



SCV WATER

Established in 2018

Serving Santa Clarita Valley

"Providing responsible water stewardship to ensure the Santa Clarita Valley has reliable supplies of high quality water at a reasonable cost."

BIENNIAL

BUDGET

FY 2019/20
FY 2020/21

Focusing on the Future:

Key Initiatives and Activities

FY 2019/20 is another year of firsts for SCV Water. The Board of Directors adopted its first Biennial Budget (FY 2019/20 and FY 2020/21) and five-year Strategic Plan, strengthening the link between planning and budgeting. While the strategic planning process establishes the goals, the budget provides the resources for accomplishing the goals. This budget reflects the objectives needed to help SCV Water become a best-in-class water service provider for our community.

Over the next two years, SCV Water will comply with new state mandates, integrate technology throughout the new Agency and lay the groundwork for regional watershed management and increased recycled water usage.

Key initiatives and activities under this budget include:

- **Sustainable Groundwater Management Act (SGMA).** Per the state mandate, SCV Water will develop a Groundwater Sustainability Plan (GSP) that must be completed by 2022.
- **Technology Improvements.** SCV Water will improve mobile technology, network hardware replacements and an integrated phone system, as SCV Water continues to merge four agencies into one, and upgrade and standardize technology throughout.
- **Regional Watershed Approach.** SCV Water will focus on stewardship of the Santa Clara River System in partnership with others to ensure reliability and sustainability of the water sources, as well as preservation of the watershed and environment.
- **Recycled Water Program.** SCV Water will continue to invest in planning, design and construction of recycled water projects, which includes expansion of our recycled water service from the Vista Canyon project.
- **Water Conservation and Education Garden.** SCV Water plans to refurbish the existing garden at the Rio Vista Water Treatment Plant, and explore a “pocket park” idea in other areas of the community.

These key initiatives and activities highlight the new Agency’s watershed focus as well as our efforts to increase operating efficiencies in order to better serve our customers now, and well into the future.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
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California**

For the Fiscal Year Beginning

July 1, 2018

Christopher P. Morrill

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the Santa Clarita Valley Water Agency, California for its annual budget for the fiscal year beginning July 1, 2018. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

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California Society of Municipal Finance Officers

Certificate of Award

***Excellence Award for
Fiscal Year 2018-2019 Operating Budget***

Presented to the

SCV Water

For meeting the criteria established to achieve the CSMFO Excellence Award for Budgeting.

December 19, 2018



Margaret Moggia

***Margaret Moggia
CSMFO President***

Sara J Roush

***Sara Roush, Chair
Recognition Committee***

Dedicated Excellence in Municipal Financial Reporting

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TABLE OF CONTENTS
FY 2019/20 and 2020/21 BIENNIAL BUDGET

TRANSMITTAL LETTER / EXECUTIVE SUMMARY	1
Reorganization	1
Strategic Plan	3
New State Mandates, Key Initiatives and Activities	4
Cost Allocation	6
Economic Conditions	7
USER'S GUIDE / BUDGET FOREWORD	9
User's Guide	9
Budget Foreword	10
SCV Water Facilities	14
Regional Facilities (perchlorate, banking)	15
Employee Compensation	16
Risk Management	17
Community Profile	18
Economy	19
Budgetary Control	21
Fund Structure	22
Budget Basis	23
Budget Process	23
Budget Calendar	24
SCV Water Organizational Chart	25
Authorized Positions	26
2019 SCV WATER 5-YEAR STRATEGIC PLAN	29
Table of Contents	30
Executive Summary	31
Message from the Board President	33
Message from the General Manager	34
Introduction	35
The Strategic Plan Process	37
SCV Water Vision and Mission	39
SCV Water Values	40
Goals, Strategies and Objectives	41
Goal A: Customer / Community	43
Goal B: Infrastructure Reliability	46
Goal C: Water Supply and Resource Sustainability	49
Goal D: Water Quality and Environmental Compliance	52
Goal E: Financial Resiliency	54
Goal F: High Performance Team	57
Glossary	61
Appendix A – Action Plan	62
PERFORMANCE MEASURES	75
SCV Water Operating Expenses by Section	77
Management Section	78
Administration, Finance and Technology Services Section	82
Engineering Services Section	87
Operations and Maintenance Section	92
Water Resources and Outreach Section	99

TABLE OF CONTENTS
FY 2019/20 and 2020/21 BIENNIAL BUDGET

RESERVES	105
<u>Reserve Fund Policy</u>	107
<u>SCV Water Cash Reserves Projected 6/30/2020</u>	112
<u>Retail – Cash Reserves Projected 6/30/2020</u>	113
<u>Regional – Cash Reserves Projected 6/30/2020</u>	114
<u>NWD – Cash Reserves Projected 6/30/2020</u>	115
<u>SCWD – Cash Reserves Projected 6/30/2020</u>	116
<u>VWD – Cash Reserves Projected 6/30/2020</u>	117
<u>SCV Water Cash Reserves Projected 6/30/2021</u>	118
<u>Retail – Cash Reserves Projected 6/30/2021</u>	119
<u>Regional – Cash Reserves Projected 6/30/2021</u>	120
<u>NWD – Cash Reserves Projected 6/30/2021</u>	121
<u>SCWD – Cash Reserves Projected 6/30/2021</u>	122
<u>VWD – Cash Reserves Projected 6/30/2021</u>	123
LONG-TERM COMMITMENTS	125
<u>Regional Division Long-Term Commitments</u>	125
<u>Retail Divisions Long-Term Commitments</u>	130
<u>SCV Water Debt Service Summary – Retail Divisions</u>	133
<u>SCV Water Debt Service Summary – Regional Division</u>	134
CAPITAL IMPROVEMENT	135
<u>Capital Improvement Budget – Section Summary</u>	140
<u>Capital Improvement Budget – Major and Minor Capital Projects – Retail Divisions</u>	142
<u>Capital Improvement Budget – Major Capital Projects – Regional Division</u>	161
<u>Capital Improvement Budget – Capital Planning – Regional Division</u>	182
<u>Capital Improvement Budget – Minor Capital Projects – Regional Division</u>	183
<u>Capital Improvement Budget – New Capital Equipment – Regional Division</u>	184
<u>Capital Improvement Budget – Repair and Replacement – Regional Division</u>	185
FINANCIAL SUMMARY	187
<u>Operating Revenue Budget</u>	187
<u>Operating Expense Budget</u>	188
<u>Major Sources of Revenue</u>	190
<u>Major Sources of Expenditures</u>	190
<u>Non-Operating Funds</u>	191
<u>Reserves</u>	191
<u>Operating Budget – Summary – FY 2019/20 and FY 2020/21</u>	193
<u>FY 2019/20 Projected Budget – Regional</u>	194
<u>FY 2020/21 Projected Budget – Regional</u>	195
<u>Capital Project Fund – Regional Division</u>	196
<u>State Water Contract Fund</u>	197
<u>Financial Summary – FY 2019/20</u>	198
<u>Financial Summary – FY 2019/20 – Retail Divisions</u>	199
<u>Financial Summary – FY 2019/20 – Regional Division</u>	200
<u>Financial Summary – FY 2020/21</u>	201
<u>Financial Summary – FY 2020/21 – Retail Divisions</u>	202
<u>Financial Summary – FY 2020/21 – Regional Division</u>	203

TABLE OF CONTENTS
FY 2019/20 and 2020/21 BIENNIAL BUDGET

REVENUES	205
Retail Water Sales	205
Regional Water Rate Revenues	206
Water Sales to Purveyors	207
Water Sales – Saugus 1 and 2 Wells	207
Recycled Water	208
One-Time Water Sales	208
One-Percent Property Tax Revenues	208
Regional Division-Set Property Tax Revenues	208
Facility Capacity Fee Revenues	209
Whittaker-Bermite Perchlorate Litigation Settlement Agreement	209
Grants and Reimbursements	209
Other Sources of Revenue	210
Operating Revenue Budget – Summary	211
EXPENDITURES	213
Operating Expense Budget – Summary	217
Expense Budget – Retail	218
Expense Budget – Regional	220
Management	221
Administration	222
Engineering	224
Maintenance	225
Water Quality and Regulatory Affairs	226
Water Resources	227
Water Treatment Operations	229
Allocations	230
FORECAST	231
SCV Water Long-Term Financial Plan	231
Five-Year Forecast – Regional Division	243
Ten-Year Forecast – Retail and Regional	245
RESOLUTIONS	247
POLICIES	253
Investment Policy	255
Debt Management Policy	265
Disclosure Procedures Policy	275
Derivatives Policy	281
Purchasing Policy	287
Capitalization Policy for Fixed Assets	295
Wire Transfer Policy	299
GLOSSARY	301
Glossary	301
Budget Acronyms	312



Pictured: Aerial view of Castaic Lake. This V-shaped reservoir is the final storage place for “imported” water procured as part of the California State Water Project after making its hundreds of miles journey along the California Aqueduct from Northern California’s Sierra Nevada watershed. Once SCV Water’s share of water leaves this space (Castaic Lake also holds other water agencies’ water), it is pumped to SCV Water’s treatment plants where it becomes mixed with other water from local groundwater sources before being distributed to Santa Clarita Valley homes and businesses.





May 21, 2019

Santa Clarita Valley Water Agency
Honorable Board of Directors

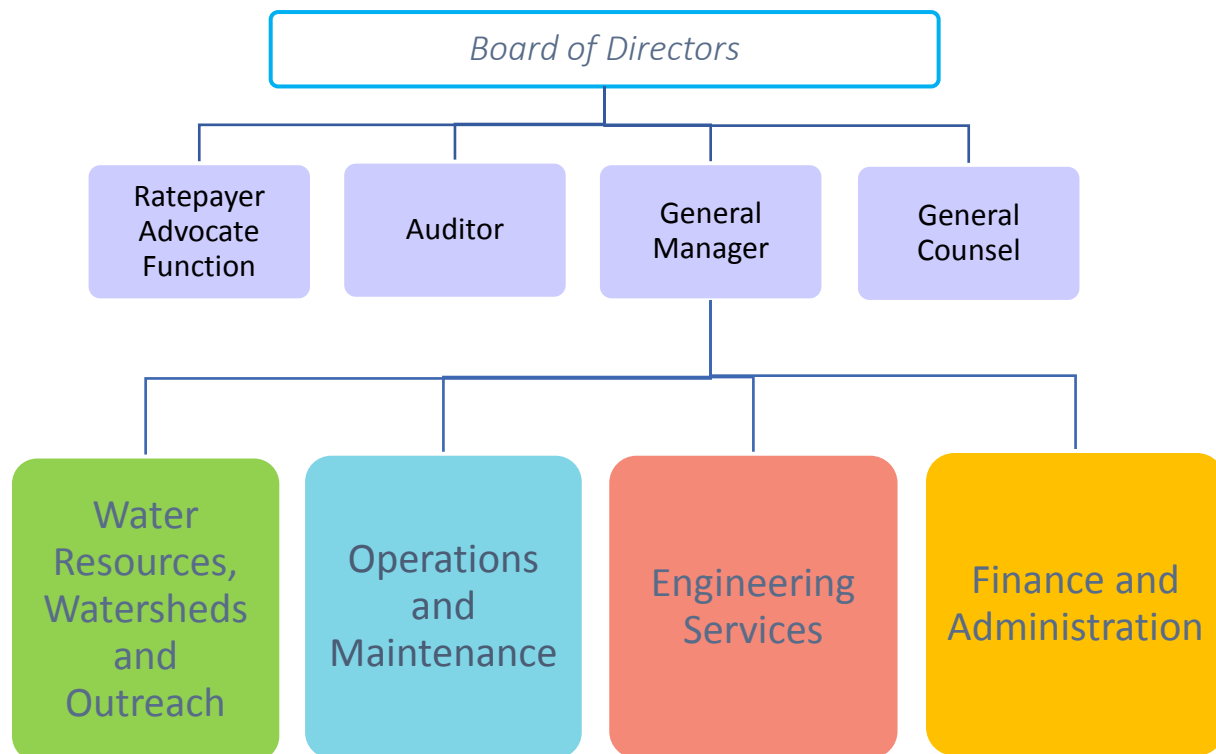
Management is pleased to present its first biennial budget for FY 2019/20 and FY 2020/21. The budget document is the result of one of the most important processes the Santa Clarita Valley Water Agency (SCV Water/Agency) undertakes. In the course of building a budget, the Agency makes policy decisions, sets priorities, allocates resources, and provides the framework for SCV Water operations.

REORGANIZATION

SCV Water was created by SB 634 (Act), which went into effect on January 1, 2018. The goal of SB 634 was to create a new agency that can capitalize on economies of scale and reduce costs of operations, maintenance and capital investment, while enhancing integrated resource management, thereby saving customers money while at the same time improving service delivery. As articulated in the Act, the purpose of SCV Water is to unify and modernize water resource management within the Santa Clarita Valley through the efficient, sustainable, and affordable provision, sale, management and delivery of surface water, groundwater, and recycled water for municipal, industrial, domestic, and other purposes at retail and wholesale throughout SCV Water, and to do so in a manner that promotes the sustainable stewardship of natural resources in the Santa Clarita Valley.

To unify three retail divisions (Newhall, Santa Clarita and Valencia) and one Regional (wholesale) water division, management looked to create a new organization. That process considered both the current starting point as well as the idea of what an organization would look like, had it not evolved as separate entities. A key goal was to align functions previously organized across the three separate entities to support water services of a single organization. Economies of scale would be achieved through attrition rather than layoffs, and some positions would be used to meet unmet needs without adding additional positions.

This budget brings us one step closer to a unified budget document for SCV Water. It reflects the reorganization that has taken place and economies of scale and savings that have already been identified. Future budgets will continue to further unify the budget document. The resulting organizational structure is shown below.



Economies of Scale and Savings

Since SCV Water was formed on January 1, 2018, staff has identified savings that are currently occurring, as well as projected savings. The three-and-a-half-year projection shown in the table below indicates savings of nearly \$20 million for the period, most of which are ongoing. Note that the savings from the former Valencia Water Company (VWC) no longer paying taxes, dividends or franchise fees are being used to pay for VWC legacy debt.

Projected Cost Savings

	FY 2017/18¹	FY 2018/19	FY 2019/20	FY 2020/21	Total
Salaries and Benefits	\$ 328,493	\$ 1,001,101	\$ 1,037,134	\$ 1,074,249	\$ 3,440,977
Insurance	291,667	816,000	887,630	909,909	\$ 2,905,206
Elections	-	552,000	-	40,000	\$ 592,000
Audit and Tax Consulting	167,755	172,788	177,971	183,310	\$ 701,824
Internal Repair Crews	90,000	180,000	180,000	180,000	\$ 630,000
Legislative Advocacy	29,000	78,000	80,340	82,750	\$ 270,090
Other ²	248,950	208,338	228,118	229,951	\$ 915,357
Subtotal	\$ 1,155,865	\$ 3,008,227	\$ 2,591,193	\$ 2,700,169	\$ 9,455,454
VWC Taxes & Fees	1,286,479	3,064,447	3,077,085	3,090,102	10,518,113
Total Projected Savings	\$ 2,442,344	\$ 6,072,674	\$ 5,668,278	\$ 5,790,271	\$ 19,973,567

¹6 Month Period (January - June 2018)

²Other - Board reduction, memberships, registration fees and miscellaneous taxes

The most recent rate-setting processes that established rates for the former Castaic Lake Water Agency (CLWA), Santa Clarita Water Division (SCWD) and VWC included some projected savings in the rates for calendar years 2018, 2019 and 2020. That is, the rates set for those years are lower than they would have been without the projected savings. As budgeting and rate-setting take place for the future, these savings and all other changes in costs will be factored into the budget and revenue requirements used in future rate cases. Although rates will no doubt continue to increase to reflect overall increases in operating costs, these ongoing savings will result in lower rates than would otherwise be achieved as separate operating entities assuming the same operational needs, external costs, and new state and federal mandates.

Proposed FY 2019/20 & FY 2020/21 Biennial Budget

The proposed FY 2019/20 & FY 2020/21 Biennial Budget reflects planned activities to abide by SCV Water's mission statement and the strategic plan fundamental decisions developed by the Board of Directors. This Biennial Budget document combines the financial presentations for the wholesale and retail operations of SCV Water and represents the spending plan for the fiscal years beginning July 1, 2019 and July 1, 2020 with the revenues and resources available to fund the plan. The Biennial Budget reflects our commitment to providing an affordable, reliable supply of high-quality water to our customers. It also serves as a financial plan and operations guide for the period.

Organizational staffing and strategic planning information is presented by the functional areas of SCV Water (Management; Water Resources, Watersheds and Outreach; Operations and Maintenance; Engineering Services; and Finance and Administration). Financial information is provided by the following four divisions, in keeping with the enterprise accounting required by SB 634: Regional (Wholesale) Division, Newhall Water Division, Santa Clarita Water Division, and Valencia Water Division.

Maintaining existing levels of service: The budget maintains service levels, even though the cost of providing existing levels of service continues to grow. A 3% Cost of Living Adjustment (COLA) is built into the budget for FY 2019/20 and assumed a similar impact in FY 2020/21. While we have managed to adopt a balanced budget for FY 2019/20 and FY 2020/21, this trend may not be sustainable over the long run without reductions in service levels or increases in water rates.

STRATEGIC PLAN

SCV Water will adopt its first Strategic Plan in June 2019 that will become the Agency's roadmap for a five-year look into the future. Agency staff is continuously trying to improve the linkage between planning and budgeting. SCV Water's Strategic Plan will be revised or updated periodically and the Capital Improvement Plan revised annually; therefore, they are "living" documents.

This process of revision helps to guide and inform the development of the Agency's Budget. The Agency's Board of Directors provides direction for development of the Strategic Plan, collaborates with Agency staff and provides guidance and oversight. Each of our section directors were involved in the development of their section work plan, and these plans help to build our Budget and operationalize the Strategic Plan.

In any organization, competing needs and priorities always determine a budget; there simply are not enough resources to meet every need or to fund every good idea. But every line item in the Agency's Budget supports the Board's strategic intent. The Budget is the primary tool for funding the goals of SCV Water, and a primary means by which the Agency exercises good stewardship of its natural resources.

NEW STATE MANDATES, KEY INITIATIVES AND ACTIVITIES

New projects and programs are undertaken either due to state mandates or to achieve strategic objectives. SCV Water will comply with the new state water mandates, integrate technology throughout the new Agency and lay the groundwork for basin-wide management of salts and nutrients to increase the opportunity for recycled water usage. This Budget enables these important activities while maintaining the financial health of the Agency.

Unfunded State Mandate – Sustainable Groundwater Management Act (FY 2019/20 - \$998,520, FY 2020/21 - \$1,005,460)

2014 saw the passage of the Sustainable Groundwater Management Act (SGMA), authored by State Senator Fran Pavley and State Assemblyman Roger Dickinson. The newly-formed Santa Clara Valley Groundwater Sustainability Agency (SCV GSA) is composed of SCV Water, LA County Waterworks District #36, the County of Los Angeles and the City of Santa Clara. It is required by law to develop a Groundwater Sustainability Plan. The legislation, and subsequent administrative guidance developed by the State, will drive large new state-mandated expenditures to meet the new requirements for technical studies, governance, stakeholder engagement, and preparation of the plan itself. Plan development will be a multi-year effort taking between three and four years, requiring significant expenditures for consultant services, as well as staff time. Refinement of estimated consultant costs and staff costs was done in FY 2018/19 following development of a scope of work for consultant services and review of consultant proposals.

The current FY 2019/20 estimated cost is \$998,520. It includes technical study, groundwater modeling, facilitation services, legal services and staff time. In FY 2019/20, we estimate up to eight SCV Water staff will be involved, and in total, require approximately 2,500 staff hours. At this stage, we estimate some grant revenue of approximately \$100,000 in each biennial budget year. The SCV GSA, as part of developing a Joint Powers Agreement, is evaluating available options to reimburse other costs. The FY 2019/20 and FY 2020/21 Biennial Budget includes all SGMA and SCV GSA costs in the Regional Division Budget, which is funded largely by wholesale water rates.

Environmental Spending – Watershed Approach (\$450,000 annually)

The Santa Clara River is central to the character of our region and quality of life throughout its course. While many rivers have been highly channelized, the Santa Clara River is one of the least altered rivers in Southern California. Preservation and enhancement of the river's resource values is part of the community's vision for the future. As the principal water resource management agency in the upper watershed of the Santa Clara River, SCV Water has essential interests in the stewardship of the River System. Given its recent formation as a new valley-wide agency, an opportunity has presented itself for SCV Water to take greater responsibility for the stewardship of the River System by providing leadership toward a common vision for its future.

Staff has initiated preparation of a program and budget, which would support playing a greater role in the stewardship of the Santa Clara River and its Watershed (River System) with a holistic or programmatic approach to the management of the River System with the dual objectives of:

- ◆ Ensuring the sustainability and reliability of the Santa Clarita Valley's water resources as they relate to the River System; and
- ◆ Preserving and enhancing the environmental, aesthetic and recreational values of the River System.

Staff believes there are three essential elements that SCV Water can provide leadership for developing a holistic or programmatic approach to the management of the River System:

- ◆ Develop and provide analytical tools that describe and model the River System.
- ◆ Foster partnerships with other public agencies and non-profits to appropriately share responsibilities for stewardship.
- ◆ Provide outreach to regulators and stakeholders to facilitate a consensus vision for the River System's future.

Staff anticipates studying the river, working with stakeholders, and coming up with thoughtful strategies; this will be an involved process for staff and the Board over the next several years. The River System is a critical resource and the investment of time and resources in this process is key to SCV Water, as well as the environment and other stakeholders.

The FY 2019/20 budget includes \$450,000 in the Capital Planning, Studies and Administration Budget for this work. The FY 2019/20 amounts include \$200,000 for the recycled water master plan Environmental Impact Report (EIR) and \$250,000 for various consultant and legal studies. It is anticipated that future year costs will be \$450,000 per year.

Technology Initiative – Technology Improvements (FY 2019/20 - \$1,950,899, FY 2020/21 - \$759,001)

SCV Water is continuing to integrate four agencies into one and the goal is to upgrade and standardize our technology throughout. Hardware and software improvements need to be made to keep pace with technology and equipment, and the rapid adoption of internet connectivity, security and communication. In FY 2019/20, the project list consists of improving mobile technology, network hardware replacements and an improved phone system for an estimated total of \$1.95 million in FY 2019/20 and \$759,001 in FY 2020/21. The total cost is being allocated amongst the four divisions based on the number of technology users.

Planning and Studies – Salt and Nutrient Management Plan and Urban Water Management Plan (FY 2019/20 - \$450,000, FY 2020/21 - \$500,000)

In February 2009, the State Water Resources Control Board (SWRCB) adopted the statewide Recycled Water Policy (amended in January 2013) that encourages increased use of recycled water and local stormwater, together with enhanced water conservation. The Recycled Water Policy calls for basin-wide management of salts and nutrients from all sources with the goal of attaining water quality objectives and protecting beneficial uses of groundwater. Because recycled water can contribute salts and nutrients to groundwater, the Recycled Water Policy requires local entities to develop a Salt and Nutrient Management Plan (SNMP) to support

streamlined permitting of new recycled water projects, while managing salts and nutrients basin-wide. The Agency has estimated the cost of this work in FY 2019/20 to be \$300,000 and \$100,000 in FY 2020/21.

Urban Water Management Plans are important tools for reporting water agencies' long-term planning efforts to meet future demands and tracking progress toward achieving state-mandated water conservation targets. They also support state laws linking approval for large developments to water supply availability.

In 1983, the California Legislature enacted the Urban Water Management Planning Act (Division 6 Part 2.6 of the Water Code §§10610 - 10656). It requires that every urban water supplier that provides water to 3,000 or more customers – or that provides more than 3,000 acre-feet of water annually – ensure that the appropriate level of reliability meets the needs of its customers during normal, dry and multiple dry years. The act describes the contents of the UWMP as well as how urban water suppliers should adopt and implement the plans. Plan updates are required every five years and maintains the Agency's eligibility for state grants. The Agency has estimated the 2020 UWMP cost in FY 2019/20 to be \$150,000 and \$400,000 in FY 2020/21.

COST ALLOCATION

Many items are charged to the four divisions based on actual invoices. For example, the insurance budget shows one amount for the budget, but the allocation among divisions is based on the actual invoices for insuring each division. Other costs benefit the entire Agency such as management labor costs and creating and publishing public information, and are allocated to the divisions based on overhead rates that vary depending on the nature of the cost. The rates used for the Biennial Budget are discussed below.

Human Resources/Payroll. These services are allocated based on the number of employees assigned to the four divisions. The breakdown is:

- Regional – 38.5%
- NWD – 13.5%
- SCWD – 26.5%
- VWD – 21.5%

General Overhead. Most services are allocated based on water production and retail connections. Looking at the past ten years, the Regional Divisions produced 58% of the total water supply, so it is charged 58% of these items. The remaining 42% is allocated amongst the retail division based on the proportion of total connections. The overall breakdown is:

- Regional – 58%
- NWD – 6%
- SCWD – 18%
- VWD – 18%

Water Conservation and Public Information. In the recent past, the former CLWA and former retail divisions collaborated on water conservation programs, drought messaging and other public information. The historic sharing of costs has been based on the former CLWA funding approximately 20% of the programs and the rest allocated based on retail connections. The breakdown is:

- Regional – 22%
- NWD – 11%
- SCWD – 33%
- VWD – 34%

Early in FY 2019/20, the Agency will be implementing a formal cost allocation plan. A cost allocation plan is an accounting report that calculates and spreads agency-wide indirect costs to departments (e.g., Engineering and Operations) and funds that receive a service from other departments (e.g., Payroll).

ECONOMIC CONDITIONS

We are moving away from an era in which water was commonly thought of as a single-use product – something plentiful and that could be counted on. There is no way of knowing if we are at the beginning of another six-year drought, which is why the Agency will continue to reach out and educate its customers regarding efficient use of water. This Budget assumes that customers will continue their water saving efforts. The recent drought emergency is over, but the next drought could be around the corner. Water-use efficiency must remain a way of life. The after effects of the statewide drought continue to drive water consumption projections.

The local economy continues to grow with strong consumer confidence and residential development. Economic stability will allow for businesses in the Santa Clarita Valley to continue to grow and succeed. The Agency places a tremendous effort on capital improvement planning. Utilizing master planning documents, projects are evaluated, prioritized, and scheduled. FY 2019/20 and FY 2020/21 capital projects will be funded in accordance with the Agency's Debt Management Policy.

The adopted rates and assumptions have been used by the Agency in the preparation of its water revenue projections. Further pressure comes from the uncertainty of the direction the State may take on future water conservation goals and how Agency customers will respond. The Budget emphasizes short and long-term planning, recognizing growth and associated costs within the Agency's fiscal constraints. It is the responsibility of the Agency to make sure expenses do not exceed revenues to ensure a balanced budget.

Looking ahead, the Agency will continue to monitor and make appropriate adjustments to ensure the organization's financial integrity is maintained, while continuing to meet its obligation to provide a safe and reliable water supply.

Planning Documents

SCV Water understands the importance of aligning the Budget process with its financial policies and its planning documents. Key planning documents that have guided this Budget process include the 2019 Strategic Plan, the 2015 Urban Water Management Plan, the Integrated Regional Water Management Plan (IRWMP), the CLWA Reliability Plan, the Communications Strategic Plan, 2018 Facility Capacity Fee Study, the Santa Clarita Valley Water Use Efficiency Strategic Plan (SCVWUESP), the SCWD Organizational Assessment and Asset Management

Program Gap Analysis Report and finally, the retail division Water Master Plans. The FY 2019/20 and FY 2020/21 Budget also provides for continued development of an Asset Management Plan, updating the IRWMP and monitoring and participating in the development and implementation of Sacramento-San Joaquin Delta improvements, including the Delta Conveyance.

Conclusion

We are pleased to present you with this unified Budget that demonstrates our continued commitment to providing quality water services to protect public health and the environment at the most economical cost. Despite continued growth in the customer base within our service area, rising costs of labor and materials, aging infrastructure, and new environmental regulations, we have assembled a Budget that allows SCV Water to meet our customers' expectations, supports economic development, and preserve and enhance the environment. While this Budget does reflect upward cost pressures, we at SCV Water believe we are meeting our ratepayers and governing body's expectations. We stand committed to "Service, Community, Value" and the prudent use of public funds and look forward to serving our community these coming fiscal years and forward into the future.

Our success as an organization is vastly enhanced by the practices and policies put in place by the Board of Directors to ensure the strength and stability of the Agency. We are fully confident that with these policies and practices, supported by dedicated and talented staff, we will achieve continued success as an organization and thus assure the well-being of the people we serve.

The efforts invested by Agency staff in bringing together the information and working through the Budget decision process demonstrate the high level of competence and commitment of our employees and their dedication to the customers of the Santa Clarita Valley Water Agency. This document represents the expertise and resourcefulness of the section managers, supervisors, and staff. The Budget team is a testament to our continuous effort to improve the way the Agency does business and to assure we continue to show that the Santa Clarita Valley Water Agency is a leader in the community.

The Biennial Budget is not only a financial document but also a planning tool for the upcoming years. The Budget provides a financial plan to address current needs and to focus on future needs while being fiscally responsible. The FY 2019/20 and FY 2020/21 Budget reflects our commitment to providing an affordable, reliable supply of high-quality water to our customers and to supporting the priorities and policies articulated by the Board of Directors.

Respectfully submitted,



Matthew G. Stone
General Manager

BUDGET FOREWORD

USER'S GUIDE

This FY 2019/20 and FY 2020/21 biennial budget establishes a plan to provide for SCV Water's current customers, our community, and the goals of SCV Water. In order to provide an effective foundation for the development of the biennial budget, SCV Water staff coordinated budget-preparation workshops with key staff and consultants to review SCV Water's overall financial condition/revenue projections.

As part of the strategic planning process, SCV Water has established goals to help ensure SCV Water's overall mission is achieved. This budget provides the resources for accomplishing the goals of the planning documents.

This budget is the first biennial budget for the newly formed SCV Water. The budget presents the general budget, organization, goals, and objectives by five functional areas: Management, Engineering Services, Finance and Administration, Operations and Maintenance and Water Resources, Watersheds and Outreach. Included in the document are funds presented by enterprise accounting divisions (Regional, Newhall, Santa Clarita and Valencia Water Divisions) and the Capital Improvement Plan (CIP).

Budget Foreword

The Budget Foreword is a "getting to know" section of SCV Water's biennial budget and contains general information about SCV Water, its Strategic Plan, Core Values, Functional Area Performance Measures and Accomplishments, the Budget Profile, Calendar, and Budget Process.

Policies

This section includes a summary of SCV Water's Financial Policies: the Reserve Policy, Investment Policy, Debt Management Policy, the Disclosure Procedures Policy, Derivatives Policy, Purchasing Policy, Capitalization for Fixed Assets Policy, and the Wire Transfer Policy.

Financial Summaries

This section includes an overview of SCV Water's revenues and expenditures by fund for the current fiscal year and the preceding year projected amounts. The section includes a detailed description of each of the revenue and expense categories with associated graphs.

Forecast

SCV Water completes a rate adequacy analysis study each year based on revenues, expenditures, debt, CIP, capacity/connection fees and reserves. SCV Water also estimates each of these categories for increases/decreases for the current budget year, plus nine additional years.

Revenues and Expenditures

This section presents calculations for the estimated total revenues and expenditures for FY 2019/20 and FY 2020/21. Estimates are based on historical trend, current position, and the economic forecasts. Revenue projections include adopted rates and charges.

Capital Budget

This section contains a detailed list of capital projects identified for FY 2019/20 and FY 2020/21 to be funded from the general fund, capital funds or reserves. This section also includes the CIP schedule, funding source and justification.

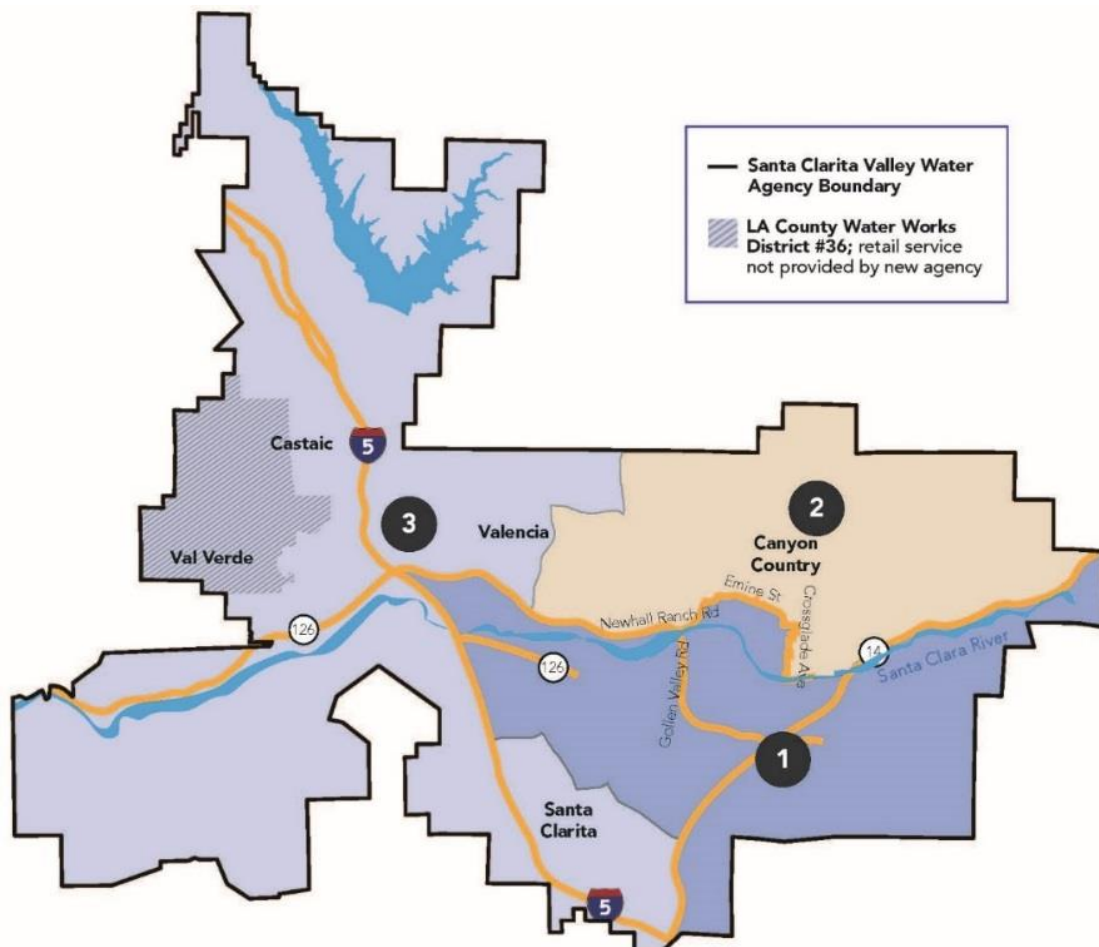
Appendix

This section includes a Glossary of budget and financial terms and a List of Acronyms used in this budget.

BUDGET FOREWORD

About SCV Water

The Santa Clarita Valley Water Agency (SCV Water) was created January 1, 2018 by an act of the State Legislature (SB 634) through the merger of the three water agencies in the Santa Clarita Valley and serves a population of 273,000 through more than 70,000 retail water connections. The merger included Castaic Lake Water Agency and its Santa Clarita Water Division, Newhall County Water District and the Valencia Water Company. The Castaic Lake Water Agency was formed as a wholesale water agency to acquire, treat, and deliver State Water Project water supply throughout the Santa Clarita Valley. The Santa Clarita Water Division, Newhall County Water District and the Valencia Water Company were the retail water purveyors. The SCV Water service area has a population of 273,000 and covers approximately 195 square miles or 124,000 acres. Population at build-out is estimated to be 420,000. SCV Water also provides wholesale water to Los Angeles County Waterworks District #36.



On April 30, 1963, the Agency entered into an agreement with the State acting by and through its Department of Water Resources (DWR) for an original contract amount of 41,500 acre-feet (AF) of water per year (AFY) from the system. The Agency increased the contract amount by 12,700 AFY in 1991 by acquiring the Devil's Den Water District (see additional discussion in this section). It also purchased an additional 41,000 AFY of contract amount from the Kern County Water Agency and the Wheeler Ridge-Maricopa Water Storage District in March 1999. The Agency's current contract amount is 95,200 AFY. The Agency began delivering SWP water in 1980.

On May 22, 2007, the Agency entered into a 30-year agreement with the Buena Vista Water Storage District and the 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 reporting entity "Santa Clarita Valley Water Agency" also includes the accounts of the Santa Clarita Water Agency Financing Corporation (the Corporation). Although legally separate, the Agency exercises oversight responsibility over the Corporation. The Corporation was formed in 1990 to issue Certificates of Participation (COPs).

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. The District encompasses 8,676 acres. The land is being leased to an outside party by the Agency under terms of an operating lease agreement.

History

Historically, residents and businesses of the Santa Clarita Valley were served by several separate water suppliers. It was an inherently fragmented structure that from time to time resulted in redundancies, interagency conflict and barriers to integrated regional water management. While the region's water suppliers provided reliable and cost-effective water service, there was strong consensus that even greater efficiencies, effectiveness and enhanced regional water management could be achieved on behalf of the Santa Clarita Valley's 350,000 residents and thousands of businesses. This fundamental truth was the basis for pursuing Senate Bill 634 (Wilk) which created a new public water agency for the region now known as SCV Water.

Newhall County Water District was originally formed on January 13, 1953 as a County Water District. Five Directors, elected by voters to serve staggered four-year terms on its governing board, set the District's ordinances, policies, taxes, and rates for service. The District boundaries encompassed approximately 37-square miles in portions of the City of Santa Clarita and unincorporated Los Angeles County. The District provided treated water to a population of 45,000 through nearly 10,000 water service connections to areas of Newhall, Canyon Country (Pinetree), Saugus (Tesoro) and Castaic.

Santa Clarita Water Division (SCWD) began as Bouquet Canyon Water Company in 1949. In 1973, a merger of Bouquet Canyon Water Company and Solemint Water Company was approved by the CPUC and renamed the Santa Clarita Water Company (SCWC). In 1999, Castaic Lake Water Agency purchased SCWC and changed its name to Santa Clarita Water, a Division of Castaic Lake Water Agency (SCWD). The SCWD service area covers an area of approximately 55 square miles, including the unincorporated communities of Canyon Country, Saugus, Newhall and portions of the City of Santa Clarita. SCWD serves approximately 31,300 service connections.

Valencia Water Company was incorporated on April 7, 1954 in the State of California and was granted a Certificate of Public Convenience and Necessity by the CPUC in Decision No. 69744 dated October 5, 1965. Amongst other authorities, the CPUC had the authority, after conducting hearings, to set rates that are deemed just and reasonable for all utilities under its jurisdiction. Valencia Water's service area is approximately 31 square miles. Valencia Water Company currently serves approximately 31,500 connections of which 90% are residential customers, both within the incorporated City of Santa Clarita and portions of Castaic, Newhall, Saugus, Stevenson Ranch and Valencia in the unincorporated portions of Los Angeles County.

Mission Statement

Providing responsible water stewardship to ensure the Santa Clarita Valley has reliable supplies of high-quality water at a reasonable cost.

Vision Statement

Exemplary water management for a high quality of life in the Santa Clarita Valley.

Core Values

- Integrity
 - We commit to the highest ethical standards of honesty, transparency and respect in our interactions with each other, the customers we serve and the entire community.
- Trust
 - We are dedicated to partnering with community stakeholders to pursue responsible long-term management of water resources that effectively enhance quality of life and further the agency's mission and duty to be stewards of the water supply.
- Professionalism
 - We maintain a diverse team of highly skilled employees who are devoted to honest, courteous and accountable business practices and take their role as stewards of our resources seriously and with humility.
- Excellence
 - We strive to exceed customer expectations and deliver extraordinary service while providing a reliable, safe water supply at an affordable cost.
- Safety
 - We prioritize creating and maintaining healthy, secure conditions at our facilities and in the community by adhering to safety policies and procedures and by offering technical and preventative training to our workforce.
- Innovation
 - We are industry leaders who embrace change by finding sustainable, pioneering solutions to challenges and continuing to learn and grow in all we do.

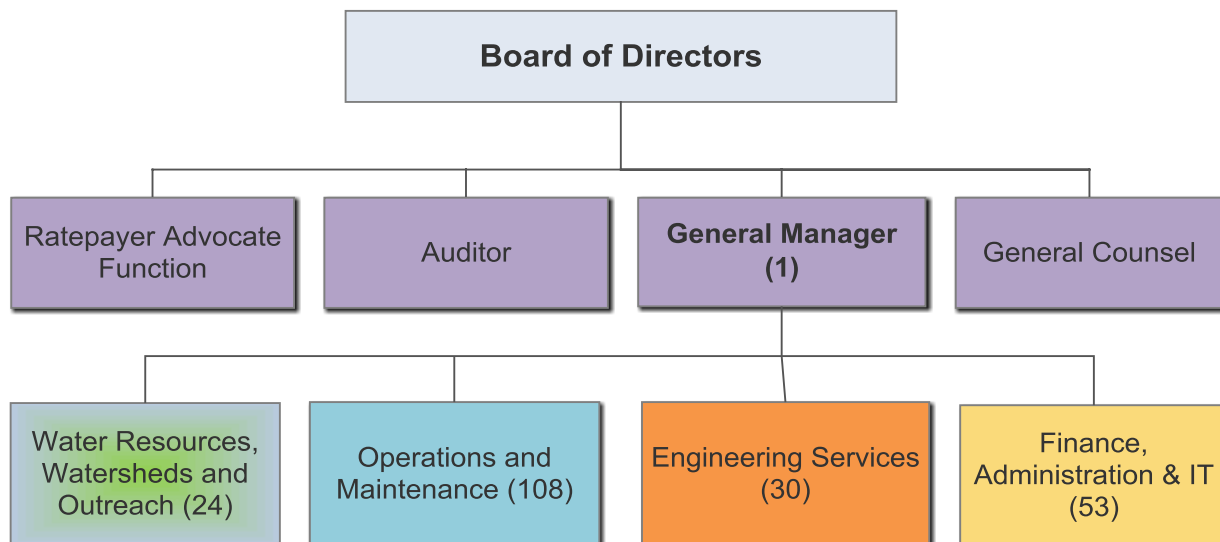
Governance

SCV Water ultimately will have a three electoral division system with equal-population per director. The initial board consists of 15 members, 5 of whom were directors of NCWD on December 31, 2017 and 10 of whom were of CLWA on December 31, 2017. In March 2018, the Board was reduced to 14 Directors and in February 2019 was reduced to 13 Directors after two Directors retired and moved out of the area. The initial terms of directors whose respective terms as a member of NCWD or CLWA board of directors would have expired following the 2018 general election now expire following the 2020 general election, and terms of members

that would have expired following the 2020 general election now expire following the 2022 general election. Two directors will be elected for each electoral division at the 2020 general election, and at every election on that four-year election cycle thereafter. One director will be elected for each electoral division at the 2022 general election and at every election on that four-year election cycle thereafter. There will be no appointed director position after January 1, 2023.

DIRECTOR	DIVISION	TERM EXPIRES
William Cooper, President	1	January 2023
Maria Gutzeit, Vice President	3	January 2021
Gary R. Martin	1	January 2021
B.J. Atkins	3	January 2021
Thomas Campbell	2	January 2021
Ed Colley	2	January 2021
Kathy Colley	2	January 2021
Robert J. DiPrimio	1	January 2021
Dante Acosta	L.A. County WWD #36	January 2023
E.G. "Jerry" Gladbach	2	January 2023
R.J. Kelly, Vice President	1	January 2023
Dan Mortensen	3	January 2023
Lynne Plambeck	3	January 2023

Organization



SCV WATER FACILITIES

SCV Water's Regional Water facilities include two water treatment plants, two pump stations, the Sand Canyon System and the recycled water system

ESFP – The Earl Schmidt Filtration Plant, located at the southern end of the Castaic Reservoir, treats State Water Project and other imported water for domestic uses. The ESFP was completed in 1980 with an original capacity of 12.5 mgd and was expanded to a capacity of 25 mgd in 1988. In 2001, the ESFP was re-rated at 33.6 mgd. In 2005, the ESFP was expanded to 56 mgd. The treatment process includes ozonation, coagulation, contact clarification, and filtration through anthracite filters. Chloramination occurs after treatment. Wash water is recovered, treated and returned to the headworks. The ESFP also includes sludge drying facilities, an air-water filter backwash system, and facilities for chemical application of coagulants, disinfectants, pH control, and taste and odor control. Two steel tanks provide a total of ten million gallons of treated water storage.

RVWTP – The Rio Vista Water Treatment Plant is located in the City of Santa Clarita and treats water for domestic uses. Its current capacity is 66 mgd; however, the site has sufficient land area for a treatment plant with an ultimate capacity of 120 mgd. The treatment process technology includes ozonation, coagulation, contact clarification and filtration through anthracite filters. Chloramination occurs after treatment. Wash water is recovered and returned to the headworks. The RVWTP includes sludge drying facilities, an air-water filter backwash system, and facilities for chemical application of coagulants, disinfectants, pH control, and taste and odor control. Two concrete reservoirs provide a total of 30 million gallons of treated water storage.

Recycled Water System – The Agency distributes recycled water from the Los Angeles County Sanitation District's Valencia Water Reclamation Plant. The facilities include a 24-inch recycled water pipeline that runs from the Valencia Water Reclamation Plant south to the TPC at Valencia golf course, as well as a 1.5 million gallon recycled water reservoir located near the golf course.

Sand Canyon Pipeline System – The Sand Canyon System consists of a booster pump station, pipeline and reservoir to convey imported water from the end of the existing Honby Lateral to the southern Sand Canyon area. The reservoir also provides emergency storage. The 48-inch pipeline is approximately five miles in length and delivers water to retail purveyors through six turnouts. The Sand Canyon Pump Station has a capacity of 30,000 gallons per minute (gpm). The Sand Canyon Reservoir can store up to 7 million gallons of water.

Groundwater Wells – There are groundwater wells completed within the two-groundwater aquifer systems (Alluvial and Saugus Formation) in the Santa Clarita Valley. Historically, the wells have had ongoing replacement and rehabilitation programs to ensure the groundwater facilities operate in an efficient and reliable manner. *SCV Water has 46 wells with a total capacity of 61,350 gpm.*

Turnouts – Turnouts are locations where imported water is delivered to the distribution system. Some turnouts are located where they require pumps to supply water to a higher elevation grade. Other turnout locations supply water through gravity without the need for pumping. SCV Water provides treatment of the imported supplies through two surface water treatment plants (Earl Schmidt and Rio Vista). SCV Water has 24 turnouts with total capacity of 108,800 gpm and 40 pumps.

Storage Facilities – SCV Water has 99 storage facilities ranging in size from 0.05 MG to 15 MG with total storage of 204 million gallons.

Booster Facilities – Due to the topography of the Santa Clarita Valley, there are 64 pumping facilities that are needed to provide service. These facilities have a flow rate range of 60 to 10,400 gpm, total capacity of 266,654 GPM and 168 pumps.

Pipelines – SCV Water has 861 miles of pipelines ranging from 2 to 102 inches in diameter. There is a mixture of pipeline materials including; steel, asbestos cement, PVC and ductile iron.

Sewer Facilities – Sewer facilities are located in a portion of Canyon Country. The facilities include the Shadow Pines Lift Station (Lift Station) and sections of transmission force and gravity mainline. The plan is to upgrade the remaining sections of mainline and the Lift Station to current County design standards and then transfer the sewer system ownership to the City of Santa Clarita. This process is required as the County is responsible for the maintenance of the City owned sewer system.

REGIONAL FACILITIES (perchlorate, banking)

Perchlorate Treatment and Distributions Systems – In 1997 four production wells in the Saugus Formation were found to be contaminated with perchlorate (a chemical used in the manufacture of solid rocket propellants, munitions and fireworks). Three additional production wells in the alluvial aquifer tested positive for perchlorate in 2002, 2005 and 2010. Beginning in 2007 the Agency rehabilitated Saugus 1 and 2 wells and constructed a perchlorate treatment facility and distribution pipelines. The Saugus Perchlorate Treatment Facility (SPTF), which includes an ion exchange process located at the RVIPS, was placed into service in early 2010. Returning the Saugus 1 and 2 wells to service restored lost capacity and helps contain migration of groundwater contamination in the Saugus Formation emanating from the contaminated sites.

Groundwater Banking and Exchange Programs – The Agency currently has four groundwater banking and exchanges accounts in three separate programs. In January 2016, the Agency's Stored Water Recovery Program within the Semitropic Water Storage District's Groundwater Banking Program became operational. Under this agreement two short-term ten-year accounts containing 35,970 acre-feet were transferred into this new program. Under this agreement, the Agency can store an additional 15,000 acre-feet. The term of the Semitropic Banking Program extends through 2035 with the option of a 10-year renewal. The Agency may withdraw up to 5,000 acre-feet annually from its accounts in the Semitropic Banking Program.

In September 2005, the Agency initiated participation in the Rosedale-Rio Bravo Water Storage District Groundwater Banking Program (the "Rosedale-Rio Bravo Banking Program"). This program allows the storage of 20,000 acre-feet annually of the Agency's State Water Project Table A Amount or other State Water Project supplies, and has a contract term through 2035, renewable according to the terms of the Agency's water supply contract with DWR. As of January 1, 2016, the Agency had available 94,200 acre-feet stored in the Rosedale-Rio Bravo Banking Program. In 2015, the Agency exercised an option under the Rosedale-Rio Bravo Banking Program agreement to construct additional extraction wells and conveyance facilities that are anticipated to increase the reliable quantities that can be withdrawn by approximately 7,000 acre-feet annually. These facilities were completed in 2017. In calendar year, 2014 and 2015 the Agency withdrew approximately 2,800 and 3,000 acre-feet respectively from its Rosedale-Rio Bravo Banking Program account. In 2014, the Agency withdrew 4,950 acre-feet from one of its Semitropic short-term accounts.

In 2011, the Agency implemented a two-for-one exchange program with Rosedale-Rio Bravo Water Storage District pursuant to which the Agency recovers one acre-foot of water for each two acre-feet stored. This program has a maximum of 19,000 acre-feet, or 9,500 acre-feet of recoverable water. In 2011 and 2012, the Agency delivered water to the account such that after losses, 9,440 acre-feet of recoverable water is currently available. The Agency also implemented a two-for-one banking program with the West Kern Water District in Kern County and delivered 5,000 acre-feet in 2011, resulting in a recoverable total of 2,500 acre-feet. Both the total stored and total recoverable are the maximums under the exchange programs. In calendar year 2014, the Agency withdrew approximately 2,000 acre-feet from the West Kern Water District exchange program for use in the Agency's service area leaving a balance of 500 acre-feet.

EMPLOYEE COMPENSATION

Salaries – General wage increases are established by a program of cost-of-living adjustments (COLAs) and periodic market surveys. For cost-of-living adjustments, the Board of Directors reviews Consumer Price Index (CPI) and other relevant information and, where appropriate, grants COLA in July.

Retirement – SCV Water is a member of the California Public Employee's Retirees' Retirement System (PERS), and each full-time probationary and regular full-time employee, who works a minimum of one thousand (1,000) hours/fiscal year, automatically becomes a member upon his/her entry into employment. Eligible employees who are considered "classic" members of CalPERS will be enrolled in the PERS Local Miscellaneous 2% at 55 Plan. The Agency and employee contribution for this retirement plan is paid by the Agency. Employees who become "new" members of PERS on or after January 1, 2013 are enrolled in the PERS Local Miscellaneous 2% at 62 Plan in accordance with the Public Employees' Pension Reform Act of 2013 (PEPRA). New members for this retirement plan will be required to contribute at least 50% of the expected normal cost.

Health Insurance – SCV Water provides a range of medical insurance plans through PERS. Recent increases in medical insurance costs have been relatively modest because PERS converted from statewide rates to zone rates and rates in southern California tend to be less than in northern California. The biennial budget conservatively assumes an increase of 5% effective January 1, 2019 and January 1, 2020. Dental and vision insurance are provided through the Joint Powers Insurance Authority (JPIA). The biennial budget assumes no change for the Delta Dental PPO dental plan and no change for the VSP vision plan.

Retiree Benefits/Other Post-Employment Benefits (OPEB) – SCV Water offers full medical and dental insurance to eligible retirees and their dependents. The former CLWA and NCWD had (and continue to have) full pre-funding of the ARC (annually required contribution) on an annual basis. During FY 2018/19, SCV Water obtained a new actuarial study that provides an analysis for the consolidated SCV Water.

Workers' Compensation Insurance – SCV Water receives Workers' Compensation insurance from JPIA. Premiums are based on the Agency's size and experience ratings. JPIA uses the same formula developed by the Workers' Compensation Insurance Rating Bureau to generate an experience modification factor, which will reflect the Agency's loss experience in comparison with other employers in the same classifications. Premiums are paid quarterly based on actual payroll for the previous quarter. The rates vary by employee classification.

RISK MANAGEMENT

The Agency recognizes that losses have a negative financial impact on the Agency. Minimizing the exposure to loss is a goal of the Agency. The Agency strives to minimize losses through its safety and training programs and through its risk transfer program. The Agency has adopted a Risk Transfer Manual, which recognizes that a critical step in minimizing the exposure to loss is to execute effective risk transfer. The Agency uses a set of standard contracts to minimize potential liability exposures by transferring the legal and financial responsibility for losses to the party best able to control them.

Insurance – SCV Water is a member of the Association of California Water Agencies Joint Power Insurance Authority (JPIA), an intergovernmental risk-sharing joint powers authority created to provide self-insurance programs for California water agencies. JPIA arranges and administers programs of insurance for the pooling of self-insured losses, and purchases excess insurance coverage for its members. JPIA began operations on October 1, 1979 and has continued without interruption since that time. As of June 30, 2018, Agency limits and deductibles for liability, property, and workers compensation programs of the 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. JPIA has purchased additional excess coverage layers of \$59,000,000 for general, auto and public officials' liability, which increases the limits on the insurance coverage noted above.
- The cyber liability program covers a wide range of cyber security issues originating from both third (external) and first (internal) parties. Coverage 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. Coverage limits are \$2,000,000 per occurrence with an aggregate of \$5,000,000 and a deductible of \$50,000.
- Property losses are paid at the replacement cost for buildings, fixed equipment and personal property on file, if replaced within two years after the loss; otherwise such losses are paid on an 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. JPIA has purchased excess coverage for a combined total of \$100,000,000 per occurrence.
- Boiler and machinery coverage for the replacement cost up to \$100,000,000 per occurrence, subject to various deductibles depending on the type of equipment.
- Workers compensation insurance up to State statutory limits for all work-related injuries/illnesses covered by State law, and employer's liability coverage up to \$4,000,000. JPIA is self-insured up to \$2,000,000 and excess coverage has been purchased.

In addition to the above, SCV Water has the following insurance coverage:

- Crime coverage up to \$1,000,000 per loss, including 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.

- Earthquake/flood insurance for the SPTF, NWD and VWD facilities.
- Pollution and remediation legal liability insurance for the NWD sewer facilities.

COMMUNITY PROFILE

The Agency is located in the northwestern portion of Los Angeles County approximately 35 miles from downtown Los Angeles. The Agency’s service area has a population of approximately 273,000 and covers an area of approximately 195 square miles or 124,000 acres. The majority of the service area is located in Los Angeles County, encompassing most of the valley and adjacent hill country along the Upper Santa Clara River. Approximately 20 square miles of the service area extends into unincorporated rural portions of Ventura County. The service area is a semi-arid region and includes the City of Santa Clarita, plus surrounding unincorporated portions of Los Angeles and Ventura Counties. Communities in the unincorporated areas include Castaic, Stevenson Ranch and Val Verde.

The Agency’s service area, encompassing the City of Santa Clarita, is considered a premier community for raising families and building businesses. The area is known for its attractive residential neighborhoods, low crime rate and excellent schools. Greatschools.com has given 6 different Santa Clarita schools a perfect 10 out of 10 rating.

Best City to Live

Healthiest City

Safest City

Most Business-Friendly City

Los Angeles County's **FASTEST** growing community

6 William S. Hart Union School District high schools made U.S. News and World Report's list of 2018 Best High Schools.

Hart High School

Golden Valley High School
Diversity is our Strength. Unity is our Goal.

Saugus High School

West Ranch High School

VALENCIA HIGH SCHOOL

Canyon High School

POLICE

The National Council for Home Security and Safety ranks SCV as the 3rd safest city in the U.S. with a population of 200,000+.

HOSPITAL

Henry Mayo Newhall Hospital has a 4-star rating from CMS, higher than any hospital within a 20-mile radius of Santa Clarita Valley.

WE RANK

ONE OF 15 HEALTHIEST PLACES TO TRAVEL

#16 HAPPIEST CITY IN AMERICA

#4 CITY OF THE FUTURE IN AMERICA

Source: SCV Economic Development Corporation (SCVEDC)

The Santa Clarita Valley is part of a comprehensive transportation network, which includes three major freeways, a commuter rail that serves over 2,100 passengers daily from the Antelope and Santa Clarita Valley and allows easy access to the ports of Los Angeles and Long Beach. The three Metrolink commuter rail stations in Santa Clarita carry over 1,100 passengers a day to and from the San Fernando Valley and Downtown Los Angeles. Metrolink ridership has increased an average of 16% in Santa Clarita in the last year. The City also has nearly 96 miles of bicycle and pedestrian trails.

There are a number of recreational and historical facilities located in the Santa Clarita Valley, including the Six Flags Magic Mountain amusement park and Gene Autry's Melody Ranch. The service area is adjacent to the Angeles National Forest, and includes nearby Castaic Lake, the Placerita Canyon Nature Center and Vasquez Rocks County Park.

Also located in the Santa Clarita Valley are the COC Performing Arts Center; Canyon Theatre Guild, Disney Studios, Santa Clarita Repertory Theater, as well as the Friendly Valley, Valencia Country Club, Sand Canyon Country Club, Tournament Players Club and Vista Valencia golf courses.

The City of Santa Clarita's strong and diverse economy continues to expand, making Santa Clarita the ideal destination for Southern California businesses. Maintenance of a highly supportive environment for business development is achieved through the cooperation of the local Chamber of Commerce and the City government. In addition, companies benefit greatly from the area's land and leasing opportunities, as well as from the highly-skilled labor pool, variety of transportation choices, housing, quality of life, climate, and scenery. Santa Clarita's top employers are Six Flags Magic Mountain, Princess Cruises, Henry Mayo Newhall Memorial Hospital, College of the Canyons, William S. Hart and Saugus Union School Districts, U.S. Postal Service, Boston Scientific, Newhall School District, City of Santa Clarita.

ECONOMY

The Agency is largely located in the northwestern portion of Los Angeles County approximately 35 miles from downtown Los Angeles, although approximately 20 square miles of the service area extends into unincorporated rural portions of Ventura County. The 2018 gross product of Los Angeles County is estimated at \$662,099 billion (LA County EDC). The State and Los Angeles County unemployment rates have improved slightly from last year. As of November 2018, the Los Angeles County unemployment rate was 4.6% (down 0.4%) and the State of California's unemployment rate was 3.9% (also down 1.6%) (Legislative Analyst Office of California). In the City of Santa Clarita, total employment increased 1.9% in 2018, creating more than 1,700 new jobs in the region. For the second consecutive year, the leading sector of growth was construction because new development in the region is surging (SCVEDC). The assessed valuation of the Agency's service area is \$43.7 billion. As of March 2018, the area's median home price for a single-family residential unit was \$529,580 and the estimated median household income was \$106,834 (SCVEDC).

Growth in the Community and Impacts to SCV Water

The Agency evaluates land use data and housing construction in the service area in conjunction with the retail water purveyors and projections from the "One Valley One Vision" (OVOV), a joint planning effort by the City of Santa Clarita and the Los Angeles County Department of Regional Planning. The OVOV general plan amendments are the basis of the Agency's 2015 Urban Water Management Plan (UWMP). The 2015 UWMP indicates a 1.3 percent annual rate of growth in the service area.

The Agency's 2015 UWMP provides information on water use, water resources, recycled water, water quality, reliability planning, demand management measures and water shortage contingency planning. It projects future demands for residential, industrial, institutional, landscape, agricultural and other purposes, and lists available and planned supplies to meet that demand. The 2015 UWMP has found that, based on conservative water supply and demand assumptions over the next forty years in combination with conservation of non-essential demand during certain dry years, and additional investments in recycled water and water banking programs, the Agency's total projected water supplies will be sufficient to meet the Agency's projected water demands in the Agency's service area through the year 2050.

Top Ten Customers by Division

**NEWHALL WATER DIVISION
FY 2017/18**

	Customer Name	Annual Revenues	% of Water Sales
1	Stonegate Castaic HOA	\$ 231,036	1.65%
2	The Village	189,933	1.36%
3	Wm S Hart High School	128,018	0.92%
4	Polynesian MHP	79,797	0.57%
5	Peachland Owners Association	70,635	0.51%
6	CA Rasmussen Inc	68,454	0.49%
7	Master's College and Seminary	62,132	0.44%
8	Hidden Valley HOA	52,446	0.38%
9	LACO-Parks & Rec	47,584	0.34%
10	Calmark-Bell Dev	46,485	0.33%
	Total (10 Largest)	976,521	6.99%
	Others	13,001,542	93.01%
	Grand Total:	\$ 13,978,062	100%

**SANTA CLARITA WATER DIVISION
FY 2017/18**

	Customer Name	Annual Revenues	% of Water Sales
1	City of Santa Clarita	\$ 1,359,089	3.89%
2	Pardee Homes	672,677	1.92%
3	GH Palmer - The Colony	357,085	1.02%
4	GH Palmer - Park Sierra	354,883	1.02%
5	Hart School District	314,444	0.90%
6	American Beauty HOA	282,329	0.81%
7	Mariposa @ Plum Canyon	271,239	0.78%
8	GH Palmer - River Ranch	211,782	0.61%
9	GH Palmer - River Park	207,830	0.59%
10	Saugus Union School District	206,568	0.59%
	Total (10 Largest)	4,237,925	12.12%
	Others	30,717,437	87.88%
	Grand Total:	\$ 34,955,362	100%

**VALENCIA WATER DIVISION
FY 2017/18**

<u>Customer Name</u>	<u>Annual Revenues</u>	<u>% of Water Sales</u>
1 City of Santa Clarita	2,242,299	6.41%
2 LA County Public Works	1,042,978	2.98%
3 Six Flags	691,084	1.98%
4 TPC at Valencia LLC	323,725	0.93%
5 Newhall Land	292,030	0.84%
6 Westridge Valencia	291,378	0.83%
7 Westcreek/Westhills HOA	283,907	0.81%
8 Hasley Hills HOA	256,441	0.73%
9 Equity Residential	251,176	0.72%
10 Wm S Hart School District	244,581	0.70%
Total (10 Largest)	5,919,599	16.93%
Others	29,035,763	83.07%
Grand Total:	\$ 34,955,362	100%

Projected Availability and Reliability of State Water Project Supplies

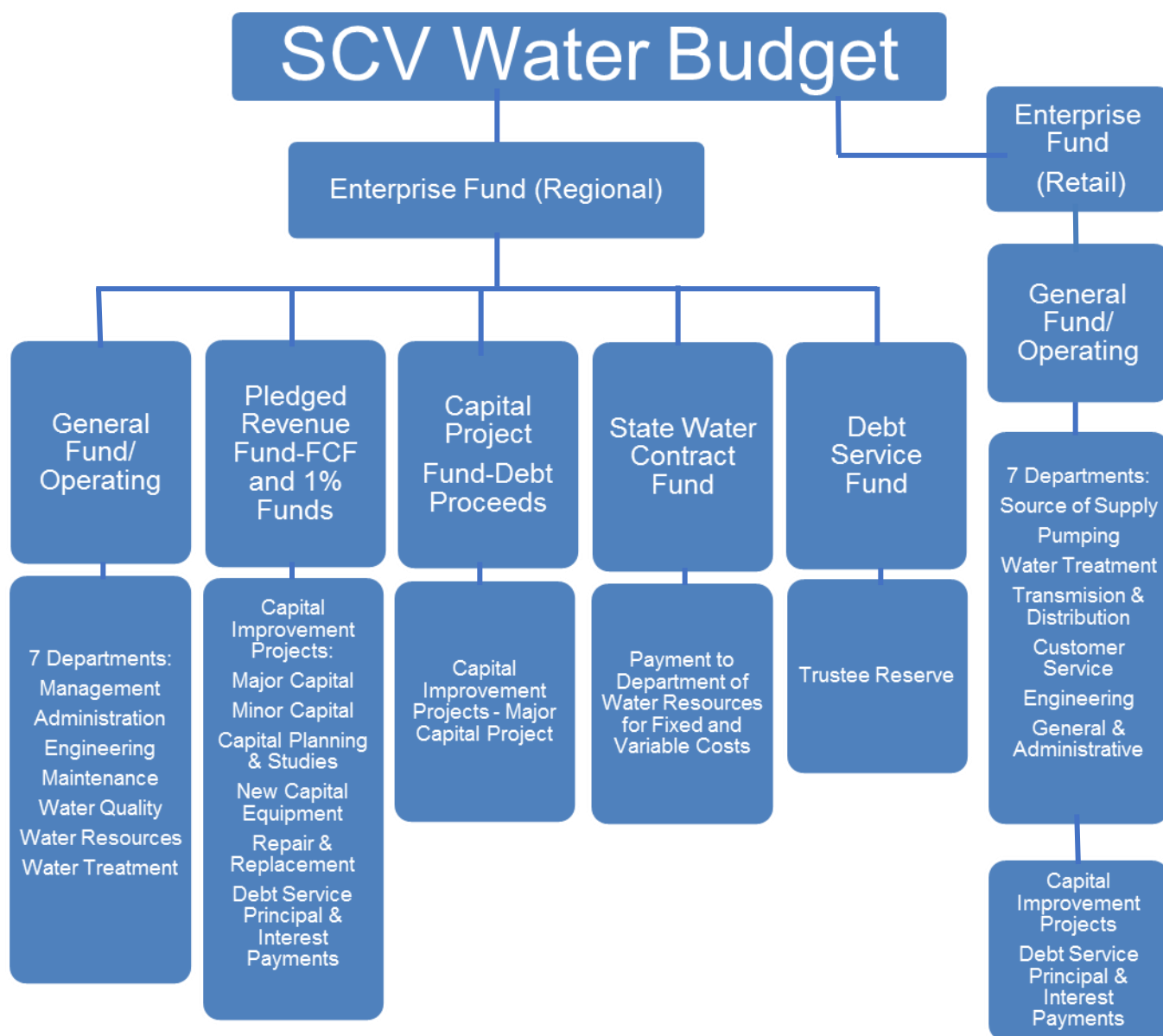
In May 2015, DWR released an updated analysis in its *State Water Project Delivery Capability Report*. This updated report indicates the Early Long-term (2025) reliability for SCV Water/CLWA would be 61%. The report also analyzes the alternatives that were evaluated for Delta Conveyance, also known at the time as the Cal WaterFix. Those alternatives include future conditions with current facilities with high and low Delta outflow criteria as well as the California WaterFix twin-tunnel alternative. Those analyses indicate average reliabilities of 45%, 51% and 72%, respectively, for average reliability for SCV Water. This information was used in the 2015 UWMP and the 2018 update to the 2018 Water Supply Reliability Report Update. This report confirmed that SCV Water has a long-term reliable water supply.

More recently, DWR has entered into a revised SWP-CVP Coordinated Operating Agreement and is advancing a Voluntary Settlement Agreement relating to the State Water Resources Control Board's Bay-Delta Water Quality process. Further, under the direction of Governor Newsom, the Department of Water Resources (DWR) recently took formal steps to withdraw proposed permits for the twin tunnel WaterFix project and begin a renewed environmental review and planning process for a smaller, single tunnel Delta Conveyance project. The outcome of these efforts is not known but is not expected to result in reliability outcomes below the range of those that have been modeled.

BUDGETARY CONTROL

The Board of Directors annually adopts a balanced operating and capital budget prior to the new fiscal year. The budget authorizes and provides the basis for reporting and control of financial operations and accountability for the Agency's operations and capital projects. The Board of Directors monitors the budget and financial conditions through Monthly Financial Reports, Midyear and Yearend Budget reports and the Comprehensive Annual Financial Report. 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. The General Manager is authorized to direct the Assistant General Manager and Chief Financial and Administration Officer to transfer within individual fund budgets.

FUND STRUCTURE



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

Pledged Revenue Fund – One percent property taxes and Facility Capacity Fees that fund minor capital projects and debt service.

Capital Project Fund – Major capital projects that are financed.

State Water Contract Fund – Funds received from ad valorem property taxes for payment of DWR fixed and variable costs.

Debt Service Fund – Funds held in trustee to pay for specific debt service.

BUDGET BASIS

The Agency records budget and financial documents based on the accrual-basis of accounting generally accepted in the United States of America, which is consistent with the Agency's independent audit report.

All divisions of SCV Water use accrual basis of accounting, which means that revenues and expenses are recorded in the periods in which the transaction occur, regardless of the timing of cash flows. Expenditures are recognized as encumbrances when a commitment is made, and revenues are recorded at the time they are earned.

The Comprehensive Annual Financial Report (CAFR) shows the status of the Agency's finances in accordance with "generally accepted accounting principles" (GAAP). In most cases, this conforms to the way the Agency prepares its budget. One exception is the compensated absence liabilities that are expected to be liquidated with expendable available financial resources that are accrued as earned by employees (GAAP) as opposed to being expended when paid (Budget).

The Agency's budget is balanced, when for a specified period of time, the total sum of money collected in a year is equal to the amount it spends on goods, services, capital and debt. The FY 2019/20 and FY 2020/21 budget are balanced.

FY 2019/20

Revenues (in millions)		Expenses (in millions)	
Water Sales	\$ 109.60	\$ 88.01	Operating Expenses
Facility/Connection Fees	11.32	10.98	Capital - Rates
Property Taxes	26.72	18.53	Capital - 1%
Grants & Reimbursements	2.83	24.95	Debt Service - Regional
Misc Revenues	3.21	11.55	Debt Service - Retail
VWD Acquisition Loan	5.70	5.36	To Reserves
	\$ 159.38	\$ 159.38	

FY 2020/21

Revenues (in millions)		Expenses (in millions)	
Water Sales	\$ 111.29	\$ 92.80	Operating Expenses
Facility/Connection Fees	11.97	9.52	Capital - Rates
Property Taxes	28.01	21.18	Capital - 1%
Grants & Reimbursements	5.62	25.00	Debt Service - Regional
Misc Revenues	3.23	11.67	Debt Service - Retail
VWD Acquisition Loan	5.70	5.65	To Reserves
	\$ 165.82	\$ 165.82	

BUDGET PROCESS

The budget planning and preparation process is an important Agency activity and provides an opportunity for the Board of Directors, management and staff to reassess goals and objectives for the upcoming and future years. The budget process is a comprehensive team effort from every level within the organization.

For expenses, each section has the ability to review historical trends, past year's budget and audited expenses, current year's transactions and projected balance. Significant changes from the previous year's budget need to be accompanied by backup documents from each section to justify the increased or decreased expense. Inflation assumptions are added into the budget calculation to project expenses for future years. For some recurring expenditures (labor, benefits, power, chemicals), a 3%-5% inflation assumption is used for future years projections. By planning three to five years in advance, the Agency provides the opportunity to smooth future rate adjustments.

The method used to determine revenue projections takes into account significant factors such as, projected growth, conservation and usage history. The steps used to project the Agency's water sales revenue vary by Division. The Agency also has other revenue sources that are calculated for the fiscal year. The other revenues include property taxes, communication site rentals and interest earnings.

Once all the components have been calculated, those numbers are presented to the Finance and Administration Committee and the Board of Directors in April. The Budget is approved by motion and majority vote of the Board. If the Budget is not adopted in May, the Board may direct staff to revise and update the budget and resubmit it in June for Board review and adoption. Any major changes in excess of the adopted policies are presented to the Board of Directors for future budget amendments.

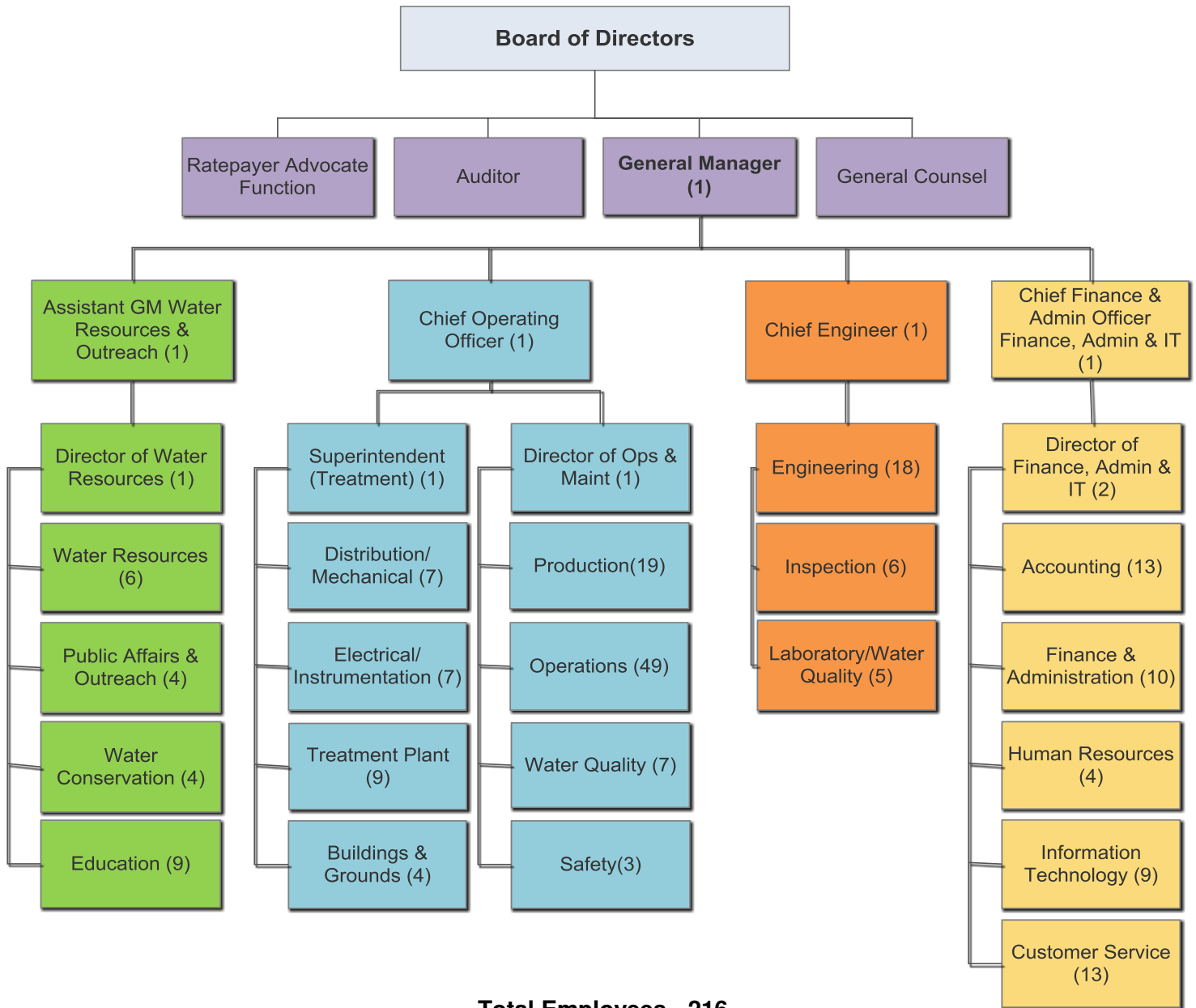
All of these meetings are posted for public participation. In addition, the Budget is posted on the Agency's website to allow for public review. The final Budget is also posted on the Agency's website after it is adopted.

Budget Calendar

BUDGET CALENDAR FY 2019/20	
Feb 25	Key staff discuss Operating and Capital Budget directives with Section Managers and Supervisors
March 4	Section Managers submit their proposed Operating and Capital Budgets
April 3	<i>Finance and Administration Committee</i> Review Draft FY 2019/20 – 2020/21 Operating Budget
April 4	<i>Engineering and Operating Committee</i> Review proposed major and significant Capital Improvement Projects (CIP)
April 16	<i>Board of Directors</i> Discuss FY 2019/20 and FY 2020/21 Operating Budget
May 1	<i>Finance and Administration Committee</i> Recommend Approval of Final FY 2019/20 and FY 2020/21 Budget
May 21	<i>Board of Directors</i> Approve Final FY 2019/20 and FY 2020/21 Budget



ORGANIZATIONAL CHART



**SCV WATER - POSITION CONTROL
FY 2019/20**

Authorized Positions by Department

SCVWA Position	No.
Management	
General Manager	1
Assistant General Manager	1
Chief Financial and Administrative Officer	1
Board Secretary	1
Administrative Technician	1
Subtotal Management	5
Engineering Services	
Chief Engineer	1
Principal Engineer	3
Senior Engineer	2
Civil Engineer	3
Engineering Technician II	4
Engineering Technician I	1
Administrative Analyst	3
Administrative Technician	2
Inspector Supervisor	1
Senior Inspector	1
Inspector	3
Cross Connection Specialist	1
Laboratory/Regulatory Affairs Supervisor	1
Water Quality Scientist II	3
Water Quality Technician	1
Subtotal Engineering Services	30
Finance and Administration	
Director of Finance and Administration	1
Controller	1
Retail Administrative Officer	1
Human Resources Supervisor	1
Senior Management Analyst	2
Management Analyst	1
Financial Analyst	2
Human Resources Analyst	2
Senior Accountant	2
Accountant	3
Senior Accounting Technician	2
Accounting Technician II	3
Customer Service Manager	1
Customer Service Supervisor	2
Purchasing Coordinator	1
Administrative Technician	3
Customer Service Representative II	6
Customer Service Representative I	4
Office Assistant II	1

**SCV WATER - POSITION CONTROL
FY 2019/20**

Authorized Positions by Department

SCVWA Position	No.
Director of Technology Services	1
Asset Management Coordinator	1
GIS Supervisor/Planner	1
Senior Information Technology Technician	2
Information Technology Technician	2
GIS/CAD Technician II	2
GIS/CAD Technician I	1
Subtotal Finance and Administration	49
Operations and Maintenance	
Chief Operating Officer	1
Director of Operations and Maintenance	1
Safety Officer	1
Safety Specialist I	1
Emergency Preparedness and Safety Coordinator	1
Buildings and Grounds Supervisor	1
Senior Facilities Maintenance Technician	1
Facilities Maintenance Technician II	2
Operations and Maintenance Superintendent	1
Electrical/Instrumentation Supervisor	1
Distribution/Mechanical Supervisor	1
Senior Electrical Technician	2
Senior Instrumentation Technician	3
Senior Distribution/Mechanical Technician	3
Distribution and Mechanical Technician II	3
Electrical and Instrumentation Technician	1
Senior Treatment Plant Operator	6
Treatment Plant Operator II	3
Executive Assistant	1
Administrative Technician	3
Water Utility Foreman (Operations)	1
Water Utility Foreman (Maintenance)	2
Senior Utility Worker	7
Utility Worker II	9
Utility Worker I	13
Production Supervisor	2
Senior Production Operator	4
Production Operator II	9
Production Operator I	2
Operations Supervisor	2
Senior Field Customer Service Representative	2
Field Customer Service Representative II	6
Field Customer Service Representative I	2
Warehouse Technician	3
Water Quality/Compliance Supervisor	1
Water Quality Specialist	2
Water Quality Technician	4

**SCV WATER - POSITION CONTROL
FY 2019/20**

Authorized Positions by Department

SCVWA Position	No.
Subtotal Operations and Maintenance	108
Water Resources, Watersheds and Outreach	
Director of Water Resources	1
Principal Water Resources Planner	2
Senior Water Resources Planner	2
Public Information Officer	1
Public Affairs Specialist II	1
Event Coordinator	2
Lead Water Conservation Education Specialist	1
Water Conservation Education Specialist (part-time)	8
Resource Conservation Manager	1
Water Conservation Specialist II	2
Water Conservation Specialist I	1
Administrative Analyst	2
Subtotal Water Resources, Watersheds and Outreach	24
Total	216

2019

SANTA CLARITA VALLEY WATER AGENCY

5-YEAR STRATEGIC PLAN

Unified. Integrated. Best in class. A new era in regional water resource management for a valley that shares one river, one watershed.

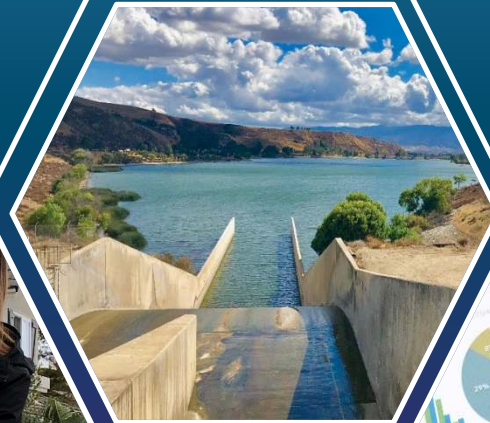


TABLE OF CONTENTS

EXECUTIVE SUMMARY	2
MESSAGE FROM THE BOARD PRESIDENT	4
MESSAGE FROM THE GENERAL MANAGER	5
INTRODUCTION	6
THE STRATEGIC PLAN PROCESS	8
SCV WATER VISION AND MISSION	10
SCV WATER VALUES.....	11
GOALS, STRATEGIES, AND OBJECTIVES.....	12
GLOSSARY	32
APPENDIX A – ACTION PLAN.....	33

For more information, contact:

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(661) 297-1600

EXECUTIVE SUMMARY

Santa Clarita Valley Water Agency (SCV Water) was created January 1, 2018 by an act of the State Legislature (SB 634) through the merger of the four water agencies in the Santa Clarita Valley. SCV Water provides water services to a population of approximately 273,000 in the Santa Clarita Valley through 72,000 water service connections.



Reliable, high quality water service is critical to an economically and environmentally vibrant community. Providing that service is increasingly complex as water utilities must manage numerous challenges. Some of these include finding and maintaining adequate water resources, treating water to ensure its health and safety, coping with the loss of skilled retirees, engaging the community and communicating the value of water, managing the maintenance and replacement of aging infrastructure, and ensuring adequate financial resources to meet these challenges.



The Board and staff of SCV Water have created this 5-Year Strategic Plan to guide the agency in the coming years. The Strategic Plan is designed to support their vision to provide *exemplary water management for a high quality of life in the Santa Clarita Valley*. This vision will be accomplished by fulfilling the mission of SCV Water: *Providing responsible water stewardship to ensure the Santa Clarita Valley has reliable supplies of high quality water at a reasonable cost*. Six goals have been established:

Goal A - Customer/Community - Implement and communicate policies supporting the social, quality of life, and environmental values of the community.

Goal B - Infrastructure Reliability – Implement, operate, and maintain water infrastructure to ensure sustainable water service provision.

Goal C - Water Supply and Resource Sustainability – Implement programs to ensure the service area has reliable and sustainable supplies of water.

Goal D - Water Quality and Environmental Compliance – Protect the quality of our water supplies and environment and ensure our drinking water quality is consistent and meets or surpasses all water quality requirements.

Goal E - Financial Resiliency – Maintain a long-range, transparent, stable and well-planned financial condition, resulting in current and future water users receiving fair and equitable rates and charges.

Goal F - High Performance Team – Grow a culture of continuous improvement that fosters SCV Water's values.

MESSAGE FROM THE BOARD PRESIDENT

On behalf of the Board of Directors of the Santa Clarita Valley Water Agency (SCV Water) welcome to our 2019-2024 Strategic Plan. SCV Water is the result of a collaborative response to the exhaustive “Economic, Efficiencies and Enhanced Water Management study” that identified the potential benefits of a new water agency in the Santa Clarita Valley. It was clear that a unified agency would be more effective in finances, governance, operational and infrastructure assessment, organizational analysis and regional water management. It was also clear we could streamline resources and increase efficiencies to better serve customers.



This Strategic Plan is the blueprint to help us deliver on the promises of SB 634, including:

- Providing a more effective, locally representative and regionally integrated voice for water governance,
- Improving on current customer service models and achieve efficiency through economy of scale,
- Creating a financial structure that accounts for existing debts, liabilities and assets and provides for a fully transparent and accountable system,
- Improving operations and infrastructure management by fully integrating distribution networks and resources, and
- Providing a single forum to debate and set policy to achieve the most effective way to develop and manage water resources.

Speaking of delivering on promises, the savings from efficiencies and economies of scale have already exceeded \$8.5 million. We are on track to reach \$14 million in savings by the end of year 3 (FY 2019/20), far ahead of the schedule of \$14 million in savings over 10 years.

There is much more to do. The Board has set 6 overarching goals for the coming 5 years related to serving our customers and community, providing reliable and sustainable water supplies and service, ensuring high quality drinking water, responsibly managing the financial resources the community has entrusted to us, and maintaining a high performance team to accomplish the above. With a dedicated Board, a professional staff, and a supportive community, we look forward to meeting the challenges of water service delivery to the Santa Clarita Valley.

A handwritten signature in black ink, appearing to read "William Cooper". The signature is fluid and cursive, written over a light-colored background.

William Cooper, President

MESSAGE FROM THE GENERAL MANAGER

It is an exciting time in the water community. Last year, four entities unified into SCV Water, coming together for a common purpose. Today, the promises of a new era in regional water resource management are coming to pass. To name just a few, we have enhanced transparency through the creation of a ratepayer advocate role and have increased efficiencies by standardizing many customer programs and processes across the Agency. Now, with this 5-year Strategic Plan, we will drive benefits even further.



The Board and staff have identified several additional important issues that will require our attention:

- **Elevate.** Advance the functions of the new agency while we continue to provide reliable and high-quality water service to the community. This will involve developing a common information technology strategy and platform that provides a uniform view across the organization.
- **Communicate.** Ensure our internal and external communications are transparent and informative, keeping all stakeholders informed, while also fostering real feedback.
- **Consolidate.** Optimize the facilities of multiple agencies to work as one; developing standardized operating procedures for a single organization.
- **Innovate.** Ensure water supply diversity and resiliency through innovative efforts, a visionary groundwater sustainability plan, and continuing to support the Delta Conveyance Project.
- **Create.** To maintain, replace, and construct new water infrastructure we will need to develop a long-range financial plan to ensure the required investments are paid for in a fair and equitable manner and that the agency can handle the variability of “Mother Nature” and water sales.
- **Anticipate.** We will be affected by the coming retirement wave in our workforce. It is critical that we anticipate the shifting workforce by hiring and training new generations and focus on succession plans.
- **Evaluate.** Finally, we must revisit the emergency preparedness program for the new agency to ensure we have plans and resources in place to respond to emergencies.

I am confident SCV Water is up to the task and am proud to have the opportunity to manage this organization to meet these challenges.

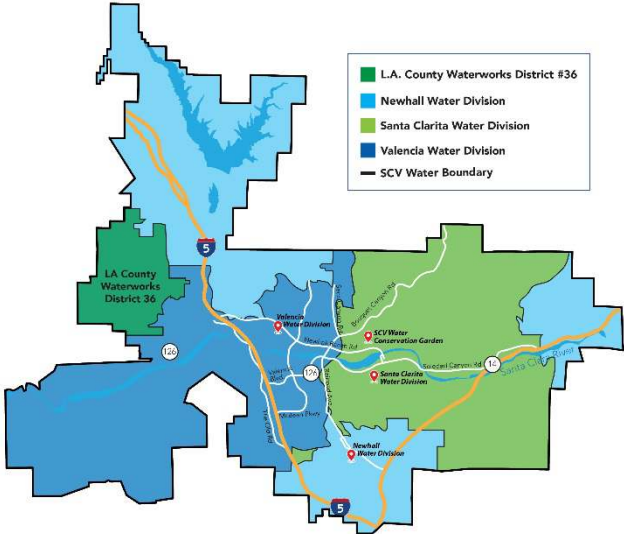
A handwritten signature in black ink that reads "Matthew Stone". The signature is written in a cursive style with a long, sweeping flourish at the end.

Matthew G. Stone PE, General Manager

INTRODUCTION

Welcome to the Santa Clarita Valley Water Agency’s (SCV Water’s) 5-year Strategic Plan. The purpose of SCV Water is to unify and modernize water resource management within the Santa Clarita Valley through the efficient, sustainable, and affordable provision, sale, management and delivery of surface water, groundwater, and recycled water for all uses, and to do so in a manner that promotes the sustainable stewardship of natural resources in the Santa Clarita Valley.

SCV Water was created January 1, 2018 by an act of the State Legislature (SB 634) through the merger of the four water entities in the Santa Clarita Valley. SCV Water serves a population of approximately 273,000 through 72,000 water service connections over 195 square miles. The merger included Castaic Lake Water Agency and its Santa Clarita Water Division, Newhall County Water District and the Valencia Water Company. The Castaic Lake Water Agency was formed as a wholesale water agency to acquire, treat, and deliver State Water Project water supply throughout the Santa Clarita Valley. The Santa Clarita Water Division, Newhall County Water District and the Valencia Water Company were the retail water purveyors. Population at build-out is estimated to be 420,000. SCV Water also provides wholesale water to Los Angeles County Waterworks District #36.



This Strategic Plan is the blueprint for how SCV Water will respond to current challenges and make the best of future opportunities for the benefit of our customers. It reaffirms SCV Water’s vision and mission and succinctly defines six Goals related to: Customer and Community, Infrastructure Reliability, Water Supply and Resource Sustainability, Water Quality and Environmental Compliance, Financial Resiliency and High-Performance Team. It also outlines the specific strategies that we will pursue to achieve this plan.

SCV Water and the region face a number of challenges in the coming years. These include:

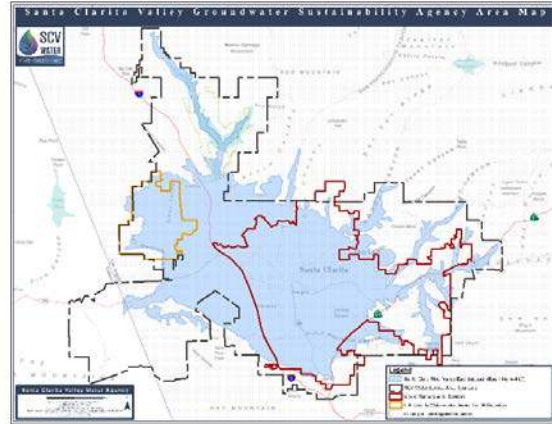
- **Implementing the new water agency.** The new agency presents significant opportunities to better serve the region. Seamlessly integrating the water provision functions and systems of these organizations into a single new agency will be a significant strategic challenge for the Board and staff in the coming years.
- **Ensuring sustainable water supplies.** The Santa Clarita Valley’s water supply portfolio faces challenges. Primarily, the SCV



Water's State Water Project supply has experienced a number of regulatory-driven reliability reductions related to endangered species. The Delta Conveyance Project is one part of the California Water Action Plan to bolster local self-sufficiency, reduce consumption, improve water supply reliability, and reduce dependence on the Delta to meet future needs.

- **Optimizing the groundwater basin in the Santa Clarita Valley.** Optimizing this resource will be influenced by a number of factors including:

- The effect of long-term climate change on water supplies and demands,
- How the Sustainable Groundwater Management Act of 2014 is implemented in the Santa Clarita Valley,
- The availability and cost of recycled water, and
- The effect of endangered species on conjunctive use of water in the basin.



- **Developing a long-range financial plan.** Maintaining and replacing existing infrastructure as well as providing new infrastructure will require significant investment by the community. Developing a sustainable financial plan that equitably recovers the necessary money to support this service commitment will be critical.

The 5-year Strategic Plan is intended to establish the framework for addressing these challenges to maintain reliable and high quality water service to the Santa Clarita Valley.

THE STRATEGIC PLAN PROCESS

The Strategic Plan was developed through a collaborative process with the Board of Directors, management and staff. The planning consultant interviewed each of the 13 Board members regarding their perspectives on the future challenges for SCV Water. These interviews were followed by a management workshop. Eight workshop sessions with the employees and supervisors mined key strengths, weaknesses, opportunities, and threats facing the agency. The output from these interviews and workshops were shared with the Board at a Board Retreat in late January 2019. The Board discussed the strategic challenges facing SCV Water and refined a set of goals for the 5-Year Strategic Plan. The management team then developed strategies, objectives, and key performance indicators for each of these goals. The Strategic Plan will be funded through the budget process and progress tracked, reevaluating the plan regularly to adjust as conditions warrant.

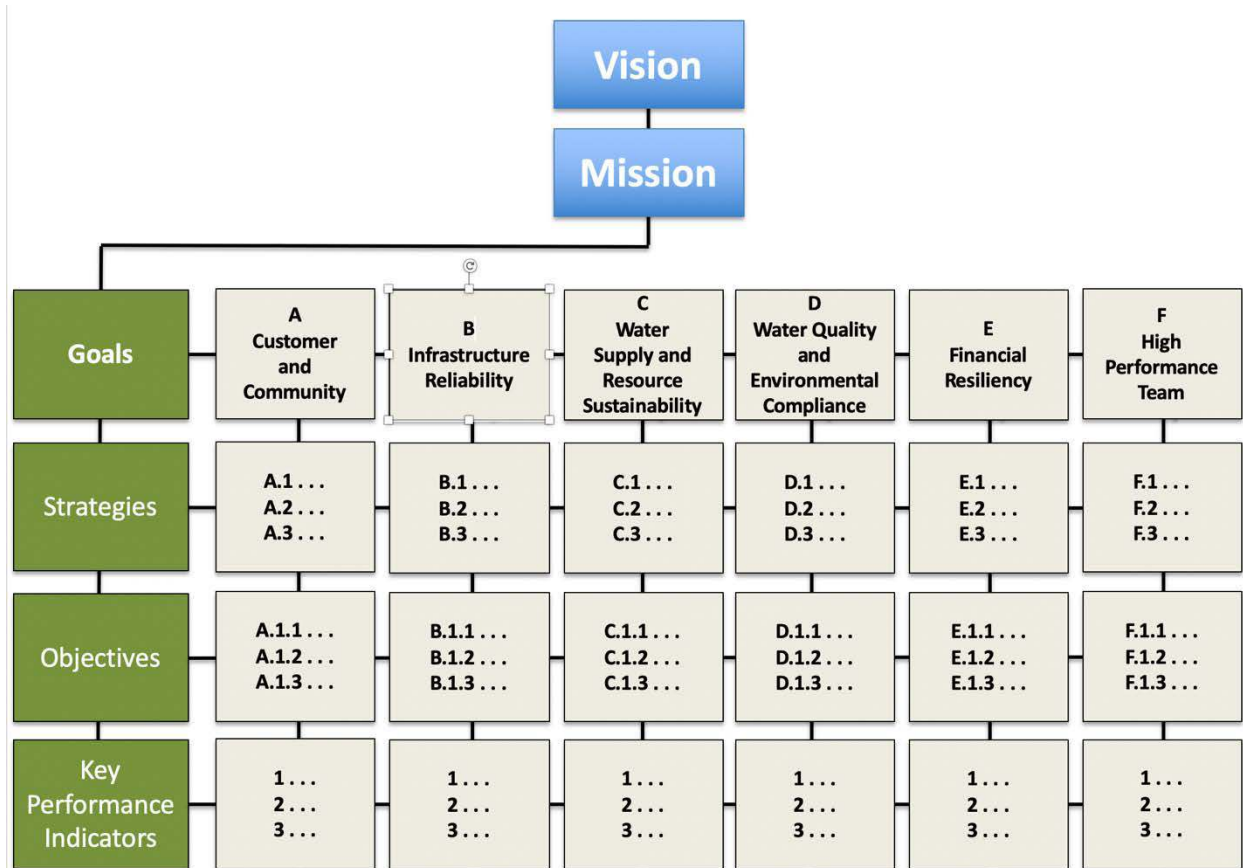
The Board of Directors reviewed and accepted the 2019-2024 Strategic Plan on June 18, 2019. The Strategic Plan is structured in a supporting fashion: the Key Performance Indicators (KPIs) track accomplishment of the Objectives, the Objectives support the Strategies and the Strategies support the Goals, which support the Mission and achievement of the Vision as depicted in Figure 1.

Figure 1: Hierarchy of Strategic Plan Elements



The nomenclature approach for goals, strategies, objectives and key performance indicators is depicted in Figure 2.

Figure 2: Goals/Strategies/Objectives Nomenclature



SCV WATER VISION AND MISSION



The Vision statement represents the aspirations of SCV Water as follows:

“Exemplary water management for a high quality of life in the Santa Clarita Valley.”

SCV Water has established the following mission statement to guide decision making on behalf of the customers and communities we serve:

“Providing responsible water stewardship to ensure the Santa Clarita Valley has reliable supplies of high quality water at a reasonable cost.”



SCV WATER VALUES

*“Our agency is built on a foundation of shared values. These values guide our every action.”
Matthew G. Stone, General Manager*



Integrity

We commit to the highest ethical standards of honesty, transparency and respect in our interactions with each other, the customers we serve and the entire community.

Excellence

We strive to exceed customer expectations and deliver extraordinary service while providing a reliable, safe water supply at an affordable cost.



Safety

We prioritize creating and maintaining healthy, secure conditions at our facilities and in the community by adhering to safety policies and procedures and by offering technical and preventative training to our workforce.



Innovation

We are industry leaders who embrace change by finding sustainable, pioneering solutions to challenges and continuing to learn and grow in all we do.



Professionalism

We maintain a diverse team of highly skilled employees who are devoted to honest, courteous and accountable business practices and take their role and stewards of our resources seriously and with humility.



Trust

We are dedicated to partnering with community stakeholders to pursue responsible long-term management of water resources that effectively enhance quality of life and further the agency’s mission and duty to be stewards of the water supply.

GOALS, STRATEGIES, AND OBJECTIVES

Goal A - Customer/Community - Implement and communicate policies supporting the social, quality of life, and environmental values of the community.

Goal B - Infrastructure Reliability – Implement, operate, and maintain water infrastructure to ensure sustainable water service provision.

Goal C - Water Supply and Resource Sustainability – Implement programs to ensure the service area has reliable and sustainable supplies of water.

Goal D - Water Quality and Environmental Compliance – Protect the quality of our water supplies and environment and ensure our drinking water quality is consistent and meets or surpasses all water quality requirements.

Goal E - Financial Resiliency – Maintain a long-range, transparent, stable and well-planned financial condition, resulting in current and future water users receiving fair and equitable rates and charges

Goal F - High Performance Team – Grow a culture of continuous improvement that fosters SCV Water's values.

SCV Water’s strategic planning focuses on six goal areas that provide direction for achieving the Agency’s vision and mission.



Key strategies and objectives to address each of these goals are described in the following section. In addition, Key Performance Indicators (KPIs) were also developed to make judgments about the effectiveness and efficiency of our operations as well as to drive improvements, which successfully translate our strategies into action. KPIs will be reported as part of our annual budget process. A measurement system serves many vital purposes, including focusing attention on key issues, clarifying expectations, facilitating decision-making, and most importantly, learning and improving. Finally, the Action Plan to implement the objectives is included as Appendix A.

GOAL A

Customer / Community

Implement policies supporting the social, quality of life, and environmental values of the community.

This goal establishes a commitment on the part of SCV Water to align with the values of the customers and the community in fulfilling the organization's mission. The strategies below define the approach the organization will take to achieve the goal. Objectives are the measureable actions that track progress towards execution of the strategy.

Strategy A.1 *Provide “best in class” customer service.*

- A.1.1 Reassess delegation of authority to Customer Care Representatives for improving first call resolution
- A.1.2 Standardize customer service procedures across SCV Water
- A.1.3 Redesign bills with Customer Care Representative's input

Strategy A.2 *Proactively communicate with and engage our community on water matters of importance to the region positioning SCV Water as a leading resource and reliable authority on water issues.*

- A.2.1 Implement the outreach plan
- A.2.2 Increase public understanding of water issues (e.g. water quality, emergency preparedness, value of water, regulatory challenges, etc.)
- A.2.3 Develop engagement tools to receive feedback from stakeholders (e.g. Customer Service Survey)
- A.2.4 Participate in vendor outreach programs
- A.2.5 Continue to participate in community events (COC Water Technology Board and Business Alliance, SCV Mayor's Committee for Employment of Individuals with Disabilities, PIHRA, etc.)
- A.2.6 Raise awareness of and demand for conservation programs (e.g. water conservation campaign(s) and related media buys, public and school educational programs, participation at public events, SCV Water web site, e-newsletter and social media, self-guided landscape tour, conservatory garden, etc.)
- A.2.7 Build positive public perception of SCV Water as a leading resource and reliable authority on water issues engaging the Blue Ribbon Committee, Speakers' Bureau and Water Academy
- A.2.8 Support SCV Water efforts to work with public agencies and industry associations to influence water policy
- A.2.9 Work with local media to ensure accurate reporting

Strategy A.3 *Work with local, regional, state and federal agencies, industry associations and organizations to influence water policy for the benefit of our service area customers.*

- A.3.1 Engage in local, state and federal activities to further the interests of water in the Santa Clarita Valley

- A.3.2 Maintain strong working relationships with local agencies (water agencies, special districts, city, and local governments)

Strategy A.4 Engage in statewide and federal water legislative and policy issues.

- A.4.1 Continue coordination with SCV Water legislative analysts in communications with local, state, and federal elected officials and their staffs
- A.4.2 Foster and continue effective working relationships with the Department of Water Resources and other State Water Project Contractors
- A.4.3 Coordinate legislative initiatives concerning Sacramento-San Joaquin Delta and water conservation with legislative analysts, Association of California Water Agencies, State Water Contractors and other necessary parties to enhance the reliability and cost effectiveness of the SCV Water's SWP water supply

Strategy A.5 Adopt environmentally sustainable business practices.

- A.5.1 Move to paperless processes

Strategy A.6 Develop and lead the community vision for the watershed.

- A.6.1 Lead the development of the groundwater sustainability plan for the watershed
- A.6.2 Work with NGOs to understand common goals within the community/watershed



GOAL A

Customer / Community

Implement policies supporting the social, quality of life, and environmental values of the community.

KEY PERFORMANCE INDICATORS

1. Complaint log statistics
2. The length of time it takes to resolve customer issues
3. Number of unscheduled emergency shut-offs and scheduled shut-offs
4. Stakeholder awareness of water issues affecting ratepayers and SCV Water
5. Level of public awareness of available water saving rebates and programs
6. Public awareness and opinion of SCV Water, the services it provides and its role in the community
7. Level of active participation in organizations by SCV Water Directors and staff
8. Diversity of organization memberships



GOAL B

Infrastructure Reliability

Implement, operate, and maintain water infrastructure to ensure sustainable water service provision.

Ensuring the availability of infrastructure and its reliable operations is fundamental to meeting the service obligations of SCV Water. The strategies below define the approach the organization will take to achieve the goal. Objectives are the measurable actions that track progress towards execution of the strategy.

Strategy B.1 *Plan, design and build facilities to meet demand including storage capacity and interconnections between regional and retail water systems.*

- B.1.1 Implement capital projects related to infrastructure reliability (see Action Plan)
- B.1.2 Implement next phase of the Graphical Information System
- B.1.3 Develop and configure water system hydraulic model for the SCV Water service area
- B.1.4 Develop recycled water policies and ordinances

Strategy B.2 *Plan and budget for long-term replacements and improvements.*

- B.2.1 Update and carryout capital projects related to water system reliability and sustainability
- B.2.2 Conduct facility optimization study
- B.2.3 Conduct an evaluation of water system security

Strategy B.3 *Implement improved planning tools.*

- B.3.1 Develop and implement a SCV Water-wide asset management program with end user/operations level asset management tools to enhance performance
- B.3.2 Assess current maintenance intervals on infrastructure and benchmark to industry best practice

Strategy B.4 *Develop standard designs, policies, and procedures.*

- B.4.1 Develop recycled water design standards and specifications
- B.4.2 Maintain as-built drawings

Strategy B.5 *Operate and maintain facilities.*

- B.5.1 Maintain all facilities and appurtenances in a consistent fashion to achieve operational efficiency and functionality
- B.5.2 Exercise / replace water system valves
- B.5.3 Evaluate opportunities to centralize staff to improve operating efficiency
- B.5.4 Set standards for leak repairs
- B.5.5 Continue providing effective wholesale water service to Los Angeles. County Waterworks District #36
- B.5.6 Implement asphalt maintenance program

Strategy B.6 Plan and prepare for catastrophic emergencies.

- B.6.1 Develop an Emergency Response Plan for SCV Water
- B.6.2 Evaluate materials needs for earthquake response
- B.6.3 Evaluate system interconnection opportunities
- B.6.4 Develop plan to convey local supplies within service area should a prolonged outage of imported water infrastructure occur
- B.6.5 Develop emergency power strategy to assure ability to respond to short-term and long-term power supply outages for key facilities
- B.6.6 Coordinate emergency response planning efforts with the regional water agencies, county, and cities
- B.6.7 Conduct emergency preparedness planning and training for all staff
- B.6.8 Conduct semiannual tests of SCV Water's disaster recovery plan
- B.6.9 Develop a network security plan including a cyber-security policy and threat response plan
- B.6.10 Evaluate installation of an alarm in the garden area for emergencies



GOAL B

Infrastructure Reliability

Implement, operate, and maintain water infrastructure to ensure sustainable water service provision.

KEY PERFORMANCE INDICATORS

1. Sufficient water storage and put-and-take capacity to ensure water banking program success in meeting annual demands (target: 95% confidence level)
2. Annual Major Capital Improvement Program (CIP) actual expenditures against planned
3. Progress of the Pipeline Inspection Program
4. Progress to develop and implement an Asset Management Program
5. Number and volume of service leaks and main breaks
6. Service line replacement progress
7. Number of valves exercised
8. Number of dead-end areas flushed
9. Number of meters replaced compared to planned



GOAL C

Water Supply and Resource Sustainability

Implement programs to ensure the service area has reliable and sustainable supplies of water.

Developing and protecting SCV Water’s water resources provides the supply reliability and water quality the Santa Clarita Valley depends on. The strategies below define the approach the organization will take to achieve the goal. Objectives are the measurable actions that track progress towards execution of the strategy.

Strategy C.1 Conduct planning to ensure long-term water demands are met.

- C.1.1 Complete the 2020 Urban Water Management Plan
- C.1.2 Identify projects and initiate planning for projects to enhance long-term water supply reliability consistent with the updated Water Supply Reliability Report
- C.1.3 Respond to SB 610 Water Supply Assessments and SB 221 Water Supply Verifications
- C.1.4 Analyze the seismic resiliency of SCV Water’s supply portfolio
- C.1.5 Monitor climate change science and public policy. Incorporate climate change impacts on water demand and supplies into long-term plans and programs to maintain reliable and sustainable water supplies

Strategy C.2 Protect the SCV Water interests in the State Water Project.

- C.2.1 Ensure that SCV Water has full access to water supplies available to it under its SWP contract and other water supply agreements that rely on SWP conveyance to meet customer water demands and store water for reliability enhancement and dry year use
- C.2.2 Participate in planning, financing, development and implementation of the Delta Conveyance Project.
- C.2.3 Collaborate with DWR and other State Water Contractors to improve the administration of the SWP in a manner that promotes long-term cost effectiveness, operational reliability and supply availability
- C.2.4 Engage with state water contractors and DWR on state water project facilities reliability and maintenance
- C.2.5 Support other’s efforts to improve reliability of imported water infrastructure
- C.2.6 Educate and keep community stakeholders informed of the status and importance of the regional and state water infrastructure

Strategy C.3 Advance the integrated management of water resources.

- C.3.1 Lead the implementation of the Sustainable Groundwater Management Act for the Santa Clarita Valley
- C.3.2 Prepare the SCV Water Recycled Water Master Plan Update and California Environmental Quality Act document
- C.3.3 Work with agencies to develop foundation for a successful recycled water program
- C.3.4 Pursue grant funding for recycled water projects

- C.3.5 Coordinate and analyze performance of water banking and exchange programs, local groundwater production and water conservation measures
- C.3.6 Implement dry-year recovery project for the Rosedale-Rio Bravo Water Storage District Water Exchange and Banking Program
- C.3.7 Identify and secure access or ownership of suitable groundwater recharge areas in the watershed

Strategy C.4 *Advance demand management and achieve State mandated water use efficiency targets.*

- C.4.1 Continue to implement and assess programs identified in the updated Santa Clarita Valley Water Use Efficiency Strategic Plan (SCV WUE SP)
- C.4.2 Support local and statewide regulations consistent with the goals of the Water Use Efficiency Strategic Plan
- C.4.3 Monitor and provide input into Governor’s proposed new water efficiency targets (beyond 20% by 2020)
- C.4.4 Work with the Santa Clarita Valley Water Committee to further enhance retail purveyor, City and County drought and water conservation activities
- C.4.5 Reevaluate and prioritize outreach targets and methods to maximize rebates and incentive benefits to encourage additional conservation
- C.4.6 Develop equitable conservation/demand management programs to meet current and upcoming regulatory measures
- C.4.7 Evaluate infrastructure technology (AMI/AMR) and operational strategies to better manage demands
- C.4.8 Work with developers and/or permitting agencies to get the appropriate turf efficient landscapes in new development
- C.4.9 Promote drought tolerant and water efficient landscapes out into the community
- C.4.10 Communicate with customers the message that “conservation is a way of life”

Strategy C.5 *Respond to anticipated droughts through rate structure modification, conservation assistance, customer service and outreach.*

- C.5.1 Implement a system to respond to droughts

Strategy C.6 *Actively manage natural resource use.*

- C.6.1 Conduct organization-wide energy assessment to identify opportunities to reduce energy use
- C.6.2 Evaluate SCV Water’s solar power contracts and options to optimize the cost and value to SCV Water
- C.6.3 Optimize facility operations to minimize power, supplies, chemicals, and labor consumption
- C.6.4 Assess the carbon footprint of SCV Water
- C.6.5 Develop/implement appropriate emissions reductions

GOAL C

Water Supply and Resource Sustainability

Implement programs to ensure the service area has reliable and sustainable supplies of water.

KEY PERFORMANCE INDICATORS

1. Average year water supply exceeds ten-year projected water demand
2. Compliance with state requirements (SBX 7-7, SB 60 and AB 2668) to improve urban water use efficiency
3. Maintain use of groundwater supplies consistent with the groundwater basin operating plan and UWMP
4. SWP supply reliability consistent with the SWP Delivery Capability Report and the UWMP
5. Monthly monitoring of production and consumption compared to historic months
6. Monthly monitoring of water loss
7. Lead implementation of the Sustainable Groundwater Management Act including preparation of a groundwater sustainability plan
8. Percent change in recycled water use
9. Protect the availability of local water resources (capacity and quality)
10. Per capita water use



GOAL D

Water Quality and Environmental Compliance

Protect the quality of our water supplies and environment and ensure our drinking water quality is consistent and meets or surpasses all water quality requirements.

Ensuring the water is safe to drink and conducting our operations in a fashion that is sensitive to the environment and in compliance with environmental requirements is a key commitment of SCV Water to the community we serve. The strategies below define the approach the organization will take to achieve the goal. Objectives are the measurable actions that track progress towards execution of the strategy.

Strategy D.1 *Achieve 100% compliance with all environmental regulations and standards.*

- D.1.1 Meet all applicable water quality regulations
- D.1.2 Evaluate a long-term strategy to provide consistent water quality across the service area (evaluate blending, well head softening, versus point-of-use homeowner expense of water softening systems)
- D.1.3 Engage the public to understand and meet customer's water quality requirements/demands
- D.1.4 Communicate transparently regarding water quality trends and objectives
- D.1.5 Track and report water quality complaints

Strategy D.2 *Proactively install, operate, and maintain groundwater treatment infrastructure to avoid impacts on water supply reliability (e.g. VOCs, perchlorate, PFAS, etc.).*

- D.2.1 Regulatory agency coordination, communication and collaboration toward the aggressive pursuit of responsible parties.

Strategy D.3 *Anticipate and comply with regulatory and environmental changes.*

- D.3.1 Track regulatory and statutory changes at both the federal and state levels pertaining to the Safe Drinking Water Act, the Clean Water Act and the potable water community in general
- D.3.2 Maintain interagency water quality communication collaborations
- D.3.3 Evaluate environmental compliance tracking software
- D.3.4 Develop a contaminants of emerging concern (CEC) strategy

Strategy D.4 *Implement long-term salinity management/nutrient management plan.*

- D.4.1 Work through the Groundwater Sustainability Agency to protect the watershed
- D.4.2 Engage in watershed nutrient and salinity management activities

Strategy D.5 *Seek cost recovery from responsible parties.*

- D.5.1 Continue litigation to hold parties responsible for groundwater contamination

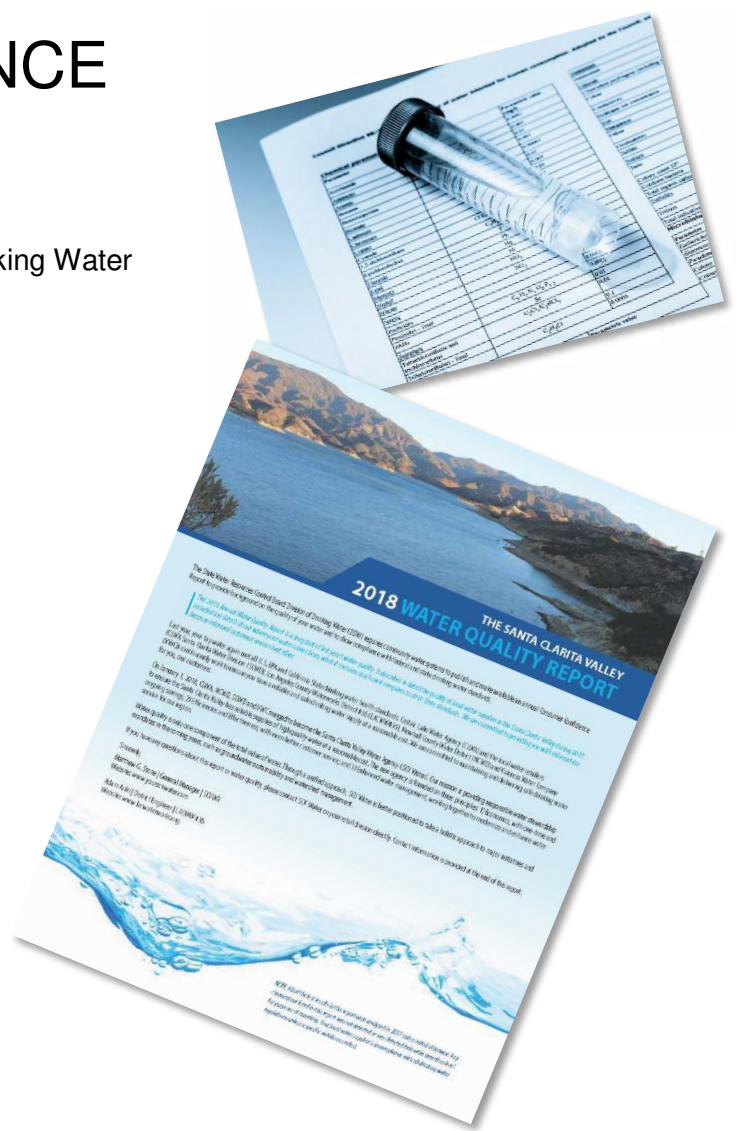
GOAL D

Water Quality and Environmental Compliance

Protect the quality of our water supplies and environment and ensure our drinking water quality is consistent and meets or surpasses all water quality requirements.

KEY PERFORMANCE INDICATORS

- 1. Completion of required Division of Drinking Water monitoring, sampling and analyses
- 2. Maintain compliance with Safe Drinking Water Act
- 3. Groundwater pumped from Saugus wells and treated at the Saugus Perchlorate Treatment Facility
- 4. Complete Consumer Confidence Report
- 5. Impacted well capacity



GOAL E

Financial Resiliency

Maintain a long-range, transparent, stable and well-planned financial condition, resulting in current and future water users receiving fair and equitable rates and charges.

Provision of SCV Water services is capital intensive. Managing the financial resources entrusted to SCV Water in a prudent manner ultimately reduces the cost of service to the community. The strategies below define the approach the organization will take to achieve the goal. Objectives are the measureable actions that track progress towards execution of the strategy.

Strategy E.1 *Increase focus on forward looking financial information.*

- E.1.1 Construct a financial model that can forecast financial requirements and results through the service area buildout
- E.1.2 Incorporate the use of stochastic analysis in the financial planning model to assess uncertainty and explore the sensitivity of sales volumes and costs to rates and cash flow
- E.1.3 Implement staff tracking and assessment of debt portfolio
- E.1.4 Develop a Long-Range Finance Plan that considers:
 - Policy for managing debt versus pay-go
 - Cash reserve requirements
 - OPEB funding
 - Rate management
 - Funding for carrying out the Strategic Plan

Strategy E.2 *Establish a path towards uniform retail rates.*

- E.2.1 Update cost of service models utilizing the long-term financial plan and enterprise cost allocations
- E.2.2 Update the recycled water rate
- E.2.3 Develop a multi-year rate implementation plan that will establish consistent levels of funding and cash reserves throughout the service area

Strategy E.3 *Improve treasury and cash management practices.*

- E.3.1 Consolidate the business process of managing the fund investment activities for SCV Water
- E.3.2 Establish the practice of preparing monthly cash flow reporting.
- E.3.3 Update financial policies to reflect gains in capabilities to manage and control cash management as new financial and customer billing systems go live and new payment alternatives are offered to our customers

Strategy E.4 *Expand Financial & Performance Reporting*

- E.4.1 Establish management dashboards that will communicate operational performance to management and staff
- E.4.2 Establish financial dashboards that will communicate financial performance and health of the Agency
- E.4.3 Build internal capabilities for rate, financial, and performance analysis and reporting through training and adding staff as necessary

Strategy E.5 *Improve financial risk management.*

- E.5.1 Evaluate opportunities to hedge financial risks with insurance
- E.5.2 Evaluate opportunities to improve the relationship between fixed costs and fixed revenues in rate and fee structures

Strategy E.6 *Improve cost accounting.*

- E. 6.1 Implement project costing functionality in the new accounting system
- E. 6.2 Standardize warehouse inventory practices and centralize purchasing for parts, meters, tools, and other maintenance and repair inventory items
- E. 6.3 Update the cost allocation methodology to reflect the new Agency organizational structure



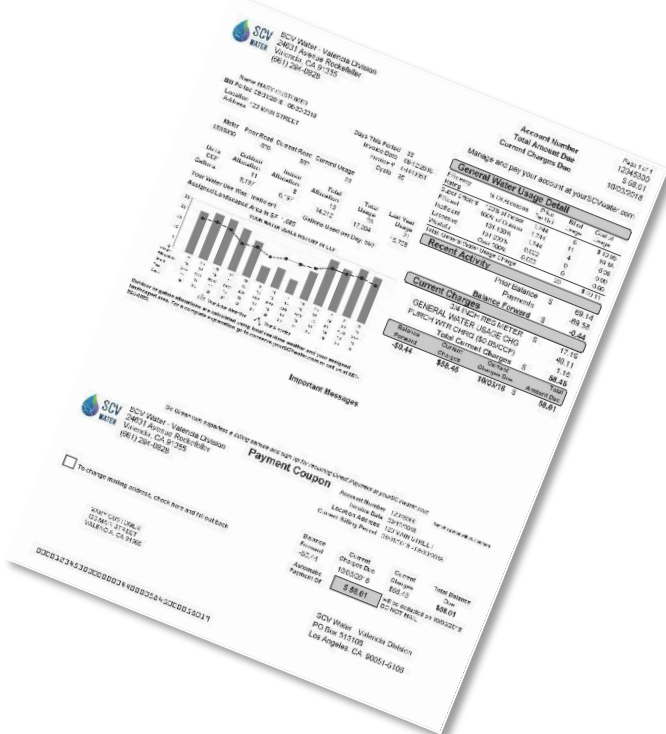
GOAL E

Financial Resiliency

Maintain a long-range, transparent, stable and well-planned financial condition, resulting in current and future water users receiving fair and equitable rates and charges.

KEY PERFORMANCE INDICATORS

1. Maintain existing bond ratings
2. Meet debt service coverage ratio
3. Meet reserve fund targets
4. Actual costs compared to project budget
5. Actual costs compared to annual budget
6. Number and magnitude of change orders for major capital improvement program projects



GOAL F

High Performance Team

Grow a culture of continuous improvement that fosters SCV Water's values.

SCV Water's services depend on its trained and dedicated workforce. Maintaining a high-performance organization will achieve the goals, mission, and vision of the organization. The strategies below define the approach the organization will take to achieve the goal. Objectives are the measurable actions that track progress towards execution of the strategy.

Strategy F.1 *Implement post-merger integration of the new agency.*

- F.1.1 Reduce the number of customer service field offices, increase offsite payment locations
- F.1.2 Standardize operating procedures and business processes across the organization
- F.1.3 Update, develop, and maintain clear and comprehensive policies for SCV Water
- F.1.4 Remain in compliance with the requirements of SB 634
- F.1.5 Optimize use of SCV Water real estate

Strategy F.2 *Attract, train, and retain quality staff.*

- F.2.1 Complete an organizational design study that results in updated job requirements, job classifications, clear career paths, and appropriate pay levels
- F.2.2 Research compensation for licenses and certifications through a market survey
- F.2.3 Implement electronic benefits enrollment
- F.2.4 Provide supervisor training to enhance working knowledge and a general understanding of the SCV Water's recruitment, and performance evaluation and other human relations processes
- F.2.5 Update the SCV Water's Employee Handbook
- F.2.6 Conduct sexual harassment awareness and prevention training for all employees
- F.2.7 Implement an employee portal or intranet for posting various often-requested forms, documents, etc.
- F.2.8 Budget for sufficient staffing to meet adopted objectives (particularly in Water Resources, Operations, Engineering, Finance, and Communications)
- F.2.9 Examine practicality/benefits of establishing a mentoring program
- F.2.10 Review team building strategy to foster trust and shared values
- F.2.11 Develop / document employee and Director onboarding approach
- F.2.12 Document and optimize the delegation of authority to improve efficiency
- F.2.13 Evaluate the economics of providing benefits to part-time employees
- F.2.14 Develop a comprehensive training plan considering:
 - Providing facility tours for staff
 - Coaching/mentoring for staff
 - Improving training programs so all equal positions are trained to the same level

- Developing a cross training program
- Developing an internship program
- Providing training for teamwork and conflict management
- Supervisor and management training
- Encouragement of project management certification
- Uniform training standards across the divisions
- Safety training
- Heavy equipment operations certification
- Hostile interaction training
- Terrorism response

Strategy F.3 ***Implement integrated technology and applications across the organization.***

- F.3.1 Assess, select, and implement a single accounting and financial reporting system
- F.3.2 Assess, select, and implement a single customer service and billing system
- F.3.3 Consolidate telecommunication and network equipment
- F.3.4 Develop and implement a tiered end-user support system with scaled resources
- F.3.5 Deploy end-point management solution for mobile and stationed devices
- F.3.6 Improve integration of IT systems/platforms
- F.3.7 Improve breadth, depth, quality and timeliness of business planning information
- F.3.8 Implement integrated applications (Asset Management) across the organization
- F.3.9 Improve technology and data risk management processes
- F.3.10 Develop an Information Technology Strategic Plan
- F.3.11 Implement redundant gateway routing
- F.3.12 Consolidate and align the servers to efficiently meet the needs of the organization
- F.3.13 Standardize network access throughout the organization
- F.3.14 Standardize virtual server approach across the organization
- F.3.15 Add 10 to 20 more MBPS (megabits per second) on existing point-to-point backup line between the Rio Vista Water Treatment Plant and Summit Circle
- F.3.16 Conduct an analysis and evaluation of the network vulnerabilities
- F.3.17 Development, deployment and maintenance of an agency intranet
- F.3.18 Evaluate and implement mobile solutions for certain field job tasks
- F.3.19 Maintain regular and routine computer replacement program and management of technology through an asset management approach
- F.3.20 Evaluate need for computers in the education department
- F.3.21 Maintain regular and routine network appliance replacement schedule
- F.3.22 Update and modernize collaborative workspaces to meet the needs of the modern workforce

Strategy F.4 ***Promote an open and professional work environment.***

- F.4.1 Continue to provide employees with “bottom-up” communication through all employee meetings (All Hands, etc.)

- F.4.2 Continue to (1) provide General Manager-to-staff memos and quarterly employee newsletters and (2) hold employee meetings updating all employees of important events and news.
- F.4.3 Continue bi-weekly executive staff and periodic manager/supervisor meetings to enhance staff productivity and coordination work efforts
- F.4.4 Continue the new e-newsletter
- F.4.5 Develop a comprehensive staff engagement strategy considering:
 - Activities/accomplishments of the new agency
 - Implement internal / external communications improvements
 - Consistent communication processes
 - Enhance quality/consistency of email communication
 - Management-to-supervisors engagement
 - Supervisor-to-staff communication
 - Interagency communication
 - Teambuilding activities
- F.4.6 Include staff in key planning/implementing of policy changes
- F.4.7 Develop an innovation program to encourage, capture, and deploy new ideas/suggestions

Strategy F.5 ***Maintain a safe and secure work environment.***

- F.5.1 Continue to provide all required and recommended safety training
- F.5.2 Continue to emphasize safety through weekly tailgate and safety meetings
- F.5.3 Conduct live confined space entry and rescue drill
- F.5.4 Conduct a live chemical spill response drill with local fire department and/or emergency services contractor
- F.5.5 Improve Rio Vista Water Treatment Plant back gate and access road by adding safety and security signage and traffic striping
- F.5.6 Improve Earl Schmidt Filtration Plant road access gate
- F.5.7 Develop protocol for dealing with phone and in-person threats



GOAL F

High Performance Team

Grow a culture of continuous improvement that fosters SCV Water's values.

KEY PERFORMANCE INDICATORS

1. Number and percentage of Financial and Administrative policies that have been updated in the last five years
2. Pace of technology, tools and equipment maintenance relative to work-flow demand
3. Contact hours and continuing education units (average of total and by department)
4. Number and types of certified and licensed staff
5. On-time completion of annual performance evaluations and inclusion of employee input on career advancement plans
6. SCV Water use of education reimbursement program
7. Number of days lost to workplace personal injuries
8. Service desk time to resolution less than 24 hours.
9. Network availability - High availability sites uptime percentage.
10. IT service desk first contact resolution percentage.
11. IT service desk customer satisfaction.



GLOSSARY

The following key terms are used in this Strategic Plan:

Action Plan – A detailed set of tactical actions that will be developed in order for the strategies/objectives to be achieved.

Values – Non-negotiable standards that the staff and the Board believe in and embody how they will act individually and as an organization.

Goal – SCV Water’s commitment to the community it serves.

Key Performance Indicator – Selected measure to indicate performance against a Strategic Plan Goal.

Mission – The primary reason(s) for the existence of the organization.

Objective – Measurable work activity that, when accomplished, will directly lead to the success of the strategy.

Issue – A problem or opportunity facing SCV Water.

Strategy – How an issue is solved to achieve the goal.

Strategic Plan – A structured plan to drive SCV Water to achieve its goals.

SWOT Analysis – Description of strengths, weaknesses, opportunities and threats to identify areas of focus in the Strategic Plan.

Vision – What SCV Water aspires to become.

APPENDIX A – ACTION PLAN

Objectives = * Priorities, dates, and responsible Divisions are included in the Budget document.

Goal A: Implement and communicate policies supporting the social, quality of life, and environmental values of the community.		
Strategy	Objective	Time Frame
<i>A.1 - Provide “best in class” customer service.</i>		
A.1.1	Reassess delegation of authority to Customer Care Representatives for improving first call resolution	12/31/2019
A.1.2	Standardize customer service procedures across SCV Water	9/30/2019
A.1.3	Redesign bills, with Customer Care Representative’s input	1/31/2021
<i>A.2 - Proactively communicate with and engage our community on water matters of importance to the region positioning SCV Water as a leading resource and reliable authority on water issues.</i>		
A.2.1	Implement the outreach plan	Ongoing
A.2.2	Increase public understanding of water issues (e.g. water quality, emergency preparedness, value of water, regulatory challenges, etc.)	Ongoing
A.2.3	Develop engagement tools to receive feedback from stakeholders (e.g. Customer Service Survey)	2/28/2019
A.2.4	Participate in vendor outreach programs	Ongoing
A.2.5	Continue to participate in community events (COC Water Technology Board and Business Alliance, SCV Mayor’s Committee for Employment of Individuals with Disabilities, PIHRA, etc.)	Ongoing
A.2.6	Raise awareness of and demand for conservation programs (e.g. water conservation campaign(s) and related media buys, public and school educational programs, participation at public events, SCV Water web site, e-newsletter and social media, self-guided landscape tour, conservatory garden, etc.)	Ongoing
A.2.7	Build positive public perception of SCV Water as a leading resource and reliable authority on water issues engaging the Blue Ribbon Committee, Speakers’ Bureau and Water Academy	Ongoing
A.2.8	Support SCV Water efforts to work with public agencies and industry associations to influence water policy	Ongoing
A.2.9	Work with local media to ensure accurate reporting	Ongoing
<i>A.3 - Work with local, regional, state and federal agencies, industry associations and organizations to influence water policy for the benefit of our service area customers.</i>		
A.3.1	Engage in local, state and federal activities to further the interests of water in the Santa Clarita Valley	Ongoing

A.3.2	Maintain strong working relationships with local agencies (water agencies, special districts, city, and local governments)	Ongoing
A.4 - Engage in statewide and federal water legislative and policy issues.		
A.4.1	Continue coordination with SCV Water legislative analysts in communications with local, state, and federal elected officials and their staffs	Ongoing
A.4.2	Foster and continue effective working relationships with the Department of Water Resources and other State Water Project Contractors	Ongoing
A.4.3	Coordinate legislative initiatives concerning Sacramento-San Joaquin Delta and water conservation with legislative analysts, Association of California Water Agencies, State Water Contractors and other necessary parties to enhance the reliability and cost effectiveness of the SCV Water's SWP water supply	Ongoing
A.5 - Adopt environmentally sustainable business practices.		
A.5.1	Move to paperless processes	1/31/2025
A.6 - Develop and lead the community vision for the watershed.		
A.6.1	Lead the development of the groundwater sustainability plan for the watershed	1/31/2022
A.6.2	Work with NGOs to understand common goals within the community/watershed	Ongoing
Goal B: Infrastructure Reliability – Implement, operate, and maintain water infrastructure to ensure sustainable water service provision.		
Strategy	Objective	Time Frame
B.1 - Plan, design and build facilities to meet demand including storage capacity and interconnections between wholesale and retail water systems.		
B.1.1	Implement capital projects related to infrastructure reliability	Ongoing
B.1.1.1	Complete design and construction of Groundwater VOC Treatment Improvement Project	6/30/2021
B.1.1.2	Complete design and construction of the Replacement Wells Project	12/31/2020
B.1.1.3	Complete design and initiate construction of the Phase 2B Recycled Water backbone pipeline, distribution pipeline and tank	12/31/2019
B.1.1.4	Complete final design of the South End Recycled Water Project (Phase 2C)	9/30/2019
B.1.1.5	Complete final design and initiate construction of the West Ranch Recycled Water Project (Phase 2D)	12/31/2019
B.1.1.6	Complete land acquisition for Castaic Conduit Project	6/30/2020

B.1.1.7	Complete design and initiate construction of the Earl Schmidt Sludge Collection System Project	12/31/2019
B.1.1.8	Complete construction of Magic Mountain Pipeline Phase 4 project	9/30/2019
B.1.1.9	Complete construction of Magic Mountain Pipeline Phase 5 project	3/30/2020
B.1.1.10	Complete construction of Magic Mountain Pipeline Phase 6A project	6/30/2020
B.1.1.11	Complete design of Magic Mountain Pipeline Phase 6B project	12/31/2020
B.1.1.12	Complete planning phase of the Magic Mountain Reservoir Project	6/30/2021
B.1.1.13	Complete design and initiate construction of Deane Pump Station	3/30/2020
B.1.1.14	Complete design and initiate construction of first Deane Storage Tank	3/30/2020
B.1.1.15	Complete design and construction of Water Pipeline to LARC Ranch	6/30/2020
B.1.2	Implement next phase of the Graphical Information System	6/30/2021
B.1.3	Develop and configure water system hydraulic model for the SCV water service area	6/30/2020
B.1.4	Develop recycled water policies and ordinances	6/30/2020
<i>B.2 - Plan and budget for long-term replacements and improvements.</i>		
B.2.1	Update and carryout capital projects related to water system reliability and sustainability	Ongoing
B.2.1.1	Replace ammonia pumping system at Earl Schmidt Filtration Plant	6/30/2020
B.2.1.2	Inspect and Repair Earl Schmidt Filtration Plant clear wells interior coating	6/30/2020
B.2.1.3	Replace all valves on treatment vessels at Saugus Perchlorate Treatment Facility	6/30/2022
B.2.1.4	Replace sludge check valves at Earl Schmidt Filtration Plant	6/30/2020
B.2.1.5	Continue acquiring and entering asset information into Computer Maintenance Management System	Ongoing
B.2.1.6	Remove and replace one pressure reducing valve station at Rainbow Glen/Sierra Highway	6/30/2020
B.2.1.7	Conduct meter replacement program	Ongoing
B.2.1.8	Conduct annual tank inspection and maintenance program	Ongoing
B.2.1.9	Conduct annual well inspection	Ongoing
B.2.1.10	Complete Rainbow Glen pipeline (WMP PIPE #5)	6/30/2021
B.2.1.11	Complete West Newhall Alley pipeline upgrade	6/30/2020
B.2.1.12	Complete SCADA (Sensor/Equipment) Upgrade	Ongoing
B.2.1.13	Complete Well Mag meter upgrade program	Ongoing
B.2.1.14	Prepare and Implement formal Meter Testing Program / Schedule for Large Customer Meter and Production Meters	6/30/2020

B.2.1.15	Analyze and implement land use changes at Devil's Den that provide revenue and/or reduced operating costs, including potential development of solar facilities and land sales	12/31/2020
B.2.2	Conduct facility optimization study	6/30/2021
B.2.3	Conduct an evaluation of water system security	9/30/2020
B.3 - Implement improved planning tools.		
B.3.1	Develop and implement a SCV Water-wide asset management program with end user/operations level asset management tools to enhance performance	6/30/2022
B.3.2	Assess current maintenance intervals on infrastructure and benchmark to industry best practice	6/30/2023
B.4 - Develop standard designs, policies, and procedures.		
B.4.1	Develop recycled water design standards and specifications	6/30/2020
B.4.2	Maintain as-built drawings	Ongoing
B.5 - Operate and maintain facilities.		
B.5.1	Maintain all facilities and appurtenances in a consistent fashion to achieve operational efficiency and functionality	Ongoing
B.5.2	Exercise / replace water system valves	Ongoing
B.5.3	Evaluate opportunities to centralize staff to improve operating efficiency	Ongoing
B.5.4	Set standards for leak repairs	Ongoing
B.5.5	Continue providing effective wholesale water service to Los Angeles. County Waterworks District #36	Ongoing
B.5.6	Implement asphalt maintenance program	Ongoing
B.6 - Plan and prepare for catastrophic emergencies.		
B.6.1	Develop an Emergency Response Plan for SCV Water	6/30/2020
B.6.2	Evaluate materials needs for earthquake response	10/1/2019
B.6.3	Evaluate system interconnection opportunities	Ongoing
B.6.4	Develop plan to convey local supplies within service area should a prolonged outage of imported water infrastructure occur	Ongoing
B.6.5	Develop emergency power strategy to assure ability to respond to short term and long term power supply outages for key facilities	Ongoing
B.6.6	Coordinate emergency response planning efforts with the regional water agencies, county, and cities	Ongoing
B.6.7	Conduct emergency preparedness planning and training for all staff	Ongoing
B.6.8	Conduct semiannual tests of SCV Water's disaster recovery plan	Ongoing
B.6.9	Develop a network security plan including a cyber-security policy and threat response plan	6/30/2021

B.6.10	Evaluate installation of an alarm in the garden area for emergencies	6/30/2020
Goal C: Water Supply and Resource Sustainability – Implement programs to ensure the service area has reliable and sustainable supplies of water.		
Strategy	Objective	Time Frame
<i>C.1 - Conduct planning to ensure long-term water demands are met.</i>		
C.1.1	Complete the 2020 Urban Water Management Plan	6/30/2021
C.1.2	Identify projects and initiate planning for projects to enhance long-term water supply reliability consistent with the updated Water Supply Reliability Report	Ongoing
C.1.3	Respond to SB 610 Water Supply Assessments and SB 221 Water Supply Verifications	Ongoing
C.1.4	Analyze the seismic resiliency of SCV Water's supply portfolio	6/30/2021
C.1.5	Monitor climate change science and public policy. Incorporate climate change impacts on water demand and supplies into long-term plans and programs to maintain reliable and sustainable water supplies	Ongoing
<i>C.2 - Protect the SCV Water interests in the State Water Project.</i>		
C.2.1	Ensure that SCV Water has full access to water supplies available to it under its SWP contract and other water supply agreements that rely on SWP conveyance to meet customer water demands and store water for reliability enhancement and dry year use	Ongoing
C.2.2	Participate in planning, financing, development, and implementation of the Delta Conveyance Project	Ongoing
C.2.3	Collaborate with DWR and other SWP contractors to improve the administration of the SWP in a manner that promotes long-term cost effectiveness, operational reliability and supply availability	Ongoing
<i>C.3 - Advance the integrated management of water resources.</i>		
C.3.1	Lead the implementation of the Sustainable Groundwater Management Act for the Santa Clarita Valley	1/30/2022
C.3.2	Prepare the SCV Water Recycled Water Master Plan Update and California Environmental Quality Act document	5/31/2021
C.3.3	Work with agencies to develop foundation for a successful recycled water program	Ongoing
C.3.4	Pursue grant funding for recycled water projects	Ongoing
C.3.5	Coordinate and analyze performance of water banking and exchange programs, local groundwater production and water conservation measures	Ongoing
C.3.6	Implement dry-year recovery project for the Rosedale-Rio Bravo Water Storage District Water Exchange and Banking Program	12/31/2019

C.3.7	Identify and secure access or ownership of suitable groundwater recharge areas in the watershed	Ongoing
C.4 - Advance demand management and achieve state mandated water use efficiency targets.		
C.4.1	Continue to implement and assess programs identified in the updated Santa Clarita Valley Water Use Efficiency Strategic Plan (SCV WUE SP)	Ongoing
C.4.2	Support local and statewide regulations consistent with the goals of the Water Use Efficiency Strategic Plan	Ongoing
C.4.3	Monitor and provide input into Governor’s proposed new water efficiency targets (beyond 20% by 2020)	Ongoing
C.4.4	Work with the Santa Clarita Valley Water Committee to further enhance retail purveyor, City and County drought and water conservation activities	Ongoing
C.4.5	Reevaluate and prioritize outreach targets and methods to maximize rebates and incentive benefits to encourage additional conservation	Ongoing
C.4.6	Develop equitable conservation/demand management programs to meet current and upcoming regulatory measures	Ongoing
C.4.7	Evaluate infrastructure technology (AMI/AMR) and operational strategies to better manage demands	Ongoing
C.4.8	Work with developers and/or permitting agencies to get the appropriate turf efficient landscapes in new development	Ongoing
C.4.9	Promote drought tolerant and water efficient landscapes out into the community	Ongoing
C.4.10	Communicate with customers the message that “conservation is a way of life”	Ongoing
C.5 - Respond to anticipated near-term droughts through rate structure modification, conservation assistance, customer service and outreach.		
C.5.1	Implement a system to respond to droughts	Ongoing
C.6 - Actively manage natural resource use.		
C.6.1	Conduct organization-wide energy assessment to identify opportunities to reduce energy use	6/30/2023
C.6.2	Evaluate SCV Water’s solar power contracts and options to optimize the cost and value to SCV Water	12/31/2019
C.6.3	Optimize facility operations to minimize power, supplies, chemicals, and labor consumption	Ongoing
C.6.4	Assess the carbon footprint of SCV Water	12/31/2022
C.6.5	Develop/implement appropriate emissions reductions	12/31/2023

Goal D: Water Quality and Environmental Compliance – Protect the quality of our water supplies and environment and ensure our drinking water quality is consistent and meets or surpasses all water quality requirements.		
Strategy	Objective	Time Frame
<i>D.1 - Achieve 100% compliance with all environmental regulations and standards.</i>		
D 1.1	Meet all applicable water quality regulations	Ongoing
D.1.2	Evaluate a long-term strategy to provide consistent water quality across the service area (evaluate blending, well head softening, versus point-of-use homeowner expense of water softening systems)	Ongoing
D.1.3	Engage the public to understand and meet customer’s water quality requirements/demands	Ongoing
D.1.4	Communicate transparently regarding water quality trends and objectives	Ongoing
D.1.5	Track and report water quality complaints	Ongoing
<i>D.2 - Proactively install, operate, and maintain groundwater treatment infrastructure to avoid impacts on water supply reliability (e.g. VOCs, perchlorate, PFAS, etc.).</i>		
D.2.1	Regulatory agency coordination, communication and collaboration toward the aggressive pursuit of responsible parties.	Ongoing
<i>D.3 - Anticipate and comply with regulatory and environmental changes.</i>		
D.3.1	Track regulatory and statutory changes at both the federal and state levels pertaining to the Safe Drinking Water Act, the Clean Water Act and the potable water community in general	Ongoing
D.3.2	Maintain interagency water quality communication collaborations	Ongoing
D.3.3	Evaluate environmental compliance tracking software	12/31/2019
D.3.4	Develop a contaminants of emerging concern (CEC) strategy	12/31/2019
<i>D.4 - Implement long-term salinity management/nutrient management plan.</i>		
D.4.1	Work through the Groundwater Sustainability Agency to protect the watershed	Ongoing
D.4.2	Engage in watershed nutrient and salinity management activities	Ongoing
<i>D.5 - Seek cost recovery from responsible parties.</i>		
D.5.1	Continue litigation to hold parties responsible for groundwater contamination	Ongoing
Goal E: Financial Resiliency – Maintain a long-range, transparent, stable and well-planned financial condition, resulting in current and future water users receiving fair and equitable rates and charges		

Strategy	Objective	Time Frame
E.1 - Increase focus on forward looking financial information.		
E.1.1	Construct a financial model that can forecast financial requirements and results through the service area build out	3/31/2020
E.1.2	Incorporate the use of stochastic analysis in the financial planning model to assess uncertainty and explore the sensitivity of sales volumes and costs to rates and cash flow	3/31/2020
E.1.3	Implement staff tracking and assessment of debt portfolio	3/31/2020
E.1.4	Develop a Long-Range Finance Plan that considers:	1/31/2020
	<ul style="list-style-type: none"> • Policy for managing debt versus pay-go 	
	<ul style="list-style-type: none"> • Cash reserve requirements 	
	<ul style="list-style-type: none"> • OPEB funding 	
	<ul style="list-style-type: none"> • Rate management 	
	<ul style="list-style-type: none"> • Funding for carrying out the Strategic Plan 	
E.2 - Establish a path towards uniform retail rates.		
E.2.1	Update cost of service models utilizing the long-term financial plan and enterprise cost allocations	4/30/2020
E.2.2	Update the recycled water rate	8/31/2020
E.2.3	Develop a multi-year rate implementation plan that will establish consistent levels of funding and cash reserves throughout the service area	6/30/2020
E.3 - Improve treasury and cash management practices.		
E.3.1	Consolidate the business process of managing the fund investment activities for the SCV Water.	6/30/2020
E.3.2	Establish the practice of preparing monthly cash flow reporting.	9/30/2021
E.3.3	Update financial policies to reflect gains in capabilities to manage and control cash management as new financial and customer billing systems go live and new payment alternatives are offered to our customers	12/31/2021
E.4 - Expand Financial & Performance Reporting		
E.4.1	Establish management dashboards that will communicate operational performance to management and staff	1/31/2020
E.4.2	Establish financial dashboards that will communicate financial performance and health of the Agency	9/30/2021
E.4.3	Build internal capabilities for rate, financial, and performance analysis and reporting through training and adding staff as necessary	Ongoing
E.5 - Improve financial risk management.		
E.5.1	Evaluate opportunities to hedge financial risks with insurance	12/31/2019
E.5.2	Evaluate opportunities to improve the relationship between fixed costs and fixed revenues in rate and fee structures	6/30/2020

E.6 - Improve cost accounting.		
E. 6.1	Implement project costing functionality in the new accounting system	12/31/2021
E. 6.2	Standardize warehouse inventory practices and centralize purchasing for parts, meters, tools, and other maintenance and repair inventory items	6/30/2020
E. 6.3	Update the cost allocation methodology to reflect the new Agency organizational structure	12/31/2019
Goal F: High Performance Team – Grow a culture of continuous improvement that fosters SCV Water's values.		
Strategy	Objective	Time Frame
F.1 - Implement post-merger integration of the new agency.		
F.1.1	Reduce the number of customer service field offices, increase offsite payment locations.	12/31/2019
F.1.2	Standardize operating procedures and business processes across the organization	6/30/2024
F.1.3	Update, develop, and maintain clear and comprehensive policies for SCV Water	6/30/2024
F.1.4	Remain in compliance with the requirements of SB 634	6/30/2024
F.1.5	Optimize use of SCV Water real estate	6/30/2024
F.2 - Attract, train, and retain quality staff.		
F.2.1	Complete an organizational design study that results in updated job requirements, job classifications, clear career paths, and appropriate pay levels	7/31/2020
F.2.2	Research compensation for licenses and certifications through a market survey	7/31/2020
F.2.3	Implement electronic benefits enrollment	6/30/2024
F.2.4	Provide supervisor training to enhance working knowledge and a general understanding of the SCV Water's recruitment, and performance evaluation and other human relations processes	10/31/2020
F.2.5	Update the SCV Water's Employee Handbook	12/31/2019
F.2.6	Conduct sexual harassment awareness and prevention training for all employees	12/31/2020
F.2.7	Implement an employee portal or intranet for posting various often-requested forms, documents, etc.	11/30/2019
F.2.8	Budget for sufficient staffing to meet adopted objectives (particularly in Water Resources, Operations, Engineering, Finance, and Communications)	4/29/2024
F.2.9	Examine practicality/benefits of establishing a mentoring program	12/31/2019

F.2.10	Review team building strategy to foster trust and shared values	1/31/2020
F.2.11	Develop / document employee and Director onboarding approach	3/31/2020
F.2.12	Document and optimize the delegation of authority to improve efficiency	6/30/2022
F.2.13	Evaluate the economics of providing benefits to part-time employees	6/30/2021
F.2.14	Develop a comprehensive training plan considering:	6/30/2021
	<ul style="list-style-type: none"> • Providing facility tours for staff 	
	<ul style="list-style-type: none"> • Coaching/mentoring for staff 	
	<ul style="list-style-type: none"> • Improving training programs so all equal positions are trained to the same level 	
	<ul style="list-style-type: none"> • Developing a cross training program 	
	<ul style="list-style-type: none"> • Developing an internship program 	
	<ul style="list-style-type: none"> • Providing training for teamwork and conflict management 	
	<ul style="list-style-type: none"> • Supervisor and management training 	
	<ul style="list-style-type: none"> • Encouragement of project management certification 	
	<ul style="list-style-type: none"> • Uniform training standards across the divisions 	
	<ul style="list-style-type: none"> • Safety training 	
	<ul style="list-style-type: none"> • Heavy equipment operations certification 	
	<ul style="list-style-type: none"> • Hostile interaction training 	
	<ul style="list-style-type: none"> • Terrorism response 	
F.3 - Implement integrated technology and applications across the organization.		
F.3.1	Assess, select, and implement a single accounting and financial reporting system	3/31/2021
F.3.2	Assess, select, and implement a single customer service and billing system	6/30/2021
F.3.3	Consolidate telecommunication and network equipment	6/30/2020
F.3.4	Develop and implement a tiered end-user support system with scaled resources	3/31/2021
F.3.5	Deploy end-point management solution for mobile and stationed devices	3/31/2021
F.3.6	Improve integration of IT systems/platforms	6/30/2024
F.3.7	Improve breadth, depth, quality and timeliness of business planning information	6/30/2024
F.3.8	Implement integrated applications (Asset Management) across the organization	6/30/2023
F.3.9	Improve technology and data risk management processes	6/30/2024
F.3.10	Develop an Information Technology Strategic Plan	12/31/2019
F.3.11	Implement redundant gateway routing	12/31/2019

F.3.12	Consolidate and align the servers to efficiently meet the needs of the organization	6/30/2021
F.3.13	Standardize network access throughout the organization	4/30/2020
F.3.14	Standardize virtual server approach across the organization	2/28/2020
F.3.15	Add 10 to 20 more MBPS (megabits per second) on existing point-to-point backup line between the Rio Vista Water Treatment Plant and Summit Circle	1/31/2020
F.3.16	Conduct an analysis and evaluation of the network vulnerabilities	10/31/2019
F.3.17	Development, deployment and maintenance of an agency intranet	11/30/2019
F.3.18	Evaluate and implement mobile solutions for certain field job tasks	6/30/2022
F.3.19	Maintain regular and routine computer replacement program and management of technology through an asset management approach	6/30/2024
F.3.20	Evaluate need for computers in the education department	6/30/2021
F.3.21	Maintain regular and routine network appliance replacement schedule	6/30/2024
F.3.22	Update and modernize collaborative workspaces to meet the needs of the modern workforce	6/30/2020
<i>F.4 - Promote an open and professional work environment.</i>		
F.4.1	Continue to provide employees with “bottom-up” communication through all employee meetings (All Hands, etc.)	Ongoing
F.4.2	Continue to (1) provide General Manager-to-staff memos and quarterly employee newsletters and (2) hold employee meetings updating all employees of important events and news.	Ongoing
F.4.3	Continue bi-weekly executive staff and periodic manager/supervisor meetings to enhance staff productivity and coordination work efforts	Ongoing
F.4.4	Continue the new e-newsletter	Ongoing
F.4.5	Develop a comprehensive staff engagement strategy considering:	Ongoing
	<ul style="list-style-type: none"> • Activities/accomplishments of the new agency 	
	<ul style="list-style-type: none"> • Implement internal / external communications improvements 	
	<ul style="list-style-type: none"> • Consistent communication processes 	
	<ul style="list-style-type: none"> • Enhance quality/consistency of email communication 	
	<ul style="list-style-type: none"> • Management-to-supervisors engagement 	
	<ul style="list-style-type: none"> • Supervisor-to-staff communication 	
	<ul style="list-style-type: none"> • Interagency communication 	

	<ul style="list-style-type: none"> • Teambuilding activities 	
F.4.6	Include staff in key planning/implementing of policy changes	Ongoing
F.4.7	Develop an innovation program to encourage, capture, and deploy new ideas/suggestions	6/30/2021
<i>F.5 - Maintain a safe and secure work environment.</i>		
F.5.1	Continue to provide all required and recommended safety training	Ongoing
F.5.2	Continue to emphasize safety through weekly tailgate and safety meetings	Ongoing
F.5.3	Conduct live confined space entry and rescue drill	Ongoing
F.5.4	Conduct a live chemical spill response drill with local fire department and/or emergency services contractor	Ongoing
F.5.5	Improve Rio Vista Water Treatment Plant back gate and access road by adding safety and security signage and traffic striping	6/30/2022
F.5.6	Improve Earl Schmidt Filtration Plant road access gate	6/30/2022
F.5.7	Develop protocol for dealing with phone and in-person threats	6/30/2020

Board of Directors

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Thomas Campbell
Ed Colley
Kathy Colley

William Cooper, President
Bob DiPrimio
Jerry Gladbach
Maria Gutzeit, Vice President
R. Kelly

Gary Martin, Vice President
Daniel Mortensen
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Steve Cole, Assistant General Manager
Keith Abercrombie, Chief Operating Officer
Brian Folsom, Chief Engineer
Eric Campbell, Chief Finance and Administrative Officer
Dirk Marks, Director of Water Resources
Mike Alvord, Director of Maintenance and Operations
Rochelle Patterson, Director of Finance and Administration
Cris Perez, Director of Technology
Kathie Martin, Public Information Officer



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PERFORMANCE MEASURES

PERFORMANCE MEASURES

The Santa Clarita Valley Water Agency uses performance measures as a quantifiable indicator used to assess how well the Agency is achieving its desired objectives. The Agency will routinely review various performance measure types to assess such things as results, production, demand and operating efficiency in order to get a more objective sense of how the Agency is operating and whether improvement is required.

OBJECTIVES

Improvement in individual, group, or organizational performance cannot occur unless there is some way of getting performance feedback. Feedback is having the outcomes of work communicated to the employee or work group. For an individual employee, performance measures create a link between their own behavior and the organization's goals. For the organization or its work unit's performance measurement is the link between decisions and organizational goals.

It has been said that before you can improve something, you have to be able to measure it, which implies that what you want to improve can somehow be quantified. Additionally, it has also been said that improvement in performance can result just from measuring it. Whether or not this is true, measurement is the first step in improvement. While measuring is the process of quantification, its effect is to stimulate positive action.

TYPES OF PERFORMANCE MEASURES

Performance measures can be grouped into two basic types: those that relate to results (outputs or outcomes such as competitiveness or financial performance) and those that focus on the determinants of the results (inputs such as quality, flexibility, resource utilization, and innovation). This suggests that performance measurement frameworks can be built around the concepts of results and determinants.

MEASUREMENT APPROACH

Standard performance measures could be productivity measures, quality measures, inventory measures, lead-time measures, preventive maintenance, performance to schedule, and utilization. In determining the Agency's performance measures, several fundamental, but interlinking areas were identified:

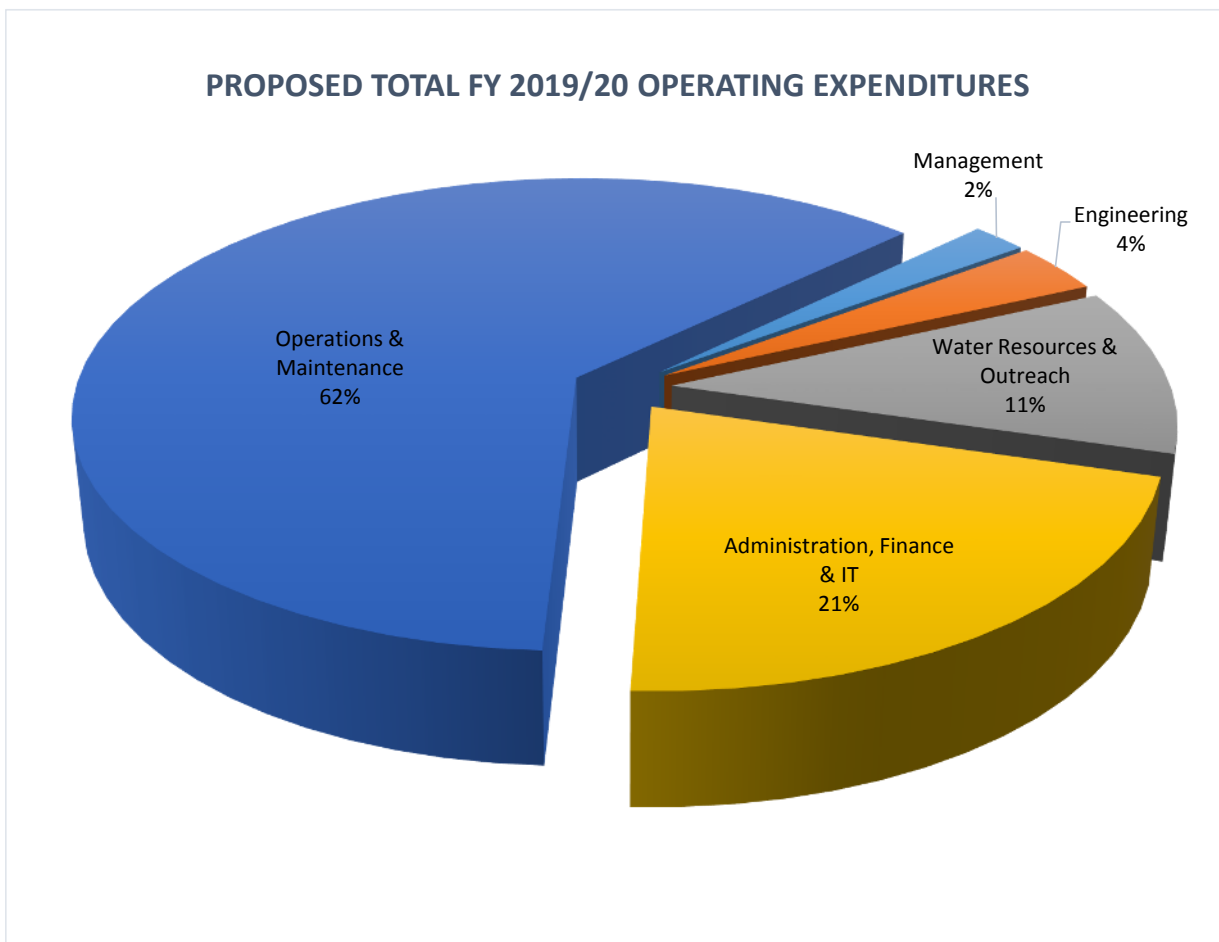
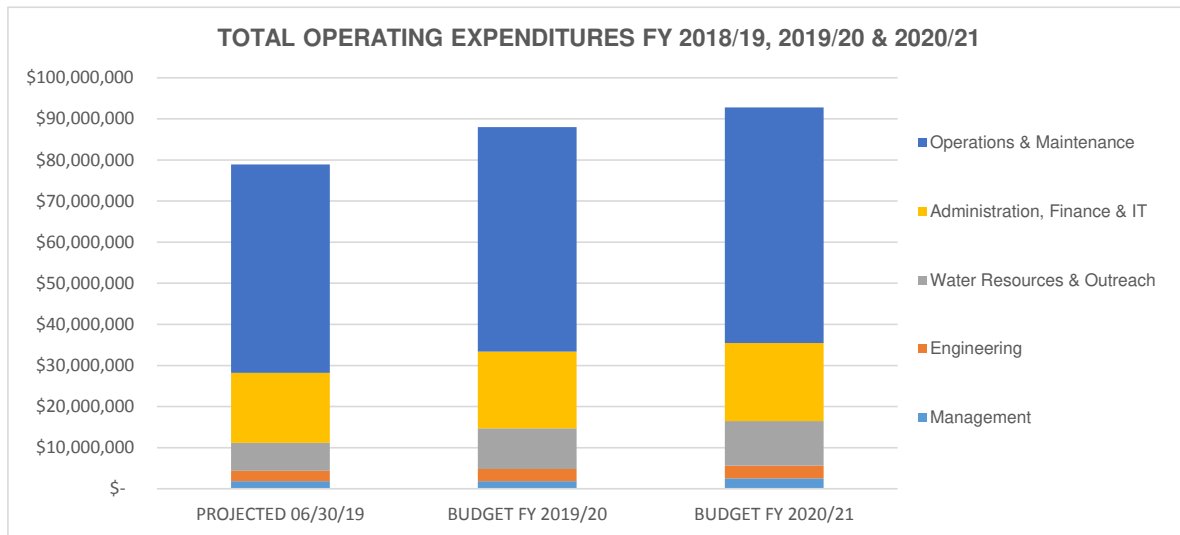
- Fiscal responsibility
- Output/input relationships or productivity
- Customer emphasis such as quality
- Innovation and adaptation to change
- Human resources
- Cost of quality measured as budgeted versus actual
- Variances measured as cost versus actual expenses
- Period expenses measured as budgeted versus actual expenses
- Safety measured on some common scale such as number of hours without an accident

While financial measures of performance are often used to gauge Agency performance, some rely on traditional measures. It is good practice for the Agency to not rely on one set of measures, but to provide a clear performance target. To be effective, performance measures should continuously evolve in order to properly assess performance and focus resources on continuous improvement and motivating personnel.

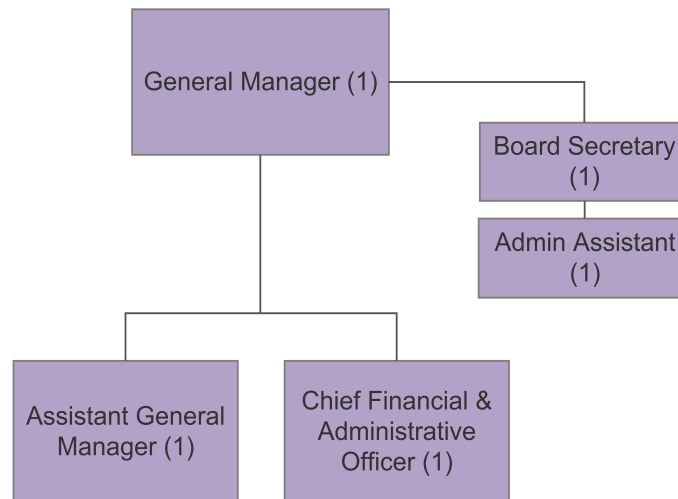
Each section of the Agency has established their priorities, goals and strategies, and those desired outcomes were reviewed and considered. As a whole, objectives are dynamic and provide a living action plan for the section management team to identify, track and report on the progress toward identified goals.

**SCV WATER - TOTAL OPERATING EXPENDITURES BY SECTION
FY 2019/20 and FY 2020/21 - REGIONAL AND RETAIL DIVISIONS**

	Adopted Budget FY 2018/19	Projected 06/30/19 FY 2018/19	Proposed Budget FY 2019/20	Proposed Budget FY 2020/21
Management	\$ 2,161,200	\$ 1,837,784	\$ 1,819,957	\$ 2,514,573
Engineering	3,028,313	2,552,482	2,988,329	3,129,657
Water Resources & Outreach	8,190,300	6,775,412	9,930,355	10,853,899
Administration, Finance & IT	17,931,597	17,041,530	18,629,488	18,933,107
Operations & Maintenance	52,498,375	50,694,478	54,629,814	57,365,963
Total Regional and Retail Operating Expenditures	\$ 83,809,785	\$ 78,901,686	\$ 87,997,943	\$ 92,797,199



**SCV WATER - PERFORMANCE MEASUREMENT
MANAGEMENT SECTION
FY 2019/20 and FY 2020/21**









Management – Purpose Statement

Santa Clarita Valley Water Agency is committed to being a leader and a partner in providing high quality of water at a reasonable cost. The mission of the management section is to provide strategic and innovative leadership to the organization, support the organization’s human capital and implement the Board of Directors vision and goals in a professional, cost effective, and sustainable manner.

Management – Primary Services







- The Board of Directors is the governing body of the Santa Clarita Valley Water Agency. As elected officials for the Agency, the Board establishes the policies.
- In addition to general governance responsibilities, the Board of Directors guides the operations of the General Manager.
- The Board also holds public hearings at which official Agency business is conducted.
- Management strives to create a safe and healthy workplace environment that demonstrates the Agency's commitment to valuing and respecting employees.
- Management encourages participation through regional and local partnerships.



FY 2018/19 ACCOMPLISHMENTS

-  Successfully transitioned creating the new agency
-  Completed first Strategic Plan for SCV Water
-  Gained efficiencies and economies of scale - nearly achieving our savings goal ahead of schedule
-  Developed plan for Rate Payer Advocate
-  Completed a team-building workshop with Board and Executive Staff
-  Deployment of new OnBoard application for the Board of Directors









**SCV WATER - PERFORMANCE MEASUREMENT
MANAGEMENT SECTION
FY 2019/20 and FY 2020/21**

FY 2019/20 OBJECTIVES

-  Ensure Agency, Division/Department and capital budgets are appropriately expended by actively managing and controlling expenditures
-  Continue to look for ways to gain efficiency and economies of scale
-  Enter into a contract with a Rate Payer Advocate
-  Continue to provide detailed information to Board of Directors through Board, Committee, Department and General Counsel reports.
-  Continue team-building workshops
-  Continue to provide employees with "bottom-up" communication through all employee meetings

-  Ensure the Agency is properly represented on all legal matters
-  Continue succession planning efforts to ensure that employees are recruited and developed to fill key roles with the Agency. Provide education and training opportunities to all employees to develop them for future higher level and broader responsibilities

FY 2020/21 OBJECTIVES

-  Ensure Agency, Division/Department and capital budgets are appropriately expended by actively managing and controlling expenditures
-  Continue to look for ways to gain efficiency and economies of scale
-  Continue to provide detailed information to Board of Directors through Board, Committee, Department and General Counsel reports.
-  Continue team-building workshops
-  Update Strategic Plan (every two years)
-  Continue to provide employees with "bottom-up" communication through all employee meetings
-  Ensure the Agency is properly represented on all legal matters
-  Continue succession planning efforts to ensure that employees are recruited and developed to fill key roles with the Agency. Provide education and training opportunities to all employees to develop them for future higher level and broader responsibilities

**SCV WATER - PERFORMANCE MEASUREMENT
MANAGEMENT SECTION
FY 2019/20 and FY 2020/21**

	Adopted Budget FY 2018/19	Projected 06/30/19 FY 2018/19	Proposed Budget FY 2019/20	Proposed Budget FY 2020/21
MANAGEMENT SECTION				
Maintenance & Services	\$ 771,000	\$ 674,477	\$ 800,167	\$ 933,454
Election	-	-	-	550,000
Salary and Benefits	1,014,200	826,700	674,790	696,119
Directors Compensation & Expenses	376,000	336,607	345,000	335,000
TOTAL MANAGEMENT	\$ 2,161,200	\$ 1,837,784	\$ 1,819,957	\$ 2,514,573

Personnel				
Position	FY 2018/19 FTE	FY 2019/20 FTE	FY 2020/21 FTE	Total Change*
General Manager	1	1	1	0
Assistant General Manager	1	1	1	0
Chief Financial & Administrative Officer	1	1	1	0
Board Secretary	1	1	1	0
Administrative Assistant	1	1	1	0
Total	5	5	5	0

* Total Change from FY 2018/19 to FY 2019/20

**SCV WATER - PERFORMANCE MEASUREMENT
MANAGEMENT SECTION
FY 2019/20 and FY 2020/21**

Department Management Section

Service Area Management and Board of Directors

Cost Center Goal	Outcome Indicator
The Board of Directors defines the principles and approaches to determine Agency policies and plays a leading role in ensuring the transparency of the Agency's activities coupled with timely and full disclosure of information by the Agency. Management seeks to, among other things, enhance the efficiency and transparency by developing sound business strategies and delivering strong leadership.	Improve communication processes, advance workflow and overall productivity in the organization.

Objective: To set proactive business goal and objectives.

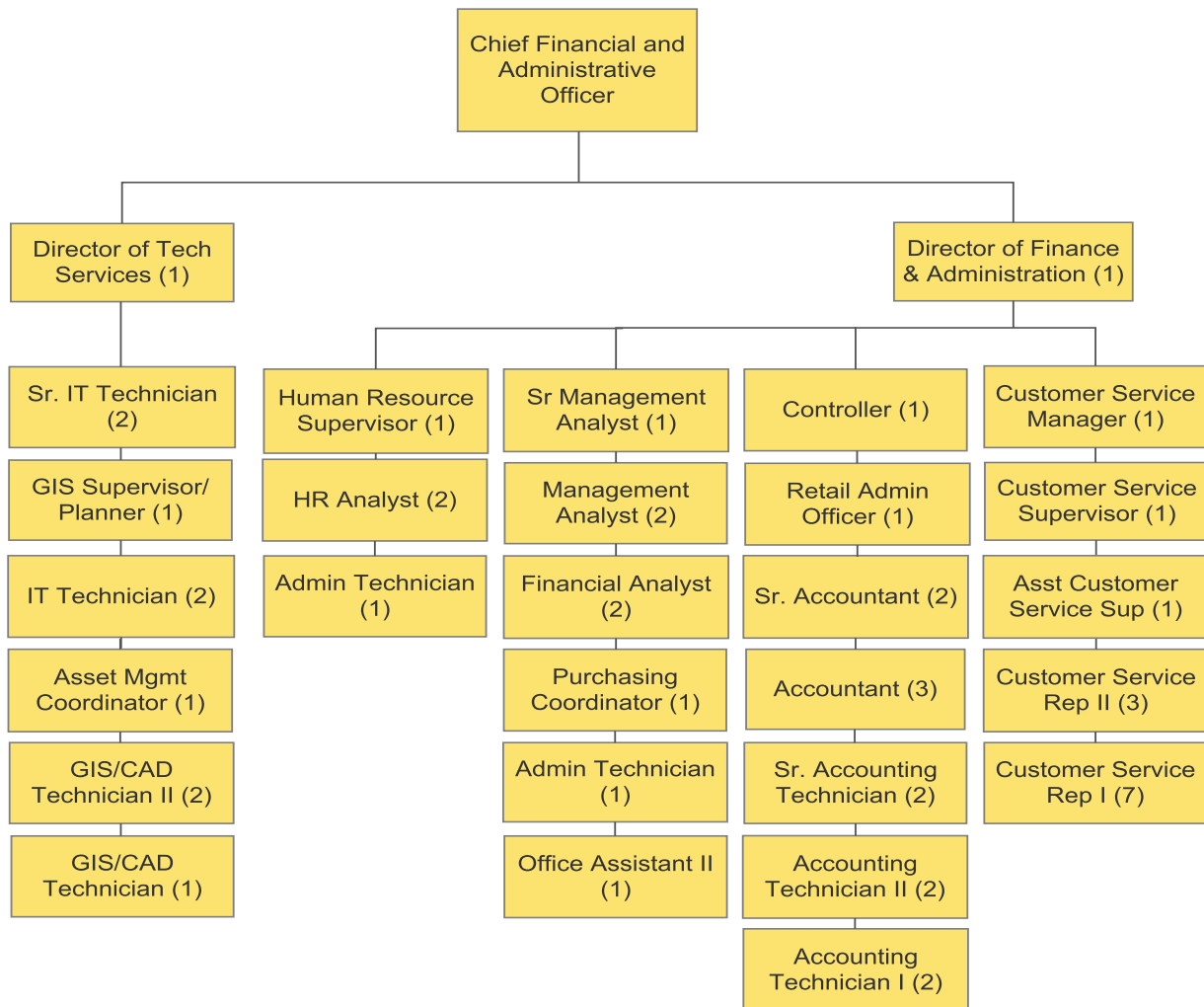
	Input Indicators	Output Indicators	Efficiency Indicator	Service Quality Indicator	Outcome Indicator
Indicator	Budget and/or Projections	Actual Number/ Percentage	Cost/Service Improvements	Percent Service Improvements	Percent of Cost/Service Improvements
Indicator Calculation	Personnel Services + Operating Expenses and Equipment	Percentage	Percent of Improvement	Percent of Service Improvement	Percent of Service Improvements

Performance Indicators

KPI	Indicator	Activity/Criteria	Target FY 2018/19	Target Met? FY 2018/19	Target FY 2019/20	Target FY 2020/21
A6	Input	Public awareness and opinion of the SCV Water, service and role in the community	Increase outreach campaigns	●	Increase outreach campaigns	Increase outreach campaigns
A7	Input	Maintain a level of active participation in organizations	Maintain current level	●	Maintain current level	Maintain current level
C8	Input	Lead implementation of the Sustainable Groundwater Management Act (SGMA)	Implemented SGMA	●	Continue SGMA	Continue SGMA
F1	Input	Continue to update Financial and Administrative Policies	Continue to update policies	●	Continue to update policies	Continue to update policies
	Input	Team Building and Strategic Planning Development	Complete plan	●	Continue plan	Continue plan

● Target Met ● On Target, but not yet achieved ● Target not met

**SCV WATER - PERFORMANCE MEASUREMENT
FINANCE, ADMINISTRATION AND TECHNOLOGY SERVICES SECTION
FY 2019/20 and FY 2020/21**



Finance, Administration and Technology Services – Purpose Statement

















The mission of the Administration, Finance and Technology Services section is to provide strategic and innovative leadership to the organization, support the organization's human capital and implement the Board of Directors vision and goals in a professional, cost effective and sustainable manner; to provide transparent and accountable information that is presented in a professional manner and to support the Agency with excellent customer service; to manage the development, maintenance and use of computer systems, software and networks for the processing and distribution of the Agency's data.

**SCV WATER - PERFORMANCE MEASUREMENT
FINANCE, ADMINISTRATION AND TECHNOLOGY SERVICES SECTION
FY 2019/20 and FY 2020/21**

Finance, Administration and Technology Services – Primary Services

















- Budget - To provide the highest quality financial planning, resource management and analytical services to support effective decision making and organization accountability throughout the Agency.
- Innovation and Sustainability - To provide sustainable, practical and innovative solutions through being proactive in engaging staff, improving processes and providing the resources needed to create measurable and meaningful results across the organization.
- Finance - This function provides the Agency with accurate financial services including governmental accounting, managing investments, handling special projects, debt issuance, grant analysis, annual audits and preparation of the Comprehensive Annual Financial Report.
- Purchasing/Contract Administration - Manages the purchasing and contract administration of the Agency. Works with the Agency operations and recommends, manages and ensures that the procurement policies, processes and procedures are followed to minimize risk and maximize value.
- Technology Services - Primary goals are to provide a stable, secure and user centric computing environment while maintaining and improving support services and needs.
- Customer Service - to deliver an outstanding customer experience by providing accurate service data, timely billing and professionalism in resolving customer concerns.

FY 2018/19 ACCOMPLISHMENTS






-  Begin Request for Proposal for a new agency-wide accounting software
-  Began process for new bond issuance to fund in July 2019
-  Signed a contract with Paychex for a new Human Resources Information System (HRIS). The HRIS software is used for data entry, data tracking, and data information to assist the functions of Human Resources including payroll management
-  Transferred all financial accounts for all divisions (banks and investments) to new agency name
-  Received GFOA and CSMFO Budget Awards
-  Continue to review and update Employee Manual
-  Completed Reserve Policy encompassing all of SCV Water Divisions
-  Transitioned all of Newhall Division customer accounts to enQuesta billing system
-  Replace slower wireless network at various divisions with a faster wireless system capable of providing network controls and monitoring
-  Installed SQL 2016 Enterprise which was needed for GIS consolidation and SharePoint deployment between all divisions
-  Completed Network/Domain consolidation project allowing for network interconnectivity between all offices
-  Deployment of agency wide document management system
-  GIS license consolidation to one enterprise license
-  Began development of SCV Water intranet
-  Consolidation and deployment of security solution (anti-virus scan and firewalls)
-  Consolidated, standardized, and deployed computer network policies

**SCV WATER - PERFORMANCE MEASUREMENT
FINANCE, ADMINISTRATION AND TECHNOLOGY SERVICES SECTION
FY 2019/20 and FY 2020/21**

FY 2019/20 OBJECTIVES

-  Complete bond issuance (2019A)
-  Submit FY 2019/20 budget to GFOA & CSMFO for award consideration
-  Submit FY 2018/19 first CAFR to GFOA for award consideration
-  Enter into a contract for a new agency-wide accounting software (phase I)
-  Continue to work with Operations, Engineering and Customer Service to develop a GIS for the Santa Clarita Water Division
-  Develop and implement Agency cyber security policy and response plan
-  Develop and implement an agency-wide customer service policy
-  Migrate Newhall Division customers to a new third party payment platform
-  Implement a new Point of Sale (POS) payment platform for all divisions
-  Consolidate Pine Street customer service into the Summit Circle and Rockefeller locations
-  Migrate all bill print & presentment services to one vendor
-  Conference rooms technology improvements for collaboration and communication
-  New phone system selection and deployment
-  Deployment and adoption of new Agency intranet
-  Employee network security training and network penetration test
-  Deployment of advance threat analytic tools for network security

FY 2020/21 OBJECTIVES

-  Complete integration of new agency-wide accounting software (phase II)
-  New bond issuance for FY 2020/21 (2021A)
-  Continue to work with Operations, Engineering and Customer Service to develop a GIS for the Santa Clarita Water Division
-  Continue to develop and implement Agency cyber security policy and response plan
-  Integrate Santa Clarita customer records into the enQuesta billing system

**SCV WATER - PERFORMANCE MEASUREMENT
FINANCE, ADMINISTRATION AND TECHNOLOGY SERVICES SECTION
FY 2019/20 and FY 2020/21**

	Adopted Budget FY 2018/19	Projected 06/30/19 FY 2018/19	Proposed Budget FY 2019/20	Proposed Budget FY 2020/21
FINANCE, ADMIN AND IT SECTION				
Maintenance & Services	\$ 7,820,438	\$ 6,010,007	\$ 6,889,372	\$ 6,784,700
Insurance (non employee related)	1,699,143	1,962,346	1,745,266	1,813,349
Salary and Benefits	8,412,016	9,069,177	9,994,850	10,335,058
TOTAL FINANCE, ADMIN AND IT	\$ 17,931,597	\$ 17,041,530	\$ 18,629,488	\$ 18,933,107

Personnel				
Position	FY 2018/19 FTE	FY 2019/20 FTE	FY 2020/21 FTE	Total Change*
Director of Finance and Administration	0	1	1	1
Director of Finance	1	0	0	-1
Controller	1	1	1	0
Retail Administrative Officer	1	1	1	0
Senior Management Analyst	0	1	1	1
Accounting Manager	1	0	0	-1
Senior Accountant	1	2	2	1
Accountant	3	3	3	0
Senior Accounting Technician	2	2	2	0
Accounting Technician II	3	2	3	-1
Accounting Technician I	2	2	2	0
Customer Service Manager	1	1	1	0
Customer Service Supervisor	3	1	1	-2
Assistant Customer Service Supervisor	1	1	1	0
Customer Service Representative II**	7	3	6	-4
Customer Service Representative I**	4	7	4	3
Director of Administrative Services	1	0	0	-1
Human Resources Supervisor	1	1	1	0
Human Resources Analyst	2	2	2	0
Management Analyst	1	2	2	1
Financial Analyst	1	2	2	1
Administrative Analyst	1	0	0	-1
Purchasing Coordinator	1	1	1	0
Office Assistant II	1	1	1	0
Administrative Technician	3	2	2	-1
Event Coordinator	1	0	0	-1
Director of Technology Services	1	1	1	0
Asset Management Coordinator	0	1	1	1
GIS Supervisor/Planner	1	1	1	0
Senior Information Technology Technician	2	2	2	0
Information Technology Technician	2	2	2	0
GIS/CAD Technician II	2	2	2	0
GIS/CAD Technician I	1	1	1	0
Total	53	49	50	-4

* Total Change from FY 2018/19 to FY 2019/20

** Changes due to shifting levels of Customer Service Representatives

**SCV WATER - PERFORMANCE MEASUREMENT
FINANCE, ADMINISTRATION AND TECHNOLOGY SERVICES SECTION
FY 2019/20 and FY 2020/21**

Department Finance, Administration & Technology Services

Service Area Finance, Accounting, Technology & Customer Service

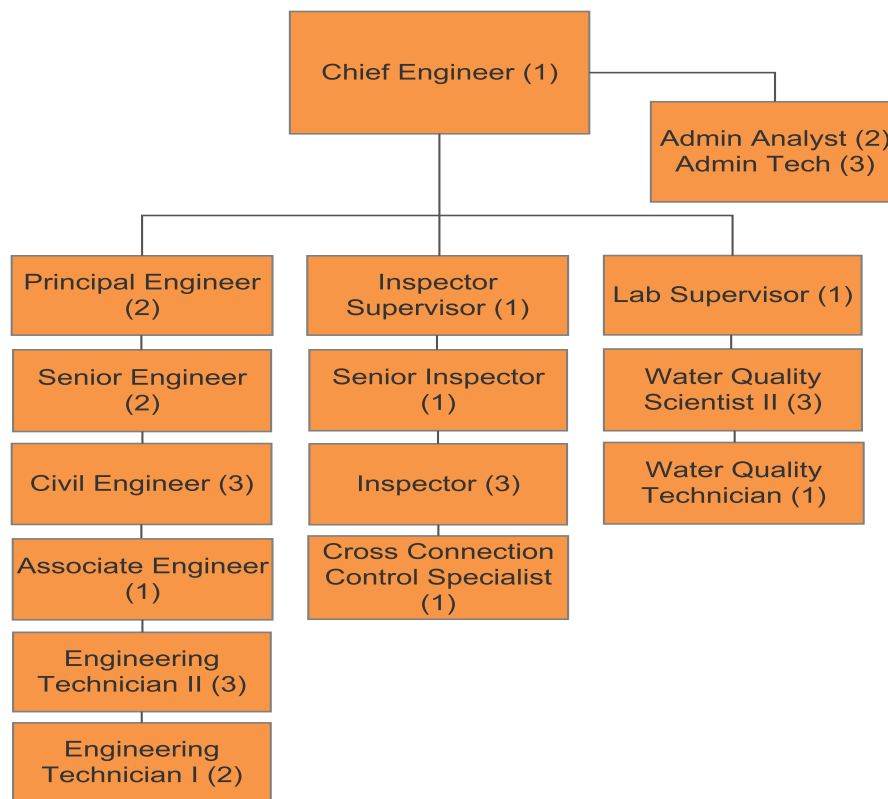
Cost Center Goal			Outcome Indicator		
To take the lead in setting policies and procedures that enhance the Agency's financial position and to promote efficient use of water resources by adopting rate designs that are fair and reasonable. To also provide excellent and efficient customer service, respond to customer inquiries quickly, participate in community events and continue to find different programs to offset costs.			To enhance policies and procedures that will secure the Agency's financial position and to gain service and cost improvements.		
Objective: To continue to improve financial reporting and to find ways to reduce expenses by maximizing value to become a best in class Agency.					
	Input Indicators	Output Indicators	Efficiency Indicator	Service Quality Indicator	Outcome Indicator
Indicator	Budget and Projections	Budget and Actual	Cost/Service Improvements	Percent Service Improvements	Percent of Cost/Service Improvements
Indicator Calculation	Personnel Services + Operating Expenses and Equipment	Total costs	Percent of Budget	Percent of Service Improvement	Percent of Cost Improvements

Performance Indicators

KPI	Indicator	Activity/ Criteria	Target FY 2018/9	Target Met? FY 2018/19	Target FY 2019/20	Target FY 2020/21
A2	Input	Length of time to resolve customer issues	< 24 hours	●	< 24 hours	< 24 hours
B4	Input	Develop and implement an asset management program	Develop plan	●	Develop and implement plan	Develop and implement plan
E1	Output	Maintain existing bond ratings (Fitch)	>= AA-	●	>= AA-	>= AA-
E2	Output	Maintain debt service coverage ratio	> 1.50%	●	> 1.50%	> 1.50%
E3	Output	Meet reserve fund targets	> 85%	●	> 85%	> 85%
E4	Outcome	Actual costs compared to projected budget	< 100%	●	< 100%	< 100%
F2	Service	Keep pace with technology, tools and equipment relative to work-flow demand	Improve stability & security	●	Improve stability & security	Improve stability & security
F5	Service	On-time completion of annual performance evaluations	Completion	●	Completion	Completion
F10	Service	Network availability - high availability	99%	●	99%	99%

● Target Met ● On Target, but not yet achieved ● Target not met

**SCV WATER - PERFORMANCE MEASUREMENT
ENGINEERING SERVICES SECTION
FY 2019/20 and FY 2020/21**



Engineering Services – Purpose Statement















The mission of the Engineering Services Section is to provide excellence in the field of engineering, construction inspection and related support services for a reliable and cost-effective water system. It is also responsible for the planning, design and construction of capital improvements necessary to meet water demands, comply with regulatory requirements, take advantage of technological advancements, ensure the integrity of the Agency's infrastructure and achieve operational efficiencies. These improvements include construction of new facilities, rehabilitation and replacement of existing infrastructure and incorporating needs identified through the planning process.

Engineering – Primary Services














- Prepare and review water plans for proposed development to ensure that they meet the Agency's construction standards and provide adequate pressures and fire flow
- Manage the planning, design and construction phases of capital improvement projects
- Provide construction inspection services
- Provide cross connection control protection services and ensure recycled water system compliance
- Perform long term capital improvement project planning and develop future project cost projections
- Coordinate with the Operations and Maintenance section to provide design and construction services for many of the Agency's projects

**SCV WATER - PERFORMANCE MEASUREMENT
ENGINEERING SERVICES SECTION
FY 2019/20 and FY 2020/21**

FY 2018/19 ACCOMPLISHMENTS












-  Developed and obtained Board approval of Community Workforce Agreement as required by SB 634
-  Consolidated former wholesale and retail engineering and construction inspection in the new SCVWA Engineering Services Section
-  Developed "Developer Agreement" to allow outside parties to design and/or construct water facilities that will eventually become Agency assets
-  Developed complete set of standard drawings and specifications and design standards for potable water
-  Completed construction of the Foothill Feeder Pipeline Service Connection project
-  Completed construction and tracer study for the ESFP Clearwell CT Improvement project
-  Completed land acquisition for the Castaic Conduit Bypass Pipeline Project
-  Completed design of the Magic Mountain Pipeline Phase 4 and Phase 5 projects
-  Finalized sites and initiated design of Replacement Wells project
-  Completed design of the Recycled Water Phase 2D West Ranch Project
-  Completed design of the Los Angeles Residential Community (LARC) pipeline
-  Completed certification process with Environmental Laboratory Accreditation Program (ELAP)
-  Consolidated all purveyor water quality testing to fully utilize SCV Water's Laboratory capabilities
-  Tracked regulatory and statutory changes at both the federal and state levels pertaining to the Safe Drinking Water Act, the Clean Water Act and the potable community in general

FY 2019/20 OBJECTIVES

-  Initiate construction of the ESFP Washwater and Sludge System improvement project
-  Complete construction of the Magic Mountain Pipeline Phase 4 project
-  Complete construction of the Magic Mountain Pipeline Phase 5 project
-  Complete design and initiate construction of the Magic Mountain Pipeline Phase 6A project
-  Complete design and initiate construction of the Recycled Water Phase 2B Vista Canyon Project
-  Complete design of the Recycled Water Phase 2C South End Project
-  Initiate construction of the Recycled Water Phase 2D West Ranch Project
-  Complete design and initiate construction of the Replacement Wells Project
-  Complete design and initiate construction of the Deane Pump Station and first Deane Tank
-  Complete construction of the Los Angeles Residential Community (LARC) pipeline
-  Complete development of system wide hydraulic model
-  Continue development of standard Engineering processes and documents (standard details standard drawings, master constructions specifications, standard development guidelines, etc.)
-  Track regulatory and statutory changes at both federal and state levels pertaining to the Safe Drinking Water Act, the Clean Water Act and the potable water community in general

**SCV WATER - PERFORMANCE MEASUREMENT
ENGINEERING SERVICES SECTION
FY 2019/20 and FY 2020/21**

FY 2020/21 OBJECTIVES

-  Complete construction of the ESFP Washwater and Sludge System improvement project
-  Complete design and construction of Groundwater Treatment Improvements Project
-  Initiate construction of the Magic Mountain Pipeline Phase 6B project
-  Complete planning and initiate design of the Magic Mountain Reservoir project
-  Complete construction of the Recycled Water Phase 2B Vista Canyon Project
-  Complete construction of the Recycled Water Phase 2D West Ranch Project
-  Complete construction of the second Deane Tank
-  Develop recycled water policies and ordinances
-  Evaluate new valley wide system for emergency and operational storage requirements
-  Continue development of standard Engineering processes and documents (standard details standard drawings, master constructions specifications, standard development guidelines, etc.)
-  Track regulatory and statutory changes at both federal and state levels pertaining to the Safe Drinking Water Act, the Clean Water Act and the potable water community in general

**SCV WATER - PERFORMANCE MEASUREMENT
ENGINEERING SERVICES SECTION
FY 2019/20 and FY 2020/21**

	Adopted Budget FY 2018/19	Projected 06/30/19 FY 2018/19	Proposed Budget FY 2019/20	Proposed Budget FY 2020/21
ENGINEERING SERVICES SECTION				
Maintenance & Services	\$ 1,433,813	\$ 869,982	\$ 1,077,279	\$ 1,154,759
Salary and Benefits	1,594,500	1,682,500	1,911,050	1,974,898
TOTAL ENGINEERING SERVICES	\$ 3,028,313	\$ 2,552,482	\$ 2,988,329	\$ 3,129,657

Personnel				
Position	FY 2018/19 FTE	FY 2019/20 FTE	FY 2020/21 FTE	Total Change*
Chief Engineer	1	1	1	0
Principal Engineer	2	2	2	0
Senior Engineer	2	2	2	0
Civil Engineer**	1	3	3	2
Associate Engineer	1	1	1	0
Engineering Technician II	3	3	3	0
Engineering Technician I	2	2	2	0
Administrative Analyst**	1	2	2	1
Administrative Technician	3	3	3	0
Inspector Supervisor	1	1	1	0
Senior Inspector	1	1	1	0
Inspector	3	3	3	0
Cross Connection Control Specialist	1	1	1	0
Laboratory/Regulatory Affairs Supervisor	1	1	1	0
Water Quality Scientist II	3	3	3	0
Water Quality Technician	1	1	1	0
Total	27	30	30	3

* Total Change from FY 2018/19 to FY 2019/20

** Total Changes due to addition of 2 Civil Engineers and one Administrative Analyst

**SCV WATER - PERFORMANCE MEASUREMENT
ENGINEERING SERVICES SECTION
FY 2019/20 and FY 2020/21**

Department Engineering Services Section





Service Area Engineering




Cost Center Goal	Outcome Indicator
The Engineering Services Section (ESS) will use their problem solving skills to discover new ways or alternate approaches to plan, design and construct facilities to meet the needs of the Agency and the general public. ESS goals and objectives revolve around successful project implementation, creating efficient processes and designs, as well as maintenance of necessary skills in a variety of different disciplines.	Efficient implementation of capital improvement projects, oversee new development related infrastructure and development of best in class Engineering policies and procedures.

Objective: Successfully plan, design and construct capital improvement and developer related projects.

	Input Indicators	Output Indicators	Efficiency Indicator	Service Quality Indicator	Outcome Indicator
Indicator	Budget and Projections	Budget and Actual	Cost/Service Improvements	Percent Service Improvements	Percent of Cost/Service Improvements
Indicator Calculation	Personnel Services + Operating Expenses and Equipment	Total costs	Percent of Budget	Percent of Service Improvement	Percent of Cost Improvements

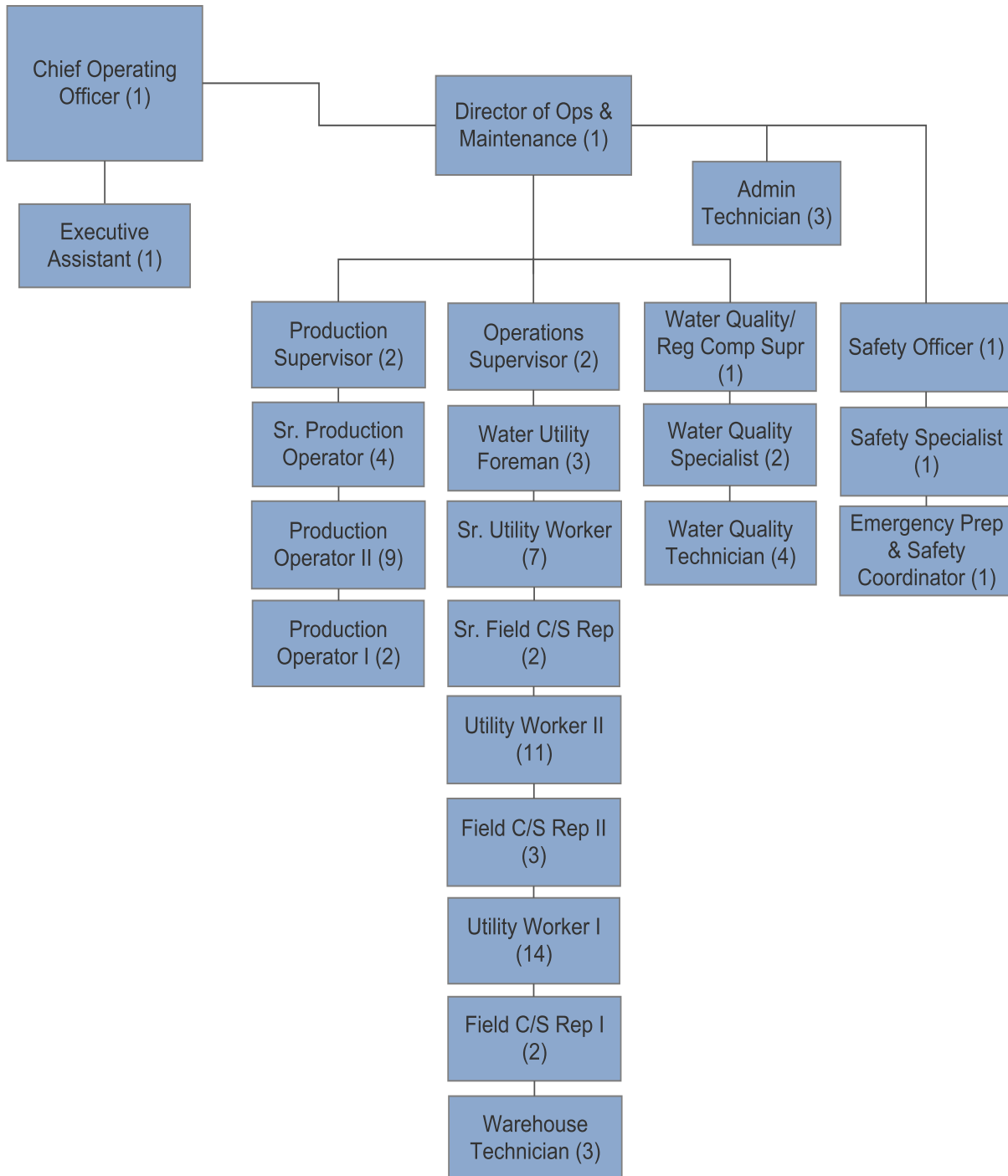
Performance Indicators

KPI	Indicator	Activity/Criteria	Target FY 2018/19	Target Met? FY 2018/19	Target FY 2019/20	Target FY 2020/21
B2	Outcome	Annual Major Capital Improvement Program (CIP) actual expenditures against planned	> 75%		> 75%	> 75%
D7	Outcome	Impacted Well Capacity	Return wells to service and/or design/construct new wells		Continued advancement	Continued advancement
E6	Outcome	Magnitude of change orders for major CIP projects	< 10% of contracts		< 10% of contracts	< 10% of contracts
	Input	Develop and maintain a long-term Capital Improvement Program	Develop program		Maintain program	Maintain program

 Target Met  On Target, but not yet achieved  Target not met

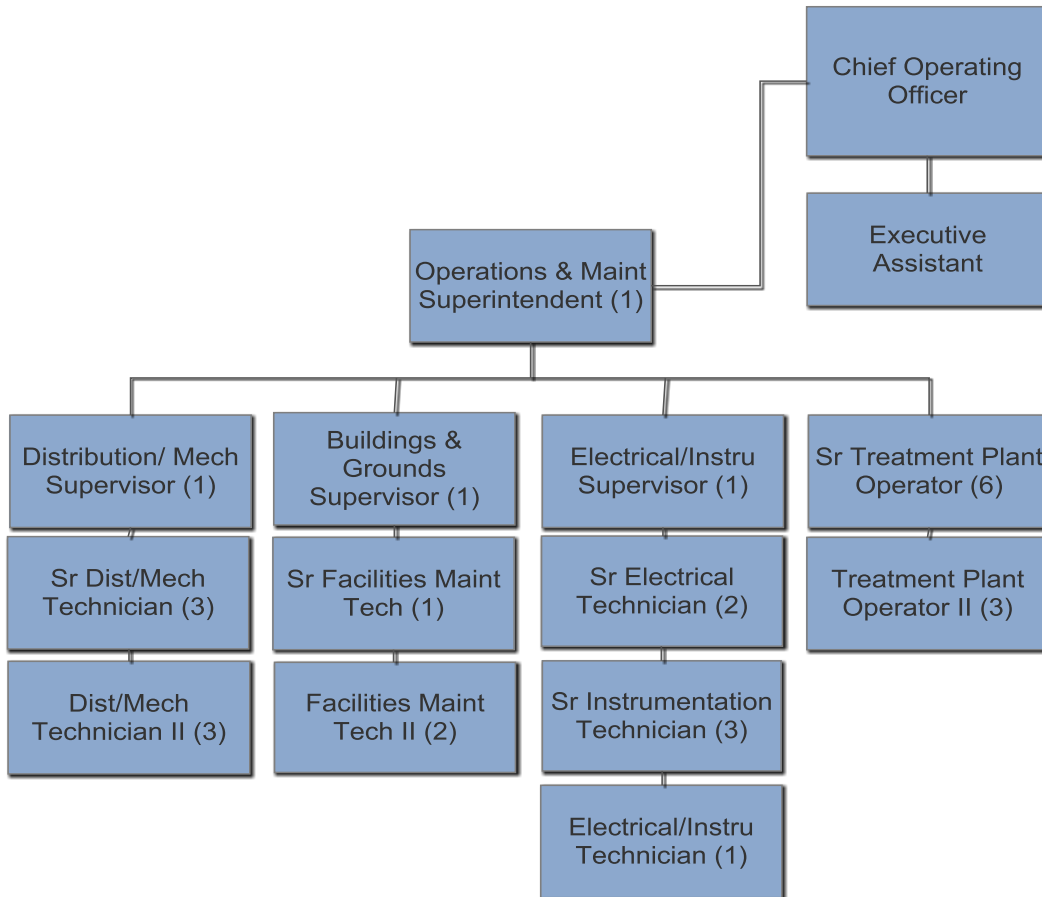
**SCV WATER - PERFORMANCE MEASUREMENT
OPERATIONS AND MAINTENANCE SECTION
FY 2019/20 and FY 2020/21**

Operations and Maintenance



**SCV WATER - PERFORMANCE MEASUREMENT
OPERATIONS AND MAINTENANCE SECTION
FY 2019/20 and FY 2020/21**

Treatment and Distribution



Treatment, Distribution, Operations and Maintenance – Purpose Statement

The mission of the Treatment, Distribution, Operations and Maintenance section is to provide a safe and reliable water supply through well-maintained facilities to meet the needs of our customers by providing this service in a responsible efficient and cost conscious manner. The section empowers a well-trained, experienced and self-directed team that employs advanced technology and innovative thinking to operate and maintain the water distribution systems which deliver water to over 70,000 residents and businesses.

















Treatment, Distribution, Operations and Maintenance – Primary Services

- Distribution System - responsible for the day to day maintenance and successful operation of all Agency distribution facilities. The Agency employs a highly-skilled team of individuals committed to excellence and customer satisfaction
- Treatment System - responsible for the operation and maintenance of two surface water treatment facilities: Rio Vista Treatment Plant and Earl Schmidt Filtration Plant and two groundwater treatment systems. Combined, they have a design treatment capacity of 127 million gallons per day

**SCV WATER - PERFORMANCE MEASUREMENT
OPERATIONS AND MAINTENANCE SECTION
FY 2019/20 and FY 2020/21**

- Facility Maintenance - ensure the continued effective operation of all division facilities with an aggressive asset management program and scheduled preventative maintenance
- Water Quality - oversee and perform a variety of activities to ensure that the Agency's water system meets current and future regulations regarding water quality, treatment and other regulatory matters
- Safety - ensure organizational compliance with all applicable statutes; maintain the safety and security of our employees and facilities, while fostering a high performance environmental, health and safety culture; development of strategies and programs to eliminate or mitigate risk and financial exposure

FY 2018/19 ACCOMPLISHMENTS









-  Integrated Production and Water Quality Departments into one location
-  Completed Rehabilitation of Well C7
-  Completed Exterior Recoating - Honby #1 and Placerita #1 Tanks
-  Constructed Discharge Control Valve on Lost Cyn 2 Well
-  Installed EQ Valves on 7 Storage Tanks
-  Constructed Sound Enclosure at Well V201
-  Installed Approximately 3,600 feet of New 16" and 18" Mainline in Sloan Cyn Rd
-  Replaced Approximately 350 feet of 8" Mainline in Windcrest PI
-  Replaced Approximately 1,000 feet of 8" Mainline in Ebelden Ave
-  Replaced Approximately 400 feet of 8" Mainline in Wildwood Rd
-  Implemented AMI Project in the Deane Zone of the Santa Clarita Service Area
-  Implemented Pilot AMI Project in the Industrial Center of the Valencia Service Area
-  Completed Lead Sampling at Schools
-  Completed rebranding of SCV Water uniforms
-  Relocated groupings of Operational Departments (i.e., Production, Water Quality, FCSR)
-  Implemented cross training for division staff

**SCV WATER - PERFORMANCE MEASUREMENT
OPERATIONS AND MAINTENANCE SECTION
FY 2019/20 and FY 2020/21**

FY 2019/20 OBJECTIVES

-  Relocate Pipeline in Ridge Route Rd
-  Convert SC-2 to Gravity Flow to Station
-  Replace Pipeline in West Newhall Alley
-  Replace Pipeline in Valencia Marketplace
-  Recoat and Repair Tank N2
-  Recoat Princess 1 & 2 and Sky Blue 3 & 4
-  Rehabilitate Well 160
-  Construct Sierra Hwy Pressure Regulating Station
-  Construct Rainbow Glen Pressure Regulating Station
-  Relocate Tamarack Pressure Regulating Station
-  Begin Well Dedicated Discharge to Waste Piping Project
-  Begin Storage Tank Overflow Retrofit Project
-  Begin Storage Tank Stair Retrofit Project
-  Begin Systematic Storage Tank Mixing/Disinfecting Project
-  Upgrade Presely Booster Station
-  Complete Construction and Start Up Well E17
-  Obtain Operating Permit from DDW for Well 201
-  Evaluate Options for V205 Perchlorate Removal

FY 2020/21 OBJECTIVES

-  Construct Well C1 Drain Line
-  Relocate Sewer Mainline in Sand Cyn Rd
-  Replace Pipeline in Begonias Ln
-  Replace Pipeline in The Old Rd
-  Replace Pipeline in Rainbow Glen
-  Begin Strategic Large PVC Pipeline Replacement
-  Relocate Avignon Pressure Regulating Station
-  Expand AMI Project

**SCV WATER - PERFORMANCE MEASUREMENT
OPERATIONS AND MAINTENANCE SECTION
FY 2019/20 and FY 2020/21**

	Adopted Budget FY 2018/19	Projected 06/30/19 FY 2018/19	Proposed Budget FY 2019/20	Proposed Budget FY 2020/21
TREATMENT, DISTRIBUTION, OPS & MAINT				
Source of Supply	\$ 23,501,445	\$ 24,367,204	\$ 23,953,131	\$ 24,962,847
Purchased Power	7,427,168	6,785,554	7,716,498	8,034,492
Maintenance & Services	8,391,669	6,531,755	8,787,577	9,718,626
Salary and Benefits	13,178,093	13,009,965	14,172,608	14,649,998
TOTAL TREAT, DIST, OPS & MAINT	\$ 52,498,375	\$ 50,694,478	\$ 54,629,814	\$ 57,365,963

Personnel				
Title	FY 2018/19 FTE	FY 2019/20 FTE	FY 2020/21 FTE	Total Change*
Chief Operating Officer	1	1	1	0
Director of Operations and Maintenance	1	1	1	0
Safety Officer	1	1	1	0
Safety Specialist	1	1	1	0
Emergency Preparedness & Safety Coordinator	1	1	1	0
Buildings and Grounds Supervisor	1	1	1	0
Senior Facilities Maintenance Technician	1	1	1	0
Facilities Maintenance Technician II	2	2	2	0
Operations and Maintenance Superintendent	1	1	1	0
Electrical/Instrumentation Supervisor	1	1	1	0
Distribution/Mechanical Supervisor	1	1	1	0
Senior Electrical Technician	2	2	2	0
Senior Instrumentation Technician	3	3	3	0
Senior Distribution/Mechanical Technician	3	3	3	0
Distribution and Mechanical Technician II	4	3	3	-1
Electrical and Instrumentation Technician II	1	1	1	0
Senior Treatment Plant Operator	6	6	6	0
Treatment Plant Operator II	3	3	3	0
Executive Assistant	1	1	1	0
Administrative Technician	3	3	3	0
Water Utility Foreman	3	3	3	0
Senior Utility Worker	7	7	7	0
Utility Worker II**	16	11	11	-5
Utility Worker I**	8	14	14	6
Production Supervisor	3	2	2	-1
Senior Production Operator	4	4	4	0
Production Operator II	10	9	9	-1
Production Operator I	2	2	2	0
Operations Supervisor	2	2	2	0
Senior Field Customer Service Representative	2	2	2	0

**SCV WATER - PERFORMANCE MEASUREMENT
OPERATIONS AND MAINTENANCE SECTION
FY 2019/20 and FY 2020/21**

Personnel (cont'd)				
Title	FY 2018/19 FTE	FY 2019/20 FTE	FY 2020/21 FTE	Total Change*
Field Customer Service Representative II**	6	3	4	-3
Field Customer Service Representative I**	1	2	1	1
Warehouse Technician	3	3	3	0
Water Quality/Compliance Supervisor	1	1	1	0
Water Quality Specialist	2	2	2	0
Water Quality Technician	4	4	4	0
Total	112	108	108	-4

* Total Change from FY 2018/19 to FY 2019/20

** Changes due to possible filled/vacant Utility Worker and/or Field Customer Service Rep positions

**SCV WATER - PERFORMANCE MEASUREMENT
OPERATIONS AND MAINTENANCE SECTION
FY 2019/20 and FY 2020/21**

Department Treatment, Distribution, Operations and Maintenance Services Section

Service Area Treatment, Distribution, Operations and Maintenance

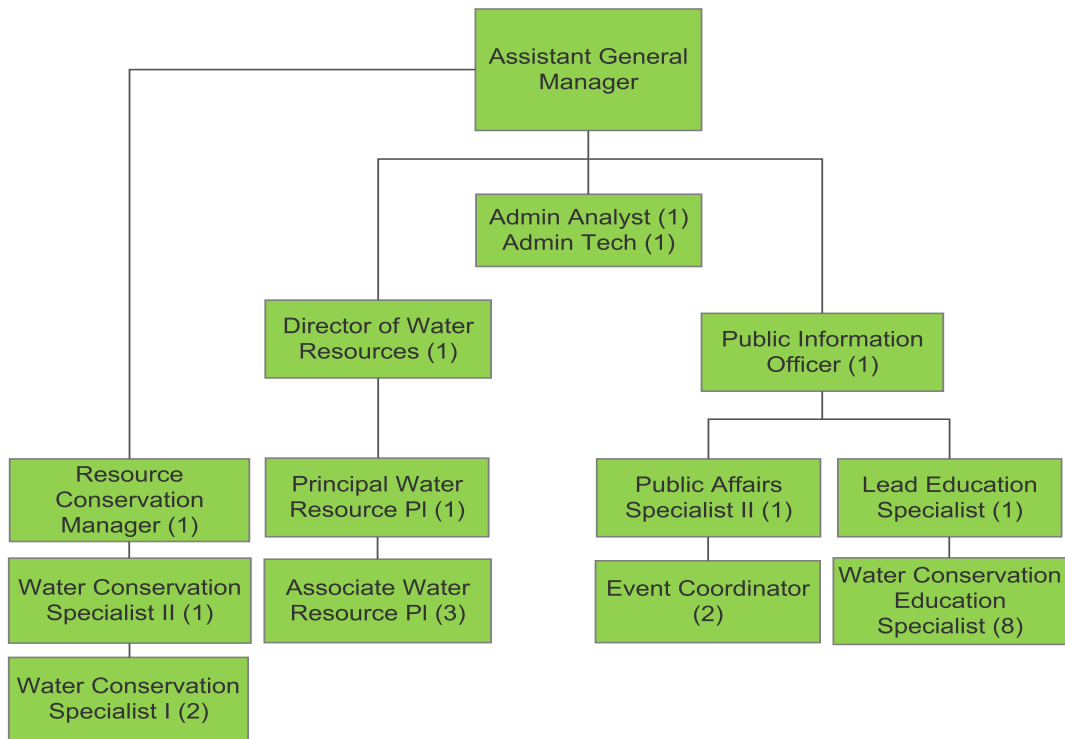
Cost Center Goal			Outcome Indicator		
To preserve existing assets and facilities while planning for future needs and demands while pursuing alternatives with the most sustainable, efficient and cost-effective approach and to operate and maintain facilities to surpass drinking water regulations with a margin of safety to meet customer expectations.			To gain service and cost improvements.		
Objective: To improve costs through innovation and technology and/or maintain water quality conditions that support health standards.					
	Input Indicators	Output Indicators	Efficiency Indicator	Service Quality Indicator	Outcome Indicator
Indicator	Budget and Projections	Budget and Actual	Cost/Service Improvements	Percent Service Improvements	Percent of Cost/Service Improvements
Indicator Calculation	Personnel Services + Operating Expenses and Equipment	Total costs	Percent of Budget	Percent of Service Improvement	Percent of Cost Improvements

Performance Indicators

KPI	Indicator	Activity/Criteria	Target FY 2019	Target Met? FY 2019	Target FY 2020	Target FY 2021
A3	Efficiency	Number of unscheduled emergency shut offs per 1,000 service connections	< 10	●	< 10	< 10
B5	Efficiency	Number of water service leaks per 350 service connections	<1	●	<1	<1
B7	Efficiency	Number of mainline breaks per 20 miles of mainline	<1	●	< 1	< 1
B8	Efficiency	Number of valves exercised	> 500	●	> 500	> 500
B9	Efficiency	Number of deadend areas flushed	> 200	●	> 200	> 200
B10	Efficiency	Number of meters replaced	> 2,500	●	> 2,500	> 2,500
C6	Output	Maintain monthly water loss report	Maintain Report	●	Maintain Report	Maintain Report
D6	Service	Number of reportable water quality results	0	●	0	0

● Target Met ● On Target, but not yet achieved ● Target not met

**SCV WATER - PERFORMANCE MEASUREMENT
WATER RESOURCES AND OUTREACH SECTION
FY 2019/20 and FY 2020/21**



Water Resources and Outreach – Purpose Statement



















The mission of the Water Resources and Outreach section is to ensure adequate water resources are available to meet the community's current and future water needs in the face of climate uncertainty. The Water Resources and Outreach section manages the Agency's water resource portfolio and seeks to influence water consumption behavior to ensure a reliable water supply for the community. Through Outreach and Legislative Affairs, the section engages in a wide variety of stakeholders to communicate the overall mission and vision of the Agency, and effect understanding of the complexity of a water utility.

Water Resources and Outreach – Primary Services

- Management of existing water supplies, the acquisition of new water supplies and water demand management
- Conducts forward planning for water resource needs and assesses future water supply risks
- Administers regional water conservation programs
- Implements policy initiatives on the State Water Project and Groundwater Sustainability planning and other mandates as they arise
- Tracks legislation impacting the water industry as a whole, and the Agency specifically, weighing in with support/opposition as appropriate
- Conducts a variety of outreach, engagement and marketing campaigns in support of programs, projects and messages from across the Agency



















**SCV WATER - PERFORMANCE MEASUREMENT
WATER RESOURCES AND OUTREACH SECTION
FY 2019/20 and FY 2020/21**

FY 2018/19 ACCOMPLISHMENTS













-  Implemented CY 2018 water operating plan that met all water demands while also completing a one-time water sale of 5,000 AF of BVRRB water.
-  Developed 2019 Operating Plan that will meet all water demands while also negotiating a one-time water sale of 10,000 AF of BVRRB water.
-  Initiated climate change assessments and updated annual SCV water report
-  Advanced Tesoro and Tapia annexation processes
-  Initiated a watershed planning initiative including development of near-term Recycled Water strategy and SWP coordination Agreement with United Water Conservation District
-  Advanced implementation of SGMA through formation of JPA, execution of SCVWA support agreement and selection of consultant team to prepare the Sustainable Groundwater Management Plan
-  Advanced local water supplies through acquisition of Saugus Formation Replacement Well Sites and initiation of pilot spreading projects along Castaic Creek and Eastside sites
-  Advanced imported water supplies through the completion of Rosedale Bank extraction facilities, negotiating AIP for SWP water management tools, joining the Delta conveyance finance authority, participating in Sites Reservoir phase 2 planning
-  Consolidated conservation crew and team
-  Aligned conservation programmatic budget and processes
-  Developed and implemented "How to Conserve Water at Home" video series
-  Developed and advanced Water Efficiency Works Programs for CII Customers
-  Expanded data-driven customer engagement capabilities for water efficiency engagement
-  First Completed Water Loss Audit and Validation Report
-  Executed community attitude and awareness survey.
-  Developed first annual report and Faces of Water video series
-  Developed and adopted first Santa Clara River Stewardship Objectives
-  Advanced conservation program evaluations for behavior economics and drought response

**SCV WATER - PERFORMANCE MEASUREMENT
WATER RESOURCES AND OUTREACH SECTION
FY 2019/20 and FY 2020/21**

FY 2019/20 OBJECTIVES

-  Implement 2019 water operating plan
-  Continue development of the watershed planning initiative
-  Advance the preparation of SCV Groundwater Sustainability Plan
-  Initiate recycled water environmental assessment/CEQA process
-  Initiate 2020 Urban Water Management Plan
-  Negotiate AIP for SWP Delta Conveyance Project
-  Initiate update of the SCV Integrated Water Management Plan
-  Implement Public Outreach Plan
-  Implement Advocacy Program
-  Develop plan to fully integrate water conservation programs
-  Re-define/re-institute an ambassador program (formerly Blue Ribbon Committee)
-  Hire a consultant to provide support for social media outreach
-  Continue Implementation of Water Use Efficiency Strategic Plan
-  Launch online WaterSMART Workshops
-  Develop and launch Home Water Use Efficiency Reports
-  Develop and implement qualitative and quantitative program evaluations
-  Develop and implement Water Budget/Customer Information System integration tools
-  Update conservatory garden and advance demonstration pocket parks

FY 2020/21 OBJECTIVES

-  Implement 2020 water operating plan
-  Continue development of the watershed planning initiative
-  Complete Groundwater Sustainability Plan
-  Complete recycled water assessment/CEQA documentation
-  Complete 2020 UWMP
-  Complete update of SCV Integrated Water Management Plan
-  Complete groundwater recharge pilot projects
-  Implement Public Outreach Plan
-  Implement Advocacy Program
-  Evaluate conservation program success
-  Update Water Use Efficiency Strategic Plan for Long-Term Framework
-  Develop and implement conservation program performance management system

**SCV WATER - PERFORMANCE MEASUREMENT
WATER RESOURCES AND OUTREACH SECTION
FY 2019/20 and FY 2020/21**

	Adopted Budget FY 2018/19	Projected 06/30/19 FY 2018/19	Proposed Budget FY 2019/20	Proposed Budget FY 2020/21
WATER RESOURCES AND OUTREACH SECTION				
Source of Supply	\$ 2,863,300.00	\$ 2,315,192.00	\$ 3,581,253	\$ 4,297,504
Maintenance & Services	3,346,000.00	2,618,620.00	4,330,732	4,474,038
Salary and Benefits	1,981,000.00	1,841,600.00	2,018,370	2,082,357
TOTAL WR AND OUTREACH	\$ 8,190,300.00	\$ 6,775,412.00	\$ 9,930,355	\$ 10,853,899

Personnel				
Title	FY 2018/19 FTE	FY 2019/20 FTE	FY 2020/21 FTE	Total Change*
Director of Water Resources	1	1	1	0
Principal Water Resources Planner	1	1	1	0
Associate Water Resources Planner	3	3	3	0
Public Information Officer	1	1	1	0
Public Affairs Specialist II	1	1	1	0
Event Coordinator **	1	1	1	0
Lead Water Conservation Education Specialist	1	1	1	0
Water Conservation Education Specialist**	4	4	4	0
Resource Conservation Manager	1	1	1	0
Water Conservation Specialist II	2	1	2	0
Water Conservation Specialist I	1	2	1	0
Administrative Analyst	1	1	1	0
Administrative Technician	1	1	1	0
Total	19	19	19	0

* Total Change from FY 2018/19 to FY 2019/20

** These FTEs account for 2 part-time positions per whole number

**SCV WATER - PERFORMANCE MEASUREMENT
WATER RESOURCES AND OUTREACH SECTION
FY 2019/20 and FY 2020/21**

Department Water Resource Section

Service Area Water Resources

Cost Center Goal			Outcome Indicator		
To develop comprehensive water management policies for SCV Water, considering the connections between land-use, urban growth, surface water and groundwater issues. Protect, improve and rehabilitate the quality and quantity of water and educate the community on water resource issues.			To improve water resource planning, decision making and communication.		
Objective: To improve water resource planning through innovation and technology and to provide a sustainable supply of drinking water.					
	Input Indicators	Output Indicators	Efficiency Indicator	Service Quality Indicator	Outcome Indicator
Indicator	Budget and Projections	Budget and Actual	Cost/Service Improvements	Percent Service Improvements	Percent of Cost/Service Improvements
Indicator Calculation	Personnel Services + Operating Expenses and Equipment	Total costs	Percent of Budget	Percent of Service Improvement	Percent of Cost Improvements

Performance Indicators

KPI	Indicator	Activity/Criteria	Target FY 2019	Target Met? FY 2019	Target FY 2020	Target FY 2021
A5	Service	Number of available water saving rebates	> 10	●	> 10	> 10
B1	Input	Sufficient water storage capacity and availability of water banking supplies	> 95% confidence level	●	> 95% confidence level	> 95% confidence level
C1	Input	Average year water supply exceeds ten-year projected demand	100%	●	100%	100%
C2	Outcome	Compliance with SBX7-7 to reduce urban water use	20% reduction from baseline	●	20% reduction from baseline	20% reduction from baseline
C4	Input	SWP supply reliability consistent with SWP delivery	> 95% confidence level	●	> 95% confidence level	> 95% confidence level
C8	Outcome	Lead implementation of the SGMA-GSA	Lead Role	●	Maintain Lead Role	Maintain Lead Role
	Service	Number of school children educated annually	> 7,500	●	> 7,500	> 7,500
	Service	Number of social media posts	> 500	●	> 500	> 500
	Service	Community events attended	> 20	●	> 20	> 20

● Target Met ● On Target, but not yet achieved ● Target not met

[Return to Table of Contents](#)



Pictured: SCV Water's Water Quality Specialist Jenny Anderson (left) and Executive Assistant Leticia Quintero (bottom right) seize a unique photo opportunity inside a newly constructed water tank (top right) serving The Center at Needham Ranch, a brand new, mixed-use business park in the Santa Clarita Valley.



RESERVES



Pictured: SCV Water's Water Quality Technician Julio Rosales, Jr. (left), Senior Production Operator Luis Torres (center) and Utility Worker I Nick Gilmore (right) work into dusk repairing a residential water line break.





POLICIES, RULES AND REGULATIONS	
Title: RESERVE FUND POLICY	
Approval Date: November 2018	Effective Date: November 2018
Approved By: Board of Directors	

RESERVE FUND POLICY

1.0 INTRODUCTION

This policy has been developed to maintain prudent management of regional and retail water systems, which requires that reserve funds be established and maintained to fund scheduled and unscheduled expenses including operation and maintenance, debt service, emergencies, capital improvement, repair and replacement, and for the stabilization of water rates. This policy has been revised to re-state and conform the various legacy policies of the four divisions of the Santa Clarita Valley Water Agency (SCV Water, or Agency): Regional (formerly wholesale), Newhall Water Division (NWD), Santa Clarita Water Division (SCWD) and Valencia Water Division (VWD). This policy recognizes that there is no funding mechanism to fund reserves to target levels through water rates and any change in this methodology will require Board of Director approval.

This policy describes the prudent reserve fund needs of the regional and retail systems, identifies the sources of funding for such reserves, and recommended target amounts for reserve funds. Reserves are highly regarded by credit rating agencies, credit providers and investors. Although there are numerous methods to establish reserve funding levels, the Agency tends to lean on the metrics utilized by the credit rating agencies, which provide guidance on liquidity and provides peer review through the assignment of credit ratings for bond issues. The monies to fund the reserves should come from revenues of the regional and retail operations after operating expense, including debt service obligations, are met.

2.0 STATEMENT OF PURPOSE

The purpose of SCV Water’s Reserve Fund Policy for the regional and retail water systems is to ensure the Agency’s financial stability, and to have sufficient funding available to meet its operating, capital and debt service cost obligations. This plan establishes the level of reserves necessary for maintaining the Agency’s credit-worthiness and ratings and for adequately providing for:

- Cash flow requirements and working capital.
- Economic uncertainties and other financial hardships, including performance of the regional economy and water supply reliability.
- Infrastructure replacements.
- Emergency repairs.
- Local disasters, natural disasters or catastrophic events.
- Loss of significant revenue sources due to variations in water sales resulting from variable weather conditions or conservation.



POLICIES, RULES AND REGULATIONS	
Title: RESERVE FUND POLICY	
Approval Date: November 2018	Effective Date: November 2018
Approved By: Board of Directors	

- Unfunded mandates including costly regulatory requirements.

3.0 TYPES OF RESERVES

The establishment of reserve funds is in the best interest of SCV Water. Traditional reserve policy categories are typically classified as follows:

- Capital Improvement and Replacement Funds
- Emergency, or Contingency Reserves
- Capital Reserves
- Operating Reserves
- Revenue Rate Stabilization Reserve
- Water Supply Reliability Reserve

Reserve funds are established utilizing the following criteria:

- Distinguish between legally restricted and unrestricted amounts.
- Contain a defined and distinct purpose.
- Contain a target level or a range of target levels.
- Identify events or conditions that prompt the use of the reserves.
- Specify periodic review dates, usually annually as part of the budget process, for balances and target levels.
- Balances should be maintained in amounts sufficient to meet minimum reserve targets in cash and/or cash equivalents.

3.1 Capital Improvement and Replacement Funds

These funds are established as reserves for the Agency's capital program, inclusive of pay-go and debt-funded projects. Funds from this reserve are intended to fund capital and asset replacement costs, plus any contingency amounts in the event other sources of projected capital funding becomes insufficient to complete capital projects. The Agency seeks to set aside specific amounts in each of the Capital Funds of the Regional and the Retail Divisions', to annually meet respective budgeted capital programs.

Recommended Target Levels – Most water agencies are capital intensive and funding is typically needed annually in significant amounts. In determining how much the Agency should set aside in reserves for capital projects, it must first determine how it plans to finance its capital projects in the future. In other words, the Agency must determine its capital structure: the mix of debt, reserves, and pay-as-you-go financing that it will use to pay for capital projects in the future.



POLICIES, RULES AND REGULATIONS	
Title: RESERVE FUND POLICY	
Approval Date: November 2018	Effective Date: November 2018
Approved By: Board of Directors	

The Regional Division is expected to finance its capital needs through a combination of pay-go funding and debt transactions. The Retail Divisions are expected to use primarily a pay-go funding approach. This Policy recommends that the Agency and Retail Divisions maintain their pay-go Capital Funds at a minimum target level equal to the budgeted capital projects for the ensuing fiscal year.

3.2 Emergency Reserves

This reserve is established to provide additional liquidity in the event of a natural disaster, financial crisis, economic uncertainties and financial hardships, loss of significant revenue sources, local disasters or capital obligations, cash flow requirements, unfunded mandates including costly regulatory requirements and other such needs. These amounts should supplement monies received from insurance policies and by state and federal programs.

Recommended Target Levels – FEMA guidelines suggest an amount equal to 1 - 2% of the Agency’s total net plant and equipment.

Regional Division - The Regional Division has a higher risk to natural disaster, economic downturns and water supply disruptions and therefore it is recommended that the Emergency Reserve equal to one year of operating expenses.

Retail Divisions – It is recommended that the Emergency Reserve target level for the Retail Divisions be equal to 2% of the Retail Divisions capital assets, net of depreciation.

3.3 Capital Reserves

Additionally, the Agency seeks to establish, fund and maintain a Capital Reserve to fund unanticipated capital expenditures, or additional repair and replacement projects.

Recommended Target Levels – It is recommended that the Agency maintain separate Capital Reserves for each Regional and Retail Division at a level equal to their respective rolling average of its three-year depreciation amounts. This is an indicator of the value of depreciable capital assets that are aging and will be in need of replacement or repair.



POLICIES, RULES AND REGULATIONS	
Title: RESERVE FUND POLICY	
Approval Date: November 2018	Effective Date: November 2018
Approved By: Board of Directors	

3.4 Operating Reserves

These funds are maintained to safeguard the financial viability and stability of the Agency and are funded from division specific revenues. The Agency has reserve funds to safeguard against unexpected events such as drought and major catastrophic events. Operating Reserves are typically established based on percentage of operating expenses and can range from 20% to 50% of annually budgeted operating expenses, exclusive of interest expense.

Recommended Target Levels – Actual funding targets for the Operating Reserve depends on numerous variables, including but not limited to the timing of revenues receipts; the timing of expenses; the variability of water supply and demand; etc.

Regional Division - It is recommended that the Regional Division maintain a minimum target amount equal to 25% of their respective budgeted operating and maintenance expenses and one year of aggregate debt service less restricted debt service reserve amounts. The source of funding should be the available monies remaining after the payment of debt service representing a combination of one percent property tax revenues and Facility Capacity Fees in the proportions those funds pay for debt service.

Retail Divisions - It is recommended that the Retail Division's maintain a minimum target amount equal to 25% of their respective budgeted operating and maintenance expenses, plus one-half year of aggregate debt service less restricted debt service reserve amounts.

3.5 Revenue Rate Stabilization Reserve

These funds are maintained to provide the Agency with the ability and flexibility to avoid sharp increases in customers' rates or to smooth out rate increases over an extended time frame. Revenue Rate Stabilization Reserves can be targeted as percentage of revenues, ranging from 10% to 30% of annually budgeted operating revenues.

Recommended Target Levels – Funding targets for the Revenue Rate Stabilization Reserve depends on numerous variables, including but not limited to the timing and volatility of revenues; the variability of water supply and demand; etc.

Regional Division – The Regional Division has more significant revenues and reserves than Retail Divisions and since the use of its Revenue Rate



POLICIES, RULES AND REGULATIONS	
Title: RESERVE FUND POLICY	
Approval Date: November 2018	Effective Date: November 2018
Approved By: Board of Directors	

Stabilization Fund benefits rate payers in each Retail Division, a target amount should be equal to 15% of its budgeted operating revenues.

Retail Divisions - It is recommended that the Agency annually maintain Operating Reserves for the Retail Divisions at a minimum target amount equal to 10% of its budgeted operating revenues.

3.6 Water Supply Reliability Reserve
 These funds are maintained to provide a source of funding for the extraction of water from groundwater banking programs during dry years that will help to further mitigate rate increases. Previously, the Agency has funded water extractions through available fund balances and water rate surcharges. This fund will provide the Agency with additional operating reserves for water supply to safeguard against the potential need to raise rates during future drought conditions and dry years.

Recommended Target Levels – The target for the Water Supply Reliability Reserve will be equal to the cost to produce 5,000-acre feet from the Agency’s banking program in a dry year and be funded by taking 50% of the prior fiscal year’s water surplus that is in excess of what is required to recover operating expenditures and reserves. The Retail Divisions will not be required to fund this reserve.

Regional Division - It is recommended that the Regional Division maintain a target amount equal to the cost to produce 5,000-acre feet from the Agency’s banking program in a dry year.

4.0 **REPORTING**
 The annual Budget document will include a reserve analysis, showing reserve amounts and targets for each type of reserve, and should a major change in conditions threaten reserve levels, the General Manager will provide an analysis to the Board of Directors. This analysis would include an explanation of why reserve levels are below targeted levels and/or a recommended course of action to improve reserve levels.

SCV WATER
CASH RESERVES
Projected 06/30/20

	Unrestricted	Restricted*	Total
Cash Reserve Balance As of June 30, 2019	123,595,796	15,998,907	139,594,703
Details of Cash Reserve Balance for FY 19/20			
Capital Improvement & Replacement Reserve	21,814,700	-	21,814,700
Emergency/Disaster Reserve	30,178,877	-	30,178,877
Capital Reserve	23,436,762	-	23,436,762
Operating Reserve	35,862,443	5,349,556	41,211,999
Revenue Rate Stabilization Reserve	9,303,014	-	9,303,014
Water Supply Reliability Reserve	3,000,000	-	3,000,000
Bond Proceeds	-	10,649,351	10,649,351
Total	123,595,796	15,998,907	139,594,703
Beginning Balance - FY 2019/20	123,595,796	15,998,907	139,594,703
Plus			
Capital Improvement & Replacement Reserve	10,096,833	-	10,096,833
Emergency/Disaster Reserve	4,063,436	-	4,063,436
Capital Reserve	3,028,243	-	3,028,243
Operating Reserve	2,514,540	-	2,514,540
Revenue Rate Stabilization Reserve	1,240,415	-	1,240,415
Water Supply Reliability Reserve	-	-	-
Grants and Investments	-	3,132,000	3,132,000
Bond Proceeds	-	35,000,000	35,000,000
Less			
Transfer to General Fund	-	-	-
Capital Expenditures	(3,462,232)	(24,259,000)	(27,721,232)
Ending Balance - FY 2019/20	141,077,031	29,871,907	170,948,938
Projected Cash Reserve Balance @ June 30, 2020	141,077,031	29,871,907	170,948,938
Details of Cash Reserve Balance for FY 2019/20			
Capital Improvement & Replacement Reserve	28,449,301	-	28,449,301
Emergency/Disaster Reserve	34,242,313	-	34,242,313
Capital Reserve	26,465,005	-	26,465,005
Operating Reserve	38,376,983	5,349,556	43,726,539
Revenue Rate Stabilization Reserve	10,543,429	-	10,543,429
Water Supply Reliability Reserve	3,000,000	-	3,000,000
Bond Proceeds	-	24,522,351	24,522,351
Total	141,077,031	29,871,907	170,948,938

Details of Cash Reserve Target for FY 2019/20	Reserve Balance	Target	% of Target
Capital Improvement & Replacement Reserve	28,449,301	32,382,358	88%
Emergency/Disaster Reserve	34,242,313	34,836,061	98%
Capital Reserve	26,465,005	29,282,258	90%
Operating Reserve	38,376,983	46,280,615	83%
Revenue Rate Stabilization Reserve	10,543,429	11,929,431	88%
Water Supply Reliability Reserve	3,000,000	3,000,000	100%
	141,077,031	157,710,723	89%
Days Cash Ratio	588	658	

*Restricted - Includes restricted debt service reserve and bond proceeds for Capital Improvement Projects

SCV WATER - RETAIL
CASH RESERVES
Projected 06/30/20

	Unrestricted	Restricted	Total
Cash Reserve Balance As of June 30, 2019	38,023,210	-	38,023,210
Details of Cash Reserve Balance for FY 2019/20			
Capital Improvement & Replacement Reserve	11,415,200	-	11,415,200
Emergency/Disaster Reserve	4,038,677	-	4,038,677
Capital Reserve	6,168,969	-	6,168,969
Operating Reserve	11,073,393	-	11,073,393
Revenue Rate Stabilization Reserve	5,326,971	-	5,326,971
Water Supply Reliability Reserve	-	-	-
Total	38,023,210	-	38,023,210
Beginning Balance - FY 2019/20	38,023,210	-	38,023,210
Plus			
Capital Improvement & Replacement Reserve	2,772,914	-	2,772,914
Emergency/Disaster Reserve	1,419,742	-	1,419,742
Capital Reserve	2,207,125	-	2,207,125
Operating Reserve	1,479,739	-	1,479,739
Revenue Rate Stabilization Reserve	1,565,598	-	1,565,598
Water Supply Reliability Reserve	-	-	-
Less			
Transfer to General Fund	-	-	-
Capital Expenditures	(3,462,232)	-	(3,462,232)
Ending Balance - FY 2019/20	44,006,096	-	44,006,096
Projected Cash Reserve Balance @ June 30, 2020	44,006,096	-	44,006,096
Details of Cash Reserve Balance for FY 2019/20			
Capital Improvement & Replacement Reserve	10,725,882	-	10,725,882
Emergency/Disaster Reserve	5,458,419	-	5,458,419
Capital Reserve	8,376,094	-	8,376,094
Operating Reserve	12,553,132	-	12,553,132
Revenue Rate Stabilization Reserve	6,892,569	-	6,892,569
Water Supply Reliability Reserve	-	-	-
Total	44,006,096	-	44,006,096

Details of Cash Reserve Target for FY 2019/20	Reserve Balance	Target	% of Target
Capital Improvement & Replacement Reserve	10,725,882	14,658,939	73%
Emergency/Disaster Reserve	5,458,419	6,052,167	90%
Capital Reserve	8,376,094	11,193,347	75%
Operating Reserve	12,553,132	20,456,764	61%
Revenue Rate Stabilization Reserve	6,892,569	8,278,571	83%
	44,006,096	60,639,788	73%
Days Cash Ratio	274	377	

SCV WATER - REGIONAL
CASH RESERVES
Projected 06/30/20

	Unrestricted	Restricted*	Total
Cash Reserve Balance As of June 30, 2019	85,572,586	15,998,907	101,571,493
Details of Cash Reserve Balance for FY 2019/20			
Capital Improvement & Replacement Reserve	10,399,500	-	10,399,500
Emergency/Disaster Reserve	26,140,200	-	26,140,200
Capital Reserve	17,267,793	-	17,267,793
Operating Reserve	24,789,050	5,349,556	30,138,606
Revenue Rate Stabilization Reserve	3,976,043	-	3,976,043
Water Supply Reliability Reserve	3,000,000	-	3,000,000
Bond Proceeds	-	10,649,351	10,649,351
Total	85,572,586	15,998,907	101,571,493
Beginning Balance - FY 2019/20	85,572,586	15,998,907	101,571,493
Plus			
Capital Improvement & Replacement Reserve	7,323,919	-	7,323,919
Emergency/Disaster Reserve	2,643,694	-	2,643,694
Capital Reserve	821,118	-	821,118
Operating Reserve	1,034,801	-	1,034,801
Revenue Rate Stabilization Reserve	(325,183)	-	(325,183)
Water Supply Reliability Reserve	-	-	-
Grants and Investments	-	3,132,000	3,132,000
Bond Proceeds	-	35,000,000	35,000,000
Less			
Transfer to General Fund	-	-	-
Capital Expenditures	-	(24,259,000)	(24,259,000)
Ending Balance - FY 2019/20	97,070,935	29,871,907	126,942,842
Projected Cash Reserve Balance @ June 30, 2020	97,070,935	29,871,907	126,942,842
Details of Cash Reserve Balance for FY 2019/20			
Capital Improvement & Replacement Reserve	17,723,419	-	17,723,419
Emergency/Disaster Reserve	28,783,894	-	28,783,894
Capital Reserve	18,088,911	-	18,088,911
Operating Reserve	25,823,851	5,349,556	31,173,407
Revenue Rate Stabilization Reserve	3,650,860	-	3,650,860
Water Supply Reliability Reserve	3,000,000	-	3,000,000
Bond Proceeds	-	24,522,351	24,522,351
Total	97,070,935	29,871,907	126,942,842

Details of Cash Reserve Target for FY 2019/20	Reserve Balance	Target	% of Target
Capital Improvement & Replacement Reserve	17,723,419	17,723,419	100%
Emergency/Disaster Reserve	28,783,894	28,783,894	100%
Capital Reserve	18,088,911	18,088,911	100%
Operating Reserve	25,823,851	25,823,851	100%
Revenue Rate Stabilization Reserve	3,650,860	3,650,860	100%
Water Supply Reliability Reserve	3,000,000	3,000,000	100%
	<u>97,070,935</u>	<u>97,070,935</u>	<u>100%</u>
Days Cash Ratio	1,231	1,231	

*Restricted - Includes restricted debt service reserve and bond proceeds for Capital Improvement Projects

SCV WATER - NWD
CASH RESERVES
Projected 06/30/20

	Unrestricted	Restricted	Total
Cash Reserve Balance As of June 30, 2019	7,723,885	-	7,723,885
Details of Cash Reserve Balance for FY 2019/20			
Capital Improvement & Replacement Reserve	2,937,000	-	2,937,000
Emergency/Disaster Reserve	1,646,037	-	1,646,037
Capital Reserve	744,156	-	744,156
Operating Reserve	1,122,355	-	1,122,355
Revenue Rate Stabilization Reserve	1,274,337	-	1,274,337
Water Supply Reliability Reserve	-	-	-
Total	7,723,885	-	7,723,885
Beginning Balance - FY 2019/20	7,723,885	-	7,723,885
Plus			
Capital Improvement & Replacement Reserve	(35,925)	-	(35,925)
Emergency/Disaster Reserve	(58,338)	-	(58,338)
Capital Reserve	373,953	-	373,953
Operating Reserve	-	-	-
Revenue Rate Stabilization Reserve	(211)	-	(211)
Water Supply Reliability Reserve	-	-	-
Less			
Transfer to General Fund	-	-	-
Capital Expenditures	-	-	-
Ending Balance - FY 2019/20	8,003,364	-	8,003,364
Projected Cash Reserve Balance @ June 30, 2020	8,003,364	-	8,003,364
Details of Cash Reserve Balance for FY 2019/20			
Capital Improvement & Replacement Reserve	2,901,075	-	2,901,075
Emergency/Disaster Reserve	1,587,699	-	1,587,699
Capital Reserve	1,118,109	-	1,118,109
Operating Reserve	1,122,355	-	1,122,355
Revenue Rate Stabilization Reserve	1,274,126	-	1,274,126
Water Supply Reliability Reserve	-	-	-
Total	8,003,364	-	8,003,364

Details of Cash Reserve Target for FY 2019/20	Reserve Balance	Target	% of Target
Capital Improvement & Replacement Reserve	2,901,075	2,901,075	100%
Emergency/Disaster Reserve	1,587,699	1,587,699	100%
Capital Reserve	1,118,109	3,110,242	36%
Operating Reserve	1,122,355	2,823,763	40%
Revenue Rate Stabilization Reserve	1,274,126	1,274,126	100%
	8,003,364	11,696,905	68%
Days Cash Ratio	290	423	

SCV WATER - SCWD
CASH RESERVES
Projected 06/30/20

	Unrestricted	Restricted	Total
Cash Reserve Balance As of June 30, 2019	28,853,254	-	28,853,254
Details of Cash Reserve Balance for FY 2019/20			
Capital Improvement & Replacement Reserve	8,478,200	-	8,478,200
Emergency/Disaster Reserve	2,251,308	-	2,251,308
Capital Reserve	4,995,431	-	4,995,431
Operating Reserve	9,532,725	-	9,532,725
Revenue Rate Stabilization Reserve	3,595,590	-	3,595,590
Water Supply Reliability Reserve	-	-	-
Total	28,853,254	-	28,853,254
Beginning Balance - FY 2019/20	28,853,254	-	28,853,254
Plus			
Capital Improvement & Replacement Reserve	2,808,839	-	2,808,839
Emergency/Disaster Reserve	128,080	-	128,080
Capital Reserve	348,205	-	348,205
Operating Reserve	(92,637)	-	(92,637)
Revenue Rate Stabilization Reserve	(590)	-	(590)
Less			
Transfer to General Fund	-	-	-
Capital Expenditures	(3,462,232)	-	(3,462,232)
Ending Balance - FY 2019/20	28,582,919	-	28,582,919
Projected Cash Reserve Balance @ June 30, 2020	28,582,919	-	28,582,919
Details of Cash Reserve Balance for FY 2019/20			
Capital Improvement & Replacement Reserve	7,824,807	-	7,824,807
Emergency/Disaster Reserve	2,379,388	-	2,379,388
Capital Reserve	5,343,636	-	5,343,636
Operating Reserve	9,440,088	-	9,440,088
Revenue Rate Stabilization Reserve	3,595,000	-	3,595,000
Total	28,582,919	-	28,582,919

Details of Cash Reserve Target for FY 2019/20	Reserve Balance	Target	% of Target
Capital Improvement & Replacement Reserve	7,824,807	7,774,807	101%
Emergency/Disaster Reserve	2,379,388	2,379,388	100%
Capital Reserve	5,343,636	5,343,636	100%
Operating Reserve	9,440,088	9,440,088	100%
Revenue Rate Stabilization Reserve	3,595,000	3,595,000	100%
	28,582,919	28,532,919	100%
Days Cash Ratio	383	382	

SCV WATER - VWD
CASH RESERVES
Projected 06/30/20

	Unrestricted	Restricted	Total
Cash Reserve Balance As of June 30, 2019	1,446,071	-	1,446,071
Details of Cash Reserve Balance for FY 2019/20			
Capital Improvement & Replacement Reserve	-	-	-
Emergency/Disaster Reserve	141,332	-	141,332
Capital Reserve	429,382	-	429,382
Operating Reserve	418,313	-	418,313
Revenue Rate Stabilization Reserve	457,044	-	457,044
Water Supply Reliability Reserve	-	-	-
Total	1,446,071	-	1,446,071
Beginning Balance - FY 2019/20	1,446,071	-	1,446,071
Plus			
Capital Improvement & Replacement Reserve	-	-	-
Emergency/Disaster Reserve	1,350,000	-	1,350,000
Capital Reserve	1,484,967	-	1,484,967
Operating Reserve	1,572,376	-	1,572,376
Revenue Rate Stabilization Reserve	1,566,399	-	1,566,399
Water Supply Reliability Reserve	-	-	-
Less			
Transfer to General Fund	-	-	-
Capital Expenditures	-	-	-
Ending Balance - FY 2019/20	7,419,813	-	7,419,813
Projected Cash Reserve Balance @ June 30, 2020	7,419,813	-	7,419,813
Details of Cash Reserve Balance for FY 2019/20			
Capital Improvement & Replacement Reserve	-	-	-
Emergency/Disaster Reserve	1,491,332	-	1,491,332
Capital Reserve	1,914,349	-	1,914,349
Operating Reserve	1,990,689	-	1,990,689
Revenue Rate Stabilization Reserve	2,023,443	-	2,023,443
Water Supply Reliability Reserve	-	-	-
Total	7,419,813	-	7,419,813

Details of Cash Reserve Target for FY 2019/20	Reserve Balance	Target	% of Target
Capital Improvement & Replacement Reserve	-	3,983,057	0%
Emergency/Disaster Reserve	1,491,332	2,085,080	72%
Capital Reserve Reserve	1,914,349	2,739,469	70%
Operating Reserve	1,990,689	8,192,913	24%
Revenue Rate Stabilization Reserve	2,023,443	3,409,445	59%
	7,419,813	20,409,964	36%
Days Cash Ratio	127	265	

SCV WATER
CASH RESERVES
Projected 06/30/21

	Unrestricted	Restricted*	Total
Cash Reserve Balance As of June 30, 2020	141,077,031	29,871,907	170,948,938
Details of Cash Reserve Balance for FY 2020/21			
Capital Improvement & Replacement Reserve	28,449,301	-	28,449,301
Emergency/Disaster Reserve	34,242,313	-	34,242,313
Capital Reserve	26,465,005	-	26,465,005
Operating Reserve	38,376,983	5,349,556	43,726,539
Revenue Rate Stabilization Reserve	10,543,429	-	10,543,429
Water Supply Reliability Reserve	3,000,000	-	3,000,000
Bond Proceeds	-	24,522,351	24,522,351
Total	141,077,031	29,871,907	170,948,938
Beginning Balance - FY 2020/21	141,077,031	29,871,907	170,948,938
Plus			
Capital Improvement & Replacement Reserve	2,807,105	-	2,807,105
Emergency/Disaster Reserve	922,405	-	922,405
Capital Reserve	1,316,868	-	1,316,868
Operating Reserve	3,160,549	-	3,160,549
Revenue Rate Stabilization Reserve	1,711,139	-	1,711,139
Water Supply Reliability Reserve	-	-	-
Grants and Investments	-	1,919,200	1,919,200
Bond Proceeds	-	-	-
Less			
Transfer to General Fund	-	-	-
Capital Expenditures	(4,500,000)	(19,819,000)	(24,319,000)
Ending Balance - FY 2020/21	146,495,097	11,972,107	158,467,204
Projected Cash Reserve Balance @ June 30, 2021	146,495,097	11,972,107	158,467,204
Details of Cash Reserve Balance for FY 2020/21			
Capital Improvement & Replacement Reserve	26,756,406	-	26,756,406
Emergency/Disaster Reserve	35,164,718	-	35,164,718
Capital Reserve	27,781,873	-	27,781,873
Operating Reserve	41,537,532	5,349,556	46,887,088
Revenue Rate Stabilization Reserve	12,254,568	-	12,254,568
Water Supply Reliability Reserve	3,000,000	-	3,000,000
Bond Proceeds	-	6,622,551	6,622,551
Total	146,495,097	11,972,107	158,467,204

Details of Cash Reserve Target for FY 2020/21	Reserve Balance	Target	% of Target
Capital Improvement & Replacement Reserve	26,756,406	34,353,371	78%
Emergency/Disaster Reserve	35,164,718	37,286,811	94%
Capital Reserve	27,781,873	29,843,827	93%
Operating Reserve	41,537,532	47,297,356	88%
Revenue Rate Stabilization Reserve	12,254,568	12,391,027	99%
Water Supply Reliability Reserve	3,000,000	3,000,000	100%
	146,495,097	164,172,392	89%
Days Cash Ratio	576	646	

*Restricted - Includes restricted debt service reserve and bond proceeds for Capital Improvement Projects

SCV WATER - RETAIL
CASH RESERVES
Projected 06/30/21

	Unrestricted	Restricted	Total
Cash Reserve Balance As of June 30, 2020	44,006,096	-	44,006,096
Details of Cash Reserve Balance for FY 2020/21			
Capital Improvement & Replacement Reserve	10,725,882	-	10,725,882
Emergency/Disaster Reserve	5,458,419	-	5,458,419
Capital Reserve Reserve	8,376,094	-	8,376,094
Operating Reserve	12,553,132	-	12,553,132
Revenue Rate Stabilization Reserve	6,892,569	-	6,892,569
Water Supply Reliability Reserve	-	-	-
Total	44,006,096	-	44,006,096
Beginning Balance - FY 2020/21	44,006,096	-	44,006,096
Plus			
Capital Improvement & Replacement Reserve	2,807,105	-	2,807,105
Emergency/Disaster Reserve	922,405	-	922,405
Capital Reserve	1,316,868	-	1,316,868
Operating Reserve	3,160,549	-	3,160,549
Revenue Rate Stabilization Reserve	1,711,139	-	1,711,139
Water Supply Reliability Reserve	-	-	-
Less			
Transfer to General Fund	-	-	-
Capital Expenditures	(4,500,000)	-	(4,500,000)
Ending Balance - FY 2020/21	49,424,162	-	49,424,162
Projected Cash Reserve Balance @ June 30, 2021	49,424,162	-	49,424,162
Details of Cash Reserve Balance for FY 2020/21			
Capital Improvement & Replacement Reserve	9,032,987	-	9,032,987
Emergency/Disaster Reserve	6,380,824	-	6,380,824
Capital Reserve	9,692,962	-	9,692,962
Operating Reserve	15,713,681	-	15,713,681
Revenue Rate Stabilization Reserve	8,603,708	-	8,603,708
Water Supply Reliability Reserve	-	-	-
Total	49,424,162	-	49,424,162

Details of Cash Reserve Target for FY 2020/21	Reserve Balance	Target	% of Target
Capital Improvement & Replacement Reserve	9,032,987	13,176,469	69%
Emergency/Disaster Reserve	6,380,824	6,380,824	100%
Capital Reserve	9,692,962	11,574,347	84%
Operating Reserve	15,713,681	20,895,600	75%
Revenue Rate Stabilization Reserve	8,603,708	8,603,708	100%
	49,424,162	60,630,948	82%
Days Cash Ratio	298	365	

SCV WATER - REGIONAL
CASH RESERVES
Projected 06/30/21

	Unrestricted	Restricted*	Total
Cash Reserve Balance As of June 30, 2020	97,070,935	29,871,907	126,942,842
Details of Cash Reserve Balance for FY 2020/21			
Capital Improvement & Replacement Reserve	17,723,419	-	17,723,419
Emergency/Disaster Reserve	28,783,894	-	28,783,894
Capital Reserve	18,088,911	-	18,088,911
Operating Reserve	25,823,851	5,349,556	31,173,407
Revenue Rate Stabilization Reserve	3,650,860	-	3,650,860
Water Supply Reliability Reserve	3,000,000	-	3,000,000
Bond Proceeds	-	24,522,351	24,522,351
Total	97,070,935	29,871,907	126,942,842
Beginning Balance - FY 2020/21	97,070,935	29,871,907	126,942,842
Plus			
Capital Improvement & Replacement Reserve	-	-	-
Emergency/Disaster Reserve	-	-	-
Capital Reserve	-	-	-
Operating Reserve	-	-	-
Revenue Rate Stabilization Reserve	-	-	-
Water Supply Reliability Reserve	-	-	-
Grants and Investments	-	1,919,200	1,919,200
Bond Proceeds	-	-	-
Less			
Transfer to General Fund	-	-	-
Capital Expenditures	-	(19,819,000)	(19,819,000)
Ending Balance - FY 2020/21	97,070,935	11,972,107	109,043,042
Projected Cash Reserve Balance @ June 30, 2021	97,070,935	11,972,107	109,043,042
Details of Cash Reserve Balance for FY 2020/21			
Capital Improvement & Replacement Reserve	17,723,419	-	17,723,419
Emergency/Disaster Reserve	28,783,894	-	28,783,894
Capital Reserve	18,088,911	-	18,088,911
Operating Reserve	25,823,851	5,349,556	31,173,407
Revenue Rate Stabilization Reserve	3,650,860	-	3,650,860
Water Supply Reliability Reserve	3,000,000	-	3,000,000
Bond Proceeds	-	6,622,551	6,622,551
Total	97,070,935	11,972,107	109,043,042

Details of Cash Reserve Target for FY 2020/21	Reserve Balance	Target	% of Target
Capital Improvement & Replacement Reserve	17,723,419	21,176,902	84%
Emergency/Disaster Reserve	28,783,894	30,905,987	93%
Capital Reserve	18,088,911	18,269,480	99%
Operating Reserve	25,823,851	26,401,756	98%
Revenue Rate Stabilization Reserve	3,650,860	3,787,319	96%
Water Supply Reliability Reserve	3,000,000	3,000,000	100%
	97,070,935	103,541,444	94%
Days Cash Ratio	1,146	1,223	

*Restricted - Includes restricted debt service reserve and bond proceeds for Capital Improvement Projects

SCV WATER - NWD
CASH RESERVES
Projected 06/30/21

	Unrestricted	Restricted	Total
Cash Reserve Balance As of June 30, 2020	8,003,364	-	8,003,364
Details of Cash Reserve Balance for FY 2020/21			
Capital Improvement & Replacement Reserve	2,901,075	-	2,901,075
Emergency/Disaster Reserve	1,587,699	-	1,587,699
Capital Reserve	1,118,109	-	1,118,109
Operating Reserve	1,122,355	-	1,122,355
Revenue Rate Stabilization Reserve	1,274,126	-	1,274,126
Water Supply Reliability Reserve	-	-	-
Total	8,003,364	-	8,003,364
Beginning Balance - FY 2020/21	8,003,364	-	8,003,364
Plus			
Capital Improvement & Replacement Reserve	(171,013)	-	(171,013)
Emergency/Disaster Reserve	38,181	-	38,181
Capital Reserve	114,677	-	114,677
Operating Reserve	-	-	-
Revenue Rate Stabilization Reserve	18,155	-	18,155
Water Supply Reliability Reserve	-	-	-
Less			
Transfer to General Fund	-	-	-
Capital Expenditures	-	-	-
Ending Balance - FY 2020/21	8,003,364	-	8,003,364
Projected Cash Reserve Balance @ June 30, 2021	8,003,364	-	8,003,364
Details of Cash Reserve Balance for FY 2020/21			
Capital Improvement & Replacement Reserve	2,730,062	-	2,730,062
Emergency/Disaster Reserve	1,625,880	-	1,625,880
Capital Reserve	1,232,786	-	1,232,786
Operating Reserve	1,122,355	-	1,122,355
Revenue Rate Stabilization Reserve	1,292,281	-	1,292,281
Water Supply Reliability Reserve	-	-	-
Total	8,003,364	-	8,003,364

Details of Cash Reserve Target for FY 2020/21	Reserve Balance	Target	% of Target
Capital Improvement & Replacement Reserve	2,730,062	2,730,062	100%
Emergency/Disaster Reserve	1,625,880	1,625,880	100%
Capital Reserve	1,232,786	3,114,171	40%
Operating Reserve	1,122,355	2,913,062	39%
Revenue Rate Stabilization Reserve	1,292,281	1,292,281	100%
	8,003,364	11,675,456	69%
Days Cash Ratio	280	408	

SCV WATER - SCWD
CASH RESERVES
Projected 06/30/21

	Unrestricted	Restricted	Total
Cash Reserve Balance As of June 30, 2020	28,582,919	-	28,582,919
Details of Cash Reserve Balance for FY 2020/21			
Capital Improvement & Replacement Reserve	7,824,807	-	7,824,807
Emergency/Disaster Reserve	2,379,388	-	2,379,388
Capital Reserve Reserve	5,343,636	-	5,343,636
Operating Reserve	9,440,088	-	9,440,088
Revenue Rate Stabilization Reserve	3,595,000	-	3,595,000
Water Supply Reliability Reserve	-	-	-
Total	28,582,919	-	28,582,919
Beginning Balance - FY 2020/21	28,582,919	-	28,582,919
Plus			
Capital Improvement & Replacement Reserve	2,978,118	-	2,978,118
Emergency/Disaster Reserve	235,960	-	235,960
Capital Reserve	377,071	-	377,071
Operating Reserve	194,290	-	194,290
Revenue Rate Stabilization Reserve	139,410	-	139,410
Less			
Transfer to General Fund	-	-	-
Capital Expenditures	(4,500,000)	-	(4,500,000)
Ending Balance - FY 2020/21	28,007,768	-	28,007,768
Projected Cash Reserve Balance @ June 30, 2021	28,007,768	-	28,007,768
Details of Cash Reserve Balance for FY 2020/21			
Capital Improvement & Replacement Reserve	6,302,925	-	6,302,925
Emergency/Disaster Reserve	2,615,348	-	2,615,348
Capital Reserve	5,720,707	-	5,720,707
Operating Reserve	9,634,378	-	9,634,378
Revenue Rate Stabilization Reserve	3,734,410	-	3,734,410
Total	28,007,768	-	28,007,768

Details of Cash Reserve Target for FY 2020/21	Reserve Balance	Target	% of Target
Capital Improvement & Replacement Reserve	6,302,925	6,252,925	101%
Emergency/Disaster Reserve	2,615,348	2,615,348	100%
Capital Reserve	5,720,707	5,720,707	100%
Operating Reserve	9,634,378	9,634,378	100%
Revenue Rate Stabilization Reserve	3,734,410	3,734,410	100%
	28,007,768	27,957,768	100%
Days Cash Ratio	363	362	

SCV WATER - VWD
CASH RESERVES
Projected 06/30/21

	Unrestricted	Restricted	Total
Cash Reserve Balance As of June 30, 2020	7,419,813	-	7,419,813
Details of Cash Reserve Balance for FY 2020/21			
Capital Improvement & Replacement Reserve	-	-	-
Emergency/Disaster Reserve	1,491,332	-	1,491,332
Capital Reserve	1,914,349	-	1,914,349
Operating Reserve	1,990,689	-	1,990,689
Revenue Rate Stabilization Reserve	2,023,443	-	2,023,443
Water Supply Reliability Reserve	-	-	-
Total	7,419,813	-	7,419,813
Beginning Balance - FY 2020/21	7,419,813	-	7,419,813
Plus			
Capital Improvement & Replacement Reserve	-	-	-
Emergency/Disaster Reserve	648,264	-	648,264
Capital Reserve	825,120	-	825,120
Operating Reserve	2,966,259	-	2,966,259
Revenue Rate Stabilization Reserve	1,553,574	-	1,553,574
Water Supply Reliability Reserve	-	-	-
Less			
Transfer to General Fund	-	-	-
Capital Expenditures	-	-	-
Ending Balance - FY 2020/21	13,413,030	-	13,413,030
Projected Cash Reserve Balance @ June 30, 2021	13,413,030	-	13,413,030
Details of Cash Reserve Balance for FY 2020/21			
Capital Improvement & Replacement Reserve	-	-	-
Emergency/Disaster Reserve	2,139,596	-	2,139,596
Capital Reserve	2,739,469	-	2,739,469
Operating Reserve	4,956,948	-	4,956,948
Revenue Rate Stabilization Reserve	3,577,017	-	3,577,017
Water Supply Reliability Reserve	-	-	-
Total	13,413,030	-	13,413,030

Details of Cash Reserve Target for FY 2020/21	Reserve Balance	Target	% of Target
Capital Improvement & Replacement Reserve	-	4,193,482	0%
Emergency/Disaster Reserve	2,139,596	2,139,596	100%
Capital Reserve	2,739,469	2,739,469	100%
Operating Reserve	4,956,948	8,348,160	59%
Revenue Rate Stabilization Reserve	3,577,017	3,577,017	100%
	<u>13,413,030</u>	<u>20,997,724</u>	<u>64%</u>
Days Cash Ratio	222	348	



Pictured: Castaic Lake spillway



LONG-TERM COMMITMENTS

REGIONAL DIVISION LONG-TERM COMMITMENTS

LONG-TERM WATER SUPPLY CONTRACTS

State Water Project Contract Commitment

On April 30, 1963, the Agency entered into a water supply contract with the Department of Water Resources. The State bills the regional division annually for the “fixed” charges of providing water. Provision is made in the contract for two major charges – a Delta Water Charge and a Transportation Charge – that are divided into additional components. The Delta Water Charge is intended to return to the State all costs of project conservation facilities. The Transportation Charge is for facilities necessary to deliver water to the contractors. Both charges include a capital component and a minimum operations, maintenance, power and replacement component (Capital and minimum OMP&R). These are charged to the regional division based on the Table A amount. Also included in the bill is a Devil Canyon Castaic Charge, an Off Aqueduct Power Charge, a Water Systems Revenue Bond Surcharge and a Tehachapi Second Afterbay Facilities Charge. These bills are divided into monthly payments with the January and July payments being the largest.

The regional division also pays a transportation variable operations, maintenance, power and replacement charge to the DWR. This bill is paid monthly based upon the amount of water purchased in the preceding month.

The regional division-set property tax fully funds both the fixed and variable components of DWR payments.

Buena Vista/Rosedale-Rio Bravo Water Acquisition Commitment

On May 22, 2007, the Agency entered into a 30-year agreement with the Buena Vista Water Storage District and the 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. This supply is from a program that provides for the capture, spreading, storage, recovery and export of water, including high-flow Kern River water, which is a pre-1914 appropriative water right. The term of the Agreement is from January 1, 2007 through December 31, 2036. When the original term expires, the Agreement will be extended to a date certain consistent with any extensions of the Agency’s Water Supply Contract with DWR.

The purchase price was established in FY 2006/07 at \$486.85 per AF, or \$5,335,350. The purchase price is adjusted each calendar year by the Consumer Price Index (All Urban Consumers – All Items – Southern California Area). In addition, the adjusted price is also subject to “look-ins” at the end of every 10-year period. This look-in compares the actual adjustments with potential adjustments using a melded index consisting of an average of (i) the actual CPI adjustments and (ii) the increase in State Water Project (SWP) costs to the Buena Vista and Rosedale-Rio Bravo Storage Districts (billed through the Kern County Water Agency).

The annual payments are due in advance of deliveries in two installments, 50% on January 1st and 50% on July 1st of each year. The current purchase price is \$930.20 per AF.

Under the agreement with the Buena Vista Water Storage District and the Rosedale-Rio Bravo Water Storage District, should the regional division lose all or a portion of its share of one percent property tax revenues, the obligation to purchase the 11,000 AF may be adjusted. In any fiscal year, in which a reduction in excess of 15% of the one percent property tax revenues occurs, for each 0.1% reduction in the Agency’s share of the one percent property tax revenues in excess of 15%, the regional division may reduce the annual purchase by 110 AF. In no event is the regional division allowed to reduce the annual purchase amount to less than 5,500 AF.

The acquisition of 11,000 AFY supply was originally intended, among other reasons, to supplement the SWP supplies, which are committed to users in SCV Water’s existing service area, by providing water for parties seeking to annex to the service area. In order to be eligible for annexation to SCV Water’s service area, a potential annexing party would be required to enter into Deposit and Funding Agreement with SCV Water and pay for a proportionate share of the 11,000 AFY supply.

During FY 2007/08, due to certain state and federal court rulings that potentially impacted SWP supplies, the Agency deferred consideration of potential annexations to retain for the time being the 11,000 AFY supply for the existing service area. At this time, the regional division has determined that up to 3,000 AFY may be used for annexations and is working with three developers on potential annexations.

DEBT ISSUANCE

Bond Ratings

The Bond ratings for the regional division’s outstanding Debt reflect high-grade investment quality debt. They are based on the Agency’s good financial management, strong financial policies and diverse water supply portfolio. Debt issued at these ratings results in lower interest rates and correspondingly lower debt service payments.

	1999 COPs	2008A COPs (VRDO)	2010A COPs	2014A Revenue Refundin g Bonds	2015A Revenue Refundin g Bonds	2016A Revenue Bonds
Fitch	AA	AA-	AA-	AA-	AA-	AA-
Standard & Poor’s	AA+	AA	AA	AA	AA	AA

Total Outstanding Debt

Total debt includes Certificates of Participation (COPs) and Revenue Bonds of \$273.9 million at June 30, 2019. Scheduled annual debt service for FY 2018/19 is \$25 million. Projected annual debt service is anticipated to be \$28.9 million starting in FY 2020/21, based on anticipated new debt issuance and payments on the 1999 Capital Appreciation Certificates of Participation. The source of debt service repayment is Facility Capacity Fees and one percent property tax revenues. Debt proceeds are used to fund the regional division’s capital improvement program,

and all facilities are allocated to future users (paid by Facility Capacity Fees) and existing users (paid by one percent property tax revenues).

Series	Outstanding Principal June 30, 2021	Debt Service FY 2019/20	Debt Service FY 2020/21
2008A COPs	\$ 0	\$ 6,049,303	\$ 6,098,284
2014A Revenue Bonds	0	3,146,500	3,146,750
1999 COPs	79,575,040	--	--
2010A COPs	42,080,000	5,273,681	5,274,506
2015A Revenue Bonds	52,595,000	5,018,550	5,021,650
2016A-R Revenue Bonds	19,960,000	2,523,600	2,516,400
2016A-N Revenue Bonds	28,655,000	1,965,800	1,967,225
2018A Bond (VWD)*	26,735,000	976,975	976,975
Total	\$ 249,600,040	\$ 24,954,409	\$ 25,001,790

*Reimbursed by Valencia Water Division

Planned Issuance for the Five-Year CIP

In May 2016, the Agency issued \$30.7 million in revenue bonds to fund the ongoing CIP for Major Capital projects. The current regional division CIP for Major Capital projects shows 20 projects being constructed over the next ten years. Assuming the SCV Water is able to obtain some grant funding for the recycled water projects, this program would require over \$260 million in additional funding. The regional division typically funds Major Capital Projects through the issuance of debt (Minor Capital and Repair and Replacement Projects are funded on a pay-as-you-go basis). At this time, 10-year forecast includes additional debt issuance of \$35 million in 2019 and \$60 million in 2022 to cover project funding for the next five years. At this time, the ten-year forecast does not show sufficient funds to support annual debt service payments for additional bond issues in 2022, 2024 and 2026 to complete the projects. The Agency will need to monitor its existing revenues streams (Facility Capacity Fees and one percent property tax revenues) and will likely need to consider additional revenue sources.

These projections are based on the ten-year CIP and do not include projects for future infrastructure, water supply and water supply reliability projects discussed in the Facility Capacity Fee Study, the Recycled Water Master Plan, the Urban Water Management Plan and other planning documents.

Bond covenants require that the regional division maintain a minimum 1.20 debt coverage ratio on all bonds. The Agency's current projections for debt coverage ratios are as follows:

FY 2018/19	1.83
FY 2019/20	1.73
FY 2020/21	1.65

Series of Certificates of Participation (COPs) and Bonds

2008A COPs and 2014A Revenue Bonds

On June 1, 1990, \$132 million of COPs were executed and delivered to provide funds to acquire and construct the Rio Vista Water Treatment Plant and related facilities. On August 31, 1994, \$124.6 million of certificates of participation were executed and delivered to provide funds to

advance refund all 1990 certificates. On May 5, 2004, the Agency refunded \$28,475,000 of the 1994 certificates (2004 Series A). On June 17, 2014, the Agency refunded \$16,750,000 of the 2004A certificates. 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). The unrefunded 1994 COP’s totaled \$40,565,000 after the refunding. The last settlement was paid during FY 2013/14. On May 9, 2008, the Agency refunded all of the 2004B certificates (2008 Series A) and in August of 2014, the Agency terminated the swap and retains the 2008A COPs in floating rate mode. These obligations are allocated 78.4% to future users (Facility Capacity Fees) and 21.6% to existing users (one percent property tax revenues).

Interest on the Series 2008A certificates is calculated weekly and is payable monthly. Principal is payable August 1 of each year with a final maturity of August 2020. Annual installments of principal and interest range from \$6,049,303 to \$6,098,284 at an assumed rate of 1.65%.

The Series 2014A bonds are payable in semi-annual installments ranging from \$3,146,500 to \$3,146,750 of principal and interest at an average coupon rate of 4.41% payable in February and August each year with a final maturity of August 2020.

	Outstanding Balance June 30, 2020	Outstanding Balance June 30, 2021
2008A COPs	\$ 6,050,000	\$ 0
2014A Bonds	3,070,000	0

1999 and 2006A COPs

In August 1999, the Agency issued \$75.8 million in COPs to provide funds to (a) reimburse the Agency for the acquisition of approximately 41,000 acre-feet of supplemental water from DWR and (b) to acquire certain capital improvements to the Agency’s Wholesale System. In December 2006, the Agency advance refunded \$45,520,000 of the 1999 certificates (2006 Series A). On May 12, 2016, the Agency refunded \$35,555,000 of the 2006A certificates with refunding revenue bonds (2016 Series A). The 1999 COPs are capital appreciation certificates. No regular payments of interest are made on capital appreciation certificates prior to maturity (beginning in FY 2021/22). Interest on capital appreciation certificates is compounded annually and added to the principal amount outstanding. These obligations are allocated 77.5% to future users (Facility Capacity Fees) and 22.5% to existing users (one percent property tax revenues).

Interest on the capital appreciation CAB certificates is compounded semi-annually on February and August and is payable at maturity. Principal on the capital appreciation certificate matures annually on August 1 from 2021 through 2030. Annual installments of \$10,445,000 of principal and interest are payable in August with yield to maturity ranging from 5.76% to 5.8%.

	Outstanding Balance June 30, 2020	Outstanding Balance June 30, 2021
1999 COPs	\$ 75,167,299	\$ 79,575,040
2016A-R COPs	21,480,000	19,960,000

2010A COPs

In March 2001, the Agency issued \$80 million in COPs to provide funds to acquire certain capital improvements to the Agency's Wholesale System. Primary expenditures were for the Sand Canyon Pipeline and Reservoir Project, the ESFP Expansion Project and banking programs. In June 2010, the Agency advance refunded all of the certificates (2010 Series A). These obligations are allocated 87.7% to future users (Facility Capacity Fees) and 12.3% to existing users (one percent property tax revenues).

The certificates are payable in semi-annual installments ranging from \$5,273,681 to \$5,274,506 of principal and interest at an average coupon rate of 4.54% payable February and August each year with a final maturity of August, 2030.

	Outstanding Balance June 30, 2020	Outstanding Balance June 30, 2021
2010A COPs	\$ 45,340,000	\$ 42,080,000

2006C COPs and 2015A Revenue Bonds

In December 2006, the Agency issued \$89.8 million in COPs to provide funds to acquire certain capital improvements to the Agency's Wholesale System. Primary expenditures were for the RVWTP Expansion Project, the Sand Canyon Pipeline and Reservoir Project, the Perchlorate Distribution and Treatment projects and a portion of the stock of the Valencia Water Company. On April 28, 2015, the Agency advance refunded \$77,685,000 of the 2006C certificates with refunding revenue bonds (2015 Series A). These obligations are allocated 62.7% to future users (Facility Capacity Fees) and 37.3% to existing users (one percent property tax revenues).

The Series 2015A bonds are payable in semi-annual installments ranging from \$5,018,550 to \$5,021,650 of principal and interest at an average coupon rate of 4.94% payable in February and August each year with a final maturity of August, 2035.

	Outstanding Balance June 30, 2020	Outstanding Balance June 30, 2021
2015A Bonds	\$ 54,940,000	\$ 52,596,000

2016A Revenue Bonds (new bond proceeds)

In May 2016, concurrent with the refunding of the 2006A COPs, the Agency issued \$30.7 million in new revenue bonds to acquire certain capital improvements to the Agency's Wholesale System. Primary expenditures are anticipated to be for ESFP Clearwell/CT Improvements, ESFP Sludge Collection System, Foothill Feeder Connection, Recycled Water Program Phase II and the Saugus Formation Dry Year Reliability Wells. It is anticipated these obligations will be allocated 39.5% to future users (Facility Capacity Fees) and 60.5% to existing users (one percent property tax revenues).

The bonds are payable in semi-annual installments ranging from \$1,965,800 to \$1,967,225 of principal and interest at an average coupon rate of 4.91% payable in February and August each year with a final maturity of August 2046.

	Outstanding Balance June 30, 2020	Outstanding Balance June 30, 2021
2016A-N Bonds	\$ 29,190,000	\$ 28,655,000

Variable Rate Debt

SCV Water's Debt Management Policy limits variable rate debt to no more than 25 percent of the Agency's total debt portfolio. As of June 30, 2021, the Agency will have variable rate debt in its portfolio.

RETAIL DIVISIONS LONG-TERM COMMITMENTS

The retail division's primary debt management objective is to keep the level of indebtedness within available resources and within limits that allow the divisions to meet the debt service coverage ratios required by the bond/loan covenants. There is no debt limits identified, as long as the debt is within the limits as noted in the bond/loan covenants. There is no new debt anticipated for the retail divisions through FY 2020/21.

Total Outstanding Debt

Currently, there are five outstanding bond/loans for the retail divisions with a principal remaining balance at June 30, 2019 of \$145.9 million. The retail divisions will gradually retire each bond/loan per scheduled principal and interest payments.

Series	Outstanding Principal June 30, 2021	Debt Service FY 2019/20	Debt Service FY 2020/21
2012 (2007) NWD	\$ 1,497,165	\$ 453,809	\$ 453,809
2009 (2016) NWD	0	148,653	148,653
2017A SCWD	41,615,000	5,253,625	5,374,875
Acquisition VWD	65,224,461	4,717,595	4,717,595
2018A VWD	26,735,000	976,975	976,975
Total	\$ 135,071,626	\$ 11,550,658	\$ 11,671,907

2012 (2007) NWD

On October 18, 2007, the NWD entered into an Installment Sale Agreement with Municipal Leasing Associates, Inc. (MLA). MLA provided \$5,500,000 for the purpose of financing the cost of the District's administrative facility. The Installment Sale Agreement was amended on October 26, 2012. The original 4.5% installment note was payable over twenty years in semiannual installments of principal and interest of \$209,976.

The amended Installment Sale 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.

	Outstanding Balance June 30, 2020	Outstanding Balance June 30, 2021
2012 (2007) NWD	\$ 1,897,040	\$ 1,497,165

2009 (2016) NWD

On April 1, 2009, the NWD entered into an Installment Sale Agreement with MLA. MLA provided \$2,000,000 for the purpose of financing costs related to the construction of a new administrative facility. The Installment Sale Agreement was amended June 8, 2016. The original 4.65% installment note was payable over 20 years in semi-annual installments of principal and interest of \$77,342.

The Amended Installment Sale 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.

	Outstanding Balance June 30, 2020	Outstanding Balance June 30, 2021
2009 (2016) NWD	\$ 146,020	\$ 0

2017A SCWD

In September 2017, the SCWD refunded the 2011A Refunding Bonds and the 2010B Certificates of Participation in to one bond issuance, 2017A. The 2011A Bonds were issued on July 1, 2011 and were used to repay an interfund loan from the regional division to the SCWD. The 2010B Certificates of Participation were issued on March 1, 2010 and were used to finance certain capital improvement projects. The 2017A refunding revenue bonds will be payable over 25 years.

	Outstanding Balance June 30, 2020	Outstanding Balance June 30, 2021
2017A SCWD	\$ 44,930,000	\$ 41,615,000

Acquisition of VWD Stock

In January 2018, an Interfund Loan was established between the Valencia Water Division (VWD) and the regional division to reimburse the Agency for the purchase of the stock of the Valencia Water Company. The Agency purchased the stock in 2012 at a price of \$58.6 million.

	Outstanding Balance June 30, 2020	Outstanding Balance June 30, 2021
Acquisition VWD	\$ 66,657,929	\$ 65,224,461

2018A VWD Refunding Revenue Bonds

In January 2018, the Agency issued \$26.7 in revenue bonds to refinance the existing debt carried by Valencia Water Company. An Interfund Loan was established between the Valencia Water Division (VWD) and the Regional Division for the payment of the annual debt service associated with the 2018A Refunding Revenue Bonds. All payments will be funded by the VWD.

The bonds are payable in semi-annual installments ranging of \$976,975 of principal and interest at an average taxable coupon rate of 3.75% payable in February and August each year with a final maturity of August, 2048.

	Outstanding Balance June 30, 2020	Outstanding Balance June 30, 2021
2018A VWD	\$ 26,735,000	\$ 26,735,000

The retail division covenants state that it shall fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the divisions during each fiscal year are at least equal to 115% to 120% (depending on each issuance) of the aggregate amount of the installment payments and all principal of the interest on the prior parity obligations and any additional parity obligations as they become due and payable during such fiscal year.

SCV WATER - DEBT SERVICE - SUMMARY
FY 2019/20 and FY 2020/21 - RETAIL DIVISIONS

Fiscal Year	2009 (2016) NWD	2012 (2007) NWD	2017A SCWD	2018A VWD Interfund	Acquisition of VWD Stock	Total Debt Service
2007/08	\$ -	\$ 209,976	\$ -	\$ -	\$ -	209,976
2008/09	-	419,951	-	-	-	419,951
2009/10	-	419,951	-	-	-	419,951
2010/11	-	419,951	-	-	-	419,951
2011/12	-	419,951	-	-	\$ (58,600,000)	419,951
2012/13	-	436,880	-	-	-	436,880
2013/14	-	453,809	-	-	798,600	1,252,409
2014/15	-	453,809	-	-	798,600	1,252,409
2015/16	-	453,809	-	-	798,600	1,252,409
2016/17	\$ 148,653.46	453,809	-	-	798,600	1,401,063
2017/18	148,653	453,809	\$ 743,569	-	798,600	2,144,632
2018/19	148,653	453,809	5,144,000	\$ 993,258	4,717,595	11,457,316
2019/20	148,653	453,809	5,253,625	976,975	4,717,595	11,550,658
2020/21	148,653	453,809	5,374,875	976,975	4,717,595	11,671,908
2021/22	-	453,809	5,501,625	976,975	4,717,595	11,650,004
2022/23	-	453,809	5,623,125	976,975	4,717,595	11,771,504
2023/24	-	453,809	5,748,625	1,618,038	4,717,595	12,538,067
2024/25	-	226,905	5,882,000	1,614,541	4,717,595	12,441,040
2025/26	-	-	6,012,250	1,614,706	4,717,595	12,344,551
2026/27	-	-	6,153,250	1,613,856	4,717,595	12,484,701
2027/28	-	-	6,717,875	1,616,875	4,717,595	13,052,345
2028/29	-	-	831,700	1,613,281	4,717,595	7,162,576
2029/30	-	-	828,025	1,613,016	4,717,595	7,158,636
2030/31	-	-	830,525	1,616,353	4,717,595	7,164,473
2031/32	-	-	826,650	1,613,244	4,717,595	7,157,489
2032/33	-	-	826,400	1,613,669	4,717,595	7,157,664
2033/34	-	-	827,900	1,617,397	4,717,595	7,162,892
2034/35	-	-	824,850	1,613,831	4,717,595	7,156,276
2035/36	-	-	824,450	1,613,488	4,717,595	7,155,533
2036/37	-	-	828,375	1,616,738	4,717,595	7,162,708
2037/38	-	-	826,625	1,613,581	4,717,595	7,157,801
2038/39	-	-	818,881	1,614,019	4,717,595	7,150,495
2039/40	-	-	816,663	1,617,163	4,717,595	7,151,420
2040/41	-	-	818,081	1,612,988	4,717,595	7,148,664
2041/42	-	-	-	1,617,069	4,717,595	6,334,664
2042/43	-	-	-	1,614,309	4,717,595	6,331,904
2043/44	-	-	-	1,614,709	-	1,614,709
2044/45	-	-	-	1,613,172	-	1,613,172
2045/46	-	-	-	1,614,600	-	1,614,600
2046/47	-	-	-	1,613,897	-	1,613,897
2047/48	-	-	-	1,615,966	-	1,615,966
2048/49	-	-	-	1,615,709	-	1,615,709
Total	\$ 743,267	\$ 7,545,466	\$ 68,883,944	\$ 46,887,371	\$ 121,932,875	\$ 245,992,923

SCV WATER - DEBT SERVICE - SUMMARY
FY 2019/20 and FY 2020/21 - REGIONAL DIVISION

Fiscal Year	2014A Bonds Debt Service	2008A COP Debt Service	1999 COP Debt Service	2016A-R Bonds Debt Service	2010A COP Debt Service	2015A COP Debt Service	2016A-N Bonds Debt Service	2018A Bonds Debt Service*	Total Debt Service
2014/15	\$ 583,537	\$ 5,217,814	\$ -	\$ 3,307,976	\$ 5,294,606	\$ 5,868,375	\$ -	\$ -	\$ 20,272,308
2015/16	3,168,975	5,246,872	-	3,304,776	5,285,781	2,755,943	-	-	19,762,347
2016/17	3,152,025	5,480,000	-	836,498	5,282,606	5,048,950	1,072,116	-	20,872,195
2017/18	3,149,400	5,825,000	-	2,528,900	5,278,906	5,036,725	1,960,450	-	23,779,381
2018/19	3,135,100	5,945,417	-	2,523,950	5,284,056	5,021,850	1,963,350	993,258	23,873,723
2019/20	3,146,500	6,049,303	-	2,523,600	5,273,681	5,018,550	1,965,800	976,975	24,954,409
2020/21	3,146,750	6,098,284	-	2,516,400	5,274,506	5,021,650	1,967,225	976,975	25,001,790
2021/22	-	-	10,445,000	2,518,400	5,265,681	5,008,750	1,964,850	976,975	26,179,656
2022/23	-	-	10,445,000	2,521,275	5,251,556	5,003,750	1,966,100	976,975	26,164,656
2023/24	-	-	10,445,000	2,515,025	5,250,306	4,997,625	1,965,850	1,618,038	26,791,844
2024/25	-	-	10,445,000	2,519,400	5,264,556	4,995,000	1,964,100	1,614,541	26,802,597
2025/26	-	-	10,445,000	2,514,100	5,242,806	4,990,500	1,964,250	1,614,706	26,771,362
2026/27	-	-	10,445,000	2,514,900	5,256,625	4,988,750	1,966,450	1,613,856	26,785,581
2027/28	-	-	10,445,000	2,516,625	5,246,022	4,984,375	1,963,750	1,616,875	26,772,647
2028/29	-	-	10,445,000	2,503,500	5,238,500	4,982,000	1,965,750	1,613,281	26,748,031
2029/30	-	-	10,445,000	2,505,125	5,234,075	4,976,250	1,965,750	1,613,016	26,739,216
2030/31	-	-	10,445,000	2,501,000	5,217,254	4,971,750	1,963,750	1,616,353	26,715,107
2031/32	-	-	-	-	-	4,972,875	1,964,625	1,613,244	8,550,744
2032/33	-	-	-	-	-	4,964,250	1,963,250	1,613,669	8,541,169
2033/34	-	-	-	-	-	4,955,625	1,964,500	1,617,397	8,537,522
2034/35	-	-	-	-	-	4,956,250	1,963,250	1,613,831	8,533,331
2035/36	-	-	-	-	-	4,945,625	1,964,375	1,613,488	8,523,488
2036/37	-	-	-	-	-	-	1,967,625	1,616,738	3,584,363
2037/38	-	-	-	-	-	-	1,967,875	1,613,581	3,581,456
2038/39	-	-	-	-	-	-	1,965,125	1,614,019	3,579,144
2039/40	-	-	-	-	-	-	1,964,250	1,617,163	3,581,413
2040/41	-	-	-	-	-	-	1,965,000	1,612,988	3,577,988
2041/42	-	-	-	-	-	-	1,967,125	1,617,069	3,584,194
2042/43	-	-	-	-	-	-	1,965,500	1,614,309	3,579,809
2043/44	-	-	-	-	-	-	1,965,000	1,614,709	3,579,709
2044/45	-	-	-	-	-	-	1,965,375	1,613,172	3,578,547
2045/46	-	-	-	-	-	-	1,966,375	1,614,600	3,580,975
2046/47	-	-	-	-	-	-	1,962,875	1,613,897	3,576,772
Total	\$ 19,482,287	\$ 39,862,690	\$ 104,450,000	\$ 42,671,450	\$ 89,441,523	\$ 108,465,418	\$ 60,021,666	\$ 43,655,696	\$ 508,050,730

* Issued on behalf of the Valencia Water Division. Fully paid by the Valencia Water Division.

CAPITAL IMPROVEMENT

INTRODUCTION

The Capital Improvement Program (CIP) concentrates on the development of a long-range framework in which physical projects are planned, while at the same time implementing projects within the Agency's financial capabilities. Capital Improvements include the purchase, construction, replacement, addition, or major repair of public facilities, infrastructure, and equipment. The selection and evaluation of capital projects involves analysis of Agency requirements, forecasts of growth within the Agency's service area, the ability to make estimates, and the consideration of historical perspectives. A "Capital Project" has a monetary value of at least \$5,000, has a useful life of more than one year, and results in the creation or revitalization of a fixed asset. A major capital project is usually relatively large compared to other minor capital projects.

PURPOSE

The primary purpose of the Capital Improvement Program includes:

- Development of a long-range framework in which physical projects are planned, evaluated and presented in an order sequence
- Coordination of the capital related projects of each of the Agency's divisions to ensure equitable distributions of projects with regard to the needs of the Agency
- Timing of related projects and the fiscal ability of the Agency to undertake projects
- Review by Agency staff and Board of Directors in the determination of project requests
- Determine adequate funding with regard to short and long-range plans

DEFINITIONS

Capital Improvement: Any major expenditure on physical assets, which generally falls into one of the following categories: land and non-structural improvements; new reservoir, booster or well facilities; major pipelines; treatment plant expansions or upgrades; major repairs; and major equipment.

Capital Improvement Project: Accounts for the acquisition, construction, and maintenance of the Agency's physical assets. Capital assets are land, structures, equipment, and intellectual property, including associated planning and design work related directly to an individual project. Capital assets are identified in the Capitalization Policy for Fixed Assets and exclude items that are acquired during the normal course of operations, such as operating material and supplies to maintain existing assets.

Capital Improvement Budget: A list of projects, together with cost amounts and sources of funds for the coming fiscal year, regardless of project status. Includes the acquisition cost of a capital asset, its purchase price and all other costs incurred to bring it to a form and location suitable for its intended use.

Major Capital Projects: The acquisition of land, facilities, works, improvements and supplies of water; and enhancements or enlargements to existing capacity and facilities for obtaining, importing, transporting and delivering additional quantities of water. Major capital projects are typically included in the Agency's Capital Improvement Program (CIP) and Facility Capacity Fee (FCF) Study, and typically cost more than \$250,000.

Minor Capital Projects: Minor capital projects include the acquisition of land, facilities, works and improvements; and enhancements or enlargements to existing capacity and facilities. Minor capital projects take less time to develop and are not generally included in the Agency's Facility Capacity Fee Study. Minor capital projects may cost \$250,000 or less.

Capital Planning, Studies and Administration: Non-operating expenses, including but not limited to (1) studies in support of major capital projects and (2) non-recurring studies.

New Capital Equipment: The purchase of fixed asset equipment with a cost of \$5,000 or more. New Capital Equipment has all of the following characteristics: (1) normal useful life of at least one year or more; (2) an acquisition cost of at least \$5,000; and (3) generally is facility or plant specific and not portable or used in various locations.

Repair and Replacement: Minor changes or additions to existing Agency-owned grounds or buildings and the electrical, lighting, plumbing, air conditioning or heating systems contained therein, which correct unsafe or unhealthful working conditions, increase operating efficiency, promote improved service to the public and provide for the installation of equipment and security devices. Repair and Replacement also includes equipment which are installed components to Repair and Replacement Projects and the cost including tax is \$5,000 or greater. Generally, this includes replacement of equipment after end of mechanical or electrical service life for impellers, circuit breakers, transformers, stator coils, valves or HVAC components.

It also includes repairs or modifications that will bring plant or facility equipment back to normal functioning level. Repair and Replacement equipment has all of the following characteristics: (1) replacement of spare parts and components initially furnished by a contractor or manufacturer not included with the original machinery; (2) equipment that will be attached to original machinery throughout its useful life and (3) plant, facility or building specific electrical or mechanical components. The capital budget for repair and replacement generally excludes portable equipment and small tools that can be used in various locations.

METHODOLOGY

Projects included in the CIP were derived from needs assessments performed by Agency staff and planning documents. Divisions submitted projects that encompassed both the improvement of the Agency's physical needs, as well as the improvement of the particular programs and services they provide. Each division estimates project costs, gives an explanation and justification of the project, identifies costs which would span five years, and identifies any annual impact on the operating budget. After initial compilation, the projects are organized. The Engineering Services Section provides the assessment and priority ranking of projects for the Engineering Committee and ultimately consideration of the Board of Directors. After Board of Director review and approval, funded projects are implemented.

THE CAPITAL IMPROVEMENT PROGRAM AND SHARED PLANNING

It is important for the Agency to coordinate the timing of its capital projects with the City of Santa Clarita (City), private developers and other agencies in an effort to avoid duplication, which will save the cost of inefficiencies. For example, pipeline projects are coordinated with the City, when possible, to minimize the amount of asphalt repair costs.

CIP DEVELOPMENT

The Agency provides water and water service to an estimated population of over 273,000, through more than 70,000 retail water connections. Population at build-out is expected to be 420,000. The Agency is proposing to invest more than \$58 million in new infrastructure and infrastructure replacement in FY 2019/20 and more than \$56 million in FY 2020/21.

The FY 2019/20 CIP plan includes \$24.3 million in regional major capital projects, \$10.1 million in regional capital planning, \$7.6 million in regional minor capital projects, \$8 million in retail major capital projects and \$8.5 million in retail minor capital projects.

The FY 2020/21 CIP plan includes \$18.9 million in regional major capital projects, \$9.6 million in regional capital planning, \$11.6 million in regional minor capital projects, \$5.3 million in retail major capital projects and \$10.3 million in retail minor capital projects. Major capital projects include a justification for each project, including the impact on the operating budget.

FINANCIAL PROJECTIONS

The financial projections used to develop the CIP are based on staff's best prediction of future needs of Agency facilities. These financial projections are jointly developed by the regional and retail divisions. They are updated annually to reflect changes in the economic environment.

For this Biennial Budget, the CIP plan is financially balanced. This means the plan identifies the sources of revenue to complete the project list. There are years when the Agency will have "carryover" capital funds. Due to timing of completion of certain projects there may be funds remaining at the end of the fiscal year. Those funds are transferred to the Capital Fund and are used to complete the remaining projects. The Agency is responsible for providing water service to the public, including the construction of needed improvements or infrastructure. The Agency must furnish and maintain capital facilities and equipment.

Future financial constraints make it challenging for the Agency to fund every project on its priority list. Therefore, implementation timetables are established to stagger projects over time based on the Agency's goals and the estimated financial resources expected for the future. As projects are completed and placed into service, there may be an impact on the Operating Budget by increasing cost in the areas of maintenance, energy or chemicals. The FY 2019/20 Budget projects the need to acquire bonds to fund the current plan.

The rate structures established are designed to provide sufficient revenue to meet the cash requirement and to meet the long-term commitments incurred to finance the CIP plan. Growth projects are funded through Facility Capacity/Connection Fee revenues, either by reimbursing capital investments made under the terms of a Developer Agreement, or by direct appropriation to the Agency capital projects. Facility Capacity/Connection Fee revenue is considered cash for purposes of meeting the cash test.

The Agency is increasing its utilization of state and federal grants to fund some Capital Improvement Projects in part or in whole. The CIP is a multiyear plan used to identify and coordinate capital needs in a way that maximizes the return to the ratepayers. Advance planning of all Agency projects helps the Board, staff, and public make choices based on rational decision making, rather than reacting to events as they occur.

The Agency's Capital program is comprised of different categories of projects, each with its own funding guidelines. The major projects are primarily funded by recurring revenues generated from the rate structure. Special projects, such as planning, are primarily funded by property taxes. Timing of some CIP may be funded from available revenue and/or reserve sources. The system of CIP management is important because: (1) the consequences of investments and capital improvements extend far into the future; (2) decisions to invest are often irreversible; (3) such decisions significantly influence a community's ability to grow and prosper.

As shown in the financial forecast section of the budget, the Agency has and will continue to meet its bond covenants, even with the additional required funding in FY 2019/20, although funding in future years may require the Agency to identify additional revenue sources to meet its debt obligations.

PROJECT RANKING & PRIORITIZATION

The Agency evaluates each potential Capital Project based on nine (9) criteria to determine priority and ranking of all projects requested in the CIP. The criteria are:

- Department Priority – the ranking provided by the project's originating/supervising department out of all potential projects for that department and project type
- Ongoing Operating Impact – the annual recurring impact to the operations budget of the Agency as estimated by the originating department
- Consistency with Strategic Planning/Vision – measures the fit with the Agency's mission, vision, goals and objectives, including assets exceeding their useful life
- Disaster Prevention – provides a means of mitigating Agency loss or injury, or provides a means of minimizing the areas or situations affected by a disaster
- Environmental Impact – the factors which a construction project would have on the environment
- Federal/State Mandates – the requirement of Federal or State law(s) and regulations (including water quality requirements), which will be met by the project
- Inter-Governmental Cooperation or Public/Private Potential – project provides opportunity for funding contributions or shared resources
- Funding Availability/Viability – the fund balance available now or in the future for the allocation of project costs over time and critical need
- Available Grant Funds – the relative amount of grant funding from all sources available with reasonable certainty in order to offset project costs
- Growth – Ability to manage the planning, design and construction to meet growth and new demands

This plan represents a comprehensive and direct statement of the physical asset policies of the Agency. The program has great significance in that it touches the life of each person we service through the provision of health, safety and infrastructure. By their nature, capital assets impose incremental costs of use and ownership in the future, requiring use of public funds.

Santa Clarita Valley Water Agency CIP serves to:

- Build and maintain capital infrastructure economically
- Complete projects on schedule and within budget
- Provide for an annual update on the CIP schedule
- Allow for additions of projects and adjustments due to changing priorities
- Work with the City of Santa Clarita and other agencies to prioritize projects
- Address community needs
- Coordinate department resources and equipment
- Effectively communicate the justification, description and costs of projects
- Identify funding sources, capital and ongoing expenditures for all projects
- Allow sufficient time to identify project funding

Only projects that meet the definition of a capital improvement project are included in the CIP. Capital improvements are defined as physical assets, constructed or purchased, generally exceeding \$5,000 and has an expected useful life of one (1) year or more. Each year, the capital plan is not reconstructed; it is reviewed and updated to reflect changes in the physical or economic environment. This technique assists the Agency with its planning process and setting long-term capital goals.

LINKING THE CAPITAL PLAN TO THE VISION

Planning for capital improvements is a matter of prudent financial management as well as a sound development plan. The extent to which an infrastructure improvement meets the goals and vision for the future of the Agency is a crucial factor in determining priority of the overall plan. The blueprint for the Agency's CIP is a long-term plan that will be consistently updated. Each update will include detailed requirements for program development and project scope, schedule, budget, justification and alternatives.

SCV WATER - CAPITAL IMPROVEMENT BUDGET - SECTION SUMMARY
FY 2019/20 and FY 2020/21

SUMMARY

CATEGORY	Adopted Budget FY 2018/19	Proposed Budget FY 2019/20	Proposed Budget FY 2020/21
Regional			
Major Capital Projects	\$ 25,132,000	\$ 26,769,000	\$ 26,584,000
Minor Capital Projects	250,000	1,125,000	840,000
Capital Planning, Studies and Administration	10,012,100	10,152,938	9,610,298
New Capital Equipment	710,000	2,180,481	2,973,154
Major Repair and Replacement	1,008,000	1,755,000	988,450
Total Regional CIP	37,112,100	41,982,419	40,995,902
Retail			
Major Capital Projects	7,975,000	7,958,000	5,310,000
Minor Capital Projects	7,634,700	8,513,439	10,296,026
Total Retail CIP	15,609,700	16,471,439	15,606,026
Total CIP	\$ 52,721,800	\$ 58,453,858	\$ 56,601,928

SCV WATER - CAPITAL IMPROVEMENT BUDGET - SECTION SUMMARY
FY 2019/20 and FY 2020/21

SOURCES OF FUNDING

Regional	Proposed Budget FY 2020	Capital Project Fund	One Percent Property Tax	
Major Capital Projects	\$ 26,769,000	\$ 24,259,000	\$ 2,510,000	
Minor Capital Projects	\$ 1,125,000	-	1,125,000	
Capital Planning, Studies and Administration	\$ 10,152,938	-	10,152,938	
New Capital Equipment	\$ 2,180,481	-	2,180,481	
Major Repair and Replacement	\$ 1,755,000	-	1,755,000	
Total Regional CIP	41,982,419	24,259,000	17,723,419	
Retail	Proposed Budget FY 2020	Water Rates	Reserves	Connection Fees
Major Capital Projects	7,958,000	2,468,268	3,462,232	2,027,500
Minor Capital Projects	8,513,439	8,513,439	-	-
Total Retail CIP	16,471,439	10,981,707	3,462,232	2,027,500
Total CIP Sources of Funding	\$ 58,453,858	\$ 35,240,707	\$ 21,185,651	\$ 2,027,500

Regional	Proposed Budget FY 2021	Capital Project Fund	One Percent Property Tax	
Major Capital Projects	\$ 26,584,000	\$ 19,819,000	\$ 6,765,000	
Minor Capital Projects	\$ 840,000	-	840,000	
Capital Planning, Studies and Administration	\$ 9,610,298	-	9,610,298	
New Capital Equipment	\$ 2,973,154	-	2,973,154	
Major Repair and Replacement	\$ 988,450	-	988,450	
Total Regional CIP	40,995,902	19,819,000	21,176,902	
Retail	Proposed Budget FY 2021	Water Rates	Reserves	Connection Fees
Major Capital Projects	5,310,000	-	3,722,500	1,587,500
Minor Capital Projects	10,296,026	9,518,526	777,500	-
Total Retail CIP	15,606,026	9,518,526	4,500,000	1,587,500
Total CIP Sources of Funding	\$ 56,601,928	\$ 29,337,526	\$ 25,676,902	\$ 1,587,500

**SCV WATER - CAPITAL IMPROVEMENT BUDGET - MAJOR and MINOR CAPITAL PROJECTS
FY 2019/20 AND FY 2020/21 - RETAIL DIVISIONS**

CAPITAL IMPROVEMENT PROGRAM	DIVISION	Proposed Budget FY 2019/20	Proposed Budget FY 2020/21
Major Capital - Retail			
Well Facility Improvements			
Well 160	VWD	\$ 230,000	\$ 230,000
Tank Facility Improvements			
Recoat/Repairs (NWD Tank 2)	NWD	500,000	-
3.25 MG Friendly Valley Tank	SCWD	25,000	150,000
Two 2.5 MG Deane Tanks	SCWD	2,550,000	2,375,000
1.6 MG Golden Valley Tank	SCWD	25,000	150,000
Two 1.6 MG Placerita Tanks	SCWD	-	100,000
Booster Station/Turnout Improvements			
SC-12	SCWD	340,000	-
Deane Pump Station	SCWD	820,000	180,000
Friendly Valley Booster Station	SCWD	25,000	400,000
Pipeline Replacements			
Ridge Route Rd	NWD	358,000	-
Pothole Survey Sand Cyn Sewer/Construct	NWD	-	400,000
The Old Road between Pinto & Victoria	NWD	-	510,000
Rainbow Glen	SCWD	-	265,000
SC-2 Gravity	SCWD	305,000	-
Valencia Marketplace	VWD	450,000	-
LA Residential Community (LARC) Pipeline	SCWD	715,000	-
Recycled Water - Phase 2B Vista Cyn	SCWD	1,565,000	25,000
SC-12 Warmuth Pipeline to Canyon	SCWD	50,000	525,000
Total Major Capital - Retail		\$ 7,958,000	\$ 5,310,000
Minor Capital - Retail			
General Facility Improvement/Repl	A	350,000	300,000
Equipment Improvement/Repl	A	450,000	440,000
General Well Improvements/Repl	A	250,000	250,000
General Tank Improvements/Repl	A	1,620,000	1,565,000
General Booster Station & Turnout Impr	A	676,000	614,000
General Disinfection Improvements/Repl	A	510,000	510,000
General SCADA Improvements/Upgrades	A	500,000	500,000
General Appurtenance Improvements/Repl	A	575,000	500,000
General Pipeline Improvement/Repl	A	634,000	1,162,500
General Meter Improvements/Repl	A	800,000	1,200,000
ERP Software (Finance & Accounting)	A	732,699	1,637,445
Phone System Replacement	A	175,275	-
Office Building Improvements	A	258,500	210,000
CIS Software Integration & Upgrade	A	-	1,100,000
Technology Upgrades and Replacements	A	981,965	307,081
Total Minor Capital - Retail		\$ 8,513,439	\$ 10,296,026
TOTAL CIP BUDGET - RETAIL		\$ 16,471,439	\$ 15,606,026

NWD - Newhall Division, SCWD - Santa Clarita Water Division, VWD - Valencia Water Division, A - Agency-wide

**SCV WATER
CAPITAL IMPROVEMENT BUDGET - MAJOR CAPITAL PROJECTS
FY 2019/20 and FY 2020/21 - RETAIL DIVISIONS**

Project Title: Well 160 Rehabilitation

CIP No. Job 8154

Description: Rehabilitate Well 160 and Replace and Restore the Motor Control Center

Category: B - Rehabilitation

Purpose/Justification: Eletrical equipment has reached the end of its useful operating life. Upgrading will enhance safety and increase operational efficiency.

Project Priority: Med

Site Requirements: None

CEQA: Exempt

Project Schedule: FY 2019/20: Rehabilitate Well
FY 2020/21: Replace MCC

Projected Impact on Operating Costs: Less than \$5,000 per year

Category	Current Estimated Total Project Cost	Cumulative Estimated Expenditures through June 30, 2019	FY 2019/20 Budget	FY 2020/21 Budget
Planning and Conceptual Design	\$ -	\$ -	\$ -	\$ -
Design (Including Bid Services)				
Construction				
Construction Management and Engineering		-	-	-
Capital Construction Costs	460,000	-	230,000	230,000
<i>Unforeseen / Changed Conditions</i>	-	-	-	-
<i>Design Changes (Resulting from RFI)</i>	-	-	-	-
<i>Owner-Initiated Changes</i>	-	-	-	-
Additional Project Delivery Costs (Post-Construction Activities, Monitoring and Mitigation, etc.)		-	-	-
TOTAL	\$ 460,000	\$ -	\$ 230,000	\$ 230,000

Notes:

**SCV WATER
CAPITAL IMPROVEMENT BUDGET - MAJOR CAPITAL PROJECTS
FY 2019/20 and FY 2020/21 - RETAIL DIVISIONS**

Project Title: Tank N2 Internal Recoating and Repairs

CIP No. 0300-00-1058

Description: Recoat the interior of Tank N2 and repair structural rafters

Category: B - Rehabilitation

Purpose/Justification: Extend asset life by improving the interior coating by removing/recoating and repair rafters per last dive inspection report.

Project Priority: Mid

Site Requirements: None

CEQA: Exempt

Project Schedule: FY 2019/20: Bid and Construct
FY 2020/21:

Projected Impact on Operating Costs: Less than \$5,000 per year

Category	Current Estimated Total Project Cost	Cumulative Estimated Expenditures through June 30, 2019	FY 2019/20 Budget	FY 2020/21 Budget
Planning and Conceptual Design				\$ -
Design (Including Bid Services)	30,000		30,000	
Construction				
Construction Management and Engineering			-	-
Capital Construction Costs	470,000	-	470,000	
<i>Unforeseen / Changed Conditions</i>	-	-	-	-
<i>Design Changes (Resulting from RFI)</i>	-	-	-	-
<i>Owner-Initiated Changes (Land Acquisition)</i>	-	-	-	-
Additional Project Delivery Costs (Post-Construction Activities, Monitoring and Mitigation, etc)				
		-	-	-
TOTAL	\$ 500,000	\$ -	\$ 500,000	\$ -

Notes:

**SCV WATER
CAPITAL IMPROVEMENT BUDGET - MAJOR CAPITAL PROJECTS
FY 2019/20 and FY 2020/21 - RETAIL DIVISIONS**

Project Title: 3.25 MG Friendly Valley Tank (SCWD)

CIP No. S17607

Description: Construct 3.25 MG Storage Tank in Friendly Valley Zone

Category: C - New Capital

Purpose/Justification: Improve emergency storage in Friendly Valley Zone per SCWD 2013 Water Master Plan

Project Priority: Mid

Site Requirements: Developer will provide land and graded pad as part of Tract development

CEQA: CEQA EIR will be prepared by City for the Princessa Crossroads Development

Project Schedule: FY 2019/20: Prepare planning analysis
FY 2020/21: Perform design
FY 2021/22: Initiate construction

Projected Impact on Operating Costs: Less than \$5,000 per year

Category	Current Estimated Total Project Cost	Cumulative Estimated Expenditures through June 30, 2019	FY 2019/20 Budget	FY 2020/21 Budget
Planning and Conceptual Design	\$ 25,000		\$ 25,000	
Design (Including Bid Services)	150,000		-	150,000
Construction				
Construction Management and Engineering	250,000	-	-	-
Capital Construction Costs	5,000,000	-	-	-
<i>Unforeseen / Changed Conditions</i>	-	-	-	-
<i>Design Changes (Resulting from RFI)</i>	-	-	-	-
<i>Owner-Initiated Changes</i>	-	-	-	-
Additional Project Delivery Costs (Post-Construction Activities, Monitoring and Mitigation, etc)			-	-
TOTAL	\$ 5,425,000	\$ -	\$ 25,000	\$ 150,000

Notes:
CIP budget is SCV Water's estimated portion of the storage to meet design criteria in the Friendly Valley Zone as identified in the 2013 SCWD Water Master Plan. The developer will fund their portion of the storage needed for new demands from the Princessa Crossroads Development.

**SCV WATER
CAPITAL IMPROVEMENT BUDGET - MAJOR CAPITAL PROJECTS
FY 2019/20 and FY 2020/21 - RETAIL DIVISIONS**

Project Title: Two 2.5 MG Deane Tanks

CIP No. S17702

Description: Construct two 2.5 MG tanks in Deane Zone

Category: C - New Capital

Purpose/Justification: Improve emergency storage capacity in Deane Zone per SCWD 2013 Water Master Plan

Project Priority: High

Site Requirements: Developer will provide land and graded pad as part of Tract 60922

CEQA: Developer included in approved CEQA documentation for Tract 60922

Project Schedule: FY 2019/20: Complete design, construct first tank
FY 2020/21: Construct second tank

Projected Impact on Operating Costs: Less than \$5,000 per year

Category	Current Estimated Total Project Cost	Cumulative Estimated Expenditures through June 30, 2019	FY 2019/20 Budget	FY 2020/21 Budget
Planning and Conceptual Design			\$ -	\$ -
Design (Including Bid Services)	250,000	75,000	175,000	-
Construction				
Construction Management and Engineering	250,000		125,000	125,000
Capital Construction Costs	4,500,000		2,250,000	2,250,000
<i>Unforeseen / Changed Conditions Design Changes (Resulting from RFI) Owner-Initiated Changes</i>				
Additional Project Delivery Costs (Post-Construction Activities, Monitoring and Mitigation, etc)			-	-
TOTAL	\$ 5,000,000	\$ 75,000	\$ 2,550,000	\$ 2,375,000

Notes:
CIP budget is for SCV Water's portion of the storage to meet design criteria in the Deane Zone as identified in the 2013 SCWD Water Master Plan. The developer will fund their portion of the storage needed for new demands from Tract 69022.

**SCV WATER
CAPITAL IMPROVEMENT BUDGET - MAJOR CAPITAL PROJECTS
FY 2019/20 and FY 2020/21 - RETAIL DIVISIONS**

Project Title: 1.6 MG Golden Valley Tank (SCWD)

CIP No. S17607

Description: Construct 1.6 MG Storage Tank in Golden Valley Zone

Category: C - New Capital

Purpose/Justification: Improve emergency storage in Golden Valley Zone per SCWD 2013 Water Master Plan

Project Priority: Mid

Site Requirements: Tank will be located at existing Golden Valley Tank Site

CEQA: CEQA EIR will be prepared by City for the Princess Crossroads Development

Project Schedule: FY 2019/20: Prepare planning analysis
FY 2020/21: Perform design
FY 2021/22: Initiate construction

Projected Impact on Operating Costs: Less than \$5,000 per year

Category	Current Estimated Total Project Cost	Cumulative Estimated Expenditures through June 30, 2019	FY 2019/20 Budget	FY 2020/21 Budget
Planning and Conceptual Design	\$ 25,000		\$ 25,000	
Design (Including Bid Services)	150,000		-	150,000
Construction				
Construction Management and Engineering	100,000	-	-	-
Capital Construction Costs	1,000,000	-	-	-
<i>Unforeseen / Changed Conditions</i>	-	-	-	-
<i>Design Changes (Resulting from RFI)</i>	-	-	-	-
<i>Owner-Initiated Changes</i>	-	-	-	-
Additional Project Delivery Costs (Post-Construction Activities, Monitoring and Mitigation, etc)			-	-
TOTAL	\$ 1,275,000	\$ -	\$ 25,000	\$ 150,000

Notes:
CIP budget is SCV Water's estimated portion of the storage to meet design criteria in the Golden Valley Zone as identified in the 2013 SCWD Water Master Plan. The developer will fund their portion of the storage needed for new demands from the Princessa Crossroads Development.

**SCV WATER
CAPITAL IMPROVEMENT BUDGET - MAJOR CAPITAL PROJECTS
FY 2019/20 and FY 2020/21 - RETAIL DIVISIONS**

Project Title: Two 1.6 MG Placerita Tanks (SCWD)

CIP No. S09703

Description: Construct two 1.6 MG tanks in Placerita Zone

Category: C - New Capital

Purpose/Justification: Improve emergency storage in Placerita Zone per SCWD 2013 Water Master Plan criteria

Project Priority: Mid

Site Requirements: Tanks will be located on 5 acres of land acquired by SCV Water

CEQA: SCV Water will prepare CEQA documents

Project Schedule: FY 2019/20: Prepare CEQA documentation
 FY 2020/21: Perform design
 FY 2021/22: Initiate construction

Projected Impact on Operating Costs: Less than \$5,000 per year

Category	Current Estimated Total Project Cost	Cumulative Estimated Expenditures through June 30, 2019	FY 2019/20 Budget	FY 2020/21 Budget
Planning and Conceptual Design	\$ 216,000	\$ 116,000	\$ -	
Design (Including Bid Services)	250,000			100,000
Construction				
Construction Management and Engineering Capital Construction Costs	3,800,000			
<i>Unforeseen / Changed Conditions</i>	-	-	-	-
<i>Design Changes (Resulting from RFI)</i>	-	-	-	-
<i>Owner-Initiated Changes (land acquisition)</i>	65,000	65,000	-	-
Additional Project Delivery Costs (Post-Construction Activities, Monitoring and Mitigation, etc)				
TOTAL	\$ 4,266,000	\$ 116,000	\$ -	\$ 100,000

Notes:

**SCV WATER
CAPITAL IMPROVEMENT BUDGET - MAJOR CAPITAL PROJECTS
FY 2019/20 and FY 2020/21 - RETAIL DIVISIONS**

Project Title: Turnout SC-12 Facility Construction

CIP No. 519-714

Description: Construct the SC-12 Turnout Facility

Category: C - New Capital

Purpose/Justification: Provide the ability to deliver imported water to the eastern portion of the service area through Turnout SC-12.

Project Priority: Med

Site Requirements: None

CEQA: Exempt

Project Schedule: FY 2019/20: Complete construction of facility
FY 2020/21:

Projected Impact on Operating Costs: Less than \$5,000 per year

Category	Current Estimated Total Project Cost	Cumulative Estimated Expenditures through June 30, 2019	FY 2019/20 Budget	FY 2020/21 Budget
Planning and Conceptual Design			\$ -	\$ -
Design (Including Bid Services)			-	-
Construction				
Construction Management and Engineering		-		
Capital Construction Costs	340,000	-	340,000	
<i>Unforeseen / Changed Conditions</i>	-	-	-	-
<i>Design Changes (Resulting from RFI)</i>	-	-	-	-
<i>Owner-Initiated Changes</i>	-	-	-	-
Additional Project Delivery Costs (Post-Construction Activities, Monitoring and Mitigation, etc)				
TOTAL	\$ 340,000	\$ -	\$ 340,000	\$ -

Notes:

SCV WATER
CAPITAL IMPROVEMENT BUDGET - MAJOR CAPITAL PROJECTS
FY 2019/20 and FY 2020/21 - RETAIL DIVISIONS

Project Title: Deane Pump Station (SCWD)

CIP No. S17701

Description: Construct new booster pump station from North Oaks Zone to Deane Zone

Category: C - New Capital

Purpose/Justification: To improve emergency refill pumping rates per SCWD 2013 Water Master Plan

Project Priority: High

Site Requirements: Developer will provide land and graded pad as part of Tract 60922

CEQA: Prepared by Developer for Tract 60922

Project Schedule: FY 2019/20: Perform design and initiate construction
 FY 2020/21 Complete construction

Projected Impact on Operating Costs: Estimated annual Operating Costs are \$75,000

Category	Current Estimated Total Project Cost	Cumulative Estimated Expenditures through June 30, 2019	FY 2019/20 Budget	FY 2020/21 Budget
Planning and Conceptual Design	\$ -	\$ -	\$ -	\$ -
Design (Including Bid Services)	\$ 150,000		\$ 150,000	
Construction	-		\$ -	\$ -
Construction Management and Engineering	\$ 85,000		\$ 70,000	\$ 15,000
Capital Construction Costs	\$ 765,000		\$ 600,000	\$ 165,000
<i>Unforeseen / Changed Conditions</i> <i>Design Changes (Resulting from RFI)</i> <i>Owner-Initiated Changes</i>				
Additional Project Delivery Costs (Post-Construction Activities, Monitoring and Mitigation, etc)				
TOTAL	\$ 1,000,000	\$ -	\$ 820,000	\$ 180,000

Notes:
 CIP Budget reflects SCV Water portion of pump station capacity for emergency refill improvements identified in SCWD 2013 Water Master Plan and September 5, 2017 Planning Phase Technical Memo for Tract 60922.

**SCV WATER
CAPITAL IMPROVEMENT BUDGET - MAJOR CAPITAL PROJECTS
FY 2019/20 and FY 2020/21 - RETAIL DIVISIONS**

Project Title: Friendly Valley Booster Station (SCWD)

CIP No. S17607

Description: Construct new booster pump station from Honby Zone to Friendly Valley Zone

Category: C - New Capital

Purpose/Justification: To improve emergency refill pumping rates to meet design criteria in SCWD 2013 Water Master Plan

Project Priority: Mid

Site Requirements: SCV Water will coordinate with City and developer on purchase of new land for pump station.

CEQA: CEQA EIR will be prepared by City for the Princessa Crossroads Development

Project Schedule: FY 2019/20: Prepare planning analysis
FY 2020/21: Perform design
FY 2021/22: Initiate construction

Projected Impact on Operating Costs: Estimated annual operating costs are \$75,000

Category	Current Estimated Total Project Cost	Cumulative Estimated Expenditures through June 30, 2019	FY 2019/20 Budget	FY 2020/21 Budget
Planning and Conceptual Design	\$ 25,000		\$ 25,000	\$ -
Design (Including Bid Services)	150,000			150,000
Construction				
Construction Management and Engineering			-	-
Capital Construction Costs	1,000,000	-	-	-
<i>Unforeseen / Changed Conditions</i>	-	-	-	-
<i>Design Changes (Resulting from RFI)</i>	-	-	-	-
<i>Owner-Initiated Changes (Land Acquisition)</i>	-	-	-	250,000
Additional Project Delivery Costs (Post-Construction Activities, Monitoring and Mitigation, etc)				
		-	-	-
TOTAL	\$ 1,175,000	\$ -	\$ 25,000	\$ 400,000

Notes:

CIP budget is SCV Water's estimated portion of the pump station capacity to meet design criteria in the 2013 SCWD Water Master Plan. The developer will fund their portion of the pump station capacity for new demands from the Princessa Crossroads Development.

SCV WATER
CAPITAL IMPROVEMENT BUDGET - MAJOR CAPITAL PROJECTS
FY 2019/20 and FY 2020/21 - RETAIL DIVISIONS

Project Title: Ridge Route Rd Pipeline Relocation

CIP No. 0300-00-1079

Description: Relocate approximately 400 feet of pipeline

Category: B - Rehabilitation

Purpose/Justification: Relocate vital transmission pipeline out of roadway currently subject to landslides.

Project Priority: Mid

Site Requirements: Construction will be within Public Right-of-Way

CEQA: Exempt

Project Schedule: FY 2019/20: Design and construct
 FY 2020/21:

Projected Impact on Operating Costs: Less than \$5,000 per year

Category	Current Estimated Total Project Cost	Cumulative Estimated Expenditures through June 30, 2019	FY 2019/20 Budget	FY 2020/21 Budget
Planning and Conceptual Design			\$ -	
Design (Including Bid Services)	15,000		15,000	
Construction				
Construction Management and Engineering Capital Construction Costs	343,000		343,000	
<i>Unforeseen / Changed Conditions</i>	-	-	-	-
<i>Design Changes (Resulting from RFI)</i>	-	-	-	-
<i>Owner-Initiated Changes (land acquisition)</i>	-	-	-	-
Additional Project Delivery Costs (Post-Construction Activities, Monitoring and Mitigation, etc)				
TOTAL	\$ 358,000	\$ -	\$ 358,000	\$ -

Notes:

SCV WATER
CAPITAL IMPROVEMENT BUDGET - MAJOR CAPITAL PROJECTS
FY 2019/20 and FY 2020/21 - RETAIL DIVISIONS

Project Title: Sand Canyon Sewer Relocation

CIP No. 0300-00-1081

Description: Construct approximately 1,000 feet of sewer line in Sand Canyon Road

Category: C - New Capital

Purpose/Justification: Redirects sewer flows into ROW and removes approximately 600 feet of pipeline out of flood plain.

Project Priority: Mid

Site Requirements: Construction will be within Public Right-of-Way

CEQA: Exempt

Project Schedule: FY 2019/20:
FY 2020/21: Field Verify, Update Design, Construct

Projected Impact on Operating Costs: Less than \$5,000 per year

Category	Current Estimated Total Project Cost	Cumulative Estimated Expenditures through June 30, 2019	FY 2019/20 Budget	FY 2020/21 Budget
Planning and Conceptual Design	\$ 40,000			\$ 40,000
Design (Including Bid Services)				
Construction				
Construction Management and Engineering		-		-
Capital Construction Costs	360,000	-		360,000
<i>Unforeseen / Changed Conditions</i>	-	-		-
<i>Design Changes (Resulting from RFI)</i>	-	-		-
<i>Owner-Initiated Changes</i>	-	-		-
Additional Project Delivery Costs (Post-Construction Activities, Monitoring and Mitigation, etc)				-
TOTAL	\$ 400,000	\$ -	\$ -	\$ 400,000

Notes:

Design was completed in 2015 as part of IRWMP grant funding. Additional vacuum excavation needs to occur to update design drawings. SCV Water is also applying for additional grant funding to remove the remaining portions of sewer trunk line out of the Santa Clara River.

SCV WATER
CAPITAL IMPROVEMENT BUDGET - MAJOR CAPITAL PROJECTS
FY 2019/20 and FY 2020/21 - RETAIL DIVISIONS

Project Title: The Old Road Pipeline Construction

CIP No. 0300-00-1090

Description: Construct approximately 1,400 feet of new mainline

Category: C - New Capital

Purpose/Justification: Improve flows and provide redundancy

Project Priority: Med

Site Requirements: Construction will be within Public Right-of-Way

CEQA: Exempt

Project Schedule: FY 2019/20: Design and construct
 FY 2020/21:

Projected Impact on Operating Costs: Less than \$5,000 per year

Category	Current Estimated Total Project Cost	Cumulative Estimated Expenditures through June 30, 2019	FY 2019/20 Budget	FY 2020/21 Budget
Planning and Conceptual Design			\$ -	\$ -
Design (Including Bid Services)	20,000			20,000
Construction				
Construction Management and Engineering				
Capital Construction Costs	490,000			490,000
<i>Unforeseen / Changed Conditions</i>				
<i>Design Changes (Resulting from RFI)</i>				
<i>Owner-Initiated Changes</i>				
Additional Project Delivery Costs (Post-Construction Activities, Monitoring and Mitigation, etc)			-	-
TOTAL	\$ 510,000	\$ -	\$ -	\$ 510,000

Notes:

**SCV WATER
CAPITAL IMPROVEMENT BUDGET - MAJOR CAPITAL PROJECTS
FY 2019/20 and FY 2020/21 - RETAIL DIVISIONS**

Project Title: Rainbow Glen Pipeline Construction

CIP No. 520-701

Description: Construct approximately 900 feet of new mainline

Category: C - New Capital

Purpose/Justification: Improve flows and provide redundancy.

Project Priority: Mid

Site Requirements: Construction will be within Public Right-of-Way

CEQA: Exempt

Project Schedule: FY 2019/20:
FY 2020/21: Construct

Projected Impact on Operating Costs: Less than \$5,000 per year

Category	Current Estimated Total Project Cost	Cumulative Estimated Expenditures through June 30, 2019	FY 2019/20 Budget	FY 2020/21 Budget
Planning and Conceptual Design				
Design (Including Bid Services)			-	
Construction				
Construction Management and Engineering		-	-	-
Capital Construction Costs	265,000	-	-	265,000
<i>Unforeseen / Changed Conditions</i>	-	-	-	-
<i>Design Changes (Resulting from RFI)</i>	-	-	-	-
<i>Owner-Initiated Changes</i>	-	-	-	-
Additional Project Delivery Costs (Post-Construction Activities, Monitoring and Mitigation, etc)				
TOTAL	\$ 265,000	\$ -	\$ -	\$ 265,000

Notes:

**SCV WATER
CAPITAL IMPROVEMENT BUDGET - MAJOR CAPITAL PROJECTS
FY 2019/20 and FY 2020/21 - RETAIL DIVISIONS**

Project Title: SC-2 Gravity Flow Conversion

CIP No. 519-724

Description: Construct SC-2 Turnout to flow off the discharge side of Sand Canyon Pump Station .

Category: E - Upgrades

Purpose/Justification: To provide more operational flexibility and efficiency in operating SC-2 and SC-4

Project Priority: Med

Site Requirements: Pipeline will be installed in public right-of-way

CEQA: Exempt

Project Schedule: FY 2019/20: Design and Construct
FY 2020/21:

Projected Impact on Operating Costs: Less than \$5,000 per year

Category	Current Estimated Total Project Cost	Cumulative Estimated Expenditures through June 30, 2019	FY 2019/20 Budget	FY 2020/21 Budget
Planning and Conceptual Design				\$ -
Design (Including Bid Services)	50,000		50,000	-
Construction				
Construction Management and Engineering				
Capital Construction Costs	\$ 255,000	-	\$ 255,000	\$ -
<i>Unforeseen / Changed Conditions Design Changes (Resulting from RFI)</i>	-			
<i>Owner-Initiated Changes</i>	\$ -		\$ -	
Additional Project Delivery Costs (Post-Construction Activities, Monitoring and Mitigation, etc)				
TOTAL	\$ 305,000	\$ -	\$ 305,000	\$ -

Notes:

**SCV WATER
CAPITAL IMPROVEMENT BUDGET - MAJOR CAPITAL PROJECTS
FY 2019/20 and FY 2020/21 - RETAIL DIVISIONS**

Project Title: Valencia Marketplace Pipeline Replacement

CIP No. Job 5386

Description: Replace approximately 1,400 feet of mainline

Category: B - Rehabilitation

Purpose/Justification: To replace mainline which has experienced multiple breaks

Project Priority: Med

Site Requirements: Easements will be required from property owner

CEQA: Exempt

Project Schedule: FY 2019/20: Design and construct
FY 2020/21

Projected Impact on Operating Costs: Less than \$5,000 per year

Category	Current Estimated Total Project Cost	Cumulative Estimated Expenditures through June 30, 2019	FY 2019/20 Budget	FY 2020/21 Budget
Planning and Conceptual Design	\$ -	\$ -	\$ -	\$ -
Design (Including Bid Services)	\$ 15,000		\$ 15,000	
Construction	-		\$ -	\$ -
Construction Management and Engineering Capital Construction Costs	\$ 435,000		\$ 435,000	\$ -
<i>Unforeseen / Changed Conditions Design Changes (Resulting from RFI) Owner-Initiated Changes</i>				
Additional Project Delivery Costs (Post-Construction Activities, Monitoring and Mitigation, etc)				
TOTAL	\$ 450,000	\$ -	\$ 450,000	\$ -

Notes:

SCV WATER
CAPITAL IMPROVEMENT BUDGET - MAJOR CAPITAL PROJECTS
FY 2019/20 and FY 2020/21 - RETAIL DIVISIONS

Project Title: Los Angeles Residential Community (LARC) Pipeline (SCWD)

CIP No. S16701

Description: Construct 9,500 linear feet of 12-inch diameter pipeline in Bouquet Canyon Road from Shadow Valley Lane to LARC

Category: C - New Capital

Purpose/Justification: Provide potable water service to LARC with extra pipeline capacity to allow for service to other existing developments along the pipeline route

Project Priority: High

Site Requirements: Pipeline will be installed in public right-of-way

CEQA: Mitigated Negative Declaration was adopted by CLWA's Board of Directors on March 8, 2017

Project Schedule: FY 2019/20: Complete final design and perform construction
 FY 2020/21: No project activity

Projected Impact on Operating Costs: Less than \$5,000 per year

Category	Current Estimated Total Project Cost	Cumulative Estimated Expenditures through June 30, 2019	FY 2019/20 Budget	FY 2020/21 Budget
Planning and Conceptual Design	\$ 25,000	\$ 10,000	\$ 15,000	\$ -
Design (Including Bid Services)	75,000	50,000	25,000	-
Construction				
Construction Management and Engineering	25,000		25,000	
Capital Construction Costs	\$ 625,000	-	\$ 625,000	\$ -
<i>Unforeseen / Changed Conditions Design Changes (Resulting from RFI)</i>	-			
<i>Owner-Initiated Changes</i>	\$ -		\$ -	
Additional Project Delivery Costs (Post-Construction Activities, Monitoring and Mitigation, etc)	25,000		25,000	
TOTAL	\$ 775,000	\$ 60,000	\$ 715,000	\$ -

Notes:
 Budget assumes LARC portion is funded by SWRCB Grant. Budget represents SCV Water's portion of project costs to upsize from 8-inch to 12-inch pipeline to provide water service to other existing developments along pipeline route.

SCV WATER
CAPITAL IMPROVEMENT BUDGET - MAJOR CAPITAL PROJECTS
FY 2019/20 and FY 2020/21 - RETAIL DIVISIONS

Project Title: Recycled Water Program Phase 2B – Vista Canyon Extension - Distribution (SCWD)

CIP No. S16702

Description: Construction of new distribution facilities to expand recycled water service from the Vista Canyon Water Factory to customers in the eastern portion of SCWD service area, including customer

Category: C - New Capital

Purpose/Justification: Expand recycled water service to existing irrigation customers to offset potable water demands

Project Priority: High

Site Requirements: Pipelines will be constructed in public right of way and easements

CEQA: Mitigated Negative Declaration was adopted by CLWA's Board of Directors on November 20, 2017

Project Schedule: FY 2019/20: Initiate construction of distribution pipelines and retrofits
FY 2020/21: Complete construction of retrofits

Projected Impact on Operating Costs: Less than \$5,000 per year

Category	Current Estimated Total Project Cost	Cumulative Estimated Expenditures through June 30, 2019	FY 2019/20 Budget	FY 2020/21 Budget
Planning and Conceptual Design	\$ 20,000	\$ 20,000	\$ -	\$ -
Design (Including Bid Services)	150,000	150,000	-	-
Construction				
Construction Management and Engineering	140,000	-	140,000	
Capital Construction Costs	1,400,000	-	1,400,000	
<i>Unforeseen / Changed Conditions</i>	-	-	-	-
<i>Design Changes (Resulting from RFI)</i>	-	-	-	-
<i>Owner-Initiated Changes</i>	-	-	-	-
Additional Project Delivery Costs (Post-Construction Activities, Monitoring and Mitigation, etc)	50,000		25,000	25,000
TOTAL	\$ 1,760,000	\$ 170,000	\$ 1,565,000	\$ 25,000

Notes:

Estimated costs are for Phase 2B distribution system only, and represent SCWD's share of estimated total Phase 2B project cost of \$8,672,000 for backbone and distribution systems. Project is expected to receive \$2,710,300 in grant funds from Department of Water Resources.

SCV WATER
CAPITAL IMPROVEMENT BUDGET - MAJOR CAPITAL PROJECTS
FY 2019/20 and FY 2020/21 - RETAIL DIVISIONS

Project Title: SC-12 Warmuth Pipeline To Sand Canyon (SCWD)

CIP No. S19728

Description: Construct 4,000 feet of 16-inch pipe in Rolling Hills Avenue and Warmuth Drive to connect SC-12 booster pumps to Placerita Zone pipeline in Sand Canyon Road

Category: C - New Capital

Purpose/Justification: Improve operational reliability and emergency refill pumping capacity in Placerita Zone

Project Priority: Mid

Site Requirements: Pipeline will be constructed in public rights-of-way and easements

CEQA: Exempt.

Project Schedule: FY 2019/20: Perform design
FY 2020/21: Initiate and complete construction

Projected Impact on Operating Costs: Less than \$5,000 per year

Category	Current Estimated Total Project Cost	Cumulative Estimated Expenditures through June 30, 2019	FY 2019/20 Budget	FY 2020/21 Budget
Planning and Conceptual Design	\$ -	\$ -	\$ -	\$ -
Design (Including Bid Services)	50,000		50,000	
Construction				
Construction Management and Engineering	25,000	-	-	25,000
Capital Construction Costs	500,000	-	-	500,000
<i>Unforeseen / Changed Conditions</i>	-	-	-	-
<i>Design Changes (Resulting from RFI)</i>	-	-	-	-
<i>Owner-Initiated Changes</i>	-	-	-	-
Additional Project Delivery Costs (Post-Construction Activities, Monitoring and Mitigation, etc.)		-	-	-
TOTAL	\$ 575,000	\$ -	\$ 50,000	\$ 525,000

Notes:

**SCV WATER - CAPITAL IMPROVEMENT BUDGET - MAJOR CAPITAL PROJECTS
FY 2019/20 and FY 2020/21 - REGIONAL DIVISION**

CIP No.	Project Title	Project Category	Total Estimated Project Cost	Accumulated 06/30/19	Proposed Budget FY 2019/20	Proposed Budget FY 2020/21
Debt-funded Projects						
200903	Castaic Conduit Bypass Pipeline	C	\$ 15,116,000	\$ 927,000	\$ 400,000	\$ 205,000
200010	Distribution System - RV-2 Modifications	A, B, C, D	3,419,000	3,419,000	-	-
200105	ESFP Clearwell/CT Improvements	C, E	8,606,000	8,606,000	-	-
200103	ESFP Sludge Collection System	C, E	14,726,000	1,086,000	6,235,000	7,405,000
200151	ESIPS Pipeline Improvements	C, E	4,107,000	4,107,000	-	-
200905	Foothill Feeder Connection	C	4,950,000	4,950,000	-	-
200510	Honby Parallel - Phase 2	C	25,489,000	2,536,000	140,000	150,000
200525	Magic Mountain Pipeline No. 4	C	5,095,000	3,609,000	1,486,000	-
200526	Magic Mountain Pipeline No. 5	C	5,496,000	165,000	5,331,000	-
200527	Magic Mountain Pipeline No. 6	C	13,260,000	240,000	6,095,000	6,925,000
200528	Magic Mountain Reservoir	C	29,927,000	137,000	170,000	315,000
200453	Recycled Water Phase II, 2A - Central Park	C	15,394,000	277,000	5,000	5,000
200454	Recycled Water Phase II, 2B - Vista Canyon	C	6,912,000	150,000	3,135,000	3,627,000
200455	Recycled Water Phase II, 2C - South End	C	12,702,000	833,000	150,000	150,000
200456	Recycled Water Phase II, 2D - West Ranch	C	2,077,000	514,000	985,000	578,000
200906	Rosedale-Rio Bravo Extraction Project	C	9,869,000	9,736,000	127,000	79,000
200963	Saugus Formation Dry Year Reliability Wells	B, C	11,380,000	221,000	-	380,000
Projects Funded "Pay-as-you-go"						
200964	Groundwater Treatment Improvements	C	3,216,000	221,000	340,000	2,585,000
200962	Replacement Wells	B	11,161,000	375,000	1,070,000	4,030,000
200013	Water Conservation and Education Garden	E	1,450,000	200,000	1,100,000	150,000
Total Major Capital Projects			\$ 204,352,000	\$ 42,309,000	\$ 26,769,000	\$ 26,584,000

- (A) Funded by one percent property tax revenues.
- (B) Will be submitted for reimbursement from the perchlorate settlement agreement.
- (C) Project was awarded grant funding.

CATEGORY A: Asset Replacement
 CATEGORY B: Rehabilitation
 CATEGORY C: New Capital
 CATEGORY D: Technology Investments
 CATEGORY E: Upgrades

SCV WATER
CAPITAL IMPROVEMENT BUDGET - MAJOR CAPITAL PROJECTS
FY 2019/20 and FY 2020/21 - REGIONAL DIVISION

Project Title: Castaic Conduit Bypass Pipeline

CIP No. 200903

Description: Construction of a 54-inch diameter pipeline to replace the existing 36-inch diameter sections of the Castaic Conduit.

Category: C - New Capital

Purpose/Justification: Convey treated water from the treatment plants to various turnouts. Improve transmission system hydraulics, remove existing bottleneck.

Project Priority: Mid

Site Requirements: Public rights-of-way and pipeline easements will be obtained during design phase.

CEQA: A Mitigated Negative Declaration was adopted by the Board of Directors on March 9, 2011.

Project Schedule: FY 2019/20: Complete land acquisition.
FY 2020/21: Complete final design.
FY 2021/22: Initiate construction.

Projected Impact on Operating Costs: Less than \$5,000 per year.

Category	Current Estimated Total Project Cost	Cumulative Estimated Expenditures through June 30, 2019	FY 2019/20 Budget	FY 2020/21 Budget
Planning and Conceptual Design	\$ 102,000	\$ 102,000	\$ -	\$ -
Design (Including Bid Services)	1,430,000	825,000	400,000	205,000
Construction				
Construction Management and Engineering	1,369,000	-	-	-
Capital Construction Costs	12,185,000	-	-	-
<i>Unforeseen / Changed Conditions</i>	-	-	-	-
<i>Design Changes (Resulting from RFI)</i>	-	-	-	-
<i>Owner-Initiated Changes</i>	-	-	-	-
Additional Project Delivery Costs (Post-Construction Activities, Monitoring and Mitigation, etc)	30,000	-	-	-
TOTAL	\$ 15,116,000	\$ 927,000	\$ 400,000	\$ 205,000

Notes:

SCV WATER
CAPITAL IMPROVEMENT BUDGET - MAJOR CAPITAL PROJECTS
FY 2019/20 and FY 2020/21 - REGIONAL DIVISION

Project Title: Distribution System – RV-2 Modifications

CIP No. 200010

Description: Replacement of existing 72 inch valve and construction of modifications to the existing Rio Vista Valve #2 facility.

Category: A - Asset Replacement
 B - Rehabilitation
 C - New Capital
 E - Upgrades

Purpose/Justification: Control treated water system hydraulics. Improves operational flexibility and system reliability.

Project Priority: High

Site Requirements: Easements for the modified facility will be obtained during the design phase.

CEQA: Categorical Exemption (Class 2, Section 15302 of the California Environmental Quality Act Guidelines).

Project Schedule: FY 2018/19: Completed construction.

Projected Impact on Operating Costs: Less than \$5,000 per year.

Category	Current Estimated Total Project Cost	Cumulative Estimated Expenditures through June 30, 2019	FY 2019/20 Budget	FY 2020/21 Budget
Planning and Conceptual Design	\$ 142,000	\$ 142,000	\$ -	\$ -
Design (Including Bid Services)	610,000	610,000	-	-
Construction				
Construction Management and Engineering	415,000	415,000	-	-
Capital Construction Costs	2,221,000	2,221,000	-	-
<i>Unforeseen / Changed Conditions</i>	-	-	-	-
<i>Design Changes (Resulting from RFI)</i>	-	-	-	-
<i>Owner-Initiated Changes</i>	-	-	-	-
Additional Project Delivery Costs (Post-Construction Activities, Monitoring and Mitigation, etc)	31,000	31,000	-	-
TOTAL	\$ 3,419,000	\$ 3,419,000	\$ -	\$ -

Notes:

**SCV WATER
CAPITAL IMPROVEMENT BUDGET - MAJOR CAPITAL PROJECTS
FY 2019/20 and FY 2020/21 - REGIONAL DIVISION**

Project Title: Earl Schmidt Filtration Plant (ESFP) Clearwell/CT Improvements

CIP No. 200105

Description: Construction of a new disinfection contactor to improve disinfection contact time (CT) at the ESFP.

Category: C - New Capital
E - Upgrades

Purpose/Justification: Improves disinfection contact time at ESFP and provides increased assurance of operating permit compliance.

Project Priority: High

Site Requirements: ESFP property is held in fee by SCVWA.

CEQA: Categorical Exemption (Class 1, Section 15301 of the California Environmental Quality Act Guidelines).

Project Schedule: FY 2018/19: Completed construction and tracer study.

Projected Impact on Operating Costs: Less than \$5,000 per year.

Category	Current Estimated Total Project Cost	Cumulative Estimated Expenditures through June 30, 2019	FY 2019/20 Budget	FY 2020/21 Budget
Planning and Conceptual Design	\$ 52,000	\$ 52,000	\$ -	\$ -
Design (Including Bid Services)	673,000	673,000	-	-
Construction				
Construction Management and Engineering	1,150,000	1,150,000	-	-
Capital Construction Costs	6,471,000	6,471,000	-	-
<i>Unforeseen / Changed Conditions</i>	-	-	-	-
<i>Design Changes (Resulting from RFI)</i>	-	-	-	-
<i>Owner-Initiated Changes</i>	-	-	-	-
Additional Project Delivery Costs (Post-Construction Activities, Monitoring and Mitigation, etc)	260,000	260,000	-	-
TOTAL	\$ 8,606,000	\$ 8,606,000	\$ -	\$ -

Notes:

SCV WATER
CAPITAL IMPROVEMENT BUDGET - MAJOR CAPITAL PROJECTS
FY 2019/20 and FY 2020/21 - REGIONAL DIVISION

Project Title: Earl Schmidt Filtration Plant (ESFP) Sludge Collection System

CIP No. 200103

Description: Construction of new facilities and modifications to existing facilities to upgrade the ESFP wash water return and sludge collection system.

Category: C - New Capital
E - Upgrades

Purpose/Justification: Improves the operational reliability of the wash water return system and the maintenance of the sludge collection system.

Project Priority: High

Site Requirements: ESFP property is held in fee by SCVWA.

CEQA: Categorical Exemption (Class 1, Section 15301 of the California Environmental Quality Act Guidelines).

Project Schedule: FY 2019/20: Initiate construction.
FY 2020/21: Complete construction.

Projected Impact on Operating Costs: Less than \$8,000 per year.

Category	Current Estimated Total Project Cost	Cumulative Estimated Expenditures through June 30, 2019	FY 2019/20 Budget	FY 2020/21 Budget
Planning and Conceptual Design	\$ 191,000	\$ 191,000	\$ -	\$ -
Design (Including Bid Services)	900,000	865,000	35,000	-
Construction				
Construction Management and Engineering	1,495,000	30,000	700,000	765,000
Capital Construction Costs	12,120,000	-	5,500,000	6,620,000
<i>Unforeseen / Changed Conditions</i>	-	-	-	-
<i>Design Changes (Resulting from RFI)</i>	-	-	-	-
<i>Owner-Initiated Changes</i>	-	-	-	-
Additional Project Delivery Costs (Post-Construction Activities, Monitoring and Mitigation, etc)	20,000	-	-	20,000
TOTAL	\$ 14,726,000	\$ 1,086,000	\$ 6,235,000	\$ 7,405,000

Notes:

**SCV WATER
CAPITAL IMPROVEMENT BUDGET - MAJOR CAPITAL PROJECTS
FY 2019/20 and FY 2020/21 - REGIONAL DIVISION**

Project Title: Earl Schmidt Intake Pump Station (ESIPS) Pipeline Improvements

CIP No. 200151

Description: Construction of pipeline improvements to the ESIPS suction and discharge pipelines.

Category: C - New Capital
E - Upgrades

Purpose/Justification: Improve the reliability of the pipelines at the ESIPS.

Project Priority: High

Site Requirements: ESIPS property is held in fee by SCVWA.

CEQA: Categorical Exemption (Class 1, Section 15301 of the California Environmental Quality Act Guidelines).

Project Schedule: FY 2018/19: Completed construction.

Projected Impact on Operating Costs: No impact on operating costs is anticipated.

Category	Current Estimated Total Project Cost	Cumulative Estimated Expenditures through June 30, 2019	FY 2019/20 Budget	FY 2020/21 Budget
Planning and Conceptual Design	\$ 150,000	\$ 150,000	\$ -	\$ -
Design (Including Bid Services)	281,000	281,000	-	-
Construction				
Construction Management and Engineering	593,000	593,000	-	-
Capital Construction Costs	3,083,000	3,083,000	-	-
<i>Unforeseen / Changed Conditions</i>	-	-	-	-
<i>Design Changes (Resulting from RFI)</i>	-	-	-	-
<i>Owner-Initiated Changes</i>	-	-	-	-
Additional Project Delivery Costs (Post-Construction Activities, Monitoring and Mitigation, etc)	-	-	-	-
TOTAL	\$ 4,107,000	\$ 4,107,000	\$ -	\$ -

Notes:

SCV WATER
CAPITAL IMPROVEMENT BUDGET - MAJOR CAPITAL PROJECTS
FY 2019/20 and FY 2020/21 - REGIONAL DIVISION

Project Title: Foothill Feeder Connection

CIP No. 200905

Description: Construction of a permanent turnout structure known as CLWA-01. Will replace the current temporary connection, which will be left in place as a back-up.

Category: C - New Capital

Purpose/Justification: Increases capacity of RVWTP deliveries from 93.4 cfs (60 MGD), to 140 cfs (90 MGD). Allows RVWTP to receive deliveries at its current permitted operating capacity.

Project Priority: High

Site Requirements: Public rights-of-way and pipeline easements have been obtained.

CEQA: RVWTP Expansion Project Environmental Impact Report certified by Board of Directors on June 28, 2006. Addendum approved on March 11, 2009.

Project Schedule: FY 2018/19: Completed construction.

Projected Impact on Operating Costs: No impact on operating costs is anticipated.

Category	Current Estimated Total Project Cost	Cumulative Estimated Expenditures through June 30, 2019	FY 2019/20 Budget	FY 2020/21 Budget
Planning and Conceptual Design	\$ 10,000	\$ 10,000	\$ -	\$ -
Design (Including Bid Services)	184,000	184,000	-	-
Construction				
Construction Management and Engineering	1,046,000	1,046,000	-	-
Capital Construction Costs	3,128,000	3,128,000	-	-
<i>Unforeseen / Changed Conditions</i>	-	-	-	-
<i>Design Changes (Resulting from RFI)</i>	-	-	-	-
<i>Owner-Initiated Changes</i>	-	-	-	-
Additional Project Delivery Costs (Post-Construction Activities, Monitoring and Mitigation, etc)	582,000	582,000	-	-
TOTAL	\$ 4,950,000	\$ 4,950,000	\$ -	\$ -

Notes:
Project will receive grant funds in the amount of \$1,500,000.

SCV WATER
CAPITAL IMPROVEMENT BUDGET - MAJOR CAPITAL PROJECTS
FY 2019/20 and FY 2020/21 - REGIONAL DIVISION

Project Title: Honby Parallel Phase 2

CIP No. 200510

Description: Construction of a 60-inch diameter pipeline to replace the existing 33-inch and 36-inch diameter pipelines from the end of the Honby Parallel Phase 1 pipeline to the Sand Canyon Pump Station.

Category: C - New Capital

Purpose/Justification: Convey treated water to the eastern portion of the service area. Improve transmission system hydraulics and remove existing bottleneck.

Project Priority: Mid

Site Requirements: Public rights-of-way and pipeline easements will be obtained during design phase.

CEQA: An Environmental Impact Report (EIR) was certified by the Board of Directors on July 13, 2005.

Project Schedule: FY 2019/20: Complete land acquisition and continue design.
FY 2020/21: Continue design.
FY 2021/22: Complete design.

Projected Impact on Operating Costs: Less than \$5,000 per year.

Category	Current Estimated Total Project Cost	Cumulative Estimated Expenditures through June 30, 2019	FY 2019/20 Budget	FY 2020/21 Budget
Planning and Conceptual Design	\$ 459,000	\$ 459,000	\$ -	\$ -
Design (Including Bid Services)	1,455,000	920,000	140,000	150,000
Construction				
Construction Management and Engineering	3,131,000	194,000	-	-
Capital Construction Costs	19,200,000	53,000	-	-
<i>Unforeseen / Changed Conditions</i>	-	-	-	-
<i>Design Changes (Resulting from RFI)</i>	-	-	-	-
<i>Owner-Initiated Changes</i>	-	-	-	-
Additional Project Delivery Costs (Post-Construction Activities, Monitoring and Mitigation, etc)	1,244,000	910,000	-	-
TOTAL	\$ 25,489,000	\$ 2,536,000	\$ 140,000	\$ 150,000

Notes:

SCV WATER
CAPITAL IMPROVEMENT BUDGET - MAJOR CAPITAL PROJECTS
FY 2019/20 and FY 2020/21 - REGIONAL DIVISION

Project Title: Magic Mountain Pipeline No. 4

CIP No. 200525

Description: Construction of a pipeline to convey imported water from the end of the existing Magic Mountain Pipeline Phase 3 to the beginning of the proposed Magic Mountain Pipeline Phase 5.

Category: C - New Capital

Purpose/Justification: Provides facilities to convey imported water to the western portion of the service area.

Project Priority: High

Site Requirements: Pipeline will be constructed in public rights-of-way and easements.

CEQA: Notice of Determination filed in FY 2014/15.

Project Schedule: FY 2019/20: Complete construction.

Projected Impact on Operating Costs: Less than \$5,000 per year.

Category	Current Estimated Total Project Cost	Cumulative Estimated Expenditures through June 30, 2019	FY 2019/20 Budget	FY 2020/21 Budget
Planning and Conceptual Design	\$ 5,000	\$ 5,000	\$ -	\$ -
Design (Including Bid Services)	234,000	234,000	-	-
Construction				
Construction Management and Engineering	786,000	568,000	218,000	-
Capital Construction Costs	4,055,000	2,802,000	1,253,000	-
<i>Unforeseen / Changed Conditions</i>	-	-	-	-
<i>Design Changes (Resulting from RFI)</i>	-	-	-	-
<i>Owner-Initiated Changes</i>	-	-	-	-
Additional Project Delivery Costs (Post-Construction Activities, Monitoring and Mitigation, etc.)	15,000	-	15,000	-
TOTAL	\$ 5,095,000	\$ 3,609,000	\$ 1,486,000	\$ -

Notes:

SCV WATER
CAPITAL IMPROVEMENT BUDGET - MAJOR CAPITAL PROJECTS
FY 2019/20 and FY 2020/21 - REGIONAL DIVISION

Project Title: Magic Mountain Pipeline No. 5

CIP No. 200526

Description: Construction of a pipeline to convey imported water from the end of the proposed Magic Mountain Pipeline Phase 4 to the beginning of the proposed Magic Mountain Pipeline Phase 6.

Category: C - New Capital

Purpose/Justification: Provides facilities to convey imported water to the western portion of the service area.

Project Priority: High

Site Requirements: Pipeline will be constructed in public rights-of-way.

CEQA: Notice of Determination filed in FY 2014/15.

Project Schedule: FY 2019/20: Complete construction.

Projected Impact on Operating Costs: Less than \$5,000 per year.

Category	Current Estimated Total Project Cost	Cumulative Estimated Expenditures through June 30, 2019	FY 2019/20 Budget	FY 2020/21 Budget
Planning and Conceptual Design	\$ -	\$ -	\$ -	\$ -
Design (Including Bid Services)	150,000	150,000	-	-
Construction				-
Construction Management and Engineering	781,000	15,000	766,000	-
Capital Construction Costs	4,555,000	-	4,555,000	-
<i>Unforeseen / Changed Conditions</i>	-	-	-	-
<i>Design Changes (Resulting from RFI)</i>	-	-	-	-
<i>Owner-Initiated Changes</i>	-	-	-	-
Additional Project Delivery Costs (Post-Construction Activities, Monitoring and Mitigation, etc.)	10,000	-	10,000	-
TOTAL	\$ 5,496,000	\$ 165,000	\$ 5,331,000	\$ -

Notes:

SCV WATER
CAPITAL IMPROVEMENT BUDGET - MAJOR CAPITAL PROJECTS
FY 2019/20 and FY 2020/21 - REGIONAL DIVISION

Project Title: Magic Mountain Pipeline No. 6

CIP No. 200527

Description: Construction of a pipeline to convey imported water from the end of the proposed Magic Mountain Pipeline Phase 5 to the proposed Magic Mountain Reservoir site.

Category: C - New Capital

Purpose/Justification: Provides facilities to convey imported water to the western portion of the service area.

Project Priority: High

Site Requirements: Pipeline will be constructed in public rights-of-way and easements.

CEQA: Notice of Determination filed in FY 2014/15.

Project Schedule: FY 2019/20: Phase 6A Pipeline: complete construction. Phase 6B Pipeline: complete design.
 FY 2020/21: Phase 6B Pipeline: complete construction.

Projected Impact on Operating Costs: Less than \$5,000 per year.

Category	Current Estimated Total Project Cost	Cumulative Estimated Expenditures through June 30, 2019	FY 2019/20 Budget	FY 2020/21 Budget
Planning and Conceptual Design	\$ 5,000	\$ 5,000	\$ -	\$ -
Design (Including Bid Services)	400,000	235,000	165,000	-
Construction				
Construction Management and Engineering	1,720,000	-	860,000	860,000
Capital Construction Costs	11,105,000	-	5,055,000	6,050,000
<i>Unforeseen / Changed Conditions</i>	-	-	-	-
<i>Design Changes (Resulting from RFI)</i>	-	-	-	-
<i>Owner-Initiated Changes</i>	-	-	-	-
Additional Project Delivery Costs (Post-Construction Activities, Monitoring and Mitigation, etc.)	30,000	-	15,000	15,000
TOTAL	\$ 13,260,000	\$ 240,000	\$ 6,095,000	\$ 6,925,000

Notes:

SCV WATER
CAPITAL IMPROVEMENT BUDGET - MAJOR CAPITAL PROJECTS
FY 2019/20 and FY 2020/21 - REGIONAL DIVISION

Project Title: Magic Mountain Reservoir

CIP No. 200528

Description: Construction of a 5.7 MG reservoir and pump station for the western portion of the service area.

Category: C - New Capital

Purpose/Justification: Provides facilities to store imported water in the western portion of the service area.

Project Priority: Mid

Site Requirements: Reservoir will be constructed on property obtained in fee.

CEQA: Environmental documentation requirements will be addressed during the planning phase.

Project Schedule: FY 2019/20: Perform planning.
FY 2020/21: Complete planning and initiate design.

Projected Impact on Operating Costs: To be determined during the planning phase.

Category	Current Estimated Total Project Cost	Cumulative Estimated Expenditures through June 30, 2019	FY 2019/20 Budget	FY 2020/21 Budget
Planning and Conceptual Design	\$ 507,000	\$ 137,000	\$ 170,000	\$ 200,000
Design (Including Bid Services)	4,600,000	-	-	115,000
Construction				
Construction Management and Engineering	6,350,000	-	-	-
Capital Construction Costs	18,200,000	-	-	-
<i>Unforeseen / Changed Conditions</i>	-	-	-	-
<i>Design Changes (Resulting from RFI)</i>	-	-	-	-
<i>Owner-Initiated Changes</i>	-	-	-	-
Additional Project Delivery Costs (Post-Construction Activities, Monitoring and Mitigation, etc.)	270,000	-	-	-
TOTAL	\$ 29,927,000	\$ 137,000	\$ 170,000	\$ 315,000

Notes:

SCV WATER
CAPITAL IMPROVEMENT BUDGET - MAJOR CAPITAL PROJECTS
FY 2019/20 and FY 2020/21 - REGIONAL DIVISION

Project Title: Recycled Water Program Phase 2A – Central Park

CIP No. 200453

Description: Construction of new facilities to expand recycled water service from the Valencia Water Reclamation Plant to Central Park, and serve users in central Valencia and Saugus portions of the service area.

Category: C - New Capital

Purpose/Justification: Expand recycled water service to additional water customers.

Project Priority: Low

Site Requirements: Rio Vista Water Treatment Plant (RVWTP) site, public rights-of-way encroachments, and easements or land purchases that will be obtained during the design phase.

CEQA: A Mitigated Negative Declaration was adopted by the Board of Directors on December 13, 2017.

Project Schedule: FY 2019/20: Pursue grant funding.

Projected Impact on Operating Costs: Approximately \$75,000 per year.

Category	Current Estimated Total Project Cost	Cumulative Estimated Expenditures through June 30, 2019	FY 2019/20 Budget	FY 2020/21 Budget
Planning and Conceptual Design	\$ 240,000	\$ 240,000	\$ -	\$ -
Design (Including Bid Services)	1,322,000	35,000	5,000	5,000
Construction				
Construction Management and Engineering	1,252,000	-	-	-
Capital Construction Costs	12,520,000	-	-	-
<i>Unforeseen / Changed Conditions</i>	-	-	-	-
<i>Design Changes (Resulting from RFI)</i>	-	-	-	-
<i>Owner-Initiated Changes</i>	-	-	-	-
Additional Project Delivery Costs (Post-Construction Activities, Monitoring and Mitigation, etc)	60,000	2,000		
TOTAL	\$ 15,394,000	\$ 277,000	\$ 5,000	\$ 5,000

Notes:
Current estimated total project cost represents Regional Division's share of estimated project costs (backbone system only). Current total estimated project cost for Phase 2A = \$18,755,000. Regional Division's share of project cost = \$15,394,000.

SCV WATER
CAPITAL IMPROVEMENT BUDGET - MAJOR CAPITAL PROJECTS
FY 2019/20 and FY 2020/21 - REGIONAL DIVISION

Project Title: Recycled Water Program Phase 2B – Vista Canyon

CIP No. 200454

Description: Construction of new facilities to expand recycled water service from proposed Vista Canyon Water Factory to customers in eastern portion of service area.

Category: C - New Capital

Purpose/Justification: Expand recycled water service to additional water customers.

Project Priority: High

Site Requirements: Public rights-of-way encroachments, and easements or land purchases that will be identified during the planning phase.

CEQA: A Mitigated Negative Declaration was adopted by the Board of Directors on November 20, 2017.

Project Schedule: FY 2019/20: Complete design and initiate construction.
FY 2020/21: Complete construction.

Projected Impact on Operating Costs: Approximately \$75,000 per year.

Category	Current Estimated Total Project Cost	Cumulative Estimated Expenditures through June 30, 2019	FY 2019/20 Budget	FY 2020/21 Budget
Planning and Conceptual Design	\$ 100,000	\$ 100,000	\$ -	\$ -
Design (Including Bid Services)	210,000	25,000	185,000	-
Construction				
Construction Management and Engineering	400,000	25,000	200,000	175,000
Capital Construction Costs	6,180,000	-	2,750,000	3,430,000
<i>Unforeseen / Changed Conditions</i>	-	-	-	-
<i>Design Changes (Resulting from RFI)</i>	-	-	-	-
<i>Owner-Initiated Changes</i>	-	-	-	-
Additional Project Delivery Costs (Post-Construction Activities, Monitoring and Mitigation, etc)	22,000	-		22,000
TOTAL	\$ 6,912,000	\$ 150,000	\$ 3,135,000	\$ 3,627,000

Notes:

Current estimated total project cost represents Regional Division's share of estimated project costs (backbone system only). Current total estimated project cost for Phase 2B = \$8,672,000. Regional Division's share of project cost = \$6,912,000. Project will receive grant funds in the amount of \$2,710,300.

SCV WATER
CAPITAL IMPROVEMENT BUDGET - MAJOR CAPITAL PROJECTS
FY 2019/20 and FY 2020/21 - REGIONAL DIVISION

Project Title: Recycled Water Program Phase 2C – South End

CIP No. 200455

Description: Construction of new facilities to expand recycled water service from Valencia Water Reclamation Plant toward the south end of the service area.

Category: C - New Capital

Purpose/Justification: Expand recycled water service to additional water customers.

Project Priority: Mid

Site Requirements: Public rights-of-way and pipeline easements will be obtained during design phase.

CEQA: A Mitigated Negative Declaration was adopted by the Board of Directors on August 23, 2017.

Project Schedule: FY 2019/20: Perform design.
FY 2020/21: Perform design.

Projected Impact on Operating Costs: Approximately \$75,000 per year.

Category	Current Estimated Total Project Cost	Cumulative Estimated Expenditures through June 30, 2019	FY 2019/20 Budget	FY 2020/21 Budget
Planning and Conceptual Design	\$ 383,000	\$ 383,000	\$ -	\$ -
Design (Including Bid Services)	770,000	450,000	150,000	150,000
Construction				
Construction Management and Engineering	1,200,000	-	-	-
Capital Construction Costs	10,309,000	-	-	-
<i>Unforeseen / Changed Conditions</i>	-	-	-	-
<i>Design Changes (Resulting from RFI)</i>	-	-	-	-
<i>Owner-Initiated Changes</i>	-	-	-	-
Additional Project Delivery Costs (Post-Construction Activities, Monitoring and Mitigation, etc)	40,000	-	-	-
TOTAL	\$ 12,702,000	\$ 833,000	\$ 150,000	\$ 150,000

Notes:

Current estimated total project cost represents Regional Division's share of estimated project costs (backbone system only). Current total estimated project cost for Phase 2C = \$15,752,000. Regional Division's share of project cost = \$12,702,000.

SCV WATER
CAPITAL IMPROVEMENT BUDGET - MAJOR CAPITAL PROJECTS
FY 2019/20 and FY 2020/21 - REGIONAL DIVISION

Project Title: Recycled Water Program Phase 2D – West Ranch

CIP No. 200456

Description: Construction of new facilities to expand recycled water service from the existing Recycled Water Reservoir #1 toward the west end of the service area.

Category: C - New Capital

Purpose/Justification: Expand recycled water service to additional water customers.

Project Priority: Mid

Site Requirements: Public rights-of-way and pipeline easements will be obtained during design phase.

CEQA: A Mitigated Negative Declaration was adopted by the Board of Directors on July 26, 2017.

Project Schedule: FY 2019/20: Complete design and initiate construction.
 FY 2020/21: Complete construction.

Projected Impact on Operating Costs: Less than \$75,000 per year.

Category	Current Estimated Total Project Cost	Cumulative Estimated Expenditures through June 30, 2019	FY 2019/20 Budget	FY 2020/21 Budget
Planning and Conceptual Design	\$ 130,000	\$ 130,000	\$ -	\$ -
Design (Including Bid Services)	442,000	382,000	60,000	-
Construction				-
Construction Management and Engineering	300,000	2,000	175,000	123,000
Capital Construction Costs	1,200,000		750,000	450,000
<i>Unforeseen / Changed Conditions</i>	-	-	-	-
<i>Design Changes (Resulting from RFI)</i>	-	-	-	-
<i>Owner-Initiated Changes</i>	-	-	-	-
Additional Project Delivery Costs (Post-Construction Activities, Monitoring and Mitigation, etc)	5,000	-	-	5,000
TOTAL	\$ 2,077,000	\$ 514,000	\$ 985,000	\$ 578,000

Notes:

Current estimated total project cost represents Regional Division's share of estimated project costs (backbone system only). Current total estimated project cost for Phase 2D = \$3,625,000. Regional Division's share of Phase 2D project cost = \$2,077,000. Project will receive grant funds in the amount of \$1,806,900.

SCV WATER
CAPITAL IMPROVEMENT BUDGET - MAJOR CAPITAL PROJECTS
FY 2019/20 and FY 2020/21 - REGIONAL DIVISION

Project Title: Rosedale-Rio Bravo Extraction Project

CIP No. 200906

Description: Construction of groundwater wells and conveyance systems by Rosedale-Rio Bravo Water Storage District to recover Agency water stored in the Rosedale-Rio Bravo Water Banking and Exchange Program.

Category: C - New Capital

Purpose/Justification: Recover Agency stored groundwater for dry-year water delivery to Agency service area (up to 7,500 AFY).

Project Priority: High

Site Requirements: Well site and conveyance facility sites owned or to be acquired by Rosedale-Rio Bravo Water Storage District.

CEQA: Agency environmental compliance covered by existing RRB Banking Program EIR.

Project Schedule: FY 2018/19: Final equipping of six wells anticipated to be completed in February 2019. SCVWA is anticipated to be able to draw water from facility in FY 2018/19 if necessary. Project scheduled to be completed in FY 2018/19.
 SCV Water funds 1/3 cost of Stockdale East wells and pipeline costs for design, project management, admin, permitting, inspection, easement acquisition per March 2015 cost share agreement.
 FY 19/20 and FY 20/21

Projected Impact on Operating Costs: Not applicable.

Category	Current Estimated Total Project Cost	Cumulative Estimated Expenditures through June 30, 2019	FY 2019/20 Budget	FY 2020/21 Budget
Planning and Conceptual Design	\$ 110,000	\$ 110,000	\$ 63,500	\$ 39,500
Design (Including Bid Services)	125,000	125,000	63,500	39,500
Capital Construction Costs	8,656,000	8,656,000	-	-
<i>Unforeseen / Changed Conditions</i>	-	-	-	-
<i>Design Changes (Resulting from RFI)</i>	-	-	-	-
<i>Owner-Initiated Changes</i>	-	-	-	-
Additional Project Delivery Costs (Post-Construction Activities, Monitoring and Mitigation, etc)	460,000	460,000	-	-
TOTAL	\$ 9,869,000	\$ 9,736,000	\$ 127,000	\$ 79,000

The March 9, 2015 Drought Relief Project Cost Sharing Agreement between SCV Water, Irvine Ranch Water District, and Rosedale Rio Bravo Water Storage District requires SCV Water share costs associated with design, project management, admin, permitting, inspection and property and easement acquisition for the Stockdale East Wellfield and Pipelines. The Stockdale work had been on hold and not updated in the cash flow model. RRB and IRWD now desire to move forward with

SCV WATER
CAPITAL IMPROVEMENT BUDGET - MAJOR CAPITAL PROJECTS
FY 2019/20 and FY 2020/21 - REGIONAL DIVISION

Project Title: Saugus Formation Dry Year Reliability Wells

CIP No. 200963

Description: Two wells capable of producing water at the combined rate of 4,200 gpm and associated pipelines to convey water to the Agency's distribution system.

Category: C - New Capital

Purpose/Justification: Provide water to make up for production lost during dry periods.

Project Priority: Low

Site Requirements: Well sites to be provided by Five Point. Easements will be obtained during final design phase.

CEQA: CEQA documentation will be prepared during planning phase.

Project Schedule: FY 2018/19: Coordinate with Groundwater Sustainability Act (GSA) activities.

Projected Impact on Operating Costs: TBD. Pumping, disinfection and maintenance costs will be incurred but will be offset by reduced costs of importing and treating surface water supplies.

Category	Current Estimated Total Project Cost	Cumulative Estimated Expenditures through June 30, 2019	FY 2019/20 Budget	FY 2020/21 Budget
Planning and Conceptual Design	\$ 389,000	\$ 139,000		\$ 380,000
Design (Including Bid Services)	800,000	82,000	-	
Construction				
Construction Management and Engineering	1,000,000		-	
Capital Construction Costs	8,691,000		-	
<i>Unforeseen / Changed Conditions Design Changes (Resulting from RFI) Owner-Initiated Changes</i>				
Additional Project Delivery Costs (Post-Construction Activities, Monitoring and Mitigation, etc)	500,000		-	-
TOTAL	\$ 11,380,000	\$ 221,000	\$ -	\$ 380,000

Notes:
Project on hold pending groundwater modeling and outcome from GSA related activities.

SCV WATER
CAPITAL IMPROVEMENT BUDGET - MAJOR CAPITAL PROJECTS
FY 2019/20 and FY 2020/21 - REGIONAL DIVISION

Project Title: Groundwater Treatment Improvements

CIP No. 200964

Description: Design and construction of facilities at SPTF to remove VOCs from groundwater pumped from the Saugus Wells 1 and 2.

Category: C - New Capital

Purpose/Justification: VOCs would be removed to non-detect levels consistent with the perchlorate plant's operational goal

Project Priority: High

Site Requirements: Adjacent to the SPTF at RVIPS.

CEQA: Environmental documentation will be completed prior to the award of a final design contract.

Project Schedule: FY 2018/19: CERCLA investigatory and public participation process.
FY 2019/20: Perform final design.
FY 2020/21: Initiate and complete construction.

Projected Impact on Operating Costs: About \$50,000/year for GAC replacement. Additional electrical costs TBD.

Category	Current Estimated Total Project Cost	Cumulative Estimated Expenditures through June 30, 2019	FY 2019/20 Budget	FY 2020/21 Budget
Planning and Conceptual Design	\$ 339,000	\$ 139,000	\$ 200,000	\$ -
Design (Including Bid Services)	307,000	82,000	140,000	85,000
Construction				
Construction Management and Engineering	400,000	-	-	400,000
Capital Construction Costs	2,000,000	-	-	2,000,000
<i>Unforeseen / Changed Conditions</i>	-	-	-	-
<i>Design Changes (Resulting from RFI)</i>	-	-	-	-
<i>Owner-Initiated Changes</i>	-	-	-	-
Additional Project Delivery Costs (Post-Construction Activities, Monitoring and Mitigation, etc)	170,000	-	-	100,000
TOTAL	\$ 3,216,000	\$ 221,000	\$ 340,000	\$ 2,585,000

Notes:

SCV WATER
CAPITAL IMPROVEMENT BUDGET - MAJOR CAPITAL PROJECTS
FY 2019/20 and FY 2020/21 - REGIONAL DIVISION

Project Title: Replacement Wells

CIP No. 200962

Description: Construction of two 2,000 gpm Saugus Formation wells and associated pipelines to convey water to the Agency's distribution system.

Category: A - Asset Replacement

Purpose/Justification: Will replace capacity lost to perchlorate contamination.

Project Priority: High

Site Requirements: Well sites to be provided by Five Point. Easements will be obtained during final design phase.

CEQA: CEQA documents will be prepared and presented prior to the design phase.

Project Schedule: FY 2018/19: Final design and right of way acquisition.
FY 2019/20: Construction of wells and pipeline.
FY 2020/21: Construction of wells and pipeline.

Projected Impact on Operating Costs: TBD

Category	Current Estimated Total Project Cost	Cumulative Estimated Expenditures through June 30, 2019	FY 2019/20 Budget	FY 2020/21 Budget
Planning and Conceptual Design	\$ 223,000	\$ 223,000		
Design (Including Bid Services)	747,000	152,000	300,000	295,000
Construction				
Construction Management and Engineering	1,000,000		170,000	585,000
Capital Construction Costs	8,691,000		600,000	3,000,000
<i>Unforeseen / Changed Conditions Design Changes (Resulting from RFI)</i>				
<i>Owner-Initiated Changes</i>				
Additional Project Delivery Costs (Post-Construction Activities, Monitoring and Mitigation, etc)	500,000			150,000
TOTAL	\$ 11,161,000	\$ 375,000	\$ 1,070,000	\$ 4,030,000

Notes:
Up to \$8.3 million will be reimburseable from Whittaker-Bermite in accordance with Amendment 5 of the Whittaker-Bermite Settlement Agreement.

**SCV WATER
CAPITAL IMPROVEMENT BUDGET - MAJOR CAPITAL PROJECTS
FY 2019/20 and FY 2020/21 - REGIONAL DIVISION**

Project Title: Update Water Conservation and Education Garden

CIP No. 200013

Description: Refurbishment of the existing Conservatory Garden at RVWTP and pocket parks

Category: A - Asset Replacement
B - Rehabilitation
C - New Capital
E - Upgrades

Purpose/Justification: Educating the public on the value of water.

Project Priority: Mid

Site Requirements: Existing RVWTP garden site.

CEQA: Exempt.

Project Schedule: FY 2018/19: Planning
FY 2019/20: Planning and Conceptual Design, Design, Construction Mgmt., Capital Construction
FY 2020/21: Additional Project Delivery Costs

Projected Impact on Operating Costs: None

Category	Current Estimated Total Project Cost	Cumulative Estimated Expenditures through June 30, 2019	FY 2019/20 Budget	FY 2020/21 Budget
Planning and Conceptual Design	\$ 75,000	\$ -	\$ 75,000	\$ -
Design (Including Bid Services)	75,000		75,000	
Construction	-			
Construction Management and Engineering	100,000		100,000	
Capital Construction Costs	1,050,000	200,000	850,000	-
<i>Unforeseen / Changed Conditions</i>	-			
<i>Design Changes (Resulting from RFI)</i>	-			
<i>Owner-Initiated Changes</i>	-			
Additional Project Delivery Costs (Post-Construction Activities, Monitoring and Mitigation, etc)	150,000			150,000
TOTAL	\$ 1,450,000	\$ 200,000	\$ 1,100,000	\$ 150,000

Notes:
Current estimated project cost is \$1.45 million to include demolition, design, construction, and post-construction education support. Conservation updated Water Resources Committee at Feb. 13, 2019 meeting. Includes two pocket parks in partnership with the City of Santa Clarita.

**SCV WATER - CAPITAL IMPROVEMENT BUDGET - CAPITAL PLANNING
FY 2019/20 and FY 2020/21 - REGIONAL DIVISION**

The Capital Planning, Studies and Administration Budget is funded by one-percent property tax revenues and Facility Capacity Fees.

		Adopted Budget FY 2018/19	Projected 6/30/19 FY 2018/19	Proposed Budget FY 2019/20	Proposed Budget FY 2020/21	
	General Planning and Studies:					
100015	Capital Program/Facility Capacity Fees	\$ 200,000	\$ 325,000	\$ 260,000	\$ 190,000	A
100050	Recycled Water Master Plan PEIR (CEQA)	250,000	-	200,000	200,000	
100051	Salt and Nutrient Management Plan Implementation NEW	-	-	300,000	100,000	
100052	Urban Water Management Plan 2020 NEW	-	-	150,000	400,000	
100027	System Hydraulic Model	150,000	70,000	100,000	100,000	B
	Total General Planning and Studies	\$ 600,000	\$ 395,000	\$ 1,010,000	\$ 990,000	
	Water Supply Reliability and Acquisition Planning & Implementation:					
110003	Buena Vista/Rosedale Rio Bravo Storage and Recovery Program	\$ 6,681,100	\$ 6,945,576	\$ 6,650,938	\$ 6,446,298	C
110023	Watershed Permitting and Planning	450,000	450,000	450,000	450,000	D
various	Grant Administration	115,000	85,000	150,000	182,000	E
110007	Integrated Regional Water Management Plan	230,000	70,000	150,000	190,000	
110004	Ventura County Flexible Storage	20,000	17,900	20,000	20,000	
110005	Water Banking (Semi Tropic)	76,000	73,000	79,000	81,000	F
110024	Water Banking BV/RRB	-	-	50,000	55,000	
110022	Sites Reservoir	500,000	325,000	500,000	500,000	G
110017	Yuba Accord Water	90,000	5,000	93,000	96,000	H
	Total Water Supply Reliability and Acquisition Planning & Implementation	\$ 8,162,100	\$ 7,971,476	\$ 8,142,938	\$ 8,020,298	
	Administration:					
125001	Annexation Support	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	I
120004	Debt Financing and Administration	250,000	37,390	200,000	-	
120001	One Percent Property Tax Administration	250,000	-	150,000	50,000	
120020	SCVWA Integration	200,000	-	200,000	100,000	J
120019	Groundwater Treatment Cost Recovery	300,000	-	300,000	300,000	
120017	Create New Agency	200,000	88,257	100,000	100,000	L
	Total Administration	\$ 1,250,000	\$ 175,647	\$ 1,000,000	\$ 600,000	
	Total Capital Planning, Studies & Administration	\$ 10,012,100	\$ 8,542,123	\$ 10,152,938	\$ 9,610,298	

(A) Funded by Facility Capacity Fee Fund.

(B) This project includes studying interconnections between the four divisions.

(C) The total annual cost for the BV/RRB program is \$10,232,192. In accordance with the wholesale water rate structure, BV/RRB costs are being transitioned to the General Fund/Operating Budget over a ten-year period. In FY 2019/20, \$3,581,253 is transferred to the General Fund/Operating Budget. The growth portion is funded by Facility Capacity Fees in the amount of \$2,984,571. The remainder of \$3,666,367 is funded by one-percent property tax revenues. Of this amount, \$421,900 is funded by the Tesoro annexing party and is accounted for as revenue to the one-percent property tax fund.

(D) Funds various studies, permits and other activities related to the watershed.

(E) For various grant programs.

(F) Annual participation fees for Semitropic Water Banking and Exchange Program.

(G) Funds for Phase II Preliminary Design.

(H) This program provides approximately 850 AF of non-SWP water in critically dry years. Additional supplies could be available in wetter years. The quantity and price of water varies depends on hydrology and participation by other parties.

(I) Annexing parties reimburse actual costs for processing specific annexations.

(J) Funds for continued work related to the LAFCO terms and conditions.

(K) Continuation of new water agency integration and studies.

**SCV WATER - CAPITAL IMPROVEMENT BUDGET - MINOR CAPITAL PROJECTS
FY 2019/20 and FY 2020/21 - REGIONAL DIVISION**

The Minor Capital Projects Budget is funded by one-percent property tax revenues.

	Project Title	*Total Estimated Project Cost	Adopted Budget FY 2018/19	Projected 6/30/19 FY 2018/19	Proposed Budget FY 2019/20	Proposed Budget FY 2020/21	
300415	ESFP HVAC Replacement	\$ 210,000	\$ -	\$ -	\$ -	\$ -	
300416	ESFP Emergency Generator Replacement	130,000	-	-	-	-	
301002	ESIPS Additional Pump	910,000	-	-	-	-	
300321	Pipeline Inspection Facility Modifications	Ongoing	-	-	150,000	150,000	(A)
300308	Pipeline Relocations/Modifications	Ongoing	150,000	70,000	125,000	340,000	(B)
300017	RVWTP Ozone Gas Collection Modification	515,000	-	-	-	-	
300019	RVWTP Underground Storage Tank Replmt	575,000	-	-	-	150,000	
300018	RVWTP Upper Mesa Erosion Repair	70,000	-	-	-	-	
300329	SPTF Pressure Control Modifications	200,000	-	-	-	-	
300328	Devil's Den Property Solar Project	tbd	100,000	20,000	100,000	100,000	(C)
300332	RVWTP Chlorine Scrubber Replacement	400,000	-	-	400,000	-	
300333	Recycled Water Potable Make-up Connection	250,000	-	-	200,000	50,000	
300323	Recycled Water Pump Station Improvements	200,000	-	-	150,000	50,000	
	Total Minor Capital Projects	\$ 3,460,000	\$ 250,000	\$ 90,000	\$ 1,125,000	\$ 840,000	

* Note that projects with a "tbd" for Total Estimated Project Cost are in the planning or design phase. Total Estimated Project Cost will be developed through this process.

- (A) Modifications to existing facilities to accommodate pipeline inspection activities.
- (B) Includes funds for modifications of SPTF Pipeline on Bouquet Canyon Bridge.
- (C) Funds are for studies related to a potential solar energy project.

**SCV WATER - CAPITAL IMPROVEMENT BUDGET - NEW CAPITAL EQUIPMENT
FY 2019/20 and FY 2020/21 - REGIONAL DIVISION**

The Capital Equipment Budget is funded by one-percent property tax revenues.

	Adopted Budget FY 2018/19	Projected 6/30/19 FY 2018/19	Proposed Budget FY 2019/20	Proposed Budget FY 2020/21	*
130001	Office Technology and Equipment Additions				
	\$ 305,000	\$ 300,000	\$ 778,659	\$ 446,920	(A)
	50,000	50,000	1,011,822	2,261,234	(B)
	-	-	15,000	5,000	
	\$ 355,000	\$ 350,000	\$ 1,805,481	\$ 2,713,154	
130004	Office Furniture Additions				
	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	
	50,000	25,000	30,000	30,000	
	\$ 80,000	\$ 55,000	\$ 60,000	\$ 60,000	
130003	Miscellaneous Equipment				
	\$ 120,000	\$ 95,000	\$ 50,000	\$ 50,000	
	40,000	35,000	35,000	35,000	
	30,000	22,000	30,000	30,000	
	10,000	5,000	15,000	15,000	
	20,000	20,000	10,000	10,000	
	\$ 220,000	\$ 177,000	\$ 140,000	\$ 140,000	
130002	Vehicles				
	\$ 55,000	\$ 50,000	\$ 175,000	\$ 60,000	(C)
	\$ 55,000	\$ 50,000	\$ 175,000	\$ 60,000	
	\$ 710,000	\$ 632,000	\$ 2,180,481	\$ 2,973,154	

* Significant items:

(A) Office Technology and Equipment - General includes phone system replacement, audio and video equipment for the Boardroom, computer replacements, network contingency, mobile device replacements, copiers and plotters.

(B) Enterprise Resource Planning Software (finance/accounting software replacements)

(C) Addition of (2) 4x4 utility trucks for inspectors, man/scissor lift and (1) pool vehicle

**SCV WATER - CAPITAL IMPROVEMENT BUDGET - REPAIR AND REPLACEMENT
FY 2019/20 FY 2020/21 - REGIONAL DIVISION**

The Major Repair and Replacement Budget is funded by one percent property tax revenues.

Major Repair and Replacement	Adopted Budget FY 2018/19	Projected 6/30/19 FY 2018/19	Proposed Budget FY 2019/20	Proposed Budget FY 2020/21	*
ESFP Repair & Replacement	\$ 330,000	\$ 358,958	\$ 290,000	\$ 215,000	(A)
ESIPS Repair & Replacement	40,000	20,000	40,000	40,000	
RVWTP Repair & Replacement	270,000	239,004	596,000	379,450	(B)
RVIPS Repair & Replacement	70,000	14,107	75,000	115,000	(C)
Pipeline Repair & Replacement	45,000	21,000	55,000	25,000	(D)
Recycled Water System Repair & Replacement	50,000	34,082	550,000	50,000	(E)
Sand Canyon System Repair & Replacement	95,000	21,695	65,000	65,000	(F)
Saugus 1 and 2 Wells Repair & Replacement	108,000	37,008	60,000	75,000	(G)
WR-Summit Circle - Repair & Replacement	-	-	24,000	24,000	(H)
Total Major Repair and Replacement	\$ 1,008,000	\$ 745,854	\$ 1,755,000	\$ 988,450	

* Significant items:

(A) ESFP Repair and Replacement items include:

430039	Emergency Generator Service	\$ -	\$ -	\$ 10,000	\$ 10,000
430040	Closed cooling water loop system for Ozone	-	-	100,000	-
430041	Sodium Hypochlorite tank repair	-	-	25,000	-
430042	Server and node replacement	-	-	-	100,000
430034	Ammonia pumps	-	-	40,000	-
430037	Clearwell actuators on effluent valves	20,000	14,304	-	-
430035	Dissolved ozone analyzers	15,000	-	-	-
430029	Meter replacement	25,000	12,000	15,000	15,000
430027	Ozone system equipment replacement	10,000	78,000	30,000	20,000
430028	Pump and motor replacement	25,000	12,000	20,000	20,000
430038	Replace sodium hydroxide tank	150,000	140,000	-	-
430003	Turbidity meters	35,000	36,659	-	-
430030	Valve replacement	25,000	20,000	20,000	20,000
430299	Miscellaneous	25,000	45,996	30,000	30,000
		\$ 330,000	\$ 358,958	\$ 290,000	\$ 215,000

(B) RVWTP Repair and Replacement items include:

400062	Ammonia tank	\$ -	\$ -	\$ 90,000	\$ -
400063	Floater Clearwell Covers Annual Repairs & Maint	-	-	-	79,450
400064	Change Gas & Ammonia Sensors (wireless)	-	-	21,000	-
400065	Emergency Generator Service	-	-	10,000	10,000
400066	Server Room HVAC replacement	-	-	17,000	-
400067	Shipping and Receiving HVAC replacement	-	-	8,000	-
400068	Chiller Compressor replacement	-	-	40,000	-
400069	Administration Building Interior Paint	-	-	30,000	-
400070	Slurry, Seal, & Restripe parking lot and drive	-	-	200,000	-
400071	Maintenance Building Flooring and Paint	-	-	-	30,000
400072	Raw water NTU analyzer	-	-	20,000	-
400073	Server and node replacement	-	-	-	100,000
400074	Painting valves pumps and pipelines	-	-	30,000	30,000
400075	Chlorine Gas Annual Service and Repair	-	-	40,000	40,000
400051	Meter replacement	15,000	15,768	15,000	15,000
400058	Ferric pumps	25,000	25,872	-	-
400049	Ozone system equipment replacement	10,000	11,176	15,000	15,000

**SCV WATER - CAPITAL IMPROVEMENT BUDGET - REPAIR AND REPLACEMENT
FY 2019/20 FY 2020/21 - REGIONAL DIVISION**

401001	Pump and motor replacement	30,000	25,000	25,000	25,000
400059	Replace 12-year old carpet - RVWTP (Admin)	100,000	60,000	-	-
400060	Sodium hydroxide pumps	25,000	43,830	-	-
400061	Turbidity meters	25,000	25,358	-	-
400052	Valve replacement	20,000	12,000	15,000	15,000
400299	Miscellaneous	20,000	20,000	20,000	20,000
		\$ 270,000	\$ 239,004	\$ 596,000	\$ 379,450

(C) RVIPS Repair and Replacement items include:

401007	Painting valves pumps and pipelines	\$ -	\$ -	\$ -	\$ 40,000
401008	Emergency Generator Service	-	-	15,000	15,000
401006	Pump and motor replacement	50,000	-	50,000	50,000
401005	Valve replacement	10,000	-	-	-
401999	Miscellaneous	10,000	14,107	10,000	10,000
		\$ 70,000	\$ 14,107	\$ 75,000	\$ 115,000

(D) Pipeline Repair and Replacement items include:

450013	N-1 5500c Ammonia Analyzer	\$ -	\$ -	\$ 30,000	\$ -
450010	Cathodic test station repairs	15,000	1,000	-	-
450012	Sand Canyon pipeline meter calibration	5,000	-	-	-
450299	Miscellaneous	25,000	20,000	25,000	25,000
		\$ 45,000	\$ 21,000	\$ 55,000	\$ 25,000

(E) Recycled Water System Repair and Replacement items include:

480004	Recoat Recycled Tank Corrosion Protection	\$ -	\$ -	\$ 500,000	\$ -
480003	Pumps and motor repairs	30,000	15,000	30,000	30,000
480199	Miscellaneous	20,000	19,082	20,000	20,000
		\$ 50,000	\$ 34,082	\$ 550,000	\$ 50,000

(F) Sand Canyon System Repair and Replacement items include:

460004	Emergency Generator Service	\$ -	\$ -	\$ 10,000	\$ 10,000
460003	Meter replacement	20,000	-	-	-
460002	Pumps and motor repairs	50,000	11,695	40,000	40,000
460499	Miscellaneous	25,000	10,000	15,000	15,000
		\$ 95,000	\$ 21,695	\$ 65,000	\$ 65,000

(G) Saugus 1 and 2 Wells Repair and Replacement items include:

480503	Meter replacement	\$ 15,000	\$ -	\$ -	\$ 15,000
480506	Ammonia analyzer	28,000	27,402	-	-
480502	Pumps and motor repairs	50,000	9,606	25,000	25,000
480505	Saugus 1 and 2 wells	-	-	25,000	25,000
480504	Valve replacement	5,000	-	-	-
480599	Miscellaneous	10,000	-	10,000	10,000
		\$ 108,000	\$ 37,008	\$ 60,000	\$ 75,000

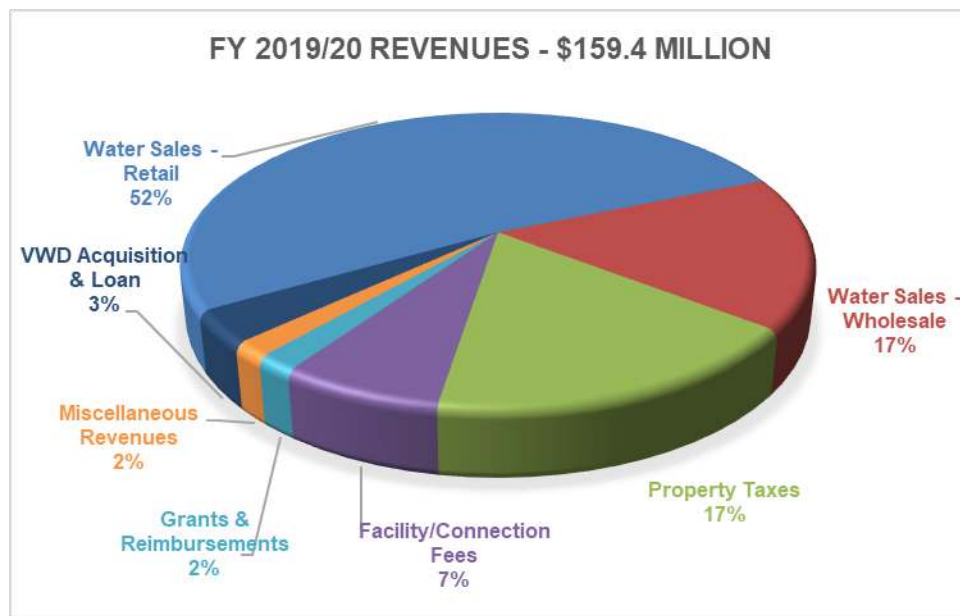
(H) Water Resources/ Summit Circle Repair and Replacement items include:

490001	HVAC system replacement X 2	\$ -	\$ -	\$ 24,000	\$ 24,000
		\$ -	\$ -	\$ 24,000	\$ 24,000

FINANCIAL SUMMARY

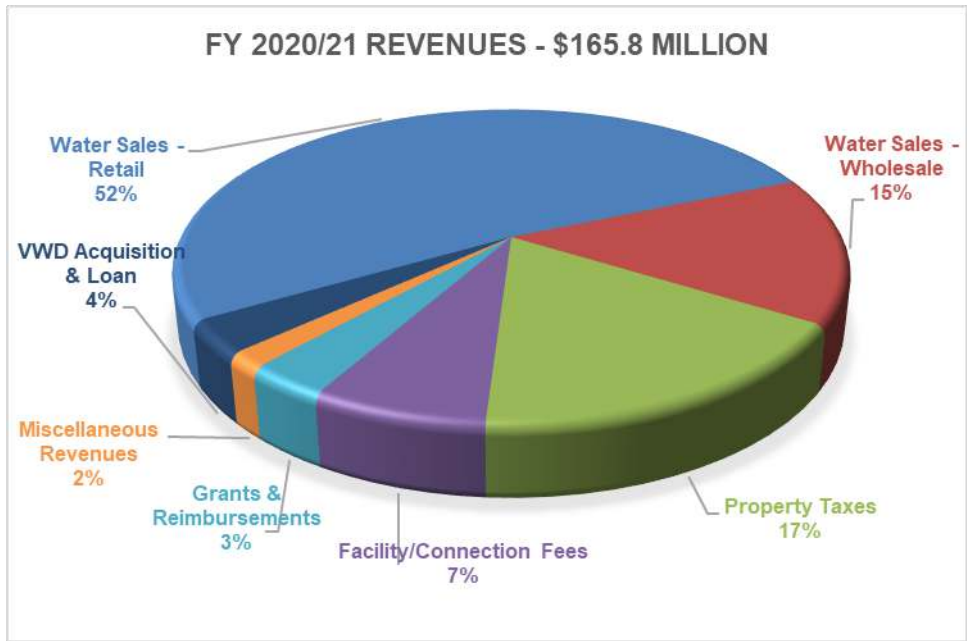
FY 2019/20 OPERATING REVENUE BUDGET

The total revenues of \$159.4 million are comprised of \$82.8 million in retail water sales, \$26.8 million in regional (wholesale) water sales, \$27.3 million in one-percent property tax revenues, \$11.3 million in facility capacity/connection fees, \$2.8 million in grants and reimbursements, \$2.6 million in miscellaneous revenues and \$5.7 million from the VWD acquisition loan. This a 3.9% or \$6.03 million increase over the adopted Budget of FY 2018/19. Of the \$6.03 million, the most significant increase of \$1.73 million is attributed to increased water sales due to 849 new retail service connections; \$2.32 million is attributed to an increase in facility capacity/connection fees due to new connections and increased development, and a \$1.28 million increase in one-percent property tax revenue.



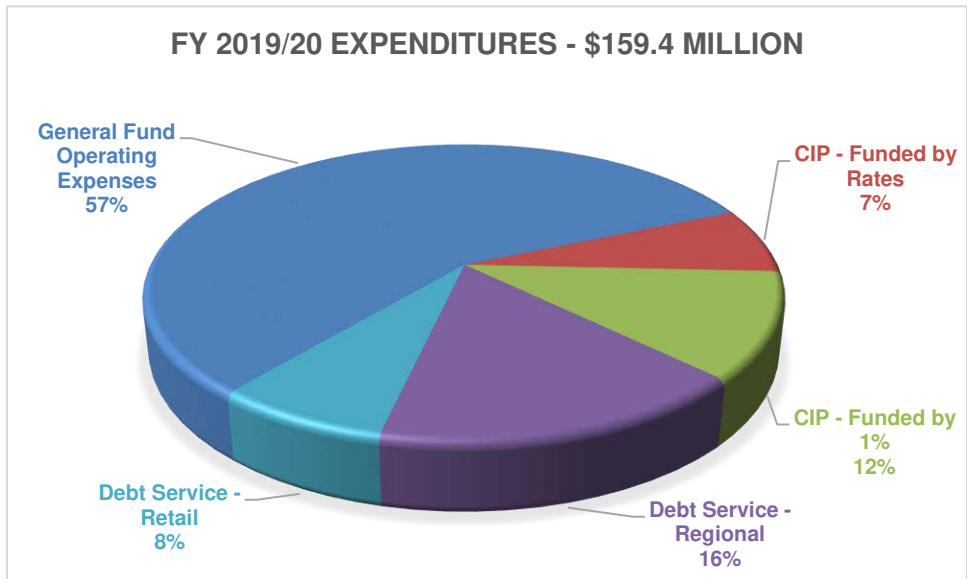
FY 2020/21 OPERATING REVENUE BUDGET

The total revenues of \$165.8 million are comprised of \$86 million in retail water sales, \$25.2 million in regional (wholesale) water sales, \$28.6 million in one-percent property tax revenues, \$12 million in facility capacity/connection fees, \$5.6 million in grants and reimbursements, \$2.7 million in miscellaneous revenues and \$5.7 million from the VWD acquisition loan. This a 4% or \$6.44 million increase over FY 2019/20. Of the \$6.44 million, the most significant increase of \$3.42 million is attributed to increased water sales due to the addition of 860 retail service connections; \$.65 million is attributed to an increase in facility capacity/connection fees due to the addition of new connections and increased development; a \$1.29 million increase in one-percent property tax revenue and \$2.8 million in increased grants and reimbursements.



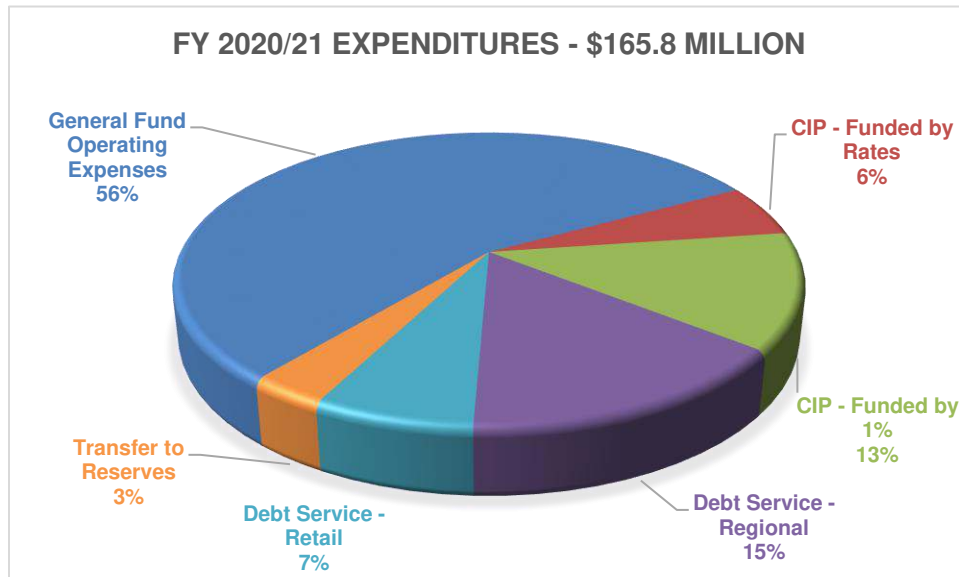
FY 2019/20 OPERATING EXPENSE BUDGET

Total expenditures for FY 2019/20 are budgeted at \$159.4 million and are comprised of General Fund/Operating Budget expenditures of \$88 million, debt service payments of \$36.5 million, capital improvement program (CIP) expenditures of \$29.6 million and \$5.39 million transfer to reserves. Overall, there was a 10.1% (\$14,657,010) increase in operating expenditures over the adopted FY 2018/19 budget. The most significant increases are due to \$5.1 million for additional CIP projects; \$2.3 million in source of supply for additional water purchases due to increase in service connections; and \$4.4 million being transferred to reserves.



FY 2020/21 OPERATING EXPENSE BUDGET

Total expenditures for FY 2020/21 are budgeted at \$165.8 million and are comprised of General Fund/Operating Budget expenditures of \$92.8 million, debt service payments of \$36.7 million, capital improvement program (CIP) expenditures of \$30.7 million, and a \$5.6 million transfer to reserves. Overall, there was a 4% (\$6,441,372) increase in operating expenditures over the adopted FY 2019/20 budget. The most significant increases are due to \$2 million for additional CIP projects; \$1 million in source of supply for additional water purchases due to an increase in service connections; \$0.6 million for election expenses; and \$1.1 million in pumping expenses due to a projected increase in power costs as well as an increase in customer demand.



MAJOR SOURCES OF REVENUES

Regional Water Sales to Retail Divisions and LA County WWD#36

FY 2019/20 water sales revenues are based on retail divisions estimating total demand at approximately 80% of 2013 levels, using a more traditional mix of imported and groundwater. The retail divisions had been using more imported water than normal due to well levels and a high 2018 allocation of State Water Project (SWP) water. Projected regional water demand, in acre feet (AF), is shown below:

Type	Adopted Budget FY 2018/19	Projected Budget FY 2018/19	Proposed Budget FY 2019/20	Proposed Budget FY 2020/21
Wholesale Water	35,155	43,526	34,084	34,772
Saugus 1 & 2 Well Water	4,100	4,100	4,100	4,100
Recycled Water	450	342	419	424
Retail Water	23,280	16,699	23,163	23,455
Total Acre Feet	62,985	64,667	61,766	62,751

Saugus 1 and 2 well water continues to be 4,100 AF per year, and recycled water sales continue to be approximately 400 AF per year.

Water Sales Revenues

The FY 2019/20 projected water sales revenues of \$109.6 million is a slight increase from the FY 2018/19 adopted Budget at \$107.87 million. One-time water sales includes a portion of SCV Water's Buena Vista Rosedale-Rio Bravo (BVRRB) water supply that is available to be sold each year. There is a commitment to sell 9,900 AF at a price of \$250 per AF in FY 2019/20, therefore the revenue has been included in the FY 2019/20 budget, which will partially offset the annual cost of BVRRB water contract payments. SCV Water is expecting to add 849 retail service connections in FY 2019/20 and 860 retail service connections in FY 2020/21, with a total number of retail connections of 74,247 and 75,107, respectively.

Other Revenues

Other revenues consist of property taxes, connection/facility capacity fees, grants and reimbursements, communication/rental income, and investment revenues. In FY 2019/20 other budgeted revenues are projected at \$42.9 million, which is an increase from the FY 2018/19 adopted Budget at \$38.0 million. The primary increases are \$2.3 million from connection/facility capacity fees and \$1.3 million of property tax revenue as a result of new development.

One -Percent Property Tax Revenues

Revenues are designated by Board policy to be used to pay for capital projects and debt service for existing users. If these funds were limited or unavailable, it is likely that regional water rates would have to include a capital component. Based on current trend, SCV Water assessed value is projected to increase by 5% in FY 2019/20 and 4.8% in FY 2020/21.

	Adopted Budget FY 2018/19	Projected Budget FY 2018/19	Proposed Budget FY 2019/20	Proposed Budget FY 2020/21
Property Tax	\$25,998,243	\$25,022,016	\$27,290,406	\$28,579,070

Connection/Facility Capacity Fees

Connection/Facility Capacity Fee revenues are projected to increase slightly from \$9 million in the FY 2018/19 adopted Budget to \$11.3 million in the proposed FY 2019/20 Budget, and \$12 million in FY 2020/21. This is based on the increased development activity.

MAJOR SOURCES OF EXPENDITURES

General Fund/Operating Budget

The FY 2019/20 projected operating expenses of \$154.2 million (excluding transfers to reserves) has increased approximately \$9.5 million from the FY 2018/19 adopted Budget of \$144.7 million, and the FY 2020/21 operating expense is projected to increase to \$161.2 million. Operating expenses include general operating expenses as well as the portion of the capital improvement projects that are funded by one-percent property tax, water rates and SCV Water's annual debt service.

Capital Improvement Program – Pay-Go

The proposed CIP “pay-go” (pay-as-you-go) in FY 2019/20 is projected at \$29.6 million and FY 2020/21 is projected at \$30.7 million. The pay-go CIP plan is funded by retail water rates and a portion of the one-percent property taxes. Significant increases are primarily due to the funding of phase I of the new ERP for SCV Water’s new accounting software, technology service improvements and upgrades to the water conservation garden at the Rio Vista Water Treatment Plant.

NON OPERATING FUNDS

Capital Improvement Program

The FY 2019/20 Budget for Major Capital Projects is \$24.3 million and \$19.8 million in FY 2020/21, based on significant construction on the Earl Schmidt Filtration Plant (ESFP) Sludge Collection System, Magic Mountain Pipeline, and Vista Canyon Recycled Water project. The Budget also includes continued funding for design of recycled water projects.

The Agency’s current CIP for Major Capital projects shows approximately 20 projects being constructed over the next ten years. Assuming the Agency is able to obtain some grant funding for the recycled water projects, the current projection shows a need for additional funding of \$155 million through FY 2024/25, with the next projected debt issuance to occur in the first quarter of FY 2019/20. The FY 2019/20 Budget proposes \$35 million in debt issuance. The exact timing and amounts of future debt issuance would depend on the progress of the CIP, availability of grant proceeds and market conditions. No new debt would be issued without thorough review with and approval by the Board of Directors.

State Water Contract Fund

The FY 2019/20 Expense Budget for the Agency’s SWP supply is \$35.4 million. This is based on projected costs to maintain an aging system and increasing power costs. The Budget also includes funding of \$2.1 million for work on the Delta Conveyance, previously known as California WaterFix or Twin Tunnels. The SWP is also impacted by the damaged Oroville Spillway. The emergency response to-date and ongoing repairs and replacement will likely have significant costs. The Agency will be responsible for its share, which will be determined after review of project purposes, availability of Federal Emergency Management Agency (FEMA) funding and other available funding. The current costs are being funded by available debt financing and will not be included in the Agency’s FY 2019/20 Budget.

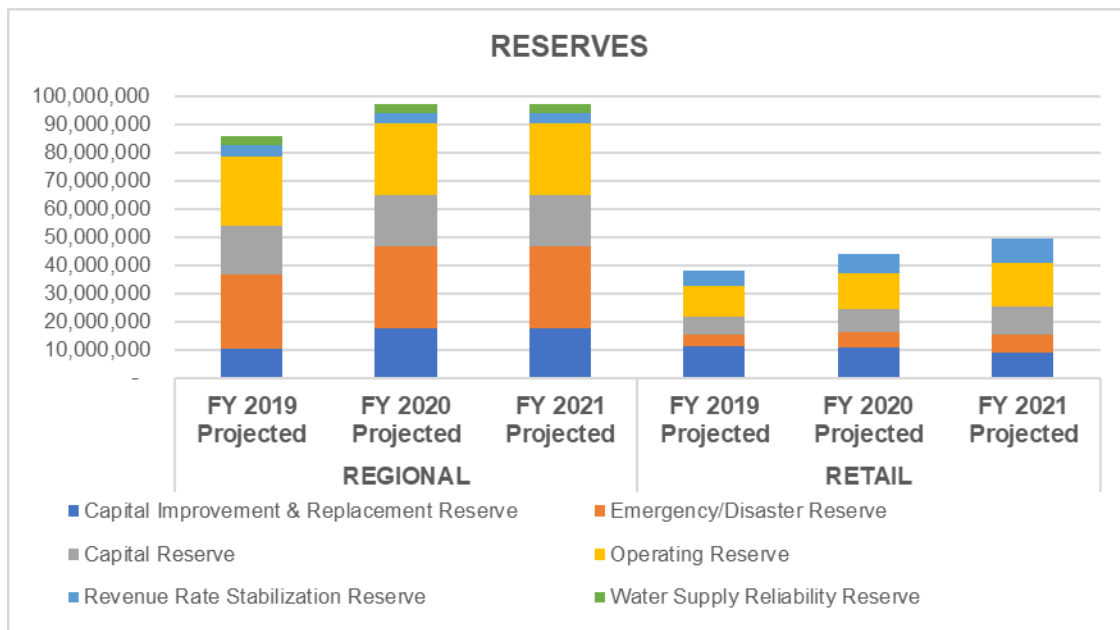
RESERVES

The purpose of SCV Water’s Reserve Fund Policy for the regional and retail water systems is to ensure the Agency’s financial stability, and to have sufficient funding available to meet its operating, capital and debt service cost obligations. The plan establishes the level of reserves necessary for maintaining the Agency’s credit-worthiness and ratings.

In FY 2019/20, SCV Water will have the opportunity to increase its reserve fund balances by 12% (\$17.5 million) and in FY 2020/21 by 4% (\$5.4 million). Per SCV Water’s Reserve Fund Policy recommended target amounts, the Agency will have its reserves funded to 89% of the target amount in FY 2019/20 and FY 2020/21.

Adequate reserves provide for:

- Cash flow requirements and working capital
- Economic uncertainties and other financial hardships, including performance of the regional economy and water supply reliability
- Infrastructure replacements
- Emergency repairs
- Local disasters, natural disasters or catastrophic events
- Loss of significant revenue sources due to variations in water sales resulting from variable weather conditions or conservation
- Unfunded mandates including costly regulatory requirements



SCV WATER - OPERATING BUDGET - SUMMARY
FY 2019/20 and FY 2020/21

	Adopted Budget FY 2018/19	Projected 06/30/19 FY 2018/19	Proposed Budget FY 2019/20	% Change Over FY 2018/19	Proposed Budget FY 2020/21	% Change Over FY 2019/20	
OPERATING REVENUE SUMMARY							
Retail							
1	Service Charge	\$ 27,571,881	\$ 28,832,435	\$ 29,489,324	7.0%	\$ 31,330,310	6.2%
2	Water Usage Charge	53,167,916	52,160,424	51,912,788	-2.4%	53,325,793	2.7%
3	Misc Fees	1,316,186	1,513,185	1,383,596	5.1%	1,386,875	0.2%
4	Property Taxes	551,343	580,016	566,406	2.7%	572,070	1.0%
5	Communication/Rental Income	393,835	478,121	495,424	25.8%	499,688	0.9%
6	Interest Earnings	429,734	520,034	644,519	50.0%	653,244	1.4%
7	Miscellaneous Revenues	198,828	176,997	179,838	-9.6%	174,839	-2.8%
8	Connection Fees	1,000,000	895,000	2,821,500	182.2%	2,970,000	5.3%
9	Total Retail Operating Revenues	84,629,723	85,156,212	87,493,395	3.4%	90,912,819	3.9%
Regional							
10	Water Sales - Fixed Charges	15,107,100	15,107,100	15,484,539	2.5%	15,949,096	3.0%
11	Water Sales - Purveyors - Variable	7,933,900	9,432,600	7,892,900	-0.5%	8,293,700	0.0%
12	Water Sales - Recycled	270,000	211,800	256,428	-5.0%	264,678	0.0%
13	Water Sales - Saugus 1 and 2 Wells	627,300	666,250	705,200	12.4%	741,321	0.0%
14	One-time Water Sales	1,875,000	1,875,000	2,475,000	32.0%	-	0.0%
15	One Percent Property Tax	25,446,900	24,442,000	26,724,000	5.0%	28,007,000	0.0%
16	Facility Capacity Fees	8,000,000	9,129,958	8,500,000	6.3%	9,000,000	0.0%
17	Laboratory Revenues	106,000	121,238	120,000	13.2%	120,000	0.0%
18	Communications Revenues	185,000	197,264	203,182	9.8%	209,278	3.0%
19	Reimbursement-Settlement Amt (O&M)	1,588,900	1,298,500	1,337,455	-15.8%	1,377,579	3.0%
20	Grants and Reimbursements	966,300	320,059	1,490,000	54.2%	4,248,000	185.1%
21	Investment Revenues	900,000	998,666	1,000,000	11.1%	1,000,000	0.0%
22	VWD Acquisitions & Loan	5,710,853	5,710,853	5,694,570	-0.3%	5,694,570	0.0%
23	Transfer from Reserves	-	-	-	0.0%	2,179,457	0.0%
24	Total Regional Operating Revenues	68,717,253	69,511,288	71,883,274	4.6%	77,084,679	7.2%
OPERATING EXPENSE SUMMARY							
Retail							
25	Source of Supply	24,811,488	25,431,809	27,108,364	9.3%	28,133,868	3.8%
26	Pumping Expense	8,120,496	7,703,604	8,220,296	1.2%	9,317,912	13.4%
27	Water Treatment	2,795,627	2,188,813	2,587,769	-7.4%	2,673,984	3.3%
28	Transmission & Distribution	7,420,058	6,790,295	6,948,390	-6.4%	7,128,132	2.6%
29	Customer Accounts	3,235,038	2,608,998	3,248,158	0.4%	3,372,024	3.8%
30	Engineering	1,601,313	1,179,952	1,426,590	-10.9%	1,471,689	3.2%
31	Administrative & General	9,685,564	8,922,832	9,674,481	-0.1%	9,793,604	1.2%
32	Capital Improvement Projects	9,816,400	6,380,660	11,844,007	20.7%	9,518,526	-19.6%
33	Debt Service	11,457,316	11,457,316	11,550,658	0.8%	11,671,908	1.0%
34	Transfer to Reserves	949,077	1,056,171	4,884,683	414.7%	7,831,173	60.3%
35	Total Retail Operating Expenses	79,892,377	73,720,450	87,493,395	9.5%	90,912,819	3.9%
Regional							
36	Management	2,161,200	1,837,784	1,744,790	-19.3%	2,514,573	44.1%
37	Administration	5,011,000	5,509,700	5,706,849	13.9%	5,767,479	1.1%
38	Engineering	1,427,000	1,372,530	1,561,739	9.4%	1,657,968	6.2%
39	Maintenance	3,303,500	3,014,155	3,460,245	4.7%	3,540,664	2.3%
40	Water Quality & Regulatory Affairs	1,027,300	1,004,894	1,061,082	3.3%	1,105,074	4.1%
41	Water Resources	8,190,300	6,775,412	9,930,355	21.2%	10,853,899	9.3%
42	Water Treatment Operations	5,019,901	4,560,908	5,243,667	4.5%	5,466,329	4.2%
43	Capital Improvement Projects	13,820,100	8,983,065	17,723,419	28.2%	21,176,902	19.5%
44	Debt Service	24,866,981	24,866,981	24,954,409	0.4%	25,001,790	0.2%
45	Transfer to Reserves	-	-	421,552	0.0%	-	100.0%
46	Total Regional Operating Expenses	64,827,282	57,925,429	71,808,107	10.8%	77,084,679	7.3%
47	TOTAL OPERATING EXPENSES	\$ 144,719,659	\$ 131,645,879	\$ 159,301,502	10.1%	\$ 167,997,498	5.5%
Total Operating Revenue							
		153,346,976	154,667,500	159,376,669	3.9%	167,997,498	5.4%
Total Operating Expense							
		(144,719,659)	(131,645,879)	(159,301,502)	10.1%	(167,997,498)	5.5%
		8,627,317	23,021,621	(75,167)	-100.9%	0	0.0%
Total Operating Expenses							
		144,719,659	131,645,879	159,301,502	10.1%	167,997,498	5.5%
Total Salaries and Benefits							
		(28,917,929)	(26,429,942)	(28,771,667)	-0.5%	(29,738,430)	3.4%
Net Operating Expenses							
		115,801,731	105,215,937	130,529,835	12.7%	138,259,068	5.9%

**SCV WATER - FINANCIAL SUMMARY
FY 2019/20 PROJECTED BUDGET - REGIONAL**

Description	General Fund/ Operating	Capital Project Fund*	State Water Contract Fund	Debt Service Fund	TOTAL
Fund Balance 7/1/2019 (estimated)	\$ 107,194,000	\$ 10,649,351	\$ 43,949,360	\$ 5,349,556	\$ 167,142,267
RESERVES:					
Capital Improvement & Replacement	\$ (17,723,419)	\$ -	\$ -	\$ -	\$ (17,723,419)
Emergency/Disaster	(28,783,894)	-	-	-	\$ (28,783,894)
Capital	(18,088,911)	-	-	-	(18,088,911)
Operating	(25,823,851)	-	-	-	(25,823,851)
Revenue Rate Stabilization	(3,650,860)	-	-	-	(3,650,860)
Water Supply Reliability	(3,000,000)	-	-	-	(3,000,000)
Trustee Held	-	-	-	(5,349,556)	(5,349,556)
Subtotal	\$ (97,070,935)	\$ -	\$ -	\$ (5,349,556)	\$ (102,420,491)
Net Available	\$ 10,123,065	\$ 10,649,351	\$ 43,949,360	\$ -	\$ 64,721,776
REVENUES:					
Water Sales - Fixed Charges	\$ 15,484,539	\$ -	\$ -	\$ -	15,484,539
Water Sales - Variable	7,892,900	-	-	-	7,892,900
Recycled Water Sales	256,428	-	-	-	256,428
Saugus 1 and 2 Water Sales	705,200	-	-	-	705,200
One-time Water Sales	2,475,000	-	-	-	2,475,000
Laboratory Revenues	120,000	-	-	-	120,000
Communications Revenues	203,182	-	-	-	203,182
Facility Capacity Fees	8,500,000	-	-	-	8,500,000
One Percent Property Tax	26,724,000	-	-	-	26,724,000
Agency Set Property Tax	-	-	32,387,000	-	32,387,000
Settlement Agreement (O&M)	1,337,455	-	-	-	1,337,455
Grants and Reimbursements	1,490,000	2,695,000	-	-	4,185,000
Investment Revenues	1,000,000	437,000	650,000	152,000	2,239,000
VWD Acquisition and Loan	5,694,570	-	-	-	5,694,570
Bond Proceeds	-	35,000,000	-	-	35,000,000
Miscellaneous	-	-	-	-	-
Subtotal	\$ 71,883,274	\$ 38,132,000	\$ 33,037,000	\$ 152,000	\$ 143,204,274
EXPENDITURES:					
Operating	\$ (28,783,894)	\$ -	\$ -	\$ -	(28,783,894)
Capital Improvement Program	(17,723,419)	(24,259,000)	-	-	(41,982,419)
Department of Water Resources	-	-	(35,365,000)	-	(35,365,000)
Debt Service Principal & Interest	(24,954,409)	-	-	(152,000)	(25,106,409)
Subtotal	\$ (71,461,722)	\$ (24,259,000)	\$ (35,365,000)	\$ (152,000)	\$ (131,237,722)
Available Fund Balance 6/30/2020 (Estimated)	\$ 10,544,617	\$ 24,522,351	\$ 41,621,360	\$ -	\$ 76,688,328

*Major Capital Projects - Bond Proceeds

**SCV WATER - FINANCIAL SUMMARY
FY 2020/21 PROJECTED BUDGET - REGIONAL**

Description	General Fund/ Operating	Capital Project Fund*	State Water Contract Fund	Debt Service Fund	TOTAL
Fund Balance 7/1/2020 (estimated)	\$ 107,615,552	\$ 24,522,351	\$ 41,621,360	\$ 5,349,556	\$ 179,108,819
RESERVES:					
Capital Improvement & Replacement	\$ (17,723,419)	\$ -	\$ -	\$ -	\$ (17,723,419)
Emergency/Disaster	(28,783,894)	-	-	-	\$ (28,783,894)
Capital	(18,088,911)	-	-	-	(18,088,911)
Operating	(25,823,851)	-	-	-	(25,823,851)
Revenue Rate Stabilization	(3,650,860)	-	-	-	(3,650,860)
Water Supply Reliability	(3,000,000)	-	-	-	(3,000,000)
Trustee Held	-	-	-	(5,349,556)	(5,349,556)
Subtotal	\$ (97,070,935)	\$ -	\$ -	\$ (5,349,556)	\$ (102,420,491)
Net Available	\$ 10,544,617	\$ 24,522,351	\$ 41,621,360	\$ -	\$ 76,688,328
REVENUES:					
Water Sales - Fixed Charges	\$ 15,949,096	\$ -	\$ -	\$ -	15,949,096
Water Sales - Variable	8,293,700	-	-	-	8,293,700
Recycled Water Sales	264,678	-	-	-	264,678
Saugus 1 and 2 Water Sales	741,321	-	-	-	741,321
One-time Water Sales	-	-	-	-	-
Laboratory Revenues	120,000	-	-	-	120,000
Communications Revenues	209,278	-	-	-	209,278
Facility Capacity Fees	9,000,000	-	-	-	9,000,000
One Percent Property Tax	28,007,000	-	-	-	28,007,000
Agency Set Property Tax	-	-	33,942,000	-	33,942,000
Settlement Agreement (O&M)	1,377,579	-	-	-	1,377,579
Grants and Reimbursements	4,248,000	1,533,200	-	-	5,781,200
Investment Revenues	1,000,000	386,000	650,000	152,000	2,188,000
VWD Acquisition and Loan	5,694,570	-	-	-	5,694,570
Bond Proceeds	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Subtotal	\$ 74,905,222	\$ 1,919,200	\$ 34,592,000	\$ 152,000	\$ 111,568,422
EXPENDITURES:					
Operating	\$ (30,905,987)	\$ -	\$ -	\$ -	(30,905,987)
Capital Improvement Program	(21,176,902)	(19,819,000)	-	-	(40,995,902)
Department of Water Resources	-	-	(35,365,000)	-	(35,365,000)
Debt Service Principal & Interest	(25,001,790)	-	-	(152,000)	(25,153,790)
Subtotal	\$ (77,084,679)	\$ (19,819,000)	\$ (35,365,000)	\$ (152,000)	\$ (132,420,679)
Available Fund Balance 6/30/2021 (Estimated)	\$ 8,365,160	\$ 6,622,551	\$ 40,848,360	\$ -	\$ 55,836,071

*Major Capital Projects - Bond Proceeds

**SCV WATER - CAPITAL PROJECT FUND
FY 2019/20 and FY 2020/21 - REGIONAL DIVISION**

	Projected 06/30/19 FY 2019	Proposed Budget FY 2020	Proposed Budget FY 2021	Proposed Budget FY 2022	Proposed Budget FY 2023	Proposed Budget FY 2024
Fund Balance, Beginning	\$ 20,294,794	\$ 10,649,351	\$ 24,522,351	\$ 6,622,551	\$ 51,708,551	\$ 7,713,551
REVENUES						
Bond Proceeds	\$ -	\$ 35,000,000	\$ -	\$ 60,000,000	\$ -	\$ 60,000,000
Grant Reimbursements	986,171	2,695,000	1,533,200	-	-	-
Investment Revenues	164,572	437,000	386,000	722,000	735,000	574,000
Total Revenues	\$ 1,150,743	\$ 38,132,000	\$ 1,919,200	\$ 60,722,000	\$ 735,000	\$ 60,574,000
EXPENDITURES						
Capital Projects - Major	\$ (10,796,186)	\$ (24,259,000)	\$ (19,819,000)	\$ (15,636,000)	\$ (44,730,000)	\$ (29,603,000)
Total Expenditures	\$ (10,796,186)	\$ (24,259,000)	\$ (19,819,000)	\$ (15,636,000)	\$ (44,730,000)	\$ (29,603,000)
Available Fund Balance, Ending	\$ 10,649,351	\$ 24,522,351	\$ 6,622,551	\$ 51,708,551	\$ 7,713,551	\$ 38,684,551

**SCV WATER - STATE WATER CONTRACT FUND
FY 2019/20 and FY 2020/21**

	Actual FY 2017/18	Adopted Budget FY 2018/19	Projected 06/30/19 FY 2018/19*	Proposed Budget FY 2019/20*	Proposed Budget FY 2020/21*
Fund Balance, Beginning	\$ 46,695,744	\$ 52,153,566	\$ 54,786,047	\$ 62,975,521	\$ 60,422,521
REVENUES					
Agency-Set Property Tax Revenues	\$ 30,636,947	\$ 30,422,900	\$ 31,996,000	\$ 32,387,000	\$ 33,942,000
Investment Income	630,762	570,000	543,700	650,000	650,000
Total State Water Contract Fund Revenues	\$ 31,267,709	\$ 30,992,900	\$ 32,539,700	\$ 33,037,000	\$ 34,592,000
EXPENDITURES					
DWR Variable Charge	\$ (6,378,122)	\$ (9,000,000)	\$ (6,266,515)	\$ (8,000,000)	\$ (9,000,000)
State Water Contract Payments	(17,931,257)	(23,000,000)	(17,109,466)	(23,000,000)	(22,780,000)
Legal Consulting	(19,982)	(15,000)	(20,000)	(15,000)	(15,000)
State Water Contractors/SWPCA Dues	(180,585)	(215,000)	(225,000)	(240,000)	(245,000)
SWC Audit	(28,384)	(35,000)	(29,245)	(35,000)	(35,000)
Refunds from State (DWR)	1,543,867	1,000,000	1,500,000	1,000,000	1,000,000
Delta Conveyance	-	(2,100,000)	(200,000)	(3,300,000)	(3,600,000)
Miscellaneous & Property Tax Admin Fees	(182,944)				
Contingencies	-	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)
Total State Water Contract Fund Expenditures	\$ (23,177,407)	\$ (35,365,000)	\$ (24,350,226)	\$ (35,590,000)	\$ (36,675,000)
Available Fund Balance, Ending	\$ 54,786,047	\$ 47,781,466	\$ 62,975,521	\$ 60,422,521	\$ 58,339,521
Tax Rate per \$100 in Assessed Valuation	\$ 0.070600	\$ 0.070600	\$ 0.070600	\$ 0.070600	\$ 0.070600

- (A) Expenses projected to be included in the Statement of Charges
- FY 2019/20
 Sites Reservoir - Pay-Go for Planning - Projected \$3.4 million
 Oroville Spillway - Projected \$1.6 million per year
- FY 2020/21
 Sites Reservoir - Pay-Go for Planning - Projected \$2.8 million
 Oroville Spillway - Projected \$1.6 million per year
 Sisk Dam - Projected \$190,000
 Subsidence Near-Term - Projected \$190,000

SCV WATER - FINANCIAL SUMMARY
FY 2019/20

	Estimated	Estimated, FY 2019/20		Projected
	Balance	Inflows	Outflows	Balance
	June 30, 2019			June 30, 2020
OPERATING FUND	\$ 47,874,330	\$ -	\$ -	\$ 47,874,330
Water Sales		109,599,775	-	109,599,775
Expenditures		-	87,997,942	(87,997,942)
Capital (Pay Go)		-	29,567,426	(29,567,426)
Debt Service		-	36,505,067	(36,505,067)
Transfer to Reserves		-	20,943,467	(20,943,467)
Property Tax		26,724,000	-	26,724,000
Facility Capacity Fees		8,500,000	-	8,500,000
Grants and Reimbursements		2,827,455	-	2,827,455
VWD Interfund Loan		5,694,570	-	5,694,570
Other		3,209,369	-	3,209,369
Total Operating Fund	47,874,330	156,555,169	175,013,902	29,415,597
CAPITAL FUND	10,649,351	-	-	10,649,351
Transfer from Operations		29,567,426	-	29,567,426
Transfer from Reserves		3,462,232	-	3,462,232
Bond Proceeds		35,000,000	-	35,000,000
Grants and Investments		3,132,000	-	3,132,000
CIP Projects		-	59,316,158	(59,316,158)
Other		2,027,500	-	2,027,500
Total Capital Fund	10,649,351	73,189,158	59,316,158	24,522,351
RESERVE FUND*	123,595,796	-	-	123,595,796
From Operating		20,943,467	-	20,943,467
To Capital Fund		-	3,462,232	(3,462,232)
Total Reserve Fund	123,595,796	20,943,467	3,462,232	141,077,031
SUPPLEMENTAL FUND				
Debt Holding Account	252,243	-	-	252,243
Developer Deposits	6,363,114	-	155,000	6,208,114
Customer Deposits	185,180	-	-	185,180
Expansion Account	7,454,897	2,821,500	2,077,500	8,198,897
Total Supplemental Fund	14,255,434	2,821,500	2,232,500	14,844,434
STATE WATER CONTRACT FUND				
State Water Contract	62,975,521	32,387,000	35,590,000	59,772,521
Investments	-	650,000	-	650,000
Total State Water Fund	62,975,521	33,037,000	35,590,000	60,422,521
TOTAL	\$ 259,350,432	\$ 286,546,294	\$ 275,614,792	\$ 270,281,934

Note:

OTHER can include property taxes, interest earnings, communication rentals, lab revenues or fire service.

*Unrestricted Cash Reserve

**SCV WATER - FINANCIAL SUMMARY
FY 2019/20 - RETAIL DIVISIONS**

	Estimated	Estimated, FY 2019/20		Projected
	Balance June 30, 2019	Inflows	Outflows	Balance June 30, 2020
OPERATING FUND	\$ 26,252,916	\$ -	\$ -	\$ 26,252,916
Water Sales		82,785,708	-	82,785,708
Expenditures		-	59,214,048	(59,214,048)
Capital		-	11,844,007	(11,844,007)
Debt Service		-	11,550,658	(11,550,658)
Transfer to Reserves		-	9,445,118	(9,445,118)
Other		1,886,187	-	1,886,187
Total Operating Fund	26,252,916	84,671,895	92,053,831	18,870,980
CAPITAL FUND	-	-	-	-
Transfer from Operating		11,844,007	-	11,844,007
Transfer from Reserves		3,462,232	-	3,462,232
CIP Projects		-	17,333,739	(17,333,739)
Expansion Account		2,027,500	-	2,027,500
Total Capital Fund	-	17,333,739	17,333,739	-
RESERVE FUND	38,023,210	-	-	38,023,210
Transfer from Operating		9,445,118	-	9,445,118
Transfer to Capital Fund		-	3,462,232	(3,462,232)
Total Reserve Fund	38,023,210	9,445,118	3,462,232	44,006,096
SUPPLEMENTAL FUND				
Debt Holding Account	252,243	-	-	252,243
Customer Deposits	185,180	-	-	185,180
Developer Deposits	6,363,114	-	155,000	6,208,114
Expansion Account	7,454,897	2,821,500	2,077,500	8,198,897
Total Supplemental Fund	14,255,434	2,821,500	2,232,500	14,844,434
TOTAL	\$ 78,531,560	\$ 114,272,252	\$ 115,082,302	\$ 77,721,510

Note:

OTHER can include property taxes, interest earnings, communication rentals, or fire service.

**SCV WATER - FINANCIAL SUMMARY
FY 2019/20 - REGIONAL DIVISION**

	Estimated	Estimated, FY 2019/20		Projected
	Balance June 30, 2019	Inflows	Outflows	Balance June 30, 2020
OPERATING FUND	\$ 21,621,414	\$ -	\$ -	\$ 21,621,414
Water Sales		26,814,067	-	26,814,067
Expenditures		-	28,783,894	(28,783,894)
Capital		-	17,723,419	(17,723,419)
Debt Service		-	24,954,409	(24,954,409)
Transfer to Reserves		-	11,498,349	(11,498,349)
Property Tax		26,724,000	-	26,724,000
Facility Capacity Fees		8,500,000	-	8,500,000
Grants and Reimbursements		2,827,455	-	2,827,455
VWD Interfund Loan		5,694,570	-	5,694,570
Other		1,323,182	-	1,323,182
Total Operating Fund	21,621,414	71,883,274	82,960,071	10,544,617
CAPITAL FUND*	10,649,351	-	-	10,649,351
Bond Proceeds		35,000,000	-	35,000,000
CIP Projects		-	24,259,000	(24,259,000)
Grants and Investments		3,132,000	-	3,132,000
Total Capital Fund	10,649,351	38,132,000	24,259,000	24,522,351
RESERVE FUND**	85,572,586	-	-	85,572,586
Transfer to Capital		-	-	-
Transfer from Operating		11,498,349	-	11,498,349
Total Reserve Fund	85,572,586	11,498,349	-	97,070,935
STATE WATER CONTRACT FUND				
State Water Contract	62,975,521	32,387,000	35,590,000	59,772,521
Investments	-	650,000	-	650,000
Total State Water Fund	62,975,521	33,037,000	35,590,000	60,422,521
TOTAL	\$ 180,818,872	\$ 154,550,623	\$ 142,809,071	\$ 192,560,424

Note:

OTHER can include property taxes, interest earnings, communication rentals, or fire service.

*Major Capital - Funded by Bond Proceeds

**Unrestricted Cash Reserve

SCV WATER - FINANCIAL SUMMARY
FY 2020/21

	Estimated	Estimated, FY 2020/21		Projected
	Balance	Inflows	Outflows	Balance
	June 30, 2020			June 30, 2021
OPERATING FUND	\$ 29,415,597	\$ -	\$ -	\$ 29,415,597
Water Sales		111,291,773	-	111,291,773
Expenditures		-	92,797,200	(92,797,200)
Capital		-	30,695,428	(30,695,428)
Debt Service		-	36,673,698	(36,673,698)
Transfer to Reserves		-	9,918,066	(9,918,066)
Property Tax		28,007,000	-	28,007,000
Facility Capacity Fees		9,000,000	-	9,000,000
Grants and Reimbursements		5,625,579	-	5,625,579
VWD Interfund Loan		5,694,570	-	5,694,570
Other		3,229,120	-	3,229,120
Total Operating Fund	29,415,597	162,848,042	170,084,392	22,179,247
CAPITAL FUND	24,522,351	-	-	24,522,351
Transfer from Operating		30,695,428	-	30,695,428
Transfer from Reserves		4,500,000	-	4,500,000
Bond Proceeds		-	-	-
Grants and Investments		1,919,200	-	1,919,200
CIP Projects		-	56,601,928	(56,601,928)
Other		1,587,500	-	1,587,500
Total Capital Fund	24,522,351	38,702,128	56,601,928	6,622,551
RESERVE FUND*	141,077,031	-	-	141,077,031
From Operating		9,918,066	-	9,918,066
To Capital Fund		-	4,500,000	(4,500,000)
Total Reserve Fund	141,077,031	9,918,066	4,500,000	146,495,097
SUPPLEMENTAL FUND				
Debt Holding Account	252,243	-	-	252,243
Customer Deposits	185,180	-	-	185,180
Developer Deposits	6,208,114	-	-	6,208,114
Expansion Account	8,198,897	2,970,000	1,587,500	9,581,397
Total Supplemental Fund	14,844,434	2,970,000	1,587,500	16,226,934
STATE WATER CONTRACT FUND				
State Water Contract	60,422,521	32,387,000	35,590,000	57,219,521
Investments	-	650,000	-	650,000
Total State Water Fund	60,422,521	33,037,000	35,590,000	57,869,521
TOTAL	\$ 270,281,934	\$ 247,475,236	\$ 268,363,820	\$ 249,393,350

Note:

OTHER can include property taxes, interest earnings, communication rentals, lab revenues or fire service.

*Unrestricted Cash Reserve

**SCV WATER - FINANCIAL SUMMARY
FY 2020/21 - RETAIL DIVISIONS**

	Estimated	Estimated, FY 2020/21		Projected
	Balance June 30, 2020	Inflows	Outflows	Balance June 30, 2021
OPERATING FUND	\$ 18,870,980	\$ -	\$ -	\$ 18,870,980
Water Sales		86,042,978	-	86,042,978
Expenditures		-	61,891,213	(61,891,213)
Capital		-	9,518,526	(9,518,526)
Debt Service		-	11,671,908	(11,671,908)
Transfer to Reserves		-	9,918,066	(9,918,066)
Other		1,899,842	-	1,899,842
Total Operating Fund	18,870,980	87,942,820	92,999,713	13,814,087
CAPITAL FUND	-	-	-	-
Transfer from Operating		9,518,526	-	9,518,526
Transfer from Reserves		4,500,000	-	4,500,000
CIP Projects		-	15,606,026	(15,606,026)
Expansion Account		1,587,500	-	1,587,500
Total Capital Fund	-	15,606,026	15,606,026	-
RESERVE FUND	44,006,096	-	-	44,006,096
Transfer from Operating		9,918,066	-	9,918,066
Transfer to Capital Fund		-	4,500,000	(4,500,000)
Total Reserve Fund	44,006,096	9,918,066	4,500,000	49,424,162
SUPPLEMENTAL FUND				
Debt Holding Account	252,243	-	-	252,243
Customer Deposits	185,180	-	-	185,180
Developer Deposits	6,208,114	-	-	6,208,114
Expansion Account	8,198,897	2,970,000	1,587,500	9,581,397
Total Supplemental Fund	14,844,434	2,970,000	1,587,500	16,226,934
TOTAL	\$ 77,721,510	\$ 116,436,912	\$ 114,693,239	\$ 79,465,183

Note:

OTHER can include property taxes, interest earnings, communication rentals, or fire service.

**SCV WATER - FINANCIAL SUMMARY
FY 2020/21 - REGIONAL DIVISION**

	Estimated	Estimated, FY 2020/21		Projected
	Balance June 30, 2020	Inflows	Outflows	Balance June 30, 2021
OPERATING FUND	\$ 10,544,617	\$ -	\$ -	\$ 10,544,617
Water Sales		25,248,795	-	25,248,795
Expenditures		-	30,905,987	(30,905,987)
Capital		-	21,176,902	(21,176,902)
Debt Service		-	25,001,790	(25,001,790)
Transfer to Reserves		-	-	-
Property Tax		28,007,000		28,007,000
Facility Capacity Fees		9,000,000		9,000,000
Grants and Reimbursements		5,625,579		5,625,579
VWD Interfund Loan		5,694,570		5,694,570
Other		1,329,278	-	1,329,278
Total Operating Fund	10,544,617	74,905,222	77,084,679	8,365,160
CAPITAL FUND*	24,522,351	-	-	24,522,351
CIP Projects		-	19,819,000	(19,819,000)
Grants and Investments		1,919,200	-	1,919,200
Total Capital Fund	24,522,351	1,919,200	19,819,000	6,622,551
RESERVE FUND**	97,070,935	-	-	97,070,935
Transfer to Capital		-	-	-
Transfer from Operating		-	-	-
Total Reserve Fund	97,070,935	-	-	97,070,935
STATE WATER CONTRACT FUND				
State Water Contract	60,422,521	32,387,000	35,590,000	57,219,521
Investments		650,000	-	650,000
Total State Water Fund	60,422,521	33,037,000	35,590,000	57,869,521
TOTAL	\$ 192,560,424	\$ 109,861,422	\$ 132,493,679	\$ 169,928,167

Note:

OTHER can include property taxes, interest earnings, communication rentals, or fire service.

*Major Capital - Funded by Bond Proceeds

**Unrestricted Cash Reserve



Pictured (Center photo): SCV Water Board Vice President Gary R. Martin (left), Production Operator I Corey Jens (middle) and Sr. Water Treatment Operator Vincent Titiriga (right) attend the Agency's annual Open House event in May 2019. The City of Santa Clarita lends its trolley (bottom photo) to transport visitors from the exhibitors' booths in lower Central Park (top photo) up the hill for tours of the Rio Vista Water Treatment Plant.

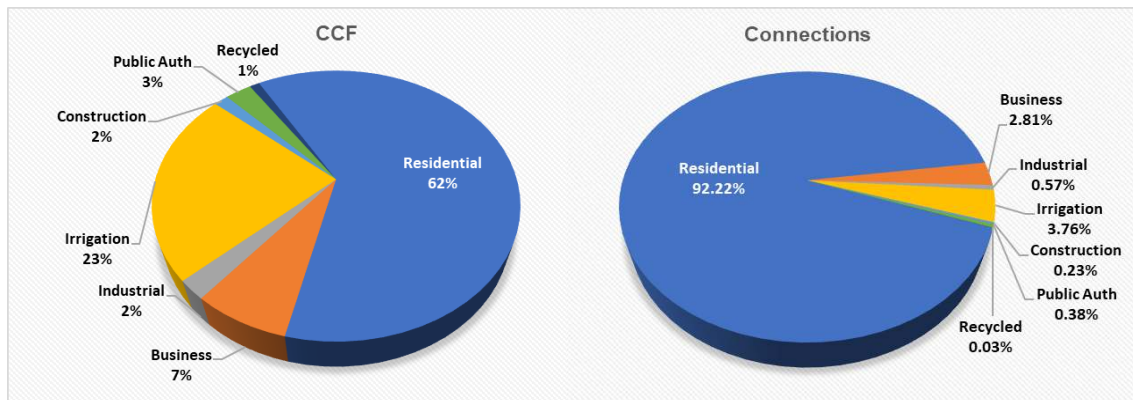


REVENUES

Retail Water Sales

Developing accurate demand forecasts is one of the biggest challenges in creating long-term financial forecasts. There are many factors that influence customer demand projections. Climate and weather conditions, economic drivers, and conservation are a few of the factors that must be considered. Different factors affect consumption trends of each customer class, and therefore, consumption data is primarily analyzed and forecast by class.

SCV Water currently has three different retail water rates and will provide water service to approximately 73,632 customers by the end of fiscal year (FY) 2020/21. Of the Agency's customers, 92% are residential customers and the remaining 8% are comprised of business, landscaping, public authority, construction and industrial. Retail water sales also include private fire services, including private fire hydrants. Retail customers account for 62% of the Agency's water sales revenues, and landscaping accounts for 23%. SCV Water is expecting to add 849 service connections in FY 2019/20 and 860 service connections in FY 2020/21, just over 1% growth.



SCV Water is planning to receive 93% of its FY 2019/20 and FY 2020/21 retail revenue from metered sales. The remaining 7% of revenues are penalties and turn-on charges, ancillary charges, communication leases, rental income, investment income, miscellaneous revenues and connection fees as depicted below:

Operating Revenues	FY 2019/20	FY 2020/21
Service Charge	\$ 29,489,324	\$ 31,330,310
Water Usage Charge	51,912,788	53,325,793
Misc Fees	1,383,596	1,386,875
Property Taxes	566,406	572,070
Communication/Rental Income	495,424	499,688
Investment Income	644,519	653,244
Misc Revenues	179,838	174,839
Connection Fees	2,821,500	2,970,000
	\$ 87,493,395	\$ 90,912,819

Billing units (CCF = 748 gallons) are expected to increase by approximately 2% from the previous year's budget due to additional service connections. Prior to the merger on January 1, 2018, the retail divisions projected water sales using a similar method. Growth projections were incorporated with historical trends of customers reactions to weather and drought to determine the average consumption by meter size and class. As a result of the most recent drought and consistent with the previous year, the Agency is projecting its water sales revenues based on State Senate Bill X7-7 (SBX7-7), which requires the Agency to achieve a 20% reduction in urban per capita water use by December 31, 2020.

SCV Water is continuing to promote conservation and water efficiency targets in order to meet the conservation goals established by the State. In an effort to project FY 2019/20 and FY 2020/21 water revenues, 80% of the 2013 water consumption will be used to project water revenues for FY 2019/20 – FY 2023/24. The Agency is not expecting customers to return to their pre-drought usage but will continue to voluntarily conserve.

The retail divisions are projected to purchase 38,184 acre-feet (AF) (4,100 acre-feet from the perchlorate settlement) of water from the regional division in FY 2019/20, and 38,872 acre-feet in FY 2020/21. In an effort to allow groundwater levels to continue to recover from the drought, the retail divisions purchased 24% more water than the amount budgeted in FY 2018/19, but expect to return to a 60/40 purchased/pumped ratio in FY 2019/20.

Regional Water Rate Revenues

In March 2016, the Board of Directors adopted a new regional/wholesale water rate structure effective April 1, 2016, adopted rates for calendar years (CY) 2017 and 2018, and provide for an annual adjustment. Beginning January 1, 2020, and each January thereafter until otherwise modified by the Board of Directors, the rates for the fixed charge and variable charge shall be adjusted for inflation in an amount not to exceed the year-over-year increase in the Los Angeles specific Consumer Price Index (CPI) provided. However, no such annual adjustment shall exceed the reasonable cost of providing wholesale water service to the retail purveyors. The water rate structure is based on a wholesale water rate study conducted by Raftelis Financial Consultants, Inc. (RFC) to develop a rate structure to meet the following regional division objectives:

- ◆ Ensure financial sufficiency by meeting the operations and maintenance (O&M) costs, capital replacement and improvement costs, and to provide the necessary reserves for the functioning of the division
- ◆ Provide fiscal stability to the regional division by maximizing fixed cost-recovery through fixed charges
- ◆ Provide a rate design framework consistent with the cost-of-service guidelines used in the industry that adequately and fairly distributes the full cost of service to clients of the regional division, based on the demand they place on the system
- ◆ Encourage efficient use and conservation of water

The rate structure includes two components:

- ◆ A fixed charge designed to recover 80% of the fixed costs of the regional division, directly related to supply and delivery of water that is determined on the basis of a ten-year rolling average of the imported water demand of each retail division

- ◆ A variable charge that is based on a per acre-foot charge for the treatment and distribution of imported water within SCV Water’s service area, and also 20% of the fixed costs incurred by the regional division

The variable rate is calculated based on the variable expenses of the regional division to treat and deliver imported water (generally energy and chemical expenses).

For FY 2019/20, the total amount of fixed revenue to be collected by the regional division is \$15,484,539, and \$15,949,096 in FY 2020/21.

The CY 2019 variable rate is \$228.98 per AF and the CY 2020 rate is projected at \$235.85 per AF. Based on sales of 34,484 AF in FY 2019/20, revenue is projected to be \$7,892,900. The CY 2021 rate is projected at \$242.92. Based on sales of 34,772 AF in FY 2020/21, revenue is projected to be \$8,293,700.

Water Sales to Purveyors

During FY 2019/20, the regional division will sell three types of supplemental water to the four retail water divisions – Newhall Water Division (NWD), Santa Clarita Water Division (SCWD), Valencia Water Division (VWD) and Los Angeles County Waterworks District No. 36. The three types of water include (1) imported water from the State Water Project and other sources, (2) treated groundwater from the Saugus 1 and 2 wells and (3) recycled water. For FY 2019/20, the retail divisions have requested 34,084 acre-feet of water from the regional division and 34,772 acre-feet in FY 2020/21 as shown below.

Type	Adopted Budget FY 2018/19	Projected FY 2018/19	Proposed Budget FY 2019/20	Proposed Budget FY 2020/21
Wholesale Water	35,155	43,526	34,084	34,772
Saugus 1 & 2 Well Water	4,100	4,100	4,100	4,100
Recycled Water	450	342	419	424
Retail Water	23,280	16,699	23,163	23,455
Total Acre Feet	62,985	64,667	61,766	62,751

As stated previously, the retail divisions are working to achieve reductions in urban per capita water use in Santa Clarita Valley to meet SBX7-7. The decreased amount of water, from the projected FY 2018/19 budget year, to be purchased from the regional division reflects this anticipated conservation.

Water Sales – Saugus 1 and 2 Wells

Groundwater treatment of Saugus 1 and 2 wells became operational in late FY 2009/10. This operation is intended to contain the spread of perchlorate contamination emanating from the Whittaker-Bermite site, and to restore a certain amount of well capacity taken out of service due to the contamination. In accordance with the Memorandum of Understanding (MOU) between the regional and retail divisions, the regional division operates the wells and sells 4,100 AF of the water per year at the current operating and maintenance costs of extracting, disinfecting and delivering groundwater from the Saugus Formation. The treated groundwater is delivered to Newhall County Water District and Santa Clarita Water Division in proportions established in the MOU and shown on the following page. The FY 2019/20 revenue is \$705,200 at a rate of \$172/AF and \$741,321 in FY 2020/21, at a rate of \$180/AF.

Recycled Water

The Agency began recycled water sales during FY 2003/04. To-date, recycled water has only been sold to the Valencia Water Company (now the Valencia Water Division) to provide service for the TPC (now The Oaks Club) golf course and median landscaping in the Westridge development, and sales range from 400 to 450 AF per year. At an estimated rate of \$612/AF in FY 2019/20, revenue is estimated to be \$256,428 and \$264,678 in FY 2020/21 at an estimated rate of \$624/AF. Should recycled water be used for grading for Mission Village in the Newhall Ranch development, revenues would be higher.

One-Time Water Sales

In the past, the regional division has been able to sell water from the Buena Vista/Rosedale-Rio Bravo water supplies. Based on water supply conditions, the Agency will sell 9,900 AF of Buena Vista/Rosedale-Rio Bravo excess water supply during FY 2019/20. The purchase price is \$250 per AF for a total of \$2,475,000. This revenue is known as one-time water sales and is allocated to the General Fund/Operating Budget.

One-Percent Property Tax Revenues

One-percent property tax revenues are dedicated to fund existing users' share of the COP (certificates of participation), bond debt, capital improvement program and repair projects, as well as a portion of core non-SWP water supplies. FY 2019/20 revenues are estimated at \$26.7 million, assuming a 5% increase in assessed valuation from FY 2018/19 and \$28 million in FY 2020/21. This is based on the 5% increase in assessed valuation from FY 2017/18 to FY 2018/19 and reflects a similar level of new development in the upcoming fiscal year.

This budget estimate also assumes the State does not divert these funds. During FY 2004/05 and FY 2005/06, the State of California diverted over 65% of the regional division's one-percent property tax revenues. The regional division was able to absorb the two-year loss due to sufficient cash and reserves to maintain debt coverage and to fund the capital budget. During FY 2009/10, the State invoked a Proposition 1A borrowing of 8% of the regional division's allocation of one-percent tax revenues, or approximately \$1.7 million, intended to be repaid by FY 2012/13. The regional division participated in the State of California Proposition 1A Receivables Program to securitize the receivable and received the entire repayment during FY 2009/10.

Any future diversions by the State will impact the regional division's ability to fully fund existing users' share of the debt service, capital improvement projects and repair programs. At this time, it seems unlikely the State will again shift some amount of property tax revenue away from the regional division in FY 2019/20 or FY 2020/21. The regional division continues to monitor the situation and is working with its legislative advocates and advocacy groups to inform the Legislature and other groups of the impacts of such a shift. If the property tax formula is permanently changed in the future, it would impact the regional division's ability to maintain debt coverage and fund the capital budget.

Regional Division-Set Property Tax Revenues

Regional division-set property tax revenues are estimated to total \$32.4 million in FY 2019/20 and \$33.9 million in FY 2020/21. These revenues are restricted to pay for the regional division's share of the cost of operating and administering the State Water Project supply. This revenue

estimate is based on an increase of 4.8% in assessed valuation and no change in the current tax rate of 7.06 cents per \$100 valuation.

Regional Division-Set Property Tax Revenues – Last Ten Fiscal Years

Fiscal Year	Los Angeles County	Ventura County	Total
2009/10	\$20,628,244	\$60,923	\$20,689,167
2010/11	23,401,108	38,837	23,439,945
2011/12	22,897,145	24,913	22,922,058
2012/13	23,117,274	27,904	23,145,178
2013/14	24,090,084	25,790	24,115,874
2014/15	26,044,550	25,800	26,070,350
2015/16	27,076,572	22,783	27,099,355
2016/17	28,343,916	22,887	28,366,803
2017/18	31,245,039	22,670	31,267,709
2018/19*	31,973,100	22,900	31,996,000

*Estimated

Facility Capacity Fee Revenues

Facility Capacity Fee revenues are estimated at \$8.5 million in FY 2019/20 and \$9 million in FY 2020/21. Annual sales of acre-feet of water and revenue have stabilized at this amount and approximately 1% growth is projected. The 2019 Facility Capacity Fee study is under review and may result in different assumptions for future years.

Whittaker-Bermite Perchlorate Litigation Settlement Agreement

In May 2007, the regional and retail divisions settled a long-running lawsuit against the current and past owners of the former Whittaker-Bermite industrial site and approved a settlement agreement to remove perchlorate from the Santa Clarita Valley’s groundwater aquifers. The divisions estimate this settlement, when added to past settlements, will provide up to \$100 million on an undiscounted basis. Settlement Agreement revenues in FY 2019/20 are \$1,337,455, and \$1,337,579 in FY 2020/21 for operations and maintenance (O&M).

Grants and Reimbursements

Pay-Go Capital Improvement Projects - Grants for Capital Improvement Programs are provided by Proposition 84 Planning and Implementation Grants through the Department of Water Resources for a variety of water studies, implementation, administration of the grants and updating various programs and plans. Reimbursements are provided for the processing of annexations.

- Recycled Water Master Plan Update: Planning grant funds are provided for updating of the Recycled Water Master Plan as well as for the development of the Environmental Impact Report (EIR) for the Update.
- Grant Administration: Funds are provided for the administration of grants including Proposition 84 Round 2 Planning, Rounds 1 and 2 Implementation, and 2014 Drought Relief Implementation.

Debt Funded Capital Projects – Grants and reimbursements for Capital Improvement Projects funded from debt proceeds are provided by DWR Proposition 84 Rounds 1 and 2 Implementation, and the 2014 Drought Relief grants for implementation and administration of the projects. The various projects are as follows:

- Rosedale-Rio Bravo Extraction Project: Funding is provided for the construction of three wells and associated conveyance facilities in the Rosedale-Rio Bravo service area to provide a more reliable supply and additional banking program extraction capacity of 7,500 acre-feet per year. The total grant amount is \$4,575,400 and is funded by a Proposition 84 Drought Relief 2014 Grant.
- Saugus Dry Year Reliability Wells: Funding is provided for the implementation of two dry year wells in the Saugus Formation. The total grant amount is \$4,756,200 and is funded by a Proposition 84 Round 1 Implementation Grant.

Other Sources of Revenue

Laboratory Revenues

The Agency has a fixed fee arrangement with the retail divisions. In addition, the regional division performs laboratory work for DWR, UCLA and various other entities. FY 2019/20 and FY 2020/21 laboratory revenues are estimated at \$120,000 per year based on the current workload.

Communications Revenues

The regional division has agreements with four different communication companies for lease of communication sites at regional facilities. FY 2019/20 revenues are estimated at \$203,182 and \$209,278 in FY 2020/21 based on the existing contracts.

Investment Revenues

FY 2019/20 investments revenues are \$2,239,000 and \$2,188,000 in FY 2020/21 across all funds. The breakdown by funding source for the FY 2019/20 and FY 2020/21 Budget is as follows:

Fund	FY 2019/20	FY 2020/21
General Fund/Operating	\$ 1,000,000	\$ 1,000,000
Capital Improvement Program	437,000	386,000
State Water Contract Fund	650,000	650,000
Debt Service Fund	152,000	152,000
Total	\$ 2,239,000	\$ 2,188,000

SCV WATER - OPERATING REVENUE BUDGET - SUMMARY
FY 2019/20 and FY 2020/21

	Adopted Budget FY 2018/19	Projected 06/30/19 FY 2018/19	Proposed Budget FY 2019/20	% Change Over FY 2018/19	Proposed Budget FY 2020/21	% Change Over FY 2019/20	(1)
OPERATING REVENUE SUMMARY							
Retail							
Service Charge	\$ 27,571,881	\$ 28,832,435	\$ 29,489,324	7.0%	\$ 31,330,310	6.2%	
Water Usage Charge	53,167,916	52,160,424	51,912,788	-2.4%	53,325,793	2.7%	
Misc Fees	1,316,186	1,513,185	1,383,596	5.1%	1,386,875	0.2%	
Property Taxes	551,343	580,016	566,406	2.7%	572,070	1.0%	
Communication/Rental Income	393,835	478,121	495,424	25.8%	499,688	0.9%	(A)
Interest Earnings	429,734	520,034	644,519	50.0%	653,244	1.4%	(B)
Miscellaneous Revenues	198,828	176,997	179,838	-9.6%	174,839	-2.8%	
Connection Fees	1,000,000	895,000	2,821,500	182.2%	2,970,000	5.3%	(C)
Total Retail Operating Revenues	84,629,723	85,156,212	87,493,395	3.4%	90,912,819	3.9%	
Regional							
Water Sales - Fixed Charges	15,107,100	15,107,100	15,484,539	2.5%	15,949,096	3.0%	
Water Sales - Purveyors - Variable	7,933,900	9,432,600	7,892,900	-0.5%	8,293,700	0.0%	
Water Sales - Recycled	270,000	211,800	256,428	-5.0%	264,678	3.2%	
Water Sales - Saugus 1 and 2 Wells	627,300	666,250	705,200	12.4%	741,321	5.1%	(D)
One-time Water Sales	1,875,000	1,875,000	2,475,000	32.0%	-	0.0%	(E)
One Percent Property Tax	25,446,900	24,442,000	26,724,000	5.0%	28,007,000	4.8%	
Facility Capacity Fees	8,000,000	9,129,958	8,500,000	6.3%	9,000,000	5.9%	
Laboratory Revenues	106,000	121,238	120,000	13.2%	120,000	0.0%	(F)
Communications Revenues	185,000	197,264	203,182	9.8%	209,278	3.0%	
Reimbursement - Settlement Amt (O&M)	1,588,900	1,298,500	1,337,455	-15.8%	1,377,579	3.0%	(G)
Grants and Reimbursements	966,300	320,059	1,490,000	54.2%	4,248,000	185.1%	(H)
Investment Revenues	900,000	998,666	1,000,000	11.1%	1,000,000	0.0%	(B)
VWD Acquisition & Loan	5,710,853	5,710,853	5,694,570	-0.3%	5,694,570	0.0%	
Transfer from Reserves	-	-	-	0.0%	2,179,457	0.0%	
Total Regional Operating Revenues	68,717,253	69,511,288	71,883,274	4.6%	77,084,679	7.2%	
TOTAL OPERATING REVENUES	\$153,346,976	\$154,667,500	\$159,376,669	3.9%	\$167,997,498	5.4%	

(1) Significant Changes +/- 10%

- (A) Addition of communication lease, CPI increases on cell towers and rental income
- (B) Projecting and increase in investment income due to increased rate of return
- (C) Connection fee revenue increased based on projections from Engineering Services
- (D) Rate increased for Saugus 1 & 2 (perchlorate wells)
- (E) The Agency will be selling 9,900 AF of Buena Vista/Rosedale-Rio Bravo water at \$250 per AF
- (F) Laboratory revenues increased due to increased sampling requirements.
- (G) Revenues and expenses are decreased for Settlement O&M. Treatment costs are reimbursable through the settlement agreement.
- (H) Replacement wells will be reimbursed by the perchlorate settlement agreement.

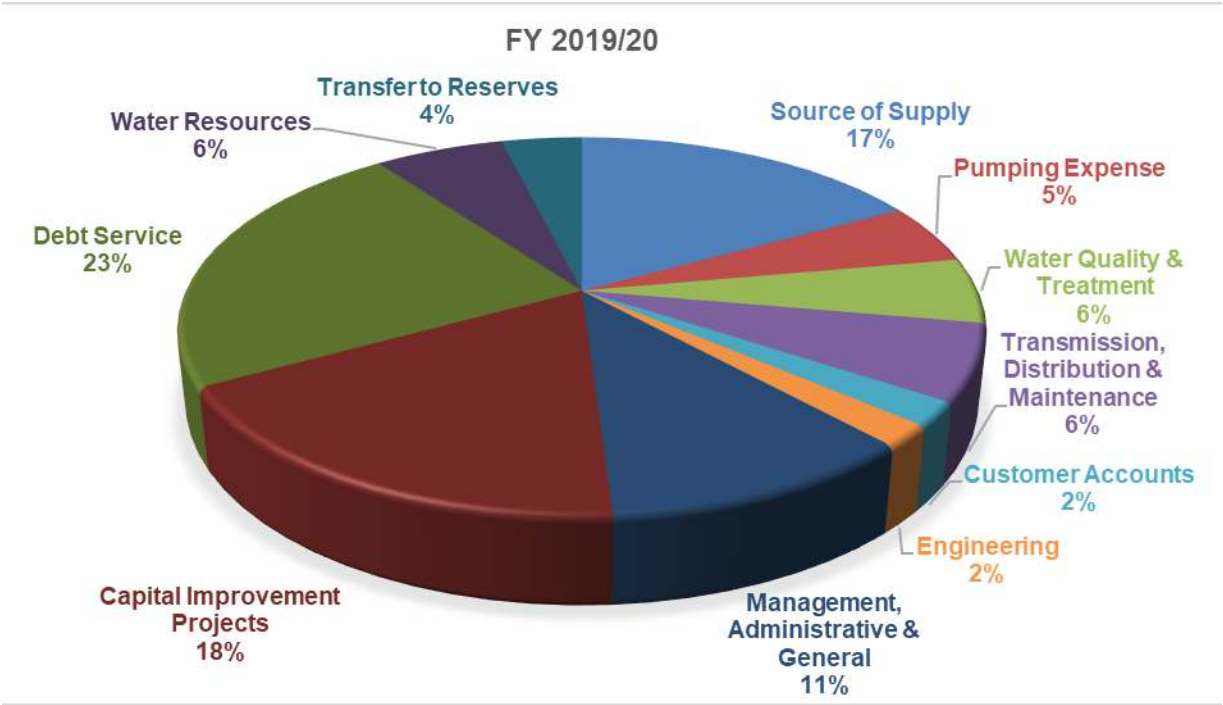


Pictured: SCV Water Education Specialist Tamera Bastiaans (right) discusses where our water comes from, water treatment and conservation with a group of school kids at the Agency's Water Conservation Garden and Learning Center. SCV Water's local outreach program educates between 11,000 and 13,000 students – kindergarten through 12th grade – per year.



EXPENDITURES

The FY 2019/20 and FY 2020/21 Biennial Budget’s use of funds is projected to be \$159.4 million and \$165.8 million, respectively. There is a 10.1% increase in expenditures in FY 2019/20 compared to the FY 2018/19 budget, and an increase of 4% in FY 2020/21 compared to FY 2019/20. A significant factor in the rise in use of funds in FY 2019/20 is due to a 21% increase in “pay-go” (pay-as-you-go) capital expenditures, a 21.2% increase in Water Resources and a 9.3% increase in Source of Supply.



Certain types of expenses are combined into spending categories for easier management. These categories combine several similar line items to facilitate analysis by Agency management. A brief description of use in each category is as follows:

Source of Supply

The source of supply category represents 17% of the Agency’s operating expense budget and includes the cost to the Retail Divisions to purchase water from the Regional Division, as well as materials, maintenance and labor to maintain the Retail Divisions’ potable water wells, structures and surrounding well sites. The Retail Divisions purchase approximately 40% of their water demand from the Regional Division. For the FY 2019/20 and FY 2020/21 Biennial Budget, this category is projected to be \$27.1 million and \$28.1 million, respectively. This is an increase of 9.3% in FY 2019/20 compared to the FY 2018/19 Budget and an increase of 3.8% in FY 2020/21 compared to FY 2019/20. This \$2.2 million rise in costs in FY 2019/20 is due to increases in water demand and the wholesale water rate on water purchased from the Regional Division.

Pumping

The pumping category represents 5% of the Agency's operating expense budget and provides funds for the cost of power to the Retail Divisions' wells, booster stations, and sewer lift station. This category also provides funds for labor and maintenance of the Retail Divisions' pumping equipment, structures, Cla-Vals (automatic control valves) and SCADA (a system used to monitor and control the plant). For the FY 2019/20 and FY 2020/21 Biennial Budget, this category is projected to be \$8.2 million and \$9.3 million, respectively. This is an increase of 1.2% in FY 2019/20 compared to the FY 2018/19 Budget, and an increase of 13.4% in FY 2020/21 compared to FY 2019/20. The changes in both years is primarily due to the increase of power costs for the current facilities and new facilities that will be coming online during this budget period.

Water Quality and Treatment

The water treatment category represents 6% of the Agency's operating expense budget and provides funds for costs associated with laboratory testing, bacteriological sampling and special analysis as noted in Title 22 of the California Code of Regulations, as well as State Water Resources – Division of Drinking Water. This category also includes labor, maintenance and power for the Retail and Regional Divisions' treatment facilities and purchase of chemicals and salt, etc., necessary for water treatment operations. For the FY 2019/20 and FY 2020/21 Biennial Budget, this category is projected to be \$8.9 million and \$9.2 million, respectively. There is relatively no change in FY 2019/20 compared to the FY 2018/19 Budget, and an increase of 4% in FY 2020/21 compared to FY 2019/20. The change in both years is primarily due to an increase in cost and amount of chemicals for the treatment process, and additional sampling and testing to comply with new regulations.

Transmission, Distribution and Maintenance

The transmission, distribution and maintenance category represent 6% of the Agency's operating expense budget and provides funds for labor and maintenance of the Agency's tanks, mains, sewer collection system, recycled water system, services, and hydrants. For the FY 2019/20 and FY 2020/21 Biennial Budget, this category is projected to be \$10.4 million and \$10.7 million, respectively. This is a decrease of 3% in FY 2019/20 compared to the FY 2018/19 budget and an increase of 1% in FY 2020/21 compared to FY 2019/20.

Customer Accounts

The customer accounts category represents 2% of the Agency's operating expense budget and provides funds for labor and supervision for billing, collecting, connects, disconnects, investigations, meter reading and applications. It also includes funds for the outsourcing of printing and mailing water bills, meter reconstruction, testing, repairs and calibrations. For the FY 2019/20 and FY 2020/21 Biennial Budget, this category is projected to be \$3.3 million and \$3.4 million, respectively. This is an increase of .4% in FY 2019/20 compared to the FY 2018/19 Budget, and an increase of 3.8% in FY 2020/21 compared to FY 2019/20.

Engineering

The engineering category represents 2% of the Agency's operating expense budget and provides funds for planning, design and construction management of the Agency's capital projects, and oversees developer activities to ensure that capital facilities meet division standards. For the FY 2019/20 and FY 2020/21 Biennial Budget, this category is projected to be \$3 million and \$3.1 million, respectively. This is a decrease of 1.3% in FY 2019/20 compared to the FY 2018/19 Budget and an increase of 1% in FY 2020/21 compared to FY 2019/20.

Water Resources

The water resources category represents 6% of the Agency's operating expense budget and provides funds to ensure there is adequate water resources available to meet the community's current and future water needs, and to provide outreach to communicate the overall mission and vision of the Agency. For the FY 2019/20 and FY 2020/21 Biennial Budget, this category is projected to be \$9.9 million and \$10.9 million, respectively. This is an increase of 21.2% in FY 2019/20 compared to the FY 2018/19 Budget, and an increase of 9.3% in FY 2020/21 compared to FY 2019/20. The change in both years is attributable to the allocation of the Buena Vista/Rosedale-Rio Bravo water supply expense. The cost of the water supply is being funded by the 1% property tax and the water resources budget. Each year the amount funded by the water resources budget increases by 5%.

Management, Administration and General

The management, administration and general category represents 11% of the Agency's operating expense budget and provides funds for: Board of Director stipends, benefits and activities, administrative and general salaries, office supplies, computer software, supplies and contracts, community and employee relations, liability insurance, litigation and general legal costs, professional services, conferences and seminars, professional development, training and other general office expenses. For the FY 2019/20 and FY 2020/21 Biennial Budget, this category is projected to be \$17.2 million and \$18.1 million, respectively. This is an increase of 1% in FY 2019/20 compared to the FY 2018/19 Budget and an increase of 1% in FY 2020/21 compared to FY 2019/20.

The safety needs of the Agency's customers and employees, as well as compliance with regulatory agencies are of utmost importance to the Agency, and these costs are considered necessary expenses. Some of the administration and general expenses are more discretionary than others, such as insurance or regulatory fees, which are mandatory; whereas the Agency may be better able to control other expenses such as training or business meetings to some extent.

Salaries and Related Costs

The Board authorizes all regular full-time positions. All requests for new positions must contain justification and evaluate total costs, including benefits. There were no additional positions added in the FY 2019/20 and FY 2020/21 Biennial Budget. This budget provides funding for 213.25 full-time equivalent (FTE) employees.

Portions of salaries and related costs (benefits) that occur in one department may be applied to another, and costs associated with developer funded projects or capital improvements projects are directly charged to those projects. Employee benefits include expenses for workers compensation, group medical insurance, disability insurance and retirement.

Eligible full-time employees become members of the California Public Employees Retirement System (CalPERS).

For the FY 2019/20 and FY 2020/21 Biennial Budget, salaries and related costs are projected to be \$28.8 million and \$29.7 million, respectively. This is a decrease of .5% in FY 2019/20 compared to the FY 2018/19 Budget and an increase of 3.4% in FY 2020/21 compared to FY 2019/20.

Capital Improvement Projects “Pay-Go”

The “pay-go” (pay-as-you-go) capital improvement projects (CIP) category represents 19% of the Agency’s operating expense budget and provides funds to enhance asset management, maintenance, water system improvements, equipment replacements and technology improvements. Additional information can be found in the Capital Improvement Program section of the Budget. For the FY 2019/20 and FY 2020/21 Biennial Budget, this category is projected to be \$29.6 million and \$30.7 million, respectively. This is an increase of 21% in FY 2019/20 compared to the FY 2018/19 Budget, and an increase of 7% in FY 2020/21 compared to FY 2019/20.

Debt Service

The debt service category represents 23% of the Agency’s operating expense budget. Debt is used for financing the Agency infrastructure and project needs. Debt is issued and managed prudently in order to maintain a sound financial position and protect credit quality. The Regional Division pays its debt service from Facility Capacity Fee (FCF) and 1% property tax revenues, and the Retail Division funds its debt service from water sales. The Regional Division anticipates issuing revenue bonds in FY 2019/20 in the amount of \$35 million to fund major capital improvements. Current FCF and 1% property tax revenues will be sufficient to pay for the projected issuance. At this time, there is no new debt anticipated for the Retail Divisions. Additional long-term debt information can be found in the Forecast section of the Budget. For the FY 2019/20 and FY 2020/21 Biennial Budget, this category is projected to be \$36.5 million and \$36.7 million, respectively. The Agency continues to monitor its bond covenants to ensure there is sufficient funds to cover its debt service obligations.

Reserves

The reserves category represents 3% of the Agency’s operating expense budget. It is Agency policy to fund reserves from the Regional and Retail operations after operating expenses, including debt service obligations, are met. Additional information can be found in the Reserve section of the Budget. For the FY 2019/20 and FY 2020/21 Biennial Budget, it is projected that \$5.4 million and \$7.8 million, respectively, will be transferred from operating revenues to reserves.

SCV WATER - OPERATING EXPENSE BUDGET - SUMMARY
FY 2019/20 and FY 2020/21

	Adopted Budget FY 2018/19	Projected 06/30/19 FY 2018/19	Proposed Budget FY 2019/20	% Change Over FY 2018/19	Proposed Budget FY 2020/21	% Change Over FY 2019/20	(1)
OPERATING EXPENSE SUMMARY							
Retail							
Source of Supply	\$ 24,811,488	\$ 25,431,809	\$ 27,108,364	9.3%	\$ 28,133,868	3.8%	
Pumping Expense	8,120,496	7,703,604	8,220,296	1.2%	9,317,912	13.4%	
Water Treatment	2,795,627	2,188,813	2,587,769	-7.4%	2,673,984	3.3%	
Transmission & Distribution	7,420,058	6,790,295	6,948,390	-6.4%	7,128,132	2.6%	(A)
Customer Accounts	3,235,038	2,608,998	3,248,158	0.4%	3,372,024	3.8%	
Engineering	1,601,313	1,179,952	1,426,590	-10.9%	1,471,689	3.2%	(A)
Administrative & General	9,685,564	8,922,832	9,674,481	-0.1%	9,793,604	1.2%	
Capital Improvement Projects	9,816,400	6,380,660	11,844,007	20.7%	9,518,526	-19.6%	(B)
Debt Service	11,457,316	11,457,316	11,550,658	0.8%	11,671,908	1.0%	
Transfer to Reserves	949,077	1,056,171	4,884,683	414.7%	7,831,173	60.3%	
Total Retail Operating Expenses	79,892,377	73,720,450	87,493,395	9.5%	90,912,819	3.9%	
Regional							
Management	2,161,200	1,837,784	1,819,957	-15.8%	2,514,573	38.2%	
Administration	5,011,000	5,509,700	5,706,849	13.9%	5,767,479	1.1%	(A)
Engineering	1,427,000	1,372,530	1,561,739	9.4%	1,657,968	6.2%	(A)
Maintenance	3,303,500	3,014,155	3,460,245	4.7%	3,540,664	2.3%	
Water Quality & Regulatory Affairs	1,027,300	1,004,894	1,061,082	3.3%	1,105,074	4.1%	
Water Resources	8,190,300	6,775,412	9,930,355	21.2%	10,853,899	9.3%	(C)
Water Treatment Operations	5,019,901	4,560,908	5,243,667	4.5%	5,466,329	4.2%	
Capital Improvement Projects	13,820,100	8,983,065	17,723,419	28.2%	21,176,902	19.5%	(D)
Debt Service	24,866,981	24,866,981	24,954,409	0.4%	25,001,790	0.2%	
Transfer to Reserves	-	-	421,552	0.0%	-	100.0%	
Total Regional Operating Expenses	64,827,282	57,925,429	71,883,274	10.9%	77,084,679	7.2%	
TOTAL OPERATING EXPENSES	\$ 144,719,659	\$ 131,645,879	\$ 159,376,669	10.1%	\$ 167,997,498	5.4%	

(1) Significant Changes +/- 10%

(A) Fluctuations due to expenses being allocated among Divisions and Departments

(B) Increase in Capital Improvement Projects is primarily due to the allocation of Technology Services and new financial software.

(C) Increase in Water Resources primarily due to fluctuations in allocated costs among Divisions and Departments, consultants for advances in groundwater spreading projects, the Water Supply Reliability Report, Groundwater Sustainability Agency and the commitment to transfer more costs to the operating fund for the Buena Vista/Rosedale-Rio Bravo supply.

(D) Increased to "pay-go" capital projects include construction of replacement wells. These costs are reimbursable and are included in the Revenue section under Grants and Reimbursements.

SCV WATER - EXPENSE BUDGET - SUMMARY
FY 2019/20 and FY 2020/21 - RETAIL

	Adopted Budget	Projected	Proposed	% Change	Proposed	% Change	(1)
	FY 2019	FY 2019	FY 2020	over	Budget	over	
				FY 2019	FY 2021	FY 2020	
SOURCE OF SUPPLY							
Purchased Water	\$ 23,501,445	\$ 24,367,204	\$ 23,953,131	1.9%	\$ 24,962,847	0.0%	
Maintenance & Services	230,557	145,606	1,808,496	684.4%	1,777,035	-1.7%	(A)
Source of Supply - Salary	740,092	659,926	907,207	22.6%	939,060	3.5%	(B)
Burden & Benefits	339,395	259,073	439,530	29.5%	454,926	3.5%	(B)
TOTAL SOURCE OF SUPPLY	\$ 24,811,488	\$ 25,431,809	\$ 27,108,364	9.3%	\$ 28,133,868	3.8%	
PUMPING EXPENSES							
Power Purchased	\$ 5,180,168	\$ 4,613,346	\$ 5,043,498	-2.6%	\$ 5,230,992	3.7%	
Maintenance & Services	1,029,398	592,199	596,089	-42.1%	1,415,767	137.5%	(A)
Pumping Expenses - Salary	1,278,592	1,683,733	1,738,867	36.0%	1,799,775	3.5%	(B)
Burden & Benefits	632,338	814,326	841,842	33.1%	871,378	3.5%	(B)
TOTAL PUMPING EXPENSES	\$ 8,120,496	\$ 7,703,604	\$ 8,220,296	1.2%	\$ 9,317,912	13.4%	
WATER TREATMENT EXPENSES							
Lab Expense	\$ 240,000	\$ 175,778	\$ 273,400	13.9%	\$ 247,500	-9.5%	(C)
Regulatory Fees	212,000	233,853	299,000	41.0%	303,000	1.3%	(D)
Chemicals	372,100	313,396	565,000	51.8%	578,000	2.3%	(E)
Maintenance & Services	725,220	362,294	308,581	-57.5%	363,629	17.8%	(A)
Water Treatment - Salary	817,413	747,698	758,132	-7.3%	784,760	3.5%	
Burden & Benefits	428,894	355,794	383,656	-10.5%	397,095	3.5%	(B)
TOTAL WATER TREATMENT	\$ 2,795,627	\$ 2,188,813	\$ 2,587,769	-7.4%	\$ 2,673,984	3.3%	
TRANSMISSION AND DISTRIBUTION							
Maintenance & Services	\$ 3,251,789	\$ 2,828,230	\$ 2,354,151	-27.6%	\$ 2,372,902	0.8%	(A)
Trans & Distribution - Salary	2,731,827	2,635,418	3,070,489	12.4%	3,178,080	3.5%	(B)
Burden & Benefits	1,436,442	1,326,647	1,523,750	6.1%	1,577,150	3.5%	
TOTAL TRANSMISSION & DISTRIBUTION	\$ 7,420,058	\$ 6,790,295	\$ 6,948,390	-6.4%	\$ 7,128,132	2.6%	
CUSTOMER ACCOUNTS							
Billing & Collecting	\$ 583,191	\$ 440,471	\$ 451,070	-22.7%	\$ 452,485	0.3%	(F)
Maintenance & Services	663,844	586,633	626,762	-5.6%	673,160	7.4%	(A)
Customer Accounts - Salary	1,321,544	1,027,274	1,449,132	9.7%	1,499,912	3.5%	
Burden & Benefits	666,459	554,620	721,194	8.2%	746,467	3.5%	
TOTAL CUSTOMER ACCOUNTS	\$ 3,235,038	\$ 2,608,998	\$ 3,248,158	0.4%	\$ 3,372,024	3.8%	
ENGINEERING EXPENSES							
Maintenance & Services	\$ 853,813	\$ 519,952	\$ 622,690	-27.1%	\$ 639,489	2.7%	(A)
Other Operating Expense - Labor	501,100	450,000	543,200	8.4%	562,300	3.5%	
Burden & Benefits	246,400	210,000	260,700	5.8%	269,900	3.5%	
TOTAL ENGINEERING EXPENSES	\$ 1,601,313	\$ 1,179,952	\$ 1,426,590	-10.9%	\$ 1,471,689	3.2%	
ADMINISTRATIVE & GENERAL							
Maintenance & Services	\$ 2,079,516	\$ 1,639,808	\$ 1,938,540	-6.8%	\$ 1,833,896	-5.4%	
Insurance (non employee related)	1,040,145	1,191,387	895,300	-13.9%	930,700	4.0%	(G)
Professional Services	1,284,573	923,050	1,015,638	-20.9%	1,018,508	0.3%	(H)
Training & Education	324,663	186,659	232,282	-28.5%	234,945	1.1%	(B)
Water Use Efficiency	1,056,000	851,494	1,088,000	3.0%	1,111,370	2.1%	
Other	236,857	172,617	242,735	2.5%	246,650	1.6%	
Admin & General Transfer	(499,604)	(539,466)	(539,983)	8.1%	(552,609)	2.3%	
Admin & General - Salary	1,502,062	2,155,139	3,242,211	115.9%	3,355,786	3.5%	(B)
Shared Salary and Benefits	1,616,200	1,178,074	-	-100.0%	-	0.0%	(B)
Burden & Benefits	1,045,152	1,164,070	1,559,758	49.2%	1,614,358	3.5%	(B)
TOTAL ADMIN & GENERAL EXPENSES	\$ 9,685,564	\$ 8,922,832	\$ 9,674,481	-0.1%	\$ 9,793,604	1.2%	
DEBT SERVICE	\$ 11,457,316	\$ 11,457,316	\$ 11,550,657	0.8%	\$ 11,671,907	1.0%	
CAPITAL IMPROVEMENT PROJECTS	\$ 9,816,400	\$ 6,380,660	\$ 11,844,007	20.7%	\$ 9,518,526	-19.6%	(I)
TRANSFER TO RESERVES	\$ 949,077	\$ 1,056,171	\$ 973,742	2.6%	\$ 993,217	2.0%	
TOTAL OPERATING EXPENSE-RETAIL	\$ 79,892,377	\$ 73,720,450	\$ 83,582,454	4.6%	\$ 84,074,863	0.6%	

SCV WATER - EXPENSE BUDGET - SUMMARY
FY 2019/20 and FY 2020/21 - RETAIL

(1) Significant Changes +/- 10%

- (A) Maintenance and Services have been reclassified to other Departments. Overall, there is a 14% reduction.
- (B) Fluctuations due to expenses being allocated among Divisions and Departments.
- (C) Increase in Lab Expense due to new USMR testing requirements.
- (D) Increase attributable to additional extraction and diversion fees, SWRCB fees and annual W9 NPDES permit fees.
- (E) Increase in Chemicals due to additional purchases of HACH handheld equipment, training and sample reagents.
- (F) Reduction in Customer Accounts due to integration of similar processes for customer billing among the Retail Divisions.
- (G) Reduction in General Liability Insurance due to combining all Divisions' individual insurance policies into one carrier.
- (H) Professional Services include legal and auditing services. Reduction is due to new lower contracts for these services as well as allocating costs to all Divisions.
- (I) Primary increase in Retail Capital is due to the purchase of a new ERP (accounting) system and shared Technology Services.

SCV WATER - OPERATING EXPENSE BUDGET - SUMMARY
FY 2019/20 and FY 2020/21 - REGIONAL

	Adopted Budget FY 2018/19	Projected 06/30/19 FY 2018/19	Proposed Budget FY 2019/20	% Change Over FY 2018/19	Proposed Budget FY 2020/21	% Change Over FY 2019/20
MANAGEMENT						
Salary and Benefits	\$ 1,014,200	\$ 826,700	\$ 674,790	-33.5%	\$ 696,119	3.2%
Materials and Supplies	71,000	47,874	42,000	-40.8%	42,000	0.0%
Outside Services	700,000	626,603	740,000	5.7%	870,000	17.6%
Election	-	-	-	0.0%	550,000	100.0%
Directors Compensation and Expenses	376,000	336,607	345,000	-8.2%	335,000	-2.9%
Allocated - Indirect Costs			18,167		21,454	
TOTAL MANAGEMENT	\$ 2,161,200	\$ 1,837,784	\$ 1,819,957	-15.8%	\$ 2,514,573	38.2%
ADMINISTRATION						
Salary and Benefits	\$ 2,260,600	\$ 2,990,000	\$ 3,022,555	33.7%	\$ 3,118,535	3.2%
Materials and Supplies	830,400	233,816	337,225	-59.4%	295,300	-12.4%
Outside Services	1,191,000	1,438,788	2,391,465	100.8%	1,672,800	-30.1%
Utilities	70,000	76,137	90,000	28.6%	90,000	0.0%
Insurance	659,000	770,959	849,966	29.0%	882,649	3.8%
Allocated - Indirect Costs			(984,362)		(291,805)	
TOTAL ADMINISTRATION	\$ 5,011,000	\$ 5,509,700	\$ 5,706,849	13.9%	\$ 5,767,479	1.1%
ENGINEERING						
Salary and Benefits	\$ 847,000	\$ 1,022,500	\$ 1,107,150	30.7%	\$ 1,142,698	3.2%
Materials and Supplies	165,000	67,052	156,440	-5.2%	150,230	-4.0%
Outside Services	415,000	282,978	215,400	-48.1%	263,280	22.2%
Allocated - Indirect Costs			82,750		101,760	
TOTAL ENGINEERING	\$ 1,427,000	\$ 1,372,530	\$ 1,561,739	9.4%	\$ 1,657,968	6.2%
MAINTENANCE						
Salary and Benefits	\$ 2,539,500	\$ 2,064,000	\$ 2,068,370	-18.6%	\$ 2,132,357	3.1%
Materials and Supplies	349,000	383,704	446,000	27.8%	446,000	0.0%
Outside Services	415,000	566,451	610,000	47.0%	610,000	0.0%
Allocated - Indirect Costs			335,876		352,307	
TOTAL MAINTENANCE	\$ 3,303,500	\$ 3,014,155	\$ 3,460,245	4.7%	\$ 3,540,664	2.3%
WATER QUALITY & REGULATORY AFFAIRS						
Salary and Benefits	\$ 821,700	\$ 825,350	\$ 774,255	-5.8%	\$ 799,139	3.2%
Materials and Supplies	127,600	126,618	134,000	5.0%	142,000	6.0%
Outside Services	78,000	52,926	73,500	-5.8%	83,500	13.6%
Allocated - Indirect Costs			79,327		80,435	
TOTAL WATER QUALITY & REG AFFAIRS	\$ 1,027,300	\$ 1,004,894	\$ 1,061,082	3.3%	\$ 1,105,074	4.1%
WATER RESOURCES						
Salary and Benefits	\$ 1,981,000	\$ 1,841,600	\$ 2,018,370	1.9%	\$ 2,082,357	3.2%
Materials and Supplies	324,000	354,800	389,500	20.2%	422,500	8.5%
Outside Services	3,022,000	2,263,820	3,536,770	17.0%	3,651,430	3.2%
Utilities	-	-	100,000		100,000	0.0%
Source of Supply	2,863,300	2,315,192	3,581,253	25.1%	4,297,504	20.0%
Allocated - Indirect Costs			304,462		300,108	
TOTAL WATER RESOURCES	\$ 8,190,300	\$ 6,775,412	\$ 9,930,355	21.2%	\$ 10,853,899	9.3%
WATER TREATMENT OPERATIONS						
Salary and Benefits	\$ 1,411,900	\$ 1,638,000	\$ 1,666,510	18.0%	\$ 1,716,278	3.0%
Materials and Supplies	1,322,001	662,300	714,500	-46.0%	749,500	4.9%
Outside Services	26,000	24,400	30,000	15.4%	30,000	0.0%
Utilities	2,260,000	2,236,208	2,673,000	18.3%	2,803,500	4.9%
Allocated - Indirect Costs			159,657		167,051	
TOTAL WATER TREATMENT OPERATIONS	\$ 5,019,901	\$ 4,560,908	\$ 5,243,667	4.5%	\$ 5,466,329	4.2%
CAPITAL IMPROVEMENT PROJECTS (1%)	\$ 13,820,100	\$ 8,983,065	\$ 17,723,419	28.2%	\$ 21,176,902	19.5%
DEBT SERVICE	\$ 24,866,981	\$ 24,866,981	\$ 24,954,409	0.4%	\$ 25,001,790	0.2%
TRANSFER TO RESERVES	\$ -	\$ -	\$ 421,552	0.0%	\$ -	100.0%
TOTAL OPERATING EXPENSE-REGIONAL	\$ 64,827,282	\$ 57,925,429	\$ 71,883,274	10.9%	\$ 77,084,679	7.2%

**SCV WATER - EXPENSE BUDGET - MANAGEMENT
FY 2019/20 and FY 2020/21 - REGIONAL**

11100000

	Adopted Budget FY 2018/19	Projected 06/30/19 FY 2018/19	Proposed Budget FY 2019/20	% Change over FY 2018/19	Proposed Budget FY 2020/21	% Change over FY 2019/20	(1)
Salary and Benefits							
51001	\$ 569,300	\$ 483,000	\$ 447,549	-21.4%	\$ 461,344	3.1%	(A)
51007	14,000	10,700	12,000	-14.3%	12,000	0.0%	
51050	430,900	333,000	215,241	-50.0%	222,775	3.5%	(A)
	1,014,199	826,700	674,790	-33.5%	696,119	3.2%	
Materials and Supplies							
51505	17,000	13,000	10,000	-41.2%	10,000	0.0%	(B)
51515	14,000	7,623	20,000	42.9%	20,000	0.0%	(B)
52005	-	-	-	100.0%	-	0.0%	
52010	30,000	18,318	12,000	-60.0%	12,000	0.0%	(C)
52024	-	956	-	100.0%	-	0.0%	
53104	-	2,315	-	100.0%	-	0.0%	
53110	-	5,662	-	100.0%	-	0.0%	
53304	-	-	-	100.0%	-	0.0%	
53306	-	-	-	100.0%	-	0.0%	
54205	-	-	-	100.0%	-	0.0%	
	61,000	47,874	42,000	-31.1%	42,000	0.0%	
Outside Services							
53101	10,000	5,337	15,000	50.0%	15,000	0.0%	
53105	-	2,500	5,000	100.0%	5,000	0.0%	
53202	300,000	269,511	280,000	-6.7%	280,000	0.0%	
53214	-	-	-	100.0%	-	0.0%	
53215	-	-	-	100.0%	-	0.0%	
53236	100,000	79,255	140,000	40.0%	270,000	92.9%	(D)
53242	300,000	270,000	300,000	0.0%	300,000	0.0%	
	710,000	626,603	740,000	4.2%	870,000	17.6%	
Election							
51301	-	-	-	0.0%	550,000	100.0%	(E)
Directors Comp & Expenses							
51326	256,000	247,602	240,000	-6.3%	235,000	-2.1%	
51327	60,000	45,401	25,000	-58.3%	25,000	0.0%	(F)
51328	25,000	23,000	50,000	100.0%	50,000	0.0%	(F)
51329	35,000	20,604	30,000	-14.3%	25,000	-16.7%	
	376,000	336,607	345,000	-8.2%	335,000	-2.9%	
Allocated - Indirect Costs							
			(57,000)		21,454		
Total Management Exp	\$ 2,161,199	\$ 1,837,784	\$ 1,744,790	-19.3%	\$ 2,514,573	44.1%	

* Stipends only; benefits are included in the Burden and Benefits line item.

(1) Changes of more than 10% and \$20,000

- (A) Labor, burden and benefits have been reclassified to/from other departments. Overall, there is a 4% (\$456,000) increase.
- (B) Reallocated lodging expense to Employee Travel.
- (C) Included in Service and Supplies was the cost for cell phones. This service has been reclassified under Technology Services.
- (D) Includes costs associated with the Ratepayer Advocate (Facility Capacity Fees in FY 2019/20 and Rates in FY 2020/21).
- (E) Election expense occurs in even years.
- (F) Director lodging reclassified into Director Travel expense account.

SCV WATER - EXPENSE BUDGET - ADMINISTRATION
FY 2019/20 and FY 2020/21 - REGIONAL

11200000

	Adopted Budget FY 2018/19	Projected 06/30/19 FY 2018/19	Proposed Budget FY 2019/20	% Change over FY 2018/19	Proposed Budget FY 2020/21	% Change over FY 2019/20	(1)
Salary and Benefits							
51001 Salary	\$ 1,180,000	\$ 1,980,000	\$ 2,013,969	70.7%	\$ 2,076,049	3.1%	(A)
51007 Overtime	30,000	50,000	40,000	33.3%	40,000	0.0%	
51050 Burden and Benefits	1,050,600	960,000	968,586	-7.8%	1,002,486	3.5%	
	2,260,599	2,990,000	3,022,555	33.7%	3,118,535	3.2%	
Materials and Supplies							
51505 Employee Expense	15,000	13,757	10,000	-33.3%	10,000	0.0%	(B)
51515 Employee Travel	15,000	3,860	18,000	20.0%	15,000	-16.7%	
52005 Safety Training and Equipment	85,000	65,000	78,925	-7.1%	40,000	-49.3%	(C)
52010 Supplies and Services	62,000	41,090	62,000	0.0%	62,000	0.0%	
52024 Internal Relations	35,000	30,000	35,000	0.0%	35,000	0.0%	
52035 Janitorial Supplies	8,000	3,126	8,000	0.0%	8,000	0.0%	
52075 Parts and Materials	120,000	75,000	120,000	0.0%	120,000	0.0%	
52651 Gasoline	-	-	-	0.0%	-	0.0%	
52654 Vehicle Maintenance	-	1,983	5,300	100.0%	5,300	0.0%	(D)
	339,999	233,816	337,225	-0.8%	295,300	-12.4%	
Outside Services							
53101 Education/Seminars	35,000	14,306	35,000	0.0%	35,000	0.0%	
53104 Uniforms	5,000	1,200	47,000	840.0%	5,000	-89.4%	
53105 Outside Service/Contracting	491,000	420,000	490,000	-0.2%	490,000	0.0%	
53110 Office Equipment/Repair and Svc	30,000	14,724	35,000	16.7%	25,000	-28.6%	
53210 Professional Services/Audit	77,000	90,622	63,800	-17.1%	63,800	0.0%	(E)
53212 Licenses/Fees	90,000	88,350	100,000	11.1%	100,000	0.0%	(F)
53213 Office & Storage Rent, HOA Dues	46,000	36,465	46,000	0.0%	46,000	0.0%	
53214 Technology Services	303,000	266,907	822,665	171.5%	277,000	-66.3%	
53215 Recruitment Expenses	30,000	26,051	30,000	0.0%	30,000	0.0%	
53216 Security/Alarm Services	150,000	141,000	150,000	0.0%	150,000	0.0%	
53218 Agency Publications	12,000	9,145	12,000	0.0%	5,000	-58.3%	
53236 Professional Services/Consultants	225,000	65,989	225,000	0.0%	150,000	-33.3%	
53241 Temporary Personnel Services	100,000	173,457	225,000	125.0%	225,000	0.0%	(G)
53304 Dues and Memberships	65,000	90,572	71,000	9.2%	71,000	0.0%	
53306 Subscriptions	2,400	-	39,000	1525.0%	-	0.0%	
	1,661,400	1,438,788	2,391,465	43.9%	1,672,800	-30.1%	
Utilities							
54205 Telephone	20,000	16,137	20,000	0.0%	20,000	0.0%	
54305 Irrigation	15,000	12,000	15,000	0.0%	15,000	0.0%	
54310 Refuse Disposal	20,000	15,000	20,000	0.0%	20,000	0.0%	
54415 Natural Gas	35,000	33,000	35,000	0.0%	35,000	0.0%	
	89,999	76,137	90,000	0.0%	90,000	0.0%	
Insurance							
55200 Retiree Medical Insurance	380,000	339,167	470,782	23.9%	484,905	3.0%	(H)
55205 Unemployment Insurance	7,000	7,618	8,000	14.3%	8,000	0.0%	
55215 Liability Insurance	272,000	424,174	371,184	36.5%	389,744	5.0%	(I)
	658,998	770,959	849,966	29.0%	882,649	4%	
Allocated - Indirect Costs							
			(984,362)		(291,805)		
Total Administration Exp	\$ 5,010,995	\$ 5,509,700	\$ 5,706,849	13.9%	\$ 5,767,479	1.1%	

**SCV WATER - EXPENSE BUDGET - ADMINISTRATION
FY 2019/20 and FY 2020/21 - REGIONAL**

(1) Changes of more than 10% and \$20,000

- (A) Labor, burden and benefits have been reclassified to/from other Departments. Overall, there is a 4% (\$456,000) increase.
- (B) Reallocated lodging expense to Employee Travel.
- (C) The reduction in Safety and Training is due to allocating this service between all Divisions.
- (D) The increase in Vehicle Maintenance is due to anticipated maintenance of the pool vehicles and unit #31.
- (E) The decrease in Audit Services is due to a contract with a new vendor and allocating this service between all Divisions.
- (F) Licenses/Fees account includes regulatory fees, including AQMD and DMV. The increase is due to the retitling of Agency vehicles.
- (G) Projecting increased temporary personnel to assist with Technology Services and the Accounting Department.
- (H) Addition to retirees in FY 2018/19 (excludes NWD retirees).
- (I) Includes liability and property insurance coverage. FY 2018/19 budget was an estimate.

**SCV WATER - EXPENSE BUDGET - ENGINEERING
FY 2019/20 and FY 2020/21 - REGIONAL**

11600000

	Adopted Budget FY 2018/19	Projected 06/30/19 FY 2018/19	Proposed Budget FY 2019/20	% Change over FY 2018/19	Proposed Budget FY 2020/21	% Change over FY 2019/20	(1)
Salary and Benefits							
51001 Salary	\$ 619,900	\$ 730,000	\$ 745,914	20.3%	\$ 768,907	3.1%	(A)
51007 Overtime	-	2,500	2,500	100.0%	2,500	0.0%	
51050 Burden and Benefits	227,100	290,000	358,736	58.0%	371,291	3.5%	(A)
	847,000	1,022,500	1,107,150	30.7%	1,142,698	3.2%	
Materials and Supplies							
51505 Employee Expense	10,000	10,560	12,640	26.4%	14,530	15.0%	
51515 Employee Travel	4,500	2,050	7,300	62.2%	7,200	-1.4%	
52005 Safety Training and Equipment	-	-	-	0.0%	-	0.0%	
52010 Supplies and Services	30,000	32,313	100,500	235.0%	92,500	-8.0%	(B)
52024 Internal Relations	-	-	-	0.0%	-	0.0%	
52651 Gasoline	-	3,932	10,000	100.0%	10,000	0.0%	
52654 Vehicle Maintenance	-	368	6,000	100.0%	6,000	0.0%	
53104 Uniforms	-	-	-	0.0%	-	0.0%	
53110 Office Equip Repair/Service	-	17,829	20,000	100.0%	20,000	0.0%	(C)
53304 Dues and Memberships	-	-	-	0.0%	-	0.0%	
53306 Subscriptions	-	-	-	0.0%	-	0.0%	
54205 Telephone	-	-	-	0.0%	-	0.0%	
	44,500	67,052	156,440	251.6%	150,230	-4.0%	
Outside Services							
53101 Education/Seminars	13,000	14,259	20,400	56.9%	18,280	-10.4%	
53214 Technology Services	107,500	107,000	-	-100.0%	-	0.0%	(D)
53215 Recruitment Expenses	-	-	-	0.0%	-	0.0%	
53226 Professional Services/Consulting	200,000	146,719	175,000	-12.5%	225,000	28.6%	
53228 Pipeline Inspection Program Svcs	195,000	-	-	-100.0%	-	0.0%	(E)
53241 Temporary Personnel Service	20,000	15,000	20,000	0.0%	20,000	0.0%	
	535,500	282,978	215,400	-59.8%	263,280	22.2%	
Allocated - Indirect Costs							
			82,750		101,760		
Total Engineering Expenditures	\$ 1,427,000	\$ 1,372,530	\$ 1,561,739	9.4%	\$ 1,657,968	6.2%	

(1) Changes of more than 10% and \$20,000

(A) Additions of staff and labor, burden and benefits have been reclassified to/from other Departments. Overall, there is a 4% (\$456,000) increase.

(B) Underground Service Alerts have been transferred from the Retail Divisions to the Engineering Department.

(C) Office Equipment Repairs not previously budgeted in this account (included in Outside Services in previous years).

(D) Technology Services are included in Allocated - Indirect Costs.

(E) Pipeline Inspection has been reclassified under Technology Services.

**SCV WATER - EXPENSE BUDGET - MAINTENANCE
FY 2019/20 and FY 2020/21 - REGIONAL**

11700000

	Adopted Budget FY 2018/19	Projected 06/30/19 FY 2018/19	Proposed Budget FY 2019/20	% Change over FY 2018/19	Proposed Budget FY 2020/21	% Change over FY 2019/20	(1)
Salary and Benefits							
51001 Salary	\$ 1,555,300	\$ 1,300,000	\$ 1,342,646	-13.7%	\$ 1,384,033	3.1%	(A)
51007 Overtime	65,000	60,000	60,000	-7.7%	60,000	0.0%	
51040 On Call Premium	23,000	20,000	20,000	-13.0%	20,000	0.0%	
51050 Burden and Benefits	896,200	684,000	645,724	-27.9%	668,324	3.5%	(A)
	2,539,500	2,064,000	2,068,370	-18.6%	2,132,357	3.1%	
Materials and Supplies							
51505 Employee Expense	3,000	3,500	3,500	16.7%	3,500	0.0%	
51515 Employee Travel	1,000	-	2,000	100.0%	2,000	0.0%	
52005 Safety Training and Equipment	-	1,200	-	0.0%	-	0.0%	
52010 Supplies and Services	8,000	3,000	4,000	-50.0%	4,000	0.0%	
52024 Internal Relations	-	-	-	0.0%	-	0.0%	
52075 Parts and Materials	250,000	250,000	300,000	20.0%	300,000	0.0%	(B)
52085 Small Tools	20,000	18,000	20,000	0.0%	20,000	0.0%	
52651 Gasoline	32,000	41,378	45,000	40.6%	45,000	0.0%	(C)
52652 Diesel	10,000	-	10,000	0.0%	10,000	0.0%	
52654 Vehicle Maintenance	-	45,258	45,000	100.0%	45,000	0.0%	(D)
53104 Uniforms	15,000	20,000	15,000	0.0%	15,000	0.0%	
53110 Office Equip Repair/Service	-	1,368	1,500	100.0%	1,500	0.0%	
53304 Dues and Memberships	-	-	-	0.0%	-	0.0%	
53306 Subscriptions	-	-	-	0.0%	-	0.0%	
54205 Telephone	-	-	-	0.0%	-	0.0%	
	339,000	383,704	446,000	31.6%	446,000	0.0%	
Outside Services							
53101 Education/Seminars	10,000	750	10,000	0.0%	10,000	0.0%	
53105 Outside Service/Contracting	350,000	550,000	550,000	57.1%	550,000	0.0%	(E)
53214 Technology Services	-	-	-	0.0%	-	0.0%	
53215 Recruitment Expenses	-	-	-	0.0%	-	0.0%	
53229 Hazardous Waste Disposal	40,000	13,944	40,000	0.0%	40,000	0.0%	
53232 Tool Rental	25,000	1,757	10,000	-60.0%	10,000	0.0%	(F)
	425,000	566,451	610,000	43.5%	610,000	0%	
Allocated - Indirect Costs							
			335,876		352,307		
Total Maintenance Exp	\$ 3,303,500	\$ 3,014,155	\$ 3,460,245	4.7%	\$ 3,540,664	2.3%	

(1) Changes of more than 10% and \$20,000

- (A) Labor, burden and benefits have been reclassified to/from other Departments. Overall, there is a 4% (\$456,000) increase.
- (B) Increase due to change of the Asset Capitalization Policy. Tools and supplies under \$5,000 are now expensed.
- (C) Projecting increase in fuel costs.
- (D) Vehicle Maintenance not previously budgeted in this account (included in Outside Services in previous years).
- (E) Increase for possible recycled water main leaks.
- (F) Projected less tool rental. Tools and equipment can be utilized from other Divisions.

**SCV WATER - EXPENSE BUDGET - WATER QUALITY AND REGULATORY AFFAIRS
FY 2019/20 and FY 2020/21 - REGIONAL**

11500000

	Adopted Budget FY 2018/19	Projected 06/30/19 FY 2018/19	Proposed Budget FY 2019/20	% Change over FY 2018/19	Proposed Budget FY 2020/21	% Change over FY 2019/20	(1)
Salary and Benefits							
51001 Salary	\$ 521,200	\$ 550,000	\$ 522,140	0.2%	\$ 538,235	3.1%	(A)
51007 Overtime	1,500	350	1,000	-33.3%	1,000	0.0%	
51050 Burden and Benefits	299,000	275,000	251,115	-16.0%	259,904	3.5%	(A)
	821,700	825,350	774,255	-5.8%	799,139	3.2%	
Materials and Supplies							
51505 Employee Expense	3,000	4,835	3,000	0.0%	3,000	0.0%	
51515 Employee Travel	4,000	1,594	5,000	25.0%	5,000	0.0%	
52005 Safety Training and Equipment	-	-	-	0.0%	-	0.0%	
52010 Supplies and Services	7,000	807	3,000	-57.1%	3,000	0.0%	
52024 Internal Relations	-	-	-	0.0%	-	0.0%	
52050 Laboratory Supplies	50,000	64,713	65,000	30.0%	70,000	7.7%	(B)
52055 Microbiological Samples	35,000	32,432	35,000	0.0%	35,000	0.0%	
52065 Performance Testing Samples	15,000	12,226	15,000	0.0%	15,000	0.0%	
52605 Gases	8,000	5,000	5,000	-37.5%	5,000	0.0%	
52651 Gasoline	-	2,311	-	100.0%	2,500	0.0%	
52654 Vehicle Maintenance	-	-	-	100.0%	500	0.0%	
53104 Uniforms	2,100	1,700	2,000	-4.8%	2,000	0.0%	
53110 Office Equip Repair/Service	-	1,000	1,000	100.0%	1,000	0.0%	
53304 Dues and Memberships	-	-	-	0.0%	-	0.0%	
53306 Subscriptions	-	-	-	0.0%	-	0.0%	
54205 Telephone	-	-	-	0.0%	-	0.0%	
	124,100	126,618	134,000	8.0%	142,000	6.0%	
Outside Services							
53101 Education/Seminars	3,500	3,500	3,500	0.0%	3,500	0.0%	
53105 Outside Service/Contracting	48,000	48,000	50,000	4.2%	50,000	0.0%	
53112 Commercial Services/Repairs	30,000	1,426	20,000	-33.3%	30,000	50.0%	
53214 Technology Services	-	-	-	0.0%	-	0.0%	
53215 Recruitment Expenses	-	-	-	0.0%	-	0.0%	
	81,500	52,926	73,500	-9.8%	83,500	13.6%	
Allocated - Indirect Costs							
			79,327		80,435		
Total Water Quality & Reg. Exp	\$ 1,027,300	\$ 1,004,894	\$ 1,061,082	5.6%	\$ 1,105,074	4.1%	

(1) Changes of more than 10% and \$20,000

(A) Labor, burden and benefits have been reclassified to/from other Departments. Overall, there is a 4% (\$456,000) increase.

(B) Costs for lab supplies continue to increase.

**SCV WATER - EXPENSE BUDGET - WATER RESOURCES
FY 2019/20 and FY 2020/21 - REGIONAL**

11300000

	Adopted Budget FY 2018/19	Projected 06/30/19 FY 2018/19	Proposed Budget FY 2019/20	% Change over FY 2018/19	Proposed Budget FY 2020/21	% Change over FY 2019/20	(1)
Salary and Benefits							
51001 Salary	\$ 1,365,000	\$ 1,335,000	\$ 1,342,646	-1.6%	\$ 1,384,033	3.1%	(A)
51007 Overtime	35,000	27,600	30,000	-14.3%	30,000	0.0%	
51050 Burden and Benefits	581,000	479,000	645,724	11.1%	668,324	3.5%	(A)
	1,981,000	1,841,600	2,018,370	1.9%	2,082,357	3.2%	
Materials and Supplies							
51505 Employee Expense	15,000	20,000	20,000	33.3%	42,000	110.0%	(B)
51515 Employee Travel	25,000	32,500	45,000	80.0%	47,000	4.4%	(B)
52005 Safety Training and Equipment	-	-	-	0.0%	-	0.0%	
52010 Supplies and Services	35,000	30,000	35,000	0.0%	35,000	0.0%	
52024 Internal Relations	-	300	-	0.0%	-	0.0%	
52025 Community Relations Promotions	65,000	65,000	67,000	3.1%	69,000	3.0%	
52030 DD Landowner Expenditures	100,000	145,000	158,500	58.5%	163,500	3.2%	(C)
52045 Materials and Services - Ed.	69,000	62,000	64,000	-7.2%	66,000	3.1%	
52651 Gasoline	-	-	-	0.0%	-	0.0%	
52654 Vehicle Maintenance	-	-	-	0.0%	-	0.0%	
53104 Uniforms	-	-	-	0.0%	-	0.0%	
53110 Office Equipment Repair/Service	-	-	-	0.0%	-	0.0%	
53304 Dues and Memberships	-	-	-	0.0%	-	0.0%	
53306 Subscriptions	-	-	-	0.0%	-	0.0%	
54205 Telephone	-	-	-	0.0%	-	0.0%	
	309,000	354,800	389,500	26.1%	422,500	8.5%	
Outside Services							
53101 Education/Seminars	15,000	15,000	27,750	85.0%	27,000	-2.7%	(B)
53214 Technology Services	-	-	-	0.0%	-	0.0%	
53215 Recruitment Expenses	-	-	-	0.0%	-	0.0%	
53218 Agency Publications	30,000	23,000	27,000	-10.0%	27,000	0.0%	
53219 BMP Implementation	1,800,000	1,372,280	1,700,000	-5.6%	1,800,000	5.9%	
53222 Public Outreach Activities	32,000	32,000	59,000	84.4%	35,000	-40.7%	(D)
53223 Public Relations Consulting	160,000	70,300	81,000	-49.4%	81,000	0.0%	(E)
53236 Professional Services/Consultants	250,000	250,000	450,000	80.0%	475,000	5.6%	(F)
53243 Groundwater Sustainability Agency	750,000	501,240	998,520	33.1%	1,005,460	0.7%	(G)
53244 Website Online Presence	-	-	28,500	100.0%	26,970	-5.4%	(H)
53245 Campaigns and Messaging	-	-	165,000	100.0%	174,000	5.5%	(H)
	3,037,000	2,263,820	3,536,770	16.5%	3,651,430	3.2%	
Utilities							
54300 DD Variable DWR Charges	-	-	100,000	100.0%	100,000	0.0%	(I)
Source of Supply							
55501 Buena Vista/Rosedale Rio Bravo Su	2,863,300	2,315,192	3,581,253	25.1%	4,297,504	20.0%	(J)
Allocated - Indirect Costs							
			304,462		300,108		
Total Water Resources Expenditur	\$ 8,190,300	\$ 6,775,412	\$ 9,930,355	21.2%	\$ 10,853,899	9.3%	

**SCV WATER - EXPENSE BUDGET - WATER RESOURCES
FY 2019/20 and FY 2020/21 - REGIONAL**

(1) Changes of more than 10% and \$20,000

- (A) Labor, burden and benefits have been reclassified to/from other Departments. Overall, there is a 4% (\$456,000) increase.
- (B) Increased number of staff requiring higher level of professional development.
- (C) Additional repairs to aging infrastructure and tax increases .
- (D) Addition of 'water summit' or 'state of the Agency' type of event and expansion of the annual Open House.
- (E) Some public relations expenses being reclassified to Campaigns and Messaging.
- (F) Advances groundwater spreading projects on East side of SCV and along Castaic Creek. Updating Water Supply Reliability Report.
- (G) Increase of consultant proposals along with inclusion of additional scoped work for a groundwater model peer review and consultant contingency funds. Staff costs also have been included.
- (H) New account, allocated among Divisions, to provide funds to increase website online presence and general messaging of critical water issues.
- (I) Water available to Devil's Den per the lease agreement for costs associated with delivering water per the agreement.
- (J) Cost projected to increase by 5%. Over the course of thirty years, a larger percentage of the agreement will be shifted from one-percent property tax funds to the general operating account.

**SCV WATER - EXPENSE BUDGET - WATER TREATMENT OPERATIONS
FY 2019/20 and FY 2020/21 - REGIONAL**

11400000

	Adopted Budget FY 2018/19	Projected 06/30/19 FY 2018/19	Proposed Budget FY 2019/20	% Change over FY 2018/19	Proposed Budget FY 2020/21	% Change over FY 2019/20	(1)
Salary and Benefits							
51001 Salary	\$ 809,800	\$ 1,050,000	\$ 1,044,280	29.0%	\$ 1,076,470	3.1%	(A)
51007 Overtime	120,000	131,000	120,000	0.0%	120,000	0.0%	
51050 Burden and Benefits	482,100	457,000	502,230	4.2%	519,808	3.5%	(A)
	1,411,900	1,638,000	1,666,510	18.0%	1,716,278	3.0%	
Materials and Supplies							
51505 Employee Expense	-	1,751	1,000	100.0%	1,000	0.0%	
51515 Employee Travel	1,000	1,518	2,500	150.0%	2,500	0.0%	
52005 Safety Training and Equip	-	-	-	0.0%	-	0.0%	
52010 Supplies and Services	8,000	692	4,000	-50.0%	4,000	0.0%	
52024 Internal Relations	-	-	-	0.0%	-	0.0%	
52600 Chemicals	1,150,000	650,000	700,000	-39.1%	735,000	5.0%	(B)
52651 Gasoline	-	4,512	5,000	100.0%	5,000	0.0%	
52654 Vehicle Maintenance	-	3,827	1,000	100.0%	1,000	0.0%	
53104 Uniforms	5,000	-	-	-100.0%	-	0.0%	
53110 Office Equip Repair/Service	-	-	1,000	100.0%	1,000	0.0%	
53304 Dues and Memberships	-	-	-	100.0%	-	0.0%	
53306 Subscriptions	-	-	-	100.0%	-	0.0%	
54205 Telephone	-	-	-	100.0%	-	0.0%	
	1,164,000	662,300	714,500	-38.6%	749,500	4.9%	
Outside Services							
53101 Education/Seminars	3,000	1,400	3,000	0.0%	3,000	0.0%	
53105 Outside Service/Contracting	2,000	-	-	-100.0%	-	0.0%	
53214 Technology Services	-	-	-	100.0%	-	0.0%	
53215 Recruitment Expenses	-	-	-	100.0%	-	0.0%	
53224 DDW Large Water System Fee	24,000	23,000	27,000	12.5%	27,000	0.0%	
	29,000	24,400	30,000	3.4%	30,000	0.0%	
Utilities							
54401 Electricity - Pumping	1,680,000	1,700,000	1,900,000	13.1%	2,000,000	5.3%	(C)
54402 Electricity - Treatment Plants	367,500	273,722	400,000	8.8%	420,000	5.0%	
54403 Electricity - Other	52,500	45,744	50,000	-4.8%	52,500	5.0%	
54404 Electricity - Wells	147,000	153,742	160,000	8.8%	168,000	5.0%	
54426 Recycled Water Purchase	155,000	50,000	150,000	-3.2%	150,000	0.0%	
54430 Telemetry	13,000	13,000	13,000	0.0%	13,000	0.0%	
	2,415,000	2,236,208	2,673,000	10.7%	2,803,500	4.9%	
Allocated - Indirect Costs							
			159,657		167,051		
Total Operations Expenditures	\$ 5,019,900	\$ 4,560,908	\$ 5,243,667	4.5%	\$ 5,466,329	4.2%	

(1) Changes of more than 10% and \$20,000

- (A) Labor, burden and benefits have been reclassified to/from other Departments. Overall, there is a 4% (\$456,000) increase.
- (B) The 39% reduction in chemicals is due to a large decrease in the cost of a new type of resin being used at the perchlorate wells
- (C) Cost increase due to change of SCE TOU rates (includes a credit \$50k from the SCE RESBCT settlement).

**SCV WATER - EXPENSE BUDGET - ALLOCATIONS
FY 2019/20 - REGIONAL**

11000000

Cost allocation is a process designed to spread shared costs throughout an organization or business cost centers. The premise is sharing these costs based on the costs utilized by departments and staff within the departments. When allocations are used within an organization, it empowers and encourages departments within the organization to make better informed decisions about the expenditures they request.

SCV Water has incorporated allocations into the FY 2019/20 budget in order to more accurately represent costs per functional department. The methods that have been used are based on the following criteria:

Number of Employees - Employee Expense - Auto Expense Usage - Payroll

FY 2019/20 Budget Allocations

	Management	Administration	Engineering	Maintenance	Water Quality & Regulatory	Water Resources	Water Treatment Operations	Total Allocated
Allocated - Indirect Costs								
51505 Employee Expense	2,531	10,755	8,225	12,653	3,163	14,551	5,694	57,573
51515 Employee Travel	4,387	18,644	14,257	21,934	5,484	25,224	9,870	99,800
52005 Safety Training and Equip	3,469	14,744	11,275	17,346	4,337	19,948	7,806	78,925
52010 Supplies and Services	9,692	41,192	31,500	48,462	12,115	55,731	21,808	220,500
52024 Internal Relations	1,538	6,538	5,000	7,692	1,923	8,846	3,462	35,000
52651 Gasoline	-	2,592	7,824	44,010	1,467	-	4,108	60,000
52654 Vehicle Maintenance	-	2,475	7,472	42,029	1,401	-	3,923	57,300
53101 Education/Seminars	4,971	21,127	16,156	24,856	6,214	28,584	11,185	113,093
53104 Uniforms	2,813	11,956	9,143	14,066	3,516	16,176	6,330	64,000
53110 Office Equip/Repair & Svce	2,571	10,929	8,357	12,857	3,214	14,786	5,786	58,500
53214 Technology Services	36,161	153,685	117,524	180,805	45,201	207,926	81,362	822,665
53215 Recruitment Expenses	1,319	5,604	4,286	6,593	1,648	7,582	2,967	30,000
53304 Dues and Memberships	3,121	13,264	10,143	15,604	3,901	17,945	7,022	71,000
53306 Subscriptions	1,714	7,286	5,571	8,571	2,143	9,857	3,857	39,000
54205 Telephone	879	3,736	2,857	4,396	1,099	5,055	1,978	20,000
Total Allocated Expenses	\$ 75,167	\$ 324,528	\$ 259,590	\$ 461,876	\$ 96,827	\$ 432,212	\$ 177,157	\$ 1,827,356

FY 2019/20 Department Budget Requests

	Management	Administration	Engineering	Maintenance	Water Quality & Regulatory	Water Resources	Water Treatment Operations	Total Requested
Dept Budget Requested								
51505 Employee Expense	10,000	10,000	12,640	3,500	3,000	20,000	1,000	60,140
51515 Employee Travel	20,000	18,000	7,300	2,000	5,000	45,000	2,500	99,800
52005 Safety Training and Equip	-	78,925	-	-	-	-	-	78,925
52010 Supplies and Services	12,000	62,000	100,500	4,000	3,000	35,000	4,000	220,500
52024 Internal Relations	-	35,000	-	-	-	-	-	35,000
52651 Gasoline	-	-	10,000	45,000	-	-	5,000	60,000
52654 Vehicle Maintenance	-	5,300	6,000	45,000	-	-	1,000	57,300
53101 Education/Seminars	15,000	35,000	20,400	10,000	3,500	27,750	3,000	114,650
53104 Uniforms	-	47,000	-	15,000	2,000	-	-	64,000
53110 Office Equip/Repair & Svce	-	35,000	20,000	1,500	1,000	-	1,000	58,500
53214 Technology Services	-	822,665	-	-	-	-	-	822,665
53215 Recruitment Expenses	-	30,000	-	-	-	-	-	30,000
53304 Dues and Memberships	-	71,000	-	-	-	-	-	71,000
53306 Subscriptions	-	39,000	-	-	-	-	-	39,000
54205 Telephone	-	20,000	-	-	-	-	-	20,000
Total Dept Requested	\$ 57,000	\$ 1,308,890	\$ 176,840	\$ 126,000	\$ 17,500	\$ 127,750	\$ 17,500	\$ 1,831,480
Allocated indirect Costs	\$ 18,167	\$ (984,362)	\$ 82,750	\$ 335,876	\$ 79,327	\$ 304,462	\$ 159,657	\$ 4,124
Total Direct Costs	\$ 75,167	\$ 324,528	\$ 259,590	\$ 461,876	\$ 96,827	\$ 432,212	\$ 177,157	\$ 1,827,356

SCV WATER LONG-TERM FINANCIAL PLAN FY 2019/20 – 2028/29

OVERVIEW

1. Executive Summary

A long-term financial plan (LTFP) is not a static, one-time document, but represents a process where the Board and Management review financial strategies to help achieve the Agency's overall strategic plan. The objective of this LTFP for the fiscal year (FY) commencing 2019/20 through 2028/29 represents an updated look at individual financial strategies for the Regional (wholesale) and Retail Divisions (Newhall, Santa Clarita and Valencia), as well as a look at the Agency as a whole and serves as the basis for future analysis and decision making. Since the merger on January 1, 2018, the Agency has undergone significant changes in operations, which may have substantial and foreseeable financial impacts. The intent of this document is to develop and implement an LTFP through a process that emphasizes transparency, accountability and feasibility. The LTFP helps identify potential financial issues and risks.

This plan is to ensure that SCV Water is financially sustainable in the short-to-medium-term (1-5 years) and beyond, with the ability to provide at least the current level of services over the ten (10) years of the plan and achieve the goals as stated in its FY 2019/20–2023/24 Strategic Plan. Based on the decisions and guidance provided by the Board, the LTFP is a rolling “look-ahead” to help identify priorities and focus. To this end, the Agency will annually review its LTFP using the latest available financial and service level data and cost indices, and incorporate all known future projects and variations to ensure that a realistic forecast is presented.

2. Overview

This will be the first LTFP for SCV Water and will incorporate long-term financial data from the legacy organizations Castaic Lake Water Agency (CLWA) and Newhall County Water District (NCWD). This LTFP continues to build upon current practices and incorporates recent long-term planning efforts including the Agency's Strategic Plan, the 2015 Urban Water Management Plan (UWMP) process, the Integrated Regional Water Management Plan (IRWMP), the 2018 Facility Capacity Fee study, the Santa Clarita Valley Water Use Efficiency Strategic Plan (SCVWUESP) and rate studies of CLWA, NCWD, Santa Clarita Water Division (SCWD) and Valencia Water Company (VWC).

Past Budgets and LTFPs have been significantly influenced by long-term drought and water supply conditions, as well as state mandates for major reductions in per capita water use. While FY 2018/19 was a “wet” year and has provided some relief, the Agency considers this a short-term situation. Long-term drought and water supply conditions will continue to be influenced by various mandates, regulations and climate change. Current and future Budgets and LTFPs will be heavily influenced by the Agency's ability to finance the major capital improvement program to maintain water supply reliability.

This LTFP is separate from the Agency’s Strategic Plan and its objectives, goals and action items. This plan is intended to discuss financial strategies to achieve the Agency’s strategic plan, as well as respond to challenges and opportunities presented by economic, demographic, regulatory, political and environmental conditions.

The LTFP is not intended to address every fiscal issue, but to identify high priority fiscal programs and strategies to be monitored so that the Agency is positioned to address them at the appropriate time. The LTFP is a companion piece to the Budget line items, which include estimates for the near-term. The LTFP addresses broader, more strategic issues that will impact the forecast over time. None of these issues can be definitively answered nor fully addressed now. However, ongoing review of the LTFP will help keep the Agency focused on high priority financial issues.

Rate revenue forecasts are based on demand and growth to ensure targets are likely to be met. In the near-term (1–5 years), Regional fixed and variable revenue and Retail service and water usage revenues are expected to increase as follows:

	Year 1 2019/20	Year 2 2020/21	Year 3 2021/22	Year 4 2022/23	Year 5 2023/24
Regional – Fixed Charges	3.0%	3.0%	5.0%	5.0%	5.0%
Regional – Variable Charges	3.0%	3.0%	5.0%	5.0%	5.0%
Retail – Service Charge	XX	XX	2.3%	2.7%	2.7%
Retail – Water Usage Charge	XX	XX	1.2%	1.2%	1.2%

Retail revenue increases vary in Year 1 and 2 based on the legacy adopted rate studies. From Years 3–10 of the LTFP Regional and Retail revenue, adjustments revert to a number of assumptions ranging from 3% to 5% annually. Water sales revenue is vital for the delivery of the Agency’s current services over the next 10 years and beyond, while maintaining and renewing existing assets at a safe and functional standard to meet community needs and expectations.

The Agency’s 10-year water revenue forecasts are explained in detail later in this Plan. The actual increase payable by any individual ratepayer may be more or less than the forecasted water sales revenue increase, depending on the customer’s demand. Other sources of income remain flat or increase slightly based on property values and investment returns. The Agency will continue to seek grants to offset expenditures.

Continuing with the increased focus on renewal of existing assets, the Agency, over the life of this Plan, is proposing to allocate approximately \$342 million in Regional major capital projects, \$146 million of Regional pay-as-you-go (“pay-go”) projects and approximately \$162 million in Retail capital projects. Individual projects will be determined by the Engineering and Operations Departments and are subject to final approval by the Board of Directors. Based on the proposed revenue and expenditure forecasts in the LTFP, the Agency will achieve a balanced Plan to ensure availability of funds to meet asset renewal targets. Several debt issuances are forecast in this Plan in order to meet the Agency’s capital needs. Any proposal in the future to borrow for specific purposes will be evaluated using the LTFP model prior to any decision being made.

3. Key Challenges and Opportunities

The key challenges and opportunities facing the Agency regarding its long-term financial position are:

- Diversity and certainty of revenues ensuring ongoing financial sustainability of the Agency
- Meeting ongoing expectations of our customers for a safe and reliable water supply at a fair cost to the customer
- Managing water conservation and water-use efficiency
- Maximizing funding for renewal and replacement of aging assets in line with improved asset management principles and practices
- Managing political and legislative changes and their financial impact
- Recycled water program and groundwater management
- Minimizing the impact of economic instability
- Monitoring impact of decisions made outside the Plan
- Facility Capacity Fees (FCF)
- The use of debt to leverage funding for asset renewal and the Capital Improvement Program (CIP)
- Review of operations to reduce expenditure, increase efficiency, effectiveness and ratepayer transparency
- Use of technology to reduce costs and increase productivity, efficiency and effectiveness

4. Planning Framework

The financial basis of this Plan is consistent with the audited Annual Financial Statements from June 30, 2018 and the FY 2019/20-2020/21 Biennial Budget. The LTFP forecasts have been based on the FY 2019/20 Budget along with strategic financial policies and a set of assumptions necessary, given the high level of this Plan and the long-term nature of all forecasts proposed.

Once adopted the LTFP is then primarily used as a tool to establish and communicate the Agency's general financial direction over the longer-term. It is also used to assist in the assessment of the Agency's current financial position in conjunction with its FCF study and Biennial Budget preparation, together with ongoing semi-annual Budget reviews.

This is intended to be a "live" document requiring adjustment and assessment as the Agency makes financial decisions that may impact its long-term financial position. The Agency will review this Plan annually, post audit of its Financial Statements and in conjunction with the development of its Budget. Other updates will be made when considered necessary.

The Agency's FCF study and Budget will be prepared on the basis of this LTFP, taking into account new information at hand regarding economic, political and water reliability factors at the time of preparation. The LTFP is prepared using a number of assumptions (starting on page 7), especially with regard to projected water sale revenues, property taxes, fees, charges, grants, debt, and future operational and capital expenditure requirements. Given the long-term nature of this Plan and forecasts derived from an estimate of future demand, it should be noted that actual results are likely to vary from the information contained in this Plan. Some of these variations, as a result of Agency decisions or changes to regulations, could be material.

The accuracy of predictions over the longer-term becomes less certain. The FCF study is updated periodically for its major capital assets to assist in determining the funding impact of

maintaining and replacing assets when required. These projections are based on current understanding of asset management needs over the life of this Plan, and ensure that assets are constructed and maintained to meet ratepayer needs within the funding available, all while keeping water rates at a reasonable cost. The Plan relies on debt issuances to fund major capital projects, and is a strategic tool to be used for the acquisition of new assets, and upgrading or renewal of existing assets.

Ideally, the Agency should collect enough operating revenues to cover all operating expenditures, including the portion of debt services funded by water rates and pay-go capital on an annual basis. This means it has a positive or balanced budget, and ratepayers in that year are paying for all resources consumed. However, mindful of the ratepayer's ability to pay – hence in order to avoid excessive rate increases – the Agency has planned to reach a positive or balanced budget over the rate-setting period. Operating deficits are not sustainable or equitable in the long-term, as they result in costs incurred by current ratepayers being paid for by future ratepayers. The LTFP forecasts are presented in summary combining Regional and Retail.

Water Supply Reliability

The Agency's service area has a diversified water supply portfolio. The alluvium aquifer and Saugus Formation provide approximately 40% of the current supplies during a normal year. Imported supplies are primarily comprised of State Water Project (SWP), which are funded from a separated ad valorem tax, and purchased Buena Vista/Rosedale-Rio Bravo water. SWP supplies are subject to significant near-term variations due to hydrology, and are subject to a general longer-term decline due to climate change and regulatory decisions. To a lesser degree, alluvium supplies can be impacted by dry hydrology. To deal with hydrologic variations, the Agency has made significant investments in water banking programs with Semitropic and Rosedale-Rio Bravo water storage districts. In addition, the Agency is planning the installation of two dry-year wells to increase pumping capacity in the Saugus Formation. These wells, along with installation of treatment at Valencia Water Company's Well V-201, will make significant additional Saugus water available during dry periods.

The Agency's service area is over 60% built out. While the impact of new development will be mitigated by increases in water-use efficiency, most of this new demand will be met by existing supplies not required for current residents, as well as the repurposing of agricultural supplies into urban supplies and significant increases in the use of recycled water. A great deal of the demand for Newhall Ranch and the other planned Westside communities will be met by reduction in agricultural pumping on Newhall Land's current operations. These and other factors are addressed in the 2015 Urban Water Management Plan update.

Looking forward, the Agency will have to manage its supplies in an environment of increasing fiscal and regulatory uncertainty, some of which is identified below and some that is currently unknown and not included in this Plan. Water supply reliability items to be monitored include: Recycled Water, Groundwater Management, State Water Project and the Delta Conveyance Project.

Banking Programs

The Agency currently participates in two long-term banking programs, the Rosedale-Rio Bravo Exchange program (RRB) and the Semitropic Stored Water Recovery Unit. The Agency is also currently participating in two exchange programs, one each with the Rosedale-Rio Bravo Water Storage District and the West Kern Water District.

The Agency has funded the capital costs for the existing programs, but will incur significant costs for future withdrawals from the programs, as well as for the development of emergency storage within the Agency's service area. Funding sources have not been identified for these programs.

The Agency can currently extract approximately 20,000 acre-feet per year (AFY) from banking programs, of which 3,000 comes from the RRB program. The Agency is currently implementing a major capital project to increase the extraction capacity at RRB by 7,000 AFY for an interim total of 10,000 AFY, at an estimated cost of \$9.5 million. The 2015 UWMP identifies additional capital investments to occur before 2030 to increase the extraction capacity by an additional 10,000 AFY. This is estimated to cost approximately \$13 million in current dollars.

5. Measuring Financial Sustainability

The LTFFP identifies financial indicators that allow assessment of the Agency's long-term financial performance, position and eventually long-term financial sustainability. The assumptions forecast over the life of the Plan are based on expected trend and projections. The expectation of the Plan is to achieve a positive or balanced budget over the term of the Plan, with the aim of building a solid foundation beyond Year 10 (FY 2028/29), and to minimize the impact of any risks and uncertainty while maintaining current levels of service without excessive rate increases.

6. Key Assumptions and Influences

The Plan is based on a "business as usual" model, including any impacts of completed cost-of-service studies. Based on the most recent FCF study and the 2015 UWMP results for the Agency's service area, it has been assumed that demand in the area will increase by approximately 17% by the end of Year 10 FY: 2028/29). Influences that impact this Plan are listed below. A number of assumptions have been made for these influences and are detailed later in the Plan. The influences are as follows:

- Cost of water
- Diversity and security of revenues
- Water supply reliability
- Facility Capacity Fees
- Recycled Water
- Debt financing of major capital projects
- Water conservation and water-use efficiency
- Groundwater management
- Technology
- Operations and maintenance
- Water sales
- Energy costs
- Interest rates and current fiscal environment
- Legislative compliance cost increases and policy changes
- Climate change
- Risk management and insurance

Debt Issuance

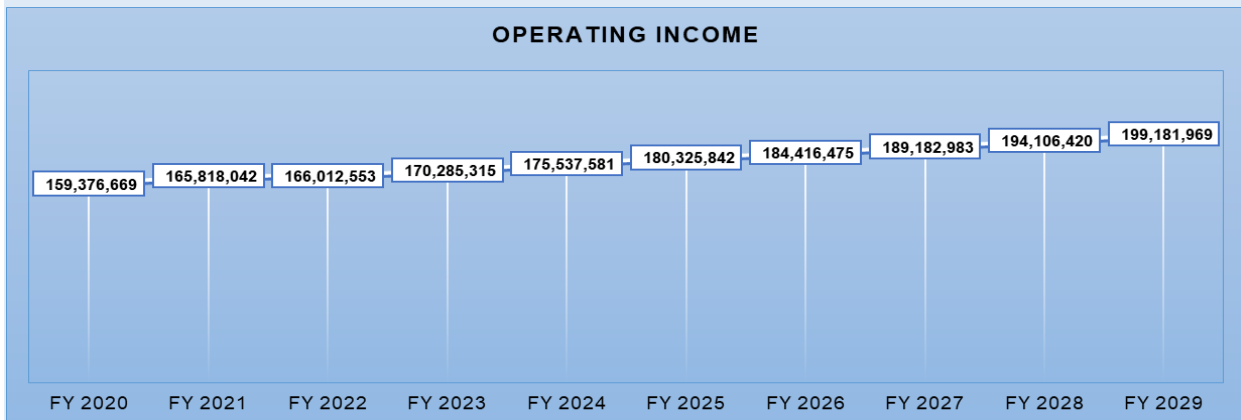
As stated earlier, there are several debt issuances forecast for the life of this Plan; however the option remains to borrow as the need arises for strategic capital projects. Any such borrowings will need to be modelled through the Plan in order to determine the impact on the Agency's ongoing financial performance and position.

Operating Income

The Agency is fortunate to have multiple sources of revenue. In general, each revenue stream faces different risks, so it is rare for all to be negatively impacted at the same time.

Potential risks to the Agency include: high annual debt service, risk of technical default on debt covenants should the Agency not have sufficient revenues, lower-than-projected Facility Capacity Fee revenue or water sales, and potential diversion of one-percent property tax revenues by the State. In addition, the Agency may want to consider new revenue sources, such as outside water sales when water supplies are sufficient to meet Agency needs.

The Agency's operating income base on which this Plan is built is currently \$159.4 million, of which approximately 66% is derived from Rates and Service charges. At the end of the Plan, operating income is forecast to be \$199 million (keeping in mind that \$1 today will not be worth that in Year 10: FY 2028/29). Values as presented in this LTFP are in future (nominal) values, i.e., they have been adjusted each year by the forecast assumption rate.



Revenue

Water sales revenue (\$105 million base) includes revenue from the Regional Division (fixed and variable wholesale rate sales, recycled water and Saugus wells 1 & 2) and the Retail Divisions (service charges, water usage and miscellaneous charges).

The table below provides detail of the assumptions that make up the proposed annual water sales revenue increase for Years 3-10. Years 1 and 2 water sales revenue is fixed. The Retail Divisions' water sales revenue increase, as shown in the table, is the average increase. Actual changes to rates may vary, dependent on growth and demand.

Revenue Assumptions

	Year 3 2021/22	Year 4 2022/23	Year 5 2023/24	Year 6 2024/25	Year 7 2025/26	Year 8 2026/27	Year 9 2027/28	Year 10 2028/29
Regional - Fixed	5.0%	5.0%	5.0%	5.0%	2.0%	2.0%	2.0%	2.0%
Regional - Variable	5.0%	5.0%	5.0%	5.0%	2.0%	2.0%	2.0%	2.0%
Regional - Recycled	3.0%	3.0%	3.0%	3.0%	2.5%	2.5%	2.5%	2.5%
Regional – S1 & S2	3.0%	3.0%	3.0%	3.0%	2.5%	2.5%	2.5%	2.5%
Retail – Service Charge	2.3%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%
Retail – Water Usage	1.2%	1.2%	1.2%	1.2%	1.2%	2.0%	2.0%	2.0%

The proposed revenue increase is the minimum required in order to meet the criteria to achieve financial sustainability in the medium-to-long-term, and maintain it for the remainder of this Plan and beyond. Water Sales accounts for approximately 34% of Regional revenues and 95% of the Retail revenue. Water-rate revenue is used to provide the funds to deliver water and maintain infrastructure.

Property Taxes

As the Regional Division of the Agency has developed, the level of one-percent property tax expenditures has grown to nearly match the amount of revenues. This situation is likely to continue, and the Agency will have to monitor these expenditures on debt service and capital improvement projects for existing users. There will be limited opportunities to fund major new programs from these funds. Further, available fund balances are being used to pay a portion of Facility Capacity Fee (FCF) debt service while FCF revenues are low. This severely limits the availability of these funds for major new programs.

One-percent property tax revenues are primarily dedicated to fund existing users' share of the certificates of participation (COP), bond debt and Capital Improvement Program and repair projects, as well as a portion of core non-SWP water supplies. Based on current trend, the assumption is that the assessed valuations of property within the Agency's boundaries will increase at a rate of 4.8% per year. The property tax revenue base in Year 1 (FY 2019/20) is \$26.7 million and is projected to increase in Year 10 (FY 2028/29) to \$40.7 million.

Facility Capacity Fees (including Retail Connection Fees)

FCFs are fees collected at the time new development occurs within the Agency's water service area to recover the appropriate growth-related costs for facilities that are built to serve future water users. Beginning in FY 2012/13, the Agency's FCF Fund was depleted and was unable to pay future users' debt service. At the time, it was assumed that revenue levels would increase in line with past FCF studies. One-percent property tax revenues began paying a significant portion of the future users' debt service that is supposed to be funded by FCFs. The 2015 UWMP projects a much smaller increase in growth in population and water demand, resulting in annual revenues that will be insufficient to pay for the future users' debt service.

The FCF base is \$11.3 million and increases to \$14.2 million at Year 10. FCF revenues are contingent on development. This Plan assumes a 2.5% revenue increase for each year of the Plan.

Investment Income

Investment Income (\$1.6 million base) is derived from interest on Agency investments and surplus cash, and the forecast assumes an increase of approximately 1.5% per year. Investment income has been forecast based on cash flow projections over the life of the Plan. The current cash rate and investment rates have also been used as a guide. The Agency's Investment Policy ensures that available funds are managed on a regular basis to maximize returns.

Grants and Reimbursements

Grants for Capital Improvement Programs are provided by Proposition 84 Planning and Implementation Grants through the Department of Water Resources, for a variety of water studies, implementation and administration of grants, and updating various programs and plans. Reimbursements are provided for the processing of annexations. This income source has a current base (FY 2019/20) of \$1.5 million, which is forecast to increase to \$4.2 million in Year 2 (FY 2020/21), then decrease to zero in Year 3 (FY 2021/22). This trend is maintained for the remainder of this Plan, resulting in overall stagnation over the 10-year period.

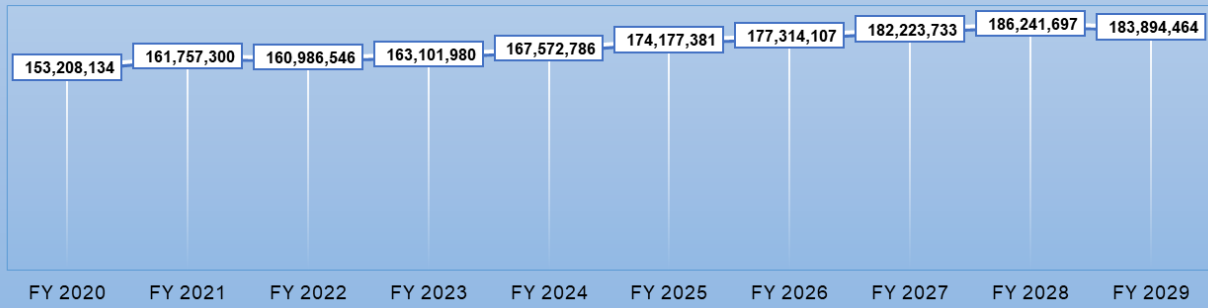
Other Revenue

All income that cannot be classified in the categories above is included here. The current base is \$9 million with the biggest item being the VWD acquisition and loan reimbursement. Since other revenue can vary from year-to-year, no forecasted assumption has been made.

Operating Expenditure

The Agency's operating expense base upon which this Plan is built is \$153.2 million, of which approximately 57% or \$87.1 million consists of purchased water and power, materials, supplies and labor and benefits; 23% consists of bond/debt payments and 20% consists of pay-go capital. At the end of the Plan, operating expenditure is forecast to be \$183.9 million (keeping in mind that \$1 today will not be worth that in Year 10: FY 2028/29). Values as presented in this LTFP are in future (nominal) values, i.e., they have been adjusted each year by the forecast assumption rate. The forecast for operating expenditure over the life of this Plan is best shown by the following graph:

OPERATING EXPENSE



(in millions)	Year 1 2019/20	Year 2 2020/21	Year 3 2021/22	Year 4 2022/23	Year 5 2023/24	Year 6 2024/25	Year 7 2025/26	Year 8 2026/27	Year 9 2027/28	Year 10 2028/29
Operating Expense	153.2	161.8	161.0	163.1	167.6	174.2	177.3	182.2	186.2	183.9
Annual Variation		8.5	(0.8)	2.1	4.5	6.6	3.1	4.9	4.0	(2.3)
		5.6%	-0.5%	1.3%	2.7%	3.9%	1.8%	2.8%	2.2%	-1.3%

Variations from year-to-year are primarily due to the fluctuations of pay-go capital. A majority of the operating expenses, with the exception of pay-go capital and debt service, have been increased by the assumption factor of 3%. The table above details the annual variations to operating expenditures and the annual amounts forecast over the life of this Plan.

Purchased Water (Retail)

The Retail Divisions are expecting to purchase approximately 40% of total water demand from the Regional Division each year. The remaining 60% will be supplied by groundwater. Purchased water accounts for approximately 30% of the Retail Divisions' operating expenses. There is a steady demand increase from 1-2% per year over the course of the Plan. Years 1-5 are shown below:

	Year 1 2019/20	Year 2 2020/21	Year 3 2021/22	Year 4 2022/23	Year 5 2023/24
Retail – Total Demand (AF)	57,877	58,801	59,930	61,257	62,691
Retail – Purchased Water	23,162	23,456	23,972	24,503	25,076

Materials, Services and Other Expenses

Materials, services and other expenses (excluding purchased water) cover payments for physical goods including the purchase of power for the treatment plants and distribution system, regulatory compliance, chemicals, fuel and office consumables. This category also includes payments to consultants, as well as legal fees incurred. The total materials, services and other expenses base is approximately \$60.1 million. As mentioned earlier, while an underlying assumption is built into most expense lines in this category of expenditure, some expense lines in Year 1 and Year 2 have increased by more than the assumption or have had to be adjusted to reflect their one-off nature.

(in millions)	Year 1 2019/20	Year 2 2020/21	Year 3 2021/22	Year 4 2022/23	Year 5 2023/24	Year 6 2024/25	Year 7 2026	Year 8 2027	Year 9 2028	Year 10 2029
Management	1.82	2.51	2.59	2.67	2.75	2.83	2.92	3.00	3.09	3.19
Administration	15.38	15.56	16.03	16.51	17.00	17.51	18.04	18.58	19.14	19.71
Engineering	2.99	3.13	3.22	3.32	3.42	3.52	3.63	3.74	3.85	3.96
Water Treatment	7.83	8.14	8.38	8.64	8.90	9.16	9.44	9.72	10.01	10.31
Customer Service	3.25	3.37	3.47	3.58	3.68	3.80	3.91	4.03	4.15	4.27
Water Quality	1.06	1.11	1.14	1.17	1.21	1.24	1.28	1.32	1.36	1.40
Pumping	8.22	9.32	9.60	9.89	10.18	10.49	10.80	11.13	11.46	11.80
Maintenance	3.46	3.54	3.65	3.76	3.87	3.99	4.10	4.23	4.35	4.49
Water Resources	.93	10.85	11.18	11.51	11.86	12.22	12.58	12.96	13.35	13.75
Trans & Distribution	6.95	7.13	7.34	7.56	7.79	8.02	8.26	8.51	8.77	9.03
Total	\$60.89	\$64.66	\$66.60	\$68.60	\$70.66	\$72.78	\$4.96	\$77.21	\$79.53	\$81.91

The Agency’s infrastructure is expanding and will continue to expand. The number and complexity of Agency facilities have grown in recent years and will continue to do so. Each 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. Future development of the recycled water program will have significant operating costs that should be identified as part of the planning process, but is not included in this Plan.

Employee Costs

Employee costs include all labor costs and is inclusive of salaries, wages and benefits such as insurance, pensions, allowances and workers compensation insurance. Wage costs (including allocation of staff overheads) relating to capital projects are included in the total capital expenditure for renewal and replacement of existing assets or projects funded by developers. The split between operating and capital can vary from year-to-year depending on capital projects approved by the Engineering and Operations Departments; however overall the LTFP assumes the trend on this split remains consistent across the life of this Plan. Approximately \$1.3 million (indexed annually) has been allocated in capital wages every year. The total employee cost base (operating and capital) is approximately \$28.7 million.

Salary and wage increases are forecast reflective of the current year Budget and increases at approximately 3.5% every year for reclassifications, step increments and cost-of-living adjustments, and approximately 5% for employee benefits. The FY 2019/20 budgeted employee costs are driven by a full-time equivalent (FTE) base of 213.25.

Long-Term Commitments

The Agency’s Strategic Plan states that the Agency will utilize reasonable debt financing as an acceptable and appropriate approach to fund long-term facility investments, and thus ensure that existing and future users pay their fair share. The Agency’s Debt Management Policy states that the Agency will utilize reasonable debt financing as an acceptable and appropriate approach to fund long-term investments and thus ensure that existing and future users pay their fair share (“generational equity”). Long-term investments include the acquisition of land,

facilities, public works, improvements and supplies of water, as well as enhancements or enlargements to existing capacity and facilities for obtaining, importing, transporting and delivering additional quantities of water.

Debt spreads out the cost of capital improvements over time. In general, public agencies find that debt financing is an appropriate use for one-time projects, generally with a project life of 10 years or more. To-date, a significant portion of the Agency’s major capital programs are required for future needs. This makes the use of debt appropriate for two reasons: (1) debt financing allows each generation to pay for what it uses and (2) Facility Capacity Fees collected in one year may not be expended until future years. Likewise, in some years, there will not be sufficient FCF collected to cover that year’s debt service. However at this time, as discussed above, there is uncertainty about the FCF revenue stream and its ability to pay for its share of debt service. At this time, there is no debt issuance projected to fund CIP for the Retail Divisions.

Near-Term

Management has identified a need to invest in the Regional Division infrastructure and the Capital Improvement Program. In previous Budgets, Management had deferred various capital improvement projects to deal with the recent economic downturn. At this time, the Agency’s infrastructure needs are increasing, and continued deferrals will result in cost increases and possible operational and water supply reliability impacts. Consequently, Management recommends moving forward with certain critical elements of the Agency’s CIP. In May 2016, the Regional Division issued \$30.7 million in revenue bonds to fund the ongoing CIP for Major Capital projects. In addition, the Agency anticipates issuing bonds in 2020 and 2022, with estimated principal amounts of \$35 million and \$60 million respectively. The Agency’s ten-year forecast shows sufficient funds to pay debt service and maintain bond covenants. It is anticipated that these obligations will be allocated 30% to future users (Facility Capacity Fees) and 70% to existing users (one-percent property tax revenues).

Regional Division	Budget FY 2019/20	Budget FY 2020/21	Projected FY 2021/22	Projected FY 2022/23	Projected FY 2023/24
Fund Balance, Beginning	\$ 10,649,351	\$ 24,522,351	\$ 6,622,551	\$ 51,708,551	\$ 7,713,551
REVENUES					
<i>Bond Proceeds</i>	<i>35,000,000</i>	<i>-</i>	<i>60,000,000</i>	<i>-</i>	<i>60,000,000</i>
Grant Reimbursements	2,695,000	1,533,200	-	-	-
Investment Revenues	437,000	386,000	722,000	735,000	574,000
Total Revenues	\$ 38,132,000	\$ 1,919,200	\$ 60,722,000	\$ 735,000	\$ 60,574,000
EXPENDITURES					
Capital Projects - Major	(24,259,000)	(19,819,000)	(15,636,000)	(44,730,000)	(29,603,000)
Available Fund Balance, Ending	\$ 24,522,351	\$ 6,622,551	\$ 51,708,551	\$ 7,713,551	\$ 38,684,551

Long-Term – Regional Division

A more long-term aspect of this issue is the Agency’s transition to “build-out.” Debt service incurred for future users is funded by FCFs, and that incurred for existing users is funded by one-percent property tax revenues. The Agency is at a transition point where existing users represent about half of total users, which consist of the combination of existing and future users. Over time, debt service funding will transition to existing users. Should one-percent property tax

revenues not be sufficient to fund increasing debt service, other mechanisms to fund the existing users' share would include a component of the water rate and/or a parcel charge.

(in millions) Regional Division	Year 1 2019/20	Year 2 2020/21	Year 3 2021/22	Year 4 2022/23	Year 5 2023/24	Year 6 2024/25	Year 7 2025/26	Year 8 2026/27	Year 9 2027/28	Year 10 2028/29
Existing Debt Payments										
Future Users (70%)	(16.78)	(16.82)	(17.64)	(17.63)	(17.62)	(17.63)	(17.61)	(17.62)	(17.61)	(17.59)
FCF Revenue	8.50	9.00	9.23	9.46	9.69	9.93	10.18	10.44	10.70	10.97
Shortfall	(8.28)	(7.82)	(8.42)	(8.18)	(7.93)	(7.70)	(7.43)	(7.18)	(6.91)	(6.63)
Existing Users (30%)	(7.19)	(7.21)	(7.56)	(7.56)	(7.55)	(7.56)	(7.55)	(7.55)	(7.55)	(7.54)
New Debt Payments										
Future Users (30%)	-	(0.48)	(0.48)	(1.38)	(1.38)	(2.29)	(2.29)	(2.71)	(2.71)	(2.71)
Existing Users (70%)	-	(1.11)	(1.11)	(3.23)	(3.23)	(5.34)	(5.34)	(6.32)	(6.32)	(6.32)
Total New Debt	-	(1.59)	(1.59)	(4.61)	(4.61)	(7.63)	(7.63)	(9.03)	(9.03)	(9.03)
Net Debt Payments	(15.48)	(16.62)	(17.57)	(20.34)	(20.09)	(22.89)	(22.61)	(23.76)	(23.48)	(23.20)
1% Property Tax Revenue	26.72	28.01	29.35	30.76	32.24	33.78	35.41	37.11	38.89	40.75
Available	\$11.25	\$11.39	\$11.78	\$10.42	\$12.14	\$10.90	\$12.80	\$13.34	\$15.40	\$17.56

The exact timing and amounts of debt will depend on the progress of the CIP, availability of grant proceeds and market conditions. Depending on market conditions, the Agency may use the Agency's low-interest rate commercial program. Management will review the situation with its financial advisor and report to the Board as needed. No new debt will be issued without thorough review and approval by the Board of Directors.

**SCV WATER - FIVE-YEAR FORECAST
REGIONAL DIVISION**

**REGIONAL
SANTA CLARITA VALLEY WATER AGENCY
Projected Operating Results**

	Year 1 6/30/2020	Year 2 6/30/2021	Year 3 6/30/2022	Year 4 6/30/2023	Year 5 6/30/2024
REVENUES					
Facility Capacity Fees	\$ 8,500,000	\$ 9,000,000	\$ 9,225,000	\$ 9,455,625	\$ 9,692,016
1% Property Tax Revenues	26,724,000	28,007,000	29,351,336	30,760,200	32,236,690
Wholesale Water - Fixed Charges	15,484,539	15,949,096	16,746,551	17,583,878	18,463,072
Wholesale Water Sales - Variable Charges	7,892,900	8,293,700	8,708,385	9,143,804	9,600,994
Water Sales - Recycled and Saugus Wells	961,628	1,005,999	1,036,179	1,067,264	1,099,282
Investment revenues	1,000,000	1,000,000	1,456,064	1,477,905	1,500,074
Other Revenues (operating)	323,182	329,278	335,864	342,581	349,432
Settlement Agreement (CIP)	1,070,000	4,030,000	-	-	-
Settlement Agreement (O&M)	1,337,455	1,377,579	1,405,131	1,433,233	1,461,898
Grants and Reimbursements	420,000	218,000	-	-	-
Reimbursement from Annexing Parties	-	-	-	-	-
One-time Water Sales	2,475,000	-	-	-	-
Miscellaneous	-	-	-	-	-
VWD 2018A Bonds	976,975	976,975	976,975	976,975	1,618,038
VWD Acquisition Loan	4,717,595	4,717,595	4,717,595	4,717,595	4,717,595
Total Revenues	\$ 71,883,274	\$ 74,905,222	\$ 73,959,079	\$ 76,959,061	\$ 80,739,091
Operations and Maintenance Costs					
Management	\$ 1,819,957	\$ 2,514,573	\$ 2,590,010	\$ 2,667,710	\$ 2,747,742
Administration	5,706,849	5,767,479	5,940,504	6,118,719	6,302,281
Engineering	1,561,739	1,657,968	1,707,707	1,758,939	1,811,707
Maintenance	3,460,245	3,540,664	3,646,884	3,756,291	3,868,979
Water Quality and Regulatory Affairs	1,061,082	1,105,074	1,138,226	1,172,373	1,207,544
Water Resources	9,930,355	10,853,899	11,179,516	11,514,902	11,860,349
Water Treatment Operations	5,243,667	5,466,329	5,630,318	5,799,228	5,973,205
Total O&M Costs	\$ 28,783,894	\$ 30,905,986	\$ 31,833,166	\$ 32,788,161	\$ 33,771,806
Total System Net Revenues	\$ 43,099,380	\$ 43,999,236	\$ 42,125,913	\$ 44,170,900	\$ 46,967,285
Senior Debt Service					
1994 Installment Payments	\$ -	\$ -	\$ -	\$ -	\$ -
1999 Installment Payments	-	-	10,445,000	10,445,000	10,445,000
2004A Installment Payments	-	-	-	-	-
Total Senior Debt Service	\$ -	\$ -	\$ 10,445,000	\$ 10,445,000	\$ 10,445,000
Senior Debt Service Coverage	N/A	N/A	4.03	4.23	4.50
Net Revenues Available after Senior Debt Service	\$ 43,099,380	\$ 43,999,236	\$ 31,680,913	\$ 33,725,900	\$ 36,522,285
Subordinate Debt Service					
2006A COP	\$ -	\$ -	\$ -	\$ -	\$ -
2006C COP	-	-	-	-	-
2008A COP	6,049,303	6,098,284	-	-	-
2010A COP	5,273,681	5,274,506	5,265,681	5,251,556	5,250,306

**SCV WATER - FIVE-YEAR FORECAST
REGIONAL DIVISION**

2014A Revenue Bonds	3,146,500	3,146,750	-	-	-
2015A Revenue Bonds	5,018,550	5,021,650	5,008,750	5,003,750	4,997,625
2016A Revenue Bonds	4,489,400	4,483,625	4,483,250	4,487,375	4,480,875
2018A Revenue Bonds (VWD)	976,975	976,975	976,975	976,975	1,618,038
Projected Debt Service	-	1,590,975	1,590,975	4,612,475	4,612,475
Total Subordinate Debt Service	\$ 24,954,409	\$ 26,592,765	\$ 17,325,631	\$ 20,332,131	\$ 20,959,319
Subordinate Debt Service Coverage	1.73	1.65	1.83	1.66	1.74
Total Debt Service Coverage	1.73	1.65	1.52	1.44	1.50
Revenues Available for Other Purposes	\$ 18,144,971	\$ 17,406,470	\$ 14,355,282	\$ 13,393,769	\$ 15,562,966
Capital Improvement Projects	\$41,982,419	\$40,995,902	\$27,911,000	\$57,230,000	\$42,103,000
Debt Funding Breakdown	58%	48%	41%	78%	70%
Debt Funded Projects	24,259,000	19,819,000	11,411,000	44,730,000	29,603,000
Pay-go Funded Projects	17,723,419	21,176,902	16,500,000	12,500,000	12,500,000
Bond Proceeds					
Fixed-Rate Bond Issue #1	35,000,000	-	-	-	-
Fixed-Rate Bond Issue #2	-	-	60,000,000	-	-
Fixed-Rate Bond Issue #3	-	-	-	-	60,000,000
Fixed-Rate Bond Issue #4	-	-	-	-	-
Total Bond Proceeds Available	\$ 35,000,000	\$ 24,522,351	\$ 66,622,551	\$ 55,933,551	\$ 71,938,551
Remaining Bond Proceeds	\$24,522,351	\$6,622,551	\$55,933,551	\$11,938,551	\$42,909,551
Funding Sources					
Available 2016 Bond Proceeds	10,649,351	-	-	-	-
Grant Reimbursements / Interest	3,132,000	1,919,200	722,000	735,000	574,000
New Bond Proceeds	10,477,649	17,899,800	10,689,000	43,995,000	29,029,000
Pay-as-you-go Funding	17,723,419	21,176,902	16,500,000	12,500,000	12,500,000
Total Funding Sources	\$ 41,982,419	\$ 40,995,902	\$ 27,911,000	\$ 57,230,000	\$ 42,103,000

SCV WATER - TEN-YEAR FORECAST

REGIONAL + RETAIL OPERATING RESULTS
SANTA CLARITA VALLEY WATER AGENCY

Water Demand Forecast (in acre-feet)	6/30/2020	6/30/2021	6/30/2022	6/30/2023	6/30/2024	6/30/2025	6/30/2026	6/30/2027	6/30/2028	6/30/2029
	57,877	58,801	59,930	61,257	62,691	63,619	64,560	65,516	66,485	67,469

OPERATING REVENUE SUMMARY

	Year 1 6/30/2020	Year 2 6/30/2021	Year 3 6/30/2022	Year 4 6/30/2023	Year 5 6/30/2024	Year 6 6/30/2025	Year 7 6/30/2026	Year 8 6/30/2027	Year 9 6/30/2028	Year 10 6/30/2029
Retail										
Service Charge	29,489,324	31,330,310	31,907,692	32,604,592	33,490,489	34,400,657	35,335,767	36,296,508	37,283,587	38,297,733
Water Usage	51,912,788	53,325,793	53,792,219	54,267,064	54,750,506	55,242,726	55,743,911	56,256,752	57,782,506	58,971,713
Misc Fees	1,383,596	1,386,875	1,418,863	1,453,557	1,489,102	1,525,521	1,562,834	1,601,063	1,640,231	1,680,361
Property Taxes	566,406	572,070	583,511	595,182	607,085	619,227	631,612	644,244	657,129	670,271
Communication / Rental Income	495,424	499,688	509,682	519,876	530,273	540,879	551,696	562,730	573,985	585,465
Interest Earnings	644,519	653,244	664,476	676,425	688,607	701,027	713,690	726,601	739,765	753,187
Miscellaneous Revenues	179,838	174,839	177,330	179,862	182,433	185,046	187,701	190,398	193,139	195,924
Connection Fees	2,821,500	2,970,000	2,999,700	3,029,697	3,059,994	3,090,594	3,121,500	3,152,715	3,184,242	3,216,084
Total Retail Operating Revenues	\$ 87,493,395	\$ 90,912,820	\$ 92,053,474	\$ 93,326,254	\$ 94,798,490	\$ 96,305,677	\$ 97,848,711	\$ 99,971,011	\$ 102,144,583	\$ 104,370,738
Regional										
Facility Capacity Fees	8,500,000	9,000,000	9,225,000	9,455,625	9,692,016	9,934,316	10,182,674	10,437,241	10,698,172	10,965,626
1% Property Tax Revenues	26,724,000	28,007,000	29,351,336	30,760,200	32,236,690	33,784,051	35,405,685	37,105,158	38,886,206	40,752,744
Wholesale Water - Fixed Charges	15,484,539	15,949,096	16,746,551	17,583,878	18,463,072	19,386,226	19,773,950	20,169,429	20,572,818	20,984,274
Wholesale Water Sales - Variable Charges	7,892,900	8,293,700	8,708,385	9,143,804	9,600,994	10,081,044	10,282,665	10,488,318	10,698,085	10,912,046
Water Sales - Recycled and Saugus Wells	961,628	1,005,999	1,036,179	1,067,264	1,099,282	1,132,261	1,160,567	1,189,581	1,219,321	1,249,804
Investment revenues	1,000,000	1,000,000	1,456,064	1,477,905	1,500,074	1,522,575	1,545,413	1,568,594	1,592,123	1,616,005
Other Revenues (operating)	323,182	329,278	335,864	342,581	349,432	356,421	363,550	370,821	378,237	385,802
Settlement Agreement (CIP)	1,070,000	4,030,000	-	-	-	-	-	-	-	-
Settlement Agreement (O&M)	1,337,455	1,377,579	1,405,131	1,433,233	1,461,898	1,491,136	1,520,959	1,551,378	1,582,405	1,614,053
Grants and Reimbursements	420,000	218,000	-	-	-	-	-	-	-	-
Reimbursement from Annexing Partics	-	-	-	-	-	-	-	-	-	-
One-time Water Sales	2,475,000	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-
VWD 2018A Bonds	976,975	976,975	976,975	976,975	1,618,038	1,614,541	1,614,706	1,613,856	1,616,875	1,613,281
VWD Acquisition Revenue	4,717,595	4,717,595	4,717,595	4,717,595	4,717,595	4,717,595	4,717,595	4,717,595	4,717,595	4,717,595
Total Regional Operating Revenues	\$ 71,883,274	\$ 74,905,222	\$ 73,959,079	\$ 76,959,061	\$ 80,739,091	\$ 84,020,165	\$ 86,567,765	\$ 89,211,972	\$ 91,961,837	\$ 94,811,231

SCV WATER - TEN-YEAR FORECAST

OPERATION EXPENSE SUMMARY

Retail

Source of Supply Pumping	27,108,364	28,133,868	28,977,884	29,847,221	30,742,637	31,664,916	32,614,864	33,593,310	34,601,109	35,639,142
Water Treatment	8,220,296	9,317,912	9,597,449	9,885,373	10,181,934	10,487,392	10,802,014	11,126,074	11,459,856	11,803,652
Transmission and Distribution	2,587,769	2,673,984	2,754,204	2,836,830	2,921,935	3,009,880	3,099,880	3,192,877	3,288,663	3,387,323
Customer Service	6,948,390	7,128,132	7,341,976	7,562,235	7,789,102	8,022,775	8,263,459	8,511,362	8,766,703	9,029,704
Engineering	3,248,158	3,372,024	3,473,185	3,577,380	3,684,702	3,795,243	3,909,100	4,026,373	4,147,164	4,271,579
Administrative and General Other	1,426,590	1,471,689	1,515,840	1,561,315	1,608,154	1,656,399	1,706,091	1,757,274	1,809,992	1,864,292
Capital Improvement Projects (Pay-go)	9,674,481	9,793,604	10,087,412	10,390,034	10,701,736	11,022,788	11,353,471	11,694,075	12,044,898	12,406,245
Debt Service	11,844,007	9,518,526	9,484,795	9,604,795	9,728,395	9,855,703	9,986,831	10,121,892	10,261,005	10,404,291
	11,550,657	11,671,907	11,650,004	11,771,504	12,538,067	12,441,041	12,344,551	12,484,701	13,052,345	7,162,576
Total Retail Operating Expenses	\$ 82,608,712	\$ 83,081,646	\$ 84,882,749	\$ 87,036,687	\$ 89,896,661	\$ 91,955,849	\$ 94,080,261	\$ 96,507,938	\$ 99,431,735	\$ 95,968,804

Regional

Management	1,819,957	2,514,573	2,590,010	2,667,710	2,747,742	2,830,174	2,915,079	3,002,531	3,092,607	3,185,385
Administration	5,706,849	5,767,479	5,940,504	6,118,719	6,302,281	6,491,349	6,686,089	6,886,672	7,093,272	7,306,070
Engineering	1,561,739	1,657,968	1,707,707	1,758,939	1,811,707	1,866,058	1,922,040	1,979,701	2,039,092	2,100,265
Maintenance	3,460,245	3,540,664	3,646,884	3,756,291	3,868,979	3,985,049	4,104,600	4,227,738	4,354,570	4,485,207
Water Quality and Regulatory Affairs	1,061,082	1,105,074	1,138,226	1,172,373	1,207,544	1,243,770	1,281,083	1,319,516	1,359,101	1,399,874
Water Resources	9,930,355	10,853,899	11,179,516	11,514,902	11,860,349	12,216,159	12,582,644	12,960,123	13,348,927	13,749,395
Water Treatment Operations	5,243,667	5,466,329	5,630,318	5,799,228	5,973,205	6,152,401	6,336,973	6,527,082	6,722,895	6,924,581
Capital Improvement Projects (Pay-go)	17,723,419	21,176,902	16,500,000	12,500,000	12,500,000	13,000,000	13,000,000	13,000,000	13,000,000	13,000,000
Debt Service	24,954,409	25,001,790	27,770,631	30,777,131	31,404,319	34,436,572	34,405,338	35,812,431	35,799,497	35,774,881
Total Regional Operating Expenses	\$ 71,461,722	\$ 77,084,679	\$ 76,103,797	\$ 76,065,292	\$ 77,676,125	\$ 82,221,532	\$ 83,233,846	\$ 85,715,795	\$ 86,809,962	\$ 87,925,660

Total Operating Revenue

Total Operating Revenue	\$ 159,376,669	\$ 165,818,042	\$ 166,012,553	\$ 170,285,315	\$ 175,537,581	\$ 180,325,842	\$ 184,416,475	\$ 189,182,983	\$ 194,106,420	\$ 199,181,969
Total Operating Expense	\$ 154,070,434	\$ 160,166,325	\$ 160,986,546	\$ 163,101,980	\$ 167,572,786	\$ 174,177,381	\$ 177,314,107	\$ 182,223,733	\$ 186,241,697	\$ 183,894,464
Total Net Operating Revenues	\$ 5,306,235	\$ 5,651,717	\$ 5,026,007	\$ 7,183,335	\$ 7,964,795	\$ 6,148,461	\$ 7,102,368	\$ 6,959,249	\$ 7,864,724	\$ 15,287,505

RESOLUTION NO. SCV 105

RESOLUTION OF THE
SANTA CLARITA VALLEY WATER AGENCY BOARD OF DIRECTORS
ADOPTING THE BUDGET FOR FISCAL YEARS 2019/20 AND 2020/21
AND AMENDING THE FISCAL YEAR 2018/19 BUDGET

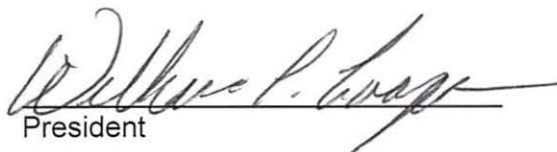
WHEREAS, the Santa Clarita Valley Water Agency has determined under its Board Procedures Manual that the Agency shall annually adopt a budget prior to the commencement of each fiscal year; and

WHEREAS, the Board of Directors has reviewed the Fiscal Year (FY) 2019/20 and FY 2020/21 Budget, including sections on the Operating Budget and Capital Expenditures; and

WHEREAS, the Board of Directors has reviewed the revised FY 2018/19 Budget for the one percent property tax fund and the deferral of the bond issuance.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Santa Clarita Valley Water Agency hereby:

1. Adopts the FY 2019/20 and FY 2020/21 Budget (Attachments 1 and 2).
2. Appropriates the Operating Expenditures, Capital Expenditures, and Debt Principal and Interest Payment for FY 2019/2020 and FY 2020/21 as shown in the Financial Summary (Attachments 1 and 2).
3. Authorizes the General Manager to adjust the appropriations within each fund, provided however, the total appropriations for the entire fund do not exceed the amounts approved in this budget resolution (or amending resolution).
4. Amends the FY 2018/19 Budget for the one percent property tax fund and deferral of the bond issuance as reflected in the FY 2018/19 Budget Financial Summary (Attachment 3).


President

I, the undersigned, hereby certify: That I am the duly appointed and acting Secretary of the Santa Clarita Valley Water Agency, and that at a regular meeting of the Board of Directors of said Agency held on May 21, 2019, the foregoing Resolution No. SCV-105 was duly and regularly adopted by said Board, and that said resolution has not been rescinded or amended since the date of its adoption, and that it is now in full force and effect.

DATED: May 21, 2019


Secretary



ATTACHMENT 1

SCV WATER - FINANCIAL SUMMARY FY 2019/20 PROJECTED BUDGET - REGIONAL

Description	General Fund/ Operating	Capital Project Fund*	State Water Contract Fund	Debt Service Fund	TOTAL
Fund Balance 7/1/2019 (estimated)	\$ 107,194,000	\$ 10,649,351	\$ 43,949,360	\$ 5,349,556	\$ 167,142,267
RESERVES:					
Capital Improvement & Replacement	\$ (17,723,419)	\$ -	\$ -	\$ -	\$ (17,723,419)
Emergency/Disaster	(28,783,894)	-	-	-	\$ (28,783,894)
Capital	(18,088,911)	-	-	-	(18,088,911)
Operating	(25,823,851)	-	-	-	(25,823,851)
Revenue Rate Stabilization	(3,650,860)	-	-	-	(3,650,860)
Water Supply Reliability	(3,000,000)	-	-	-	(3,000,000)
Trustee Held	-	-	-	(5,349,556)	(5,349,556)
Subtotal	\$ (97,070,935)	\$ -	\$ -	\$ (5,349,556)	\$ (102,420,491)
Net Available	\$ 10,123,065	\$ 10,649,351	\$ 43,949,360	\$ -	\$ 64,721,776
REVENUES:					
Water Sales - Fixed Charges	\$ 15,484,539	\$ -	\$ -	\$ -	15,484,539
Water Sales - Variable	7,892,900	-	-	-	7,892,900
Recycled Water Sales	256,428	-	-	-	256,428
Saugus 1 and 2 Water Sales	705,200	-	-	-	705,200
One-time Water Sales	2,475,000	-	-	-	2,475,000
Laboratory Revenues	120,000	-	-	-	120,000
Communications Revenues	203,182	-	-	-	203,182
Facility Capacity Fees	8,500,000	-	-	-	8,500,000
One Percent Property Tax	26,724,000	-	-	-	26,724,000
Agency Set Property Tax	-	-	32,387,000	-	32,387,000
Settlement Agreement (O&M)	1,337,455	-	-	-	1,337,455
Grants and Reimbursements	1,490,000	2,695,000	-	-	4,185,000
Investment Revenues	1,000,000	437,000	650,000	152,000	2,239,000
VWD Acquisition and Loan	5,694,570	-	-	-	5,694,570
Bond Proceeds	-	35,000,000	-	-	35,000,000
Miscellaneous	-	-	-	-	-
Subtotal	\$ 71,883,274	\$ 38,132,000	\$ 33,037,000	\$ 152,000	\$ 143,204,274
EXPENDITURES:					
Operating	\$ (28,783,894)	\$ -	\$ -	\$ -	(28,783,894)
Capital Improvement Program	(17,723,419)	(24,259,000)	-	-	(41,982,419)
Department of Water Resources	-	-	(35,365,000)	-	(35,365,000)
Debt Service Principal & Interest	(24,954,409)	-	-	(152,000)	(25,106,409)
Subtotal	\$ (71,461,722)	\$ (24,259,000)	\$ (35,365,000)	\$ (152,000)	\$ (131,237,722)
Available Fund Balance 6/30/2020 (Estimated)	\$ 10,544,617	\$ 24,522,351	\$ 41,621,360	\$ -	\$ 76,688,328

*Major Capital Projects - Bond Proceeds

ATTACHMENT 2

SCV WATER - FINANCIAL SUMMARY FY 2020/21 PROJECTED BUDGET - REGIONAL

Description	General Fund/ Operating	Capital Project Fund*	State Water Contract Fund	Debt Service Fund	TOTAL
Fund Balance 7/1/2020 (estimated)	\$ 107,615,552	\$ 24,522,351	\$ 41,621,360	\$ 5,349,556	\$ 179,108,819
RESERVES:					
Capital Improvement & Replacement	\$ (17,723,419)	\$ -	\$ -	\$ -	\$ (17,723,419)
Emergency/Disaster	(28,783,894)	-	-	-	\$ (28,783,894)
Capital	(18,088,911)	-	-	-	(18,088,911)
Operating	(25,823,851)	-	-	-	(25,823,851)
Revenue Rate Stabilization	(3,650,860)	-	-	-	(3,650,860)
Water Supply Reliability	(3,000,000)	-	-	-	(3,000,000)
Trustee Held	-	-	-	(5,349,556)	(5,349,556)
Subtotal	\$ (97,070,935)	\$ -	\$ -	\$ (5,349,556)	\$ (102,420,491)
Net Available	\$ 10,544,617	\$ 24,522,351	\$ 41,621,360	\$ -	\$ 76,688,328
REVENUES:					
Water Sales - Fixed Charges	\$ 15,949,096	\$ -	\$ -	\$ -	15,949,096
Water Sales - Variable	8,293,700	-	-	-	8,293,700
Recycled Water Sales	264,678	-	-	-	264,678
Saugus 1 and 2 Water Sales	741,321	-	-	-	741,321
One-time Water Sales	-	-	-	-	-
Laboratory Revenues	120,000	-	-	-	120,000
Communications Revenues	209,278	-	-	-	209,278
Facility Capacity Fees	9,000,000	-	-	-	9,000,000
One Percent Property Tax	28,007,000	-	-	-	28,007,000
Agency Set Property Tax	-	-	33,942,000	-	33,942,000
Settlement Agreement (O&M)	1,377,579	-	-	-	1,377,579
Grants and Reimbursements	4,248,000	1,533,200	-	-	5,781,200
Investment Revenues	1,000,000	386,000	650,000	152,000	2,188,000
VWD Acquisition and Loan	5,694,570	-	-	-	5,694,570
Bond Proceeds	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Subtotal	\$ 74,905,222	\$ 1,919,200	\$ 34,592,000	\$ 152,000	\$ 111,568,422
EXPENDITURES:					
Operating	\$ (30,905,987)	\$ -	\$ -	\$ -	(30,905,987)
Capital Improvement Program	(21,176,902)	(19,819,000)	-	-	(40,995,902)
Department of Water Resources	-	-	(35,365,000)	-	(35,365,000)
Debt Service Principal & Interest	(25,001,790)	-	-	(152,000)	(25,153,790)
Subtotal	\$ (77,084,679)	\$ (19,819,000)	\$ (35,365,000)	\$ (152,000)	\$ (132,420,679)
Available Fund Balance 6/30/2021 (Estimated)	\$ 8,365,160	\$ 6,622,551	\$ 40,848,360	\$ -	\$ 55,836,071

*Major Capital Projects - Bond Proceeds

ATTACHMENT 3

SCV WATER - FINANCIAL SUMMARY FY 2018/19 PROJECTED BUDGET - REGIONAL

Description	General Fund/ Operating	Capital Project Fund*	State Water Contract Fund	Debt Service Fund	TOTAL
Fund Balance 7/1/2018	\$ 95,608,141	\$ 20,294,794	\$ 47,781,466	\$ 5,349,556	\$ 169,033,957
RESERVES:					
Capital Improvement & Replacement	\$ (10,399,500)	\$ -	\$ -	\$ -	\$ (10,399,500)
Emergency/Disaster	(26,140,200)	-	-	-	\$ (26,140,200)
Capital	(17,267,793)	-	-	-	(17,267,793)
Operating	(24,789,050)	-	-	-	(24,789,050)
Revenue Rate Stabilization	(3,976,043)	-	-	-	(3,976,043)
Water Supply Reliability	(3,000,000)	-	-	-	(3,000,000)
Trustee Held	-	-	-	(5,349,556)	(5,349,556)
Subtotal	\$ (85,572,586)	\$ -	\$ -	\$ (5,349,556)	\$ (90,922,142)
Net Available	\$ 10,035,555	\$ 20,294,794	\$ 47,781,466	\$ -	\$ 78,111,815
REVENUES:					
Water Sales - Fixed Charges	\$ 15,107,100	\$ -	\$ -	\$ -	15,107,100
Water Sales - Variable	9,432,600	-	-	-	9,432,600
Recycled Water Sales	211,800	-	-	-	211,800
Saugus 1 and 2 Water Sales	666,250	-	-	-	666,250
One-time Water Sales	1,875,000	-	-	-	1,875,000
Laboratory Revenues	121,238	-	-	-	121,238
Communications Revenues	197,264	-	-	-	197,264
Facility Capacity Fees	9,129,958	-	-	-	9,129,958
One Percent Property Tax	24,442,000	-	-	-	24,442,000
Agency Set Property Tax	-	-	30,904,000	-	30,904,000
Settlement Agreement (O&M)	1,298,500	-	-	-	1,298,500
Grants and Reimbursements	320,059	986,171	-	-	1,306,230
Investment Revenues	998,666	164,572	628,894	152,000	1,944,132
VWD Acquisition and Loan	5,710,853	-	-	-	5,710,853
Bond Proceeds	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Subtotal	\$ 69,511,288	\$ 1,150,743	\$ 31,532,894	\$ 152,000	\$ 102,346,925
EXPENDITURES:					
Operating	\$ (24,075,383)	\$ -	\$ -	\$ -	(24,075,383)
Capital Improvement Program	(8,983,065)	(10,796,186)	-	-	(19,779,251)
Department of Water Resources	-	-	(35,365,000)	-	(35,365,000)
Debt Service Principal & Interest	(24,866,981)	-	-	(152,000)	(25,018,981)
Subtotal	\$ (57,925,429)	\$ (10,796,186)	\$ (35,365,000)	\$ (152,000)	\$ (104,238,615)
Available Fund Balance 6/30/2019 (Estimated)	\$ 21,621,414	\$ 10,649,351	\$ 43,949,360	\$ -	\$ 76,220,125

*Major Capital Projects - Bond Proceeds

RESOLUTION NO. SCV-104

RESOLUTION OF THE
BOARD OF DIRECTORS OF THE SANTA CLARITA VALLEY WATER AGENCY
ADOPTING THE APPROPRIATION LIMIT
FOR FY 2019/20

WHEREAS, the Agency's General Manager has caused to be prepared a calculation of the Agency's annual appropriation limit for the Agency FY 2019/20; and

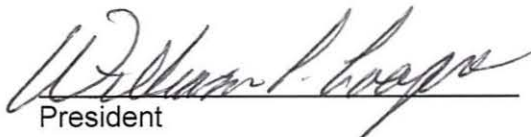
WHEREAS, documentation used in the determination of said appropriation limit has been publicly available at the Agency's offices for the period required by law; and

WHEREAS, Proposition 111 has determined that the appropriation limit may be set by using either the change in California per capita income or the change in assessed value of non-residential development; and

WHEREAS, it has been determined that the change in California per capita income is the appropriation selection of the Agency; and

WHEREAS, the calculation is hereby found to have been completed in full accordance with Article XIII-B of the California State Constitution and the implementing legislation for Article XIII-B.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Santa Clarita Valley Water Agency does hereby, based upon said calculation, adopt the sum of \$44,329,660 as its FY 2019/20 appropriation limit.



President

I, the undersigned, hereby certify: That I am the duly appointed and acting Secretary of the Santa Clarita Valley Water Agency, and that at a regular meeting of the Board of Directors of said Agency held on May 21, 2019, the foregoing Resolution No. SCV-104 was duly and regularly adopted by said Board, and that said resolution has not been rescinded or amended since the date of its adoption, and that it is now in full force and effect.

DATED: May 21, 2019



Secretary



RESOLUTION NO. SCV-121

RESOLUTION OF THE
SANTA CLARITA VALLEY WATER AGENCY BOARD OF DIRECTORS
AMENDING THE FISCAL YEAR 2019/20 BUDGET

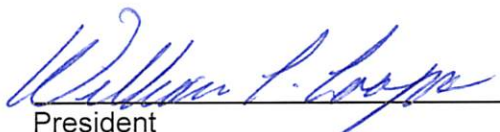
WHEREAS, the Santa Clarita Valley Water Agency has determined under its Board Procedures Manual that the Agency shall annually adopt a budget prior to the commencement of each fiscal year; and

WHEREAS, pursuant to Resolution No. SCV-105 executed on May 24, 2019, the Board of Directors approved the Fiscal Year (FY) 2019/20 and FY 2020/21 Budget, including sections on the Operating Budget and Capital Expenditures; and

WHEREAS, the FY 2019/20 Retail Operating Budget needs to be increased by \$862,300 due to timing issues of capital projects.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Santa Clarita Valley Water Agency hereby:

1. Amends the FY 2019/20 Retail Operating Budget (Attachment 1).


President

I, the undersigned, hereby certify: That I am the duly appointed and acting Secretary of the Santa Clarita Valley Water Agency, and that at a regular meeting of the Board of Directors of said Agency held on September 3, 2019, the foregoing Resolution No. SCV-121 was duly and regularly adopted by said Board, and that said resolution has not been rescinded or amended since the date of its adoption, and that it is now in full force and effect.

DATED: September 3, 2019


Secretary



POLICIES

This section includes a brief summary of the Agency's Investment Policy, Debt Management Policy, Disclosure Procedure Policy, Derivatives Policy, Purchasing Policy, Capitalization Policy for Fixed Assets, and the Wire Transfer Policy. It is the intent of the Financial Policies section to define a sound financial plan when developing annual budgets. The FY 2019/20 and FY 2020/21 biennial budget is balanced and adheres to adopted Agency financial policies. A balanced budget is one, which total revenues equal total expenses.

Investment Policy

The Agency annually reviews and updates the Investment Policy. It is the policy of the Agency to invest funds in a manner that will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Agency and conforming to all statutes governing the investment of Agency funds. The policy follows the "prudent investor" standard of the California Government Code 53601.

Debt Management Policy

The Debt Management Policy was established to serve as a guideline for the use of debt for financing the Agency infrastructure and project needs. Debt is issued and managed prudently in order to maintain a sound financial position and protect credit quality. The policy identifies the criteria for issuing new debt that includes the Standards for Use and guidelines to determine when refinancing of outstanding debt will be beneficial to the Agency and its customers.

Disclosure Procedures Policy

The Disclosure Procedures Policy is a government's policy that requires local officials to fully disclose particular financial transactions to comply with the anti-fraud rules of federal securities laws. The purpose of the policy is to memorialize and communicate procedures in connection with obligations, including notes, bonds and certificates of participation, issued by or on behalf of the Santa Clarita Valley Water Agency.

Derivatives Policy

The Derivatives Policy establishes accounting and reporting standards for derivative instruments, a financial instrument which derives its value from the value of some other financial instrument, variable or index, including certain derivative instruments embedded in other contracts (collectively referred to as "derivatives"), and for hedging activities. Derivatives will not be used to speculate on perceived movements in interest rates.

Purchasing Policy

The Purchasing Policy outlines the procedures for the procurement of all goods and services and applying best practices for optimizing cost savings, quality products and services, and for assuring proper authority and limits as adopted by the Board of Directors.

Capitalization Policy for Fixed Assets

The Capitalization Policy for Fixed Assets is used by the Santa Clarita Valley Water Agency to set a threshold, above which qualifying expenditures are recorded as fixed assets, and below which they are charged to expense as incurred. The policy provides specific guidance to determine which capital assets are subject to separate accounting and reporting.

Wire Transfer Policy

The Wire Transfer Policy, bank transfer or credit transfer is a method of electronic funds transfer from one person or entity to another. The Agency recognizes the trend toward electronic payment methods and will receive and distribute funds through electronic wire transfers.



POLICIES, RULES AND REGULATIONS	
Title: INVESTMENT POLICY	
Approval Date: February 2018	Effective Date: February 2018
Approved By: Board of Directors	

INVESTMENT POLICY

1.0 POLICY

- 1.1 WHEREAS; the Legislature of the State of California has declared that the deposit and investment of public funds by local officials and local agencies is an issue of statewide concern; and
- 1.2 WHEREAS; the legislative body of a local agency may invest surplus monies not required for the immediate necessities of the local agency in accordance with the provisions of California Government Code Sections 53601 et seq.; and
- 1.3 WHEREAS; the Treasurer of the Santa Clarita Valley Water Agency (“Agency”), acting under the direction and authority of the Finance Committee of the Agency, shall annually prepare and submit a statement of investment policy and such policy, and any changes thereto, shall be considered by the Board of Directors at a public meeting;
- 1.4 NOW THEREFORE, it shall be the policy of the Agency to invest funds in a manner, which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Agency and conforming to all statutes governing the investment of Agency funds.

2.0 SCOPE

This investment policy applies to all financial assets of the Agency. These funds are accounted for in the annual Agency audit. The Agency pools all cash for investment purposes. This policy is applicable, but not limited to all funds listed below:

- General/Operating Fund
- Special Revenue Funds
 - a) One Percent Property Tax Fund
 - b) Facility Capacity Fee Fund
 - c) State Water Project Fund
- Capital Project Fund
- Debt Service Fund
- Reserve Funds
- Enterprise Fund
- Grant Funds



POLICIES, RULES AND REGULATIONS	
Title: INVESTMENT POLICY	
Approval Date: February 2018	Effective Date: February 2018
Approved By: Board of Directors	

3.0 PRUDENCE; RESPONSIBILITY

- 3.1 Prudence: Investments shall be made with judgment and care, under circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the Agency, which persons of prudence, discretion and intelligence exercise in the management of their own affairs; not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. The standard of prudence to be used by investment officials shall be the "prudent investor" standard (California Government Code 53600.3) and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.
- 3.2 Responsibility: The Treasurer and other individuals assigned to manage the investment portfolio, acting with the intent and scope of this investment policy while exercising due diligence, shall be relieved of personal responsibility for the credit risk and market price risk for securities held in the investment portfolio, provided deviations from expectations are reported in a timely manner and appropriate action is taken to control adverse developments.

4.0 OBJECTIVES

When investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, the primary objectives, in priority order, of the investment activities shall be:

- 4.1 Safety: Safety of principal is the foremost objective of the investment program. Investments of the Agency shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.
- 4.2 Liquidity: The investment portfolio will remain sufficiently liquid to enable the Agency to meet all operating requirements and budgeted expenditures. Investments will be undertaken with the expectation that unplanned expenses will be incurred; therefore, portfolio liquidity will be created to cover reasonable contingency costs.



POLICIES, RULES AND REGULATIONS	
Title: INVESTMENT POLICY	
Approval Date: February 2018	Effective Date: February 2018
Approved By: Board of Directors	

4.3 Return on Investments: The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio. The goal is to maximize return while ensuring that safety and liquidity objectives are not compromised.

5.0 DELEGATION OF AUTHORITY

Authority to manage the investment program is derived from California Government Code 53600, et seq. Overall accountability and authority for implementation of this policy shall remain with the Board of Directors of the Agency and overseen by the Agency's Finance Committee. The day-to-day responsibility for management and implementation of the investment program is hereby delegated to the Treasurer, who, where and when appropriate, shall establish written procedures for the operation of the investment program consistent with this investment policy. With this delegation the Treasurer is given the authority to utilize internal staff and outside investment managers to assist in the investment program. The Treasurer shall use care to assure that those assigned responsibility to assist in the management of the Agency's portfolio do so in accordance with this policy. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Treasurer. The Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials. Under the provisions of California Government Code 53600.3, the Treasurer is a trustee and a fiduciary subject to the prudent investor standard.

6.0 ETHICS AND CONFLICTS OF INTEREST

The Treasurer and officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Officials and staff members involved with the investment function shall disclose to the Board of Directors any personal financial interest with a financial institution, broker or investment issuer conducting business with the Agency. Officials and staff members shall further disclose to the Board of Directors any personal financial interest in any entity related to the investment performance of the Agency's portfolio.

7.0 AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS

The Treasurer will maintain a list of financial institutions, selected on the basis of credit worthiness, financial strength, experience and minimal capitalization authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers selected by credit worthiness who are authorized to provide



POLICIES, RULES AND REGULATIONS	
Title: INVESTMENT POLICY	
Approval Date: February 2018	Effective Date: February 2018
Approved By: Board of Directors	

investment and financial advisory services in the State of California. No public deposit shall be made except in a qualified public depository as established by state laws.

For brokers/dealers of government securities and other investments, the Treasurer shall select only broker/dealers who are licensed and in good standing with the California Department of Securities, the Securities and Exchange Commission, the National Association of Securities Dealers or other applicable self-regulatory organizations.

Before engaging in investment transactions with a broker/dealer, the Treasurer shall have received from said firm a signed Certification Form. This form shall attest that the individual responsible for the Agency’s account with that firm has reviewed the Agency’s Investment Policy and that the firm understands the policy and intends to present investment recommendations and transactions to the Agency that are appropriate under the terms and conditions of the Investment Policy.

The Agency is a local agency authorized to invest surplus monies in the Local Agency Investment Fund (LAIF). LAIF is a special trust fund in the custody of the State Treasurer and the Local Investment Advisory Board created under Government Code Section 16429.2, which advises the State Treasurer on the investment and reinvestment of LAIF deposits. Each local agency with LAIF deposits has a separate account within LAIF, but the total deposits in LAIF are managed as a pooled investment account. The securities eligible for LAIF investments are statutorily specified in Government Code Section 16430 and are more conservative than those investments permitted under Government Code Section 53601, which governs the management of invested surplus monies by local agencies. Accordingly, the Treasurer need not be concerned with the qualifications of those financial institutions and broker/dealers with whom LAIF transacts business.

8.0 PORTFOLIO MATURITY LIMITS

The maximum maturity for any single investment in the portfolio shall not exceed five years. The maximum weighted average maturity for the investment portfolio shall not exceed three years.

When a security has a mandatory put date, the put date should be used when calculating weighted average portfolio maturity. When a security has an optional put date, the optional put date should be used when calculating weighted average portfolio maturity so long as the put is at the discretion of the Agency and the put price is equal to or greater than the market value for the security. (A put is a contract that gives its holder the right to sell an underlying security, commodity, or currency before a certain date for a predetermined price.)



POLICIES, RULES AND REGULATIONS	
Title: INVESTMENT POLICY	
Approval Date: February 2018	Effective Date: February 2018
Approved By: Board of Directors	

9.0 AUTHORIZED AND SUITABLE INVESTMENTS

The Agency is empowered by California Government Code 53601 et seq. to invest in the following:

- 9.1 Bonds issued by the Agency.
- 9.2 United States Treasury Bills, Notes and Bonds.
- 9.3 Registered state warrants or treasury notes or bonds issued by the State of California.
- 9.4 Registered treasury notes or bonds of any of the 49 United States in addition to California, including bonds payable solely out of revenues from revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 United States, in addition to California.
- 9.5 Bonds, notes, warrants or other evidence of debt issued by a local agency within the State of California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency; and also including pooled investment accounts sponsored by the State of California, County Treasurers, other local agencies or Joint Powers Agencies. The LAIF is an approved pooled investment account.
- 9.6 Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by, or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.
- 9.7 Bankers' acceptances otherwise known as bills of exchange or time drafts that are drawn on and accepted by a commercial bank. Purchases of bankers' acceptances may not exceed 180 days' maturity or 40% of the Agency's money that may be invested pursuant to this policy. However, no more than 30% of the Agency's money can be invested in the bankers' acceptances of any single commercial bank.
- 9.8 Commercial paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a nationally-recognized statistical-rating organization. The entity that issues the commercial paper shall either be:



POLICIES, RULES AND REGULATIONS	
Title: INVESTMENT POLICY	
Approval Date: February 2018	Effective Date: February 2018
Approved By: Board of Directors	

9.8.1 organized and operating within the United States as a general corporation, shall have total assets in excess of Five Hundred Million Dollars (\$500,000,000), and shall issue debt, other than commercial paper, if any, that is rated in a rating category of “A” or its equivalent or higher by a nationally-recognized statistical-rating organization; or

9.8.2 organized within the United States as a special-purpose corporation, trust, or limited liability company, have program-wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond, and has commercial paper that is rated “A-1” or higher, or the equivalent, by a nationally-recognized statistical-rating organization.

Eligible commercial paper shall have a maximum maturity of 270 days or less. The Agency shall invest no more than 25% of its money in eligible commercial paper. The Agency shall purchase no more than 10% of the outstanding commercial paper of any single corporate issue.

9.9 (i) Negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings association or a federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a federal or state-licensed branch of a foreign bank; and (ii) certificates of deposit at a commercial bank, savings bank, savings and loan association or credit union that uses a private sector entity that assists in the placement of such certificates of deposit, pursuant to Government Code Section 53601.8.

Purchases of negotiable certificates of deposit under (i) of this section and certificates of deposit under (ii) of this section may together not exceed 30% of the Agency’s money which may be invested pursuant to this policy. The Board of Directors and the Treasurer are prohibited from investing Agency funds, or funds in the Agency’s custody, in negotiable certificates of deposit issued by a state or federal credit union if a member of the Board of Directors, or any person with investment decision-making authority within the Agency also serves on the Board of Directors, or any committee appointed by the Board of Directors, or the credit committee or the supervisory committee of the state or federal credit union issuing the negotiable certificates of deposit.

9.10 Repurchase/Reverse Repurchase Agreements of any securities authorized by Section 53061. The market value of securities that underlay a repurchase agreement shall be valued at one hundred two percent (102%) or greater of the



POLICIES, RULES AND REGULATIONS	
Title: INVESTMENT POLICY	
Approval Date: February 2018	Effective Date: February 2018
Approved By: Board of Directors	

funds borrowed against those securities, and are subject to the special limits and conditions of California Government Code 53601(j).

- 9.11 Medium term notes, defined as all corporate and depository institution debt securities with a maximum remaining maturity of 5 years or less, issued by corporations organized and operating with the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment under this subdivision shall be rated in a rating category of “A” or its equivalent or better by a nationally recognized rating service. Purchases of medium-term notes shall not include other instruments authorized by this policy and shall not exceed 30% of the Agency’s money which may be invested pursuant to this policy.
- 9.12 Shares of beneficial interest issued by diversified management companies (mutual funds) investing in the securities and obligations authorized by this policy, and shares in money market mutual funds, subject to the restrictions of California Government Code Section 53601(l). The purchase price of investments under this subdivision shall not exceed 20% of the Agency’s investments under this policy. However, no more than 10% of the Agency’s money may be invested in any one mutual fund.
- 9.13 Moneys held by a trustee or fiscal agent and pledged to the payment or security of bonds or other indebtedness, or obligations under a lease, installment sale, or other agreement of a local agency, or certificates of participation in those bonds, indebtedness, or lease installment sale, or other agreements, may be invested in accordance with the statutory provisions governing the issuance of those bonds, indebtedness, or lease installment sale, or other agreement, or to the extent not inconsistent therewith or if there are no specific statutory provisions, in accordance with the ordinance, resolution, indenture, or agreement of the local agency providing for the issuance.
- 9.14 Notes, bonds, or other obligations that are at all times secured by a valid first priority security interest in securities of the types listed by California Government Code Section 53651 as eligible securities for the purpose of securing local agency deposits having a market value at least equal to that required by California Government Code Section 53652 for the purpose of securing local agency deposits. The securities serving as collateral shall be placed by delivery or book entry into the custody of a trust company or the trust department of a bank which is not affiliated with the issuer of the secured obligation, and the security interest shall be perfected in accordance with the requirements of the



POLICIES, RULES AND REGULATIONS	
Title: INVESTMENT POLICY	
Approval Date: February 2018	Effective Date: February 2018
Approved By: Board of Directors	

Uniform Commercial Code or federal regulations applicable to the types of securities in which the security interest is granted.

- 9.15 Any mortgage pass-through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable pass-through certificate, or consumer receivable-backed bond of a maximum of five years maturity. Securities eligible for investment under this subdivision shall be issued by an issuer rated in a rating category of "A" or its equivalent or better for the issuer's debt as provided by a nationally recognized rating service and rated in a rating category of "AA" or its equivalent or better by a nationally recognized rating service. Purchase of securities authorized by this subdivision shall not exceed 20% of the Agency's money that may be invested pursuant to this policy.

- 9.16 Shares of beneficial interest issued by a joint powers authority organized pursuant to Section 6509.7 that invests in the securities and obligations authorized under Government Code Section 53601. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible, the joint powers authority issuing the shares must have retained an investment advisor that is registered or exempt from registration with the Securities and Exchange Commission, have not less than five years of experience in investing in the securities and obligations authorized under Government Code Section 53601, and have assets under management in excess of five hundred million dollars (\$500,000,000).

- 9.17 Proposition 1A receivables sold pursuant to California Government Code Section 53999. A "Proposition 1A receivable" constitutes the right to payment of moneys due or to become due to a local agency, pursuant to clause (iii) of subparagraph (B) of paragraph (1) of subdivision (a) of Section 25.5 of Article XIII of the California Constitution and Section 100.06 of the Revenue and Taxation Code.

- 9.18 United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated in a rating category of "AA" or its equivalent or better by an NRSRO and shall not exceed 30 percent of the agency's moneys that may be invested pursuant to this section.



POLICIES, RULES AND REGULATIONS	
Title: INVESTMENT POLICY	
Approval Date: February 2018	Effective Date: February 2018
Approved By: Board of Directors	

9.19 Any other investment security authorized under the provisions of California Government Code Sections 5922 and 53601.

Such investments shall be limited to securities that at the time of the investment have a term remaining to maturity of five years or less, or as otherwise provided in Government Code Section 53601.

The Agency shall not invest any funds covered by this Investment Policy in inverse floaters, range notes, interest-only strips derived from mortgage pools or any investment that may result in a zero interest accrual if held to maturity.

10.0 COLLATERALIZATION

All certificates of deposit must be collateralized by United States Treasury Obligations. Collateral must be held by a third party trustee and valued on a monthly basis. The percentage of collateralizations on repurchase and reverse agreements will adhere to the amount required under California Government Code 53601(i)(2).

11.0 SAFEKEEPING AND CUSTODY

All securities owned by the Agency, except collateral for repurchase agreements, will be held in safekeeping at a third party bank trust department that will act as agent for the Agency under terms of a custody agreement.

Securities used as collateral for repurchase agreements with a term of up to seven days can be safe kept by a third party bank trust department, or by the broker/dealer's safekeeping institution, acting as agent for the Agency under the terms of a custody agreement executed by the broker/dealer and the Agency and specifying the Agency's perfected ownership of the collateral.

Payment for all transactions will be conducted on a delivery-versus-payment (DVP) basis.

12.0 LEVERAGING

Investments may not be purchased on margin. Securities can be purchased on a "When Issued" basis only when a cash balance can be maintained to pay for the securities on the purchase settlement date.

13.0 DIVERSIFICATION

The Agency will diversify its investments by security type and institution. Assets shall be diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer or a specific class of securities.



POLICIES, RULES AND REGULATIONS	
Title: INVESTMENT POLICY	
Approval Date: February 2018	Effective Date: February 2018
Approved By: Board of Directors	

Diversification strategies shall be reviewed and revised periodically. In establishing specific diversification strategies, the following general policies and constraints shall apply:

- 13.1 Portfolio maturity dates shall be matched versus liabilities to avoid undue concentration in a specific maturity sector.
- 13.2 Maturities selected shall provide for stability of income and liquidity.
- 13.3 Disbursement and payroll dates shall be covered through maturities of investments, marketable United States Treasury bills or other cash equivalent instruments such as money market mutual funds.

14.0 REPORTING

The Treasurer shall submit to each member of the Board of Directors an investment report at least monthly. The report shall include a complete description of the portfolio, the type of investments, the issuers, maturity dates, par values and the current market values of each component of the portfolio, including funds managed for Agency by third party contracted managers. The report will also include the source of the portfolio valuation. For funds, which are placed in LAIF, FDIC-insured accounts and/or in a county investment pool, the foregoing report elements may be replaced by copies of the latest statements from such institutions. The report must also include a certification that (1) all investment actions executed since the last report have been made in full compliance with the Investment Policy and, (2) the Agency will meet its expenditure obligations for the next six months as required by Government Code Section 53646(b)(2) and (3), respectively. The Treasurer shall maintain a complete and timely record of all investment transactions.

15.0 INVESTMENT POLICY ADOPTION

The Investment Policy shall be adopted by resolution of the Agency. Moreover, the Policy shall be reviewed on an annual basis, and modifications must be approved by the Board of Directors.

(Originally Adopted February 2018)



POLICIES, RULES AND REGULATIONS	
Title: DEBT MANAGEMENT POLICY	
Approval Date: April 2018	Effective Date: April 2018
Approved By: Board of Directors	

DEBT MANAGEMENT POLICY

1.0 INTRODUCTION

The Agency’s overriding goal in issuing debt is to respond to, and provide for, the infrastructure, capital project and other financing needs the Agency’s water system while ensuring that debt is issued and managed prudently in order to maintain a sound fiscal position and protect credit quality.

Debt can provide an equitable means of financing projects for customers of the Agency and provide access to new capital needed for infrastructure and project needs. Debt may be used to meet financing needs if (i) it meets the goals of equitable treatment of all Agency customers, respectively, both current and future, (ii) it is the most cost-effective means available to the Agency, (iii) it is fiscally prudent, responsible, and diligent under the prevailing economic conditions, and (iv) if there are other important policy reasons thereof.

2.0 STATEMENT OF PURPOSE

The Agency may utilize reasonable debt financing as an acceptable and appropriate approach to fund long-term facility investments and thus ensure that existing and future users pay their fair share. If able to do so, the Agency may use the pay-as-you-go method of using current revenues to pay for long-term infrastructure and other projects. This method is preferred when sufficient revenues and reserves are available and long-term borrowing rates are higher than expected. For growth-related projects, debt financing may be utilized, as needed, to better match the cost of anticipated facility needs with timing of expected new connections to the system and spread the costs evenly over time.

2.1 Purposes and Use of Debt

The Agency will utilize reasonable debt financing as an acceptable and appropriate approach to fund long-term investments and thus ensure that existing and future users pay their fair share. Long-term investments include the acquisition of land, facilities, works, improvements and supplies of water; and enhancements or enlargements to existing capacity and facilities for obtaining, importing, transporting and delivering additional quantities of water. These investments are typically included in the Agency’s Capital Improvement Program and Data Document. Bond proceeds can be issued to fund the planning, design, land acquisition, construction, attached fixtures or equipment and movable pieces or equipment, or other costs as permitted by law. Bond proceeds can also be used to refinance obligations of the wholesale system.



POLICIES, RULES AND REGULATIONS	
Title: DEBT MANAGEMENT POLICY	
Approval Date: April 2018	Effective Date: April 2018
Approved By: Board of Directors	

2.2 Purpose of Policy

The purpose of a debt management policy is to:

- Establish parameters for issuing debt
- Provide guidance to decision makers:
 - With respect to all options available to finance infrastructure, capital projects, and other financing needs
 - So that the most prudent, equitable and cost effective method of financing can be chosen
- Document the objectives to be achieved by staff both prior to issuance and subsequent to issuance
- Promote objectivity in the decision-making process
- Facilitate the financing process by establishing important policy decisions in advance

The Agency will adhere to the following legal requirements for the issuance of public debt:

- The state law which authorizes the issuance of the debt
- The federal and state laws which govern the eligibility of the debt for tax-exempt status
- The federal and state laws which govern the issuance of tax-exempt debt
- The federal and state laws, which govern disclosure, sale, and trading of the debt

3.0 GENERAL PROVISIONS

The Agency will provide for a periodic review of its financial performance, and review its performance relative to the financial policies outlined herein. These financial policies will be taken into account during the capital planning, budgeting, and rate setting process.

Necessary appropriations for annual debt service requirements will be routinely included in the Agency's annual budget.

The Agency will maintain proactive communication with the investment community, including rating agencies, credit enhancers and investors, to ensure future capital market access at the lowest possible interest rates.

The Agency's Debt Management Policy, Reserve Policy and the Statement of Investment Policy are integrated into the decision-making framework utilized in the



POLICIES, RULES AND REGULATIONS	
Title: DEBT MANAGEMENT POLICY	
Approval Date: April 2018	Effective Date: April 2018
Approved By: Board of Directors	

budgeting and capital improvement planning process. As such, the following principles outline the Agency’s approach to debt management.

- The Agency will issue debt only in the case where there is an identified source of repayment. Bonds will be issued to the extent that (i) projected existing revenues are sufficient to pay for the proposed debt service together with all existing debt service covered by such existing revenues, or (ii) additional projected revenues have been identified as a source of repayment in an amount sufficient to pay for the proposed debt. That is, the maximum amount of a debt issue will be determined in part by conditions (i) and (ii) above.
- The Agency will not issue debt to finance operating needs except in case of an extreme financial emergency which is beyond its control or reasonable ability to forecast, and unless specifically approved by the Board of Directors.
- Debt issuance for a capital project will not be considered unless such project has been incorporated into the Agency’s capital planning process, or as otherwise approved by the Board of Directors.

4.0 CONDITIONS FOR DEBT ISSUANCE

The following guidelines formally establish parameters for evaluating, issuing, and managing the Agency’s debt. The guidelines outlined below are not intended to serve as a list of rules to be applied to the Agency’s debt issuance process, but rather to serve as a set of practices to promote sound financial management.

In issuing debt, the Agency’s objectives will be to:

- Achieve the lowest cost of capital
- Ensure ratepayer equity for the Agency’s customers
- Maintain the adopted credit rating strategy and access to credit enhancement
- Preserve financial flexibility

4.1 Standards for Use of Debt Financing

When appropriate, the Agency will use long-term debt financing to achieve an equitable allocation of capital costs/charges between current and future system users, to provide more manageable rates in the near and medium term and to minimize rate volatility.



POLICIES, RULES AND REGULATIONS	
Title: DEBT MANAGEMENT POLICY	
Approval Date: April 2018	Effective Date: April 2018
Approved By: Board of Directors	

The Agency shall not construct or acquire a facility if it is unable to adequately provide for the subsequent annual operation and maintenance costs of the facility throughout its expected life.

Capital projects financed through debt issuance will not be financed for a term longer than the expected useful life of the project.

4.2 Types of Debt

Revenue bonds, Certificates of Participation, commercial paper, capital leases and lease-purchase financing will be treated as debt and subject to these same policies.

4.3 Debt Capacity

There is no specific provision within the California Government Code that limits the amount of debt that may be issued by the Agency. The Agency’s borrowing capability is limited by the debt coverage ratio required by the existing bond covenants.

4.4 Financing Criteria

Each debt issuance should be evaluated on an individual basis within the context of the Agency’s overall financing objectives and current market conditions.

The Agency will evaluate alternative debt structures (and timing considerations) to ensure the most cost-efficient financing under prevailing market conditions.

4.4.1 *Credit Enhancement* – the Agency will consider the use of credit enhancement on a case-by-case basis. Only when clearly demonstrable savings can be realized shall credit enhancement be utilized.

4.4.2 *Cash-Funded Reserve vs. Surety* – If the issuance of debt requires a cash-funded Debt Service Reserve Fund, then the Agency may purchase a surety policy or replace an existing cash-funded Debt Service Reserve Fund when deemed prudent and advantageous. The Agency may permit the use of guaranteed investment agreements for the investment of reserve funds pledged to the repayment of any of the Agency’s debt when it is approved by the Board of Directors.

4.4.3 *Call Provisions* – In general, the Agency’s securities should include optional call provisions. The Agency will avoid the sale of non-callable,



POLICIES, RULES AND REGULATIONS	
Title: DEBT MANAGEMENT POLICY	
Approval Date: April 2018	Effective Date: April 2018
Approved By: Board of Directors	

long-term fixed rate bonds, absent careful evaluation of the value of the call option.

- 4.4.4 *Additional Bonds Test/Rate Covenants* – The amount and timing of debt will be planned to comply with the additional bonds tests and rate covenants outlined in the appropriate legal and financing documents, and this policy.
- 4.4.5 *Short-Term Debt* – The Agency may utilize short-term borrowing to serve as a bridge for anticipated revenues, construction financing or future bonding capacity.
- 4.4.6 *Variable Rate Debt* – Variable rate debt products are priced at the short-end of the yield curve at low interest rates, but subject to various risks. Variable rate debt may be appropriate for the Agency’s portfolio, depending on market conditions and a careful consideration of the risks involved. Variable rate debt products include variable rate demand obligations, commercial paper, and other obligations which have interest rates adjusting periodically. The Agency may consider the use of variable rate debt products to achieve a lower cost of borrowing or for short-term borrowing. In determining whether or not to use variable rate debt, the Agency will analyze the risk associated with the variable rate debt and the impact on the Agency’s overall portfolio. The principal amount of variable rate debt products, including those synthetically fixed through the use of derivative products, shall not exceed 25% of total Agency outstanding debt.
- 4.4.7 *Derivatives* – The use of derivatives is covered by the Agency’s Derivatives Policy. This policy states that is has been developed to guide the Agency in its use of interest rate risk mitigation products such as interest rate swaps and other such financing techniques. These financing products can increase Agency financial flexibility and provide opportunities for interest rate savings or enhanced investment yields. Careful monitoring of such products is required to preserve Agency credit strength and budget flexibility. Derivatives will not be used to speculate on perceived movements in interest rates. The notional amount of derivative products shall not exceed 15% of total Agency outstanding debt. The notional principal amount, in a derivative project, is the predetermined dollar amount on which the exchanged payments are based. The notional principal never changes hands in the transaction, which is why it is



POLICIES, RULES AND REGULATIONS	
Title: DEBT MANAGEMENT POLICY	
Approval Date: April 2018	Effective Date: April 2018
Approved By: Board of Directors	

considered notional, or theoretical. Neither party pays nor receives the notional principal amount at any time; only interest rate payments change hands. More detailed information is contained in the Derivatives Policy.

4.4.8 *Upper Santa Clara Valley Joint Powers Authority* – The Agency is a member of the Upper Santa Clara Valley Joint Powers Authority. The Agency will consider issuing revenue bonds through the Authority on a case-by-case basis. The Agency will only issue revenue bonds through the Authority only when clearly demonstrable savings can be realized.

4.4.9 *Investment of Bond Proceeds* - Bond proceeds will be invested in accordance with the permitted investment language outlined in the bond documents for each transaction, unless further restricted or limited in the Agency’s Statement of Investment Policy. The Agency will seek to maximize investment earnings within the investment parameters set forth in the respective debt financing documentation. The reinvestment of bond proceeds will be incorporated into the evaluation of each financing decision; specifically addressing arbitrage/rebate position, and evaluating alternative debt structures and refunding savings on a “net” debt service basis, where appropriate.

4.5 Refinancing Outstanding Debt

The Treasurer shall have the responsibility to evaluate potential refunding opportunities. The Agency will consider the following issues when analyzing potential refinancing opportunities:

Debt Service Savings – The Agency shall establish a target savings level equal to 3% for current refundings and 5% for advance refundings of the par of debt refunded on a net present value (NPV) basis. The target savings levels serve only as a guidelines and the Agency may determine that different savings targets are appropriate; the Agency shall evaluate each refunding opportunity on a case-by-case basis. In addition to the savings guideline, the following shall be taken into consideration:

- Remaining time to maturity
- Size of the issue
- Current interest rate environment
- Annual cash flow savings
- The value of the call option



POLICIES, RULES AND REGULATIONS	
Title: DEBT MANAGEMENT POLICY	
Approval Date: April 2018	Effective Date: April 2018
Approved By: Board of Directors	

The decision to take all savings upfront or on a deferred basis must be explicitly approved by the Board of Directors.

- 4.5.1 *Restructuring* – The Agency may seek to refinance a bond issue on a non-economic basis, in order to restructure debt, to mitigate irregular debt service payments, accommodate revenue shortfalls, release reserve funds, or comply with and/or eliminate rate/bond covenants.
- 4.5.2 *Term/Final Maturity* – The Agency may consider the extension of the final maturity of the refunding bonds in order to achieve a necessary outcome, provided that such extension is legal. The term of the bonds should not extend beyond the reasonably expected useful life of the asset being financed. The Agency may also consider shortening the final maturity of the bonds. The remaining useful life of the assets and the concept of inter-generational equity will guide these decisions.
- 4.5.3 *Economic versus Legal Defeasance* - When evaluating an economic versus legal defeasance, the Agency shall take into consideration both the financial impact on a net present value basis as well as the rating/credit impact. The Agency shall take all necessary steps to optimize the yield on its refunding escrows investments and avoid negative arbitrage.

4.6 Outstanding Debt Limitations

Prior to issuance of new debt, the Agency shall consider and review the latest credit rating agency reports and guidelines to ensure the Agency’s credit ratings and financial flexibility remain at levels consistent with the most highly rated comparable public agencies.

4.7 Method of Issuance

The Agency will determine, on a case-by-case basis, whether to sell its bonds competitively or through negotiation.

- 4.7.1 *Competitive Sale* – In a competitive sale, the Agency’s bonds shall be awarded to the bidder providing the lowest true interest cost (TIC), as long as the bid adheres to the requirements set forth in the official notice of sale.
- 4.7.2 *Negotiated Sale* – The Agency recognizes that some bond issues are best sold through negotiation with a selected underwriter. The Agency



POLICIES, RULES AND REGULATIONS	
Title: DEBT MANAGEMENT POLICY	
Approval Date: April 2018	Effective Date: April 2018
Approved By: Board of Directors	

has identified the following circumstances below in which this would likely be the case:

- Issuance of variable rate or taxable bonds
- Complex structures or credit considerations (such as non-rated bonds), which require a strong pre-marketing effort. Significant par value, which may limit the number of potential bidders, unique/proprietary financing mechanism (such as a financing pool), or specialized knowledge of financing mechanism or process
- Market volatility, such that the Agency would be better served by flexibility in the timing of its sale, such as in the case of a refunding issue wherein the savings target is sensitive to interest rate fluctuations, or in a changing interest rate environment
- When an underwriter has identified new financing opportunities or presented alternative structures that financially benefit the Agency
- As a result of an underwriter’s familiarity with the project/financing, that enables the Agency to take advantage of efficiency and timing considerations

4.7.3 *Private Placement* – From time to time the Agency may elect to issue debt on a private placement basis. Such method shall be considered if it is demonstrated to result in cost savings or provide other advantages relative to other methods of debt issuance, or if it is determined that access to the public market is unavailable and timing considerations require that a financing be completed.

4.8 Internal Controls

The Agency will maintain segregation of duties and will provide reconciliation and documentation controls.

To ensure bond proceeds from bond sales are used in accordance with legal requirements, invoices are submitted by the appropriate Project Manager and are approved for payment by the appropriate Department Manager and/or delegated staff/supervisor, the Controller and the General Manager for payment. In the case of an issuance of bonds for which the proceeds will be used by a



POLICIES, RULES AND REGULATIONS	
Title: DEBT MANAGEMENT POLICY	
Approval Date: April 2018	Effective Date: April 2018
Approved By: Board of Directors	

government entity other than the Agency, the Agency may rely upon a certification by such other governmental entity that it has adopted the policies described in SB 1029.

A separate fund and/or account will be setup to hold proceeds from bond sales to ensure only properly approved invoices are paid as permitted per legal requirements.

Debt issuance transactions are approved by the Board of Directors.

Responsibility for general ledger reconciliations and records is segregated from the invoice processing, cash receipting and cash disbursement functions.

- 4.9 Market Communication, Debt Administration and Reporting Requirements
Rating Agencies – The Treasurer shall be responsible for maintaining the Agency’s relationships with Standard & Poor’s Ratings Services, Fitch Ratings, and Moody’s Investors Service, to the extent the Agency has ratings from such firms. The Agency shall from time to time, maintain relationships with these agencies as circumstances dictate. The Agency may choose based upon market conditions the number of ratings to obtain for any individual debt issuance. In addition to general communication, the Treasurer should attempt to meet (either in person or via phone or email) with credit analysts at least once each fiscal year. The Treasurer shall prior to each competitive or negotiated sale, offer conference calls or meeting(s) with rating agency analysts in connection with the planned sale.
- 4.10 *Observance of Debt Covenants* – The Treasurer will periodically ensure that the Agency is in compliance with all legal covenants for each debt issue.
- 4.11 *Continuing Disclosure* – The Treasurer will periodically confirm that all debt issued is in compliance with Rule 15c2-12(b)(5) by required filing as covenanted in each debt issue’s Continuing Disclosure Agreement.
- 4.12 *Record Keeping* – A copy of all debt-related records shall be retained at the Agency’s offices or in an approved storage facility. At minimum, these records shall include all official statements, bid documents, bond documents/transcripts, resolutions, trustee statements, leases, and title reports for each financing (to the extent available). To the extent possible, the Agency shall retain an electronic copy of each document, preferably in PDF or CD-ROM format.



POLICIES, RULES AND REGULATIONS	
Title: DEBT MANAGEMENT POLICY	
Approval Date: April 2018	Effective Date: April 2018
Approved By: Board of Directors	

- 4.13 *Arbitrage Rebate* – The use of bond proceeds and their investments must be monitored to ensure compliance with all Internal Revenue Code Arbitrage Rebate Requirements. The Treasurer shall ensure that all bond proceeds and investments are tracked in a manner that facilitates accurate calculation; if a rebate payment is due, such payment is made in a timely manner.
- 4.14 *Policy Review* – This policy should be reviewed periodically by the Board and updated as needed. This policy is intended to comply with SB 1029.

(Originally Adopted April 2018)



POLICIES, RULES AND REGULATIONS	
Title: DISCLOSURE PROCEDURES POLICY	
Approval Date: February 2019	Effective Date: February 2019
Approved By: Board of Directors	

DISCLOSURE P POLICY

1.0 INTRODUCTION

The Agency from time to time issues certificates of participation, revenue bonds, notes or other obligations (collectively Obligations) to fund or refund capital investments, other long-term programs and working capital needs. These Obligations may be issued directly by the Agency, through the Upper Santa Clara Valley Joint Powers Authority or on behalf of the Agency by the Santa Clarita Valley Water Agency Financing Corporation (collectively the Issuer). In offering Obligations to the public, and at other times when making certain reports, the Agency and/or the Issuer (if other than the Agency) must comply with the anti-fraud rules of federal securities laws. (Anti-fraud rules refers to Section 17 of the Securities Act of 1933 and Section 10(b) of the Securities and Exchange Act of 1934, and regulations adopted by the Securities and Exchange Commission under those Acts, particularly Rule 10b-5 under the 1934 Act.)

2.0 STATEMENT OF PURPOSE

The purpose of these Disclosure Procedures (Procedures) is to memorialize and communicate procedures in connection with obligations, including notes, bonds and certificates of participation, issued by or on behalf of the Santa Clarita Valley Water Agency (Agency) to ensure the Agency continues to comply with all applicable disclosure obligations and requirements under the federal securities laws.

3.0 BACKGROUND

The core requirement of the anti-fraud rules is that potential investors in Obligations must be provided with all material information relating to the offered Obligations. The information provided to investors must not contain any material misstatements, and the Agency and/or the Issuer (if other than the Agency) must not omit material information that would be necessary to provide to investors a complete and transparent description of the Obligations and the Agency’s financial condition. In the context of the sale of securities, a fact is considered to be material if there is a substantial likelihood that a reasonable investor would consider it to be important in determining whether or not to purchase the securities being offered.

When Obligations are issued, the two central disclosure documents that are prepared are typically a preliminary official statement (POS) and a final official statement (OS, and collectively with the POS, Official Statement). The Official Statement generally consists of (i) the forepart, which describes the specific transaction including maturity dates, interest rates, redemption provisions, the specific type of financing, the leased premises (in certificate of participation financings) and other matters particular to the financing, (ii) a section that provides information on the Agency, including its financial condition as well



POLICIES, RULES AND REGULATIONS	
Title: DISCLOSURE PROCEDURES POLICY	
Approval Date: February 2019	Effective Date: February 2019
Approved By: Board of Directors	

as certain operating information of the wholesale division or the retail division, as applicable (Agency Section) and (iii) various other appendices, including the Agency’s audited financial report, form of the proposed legal opinion and form of continuing disclosure undertaking. Investors use the Official Statement as one of their primary resources for making informed investment decisions regarding the Obligations.

4.0 DISCLOSURE PROCESS

When the Agency determines to issue Obligations, the Agency’s Treasurer requests the involved departments to commence preparation of the portions of the Official Statement (including particularly the Agency Section) for which they are responsible. While the general format and content of the Official Statement does not normally change substantially from offering to offering, except as necessary to reflect major events, the Agency’s Treasurer is responsible for reviewing and preparing or updating certain portions of the Agency Section that are within his/her particular area of knowledge. After the Official Statement has been substantially updated, the entire Official Statement is shared with the General Manager for review and input. Additionally, all participants in the disclosure process are separately responsible for reviewing the entire Official Statement.

Members of the financing team, including the Bond Counsel and the Agency’s Financial Advisor with respect to the Obligations, assist staff in determining the materiality of any particular item, and in the development of specific language in the Agency Section. Members of the financing team also assist the Agency in the development of a big picture overview of the Agency’s financial condition, which is included in the Agency section. This overview highlights particular areas of concern. Bond Counsel has a confidential, attorney-client relationship with officials and staff of the Agency.

The Agency’s Treasurer or a member of the financing team at the direction thereof schedules one or more meetings or conference calls of the financing team (which includes Agency officials, Bond Counsel, the Agency’s Financial Advisor, the underwriter of the Obligations and the underwriter’s counsel), and new drafts of the forepart of the Official Statement and the Agency Section are circulated and discussed. Such communications may occur via electronic means rather than by meetings or conference calls. During this part of the process, there is substantial contact among Agency staff and other members of the financing team to discuss issues that may arise, determine the materiality of particular items and ascertain the prominence in which the items should be disclosed.

Prior to distributing a POS to potential investors, there is typically a formal conference call that includes Agency officials involved in the preparation of the POS, members of the financing team and the underwriters and the underwriter’s counsel, during which the



POLICIES, RULES AND REGULATIONS	
Title: DISCLOSURE PROCEDURES POLICY	
Approval Date: February 2019	Effective Date: February 2019
Approved By: Board of Directors	

Official Statement is reviewed in its entirety to obtain final comments and to allow the underwriters to ask questions of the Agency’s senior officials. This is referred to as a due diligence meeting.

A substantially final form of the POS is provided to the Agency Board of Directors (and the Authority Board of Directors, if relevant) in advance of approval to afford the Board(s) of Directors an opportunity to review the POS, ask questions and make comments. The substantially final form of the POS is approved by the Board(s) of Directors, which generally authorizes certain senior staff to make additional corrections, changes and updates to the POS in consultation with General Counsel and Bond Counsel.

At the time the POS is posted for review by potential investors, senior Agency officials (and under certain circumstances the Issuer) execute certificates deeming certain portions of the POS complete (except for certain pricing terms) as required by SEC Rule 15c2-12.

Between the posting of the POS for review by potential investors and delivery of the final OS to the underwriter for redelivery to actual investors in the Obligations, any changes and developments will have been incorporated into the POS, including particularly the Agency Section, if required. If necessary to reflect developments following publication of the POS or OS, as applicable, supplements will be prepared and published.

In connection with the closing of the transaction, one or more senior Agency officials (and under certain circumstances the Issuer) execute 10b-5 certificates. General Counsel also provides a 10b-5 opinion letter (generally addressed to the underwriter). General Counsel does not opine to the underwriters or other third parties as to any financial, statistical, economic or demographic data or forecasts, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion and certain other customary matters.

5.0 AGENCY SECTION

The information contained in the Agency Section is developed by personnel under the direction of the Treasurer. The Treasurer coordinates with the General Manager, senior management positions and Controller. The finance team assists as well in certain circumstances and additional officials will be involved as necessary. The following principles govern the work of the respective staffs that contribute information to the Agency Section:

- Agency staff involved in the disclosure process is responsible for being familiar with its responsibilities under federal securities laws as described above.



POLICIES, RULES AND REGULATIONS	
Title: DISCLOSURE PROCEDURES POLICY	
Approval Date: February 2019	Effective Date: February 2019
Approved By: Board of Directors	

- Agency staff involved in the disclosure process should err on the side of raising issues when preparing or reviewing information for disclosure. Officials and staff are encouraged to consult General Counsel, Bond Counsel or members of the financing team if there are questions regarding whether an issue is material or not.
- Care should be taken not to shortcut or eliminate any steps outlined in the Procedures on an ad hoc basis. However, the Procedures are not necessarily intended to be a rigid list of procedural requirements, but instead to provide guidelines for disclosure review. If warranted, based on experience during financings or because of additional SEC pronouncements or other reasons, the Agency should consider revisions to the Procedures.
- The process of updating the Agency Section from transaction to transaction should not be viewed as being limited to updating tables and numerical information. While it is not anticipated that there will be major changes in the form and content of the Agency Section at the time of each update, everyone involved in the process should consider the need for revisions in the form, content and tone of the sections for which they are responsible at the time of each update.
- The Agency must make sure that the staff involved in the disclosure process is of sufficient seniority so that it is reasonable to believe that, collectively, they are in possession of material information relating to the Agency, its operations and its finances.

6.0 TRAINING

Periodic training for the staff involved in the preparation of the Official Statement (including the Agency Section) is coordinated by the finance team and the Treasurer. These training sessions are provided to assist staff members involved in identifying relevant disclosure information to be included in the Agency Section. The training sessions also provide an overview of federal laws relating to disclosure, situations in which disclosure rules apply, the purpose of the Official Statement and the Agency Section, a description of previous SEC enforcement actions and a discussion of recent developments in the area of municipal disclosure. Attendees at the training sessions are provided the opportunity to ask questions of finance team members, including Bond Counsel concerning disclosure obligations and are encouraged to contact members of the finance team at any time if they have questions.



POLICIES, RULES AND REGULATIONS	
Title: DISCLOSURE PROCEDURES POLICY	
Approval Date: February 2019	Effective Date: February 2019
Approved By: Board of Directors	

7.0 ANNUAL CONTINUING DISCLOSURE REQUIREMENTS

In connection with the issuance of Obligations, the Agency has entered into a number of contractual agreements (Continuing Disclosure Certificates) to provide annual reports related to its financial condition (including its audited financial statements) as well as notice of certain events relating to the Obligations specified in the Continuing Disclosure Certificates. The Agency must comply with the specific requirements of each Continuing Disclosure Certificate. The Agency’s Continuing Disclosure Certificates generally require that the annual reports be filed within 270 days after the end of the Agency’s fiscal year, and event notices are generally required to be filed within 10 days of their occurrence.

Specific events which require material event notices are set forth in each particular Continuing Disclosure Certificate.

The Treasurer shall be responsible for preparing and filing the annual reports and material event notices required pursuant to the Continuing Disclosure Certificates. Particular care shall be paid to the timely filing of any changes in credit ratings on Obligations (including changes resulting from changes in the credit ratings of insurers of particular Obligations).

8.0 SEC RULE 15c-2-12 REPORTING

Effective February 27, 2019, General Counsel, the General Manager, the Chief Financial and Administrative Office or the Agency Secretary, as applicable, will provide written notice to the Treasurer of receipt by the Santa Clarita Valley Water Agency (the “Agency”) of a notice of any default, event of acceleration, termination event, modification of terms (only if material or may reflect financial difficulties), or other similar events (collectively, a “Potentially Reportable Event”) received by the Agency under any agreement or obligation to which the Agency is a party and which may be a “financial obligation” as discussed below. Such written notice should be provided by General Counsel or the Agency Secretary, as applicable, to the Treasurer as soon as General Counsel or the Agency Secretary, as applicable, is placed on written notice by Agency staff, consultants, or external parties of such event or receives written notice of such event so that the Treasurer can determine, with the assistance of bond counsel, whether notice of such Potentially Reportable Event is required to be filed on EMMA pursuant to the disclosure requirements of SEC Rule 15c2-12. If filing on EMMA is required, the filing is due within 10 business days of such Potentially Reportable Event to comply with the continuing disclosure undertaking for the various debt obligations of the Agency.

General Counsel or other senior staff (ie. General Manager, Chief Financial and Administrative Officer, the Secretary, or other executive positions within the Agency), as applicable, will report to the Treasurer the execution by the Agency of any agreement or



POLICIES, RULES AND REGULATIONS	
Title: DISCLOSURE PROCEDURES POLICY	
Approval Date: February 2019	Effective Date: February 2019
Approved By: Board of Directors	

other obligation which might constitute a “financial obligation” for purposes of Rule 15c2-12 and which is entered into after February 27, 2019. Amendments to existing Agency agreements or obligations with “financial obligation” which relate to covenants, events of default, remedies, priority rights, or other similar terms should be reported to the Treasurer as well as soon as General Counsel or such other senior staff is placed on written notice by Agency staff, consultants, or external parties of such event or receives a written notice of such amendment requests. Notice to the Treasurer is necessary so that the Treasurer can determine, with the assistance of bond counsel, whether such agreement or other obligation constitutes a material “financial obligation” for purposes of Rule 15c2-12. If such agreement or other obligation is determined to be a material “financial obligation” or a material amendment to a “financial obligation” described above, notice thereof would be required to be filed on EMMA within 10 business days of execution or incurrence. The types of agreements or other obligations which could constitute “financial obligations” and which could need to be reported on EMMA are discussed in the memorandum from bond counsel attached hereto as Attachment 1.

(Originally Adopted April 2018)



POLICIES, RULES AND REGULATIONS	
Title: DERIVATIVES POLICY	
Approval Date: April 2018	Effective Date: April 2018
Approved By: Board of Directors	

DERIVATIVES POLICY

1.0 INTRODUCTION

This policy has been developed to guide the Santa Clarita Valley Water Agency (Agency) in its use of derivative financing/interest rate risk mitigation products such as interest rate swaps and other such financing techniques. These derivative financing products can increase the Agency’s financial flexibility and provide opportunities for interest rate savings. The use of derivatives should be integrated into the Agency’s overall debt and investment management policy. Careful monitoring of such products is required to preserve the Agency’s credit strength and budget flexibility.

Derivatives will not be used to speculate on perceived movements in interest rates.

2.0 STATEMENT OF PURPOSE

2.1 PURPOSES FOR WHICH DERIVATIVES WILL BE USED

Derivatives can be structured differently, such as Interest rate swaps to create variable rate exposure through a fixed-to-floating interest rate swap or to create fixed rate exposure through a floating-to-fixed interest rate swap. In any situation, the Agency will only undertake such a financing product to achieve one or more of the following objectives:

- Derivatives may be used to lower interest expense of Agency debt, for a particular financing or for the overall debt portfolio.
- Derivatives may be used to reduce exposure to changes in interest rates.
- Derivatives may be used to achieve an appropriate asset/liability match.

2.2 PURPOSES FOR WHICH DERIVATIVES WILL NOT BE USED

- Derivatives may not be used for speculative purposes.
- Derivatives may not be used where they would create either extraordinary financial leverage or extraordinary financial risk.
- Derivatives may not be used if they present an extraordinary risk to the Agency’s liquidity to terminate the agreement due to unforeseen events, or
- Derivatives may not be used if there is insufficient price transparency to allow for fair market valuation.



POLICIES, RULES AND REGULATIONS	
Title: DERIVATIVES POLICY	
Approval Date: April 2018	Effective Date: April 2018
Approved By: Board of Directors	

3.0 ANALYSIS OF RISK ASSOCIATED WITH DERIVATIVES

The Agency will evaluate all derivatives with respect to the unique risks they present. A specific determination must be made that the proposed or estimated benefits exceed the identified risks by an adequate margin over those available in the traditional cash market. The analysis will assess the risk associated with the following factors:

3.1 Amortization Risk for Interest Rate Swap Agreements

Amortization risk is defined as the mismatch of the expiration of the underlying obligation and its hedge, the swap agreements. Amortization risk is the possibility that, as the result of early redemption of the underlying variable rate bonds, the repayment schedule of the bonds differs from the underlying notional amount of the swap agreements. This risk will only arise if the Agency wants to redeem the variable rate bonds ahead of schedule. This is not expected for the Agency financings.

3.2 Basis Risk

Basis risk refers to the mismatch between the actual variable rate debt service and variable rate index used to determine the derivative payments. Different fixed income market indices will be evaluated as part of the analysis of an interest rate swap agreement. The analysis will identify the amount of basis risk that may result from various indices.

3.3 Credit Risk

Credit risk refers to the credit worthiness of the counterparty. The Agency will only enter into business with highly rated counterparties. The Agency will structure derivative agreements to protect itself from credit deterioration. The Agency will only enter into transactions with counterparties with a credit rating of AA (or equivalent) or better at the time of execution. In the event that the credit rating falls below AA (or equivalent) during the transaction, the derivative documentation shall include protections and remedies. At the time of execution, the Agency should negotiate credit enhancement, subject to market conditions, in the form of:

- Contingent swap counter party providing support
- One-way collateral
- Ratings downgrade triggers



POLICIES, RULES AND REGULATIONS	
Title: DERIVATIVES POLICY	
Approval Date: April 2018	Effective Date: April 2018
Approved By: Board of Directors	

3.4 Counterparty Risk

Counterparty risk refers to the failure of the counterparty to make its required payments. This risk can be minimized by establishing strong minimum counterparty credit standards and diversifying the Agency’s exposure to counterparties.

3.5 Rollover Risk

Rollover risk refers to the potential need to find a replacement counterparty as part of the overall plan of finance if the interest rate swap does not extend to the final maturity of the underlying variable rate bonds. The rollover risk can be minimized through the initial plan of finance by not relying on the execution of future swap agreements.

3.6 Tax Events Risk

Tax events risk is defined as the risk created by potential changes to the Federal and State income tax codes on the interest rates to be paid by the Agency on its variable rate bonds. Tax events risk is a form of basis risk. The evaluation should analyze the potential impact of changes in marginal tax brackets as part of its analysis of basis risk.

3.7 Termination Risk

Termination risk refers to the possibility that, upon a default by the counterparty, the Agency may be required to make a large payment to the counterparty if the swap agreement is terminated prior to its scheduled maturity pursuant to its terms. For certain types of swaps, a payment by the Agency may be required if interest rates have fallen causing the market value of the remaining payments to be in favor of the counterparty.

4.0 INTEREST RATE SWAP FINANCING DOCUMENTATION

The Agency will use standard forms and documentation for derivatives. For interest rate swaps, the Agency will use the International Swaps and Derivatives Association (ISDA) swap documentation including the Schedule to the Master Agreement and a Credit Support Annex. The Agency derivative documentation should include the following terms:

- Downgrade provisions triggering termination of the swap should be bilateral.
- Governing law for swaps will be New York or California, but should reflect California authorization provisions.



POLICIES, RULES AND REGULATIONS	
Title: DERIVATIVES POLICY	
Approval Date: April 2018	Effective Date: April 2018
Approved By: Board of Directors	

- The specified indebtedness related to credit events in the master agreement should be narrowly drafted and refer only to specific debt and in no case provide recourse to the Agency.
- Eligible collateral should be limited to Treasuries and Federal Agencies.
- Collateral thresholds should be set on a sliding scale reflective of credit ratings.
- Termination value should be set by “market quotation” methodology.

5.0 FINANCIAL CONSIDERATIONS

5.1 Savings Targets

Derivative transactions shall have higher savings targets, due to the greater complexity and higher risk. In calculating the prospective savings for implementing a fixed-to-variable swap, the cost of re-marketing, in addition to the cost of credit enhancement and liquidity fees must be added to the projected average variable rate. The specific targets are as follows:

- Financial transactions, using swaps or other derivative products, intended to produce the effect of a synthetic fixed rate transaction, must generate 8% or greater present value savings compared to standard fixed-rate bonds which have the same optional redemption features.
- The notional amount of all derivative financing products shall not exceed 15% of total Agency outstanding debt.

5.2 Reporting and Accounting

The Agency shall report derivative financing transactions in accordance with Governmental Accounting Standards Board and Financial Accounting Standards Board statements.

5.3 Derivative Procurement

The Agency shall use a professional advisor or designated swap representative (Swap Advisor) to assist in the assessment, structuring, and pricing of proposed or existing interest rate swap agreements. The Agency shall select a Swap Advisor as part of the financing team where a Swap is expected to be executed. The Swap Advisor must meet the following qualifications:

- (1) Has sufficient knowledge to evaluate the swap transaction and risks
- (2) Is not subject to a statutory disqualification
- (3) Is independent of the swap dealer or major swap participant



POLICIES, RULES AND REGULATIONS	
Title: DERIVATIVES POLICY	
Approval Date: April 2018	Effective Date: April 2018
Approved By: Board of Directors	

- (4) Undertakes a duty to act in the best interests of the Agency
- (5) Provides appropriate and timely disclosures to the Agency
- (6) Evaluates fair pricing and the appropriateness of the swap

The Agency shall obtain an opinion from its Swap Advisor that the terms and conditions of any financial product entered into reflect a fair market value as of the execution date.

The General Manager is authorized to solicit derivative-proposals from firms that meet or exceed the following criteria:

- The derivative transaction provider shall have a credit rating of AA (or equivalent) or better from at least two nationally recognized credit rating agencies.
- The derivative provided shall have a demonstrated record of successfully executing derivative transactions and have a minimum capitalization of \$2 billion.

(Originally Adopted April 2018)

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POLICIES, RULES AND REGULATIONS	
Title: PURCHASING POLICY	
Approval Date: February 2018	Effective Date: February 2018
Approved By: Board of Directors	

PURCHASING POLICY

1.0 INTRODUCTION

This Purchasing Policy provides uniform procedures for acquiring goods, services and equipment for the operations of the Santa Clarita Valley Water Agency (SCV Water).

2.0 STATEMENT OF PURPOSE

This Purchasing Policy authorizes the conditions under which the Chief Financial and Administrative Officer is authorized to release Agency funds. All purchases of goods, services and equipment to be paid for by the Agency must comply with the methods, authority and dollar limits set forth in this Purchasing Policy. This Purchasing Policy does not apply to non-discretionary operating expenditures including, but not limited to, utilities, payroll, employee benefits, water purchases, election costs, insurance and payroll taxes. Improvements or units of construction work are subject to the competitive bidding requirements of Public Contract Code, section 21530 et seq.

This Purchasing Policy does not supersede statutory law in existence at the time the Agency enters into a contract for the purchase of goods, services or equipment. California statutes that govern such contracts shall control to the extent they are in conflict with this Purchasing Policy.

3.0 AUTHORITY OF GENERAL MANAGER TO EXECUTE CONTRACTS

The Agency's General Manager is hereby empowered to execute contracts for the purchase of goods, services and equipment up to a limit of \$100,000 per transaction in accordance with Section 4.0. In times of his/her absence, the General Manager may delegate his/her power.

4.0 METHODS OF ACQUISITION - GENERAL RULES

Except as provided in Section 5.0, the following methods of acquisition shall be used in the circumstances indicated:

4.1 Items of less than \$30,000. The General Manager or designee, may acquire items, the cost or estimated cost of which does not exceed \$30,000 in any single acquisition, from any vendor who, in the General Manager's judgment, will provide the best product or service at the most favorable price.

4.2 Items of \$30,000 or more but less than \$100,000. The General Manager may acquire items, the cost or estimated cost of \$30,000 or more but less than \$100,000 in any single acquisition, by requesting three (3) or more quotations from qualified vendors, and then purchasing the item from the responsible vendor



POLICIES, RULES AND REGULATIONS	
Title: PURCHASING POLICY	
Approval Date: February 2018	Effective Date: February 2018
Approved By: Board of Directors	

whose product or service offers SCVWA the best value. The General Manager may consider quality and relevant factors other than price in reaching his/her decision as to what product or service to purchase. If fewer than three vendors or contractors are available, or if the product is not readily obtainable on the open market, or in the event of an emergency, this procedure shall be adjusted as required and the reasons for such adjustments shall be noted on the purchase records. If an acquisition is made pursuant to this Subsection and has a cost or is estimated to have a cost of more than \$50,000 and is not listed in the budget, the Board approval procedures established in Subsection (C) below shall apply.

- 4.3 Items of \$100,000 or more. Items, the cost or estimated cost of which equals or exceeds \$100,000 in any single acquisition, shall be submitted to the Board for approval before purchase. Once approved by the Board, the General Manager may acquire such items by requesting (3) or more quotations from qualified vendors, and then purchasing the item from the responsible vendor whose product or service offers the Agency the best value, in the sole and absolute discretion of the Board. If the item is (1) of a specified brand or type which is the only article which will properly meet the needs of the Agency, or (2) is not readily obtainable on the open market, or (3) is an item or service for which comparable quotations or bids cannot be secured, the determination of sole source must be approved by the Board.

5.0 METHODS OF ACQUISITION – SPECIAL RULES

- 5.1 The requirements of Section 4.0 shall not be applicable if:
- a. The item is a utility service such as telephone, power or other such item where the rates or prices therefore are fixed by legislation, government regulation or contract, or
 - b. The item is to be used in improvements or units of construction work subject to the competitive bidding requirements of Public Contract Code, section 21530 et seq.
- 5.2 In the event of an emergency and a written finding by the General Manager that it is immediately necessary to purchase or contract for goods, services and equipment, the General Manager is authorized to make the required purchase(s) or enter into the required contract(s). The General Manager shall, however, report any such action involving a cost of more than \$30,000 to the Board as soon as practicable. This report shall identify the emergency and the actual or probable impact the emergency would have had on Agency operations.



POLICIES, RULES AND REGULATIONS	
Title: PURCHASING POLICY	
Approval Date: February 2018	Effective Date: February 2018
Approved By: Board of Directors	

5.3 The Agency purchases goods or services in which: (1) a competitive purchasing procedure has been conducted by another public agency, including, but not limited to, another local agency, the State through the California Multiple Award Schedule (CMAS), the federal government through the General Services Administration (GSA), or a joint powers agency, authority or alliance that procures competitive contracts; and (2) the price to the Agency is equal to or better than the price to that public agency.

5.4 The Agency Board finds that the nature of the subject of the contract is such that competitive proposals would be unavailing or would not produce an advantage, and the advertisement for competitive bid would thus be undesirable, impractical, or impossible.

6.0 MOTOR VEHICLES

The State of California shall be used as the first source of supply for vehicle procurement. In the event the State does not offer the vehicle desired or a lower price can be found on the open market, Section 4.0 shall be in force. The General Manager shall report any vehicle purchase to the Board as soon as practical.

7.0 ITEMS MANUFACTURED FOR SCV Water

When necessary, the Agency may contract for goods or equipment, which must be manufactured especially for the Agency and are not suitable for sale to others in the ordinary course of business. Such contracts may provide for progress payments for work performed and cost incurred, so long as not less than 5% of the contract price is withheld until after final delivery and acceptance of the supplies or equipment. Such contracts may also provide for a faithful performance bond in a sum determined by the Agency.

8.0 AUTHORITY OF GENERAL MANAGER AND ASSISTANT GENERAL MANAGER TO MAKE DISBURSEMENTS

The General Manager and Chief Financial and Administrative Officer are hereby authorized to make all necessary disbursements in payment for goods, services and equipment contracted for pursuant to this Purchasing Policy. This disbursement authority is, however, subject to the Agency's rules and procedures on checks exceeding \$30,000.



POLICIES, RULES AND REGULATIONS	
Title: PURCHASING POLICY	
Approval Date: February 2018	Effective Date: February 2018
Approved By: Board of Directors	

9.0 **AUTHORITY OF GENERAL MANAGER TO EXECUTE CONSTRUCTION CHANGE ORDERS**

The Agency’s General Manager is hereby empowered to bind the Agency by change order up to the total amounts identified below based on the original Contract amount.

Original Contract Amount
Up to \$1,000,000

Change Order Authority
\$20,000 or 5% of original contract amount, whichever is greater.

Greater than \$1,000,001

\$50,000 or 4% of original contract amount, whichever is greater.

The Board may grant different change order authority on a project-specific basis. Board approval is required for any and all change orders once the total amount of change orders reaches the specific level of authority given to the General Manager. The General Manager shall brief the appropriate Committee and the Board on the details of all final approved change orders.

10.0 **PROFESSIONAL SERVICE CONTRACTS**

Professional services are defined as unique, technical and/or infrequent functions performed by an independent contractor/vendor qualified by education, experience, certification and/or technical ability to provide services. Typical Agency services that are obtained through professional services contracts include engineering and design, construction and project management, land surveying, legal, finance, planning, environmental studies, legislative advocacy, public relations and outreach, organizational studies and strategic planning.

Professional services contracts shall be awarded based on demonstrated competence and on the professional qualifications necessary for the satisfactory performance of the services required, at fair and reasonable prices to the Agency. All professional service contracts or work authorizations in excess of \$100,000 annually shall be approved by the Board. The General Manager shall have the authority to approve changes in professional service contracts or work authorizations up to 10% (cumulative) of the amount authorized by the Board. When the General Manager makes such an increase, details of the changes shall be reported to the appropriate Committee and the Board as soon as practical. On an annual basis, the General Manager will present to an appropriate Committee a report of current professional services contracts, including name, service, amount, and expiration date. If the General Manager enters into a legal



POLICIES, RULES AND REGULATIONS	
Title: PURCHASING POLICY	
Approval Date: February 2018	Effective Date: February 2018
Approved By: Board of Directors	

services agreement that exceeds \$30,000, the General Manager shall notify the Board as soon as practicable.

11.0 ENGINEERING SERVICES

Engineering services provided by consulting firms for the Agency include conducting evaluations, performing studies, preparing preliminary and final designs, preparing technical specifications, providing engineering support during construction, performing construction management and inspection, water resources and other miscellaneous services.

Engineering services will be performed by a pool of engineering consulting firms working under an on-call engineering services contract.

(A) Engineering Services Consultant Selection. Every four years, or more often if necessary, the Agency will issue a request for proposals (RFPs) to interested and qualified consulting engineering firms. Submitted proposals will be reviewed and staff will recommend to the Planning and Engineering Committee and Board of Directors the selection of between two and six firms to provide Engineering services.

(B) Work Assignments. Engineering services will be provided by the selected consultants based on the firm’s qualifications, experience, similar project experience, convenience, schedule, historical knowledge and overall cost. Scope of work, schedule, and compensation for each work assignment will be detailed in a specific Work Authorization.

When a specific project requires unique qualifications or a specialty service, as determined by the General Manager, the Agency may develop a specific selection procedure and select a consultant without regard to the pool of engineering consulting firms.

(C) Contract Duration. Each firm in the pool will be under contract to provide services for the four-year duration noted above. However, should a firm have a work authorization underway at the end of the four-year term, its work and its contract with the Agency will remain in effect until the completion of the work authorization.



POLICIES, RULES AND REGULATIONS	
Title: PURCHASING POLICY	
Approval Date: February 2018	Effective Date: February 2018
Approved By: Board of Directors	

12.0 **AUTHORITY OF GENERAL MANAGER TO APPROVE PLANS AND SPECIFICATIONS FOR ADVERTISING, ACCEPTANCE OF CONSTRUCTION PROJECTS, AND REVIEW CONSTRUCTABILITY OF CAPITAL IMPROVEMENT PROJECTS**

(A) The General Manager shall have the authority to approve plans and specifications prepared for advertising capital improvement projects for construction bids.

(B) The General Manager shall have the authority to accept construction projects and issue and record the Notice of Completion with the Los Angeles County Recorder’s Office. Staff shall notify the Board of Directors each time the General Manager accepts a construction project.

(C) Constructability reviews shall be performed on all major capital improvement projects and other capital improvement projects, as appropriate, as determined by the General Manager or his designee.

13.0 **WORK AUTHORIZATIONS**

A written Work Authorization shall be executed to define scope, schedule, and budget for tasks or projects authorized under General Services Contracts. Staff will prepare and the General Manager or his designee is authorized to execute Work Authorizations where the value is \$100,000 or less, provided the item is listed in the budget. The Board of Directors shall approve Work Authorizations when the value is greater than \$100,000, provided the item is listed in the budget. If the item is not listed in the budget, the General Manager or his designee is authorized to execute Work Authorizations when the value is \$50,000 or less. If the item is not listed in the budget, the Board of Directors shall approve Work Authorizations when the value is greater than \$50,000. Approval by the Board shall be in accordance with its customary procedures. The General Manager shall have the authority to approve changes in Professional Services Contracts or Work Authorizations up to ten percent of the Amount authorized by the Board of Directors. When the General Manager approves such an increase, details of the change shall be reported to the Board of Directors at its next meeting. An appropriate Committee, as determined by the Board of Directors, shall review contracts as needed to determine if the terms still meet the requirements and needs of the Agency or if the contracts should be modified.

14.0 **LOCAL VENDORS**

Staff will seek quotes from local vendors whenever feasible and will select local vendors when they provide the best product or service at the most favorable price. Requests for proposals, quotes, bids or other such processes may be advertised in the local newspaper, on the Agency’s website and on other local websites, where appropriate.



POLICIES, RULES AND REGULATIONS	
Title: PURCHASING POLICY	
Approval Date: February 2018	Effective Date: February 2018
Approved By: Board of Directors	

15.0 AUTHORITY OF GENERAL MANAGER TO ENTER INTO THIRD PARTY FUNDED DESIGN AND/OR CONSTRUCTION CONTRACTS

The General Manager shall have the authority to enter into design agreements and/or construction contracts where the value is more than \$100,000 that are solely funded by third parties (i.e. private developers, The City of Santa Clarita, Los Angeles County, etc.) provided that funds have been deposited with the Agency prior to the execution of the design agreement and/or construction contract. Details of such agreements and contracts shall be reported to the appropriate Committee and the Board of Directors.

(Originally Adopted January 2018)

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POLICIES, RULES AND REGULATIONS	
Title: CAPITALIZATION POLICY FOR FIXED ASSETS	
Approval Date: May 2018	Effective Date: May 2018
Approved By: Board of Directors	

CAPITALIZATION POLICY FOR FIXED ASSETS

1.0 INTRODUCTION

The Santa Clarita Valley Water Agency (SCV Water) Capitalization Policy is intended to promote good accounting and financial reporting. The policy allows SCV Water to accurately account for and report capital assets in financial reports issued to external reporting agencies, granting agencies and the public. The policy provides specific guidance to determine which capital assets are subject to separate accounting and reporting (i.e., Capitalization).

2.0 STATEMENT OF PURPOSE

In general all capital assets, including land, buildings, machinery and equipment, with an original cost of \$5,000 or more, and with economic lives greater than one year, are considered fixed assets and will be capitalized for accounting purposes. All costs associated with the purchase or construction should be considered, including ancillary costs such as freight and transportation charges, site preparation expenditures, professional fees, and legal claims directly attributable to asset acquisition.

2.1 Specific Capitalization Requirements

For purposes of capitalization, the threshold will generally not be applied to components of capital assets. For example, a keyboard, monitor and central processing unit purchased as components of a computer system will not be evaluated individually against the capitalization threshold. The entire computer system will be treated as a single capital asset.

Repairs to existing capital assets will generally not be subject to capitalization unless it extends the useful life of the asset. In this case, it represents an improvement and is subject to the requirements described below.

A group purchase of items which are individually below the \$5,000 capitalization threshold may still qualify for capitalization. If the items are similar in nature, they qualify as a fixed asset, and in total they exceed the \$5,000 capitalization threshold, then they should be capitalized. An example is a purchase of 100 meters which cost \$500 each – the meters would be capitalized because they qualify as a fixed asset (useful life of greater than 1 year), they are similar in nature, and in total the value exceeds \$5,000.

2.2 Improvements to Capital Assets

Improvements to existing capital assets will be presumed (by definition) to extend the useful life or increase the capacity or performance of the related capital asset



POLICIES, RULES AND REGULATIONS	
Title: CAPITALIZATION POLICY FOR FIXED ASSETS	
Approval Date: May 2018	Effective Date: May 2018
Approved By: Board of Directors	

and, therefore, will be subject to capitalization if the cost of the improvement meets the \$5,000 threshold. An improvement to a capital asset that had an original cost of less than \$5,000, but now exceeds the threshold as a result of the improvement completed within the same fiscal year as the original purchase, should be combined as a single asset at the total cost (original cost plus the cost of the improvement) and capitalized.

2.3 Capital Projects

Capital projects under construction will be capitalized as Construction-In-Progress until they are at least 90% complete, or the project is operational and placed in use, or the construction has been certified as substantially complete. Costs to be capitalized include direct costs, such as labor and materials, as well as ancillary costs and any construction period interest costs as required by GASB Statement No. 34.

2.4 Depreciation

Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets. Depreciation will be calculated based on the assets in service at the beginning of the fiscal year. For the fiscal period immediately after adoption of this policy, FYE June 30, 2018, depreciation will be calculated based on the assets in service as of December 31, 2017.

Depreciation lives (years) will be as follows:

Franchise & Consents	20
Other Intangible Plant	20
Organizational Costs	33
Structures & Impr (Source of Supply)	30
Wells	30
Structures & Impr (Pumping Plant)	30
Pumping Equipment	20
Castaic Turnout - Import	50
Other Pumping Equipment (Disinfection)	30
Water Treatment Equipment	30
Treatment Structures	35
Treatment Plant - Import	50
Structures & Impr (Reservoirs & Tanks)	30



POLICIES, RULES AND REGULATIONS	
Title: CAPITALIZATION POLICY FOR FIXED ASSETS	
Approval Date: May 2018	Effective Date: May 2018
Approved By: Board of Directors	

Reservoirs & Tanks	50
Transmission & Distribution Mains	50
Fire Mains	50
Services	30
Meters	20
Meter Installations	20
Hydrants	30
Other Transmission & Distribution Plant	35
Structures & Impr (General)	40
Computer Equipment - Hardware	5
Computer Equipment - Software	5
Office Furniture & Equipment	10
Vehicles	10
Stores Equipment	10
Lab Equipment	5
Communications Equipment	7
Power Operating Equipment	10
Tools, Shop & Garage	10
Other General Plant	8
Sewer Plant	51
Sewer Lift Stations	50
Maintenance Facility	30
Lighting and Roads	25
Fencing	15

(Originally Adopted May 2018)

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POLICIES, RULES AND REGULATIONS	
Title: WIRE TRANSFER POLICY	
Approval Date: May 2018	Effective Date: May 2018
Approved By: Board of Directors	

WIRE TRANSFER POLICY

1.0 INTRODUCTION

The Board of Directors of the Santa Clarita Valley Water Agency (Agency) recognizes that the trend towards electronic payments and collections is increasing every year due to the efficiencies and effectiveness of these transactions. It is the policy of the Agency that it will receive and disburse funds through electronic fund transfers otherwise known as “wire transfers”.

2.0 STATEMENT OF PURPOSE

The purpose of this policy is to outline the policy and procedure on wire transfers.

2.1 Procedures

The Agency will designate authorized representatives that have authority to approve wire transfers. The following employees and Agency Officers are designated as authorized representatives for all Agency divisions:

- General Manager
- Assistant General Manager
- Chief Finance and Administrative Officer
- Director of Finance and Administration
- Controller
- President of the Board of Directors
- Vice-Presidents of the Board of Directors (2)

In addition, the following authorized representatives have authority to approve wire transfers for only the specific Agency division indicated:

Retail Administrative Officer – Santa Clarita Water Division

The Treasurer may delegate additional authority to employees to initiate a wire (but not approve a wire).

All out-going wire transfers shall be documented with a signed Wire Transfer Form. Wire amounts greater than \$25,000 shall require two signatures. Non-repetitive wire amounts of more than \$1 million will require the approval of either the President or the Vice-President of the Board of Directors. Repetitive wires of more than \$1 million, including but not limited to investments, utilities, payroll, employee benefits, water purchases, election costs, insurance and payroll taxes, do not require the approval of a Board officer.



POLICIES, RULES AND REGULATIONS	
Title: WIRE TRANSFER POLICY	
Approval Date: May 2018	Effective Date: May 2018
Approved By: Board of Directors	

An authorized representative cannot initiate and approve the same wire transfer; another authorized representative must perform one of these tasks. Terminal-initiated wires, both repetitive and non-repetitive, must be approved by a second-level approval online, in order to release the payment instructions. Telephone-initiated, non-repetitive wire transfers shall be approved with the Wire Transfer Form which requires two signatures.

(Originally Adopted May 2018)

GLOSSARY

Accounts Receivable: The Agency extends credit to customers in the normal course of operations. Management deems all accounts receivable as collectible at fiscal year-end. Retailers extend credit to customers in the normal course of operations. Management deems at least 99% of all accounts receivable as collectible at fiscal year-end.

Accrual: The basis of accounting in which revenues are recognized as soon as they are earned. Expenses are recognized as soon as a liability is incurred, regardless of the timing of related cash inflows and outflows.

Accrual Basis of Accounting: The method of accounting under which revenues are recorded when they are earned (whether or not cash is received at that time), and expenditures are recorded when goods and services are received (whether or not cash disbursements are made at the time).

Acre-Foot/Acre-Feet (AF): A unit of measure equivalent to 325,851 gallons of water.

Advanced Metering Infrastructure (AMI): This technology includes hardware, meter data management software, communications equipment and smart meters that provide real-time meter reads and consumption to the customer and the utility. This information will then allow the customer to be more aware of water usage, identify problems sooner, and allows the Utility to improve meter reading accuracy and efficiency.

Agency: Refers to Santa Clarita Valley Water Agency (SCV Water).

Alluvial Aquifer or Alluvium: The shallow aquifer that generally underlies the Santa Clara River and its several tributaries within the Santa Clarita Valley.

Alternative Water Resources Management (AWRM): A program that will attempt to achieve a total daily maximum load for chloride in the Santa Clara River by blending high chloride and low chloride waters. The Agency has signed a MOU and is helping the Sanitation District (the lead agency) implement the plan.

American Water Works Association (AWWA): An international scientific and educational society dedicated to the improvement of drinking water quality and supply. The Agency is a member of AWWA.

Appropriation: An amount of money in the budget authorized for expenditure or obligation within organizational units for specific purposes.

Aquifer: An underground layer of permeable rock, sediment (usually sand or gravel), or soil that yields water.

Arbitrage: the simultaneous buying and selling of securities, currency or commodities in different markets or in derivative forms in order to take advantage of differing prices for the same asset.

Assessed Valuation: An official government value placed upon real estate or other property as a basis for levying taxes.

Asset Management: A set of systematic and coordinated activities and practices through which an organization optimally and sustainably manages its assets and asset systems, their associated performance, risks and expenditures over their life cycles for the purpose of achieving its organizational strategic plan.

Assets: Resources having monetary and economic value that are owned or held by the Agency.

Association of California Water Agencies (ACWA): A statewide organization comprised of a coalition of public water agencies. The Agency is a member of ACWA.

Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA): A statewide organization dedicated to consistently and cost-effectively providing the broadest possible affordable insurance coverage, as well as training and related services to its member agencies. The Agency is a member of ACWA/JPIA.

Audit: An audit is the process of evaluation or analysis of something to determine its accuracy. Governmental audits are typically performed by independent Certified Public Accountants. Financial statement audits are designed to provide users of financial statements with assurance on their reliability. Auditing is important in public sector finance and is essential to the credibility of government financial reporting.

Automated Meter Reading (AMR): Automatic collection of water meter data using remote reading devices.

Backbone: Refers to all infrastructure necessary to deliver recycled water into the distribution system.

Balanced Budget (General Fund – Operating): A balanced budget is a basic budgetary constraint intended to ensure that a government does not spend beyond its means for a specific period.

Board of Directors: The governing body of the Santa Clarita Valley Water Agency (SCV Water). The Agency is divided into three elective divisions; the governing board is currently made up of 13 members.

Bond: A written promise to pay a specified sum of money (called the principal) at a specified date in the future, together with periodic interest at a specified rate. In the budget document, these payments are identified as debt service.

Budget: A balanced financial plan for a given period, which matches proposed expenditures to the expected revenues for that same period.

Buena Vista Water Storage District (BVWSD): The Agency acquires 11,000 acre-feet (AF) of water supply per year for a 30-year period from the BVWSD.

California Aqueduct: The main conveyance facility of the State Water Project which brings water via a series of pumping plants from northern California to the Bay Area, San Joaquin Valley, Central Coast area and Southern California.

California Public Utilities Commission (CPUC): Commission governing the business operations of private utilities in so much as they affect the rates of the services sold.

Delta Conveyance: Formerly known as California Water Fix and the Bay Delta Conservation Plan (BDCP), it is one part of the California Water Action Plan to bolster self-sufficiency, reduce consumption, improve water management, and reduce dependence on the Delta to meet future needs. It is the product of decades of deliberation and the evolution of California's twin goals of protecting and securing water resources to meet growing demand, while maintaining a healthy environment.

Capacity Fees: Fees imposed when a customer requests a new service connection. The Capacity Fee funds (also referred to as Expansion Fund or Connection Fees) are used by the Agency to plan, design and construct new facilities to support the additional demand placed on the water system by new and future service connections.

Capital Equipment: Fixed assets such as vehicles, computers, furniture, technical instruments which have a life expectancy of more than one year and a value over \$5,000.

Capital Improvement Plan (CIP): A long-range plan of the Agency for the construction, rehabilitation and modernization of the Agency-owned and operated infrastructure.

Capital Planning, Studies and Administration: Non-operating expenses, including but not limited to: (1) studies in support of major capital projects; and (2) non-recurring studies.

Capital Project: A non-operating expense item of the budget, which includes expenditures for fixed asset / equipment purchases, as well as the accumulation of expenditures associated with construction projects. Capital projects typically have a life of five years or more.

Castaic Lake Water Agency (CLWA): A former entity of SCV Water. The Castaic Lake Water Agency, formerly known as the area's wholesaler, imported water from the State Water Project that is used to supplement the local retailers' groundwater supply. CLWA acquired SCWD in 1999, and, along with VWC and NWD, merged into SCV Water in January 2018 by an act of legislation, SB 634.

Castaic Lake Water Agency Financing Corporation: A corporation the former CLWA formed in 1990 to issue Certificates of Participation, now known as SCV Water Financing Corporation.

Catalytic Project: High leverage, high impact activity, project or program which will achieve the greatest positive impact on the performance measures. A catalytic project may also be a collection of programs and activities.

ccf: The ccf is the standard rate of billing for retail water service. One ccf is equal to 100 cubic feet of water, which is equal to 748 gallons of water.

Certificate of Participation (COP): The financing technique that provides long-term financing through a lease (with an option to purchase) or installment agreement that does not constitute indebtedness under the state constitutional debt limit, and does not require voter approval.

CIP Fund: Funds allocated for projects through Retail Water sales excluding COP financed projects and expansion projects due to development.

Collateralization: Occurs when a borrower pledges an asset as recourse to the lender in the event that the borrower defaults on the initial loan.

Commodity Charge: A charge per ccf that includes retail water usage charges and pass-through charges for purchased water.

Computerized Maintenance Management System (CMMS): A CMMS software package maintains a computer database of information about an organization's maintenance operations. This aids in making informed decisions regarding preventative maintenance and helps maintenance workers do their jobs more efficiently.

COP Fund: Funds allocated for specific projects through COP financing.

CSMFO: California Society of Municipal Finance Officers.

Customer Class: Retail divisions have three customer class categories: Residential, Industrial and All Others.

Customer Information System (CIS): Computer database and information system that contains all billing and personal data pertaining to utility customers usually combined with Utility Billing (UB).

Dead End Flushing: Dead end water mains are often found at the end of cul-de-sac streets, and may not provide enough flow to maintain disinfectant levels. Therefore, a preventative maintenance program has been set up for flushing dead end water mains to ensure high quality water and acceptable disinfection residual.

Department of Water Resources (DWR): The state agency responsible for financing, constructing and operating State Water Project facilities.

Depreciation: Reduction in value of an asset with the passage of time, due in particular to wear and tear.

Derivative: A financial security with a value that is reliant upon or derived from an underlying asset or group of assets; a benchmark.

Developer: A person or entity that invests in and develops potentialities of real estate, especially by subdividing the land into home sites and then building houses and selling them.

Developer Refundable Deposit: Initial funds received from developers to do engineering studies and construction related to a retailer's water system for their specific development. Any unused amount is refundable.

Devil's Den Ranch: Agricultural land in Kern and Kings Counties that the Agency owns and operates.

Devil's Den Water District: A California Water District in Kern and Kings Counties (the Agency is the primary landowner).

Disbursements: Payments made on obligations.

Earl Schmidt Filtration Plant (ESFP): One of two treatment plants operated by SCV Water.

Earl Schmidt Intake Pumping Station (ESIPS): SCV Water pumping station that pumps water up to the ESFP.

EIR: Environment Impact Report prepared in compliance with the California Environmental Quality Act.

EIS: Environmental Impact Statement prepared in compliance with the National Environmental Protection Act.

Enterprise Fund: A fund established to account for operations that are financed and operated in a manner similar to business enterprises where (1) the intent of the governing body is that costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges or (2) the governing body or higher governmental authority has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control and accountability for other purposes.

Equipment: The purchase, replacement, maintenance and upgrading of equipment essential to supporting administrative and service needs with a cost of \$5,000 or more.

Equipment Purchases: The purchases of office equipment, furniture, automobiles, trucks, pumps, shop equipment and other items.

Expenditure: An amount of money disbursed or obligated. Expenditures include current operating expenses and capital improvements requiring the present or future use of net current assets and the current year portion of debt service.

FICA: Federal Insurance Compensation Act.

Finance and Administration Committee: A committee of the Board of Directors consisting of six Board members, that meets monthly to discuss finance, administration, budget and rate issues for regional and retail functions.

Financial Management Information System (FMIS): An accounting software that records and processes accounting transactions.

Fiscal Year: The timeframe in which the Budget applies. This is the period from July 1 through June 30 of the following year.

Fixed Assets: Long-term tangible assets that have a normal use expectancy of more than three years and do not lose their individual identity through use. Fixed assets include buildings, equipment and improvements other than buildings and land.

Fund: A set of accounts used to account for a specific activity, such as a water enterprise fund. A fiscal and accounting entity with a self-balancing set of accounts, recording cash and other financial resources, together with all related liabilities and changes in these assets and liabilities.

Fund Balance: Fund equity in governmental funds. The difference between the assets and liabilities equal the fund balance. The current funds on hand, resulting from historical collection and use of monies. The difference between assets and liabilities reported in the Operating Fund, plus residual equities or balances or changes therein, from the results of operations.

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

General Obligation Bonds: Bonds, the payment for which the full faith and credit of the issuing government are pledged.

Generally Accepted Accounting Principles (GAAP): Uniform minimum standards of, and guidelines for, external financial accounting and reporting. They govern the form and content of the basic Financial Statements of an entity. The responsibility for setting GAAP for state and local governments rests with the Governmental Accounting Standards Board (GASB).

Geographic Information System (GIS): GIS is a system designed to capture, store, manipulate, analyze, manage and present all types of geographically referenced data.

GFOA: Government Finance Officers Association of the United States and Canada.

Goal: A description of a desired end state, condition or outcome expressed in qualitative terms.

Governmental Accounting Standards Board (GASB): The organization that sets the standards of state and local governmental accounting and financial reporting that will result in useful information for users of financial reports. and guide and educate the public, including issuers, auditors, and users of those financial reports.

Governmental Fund: Fund category used to account for tax-supported (governmental) activities. These are the funds through which most governmental functions typically are financed.

Grant Administration: Grant funds that are used only for intended purposes and are subject to Single Audit requirements (OMB Super Circular – Subpart F of the federal Uniform Grant Guidance).

Integrated Regional Water Management (IRWM): A collaborative, stakeholder-driven process to integrate planning and implementation efforts and facilitate regional cooperation with the goals of reducing water demands, improving operational efficiency, increasing water supply, improving water quality and promoting resources stewardship over the long term. The Upper Santa Clara River IRWM plan, adopted in July 2008 (and updated February 2014), examines current and future water-related needs, identifies regional objectives for water-related resource management, develops strategies to address identified needs and then evaluates and offers various projects to meet the regional objectives.

Integrated Regional Water Management Plan (IRWMP): A plan for upper Santa Clara River watershed management that was adopted in July of 2008. The Agency is a stakeholder and on

the Regional Water Management Group, which leads the IRWMP effort. The IRWMP is critical for identifying programs for possible state grant funding under Propositions 50, 84, and 1.

Interfund Loan: Payments from SCWD and VWD to SCV Water.

Internal Control: Agency management is responsible for the establishment and maintenance of internal control structure that ensures that the assets of the Agency are protected from loss, theft or misuse. The internal control structure also ensures that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles.

LAIF: Local agency investment fund.

Los Angeles County Waterworks District No. 36. (LACWD No. 36.): A retail purveyor of SCV Water.

Major Capital Improvement Projects: Projects associated with the expansion of service due to growth or increase in demand which cost more than \$250,000.

Major Capital Project: The acquisition of land, facilities, works, improvements and supplies of water; and enhancements or enlargements to existing capacity and facilities for obtaining, importing, transporting and delivering additional quantities of water. Major capital projects are typically included in the Agency's Capital Improvement Program and Data Document, and cost more than \$500,000.

Major Fund: Funds whose revenues, expenditures/expenses, assets or liabilities are at least 10 percent of the total for their fund category (governmental or enterprise), and 5 percent for the aggregate of all governmental and enterprise funds in total.

Materials and Supplies: Cost of the various materials and supplies purchased to operate and maintain the Agency. Examples of supplies include office, computer, engineering, janitorial and gardening. Materials include glass, lumber, concrete, painting and small tools.

Meter Service Charge: A monthly charge for water availability based on meter size.

Minor Capital Improvement Projects: Projects associated with the expansion of service due to growth or increase in demand that cost \$250,000 or less.

Minor Capital Project: Minor capital projects include the acquisition of land, facilities, works and improvements, enhancements or enlargements to existing capacity and facilities. Minor capital projects take less time to develop and are not generally included in the Agency's Capital Improvement Program. Minor capital projects cost \$500,000 or less.

Modified Accrual Basis of Accounting: The basis of accounting under which revenues are recognized when they become "susceptible to accrue," (i.e., measurable and available to finance expenditures of the current period). The Agency considers property taxes to be available and subject to accrual if they are levied for and due within the fiscal year and collected within 60 days after fiscal year end. Expenditures are recorded when the liabilities are incurred, except that principal and interest payments on general long-term debt are recognized as an expenditure when due.

Newhall Water District (NWD): One of the four SCV Water retail divisions, formerly known as Newhall County Water District.

Objective: A description of the result that is expected to be achieved. An objective is time specific and measurable. Fiscal year objectives are the yearly organizational levels of achievement expected.

Operating Budget: The normal, ongoing operating costs to operate the Agency, including salaries, employer expenses, professional and outside services, and other operating expenses.

Other Post-Employment Benefits (OPEB): Post-employment benefits that an employee will begin to receive at the start of retirement. OPEB does not include pension benefits paid to the retired employee.

Perchlorate: Compounds used in the manufacturing of explosives, munitions and rocket fuel.

Performance Measurement: A qualitative or quantitative indicator of successful goal attainment. A “good” performance measure is a reasonable approximation or representation of goal attainment. The performance measure cited should also be one that the Agency can affect, gather data on and measure.

Planning and Engineering Committee: A committee of the Board of Directors consisting of five Board members that meets monthly to discuss planning and engineering issues affecting regional and retail functions.

Potable Water: Water that meets the drinking water standards of the US Environmental Protection Agency.

Public Employees Retirement System (PERS). An agent, multiple-employer, public retirement system to which the Agency contributes that acts as a common investment and administrative agent for participating public entities within the State of California.

Public Employees’ Pension Reform Act (PEPRA): In September 2012, the legislature passed and the Governor signed into law the “California Public Employees’ Pension Reform Act of 2013” (PEPRA) (Government Code Sections 7522, *et seq.*): PEPRA limits the pension benefits offered to new employees and increases flexibility for employee and employer cost sharing for current employees:

Purchased Water: Water purchased from the regional division to supplement the retail divisions’ groundwater supplies.

Recycled Water: Beneficial use of treated wastewater for such planned uses as irrigation, industrial cooling, recreation, groundwater recharge, environmental enhancement, and other uses permitted under California law.

Redundancy: A fail-safe in the water distribution system to ensure continued service when a critical portion of the water system is out of service due to unforeseen conditions.

Regional: A term, formerly known as “wholesale,” used to describe a combined source of imported water, recycled water and groundwater.

Reliability: Providing a consistent level of water.

Repair and Replacement: Minor changes or additions to existing Agency-owned grounds or buildings and the electrical, lighting, plumbing, air conditioning or heating systems contained therein, which correct unsafe or unhealthful working conditions, increase operating efficiency, promote improved service to the public, and provide for the installation of equipment and security devices.

Repair and Replacement Projects: Any repair or replacement to the existing water infrastructure that extends the life a minimum of five years or more and costs \$5,000 or more.

Replacements: Projects related to replacement of existing infrastructure.

Revenue: Income generated by taxes, notes, bonds, investment income, land rental, user charges and water rates.

Rio Vista Intake Pumping Station (RVIPS): SCV Water pumping station that supplies water to the RVWTP.

Rio Vista Water Treatment Plant (RVWTP): One of two treatment plants operated by SCV Water.

Rosedale-Rio Bravo Water Storage District (RRBWS): The Agency participates in the Groundwater Banking Program through RRBWS which allows the storage of 20,000 acre-feet annually of the Agency's State Water Project Table A amount or other State Water Project supplies.

Santa Clarita Valley Sanitation Districts (SCVSD): The public agency tasked with managing wastewater in the Santa Clarita Valley including the conversion of said wastewater into recycled water for further beneficial use.

Santa Clarita Water Division (SCWD): One of SCV Water's retail divisions. Santa Clarita Water Company was acquired by the Agency in 1999.

Saugus Formation: The deep aquifer that underlies the Alluvial Aquifer.

Semitropic Water Storage District (SWSD): The Agency participates in the Groundwater Banking Program through SWSD which includes two short-term accounts that distribute excess State Water Project Table A water.

Service Charge: A flat monthly charge based on the meter size to cover the cost of reading, billing, maintaining meters and services.

Services: The normal, ongoing operating costs incurred to operate the Agency. Examples include repair, maintenance, auditing, security and engineering.

Southern California Edison (SCE): The primary electricity supply company for most of Southern California.

Southern California Water Committee, Inc. (SCWC): A nonprofit, nonpartisan, public education partnership dedicated to informing Southern Californians about our water needs and our state's water resources. The Agency is a member of SCWC.

State Water Project (SWP): A water development and distribution system owned and operated by the State of California Department of Water Resources, which transports water from northern California. It entails the operation and maintenance of the collection and transportation facilities.

State Water Resources Control Board (SWRCB): Also known as the State Water Board. Along with the nine Regional Water Quality Control Boards, the SWRCB is tasked with preserving California's water resources and drinking water for the protection of the environment, public health, and all beneficial uses, and to ensure proper water resource allocation and efficient use, for the benefit of present and future generations. The SWRCB plays a key role in the State's response to current drought conditions.

Strategic Goal: A discrete aim for future achievement that is necessary to meet a component of the Agency's mission.

Strategic Plan: A long-term plan defining the Agency's mission, goals, objectives and implementing actions.

Strategy/Tactic/Action/Program/Project/Activity: Means by which we will achieve an objective and move towards a goal. A tactic is a specific action whereas a strategy is a broader concept to gain leverage and solve a problem.

Studies and Administration: Expenses related to planning, feasibility studies and other non-recurring reports, evaluations or tests.

Supervisory Control and Data Acquisition (SCADA): The Supervisory Control and Data Acquisition system collects operational data from remote units to monitor and control water and facilities throughout SCV Water's service area.

Total Budget: The sum of the total operating budget, debt service, water purchases and total capital budget requests.

Total Capital Budget: The total budget requests for equipment purchases and construction projects.

Treated Water: Water treated at the Agency's ESFP and RVWTP and delivered to retail divisions.

Upgrades: Projects related to the repair or refurbishment of existing infrastructure.

Upper Santa Clara Valley Joint Powers Authority (USCVJPA): A joint exercise of powers between the former Castaic Lake Water Agency, now successor agency SCV Water, and the Devil's Den Water District.

Urban Water Management Plan (UWMP): A water management planning document required by the "California Urban Water Management Planning Act." This Plan provides a description of supplies and demands for existing and future conditions over a 20-year time horizon.

Utilities: This includes gas, electricity, water, sewer, sanitation, and telephone service.

Utility Billing System (UB): Billing software system for utilities usually combined with a Customer Information System (CIS).

Valencia Water Division (VWD): One of SCV Water's retail divisions, formerly known as Valencia Water Company (VWC).

Water Conservation / Water Use Efficiency: Encompasses the policies, strategies and activities made to manage fresh water as a sustainable resource, to protect the water environment and to meet current and future demand.

Water Master Plan: An engineering study that recommends and prioritizes capital improvements based on long-range planning efforts through analysis and assessment of the capacity of existing and planned infrastructure, with respect to established design criteria.

Water Purchases: Water purchased from the Department of Water Resources.

Water Rates: Retail water rates charged to SCV Water customers. The water rates consist of two main components: a fixed monthly Service Charge and a variable water usage Commodity Charge. The Service Charge rates vary based on meter size, whereas the Commodity Charge is based on the amount of water used in ccf.

Water Resources and Outreach Committee: A Committee of the Board of Directors consisting of five Board members that meets monthly to discuss water resource issues and outreach efforts.

Water System: The whole and each part of the water system of SCV Water, comprising all facilities for the supply, storage, treatment and distribution of water, together with all additions, extensions and improvements to such system.

Water Use Efficiency Strategic Plan (WUESP): A comprehensive long-term conservation plan for the Santa Clarita Valley which provides objectives, policies and programs designed to promote proven and cost-effective conservation practices. The plan was first adopted in 2008 and subsequently updated in 2015.

Weather-based Irrigation Controller (WBIC): An irrigation controller that adjusts watering patterns based on real-time weather conditions.

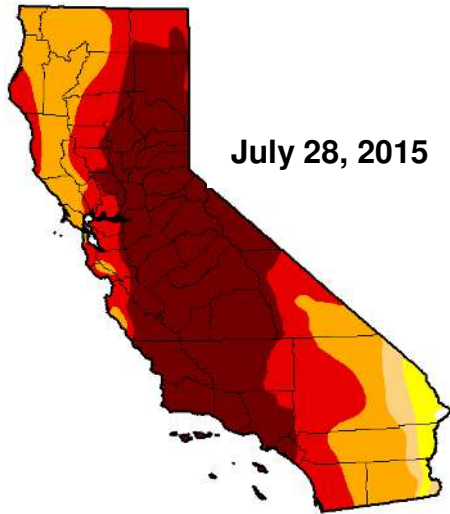
BUDGET ACRONYMS

AB	Assembly Bill
ACWA	Association of California Water Agencies
ACWA/JPIA	Association of California Water Agencies/Joint Powers Insurance Authority
ACOE	U.S. Army Corps of Engineers
Act	California Urban Water Management Planning Act
AF	acre-foot/acre-feet
AFY	acre-feet per year
Agency	Santa Clarita Valley Water Agency (SCV Water)
AWRM	Alternative Water Resources Management Program
AWWA	American Water Works Association
AWWARF	American Water Works Association Research Foundation
BDCP	Bay Delta Conservation Plan
BMPs	Best Management Practices
BO	Biological Opinion
BOD	Board of Directors
BVWSD	Buena Vista Water Storage District
CAFR	Comprehensive Annual Financial Report
CCF	One Hundred Cubic Feet
CCR	Consumer Confidence Report
CEQA	California Environmental Quality Act
CESA	California Endangered Species Act
CIP	Capital Improvement Plan
CLWA	Castaic Lake Water Agency
COLA	Cost-of-Living Adjustment
COPs	Certificates of Participation
CSMFO	California Society of Municipal Finance Officers
CPI	Consumer Price Index
CVP	Central Valley Project
DBP	Disinfection by-products
D/DBP	Disinfectants and Disinfectant By-Products
DDW	Division of Drinking Water
Delta	Sacramento-San Joaquin Delta
DFW	California Department of Fish and Wildlife
DHS	California Department of Health Services
DOF	Department of Finance
DPH	Department of Public Health
DTSC	Department of Toxic Substances Control
DWR	Department of Water Resources
Edison	Southern California Edison
EIR	Environmental Impact Report
EIS	Environmental Impact Statement
EPA	Environmental Protection Agency
ESA	Endangered Species Act
ESFP	Earl Schmidt Filtration Plant
ESIPS	Earl Schmidt Intake Pump Station
ET _o	evapotranspiration
FEMA	Federal Emergency Management Agency
FWS	United States Fish and Wildlife Service
GAAP	Generally Accepted Accounting Principles

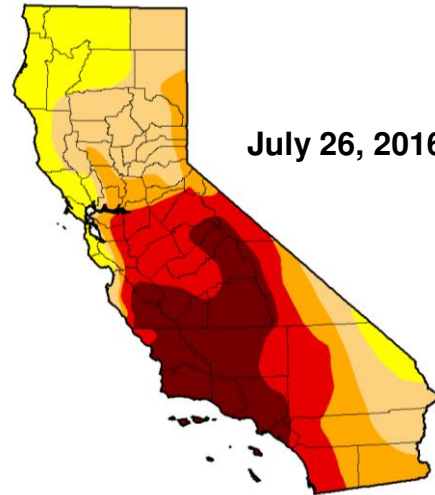
GASB	Governmental Accounting Standards Board
GFOA	Government Finance Officers Association
GPCD	gallons per capita per day
GPD	gallons per day
GPM	gallons per minute
GWMP	Groundwater Management Plan
IRWMP	Integrated Regional Water Management Plan
IT	Information Technology
KCWA	Kern County Water Agency
L.A. Co. WWD #36	Los Angeles County Water Works District #36
LACDRP	Los Angeles County Department of Regional Planning
LACSD	Sanitation Districts of Los Angeles County
LADWP	Los Angeles Department of Water and Power
LAIF	Local Agency Investment Fund
Metropolitan	Metropolitan Water District of Southern California
MAF	Million Acre-Feet
MG	Million Gallons
MGD	Million Gallons per Day
<i>mg/l</i>	milligrams per liter
MOU	Memorandum of Understanding
NCWD	Newhall County Water District
NEPA	National Environmental Protection Act
NMFS	National Marine Fishery Service
NPDES	National Pollutant Discharge Elimination System
NWD	Newhall Water Division
O&M	Operations and Maintenance
OMB	Federal Office of Management and Budget
OVOV	One Valley One Vision
PUC	California Public Utilities Commission
RWQCB	Regional Water Quality Control Board
RVIPS	Rio Vista Intake Pump Station
RVWTP	Rio Vista Water Treatment Plant
RRB	Rosedale-Rio Bravo
RRBWSD	Rosedale-Rio Bravo Water Storage District
SB 634	Senate Bill 634
SBX7-7	Senate Bill SBX7-7
SCV Water	Santa Clarita Valley Water Agency
SCVGSA	Santa Clarita Valley Groundwater Sustainability Agency
SCVWUESP	Santa Clarita Valley Water Use Efficiency Strategic Plan
SCWC	Southern California Water Committee
SCWD	Santa Clarita Water Division
SGMA	Sustainable Groundwater Management Act
SPTP	Saugus Perchlorate Treatment Plant
SWP	State Water Project
SWRCB	State Water Resources Control Board
SWSD	Semitropic Water Storage District
TDS	Total Dissolved Solids
TMDL	Total Maximum Daily Load
USCR	Upper Santa Clara River
UWMP	Urban Water Management Plan
VWD	Valencia Water Division
Valley	Santa Clarita Valley

California Drought Monitor

Pictured: Graphics of the same week over the past 5 consecutive years from the drought monitor of the National Drought Mitigation Center depicting California's ongoing drought.

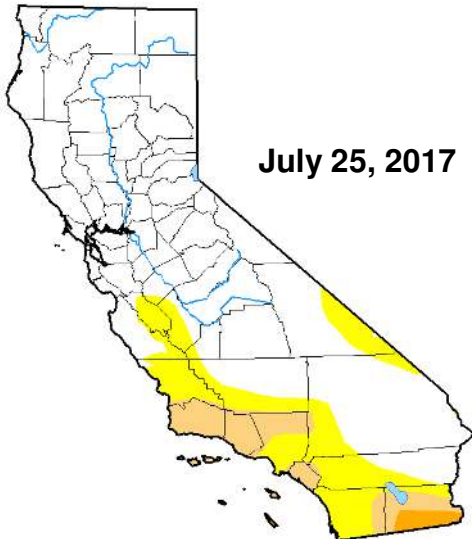


July 28, 2015



July 26, 2016

U.S. Drought Monitor
California



July 25, 2017



July 26, 2018



July 30, 2019

Intensity:

- | | |
|---------------------|------------------------|
| D0 Abnormally Dry | D3 Extreme Drought |
| D1 Moderate Drought | D4 Exceptional Drought |
| D2 Severe Drought | |

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.

Authors:

Mark Svoboda, Richard Heim, Chris Fenimore, Brad Rippey and Curtis Riganti



<http://droughtmonitor.unl.edu/>

The U.S. Drought Monitor is jointly produced by the National Drought Mitigation Center at the University of Nebraska-Lincoln, the United States Department of Agriculture, and the National Oceanic and Atmospheric Administration. Map courtesy of NDMC-UNL. Used with permission.

WHERE DOES OUR WATER COME FROM?

SANTA CLARITA VALLEY WATER SUPPLY PORTFOLIO

Imported Water (State Water Project)

About half of our water comes from the Sierra Nevada range. It flows off the mountains, then through the delicate Sacramento-San Joaquin Delta before reaching the Santa Clarita Valley via the State Water Project aqueduct.

Groundwater

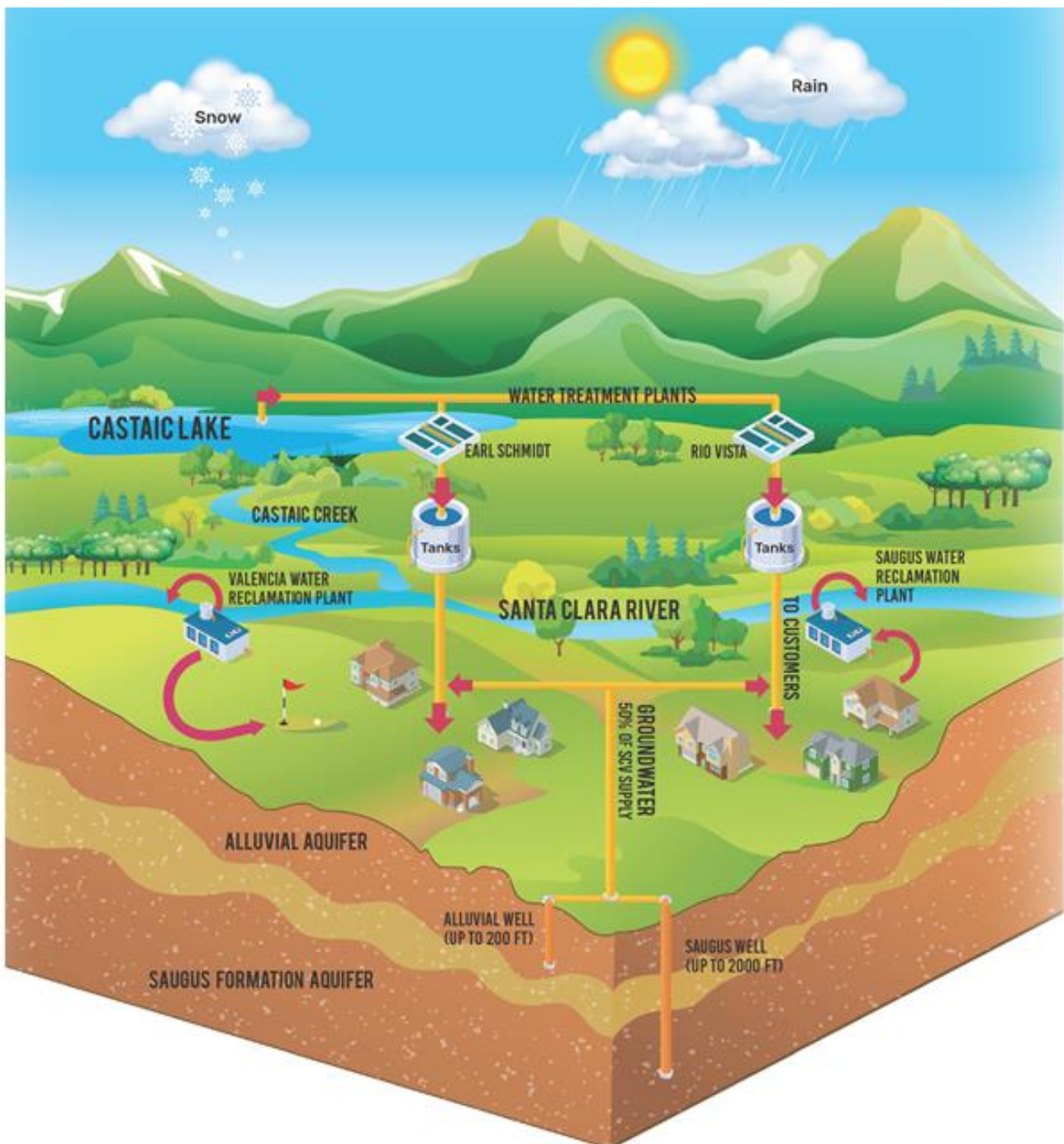
Groundwater is local, sustainable and cost-effective. It represents about half of our supply in an average year. A series of wells pump the groundwater into our system.

Recycled Water

SCV Water has the opportunity to significantly expand its recycled water production in the coming years. The long-term goal is to serve more than 10,000 acre-feet of recycled water – roughly 45 times what is served today.

Water Banking

SCV Water stores (“banks”) about 141,000 acre-feet of water in Kern County. We can call for this water in times of need.



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Newhall Water Division

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Santa Clarita Water Division

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