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 Tuesday July 14, 2020 at 7:00 p.m.

Posted: July 9, 2020 at 3:00 p.m.

TELECONFERENCING NOTICE

[This meeting will be held by teleconference only.]

Pursuant to the provisions of Executive Order N-29-20 issued by Governor Gavin Newsom on March 18, 2020, the public may not attend the meeting in person.

Any member of the public may participate using a touchtone phone. You may select any of the following phone numbers (there are more than one for increased reliability during this time of increased phone traffic)

(669) 900-6833	**(346) 248-7799**	**(929) 205-6099**
(253) 215-8782	**(301) 715-8592**	**(312) 626-6799**

Then, enter Access Code: 876-1288-4053

Those members of the public who are able to and would like to additionally participate through computer may access the Zoom teleconferencing tool available at the following link – https://us02web.zoom.us/j/87612884053.

Public comment may be made either by emailing comments ahead of the meeting or by speaking over the phone. Emailed comments will be sent to the Board of Directors prior to the meeting and posted on the District's website. Comments may be sent to Christy Colby, Regulatory and Public Affairs Manager, at (818) 248-3925 or customerservice@cvwd.com by 3pm on July 14, 2020.

Any person may make a request for a disability-related modification or accommodation needed for that person to be able to participate in the public meeting by contacting the District by phone or in writing at the above email address. Requests must specify the nature of the disability and the type of accommodation requested. A telephone number or other contact information should be included so that District staff may discuss appropriate arrangements. Persons requesting a disability-related accommodation should make the request with adequate time before the meeting for the District to provide the requested accommodation.

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 and posted on the District's website.

<u>Call to Order and Determination of Quorum</u>

<u>Pledge of Allegiance</u>

<u>Adoption of Agenda</u>

<u>Public Comments</u>
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-minute (3) comment.

<u>Foothill Municipal Water District Report</u>
1. Report on activities at Foothill Municipal Water District.

<u>Consent Calendar</u>
1. Consideration and approval of the Minutes of the Regular Adjourned Board Meeting on June 23, 2020.

<u>Action Calendar</u>
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-minute (2) comment.

1. **<u>Resolution 760 – Low-Income Discount Policy</u>** – Consideration and motion to adopt Resolution No. 760 amending Article 8 Section 8.03E of the District's Rules and Regulations pertaining to the District's Low-Income Discount program for customers.
2. **<u>Long-Term Infrastructure Reliability and Funding Roadmap</u>** – Discuss updates related to the District's bond financing.

<u>Information Items</u>

<u>Written Communications to District/Board of Directors</u>

<u>General Manager's Report</u>

<u>Attorney Report</u>

<u>Reports of Committees</u>

- **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>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
June 23, 2020

Pursuant to the order of the Board of Directors of the Crescenta Valley Water District made at the Regular Meeting on June 9, 2020, an Adjourned Regular Meeting was held on June 23, 2020, at 7:00 p.m. through teleconference due to the COVID-19 pandemic, with President Kerry D. Erickson presiding.

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

Directors:	**Kerry D. Erickson** **James D. Bodnar** **Kenneth R. Putnam** **Sharon S. Raghavachary** **Judy L. Tejeda**
Attorney:	**Thomas Bunn**
General Manager:	**Nem Ochoa**
Director of Finance & Administration:	**James Lee**
Director of Engineering:	**David Gould**
Others Present:	**Christy Colby, Regulatory & Public Affairs Manager** **Dennis Maxwell, Director of Operations** **Brook Yared, Senior Engineer** **Arturo Montes, Finance & Administration Manager** **Wendy Holloway, Customer Service Manager** **Pam Leddy, Administrative Assistant** **Frank Colcord, FMWD Director**

PLEDGE OF ALLEGIANCE

President Erickson opened the meeting by leading the Directors and staff in reciting the Pledge of Allegiance.

ADOPTION OF AGENDA

It was moved by Director Bodnar, seconded by Director Tejeda and carried by a 5-0 roll call vote that the Agenda for the Adjourned Regular Meeting of June 23, 2020 be adopted as presented.

AYES:	**Director Tejeda** **Director Bodnar** **Director Putnam** **Director Raghavachary** **Director Erickson**
NOES:	**None**

PUBLIC COMMENTS – Ms. Marilyn Tyler requested information regarding the need for a rate increase, citing two budget models that were presented at the June 9, 2020 Board meeting where one was funded with bond financing and the second was not.

FOOTHILL MUNICIPAL WATER DISTRICT REPORT – Mr. Frank Colcord reported that due to a lack of May rainfall, Crescenta Valley Water District's monthly water usage was higher last month than for the same time last year, but that the District continues to achieve conservation with a 13% cumulative reduction in water used at the end of the fiscal year. Foothill Municipal Water District has approved their FY 2020-21 budget, which includes a 3% to 4% increase over the next two years.

CONSENT CALENDAR

It was moved by Director Tejeda, seconded by Director Putnam, and carried by a 5-0 roll call vote to approve the Minutes of the Regular Board Meeting held on June 9, 2020 through teleconference and to ratify the disbursements for May 2020 as presented.

Payment of demands against the Crescenta Valley Water District on or before May 2020, the same having been approved by the General Manager, and heretofore paid, are to be ratified and approved subject to audit, in the aggregate sum of Nine Hundred Eighty Thousand, Seven Hundred Fifty Dollars and Eighty-Seven Cents (980,750.87), which is composed of the individual items set forth herein.

AYES:	**Director Tejeda**
	Director Bodnar
	Director Raghavachary
	Director Erickson
NOES:	**None**

ACTION CALENDAR

Nomination for LAFCO Special District Alternate Representative – Mr. Ochoa requested consideration by the Board to support Director Raghavachary for nomination to the office of LAFCO Special District Alternate Representative.

Following discussion:

It was moved by Director Tejeda, seconded by Director Erickson and carried by 5-0 roll call vote to authorize the nomination of Sharon Raghavachary for the office of LAFCO Special District Alternate Representative.

AYES:	**Director Tejeda**
	Director Raghavachary
	Director Erickson
	Director Putnam
	Director Bodnar

Adoption of Salary Schedules – Mr. Ochoa requested consideration and motion to adopt the current pay schedules provided as a requirement of CalPERS.

Following discussion:

It was moved by Director Bodnar, seconded by Director Tejeda and carried by 5-0 roll call vote to approve the District's pay schedules for FY 2020-21 as required by The California Code of Regulations Section 570.5.

AYES:	**Director Tejeda**
	Director Raghavachary
	Director Erickson
	Director Putnam
	Director Bodnar
NOES:	**None**

Long-Term Infrastructure Reliability and Funding Roadmap – Mr. Lee announced the kick-off meeting for finance was held with staff. The drafting and review of legal and marketing documents should be completed in the next 2 weeks. A reserve policy must be implemented or updated before the credit rating presentation to Standard and Poor's by mid-to-late August 2020. A reserve policy will be brought before the Finance Committee and Policy Committee before being presented to the Board at the Adjourned Regular Board meeting in July.

INFORMATION ITEMS – None

WRITTEN COMMUNICATIONS TO DISTRICT – A letter was received from CliftonLarsenAllen, LLP announcing the engagement of their firm to prepare the financial statements of Crescenta Valley Water District as of June 30, 2020.

REPORTS OF PERSONNEL – None

GENERAL MANAGER – Mr. Ochoa announced his attendance at PWAG meetings and that Mr. Lee had been requested to provide information to other agencies about how the District has navigated administratively and financially through COVID-19 in the workplace. CVWD continues to implement policies for disinfection and cleaning, social distancing, temperature screening and COVID-19 testing for employees. Mr. Lee announced that a one-year lease has been signed for the property at Mills, which will yield both savings and rental revenue. The tenants expect to occupy the property on July 1, 2020. The Springbrook cloud migration is complete; this migration will provide industry standardization along with better customer service, public outreach and AMI integration.

<u>ATTORNEY</u> – Mr. Bunn announced the name for the law firm of Lagerlof, Senecal, Gosney & Kruse, LLP has been changed to Lagerlof, LLP.

<u>REPORTS OF COMMITTEES</u>

<u>Engineering Committee</u> – Director Bodnar reported that the Committee had met through teleconference on June 15, 2020. A teleconference meeting will be scheduled as needed.

<u>Finance Committee</u> – Director Tejeda reported that the Committee had not met; however, a teleconference will be scheduled within 1-2 weeks.

<u>Employee Relations Committee</u> – Director Erickson reported that the Committee had not met; however, a teleconference meeting will be scheduled as needed.

<u>Policy Committee</u> – Director Erickson reported that the Committee had not met; however, a teleconference will be scheduled as needed.

<u>Community Relations/Water Conservation Committee</u> – Director Tejeda reported that the Committee had not met; however, a teleconference meeting will be scheduled as needed.

<u>Emergency Planning Committee</u> – Director Raghavachary reported that the Committee had not met; however, a teleconference meeting will be scheduled as needed.

<u>Executive Committee</u> – Director Erickson reported that the Committee had not met; however, a teleconference meeting will be scheduled as needed.

<u>DIRECTORS' ORAL REPORTS</u>

Director Erickson – Announced he had received an email from ACWA/JPIA regarding an upcoming Sexual Harassment training webinar.

Director Bodnar – No report

Director Tejeda – No report

Director Putnam – No report

Director Raghavachary – No report

<u>CLOSED SESSION</u> – No closed session

<u>BOARD MEMBERS REQUESTS FOR FUTURE AGENDA ITEMS</u> – Director Bodnar requested that staff provide a report to the Board to discuss the timing of Proposition 218 notices.

<u>ADJOURNMENT</u>

There being no other business to come before the Board, at 7:47 p.m., it was moved by Director Tejeda, seconded by Director Bodnar and carried by a 5-0 roll call vote that the meeting be adjourned to July 14, 2020, at 7:00 p.m.

AYES:	**Director Tejeda** **Director Bodnar** **Director Putnam** **Director Raghavachary** **Director Erickson**
NOES:	**None**

<u>APPROVED</u>

Kerry D. Erickson President	James Lee Director of Finance & Administration

CRESCENTA VALLEY WATER DISTRICT
BOARD OF DIRECTORS - STAFF REPORT

Action Item No. 1
July 14, 2020

To: Honorable President and Members of the Board of Directors

From: Nem Ochoa – General Manager

Subject: **Low-Income Discount Program**

ACTION ITEM:

Consideration and motion to adopt Resolution No. 760, amending the Rules and Regulations, Article 8, Section 8.03E – Low-Income Discount program guidelines.

BACKGROUND:

The District currently offers a Senior Low-Income program that requires four qualifications. The customer must be: 1) 62 years of age or older; 2) show a total household income not exceeding $30,000 for the prior calendar year; 3) the account has been in the name of the applicant for at least six months; and 4) the applicant is a permanent resident of the property. During the April 28, 2020 Board meeting, the Board directed staff to look into possible improvements to the program currently in place. The goals were to standardize and broaden qualification requirements while reducing administrative impact.

DISCUSSION

Staff reviewed low-income programs for other local agencies to develop a standardized program, and presented the results to the Policy Committee on June 5, 2020. Staff selected Southern California Edison's (SCE), California Alternate Rates for Energy (CARE) program as the base model. SCE covers a large portion of CVWD's customers and would provide a reduction in administrative work by relying on SCE's vetting process to qualify customers. Southern California Gas' CARE program would also be used as a qualifier, which covers most if not all customers not covered be SCE. The most prominent modification is that the District's program will no longer include age as a qualifier. Residents will either provide proof that they are already qualified for select public assistance programs or they will provide proof of household income. The household income thresholds will be based on the U.S. Federal Poverty Guidelines published by the Department of Health and Human Services and updated every July 1st. The last two qualifiers will remain – that the account must be in the name of the applicant for at least six months, and the applicant must be a permanent resident of the property. The program will continue to offer a 20% discount on water and sewer services once approved. Program availability will be limited to budgeted funds, which in FY 2021 totals $150,000 and is funded by non-rate revenues. Once funds are exhausted, applicants will be placed on a waiting list based on the time of submission of a completed application. Residents currently on the program will not be subject to new qualifiers until they have to recertify, currently every 2 years. Current program customers who recertify before there expiration date will remain in the program. If they do not recertify in time they will be subject to any waitlist that may be in effect.

RECOMMENDATION

It is staff's recommendation that the Board of Directors adopt Resolution No. 760 which will revise the Districts Rules and Regulation Article 8, Section 8.03E.

Prepared by:

James Lee
Director of Finance & Administration

Submitted by:

Nem Ochoa
General Manager

Attachment(s):

1. Resolution No. 760
2. Rules and Regulations, Article 8, Section 8.03E Low-Income Discount Program (redlined)

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Attachment 1

RESOLUTION NO. 760

A RESOLUTION OF THE BOARD OF DIRECTORS OF

THE CRESCENTA VALLEY WATER DISTRICT TO

AMEND SECTION 8 OF THE RULES AND REGULATIONS – LOW-INCOME DISCOUNT

WHEREAS; the Crescenta Valley Water District is a county water district empowered under the Water Code to fix rates and charges for its water service;

WHEREAS; the Board maintains a low-income discount to qualifying customers to support the affordability of water for essential use. The low-income discount is funded using revenue sources other than water rates and charges.

WHEREAS; the Board wishes to amend the policy, so the low-income discount is available to customers regardless of age, and program qualification guidelines are standardized..

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Crescenta Valley Water District amends Section 8.03E of the rules and regulations – Low-Income Discount to read as follows:

Low-Income Discount: A low-income residential customer of the District who resides on the property and who has been the named accountholder on the records of the District for the prior six months is eligible for a 20 percent discount on the combined bill for water, wastewater and/or wastewater standby charges.

1. "Low income" means the customer meets either of the following conditions, which are modeled after Southern California Edison's CARE program.

a. The customer or any member of the household receives benefits from any of the following programs (must provide proof)

- Bureau of Indian Affairs General Assistance
- CalFresh (Food Stamps)
- CalWORKs (TANF)/ Tribal TANF
- Head Start Income Eligible (Tribal Only)
- CARE Program (Gas Company)
- Low Income Home Energy Assistance Program (LIFEAP)
- Medi-Cal/Medicaid
- Medi-Cal for Families

- National School Lunch Program
- California Lifeline (Phone Company)
- Supplemental Security Income (SSI)
- Women, Infants & Children (WIC)

b. Total income for all members in the household meets the guidelines listed below. "Income" means all income received in the prior calendar year, including but not limited to social security, interest income, salaries, wages, pensions, rents, commissions, and capital gains. Proof of total household income includes federal and state income tax returns for the prior year, or if no tax return was filed, other proof of total household income satisfactory to the District.

Household Size	Income Eligibility Upper Limit
1-2	$34,480
3	$43,440
4	$52,400
5	$61,360
6	$70,320
7	$79,280
8	$88,240
Each Additional Person	$8,960

* Information is based on federal poverty guidelines and updated annually on July 1.

2. The discount becomes effective for the first full billing period following approval of an application in a form prescribed by the District. Applicants must sign the form under penalty of perjury and must furnish proof of eligibility as listed above.

3. Decisions on any questions concerning eligibility for the discount shall be made by the General Manager. Applicants shall have the right to appeal adverse determinations to the Board of Directors. Appeals shall be in writing and delivered to the District within 10 days following the General Manager's decision.

4. Once an application is approved, the Customer shall receive a 20 percent discount on future bills as long as the Customer continues to be eligible. The 20 percent discount applies to wastewater charges, service charges, and the first 26 billing units of water per billing cycle. Usage over 26 billing units of water per billing cycle will be billed at standard rate. It shall be the duty of the Customer to advise the District if the Customer becomes ineligible for the discount. The Customer must reapply for the discount every two years to retain eligibility.

5. This program may be modified without prior notice. When the program is modified, current program recipients will remain eligible until the time of their recertification. During the recertification process, the customer's eligibility will be based on current requirements at the time of recertification.

6. This program is on a first-come-first-serve basis limited to annual budgeted funding.

a. When funding limits have been reached, applicants will be placed on a waiting list based on the order in which applications were received. If the program is closed due to funding limits, current members will be notified of recertification requirements and due dates. If a customer does not recertify within the allotted time, they will need to reapply and join the waiting list.

PASSED, APPROVED AND ADOPTED at a Regular Meeting of the Board of Directors of Crescenta Valley Water District held on July 14, 2020. Resolution No. 760 was adopted by the following vote:

AYES:

NOES:

ATTEST:

President, Board of Directors
Crescenta Valley Water District

Secretary of the Board of Directors

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

I, James K. Lee, Secretary to the Board of the Crescenta Valley Water District, DO HEREBY CERTIFY that the foregoing is a full, true and correct copy of Resolution No. 760 of the Board of Directors of Crescenta Valley Water District adopted at a Regular Meeting held on July 14, 2020 and that the same has not been amended or repealed.

Secretary of the Board of Directors

Crescenta Valley Water District

DATED: July 14, 2020 **(S E A L)**

Attachment 2

~~Senior~~ **Low-Income Discount:** A low-income residential ~~C~~customer of the District who ~~is a low income senior citizen that~~ resides on the property and who has been the named accountholder on the records of the District for the prior six months is eligible for a 20~~%~~ percent discount on the combined bill for water, wastewater and/or wastewater standby charges.

1. ~~1.~~ "Low income ~~senior citizen~~" means the customer meets either of the following conditions, which are~~. These conditions are~~ modeled after Southern California Edison's CARE program.~~a person age 62 or older whose total gross household income did not exceed $30,000 for the prior calendar year. "Income" means all income received in the prior calendar year, including but not limited to social security, interest income, salaries, wages, pensions, rents, commissions, and capital gains~~

   a. The customer or any member of the household receives benefits from any of the following programs (must provide proof)~~.~~
      - Bureau of Indian Affairs General Assistance
      - CalFresh (Food Stamps)
      - CalWORKs (TANF)/ Tribal TANF
      - Head Start Income Eligible (Tribal Only)
      - CARE Program (Gas Company)
      - Low Income Home Energy Assistance Program (LIFEAP)
      - Medi-Cal/Medicaid
      - Medi-Cal for Families
      - National School Lunch Program
      - California Lifeline (Phone Company)
      - Supplemental Security Income (SSI)
      - Women, Infants & Children (WIC)

   b. Total income for all members in the household meets the guidelines listed below. "Income" means all income received in the prior calendar year, including but not limited to social security, interest income, salaries, wages, pensions, rents, commissions, and capital gains. Proof of total household income includes federal and state income tax returns for the prior year, or if no tax return was filed, other proof of total household income satisfactory to the District.

Household Size	Income Eligibility Upper Limit
1-2	$34,480
3	$43,440
4	$52,400
5	$61,360
6	$70,320
7	$79,280

8	$88,240
Each Additional Person	$8,960

* Information is based on federal poverty guidelines and updated annually on July 1.

2. ~~2.~~ The discount becomes effective for the first full billing period following approval of an application in a form prescribed by the District. Applicants must sign the form under penalty of perjury and must furnish proof ~~of age satisfactory to the District, and proof of total household income, including federal and state income tax returns for the prior year, or if no tax return was filed, other proof of total household income satisfactory to the District.~~of eligibility as listed above.

3. ~~3.~~ Decisions on any questions concerning eligibility for the discount shall be made by the General Manager. Applicants shall have the right to appeal adverse determinations to the Board of Directors. Appeals shall be in writing and delivered to the District within 10 days following the General Manager's decision.

~~1.~~

4. ~~4.~~ Once an application is approved, the Customer shall receive a 20 percent~~%~~ discount on future bills as long as the Customer continues to be eligible. The 20~~%~~ percent discount applies to wastewater charges, service charges, and the first 26 billing units of water per billing cycle. Usage over 26 billing units of water per billing cycle will be billed at standard rate. It shall be the duty of the Customer to advise the District if the Customer becomes ineligible for the discount. The Customer must reapply for the discount every two years ~~in order to~~to retain eligibility.

5. This program may be modified without prior notice. When the program is modified, current program recipients will remain eligible until the time of their recertification. During the recertification process, the customer's eligibility will be based on current requirements at the time of recertification.

6. This program is on a first-come-first-serve basis limited to annual budgeted funding.

When ~~funding budgets~~funding limits have been reached, applicants will be placed on a waiting list based on the order in which applications were received. If the program is closed due to funding limits, current members will be notified of recertification requirements and due dates. If a customer does not recertify within the allotted time, they will need to reapply and join the waiting list.

a.

CRESCENTA VALLEY WATER DISTRICT
BOARD OF DIRECTORS - STAFF REPORT

Action Item No. 2
July 14, 2020

To: Honorable President and Members of the Board of Directors

From: Nem Ochoa – General Manager

Subject: **Long-Term Infrastructure Reliability and Funding Roadmap – Bond Financing Update**

ACTION ITEM:

Discuss bond financing updates as they relate to the Long-Term Infrastructure Reliability and Funding Roadmap.

BACKGROUND:

During the April 28, 2020 teleconferenced Board meeting, the Board directed staff to proceed with a refinance of its existing bonds in addition to a new money component that would enable the refinancing by sharing financing costs between the two components and raise additional bond proceeds. Total bond proceeds would be $5 million to be used for capital infrastructure.

The first draft of the bond and other legal documents were circulated and reviewed on July 10, 2020. Adopted reserve policies for the Water and Wastewater Funds will be expected by the credit rating agency, Standard & Poor's. Reserve fund options were discussed with the Finance Committee on July 8, 2020 and will be presented to the Policy Committee as well before sharing with the Board during the July 28, 2020 meeting.

Market Update Tax-exempt interest rates were virtually unchanged for the past several weeks. Investors continue to put cash into bond funds with inflows into municipal bond funds of over $1.1 billion last week, the 8th consecutive week of inflows and the 7th straight week of inflows over $1 billion. The 30-year tax-exempt bond index (MMD) was at 1.80% in May and is currently 1.63%. At this time, the expectation holds that the District's bond issuance will likely be in the high-2% to mid-3% range, depending on the credit assessment of investors and the rating agency.

DISCUSSION:

This action item serves as a placeholder for any discussion related to long-term infrastructure reliability and funding.

RECOMMENDATION

NA.

Prepared by:

James Lee
Director of Finance & Administration

Submitted by:

Nem Ochoa
General Manager

CRESCENTA VALLEY WATER DISTRICT

General Manager Report

GM Report
July 14, 2020

To: Honorable President and Members of the Board of Directors

From: Nem Ochoa, General Manager

Subject: **General Manager Report**

General Managers Report Topics:

- GM Activities

The following are some highlights in this month’s report:

- Physical Wellness Challenge + Mind & Soul Forum
- Water Quality Report and Vulnerability Assessment
- DDW Pre-Approval for Chloramine Disinfection Process
- Water Production
- Hydrology Report
- Engineering Projects
- Operational Activities

STAFFING

Three (3) employees have a work anniversary in July. Morgen DuRose – 19 years, Christina Olmedo – 14 years, Wayne Boyce – 2 year.

As of July 9th the District has gone 233 days without a lost time accident.

GENERAL MANAGER ACTIVITIES

Meetings:

Weekly Managers Meeting	- July 6th, July 13th
PWAG COVID-19 Update Meeting	- July 6th
Finance Committee Meeting	- July 8th
Engineering Committee Meeting	- July 10th

Submitted by:

Nem Ochoa
General Manager

Engineering and Operations

July 14, 2020
Staff Report

To: Honorable President and Members of the Board of Directors

From: David S. Gould. P.E. – Director of Engineering

Subject: **Engineering & Operations – June 2020**

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1. Water Production Report

- June 1 – 30 – Water production – 46%/54% split – 123.3 MG for the month
- Average use – 15.9% greater than 2019 and 12.7% greater than 5-yr average

2. Rainfall Update

- 0.04" for June 2020
- Rainfall Total for Rainfall Year 2019/20 – 20.52"

3. Report on Engineering

- **CIP Projects**
  - Booster Pump Replacement – Booster 32 installation to be completed by July 17, 2020
  - Well 11 – New Pump and Motor installed on July 9, 2020
  - Ramsdell Mixing Station/Pressure Reducing Station – Under Design
  - Rosemont Reservoir Rehabilitation – Finalizing Design
  - Emergency Generator at Sewer Lift Station – Under Design
- **Nitrate Removal Treatment Facility at Well 2 Project**
  - No Report
- **Grant Program**
  - Local Hazard Mitigation Plan – Proposal due July 10, 2020
- **Water Meter Replacement Program**
  - Replaced 75 meters in June 2020

4. Report on Administrative and Field Operations

- Wells Status – Well production capacity steady at 1.9 mgd

5. Developer Projects

- 4520 Montrose – New 6 Units – Pre-Construction
- Waiting on Developer
  - 4521 Briggs/2413 Foothill – New 70 Units
  - 3900 Park Place – New 28 Units
  - 2341 Mira Vista – New 6 Units
  - 2345 Mira Vista – New 4 Units
  - 2314 Montrose – New 5 Units
  - 1961 Waltonia – New 6 Units

6. FMWD – No Report

7. Street Projects

- Verdugo Paving Project – City of Glendale – Under Construction

8. Field Maintenance & Operations – June 1, 2020 – June 30, 2020

- **Water Lateral Leaks & Repairs**

2351 Panorama	2705 Franklin	3112 Community
2452 Frances	2217 Manzanita	3352 Prospect

- **Large Water Meter Replacement**
  - No Report
- **Developer Jobs**
  - 2528 Piedmont - 3 New 1-inch Water Services
- **Water Main Leaks**
  - No Report
- **Valve Replacement**
  - Replaced 6-inch Valve at Well 11
  - Continued cleaning valve cans to exercise valves
- **Fire Hydrant Repair**
  - No Report
- **Booster Pump Maintenance**
  - No Report
- **Reservoir Maintenance**
  - Replaced Tank Mixer at Dunsmore Reservoir
- **Sewer Maintenance – June 1, 2020 – June 30, 2020**
  - Sewer CCTV Inspection

4400 Block of Rockland	4400 Block of Rockridge	2100 & 2200 Blocks of Crescent
4400 Block of Young	2200 Block of Barton Ln	1800 Block of La Granada Way
1900 Block of Glenhaven		

- **Sewer Lift Station**
  - Maintenance – Cleaning of excess grease in Lift Station
- **Training**
  - Cross training on valve exercising truck
  -

CRESCENTA VALLEY WATER DISTRICT

WATER PRODUCTION REPORT

June 1 - June 30, 2020

Well Production:	51,025,300	Gals		
GWP Production:	4,609,000	Gals		
Gravity Production:	1,324,900	Gals	% GW	46%
Purchased Water:				
FMWD:	66,368,250	Gals		
City of Glendale:	0	Gals	% Import	54%
TOTAL:	123,327,450	Gals		
	378.48	ac-ft		
Glenwood Nitrate Water Reclamation Plant:*	0	*Included in Well Production		

WATER DEMAND COMPARISON

Time Period	Average Daily Usage (gals)	Current Period Change
June 1 - June 30, 2020	4,163,703	
June 1 - June 30, 2019	3,591,803	15.9%
5-yr Average - June 2015 - 2019	3,694,256	12.7%

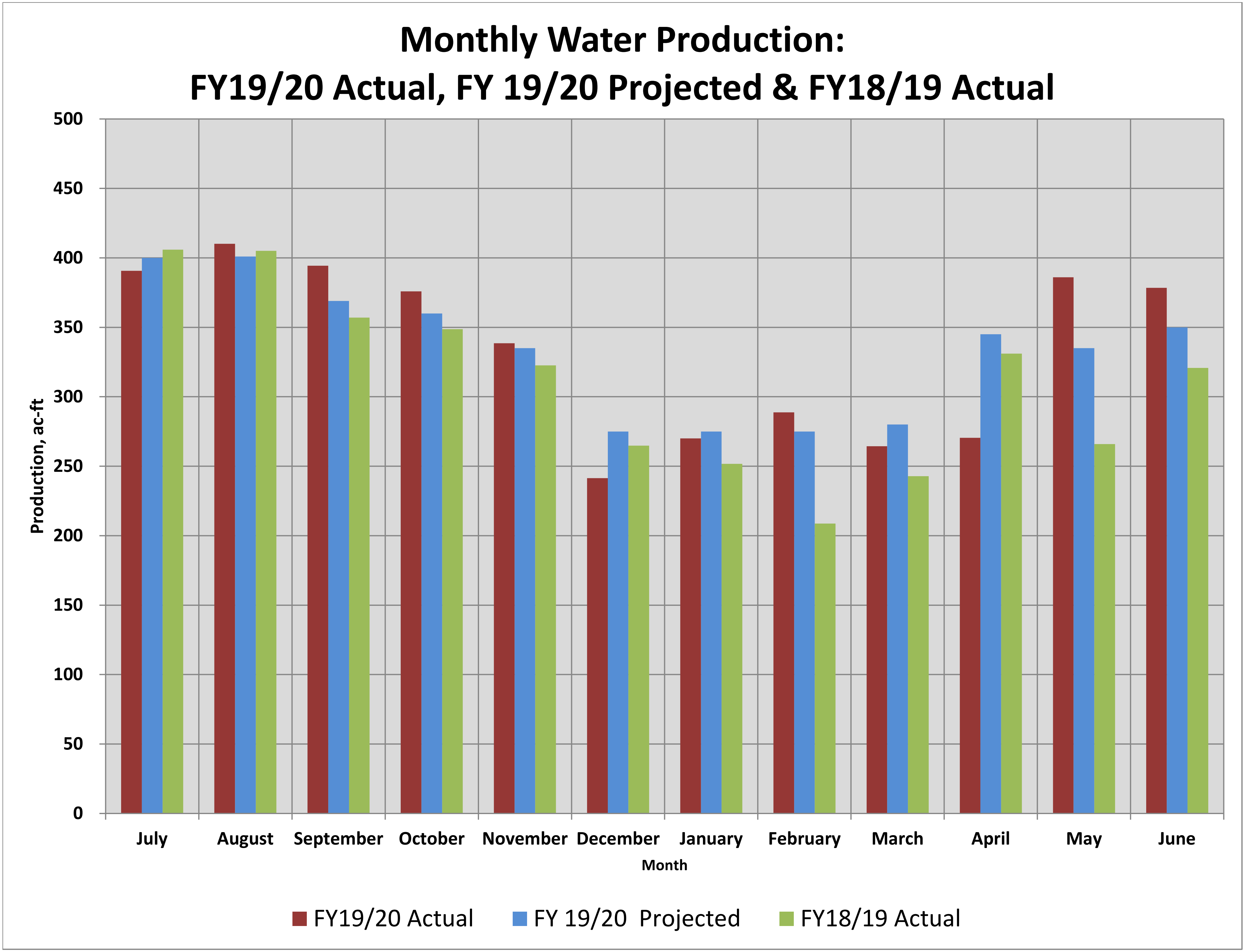
RAINFALL: June 1 - June 30, 2020 0.40"

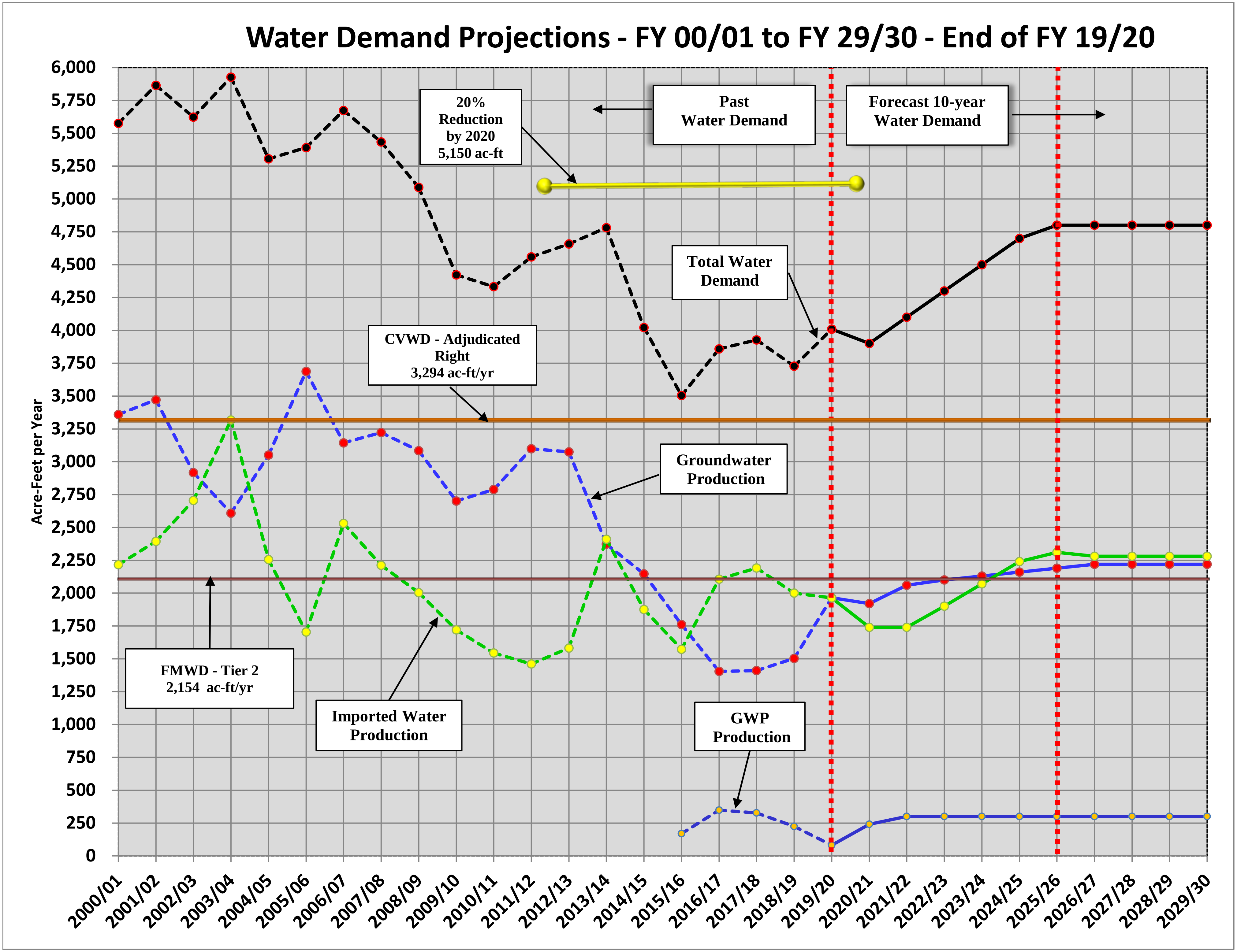
Season-To-Date: 20.52"

2019/20 Fiscal Year Water Production			**WY 19/20 - Groundwater Production Water Rights**		**GWP (Well 16) Water Production - 2020**		**Purchased Water Production Tier 2 Allocation - 2020**	
Month	**Actual Total Water Production (ac-ft)**	**Projected Total Water Production (ac-ft)**	**Month**	**Month**	**Month**	**Well Production (ac-ft)**	**Month**	**Imported Water Production (ac-ft)**
July	**391**	**400**	**October**	**166**	**January**	**0**	**January**	**102**
August	**410**	**401**	**November**	**171**	**February**	**0**	**February**	**130**
September	**394**	**369**	**December**	**161**	**March**	**0**	**March**	**102**
October	**376**	**360**	**January**	**168**	**April**	**7**	**April**	**111**
November	**339**	**335**	**February**	**158**	**May**	**17**	**May**	**205**
December	**241**	**275**	**March**	**163**	**June**	**14**	**June**	**204**
January	**270**	**275**	**April**	**153**	**July**		**July**	
February	**289**	**275**	**May**	**165**	**August**		**August**	
March	**264**	**280**	**June**	**161**	**September**		**September**	
April	**270**	**345**	**July**		**October**		**October**	
May	**386**	**335**	**August**		**November**		**November**	
June	**378**	**350**	**September**		**December**		**December**	
Total to Date	4,009	4,000	Total to Date	1,464	Total to Date	37	Total to Date	853
Projected	4,009	4,000	Water Rights	3,294			Tier 2	2,154
% of Projected	100.2%	100.0%	% of Rights	44%			% of Allocation	40%
Remaining			Remaining	1,830			Remaining	1,301

NOTE:

1) Blue Numbers = Estimated Water Production


Monthly Water Production:
FY19/20 Actual, FY 19/20 Projected & FY18/19 Actual
Production, ac-ft
500
450
400
350
300
250
200
150
100
50
0
July
August
September
October
November
December
January
February
March
April
May
June
Month
FY19/20 Actual
FY 19/20 Projected
FY18/19 Actual



Water Demand Projections - FY 00/01 to FY 29/30 - End of FY 19/20
Acre-Feet per Year
20% Reduction by 2020 5,150 ac-ft
Past Water Demand
Forecast 10-year Water Demand
Total Water Demand
CVWD - Adjudicated Right 3,294 ac-ft/yr
Groundwater Production
FMWD - Tier 2 2,154 ac-ft/yr
Imported Water Production
GWP Production
6,000
5,750
5,500
5,250
5,000
4,750
4,500
4,250
4,000
3,750
3,500
3,250
3,000
2,750
2,500
2,250
2,000
1,750
1,500
1,250
1,000
750
500
250
0
2000/01
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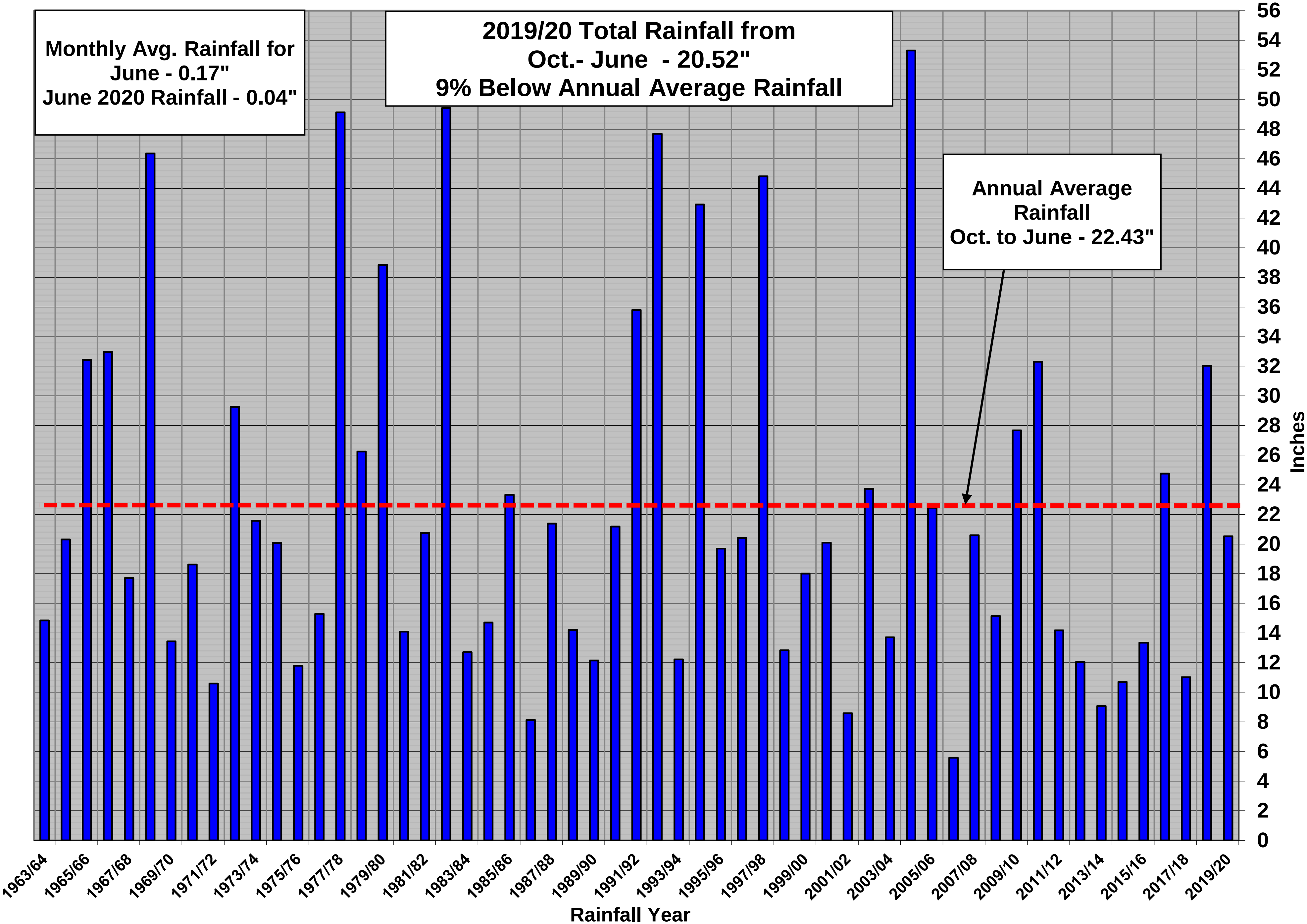
2027/28
2028/29
2029/30

Monthly Rainfall - 1963/64 - 2019/20 (Oct.- June)



Revised Date: 7/8/2020

CRESCENTA VALLEY WATER DISTRICT

2700 FOOTHILL BOULEVARD LA CRESCENTA, CALIFORNIA

Agenda for the Meeting of the Finance Committee of the
Crescenta Valley Water District
To be held on Wednesday, July 8, 2020 at 1:30 p.m.
Posted: Tuesday, July 7, 2020 at 12:30 p.m.

TELECONFERENCING NOTICE

[This meeting will be held by teleconference only.]

Pursuant to the provisions of Executive Order N-29-20 issued by Governor Gavin Newsom on March 18, 2020, the public may not attend the meeting in person.

Any member of the public may participate by listening or making comments using a touchtone phone. You may select any of the following phone numbers (there are more than one for increased reliability during this time of increased phone traffic)

(669) 900-6833	**(346) 248-7799**	**(929) 205-6099**
(253) 215-8782	**(301) 715-8592**	**(312) 626-6799**

Then, enter Access Code: 810 6739 8506

[Pursuant to the above Executive Order, the public may not attend the meeting in person.]

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Call to Order

Adoption of Agenda

Public Comments

At this time, members of the public shall have an opportunity to address the Committee on items of interest that are within the subject matter jurisdiction of the Committee. This opportunity is non-transferable and speakers are limited to three (3) minutes each.

Action Item(s)

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

1. Discuss proposed Water and Wastewater Fund Policies
2. Discuss proposed Fleet Asset Management Program

Committee Members' Request for Future Agenda Items

Adjournment

G:\Management\AGENDA\Finance Committee\2020\07072020 Fin Com.doc

Attachment(s): Water and Wastewater Fund Policies

Crescenta Valley Water District

Finance Committee
Summary of Water & Wastewater Fund Policy Options
July 8, 2020

The Water & Wastewater Fund Policies were developed through a series of Committee and Board meetings, and the last time this subject was revisited was the Board meeting on March 10, 2020.

The District currently practices a fund policy and should formally adopt a policy. Furthermore, the District's credit rating agency – Standard & Poor's – will expect a fund policy in association with the current financing the District is pursuing.

The fund policy as last presented included three (3) components for each of the water and wastewater funds. Staff recommends that the Board adopt a fund policy ahead of a credit rating presentation with Standard & Poor's scheduled for early August. The Committee may recommend one or more components of the fund policy. Of the three components, at minimum, the Operating Fund Policy must be adopted to meet the expectations of Standard & Poor's.

SUMMARY OF FUND POLICIES

- **Operating Fund Reserve**
  - Emergency Fund – Maintain $1 million for repairs or other operational needs during an emergency
    - Adjusted for inflation annually
  - Rate Stabilization Fund – Maintain 25% of annual water purchases (Water) / 25% of projected wastewater revenues (Wastewater)
  - Working Cash – Maintain three (3) months of operating costs (less the cost of purchased water)

- **CIP Reserve Fund**
  - Set aside at least one (1) year of funding for construction costs not related to pipeline replacement (Water) / Sewer Interceptor Line replacement (Wastewater)

- **Pipeline (Water) / Sewer Interceptor Line (Wastewater) Fund**
  - Set aside funding for at least two (2) years of construction costs related to a program that replaces pipelines every 75 years (Water) / at least one-half (1/2) of the construction costs related to replacing the Sewer Interceptor Line (Wastewater)

SUMMARY OF PROPOSED OPTIONS

- **Alternative A**
  - Operating Fund Reserve only (minimum requirement to meet the expectations of Standard & Poor's)

- **Alternative B**
  - Operating Fund Reserve
  - CIP Reserve Fund

- **Alternative C**
  - Operating Fund Reserve
  - CIP Reserve Fund
  - Pipeline (Water) / Sewer Interceptor Line (Wastewater) Fund

ARTICLE 21: ~~WATER FUND~~ RESERVE POLICIES~~Y~~

21.01 POLICY AND PURPOSE

A key element of prudent financial planning is to ensure that sufficient funding is available for current operating, capital, and debt service needs. Additionally, fiscal responsibility requires anticipating the likelihood of, and preparing for, unforeseen events. Crescenta Valley Water District will at all times strive to have sufficient funding available to meet its operating, capital and debt service obligations while avoiding significant customer rate fluctuations due to changes in cash flow requirements. Through a variety of policy documents and plans, including the District's Strategic Plan and other financial policies, the Board has set forth a number of long-term goals for the District. A fundamental purpose of the District's policy documents and plans are to link what must be accomplished with the necessary resources to successfully do so. The Board of Directors may designate specific reserve funds and maintain minimum fund balances consistent with what is determined to be in the best interest of the District. The Policy directives outlined in this document are intended to ensure that the District has sufficient funds to meet current and future needs. The Board will review the level of reserve funds in accordance with the review and approval of ~~the annual budget~~each budget cycle. The Board will also review the reserve target ~~every three years~~each budget cycle.

21.02 WATER OPERATING RESERVE FUND

The Water Operating Reserve Fund will be comprised of the following sub-accounts: the Emergency Fund, the Rate Stabilization Fund, and the Working Cash Fund.

A. Emergency Fund – This fund is established in order to address repairs or other operational needs in the event of an emergency where immediate needs exceed what has been budgeted for infrastructure and operations. This fund should be sufficient to cover the immediate average cost of an emergency such as a main break and also ensure the fund level keeps pace with inflation.

   i. Target Level – This fund shall be maintained at a minimum level equal to $1.0 million as of the adoption of this policy. On July 1 of each year, the emergency fund target will be adjusted by the Consumer Price All Items Index for all Urban Consumers (CPI-U) for Los Angeles- Long Beach-Anaheim for February of that year (published about March 15th). The balance of the Emergency Fund may decline below the minimum level if recommended by the General Manager and expressly approved by the Board.

   ii. Events or Conditions Prompting the Use of the Fund – The District may deposit or withdraw available monies upon the authorization of the General Manager in the event of an emergency.

   iii. Periodic Review Dates for Reserve Targets – Reserve targets will be reviewed by the Board every budget cycle, scheduled during the budget process, to ensure that the reserve targets are continuing to meet reserve objectives as they relate to the District's evolving needs.

B. Rate Stabilization Fund – This fund is established in order to mitigate the impacts of fluctuating water usage by customers and to augment the District's credit profile with respect to debt financing.

   i. Target Level – This fund shall be maintained at a minimum level equal to ~~one-quarter~~25% of the projected annual water purchases for each budget cycle. This is in line with industry standards and credit rating agency expectations for a healthy level. The balance of the Rate

Stabilization Fund may decline below the minimum level if recommended by the General Manager and expressly approved by the Board.

ii. Events or Conditions Prompting the Use of the Fund – This fund will be used to mitigate or spread out rate increases made necessary by unusual circumstances such as drought or mandatory water conservation. The Board will determine the amount and timing for any use of the fund.

iii. Periodic Review Dates for Reserve Targets – Reserve targets will be reviewed by the Board every budget cycle, scheduled during the budget process, to ensure that the reserve targets are continuing to meet reserve objectives as they relate to the District's evolving needs.

C. Working Cash Fund – This fund is established in order to maintain a reserve for current operations and to meet routine cash flow needs.

i. Target Level – This fund shall be maintained at a minimum level equal to three months of the District's water operating costs less the cost of purchased water as projected for each budget cycle. This is in line with industry standards and credit rating agency expectations for a healthy level. The balance of the Working Cash Fund may decline below the minimum level if recommended by the General Manager and expressly approved by the Board.

ii. Events or Conditions Prompting the Use of the Fund – The Board, on a case-by-case basis, will determine the amount and timing for any use of the fund.

iii. Periodic Review Dates for Reserve Targets – Reserve targets will be reviewed by the Board every budget cycle, scheduled during the budget process, to ensure that the reserve targets are continuing to meet reserve objectives as they relate to the District's evolving needs.

21.03 WATER PIPELINE RESERVE FUND

A. Water Pipeline Reserve Fund – This fund is established in order to develop and maintain a dedicated pipeline replacement program that replaces pipe every 75 years, which is the average useful life of pipeline.

i. Target Level – This fund shall be funded to sustain at least two~~three~~ years of construction costs of pipeline consistent with a 75-year pipeline replacement program. The balance of the Pipeline Reserve Fund may decline below the minimum level if recommended by the General Manager and expressly approved by the Board.

ii. Events or Conditions Prompting the Use of the Fund – The District may use the fund for construction costs as authorized by the Board in the budget.

iii. Periodic Review Dates for Reserve Targets – Reserve targets will be reviewed by the Board every budget cycle, scheduled during the budget process, to ensure that the reserve targets are continuing to meet reserve objectives as they relate to the District's evolving needs.

21.04 WATER CAPITAL IMPROVEMENT PROGRAM REPAIR & REPLACEMENT RESERVE FUND

A. Water Capital Improvement Program Repair & Replacement Reserve Fund – This fund is established in order to develop and maintain a dedicated replacement program for non-pipeline infrastructure.

i. Target Level – This fund shall be funded to sustain at least one year of projected capital repair and replacement costs indefinitely. The balance of the Repair & Replacement Fund may decline below the minimum level if recommended by the General Manager and expressly approved by the Board.

ii. Events or Conditions Prompting the Use of the Fund – The District may use the fund for construction costs as authorized by the Board in the budget.

iii. Periodic Review Dates for Reserve Targets – Reserve targets will be reviewed by the Board every budget cycle, scheduled during the budget process, to ensure that the reserve targets are continuing to meet reserve objectives as they relate to the District's evolving needs.

21.05 WASTEWATER OPERATING RESERVE FUND

The Wastewater Operating Reserve Fund will be comprised of the following sub-accounts: the Emergency Fund, the Rate Stabilization Fund, and the Working Cash Fund.

D. Emergency Fund – This fund is established in order to address repairs or other operational needs in the event of an emergency where immediate needs exceed what has been budgeted for infrastructure and operations. This fund should be sufficient to cover the immediate average cost of an emergency such as a main break and also ensure the fund level keeps pace with inflation.

i. Target Level – This fund shall be maintained at a minimum level equal to $1.0 million as of the adoption of this policy. On July 1 of each year, the emergency fund target shall be adjusted by the Consumer Price All Items Index for all Urban Consumers (CPI-U) for Los Angeles- Long Beach-Anaheim for February of that year (published about March 15th). The balance of the Emergency Fund may decline below the minimum level if recommended by the General Manager and expressly approved by the Board.

ii. Events or Conditions Prompting the Use of the Fund – The District may deposit or withdraw available monies upon the authorization of the General Manager in the event of an emergency.

iii. Periodic Review Dates for Reserve Targets – Reserve targets will be reviewed by the Board every budget cycle, scheduled during the budget process, to ensure that the reserve targets are continuing to meet reserve objectives as they relate to the District's evolving needs.

E. Rate Stabilization Fund – This fund is established in order to mitigate the impacts of fluctuating water usage by customers and to augment the District's credit profile with respect to debt financing.

i. Target Level – This fund shall be maintained at a minimum level equal to 25% of projected wastewater rate revenues for each budget cycle. This is in line with industry standards and credit rating agency expectations for a healthy level. The balance of the Rate Stabilization Fund may decline below the minimum level if recommended by the General Manager and expressly approved by the Board.

ii. Events or Conditions Prompting the Use of the Fund – This fund will be used to mitigate or spread out rate increases made necessary by unusual circumstances such as drought or mandatory water conservation. The Board will determine the amount and timing for any use of the fund.

iii. Periodic Review Dates for Reserve Targets – Reserve targets will be reviewed by the Board every budget cycle, scheduled during the budget process, to ensure that the reserve targets are continuing to meet reserve objectives as they relate to the District's evolving needs.

F. Working Cash Fund – This fund is established in order to maintain a reserve for current operations and to meet routine cash flow needs.

i. Target Level – This fund shall be maintained at a minimum level equal to three months of the District's wastewater operating costs ~~less the cost of purchased water~~ as projected for each budget cycle. This is in line with industry standards and credit rating agency expectations for a healthy level. The balance of the Working Cash Fund may decline below the minimum level if recommended by the General Manager and expressly approved by the Board.

ii. Events or Conditions Prompting the Use of the Fund – The Board, on a case-by-case basis, will determine the amount and timing for any use of the fund.

iii. Periodic Review Dates for Reserve Targets – Reserve targets will be reviewed by the Board every budget cycle, scheduled during the budget process, to ensure that the reserve targets are continuing to meet reserve objectives as they relate to the District's evolving needs.

21.06 WASTEWATER SEWER INTERCEPTOR RESERVE FUND

B. Sewer Interceptor Reserve Fund – This fund is established in order to develop and maintain a dedicated reserve to replace at least one-half of the approximately 6.7-mile sewer interceptor line which connects the District's collections system to the City of Los Angeles' treatment facility. The majority of the sewer interceptor line was constructed in one year, 37 years before the adoption of this Policy, and is therefore expected to require significant surges in required replacement rather than incremental maintenance. This fund should also keep pace with inflation.

i. Target Level – The target level for this fund shall be the estimated current cost of replacing at least one-half of the sewer interceptor line, which is estimated at $11.0 million as of the adoption of this policy. On July 1 of each year, the estimated current cost shall be adjusted by the Consumer Price All Items Index for all Urban Consumers (CPI-U) for Los Angeles-Long Beach-Anaheim for February of that year (published about March 15th). The balance of the Sewer Interceptor Reserve Fund may decline below the minimum level if recommended by the General Manager and expressly approved by the Board.

ii. Events or Conditions Prompting the Use of the Fund – The District may use the fund for construction costs as authorized by the Board in the budget.

iii. Periodic Review Dates for Reserve Targets – Reserve targets will be reviewed by the Board every budget cycle, scheduled during the budget process, to ensure that the reserve targets are continuing to meet reserve objectives as they relate to the District's evolving needs.

21.07 WASTEWATER CAPITAL IMPROVEMENT PROGRAM REPAIR & REPLACEMENT RESERVE FUND

B. Wastewater Capital Improvement Program Repair & Replacement Reserve Fund – This fund is established in order to develop and maintain a dedicated replacement program for non-sewer interceptor infrastructure.

i. Target Level – This fund shall be funded to sustain at least one year of projected capital repair and replacement costs indefinitely. This is in line with industry standard. The balance of the Repair & Replacement Fund may decline below the minimum level if recommended by the General Manager and expressly approved by the Board.

ii. Events or Conditions Prompting the Use of the Fund – The District may use the fund for construction costs as authorized by the Board in the budget.

iii. Periodic Review Dates for Reserve Targets – Reserve targets will be reviewed by the Board every budget cycle, scheduled during the budget process, to ensure that the reserve targets are continuing to meet reserve objectives as they relate to the District's evolving needs.

21.0~~5~~8 EXCESS OF RESERVE REQUIREMENTS

In the event that reserve accounts exceed minimum target levels, the Board may instruct staff to perform either of the following. The Board may authorize additional funding of any reserve fund as appropriate given the current operational and infrastructure needs and economic factors.

The Board may also instruct staff to prepare an analysis to determine the liabilities for which prefunding will yield the most savings for the District.

Staff will present this analysis to the Finance Committee and the Board for review and approval of the recommended options.

21.0~~6~~9 FINANCIAL BENCHMARKS

The District strives to maintain a strong credit profile in order to provide assurance to customers, bond holders, rating agencies and other stakeholders that the District proactively manages its financial resource and is financially sustainable. These benchmarks will be evaluated and communicated to the Board during each budget cycle. The District has set forth the following financial benchmark goals:

A. Credit Rating: The District's credit rating is an easily accessible measure for the District's financial health. The credit rating also has a direct impact on the access to financial markets and the cost of incurring debt. It is the District's goal to achieve and maintain an AA (Standard & Poor's) rating.

B. Debt Service Coverage: The District's ~~is~~ require~~d~~ment to maintain a minimum debt service coverage ratio will rang~~ing~~e from 1.00 times to 1.25 times the annual debt service payment. It is the District's goal to exceed the minimum coverage ratio with a target of 2.00 times the annual debt service payment.

21.~~07~~10RULES AND REGULATIONS

The District shall have the authority to create rules, regulations, and procedures to implement and carry out the intent and purpose of this section provided such rules, regulations, and procedures are consistent with this section

21.~~08~~11 AMENDMENT/MODIFICATION/TERMINATION

This Article 21 may be amended, modified, or terminated by the District at any time after its adoption. Amendments, modifications, or termination shall be considered and approved, or disapproved, only at a noticed regular public meeting by the District's Board of Directors.

CRESCENTA VALLEY WATER DISTRICT

2700 FOOTHILL BOULEVARD
LA CRESCENTA, CALIFORNIA

To be held on
July 10, 2020 at 9:00 AM

Agenda for the Meeting of the Engineering Committee
of the Crescenta Valley Water District

Posted July 9, 2020 at 9:00 AM

TELECONFERENCING NOTICE

[This meeting will be held by teleconference only.]

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Then, enter Access Code: 841 8378 9232

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Call to Order

Adoption of Agenda

Public Comment:

At this time, members of the public shall have an opportunity to address the Committee on items of interest that are within the subject matter jurisdiction of this Committee. This opportunity is non-transferable, and speakers are limited to three (3) minutes each.

Action Items

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

1. Discussion of Conceptual Plan – Design/Build/Operate a New Nitrate Removal Treatment Facility at CVWD's Mills Plant
2. Project Update - FY 20/21Capital Improvement Project Program

Committee Member's Request for Future Agenda Items

Next Engineering Committee Meeting – August 14, 2020

Adjournment

CRESCENTA VALLEY WATER DISTRICT
STAFF REPORT

Action Item No. 1
July 10, 2020

To: Engineering Committee

From: David S. Gould, P.E. – Director of Engineering

Subject: **Conceptual Plan – Design/Build/Operate a new Nitrate Removal Treatment Facility at CVWD's Mills Plant**

BACKGROUND:

Staff has been investigating ways to reduce CVWD's dependence on imported water from Foothill Municipal Water District (FMWD) and Metropolitan Water District (MWD) and to better utilize its local groundwater source within the Verdugo Basin (Basin). Groundwater pumped from the Basin has high levels of nitrates that are above the federal and state MCL (maximum containment level) of 45 mg/L, and the water needs to be treated before going into the water distribution system.

CVWD has a variety of methods to remove nitrates from groundwater including an existing ion exchange treatment plant at the Glenwood plant, a recently installed nitrate removal system (ARoNite) at Well 2 and by blending groundwater with imported water at the Paschall blending station for the Mills plant. The blending method at the Mills plant requires that, when the Mills booster pumps are in service, the Paschall booster must be in service even during the winter season.

The value of installing a nitrate removal treatment system at the Mills plant would provide CVWD the ability to utilize groundwater without having to blend with imported water at the same time. This is particularly beneficial during the winter season when water demand can be met by groundwater production and reduced imported water.

The District's 10-year Capital Improvement Project (CIP) program includes plans to install a nitrate removal treatment system at the Mills plant. The estimated timeline is FY 2026/27 at a preliminary construction cost estimate between $1.2M to $1.5M.

DISCUSSION:

Staff has met several times with Mr. Terry Applebury about the design and construction of a new ARoNite treatment system at the Mills Plant with a higher design capacity. Mr. Applebury represents APTWater, the company that partnered with the District for the recently completed and now operational ARoNite treatment system at Well 2. Staff and Mr. Applebury also discussed CVWD's position regarding available funding through the water rate and/or bond financing for future capital projects.

Mr. Applebury proposed to CVWD, a design/build/operate (DBO) treatment system at the Mills plant. The proposal goes beyond the Well 2 project by including the operations component of a design/build/operate treatment system model. In other words, APTWater would be responsible for not only designing and constructing but then operating the system. CVWD would purchase the water back at a negotiated rate structured that would be lower than FMWD's rate per ac-ft. In addition to water supply sustainability, the agreement structure could mitigate what is expected to be the rising cost of imported water from FMWD and MWD.

Mr. Applebury would be working with UpWell Water LLC (UpWell) for the financing component of the project. UpWell is a capital financing company whose team is comprised of long-term participants in the water industry with a proven track record of providing agencies with upfront capital financing while reducing costs for the agencies and ultimately their ratepayers.

Staff has put provided a summary of the treatment status and a scenario if a new treatment system (Option 1) were installed at the Mills Plant that shows preliminary imported water reduction and resultant cost savings to the District. (See Attachment No. 1).

Staff also had discussions with APTWater about how the District could better utilize its Verdugo Basin adjudication by pumping additional groundwater beyond the new system at the Mills Plant, thereby further reducing the District's dependence on FMWD.

Mr. Applebury suggested including an additional option in the DBO proposal for the installation of new groundwater wells with treatment (Option 2). Staff has summarized current Basin and groundwater conditions with the estimated number of new groundwater wells to meet the District's annual adjudicated water rights. (See Attachment No. 2).

Staff also looked at a hybrid option with Options 1 and 2, which is a combination of installation of the nitrate treatment plant at Mills and installation of new groundwater wells with treatment to meet CVWD's annual adjudicated water rights. (See Attachment No. 3).

A conference call was held last week with Mr. Chris Morrison and Mr. Tamin Pechet from UpWell, Mr. Applebury, and staff regarding the project. Mr. Morrison discussed the philosophy of UpWell, their background in the water industry, and how they can assist CVWD in meeting its objectives. Attached is UpWell's presentation (Attachment No. 4) for discussion with the Engineering Committee.

NEXT STEP:

Following direction and comments from the Engineering Committee, the project team will make a formal presentation to the Board of Directors at the July 28, 2020 Board meeting. If the Board expresses interest in further pursuing the project, the project team will prepare preliminary drafts of a water purchase agreement that is structured to ensures a materially lower cost of water than FMWD while protecting ratepayers by minimizing operational and financial risk to the District.

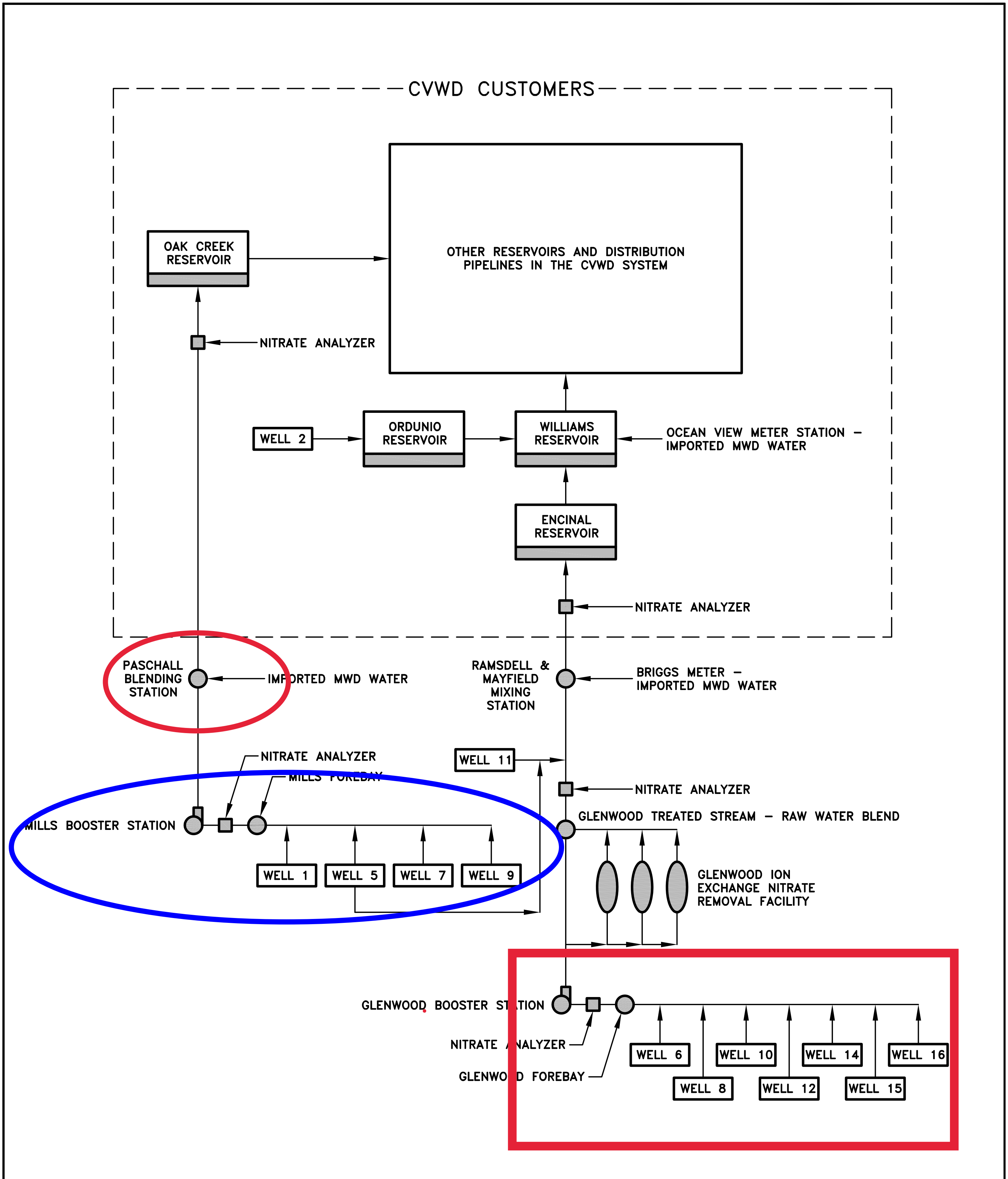
Staff is excited about this "out-of-the-box" opportunity with respect to capital financing, reducing the amount of purchased water and addressing key goals in CVWD's Strategic Plan. This conceptual plan will help with developing long-term water supply reliability and addressing future infrastructure reliability (i.e. new groundwater wells).

Finally, this proposed conceptual plan translates to APTWater with UpWell being responsible for the design and construction of assets at no initial cost to the District which were included in CVWD's 10-year CIP program. The results would be that the District will be able to focus on increasing the annual amount of pipeline replacement and upgrades to our booster pump facilities with future funding options.

Prepared & Submitted by:

David S. Gould, P.E.
Director of Engineering

Attachments:



CRESCENTA VALLEY WATER DISTRICT

SCALE: NONE	BLENDING AND NITRATE REMOVAL OPERATION COMPONENTS SCHEMATIC	DATE: 11/16/15	
DR. BY: P. HILKE		JOB NO.	FILE NO. 1
APP'VD.			

Attachment No. 1

Option 1

Install Nitrate Treatment Removal System at Mill Plant

Current Status - Nitrate Removal Process at Mills Plant

1. CVWD Wells 1, 5, 7 & 9 combine into one pipeline = Raw Water; Nitrate Level - Avg. 56 mg/L
2. Raw Water treated for low pH by adding Oxygen through cascading water down a 29-foot-tall aeration tower
3. Raw Water stored in Mills Forebay with a total of 20,000 gallons to maintain Booster Pumps NPSH or Net Positive Suction Head
4. Raw Water is treated with chlorine when leaving the Mills Plant
5. Raw water is blended with MWD/FMWD treated (low nitrate) water at the Paschall Blending Station to reduce high nitrate level to below MCL
6. If Mills Booster Pumps are turned off due to low water demand, power outage or Operator override, then Paschall Booster Pumps at the Blending Station are automatically (via SCADA) turned off to prevent high nitrate water from entering the water distribution system.

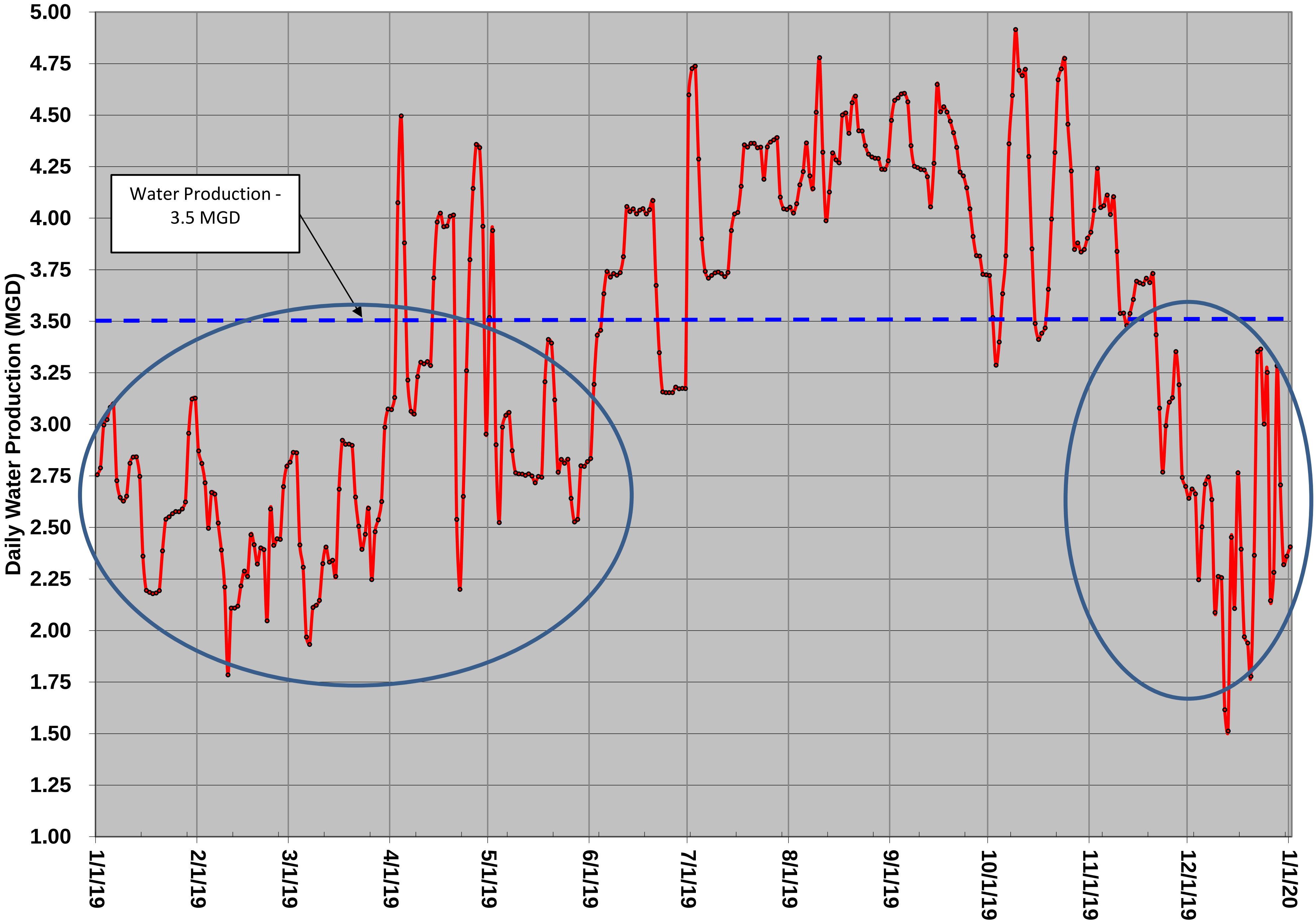
Attachment No. 1

Option 1

Imported Water Reduction – Treatment System at Mills

1. When CVWD's daily water demands are below 3.5 MGD, Water supply can be met by:
   a. Groundwater production from the Glenwood Plant - Wells 8, 10, 12, 14, & 16; Nitrate treatment - Ion Exchange Plant; Well 5 & 11 outside Glenwood.
   b. Groundwater production from Well 2 – Nitrate Treatment – ARoNite System
   c. MWD/FMWD water from Briggs Meter connection
   d. Groundwater Production from Mills Plant with new ARoNite System.
2. How many days/year is CVWD daily water demand below 3.5 MGD?
   a. 185 days/year daily water demand below 3.5 MGD based on 5-year average of daily water demand.
   b. 180 days/year daily water demand above 3.5 MGD = CVWD needs additional water supply from MWD/FMWD at Paschall Boosters to meet daily demand.
3. Reduction of MWD/FMWD at Paschall results in cost savings by avoiding purchasing expensive imported water less cost/ac-ft to buy back water. (See Table)

2019 - Daily Water Production



Attachment No. 1

TABLE 1
Daily Use with FMWD off at Paschall Booster

Daily Use with FMWD off at Paschall Booster	Max GPM	Max Gals/Day	Number of days per year Daily Water Production(1)(2) (5-yr Average)	Reduction from FMWD Paschall (3) (gpm)	Reduction from FMWD Paschall (gals/year)	Reduction from FMWD Paschall (ac-ft/year)	Total FMWD Cost per ac-ft (FY 19/20)	Cost Savings	Total Variable FMWD Cost per ac-ft (FY 19/20)	Cost Savings
All Wells & 1.0 cfs at Briggs Meter	1,950	2,808,000	101	540	78,537,600	241	$1,767	$425,832	$1,350	$325,456
All Wells & 2.0 cfs at Briggs Meter	2,400	3,456,000	84	540	65,318,400	200	$1,767	$354,158	$1,350	$270,677
Total Reduction - FMWD			**185**			**441**	$1,767	$779,990	$1,350	$596,133
Due to variation in weather - assume a reduction of 85% for planning					85%	**375**	$1,767	$662,992	$1,350	$506,713
Assume cost/ac-ft to purchase water back from APTWater - $650/ac-ft						**375**	$650	$243,917	$650	$243,917
Annual Cost Savings to District								**$419,075**		**$262,796**
Assume cost/ac-ft to purchase water back from APTWater - $850/ac-ft						**375**	$850	$318,968	$850	$318,968
Annual Cost Savings to District								**$344,024**		**$187,745**

Notes:
1. 5-year Average of number of days per year for daily water production between 2.0 MGD & 3.0 MGD = 101 days
2. 5-year Average of number of days per year for daily water production between 3.0 MGD & 3.5.0 MGD = 84 days
3. Reduction from FMWD = Not Blending for Nitrates at Pachall
4. Avg. Groundwater cost - $450/ac-ft

Attachment No. 1

Fiscal Year	Total or Projected FMWD Usage (Ac-Ft)	Percent change from previous year	Tier 1 Cost /Ac-ft (Based on MWD rate change on Jan. 1)		Tier 1 Cost percent increase from previous year	Tier 1 Cost	FMWD Operation Monthly Cost	FMWD Operation Monthly Cost percent increase from previous year	FMWD Power Monthly Cost	FMWD Power Monthly Cost percent increase from previous year	FMWD CIP Monthly Cost	FMWD CIP Monthly Cost percent increase from previous year	Tier 2 FMWD Usage (Ac-Ft)	Tier 2 Cost /Ac-ft	Tier 2 Cost	MWD Capacity Charge	MWD Capacity percent increase from previous year	MWD Readiness to Serve Charge	MWD RTS percent increase from previous year	Credits/ Debit	Total Invoice	Total Invoice percent increase from previous year	Total - Avg. Cost /Ac-ft	Avg. Cost/ac-ft percent increase from previous year	Variable FMWD/MWD Cost Total (Columns B,	Variable Cost per ac-ft	Variable FMWD/MWD Cost Total percent increase from previous year
2015/2016	1,573	-19%	$923	$942	2%	$1,463,644	$392,362	3%	$228,193	-21%	$204,665	0%	0	$1,076	$0	$39,945	40%	$120,792	-11%	($307,491)	$2,454,524	-12%	$1,561	6%	$1,852,573	$1,177	3%
2016/2017	2,100	25%	$942	$979	4%	$2,013,001	$417,562	6%	$265,675	16%	$204,665	0%	0	$1,073	$0	$49,058	23%	$103,326	-14%	$1,652	$3,055,621	20%	$1,455	-7%	$2,431,059	$1,158	-2%
2017/2018	2,192	4%	$979	$1,015	4%	$2,179,060	$451,647	8%	$309,543	17%	$204,663	0%	55	$1,101	$5,123	$43,347	-12%	$95,688	-7%	$300	$3,302,573	7%	$1,507	3%	$2,627,638	$1,199	4%
2018/2019	1,998	-10%	$1,015	$1,050	3%	$2,052,572	$484,335	7%	$306,225	-1%	$204,663	0%	74	$1,136	$6,381	$40,642	-6%	$96,822	1%	$0	$3,191,008	-3%	$1,597	6%	$2,496,260	$1,249	4%
2019/2020	1,959	-2%	$1,050	$1,078	3%	$2,081,237	$505,578	4%	$291,777	-5%	$204,665	0%	0	$1,165	$0	$42,230	4%	$98,424	2%	($631)	$3,221,891	1%	$1,644	3%	$2,513,668	$1,283	3%
2020/2021	1,740	-13%	$1,078	$1,104	2%	$1,893,660	$509,827	1%	$297,600	2%	$214,811	5%	0	$1,146	$0	$53,559	27%	$104,724	6%	$0	$3,074,181	-5%	$1,767	7%	$2,349,543	$1,350	5%
2021/2022	1,740	0%	$1,104	$1,143	4%	$1,948,650	$515,788	1%	$294,200	-1%	$224,957	5%	0	$1,185	$0	$62,896	17%	$113,832	9%	$0	$3,160,323	3%	$1,816	3%	$2,419,578	$1,391	3%
2022/2023	1,900	8%	$1,143	$1,200	5%	$2,219,580	$538,871	4%	$340,900	16%	$224,957	0%	0	$1,244	$0	$68,691	9%	$127,998	12%	$0	$3,520,997	10%	$1,853	2%	$2,757,169	$1,451	4%
2023/2024	2,070	8%	$1,200	$1,260	5%	$2,538,000	$563,778	5%	$391,950	15%	$224,957	0%	0	$1,306	$0	$72,129	5%	$144,450	13%	$0	$3,935,263	11%	$1,901	3%	$3,146,529	$1,520	5%
2024/2025	2,240	8%	$1,260	$1,311	4%	$2,876,460	$586,116	4%	$447,400	14%	$224,957	0%	0	$1,359	$0	$75,367	4%	$161,322	12%	$0	$4,371,622	10%	$1,952	3%	$3,560,549	$1,590	5%
2025/2026	2,310	3%	$1,311	$1,377	5%	$3,099,860	$618,732	6%	$484,450	8%	$214,806	-5%	0	$1,427	$0	$78,766	5%	$174,094	8%	$0	$4,670,708	6%	$2,022	3%	$3,837,170	$1,661	5%

Attachment No. 2

Option 2

Install New Groundwater Wells with Treatment to Maximizing CVWD Adjudicated Water Rights

Current Status – Verdugo Basin

1. CVWD Water Rights = 3,294 ac-ft/yr; Glendale Water Rights = 3,856 ac-ft/Yr; Verdugo Basin Safe Yield = 7,150 ac-ft/yr
2. 5-yr avg groundwater production = 1,620 ac-ft/yr due to drought and variable rainfall amounts for recharge; Water Level of basin decreased by 30 feet
3. Minimal water storage in basin due to slope in groundwater basin; CVWD must capture groundwater as it flows by.
4. Shallow groundwater basin, depth to bedrock- average 200 ft; uncertain geology makes it difficult to determine location of new groundwater wells.
5. La Crescenta/Glendale area is 95% built out; Difficult to find open areas to drill new wells; high land acquisition costs

Attachment No. 2

Option 2

Imported Water Reduction – Additional GW Wells

1. Increase amount of groundwater produced with new wells to
   a. Maximize water rights
   b. Decrease amount of imported water
2. For Planning: Assume (See Table 2):
   a. GW from existing wells = 2,200 ac-ft/yr
   b. GWP = 250 ac-ft/yr
   c. Import = 1,850 ac-ft/yr
   d. Total Water Demand = 4,300 ac-ft/yr
3. Goal: Increase GW by 1,094 ac-ft with New Groundwater Wells - See Table 2
4. Based on a total well capacity of 695 gpm; up to 4 new wells would need to be installed with treatment = 1,094 ac-ft/yr

Attachment No. 2

Fiscal Year	GW (ac-ft)	GWP (ac-ft)	Import (ac-ft)	Total (ac-ft)
2000/01	3,360	0	2,216	5,576
2001/02	3,471	0	2,394	5,865
2002/03	2,917	0	2,706	5,623
2003/04	2,609	0	3,318	5,927
2004/05	3,051	0	2,255	5,305
2005/06	3,687	0	1,704	5,392
2006/07	3,144	0	2,530	5,674
2007/08	3,222	0	2,212	5,434
2008/09	3,084	0	2,004	5,088
2009/10	2,702	0	1,721	4,422
2010/11	2,788	0	1,544	4,332
2011/12	3,099	0	1,460	4,559
2012/13	3,075	0	1,582	4,658
2013/14	2,372	0	2,410	4,782
2014/15	2,146	0	1,876	4,022
2015/16	1,761	169	1,573	3,504
2016/17	1,411	348	2,107	3,865
2017/18	1,414	327	2,188	3,929
2018/19	1,503	224	2,000	3,728
2019/20	1,906	104	1,994	4,004
20-yr Avg (FY 00/01 - FY 19/20)	2,636	0	2,090	4,784
10-yr Avg (FY 10/11 - FY 19/20)	2,148	117	1,873	4,138
5-yr Avg (FY 10/11 to FY 14/15) Before Drought	2,696	0	1,774	4,471
5-yr Avg (FY 15/16 to FY 19/200) During Drought	1,599	234	1,972	3,806
For Planning Purpose Use	2,200	250	1,850	4,300

Table 2

New Groundwater Production						
CVWD Water Rights						3,294
Average Annual GW Production						2,200
GW Production required to meet Water Rights						**1,094**
Number of New Wells with on-site Nitrate treatment						
Well No.	**Current GPM**	**Hours /day**	**Gals/Day**	**CFS**	**Ac-ft /day**	**Ac-ft /yr**
1	210	24	302,400	0.47	0.93	339
2	200	24	288,000	0.45	0.88	323
3	145	24	208,800	0.32	0.64	234
4	125	24	180,000	0.28	0.55	202
Total	**680**					**1,097**

New Groundwater Wells - Annual Cost Savings	Additional GW Production (ac-ft)	Annual FMWD Cost per ac-ft (FY 19/20)	Total Cost to FMWD	Total Variable FMWD Cost per ac-ft (FY 19/20)	Cost Savings
Additional Groundwater Production with New Groundwater Wells	1,094	$1,767	$1,933,098	$1,350	$1,476,900
Assume cost/ac-ft to purchase water back from APTWater - $650/ac-ft	1,094	$650	$711,100	$650	$711,100
Annual Cost Savings to District			**$1,221,998**		**$765,800**
Assume cost/ac-ft to purchase water back from APTWater - $850/ac-ft	1,094	$850	$929,900	$850	$929,900
Annual Cost Savings to District			**$1,003,198**		**$547,000**

Attachment No. 3

Hybrid Option - Option 1 & 2

Imported Water Reduction

1. Option 1 - Nitrate Treatment Plant at Mills Plant; Increase groundwater production by 375 ac-ft/yr
2. Option 2 - New groundwater wells; Increase groundwater production by 1,094 ac-ft/yr
3. Option 1 & 2 - Install Nitrate Treatment Plant at Mills Plant & Install New Groundwater Wells with Treatment
4. 1,094 ac-ft/yr - 375 ac-ft/yr = 719 ac-ft/yr - additional GW needed to meet annual adjudicated water rights
5. Based on average well capacity of 445 gpm; up to 3 new wells would need to be installed with treatment to get to 719 ac-ft/yr

New Groundwater Wells - Annual Cost Savings	Additional GW Prod. (ac-ft)	Annual FMWD Cost per ac-ft (FY 19/20)	Total Cost to FMWD	Total Variable FMWD Cost per ac-ft (FY 19/20)	Cost Savings
Additional Groundwater Production with New Groundwater Wells	719	$1,767	$1,270,473	$1,350	$970,650
Assume cost/ac-ft to purchase water back from APTWater - $650/ac-ft	719	$650	$467,350	$650	$467,350
Annual Cost Savings to District			**$803,123**		**$503,300**
Assume cost/ac-ft to purchase water back from APTWater - $850/ac-ft	719	$850	$611,150	$850	$611,150
Annual Cost Savings to District			**$659,323**		**$359,500**

Attachment No. 4

APT + UPWELL SOLUTION TO CVWD

JUNE, 2020

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UPWELL WATER OVERVIEW

Vision — The world's leading water finance company, delivering capital solutions to ensure a sustainable water future.

Impact — Transformational, systemic impact by providing functioning capital markets solutions to improve water resource management.

Leadership — Unique mix of capital markets and water industry operational leadership, positioned to grow the world's highest-impact, highest-value water platform.

GLOBAL WATER LEADERSHIP

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VALUE PROPOSITION

EASY ADOPTION OF WATER SOLUTIONS

Clients get water solutions they need without having to wait for budget cycles, pay upfront costs, or own assets they don't want to own.

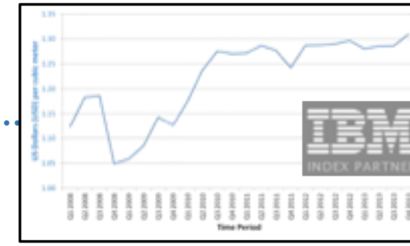
Water solution providers eliminate barriers to sales: capital, liquidity, financial solutions.

CAPITAL TO ENABLE WATER SOLUTIONS

FINANCIAL SOLUTIONS

AssetCo

Corporate Finance

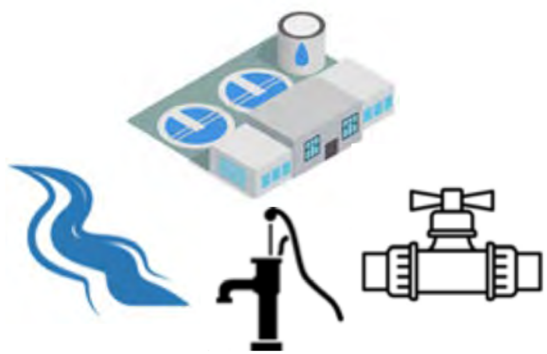


Fin. Instruments

ENABLING WATER SOLUTIONS

Capital

Solutions



Customers

Solving Industry Pain Point

CVWD OBJECTIVES

THESE ARE THE GOALS THAT WE UNDERSTAND FROM YOU

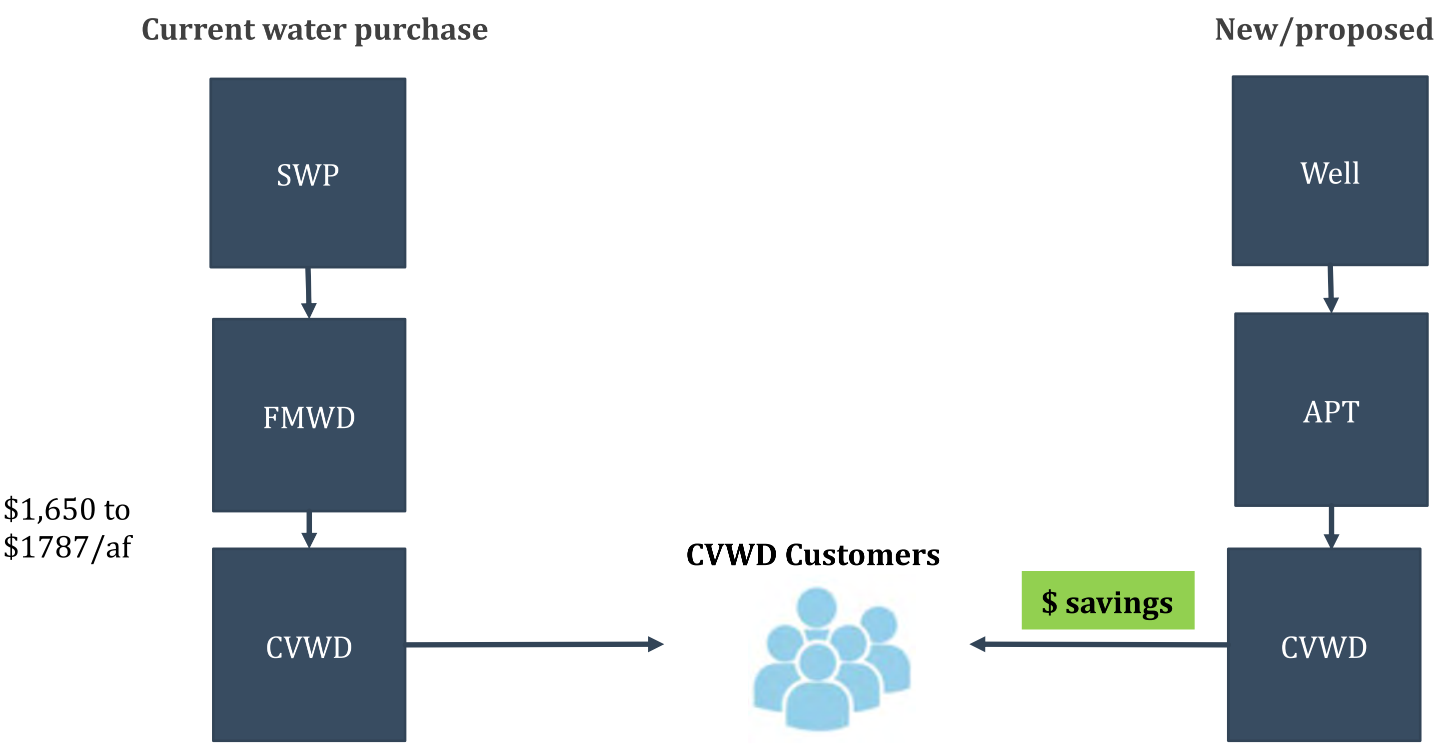
1. **Reduce ratepayers' cost of water**
   - Ensure water supply resiliency, minimize rate increases
   - Work with things CVWD knows work (APT is proven at CVWD)
2. **Minimize capital investment requiring rate increases or new debt**
   - Difficult to get rate payers to approve bonds or new debt
   - Existing infrastructure has numerous demands for capital
3. **Protect against future and potentially sizeable water rate increases (Delta tunnels)**
4. **Stay local, innovate and think creatively**

GOAL – SAVE RATEPAYERS/DISTRICT MONEY

OPPORTUNITY FOR CVWD TO REDUCE COST FOR WATER PURCHASED

We can provide alternative source for potable water to CVWD

- *APT has proven track record of providing reliable potable water that meets/exceeds all necessary requirements*
- Upwell Water has the financial strength and industry knowledge to provide packaged solution
- Foothills/SWP cost of water is expected to rise significantly over the next five years
- CVWD desires to buy high quality water and would prefer to source is locally



CVWD & UPWELL SOLUTION

TECHNICAL AND FINANCIAL SOLUTIONS

APT Proven Solution

Delivered "As A Service" Via Upwell

Proven CVWD Solution

"WATER AS A SERVICE"

APT's solution has proven successful at CVWD.

APT, uniquely, can deliver expand solution to enable reliable water supply at a savings to wholesale purchases.

Upwell purchases solutions from APT, funding the entire capital required, and enters into a water purchase agreement with CVWD.

CVWD receives:

1. Proven solution from existing vendor.
2. No upfront capital cost.
3. Water purchase agreement at a discount to wholesale pricing.

Proven solution delivered at no upfront capital cost and ongoing savings

TIMELINE - DRAFT

1. CVWD Concept Approval

- July 1: management and CFO discussion with Upwell & APT
- July 7: engineering discussion
- July 14: CVWD board discussion; desire approval to explore next steps

2. Water Purchase Agreement Draft

- Agree on terms of a water purchase agreement, subject to external approvals and the construction of the plant

3. External Approvals & Final Numbers

- Permits, etc.
- Final approved numbers and timeline

4. Plant Design-Build and Water Supply

- Plant construction and commissioning
- Water supply under Water Purchase Agreement

PROCESS QUESTIONS

FROM OUR DISCUSSIONS, THIS IS HOW WE UNDERSTAND THE PROCESS MOVING FORWARD

- Discuss feedback and prepare overview
- Bring in CFO and GM, discussions
- Bring in Engineering and board committee
- Get consensus of best path for CVWD
  - District notifications
  - Foothills negotiations
  - District board consideration
- Provide Upwell with feedback
- Upwell to provide CVWD with term sheet for long term water provision
- Negotiations
- Signing of a term sheet
- Diligence:
- Documentation and closing
- New water with savings

KEY TAKEAWAYS AND NEXT STEPS

Proven Solution, No Upfront Cost, Lower Ongoing Cost

- APT solution has worked effectively. Leveraging a "known" provider to deliver on current need.
- Solution offered to CVWD is no upfront cost, and a discount to current/future wholesale water costs.

Public Win

- Recommissioning water while generating cost-savings.

Partner With Deep Water & Capital Leadership

Goldman Sachs
Bank of America
MACQUARIE
SouthWest Water Company
PARK WATER CO. SAFETY and SERVICE
BANYAN WATER smart water management
NALCO Water An Ecolab Company
Deutsche Bank
IMAGINE H2O
GCA
APTwater

NEXT STEPS

Upwell Water LLC

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Attachment No. 4

UPWELL™
WATER

APT + UPWELL SOLUTION TO CVWD

JUNE, 2020

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Brian Matthay is an Investment Committee member of Upwell Water. He is also CIO at Cypress Creek Renewables and a board member of Imagine H2O. Brian was SVP of Environmental Finance at Wells Fargo. He has led over $3 billion in project financing.

Mark Bruinooge

Mark Bruinooge is an Investment Committee member of Upwell Water. He is also CIO of Clearpath and the 2040 Fund. He is one of the most active investors in public and private water opportunities. His prior roles included investment banking at Bank of America, Hambrecht & Quist, and Brown Brothers Harriman.

VALUE PROPOSITION

EASY ADOPTION OF WATER SOLUTIONS

Clients get water solutions they need without having to wait for budget cycles, pay upfront costs, or own assets they don’t want to own.

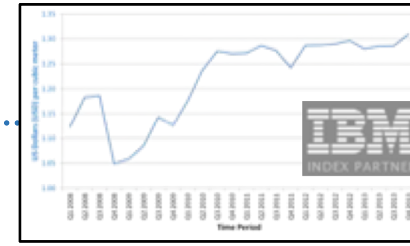
Water solution providers eliminate barriers to sales: capital, liquidity, financial solutions.

CAPITAL TO ENABLE WATER SOLUTIONS

FINANCIAL SOLUTIONS

AssetCo

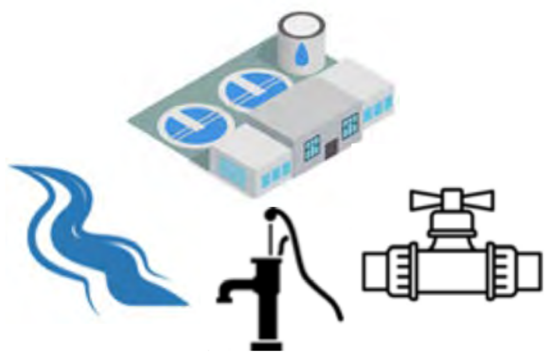
Corporate Finance



Fin. Instruments

ENABLING WATER SOLUTIONS

Solutions



Capital

Customers

Solving Industry Pain Point

CVWD OBJECTIVES

THESE ARE THE GOALS THAT WE UNDERSTAND FROM YOU

1. **Reduce ratepayers' cost of water**
   - Ensure water supply resiliency, minimize rate increases
   - Work with things CVWD knows work (APT is proven at CVWD)
2. **Minimize capital investment requiring rate increases or new debt**
   - Difficult to get rate payers to approve bonds or new debt
   - Existing infrastructure has numerous demands for capital
3. **Protect against future and potentially sizeable water rate increases (Delta tunnels)**
4. **Stay local, innovate and think creatively**

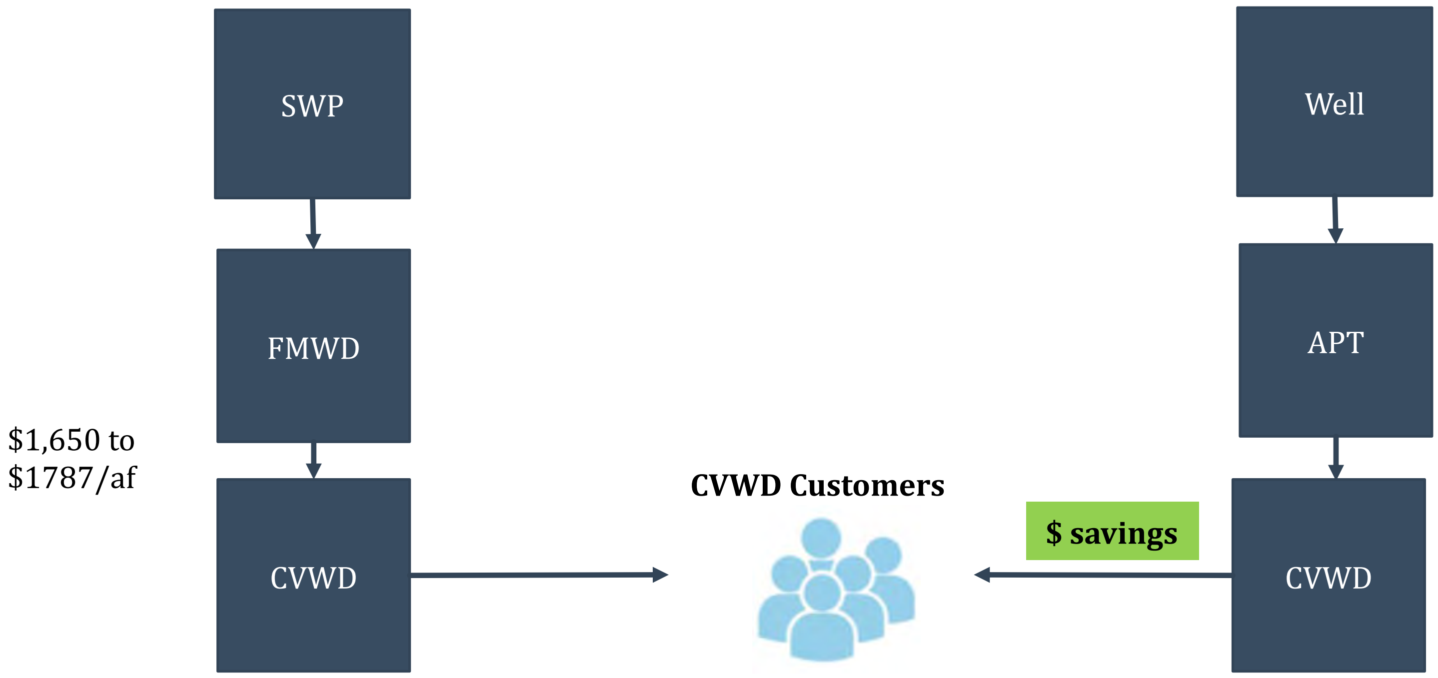
GOAL – SAVE RATEPAYERS/DISTRICT MONEY

OPPORTUNITY FOR CVWD TO REDUCE COST FOR WATER PURCHASED

We can provide alternative source for potable water to CVWD

- *APT has proven track record of providing reliable potable water that meets/exceeds all necessary requirements*
- Upwell Water has the financial strength and industry knowledge to provide packaged solution
- Foothills/SWP cost of water is expected to rise significantly over the next five years
- CVWD desires to buy high quality water and would prefer to source is locally

Current water purchase **New/proposed**



CVWD & UPWELL SOLUTION

TECHNICAL AND FINANCIAL SOLUTIONS

APT Proven Solution

UPWELL™ WATER

Delivered "As A Service" Via Upwell

Proven CVWD Solution

"WATER AS A SERVICE"

APT's solution has proven successful at CVWD.

APT, uniquely, can deliver expand solution to enable reliable water supply at a savings to wholesale purchases.

Upwell purchases solutions from APT, funding the entire capital required, and enters into a water purchase agreement with CVWD.

CVWD receives:

1. Proven solution from existing vendor.
2. No upfront capital cost.
3. Water purchase agreement at a discount to wholesale pricing.

Proven solution delivered at no upfront capital cost and ongoing savings

TIMELINE - DRAFT

1. CVWD Concept Approval

- July 1: management and CFO discussion with Upwell & APT
- July 7: engineering discussion
- July 14: CVWD board discussion; desire approval to explore next steps

2. Water Purchase Agreement Draft

- Agree on terms of a water purchase agreement, subject to external approvals and the construction of the plant

3. External Approvals & Final Numbers

- Permits, etc.
- Final approved numbers and timeline

4. Plant Design-Build and Water Supply

- Plant construction and commissioning
- Water supply under Water Purchase Agreement

PROCESS QUESTIONS

FROM OUR DISCUSSIONS, THIS IS HOW WE UNDERSTAND THE PROCESS MOVING FORWARD

- Discuss feedback and prepare overview
- Bring in CFO and GM, discussions
- Bring in Engineering and board committee
- Get consensus of best path for CVWD
  - District notifications
  - Foothills negotiations
  - District board consideration
- Provide Upwell with feedback
- Upwell to provide CVWD with term sheet for long term water provision
- Negotiations
- Signing of a term sheet
- Diligence:
- Documentation and closing
- New water with savings

KEY TAKEAWAYS AND NEXT STEPS

Proven Solution, No Upfront Cost, Lower Ongoing Cost

- APT solution has worked effectively. Leveraging a "known" provider to deliver on current need.
- Solution offered to CVWD is no upfront cost, and a discount to current/future wholesale water costs.

Public Win

- Recommissioning water while generating cost-savings.

Partner With Deep Water & Capital Leadership

Goldman Sachs · Bank of America · Macquarie · SouthWest Water Company · Park Water Co. · Banyan Water · Nalco Water, An Ecolab Company · Deutsche Bank · Imagine H2O · GCA · APTwater

NEXT STEPS

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CRESCENTA VALLEY WATER DISTRICT
STAFF REPORT

Action Item No. 2
July 10, 2020

To: Engineering Committee

From: David S. Gould, P.E. – Director of Engineering

Subject: **Project Update - FY 20/21 Water Capital Improvement Program**

BACKGROUND:

The Board approved the FY 20/21 Water Budget at the June 9, 2020 meeting with \$2.3M available for CIP projects. The Board also agreed to pursue refinancing CVWD's existing bond debt and requesting additional funding, totaling \$5M available for FY 20/21 CIP.

Staff presented at previous Engineering Committee meeting, a CIP Program comparing the \$5M Bond and PayGo funding scenarios for discussion. The information provided indicated that the amount of expenditures required between July 2020 and December 2020 for consultants and construction would be below \$1M for both funding scenarios.

DISCUSSION:

The following is status update of the FY 20/21 CIP projects:

1. **Steel Reservoir Rehabilitation – Rosemont Reservoir** – This project is for the structural repairs and re-coating of the reservoir interior, which is necessary to maintain the District's water storage capacity and to increase the life expectancy of the steel tank. Harper and Associates Engineering (Harper) and staff are working on finalizing the plans and specifications for the project and preparing a construction cost estimate with the following project schedule:

   - July 28, 2020 - Approval to advertising for bids
   - August 25, 2020 - Award of Contract
   - Construction to begin in November 2020 and be completed in February 2021.

2. **Annual Pipeline Replacement** – This project is for the replacement of steel pipelines that are at least 50-years old or more in a timely manner.

   Project 1 & 2: Staff has completed the design for the 2400 & 2500 Blocks of Janet Lee (Project 1) and started on the design of the 4300 Block of Rosemont (Project 2) with the following project schedule:

   - September 8, 2020 - Approval to advertising for bids
   - October 13, 2020 - Award of Contract
   - Construction to begin in November 2020 and be completed by February 2021.

   Projects 3 & 4: Staff is preparing a request for proposal (RFP) for a consulting firm to provide engineering services for the pipeline replacement on the 3400 & 3500 Blocks of Encinal (Project 3) and the 4800 Block of Dyer, 2800 Block of El Caminito, 4800 Block of Glenwood, 2800 Block of Stevens and 2700 Block of Paraiso Way (Project 4) with the following project schedule:

   - August 4, 2020 - RFP Due
   - August 11, 2020 - Award of Consulting Contract
   - October 27, 2020 - Approval to advertising for bids
   - November 24, 2020 - Award of Contract
   - Construction to begin in January 2021 and be completed by July 2021

3. **Groundwater Well Rehabilitation** – This project is for the rehabilitation of Well 9, which was last rehabilitated in 2014. The design will be completed by Mr. Yared with following project schedule:
   - November 10, 2020 - Approval to advertising for bids
   - December 8, 2020 - Award of Contract
   - Construction to begin in February 2021 and be completed by April 2021
4. **New Pressure Reducing Station & Upgrade Ramsdell Mixing Station** – This project is for the installation of a new PRV station near the intersection of Mayfield Ave and Ramsdell Ave. to provide water from Zone 2 to Zone 1 when Encinal Reservoir is out of service during construction of the upgrades to the Ramsdell/Mayfield Mixing Station (Mixing Station). Most of the design will be completed by staff, with additional assistance from DMc Engineering for topographic and right-of-way survey, Cannon for the electrical design and APEX for SCADA programing and integration with following project schedule:
   - September 22, 2020 - Approval to advertising for bids
   - November 10, 2020 - Award of Contract
   - Construction to begin in February 2021 and be completed by July 2021
5. **Replacement of Supervisory Control and Data Acquisition (SCADA) System Upgrade** - CVWD has an existing SCADA system with RTU/PLC's installed at each of the District's facilities that provides information on the status of the system, controls to operate booster pumps and provides alarms to the System Operators. CVWD plans to design and install an upgraded SCADA system such that the equipment, programing and integration are based on industry standards and can be installed, repaired, and/or replaced by various companies.

   Staff is currently working on an assessment of the current equipment and programing to prepare a request for proposal that will used to define the scope of work from a consulting firm. Staff is planning a presentation at a future Engineering Committee meeting to discuss the scope of work and possible options with preliminary construction costs.
6. **Replacement of SCADA Communication Radio Network** – CVWD has an existing radio communication network that operates on the 900 MHz radio frequency. In the past year, the radio system has seen interference with other communication devices and the equipment, which was installed 6 years ago, is nearing the end of its useful life, and has been malfunctioning.

   Staff is currently working on an assessment of the current equipment and reviewing options with respect to available radio frequencies or a licensed frequency. This information will be used for a presentation at a future Engineering Committee meeting and possible that this scope will be included in the SCADA system upgrades.
7. **Local Hazard Mitigation Plan** - CVWD was awarded a grant from Cal OES and FEMA to prepare a Local Hazard Mitigation Plan (LHMP) to address high priority hazards related to its water and sewer systems during a drought, energy shortage/outage, wildfire, earthquake, terrorim and cyber-attack. The total grant amount to prepare a local hazard mitigation plan is $165,000, with $125,000 grant funding from FEMA and $40,000 funding from CVWD.

   Staff has sent out a request for proposal to 11 firms and held a pre-proposal meeting on June 22. The proposals are due on July 10, 2020 and the proposal will be reviewed with the Engineering Committee at the August meeting.
   - RFP – Due July 10, 2020
   - August 7, 2020 – Review at Engineering Committee
   - August 11, 2020 - Award of Consulting Contract
   - LHMP to begin in August 2020 and be completed by October 2021

8. **Annual Booster Pump Replacement** – This project is for the replacement of one (1) booster pump of CVWD's 34 booster pumps. Mr. Yared will be preparing the design specifications that will include replacing the existing motor will be with premium efficiency motors to decrease power costs and increase the "water to wire" efficiency with following project schedule:

    - October 27, 2020 - Award of Contract
    - Construction to begin in January 2021 and be completed by March 2021

9. **Advanced Metering Infrastructure (AMI) Program** – This project has two (2) components, 1) replacement of ¾" & 1" meters with new Sensus iPERL "Smart Meters" in Pressure Zones 1 & 2, and 2) installation of the AMI network communication system.

    Field crews have resumed replacing meters, and this will continue through FY 20/21.

    Staff will be meeting with UtiliWorks Consulting to review the request for proposal for the AMI network communication including the installation of 50 – 100 collection points to verify the communication system. Staff will also coordinate with Highroad IT and the District's current customer service software. The schedule will be as follows:

    - September 22, 2020 – Approval to advertising for bids
    - November 10, 2020 – Award of Contract
    - Installation to begin in January 2021 and be completed by May 2021

10. **Stormwater Recharge Program** - Stormwater Recharge Project at Crescenta Valley County Park (CVC Park) includes the design and install a stormwater infiltration system within CVC Park that will direct stormwater from the Verdugo Wash into infiltration galleries for groundwater recharge.

    The focus for the next two (2) months will be meeting and coordinating with the City of Los Angeles on storm water rights. Staff will be working with John Robinson Consulting and Mr. Bunn from Lagerlof on an agreement with the City of Los Angeles. The draft agreement will be presented at a future Engineering Committee meeting.

11. **Facility Improvement Program** – This project is for the installation of a new roof on the existing 70 ft diameter concrete reservoir at Encinal for material and equipment storage. Staff will be preparing an RFP for a consulting firm for the structural design of the new roof. The schedule will be as follows:

    - August 19, 2020 – RFP Due
    - August 25, 2020 - Award of Consulting Contract
    - October 27, 2020 - Approval to advertising for bids
    - November 24, 2020 - Award of Contract
    - Construction to begin in January 2021 and be completed by July 2021

12. **Rehabilitation Surge Tank at Glenwood** – This project is the rehabilitation of the surge tank at the Glenwood plant. Staff has a preliminary design completed, and the next step will be completing the design and specifications for a specialty contractor to perform the repairs. The project will be awarded for construction in January 2021 and construction completed by April 2021. The schedule will be as follows:

    - November 24, 2020 - Award of Contract
    - Construction to begin in January 2021 and be completed by March 2021

SUMMARY:

In summary, staff is underway with the design of several CIP projects and wanted to provide updated information to the Engineering Committee about the project schedule and future Board action items. In addition, this will information relates to the amount of expenditures needed between July 2020 and December 2020 for consultants and construction when discussing the bond financing in August/September 2020.

Prepared & Submitted by:

David S. Gould, P.E.
Director of Engineering

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