives us opportunity to take advantage of that climate change because we can draw the capacity down and then when the bigger events happen we can fill the reservoir back up.”

How Other Districts are Preparing for Significant Climate Impacts

- The Los Angeles-based Metropolitan Water District invested \$450 million to pay customers to remove lawns and replace them with drought-resilient landscaping.
- The Eastern Municipal Water District in Perris, Riverside County, reuses 100 percent of its wastewater through investments in recycled water. Recycled wastewater represents more than a third of the district’s water supplies and supports agriculture, commercial and industrial uses, as well as irrigation for public parks and outdoor spaces. The district also incentivized customers to remove four million square feet of turf and replace it with drought-proof landscaping.
- The San Diego Water Authority is raising the San Vicente Dam to create 100,000 acre- feet (32 billion gallons) of new storage capacity and reduce dependence on imported water. It also is constructing the Carlsbad Desalination Project to provide an extra 56,000 acre-feet (18 billion gallons) of usable water annually.
- The Santa Rosa-based Sonoma County Water Agency invested \$843,000 in a comprehensive climate vulnerability assessment to identify climate change risks and develop adaptation options for its water supply, flood control and sanitation facilities.
- The Soquel Creek Water District in Capitola, Santa Cruz County, is developing a groundwater model to simulate climate change scenarios in preparation to spend up to \$70 million on an advanced water purification project for groundwater recharge.

Sources: Wendy Ridderbusch, Director of State Relations, Association of California Water Agencies, Sacramento, CA, September 13, 2016. Personal communication. Also, Paul D. Jones II, General Manager, and Deborah S. Cherney, Deputy General Manager, November 14, 2016, letter to Little Hoover Commission Chair Pedro Nava.

“Water agencies engaging in climate change planning must think carefully and thoughtfully about the right combination of funding to achieve a stable and reliable financing portfolio. Just as a family household puts money away in a savings account to purchase a new automatic dishwasher when the old one breaks down, a water agency will set aside funds in a designated reserve fund for a specific project. For instance, a water storage project, which could cost hundreds of millions of dollars to complete, from the initial feasibility studies all the way to completion. The funding is responsibly and separately saved for future use. In addition to utilizing reserves to help build water infrastructure the ability to maintain reasonable reserves is a critical factor in providing reliable service, mitigating rate increases and supporting an agency’s overall financial strength. Reserve levels directly affect an agency’s bond rating, and ultimately, its ability to access debt markets at favorable interest rates, ensuring the ability to finance and construct the infrastructure necessary to renew existing systems and expand service levels to meet future needs. And while our member agencies rely upon several different sources of state and federal income to augment these infrastructure funds, the reality is that the majority of funding of water in California is derived from the water districts themselves.”

Wendy Ridderbusch, Director of State Relations.
Association of California Water Agencies. Testimony
at October 27, 2016, hearing.

The East Bay Municipal Utility District (Alameda County)

Unlike the Rancho California Water District with its rich natural underground reservoir, the Oakland-based East Bay Municipal Utility District (EBMUD) serves 1.4 million customers in Alameda and Contra Costa counties with almost no groundwater basins. The water district instead taps the Mokelumne River in the central Sierra Nevada for 90 percent of its supply. The district leads

its mountain water westward from the Pardee and Camanche reservoirs via three above-ground aqueducts across the Central Valley into the East Bay. But EBMUD, too, is diversifying its water sources as high-country winter snowpack dwindles and climate uncertainty looms. Alexander R. Coate, district general manager, testified to the Commission about several major initiatives to broaden supplies. The district, which in written testimony, called itself “a water industry leader in addressing climate change,” has, indeed, set a lesson for special districts statewide by preparing a formal climate change vulnerability assessment of risks to its system and customers. Among initiatives described in testimony:

Diversifying. In 2010, the East Bay Municipal Utility District opened – with its partnering agency, the Sacramento County Water Agency – the \$1 billion Freeport Regional Water Project south of downtown Sacramento to divert supplies from the American and Sacramento rivers during dry years. The project is the culmination of a 40-year district legal strategy to gain rights to additional Central Valley Project water to supplement its Sierra Nevada supplies. Mr. Coate told Commissioners the river water supplied up to approximately one-half the drinking water in its East Bay region in 2015.

Conservation. “Conservation is a way of life. We’ve been conserving for decades,” Mr. Coate told the Commission. “California’s known for its droughts and we’ve embraced that approach. In 2005, 2006 and 2007, we were selling 200 million gallons of water per day. That’s the same amount of water we were selling in the early 1970s, except we had 30 percent more people that we’re providing it to. And since 2005, 2006 and 2007, our customers have conserved and conserved again. We’re the only business that is out there trying to get people to use less of their product. It’s a very unique business model. The last year of the drought, just a year ago, our customers were using 128 millions of gallons per day,” he said.

Regional partnerships: Mr. Coate also described to the Commission the Bay Area Regional Water Supply Reliability partnership, which aims for collective readiness for climate impacts. “We’re also very focused on partnerships, on leveraging those,” he said. “They work well, and in the Bay Area right now we’re are partnering with a total of eight water agencies that represent six million customers on a regional reliability study and using

funding from the U.S. Bureau of Reclamation focused not necessarily on building a lot of new facilities, but looking at how we can interconnect and network our facilities and make improvements within our facilities so that we can share resources, both infrastructure resources and water resources to improve the reliability for our customers.” Mr. Coate testified: “That’s particularly helpful for emergencies when somebody might be in need and another agency would be able to provide resources.”

Mr. Coate urged the state to provide districts the flexibility to meet climate impacts, not with “one-size-fits-all mandates,” but with their own individual and regional approaches. “Flexibility allows us to come up with approaches where we can figure it out. We have been for decades. We were very prepared for this drought,” he said, “and able to have no impact to the economy and still keep our customers with water.”

Mr. Coate, asked for recommendations the Commission might make to the state, also noted, “We really can use additional information, research information. We have an understanding that climate change is happening, but the error bars on the models are pretty big. So we’re working in, kind of using a sensitivity analysis approach. It’s like putting brackets around things. But research could narrow that and help us understand what’s going to happen in our region, more specifically so.

“We’re the only business that is out there trying to get customers to use less of their product.”

Alexander R. Coate. General Manager, East Bay Municipal District, addressing the Commission October 27, 2016.

The Wastewater World Already is Complicated; Now Comes Climate Change

Nonstop, behind the scenes of California’s daily living, 66 independent special districts and 37 dependent county districts collect billions of gallons of wastewater and treat it for re-use or disposal into rivers, bays and the Pacific Ocean. Sanitation district managers, overseeing vast expanses of costly infrastructure – miles of small

How East Bay Municipal Utilities District (EBMUD) is Vulnerable to Climate Change

- “Changes in the timing, intensity, location and amount of precipitation could have impacts on the reliability of EBMUD’s water supply. Droughts may become more frequent. In addition, storm tracks are predicted to move northwards, which could decrease average precipitation for EBMUD.”
- An increase in temperature can lead to an increase in customer demand for water.
- Forested areas within the district could lead to increased water demand for fire suppression.
- Higher average water temperatures in district reservoirs in the Sierra Nevada could require more water to maintain a cool pool for fish.
- More intense storms and wildfires near district reservoirs could increase sediment and nutrient levels in water storage areas, requiring more treatment.
- Water shortages and drought may lead to more frequent and severe water rationing.
- Costs may increase to bring in supplemental supplies or develop still more projects to diversify supplies.

What the District is Doing About it

- Planning to adjust its water supply portfolio as impacts of climate change manifest.
- Identifying a wide range of supplemental supply, recycled water and conservation projects.
- Incorporating climate change considerations into all master plans.
- Collaborating with other agencies to assess vulnerabilities and adaptation strategies.

Source: East Bay Municipal Utility District. Urban Water Management Plan 2015. “Appendix J: Climate Change Vulnerability Assessment.” Pages J1-J5. Oakland, CA. file:///C:/Users/wasserjd/Downloads/UWMP-2015-BOOK-FINALweb_secure%20(1).pdf Accessed September 28, 2016. .

lateral pipelines leading to bigger trunk lines leading to regional pumping stations and treatment plants – widely expect their agencies to “experience the first significant infrastructure impacts of climate change” with all the attendant costs and regulatory challenges – as one district manager testified in 2013 to the Assembly Select Committee on Sea Level Rise and the California Economy.⁶¹ One national estimate suggests “the total estimated cost of wastewater agencies to adapt to climate change in the U.S. is between \$123 billion and \$252 billion above existing wastewater system infrastructure upgrade, renewal and replacement programs.”⁶²

At the October 27, 2016, hearing, the Commission learned about the formidable wastewater treatment complexities inherent within a central expectation of climate change – long periods of too little water mixed with short explosive bursts of too much water.

The East Bay Municipal Utilities District (Wastewater Division)

Mr. Coate, who also oversees collection and treatment of wastewater for 680,000 customers, said his chief climate adaptation concerns are the forecasts for powerful Pacific storms and precipitation deluges that get into wastewater systems, overwhelm them and cause untreated discharges into the ocean. Mr. Coate, in written testimony for the

Commission’s October 27, 2016, hearing, stated:

“During and after heavy storms, rain and groundwater enter underground sewer pipes through cracks, increasing the volume of water in the system, and eventually causing overflows. This is called “infiltration and inflow” and is a common occurrence in cities across the country with older infrastructure. Climate change is expected to impact the level of infiltration and inflow via the frequency and magnitude of more extreme wet weather storm events and rising groundwater levels due to sea level rise.”

The concern is reasonable. After a 2013 superstorm in Detroit, 110 million gallons of raw sewage flowed into the Detroit River, overwhelming the city’s aging sanitation system.⁶³ St. Petersburg’s similar issues were noted earlier in this chapter. California has its own problems: 250,000 gallons of untreated wastewater entered the Los Angeles River and polluted the Pacific Ocean when a spring 2011 storm dumped up to 10 inches of rain over parts of Los Angeles region.⁶⁴

Mr. Coate also testified about a unique adaptive response to these concerns in his district’s service area, which may be worth considering in some form in other regions with pre-1950s development patterns:

Wastewater Facilities Will Be Hardest Hit by Climate Change

“Wastewater treatment facilities will be among the hardest hit by climate change, in part because treatment plants are generally located at the low point in each watershed to make efficient use of gravity for conveyance purposes. This means that in coastal areas, wastewater facilities are often located along the coast or within an estuary and have ocean or bay outfalls with a direct hydraulic connection to their facility. Inland facilities also typically have geographically low-lying plants and outfalls within river valleys and floodplains. As the sea level rises – an expected 0.6 to 1.4 meters for the California coast – and storm surges increase in coastal areas, facility outfall elevations may need to be increased or may require pumping in order to discharge. Inundation of facilities, including higher coastal groundwater levels causes more inflow of brackish or salty water that, in turn, requires higher volumes or treatment levels and makes water recycling more energy intensive. Increased inland flooding events will put critical infrastructure and service at risk of failure.”

Jessica Gauger, Manager of Legislative Affairs. California Association of Sanitation Agencies. October 11, 2016, letter to Commission Chair Pedro Nava.

Mandatory sewer lateral repairs at point of sale. On November 28, 2014, a regional private sewer lateral ordinance went into effect within EBMUD’s wastewater service area, requiring inspections when a property is sold or undergoing a remodel of more than \$100,000, of private lateral sewer lines that connect the property to the district system. When a sewer line needs repair, the buyer or seller – or both – must pay to have it fixed. Many of these aging and broken pipes act as conduits for stormwater to enter and overwhelm the district’s treatment plant and spill partially-treated sewage into San Francisco Bay. The ordinance, in effect in Alameda, Albany, Emeryville, Oakland, Piedmont, Kensington, El Cerrito and Richmond Annex, results from a 2009 order by the U.S. Environmental Protection Agency and San Francisco Bay Regional Water Quality Control Board to fix the district’s older, cracked sewer lines.⁶⁵ The City of Berkeley, since October 2006, has implemented similar requirements for inspections and repairs as part of real estate transactions.⁶⁶

Sanitation Districts of Los Angeles County

In Southern California, extended drought and water shortages have created the opposite problem for sanitation district managers: too little water creates an additional, costly range of complexities for wastewater treatment. Nonetheless, years of drought also has triggered a surge in recycled water production throughout Southern California, and is creating an entirely new water supply to supplement imported water. In testimony, Philip L. Friess, head of the technical services department of the Sanitation Districts of Los Angeles County, a unique collaboration of 24 individual sanitation districts serving 78 cities and 5.5 million people, described a wastewater agency and region leading the nation in addressing key anticipated water-supply impacts of climate change.

“Today, the Sanitation Districts are one of the top producers of beneficially reused recycled water in California and the United States.”

Philip L. Friess, head of technical services department, Sanitation Districts of Los Angeles County, in written October 27, 2016, testimony to the Commission.

Organizationally, each of the 24 districts in this regional collaboration is an independent special district with their own ability to issue debt and set customer rates for their individual infrastructure needs. Collectively, as a regional super-district, they also finance, maintain and operate a regional wastewater collection and treatment system run by a single Whittier-based headquarters staff. Individual districts each collect property taxes, charge fees for wastewater services, keep a share of reserve funds – equal to six months of operations and maintenance expenses, plus one year of debt service – and are overseen by individual boards made up of mayors of cities included in the district.

When Faraway Imported Water Runs Short

Mr. Friess told the Commission, “With regard to recycled water, the Sanitation Districts recycled water program is of great importance to Southern California’s efforts at climate change adaptation. Recycled water is considered a drought-proof local water supply because it is available consistently, whether it rains or not, and helps make local communities in Southern California more resilient to the impacts of climate change on water supply.” He further testified, “Recycled water currently comprises 7.5 percent of Los Angeles County’s overall water supply. And area water managers are seeking to implement new water recycling projects to increase the amount of recycled water in the water supply, and I’ll highlight two of those.”

Both highlighted projects involve forward-looking regional partnerships of special districts, the kind that increasingly will be necessary to alleviate the impacts of climate change in years and decades ahead:

An end to imported water recharging groundwater basins. The Sanitation Districts of Los Angeles County, with more than a half century of recycling treated wastewater for groundwater recharge, is partnering on its newest recycled water project with the Water Replenishment District of Southern California (WRD) and the Los Angeles County Flood Control District. A \$110 million Groundwater Reliability Improvement Project facility, designed to produce an additional 19 million gallons of treated wastewater daily for groundwater recharge, marks an historic shift in ending the use of imported water for that purpose. Mr. Friess, in written testimony to the Commission, cited remarks by the

replenishment district's board chair, Willard H. Murray, Jr., at its 2016 groundbreaking. Mr. Murray, highlighting the momentous break with a distant water supply becoming increasingly unreliable as the climate changes, said: "The Los Angeles region has a long and sometimes colorful history of importing water to quench our thirst. With this project WRD will be turning a corner in our water history. WRD's future will be built on water recycling, drought-proofing our water supplies and ending our reliance on imported water."

How Climate Change Investments Stimulate Job Creation

Climate change investments on the scale of \$2.7 billion and \$110 million to reduce dependence on imported water and increase use of recycled water have more than conservation and environmental ramifications; they are job and income generators. These economic benefits largely stay in the region and ripple outward to support businesses involved in construction, architecture, engineering, scientific research and development services, reported a 2011 study of Los Angeles-area projects by the Los Angeles-based Economic Roundtable.

The study, mindful of the region's "increasing pressure to reduce reliance on imported water by using what we have more efficiently," sampled the multiplier impacts of \$1.2 billion in recent area water efficiency projects involving recycled water, stormwater and groundwater management. The study estimated that every \$1 million invested generated 12.6 to 16.6 year-long jobs depending on the type of project. That compared with new housing construction (11.3 jobs per \$1 million invested) and motion picture production (8.3 jobs per \$1 million).

Study author and senior researcher Patrick Burns stated, "Los Angeles needs to use the water it has more efficiently, and a dividend from doing this is that we will open doors for job seekers, including young adults eager to gain skills in the emerging field of water-use efficiency."

Source: The Economic Roundtable. December 6, 2011. "Water Use Efficiency and Jobs." Los Angeles, CA. <https://economicrt.org/publication/water-use-efficiency-and-jobs>. Accessed December 28, 2016.

Treated wastewater to inland groundwater basins, not discharged to the ocean. Likewise, the Sanitation Districts of Los Angeles County also is partnering with the Metropolitan Water District (MWD) on a proposed water purification facility at the districts' Joint Water Pollution Control plant in Carson. The aim: to divert up to 150 million gallons daily of wastewater currently discharged into the Pacific Ocean via 60 miles of pipeline to groundwater recharge basins in Los Angeles and Orange counties. "That's a \$2.7 billion capital cost plant," Mr. Friess told the Commission at the October 2016 hearing. "The water it produces will be about \$1,600 per acre foot. And if that's approved (by the MWD board of directors) that would be about eight to 10 years in the future." Mr. Friess added, "They have finished the feasibility study. They are in design for a demonstration facility to kind of fine tune the design parameters. I think the approval to move forward with the full-scale project hopefully would occur next year (2017)."

The Commission has learned that similar water reuse efforts are well underway in neighboring Orange County, where the Orange County Sanitation District and Orange County Water District have jointly partnered since 2008 on the Groundwater Replenishment System. The joint groundwater system produces enough new water for nearly 850,000 residents in north and central Orange County and recharges 130 million gallons of water per day. It is described by the water district as "the world's largest project of its kind."⁶⁷

Humans vs. Wildlife: The Regulatory Conflicts of Too Little Water

As the use of recycled water grows exponentially in years ahead, this trend, too, will be on a collision course with climate change and extended periods of drought. Producing recycled water means districts discharge less treated wastewater into streams and rivers – which has an unintended consequence of altering the watery habitats of sensitive species. For wastewater districts, extended drought sets up conflicting regulatory demands from federal, state and regional government agencies over human needs for recycled water versus habitat's need for instream flow. Explained Mr. Friess to the Commission, "As aquatic species experience greater stress, the need to maintain minimum flows to the

streams to sustain them is garnering increased interest from the resource agencies. And these trends may reduce the availability of recycled water that we can use for water supply purposes at the same time the drought conditions are sharply increasing the demand for the recycled water.”

A new regulatory framework for adaptive management. “One aspect we’d like to highlight is the need for the state to explore how the regulatory framework for water quality and water quantity should adapt to climate change, as well,” Mr. Friess testified to the Commission. “The issue is that the regulations to protect water quality and plants, fish and wildlife are all based on preserving what is, or what was, at some point in time. However, it can be expected that even with reductions in greenhouse gas emissions, many of the impacts of climate change are going to occur anyway. Therefore the question that has to be addressed,” said Mr. Friess, “is whether the status quo can be preserved, whether an adaptive approach has to be taken to resetting the baseline for what it is we’re trying to protect. This would require a new approach by regulatory agencies, one that is very difficult,” he said. “But if we don’t move in this direction the danger is we’re going to spend a lot of resources trying to maintain the old normal, even when that baseline is no longer tenable.”

A Rising Ocean and 1,000-Year Storms: What Awaits Flood District Managers?

As a coastal state, California faces the impacts of sea level rise and, according to widespread scientific consensus, increasingly severe storms with potential to overwhelm flood defenses. Prolonged historic rainstorms of the type that poured more than 50 inches in and around Houston as a result of Hurricane Harvey in August 2017⁶⁸ – and 15 inches in 10 hours onto South Carolina in October 2015 (described as a 1,000-year storm)⁶⁹ – point to what California might face in years ahead.

A November 2013 Department of Water Resources (DWR) report, “California’s Flood Future,” states that Orange, San Mateo and Santa Clara counties have the largest populations exposed within 100-year floodplains, those areas that have a 1-in-100 (or 1 percent) probability of flooding in any given year. In Los Angeles, Orange and Santa Clara counties, 60 percent of residents –

approximately 15 million people in all – are similarly exposed within 500-year floodplains. The department also reports that \$575 billion worth of structures are exposed within 500-year floodplains statewide – 40 percent of them in Los Angeles, Orange and Santa Clara counties.⁷⁰

Protecting them – and millions more people and buildings statewide – are flood control districts. Each has an immense responsibility to think ahead and limit flooding scenarios that could cripple the state’s \$2.6 trillion economy and damage its global standing as a reliable trade partner. Typically, throughout California, flood control districts are dependent county districts or divisions housed within departments of public works overseen by county boards of supervisors. But independent special districts also perform flood control operations. Representatives of two of these independent districts testified at the Commission’s October 27, 2016, hearing about infrastructure investments to defend their populations and regional economies from climate-induced superstorms and rising seas.

Fresno Metropolitan Flood Control District

In April 1956, following a series of destructive 1950s floods, voters by a margin of 5-1 in the cities of Fresno and Clovis, and the County of Fresno, established an independent regional flood control district to hold back waters from the nearby Sierra foothills that frequently inundated their flat, lowland geography. Two decades later the 400-square-mile district added groundwater recharge to its portfolio – a far-seeing move that gives it unique advantage for the irregular precipitation trends which scientists consider a likely impact of climate change.

“Among the major floods our region has endured are the floods of 1872, 1884, 1925, 1937, 1938, 1950, 1955 and 1969. It is remarkable to consider how much of our history has been shaped by the benefits and also the destructive power of water.”

Alan Hofmann, general manager, the Fresno Metropolitan Flood Control District, in written testimony for the Commission’s October 27, 2016, hearing.

The district, governed by six appointed representatives of the cities and one representative from the county, has used its property taxes (which account for 41 percent of revenue),⁷¹ bonding authority, developer fees, 2006 Proposition 1E grants and other resources, including reserves, to build a system particularly resilient to fluctuating rainfall and snowmelt. The district has constructed one of the few systems statewide that can simultaneously control flood water in wet years and steer it to facilities to recharge its underground aquifer for drinking water supplies in dry years.

"I would note that our system recharges over 70 percent of the rainfall that is captured within it," district general manager Alan Hofmann told the Commission. "Most of the times you would say, 'there's too much rain,' and the first thing you're looking at is 'how can we get rid of it?' We take a different approach to stormwater, to say, 'there's too much, where else can we put it?'"

In written testimony, the district reported that "on a yearly average, approximately 17,000 acre-feet of locally-generated stormwater runoff generated with the urban drainage areas can be retained." At 325,851 gallons per acre-foot, that is approximately 5.5 billion gallons annually for an underground aquifer classified as "high priority critical overdraft" by the 2014 Sustainable Groundwater Management Act. The cities of Fresno and Clovis also have rights to imported surface water for groundwater recharge.

Dual-purpose infrastructure for flood control and groundwater recharge. Mr. Hofmann said the district collects Sierra Nevada snowmelt and rainwater in four large detention basins in higher elevations of the foothills and leads water to nearly 80 detention or "ponding" basins for groundwater recharge beneath the Fresno-Clovis metropolitan area. Storm drains in the two cities similarly steer water to neighborhood detention basins, which are planted in grass and often also serve as recreational facilities and soccer fields during the dry season. The groundwater recharge system, he said, was largely conceived and built in the pre-Propositions 13 and 218 era, and would be difficult to replicate today with the need for two-thirds votes for special taxes.

The flood control district, though engineered to protect residents against a 200-year storm event, still doesn't consider itself entirely safe from the historic storms that

a changing climate may bring to California. "Fresno gets its share of thunderstorms, high-magnitude short-duration storms," Mr. Hofmann told the Commission. He stated in written testimony that the district, which still sees localized flooding during those storms, has begun discussions "on the implementation of a higher capacity standard for basins that could accommodate such a standard to capture and store more stormwater."

One identified possible way to help finance an expansion, in addition to district revenue, is the Proposition 1 water bond passed by California voters in 2014, Mr. Hofmann told the Commission.

"So what are we doing to deal with climate change or different stormwater patterns? We take a different approach because we've been doing this for years. This is our purpose (as a special district). We regularly look at rainfall patterns. We recognize that when we look at the historical 30-year averages, the average annual rainfall has actually increased from nine inches back in the 1960s to today about 11 or 11 and a half inches. So we've continued to modify our design standards in our ponding basins and in our collection systems because that's our sole purpose. It's pretty easy to do that and not be held back by bureaucracy or political impediments. We can, what we say, get things done."

Alan Hofmann, general manager, the Fresno Metropolitan Flood Control District, testifying at the Commission's October 27, 2016, hearing.

Santa Clara Valley Water District

The Commission's 2014 *Governing California Through Climate Change* report paid particular attention to climate vulnerabilities in Santa Clara County, stating that many of "Silicon Valley's storied technology campuses risk inundation as water levels rise in San Francisco Bay." The Commission report cited a December 20, 2012, *Scientific American* article about the endangered county's sea level rise challenges that stated bluntly: "Facebook is just one of the well-known companies in Silicon Valley's

technology mecca that will face the effects of climate change in years ahead. Others located near the water here include Google, Yahoo!, Dell, LinkedIn, Intuit, Intel, Cisco, Citrix and Oracle.”

The Santa Clara Valley Water District, which has responsibilities for flood control alongside its traditional role of providing water to nearly two million of the region’s residents, stands on the front lines of keeping San Francisco Bay from spilling into the below-sea-level offices of these companies, as well as the Bay Area’s largest wastewater treatment plant.⁷² At the Commission’s hearing, Melanie Richardson, the water district’s interim chief operating officer – watersheds – described an ambitious \$850 million plan to get ahead of climate-induced sea level rise well before it is too late. The district’s plan, a first of its kind in the Bay Area, provides an important example for special districts statewide in the power of partnerships to prepare and build now for coming climate change impacts.

Multi-government partnerships for mega-projects.

The district, in partnership with the U.S. Army Corps of Engineers and California State Coastal Conservancy, has begun a major levee-construction and wetlands restoration program to protect populations and companies that represent a thriving key sector of the California and national economy. Collectively, the three agencies aim to fortify 18 miles of the county’s San Francisco Bay shoreline against up to three feet of sea level rise for the next 50 years.

“Right now the entire Santa Clara County shoreline is protected by salt pond levees that are not really engineered for flood protection, and therefore the entire coastline is vulnerable to not only the 100-year coastal flooding event, but to sea level rise,” Ms. Richardson told the Commission. “The shoreline study (formally known as the South San Francisco Bay Shoreline Study) is the first study of its kind in the Bay area to develop a specific plan to provide flood risk management in light of sea level rise in the bay.”

Added Ms. Richardson, “The study is proceeding in phases because 18 miles of coastline is a lot to do all at once.”

A first four-mile phase of levee construction and restoration of 2,900 acres of tidal marsh habitat is scheduled to begin construction as early as 2018 and

take approximately three years to finish, Ms. Richardson told the Commission. That phase will bring protection to the north San Jose shoreline between Alviso Slough and Coyote Creek, an area of homes, tech companies and the county’s largest wastewater treatment plant, all about 11 feet below sea level and considered most at risk to sea level rise. The first-phase cost is \$174 million, said Ms. Richardson, with the federal government paying 40 percent (\$71 million). The remaining 60 percent (\$103 million) is funded jointly by the Santa Clara Valley Water District and the California Coastal Conservancy. Their 60 percent share includes \$42 million for the levee and related structures, \$58 million for wetlands restoration and \$3 million for recreation.

Santa Clara County property owners, as well as property owners throughout the nine-county Bay Area, also are helping finance this massive sea level rise project, said Ms. Richardson. A 2012 Santa Clara Valley Water District parcel tax approved by more than two-thirds of county taxpayers – the Safe Clean Water and Natural Flood Protection Program, or Measure B – provided \$15 million for design and construction of the first phase, as well as \$5 million for studies of the remaining 14 miles. In addition, Measure AA, the \$500 million, 20-year Clean and Healthy Bay parcel tax passed by more than two thirds of Bay Area voters in June 2016, will contribute \$60 million over time toward the entire 18-mile flood and sea level rise protection project, Ms. Richardson testified. Ms. Richardson told the Commission that conversations are underway with the U.S. Army Corps of Engineers regarding the next phases. “Prior to starting the next phase of the shoreline study in other economically impacted areas, our district is out in front analyzing conditions in the Palo Alto, Mountain View and Sunnyvale shorelines to determine where the next piece that makes the most economic sense should be worked on,” she testified.

When discussing the entire \$850 million price tag to protect the Silicon Valley region against an uncertain future, Ms. Richardson pointed to the financial power of partnerships. “That’s why it’s so important for us to have participation by our federal partners,” she said. “It’s a very expensive project for local entities to undertake alone.”

RECOMMENDATIONS

Locally and regionally, special districts are clearly thinking about an uncertain future, whether they call it changing weather patterns or climate change. The dozen approaches outlined show a handful of special districts getting ready for what's coming and no doubt, their executives occasionally lie awake at night thinking about the many what ifs that accompany their responsibilities. These forward motions by California districts might, in some or even most cases, be among the most advanced nationally for climate change adaptation. Yet, there is clearly more that trade associations for these districts – and also state government – can do to help and also to stay out of their way with regulatory overreach. Among options considered by the Commission and recommended here:

Recommendation 15: The Legislature should place a requirement that special districts with infrastructure subject to the effects of climate change should formally consider long-term needs for adaptation in capital infrastructure plans, master plans and other relevant documents.

Most special districts, especially the legions of small districts throughout California, have their hands full meeting their daily responsibilities. Many have few resources and little staff time to consider long-range issues, particularly those with the heavy uncertainty of climate change adaptation. Making climate change a key planning and operational consideration would formally and legally elevate issues of adaptation and mitigation, especially for districts where immediate concerns make it too easy to disregard the future.

Recommendation 16: The California Special Districts Association (CSDA), in conjunction with its member districts, should document and share climate adaptation experiences with the Integrated Climate Adaptation and Resilience Program's adaptation information clearinghouse being established within the Governor's Office of Planning and Research (OPR). Similarly, CSDA and member districts should step up engagement in the state's current Fourth Assessment of climate threats, a state research project designed to support the implementation of local adaptation activities. The CSDA also should promote climate adaptation information sharing among its members to help districts with fewer resources plan for climate impacts and take actions.

The OPR clearinghouse promises to be the definitive source of climate adaptation planning information for local governments throughout California. An OPR representative at the Commission's October 2017 hearing invited more district participation in state climate adaptation processes. It is critical that special districts and their associations assume a larger participatory role – both within state government and among their memberships – to expand the knowledge base for local governments statewide.

Recommendation 17: The state should conduct a study – by either a university or an appropriate state department – to assess the effect of requiring real estate transactions to trigger an inspection of sewer lines on the property and require repairs if broken.

Every California property owner has the responsibility to adapt to climate change. This begins at home with maintenance and upgrading of aging sewer laterals. Requiring inspections and repairs during individual property transactions is an optimum way to slowly rebuild a region's collective wastewater infrastructure in the face of climate change. At the community level, repairs will help prevent excess stormwater during major climate events from overwhelming wastewater systems and triggering sewage spills into public waterways.

The Oakland-based East Bay Municipal Utility District has instituted an ordinance that requires property owners to have their private sewer laterals inspected if they buy or sell a property, build or remodel, or increase the size of their water meter. If the lateral is found to be leaking or damaged, it must be repaired or replaced. The state should consider implementing this policy statewide.

Recommendation 18: State regulatory agencies should explore the beginnings of a new regulatory framework that incorporates adaptable baselines when defining a status quo as climate impacts mount.

With climate change what has happened historically will often be of little help in guiding regulatory actions. State regulations designed to preserve geographical or natural conditions that are no longer possible or no longer exist already are creating problems for special districts. Wastewater agencies, for example, face conflicting regulations as they divert more wastewater flows to water recycling for human needs and less to streams historically home to wildlife that may or may not continue

to live there as the climate changes. While it is not easy for regulators to work with moving targets or baselines, climate change is an entirely new kind of status quo that requires an entirely new approach to regulation.

Recommendation 19: The California Special Districts Association, and special districts, as some of the closest-to-the-ground local governments in California, should step up public engagement on climate adaptation, and inform and support people and businesses to take actions that increase their individual and community-wide defenses.

Special districts are uniquely suited to communicate with and help prepare millions of Californians for the impacts of climate change. Nearly all have public affairs representatives increasingly skilled at reaching residents through newsletters, social media and public forums. District staffs grapple constantly with new ways to increase their visibility. Many will find they can build powerful new levels of public trust by helping to prepare their communities for the uncertainty ahead.

Recommendation 20: The California Special Districts Association and special districts should lead efforts to seek and form regional partnerships to maximize climate adaptation resources and benefits.

Water, wastewater and flood control districts are already bringing numerous agencies to the table to pool money, brainpower and resources for big regional projects. The East Bay Municipal Utility District has arrangements with many Bay Area and Central Valley water agencies to identify and steer water to where it is most needed for routine demands and emergencies alike. The Metropolitan Water District and Sanitation Districts of Los Angeles County also increasingly pool their joint resources to steer more recycled water to groundwater recharge basins for dry years. Likewise, the Santa Clara Valley Water district and other state and federal agencies are collectively planning and funding 18 miles of levees to protect the region from sea level rise. These partnerships among special districts and other government agencies clearly hint at what will be increasingly necessary as climate impacts begin to mount.

Appendices

Appendix A

Public Hearing Witnesses

The list below reflects the titles and positions of witnesses at the time of the hearing.

***Public Hearing on Special Districts
August 25, 2016
Sacramento, California***

Michael Coleman, Principal, CaliforniaCityFinance.com

Jon Coupal, President, Howard Jarvis Taxpayers Association

Amber King, Senior Legislative Advocate, Association of California Health Care Districts

John Leopold, Chair, California Association of Local Agency Formation Commissions, Santa Cruz County District 1 Supervisor and Santa Cruz County Local Agency Formation Commission member

Stephen Lucas, Executive Officer, California Association of Local Agency Formation Commissions and Butte County Local Agency Formation Commission

Pamela Miller, Executive Director, California Association of Local Agency Formation Commissions

Kyle Packham, Advocacy and Public Affairs Director, California Special Districts Association

Michael Schwartz, Fire Chief, North Tahoe Fire Protection District

***Public Hearing on Special Districts
October 27, 2016
Sacramento, California***

Jeffrey D. Armstrong, General Manager, Rancho California Water District

Louise Bedsworth, Deputy Director, Governor's Office of Planning and Research

Alexander R. Coate, General Manager, East Bay Municipal Utility District

Philip L. Friess, Department Head, Technical Services, Sanitation Districts of Los Angeles County

Alan Hofmann, General Manager, Fresno Metropolitan Flood Control District

Melanie Richardson, Interim Chief Operating Officer – Watersheds, Santa Clara Valley Water District

Wendy Ridderbusch, Director of State Relations, Association of California Water Agencies

Appendix B

Meeting Participants

The list below reflects the titles and positions of participants at the time of the meeting.

***Advisory Committee Meeting on Special Districts
November 16, 2016
Sacramento, California***

Peggy Broussard Wheeler, Vice President, Rural Healthcare and Governance, California Hospital Association

Ken Cohen, Executive Director, Association of California Healthcare Districts

Arthur J. Faro, Board President, Sequoia Healthcare District, San Mateo County

Barbara Glaser, Senior Legislative Advocate, California Hospital Association

Colin Grinnell, Chief Consultant, Senate Government and Finance Committee

Jack Hickey, Board Member, Sequoia Healthcare District, San Mateo County

Barry Jantz, Chief Executive Officer, Grossmont Healthcare District, San Diego County

Amber King, Senior Legislative Advocate, Association of California Healthcare Districts

Sheretta Lane, Vice President of Finance and Policy, District Hospital Leadership Forum

Misa Lennox, Associate Consultant, Assembly Local Government Committee

Lee Michelson, Chief Executive Officer, Sequoia Healthcare District, San Mateo County

Pamela Miller, Executive Director, California Association of Local Agency Formation Commissions

Kyle Packham, Advocacy and Public Affairs Director, California Special Districts Association

Bobbi Palmer, Executive Director, Fallbrook Healthcare District, San Diego County

Mona Palacios, Executive Officer, Alameda County Local Agency Formation Commission

Lou Ann Texeira, Executive Officer, Contra Costa County Local Agency Formation Commission

**Roundtable Discussion on Special Districts
June 22, 2017
Sacramento, California**

**Debby Cherney, Deputy General Manager, Eastern
Municipal Water District**

**Steve Heide, Finance Manager, Chino Valley
Independent Fire District**

**José Henríquez, Executive Officer, El Dorado Local
Agency Formation Commission**

**Gay Jones, Board Member, California Association of
Local Agency Formation Commissions, Sacramento
Metro Fire District, Board Member and Sacramento
LAFCO Commissioner**

**Jill Kanemasu, Acting Division Chief, Local
Government Programs & Services Division, Office of
State Controller Betty T. Yee**

**George Lolas, Chief Operating Officer, Office of State
Controller Betty T. Yee**

**Amber King, Senior Legislative Advocate, Association
of California Health Care Districts**

**Steve Lucas, Executive Officer, Butte Local Agency
Formation Commission**

**Jimmy MacDonald, Consultant, Senate Government
and Finance Committee**

**Scott Morgan, Deputy Director of Administration and
State Clearinghouse Director, Governor's Office of
Planning and Research**

**Pamela Miller, Executive Director, California
Association of Local Agency Formation Commissions**

**Kyle Packham, Advocacy and Public Affairs Director,
California Special Districts Association**

**Sarah Rubin, Program Manager, Public Engagement,
Institute for Local Government**

**Wendy Ridderbusch, Director of State Relations,
Association of California Water Agencies**

Herb Schultz, CEO, Desert Healthcare District

**Gareth Smythe, Executive Fellow, Governor's Office of
Planning and Research**

**Christina Valencia, Chief Financial Officer, Inland
Empire Utilities Agency**

Appendix C

Cover Photo Credits

**Photos: Courtesy of John Chacon and the California Department of Water Resources.
<http://pixel-ca-dwr.photoshelter.com/index>. Accessed on August 30, 2017.**

Also, courtesy of iStock photos. <http://www.istockphoto.com/>. Accessed on August 30, 2017.

Notes

- 1 Jill Kanemasu, Acting Division Chief, Local Government Programs & Services Division, Office of the State Controller Betty T. Yee. May 24, 2017. Written communication.
- 2 Kyle Packham. Advocacy and Public Affairs Director. California Special Districts Association. Sacramento, CA. July 20, 2017. Written communication.
- 3 Kyle Packham. Advocacy and Public Affairs Director. California Special Districts Association. Sacramento, CA. August 25, 2016. Written testimony to the Commission.
- 4 Wendy Ridderbusch. Director of State Relations. Association of California Water Agencies. Sacramento, CA. December 12, 2016. Written Communication.
- 5 Peter Detweiler. Former Chief Consultant. Senate Local Government Committee. Sacramento, CA. July 5, 2016. Personal Communication.
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- 16 Kathleen Cole. Executive Legislative Representative. The Metropolitan Water District of Southern California. Sacramento, CA. July 15, 2016. Personal Communication.
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Little Hoover Commission Members

Chairman Pedro Nava (D-Santa Barbara) Appointed to the Commission by former Speaker of the Assembly John Pérez in April 2013 and reappointed by Speaker of the Assembly Anthony Rendon in 2017. Government relations advisor. Former state Assemblymember from 2004 to 2010. Former civil litigator, deputy district attorney and member of the state Coastal Commission. Elected chair of the Commission in March 2014.

Vice Chairman Sean Varner (R-Riverside) Appointed to the Commission by Governor Edmund Brown Jr. in April 2016. Managing partner at Varner & Brandt LLP where he practices as a transactional attorney focusing on mergers and acquisitions, finance, real estate and general counsel work.

David Beier (D-San Francisco) Appointed to the Commission by Governor Edmund G. Brown Jr. in June 2014. Managing director of Bay City Capital. Former senior officer of Genentech and Amgen. Former counsel to the U.S. House of Representatives Committee on the Judiciary. Serves on the board of directors for the Constitution Project.

Iveta Brigis (D-Los Gatos) Appointed to the Commission by Governor Edmund G. Brown Jr. in April 2017. Open Sourcing People Operations Program lead at Google Inc. since 2014, and looks after re:Work, Google's initiative to open source data-driven HR practices.

Senator Anthony Cannella (R-Ceres) Appointed to the Commission by the Senate Rules Committee in January 2014. Elected in November 2010 and re-elected in 2014 to represent the 12th Senate District. Represents Merced and San Benito counties and a portion of Fresno, Madera, Monterey and Stanislaus counties.

Joshua LaFarga (NPP-Wilmington) Appointed to the Commission by Speaker of the Assembly Anthony Rendon in June 2017. Director of public and government affairs and as recording secretary and executive board member at LiUNA! Local 1309.

Assemblymember Chad Mayes (R-Yucca Valley) Appointed to the Commission by former Speaker of the Assembly Toni Atkins in September 2015. Elected in November 2014 to represent the 42nd Assembly District. Represents Beaumont, Hemet, La Quinta, Palm Desert, Palm Springs, San Jacinto, Twentynine Palms, Yucaipa, Yucca Valley and surrounding areas.

Don Perata (D-Orinda) Appointed to the Commission in February 2014 and reappointed in January 2015 by the Senate Rules Committee. Political consultant. Former president pro tempore of the state Senate, from 2004 to 2008. Former Assemblymember, Alameda County supervisor and high school teacher.

Assemblymember Bill Quirk (D-Hayward) Appointed to the Commission by Speaker of the Assembly Anthony Rendon in 2017. Elected in November 2012 to represent the 20th Assembly District. Represents Hayward, Union City, Castro Valley, San Lorenzo, Ashland, Cherryland, Fairview, Sunol and North Fremont.

Senator Richard Roth (D-Riverside) Appointed to the Commission by the Senate Rules Committee in February 2013. Elected in November 2012 to represent the 31st Senate District. Represents Corona, Coronita, Eastvale, El Cerrito, Highgrove, Home Gardens, Jurupa Valley, March Air Reserve Base, Mead Valley, Moreno Valley, Norco, Perris and Riverside.

Janna Sidley (D-Los Angeles) Appointed to the Commission by Governor Edmund Brown Jr. in April 2016. General counsel at the Port of Los Angeles since 2013. Former deputy city attorney at the Los Angeles City Attorney's Office from 2003 to 2013.

Helen Torres (NPP-San Bernardino) Appointed to the Commission by Governor Edmund Brown Jr. in April 2016. Executive director of Hispanas Organized for Political Equality (HOPE), a women's leadership and advocacy organization.

Full biographies available on the Commission's website at www.lhc.ca.gov.

"Democracy itself is a process of change, and satisfaction and complacency are enemies of good government."

Governor Edmund G. "Pat" Brown,
addressing the inaugural meeting of the Little Hoover Commission,
April 24, 1962, Sacramento, California

ITEM NO. 11.2

DIRECTOR'S AB 1234 REPORT**Director Name: Jerry Gladbach****Meeting Attended: NWRA's Federal Affairs Committee****Date of Meeting: March 1, 2019****Board Meeting to be Presented at: April 2, 2019****Points of Interest:**

- *Andy Wheeler has been confirmed to be the EPA Administrator. He has been running EPA and has done a good job. He has a great background for this position**
- *SB 47 passed out of the Senate and House with large majorities. It deals with public lands, Bureau of Reclamation Title Transfers, transparency, and ESA recovery in the Colorado River Basin.**
- *An Indian Water Rights Bill will be introduced soon, The Senate and House of working on common language, ACWA is pushing for no water to be taken from the Bureau of Reclamation**
- *The Water Oceans and Wildlife Committee (WOW) of the house had hearings on water infrastructure and they went well, several members of NWRA testified.**
- *A bill has been drafted to renew the State Revolving Fund**
- *EPA will be looking at the connection of surface water and groundwater**
- *A public hearing, regarding the new WOTUS rule, was held in Kansas City. There was a large turnout and most favored the new rule**

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From: NWRA nwra@nwra.org
Subject: NWRA Alert: Reminder NWRA Federal Affairs Call Today, March 1st
Date: Mar 1, 2019 at 9:03:40 AM
To: ejglad@aol.com



March 1, 2019

To: NWRA Members

From: NWRA Federal Affairs Team

RE: March 1st Federal Affairs Committee Call
Friday, March 1, 2019 at 12:30 Eastern, 11:30 Central, 10:30 Mountain
and 9:30 Pacific.
Call-in Number: 319-527-9020
Pin Number: 371734#

Federal Affairs committee members,

As a reminder NWRA will be holding its monthly Federal Affairs Committee Call this today, March 1st at 12:30 Eastern, 11:30 Central, 10:30 Mountain and 9:30 Pacific.

The call in number and code and agenda for the call are below.

March Federal Affairs Committee Agenda
Friday, March 1, 2019
Call-in Number: 319-527-9020
Pin Number: 371734#

Time: 12:30 pm Eastern, 11:30 Central, 10:30 Mountain and 9:30 Pacific

- I. Introductions
- II. S.47 & Reclamation Title
- III. EPA Administrator
- IV. Hearing Review and Upcoming Legislative Activity

V. Task Force Updates

- a. Water Quality
- b. Groundwater
- c. Environment
- d. Army Corps
- e. Forest Health
- f. Water Power
- g. Water Supply
- h. Infrastructure Finance
- i. Litigation Review

VI. Federal Water Issues Conference

VII. Other Business

We look forward to talking with you all shortly and please let me know if you have any questions.

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ITEM NO. 11.3

DIRECTOR'S AB 1234 REPORT

Director Name: Jerry Gladbach

Meeting Attended: ACWA's Energy Committee

Date of Meeting: March 7,2019

Board Meeting to be Presented at: April 2, 2019

Points of Interest:

***Drew Bohan of the California Energy Commission, spoke about the new focus of the Commission. Where is Calif going and how are we going to get there. 19 % of the energy consumed in Calif is by water, they are doing research to see how and where that can be reduced , the impacts of so much energy affecting fires and rising ocean level, and the goal is to be carbon neutral by 2045. 45% of energy will be by renewables and 50% by large hydro. Energy storage will be key for this to happen. They have \$950 million in research. Promoting changing fleet vehicles toe CNG or electric**

Others spoke of the need to consider the use of water in wildfire mitigation. Large hydro should be considered renewable.

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AGENDA

Energy Committee Meeting	
March 7, 2018 • 10:30 pm - 2:00 pm	ACWA • 910 K Street, Sacramento CA
Chair: Charley Wilson	Vice-chair: Michael Minkler
Remote Access: Registration URL: https://attendee.gotowebinar.com/register/2156084932275117059 ; Webinar ID: 981-176-659 Call In: +1 (631) 992-322; Access Code: 910-709-298	

- I. Chair's Welcome and Introductions (10 min) Charley Wilson
- II. CEC: Direction of the new Administration (50 min) Drew Bohan
- III. Legislative Update: CMUA and ACWA (20 min) Patrick Welsh
Adam Quinonez
- IIII. Election Year and Committee Rosters (5 min) Ana Javaid
- V. Lunch Break (15 min)
- VI. The Climate Registry: Update on Water-Energy Nexus (15 min) Ryan
- VII. Vice Chair Update: Energy Policy Principles, SLC, Board Workshop (10 min) Michael Minkler
- VIII. Member Updates: Roundtable and Conference Programs (25 min) Charley Wilson
Michael Minkler
- IX. IOU Discussion (60 min) Charley Wilson
 - PG&E – Joe Horak
 - SCE – James Pasmore
- X. Other Business Charley Wilson
- XI. Adjournment

Next Meeting: Tuesday, May 7th at ACWA 2019 Spring Conference in Monterey.

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Director name: Gary Martin
Meeting attended: 2019 Economic Outlook
Date of meeting: March 14, 2019
Location: Valencia Hyatt Regency
SCV Water Board meeting to be presented at: April 2, 2019

The program for the 2019 Economic Outlook was as follows:

1. Welcome by Holly Schroeder, President & CEO SCV Economic Development Corporation
2. Welcome by DR. Dianne Van Hook, Chancellor, College of the Canyons
3. Presentation by Lewis C. Horne, Division President, CBRE
4. Presentation by Ravi S. Rajan, President, California Institute of the Arts
5. Presentation by Emile Haddad, Chairman & CEO, FivePoint
6. Panel Discussion / Q&A with Mr. Horne, Mr. Rajan and Mr. Haddad
7. Economic Forecast presentation by Mark Schnieppe. Ph.D., Director, California Economic Forecast
8. Q&A & Closing Remarks by Holly Schroeder

Points of Interest:

Overall, the program was excellent with the focus on the SCV with state and national perspectives. The following are brief highlights of each of presenters:

- Mr. Horne provided a regional overview of the Los Angeles area, including both challenges and opportunities. Mr. pointed out the huge investments made in Southern California in the last 5 years by the international and tech industries. \$170 billion invested in the last 5 years by Hong Kong and 3 million square feet of leased space by tech giants Apple and Amazon. Mr, Horne also pointed out that LA is the #1 city in the US for tech talent with 134 universities and 1 million students. Take away quote: “the tech labor pool is unparalleled.”
- Mr. Rajan provide a brief discussion of what CalArts is doing to work collaboratively with the SCV. His advice for the young folks in business today was “collaborate at an early age and question everything.”
- Mr. Haddad provided a “high altitude” discussion of the evolution of the development business, and what is going on to address the changes in the marketplace, principally addressing the questions of how people live and how people want to live. He emphasized the need for local jobs to reduce the burden on transportation and stated that critical needs are housing, jobs and education. He also made some breaking news announcing that Newhall Ranch will now be referred to as Valencia.
- Dr. Schnieppe concluded the program with his lengthy and energetic presentation on the economic data and forecast for the SCV. The take away from Dr. Schnieppe’s presentation was that the near-term economic future of the SCV remains bright, but noted that the overall economy has experienced a historically long period of expansion, which cannot go on forever. But for now, things look pretty good in the SCV for next couple of years.

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ITEM NO. 11.4

DIRECTOR'S AB 1234 REPORT

Director Name: Jerry Gladbach

Meeting Attended: 2019 Economic Outlook

Date of Meeting: March 14, 2019

Board Meeting to be Presented at: April 2, 2019

Points of Interest:

Lewis Horne from CBRE started his career here in the Santa Clarita Valley, and he talked about the changes from then to now, and describe how great and prosperous this valley is.

Ravi Rajan of Cal Arts talked about the changes in education, specifically how things are taught. At Cal Arts they work in groups, where each does its own project and then the group comments on it.

Emile Haddad of Five Points talked about the new concept in developing residential areas. He described their development in Irvine where it is a village in itself with all of the needs and parks included in the development

Mark Schniepp of California Economic Forecast talked about the economic trends for the US and the SCV. The economy is flattened out.

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2019 ECONOMIC OUTLOOK

Welcome – Holly Schroeder, President & CEO
Santa Clarita Valley Economic Development Corporation



Welcome – Dr. Dianne Van Hook, Chancellor
College of the Canyons



Lewis C. Horne – Division President, CBRE

Ravi S. Rajan – President, California Institute of the Arts

Emile Haddad – Chairman & CEO, FivePoint

Panel Discussion

CBRE **REPORTS** **FIVE POINT**

Q & A

----- short break -----

Mark Schniepp, Ph.D. – Director, California Economic Forecast
2019 Forecast for the Santa Clarita Valley

Q & A and closing remarks

Cocktail Reception Immediately Following
First drink compliments of **Wells Fargo**
(Check behind your name badge for your drink ticket)

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ITEM NO. 11.5

DIRECTOR'S AB 1234 REPORT

Director Name: Jerry Gladbach

Meeting Attended: ACWA's Nominating Committee

Date of Meeting: March 18, 2019

Board Meeting to be Presented at: April 2, 2019

Points of Interest:

- **This is the nominating committees for each Region, there are 4 of us for Region 8**
- **VP Steve LaMar described the importance of the committees in nominating individuals to the Region Board**
- **Brandon Ida reviewed the schedule, and the role of the nominating committees**
- **Others described the Region's Board responsibilities and the Rules and Regulations of each Region, each Region has its own .**

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ACWA Region Nominating Committee Training

Monday, March 18, 2019 at 10 a.m.

Via GoToMeeting

Agenda

1. Self-Introductions..... All
2. Importance of Region Leadership in ACWA.....Steve LaMar, Vice President, ACWA
3. Overview: Region Election Process / Deadlines.....Brandon Ida,
Senior Regional Affairs Representative
4. Region Board ResponsibilitiesAna Javaid,
Region and Member Engagement Services Specialist II
5. Region Rules & RegulationsMichael Cervantes,
Regional Affairs Representative
6. Roles of the Nominating Committees.....Brandon Ida,
Senior Regional Affairs Representative
7. Questions?.....All

Handouts:

- 2019 ACWA Region Election Timeline, 2020-2021 Term
- Role of the Regions
- Region Nuances to be Considered for the Selection of Candidates
- Region Nominating Committee Instructions & Recommended Slate
- Region Map
- ACWA Region Nominating Committee Contact List

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Director name: Gary Martin
Meeting attended: KHTS Sacramento Trip 2019
Date of meeting: March 18 & 19, 2019
Location: Sacramento, CA
SCV Water Board meeting to be presented at: April 2, 2019

The 2019 KHTS Sacramento Trip was the 14th annual trip hosted by KHTS, its sponsors, and State Senator Scott Wilk.

As in past Sacramento trips, day 1 consisted of the bus trip from the SCV to Sacramento. During the trip north, attendees are introduced and are invited to speak to the bus riders and be interviewed live on KHTS radio. I was interviewed and was asked to provide my comments on how the first year+ has gone for the new SCV Water and what the priorities are going forward. I also met and discussed this same topic with a number of my bus mates during the trip, and found their interest and engagement encouraging. I also took the opportunity to invite each to the May 4 SCV Water Open House.

The Sacramento portion of the program was as follows:

Monday, 3/18

1. Senator Scott Wilk welcome and opening remarks.
2. Senator Scott Wiener, Housing and Homelessness
3. Lande Ajosa, Senior Policy Advisor for Governor Newsom, Higher Education
4. Assemblymember Christy Smith, welcome and remarks
5. Reception by Senator Wilk
6. Dinner at The Mix, Dan Walters, Keynote Speaker

Tuesday, 3/19

1. Rob Lapsley, Chairman, California Business Roundtable, Economic Outlook
2. Jennifer Johnson, Deputy Legislative Secretary for Governor Newsom, K-12 Education
3. Senator John Moorlach, Pension Reform
4. Chris Micheli, Principal, Aprea & Micheli, PAGA, Dynamex
5. John Valencia, lobbyist, civil litigator, Healthcare
6. Assemblymember Tom Lackey, Public Safety
7. Jennifer Pierre, General Manager, State Water Contractors, Water / WaterFix
8. Keely Martin Bosler, Director, California Department of Finance, Budget
9. Senator Scott Wilk, closing remarks.

Points of Interest

- Economic outlook good for now, but budget looks to be in the red by 2021. Challenges are high taxes, the housing crisis, and companies leaving CA.
- When unfunded pension costs are considered, CA's net worth is -\$120 billion and getting worse.
- Healthcare costs are rising and access is falling due to doctor-patient ratio falling.
- On the water front, Jennifer Pierre was encouraged by the movement on the voluntary settlement agreement to a more science-based approach. On WaterFix, the Governor is supporting single tunnel approach.

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ITEM NO. 12.1

8

ACWA JPIA
Bickmore Claims Audit
March 21, 2019

BACKGROUND

At the March 24, 2014 Executive Committee meeting, a resolution was passed to set a policy to obtain claims audits for the Liability, Property, and Workers' Compensation Programs. Bickmore has conducted a claims audit and submitted their report.

CURRENT SITUATION

The latest audit was completed November 2018. Following in the packet is the Executive Summary from that report. All programs received an average rating of 95 (out of 100) or above.

RECOMMENDATION

That the Executive Committee approve the Bickmore Claims Audit, as presented.

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Association of California Water Agencies JPIA
Liability, Property, and Workers' Compensation Claims Audit

I. Executive Summary

The Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA), a California Joint Powers Authority, has self-insured the workers' compensation (WC), liability, and property claims of water districts since 1979, and now has almost 400 members participating in its various programs. Its statewide membership is organized into 10 regions.

ACWA/JPIA covers members' statutory WC obligations up to its \$2 million self-insured retention (SIR). Excess coverage is provided by Safety National Insurance.

For its liability exposures, ACWA/JPIA retains up to \$5 million, with Allied Public Risk (Allied) providing excess coverage up to \$11 million. Other carriers provide additional coverage to a total of \$60 million.

For property exposures, the SIR is \$100,000 with excess coverage purchased up to \$500 million.

ACWA/JPIA self-administers its claims in Roseville, California. Separate units are dedicated to claims, with a unit of three professional staff administering general liability, employment practices liability, and property (GL/EPL/PR) claims and four professionals handling WC. One administrative position supports GL/EPL/PR claims and two support WC. Oversight within each unit is provided by a Claims Manager who reports to the ACWA/JPIA Chief Executive Officer (CEO).

Claims for both units are administered using Ventiv Technology's *iVOS*® platform, a user-friendly, web-based system which records financial and statistical data and allows adjusters to document their activities in an electronic notepad. *iVOS*® contains a document imaging component, which enables attachment of external documents and allowing claims to be maintained in a paperless environment.

To address ACWA/JPIA's requirements we:

- Reviewed ACWA/JPIA's written claims administration procedures;
- Interviewed claims management regarding:
 - Current claims administration procedures and practices; and
 - Workflows.
- Reviewed reports provided to the California Office of Self Insurance Plans (OSIP) for the most current two fiscal years;

Bickmore

- Reviewed claims data for the three most recent fiscal years;
- Selected and reviewed a sample of 50 WC indemnity, future medical, and medical only (MO) and 32 GL/EPL/PR claim files for compliance with state law, industry best practices, and ACWA/JPIA's own requirements. The sample claims lists are shown in Appendices A-1 and A-2;
- Conducted the audit remotely with two Bickmore staff as ACWA/JPIA claim files are maintained electronically without reliance on paper files. Claims administration procedures underwent no change and there were minimal changes in claims administrative staff. The WC audit took place from September 10 through October 6, 2018 and the GL/EP/PR audit was conducted from October 15 through October 18, 2018;
- Provided daily findings to ACWA/JPIA Claims Management during the audit to allow an opportunity for discussion; and
- Provided an opportunity for rebuttal to individual claim findings through October 31, 2018.

No major changes have occurred since the previous audit, conducted in 2016. Staff in both claims operations has remained stable with the exception of one new WC examiner who replaced a retirement. GL/EP/PR added a claims assistant who also handles smaller claims.

With the exception of the settlement authority process, few written procedures guide staff and with an experienced, stable staff, they continue to achieve high performance, with each unit improving overall performance from the prior audit. We continue to recommend that each claim unit establish written guidelines regarding technical claims procedures and reporting guidelines, which are certain to be useful should ACWA-JPIA experience turnover in the future. Should ACWA/JPIA desire to implement written guidelines, they are stated in our 2016 report.

Individual claim findings provided to ACWA/JPIA are not included with this report because of privacy concerns related to medical information which might be included. However, these findings have been provided to Claims Management and are available to ACWA/JPIA separately from this report.

Both units are staffed with experienced professionals and provide good service to the membership as demonstrated in the performance results.

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Association of California Water Agencies JPIA
Liability, Property, and Workers' Compensation Claims Audit

We find the GL/EPL/PR team effective in administering claims for ACWA/JPIA, achieving an overall performance level of 97%, a "Superior" performance assessment based on the grading approach and recommended performance evaluation shown in Exhibit I-1. All individual claims components meet or exceed industry best practices with twelve components scoring "superior" and two scoring "commendable".

We also find the WC team effectively administering claims of members' injured employees, achieving a 96% overall performance level, with ten individual "superior" component scores, and two each scoring "commendable" and "acceptable."

To arrive at our performance result, each claim shown in Appendices A-1 and A-2 was graded on the fourteen components shown in Exhibits I-2 (GL/EPL/PR) I-4 WC. These exhibits summarize the "Scoring By Technical Component with Financials" separately for GL/EPL/PR and WC. The same results are shown graphically in Exhibits I-3 and I-5. All four exhibits compare 2016 performance with the current results.

Our performance assessment methodology is described in Exhibit I-1.

We make recommendations to enhance performance for component results below Commendable, or when subcomponents or criteria are scored below Acceptable.

To improve performance we recommend implementing the enhancements discussed in Exhibits I-6 and I-7.

Chapters II and III provide detail on findings and recommendations separately for the GL/EPL/PR unit and the WC unit. Chapters are captioned to provide:

- The components of a professional claims administration program;
- Explanation of our findings of how well ACWA/JPIA complies with industry best practices, state and federal laws, and ACWA/JPIA's own requirements; and
- Our evaluation of performance.

Within each section we describe our:

- Understanding of industry best practices and applicable policies and procedures;
- Audit findings; and
- Recommendations for improved performance.

We recommend our report be read in its entirety.

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**Exhibit I-1
 Performance Assessment Methodology**

To arrive at our performance assessment, we evaluate 14 separate claims handling components for each claim. Components are listed in Exhibits I-2 for L/PR and I-4 for WC. For each component we ask several questions¹ (criteria) which may be answered "Yes," "No," or "Not Applicable" as they relate to whether performance requirements (expectations) are met for that claim.

For each claim we review, we provide a scoring form with details to ACWA Claims Management and consider feedback provided. The auditor provides a narrative explanation for any "No" finding. Details of these feedback forms are not provided with this report because of potential confidentiality issues, but will be provided to ACWA upon request.

Evaluation	Criteria
Yes	Complete compliance with industry standards and internal requirements. File reflects active steps are taken to resolve claim.
No	Lack of compliance with industry standards or internal requirements. Evidence of substandard claims handling, creating exposure to additional costs.
Not Applicable	The claim does not present a need for claims handling in the component area.

Findings for 'Yes' are divided by possible findings ('yes' plus 'no' findings) to determine the percentage of compliance. Performance assessment is shown below.

Performance	Average Grade
Superior	96% - 100%
Commendable	91% - 95%
Acceptable	85% - 90%
Requires Improvement	Below 85%

¹ Questions (criteria) total 94 for L&PR and 103 for WC.

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Exhibit I-3
Grading Summary Graph – Liability and Property

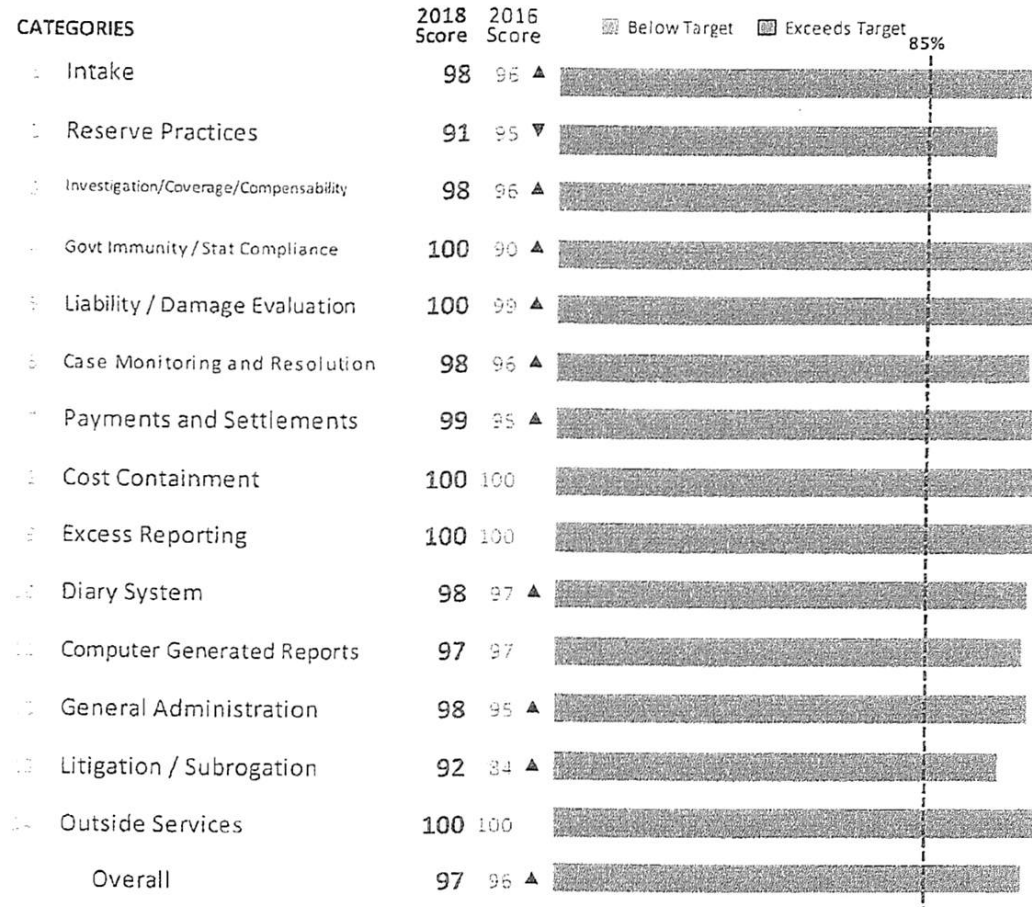


Exhibit I-5
 Grading Summary Graph – Workers' Compensation

