



**SANTA CLARITA VALLEY WATER AGENCY  
REGULAR BOARD AGENDA  
27234 BOUQUET CANYON ROAD  
SANTA CLARITA, CA 91350  
RIO VISTA WATER TREATMENT PLANT BOARDROOM  
TUESDAY, FEBRUARY 20, 2018 AT 6:30 PM**

**6:00 P.M. DISCOVERY ROOM OPEN TO PUBLIC**  
Dinner for Directors and staff in the Discovery Room  
There will be no discussion of Agency business taking place prior to the  
Call to Order at 6:30 P.M.

**OPEN SESSION BEGINS AT 6:30 PM**

**1. CALL TO ORDER**

**2. PLEDGE OF ALLEGIANCE**

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

**4. APPROVAL OF THE AGENDA**

**5. SPECIAL PROCEDURES**

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a.	*	Approve a Resolution Honoring William Pecsí	3
b.		Recognition of William Pecsí’s Distinguished Service	

**6. CONSENT CALENDAR**

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a.	*	Approve Minutes of SCV Water January 29, 2018 and February 5, 2018 Special Board of Directors Meetings	5
b.	*	Approve Minutes of SCV Water February 6, 2018 Regular Board of Directors Meeting	11
c.	*	Adopt Resolutions Establishing the Investment Policy and Establishing an Account with UBS Financial Securities and Related Items	19
d.	*	Approve a Resolution Authorizing Application to the Director of Industrial Relations, State of California, for a Certificate to Self-Insure Workers’ Compensation Liabilities	33

**7. PRESENTATION ON CONSTRUCTION OF IMPORTED MAJOR CAPITAL IMPROVEMENT PROJECTS**

**8. ACTION ITEM FOR APPROVAL PAGE**

a. *	Approve Revision to Agency Purchasing Policy	43
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**9. GENERAL MANAGER'S REPORT ON ACTIVITIES, PROJECTS AND PROGRAMS**

**10. PRESIDENT'S REPORT**

**11. AB 1234 REPORTS AND NON AB 1234 REPORTS PAGE**

a. *	January 26, 2018 Chamber Installation Dinner (Director Atkins)	49
b.	February 7-9, 2018 Urban Water Institute Conference (Vice President Kelly and Directors Efstathiou, Martin and McMillan)	
c.	February 20, 2018 VIA Monthly Luncheon (President Cooper and Vice President Kelly)	

**12. REQUEST FOR FUTURE AGENDA ITEMS**

**13. ADJOURNMENT**

- \* Indicates Attachment
- ◆ Indicates Handout

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

**NOTICES:**

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

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

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RESOLUTION NO. SCV-20

**RESOLUTION OF THE BOARD OF DIRECTORS OF  
THE SANTA CLARITA VALLEY WATER AGENCY  
HONORING AND COMMENDING WILLIAM PECSI  
FOR HIS SERVICE AND DEDICATION**

**WHEREAS**, William Pecsí served on the Castaic Lake Water Agency Board of Directors from December 1998 to January 2018; and

**WHEREAS**, Mr. Pecsí served as Castaic Lake Water Agency Board Vice President from January 2003 through December 2004; and

**WHEREAS**, Mr. Pecsí served as Castaic Lake Water Agency Board President from January 2005 through December 2008; and

**WHEREAS**, Mr. Pecsí served as Chair of the Planning and Engineering Committee and the Transition Committee and Vice Chair of the Financial and Operations Committee, Finance and Administration Committee and Retail Operations Committee; and

**WHEREAS**, Mr. Pecsí was a member of the Finance and Administration Committee, Governmental Relations and Outreach Committee; Planning and Engineering Committee, Retail Committee, Valencia Water Company Shareholders Committee and the Water Resources Committee; and

**WHEREAS**, Mr. Pecsí was instrumental in laying the foundation for the Santa Clarita Valley Water Agency; and

**WHEREAS**, Mr. Pecsí has provided valuable water industry insights and has served as a mentor to many in the industry and in the Santa Clarita Valley; and

**WHEREAS**, the Board of Directors deem it most fitting that Mr. Pecsí's outstanding service to the Agency and the people it serves be publicly and appropriately recognized.

**NOW THEREFORE BE IT RESOLVED**, that the Santa Clarita Valley Water Agency Board of Directors thanks William Pecsí for his years of public service to the Board, employees of the Castaic Lake Water Agency and the residents of the Santa Clarita Valley through his many significant contributions and leadership during his time as a Castaic Lake Water Agency Board member.

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DRAFT

ITEM NO.  
6a.

Minutes of the Special Meeting of the Board of Directors of the Santa Clarita Valley Water Agency – January 29, 2018

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A special meeting of the Board of Directors of the Santa Clarita Valley Water Agency was held at the Santa Clarita Valley Water Agency, 27234 Bouquet Canyon Road, Santa Clarita, CA 91350, at 6:30 PM on Monday, January 29, 2018. A copy of the Agenda is inserted in the Minute Book of the Agency preceding these minutes.

**DIRECTORS PRESENT:** Directors B. J. Atkins, Tom Campbell, Ed Colley, Kathy Colley, William Cooper, Dean Efstathiou, Jerry Gladbach, Maria Gutzeit, R. J. Kelly, Gary Martin, Jacque McMillan, Dan Mortensen and Lynne Plambeck were in attendance.

**DIRECTORS ABSENT:** Robert DiPrimio.

Also present: Matthew Stone, General Manager; Joe Byrne and Tom Bunn, General Counsel; April Jacobs, Board Secretary; Steve Cole, Assistant General Manager; Valerie Pryor, Assistant General Manager; Keith Abercrombie, Chief Operating Officer; Kathie Martin, Public Information Officer; Cris Perez, Director of Tech Services; Jeff Herbert, Senior IT Technician; and members of the public.

President Cooper called the meeting to order at 6:30 PM. A quorum was present.

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

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

Upon motion of Director Colley, seconded by Director Efstathiou and carried, the Board approved Resolution No. SCV-16 authorizing submittal of the Application for Conditions and Plan for Services to LAFCO by the following voice votes (Item 5a):

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

**RESOLUTION NO. SCV-16**

**RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE SANTA CLARITA VALLEY WATER AGENCY  
APPROVING THE SUBMITTAL OF AN APPLICATION FOR CONDITIONS AND A PLAN  
FOR SERVICES TO THE LOS ANGELES LOCAL AGENCY FORMATION COMMISSION,  
AND FINDING THAT THE SUBMITTAL IS NOT SUBJECT TO CEQA OR, ALTERNATIVELY,  
IS EXEMPT**

**WHEREAS**, on October 15, 2017, Senate Bill 634 was signed into law by Governor Brown, thereby creating the Santa Clarita Valley Water Agency ("SCVWA"); and

**WHEREAS**, SB 634 requires that on or before January 31, 2018, the SCVWA shall submit an application for conditions addressing the creation of the SCVWA, including among other items a plan for providing services, to the Local Agency Formation Commission ("LAFCO") for the County of Los Angeles (the "Application for Conditions"); and

**WHEREAS**, the Application for Conditions required by SB 634 is not subject to the California Environmental Quality Act (Pub. Res. Code §§ 21000 et seq.) ("CEQA") because it is not a "project," because the Application for Conditions involves little or no discretion and thus is ministerial in nature, and because the Application for Conditions is exempt from CEQA; and

**WHEREAS**, the Board of Directors of SCVWA now desires to approve the submittal of the Application for Conditions and plan for services in accordance with SB 634, and

**WHEREAS**, all other legal prerequisites to the adoption of this Resolution have occurred.

**NOW THEREFORE, THE BOARD OF DIRECTORS OF THE SANTA CLARITA VALLEY WATER AGENCY DOES RESOLVE AS FOLLOWS:**

**SECTION 1. RECITALS**

The recitals above are true and correct and are incorporated into this Resolution by reference as findings of fact.

**SECTION 2. COMPLIANCE WITH THE CALIFORNIA ENVIRONMENTAL QUALITY ACT**

Based upon its review of the entire record, including the Staff Report, any public comments or testimony presented to the Board, the enactment of Senate Bill 634, and the facts outlined below, the Board hereby finds and determines that the actions required from the Agency and from LAFCO by SB 634 are not subject to CEQA for the following reasons:

1. The Application for Conditions is not a "project" under CEQA, and no CEQA review is required.

The creation of the Santa Clarita Valley Water Agency and reorganization actions demanded by SB 634 are legislative acts of the state legislature. The State CEQA Guidelines (14 Cal. Code Regs., § 15000 et seq.) expressly provide that CEQA does not apply to legislation adopted or proposed by the legislature. (State CEQA Guidelines, § 15378(b)(1).) As such, CEQA does not apply to the creation/reorganization of the Agency because it is not a "project" under CEQA. Similarly, the Application for

Conditions demanded by SB 634 extends only to those actions identified in Government Code § 56653 primarily pertaining to organizational, administrative, and financial matters that do not commit the Agency – and do not request any such commitment from LAFCO – to any actions that may result in a direct or reasonably foreseeable indirect impact to the physical environment. Finally, AB 634 requires that the Application for Conditions be submitted by the Agency by January 31st. As such, the Legislature must have intended the Application for Conditions to be submitted without first undergoing CEQA review. Accordingly, the Agency finds that its submission of the Application for Conditions to LAFCO is not a CEQA “project” and that no CEQA review is required.

2. The Application for Conditions is a ministerial action not subject to CEQA  
The Application for Conditions is a ministerial action because it involves little or no judgment or discretion by the public agency. (See State CEQA Guidelines, § 15369.) The Application for Conditions is commanded by the legislature in SB 634, and SCVWA exercises little to no discretion in undertaking the submittal of an Application for Conditions mandated by SB 634. CEQA Guidelines section 15268 states that ministerial projects are not subject to the requirements of CEQA. As such, the submittal of an Application for Conditions called for in SB 634 is not subject to CEQA.
3. The Application for Conditions is exempt from CEQA  
Even if the Application for Conditions is a “project” and subject to CEQA, it is exempt under State CEQA Guidelines section 15061(b)(3)-Common Sense Exemption. The “common sense exemption” states that a lead agency may find a project exempt from CEQA is “it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.” The Application for Conditions is exempt under State CEQA Guidelines section 15061(b)(3) because it will have no significant effect on the environment—it is an application addressing the creation of the SCVWA and seeking conditions on the creation of the SCVWA, which LAFCO is empowered to do by State law. (Gov. Code, § 56886).

### **SECTION 3. AUTHORIZATION TO SUBMIT APPLICATION OF CONDITIONS AND PLAN OF SERVICES TO LAFCO**

The Board of Directors of the Santa Clarita Valley Water Agency authorizes the submittal of an Application for Conditions and plan for services to the Local Agency Formation Commission for the County of Los Angeles in accordance with Senate Bill 634 and authorizes the General Manager to take the necessary steps on behalf of the SCVWA to submit the Application for Conditions and plan for services. The plan for services shall be substantially in the form presented to the Board.

### **SECTION 4. CUSTODIAN OF RECORDS**

The documents and materials that constitute the record of proceedings on which these findings are based are located at 27234 Bouquet Canyon Road, Santa Clarita, CA 91350. The custodian of the records is the Agency Board Secretary.

### **SECTION 5. EFFECTIVE DATE**

This Resolution shall be effective upon its adoption.

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Upon motion of Director Mortensen, seconded by Director Colley and carried, the meeting was adjourned at 7:01 PM by the following voice votes (Item 6):

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

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April Jacobs, Board Secretary

ATTEST:

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President of the Board



Minutes of the Special Meeting of the Board of Directors of the Santa Clarita Valley Water Agency – February 5, 2018

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A special meeting of the Board of Directors of the Santa Clarita Valley Water Agency was held at the Santa Clarita Valley Water Agency, 27234 Bouquet Canyon Road, Santa Clarita, CA 91350, at 6:00 PM on Monday, February 5, 2018. A copy of the Agenda is inserted in the Minute Book of the Agency preceding these minutes.

**DIRECTORS PRESENT:** Directors Tom Campbell, Ed Colley, Kathy Colley, William Cooper, Robert DiPrimio (Arrived at 6:08 PM), Dean Efstathiou, Jerry Gladbach, Maria Gutzeit, R. J. Kelly, Gary Martin, Jacque McMillan and Lynne Plambeck (Arrived at 6:04 PM) were in attendance.

**DIRECTORS ABSENT:** B. J. Atkins and Dan Mortensen.

Also present: Joe Byrne and Tom Bunn, General Counsel; Dominic Nunneri, Lagerlof, Senecal, Gosney & Kruse, LLP; April Jacobs, Board Secretary; and no members of the public.

President Cooper called the meeting to order at 6:00 PM. A quorum was present.

Upon motion of Director Gladbach, seconded by Director DiPrimio and carried, the agenda was approved by the following voice votes (Item 4):

Director Atkins	Absent	Director Campbell	Yes
Director E. Colley	Yes	Director K. Colley	Yes
President Cooper	Yes	Director DiPrimio	Not Present
Director Efstathiou	Yes	Director Gladbach	Yes
Vice President Gutzeit	Yes	Vice President Kelly	Not Present
Director Martin	Yes	Director McMillan	Yes
Director Mortensen	Absent	Director Plambeck	Not Present

Joe Byrne, from Best Best and Krieger and Tom Bunn and Dominic Nunnen from Lagerlof, Senecal, Gosney & Kruse, L.L.P., facilitated Ethics Training for the Santa Clarita Valley Water Agency Board (Item 5).

Upon motion of Director McMillan, seconded by Director Colley and carried, the meeting was adjourned at 8:05 PM by the following voice votes (Item 6):

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

February 5, 2018

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April Jacobs, Board Secretary

ATTEST:

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President of the Board

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ITEM NO.  
6b.

Minutes of the Regular Meeting of the Board of Directors of the Santa Clarita Valley Water Agency – February 6, 2018

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A regular meeting of the Board of Directors of the Santa Clarita Valley Water Agency was held at the Santa Clarita Valley Water Agency, 27234 Bouquet Canyon Road, Santa Clarita, CA 91350, at 6:30 PM on Tuesday, February 6, 2018. A copy of the Agenda is inserted in the Minute Book of the Agency preceding these minutes.

**DIRECTORS PRESENT:** Directors B. J. Atkins, Tom Campbell, Ed Colley, Kathy Colley, William Cooper, Robert DiPrimio (arrived at 6:38 PM), Dean Efstathiou, Jerry Gladbach, Maria Gutzeit, R. J. Kelly, Gary Martin, Dan Mortensen, Jacque McMillan and Lynne Plambeck were in attendance.

**DIRECTORS ABSENT:** None.

Also present: Matthew Stone, General Manager; Joe Byrne and Tom Bunn, General Counsel; April Jacobs, Board Secretary; Steve Cole, Assistant General Manager; Valerie Pryor, Assistant General Manager; Brian Folsom, Chief Engineer; Dirk Marks, Director of Water Resources; Kathie Martin, Public Information Officer; and members of the public.

President Cooper called the meeting to order at 6:03 PM. A quorum was present.

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

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

Upon motion of Director Mortensen, seconded by Director K. Colley and carried, the Board approved the Consent Calendar including the updated meeting minutes and Resolution Nos. SCV-17 and SCV-18 by the following voice votes (Item 5):

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

**RESOLUTION NO. SCV-17**

**A RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE SANTA CLARITA VALLEY WATER AGENCY**

**AUTHORIZING AND REQUESTING THE INVESTMENT OF EXCESS FUNDS  
IN THE LOS ANGELES COUNTY TREASURY POOL**

**WHEREAS**, California Government Code (“Government Code”) Section 53684 allows local agencies in the County of Los Angeles (the “County”) to deposit excess funds in the Los Angeles County Treasury Pool for the purpose of investment by the Treasurer and Tax Collector of the County (the “Treasurer”); and

**WHEREAS**, the Board of Directors of the Santa Clarita Valley Water Agency (“Agency”) has determined or may determine from time to time, that excess funds of the Agency exist that are not required for immediate use; and

**WHEREAS**, Government Code Section 6502 allows public agencies, even if outside the County, to enter into joint powers agreements with the County, under which excess funds may be deposited in the County Treasury Pool; and

**WHEREAS**, the Santa Clarita Valley Water Agency is a local agency as that term is defined in Government Code Section 53600, and/or a public agency as that term is defined in Government Code Section 6500; and

**WHEREAS**, the Board of Supervisors of the County has made the Government Code Section 53684 operative in the County and has authorized such joint powers agreements; and

**WHEREAS**, the Treasurer of the Santa Clarita Valley Water Agency has determined that the Agency has excess funds which are not required for immediate use; and

**WHEREAS**, the County Board of Supervisors made Government Code Section 53684 operative in the County on February 24, 1987, as amended by said County Board of Supervisors, on May 31, 1988, to allow for the expansion authorized under Government Code Section 6502; and

**WHEREAS**, with the consent of the Treasurer and Tax Collector, the Treasurer may accept for investment deposits of Santa Clarita Valley Water Agency, provided that Santa Clarita Valley Water Agency is allowed pursuant to Government Code Section 6502; and

**WHEREAS**, this Board of Directors has determined that it would be desirable to deposit the excess funds in the County Treasury Pool for the purpose of investment pursuant to Government Code Sections 53601 and 53635.

**NOW, THEREFORE, IT IS RESOLVED** as follows:

**SECTION 1.** The Board of Directors of the Santa Clarita Valley Water Agency hereby finds that it may, from time-to-time, be advantageous to make deposits for purposes of investment with the Los Angeles County Treasurer.

**SECTION 2.** The Board of Directors of the Santa Clarita Valley Water Agency have received and carefully reviewed the Los Angeles County’s Treasurer and Tax Collector Investment Policy (the “Investment Policy”), and is familiar with its contents. Having considered and weighed the risks of investing, the Board of Directors of the Santa Clarita Valley Water Agency finds and determines that it is appropriate and legal to invest its moneys in the Los Angeles County Treasury Pool, as permitted by the

Investment Policy. Santa Clarita Valley Water Agency has been advised and understands that the Investment Policy may be amended by the Treasurer without the review and consent of Santa Clarita Valley Water Agency.

**SECTION 3.** The Treasurer of the Santa Clarita Valley Water Agency and any other authorized designated signer responsible for the funds of the Agency, whose name(s), currently held title(s), and specimen signature(s) that appear on **Attachment A - List of Authorized Designees** of this resolution, is/are hereby authorized and directed to request the Treasurer's consent to deposit into the County Treasury Pool those funds he or she deems to be excess and not required for immediate use, for the purpose of investment pursuant to Government Code Sections 53601 and 53635, and subject to the terms and conditions set forth in Government Code Sections 53684 and 27136, and in accordance with the resolutions entitled "Resolution of the Board of Supervisors of the County of Los Angeles Authorizing the County Treasurer and Tax Collector to Invest Excess Funds of Public Agencies" and "Resolution of Board of Supervisors of the County of Los Angeles Authorizing the County Treasurer and Tax Collector to Invest Excess Funds of Public Agencies" adopted by the Board of Supervisors of the County of Los Angeles, on February 24, 1987, and on May 31, 1988, respectively.

**SECTION 4.** This resolution, upon due adoption by this Board of Directors and with the consent of the Treasurer as evidenced by his signature or that of his designated representative below, constitutes a joint powers agreement between the Santa Clarita Valley Water Agency and the County.

**SECTION 5.** The Santa Clarita Valley Water Agency hereby agrees to inform the Treasurer if and to the extent any of the Santa Clarita Valley Water Agency's funds deposited in the County Treasury Pool pursuant to this joint powers agreement are proceeds of the issuance of bonds, certificates of participation, notes or other evidences of indebtedness ("Bond Proceeds"). If the Bond Proceeds are restricted by a certificate of the Santa Clarita Valley Water Agency relating to compliance with federal tax requirement ("Nonarbitrage Certificate"), the Agency agrees to provide the Nonarbitrage Certificate to the Treasurer so that the Treasurer can provide the market value of the Bond Proceeds as of the rebate calculation dates as provided in the Nonarbitrage Certificate. Notwithstanding the foregoing, the County takes no responsibility and the Santa Clarita Valley Water Agency is solely responsible for compliance with the terms and conditions of the Nonarbitrage Certificates and of any federal tax requirements that may apply to the Bond issuance. The Santa Clarita Valley Water Agency will review bond documents to determine if funds can be deposited into the County Treasury Pool.

**SECTION 6.** Without limiting the rights of the Santa Clarita Valley Water Agency or the County's obligation under Government Code Section 53684, the Agency agrees that the County shall not be liable for damage or losses of any nature resulting from or arising out of (i) investments made or authorized by the Treasurer in accordance with Government Code Section 53601 or Section 53635; (ii) misrepresentations or false or erroneous information provided by the Santa Clarita Valley Water Agency or any of its officers, employees or agents; (iii) noncompliance with investment policies or guidelines adopted by the Agency; (iv) violation of yield or investment limitations applicable to the funds deposited with the Treasurer for investment (such as federal arbitrage regulations with respect to the investment of proceeds of borrowings, or state or federal restrictions on the investment of grant proceeds); (v) circumstances beyond the reasonable control

of the County, such as a declaration of a banking moratorium or the suspension of trading on any securities exchange; (vi) acts or omissions of the County, its officers and employees with do not constitute gross negligence or willful misconduct, or acts or omissions of the County's custodial bank, depository bank and investment manager (the "Agent Banks"), provided that the Santa Clarita Valley Water Agency shall be subrogated to the rights of the County to pursue a claim against the Agent Banks or any of them under the contractual arrangements between the County and the Agent Banks.

**SECTION 7.** The Santa Clarita Valley Water Agency hereby agrees that the County may calculate the average daily balances of participants in the County Treasury Pool and may allocate monthly interest payments thereon pursuant to any reasonable method established by the County and consistently applied. The Santa Clarita Valley Water Agency further agrees to reimburse to the County Treasury Pool any amounts disbursed to the Agency in error promptly upon the discovery of such error or upon the request of the Treasurer.

**RESOLUTION NO. SCV-18**

JOINT RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES ACTING IN BEHALF OF

Los Angeles County General Fund

Los Angeles County Consolidated Fire Protection District

Los Angeles County Flood Control

THE BOARD OF DIRECTORS OF SANTA CLARITA VALLEY SANITATION DISTRICT OF LOS ANGELES COUNTY, AND THE GOVERNING BODIES OF

Greater Los Angeles County Vector Control District

City of Santa Clarita

Santa Clarita Street Lighting Maintenance District No. 2

Santa Clarita Library

Castaic Lake Water Agency

Newhall County Water District

APPROVING AND ACCEPTING NEGOTIATED EXCHANGE OF PROPERTY TAX REVENUES RESULTING FROM ANNEXATION TO SANTA CLARITA VALLEY SANITATION DISTRICT.

**"ANNEXATION NO. 1091"**

**WHEREAS**, pursuant to Section 99 and 99.01 of the Revenue and Taxation Code, prior to the effective date of any jurisdictional change which will result in a special district providing a

new service, the governing bodies of all local agencies that receive an apportionment of the property tax from the area must determine the amount of property tax revenues from the annual tax increment to be exchanged between the affected agencies and approve and accept the negotiated exchange of property tax revenues by resolution; and

**WHEREAS**, the governing bodies of the agencies signatory hereto have made determinations of the amount of property tax revenues from the annual tax increments to be exchanged as a result of the annexation to Santa Clarita Valley Sanitation District entitled Annexation No. 1091;

**NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:**

1. The negotiated exchange of property tax revenues resulting from the annexation of territory to Santa Clarita Valley Sanitation District in the annexation entitled Annexation No. 1091 is approved and accepted.

2. For each fiscal year commencing on and after July 1, 2017 or after the effective date of this jurisdictional change, whichever is later, the County Auditor shall transfer to Santa Clarita Valley Sanitation District a total of 0.9938158 percent of the annual tax increment attributable to the land area encompassed within Annexation No. 1091 as shown on the attached Worksheet.

3. No additional transfer of property tax revenues shall be made from any other tax agencies to Santa Clarita Valley Sanitation District as a result of annexation entitled *Annexation No. 1091*.

4. No transfer of property tax increments from properties within a community redevelopment project, which are legally committed to a Community Redevelopment Agency, shall be made during the period that such tax increment is legally committed for repayment of the redevelopment project costs.

5. If at any time after the effective date of this resolution, the calculations used herein to determine initial property tax transfers or the data used to perform those calculations are found to be incorrect thus producing an improper or inaccurate property tax transfer, the property tax transfer shall be recalculated and the corrected transfer shall be implemented for the next fiscal year, and any amounts of property tax received in excess of that which is proper shall be refunded to the appropriate agency.

The foregoing resolution was adopted by the Board of Supervisors of the County of Los Angeles, the Board of Directors of Santa Clarita Valley Sanitation District of Los Angeles County, and the governing bodies of Greater Los Angeles County Vector Control District, City of Santa Clarita, Santa Clarita Street Lighting Maintenance District No. 2, Santa Clarita Library, Santa Clarita Valley Water Agency as the Successor in Interest to the Castaic Lake Water Agency, and Newhall County Water District, signatory hereto.

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Upon motion of Director Mortensen, seconded by Director Atkins and carried, the Board approved Resolution No. SCV-19 to not appoint a successor to fill the vacant Division 2 Board seat and permanently eliminate such Board seat pursuant to Section 8 of the Santa Clarita Valley Water Act by the following voice votes (Item 6a)

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

## RESOLUTION NO. SCV-19

### RESOLUTION OF THE BOARD OF DIRECTORS OF THE SANTA CLARITA VALLEY WATER AGENCY TO NOT APPOINT A SUCCESSOR TO FILL THE VACANT DIVISION 2 BOARD SEAT AND PERMANENTLY ELIMINATE SUCH BOARD SEAT PURSUANT TO SECTION 8 OF THE SANTA CLARITA VALLEY WATER AGENCY ACT

**WHEREAS**, pursuant to SB 634, the Santa Clarita Valley Water Agency Act (Act) went into effect on January 1, 2018 and created the Santa Clarita Valley Water Agency (SCV Water), which is the successor entity to the Castaic Lake Water Agency and the Newhall County Water District; and

**WHEREAS**, there are fifteen (15) initial members of the SCV Water Board of Directors, fourteen (14) of which are elected members and represent one of three electoral divisions, and one of which is an appointed member representing the Los Angeles County Waterworks District 36; and

**WHEREAS**, pursuant to Section 8(d)(3) of the Act, if any of the initial elected directors resign or vacate their elected Board seat during his or her initial term, the Board of Directors may not fill the vacant seat and permanently eliminate such seat altogether, provided that after such action there would still be four elected Board members that represent the division that had the vacancy; and

**WHEREAS**, the Act calls for the reduction of Board members from fifteen (15) to nine (9) by January 1, 2023 and Section 8(d)(3) was intended to allow the Board of Directors to reduce its numbers earlier through attrition; and

**WHEREAS**, William Pecsí was an initial elected member of SCV Water's Board of Directors representing Division 2 and he resigned his position effective January 16, 2018; and

**WHEREAS**, because former Director Pecsí was an initial elected director and because there are four other current directors that represent Division 2, the Board of Directors may take action pursuant to Section 8(d)(3) to not appoint a successor and eliminate the vacant board seat, reducing the number of elected directors from fourteen (14) to thirteen (13); and

**WHEREAS**, the Board of Directors desires to not appoint a successor and eliminate the vacant Board seat created by the resignation of former Director Pecsí, which will reduce the number of elected Board seats from fourteen (14) to thirteen (13) and the total number of directors from fifteen (15) to fourteen (14).



**NOW THEREFORE, BE IT RESOLVED** that pursuant to Section 8(d)(3) of the Act, the Board of Directors of the Santa Clarita Valley Water Agency does hereby not appoint a successor to the vacant Division 2 Board of Director seat previously held by William Pecsí and permanently eliminates the seat, reducing the number of elected Directors from fourteen (14) to thirteen (13) and the total number of Directors from fifteen (15) to fourteen (14).

**FURTHER RESOLVED** that staff is directed to notify the Los Angeles County Registrar-Recorder/County Clerk of the Board of Director's action.

This Resolution shall be effective upon its adoption.

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**AB 1234 Reports (Item 9a)**

Written reports were submitted and filed by President Cooper and Directors K. Colley, Efstathiou, Gladbach, Gutzeit, McMillan and Martin.

Director Colley reported that he attended the SCV Chamber of Commerce Installation Dinner held at the TPC on January 26, 2018.

Director Gladbach reported that he attended the SCV Chamber of Commerce Installation Dinner held at the TPC on January 26, 2018.

Director Kelly reported that he attended the SCV Chamber of Commerce Installation Dinner held at the TPC on January 26, 2018.

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Upon motion of Director Colley, seconded by Director Gladbach and carried, the Board went into Closed Session at 7:17 PM to discuss the items listed on the Agenda by the following voice votes (Item 11):

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

Upon motion of Director McMillan, seconded by Director Atkins and carried, the Board voted to come out of Closed Session at 8:15 PM by the following voice votes:

Director Atkins	Yes	Director Campbell	Yes
Director E. Colley	Yes	Director K. Colley	Yes
President Cooper	Yes	Director DiPrimio	Yes
Director Efstathiou	Yes	Director Gladbach	Yes
Vice President Gutzeit	Yes	Vice President Kelly	Yes
Director Martin	Yes	Director McMillan	Yes

Director Mortensen                      Yes

President Cooper reconvened the Open Session at 8:15 PM.

President Cooper, reported that there were no actions taken in Closed Session that were reportable under the Ralph M. Brown Act (Item 12).

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Upon motion of Director Gladbach, seconded by Director Mortensen and carried, the meeting was adjourned at 8:16 PM by the following voice votes (Item 14):

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

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April Jacobs, Board Secretary

ATTEST:

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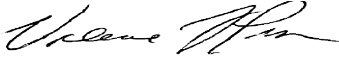
President of the Board



## BOARD MEMORANDUM

**DATE:** February 12, 2018

**TO:** Board of Directors

**FROM:** Valerie L. Pryor   
Assistant General Manager

**SUBJECT:** Adopt Resolutions Establishing the Investment Policy and Establishing an Account with UBS Financial Securities and Related Items

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### SUMMARY AND DISCUSSION

Pursuant to Government Code Section 53646, the California Legislature mandates that the Agency annually prepare and adopt an Investment Policy. Management recommends approval of the attached resolution establishing an Investment Policy for SCV Water as well as a resolution establishing an account UBS Financial Securities to continue managing Newhall County Water District (NCWD) investments. General Counsel reviewed the Castaic Lake Water Agency (CLWA) and NCWD policies which were generally the same, and provide a combined Investment Policy that was updated based on California Government Code requirements. This policy is reviewed and updated annually.

Newhall Water Division investments are managed by UBS Financial services which requires a resolution approving the account. None of the other SCV Water investment agencies require this type of resolution.

The Valencia Water Division currently has two short-term investments that do not meet the requirements of the proposed Investment Policy. The proposed policy allows investment in A-1 rated commercial paper and VWD has two short-term investments in A-2 rated commercial paper. These two investments totaling \$2.5 million mature by May 4, 2018. Management recommends that the Board authorize these two investments through May 4, 2018.

### FINANCIAL CONSIDERATIONS

None.

### RECOMMENDATION

That the Board of Directors adopt resolutions (1) establishing the Investment Policy and (2) establishing an investment account with UBS Financial Securities; and approve the current investments in A-2 rated commercial paper through May 4, 2018.

Attachments



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## RESOLUTION NO.

### A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SANTA CLARITA VALLEY WATER AGENCY ESTABLISHING ITS INVESTMENT POLICY

#### 1.0 POLICY

**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

**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

**WHEREAS;** the Treasurer of the Santa Clarita Valley Water Agency ("Agency"), acting under the direction and authority of the Finance and Operations 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;

**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

#### 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 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 and Operations 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 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.)

## **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:



**9.8.1** organized and operating within the United States as a general corporation, shall have total assets in excess of Five Hundred Million Dollars (\$500,000,000), and shall issue debt, other than commercial paper, if any, that is rated in a rating category of "A" or its equivalent or higher by a nationally-recognized statistical-rating organization; or

**9.8.2** organized within the United States as a special-purpose corporation, trust, or limited liability company, have program-wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond, and has commercial paper that is rated "A-1" or higher, or the equivalent, by a nationally-recognized statistical-rating organization.

Eligible commercial paper shall have a maximum maturity of 270 days or less. The Agency shall invest no more than 25% of its money in eligible commercial paper. The Agency shall purchase no more than 10% of the outstanding commercial paper of any single corporate issue.

**9.9** (i) Negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings association or a federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a federal or state-licensed branch of a foreign bank; and (ii) certificates of deposit at a commercial bank, savings bank, savings and loan association or credit union that uses a private sector entity that assists in the placement of such certificates of deposit, pursuant to Government Code Section 53601.8.

Purchases of negotiable certificates of deposit under (i) of this section and certificates of deposit under (ii) of this section may together not exceed 30% of the Agency's money which may be invested pursuant to this policy. The Board of Directors and the Treasurer are prohibited from investing Agency funds, or funds in the Agency's custody, in negotiable certificates of deposit issued by a state or federal credit union if a member of the Board of Directors, or any person with investment decision-making authority within the Agency also serves on the Board of Directors, or any committee appointed by the Board of Directors, or the credit committee or the supervisory committee of the state or federal credit union issuing the negotiable certificates of deposit.

**9.10** Repurchase/Reverse Repurchase Agreements of any securities authorized by Section 53061. The market value of securities that underlay a repurchase agreement shall be valued at one hundred two percent (102%) or greater of the funds borrowed against those securities, and are subject to the special limits and conditions of California Government Code 53601(j).

**9.11** Medium term notes, defined as all corporate and depository institution debt securities with a maximum remaining maturity of 5 years or less, issued by corporations organized and operating with the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment under this subdivision shall be rated in a rating category of "A" or its equivalent or better by a nationally recognized rating service. Purchases of medium-term notes shall not include other instruments authorized by this policy and shall not exceed 30% of the Agency's money which may be invested pursuant to this policy.

**9.12** Shares of beneficial interest issued by diversified management companies (mutual funds) investing in the securities and obligations authorized by this policy, and shares in money market mutual funds, subject to the restrictions of California Government Code Section 53601(l). The purchase price of investments under this subdivision shall not exceed 20% of the Agency's investments under this policy. However, no more than 10% of the Agency's money may be invested in any one mutual fund.

**9.13** Moneys held by a trustee or fiscal agent and pledged to the payment or security of bonds or other indebtedness, or obligations under a lease, installment sale, or other agreement of a local agency, or certificates of participation in those bonds, indebtedness, or lease installment sale, or other agreements, may be invested in accordance with the statutory provisions governing the issuance of those bonds, indebtedness, or lease installment sale, or other agreement, or to the extent not inconsistent therewith or if there are no specific statutory provisions, in accordance with the ordinance, resolution, indenture, or agreement of the local agency providing for the issuance.

**9.14** Notes, bonds, or other obligations that are at all times secured by a valid first priority security interest in securities of the types listed by California Government Code Section 53651 as eligible securities for the purpose of securing local agency deposits having a market value at least equal to that required by California Government Code Section 53652 for the purpose of securing local agency deposits. The securities serving as collateral shall be placed by delivery or book entry into the custody of a trust company or the trust department of a bank which is not affiliated with the issuer of the secured obligation, and the security interest shall be perfected in accordance with the requirements of the Uniform Commercial Code or federal regulations applicable to the types of securities in which the security interest is granted.

**9.15** Any mortgage pass-through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable pass-through certificate, or consumer receivable-backed bond of a maximum of five years maturity. Securities eligible for investment under this subdivision shall be issued by an issuer rated in a rating category of "A" or its equivalent or better for the issuer's debt as provided by a nationally recognized rating service and rated in a rating category of "AA" or its equivalent or better by a nationally recognized rating service. Purchase of securities authorized by this subdivision shall not exceed 20% of the Agency's money that may be invested pursuant to this policy.

**9.16** Shares of beneficial interest issued by a joint powers authority organized pursuant to Section 6509.7 that invests in the securities and obligations authorized under Government Code Section 53601. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible, the joint powers authority issuing the shares must have retained an investment advisor that is registered or exempt from registration with the Securities and Exchange Commission, have not less than five years of experience in investing in the securities and obligations authorized under Government Code Section 53601, and have assets under management in excess of five hundred million dollars (\$500,000,000).

**9.17** Proposition 1A receivables sold pursuant to California Government Code Section 53999. A "Proposition 1A receivable" constitutes the right to payment of moneys due or to become due to a local agency, pursuant to clause (iii) of subparagraph (B) of paragraph (1) of subdivision (a) of Section 25.5 of Article XIII of the California Constitution and Section 100.06 of the Revenue and Taxation Code.

**9.18** United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated in a rating category of "AA" or its equivalent or better by an NRSRO and shall not exceed 30 percent of the agency's moneys that may be invested pursuant to this section.

**9.19** Any other investment security authorized under the provisions of California Government Code Sections 5922 and 53601.

Such investments shall be limited to securities that at the time of the investment have a term remaining to maturity of five years or less, or as otherwise provided in Government Code Section 53601.

The Agency shall not invest any funds covered by this Investment Policy in inverse floaters, range notes, interest-only strips derived from mortgage pools or any investment that may result in a zero interest accrual if held to maturity.

## **10.0 COLLATERALIZATION**

All certificates of deposit must be collateralized by United States Treasury Obligations. Collateral must be held by a third party trustee and valued on a monthly basis. The percentage of collateralizations on repurchase and reverse agreements will adhere to the amount required under California Government Code 53601(i)(2).

## **11.0 SAFEKEEPING AND CUSTODY**

All securities owned by the Agency, except collateral for repurchase agreements, will be held in safekeeping at a third party bank trust department that will act as agent for the Agency under terms of a custody agreement.

Securities used as collateral for repurchase agreements with a term of up to seven days can be safe kept by a third party bank trust department, or by the broker/dealer's safekeeping institution, acting as agent for the Agency under the terms of a custody agreement executed by the broker/dealer and the Agency and specifying the Agency's perfected ownership of the collateral.

Payment for all transactions will be conducted on a delivery-versus-payment (DVP) basis.

## **12.0 LEVERAGING**

Investments may not be purchased on margin. Securities can be purchased on a "When Issued" basis only when a cash balance can be maintained to pay for the securities on the purchase settlement date.

## **13.0 DIVERSIFICATION**

The Agency will diversify its investments by security type and institution. Assets shall be diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer or a specific class of securities.

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.

## RESOLUTION NO.

### A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SANTA CLARITA VALLEY WATER AGENCY ESTABLISHING A NEW ACCOUNT WITH UBS FINANCIAL SERVICES INC.

**WHEREAS**, The Agency seeks to benefit from opening and maintaining one or more securities, loan and/or guarantee accounts at UBS Financial Services Inc. ("UBS").

#### **NOW, THEREFORE, BE IT RESOLVED THAT:**

1. Santa Clarita Valley Water Agency (the "Agency") is authorized to establish with UBS one or more accounts for the purchase and sale of securities, money/currency, stocks, options, bonds, notes, futures contracts, commodities, commercial paper, certificates of deposit and other obligations, contracts, all other property usually and customarily dealt in by brokerage firms, the establishment of credit and/or the guarantee of another person's or entity's obligations (the "Account").
2. The Agency is authorized to use the Account(s) and services offered by UBS to (a) sell short, (b) trade on margin, (c) borrow and/or obtain credit (including all manner of credits and/or letters of credit) from time to time from UBS and guarantee obligations of others to UBS in United States dollars or any foreign currency, (d) effect UBS Card transactions, (e) contract for any and all investment management and advisory services that UBS now or hereafter provides and delegate discretion to UBS or to a subadvisor in connection with such services, and (f) pledge, mortgage, assign or subject to a security interest or lien any property of any sort of the Agency as security for any liability of the Agency.
3. Each of the officers or authorized representatives named on the Client Information (each, together with persons designated under resolution 4 below, hereinafter called an "Authorized Person") are authorized individually, without counter signature or co-signature, to act on behalf of the Agency and UBS is authorized, but not obligated, to deal with each Authorized Person individually in connection with all aspects of the Accounts, to (a) open the Account(s) and execute on any and all relevant documents on behalf of the Agency, (b) obtain all such services as UBS shall offer, including investment advisory services and to purchase and sell and enter into any transaction whatsoever in connection with the Account(s) and the property therein, and (c) to execute and deliver to UBS on behalf of the Agency any and all tax forms and other tax-related documents for an Account of this Agency (including without limitation U.S. Internal Revenue Service Forms W-8 and W-9, as applicable, and any documents relating thereto) and to make any certifications or representations under penalty of perjury on behalf of the Agency that are required by such forms or documents.
4. The Authorized Persons are authorized to appoint one or more attorneys-in-fact or agents to act on behalf of the Agency in the same capacity as set forth above, and are authorized to execute and deliver to UBS any powers of attorney or other documents to effect or evidence such appointment.
5. UBS is authorized, but not obligated, to deal with each Authorized Person individually, as follows, subject to the Agency having completed documentation relating to the

relevant products and services and subject to UBS policy and practice as in effect from time to time:

- a) to accept all orders for purchases and sales and all instructions of any nature whatsoever in connection with the Account(s) which UBS Financial Services Inc. believes in good faith to have been originated by an Authorized Person; to receive any funds, securities or other property for the Account(s) of the Agency;
  - b) to receive drafts, checks or other funds or property delivered to it for deposit for the Account(s) of the Agency, whether or not endorsed with the name of the Agency or unendorsed; and to honor written instructions from each Authorized Person to deliver either in bearer form, in street certificates, in any names or in any other manner any funds, securities or other property held for the Account(s) of the Agency;
  - c) to honor instructions from each Authorized Person to write checks, drafts, instruments, instructions or orders for the payment or withdrawal of funds drawn on the Account(s) or payable to the order of the Agency ("Payments") without limit as to amount, without inquiry including Payments to the order of or in favor of any person who authorized the Payment or any other officer, authorized representative or agent of the Agency and UBS, its subsidiaries and affiliates shall not be liable for any disposition which any such officer or authorized representative or agent shall make of all or any part of any Payment notwithstanding that such Payment may be for the personal account or benefit or in payment of the individual obligation of any such officer or authorized representative or agent to UBS, or otherwise;
  - d) to open deposit accounts in foreign currencies with any depository to purchase, sell, transfer, or dispose of for present or future delivery foreign moneys, credits or exchange on deposit or otherwise and all manner of instruments representative thereof by endorsement or otherwise, and to execute and deliver any agreements or instruments relating to any such transactions.
6. Any and all actions previously taken with respect to matters provided for by these resolutions are hereby ratified, confirmed and approved.
7. These resolutions supersede any previous resolutions of the Agency presented to UBS Financial Services Inc. regarding the Account(s). UBS, its subsidiaries and affiliates are authorized to rely upon the authority conferred by these resolutions and until UBS receives written notice of an amendment modification or revocation of these resolutions. In the event that UBS for any reason, is uncertain as to the continuing effectiveness of these resolutions or the authority to any Authorized Person, UBS may refrain from taking any action with respect to the Account(s) until such time as it is satisfied as to its authority.
8. In consideration of UBS and any of its subsidiaries or affiliates acting in reliance upon these resolutions or any certification by the Secretary or Assistant Secretary or other certifying officer, they shall be fully protected in so acting and the Agency agrees to indemnify and save harmless UBS and any of its subsidiaries or affiliates from and against any and all loss, damage, liability, claims and expenses including legal fees arising out of their so acting or its refraining from taking any action.

9. The Secretary or an Assistant Secretary or other duly authorized certifying officer of the Agency is authorized and directed to certify to UBS and any of its subsidiaries or affiliates:
  - a) that these resolutions have been duly adopted, are in full force and effect and are in accordance with provisions of applicable law, the charter and by-laws, or other similar governing documents and rules of the Agency;
  - b) the identities and specimen signatures of the Agency's Authorized Persons and, from time to time hereafter, such changes as may occur in the identities of such Authorized Persons as such are made.

#### **ATTENTION TRANSFER AGENT**

10. Any authorized Person is fully authorized and empowered to transfer, convert, endorse, sell, assign, set over and deliver any and all shares of stocks, bonds, debentures, notes, subscription warrants, stock purchase warrants, evidence of indebtedness, or other securities now or hereafter standing in the name of or owned by the Agency, and to make, execute and deliver, under the corporate seal of the Agency or otherwise, any and all written instruments of assignment and transfer necessary or proper to effectuate the authority hereby conferred.
11. Whenever there shall be annexed to any instrument of assignment and transfer, executed pursuant to and in accordance with the foregoing resolution, a certificate of the Secretary or an Assistant Secretary of the Agency or other duly authorized certifying officer in office at the date of such certificate and such certificate shall set forth these resolutions and shall state that these resolutions are in full force and effect, and shall also set forth the names of the persons who are then officers or authorized representatives of the Agency, then all persons to whom such instrument with the annexed certificate shall thereafter come, shall be entitled, without further inquiry or investigation and regardless of the date of such certificate, to assume and to act in reliance upon the assumption that the shares of stock or other securities named in such instrument were theretofore duly and properly transferred, endorsed, sold, assigned, set over and delivered by the Agency, and that with respect to such securities the authority of these resolutions and of such officers or authorized representatives is still in full force and effect.

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## BOARD MEMORANDUM

**DATE:** February 8, 2018  
**TO:** Board of Directors  
**FROM:** Valerie L. Pryor   
Assistant General Manager  
**SUBJECT:** Approve a Resolution Authorizing Application to the Director of Industrial Relations, State of California, for a Certificate to Self-Insure Workers' Compensation Liabilities

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### SUMMARY AND DISCUSSION

With the creation of SCV Water, a new Agency, the State of California requires a Certificate of Consent to Self-Insure the payment for Workers' Compensation Liabilities pursuant to Labor Code Section 3700. All California employers must provide workers' compensation benefits to their employees under California Labor Code Section 3700. The employer has two options: purchase workers' compensation insurance, or self-insure. The Agency obtains workers' compensation insurance through ACWA JPIA. The ACWA JPIA Workers' Compensation Program is a self-insured program (risk-sharing pool), not a traditional insurance company. The ACWA JPIA holds the master certificate as the self-insurer. Each participating member must file an application for a Certificate of Consent to Self-Insure, as an affiliate of the ACWA JPIA Program. ACWA JPIA, acting on behalf of SCV Water, will be handling the application and forwarding it to the State of California to obtain a permanent certificate. SCV Water currently has an interim certificate of consent valid through June 30, 2018.

### FINANCIAL CONSIDERATIONS

None.

### RECOMMENDATION

Approve a resolution authorizing application to the Director of Industrial Relations, State of California for a certificate of consent to self-insure workers' compensation liabilities.

VLP

Attachments

*m65*

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**RESOLUTION NO.**

**A RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE SANTA CLARITA VALLEY WATER AGENCY  
AUTHORIZING APPLICATION  
TO THE DIRECTOR OF INDUSTRIAL RELATIONS, STATE OF CALIFORNIA  
FOR A CERTIFICATE OF CONSENT TO SELF-INSURE  
WORKERS' COMPENSATION LIABILITIES**

**WHEREAS**, the Santa Clarita Valley Water Agency is a public entity organized and existing under the laws of the State of California; and

**WHEREAS**, pursuant to the provisions of Section 3700 of the California Labor Code, said Agency may self-insure for Workers' Compensation Liabilities in a joint protection program; and

**WHEREAS**, the Association of California Water Agencies Joint Power Insurance Authorities (ACWA-JPIA) has advised that said joint protection program will return to permanent self-insured status effective July 1, 2018.

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Directors of the Santa Clarita Valley Water Agency authorizes and empowers the General Manager to make application to the Director of Industrial Relations, State of California, for a Certificate of Consent to Self-Insure workers' compensation liabilities, and to execute any and all documents required for such application on behalf of said Agency.

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State of California  
Department of Industrial Relations  
Office of Self Insurance Plans  
11050 Olson Drive, Suite 230  
Rancho Cordova, CA 95670  
Phone (916) 464-7000  
FAX (916) 464-7007



Our File: \_\_\_\_\_

## APPLICATION FOR A PUBLIC ENTITY CERTIFICATE OF CONSENT TO SELF INSURE

NOTE: All questions must be answered. If not applicable, enter "N/A".  
Workers' compensation insurance must be maintained until certificate is effective.

### APPLICANT INFORMATION

Legal Name of Applicant (show exactly as on Charter or other official documents):

Santa Clarita Valley Water Agency

Street Address of Main Headquarters:

27234 Bouquet Canyon Road

Mailing Address (if different from above):

Federal Tax ID No.:

82-3720014

City, State, Zip Code

Santa Clarita, CA 91350

TO WHOM DO YOU WANT CORRESPONDENCE REGARDING THIS APPLICATION ADDRESSED?

Name: Rochelle Patterson

Title: Director of Administrative Services

Company Name: Santa Clarita Valley Water Agency

Mailing Address: 27234 Bouquet Canyon Road

City: Santa Clarita

State: CA

Zip + 4: 91350

Telephone Number: 661-702-4422

Email: rpatterson@scvwa.org

Type of Public Entity (check one):

City and/or County    School District    Police and/or Fire District    Hospital District    Joint Powers Authority

Other (describe): \_\_\_\_\_

Type of Application (check one):

New Application    Reapplication due to Merger or Unification    Reapplication due to Name Change

Other (describe) \_\_\_\_\_

Date Self Insurance Program will begin: \_\_\_\_\_

CURRENT PROGRAM FOR WORKERS' COMPENSATION LIABILITIES

Currently Insured with State Compensation Insurance Fund, Policy Number:

Policy Expiration Date: Yearly Premium: \$

Current Yearly Incurred (paid & unpaid) Losses: \$ (FY or CY)

Currently Self Insured, Certificate Number:

Name of Current Certificate Holder:

Other (describe): newly created agency (by merger)

JOINT POWERS AUTHORITY

Will the applicant be a member of a workers' compensation Joint Powers Authority for the purpose of pooling workers' compensation liabilities?

Yes No If yes, then complete the following:

Effective date of JPA Membership: JPA Certificate No.: 5807

Name and Title of JPA Executive Officer:

Andy Sells, Chief Executive Officer

Name of Joint Powers Authority Agency:

Association of California Water Agencies/Joint Powers Insurance Authority

Mailing Address of JPA:

2100 Professional Drive

City: State: Zip + 4:

Roseville, CA 95661

Telephone Number: 916-786-5742

PROPOSED CLAIMS ADMINISTRATOR

Who will be administering your agency's workers' compensation claims? (check one)

JPA will administer, JPA Certificate No.: 5807

Third party agency will administer, TPA Certificate No.:

Public entity will self administer Insurance carrier will self administer

Name of Individual Claims Administrator:

Melody Tucker

Name of Administrative Agency:

Association of California Water Agencies/Joint Powers Insurance Authority

Mailing Address:

2100 Professional Drive

City: State: Zip + 4:

Roseville, CA 92661

Telephone Number: 916-786-5742 FAX Number: 916-786-0209

Number of claims reporting locations to be used to handle the agency's claims: 1

Will all agency claims be handled by the administrator listed on previous page?  Yes  No

**AGENCY EMPLOYMENT**

Current Number of Agency Employees: 215

Number of Public Safety Officers (law enforcement, police or fire): 0

If a school district, number of certificated employees: n/a

Will all agency employees be included in this self insurance program?  Yes  No

If no, explain who is not included and how workers' compensation coverage is to be provided to the excluded agency employees:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**INJURY AND ILLNESS PREVENTION PROGRAM**

Does the agency have a written Injury and Illness Prevention Program?  Yes  No

Individual responsible for agency Injury and Illness Prevention Program:

Name and Title:

Mark Passamani, Safety Officer

Company or Agency Name:

Santa Clarita Valley Water Agency

Mailing Address:

27234 Bouquet Canyon Road

City:

State:

Zip + 4:

Santa Clarita, CA 91350

Telephone Number: 661-297-1600

**SUPPLEMENTAL COVERAGE**

Will your self insurance program be supplemented by any insurance or pooled coverage under a standard workers' compensation insurance policy?  Yes  No

If yes, then complete the following:

Name of Carrier or Excess Pool: \_\_\_\_\_

Policy Number: \_\_\_\_\_

Effective Date of Coverage: \_\_\_\_\_

Will your self insurance program be supplemented by any insurance or pooled coverage under a specific excess workers' compensation insurance policy?  Yes  No

If yes, then complete the following:

Name of Carrier or Excess Pool: Safety National Casualty Corp

Policy Number: SP 405 6741

Effective Date of Coverage: July 1, 2017

Retention Limits: \$2,000,000

Will your self insurance program be supplemented by any insurance or pooled coverage under an aggregate excess (stop loss) workers' compensation insurance policy?  Yes  No

If yes, then complete the following:

Name of Carrier or Excess Pool: \_\_\_\_\_

Policy Number: \_\_\_\_\_

Effective Date of Coverage: \_\_\_\_\_

Retention Limits: \_\_\_\_\_

**RESOLUTION OF GOVERNING BOARD**

See Attached Resolution-Page 5

**CERTIFICATION**

The undersigned on behalf of the applicant hereby applies for a Certificate of Consent to Self Insure the payment of workers' compensation liabilities pursuant to Labor Code Section 3700. The above information is submitted for the purpose of procuring said Certificate from the Director of Industrial Relations, State of California. If the Certificate is issued, the applicant agrees to comply with applicable California statutes and regulations pertaining to the payment of compensation that may become due to the applicant's employees covered by the Certificate.

Signature of Authorized Official:

Date:

\_\_\_\_\_  
Typed Name:

Matt Stone

\_\_\_\_\_  
Title:

General Manager

\_\_\_\_\_  
Agency Name:

Santa Clarita Valley Water Agency

Seal

(Emboss seal above or Notarize signature)



RESOLUTION NO.: \_\_\_\_\_ DATED: \_\_\_\_\_

A RESOLUTION AUTHORIZING APPLICATION  
TO THE DIRECTOR OF INDUSTRIAL RELATIONS, STATE OF CALIFORNIA  
FOR A CERTIFICATE OF CONSENT TO SELF INSURE  
WORKERS' COMPENSATION LIABILITIES

At a meeting of the Board of Directors  
\_\_\_\_\_  
(enter title)

of the Santa Clarita Valley Water Agency  
\_\_\_\_\_  
(enter name of public agency, district)

a special district  
\_\_\_\_\_ organized and existing under the laws of  
(enter type of agency)

the State of California, held on the 20th day of February, 2018, the

following resolution was adopted:

**RESOLVED, that the** Board President and General Manager  
\_\_\_\_\_  
(enter position titles)

**be and they are hereby severally authorized and empowered to make application to the Director of Industrial Relations, State of California, for a Certificate of Consent to Self Insure workers' compensation liabilities on behalf of the**

Santa Clarita Valley Water Agency  
\_\_\_\_\_  
(enter name of district)

**and to execute any and all documents required for such application.**

I, Matt Stone, the undersigned General Manager  
\_\_\_\_\_  
(enter name) (enter title)

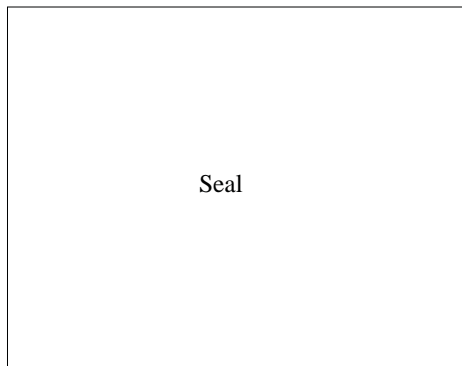
of the Board of the said Santa Clarita Valley Water Agency  
\_\_\_\_\_  
(enter name of agency)

a special district, hereby certify that I am the General Manager  
\_\_\_\_\_  
(enter type of agency) (enter title)

of said special district, that the foregoing is a full, true and correct copy of the resolution duly  
\_\_\_\_\_  
(enter type of agency)

passed by the Board at the meeting of said Board held on the day and at the place herein specified and that said resolution has never been revoked, rescinded, or set aside and is now in full force and effect.

**IN WITNESS WHEREOF: I HAVE SIGNED MY NAME AND AFFIXED THE SEAL OF THIS**



Special District  
\_\_\_\_\_  
(enter type of agency)  
THIS 20th DAY OF February, 2018

\_\_\_\_\_  
(Signature)

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## BOARD MEMORANDUM

**DATE:** February 8, 2018  
**TO:** Board of Directors  
**FROM:** Brian J. Folsom, P.E.  
Chief Engineer *BJF*  
**SUBJECT:** Approve Revision to Agency Purchasing Policy

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### SUMMARY

The recently approved Agency Purchasing Policy authorizes the General Manager to enter into design and/or construction contracts up to \$100,000. To facilitate time sensitive project schedules and enhance coordination efforts, staff recommends authorizing the General Manager to enter into design and/or construction contracts where the value is more than \$100,000 for projects 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 such contracts. This proposed policy would be consistent with the practice of the former Santa Clarita Valley retail water agencies. All other public contracting and Agency policies and procedures would remain unchanged.

### FINANCIAL CONSIDERATIONS

None.

### RECOMMENDATION

That the Board of Directors approve the attached revision to the Purchasing Policy effective immediately.

Attachment

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**SANTA CLARITA VALLEY WATER AGENCY  
PURCHASING POLICY****SECTION 1. APPLICABILITY OF PURCHASING POLICY****INTRODUCTION**

This Purchasing Policy provides uniform procedures for acquiring goods, services and equipment for the operations of the Santa Clarita Valley Water Agency (SCVWA).

**STATEMENT OF PURPOSE**

This Purchasing Policy authorizes the conditions under which the Assistant General Manager (Chief Financial Officer) is authorized to release Agency funds. All purchases of goods, services and equipment to be paid for by the Agency must comply with the methods, authority and dollar limits set forth in this Purchasing Policy. This Purchasing Policy does not apply to non-discretionary operating expenditures including, but not limited to, utilities, payroll, employee benefits, water purchases, election costs, insurance and payroll taxes. Improvements or units of construction work are subject to the competitive bidding requirements of Public Contract Code, section 21530 et seq.

This Purchasing Policy does not supersede statutory law in existence at the time the Agency enters into a contract for the purchase of goods, services or equipment. California statutes that govern such contracts shall control to the extent they are in conflict with this Purchasing Policy.

**SECTION 2. 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 3. In times of his/her absence, the General Manager may delegate his/her power.

**SECTION 3. METHODS OF ACQUISITION - GENERAL RULES**

Except as provided in Section 4, the following methods of acquisition shall be used in the circumstances indicated:

- (A) Items of less than \$30,000. The General Manager or designee, may acquire items, the cost or estimated cost of which does not exceed \$30,000 in any single acquisition, from any vendor who, in the General Manager's judgment, will provide the best product or service at the most favorable price.
- (B) Items of \$30,000 or more but less than \$100,000. The General Manager may acquire items, the cost or estimated cost of \$30,000 or more but less than \$100,000 in any single acquisition, by requesting three (3) or more quotations from qualified vendors, and then purchasing the item from the responsible vendor 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.
- (C) Items of \$100,000 or more. Items, the cost or estimated cost of which equals or exceeds \$100,000 in any single acquisition, shall be submitted to the Board for approval before purchase. Once approved by the Board, the General Manager may acquire such items by requesting (3) or more quotations from qualified vendors, and then purchasing the item from the responsible vendor whose product or service offers the Agency the best value, in the sole

and absolute discretion of the Board. If the item is (1) of a specified brand or type which is the only article which will properly meet the needs of the Agency, or (2) is not readily obtainable on the open market, or (3) is an item or service for which comparable quotations or bids cannot be secured, the determination of sole source must be approved by the Board.

#### **SECTION 4. METHODS OF ACQUISITION – SPECIAL RULES**

- (A) The requirements of Section 3 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.
- (B) In the event of an emergency and a written finding by the General Manager that it is immediately necessary to purchase or contract for goods, services and equipment, the General Manager is authorized to make the required purchase(s) or enter into the required contract(s). The General Manager shall, however, report any such action involving a cost of more than \$30,000 to the Board as soon as practicable. This report shall identify the emergency and the actual or probable impact the emergency would have had on Agency operations.
- (C) 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.
- (D) 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.

#### **SECTION 5. 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 3 shall be in force. The General Manager shall report any vehicle purchase to the Board as soon as practicable.

#### **SECTION 6. ITEMS MANUFACTURED FOR SCVWA**

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.

#### **SECTION 7. AUTHORITY OF GENERAL MANAGER AND ASSISTANT GENERAL MANAGER TO MAKE DISBURSEMENTS**

The General Manager and Assistant General Manager (Chief Financial 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.

#### **SECTION 8. 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.

#### **SECTION 9. PROFESSIONAL SERVICE CONTRACTS**

Professional services are defined as unique, technical and/or infrequent functions performed by an independent contractor/vendor qualified by education, experience, certification and/or technical ability to provide services. Typical Agency services that are obtained through professional services contracts include engineering and design, construction and project management, land surveying, legal, finance, planning, environmental studies, legislative advocacy, public relations and outreach, organizational studies and strategic planning. Professional services contracts shall be awarded based on demonstrated competence and on the professional qualifications necessary for the satisfactory performance of the services required, at fair and reasonable prices to the Agency. All professional service contracts or work authorizations in excess of \$100,000 annually shall be approved by the Board. The General Manager shall have the authority to approve changes in professional service contracts or work authorizations up to 10% (cumulative) of the amount authorized by the Board. When the General Manager makes such an increase, details of the changes shall be reported to the appropriate Committee and the Board as soon as practicable. 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.

#### **SECTION 10. ENGINEERING SERVICES**

Engineering services provided by consulting firms for the Agency include conducting evaluations, performing studies, preparing preliminary and final designs, preparing technical specifications, providing engineering support during construction, performing construction management and inspection, water resources and other miscellaneous services.

Engineering services will be performed by a pool of engineering consulting firms working under an on-call engineering services contract.

**(A) Engineering Services Consultant Selection.** Every four years, or more often if necessary, the Agency will issue a request for proposals (RFPs) to interested and qualified consulting engineering firms. Submitted proposals will be reviewed and staff will recommend to the Planning and Engineering Committee and Board of Directors the selection of between two and six firms to provide Engineering services.

**(B) Work Assignments.** Engineering services will be provided by the selected consultants based on the firm's qualifications, experience, similar project experience, convenience, schedule, historical knowledge and overall cost. Scope of work, schedule, and compensation for each work assignment will be detailed in a specific Work Authorization.

When a specific project requires unique qualifications or a specialty service, as determined by the General Manager, the Agency may develop a specific selection procedure and select a consultant without regard to the pool of engineering consulting firms.

**(C) Contract Duration.** Each firm in the pool will be under contract to provide services for the four-year duration noted above. However, should a firm have a work authorization underway at the end of the four-year term, its work and its contract with the Agency will remain in effect until the completion of the work authorization.

**SECTION 11. 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.

**SECTION 12. WORK AUTHORIZATIONS**

A written Work Authorization shall be executed to define scope, schedule, and budget for tasks or projects authorized under General Services Contracts. Staff will prepare and the General Manager or his designee is authorized to execute Work Authorizations where the value is \$100,000 or less, provided the item is listed in the budget. The Board of Directors shall approve Work Authorizations when the value is greater than \$100,000, provided the item is listed in the budget. If the item is not listed in the budget, the General Manager or his designee is authorized to execute Work Authorizations when the value is \$50,000 or less. If the item is not listed in the budget, the Board of Directors shall approve Work Authorizations when the value is greater than \$50,000. Approval by the Board shall be in accordance with its customary procedures. The General Manager shall have the authority to approve changes in Professional Services Contracts or Work Authorizations up to ten percent of the Amount authorized by the Board of Directors. When the General Manager approves such an increase, details of the change shall be reported to the Board of Directors at its next meeting. An appropriate Committee, as determined by the Board of Directors, shall review contracts as needed to determine if the terms still meet the requirements and needs of the Agency or if the contracts should be modified.

**SECTION 13. LOCAL VENDORS**

Staff will seek quotes from local vendors whenever feasible and will select local vendors when they provide the best product or service at the most favorable price. Requests for proposals, quotes, bids or other such processes may be advertised in the local newspaper, on the Agency's website and on other local websites, where appropriate.

**SECTION 14. 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.



DIRECTOR AB 1234 REPORT

Director Name: B. J. Atkins

Meeting Attended: SCV Chamber Installation Dinner

Date of Meeting: January 26, 2018

Board Meeting to Be Presented At: February 20, 2018

Points Of Interest: Attended the annual SCV Chamber Installation Dinner at TPC Country Club. This dinner was attended by roughly 250 community, business & SCV political leaders. The outgoing SCV Chamber Chair was honored, as were other Chamber members who served with distinction through 2017. The incoming SCV Chamber Board of Directors was sworn in by Congressman Steve Knight.

This is a well-attended event which offered great networking opportunities. Had the chance to discuss the merits of the new agency several times. SCV Water sponsored two tables, as one of several businesses and other institutions which sponsored this successful event.

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Please Attach Agenda or Brochure if Available. N/A

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