



SCV
WATER



**SCV WATER AGENCY
TELECONFERENCE
FINANCE AND ADMINISTRATION
COMMITTEE MEETING**

MONDAY, MAY 17, 2021

START TIME: 6:00 PM (PST)

Join the Committee meeting from
your computer, tablet or smartphone: **-OR-**
<https://scvwa.zoomgov.com/j/1610766139>

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Webinar ID: 161 076 6139

To participate in public comment from your computer, tablet, or smartphone:

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To participate in public comment via phone:

When the Chair announces the agenda item you wish to speak on, **dial *9 to raise your hand**. Phone participants will be called on by the **LAST TWO digits** of their phone number. **When it is your turn to speak, dial *6 to unmute**. When you are finished with your public comment dial ***6 to mute**.

Can't attend? If you wish to still have your comments/concerns addressed by the Committee, all written public comments can be submitted by 4:00 PM the day of the meeting by either e-mail or mail.** Please send all written comments to Erika Dill. Refer to the Committee Agenda for more information.

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**All written comments received after 4:00 PM the day of the meeting will be posted to yourscvwater.com the next day. Public comments can also be heard the night of the meeting.


Disclaimer: Pursuant to the Executive Order N-29-20 issued by Governor Newsom, public may not attend meetings in person. Public may use the above methods to attend and participate in the public board meetings.

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Date: May 10, 2021

To: **Finance and Administration Committee**
Dan Mortensen, Chair
Beth Braunstein
Ed Colley
R. J. Kelly
Gary R. Martin

From: Eric Campbell 
Chief Financial and Administrative Officer

The **Finance and Administration Committee** is scheduled to meet via teleconference on **Monday, May 17, 2021 at 6:00 PM**; dial-in information is listed below.

**TELECONFERENCE ONLY
NO PHYSICAL LOCATION FOR MEETING**

TELECONFERENCING NOTICE

Pursuant to the provisions of Executive Order N-29-20 issued by Governor Gavin Newsom on March 17, 2020, any Director may call into an Agency Committee meeting using the Agency's **Call-In Number (1-833-568-8864), Webinar ID 161 076 6139** or **Zoom Webinar by clicking on the link <https://scvwa.zoomgov.com/j/1610766139>** without otherwise complying with the Brown Act's teleconferencing requirements.

Pursuant to the above Executive Order, the public may not attend the meeting in person. Any member of the public may listen to the meeting or make comments to the Committee using the call-in number or GoToMeeting link above. Please see the notice below if you have a disability and require an accommodation in order to participate in the meeting.

We request that the public submit any comments in writing if practicable, which can be sent to **edill@scvwa.org** or mailed to **Erika Dill, Management Analyst II**, SCV Water, 27234 Bouquet Canyon Road, Santa Clarita, CA 91350. All written comments received before 4:00 PM the day of the meeting will be distributed to the Committee members and posted on the SCV Water website prior to the meeting. Anything received after 4:00 PM the day of the meeting will be posted on the SCV Water website the following day.

MEETING AGENDA

<u>ITEM</u>		<u>PAGE</u>
1.	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 at the time each item is considered. Please complete and return a comment request form to the Committee Chair. (Comments may, at the discretion of the Committee Chair, be limited to three minutes for each speaker.)	
2.	* Recommend Approval of COVID-19 Supplemental Paid Sick Leave (SB 95) Policy	7
3.	* Recommend Approval of a Resolution Adopting the FY 2021/22 and FY 2022/23 Budget	25
4.	* Approve a Resolution Adopting the Appropriation of All As-Yet Unappropriated Funds for FY 2020/21	273
5.	* Approve a Resolution Adopting the Appropriation Limit for FY 2021/22	277
6.	* Recommend Receiving and Filing of March 2021 Monthly Financial Report	283
	March 2021 Check Registers Link: https://yourscvwater.com/wp-content/uploads/2021/05/Check-Register-March-2021.pdf	
7.	* Committee Planning Calendar	335
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 SCV Water at 27234 Bouquet Canyon Road, Santa Clarita, CA 91350. Requests must specify the nature of the disability and the type of accommodation requested. A telephone number or other contact information should be included so that Agency staff may discuss appropriate arrangements. Persons requesting a disability-related accommodation should make the request with adequate time before the meeting for the Agency to provide the requested accommodation.

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Pursuant to Government Code Section 54957.5, non-exempt public records that relate to open session agenda items and are distributed to a majority of the Board less than seventy-two (72) hours prior to the meeting will be available for public inspection at SCV Water, 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 11, 2021.

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COMMITTEE MEMORANDUM

DATE: May 10, 2021

TO: Finance & Administration Committee

FROM: Rochelle Patterson 
Director of Finance and Administration

SUBJECT: Recommend Approval of an Agency Policy to Comply with SB95 – COVID-19 Supplemental Paid Sick and Emergency Administrative Leave Policy

SUMMARY

The purpose of this temporary policy is to comply with the COVID-19 Supplemental Paid Sick Leave (SPSL) created by Senate Bill 95 this year. The policy also provides Emergency Administrative Leave (EAL) to those employees needing childcare assistance. This policy will be in effect from January 1, 2021 until at least September 30, 2021, and as may be extended. The rights and entitlements provided in this policy will sunset as of September 30, 2021, or follow the guidelines as set forth by the State of California.

This combined Supplemental Paid Sick Leave and Emergency Administrative Leave policy replaces and supersedes the Emergency Administrative Leave Policy – COVID-19, sets forth the Supplemental Paid Sick Leave benefits available to employees pursuant to Senate Bill 95, and provides additional benefits in the form of up to ten (10) days of EAL to cover employee absences from work resulting from the need to provide childcare for children whose school or daycare is impacted as a result of the COVID-19 pandemic.

COVID-19 SPSL is an entitlement above and beyond an employee's normal sick leave entitlement. It shall be available first for the reasons set forth in the policy. This policy will be available for use beginning April 1, 2021 and will be retroactive to January 1, 2021.

DISCUSSION

The Board is well aware of the COVID-19 pandemic and its effect on operations. On March 4, 2020, California Governor Newsom issued a Declaration of Emergency in California. In response to the emergency and in an attempt to plan ahead of the need, this Board first approved the Emergency Administrative Leave ("EAL") pursuant to the Agency's *Emergency Administrative Leave Policy – COVID-19* ("EAL Policy"), approved on March 16, 2020 (and revised on January 19, 2021). Pursuant to the EAL Policy, the General Manager was given wide discretion to provide up to ten (10) days of EAL where needed to protect public health and safety.

On March 19, 2020, the issue was further escalated by Governor Newsom's State-wide "Shelter at Home" Order. (N-33-20). Shortly thereafter, the United States Congress fast-tracked a new law intended to provide additional leave entitlements to address the need. That law, known as the *Families First Coronavirus Response Act* became effective as of April 1, 2020 and sunset on December 31, 2020.

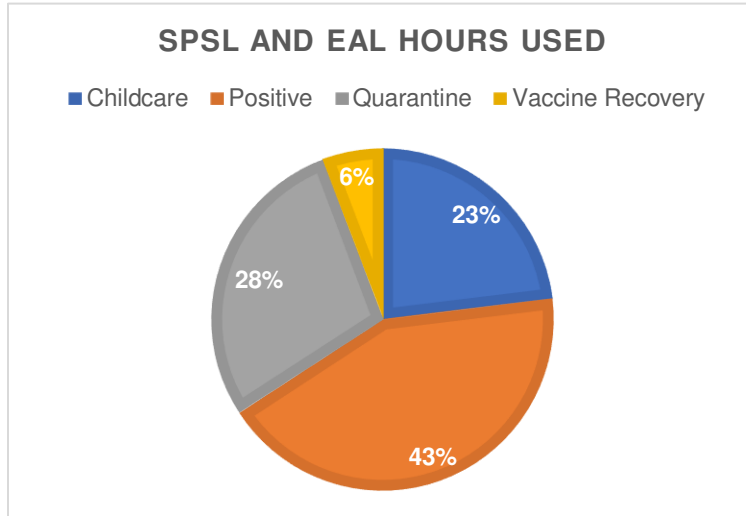
The SB 95, COVID-19 SPSL, closely follows the federal policy. All eligible full-time employees will have up to 80 hours of paid sick leave available to use for the qualifying reasons below:

1. The covered employee is subject to a quarantine or isolation period related to COVID-19 as defined by an order or guidelines of the State Department of Public Health, the federal Centers for Disease Control and Prevention, or a local health officer who has jurisdiction over the workplace. If the covered employee is subject to more than one of the foregoing, the covered employee shall be permitted to use COVID-19 supplemental paid sick leave for the minimum quarantine or isolation period under the order or guidelines that provides for the longest such minimum period.
2. The covered employee has been advised by a health care provider to self-quarantine due to concerns related to COVID-19.
3. The covered employee is attending an appointment to receive a vaccine for protection against contracting COVID-19.
4. The covered employee is experiencing symptoms related to a COVID-19 vaccine that prevent the employee from being able to work or telework.
5. The covered employee is experiencing symptoms of COVID-19 and seeking a medical diagnosis.
6. The covered employee is caring for a family member (minor or adult child, parent, spouse, domestic partner, grandparent, grandchild or sibling) who is subject to an order or guidelines described in Section 1.1.1 or who has been advised to self-quarantine, as described in Section 1.1.2.
7. The covered employee is caring for a child (regardless of age) whose school or place of care is closed or otherwise unavailable for reasons related to COVID-19 on the premises.

In addition to the eligibility reasons noted above to receive COVID-19 SPSL, employees who are unable to work or telework because of the need to provide childcare for children whose school or daycare is impacted as a result of the COVID-19 pandemic may take up to a total of ten (10) days (two work weeks) of EAL, offset by any EAL taken under the “Emergency Administrative Leave Policy – COVID-19” between January 1, 2021 and the effective date of this policy.

There are, of course, limitations on the paid leaves that are available. Under this new law, the COVID-19 SPSL is capped at \$511 per day and \$5,110 in total. (See COVID-19 Supplemental Paid Sick Leave and Emergency Administrative Leave Policy, attached as Exhibit A and SB 95 attached as Exhibit B).

A total of 1,582 hours has been requested under SPSL or EAL since January 1, 2021, the effective date of this policy (1,217 or 7% of eligible hours of SPSL and 365 or 2% of eligible EAL hours). Twenty-five (25) employees have utilized the SPSL for absences relating to quarantine, vaccine recovery or have tested positive for COVID-19. Ten (10) employees have utilized the EAL policy for childcare and of those ten (10), 90% of those employees work in the field and do not have the ability to work from home.



FINANCIAL CONSIDERATIONS

The financial impact is impossible to predict without first knowing how many employees will need to utilize the leave. Current trends would suggest direct COVID related (illness or quarantine) leave may trend downward, while childcare needs may increase somewhat as more parents go back to work with fewer daycare providers available in the interim.

RECOMMENDATION

The Finance and Administration Committee recommends that the Board of Directors approve the COVID-19 Supplemental Paid Sick Leave and Emergency Administrative Leave Policy.

RP

Attachments

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EXHIBIT A



POLICIES, RULES AND REGULATIONS	
Title: COVID-19 SUPPLEMENTAL PAID SICK AND EMERGENCY ADMINISTRATIVE LEAVE POLICY	
Approval Date: June 15, 2021	Effective Date: January 1, 2021
Approved By: Board of Directors	DMS #

COVID-19 Supplemental Paid Sick and Emergency Administrative Leave Policy

On or about March 4, 2020, Governor Newsom Declared a State of Emergency in California and on March 12, 2020, signed Executive Order N-25-20 to formalize state actions to limit the spread and manage certain impacts of a Novel Coronavirus disease also known as COVID-19.

As events have unfolded, additional measures to contain and slow the spread of the virus have been ordered by federal, state or county health officials. The Santa Clarita Valley Water Agency (“Agency”) is continuing to monitor reports from federal, state, and county health organizations to receive the most current information and requirements and relay it to staff in a timely manner.

PURPOSE

On March 16, 2020, the Board of Directors adopted and implemented an Emergency Administrative Leave (EAL) COVID-19 Policy and on January 5, 2021 the policy was revised. The purpose of which was to grant discretionary access to up to ten (10) days (two work weeks) EAL to cover employee absences due to work unavailability because of the COVID-19 pandemic.

On March 19, 2021, Governor Newsom signed Senate Bill No. 95 which requires covered employers to provide a new bank of supplemental paid sick leave for certain COVID-19-related reasons.

This combined Supplemental Paid Sick Leave and Emergency Administrative Leave policy replaces and supersedes the Emergency Administrative Leave Policy – COVID-19, sets forth the Supplemental Paid Sick Leave benefits available to employees pursuant to Senate Bill 95, and provides additional benefits in the form of up to ten (10) days of EAL to cover employee absences from work resulting from the need to provide childcare for children whose school or daycare is impacted as a result of the COVID-19 pandemic.

This policy will be in effect from January 1, 2021 and will sunset as of September 30, 2021, or as otherwise extended by the State of California or by the Agency, at its discretion.

1.0 COVID-19 Supplemental Paid Sick Leave

COVID-19 Supplemental Paid Sick Leave is an entitlement above and beyond an employee’s normal sick leave entitlement. It shall be available first for the reasons set forth herein. As described below will be available for use beginning April 1, 2021 and will be retroactive to January 1, 2021 for any claims that could have arisen under the guidelines set forth below. For any employee claims that arose between the dates of January 1, 2021 to April 1, 2021, employees should contact Human Resources.



POLICIES, RULES AND REGULATIONS	
Title: COVID-19 SUPPLEMENTAL PAID SICK AND EMERGENCY ADMINISTRATIVE LEAVE POLICY	
Approval Date: June 15, 2021	Effective Date: January 1, 2021
Approved By: Board of Directors	DMS #

1.1 Eligibility

All full-time and part-time employees unable to work (or telework) due to one of the following reasons:

- 1.1.1 The covered employee is subject to a quarantine or isolation period related to COVID-19 as defined by an order or guidelines of the State Department of Public Health, the federal Centers for Disease Control and Prevention, or a local health officer who has jurisdiction over the workplace. If the covered employee is subject to more than one of the foregoing, the covered employee shall be permitted to use COVID-19 supplemental paid sick leave for the minimum quarantine or isolation period under the order or guidelines that provides for the longest such minimum period.
- 1.1.2 The covered employee has been advised by a health care provider to self-quarantine due to concerns related to COVID-19.
- 1.1.3 The covered employee is attending an appointment to receive a vaccine for protection against contracting COVID-19.
- 1.1.4 The covered employee is experiencing symptoms related to a COVID-19 vaccine that prevent the employee from being able to work or telework.
- 1.1.5 The covered employee is experiencing symptoms of COVID-19 and seeking a medical diagnosis.
- 1.1.6 The covered employee is caring for a family member (minor or adult child, parent, spouse, domestic partner, grandparent, grandchild or sibling) who is subject to an order or guidelines described in Section 1.1.1 or who has been advised to self-quarantine, as described in Section 1.1.2.
- 1.1.7 The covered employee is caring for a child (regardless of age) whose school or place of care is closed or otherwise unavailable for reasons related to COVID-19 on the premises.

“Child” means a biological, adopted, or foster child, a stepchild, a legal ward, or a child of a person standing in loco parentis (“as if” the employee was the parent).



POLICIES, RULES AND REGULATIONS	
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1.2 Amount of Paid Sick Leave

All eligible full-time employees will have up to 80 hours of paid sick leave available to use for the qualifying reasons above. Eligible part-time employees will have the number of hours worked, on average, over a two-week period, of paid sick leave available to use for the qualifying reasons above.

For part-time employees with varying hours, to such an extent that the hours worked cannot be determined with certainty, one of two methods for computing the number of hours paid will be used:

- The average number of hours that the employee was scheduled per day over the 6-month period ending on the date on which the employee takes leave, including hours for which the employee took leave of any type; or,
- If the employee has worked less than 6 months, the expected number of hours to be scheduled per day at the time of hire.

1.3 Rate of Pay

COVID-19 Supplemental Paid Sick Leave will be paid at the employee's regular rate of pay, for leave taken for reasons 1.1.1 – 1.1.7 above.

Pay will not exceed:

- \$511 per day and \$5,110 in total for leave taken

1.4 Interaction with Other Paid Leave

The employee may use COVID-19 Supplemental Paid Sick Leave under this policy before using any other accrued paid time off for the qualifying reasons stated above.

2.0 EAL Eligibility in Addition to Supplemental Paid Sick Leave

In addition to the eligibility reasons contained in section 1.1 to receive COVID-19 Supplemental Paid Sick Leave, employees who are unable to work or telework because of the need to provide childcare for children whose school or daycare is impacted as a result of the COVID-19 pandemic may take up to a total of ten (10) days (two work weeks) of EAL, offset by any EAL taken under the "Emergency Administrative Leave Policy – COVID-19" between January 1, 2021 and the effective date of this policy.



POLICIES, RULES AND REGULATIONS	
Title: COVID-19 SUPPLEMENTAL PAID SICK AND EMERGENCY ADMINISTRATIVE LEAVE POLICY	
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- 2.1 Understanding that the provision of some basic services may require some level of skeletal or flex staffing, the General Manager is authorized to provide EAL on an intermittent or staggered basis.
- 2.2 EAL is not available for employees who are unable to work or telework because their children are required by a federal, state or local regulation to quarantine after engaging in non-essential travel. Non-essential travel includes vacation travel or other discretionary travel. Employees should consult with Human Resources prior to engaging in travel to determine whether the travel is considered to be non-essential.

3.0 Procedure for Requesting Emergency Paid Sick Leave or EAL

Employees must notify their department manager or HR of the need and specific reason for leave under this policy. A form will be provided to all employees for certifying the leave request. Verbal notification will be accepted until practicable to provide written notice.

Once COVID-19 Supplemental Paid Sick Leave or EAL has begun, the employee and his or her manager must determine reasonable procedures for the employee to report periodically on the employee’s status and intent to continue to receive paid sick time.

Employees may be requested to provide medical certification, a medical note, or other documentation supporting the need for leave under appropriate circumstances but will not be required when not practicable to obtain.

4.0 Carryover

COVID-19 Supplemental Paid Sick Leave under this policy will not be provided beyond September 30, 2021 unless extended by the legislature. Any unused emergency paid sick leave will not carry over to the next year or be paid out to employees.

EAL under this policy will not be provided beyond September 30, 2021, unless otherwise extended by the Board of Directors. Any unused EAL will not carry over or be paid out to employees.

If the legislature extends COVID-19 Supplemental Paid Sick Leave beyond September 30, 2021, and/or if the Board of Directors extends EAL beyond September 30, 2021, this policy will automatically be extended without the need for further action by the Board of Directors, but only for the leave type(s) that were extended.



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5.0 Job Protections

No employee who appropriately utilizes COVID-19 Supplemental Paid Sick Leave or EAL under this policy will be discharged, disciplined or discriminated against for use of leave under the policy or any request to use leave under this policy.

Please contact the HR department with any questions.

DRAFT

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SB-95 Employment: COVID-19: supplemental paid sick leave. (2021-2022)

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Date Published: 03/19/2021 09:00 PM

Senate Bill No. 95

CHAPTER 13

An act to add Sections 248.2 and 248.3 to the Labor Code, relating to employment, and making an appropriation therefor, to take effect immediately, bill related to the budget.

[Approved by Governor March 19, 2021. Filed with Secretary of State March 19, 2021.]

LEGISLATIVE COUNSEL'S DIGEST

SB 95, Skinner. Employment: COVID-19: supplemental paid sick leave.

Existing law, the Healthy Workplaces, Healthy Families Act of 2014, entitles an employee who works in California for the same employer for 30 or more days within a year from the commencement of employment to paid sick days. Under existing law, an employee accrues paid sick days at a rate of not less than one hour per every 30 hours worked, subject to certain use, accrual, and yearly carryover limitations. Existing law requires the Labor Commissioner to enforce the act and provides for procedures, including investigation and hearing, and for remedies and penalties.

Existing law, until December 31, 2020, provided for COVID-19 food sector supplemental paid sick leave for food sector workers and required a hiring entity to provide COVID-19 food sector supplemental paid sick leave, as described, to each food sector worker unable to work due to specified reasons relating to COVID-19. Existing law also established, until December 31, 2020, COVID-19 supplemental paid sick leave for covered workers, including certain persons employed by private businesses of 500 or more employees or persons employed as certain types of health care providers or emergency responders by public or private entities.

This bill would provide for COVID-19 supplemental paid sick leave for covered employees, as defined, who are unable to work or telework due to certain reasons related to COVID-19, including that the employee has been advised by a health care provider to self-quarantine due to concerns related to COVID-19. The bill would entitle a covered employee to 80 hours of COVID-19 supplemental paid sick leave if that employee either works full time or was scheduled to work, on average, at least 40 hours per week for the employer in the 2 weeks preceding the date the covered employee took COVID-19 supplemental paid sick leave. The bill would provide a different calculation for supplemental paid sick leave for a covered employee who is a firefighter subject to certain work schedule requirements and for a covered employee working fewer or variable hours, as specified. The bill would provide that the total number of hours of COVID-19 supplemental paid sick leave to which a covered employee is entitled to under these provisions is in addition to any paid sick leave available under the act, as specified.

This bill would set the compensation rate for a nonexempt covered employee at the highest of the covered employee's regular rate of pay for the pay period in which the supplemental paid sick leave is taken, the state minimum wage, or the local minimum wage to which the covered employee is entitled, up to certain daily and aggregate total maximum payment limits and subject to specified federal law increases. The bill would prohibit an employer from requiring a covered employee to use other paid or unpaid leave, paid time off, or vacation time provided by the employer to the covered employee before that employee uses COVID-19 supplemental paid

leave or in lieu thereof, except in certain circumstances in which the employer provides another supplemental benefit for leave for COVID-19, as prescribed. The bill would require the Labor Commissioner to enforce these COVID-19 supplemental paid sick leave provisions, as provided. The bill would also require the Labor Commissioner to make publicly available a model notice relating to COVID-19 supplemental paid sick leave.

This bill would also provide for COVID-19 supplemental paid sick leave for specified in-home supportive service providers and personal waiver care service providers, as defined, who are unable to work or telework due to certain reasons related to COVID-19. Under the bill, a provider would be entitled to COVID-19 supplemental paid leave if, among other reasons, the provider is subject to a quarantine or isolation period related to COVID-19 pursuant to an order or guidelines of the State Department of Public Health, the federal Centers for Disease Control and Prevention, or a local health officer, or has been advised by a health care provider to self-quarantine due to concerns related to COVID-19. The bill would entitle a provider to up to 80 hours of COVID-19 supplemental paid leave, if the provider worked or was scheduled to work, on average, at least 40 hours per week, as specified, or met certain other work conditions. The bill would set the compensation rate for this supplemental paid sick leave, as specified. The bill would authorize the State Department of Social Services and the State Department of Health Care Services to implement, interpret, or make these provisions specific by means of all-county letters or similar instructions, without taking any regulatory action.

The bill would make these requirements, with respect to covered employees, in-home supportive service providers, and personal waiver care service providers, to provide COVID-19 supplemental paid sick leave take effect 10 days after the date of enactment of the bill and would apply these provisions retroactively to January 1, 2021, as specified. The bill would provide that the requirement to provide COVID-19 supplemental paid sick leave would apply until September 30, 2021, as specified.

This bill would appropriate \$100,000 from the General Fund to the Labor Commissioner for staffing resources to implement and enforce these provisions.

This bill would declare that it is to take effect immediately as a bill providing for appropriations related to the Budget Bill.

Vote: majority Appropriation: yes Fiscal Committee: yes Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 248.2 is added to the Labor Code, to read:

248.2. (a) As used in this section:

(1) "COVID-19 supplemental paid sick leave" means supplemental paid sick leave provided pursuant to this section.

(2) "Employer" means an employer, as defined in subdivision (b) of Section 245.5, that employs more than 25 employees.

(3) "Covered employee" means an employee who is unable to work or telework for an employer because of a reason listed under paragraph (1) of subdivision (b).

(4) "Firefighter" means an active firefighting member of any of the following:

(A) A fire department of a city, county, city and county, district, or other public or municipal corporation or political subdivision.

(B) A fire department of the University of California and the California State University.

(C) The Department of Forestry and Fire Protection.

(D) A county forestry or firefighting department or unit.

(E) A fire department that serves a United States Department of Defense installation and whose firefighters are certified by the United States Department of Defense as meeting its standards for firefighters.

(F) A fire department that serves a National Aeronautics and Space Administration installation and that adheres to training standards established in accordance with Article 4 (commencing with Section 13155) of Chapter 1 of Part 2 of Division 12 of the Health and Safety Code.

(G) A fire department that provides fire protection to a commercial airport regulated by the Federal Aviation Administration (FAA) under Part 139 (commencing with Section 139.1) of Subchapter G of Chapter 1 of Title 14 of the Federal Code of Regulations whose firefighters are trained and certified by the State Fire Marshal as meeting the standards of Fire Control 5 and Section 139.319 of Title 14 of the Federal Code of Regulations.

(H) Fire and rescue services coordinators who work for the Office of Emergency Services. For purposes of this clause, "fire and rescue services coordinators" means coordinators with any of the following job classifications: coordinator, senior coordinator, or chief coordinator.

(b) A covered employee shall be entitled to COVID-19 supplemental paid sick leave as follows:

(1) An employer shall provide COVID-19 supplemental paid sick leave to each covered employee if that covered employee is unable to work or telework due to any of the following reasons:

(A) The covered employee is subject to a quarantine or isolation period related to COVID-19 as defined by an order or guidelines of the State Department of Public Health, the federal Centers for Disease Control and Prevention, or a local health officer who has jurisdiction over the workplace. If the covered employee is subject to more than one of the foregoing, the covered employee shall be permitted to use COVID-19 supplemental paid sick leave for the minimum quarantine or isolation period under the order or guidelines that provides for the longest such minimum period.

(B) The covered employee has been advised by a health care provider to self-quarantine due to concerns related to COVID-19.

(C) The covered employee is attending an appointment to receive a vaccine for protection against contracting COVID-19.

(D) The covered employee is experiencing symptoms related to a COVID-19 vaccine that prevent the employee from being able to work or telework.

(E) The covered employee is experiencing symptoms of COVID-19 and seeking a medical diagnosis.

(F) The covered employee is caring for a family member, as defined in subdivision (c) of Section 245.5, who is subject to an order or guidelines described in subparagraph (A) or who has been advised to self-quarantine, as described in subparagraph (B).

(G) The covered employee is caring for a child, as defined in subdivision (c) of Section 245.5, whose school or place of care is closed or otherwise unavailable for reasons related to COVID-19 on the premises.

(2) A covered employee shall be entitled to the following number of hours of COVID-19 supplemental paid sick leave:

(A) A covered employee is entitled to 80 hours of COVID-19 supplemental paid sick leave, if the covered employee satisfies either of the following criteria:

(i) The employer considers the covered employee to work full time.

(ii) The covered employee worked or was scheduled to work, on average, at least 40 hours per week for the employer in the two weeks preceding the date the covered employee took COVID-19 supplemental paid sick leave.

(B) Notwithstanding subparagraph (A), a covered employee who is a firefighter who was scheduled to work more than 80 hours for the employer in the two weeks preceding the date the covered employee took COVID-19 supplemental paid sick leave is entitled to an amount of COVID-19 supplemental paid sick leave equal to the total number of hours that the covered employee was scheduled to work for the employer in those two preceding weeks.

(C) A covered employee who does not satisfy the criteria in subparagraph (A) or subparagraph (B) is entitled to an amount of COVID-19 supplemental paid sick leave as follows:

(i) If the covered employee has a normal weekly schedule, the total number of hours the covered employee is normally scheduled to work for the employer over two weeks.

(ii) If the covered employee works a variable number of hours, 14 times the average number of hours the covered employee worked each day for the employer in the six months preceding the date the covered employee

took COVID-19 supplemental paid sick leave. If the covered employee has worked for the employer over a period of fewer than six months but more than 14 days, this calculation shall instead be made over the entire period the covered employee has worked for the employer.

(iii) If the covered employee works a variable number of hours and has worked for the employer over a period of 14 days or fewer, the total number of hours the covered employee has worked for that employer.

(D) The total number of hours of COVID-19 supplemental paid sick leave to which a covered employee is entitled pursuant to subparagraph (A), (B), or (C) shall be in addition to any paid sick leave that may be available to the covered employee under Section 246.

(E) A covered employee may determine how many hours of COVID-19 supplemental paid sick leave to use, up to the total number of hours to which the covered employee is entitled pursuant to subparagraph (A), (B), or (C) of this paragraph. The employer shall make COVID-19 supplemental paid sick leave available for immediate use by the covered employee, upon the oral or written request of the covered employee to the employer.

(F) An employer is not required to provide a covered employee more than the total number of hours of COVID-19 supplemental paid sick leave to which the covered employee is entitled pursuant to subparagraph (A), (B), or (C) of this paragraph.

(3) (A) Each hour of COVID-19 supplemental paid sick leave shall be compensated at a rate equal to the following:

(i) For nonexempt covered employees, by the highest of the following:

(I) Calculated in the same manner as the regular rate of pay for the workweek in which the covered employee uses COVID-19 supplemental paid sick leave, whether or not the employee actually works overtime in that workweek.

(II) Calculated by dividing the covered employee's total wages, not including overtime premium pay, by the employee's total hours worked in the full pay periods of the prior 90 days of employment.

(III) The state minimum wage.

(IV) The local minimum wage to which the covered employee is entitled.

(ii) COVID-19 supplemental paid sick leave for exempt covered employees shall be calculated in the same manner as the employer calculates wages for other forms of paid leave time.

(B) Notwithstanding subparagraph (A), a covered employee who is entitled to an amount of COVID-19 supplemental paid sick leave under subparagraph (B) of paragraph (2), shall be compensated for each hour of COVID-19 supplemental paid sick leave at the regular rate of pay to which the covered employee would be entitled as if the covered employee had been scheduled to work those hours, pursuant to existing law or an applicable collective bargaining agreement.

(C) Notwithstanding subparagraph (A) or (B), an employer shall not be required to pay more than five hundred eleven dollars (\$511) per day and five thousand one hundred ten dollars (\$5,110) in the aggregate to a covered employee for COVID-19 supplemental paid sick leave taken by the covered employee unless federal legislation is enacted that increases these amounts beyond the amounts that were included in the Emergency Paid Sick Leave Act established by the federal Families First Coronavirus Response Act (Public Law 116-127), in which case the new federal dollar amounts shall apply to this section as of the date the new amounts are applicable under the federal law. Nothing in this subparagraph shall prevent a covered employee who has reached the maximum amounts, as set forth herein, from choosing to utilize other paid leave that is available to the covered employee in order to fully compensate the covered employee for leave taken.

(4) An employer shall not require a covered employee to use any other paid or unpaid leave, paid time off, or vacation time provided by the employer to the covered employee before the covered employee uses COVID-19 supplemental paid sick leave or in lieu of COVID-19 supplemental paid sick leave.

(5) Notwithstanding any other provision in this section, in order to satisfy the requirement to maintain an employee's earnings when an employee is excluded from the workplace due to COVID-19 exposure under the Cal-OSHA COVID-19 Emergency Temporary Standards at Sections 3205 through 3205.4, inclusive, of Title 8 of the California Code of Regulations or the Cal-OSHA Aerosol Transmissible Diseases Standard at Section 5199 of

Title 8 of the California Code of Regulations, an employer may require a covered employee to first exhaust their COVID-19 supplemental paid sick leave under this section.

(c) Notwithstanding subdivision (b), if an employer pays a covered employee another supplemental benefit for leave taken on or after January 1, 2021, that is payable for the reasons listed in paragraph (1) of subdivision (b) and that compensates the covered employee in an amount equal to or greater than the amount of compensation for COVID-19 supplemental paid sick leave to which the covered employee is entitled as set forth under paragraph (3) of subdivision (b), then the employer may count the hours of the other paid benefit or leave towards the total number of hours of COVID-19 supplemental paid sick leave that the employer is required to provide to the covered employee under paragraph (2) of subdivision (b). For purposes of the foregoing, the other supplemental benefit for leave taken that may be counted does not include paid sick leave to which the covered employee is entitled under Section 246, subdivision (e) of Section 248, or subdivision (f) of Section 248.1 but may include paid leave provided by the employer pursuant to any federal or local law in effect or that became effective on or after January 1, 2021, if the paid leave is provided to the covered employee under that law for any of the same reasons set forth in paragraph (1) of subdivision (b).

(d) In addition to other remedies as may be provided by the laws of this state or its subdivisions, including, but not limited to, the remedies available to redress any unlawful business practice under Chapter 5 (commencing with Section 17200) of Part 2 of Division 7 of the Business and Professions Code, the Labor Commissioner shall enforce this section. For purposes of enforcement and to implement COVID-19 supplemental paid sick leave, this section shall apply as follows:

(1) The Labor Commissioner shall enforce this section as if COVID-19 supplemental paid sick leave constitutes "paid sick days," "paid sick leave," or "sick leave" under subdivisions (i) and (n) of Section 246, subdivisions (b) and (c) of Section 246.5, Section 247, Section 247.5, and Section 248.5.

(2) For purposes of the enforcement of subdivision (i) of Section 246 as it relates to this section:

(A) COVID-19 supplemental paid sick leave shall be set forth separately from paid sick days.

(B) The requirement in subdivision (i) of Section 246 is not enforceable until the next full pay period following the date that this section takes effect.

(C) When covered employees have schedules described in clauses (ii) and (iii) of subparagraph (C) of paragraph (2) of subdivision (b), an employer may meet the requirement of subdivision (i) of Section 246 for such covered employees by doing an initial calculation of COVID-19 supplemental paid sick leave available and indicating "(variable)" next to that calculation. This, however, does not exempt an employer from providing a covered employee an updated calculation when such a covered employee requests to use COVID-19 supplemental paid sick leave or requests relevant records under Section 247.5.

(3) Section 249 applies to COVID-19 supplemental paid sick leave.

(4) By seven days after the date of enactment of this section, the Labor Commissioner shall make publicly available a model notice for purposes of Section 247. Only for purposes of COVID-19 supplemental paid sick leave, if an employer's covered employees do not frequent a workplace, the employer may satisfy the notice requirement of subdivision (a) of Section 247 by disseminating notice through electronic means, such as by electronic mail.

(e) (1) The requirement to provide COVID-19 supplemental paid sick leave as set forth in this section shall take effect 10 days after the date of enactment of this section, at which time the requirements shall apply retroactively to January 1, 2021.

(2) The requirement to provide COVID-19 supplemental paid sick leave as set forth in this section applies retroactively to January 1, 2021, in order to protect the economic well-being of covered employees who took leave for the reasons listed in paragraph (1) of subdivision (b) beginning on or after January 1, 2021, when the requirements in Sections 248, 248.1, and the Emergency Paid Sick Leave Act established by the federal Families First Coronavirus Response Act (Public Law 116-127) expired, and before the effective date of this section.

(A) For any such leave taken, if the employer did not compensate the covered employee in an amount equal to or greater than the amount of compensation for COVID-19 supplemental paid sick leave to which the covered employee is entitled as set forth under paragraph (3) of subdivision (b), then upon the oral or written request of the employee, the employer shall provide the covered employee with a retroactive payment that provides for such compensation.

(B) For any such retroactive payment, the number of hours of leave corresponding to the amount of the retroactive payment shall count towards the total number of hours of COVID-19 supplemental paid sick leave that the employer is required to provide to the covered employee under paragraph (2) of subdivision (b).

(C) This retroactive payment shall be paid on or before the payday for the next full pay period after the oral or written request of the covered employee. The retroactive payment shall be reflected on the written notice required by subparagraph (B) of paragraph (2) of subdivision (d) for the corresponding pay period.

(D) The requirement to provide a retroactive payment under this subdivision is in addition to the requirements in subdivision (e) of Section 248 and subdivision (f) of Section 248.1 that a covered employee taking COVID-19 food sector supplemental paid sick leave or COVID-19 supplemental paid sick leave at the time of the expiration of those sections shall be permitted to take the full amount of such supplemental paid sick leave to which that covered employee otherwise would have been entitled under those sections.

(f) The requirement to provide COVID-19 supplemental paid sick leave as set forth in this section shall remain in effect through September 30, 2021, except that a covered employee taking COVID-19 supplemental paid sick leave at the time of the expiration of this section shall be permitted to take the full amount of COVID-19 supplemental paid sick leave to which the covered employee otherwise would have been entitled under this section.

(g) The provisions of this section are severable. If any provision of this section or its application is held invalid, that invalidity shall not affect other provisions or applications that can be given effect without the invalid provision or application.

(h) The provisions of this section shall not apply to providers of in-home supportive services under Section 14132.95, 14132.952, or 14132.956 of, or Article 7 (commencing with Section 12300) of Chapter 3 of Part 3 of Division 9 of, the Welfare and Institutions Code, or waiver personal care services pursuant to Section 14132.97 of the Welfare and Institutions Code.

SEC. 2. Section 248.3 is added to the Labor Code, to read:

248.3. (a) As used in this section:

(1) "COVID-19 supplemental paid sick leave" means supplemental paid sick leave provided pursuant to this section.

(2) "Provider" or "providers" means a provider of in-home supportive services under Section 14132.95, 14132.952, or 14132.956 of, or Article 7 (commencing with Section 12300) of Chapter 3 of Part 3 of Division 9 of, the Welfare and Institutions Code, or waiver personal care services pursuant to Section 14132.97 of the Welfare and Institutions Code.

(3) "Work" or "worked" means providing authorized in-home supportive services under Section 14132.95, 14132.952, or 14132.956 of, or Article 7 (commencing with Section 12300) of Chapter 3 of Part 3 of Division 9 of, the Welfare and Institutions Code, or waiver personal care services pursuant to Section 14132.97 of the Welfare and Institutions Code, to an eligible recipient.

(b) A provider shall be entitled to COVID-19 supplemental paid sick leave as follows:

(1) COVID-19 supplemental paid sick leave shall be available to a provider if that provider is unable to work due to any of the following reasons:

(A) The provider is subject to a quarantine or isolation period related to COVID-19 as defined by an order or guidelines of the State Department of Public Health, the federal Centers for Disease Control and Prevention, or a local health officer who has jurisdiction over the workplace. If the provider is subject to more than one of the foregoing, the provider shall be permitted to use COVID-19 supplemental paid sick leave for the minimum quarantine or isolation period under the order or guidelines that provides for the longest minimum period.

(B) The provider has been advised by a health care provider to self-quarantine due to concerns related to COVID-19.

(C) The provider is attending an appointment to receive a vaccine for protection against contracting COVID-19.

(D) The provider is experiencing symptoms related to a COVID-19 vaccine that prevents the provider from being able to work.

(E) The provider is experiencing symptoms of COVID-19 and seeking a medical diagnosis.

(F) The provider is caring for a family member, as defined in subdivision (c) of Section 245.5, who is subject to an order or guidelines described in subparagraph (A) or who has been advised to self-quarantine, as described in subparagraph (B).

(G) The provider is caring for a child, as defined in subdivision (c) of Section 245.5, whose school or place of care is closed or otherwise unavailable for reasons related to COVID-19 on the premises.

(2) A provider shall be entitled to the following number of hours of COVID-19 supplemental paid sick leave:

(A) A provider is entitled to 80 hours of COVID-19 supplemental paid sick leave if the provider worked or was scheduled to work, on average, at least 40 hours per week in the two weeks preceding the date the provider took COVID-19 supplemental paid sick leave.

(B) A provider who does not satisfy the criteria in subparagraph (A) is entitled to an amount of COVID-19 supplemental paid sick leave as follows, up to a maximum of 80 hours of COVID-19 supplemental paid sick leave:

(i) If the provider has a regular weekly schedule, the total number of hours the provider is normally scheduled to work over two weeks.

(ii) If the provider works a variable number of hours, 14 times the average number of hours the provider worked each day for the employer in the six months preceding the date the provider took COVID-19 supplemental paid sick leave. If the provider has worked over a period of fewer than six months but more than 14 days, this calculation shall instead be made over the entire period the provider has worked.

(iii) If the provider works a variable number of hours and has worked over a period of 14 days or fewer, the total number of hours the provider has worked.

(C) The total number of hours of COVID-19 supplemental paid sick leave to which a provider is entitled pursuant to subparagraph (A) or (B) shall be determined on the first day that the provider uses COVID-19 supplemental paid sick leave under this section and shall be in addition to any paid sick leave that may be available to the provider under Section 246.

(D) A provider may determine how many hours of COVID-19 supplemental paid sick leave to use, up to the total number of hours to which the provider is entitled pursuant to subparagraph (A) or (B). The COVID-19 supplemental paid sick leave is available for immediate use by the provider, and the provider shall inform the recipient of the need to take sick leave and submit a sick leave claim to the county consistent with established procedures in that county.

(E) A provider is not entitled to more than the total number of hours of COVID-19 supplemental paid sick leave to which the provider is entitled pursuant to subparagraph (A) or (B).

(3) Each hour of COVID-19 supplemental paid sick leave shall be compensated at the regular rate of pay to which the provider would be entitled if the provider had been scheduled to work those hours pursuant to existing law or an applicable collective bargaining agreement.

(4) A provider shall not be required to use any other paid or unpaid leave before the provider uses COVID-19 supplemental paid sick leave or in lieu of COVID-19 supplemental paid sick leave.

(c) Notwithstanding subdivision (b), if a provider takes paid leave on or after April 1, 2021, that is payable for the reasons listed in paragraph (1) of subdivision (b) that compensates the provider in an amount equal to or greater than the amount of compensation for COVID-19 supplemental paid sick leave to which the provider is entitled as set forth under paragraph (3) of subdivision (b), the hours of the other paid benefit or leave may be counted towards the total number of hours of COVID-19 supplemental paid sick leave to which the provider is entitled under paragraph (2) of subdivision (b). For purposes of the foregoing, the other supplemental benefit for leave taken that may be counted does not include paid sick leave to which the provider may be entitled to under Section 246, but may include paid leave provided by any federal or local law that becomes effective on or after April 1, 2021, if the paid leave is provided to the provider under that law for any of the same reasons set forth in paragraph (1) of subdivision (b).

(d) (1) The entitlement to COVID-19 supplemental paid sick leave as set forth in this section shall take effect 10 days after the date of enactment of this section, at which time the entitlements shall apply retroactively to

January 1, 2021.

(2) The entitlement to COVID-19 supplemental paid sick leave as set forth in this section applies retroactively to January 1, 2021.

(A) For any such leave taken, if the provider was not compensated in an amount equal to or greater than the amount of compensation for COVID-19 supplemental paid sick leave to which the provider is entitled as set forth under paragraph (3) of subdivision (b), then the provider shall be entitled to a retroactive payment that provides for such compensation.

(B) For any such retroactive payment, the number of hours of leave corresponding to the amount of the retroactive payment shall count towards the total number of hours of COVID-19 supplemental paid sick leave that the provider is entitled to under paragraph (2) of subdivision (b).

(C) The COVID-19 supplemental paid sick leave provided under this section is in addition to any unused sick leave benefits put in place by the federal Family First Coronavirus Response Act (Public Law 116-127), which a provider may still use until March 31, 2021.

(e) The entitlement to COVID-19 supplemental paid sick leave as set forth in this section shall remain in effect through September 30, 2021, except that a provider taking COVID-19 supplemental paid sick leave at the time of the expiration of this section shall be permitted to take the full amount of COVID-19 supplemental paid sick leave to which the provider otherwise would have been entitled under this section.

(f) The provisions of this section are severable. If any provision of this section or its application is held invalid, that invalidity shall not affect other provisions or applications that can be given effect without the invalid provision or application.

(g) Notwithstanding the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code), the State Department of Social Services and the State Department of Health Care Services may implement, interpret, or make specific this section by means of all-county letters or similar instructions, without taking any regulatory action.

SEC. 3. The sum of \$100,000 is hereby appropriated from the General Fund to the Labor Commissioner for staffing resources to implement and enforce the provisions related to the COVID-19 supplemental paid sick leave in this act.

SEC. 4. This act is a bill providing for appropriations related to the Budget Bill within the meaning of subdivision (e) of Section 12 of Article IV of the California Constitution, has been identified as related to the budget in the Budget Bill, and shall take effect immediately.



COMMITTEE MEMORANDUM

DATE: May 10, 2021

TO: Finance and Administration Committee

FROM: Rochelle Patterson *R. Patterson*
Director of Finance and Administration

SUBJECT: Recommend Approval of a Resolution Approving the FY 2021/22 and FY 2022/23 Biennial Budget

SUMMARY AND DISCUSSION

Management is pleased to present the draft Operating FY 2021/22 and FY 2022/23 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 is the second presentation of the draft operating budget and incorporates the integration efforts of combining all divisions into a single entity. Major components that have been included in the second draft are:

- Transmittal Letter
- Budget Foreword
- Strategic Plan
- Performance Measures
- Reserves
- Long-term Commitments
- Capital Improvement Program
- Financial Summary
- Revenues
- Expenditures
- Forecast

Additional components (awards section, glossary, resolutions and policies) of the budget will be presented with the final document when presented at the June 1, 2021 Board meeting.

SCV Water seeks 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 number of achievements.

Draft FY 2021/22 and FY 2022/23 Budget

The budget reflects planned activities to meet SCV Water’s mission statement and the strategic plan fundamental decisions developed by the Board of Directors. This budget document integrates all divisions of SCV Water and represents the spending plan for the fiscal years

beginning July 1, 2021 and July 1, 2022, and the revenues and resources available to fund the plan.

This budget also includes funding for the Agency's ongoing efforts to treat PFAS in its groundwater wells. Funding for this project (maintenance and infrastructure) will ensure a reliable, safe and secure water supply. It is our goal to secure our future by investing in our water resources and infrastructure. This budget allows SCV Water to meet the operations, maintenance, capital and regulatory demands of the system.

Organizational staffing and strategic planning information is presented by the functional areas of SCV Water.

Operating Budget

For more than three years, 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. The challenge for this budget cycle was the reorganization of the departments and operating accounts. The four separate divisions had different charts of accounts and different business processes. The effort to combine recorded activities within a single chart of accounts has been overwhelming at times and because of those different processes, not all previous activity will align exactly with the draft budget.

Water Sales Revenues

The FY 2021/22 projected water sales revenues of \$85.9 million is a slight increase from the FY 2020/21 adopted budget at \$85.8 million. FY 2022/23 water sales revenues of \$91.4 million is an increase of 6.5% from FY 2021/22 and is consistent with the cost of service model and proposed water rates. One-time water sales are not included in the FY 2021/22 at this time as a result of a low allocation of state water. SCV Water is expecting to add 1,013 connections in FY 2021/22 and 1,047 connections in FY 2022/23 (using a growth percentage of 1.36%), with a total number of retail connections of 74,780 and 75,827, respectively.

Other Revenues

Other revenues consist of miscellaneous fees and charges, property taxes, investment revenues, communication/rental income and grants and reimbursements. In FY 2021/22 budgeted other revenues are projected at \$41.1 million, which is slight decrease from the FY 2020/21 adopted budget at \$41.2 million. FY 2022/23 other revenues of \$38.2 million is a decrease of 7% from FY 2021/22 primarily due to the decrease in the perchlorate settlement reimbursements, as the Saugus 3 & 4 replacement wells will be completed in FY 2021/22.

Operating Expenses

The FY 2021/22 projected operating expenses of \$164.6 million has increased approximately \$16.1 million from the FY 2020/21 adopted budget of \$148.5. For budgeting purposes, operating

expenses include general operating expenses, capital improvement projects that are pay-go funded, and SCV Water's annual debt service.

Significant expense and pay-go capital increases (exceeding prior year budgeted amounts) are attributable to the items below and can be found in more detail in the applicable budget sections:

- \$254,000 increase in treatment chemicals
- \$400,000 for Technology Services
- \$775,000 for the Maintenance & Repair of Services (previously capitalized)
- \$964,000 for Engineering Consulting
- \$1.0 million for dry year Firming Programs
- \$1.3 million for Professional Services Contracts (previously capitalized)
- \$2.0 million for PFAS operations and maintenance
- \$3.7 million increase in pay-go capital projects
- \$5.3 million increase of debt service (first year of 1999A COP payment: \$10.4 million)

Reserves

Reserves are 100% funded for FY 2021/22 and FY 2022/23 at \$111,125,886 and \$111,386,861, respectively.

Staffing

To achieve SCV Water's strategic goals and objectives, management has identified the need to add five positions in FY 2021/22.

- Senior IT Technician (Finance, Administration & IT Department)
- Security Specialist (Finance, Administration & IT Department)
- Data Scientist (Water Resources Department)
- Water Quality Technician (Water Quality & Treatment Department)
- Utility Worker (Transmission & Distribution Department)

The FY 2020/21 adopted budget total personnel costs (salary and benefits) was \$29.1 million as opposed to proposed FY 2021/22 budget of \$28.1 million. Overall, there was a 5.8% increase in salaries, attributable to a 1.5% COLA increase, planned merit increases and the five positions listed above. There is a projected 16.8% decrease in benefits in FY 2021/22 from the adopted FY 2020/21 budget and below are few reasons why the overall benefits have reduced.

- SCV Water funded its Unfunded Actuarially Accrued Liability (UAAL) portion of the Other Post Employment Benefits (OPEB) and will only need to contribute the normal employer costs going forward.
- As SCV Water employees retire or separate from the Agency, the vacancies are typically filled by PEPRAs employees. Those are employees who are new to the CalPERS retirement system and have different rules and employer contribution rates for pensions.
- Due to the increase in planned capital work, the amount of salaries and benefits allocated to the operating budget reduced by \$2.0 million.

FINANCIAL CONSIDERATIONS

The draft budget is consistent with the adopted rate study, rate structures and financial forecasts.

RECOMMENDATION

That the Finance and Administration Committee recommends the Board of Directors approve a resolution adopting the FY 2021/22 and FY 2022/23 Biennial Budget.

RP

Attachments

RESOLUTION NO. ____

**RESOLUTION OF THE
SANTA CLARITA VALLEY WATER AGENCY BOARD OF DIRECTORS
ADOPTING THE BUDGET FOR FISCAL YEARS 2021/22 AND 2022/23**

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) 2021/22 and FY 2022/23 Budget, including sections on the Operating Budget and Capital Expenditures; and

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Santa Clarita Valley Water Agency hereby:

1. Adopts the FY 2021/22 and FY 2022/23 Budget (Attachments 1 and 2).
2. Appropriates the Operating Expenditures, Capital Expenditures, and Debt Principal and Interest Payment for FY 2021/22 and FY 2022/23 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).

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SCV WATER - FINANCIAL SUMMARY
FY 2021/22 BUDGET

ATTACHMENT 1

Description	General Fund/ Operating	Capital Project Fund*	State Water Contract Fund	Capacity Fees Fund	TOTAL
Fund Balance 7/1/2021	\$ 125,743,875	\$ 28,204,173	\$ 78,625,518	\$ 16,013,171	\$ 248,586,737
RESERVES:					
Capital Reserves	\$ (22,520,377)	\$ -	\$ -	\$ -	\$ (22,520,377)
Emergency/Disaster Reserves	(28,187,867)	-	-	-	\$ (28,187,867)
Operating Reserves	(39,175,065)	-	-	-	(39,175,065)
Revenue Rate Stabilization Reserves	(15,242,577)	-	-	-	(15,242,577)
Water Supply Reliability Reserves	(6,000,000)	-	-	-	(6,000,000)
Subtotal	\$ (111,125,886)	\$ -	\$ -	\$ -	\$ (111,125,886)
Net Available	\$ 14,617,989	\$ 28,204,173	\$ 78,625,518	\$ 16,013,171	\$ 137,460,852
REVENUES:					
Water Sales - Retail	\$ 85,380,201	\$ -	\$ -	\$ -	85,380,201
Water Sales - Wholesale	68,392	-	-	-	68,392
Water Sales - Recycled	408,445	-	-	-	408,445
Water Sales - One Time	-	-	-	-	-
Misc Fees and Charges	1,000,000	-	-	-	1,000,000
Lab Revenues	23,000	-	-	-	23,000
Communication & Rental	730,266	-	-	-	730,266
Property Tax	27,934,798	-	33,642,000	-	61,576,798
Annexation Reimbursements	224,032	-	-	-	224,032
Facility Capacity Fees	-	-	-	9,071,100	9,071,100
Interest Income	1,678,043	32,000	850,000	-	2,560,043
PERCH Reimbursements - O&M & CIP	8,172,198	-	-	-	8,172,198
Grant Reimbursements - State	1,345,000	-	-	-	1,345,000
Bond/Loan Proceeds	-	19,500,000	-	-	19,500,000
Transfers In - Reserves	13,133,817	-	-	-	13,133,817
Subtotal	\$ 140,098,192	\$ 19,532,000	\$ 34,492,000	\$ 9,071,100	\$ 203,193,292
EXPENDITURES:					
Operating	\$ (84,408,601)	\$ -	\$ -	\$ -	(84,408,601)
Capital Improvement Program	(44,457,735)	(36,811,550)	-	(2,771,100)	(84,040,385)
Department of Water Resources	-	-	(34,866,100)	-	(34,866,100)
Debt Service Principal & Interest	(18,946,324)	-	-	(14,014,468)	(32,960,792)
Subtotal	\$ (147,812,660)	\$ (36,811,550)	\$ (34,866,100)	\$ (16,785,568)	\$ (236,275,878)
Available Fund Balance 6/30/2022 (Estimated)	\$ 6,903,521	\$ 10,924,623	\$ 78,251,418	\$ 8,298,703	\$ 104,378,266

*Major Capital Projects - Bond Proceeds

**SCV WATER - FINANCIAL SUMMARY
FY 2022/23 BUDGET**

ATTACHMENT 2

Description	General Fund/ Operating	Capital Project Fund*	State Water Contract Fund	Capacity Fees Fund	TOTAL
Fund Balance 7/1/2022	\$ 118,029,407	\$ 10,924,623	\$ 78,251,418	\$ 8,298,703	\$ 215,504,151
RESERVES:					
Capital Reserves	\$ (20,505,140)	\$ -	\$ -	\$ -	\$ (20,505,140)
Emergency/Disaster Reserves	\$ (28,742,788)	-	-	-	\$ (28,742,788)
Operating Reserves	\$ (39,814,145)	-	-	-	(39,814,145)
Revenue Rate Stabilization Reserves	\$ (16,324,788)	-	-	-	(16,324,788)
Water Supply Reliability Reserves	\$ (6,000,000)	-	-	-	(6,000,000)
Subtotal	\$ (111,386,861)	\$ -	\$ -	\$ -	\$ (111,386,861)
Net Available	\$ 6,642,545	\$ 10,924,623	\$ 78,251,418	\$ 8,298,703	\$ 104,117,290
REVENUES:					
Water Sales - Retail	\$ 90,915,240	\$ -	\$ -	\$ -	90,915,240
Water Sales - Wholesale	33,033	-	-	-	33,033
Water Sales - Recycled	468,612	-	-	-	468,612
Water Sales - One Time	-	-	-	-	-
Misc Fees and Charges	1,020,000	-	-	-	1,020,000
Lab Revenues	23,000	-	-	-	23,000
Communication & Rental	752,174	-	-	-	752,174
Property Tax	28,588,472	-	34,429,000	-	63,017,472
Annexation Reimbursements	67,902	-	-	-	67,902
Facility/Capacity Fees	-	-	-	8,733,500	8,733,500
Interest Income	1,703,213	80,000	880,000	-	2,663,213
PERCH Reimbursements - O&M & CIP	3,309,785	-	-	-	3,309,785
Grant Reimbursements - State	2,745,000	-	-	-	2,745,000
Bond/Loan Proceeds	-	75,000,000	-	-	75,000,000
Transfers In - Reserves	29,802,139	-	-	-	29,802,139
Subtotal	\$ 159,428,570	\$ 75,080,000	\$ 35,309,000	\$ 8,733,500	\$ 278,551,070
EXPENDITURES:					
Operating	\$ (85,919,564)	\$ -	\$ -	\$ -	(85,919,564)
Capital Improvement Program	(46,752,436)	(40,447,650)	-	(2,276,000)	(89,476,086)
Department of Water Resources	-	-	(35,892,100)	-	(35,892,100)
Debt Service Principal & Interest	(26,756,570)	-	-	(6,457,500)	(33,214,070)
Subtotal	\$ (159,428,570)	\$ (40,447,650)	\$ (35,892,100)	\$ (8,733,500)	\$ (244,501,820)
Available Fund Balance 6/30/2023 (Estimated)	\$ 6,642,545	\$ 45,556,973	\$ 77,668,318	\$ 8,298,703	\$ 138,166,540

*Major Capital Projects - Bond Proceeds

Established in 2018
Serving Santa Clarita Valley

**BIENNIAL
BUDGET**
FY 2021/22
FY 2022/23



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

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June 1, 2021

Santa Clarita Valley Water Agency
Honorable Board of Directors

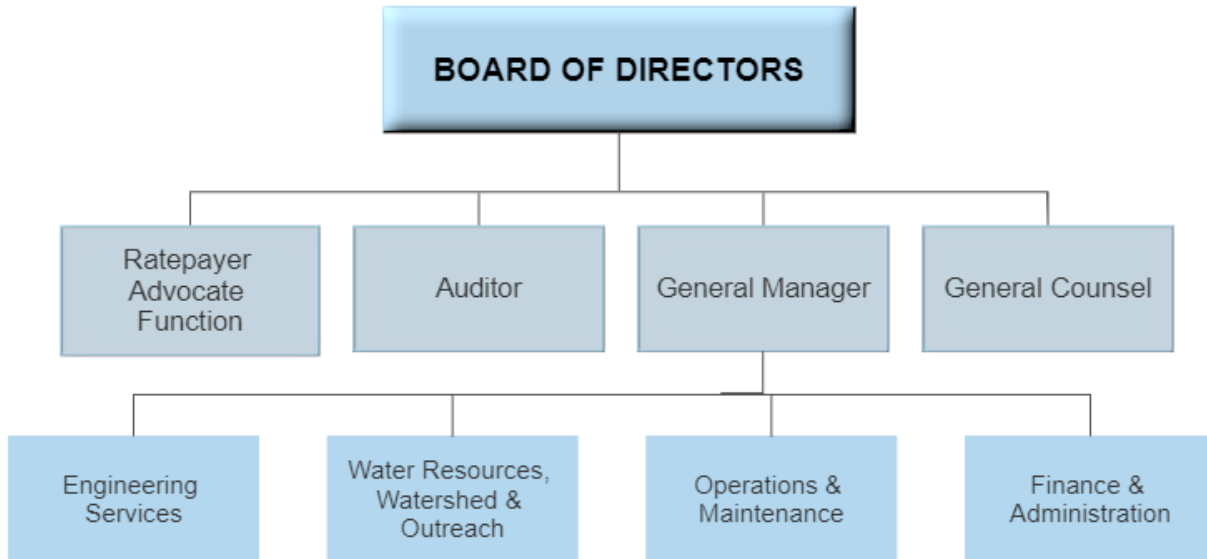
Management is pleased to present the Biennial Budget (Budget) for FY 2021/22 and FY 2022/23. The budget document is the result of one of the most important processes the Santa Clarita Valley Water Agency (SCV Water/Agency) undertakes. In the course of building a budget, the Agency makes policy decisions, sets priorities, allocates resources, and provides the framework for SCV Water operations.

ORGANIZATION – PAST, PRESENT & FUTURE

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.

This budget is the first unified budget document for SCV Water. It reflects the reorganization that has taken place since 2018 and the continued effort from every department in the organization to fully integrate and update operating tools and practices. On July 1, 2021, all divisions of SCV Water will be financially combined. This activity coincides with the retail rate design study and the implementation of a single new financial system. Operational integration continues daily. SCV Water looks forward to the unification of retail water service rates and the customer utility billing system upgrade and conversion.



Proposed FY 2021/22 & FY 2022/23 Biennial Budget

The proposed FY 2021/22 & FY 2022/23 Budget reflects planned activities to implement SCV Water’s mission statement and the strategic plan objectives developed by the Board of Directors. This Budget document combines the financial presentations for all operations of SCV Water and represents the spending plan for the fiscal years beginning July 1, 2021 and July 1, 2022 with the revenues and resources available to fund the plan. The Agency continues to exercise fiscal prudence in managing its budget and maintaining financial stability. The 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).

Maintaining existing levels of service: The budget maintains service levels, even though the cost of providing existing levels of service continues to grow. A 1.5% Cost of Living Adjustment (COLA) is built into the budget for FY 2021/22 and assumed a 2% adjustment in FY 2022/23. We have managed to adopt a balanced budget for FY 2021/22 and FY 2022/23 utilizing unspent carryover funds from FY 2020/21, which is consistent with the Agency’s Cost of Service and Rate Study (received and filed by the Board of Directors in April 2021).

STRATEGIC PLAN

SCV Water adopted its first Strategic Plan in June 2019 that became 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 functional

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 are weighed to 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 (or both). SCV Water will comply with the new state water mandates, integrate technology throughout the new Agency and lay the groundwork for water resiliency 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 2021/22 - \$1,015,000, FY 2022/23 - \$450,000)

2014 saw the passage of the Sustainable Groundwater Management Act (SGMA), authored by State Senator Fran Pavley and State Assemblyman Roger Dickinson. The resulting 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 (GSP). 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 is 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 is done annually in line with SCV-GSA adoption of its annual budget. The latest refinement was done in FY 2020/21.

The current FY 2021/22 estimated cost is \$1,015,000. It includes ongoing technical studies for the GSP, facilitation support, legal services, and staff time. In FY 2021/22, we estimate five to eight SCV Water staff will be involved for portions of their time, and in total, require approximately 450 staff hours. Total grant revenue from two grants is approximately \$1.3 million. At this later stage in GSP Development, we estimate remaining available grant revenue of approximately \$550,000 in FY 2021/22 will be applied to offset planned costs. The FY 2021/22 and FY 2022/23 Biennial Budget includes all SGMA and SCV-GSA costs.

Environmental Spending – Water Resiliency Initiative (FY 2021/22 - \$1,210,000, FY 2022/23 - \$1,320,000)

SCV Water's supplies will be subject to a wide variety of known and unknown risks in the coming years. To ensure a sustainable water supply for its customers, SCV Water will need to respond to more extreme droughts, floods, rising temperatures, and changing regulatory requirements. Staff proposes to undertake a multi-year Water Resiliency Initiative with the objective of taking actions that will ensure safe and resilient water supplies and healthy ecosystems for our community, economy, and the environment. The Santa Clara River's environmental resources and water supplies are interdependent, and an integrated approach is required. Further, SCV Water will face financially significant investment decisions related to

water supplies in upcoming years. The Water Resiliency Initiative seeks to expand our knowledge, develop necessary analytic tools, and prepare associated studies and other activities (as identified below) to inform SCV Water’s investment strategies:

Environmental – Groundwater supplies are tied to the Santa Clara River’s environmental health. Greater understanding of the ecosystems, their conditions, the factors that influence sustainability will be required as SCV Water advances water management programs in the upcoming years.

Water Resource Integration – SCV Water has a complex array of interdependent water supply programs; however, its current modeling tools cannot fully integrate the operation of these programs, nor are they able to fully analyze the integration of alternative new water supplies. Investing in analytic tools will be important to selecting cost-effective investments in new water reliability programs.

Surface Water and Groundwater – Understanding the interconnection between surface water, groundwater and environmental resources will be vital to the Agency developing local groundwater resources. Aquifer monitoring and testing, along with integrated modeling, will afford SCV Water the capability to update the current operating plan which is based on work done in 2003.

Stakeholder Engagement – A lesson learned through implementation of the Sustainable Groundwater Management Act is the importance of involving a diverse set of stakeholders from the outset of an initiative. Staff proposes to build on that experience in the Water Resiliency Initiative by incorporating a robust public outreach component into this effort.

Planning and Strategic Integration – Management of the Water Resiliency Initiative to assure alignment with the Agency’s Planning and other policy initiatives utilizing strategic and legal services will be employed to produce a masterplan and its accompanying CEQA document.

The FY 2021/22 budget includes \$1,210,000 and \$1,320,000 in FY 2022/23 in the Capital Planning, Studies and Administration Budget.

Technology Initiative – Technology Improvements (FY 2021/22 - \$2,832,500, FY 2022/23 - \$1,445,000)

Technology plays a critical role in our everyday business as a water utility. The proliferation of technology, software, data, and connectivity offer great potential to reach higher levels of productivity, service and informed decision making. However, this area also comes with a range of security concerns and threats, which must be actively monitored and managed.

The Agency is continuing to integrate four locations 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.

The project list consists of an asset management pilot program, funds to create an application for water production management, CAT6 cabling at the Rio Vista and Rockefeller locations, mobile technology, network hardware replacements, an improved phone system and a unified security camera system for an estimated total of \$2.8 million in FY 2021/22 and \$1.45 million in FY 2022/23.

PFAS Treatment – Water Treatment Facilities (FY 2021/22 - \$11,535,000, FY 2022/23 - \$13,947,000)

Like many communities throughout the nation, trace amounts of PFAS have been found in our water supply. PFAS (Per- and polyfluoroalkyl substances) are a group of man-made chemicals which have been manufactured and used in a variety of industries worldwide for more than 70 years.

These chemicals are found in thousands of commonly used products, such as non-stick cookware, shampoo, food wrappers, firefighting foam, clothing, paints, and cleaning products. Additionally, these chemicals exist in the environment due to manufacturing, product use and discharge of treated wastewater. Most people have measurable amounts of PFAS in their blood and are typically exposed to PFAS through eating food grown in contaminated water/soil or consuming food from packaging that contains PFAS; breathing air with dust particles from contaminated soil, upholstery, clothing; inhaling fabric sprays containing PFAS; or drinking contaminated water.

The Agency quickly responds to changing guidelines and regulations from the State Water Resources Control Board – Division of Drinking Water. Under the current response levels, last lowered in February 2020, 17 of the 42 active agency wells have been removed from service. This accounts for approximately 45 percent of the Agency’s groundwater supply. In 2019, groundwater accounted for 28% of the total water used in the SCV Water service area. The Agency has taken immediate steps to address PFAS in our groundwater, including proactive quarterly sampling of water from all our wells to ensure they are in line with state and federal standards. The water-resistant properties of PFAS make them difficult to remove from water; however, there are proven treatment options.

Our first new PFAS water treatment facility opened in fall 2020 at the N-Wells site. It is an investment in our long-term water supply and will restore use of a substantial portion of our groundwater that has been impacted due to PFAS chemicals and will provide enough water to serve 5,000 families for a year. Additional projects are in the planning, design or construction phases and are set to go online in 2022 and 2023. The Agency has estimated the cost of this work in FY 2021/22 to be \$11,535,000 and \$13,947,000 in FY 2022/23.

ECONOMIC CONDITIONS

We are now beginning to see the first indications of recovery since the Governor of California issued his first COVID-19 pandemic executive order, closing business and schools as well as the loss of approximately 11,800 area jobs. According to the Santa Clarita Valley Economic Development Corporation, most of the decline in employment was due to the closures of, or restriction on hotels, travel, restaurants, other food services, personal services, and the closure of the area’s largest employer, Six Flags Magic Mountain. As Los Angeles County advanced into the Orange (Moderate Risk) Tier in March 2021 and the percentage of vaccinated persons has increased steadily, we are seeing marked improvements and recovery is underway. LA County may enter the Yellow (Minimal Risk) tier in May if this trend continues. The Governor has projected that a statewide reopening (with some residual precautions as warranted) could take place in mid-June if the favorable trend continues and vaccination targets are met.

We are also 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 recovery was short lived, and we are seeing evidence that the next chapter of drought is arriving. Water-use efficiency must remain a way of life. The aftereffects of the statewide drought continue to drive water consumption projections.

The local economy continues to rebound as employment in several industries has returned to at least 97% of pre-pandemic levels and sees strength in the housing market. The existing home sales rose to their highest level since the spring of 2006. Economic stability will allow for businesses in the Santa Clarita Valley to continue to grow and succeed, although millions of U.S. households are still facing heavy past-due utility bills, which have escalated in the year since the COVID-19 pandemic. The Governor's Executive Order (N-42-20), signed on April 2, 2020, suspended the termination of accounts due to nonpayment. As a result, approximately 6% of the Agency's customer accounts (totaling approximately \$760,000) are past due as of April 2021). Though the economy has achieved considerable gains in recent months, the Agency is mindful that some customers are still struggling to pay their utility bills. The Agency has been actively seeking grants and other programs and supporting relief fund legislation, both directly and through several statewide organizations, to assist impacted customers in paying their bills to avoid termination, as well as offering installment payments and waiving late fees. As the positive trend in employment recovery continues, we are hopeful and anticipate that we will see a positive movement in past due bills.

The Agency has a rigorous process to develop its capital improvement plan. Utilizing master planning documents and other identified needs (such as groundwater treatment), projects are evaluated, prioritized, and scheduled. FY 2021/22 and FY 2022/23 major capital projects will be funded in accordance with the Agency's Debt Management Policy.

The proposed 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 regarding 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 (outflows) do not exceed revenues (inflows) to ensure a balanced budget.

Looking ahead, the Agency will continue to monitor and make appropriate adjustments to maintain the organization's financial integrity, 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 (UWMP), the Integrated Regional Water Management Plan (IRWMP), the Castaic Lake Water Agency Reliability Plan, the Communications Strategic Plan, 2019 Facility Capacity Fee Study, the Santa Clarita Valley Water Use Efficiency Strategic Plan (SCVWUESP), the Santa Clarita Water Division Organizational Assessment and Asset Management Program Gap Analysis Report and finally, the retail division Water Master Plans. The FY 2021/22 and FY 2022/23 Budget also provides for continued development of an Asset Management Plan, updating the UWMP, 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 through 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 2021/22 and FY 2022/23 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,

A handwritten signature in black ink, appearing to read "Matthew Stone", with a stylized flourish at the end.

Matthew G. Stone
General Manager

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BUDGET FOREWORD

USER'S GUIDE

This FY 2021/22 and FY 2022/23 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, in its new Oracle Fusion software, 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.

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 for the operating budget, capital fund, State Water Contract fund and the facility capacity/connection fee fund.

Budget Foreword

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

Policies

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

Financial Summaries

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

Forecast

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

Revenues and Expenditures

This section presents calculations for the estimated total revenues and expenditures for FY 2021/22 and FY 2022/23. Estimates are based on historical trend, current position, and the economic forecasts. Revenue projections are calculated using the proposed rates and charges for water sales.

Capital Budget

This section contains a detailed list of capital projects identified for FY 2021/22 and FY 2022/23 to be funded from the operating fund, capital fund, capacity/connection fee fund or reserves. This section also includes the CIP schedule, funding source and justification.

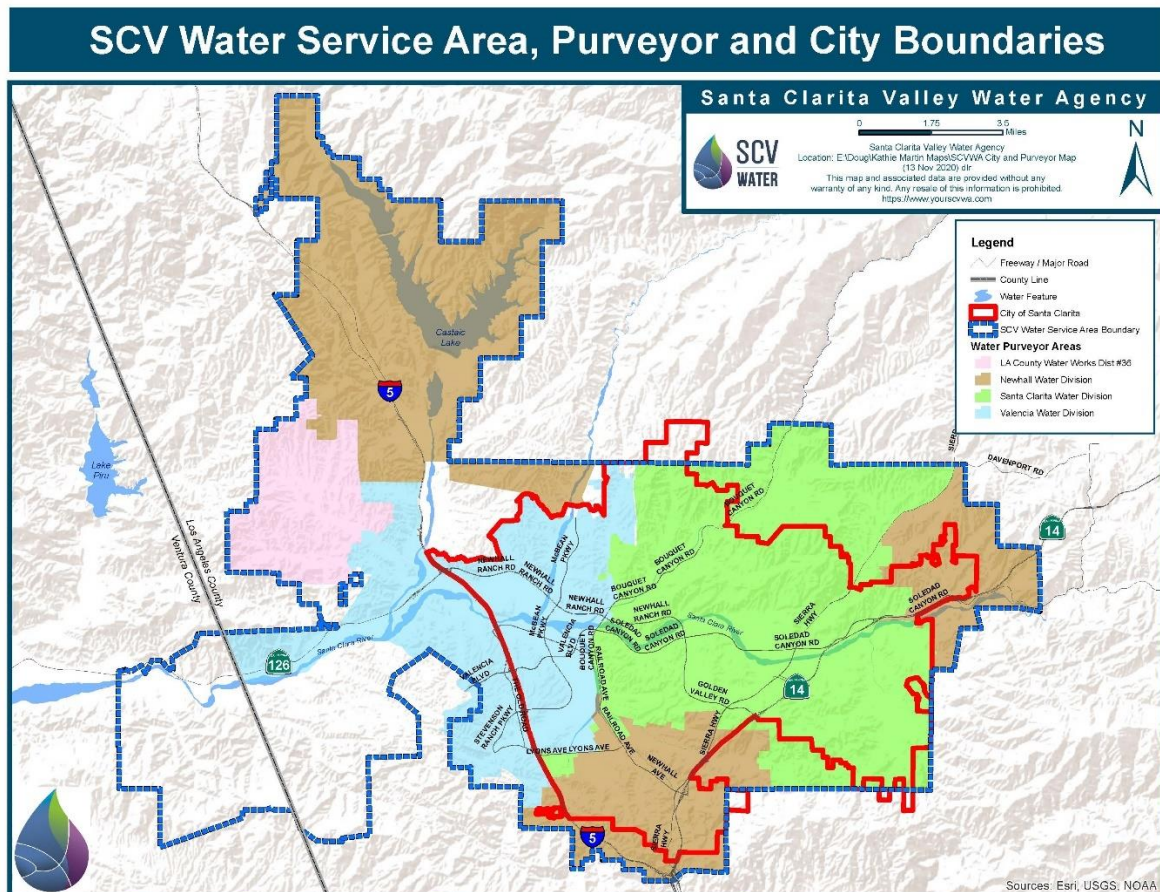
Appendix

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 286,300 (as projected in the 2015 Urban Water Management Plan for 2021) through nearly 75,000 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 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 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.

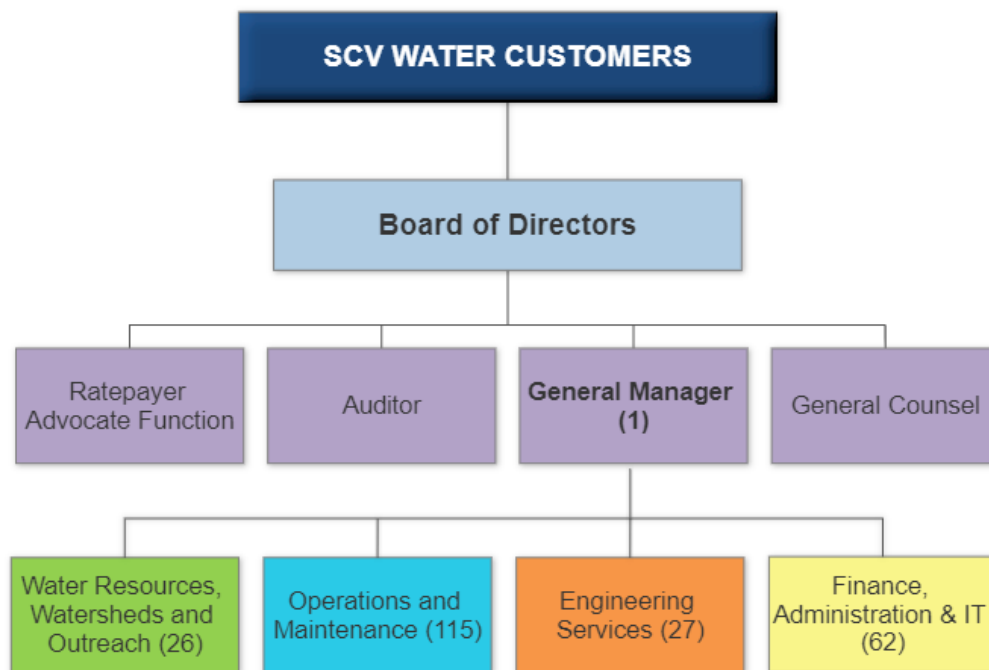
Governance

SCV Water has a three electoral division system with equal-population per division. The initial board consisted 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 expired 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 were elected for each electoral division at the 2020 general election (reducing the

number of Directors to 12), 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 (reducing the number of Directors to 9) 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
Gary R. Martin, President	1	January 2025
E.G. "Jerry" Gladbach, Vice President	2	January 2023
Daniel Mortensen, Vice President	3	January 2023
Kathye Armitage	3	January 2025
B.J. Atkins	3	January 2025
Beth Braunstein	1	January 2025
Ed Colley	2	January 2025
William Cooper	1	January 2023
Jeff Ford	L.A. County WWD #36	January 2023
R.J. Kelly	1	January 2023
Piotr Orzechowski	2	January 2025
Lynne Plambeck	3	January 2023

Organization



SCV WATER FACILITIES

SCV Water’s Regional Water facilities include two water treatment plants, two pump stations, t h

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 n

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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 (the “Rio Vista Plant”) is located in the City of Santa Clarita and treats water for domestic uses. Its current capacity is 66 mgd, but the site has sufficient 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 Rio Vista Plant 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 clear well reservoirs provide a total of 30 million gallons of treated water storage.

The Rio Vista Plant site includes the seven-acre Water Conservatory Garden and Learning Center (the “Garden”), which informs and educates local water consumers on the source and treatment of their water supply, as well as means to conserve this resource. The Garden and other water education programs of the Agency have received numerous awards, honors and grants from the American Water Works Association, the Association of California Water Agencies, and the California Department of Education, among others.

Rio Vista Intake Pump Station - The Rio Vista Intake Pump Station pumps water from The Metropolitan Water District of Southern California (“MWD”) Foothill Feeder to the Rio Vista Water Treatment Plant.

Water Transmission Pipelines - The Castaic Conduit serves as the pipeline connection between the Schmidt Plant and the Rio Vista Plant. It also serves as the main pipeline for conveying treated water to the retail water facilities and District No. 36 through a series of turnouts and laterals.

The portion of the Castaic Conduit between the State outlets and the Pump Station has a nominal design capacity of 67 mgd. Southerly of the Schmidt Plant, the Castaic Conduit was designed with a nominal capacity of 50 mgd along the length of the 54-inch diameter pipeline, which extends approximately five miles southeast through the center of the Agency’s service area and eventually transitions to a 39-inch diameter pipeline with a design capacity of 27 mgd, where it connects with the Honby and Newhall Laterals which in turn provide water to the retail water facilities and District No. 36. Approximately two miles of 84-inch diameter pipeline with a nominal capacity of 124 mgd connects the Rio Vista Plant to the 39-inch diameter pipeline.

The agency constructed the Newhall Parallel which connected to the treated water pipeline and provides additional water to the southern portion of Valencia. The Newhall Parallel begins as a 54-inch pipeline and reduces to a 24-inch pipeline. Additionally, the Agency constructed three phases of the Magic Mountain Pipeline, a 42-inch pipeline that connects to the Newhall Parallel and will provide water to the western portion of the Agency’s service area.

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 – In 2007 the Agency completed construction of the Sand Canyon Pipeline System which consists of a 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 Sand Canyon Pipeline is a 48-inch pipeline, approximately 5 miles in length that delivers water to retail purveyors through seven turnouts. The Sand Canyon Pump Station has a capacity of 30,000 gallons per minute. The Sand Canyon Reservoir can store up to 7 million gallons of treated water.

Groundwater Wells – The Agency has historically had 41 operational groundwater wells within the alluvial aquifer and the Saugus Formation aquifer, the two groundwater aquifer systems in the Santa Clarita Valley. The 41 wells have a combined capacity of 74,000 gallons per minute (“gpm”). Recently, the Agency has taken a number of the wells out of service due to the detection of PFOS and PFOA, resulting in 22 operational groundwater wells as of April 14, 2020.

In fall 2020 our new PFAS water treatment facility opened. It is an investment in our long-term water supply and will restore use of a substantial portion of our groundwater that has been impacted due to PFAS chemicals and will provide enough water to serve 5,000 families for a year. Additional projects are in the planning phases and are set to go online in 2021.

The Agency has sufficient pumping capacity with the wells which have not been taken out of service to provide water service to all customers within the service area. The Agency has an ongoing well replacement and rehabilitation program to ensure that its groundwater facilities operate in an efficient and reliable manner.

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 879 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.

PERCHLORATE and 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 two groundwater banking programs and two water exchange programs. In May 2015, the former Castaic Lake Water Agency’s (CLWA) Stored Water Recovery Program within the Semitropic Water Storage District’s Groundwater Banking Program (Semitropic 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 two 10-year renewals. The Agency may withdraw up to 5,000 acre-feet annually from its accounts in the Semitropic Banking Program. As of January 1, 2021, the Agency’s banking accounts totaled 40,278 acre-feet. In light of the March 23, 2021 announcement that the Agency’s State Water Protect Contractor’s Table A allocation is 5% for 2021, the Agency expects to recover approximately 5,000 acre-feet of water from the Semitropic Banking Program.

In September 2005, the former CLWA initiated participation in the Rosedale-Rio Bravo Water Storage District Groundwater Banking Program (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, up to a maximum of 100,000 acre-feet, and has a contract term through 2035, renewable according to the terms of the Agency’s water supply contract with DWR. In 2015, the former CLWA 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 7,500 acre-feet annually. These facilities were completed in the fall of 2019 and are available to recover the Agency’s banked water or water from the banking program. Since 2020, the Agency has withdrawn approximately 6,400 acre-feet of water from Rosedale-Rio Bravo Banking Program account. As of January 1, 2021, the Agency had available approximately 98,810 acre-feet stored in the Rosedale-Rio Bravo Banking Program. In light of the March 23, 2021 announcement that the Agency’s State Water Protect Contractor’s Table A allocation is 5% for 2021, the Agency anticipates recovery of approximately 16,000 acre-feet of water from the Rosedale-Rio Bravo Banking Program.

In addition to its program with the Semitropic, the Agency has in past years gained access to additional extraction capacity from Semitropic’s Banking Program through an agreement with another Semitropic Banking Program participant, Newhall Land and Farming Company (Newhall Land). In 2010 and again in 2014, the Agency withdrew approximately 4,950 acre-feet from Newhall Land’s Semitropic short-term account under an agreement with Newhall Land.

In 2019, the Agency entered into a two-for-one exchange program with Antelope Valley-East Kern Water Agency and delivered 7,500 acre-feet, resulting in 3,750 acre-feet of recoverable water. In 2020 the Agency recovered 1,406 acre-feet from this program. As of January 2021, the Agency has 2,344 acre-feet of recoverable water remaining.

In 2019, the Agency also entered into a two-for-one exchange program with United Water Conservation District and delivered 1,000 acre-feet, resulting in 500 acre-feet of recoverable water.

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, 2022 and January 1, 2023. 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 Agency has funded the Unfunded Actuarial Accrued Liability (UAAL) and will continue to fund the ARC (annually required contribution) on an annual basis. During FY 2020/21, 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. 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. 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 – 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, 2020, 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 and flood insurance coverage for the Saugus Perchlorate Treatment Facility, certain NWD and certain VWD facilities. Earthquake and flood insurance for the Saugus Perchlorate Treatment Facility has annual coverage limits of \$25,000,000 per occurrence and in the aggregate. Deductibles for the Saugus Perchlorate policy are 5% of value, subject to a \$25,000 minimum, per loss of earthquake and \$25,000 per loss for flood. Earthquake and flood insurance for the NWD facilities has coverage limits of \$10,000,000 per occurrence and in the annual aggregate, with an earthquake deductible of 15% per unit of insurance including time element business income, extra expense and rental value. The minimum deductible for earthquake and flood insurance is \$50,000 and a \$25,000 deductible for all other perils. Earthquake and flood insurance for the VWD facilities has coverage limits of \$10,000,000 primary and \$25,000,000 excess, total of

\$35,000,000 per occurrence and in the aggregate. Deductibles for the VWD facilities policy are \$100,000 or 5% per location, whichever is greater, for earthquake coverage and \$250,000 per occurrence for flood coverage. This coverage also includes business personal property, business income, extra expense and terrorism.

- Pollution and remediation legal liability insurance for certain NWD sewer facilities with coverage limit of \$1,000,000 for each loss and in the aggregate with a \$25,000 retention for each loss.

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 286,000 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 (City), 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. The City's estimated population on January 1, 2020 is reported at 221,932 and is the third-largest City in Los Angeles County.

The Santa Clarita Valley is part of a comprehensive transportation network, which includes three major freeways, a commuter rail that serves in a typical year 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 have carried 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 110 miles of bicycle and pedestrian trails.

The Santa Clarita Valley housing market is very competitive. In March 2021, the median sale price of a home in Santa Clarita was \$640K last month, up 15.5% since last year. The average sale price per square foot in Santa Clarita is \$372, up 13.9% since last year.

The median household income in Santa Clarita Valley, last reported in 2019 was \$97,904, which was 17.8% greater than the median annual income of \$80,440 across the entire state of California. Compared to the median income of \$66,717 in 2000 this represents an increase of 31.9%. The per capita income in 2019 was \$41,073, which means an increase of 34.7% compared to 2000 when it was \$26,841.



4 William S. Hart Union School District high schools made U.S. News and World Report's list of 2017 Best High Schools.



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



Academy Of The Canyons



80 MILES



of hiking/biking trails

30 MILES



of pedestrian paseos

4,000 ACRES



of protected open space

280 DAYS



of sunshine with avg. daily temperatures in the 70s and 80s

Source: SCV Economic Development Corporation (SCVEDC)

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 and the 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 2019 gross product of Los Angeles County is estimated at \$807 billion (LA County EDC). Due to the COVID-19 pandemic, many jobs have been lost. Los Angeles County unemployment rates have increased to 10.9% (April 2021) from low of 4.7% (February 2020), pre pandemic. State of California's unemployment rate was 8.2% in March 2021 (California Employment Development Department). The City of Santa Clarita lost 11,800 jobs from December 2019 to December 2020 and reported a high unemployment rate of 9.3%. The labor workforce has shrunk by over 8,000 workers, many electing to remain at home for child care and home-schooling duties. As Los Angeles County moves through the Blueprint for a Safe Economy tiers, more economic activity will resume, leading to more consumer spending and more hiring (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

FY 2019/20			
	Customer Name	Annual Revenues	% of Water Sales
1	City of Santa Clarita	\$ 3,400,034.56	4.14%
2	GH Palmer	\$ 1,496,072.77	1.82%
3	LA County Public Works	\$ 902,442.43	1.10%
4	Six Flags Magic Mountain	\$ 507,649.93	0.62%
5	Tesoro Del Valle HOA	\$ 400,017.21	0.49%
6	FivePoint	\$ 338,532.39	0.49%
7	CF Arcis X Holdings LLC	\$ 311,966.48	0.41%
8	The Terrace HOA	\$ 276,730.76	0.38%
9	West Creek/West Hills HOA	\$ 247,344.95	0.28%
10	Westridge Valencia	\$ 226,195.28	0.28%
	Total (10 Largest)	\$ 8,106,986.76	9.87%
	Others	\$ 74,070,256.24	90.13%
	Grand Total:	\$ 82,177,243.00	100%

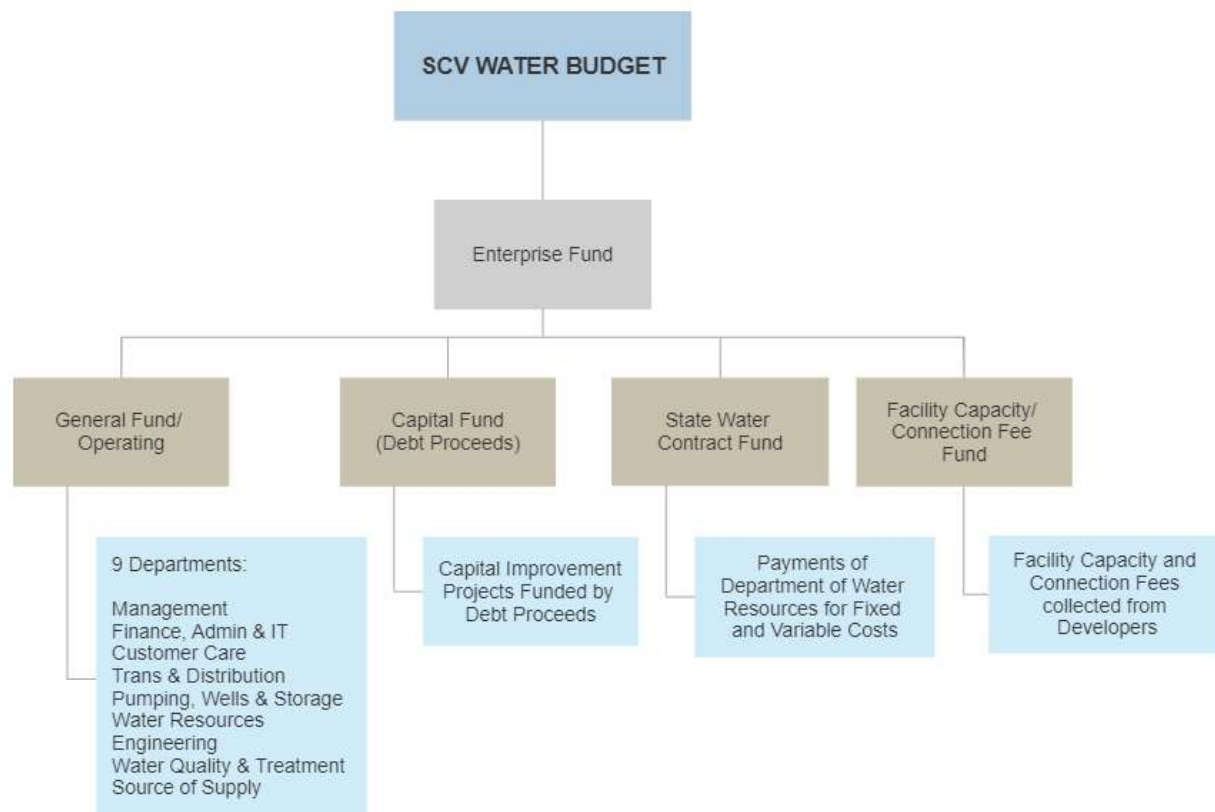
Projected Availability and Reliability of State Water Project Supplies

In 2020, DWR released its Final 2019 State Water Project Delivery Capability Report. This report incorporated updated regulatory requirements and operating constraints and indicates that under current climate conditions the average reliability for SCV Water would be 58%. The report also analyzes the impacts of future climate change and projects the average reliability would be reduced to 52% by 2040. This information was used in the Agency's 2020 UWMP and 2021 Water Supply Reliability Report Update. This report concluded that with implementation of planned water supply projects SCV Water would continue to achieve long-term water supply reliability.

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 not identified in the budget. The legal level of budgetary control is at the fund level. The General Manager is authorized to direct the Assistant General Manager and Chief Financial and Administration Officer to transfer within individual fund budgets.

FUND STRUCTURE



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

Capital Project Fund – Capital projects that are financed.

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

Facility Capacity/Connection Fees – Funds that are collected from development or developers.

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.

SCV Water uses the 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 2021/22 and FY 2022/23 budget are balanced with the exception of FY 2021/22 where carryover funds are utilized to offset costs of the capital program.

	FY 2021/22		FY 2022/23	
	Revenue	Expenses	Revenue	Expenses
Water Sales	\$ 86.9		\$ 92.4	
Property Tax	\$ 27.9		\$ 28.6	
Grants	\$ 1.4		\$ 2.8	
Reimbursements	\$ 8.4		\$ 3.4	
Misc Revenue	\$ 2.4		\$ 2.5	
Operating Expense		\$ 84.4		\$ 86.0
Capital (Pay-go)		\$ 47.2		\$ 49.0
Debt Service		\$ 33.0		\$ 33.2
Carryover	\$ 7.7			
Transfer In - FC/C Fee	\$ 16.8		\$ 8.7	
Transfer In - Reserves	\$ 13.1		\$ 29.8	
	\$ 164.6	\$ 164.6	\$ 168.2	\$ 168.2

BUDGET PROCESS

The SCV Water budget process starts in February of each year, and proceeds with a series of meetings involving section directors and/or managers. 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. The foundation of the budget process continues the goals and objectives as set in the Strategic Plan and related priorities established by the Board of Directors. The budget is designed to support each of them. Each section's budget narrative discusses the ways in which the organization is furthering those goals and objectives.

The first phase in the budget process is for the section directors and managers to prepare new requests for capital equipment, construction projects and staff positions for the new fiscal year. The second phase consists of preparing department-operating budgets, including payroll and related expenditures. Estimating payroll and related expenditures are based on current approved positions and factors based on historical adjustments throughout the year. The third phase involves department directors, managers and supervisors submitting their budgets to the Finance Department to justify expenditure requests. After all the departments' budgets have been reviewed by the Finance Department, the budget is consolidated for the Agency and an initial proposed budget document is submitted to the Finance and Administration (F&A) Committee.

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%-4.38 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. For FY 2021/22 and FY 2022/23 the projected water sales revenue was taken from the April 2021 Cost of Service and Rate Study. The Agency also has other revenue sources that are calculated for the fiscal year. The other revenues include property taxes, grants, reimbursements, communication site rentals and interest earnings.

Once all the components have been calculated, those numbers are presented to the F&A Committee and the Board of Directors in April - June. Typically, staff conducts a working session with the F&A Committee to review the proposed budget in detail. The F&A Committee will recommend approval to the Board of Directors. 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. A budget amendment is defined as a procedure for increasing appropriations of a fund with the express intent of employing unbudgeted resources to carry out the purpose for the increased appropriations.

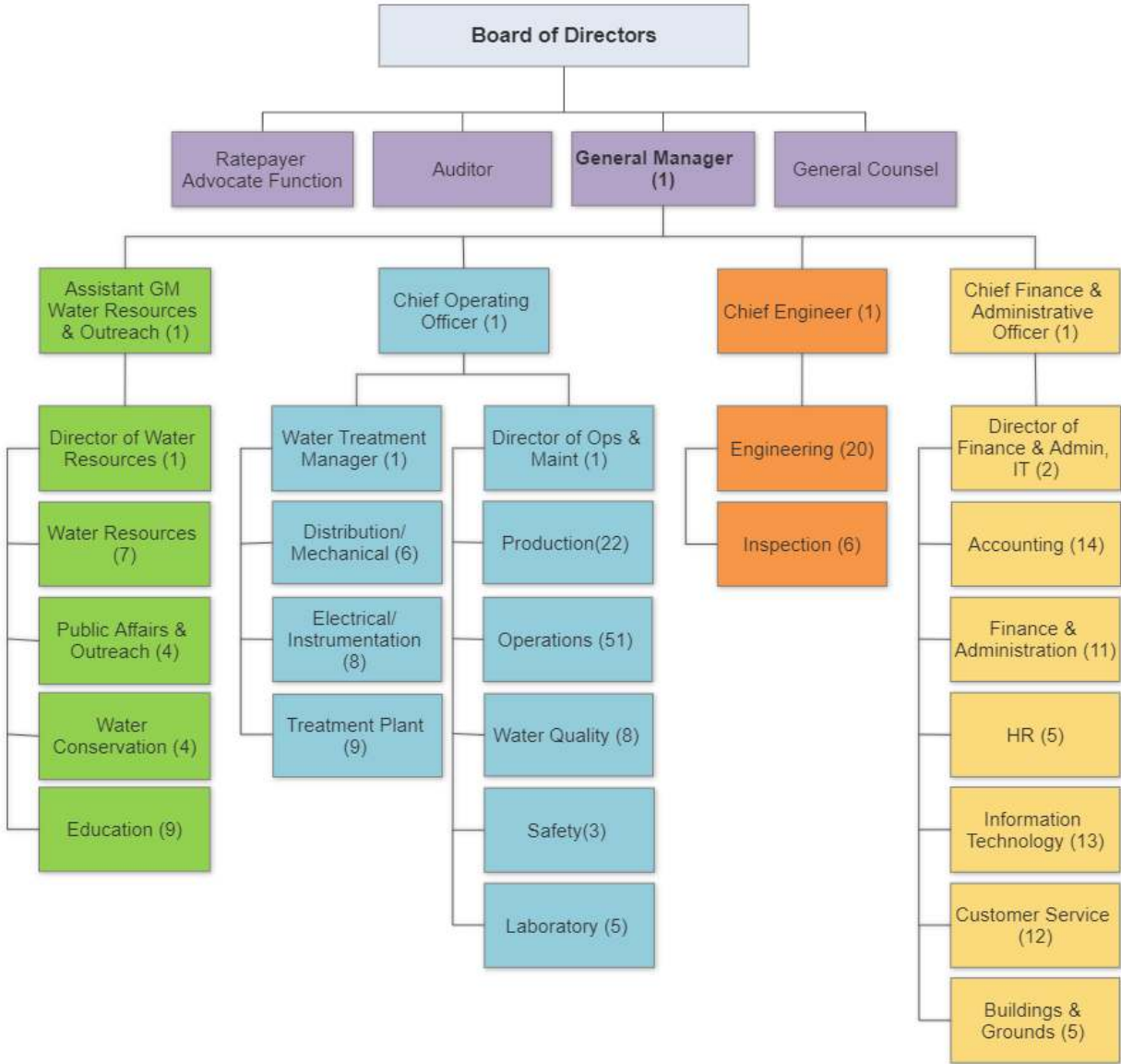
All of these meetings are posted for public participation. In addition, the Budget is posted on the Agency's website to allow for public review. The final Budget is also posted on the Agency's website after it is adopted.

Budget Calendar

FY 2021/22 and 2022/23	
Feb 24	Operating expense forms distributed to Departments
March 8	Department budgets due
March 15	Finance and Administration Committee Review Draft FY 2021/22 Budget Calendar
March 17	Capital Budgets due
March 23	Management reviews Operating and Capital Budget
April 1	<i>Engineering and Operations Committee</i> Review proposed major and significant Capital Improvement Projects (CIP)
April 19	<i>Finance and Administration Committee</i> Review Draft FY 2021/22 and FY 2022/23 Budget and Status of FY 2020/21
May 17	<i>Finance and Administration Committee</i> Recommend Approval of Final FY 2021/22 and FY 2022/23 Biennial Budget
June 1	<i>Board of Directors</i> Approve Final FY 2021/22 and FY 2022/23 Biennial Budget



ORGANIZATIONAL CHART



TOTAL POSITIONS	231
FULL-TIME	216
PART-TIME	10
LIMITED DURATION EMPLOYEES	5
FTE EQUIVALENTS	226

**SCV WATER
POSITION CONTROL FY 2021/22**

DEPARTMENT	POSITION	NO. OF POSITIONS
ENGINEERING	ADMINISTRATIVE TECHNICIAN	3
	ASSISTANT ENGINEER	2
	CHIEF ENGINEER	1
	ENGINEER	3
	ENGINEERING TECHNICIAN II	3
	EXECUTIVE ASSISTANT	1
	INSPECTOR I	1
	INSPECTOR II	2
	INSPECTOR SUPERVISOR	1
	LIMITED DURATION EMPLOYEE	1
	PRINCIPAL ENGINEER	3
	RIGHT OF WAY AGENT	1
	SENIOR ADMINISTRATION TECHNICIAN	1
	SENIOR ENGINEER	3
	SENIOR INSPECTOR	1
	27	
FINANCE, ADMINISTRATION & IT	ACCOUNTANT	3
	ACCOUNTING MANAGER	1
	ACCOUNTING TECHNICIAN II	3
	ADMINISTRATIVE TECHNICIAN	4
	BUILDING & GROUNDS SUPERVISOR	1
	CHIEF FINANCIAL & ADMINISTRATIVE OFFICER	1
	CONTROLLER	1
	CUSTOMER SERVICE MANAGER	1
	CUSTOMER SERVICE REP I	3
	CUSTOMER SERVICE REP II	6
	CUSTOMER SERVICE SUPERVISOR	1
	DIRECTOR OF FINANCE & ADMINISTRATION	1
	DIRECTOR OF TECHNOLOGY SERVICES	1
	FACILITIES MAINTENANCE TECHNICIAN II	2
	FINANCIAL ANALYST	2
	GIS ANALYST	3
	GIS MANAGER	1
	GIS TECHNICIAN II	1
	HUMAN RESOURCES ANALYST	2
	HUMAN RESOURCES MANAGER	1
	HUMAN RESOURCES SPECIALIST	1
	INFORMATION TECHNOLOGY SUPERVISOR	1
	IT SPECIALIST	1
	IT TECHNICIAN I	1
	IT TECHNICIAN II	2
	LIMITED DURATION EMPLOYEE	4
	MANAGEMENT ANALYST I	1
	MANAGEMENT ANALYST II	1
	PAYROLL SPECIALIST	1
	SECURITY SPECIALIST	1
	SENIOR ACCOUNTANT	2
	SENIOR CUSTOMER SERVICE REP	1
SENIOR FACILITIES MAINTENANCE TECHNICIAN	1	
SENIOR IT TECHNICIAN	1	
SENIOR MANAGEMENT ANALYST	2	
60		

**SCV WATER
POSITION CONTROL FY 2021/22**

DEPARTMENT	POSITION	NO. OF POSITIONS
MANAGEMENT	ADMINISTRATIVE TECHNICIAN	1
	BOARD SECRETARY/EXECUTIVE ASSISTANT	1
	GENERAL MANAGER	1
3		
OPERATIONS	ADMINISTRATIVE TECHNICIAN	2
	CHIEF OPERATING OFFICER	1
	DIRECTOR OF OPERATIONS & MAINTENANCE	1
	EMERGENCY PREPAREDNESS & SAFETY COORDINATOR	1
	ENVIRONMENTAL HEALTH & SAFETY SUPERVISOR	1
	EXECUTIVE ASSISTANT	1
	FIELD SERVICES SUPERVISOR	1
	FIELD SERVICES WORKER I	4
	FIELD SERVICES WORKER II	5
	FLEET & WAREHOUSING SUPERVISOR	1
	LEAD UTILITY WORKER	2
	LEAD WATER SYSTEMS TECH	1
	PURCHASING & WAREHOUSE TECH	3
	SAFETY SPECIALIST II	1
	SENIOR ADMINISTRATION TECHNICIAN	1
	SENIOR FIELD SERVICES WORKER	2
	SENIOR UTILITY WORKER	8
	SENIOR WATER QUALITY SCIENTIST	1
	SENIOR WATER SYSTEM TECHNICIAN	4
	UTILITY SUPERVISOR	2
	UTILITY WORKER I	9
	UTILITY WORKER II	13
	WATER QUALITY LABORATORY MANAGER	1
	WATER QUALITY SCIENTIST I	1
	WATER QUALITY SCIENTIST II	2
	WATER QUALITY SPECIALIST	2
	WATER QUALITY SUPERVISOR	1
	WATER QUALITY TECHNICIAN I	4
	WATER QUALITY TECHNICIAN II	1
	WATER SYSTEMS SUPERVISOR	2
WATER SYSTEMS TECHNICIAN I	2	
WATER SYSTEMS TECHNICIAN II	9	
90		
TREATMENT PLANT & MAINTENANCE	ADMINISTRATIVE TECHNICIAN	1
	ELECTRICAL/INSTRUMENTATION SUPERVISOR	1
	ELECTRICAL/INSTRUMENTATION TECHNICIAN	3
	SCADA TECHNICIAN II	1
	SENIOR ELECTRICAL TECHNICIAN	2
	SENIOR INSTRUMENTATION TECHNICIAN	2
	SENIOR TREATMENT PLANT OPERATOR	4
	SENIOR WATER SYSTEM TECHNICIAN	2
	TREATMENT PLANT OPERATOR I	1
	TREATMENT PLANT OPERATOR II	4
	WATER SYSTEMS TECHNICIAN II	3
	WATER TREATMENT MANAGER	1
25		

**SCV WATER
POSITION CONTROL FY 2021/22**

DEPARTMENT	POSITION	NO. OF POSITIONS
WATER RESOURCES	ASSISTANT GENERAL MANAGER	1
	COMMUNICATIONS MANAGER	1
	DATA SCIENTIST	1
	DIRECTOR OF WATER RESOURCES	1
	EVENT COORDINATOR	1
	EXECUTIVE ASSISTANT	1
	MANAGEMENT ANALYST II	1
	PRINCIPAL WATER RESOURCES PLANNER	4
	PUBLIC AFFAIRS SPECIALIST I	1
	SENIOR PUBLIC AFFAIRS SPECIALIST	1
	SUSTAINABILITY MANAGER	1
	WATER CONSERVATION SPECIALIST I	1
	WATER CONSERVATION SPECIALIST II	2
	WATER EDUCATION INSTRUCTOR	8
	WATER EDUCATION SUPERVISOR	1

26

TOTAL POSITIONS 231

FULL-TIME 216

PART-TIME 10

LIMITED DURATION EMPLOYEES 5

FTE EQUIVALENTS 226

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2019

SANTA CLARITA VALLEY WATER AGENCY

5-YEAR STRATEGIC PLAN

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

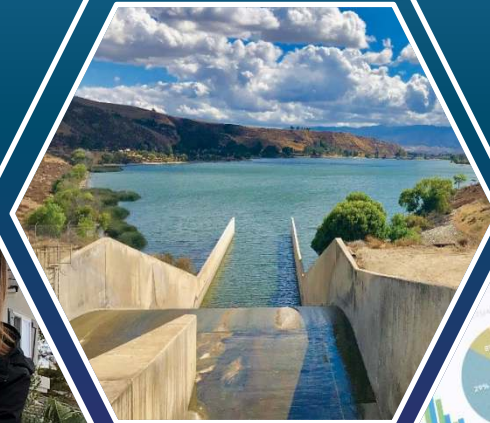


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For more information, contact:

Kathie Martin
Public Information Officer
kmartin@scvwa.org
(661) 297-1600

EXECUTIVE SUMMARY

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



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



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

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

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

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

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

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

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

MESSAGE FROM THE BOARD PRESIDENT

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



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

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

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

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

William Cooper, President

MESSAGE FROM THE GENERAL MANAGER

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



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

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

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

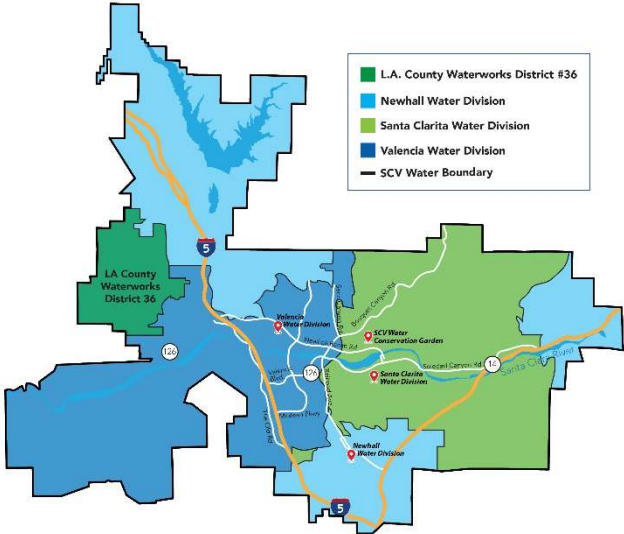
A handwritten signature in black ink that reads "Matthew Stone". The signature is written in a cursive, flowing style with a long horizontal stroke extending to the right.

Matthew G. Stone PE, General Manager

INTRODUCTION

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

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



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

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

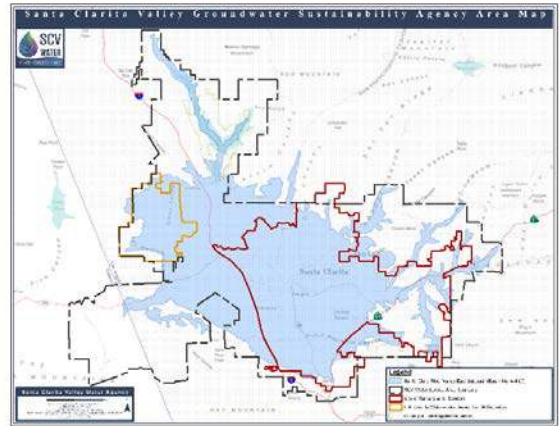
- **Implementing the new water agency.** The new agency presents significant opportunities to better serve the region. Seamlessly integrating the water provision functions and systems of these organizations into a single new agency will be a significant strategic challenge for the Board and staff in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



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

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

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



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

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

THE STRATEGIC PLAN PROCESS

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

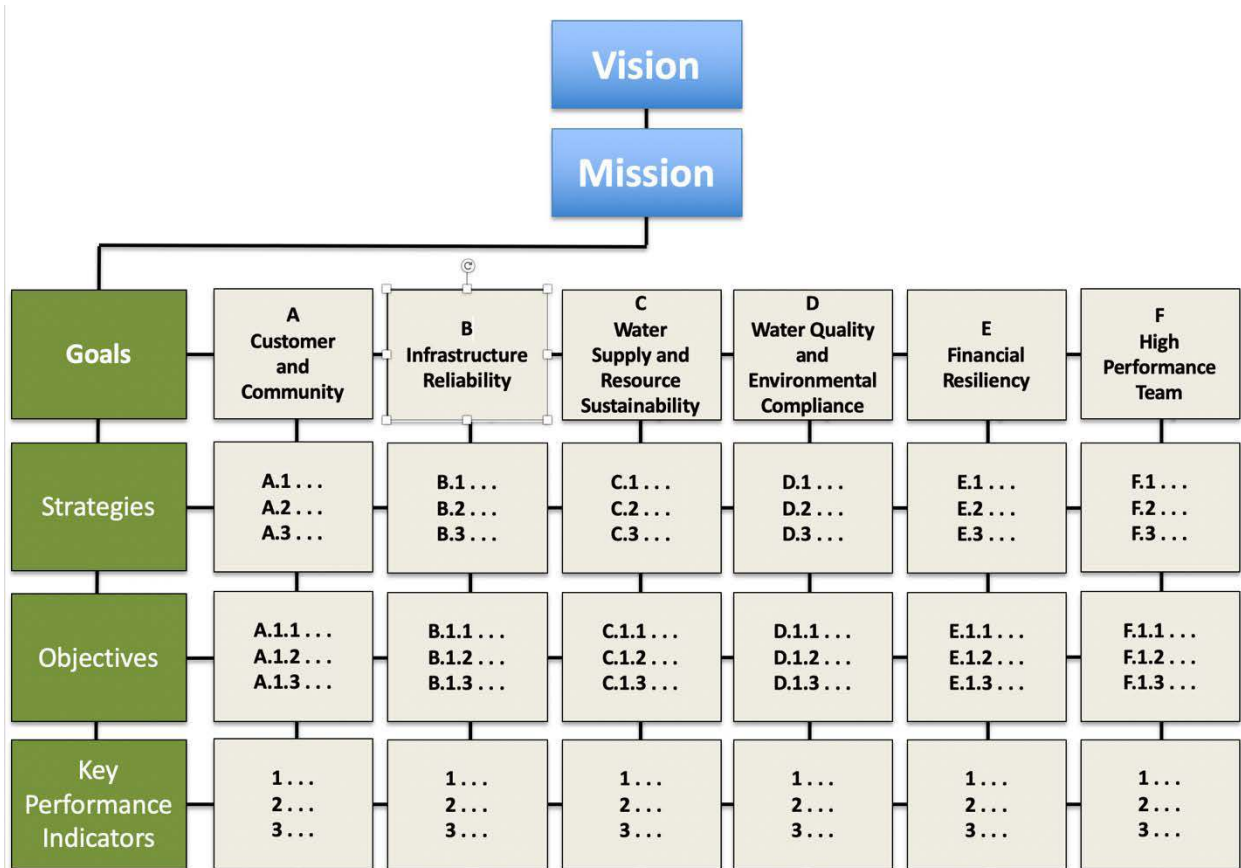
The Board of Directors reviewed and accepted the 2019-2024 Strategic Plan on June 18, 2019. The Strategic Plan is structured in a supporting fashion: the Key Performance Indicators (KPIs) track accomplishment of the Objectives, the Objectives support the Strategies and the Strategies support the Goals,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

Figure 1: Hierarchy of Strategic Plan Elements



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

Figure 2: Goals/Strategies/Objectives Nomenclature



SCV WATER VISION AND MISSION



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

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

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

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



SCV WATER VALUES

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



Integrity

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

Excellence

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



Safety

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



Innovation

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



Professionalism

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



Trust

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

GOALS, STRATEGIES, AND OBJECTIVES

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

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

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

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

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

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

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



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

GOAL A

Customer / Community

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

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

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

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

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

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

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

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

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

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

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

Strategy A.5 Adopt environmentally sustainable business practices.

- A.5.1 Move to paperless processes

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

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



GOAL A

Customer / Community

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

KEY PERFORMANCE INDICATORS

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



GOAL B

Infrastructure Reliability

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

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

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

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

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

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

Strategy B.3 *Implement improved planning tools.*

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

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

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

Strategy B.5 *Operate and maintain facilities.*

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

Strategy B.6 Plan and prepare for catastrophic emergencies.

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



GOAL B

Infrastructure Reliability

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

KEY PERFORMANCE INDICATORS

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



GOAL C

Water Supply and Resource Sustainability

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

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

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

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

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

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

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

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

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

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

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

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

- C.5.1 Implement a system to respond to droughts

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

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

GOAL C

Water Supply and Resource Sustainability

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

KEY PERFORMANCE INDICATORS

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



GOAL D

Water Quality and Environmental Compliance

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

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

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

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

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

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

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

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

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

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

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

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

GOAL D

Water Quality and Environmental Compliance

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

KEY PERFORMANCE INDICATORS

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



GOAL E

Financial Resiliency

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

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

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

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

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

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

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

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

Strategy E.4 *Expand Financial & Performance Reporting*

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

Strategy E.5 *Improve financial risk management.*

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

Strategy E.6 *Improve cost accounting.*

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



GOAL E

Financial Resiliency

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

KEY PERFORMANCE INDICATORS

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



GOAL F

High Performance Team

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

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

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

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

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

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

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

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

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

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

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

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

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

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



GOAL F

High Performance Team

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

KEY PERFORMANCE INDICATORS

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



GLOSSARY

The following key terms are used in this Strategic Plan:

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

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

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

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

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

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

Issue – A problem or opportunity facing SCV Water.

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

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

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

Vision – What SCV Water aspires to become.

APPENDIX A – ACTION PLAN

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Board of Directors

Dante Acosta
B.J. Atkins
Thomas Campbell
Ed Colley
Kathy Colley

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

Gary Martin, Vice President
Daniel Mortensen
Lynne Plambeck

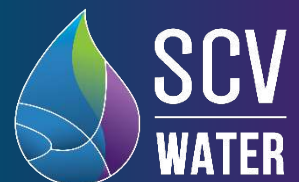
Executive Team

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

Consultant Support | Ed Means, President
Means Consulting LLC

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27234 Bouquet Canyon Road
Santa Clarita, CA 91350
(661) 297-1600

www.yourSCVwater.com



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:

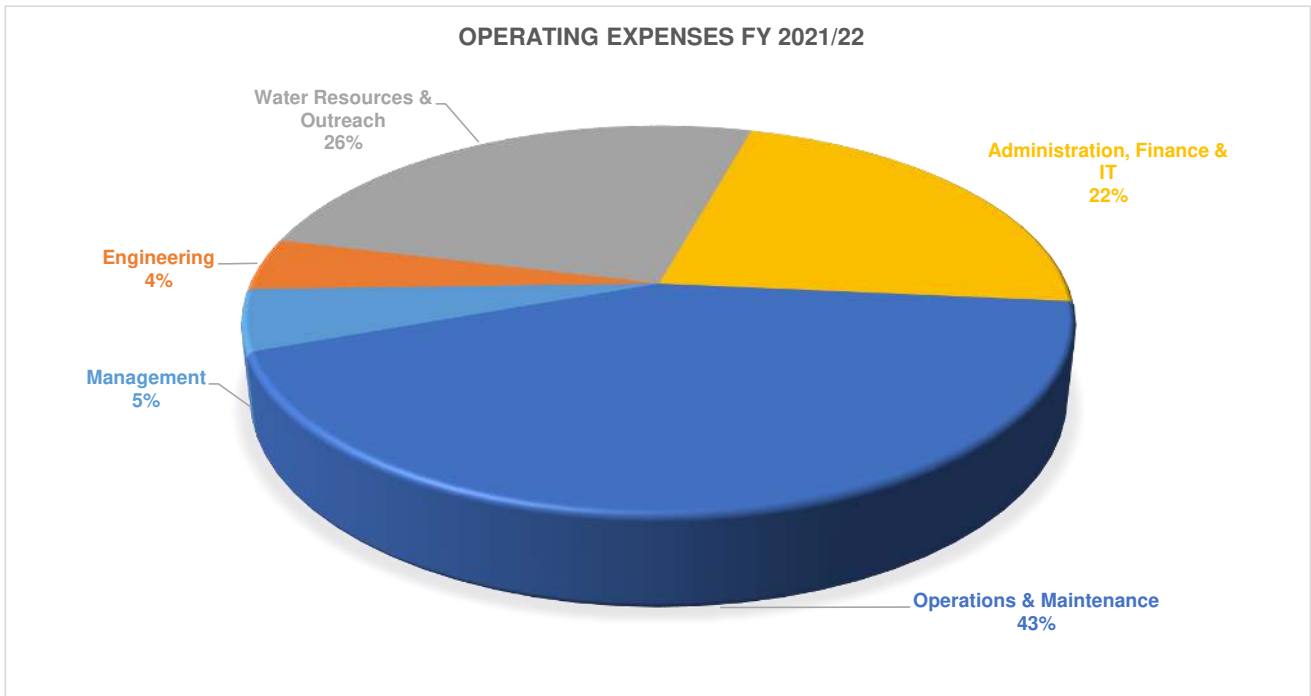
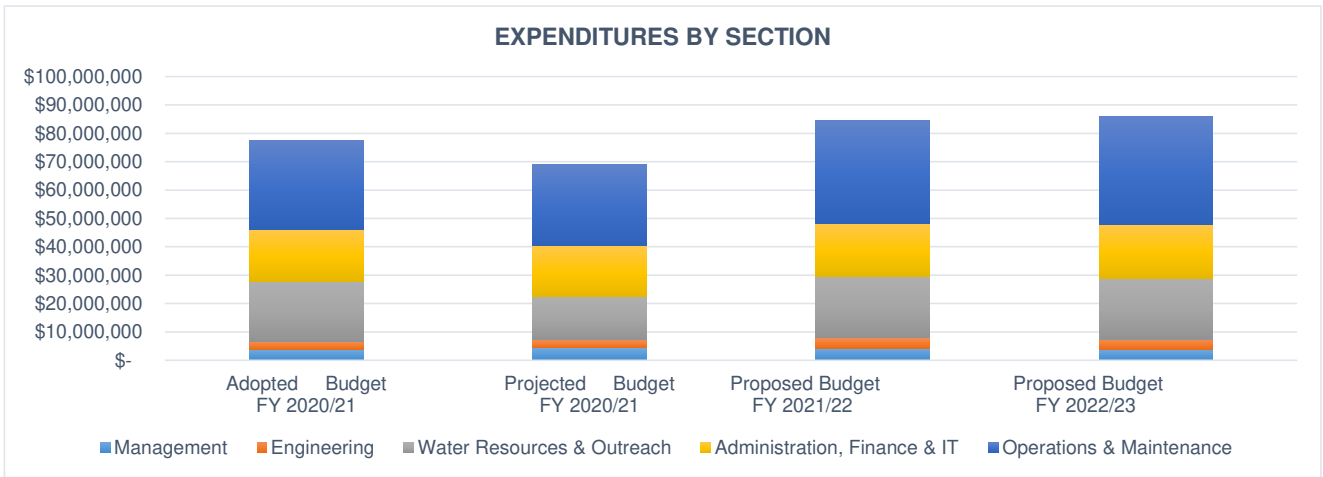
- Fiscal responsibility
- Output/input relationships or productivity
- Customer emphasis such as quality
- Innovation and adaptation to change
- Human resources
- Cost of quality measured as budgeted versus actual
- Variances measured as cost versus actual expenses
- Period expenses measured as budgeted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

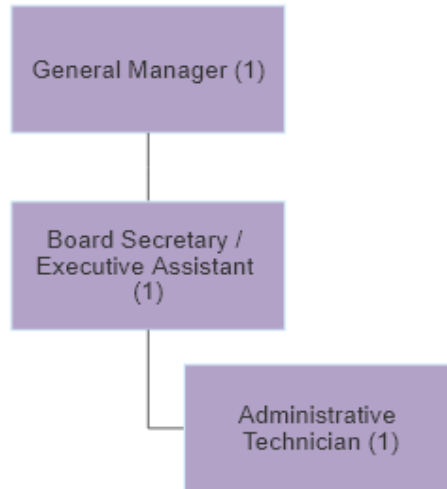
Each section of the Agency has established their priorities, goals and strategies, and those desired outcomes were reviewed and considered. As a whole, objectives are dynamic and provide a living action plan for the section management team to identify, track and report on the progress toward identified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

**SCV WATER - TOTAL OPERATING EXPENDITURES BY SECTION
FY 2021/22 and FY 2022/23**

	Adopted Budget FY 2020/21	Projected Budget FY 2020/21	Proposed Budget FY 2021/22	Proposed Budget FY 2022/23
Management	\$ 3,878,227	\$ 4,343,029	\$ 4,300,023	\$ 3,763,699
Engineering	2,816,500	2,899,609	3,661,019	3,695,368
Water Resources & Outreach	21,229,530	15,081,110	21,469,080	21,456,622
Administration, Finance & IT	18,233,523	18,040,461	18,697,248	19,049,847
Operations & Maintenance	31,268,918	28,745,312	36,281,231	37,954,028
Total Regional and Retail Operating Expenditures	\$ 77,426,698	\$ 69,109,521	\$ 84,408,601	\$ 85,919,564



**SCV WATER - PERFORMANCE MEASUREMENT
MANAGEMENT SECTION
FY 2021/22 and FY 2022/23**



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 2019/20 and FY 2020/21 ACCOMPLISHMENTS

- 💧 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

SCV WATER - PERFORMANCE MEASUREMENT

MANAGEMENT SECTION

FY 2021/22 and FY 2022/23

-  Ensure the Agency is properly represented on all legal matters
-  Continue succession planning efforts to ensure that employees are recruited and developed to fill key roles with the Agency. Provide education and training opportunities to all employees to develop them for future higher level and broader responsibilities
-  Continue planning, design, permitting and construction for additional PFAS treatment facilities
-  Purchase, installation, training and certification of in house lab equipment for PFAS testing
-  Continue efforts to recover costs of Perchlorate, VOC, and PFAS water quality actions from responsible
-  Continue COVID-19 related operations and adjust to changing requirements, conditions, precautions and risk factors
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FY 2021/22 and FY 2022/23 OBJECTIVES - TBD

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**SCV WATER - PERFORMANCE MEASUREMENT
MANAGEMENT SECTION
FY 2021/22 and FY 2022/23**

	Adopted Budget FY 2020/21	Projected Budget FY 2020/21	Proposed Budget FY 2021/22	Proposed Budget FY 2022/23
MANAGEMENT SECTION				
Professional Services	\$ 1,491,904	\$ 1,370,884	\$ 2,996,000	\$ 1,878,500
Election	550,000	550,000	-	550,000
Salary and Benefits	1,019,428	1,871,044	723,950	746,357
Directors Compensation & Expenses	816,895	551,101	580,073	588,842
TOTAL MANAGEMENT	\$ 3,878,227	\$ 4,343,029	\$ 4,300,023	\$ 3,763,699

Personnel				
Position	FY 2020/21 FTE	FY 2021/22 FTE**	FY 2022/23 FTE	Total Change*
General Manager	1	1	1	0
Assistant General Manager	1	0	0	-1
Chief Financial & Administrative Officer	1	0	0	-1
Board Secretary	1	1	1	0
Administrative Assistant	1	1	1	0
Total	5	3	3	-2

* Total Change from FY 2020/21 to FY 2022/23

** Change due to moving Asst GM to Water Resources, and CFAO to Administration

**SCV WATER - PERFORMANCE MEASUREMENT
MANAGEMENT SECTION
FY 2021/22 and FY 2022/23**

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

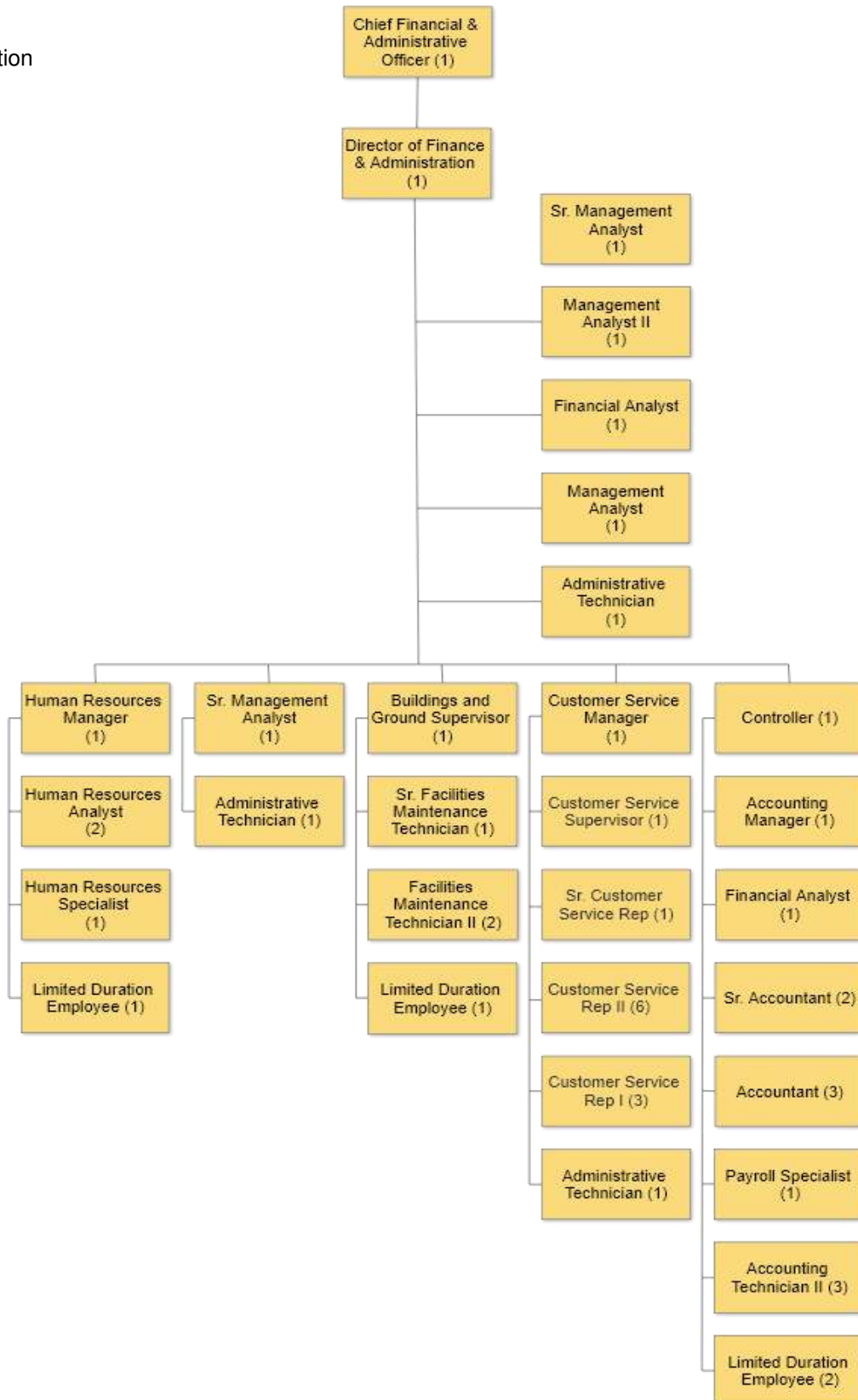
Performance Indicators

KPI	Indicator	Activity/Criteria	Target FY 2020/21	Target Met? FY 2020/21	Target FY 2021/22	Target FY 2022/23
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

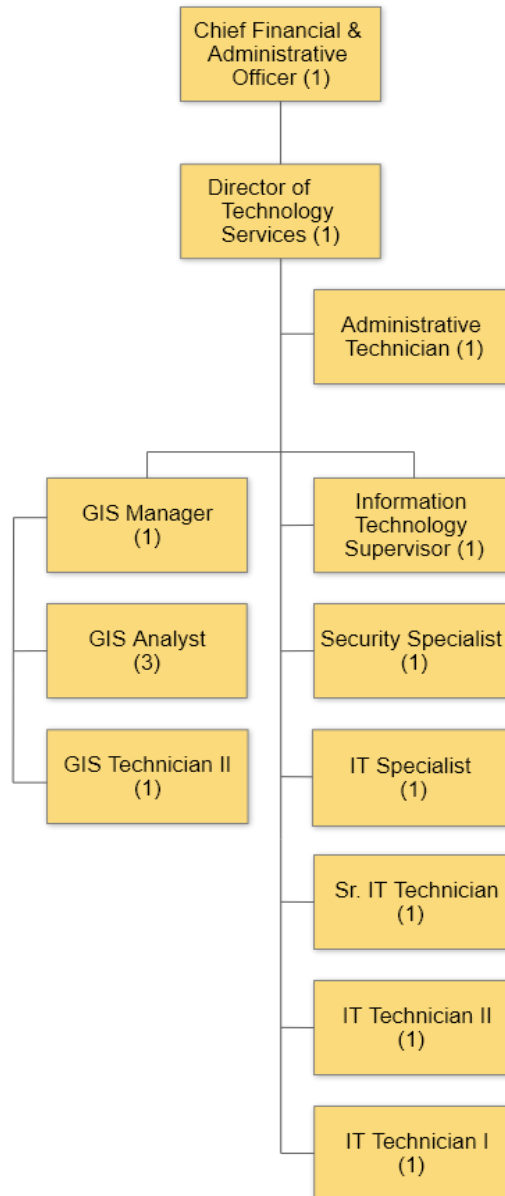
**SCV WATER - PERFORMANCE MEASUREMENT
FINANCE, ADMINISTRATION AND TECHNOLOGY SERVICES SECTION
FY 2021/22 and FY 2022/23**

Administration



**SCV WATER - PERFORMANCE MEASUREMENT
 FINANCE, ADMINISTRATION AND TECHNOLOGY SERVICES SECTION
 FY 2021/22 and FY 2022/23**

IT Services



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 2021/22 and FY 2022/23**

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 2019/20 and 2020/21 ACCOMPLISHMENTS

-  Completed bond issuance (2020A)
-  Submitted Biennial Budget for FY 2019/20 & FY 2020/21 to GFOA & CSMFO for award consideration (received awards)
-  Submitted the Agency's first CAFR to GFOA for FY 2019/20 for award consideration (received award)
-  Entered into a contract for a new agency-wide accounting software and completed integration
-  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
-  Developed and implemented an agency-wide customer service policy
-  Migrated Newhall Division customers to a new third party payment platform
-  Implemented a new Point of Sale (POS) payment platform for all divisions
-  Consolidated Pine Street & Summit Circle customer service into the Rockefeller location
-  Migrated 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

**SCV WATER - PERFORMANCE MEASUREMENT
FINANCE, ADMINISTRATION AND TECHNOLOGY SERVICES SECTION
FY 2021/22 and FY 2022/23**

FY 2021/22 and 2022/23 OBJECTIVES

-  Upgrade enQuesta Utility Billing System and integrate Santa Clarita customer records
-  Perform and Organizational Study for the Finance & Administration department
-  Develop interim financing plan for PFAS treatment facilities
-  Complete bond issuance (2023A)
-  Submit Biennial Budget for FY 2021/22 & FY 2022/23 to GFOA & CSMFO for award consideration
-  Submit the Agency's CAFR to GFOA for FY 2020/21 & FY 2021/22 for award consideration
-  Update the Long-Term Financial Plan
-  Update the 2019 Facility Capacity Fee Report
-  Develop RFP to add Human Capital Management to Oracle Fusion software
-  Acquire and implement and Asset Management Pilot Program
-  Purchase, install and configure Unified IP Security Camera System
-  Purchase, install and configure SCADA Watch Implementation Services
-  Create an application for Water Systems to track and organize production information
-  Complete a review of the Agency's financial policies
-  Implement next phase of GIS
-  Maintain as-builts, migrate to GIS, track, and distribute
-  Develop a network security plan including a cyber-security policy and threat response plan
-  Implement integrated applications across organization
-  Improve integration of tech systems/platforms
-  Develop an Information Technology Strategic Plan that supports the SCV water plan
-  Evaluate and implement mobile solutions for certain field job tasks
-  Maintain regular and routine computer replacement program and management of tech through an asset
-  Develop an innovation program to encourage, capture, and deploy new ideas/suggestions
-  Maintain, audit, test, and update network security plan to meet continual threat landscape
-  Development and deployment of a GIS based pipeline system assessment and inspection program
-  Consolidation, upgrade, and deployment of an Agency-wide cloud-based video surveillance system
-  Setup and configuration of new cloud hosted backup for Azure Office 365 platform

**SCV WATER - PERFORMANCE MEASUREMENT
FINANCE, ADMINISTRATION AND TECHNOLOGY SERVICES SECTION
FY 2021/22 and FY 2022/23**

	Adopted Budget FY 2020/21	Projected Budget FY 2020/21	Proposed Budget FY 2021/22	Proposed Budget FY 2022/23
FINANCE, ADMIN AND IT SECTION				
Maintenance & Services	\$ 8,596,672	\$ 8,218,349	\$ 8,863,190	\$ 9,013,927
Insurance (non employee related)	1,552,099	1,612,255	1,600,000	1,648,000
Salary and Benefits	8,084,752	8,209,857	8,234,058	8,387,920
TOTAL FINANCE, ADMIN AND IT	\$ 18,233,523	\$ 18,040,461	\$ 18,697,248	\$ 19,049,847

Personnel				
Position	FY 2020/21 FTE	FY 2021/22 FTE	FY 2022/23 FTE	Total Change*
Accountant	3	3	3	0
Accounting Manager	0	1	1	1
Accounting Technician I	2	0	0	-2
Accounting Technician II	3	3	3	0
Administrative Technician	2	4	4	2
Asset Management Coordinator***	1	0	0	-1
Assistant Customer Service Supervisor***	1	0	0	-1
Buildings & Grounds Supervisor**	0	1	1	1
Chief Financial & Administrative Officer	0	1	1	1
Controller	1	1	1	0
Customer Service Manager	1	1	1	0
Customer Service Representative I	4	3	3	-1
Customer Service Representative II	6	6	6	0
Customer Service Supervisor	1	1	1	0
Director of Finance and Administration	1	1	1	0
Director of Technology Services	1	1	1	0
Facilities Maintenance Technician II**	0	2	2	2
Financial Analyst	2	2	2	0
GIS Analyst***	0	3	3	3
GIS Manager***	0	1	1	1
GIS Supervisor/Planner***	1	0	0	-1
GIS Technician II***	0	1	1	1
GIS/CAD Technician I***	1	0	0	-1
GIS/CAD Technician II***	2	0	0	-2
Human Resources Analyst	2	2	2	0
Human Resources Manager	0	1	1	1
Human Resources Specialist***	0	1	1	1
Human Resources Supervisor***	1	0	0	-1
Information Technology Supervisor***	0	1	1	1
Information Technology Technician***	2	0	0	-2
IT Specialist***	0	1	1	1
IT Technician I***	0	1	1	1
IT Technician II***	0	2	2	2
Limited Duration Employee***	0	4	4	4
Management Analyst I***	2	1	1	-1
Management Analyst II***	0	1	1	1
Office Assistant II	1	0	0	-1

**SCV WATER - PERFORMANCE MEASUREMENT
 FINANCE, ADMINISTRATION AND TECHNOLOGY SERVICES SECTION
 FY 2021/22 and FY 2022/23**

Personnel - cont'd				
Position	FY 2020/21 FTE	FY 2021/22 FTE	FY 2022/23 FTE	Total Change*
Payroll Specialist	0	1	1	1
Purchasing Coordinator	1	0	0	-1
Retail Administrative Officer***	1	0	0	-1
Security Specialist	0	1	1	1
Senior Accountant	2	2	2	0
Senior Accounting Technician***	2	0	0	-2
Senior Customer Service Rep***	0	1	1	1
Senior Facilities Maintenance Technician***	0	1	1	1
Senior Information Technology Technician	2	1	1	-1
Senior Management Analyst	1	2	2	1
Total	50	60	60	10

* Total Change from FY 2020/21 to FY 2022/23

**Changes due to B&G Supervisor and Facilities employees moving from Operations to Administration Department

***Changes due to Class and Comp Study










SCV WATER - PERFORMANCE MEASUREMENT
FINANCE, ADMINISTRATION AND TECHNOLOGY SERVICES SECTION
FY 2021/22 and FY 2022/23




Department Finance, Administration & Technology Services

Service Area Finance, Accounting, Technology & Customer Service

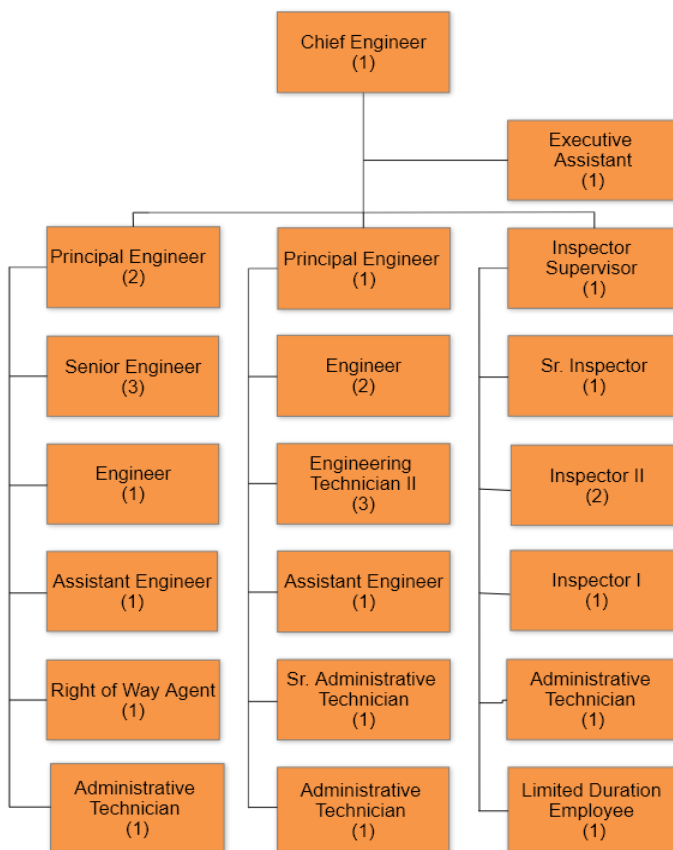
Cost Center Goal			Outcome Indicator		
To take the lead in setting policies and procedures that enhance the Agency's financial position and to promote efficient use of water resources by adopting rate designs that are fair and reasonable. To also provide excellent and efficient customer service, respond 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 2020/21	Target Met? FY 2020/21	Target FY 2021/22	Target FY 2022/23
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 2021/22 and FY 2022/23**



Engineering Services – Purpose Statement
























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

Engineering – Primary Services

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






























**SCV WATER - PERFORMANCE MEASUREMENT
ENGINEERING SERVICES SECTION
FY 2021/22 and FY 2022/23**

FY 2019/2020 AND FY 2020/21 ACCOMPLISHMENTS

-  Completed design and initiated construction of the N Wells PFAS Groundwater Treatment
-  Completed design and initiated construction of the Well Q2 Perchlorate Treatment Improvements
-  Completed design and initiated construction of the Magic Mountain Pipeline, Phase 6A project
-  Completed design and initiated construction of the Magic Mountain Pipeline, Phase 6B Project
-  Completed design and initiated construction of the Commerce Center Drive Pipeline Project
-  Completed design and initiated construction of the Recycled Water Phase 2D West Ranch Project
-  Initiated planning of the E Wells PFAS Groundwater Treatment Improvements Project
-  Initiated planning of Well 205 Perchlorate Removal Facility Project
-  Completed purchase of a Chlorine Scrubber system for Rio Vista Water Treatment Plant Project
-  Continued development of system wide hydraulic model
-  Continued 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
-  Completed design and initiated construction for Recycled Water Phase 2B Vista Canyon Project
-  Purchased land at alternate site for Phase 2B Vista Canyon Recycled Tank
-  Initiated design of Deane Tank, Disinfection Facility and Pump Station at Skyline Ranch
-  Initiated planning of the Deane Tank at Sand Canyon Plaza
-  Completed construction of the N Wells PFAS Groundwater Treatment Improvements Project
-  Completed construction of the Well Q2 Perchlorate Treatment Improvements Project
-  Completed design and initiated construction of Phase 2B Vista Canyon Recycled Water Tank
-  Completed construction of the Recycled Water Phase 2D West Ranch Project
-  Completed construction of the Recycled Water Tank Potable Make-Up Pipeline Project
-  Completed construction of the RVWTP Chlorine Scrubber Replacement Project
-  Completed design and initiated construction of the Saugus Wells 3 & 4 (Replacement Wells) Project
-  Completed design and initiated construction of the Valley Center Well PFAS Groundwater Treatment
-  Completed preliminary design and initiated final design of the Santa Clara and Honby Wells PFAS
-  Completed Mitigated Negative Declaration Addendum for the Phase 2C South End Recycled Water
-  Completed Final Environmental Impact Report Addendum for the Honby Pipeline, Phase 2 Project
-  Initiated design of the site improvements for the Saugus Wells 3 & 4 (Replacement Wells) Project
-  Initiated design of the ESFP Standby Generator Project
-  Initiated design of the ESFP Two 5 MG Tanks Improvements Project
-  Initiated planning of the Valencia Marketplace Pipeline Replacement Project
-  Developed draft recycled water policies and ordinances
-  Continued development of system wide hydraulic model

**SCV WATER - PERFORMANCE MEASUREMENT
ENGINEERING SERVICES SECTION
FY 2021/22 and FY 2022/23**

FY 2021/22 AND FY 2022/23 OBJECTIVES

-  Complete construction of the Recycled Water Phase 2B Vista Canyon Tank Project
-  Complete construction of the Recycled Water Phase 2B Vista Canyon Pipeline Project
-  Complete Grant Funding Agreement for Los Angeles Residential Community (LARC) and Lily of Valley (LOV) Pipeline
-  Initiate construction of Los Angeles Residential Community (LARC) and Lily of Valley (LOV) Pipeline
-  Complete design and initiate construction of Deane Pump Station at Sand Canyon Plaza
-  Complete design and initiate construction of first Deane Tank at Sand Canyon Plaza
-  Initiate design of Deane Pump Station and Soledad Pipeline at SC-6
-  Initiate design of Friendly Valley and Golden Valley Pipelines at Via Princesa (at Crossroads)
-  Initiate planning of Newhall Water Division Zone 4 Tank at Wiley Canyon
-  Initiate design of U4, U6 & T7 Wells (PFAS) and Saugus 1 & 2 Wells (VOCs)
-  Initiate design of S6, S7 & S8 Wells (PFAS)
-  Complete construction of the Magic Mountain Pipeline Phase 4 Project
-  Complete construction of the Magic Mountain Pipeline Phase 5 Project
-  Complete construction of the Magic Mountain Pipeline Phase 6A Project
-  Complete construction of the Magic Mountain Pipeline Phase 6B Project
-  Complete construction of the Valley Center Well PFAS Groundwater Treatment Improvements Project
-  Complete construction of the ESFP Standby Generator Project
-  Complete design and initiate construction of the Santa Clara and Honby Wells PFAS Groundwater Treatment Improvements Project
-  Complete design and initiate construction of the ESFP Washwater and Sludge System Improvement Project
-  Complete design and initiate construction of the Newhall Tanks 1 and 1A Stair Improvement Project
-  Complete design and initiate construction of the ESFP Tank No. 1 Improvements Project
-  Complete design and initiate construction of the Valencia Marketplace Pipeline Replacement Project
-  Complete design and initiate construction of the RVWTP Underground Storage Tank Replacement Project
-  Complete design of the Recycled Water Phase 2C South End Project
-  Complete design of the Saugus Wells 1 & 2 VOC Groundwater Treatment Improvements Project
-  Complete planning and initiate design of the Well 205 Perchlorate Removal Facility Project
-  Complete planning phase of the Magic Mountain Reservoir Project
-  Complete planning phase of the Magic Mountain Pump Station Project
-  Initiate planning of the Saugus Wells 5 & 6 (Dry Year Reliability Wells) Project
-  Initiate Master Plan

**SCV WATER - PERFORMANCE MEASUREMENT
ENGINEERING SERVICES SECTION
FY 2021/22 and FY 2022/23**

	Adopted Budget FY 2020/21	Projected Budget FY 2020/21	Proposed Budget FY 2021/22	Proposed Budget FY 2022/23
ENGINEERING SERVICES SECTION				
Maintenance & Services	\$ 597,665	\$ 825,675	\$ 1,570,000	\$ 1,520,000
Salary and Benefits	2,218,835	2,073,934	2,091,019	2,175,368
TOTAL ENGINEERING SERVICES	\$ 2,816,500	\$ 2,899,609	\$ 3,661,019	\$ 3,695,368

Personnel				
Position	FY 2020/21 FTE	FY 2021/22 FTE	FY 2022/23 FTE	Total Change*
Administrative Analyst***	2	0	0	-2
Administrative Technician	3	3	3	0
Assistant Engineer***	0	2	2	2
Associate Engineer***	1	0	0	-1
Chief Engineer	1	1	1	0
Civil Engineer***	3	0	0	-3
Cross Connection Control Specialist**	1	0	0	-1
Engineer	0	3	3	3
Engineering Technician I***	2	0	0	-2
Engineering Technician II	3	3	3	0
Executive Assistant***	0	1	1	1
Inspector	3	0	0	-3
Inspector I***	0	1	1	1
Inspector II***	0	2	2	2
Inspector Supervisor	1	1	1	0
Laboratory/Regulatory Affairs Supervisor**	1	0	0	-1
Limited Duration Employee	0	1	1	1
Principal Engineer	2	3	3	1
Right of Way Agent	0	1	1	1
Senior Administration Technician***	0	1	1	1
Senior Engineer	2	3	3	1
Senior Inspector	1	1	1	0
Water Quality Scientist II**	3	0	0	-3
Water Quality Technician**	1	0	0	-1
Total	30	27	27	-3

* Total Change from FY 2020/21 to FY 2022/23

**Changes due to moving to Operations from Engineering

***Changes due to Class and Comp Study

**SCV WATER - PERFORMANCE MEASUREMENT
ENGINEERING SERVICES SECTION
FY 2021/22 and FY 2022/23**





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

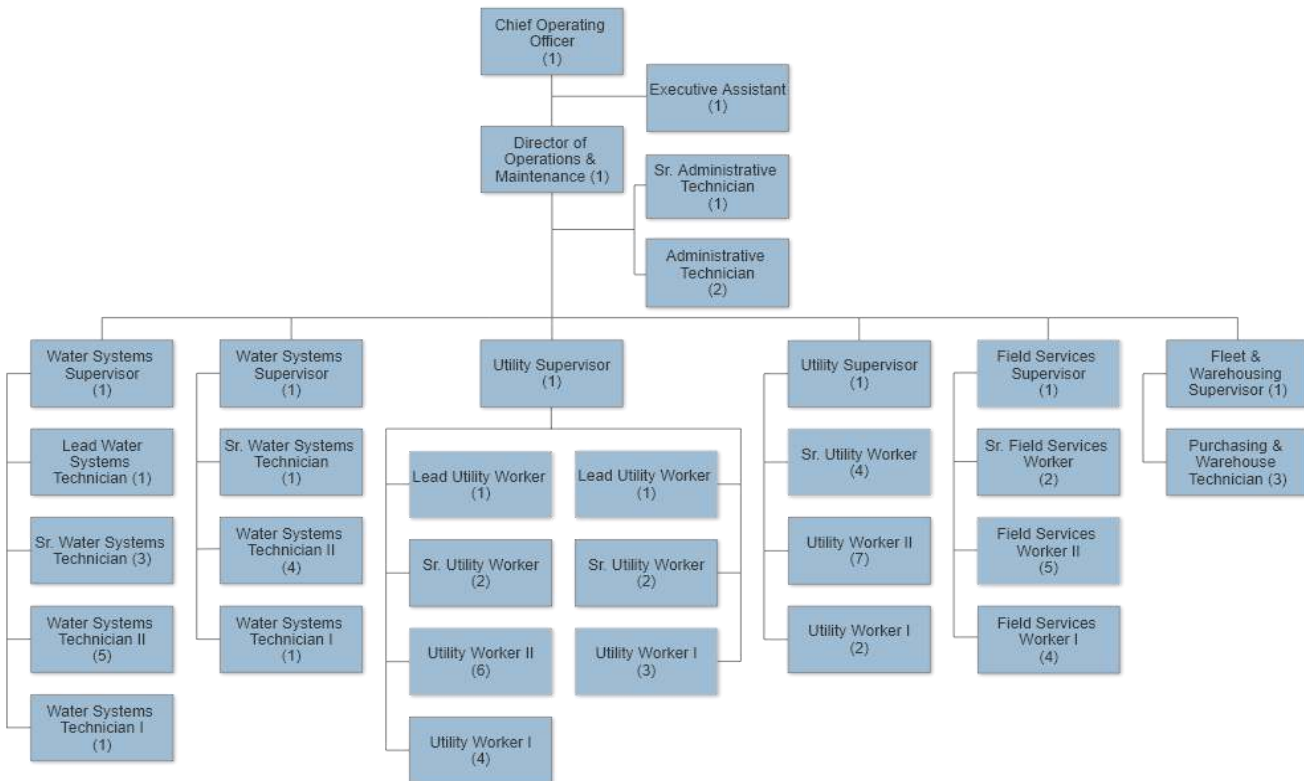
Performance Indicators

KPI	Indicator	Activity/Criteria	Target FY 2020/21	Target Met? FY 2020/21	Target FY 2021/22	Target FY 2022/23
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

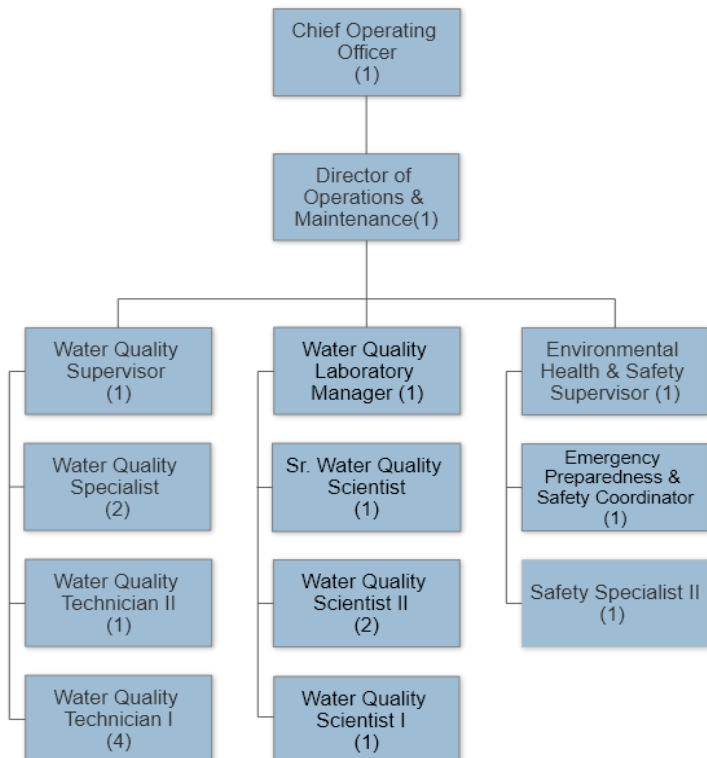
 Target Met  On Target, but not yet achieved  Target not met

**SCV WATER - PERFORMANCE MEASUREMENT
OPERATIONS AND MAINTENANCE SECTION
FY 2021/22 and FY 2022/23**

Operations - Water Utility

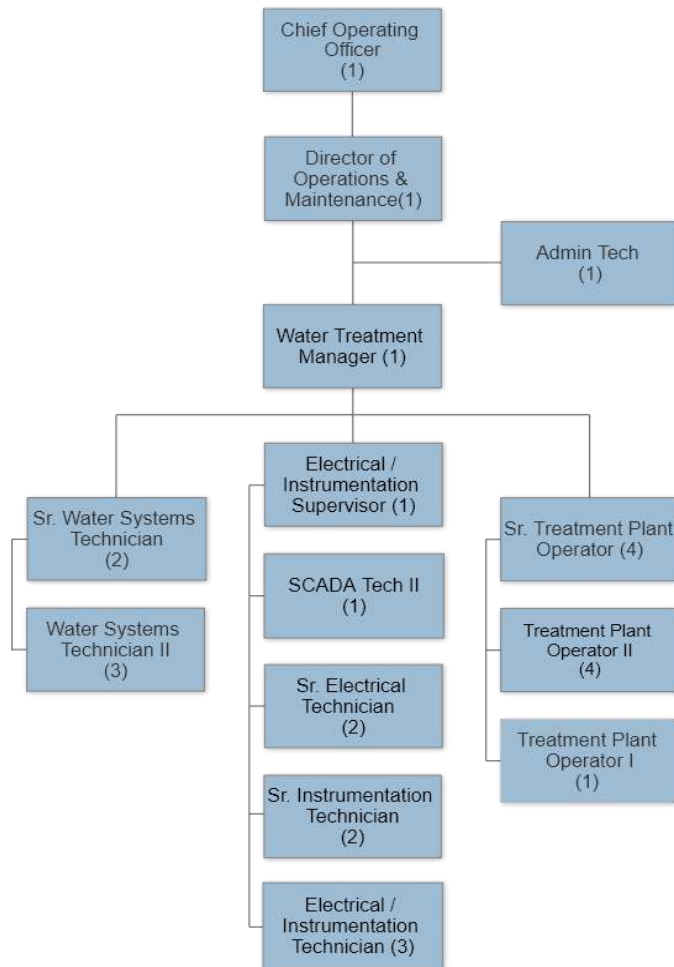


Operations - Safety & Lab



**SCV WATER - PERFORMANCE MEASUREMENT
OPERATIONS AND MAINTENANCE SECTION
FY 2021/22 and FY 2022/23**

Operations - Water Treatment and Maintenance



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 2021/22 and FY 2022/23**



























- 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 2019/20 and FY 2020/21 ACCOMPLISHMENTS

-  Relocate Pipeline in Ridge Route Rd
-  Convert SC-2 to Gravity Flow to Station
-  Replace Pipeline in West Newhall Alley
-  Recoat and Repair Tank N2
-  Recoat Princess 1 & 2
-  Construct Sierra Hwy Pressure Regulating Station
-  Construct Rainbow Glen Pressure Regulating Station
-  Rebuilt Tamarack Pressure Regulating Station
-  Begin Well Dedicated Discharge to Waste Piping Project
-  Begin Storage Tank Overflow Retrofit Project
-  Begin Systematic Storage Tank Mixing/Disinfecting Project
-  Upgrade Presely Booster Station
-  Complete Construction and Start Up Well E17
-  Begin obtaining Operating Permit from DDW for Well 201
-  Evaluated Options for V205 Perchlorate Removal
-  Replaced Pipeline in The Old Rd
-  Began Strategic Large PVC Pipeline Replacement
-  Relocated Avignon Pressure Regulating Station
-  Expanded AMI Project

**SCV WATER - PERFORMANCE MEASUREMENT
OPERATIONS AND MAINTENANCE SECTION
FY 2021/22 and FY 2022/23**

FY 2021/22 AND FY 2022/23 OBJECTIVES

-  Replace Valencia Market Place PVC Pipeline ESS
-  Rehabilitate Well 160
-  Obtain Perchlorate Treatment Operating Permit from DDW for Well 201
-  Rehabilitate Well Saugus 2
-  Recoat Westridge RW Tank
-  Continue Expanding AMI Meters and Infrastructure
-  Dickason Dr PVC Pipeline Replacement
-  Smyth Dr PVC Pipeline Replacement
-  Construct Well C1 Drain Line
-  Vasquez Cyn Rd Pipeline Improvements
-  Begin Abdale St, Maplebay Ct, and Beachgrove Ct Pipeline Replacement
-  Beneda Ln Pipeline Improvements
-  Replace Ferric Chloride Storage Tank
-  Continue Rehabilitation of Well 160
-  Rehabilitate Well Saugus 1
-  Rehabilitate Guida Well
-  Rehabilitate RW Pump Station
-  Recoat Stevenson Ranch Tank
-  Continue Expanding AMI Meters and Infrastructure
-  Complete Abdale St, Maplebay Ct, and Beachgrove Ct Pipeline Replacement
-  Newhall Ranch Rd at Ave Tibbitts PVC Pipeline Replacement
-  Begin Honby Zone Bottlenck Pipeline Improvements
-  Warmspring Dr Pipeline Improvements
-  Simay Ln Pipeline Improvements
-  Begin Sewer Relocation Project
-  Replacement Polymer Storage Tank

**SCV WATER - PERFORMANCE MEASUREMENT
OPERATIONS AND MAINTENANCE SECTION
FY 2021/22 and FY 2022/23**

	Adopted Budget FY 2020/21	Projected Budget FY 2020/21	Proposed Budget FY 2021/22	Proposed Budget FY 2022/23
TREATMENT, DISTRIBUTION, OPS & MAINT				
Purchased Power	\$ 8,550,500	\$ 8,467,989	\$ 7,767,486	\$ 8,033,410
Maintenance & Services	7,723,624	9,465,392	14,891,794	15,705,433
Salary and Benefits	14,994,794	10,811,931	13,621,951	14,215,185
TOTAL TREAT, DIST, OPS & MAINT	\$ 31,268,918	\$ 28,745,312	\$ 36,281,231	\$ 37,954,028

Personnel				
Title	FY 2020/21 FTE	FY 2021/22 FTE	FY 2022/23 FTE	Total Change*
Administrative Technician	3	3	3	0
Buildings and Grounds Supervisor***	1	0	0	-1
Chief Operating Officer	1	1	1	0
Director of Operations and Maintenance	1	1	1	0
Distribution and Mechanical Technician II***	3	0	0	-3
Distribution/Mechanical Supervisor***	1	0	0	-1
Electrical/Instrumentation Supervisor	1	1	1	0
Electrical/Instrumentation Technician***	0	3	3	3
Electrical/Instrumentation Technician II***	1	0	0	-1
Emergency Preparedness & Safety Coordinator	1	1	1	0
Environmental Health & Safety Supervisor***	0	1	1	1
Executive Assistant	1	1	1	0
Facilities Maintenance Technician II**	2	0	0	-2
Field Customer Service Representative II***	4	0	0	-4
Field Customer Service Representative I***	1	0	0	-1
Field Services Supervisor***	0	1	1	1
Field Services Worker I***	0	4	4	4
Field Services Worker II***	0	5	5	5
Fleet & Warehousing Supervisor***	0	1	1	1
Lead Utility Worker***	0	2	2	2
Lead Water Systems Technician***	0	1	1	1
Operations and Maintenance Superintendent***	1	0	0	-1
Operations Supervisor***	2	0	0	-2
Production Operator I***	2	0	0	-2
Production Operator II***	9	0	0	-9
Production Supervisor***	2	0	0	-2
Purchasing & Warehouse Technician***	0	3	3	3
Safety Officer***	1	0	0	-1
Safety Specialist***	1	0	0	-1
Safety Specialist II***	0	1	1	1
SCADA Technician II***	0	1	1	1

**SCV WATER - PERFORMANCE MEASUREMENT
OPERATIONS AND MAINTENANCE SECTION
FY 2021/22 and FY 2022/23**

Personnel (cont'd)				
Title	FY 2020/21 FTE	FY 2021/22 FTE	FY 2022/23 FTE	Total Change*
Senior Administration Technician***	0	1	1	1
Senior Distribution/Mechanical Technician***	3	0	0	-3
Senior Electrical Technician	2	2	2	0
Senior Facilities Maintenance Technician**	1	0	0	-1
Senior Field Customer Service Representative***	2	0	0	-2
Senior Field Services Worker***	0	2	2	2
Senior Instrumentation Technician	3	2	2	-1
Senior Production Operator***	4	0	0	-4
Senior Treatment Plant Operator	6	4	4	-2
Senior Utility Worker	7	8	8	1
Senior Water Quality Scientist***	0	1	1	1
Senior Water Systems Technician***	0	6	6	6
Treatment Plant Operator I	0	1	1	1
Treatment Plant Operator II	3	4	4	1
Utility Supervisor***	0	2	2	2
Utility Worker I**	14	9	9	-5
Utility Worker II**	11	13	13	2
Warehouse Technician***	3	0	0	-3
Water Quality/Compliance Supervisor***	1	0	0	-1
Water Quality Laboratory Manager***	0	1	1	1
Water Quality Scientist I***	0	1	1	1
Water Quality Scientist II***	0	2	2	2
Water Quality Specialist	2	2	2	0
Water Quality Supervisor***	0	1	1	1
Water Quality Technician***	4	0	0	-4
Water Quality Technician I***	0	4	4	4
Water Quality Technician II***	0	1	1	1
Water Systems Supervisor***	0	2	2	2
Water Systems Technician I***	0	2	2	2
Water Systems Technician II***	0	12	12	12
Water Treatment Manager***	0	1	1	1
Water Utility Foreman***	3	0	0	-3
Total	108	115	115	7

* Total Change from FY 2020/21 to FY 2022/23

**Changes due to moving from Operations to Administration

***Changes due to Class and Comp Study








**SCV WATER - PERFORMANCE MEASUREMENT
OPERATIONS AND MAINTENANCE SECTION
FY 2021/22 and FY 2022/23**




Department Treatment, Distribution, Operations and Maintenance Services Section

Service Area Treatment, Distribution, Operations and Maintenance

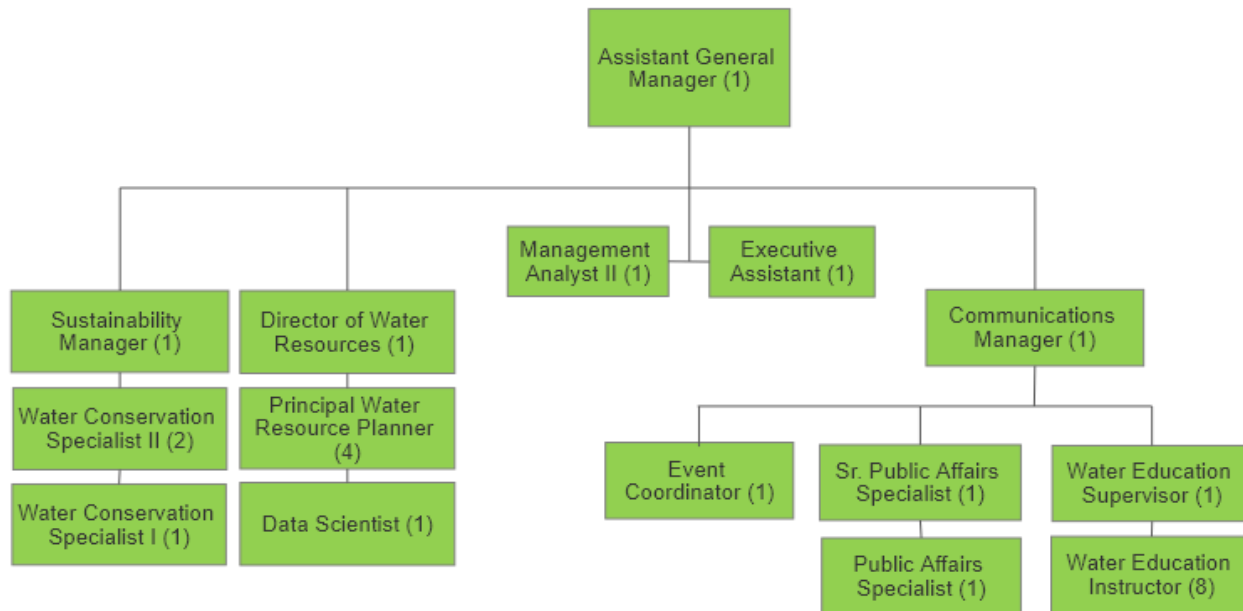
Cost Center Goal			Outcome Indicator		
To preserve existing assets and facilities while planning for future needs and demands while pursuing alternatives with the most sustainable, efficient and cost-effective approach and to operate and maintain facilities to surpass drinking water regulations with 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 2020/21	Target Met? FY 2020/21	Target FY 2021/22	Target FY 2022/23
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
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
	Efficiency	Maintain <0.20 NTU in 95% of all sam	<0.20		<0.20	<0.20
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 2021/22 and FY 2022/23**



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 2021/22 and FY 2022/23**





















FY 2019/20 AND FY 2020/21 ACCOMPLISHMENTS

-  Implemented 2019 water operating plan
-  Continued development of the watershed planning initiative
-  Advanced the preparation of SCV Groundwater Sustainability Plan
-  Initiated recycled water environmental assessment/CEQA process
-  Initiated 2020 Urban Water Management Plan
-  Negotiated AIP for SWP Delta Conveyance Project
-  Initiated update of the SCV Integrated Water Management Plan
-  Implemented Public Outreach Plan
-  Implemented Advocacy Program
-  Implemented plan to fully integrate water conservation programs Develop plan to fully integrate water conservation programs
-  Hired a consultant to provide support for social media outreach
-  Continued Implementation of Water Use Efficiency Strategic Plan
-  Launched online WaterSMART Workshops
-  Developed and implemented qualitative and quantitative program evaluations
-  Developed and implemented Water Budget/Customer Information System integration tools
-  Received 2020 WaterSense Excellence Award (Multi-Family Apartment Project)
-  Launched SCV Water Sustainability Efforts including Green Team
-  Modified water use efficiency programs for virtual service provision
-  Implemented 2020 water operating plan
-  Developed Framework for Water Resiliency Initiative
-  Continued development of the watershed planning initiative
-  Completed recycled water assessment/CEQA documentation
-  Completed 2020 UWMP
-  Completed 2021 Water Reliability Report Update
-  Completed Funding Agreement for Delta Conveyance Facility Planning
-  Completed Delta Conveyance Agreement in Principle
-  Joined Delta Conveyance Facility Design and Construction JPA
-  Executed SWP Water Management Tools Amendment
-  Awarded \$10.5 M Prop 68 Grant (3.2 for SCV Water Phase 2C)
-  Awarded \$250,000 CA Office of Emergency Services Grant
-  Executed Extension of Recycled Water Purchase Agreement
-  Executed Sites Reservoir Planning Agreement Extension
-  Completed Water Shortage Contingency Plan
-  Completed Water Conservation and Water Shortage Ordinance

**SCV WATER - PERFORMANCE MEASUREMENT
WATER RESOURCES AND OUTREACH SECTION
FY 2021/22 and FY 2022/23**

-  Implemented Public Outreach Plan
-  Implemented Advocacy Program
-  Evaluated conservation program success
-  Finalized Lawn Replacement Program EM&V Analysis
-  Finalized purchase of Photovoltaic (Solar) Array
-  Developed Recycled Water Customer Conversion Pilot (Purple PREP)
-  Finalized "Where Your Water Comes From" State Water Project Exhibit

FY 2021/22 AND 2022/23 OBJECTIVES

-  Implement Phase 2 Water Bottle Refill Station program
-  Complete Groundwater Sustainability Plan (GSP)
-  Implement GSP Monitoring
-  Completed Assessment of Potential Groundwater Spreading Sites
-  Enter into lease agreement for Solar Facility at Devil's Den property
-  Initiate contracts/CEQA documentation for future reliability program(s)
-  Complete permitting for New Drop recycled water use
-  Prepare applicable grant applications
-  Implement 2021 and 2022 water operating plan
-  Complete Santa Clara River Habitat Condition Analysis
-  Initiate Habitat Suitability Model
-  Develop Integrated Water Resource Model
-  Conduct Aquifer Monitoring and Testing Program
-  Prepare Surface Water Model and Conduct Integrated Surface Water/Groundwater Analysis
-  Initiate update to groundwater management plan
-  Conduct Water Resiliency Stakeholder Outreach
-  Initiate Preparation of Water Resiliency Master Plan
-  Update Water Use Efficiency Strategic Plan for Long-Term Framework
-  Develop and implement conservation program performance management system
-  Develop and launch Home Water Use Efficiency Reports
-  Integrate Water Efficiency Goals with Customer Information System
-  Complete Sustainability and Climate Action Plan
-  Implement long-term solar array operations, maintenance, and performance
-  Update conservatory garden and advance demonstration pocket parks
-  Finalize Local Watershed and Aquifer Exhibit
-  Implement Recycled Water Customer Conversion Pilot Program (Purple PREP)
-  Implement annual Public Outreach Plan
- Implement annual legislative advocacy program

**SCV WATER - PERFORMANCE MEASUREMENT
WATER RESOURCES AND OUTREACH SECTION
FY 2021/22 and FY 2022/23**

	Adopted Budget FY 2020/21	Projected Budget FY 2020/21	Proposed Budget FY 2021/22	Proposed Budget FY 2022/23
WATER RESOURCES AND OUTREACH SECTION				
Source of Supply	\$ 12,924,277	\$ 10,230,191	\$ 11,690,219	\$ 11,794,910
Maintenance & Services	5,565,473	2,626,592	6,312,043	6,019,758
Salary and Benefits	2,739,780	2,224,327	3,466,818	3,641,954
TOTAL WR AND OUTREACH	\$ 21,229,530	\$ 15,081,110	\$ 21,469,080	\$ 21,456,622

Personnel				
Title	FY 2020/21 FTE	FY 2021/22 FTE	FY 2022/23 FTE	Total Change*
Administrative Analyst***	1	0	0	-1
Administrative Technician***	1	0	0	-1
Assistant General Manager**	0	1	1	1
Associate Water Resources Planner***	3	0	0	-3
Communications Manager***	0	1	1	1
Data Scientist***	0	1	1	1
Director of Water Resources	1	1	1	0
Event Coordinator	1	1	1	0
Executive Assistant***	0	1	1	1
Lead Water Conservation Education Specialist***	1	0	0	-1
Management Analyst II***	0	1	1	1
Principal Water Resources Planner	1	4	4	3
Public Affairs Specialist***	0	1	1	1
Public Affairs Specialist II***	1	0	0	-1
Public Information Officer***	1	0	0	-1
Resource Conservation Manager***	1	0	0	-1
Senior Public Affairs Specialist***	0	1	1	1
Sustainability Manager***	0	1	1	1
Water Conservation Education Specialist***	4	0	0	-4
Water Conservation Specialist I	1	1	1	0
Water Conservation Specialist II	2	2	2	0
Water Education Instructor***	0	8	8	8
Water Education Supervisor***	0	1	1	1
Total	19	26	26	7

* Total Change from FY 2020/21 to FY 2022/23

**Changes due to moving from Management to Water Resources

***Changes due to Class and Comp Study

**SCV WATER - PERFORMANCE MEASUREMENT
WATER RESOURCES AND OUTREACH SECTION
FY 2021/22 and FY 2022/23**

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 2020/21	Target Met? FY 2020/21	Target FY 2021/22	Target FY 2022/23
A5	Service	Number of available water saving rebates	> 10	●	> 10	> 10
B1	Input	Sufficient dry-year programs in place to meet demands	> 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
C8	Outcome	Lead implementation of the SGMA-GSA	Maintain 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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POLICIES, RULES AND REGULATIONS	
Title: UNRESTRICTED RESERVE FUND POLICY	
Approval Date: December 2020	Effective Date: December 2020
Approved By: Board of Directors	DMS #23967

UNRESTRICTED RESERVE FUND POLICY

1.0 INTRODUCTION

There are two types of cash reserves, Restricted and Unrestricted. Restricted reserves are established and utilized for narrowly defined purposes as specified by legal restrictions, bond covenants, and other regulations or ordinances. The Santa Clarita Valley Water Agency (SCV Water, or Agency) at times may have restricted reserves for:

- Unspent Bond Proceeds
- Bond Redemption
- Water Conservation
- Grants

As a specific example, unrestricted reserves do not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the Agency, rather than the general provisions of the California Government Code.

This policy does not apply to Restricted reserves.

This policy has been developed to maintain prudent management of the Agency water system, which requires that unrestricted reserve funds be established and maintained to fund scheduled and unscheduled expenses including operation and maintenance, debt service, emergencies, capital investment including repair and replacement, and for the stabilization of water rates. This policy has been revised to integrate the unrestricted cash reserves of the four divisions of the Agency: Regional (formerly wholesale), Newhall Water Division (NWD), Santa Clarita Water Division (SCWD) and Valencia Water Division (VWD).

This policy describes the prudent unrestricted reserve fund needs of the Agency, identifies the sources of funding for such reserves, and target amounts for each reserve. Reserves are highly regarded by credit rating agencies, credit providers and investors. Although there are numerous methods to establish reserve funding levels, the Agency considers 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. Funding the unrestricted reserves come from Agency net cash from operations.

2.0 POLICY STATEMENT

The Agency will have sufficient unrestricted reserves to maintain or improve its credit ratings, ensure that operating and maintenance costs will be paid in a timely manner, to pay debt service obligations, and to invest in needed capital improvements and equipment replacement on a timely basis. In addition, the Agency will maintain sufficient reserves to minimize rate increases due to sales volatility resulting from matters



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including, weather and regulatory impacts on demands, emergencies (such as local and natural disasters, catastrophic events), and regulatory changes.

3.0 MANAGEMENT OF RESERVES

Unrestricted reserves are to be managed utilizing the following criteria:

- Distinguish between legally restricted and unrestricted amounts. None of the reserves covered by this policy are legally restricted. Should a significant event occur that requires immediate funding to minimize damage or health risk, all funds covered in this policy are legally available.
- Contain a defined and distinct purpose. Sections 4.1 through 4.5 of this policy describes each reserve, the events or conditions that prompt the use of the reserves, and the target balance to be maintained in the reserve.
- Method to replenish reserves to Target levels. A priority for allocating net cash from operations from the prior year will be determined annually, based on prior year use of reserves and expectations of need in the near term.
- Specify periodic review dates of reserve balances and projected needs. Unrestricted reserve balances will be reviewed annually as part of the budget process.
- Balances should be maintained in amounts sufficient to meet reserve targets. To the extent that unrestricted reserves are above the target level, the Board has the flexibility to direct staff to utilize those available funds to pay for capital projects (reducing the need for future debt), pay down unfunded liabilities such as pension obligations, defease outstanding debt, or fund specific strategic objectives.
- Reserve levels below the minimum targeted amounts would leave the Agency exposed to significant operational risks. Should reserves be drawn down below the targeted level (except for the Capital Pay-go reserve that has its own criteria as explained in Section 4.2), the Agency will implement plans to return reserves to their targeted levels within three years. Such plans will be presented to the Finance & Administration Committee within twelve (12) months.



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4.0 UNRESTRICTED RESERVES The Agency will maintain the following unrestricted reserves:

- Operating
- Capital (Pay-go)
- Water Supply Reliability
- Revenue Rate Stabilization
- Emergency

4.1 Operating Reserve

The purpose of this reserve is to maintain the financial viability and stability of the Agency by providing a safeguard against unplanned events including fluctuations in budgeted expenses and revenues, timing differences between revenues and expenses, and the variability of water supply and demand.

Recommended Target Level –The Operating Reserve Fund shall have a minimum amount equal to 120 days of annual budgeted operating expenses including debt service. Note that the calculation of 120 days of annual budgeted operating expenses including debt service is made by dividing the annual total by 360 days then multiplying by 120. This method is commonly used to determine an average daily or number of days of expenditure but does not consider the actual timing of any specific expenditures.

Events or Conditions Prompting Use of the Reserve –This Reserve may be routinely used by the Agency to cover temporary cash flow deficiencies caused by timing differences between revenues and incurring expense obligations and unexpected increases in operating expenses.

Replenishment – If at any time the amount on deposit declines below 120 days of annual budgeted operating expense including debt service, the Agency will take steps to restore the amount on deposit within one year.

Source of funding – Net cash from operations.

4.2 Capital (Pay-go) Reserve

This reserve is established to fund the Agency’s non-debt funded capital expenditure. Funds from this reserve are to be used in both “Pay-go” capital projects and major capital projects. Bond proceeds are not included in this reserve as bond proceeds are legally restricted funds. The Agency will track planned future use of Capital Reserve amounts for projects that are also debt funded in an annual update to the financial forecast.



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Target Level – The balance of this fund at the end of a fiscal year is the maximum that may be spent on pay-go capital projects during the following fiscal year. The purpose of this target is to ensure that at the start of each fiscal year, funds are available to pay for the planned pay-go capital costs. This requirement prevents the Agency from relying on unearned revenues to pay for short term construction obligations and helps to enhance the Agency’s capital project and financial planning processes.

Events or Conditions Prompting Use of the Reserve – Upon the approval by the Agency Board of the capital improvement plan budget, staff is authorized to use funds from the Capital (Pay-go) Reserve to pay for the projects approved in the budget.

Source of funding – Pay-go funding is built into retail rates and is also funded with other non-operating revenue; additional allocations to this reserve may be made from Agency net cash from operations.

4.3 Water Supply Reliability Reserve

This reserve is maintained to provide a source of funding for the extraction of water from groundwater banking programs or acquisition of other necessary water supply during dry years that will help to further mitigate rate increases.

Recommended Target Level – The target balance for the Water Supply Reliability Reserve will be equal to the cost to produce 10,000-acre feet from the Agency’s banking program in a dry year.

Events or Conditions Prompting Use of the Reserve – Upon the recommendation of the General Manager, or designee, the Agency Board may authorize the use of Water Supply Reliability Reserves for the purpose intended by this section 4.3.

Source of funding – Net cash from operations.

4.4 Revenue Rate Stabilization Reserve

This reserve is 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 Reserve funding is targeted at 20% of annually budgeted operating revenues.



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Recommended Target Level –The Revenue Rate Stabilization Reserve shall have an amount equal to 20% of annually budgeted operating revenues. Upon the recommendation of the General Manager and notwithstanding the recommended minimum level, the Agency Board may approve the use of all the funds on deposit in the Revenue Rate Stabilization Reserve towards offsetting a proposed rate increase.

Events or Conditions Prompting Use of the Reserve – Upon the approval by the Agency Board, such amounts shall be transferred to the Agency’s revenue fund.

Source of funding – Net cash from operations.

4.5 Emergency Reserves

This reserve is established to provide additional liquidity in the event of a natural disaster, financial crisis, various economic uncertainties or 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 Level - The Agency shall maintain an Emergency Reserve equal to 120 days of operating expenses, exclusive of (not including) depreciation, amortization of intangibles and debt service. Note that the calculation of 120 days of operating expenses exclusive of depreciation, amortization of intangibles and debt service is made by dividing the annual total by 360 days then multiplying by 120. This method is commonly used to determine an average daily or number of days of expenditure but does not consider the actual timing of any specific expenditures.

Replenishment – Upon the amount on deposit declining below 60 days on deposit, the Agency will take steps to restore the amount on deposit within two years to the recommended target level.

Events or Conditions Prompting Use of the Reserve – At the recommendation of the General Manager, or designee, the Agency Board may authorize the use of funds from the Emergency Reserve. Upon the occurrence of an event identified above and until such time that the Board can act, the General Manager is authorized to approve the use of an amount of funds equal to 15 days of operating expenses.



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Source of funding –Net cash from operations.

5.0 REPORTING

The annual Budget document will include a reserve analysis, showing reserve amounts and targets for each reserve. Staff will identify any major change in conditions which may threaten reserve levels and 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.

The following table summarizes the Unrestricted Reserve Fund Policy target levels:
Table 1.0

Reserve Requirements	
Reserve	Target
Operating	120 days of annual budgeted operating expense, including debt service
Capital (Pay-go)	Upcoming year budget for pay-go projects
Water Supply Reliability	The cost to produce 10,000-acre feet from the Agency's banking program in a dry year
Revenue Rate Stabilization	20% of annually budgeted operating revenues
Emergency	120 days of operating expenses, excluding debt service

(Originally adopted November 2018; revised December 2020)

**SCV WATER
UNRESTRICTED CASH RESERVES**

	FY 2021/22	FY 2022/23
Beginning Cash Reserve Balance As of June 30	119,743,874	140,928,025
Details of Cash Reserve Balance		
Capital	43,484,506	52,322,516
Emergency/Disaster	25,216,799	28,187,867
Operating Reserve	28,114,615	39,175,065
Revenue Rate Stabilization Reserve	16,927,954	15,242,577
Water Supply Reliability Reserve	6,000,000	6,000,000
Total	119,743,874	140,928,025
Beginning Balance	119,743,874	140,928,025
Changes		
Capital	21,971,827	(2,015,237)
Emergency/Disaster	2,971,068	554,921
Operating Reserve	11,060,450	639,080
Revenue Rate Stabilization Reserve	(1,685,377)	1,082,211
Water Supply Reliability Reserve	-	-
Uses		
Transfer to General Fund	-	-
Transfer to Pay-go CIP	(13,133,817)	(29,802,139)
Ending Balance	140,928,025	111,386,861
Projected Ending Cash Reserve Balance	140,928,025	111,386,861
Details of Cash Reserve Balance		
Capital	52,322,516	20,505,140
Emergency/Disaster	28,187,867	28,742,788
Operating Reserve	39,175,065	39,814,145
Revenue Rate Stabilization Reserve	15,242,577	16,324,788
Water Supply Reliability Reserve	6,000,000	6,000,000
Total	140,928,025	111,386,861
Days Cash Ratio	609	473

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LONG-TERM COMMITMENTS

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 Agency 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 Agency 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 Agency 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 Agency-set property tax fully funds both the fixed and variable components of State Water Contract Commitment.

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 projected in FY 2021/22 at \$932.49 per AF and \$979.12 in FY 2022/23.

Under the agreement with the Buena Vista Water Storage District and the Rosedale-Rio Bravo Water Storage District, should the Agency 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 Agency 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 Agency has determined that up to 3,000 AFY may be used for annexations and is working with a few developers on potential annexations.

DEBT ISSUANCE

Bond Ratings

The Bond ratings for the Agency'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. The most recent bond issue in July 2020 (2020A) had a Fitch rating of AA- and a Standard & Poor's rating of AA.

Total Outstanding Debt

Total debt includes Certificates of Participation (COPs) and Revenue Bonds of \$365 million on June 30, 2021. Scheduled annual debt service for FY 2021/22 is \$32.9 million and \$33 million in FY 2022/23. The source of debt service repayment is a combination of Facility Capacity Fees, one percent property tax revenues and water rates. Debt proceeds are used to fund the Agency's capital improvement program and facilities that are allocated to future users are paid by Facility Capacity Fees and existing users are paid by one percent property tax revenues and water rates.

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.

There is projected new debt (bank note, line of credit or other short-term obligations) of \$19.5 million in FY 2021/22 to cover the costs of additional PFAS treatment facilities. Interest for this

short-term obligation is included in the Agency's annual debt service payment schedule in FY 2021/22 and FY 2022/23 and the principal portion will be refunded in the projected 2023 bond issue.

There are several different types of debt that the Agency can acquire, which includes revenue bonds, Certificates of Participation, commercial paper, capital leases and lease-purchase financing. The table below shows the outstanding debt issuances:

Series	Outstanding Principal June 30, 2023	Debt Service FY 2021/22	Debt Service FY 2022/23
2020A&B Revenue Bonds ¹	\$ 179,140,000	\$ 15,991,738	\$ 15,975,796
2018A Revenue Bonds	26,735,000	976,975	976,975
2017A Revenue Bonds (2020B) ²	37,745,000	5,498,842	5,620,149
1999 COPs	20,409,218	10,450,000	10,450,000
Total	\$ 264,029,218	\$ 32,917,555	\$ 33,022,920

¹Excludes 2017A

²Paid by customers of the legacy Santa Clarita Water Division

On January 9, 2018, the Agency adopted Resolution No. SCV-09 and authorized the Valencia Water Division Acquisition Interfund Loan for the Valencia Water Division to reimburse the Agency for moneys advanced to acquire the common stock of the Valencia Water Company. This was done as part of the dissolution of the Valencia Water Company and to comply with certain requirements in the Santa Clarita Valley Water Agency Act (SB 634). On April 6, 2021 (Resolution No. SCV-205), the Agency approved the restructure of the VWD Acquisition Interfund Loan. As part of the Agency's Rate Plan Study, it was determined that a restructure of the VWD Acquisition Interfund Loan would benefit the customers of the legacy VWD while still achieving full recovery of the principal at loan maturity. The restructure will reduce the interest rate to reflect the Agency's recent cost of capital, modify the payment structure and extend the maturity of the loan by five years.

	Outstanding Principal June 30, 2023	Debt Service FY 2021/22	Debt Service FY 2022/23
Acquisition Interfund Loan³	\$ 64,090,662	\$ 2,217,595	\$ 2,217,595

³Paid by customers of the legacy Valencia Water Division

Planned Issuance for the Five-Year CIP

In July 2020, the Agency issued \$55 million in revenue bonds to fund the ongoing CIP for capital projects. This bond issue included \$11 million in retail debt to pay for the PFAS capital cost for treatment at the Agency's N-Wells. The current debt funded CIP projects shows 30 projects to be constructed over the next five years. This program would require over \$198 million in additional funding. SCV Water may be able to obtain some grant funding for the recycled water projects, which would reduce the funding needed. The Agency typically funds large Capital Projects through the issuance of debt (other projects are funded on a pay-as-you-go basis). At this time, the 10-year forecast includes additional debt issuance of \$75 million in 2023 (a total of \$95 million for PFAS capital costs projected in FY 2021/22 and FY 2022/23), \$50 million in 2025, \$75 million in 2027 and \$30 million in 2030 to cover project funding for the next ten years. Currently, the five-year forecast shows sufficient funds to support annual debt service payments

for additional bond issues in 2023 and 2025 to complete the projects. The Agency will need to monitor its existing revenues streams and will likely need to consider the 2027 and 2030 bond issues in the Agency’s next Cost of Service and Rate Study (FY 2025/26) or identify additional revenue sources.

These projections are based on the ten-year debt funded CIP and does 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 2021/22	1.80
FY 2022/23	1.58
FY 2023/24	1.34
FY 2024/25	1.39
FY 2025/26	1.36

Agency Certificates of Participation (COPs) and Bonds

1999 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 system. 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 77.45% to future users (Facility Capacity Fees) and 22.55% to existing users.

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 Principal & Interest June 30, 2022	Outstanding Principle & Interest June 30, 2023
1999 COPs	\$ 107,333,729	\$ 96,883,729

2010A (2020A)

In March 2001, the Agency issued \$80 million in COPs to provide funds to acquire certain capital improvements to the Agency’s 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. In July 2020, the 2010A issuance (\$30 million) was advanced refunded into the 2020A issuance.

The revenue bonds are payable in semi-annual installments with annual payments ranging from \$1.1 million to \$6.1 million of principal and interest at an average coupon rate of 4.26% payable February and August each year with a final maturity of August 2046.

	Outstanding Principal & Interest June 30, 2022	Outstanding Principal & Interest June 30, 2023
2010A (2020A)	\$ 49,384,175	\$ 47,940,925

2015A (2020B)

In December 2006, the Agency issued \$89.8 million in COPs to provide funds to acquire certain capital improvements to the Agency’s 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 advanced 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. In July 2020, the 2015A issuance (\$63.9 million) was advanced refunded into the 2020B issuance.

The Series 2015A (2020B) bonds are payable in semi-annual installments with annual payments ranging from \$9.1 million to \$11.8 million of principal and interest at an average coupon rate of 1.51% payable in February and August each year with a final maturity of August 2028.

	Outstanding Principal & Interest June 30, 2022	Outstanding Principal & Interest June 30, 2023
2015A (2020B)	\$ 64,553,303	\$ 53,013,876

2016A (2020B)

In May 2016, the Agency issued \$30.7 million in new revenue bonds to acquire certain capital improvements to the Agency’s system and refunded the 2006A COPs (\$25.7 million). The new issue primary expenditures were 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. These obligations will be allocated 58.48% to future users (Facility Capacity Fees) and 41.52% to existing users. In July 2020, the 2016A issuance (\$60.2 million) was advanced refunded into the 2020B issuance.

The bonds are payable in semi-annual installments with annual payments ranging from \$1 million to \$12.8 million of principal and interest at an average coupon rate of 1.51% payable in February and August each year with a final maturity of August 2034.

	Outstanding Principal & Interest June 30, 2022	Outstanding Principal & Interest June 30, 2023
2016A (2020B)	\$ 69,171,300	\$ 68,173,189

2020A

In July 2020, the Agency issued \$48.3 million in new revenue bonds to acquire certain capital improvements to the Agency's system. Primary expenditures are anticipated to be for ESFP Improvements, Recycled Water Program Phase II, the Saugus Formation Dry Year Reliability Wells, the buyout of the solar panel purchase power agreement and PFAS treatment facilities. It is anticipated these obligations will be allocated 23.97% to future users (Facility Capacity Fees) and 76.03% to existing users.

The bonds are payable in semi-annual installments with annual payments ranging from \$2 million to \$7 million of principal and interest at an average coupon rate of 4.26% payable in February and August each year with a final maturity of August 2050.

	Outstanding Principal & Interest June 30, 2022	Outstanding Principal & Interest June 30, 2023
2020A	\$ 97,268,075	\$ 95,257,125

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. The Agency has no variable rate debt in its portfolio.

LEGACY DEBT LONG-TERM COMMITMENTS

The legacy (VWD & SCWD) division's long-term commitments include the 2017A bond for SCWD and the VWD 2018A bond and Acquisition Interfund Loan. The Santa Clarita Valley Water Agency enabling act SB 634 requires that the indebtedness of the legacy (retail) water supplier that exists before the integration shall be borne by the customers in the area that corresponds with the boundaries of the legacy (retail) water supplier and paid for from the revenues in that area (SB 634, Section 4(h)(k)).

Total Outstanding Legacy Debt

Currently, there are three outstanding bond/loans for the legacy (retail) divisions with a principal remaining balance on June 30, 2021 of \$139,769,461 million. The retail divisions will gradually retire each bond/loan per scheduled principal and interest payments.

Series	Outstanding Principal June 30, 2023	Debt Service FY 2021/22	Debt Service FY 2022/23
2017A (2020B) SCWD	37,745,000	5,498,842	5,620,149
2018A VWD	26,735,000	976,975	976,975
Acquisition Interfund VWD	64,090,662	2,217,595	2,217,595
Total	\$ 128,570,662	\$ 8,693,412	\$ 8,814,719

2017A SCWD (2020B)

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 Agency. The 2010B Certificates of Participation were issued on March 1, 2010 and were used to finance certain capital

improvement projects. In July 2020, the 2017A issuance (\$48.5 million) was advanced refunded into the 2020B issuance.

	Outstanding Principal & Interest June 30, 2022	Outstanding Principle & Interest June 30, 2023
2017A SCWD	\$ 52,318,060	\$ 46,819,218

2018A VWD

In January 2018, the Agency issued \$26.7 million in revenue bonds to refinance the existing debt carried by Valencia Water Company. An Interfund Loan was established between the 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 with annual payments ranging of \$976,975 to \$1.6 million 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 Principle & Interest June 30, 2022	Outstanding Principle & Interest June 30, 2023
2018A VWD	\$ 43,940,163	\$ 42,963,188

The legacy (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 120% of the aggregate amount of the installment payments.

Acquisition Interfund Loan VWD

In January 2018, an Interfund Loan was established between the 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.

The loan is payable from the water sales revenues collected by the legacy VWD. Annual payments range from \$2.2 million to \$4.2 million of principal and interest at an interest rate of 2.55% with a final maturity of June 2048.

	Outstanding Principal & Interest June 30, 2022	Outstanding Principle & Interest June 30, 2023
Acquisition VWD	\$ 92,441,728	\$ 90,224,133

**SCV WATER - ANNUAL DEBT SERVICE
FY 2021/22 and FY 2022/23**

Period Ending	2020A	2015A	2016A	SCWD Legacy 2017A	VWD Legacy 2018A	1999A	Annual Debt Service	Proposed 2-Year Note*	Annual Debt Service
6/30/2022	\$ 3,454,200	\$ 11,539,427	\$ 998,111	\$ 5,498,842	\$ 976,975	\$ 10,450,000	\$ 32,917,555	\$ 43,237	\$ 32,960,792
6/30/2023	5,794,200	9,183,485	998,111	5,620,149	976,975	10,450,000	33,022,920	191,150	33,214,070
6/30/2024	5,332,950	9,629,036	998,111	5,743,865	1,618,038	10,450,000	33,771,999		33,771,999
6/30/2025	5,391,325	9,584,197	998,111	5,878,507	1,614,541	10,450,000	33,916,680		33,916,680
6/30/2026	3,120,950	11,823,504	998,111	6,008,323	1,614,706	10,450,000	34,015,594		34,015,594
6/30/2027	3,120,950	11,837,123	998,111	6,151,421	1,613,856	10,450,000	34,171,461		34,171,461
6/30/2028	3,120,950	956,531	11,862,898	6,717,781	1,616,875	10,450,000	34,725,036		34,725,036
6/30/2029	3,120,950	-	12,800,361	828,544	1,613,281	10,450,000	28,813,136		28,813,136
6/30/2030	3,120,950	-	12,793,178	823,609	1,613,016	10,450,000	28,800,753		28,800,753
6/30/2031	3,120,950	-	12,765,787	827,876	1,616,353	10,450,000	28,780,967		28,780,967
6/30/2032	3,120,950	-	5,047,639	826,121	1,613,244	-	10,607,953		10,607,953
6/30/2033	3,120,950	-	5,038,142	823,360	1,613,669	-	10,596,121		10,596,121
6/30/2034	5,275,700	-	2,874,631	824,685	1,617,397	-	10,592,412		10,592,412
6/30/2035	8,148,700	-	-	823,495	1,613,831	-	10,586,026		10,586,026
6/30/2036	8,138,700	-	-	820,082	1,613,488	-	10,572,270		10,572,270
6/30/2037	4,571,575	-	-	826,145	1,616,738	-	7,014,458		7,014,458
6/30/2038	4,575,950	-	-	826,619	1,613,581	-	7,016,150		7,016,150
6/30/2039	4,584,325	-	-	816,699	1,614,019	-	7,015,043		7,015,043
6/30/2040	4,581,575	-	-	816,386	1,617,163	-	7,015,124		7,015,124
6/30/2041	4,587,450	-	-	815,550	1,612,988	-	7,015,987		7,015,987
6/30/2042	5,399,200	-	-	-	1,617,069	-	7,016,269		7,016,269
6/30/2043	5,402,200	-	-	-	1,614,309	-	7,016,509		7,016,509
6/30/2044	5,399,200	-	-	-	1,614,709	-	7,013,909		7,013,909
6/30/2045	5,400,000	-	-	-	1,613,172	-	7,013,172		7,013,172
6/30/2046	5,404,200	-	-	-	1,614,600	-	7,018,800		7,018,800
6/30/2047	5,406,500	-	-	-	1,613,897	-	7,020,397		7,020,397
6/30/2048	5,401,800	-	-	-	1,615,966	-	7,017,766		7,017,766
6/30/2049	5,399,900	-	-	-	1,615,709	-	7,015,609		7,015,609
6/30/2050	7,017,400	-	-	-	-	-	7,017,400		7,017,400
6/30/2051	7,017,600	-	-	-	-	-	7,017,600		7,017,600
Total	\$ 146,652,250	\$ 66,020,599	\$ 69,692,535	\$ 53,306,310	\$ 44,428,650	\$ 104,500,000	\$ 481,135,076	\$ 234,387	\$ 486,638,592

*PFAS Bank Loan - Interest only - Refinance into next bond issue

SCV WATER - OUTSTANDING PRINCIPAL
FY 2021/22 and FY 2022/23

Period Ending	Agency	SCWD Legacy 2017A	VWD Legacy 2018A	SubTotal	VWD Acquisition Interfund Loan	Total Principal Outstanding
6/30/2022	\$ 213,537,947	\$ 42,850,000	\$ 26,735,000	\$ 283,122,947	\$ 64,664,766	\$ 347,787,713
6/30/2023	199,549,218	37,745,000	26,735,000	264,029,218	64,090,662	328,119,880
6/30/2024	185,566,955	32,485,000	26,085,000	244,136,955	63,501,777	307,638,732
6/30/2025	171,554,710	27,050,000	25,420,000	224,024,710	62,897,732	286,922,442
6/30/2026	157,561,906	21,435,000	24,735,000	203,731,906	62,278,136	266,010,042
6/30/2027	143,566,662	15,615,000	24,030,000	183,211,662	61,485,865	244,697,527
6/30/2028	129,566,459	9,150,000	23,300,000	162,016,459	60,505,505	222,521,964
6/30/2029	115,528,553	8,525,000	22,550,000	146,603,553	59,320,475	205,924,028
6/30/2030	101,416,364	7,895,000	21,775,000	131,086,364	57,912,944	188,999,308
6/30/2031	87,228,729	7,250,000	20,970,000	115,448,729	56,263,745	171,712,474
6/30/2032	79,550,000	6,595,000	20,140,000	106,285,000	54,352,277	160,637,277
6/30/2033	74,620,000	5,930,000	19,280,000	99,830,000	52,156,400	151,986,400
6/30/2034	69,565,000	5,250,000	18,385,000	93,200,000	49,652,329	142,852,329
6/30/2035	64,295,000	4,555,000	17,460,000	86,310,000	46,814,513	133,124,513
6/30/2036	58,765,000	3,845,000	16,500,000	79,110,000	43,736,726	122,846,726
6/30/2037	56,610,000	3,110,000	15,500,000	75,220,000	40,579,702	115,799,702
6/30/2038	54,340,000	2,355,000	14,465,000	71,160,000	37,341,401	108,501,401
6/30/2039	51,945,000	1,590,000	13,390,000	66,925,000	34,019,730	100,944,730
6/30/2040	49,430,000	805,000	12,270,000	62,505,000	30,612,543	93,117,543
6/30/2041	46,780,000	-	11,110,000	57,890,000	27,117,638	85,007,638
6/30/2042	43,180,000	-	9,900,000	53,080,000	23,532,758	76,612,758
6/30/2043	39,430,000	-	8,645,000	48,075,000	19,855,585	67,930,585
6/30/2044	35,530,000	-	7,340,000	42,870,000	16,083,744	58,953,744
6/30/2045	31,470,000	-	5,985,000	37,455,000	12,214,797	49,669,797
6/30/2046	27,240,000	-	4,575,000	31,815,000	8,246,245	40,061,245
6/30/2047	22,835,000	-	3,110,000	25,945,000	4,175,523	30,120,523
6/30/2048	18,255,000	-	1,585,000	19,840,000		19,840,000
6/30/2049	13,490,000	-	-	13,490,000		13,490,000
6/30/2050	6,880,000	-	-	6,880,000		6,880,000
6/30/2051	-	-	-	-		-

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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 and implemented 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 capital projects and is typically funded by debt proceeds.

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PURPOSE

The primary purpose of the Capital Improvement Program includes:

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

DEFINITIONS

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

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

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

Debt Funded 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. Debt funded capital projects are typically included in the Agency's Capital Improvement Program (CIP) and Facility Capacity Fee (FCF) Study, and typically cost more than \$1 million.

Pay-go Capital Projects: Pay-go capital projects include the acquisition of land, facilities, works and improvements; and enhancements or enlargements to existing capacity and facilities. Pay-go capital projects take less time to develop and are not generally included in the Agency's Facility Capacity Fee Study. Pay-go capital projects typically cost less than \$1 million.

Capital Planning, Studies and Administration: Non-operating expenses, including but not limited to studies in support of capital projects.

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

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

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

METHODOLOGY

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

THE CAPITAL IMPROVEMENT PROGRAM AND SHARED PLANNING

It is important for the Agency to coordinate the timing of its capital projects with the City of Santa Clarita (City), County of Los Angeles, 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 or County, when possible, to minimize the amount of asphalt repair costs.

CIP DEVELOPMENT

The Agency provides water service to an estimated population of over 286,000, through nearly 75,000 retail water connections. Population at build-out is expected to be 420,000. The Agency is proposing to invest more than \$84 million in new infrastructure and infrastructure replacement in FY 2021/22 and more than \$86 million in FY 2022/23.

The FY 2021/22 CIP plan includes \$36.8 million in debt funded capital projects and \$47.2 million in pay-go capital projects. The FY 2022/23 CIP plan includes \$40.4 million in debt funded capital projects and \$55.9 million in pay-go capital projects. A majority of the debt funded capital projects include a justification for each project, including the impact on the operating budget.

FINANCIAL PROJECTIONS

The financial projections used to develop the CIP are based on staff's best prediction of future needs of Agency facilities. 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 or Capital Reserve 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 2022/23 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 debt funded projects are funded by bond proceeds, whereas Pay-go CIP is funded by recurring revenues generated from the rate structure. 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 2012/23, although funding in future years may require the Agency to identify additional revenue sources to meet its debt obligations.

PROJECT RANKING & PRIORITIZATION

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

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

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

Santa Clarita Valley Water Agency CIP serves to:

- Build and maintain capital infrastructure economically
- Complete projects on schedule and within budget

- Provide for an annual update on the CIP schedule
- Allow for additions of projects and adjustments due to changing priorities
- Work with the City of Santa Clarita, County of Los Angeles, 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.

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SCV WATER - SUMMARY
CAPITAL IMPROVEMENT PROJECTS
FY 2021/22 and FY 2022/23

SUMMARY

CAPITAL IMPROVEMENT PROJECTS BY CATEGORY	PAY-GO Proposed Budget FY 2022	PAY-GO Proposed Budget FY 2023	DEBT Proposed Budget FY 2022	DEBT Proposed Budget FY 2023
Admin & Tech	\$ 5,629,729	\$ 1,855,000		
Appurtenance Improvements	\$ 410,000	\$ 410,000		
Booster Station/Turn Out Improvements	\$ 3,850,200	\$ 3,547,000		
Capital Planning & Studies	\$ 5,027,506	\$ 5,487,832	\$ 850,000	\$ 3,300,000
Disinfection Projects	\$ 1,010,000	\$ 1,010,000		
General Facility Replacements	\$ 1,390,000	\$ 1,575,000		
Meter Replacements	\$ 2,075,000	\$ 2,075,000		
Pipelines & Pipeline Replacements	\$ 6,300,000	\$ 7,865,000	\$ 11,012,000	\$ 630,000
R&R Budget	\$ 2,593,450	\$ 1,968,450		
Recycled Water Improvements	\$ 1,574,950	\$ 3,944,850	\$ 5,886,550	\$ 6,788,650
Tank & Tank Facility Improvements	\$ 7,575,000	\$ 9,805,000	\$ 977,000	\$ 6,502,000
Technology	\$ 375,000	\$ 375,000		
Treatment Plant Improvements	\$ 996,000	\$ 1,899,000	6,031,000	8,675,000
Water Resources & Supply	\$ 1,560,000	\$ 300,000		
Wellhead Treatment Improvements	\$ 810,000	\$ 9,490,000	11,835,000	14,322,000
Wells & Well Facility Improvements	\$ 6,052,000	\$ 4,293,000	220,000	230,000
Total CIP	47,228,835	55,900,132	36,811,550	40,447,650

SOURCES OF FUNDING

Capital Improvement Projects	Proposed Budget FY 2022	Capital Project Fund	Water Rates	Reserves¹	Other Non- Operating Revenues²	Not Funded/ Deferred
Pay-go	47,228,935		18,666,082	13,133,817	15,429,036	
Debt Funded	36,811,550	36,811,550				
Total CIP Sources of Funding	\$ 84,040,485	\$ 36,811,550	\$ 18,666,082	\$ 13,133,817	\$ 15,429,036	\$ -

Capital Improvement Projects	Proposed Budget FY 2023	Capital Project Fund	Water Rates	Reserves[*]	Other Non- Operating Revenues²	Not Funded/ Deferred
Pay-go	55,900,132		19,226,297	29,802,139		6,871,696
Debt Funded	40,447,650	40,447,650				-
Total CIP Sources of Funding	\$ 96,347,782	\$ 40,447,650	\$ 19,226,297	\$ 29,802,139	\$ -	\$ 6,871,696

¹FYE 2021 Carryover - Transfer to Reserves \$42,935,956

²FYE 2022 Non-Operating Revenues (Property Tax, Communication Leases, Interest, Reimbursements, Grants)

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SCV WATER - PAY-GO CAPITAL IMPROVEMENT PROJECTS
FY 2021/22 and FY 2022/23

Priority 1 = Highest Priority, Priority 5 = Lowest Priority

Dept		Category	Capital Project Description	Priority FY 21/22	FY 2021/22 Projected	Priority FY 22/23	FY 2022/23 Projected
ESS	Wells & Well Facility Improvements	Saugus 3 & 4 Replacement Wells		1	\$ 4,882,000	1	\$ 3,288,000
OPS	Pipelines & Pipeline Replacements	Pipelines & Pipeline Replacements - Agency-wide		1	\$ 4,800,000	1	\$ 4,000,000
Technology	Admin & Tech	Technology Improvements and Replacements		1	\$ 2,832,500	1	\$ 1,445,000
WR	Capital Planning & Studies	BVRRB Storage and Recovery Program		1	\$ 2,797,506	1	\$ 2,937,832
ESS	Tanks & Tank Facility Improvements	ESFP Two 5 MG Tanks Improvements		1	\$ 2,520,000	2	\$ 2,200,000
OPS	Meter Replacements	Meter Replacements - Agency-wide		2	\$ 2,075,000	2	\$ 2,075,000
ESS	Tanks & Tank Facility Improvements	Deane Tanks (Two 2.5 MG Tanks) @ Skyline Ranch*		1	\$ 1,420,000	1	\$ 1,100,000
OPS	General Facility Replacements	Equipment and Vehicle Replacements		1	\$ 1,375,000	1	\$ 1,575,000
Technology	Admin & Tech	CIS Software Integration & Upgrade		1	\$ 1,350,000		\$ -
ESS	Booster Station/Turnout Improvements	Deane Pump Station @ Sand Canyon Plaza*		1	\$ 1,232,200	1	\$ 407,000
WR	Capital Planning & Studies	Resiliency Water Master Plan		1	\$ 1,210,000	1	\$ 1,320,000
WR	Water Resources & Supply	Update Water Conservation and Education Garden		1	\$ 1,210,000	1	\$ 200,000
ESS	Tanks & Tank Facility Improvements	Deane Tanks - One 1.5 MG Tank @ Sand Canyon Plaza*		1	\$ 1,175,000	1	\$ 1,845,000
OPS	Wells & Well Facility Improvements	Wells & Well Facility Improvements		1	\$ 1,170,000	1	\$ 1,005,000
OPS	Booster Station/Turnout Improvements	Booster Station/Turnout Improvements - Agency-wide		1	\$ 1,060,000	1	\$ 685,000
Technology	Admin & Tech	ERP Software (Finance & Accounting)		1	\$ 1,037,229		\$ -
OPS	Disinfection Projects	Disinfection Projects - Agency-wide		1	\$ 1,010,000	1	\$ 1,010,000
Treatment	R&R Budget	ESFP Repair & Replacement		1	\$ 985,000	1	\$ 385,000
OPS	Tanks & Tank Facility Improvements	Tanks & Tank Facility Improvements - Agency-wide		1	\$ 970,000	1	\$ 1,060,000
ESS	Booster Station/Turnout Improvements	Deane Pump Station @ Skyline Ranch*		1	\$ 900,000	1	\$ 400,000
ESS	Tanks & Tank Facility Improvements	Stair/Ladder Safety Improvements		1	\$ 840,000	2	\$ 2,300,000
OPS	Treatment Plant Improvements	Treatment Plant & Laboratory Improvements		1	\$ 770,000	1	\$ 450,000
WR	Recycled Water Improvements	Recycled Water Program Phase II, 2D - West Ranch Customer Conversion		1	\$ 607,500	1	\$ 212,500
Treatment	R&R Budget	RVWTP Repair & Replacement		1	\$ 579,450	1	\$ 579,450
Treatment	R&R Budget	Recycled Water System Repair & Replacement		1	\$ 550,000	1	\$ 550,000
ESS	Wellhead Treatment Improvements	Well 205 (Perchlorate)		1	\$ 510,000	1	\$ 9,490,000
WR	Capital Planning & Studies	Yuba Accord Water		1	\$ 455,000	1	\$ 455,000
OPS	Appurtenance Improvements	Appurtenance Improvements - Agency-wide		1	\$ 410,000	1	\$ 410,000
ESS	Recycled Water Improvements	Recycled Water Program Phase II, 2B - Vista Cyn Distribution		1	\$ 400,000		\$ -
OPS	Technology	SCADA - Agency-wide		1	\$ 375,000	1	\$ 375,000
ESS	Recycled Water Improvements	Recycled Water Program Phase II, 2C - South End Distribution		1	\$ 327,450	1	\$ 3,572,350
ESS	Pipelines & Pipeline Replacements	Pipeline Relocations/Modifications		3	\$ 300,000	3	\$ 500,000
ESS	Pipelines & Pipeline Replacements	Vista Cyn Bridge Piping at Soledad/Lost Canyon		1	\$ 300,000		
ESS	Wellhead Treatment Improvements	Well Q2 (Perchlorate)		1	\$ 300,000		
Administration	Admin & Tech	Office Improvements - Various		1	\$ 270,000	1	\$ 270,000
WR	Capital Planning & Studies	Invasive Species Management		1	\$ 250,000	1	\$ 250,000
ESS	Tanks & Tank Facility Improvements	Deane Zone Disinfection @ Skyline Ranch*		1	\$ 250,000	1	\$ 250,000
WR	Water Resources & Supply	Bridgeport Pocket Park		1	\$ 250,000		\$ -
WR	Recycled Water Improvements	Recycled Water Program Phase II, 2B - Vista Cyn Customer Conversion		1	\$ 240,000	1	\$ 80,000
ESS	Treatment Plant Improvements	RVWTP Underground Storage Tank Replint		3	\$ 226,000	1	\$ 1,449,000
ESS	Booster Station/Turnout Improvements	Deane SC-6 Soledad Pipeline		1	\$ 200,000	2	\$ 250,000
ESS	Pipelines & Pipeline Replacements	Valencia Marketplace Pipeline Replacement		2	\$ 200,000	1	\$ 1,965,000
ESS	Booster Station/Turnout Improvements	Deane SC-6 Pump Station		1	\$ 175,000	2	\$ 750,000
ESS	Pipelines & Pipeline Replacements	Dockweiler-Sierra Hwy Pipeline*		2	\$ 175,000	2	\$ 300,000
ESS	Booster Station/Turnout Improvements	V-9 Improvements		2	\$ 158,000	1	\$ 630,000
Treatment	R&R Budget	RVIPS Repair & Replacement		1	\$ 115,000	1	\$ 115,000

SCV WATER - PAY-GO CAPITAL IMPROVEMENT PROJECTS
FY 2021/22 and FY 2022/23

Priority 1 = Highest Priority, Priority 5 = Lowest Priority

Dept	Category	Capital Project Description	Priority FY 21/22	FY 2021/22 Projected	Priority FY 22/23	FY 2022/23 Projected
Administration	Capital Planning & Studies	SCVWA Integration	1	\$ 100,000	1	\$ 100,000
ESS - EXP	Capital Planning & Studies	System Hydraulic Model	1	\$ 100,000	1	\$ 100,000
WR	Minor Capital	Devils Den Property Solar Project	1	\$ 100,000	1	\$ 100,000
ESS	Pipelines & Pipeline Replacements	Friendly Valley Pipeline @ Via Princessa (Crossroads)	1	\$ 125,000	1	\$ 125,000
ESS	Pipelines & Pipeline Replacements	Golden Valley Pipeline @ Via Princessa (Crossroads)	1	\$ 100,000	1	\$ 125,000
ESS	Pipelines & Pipeline Replacements	Hony Pipeline Bottleneck	4	\$ 100,000	3	\$ 500,000
ESS - EXP	Pipelines & Pipeline Replacements	Pipeline Inspection Facility Modifications	3	\$ 100,000	3	\$ 150,000
Treatment	R&R Budget	ESIPS Repair & Replacement	1	\$ 100,000	1	\$ 100,000
ESS	Tanks & Tank Facility Improvements	Golden Valley Tank (1.6 MG) @ Crossroads	2	\$ 100,000	2	\$ 100,000
ESS	Tanks & Tank Facility Improvements	Friendly Valley Tank (3.25 MG) @ Crossroads	2	\$ 100,000	2	\$ 150,000
ESS	Booster Station/Turnout Improvements	Friendly Valley Booster Station (Crossroads)	2	\$ 75,000	2	\$ 125,000
ESS	Pipelines & Pipeline Replacements	Market Street/Shadeland/Maple Street Pipeline	2	\$ 75,000	2	\$ 150,000
Treatment	R&R Budget	ESFP Access Road Automatic Gate	1	\$ 75,000		\$ -
Treatment	R&R Budget	Saugus 1 and 2 Wells Repair & Replacement	1	\$ 75,000	1	\$ 75,000
ESS	Tanks & Tank Facility Improvements	Placerita Tanks (Two 1.6 MG Tanks)	3	\$ 75,000	3	\$ 100,000
ESS	Tanks & Tank Facility Improvements	Tank 4 (1.5 MG Tank @Wiley Canyon)	1	\$ 75,000	1	\$ 150,000
Treatment	R&R Budget	Sand Canyon System Repair & Replacement	1	\$ 65,000	1	\$ 65,000
Technology	Admin & Tech	Lab Equipment	1	\$ 50,000	1	\$ 50,000
ESS	Booster Station/Turnout Improvements	Market Street Pump Station	2	\$ 50,000	2	\$ 300,000
Finance	Capital Planning & Studies	Capital Program/Facility Capacity Fees	1	\$ 50,000	1	\$ 50,000
WR	Capital Planning & Studies	GSP Implementation (monitoring,data base, reporting)	1	\$ 50,000	1	\$ 50,000
ESS	Pipelines & Pipeline Replacements	SC-12 Warmuth Pipeline	2	\$ 50,000	2	\$ 50,000
ESS	Tanks & Tank Facility Improvements	Deane Tank Site (Existing) Improvements	1	\$ 50,000	1	\$ 550,000
Technology	Admin & Tech	Miscellaneous Large Tools and Equipment	1	\$ 35,000	1	\$ 35,000
Administration	Admin & Tech	Office Furniture - General	1	\$ 30,000	1	\$ 30,000
Treatment	R&R Budget	Pipeline Repair & Replacement	1	\$ 25,000	1	\$ 25,000
Treatment	R&R Budget	WR-Summit Circle - Repair & Replacement	1	\$ 24,000	1	\$ 24,000
B&G	Admin & Tech	Security Equipment Upgrades	1	\$ 15,000	1	\$ 15,000
Finance	Capital Planning & Studies	Debt Financing and Administration	1	\$ 15,000	1	\$ 25,000
ESS	General Facility Replacements	Office Reconfiguration - Summit Circle	1	\$ 15,000		
B&G	Admin & Tech	Video Surveillance Equipment	1	\$ 10,000	1	\$ 10,000
Treatment	R&R Budget	RVTP Access Road Automatic Gate		\$ -	1	\$ 50,000
WR	Recycled Water Improvements	Recycled Water Program Phase II, 2C - South End Cust	1	\$ -	1	\$ 80,000
WR	Capital Planning & Studies	Feasibility Study and Environmental Docs GSP	1	\$ -	1	\$ 200,000
				\$ 47,228,835		\$ 55,900,132

SCV WATER - DEBT FUNDED CAPITAL IMPROVEMENT PROJECTS
FY 2021/22 - FY 2022/23

Priority 1 = Highest Priority, Priority 5 = Lowest Priority

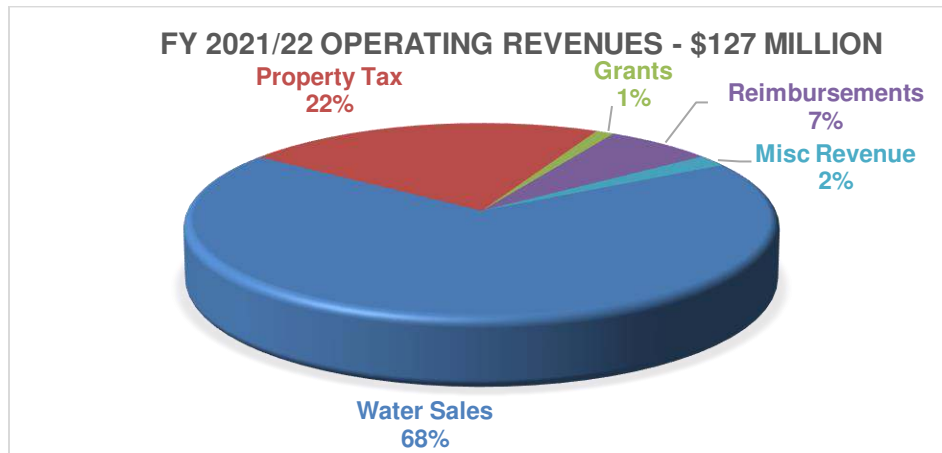
Dept	Category	Capital Project Description	FY 2021/22		FY 2022/23	
			Priority	Projected	Priority	Projected
WR	Capital Planning & Studies	Sites Reservoir	1	\$ 750,000	1	\$ 1,000,000
WR	Capital Planning & Studies	New Water Banking Program (AVEK/Mid Valley/Rosedale)(Could	1	\$ 100,000	1	\$ 2,300,000
ESS	Pipelines & Pipeline Replacements	Magic Mountain Pipeline No. 6	1	\$ 8,900,000		
ESS	Wellhead Treatment Improvements-PFAS	Santa Clara and Honby Wells	1	\$ 6,065,000	1	\$ 2,845,000
ESS	Treatment Plant Improvements	ESFP Sludge Collection System	1	\$ 6,031,000	1	\$ 8,675,000
ESS	Recycled Water Improvements	Recycled Water Program Phase II, 2B - Vista Canyon Backbone	1	\$ 5,250,000		\$ -
ESS	Wellhead Treatment Improvements-PFAS	Valley Center Well	1	\$ 3,805,000		
ESS	Wellhead Treatment Improvements-PFAS	Additional Wells (T7, U4, U6) (includes S1&S2 Wells VOC Treatm	1	\$ 1,000,000	1	\$ 9,375,000
ESS	Tanks & Tank Facility Improvements	Magic Mountain Reservoir	2	\$ 977,000	1	\$ 6,502,000
ESS	Pipelines & Pipeline Replacements	LARC Pipeline*	1	\$ 825,000		
ESS	Recycled Water Improvements	Recycled Water Program Phase II, 2C - South End Backbone	1	\$ 557,550	1	\$ 6,082,650
ESS	Pipelines & Pipeline Replacements	Magic Mountain Pipeline No. 5	1	\$ 552,000		
ESS	Pipelines & Pipeline Replacements	Magic Mountain Pipeline No. 4	1	\$ 420,000		
ESS	Wellhead Treatment Improvements-PFAS	S Wells (S6, S7 and S8)	1	\$ 400,000	1	\$ 750,000
ESS	Wellhead Treatment Improvements-PFAS	E Wells (E-14, E-15, E-16, E-17)	1	\$ 265,000	1	\$ 977,000
ESS	Wells & Well Facility Improvements	Saugus Dry Year Reliability Wells 5 & 6	3	\$ 220,000	3	\$ 230,000
ESS	Pipelines & Pipeline Replacements	Castaic Conduit	3	\$ 180,000	2	\$ 520,000
ESS	Pipelines & Pipeline Replacements	Honby Parallel	4	\$ 135,000	3	\$ 110,000
ESS	Wellhead Treatment Improvements	Mitchell 5A Replacement	1	\$ 132,000	1	\$ 165,000
ESS	Wellhead Treatment Improvements	Mitchell 5A Replacement	1	\$ 123,000	1	\$ 153,750
ESS	Recycled Water Improvements	Recycled Water Fill Station	3	\$ 78,000	1	\$ 705,000
ESS	Wellhead Treatment Improvements	Mitchell 5A Replacement	1	\$ 45,000	1	\$ 56,250
ESS	Recycled Water Improvements	Recycled Water Program Phase II, 2A - Central Park	5	\$ 1,000	5	\$ 1,000
				\$ 36,811,550		\$ 40,447,650

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FINANCIAL SUMMARY

FY 2021/22 OPERATING REVENUE BUDGET

The total revenues of \$127 million are comprised of \$86.9 million in water sales, \$27.9 million in one-percent property tax revenues, \$9.8 million in grants and reimbursements, \$2.4 million in miscellaneous revenues. This is less than 1% or \$143,000 decrease over the adopted Budget of FY 2020/21. Although this is the first year of the five-year retail water sales rate study, the first year of the study (FY 2021/22) is revenue neutral. The Agency is expecting growth of approximately 1.36% or 1,013 equivalent retail service connections but has also accounted for a reduction in sales to meet conservation requirements.



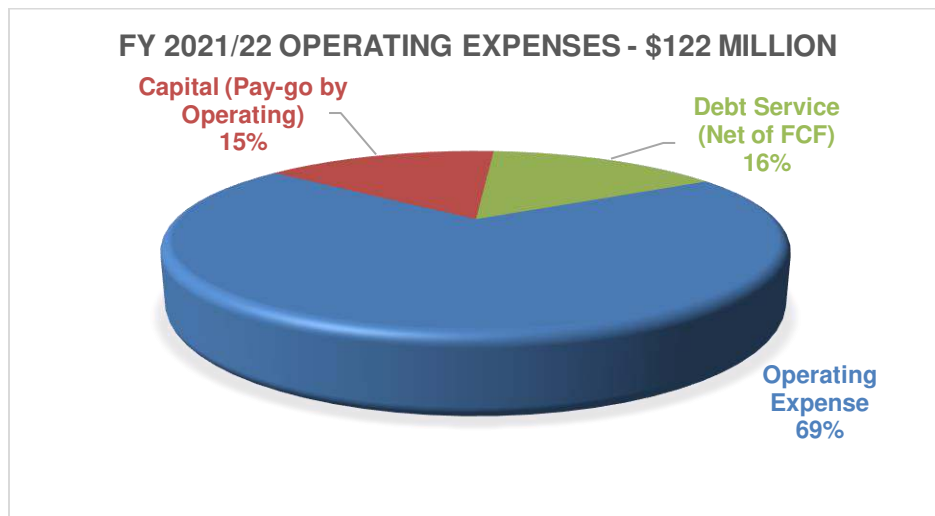
FY 2022/23 OPERATING REVENUE BUDGET

The total revenues of \$129.7 million are comprised of \$92.4 million in retail water sales, \$28.6 million in one-percent property tax revenues, \$6.2 million in grants and reimbursements, \$2.5 million in miscellaneous revenues. This a 2% or \$2.5 million overall increase over FY 2021/22. Of the \$2.5 million, the most significant increase of \$5.6 million is attributed to increased water sales revenue due to a 6.5% planned revenue increase, the decrease of \$3.5 million of grants and reimbursements, and the decrease of approximately \$0.5 million in miscellaneous revenues. The Agency is expecting to add 1,047 equivalent retail service connections in FY 2022/23.



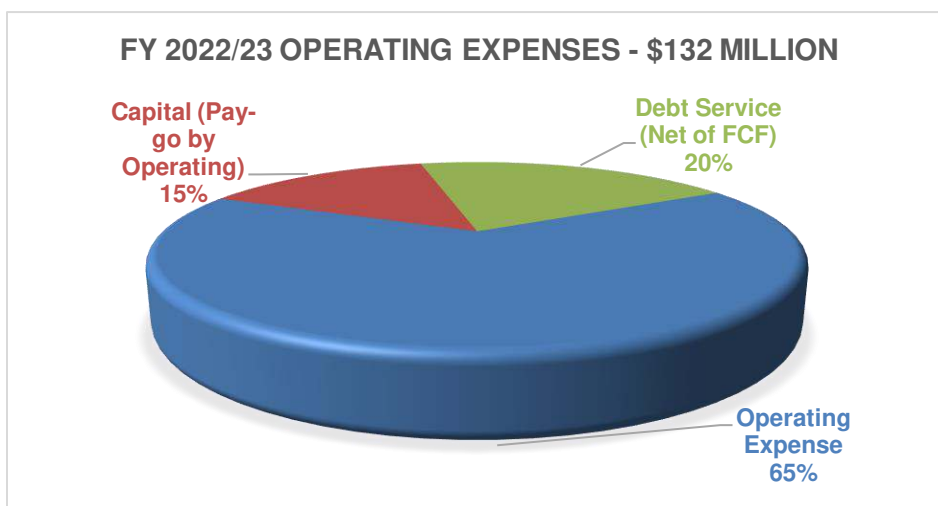
FY 2021/22 OPERATING EXPENSE BUDGET

Total operating expenditures for FY 2021/22 are budgeted at \$122 million and are comprised of General Fund/Operating Budget expenditures of \$84.4 million, debt service payments (net of facility capacity fee fund transfer) of \$18.7 million and pay-go capital improvement program (CIP) expenditures (funded by operating budget) of \$18.7 million. Overall, there was a 10.8% (\$16 million) increase in operating expenditures over the adopted FY 2020/21 budget. The most significant increases are due to \$5.3 million in debt service payments; \$1 million in source of supply for additional water purchases due to low state water allocation; and \$2.7 million in PFAS treatment operations and maintenance.



FY 2022/23 OPERATING EXPENSE BUDGET

Total expenditures for FY 2022/23 are budgeted at \$132 million and are comprised of General Fund/Operating Budget expenditures of \$92.8 million, debt service payments of \$36.7 million, capital improvement program (CIP) expenditures of \$30.7 million, and a \$5.6 million transfer to reserves. Overall, there was a 4% (\$6,441,372) increase in operating expenditures over the adopted FY 2021/22 budget. The most significant increases are due to \$2 million for additional CIP projects; \$1 million in source of supply for additional water purchases due to an increase in service connections; \$0.6 million for election expenses; and \$1.1 million in pumping expenses due to a projected increase in power costs as well as an increase in customer demand.



MAJOR SOURCES OF REVENUES

Water Sales Revenues

The FY 2021/22 projected water sales revenues of \$86.9 million is a slight decrease from the FY 2020/21 adopted Budget at \$87.4 million. One-time water sales include a portion of SCV Water's Buena Vista Rosedale-Rio Bravo (BVRRB) water supply that is available to be sold each year and there is no forecasted one-time water sales in FY 2021/22 or FY 2022/23 because of the reduction in state water allocation due to the dry year. SCV Water is expecting to add 1,013 retail service connections in FY 2021/22 and 1,045 retail service connections in FY 2022/23, with a total number of retail connections at year end of 74,780 and 75,827, respectively.

Other Revenues

Other revenues consist of property taxes, facility capacity/connection fees, grants and reimbursements, communication/rental income, and investment revenues. In FY 2021/22 other budgeted revenues are projected at \$40.1 million, which is an increase from the FY 2020/21 adopted Budget at \$39.6 million. The primary increases are due to a slight increase in property tax revenues and reimbursements.

One -Percent Property Tax Revenues

Property tax revenues are unrestricted and can be used to pay for operating expenses, capital projects or debt service for existing users. If these funds were limited or unavailable, it is likely that the Agency water rates would have to increase, or projects would need to be deferred. Based on current trend, SCV Water property tax revenue is projected to increase by 2.34% in both FY 2021/22 and FY 2022/23.

	Adopted Budget FY 2020/21	Projected Budget FY 2020/21	Proposed Budget FY 2021/22	Proposed Budget FY 2022/23
Property Tax	\$27,296,070	\$27,253,530	\$27,934,798	\$28,588,472

Facility Capacity/Connection Fees

Facility Capacity/Connection Fee revenues are projected to decrease from \$9 million in the FY 2020/21 adopted Budget to \$6 million in the proposed FY 2021/22 Budget, and \$6.5 million in FY 2022/23. This is based on engineers estimates of development activity.

MAJOR SOURCES OF EXPENDITURES

General Fund/Operating Budget

The FY 2021/22 projected operating expenses of \$122 million has increased approximately \$16.1 million from the FY 2020/21 adopted Budget of \$105.9 million, and the FY 2022/23 operating expense is projected to increase to \$132 million. Operating expenses include general operating expenses as well as the portion of the capital improvement projects that are funded by one-percent property tax, water rates and SCV Water's annual debt service.

Capital Improvement Program – Pay-Go

The proposed CIP “pay-go” (pay-as-you-go) in FY 2021/22 is projected at \$47.2 million and FY 2022/23 is projected at \$49 million. The pay-go CIP plan is funded by retail water rates, a portion of the one-percent property taxes and transfers from the capital reserve. Significant increases are primarily due to the construction of dry year replacements wells, pipeline replacements, technology service improvements, customer service utility billing software upgrade, water resiliency master plan and upgrades to the water conservation garden at the Rio Vista Water Treatment Plant.

NON OPERATING FUNDS

Capital Improvement Program

The FY 2021/22 Budget for debt funded Capital Projects is \$36.8 million and \$40.5 million in FY 2022/23, based on significant construction on the Earl Schmidt Filtration Plant (ESFP) Sludge Collection System, Magic Mountain Pipeline, Vista Canyon Recycled Water project and PFAS treatment facilities.

The Agency’s current CIP for Major Capital projects shows approximately 20-25 projects being constructed over the next five years. Assuming the Agency is able to obtain some grant funding for the recycled water projects, the current projection shows a need for additional funding of \$230 million through FY 2025/26, with the next projected debt issuance to occur in the first quarter of FY 2022/23. The FY 2021/22 Budget proposes \$19.5 million interest only debt (bank note or line of credit) to continue the construction of the PFAS treatment facilities. 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 2021/22 Expense Budget for the Agency’s SWP supply is \$34.9 million. This is based on projected costs to maintain an aging system and increasing power costs. The Budget also includes funding of \$3.6 million for work on the Delta Conveyance, previously known as California WaterFix or Twin Tunnels. The SWP is also impacted by the damaged Oroville Spillway. The emergency response to-date and ongoing repairs and replacement will likely have significant costs. The Agency will be responsible for its share, which will be determined after review of project purposes, availability of Federal Emergency Management Agency (FEMA) funding and other available funding. The current costs are being funded by available debt financing and will not be included in the Agency’s FY 2021/22 Budget.

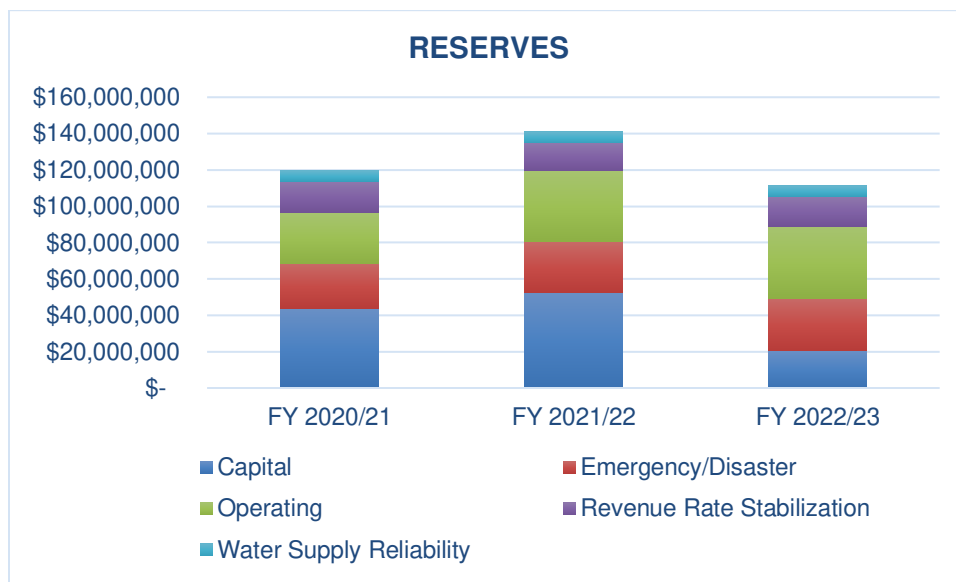
RESERVES

The purpose of SCV Water’s Reserve Fund Policy is to ensure the Agency’s financial stability, and to have sufficient funding available to meet its operating, capital and debt service cost obligations. The plan establishes the level of reserves necessary for maintaining the Agency’s creditworthiness and ratings.

In FY 2021/22, SCV Water will have the opportunity to increase its reserve fund balances by 36% (\$42.9 million) due to funds that were not spent in FY 2020/21 and have been added to reserves, per policy. By the end of FY 2021/22, the Agency will have utilized \$13.1 million and \$29.8 million in FY 2022/23 to complete its CIP Pay-go budget. At the end of FY 2022/23, the reserves will still be 100% funded and have a day’s cash ratio of 473.

Adequate reserves provide for:

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



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**SCV WATER - SUMMARY BUDGET
FY 2021/22 and FY 2022/23**

	ACTUAL FY 2019/20	BUDGET FY 2020/21	PROJECTED BUDGET FY 2020/21	PROPOSED BUDGET FY 2021/22	% of change over FY21 Budget	PROPOSED BUDGET FY 2022/23	% of change over FY22 Budget
OPERATING REVENUES							
Water Sales - Residential	29,274,383	34,993,591	34,739,357	53,968,825	54.2%	57,467,523	6.5%
Water Sales - Commercial	4,063,528	2,860,512	4,284,760	5,208,192	82.1%	5,545,830	6.5%
Water Sales - Industrial	1,356,799	95,350	1,672,639	1,707,604	1690.9%	1,818,305	6.5%
Water Sales - Irrigation	9,484,659	6,436,151	13,391,691	20,491,248	218.4%	21,819,657	6.5%
Water Sales - Public Authority & Other	1,353,983	2,383,760	1,660,786	3,748,191	57.2%	3,991,179	6.5%
Water Sales - Fire	517,981	368,954	550,527	256,141	-30.6%	272,746	6.5%
Water Sales - SCWD Variable	22,706,668	22,601,399	26,657,145	incl above	0.0%	incl above	0.0%
Water Sales - SCWD Fixed	16,120,960	15,729,401	15,157,173	incl above	0.0%	incl above	0.0%
Water Sales - WWR Variable	1,713	1,000	1,137	1,000	0.0%	1,000	0.0%
Water Sales - WWR Fixed	169,561	118,620	118,620	67,392	-43.2%	32,033	-52.5%
Water Sales - Recycled	401,661	264,678	408,399	408,445	54.3%	468,612	14.7%
Water Sales - One Time	44,209	-	-	-	0.0%	-	0.0%
Misc Fees and Charges	1,381,877	1,561,714	772,018	1,000,000	-36.0%	1,020,000	2.0%
Water Sales - Saugus 1 and 2 Wells	692,907	697,000	714,774	-	-100.0%	-	0.0%
Lab Revenues	131,258	120,000	123,722	23,000	-80.8%	23,000	0.0%
Communication & Rental	666,845	708,966	708,996	730,266	3.0%	752,174	3.0%
Property Tax 1%	26,691,119	27,296,070	27,253,530	27,934,798	2.3%	28,588,472	2.3%
Annexation Reimbursements	280,806	-	1,036,410	224,032	0.0%	67,902	-69.7%
Interest Income	4,731,947	1,653,244	1,874,388	1,678,043	1.5%	1,703,213	1.5%
PERCH Reimbursements - O&M & CIP	1,059,587	6,282,500	467,959	8,172,198	30.1%	3,309,785	-59.5%
Grant Reimbursements - State	5,090,851	2,934,436	3,501,723	1,345,000	-54.2%	2,745,000	104.1%
Transfer In - Facility/Capacity Fees	6,806,486	11,970,000	12,039,059	16,785,568	40.2%	8,733,500	-48.0%
Transfer In - Reserves		9,444,277		13,133,817	39.1%	29,802,139	126.9%
Total Operating Revenues	133,029,788	148,521,622	147,134,813	156,883,760	5.6%	168,162,070	7.2%

OPERATING EXPENSES							
Management	5,998,867	3,878,227	4,343,029	4,300,023	10.9%	3,763,699	-12.5%
Finance, Administration & IT	17,430,025	16,079,376	16,316,732	16,349,648	1.7%	16,556,624	1.3%
Customer Care	2,135,547	2,154,147	1,723,729	2,347,600	9.0%	2,493,223	6.2%
Transmission & Distribution	9,787,654	10,405,326	9,524,557	11,803,359	13.4%	12,067,369	2.2%
Pumping, Wells & Storage	10,782,827	11,323,073	10,164,562	14,049,535	24.1%	14,950,742	6.4%
Water Resources	7,219,310	8,305,253	4,850,919	9,778,861	17.7%	9,661,712	-1.2%
Engineering	2,949,727	2,816,500	2,899,609	3,661,019	30.0%	3,695,368	0.9%
Water Quality & Treatment	9,799,519	9,540,518	9,056,192	10,428,336	9.3%	10,935,917	4.9%
Source of Supply	9,789,064	12,924,277	10,230,191	11,690,219	-9.5%	11,794,910	0.9%
Debt Service	28,878,196	27,610,418	5,638,813	32,960,792	19.4%	33,214,070	0.8%
Capital (Pay-go)	15,620,311	43,484,506	26,332,150	47,228,835	8.6%	49,028,436	3.8%
Total Operating Expenses	120,391,048	148,521,622	101,080,484	164,598,228	10.8%	168,162,070	2.2%

<i>Available Cash Balance, July 1</i>		4,134,695	11,499,616	14,617,989		6,642,545	
Total Operating Revenue	133,029,788	148,521,622	147,134,813	156,883,760	5.6%	168,162,070	7.2%
Total Operating Expense	120,391,048	148,521,622	101,080,484	164,598,228	10.8%	168,162,070	2.2%
Ending Cash Balance, June 30	12,638,740	4,134,695	57,553,945	6,903,521	67.0%	6,642,545	-3.8%

Note: FYE 2021 \$42,935,956 transferred to reserves

Total Operating Expenses	91,753,580	119,464,031	75,889,388	136,460,429	14.2%	138,995,285	1.9%
Total Salaries and Benefits	28,637,468	29,057,591	25,191,096	28,137,799	-3.2%	29,166,785	3.7%
Net Operating Expenses	120,391,048	148,521,622	101,080,484	164,598,228	10.8%	168,162,070	2.2%

**SCV WATER - FINANCIAL SUMMARY
FY 2021/22 BUDGET**

Description	General Fund/ Operating	Capital Project Fund*	State Water Contract Fund	Capacity Fees Fund	TOTAL
Fund Balance 7/1/2021	\$ 125,743,875	\$ 28,204,173	\$ 78,625,518	\$ 16,013,171	\$ 248,586,737
RESERVES:					
Capital Reserves	\$ (22,520,377)	\$ -	\$ -	\$ -	\$ (22,520,377)
Emergency/Disaster Reserves	(28,187,867)	-	-	-	\$ (28,187,867)
Operating Reserves	(39,175,065)	-	-	-	(39,175,065)
Revenue Rate Stabilization Reserves	(15,242,577)	-	-	-	(15,242,577)
Water Supply Reliability Reserves	(6,000,000)	-	-	-	(6,000,000)
Subtotal	\$ (111,125,886)	\$ -	\$ -	\$ -	\$ (111,125,886)
Net Available	\$ 14,617,989	\$ 28,204,173	\$ 78,625,518	\$ 16,013,171	\$ 137,460,852
REVENUES:					
Water Sales - Retail	\$ 85,380,201	\$ -	\$ -	\$ -	85,380,201
Water Sales - Wholesale	68,392	-	-	-	68,392
Water Sales - Recycled	408,445	-	-	-	408,445
Water Sales - One Time	-	-	-	-	-
Misc Fees and Charges	1,000,000	-	-	-	1,000,000
Lab Revenues	23,000	-	-	-	23,000
Communication & Rental	730,266	-	-	-	730,266
Property Tax	27,934,798	-	33,642,000	-	61,576,798
Annexation Reimbursements	224,032	-	-	-	224,032
Facility Capacity Fees	-	-	-	9,071,100	9,071,100
Interest Income	1,678,043	32,000	850,000	-	2,560,043
PERCH Reimbursements - O&M & CIP	8,172,198	-	-	-	8,172,198
Grant Reimbursements - State	1,345,000	-	-	-	1,345,000
Bond/Loan Proceeds	-	19,500,000	-	-	19,500,000
Transfers In - Reserves	13,133,817	-	-	-	13,133,817
Subtotal	\$ 140,098,192	\$ 19,532,000	\$ 34,492,000	\$ 9,071,100	\$ 203,193,292
EXPENDITURES:					
Operating	\$ (84,408,601)	\$ -	\$ -	\$ -	(84,408,601)
Capital Improvement Program	(44,457,735)	(36,811,550)	-	(2,771,100)	(84,040,385)
Department of Water Resources	-	-	(34,866,100)	-	(34,866,100)
Debt Service Principal & Interest	(18,946,324)	-	-	(14,014,468)	(32,960,792)
Subtotal	\$ (147,812,660)	\$ (36,811,550)	\$ (34,866,100)	\$ (16,785,568)	\$ (236,275,878)
Available Fund Balance 6/30/2022 (Estimated)	\$ 6,903,521	\$ 10,924,623	\$ 78,251,418	\$ 8,298,703	\$ 104,378,266

*Major Capital Projects - Bond Proceeds

**SCV WATER - FINANCIAL SUMMARY
FY 2022/23 BUDGET**

Description	General Fund/ Operating	Capital Project Fund*	State Water Contract Fund	Capacity Fees Fund	TOTAL
Fund Balance 7/1/2022	\$ 118,029,407	\$ 10,924,623	\$ 78,251,418	\$ 8,298,703	\$ 215,504,151
RESERVES:					
Capital Reserves	\$ (20,505,140)	\$ -	\$ -	\$ -	\$ (20,505,140)
Emergency/Disaster Reserves	\$ (28,742,788)	-	-	-	\$ (28,742,788)
Operating Reserves	\$ (39,814,145)	-	-	-	(39,814,145)
Revenue Rate Stabilization Reserves	\$ (16,324,788)	-	-	-	(16,324,788)
Water Supply Reliability Reserves	\$ (6,000,000)	-	-	-	(6,000,000)
Subtotal	\$ (111,386,861)	\$ -	\$ -	\$ -	\$ (111,386,861)
Net Available	\$ 6,642,545	\$ 10,924,623	\$ 78,251,418	\$ 8,298,703	\$ 104,117,290
REVENUES:					
Water Sales - Retail	\$ 90,915,240	\$ -	\$ -	\$ -	90,915,240
Water Sales - Wholesale	33,033	-	-	-	33,033
Water Sales - Recycled	468,612	-	-	-	468,612
Water Sales - One Time	-	-	-	-	-
Misc Fees and Charges	1,020,000	-	-	-	1,020,000
Lab Revenues	23,000	-	-	-	23,000
Communication & Rental	752,174	-	-	-	752,174
Property Tax	28,588,472	-	34,429,000	-	63,017,472
Annexation Reimbursements	67,902	-	-	-	67,902
Facility/Capacity Fees	-	-	-	8,733,500	8,733,500
Interest Income	1,703,213	80,000	880,000	-	2,663,213
PERCH Reimbursements - O&M & CIP	3,309,785	-	-	-	3,309,785
Grant Reimbursements - State	2,745,000	-	-	-	2,745,000
Bond/Loan Proceeds	-	75,000,000	-	-	75,000,000
Transfers In - Reserves	29,802,139	-	-	-	29,802,139
Subtotal	\$ 159,428,570	\$ 75,080,000	\$ 35,309,000	\$ 8,733,500	\$ 278,551,070
EXPENDITURES:					
Operating	\$ (85,919,564)	\$ -	\$ -	\$ -	(85,919,564)
Capital Improvement Program	(46,752,436)	(40,447,650)	-	(2,276,000)	(89,476,086)
Department of Water Resources	-	-	(35,892,100)	-	(35,892,100)
Debt Service Principal & Interest	(26,756,570)	-	-	(6,457,500)	(33,214,070)
Subtotal	\$ (159,428,570)	\$ (40,447,650)	\$ (35,892,100)	\$ (8,733,500)	\$ (244,501,820)
Available Fund Balance 6/30/2023 (Estimated)	\$ 6,642,545	\$ 45,556,973	\$ 77,668,318	\$ 8,298,703	\$ 138,166,540

*Major Capital Projects - Bond Proceeds

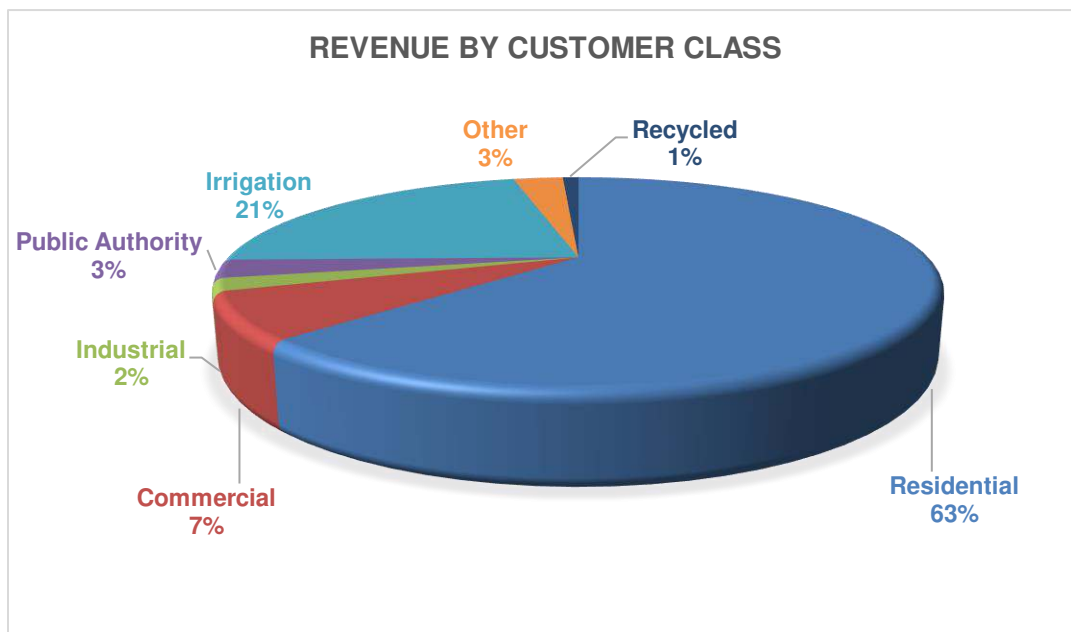
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REVENUES

Retail Water Sales

Developing accurate demand forecasts is one of the biggest challenges in creating long-term financial forecasts. There are many factors that influence customer demand projections. Climate and weather conditions, economic drivers, and conservation are a few of the factors that must be considered. Different factors affect consumption trends of each customer class, and therefore, consumption data is primarily analyzed and forecast by class.

SCV Water will provide water service to nearly 75,000 customers by the end of fiscal year (FY) 2021/22. Of the Agency's water sales, 63% of the revenues come from residential customers, 21% from landscaping/irrigation and the remaining 16% are comprised of commercial, public authority and industrial. Retail water sales also include private fire services, including private fire hydrants. Retail water sales account for 68% of the Agency's total revenues. SCV Water is expecting to add 1,013 service connections in FY 2021/22 and 1,047 service connections in FY 2022/23, an approximate 1.36% growth rate.



SCV Water is planning to receive approximately 68% of its FY 2021/22 retail revenue from metered sales and approximately 71% in FY 2021/22. The remaining 32% and 29% of other revenues come from property taxes, communication/rental leases, investment income, grants and reimbursements as depicted below:

Other Revenues	FY 2021/22	FY 2022/23
Lab Revenues	\$ 23,000	\$ 23,000
Communication & Rental	\$ 730,266	\$ 752,174
Property Tax 1%	\$27,934,798	\$28,588,472
Annexation Reimbursements	\$ 224,032	\$ 67,902
Interest Income	\$ 1,678,043	\$ 1,703,213
PERCH Reimbursements - O&M & CIP	\$ 8,172,198	\$ 3,309,785
Grant Reimbursements - State	\$ 1,345,000	\$ 2,745,000
Total Other Revenues	\$40,107,337	\$37,189,546

Billing units (CCF = 748 gallons) are expected to increase by less than 1% from the previous year's budget. Even though there is an addition of 1,013 service connections in FY 2021/22, the Agency has included additional conservation to address conservation mandates by the state. Growth projections were incorporated with historical trends of customers reactions to weather and drought to determine the average consumption by meter size and class. As a result of the most recent drought and consistent with previous years, the Agency is projecting its water sales revenues based on State AB 1668 and SB 606, that gives us conservation long-term framework for annual water use objectives. Using the old target from SB x7-7, which required the Agency to achieve a 20% reduction in urban per capita water use, we are maintaining an interim strategy of 22% in FY 2021/22 and 25% in FY 2022/23 until the conservation long-term framework gets finalized.

SCV Water is continuing to promote conservation and water efficiency targets in order to meet the conservation goals established by the State. The Agency is not expecting customers to return to their pre-drought usage but will continue to voluntarily conserve.

Recycled Water

The Agency began recycled water sales during FY 2003/04. To-date, recycled water has only been sold to the Valencia Water Division to provide service for the TPC (now The Oaks Club) golf course and median landscaping in the Westridge development, and sales range from 400 to 450 AF per year. At an estimated rate of \$647/AF in FY 2021/22 and \$676/AF in FY 2022/23, revenue is estimated to be \$408,445 and \$468,612, respectively. Should recycled water be used for grading for Mission Village in the Newhall Ranch development, revenues would be higher.

One-Time Water Sales

In the past, the Agency has been able to sell water from the Buena Vista/Rosedale-Rio Bravo water supplies. Based on water supply conditions, the Agency is not anticipating selling any excess water supply during FY 2021/22 or FY 2022/23. This revenue is known as one-time water sales and in the event that the Agency has the ability to sell any supply, it will be allocated to the Operating Fund.

One-Percent Property Tax Revenues

One-percent property tax revenues are unrestricted and can be used to fund operating expenses, as well as debt service dedicated to fund existing users' share of the Agency debt (excluding Legacy debt), the pay-go portion of the capital improvement program, as well as a

portion of core non-SWP water supplies. FY 2021/22 revenues are estimated at \$27.9 million, assuming a 2.3% annual increase, the FY 2022/23 revenues are projected at \$28.6 million. This assumption is based on the 11-year average of property tax revenues.

This budget estimate also assumes the State does not divert these funds. During FY 2004/05 and FY 2005/06, the State of California diverted over 65% of the Agency’s one-percent property tax revenues. The Agency was able to absorb the two-year loss due to sufficient cash and reserves to maintain debt coverage and to fund the capital budget. During FY 2009/10, the State invoked a Proposition 1A borrowing of 8% of the Agency’s allocation of one-percent tax revenues, or approximately \$1.7 million, intended to be repaid by FY 2012/13. The Agency participated in the State of California Proposition 1A Receivables Program to securitize the receivable and received the entire repayment during FY 2009/10.

Any future diversions by the State will impact the Agency’s ability to fully fund existing users’ share of the debt service and pay-go capital improvement projects. At this time, it seems unlikely the State will again shift some amount of property tax revenue away from the Agency in FY 2021/22 or FY 2022/23. If the property tax formula is permanently changed in the future, it would impact the Agency’s ability to maintain debt coverage and fund the capital budget.

Agency-Set Property Tax Revenues (SWC Fund)

The Agency-set property tax revenues are estimated to total \$33.6 million in FY 2021/22 and \$34.4 million in FY 2022/23. These revenues are restricted to pay for the Agency’s share of the cost of operating and administering the State Water Project supply. This revenue estimate is based on an increase of a 2.3% annual property tax revenue increase and no change in the current tax rate of 7.06 cents per \$100 valuation.

Agency-Set Property Tax Revenues – Last Ten Fiscal Years

Fiscal Year	Los Angeles		Total
	County	Ventura County	
2011/12	\$ 22,897,145	\$ 24,913	\$ 22,922,058
2012/13	23,117,274	27,904	23,145,178
2013/14	24,090,084	25,790	24,115,874
2014/15	26,044,550	25,800	26,070,350
2015/16	27,076,572	22,783	27,099,355
2016/17	28,343,916	22,887	28,366,803
2017/18	31,245,039	22,670	31,267,709
2018/19	31,973,100	22,900	31,996,000
2019/20	32,094,246	27,587	32,121,833
2020/21*	32,856,352	30,205	32,886,557

*Estimated

Facility Capacity Fee Revenues

Facility Capacity Fee revenues are estimated at \$6 million in FY 2021/22 and \$6.5 million in FY 2022/23. The estimated growth in connections is 1.3% for each fiscal year and is consistent with the 2019 Facility Capacity Fee (FCF) study. FCF’s are used to pay for the portion of debt that has been allocated to future users.

Perchlorate Reimbursements

In May 2007, the legacy division of SCV Water settled a long-running lawsuit against the current and past owners of the former Whittaker-Bermite industrial site and approved a settlement agreement to remove perchlorate from the Santa Clarita Valley's groundwater aquifers. The Agency estimates this settlement, when added to past settlements, will provide up to \$100 million on an undiscounted basis. Settlement Agreement revenues in FY 2021/22 are \$8.2 million, and \$3.3 in FY 2022/23 for operations and maintenance (O&M) and for the construction of the Saugus #3 & #4 replacement wells.

Grants

Grants and reimbursements for Capital Improvement Programs are provided by Proposition 1 Round 2, Proposition 84 Rounds 1 and 2 Planning and Implementation Grants and Prop 68 Round 3 through the Department of Water Resources for a variety of water studies, implementation, administration of the grants and updating various programs and plans. Reimbursements are provided for the processing of annexations.

		FY 2021/22	FY 2022/23
P84 R1 Implemenation			
Project 1	Grant Administration	\$ 10,000.00	
Project 4	PHASE 2B & 2D COMBINED	\$ 620,000.00	
Prop 1 Round 2 SGWP Grant			
	Category A,B	\$ 39,000.00	\$ 50,000.00
Prop 68 Round 3 SGWP Grant (Amendment 1)			
	Category A,B,C	\$ 236,000.00	\$ 160,000.00
P1 Round 1 IRWM Implementation			
Project 1	Grant Admin	\$ 55,000	\$ 35,000
Project 3	Recycled Water Phase 2C	\$ 135,000	\$ 2,500,000
CalOES - Special District - NEW			
	ESFP Generator Grant	\$ 250,000.00	
Total Grants		\$1,345,000.00	\$ 2,745,000.00

Other Sources of Revenue

Laboratory Revenues

The Agency performs laboratory work for DWR, UCLA and various other entities. FY 2021/22 and FY 2022/23 laboratory revenues are estimated at \$23,000 per year based on the current workload.

Communications Revenues

The Agency has several agreements with communication companies for lease of communication sites at Agency facilities. In addition, the Agency receives rent from a commercial property. FY 2021/22 revenues are estimated at \$730,266 and \$752,174 in FY 2022/23 based on the existing contracts.

Investment Revenues

FY 2021/22 investments revenues are \$2,560,043 and \$2,663,213 in FY 2022/23 across all funds. The breakdown by funding source for the FY 2021/22 and FY 2022/23 Budget is as follows:

Fund	FY 2021/22	FY 2022/23
General Fund/Operating	\$ 1,678,043	\$ 1,703,213
Capital Improvement Program	32,000	80,000
State Water Contract Fund	850,000	880,000
Facility Capacity/Connection Fees	0	0
Total	\$ 2,560,043	\$ 2,663,213

SCV WATER - REVENUES
FY 2021/22 and FY 2022/23

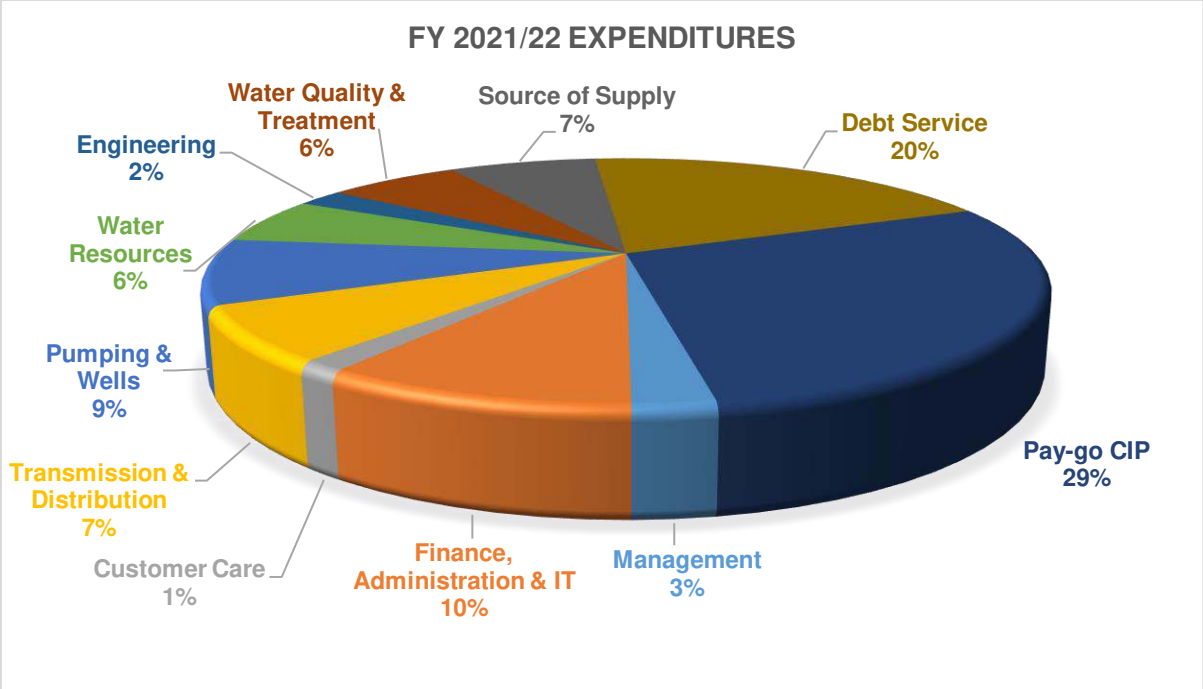
	ACTUAL FY 2019/20	BUDGET FY 2020/21	PROJECTED BUDGET FY 2020/21	PROPOSED BUDGET FY 2021/22	% of change over FY21 Budget	PROPOSED BUDGET FY 2022/23	% of change over FY22 Budget
OPERATING REVENUES							
Water Sales - Residential	29,274,383	34,993,591	34,739,357	53,968,825	54.2%	57,467,523	6.5% (A)
Water Sales - Commercial	4,063,528	2,860,512	4,284,760	5,208,192	82.1%	5,545,830	6.5% (A)
Water Sales - Industrial	1,356,799	95,350	1,672,639	1,707,604	1690.9%	1,818,305	6.5% (A)
Water Sales - Irrigation	9,484,659	6,436,151	13,391,691	20,491,248	218.4%	21,819,657	6.5% (A)
Water Sales - Public Authority & Other	1,353,983	2,383,760	1,660,786	3,748,191	57.2%	3,991,179	6.5% (A)
Water Sales - Fire	517,981	368,954	550,527	256,141	-30.6%	272,746	6.5% (A)
Water Sales - SCWD Variable	22,706,668	22,601,399	26,657,145	incl above	0.0%	incl above	0.0% (A)
Water Sales - SCWD Fixed	16,120,960	15,729,401	15,157,173	incl above	0.0%	incl above	0.0% (A)
Water Sales - WWR Variable	1,713	1,000	1,137	1,000	0.0%	1,000	0.0%
Water Sales - WWR Fixed	169,561	118,620	118,620	67,392	-43.2%	32,033	-52.5% (B)
Water Sales - Recycled	401,661	264,678	408,399	408,445	54.3%	468,612	14.7% (C)
Water Sales - One Time	44,209	-	-	-	0.0%	-	0.0%
Misc Fees and Charges	1,381,877	1,561,714	772,018	1,000,000	-36.0%	1,020,000	2.0% (D)
Water Sales - Saugus 1 and 2 Wells	692,907	697,000	714,774	-	-100.0%	-	0.0%
Lab Revenues	131,258	120,000	123,722	23,000	-80.8%	23,000	0.0% (E)
Communication & Rental	666,845	708,966	708,996	730,266	3.0%	752,174	3.0%
Property Tax 1%	26,691,119	27,296,070	27,253,530	27,934,798	2.3%	28,588,472	2.3%
Annexation Reimbursements	280,806	-	1,036,410	224,032	0.0%	67,902	-69.7% (F)
Interest Income	4,731,947	1,653,244	1,874,388	1,678,043	1.5%	1,703,213	1.5%
PERCH Reimbursements - O&M & CIP	1,059,587	6,282,500	467,959	8,172,198	30.1%	3,309,785	-59.5% (G)
Grant Reimbursements - State	5,090,851	2,934,436	3,501,723	1,345,000	-54.2%	2,745,000	104.1% (H)
Transfer In - Facility/Capacity Fees	6,806,486	11,970,000	12,039,059	16,785,568	40.2%	8,733,500	-48.0%
Transfer In - Reserves		9,444,277		13,133,817	39.1%	29,802,139	126.9%
Total Operating Revenues	133,029,788	148,521,622	147,134,813	156,883,760	5.6%	168,162,070	7.2%

(1) Changes of more than 10% and \$20,000 (Revenue only - Expense variances noted in Department schedules)

- (A) Total Retail Water Sales increased by less than 1% from FY 2020/21 to FY 2021/22
- (B) Wholesale Water Sales for Waterworks District No. 36 decreases each year based on a 10-year rolling average of demand
- (C) Recycled Water Sales budgeted in FY 2020/21 was based on recycled water sales only, did not include O&M and CIP
- (D) Misc Fees and Charges have been reduced by the new Customer Service Policy incorporating SB998, pertaining to penalties and terminations
- (E) Agency facility testing has been eliminated
- (F) Tesoro and Tapia reimbursements for BVRRB water supply. Tesoro reduces each year as homes come online.
- (G) Projecting reimbursement from settlement agreement to offset construction Saugus 3 & 4 Replacement Wells
- (H) Grant Reimbursements fluctuate year over year depending on grant availability and project approval

EXPENDITURES

The FY 2021/22 and FY 2022/23 Biennial Budget’s use of funds (including debt service and Pay-go CIP) is projected to be \$164.6 million and \$168.2 million, respectively. There is a 10.8% increase in expenditures in FY 2021/22 compared to the FY 2020/21 budget, and an increase of 2.2% in FY 2022/23 compared to FY 2021/22. A significant factor in the rise in use of funds in FY 2021/22 is due to a 21.4% increase in the department Pumping, Wells & Storage for the PFAS treatment expense; 19.4% increase in debt service payments due to payments for the 1999A COP and 2020A bonds; 17.7% increase in the department Water Resources for resiliency planning, and an 8.6% increase in Pay-go CIP.



Certain types of expenses are combined into spending categories for easier management. These categories combine several similar line items to facilitate analysis by Agency management. A brief description of use in each category is as follows:

Source of Supply

The source of supply department represents approximately 7% of the Agency’s expense budget and includes the cost of acquiring water supplies, outside of the State Water Project or the Agency’s groundwater wells. This department includes the purchase of recycled water from the Los Angeles County Sanitation District, the cost for the Buena Vista/Rosedale-Rio Bravo water supply contract and firming supplies in order to have funds to draw from the Agency’s water banking programs due to dry weather years.

Pumping, Wells and Storage

The pumping, wells and storage department represents 9% of the Agency's expense budget and provides funds for the cost of power to the Agency's wells, booster stations, storage tanks and sewer lift station. This category also provides funds for labor and maintenance of pumping equipment, structures, Cla-Vals (automatic control valves) and the groundwater treatment of Perchlorate and PFAS. For the FY 2021/22 and FY 2022/23 Biennial Budget, this category is projected to be \$14 million and \$15 million, respectively. This is an increase of 24.1% in FY 2021/22 compared to the FY 2020/21 Budget, and an increase of 6.4% in FY 2022/23 compared to FY 2021/22. The change in both years is primarily due to the increase of power and treatment costs for the current facilities and new facilities that will be coming online during this budget period.

Water Quality and Treatment

The water treatment department represents 6% of the Agency's expense budget and provides funds for costs associated with laboratory testing, bacteriological sampling and special analysis as noted in Title 22 of the California Code of Regulations, as well as State Water Resources – Division of Drinking Water. This category also includes labor, maintenance and power for the Agency's treatment facilities and purchase of chemicals and salt, etc., necessary for water treatment operations. For the FY 2021/22 and FY 2022/23 Biennial Budget, this department is projected to be \$10.4 million and \$10.9 million, respectively. There is a slight change in FY 2021/22 compared to the FY 2020/21 Budget due to increased chemical costs and a reallocation of labor, and an increase of 4.9% in FY 2022/23 compared to FY 2021/22. The change in both years is primarily due to an increase in cost and amount of chemicals for the treatment process, and additional sampling and testing to comply with new regulations.

Transmission and Distribution

The transmission and distribution department represents 7% of the Agency's expense budget and provides funds for labor and maintenance of the Agency's mains, recycled water system, services, meters and hydrants. For the FY 2021/22 and FY 2022/23 Biennial Budget, this department is projected to be \$11.8 million and \$12 million, respectively. This is an increase of 13.4% in FY 2021/22 compared to the FY 2020/21 budget and an increase of 2.2% in FY 2022/23 compared to FY 2021/22. The primary increase is due to the maintenance and repair of mains and services.

Customer Care

The customer care department represents 1% of the Agency's expense budget and provides funds for labor and supervision for billing, collecting, connects, disconnects, investigations, meter reading and applications. It also includes funds for the outsourcing of printing and mailing water bills, meter reconstruction, testing, repairs and calibrations. For the FY 2021/22 and FY 2022/23 Biennial Budget, this department is projected to be \$2.3 million and \$2.5 million, respectively. This is an increase of 9% in FY 2021/22 compared to the FY 2020/21 Budget, and an increase of 6.2% in FY 2022/23 compared to FY 2021/22. The primary increase in both years is attributable to the cost increases to outsource, print and mail customer bills.

Engineering

The engineering department represents 2% of the Agency's expense budget and provides funds for planning, design and construction management of the Agency's capital projects, and oversees developer activities to ensure that capital facilities meet Agency standards. For the FY 2021/22 and FY 2022/23 Biennial Budget, this department is projected to be \$3.66 million and \$3.7 million, respectively. This is an increase of 30% in FY 2021/22 compared to the FY 2020/21 Budget and an increase of 1% in FY 2022/23 compared to FY 2021/22. The increase is

primarily due to additional planning activities that were previously part of the Agency's CIP budget.

Water Resources

The water resources department represents 6% of the Agency's expense budget and provides funds to ensure there is adequate water resources available to meet the community's current and future water needs, and to provide outreach to communicate the overall mission and vision of the Agency. For the FY 2021/22 and FY 2022/23 Biennial Budget, this department is projected to be \$9.8 million and \$9.7 million, respectively. This is an increase of 17.7% in FY 2021/22 compared to the FY 2020/21 Budget, and a decrease of 1.2% in FY 2022/23 compared to FY 2021/22. Similar to the Engineering department, several planning documents that were previously part of the Agency's CIP are now expensed to comply with the Agency's Capitalization Policy.

Management

The management department represents 3% of the Agency's expense budget and provides funds for the Board of Director stipends, benefits and activities, General Manager labor, benefits, and activities, as well as the biennial election expense, litigation, and general legal costs. For the FY 2021/22 and FY 2022/23 Biennial Budget, this department is projected to be \$4.3 million and \$3.8 million, respectively. This is an increase of 10.9% in FY 2021/22 compared to the FY 2020/21 Budget and a decrease of 12.5% in FY 2022/23 compared to FY 2021/22. The primary changes from year to year are due to the biennial election cycle.

Finance, Administration and IT

The finance, administration and IT department represents 10% of the Agency's expense budget and provides funds for: administrative and general salaries, office supplies, technology supplies and service, supplies and contracts, human resources recruitment and services, facilities maintenance, liability insurance, professional services, conferences and seminars, professional development, training and other general office expenses. For the FY 2021/22 and FY 2022/23 Biennial Budget, this department is projected to be \$16.4 million and \$16.6 million, respectively. This is an increase of 1.7% in FY 2021/22 compared to the FY 2020/21 Budget and an increase of 1.3% in FY 2022/23 compared to FY 2021/22.

The safety needs of the Agency's customers and employees, as well as compliance with regulatory agencies are of utmost importance to the Agency, and these costs are considered necessary expenses. Some of the administration and general expenses are more discretionary than others, such as insurance or regulatory fees, which are mandatory; whereas the Agency may be better able to control other expenses such as training or business meetings to some extent.

Salaries and Related Costs

The Board authorizes all regular full-time positions. All requests for new positions must contain justification and evaluate total costs, including benefits. There were five (5) additional positions added in the FY 2021/22 and two (2) in FY 2022/23. The FY 2021/22 budget provides funding for 216 full-time employees, 10 part-time employees and five (5) limited duration employees for a total full-time equivalent (FTE) of 226 employees.

Portions of salaries and related costs (benefits) that occur in one department may be applied to another, and costs associated with developer funded projects or capital improvements projects are directly charged to those projects. Employee benefits include expenses for workers compensation, group medical insurance, disability insurance and retirement.

Eligible full-time employees become members of the California Public Employees Retirement System (CalPERS).

For the FY 2021/22 and FY 2022/23 Biennial Budget, salaries and related costs are projected to be \$28.1 million and \$29.2 million, respectively. This is a decrease of 3.2% in FY 2021/22 compared to the FY 2020/21 Budget and an increase of 3.7% in FY 2022/23 compared to FY 2021/22.

Capital Improvement Projects “Pay-Go”

The “pay-go” (pay-as-you-go) capital improvement projects (CIP) category represents 29% of the Agency’s expense budget and provides funds to enhance asset management, maintenance, water system improvements, equipment replacements and technology improvements. Additional information can be found in the Capital Improvement Program section of the Budget. For the FY 2021/22 and FY 2022/23 Biennial Budget, this category is projected to be \$47.2 million and \$49 million, respectively. This is an increase of 8.6% in FY 2021/22 compared to the FY 2020/21 Budget, and an increase of 3.8% in FY 2022/23 compared to FY 2021/22.

Debt Service

The debt service category represents 20% of the Agency’s expense budget. Debt is used for financing the Agency infrastructure and project needs. Debt is issued and managed prudently in order to maintain a sound financial position and protect credit quality. The Agency pays its debt service (excluding Legacy debt) from Facility Capacity Fee (FCF), 1% property tax revenues, and water sales. The Agency anticipates issuing revenue bonds in FY 2022/23 in the amount of \$95 million to fund major capital improvements. Current FCF, 1% property tax revenues and water rates will be sufficient to pay for the projected issuance as was included in the Cost of Service and Rate Study. Additional long-term debt information can be found in the Long-Term Commitment and Forecast sections of the Budget. For the FY 2021/22 and FY 2022/23 Biennial Budget, this category is projected to be \$33 million and \$33.2 million, respectively. The Agency continues to monitor its bond covenants to ensure there is sufficient funds to cover its debt service obligations.

**SCV WATER - TOTAL EXPENSES
FY 2021/22 and FY 2022/23**

	ACTUAL FY 2019/20	BUDGET FY 2020/21	PROJECTED BUDGET FY 2020/21	PROPOSED BUDGET FY 2021/22	% of change over FY21 Budget	PROPOSED BUDGET FY 2022/23	% of change over FY22 Budget
Department Summary	120,391,048	148,521,622	101,080,484	164,598,228	10.8%	168,162,070	2.2%
Management	5,998,867	3,878,227	4,343,029	4,300,023	10.9%	3,763,699	-12.5%
Finance, Administration & IT	17,430,025	16,079,376	16,316,732	16,349,648	1.7%	16,556,624	1.3%
Customer Care	2,135,547	2,154,147	1,723,729	2,347,600	9.0%	2,493,223	6.2%
Transmission & Distribution	9,787,654	10,405,326	9,524,557	11,803,359	13.4%	12,067,369	2.2%
Pumping, Wells & Storage	10,782,827	11,323,073	10,164,562	14,049,535	24.1%	14,950,742	6.4%
Water Resources	7,219,310	8,305,253	4,850,919	9,778,861	17.7%	9,661,712	-1.2%
Engineering	2,949,727	2,816,500	2,899,609	3,661,019	30.0%	3,695,368	0.9%
Water Quality & Treatment	9,799,519	9,540,518	9,056,192	10,428,336	9.3%	10,935,917	4.9%
Source of Supply	9,789,064	12,924,277	10,230,191	11,690,219	-9.5%	11,794,910	0.9%
Debt Service	28,878,196	27,610,418	5,638,813	32,960,792	19.4%	33,214,070	0.8%
Capital (Pay-go)	15,620,311	43,484,506	26,332,150	47,228,835	8.6%	49,028,436	3.8%

SCV Water Expense Detail by Account	120,391,048	148,521,622	101,080,484	164,598,228	10.8%	168,162,070	2.2%
SALARY	18,516,287	17,791,879	16,149,656	18,827,774	5.8%	19,607,977	4.1%
OVERTIME	1,650,579	1,334,567	1,538,362	1,048,398	-21.4%	1,072,721	2.3%
BENEFITS	8,470,602	9,931,145	7,503,078	8,261,627	-16.8%	8,486,087	2.7%
51301 - Election	-	550,000	550,000	-	-100.0%	550,000	0.0%
51326 - Directors Compensation	539,667	681,895	544,914	445,072	-34.7%	453,842	2.0%
51327 - Directors Expenses	33,845	60,000	2,705	60,000	0.0%	60,000	0.0%
51328 - Directors Travel	13,984	40,000	-	40,000	0.0%	40,000	0.0%
51329 - Directors Training	29,996	35,000	3,482	35,000	0.0%	35,000	0.0%
51505 - Employee Expense	75,038	151,254	21,190	199,495	31.9%	212,465	6.5%
51515 - Employee Travel	41,016	205,309	1,173	200,560	-2.3%	216,060	7.7%
52005 - Safety Training & Expense	353,164	252,441	312,623	325,000	28.7%	350,000	7.7%
52010 - Supplies & Services	746,104	753,432	420,653	479,500	-36.4%	499,500	4.2%
52024 - Internal Relations	86,994	63,000	57,000	86,600	37.5%	86,000	-0.7%
52030 - DD Landowner Expenditures	99,762	200,000	100,000	176,500	-11.8%	176,500	0.0%
52050 - Analytical Supplies	617,167	566,552	466,443	280,000	-50.6%	290,000	3.6%
52085 - Small Tools, Materials and Supplies	1,649,315	575,000	1,492,065	662,000	15.1%	678,000	2.4%
52611 - Chemicals	1,339,790	1,278,000	1,547,250	1,532,000	19.9%	1,637,000	6.9%
52651 - Fuel	594,238	497,000	365,534	550,000	10.7%	566,500	3.0%
52652 - DIESEL	11,934	10,000	(863)	10,000	0.0%	10,000	0.0%
52654 - M&R - Vehicles & Equipment	724,470	831,735	756,543	800,000	-3.8%	824,000	3.0%
53101 - Education/Seminars	113,910	208,704	42,960	294,450	41.1%	299,555	1.7%
53104 - Uniforms & Apparel	241,440	155,200	81,809	165,000	6.3%	165,000	0.0%
53105 - Outside Service/Contracting	2,416,379	3,857,177	2,164,666	2,719,000	-29.5%	2,799,000	2.9%
53111 - Maintenance - Contracts	104,631	-	91,289	170,000	100.0%	170,000	0.0%
53121 - M&R - Storage - Potable Water	94,548	60,000	38,513	180,000	200.0%	200,000	11.1%
53122 - M&R - Mains	861,735	1,161,747	1,151,100	1,500,000	29.1%	1,500,000	0.0%
53123 - M&R - Services	356,464	125,000	546,904	900,000	620.0%	900,000	0.0%
53124 - M&R - Hydrants	112,480	133,000	125,374	185,000	39.1%	185,000	0.0%
53125 - M&R - Structures & Improvements	1,603,693	792,715	1,505,981	-	-100.0%	-	0.0%
53126 - M&R - Meters	109,554	175,000	210,883	300,000	71.4%	300,000	0.0%
53127 - M&R - Wells and Structures	189,341	527,580	141,627	150,000	-71.6%	175,000	16.7%
53128 - M&R - Pumping Stations and Structures	345,039	365,900	298,313	200,000	-45.3%	225,000	12.5%
53129 - M&R - Sewer Lift Station & Structures	36,030	-	8,060	45,000	100.0%	45,000	0.0%
53130 - M&R - Equipment Water Treatment	40,223	-	36,756	65,000	100.0%	70,000	7.7%
53131 - M&R - Pumping Equipment & Structures	-	-	-	30,000	100.0%	35,000	16.7%
53132 - M&R - Storage - Recycled Water	-	-	-	20,000	100.0%	25,000	25.0%
53133 - M&R - Groundwater PFAS Treatment	-	-	-	2,039,596	100.0%	2,796,648	37.1%
53134 - M&R - Groundwater Perchlorate Treatme	-	-	-	1,827,198	100.0%	1,554,785	-14.9%
53135 - M&R - Mains - Recycled Water	-	-	-	200,000	100.0%	200,000	0.0%
53136 - M&R - Valves	-	-	-	300,000	100.0%	300,000	0.0%
53137 - M&R - Control Valves	-	-	-	200,000	100.0%	200,000	0.0%
53138 - M&R - Air Vac/Blow Offs	-	-	-	80,000	100.0%	100,000	25.0%
53139 - M&R - Warehouse/Yard	-	-	-	180,000	100.0%	180,000	0.0%
53140 - M&R Treatment Plants and Intake Pump	-	-	-	160,000	100.0%	160,000	0.0%
53202 - Legal General	2,604,185	1,150,000	1,000,000	1,040,000	-9.6%	1,110,000	6.7%
53204 - Litigation Perchlorate	-	-	-	1,071,000	100.0%	-	-100.0%
53205 - Litigation Other	-	-	-	200,000	100.0%	200,000	0.0%
53210 - Professional Services Accounting	150,152	81,990	101,000	109,000	32.9%	111,000	1.8%
53212 - Licenses and Fees	200,016	110,000	259,193	200,000	81.8%	206,000	3.0%
53213 - Office Storage and Rent, HOA Dues	48,952	50,000	43,251	50,000	0.0%	50,000	0.0%

SCV WATER - TOTAL EXPENSES
FY 2021/22 and FY 2022/23

53214 - Technology Services	2,900,139	3,216,633	3,400,211	3,609,996	12.2%	3,576,996	-0.9%
53215 - Recruitment Expenses	38,346	74,000	46,920	48,000	-35.1%	48,000	0.0%
53216 - Security & Alarm Services	145,938	140,000	95,346	200,000	42.9%	200,000	0.0%
53218 - Printing & Publications	28,422	46,018	31,103	47,000	2.1%	47,000	0.0%
53219 - BMP Implementation	2,597,745	2,295,370	550,000	2,462,000	7.3%	2,535,860	3.0%
53222 - Public Affairs & Partnerships	75,312	74,000	30,000	85,000	14.9%	110,000	29.4%
53223 - Public Outreach Consultants	56,608	188,500	120,000	91,000	-51.7%	95,000	4.4%
53224 - DDW Large H2O System Fee	28,776	27,000	5,622	-	-100.0%	-	0.0%
53226 - Engineering Consulting	855,994	536,000	792,477	1,500,000	179.9%	1,450,000	-3.3%
53229 - Hazardous Waste Disposal	2,453	40,000	-	255,000	537.5%	255,000	0.0%
53232 - Tools & Equipment Rental	3,678	5,000	207	75,000	1400.0%	75,000	0.0%
53236 - Professional Services Other	1,246,536	2,099,108	1,497,295	2,771,238	32.0%	2,792,018	0.7%
53239 - Other - Misc Permits	28,804	-	41,927	125,000	100.0%	125,000	0.0%
53241 - Temporary Personnel Services	323,484	270,000	285,201	480,000	77.8%	470,100	-2.1%
53242 - Legislative Advocate Services	295,281	325,000	244,129	325,000	0.0%	350,000	7.7%
53243 - Groundwater Sustainability Agency	764,323	1,300,000	1,015,000	1,015,000	-21.9%	450,000	-55.7%
53244 - Website Online Presence	16,021	115,000	105,000	64,400	-44.0%	67,400	4.7%
53245 - Campaigns & Messaging	70,496	150,000	50,000	100,000	-33.3%	100,000	0.0%
53246 - Regulatory Fees	-	-	-	320,000	100.0%	332,000	3.8%
53301 - Uncollectible Accounts	131,544	-	42,649	75,000	100.0%	150,000	100.0%
53304 - Dues & Memberships	229,625	260,850	299,694	115,000	-55.9%	120,000	4.3%
53329 - Other General Expenses	160,923	223,448	182,353	102,200	-54.3%	105,300	3.0%
53330 - Other Rent	52,579	-	49,394	55,000	100.0%	55,000	0.0%
54300 - DD Variable DWR Charges	-	100,000	-	100,000	0.0%	100,000	0.0%
54305 - Irrigation	10,109	15,000	(1,750)	15,000	0.0%	15,000	0.0%
54310 - Refuse Disposal	16,502	20,000	14,449	20,000	0.0%	20,000	0.0%
54401 - Electricity - Pump Stations, Wells and Po	8,415,594	8,130,500	7,989,580	7,248,638	-10.8%	7,466,097	3.0%
54402 - Electricity - Treatment Plant & Intake Pur	541,029	420,000	478,409	428,848	2.1%	441,713	3.0%
54405 - Electricity - Sewer Lift Station	-	-	-	10,000	100.0%	10,600	6.0%
54407 - Electricity - Pump Stations & Recycled W	-	-	-	80,000	100.0%	85,000	6.3%
54415 - Natural Gas	32,387	35,000	15,515	30,000	-14.3%	30,000	0.0%
54426 - Recycled Water Purchase	70,725	150,000	110,452	230,000	53.3%	335,000	45.7%
55200 - Retiree Med/Dental Insurance	474,475	523,146	452,624	605,294	15.7%	621,931	2.7%
55205 - Unemployment Insurance	57,182	8,000	53,619	60,000	650.0%	63,000	5.0%
55215 - Liability Insurance	1,663,048	1,552,099	1,612,255	1,600,000	3.1%	1,648,000	3.0%
55501 - Core Water Supplies	6,976,005	7,324,805	6,865,986	7,460,219	1.8%	7,459,910	0.0%
55502 - Firing Programs	2,354,217	3,000,000	2,954,365	4,000,000	33.3%	4,000,000	0.0%
56020 - Capital/Other	15,620,311	43,484,506	26,332,150	47,228,835	8.6%	49,028,436	3.8%
Debt Service	28,878,196	27,610,418	5,638,813	32,960,792	19.4%	33,214,070	0.8%

**SCV WATER - OPERATING EXPENSE
DEPARTMENT - MANAGEMENT
FY 2021/22 and FY 2022/23**

	ACTUAL FY 2019/20	BUDGET FY 2020/21	PROJECTED BUDGET FY 2020/21	PROPOSED BUDGET FY 2021/22	% of change over FY21 Budget	PROPOSED BUDGET FY 2022/23	% of change over FY22 Budget	(1)
50000 - SCV Water Expenses	5,998,867	3,878,227	4,343,029	4,300,023	10.9%	3,763,699	-12.5%	
SALARY	956,171	682,635	1,105,299	510,728	-25.2%	527,486	3.3%	
OVERTIME	123,390	10,305	21,455	15,185	47.4%	15,489	2.0%	
BENEFITS	813,093	326,488	744,290	198,037	-39.3%	203,382	2.7%	
51301 - Election	-	550,000	550,000	-	-100.0%	550,000	100.0%	
51326 - Directors Compensation & Benefits	539,667	681,895	544,914	445,072	-34.7%	453,842	2.0%	
51327 - Directors Expenses	33,845	60,000	2,705	60,000	0.0%	60,000	0.0%	
51328 - Directors Travel	13,984	40,000	-	40,000	0.0%	40,000	0.0%	
51329 - Directors Training	29,996	35,000	3,482	35,000	0.0%	35,000	0.0%	
51505 - Employee Expense	7,719	3,361	500	5,000	48.8%	7,000	40.0%	
51515 - Employee Travel	2,140	4,072	16	3,500	-14.0%	5,000	42.9%	
53101 - Education/Seminars	5,281	4,471	1,238	5,000	11.8%	6,500	30.0%	
53105 - Outside Service/Contracting	574,115	5,000	125,000	-	-100.0%	-	0.0%	(A)
53202 - Legal General	2,604,185	1,150,000	1,000,000	1,040,000	-9.6%	1,110,000	6.7%	
53204 - Litigation Perchlorate	-	-	-	1,071,000	100.0%	-	-100.0%	(B)
53205 - Litigation Other	-	-	-	200,000	100.0%	200,000	0.0%	(C)
53236 - Professional Services Other	-	-	-	346,500	100.0%	200,000	-42.3%	(D)
53242 - Legislative Advocate Services	295,281	325,000	244,129	325,000	0.0%	350,000	7.7%	

(1) Changes of more than 10% and \$20,000

(A) Outside Service/Contracting combined with Professional Services Other

(B) Received a settlement to offset Perchlorate Litigation costs in FY 2020/21. Litigation is expected to conclude in FY 2021/22.

(C) Unforeseen litigation

(D) Report for redistricting of Board of Directors - Must be performed periodically. Includes Board of Directors team building and leadership training.

**SCV WATER - OPERATING EXPENSE
DEPARTMENT - FINANCE, ADMINISTRATION and IT
FY 2021/22 and FY 2022/23**

	ACTUAL FY 2019/20	BUDGET FY 2020/21	PROJECTED BUDGET FY 2020/21	PROPOSED BUDGET FY 2021/22	% of change over FY21 Budget	PROPOSED BUDGET FY 2022/23	% of change over FY22 Budget	(1)
50000 - SCV Water Expenses	17,430,025	16,079,376	16,316,732	16,349,648	1.7%	16,556,624	1.3%	
SALARY	5,619,386	4,167,378	4,945,573	4,751,435	14.0%	4,844,076	1.9%	(A)
OVERTIME	218,293	125,917	111,156	57,757	-54.1%	58,912	2.0%	
BENEFITS	2,572,929	2,200,145	2,074,513	1,962,067	-10.8%	1,964,710	0.1%	
51505 - Employee Expense	24,498	84,030	7,503	92,900	10.6%	93,500	0.6%	
51515 - Employee Travel	23,057	123,869	261	71,500	-42.3%	71,600	0.1%	
52010 - Supplies & Services	646,110	598,432	387,569	420,000	-29.8%	420,000	0.0%	
52085 - Small Tools, Materials and Supplies	174,785	120,000	229,490	200,000	66.7%	206,000	3.0%	(A)
53101 - Education/Seminars	46,384	119,280	10,548	134,500	12.8%	134,500	0.0%	
53105 - Outside Service/Contracting	413,504	605,033	730,484	760,000	25.6%	760,000	0.0%	(A)
53111 - Maintenance - Contracts	104,631	-	91,289	170,000	100.0%	170,000	0.0%	(A)
53210 - Professional Services Accounting	150,152	81,990	101,000	109,000	32.9%	111,000	1.8%	(B)
53212 - Licenses and Fees	200,016	110,000	259,193	200,000	81.8%	206,000	3.0%	(C)
53213 - Office Storage and Rent, HOA Dues	48,952	50,000	43,251	50,000	0.0%	50,000	0.0%	
53214 - Technology Services	2,888,200	3,206,633	3,391,002	3,609,996	12.6%	3,576,996	-0.9%	(D)
53215 - Recruitment Expenses	38,346	74,000	46,920	48,000	-35.1%	48,000	0.0%	
53216 - Security & Alarm Services	145,938	140,000	95,346	200,000	42.9%	200,000	0.0%	(A)
53218 - Printing & Publications	28,422	46,018	11,103	20,000	-56.5%	15,000	-25.0%	
53236 - Professional Services Other	1,171,703	1,374,108	872,295	650,000	-52.7%	700,000	7.7%	
53241 - Temporary Personnel Services	270,700	250,000	261,906	270,000	8.0%	278,100	3.0%	
53304 - Dues & Memberships	229,625	260,850	299,694	115,000	-55.9%	120,000	4.3%	
53329 - Other General Expenses	161,600	223,448	182,353	102,200	-54.3%	105,300	3.0%	
53330 - Other Rent	52,579	-	49,394	55,000	100.0%	55,000	0.0%	(E)
54305 - Irrigation	10,109	15,000	(1,750)	15,000	0.0%	15,000	0.0%	
54310 - Refuse Disposal	16,502	20,000	14,449	20,000	0.0%	20,000	0.0%	
55200 - Retiree Med/Dental Insurance	474,475	523,146	452,624	605,294	15.7%	621,931	2.7%	(F)
55205 - Unemployment Insurance	57,182	8,000	53,619	60,000	650.0%	63,000	5.0%	(G)
55215 - Liability Insurance	1,660,848	1,552,099	1,612,255	1,600,000	3.1%	1,648,000	3.0%	

(1) Changes of more than 10% and \$20,000

- (A) Salaries, Tools, Outside Services, Contracts and Alarm for the Buildings & Grounds Department reallocated to Finance, Administration & IT
- (B) Auditing Services, Overhead Study and misc accounting services
- (C) License and Fees Agency-wide - Previously charged within other Departments
- (D) Additional IT costs Agency-wide, including high-end aerial imagery, environmental compliance tracking system and additional Microsoft 365 licenses
- (E) Rent for modular leases. Previous budget was included in Other General Expenses.
- (F) Projecting premium increase for medical. Difference between actual and budget account for the variances in Divisional accounting.
- (G) Difference between actual and budget account for the variances in Divisional accounting.

**SCV WATER - OPERATING EXPENSE
DEPARTMENT - CUSTOMER CARE
FY 2021/22 and FY 2022/23**

	ACTUAL FY 2019/20	BUDGET FY 2020/21	PROJECTED BUDGET FY 2020/21	PROPOSED BUDGET FY 2021/22	% of change over FY21 Budget	PROPOSED BUDGET FY 2022/23	% of change over FY22 Budget	(1)
50000 - SCV Water Expenses	2,135,547	2,154,147	1,723,729	2,347,600	9.0%	2,493,223	6.2%	
SALARY	992,060	1,035,713	948,313	1,001,932	-3.3%	1,044,532	4.3%	
OVERTIME	19,594	19,310	8,334	8,669	-55.1%	8,842	2.0%	
BENEFITS	127,814	536,289	121,968	452,200	-15.7%	466,848	3.2%	
51505 - Employee Expense	-	-	-	1,200	100.0%	1,500	25.0%	
51515 - Employee Travel	-	-	-	900	100.0%	1,000	11.1%	
53101 - Education/Seminars	-	-	-	9,700	100.0%	10,500	8.2%	
53105 - Outside Service/Contracting	853,401	562,835	602,465	780,000	38.6%	810,000	3.8%	(A)
53241 - Temporary Personnel Services	11,134	-	-	18,000	100.0%	-	-100.0%	
53301 - Uncollectible Accounts	131,544	-	42,649	75,000	100.0%	150,000	100.0%	(B)

(1) Changes of more than 10% and \$20,000

(A) Costs associated with water bill printing. Additional cost to format and unify divisional water bills.

(B) Water accounts written off as bad debt. Difference between actual and budget account for the variances in Divisional accounting.

**SCV WATER - OPERATING EXPENSE
DEPARTMENT - TRANSMISSION and DISTRIBUTION
FY 2021/22 and FY 2022/23**

	ACTUAL FY 2019/20	BUDGET FY 2020/21	PROJECTED BUDGET FY 2020/21	PROPOSED BUDGET FY 2021/22	% of change over FY21 Budget	PROPOSED BUDGET FY 2022/23	% of change over FY22 Budget	(1)
50000 - SCV Water Expenses	9,787,654	10,405,326	9,524,558	11,803,359	13.4%	12,067,369	2.2%	
SALARY	1,691,106	3,277,270	1,448,929	3,110,491	-5.1%	3,254,603	4.6%	
OVERTIME	420,015	413,142	452,389	491,271	18.9%	501,097	2.0%	(A)
BENEFITS	952,197	2,043,858	900,747	1,586,597	-22.4%	1,640,670	3.4%	
51505 - Employee Expense	8,496	-	1,026	10,500	100.0%	10,500	0.0%	
51515 - Employee Travel	-	-	-	16,000	100.0%	16,500	3.1%	
52005 - Safety Training & Expense	353,164	252,441	312,623	325,000	28.7%	350,000	7.7%	(B)
52085 - Small Tools, Materials and Supplies	1,474,530	455,000	1,262,575	180,000	-60.4%	180,000	0.0%	
52611 - Chemicals	-	-	7,168	-	0.0%	-	0.0%	
52651 - Fuel	594,238	497,000	365,534	550,000	10.7%	566,500	3.0%	(C)
52652 - Diesel - Generator	11,934	10,000	(863)	10,000	0.0%	10,000	0.0%	
52654 - M&R - Vehicles & Equipment	743,370	831,735	773,191	800,000	-3.8%	824,000	3.0%	
53101 - Education/Seminars	21,369	-	1,070	32,500	100.0%	33,500	3.1%	(D)
53104 - Uniforms & Apparel	40,895	-	12,394	-	0.0%	-	0.0%	
53105 - Outside Service/Contracting	287,409	102,417	360,636	246,000	140.2%	213,000	-13.4%	(D)
53121 - M&R - Storage - Potable Water	94,548	60,000	38,513	-	-100.0%	-	0.0%	
53122 - M&R - Mains	843,933	1,161,747	1,142,970	1,500,000	29.1%	1,500,000	0.0%	(E)
53123 - M&R - Services	356,464	125,000	546,904	900,000	620.0%	900,000	0.0%	(F)
53124 - M&R - Hydrants	112,480	133,000	125,374	185,000	39.1%	185,000	0.0%	(G)
53125 - M&R - Structures & Improvements	1,603,693	792,715	1,505,981	-	-100.0%	-	0.0%	
53126 - M&R - Meters	109,554	175,000	210,883	300,000	71.4%	300,000	0.0%	(H)
53135 - M&R - Mains - Recycled Water	-	-	-	200,000	100.0%	200,000	0.0%	(I)
53136 - M&R - Valves	-	-	-	300,000	100.0%	300,000	0.0%	(I)
53137 - M&R - Control Valves	-	-	-	200,000	100.0%	200,000	0.0%	(I)
53138 - M&R - Air Vac/Blow Offs	-	-	-	80,000	100.0%	100,000	25.0%	(I)
53139 - M&R - Warehouse/Yard	-	-	-	180,000	100.0%	180,000	0.0%	(I)
53229 - Hazardous Waste Disposal	2,453	40,000	-	255,000	537.5%	255,000	0.0%	(J)
53232 - Tools & Equipment Rental	-	-	-	75,000	100.0%	75,000	0.0%	(I)
53239 - Other - Misc Permits	28,804	-	40,997	125,000	100.0%	125,000	0.0%	(K)
53241 - Temporary Personnel Services	-	-	-	75,000	100.0%	75,000	0.0%	(I)
53246 - Regulatory Fees	-	-	-	40,000	100.0%	42,000	5.0%	(I)
53329 - Other General Expenses	(676)	-	-	-	0.0%	-	0.0%	
53331 - Other Uniforms	40,895	-	12,394	-	0.0%	-	0.0%	
54415 - Natural Gas	32,387	35,000	15,515	30,000	-14.3%	30,000	0.0%	

(1) Changes of more than 10% and \$20,000

- (A) Overtime increase due to increased leaks and repairs
- (B) Safety Training Agency-wide. Difference between actual and budget account for the variances in Divisional accounting.
- (C) Projecting pre COVID fuel cost
- (D) Cost for asphalt added to Maintenance of Mains
- (E) Added asphalt costs and costs due to increased leaks and repairs.
- (F) Maintenance & Repair - Services, previously charged to CIP and added to expense.
- (G) Additional hydrant maintenance projected
- (H) Cost for non warranty meter and register replacements
- (I) Previously budget in M&R - Structures and Improvements and is now being split into individual accounts for tracking purposes.
- (J) Hazardous Waste Disposal Agency-wide. Difference between actual and budget account for the variances in Divisional accounting.
- (K) Other - Misc Permits, have been combined Agency-wide

**SCV WATER - OPERATING EXPENSE
DEPARTMENT - PUMPING, WELLS and STORAGE
FY 2021/22 and FY 2022/23**

	ACTUAL FY 2019/20	BUDGET FY 2020/21	PROJECTED BUDGET FY 2020/21	PROPOSED BUDGET FY 2021/22	% of change over FY21 Budget	PROPOSED BUDGET FY 2022/23	% of change over FY22 Budget	(1)
50000 - SCV Water Expenses	10,782,827	11,323,073	10,164,562	14,049,535	24.1%	14,950,742	6.4%	
SALARY	1,456,147	1,494,258	1,319,056	1,015,431	-32.0%	1,064,203	4.8%	
OVERTIME	266,127	308,380	305,018	314,492	2.0%	320,782	2.0%	
BENEFITS	264,368	1,051,535	240,422	514,181	-51.1%	532,628	3.6%	
51505 - Employee Expense	-	-	465	5,000	100.0%	5,000	0.0%	
51515 - Employee Travel	-	-	-	5,000	100.0%	5,000	0.0%	
52085 - Small Tools, Materials and Supplies	-	-	-	50,000	100.0%	60,000	20.0%	(A)
52611 - Chemicals	16,510	-	36,193	-	0.0%	-	0.0%	
53101 - Education/Seminars	90	-	5,000	25,000	100.0%	25,000	0.0%	
53105 - Outside Service/Contracting	92,518	25,000	74,985	225,000	800.0%	250,000	11.1%	(B)
53121 - M&R - Storage - Potable Water	-	-	-	180,000	100.0%	200,000	11.1%	(C)
53122 - M&R - Mains	17,802	-	8,130	-	0.0%	-	0.0%	
53127 - M&R - Wells and Structures	-	-	-	150,000	100.0%	175,000	16.7%	(D)
53128 - M&R - Pumping - Potable Water Stations	345,039	365,900	298,313	200,000	-45.3%	225,000	12.5%	
53129 - M&R - Sewer Lift Station & Structures	36,030	-	8,060	45,000	100.0%	45,000	0.0%	(E)
53130 - M&R - Equipment Water Treatment	-	-	-	65,000	100.0%	70,000	7.7%	(E)
53131 - M&R - Pumping - Recycled Water Equipm	-	-	-	30,000	100.0%	35,000	16.7%	(E)
53132 - M&R - Storage - Recycled Water	-	-	-	20,000	100.0%	25,000	25.0%	(E)
53133 - M&R - Groundwater PFAS Treatment	-	-	-	2,039,596	100.0%	2,796,648	37.1%	(F)
53134 - M&R - Groundwater Perchlorate Treatme	-	-	-	1,827,198	0.0%	1,554,785	-14.9%	(G)
54401 - Electricity - Potable Pump Stations, Wells	8,285,996	8,078,000	7,868,921	7,248,638	-10.3%	7,466,097	3.0%	
54405 - Electricity - Sewer Lift Station	-	-	-	10,000	100.0%	10,600	6.0%	
54407 - Electricity - Recycled Pump Stations	-	-	-	80,000	100.0%	85,000	6.3%	(H)
55215 - Liability Insurance	2,200	-	-	-	0.0%	-	0.0%	

(1) Changes of more than 10% and \$20,000

- (A) History for Small Tools and Supplies included in the Transmission & Distribution Department
- (B) Outside Services for storage facilities previously included in the Transmission & Distribution Department
- (C) Maintenance for storage facilities previously included in the Transmission & Distribution Department
- (D) Maintenance for well facilities previously included in the Source of Supply Department
- (E) Maintenance for treatment and recycled water facilities previously included in the Water Quality and Treatment Department
- (F) New Account - Maintenance & Repair of PFAS Treatment facilities.
- (G) Previously budgeted in CIP - These costs are reimbursable through the Perchlorate Settlement Agreement
- (H) History included in Electricity - Pump Stations

**SCV WATER - OPERATING EXPENSE
DEPARTMENT - WATER RESOURCES
FY 2021/22 and FY 2022/23**

	ACTUAL FY 2019/20	BUDGET FY 2020/21	PROJECTED BUDGET FY 2020/21	PROPOSED BUDGET FY 2021/22	% of change over FY21 Budget	PROPOSED BUDGET FY 2022/23	% of change over FY22 Budget	(1)
50000 - SCV Water Expenses	7,219,310	8,305,253	4,850,919	9,778,861	17.7%	9,661,712	-1.2%	
SALARY	2,152,029	1,945,347	1,435,228	2,587,728	33.0%	2,729,563	5.5%	(A)
OVERTIME	63,047	11,248	31,912	853	-92.4%	870	2.0%	
BENEFITS	831,755	783,185	599,426	878,237	12.1%	911,521	3.8%	(A)
51505 - Employee Expense	14,802	21,008	4,500	39,895	89.9%	49,965	25.2%	
51515 - Employee Travel	13,031	25,450	700	38,660	51.9%	51,960	34.4%	
52010 - Supplies & Services - Events	78,752	125,000	30,000	59,500	-52.4%	79,500	33.6%	
52024 - Internal Relations	86,994	63,000	57,000	86,600	37.5%	86,000	-0.7%	(B)
52030 - DD Landowner Expenditures	99,762	200,000	100,000	176,500	-11.8%	176,500	0.0%	
53101 - Education/Seminars	23,255	27,945	7,736	26,750	-4.3%	28,555	6.7%	
53104 - Uniforms & Apparel	200,545	155,200	69,415	165,000	6.3%	165,000	0.0%	
53218 - Printing & Publications	-	-	20,000	27,000	100.0%	32,000	18.5%	(C)
53219 - BMP Implementation	2,597,745	2,295,370	550,000	2,462,000	7.3%	2,535,860	3.0%	
53222 - Public Affairs & Partnerships	75,312	74,000	30,000	85,000	14.9%	110,000	29.4%	
53223 - Public Outreach Consultants	56,608	188,500	120,000	91,000	-51.7%	95,000	4.4%	
53236 - Professional Services Other	74,833	725,000	625,000	1,774,738	144.8%	1,892,018	6.6%	(D)
53243 - Groundwater Sustainability Agency	764,323	1,300,000	1,015,000	1,015,000	-21.9%	450,000	-55.7%	
53244 - Website Online Presence	16,021	115,000	105,000	64,400	-44.0%	67,400	4.7%	
53245 - Campaigns & Messaging	70,496	150,000	50,000	100,000	-33.3%	100,000	0.0%	
54300 - DD Variable DWR Charges	-	100,000	-	100,000	0.0%	100,000	0.0%	

(1) Changes of more than 10% and \$20,000

(A) Reallocation of Salaries and Benefits from the Finance, Administration & IT Department

(B) Budgeting for Agency-wide all employee meetings and service awards

(C) New account to track Printing and Publications

(D) Professional Services - Other, costs for WR planning and study reports, previously budgeted in CIP (Includes Sustainability)

**SCV WATER - OPERATING EXPENSE
DEPARTMENT - SOURCE OF SUPPLY
FY 2021/22 and FY 2022/23**

	ACTUAL FY 2019/20	BUDGET FY 2020/21	PROJECTED BUDGET FY 2020/21	PROPOSED BUDGET FY 2021/22	% of change over FY21 Budget	PROPOSED BUDGET FY 2022/23	% of change over FY22 Budget	(1)
50000 - SCV Water Expenses	9,789,064	12,924,277	10,230,191	11,690,219	-9.5%	11,794,910	0.9%	
SALARY	101,222	-	75,234	-	0.0%	-	0.0%	
OVERTIME	35,016	-	29,264	-	0.0%	-	0.0%	
BENEFITS	60,313	-	53,263	-	0.0%	-	0.0%	
53105 - Outside Service/Contracting	2,226	1,921,892	-	-	-100.0%	-	0.0%	
53127 - M&R - Wells and Structures	189,341	527,580	141,627	-	-100.0%	-	0.0%	
54426 - Recycled Water Purchase	70,725	150,000	110,452	230,000	53.3%	335,000	45.7%	(A)
55501 - Core Water Supplies	6,976,005	7,324,805	6,865,986	7,460,219	1.8%	7,459,910	0.0%	
55502 - Firming Programs	2,354,217	3,000,000	2,954,365	4,000,000	33.3%	4,000,000	0.0%	(B)

(1) Changes of more than 10% and \$20,000

(A) Projecting additional customers (Vista Canyon)

(B) Anticipating purchasing more water from banking supplies due to the projected State Water allocation

**SCV WATER - OPERATING EXPENSE
DEPARTMENT - ENGINEERING
FY 2021/22 and FY 2022/23**

	ACTUAL FY 2019/20	BUDGET FY 2020/21	PROJECTED BUDGET FY 2020/21	PROPOSED BUDGET FY 2021/22	% of change over FY21 Budget	PROPOSED BUDGET FY 2022/23	% of change over FY22 Budget	(1)
50000 - SCV Water Expenses	2,949,727	2,816,500	2,899,609	3,661,019	30.0%	3,695,368	0.9%	
SALARY	1,352,430	1,445,804	1,307,984	1,464,622	1.3%	1,528,334	4.4%	
OVERTIME	21,761	33,590	39,400	16,968	-49.5%	17,307	2.0%	
BENEFITS	653,559	739,440	726,551	609,429	-17.6%	629,727	3.3%	
51505 - Employee Expense	12,823	11,764	2,508	12,000	2.0%	12,000	0.0%	
51515 - Employee Travel	1,072	14,252	54	15,000	5.2%	15,000	0.0%	
52085 - Small Tools, Materials and Supplies	-	-	-	12,000	100.0%	12,000	0.0%	(A)
53101 - Education/Seminars	10,438	15,649	5,922	13,000	-16.9%	13,000	0.0%	
53105 - Outside Service/Contracting	-	-	1,419	3,000	100.0%	3,000	0.0%	
53226 - Engineering Consulting	855,994	536,000	792,477	1,500,000	179.9%	1,450,000	-3.3%	(B)
53241 - Temporary Personnel Services	41,650	20,000	23,294	15,000	-25.0%	15,000	0.0%	

(1) Changes of more than 10% and \$20,000

(A) Small Tools previously budgeted in the Transmission & Distribution Department

(B) Engineering Consulting, costs for planning and study reports, previously budgeted in CIP

**SCV WATER - OPERATING EXPENSE
DEPARTMENT - WATER QUALITY and TREATMENT
FY 2021/22 and FY 2022/23**

	ACTUAL FY 2019/20	BUDGET FY 2020/21	PROJECTED BUDGET FY 2020/21	PROPOSED BUDGET FY 2021/22	% of change over FY21 Budget	PROPOSED BUDGET FY 2022/23	% of change over FY22 Budget	(1)
50000 - SCV Water Expenses	9,799,519	9,540,518	9,056,192	10,428,336	9.3%	10,935,917	4.9%	
SALARY	4,195,735	3,743,473	3,564,039	4,385,405	17.1%	4,615,179	5.2%	(A)
OVERTIME	483,336	412,673	539,433	143,204	-65.3%	149,423	4.3%	
BENEFITS	2,194,575	2,250,204	2,041,898	2,060,879	-8.4%	2,136,602	3.7%	
51505 - Employee Expense	6,700	31,091	4,688	33,000	6.1%	33,000	0.0%	
51515 - Employee Travel	1,715	37,666	142	50,000	32.7%	50,000	0.0%	
52010 - Supplies & Services	21,242	30,000	2,744	-	-100.0%	-	0.0%	
52050 - Analytical Supplies	617,167	566,552	466,443	280,000	-50.6%	290,000	3.6%	
52085 - Small Tools, Materials and Supplies	-	-	-	220,000	100.0%	220,000	0.0%	(B)
52611 - Chemicals	1,323,280	1,278,000	1,503,889	1,532,000	19.9%	1,637,000	6.9%	(C)
53101 - Education/Seminars	7,094	41,359	11,446	48,000	16.1%	48,000	0.0%	
53105 - Outside Service/Contracting	193,205	635,000	269,676	705,000	11.0%	763,000	8.2%	(D)
53130 - M&R - Equipment Water Treatment	40,223	-	36,756	-	0.0%	-	0.0%	
53140 - M&R - Treatment Plants and Intake Pumps	-	-	-	160,000	100.0%	160,000	0.0%	(E)
53214 - Technology Services	11,939	10,000	9,209	-	-100.0%	-	0.0%	
53224 - DDW LARGE H2O SYSTEM FEE	28,776	27,000	5,622	-	-100.0%	-	0.0%	
53232 - Tools & Equipment Rental	3,678	5,000	207	-	-100.0%	-	0.0%	
53239 - Other - Misc Permits	-	-	930	-	0.0%	-	0.0%	
53241 - Temporary Personnel Services	-	-	-	102,000	100.0%	102,000	0.0%	(F)
53246 - Regulatory Fees	-	-	-	280,000	100.0%	290,000	3.6%	(G)
54401 - Electricity - Pump Stations, Wells and Ponds	670,627	472,500	599,068	428,848	-9.2%	441,713	3.0%	

(1) Changes of more than 10% and \$20,000

- (A) Salaries reallocated. This Department now includes Water Quality, Laboratory, Treatment Plant and Treatment Plant Maintenance.
- (B) History for Small Tools and Supplies included in the Transmission & Distribution Department
- (C) Increased chemicals for Treatment Plant due to reduced well production
- (D) Additional maintenance projects at both treatment plants
- (E) New account - previously budgeted in CIP
- (F) New account - Temporary personnel projected due to employee of absence
- (G) Regulatory Fees previously included with Analytical Supplies

**SCV WATER - SALARY, BURDEN and BENEFITS
FY 2021/22 and FY 2022/23**

DEPARTMENT	ACTUAL FY 2019/20	BUDGET FY 2020/21	PROJECTED BUDGET FY 2020/21	PROPOSED BUDGET FY 2021/22	% of change over FY21 Budget	PROPOSED BUDGET FY 2022/23	% of change over FY22 Budget
Management							
Salary	\$ 956,171	\$ 682,635	\$ 1,105,299	\$ 510,728	-25.2%	\$ 527,486	3.3%
Overtime	123,390	10,305	21,455	15,185	47.4%	15,489	2.0%
Burden & Benefits	813,093	326,488	744,290	198,037	-39.3%	203,382	2.7%
Finance, Administration & IT							
Salary	5,619,386	4,167,378	4,945,573	4,751,435	14.0%	4,844,076	1.9%
Overtime	218,293	125,917	111,156	57,757	-54.1%	58,912	2.0%
Burden & Benefits	2,572,929	2,200,145	2,074,513	1,962,067	-10.8%	1,964,710	0.1%
Customer Care							
Salary	992,060	1,035,713	948,313	1,001,932	-3.3%	1,044,532	4.3%
Overtime	19,594	19,310	8,334	8,669	-55.1%	8,842	2.0%
Burden & Benefits	127,814	536,289	121,968	452,200	-15.7%	466,848	3.2%
Transmission & Distribution							
Salary	1,691,106	3,277,270	1,448,929	3,110,491	-5.1%	3,254,603	4.6%
Overtime	420,015	413,142	452,389	491,271	18.9%	501,097	2.0%
Burden & Benefits	952,197	2,043,858	900,747	1,586,597	-22.4%	1,640,670	3.4%
Pumping & Wells							
Salary	1,456,147	1,494,258	1,319,056	1,015,431	-32.0%	1,064,203	4.8%
Overtime	266,127	308,380	305,018	314,492	2.0%	320,782	2.0%
Burden & Benefits	264,368	1,051,535	240,422	514,181	-51.1%	532,628	3.6%
Water Resources							
Salary	2,152,029	1,945,347	1,435,228	2,587,728	33.0%	2,729,563	5.5%
Overtime	63,047	11,248	31,912	853	-92.4%	870	2.0%
Burden & Benefits	831,755	783,185	599,426	878,237	12.1%	911,521	3.8%
Engineering							
Salary	1,352,430	1,445,804	1,307,984	1,464,622	1.3%	1,528,334	4.4%
Overtime	21,761	33,590	39,400	16,968	-49.5%	17,307	2.0%
Burden & Benefits	653,559	739,440	726,551	609,429	-17.6%	629,727	3.3%
Water Quality & Treatment							
Salary	4,195,735	3,743,473	3,564,039	4,385,405	17.1%	4,615,179	5.2%
Overtime	483,336	412,673	539,433	143,204	-65.3%	149,423	4.3%
Burden & Benefits	2,194,575	2,250,204	2,041,898	2,060,879	-8.4%	2,136,602	3.7%
Source of Supply							
Salary	101,222	-	75,234	-	0.0%	-	0.0%
Overtime	35,016	-	29,264	-	0.0%	-	0.0%
Burden & Benefits	60,313	-	53,263	-	0.0%	-	0.0%
Total							
Salary	18,516,287	17,791,879	16,149,656	18,827,774	5.8%	19,607,977	4.1%
Overtime	1,650,579	1,334,567	1,538,362	1,048,398	-21.4%	1,072,721	2.3%
Burden & Benefits	8,470,602	9,931,145	7,503,078	8,261,627	-16.8%	8,486,087	2.7%
Total Personnel Costs	\$ 28,637,468	\$ 29,057,591	\$ 25,191,096	\$ 28,137,799	-3.2%	\$ 29,166,785	3.7%
Burden & Benefits as a % of Salary	54.66%	63.32%	55.99%	49.45%		48.75%	

Salary Charged to CIP	\$ 2,397,580	\$ 3,893,523	\$ 4,067,443
Burden & Benefits Charged to CIP	\$ 1,247,291	\$ 1,794,610	\$ 1,855,591
Total Salary, Burden & Benefits incl CIP	\$ 32,702,462	\$ 33,825,932	\$ 35,089,820

SCV WATER LONG-TERM FINANCIAL PLAN FY 2021/22 – 2030/31

OVERVIEW

1. Executive Summary

A long-term financial plan (LTFP or Plan) is not a static, one-time document, but represents a process where the Board and Management review financial strategies to help achieve the Agency’s overall strategic plan. The objective of this LTFP for the fiscal year (FY) commencing 2021/22 through FY 2030/31 represents an updated look at individual financial strategies for SCV Water, as well as a look at the Agency as a whole and serves as the basis for future analysis and decision making. Since the merger on January 1, 2018, the Agency has undergone significant changes in operations, which may have substantial and foreseeable financial impacts. The intent of this document is to develop and implement an LTFP through a process that emphasizes transparency, accountability and feasibility. The LTFP helps identify potential financial issues and risks.

This plan is to ensure that SCV Water is financially sustainable in the short-to-medium-term (1-5 years) and beyond, with the ability to provide at least the current level of services over the ten (10) years of the plan and achieve the goals as stated in its FY 2019/20–2023/24 Strategic Plan. Based on the decisions and guidance provided by the Board, the LTFP is a rolling “look-ahead” to help identify priorities and focus. To this end, the Agency will annually review its LTFP using the latest available financial and service level data and cost indices and incorporate all known future projects and variations to ensure that a realistic forecast is presented.

2. Overview

This LTFP continues to build upon current practices and incorporates recent long-term planning efforts including the Agency’s Strategic Plan, the 2015 Urban Water Management Plan (UWMP) process, the Integrated Regional Water Management Plan (IRWMP), the 2019 Facility Capacity Fee study, the Santa Clarita Valley Water Use Efficiency Strategic Plan (SCVWUESP) and the adopted 2021 Cost of Service and Rate Study.

Past Budgets and LTFPs have been significantly influenced by long-term drought and water supply conditions, as well as state mandates for major reductions in per capita water use. Looking back, FY 2018/19 was a “wet” year and provided some relief, but it was a short lived situation. Long-term drought and water supply conditions will continue to be influenced by various mandates, regulations and climate change. Current and future Budgets and LTFPs will be heavily influenced by the Agency’s ability to finance the major capital improvement program to maintain water supply reliability.

This LTFP is separate from the Agency’s Strategic Plan and its objectives, goals and action items. This plan is intended to discuss financial strategies to achieve the Agency’s strategic

plan, as well as respond to challenges and opportunities presented by economic, demographic, regulatory, political and environmental conditions.

The LTFP is not intended to address every fiscal issue, but to identify high priority fiscal programs and strategies to be monitored so that the Agency is positioned to address them at the appropriate time. The LTFP is a companion piece to the Budget line items, which include estimates for the near-term. The LTFP addresses broader, more strategic issues that will impact the forecast over time. None of these issues can be definitively answered nor fully addressed now. However, ongoing review of the LTFP will help keep the Agency focused on high priority financial issues.

Year 1 is the first year of the Retail Rate Study and establishes the starting point. From Years 2–10 of the LTFP revenue adjustments revert to a number of assumptions ranging from 1% to 6.5% annually. While maintaining and renewing existing assets at a safe and functional standard to meet community needs and expectations, water sales revenue are vital for the delivery of the Agency’s current services over the next 10 years and beyond.

The Agency’s 10-year water revenue forecasts are explained in detail later in this Plan. The actual increase payable by any individual ratepayer may be more or less than the forecasted water sales revenue increase, depending on the customer’s demand. Other sources of income remain flat or increase slightly based on property values and investment returns. The Agency will continue to seek grants to offset expenditures.

Continuing with the increased focus on renewal of existing assets, the Agency, from Year 1 to Year 5, is proposing to allocate approximately \$198 million in debt funded capital projects, \$220 million of pay-as-you-go (“pay-go”) projects. Individual projects will be determined by the Engineering and Operations Departments and are subject to final approval by the Board of Directors. Based on the proposed revenue and expenditure forecasts in the LTFP, the Agency will achieve a balanced Plan to ensure availability of funds to meet asset renewal targets. Several debt issuances are forecast in this Plan in order to meet the Agency’s capital needs. Any proposal in the future to borrow for specific purposes will be evaluated using the LTFP model prior to any decision being made.

3. Key Challenges and Opportunities

The key challenges and opportunities facing the Agency regarding its long-term financial position are:

- Diversity and certainty of revenues ensuring ongoing financial sustainability of the Agency
- Meeting ongoing expectations of our customers for a safe and reliable water supply at a fair cost to the customer
- Managing water conservation and water-use efficiency
- Maximizing funding for renewal and replacement of aging assets in line with improved asset management principles and practices
- Managing political and legislative changes and their financial impact
- Recycled water program and groundwater management
- Minimizing the impact of economic instability
- Monitoring impact of decisions made outside the Plan
- Facility Capacity/Connection Fees (FCF)
- The use of debt to leverage funding for asset renewal and the Capital Improvement Program (CIP)

- Review of operations to reduce expenditure, increase efficiency, effectiveness and ratepayer transparency
- Use of technology to reduce costs and increase productivity, efficiency and effectiveness

4. Planning Framework

The financial basis of this Plan is consistent with the audited Annual Financial Statements from June 30, 2020 and the FY 2021/22-2022/23 Biennial Budget. The LTFP forecasts have been based on the FY 2020/21 Budget along with strategic financial policies and a set of assumptions necessary, given the high level of this Plan and the long-term nature of all forecasts proposed.

Once adopted the LTFP is then primarily used as a tool to establish and communicate the Agency’s general financial direction over the longer-term. It is also used to assist in the assessment of the Agency’s current financial position in conjunction with its FCF study and Biennial Budget preparation, together with ongoing semi-annual Budget reviews.

This is intended to be a “live” document requiring adjustment and assessment as the Agency makes financial decisions that may impact its long-term financial position. The Agency will review this Plan annually, post audit of its Financial Statements and in conjunction with the development of its Budget. Other updates will be made when considered necessary.

The Agency’s FCF study and Budget will be prepared on the basis of a LTFP, taking into account new information at hand regarding economic, political and water reliability factors at the time of preparation. The LTFP is prepared using a number of assumptions (starting on page 7), especially with regard to projected water sale revenues, property taxes, fees, charges, grants, debt, and future operational and capital expenditure requirements. Given the long-term nature of this Plan and forecasts derived from an estimate of future demand, it should be noted that actual results are likely to vary from the information contained in this Plan. Some of these variations, as a result of Agency decisions or changes to regulations, could be material.

The accuracy of predictions over the longer-term becomes less certain. The FCF study is updated periodically for its major capital assets to assist in determining the funding impact of maintaining and replacing assets when required. These projections are based on current understanding of asset management needs over the life of this Plan and ensure that assets are constructed and maintained to meet ratepayer needs within the funding available, all while keeping water rates at a reasonable cost. The Plan relies on debt issuances to fund major capital projects and is a strategic tool to be used for the acquisition of new assets and upgrading or renewal of existing assets.

Ideally, the Agency should collect enough operating revenues to cover all operating expenditures, including the portion of debt services funded by water rates and pay-go capital on an annual basis. This means it has a positive or balanced budget, and ratepayers in that year are paying for all resources consumed. However, mindful of the ratepayer’s ability to pay – hence in order to avoid excessive rate increases – the Agency has planned to reach a positive or balanced budget over the rate-setting period. Operating deficits are not sustainable or equitable in the long-term, as they result in costs incurred by current ratepayers being paid for by future ratepayers. The LTFP forecasts are presented in summary.

Water Supply Reliability

The Agency's service area has a diversified water supply portfolio. The alluvium aquifer and Saugus Formation provide approximately 40% of the current supplies during a normal year. Imported supplies are primarily comprised of State Water Project (SWP), which are funded from a separated ad valorem tax, and purchased Buena Vista/Rosedale-Rio Bravo water. SWP supplies are subject to significant near-term variations due to hydrology, and are subject to a general longer-term decline due to climate change and regulatory decisions. To a lesser degree, alluvium supplies can be impacted by dry hydrology. To deal with hydrologic variations, the Agency has made significant investments in water banking programs with Semitropic and Rosedale-Rio Bravo water storage districts. In addition, the Agency is planning the installation of two dry-year wells to increase pumping capacity in the Saugus Formation. These wells, along with installation of treatment at Valencia Water Division's Well V-201, will make significant additional Saugus water available during dry periods.

The Agency's service area is over 60% built out. While the impact of new development will be mitigated by increases in water-use efficiency, most of this new demand will be met by existing supplies not required for current residents, as well as the repurposing of agricultural supplies into urban supplies and significant increases in the use of recycled water. A great deal of the demand for Newhall Ranch and the other planned Westside communities will be met by reduction in agricultural pumping on Newhall Land's current operations. These and other factors are addressed in the 2015 Urban Water Management Plan update.

Looking forward, the Agency will have to manage its supplies in an environment of increasing fiscal and regulatory uncertainty, some of which is identified below and some that is currently unknown and not included in this Plan. Water supply reliability items to be monitored include: Recycled Water, Groundwater Management, State Water Project and the Delta Conveyance Project.

Banking Programs

The Agency currently participates in two long-term banking programs, the Rosedale-Rio Bravo Exchange program (RRB) and the Semitropic Stored Water Recovery Unit. The Agency is also currently participating in two exchange programs.

The Agency has funded the capital costs for the existing programs but will incur significant costs for future withdrawals from the programs, as well as for the development of emergency storage within the Agency's service area. Funding sources have not been identified for these programs.

The Agency can currently extract approximately 17,000-22,500 acre-feet per year (AFY) from banking programs, of which 3,000 comes from the RRB program. The Agency is recently completed a major capital project to increase the extraction capacity at RRB by 7,000 AFY for an interim total of 10,000 AFY, at an estimated cost of \$9.5 million. The 2015 UWMP identifies additional capital investments to occur before 2030 to increase the extraction capacity by an additional 10,000 AFY. This is estimated to cost approximately \$13 million in current dollars.

5. Measuring Financial Sustainability

The LTFP identifies financial indicators that allow assessment of the Agency's long-term financial performance, position and eventually long-term financial sustainability. The assumptions forecast over the life of the Plan are based on expected trend and projections. The expectation of the Plan is to achieve a positive or balanced budget over the term of the Plan, with the aim of building a solid foundation beyond Year 10 (FY 2030/31), and to minimize

the impact of any risks and uncertainty while maintaining current levels of service without excessive rate increases.

6. Key Assumptions and Influences

The Plan is based on a “business as usual” model, including any impacts of the completed cost-of-service study. Based on the most recent FCF study and the 2015 UWMP results for the Agency’s service area, it has been assumed that demand in the area will increase by approximately 10% by the end of Year 10 (FY 2030/31). Influences that impact this Plan are listed below. A number of assumptions have been made for these influences and are detailed later in the Plan. The influences are as follows:

- Cost of water
- Diversity and security of revenues
- Water supply reliability
- Facility Capacity/Connection Fees
- Recycled Water
- Debt financing of major capital projects
- Water conservation and water-use efficiency
- Groundwater management
- Technology
- Operations and maintenance
- Water sales
- Energy costs
- Interest rates and current fiscal environment
- Legislative compliance cost increases and policy changes
- Climate change
- Risk management and insurance

Debt Issuance

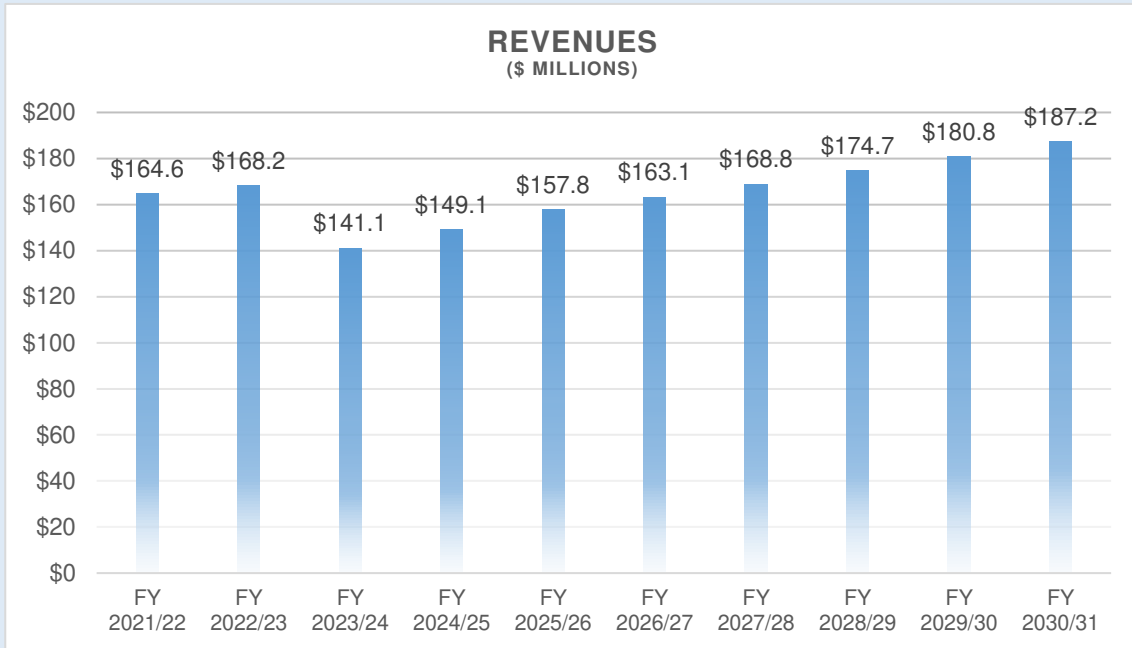
As stated earlier, there are several debt issuances forecast for the life of this Plan; however, the option remains to borrow as the need arises for strategic capital projects. Any such borrowings will need to be modeled through the Plan in order to determine the impact on the Agency’s ongoing financial performance and position.

Operating Income

The Agency is fortunate to have multiple sources of revenue. In general, each revenue stream faces different risks, so it is rare for all to be negatively impacted at the same time.

Potential risks to the Agency include high annual debt service, risk of technical default on debt covenants should the Agency not have sufficient revenues, lower-than-projected Facility Capacity/Connection Fee revenue or water sales, and potential diversion of one-percent property tax revenues by the State. In addition, the Agency should continue to consider new revenue sources, such as outside water sales when water supplies are sufficient to meet Agency needs.

The Agency’s revenue (including transfers from other funds) base on which this Plan is built is currently \$164.6 million, of which approximately 68% is derived from Rates and Service charges. At the end of the Plan, revenues are forecast to be \$187.2 million (keeping in mind that \$1 today will not be worth that in Year 10: FY 2030/31). Values as presented in this LTFP are in future (nominal) values, i.e., they have been adjusted each year by the forecast assumption rate.



Revenue

Water sales revenue (\$86.9 million base) includes retail water service (service charges, water usage, recycled water, and miscellaneous charges) revenue and fixed and variable wholesale rate revenues (Waterworks District No. 36).

Rate revenue forecasts are based on demand and growth to ensure targets are likely to be met. Year 1 is fixed as the first year of the rate study and forecast. In the near-term (2–5 years), fixed and water usage (variable) revenue are expected to increase as follows:

Revenue Assumptions

Key Assumptions	YEAR 1 FY 2021/22	YEAR 2 FY 2022/23	YEAR 3 FY 2023/24	YEAR 4 FY 2024/25	YEAR 5 FY 2025/26
Water Sales	X	6.50%	6.50%	6.50%	6.50%
Water Sales - WWR	X	1.00%	1.00%	1.00%	1.00%
Water Sales - Recycled	X	3.97%	3.97%	7.63%	7.25%
Misc. Fees & Charges	X	2.00%	2.00%	2.00%	2.00%

The table below provides detail of the assumptions that make up the proposed annual water sales assumption for Years 6-10. Actual changes to rates may vary, dependent on growth and demand.

Key Assumptions	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31
Water Sales	4.00%	4.00%	4.00%	4.00%	4.00%
Water Sales - WWR	1.00%	1.00%	1.00%	1.00%	1.00%
Water Sales - Recycled	3.00%	3.00%	3.00%	3.00%	3.00%
Misc. Fees & Charges	2.00%	2.00%	2.00%	2.00%	2.00%

The proposed revenue increase is the minimum required in order to meet the criteria to achieve financial sustainability in the medium-to-long-term and maintain it for the remainder of this Plan and beyond. Water rate revenue is used to provide the funds to deliver water and maintain infrastructure.

Property Taxes

One-percent property tax revenues are unrestricted and are available to fund existing users' share of the bond debt, pay-go CIP, operating expenses, as well as a portion of core non-SWP water supplies. Based on current trend, the assumption is that the property tax revenues will increase at a rate of 2.34% per year. The property tax revenue base in Year 1 (FY 2021/22) is \$27.9 million and is projected to increase in Year 10 (FY 2030/31) to \$34.4 million.

Facility Capacity Fees (including Retail Connection Fees)

FCFs are fees collected at the time new development occurs within the Agency's water service area to recover the appropriate growth-related costs for facilities that are built to serve future water users. Beginning in FY 2012/13, the Agency's FCF Fund was depleted and was unable to pay future users' debt service. At the time, it was assumed that revenue levels would increase in line with past FCF studies. One-percent property tax revenues began paying a significant portion of the future users' debt service that is supposed to be funded by FCFs. The 2015 UWMP projects a much smaller increase in growth in population and water demand, resulting in annual revenues that will be insufficient to pay for the future users' debt service.

The FCF base is approximately \$17 million for Years 1 - 10. FCF revenues are contingent on development. This Plan assumes a 2% revenue increase for each year of the Plan.

Investment Income

Investment Income (\$1.7 million base) is derived from interest on Agency investments and surplus cash, and the forecast assumes an increase of approximately 1.5% per year. Investment income has been forecast based on cash flow projections over the life of the Plan. The current cash rate and investment rates have also been used as a guide. The Agency's Investment Policy ensures that available funds are managed on a regular basis to maximize returns.

Grants and Reimbursements

Grants and reimbursements for Capital Improvement Programs are provided by Proposition 1 Round 2, Proposition 84 Rounds 1 and 2 Planning and Implementation Grants and Prop 68 Round 3 through the Department of Water Resources for a variety of water studies, implementation, administration of the grants and updating various programs and plans. Reimbursements are provided for the processing of

annexations. This income source has a current base (FY 2021/22) of \$1.4 million, which is forecast to increase to \$2.8 million in Year 2 (FY 2022/23), then decrease to zero in Year 3 (FY 2023/24). This trend is maintained for the remainder of this Plan, resulting in overall stagnation over the 10-year period.

Other Revenue

All income that cannot be classified in the categories above is included here. The current base is \$9.2 million with the biggest item being the Perchlorate CIP and operations and maintenance reimbursement. Since reimbursements can vary from year-to-year, the forecasted assumption for other revenue sources in this category increase between 1% - 2% for each year of the Plan.

Operating Expenditure

The Agency's operating expense base upon which this Plan is built is \$164.6 million (including debt service and pay-go CIP), of which approximately 51% or \$84.4 million consists of purchased power, materials, supplies and labor and benefits; 20% consists of bond/debt payments and 29% consists of pay-go CIP. At the end of the Plan, operating expenditure is forecast to be \$187.2 million (keeping in mind that \$1 today will not be worth that in Year 10: FY 2030/31). Values as presented in this LTFP are in future (nominal) values, i.e., they have been adjusted each year by the forecast assumption rate. The forecast for operating expenditure for Year 1 - 5 this Plan is best shown by the following table:

Expense Assumptions

Key Assumptions	YEAR 1 FY 2021/22	YEAR 2 FY 2022/23	YEAR 3 FY 2023/24	YEAR 4 FY 2024/25	YEAR 5 FY 2025/26
Overall Inflation	X	2.49%	2.49%	2.49%	2.49%
Utility/Chemical Inflation	X	4.38%	4.38%	4.38%	4.38%
Treatment Inflation	X	3.30%	3.30%	3.30%	3.30%
Pumping and Wells Inflation	X	3.00%	3.00%	3.00%	3.00%
Employee Expenses Inflation	X	3.00%	3.00%	3.00%	3.00%
Equipment Inflation	X	0.98%	0.98%	0.98%	0.98%
Fuels & Automobile Inflation	X	3.00%	3.00%	3.00%	3.00%
Construction Inflation	X	2.93%	2.93%	2.93%	2.93%

Variations from year-to-year are primarily due to the fluctuations of pay-go capital. A majority of the operating expenses, with the exception of pay-go capital and debt service, have been increased by the assumption factor. The table above details the annual variations to operating expenditures and the annual amounts forecast and are consistent each year over the life of this Plan.

Materials, Services and Other Expenses

Materials, services and other expenses cover payments for physical goods including the purchase of power for the treatment plants and distribution system, regulatory compliance, chemicals, fuel and office consumables. This category also includes payments to consultants, as well as legal fees incurred. The total materials, services and other expenses base is approximately \$72.7 million. As mentioned earlier, while an underlying assumption is built into most expense lines in this category of expenditure, some expense lines in Year

3 have changed by more than the assumption or have had to be adjusted to reflect their one-off nature. Year 1 and Year 2 are the base years (not shown).

	YEAR 3 FY 2023/24	YEAR 4 FY 2024/25	YEAR 5 FY 2025/26	YEAR 6 FY 2026/27	YEAR 7 FY 2027/28	YEAR 8 FY 2028/29	YEAR 9 FY 2029/30	YEAR 10 FY 2030/31
Management	23%	-5%	10%	-4%	10%	-4%	9%	-3%
Finance, Admin & IT	5%	8%	-2%	8%	-2%	8%	-2%	8%
Customer Care	19%	3%	3%	3%	3%	3%	3%	3%
Transmission & Distribution	10%	3%	3%	3%	3%	3%	3%	3%
Pumping & Wells	26%	6%	22%	4%	4%	4%	4%	4%
Water Resources	-15%	7%	5%	8%	-1%	3%	3%	3%
Engineering	-5%	3%	3%	3%	3%	3%	3%	3%
Water Quality & Treatment	-32%	4%	4%	4%	4%	4%	4%	4%

The Agency’s infrastructure is expanding and will continue to expand. The number and complexity of Agency facilities have grown in recent years and will continue to do so. Each CIP project that becomes operational adds new complexity and costs to the Agency’s overall system. As this additional infrastructure is implemented, the Agency will require additional staff resources and will incur additional costs to operate and maintain the infrastructure. Future development of the recycled water program will have significant operating costs that should be identified as part of the planning process but is not included in this Plan.

Employee Costs

Employee costs include all labor costs and is inclusive of salaries, wages and benefits such as insurance, pensions, allowances and workers compensation insurance. Wage costs (including allocation of staff overheads) relating to capital projects are included in the total capital expenditure for renewal and replacement of existing assets or projects funded by developers. The split between operating and capital can vary from year-to-year depending on capital projects approved by the Engineering and Operations Departments; however overall the LTFP assumes the trend on this split remains consistent across the life of this Plan. Approximately \$5.9 million (indexed annually) has been allocated in capital wages every year. The total employee cost base (operating and capital) is approximately \$33.8 million.

Salary and wage increases are forecast reflective of the current year Budget and increases at approximately 3.5% every year for reclassifications, step increments and cost-of-living adjustments, and approximately 5% for employee benefits. The FY 2021/22 budgeted employee costs are driven by a full-time equivalent (FTE) base of 226.

Long-Term Commitments

The Agency’s Strategic Plan states that the Agency will utilize reasonable debt financing as an acceptable and appropriate approach to fund long-term facility investments, and thus ensure that existing and future users pay their fair share. The Agency’s Debt Management Policy states that the “Agency will utilize reasonable debt financing as an acceptable and appropriate approach to fund long-term investments and thus ensure that existing and future users pay their fair share (“generational equity”)”. Long-term investments include the acquisition of land, facilities, public works, improvements and supplies of water, as well as enhancements or enlargements to existing capacity and facilities for obtaining, importing, transporting and delivering additional quantities of water.

Debt spreads out the cost of capital improvements over time. In general, public agencies find that debt financing is an appropriate use for one-time projects, generally with a project life of 10 years or more. To-date, a significant portion of the Agency’s major capital programs are required for future needs. This makes the use of debt appropriate for two reasons: (1) debt financing allows each generation to pay for what it uses and (2) Facility Capacity Fees collected in one year may not be expended until future years. Likewise, in some years, there will not be sufficient FCF collected to cover that year’s debt service. However at this time, as discussed above, there is uncertainty about the FCF revenue stream and its ability to pay for its share of debt service. There is a planned debt issuance in Year 2 (FY 2022/23).

Near-Term

Management has identified a need to invest in the Agency infrastructure and the Capital Improvement Program. Management recommends moving forward with certain critical elements of the Agency’s CIP. In July 2020, the Agency issued \$55 million in revenue bonds to fund the ongoing CIP for Major Capital projects. In addition, the Agency anticipates issuing bonds in 2023 and 2025, with estimated principal amounts of \$95 million and \$50 million respectively. The Agency’s ten-year forecast shows sufficient funds to pay debt service and maintain bond covenants. It is anticipated that these obligations will be allocated 30% to future users (Facility Capacity Fees) and 70% to existing users.

	Year 1 FY 2021/22	Year 2 FY 2022/23	Year 3 FY 2023/24	Year 4 FY 2024/25	Year 5 FY 2025/26
Fund Balance, Beginning	\$ 32,151,338	\$ (4,628,212)	\$ 50,004,138	\$ 224,688	\$ 12,633,688
Bond Proceeds	\$ -	\$ 95,000,000		\$ 50,000,000	\$ -
Investment Revenues	\$ 32,000	\$ 80,000	\$ 50,000	\$ 70,000	\$ 50,000
Capital Projects - Debt Funded	\$(36,811,550)	\$(40,447,650)	\$(49,829,450)	\$(37,661,000)	\$(34,411,000)
Available Fund Balance, Ending	\$ (4,628,212)	\$ 50,004,138	\$ 224,688	\$ 12,633,688	\$(20,727,312)

Long-Term

A more long-term aspect of this issue is the Agency’s transition to “build-out.” Debt service incurred for future users is funded by FCFs, and that incurred for existing users is funded by other non-operating revenues. The Agency is at a transition point where existing users represent about half of total users, which consist of the combination of existing and future users. Over time, debt service funding will transition to existing users. Should other non-operating revenues or water rates not be sufficient to fund increasing debt service, other mechanisms to fund the existing users’ share would need to be identified.

The exact timing and amounts of debt will depend on the progress of the CIP, availability of grant proceeds and market conditions. Depending on market conditions, the Agency may use the Agency’s low-interest rate commercial program. Management will review the situation with its financial advisor and report to the Board as needed. No new debt will be issued without thorough review and approval by the Board of Directors.

SCV WATER - LONG-TERM FINANCIAL FORECAST
FY 2021/22 to FY 2030/31

	YEAR 1 FY 2021/22	YEAR 2 FY 2022/23	YEAR 3 FY 2023/24	YEAR 4 FY 2024/25	YEAR 5 FY 2025/26	YEAR 6 FY 2026/27	YEAR 7 FY 2027/28	YEAR 8 FY 2028/29	YEAR 9 FY 2029/30	YEAR 10 FY 2030/31
OPERATING REVENUES										
Water Sales	85,380,201	90,915,239	96,841,573	103,840,430	111,383,565	115,838,907	120,472,463	125,291,362	130,303,016	135,515,137
Water Sales - WWR	68,392	33,033	33,354	33,677	34,004	34,334	34,667	35,004	35,344	35,688
Water Sales - Recycled	408,445	468,612	487,198	524,382	562,421	579,294	596,673	614,573	633,010	652,000
Misc. Fees and Charges	1,000,000	1,020,000	1,040,400	1,061,208	1,082,432	1,104,081	1,126,162	1,148,686	1,171,659	1,195,093
Lab Revenues	23,000	23,000	23,230	23,462	23,697	23,934	24,173	24,415	24,659	24,906
Communication & Rental	730,266	752,174	530,273	540,879	551,696	562,730	573,985	585,465	597,174	609,117
Property Tax 1%	27,934,798	28,588,472	29,257,443	29,942,067	30,642,711	31,359,751	32,093,569	32,844,558	33,613,121	34,399,668
Annexation Reimbursements	224,032	67,902	-	-	-	-	-	-	-	-
Interest Income	1,678,043	1,703,213	1,728,761	1,754,693	1,781,013	1,807,729	1,834,844	1,862,367	1,890,303	1,918,657
PERCH Reimbursements - O&M & CIP	8,172,198	3,309,785	1,461,898	1,491,136	1,520,959	1,551,378	1,582,405	1,614,053	1,646,334	1,679,261
Grant Reimbursements	1,345,000	2,745,000	-	-	-	-	-	-	-	-
Facility/Connection Fees	16,785,568	8,733,500	9,678,931	9,875,005	10,075,521	10,280,587	10,490,311	10,704,805	10,924,184	11,148,564
Transfer In - Reserves/ Other Fund	20,848,285	29,802,139	-	-	-	-	-	-	-	-
Total Operating Revenues	\$ 164,598,228	\$ 168,162,070	\$ 141,083,061	\$ 149,086,939	\$ 157,658,020	\$ 163,142,724	\$ 168,829,253	\$ 174,725,288	\$ 180,838,805	\$ 187,178,092
OPERATING EXPENSES										
Management	4,300,023	3,763,699	4,645,700	4,429,027	4,876,116	4,678,094	5,129,207	4,939,988	5,393,237	5,217,369
Finance, Administration & IT	16,349,648	16,556,624	17,460,615	18,881,641	18,442,917	19,943,453	19,521,882	21,059,949	20,647,483	22,242,468
Customer Care	2,347,600	2,493,223	2,962,076	3,050,272	3,141,096	3,242,607	3,347,266	3,455,316	3,566,867	3,682,033
Transmission & Distribution	11,803,359	12,067,369	13,217,447	13,597,604	13,988,855	14,421,397	14,865,049	15,322,658	15,794,668	16,280,774
Pumping & Wells	14,049,535	14,950,742	18,860,421	19,993,793	24,353,573	25,265,810	26,211,369	27,194,266	28,216,031	29,240,061
Water Resources	9,778,861	9,661,712	8,194,026	8,746,919	9,187,875	9,877,940	9,765,283	10,061,928	10,368,180	10,670,484
Engineering	3,661,019	3,695,368	3,513,046	3,612,713	3,715,233	3,828,832	3,943,915	4,062,548	4,184,842	4,310,913
Water Quality & Treatment	10,428,336	10,935,917	7,439,835	7,705,639	7,981,842	8,283,562	8,596,908	8,923,009	9,262,427	9,609,159
Source of Supply	11,690,219	11,794,910	12,856,229	13,288,773	13,662,754	14,048,595	14,427,305	14,817,394	15,219,259	15,563,212
Debt Service	32,960,792	33,214,070	38,822,518	40,269,580	42,798,976	42,954,843	47,845,675	41,933,775	41,921,392	41,901,606
Capital (Pay-go)	47,228,835	49,028,436	13,111,149	15,510,980	15,508,781	16,597,592	15,175,393	22,954,457	26,264,420	28,470,014
Total Operating Expenses	\$ 164,598,228	\$ 168,162,070	\$ 141,083,061	\$ 149,086,939	\$ 157,658,020	\$ 163,142,724	\$ 168,829,253	\$ 174,725,288	\$ 180,838,805	\$ 187,178,092
Total Operating Revenue	\$ 164,598,228	\$ 168,162,070	\$ 141,083,061	\$ 149,086,939	\$ 157,658,020	\$ 163,142,724	\$ 168,829,253	\$ 174,725,288	\$ 180,838,805	\$ 187,178,092
Total Operating Expense	\$ 164,598,228	\$ 168,162,070	\$ 141,083,061	\$ 149,086,939	\$ 157,658,020	\$ 163,142,724	\$ 168,829,253	\$ 174,725,288	\$ 180,838,805	\$ 187,178,092
Debt Service Coverage Ratio	1.80	1.58	1.34	1.39	1.36	1.39	1.32	1.55	1.63	1.68

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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 2021/22 and FY 2022/23 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.



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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



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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.

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



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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 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



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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.)



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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:



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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; provided that if the Agency has \$100,000,000 or more of investment assets under management, the Agency may invest no more than 40% of its money in eligible commercial paper. The Agency shall invest no more than 10% of its total investment assets in the commercial paper and medium-term notes of any single issuer.

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. Purchases of negotiable certificates of deposit may 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.

(ii) Deposits 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. Deposits shall be subject to Government Code Section 53638 and may not exceed 50% of the Agency’s money which may be invested pursuant to this policy.



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- 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 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. The Agency may invest no more than 10% of its total investment assets in the commercial paper and the medium-term notes of any single issuer.
- 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



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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 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



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better by an NRSRO and shall not exceed 30 percent of the agency's moneys that may be invested pursuant to this section.

- 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.



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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.

Diversification strategies shall be reviewed and revised periodically. In establishing specific diversification strategies, the following general policies and constraints shall apply:

- 13.1 Portfolio maturity dates shall be matched versus liabilities to avoid undue concentration in a specific maturity sector.
- 13.2 Maturities selected shall provide for stability of income and liquidity.
- 13.3 Disbursement and payroll dates shall be covered through maturities of investments, marketable United States Treasury bills or other cash equivalent instruments such as money market mutual funds.

14.0 REPORTING

The Treasurer shall submit to each member of the Board of Directors an investment report at least monthly. The report shall include a complete description of the portfolio, the type of investments, the issuers, maturity dates, par values and the current market values of each component of the portfolio, including funds managed for Agency by third party contracted managers. The report will also include the source of the portfolio valuation. For funds, which are placed in LAIF, FDIC-insured accounts and/or in a county investment pool, the foregoing report elements may be replaced by copies of the latest statements from such institutions. The report must also include a certification that (1) all investment actions executed since the last report have been made in full compliance with the Investment Policy and, (2) the Agency will meet its expenditure obligations for the next six months as required by Government Code Section 53646(b)(2) and (3), respectively. The Treasurer shall maintain a complete and timely record of all investment transactions.

15.0 INVESTMENT POLICY ADOPTION

The Investment Policy shall be adopted by resolution of the Agency. Moreover, the Policy shall be reviewed on an annual basis, and modifications must be approved by the Board of Directors.

(Originally Adopted February 2018; Re-adopted January 2019; Revised February 2020, February 2021)



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Title: DEBT MANAGEMENT POLICY	
Approval Date: April 2018	Effective Date: April 2018
Approved By: Board of Directors	DMS #14890

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 budgeting and capital improvement planning process. As such, the following principles outline the Agency's approach to debt management.



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- 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.

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.



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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, long-term fixed rate bonds, absent careful evaluation of the value of the call option.



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- 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 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.



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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

The decision to take all savings upfront or on a deferred basis must be explicitly approved by the Board of Directors.



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- 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 has identified the following circumstances below in which this would likely be the case:



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- 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 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.



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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.
- 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.



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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 PROCEDURES 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 as certain operating information of the wholesale division or the retail division, as



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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 Official Statement is reviewed in its entirety to obtain final comments and to allow the



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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.
- 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



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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.

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



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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 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



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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)

ATTACHMENT 1

FINANCIAL OBLIGATIONS ON THE

AMENDMENT TO SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12

An amendment to Securities and Exchange Commission (the “SEC”) Rule 15c2-12 (the “Rule”) becomes effective as to underwriters of publicly offered municipal securities on February 27, 2019 (the “Effective Date”). As a result, we would expect that with respect to any debt offered publicly by the Santa Clarita Valley Water Agency (the “Agency”) or by the Upper Santa Clara Valley Joint Powers Authority (the “Authority”) on behalf of the Agency after the Effective Date to which the Rule applies, the Agency will be required to enter into a continuing disclosure undertaking pursuant to which it will agree to provide notice on the Electronic Municipal Market Access system (“EMMA”) of the incurrence of any “financial obligation” if material and will be obligated to disclose default on and certain other information with respect to any “financial obligation” regardless of when the financial obligation was incurred.

The Rule provides a general definition of a “financial obligation.” While the impetus for the proposed changes to the Rule was a perception by the SEC and others that municipal issuers were increasingly entering into bank or other private placement debt, the final amendment to the Rule defines “financial obligation” more broadly to include “a debt obligation, derivative instrument or a guarantee of either a debt obligation or a derivative instrument.”

To date the SEC has provided limited guidance on the specific application of the definition of “financial obligation”. The SEC release accompanying the final amendment does suggest a key concept is that a “financial obligation” involves the borrowing of money. In public comments representatives of the SEC have declined to provide a definition of a “guarantee” or a “debt” but did indicate that the SEC will not necessarily look to state law definitions of a “guarantee” or “debt”.

The Agency will need to monitor agreements or other obligations entered into by the Agency after the Effective Date, and any modifications to such agreements or other obligations, carefully to determine whether they constitute “financial obligations” under the Rule and, if material, would need to be disclosed on EMMA within 10 business days of execution or incurrence.

In addition, if the Agency receives a notice of default or an event of default or of an acceleration, termination event, modifications of or other similar event on any agreement or other obligation after the Effective Date, the Agency will need to determine whether such agreement or obligation constitutes a financial obligation (regardless of when originally incurred) and whether such default or other event reflects financial difficulty (i.e., reduction in overall liquidity, creditworthiness or debt owner’s rights).

Types of agreement or other obligations which are likely to be “financial obligations” under the Rule include:

- 1 Bank loans or other obligations which are privately placed;
- 2 State or federal loans;
- 3 Commercial paper or other short-term indebtedness for which no offering document has been filed on EMMA;
- 4 Letters of credit, surety policies or other credit enhancement with respect to the Agency’s publicly offered debt or the Authority’s publicly offered debt issued on behalf of the Agency;
- 5 Letters of credit, including letters of credit which are provided to third parties to secure the Agency’s obligation to pay or perform (an example of this is a standby

- letter of credit delivered to secure the Agency's obligations for performance under a mitigation agreement);
- 6 Capital leases for property, facilities, fleet or equipment; and
- 7 Agreements which guarantee the payment or performance obligations of a third party (regardless of whether the agreements constitute guarantees under California law).

Types of agreements which could be a "financial obligation" under the Rule include:

- 1 Payment agreements which obligate the Agency to pay a share of another public agency's debt service (for example, an agreement with a joint powers agency whereby the Agency agrees to pay a share of the joint powers agency's bonds, notes or other obligations);
- 2 Service contracts with a public agency or a private party pursuant to which the Agency is obligated to pay a share of such public agency or private party's debt service obligation (for example, certain types of P3 arrangements);
- 3 Water purchase, water banking or other similar agreements pursuant to which the Agency is obligated to pay amounts expressly tied to the other party's debt service obligations, regardless of whether service is provided or not (for example, the Agency's State Water Project contract); and
- 4 Water purchase, water banking or similar agreements which include a rate component that expressly passes through debt service or capital obligation of the other party.

Types of agreements which may be a "financial obligation" subject to the Rule include:

- 1 Any agreement the payments under which are not characterized as an operation and maintenance expenses for accounting purposes if such agreement could be characterized as the borrowing of money.

The above list is based on bond counsel advice as of January 28, 2019. The Treasurer will continue to work with General Counsel and bond counsel to refine the definition of financial obligation going forward based on future SEC guidance.



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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.
- 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.



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- 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
- (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



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The Agency shall obtain an opinion from its Swap Advisor that the terms and conditions of any financial product entered into reflect a fair market value as of the execution date.

The General Manager is authorized to solicit derivative-proposals from firms that meet or exceed the following criteria:

- The derivative transaction provider shall have a credit rating of AA (or equivalent) or better from at least two nationally recognized credit rating agencies.
- The derivative provided shall have a demonstrated record of successfully executing derivative transactions and have a minimum capitalization of \$2 billion.

(Originally Adopted April 2018)

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POLICIES, RULES AND REGULATIONS	
Title: PURCHASING POLICY	
Approval Date: May 2020	Effective Date: May 2020
Approved By: Board of Directors	DMS #22046

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).

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.

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, conservation rebates, reimbursable expenditures (such as grants or litigation settlements), deposit refunds, 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 (excluding sales tax and delivery fees) in any single acquisition, from any vendor who, in the



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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 (excluding sales tax and delivery fees) in any single acquisition, by requesting three (3) or more quotations from qualified vendors, and then purchasing the item from the responsible vendor 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 (excluding sales tax and delivery fees). Items, the cost or estimated cost of which equals or exceeds \$100,000 in any single acquisition (excluding sales tax and delivery fees), 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.



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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, and the emergency will not permit a delay resulting from complying with Section 4 or, if applicable, Public Contract Code Section 21531, the General Manager is authorized to make the required purchase(s) or enter into the required contract(s). The General Manager shall, report at the next meeting of the Board any such action involving a cost of more than \$30,000 and shall describe the emergency and the actual or probable impact on the Agency, the reasons justifying why the action is necessary to respond to the emergency, and why the emergency will not permit a delay resulting from compliance with Section 4 or, if applicable, Public Contract Code Section 21531.

In the case of any action subject to the requirements of Public Contract Code section 21531, the Board shall review any such action within 7 days of it being taken, or at its next regularly scheduled Board meeting if that meeting will occur not more than 14 days after the action, and at every regularly scheduled Board meeting thereafter until the action is terminated, to determine by a four-fifths vote that there is a need to continue the action, unless the General Manager has completed the action prior to the review by the Board. When the Board reviews the emergency action it shall terminate the action at the earliest possible date that conditions warrant so that the remainder of the emergency action may be completed by giving notice for bids to let contracts.

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.



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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 CHIEF FINANCIAL AND ADMINISTRATIVE OFFICER 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.

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,



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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 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 request proposals from interested and qualified consulting engineering firms. Submitted proposals will be reviewed, and staff will recommend to the Engineering and Operations Committee and Board of Directors the qualified 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



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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.

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



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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 **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.

15.0 **PROCUREMENT POLICY FOR FEDERAL GRANTS**

Organizations receiving federal funds are subject to the procurement guidelines of the Uniform Guidance (UG), formally 2 C.F.R 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Projects seeking federal grant funding will follow the UG procurement standards.

*(Originally Adopted January 2018)
(Revised February 2018; September 2019; December 2019 and May 2020)*

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POLICIES, RULES AND REGULATIONS	
Title: CAPITALIZATION POLICY FOR FIXED ASSETS	
Approval Date: December 2020	Effective Date: December 2020
Approved By: Board of Directors	DMS #23950

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.

Assets will be capitalized as a unit. Assets will not be recorded for individual items, unless the project costs are defined. An example is construction of a booster station that includes pumps, motors, electrical, structures, etc. If the



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separate costs are not defined, the total project cost will be capitalized as one unit.

Staff training, on new Capital Assets, should not be capitalized.

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 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. SCV Water adopted GASB 89, therefore construction period interest costs are no longer capitalized; they are to be expensed in the period incurred.

2.4 Depreciation

Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets. Depreciation will be calculated when the project is operational and placed in use, or the construction has been certified as substantially complete beginning with fiscal year 2021. Depreciation will be posted monthly.



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Depreciation lives (years) will be as follows:

Franchise & Consents	20
Other Intangible Plant	20
Organizational Costs	33
Structures & Impr (Wells)	30
Wells	30
Structures & Impr (Pumping Plant)	30
Pumping Equipment	20
Castaic Turnout - Regional	50
Other Pumping Equipment (Disinfection)	30
Water Treatment Equipment	30
Treatment Structures	35
Treatment Plant - Regional	50
Structures & Impr (Reservoirs & Tanks)	30
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; revised December 2020)

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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	DMS #14895

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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Title: WIRE TRANSFER POLICY	
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Approved By: Board of Directors	DMS #14895

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)

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Board of Directors

Gary R Martin, *President*

E.G. "Jerry" Gladbach, *Vice President*

Daniel R. Mortensen, *Vice President*

Kathye Armitage, *Director*

B. J. Atkins, *Director*

Beth Braunstein, *Director*

Ed Colley, *Director*

William Cooper, *Director*

Jeff Ford, *Director*

R. J. Kelly, *Director*

Piotr Orzechowski, *Director*

Lynne Plambeck, *Director*



Newhall Water Division

24631 Avenue Rockefeller
Valencia, CA 91355

Santa Clarita Water Division

24631 Avenue Rockefeller
Valencia, CA 91355

Valencia Water Division

24631 Avenue Rockefeller
Valencia, CA 91355

Water Resources & Outreach

26501 Summit Circle
Santa Clarita, CA 91350

(661) 297-1600

27234 Bouquet Canyon Rd.
Santa Clarita, CA 91350



YOURSCVWATER.COM





ITEM NO.
4

COMMITTEE MEMORANDUM

DATE: May 10, 2021
TO: Finance and Administration Committee
FROM: Rochelle Patterson *[Signature]*
Director of Finance and Administration
SUBJECT: Recommend Approval of a Resolution Adopting the Appropriation of All As-Yet Unappropriated Funds for FY 2020/21

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.

FINANCIAL CONSIDERATIONS

None.

RECOMMENDATION

That the Finance and Administration Committee recommends the Board of Directors adopt the attached resolution appropriating all as-yet unappropriated funds for FY 2020/21.

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 2020/21**

WHEREAS, it is in the best interest of all Agency citizens that the Agency amend its Fiscal Year 2020/21 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 2020/21 Budget by appropriating all as-yet unappropriated funds received through June 30, 2021 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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COMMITTEE MEMORANDUM

DATE: May 10, 2021
TO: Finance and Administration Committee
FROM: Rochelle Patterson *RP*
Director of Finance and Administration
SUBJECT: Recommend Approval of a Resolution Adopting the Appropriation Limit for FY 2021/22

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 limit for each year is equal to the limit for the prior year, adjusted for changes (adjustment factor) in the cost-of-living and population, and various other adjustments. This information is published by the California Department of Finance annually in May.

The appropriation limit for FY 2021/22 is \$47,859,901. Based upon estimated Fiscal Year 2021/22 general tax receipts of \$27,934,798, the Agency is under the limit by \$19,925,103 and is able to appropriate 100% of its general taxes. Attached is a copy of the resolution and summary calculation sheet for the Santa Clarita Valley Water Agency's appropriation limit for FY 2021/22.

FINANCIAL CONSIDERATIONS

None.

RECOMMENDATION

That the Finance and Administration Committee recommends that the Board of Directors approve a resolution adopting the appropriation limit for FY 2021/22.

RP/ed

Attachments

M65

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**Santa Clarita Valley Water Agency
GANN Appropriations Limit
Fiscal Year 2021/22 Calculation**

	<u>Ratio</u>	<u>Amount</u>
Fiscal Year 2020/21 GANN Limit		\$ 45,653,033
2021 to 2022 Change in California Per Capita Income ¹	1.057300	
2021 to 2022 Change in Population ¹	0.991526	
Calculation Factor (1.057300 x .991526)	1.048340	
Fiscal Year 2021/22 GANN Limit (\$45,653,033 x 1.048340)		\$ 47,859,901
Estimated Proceeds from General Property Taxes ²		<u>27,934,798</u>
Amount under Limit		<u>\$ 19,925,103</u>

¹ Source: California Department of Finance Price Factor and Population Information May 2021

² Source: SCV Water FY 2021/22 and FY 2022/23 Biennial 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 2021/22**

WHEREAS, the Agency's General Manager has caused to be prepared a calculation of the Agency's annual appropriation limit for the Agency FY 2021/22; 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 \$47,859,901 as its FY 2021/22 appropriation limit.

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Monthly Financial Report

MARCH 2021

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Statements of Revenues and Expenses

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Large Disbursement Check Registers

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SCV Water - Regional Division

Ten Largest Disbursements
From: Mar 1, 2021 to Mar 31, 2021

No.	Vendor Name	Check Number	Check Date	Description	Amount
	DEPARTMENT OF WATER RESOURCES	46256	03/05/2021	JAN 2021 VARIABLE	488,443.00
1	DEPARTMENT OF WATER RESOURCES				488,443.00
	FERREIRA CONSTRUCTION CO., INC.	46482	03/18/2021	S16-702 RECH20 MAIN	324,356.00
				S16-702 RECH20 RETAINER	-16,217.80
2	FERREIRA CONSTRUCTION CO., INC.				308,138.20
	SOUTHERN CALIFORNIA EDISON	46721	03/30/2021	4979 MAR2021	211,232.04
				2916 MAR2021	216.76
3	SOUTHERN CALIFORNIA EDISON				211,448.80
	EMTEC CONSULTING SERVICES, LLC	46531	03/19/2021	FINANCIAL MANAGEMENT SYSTEM & IMPLEMENTATION SERVICES	130,755.20
				FINANCIAL MANAGEMENT SYSTEM & IMPLEMENTATION SERVICES-NWD	13,526.40
				FINANCIAL MANAGEMENT SYSTEM & IMPLEMENTATION SERVICES-SCWD	40,579.20
				FINANCIAL MANAGEMENT SYSTEM & IMPLEMENTATION SERVICES-VWD	40,579.20
				FINANCIAL MANAGEMENT SYSTEM & IMPLEMENTATION SERVICES-RETENTION PAYABLE	-22,544.00
4	EMTEC CONSULTING SERVICES, LLC				202,896.00
	SITES PROJECT JOINT	46697	03/25/2021	SITE RESERVOIR P2B	200,000.00
5	SITES PROJECT JOINT				200,000.00
	W.A. RASIC CONSTRUCTION COMPANY, IN	46593	03/19/2021	PROGRESS PAYMENT#02 RETENTION TRUST - WESTRIDGE RECYCLED WATER TANK UPGRADES	174,175.12
				RETENTION PAYABLE - WESTRIDGE RECYCLED WATER TANK UPGRADES	-8,708.76
6	W.A. RASIC CONSTRUCTION COMPANY, IN				165,466.36
	NOSSAMAN LLP	46286	03/05/2021	ARBITRATION SETTLEMENT JAN	40,630.65
				PERCH INS JAN 2021	1,973.47
				PERCHLORATE JAN 2021	119,038.84
7	NOSSAMAN LLP				161,642.96
	SOUTHERN CALIFORNIA EDISON	46307	03/05/2021	SCPS 1/1-1/29	-3,684.49
				RIO VISTA INTAK EPUMP STATION SRVC 1/1-1/28	-3,517.01
				RV (SOLAR) 1/1-1/28	-1,004.86
				SAUGUS1WELL 1/1-1/11	-334.96
				DL (SOLAR) 1/1-1/28	1,302.84
				RECH20 METER 12/30-1/28	1,747.25
				RECH20 METER 11/30-12/3	2,156.27
				SAUGUS2 WELL12/30-1/29	5,892.35
				SAUGUS1 WELL 1/11-2/9	8,184.57
				EARL SCHMIDT FILTRATION PLANT PS 12/30-1/29	8,528.25
				RV (SOLAR) 12/1-12/31	16,934.62
				SAUGUS2 WELL 1/1-1/29	-334.96
				RIO VISTA INTAK EPUMP STATION SRVC 12/29-1/28	52,447.37
				SCPS 12/30-1/29	73,201.93
8	SOUTHERN CALIFORNIA EDISON				161,519.17
	OLYMPUS AND ASSOCIATES, INC.	46371	03/11/2021	PRESLEY TANK PAINT	144,600.00
9	OLYMPUS AND ASSOCIATES, INC.				144,600.00
	W.A. RASIC CONSTRUCTION COMPANY, IN	46719	03/30/2021	PROGRESS PAYMENT#03 THRU 3/20/21- WESTRIDGE RECYCLED WATER TANK UPGRADES	143,580.21
				PROGRESS PAYMENT#03 RETENTION TRUST- WESTRIDGE RECYCLED WATER TANK UPGRADES	-7,179.01
10	W.A. RASIC CONSTRUCTION COMPANY, IN				136,401.20
Summary					2,180,555.69
Summary-All Checks Issued During March 2021					5,161,656.44
Largest Ten Vendor Payments as Compared to Total					42%

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Director Stipends

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Director Reimbursements

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CA Govt. Code Section 53065.5

List of Reimbursement for "Individual Charges" = \$100 or more

Annual Disclosure for Fiscal Year 20/21 AP Transactions Updated as of: 3/31/21

DIRECTORS

P-Card (VISA) Transactions Updated as of: 2/28/21 - **Feb P-Card transactions affect March cash.

Date of Reimbursement	Recipient of Reimbursement	Reason for Reimbursement	Amount of Reimbursement
02/28/21	Armitage, Kathye	P-CARD (VISA) - ACWA Virtual Summer Seminar, 2/10-2/11 - Registration	240.00
02/28/21	Atkins, B.J.	P-CARD (VISA) - ACWA Virtual Summer Seminar, 2/10-2/11 - Registration	240.00
02/28/21	Atkins, B.J.	P-CARD (VISA) - ACWA 2021 Washington DC Virtual Conference, 2/24/21 - Registration	225.00
02/28/21	Cooper, Bill	P-CARD (VISA) - ACWA 2021 Virtual Legislative Symposium, 3/11/21 - Registration	145.00
02/28/21	Gladbach, Edward	P-CARD (VISA) - ACWA 2021 Virtual Legislative Symposium, 3/11/21 - Registration	145.00
02/28/21	Kelly, R.J.	P-CARD (VISA) - ACWA 2021 Washington DC Virtual Conference, 2/24/21 - Registration	225.00
			1,220.00

** No July Transactions**

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Investment Reports

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Regional Division
Cash and Investment Summary
3/31/21

	Balance	Percent of Total	Average Remaining Life Days	Weighted Average Yield
Agency Funds				
Cash & Sweep Account	\$ 31,421,668	15.02%	-	0.100%
LAIF - Regional (excludes Retail Divisions)	45,981,044	21.98%	-	0.357%
LACPIF	67,520,121	32.27%	-	0.480%
US Bank Checking Account (1% Prop Tax)	304,809	0.15%	0	0.000%
State and Local Agencies	7,494,893	3.58%	1,059	2.691%
Federal Agencies	22,236,240	10.63%	1,060	0.485%
Total Agency	174,958,775			
Capital Improvement Project Funds				
Cash & Sweep Account	\$ 4,110,438	1.96%	-	0.100%
LAIF	30,157,366	14.41%	-	0.357%
Total CIP	34,267,804			
Total Cash and Investment	\$ 209,226,578	100.00%		0.450%

Restricted State Water Project Cash / Invest: 70,951,785 Included in totals above.

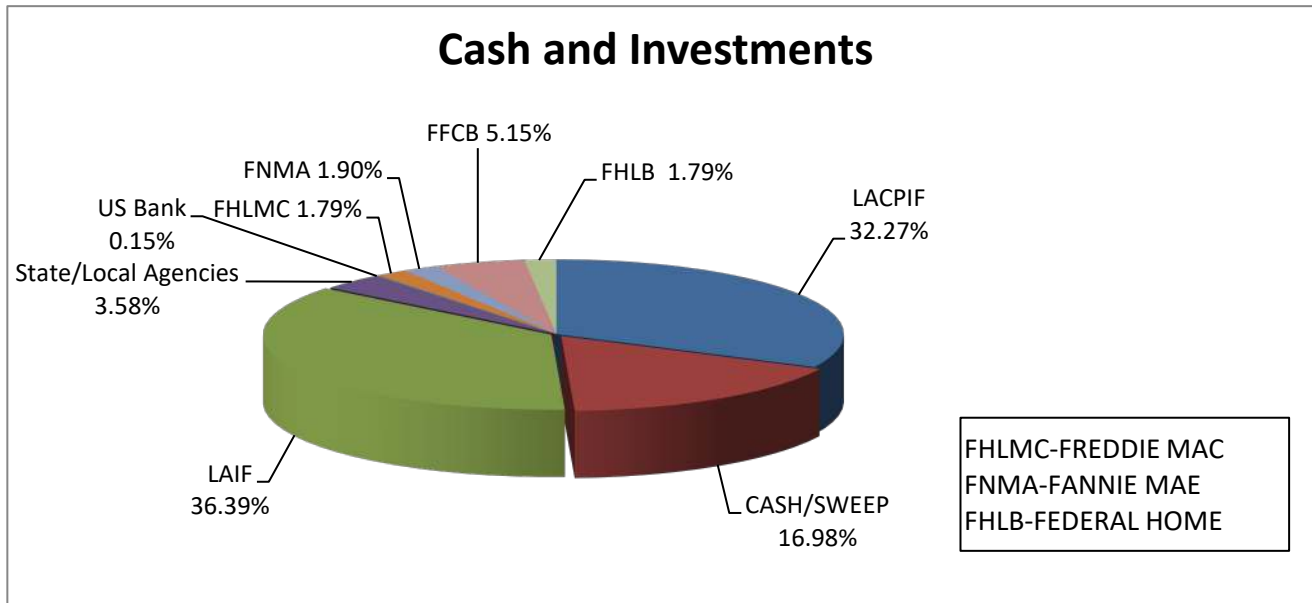
I certify that all investment actions executed since the last investment report have been made in full compliance with the Investment Policy as adopted by the Board of Directors, and that the Agency will meet its expenditure obligations for the next 6 months as required by Government Code Section 53646(b)(2) and (3), respectively.



Rochelle Patterson
Treasurer/Director of Finance & Administration



Amy Aguer
Controller



3/31/21

Regional Division General Funds Invested:

<u>Description</u>	<u>Cost</u>	<u>Rate</u>	<u>Yield</u>	<u>Purchase Date</u>	<u>Maturity Date</u>	<u>Life Days</u>	<u>Rem. Days</u>	<u>Average Interest</u>
State and Local Agency Investment Portfolio								
Wells Fargo records these at Par value								
State of California GO Bonds	1,946,780	2.250%	2.862%	01/25/19	10/01/23	1710	914	43,803
Semitropic Improvement District	1,302,045	2.262%	2.262%	10/30/19	12/01/23	1493	975	29,452
State of California GO Bonds	3,098,130	3.000%	3.000%	05/28/19	04/01/24	1770	1097	92,944
San Diego Successor Agency	1,147,938	3.000%	2.052%	10/23/19	09/01/24	1775	1250	34,438
	<u>\$ 7,494,893</u>						<u>4236</u>	<u>200,637</u>
		Weighted Avg Yield	<u>2.691%</u>			Avg Remaining Life	<u>1,059</u>	Days

Federal Government Agency Investment Portfolio
Wells Fargo records these at Par value

FFCB - WF	2,000,560	0.120%	0.120%	02/02/21	01/12/23	709	652	2,401 #
FHLMC - WF	3,750,000	0.500%	0.500%	04/29/20	04/28/23	1094	758	18,750 #
FFCB - WF	5,000,000	0.270%	0.270%	01/05/21	01/05/24	1095	1010	13,500 #
FHLB - WF	3,750,000	0.740%	0.740%	04/29/20	04/29/24	1461	1125	27,750 #
FFCB - WF	3,750,000	0.680%	0.680%	05/06/20	05/06/24	1461	1132	25,500 #
FNMA - WF	3,985,680	0.500%	0.500%	11/12/20	11/07/25	1821	1682	19,928
	<u>\$ 22,236,240</u>						<u>6359</u>	<u>107,829</u>
# Callable		Weighted Avg Yield	<u>0.485%</u>			Avg Remaining Life	<u>1,060</u>	Days

Newhall Water Division
Cash and Investment Summary
As of March 31, 2021

<u>Operating and Reserve Funds</u>	Balance	Percent of Total	Average Remaining Life Days	Weighted Avg. Yield
Cash & Sweep Account	\$ 2,411,284	22.45%		0.01%
Federal Farm Credit Bank Bond	200,000	1.86%	379	0.14%
LAIF	5,809,086	54.09%		0.41%
UBS Certificates of Deposit	2,320,000	21.60%	573	1.14%
Total	\$ 10,740,370	100.00%		
 Total Cash and Investment	 \$ 10,740,370	 100.00%		

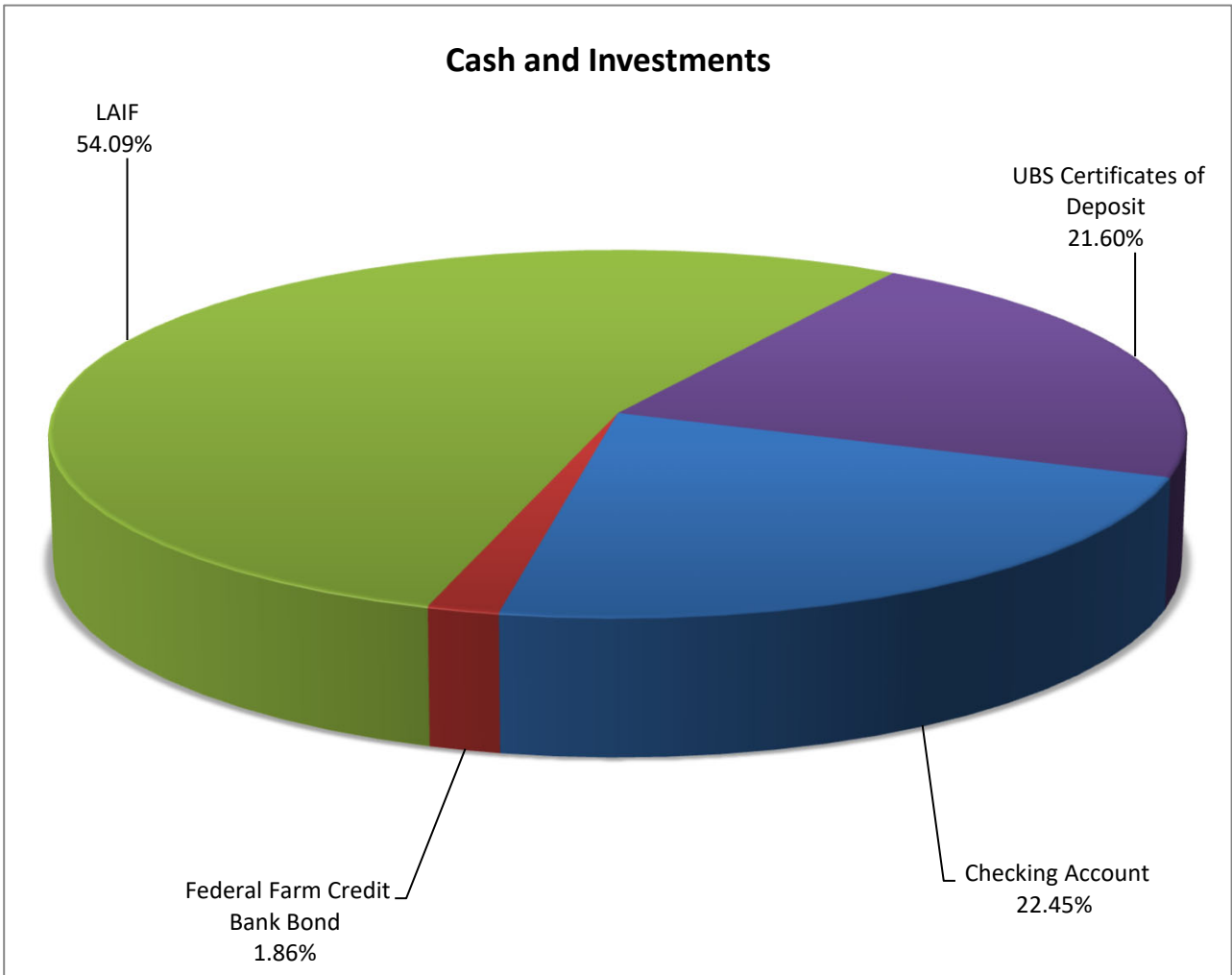


Rochelle Patterson
Director of Finance and Administration/Treasurer



Amy Aguer
Controller

I certify that the investments of the Newhall Water Division are in compliance with the Investment Policy as adopted by the Board of Directors, and that the Division has the ability to meet the expenditure requirements for the next 6 months.



NEWHALL WATER DIVISION
As of March 31, 2021

<u>Description</u>	<u>Rate</u>	<u>Yield</u>	<u>Market Value</u>
Wells Fargo Bank Cash & Sweep	0.01%	0.01%	\$ 2,411,284
Local Agency Investment Fund (LAIF)	0.41%	0.41%	5,809,086
			<u>\$ 8,220,370</u>

<u>Description</u>	<u>Par</u>	<u>Rate</u>	<u>Yield</u>	<u>Purchase Date</u>	<u>Maturity Date</u>	<u>Average Remaining Days</u>	<u>Average Interest</u>
<u>UBS Bonds</u>							
Federal Farm Credit Bank Bond	200,000	0.14%	0.14%	10/16/20	01/05/22	379	280

<u>Description</u>	<u>Par</u>	<u>Rate</u>	<u>Yield</u>	<u>Purchase Date</u>	<u>Maturity Date</u>	<u>Average Remaining Days</u>	<u>Average Interest</u>
<u>UBS Certificates of Deposit</u>							
Bank of China LTD NY US	200,000	0.10%	0.10%	10/29/20	07/29/21	119	200
Popular Bank NY US	75,000	1.35%	1.34%	04/01/20	10/07/21	189	1,013
UBS Bank UT US	200,000	0.10%	0.10%	10/21/20	10/21/21	203	200
Wells Fargo Bank NA SD US	200,000	1.75%	1.72%	10/27/16	11/02/21	214	3,500
State Bank of India NY US	200,000	2.25%	2.19%	01/30/17	02/09/22	314	4,500
TIAA FSB Florida FL US	200,000	0.40%	0.40%	03/31/21	04/09/22	373	800
Goldman Sachs Bank NY US	200,000	2.35%	2.25%	10/24/17	11/01/22	579	4,700
UBS BK USA SALT LA UT US	200,000	0.15%	0.15%	11/13/20	11/21/22	599	300
Synchrony Bank UT US	200,000	1.30%	1.26%	04/13/20	04/17/20	746	2,600
BMW BANK NORTH AME UT US	200,000	0.25%	0.25%	11/13/20	05/22/23	781	500
Sallie Mae Bank UT US	200,000	1.95%	1.95%	11/22/19	11/20/24	1,328	3,900
Morgan Stanley PRI NY US	245,000	1.70%	1.60%	04/01/20	03/05/25	1,434	4,165
	<u>\$ 2,320,000</u>					<u>573</u>	<u>\$ 26,378</u>

NWD Total Cash and Investments

10,740,370

SCV Water
 Santa Clarita Water Division
 Cash and Investment Summary
 As of March 31, 2021

SCWD*	Balance	Percent of Total	Maximum Concentration Allowed	Average Remaining Life Days	Weighted Avg. Yield
Retail Division Cash and Sweep	4,153,020	9.43%	n/a		0.01%
Wells Fargo Government I 1751 MMF	22,068,219	50.10%	10%		0.01%
LAIF	15,076,092	34.23%	State Max	-	0.58%
Wells Fargo Certificates of Deposit	2,750,000	6.24%	30%	374	1.58%
Total	44,047,330	100.00%			
Total Cash and Investment**	44,047,330	100.00%			

* See SCWD Portfolio on next page for detailed descriptions.

** Total for SCWD includes estimated \$2,696,777 in refundable Developer Deposits.

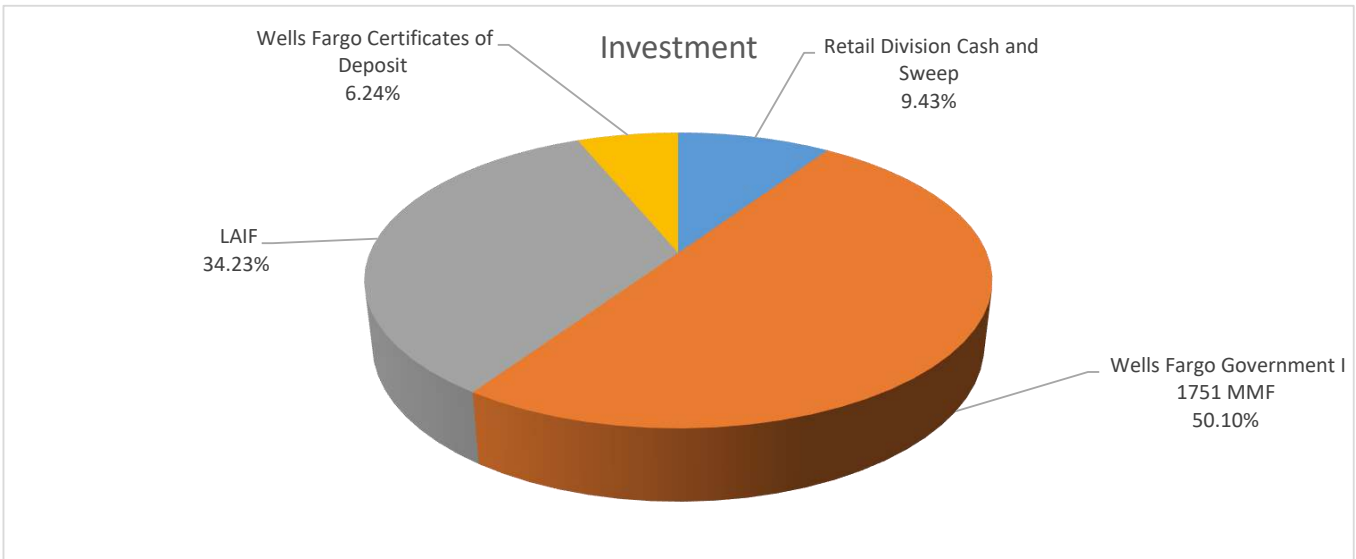
I certify that the investments of the Santa Clarita Water Division are in compliance with the Investment Policy as adopted by the Board of Directors, and that the Division has the ability to meet the expenditure requirements for the next 6 months.



Rochelle Patterson
 Director of Finance and Administration/Treasurer



Elizabeth Ho
 Accounting Manager



SCV Water
Santa Clarita Water Division
Cash and Investment Summary
As of March 31, 2021

<u>Description</u>	<u>Balance</u>	<u>Rate</u>	<u>Yield</u>
Cash and Sweep (Cash in Bank)	4,153,020	0.01%	0.01%
Local Agency Investment Fund (LAIF)	15,076,092	0.58%	0.58%
Wells Fargo Government I 1751 Money Market Fund (MMF)	22,068,219	0.01%	0.01%
	<u><u>41,297,330</u></u>		

Note: Cash and Sweep, LAIF and Wells Fargo Money Market Fund are liquid investments.

<u>Description</u>	<u>Par</u>	<u>Rate</u>	<u>Yield</u>	<u>Purchase Date</u>	<u>Maturity Date</u>	<u>Life Days</u>	<u>Remaining Days</u>	<u>Average Interest</u>
<u>Wells Fargo Certificates of Deposit</u>								
Enerbank USA	250,000	2.40%	2.40%	04/12/19	04/12/21	682	12	6,000
Synovus Bank GA	250,000	2.40%	2.40%	04/17/19	04/16/21	686	19	6,000
Century Next Bank	250,000	2.40%	2.40%	04/24/19	04/23/21	693	23	6,000
First Internet Bank	250,000	2.20%	2.20%	12/18/17	12/17/21	931	261	5,500
Sally Mae Bank/Salt Lke	250,000	2.60%	2.60%	04/10/19	04/11/22	1,046	376	6,500
American Express Bank FSB	250,000	2.35%	2.35%	05/03/17	05/03/22	1,068	398	5,875
Citibank	250,000	3.00%	3.00%	05/16/18	05/23/22	1,088	418	7,500
Bank Hapoalim BM NY	250,000	0.10%	0.10%	12/23/20	12/23/21	365	270	250
Washington Trust Westerly	250,000	0.10%	0.10%	12/23/20	12/23/21	365	270	250
Webbank	250,000	0.10%	0.10%	12/28/20	12/28/22	730	637	250
Luana Savings Bank	250,000	0.25%	0.25%	12/30/20	07/01/24	1,521	1,430	625
	<u><u>2,750,000</u></u>						<u><u>374</u></u>	<u><u>\$ 43,375</u></u>

SCWD Total Cash and Investments **44,047,330**

SCV WATER
Valencia Water Division
As of March 31, 2021
Investment Report

	Current Balance	Percent of Total	Average Remaining Life Days	Weighted Average Yield
Wells Fargo Cash and Sweep	\$6,988,668	30.5%	n/a	0.01%
LAIF	\$7,865,153	34.4%	n/a	0.36%
Certificates of Deposit	\$1,000,000	4.4%	360	2.29%
US Treasury Bill	\$1,000,000	4.4%	259	2.63%
Federal Bonds	\$6,000,000	26.3%	1284	0.36%
Total Cash and Investment**	<u>\$22,853,821</u>	<u>100.0%</u>		

** Total for VWD includes estimated \$2,756,752 in refundable Developer Deposits.

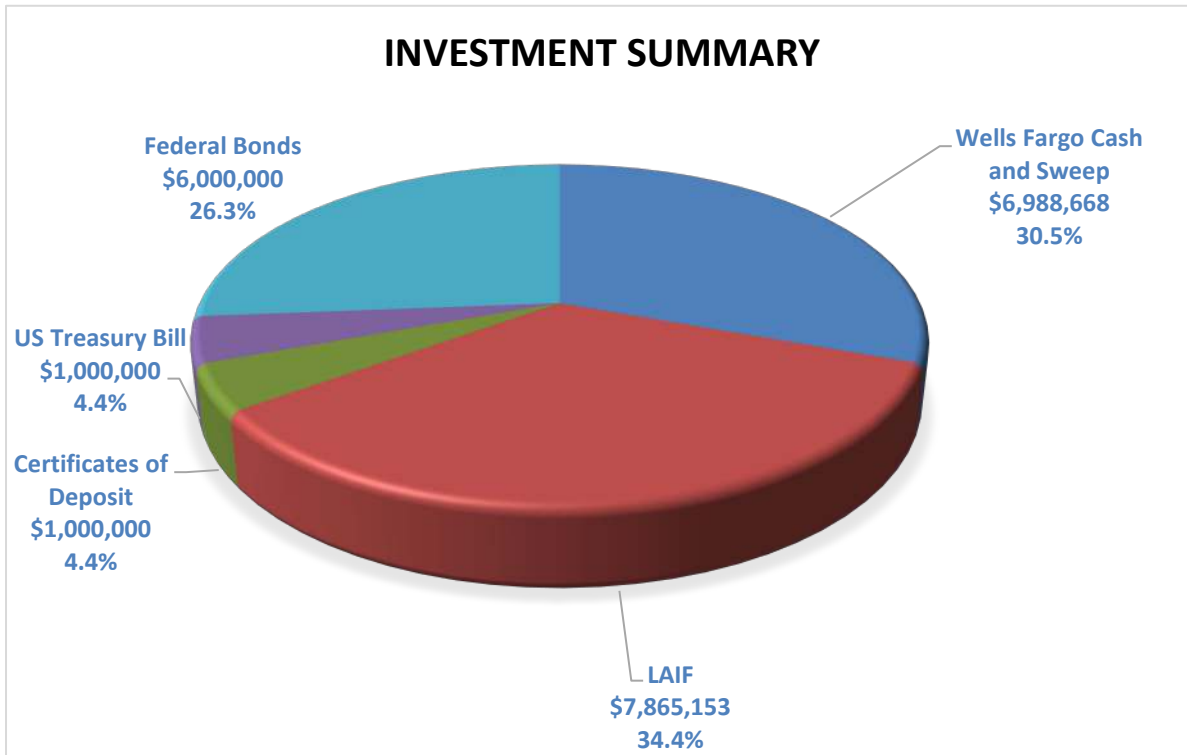
I certify that the investments of the Valencia Water Division are in compliance with the Investment Policy as adopted by the Board of Directors, and that the Division has the ability to meet the expenditure requirement for the next 6 months.



Rochelle Patterson
 Director of Finance and Administration, Treasurer



Elizabeth Ho
 Accounting Manager



SCV WATER
Valencia Water Division
Cash and Investment Summary
As of March 31, 2021

Description	Balance	Rate	Yield			GASB 72 Fair Value Hierarchy	
Wells Fargo Cash and Sweep	6,988,668	0.01%	0.01%			2	
Local Agency Investment Fund (LAIF)	7,865,153	0.36%	0.36%			2	
	<u>14,853,821</u>						

Description	Par	Rate	Yield	Purchase Date	Maturity Date	Life Days	Remaining Days	Average Interest	GASB 72 Fair Value Hierarchy
3/31/2021									
Certificates of Deposit									
Stearns Bank NA	250,000	2.950%	2.950%	7/6/2018	7/6/2021	1096	97	7,375	1
WEX Bank Midvale Utah	250,000	1.500%	1.500%	3/9/2020	3/9/2022	730	343	3,750	1
Comenity Capital Bank	250,000	3.150%	3.150%	7/16/2018	7/18/2022	1463	474	7,875	1
Live Oak Bkg Co	250,000	1.550%	1.550%	3/6/2020	9/6/2022	914	524	3,875	1
	<u>1,000,000</u>						<u>360</u>	<u>22,875</u>	
Federal Bonds									
Federal Farm Credit Bank	2,000,000	0.180%	0.180%	1/13/2021	7/13/2023	911	834	3,600	1
Federal Home Loan Bank	2,000,000	0.400%	0.400%	2/26/2021	11/26/2024	1369	1336	8,000	1
Fannie Mae	2,000,000	0.500%	0.500%	11/12/2020	11/7/2025	1821	1682	10,000	1
	<u>6,000,000</u>						<u>1284</u>	<u>21,600</u>	
US Treasury Bill									
United States Treasury Note	1,000,000	2.625%	2.625%	12/17/2018	12/15/2021	1094	259	26,250	1
	<u>1,000,000</u>						<u>259</u>	<u>26,250</u>	
VWD Total Cash and Investments	<u><u>\$22,853,821.00</u></u>								

GASB 72 Fair Value Hierarchy:

- Level 1 - inputs are quotes prices in active markets for identical assets.
- Level 2- inputs are significant other observable inputs.
- Level 3 - inputs are significant unobservable inputs.

Credit Card Registers

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**SCV Water - Regional Division
Credit Card Charges
Paid in Jan 2021 - March 2021**

Merchant Name and Description	Total
8870 ROYAL	193.08
Hand Tools	157.02
LIQUID TIGHT FITTINGS	36.06
ADOBE ACROPRO SUBS	3,406.90
Adobe pro license subscription	1,703.45
Adobe pro licensing	1,703.45
ADOBE STOCK	159.98
Agency publication	79.99
Photo stock	79.99
ALBERTSONS #1360	104.10
Holiday lunch drinks	104.10
ALBERTSONS #3301	9.99
Vending Machine Supplies	9.99
ALLIED ELECTRONICS INC	877.09
Microswitch for RVWTP – Switchgear Protection	877.09
AMAZON.COM	(22.65)
Credit for Accidental Charge Return	(22.65)
AMAZON.COM 029SG6FX3 AMZN	57.65
Kitchen and Office Supplies	57.65
AMAZON.COM 1745Z0T13 AMZN	108.41
Test meter lead set.	108.41
AMAZON.COM 1Y4K12J73 AMZN	211.32
Office supply	211.32
AMAZON.COM 4F4GM9M33 AMZN	123.20
10x13 Catalog Envelopes, Box of 100, 4 Boxes, Mailing Supplies RVWTP	123.20
AMAZON.COM 4P08M8O03 AMZN	51.14
Index Dividers - SPLY	51.14
AMAZON.COM 4Z14V5803 AMZN	70.40
Office supply	70.40
AMAZON.COM 6R45G0KN3 AMZN	438.70
Dual Monitor Workstation - SR/ADM	438.70
AMAZON.COM 7226I2CU3	101.98
Kitchen Supplies	101.98
AMAZON.COM A35KM8NT3	197.08
Ether Switches	197.08
AMAZON.COM AZ7MM5193 AMZN	19.59
Office Supplies	19.59
AMAZON.COM BK5F30333	45.04
Rodent Repellent for RVWTP Fleet Vehicles.	45.04
AMAZON.COM C523C05I3 AMZN	2,500.00
\$20 Amazon gift cards for 2021 birthday cards	2,500.00
AMAZON.COM C564Q6V83	4.77
Door Handle Plate for Women's Bathroom	4.77
AMAZON.COM C60SO6S83	62.16
Office Supplies - Pine Street	62.16
AMAZON.COM CF8XT1763	154.23
Pumps for meters	154.23
AMAZON.COM IM6SQ1UV3	24.04
Office Supplies	24.04
AMAZON.COM IN2W24ZU3	52.32
HP 62 Ink Cartridge, AA/ACTG Dept.	26.16
HP 62 Ink Cartridge, JW/MAINT Dept.	26.16
AMAZON.COM KL4SR6YB3 AMZN	1,034.30
HUBBELL Emergency Lights.	1,034.30
AMAZON.COM L77K54D03 AMZN	64.59
Office Supplies - Pine Street	64.59
AMAZON.COM LB4TV09F3	37.09
Wall Calendar	37.09
AMAZON.COM LL26U2NT3 AMZN	26.27
Outlet Power Strip - SR/ADM	26.27
AMAZON.COM LX8BH1VJ3 AMZN	76.03
P-Touch Label Maker, Interdepartmental Envelopes 10x13, HR Dept. Supply Order	76.03
AMAZON.COM MH4D752Z3 AMZN	21.89
Office Supplies	21.89
AMAZON.COM O21WE9153 AMZN	69.82
Clear Address Labels, 2 Boxes, Rick V and CF/WR Dept.	69.82
AMAZON.COM OM67432C3 AMZN	67.93
Accidental Amazon purchase with PCard instead of personal debit card - Agency Reimbursed	67.93
AMAZON.COM PM0MD5YY3 AMZN	70.40
Office supply	70.40
AMAZON.COM QB17794W3 AMZN	105.27
Plastic Knives and Napkins - RVWTP Kitchen Supplies	105.27

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AMAZON.COM QC6JH7RD3 AMZN	64.32
Office Supplies	64.32
AMAZON.COM TY5GR2JJ3	22.65
Accidental Charge - Returned	22.65
AMAZON.COM UA9M93V73 AMZN	64.59
Office Supplies - Pine Street	64.59
AMAZON.COM UF04C8IW3	49.23
Plastic Teaspoons - RVWTP Kitchens	49.23
AMAZON.COM W23AE0GI3	154.02
10x13 Catalog Envelopes, Box of 100, 6 Boxes, Mailing Supplies RVWTP	154.02
AMAZON.COM Z21LN5K23 AMZN	75.68
Plastic Forks - RVWTP Kitchen Supplies	75.68
AMZN MKTP US	(247.14)
Frames for Resolutions (Damaged - Refund)	(55.82)
Refund for Order dated 2/2/21. Product was damaged 1 of 2 returns for order purchased on 2/2/21	(87.55)
Refund for Order dated 2/20/21. Product was damaged 2 of 2 returns for order purchased on 2/20/21	(87.55)
Refund for Slot Punch AMZ Order 114-3486662-5477036. Wrong item was sent.	(16.22)
AMZN MKTP US 1Y4J350X3 AM	70.05
Safety PPE Supplies - All locations	70.05
AMZN MKTP US 272363IK3	7.67
Office Supplies	7.67
AMZN MKTP US 458MX8Q73	37.20
Line Coupler, Test Jumpers	37.20
AMZN MKTP US 4B7GV1ED3	159.17
Kitchen and Office Supplies	159.17
AMZN MKTP US 4O8P10IL3	18.19
Clock for OPS Room	18.19
AMZN MKTP US 4P2NN2LQ3	19.68
Alligator Clips	19.68
AMZN MKTP US 574TE0JA3	168.93
Office and Kitchen Supplies	168.93
AMZN MKTP US 5D47V5MP3	569.36
Back up Cams for SCD trucks	569.36
AMZN MKTP US 5K9573IF3	65.68
Frames for Directors Photos	65.68
AMZN MKTP US 6D3AH0GV3 AM	70.08
Office Supplies - Pine Street	70.08
AMZN MKTP US 6I1VY3WG3	74.41
Multimeter Test Set	74.41
AMZN MKTP US 7J3NG4V43 AM	100.82
Office Supplies - Pine Street	100.82
AMZN MKTP US 7L6TQ74S3	89.79
HP 62XL Ink Cartridge, AA/ACTG Dept.	44.89
HP 62XL Ink Cartridge, JW/Maint Dept.	44.90
AMZN MKTP US 8S62V9OT3	120.90
Battery Powered Under-hood Rodent Ultrasonic Repellent.	120.90
AMZN MKTP US 9B9127PS3	151.08
Office Chair Wheels	151.08
AMZN MKTP US 9R6PC7IW3	481.80
Safety PPE Supplies - All locations	481.80
AMZN MKTP US AA2ST9B53	283.04
Back up cams for N-50 and N 84	283.04
AMZN MKTP US AS9BR59H3	76.62
Office supply	76.62
AMZN MKTP US BO4ET4UL3	208.04
Winch Chains for lifting For Unit 19	208.04
AMZN MKTP US CD2T86V73	735.84
Topaz 4ft Fluorescent Bulbs.	735.84
AMZN MKTP US DC45Y8L83	569.36
Back up Cams for low visibility vehicles	569.36
AMZN MKTP US E15G41053	55.82
Frames for Resolutions	55.82
AMZN MKTP US EH0ZL23X3	284.68
Back up cams for units S101 and S19 charge SCD	284.68
AMZN MKTP US H12XM7Q63	63.50
Anti-Theft Laptop Backpack	63.50
AMZN MKTP US H664P7XA3	39.40
Hart hat visors for sun protection	39.40
AMZN MKTP US JZ5SQ5UE3	87.55
Dual Monitor Stand for Computer Screens, TB/MGT	87.55
AMZN MKTP US KP73L9353	270.31
Safety PPE Supplies - All locations	270.31
AMZN MKTP US KQ09E16C3	411.15

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Disinfectant Fogger Machine , and Disinfectant Chemicals	411.15
AMZN MKTP US LQ12C3M03	158.76
Office Supplies - Pine Street	158.76
AMZN MKTP US LU4M53QJ3	546.95
Replacement Propane Tanks for RVWTP Forklift.	546.95
AMZN MKTP US NX3HW45B3	166.34
Office Supplies - Pine Street	166.34
AMZN MKTP US P57C22H73 AM	76.65
Office Supplies	76.65
AMZN MKTP US QB6D731K3	37.20
Line Coupler, Test Jumpers	37.20
AMZN MKTP US QS71538Q3	27.25
Floppy disc drive	27.25
AMZN MKTP US RX3WT7AS3	101.36
HP I/O boards for 4 screen SCADA systems	101.36
AMZN MKTP US SA1XS80W3	87.55
2nd Dual Monitor Stand for Computer Screens, TB/MGT,Shelf was damaged, refunded at a later date	87.55
AMZN MKTP US SM9HN3AX3 AM	86.59
Office Supplies	86.59
AMZN MKTP US SV2OW2EC3 AM	14.03
Coffee Filters, 2 Pack, ED Dept. Kitchen	14.03
AMZN MKTP US TK42L5A83	16.22
Slot Punch for HR - Wrong item was sent - Refund to be issued	16.22
AMZN MKTP US TT94D7Z53	512.69
Pipe straps for S-45 charge SCD	512.69
AMZN MKTP US U41QU9UE3	28.49
satellite antenna	28.49
AMZN MKTP US VO8D72003	999.90
Dragon-Light 54W Super Bright Corn Cob LED Light Bulb.	999.90
AMZN MKTP US VU4E36YQ3	87.58
Replacement roller wheels for chairs for new office Instrumentation shop.	87.58
AMZN MKTP US YB0L516K3	30.33
Charging station	30.33
AMZN MKTP US YG11T97X3	547.49
Water Fountain Filters	547.49
AMZN MKTP US ZR8HZ7003	2,529.34
Safety PPE Supplies - All locations	2,529.34
APPLE.COM/BILL	59.96
Jump app for Adam Pontious iPad.	14.99
Jump app for Adrian Herrera Agency iPhone	14.99
Jump app for Dean Takashima and Jenny Anderson iPads.	29.98
AQUA-FLO SUPPLY INC #3	947.57
Sump pump, and zip ties.	244.27
Supplies Unit #157 - plumbing pvc glue, primer - stock	210.55
Tools Unit #157 - hand tools.	178.17
True union ball valve, bushings, nipples etc.	314.58
ASCE PURCHASING	300.00
ASCE Membership Renewal JY	300.00
ASSOCIATION OF CALIFORNIA	885.00
ACWA 2021 Virtual Legislative Symposium - Registration - 03/11/21 - Director Cooper	145.00
ACWA 2021 Virtual Legislative Symposium - Registration - 03/11/21 - Director Gladbach	145.00
ACWA 2021 Virtual Legislative Symposium - Registration - 03/11/21 - K. Martin	145.00
ACWA DC2021 Washington DC Virtual Conference - Registration - 02/24/21 - Director Atkins	225.00
ACWA DC2021 Washington DC Virtual Conference - Registration - 02/24/21 - Director Kelly	225.00
AUTOMATIONDIRECT.COM	455.52
Ethernet switches for SCADA enclosures.	455.52
AV EQUIPMENT	955.98
Hoses and two new bottles of propane.	955.98
AWWA EVENTS	1,655.00
2021 Spring Virtual Summit Bundle Registration - Shadi Bader	155.00
AWWA Seminar Registration on behalf of Elizabeth Sobczak.	240.00
AWWA Virtual Summit - Presenter registration	155.00
AWWA Virtual Summit - Registration - 02/10-02/11/21 - Director Armitage	240.00
AWWA Virtual Summit - Registration - 02/10-02/11/21 - Director Atkins	240.00
AWWA Virtual Summit - Registration - 02/10-02/11/21 - K. Abercrombie	240.00
AWWA Virtual Summit Registration - Registration	385.00
AWWA.ORG	444.00
AWWA Membership Renewal JY	294.00
R.Vasilopoulos - AWWA Webinar Registration 1/20/21	75.00
S.Fleury - AWWA Webinar Registration 1/20/21	75.00
BACKYARD GRUB AND BREWS	43.00
Welcome aboard lunch for Jon Wallace (J. Wallace & R. Pulido)	43.00
BESTBUYCOM806384149801	689.78

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Webcams/mics to support remote work.	689.78
BESTBUYCOM806400696393	755.48
Microphones and headsets to support remote work.	755.48
BESTBUYCOM806411216423	100.72
Ups, cable for remote SCADA computer.	100.72
BESTBUYCOM806415584270	65.68
External Drive - Motor Protection Relay Setup	43.79
USB Extension - Motor Protection Relay Setup	21.89
BLUEBEAM INC	500.00
Fee for license transfer from Valencia Water Company to SCV Water Agency for Bluebeam Revu.	500.00
BOX, INC.	1,800.00
File share for Eng.	600.00
File share hosting	600.00
Hosted file sharing	600.00
BPH PUMP & EQUIPMENT	898.12
Fright Charge for ESFP Replacement Circulating Pump .	32.12
Replacement Circulating Pump for ESFP CL2 System.	866.00
BROWN AND CALDWELL	600.00
Job Posting Lead Water Systems Technician 2/17/21	200.00
Job Posting Right of Way Agent 2/11/21	200.00
Job Posting Utility Worker I or II 02/17/21	200.00
BTS QUILL	841.22
Kitchen and Office Supplies	408.61
Office and Kitchen Supplies	244.89
Office Supplies	187.72
CABELA'S ONLINE U.S.	60.14
Tie Down Straps - UPS Battery Backup Cabinets - Tank Sites	60.14
CALIFORNIA SOCIETY OF MUN	380.00
CSMFO Seminar Registration	380.00
CA-NV SECTION, AWWA	445.00
AWWA Operator Symposium 2021 - Registration	275.00
CA-NV AWWA SCADA Training, Adrian Herrera	170.00
CAPITOL DIRECTORIES INC	565.09
2021 Pocket Directory of the CA Legislature	565.09
CARASOFT TECHNOLOGY CORP	10,641.60
Additional Zoom for Government Webinar licenses.	3,628.80
Zoom for Government annual license fee.	7,012.80
CARR LANE MFG COMPANY	148.63
Pull Pins for Outriggers on Unit 50	148.63
CITY OF SANTA CLARITA	1,624.98
Certificate of Compliance Invoice from the City of Santa Clarita for S16-702	1,624.98
CLASSIC AUTOMATION LLC	3,425.33
Motor Protection Relay Panel.	3,425.33
CORNER BAKERY 0208	2,219.32
Holiday lunch for staff	2,219.32
COSTCO DELIVERY 653	2,247.97
Office Supplies - Batteries - Maint Dept. TB	43.78
Office Supplies - Non Taxable	1,246.44
Office Supplies - Non Taxable - AJ MGT/BD	34.98
Office Supplies - Non Taxable - ED Dept.	33.52
Office Supplies - Non Taxable - Education	25.14
Office Supplies - Non Taxable - Kitchen Supplies- JM/ED Dept.	27.74
Office Supplies - Non Taxable - Snacks - AJ/MGT	17.49
Office Supplies - Taxable	692.99
Office Supplies - Taxable - PZ/Maint Dept.	43.78
Office Supplies - Taxable - Woodall/OPS - Toner	82.11
COSTCO WHSE #0447	285.32
Annual Renewal Fee	211.26
Annual Renewal Fee (duplicate payment-refunded)	211.26
Annual Renewal Fee (refund for double charge)	(211.26)
Cleaning supplies	35.02
kitchen and bathroom supplies	39.04
COSTCO WHSE #0762	41.97
Office Supplies - Pine Street	41.97
CROSS BORDER TRANS FEE	16.54
Linktree Oversea charge	0.60
Made from a merchant in Canada - International Currency Fee	15.94
DAPPER DANS CARWASH	149.70
Car wash - Monthly Pass Fee	19.95
Car wash.	19.95
Monthly Car Wash Fee	19.95
Pool wash N55	29.95
Pool washes	29.95

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Pool washes N#55	29.95
DARIO'S MEXICAN RESTAURANT	86.45
Bought crew lunch New Year's Eve	86.45
DIGICERT INC	995.00
Certificate renewal for webpay.valenciawater.com	995.00
DKC DIGI KEY CORP	64.73
repair of Hach 5500AMC motherboards	64.73
DNH DOMAIN HOSTING SRVCS	648.87
Domain name hosting monthly.	8.68
Domain name hosting.	40.22
Web services for SCADA data access.	599.97
DNH GODADDY.COM	339.98
Paymentus.com and connect SSL certificate renewals	339.98
DNH SUCURI WEBSITE SECURITY	29.97
Agency Website Maintenance	9.99
SCV Agency Website maintenance	9.99
SCV Water Website maintenance	9.99
DOCUSIGN	300.00
Electronic signature service for Regional Accounting Dept	300.00
DOMINO'S 8447	26.25
Lunch for weekend crew - emergency repair.	26.25
DXP ENTERPRISES	1,845.88
Freight Charge for Glass Calibration Cylinders.	42.37
Glass Calibration Cylinders for the Perchlorate Plant.	1,803.51
EB EXCEL-BUSINESS INT	298.00
Excel Business Intelligence Webinar (Excel Pivot Tables, Vlookups, etc. Needed for GL Validation on Oracle Fusion.) - Registration	298.00
EIG CONSTANTCONTACT.COM	945.00
Agency eNews	315.00
digital eNews	315.00
eNew publications	315.00
EVEREST BURGERS	133.19
Breakfast for crews	133.19
FACEBK 5XVD5YWJH2	52.30
Social media	52.30
FACEBK C5B6KZ6KH2	25.00
Agency online presence	25.00
FAST FRAME 55950405596	534.63
Frame Headshots for New Directors - Kathy Armitage, Beth Braunstein, Peter Orzechowski	534.63
FEATHERS CUSTOM SIGNS	1,183.13
Signage for Operations.	1,183.13
FEDEX 781865250539	26.97
lobbying form signed documents sent to Poole and Shaffery	26.97
GOVERNMENT FINANCE OFFICE	460.00
Application fee for GFOA FY 2019/20 CAFR Award	460.00
GOVERNMENT FINANCE OFFIC	35.00
GFOA Training - Component Units Class Registration - AA	35.00
HOMEDEPOT.COM	4,194.52
Concrete coating for S21-716 SC-2 well rehab	145.20
FORCE LOGIC Press Tool Kit for ESFP.	3,831.41
New Grinder for Unit 19	217.91
HR MANUFACTURING CO	552.51
Deep extended socket for Cla Valve Repair	205.80
Deep Sockets for Cla Valve For Unit 10	346.71
IN EDUCATION & TRAINING	499.00
Advanced Management and Supervisory Leadership Training registration on behalf of Jason Yim.	499.00
IN ROB'S INDUSTRIAL SERV	2,465.00
Camlock Cable Set for Perchlorate Plant.	2,465.00
IN N OUT BURGER 107	60.50
Bought crew lunch on leak repair 17415 blue aspen	60.50
IND-CONCEPTS	391.79
PLC Communication adapters.	391.79
INDECO-KH	1,221.70
Coolant Tank Hot Start Unit for RWTP Emergency Standby Generator.	1,221.70
INTERSTATE ALL BATTERY	395.64
2 - EMERGENCY LIGHT BATTERIES	67.67
Battery for truck# I34	147.73
Emergency Lighting	180.24
JIMMY DEANS	678.26
Breakfast for Operations at Pine St	84.95
Christmas Breakfast for the Production Team	137.85
Monthly Birthday and Anniversary Celebration - November December and January	455.46
JOHNSTONE SUPPLY VALENCIA	288.41
A/C COIL CLEANER, Co2 CARTRIDGES	134.96

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A/C FILTERS	90.40
Two self Tapping screw sets.	63.05
L2G EPIC-LA 626-458-4930	13,387.00
25438 Hardy PI	561.00
25602 Wilde Ave	561.00
27850 Lassen Ct County Permit	561.00
28503 Webster County Permit	561.00
29129 Highplains and 27749 Buckskin	1,122.00
32226 Big Oak County Permit	561.00
Blanket Utility Permit for 2021	484.00
Inspect - 25505 Chissom	561.00
Inspect - 25534 Fitzgerald	561.00
Inspect - 25580 Wilde	561.00
Inspect - 25849 Anderson - VWD7630	561.00
Inspect - 26008 Franklin	561.00
Inspect - 27764 Villa	561.00
Inspect - 29210 Mission Trail NWD5455	561.00
Inspect - Pico/Stevenson Ranch	561.00
Live Oak Tract Hydrant Valve replacement - Inspection	2,244.00
Live Oak Tract Valve Replacement - Inspection	2,244.00
LA COCINA BAR AND GRILL	23.48
Lunch with new employee Jason Mak	23.48
LINKTREE LINKTREE	60.00
PR Consulting	60.00
LOGMEIN GOTOMEETING	1,771.06
Additional Goto meeting account	880.02
Open voice for GoTo meeting	881.04
Open voice for Goto meeting - Monthly Fee	10.00
LOGMEIN PRO2	349.99
remote desktop software annual license	349.99
LOWES #01510	5,334.69
2 - HOSEBIB SHUTOFFS	17.48
5gl. buckets to store used dissolved ozone ampules. 2 inch grommets for routing computer cables through office desks - RV Instrum	72.80
Buff Pads - Shop Replacement	24.04
CAT6 Terminals, Anchors, Hardware - Instrumentation Office Remodel	104.00
COMPRESSION FITTINGS	1.93
Digital Air Pressure Gauge, Small connectors as Test equipment - to test valve vault 2- 5500sc air psi. 11/2inch drain fitting for LA-	26.29
Drill bits.	118.94
extension chord and heater	110.00
Gloves, supplies	98.46
Gloves, Zip Ties, PVC Elbow, Coil Strap	118.52
Hand Tools	243.24
Hardware - Truck I58	6.77
heater broken and returned	(65.67)
Heavy Duty Tote - Cable Storage	10.93
Heavy Duty Tote - Generator Cable Storage	12.03
Impact Driver, Attachment Bits, Mag Pickup - Truck I58	204.13
Large 2.5inch blinds for Instrumentation shop window Grommets for computer cables9oz. glue tube to secure pegboard in the Instru	166.90
Nitrile and Protective gloves - Truck I 58	46.58
Parts to fix cabinet at intake pump station enclosure. WD-40 for stuck enclosure door	21.30
Pegboard and hooks for organizing tools in instrumentation. Kitchen style trash can and small storage bins for Instrumentation shop	107.11
PHOTO CELLS	63.42
Plastic storage bin to store cables in RV Instrumentation shop	13.10
Plumbing parts to block off Gas Heater and Air shop Air in Instrument room.	18.83
Portable Spray Rig	100.13
Power cables and Cat 6 cables to move to temp office	138.74
Radiator, USB, Cables	227.53
Sealant, Caulking Gun, Backer Rod - Transformer Intrusion Sealant	96.69
Shovel for vehicle ,4 bags of concrete	51.69
Spray Paint	8.72
Straps, Pads - Radio Shack UPS Install	55.72
Summit CCare relocation succulents	227.48
Supplies for B&G	2,388.00
Supplies for B&G - Credit Return	(76.60)
Toilet parts, super glue, drywall joint compound	58.05
Tools and material for I for New	349.67
Utensil type tray to organize office supplies - RV Instrumentation shop	26.24
Velcro straps to bundle computer cables in RV Instrumentation shop	5.78
Wrenches, dolly, tool kit	135.72
LOWES #01972	19.72
20/20Amp Circuit Breaker - Tank Mixer Install - Honby 1/2	28.97
inspection light - small tools	34.47
Strap Return - Radio Shack UPS Install	(43.72)

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LUBR ENGINEERS INC	1,579.14
Lubrication Oil for Emergency Backup Generator at RWWTP.	1,579.14
MCMMASTER-CARR	999.29
25 pounds of desiccant.	242.43
Fiberglass brackets, straps, and slings.	513.78
Relay Bases - Generator Control Switchgear	28.73
Strut floor mounts.	141.86
WP Switch, Power Cord - Cooling Fan Repair at Saugus 2 Well	72.49
MOUSER ELECTRONICS INC	248.31
Fans, Connectors, Pins - A/B VFD Drive Repair	248.31
NACE INTERNATIONAL	2,368.00
NACE Corrosion Virtual Conference 2021	495.00
NACE International Annual Membership on behalf of Shadi Bader.	150.00
NACE Membership	235.00
NACE Seminar - Shadi Bader	1,488.00
NAPA AUTO PARTS	112.00
Screw drivers and pliers - truck #I37.	41.36
Supplies - truck #I37.	70.64
NATIONAL INSTITUTE OF GOVE	370.00
Membership to NIGP - Institute for Public Procurement	370.00
NEWEGG B2B INC	350.40
hard drive replacements for Video system	350.40
NEWHALL HARDWARE	246.82
purchased tools and supplies then returned to add more items that were needed. Credit Return	(157.06)
purchased tools and supplies then returned to add more items that were needed. Returned	157.06
Shovel - unit #I37	18.60
Supplies unit #I37	228.22
NEWHALL VALENCIA LOCK &	98.55
Doorknob parts	98.55
O'CONNOR PHOTOGRAPHY COR	246.39
Headshots - Director Orzechowski	164.26
Headshots for New Directors - Kathy Armitage, Beth Braunstein, Peter Orzechowski	82.13
OFFICE DEPOT #2263	229.86
Organizer, pens, pins and shredder for Instrumentation shop	229.86
OFFICEMAX/DEPOT 6391	15.87
Labels for staff holiday cards	15.87
ORANGE COUNTY WATER ASSOC	10.00
PFAS Treatment in YLWD : An OCWA Webinar - K Abercrombie	10.00
O'REILLY AUTO PARTS 2822	221.70
New battery for unit 76	221.70
O'REILLY AUTO PARTS 3797	164.24
Floor jack.	164.24
PATTON'S	1,114.38
Steel for table	926.37
Steel for truck	188.01
PAYPAL ASSOCIATION	224.00
Association of Water Agencies Educational Program	56.00
AWA WaterWise Breakfast Meeting - Registration - 01/21/21 - Director Ford	28.00
AWA WaterWise Breakfast Meeting - Registration - 01/21/21 - K. Martin	28.00
AWA Waterwise Breakfast Series - Registration - 02/18/21 - Director Orzechowski	28.00
AWA Waterwise Breakfast Series - Registration - 02/18/21 - S. Cole	28.00
AWA/CCWUC Educational Program - Registration - 01/27/21 - Director Cooper	28.00
CCWUC Educational Training - KA	28.00
PAYPAL TRENDNET	433.53
Media Converters. RJ45 to fiber converter, to replace old converters for RV SCADA communication	433.53
PAYPAL URBAN WATER	780.00
UWI Spring 2021 Virtual Conference - Registration 02/17-02/18/21 - Director Armitage	195.00
UWI Spring 2021 Virtual Conference - Registration 02/17-02/18/21 - Director Gladbach	195.00
UWI Spring 2021 Virtual Conference - Registration 02/17-02/18/21 - Director Martin	195.00
UWI Spring Virtual Water Conference - Registration - 02/17-02/17/21 - Director Braunstein	195.00
PAYPAL WOMENS CONF	65.00
LA County Women's Leadership Conference - Registration - 03/23-03/25/21 - A. Jacobs, T. Bell	40.00
LA County Women's Leadership Conference 2021 - Registration	25.00
PAYPAL ZOOM VIDEO CO	149.90
Standard Annual Membership	149.90
PETRO LOCK, INC.	3,514.95
Gasoline 12/16/20	3,514.95
PIZZA HUT 026206	71.68
bought pizzas for an over time mainline job on Abdale. Fed 6 guys	71.68
PPI/KAPLAN	2,798.02
PE Civil Construction OnDemand Course 6mo - Registration - 02/15-08/15/21 - D. Campos	2,798.02
PRAXAIR DIST INC 70163	331.49
Saw blades	331.49

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PREMIERE GLOBAL SERVICES	2,255.18
10/20-11/19/20 SERVICE	1,079.19
11/20-12/19 Service	1,152.14
12/20-1/19 SRVC	7.95
Duplicate Payment. Credit will be applied to next statement. PGI charged payment 3x in error.	15.90
RALPH'S #0084	113.06
Team building lunch/tailgate	113.06
RALPHS #0147	24.65
Vending Machine Supplies	24.65
REPUBLIC SERVICES TRASH	3,143.26
20 CU YRD RENTAL 11/1-11/30	87.15
20 CU YRD SERVICE 11/17/20	376.68
20yd Rental Dec	87.15
20yd Rental Jan	87.15
3yd Rental Feb	320.44
3yd Rental Jan	320.44
40 CU YRD RENTAL 11/1-11/30	204.00
40 CU YRD SERVICE 11/17/20	461.39
40yd Rental Dec	208.58
40yd SRVC/Rental Jan	669.84
SERVICE DECEMBER 2020	320.44
RUBIO'S #150	21.59
New CS Field rep lunch Jose V.	21.59
SAMS CLUB #4824	230.73
Office Supplies	70.56
Paper Towels for Warehouse Kitchen	18.59
Vending Machine Supplies	141.58
SAMSCLUB #4824	201.31
Vending Machine Supplies	201.31
SANTA CLARITA BEARING COM	81.73
Belts for a/c air handlers	81.73
SANTA CLARITA VALLEY CHAM	445.00
2021 Employment Law Update - Registration - 01/14/21 - Director Kelly	35.00
SCV Chamber 2021 Employment Law Update The Road to Compliance - Registration - 01/04/21 - R. Patterson	35.00
SCV Chamber of Commerce 98th Annual Awards Installation - Registration - 01/28/21 - Director Cooper	50.00
SCV Chamber of Commerce 98th Annual Awards Installation- Registration - 1/28/21 - Directors Atkins, Gladbach, Kelly, Martin	260.00
SCV Chamber of Commerce 98th Annual Awards Installation- Registration - 1/28/21 - S. Cole	65.00
SCIENCE FIRST	553.25
Sampling device for NPDES	553.25
SCPMA-HR	75.00
SCMAHR Membership Renewal -Linda Pointer.	25.00
SCPMAHR Membership Renewal-Ari Mantis.	25.00
SCPMAHR Membership Renewal-JoAnna Brison.	25.00
SHERWIN WILLIAMS 708294	620.45
5 - Gallons primer	312.69
Supplies for B&G	307.76
SIMI AUTO SPA & SPEED WAS	39.95
agency vehicle car wash	39.95
SJV WATER	300.00
agency sponsorship (banner) - SJV Water	300.00
SMART AND FINAL 437	159.89
Office Supplies - Pine Street	159.89
SMART AND FINAL 468	118.86
Office supply	118.86
SO CAL TURF & TRACTOR	2,345.37
Tractor lam assembly and seat	2,345.37
SOCIETY FOR HUMAN RESOURCE	219.00
ANNUAL MEMBERSHIP RENEWAL TO SHRM	219.00
SP BNI BUILDING NEWS	453.20
2021 Greenbook Standard Specification for Construction	453.20
SP IMPACT ABSORBENTS	305.05
Replacement Absorbent Pads for RVWTP Chemical Spill Kit.	305.05
SPUDNUTS BAKERY CROISSANT	152.92
Doughnuts for morning tailgate/progress meeting	17.48
Rockefeller safety tailgate meeting snacks	54.81
Rockefeller Safety Training Meeting Snacks 12/10/2020	27.07
Rockefeller Safety Training Meeting snacks 12/3/2020	25.93
snacks for Safety Training at Rockefeller 1/7/2021 weekly safety meeting	27.63
SQ VINCENZO'S PIZZA SAUG	142.78
Dinner for crews working a Mainline on Wellston Ave	72.15
Manny Russell retirement	70.63
STAPLES 00103069	53.62
JJ office supply	53.62

SCV Water - Regional Division
Credit Card Charges
Paid in Jan 2021 - March 2021

STAPLES DIRECT	18.06
Office Supplies	18.06
STATERBROS130	73.87
Office Supplies - Pine Street	68.41
Sympathy Card - Pine Street	5.46
TACO BELL 036173	98.05
bought crew dinner for water main leak	98.05
THE GALLERY COLLECTION	1,816.43
Birthday cards for staff	902.67
Holiday cards for staff to include amazon gift cards	913.76
THE HOME DEPOT #0653	628.07
bought tools and supplies for our crew truck	153.96
DAP Silicone was used for U.P.S. cabinets	7.64
extension cord for ATT router at Summit during power outage	12.01
Extension cords and 3way adapters for #81#78#50	107.01
New Locking Door Handle for Women's Bathroom	32.82
Rags in a box Turbidity and shop use	128.22
Shelving unit, wood glue, rat traps	186.41
THE HOME DEPOT #1055	1,289.94
Batteries for server room doors	17.50
Black pipe	25.72
Bolts, and nuts.	59.74
Combination square	17.49
Concrete drill bits for truck I-67	136.75
Contact cleaner, Ethernet coupler	27.34
Crimper, continuity checker	92.38
Emergency antenna project parts and material for safety department.	54.88
Extension cords	115.31
Extra parts and material for safety department emergency antenna project.	47.62
lockable hasp	9.59
Multi tip screwdriver for vehicle N-61	107.17
Outlet box, butt splices	64.58
Receptacles, Ex Cord - Truck I58	135.39
Saw Blades, Masking Tape - UPS Cabinets - Santa Clarita Tank Sites	54.83
SDS Drill bit and Anchors were used to strap conduit to concrete wall for Newhall booster 2.	31.15
Shelving unit	196.01
Split loom was used for the U.P.S. cabinets for Santa Clarita tanks. Sanding disk wheels were used to fabricate aluminum plates for	42.45
Stainless Hardware, Silicone Sealant - Villa Booster Disconnect Rebuild	54.04
THE HOME DEPOT #6651	17.49
Metric socket set	17.49
THE HOME DEPOT 1055	1,329.74
Cord cover, wall plate, data jacks,	210.88
Cordless grease gun and batteries, charger and grease . for air handlers,bearings,and equipment.	377.84
Outlet box, cord cover, plastic bushing, box cover	86.68
Spray paint	91.76
Tools for Newhall truck	480.67
Tools for truck N58	81.91
THE HOME DEPOT 653	926.97
Portable Pressure washer wand, hose, attachments, and parts .	476.10
Replace broken impact swivel and old battery	240.80
Timbers for pulling wells Honby and Santa Clara	210.07
THE UPS STORE #1482	16.69
T-shirts sent to logo company	16.69
TPX COMMUNICATIONS	3,710.66
RWWTP SERVICE 11/16-12/15	997.66
RWWTP Service 12/16-1/15	978.54
RWWTP SRVC 1/16-2/15	1,734.46
TRACTOR SUPPLY #2264	1,090.57
Unit # I37 truck - receiver and ball hitch.	700.73
Unit I37 - Hand Tools	135.71
Unit I37 Supplies - Stock	222.45
Weld on hinges	31.68
TST NOTHING BUNDT CAKES	550.00
Holiday lunch dessert	484.00
Manny Russell retirement	66.00
TYCON SYSTEMS INC	314.31
24dc radio power injectors.	314.31
USA BLUE BOOK	705.84
D-chlor tablets.	705.84
USPS KIOSK 0569529550	16.50
Stamps for flushing letters to schools.	16.50
USPS PO 0557840550	12.15
Postage Los Angeles County Recorder Office Norwalk CA	12.15

**SCV Water - Regional Division
Credit Card Charges
Paid in Jan 2021 - March 2021**

USPS PO 0569500155	43.80
Postage	1.60
Postage - Pine Street	11.50
Returning faulty computer memory to Micron for warranty return.	30.70
USPS PO 0569520150	5.00
Postage for Sanitation District permit	5.00
VALLEY INDUSTRIAL ASSOCIATION	60.00
VIA Virtual Installation of 2021 BOD - Registration - 12/15/20 - Director Atkins - CREDIT to be issued by VIA	15.00
VIA Virtual Series - Registration - 02/06/21 - Director Martin	15.00
VIA Virtual Series - Registration Credit - 12/15/20 - Director Atkins	(15.00)
VIA Virtual Series CA Get Digital! - Registration - 12/15/20 - Director Atkins	15.00
VIA Virtual Series CA Get Digital! - Registration - 12/15/20 - Director Gutzeit	15.00
VIA Virtual Series CA Get Digital! - Registration - 12/15/20 - Director Martin	15.00
VAN ESSEN INSTRUMENTS BV	1,594.00
Equipment for recharge feasibility studies	1,594.00
VER SALES INC	516.25
Polyester Pull Rope for ESFP.	516.25
VERIZONWRLSS RTCCR VB	46,454.89
CIMIS 10/11-11/10/20	38.01
CIMIS 11/11-12/10/20	38.01
CIMIS 12/11-1/10/21	38.01
EQUIPMENT 10/11-11/10/20	2,568.08
Equipment 11/11-12/10/20	2,279.83
Equipment 12/11-1/10/21	2,459.09
SERVICE 10/11-11/10/20	12,743.81
Service 11/11-12/10/20	13,197.25
Service 12/11-1/10/21	13,092.80
VISME	249.78
License renewal for online application VISME.	249.78
VONS #3325	317.85
Manny Russell retirement	317.85
WAL-MART #3523	30.50
Bottles for hand sanitizer	30.50
WM SUPERCENTER #3523	37.92
Luncheon	37.92
WPONCALL.COM	147.00
GSA Website maintenance	147.00
ZOHO CORPORATION	795.00
Password manager software	795.00
(blank)	
(blank)	
Grand Total	187,691.24

NWD Credit Card Register - American Express

For the month ending January 31, 2021

Merchant Name	Description	
Amazon Web Services	AWS Service	5.58
Amazon.com	Office Supplies	24.08
Amazon.com	Office Supplies	18.22
American Express	Annual Membership Renewal Fee RP	75.00
American Express	Annual Membership Renewal Fee SC	75.00
American Express	Annual Membership Renewal Fee MA	75.00
GoDaddy.com	Web Hosting	2.99
EIG*Constant Contact	Monthly Electronic Newsletter Database	125.00
WEB*Networksolutions	Web Hosting & Web Forwarding	11.98
Total American Express		412.85

For the month ending February 28, 2021

Merchant Name	Description	
GoDaddy.com	Web Hosting	2.99
EIG*Constant Contact	Monthly Electronic Newsletter Database	125.00
WEB*Networksolutions	Web Hosting & Web Forwarding	11.98
Total American Express		139.97

For the month ending March 31, 2021

Amazon.com	Computer Supplies	593.54
GoDaddy.com	Web Hosting	127.86
EIG*Constant Contact	Monthly Electronic Newsletter Database	125.00
WEB*Networksolutions	Web Hosting & Web Forwarding	13.98
Total American Express		860.38

NWD FY 2021 Quarter 3 Total: \$ 1,413.20

SCV WATER
Santa Clarita Water Division
Credit Card Register
From: January 1, 2021 - January 31, 2021

Merchant Name	Description	Amount
Amazon.com	Office Supplies- Summit Circle	7.67
	Office Supplies- Summit Circle	76.65
	Test Meter Lead Set	108.41
	Office Supplies - Pine Street	64.59
	Safety PPE Supplies - All locations	270.31
	Safety PPE Supplies - All locations	2,529.34
	Safety PPE Supplies - All locations	481.80
	Safety PPE Supplies - All locations	70.05
	Floppy Disc Drive	27.25
Amazon.com		\$3,636.07
Automationdirect.com	Ethernet Switches for SCADA Enclosures	455.52
Automationdirect.com		\$455.52
BestBuy.com	Ups, Cable for Remote SCADA Computer	100.72
BestBuy.com		\$100.72
Ind-Concepts	PLC Communication Adapters	391.79
Ind-Concepts		\$391.79
Jimmy Deans	Monthly Birthday & Anniversary Celebration - November December and January	455.46
Jimmy Deans		\$455.46
Lowe's	Inspection Light - Small Tools	34.47
Lowe's		\$34.47
Paypal	Standard Annual Membership	149.90
	CCWUC Educational Training - KA	28.00
Paypal		\$177.90
Quill.com	Office Supplies- Summit Circle	98.72
	Office Supplies- Summit Circle	63.60
	Office Supplies- Summit Circle	12.68
	Office Supplies- Summit Circle	12.72
	Office and Kitchen Supplies- Summit Circle	244.89
Quill.com		\$432.61
Science First	Sampling Device for NPDES	553.25
Science First		\$553.25
Smart & Final	Office Supplies - Pine Street	65.95
Smart & Final		\$65.95
Tycon Systems Inc	24dc Radio Power Injectors	314.31
Tycon Systems Inc		\$314.31
USPS	Postage Los Angeles County Recorder Office Norwalk CA	5.20
	Postage Los Angeles County Recorder Office Norwalk CA	6.95
	Postage - Pine Street	11.50
USPS		\$23.65
Wal-Mart	Bottles for Hand Sanitizer	30.50
Wal-Mart		\$30.50
CREDIT CARD GRAND TOTAL		\$6,672.20

SCV WATER
Santa Clarita Water Division
Credit Card Register
From: February 1, 2021 - February 28, 2021

Merchant Name	Description	Amount
Amazon.com	Kitchen and Office Supplies- Summit Circle	159.17
	Office Supplies- Summit Circle	19.59
	Office Supplies - Pine Street	62.16
	Wall Calendar- Golden Triangle	37.09
	Winch Chains for Lifting Unit 19	208.04
Amazon.com		\$486.05
BNI Building News	2021 Greenbook Standard Specification for Construction	453.20
BNI Building News		\$453.20
Carr Lane Mfg Company	Pull Pins for Outriggers Unit 50	148.63
Carr Lane Mfg Company		\$148.63
City Of Santa Clarita	Certificate of Compliance Invoice from the City of Santa Clarita for S16-702	1,624.98
City Of Santa Clarita		\$1,624.98
Costco	Office Supplies - Pine Street	41.97
Costco		\$41.97
Home Depot	Timbers for Pulling Wells Honby and Santa Clara	210.07
	Tools and supplies for crew truck	153.96
Home Depot		\$364.03
Hr Manufacturing Co	Deep Sockets for Cla Valve Unit 10	346.71
Hr Manufacturing Co		\$346.71
Orange County Water Assoc	PFAS Treatment in YLWD : An OCWA Webinar - K Abercrombie	10.00
Orange County Water Assoc		\$10.00
Pizza Hut	Meal for Mainline Break Abdale	71.68
Pizza Hut		\$71.68
Sam's Club	Paper Towels for Warehouse Kitchen	18.59
Sam's Club		\$18.59
Smart & Final	Office Supplies - Pine Street	65.96
	Office Supplies - Pine Street	27.98
Smart & Final		\$93.94
Staterbros	Sympathy Card - Pine Street	5.46
	Office Supplies - Pine Street	38.45
	Office Supplies - Pine Street	29.96
Staterbros		\$73.87
USPS	Postage- Pine Street	1.60
	Stamps for Flushing Letters to Schools	16.50
USPS		\$18.10
CREDIT CARD GRAND TOTAL		\$3,751.75

SCV WATER
Santa Clarita Water Division
Credit Card Register
From: March 1, 2021 - March 31, 2021

Merchant Name	Description	Amount
Amazon.com	Office Supplies- Summit Circle	22.40
	Office Supplies for Robert- Summit Circle	13.13
	Office Supplies for Inspectors- Summit Circle	173.20
	Kitchen Supplies- Summit Circle	54.60
	Office Supplies for Robert- Summit Circle	95.46
	Kitchen Supplies- Summit Circle	204.00
	Kitchen Supplies- Summit Circle	65.64
	Kitchen Supply- Summit Circle	91.32
	Office Supplies- Summit Circle	33.95
	Office Supplies- Summit Circle	63.48
	Kitchen Supplies-Summit Circle	33.20
	Kitchen Supplies-Summit Circle	259.83
	Office Supplies- Summit Circle	21.63
	Kitchen Supplies-Summit Circle	14.94
	Kitchen Supplies-Summit Circle	129.14
	Office Supplies- Summit Circle	98.11
	Kitchen Supplies-Summit Circle	17.39
	Kitchen Supplies-Summit Circle	65.64
	Office Supplies - Purell Hand Sanitizer- Pine Street	153.28
	Office Supplies - Purell Hand Sanitizing Wipes- Pine Street	191.55
	Office Supplies - Pine Street	55.88
	Office Supplies - Pine Street	62.51
	Office Supplies - Pine Street	119.56
	Office Supplies - Pine Street	28.24
	Office Supplies - Pine Street	122.86
Office Supplies - Pine Street	164.20	
Office Supplies - Pine Street	76.82	
Office Supplies - Alcohol-Free Foaming Hand Sanitizer- Pine Street	86.48	
Portable Refrigerator for Water Quality	873.82	
Amazon.com		\$3,392.26
Cheesecake Factory	Lunch Meeting with M. Stone and K. Abercrombie Regarding Operations Updates	46.70
Cheesecake Factory		\$46.70
Chevron	Gas for Unit #21	82.89
Chevron		\$82.89
Costco	Snacks for Various Meetings- Pine Street	70.45
Costco		\$70.45
Home Depot	Backup UPS for SCADA Equipment	109.46
	Cat 6 Cables for SCADA Equipment	91.03
	Tools and Supplies for Crew Truck Unit	82.84
	Tools for Unit # 42	95.64
	Water Heater Replacement Parts Hoses- Golden Triangle	24.05
	Water Heater and Accessories- Golden Triangle	367.64
Weed Killer and Sprayer for Yard- Golden Triangle	51.95	
Home Depot		\$822.61
Lucille's	Supervisor Lunch Meeting	72.09
Lucille's		\$72.09
Officemax	Office Supplies - Pine Street	17.51
Officemax		\$17.51
Panera Bread	North County Utility Coordination Committee Meeting SCV Water Agency ESS Hosted	627.80
Panera Bread		\$627.80
Truck Pro	Hydraulic Pump for Unit # S109	521.54
Truck Pro		\$521.54
Varidesk	VariDesk and Standing Mat for Joe Diaz - Safety	607.73
Varidesk		\$607.73
CREDIT CARD GRAND TOTAL		\$6,261.58

SCV WATER - Valencia Water Division
Credit Card Register
From: January 1, 2021 - March 31, 2021

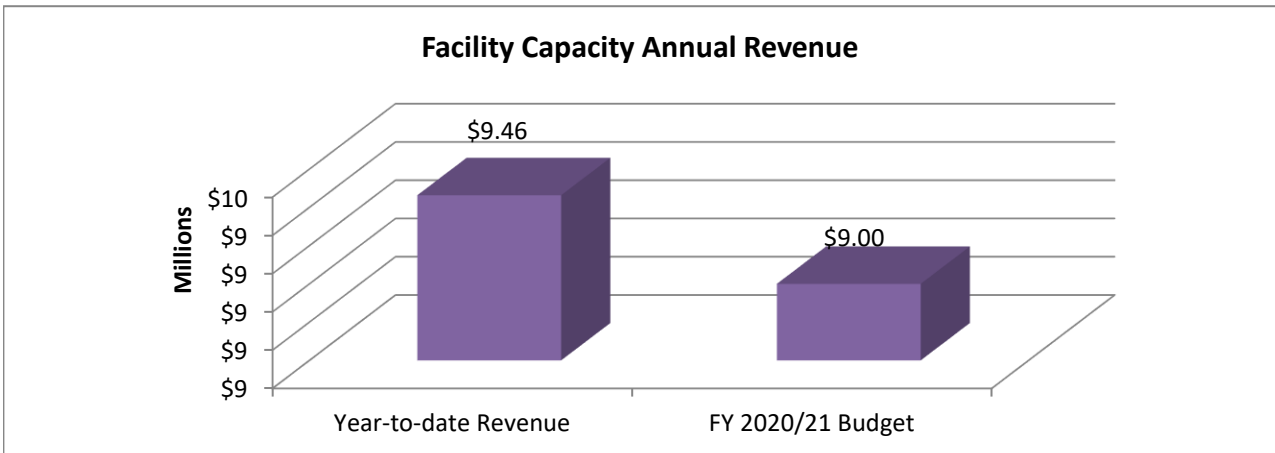
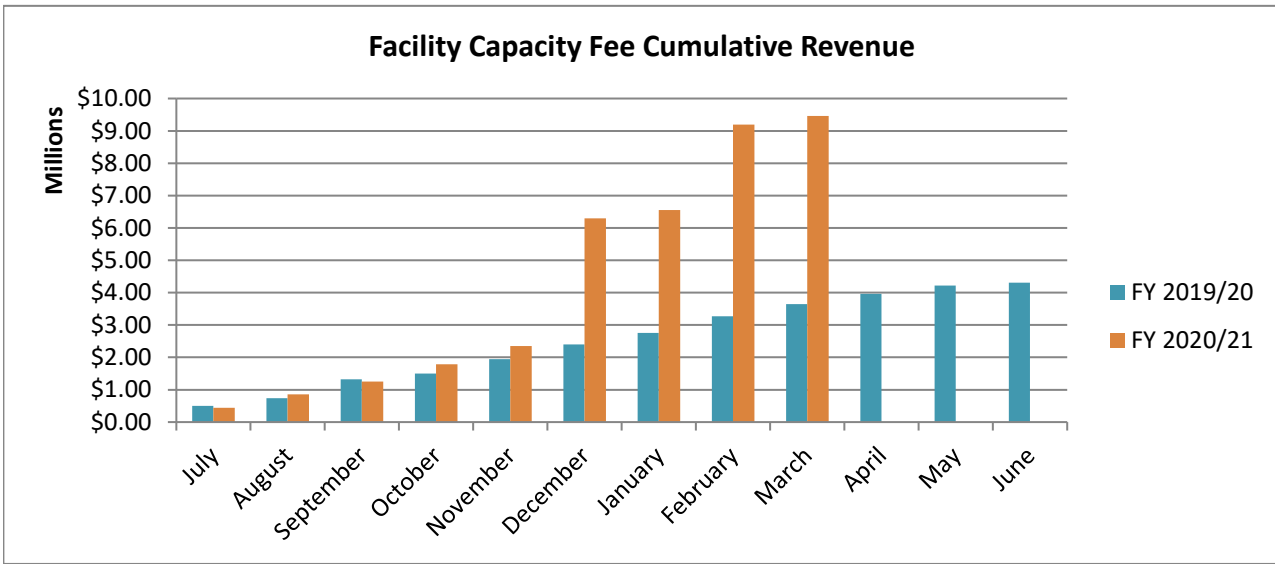
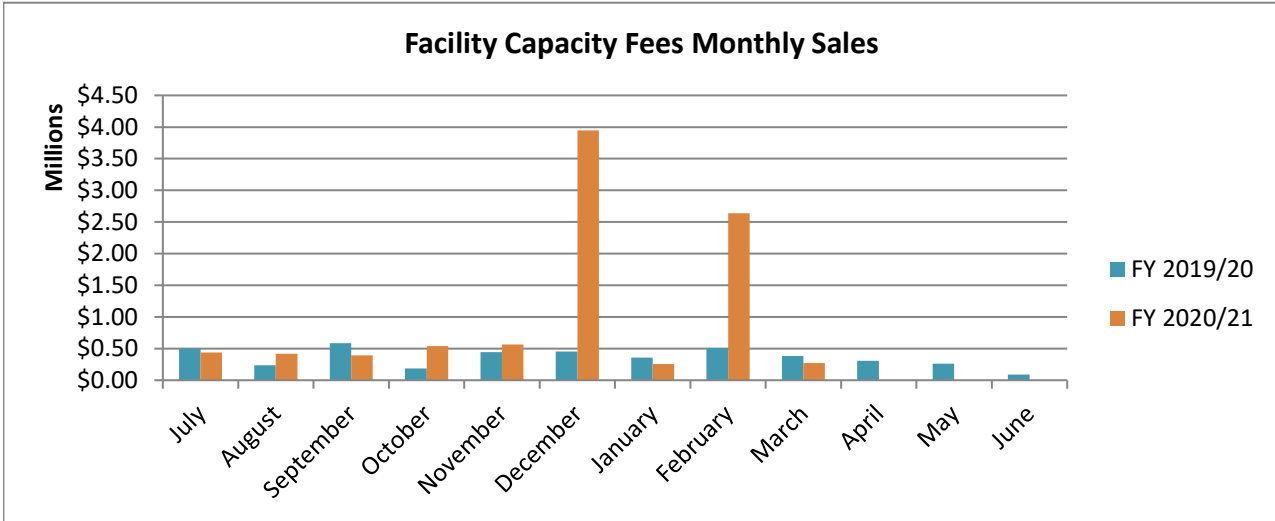
Merchant Name	Description	Amount
	There are no VWD issued credit cards; purchases made thru P-Cards.	
Total		-
Credit Card Grand Total		-

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Facility Capacity Fee Revenues

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REGIONAL DIVISION FACILITY CAPACITY FEE REVENUES FY 2020/21 as of March 31, 2021



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**Finance and Administration Committee
Planning Calendar
FY 2020/21**

Item	July 7 Board	July 20 Comm	Aug 4 Board	Aug 17 Comm	Sept 1 Board	Sept 15 Board	Sept 21 Comm	Oct 6 Board	Oct 19 Comm	Nov 3 Board	Nov 16 Comm	Dec 1 Board	Dec 15 Board	Dec 21 Comm	Jan 5 Board	Jan 11 RESCHEDULED Comm	Feb 2 Board	Feb 16 Board	Mar 2 Board	Mar 15 Comm	Mar 16 Board	April 6 Board	April 19 Comm	April 20 Board	May 4 Board	May 17 Comm	May 18 Board	June 1 Board	June 15 Board	June 21 Comm
1	Recommend Approval of Resolutions Setting Santa Clarita Valley Water Agency Tax Rate for FY 2020/21 and Requesting Levy of Tax by Los Angeles County and Ventura County (consent)	C																												
2	Recommend Approval of Resolution Authorizing July 2020 Water Supply Contract Payment (consent)	C																												
3	Recommend Approval of a Temporary Telecommuting Policy (consent)	C																												
4	Recommend Approval of Resolutions Establishing Banking Authority	C																												
5	Recommend Receiving and Filing of April 2020 Monthly Financial Report (consent)	C																												
6	Recommend Approval of Resolutions Authorizing (1) the Execution of a Joint Exercise of Powers Agreement Relating to the California Municipal Finance Authority (CFMA), and (2) Participation in the CFMA's Bond Opportunities for Land Development (BOLD) Program and Other Related Actions in Establishing a CFD for the Spring Canyon Development - on pause until after election		C																											
7	Photovoltaic (PV) Assets (Solar Panels) Portfolio Assessment		C																											
8	Recommend Approval of a Resolution Authorizing FY 2020/21 Water Supply Contract Payments (consent)		C	C																										
9	Recommend Receiving and Filing of May 2020 Monthly Financial Report (consent)		C	C																										
10	Discuss Retail Cost-of-Service			C	C																									
11	Review Strategic Plan Performance Metrics			C																										
12	Recommend Receiving and Filing of June 2020 Monthly Financial Report (consent)			C	C																									
13	Cost of Service Study & Rate Transition Project a. Proposition 218 Mailer b. Financial Aspects under development						C	C																						
14	Recommend Approval of the Retail Debt Threshold Calculation																													

**ITEM NO.
7**

**Finance and Administration Committee
Planning Calendar
FY 2020/21**

Item	July 7 Board	July 20 Comm	Aug 4 Board	Aug 17 Comm	Sept 1 Board	Sept 15 Board	Sept 21 Comm	Oct 6 Board	Oct 19 Comm	Nov 3 Board	Nov 16 Comm	Dec 1 Board	Dec 15 Board	Dec 21 Comm	Jan 5 Board	Jan 11 RESCHEDULED Comm	Feb 2 Board	Feb 16 Board	Mar 2 Board	Mar 15 Comm	Mar 16 Board	Apr 6 Board	Apr 19 Comm	Apr 20 Board	May 4 Board	May 17 Comm	May 18 Board	June 1 Board	June 15 Board	June 21 Comm
15	Recommend Receiving and Filing of July 2020 Monthly Financial Report (consent)						C																							
16	Recommend Approval of Changes to the Agency's Classification Plan and Salary Ranges							C																						
17	Review Plan for Consolidation of Customer Service Centers								C																					
18	Recommend Receiving and Filing of August 2020 Monthly Financial Report (consent)								C																					
19	Recommend Approval of Resolutions Authorizing (1) the Execution of a Joint Exercise of Powers Agreement Relating to the California Municipal Finance Authority (CFMA), and (2) Participation in the CFMA's Bond Opportunities for Land Development (BOLD) Program and Other Related Actions in Establishing a CFD for the Spring Canyon Development - on pause until after election		C										C																	
20	Recommend Approval of Changes to the Agency's Classification Plan and Salary Ranges										C	C																		
21	Recommend Approval of Revised Reserve Policy										C	C																		
22	Recommend Approval of Revised Asset Capitalization Policy										C	C																		
23	Recommend Approval of Revised Employment Status and Work Policy										C	C																		
24	Recommend Approval of a Resolution Approving a Letter of Authorization and Contract Modification with Systems & Software, Inc. (S&S) for enQuesta v6 Client Information System (CIS) Upgrade										C	C																		
25	Recommend Receiving and Filing of September 2020 Monthly Financial Report (consent)										C	C																		
26	Recommend Receiving and Filing of SCV Water Comprehensive Annual Financial Report (CAFR) ended June 30, 2020 (consent)													C	C															
27	Discuss Cost of Service and Rate Design																													
28	Recommend Approval of a Use of Technology Policy																													

**Finance and Administration Committee
Planning Calendar
FY 2020/21**

Item	July 7 Board	July 20 Comm	Aug 4 Board	Aug 17 Comm	Sept 1 Board	Sept 15 Board	Sept 21 Comm	Oct 6 Board	Oct 19 Comm	Nov 3 Board	Nov 16 Comm	Dec 1 Board	Dec 15 Board	Dec 21 Comm	Jan 5 Board	Jan 11 RESCHEDULED Comm	Feb 2 Board	Feb 16 Board	Mar 2 Board	Mar 15 Comm	Mar 16 Board	Apr 6 Board	Apr 19 Comm	Apr 20 Board	May 4 Board	May 17 Comm	May 18 Board	June 1 Board	June 15 Board	June 21 Comm
29	Recommend Receiving and Filing of October 2020 Monthly Financial Report (consent)																													
30	Approve a Revised Emergency Administrative Leave Policy - COVID-19														C	C														
31	Review Strategic Plan Performance Metrics															C														
32	Discuss Rate Design and Customer Impact															C														
33	Recommend Approval of Repurposing Two Staff Positions and a Revised Classification Plan															C	C													
34	Recommend Approval of a Contract Amendment with Equation Technologies for Project Management Services															C	C													
35	Recommend Approval of a Use of Office Technology Policy															C	C													
36	Recommend Approval of a Revised Investment Policy - (Annually adopted via reso) (consent)															C	C													
37	Approve a Directional Rate Transition Plan for a Proposition 218 Notice																C													
38	Recommend Approval of a Resolution Authorizing the Restructuring of the VWD Acquisition Loan																				C	C								
39	Recommend Approval of a Proposition 218 Notice for Retail Water Rate Plan																			C	C									
40	Recommend Approval of Employee Manual Policy 9.10 - Establishing a Stipend for Class A Commercial Driver License (GDL) Holders																			C	C	C								
41	Recommend Approval of Additional Senior Engineer Staff Position																			C	C	P								
42	Review Budget Calendar																			C	C									
43	Review Annual List of Professional Services Contracts (consent)																			C	C									
44	Recommend Receiving and Filing of November 2020 Monthly Financial Report (consent)																			C	C									
45	Recommend Receiving and Filing of December 2020 Monthly Financial Report (consent)																			C	C									

**Finance and Administration Committee
Planning Calendar
FY 2020/21**

Item	July 7 Board	July 20 Comm	Aug 4 Board	Aug 17 Comm	Sept 1 Board	Sept 15 Board	Sept 21 Comm	Oct 6 Board	Oct 19 Comm	Nov 3 Board	Nov 16 Comm	Dec 1 Board	Dec 15 Board	Dec 21 Comm	Jan 5 Board	Jan 11 RESCHEDULED Comm	Feb 2 Board	Feb 16 Board	Mar 2 Board	Mar 15 Comm	Mar 16 Board	April 6 Board	April 19 Comm	April 20 Board	May 4 Board	May 17 Comm	May 18 Board	June 1 Board	June 15 Board	June 21 Comm
46	Review Revised Proposition 218 Notice for Retail Water Rates																													
47	Approve Receiving and Filing of Cost of Service Analysis & Rate Design and the Ratepayer Advocate Report																						C							
48	Approve a Proposition 218 Notice for Retail Water Rates																							C						
49	Recommend Approval of a Proposed Employee Salary Adjustment for FY 2021/22																													
50	Review Draft Operating FY 2021/22 and FY 2022/23 Biennial Budget																													
51	Recommend Receiving and Filing of January 2021 Monthly Financial Report (consent)																								C					
52	Recommend Receiving and Filing of February 2021 Monthly Financial Report (consent)																									C				
53	Recommend Approval of COVID-19 Supplemental Paid Sick Leave (SB 95) Policy																										P			
54	Recommend Approval of a Resolution Adopting the FY 2021/22 and FY 2022/23 Budget																										P			
55	Approve a Resolution Adopting the Appropriation of All As-Yet Unappropriated Funds for FY 2020/21 (consent)																										P			
56	Approve a Resolution Adopting the Appropriation Limit for FY 2021/22 (consent)																										P			
57	Recommend Receiving and Filing of March 2021 Monthly Financial Report (consent)																										P			
58	Public Hearing																													
59	Approve Resolution Establishing Retail Water Rates 2022-2026																													

**Finance and Administration Committee
Planning Calendar
FY 2020/21**

Item	July 7 Board	July 20 Comm	Aug 4 Board	Aug 17 Comm	Sept 1 Board	Sept 15 Board	Sept 21 Comm	Oct 6 Board	Oct 19 Comm	Nov 3 Board	Nov 16 Comm	Dec 1 Board	Dec 15 Board	Dec 21 Comm	Jan 5 Board	Jan 11 RESCHEDULED Comm	Feb 2 Board	Feb 16 Board	Mar 2 Board	Mar 15 Comm	Mar 16 Board	April 6 Board	April 19 Comm	April 20 Board	May 4 Board	May 17 Comm	May 18 Board	June 1 Board	June 15 Board	June 21 Comm
60	Recommend Approval of Revised Customer Service Policy																													P
61	Review Spring Canyon CFD																													P
62	Recommend Approval of Resolutions Setting Santa Clarita Valley Water Agency Tax Rate for FY 2021/22 and Requesting Levy of Tax by Los Angeles County and Ventura County (consent)																													P
63	Recommend Approval of Resolution Authorizing July 2021 Water Supply Contract Payment																													P
64	Review Strategic Plan Performance Metrics																													P
65	Technology Update																													P
66	Recommend Receiving and Filing of April 2021 Monthly Financial Report (consent)																													P

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