



**SANTA CLARITA VALLEY WATER AGENCY
REGULAR BOARD MEETING
AGENDA
27234 BOUQUET CANYON ROAD
SANTA CLARITA, CA 91350
RIO VISTA WATER TREATMENT PLANT BOARDROOM
TUESDAY, MAY 21, 2019 AT 6:30 PM**

6:00 PM DISCOVERY ROOM OPEN TO PUBLIC

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

OPEN SESSION BEGINS AT 6:30 PM

1. CALL TO ORDER

2. PLEDGE OF ALLEGIANCE

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

4. APPROVAL OF THE AGENDA

5. CONSENT CALENDAR

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5.1. *	Approve Minutes of the SCV Water April 30, 2019 Special Board of Directors Meetings	5
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5.3. *	Approve a Resolution Adopting the Appropriation Limit for FY 2019/20	15
5.4. *	Approve a Work Authorization Amendment to Kennedy/Jenks Consultants for Inspection Services for the Magic Mountain Pipeline Phase 4 Project	21

6. ACTION ITEMS FOR APPROVAL

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6.1. *	Approve a Resolution Adopting the FY 2019/20 and FY 2020/21 Biennial Budget and Amending the FY 2018/19 Budget – Presentation – 30 Minutes	23
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7. **GENERAL MANAGER’S REPORT ON ACTIVITIES, PROJECTS AND PROGRAMS**

8. **COMMITTEE MEETING RECAP REPORTS FOR INFORMATIONAL PURPOSES ONLY** **PAGE**

8.1. *	May 1, 2019 Special Finance and Administration Committee Meeting Report	301
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9. **PRESIDENT’S REPORT**

10. **AB 1234 WRITTEN AND VERBAL REPORTS** **PAGE**

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10.2.*	May 7-10, 2019 ACWA Spring Conference – President Cooper, Vice President Martin and Directors Acosta, Atkins, DiPrimio, Kelly and Plambeck	311
10.3.	Other AB 1234 Reports	

11. **DIRECTORS REPORT**

12. **CONSIDERATION AND APPROVAL OF BOARD/COMMITTEE APPOINTMENTS** **PAGE**

12.1 *	Approve Placing in Nomination William Cooper as a Member of the Association of California Water Agencies Region 8 Board	313
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13. **DIRECTOR REQUESTS FOR APPROVAL FOR EVENT ATTENDANCE**

14. **REQUEST FOR FUTURE AGENDA ITEMS**

15. **ADJOURNMENT**

- * Indicates Attachment
- ◆ Indicates Handout

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

NOTICES

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

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

Posted on May 15, 2019.

MBS

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Minutes of the Special Meeting of the Board of Directors of the Santa Clarita Valley Water Agency – April 30, 2019

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

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

DIRECTORS ABSENT: None.

Also present: Matthew Stone, General Manager; Tom Bunn, General Counsel; April Jacobs, Board Secretary; Steve Cole, Assistant General Manager; Eric Campbell, Chief Financial and Administrative Officer; Brian Folsom, Chief Engineer; Keith Abercrombie, Chief Operating Officer; Rochelle Patterson, Director of Finance and Administration; Mike Alvord, Director of Operations and Maintenance; Cris Perez, Director of Tech Services; Kim Grass, Senior Management Analyst; Matt Dickens, Resources Conservation Manager; Ryan Bye, Water Quality/Regulatory Compliance Supervisor; Jenny Anderson, Water Quality Specialist; Dean Takashima, Water Quality Specialist; Gil Hermosillo, Production Supervisor; Kathie Martin, Public Information Officer; Craig Larsen, IT Technician; Terri Bell, Administrative Assistant; Johnathon Ahmadi, Field Representative for Congresswoman Katie Hill; and members of the public.

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

Upon motion of Director Acosta, seconded by Director K. Colley and carried, the Agenda was approved by the following electronic votes (Item 4):

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

Upon motion of Director Gladbach, seconded by Director Mortensen and carried, the Board pulled Item 5.3 "Approval of an Emergency Preparedness and Safety Coordinator Classification" for further discussion and approved the Consent Calendar including Resolution Nos. SCV-100, SCV-101 and SCV-102 by the following electronic votes (Item 5):

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

RESOLUTION NO. SCV-100

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE SANTA CLARITA VALLEY WATER AGENCY
TO ENTER INTO A CONTRACT WITH LANCE, SOLL & LUNGHARD, LLP (LSL)
TO PROVIDE AUDIT SERVICES FOR FY 2018/19 THROUGH FY 2020/21
AND AN OPTION FOR FY 2021/22 and FY 2022/23**

WHEREAS, the Board of Directors of the Santa Clarita Valley Water Agency directed that a proposal process be used to select a firm to provide audit services for FY 2018/19 through FY 2020/21; and

WHEREAS, staff conducted a proposal process and received and reviewed ten proposals; and

WHEREAS, the firm of Lance, Soll & Lunghard, LLP (LSL) has been determined to be the best-qualified respondent, having extensive audit experience, performing audit services for many water agencies and having experience with State Water Project contractors and retail water agencies.

NOW, THEREFORE, BE IT RESOLVED that the Santa Clarita Valley Water Agency is does authorize the General Manager to enter into a contract with Lance, Soll & Lunghard, LLP for audit services for FY 2018/19 through FY 2020/21, for an amount not-to-exceed \$278,678 and two options to renew at \$96,631 for the first year and \$98,565 for the second year.

RESOLUTION NO. SCV-101

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE SANTA CLARITA VALLEY WATER AGENCY
ESTABLISHING BANKING AUTHORITY
FOR THE NEWHALL WATER DIVISION
WITH WELLS FARGO**

WHEREAS, the Santa Clarita Valley Water Agency, Newhall Water Division, has an existing banking relationship with Wells Fargo Bank (Bank) with respect to the General Account, Customer Deposit Account, and Construction Deposit Account; and

WHEREAS, said Bank requests that the Agency define Agency officials authorized to make withdrawals from and perform other business details concerning said account; and

WHEREAS, consistent with the terms of this resolution, the Agency's Board finds it to be in the Agency's best interest to authorize continuation of the above banking relationships.

NOW THEREFORE BE IT RESOLVED that the President, Vice Presidents (2), General Manager, Assistant General Manager, Chief Financial and Administrative Officer, Director of Finance and Administration, Controller and Retail Administrative Officer are authorized to sign or countersign withdrawal orders, and Wells Fargo Bank is authorized to honor and pay all withdrawal orders – including those drawn to the order of the President, Vice Presidents (2), General Manager, Assistant General Manager, Chief Financial and Administrative Officer, Director of Finance and Administration, Controller and Retail Administrative Officer signed in the manner required by this resolution.

RESOLVED FURTHER that the General Manager; Assistant General Manager, Chief Financial and Administrative Officer, Director of Finance and Administration, Controller and Retail Administrative Officer is authorized to order withdrawals from said account up to a **maximum of \$25,000 per order on his or her signature only**, and either said General Manager, Assistant General Manager, Chief Financial and Administrative Officer, Director of Finance and Administration, Controller and Retail Administrative Officer is authorized to order withdrawals from said accounts **exceeding the sum of \$25,000 but not to exceed \$1,000,000** per order on his or her signature when the order is **countersigned by one** of the authorized signatures of the President, Vice Presidents (2), General Manager, Assistant General Manager, Chief Financial and Administrative Officer, Director of Finance and Administration, Controller and Retail Administrative Officer.

RESOLVED FURTHER that the President, Vice Presidents (2), General Manager, Assistant General Manager, Chief Financial and Administrative Officer, Director of Finance and Administration, Controller or Retail Administrative Officer is authorized to order withdrawals from each account **without limit when countersigned by one** of the authorized signatures of the **President or Vice Presidents (2)**.

RESOLVED FURTHER that any and all of the foregoing eight Agency Officers are hereby authorized to execute on behalf of the Agency all Bank forms and agreements which, in their absolute discretion, are consistent with this resolution.

RESOLUTION NO. SCV-102

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SANTA CLARITA VALLEY WATER AGENCY ESTABLISHING BANKING AUTHORITY FOR THE VALENCIA WATER DIVISION WITH WELLS FARGO

WHEREAS, the Santa Clarita Valley Water Agency, Valencia Water Division, has an existing banking relationship with the Valencia Branch of the Wells Fargo Bank (Bank) with respect to the MRA/General Account; Payroll Account; Accounts Payable Account; and Investments/Brokerage Account; and

WHEREAS, said Bank requests that the Agency define Agency officials authorized to make withdrawals from and perform other business details concerning said account; and

WHEREAS, consistent with the terms of this resolution, the Agency's Board finds it to be in the Agency's best interest to authorize continuation of the above banking relationships.

NOW THEREFORE BE IT RESOLVED that the President, Vice Presidents (2), General Manager, Assistant General Manager, Chief Financial and Administrative Officer, Director of Finance and Administration, Controller and Retail Administrative Officer are authorized to sign or countersign withdrawal orders, and Wells Fargo Bank is authorized to honor and pay all withdrawal orders – including those drawn to the order of the President, Vice Presidents (2), General Manager, Assistant General Manager, Chief Financial and Administrative Officer, Director of Finance and Administration, Controller and Retail Administrative Officer signed in the manner required by this resolution.

RESOLVED FURTHER that the General Manager, Assistant General Manager, Chief Financial and Administrative Officer, Director of Finance and Administration, Controller, Retail

Administrative Officer and Accounting Manager is authorized to order withdrawals from said account up to a **maximum of \$25,000 per order on his or her signature only**, and either said General Manager, Assistant General Manager, Chief Financial and Administrative Officer, Director of Finance and Administration, Controller and Retail Administrative Officer is authorized to order withdrawals from said accounts **exceeding the sum of \$25,000 but not to exceed \$1,000,000** per order on his or her signature when the order is **countersigned by one** of the authorized signatures of the President, Vice Presidents (2), General Manager, Assistant General Manager, Chief Financial and Administrative Officer, Director of Finance and Administration, Controller and Retail Administrative Officer.

RESOLVED FURTHER that the President, Vice Presidents (2), General Manager, Assistant General Manager, Chief Financial and Administrative Officer, Director of Finance and Administration, Controller and Retail Administrative Officer is authorized to order withdrawals from each account **without limit when countersigned by one** of the authorized signatures of the **President or Vice Presidents (2)**.

RESOLVED FURTHER that any and all of the foregoing nine Agency Officers are hereby authorized to execute on behalf of the Agency all Bank forms and agreements which, in their absolute discretion, are consistent with this resolution.

Upon motion of Director DiPrimio, seconded by Director Acosta and carried, the Board approved the new classification of Emergency Preparedness and Safety Coordinator and assigned it to Range 27 by the following voice votes (Item 5.3):

Director Acosta	Yes	Director Atkins	No
Director Campbell	Yes	Director E. Colley	No
Director K. Colley	No	President Cooper	Yes
Director DiPrimio	Yes	Director Gladbach	Yes
Vice President Gutzeit	Yes	Director Kelly	Yes
Vice President Martin	Yes	Director Mortensen	No
Director Plambeck	Yes		

Upon motion of Director Kelly, seconded by Director Atkins and carried, the Board approved an employee salary increase of 3% for FY 2019/20 for all employees except the General Manager by the following voice votes (Item 6.1):

Director Acosta	Yes	Director Atkins	Yes
Director Campbell	Yes	Director E. Colley	No
Director K. Colley	Yes	President Cooper	Yes
Director DiPrimio	Yes	Director Gladbach	No
Vice President Gutzeit	Yes	Director Kelly	Yes
Vice President Martin	Yes	Director Mortensen	Yes
Director Plambeck	Yes		

Resource Conservation Manager Matt Dickens gave an update on Conservation Strategies (Item 7).

Director of Operations and Maintenance Mike Alvord gave an update on Water Quality (Item 8).

The General Manager updated the Board on SB-387, the Governors Executive Order on

creating a Water Resilience Portfolio for California and a status update on the award for Grant Assistance for Prop 1 IRWM Grant Funding and the process of approval (Item 9).

There was no discussion on Items 10 and 11.

The President reminded the Board about items that are due and upcoming events (Item 12).

AB 1234 Reports (Item 13).

Director Atkins provided a written AB 1234 Report pertaining to Item 13.1. This report was included in the Board packet.

There were no other AB 1234 Reports.

There were no Director Reports (Item 14).

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

The Board discussed whether to add the Directors Per Diem discussion back on to the agenda for further discussion. Director Kelly addressed the Board and motioned with a second from Director Gladbach, for the Board to add a line item on the next agenda for discussion to reconsider Directors Per Diem. By the following electronic votes of 9 No's and 4 Yes's the item failed and will not be brought back for further discussion (Item 16.1).

Director Acosta	No	Director Atkins	Yes
Director Campbell	No	Director E. Colley	No
Director K. Colley	No	President Cooper	No
Director DiPrimio	No	Director Gladbach	Yes
Vice President Gutzeit	Yes	Director Kelly	Yes
Vice President Martin	No	Director Mortensen	No
Director Plambeck	No		

Upon motion of Director Acosta, seconded by Director Mortensen and carried, the meeting was adjourned at 9:09 PM by the following voice votes (Item 17):

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

April Jacobs, Board Secretary

ATTEST:

President of the Board



ITEM NO.
5.2

BOARD MEMORANDUM

DATE: May 2, 2019
TO: Board of Directors
FROM: Rochelle Patterson *RP*
Director of Finance and Administration
SUBJECT: Approve a Resolution Adopting the Appropriation of All As-Yet Unappropriated Funds for FY 2018/19

SUMMARY AND DISCUSSION

Pursuant to Article XIII-B of the California Constitution, the Agency must appropriate all as-yet unappropriated funds each year prior to June 30. This is a legal formality to ensure that no funds of the Agency are unappropriated and thereby subject to forfeiture.

On May 1, 2019, the Finance and Administration Committee considered staff's recommendation to approve a resolution adopting the appropriation of all as-yet unappropriated funds for FY 2018/19.

FINANCIAL CONSIDERATIONS

None.

RECOMMENDATION

The Finance and Administration Committee recommends that the Board of Directors adopt the attached resolution appropriating all as-yet unappropriated funds for FY 2018/19.

RP/ed

Attachment

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RESOLUTION NO. ____

**RESOLUTION OF THE
SANTA CLARITA VALLEY WATER AGENCY BOARD OF DIRECTORS
ADOPTING THE APPROPRIATION OF ALL AS-YET UNAPPROPRIATED FUNDS
FOR FISCAL YEAR 2018/19**

WHEREAS, it is in the best interest of all Agency citizens that the Agency amend its Fiscal Year 2018/19 Budget by appropriating pursuant to Article XIII-B of the California Constitution all as-yet unappropriated funds.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Santa Clarita Valley Water Agency hereby amends its Fiscal Year 2018/19 Budget by appropriating all as-yet unappropriated funds received through June 30, 2019 to the General Fund/Operating Fund of the Agency, with the exception that any one percent property tax receipts are hereby appropriated to the Agency's Capital Improvement Fund.

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BOARD MEMORANDUM

DATE: May 2, 2019
TO: Board of Directors
FROM: Rochelle Patterson
Director of Finance and Administration
SUBJECT: Approve a Resolution Adopting the Appropriation Limit for FY 2019/20

A handwritten signature in black ink, appearing to read "R. Patterson", is placed to the right of the "FROM:" field.

SUMMARY AND DISCUSSION

Article XIII B of the California Constitution, commonly referred to as the Gann Appropriations Limit, adopted by California voters in 1980, placed limits on the amount of tax proceeds that state and local agencies can appropriate and spend each year. The Agency is required to calculate the limit for each upcoming fiscal year, which the governing body must adopt by resolution. The amount of the limit is based on the amount of tax proceeds authorized to be spent in Fiscal Year 1978/1979, modified for changes in per capita income and population. The appropriations limit applies to taxes which are not specifically approved by voters. Therefore, the appropriations limit includes the Agency's One-Percent tax revenues, but does not include its State Water Project tax revenues.

The appropriation limit for FY 2019/20 is \$44,329,660 calculated as shown in the attachment. Based upon estimated Fiscal Year 2019/20 general tax receipts of \$27,290,406, the Agency is under the limit by \$17,039,254 and is able to appropriate 100% of its general taxes. Attached is a copy of the resolution and summary backup for the Santa Clarita Valley Water Agency's appropriation limit for FY 2019/20.

On May 1, 2019, the Finance and Administration Committee considered staff's recommendation to approve a resolution adopting the appropriation limit for FY 2019/20.

FINANCIAL CONSIDERATIONS

None.

RECOMMENDATION

The Finance and Administration Committee recommends that the Board of Directors approve a resolution adopting the appropriation limit of \$44,329,660 for FY 2019/20.

RP/ed

Attachments

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**Santa Clarita Valley Water Agency
 GANN Appropriations Limit
 Fiscal Year 2019/20 Calculation**

	<u>Ratio</u>	<u>Amount</u>
Fiscal Year 2018/19 GANN Limit		\$ 42,829,927
2019 to 2020 Change in California Per Capita Income ¹	1.0385	
2019 to 2020 Change in Population ¹	0.996645	
Calculation Factor (1.0385 x .996645)	1.035016	
Fiscal Year 2019/20 GANN Limit (\$42,829,927 x 1.035016)		\$ 44,329,660
Estimated Proceeds from General Property Taxes ²		<u>27,290,406</u>
Amount under Limit		<u><u>\$ 17,039,254</u></u>

¹ Source: California Department of Finance Price Factor and Population Information May 2019

² Source: SCV Water FY 2019/20 and FY 2020/21 Biennial Proposed Budget

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RESOLUTION NO. ____

**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.

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BOARD MEMORANDUM

DATE: May 3, 2019

TO: Board of Directors

FROM: Brian J. Folsom, P.E. *BJF*
Chief Engineer

SUBJECT: Approve a Work Authorization Amendment to Kennedy/Jenks Consultants for Inspection Services for the Magic Mountain Pipeline Phase 4 Project

SUMMARY

On September 4, 2018, the Santa Clarita Valley Water Agency Board of Directors approved the construction funding for The Newhall Land and Farming Company, LLC (Newhall) and authorized Kennedy/Jenks Consultants (K/J) to provide inspection services for the Magic Mountain Pipeline Phase 4 (Phase 4 Pipeline) project. The original construction schedule has been modified to increase the weekly construction work hours. As a result, K/J's inspection efforts have increased accordingly. Staff is recommending approval of a work authorization amendment to K/J for inspection services for the Phase 4 Pipeline.

DISCUSSION

The Agency's Capital Improvement Program includes construction of new pipelines to extend its existing Magic Mountain Pipeline to the future Magic Mountain Reservoir, located in the Mission Village development. The pipeline extension will be constructed in three phases (Phases 4, 5, and 6) based on the Mission Village development road construction schedule. On September 4, 2018, the Santa Clarita Valley Water Agency Board of Directors approved construction funding and authorized K/J to provide inspection services for the Phase 4 Pipeline.

The Phase 4 Pipeline is approximately 2,400 feet long and 42 inches in diameter. The pipeline is being installed within Magic Mountain Parkway beginning near the intersection of Magic Mountain Parkway and The Old Road and ending near the intersection of Magic Mountain Parkway and the Magic Mountain Amusement Park entrance. Construction has started and is anticipated to be complete by mid-July 2019. An extended construction schedule and increased construction work hours requires additional inspection services to be performed by K/J.

CEQA Determination

The proposed action was previously evaluated by CLWA's Board of Directors. On February 11, 2015, CLWA, as a Responsible Agency under CEQA, certified the Mission Village Final Environmental Impact Report (Final EIR) and adopted the Lead Agency's (the County of Los Angeles) findings, the Statement of Overriding Considerations and the Mitigation Monitoring and Reporting Programs with the adoption of Resolution No. 3023. CLWA filed the Notice of Determination with the Los Angeles County Clerk's Office and the State Clearinghouse on February 24, 2015. There are no substantial changes to the project and no further CEQA documentation is necessary for the Board to act with regard to the proposed actions.

On May 2, 2019, the Engineering and Operations Committee considered staff's recommendation to approve a work authorization amendment to Kennedy/Jenks Consultants for Inspection Services for the Magic Mountain Pipeline Phase 4 Project.

FINANCIAL CONSIDERATIONS

K/J's budget for inspection services is proposed to increase by \$105,000 to a total amount not to exceed \$390,000. K/J's services will be performed on a time and materials basis. This project is funded in the Agency's FY 2018/19 Budget for the Magic Mountain Pipeline No. 4 Project. The project's total estimated cost is \$4,765,000. The FY 2018/19 project budget is \$4,596,000. As of March 28, 2019, project expenditures are \$288,135.


RECOMMENDATION

The Engineering and Operations Committee recommends that the Board of Directors authorize the General Manager to execute a work authorization amendment with Kennedy/Jenks Consultants for a new total amount not to exceed \$390,000 for inspection services of the Magic Mountain Pipeline Phase 4 Project.

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BOARD MEMORANDUM

DATE: May 2, 2019
TO: Board of Directors
FROM: Rochelle Patterson 
Director of Finance and Administration
SUBJECT: Approve a Resolution Adopting the FY 2019/20 and FY 2020/21 Biennial Budget and Amending the FY 2018/19 Budget

SUMMARY AND DISCUSSION

Management is pleased to present the draft FY 2019/20 and FY 2020/21 Biennial Budget (budget) for the Santa Clarita Valley Water Agency, otherwise known as SCV Water. Staff is continuing to move towards the goal of a completely integrated budget by combining operating revenues and expenses Agency-wide.

This second look of the draft budget reflects the reorganization that has taken place and economies of scale and savings that have already been identified. Additional components of the budget will be presented at future Committee and Board meetings.

SCV Water is seeking to become a “best-in-class” water agency. Staff is committed to the highest performance to equal or exceed current industry standards and has already achieved a significant amount of savings. Although SCV Water has identified savings, it has also identified new initiatives and processes in order to meet our goal of becoming a best-in-class water services provider.

Draft FY 2019/20 and FY 2020/21 Budget

The draft budget reflects planned activities to meet SCV Water’s mission statement and the strategic plan fundamental decisions developed by the Board of Directors. This draft budget document combines the financial presentations for all Divisions of SCV Water and represents the spending plan for the fiscal years beginning July 1, 2019 and July 1, 2020, and the revenues and resources available to fund the plan.

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 Division, Newhall Water Division, Santa Clarita Water Division, and Valencia Water Division.

As a review, the previous staff report is being presented along with additional sections, including the Financial Summary, Reserves detail and a Five-Year Forecast to discuss.

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	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

¹16 Month Period (January - June 2018)

State Mandates, Key Initiatives and Activities

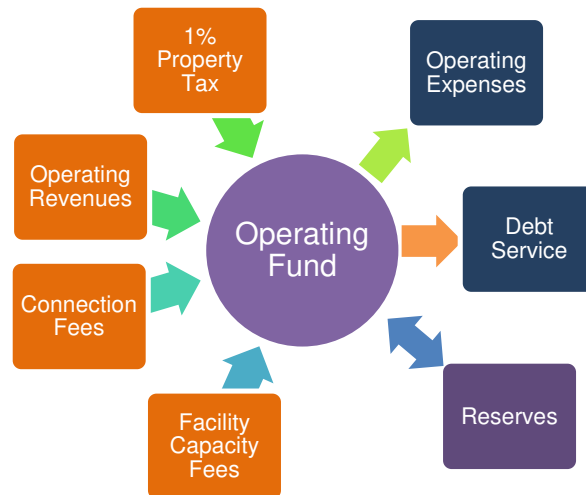
Specific projects or programs are being undertaken either due to state mandates or to achieve strategic objectives. SCV Water will comply with new state water mandates and pursue a number of initiatives over the next few years to achieve its strategic goals.

- **State Mandate** – Sustainable Groundwater Management Act (SGMA) – It is required by law to develop a Groundwater Sustainability Plan. While the plan will be prepared through the SCV Groundwater Sustainability Agency (SCV GSA), SCV Water is the primary funding source for this activity. SCV Water complied and has included approximately \$1 million each year in FY 2019/20 and FY 2020/21 to fund this mandate. State, grant funds have also been secured for a portion of the costs.
- **Watershed Permitting and Planning** – Staff is continuing the 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. The budget includes \$450,000 of funding in FY 2019/20 and FY 2020/21.
- **Technology Services** – 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 the rapid adoption of internet connectivity, security and communication. In FY 2019/20, the SCV Water project list consists of improving mobile technology, network hardware replacements and an improved phone system for an estimated \$1 million.

- Planning and Studies – Salt and Nutrient Management Plan and the 2020 Urban Water Management Plan – The budget for these plans in FY 2019/20 is \$450,000 and in FY 2020/21 is \$500,000.

Operating Budget

For more than a year, SCV Water has focused on integrating the merged organizations. The Agency is committed to synchronizing business processes and functions, as well as cultures and objectives. The Operating Budget will have a slightly different look and presentation. As one Agency, we are moving towards the goal of having one enterprise fund. Essentially, all operating revenues and expenses will be reported together.



Water Production

SCV Water is working to achieve reductions in per capita water use in the Santa Clarita Valley to meet the twenty percent long-term reduction in per capita water usage (in compliance with SBX7-7). The decreased amount of water deliveries reflects anticipated conservation to meet the long-term goal.

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	62,985	64,667	61,766	62,751

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 of a portion of SCV Water’s Buena Vista Rosedale Rio Bravo (BVRRB) water supply. There is a commitment to sell 9,900 acre feet at a price of \$250 per acre foot 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, communication/rental income, connection/facility capacity fees, grants and reimbursements, and investment revenues. In FY 2019/20 budgeted other 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.

Operating Expenses

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. 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.

Significant capital and expense increases (exceeding prior year budgeted amounts) are attributable to:

- \$150,000 for the 2020 Urban Water Management Plan
- \$200,000 for Public Relations campaigns and messaging
- \$250,000 for the GSA
- \$300,000 for the Salt and Nutrient Management Plan
- \$400,000 for the RVWTP Chlorine Scrubber Replacement
- \$550,000 to recoat the recycled water tank
- \$550,000 for the 2020 election
- \$720,000 increase to the Buena Vista/Rosedale Rio Bravo supply transfer
- \$990,000 in funding for Water Conservation Garden at RVWTP
- \$1.2 million for phone system and other Technology Services capital projects
- \$1.3 million for Technology Services professional services
- \$1.7 million for the first phase of the ERP implementation (accounting software)

Staffing

The Formation Study from November 2016 identified that there would be staff savings due to attrition, but there would also be the need to add future staff. It was projected that 11.9 positions would be eliminated within the first three years of SCV Water. At the time of the merger (January 2018), seven positions were eliminated. Management has identified an additional five positions that will be eliminated for FY 2019/20 but have also identified the need to add future staff. As a result, five positions will be repurposed:

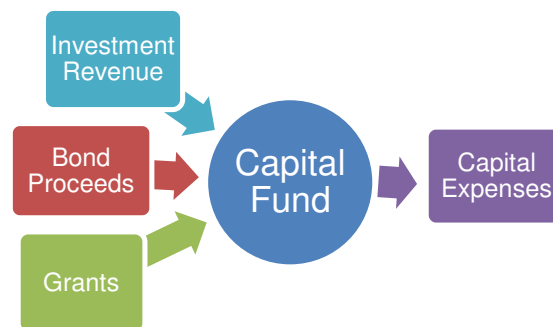
- 2 Civil Engineers
- 1 Administrative Analyst (Engineering Services Section)
- 1 Emergency Response Specialist
- 1 Asset Management Coordinator

SCV Water has also underfilled several positions in the current fiscal year.

(5) Repurposed Positions (salary & benefits)	\$ 648,955
(5) Eliminated Positions (salary & benefits)	(547,000)
Underfilled current positions	<u>(310,000)</u>
Net Savings	\$ (208,000)

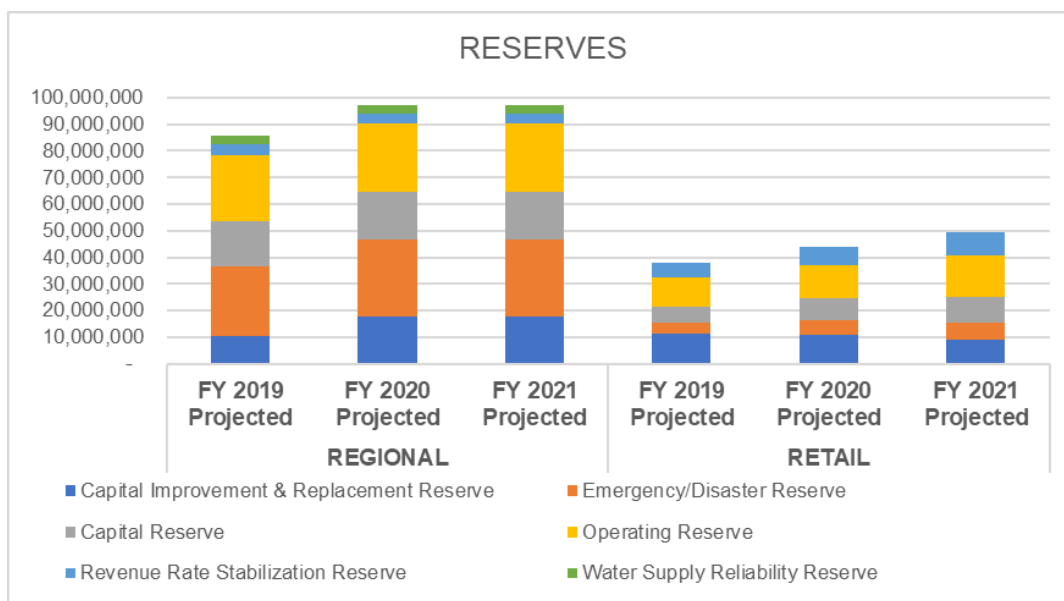
Capital Project Fund

Major capital projects that typically cost more than \$1 million and are funded from the Regional Division Capital Project Fund include facilities, improvements and supplies of water; enhancements or enlargements to existing capacity and facilities for obtaining, importing, transporting and delivering additional quantities of water. In FY 2019/20 SCV Water’s major capital projects that will be funded by the Capital Project Fund is \$24.3 million.



Reserves

The purpose of SCV Water’s reserve fund is to ensure the Agency’s financial stability, and to have sufficient funding available to meet its operating, capital and debt service cost obligations. In FY 2019/20, it is projected that approximately \$17.5 million will be added to SCV Water’s reserve funds and \$5.4 million in FY 2020/21 with no anticipated withdrawals. The addition of the reserve funds are from unrestricted operating cash primarily due to the projected FY 2018/19 budget projections.



On May 1, 2019, the Finance and Administration Committee considered staff's recommendation to approve a resolution adopting the FY 2019/20 and FY 2020/21 Biennial Budget and amending the FY 2018/19 Budget.

Noted: Formatting changes, photo and narrative additions, and minor corrections will be made in the published Budget document after the final Budget is adopted and prior to submission to the Government Finance Officers Association for consideration of their Distinguished Budget Presentation Award.

FINANCIAL CONSIDERATIONS

The draft budget is consistent with the current rate studies, rate structures and financial forecasts.

RECOMMENDATION

The Finance and Administration Committee recommends that the Board of Directors approve a resolution adopting the FY 2019/20 and FY 2020/21 Biennial Budget and amending the FY 2018/19 Budget.

RP

Attachments

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RESOLUTION NO. ____

**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).

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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
<i>Fund Balance 7/1/2019 (estimated)</i>	\$ 107,194,000	\$ 10,649,351	\$ 43,949,360	\$ 5,349,556	\$ 167,142,267
<u>RESERVES:</u>					
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
<u>REVENUES:</u>					
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
<u>EXPENDITURES:</u>					
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)
<i>Available Fund Balance 6/30/2020 (Estimated)</i>	\$ 10,544,617	\$ 24,522,351	\$ 41,621,360	\$ -	\$ 76,688,328

*Major Capital Projects - Bond Proceeds

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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

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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

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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

Inside Cover



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
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Award*

PRESENTED TO

**Santa Clarita Valley Water Agency
California**

For the Fiscal Year Beginning

July 1, 2018

Christopher P. Morill

Executive Director

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Fiscal Year 2018-2019 Operating Budget***

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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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**EXECUTIVE SUMMARY /
TRANSMITTAL LETTER**

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May 21, 2019

Santa Clarita Valley Water Agency
Honorable Board of Directors

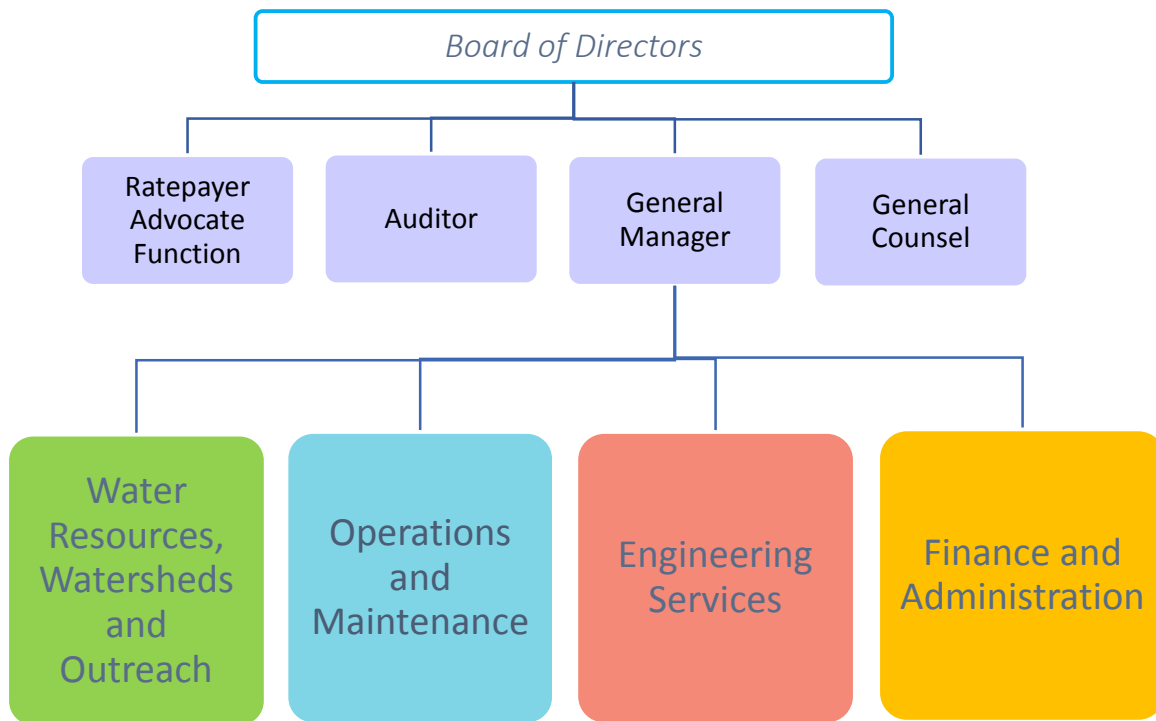
Management is pleased to present its first biennial budget for FY 2019/20 and FY 2020/21. The budget document is the result of one of the most important processes the Santa Clarita Valley Water Agency (SCV Water/Agency) undertakes. In the course of building a budget, the Agency makes policy decisions,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

**USER'S GUIDE /
BUDGET FOREWORD**

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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.

Three-Year 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 two 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.

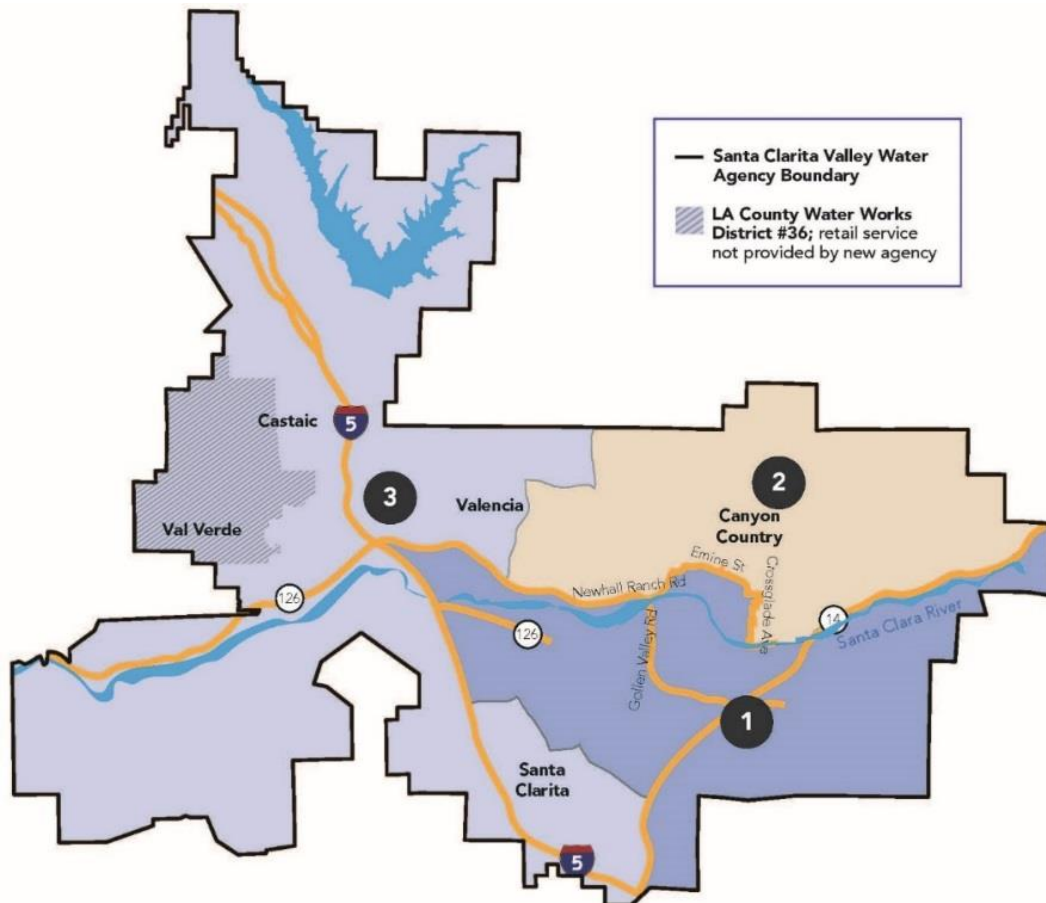
Appendix

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.

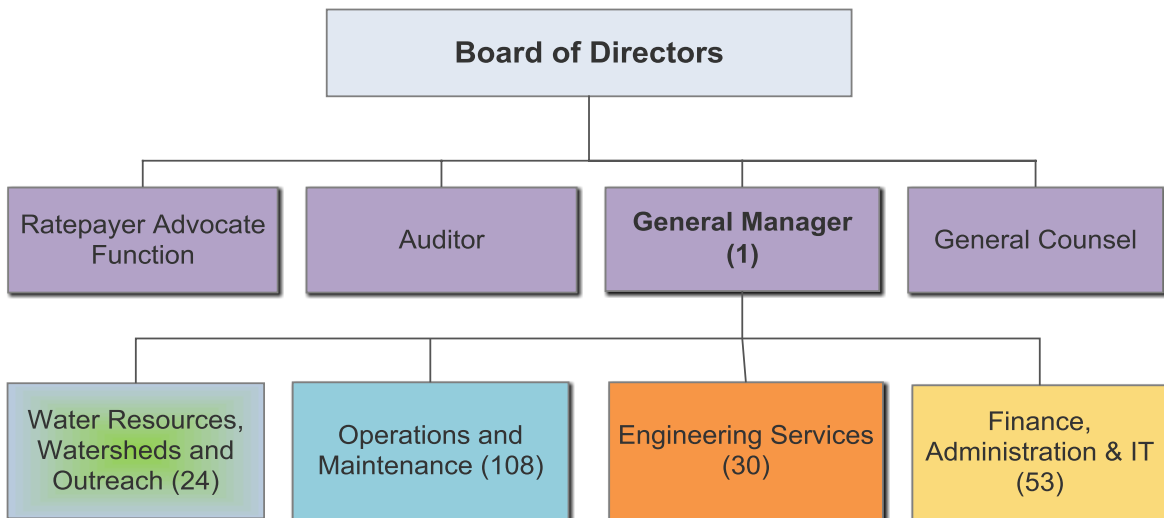
Governance

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)

30 miles from Downtown Los Angeles

Short drive to LAX, Burbank Airport, and the ports

22

Located along I-5 and close to I-405, I-210, and I-10

Over 50 institutions of higher learning within 30 miles

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**

Customer Name	Annual Revenues	% of Water Sales
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 as the Cal Water Fix. Those alternatives include future conditions with current facilities with high and low Delta outflow criteria as well as the California Water Fix 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.

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.

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	17.72	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	6.17	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.

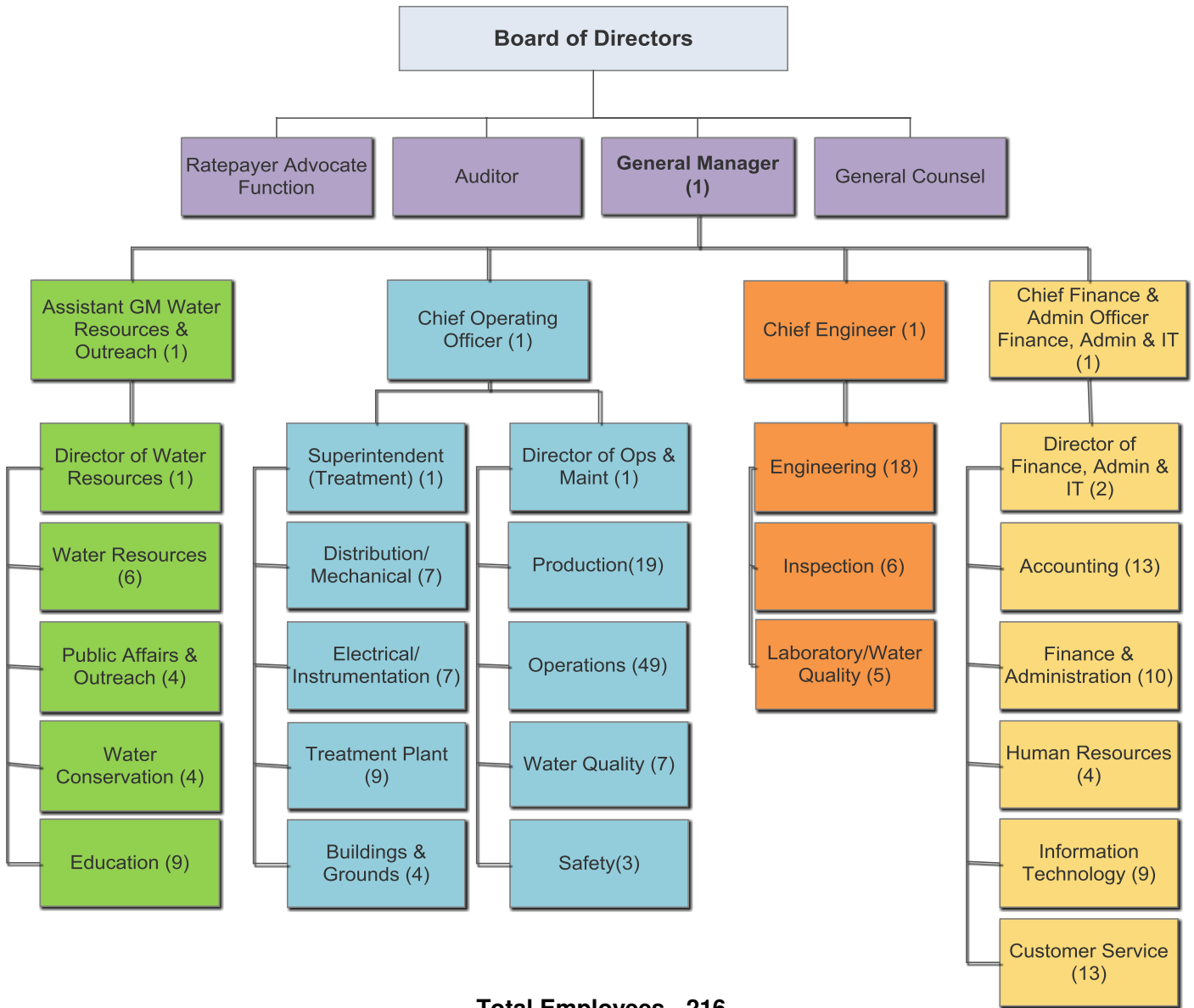
All of these meetings are posted for public participation. In addition, the Budget is posted on the Agency's website to allow for public review. The final Budget is also posted on the Agency's website after it is adopted.

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

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STRATEGIC PLAN

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**TO BE DROPPED IN
WHEN COMPLETE**

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PERFORMANCE MEASURES

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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:

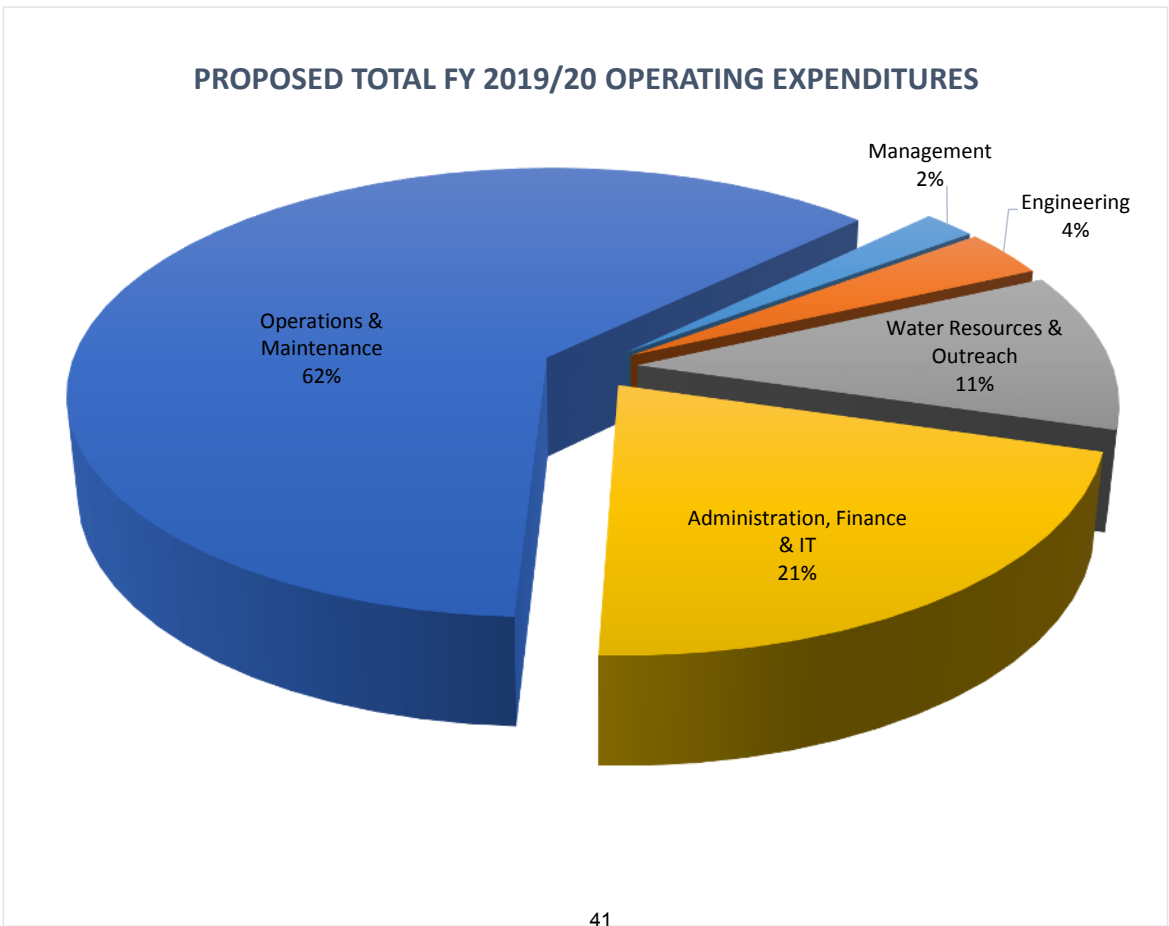
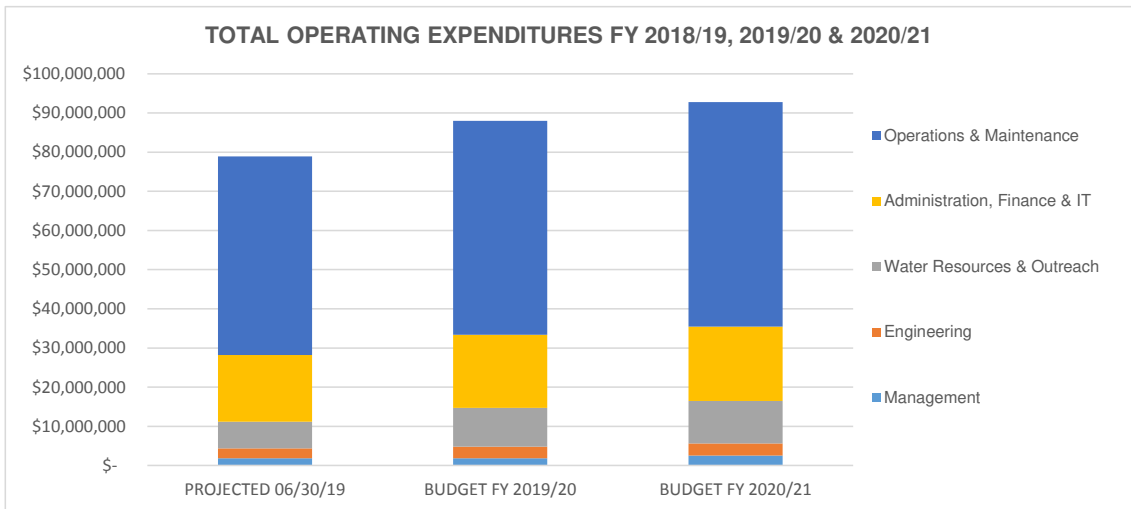
- Fiscal responsibility
- Output/input relationships or productivity
- Customer emphasis such as quality
- Innovation and adaptation to change
- Human resources
- Cost of quality measured as budgeted versus actual
- Variances measured as cost versus actual expenses
- Period expenses measured as budgeted 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.

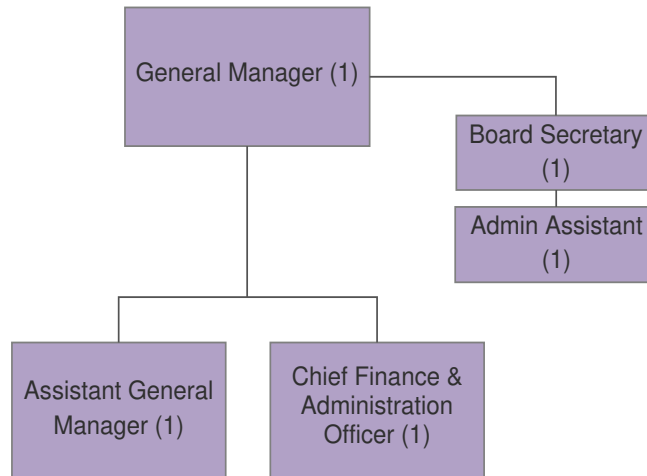
Each section of the Agency has established their priorities, goals and strategies, and those desired outcomes were reviewed and considered. As a whole, objectives are dynamic and provide a living action plan for the section management team to identify, track and report on the progress toward identified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

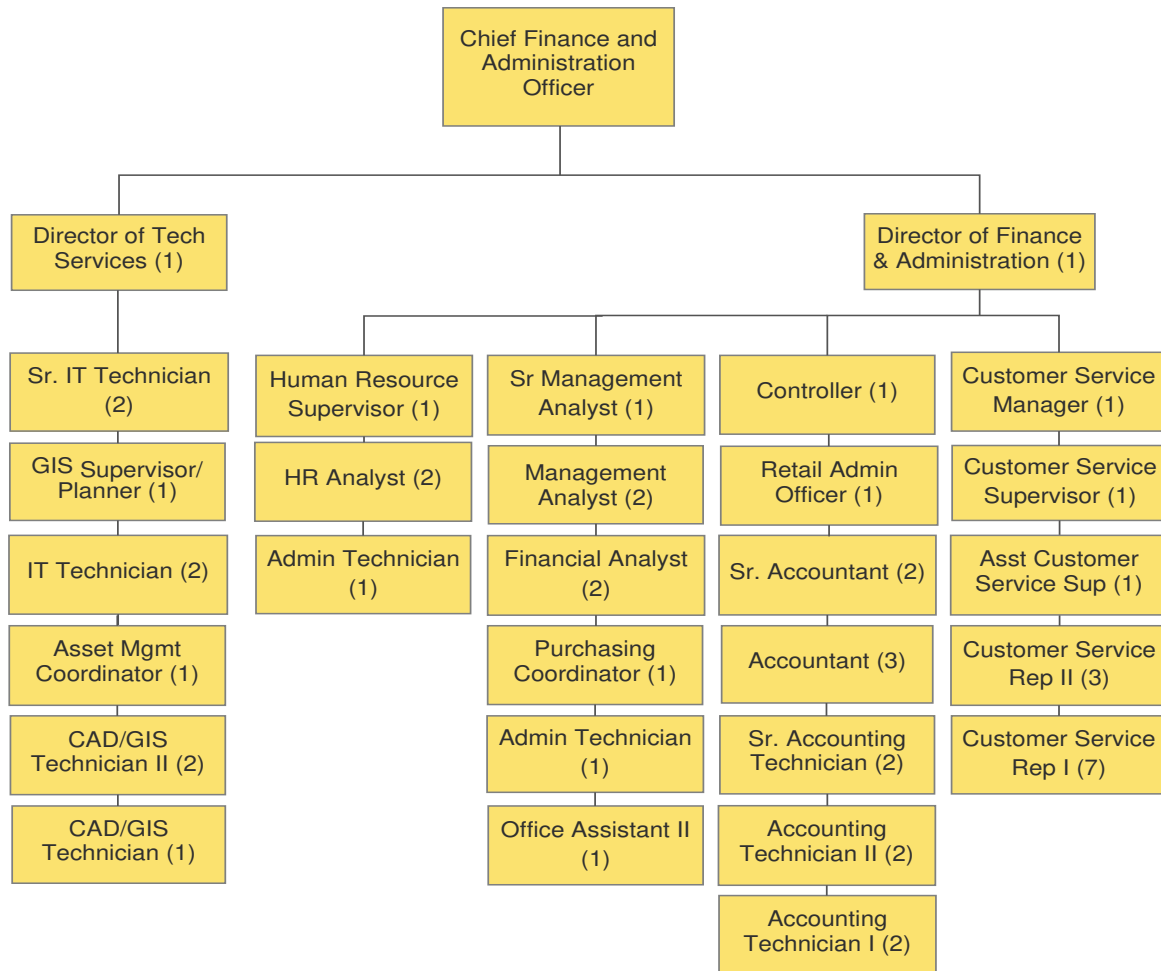
	Input Indicators	Output Indicators	Efficiency Indicator	Service Quality Indicator	Outcome Indicator
Indicator	Budget and/or Projections	Actual Number/ Percentage	Cost/Service Improvements	Percent Service Improvements	Percent of Cost/Service Improvements
Indicator Calculation	Personnel Services + Operating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

**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

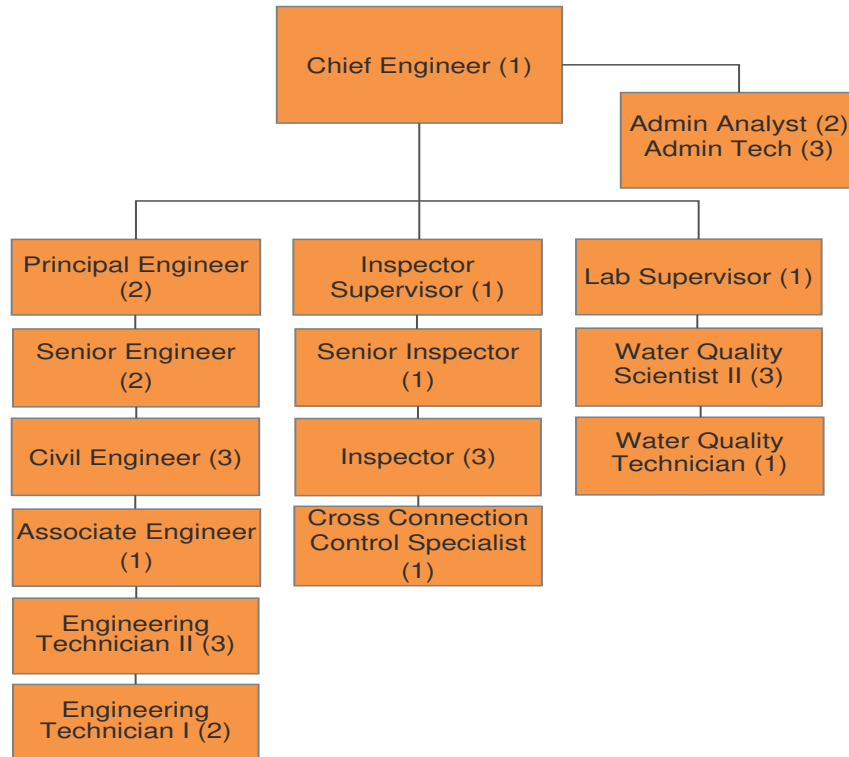
Cost Center Goal			Outcome Indicator		
To take the lead in setting policies and procedures that enhance the Agency's financial position and to promote efficient use of water resources by adopting rate designs that are fair and reasonable. To also provide excellent and efficient customer service, respond 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
- 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 and recycled 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 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

**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

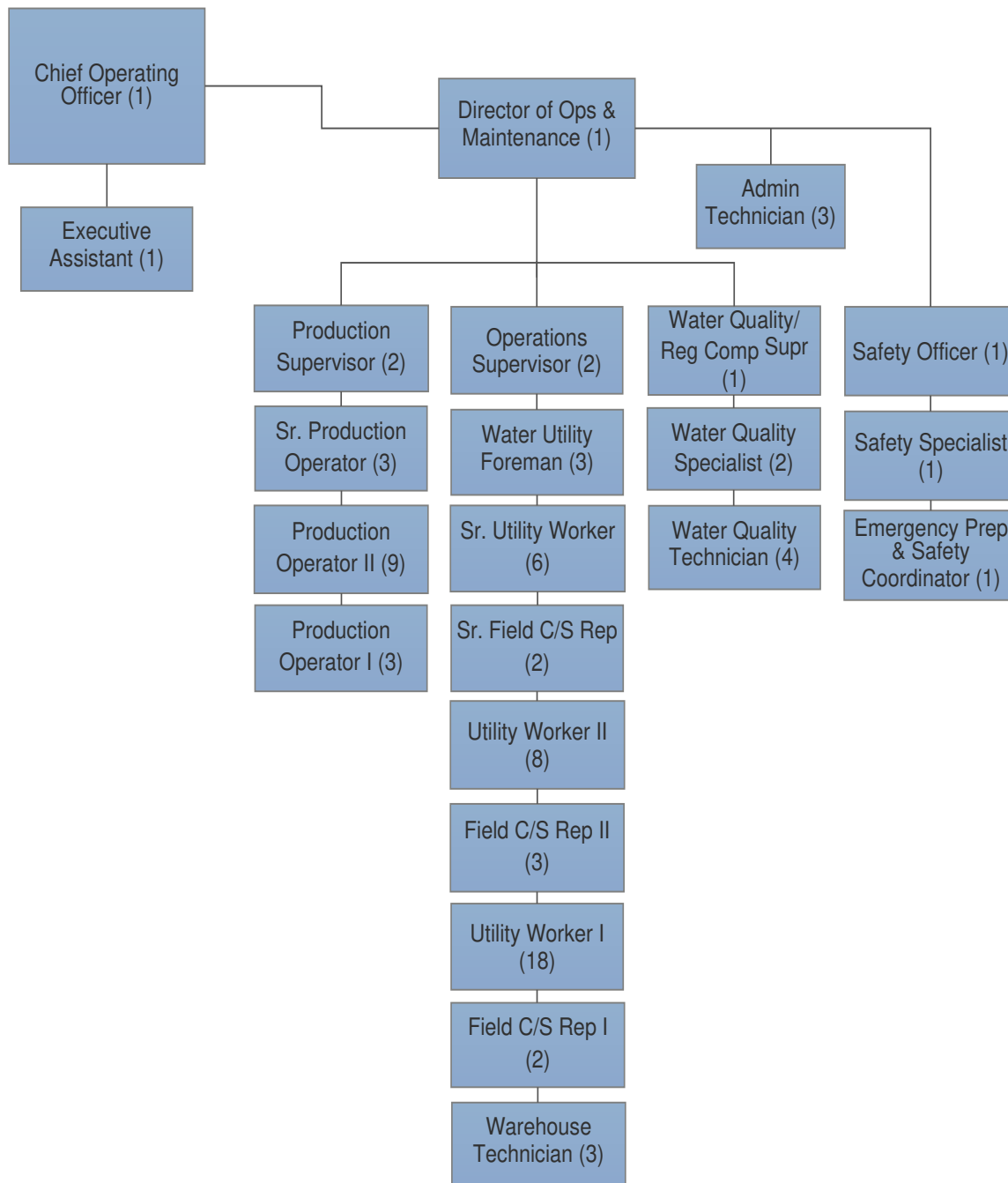
Performance Indicators

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

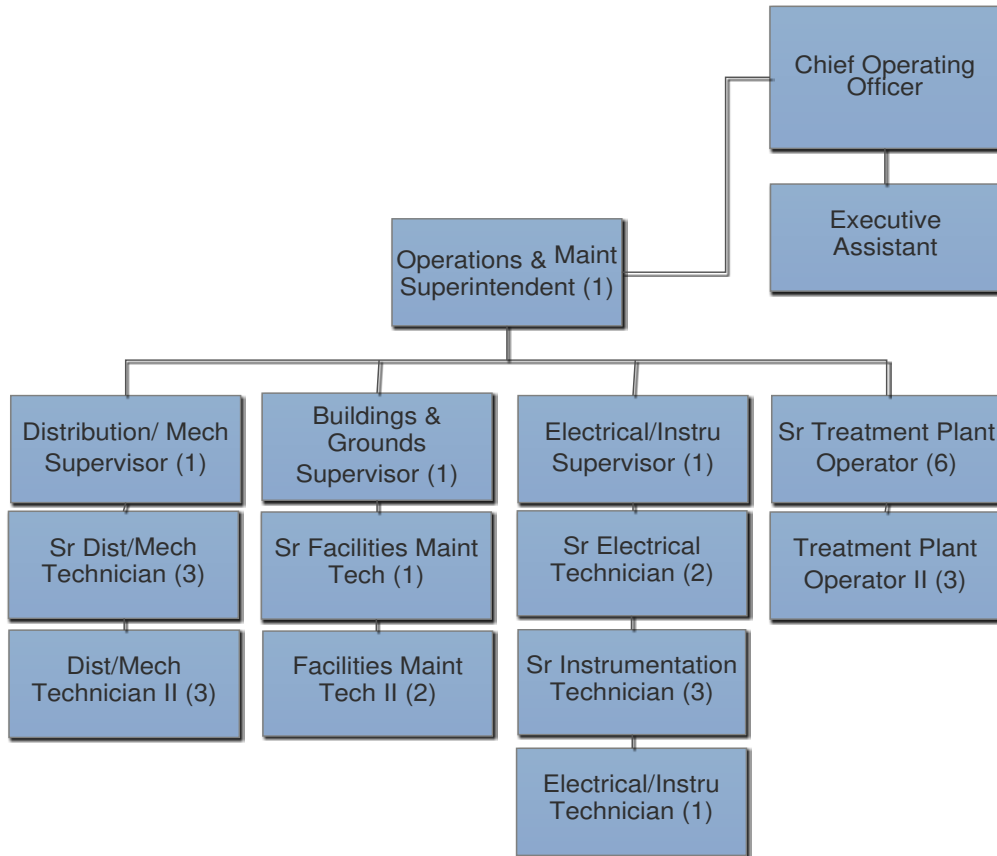
**SCV WATER - PERFORMANCE MEASUREMENT
OPERATIONS AND MAINTENANCE SECTION
FY 2019/20 and FY 2020/21**

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 Pl
- 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 2019 FTE	FY 2020 FTE	FY 2021 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

**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

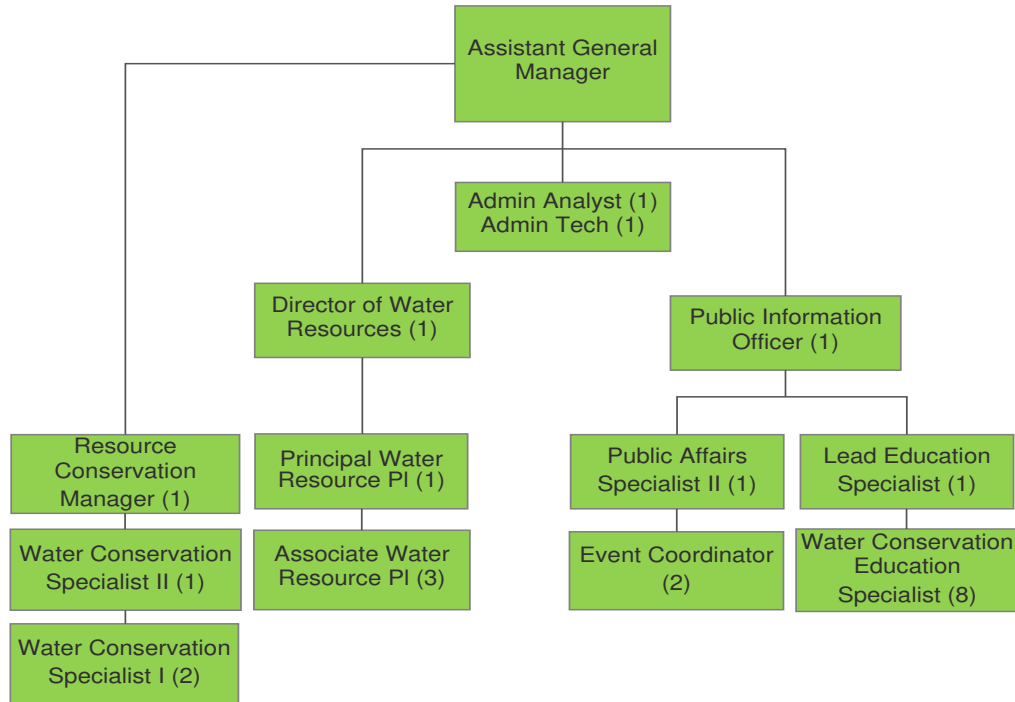
Cost Center Goal			Outcome Indicator		
To preserve existing assets and facilities while planning for future needs and demands while pursuing alternatives with the most sustainable, efficient and cost-effective approach and to operate and maintain facilities to surpass drinking water regulations with 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 BVERRB water.
-  Developed 2019 Operating Plan that will meet all water demands while also negotiating a one-time water sale of 10,000 AF of BVERRB 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	2	2	0
Water Conservation Specialist I	1	1	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

**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

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RESERVES

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RESERVES

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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	
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- 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.



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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	
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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



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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%
	97,070,935	97,070,935	100%
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	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

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
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	<u>Reserve Balance</u>	<u>Target</u>	<u>% of Target</u>
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%
	<u>49,424,162</u>	<u>60,630,948</u>	<u>82%</u>
Days Cash Ratio	298	365	

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

	<u>Unrestricted</u>	<u>Restricted*</u>	<u>Total</u>
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	<u>Reserve Balance</u>	<u>Target</u>	<u>% of Target</u>
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%
	<u>97,070,935</u>	<u>103,541,444</u>	<u>94%</u>
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%
	13,413,030	20,997,724	64%
Days Cash Ratio	222	348	

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LONG-TERM COMMITMENTS

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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 Standard & Poor’s	AA	AA-	AA-	AA-	AA-	AA-
	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 PROGRAM

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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 Asset Capitalization Policy 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. Including, 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 and Facility Capacity Fee 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 such as 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 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 to 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's 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 - 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: 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.

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: 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 Design Changes (Resulting from RFI) 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: 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.

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**

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					
Castaic Conduit Bypass Pipeline	C	\$ 15,116,000	\$ 927,000	\$ 400,000	\$ 205,000
Distribution System - RV-2 Modifications	A, B, C, D	3,419,000	3,419,000	-	-
ESFP Clearwell/CT Improvements	C, E	8,606,000	8,606,000	-	-
ESFP Sludge Collection System	C, E	14,726,000	1,086,000	6,235,000	7,405,000
ESIPS Pipeline Improvements	C, E	4,107,000	4,107,000	-	-
Foothill Feeder Connection	C	4,950,000	4,950,000	-	-
Honby Parallel - Phase 2	C	25,489,000	2,536,000	140,000	150,000
Magic Mountain Pipeline No. 4	C	5,095,000	3,609,000	1,486,000	-
Magic Mountain Pipeline No. 5	C	5,496,000	165,000	5,331,000	-
Magic Mountain Pipeline No. 6	C	13,260,000	240,000	6,095,000	6,925,000
Magic Mountain Reservoir	C	29,927,000	137,000	170,000	315,000
Recycled Water Phase II, 2A - Central Park	C	15,394,000	277,000	5,000	5,000
Recycled Water Phase II, 2B - Vista Canyon	C	6,912,000	150,000	3,135,000	3,627,000
Recycled Water Phase II, 2C - South End	C	12,702,000	833,000	150,000	150,000
Recycled Water Phase II, 2D - West Ranch	C	2,077,000	514,000	985,000	578,000
Rosedale-Rio Bravo Extraction Project	C	9,869,000	9,736,000	127,000	79,000
Saugus Formation Dry Year Reliability Wells	B, C	11,380,000	221,000	-	380,000
Projects Funded "Pay-as-you-go"					
Groundwater Treatment Improvements	C	3,216,000	221,000	340,000	2,585,000
Replacement Wells	B	11,161,000	375,000	1,070,000	4,030,000
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) 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:					
Capital Program/Facility Capacity Fees	\$ 200,000	\$ 325,000	\$ 260,000	\$ 190,000	A
Recycled Water Master Plan PEIR (CEQA)	250,000	-	200,000	200,000	
Salt and Nutrient Management Plan Implementation NEW	-	-	300,000	100,000	
Urban Water Management Plan 2020 NEW	-	-	150,000	400,000	
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:					
Buena Vista/Rosedale Rio Bravo Storage and Recovery Program	\$ 6,681,100	\$ 6,945,576	\$ 6,650,938	\$ 6,446,298	C
Watershed Permitting and Planning	450,000	450,000	450,000	450,000	D
Grant Administration	115,000	85,000	150,000	182,000	E
Integrated Regional Water Management Plan	230,000	70,000	150,000	190,000	
Ventura County Flexible Storage	20,000	17,900	20,000	20,000	
Water Banking (Semi Tropic)	76,000	73,000	79,000	81,000	F
Water Banking BV/RRB	-	-	50,000	55,000	
Sites Reservoir	500,000	325,000	500,000	500,000	G
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:					
Annexation Support	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	I
Debt Financing and Administration	250,000	37,390	200,000	-	
One Percent Property Tax Administration	250,000	-	150,000	50,000	
SCVWA Integration	200,000	-	200,000	100,000	J
Groundwater Treatment Cost Recovery	300,000	-	300,000	300,000	
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 2019/2020, \$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
ESFP HVAC Replacement	\$ 210,000	\$ -	\$ -	\$ -	\$ -
ESFP Emergency Generator Replacement	130,000	-	-	-	-
ESIPS Additional Pump	910,000	-	-	-	-
Pipeline Inspection Facility Modifications	Ongoing	-	-	150,000	150,000
Pipeline Relocations/Modifications	Ongoing	150,000	70,000	125,000	340,000
RVWTP Ozone Gas Collection Modification	515,000	-	-	-	-
RVWTP Underground Storage Tank Replmt	575,000	-	-	-	150,000
RVWTP Upper Mesa Erosion Repair	70,000	-	-	-	-
SPTF Pressure Control Modifications	200,000	-	-	-	-
Devil's Den Property Solar Project	tbd	100,000	20,000	100,000	100,000
RVWTP Chlorine Scrubber Replacement	400,000	-	-	400,000	-
Recycled Water Potable Make-up Connection	250,000	-	-	200,000	50,000
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 Esstimated 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	*
Office Technology and Equipment Additions					
Office Technology and Equipment - General	\$ 305,000	\$ 300,000	\$ 778,659	\$ 446,920	(A)
Office Technology and Equipment - Accounting	50,000	50,000	1,011,822	2,261,234	(B)
Office Technology and Equipment - HR	-	-	15,000	5,000	
Total Office Equipment Additions	\$ 355,000	\$ 350,000	\$ 1,805,481	\$ 2,713,154	
Office Furniture Additions					
Office Furniture - General	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	
Office Improvements - Various	50,000	25,000	30,000	30,000	
Total Office Furniture Additions	\$ 80,000	\$ 55,000	\$ 60,000	\$ 60,000	
Miscellaneous Equipment					
Lab Equipment	\$ 120,000	\$ 95,000	\$ 50,000	\$ 50,000	
Miscellaneous Large Tools and Equipment	40,000	35,000	35,000	35,000	
RWTP HVAC Equipment	30,000	22,000	30,000	30,000	
Security Equipment Upgrades	10,000	5,000	15,000	15,000	
Video Surveillance Equipment	20,000	20,000	10,000	10,000	
Total Miscellaneous Equipment	\$ 220,000	\$ 177,000	\$ 140,000	\$ 140,000	
Vehicles					
Vehicle & Equipment Replacements	\$ 55,000	\$ 50,000	\$ 175,000	\$ 60,000	(C)
Total Vehicles	\$ 55,000	\$ 50,000	\$ 175,000	\$ 60,000	
Total New Capital Equipment	\$ 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.

	Adopted Budget FY 2018/19	Projected 6/30/19 FY 2018/19	Proposed Budget FY 2019/20	Proposed Budget FY 2020/21	
Major Repair and Replacement					*
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:

Emergency Generator Service	\$ -	\$ -	\$ 10,000	\$ 10,000
Closed cooling water loop system for Ozone	-	-	100,000	-
Sodium Hypochlorite tank repair	-	-	25,000	-
Server and node replacement	-	-	-	100,000
Ammonia pumps	-	-	40,000	-
Clearwell actuators on effluent valves	20,000	14,304	-	-
Dissolved ozone analyzers	15,000	-	-	-
Meter replacement	25,000	12,000	15,000	15,000
Ozone system equipment replacement	10,000	78,000	30,000	20,000
Pump and motor replacement	25,000	12,000	20,000	20,000
Replace sodium hydroxide tank	150,000	140,000	-	-
Turbidity meters	35,000	36,659	-	-
Valve replacement	25,000	20,000	20,000	20,000
Miscellaneous	25,000	45,996	30,000	30,000
	\$ 330,000	\$ 358,958	\$ 290,000	\$ 215,000

(B) RVWTP Repair and Replacement items include:

Ammonia tank	\$ -	\$ -	\$ 90,000	\$ -
Floater Clearwell Covers Annual Repairs & Maint	-	-	-	79,450
Change Gas & Ammonia Sensors (wireless)	-	-	21,000	-
Emergency Generator Service	-	-	10,000	10,000
Server Room HVAC replacement	-	-	17,000	-
Shipping and Receiving HVAC replacement	-	-	8,000	-
Chiller Compressor replacement	-	-	40,000	-
Administration Building Interior Paint	-	-	30,000	-
Slurry, Seal, & Restripe parking lot and drive	-	-	200,000	-
Maintenance Building Flooring and Paint	-	-	-	30,000
Raw water NTU analyzer	-	-	20,000	-
Server and node replacement	-	-	-	100,000
Painting valves pumps and pipelines	-	-	30,000	30,000
Chlorine Gas Annual Service and Repair	-	-	40,000	40,000

**SCV WATER - CAPITAL IMPROVEMENT BUDGET - REPAIR AND REPLACEMENT
FY 2019/20 FY 2020/21 - REGIONAL DIVISION**

Meter replacement	15,000	15,768	15,000	15,000
Ferric pumps	25,000	25,872	-	-
Ozone system equipment replacement	10,000	11,176	15,000	15,000
Pump and motor replacement	30,000	25,000	25,000	25,000
Replace 12-year old carpet - RVWTP (Admin)	100,000	60,000	-	-
Sodium hydroxide pumps	25,000	43,830	-	-
Turbidity meters	25,000	25,358	-	-
Valve replacement	20,000	12,000	15,000	15,000
Miscellaneous	20,000	20,000	20,000	20,000
	\$ 270,000	\$ 239,004	\$ 596,000	\$ 379,450

(C) RVIPS Repair and Replacement items include:

Painting valves pumps and pipelines	\$ -	\$ -	\$ -	\$ 40,000
Emergency Generator Service	-	-	15,000	15,000
Pump and motor replacement	50,000	-	50,000	50,000
Valve replacement	10,000	-	-	-
Miscellaneous	10,000	14,107	10,000	10,000
	\$ 70,000	\$ 14,107	\$ 75,000	\$ 115,000

(D) Pipeline Repair and Replacement items include:

N-1 5500c Ammonia Analyzer	\$ -	\$ -	\$ 30,000	\$ -
Cathodic test station repairs	15,000	1,000	-	-
Sand Canyon pipeline meter calibration	5,000	-	-	-
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:

Recoat Recycled Tank Corrosion Protection	\$ -	\$ -	\$ 500,000	\$ -
Pumps and motor repairs	30,000	15,000	30,000	30,000
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:

Emergency Generator Service	\$ -	\$ -	\$ 10,000	\$ 10,000
Meter replacement	20,000	-	-	-
Pumps and motor repairs	50,000	11,695	40,000	40,000
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:

Meter replacement	\$ 15,000	\$ -	\$ -	\$ 15,000
Ammonia analyzer	28,000	27,402	-	-
Pumps and motor repairs	50,000	9,606	25,000	25,000
Saugus 1 and 2 wells	-	-	25,000	25,000
Valve replacement	5,000	-	-	-
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:

HVAC system replacement X 2	\$ -	\$ -	\$ 24,000	\$ 24,000
	\$ -	\$ -	\$ 24,000	\$ 24,000

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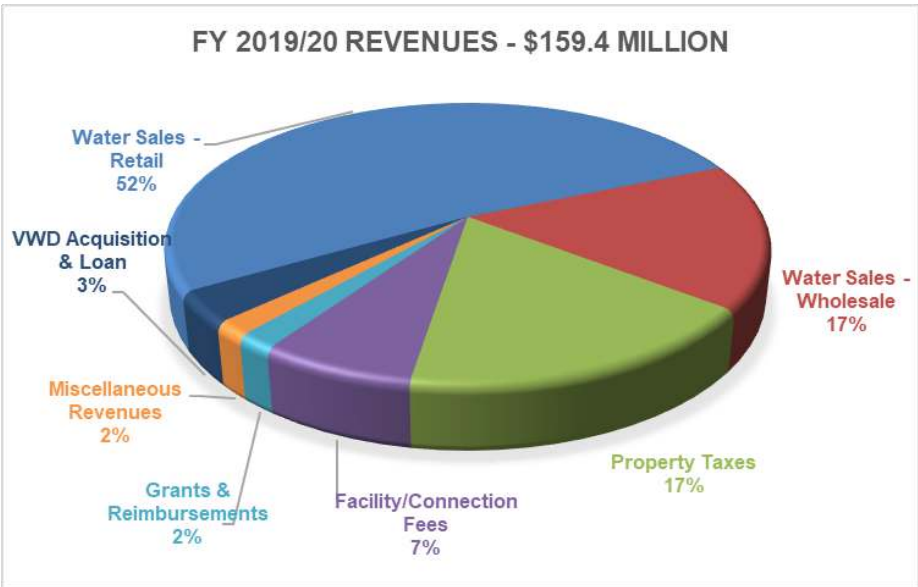
FINANCIAL SUMMARY

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FINANCIAL SUMMARY

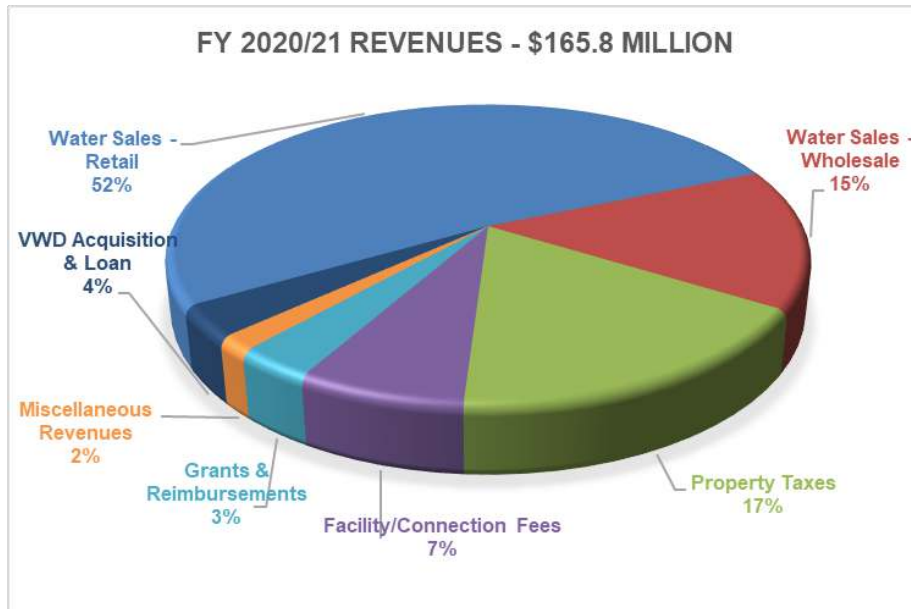
FY 2019/20 OPERATING REVENUE BUDGET

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 the addition of 849 retail service connections, \$2.32 million in attributed to an increase in facility capacity/connection fees that are due to the addition of new connections and increased development and \$1.28 million increase in one percent property tax revenue.



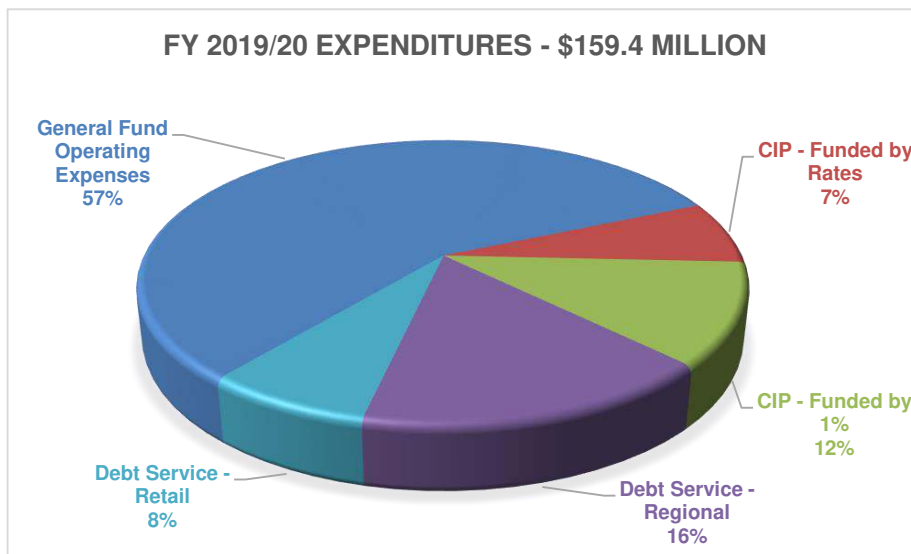
FY 2020/21 OPERATING REVENUE BUDGET

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 in attributed to an increase in facility capacity/connection fees that are due to the addition of new connections and increased development, \$1.29 million increase in one percent property tax revenue and \$2.8 million in increased grants and reimbursements.



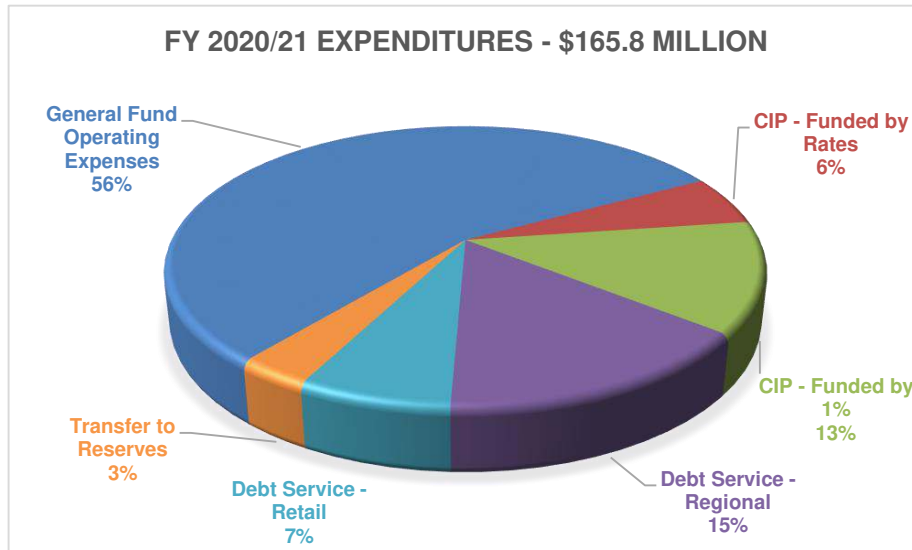
FY 2019/20 OPERATING EXPENSE BUDGET

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 \$28.7 million and \$6.2 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 \$5.2 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 \$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 increase in service connections, \$.6 million for election expense and \$1.1 million in pumping expense 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 FY 2018/19	Proposed Budget FY 2020/21	Proposed Budget FY 2021/22
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 acre feet at a price of \$250 per acre foot 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 budgeted other 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 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. 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 in FY 2019/20 is projected at \$28.7 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 primarily due to the funding of phase I of the new ERP for SCV Water's new accounting software, technology services 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 following projects: ESFP Sludge Collection System, Magic Mountain Pipeline projects and the 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 attached 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 Cal Water Fix. 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.

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							
11	Water Sales - Fixed Charges	15,107,100	15,107,100	15,484,539	2.5%	15,949,096	3.0%
12	Water Sales - Purveyors - Variable	7,933,900	9,432,600	7,892,900	-0.5%	8,293,700	0.0%
13	Water Sales - Recycled	270,000	211,800	256,428	-5.0%	264,678	0.0%
14	Water Sales - Saugus 1 and 2 Wells	627,300	666,250	705,200	12.4%	741,321	0.0%
15	One-time Water Sales	1,875,000	1,875,000	2,475,000	32.0%	-	0.0%
16	One Percent Property Tax	25,446,900	24,442,000	26,724,000	5.0%	28,007,000	0.0%
17	Facility Capacity Fees	8,000,000	9,129,958	8,500,000	6.3%	9,000,000	0.0%
18	Laboratory Revenues	106,000	121,238	120,000	13.2%	120,000	0.0%
19	Communications Revenues	185,000	197,264	203,182	9.8%	209,278	3.0%
20	Reimbursement-Settlement Amt (O&M)	1,588,900	1,298,500	1,337,455	-15.8%	1,377,579	3.0%
21	Grants and Reimbursements	966,300	320,059	1,490,000	54.2%	4,248,000	185.1%
22	Investment Revenues	900,000	998,666	1,000,000	11.1%	1,000,000	0.0%
23	VWD Acquisitions & Loan	5,710,853	5,710,853	5,694,570	-0.3%	5,694,570	0.0%
24	Transfer from Reserves	-	-	-	0.0%	-	0.0%
25	Total Regional Operating Revenues	68,717,253	69,511,288	71,883,274	4.6%	74,905,222	4.2%
OPERATING EXPENSE SUMMARY							
Retail							
28	Source of Supply	24,811,488	25,431,809	27,108,364	9.3%	28,133,868	3.8%
29	Pumping Expense	8,120,496	7,703,604	8,220,296	1.2%	9,317,912	13.4%
30	Water Treatment	2,795,627	2,188,813	2,587,769	-7.4%	2,673,984	3.3%
31	Transmission & Distribution	7,420,058	6,790,295	6,948,390	-6.4%	7,128,132	2.6%
32	Customer Accounts	3,235,038	2,608,998	3,248,158	0.4%	3,372,024	3.8%
33	Engineering	1,601,313	1,179,952	1,426,590	-10.9%	1,471,689	3.2%
34	Administrative & General	9,685,564	8,922,832	9,674,481	-0.1%	9,793,604	1.2%
35	Capital Improvement Projects	9,816,400	6,380,660	10,981,707	11.9%	9,518,526	-13.3%
36	Debt Service	11,457,316	11,457,316	11,550,658	0.8%	11,671,908	1.0%
37	Transfer to Reserves	949,077	1,056,171	973,742	2.6%	993,217	2.0%
38	Total Retail Operating Expenses	79,892,377	73,720,450	82,720,154	3.5%	84,074,863	1.6%
Regional							
40	Management	2,161,200	1,837,784	1,819,957	-15.8%	2,514,573	38.2%
41	Administration	5,011,000	5,509,700	5,706,849	13.9%	5,767,479	1.1%
42	Engineering	1,427,000	1,372,530	1,561,739	9.4%	1,657,968	6.2%
43	Maintenance	3,303,500	3,014,155	3,460,245	4.7%	3,540,664	2.3%
44	Water Quality & Regulatory Affairs	1,027,300	1,004,894	1,061,082	3.3%	1,105,074	4.1%
45	Water Resources	8,190,300	6,775,412	9,930,355	21.2%	10,853,899	9.3%
46	Water Treatment Operations	5,019,901	4,560,908	5,243,667	4.5%	5,466,329	4.2%
47	Capital Improvement Projects	13,820,100	8,983,065	17,723,419	28.2%	21,176,902	19.5%
48	Debt Service	24,866,981	24,866,981	24,954,409	0.4%	25,001,790	0.2%
49	Transfer to Reserves	-	-	5,194,793	0.0%	4,658,499	100.0%
50	Total Regional Operating Expenses	64,827,282	57,925,429	76,656,515	18.2%	81,743,178	6.6%
51	TOTAL OPERATING EXPENSES	\$ 144,719,659	\$ 131,645,879	\$ 159,376,669	10.1%	\$ 165,818,041	4.0%
Total Operating Revenue							
		153,346,976	154,667,500	159,376,669	3.9%	165,818,041	4.0%
Total Operating Expense							
		(144,719,659)	(131,645,879)	(159,376,669)	10.1%	(165,818,041)	4.0%
		8,627,317	23,021,621	0	-100.0%	0	0.0%
Total Operating Expenses							
		144,719,659	131,645,879	154,181,876	6.5%	161,159,541	4.5%
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	125,410,209	8.3%	131,421,111	4.8%

**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

	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	\$ 52,153,566	\$ 47,781,466	\$ 43,949,360	\$ 41,621,360
REVENUES				
Agency Set Property Tax Revenues	\$ 30,422,900	\$ 30,904,000	\$ 32,387,000	\$ 33,942,000
Investment Income	570,000	628,894	650,000	650,000
Total State Water Contract Fund Revenues	\$ 30,992,900	\$ 31,532,894	\$ 33,037,000	\$ 34,592,000
EXPENDITURES				
DWR Variable Charge	\$ (9,000,000)	\$ (9,000,000)	\$ (9,000,000)	\$ (9,000,000)
State Water Contract Payments	(23,000,000)	(23,000,000)	(23,000,000)	(23,000,000)
Legal Consulting	(15,000)	(15,000)	(15,000)	(15,000)
State Water Contractors/SWPCA Dues	(215,000)	(215,000)	(215,000)	(215,000)
SWC Audit	(35,000)	(35,000)	(35,000)	(35,000)
Refunds from State	1,000,000	1,000,000	1,000,000	1,000,000
CWF Funding	(2,100,000)	(2,100,000)	(2,100,000)	(2,100,000)
Miscellaneous & Property Tax Admin Fees				
Contingencies	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)
Total State Water Contract Fund Expenditures	\$ (35,365,000)	\$ (35,365,000)	\$ (35,365,000)	\$ (35,365,000)
Available Fund Balance, Ending	\$ 47,781,466	\$ 43,949,360	\$ 41,621,360	\$ 40,848,360
Tax Rate per \$100 in Assessed Valuation	\$ 0.070600	\$ 0.070600	\$ 0.070600	\$ 0.070600

*Expenditures estimated - will be updated

REVENUES

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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%	-	0.0%	
Total Regional Operating Revenues	68,717,253	69,511,288	71,883,274	4.6%	74,905,222	4.2%	
TOTAL OPERATING REVENUES	\$ 153,346,976	\$ 154,667,500	\$ 159,376,669	3.9%	\$ 165,818,041	4.0%	

(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 (perchlorage wells).
- (E) The Agency will be selling 9,900af 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.

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EXPENDITURES

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SCV WATER - OPERATING EXPENSE BUDGET - SUMMARY
FY 2019/20 and FY 2020/21

	Adopted Budget	Projected	Proposed	% Change	Proposed	% Change	
	FY 2018/19	06/30/19	Budget	Over	Budget	Over	(1)
OPERATING EXPENSE SUMMARY		FY 2018/19	FY 2019/20	FY 2018/19	FY 2020/21	FY 2019/20	
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	10,981,707	11.9%	9,518,526	-13.3%	(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	973,742	2.6%	993,217	2.0%	
Total Retail Operating Expenses	79,892,377	73,720,450	82,720,154	3.5%	84,074,863	1.6%	
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	-	-	5,194,793	0.0%	4,658,499	100.0%	
Total Regional Operating Expenses	64,827,282	57,925,429	76,656,515	18.2%	81,743,178	6.6%	
TOTAL OPERATING EXPENSES	\$ 144,719,659	\$ 131,645,879	\$ 159,376,669	10.1%	\$ 165,818,041	4.0%	

(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 Technical 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/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 06/30/19	Proposed Budget	% Change over	Proposed Budget	% Change over	(1)
	FY 2019	FY 2019	FY 2020	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	\$ 10,981,707	11.9%	\$ 9,518,526	-13.3%	(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	\$ 82,720,154	3.5%	\$ 84,074,863	1.6%	

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	-	-	-	100.0%	550,000	#DIV/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	\$ -	\$ -	\$ 5,194,793	0.0%	\$ 4,658,499	100.0%
TOTAL OPERATING EXPENSE-REGIONAL	\$ 64,827,282	\$ 57,925,429	\$ 76,656,515	18.2%	\$ 81,743,178	6.6%

SCV WATER - EXPENSE BUDGET - MANAGEMENT
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	(1)
Salary and Benefits							
Salary	\$ 569,300	\$ 483,000	\$ 447,549	-21.4%	\$ 461,344	3.1%	(A)
Overtime	14,000	10,700	12,000	-14.3%	12,000	0.0%	
Burden and Benefits	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							
Employee Expense	17,000	13,000	10,000	-41.2%	10,000	0.0%	(B)
Employee Travel	14,000	7,623	20,000	42.9%	20,000	0.0%	(B)
Safety Training and Equipment	-	-	-	100.0%	-	0.0%	
Supplies and Services	30,000	18,318	12,000	-60.0%	12,000	0.0%	(C)
Internal Relations	-	956	-	100.0%	-	0.0%	
Uniforms	-	2,315	-	100.0%	-	0.0%	
Office Equip Repair/Service	-	5,662	-	100.0%	-	0.0%	
Dues and Memberships	-	-	-	100.0%	-	0.0%	
Subscriptions	-	-	-	100.0%	-	0.0%	
Telephone	-	-	-	100.0%	-	0.0%	
	61,000	47,874	42,000	-31.1%	42,000	0.0%	
Outside Services							
Education/Seminars	10,000	5,337	15,000	50.0%	15,000	0.0%	
Outside Services	-	2,500	5,000	100.0%	5,000	0.0%	
Legal Consulting	300,000	269,511	280,000	-6.7%	280,000	0.0%	
Technology Services	-	-	-	100.0%	-	0.0%	
Recruitment Expenses	-	-	-	100.0%	-	0.0%	
Professional Services/Consultants	100,000	79,255	140,000	40.0%	270,000	92.9%	(D)
Legislative Advocate Services	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							
Election	-	-	-	0.0%	550,000	100.0%	(E)
Directors Compensation and Expenses							
Directors Compensation *	256,000	247,602	240,000	-6.3%	235,000	-2.1%	
Directors Expenses	60,000	45,401	25,000	-58.3%	25,000	0.0%	(F)
Directors Travel	25,000	23,000	50,000	100.0%	50,000	0.0%	(F)
Directors Training	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			18,167		21,454		
Total Management Expenditures	\$ 2,161,199	\$ 1,837,784	\$ 1,819,957	-15.8%	\$ 2,514,573	38.2%	

* 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 2020 and Rates in FY 2021).
- (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

	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							
Salary	\$ 1,180,000	\$ 1,980,000	\$ 2,013,969	70.7%	\$ 2,076,049	3.1%	(A)
Overtime	30,000	50,000	40,000	33.3%	40,000	0.0%	
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							
Employee Expense	15,000	13,757	10,000	-33.3%	10,000	0.0%	(B)
Employee Travel	15,000	3,860	18,000	20.0%	15,000	-16.7%	
Safety Training and Equipment	85,000	65,000	78,925	-7.1%	40,000	-49.3%	(C)
Supplies and Services	62,000	41,090	62,000	0.0%	62,000	0.0%	
Internal Relations	35,000	30,000	35,000	0.0%	35,000	0.0%	
Janitorial Supplies	8,000	3,126	8,000	0.0%	8,000	0.0%	
Parts and Materials	120,000	75,000	120,000	0.0%	120,000	0.0%	
Gasoline	-	-	-	0.0%	-	0.0%	
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							
Education/Seminars	35,000	14,306	35,000	0.0%	35,000	0.0%	
Uniforms	5,000	1,200	47,000	840.0%	5,000	-89.4%	
Outside Service/Contracting	491,000	420,000	490,000	-0.2%	490,000	0.0%	
Office Equipment/Repair and Service	30,000	14,724	35,000	16.7%	25,000	-28.6%	
Professional Services/Audit	77,000	90,622	63,800	-17.1%	63,800	0.0%	(E)
Licenses/Fees	90,000	88,350	100,000	11.1%	100,000	0.0%	(F)
Office and Storage Rent, HOA Dues	46,000	36,465	46,000	0.0%	46,000	0.0%	
Technology Services	303,000	266,907	822,665	171.5%	277,000	-66.3%	
Recruitment Expenses	30,000	26,051	30,000	0.0%	30,000	0.0%	
Security/Alarm Services	150,000	141,000	150,000	0.0%	150,000	0.0%	
Agency Publications	12,000	9,145	12,000	0.0%	5,000	-58.3%	
Professional Services/Consultants	225,000	65,989	225,000	0.0%	150,000	-33.3%	
Temporary Personnel Services	100,000	173,457	225,000	125.0%	225,000	0.0%	(G)
Dues and Memberships	65,000	90,572	71,000	9.2%	71,000	0.0%	
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							
Telephone	20,000	16,137	20,000	0.0%	20,000	0.0%	
Irrigation	15,000	12,000	15,000	0.0%	15,000	0.0%	
Refuse Disposal	20,000	15,000	20,000	0.0%	20,000	0.0%	
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							
Retiree Medical Insurance	380,000	339,167	470,782	23.9%	484,905	3.0%	(H)
Unemployment Insurance	7,000	7,618	8,000	14.3%	8,000	0.0%	
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 Expenditures	\$ 5,010,995	\$ 5,509,700	\$ 5,706,849	13.9%	\$ 5,767,479	1.1%	

(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) 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**

	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							
Salary	\$ 619,900	\$ 730,000	\$ 745,914	20.3%	\$ 768,907	3.1%	(A)
Overtime	-	2,500	2,500	100.0%	2,500	0.0%	
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							
Employee Expense	10,000	10,560	12,640	26.4%	14,530	15.0%	
Employee Travel	4,500	2,050	7,300	62.2%	7,200	-1.4%	
Safety Training and Equipment	-	-	-	0.0%	-	0.0%	
Supplies and Services	30,000	32,313	100,500	235.0%	92,500	-8.0%	(B)
Internal Relations	-	-	-	0.0%	-	0.0%	
Gasoline	-	3,932	10,000	100.0%	10,000	0.0%	
Vehicle Maintenance	-	368	6,000	100.0%	6,000	0.0%	
Uniforms	-	-	-	0.0%	-	0.0%	
Office Equip Repair/Service	-	17,829	20,000	100.0%	20,000	0.0%	(C)
Dues and Memberships	-	-	-	0.0%	-	0.0%	
Subscriptions	-	-	-	0.0%	-	0.0%	
Telephone	-	-	-	0.0%	-	0.0%	
	44,500	67,052	156,440	251.6%	150,230	-4.0%	
Outside Services							
Education/Seminars	13,000	14,259	20,400	56.9%	18,280	-10.4%	
Technology Services	107,500	107,000	-	-100.0%	-	0.0%	(D)
Recruitment Expenses	-	-	-	0.0%	-	0.0%	
Professional Services/Consulting	200,000	146,719	175,000	-12.5%	225,000	28.6%	
Pipeline Inspection Program Services	195,000	-	-	-100.0%	-	0.0%	(E)
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 int 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

	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							
Salary	\$ 1,555,300	\$ 1,300,000	\$ 1,342,646	-13.7%	\$ 1,384,033	3.1%	(A)
Overtime	65,000	60,000	60,000	-7.7%	60,000	0.0%	
On Call Premium	23,000	20,000	20,000	-13.0%	20,000	0.0%	
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							
Employee Expense	3,000	3,500	3,500	16.7%	3,500	0.0%	
Employee Travel	1,000	-	2,000	100.0%	2,000	0.0%	
Safety Training and Equipment	-	1,200	-	0.0%	-	0.0%	
Supplies and Services	8,000	3,000	4,000	-50.0%	4,000	0.0%	
Internal Relations	-	-	-	0.0%	-	0.0%	
Parts and Materials	250,000	250,000	300,000	20.0%	300,000	0.0%	(B)
Small Tools	20,000	18,000	20,000	0.0%	20,000	0.0%	
Gasoline	32,000	41,378	45,000	40.6%	45,000	0.0%	(C)
Diesel	10,000	-	10,000	0.0%	10,000	0.0%	
Vehicle Maintenance	-	45,258	45,000	100.0%	45,000	0.0%	(D)
Uniforms	15,000	20,000	15,000	0.0%	15,000	0.0%	
Office Equip Repair/Service	-	1,368	1,500	100.0%	1,500	0.0%	
Dues and Memberships	-	-	-	0.0%	-	0.0%	
Subscriptions	-	-	-	0.0%	-	0.0%	
Telephone	-	-	-	0.0%	-	0.0%	
	339,000	383,704	446,000	31.6%	446,000	0.0%	
Outside Services							
Education/Seminars	10,000	750	10,000	0.0%	10,000	0.0%	
Outside Service/Contracting	350,000	550,000	550,000	57.1%	550,000	0.0%	(E)
Technology Services	-	-	-	0.0%	-	0.0%	
Recruitment Expenses	-	-	-	0.0%	-	0.0%	
Hazardous Waste Disposal	40,000	13,944	40,000	0.0%	40,000	0.0%	
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 Expenditures	\$ 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**

	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							
Salary	\$ 521,200	\$ 550,000	\$ 522,140	0.2%	\$ 538,235	3.1%	(A)
Overtime	1,500	350	1,000	-33.3%	1,000	0.0%	
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							
Employee Expense	3,000	4,835	3,000	0.0%	3,000	0.0%	
Employee Travel	4,000	1,594	5,000	25.0%	5,000	0.0%	
Safety Training and Equipment	-	-	-	0.0%	-	0.0%	
Supplies and Services	7,000	807	3,000	-57.1%	3,000	0.0%	
Internal Relations	-	-	-	0.0%	-	0.0%	
Laboratory Supplies	50,000	64,713	65,000	30.0%	70,000	7.7%	(B)
Microbiological Samples	35,000	32,432	35,000	0.0%	35,000	0.0%	
Performance Testing Samples/Standards	15,000	12,226	15,000	0.0%	15,000	0.0%	
Gases	8,000	5,000	5,000	-37.5%	5,000	0.0%	
Gasoline	-	2,311	-	100.0%	2,500	0.0%	
Vehicle Maintenance	-	-	-	100.0%	500	0.0%	
Uniforms	2,100	1,700	2,000	-4.8%	2,000	0.0%	
Office Equip Repair/Service	-	1,000	1,000	100.0%	1,000	0.0%	
Dues and Memberships	-	-	-	0.0%	-	0.0%	
Subscriptions	-	-	-	0.0%	-	0.0%	
Telephone	-	-	-	0.0%	-	0.0%	
	124,100	126,618	134,000	8.0%	142,000	6.0%	
Outside Services							
Education/Seminars	3,500	3,500	3,500	0.0%	3,500	0.0%	
Outside Service/Contracting	48,000	48,000	50,000	4.2%	50,000	0.0%	
Commercial Services/Repairs	30,000	1,426	20,000	-33.3%	30,000	50.0%	
Technology Services	-	-	-	0.0%	-	0.0%	
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 And Reg. Expenditures	\$ 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**

	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							
Salary	\$ 1,365,000	\$ 1,335,000	\$ 1,342,646	-1.6%	\$ 1,384,033	3.1%	(A)
Overtime	35,000	27,600	30,000	-14.3%	30,000	0.0%	
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							
Employee Expense	15,000	20,000	20,000	33.3%	42,000	110.0%	(B)
Employee Travel	25,000	32,500	45,000	80.0%	47,000	4.4%	(B)
Safety Training and Equipment	-	-	-	0.0%	-	0.0%	
Supplies and Services	35,000	30,000	35,000	0.0%	35,000	0.0%	
Internal Relations	-	300	-	0.0%	-	0.0%	
Community Relations Promotions	65,000	65,000	67,000	3.1%	69,000	3.0%	
DD Landowner Expenditures	100,000	145,000	158,500	58.5%	163,500	3.2%	(C)
Materials and Services - Education	69,000	62,000	64,000	-7.2%	66,000	3.1%	
Gasoline	-	-	-	0.0%	-	0.0%	
Vehicle Maintenance	-	-	-	0.0%	-	0.0%	
Uniforms	-	-	-	0.0%	-	0.0%	
Office Equipment Repair/Service	-	-	-	0.0%	-	0.0%	
Dues and Memberships	-	-	-	0.0%	-	0.0%	
Subscriptions	-	-	-	0.0%	-	0.0%	
Telephone	-	-	-	0.0%	-	0.0%	
	309,000	354,800	389,500	26.1%	422,500	8.5%	
Outside Services							
Education/Seminars	15,000	15,000	27,750	85.0%	27,000	-2.7%	(B)
Technology Services	-	-	-	0.0%	-	0.0%	
Recruitment Expenses	-	-	-	0.0%	-	0.0%	
Agency Publications	30,000	23,000	27,000	-10.0%	27,000	0.0%	
BMP Implementation	1,800,000	1,372,280	1,700,000	-5.6%	1,800,000	5.9%	
Public Outreach Activities	32,000	32,000	59,000	84.4%	35,000	-40.7%	(D)
Public Relations Consulting	160,000	70,300	81,000	-49.4%	81,000	0.0%	(E)
Professional Services/Consultants	250,000	250,000	450,000	80.0%	475,000	5.6%	(F)
Groundwater Sustainability Agency	750,000	501,240	998,520	33.1%	1,005,460	0.7%	(G)
Website Online Presence	-	-	28,500	100.0%	26,970	-5.4%	(H)
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							
DD Variable DWR Charges	-	-	100,000	100.0%	100,000	0.0%	(I)
Source of Supply							
Buena Vista/Rosedale Rio Bravo Supply	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 Expenditures	\$ 8,190,300	\$ 6,775,412	\$ 9,930,355	21.2%	\$ 10,853,899	9.3%	

(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) 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**

	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							
Salary	\$ 809,800	\$ 1,050,000	\$ 1,044,280	29.0%	\$ 1,076,470	3.1%	(A)
Overtime	120,000	131,000	120,000	0.0%	120,000	0.0%	
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							
Employee Expense	-	1,751	1,000	100.0%	1,000	0.0%	
Employee Travel	1,000	1,518	2,500	150.0%	2,500	0.0%	
Safety Training and Equip	-	-	-	0.0%	-	0.0%	
Supplies and Services	8,000	692	4,000	-50.0%	4,000	0.0%	
Internal Relations	-	-	-	0.0%	-	0.0%	
Chemicals	1,150,000	650,000	700,000	-39.1%	735,000	5.0%	(B)
Gasoline	-	4,512	5,000	100.0%	5,000	0.0%	
Vehicle Maintenance	-	3,827	1,000	100.0%	1,000	0.0%	
Uniforms	5,000	-	-	-100.0%	-	0.0%	
Office Equip Repair/Service	-	-	1,000	100.0%	1,000	0.0%	
Dues and Memberships	-	-	-	100.0%	-	0.0%	
Subscriptions	-	-	-	100.0%	-	0.0%	
Telephone	-	-	-	100.0%	-	0.0%	
	1,164,000	662,300	714,500	-38.6%	749,500	4.9%	
Outside Services							
Education/Seminars	3,000	1,400	3,000	0.0%	3,000	0.0%	
Outside Service/Contracting	2,000	-	-	-100.0%	-	0.0%	
Technology Services	-	-	-	100.0%	-	0.0%	
Recruitment Expenses	-	-	-	100.0%	-	0.0%	
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							
Electricity - Pumping	1,680,000	1,700,000	1,900,000	13.1%	2,000,000	5.3%	(C)
Electricity - Treatment Plants	367,500	273,722	400,000	8.8%	420,000	5.0%	
Electricity - Other	52,500	45,744	50,000	-4.8%	52,500	5.0%	
Electricity - Wells	147,000	153,742	160,000	8.8%	168,000	5.0%	
Recycled Water Purchase	155,000	50,000	150,000	-3.2%	150,000	0.0%	
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**

Cost allocations is a process designed to spread shared costs throughout an organization or businesses 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								
Employee Expense	2,531	10,755	8,225	12,653	3,163	14,551	5,694	57,573
Employee Travel	4,387	18,644	14,257	21,934	5,484	25,224	9,870	99,800
Safety Training and Equip	3,469	14,744	11,275	17,346	4,337	19,948	7,806	78,925
Supplies and Services	9,692	41,192	31,500	48,462	12,115	55,731	21,808	220,500
Internal Relations	1,538	6,538	5,000	7,692	1,923	8,846	3,462	35,000
Gasoline	-	2,592	7,824	44,010	1,467	-	4,108	60,000
Vehicle Maintenance	-	2,475	7,472	42,029	1,401	-	3,923	57,300
Education/Seminars	4,971	21,127	16,156	24,856	6,214	28,584	11,185	113,093
Uniforms	2,813	11,956	9,143	14,066	3,516	16,176	6,330	64,000
Office Equip/Repair & Svce	2,571	10,929	8,357	12,857	3,214	14,786	5,786	58,500
Technology Services	36,161	153,685	117,524	180,805	45,201	207,926	81,362	822,665
Recruitment Expenses	1,319	5,604	4,286	6,593	1,648	7,582	2,967	30,000
Dues and Memberships	3,121	13,264	10,143	15,604	3,901	17,945	7,022	71,000
Subscriptions	1,714	7,286	5,571	8,571	2,143	9,857	3,857	39,000
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								
Employee Expense	10,000	10,000	12,640	3,500	3,000	20,000	1,000	60,140
Employee Travel	20,000	18,000	7,300	2,000	5,000	45,000	2,500	99,800
Safety Training and Equip	-	78,925	-	-	-	-	-	78,925
Supplies and Services	12,000	62,000	100,500	4,000	3,000	35,000	4,000	220,500
Internal Relations	-	35,000	-	-	-	-	-	35,000
Gasoline	-	-	10,000	45,000	-	-	5,000	60,000
Vehicle Maintenance	-	5,300	6,000	45,000	-	-	1,000	57,300
Education/Seminars	15,000	35,000	20,400	10,000	3,500	27,750	3,000	114,650
Uniforms	-	47,000	-	15,000	2,000	-	-	64,000
Office Equip/Repair & Svce	-	35,000	20,000	1,500	1,000	-	1,000	58,500
Technology Services	-	822,665	-	-	-	-	-	822,665
Recruitment Expenses	-	30,000	-	-	-	-	-	30,000
Dues and Memberships	-	71,000	-	-	-	-	-	71,000
Subscriptions	-	39,000	-	-	-	-	-	39,000
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

FORECAST

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**SCV WATER - FIVE-YEAR FORECAST
REGIONAL DIVISION**

**SANTA CLARITA VALLEY WATER AGENCY
Projected Operating Results**

	Projected 6/30/2019	Budget 6/30/2020	Budget 6/30/2021	6/30/2022	6/30/2023	6/30/2024
REVENUES						
Facility Capacity Fees	\$ 9,129,958	\$ 8,500,000	\$ 9,000,000	\$ 9,225,000	\$ 9,455,625	\$ 9,692,016
1% Property Tax Revenues	24,442,000	26,724,000	28,007,000	29,351,336	30,760,200	32,236,690
Wholesale Water - Fixed Charges	15,107,100	15,484,539	15,949,096	16,746,551	17,583,878	18,463,072
Wholesale Water Sales - Variable Charges	9,432,600	7,892,900	8,293,700	8,708,385	9,143,804	9,600,994
Water Sales - Recycled and Saugus Wells	878,050	961,628	1,005,999	1,036,179	1,067,264	1,099,282
Investment revenues	998,666	1,000,000	1,000,000	1,456,064	1,477,905	1,500,074
Other Revenues (operating)	318,502	323,182	329,278	335,864	342,581	349,432
Settlement Agreement (CIP)	-	1,070,000	4,030,000	-	-	-
Settlement Agreement (O&M)	1,298,500	1,337,455	1,377,579	1,405,131	1,433,233	1,461,898
Grants and Reimbursements	320,059	420,000	218,000	-	-	-
Reimbursement from Annexing Parties	-	-	-	-	-	-
One-time Water Sales	1,875,000	2,475,000	-	-	-	-
Miscellaneous	-	-	-	-	-	-
VWD 2018A Bonds	993,258	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	4,717,595
Total Revenues	\$ 69,511,288	\$ 71,883,274	\$ 74,905,222	\$ 73,959,079	\$ 76,959,061	\$ 80,739,091
Operations and Maintenance Costs						
<u>Audited O&M Costs</u>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Management	1,837,784	1,819,957	2,514,573	2,590,010	2,667,710	2,747,742
Administration	5,509,700	5,706,849	5,767,479	5,940,504	6,118,719	6,302,281
Engineering	1,372,530	1,561,739	1,657,968	1,707,707	1,758,939	1,811,707
Maintenance	3,014,155	3,460,245	3,540,664	3,646,884	3,756,291	3,868,979
Water Quality and Regulatory Affairs	1,004,894	1,061,082	1,105,074	1,138,226	1,172,373	1,207,544
Water Resources	6,775,412	9,930,355	10,853,899	11,179,516	11,514,902	11,860,349
Water Treatment Operations	4,560,908	5,243,667	5,466,329	5,630,318	5,799,228	5,973,205
Total O&M Costs	\$ 24,075,383	\$ 28,783,894	\$ 30,905,986	\$ 31,833,166	\$ 32,788,161	\$ 33,771,806
Total System Net Revenues	\$ 45,435,905	\$ 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	N/A	4.03	4.23	4.50
Net Revenues Available after Senior Debt Service	\$ 45,435,905	\$ 43,099,380	\$ 43,999,236	\$ 31,680,913	\$ 33,725,900	\$ 36,522,285
Subordinate Debt Service						
2006A COP	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2006C COP	-	-	-	-	-	-
2008A COP	5,945,417	6,049,303	6,098,284	-	-	-
2010A COP	5,284,056	5,273,681	5,274,506	5,265,681	5,251,556	5,250,306
2014A Revenue Bonds	3,135,100	3,146,500	3,146,750	-	-	-
2015A Revenue Bonds	5,021,850	5,018,550	5,021,650	5,008,750	5,003,750	4,997,625
2016A Revenue Bonds	4,487,300	4,489,400	4,483,625	4,483,250	4,487,375	4,480,875
2018A Revenue Bonds (VWD)	993,258	976,975	976,975	976,975	976,975	1,618,038

**SCV WATER - FIVE-YEAR FORECAST
REGIONAL DIVISION**

	Projected 6/30/2019	Budget 6/30/2020	Budget 6/30/2021	6/30/2022	6/30/2023	6/30/2024
Projected Debt Service	-	-	1,590,975	1,590,975	4,612,475	4,612,475
Total Subordinate Debt Service	\$ 24,866,981	\$ 24,954,409	\$ 26,592,765	\$ 17,325,631	\$ 20,332,131	\$ 20,959,319
Subordinate Debt Service Coverage	1.83	1.73	1.65	1.83	1.66	1.74
Total Debt Service Coverage	1.83	1.73	1.65	1.52	1.44	1.50
Revenues Available for Other Purposes	\$ 20,568,924	\$ 18,144,971	\$ 17,406,470	\$ 14,355,282	\$ 13,393,769	\$ 15,562,966
Capital Improvement Projects	\$37,112,100	\$41,982,419	\$40,995,902	\$33,136,000	\$57,230,000	\$42,103,000
Debt Funding Breakdown	0%	58%	48%	47%	78%	70%
Debt Funded Projects	-	24,259,000	19,819,000	15,636,000	44,730,000	29,603,000
Pay-go Funded Projects	37,112,100	17,723,419	21,176,902	17,500,000	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	\$ 51,708,551	\$ 67,713,551
Remaining Bond Proceeds	\$0	\$24,522,351	\$6,622,551	\$51,708,551	\$7,713,551	\$38,684,551
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	14,914,000	43,995,000	29,029,000
Pay-as-you-go Funding	-	17,723,419	21,176,902	17,500,000	12,500,000	12,500,000
Total Funding Sources	\$ -	\$ 41,982,419	\$ 40,995,902	\$ 33,136,000	\$ 57,230,000	\$ 42,103,000
Reserve Policy Funds						
Capital Improvement and Replacement Funds	11,315,729	17,723,419	17,723,419	17,500,000	12,500,000	12,500,000
Emergency/Disaster Reserves	29,273,400	28,783,894	28,783,894	31,833,166	32,788,161	33,771,806
Capital Reserves	3,204,700	18,088,911	18,088,911	18,088,911	18,088,911	18,088,911
Operating Reserves	25,536,271	25,823,851	25,823,851	30,379,367	33,624,616	34,497,714
Revenue Rate Stabilization Reserve	-	3,650,860	3,650,860	3,836,711	4,024,047	4,220,629
Water Supply Reliability Reserve	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Total Unrestricted Cash and Investments	\$ 72,330,100	\$ 97,070,935	\$ 97,070,935	\$ 104,638,155	\$ 104,025,734	\$ 106,079,060
Days Cash	1,097	1,231	1,146	1,200	1,158	1,146

ASSUMPTIONS: REGIONAL

FY 2022-2024 Revenues

FCF revenues grow at 2.5% per year; property tax revenue grows at 4.8% per year, wholesale fixed and variable charges grow at 5% per year

FY 2022-2024 Expenses

Operating expenses grow at 3% per year

Capital Improvement Expenditures FY 2020-2024 \$215 million

New Debt: FY 2020 \$35 million, FY 2022 \$60 million, FY 2023 \$60 million

Debt Structure: back loaded structure consistent with past practice.

ASSUMPTIONS: RETAIL

FY 2022-2024 - 2% revenue increase; 3% cost increase

**SCV WATER - FIVE-YEAR FORECAST
REGIONAL DIVISION**

**SANTA CLARITA VALLEY WATER AGENCY
Projected Operating Results**

	Projected 6/30/2019	Budget 6/30/2020	Budget 6/30/2021	6/30/2022	6/30/2023	6/30/2024
REVENUES						
Facility Capacity Fees	\$ 9,129,958	\$ 8,500,000	\$ 9,000,000	\$ 9,225,000	\$ 9,455,625	\$ 9,692,016
1% Property Tax Revenues	24,442,000	26,724,000	28,007,000	29,351,336	30,760,200	32,236,690
Wholesale Water - Fixed Charges	15,107,100	15,484,539	15,949,096	16,746,551	17,583,878	18,463,072
Wholesale Water Sales - Variable Charges	9,432,600	7,892,900	8,293,700	8,708,385	9,143,804	9,600,994
Water Sales - Recycled and Saugus Wells	878,050	961,628	1,005,999	1,036,179	1,067,264	1,099,282
Investment revenues	998,666	1,000,000	1,000,000	1,456,064	1,477,905	1,500,074
Other Revenues (operating)	318,502	323,182	329,278	335,864	342,581	349,432
Settlement Agreement (CIP)	-	1,070,000	4,030,000	-	-	-
Settlement Agreement (O&M)	1,298,500	1,337,455	1,377,579	1,405,131	1,433,233	1,461,898
Grants and Reimbursements	320,059	420,000	218,000	-	-	-
Reimbursement from Annexing Parties	-	-	-	-	-	-
One-time Water Sales	1,875,000	2,475,000	-	-	-	-
Miscellaneous	-	-	-	-	-	-
VWD 2018A Bonds	993,258	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	4,717,595
Total Revenues	\$ 69,511,288	\$ 71,883,274	\$ 74,905,222	\$ 73,959,079	\$ 76,959,061	\$ 80,739,091
Operations and Maintenance Costs						
<u>Audited O&M Costs</u>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Management	1,837,784	1,819,957	2,514,573	2,590,010	2,667,710	2,747,742
Administration	5,509,700	5,706,849	5,767,479	5,940,504	6,118,719	6,302,281
Engineering	1,372,530	1,561,739	1,657,968	1,707,707	1,758,939	1,811,707
Maintenance	3,014,155	3,460,245	3,540,664	3,646,884	3,756,291	3,868,979
Water Quality and Regulatory Affairs	1,004,894	1,061,082	1,105,074	1,138,226	1,172,373	1,207,544
Water Resources	6,775,412	9,930,355	10,853,899	11,179,516	11,514,902	11,860,349
Water Treatment Operations	4,560,908	5,243,667	5,466,329	5,630,318	5,799,228	5,973,205
Total O&M Costs	\$ 24,075,383	\$ 28,783,894	\$ 30,905,986	\$ 31,833,166	\$ 32,788,161	\$ 33,771,806
Total System Net Revenues	\$ 45,435,905	\$ 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	N/A	4.03	4.23	4.50
Net Revenues Available after Senior Debt Service	\$ 45,435,905	\$ 43,099,380	\$ 43,999,236	\$ 31,680,913	\$ 33,725,900	\$ 36,522,285
Subordinate Debt Service						
2006A COP	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2006C COP	-	-	-	-	-	-
2008A COP	5,945,417	6,049,303	6,098,284	-	-	-
2010A COP	5,284,056	5,273,681	5,274,506	5,265,681	5,251,556	5,250,306
2014A Revenue Bonds	3,135,100	3,146,500	3,146,750	-	-	-
2015A Revenue Bonds	5,021,850	5,018,550	5,021,650	5,008,750	5,003,750	4,997,625
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**SCV WATER - FIVE-YEAR FORECAST
REGIONAL DIVISION**

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ASSUMPTIONS: RETAIL

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RESOLUTIONS

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**TO BE DROPPED IN
WHEN COMPLETE**

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POLICIES

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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	
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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	
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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	
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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	
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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	
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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



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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



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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.



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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.



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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.

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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.



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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



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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.



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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,



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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



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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



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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



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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



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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.



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- 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.

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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



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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



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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.



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- 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.



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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



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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)



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Title: DERIVATIVES POLICY	
Approval Date: April 2018	Effective Date: April 2018
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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.



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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



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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.



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- 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



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- (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.

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Approval Date: February 2018	Effective Date: February 2018
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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



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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.



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- 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.



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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



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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.



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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.



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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
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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



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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



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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.



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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 & ACRONYMS

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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.

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.

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 of time.

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 14 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 of time, which matches proposed expenditures to the expected revenues for that same period of time.

Budget and Rates Committee: A committee of the Board of Directors consisting of six Board members, that meets monthly to discuss budgets and rates for regional and retail functions.

Buena Vista Water Storage District (BVWSD): The Agency acquires of 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.

California Water Fix: Formerly known as the Bay Delta Conservation Plan (BDCP), the California WaterFix 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: Fee 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 SCWD and NWD 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 to 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.

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.

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.

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.

Financial and Operations Committee: A committee of the Board of Directors consisting of five Board members, that meets monthly to discuss and review financial and operating information for regional and retail functions.

Financial Information System (FIS): 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 succeeding 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 Circular A-133).

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 and 84.

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.

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, but it 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 division's 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) (30 MGD): One of two treatment plants operated by the Agency.

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 particular 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 RWTP 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 Devils 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 and telephone service.

Utility Billing System (UB): Billing software system for utilities usually combined with Customer Information System (CIS).

Valencia Water Division (VWD): One of SCV Water's retail divisions, formerly known as Valencia Water Company (VWC).

Water Conservation: 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 rates for the Service Charge varies 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 and every 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
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
ETo	evapotranspiration
FEMA	Federal Emergency Management Agency
FWS	United States Fish and Wildlife Service

GAAP	Generally Accepted Accounting Principles
GASB	Governmental Accounting Standards Board
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
mg/l	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
RRBWS	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
WSWD	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

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Inside Cover

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R. J. Kelly, *Director*

Daniel R. Mortensen, *Director*

Lynne Plambeck, *Director*



Newhall Water Division

P. O. Box 220970
Santa Clarita, CA 91322-0970

Santa Clarita Water Division

P.O. Box 903
Santa Clarita, CA 91380-9003

Valencia Water Division

24631 Avenue Rockefeller
Valencia, CA 91355

Water Resources & Outreach

26501 Summit Circle,
Santa Clarita, CA 91350




YOURSCVWATER.COM

(661) 297-1600 | 27234 Bouquet Canyon Rd., Santa Clarita, CA 91350



BOARD MEMORANDUM

DATE: May 2, 2019
TO: Board of Directors
FROM: Eric Campbell 
Chief Financial and Administrative Officer
SUBJECT: May 1, 2019 Special Finance and Administration Committee Meeting

The Finance and Administration Committee met at 6:00 PM on Wednesday, May 1, 2019 in the Training Room of the Rio Vista Water Treatment Plant. In attendance were Committee Chair Dan Mortensen and Directors B. J. Atkins, Ed Colley, Bob DiPrimio, Maria Gutzeit and R. J. Kelly. Staff members present were Keith Abercrombie, Steve Cole, Erika Dill, Brian Folsom, Ari Mantis, Rochelle Patterson, Matt Stone and myself. No members of the public were present. A copy of the agenda is attached.

Item 1: Public Comment – There was no public comment.

Item 2: Recommend Approval to Enter into a Contract with CPS HR Consulting for Agency-wide Classification and Compensation Study – Recommended actions for this item are included in a separate report being submitted at the June 4, 2019 regular Board meeting.

Item 3: Recommend Approval of a Resolution Adopting the FY 2019/20 and FY 2020/21 Biennial Budget and Amending the FY 2018/19 Budget – Recommended actions for this item are included in a separate report being submitted at the May 21, 2019 regular Board meeting.

Item 4: Recommend Approval of a Resolution Adopting the Appropriation of All As-Yet Unappropriated Funds for FY 2018/19 – Recommended actions for this item are included in a separate report being submitted at the May 21, 2019 regular Board meeting.

Item 5: Recommend Approval of a Resolution Adopting the Appropriation Limit for FY 2019/20 – Recommended actions for this item are included in a separate report being submitted at the May 21, 2019 regular Board meeting.

Item 6: Recommend Receiving and Filing of February 2019 Monthly Financial Report – The Committee reviewed the February 2019 Monthly Financial Report and recommended that the report be received and filed.

Item 7: Committee Planning Calendar – Staff and the Committee reviewed the FY 2018/19 Committee Planning Calendar.

Item 8: General Report on Finance and Administration Activities – Staff advised the Committee that a special Finance and Administration Committee meeting will be set up in June or July 2019 in order to interview the respondents for the Ratepayer Advocate RFP.

Item 9: Adjournment – The meeting adjourned at 8:45 PM.

EC/ed


Attachment

M65



Date: April 24, 2019

To: **Finance and Administration Committee**
Dan Mortensen, Chair
B. J. Atkins
Ed Colley
Robert DiPrimio
Maria Gutzeit
R. J. Kelly

From: Eric Campbell 
Chief Financial and Administrative Officer

A special meeting of the **Finance and Administration Committee** is scheduled to meet on **Wednesday, May 1 2019 at 6:00 PM at Rio Vista Water Treatment Plant** located at 27234 Bouquet Canyon Road, Santa Clarita, CA 91350 in the Training Room.

SPECIAL MEETING AGENDA

<u>ITEM</u>		<u>PAGE</u>
1.	Public Comments	
2. *	Recommend Approval to Enter into a Contract with CPS HR Consulting for Agency-wide Classification and Compensation Study	5
3. *	Recommend Approval of a Resolution Adopting the FY 2019/20 and FY 2020/21 Biennial Budget and Amending the FY 2018/19 Budget	59
4. *	Recommend Approval of a Resolution Adopting the Appropriation of All As-Yet Unappropriated Funds for FY 2018/19	115
5. *	Recommend Approval of a Resolution Adopting the Appropriation Limit for FY 2019/20	119
6. *	Recommend Receiving and Filing of February 2019 Monthly Financial Report	125
7. *	Committee Planning Calendar	221

8. General Report on Finance and Administration Activities
9. Adjournment

- * Indicates attachments
- ◆ To be distributed

NOTICES:

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

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

Posted on April 26, 2019.

M65



BOARD MEMORANDUM

DATE: May 3, 2019
TO: Board of Directors
FROM: Brian J. Folsom, Chief Engineer *BJF*
Keith Abercrombie, Chief Operating Officer *KA*
SUBJECT: May 2, 2019 Engineering and Operations Committee Meeting

The Engineering and Operations Committee met at 5:30 PM on Thursday, May 2, 2019 in the Training Room at 26521 Summit Circle. In attendance were Committee Chair Tom Campbell; Directors Ed Colley, Bill Cooper, Gary Martin and Lynne Plambeck; Chief Operating Officer Keith Abercrombie; Director of Operations and Maintenance Mike Alvord; Safety Officer Mark Passamani; Chief Engineer Brian Folsom; Senior Engineer Jim Leserman; Senior Engineer Shadi Bader, Administrative Analyst Cheryl Fowler and Jeff Savard of Kennedy/Jenks Consultants. No members of the public were present. A copy of the agenda is attached.

Item 1: Public Comments – There was no public comment.

Item 2: Quarterly Safety Presentation – Mark Passamani provided an update on the Agency's Safety Program for the third quarter of Fiscal Year 2018/19.

Item 3: Recommend Approval of a Work Authorization Amendment to Kennedy/Jenks Consultants for Inspection Services for the Magic Mountain Pipeline Phase 4 Project – Recommended actions for this item are included in a separate report being submitted at the May 21, 2019 regular Board meeting.

Item 4: Review of Proposed FY 2019/20 and FY 2021/22 Capital Improvement Projects - The Committee reviewed the proposed major capital improvements projects and estimated project expenditures for FY 2019/20 and FY 2021/22.

Item 5: Operations and Production Report – Staff and the Committee reviewed the Operations and Production Report.

Item 6: Capital Improvement Projects Construction Status Report – Staff and the Committee reviewed the Capital Improvement Projects Construction Status Report.

Item 7: Third Party Funded Agreements Quarterly Report – Staff and the Committee reviewed the Third Party Funded Agreements Quarterly Report.

Item 8: Committee Planning Calendar – Staff and the Committee reviewed the FY 2018/19 and draft FY 2019/20 Committee Planning Calendars.

Item 9: General Report on Treatment, Distribution, Operations and Maintenance Services Section Activities – Keith Abercrombie updated the Committee on ongoing Operations and Maintenance items, including the status of consolidating office locations for the Agency's Field Customer Service Representatives, implementation of Advanced Metering Infrastructure (AMI), and Supervisory Control and Data Acquisition (SCADA) upgrades and implementation activities.

Item 10: General Report on Engineering Services Section Activities – Brian Folsom updated the Committee on the beginning of construction of a new 16” waterline to provide service to the soon to be constructed Santa Clarita Valley Sheriff Station on Golden Valley Road.

Item 11: Adjournment – The meeting adjourned at 6:30 PM.

BJF

Attachment

M65



Date: April 22, 2019

To: **Engineering and Operations Committee**
Tom Campbell, Chair
Dante Acosta
Ed Colley
William Cooper
Gary Martin
Lynne Plambeck

From: Brian J. Folsom, Chief Engineer *BJF*
Keith Abercrombie, Chief Operating Officer *KA*

The **Engineering and Operations Committee** is scheduled to meet on **Thursday, May 2, 2019 at 5:30 PM at Summit Circle** located at 26521 Summit Circle, Santa Clarita, CA 91350 in the Training Room.

MEETING AGENDA

<u>ITEM</u>		<u>PAGE</u>
1.	Public Comments	
2.	Quarterly Safety Presentation	
3. *	Recommend Approval of a Work Authorization Amendment to Kennedy/Jenks Consultants for Inspection Services for the Magic Mountain Pipeline Phase 4 Project	3
4. *	Review of Proposed FY 2019/20 and FY 2020/21 Capital Improvement Projects	5
5. *	Operations and Production Report	45
6. *	Capital Improvement Projects Construction Status Report	103
7. *	Third Party Funded Agreements Quarterly Report	105
8. *	Committee Planning Calendar	109
9.	General Report on Treatment, Distribution, Operations and Maintenance Services Section Activities	

10. General Report on Engineering Services Section Activities
11. Adjournment

- * Indicates attachments
- ◆ To be distributed

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Posted on April 24, 2019.

MGS

DIRECTOR AB 1234 REPORT

Director Name: B. J. Atkins

Meeting Attended: State of the County Luncheon

Date of Meeting: 5/1/19

Board Meeting to Be Presented At: 5/1/19

Points of Interest: This is an annual event attended by Community Leaders from the SCV. Nearly 350 attended.

Hosted by the SCV Chamber of Commerce, this is an opportunity for County Supervisor Kathryn Barger to update her electorate on pertinent issues LA County is managing or influencing which impact the SCV. She get a chance to share her take on what is happening in LA County with respect to the SCV, and showcase certain of her staff members on issues such as transportation, water, taxes, social and mental health services etc.

A video presentation highlighted many of the activities in which the Supervisor or her staff are involved in the SCV.

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DIRECTOR AB 1234 REPORT

Director Name: Robert J DiPrimio

Meeting Attended: 2019 ACWA Spring Conference

Date of Meeting: May 7 – May 9, 2019

Board Meeting to Be Presented At: May 21, 2019

Points of Interest:

- 2019 Excellence in Water Leadership Award to David Kimbrough
- Key note address by Joaquin Esquivel, Chair SWRCB
- Climate Change Resiliency: Capturing th Full Benefits of Atmospheric Rivers
- Key note address by Jared Blumenfeld, Secretary for Environmental Protection
- Statewide Issues Forum regarding Groundwater Sustainability Goals and Challenges
- Finance Program: How to Value Stranded Assets

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RESOLUTION NO. _____

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
SANTA CLARITA VALLEY WATER AGENCY
PLACING IN NOMINATION WILLIAM COOPER
AS A MEMBER OF THE ASSOCIATION OF
CALIFORNIA WATER AGENCIES REGION 8 BOARD**

WHEREAS, the Board of Directors of the Santa Clarita Valley Water Agency does encourage and support the participation of its members in the affairs of the Association of California Water Agencies (ACWA); and

WHEREAS, William Cooper is currently serving as a member of the ACWA Region 8 Board; and

WHEREAS, William Cooper has indicated a desire to continue to serve as a member of the ACWA Region 8 Board.

NOW THEREFORE BE IT RESOLVED THAT THE BOARD OF DIRECTORS OF THE SANTA CLARITA VALLEY WATER AGENCY:

- (i) Does place its full and unreserved support in the nomination of William Cooper for the position of member of ACWA Region 8 Board.
- (ii) Does hereby determine that the expenses attendant with the service of William Cooper in ACWA Region 8 shall be borne by the Santa Clarita Valley Water Agency.

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THE ROLE OF THE REGIONS

Mission:

ACWA Regions will provide the grassroots support to advance ACWA's legislative and regulatory agenda.

Background:

As a result of ACWA's 1993 strategic planning process, known as Vision 2000, ACWA modified its governance structure from one that was based on sections to a regional-based configuration. Ten regions were established to provide geographic balance and to group agencies with similar interests.

The primary charge of regions:

- To provide a structure where agencies can come together and discuss / resolve issues of mutual concern and interest and based on that interaction, provide representative input to the ACWA board.
- To assist the Outreach Task Force in building local grassroots support for the ACWA Outreach Program in order to advance ACWA's legislative and regulatory priorities as determined by the ACWA Board and the State Legislative, Federal Affairs or other policy committees.
- To provide a forum to educate region members on ACWA's priorities and issues of local and statewide concern.
- To assist staff with association membership recruitment at the regional level.
- To recommend specific actions to the ACWA Board on local, regional, state and federal issues as well as to recommend endorsement for various government offices and positions.
 - *Individual region boards CANNOT take positions, action or disseminate communication on issues and endorsements without going through the ACWA Board structure.*

Region chairs and vice chairs, with support from their region boards, provide the regional leadership to fulfill this charge.

GENERAL DUTIES / RESPONSIBILITIES FOR REGION OFFICERS

Region Chair:

- Serves as a member of the ACWA Board of Directors at bimonthly meetings at such times and places as the Board may determine. The Chair will also call at least two Region membership meetings to be held at each of the ACWA Conferences and periodic Region Board meetings.
- Is a member of ACWA's Outreach Program, and encourages region involvement.
 - Appoints Outreach Captain to help lead outreach effort within the region.



- Presides over all region activities and ensures that such activities promote and support accomplishment of ACWA's Goals.
- Makes joint recommendations to the ACWA President regarding regional appointments to all ACWA committees.
- Appoints representatives in concurrence of the region board, to serve on the region's nominating committee with the approval of the region board.
- Facilitates communication from the region board and the region membership to the ACWA board and staff.

Region Vice Chair:

- Serves as a member of the ACWA Board of Directors at bimonthly meetings at such times and places as the Board may determine. The Vice Chair will also participate in at least two Region membership meetings to be held at each of the ACWA Conferences and periodic Region Board meetings.
- In the absence of the chair and in partnership with the chair, exercises the powers and performs duties of the region chair.
- Is a member of ACWA's Outreach Program, and encourages region involvement.
- Makes joint recommendations to the ACWA president regarding regional appointments to all ACWA committees.

Region Board Member:

- May serve as alternate for the chair and/or vice chair in their absence (if appointed) to represent the region to the ACWA Board.
- Will participate in at least two Region membership meetings to be held at each of the ACWA Conferences and periodic Region Board meetings.
- Supports program planning and activities for the region.
- Actively participates and encourages region involvement in ACWA's Outreach Program.