CRESCENTA VALLEY WATER DISTRICT

2700 Foothill Boulevard
La Crescenta, California

Agenda for the
Adjourned Regular Meeting of the Board of Directors
of the Crescenta Valley Water District
to be held on Tuesday, July 28, 2020 at 7:00 p.m.

Posted: Thursday, July 23, 2020 at 8:00 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: 885 4266 8439

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/88542668439.

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 28, 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.

Call to Order and Determination of Quorum

Pledge of Allegiance

Adoption of Agenda

Public Comments

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

Foothill Municipal Water District Report

1. Report on activities at Foothill Municipal Water District.

Consent Calendar

1. Consideration and approval of the Minutes of the Regular Board Meeting on July 14, 2020.
2. Ratification of Disbursements for June 2020.

Action Calendar

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

1. **Resolution No. 761** – Consideration and possible approval of Resolution No. 761 – Requesting the Los Angeles County Board of Supervisors to Permit the Registrar-Recorder/County Clerk to Render Elections Services for the District's Election to be held on November 3, 2020 and Addressing Related Election Issues.
2. **Resolution No. 757 – Water and Wastewater Reserve Funding Policy** – Consideration and motion to adopt Resolution No. 757 amending Article 21 of the District's Rules and Regulations pertaining to the District's Water and Wastewater Reserve Funding Policy.
3. **Fleet Asset Management – Replacement of Units #6 & #27** – Consideration and motion to authorize the General Manager to purchase a Ford F-150 and a Ford F-250 for a total cost of $54,954 to replace Unit #6 and Unit #27 and to salvage them in a manner that maximizes the District's benefit.
4. **Advertise for Bids for Steel Reservoir Rehabilitation at Rosemont Reservoir, Project E-1018** – Consideration and motion to authorize the General Manager to advertise for bids for steel reservoir rehabilitation at Rosemont Reservoir with an engineer's construction estimate of $336,300 and to find said project exempt from the provisions of the California Environmental Quality Act (CEQA).
5. **Long-Term Infrastructure Reliability and Funding Roadmap** – Discuss updates related to the District's bond financing.

Information Items

Written Communications to District/Board of Directors

General Manager's Report

Attorney Report

Reports of Committees

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

Director's Oral Reports – Report on issues, meetings, or activities attended by Directors.

Board Members' Request for Future Agenda Items

Adjournment

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CRESCENTA VALLEY WATER DISTRICT
REGULAR MEETING, BOARD OF DIRECTORS
July 14, 2020

Pursuant to the order of the Board of Directors of the Crescenta Valley Water District, made at the Adjourned Regular Meeting on June 23, 2020, a Regular Meeting was held on July 14, 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** **Wendy Holloway, Customer Service Manager** **Dennis Maxwell, Director of Operations** **Brook Yared, Senior Engineer** **Arturo Montes, Finance & Administration Manager** **Pam Leddy, Administrative Assistant**

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 Putnam, seconded by Director Tejeda, and carried by a 5-0 roll call vote that the Agenda for the Regular Meeting of July 14, 2020 be adopted as presented.

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

PUBLIC COMMENTS – Ms. Marilyn Tyler commented on the potential financial hardship to the community from the COVID-19 pandemic. Ms. Tyler requested that the Board refrain from raising water and sewer rates for during FY 2020-21.

FOOTHILL MUNICIPAL WATER DISTRICT REPORT – Mr. Frank Colcord reported that total water use at the end of FY 2019/20 was 8% higher than last fiscal year but still remains 12% below the State's 2013 conservation baseline. State Water Project allocation at the end of June is 20% due to the Sierra snowpack level being at 50% of average. Foothill Municipal Water District continues to enact strict measures to ensure water quality through COVID-19 pandemic.

CONSENT CALENDAR

It was moved by Director Tejeda, seconded by Director Erickson, and carried by a 5-0 roll call vote to approve the Minutes of the Adjourned Regular Board Meeting held on June 23, 2020.

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

ACTION CALENDAR

Resolution No. 760 – Mr. Ochoa requested consideration and motion to adopt a resolution amending Article 8 Section 8.03E of the District's Rules and Regulations pertaining to the District's Low-Income program for customers.

Following discussion:

It was moved by Director Bodnar, seconded by Director Erickson and carried by a 5-0 roll call vote 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 program for customers

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

Long-Term Infrastructure Reliability and Funding Roadmap – Mr. Lee reported that tax-exempt interest rates have been unchanged for the past several weeks. The rating presentation is scheduled for mid-August, results of which will determine the interest rate. The reserve fund policies discussed during the Finance Committee will be presented to the Policy Committee on Monday, July 20, 2020.

INFORMATION ITEMS – None

WRITTEN COMMUNICATIONS TO DISTRICT – None

REPORTS OF PERSONNEL – None

GENERAL MANAGER – Mr. Montes announced that an 8-week weight challenge has been launched for CVWD employees. A Barbeque is planned to reward the group with the greatest percentage of weight loss, hosted by the remaining employees. Mr. Lee provided information on a Mind, Body & Soul program in which employees will give a brief presentation of their thoughts and reflections after reading a book of their choice on self-improvement or leadership. Ms. Colby reported that the tri-annual water quality testing has been completed. The Water Quality Reports for 2020 have been mailed to all CVWD customers. Mr. Gould reported that the preliminary permit for chloramine disinfection has been approved. All CVWD customers will be notified by mail before the switch to chloramines in October/November 2020. Water production for the month of June is 16% higher than last year, 13% higher than the 5-year average.

ATTORNEY – No report

REPORTS OF COMMITTEES

Engineering Committee – Director Bodnar reported that the Committee had met on Friday, July 10, 2020. A teleconference meeting will be scheduled as needed.

Finance Committee – Director Tejeda reported that the Committee had met on Wednesday, July 8, 2020 through teleconference. A teleconference meeting will be scheduled as needed.

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

Policy Committee – Director Erickson reported that the Committee had not met; however, a teleconference meeting was scheduled for Monday, July 20, 2020.

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

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

Executive Committee – Director Erickson reported that the Committee had not met; however, a teleconference meeting will be scheduled the week of July 20, 2020.

DIRECTORS' ORAL REPORTS

Director Erickson – No report

Director Bodnar – Announced the Water Education Seminar hosted by AWWA CA/NV will be held online on August 19, 2020.

Director Tejeda – No report

Director Putnam – No Report

Director Raghavachary – Announced the Glendale Unified School District will be in full remote learning mode beginning August 2020.

BOARD MEMBERS' REQUESTS FOR FUTURE AGENDA ITEMS – None

ADJOURNMENT

There being no other business to come before the Board, at 8:22 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 28, 2020, at 7:00 p.m.

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

APPROVED

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

CASH DISBURSEMENT LIST
June 2020

Check#	Check Date	Payable To	Description	Water Amount	Wastewater Amount
0	6/24/2020	CalPERS	PERS Contributions - May 2020	22,205.46	12,781.31
0	6/19/2020	Southern California Edison	Power purchased - May 2020	27,211.14	338.90
0	6/19/2020	Los Angeles County Public Works	Excavation permits	4,950.00	
41138	6/1/2020	Gene's Paint & Body Shop	Unit #38 - traffic accident (CVWD not at fault, reimb. by insurance)	3,269.27	2,003.74
41139	6/5/2020	James Lee	Wellness reimbursement	225.00	75.00
41140	6/5/2020	Dennis A. Maxwell, Jr	Health reimbursement	694.24	462.83
41141	6/5/2020	Arturo Montes	Health reimbursement	457.92	305.28
41142	6/9/2020	ACWA Joint Powers Ins. Authority	Group Health - June 2020	40,700.89	26,118.05
41143	6/9/2020	ADS, LLC	Sewer monitoring - May 2020		1,100.00
41144	6/9/2020	Airgas National Carbonation	Well #2 - carbon dioxide rental tank - May 2020	57.00	
41145	6/9/2020	Akel Engineering Group, Inc.	GIS and hydraulic model update - March 2020	3,592.00	
41146	6/9/2020	All In Sanitation	Lift station - sewage pump service		375.00
41147	6/9/2020	Ameripride Uniform Services, Inc.	Uniform rentals - May 2020	628.96	187.87
41148	6/9/2020	Apex Manufacturing Solutions	E-995 - PLC upgrade for ARoNite System	2,350.00	
41149	6/9/2020	Apex Manufacturing Solutions	E-995 - Well 2 ammonia injection skid	4,640.00	
41150	6/9/2020	ARC	Monthly MPS billing - May 2020	543.75	181.24
41151	6/9/2020	AT&T	Voice communication - May 2020	269.49	211.73
41152	6/9/2020	Regino Avalos	E-1006 Markridge Reservoir - landscaping & sprinkler install	5,979.03	195.97
41153	6/9/2020	BC Laboratories, Inc.	Water analysis - May 2020	3,806.25	
41154	6/9/2020	BC Laboratories, Inc.	Water analysis - May 2020	2,218.75	
41155	6/9/2020	Best Best & Krieger	Watermaster counsel - April 2020	699.20	
41156	6/9/2020	Kristin Bolus	Refund check	100.00	
41157	6/9/2020	California Water Environment	Maxwell - collection system - Grade 4 renewal	104.00	
41158	6/9/2020	Cannon	S-962 - design services - progress payment		6,215.75
41159	6/9/2020	CCS Interactive, Inc.	Monthly website hosting - June 2020	170.00	
41160	6/9/2020	City of Glendale Water & Power	Power purchased - May 2020	29,303.22	42.68
41161	6/9/2020	City of LA Bureau Sanitation	Sewer facilities charges - March/April 2020		8,737.98
41162	6/9/2020	Clark Pest Control, Inc.	Encinal Reservoir - monthly pest service - May 2020	216.10	33.90
41163	6/9/2020	Core & Main	CV High School - replace 3" meter	1,749.76	
41164	6/9/2020	Cortech Engineering	Misc. supplies - May 2020	74.09	
41165	6/9/2020	Crescenta Valley Flooring	Mills house - carpet & flooring	2,985.00	995.00
41166	6/9/2020	Crescenta Valley Weekly	Community outreach - May 7 & 14 ad display	1,800.00	

41167	6/9/2020	Cypress Ancillary Benefits	Group dental - June 2020	2,091.95	1,394.64
41168	6/9/2020	Dell Financial Services	Annual software renewal - 2020	13,126.60	
41169	6/9/2020	DMC Engineering	E-977 - Topographic services Ramsdell Mixing station - April 2020	3,170.00	
41170	6/9/2020	Do-it Center	Misc. hardware - May 2020	261.21	85.83
41171	6/9/2020	Dunn-Edwards Corporation	Mills house - paint & supplies	766.95	255.63
41172	6/9/2020	Foothill Car Wash, Lube & Oil	Units #2, #34, #43 & #55 - oil change	304.05	186.35
41173	6/9/2020	Foothill Painting Company	Mills house - painting	3,592.50	1,197.50
41174	6/9/2020	Gilmore Heating & Air Conditioning	Office - A/C unit replacement	5,190.60	3,460.40
41175	6/9/2020	David Gould	Reimbursement - hepa air purifiers	207.98	84.94
41176	6/9/2020	Grainger	Misc. supplies - May 2020	20.21	18.66
41177	6/9/2020	Great America Leasing Corp.	Kyocera copier leases - June 2020	898.76	863.50
41178	6/9/2020	Gsolutionz Professional Services	Voice communication - July 2020	185.62	145.83
41180	6/9/2020	Harrington Ind Plastics, LLC	Well #2 - supplies to repair air leak	99.67	860.67
41181	6/9/2020	Home Depot	Misc. hardware - May 2020	118.12	
41182	6/9/2020	J's Maintenance Service, Inc.	Janitorial services - May 2020	807.12	254.88
41183	6/9/2020	J. Colon Coatings, Inc.	E-1006 Markridge Reservoir - progress payment	11,043.75	
41184	6/9/2020	John Robinson Consulting, Inc.	E-995 - consulting services - April 2020	3,240.00	
41185	6/9/2020	Joseph G. Pollard Co., Inc.	Hydrant replacement pilot assembly	229.09	
41186	6/9/2020	Lagerlof, LLP	Legal services - May 2020	2,382.10	522.90
41187	6/9/2020	Lincoln Financial Group	Life & Disability Ins. - June 2020	1,410.15	2,749.89
41188	6/9/2020	Mimecast North America, Inc.	Email security - May 2020	708.34	
41189	6/9/2020	Northern Safety Co., Inc.	PPE supplies - sanitizer, surface cleaner spray	681.76	252.60
41190	6/9/2020	O'Reilly Auto Parts	Misc. parts - May 2020	41.67	25.54
41191	6/9/2020	Office Depot	Misc. supplies - May 2020	34.71	32.06
41192	6/9/2020	Pacific Western Bank	Bond debt payment	268,005.00	
41193	6/9/2020	Paper Cuts, Inc.	Paper shredding - May 2020	2.60	2.40
41194	6/9/2020	Paveco Construction, Inc.	Paving - various locations	8,427.93	
41195	6/9/2020	Peerless Materials Company	Misc. supplies - May 2020	317.95	293.50
41196	6/9/2020	Pump Check	Well #16 pump & meter testing	250.00	
41197	6/9/2020	PumpMan, Inc.	Lift station - 2 check valve repair kits		1,015.94
41198	6/9/2020	S.C. Signs and Supplies, LLC	Hot tape - replace pavement marking	516.84	
41199	6/9/2020	Shipping Container Depot, Inc.	Shipping container - storage for Engineering documents	1,746.09	582.03
41200	6/9/2020	Simpler Systems	Monthly maintenance - June 2020	500.00	
41201	6/9/2020	Adam Skinner	Refund check	23.44	
41202	6/9/2020	So Cal Turf & Tractor	Unit #22 - service maintenance, oil change	214.85	131.67
41203	6/9/2020	Southwest Hydrotech	Glenwood Boosters - pressure control valve maintenance	1,841.81	
41204	6/9/2020	Spectrum Business	Glenwood - data communications - June 2020	164.25	57.70
41205	6/9/2020	The Gas Company	Glenwood - gas purchased - May 2020	39.82	12.56
41206	6/9/2020	Toro's Lawnmower & Garden	Misc. tools - May 2020	142.21	148.00
41207	6/9/2020	Underground Service Alert	Underground notifications - May 2020	216.68	101.96
41208	6/9/2020	Univar Solutions USA, Inc.	Sodium hypochloride - Glenwood - 700 gals, Mills - 775 gals.	3,416.35	

41209	6/9/2020	Vision Service Plan Co.	Group Vision - June 2020	278.46	185.64
41210	6/9/2020	Waste Management	Glenwood - disposal service - June 2020	1,010.75	319.17
41211	6/9/2020	Western Water Works	Stock - 2" pipe	1,160.70	
41212	6/15/2020	David Inman	Wellness reimbursement	190.04	63.35
41213	6/15/2020	Pam Leddy	Wellness reimbursement	225.00	75.00
41214	6/19/2020	Aflac	Employee paid insurance - June 2020	1,364.30	
41215	6/19/2020	Akel Engineering Group Inc.	GIS and hydraulic model update - April 2020	11,462.00	
41216	6/19/2020	All American Asphalt	E-1009B - 4600 Blk Pennsylvania project - final payment	4,095.40	
41217	6/19/2020	Allen Pipeline, Inc.	D-19-27 2528 Piedmont - welding	564.00	
41218	6/19/2020	AT&T Mobility	Voice communication - May 2020	1,008.79	301.32
41219	6/19/2020	Regino Avalos	Well #7, Well #9, Mills plant, Markridge and Encinal - brush clearing	2,575.00	
41220	6/19/2020	BC Laboratories, Inc.	Water analysis - May 2020	3,687.50	
41221	6/19/2020	Best Best & Krieger	Watermaster counsel - May 2020	359.90	
41222	6/19/2020	C.V. Chamber of Commerce	Annual membership renewal	56.25	18.75
41223	6/19/2020	Petty Cash	Petty cash - reimbursement	269.00	140.91
41224	6/19/2020	City of Glendale Water & Power	Power purchased - May 2020	31,869.27	32.70
41225	6/19/2020	Colonial Life & Accidents Ins.	Employee paid insurance - June 2020	228.67	
41226	6/19/2020	Cues, Inc.	Videotape inspection - annual GraniteNet software upgrade		1,800.00
41227	6/19/2020	Direct Connection	2020 Annual water quality reports - postage & printing	2,312.14	
41228	6/19/2020	Eurofins Eaton Analytical Inc.	Water analysis - May 2020	736.00	
41229	6/19/2020	Foothill Municipal Water	Water delivery - May 2020	310,267.75	
41230	6/19/2020	General Pump Company, Inc.	Well 16 rehabilitation - final payment	5,137.15	
41231	6/19/2020	Golden Bell Products, Inc.	Lift station degreaser - 40 gallons (5 - 8 gallon pails)		1,359.99
41232	6/19/2020	Grainger	Misc. supplies - May 2020	194.19	187.30
41233	6/19/2020	J. Colon Coatings, Inc.	E-1006 Markridge - final payment	20,401.79	
41234	6/19/2020	John Robinson Consulting, Inc.	E-995 - consulting services - May 2020	2,040.00	
41235	6/19/2020	Juno & Sang Kim	Refund check	24.36	
41236	6/19/2020	KR Nida Companies	Unit #25 - replace 2-way communication radio	608.47	372.91
41237	6/19/2020	La Canada Irrigation District	meter consumption report for winter water use	230.73	113.63
41238	6/19/2020	Christina Olmedo	Reimbursement for Grade T2 renewal	60.00	
41239	6/19/2020	Pep Boys	Unit #38 - 2 rear tires	140.71	86.23
41240	6/19/2020	Hrair Petrosyan	Refund check	49.40	
41241	6/19/2020	Protech Lift	Unit #52 - master cylinder repair	412.30	252.70
41242	6/19/2020	Royal Industrial Solutions	Oak Creek - replacement handles for MCC cabinet	753.67	
41243	6/19/2020	Sawyer Petroleum	Clear diesel - 425.60 gallons	1,111.08	295.35
41244	6/19/2020	Sems Technologies Corp.	SEMS annual subscription - digalert and fleet mgmt. system	5,470.00	
41245	6/19/2020	Shell	Gas purchased - May 2020	1,316.17	393.14
41246	6/19/2020	Southwest Hydrotech	Nitrate plant - pressure sustaining valve maintenance	1,338.05	
41247	6/19/2020	Spectrum Business	Office - data communication - June 2020	2,121.46	745.37
41248	6/19/2020	Spectrum Business	Mills plant - data communication - June 2020	2,172.15	763.18
41249	6/19/2020	Stemar Equipment & Supply Co.	Hydraulic shoring jacks repair	263.23	273.96

41250	6/19/2020	Toro's Lawnmower & Garden	Pressure washer - parts & labor to repair	195.29	203.25
41251	6/19/2020	Univar Solutions USA Inc.	Sodium hypochloride - Glenwood - 640 gals, Mills - 590 gals.	2,846.09	466.25
41252	6/19/2020	Wells Fargo Card Services	Colby - water filter, Constant Contact email services, working meals	511.77	186.31
41253	6/19/2020	Wells Fargo Card Services	Gould - misc. computer supplies	44.53	53.30
41254	6/19/2020	Wells Fargo Card Services	Lee - PPE supplies, zoom meeting services, teleconference, meals	298.56	125.77
41255	6/19/2020	Wells Fargo Card Services	Maxwell - PPE supplies, A/C filters, working meals, misc. hardware	416.97	276.19
41256	6/19/2020	Wells Fargo Card Services	Ochoa - computer hardware, working meals	122.22	36.99
41257	6/19/2020	Westlake Ace Hardware	Misc. hardware	517.03	253.36
				$ 919,957.54	$ 84,481.83
			Total Disbursements for June 2020		$ 1,004,439.37

Payroll Report

Directors	$ 1,260.00
Office Regular Payroll	$ 132,390.00
Office OT	$ 557.00
Plant Regular Payroll	$ 100,955.00
Plant OT & Standby	$ 5,819.00
Employer Payroll Taxes	$ 17,735.00
Payroll Service Charges	
Total Payroll for June 2020	**$ 258,716.00**

CRESCENTA VALLEY WATER DISTRICT
BOARD OF DIRECTORS - STAFF REPORT

Action Item No. 1
July 28, 2020

To: Honorable President and Members of the Board of Directors

From: Nem Ochoa – General Manager

Subject: **Consideration and Possible Approval of Resolution No.761 – Requesting the Los Angeles County Board of Supervisors to Permit Consolidation of Services**

ACTION ITEM:

Consideration and Possible Approval of Resolution No.761 – Requesting the Los Angeles County Board of Supervisors to Permit the Registrar-Recorder/County Clerk to Render Election Services for the District's Election to be held November 3, 2020 and Addressing Related Election Issues.

BACKGROUND/DISCUSSION:

The election for the District's Board of Directors is scheduled to consolidate with the statewide election to be held on November 3, 2020.

State of California Elections Code 10403 requires that the District request consolidation of its own election with the statewide election, and that this be done as a resolution of the Board.

Resolution No. 761 is enclosed.

RECOMMENDATION

NA.

Prepared by:

James Lee
Director of Finance & Administration

Submitted by:

Nem Ochoa
General Manager

RESOLUTION NO. 761

A RESOLUTION OF THE BOARD OF DIRECTORS OF CRESCENTA VALLEY WATER DISTRICT REQUESTING THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES PERMIT THE REGISTRAR-RECORDER/COUNTY CLERK TO RENDER ELECTION SERVICES FOR AN ELECTION OF CRESCENTA VALLEY WATER DISTRICT TO BE HELD ON NOVEMBER 3, 2020

WHEREAS, the California Elections Code permits special districts electing governing board members to call an election;

WHEREAS, an election in the Crescenta Valley Water District is to be held on Tuesday, November 3, 2020, for the purpose of electing two members of the Board of Directors of the District; and

WHEREAS, the Board of Directors believes that it is desirable that the election be conducted with the General District Elections to be held on the same date and that within the District the precincts, polling places, and election officers of the election be the same, and that the Registrar-Recorder/County Clerk of the County of Los Angeles canvass the returns of the election and that the District election be held in all respects as if there were only one election.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF CRESCENTA VALLEY WATER DISTRICT HEREBY RESOLVES, DETERMINES, AND ORDERS AS FOLLOWS:

1. That an election is hereby called by the Board of Directors of the Crescenta Valley Water District to be held on November 3, 2020, for the purpose of electing two members to the Board of Directors to serve on an at-large basis.

2. That pursuant to the requirements of Section 10403 of the Elections Code, the Board of Supervisors of the County of Los Angeles is hereby requested to consent and agree to conduct the Crescenta Valley Water District election with the Tuesday, November 3, 2020, Statewide General Election for the purpose of electing members to the Board of Directors of the District.

3. The Registrar-Recorder/County Clerk is hereby authorized to canvass the returns of the Crescenta Valley Water District election.

4. The Board of Supervisors is hereby requested to issue instructions to the Registrar-Recorder/County Clerk to take all steps necessary for the holding of the election.

5. Crescenta Valley Water District shall pay in full its pro rata share of the expenses for the conduct of the election.

6. Crescenta Valley Water District shall require each candidate to pay in advance his or her pro rata share of the printing, handling, and mailing costs of his/her candidate statement as a condition to having it included in the voter's sample ballot pamphlet.

7. The word limit for candidate's statements shall be 200 words.

8. The General Manager is hereby directed to file a certified copy of this resolution with the Board of Supervisors and the Registrar-Recorder/County Clerk of the County of Los Angeles.

PASSED, APPROVED AND ADOPTED at a Regular Meeting of the Board of Directors of Crescenta Valley Water District held on July 28, 2020. Resolution No. 761 was adopted by the following vote:

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

NOES: **None**

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. 761 of the Board of Directors of Crescenta Valley Water District adopted at a Regular Meeting held on July 28, 2020 and that the same has not been amended or repealed.

Secretary of the Board of Directors

Crescenta Valley Water District

DATED: July 28, 2020 **(S E A L)**

CRESCENTA VALLEY WATER DISTRICT
BOARD OF DIRECTORS - STAFF REPORT

Action Item No. 2
July 28, 2020

To: Honorable President and Members of the Board of Directors

From: Nem Ochoa – General Manager

Subject: **Establishment of the District's Reserve Fund Policies**

ACTION ITEM:

Consideration and motion to adopt Resolution No. 757 to amend Article 21 of the District's Rules and Regulations and establish the District's Reserve Fund Policies.

BACKGROUND / DISCUSSION:

Public utilities represent an industry that frequently mitigates unforeseen events such as unplanned infrastructure repairs, catastrophic system failures, evolving regulatory requirements, and weather pattern variations that impact water availability and water use. Because safe drinking water and sanitary sewer service are imperative to public health, public utilities set aside various types of monetary reserves to adapt to these types of challenges.

The District currently practices a reserve fund policy and should formally adopt a policy. Furthermore, the District's credit rating agency – Standard & Poor's – will expect a reserve fund policy in association with the current financing the District is pursuing. Having a formally adopted policy will significantly increase the District's ability to attain a favorable credit rating and therefore the lowest possible interest rate.

The policy as last presented included three (3) components for each of the water and wastewater funds. Staff recommends that the Board adopt a policy ahead of a credit rating presentation with Standard & Poor's scheduled for August 6, 2020. The Committee may recommend one or more components of the reserve fund policy. Of the three components, at minimum, the Operating Fund Policy must be adopted to meet the expectations of Standard & Poor's.

The policy as proposed includes requirements for a review of the reserve targets on an annual basis by the Board. The policy also requires that the Board authorize any non-emergency use of reserve funds.

RECOMMENDATION:

It is staff's recommendation that the Board adopt Resolution No. 757 to amend Article 21 of the District's Rules and Regulations and establish the District's Reserve Fund Policies.

Prepared by:

James Lee
Director of Finance & Administration

Submitted by:

Nem Ochoa
General Manager

Attachment(s): 1) Summary; 2) Resolution No. 757
g:\management\board meeting staff reports\2020\07-29-20 Board Memo - Establish Reserve Fund Policies.docx

Attachment 1

ESTIMATED RESERVE FUND TARGETS –

The Reserve Fund Targets listed below are based on the fiscal year 2021 adopted budget figures

WATER RESERVE FUND

Operating Fund		
	Emergency Reserve	$1.0 M
	Rate Stabilization	2.3 M
	Working Cash	1.6 M
	Operating Reserve Fund	**$4.9 M**
CIP Fund		**$1.5 M**
Pipeline Fund		**$2.3 M**

WASTEWATER RESERVE FUND

Operating Fund		
	Emergency Reserve	$1.0 M
	Rate Stabilization	0.8 M
	Working Cash	1.0 M
	Operating Reserve Fund	**$2.8 M**
CIP Fund		**$0.2 M**
Sewer Interceptor Fund		**$5.5 M**

SUMMARY OF RESERVE FUND POLICIES -

Operating Fund

- 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 rate revenues (Water) / 25% of projected wastewater revenues (Wastewater)
- Working Cash – Maintain three (3) months of operating costs (less the cost of purchased water)

CIP Fund

- Set aside at least one (1) year of funding in accordance with the Districts 10 year CIP program, 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 one (1) year of construction costs related to a program that replaces pipelines every 75 years (Water) / build up at least one-quarter (1/4) of the construction costs related to replacing the Sewer Interceptor Line (Wastewater)

SUMMARY OF PROPOSED OPTIONS

Alternative A

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

Alternative B

- Operating Fund
- CIP Fund

Alternative C

- Operating Fund
- CIP Fund
- Pipeline (Water) / Sewer Interceptor Line (Wastewater) Fund

Attachment 2

RESOLUTION NO. 757

A RESOLUTION OF THE BOARD OF DIRECTORS OF

THE CRESCENTA VALLEY WATER DISTRICT TO

AMEND ARTICLE 21 OF THE RULES AND REGULATIONS –RESERVE FUND POLICIES

WHEREAS; the adoption of a Reserve Policy represents an industry best practice in terms of prudent financial management;

WHEREAS; the Board hereby recognizes the financial prudence of developing and sustaining a Reserve Policy with three separate reserve funds for the Water Fund – an Operating Reserve Fund, a Pipeline Reserve Fund, and a Capital Improvement Program Repair and Replacement Reserve Fund – and three separate reserve funds for the Wastewater Fund – an Operating Reserve Fund, Sewer Interceptor Fund, and Replacement Reserve Fund.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Crescenta Valley Water District authorize the revision of Article 21 of the District Rules and Regulations to establish the Reserve Fund Policy and read as follows:

ARTICLE 21: RESERVE FUND POLICIES

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 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 funds in accordance with the review and approval of each budget cycle. The Board will also review the target levels each budget cycle.

21.02 WATER OPERATING FUND

The Water Operating 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 25% of the projected annual water rate revenue 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 FUND

A. Water Pipeline 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 one year of construction costs of pipeline consistent with reaching the goal of a 75-year pipeline replacement program. The balance of the Pipeline 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 FUND

A. Water Capital Improvement Program Repair & Replacement 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 FUND

The Wastewater Operating 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 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 FUND

B. Sewer Interceptor 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-quarter (1/4) of the sewer interceptor line, which is estimated at $5.5 million as of the adoption of this policy. It is understood that the target level will not immediately be funded and is intended to be a goal for which funding is set aside on an annual basis to reach said goal. Annual contributions to the Sewer Interceptor Fund will be at the discretion of the Board of Directors and will be allocated during the annual budget process. 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. Future studies may be conducted to determine if the target levels are appropriate to the Districts future needs.

21.07 WASTEWATER CAPITAL IMPROVEMENT PROGRAM REPAIR & REPLACEMENT FUND

B. Wastewater Capital Improvement Program Repair & Replacement 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.

21.08 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.

21.09 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 requirement to maintain a minimum debt service coverage ratio will range 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.

21.10 RULES 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

21.11 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.

PASSED, APPROVED AND ADOPTED at a Regular Meeting of the Board of Directors of Crescenta Valley Water District held on July 28, 2020. Resolution No. 757 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. 757 of the Board of Directors of Crescenta Valley Water District adopted at a Regular Meeting held on July 28, 2020 and that the same has not been amended or repealed.

____
Secretary of the Board of Directors

Crescenta Valley Water District

DATED: July 28, 2020 **(S E A L)**

CRESCENTA VALLEY WATER DISTRICT
BOARD OF DIRECTORS - STAFF REPORT

Action Item No. 3
July 28, 2020

To: Honorable President and Members of the Board of Directors

From: Nem Ochoa – General Manager

Subject: **Purchase of Replacement Units for Fleet**

ACTION ITEM:

Consideration and motion to authorize the General Manager to purchase a Ford F-150 and a Ford F-250 for a total cost of $54,954 to replace Unit #6 and Unit #27 and to salvage them in a manner that maximizes the District's benefit.

BACKGROUND:

The 2020 Strategic Plan was adopted by the Board to better serve current and future generations of customers, and the plan identifies current needs and future challenges of the District and community and develops a strategic approach to address those challenges.

There are two goals in the Strategic Plan as it pertains to managing the District's fleet of service vehicles.

1. Identify Cost-Recovery or Cost-Saving Measures – Evaluate a lease option for District fleet vehicles
2. Leverage Business Software to Maximize Functionality – Implement modules to facilitate asset management

The District currently has one vehicle – Unit #6, a Ford F-150 – that is beyond its useful life and requires maintenance beyond its value. The District has another vehicle – Unit #27, a Ford F-350 – that has recently become inoperable.

The need to replace these vehicles provided an opportunity to implement the above Strategic Plan goals. Specifically, the District evaluated a vehicle lease option program as a cost-saving measure (Goal 1) and determined that the District could realize even more savings by developing an in-house asset management program. Staff has developed a preliminary Fleet Asset Management Plan, and that plan is made possible by using business software that facilitates asset management (Goal 2).

In addition to meeting the strategic plan goals discussed herein, the recommendation to replace these vehicles at this specific time also employs best management practice and acts upon a strong business case.

DISCUSSION:

The Fleet Management analysis comprises the following steps:

1. Implement Business Software – Staff populated the software with historical cost data, depreciation rates, etc. that could be used for further analysis.
2. Trend Analysis – Staff separated vehicles by fuel source – gas and diesel – as the data shows that this is the primary factor in vehicle longevity and cumulative maintenance costs.
3. Prioritize Vehicles to Replace – The analysis shows that a number of vehicles are beyond their useful lives and/or the cost of maintaining them outpaces their resale value. The FY 2020 budget was approved at a level that authorized the replacement of two (2) vehicles. Two vehicles were

prioritized based on the data and staff understanding of upcoming repairs and impending operational needs.

Staff secured several quotes for each vehicle, and they are listed below:

Dealership	Total Quote Including Taxes, Freight, Equipment
Ford F-150	
Star Ford Lincoln	$27,613
Galpin Ford	$27,682
Sunrise Ford	$28,108
Ford F-250	
Star Ford Lincoln	$27,341
Galpin Ford	$28,499
Sunrise Ford	$28,975
Total	**$54,954**

Outlays would total approximately $55K, which is within the budget authorized for FY 2020.

RECOMMENDATION

Authorize the General Manager to purchase a Ford F-150 and a Ford F-250 for a total cost of $54,954 to replace Unit #6 and Unit #27 and to salvage them in a manner that maximizes the District's benefit.

Prepared by:

James Lee
Director of Finance & Administration

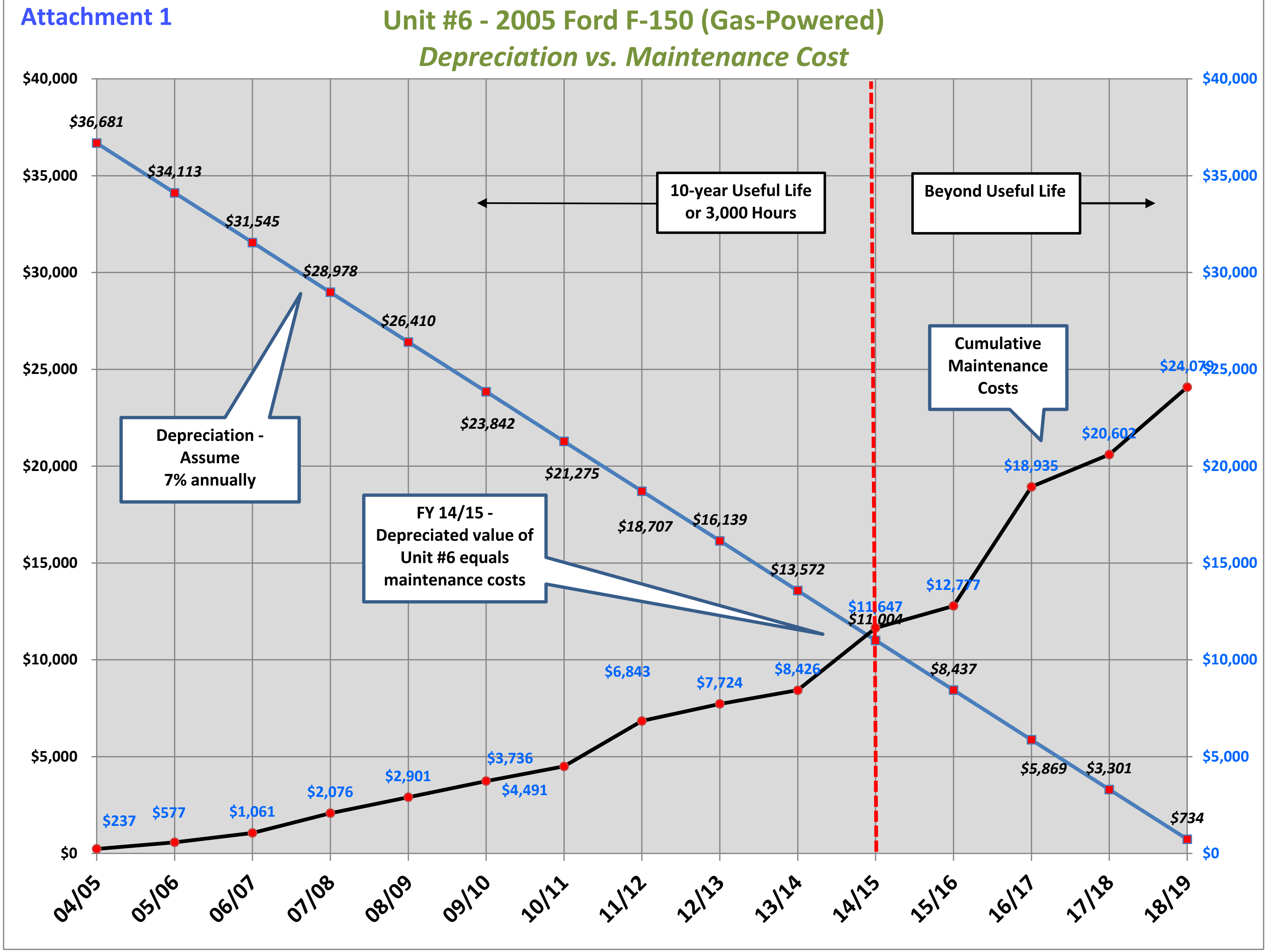
Submitted by:

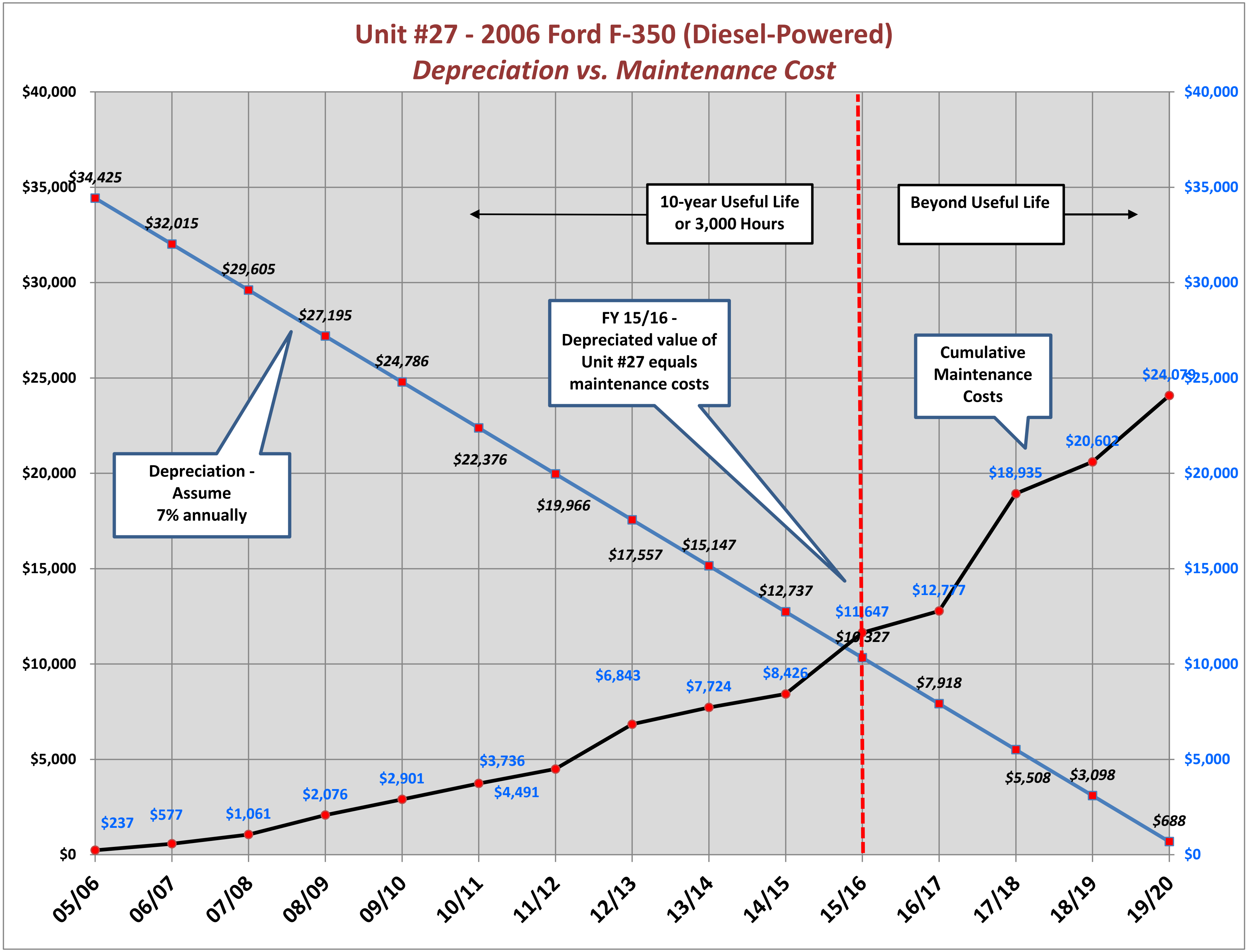
Nem Ochoa
General Manager

Attachment(s):

1. Breakeven Cost Analysis for Unit #6 and Unit #27
2. Fleet Asset Management Preliminary Analysis

Attachment 1





Unit #27 - 2006 Ford F-350 (Diesel-Powered)
Depreciation vs. Maintenance Cost
10-year Useful Life or 3,000 Hours
Beyond Useful Life
FY 15/16 - Depreciated value of Unit #27 equals maintenance costs
Cumulative Maintenance Costs
Depreciation - Assume 7% annually
$40,000
$35,000
$30,000
$25,000
$20,000
$15,000
$10,000
$5,000
$0
$34,425
$32,015
$29,605
$27,195
$24,786
$22,376
$19,966
$17,557
$15,147
$12,737
$10,327
$7,918
$5,508
$3,098
$688
$237
$577
$1,061
$2,076
$2,901
$3,736
$4,491
$6,843
$7,724
$8,426
$11,647
$12,777
$18,935
$20,602
$24,079
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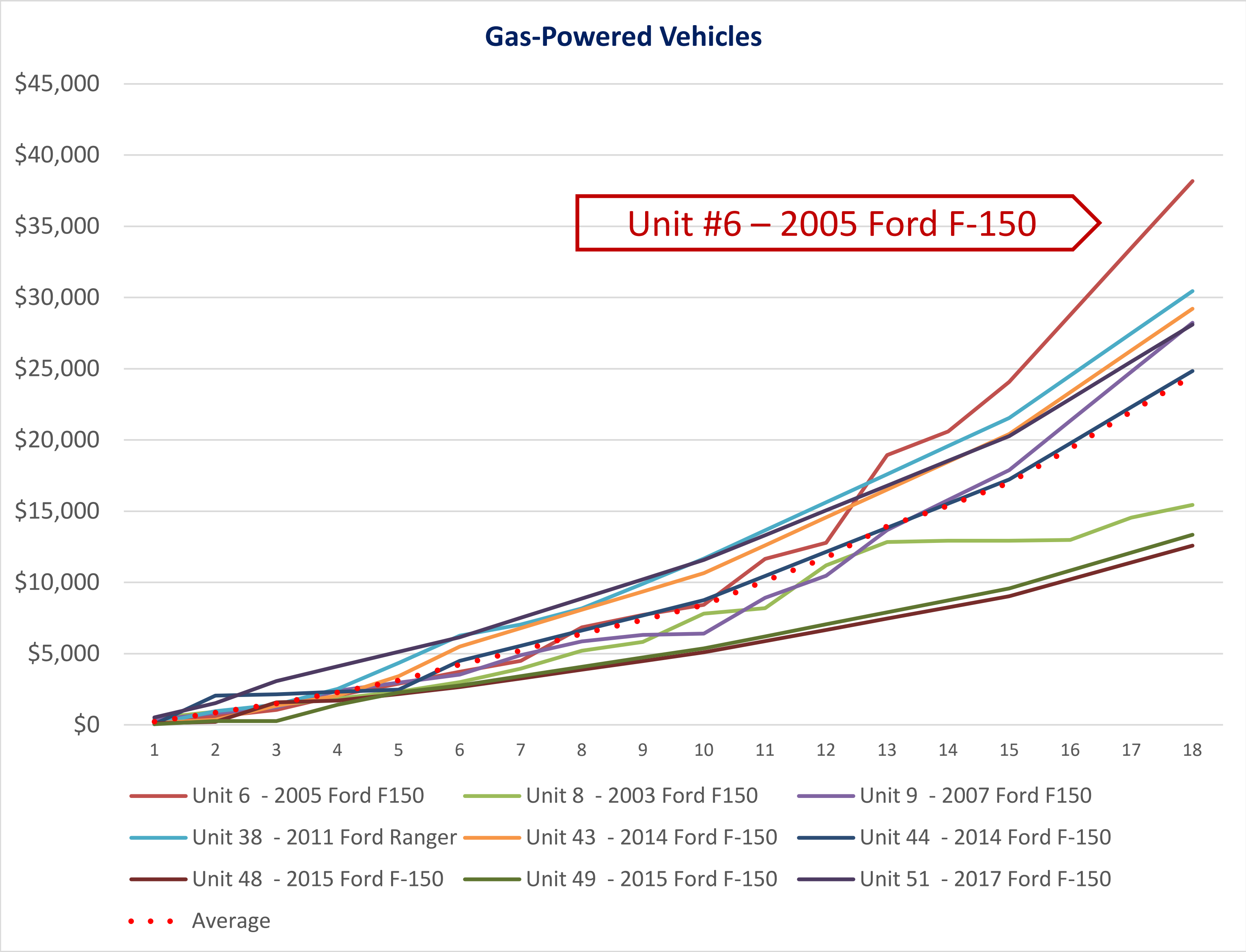
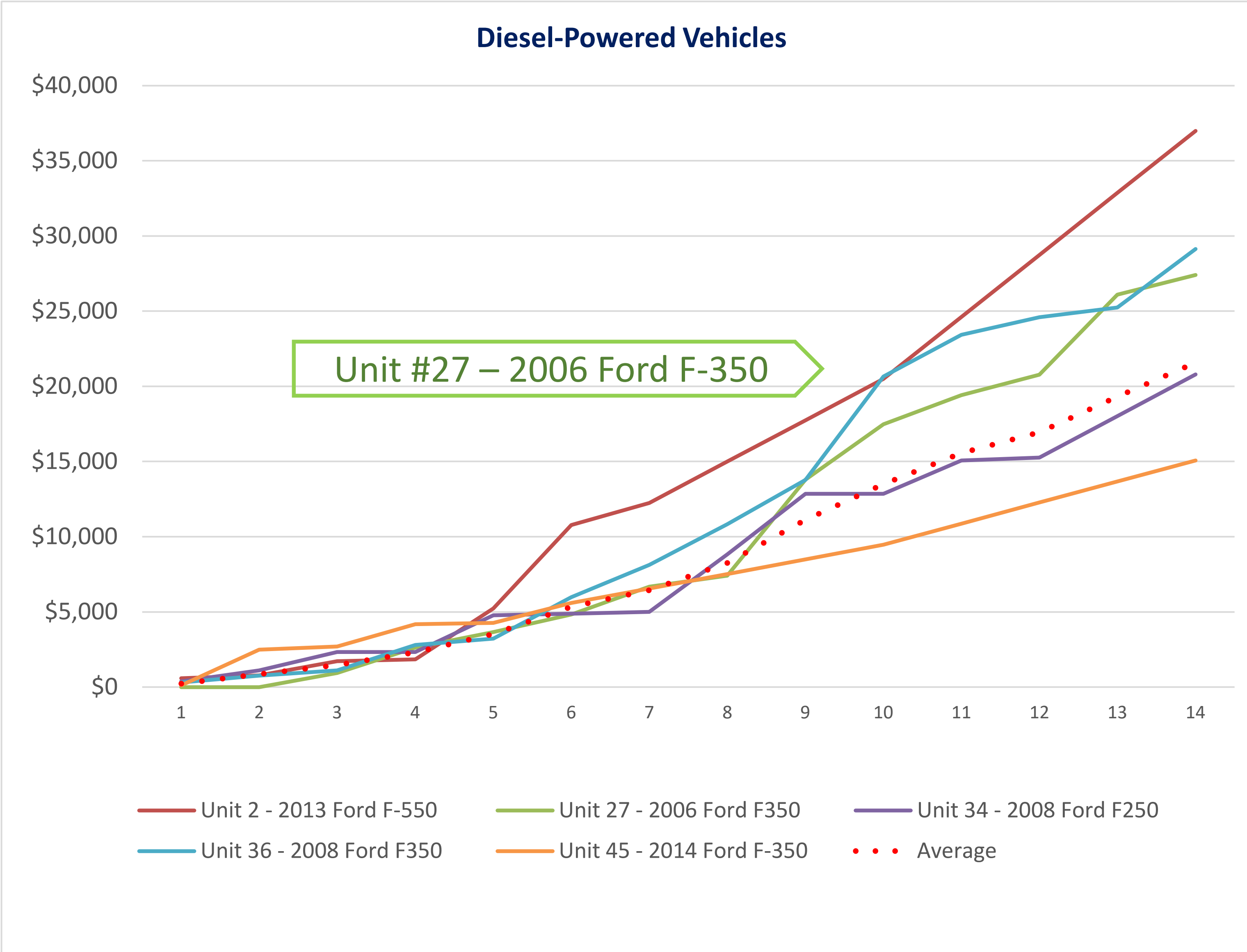
Attachment 2




Diesel-Powered Vehicles
$40,000
$35,000
$30,000
$25,000
$20,000
$15,000
$10,000
$5,000
$0
1
2
3
4
5
6
7
8
9
10
11
12
13
14
Unit #27 – 2006 Ford F-350
Unit 2 - 2013 Ford F-550
Unit 27 - 2006 Ford F350
Unit 34 - 2008 Ford F250
Unit 36 - 2008 Ford F350
Unit 45 - 2014 Ford F-350
Average

CRESCENTA VALLEY WATER DISTRICT

BOARD OF DIRECTORS - STAFF REPORT

Action Item No. 4
July 28, 2020

To: Honorable President and Members of the Board of Directors

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

Subject: **Advertise for Bids Steel Reservoir Rehabilitation at Rosemont Reservoir, Project E-1018**

ACTION ITEM:

Steel Reservoir Rehabilitation at Rosemont Reservoirs, Project E-1018 – Consideration and motion to authorize the General Manager to advertise for bids for steel reservoir rehabilitation at Rosemont Reservoir with an engineer's construction estimate of $336,300 and to find said project exempt from the provisions of the California Environmental Quality Act (CEQA)

BACKGROUND:

Crescenta Valley Water District (CVWD) owns a 0.5 MG steel tank at its Rosemont Reservoir site located at 4745 Rosemont Ave. that was built in 1949. In 1996, an assessment was performed by Harper & Associates Engineering, Inc. (Harper) of the District's 17 reservoirs, and it was determined that the Rosemont Reservoir needed to be re-coated to extend the life of the steel tank.

- In 2000, Rosemont was re-coated and additional also included seismic structural upgrades.
- In 2004, Rosemont was inspected, it was discovered that there was advanced corrosion on the interior surface between the water line and the top of the roof.
- In 2011, Rosemont was inspected as part of CVWD's reservoir maintenance program and it was revealed that the advanced corrosion had drastically increased from 2004.
- In 2016, Rosemont was inspected again, and the advanced corrosion had further increased in the rafters. Rosemont was added to the list of reservoirs that need to be re-coated as part of the annual CIP program.
- In 2019, Harper inspected Rosemont as part of the pre-design work need to prepare plans and specifications.

DISCUSSION:

Harper completed preparing the construction plans and specifications for the rehabilitation for Rosemont Reservoir that included the following:

- Removal and replacement of structural steel braces and tie rods for seismic reinforcement of roof
- New safety guard rails on roof and new stairway
- Sandblasting and removal of the existing interior and floor coating
- Re-coating the interior with an epoxy coating paint
- A new epoxy coating system on the floor
- Installation of additional roof ventilation with fans to increase air circulation and reduce the amount of chlorine vapor inside the reservoir
- New sampling ports and sacrificial anodes for corrosion protection and other appurtenances

RECOMMENDATION:

Staff recommends authorizing the General Manager to advertise for bids for the Steel Reservoir Rehabilitation at Rosemont Reservoir at an engineer's construction estimate of $336,300.

The project schedule is to advertise for bids in August 2020, award the contract in September 2020, start construction in November 2020, and the project should be completed by the end of February 2021.

Christina Olmedo will be the project manager during construction. Harper will provide specialty inspection for the structural work and the re-coating process. Staff will be requesting a proposal from Harper to provide quality control inspection services.

ENVIRONMENTAL REVIEW:

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

FUNDING AVAILABILITY:

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

Account Description	Amount
FY 20/21 Water CIP– Water Storage	$480,000
Preliminary Cost Estimate for Contractor	<$336,300>
Additional costs such as specialty inspection costs, construction administration costs, dehumidification equipment & contingency	<$139,300>
Total Cost Estimate	**<$475,600>**
Amount Remaining in Water CIP – Water Storage	**$4,400**

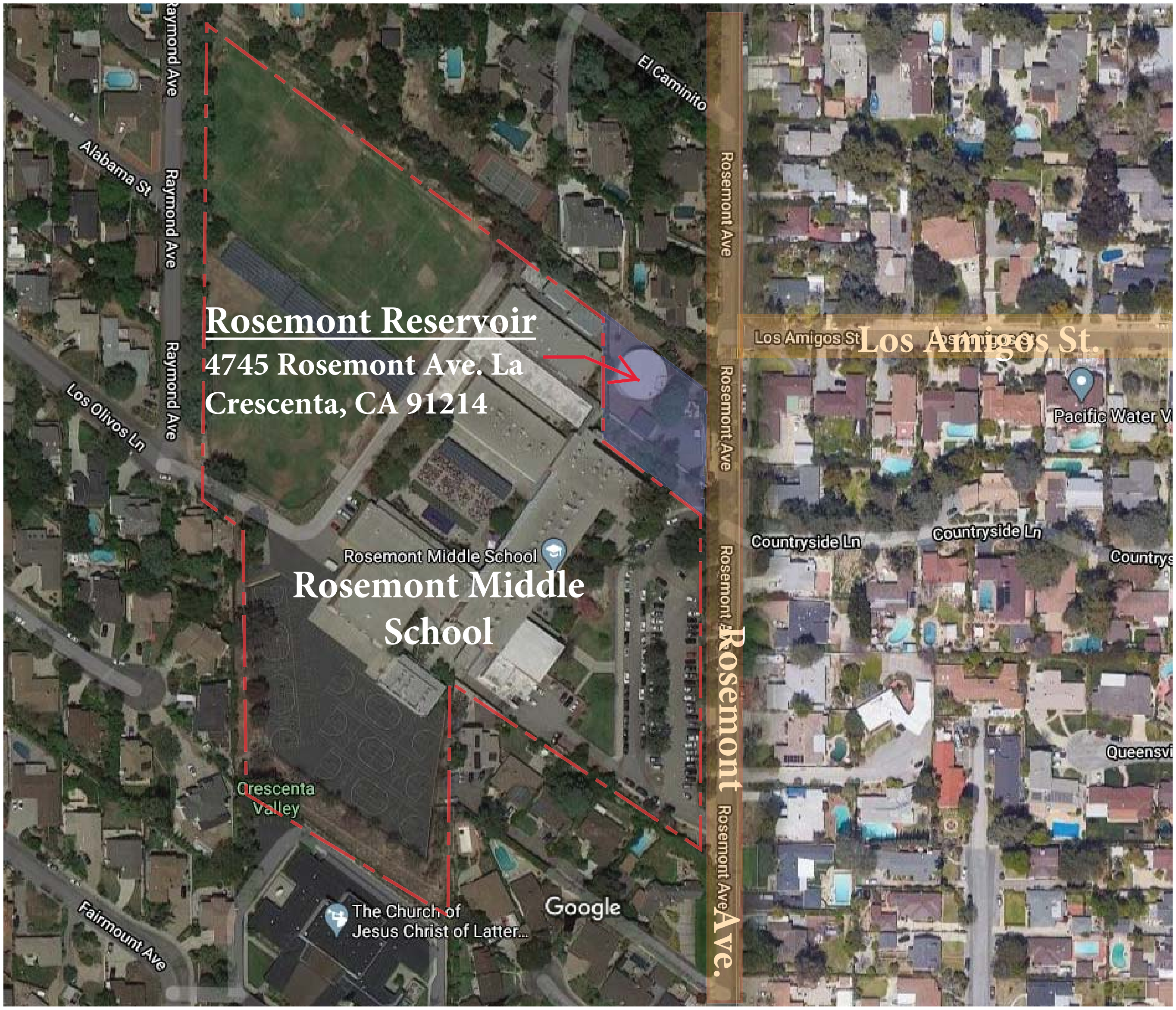
Prepared by:

Christina Olmedo

Christina Olmedo
Assistant Engineer

Submitted by:

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



Project Location Map

Rehabilitation of Rosemont Reservoir, Project E-1018

LEGEND

N

- Project Site
- Rosemont Middle School Limits
- Project Limits
- Street

CRESCENTA VALLEY WATER DISTRICT
BOARD OF DIRECTORS - STAFF REPORT

Action Item No. 5
July 28, 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.

A second draft of legal documents and resolutions was distributed for review on July 23, 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 the Policy Committee on July 20, 2020 and shared with the Board during the July 28, 2020 meeting.

Market Update

Tax-exempt interest rates have fallen since our last update two weeks ago. Investors continue to put cash into bond funds with inflows into municipal bond funds of over $847 million last week, the 10th consecutive week of inflows. The 30-year tax-exempt bond index (MMD) was at 1.80% in May and is currently 1.45%.

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:	Submitted by:
James Lee	Nem Ochoa
Director of Finance & Administration	General Manager

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CRESCENTA VALLEY WATER DISTRICT

General Manager Report

GM Report
July 28, 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:

- Strategic Plan Goals
- COVID-19 Update
- CVWD Inspector Retiring
- Water Production 10% higher in July
- APTwater and Upwell presentation on August 11th

STAFFING

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

As of July 23rd the District has gone 247 days without a lost time accident.

GENERAL MANAGER ACTIVITIES

<u>Meetings:</u>

Virtual All-Hands Meeting	- July 15th
FMWD Managers Meeting	- July 15th
Policy Committee Meeting	- July 20th
Weekly Managers Meeting	- July 20th, July 27th
Executive Committee Meeting	- July 24th

Submitted by:

Nem Ochoa
General Manager

2012
AWARD FOR
EXCEPTIONAL
PERFORMANCE
IN CHAPTER
JOURNALISM

FIRST QUARTER 2020

APWA Southern California Chapter

APWA YOUR COMPREHENSIVE PUBLIC WORKS RESOURCE

Insight

CRESCENTA VALLEY WATER DISTRICT RETURNS WELL TO SERVICE AFTER 40 YEARS IDLE

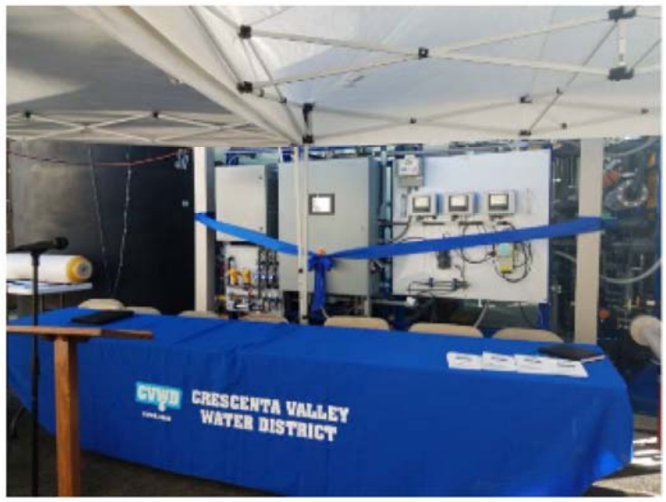
Inside This Issue:

Public Works: Serving You and Your Community

A CREATIVE AND SUSTAINABLE SOLUTION TO INCREASED WATER NEEDS

SHAHNAWAZ AHMAD & JORGE LOVO I SA ASSOCIATES I DAVID S. GOULD I CRESECENTA VALLEY WATER DISTRICT

Crescenta Valley Water District's Well No. 2 at Ordunio Reservoir Project uses emerging technology to overcome water quality treatment challenges and has increased local supply capacity to better serve the community.



This multiple award-winning project started with the need for an increase in the local water supply during the 2011-15 statewide drought. Crescenta Valley Water District (CVWD) wanted to re-activate Well No. 2, which has been out of service since 1976, to increase local water supply, which required a new nitrate removal treatment process.

In order to reactivate Well No. 2 and increase local water supply, CVWD's goal was to find a process for treating groundwater with high levels of nitrates and that would have a nominal waste stream. Also required was compliance with stricter/updated State Water Resources Control Board, Division of Drinking Water (DDW) regulations, which resulted in a state-of-the-art nitrate removal treatment process.

A creative and unique solution for nitrate removal treatment process was developed as CVWD teamed up with APT Water LLC to utilize their ARoNite Treatment technology. ARoNite is a unique biological nitrate reduction technology that harnesses the power of naturally occurring autotrophic bacteria to reduce nitrate contamination in water and produces no brine waste stream for disposal.

The ARoNite technology is a biological treatment system that reduces nitrate (NO_3) to nitrogen gas using hydrogen to promote the growth of naturally occurring bacteria within the ARoNite modules. The innocuous nitrogen gas waste by-product is released into the atmosphere. As a result, the ARoNite system destroys the contamination without producing other occurring by-products. This is completely different than the traditional ion exchange process to reduce the level of nitrate concentrations and best of all, it eliminates the salt ion concentrations (brine) generation waste. The ARoNite treatment system built by CVWD is one of the first biological treatment systems constructed and approved within the State of California.

There are a few challenges when introducing a new technology. When a new technology is introduced into the water industry, it is scrutinized, questioned, and even purposefully avoided until advocates such as CVWD break the barrier of skepticism, overcome public indifference, and is approved by regulatory agencies.

CVWD, APT Water, and SA Associates worked very closely with DDW and City of Glendale involving all stakeholders, from the conception of the project to its final approval and acceptance of the treatment system.

The project allowed CVWD to achieve its' goal to re-activate a local water resource that has not been in service since 1976, increase CVWD's ability to use its' adjudicated water rights within the Verdugo Basin, and reduce CVWD's dependence on imported water from the Metropolitan Water District of Southern California (MWD) and Foothill Municipal Water District (FMWD), the regional and local wholesale suppliers. The reactivation of Well No. 2 increased CVWD's local supply by 10% from a local resource to better service the 32,000 people in Crescenta Valley with a less expensive water source.

SA Associates, the engineer of record, prepared plans, estimates, & specifications (PS&E) which included a new submersible pump and motor, onsite piping, a nitrate removal treatment building, a chlorine feed system, installation of a new operations building, mechanical, electrical, telemetry systems, water, sewer, and gas services to support all new installations, pavement, site protection (perimeter walls/fences) and other on-site improvements.

The project also helped CVWD adapt to and mitigate climate change vulnerabilities by offsetting energy intensive imported water supplies and the associated greenhouse gas emissions from imported water. CVWD is expecting a return of investment for the project to be less than 10 years.

SA Associates is a 2020 Gold Chapter Sponsor. They have been a 6-year Gold Sponsor, since the program was initiated in 2015.

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 Monday, July 20, 2020 at 1:30 p.m.
Posted: Friday, July 17, 2020 at 4:30 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: <u>892 8146 2457</u>

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

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.

<u>Call to Order</u>

<u>Adoption of Agenda</u>

<u>Public Comments</u>

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 Deposit Policy and updates to Appendix C of the Rules & Regulations

Committee Members' Request for Future Agenda Items

Adjournment

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Attachment(s):

1. *Water and Wastewater Fund Policies*
    a. *Discussion*
    b. *Proposed updates to Article 21 of the Rules & Regulations*
2. *Customer Deposit Policy*
    a. *Discussion*
    b. *Proposed updates to Section 7.2 and 12.11 of the Rules and Regulations (redlined)*
    c. *Proposed updates to Appendix C (redlined)*
    d. *Peer agency survey of customer deposits*
    e. *Peer agency survey of miscellaneous fees (from 2017)*
    f. *Miscellaneous fees update calculations*

Attachment 1a

Crescenta Valley Water District

Policy Committee

Summary of Water & Wastewater Fund Policy Options

July 20, 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. This was also revisited with the Finance Committee on July 8, 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.

The fund policy as proposed includes requirements for a review of the reserve targets on an annual basis by the board. The policy also requires that the Board authorize any non-emergency use of reserve funds.

Estimated Water Reserves

Operating Reserve	
Emergency Reserve	$1.0 M
Rate Stabilization	2.3 M
Working Cash	1.6 M
Operating Reserve Fund	**$4.9 M**
CIP Reserve	**$1.5 M**
Pipeline Reserve	**$2.3 M**

Estimated Wastewater Reserves

Operating Reserve	
Emergency Reserve	$1.0 M
Rate Stabilization	0.8 M
Working Cash	1.0 M
Operating Reserve Fund	**$2.8 M**
CIP Reserve	**$0.2 M**
Sewer Interceptor Reserve	**$5.5 M**

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 rate revenues (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 one (1) year of construction costs related to a program that replaces pipelines every 75 years (Water) / at least one-quarter (1/4) 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

Attachment 1b

ARTICLE 21: <u>RESERVE POLICIES</u>

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 each budget cycle. The Board will also review the reserve target 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 25% of the projected annual water rate revenue 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 one year 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 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-quarter (1/4) of the sewer interceptor line, which is estimated at $5.5 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.

21.08 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.

21.09 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 requirement to maintain a minimum debt service coverage ratio will range 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.

21.10 RULES 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

21.11 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.

Attachment 2a

Crescenta Valley Water District

Policy Committee

Summary of Proposed Deposit Policy and Update of Miscellaneous Charges

July 20, 2020

The Customer Deposit Policy and the schedule for Miscellaneous Charges were developed through a series of Committee and Board meetings, and this subject was last revisited at the Finance Committee meeting on May 20, 2020 and subsequently at the Policy Committee meeting on June 05, 2020.

a. Customer Deposits – The District currently collects deposits in the amount of $100 from customers who sign up as tenants. This is to defray potential inability to collect charges, particularly for final bills upon accounts being closed. When tenant customers close their accounts, the deposit is applied to their final bill or a refund check is issued. Currently, the District writes off approximately $2K-$10K annually.

During the June 05, 2020 Policy Committee meeting, the Committee discussed various alternatives to the policy, including: 1) requiring a separate deposit for water and wastewater services 2) requiring owners to provide a deposit as well; 3) basing deposits on a sliding scale according to credit score; 4) returning deposits to customers after a period based on good payment history.

The Policy Committee directed staff to present a peer agency review and an updated deposit policy based on the discussion.

b. New Account & Misc Charges – A 2017 survey of peer agencies showed that the majority of agencies charged a fee for new accounts and that the District's late, shutoff, and other fees were significantly lower than other agencies. New account fees of $40 were implemented in July 2018, and fees were increased (late fees are $25).

During the May 26, 2020 Board meeting, the Board directed staff to determine a method to ensure such fees maintain pace with inflation. The District can adopt a practice of updating Appendix C of the Rules & Regulations annually according to an inflation index such as the Bureau of Labor Statistics' CPI-U, a common inflation index.

The Policy Committee directed staff to 1) present updated rates that included a CPI increase in FY 2020 for calculating FY 2021 rates; 2) present a policy that would update Appendix C annually according to an inflation index such as the Bureau of Labor Statistics' CPI-U.

SUMMARY OF PROPOSED CUSTOMER DEPOSIT POLICY

- A separate deposit ($100 as of July 1, 2020) will be collected for each water and wastewater connection;
- The deposit amount will be adjusted annually in Schedule C by the Consumer Price All Items Index for Urban Consumers (CPI-U) for Los Angeles-Long Beach-Anaheim for February of that year (published about March 15th) with a floor not to be less than 1% and a ceiling not to exceed 5%.

SUMMARY OF PROPOSED MISCELLANEOUS FEES POLICY

- Updated the Rules and Regulations Section 7.02 to include New Account Fees;
- Updated the schedule in Appendix C and increased rates by 2019 CPI-U, then 2020 CPI-U;
- Add Section 12.11 to the Rules and Regulations to adjust the schedule in Appendix C annually by the Consumer Price All Items Index for Urban Consumers (CPI-U) for Los Angeles-Long Beach-Anaheim for February of that year (published about March 15th) with a floor not to be less than 1% and a ceiling not to exceed 5%.

B. **Proof of Ownership:** Applications for service must be accompanied by proof of ownership such as a grant deed, property tax bill, final closing escrow statement of a real-estate transaction, or another form acceptable to the District. Without said documentation, a deposit fee will be required as described below.

C. **New Account Fee:** Applicants are required to pay a New Account Fee as set forth in Appendix C to establish a new account. The New Account Fee applies to each metered water connection. A New Account Fee will also be assessed to accounts that only have a sewer connection with the District. Landlords will only be required to submit a new account fee the first time they sign up for service at a property.

~~C.~~ **Security Deposit ~~Fee~~:** Applicants who are property tenants or without proof of ownership will~~may~~ be required to submit a security deposit in order to start water service. fee based upon the credit-worthiness of the applicant, as determined by the District. The deposit~~fee~~ shall be the amount specified in Appendix C~~.~~. A separate deposit will be required for each water and sewer connection. Public agencies will be exempt from this requirement. ~~.~~

D.

~~D.~~ ~~D.~~ **Multiple Account Holders:** As an option for property owners or agents of owners (such as a Builder/Developer, Property Management Company, or Realtor) having a satisfactory credit and service history with the District, a one-time security deposit ~~fee of $100~~ will be required for service to multiple accounts in lieu of providing proof of ownership or a deposit for each account. However, such Customers will be required to complete and submit the standard service application for each account requested. When service is discontinued and all accounts paid in full, the deposit will be refunded at the Customer's request.

E.

~~E.~~ ~~E.~~ **Property Damage Waiver Agreement:** Applicants will be required to execute a Customer Waiver Agreement, by which the customer acknowledges receipt of certain information regarding the chemical analysis of District water, and waives any claim for damages to their pipes and plumbing fixtures as a result of their use of District water. A copy of the agreement is included in Appendix C.

F.

~~F.~~G. ~~F.~~ **Water Service Turn-On:** The District will turn ~~on~~ water service on at the meter no later than the next business day following approval of application and payment of fees (if applicable) as described above. A new Customer may request water-service turn-on during a weekend or on a holiday by calling the District's emergency/after-hours telephone number and making arrangements with standby duty personnel. Prior to turn-on in such situations, the District will collect a ~~$100~~ deposit and new account fee as specified in Appendix C in cash or check on-site. The Customer must then contact the District Office on the next business day and complete the service application process or the service will be discontinued at the end of that day and the deposit may be forfeited and~~$100 will be~~ retained by the District. If any application is processed and approved, the deposit~~$100~~ will be retained ~~or returned to Customer~~ in accordance with Items 7.02B & 7.02D~~C~~ above.

7.03: ESTABLISHMENT OF CREDIT

The District may require applicants for service to provide it with information sufficient to enable the District to determine the credit worthiness of the Applicant. Upon determining the Applicant's credit worthiness, the District may require the Applicant to deposit with the District such sums of money as determined by the Board from time to time, as specified in Appendix D. Again, public agencies will be exempt from this requirement. Deposits will be refunded to applicants at the termination of service, provided all water and sewer charges have been paid. No interest will be paid on deposits. Applications for service to any property will be granted only if all assessments, fees, charges, delinquent bills, and penalties due from Customer have been fully paid.

Attachment 2c

CRESCENTA VALLEY WATER DISTRICT
APPENDIX C
MISCELLANEOUS CHARGES AND DISTRICT FORMS

New Account Fee [Per Article 7.02.C] — $42~~0~~.00 – during office hours

$64~~0~~.00 – after office hours or weekends

Security Deposit ~~Fee~~ [Per Article 7.02.D~~C~~] — $107~~0~~.00

~~**Automatic Payment Fee** $0.25/Transaction~~

Late Charge [Per Article 8.04.D] — $27~~5~~.00

Reconnection Charge [Per Article 8.03.F(1)] — $51~~0~~.00 - during office hours
$129~~5~~.00 - after office hours or weekends
$51~~0~~.00 - plus cost of new lock and District labor and materials to repair damage for unauthorized turn-on.

***Returned* Check Charge** [Per Article 8.03.F(2)]

1st occurrence — $23~~3~~5.00

Each additional occurrence — $35.00

Meter Test Charge [Per Article 8.03.F(3)] — $53~~0~~.00

Pulled Meter Charge [Per article 8.03.F(4)] — $53~~0~~.00

Unauthorized Water Use [Per Article 8.03.F(5)] — $1,060~~00~~.00

Turn off at Main [Per Article 8.03.F(6)] — Actual cost to District

Plan Check Fees [Per Article 11.01.D]

Parcel Maps		$107~~0~~.00
Subdivisions of 1 to 9 Parcels or dwelling units		$212~~00~~.00
	10 - 19 units	$318~~00~~.00
	20 or more units	$424~~00~~.00

Fire Hydrant Test Fee [Per Article 11.13.C] — $318~~00~~.00

Installation of Water Services [Per Article 7.05A]:

The applicant will be charged an amount estimated to be the actual costs to the District of the installation and material for a service connection. An initial deposit will be required with a final payment or credit due upon completion.

Damaged Water Service Lateral Replacement [Per Article 8.02 I]

Prorated to remaining 50-year service life

Minimum Charge: — $530~~00~~.00

Copies of District Records [Per Article 11.01] — $0.16~~5~~/page after first ten pages*****

*****Members of the public are entitled to a maximum of ten (10) pages copied within any 60-day period at no charge.

Other Charges:

Where the District determines that a charge is appropriate for a particular service provided, which charge is not specified herein, the General Manager shall determine the amount to be charged the Customer.

Update of Charges [Per article 12.11)

On July 1st of each year, charges located in Schedule C shall be adjusted across-the-board by the Consumer Price All Items Index for Urban Consumers (CPI-U) for Los Angeles- Long Beach-Anaheim for February of that year (published about March 15th) with a floor not to be less than 1% and a ceiling not to exceed 5% in each year.

Attachment 2d

Crescenta Valley Water District

Customer Deposits for New Accounts

Survey of Peer Agencies

Agency	CVWD *(Current)*	Glendale Water & Power	Pasadena Water & Power	Burbank Water & Power	La Canada Irrigation	Glendora, City of	Azusa Light & Water	Walnut Valley WD	East Valley WD	Rowland WD
Deposit?	✓	✓	None, if identity can be verified	✓	⊘	✓	✓	✓	✓	✓
Deposit $	$100	3 months of bills (min. $100)	$280	$100 - $600, depending on credit	Transfer fee of $10	$200	$110	Based on credit	$150	If negative credit, 1 month of bills
Applies to *Tenant*?	✓	✓	✓	✓	NA	✓	✓	✓	✓	✓
Applies to *Owner*?	⊘	✓	✓	✓	NA	⊘	✓	✓	✓	✓
Credit Check?	⊘	✓	⊘	✓	NA	⊘	⊘	✓	⊘	✓
Deposit Return	- When customer closes account	- Credited back to account after 1 year of good payment history	- Credited back to account after 1 year of good payment history	- When customer closes account	NA	- When customer closes account	- Credited back to account after 2 years of good payment history	- When customer closes account	- When customer closes account	- When customer closes account

Attachment 2e

Peer Agency Survey of Miscellaneous Fees (completed in 2017, provided as reference)

CVWD

New Service	$0.00
Same-Day Turn-On	$0.00
Late Payment	$15.00
Reconnection	$0.00

Notes:
- *On average, CVWD turns meters for new accounts on within the hour*
- *On average, CVWD completes delinquent turn-ons within the hour*
- *Customer service provides two reminder notices in the mail, a reminder call, and a final call*

Glendale Water & Power

New Service	$15.00
Same-Day Turn-On (addtl. $36)	$51.00
Late Payment	$25.00
Reconnection, 24 hrs	$25.00
Reconnection, Same-Day (addtl. $50)	$75.00

Pasadena Water & Power

New Service	$20.29
Same-Day Turn-On (addtl. $40.58)	$60.87
Late Payment	3% of balance
Reconnection, 24 hrs	$40.58
Reconnection, Same-Day (addtl. $40.58)	$81.16

Burbank Water & Power

New Service	$0.00
Same-Day Turn-On	$50.00
Late Payment	1.5% of balance
Reconnection, 24 hrs	$30.00
Reconnection, Same-Day (addtl. $40.58)	$60.00

Rowland Water District

New Service	$45.00
Same-Day Turn-On	same
Late Payment	$10 or 1.5%
Doorhanger Fee	$45.00
Reconnection before 3:30pm (addtl. $90)	$135.00
Reconnection after 3:30pm (addtl. $115)	$160.00

La Canada Irrigation

New Service	$10.00
Same-Day Turn-On	same
Late Payment	$0.00
Reconnection	$100.00

Azusa Light & Water

New Service	$45.00
Same-Day Turn-On	$85.00
Late Payment	$7.50 or 5%
Reconnection before 4:00 pm (addtl. $45)	$52.50
Reconnection after 4:00pm (addtl. $85)	$92.50

Attachment 2f

Crescenta Valley Water District

Miscellaneous Rates

CPI-U (February before start of Fiscal Year)		2.5%	3.4%
Fiscal Year	FY 2019	FY 2020	FY 2021
New Account Fee			
During office Hours	40.00	41.00	42.00
After hours	60.00	62.00	64.00
New Account Deposit	100.00	103.00	107.00
Automatic Payment Fee	0.25	-	-
Late Charge	25.00	26.00	27.00
Reconnection Charges			
During office Hours	50.00	50.00	51.00
After hours	125.00	125.00	129.00
Unauthorized Turn on	50.00	50.00	51.00
Returned Check		-	
First Returned Check	35.00	35.00	25.00
Subsequent Returned Checks	35.00	35.00	35.00
Meter Test Charge	50.00	51.00	53.00
Pulled Meter Charge	50.00	51.00	53.00
Unauthorized Water Usage	1,000.00	1,025.00	1,060.00
Plan Check Fees		-	
Parcel Maps	100.00	103.00	107.00
Subdivision of 1 to 9	200.00	205.00	212.00
Subdivision of 10 to 19	300.00	308.00	318.00
Subdivision of 20 or more	400.00	410.00	424.00
Fire Hydrant Test	300.00	308.00	318.00
Minimum Charge for damaged service lateral	500.00	513.00	530.00
Copies of District Records	0.15	0.15	0.16