CRESCENTA VALLEY WATER DISTRICT

2700 Foothill Boulevard
La Crescenta, California

Agenda for the
Regular Meeting of the Board of Directors
of the Crescenta Valley Water District
to be held on December 8, 2015 at 7:00 p.m.

Posted: December 4, 2015 at 3:00 p.m.

Any written materials distributed to the Board in connection with this agenda will be made available at the same time for public inspection at the District office located at the above address.

Call to Order and Determination of Quorum

Pledge of Allegiance

Adoption of Agenda

Oath of Office Michael L. Claessens and Judy L. Tejeda

Public Comments

At this time the public shall have an opportunity to comment on any non-agenda item relevant to the subject matter jurisdiction of the Board. This opportunity is non-transferable and speakers are limited to one three (3) minute comment.

Foothill Municipal Water District Report

1. Report on activities at Foothill Municipal Water District.

Consent Calendar

1. Consideration and approval of the Minutes of the Adjourned Regular Meeting on November 17, 2015.
2. Ratification of Disbursements for November 2015.

Action Calendar

The public shall have an opportunity to comment on any action item as each item is considered by the Board prior to action being taken. This opportunity is non-transferable and speakers are limited to one two (2) minute comment.

1. **Board Reorganization** – Election of President and Vice President of the Board of Directors and Committee Appointments for 2016.

2. **Acceptance of Audited Financial Statements for Fiscal Year 2014-15** – Consideration and motion to accept the Audited Financial Statements for Fiscal Year 2014-15.

3. **Investment Policy for 2016** – Consideration and motion to adopt Resolution No. 728 outlining the District's Investment Policy for 2016.

4. **Program Specialist** – Consideration and motion to adopt a new job description and salary range for the Program Specialist position.

5. **Temporary Employee** – Consideration and motion to authorize the General Manager to hire a temporary Utility Worker I for a duration not to exceed six months.

6. **8-Inch Water Main Replacement on the 2600 Block of Harmony Place, 3900 Block of Park Place and 3700 Block of Glenwood Ave, Project E-960** – Consideration and motion to authorize the General Manager to advertise for bids for the construction of 1,430 lineal feet of pipeline replacement on the 2600 Block of Harmony Place, 3900 Block of Park Place and 3700 Block of Glenwood Ave with an engineer's estimate for construction of $305,000 and to find said project exempt from the provisions of the California Environmental Quality Act (CEQA).

7. **8-Inch Water Main Replacement on the 2800 Block of Prospect Ave and 4400 Block of Glenwood Ave,-Project E-961 -** Consideration and motion to authorize the General Manager to advertise for bids for the construction of 920 lineal feet of pipeline replacement on the 2700 Block of Prospect Ave and 4400 Block of Glenwood Ave with an engineer's estimate for construction of $185,000 and to find said project exempt from the provisions of the California Environmental Quality Act (CEQA).

8. **Emergency Electrical Generator at the La Granada Wastewater Lift Station, Project S-962 -** Consideration and motion to authorize the General Manager to advertise for bids for the installation of a new emergency electrical generator and appurtenances at the La Granada Wastewater Lift Station with an engineer's estimate for construction of $32,000 and to find said project exempt from the provisions of the California Environmental Quality Act (CEQA).

9. **Purchase Agreement for a New Nitrate Removal Treatment System at Well 2, Project E-956 -** Consideration and motion to authorize the General Manager to enter into a purchase agreement with APTwater for the installation of a new nitrate removal treatment system at a cost of $650,000 as part of the Well 2 and Related Facilities project at Ordunio Reservoir.

Information Items

Written Communications to District

Staff Reports

- **Secretary-Treasurer**
- **General Manager**
- **District Engineer**
- **Program Specialist**
- **Information Technology**

Attorney Report

Reports of Committees

- **Engineering Committee**
- **Finance Committee**
- **Employee Relations Committee**
- **Policy Committee**
- **Community Relations/Water Conservation Committee**
- **Emergency Planning Committee**

<u>Director's Oral Reports</u>

Report on issues, meetings, or activities attended by Directors.

<u>Closed Session</u>

- **<u>Conference with Legal Counsel</u>**
  - Existing litigation pursuant to paragraph (1) of subdivision (d) of Section 54956.9: Crescenta Valley Water District vs. City of Glendale, et al., Los Angeles Superior Court case no. BC595199.
  - General Manager Performance – 6 month Review

<u>Board Members' Request for Future Agenda Items</u>

<u>Adjournment</u>

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CRESCENTA VALLEY WATER DISTRICT
ADJOURNED REGULAR MEETING, BOARD OF DIRECTORS
November 17, 2015

Pursuant to the order of the Board of Directors of the Crescenta Valley Water District, made at the Regular Meeting of November 3, 2015, an Adjourned Regular Meeting was held on November 17, 2015, at 7:00 p.m. at the District office at 2700 Foothill Blvd., La Crescenta, California, with Vice President James D. Bodnar presiding.

At roll call, the following Directors and staff members were present:

Directors:	**James D. Bodnar** **Michael L. Claessens** **Kerry D. Erickson** **Kenneth R. Putnam (Absent)** **Judy L. Tejeda**
Attorney:	**Thomas S. Bunn**
General Manager:	**Thomas A. Love**
Secretary-Treasurer:	**Ron L. Mitchell**
District Engineer:	**David S. Gould**
Others Present:	**Mark Hass, IT Manager** **Wendy Holloway, Customer Accounts Supervisor** **Dennis Maxwell, Interim Superintendent** **Kathy Ross, FMWD Board of Director**

PLEDGE OF ALLEGIANCE
Vice President Bodnar opened the meeting by asking Director Erickson to lead the Board and staff in reciting the Pledge of Allegiance.

ADOPTION OF AGENDA
It was moved by Director Tejeda, seconded by Director Erickson and carried by a 4-0 vote that the Agenda for the Adjourned Regular Meeting of November 17, 2015 be adopted as presented.

PUBLIC COMMENT – Mr. Solymar addressed the Board comparing his water bill to his mother-in-law's bill, and would like to be billed at commercial rates.

FOOTHILL MUNICIPAL WATER DISTRICT REPORT – Ms. Kathy Ross reported that the Board met on November 16, 2015, and they approved the purchased for piping for the P-1 Pump Station as part of the grant, and approved the Electrohydraulic Actuator for the La Canada Reservoir control valve. The Board nominated Mr. Mel Matthews for LAFCO. They discussed a survey that was taken at the Descanso Event, and also the offset in revenue and expenses due to the drought. She also reported on the first Table Top exercises with member agencies.

CONSENT CALENDAR

It was moved by Director Erickson, seconded by Director Tejeda and carried by a 4-0 vote to approve the Minutes of the Regular Board Meeting held on November 3, 2015.

It was moved by Director Claessens, seconded by Director Tejeda to approve the ratification of the disbursements for October 2015 which consisted of:

Payment of demands against the Crescenta Valley Water District on or before October 31, 2015 the same having been approved by the General Manager, Thomas A. Love, and heretofore paid, be ratified and approved subject to audit, in the aggregate sum of Six Hundred Fifty Five Thousand Four Hundred Ninety Two Dollars and Seventy Eight cents (655,492.78), which is composed of the individual items set forth herein.

ACTION CALENDAR

Retention of Audio Recordings – At the September meeting the question regarding the District's policy pertaining to recording of meetings and the retention of these recordings was raised. Staff had said that that we have been recording meetings for a number of years, and has reviewed the District's Rules and Regulations and found that the meetings are recorded and retained until the following Board Meeting and then destroyed. At the October 20, 2015 Board Meeting, Mr. Bunn reviewed the Brown Act and he stated that the Board is not required to tape or video record a meeting, but if a tape is made it must be available to the public for 30 days. Staff recommends that the Board revise the existing policy to retain the audio recording only for the period required by law.

Following discussion:

It was moved by Director Claessens, seconded by Director Erickson and carried a 4-0 vote to adopt staff's recommendation according to the law.

CVWD's Well 2 and Related Facilities at Ordunio Reservoir, Project E-956 - Mr. Gould reported that CVWD desires to reactivate Well 2 and install a new nitrate removal treatment facility. Staff submitted a grant application under the Proposition 84 2015 IRWM Implementation Grant to the Greater Los Angeles County Region (GLAC), which was sent to the Department of Water Resources (DWR) as part of the overall grant application for Los Angeles County. The total grant amount requested by CVWD was $1,815,600 with the IRWM Grant providing 60% ($1,087,500) and CVWD providing 40% ($728,100) of the cost of the project. October 29, 2015, DWR published its draft funding recommendation for the 2015 IRWM Implementation Grant. DWR also released the application evaluation summary for the projects submitted by the GLAC. The GLAC provided four different options to reduce the requested grants from the 20 projects that were submitted. Option 1 would reduce the project by 51%, option 2 reduces each grant project by 21%, option 2 would reduce each sub-region determined amount, and option 4 removes the four lowest scoring projects. The options being proposed will have an effect on the project cost distribution and the CIP budget for the next two fiscal years. Staff attended the Upper Los Angeles River Steering Committee on November 17, 2015. From recent conversations, it is indicated that ULRA is favoring Option 1. The GLAC will be meeting on December 9, 2015 to discuss the options with the five sub-committees and make a final recommendation to DWR. Following discussion, it is the consensus of the Board favoring

Option 1 and still supported the project as long as the District receives some funding. Staff will report back to the Board on which option the GLAC recommends.

Water and Wastewater Cost of Service Study, Project M-958 – Mr. Gould reported that CVWD's staff is working with Raftelis Financial Consultants (RFC) on the preparation of new water and wastewater cost of service study relative to possible new water and wastewater rate structures. Staff held a kick-off meeting with RFC on October 8, 2015 to discuss the parameters and outline the data needs from CVWD. RFC gave a presentation at the November 3, 2015 Board meeting, which gave the Directors an understanding of a water budget based rate structure. Staff and RFC have prepared an Agenda and Power point presentation for the first public workshop that will be held on November 18, 2015 at 6:00 p.m. The Board reviewed and discussed changes to be made to the presentation.

INFORMATION ITEMS – LA Times & CVWD Press Release: Water district to hold workshops for water and wastewater rate study. Director Tejeda provided an article from Desert Hot Springs Water District regarding new alternate fuel vehicles.

WRITTEN COMMUNICATIONS TO DISTRICT – None.

REPORTS OF PERSONNEL

SECRETARY-TREASURER – Mr. Mitchell provided the Summary of Cash and Investment report which contained the following items:

Investment Portfolio Summary – as of November 17, 2015:

Cash Accounts	$434,068
Great Pacific Securities	$377,419
Bond Debt Service Fund Acct	$358,498
Local Agency Investment Fund	$1,248,885
Transfer from MTBE Fund	$2,000,000
Federal Farm Credit (78)	$500,095
Federal Farm Credit (81)	$986,820
Federal Farm Credit (83)	$500,640
Federal Farm Credit (86)	$991,450
Federal Farm Credit (87)	$500,045
Federal Farm Credit (96)	$973,510
Federal Farm Credit (97)	$1,239,013
US Treasury (99) NEW	$996,878

MTBE Contingency Funds

Local Agency Investment Fund	$826,489
Great Pacific Securities	$789,270
Transfer to Water Reserve	($2,000,000)
Federal Farm Credit (M-35)	$830,968
US Treasury (M-36)	$996,090

Federal Farm Credit (M38A)	$995,850
Federal Farm Credit (M-38B)	$995,850
US Treasury (M-39A) SOLD	
US Treasury (M-40)	$996,090
US Treasury (M-41) NEW	$989,260

Fund Balances

Water	$11,924,120.38
Wastewater	$5,628,872.87

GENERAL MANAGER – No Report

DISTRICT ENGINEER

Water Production – For the period of November 1 through November 13, 2015, water production averaged 40.2 million gallons per day, which is **6.3% less** than the daily average production of the same period in 2014. This is **19.1% less** from the daily average production of the previous five years. SWRCB Conservation – 30.4% less than June 2013- February 2014 period.

Rainfall: November 2015	**0.10”**
Season-to-date:	**0.42”**

Administrative and Field Operations – Mr. Gould provided a memorandum and discussed the following:

Rainfall Update – 0.10” for November 2015. Rainfall total for 2015-16 is at 0.42”.

Report on Engineering:

CIP Projects – Ocean View Chlorination Project – Building – Mobilization – Early January 2016. Treatment Equipment – Complete. Electrical Work – Bid Opening on December 2, 2015. Site work for CVWD crews – Start work – December 7, 2015. Pipeline Projects – Under design. 2800 Block of Prospect & 4400 Block Glenwood, 2600 Block of Harmony Place & 3900 Block of Park Place & 3700 Block of Glenwood – Design 90% complete. Well 16 – Pipeline & Building – Building & Facilities – 2 months behind schedule. Dedication Ceremony – January 19, 2016 Pickens Canyon Slope Repair – Working with DMc Engineering to re-design project with the goal to protect slope pipeline can be isolated. Plan to re-bid project and contact other contractors next week. Goal to start construction in mid-December 2015. Property owners signed right of entry agreements.

Water and Wastewater Cost of Service – See staff report.

Crescenta Valley County Park Stormwater Recharge Facility Study – Preliminary report – 65% complete. Preparing for storm flow readings in Verdugo Wash.

Nitrate Removal Treatment Facility at Well 2 Project – See Staff Report.

ULARA – No Report.

La Canada Flintridge – Water Committee – No Report.

Water Meter Replacement Program: FY 15/16 Water Meter Replacement Program – replaced 214 meters to date.

Report on Administrative and Field Operations:

Well Status – Well production capacity – Averaging 2.1 MGD for November

Field Maintenance and Operations update for November 1 – November 13, 2015

Water lateral leaks & repairs

- 2943 Henrietta
- 3317 Honolulu
- 2214 Del Mar
- 2918 Los Olivos
- 4614 Janvier Way
- 2623 Mayfield

Fire Hydrant Leak – Dunsmore & Montrose

Water Main Leaks – No Report.

Reservoir Maintenance – Cleaning six (6) Reservoirs – Starting November 16, 2015.

Sewer Maintenance – System completed by mid- December 2015 (one year). 2200 Blocks of Cross Street, Barton Lane, and Saranne. 2300 Block of Conle Way. 4600 Block of Lier. 4300 Block of Young. 4300-4600 Blocks of Ocean View.

PROGRAM SPECIALIST – No Report

INFORMATION TECHNOLOGY – No Report

ATTORNEY – Mr. Bunn reported that he attended a two day hearing in San Jose for closing arguments regarding the Antelope Valley ground water adjudication case which started in 1999. The court has approved the settlement agreement. As part of the settlement agreement the judge approved what is called a "Physical Solution", which is the plan for ground water management in the basin. There could be an appeal and some more documents to be drafted. If they get the courts signature before the end of the year, then it will become effective January 1, 2016, and they can set up the water master.

REPORTS OF COMMITTEES

Engineering Committee – Director Putnam reported that the Committee had not met; however a meeting will be scheduled as needed.

Finance Committee – Director Bodnar reported that the Committee met on November 13, 2015 at 3:30 p.m. and reviewed the draft FY 2014/15 Financial Statements with Mr. Chris Brown.

Employee Relations Committee – Director Erickson reported that the Committee met on November 13, 2015 at 4:30 p.m. and discussed the change in title and job description for the Program Specialist. The Committee will meet on December 4, 2015 at 9:30 a.m.

Policy Committee – Director Tejeda reported that the Committee had not met; however a meeting will be scheduled as needed.

Community Relations/Water Conservation Committee – Director Claessens reported that the Committee had not met; however a meeting will be scheduled as needed.

Emergency Planning Committee – Director Bodnar reported that the Committee will meet on December 4, 2015 at 8:30 a.m.

DIRECTORS ORAL REPORTS

Director Erickson reported the he attended Taste of the Foothills, and said it was nice, but there was a light turn out. He also talked about an article in the LA times regarding recycled water.

Director Claessens reported that he attended Taste of the Foothills and said it was a good event. He said he was re-elected to another term at the CVTC. He attended the Chamber event on Veterans Day. He also did off ramp clean up at the La Crescenta off ramp.

Director Tejeda reported that she attended the Taste of the Foothills. She also traveled to Northern Oregon and Victoria and ran into some people that will be attending the ACWA Conference.

Director Bodnar reported that he attended the Taste of the Foothills and said it was a light turn out. He commended staff for the good job of flushing the lines around his home. He also attended the Finance Committee meeting and the Employee Relations Committee meeting.

Director Putnam – No Report

CLOSED SESSION – No Reportable Action

ADJOURNMENT

There being no other business to come before the Board at 8:50 p.m., it was moved by Director Tejeda, seconded by Director Claessens and carried that the meeting be adjourned to December 8, 2015 at 7:00 p.m.

APPROVED

Kenneth R. Putnam	Ron L. Mitchell
President	Secretary-Treasurer

CASH DISBURSEMENTS LIST
NOVEMBER 2015

Check#	Check Date	Payable To	Description	Water Amount	Wastewater Amount
0	11/23	Southern California Edison Co.	Power purchased	30,005.09	292.90
32781	11/3	ABC Auto Electric	Unit #37 -Repairs to arrowboard	423.20	141.07
32782	11/3	ADS, LLC	Monthly monitoring		1,010.00
32783	11/3	Affordable Generator Services, Inc.	Gen 30/fuel polishing	860.00	
32784	11/3	Aflac	Employee paid insurance	1,323.53	
32785	11/3	Airgas USA, LLC	New small welding unit & monthly cylinder rentals	1,528.37	1,528.35
32786	11/3	Ambient Environmental, Inc.	Water analysis	4,536.00	
32787	11/3	AMEC Foster Wheeler	E-957 - Services though 08/28/15 for Pickens Cyn slope repair	5,480.00	
32788	11/3	ARC	Monthly billing bond plots	1,579.06	376.19
32789	11/3	Associated Soils Engineering	E-931 - Service through 09/2015 for Oak Creek MCC	2,045.00	
32790	11/3	AT&T Mobility	Cell phone service	892.58	297.53
32791	11/3	Regino Avalos	Trim trees @ Ocean View Reservoir (5 eucalyptus trees)	1,100.00	
32792	11/3	AVAYA Financial Services	Land line lease	380.68	126.90
32793	11/3	Backflow Apparatus & Valve Co.	Lead free test kit	131.95	
32794	11/3	Michelle Barty	Turf rebate	2,400.00	
32795	11/3	BC Laboratories, Inc	Water analysis	1,647.80	
32796	11/3	BC Laboratories, Inc	Water analysis	2,806.00	
32797	11/3	BC Laboratories, Inc	Water analysis	340.65	
32798	11/3	California Building Evaluations & Const., Inc,	E-940 - construction well 16 facilities	115,409.99	
32799	11/3	Cannon	E-931 - Service through 09/2015 for Oak Creek MCC	1,515.54	
32800	11/3	Capital One Commercial	Misc supplies	387.78	387.77
32801	11/3	Choice Pest Control	Monthly service at Glenwood & various sites	194.75	47.25
32802	11/3	City of Glendale Water & Power	Power purchased	33,776.08	161.96
32803	11/3	Civiltec Engineering Inc	E-733CS Chlorination Station - services through 09/30/2015	3,500.00	
32804	11/3	Colonial Life & Accidents Ins.	Employee paid insurance	183.61	
32805	11/3	Complete Mobile Detailing	Clean plant vehicles	441.75	147.25
32806	11/3	Gail Connell	Turf rebate	1,800.00	
32807	11/3	Corporate Telecomm	Monthly maintenance land line	175.53	58.50
32808	11/3	Dataprose LLC	Postage and printing control 1-4 09/2015	1,511.07	1,511.07
32809	11/3	Dell Marketing L.P.	Lease contract	415.34	138.44
32810	11/3	Dodge Data & Analytics	E-957 Pickens pipeline replacement - ad green sheet	259.86	

32811	11/3	E & R Construction, Inc.	E-940 Well 16 - water transmission main	104,614.00	
32812	11/3	Eurofins Eaton Analytical Inc.	Water analysis	554.00	
32813	11/3	First Choice	Coffee service plant	66.87	66.85
32814	11/3	Foothill Municipal Water	Reimbursement for Descanso Garden Rain Barrell event	333.92	
32815	11/3	Benjamin Fortmiller	Refund Check	229.32	
32816	11/3	Grainger	Air filters & regulators at nitrate plant	334.34	59.04
32817	11/3	Graybar Electric Co., Inc.	Remote card & smart UPS	605.73	201.91
32818	11/3	Great America Leasing Corp.	Kyocera Copier lease	492.50	492.49
32819	11/3	Hach Company	Yearly maintenance agreement for Chlorine analyzer	6,860.00	
32820	11/3	Harrington Ind Plastics LLC	Lab equipment	281.22	
32821	11/3	Joseph G. Pollard Co., Inc	Hydrant out of service bags	280.10	
32822	11/3	Just Tires, Inc.	Unit #21 - 4 new tires for Komatsu trailer	524.29	
32823	11/3	Sungwoo Kim	Refund Check	34.89	
32824	11/3	Suzan King	Turf rebate	1,600.00	
32825	11/3	KR Nida Companies	Unit #49 -Cost to install lights, radio, etc.		2,067.33
32826	11/3	LA Dept Water and Power	Power purchased	45.69	
32827	11/3	Lagerlof, Senecal, Gosney & Kr	EORM Phase 2 - September billing	250.00	250.00
32828	11/3	Lincoln Financial Group	Dental & Life Insurance 11/2015	3,091.71	2,061.12
32829	11/3	Lock-Up Inc.	New electric loop at upper gate - Glenwood Plant	600.00	200.00
32830	11/3	Willie Mao	Turf rebate	900.00	
32831	11/3	Dennis A. Maxwell, Jr	Reimbursement for JPIA Training	74.03	24.67
32832	11/3	McCall's Meter Sales & Service	Well #7 - Replace meter assembly	919.34	
32833	11/3	Cynthia McClure	Refund Check	17.67	
32834	11/3	Terance & Caroliune McKiernan	Turf rebate	3,600.00	
32835	11/3	Kristin McLaughlin	Refund Check	11.89	
32836	11/3	Moine Brothers	Cost to inspect aboveground storage tank	150.00	50.00
32837	11/3	Office Depot - Credit Plan	Misc supplies 10/2015	656.28	417.10
32838	11/3	Hongseo Park	Refund Check	10.69	
32839	11/3	PMC Engineering LLC	Level transducer w/cable for Glenwood forebay & Encinal Res.	1,301.01	
32840	11/3	Prom Plus	Ad for 2015 Holiday Boutique	100.00	
32841	11/3	Rassac Air Systems	Repairs to Main office thermostat	202.50	67.50
32842	11/3	Ready Refresh by Nestle	Distilled water	48.90	
32843	11/3	Royal Wholesale Electric	E-940 - Electrical MCC for Well 16	81,006.52	
32844	11/3	Sawyer Petroleum	535.9 gallons clear diesel fuel	1,101.30	367.10
32845	11/3	Scotty's Industrial Products	20V DeWalt grease gun kit	259.18	259.16
32846	11/3	Dorothy Shepard	Turf rebate	1,800.00	
32847	11/3	Spectrum Business	Voice communication 10/2015	1,731.04	577.02
32848	11/3	Spectrum Business	Data communications & cable 10/2015	2,363.71	787.89
32849	11/3	Staples Business Advantage	Misc supplies	157.85	157.85
32850	11/3	Star Brite Bldg. Maintenance Inc	Janitorial services	618.75	206.25
32851	11/3	Sully-Miller Contracting Co.	7.04 tons of cold patch	1,430.15	

32852	11/3	Judy Tejeda	Reimbursement for attendance at MWD Water for Tomorrow	32.25	10.75
32853	11/3	Tesco Controls, Inc	SCADA - WW Historian license 2014r2	7,821.84	
32854	11/3	The Gas Company	Gas purchased	43.26	14.41
32855	11/3	Toro's Lawnmower & Garden	Unit #22 - Compressor-tune up	240.66	93.40
32856	11/3	Elina Tovmasyan	Refund Check	98.34	
32857	11/3	Univar USA Inc	1539 gallons of bleach for Mills/Glenwood	2,484.50	
32858	11/3	UPS	Shipping charges	1.96	1.95
32859	11/3	Vision Service Plan Co-(CA)	Group Vision 11/2015	269.88	179.92
32860	11/3	Vulcan Materials Company	Fill material & cold patch	1,141.38	
32861	11/3	Karla Wall	Refund Check	283.74	
32862	11/3	Waste Management - Sun Valley	Disposal service Glenwood plant & Main Office	699.07	233.02
32863	11/3	Western Water Works	4"epoxy coated blind flanges; locating & ground probes; repair clamps; 6" steel pipe	1,561.27	210.75
32864	11/3	Wunderlich-Malec	S-953 - Diverter Valve Cell PLC replacement		8,845.30
32865	11/3	Cory Whitman	Reimbursement for Grade T2 renewal	60.00	
32866	11/6	Ron Mitchell	Health Reimbursement	147.63	98.42
32867	11/17	ACV Systems, LLC	Repair valve @ Glenwood Forebay	1,627.70	
32868	11/17	ACWA/JPIA	Group Health 12/2015	30,773.70	20,515.79
32869	11/17	ADS, LLC	Monthly monitoring		1,590.00
32870	11/17	AES Water, Inc	PLC modifications on 8 seismic valve controllers	1,225.00	
32871	11/17	Aflac	Employee paid insurance	1,323.53	
32872	11/17	Airgas USA, LLC	Monthly Cylinder rental	190.08	190.07
32873	11/17	AIS Speciality Products, Inc.	2 cases of Grime Gobbler hand cleaner	253.74	253.73
32874	11/17	All American Landscape Co.	Monthly maintenance	217.50	72.50
32875	11/17	Ameripride Uniform Services, Inc	Uniform rentals	658.37	219.45
32876	11/17	Anawalt Lumber & Materials Co.	Misc hardware	27.89	27.88
32877	11/17	Nancy Arellanes	Turf rebate	7,400.00	
32878	11/17	Associated Soils Engineering	E-940 -Services rendered through 10/2015 for Well 16	1,170.00	
32879	11/17	AT&T	PRI Usage 10/2015	2,912.73	974.48
32880	11/17	John F. Brugger	Welding services for FH #9 & Mills pumpline	1,500.00	
32881	11/17	California Building Evaluations & Const., Inc,	E-931 - Retention payment for Oak Creek MCC	16,447.60	
32882	11/17	Cargill, Inc - Salt Division	24.77 tons bulk solar salt/nitrate plant	3,121.41	
32883	11/17	City of Los Angeles	Capital Portion of Asssc & Treatment/disposal payment		199,311.00
32884	11/17	Corporate Telecomm	Land line lease	175.52	58.51
32885	11/17	County Clerk of Los Angeles	E-960 8" pipeline permit Harmony/Park Pl/Brookhill	75.00	
32886	11/17	County Clerk of Los Angeles	E-960 8" pipeline permit Prospect/glenwood	75.00	
32887	11/17	Dataprose LLC	Printing and postage controls 1-4	1,548.30	1,548.29
32888	11/17	Dell Marketing L.P.	C-959 Virtual host server & replace UPS system in SCADA room	1,624.72	
32889	11/17	Do-it Center	Misc hardware 10/2015	292.68	25.60
32890	11/17	Eurofins Eaton Analytical Inc.	Water analysis	626.00	
32891	11/17	First Choice	Coffee serivce at Glenwood & Office	90.84	90.82

32892	11/17	Foothill Car Wash, Lube & Oil	Unit #45 - Oil change and services	99.65	
32893	11/17	Foothill Municipal Water	Water delivery	226,450.99	
32894	11/17	Golden Bell Products, Inc	60 gal.lift station degreaser		1,726.56
32895	11/17	Graybar Electric Co., Inc.	E-940 Enclosures, mounting poles and handles for radio comm	681.48	
32896	11/17	Innovative Promotions	300 Buckets for conservation events	1,536.37	
32897	11/17	J&R Concrete Products, Inc	Recessed metal meter covers PW4-1/2; meter boxes; steel covers with hinged lids	5,213.47	
32898	11/17	Kyung Kang	Refund Check	43.14	
32899	11/17	LA County Tax Collector	Annual property tax - first installment	6,251.17	2,083.71
32900	11/17	Lagerlof, Senecal, Gosney & Kr	Legal service 10/2015	8,113.30	1,250.00
32901	11/17	Charice Lawrie	Refund Check	12.34	
32902	11/17	Hannah Lee	Refund Check	32.47	
32903	11/17	Lincoln Financial Group	Dental/Life insurance	3,129.18	2,086.10
32904	11/17	Logan Supply Co. Inc	Miscellaneous supplies	152.01	151.99
32905	11/17	McCall's Meter Sales & Service	New mag meters for nitrate plant vessels	9,686.24	
32906	11/17	Mimecast North America, Inc.	Email security	150.00	50.00
32907	11/17	O'Reilly Auto Parts	Misc parts and supplies 10/2015	601.03	220.82
32908	11/17	Orchard Supply Hardware	Misc hardware 10/2015	262.23	154.95
32909	11/17	Paper Cuts, Inc	Paper shredding	26.88	26.87
32910	11/17	Paveco Construction Inc	List 2015-16-02 - various paving locations	8,117.63	
32911	11/17	Penhall Company	Saw cutting for replacement of fire hydrant #9	545.00	
32912	11/17	PMC Engineering LLC	Repair sensor & board and transmitter for Well #11	1,148.22	
32913	11/17	Nancy Primo	Refund Check	151.81	
32914	11/17	Ramco	Crushed misc base material	4,213.19	
32915	11/17	Red Wing Shoe Store	Safety boots David Rawlings	277.94	92.64
32916	11/17	Royal Wholesale Electric	Angle plugs, shielded cable, receptacles and breakers	1,228.10	50.47
32917	11/17	Rush Truck Center of Cal Inc,	Unit #18 - inspect,repairs, oil & filters	2,257.52	1,210.81
32918	11/17	Shell	Gas purchased	1,263.85	421.28
32919	11/17	So Cal Tractor Sales, Inc	Unit #21 - Hydralic fluid	31.72	10.57
32920	11/17	South Coast Air Quality	Emmissions Fees Diesel Generator	467.98	
32921	11/17	Springbrook National User Group	Membership renewal	75.00	25.00
32922	11/17	Sully-Miller Contracting Co.	10.04 tons of cold patch	1,026.99	
32923	11/17	Mesrob Tashjian	Refund Check	328.00	
32924	11/17	Tesco Controls, Inc	Cost to repair liq5 at Encinal Reservoir	575.00	
32925	11/17	Trench Shoring Company	Steel plate rental - Pennsylvania & Community	480.00	
32926	11/17	Underground Service Alert/SC	Underground notification 10/2015	121.50	40.50
32927	11/17	Univar USA Inc	1533 gal.bleach/Mills & Glenwood	2,474.82	
32928	11/17	Western Water Works	Iron Saddle for D-13-48; copper tubing and redwood plugs	314.19	
32929	11/17	XC2 Software, LLC	Backflow software renewal	150.00	50.00
32930	11/23	AT&T Mobility	Cell phone service	980.89	326.96
32931	11/23	Building Block Entertainment Inc	Waterology classes (2) Dunsmore Elementary	645.00	

32932	11/23	"Brian" Jin In Choi	Refund Check	54.26	
32933	11/23	HD Supply Waterworks Ltd	Octave meter encoder modules for Nitrate Plant	405.01	
32934	11/23	Just Tires, Inc.	Unit #11 - 1 new tire for welding truck	139.56	46.52
32935	11/23	LA Dept Water and Power	Power purchased	47.73	
32936	11/23	Lagerlof, Senecal, Gosney & Kr	EORM Phase 2 services- October billing	250.00	250.00
32937	11/23	Lagerlof, Senecal, Gosney & Kr	Public Water Agencies Group	670.70	223.56
32938	11/23	New Pig Corp.	Miscellaneous supplies	155.16	155.16
32939	11/23	Newegg, Inc.	C-959 Hardware & system security upgrade - misc cables	499.45	
32940	11/23	PDQ Equipment Rental Center	Unit #21 - Hydraulic tubes for Komatsu	280.52	93.51
32941	11/23	Sawyer Petroleum	355 gal.red diesel(Koehler genset)	1,819.74	606.57
32942	11/23	Serge's Automotive	Unit #23A - 3 new tires	99.14	33.04
32943	11/23	St Water Resource Control Brd.	Annual permit fee	2,088.00	
32944	11/23	Staples Business Advantage	Misc supplies	51.25	51.24
32945	11/23	Star Brite Bldg. Maintenance Inc	Janitorial service 11/2015	618.75	206.25
32946	11/23	Stemar Equipment & Supply Co.	300 gunny sacks for emergency preparation	148.79	148.78
32947	11/23	Still Mor Automotive Inc.	Unit #27 & Unit #2 - Repairs to glow plug & glow plug relay	305.96	101.99
32948	11/23	Sully-Miller Contracting Co.	10.10 tons cold patch	1,003.02	
32949	11/23	Systemated Business Products	Stationary Letterhead	432.06	432.06
32950	11/23	Tri-Xecutex Corp	Office/Plant security systems maintenance	321.54	107.18
32951	11/23	United Traffic Service & Supply	Arrow Board rental for fire hydrant replacement OC & Montrose	671.94	
32952	11/23	UPS	Shipping charges	58.39	22.53
32953	11/23	Wells Fargo Card Services	Gould: AWWA Fall Conf. -hotel and meals ($442.02); Brief case ($76.29); meals for training session, leak repair crews, board dinner ($262.84)	582.84	198.31
32954	11/23	Wells Fargo Card Services	Hass: Monthly recurring charges ($372.73); conference calling subscription ($100.00); computer hardware, supplies, & repair GM cell phone ($983.07);	838.47	282.60
32955	11/23	Wells Fargo Card Services	Mitchell: ACWA Fall Conf - registration ($695.00); Safety lunch food & board mtg dinners ($268.88); fire retardant clothing for R. Dodge ($492.74)	1,042.52	364.15
32956	11/23	Wells Fargo Card Services	Putnam: ACWA Fall Conference registration	521.25	173.75
32957	11/23	Wells Fargo Card Services	Scott: Water Smart Innovations Conf -hotel, meals, car rental, gas ($758.63); Water smart class -food & supplies ($99.47); WET group meeting - food($195.00); Board dinners ($51.58); JPIA Supervisory training class for D. Maxwell -hotel ($150.41); new hats for field crews ($990.81)	1,758.05	487.85
			Subtotals for Water & Wastewater	$ 828,734.09	$ 263,068.78
			Total Disbursements for November 2015		$ 1,091,802.87

PAYROLL REPORT
November-15

Directors	$	1,620
Office Regular Payroll	$	128,205
Office OT	$	407
Plant Regular Payroll	$	94,509
Plant OT and Standby	$	11,358
Employer Payroll Taxes	$	19,388
Payroll Service Charges	$	365
Total	$	255,852

CRESCENTA VALLEY WATER DISTRICT
BOARD OF DIRECTORS - STAFF REPORT

Item No. 2
December 8, 2015

To: Board of Directors

From: Ron L. Mitchell, Secretary-Treasurer

Subject: **Acceptance of Audited Financial Statements**

ACTION ITEM:

1. **Acceptance of Audited Financial Statements for Fiscal Year 2014-15** – Consideration and motion to accept the Audited Financial Statements for Fiscal Year 2014-15.

BACKGROUND:

The Finance Committee met with staff and the District's auditor, Mr. Chris Brown of Fedak & Brown, on November 13, 2015 to review the Fiscal Year 2014-15 draft audit statements. Mr. Brown reviewed the various schedules and footnotes and explained to the Committee that new GASB 68 requirements are in place related to reporting of retirement benefits and how they impact the statements in a similar fashion to the OPEB requirements. Mr. Brown did not receive any specific comments or suggestions for changes to the draft from the Committee. Mr. Brown also stated that the Management Letter, also attached, didn't identify any areas of concern.

Recommendation

It is staff recommendation that the Board accept the Audited Financial Statements for Fiscal Year 2014-15.

Prepared by:

____
Ron L. Mitchell, Secretary-Treasurer

Submitted by:

____
Thomas A. Love, General Manager

Crescenta Valley Water District

Annual Financial Report

For the Fiscal Years Ended June 30, 2015 and 2014

Mission Statement

The mission of the Crescenta Valley Water District is to provide dependable water service and wastewater collection to its constituents in La Crescenta, Montrose, and portions of Glendale, and La Canada Flintridge.

Board of Directors as of June 30, 2015

Name	Title	Elected/ Appointed	Current Term
Kenneth Putnam	President	Elected	December 2017
James Bodnar	Vice President	Elected	December 2017
Judy Tejeda	Director	Elected	December 2015
Kerry Erickson	Director	Elected	December 2017
Michael Claessens	Director	Elected	December 2015

Thomas A. Love, General Manager
Crescenta Valley Water District
2700 Foothill Boulevard
La Crescenta, California 91214
(818) 248-3925 – www.cvwd.com

Crescenta Valley Water District

Annual Financial Report

For the Fiscal Years Ended June 30, 2015 and 2014

Crescenta Valley Water District
Annual Financial Report
For the Fiscal Years Ended June 30, 2015 and 2014

Table of Contents

Introductory Section

Crescenta Valley Water District

2700 Foothill Boulevard, La Crescenta, California 91214
Phone (818) 248-3925 Fax (818) 248-1659

[DATE]

Board of Directors
Crescenta Valley Water District

Introduction

It is our pleasure to submit the Annual Financial Report for the Crescenta Valley Water District (District) for the fiscal years ended June 30, 2015 and 2014, following guidelines set forth by the Governmental Accounting Standards Board. District staff prepared this financial report. The District is ultimately responsible for both the accuracy of the data and the completeness and the fairness of presentation, including all disclosures in this financial report. We believe that the data presented is accurate in all material respects. The report is designed in a manner that we believe necessary to enhance your understanding of the District's financial position and activities.

Generally Accepted Accounting Principles (GAAP) requires that management provide a narrative introduction, overview and analysis to accompany the financial statements in the form of the Management's Discussion and Analysis (MD&A) section. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately after the Independent Auditor's Report.

District Structure and Leadership

The Crescenta Valley Water District is an independent special district, which operates under the authority of Division 12 of the California Water Code. The Crescenta Valley Water District has been providing services to area residents since 1950. The District is governed by a five-member Board of Directors, elected at-large from within the District's service area. The District General Manager administers the day-to-day operations of the District in accordance with policies and procedures established by the Board of Directors. The Crescenta Valley Water District employs a full-time staff of 34 employees. The District's Board of Directors meets on the first and third Tuesday of each month. Meetings are publicly noticed and citizens are encouraged to attend.

The District is located in the Crescenta Valley area of Los Angeles County in the foothills of the San Gabriel Mountains, between the San Fernando and San Gabriel valleys. The District provides water distribution and sewage collection within its boundaries to the unincorporated communities of La Crescenta, Montrose, and Verdugo City as well as a small portion of the City of La Canada-Flintridge. The District also serves a portion of the City of Glendale in Montrose and La Crescenta outside District boundaries.

The District serves an area of approximately 4 square miles in relatively steep terrain ranging from 1,200 feet to almost 3,000 feet above sea level. The customer base is primarily residential with some light commercial along Foothill Boulevard in La Crescenta and Honolulu Avenue in Montrose. The District currently provides water to over 8,000 accounts representing a population of approximately 32,000.

Economic Condition and Outlook

The District's administrative office is located in the Community of La Crescenta, in Los Angeles County. The economic outlook for the area is steady although the Crescenta Valley area is nearly built-out. Residential growth is occurring through increased housing density in the multiple-unit zoned areas (primarily Montrose) as well as limited in-fill housing development on random parcels in La Crescenta.

California's water supply continues to be a concern due to current drought conditions and population increases. This concern, in addition to State mandated reductions, has increased interest in conservation and in irrigation methods and systems.

Major Initiatives

The activities of the Board and staff of the District are driven by its Mission Statement: "The mission of the Crescenta Valley Water District is to provide dependable water service and wastewater collection to its constituents in La Crescenta, Montrose, and portions of Glendale, and La Canada Flintridge."

The mission of the Crescenta Valley Water District is to provide a stable supply of high quality safe drinking water at a fair price to all customers of the District. In addition, the District has the mission to provide reliable sewer service through the City of Los Angeles Sanitation Department. The Board, the staff, and all employees of Crescenta Valley Water District are committed to providing its customers with high quality, cost-effective and environmentally sensitive customer service."

1. To supply clean, wholesome water to the community and provide water for the future.
2. To plan, construct, operate, maintain, and upgrade the water and wastewater systems facilities to adequately serve customer needs.
3. To utilize the District's financial resources in an effective, responsible, and prudent manner.
4. To provide quality customer service for District customers.
5. To inform, educate, and communicate with the community on District and water issues.
6. To review and maintain a plan to be proactive in preventative maintenance of the District's water and sewer systems.

All programs and operations of the District are developed and performed to provide the highest level of services to its customers.

Internal Control Structure

District management is responsible for the establishment and maintenance of the internal control structure that is designed to ensure that the assets of the District are protected from loss, theft, or misuse. The internal control structure also ensures that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The District's internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgetary Control

The District Board of Directors adopts an operating and capital budget every year. The budget authorizes and provides the basis for reporting and control of financial operations and accountability for the District's enterprise operations and capital projects. The budget and reporting treatment applied to the District is consistent with the accrual basis of accounting and the financial statement basis.

Investment Policy

The Board of Directors has adopted an investment policy that conforms to state law, District ordinance and resolutions, prudent money management, and the "prudent person" standards. The objective of the Investment Policy is safety, liquidity, and yield.

Water and Sewer Rates and District Revenues

District policy direction ensures that all revenues from user charges and surcharges generated from District customers must support all District operations including capital project funding. Accordingly, water and sewer rates are reviewed periodically. Water and wastewater rates are user charges imposed on customers for services and are the primary component of the District's revenue. Water rates are composed of a commodity (usage) charge and a fixed (readiness-to-serve) charge. Wastewater rates are a flat charge to all residential dwelling units.

Water Conservation Programs

The District has implemented conservation management practices. District staff participates in community events and distribute materials to encourage water conservation. The District offers the following conservation programs:

- Mandatory Water Conservation Program
- Low-Flow Retrofit Program
- Hi-Efficiency Washers Program
- Turf Removal Rebate Program

Audit and Financial Reporting

State Law and Bond covenants require the District to obtain an annual audit of its financial statements by an independent certified public accountant. The accounting firm of Fedak & Brown LLP, has conducted the audit of the District's financial statements. Their unmodified Independent Auditor's Report appears in the Financial Section.

Risk Management

The District participates in a joint powers agreement with the Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPA). The District participates in the Liability, Property and Workers' Compensation programs. The Property program includes Fidelity Coverage and Boiler & Machinery Coverage.

Other References

More information is contained in the Management's Discussion and Analysis and the Notes to the Basic Financial Statements found in the Financial Section of the report.

Acknowledgements

Preparation of this report was accomplished by the combined efforts of District staff. We appreciate the dedicated efforts and professionalism that these staff members contribute to the District. We would also like to thank the members of the Board of Directors and especially the Finance Committee members for their continued support in planning and implementation of the Crescenta Valley Water District's fiscal policies.

Respectfully submitted,

Thomas A. Love
General Manager

Ron Mitchell
Director of Finance

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Financial Section

Independent Auditor's Report

Board of Directors
Crescenta Valley Water District
La Crescenta, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Crescenta Valley Water District (District) as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the of the Crescenta Valley Water District, as of June 30, 2015 and 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Independent Auditor's Report, continued

Emphasis of a Matter

As described in Note 1 to the basic financial statements, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, and No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68*, for the year ended June 30, 2015. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information on pages 7 through 11 and pages 40 through 42, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section on pages 1 through 3, and the supplemental information schedules on pages 43 through 48, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information schedules are fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated [DATE] on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance. This report can be found on pages 49 and 50.

Fedak & Brown LLP
Cypress, California
[DATE]

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Crescenta Valley Water District (District) provides an introduction to the financial statements of the District for the fiscal years ended June 30, 2015 and 2014. We encourage readers to consider the information presented here in conjunction with the transmittal letter in the Introductory Section and with the basic financial statements and related notes, which follow this section.

Financial Highlights

- The District's net position decreased 8.63%, or $4,423,383 to $46,835,279, in fiscal year 2015, primarily due to a $1,442,841 decrease from operations and $2,980,542 related to the adoption of GASB 68. See note 11 for further information. In 2014, the District's net position increased 13.00%, or $5,897,576 to $51,258,662, primarily due to the $6,872,846 in MTBE settlement income.
- The District's operating revenues decreased 4.09% or $516,134, in fiscal year 2015. In 2014, the District's operating revenues increased 7.76% or $909,686.
- The District's operating expenses decreased 2.54%, or $349,870, in fiscal year 2015. In 2014, the District's operating expenses increased 12.29%, or $1,506,981.

Required Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows provide information about the activities and performance of the District using accounting methods similar to those used by private sector companies.

The District's statements consist of two funds, the Water Fund and the Sewer Fund. The District's records are maintained on an enterprise basis, as it is the intent of the Board of Directors that the costs of providing water and sewer to the customers of the District are financed primarily through user charges.

The Statement of Net Position includes all of the District's investments in resources (assets), deferred outflows of resources, the obligations to creditors (liabilities), and deferred inflows of resources. It also provides the basis for computing a rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the current year's revenue and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the success of the District's operations over the past year and can be used to determine if the District has successfully recovered all of its costs through its rates and other charges. This statement can also be used to evaluate sustainability and credit worthiness. The final required financial statement is the Statement of Cash Flows, which provides information about the District's cash receipts and cash payments during the reporting period. The Statement of Cash Flows reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, non-capital financing, and capital and related financing activities, as well as providing answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

Financial Analysis of the District

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

Financial Analysis of the District, continued

These two statements report the District's *net position* and changes in them. One can think of the District's net position (the difference between assets and deferred outflows, and liabilities and deferred inflows), as one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net position is one indicator of whether its *financial health* is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, zoning and new or changed government legislation, such as changes in Federal and State water quality standards.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found on pages 16 through 39.

Statements of Net Position

Condensed Statements of Net Position

	2015	2014	Change
Assets:			
Current assets	$ 6,122,029	8,944,882	(2,822,853)
Non-current assets	13,878,687	12,393,137	1,485,550
Capital assets, net	42,820,913	42,545,318	275,595
Total assets	62,821,629	63,883,337	(1,061,708)
Deferred outflows of resources:	292,716	-	292,716
Liabilities:			
Current liabilities	1,406,905	1,418,468	(11,563)
Non-current liabilities	14,055,986	11,206,207	2,849,779
Total liabilities	15,462,891	12,624,675	2,838,216
Deferred inflows of resources:	816,175	-	816,175
Net position:			
Net investment in capital assets	34,413,757	33,912,088	501,669
Restricted	617,090	617,099	(9)
Unrestricted	11,804,432	16,729,475	(4,925,043)
Total net position	$ 46,835,279	51,258,662	(4,423,383)

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of the District exceeded liabilities and deferred inflows by $46,835,279 and $51,258,662 as of June 30, 2015 and 2014, respectively.

By far the largest portion of the District's net position (73% and 66% as of June 30, 2015 and 2014, respectively) reflects the District's investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to customers within the District's service area; consequently, these assets are not available for future spending. See note 10 for further information.

Statements of Net Position, continued

At the end of fiscal year 2015 and 2014, the District showed a positive balance in its unrestricted net position of $11,804,432 and $16,729,475, respectively. See note 10 for the amount of spendable net position that may be utilized in future years.

Statements of Revenues, Expenses, and Changes in Net Position

Condensed Statements of Revenues, Expenses and Changes in Net Position

	2015	2014	Change
Revenues:			
Operating revenues	$ 12,112,938	12,629,072	(516,134)
Non-operating revenues	211,211	7,328,776	(7,117,565)
Total revenues	12,324,149	19,957,848	(7,633,699)
Expenses:			
Operating expenses	13,420,813	13,770,683	(349,870)
Non-operating expenses	377,700	395,813	(18,113)
Total expenses	13,798,513	14,166,496	(367,983)
Net income before capital contributions	(1,474,364)	5,791,352	(7,265,716)
Capital contributions	31,523	106,224	(74,701)
Change in net position	(1,442,841)	5,897,576	(7,340,417)
Net position – beginning of year	51,258,662	45,361,086	5,897,576
Prior period adjustment	(2,980,542)	-	(2,980,542)
Net position – beginning of year – as restated	48,278,120	45,361,086	2,917,034
Net position – end of year	$ 46,835,279	51,258,662	(4,423,383)

The statements of revenues, expenses and changes of net position show how the District's net position changed during the fiscal years. In the case of the District, net position in fiscal year 2015 decreased by $4,423,383 primarily due to a $1,442,841 decrease from operations and $2,980,542 related to the adoption of GASB 68. See note 11 for further information. In fiscal year 2014, net position increased by $5,897,576, primarily due to the $6,872,846 in MTBE settlement income.

A closer examination of the sources of changes in net position reveals that:

In 2015, the District's total revenues decreased by 38.25%, or $7,633,699, primarily due to a decrease in non-operating revenues of $7,117,565, as the result of to decreases in legal settlements of $6,872,846 and investment earnings of $255,611. Operating revenues decreased by $516,134 due to decreases of $638,302 in water operation consumption charges and $80,097 in water operations other charges, that was offset by increases in wastewater operations user and standby charges of $100,107 and water operations service charges of $97,158.

In 2014, the District's total revenues increased by 10.70%, or $1,929,053, primarily due to an increase in non-operating revenues of $1,019,367, related to an increase in investment earnings of $738,960, and payment on a legal settlement of $6,872,846. Operating revenues increased by $909,686 due an increase of $597,077 in water operation consumption charges, and $312,609 increase in wastewater user and standby charges

Statements of Revenues, Expenses, and Changes in Net Position, continued

In 2015, the District's total expenses decreased by 2.60%, or $367,983. The District's operating expenses decreased by $349,870 as follows: a $409,767 decrease in source of supply expenses, a $239,164 decrease in costs associated with the discharge of treated water into the City of Los Angeles wastewater system, a $123,852 decrease in distribution system expenses. Offsetting these decreases were increases, of $295,874 in general and administrative expenses and $175,852 in plant operations expenses.

In 2015, non-operating expenses decreased by 4.58%, or $18,113, primarily due to a $9,325 decrease in other expenses and a $9,034 decrease in interest expense.

In 2014, the District's total expenses increased by 10.82%, or $1,383,085. The District's operating expenses increased by $1,506,981 as follows: a $917,132 increase in source of supply expenses, a $291,720 increase in distribution system expenses, a $49,125 increase in costs associated with the discharge of treated water into the City of Los Angeles wastewater system, an $112,355 increase in collection system expenses, and a $128,361 increase in general and administrative expenses. Offsetting these increases were decreases in plant operating expenses of $8,278.

In 2014, non-operating expenses decreased by 23.84%, or $123,896, primarily due to a $76,351 decrease in other expenses and a $40,786 decrease in interest expense.

In 2015 and 2014, capital contributions amounted to $31,523 and $106,224, respectively as the result of construction activity within the District's service area.

Capital Asset Administration

At the end of fiscal years 2015 and 2014, the District's investment in capital assets amounted to $42,820,914 and $42,545,318, respectively, (net of accumulated depreciation). This investment in capital assets includes land, transmission and distribution systems, collection systems, buildings and structures, equipment, and vehicles, etc. Major capital assets additions during the year included upgrades to the District's water operations production and transmission and distribution systems.

Changes in capital asset amounts for 2015 are as follows:

		Balance 2014	Additions	Transfers/ Deletions	Balance 2015
Capital assets:					
Non-depreciable assets	$	3,219,979	2,089,149	(2,375,209)	2,933,919
Depreciable assets		76,155,151	2,525,451	(805,484)	77,875,118
Accumulated depreciation		(36,829,812)	(1,925,786)	767,475	(37,988,123)
Total capital assets, net	$	42,545,318	2,688,814	(2,413,218)	42,820,914

Changes in capital asset amounts for 2014 are as follows:

		Balance 2013	Additions	Transfers/ Deletions	Balance 2014
Capital assets:					
Non-depreciable assets	$	2,024,915	1,430,603	(235,539)	3,219,979
Depreciable assets		75,857,888	361,476	(64,213)	76,155,151
Accumulated depreciation		(34,939,555)	(1,954,470)	64,213	(36,829,812)
Total capital assets, net	$	42,943,248	(162,391)	(235,539)	42,545,318

(See note 4 for further discussion)

Debt Administration

Long-term debt at June 30, 2015, is summarized as follows:

		2014	Additions	Payments	2015
2007 Series COP	$	8,835,000	-	(235,000)	8,600,000
Less: current portion		(235,000)			(245,000)
Discount on debt		(201,770)			(192,844)
Long-term portion	$	8,398,230			8,162,156

Long-term debt at June 30, 2014, is summarized as follows:

		2013	Additions	Payments	2014
2007 Series COP	$	9,060,000	-	(225,000)	8,835,000
Less: current portion		(225,000)			(235,000)
Discount on debt		(210,697)			(201,770)
Long-term portion	$	8,624,303			8,398,230

(See note 6 for further discussion)

Conditions Affecting Current Financial Position

Management is unaware of any conditions at June 30, 2015, that would have a significant impact on the District's financial position, net position, or operating results in terms of past, present and future.

Requests for Information

This financial report is designed to provide the District's funding sources, customers, stakeholders and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact Thomas A. Love, General Manager of Crescenta Valley Water District, 2700 Foothill Blvd., La Crescenta, California, 91214.

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Basic Financial Statements

Crescenta Valley Water District
Statements of Net Position
June 30, 2015 and 2014

		2015	2014
Current assets:			
Cash and cash equivalents (note 2)	$	3,747,138	6,350,755
Accrued interest receivable		75,152	47,810
Accounts receivable – water and wastewater, net (note 3)		1,896,423	2,240,323
Accounts receivable – other		53,199	5,492
Materials and supplies inventory		310,638	258,300
Prepaid expenses and other deposits		39,479	42,202
Total current assets		6,122,029	8,944,882
Non-current assets:			
Investments (note 2)		13,261,597	11,776,032
Investments – restricted (note 2)		617,090	617,105
Capital assets – not being depreciated (note 4)		2,933,919	3,219,979
Depreciable capital assets (note 4)		39,886,995	39,325,339
Total non-current assets		56,699,601	54,938,455
Total assets		62,821,630	63,883,337
Deferred outflows of resources:			
Deferred pension outflows (note 8)		292,716	-
Total deferred outflows of resources		292,716	-
Current liabilities:			
Accounts payable and accrued expenses		782,171	840,241
Accrued wages and related payables		32,365	23,215
Customer deposits		238,147	204,728
Accrued interest expense		30,736	31,520
Long-term liabilities – due within one year:			
Compensated absences (note 5)		78,487	83,764
Certificates of participation (note 6)		245,000	235,000
Total current liabilities		1,406,906	1,418,468
Non-current liabilities:			
Long-term liabilities – due in more than one year:			
Compensated absences (note 5)		235,460	251,292
Certificates of participation, net (note 6)		8,162,156	8,398,230
Other post employment benefits payable (note 7)		3,243,145	2,556,685
Net pension liability (note 8)		2,415,225	-
Total non-current liabilities		14,055,986	11,206,207
Total liabilities		15,462,892	12,624,675
Deferred inflows of resources:			
Deferred pension inflows (note 8)		816,175	-
Total deferred inflows of resources		816,175	-
Net position: (note 10)			
Net Investment in capital assets		34,413,758	33,912,088
Restricted for debt service		617,090	617,099
Unrestricted		11,804,431	16,729,475
Total net position	$	46,835,279	51,258,662

See accompanying notes to the basic financial statements

Crescenta Valley Water District
Statements of Revenues, Expenses, and Changes in Net Position
For the Fiscal Years Ended June 30, 2015 and 2014

	2015	2014
Operating revenues:		
Water operations – consumption sales	$ 6,388,564	7,026,866
Water operations – service charge	1,828,481	1,731,323
Water operations – other charges	548,296	628,393
Wastewater operations – user and standby charges	3,341,597	3,241,490
Wastewater operations – other charges	6,000	1,000
Total operating revenues	12,112,938	12,629,072
Operating expenses:		
Source of supply – water purchases	2,741,033	3,150,800
Plant operations	2,245,576	2,069,724
Distribution system	1,239,463	1,363,315
City of Los Angeles wastewater system	675,013	914,177
Collection system	282,983	303,112
General and administrative expenses	4,310,959	4,015,085
Total operating expenses before depreciation	11,495,027	11,816,213
Operating income before depreciation	617,911	812,859
Depreciation expense	(1,925,786)	(1,954,470)
Operating loss	(1,307,875)	(1,141,611)
Non-operating revenues (expenses):		
Investment earnings	167,195	422,806
Gain(loss) on sale of capital assets	(246)	4,360
Interest expense	(377,454)	(386,488)
Rental income	29,600	28,764
MTBE settlement, net (note 12)	-	6,872,846
Other income (expense), net	14,416	(9,325)
Total non-operating expenses, net	(166,489)	6,932,963
Net income before capital contributions	(1,474,364)	5,791,352
Capital contributions		
Capital grants – State	-	76,409
Assessments	31,523	29,815
Total capital contributions	31,523	106,224
Changes in net position	(1,442,841)	5,897,576
Net position – beginning of year	51,258,662	45,361,086
Prior period adjustment (note 11)	(2,980,542)	-
Net position – beginning of year – as restated	48,278,120	45,361,086
Net position – end of year	$ 46,835,279	51,258,662

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See accompanying notes to the basic financial statements

Crescenta Valley Water District
Statements of Cash Flows
For the Fiscal Years Ended June 30, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
Cash receipts from customers for water sales and services	$ 12,409,131	12,452,624
Cash paid to employees for salaries and wages	(2,895,941)	(2,662,165)
Cash paid to vendors and suppliers for materials and services	(8,053,434)	(8,382,918)
Net cash provided by operating activities	1,459,756	1,407,541
Cash flows from non-capital financing activities:		
Proceeds from settlement	-	6,872,846
Net cash provided by non-capital financing activities	-	6,872,846
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(2,239,391)	(1,537,457)
Proceeds from property owner assessments	31,523	29,815
Principal paid on long-term debt	(235,000)	(225,000)
Interest paid on long-term debt	(346,718)	(354,968)
Net cash used in capital and related financing activities	(2,789,586)	(2,087,610)
Cash flows from investing activities:		
Purchases of investments	(29,822,177)	(48,056,164)
Proceeds from sale of investments	28,352,021	43,159,932
Interest earnings	196,369	199,456
Net cash used in investing activities	(1,273,787)	(4,696,776)
Net increase(decrease) in cash and cash equivalents	(2,603,617)	1,496,001
Cash and cash equivalents, beginning of year	6,350,755	4,854,754
Cash and cash equivalents, end of year	$ 3,747,138	6,350,755

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See accompanying notes to the basic financial statements

Crescenta Valley Water District
Statements of Cash Flows, continued
For the Fiscal Years Ended June 30, 2015 and 2014

		2015	2014
Reconciliation of operating loss to net cash provided by operating activities:			
Operating loss	$	(1,307,875)	(1,141,611)
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Deprecation		1,925,786	1,954,470
Non-operating, net		40,894	20,923
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:			
(Increase)Decrease in assets:			
Accounts receivable – water and wastewater, net		343,900	(184,466)
Accounts receivable – other		(47,707)	8,018
Materials and supplies inventory		(52,338)	39,835
Prepaid expenses and other deposits		2,723	(1,334)
(Increase)Decrease in deferred outflows of resources		(26,809)	-
Increase(Decrease) in liabilities:			
Accounts payable and accrued expenses		(58,070)	169,744
Accrued wages and related payables		9,150	4,048
Customer deposits		33,419	24,781
Compensated absences		(21,109)	(98,507)
Other post employment benefits payable		686,460	611,640
Net pension liability		(884,842)	-
Increase(Decrease) in deferred inflows of resources		816,175	-
Total adjustments		2,767,632	2,549,152
Net cash provided by operating activities	$	1,459,757	1,407,541
Non-cash investing, capital and financing transactions:			
Change in fair-market value of funds deposited with LAIF	$	(968)	(204)

See accompanying notes to the basic financial statements

(1) Reporting Entity and Summary of Significant Accounting Policies

A. Organization and Operations of the Reporting Entity

The Crescenta Valley Water District is an independent special district, which operates under the authority of Division 12 of the California Water Code. The Crescenta Valley Water District has been providing water and sewer service to the residents of the La Crescenta/Montrose area since 1950. The District is governed by a five-member Board of Directors who serves overlapping four-year terms.

B. Basis of Accounting and Measurement Focus

The District reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the District is that the costs of providing water and sewer services to its customers on a continuing basis be financed or recovered primarily through user charges (water and sewer service fees). Revenues and expenses are recognized on the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flows take place.

Operating revenues and expenses, such as water sales and water purchases, result from exchange transactions associated with the principal activity of the District. Exchange transactions are those in which each party receives and gives up essentially equal values. Management, administration and depreciation expenses are also considered operating expenses. Other revenues and expenses not included in the above categories are reported as non-operating revenues and expenses.

The District recognizes revenue from water and sewer service charges based on cycle billings preformed bi-monthly. The District accrues revenues with respect to water and sewer service sold but not billed at the end of a fiscal period.

C. Financial Reporting

The District's basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to enterprise funds. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District solely operates as a special-purpose government which means it is only engaged in business-type activities; accordingly, activities are reported in the District's proprietary fund.

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

Governmental Accounting Standards Board Statement No. 68 – *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27.*The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

Governmental Accounting Standards Board Statement No. 69 – *Government Combinations and Disposals of Government Operations.*The objective of this Statement is to provide new accounting and financial reporting standards for government mergers and acquisitions and for government operations that have been transferred or sold. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2013. The impact of the implementation of this Statement to the District's financial statements has not been assessed at this time.

(1) Reporting Entity and Summary of Significant Accounting Policies

C. Financial Reporting, continued

Governmental Accounting Standards Board Statement No. 71 *– Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment to GASB Statement No. 68.* The objective of this statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The requirements of this Statement will eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement No. 68 in the accrual-basis financial statements of employers and non-employer contributing entities. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement No. 68.

Prior Year Financial Data Presentation

The District has determined to present the annual financial statements with prior year data for comparative purposes, but not restate with regard to GASB 68 and 71, as all information available to restate prior year amounts was not readily available.

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

1. Use of Estimates

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

2. Cash and Cash Equivalents

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

3. Investments and Investment Policy

The District has adopted an investment policy directing the Director of Finance to deposit funds in financial institutions. Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

4. Accounts Receivable

The District extends credit to customers in the normal course of operations. When Management deems a customer account uncollectable, the District uses the allowance method for the reservation and write-off of those accounts.

5. Prepaid Expenses

Certain payments to vendors reflects costs or deposits applicable to future accounting periods and are recorded as prepaid items in the basic financial statements.

6. Inventory

Inventory consists primarily of materials used in construction and maintenance of the water and sewer system and is stated at cost using the average-cost method.

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

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

7. Capital Assets

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

- Sewer facilities 40 to 50 years
- Water facilities 50 years
- Buildings 5 to 10 years
- Joint-use-facilities 40 to 50 years
- Meters 5 to 15 years
- Office equipment 3 to 15 years
- Maintenance facilities 5 to 15 years

8. Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of resources applicable to future periods.

9. Compensated Absences

The District's policy is to permit employees to accumulate earned vacation and sick leave according to the number of years of service with the District. The liability for vested vacation and sick leave is recorded as an expense when earned and become vested, in accordance with District policy.

10. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plans (Plans) and addition to/deduction from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

- Valuation Date: June 30, 2013
- Measurement Date: June 30, 2014
- Measurement Period: July 1, 2013 to June 30, 2014

11. Deferred Inflows of Resources

Deferred inflows of resources represent the acquisition of resources applicable to future periods.

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

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

12. Net Position

The District follows the financial reporting requirements of the GASB and reports net position under the following classifications:

- *Net Investment in Capital Assets Component of Net Position*– This component of net position consists of capital assets, net of accumulated depreciation, and reduced by any debt outstanding against the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt is included in this component of net position

- *Restricted Component of Net Position* – This component of net position consists of assets that have restrictions placed upon their use by external constraints imposed either by creditors (debt covenants), grantors, contributors, or laws and regulations of other governments or constraints imposed by law through enabling legislation.

- *Unrestricted Component of Net Position* – This component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of the net investment in capital assets or restricted component of net position.

13. Deposit Connection Fees

Connection fees are collected by the District to cover the cost of service connections within the District.

14. Water and Sewer Service Charges

The District recognizes water and sewer services charges based on cycle billings rendered to the customers on a bi-monthly basis.

15. Capital Contributions

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

16. Budgetary Policies

The District adopts a one year non-appropriated budget for planning, control, and evaluation purposes. Budgetary control and evaluation are affected by comparisons of actual revenues and expenses with planned revenues and expenses for the period. Encumbrance accounting is not used to account for commitments related to unperformed contracts for construction and services.

17. Reclassification

The District has reclassified certain prior year information to conform with current year presentations.

(2) Cash and Investments

Cash and investments as of June 30, are classified in the Statement of Net Position as follows:

	2015	2014
Cash and cash equivalents	$ 3,747,138	6,350,755
Investments	13,261,597	11,776,032
Investments – restricted	617,090	617,105
Total cash and investments	$ 17,625,825	18,743,892

Cash and investments as of June 30, consist of the following:

	2015	2014
Cash on hand	$ 800	800
Deposits with financial institutions	1,073,361	3,719,597
Investments	16,551,664	15,023,495
Total cash and investments	$ 17,625,825	18,743,892

Custodial Credit Risk

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

The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. Of the bank balances, up to $250,000 is federally insured and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the District's name.

Investment in State Investment Pool

The District is a voluntary participant in the Local District Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

(2) Cash and Investments, continued

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio matures or comes close to maturity evenly over time as necessary to provide requirements for cash flow and liquidity needed for operations. Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity date:

Maturities of investments at June 30, 2015 were as follows:

		Remaining Maturity (in Months)			
Investment Type	**Total**	**12 Months Or Less**	**13 to 24 Months**	**25-60 Months**	**61-120 Months**
U.S Treasury Notes	$ 8,345,827	-	-	1,004,605	7,341,222
Federal Farm Credit Bank Bonds	4,915,770	-	-	2,972,650	1,943,120
Local Agency Investment Fund	2,574,523	2,574,523	-	-	-
Money Market Funds	715,544	715,544	-	-	-
Total	$ 16,551,664	3,290,067	-	3,977,255	9,284,342

Maturities of investments at June 30, 2014 were as follows:

		Remaining Maturity (in Months)			
Investment Type	**Total**	**12 Months Or Less**	**13 to 24 Months**	**25-60 Months**	**61-120 Months**
U.S Treasury Notes	$ 3,887,970	-	-	995,000	2,892,970
Federal Farm Credit Bank Bonds	7,887,661	-	-	1,988,180	5,899,481
Local Agency Investment Fund	2,568,046	2,568,046	-	-	-
Money Market Funds	679,818	679,818	-	-	-
Total	$ 15,023,495	3,247,864	-	2,983,180	8,792,451

Credit Risk

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

Credit ratings of investments as of June 30, 2015, were as follows:

			Rating as of Year End		
Investment Types	**Total**	**Minimum Legal Rating**	**AAA**	**AA+**	**Not Rated**
U.S Treasury Notes	$ 8,345,827	A	$ -	8,345,827	-
Federal Farm Credit Bank Bonds	4,915,770	A	-	4,915,770	-
Local Agency Investment Fund	2,574,523	N/A	-	-	2,574,523
Money Market Funds	715,544	AAA	715,544	-	-
Total	$ 16,551,664		$ 715,544	13,261,597	2,574,523

(2) Cash and Investments, continued

Credit Risk, continued

Credit ratings of investments as of June 30, 2014, were as follows:

Investment Types	Total	Minimum Legal Rating	Rating as of Year End AAA	AA+	Not Rated
U.S Treasury Notes	$ 3,887,970	A	$ -	3,887,970	-
Federal Farm Credit Bank Bonds	7,887,661	A	-	7,887,661	-
Local Agency Investment Fund	2,568,046	N/A	-	-	2,568,046
Money Market Funds	679,818	AAA	679,818	-	-
Total	$ 15,023,495		$ 679,818	11,775,631	2,568,046

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code.

(3) Accounts Receivable – Water and Wastewater, net

Accounts receivable – water and wastewater, net as of June 30, are as follows:

	2015	2014
Accounts receivable – water and wastewater	$ 1,901,936	2,245,836
Allowance for doubtful accounts	(5,513)	(5,513)
Accounts receivable – water and wastewater, net	$ 1,896,423	2,240,323

(4) Capital Assets

Capital assets at June 30, 2015, are summarized as follows:

	Balance 2014	Additions/ Transfers	Deletions/ Transfers	Balance 2015
Non-depreciable assets:				
Water operations	$ 3,213,817	1,980,606	(2,269,725)	2,924,698
Wastewater operations	6,162	108,543	(105,484)	9,221
Total non-depreciable assets	3,219,979	2,089,149	(2,375,209)	2,933,919
Depreciable assets, net:				
Water operations	19,467,168	1,273,854	(35,324)	20,705,698
Wastewater operations	19,858,171	(674,189)	(2,685)	19,181,297
Total depreciable capital assets, net	39,325,339	599,665	(38,009)	39,886,995
Total capital assets, net	$ 42,545,318			42,820,914

(4) Capital Assets, continued

Changes for water operations capital assets in 2015, were as follows:

	Balance 2014	Additions/ Transfers	Deletions/ Transfers	Balance 2015
Non-depreciable assets:				
Land	$ 1,158,526	-	-	1,158,526
Construction-in progress	2,055,291	1,980,606	(2,269,725)	1,766,172
Total non-depreciable assets	3,213,817	1,980,606	(2,269,725)	2,924,698
Depreciable assets:				
Production equipment	7,135,547	347,318	(467,598)	7,015,267
Distribution equipment	27,564,574	1,911,029	(151,139)	29,324,464
Groundwater reclamation plant	2,642,127	-	-	2,642,127
Autos and trucks	894,475	142,521	(97,298)	939,698
Office equipment	633,186	19,099	(53,067)	599,218
Office building	548,360	-	-	548,360
Total depreciable assets	39,418,269	2,419,967	(769,102)	41,069,134
Accumulated depreciation:				
Production equipment	(3,663,801)	(316,829)	432,413	(3,548,217)
Distribution equipment	(12,682,346)	(612,595)	151,139	(13,143,802)
Groundwater reclamation plant	(2,182,811)	(63,388)	-	(2,246,199)
Autos and trucks	(722,716)	(84,503)	97,298	(709,921)
Office equipment	(488,223)	(57,749)	52,928	(493,044)
Office building	(211,204)	(11,049)	-	(222,253)
Total accumulated depreciation	(19,951,101)	(1,146,113)	733,778	(20,363,436)
Total depreciable assets, net	19,467,168	1,273,854	(35,324)	20,705,698
Total capital assets, net	$ 22,680,985			23,630,396

Changes in 2015, for water operations capital assets consisted primarily in additions of $1,980,606 in construction-in-progress, $347,318 in water production equipment, $1,911,029 in water distribution equipment, $142,521 in autos and trucks, and $19,099 in office equipment. Transfers in 2015 include $2,269,725 in construction-in-progress transferred to depreciable assets. Deletions in 2015 include, $467,598 in water production equipment, $151,139 in water distribution equipment, $97,298 in autos and trucks, and $53,067 in office equipment.

(4) Capital Assets, continued

Changes for wastewater operations capital assets in 2015, were as follows:

	Balance 2014	Additions/ Transfers	Deletions/ Transfers	Balance 2015
Non-depreciable assets:				
Construction-in progress	$ 6,162	108,543	(105,484)	9,221
Total non-depreciable assets	6,162	108,543	(105,484)	9,221
Depreciable assets:				
Wastewater collection system				
Interceptor	4,958,842	9,183	-	4,968,025
Unit 1	11,277,326	96,301	-	11,373,627
Unit 2	19,891,101	-	-	19,891,101
Tools and lab equipment	30,381	-	-	30,381
Autos and trucks	483,228	-	(28,823)	454,405
Safety equipment	6,569	-	-	6,569
Booster building	69,160	-	(2,695)	66,465
Office equipment	20,275	-	(4,864)	15,411
Total depreciable assets	36,736,882	105,484	(36,382)	36,805,984
Accumulated depreciation:				
Wastewater collection system				
Interceptor	(2,250,763)	(99,641)	-	(2,350,404)
Unit 1	(5,139,933)	(265,401)	-	(5,405,334)
Unit 2	(8,951,240)	(406,530)	-	(9,357,770)
Tools and lab equipment	(28,882)	(1,000)	-	(29,882)
Autos and trucks	(481,376)	(1,852)	28,823	(454,405)
Safety equipment	(4,288)	(657)	-	(4,945)
Booster building	(12,410)	(2,260)	629	(14,041)
Office equipment	(9,819)	(2,332)	4,245	(7,906)
Total accumulated depreciation	(16,878,711)	(779,673)	33,697	(17,624,687)
Total depreciable capital assets, net	19,858,171	(674,189)	(2,685)	19,181,297
Total capital assets, net	$ 19,864,333			19,190,518

Changes in 2015, for wastewater operations capital assets consisted of $108,543 in construction-in-progress, $9,183 in interceptor additions $96,301 in interceptor unit 1 upgrades. Deletions in 2015 include $28,823 in autos and trucks, $2,695 in booster building, and $4,864 in office equipment.

(4) Capital Assets, continued

Capital assets at June 30, 2014, are summarized as follows:

	Balance 2013	Additions/ Transfers	Deletions/ Transfers	Balance 2014
Non-depreciable assets:				
Water operations	$ 2,012,203	1,411,521	(209,907)	3,213,817
Wastewater operations	12,712	19,082	(25,632)	6,162
Total non-depreciable assets	2,024,915	1,430,603	(235,539)	3,219,979
Depreciable assets, net:				
Water operations	20,308,484	(841,316)	-	19,467,168
Wastewater operations	20,609,849	(751,678)	-	19,858,171
Total depreciable capital assets, net	40,918,333	(1,592,994)	-	39,325,339
Total capital assets, net	$ 42,943,248			42,545,318

Changes for water operations capital assets in 2014, were as follows:

	Balance 2013	Additions/ Transfers	Deletions/ Transfers	Balance 2014
Non-depreciable assets:				
Land	$ 1,158,526	-	-	1,158,526
Construction-in progress	853,677	1,411,521	(209,907)	2,055,291
Total non-depreciable assets	2,012,203	1,411,521	(209,907)	3,213,817
Depreciable assets:				
Production equipment	7,006,012	129,535	-	7,135,547
Distribution equipment	27,513,231	51,343	-	27,564,574
Groundwater reclamation plant	2,642,127	-	-	2,642,127
Autos and trucks	849,195	93,440	(48,160)	894,475
Office equipment	571,660	61,526	-	633,186
Office building	548,360	-	-	548,360
Total depreciable assets	39,130,585	335,844	(48,160)	39,418,269
Accumulated depreciation:				
Production equipment	(3,332,687)	(331,114)	-	(3,663,801)
Distribution equipment	(12,091,877)	(590,469)	-	(12,682,346)
Groundwater reclamation plant	(2,077,126)	(105,685)	-	(2,182,811)
Autos and trucks	(698,227)	(72,649)	48,160	(722,716)
Office equipment	(422,030)	(66,193)	-	(488,223)
Office building	(200,154)	(11,050)	-	(211,204)
Total accumulated depreciation	(18,822,101)	(1,177,160)	48,160	(19,951,101)
Total depreciable assets, net	20,308,484	(841,316)	-	19,467,168
Total capital assets, net	$ 22,320,687			22,680,985

Changes in 2014, for water operations capital assets consisted primarily in additions of $1,411,521 in construction-in-progress, $129,535 in water production equipment, $51,343 in water distribution equipment, $93,439 in autos and trucks, and $61,526 in office equipment. Transfers in 2014 include $209,907 in construction-in-progress transferred to depreciable assets. Deletions in 2014 include $48,160 in autos and trucks.

(4) Capital Assets, continued

Changes for wastewater operations capital assets in 2014, were as follows:

	Balance 2013	Additions/ Transfers	Deletions/ Transfers	Balance 2014
Non-depreciable assets:				
Construction-in progress	$ 12,712	19,082	(25,632)	6,162
Total non-depreciable assets	12,712	19,082	(25,632)	6,162
Depreciable assets:				
Wastewater collection system				
Interceptor	4,958,842	-	-	4,958,842
Unit 1	11,262,414	14,912	-	11,277,326
Unit 2	19,891,101	-	-	19,891,101
Tools and lab equipment	30,381	-	-	30,381
Autos and trucks	499,281	-	(16,053)	483,228
Safety equipment	6,569	-	-	6,569
Booster building	69,160	-	-	69,160
Office equipment	9,555	10,720	-	20,275
Total depreciable assets	36,727,303	25,632	(16,053)	36,736,882
Accumulated depreciation:				
Wastewater collection system				
Interceptor	(2,151,581)	(99,182)	-	(2,250,763)
Unit 1	(4,880,093)	(259,840)	-	(5,139,933)
Unit 2	(8,544,710)	(406,530)	-	(8,951,240)
Tools and lab equipment	(27,882)	(1,000)	-	(28,882)
Autos and trucks	(491,105)	(6,324)	16,053	(481,376)
Safety equipment	(3,631)	(657)	-	(4,288)
Booster building	(10,105)	(2,305)	-	(12,410)
Office equipment	(8,347)	(1,472)	-	(9,819)
Total accumulated depreciation	(16,117,454)	(777,310)	16,053	(16,878,711)
Total depreciable capital assets, net	20,609,849	(751,678)	-	19,858,171
Total capital assets, net	$ 20,622,561			19,864,333

Changes in 2014, for wastewater operations capital assets consisted of $19,082 in construction-in-progress, $14,912 in interceptor unit 1 upgrades. Transfers in 2014 include $25,632 in construction-in-progress transferred to depreciable assets. Deletions in 2014 include $16,053 in autos and trucks.

(5) Compensated Absences

Compensated absences comprise unpaid vacation leave, sick leave and compensating time off which is accrued as earned. The District's liability for compensated absences is determined annually.

The changes to compensated absences balances at June 30, were as follows:

Balance 2013	Additions	Deletions	Balance 2014	Due Within One Year	Due in More Than One Year
$ 335,056	171,362	(192,471)	313,947	78,487	235,460

Balance 2013	Additions	Deletions	Balance 2014	Due Within One Year	Due in More Than One Year
$ 433,563	160,302	(258,809)	335,056	83,764	251,292

(6) Long-Term Debt

Long-term debt at June 30, 2015, is summarized as follows:

		2014	Additions	Payments	2015
2007 Series COP	$	8,835,000	-	(235,000)	8,600,000
Less: current portion		(235,000)			(245,000)
Discount on debt		(201,770)			(192,844)
Long-term portion	$	8,398,230			8,162,156

Long-term debt at June 30, 2014, is summarized as follows:

		2013	Additions	Payments	2014
2007 Series COP	$	9,060,000	-	(225,000)	8,835,000
Less: current portion		(220,000)			(235,000)
Discount on debt		(210,697)			(201,770)
Long-term portion	$	8,629,303			8,398,230

2007 Series Certificates of Participation

On December 1, 2006, the Crescenta Valley Water District issued $10,070,000 of 2007 Series Certificates of Participation at an average rate of 4.19% to construct a variety of capital improvements to the District's water system and pay down loan debt from La Salle Bank. A reserve fund is held by the trustee and was funded from proceeds from the 2007 Certificates of Participation. Improvements include well rehabilitation, improvements to water reservoirs, water production and distribution systems. Debt service payments are due each June 1st and December 1st with principal payments commencing on June 1, 2009, maturing in fiscal year 2037.

Future annual debt service requirements are as follows:

Fiscal Year		Principal	Interest	Total
2016	$	245,000	368,838	613,838
2017		255,000	359,038	614,038
2018		265,000	348,838	613,838
2019		275,000	338,238	613,238
2020		285,000	327,238	612,238
2021-2025		1,630,000	1,447,469	3,077,469
2026-2030		2,005,000	1,067,063	3,072,063
2031-2035		2,485,000	588,219	3,073,219
2036-2037		1,155,000	76,344	1,231,344
Total		8,600,000	4,921,282	13,521,282
Less current portion		(245,000)		
Discount on debt		(192,844)		
Total non-current	$	8,162,156		

(7) Other Post-Employment Benefits Payable

The District provides other post-employment benefits (OPEB) to qualified employees who retire from the District and meet the District's vesting requirements. During the fiscal year ended June 30, 2010, the District implemented GASB Statement No. 45, which changed the accounting and financial reporting used by local government employers for post employment benefits. Previously, the costs of such benefits were generally recognized as expenses of local government employers on a pay-as-you-go basis. The new reporting requirements for these benefit programs as they pertain to the District are set forth below.

Plan Description – Eligibility

A retired employee and dependent spouse, or spouse of a deceased employee or retiree must satisfy the following requirements in order to be eligible for post employment medical and dental benefits:

- Employee is a minimum of 55 years of age with at least 10 years of continuous service.

If the spouse of a deceased employee or retiree remarries and becomes eligible for health benefits under his/her new spouse's health plan, all District benefits shall be terminated.

Membership in the OPEB plan consisted of the following members as of June 30:

	2015	2014	2013
Active plan members	34	34	33
Retirees and beneficiaries receiving benefits	21	22	23
Separated plan members entitled to but not yet receiving benefits	-	-	-
Total plan membership	55	56	56

Plan Description – Benefits

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

Funding Policy

The District is required to accrue the *Annual Required Contribution (ARC) of the Employer*, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The current ARC rate is 28.27% of the annual covered payroll.

(7) Other Post-Employment Benefits Payable, continued

Annual Cost

For the year ended June 30, 2015, the District's ARC cost is $818,741. The District's net OPEB payable obligation amounted to $3,243,145 for the year ended June 30, 2015. The District contributed $124,392 in age adjusted contributions for current retiree OPEB premiums for the year ended June 30, 2015.

The balance at June 30, consists of the following:

		2015	2014	2013
Annual OPEB expense:				
Annual required contribution (ARC)	$	818,741	758,500	703,265
Interest on net OPEB obligation		114,066	86,924	61,545
Adjustment to annual required contribution		(121,955)	(89,874)	(61,626)
Total annual OPEB expense		810,852	755,550	703,184
Change in net OPEB payable obligation:				
Age adjusted contributions made		(124,392)	(143,910)	(130,928)
Total change in net OPEB payable obligation		686,460	611,640	572,256
OPEB payable – beginning of year		2,556,685	1,945,045	1,372,789
OPEB payable – end of year	$	3,243,145	2,556,685	1,945,045

The District's annual OPEB cost, the percentage of the annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal year 2015 and the three preceding years were as follows:

Three-Year History of Net OPEB Obligation

Fiscal Year Ended		Annual OPEB Cost	Age Adjusted Contribution	Percentage of Annual OPEB Cost Contributed		Net OPEB Obligation Payable
2015	$	810,852	124,392	15.34%	$	686,460
2014		755,550	143,910	19.05%		611,640
2013		653,752	124,841	19.10%		528,911

Funded Status and Funding Progress of the Plan

The most recent valuation (dated July 1, 2011) includes an Actuarial Accrued Liability and Unfunded Actuarial Accrued Liability of $7,116,527. The covered payroll (annual payroll of active employees covered by the plan) for the year ended June 30, 2014 was $2,895,941. The ratio of the unfunded actuarial accrued liability to annual covered payroll is 245.74%.

See the Schedule of Funding Status of the District's Other Post-Employment Benefits Obligation in the Required Supplementary Information Section on page 42.

(7) Other Post-Employment Benefits Payable, continued

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and the pattern of sharing of costs between the employer and plan members to that point. Consistent with the long-term perspective of actuarial calculations, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities for benefits.

The following is a summary of the actuarial assumptions and methods:

Valuation date	July 1, 2011
Actuarial cost method	Entry age normal cost method
Amortization method	30 Year level percent of payroll Amortization
Remaining amortization period	27 Years as of the valuation date
Actuarial assumptions:	
Investment rate of return	4.50%
Projected salary increase	3.25%
Inflation - discount rate	4.50%

(8) Defined Benefit Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the District's separate Miscellaneous Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan is established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website or may be obtained from their executive office: 400 P Street, Sacramento, CA, 95814.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: The Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

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

(8) Defined Benefit Pension Plan, continued

The Plans' provision and benefits in effect at June 30, 2015 are summarized as follows:

	Miscellaneous Plan	
	Tier 1	**Tier 2**
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates	7.00%	6.25%
Required employer contribution rates	11.522%	6.25%

As of June 30, 2015, an actuarial report was not prepared by CalPERS for the District's PEPRA tier. CalPERS made this determination as a result of the District not having PEPRA eligible employees between the period January 1, 2013 and June 30, 2013, the valuation date of the actuarial report provided.

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates, for all public employers, be determined on an annual basis by the actuary and shall be effective on July 1 following notice of the change in rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

As of the fiscal year ended June 30, the contributions recognized as part of pension expense for the Plan was as follows:

	Miscellaneous Plan 2015
Contributions – employer	$ 292,716
Contributions – employee (paid by employer)	166,690
Total employer paid contributions	$ 459,406

Net Pension Liability

As of the fiscal year ended June 30, the District reported net pension liabilities for its proportionate share of the net pension liability of the Plan was as follows:

	Proportionate Share of Pension Liability 2015
Miscellaneous Plan	$ 2,415,225

(8) Defined Benefit Pension Plan, continued

Net Pension Liability, continued

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2014, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013, rolled forward to June 30, 2014, using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the pension liability for the District's Plan as of the June 30, 2013 and June 30, 2014, was as follows:

	Miscellaneous Plan
Proportion – June 30, 2013	0.04094%
Proportion – June 30, 2014	0.03881%
Change – Increase (Decrease)	-0.00213%

As a result of the implementation of the GASB 68 pronouncement, the District recognized pension expense of $250,858 at June 30, 2015.

Deferred Pension Outflows (Inflows) of Resources

As of the fiscal year ended June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 292,716	-
Net differences between projected and actual earnings on plan investments of net pension liability	-	(811,627)
Adjustment due to differences in proportions of net pension liability	-	(4,548)
Total	$ 292,716	(816,175)

As of June 30 2015, employer pension contributions reported as deferred outflows of resources related to contributions subsequent to the measurement date of $292,716 will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2016.

As a result of the implementation of the GASB 68 at June 30, 2015, the District recognized other amounts reported by the Plan actuarial as deferred outflows of resources and deferred inflows of resources related to the pension liability. Pension related amounts will be recognized as pension expense as follows.

Fiscal Year Ending June 30:	Deferred Outflows/(Inflows) of Resources
2016	$ (204,531)
2017	(204,531)
2018	(204,207)
2019	(202,906)
2020	-
Thereafter	-

(8) Defined Benefit Pension Plan, continued

Actuarial Assumptions

The total pension liability in the June 30, 2013 actuarial valuation report was determined using the following actuarial assumptions:

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

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

Discount Rate

The Discount rate used to measure the total pension liability was 7.50% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50% will be applied to all plans in the Public Employees' Retirement Fund (PERF). The stress test results are presented in a detailed report which can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65%. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS confirmed the materiality threshold for the difference in the calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the Discount rate will require CalPERS Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the fiscal year ended 2017-2018. CalPERS will continue to check the materiality of the difference in the calculation until such time as it has changed its methodology.

The long-term expected rate of return on pension plan investments was determine using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

(8) Defined Benefit Pension Plan, continued

Discount Rate, continued

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculates over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

Asset Class	New Strategic Allocation	Real Return Years 1–10*	Real Return Year 11+**
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	12.0	6.83	6.95
Real Estate	11.0	4.50	5.13
Infrastructure and Forestland	3.0	4.50	5.09
Liquidity	2.0	(0.55)	(1.05)
Total	100.0%		

* An expected inflation of 2.5% used for this period
** An expected inflation of 3.0% used for this period

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

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

	Discount Rate – 1% (6.50%)	Current Discount Rate (7.50%)	Discount Rate + 1% (8.50%)
District's Net Pension Liability	$ 4,303,185	2,415,225	848,398

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in separately issued CalPERS financial reports. See pages 40 through 41 for the Required Supplementary Schedules.

(9) Deferred Compensation Plan

For the benefit of its employees, the District participates in a 457 Deferred Compensation Program (Program) administered by CalPERS and FTJ Fund Choice. The purpose of this program is to provide deferred compensation for public employees that elect to participate in the Program. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death, or unforeseen emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District's general creditors. Market value of all plan assets held in trust by the District plan amounted to $1,426,057 and $1,314,870 in fiscal years 2015 and 2014, respectfully.

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

(10) Net Position

Calculation of net position as of June 30, is as follows:

	2015	2014
Net investment in capital assets:		
Capital assets – not being depreciated	$ 2,933,919	3,219,979
Depreciable capital assets, net	39,886,995	39,325,339
Certificates of participation payable – current	(245,000)	(235,000)
Certificates of participation payable – non-current	(8,162,156)	(8,398,230)
Total net investment in capital assets	34,413,758	33,912,088
Restricted net position:		
Investments – restricted	617,090	617,099
Unrestricted net position:		
Non-spendable net position:		
Materials and supplies inventory	310,638	258,300
Prepaid expenses and other deposits	39,479	42,202
Total non-spendable net position	350,117	300,502
Spendable net position is as follows:		
Unrestricted	11,454,315	16,428,973
Total spendable net position	11,454,315	16,428,973
Total unrestricted net position	11,804,432	16,729,475
Total net position	$ 46,835,280	51,258,662

(11) Adjustment to Net Position

Net Pension Liability – GASB 68 Implementation

In fiscal year 2015, the District implemented GASB pronouncements 68 and 71 to recognize its proportionate share of the net pension liability. As a result of the implementation, the District recognized the pension liability and recorded a prior period adjustment, a (decrease) to net position, of $3,300,067 at July 1, 2014. The District recorded a prior period adjustment, increase to net position, to reclassify from expense to deferred outflows of resources, the prior year's proportionate share of employer pension of $319,525 at July 1, 2014.

The adjustment to net position is as follows:

Net position at June 30, 2014, as previously stated	$	51,258,662
Effect of adjustment to record net pension liability	$	(3,300,067)
Effect of adjustment to record deferred pension outflows		319,525
Total adjustment to net position		(2,980,542)
Net position at July 1, 2014, as previously stated	$	48,278,120

(12) MTBE Settlements

In fiscal year 2014, the District approved and authorized a Methyl Tertiary Butyl Ether (MTBE) water contamination settlement agreement with various petroleum and chemical companies. Net proceeds from the settlement agreement are as follows: Lyondell Chemical Company $547,071, Shell Oil Company $3,000,000, Chevron Corporation $733,333, Ultramar Inc. $2,565,542 and Miller & Axline $26,899. At June 30, 2014, total proceeds received, net of legal expenses, amounted to $6,872,846. At June 30, 2014, all legal settlement proceeds were received-in-full.

In fiscal year 2013, the District approved and authorized a Methyl Tertiary Butyl Ether (MTBE) water contamination settlement agreement with Exxon Mobil. Net proceeds from the settlement totaled $1,386,187. In addition, the District approved and authorized a gross MTBE water contamination settlement agreement with two parties ConocoPhillips and Arco-BP. Net proceeds from the agreement with ConocoPhillips and Arco-BP totaled $2,677,296 and $2,697,851, respectively. At June 30, 2013, total proceeds received, net of legal expenses, amounted to $6,595,563.

The District has determined to designate funds received as part of the MTBE Settlement for use in approved projects. As a result, these funds are not included in general operating reserves as designated by the Board of Directors. At June 30, designated MTBE funds are as follows:

		2015	2014
MTBE designated funds	$	-	9,908,656

(13) Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is a member of the Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA), an intergovernmental risk sharing joint powers authority created to provide self-insurance programs for California water agencies. The purpose of the ACWA/JPIA is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage. At June 30, 2015, the District participated in the liability and property programs of the ACWA/JPIA as follows:

- General and auto liability, public officials and employees' errors and omissions: Total risk financing self-insurance limits of $2,000,000 per occurrence. The District has additional excess coverage layers through ACWA/JPIA: $58 million for general, auto and public officials liability, which increases the limits on the insurance coverage noted above.

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

- Employee dishonesty coverage up to $1,000,000 per loss, subject to a $100,000 deductible, includes public employee dishonesty, forgery or alteration, computer fraud, and faithful performance.
- Property loss is paid at the replacement cost for property on file, if replaced within two years after the loss, otherwise paid on an actual cash value basis, to a combined total of $100 million per occurrence, subject to a $2,500 deductible per occurrence. Scheduled vehicles covered for comprehensive and collision, actual cash value basis subject to $1,000 deductible per occurrence.
- Boiler and machinery coverage for the replacement cost up to $100 million per occurrence, subject to various deductibles depending on the type of equipment.
- Workers' compensation insurance up to California statutory limits for all work related injuries/illnesses covered by California law.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the District's insurance coverage during the years ending June 30, 2015, 2014 and 2013. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2015, 2014, and 2013, respectively.

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

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2015, that has effective dates that may impact future financial presentations.

Governmental Accounting Standards Board Statement No. 72

In February 2015, the GASB issued Statement No. 72 – *Fair Value Measurement and Application*. The objective of this Statement is to enhance comparability of financial statements among governments by measurement of certain assets and liabilities at their fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2015. The impact of the implementation of this Statement to the District's financial statements has not been assessed at this time.

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

Governmental Accounting Standards Board Statement No. 73

In June 2015, the GASB issued Statement No. 73 – *Accounting and Financial Reporting for Pensions.* The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement establishes requirements for defined benefit pensions that are not within the Scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement No. 68. It also amends certain provisions of Statement No. 67, Financial Reporting for Pension Plans, and Statement No. 68 for pension plans as pensions that are within their respective scopes.

The requirements of this statement that address accounting and financial reporting by employers and governmental non-employer contributing entities for pensions that are not within the scope of Statement 68 are effective for financial statements for fiscal years beginning after June 15, 2016, and the requirements of this statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after December 15, 2015. The requirements of this Statement for pension plans that are within the scope of Statement No. 67 or for pensions that are within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2015. The impact of the implementation of this Statement to the District's financial statements has not been assessed at this time.

Governmental Accounting Standards Board Statement No. 74

In June 2015, the GASB issued Statement No. 74 – *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness or information about postemployment benefits other than pensions (other postemployment benefits of OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.

This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans,* as amended, Statement 43, and Statement No.50, *Pension Disclosures*.

The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2016. The impact of the implementation of this Statement to the District's financial statements has not been assessed at this time.

Governmental Accounting Standards Board Statement No. 75

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

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

Governmental Accounting Standards Board Statement No. 75, continued

This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2017. The impact of the implementation of this Statement to the District's financial statements has not been assessed at this time.

Governmental Accounting Standards Board Statement No. 76

In June 2015, the GASB issued Statement No. 76 – *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.* The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within the source of authoritative GAAP.

This Statement replaces the requirements of Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2015, and should be applied retroactively.

Governmental Accounting Standards Board Statement No. 77

In August 2015, the GASB issued Statement No. 77 – *Tax Abatement Disclosures*. The objective of this Statement is to improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Financial statement users need information about certain limitations on a government's ability to raise resources. This includes limitations on revenue-raising capacity resulting from governmental programs that use tax abatements to induce behavior by individuals and entities that is beneficial to the government or its citizens. Tax abatements are widely used by state and local governments, particularly to encourage economic development. This Statement is effective for financial statements for periods beginning after December 15, 2015. It is believed that the implementation of this Statement will not have a material effect to the District's financial statements.

(15) Commitments and Contingencies

Litigation

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

(16) Subsequent Events

Events occurring after June 30, 2015, have been evaluated for possible adjustment to the financial statements or disclosure as of [DATE], which is the date the financial statements were available to be issued. The District is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

Required Supplementary Information

Cresenta Valley Water District
Schedule of the District's Proportionate Share of the Net Pension Liability
As of June 30, 2015
Last Ten Years*

Description		**Measurement Date 6/30/2014 (a)**
District's Proportion of the Net Pension Liability		0.03881%
District's Proportionate Share of the Net Pension Liability	$	2,415,225
District's Covered-Employee Payroll (b)	$	2,388,479
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll		101.12%
Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability		81.15%

Notes:

(a) Historical information is required only for measurement periods for which GASB 68 is applicable.

(b) Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll related ratios.

* Fiscal Year 2015 was the first year of implementation, therefore only one year is shown.

Cresenta Valley Water District
Schedule of Pension Plan Contributions
As of June 30, 2015
Last Ten Years*

Schedule of Pension Plan Contributions (a):		**Fiscal Year 2013-2014**
Actuarially Determined Contribution (b)	$	262,967
Contributions in Relation to the Actuarially Determined Contribution (b)		(262,967)
Contribution Deficiency (Excess)	$	-
Covered Payroll (c), (d)	$	2,388,479
Contribution's as a percentage of Covered-employee Payroll (c)		11.01%

Notes:

(a) Historical information is required only for measurement periods for which GASB 68 is applicable.

(b) Employers are assumed to make contributions equal to the actuarially determined contributions (which is the actuarially determined contribution). However, some employer's may choose to make additional contributions towards their side fund or unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions. CalPERS has determined that employer obligations referred to as "side funds" do not conform to the circumstances described in paragraph 120 of GASB 68, therefore are not considered separately financed specific liabilities.

(c) Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

(d) Payroll from prior year ($651,021) was assumed to increase by the 3.00 percent payroll growth assumption.

* Fiscal Year 2015 was the first year of implementation, therefore only one year is shown.

Cresenta Valley Water District
Schedule of Funding Status – Other Post-Employment Benefits Payable
For the Fiscal Years Ended June 30, 2015 and 2014

Required Supplemental Information – Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2011	$ -	7,116,527	7,116,527	0.00%	$ 2,895,941	245.74%
7/1/2008	-	5,407,674	5,407,674	0.00%	3,007,857	179.78%

Funding progress is presented for the year(s) that an actuarial study has been prepared since the effective date of GASB Statement 45. Actuarial review and analysis of the post-employment benefits liability and funding status is performed every three years or annually if there are significant changes in the plan. The next scheduled actuarial review and analysis of the post-employment benefits liability and funding status will be performed in fiscal year 2016 based on the year ending June 30, 2015.

Supplemental Information

Crescenta Valley Water District
Combining Schedule of Statements of Net Position
For the Fiscal Year Ended June 30, 2015

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
Current assets:			
Cash and cash equivalents	$ 3,638,378	108,760	3,747,138
Accrued interest receivable	75,152	-	75,152
Accounts receivable – water and wastewater, net	1,349,282	547,141	1,896,423
Accounts receivable – other	53,199	-	53,199
Materials and supplies inventory	304,176	6,462	310,638
Prepaid expenses and other deposits	25,035	14,444	39,479
Total current assets	5,445,222	676,807	6,122,029
Non-current assets:			
Investments	13,261,597	-	13,261,597
Investments – restricted	617,090	-	617,090
Internal balances	(1,608,449)	1,608,449	-
Capital assets – not being depreciated	2,924,698	9,221	2,933,919
Depreciable capital assets	20,705,698	19,181,297	39,886,995
Total non-current assets	35,900,634	20,798,967	56,699,601
Total assets	41,345,856	21,475,774	62,821,630
Deferred outflows of resources: (note 6)			
Deferred pension outflows	175,630	117,086	292,716
Total deferred outflows of resources	175,630	117,086	292,716
Current liabilities:			
Accounts payable and accrued expenses	707,934	74,237	782,171
Accrued wages and related payables	21,607	10,758	32,365
Customer deposits	232,167	5,980	238,147
Accrued interest expense	30,736	-	30,736
Long-term liabilities – due within one year:			
Compensated absences	58,865	19,622	78,487
Certificates of participation	245,000	-	245,000
Total current liabilities	1,296,309	110,597	1,406,906
Non-current liabilities:			
Long-term liabilities – due in more than one year:			
Compensated absences	176,595	58,865	235,460
Certificates of participation	8,162,156	-	8,162,156
Other post employment benefits payable	1,945,887	1,297,258	3,243,145
Net pension liability	1,449,135	966,090	2,415,225
Total non-current liabilities	11,733,773	2,322,213	14,055,986
Total liabilities	13,030,082	2,432,810	15,462,892
Deferred inflows of resources: (note 6)			
Deferred pension inflows	489,705	326,470	816,175
Total deferred outflows of resources	489,705	326,470	816,175
Net position:			
Net Investment in capital assets	15,223,240	19,190,518	34,413,758
Restricted	617,090	-	617,090
Unrestricted	12,161,369	(356,938)	11,804,431
Total net position	$ 28,001,699	18,833,580	46,835,279

See accompanying notes to the basic financial statements

Crescenta Valley Water District
Combining Schedule of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2015

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
Operating revenues:			
Water operations – consumption sales	$ 6,388,564	-	6,388,564
Water operations – service charge	1,828,481	-	1,828,481
Water operations – other charges	548,296	-	548,296
Wastewater operations – user and standby charges	-	3,341,597	3,341,597
Wastewater operations – other charges	-	6,000	6,000
Total operating revenues	8,765,341	3,347,597	12,112,938
Operating expenses:			
Source of supply – water purchases	2,741,033	-	2,741,033
Plant operations	2,031,545	214,031	2,245,576
Distribution system	1,239,463	-	1,239,463
City of Los Angeles wastewater system	-	675,013	675,013
Collection system	-	282,983	282,983
General and administrative expenses	2,747,719	1,563,240	4,310,959
Total operating expenses before depreciation	8,759,760	2,735,267	11,495,027
Operating income before depreciation	5,581	612,330	617,911
Depreciation expense	(1,146,113)	(779,673)	(1,925,786)
Operating loss	(1,140,532)	(167,343)	(1,307,875)
Non-operating revenues(expenses):			
Investment earnings	167,092	103	167,195
Gain(loss) on sale of capital assets	664	(910)	(246)
Interest expense	(377,454)	-	(377,454)
Rental income	22,200	7,400	29,600
Other income(expense), net	(13,489)	27,905	14,416
Total non-operating revenues, net	(200,987)	34,498	(166,489)
Net income (loss) before capital contributions	(1,341,519)	(132,845)	(1,474,364)
Capital contributions:			
Assessments	-	31,523	31,523
Total capital contributions	-	31,523	31,523
Changes in net position	(1,341,519)	(101,322)	(1,442,841)
Net position – beginning of year	31,131,543	20,127,119	51,258,662
Prior period adjustment (note 11)	(1,788,325)	(1,192,217)	(2,980,542)
Net position – beginning of year – as restated	29,343,218	18,934,902	48,278,120
Net position – end of year	$ 28,001,699	18,833,580	46,835,279

See accompanying notes to the basic financial statements

Crescenta Valley Water District
Detailed Schedules of Revenues, Expenses and Changes in Net Position
Water Operations
For the Fiscal Year Ended June 30, 2015 and 2014

	2015 Amount	2015 Percent	2014 Amount	2014 Percent
Operating revenues:				
Consumption sales – customers	$ 6,388,564	72.88%	7,026,866	74.86%
Consumption sales – others	104,754	1.20%	101,939	1.09%
Service charges	1,828,481	20.86%	1,731,323	18.44%
Meter installations	148,150	1.69%	24,883	0.27%
Other revenue	295,392	3.37%	501,571	5.34%
Total operating revenues	8,765,341	100.00%	9,386,582	100.00%
Operating expenses:				
Source of supply – water purchases	2,741,033	31.29%	3,150,800	35.48%
Plant operations:				
Power	697,388	7.96%	658,340	7.41%
Plant wages	590,884	6.75%	585,966	6.60%
Utilities	17,368	0.20%	16,329	0.18%
Telephone	52,487	0.60%	46,082	0.52%
Maintenance	138,642	1.58%	142,861	1.61%
Signal system	20,300	0.23%	12,899	0.15%
Lab and treatment	211,483	2.41%	176,764	1.99%
Nitrate treatment	49,441	0.56%	39,189	0.44%
Insurance	100,590	1.15%	104,694	1.18%
Other expense	152,962	1.75%	81,620	0.92%
Total plant operations	2,031,545	23.19%	1,864,744	21.00%
Distribution system:				
Meter maintenance	937,195	10.70%	1,146,535	12.91%
Pipeline maintenance	89,534	1.02%	33,944	0.38%
Backflow operations	331	0.00%	389	0.00%
Reservoir and building maintenance	88,315	1.01%	50,773	0.57%
Auto and truck expense	111,786	1.28%	119,644	1.35%
Property taxes	12,302	0.14%	12,030	0.14%
Total distribution system	$ 1,239,463	14.15%	1,363,315	15.35%

Continued on next page

See accompanying notes to the basic financial statements

Crescenta Valley Water District
Detailed Schedules of Revenues, Expenses and Changes in Net Position
Water Operations, continued
For the Fiscal Year Ended June 30, 2015 and 2014

	2015		2014	
	Amount	Percent	Amount	Percent
General and administrative:				
Directors' fees	$ 9,225	0.11%	8,370	0.09%
Salaries – statutory officers	150,010	1.71%	144,628	1.63%
Salaries – general office	468,979	5.35%	386,131	4.35%
Retirement (CalPERS)	249,566	2.85%	264,073	2.97%
Payroll taxes	130,866	1.49%	126,904	1.43%
Engineering and drafting	304,542	3.48%	313,708	3.53%
Accounting	11,515	0.13%	15,079	0.17%
Legal	85,614	0.98%	42,935	0.48%
Administrative consultant - water system	73,932	0.84%	13,586	0.15%
Insurance – general	13,221	0.15%	14,131	0.16%
Insurance – group	782,179	8.93%	729,713	8.22%
Maintenance	16,282	0.19%	15,263	0.17%
Computer and supplies	86,447	0.99%	71,617	0.81%
Utilities	19,978	0.23%	17,698	0.20%
Telephone	31,133	0.36%	39,554	0.45%
Printing and postage	43,423	0.50%	41,638	0.47%
Bad debt	-	0.00%	-	0.00%
Water system fees	46,503	0.53%	47,454	0.53%
Water conservation	137,935	1.57%	82,318	0.93%
Training	23,068	0.26%	32,092	0.36%
Other	63,301	0.72%	94,845	1.07%
Total general and administrative	2,747,719	31.37%	2,501,737	28.17%
Total operating expenses	8,759,760	100.00%	8,880,596	100.00%
Operating income before depreciation	5,581	100.00%	505,986	100.00%
Depreciation expense	(1,146,113)	100.00%	(1,177,160)	100.00%
Operating loss	(1,140,532)	100.00%	(671,174)	100.00%
Non-operating revenues(expense):				
Investment earnings	167,092	-83.14%	422,599	6.10%
Gain(loss) on sale of capital assets	664	-0.33%	4,360	0.06%
Interest expense	(377,454)	187.80%	(386,488)	-5.58%
Rental income	22,200	-11.05%	21,573	0.31%
MTBE settlement, net	-	0.00%	6,872,846	99.22%
Other income(expense), net	(13,489)	6.71%	(7,713)	-0.11%
Total non-operating revenues, net	(200,987)	100.00%	6,927,177	100.00%
Net income (loss) before capital contributions	(1,341,519)	100.00%	6,256,003	100.00%
Capital contributions:				
Capital grants – state	-	100.00%	76,409	100.00%
Change in net position	$ (1,341,519)	100.00%	6,332,412	100.00%

See accompanying notes to the basic financial statements

Crescenta Valley Water District
Detailed Schedule of Revenues, Expenses and Changes in Net Position
Wastewater Operations
For the Fiscal Years Ended June 30, 2015 and 2014

	2015		2014	
	Amount	Percent	Amount	Percent
Operating revenues:				
User and standby charges	$ 3,341,597	99.82%	3,241,490	99.97%
Other charges	6,000	0.18%	1,000	0.03%
Total operating revenues	3,347,597	100.00%	3,242,490	100.00%
Operating expenses:				
City of Los Angeles wastewater system expense	675,013	24.68%	914,177	31.14%
Plant operations:				
Power	723	0.02%	691	0.02%
Plant wages	86,393	2.94%	77,040	2.62%
Utilities	3,575	0.12%	3,558	0.12%
Telephone	17,495	0.60%	15,361	0.52%
Maintenance	4,994	0.17%	5,017	0.17%
Insurance - general	81,771	2.79%	85,215	2.90%
Other expense	19,080	0.65%	18,098	0.62%
Total plant operations	214,031	7.29%	204,980	6.98%
Collection system:				
Maintenance	233,755	7.96%	241,930	8.24%
Auto and truck expense	47,868	1.63%	59,939	2.04%
Inspection	1,360	0.05%	1,243	0.04%
Total collection system	$ 282,983	9.64%	303,112	10.33%

Continued on next page

See accompanying notes to the basic financial statements

Crescenta Valley Water District
Detailed Schedule of Revenues, Expenses and Changes in Net Position
Wastewater Operations, Continued
For the Fiscal Years Ended June 30, 2015 and 2014

	2015		2014	
	Amount	**Percent**	**Amount**	**Percent**
General and administrative:				
Directors' fees	$ 9,225	0.31%	8,370	0.29%
Salaries – statutory officers	150,010	5.11%	144,628	4.93%
Salaries – general office	309,570	10.55%	268,444	9.14%
Retirement (CalPERS)	168,737	5.75%	176,593	6.02%
Payroll taxes	87,244	2.97%	84,603	2.88%
Engineering and drafting	95,584	3.26%	104,254	3.55%
Accounting	11,515	0.39%	15,079	0.51%
Legal	16,163	0.55%	15,546	0.53%
Administrative	27,706	0.94%	9,519	0.32%
Insurance – general	8,815	0.30%	9,420	0.32%
Insurance – group	521,595	17.77%	485,756	16.55%
Maintenance	5,427	0.18%	5,088	0.17%
Computer and supplies	36,759	1.25%	33,669	1.15%
Utilities	6,294	0.21%	5,522	0.19%
Telephone	10,377	0.35%	13,178	0.45%
Printing and postage	43,425	1.48%	41,406	1.41%
Bad debt	-	0.00%	-	0.00%
Training	3,305	0.11%	4,860	0.17%
Other	51,489	1.75%	87,413	2.98%
Total general and administrative	1,563,240	53.25%	1,513,348	51.55%
Total operating expenses	2,735,267	94.86%	2,935,617	100.00%
Operating income before depreciation	612,330	18.29%	306,873	9.46%
Depreciation expense	(779,673)	-23.29%	(777,310)	-23.97%
Operating loss	(167,343)	-5.00%	(470,437)	-14.51%
Non-operating revenues(expense):				
Investment earnings	103	0.00%	207	3.58%
Gain(loss) on sale of capital assets	(910)	-0.03%	-	0.00%
Interest expense	-	0.00%	-	0.00%
Rental income	7,400	0.22%	7,191	124.28%
Other income(expense), net	27,905	0.83%	(1,612)	-27.86%
Total non-operating revenues, net	34,498	1.03%	5,786	100.00%
Loss before capital contributions	(132,845)	-3.97%	(464,651)	85.49%
Capital contributions:				
Assessments	31,523	100.00%	29,815	100.00%
Change in net position	$ (101,322)	100.00%	(434,836)	100.00%

See accompanying notes to the basic financial statements

Report on Internal Controls and Compliance

Independent Auditor's Report on Internal Controls Over Financial Reporting And on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
Crescenta Valley Water District
La Crescenta, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Crescenta Valley Water District (District), as of and for the years June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated [DATE].

Internal Control Over Financial Reporting

In planning and performing our audits of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Independent Auditor's Report on Internal Controls Over Financial Reporting And on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards, (continued)*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the district's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Fedak & Brown LLP
Cypress, California
[DATE]

CRESCENTA VALLEY WATER DISTRICT
BOARD OF DIRECTORS - STAFF REPORT

Item No. 3
December 8, 2015

To: Board of Directors

From: Ron L. Mitchell, Secretary-Treasurer

Subject: **Resolution No. 728 – District Investment Policy**

ACTION ITEM:

1. **Resolution No. 728 District Investment Policy** – Consideration and motion to adopt Resolution No. 728 outlining the District's Investment Policy for 2016.

BACKGROUND:

Annually the Secretary-Treasurer shall prepare and submit a statement of investment policy for monies not required for the immediate necessities of the local agency in accordance with provisions of California Government Code Sections 5922 and 53601 et seq. to the Board of Directors. This Investment Policy and any changes thereto, shall be considered at a public meeting.

The current Investment Policy is modeled after the state and Staff has consulted with legal counsel regarding any changes made by the legislature in the last year. Mr. Bunn informed me that he was not aware of any changes by the Legislature during the year, including issues such as what percentage of moneys and types of permissible investment types, which have changed from the current policy. This policy also incorporates the amendment to previous policy that allows up to 50% of the total portfolio to be invested in securities with up to a 10 year maturity.

Even though several investment options are outlined and permissible by the state for the District to use for our funds, staff continues to follow the request of the Board to only place such funds in U. S. Treasuries, Federal Farm Credit Bank securities and the Local Agency Investment Fund (LAIF). It is still staff's request to keep all available options open for consideration.

Recommendation

It is staff recommendation that the Board adopt Resolution No. 728 to approve the District's Investment Policy for the year 2016 as presented.

Prepared by:

Ron Mitchell

Ron L. Mitchell, Secretary-Treasurer

Submitted by:

Thomas Love

Thomas A. Love, General Manager

RESOLUTION NO. 728

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CRESCENTA VALLEY WATER DISTRICT ESTABLISHING ITS INVESTMENT POLICY

1. 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 monies not required for the immediate necessities of the local agency in accordance with the provisions of California Government Code Sections 5922 and 53601 et seq.; and

WHEREAS; the Treasurer of the Crescenta Valley Water District ("District") 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 District 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 District and conforming to all statutes governing the investment of District funds.

2.0 SCOPE

This investment policy applies to all financial assets of the District. These funds are accounted for in the annual district audit.

3.0 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 District, 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.

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:

1. Safety: Safety of principal is the foremost objective of the investment program. Investments of the District 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.
2. Liquidity: The investment portfolio will remain sufficiently liquid to enable the District to meet all operating requirements which might be reasonably anticipated.

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.

5.0 DELEGATION OF AUTHORITY

Authority to manage the investment program is derived from California Government Code 53600, et seq. Management responsibility for the investment program is hereby delegated to the Treasurer, who shall be responsible for all transactions undertaken and shall make a monthly report of those transactions to the Board of Directors. 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

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.

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 District 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 District's account with that firm has reviewed the District's Investment Policy and that the firm understands the policy and intends to present investment recommendations and transactions to the District that are appropriate under the terms and conditions of the Investment Policy.

8.0 AUTHORIZED AND SUITABLE INVESTMENTS

The District is empowered by California Government Code 53601 et seq. to invest in the following:

a. Bonds issued by the local agency, 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.

b. United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.

c. Registered state warrants or treasury notes or bonds of this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency, or authority of the state.

d. Registered treasury notes or bonds of any of the other 49 states in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 states, in addition to California.

e. Bonds, notes, warrants, or other evidences of indebtedness of a local agency within this state, 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.

f. 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.

g. 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 shall not exceed 180 days maturity or 40% of the District's moneys that may be invested pursuant to this section. However, no more than 30% of the District's moneys may be invested in the bankers' acceptances of any one commercial bank pursuant to this section.

h. Commercial paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by the nationally recognized statistical rating organization (NSRSO). The entity that issues the commercial paper shall meet all of the following conditions in either part (1) or part (2): (1) The entity meets the following criteria: (A) Is organized and operating in the United States as a general corporation. (B) Has total assets greater than $500 million. (C) Has debt other than commercial paper, if any, that is rated "A" or higher by an NRSRO. (2) The entity meets the following criteria: (A) is organized within the United States as a special purpose corporation, trust or limited liability company. (B) Has programwide credit enhancements including, but not limited to, overcollateralization, letters of credit, or a surety bond. (C) Has commercial paper that is rated "A-1" or higher, or the equivalent, by an NRSRO. Eligible commercial paper shall have a maximum maturity of 270 days or less. The District may invest no more than 25% of its moneys in eligible commercial paper. The District may purchase no more than 10% of the outstanding commercial paper of any single issuer.

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 federally-licensed or state-licensed branch of a foreign bank. Purchases of negotiable certificates of deposit shall not exceed 30% of the District's moneys that may be invested pursuant to this policy. For purposes of this section, negotiable certificates of deposit do not come within Article 2 (commencing with Section 53630), except that the amount so invested shall be subject to the limitations of Section 53638. The legislative body of a local agency and the treasurer or other official of the local agency having legal custody of the moneys are prohibited from investing local agency funds, or funds in the custody of the local agency, in negotiable certificates of deposit issued by a state or federal credit union if a member of the legislative body of the local agency, or a person with investment decision making authority in the administrative office manager's office, budget office, auditor-controller's office, or treasurer's office of the local 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.

j. Repurchase/Reverse Repurchase Agreements of any securities authorized by Section 53601. Securities purchased under these agreements shall be no less than 102% of market value and are subject to the special limits in California Government Code 53601(j).

k. 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 rate "A" or better by an NRSRO. Purchases of medium-term notes shall not include other instruments authorized by this policy and may not exceed 30% of the District's moneys which may be invested pursuant to this policy.

l. 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 District's investments under this policy. However, no more than 10% of the District's money may be invested in any one mutual fund.

m. 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.

n. 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.

o. A mortgage pass-through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable passthrough 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 having an "A" or higher rating for the issuer's debt as provided by an NRSRO and rated in a rating category of "AA" or its equivalent or better by an NRSRO. Purchase of securities authorized by this subdivision may not exceed 20% of the District's surplus moneys that may be invested pursuant to this policy.

p. Shares of beneficial interest issued by a joint powers authority organized pursuant to Section 6509.7 that invests in the securities and obligations authorized in subdivisions (a) to (o), inclusive. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing the shares shall have retained an investment adviser that meets all of the following criteria: (1) The adviser is registered or exempt from registration with the Securities and Exchange Commission. (2) The adviser has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (o), inclusive. (3) The adviser has assets under management in excess of five hundred million dollars ($500,000,000).

q. 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 "AA" or better by an NRSRO and shall not exceed 30 percent of the agency's moneys that may be invested pursuant to this section.

The Treasurer shall be allowed to invest in securities that at the time of the investment have up to a maximum 10 year maturity date with a total not to exceed 50% of the total portfolio in instruments over a 5 year maturity.

9.0 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(j)(2).

10.0 SAFEKEEPING AND CUSTODY

All security transactions entered into by the District shall be conducted on delivery-versus-payment (DVP) basis. All securities purchased or acquired shall be delivered to the District by book entry, physical delivery or by third party custodial agreement.

11.0 DIVERSIFICATION

The District 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 by the Finance Committee periodically if determined necessary to meet District goals. In establishing specific diversification strategies, the following general policies and constraints shall apply:

a. Portfolio maturity dates shall be matched versus liabilities to avoid undue concentration in a specific maturity sector.

b. Maturities selected shall provide for stability of income and liquidity.

c. 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.

12.0 REPORTING

The Treasurer shall submit to the Board of Directors an investment report at least quarterly. 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 District 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 District will meet its expenditure obligations for the next six months. The Treasurer shall maintain a complete and timely record of all investment transactions.

13.0 INVESTMENT POLICY ADOPTION

The Investment Policy shall be adopted by resolution of the District. Moreover, the Policy shall be reviewed on an annual basis, and modifications must be approved by the Board of Directors.

PASSED, APPROVED AND ADOPTED at a Regular Meeting of the Board of Directors of Crescenta Valley Water District held on December 8, 2015. Resolution No. 728 was adopted by the following vote:

AYES: **Directors**

NOES: **Directors**

ATTEST:

President, Board of Directors
Crescenta Valley Water District

Secretary of the Board of Directors

CRESCENTA VALLEY WATER DISTRICT

BOARD OF DIRECTORS - STAFF REPORT

Agenda Item No. 4

To: Honorable President and Members of the Board of Directors December 8, 2015

From: Thomas A. Love – General Manager

Subject: **Program Specialist – Change of Job Description and Salary Range**

ACTION ITEM:

1. Discussion and evaluation of reclassification of Program Specialist job description and salary range.

BACKGROUND:

On January 6, 2015 the General Manager recommended that the Board approve a new job description with a salary range of $8,214 – $10,533 per month (including longevity step) and title change from Program Specialist to Regulatory and Public Affairs Manager. The Board deferred action on this matter until the new General Manager was selected.

Following additional review and evaluation by the General Manager and an independent consultant, a revised recommendation was presented to the Board on September 15th. The Board tabled the agenda item for discussion at a future date. The previously prepared salary survey has been updated to include information provided by Ohlund Management and Technical Services. Additional information on employer paid pension and deferred compensation contributions has also been included. The average employer paid retirement contribution for the surveyed agencies is 21.9% compared with 21.7% for the District therefore the adjustment is not significant. The results of the salary survey indicate an average salary range of $7,658 – $10,101 for positions with similar duties and responsibilities.

Budget Impact - The reclassification of the Program Specialist to Regulatory and Public Affairs Manager, at the top step of $10,101, results in an annual increase of $27,700 including compensation and benefits. The interim Water Treatment and Distribution organizational structure which was implemented on October 1st results in a reduction in annual compensation and benefit costs of $136,630. The net budget impact of these organizational staffing changes is $108,930.

The Employee Relations Committee reviewed and discussed this information on November 13, 2015. The Committee noted the challenges of the salary survey due to the unique responsibilities of the position for a district of similar size. The Committee also requested the updated duties, responsibilities and qualifications be incorporated into the current job description. The updated job description is attached. Following discussion the Committee recommends the job title of Program Specialist be retained with an salary range of $7,075 - $9,211 per month (including longevity step).

RECOMMENDATION:

General Manager Recommendation: That the Board approve the updated job description (retain Program Specialist title) with a salary range of $7,658 – $10,101 per month (including longevity step) based on survey results. In lieu of the GM recommendation, a salary range of $7,442 - $9,304 (equivalent to the IT Manager salary) could be considered.

Employee Relations Committee Recommendation: That the Board approve the updated job description (retain Program Specialist title) with a salary range of $7,075 - $9,211 per month (including longevity step).

Prepared and Submitted by:

Thomas A. Love

Thomas A. Love
General Manager

Crescenta Valley Water District
Compensation and Benefits Comparison (Monthly Gross Salary)
Management Positions
Based upon current information from Various Southern California Agencies

Removed data from Wholesale Agencies & Selected Agencies

With PERS 2015 Data

Adjustment for Employer Paid Retirement Contributions (Regulatory Affairs Position Only)

Agency	County	No. of Connections	No of Employees	District Engineer		Chief Financial Officer		IT Manager		Regulatory Affairs		Pension Formula	Employer	Employer Paid Employee Share	Employer Pension Contribution %	Adjusted Employer Cost Salary + Pension
				Low	High	Low	High	Low	High	Low	High		%	%		
Beaumont-Cherry Valley Water District	Riverside	16,100	34	$ 9,163	$ 11,249	$ 9,163	$ 11,249	$ 5,771	$ 8,667	$ 9,163	$ 11,249	2.7@55	32%	11%	43.0%	$ 16,087
Camrosa Water District	Ventura	11,000	21	-	10,382	-	9,941	-	11,463	8,333	$ 11,083	2.0@55	15%	8%	22.3%	$ 13,557
Hi-Desert Water District	San Bern	9,500	42	9,795	12,852	8,518	11,176	-	-	8,518	11,176	2.5@55	23%	3%	25.6%	$ 14,039
Indian Wells Valley Water District	Kern	12,170	29	7,400	10,542	6,700	9,588	-	-	6,700	9,588	2.0@60	7%	7%	13.9%	$ 10,925
Laguna Beach County Water District	Orange	8,500	42	-	-	8,165	11,736	-	-	5,687	8,175	2.0@55	10%	5%	15.0%	$ 9,399
Marina Coast Water District	Monterey	8,000	36	11,219	14,319	8,551	10,913	-	-	7,595	9,693	2.0@60	8%	8%	15.9%	$ 11,238
Mission Springs Water District	Riverside	14,000	37	9,235	11,787	10,182	12,997	-	-	7,597	9,697	2.7@55	26%	7%	32.9%	$ 12,889
Monte Vista Water District	LA	12,000	33	9,762	12,806	9,762	12,806	-	-	6,505	8,537	2.5@55	16%	4%	19.9%	$ 10,838
Newhall County Water District	LA	10,000	33	-	-	-	11,140	-	-	7,817	10,583	2.0@55	10%	6%	16.3%	$ 12,308
Rainbow Municipal Water District	San Diego	7,775	51	10,360	13,594	9,861	12,939	-	-	7,703	10,108	2.5@55	16%	2%	18.1%	$ 11,938
Ramona Municipal Water District	San Diego	9,500	48	-	-	8,687	11,946	-	-	7,037	9,665	3.0@60	29%	5%	34.0%	$ 12,949
Rowland Area County Water District	LA	13,500	26	-	-	9,366	11,708	-	-	8,236	10,165	2.5@55	16%	7%	22.7%	$ 12,472
Santa Fe Irrigation District	San Diego	7,300	44	10,745	13,969	11,182	14,536	7,666	9,965	9,850	12,696	2.7@55	17%	3%	19.8%	$ 15,211
El Toro Water District	Orange	10,000	55							6,208	9,122	Def. Comp.	9%	3%	12.0%	$ 10,217
Palmdale Water District	LA	26,400	84							8,834	10,738	2.0%@55	14%	7%	20.7%	$ 12,961
IRWD	Orange		434	-	-	7,287	9,561	-	-	6,744	9,333	2.5%@55	18%	5%	22.8%	$ 11,464
															22.8%	Weighted Average

	County	Avg. No of Connection	Avg. No of Employees	District Engineer Low	District Engineer High	Chief Financial Officer Low	Chief Financial Officer High	IT Manager Low	IT Manager High	Regulatory Affairs Low	Regulatory Affairs High	Pension Formula	Employer %	Employer Paid Employee Share %
Average of Low and High Salary Ranges as reported from 15 agencies surveyed		11,716	66	9,710	11,150	8,952	11,588	6,719	10,032	7,658	10,101			
Average of Ranges Shown in Annual Compensation				116,519	133,800	107,424	139,059	80,622	120,380	91,895	121,207			
Crescenta Valley Water District Monthly Compensation	LA	8,100	34	8,490	11,185	7,783	10,154	7,088	8,861	6,256	7,974			
Crescenta Valley Water District Monthly Compensation w/ longevity pay				8,915	11,744	8,172	10,662	7,442	9,304	6,569	8,373	2.0%@55	13.4%	7%
Crescenta Valley Water District Annual Compensation				101,880	134,220	93,396	121,848	85,056	106,332	75,074	95,691			
Current salary for each management unit positons (including longevity pay) are listed here *__Longevity Pay__ - Per Section 2.5 of the Management MOU, Managers can earn up to 5% longevity pay for service over 10 years.*					11,744		10,661		8,861		8,373			
Difference between Average Low & High Salary Range vs. CVWD Low and High Salary Range				1,220	(35)	1,169	1,434	(370)	1,171	1,402	2,126			
Difference between Average High Salary Range vs. Current Salary with longevity pay					(594)		927		1,171		1,728			
Percent Salary of Average Salary				92%	105%	91%	92%	111%	93%	86%	83%			

	CVWD %	Average Adjusted Salary + Pension	Adjusted Average Salary
Average of surveyed agencies	20.5%	$ 12,406	10,299
Crescenta Valley Water District (w/ longevity pay)	20.5%	$ 10,086	

CRESCENTA VALLEY WATER DISTRICT

PROGRAM SPECIALIST

DEFINITION

The Program Specialist coordinates activities of the District related to water conservation, regulatory compliance and other District projects as needed. This management unit position reports to the General Manager and performs complex and challenging work in the development and implementation of District programs and as such works closely with key District staff at various times.

EXAMPLE OF DUTIES

The Program Specialist position is unique in having a range of responsibilities requiring creativity along with multi-disciplinary skills in communications, public relations, project management, technical analysis and training/education. The position requires the ability to incorporate management input on various issues and projects while performing job functions in a self-motivated, independent manner.

The Program Specialist will be responsible for day-to-day operation and long-range planning of the District's water conservation, public outreach and regulatory compliance and other special projects as needed. The position plans, organizes, oversees, and participates in complex staff work that shall at all times meet the requirements of applicable regulations.

The position prepares technical reports, coordinates activities, conducts research, performs field inspections, and provides instruction for the areas of responsibility described below.

Regulatory Compliance Duties:

The Program Specialist is responsible for the District's compliance with Federal, State, and Local regulatory requirements related to the utility operations of the District including health and safety compliance (OSHA), air quality compliance (AQMD), environmental compliance (CEQA), regional water quality control board matters (NPDES). In coordination with the Administrative Services Manager, oversee the District's risk management (ACWA-JPIA). The Program Specialist will also oversee the District's safety program.

- Oversee the timely and accurate fulfillment of all regulatory reporting requirements
- Ensures staff is trained in how to fulfill the reporting requirements
- Track progress, and intervene, if the responsible people are having difficulty with either the timeliness or accuracy of their reports
- Develop and maintain a mechanism to track all active permits, licenses, certificates, and other enabling instruments upon which the District depends for authorization to operate. This is known as the Master Regulatory Compliance Matrix
- Coordinate with appropriate staff the renewal, updates or close-outs of permits, licenses, and certifications contained in the Master Regulatory Compliance Matrix
- Follow legislative proposals and make recommendations regarding pending legislation which could impact the District's operation
- Develop and maintain active relationships with staff of regulatory agencies

Public Affairs:

- This position is the District's primary public information contact person
- This position will develop and maintain regular contact with media outlets serving the District
- During emergency situations, this position will serve as the District's Public Information Officer (PIO)

Monitor the System Operators' water quality related duties:

- Specify and communicate the activities and standards required to ensure water quality
- Assure that staff is adequately trained as it relates to the proper processes and procedures required to ensure water quality
- Continually update the Operators on new standards and procedures when changes occur
- Track to ensure that water quality standards are achieved
- Intervene when needed to make the changes necessary to ensure compliance
- Provide input on employee performance reviews as it relates to the portion of system operator workload directly connected to water quality

Monitor the Wastewater Supervisor's regulatory compliance related duties:

- Specify and communicate the activities and standards
- Assure that staff is adequately trained as it relates to the proper processes and procedures required
- Continually update the Wastewater Supervisor on new standards and procedures when changes occur
- Track to ensure that regulatory compliance is achieved
- Intervene when needed to make the changes necessary to ensure compliance
- Provide input on employee performance reviews as it relates to the portion of Wastewater Supervisor's performance and workload directly related to regulatory compliance

Manage the Water Conservation Specialist:

- Provide direction to the Water Conservation Specialist in the development of programs and activities of the District's conservation efforts
- Ensure training which enables the Water Conservation Specialist to be effective in this role

Regulatory and Community Relationships

- Serves as primary contact to the State Water Resources Control Board, OSHA, and AQMD
- Develops and maintains peer relationships within regulatory agencies, other local water districts, water wholesalers, and professional organizations
- Serves as primary contact for the press, media, and local community groups

Other responsibilities include conducting water-use and safety audits, issuing notices of violation and letters regarding enforcement actions, and performing field compliance inspections.

MINIMUM QUALIFICATIONS

- A Bachelor's Degree from an accredited college or university in public administration, communications, resource management, environmental studies, natural/physical sciences, engineering, or a closely related field.
- Two (2) years of increasingly responsible experience in program development and implementation, regulatory compliance, water resources planning, or project management. Any combination of education and experience which would likely provide the necessary knowledge and abilities is qualifying.
- A valid Class "C" California Driver's License is also required.

KNOWLEDGE OF:

- Principals and practices of water supply and conservation
- Principals and practices of risk management and accident prevention
- Fundamental concepts of regulatory compliance
- Rules and regulations of regulatory agencies
- Public relations and customer service
- Training methods

ABILITY TO:

- Prepare clear and concise reports, correspondence and other written materials using math/statistical reasoning
- Accurately assemble and interpret various data and regulations
- Identify project and program needs and exercise initiative in carrying-out assignments
- Prepare and monitor project and program budgets
- Professionally represent the District's policies, programs, and services with individual citizens, employees, community groups, and other agencies
- Effectively use MS-Word, Excel, PowerPoint and other Windows programs
- Perform detailed work, independently, under challenging deadlines with multiple concurrent tasks
- Make effective presentations
- Communicate diplomatically and knowledgeably with District customers, employees, and the general public
- Establish and maintain cooperative working relationships
- Drive a vehicle safely
- Pass a pre-employment physical/drug screen

CRESCENTA VALLEY WATER DISTRICT

BOARD OF DIRECTORS - STAFF REPORT

Agenda Item No. 5
December 8, 2015

To: Honorable President and Members of the Board of Directors

From: Thomas A. Love P.E. – General Manager

Subject: **Temporary Employee**

AGENDA ITEM

Temporary Employee – Consideration and motion to authorize the General Manager to hire a temporary Utility Worker I for a period not-to-exceed six months.

BACKGROUND:

CVWD currently employs five full time Utility Workers who perform all the maintenance and repairs to the District's water mains, service laterals, valves and fire hydrants. In addition these crews do the locations requests from other utilities, perform some routine vehicle and plant maintenance, and dispose of spoils.

Staff has kept the Board apprised of recent absences due to medical reasons and work related injuries that have been ongoing over the last several months. Mr. Love recently reported that one such employee recently returned to work from two work related injuries but with limitations on the amount of lifting/pushing/pulling that he can perform. We have been able to meet these restrictions and get some production from this employee. However, we have just been informed that this employee may require additional surgery for one of his injuries and will be off of work for a period of approximately 3-6 months. In the past, the District has used temporary Utility Workers in order to augment our crews so all required work can be completed. This includes lateral replacements and other maintenance items such as valve turning and fire hydrant exercising. In order to minimize disruption of our regular work it is recommended that the Board authorize the General Manager to begin the process of hiring a temporary employee to assist our Construction crews when the time is right.

There will be a cost for the temporary employee during this period of employment of approximately $3,619 per month. Temporary employees do not receive any benefits and the only cost in addition to pay is the cost for workers compensation insurance. Our current employee has requested that he use some of his benefit time to coordinate with worker's compensation temporary benefits during his absence.

RECOMMENDATION:

It is recommended that the Board of Directors authorize the General Manager to hire a temporary employee, for a period not-to-exceed six months, to perform Utility Worker duties.

Prepared and submitted by:

____

Thomas A. Love, P.E.
General Manager

CRESCENTA VALLEY WATER DISTRICT
BOARD OF DIRECTORS - STAFF REPORT

Action Item No. 6

To: Honorable President and Members of the Board of Directors December 8, 2015

From: David S. Gould. P.E. – District Engineer

Subject: **8-Inch Water Main Replacement on the 2600 Block of Harmony Place, 3900 Block of Park Place, and 3700 Block of Glenwood Ave.**
Advertise for Bids, Project E-960

ACTION ITEM:

1. **8-Inch Water Main Replacement on the 2600 Block of Harmony Place, 3900 Block of Park Place, and 3700 Block of Glenwood Ave - Project E-960** Consideration and motion to authorize the General Manager to advertise for bids for the construction of 1,430 lineal feet of pipeline replacement on the 2600 Block of Harmony Place, 3900 Block of Park Place, and 3700 Block of Glenwood Ave with an engineer's estimate for construction of $305,000 and to find said project exempt from the provisions of the California Environmental Quality Act (CEQA).

PROJECT DESCRIPTION:

CVWD is proceeding with its annual water main pipeline replacement program for FY 15/16 with the replacement of old and leaky pipelines. Staff uses a water main replacement criteria based on:

- ✓ Age of the pipe
- ✓ Number of leaks
- ✓ Size of the pipe
- ✓ Pipeline material

Points are assigned to each criteria and a rank system is created to determine which water main needs to be replaced. Staff also reviews the location of the pipelines to be replaced and groups them into common area, whenever possible to reduce construction costs. Finally, staff estimates the construction costs based on cost per linear feet to determine the amount of pipeline that will be replaced each year.

Staff determined from the pipeline ranking and estimated construction costs that pipelines at the following locations need to be replaced (See attached project location map):

- 3900 block of Park Place between Waltonia Ave and Verdugo Blvd
  - 6-inch unlined steel pipe
  - Installed in 1950
  - 7 main leaks since 2012
- 3700 Block of Glenwood Ave between Honolulu Ave and Oakendale Ave
  - 12-inch unlined steel pipe
  - Installed in 1955
  - 5 main leaks since 2014
- 2600 Block of Harmony from the intersection of Harmony Place and Rosemont to the westerly end of the cul-de-sac
  - 4-inch unlined steel pipe
  - Installed in 1950
  - 4 main leaks since 2007

DISCUSSION:

The design is completed for the pipeline project and is ready for advertising for bids. The anticipated project schedule is to award a contract at the Board meeting on January 19, 2016 and construction to begin in mid-February 2016. Construction should be completed in early May 2016. Ms. Christina Olmedo will be the project manager and Mr. Cory Whitman will provide field inspection.

There are currently no fire hydrants on the 2600 block of Harmony Place due to the undersized pipeline. Staff has been working with the residents to place the new fire hydrants at locations which will have the least impact on the street.

However, the project must also meet the fire hydrant spacing as required by the Los Angeles County Fire Department.

The 3900 block of Park Place is a narrow street with a lot of on-street parking, which will require a contractor to pay special attention to traffic control, street parking, and coordination of equipment.

The 3700 block of Glenwood is also a narrow street and has a number of existing water lines from CVWD's Glenwood plant, sewer lines, and storm drain lines. Due to the number of existing utilities, the existing pipeline will have to be removed and replaced with the new 8-inch pipeline. Also, this part of the project will have to be staged in two phases so as not to disturb water service during construction. This additional effort could have an effect on the contractor's costs, which may be higher than past projects. Staff has taken this into account during the design of the project.

Staff is also working on a public outreach program for the project. This will include sending letters within the next two weeks to the residents in the area notifying them of the upcoming project, holding public meetings at the location to explain the project, and sending a second letter two weeks before construction begins. Progress reports on the project will be posted on CVWD's website for residents to check status and staff will send a press release to the local newspapers about the upcoming construction project.

The construction cost estimate for the project is $305,000 and the entire project costs including materials, soils engineer, staff engineering and inspection, and contingencies are estimated at $475,000.

RECOMMENDATION:

It is staff's recommendation to authorize the General Manger to advertise for bids for the project. Staff will advertise the project in the McGraw-Hill Dodge Construction News and will send out plans to selected contractors.

ENVIRONMENTAL REVIEW:

This project is exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15301 of the CEQA Guidelines. This exemption covers the repair of existing facilities involving negligible or no expansion of existing use.

FUNDING AVAILABILITY:

There are sufficient funds available in the following accounts for the project:

Account Description	Amount
FY 15/16 Water CIP– Water Distribution	$655,000
Engineer's Cost Estimate for Contractor	<$305,000>
Additional costs such as material purchase by CVWD, soils engineer, engineering & inspection labor costs & contingency	<$170,000>
Total Engineer's Cost Estimate	**<$475,000>**
Amount Remaining in Water CIP – Distribution System	**$180,000**

Prepared by:

Christina Olmedo
Assistant Engineer

Submitted by:

David S. Gould, P.E.
District Engineer

Attachments:

1. Project Location Map

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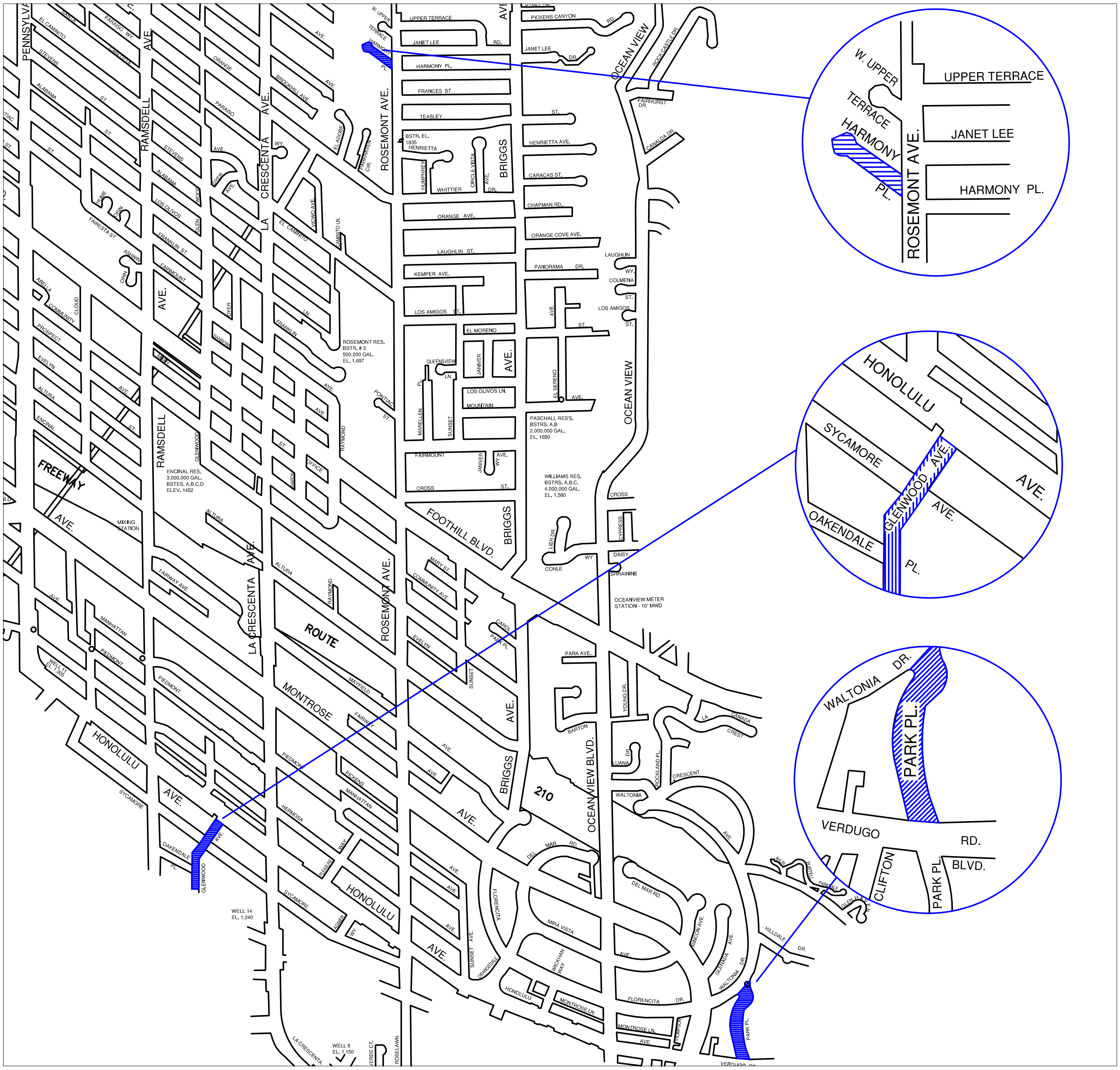

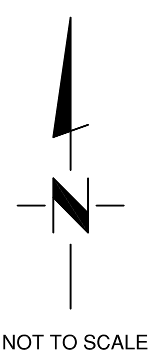

PROJECT LOCATION

CRESCENTA VALLEY WATER DISTRICT

PROJECT LOCATION MAP

8-INCH WATER MAIN INSTALLATIONS ON THE 2600 BLOCK OF HARMONY PL., 3700 BLOCK OF GLENWOOD AVE. AND 3900 BLOCK OF PARK PL., PROJECT E-960

CRESCENTA VALLEY WATER DISTRICT

BOARD OF DIRECTORS - STAFF REPORT

Action Item No. 7

To: Honorable President and Members of the Board of Directors December 8, 2015

From: David S. Gould. P.E. – District Engineer

Subject: **Advertise for Bids for the 10-Inch Water Main Replacement on the 2700 Block of Prospect Ave and 4400 Block of Glenwood Ave, Project E-961**

ACTION ITEM:

1. **10-Inch Water Main Replacement on the 2800 Block of Prospect Ave and 4400 Block of Glenwood Ave -Project E-961 -** Consideration and motion to authorize the General Manager to advertise for bids for the construction of 920 lineal feet of pipeline replacement on the 2800 Block of Prospect Ave and 4400 Block of Glenwood Ave with an engineer's estimate for construction of $185,000 and to find said project exempt from the provisions of the California Environmental Quality Act (CEQA).

PROJECT DESCRIPTION:

CVWD has been working with Glendale Unified School District (GUSD) and tBP/Architecture on the improvement project for La Crescenta Elementary School for the past two years. The project requires that GUSD install two (2) new 6-inch fire services and two (2) new fire hydrants on the 2800 block of Prospect Avenue to provide proper fire protection.

The existing water mains on Prospect Avenue and Glenwood Avenue are 3-inch water mains which were installed in the early 1940's and this project will require that the pipeline be upsized to a 10-inch water main to accommodate the fire service upgrades needed by GUSD.

In accordance with CVWD's Rules and Regulations, Section 11 - Rules Applicable to Developers and Sub-dividers, Subsection 11.12 (C), *"The cost of improvements necessary in each area to bring the area into compliance with minimum fire protection standards established by the County, and construction standards established by the District, will be borne equitably by those who undertake construction or development in the area, or who will be directly benefited by the improvements."*

As shown by the attached letter, GUSD and CVWD have agreed to share the cost of extending the 10-inch water main on Prospect Avenue and bringing the area into compliance with minimum fire flow requirements necessary for the project.

Staff will be meeting with GUSD within the next few weeks to finalize the cost sharing agreement. Preliminary discussions concluded that GUSD will pay the cost of the installation of the 10-inch pipeline, fire hydrants, and fire services and that CVWD will pay the cost for installation of the water services, design, construction management, and project administration costs.

DISCUSSION:

The design is complete for the pipeline project and is ready for advertising for bids. This project will be incorporated into the E-960 project and will be started after the other pipelines are completed.

The anticipated project schedule is to award a contract at the Board meeting on January 19, 2016. Ms. Christina Olmedo will be the project manager and Mr. Cory Whitman will provide field inspection.

Construction of this project needs to occur during the summer months (June – August) when school is not in session and there is less disruption to the residents on the street and the school. Construction should be completed by early August 2016, prior to start of the next school year.

Staff is also working on a public outreach program for the project. This will include sending letters to the residents in the area notifying them of the upcoming project, holding a public meeting on the street to explain the project in early May 2016, and sending a second letter two weeks before construction begins. Progress reports on the project will be posted on CVWD's website for residents to check status and staff will send a press release to the local newspapers about the upcoming construction project.

The construction cost estimate for the project is $185,000 and the entire project costs including materials, soils engineer, staff engineering and inspection, and contingencies are estimated at $295,000.

RECOMMENDATION:

It is staff’s recommendation to authorize the General Manger to advertise for bids for the project. Staff will advertise the project in the McGraw-Hill Dodge Construction News and will send out plans to selected contractors.

ENVIRONMENTAL REVIEW:

This project is exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15301 of the CEQA Guidelines. This exemption covers the repair of existing facilities involving negligible or no expansion of existing use.

FUNDING AVAILABILITY:

There are sufficient funds available in the following accounts for the project:

Account Description	Amount
FY 15/16 Water CIP– Water Distribution - Remain after Project E-960	$180,000
GUSD portion of the Project (assume 50% of total)	$147,500
Amount Available	$327,500
Engineer's Cost Estimate for Contractor	<$185,000>
Additional costs such as material purchase by CVWD, soils engineer, engineering & inspection labor costs & contingency	<$110,000>
Total Engineer's Cost Estimate	**<$295,000>**
Amount Remaining in Water CIP – Distribution System	**$32,500**

Prepared by:

Christina Olmedo
Assistant Engineer

Submitted by:

David S. Gould, P.E.
District Engineer

Attachments:

1. Project Location Map

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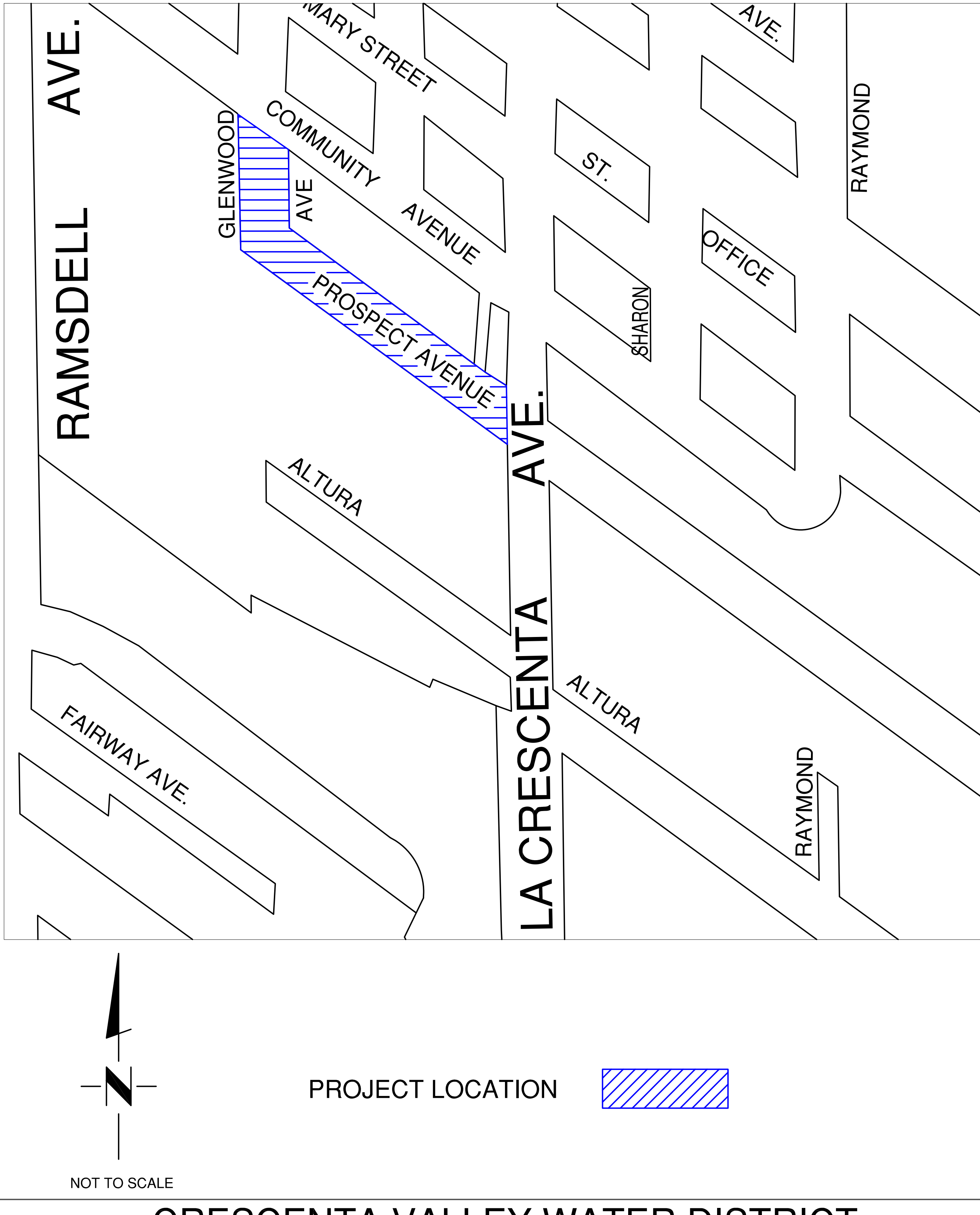


CRESCENTA VALLEY WATER DISTRICT

PROJECT LOCATION MAP

10-INCH WATER MAIN INSTALLATION ON THE 2800 BLOCK OF PROSPECT AVENUE
AND THE 4400 BLOCK OF GLENWOOD AVE., PROJECT E-961

CVWD

Crescenta Valley Water District

2700 Foothill Boulevard, La Crescenta, California 91214
Phone (818) 248-3925 Fax (818) 248-1659

June 18, 2015

Mr. Mike Bravo
Los Angeles County Fire Prevention
5823 Rickenbacker Road
Commerce CA 90040

Subject: Fire Flow Test Results and Availability for La Crescenta Elementary School
4343 La Crescenta Avenue, Project D-12-05.

Dear Mr. Bravo:

On January 4, 2012, Crescenta Valley Water District (CVWD) performed a fire flow test on the closest fire hydrants to the project at 4343 La Crescenta Ave, to determine the pressure and amount of flow available. The results obtained did not meet the minimum fire flow of 2000 gallons per minute (GPM) for the prescribed flow as specified in Table B105.1 per Los Angeles County Fire Department code.

The distance from the nearest fire hydrant to the proposed structure is within the required 400 feet via vehicular access from the tested fire hydrant. The fire flow test was rendered from a 10-inch water main on Prospect Avenue and the fire hydrant located about 150 feet west of the southwest corner of La Crescenta and Prospect Avenue.

The fire flow results confirm that the existing water system in the area will require improvements to the system to achieve the Los Angeles County Fire Department requirements of 2000 GPM. In order to meet Fire Flow requirements the existing 10-inch water main in Prospect Avenue will need to be extended from La Crescenta Avenue to Glenwood Avenue and then north to Community Avenue.

In accordance with CVWD's Rules and Regulations, Section 11 - Rules Applicable to Developers and Subdividers, Subsection 11.12 (C), *"The cost of improvements necessary in each area to bring the area into compliance with minimum fire protection standards established by the County, and construction standards established by the District, will be borne equitably by those who undertake construction or development in the area, or who will be directly benefited by the improvements."*

As shown by the attached letter, Glendale Unified School District and Crescenta Valley Water District have agreed to share the cost of extending the 10-inch water main on Prospect Avenue and bringing the area into compliance with minimum fire flow requirements necessary for the proposed project. The upgrade of the pipeline on Prospect Avenue should be completed at least 30 days prior to the proposed improvements at La Crescenta Elementary School.

If you have any questions or comments concerning this project, please contact me at (818) 236-4119 or e-mail me at dgould@cvwd.com.

Very truly yours,

CRESCENTA VALLEY WATER DISTRICT

David S. Gould, P.E.
District Engineer

dsg: sdi

Enclosure: Cost sharing agreement with Glendale Unified School District dated 1/23/12

cc: Thomas Love – CVWD

G:\Engineering\D-Jobs\D-12-05\10-inch Line Extension\D-12-05 LA County Fire Flow Letter.doc

GLENDALE UNIFIED SCHOOL DISTRICT
"Preparing our students for *their* future"
223 North Jackson St., Glendale, California 91206-4380
Telephone: 818-241-3111, Ext. 271 • Fax: 818-546-2101

BUSINESS SERVICES

July 1, 2015

Los Angeles County Fire Department
Fire Prevention Bureau
5823 Rickenbacker Road
Commerce, CA 90040

Re.: La Crescenta Elementary School Interim Housing Project

To Whom It May Concern:

The Glendale Unified School District has coordinated with the Crescenta Valley Water District (CVWD) for the installation of fire hydrants and extension of water main that will occur as listed below:

1. Extension of water main by CVWD will occur during GUSD's winter break of 2015, between the days of December 19, 2015 – January 15, 2016.

2. Installation of fire hydrants by GUSD will occur during GUSD's spring break of 2016, between the days of March 18, 2016 – April 1, 2016.

Sincerely,

Robert McEntire
Chief Business & Financial Officer

RM:ks
C: Alan Reising, Administrator, Facilities Planning, Development and Support Operations

GLENDALE UNIFIED SCHOOL DISTRICT
223 North Jackson Street, Glendale, CA 91206-4380
Telephone: 818-241-3111, Ext. 215 • Fax: 818-548-9041

OFFICE OF THE SUPERINTENDENT

June 18, 2015

Crescenta Valley Water District (CVWD)
2700 Foothill Blvd.
La Crescenta, CA 91214

Attn: David S. Gould, P.E., District Engineer

Re: La Crescenta Elementary School, Glendale Unified School District (GUSD)
Fire Hydrant #43 on Prospect Ave.

Dear Mr. Gould:

Per the follow-up meeting you had with our school architect, tBP/Architecture, on Thursday, May 14, 2015, it has been explained by CVWD that fire hydrant #43 is served by a 10" water line to the east and a 3" water line to the west. When these two different sized lines come together at the hydrant, the maximum flow is 895 gpm. L.A. County Fire Department, who has jurisdiction over this hydrant, requires 2,000 gpm. The only way to obtain the required fire flow is to extend the 10" line coming from La Crescenta Ave--the full length of Prospect Avenue and Glenwood Avenue--and connect to the 10" line at Community Avenue. This would update the looped system; therefore, providing more fire flow pressure to meet L.A. County Fire Department requirements.

Many underground fire lines in the City have been known to have low fire flow pressure and currently are in the process to be upgraded by CVWD over the next several years. However, this particular line on Prospect Avenue is not slated for upgrade until about 2015.

Currently, GUSD has many projects into the Division of the State Architect (DSA) for plan review. These projects also fall under special funding requirements set by the State and, if approved for funding, could start construction as early as 2016.

To help expedite the construction and timeline of the extension of this new 10" fire water line, the Glendale Unified School District has agreed to share in the costs with CVWD to put this line in. It is also understood that CVWD will be doing this construction work. Please contact me should you have any questions. Thank you for your consideration

Sincerely,

Richd M Sheehan

Richard M. Sheehan, Ed.D.
Superintendent of Schools

RMS/pfi

GLENDALE UNIFIED SCHOOL DISTRICT
"Preparing our students for *their* future"
223 North Jackson St., Glendale, California 91206-4380
Telephone: 818-241-3111, Ext. 215 • Fax: 818-548-9041

OFFICE OF THE SUPERINTENDENT

May 15, 2015

Los Angeles County Fire Department
Fire Prevention Bureau
5823 Rickenbacker Road
Commerce, CA 90040

Re.: La Crescenta Elementary School Interim Housing Project

To Whom It May Concern:

We are writing to inform you that the interim housing modulars indicated on this plan will be on site no longer than 24 months during the construction of the new classroom building. At the end of the 24 months, the modulars will be removed from the site.

Should you have any questions, please contact Alan Reising, Administrator of Facilities, Planning and Support Operations, at (818) 507-0201. Thank you.

Sincerely,

Richard M. Sheehan

Richard M. Sheehan, Ed. D.
Superintendent of Schools

RMS/pfi

Enclosure

CRESCENTA VALLEY WATER DISTRICT

BOARD OF DIRECTORS - STAFF REPORT

Action Item No. 8

To: Honorable President and Members of the Board of Directors December 8, 2015

From: David S. Gould. P.E. – District Engineer

Subject: **Emergency Electrical Generator at the La Granada Wastewater Lift Station Advertise for Bids, Project S-962**

ACTION ITEM:

1. **Emergency Electrical Generator at the La Granada Wastewater Lift Station, Project S-962 -** Consideration and motion to authorize the General Manager to advertise for bids for the installation of a new emergency electrical generator and appurtenances at the La Granada Wastewater Lift Station with an engineer's estimate for construction of $32,000 and to find said project exempt from the provisions of the California Environmental Quality Act (CEQA).

PROJECT DESCRIPTION:

CVWD has an existing wastewater lift station located at 1901 La Granada Way which provides sewer collection service for about 30 homes. The wastewater lift station has a capacity of 3,000 gallons and the pumps typically run about an hour a day to push wastewater into the collection system.

In case of an emergency, when electrical power is lost, the lift station can hold wastewater for about 2 – 5 hours, depending on the time of day or night, before the wet-well will overflow. To prevent a sewer overflow, alarms have been set to alert the wastewater supervisor via text and phone of the potential overflow. However, there could be a time lag between when personnel are first alerted of the power outage to the time the portable emergency electrical generator is brought to the site, which could result in a sewer overflow.

Staff has been planning to install a permanent emergency electrical generator at the lift station with an automatic transfer switch as part of CVWD's continuing effort for emergency planning and prevention of sewer overflows. This project was included in the FY 15/16 Wastewater Capital Improvement Project budget. The new system will be able to switch to emergency power automatically during a power outage so that the wastewater pumps will remain in service. The system will include alarms which will alert staff of the problem and when the emergency electrical generator goes into service.

The project will also include the installation of a concrete pad for the emergency electrical generator, fencing around the generator, and electrical work to connect the existing electrical panels. In addition, CVWD will purchase the 20kW emergency electrical generator at a cost of about $20,000 which will be installed by the contractor.

The project is located within the Glenhaven Park owned by the City of La Canada Flintridge (LCF) and staff has been working with LCF on the project.

DISCUSSION:

The design and specifications are completed for the project and ready for advertising for bids. The anticipated project schedule is to award a contract at the Board Meeting on January 19, 2016 and construction to begin in mid-February 2016. Construction should be completed in late March 2016. Ms. Christina Olmedo will be the project manager and Mr. Dennis Maxwell will provide field inspection.

Staff is also working on a public outreach program for the project. This will include sending letters within the next two weeks to the residents in the area notifying them of the upcoming project, holding public meetings at the location to explain the project, and sending a second letter two weeks before construction begins. Progress reports on the project will be posted on CVWD's website for residents to check the status and staff will send a press release to the local newspapers about the upcoming construction project.

The construction cost estimate for the project is $32,000 and the entire project costs including purchase of the emergency electrical generator , materials, soils engineer, staff engineering and inspection, and contingencies are estimated at $42,500.

RECOMMENDATION:

It is staff’s recommendation to authorize the General Manger to advertise for bids for the project. Staff will advertise the project in the McGraw-Hill Dodge Construction News and will send out plans to selected contractors.

ENVIRONMENTAL REVIEW:

This project is exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15303 of the CEQA Guidelines. This exemption covers the construction and location of limited numbers of new, small facilities or structures; installation of small new equipment and facilities in small structures; and the conversion of existing small structures from one use to another where only minor modifications are made in the exterior of the structure.

FUNDING AVAILABILITY:

There are sufficient funds available in the following accounts for the project:

Account Description	Amount
FY 15/16 Wastewater CIP– Lift Station	$75,000
Engineer's Cost Estimate for Contractor	<$32,000>
Purchase of 20kW Emergency Electrical Generator	<$20,000>
Additional costs such as material purchase by CVWD, soils engineer, engineering & inspection labor costs & contingency	<$22,500>
Total Engineer's Cost Estimate	**<$74,500>**
Amount Remaining in Water CIP – Distribution System	**$ 500**

Prepared by:

Christina Olmedo
Assistant Engineer

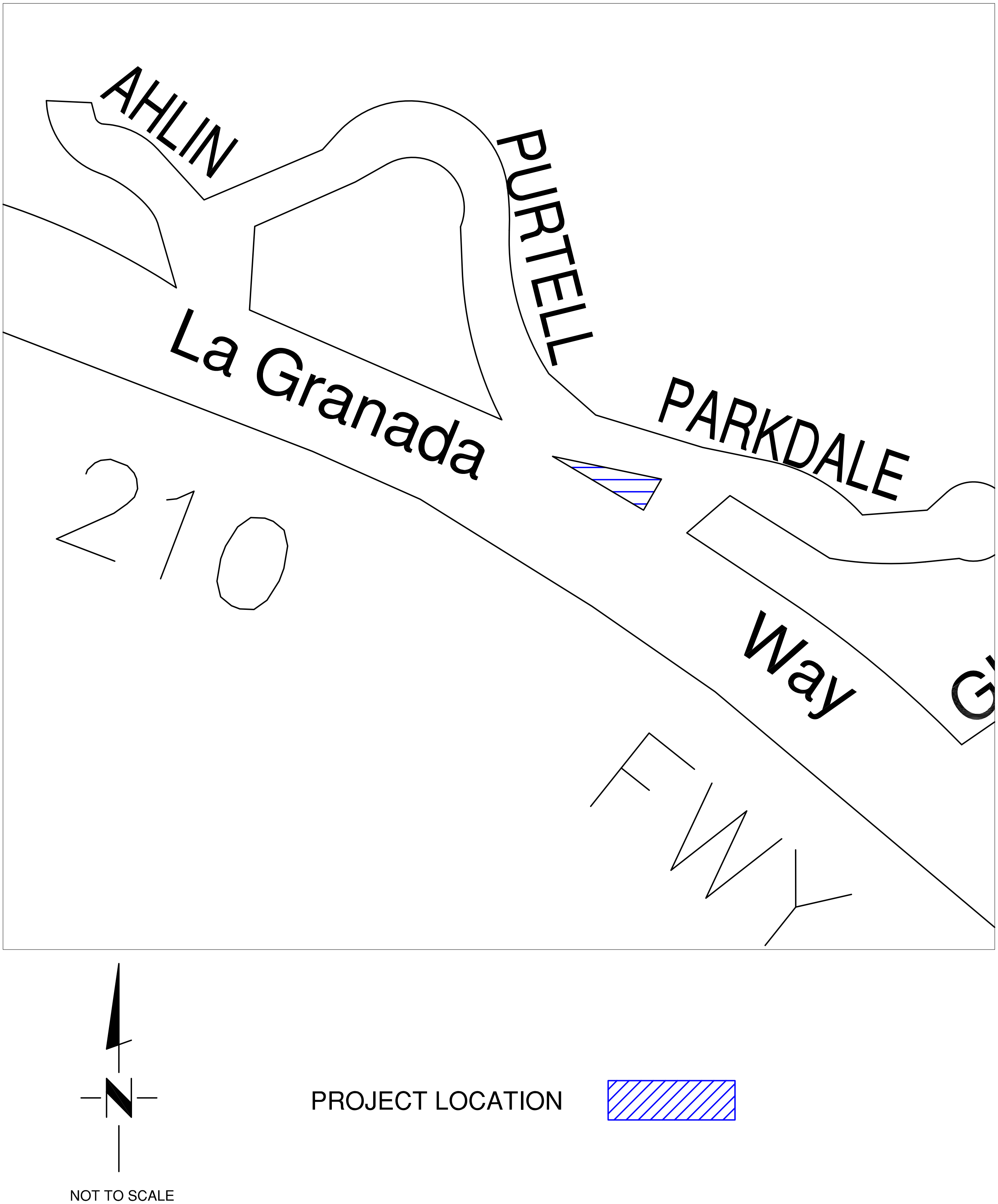
Submitted by:

David S. Gould, P.E.
District Engineer

Attachments:

1. Project Location Map

\\cvfsxx\data\management\board meeting staff reports\2015\12-08-15 board memo - s-962 lift station - ab.docx



CRESCENTA VALLEY WATER DISTRICT

PROJECT LOCATION MAP

INSTALLATION OF EMERGENCY POWER GENERATOR FOR THE LA GRANADA WAY
SEWER LIFT STATION LOCATED AT 1901 LA GRANADA WAY LA CAÑADA FLINTRIDGE, CA 91011, PROJECT S-962

CRESCENTA VALLEY WATER DISTRICT

BOARD OF DIRECTORS - STAFF REPORT

Agenda Item No. 9
December 8, 2015

To: Honorable President and Members of the Board of Directors

From: David S. Gould. P.E. – District Engineer

Subject: **Purchase Agreement for a New Nitrate Removal Treatment System at CVWD's Well 2 and Related Facilities at Ordunio Reservoir, Project E-956**

ACTION ITEM

Purchase Agreement for a New Nitrate Removal Treatment System at Well 2, Project E-956 - Consideration and motion to authorize the General Manager to enter into a purchase agreement with APTwater for the installation of a new nitrate removal treatment system at a cost of $625,000 as part of the Well 2 and Related Facilities project at Ordunio Reservoir.

BACKGROUND:

CVWD has an inactive groundwater well (Well 2) located at CVWD's Ordunio Reservoir site which was drilled in 1927, using the cable tool drilling method to 157 feet below ground surface. CVWD's records show that Well 2 was in service from 1949 to 1976. In 1976, Well 2 was taken out of service due to the MCL for nitrate being lowered from 90 mg/L to 45 mg/L as the nitrate levels were in Well 2 average 50 mg/L and there was a lack of a nitrate removal treatment facility.

CVWD would like to reactivate Well 2 and install a new nitrate removal treatment facility. The project will utilize a local water resource, increase CVWD's ability to use its adjudicated rights within the Verdugo Basin, reduce CVWD's dependence on imported water from MWD, and reduce nitrates levels within the Verdugo Basin.

The nitrate removal treatment facility is an integral part of the project to bring the nitrate levels down to below the MCL. Staff has been working with Mr. Terry Applebury from APTwater on a biological nitrate removal process called *ARoNite Nitrate Treatment System* for Well 2. The system as shown on the attached PowerPoint presentation uses autotrophic bacteria on a microfiltration media to biologically remove nitrates from the production water. This is a different process than the ion-exchange process which CVWD currently uses and there is no brine waste which needs disposal.

APTwater has suggested that this facility would be a pilot program, which can be used to introduce this technology to the Southern California area. The system has been tested at Cucamonga Valley Water District and has received approval from the State Water Resources Control Board – Department of Drinking Water (DDW).

DISCUSSION:

In September, 2015, APTwater submitted a proposal which included engineering, off-site and on-site installation, start-up and testing, and ongoing support of operations for the purchase of the ARoNite Nitrate Treatment System (See attached Proposal). The proposal included 12 months training for CVWD's system operators after the Nitrate Treatment system is approved by DDW at APTwater's expense. Finally, the proposal included a two-year Performance Guarantee that the Nitrate Treatment system will perform as specified or APTwater will remove the system and refund payments made to APTwater.

Staff has been negotiating with APTwater for the past three months on a purchase agreement (see attached purchase agreement) which included the purchase terms and conditions for the new system. The final negotiations included reducing the proposal amount since CVWD was not receiving the full grant amount from DWR. The final negotiated cost for the Nitrate Treatment system is $625,000, which is an 11% reduction from the original $700,000 proposal.

The purchase agreement was also reviewed by CVWD's legal counsel and their comments were incorporated into the attached purchase agreement.

RECOMMENDATION

It is staff's recommendation to authorize the General Manager to enter into the purchase agreement with APTwater. As previously discussed, the IRWM grant process will take longer to get the final grant agreement, but the start date of projects has not changed from April 2016. Therefore, for CVWD to meet this deadline we need to complete the design and advertise for bids within the next four (4) months and the design of the ARoNite Nitrate Treatment System is critical to meeting this deadline.

The following is the payment schedule as shown in the APTwater proposal:

Payment Schedule	Payment Amount	Due Date	Fiscal Year
20% -Invoiced and due immediately with the signed and executed purchase contract.	$125,000	Dec-15	FY 15/16
30% - Invoiced upon CVWD's approval of drawings.	$187,500	Mar-16	FY 15/16
40% - Invoiced upon shipment of the ARoNite system to the project site.	$250,000	Sep-16	FY 16/17
10% - Invoiced within thirty (30) days of completion of equipment installation and successful startup.	$62,500	Feb-17	FY 16/17
Total	$625,000		

ENVIRONMENTAL REVIEW:

N/A

FUNDING AVAILABILITY:

Funding will be available from the Proposition 84 2015 IRWM Implementation Grant and CVWD's FY 15/16 & 16/17 Capital Improvement Project program.

Account Description	Grant Cost Breakdown
2015 IRWM Implementation Grant - Construction Costs	$1,611,000
Amount to be reimbursed from Grant (34%)	*$553,147*
CVWD Costs (66%)	*$1,057,853*
Purchase Amount for ARoNite Nitrate Treatment System	**<$625,000>**
Amount to be reimbursed from Grant (34%)	**<212,500>**
CVWD Costs (66%)	**<412,500>**
Amount Remaining - Construction Costs	$986,000
Amount Remaining – Reimbursement from Grant (34%)	$340,647
Amount Remaining - CVWD Costs (66%)	$645,353

Prepared by:

David S. Gould, P.E.
District Engineer

Submitted by:

Thomas A. Love
General Manager

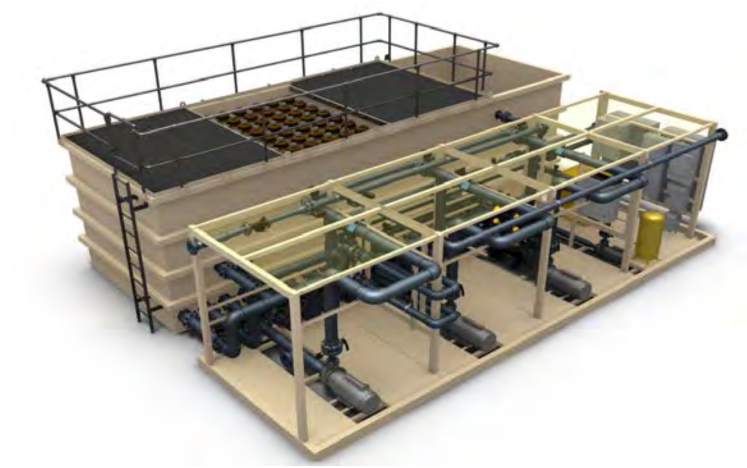
Attachments:

1. PowerPoint presentation - ARoNite Nitrate Treatment System
2. APTwater Proposal dated December 4, 2015
3. Purchase Agreement

Introduction to ARoNite Treatment Technology

What does ARo Technologies stand for?

ARo Technologies –



***A*utotrophic** – an organism capable of making organic molecules from inorganic sources. Examples are plants, algae, some bacteria

***R*eduction** – Chemical reaction in which an electron is gained

***o*f** - Nitrates, Chromium, Selenium and other compounds

Targeting ***A***utotrophic ***R***eduction ***o***f ***N***itrates to elemental compounds, using hydrogen, Carbon Dioxide and electricity as consumables.

In pilot and field testing are:

- **ARoChrome** targeting Cr6+ in water supplies
- **ARoPerc** targeting specific chlorinated compounds in water i.e. ClO4

In Development:

- **ARoSel** targeting Selenium, naturally occurring and from flue gas desulfurization and oil production and refining

What is at the core of the process?

- A novel *natural partnership* between technology and biofilms.
- For the first time, we can deliver H_2 to microorganisms as the electron donor in a safe and efficient manner.

APTwater
Clean Water. No Waste.®

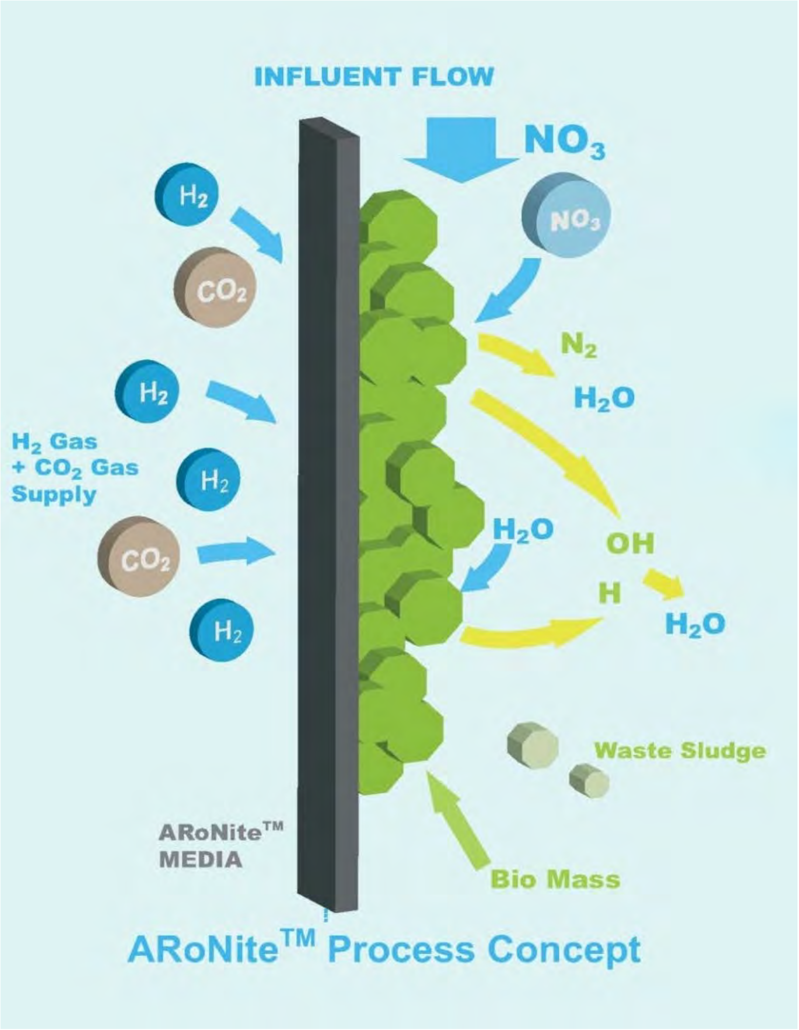
Why Bacterial Reduction Using Hydrogen?

Major advantages over organic e^- donors (heterotrophic)

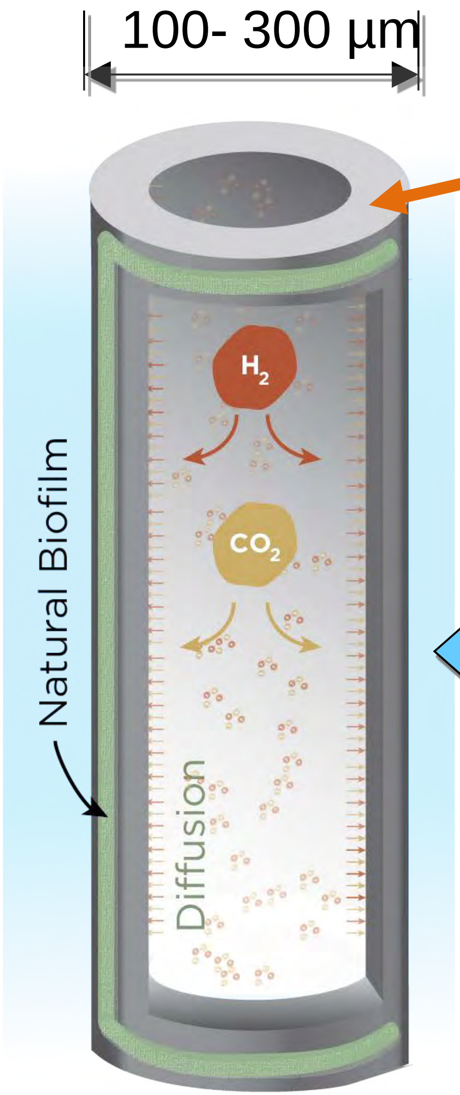
- H_2 supports autotrophic bacteria, which use bicarbonate as their Carbon source; thus, no organic Carbon source must be added.
- Relatively low-cost electron donor that is commercially available as a bulk chemical or can be generated on-site.
- No toxicity to humans.
- Low biomass yield, producing less biomass that must be wasted.
- Based on growing microbiology research, H_2 should be available as donor for virtually all oxidized contaminants.

ARo – How the Biology Works

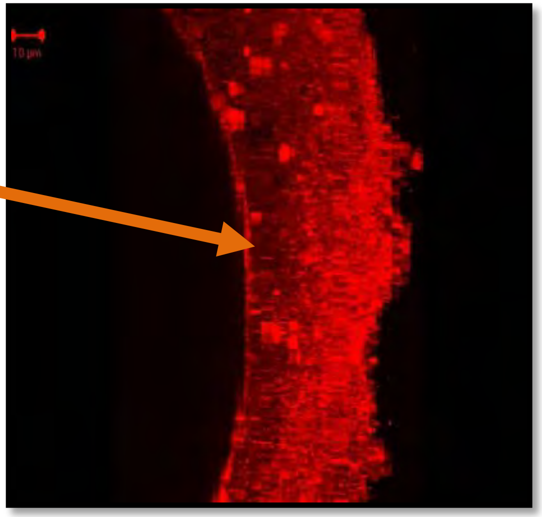
- Hydrogen gas based technology – H_2 is an electron-donor for the microorganisms to biologically reduce contaminants
- The surface of the fabric provides an environment for the microorganisms to grow and thrive as a biofilm
- ARo Tech biologically reduces contaminants:
  - Nitrate to → N_2 gas
  - Perchlorate → Cl^- ion
  - Cr (VI) → Cr(III) solids
  - Selenate → Se (0) solids



Biofilm supported on a bubble-less gas-transfer fiber



Biofilm consumes H_2 on demand from hollow fiber surface



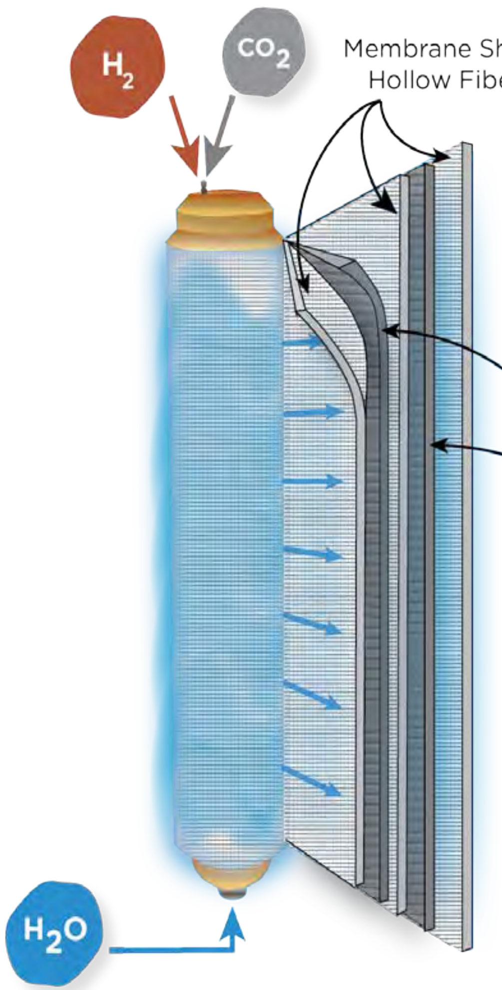
Water

O_2, NO_3^-, ClO_4^-

Polypropylene Hollow Fiber Membrane

How the ARo Reactor Works

- Naturally occurring biology grows on the surface of a gas diffusion membrane sheet woven of a proprietary hollow fibers
- Several of these sheets are spiral wound around a water feed tube with a water channel spaced between the sheets
- Hydrogen and Carbon Dioxide are fed to the lumen of the membrane fibers
- Water passes between the sheets, making contact with the bio-film
- Nitrates are reduced to Nitrogen and Water
- Over time, cells fall off into water and are filtered
- Automated purge cycle prevents fouling



ARo – How the System Works

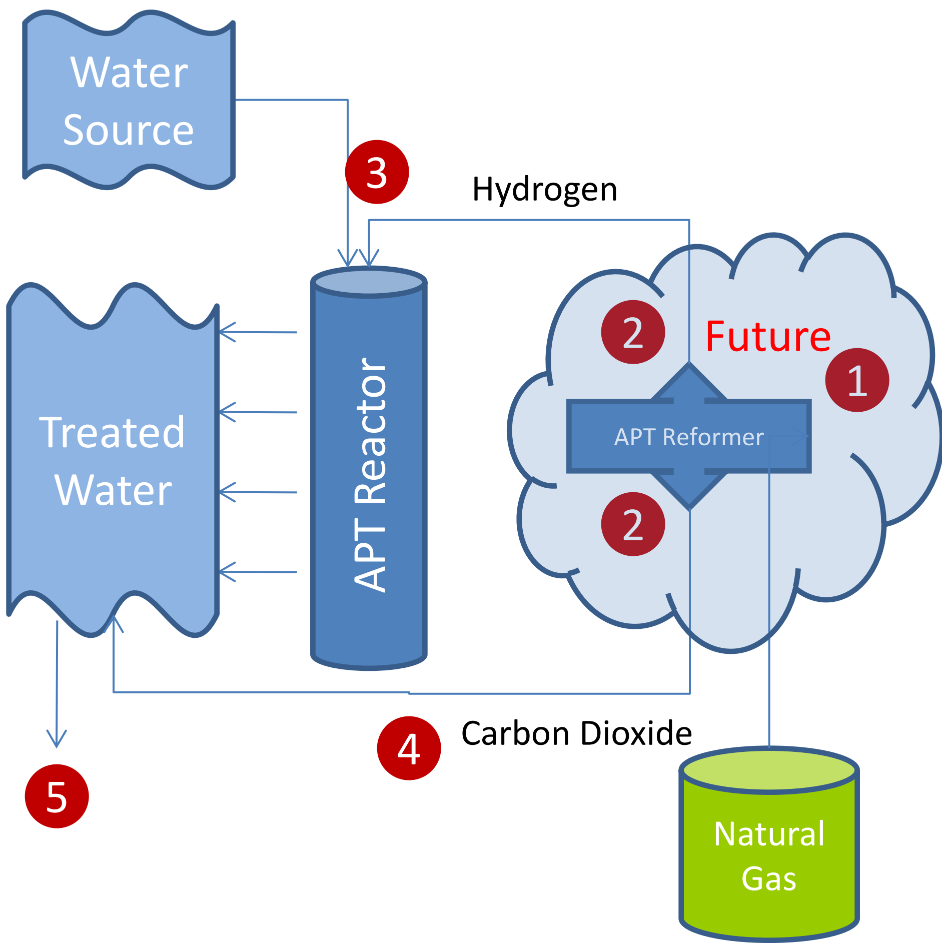
1 Natural gas (methane) is fed to a steam-methane reformer (Future)

2 The reformer splits the methane into Hydrogen and Carbon dioxide (Future)

3 The Hydrogen is fed to the APT Reactor which feeds the Hydrogen to a biofilm. The biofilm consumes the Hydrogen and the target contaminant from the water

4 The Carbon Dioxide is used for pH control.

5 Treated water is filtered and/or disinfected using conventional technologies.



ARoNite Installation Cucamonga Valley Water District

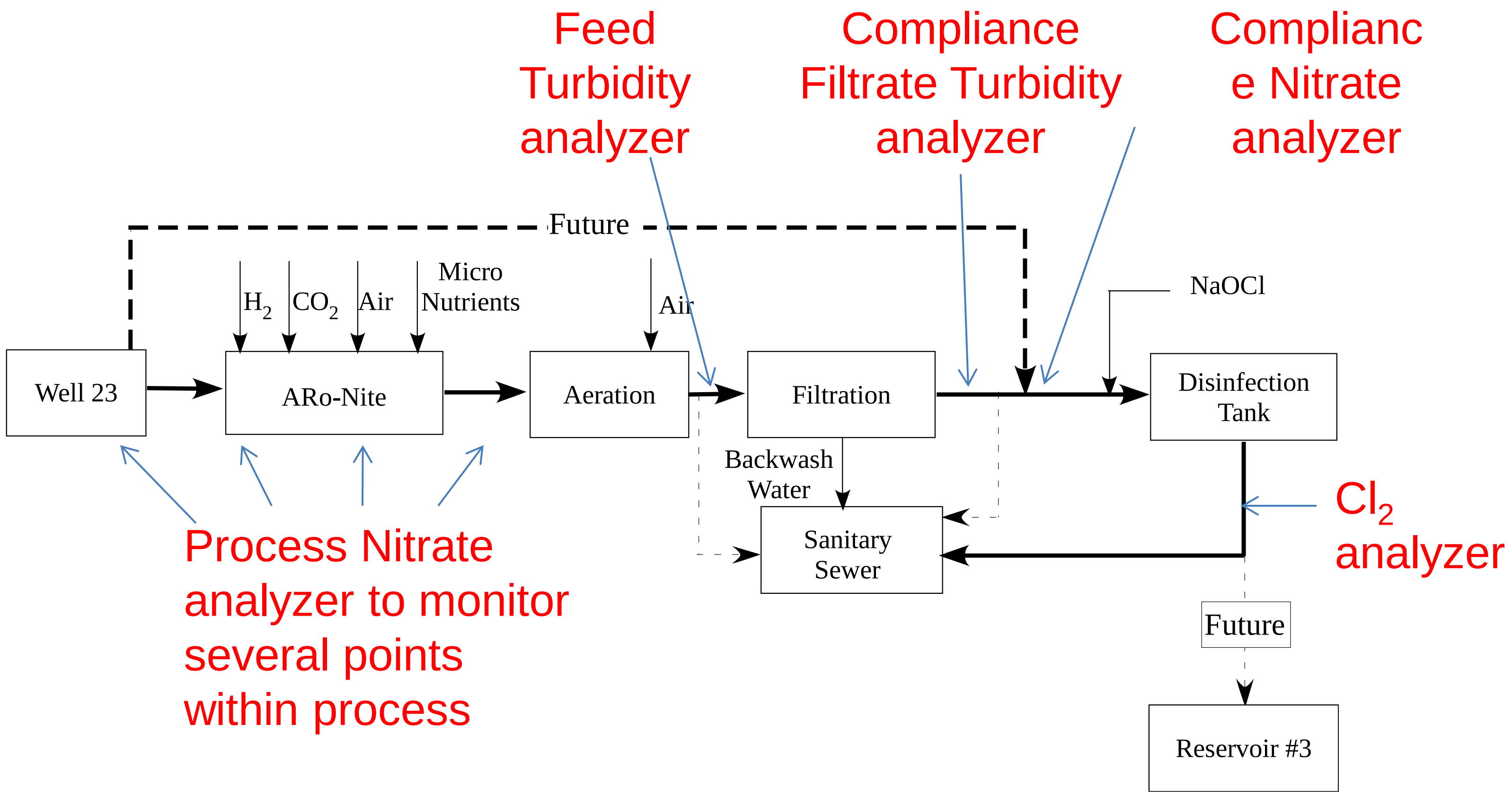
Drinking Water Well #23
Water-by-the-Gallon (DBOOM) Denitrification

Project Details:

- Client has 12 out of 30 wells shut down due to nitrate contamination
- All well are high in nitrate >70 ppm
- Target nitrate <31 ppm
- Two step contract
  - Step 1: Start up and run 125 gpm
  - Step 2: Expand plant to 650 gpm
- Plant has been commissioned
- CDPH permit received Summer 2013

APTwater Clean Water. No Waste.®

ARoNite Process Overview and Monitoring Points



Take Away:

- Clean water no, waste
  - Meets regulatory requirements for Nitrate
  - Very low biomass compared to carbon based system
  - Adds no organic residual
  - No brine or RO reject
  - Self regulated demand of hydrogen
  - Uses indigenous bacteria, no seeding required
  - NSF certification
  - Completed qualification with California Department of Health for drinking water applications
  - Life cycle costs lower than RO and IX

Hi-Performance Treatment Option

THANKS FOR YOUR TIME!

Comments, Suggestions, Questions?

tapplebury@live.com
daviddfreise@gmail.com

Nitrate Reduction

Proposal for:

Crescenta Valley

Water District

Draft Proposal No: P 100

APTwater, LLC
1921 Arena Blvd
Sacramento California 95834

Proprietary Notice:

This proposal includes confidential information of APTwater, LLC, which is provided for the sole purpose of permitting the recipient to evaluate the proposal, submitted herewith. In consideration of receipt of this document, the recipient agrees to maintain such information in confidence and not reproduce or otherwise disclose the information to any person outside the group directly responsible for evaluation of its contents, except that there is no obligation to maintain the confidentiality of any information that becomes publicly known through no fault of recipient. By receiving and accepting this proposal, recipient agrees to the stated terms.

December 4, 2015

Mr. David Gould
District Engineer
Crescenta Valley Water District
2700 Foothill Blvd
La Crescenta, CA 91214

Dear David,

On behalf of APTwater LLC, I am pleased to present our nitrate reduction service proposal for the Crescenta Valley Water District. The proposed APTwater service program includes site mobilization, engineering, commissioning and ongoing support of operations for an ARoNite Treatment System at the Lowell Avenue location.

The scope of this proposal is specially designed to meet your specific water quality parameters and requirements. Our ARoNite system will provide a consistent, reliable source of clean drinking water. As you read through this proposal, please consider that our treatment creates no waste brine stream,

Some specific benefits of the APTwater ARoNite system are,

- A simple, cost effective solution
- Environmentally friendly approach
- No brine or concentrated waste stream
- Remote access and control of equipment
- Nitrate is destroyed rather than concentrated
- Uses indigenous bacteria - no seeding required
- Uses hydrogen gas as a food source for the bacteria that will be generated on-site
- Meets and exceeds federal drinking water standards for drinking water

Please keep in mind that your site specific water quality was taken into consideration and our approach offers a system capable of treating 150 GPM of water. Feel free to contact me should you have any questions.

Best Regards,

Terry Applebury
APTwater, LLC

Well 2 - Design Considerations

- Flow Capacity (GPM): 150
- Treatment Objective: Nitrate
- Treatment Option: ARoNite
- Influent Nitrate as NO_3 in mg/l: 50
- Effluent Nitrate as NO_3 in mg/l: 30
- Minimum annual water treatment to be supplied by this system in acre feet is 218/yr

APTwater Scope of Supply

APTwater will supply a complete ARoNite system, all parts and labor associated with the system, and ongoing operations and maintenance of the system at Lowell Avenue site. Specifically, this includes an ARoNite biological reduction system consisting of:

- Feed tank and pump
- Preassembled module skid complete with internal module connections and pumping system
- Preassembled aeration and filtration skid
- Backwash equalization and recovery tank and pump
- Disinfection pump and CT contact tank
- On site Hydrogen Generation system
- Air compressor for installation in the owners building
- Preassembled spool piece piping to connect the above preassembled skids

The above equipment will include built in control capability including:

- Allen Bradley control PLC
- Control programing required to run the system
- Color touch screen display for human-machine control interface
- Epoxy powder coated carbon steel UL listed, NEMA 4 enclosure
- SCADA communications
- All necessary I/O points
- All necessary safety interlocks
- On-line Turbidimeter
- On-line Dissolve Oxygen meter
- Two On-line Nitrate analyzers
- Two On-line Chlorine residual chlorine analyzers
- Three hydrogen detectors and safety shutdown interlocks

Engineering & Design

Engineering design documents complete with;

- Process Flow Diagrams
- Process and Instrumentation Diagrams
- General Arrangement and elevation drawing including all dimensions, weights and tie in points

Electrical Load List, electrical schematics (One-Line Diagram), detailed electrical schematics and concrete pad layout and niceties

Installation, Startup and commissioning:

- It is expected that APTwater will supervise the owner's site construction contractor to off load and place the APTwater equipment on the owner's concrete pads.
- APTwater will supervise installation of the prefabricated connecting piping.
- APTwater will preinstall as much of the control instrumentation as possible
- APTwater will supply tubing, wire and work with the site contractor to make the rest of the tubing and electrical and tubing connections required.
- APTwater will install the modules in the module skid.
- APTwater will install the filtration media in the filtration vessels.
- APTwater will work with the site contractor to make owner supplied connections for inlet water, product water, power, natural gas and the sewer connection.

Mechanical and electrical installation of the system on site at pre-designated area with water, power and sewer connections tie in points provided by CVWD at the concrete pad where shown on the drawings

Ongoing Operations and Maintenance:

Operations assistance, Training & Maintenance labor associated with operation of the ARoNite system for the time period required to get the operation permit.

Pricing

Per attached AroNite purchase Terms and Conditions

ARoNite Treatment System Price: **$625,000 plus freight and applicable taxes**. Freight will be invoiced at actual cost (no mark-up) and is estimated at $7000.

PAYMENT TERMS

APT will invoice for the equipment and services described herein are as follows:

- 20% invoiced and due immediately with the signed and executed purchase contract.
- 30% invoiced upon Owner's approval of drawings.
- 40% invoiced upon shipment of the ARoNite system to the project site (or within sixty (60) days of receipt of a Notification of Delivery, whichever occurs first).
- 10% invoiced within thirty (30) days of completion of equipment installation and successful startup (or within ninety (90) days of Notification of Delivery, whichever occurs first).

ONGOING TREATMENT COST PROJECTION

Power	$130/acre-ft	assuming $.18/kwh
Consumables	$40/acre-ft	
Parts	$38/acre-ft	
Module replacement	$86/acre-ft	assuming a 7yr life on the modules
Total	$283/acre-ft	

SPECIAL CONSIDEREATION

To insure project success we will install and provide, training, operation assistance as needed at our expense for 12 months. The 12 month period ("Initial 12-month period") shall commence once system is feeding well water and hydrogen. After the Initial 12-month Period we will remain available on an on-call basis and will invoice according to the attached labor rate schedule.

OPTIONAL SERVICES

Preventive Maintenance/Remote Monitoring required for performance guarantee.

Prior to the granting of the operating permit APTwater will be allowed full access to the site and to remotely monitor and operate the system. After the operating permit is received APTwater will be allowed to access but not operate the SCADA system via the internet to remotely monitor the system, inform the customer of any alarms or shutdowns, log data, and provide operating recommendations (as necessary).

Following the Initial 12-month Period and upon request, APTwater also offers the following services at $TBD/month plus travel expenses

APTwater can provide personnel to perform routine preventive maintenance as a functional and operational check of the system. Typical functions include repairing any leaks, adjusting operating parameters, and general maintenance. This service is offered at one visit per quarter.

PERFORMANCE GUARANTEE

Subject to the successful completion of the demonstration test and successful receipt of the operating permit , APTwater guarantees that the treatment system, designed and constructed in compliance with the treatment system requirements described in this proposal, shall remove at least 36 pounds of nitrate per full operating day and produce water fully compliant with drinking water standards for a two year period from the date the operating permit is received:

(a) CLIENT stores, operates and maintains the treatment system in accordance with the design criteria and APTwater's operations and maintenance (O&M) requirements as specified in the treatment system O&M manual;

(b) CLIENT does not subject the treatment system to unusual wear and tear; and

(c) APTwater is engaged for the term of this guarantee period to provide periodic preventative maintenance support services (to be specified under a separate service agreement).

Technical Clarifications

- Inlet water quality must be free of other contaminants that would prevent drinking water compliance for this proposal to be binding.
- Customer to provide water service size, temperature, water quality, and pressure information.
- Customer to provide accurate site and or building dimensions and elevations.
- Customer to provide required system discharge pressure information.
- Customer to provide appropriate power, sewer, natural gas, and water connection to the system.

1. Complete assemblies are defined as "factory pre-assembled." Otherwise, all system components reflected in the above scope will be supplied as loose items and will be assembled and INSTALLED in the field in accordance with APTwater recommendations.
2. After the system is installed in the field APTwater will install the modules and the filtration media

Owners Responsibility (but not limited to)

- Concrete pads for feed tank, module skid, aeration, filtration skid, backwash tank, disinfection tank, CO2 bulk tank, natural gas/hydrogen generator system
- Underground sewer lines to capture tank drains, off-spec or intentionally-diverted flows
- Utility supplies (natural gas, power, well water, city drinking water)
- Piping of disinfected product to reservoir
- Building for chemical dosing equipment, air compressor, MCC and field lab testing and operations room
- Process control interface into CVWD system
- Civil, Structural, Architectural and Design work of any kind not related to our scope.
- Electrical power & Motor Control Center.
- All testing and system verifications other than APTwater standards.
- Painting or special finishes other than manufacturers' standard.
- Any consumables or chemicals required for start-up and operation other than ARoNite process.
- All items not specifically listed in the Scope of Supply above.

APTwater, LLC		Crescenta Valley Water District	
By:	___________________	By:	___________________
Title	___________________	Title	___________________
Signature	___________________	Signature	___________________
Date	___________________	Date	___________________

ARoNite Equipment

Purchase Terms and Conditions

These Purchase Terms and Conditions shall form an express part of APTwater, LLC ("APTWATER") Proposal to Crescenta Valley Water District ("CVWD") to which they are attached. When accepted by CVWD and properly executed by authorized representatives of both parties, the Proposal, taken together with these Terms and Conditions, shall form a binding Purchase Agreement by and between the parties. Terms and conditions contained in any purchase order or other instrument issued by CVWD for the subject project shall be null and void and of no force or effect.

1.0 AGREEMENT TO DESIGN, CONSTRUCT, DELIVER AND START-UP TREATMENT SYSTEM

1.1 Within and subject to the project schedule set forth in the **Proposal dated December 4, 2015**, APTWATER agrees to and shall:

(a) Design, construct and deliver to the project site, a finally completed treatment system constructed in a good, substantial, and workmanlike manner which complies in all respects with the Proposal;

(b) Subsequent to the receipt, offloading, placement, and proper installation of the treatment system by CVWD, start-up the treatment system in accordance with the treatment system operations and maintenance manual; and

(c) Provide training to CVWD's personnel in the proper operation and maintenance of the treatment system.

2.0 PURCHASE PRICE; PAYMENTS; TAXES; INVOICES; TRANSFER OF TITLE

2.1 In consideration of APTWATER's timely performance of its obligations set forth in this Purchase Agreement, CVWD agrees to and shall pay APTWATER the Purchase Price as defined in the Proposal. The Purchase Price shall be exclusive of all taxes, freight, duties, and transit insurance, unless otherwise specified. CVWD will pay the Purchase Price to APTWATER in installments as specified in the Proposal, regardless of whether an invoice is first delivered by APTWATER.

2.2 CVWD will be invoiced for support services associated with the operation of the treatment system after the initial 12 month period as described in the proposal. Ongoing support service may include periodic operations and maintenance services; and non-warranty repair services as described in the Proposal. Support services shall be invoiced in accordance with APTWATER's Labor Rates and Reimbursables Schedule attached to the Proposal. Unless otherwise stated in the Proposal, invoices shall be payable net thirty (30) days from the date of invoice receipt.

2.3 CVWD will be responsible for payment of all taxes related to purchase of the treatment system, including, but not limited to sales, use and property taxes.

2.4 Any material changes to the scope of work defined in the Proposal, including modifications to the treatment system design that are required by CVWD shall require a written amendment to the Purchase Agreement in accordance with Article 24 of this Agreement. The parties shall cooperate in good faith to enter into such written amendment including the determination of any required price or schedule adjustment.

2.5 If CVWD has any objections or disputes regarding an invoice, CVWD agrees to notify APTWATER in writing within ten (10) business days of receiving such invoice. Both parties agree to work in good faith to resolve any invoice disputes. If any such dispute cannot be resolved within sixty (60) days, either party may take action under Article 19.0, Dispute Resolution.

2.6 All undisputed invoice amounts not paid in full within the specified time frame shall be considered delinquent. Interest will be charged on all delinquent amounts at a monthly rate of one and one-half percent (1.5%) per month or the lawful maximum rate, if lower. If any payments are not made in accordance with the payment schedule presented in the Proposal, APTWATER has the right to suspend all further work until the CVWD's account is paid-up in full or may declare CVWD in default of this Purchase Agreement and take action in accordance with Article 13.0, Termination for Cause.

2.7 APTWATER shall maintain a security interest in all goods provided under this Purchase Agreement until such time as the final installment and any invoices for additional services are paid in full. Within five (5) business days after CVWD's tender of the final installment of the purchase price and all other outstanding invoices for related services, APTWATER will execute and deliver to CVWD a Bill of Sale selling, transferring, and assigning to CVWD (or to its assignee or nominee) title to the treatment system, free and clear of all security interests, leases, and liens.

3.0 PROJECT IMPLEMENTATION SCHEDULE

3.1 CVWD and APTWATER agree to work together to develop a mutually agreeable project implementation schedule for the design, construction, delivery, installation and start-up of the treatment system. APTWATER is not obligated to proceed with implementation of the project until a fully executed copy of the final Purchase Agreement and any required initial payments are received.

4.0 CWVD'S SITE PREPARATION OBLIGATIONS

4.1 Prior to the date that APTWATER delivers the treatment system to the project site, CVWD shall complete (at no cost or expense to APTWATER) the site preparation activities specified in the Proposal. All connections to the treatment system, as prescribed by APTWATER, must be completed by CVWD in accordance with the project schedule contained in the Proposal in order to avoid a CWVD-caused delay, as described in Article 8, below.

5.0 EQUIPMENT DELIVERY

5.1 Unless otherwise stated in the Proposal, when the treatment system is ready for delivery, but not less than ten (10) business days in advance of the date, APTWATER intends to deliver the treatment system to the project site, APTWATER shall deliver written notice to CVWD of the treatment system availability and intended date of delivery ("**Notification of Delivery**").

5.2 Unless otherwise specified in the Proposal, the completed treatment system shall be shipped to the project site F.O.B. shipping point. APTWATER will arrange for delivery of the treatment system to the project site on CVWD's behalf, including scheduling the pick-up and transport of the treatment system. APTWATER requires "All Risk" transit insurance coverage while the treatment system is in transit, which will begin when the treatment system is tendered to the carrier and will terminate upon delivery of the treatment system to the project site. All risk and liability for loss or damage to the treatment system, for the injury or death of any person, for the loss of property and for all other risks and liabilities arising from the possession, use, transportation, or storage of the treatment system shall pass to CVWD upon placement of the treatment system for shipment at the shipping point. All delivery charges, including freight, transit insurance, duties, and applicable taxes will be the responsibility of CVWD. As appropriate, APTWATER shall prepay and add such expenses to the CVWD invoices.

5.3 Upon receipt, CVWD shall immediately inspect the treatment system to identify any evidence of damage associated with shipment to the project site. CVWD shall immediately notify APTWATER and the carrier. CVWD shall be responsible for handling any damage claims. Barring the occurrence of any significant damage to the treatment system while in transit, CVWD shall, in accordance with the schedule contained in the Proposal, proceed with the proper installation and connection of the treatment system to all required utilities and tie points as specified by APTWATER.

6.0 TREATMENT SYSTEM START-UP AND OPERATOR TRAINING

6.1 In accordance with a mutually agreed upon project schedule by APTWATER and CVWD, APTWATER shall visit the project site to inspect the installation of the treatment system and conduct the start-up of the equipment in accordance with the operations and maintenance manual. As part of the start-up process APTWATER shall observe and document the operability of all major subsystems, tune and adjust equipment settings, and collect ARoNite influent and effluent water samples once the treatment system has stabilized. All analytical testing and temporary storage of any process water, if required, shall be arranged for and paid by CVWD. Analysis of the water samples shall be conducted on a 24-hour rush basis by a certified analytical laboratory so that results can be promptly obtained and evaluated, and if appropriate, additional tuning performed. All analytical test results shall be shared by CVWD with APTWATER.

6.2 As part of the start-up and commissioning of the treatment system, APTWATER shall provide CVWD personnel with proper training on how to properly start-up, operate, maintain, and shutdown the treatment system. Training on basic operator-level troubleshooting of the treatment system shall also be provided.

7.0 OPERATIONS & MAINTENANCE MANUAL

7.1 At the time APTWATER delivers the treatment system to the project site, APTWATER shall also deliver two electronic (PDF format on CD- ROM) copies of an Operation and Maintenance manual including manufacturer's catalog cuts and manuals for each piece of equipment and component on the system.

8.0 DELAYS AND SUSPENSIONS

8.1 If at any time prior to completion of construction of the treatment system, as evidenced by the issuance of the Notification of Delivery, CVWD delays or suspends the completion of the treatment system for a period of thirty (30) days or more, APTWATER shall have the right to issue an invoice and demand payment for all costs incurred to date, including reasonable costs, such as storage costs, to implement and maintain the delay or suspension.

8.2 In the event shipment of the treatment system is postponed or delayed at CVWD's request after Notification of Delivery is issued, the installment payment due upon Notification of Delivery, if any, shall still be due. In addition, CVWD shall pay APTWATER storage fees at APTWATER's then current storage rates. If storage of the treatment system is required for sixty (60) days or more after Notification of Delivery, the remaining installment payments shall be due and CVWD shall take possession of the treatment system. A Bill of Sale shall be issued to CVWD after all monies due are paid in full.

8.3 If at any time prior to completion, a delay is caused by APTWATER's failure to deliver or a suspension of the project caused by APTWATER, CVWD shall not be required to make any additional progress payments as outlined in the proposal.

8.4 If said failure has been cured by APTWATER within thirty (30) business days following said APTWATER delay or suspension, then CVWD will resume progress payments as outlined in the proposal.

8.5 If, subsequent to delivery of the treatment system to the project site, APTWATER is unable to commence the start-up of the equipment in accordance with the project schedule, or once commenced is unable to complete the start-up due to the failure of CVWD to comply with its obligations set forth in Article 3 of this Purchase Agreement, APTWATER shall promptly deliver written notice of such failure to CVWD.

8.6 If said failure has not been cured by CVWD within thirty (30) business days following receipt of said written notice, then the start-up shall be deemed to have been successfully completed for the purpose of payment. A Bill of Sale shall be tendered to the CVWD upon receipt of the final Installment and any other monies due. If so requested by CVWD in this case, and upon final payment by the CVWD, APTWATER will reschedule and complete the treatment system start-up and operator training at the earliest mutually agreeable date. Any additional, out of scope labor and travel costs associated with return trips to the site due to CVWD- caused delays during the start-up period shall be for the account of the CVWD.

8.7 Regardless of any CVWD caused delays, the mechanical warranty period described in Article 9 shall commence upon delivery of the treatment system to the project site.

9.0 MECHANICAL WARRANTY

9.1 APTWATER hereby warrants to CVWD the following:

(a) The treatment system shall be free from defects in materials and workmanship, under normal and proper use, for a period of twelve (12) months from the date of delivery of the treatment system to the project site or fifteen (15) months from the date of Notification of Delivery, whichever occurs first, provided that this warranty shall only be effective if the treatment system installation is conducted in accordance with guidelines and requirements contained in drawings or other engineering documents provided by APTWATER and the start-up of the treatment system is <u>supervised or conducted</u> by APTWATER.

(b) APTWATER's sole liability under this Mechanical Warranty shall be limited to repairing or replacing the equipment that is defective. APTWATER shall repair or replace, at APTWATER's sole cost and expense, any component of the treatment system that is found to be defective in materials or workmanship during the Mechanical Warranty period. The decision whether to repair or to replace defective materials shall be APTWATER's.

(c) Any repairs or replacements that are required as a result of CVWD's failure to store, operate and maintain the treatment system in accordance with the treatment system operations and maintenance manual or the result of misuse or neglect of the treatment system by CVWD shall be for the account of CVWD. No allowance shall be granted for repairs or alterations made by the CVWD without APTWATER's prior written consent. The Mechanical Warranty shall not apply to parts which have been altered from their original state by either the CVWD or any third party.

(d) This Warranty shall not apply to products, components, accessories, parts, or attachments manufactured by others; said products, components, accessories, parts or attachments being subject to the actual manufacturer's warranty, if any, which APTWATER will pass onto CVWD. Unless otherwise stated herein, APTWATER does not represent that the components manufactured by others are covered by any warranty whatsoever.

(e) **THIS WARRANY IS IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, ARISING BY LAW OR OTHERWISE INCLUDING WARRANTY OF MERCHANTABILITY AND WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE, AND IN LIEU OF ALL OTHER LIABILITIES OF SELLER, INCLUDING DIRECT, INDIRECT, SPECIAL AND CONSEQUENTIAL DAMAMGES OR PENALTIES, EXPRESSED OR IMPLIED, WHETHER ARISING OUT OF CONTRACT, NEGLIGENCE, OR TORT.**

10.0 TREATMENT SYSTEM PERFORMANCE GUARANTEE

10.1 Subject to the successful completion of the demonstration test and successful receipt of the operating permit, APTWATER guarantees that the treatment system, designed and constructed in compliance with the treatment system requirements described in this proposal, shall remove at least 36 pounds of nitrate per full operating day and produce water fully compliant with drinking water standards for a two-year period from the date the operating permit is received:

(a) CVWD stores, operates and maintains the treatment system in accordance with the design criteria and APTWATER's operations and maintenance (O&M) requirements as specified for the treatment system;

(b) CVWD does not subject the treatment system to unusual wear and tear; and

(c) APTWATER is engaged for the term of this guarantee period to provide periodic preventative maintenance support services (to be specified under a separate service agreement).

10.2 The treatment system will treat water within the influent design criteria described in the Proposal. Any other contaminants, influent conditions, or design criteria are expressly excluded from this process guarantee.

10.3 As described in Article 6 above, influent and effluent water samples will be tested during the treatment system start-up to demonstrate and verify attainment of the discharge requirements specified in the Proposal. Any costs incurred to modify the treatment system to meet the discharge requirements, so long as the water to be treated is within the influent design criteria, will be the responsibility of APTWATER. Any modifications that are required to meet the treatment system discharge requirements for an influent stream that is outside the design criteria will be at CVWD's expense and are outside the scope of this Purchase Agreement.

10.4 In the event that the treatment system cannot be adjusted or modified by APTWATER to meet the discharge requirements defined in the Proposal, and provided that the influent water does not contain a contaminate other than nitrate, APTWATER will remove the system from the site and refund payments made to APTWATER for the purchase of the equipment. This performance guarantee refund does not include costs for utilities, chemicals, site preparation, engineering, equipment mobilization or incidentals. Before removing the treatment system, APTWATER shall have a minimum of one hundred and twenty days (120) to cure any defects in the equipment or treatment system performance prior to removing the equipment.

11.0 INSURANCE

11.1 APTWATER shall, at no cost or expense to CVWD, obtain and keep in full force and effect until expiration of the Mechanical Warranty in Article 9 and the Performance Guarantee in Article 10, the following minimum insurance coverages:

Coverage	Limits
Workers' Compensation	Statutory
Employer's Liability	$1,000,000 each occurrence
General Liability	$1,000,000 each occurrence
(Bodily injury)	$2,000,000 aggregate
General Liability	$1,000,000 each occurrence
(Property damage)	$2,000,000 aggregate
Automobile Liability	$1,000,000 combined
(Bodily injury)	Single limit
Automobile Liability	$1,000,000 each occurrence

12.0 INDEMNIFICATION

12.1 APTWATER shall defend, indemnify, and hold harmless CVWD and its agents, officers, directors, and employees (**"CVWD Indemnified Parties"**) from and against any and all claims, liability, losses, liens, penalties, damages, cost or expenses, including attorney's fees, to the extent arising out of the negligent acts, errors or omissions of APTWATER, its officers, agents, employees, Sub-tier Subcontractors, and anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable, in the performance of its obligations under this Purchase Agreement.

12.2 CVWD shall defend, indemnify, and hold harmless the APTWATER and its agents, officers, directors, and employees (**"APTWATER Indemnified Parties"**) from and against any and all claims, liability, losses, cost or expenses, including attorney's fees, to the extent arising out of the negligent acts, errors or omissions of CVWD, its officers, agents, employees, contractors, and anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable, in the performance of its obligations under this Purchase Agreement.

13.0 TERMINATION FOR CAUSE; DEFAULT

13.1 A default under this Purchase Agreement shall be deemed to have occurred when one of the parties has materially breached a provision of this Purchase Agreement and, such party having first received written notice setting forth the nature of the alleged breach, has not cured said breach within thirty (30) days after notification thereof. Either party may terminate this agreement as a result of a default by the other party.

13.2 In the event of a default by APTWATER, CVWD shall exercise one of the following options:

(a) Require APTWATER to remove, at its own expense, the treatment system from the Site and refund any monies paid hereunder by CVWD to APTWATER for the treatment system;

(b) Finish the work itself or with the use of other contractors in which event APTWATER shall be responsible for reasonable costs incurred by CVWD to complete APTWATER's obligations under this Purchase Agreement that are above the Purchase Price defined herein.

13.3 In the event of default by CVWD, APTWATER shall be entitled to compensation for all costs incurred up to the date of termination including all reasonable costs and expenses incurred by APTWATER to terminate and wind down its work efforts; to cancel or return any materials, supplies, parts or components; as well as a termination fee equal to 15% 25% of the total costs incurred by APTWATER. APTWATER shall have the right to repossess the treatment system from CVWD in the event CVWD is unwilling or unable to pay termination costs due to APTWATER.

14.0 FORCE MAJEURE

14.1 Neither APTWATER nor CVWD shall be liable for any delay or failure in its performance of any of the acts required by this Purchase Agreement, and a delay shall not be deemed to have occurred, if such delay or failure arises due to causes beyond the control and without the fault or negligence of such party, provided that such party promptly notifies the other party in writing of such delay or failure. Such causes include, but are not limited to, acts of God, acts of public enemies, labor disputes, strikes or riots, fire, flood or other natural causes, or acts of federal, state, or local government (exclusive of regulatory agency permitting delays).

15.0 CONFIDENTIALITY

15.1 In connection with the business transaction between the parties as set out in this Purchase Agreement, APTWATER agrees that it shall:

(a) Keep all information pertaining to the terms, conditions and disclosures set forth in this Purchase Agreement and the condition of the project site and/or the groundwater underlying the project site confidential ("**Confidential Information**") using the same care and caution it affords its own confidential information, but no less than a reasonable degree of care;

(b) Not reproduce the Confidential Information except as needed to carry out its obligations under this Purchase Agreement; and

(c) Not disclose any Confidential Information to any third person or entity without prior written consent of CVWD; provided, however, Confidential Information may be disclosed if: (i) necessary for APTWATER to perform its obligations hereunder, or (ii) with respect to Confidential Information which is publicly known or later made public through no wrongful act of APTWATER or is required to be disclosed by operation of law.

15.2 CVWD shall not unreasonably withhold use of pertinent site-specific Treatment system performance information in APTWATER technical papers, presentations or other forms of communication directly related to use and operation of the ARoNite system on the project site.

15.3 CVWD acknowledges that APTWATER has expended considerable resources and funds to develop, manufacture, and market the Treatment system and has been granted patent(s) for the particular technology and process. APTWATER desires to maintain the confidentiality of certain trade secrets and proprietary information relative to the Treatment system provided hereto. CVWD agrees to take every precaution, to the extent practical, to keep in confidence all confidential proprietary information which it may gain access to in the course of owning and operating the subject Treatment system and to refrain from divulging, communicating, or using same to the detriment of APTWATER. Such obligation shall not apply with respect to Confidential Information which is publicly known or later made public through no wrongful act of CVWD or is required to be disclosed by operation of law. CVWD is hereby notified that, confidential proprietary information is defined as Treatment system pricing, operation manuals, blueprints, drawings, plans, proprietary software, programming and operating parameters, and manufacturer's names of specific components used in the production of said Treatment system.

16.0 PATENTS

16.1 APTWATER shall indemnify and hold harmless CVWD against any claim, suit, or proceeding brought against CVWD and any liability therefrom based on a claim that the treatment system furnished or used hereunder constitutes an infringement of any United States patent. APTWATER shall control the defense of, at its sole expense, every such claim, suit, or proceeding if notified promptly in writing of, and given authority, information, and assistance for, the defense of such claim, suit, or proceeding. If the treatment system in any suit or proceeding is held to constitute an infringement and the provision thereof be enjoined, APTWATER shall, at its sole expense, either:

(a) Procure the right to continue provision or use of the Treatment system,

(b) Replace the Treatment system with non-infringing components,

(c) Modify the Treatment system such that they become non-infringing, or

(d) Refund the Purchase Price.

16.2 Notwithstanding the preceding language in this Article, CVWD agrees to indemnify APTWATER against all judgments, decrees, and costs resulting from infringement of any United States patents to the extent that such infringement arises from designs, specifications, or instructions furnished or expressly or implicitly required by CVWD hereunder.

17.0 CODES

17.1 APTWATER shall not be responsible for meeting state and local codes or ordinances or other special codes unless the details of these codes are specified in CVWD's specifications and are specifically accepted by APTWATER.

18.0 DISPUTE RESOLUTION

18.1 APTWATER and CVWD agree to make a good faith effort to mutually resolve any disputes as quickly as practical without litigation. Such efforts shall include, but not be limited to a meeting(s) attended by each party's representative(s) empowered to resolve the dispute. APTWATER and CVWD agree that before either party commences an action against the other party, they will consider the use of alternate forms of dispute resolution. Pending the outcome of such dispute resolution, both parties shall take immediate steps to mitigate any damages.

18.2 Notwithstanding the above, APTWATER and CVWD each reserves the right to pursue any and all remedies at law and / or in equity should such efforts at dispute resolution fail.

19.0 ATTORNEYS' FEES

19.1 In the event either party hereto shall bring any action or proceeding for damages or to enforce, protect or establish any right or remedy arising hereunder, the prevailing party shall be entitled to recover all costs and expenses incurred, including but not limited to reasonable attorney's fees, in addition to any other relief to which the prevailing party may be entitled.

20.0 GOVERNING LAW

20.1 This Purchase Agreement shall be construed in accordance with the laws of the State of California, without giving effect to the choice of law principles thereof. APTWATER and CVWD agree that should litigation be necessary, the forum for said litigation shall be the appropriate court of law located in the State of California.

21.0 NOTICES

21.1 All notices, requests, demands and other communications which are required to be or may be given under this Purchase Agreement shall be in writing and shall be deemed to have been duly given when delivered in person or upon receipt when transmitted by facsimile or after dispatch by certified or registered first class mail, postage prepaid, return receipt requested, to the primary project contacts identified in the Proposal for each party.

21.2 Either party may change the address or other pertinent information by giving the other party notice in the manner herein set forth.

22.0 INDEPENDENT CONTRACTOR

22.1 This Purchase Agreement is made with APTWATER acting as an independent contractor and it shall not constitute, create, or be interpreted as a joint venture, partnership, agency, or formal business organization of any kind. APTWATER shall not make any representation, express or implied, that APTWATER is an agent or legal representative of CVWD, nor will APTWATER assume or incur liability or obligations of any kind of any third party in the name or on behalf of CVWD without the prior written approval of CVWD.

23.0 ASSIGNMENT

23.1 Neither party shall not assign, delegate or otherwise transfer any interest relating to this Purchase Agreement without the prior written consent of the other party. Subject to the foregoing, this Purchase Agreement shall be binding upon and inure to the benefit of the parties named herein and their respective successors and permitted assigns.

24.0 AMENDMENTS

24.1 This Purchase Agreement may not be modified or changed except by written mutual consent of both parties.

25.0 WAIVERS

25.1 The failure of either party in one or more instances to enforce one or more of the terms and conditions of this Purchase Agreement or to exercise any right or privilege in this Purchase Agreement or the waiver by either party of any breach of the terms and conditions of this Purchase Agreement shall not be construed as hereafter waiving any such terms, conditions, rights, or privileges, and the same shall continue and remain in full force and effect.

26.0 HEADINGS

26.1 The article and other headings contained in this Purchase Agreement are for reference purposes only and shall not be deemed to be a part of this Purchase Agreement or to affect the meaning or interpretation of this Purchase Agreement.

27.0 SEVERABILITY

27.1 If any term or provision of this Purchase Agreement shall to any extent be invalid or unenforceable the remainder of this Purchase Agreement shall not be affected thereby, and each term and provision of the agreement shall be valid and enforced to the fullest extent permitted by law.

28.0 COUNTERPARTS

28.1 This Purchase Agreement may be executed in any number of counterparts, each of which when executed, shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

29.0 ENTIRE AGREEMENT

29.1 These Purchase Terms and Conditions and the Proposal to which they are attached, in addition to any other documents specifically incorporated by reference or attached, together shall constitute the entire Purchase Agreement by and between APTWATER and the CVWD. This Purchase Agreement supersedes all prior agreements and representations, oral or written.

CVWD Holds First of Three Public Workshops

By Jason KUROSU

The Crescenta Valley Water District has brought on a financial consulting firm to establish a financial plan that could lead to a restructuring of customer water rates as early as next summer.

CVWD held the first of three public workshops on Nov. 18, introducing their partnering with Raftelis Financial Consultants, who will analyze the district's financials and design new water and sewer rate structures. The new rates will be tailored to bring in enough revenues for the district to complete a number of capital improvement projects, while also balancing goals for water conservation and affordability, CVWD and Raftelis officials said.

CVWD Engineer David Gould said that the district is committed to replacing aging infrastructure affecting water supply, storage, quality and distribution.

Gould said that the ideal is to establish a 10-year infrastructure replacement cycle, estimated to cost $37.8 million, averaging out to about $3 million to $4.5 million per year. Gould said that currently CVWD is spending $2 million annually on replacement and, according to CVWD Chief Financial Officer Ron Mitchell, the drought and subsequent restrictions set forth by Gov. Jerry Brown have negatively affected the district's revenues.

"The question we've been asking from the staff level to the board level is 'How long can these projects be deferred? How long can we run these things to failure?'" said Gould, who cited recent breaks in La Crescenta water mains and pipes as an indicator of the district's need for addressing infrastructure.

Sudhir Pardiwala and Kevin Kostiuk of Raftelis Financial Consultants presented a tentative plan for evaluating the district's costs and designing rates that do not exceed the costs of providing services.

The results of Raftelis' analysis could possibly move CVWD away from its current inclining tiered rates towards a uniform fixed rate, a modified inclining rate that bases its tiers on sources of water, or a water budget-based rate that takes a resident's lot size and number of occupants into account.

Pardiwala said the majority of California water agencies have used an inclining, tiered rate structure over the past 10 to 15 years, primarily for its tendency to promote conservation. He also said that many utilities are moving away from uniform rate structures, as they are weak on conservation and do not take into account the multitude of factors differentiating a district's customers, who often demand widely varying amounts of water.

This is contrasted directly by the water-budget based structure, which charges customers differently for indoor and outdoor use, and is also calculated with a number of factors in mind, such as the size of a customer's household, landscape area, the number of people in a household, amount of irrigated water required per plant and more.

CVWD General Manager Thomas Love said the budget-based rate could prove to be costly due to the amount of research and data that would have to be collected.

Raftelis will also be evaluating two different wastewater rate structures. These are the current fixed bi-monthly rate and an alternate fixed and variable rate structure, which would consist of a fixed-service charge and a variable water use component.

Two more workshops are slated for January and February, at which point a preliminary report from Raftelis should be available. The new rate structure will be adopted in June.

Written Communication

Ron Mitchell

From: Alexandra Hopkins <alexahop@gmail.com>
Sent: Thursday, November 26, 2015 5:00 AM
To: customerservice
Subject: Thank you

Dear Chairperson of the Board of CVWD,

I want to thank you for the quick action that CVWD took when sewer gas started coming into our house. I called around 3 pm on Wednesday before Thanksgiving. Natalie, a receptionist, immediately contacted Dennis Maxwell, the wastewater supervisor. He came to our house within a little over an hour and immediately figured out the source of the problem.

This was at 4:30 pm on Wednesday before Thanksgiving (I should have called earlier in the day!). Anyhow, the problem was really getting worse, so he got a crew out and they cleaned a blocked sewer immediately. This morning the sewer gas in our house has cleared out.

Both Natalie and Dennis took the immediate action necessary. I highly commend their work and the overall efficiency and effectiveness of the CVWD staff to you. We now have something to be thankful for this Thanksgiving.

Warm regards and Happy Thanksgiving,

Kim and Alexandra Hopkins
2748 Prospect Avenue
La Crescenta, CA 91214

Written Communication

RECEIVED

NOV 23 2015

CRESCENTA VALLEY WATER DISTRICT

17140 S. Avalon Blvd.
Suite 210
Carson, CA 90746
310.217.2411
www.westbasin.org

November 19, 2015

Presiding Officer
Crescenta Valley Water District
2700 Foothill Blvd.
La Cresenta, CA 91214

Dear Presiding Officer:

I am thankful for the opportunity to represent you for the past four years on the Los Angeles County LAFCO Commission as your Independent Special Districts representative and am writing to ask you for your support again in my bid for re-election to the Commission.

As you know, Independent Special Districts are responsible for a significant portion of the County LAFCO budget and therefore have a great deal at stake in their daily operations. If re-elected, I will continue to fight on your behalf to control operating expenses.

Throughout my career, I have served more than 46 years in local and municipal government, including 27 years as a Council Member and Mayor of the City of Gardena, 22 years as a Trustee of the Greater Los Angeles Vector Control District and 19 years on the Board of Directors for the Los Angeles County Sanitation District. I have been an elected Board Member of the West Basin Municipal Water District since 2001 and am currently a Metropolitan Water District of Southern California Board Member as well. With this experience, comes a true understanding of the critical role independent special districts play in the services that protect and enhance the quality of life in our local communities and neighborhoods. I have included by candidate statement as well as my biography for your reference.

In closing, as the past four years have shown unprecedented economic challenges for our State and County, in the coming years we will continue to experience dwindling revenues. While maintaining perfect attendance during my current tenure on the Commission, I have thoroughly dedicated myself to maintaining a strong foundation of knowledge on the issues we face and I strongly believe that my experience uniquely qualifies me to represent the Independent Special Districts on the Commission in the future.

I hope I can count on your support in the upcoming Independent Special Districts election to the Los Angeles County LAFCO Commission. If you have any questions, please feel free to contact me at your convenience at (310) 704-0881.

Sincerely,

Donald L Dear

Donald L. Dear
Past President, Board of Directors, Division V
West Basin Municipal Water District
LAFCO Independent Special District Representative

Crescenta Valley Water District
Recap of Gains on Sale of Investments
Fiscal Year 2015-16

Investment Number	Date Purchased	Original Principal Cost	Yield to Maturity at Purchase	Adjustment Amortized Principal	Adjusted Balance	Date Sold	Principal Value at Sale	Yield to Maturity at Sale	Gain (Loss) on Investment	Reason for Transaction
78	Jul 17, 2012	$500,000.00	1.840%						$0.00	
81	Sep 11, 2012	$1,005,220.00	1.890%						$0.00	
83	Oct 9, 2012	$502,885.00	0.710%						$0.00	
86	Nov 15, 2012	$1,002,300.00	1.580%						$0.00	
87	Nov 19, 2012	$500,000.00	0.930%						$0.00	
96	2/2/2015	$1,001,790.00	2.140%						$0.00	
97	2/9/2015	$1,245,288.79	2.380%						$0.00	
98	6/2/2015	$996,650.00	1.570%	-$56.78	$996,706.78	7/6/2015	$997,421.88	1.550%	$715.10	Free up money in anticipation of expected Fed rate increase that will push yields higher
M-35	2/3/2015	$849,960.00	2.190%						$0.00	
M-36	2/6/2015	$1,011,800.00	1.870%						$0.00	
M-38A	4/22/2015	$996,470.00	2.410%						$0.00	
M-38B	4/23/2015	$999,110.00	2.380%						$0.00	
M-39A	4/27/2015	$1,003,135.92	1.375%	$261.34	$1,002,874.58	9/30/2015	$1,002,968.75	1.300%	$94.17	Free up money in anticipation of expected Fed rate increase that will push yields higher
M-39B	4/28/2015	$1,001,204.82	1.375%	$120.48	$1,001,084.34	8/24/2015	$1,001,815.00	1.330%	$730.66	Free up money in anticipation of expected Fed rate increase that will push yields higher
M-40	4/27/2015	$1,008,892.00	2.000%						$0.00	
In/Out	9/15/2015	$991,680.00	1.550%	$0.00	$991,680.00	9/18/2015	$994,680.00	1.480%	$3,000.00	Realize a net capital gain before the original purchase was even paid for
In/Out	9/24/2015	$994,478.75	1.490%	$0.00	$994,478.75	9/30/2015	$995,979.00	1.450%	$1,500.25	Realize a net capital gain before the original purchase was even paid for
99	10/28/2015	$996,878.12	1.440%							Put money back to work - market has settled into a new range
M-41	10/31/2015	$989,260.00	1.600%							Put money to work - reached appropriate step on our ladder
									$6,040.18	

CRESCENTA VALLEY WATER DISTRICT
BOARD OF DIRECTORS - STAFF REPORT

December 8, 2015
Staff Report

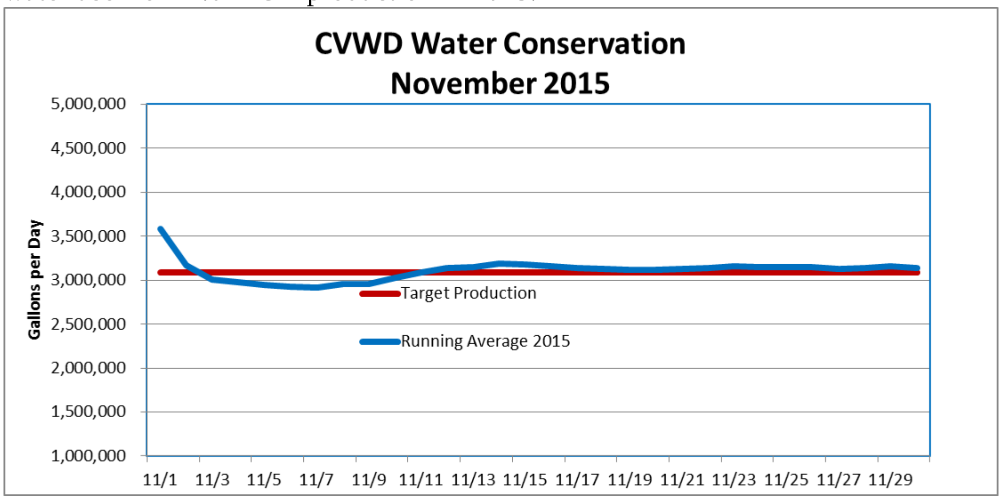
To: Honorable President and Members of the Board of Directors

From: Thomas A. Love, General Manager

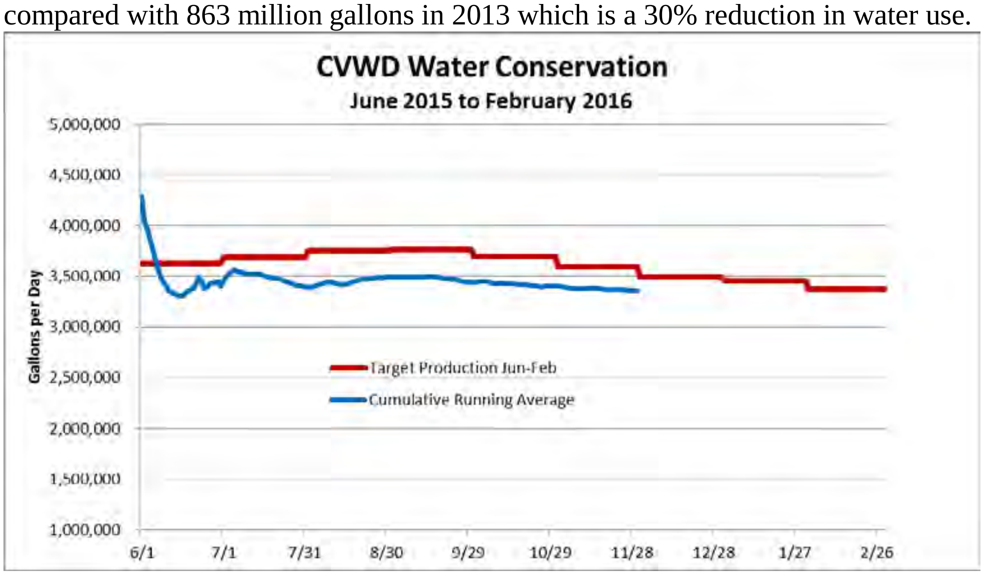
Subject: **General Managers Report**

Water Conservation

November water production of 3.14 million gallons per day (MGD) represents a 21% reduction in water use from 4.0 MGD production in 2013.



Although November water use exceeded the State mandated water conservation goal of 24% the District is in compliance with the cumulative water conservation for the first 6 months of the State mandated compliance period (June 1, 2015 through February 29, 2015). District water production for the period June1, 2015 through November 30, 2015 was 607 million gallons compared with 863 million gallons in 2013 which is a 30% reduction in water use.



Staffing
This month there are two employment anniversaries: Dennis Maxwell and Robert Wood have been with the District for 10 years. Also Natalie Bellissimo returned to the agency as Water Conservation Specialist.

As of November 1st, the district has worked 542 days without a lost time accident.

CRESCENTA VALLEY WATER DISTRICT
BOARD OF DIRECTORS - STAFF REPORT

December 8, 2015
Staff Report

To: Honorable President and Members of the Board of Directors

From: David S. Gould. P.E. – District Engineer

Subject: **District Engineer – Staff Report**

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1. Water Production Report

- Nov. 1 – 30 – Water Production – 52%/ 48% split – 94.2 MG for the time period.
  Average use – 10.1% less than 2014 and 14.9% less than 5-yr average
  SWRCB Conservation – 29.8% less than June 2013 – Feb 2014 period

2. Rainfall Update

- 0.14” for November 2015
- Rainfall total for Rainfall Year 2015/16 – 0.46"

3. Report on Engineering

- **CIP Projects**
  - Ocean View Chlorination Project
    - Building
      - Mobilization – Early January 2016
    - Treatment Equipment – Complete
    - Electrical Work –Bid Opening on December 18, 2015
    - Site Work for CVWD crews – Start work – November 23, 2015
  - Pipeline Projects
    - 2800 Block of Prospect & 4400 Block of Glenwood
    - 2600 Block of Harmony Pl & 3900 Block of Park Pl & 3700 Block of Glenwood
      - Advertise for Bids
  - Well 16 – Pipeline & Building
      - Building & Facilities – concrete pad, MCC and pump installed within next 2 weeks; Still behind schedule
      - Dedication Ceremony – January 19, 2016
  - Pickens Canyon Slope Repair
    - Re-design complete with the goal to protect slope, pipeline can be isolated
    - Re-bidding project
    - Goal to start construction in mid-December 2015
  - Wastewater Lift Station – Emergency Electrical Generator
    - Design complete
    - Advertising for Bids
- **Water and Wastewater Cost of Service Study**
  - Next Meeting scheduled for January 27, 2016
- **Crescenta Valley County Park Stormwater Recharge Facility Study**
  - Preliminary Report – 65% complete
- **Nitrate Removal Treatment Facility at Well 2 Project**
  - See Staff Report

- **ULARA**
  - No Report
- **La Canada Flintridge – Water Committee**
  - No Report
- **Water Meter Replacement Program**
  - FY 15/16 water meter replacement program – Replaced 239 meters to date

4. Report on Administrative and Field Operations

- **Wells - Status**
  - Well production capacity averaging 1.9 MGD for November

5. Field Maintenance & Operations – Nov 16 – 30, 2015

- **Reservoir Site Assessment**
  - Set up teams and started site assessments
- **Water Lateral Leaks & Repairs**
  - 4906 La Crescenta Ave
  - 2919 Los Olivos
  - 1928 Waltonia
  - 3036 Frances
  - 2717 Stevens
- **Fire Hydrant Repair**
  - No Report
- **Water Main Leaks**
  - No Report
- **Reservoir Maintenance**
  - No Report
- **Sewer Maintenance**
  - Wastewater Collection System – Completed Cleaning entire system
  - Worked on enhanced cleaning of trouble spots in the system

CRESCENTA VALLEY WATER DISTRICT

WATER PRODUCTION REPORT

November 1 - November 30, 2015

Well Production:	47,081,162	Gals		
Gravity Production:	1,497,200	Gals	% GW	52%
Purchased Water:				
FMWD:	45,625,500	Gals		
City of Glendale:	0	Gals	% Import	48%
TOTAL:	94,203,862	Gals		
	289.10	ac-ft		
Glenwood Nitrate Water Reclamation Plant:*	10,558,000	*Included in Well Production		

WATER DEMAND COMPARISON

	Average Daily Usage (gals)	Current Period Change	Average Daily Usage (gals)	Percentage Change
November 1, 2015 - November 30, 2015	3,171,938			
November 1, 2014 - November 30, 2014	3,527,113	-10.1%		
5-yr Average - November 2010 - 2014	3,728,350	-14.9%		
SWRCB CONSERVATION REGULATIONS June 1, 2015 through Feb 29, 2016			3,361,324	
BASELINE CONSERVATION June 1, 2013 through Feb 28, 2014			4,786,450	-29.8%

RAINFALL: November 1 - November 30, 2015 0.14"

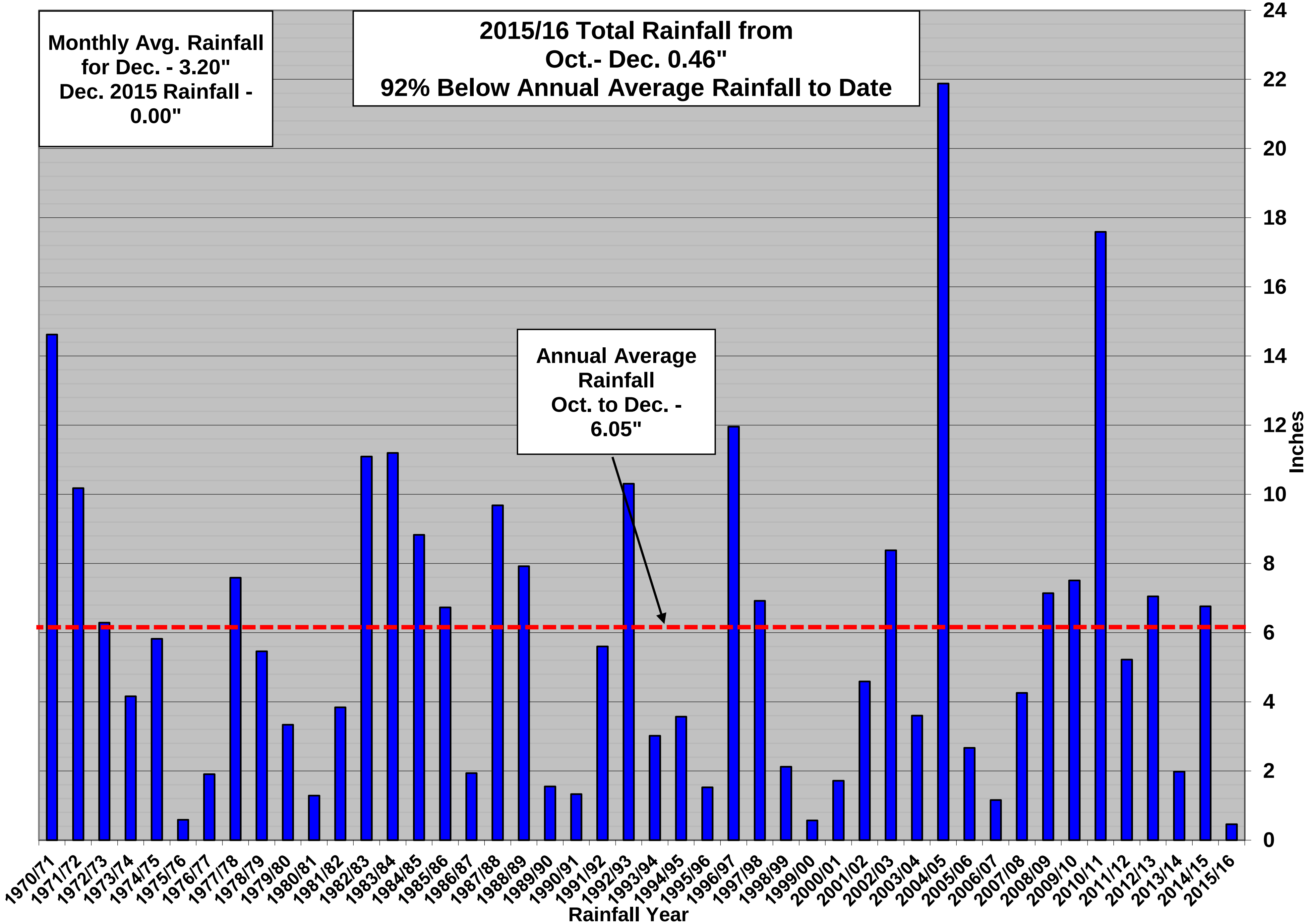
Season-To-Date: 0.46"

2015/16 Fiscal Year Water Production			**Groundwater Production Water Rights**		**Purchased Water Production Tier 2 Allocation**		**FMWD Water Supply Allocation Plan**	
Month	**Actual Total Water Production (ac-ft)**	**Projected Total Water Production (ac-ft)**	**Month**	**Well Production (ac-ft)**	**Month**	**Imported Water Production (ac-ft)**	**Month (July 15 - June 16)**	**Imported Water Production (ac-ft)**
July	**315**	**380**	**October**	**146**	**January**	**127**	**July**	**161**
August	**344**	**360**	**November**	**149**	**February**	**119**	**August**	**176**
September	**296**	**345**	**December**		**March**	**150**	**September**	**151**
October	**304**	**315**	**January**		**April**	**138**	**October**	**158**
November	**289**	**265**	**February**		**May**	**136**	**November**	**140**
December		**265**	**March**		**June**	**154**	**December**	**60**
January		**265**	**April**		**July**	**161**	**January**	**60**
February		**265**	**May**		**August**	**176**	**February**	**60**
March		**310**	**June**		**September**	**151**	**March**	**65**
April		**335**	**July**		**October**	**158**	**April**	**80**
May		**365**	**August**		**November**	**140**	**May**	**100**
June		**375**	**September**		**December**		**June**	**110**
Total to Date	1,549	1,665	Total to Date	296	Total to Date	1,611	Total to Date	1,321
Projected	3,729	3,845	Water Rights	3,294	Tier 2	2,154	WSAP	2,009
% of Projected	40.3%	43.3%	% of Rights	9%	% of Allocation	75%	% of Allocation	66%
Remaining	2,296	2,180	Remaining	2,999	Remaining	543	Remaining	688

NOTE:

1) Blue Numbers - Estimate Total Water Production

Monthly Rainfall - 1970/71 - 2015/16 (Oct.- Dec.)



Revised Date: 12/4/2015

CRESCENTA VALLEY WATER DISTRICT
BOARD OF DIRECTORS - STAFF REPORT

December 08, 2015
Staff Report

To: Honorable President and Members of the Board of Directors

From: Christy J. Scott

Subject: **Water Conservation Update / Regulatory Update**

Monitoring Report Submitted to State for November 2015:

Production Numbers

Total Water Production November 2015:	289 AF
Total Water Production November 2013:	368 AF
Percent Reduction:	21 %
Residential Gallons per Capita per Day (R-GPCD) October 2015:	86

Compliance Reporting

Days of outdoor Irrigation Allowed:	2
Number of Water Waste Complaints:	10
Number of Follow-ups:	10
Number of Warnings:	10
Number of Penalties:	0

Mandatory Water Reduction Goal

Compliance Period:	June 2015 – February 2016
Compliance Goal:	380 AF
Acre Feet Saved for October:	79 AF
Acre Feet Saved to Date:	780 AF
Acre Feet Saved Beyond Required Target:	401 AF

Turf Rebates: (FINAL NUMBERS)

Pending Applications:	0
CVWD Funds Remaining:	$0
Funds Submitted to MWD July 2014 to date:	$739,870.00
MWD outstanding:	$176,560.00
Total Square footage of turf removed:	371,035

The CVWD administered Turf Rebate Program is completed. During the MWD sponsored program which ran from July 2014 to December 2015, 251 applications were processed for a total of 371,035 square feet of turf removed. Only 25 applicants whom the District preapproved did not complete their projects which left approximately $90,000.00 in available funds on the table. All applicants were contacted multiple times to encourage project completion. However, staff is extremely pleased with the 90% completion rate.

Urban Water Management Plan (UWMP):

The 2015 UWMP is due to the Department of Water Resources July 1, 2016.

Dave Spain represented the District at the second of three planned table top exercises conducted with Operations Staff from the FMWD member agencies, as well as Pasadena, Glendale, and MWD. The meeting held November 17^{th}, reviewed planned and unplanned 10-day shutdown scenarios. Information for Westside and Eastside FMWD agencies was collected for purposes of creating a master map.

The last of the three table top exercises will take place December 10, 2015. Information learned from these exercises will be incorporated into the decision-making process for future capital improvement projects. A FMWD Board workshop will be scheduled during January or February 2016 to discuss the findings.

Regulatory Updates:

Well 10 was placed out of service on 11/15/2015 due to high Plate Count Results. At the time of this report, a series test, which is required in order to place the well back into service, has been completed and sent to the laboratory.