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, April 25, 2023, at 7:00 p.m.

Posted: Friday, April 21, 2023 at 5:00 p.m.

This meeting will be conducted in person at the address listed above. Members of the public may also participate virtually by 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: 859 2123 8115

Those members of the public who are able to and would like to additionally participate through computer may access the Zoom audio & video conferencing tool available at the following link:

https://us02web.zoom.us/j/85921238115

If there is a disruption of service, this meeting will continue without remote participation. The remote participation option is provided as a convenience to the public and is not required.

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 April 25, 2023.

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. Under the provisions of the Brown Act, the Board is prohibited from taking action on items not listed on the agenda, except under certain circumstances.

Foothill Municipal Water District Report

1. Report on activities at Foothill Municipal Water District.

Consent Calendar

Action Calendar

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

1. **Resolution No. 785** – Consideration and motion to adopt a resolution authorizing capital charges and private fire protection fees to be collected on the property tax roll pursuant to Health and Safety Code Sections 5470 et seq.
2. **Proposition 218 Notice** – Consideration and motion to approve the Proposition 218 Notice for proposed infrastructure reliability charges on the property tax roll.

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**
- **Technology Committee**

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

Board Members' Request for Future Agenda Items

Closed Session

PUBLIC EMPLOYEE APPOINTMENT
Title: General Manager

CONFERENCE WITH LABOR NEGOTIATORS
District designated representative(s): Thomas S. Bunn III
Unrepresented employee: Current General Manager

Action Calendar

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

3. **Consideration and Possible Action on Appointment of Interim General Manager**
4. **Consideration and Possible Action on Amendment of General Manager Employment Agreement**

Adjournment

g:\management\agenda\regular\22-23\04252023ra.doc

CRESCENTA VALLEY WATER DISTRICT
BOARD OF DIRECTORS - STAFF REPORT

Action Item No. 1
April 25, 2023

To: Honorable President and Members of the Board of Directors

From: James Lee – Director of Finance & Administration

Subject: **Resolution No. 785 – Authorization of Capital Charges and Fire Protection Fees to be Collected on the Tax Roll Pursuant to Health and Safety Code Sections 5470 et seq.**

ACTION ITEM:

Consideration and motion to adopt a resolution authorizing capital charges and private fire protection fees to be collected on the property tax roll pursuant to Health and Safety Code Sections 5470 et seq.

BACKGROUND:

The District is considering collecting fees on the property roll to ensure infrastructure reliability, specifically pipeline replacement. This is as authorized by the California Health and Safety Code Sections 5470 et seq., which requires a resolution adopted by at least two-thirds of the directors of the Board of Directors (an affirmative vote of 4 of its 5 directors). The resolution: 1) establishes intention to set and collect such fees; 2) elects to have those fees collected on the property tax roll; and 3) opens an account with Los Angeles County for that purpose.

Associated analyses have been completed and shared through broad public outreach. Adoption of the resolution is needed ahead of approving and sending a Prop 218 notice out. A public hearing is scheduled for June 13, 2023, following completion of the 45-day noticing period. The Board will subsequently need to approve the list of charges for each property to be sent to Los Angeles County by August 10th for inclusion on the property tax roll.

RECOMMENDATION

Adopt a resolution authorizing capital charges and private fire protection fees to be collected on the property tax roll pursuant to Health and Safety Code Sections 5470 et seq.

Prepared by:

Arturo Montes
Finance & Administration Manager

Submitted by:

James Lee
Director of Finance & Administration

Attachment(s):
1. Resolution No. 785

g:\management\board meeting staff reports\2023\04-25-23 Board Memo - Reso No. 785 - Property Roll.docx

<u>RESOLUTION NO. 785</u>

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CRESCENTA VALLEY WATER DISTRICT AUTHORIZING CAPITAL CHARGES AND PRIVATE FIRE PROTECTION FEES TO BE COLLECTED ON THE TAX ROLL PURSUANT TO HEALTH AND SAFETY CODE SECTIONS 5470 *ET SEQ*.

WHEREAS, California Health and Safety Code ("***HSC***") section 5471 authorizes the Crescenta Valley Water District ("***District***"), by a resolution adopted by at least two-thirds of the directors of its Board of Directors ("***Board***") (an affirmative vote of 4 of its 5 directors), to establish fees and other charges for services and facilities furnished by it in connection with its water, sanitation, storm drainage, or sewerage system (collectively, "***Capital Costs***"); and

WHEREAS, HSC section 5473 authorizes the District, by a resolution adopted by at least two-thirds of the directors of its Board, to elect to have fees established by a resolution adopted pursuant to HSC 5471 collected annually on the Los Angeles County ("***County***") property tax roll; and

WHEREAS, HSC section 5473a separately authorizes the District to collect delinquent fees for charges adopted pursuant to HSC sections 5471 to be placed on the County property tax roll for collection by the County, by following the procedures prescribed in HSC sections 5473 through 5473.8; and

WHEREAS, the Board believes that the collection method authorized under HSC sections 5473 and 5473a is the preferred way for the District to collect a portion of its Capital Costs; and

WHEREAS, accordingly, and pursuant to HSC section 5471, the District desires to set and collect capital charges ("***Capital Charges***") to fund Capital Costs for pipeline replacement and associated costs, to keep the distribution system operational and flowing with safe and reliable water; and

WHEREAS, pursuant to HSC section 5471, the District also desires to set and collect service fees ("***Private Fire Protection Fees***") for furnishing standby quantities and pressures of water for private fire protection services to the premises or property of each District customer that maintains a private fire protection line (a "***Private Fire Protection Customer***"), including funding infrastructure reliability and Capital Costs as they pertain to constructing, maintaining, operating, and replacing private fire protection lines; and

WHEREAS, pursuant to HSC section 5473, the District desires to (a) elect to have the Capital Charges and Private Fire Protection Charges it plans to adopt pursuant to HSC section 5471 collected annually on the property tax roll and (b) open an account with the County's Assessor's Office for these purposes.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF CRESCENTA VALLEY WATER DISTRICT RESOLVES AS FOLLOWS:

1. Pursuant to HSC section 5471, the District hereby adopts this resolution authorizing the District to set and collect charges for Capital Charges and Private Fire Protection Fees.

2. The purpose of the Capital Charges is to fund Capital Costs for replacing aging infrastructure, specifically pipeline replacement and associated costs, and the revenues derived therefrom will be used only for those purposes.

3. The purpose of the Private Fire Protection Fees is to fund Capital Costs associated with providing private fire protection services to each Private Fire Protection Customer, including funding infrastructure reliability as it pertains to constructing, maintaining, operating, and replacing private fire protection lines, and the revenues derived from those fees will be used only for those purposes.

4. Pursuant to HSC section 5473, the District hereby adopts this resolution electing to have the (a) Capital Charges collected annually on the County property tax roll for each water account holder; and (b) Private Fire Protection Fees collected annually on the County property tax roll for each Private Fire Protection Customer (collectively, "***Fees***"). The District will invoice the Fees to those customers not subject to property taxes.

5. The General Manager is hereby directed to file a certified copy of this resolution with the County Clerk of the Los Angeles County's Assessor's Office to open an account so that, if all remaining applicable requirements set forth under HSC section 5473 are fulfilled, the charges for any delinquent Fees stated in any report adopted by the Board and filed with the County pursuant to HSC section 5473.4 can be collected by the County on the property tax roll.

6. District staff and its general manager are hereby directed and authorized to take all actions and enter into all necessary agreements necessary to effectuate this resolution, including commissioning a written report describing each (a) parcel of real property receiving the services and facilities associated with each of these adopted Fees and (b) the amount charged for each parcel for the year of that report, computed in conformity with the report by Water Resources Economics prepared in support of this resolution, pursuant to the procedures set forth in HSC section 5473, and in accordance with the applicable requirements of California Constitution Article XIIID, Section 6.

PASSED, APPROVED AND ADOPTED at a Regular Meeting of the Board of Directors of Crescenta Valley Water District held on April 25, 2023. Resolution No. 785 was adopted by the following vote:

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

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. 785 of the Board of Directors of Crescenta Valley Water District adopted at a Regular Meeting held on April 25, 2023, and that the same has not been amended or repealed.

Secretary of the Board of Directors
Crescenta Valley Water District

DATED: April 25, 2023 **(S E A L)**

CRESCENTA VALLEY WATER DISTRICT
BOARD OF DIRECTORS - STAFF REPORT

Action Item No. 2
April 25, 2023

To: Honorable President and Members of the Board of Directors

From: James Lee – Director of Finance & Administration

Subject: **Proposition 218 Notice – Property Roll**

ACTION ITEM:

Consideration and motion to approve the Proposition 218 Notice for proposed infrastructure reliability charges on the property roll.

BACKGROUND:

The District is considering collecting fees on the property roll to ensure infrastructure reliability, specifically pipeline replacement. Associated analyses have been completed and shared through broad public outreach, and customers are to be noticed through the Proposition 218 process.

Adoption of the notice is needed ahead of sending it out, and the enclosed notice incorporates and considers input received during the April 11, 2023 Board meeting and the preceding two virtual town hall meetings on April 4, 2023. A supplemental report detailing the supporting analyses is enclosed for reference and will also be posted on the District's website.

A public hearing is scheduled for June 13, 2023, following completion of the 45-day noticing period.

RECOMMENDATION

Approve the Proposition 218 Notice with any final changes.

Prepared by:

Arturo Montes
Finance & Administration Manager

Submitted by:

James Lee
Director of Finance & Administration

Attachment(s):
1. Proposition 218 Notice
2. Capital Charge Analysis Report

g:\management\board meeting staff reports\2023\04-25-23 Board Memo - Prop 218 Notice - Property Roll.docx

Why Have I Received This Notice?

You have received this notice to inform you that the CVWD Board of Directors is considering a property roll charge to address the rising costs to provide infrastructure reliability.

The District is providing this information to ensure the public is aware of this issue and the opportunities that exist for them to raise questions, share concerns, seek clarification and provide input that can help the Board of Directors as it deliberates and determines the appropriate course of action. CVWD is committed to providing safe, reliable and affordable drinking water to the community. The property roll charge proposal was developed to treat all customers fairly, reflect the true cost to provide that service, and to protect CVWD's financial stability and its ability to provide the same level of service in the future.

What is a property roll charge? Public benefits such as schools, libraries, vector control, flood control, parks & recreation and more are funded in part through annual assessments included on property taxes charged to property owners.

This Notice Is To:

- Inform you about the proposed property roll increase
- Share how you can participate in the process
- Invite you to attend the public hearing at which time the proposed charge will be considered

About The District

The Crescenta Valley Water District was formed as the Crescenta Valley County Water District on December 14, 1950, by the vote of local residents. The District is located in the Crescenta Valley area of Los Angeles County in the foothills of the San Gabriel Mountains, between the San Fernando and San Gabriel valleys.

The District provides water distribution and sewage collection within its boundaries to the unincorporated communities of La Crescenta, Montrose and Verdugo City as well as a small portion of the City of La Canada-Flintridge. The District currently provides water to more than 8,000 accounts representing a population of approximately 32,000.

Our Mission

To provide quality water and wastewater services to the Crescenta Valley community in a dependable and economically responsible manner.

Our Vision

Secure sustainable water supplies and ensure infrastructure reliability, while furthering our commitment to accountability, transparency and cost–effectiveness.

Questions?

This notice is also available on the CVWD website, www.cvwd.com. CVWD staff can assist in answering any questions between 7:30 a.m. and 4:00 p.m., Monday through Friday. If you have questions or need additional information, please call CVWD at (818) 248-3925 or email customerservice@cvwd.com

We invite you to review this information and contact us at (818) 248-3925 or input@cvwd.com with questions, comments or concerns.

2700 Foothill Blvd
La Crescenta, CA 91214

POSTAGE HERE

Public Notice of Proposed Capital Charge on the Property Roll

The Crescenta Valley Water District (CVWD) Board of Directors will conduct a public hearing to consider a charge on the property tax roll. If approved, the charge will take effect on the 2023/2024 Property Tax Bill. The public hearing will be conducted at the time, date and location specified in this notice. All members of the public are invited to attend. This notice is being sent to all record owners of property upon which charges will be imposed.

Date June 13, 2023 **Time** 6:00 p.m.

Location 2700 Foothill Blvd.
La Crescenta, CA, 91214

At CVWD, we are committed to providing safe and reliable water service, now and in the future.

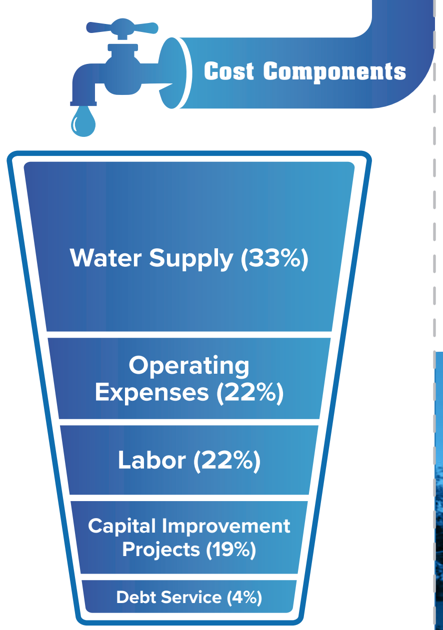
Much of our critical infrastructure was first installed in the 1950s, and that means that many of our pipelines, wells and facilities are nearing or have reached the end of their useful life. Significant community investment will be needed to fund work to replace and rehabilitate wells and replace around two miles of pipeline each year, almost of third of which are over 60 years old. This will safeguard our water infrastructure for our future.

CVWD also faces increasing costs to deliver the same quality water and sewer service our customers deserve. With rising costs to import water, rising inflation and reduced financial reserves, the District must ensure that annual revenues meet or exceed expenditures.

CVWD Behind the Tap

When people turn on their faucet or flush their toilet, they probably aren't aware of everything that CVWD does behind the scenes to keep that water flowing. When you pay your water bill, you're paying to install, operate, maintain and improve our water system. While every effort is made by CVWD to find improved efficiencies and reduce expenses, the costs to provide reliable and sustainable water service involves many factors.

- **Water Supply:** CVWD utilizes two water sources including 60% groundwater from the Verdugo Basin and 40% from imported supplies from Northern California and the Colorado River
- **Operating Expenses:** Costs to operate the District and support its daily functions. Including many water quality tests, repairing leaks and maintaining adequate water storage
- **Labor:** Highly specialized staff to support CVWD daily operations, customer services and emergency response
- **Capital Improvement Projects:** Projects to improve and secure our water infrastructure to maintain water quality, reliability and future needs
- **Debt Service:** Costs to repay money borrowed to build existing infrastructure



How Does This Impact Me?

Proposed property roll charges are displayed in the tables below. Charges are based on the average projected cost of pipeline replacement over the next five years. The Fire Service Meters charge is based on the "private" share of fire protection lines that are separately metered, excluding public fire hydrants. The Meter Ratios table displays proposed charges based on meter size. Meter ratios represent the differing capacities of various pipe sizes and are established by the American Water Works Association (AWWA). These ratios are used to allocate the cost across varying meter sizes. The vast majority of customers use a 3/4-inch meter, highlighted in green. Accountholders not billed through property tax bills – e.g. governmental entities such as schools and parks – will receive a separate invoice. Most residential properties do not have fire service meters, which are most commonly used for a separate fire suppression system in larger buildings and complexes. Factors utilized to generate the fee are the total amount of revenue needed, the total number of meters in the system, and the associated capacity. Please see the associated report at www.cvwd.com for further detail. If a customer has more than one meter, the meter charges will be combined on the property tax bill.

Charge by Meter Size

Charges will appear on property owner tax bills

Meter Size	Annual Charge
¾"	$404.30
1"	$673.83
1 ½"	$1,347.66
2"	$2,156.25
3"	$4,718.14
4"	$8,490.23

Meter Ratios

For all customer classes except fire flow service

Potable Meters		
Meter Size	Number of Meters	AWWA Ratio
¾"	7,044	1.00
1"	885	1.67
1 ½"	152	3.33
2"	66	5.33
3"	29	11.67
4"	2	21.00

Fire Service Meters

Charges will appear on property owner tax bills

Meter Size	Number of Meters	Annual Cost
1"	1	$6.93
2"	11	$42.88
3"	2	$124.55
4"	78	$265.44
6"	18	$771.03
8"	6	$1,643.13
10"	2	$2,954.88

How Does This Ensure Infrastructure Reliability?

To address needs to fund pipeline replacements, CVWD is proposing a property roll charge to generate ongoing dollars. This also promotes revenue stability, which protects the ability to provide infrastructure reliability into the future regardless of external influences such as precipitation and temperature. It is a long-term cost for a long-term benefit.

How Can I Participate?

Crescenta Valley Water District welcomes your input as its Board of Directors considers the changes explained in this notice. If you have questions or comments, you can:

Visit, call, or go online – Information related to the proposed roll increases is available for review at the CVWD Office located at 2700 Foothill Blvd, La Crescenta. You may also obtain information by calling the District at (818) 248-3925 or online at www.CVWD.com

Protest Letters

Any CVWD customer or property owner within the CVWD water service area may file a written protest of the proposed property roll charges by sending a letter to: CVWD's main office, 2700 Foothill Boulevard, La Crescenta, CA 91214. A valid protest letter must include your name, a CVWD service address, a statement of protest and an original signature. Only one written protest per parcel, filed by an owner or tenant, will be counted.

For your convenience, there is a protest form available at www.cvwd.com. Electronic submittals of signed protest letters may be scanned and emailed to the District at customerservice@cvwd.com.

All protests must be received at the address above no later than **Tuesday, June 13, 2023, by 4:00 p.m.**. Protest letters received prior to **Thursday, June 8. 2023 at 4:00 p.m.** will be included in the agenda package distributed to the Board of Directors and posted online at www.cvwd.com.

Public Hearing Process

The public hearing will be held on **Tuesday, June 13, 2023 at 6:00 p.m.**. Customers may attend in person or through teleconference. The District will post the information for the public hearing on the District's website. You may call the District at (818)-248-3925 to obtain the information. The Board of Directors will subsequently meet to consider the proposed property roll charge, either in person or through teleconference. The Board may adopt, reject or modify the proposed charge.

The Board cannot legally increase charges more than indicated in this notice. As a public agency, the district cannot collect more than the actual costs associated with providing services to its customers. There is a 120-day statue of limitations for challenging any new, increased, or extended fee or charge.

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 Christy Colby by phone or in writing to the District at (818) 248-3925 or customerservice@cvwd.com. 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.

April 18, 2023

James Lee
Director of Finance and Administration
Crescenta Valley Water District
2700 Foothill Boulevard
La Crescenta, CA 91214

Subject: Supplemental Study for Determining a Capital Charge for the District's Long-Term Pipeline Replacement Program

Introduction

Crescenta Valley Water District ("CVWD" or "the District") undertook its most recent rate adoption process in 2021, when three years of rates through 2024 were adopted. Since then, several unanticipated events have occurred, including the early stages of a mega-drought – which turned into a historically wet winter last year – both of which reduced already low water demand to unprecedented levels (more than 15% reduction). The District has also faced increased water supply costs, historically high inflation, and a heightened need to develop and fund a pipeline replacement program during this time.

The District is committed to a proactive pipeline replacement program to ensure water service reliability and fire safety, which are critical needs not only in terms of the mission and vision of the District, but particularly so for the Crescenta Valley community, as it borders the Angeles National Forest and the San Gabriel Mountains in an active earthquake-prone region. Aging infrastructure is one of the key issues facing water agencies across the United States, and CVWD is no exception. The challenge is to develop reliable and sufficient funding for a proactive pipeline replacement program while balancing multiple policy considerations and economic limitations. The District conducted a series of workshops with the Board of Directors exploring various financial options to fund its pipeline replacement program, with the goals of establishing a nexus between the costs and benefits of increased water availability to the property owner, specifically, general affordability, and revenue stability. Based on this series of discussions and presentations, a charge based on meter size and assessed on the county property tax roll was determined to be the most suitable option.

This report will provide brief context on the economic conditions and recent events which have combined to create financial uncertainty for CVWD. Next, will be a review of the District's current overall financial situation including cash reserves, debt service, capital and operating expenses, and projected revenues to develop a "status quo" Statement of Cash Flows. This "status quo" financial model will inform the question: With its current (or projected future) rates, can the District afford to maintain operations, satisfying all debt service, capital improvement plan, and reserve requirements? The report will conclude with a review of the District's pipeline replacement needs and propose a pipeline replacement program charge to be assessed on the county property tax roll, including a discussion on the allocation of costs and overall methodology. This report references the 2021 "Water and Wastewater Rate Study Report" conducted by Raftelis Financial Consultants, Inc. ("Raftelis") is for demand ratios as provided by American

Water Work Association ("AWWA"), fire pipeline diameters, and the 15% designation of allocation of pipeline capacity to fire flows. These are also included as an appendix.

"Status Quo" Financial Plan

Since CVWD's most recent rate adoption and long-term financial planning model development in 2021, the COVID-19 global pandemic and unbridled inflation have significantly impacted every sector of the economy. Materials and construction costs, including labor, the primary drivers of large CIP projects like pipeline replacement, continue to climb sharply. These external factors have combined to significantly alter the trajectory of the District's ability to commit to its "Roadmap" plan going forward. The "Roadmap" refers to the Infrastructure Funding and Reliability plan which was developed between the Board, the community, and staff over several years, the primary result for which was a commitment to proactive pipeline replacement and a 20-year plan for ramping up and then ramping down replacement based on availability of funds and operational impact to the community.

Internally, CVWD experienced more than a 15% reduction in metered revenues due to its customers' response to a historic drought. The historically wet winter last year, further compounded the downward pressure on revenues by reducing water demand. The District has deferred spending on pipeline replacement in previous years and has a heightened need to complete the project in order to bolster its fire protection capacity. Thus, it is important to construct a new baseline financial model and cash flow statement based on current data to reassess the District's overall financial health.

The District has one outstanding long-term debt obligation with annual debt service averaging $581k through 2029. While this is a low debt service level given the District's positive projected Net Operating Income over the life of this analysis, it is important to maintain the flexibility and capacity to issue future debt if the need arises or an opportunity like low interest rates presents itself. The District also needs to monitor its cash reserves. The reserve levels were established by implementation of the Reserve Policy in July 2020, based on the Board's recognition that financial health includes setting funds aside for unexpected repairs and liabilities.

The District's projected Capital Expenses through 2029 are detailed in the following table (Table 1). The table shows that Pipeline Replacement represents approximately half of the total capital budget in most years.

Table 1: Capital Expenses through 2029

Capital Expense Category	2023	2024	2025	2026	2027	2028	2029
Water Supply	$ 219,000	$ 360,000	$ 308,000	$ 159,000	$ 264,000	$ 282,000	$ 282,000
Water Storage	$ 732,000	$ 739,200	$ 865,200	$ 3,055,000	$ 1,275,000	$ 1,135,300	$ 1,135,300
Water Distribution	$ 50,000	$ 450,900	$ 1,052,400	$ 490,000	$ 148,000	$ 57,300	$ 57,300
Water Treatment	$ 100,000	$ 75,000	$ -	$ -	$ 225,000	$ 225,000	$ 225,000
Technology	$ 925,000	$ 950,000	$ 395,500	$ 975,000	$ 750,000	$ -	$ -
Public Safety/Emergency Response	$ 170,000	$ 160,000	$ 986,200	$ 890,000	$ 898,000	$ 150,000	$ 150,000
Facilities & Planning	$ -	$ 100,100	$ 151,000	$ 150,000	$ -	$ -	$ -
Pipeline Replacement	$ 1,500,000	$ 3,000,000	$ 2,912,000	$ 2,200,000	$ 5,800,000	$ 6,064,963	$ 8,020,000
Total	**$ 3,696,000**	**$ 5,835,200**	**$ 6,670,300**	**$ 7,919,000**	**$ 9,360,000**	**$ 7,914,563**	**$ 9,869,600**

The District's projected Operating Expenses through 2029 are detailed in the following table (Table 2). Generally, Operating Expenses are projected to increase by at least 5% per year over the course of this analysis.

Table 2: Operating Expenses through 2029							
Operating Expense Category	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**
Chemicals	$ 120,000	$ 126,000	$ 132,300	$ 138,915	$ 145,861	$ 153,154	$ 160,811
Contracted Services	$ 781,005	$ 820,055	$ 861,058	$ 904,111	$ 949,316	$ 996,782	$ 1,046,621
Hydrants	$ 20,000	$ 21,000	$ 22,050	$ 23,153	$ 24,310	$ 25,526	$ 26,802
Meters and Services	$ 253,000	$ 265,650	$ 278,933	$ 292,879	$ 307,523	$ 322,899	$ 339,044
Office and General	$ 97,925	$ 102,821	$ 107,962	$ 113,360	$ 119,028	$ 124,980	$ 131,229
Admin	$ 471,625	$ 424,856	$ 446,099	$ 468,404	$ 491,824	$ 516,415	$ 542,236
Distribution	$ 652,960	$ 685,608	$ 719,888	$ 755,883	$ 793,677	$ 833,361	$ 875,029
Other Water Supply	$ 830,000	$ 871,500	$ 915,075	$ 960,829	$ 1,008,870	$ 1,059,314	$ 1,112,279
Water Treatment	$ 461,026	$ 484,077	$ 508,281	$ 533,695	$ 560,380	$ 588,399	$ 617,819
Purchased Water	$ 3,075,000	$ 3,321,000	$ 3,586,680	$ 3,766,014	$ 3,954,315	$ 4,152,030	$ 4,359,632
Salaries and Benefits	$ 3,323,203	$ 3,467,697	$ 3,618,599	$ 3,820,014	$ 3,989,017	$ 4,165,590	$ 4,350,076
Grand Total	**$ 10,085,744**	**$10,590,265**	**$11,196,926**	**$11,777,257**	**$12,344,122**	**$12,938,450**	**$13,561,579**

The District's projected Revenues (Operating and Non-Operating) are detailed in the following table (Table 3). As part of its ongoing "Roadmap" discussion, the District implemented annual rate increases of 8% in 2022, 2023, and 2024, 7% in 2025, 2026, and 2027, and 6% in 2028 and 2029. Revenue projections for the Commodity Charges and Fixed Charges incorporates a modest increase in water sales of 3% in 2024 and 2025 as customer restrictions for drought-related conservation are reduced.

Table 3: Revenue (Operating & Non-Operating) through 2029							
Revenue Category	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**
Commodity Charge	$ 8,500,000	$ 9,455,400	$10,420,796	$11,150,252	$11,930,770	$12,646,616	$13,405,413
Fixed Charge	$ 3,540,000	$ 3,823,200	$ 4,090,824	$ 4,377,182	$ 4,683,584	$ 4,964,599	$ 5,262,475
Other Operating Revenue	$ 257,800	$ 257,800	$ 257,800	$ 257,800	$ 257,800	$ 257,800	$ 257,800
Developer Contributions	$ 180,000	$ 180,000	$ 180,000	$ 180,000	$ 180,000	$ 180,000	$ 180,000
Grants	$ 100,000	$ 100,000	$ 100,000	$ 100,000	$ 100,000	$ 100,000	$ 100,000
Total	**$ 12,577,800**	**$13,816,400**	**$15,049,420**	**$16,065,234**	**$17,152,154**	**$18,149,015**	**$19,205,688**

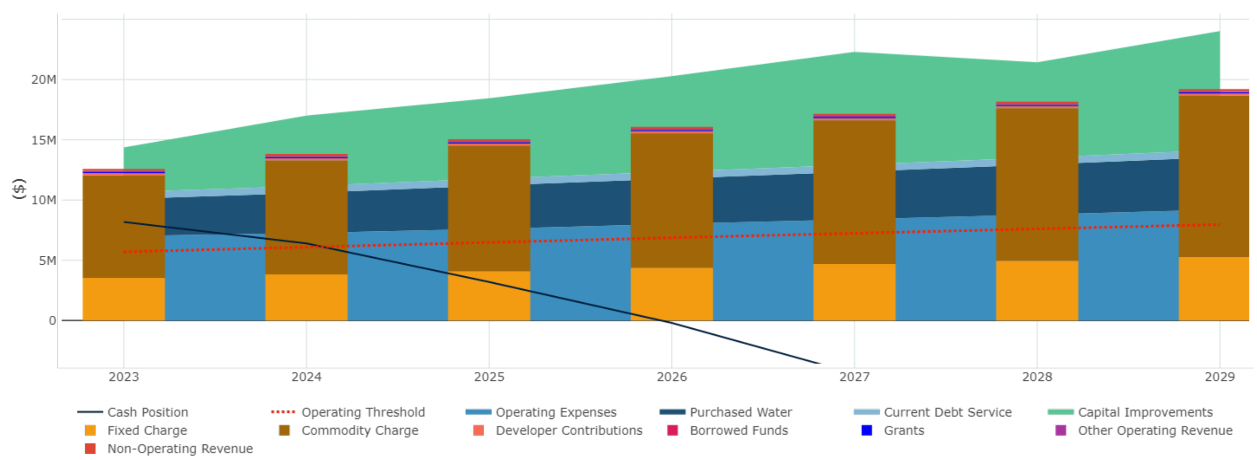
The District also aims to maintain a cash reserve under its official Reserve Policy, which is comprised of three components: 1) a Working Capital Reserve equal to 25% of annual operating expenses (less water purchases); 2) a Rate Stabilization Reserve equal to 25% of annual water sales; and 3) a fixed $1 million Emergency Reserve for one or two emergency repairs. These combine to represent the District's Reserve Policy, and their sum should represent the minimum closing cash balance in any given fiscal year. Annual reserve targets are detailed in the following table (Table 4).

Table 4: Cash Reserve Policy Targets through 2029								
Reserve Policy	**Reserve Level**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**
Working Capital	**25% of Operating Exp**	$1,690,635	$1,780,642	$1,894,582	$1,989,311	$2,088,776	$2,193,215	$2,302,876
Rate Stabilization	**25% of Water Sales**	$3,010,000	$3,319,650	$3,627,905	$3,881,858	$4,153,589	$4,402,804	$4,666,972
Emergency	**$1M**	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000
Total		**$5,700,635**	**$6,100,292**	**$6,522,487**	**$6,871,169**	**$7,242,365**	**$7,596,019**	**$7,969,848**

The following table combines the District’s Expenses (Capital and Operating), Revenues, Debt Service, and Cash Balance as described above to produce the Status Quo Statement of Cash Flows through 2029 (Table 5, Chart 1).

Table 5: Status Quo Cash Flow Statement through 2029

	2023	2024	2025	2026	2027	2028	2029
Cash Position Opening Balance	**$ 8,179,910**	**$ 6,394,966**	**$ 3,204,901**	**$ (193,905)**	**$ (4,405,928)**	**$ (9,538,895)**	**$(12,823,893)**
Revenues							
Fixed Charge	$ 3,540,000	$ 3,823,200	$ 4,090,824	$ 4,377,182	$ 4,683,584	$ 4,964,599	$ 5,262,475
Commodity Charge	$ 8,500,000	$ 9,455,400	$ 10,420,796	$ 11,150,252	$ 11,930,770	$ 12,646,616	$ 13,405,413
Other Operating Revenue	$ 95,000	$ 95,000	$ 95,000	$ 95,000	$ 95,000	$ 95,000	$ 95,000
Developer Contributions	$ 180,000	$ 180,000	$ 180,000	$ 180,000	$ 180,000	$ 180,000	$ 180,000
Non-Operating Revenue	$ 162,800	$ 162,800	$ 162,800	$ 162,800	$ 162,800	$ 162,800	$ 162,800
Grants	$ 100,000	$ 100,000	$ 100,000	$ 100,000	$ 100,000	$ 100,000	$ 100,000
Revenue Subtotal	$ 12,577,800	$ 13,816,400	$ 15,049,420	$ 16,065,234	$ 17,152,154	$ 18,149,015	$ 19,205,688
Operating Expenses							
Purchased Water	$ 3,075,000	$ 3,321,000	$ 3,586,680	$ 3,766,014	$ 3,954,315	$ 4,152,030	$ 4,359,632
O&M	$ 7,010,744	$ 7,269,265	$ 7,610,246	$ 8,011,243	$ 8,389,807	$ 8,786,419	$ 9,201,947
Operating Expenses Subtotal	$ 10,085,744	$ 10,590,265	$ 11,196,926	$ 11,777,257	$ 12,344,122	$ 12,938,450	$ 13,561,579
Net Income	**$ 2,492,056**	**$ 3,226,135**	**$ 3,852,495**	**$ 4,287,977**	**$ 4,808,032**	**$ 5,210,565**	**$ 5,644,109**
Capital Expenses							
Capital Improvements	$ 3,696,000	$ 5,835,200	$ 6,670,300	$ 7,919,000	$ 9,360,000	$ 7,914,563	$ 9,869,600
Debt Service							
Current Debt Service	$ 581,000	$ 581,000	$ 581,000	$ 581,000	$ 581,000	$ 581,000	$ 581,000
Total Debt Service	$ 581,000	$ 581,000	$ 581,000	$ 581,000	$ 581,000	$ 581,000	$ 581,000
Cash Position							
Net Surplus/Deficit	$ (1,784,944)	$ (3,190,065)	$ (3,398,805)	$ (4,212,023)	$ (5,132,968)	$ (3,284,998)	$ (4,806,491)
Cash Position Closing Balance	**$ 6,394,966**	**$ 3,204,901**	**$ (193,905)**	**$ (4,405,928)**	**$ (9,538,895)**	**$(12,823,893)**	**$(17,630,384)**
Reserve Target	$ 5,700,635	$ 6,100,292	$ 6,522,487	$ 6,871,169	$ 7,242,365	$ 7,596,019	$ 7,969,848
Coverage Ratio	**4.29**	**5.55**	**6.63**	**7.38**	**8.28**	**8.97**	**9.71**



The above chart represents a summary of cash flows, and the graphic shows that the District cannot meet its operational needs under the status quo financial plan. The District currently has cash reserves that approximate the reserve target. However, this is due to significantly deferred capital maintenance and, in part, an initial influx of cash into the reserve fund when it was formalized in July 2020. Despite its current reserve levels and projected annual rate increases, if all factors were held constant, the District would end 2025 well below its cash reserve target and its overall cash balance would go negative sometime in 2026. While the District maintains positive Net Operating Income in each year of our projections, its Capital Improvements spending – primarily driven by the pipeline replacement program – will quickly eliminate any cash reserves.

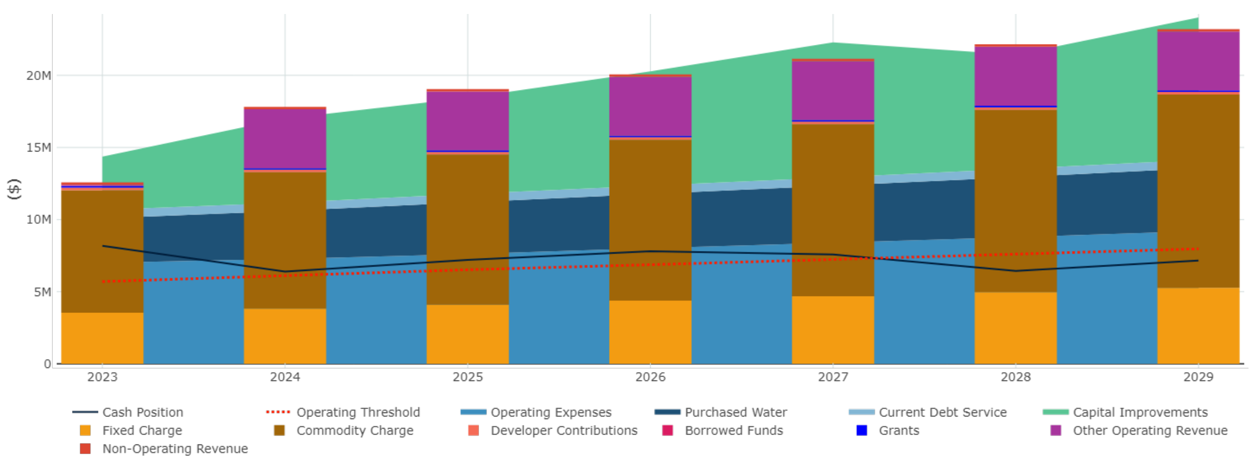
Proposed Financial Plan – Pipeline Replacement Charge

The Pipeline Replacement Program, the District's largest Capital Improvement expenditure, cannot be funded appropriately within the current rate structure. The solution is to develop a dedicated revenue stream to fund the pipeline replacement program. This revenue stream would come from a newly implemented Pipeline Replacement Program charge implemented on the county property tax roll. The mechanism promotes equity because the financial impact on the property owner who, on average, property owners have more ability to pay than tenants. The mechanism also promotes equity by tying the benefit of reliable water delivery to the property, including its usefulness and ultimately property value. The pipeline replacement program's aim is to maintain this property-related water service and thus shows a clear nexus between the cost of the service and the associated benefit to property owners.

This revenue stream also promotes financial resilience for the District and resultant water delivery reliability for property owners, the community, and emergency services. The revenue stream unlinks the dependence for an absolute need from variables that fluctuate water sales such as temperature and precipitation.

The below table combines the Pipeline Replacement Charge with the Status Quo Financial Plan, which results in the Proposed Cash Flow Statement through 2029 (Table 6, Chart 2).

Table 6: Proposed Cash Flow Statement through 2029							
	2023	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**
Cash Position Opening Balance	**$ 8,179,910**	**$ 6,394,966**	**$ 7,200,293**	**$ 7,796,881**	**$ 7,580,250**	**$ 6,442,675**	**$ 7,153,070**
Revenues							
Fixed Charge	$ 3,540,000	$ 3,823,200	$ 4,090,824	$ 4,377,182	$ 4,683,584	$ 4,964,599	$ 5,262,475
Commodity Charge	$ 8,500,000	$ 9,455,400	$ 10,420,796	$ 11,150,252	$ 11,930,770	$ 12,646,616	$ 13,405,413
Pipeline Replacement Program	**$ -**	**$ 3,995,393**	**$ 3,995,393**	**$ 3,995,393**	**$ 3,995,393**	**$ 3,995,393**	**$ 3,995,393**
Other Operating Revenue	$ 95,000	$ 95,000	$ 95,000	$ 95,000	$ 95,000	$ 95,000	$ 95,000
Developer Contributions	$ 180,000	$ 180,000	$ 180,000	$ 180,000	$ 180,000	$ 180,000	$ 180,000
Non-Operating Revenue	$ 162,800	$ 162,800	$ 162,800	$ 162,800	$ 162,800	$ 162,800	$ 162,800
Grants	$ 100,000	$ 100,000	$ 100,000	$ 100,000	$ 100,000	$ 100,000	$ 100,000
Revenue Subtotal	$ 12,577,800	$ 17,811,793	$ 19,044,813	$ 20,060,626	$ 21,147,547	$ 22,144,408	$ 23,201,081
Operating Expenses							
Purchased Water	$ 3,075,000	$ 3,321,000	$ 3,586,680	$ 3,766,014	$ 3,954,315	$ 4,152,030	$ 4,359,632
O&M	$ 7,010,744	$ 7,269,265	$ 7,610,246	$ 8,011,243	$ 8,389,807	$ 8,786,419	$ 9,201,947
Operating Expenses Subtotal	$ 10,085,744	$ 10,590,265	$ 11,196,926	$ 11,777,257	$ 12,344,122	$ 12,938,450	$ 13,561,579
Net Income	**$ 2,492,056**	**$ 7,221,527**	**$ 7,847,887**	**$ 8,283,369**	**$ 8,803,425**	**$ 9,205,958**	**$ 9,639,502**
Capital Expenses							
Capital Improvements	$ 3,696,000	$ 5,835,200	$ 6,670,300	$ 7,919,000	$ 9,360,000	$ 7,914,563	$ 9,869,600
Debt Service							
Current Debt Service	$ 581,000	$ 581,000	$ 581,000	$ 581,000	$ 581,000	$ 581,000	$ 581,000
Total Debt Service	$ 581,000	$ 581,000	$ 581,000	$ 581,000	$ 581,000	$ 581,000	$ 581,000
Cash Position							
Net Surplus/Deficit	$ (1,784,944)	$ 805,327	$ 596,587	$ (216,631)	$ (1,137,575)	$ 710,395	$ (811,098)
Cash Position Closing Balance	**$ 6,394,966**	**$ 7,200,293**	**$ 7,796,881**	**$ 7,580,250**	**$ 6,442,675**	**$ 7,153,070**	**$ 6,341,972**
Reserve Target	$ 5,700,635	$ 6,100,292	$ 6,522,487	$ 6,871,169	$ 7,242,365	$ 7,596,019	$ 7,969,848
Coverage Ratio	**4.29**	**12.43**	**13.51**	**14.26**	**15.15**	**15.85**	**16.59**



The total annual revenue to be collected from the pipeline replacement program charge will be equal to the 5-year average cost of the program, which is calculated from the table below, with the 5-year average cost of the program for 2024 through 2028 being: $3,995,393.

($3,000,000 + $2,912,000 + $2,200,000 + $5,800,000 + $6,064,963) / 5 = $3,995,393

Capital Expense Category	2024	2025	2026	2027	2028
Pipeline Replacement	$3,000,000	$2,912,000	$2,200,000	$5,800,000	$6,064,963

“Based on [International Organization for Standardization] standards, 15% of the [distribution] system costs are assigned to fire flow” (Raftelis, p 26). In other words, 15% of the overall cost for the Pipeline Replacement Program is attributable to Fire Service needs, with that portion being allocated between “Public Fire” and “Private Fire” in proportion to the potential demand of each (Raftelis, p 44). “Public Fire” accounts for fire hydrants and the associated fire lines, while “Private Fire” lines are counted separately. The following tables show the “Public Fire” and “Private Fire” calculations based on CVWD’s data (Table 7, Table 8). Note that there are two ratios utilized in this report: AWWA Ratio; and Fire Demand Ratio. Both ratios consider the strain that potable connections put on the system and are measured primarily through their hydrologic capacity. Larger pipelines and meters can instantaneously use much more water and thus provide greater utility and capacity for the owner. The system is designed to withstand these loads, and this is also referred to as “peaking” capacity. For Fire Demand Ratio, it is based on the diameter of the pipeline. For water meters, it is based on the AWWA meter ratio. In both cases, the ratios are normalized to the smallest unit. For Fire Demand, it is the 1” connection, and for potable meters it is the 3/4” meter size. The ratios between fire and AWWA meter are different, and the Fire Demand ratios are higher than AWWA meter ratio. For more information about these ratios, please refer to the Raftelis study.

Table 7: Public Fire Allocation Calculation

Hydrant Fire Pipeline Diameter	Service Count	Demand Ratio	Equivalent Connections	
4"	3	38.32	115	
6"	710	111.31	79,030	
Public Fire Total	**713**		**79,145**	**91%**

Table 8: Private Fire Allocation Calculation

Private Fire Connection Size	Service Count	Demand Ratio	Equivalent Connections	
1"	1	1.00	1	
2"	11	6.19	68	
3"	2	17.98	36	
4"	78	38.32	2,989	
6"	18	111.31	2,004	
8"	6	237.21	1,423	
10"	2	426.58	853	
Private Fire Total	**118**		**7,374**	**9%**

The above table shows that roughly 9% of the total fire flow amount is allocable to “Private Fire”. This figure is then multiplied by 15% (the overall system costs assigned to fire flow) to arrive at the final “Private Fire” allocation of 1.3% of total pipeline replacement program costs, or $51,079.

*15% * 9% = 1.3%*
*1.3% * $3,995,393 = $51,079*

The total “Private Fire” cost ($51,079) is then divided by the number of “Private Fire” Equivalent Meter Units (“EMUs”) (7,374) to arrive at the final “Private Fire” annual cost of $6.93 per EMU.

$51,079 / 7,374 EMUs = $6.93/EMU

This figure is then multiplied by the appropriate Demand Ratio for each meter size to determine each individual private fire customer’s annual charge based on their meter size (Table 9).

Table 9: "Private Fire" Annual Costs by Meter Size

Meter Size	Number of Meters	Demand Ratio	Annual Cost
1"	1	1.00	$ 6.93
2"	11	6.19	$ 42.88
3"	2	17.98	$ 124.55
4"	78	38.32	$ 265.44
6"	18	111.31	$ 771.03
8"	6	237.21	$ 1,643.13
10"	2	426.58	$ 2,954.88

This leaves 98.7% of the program cost, or $3,944,314, to be collected from all potable District customers through the Pipeline Replacement Program charge.

$3,995,393 - $51,079 = $3,944,314

With the annual revenue requirements for the Pipeline Replacement Program determined, the last step is to calculate the total number of potable EMUs in the District. The standard AWWA Demand Ratios are applied to all potable meters in the District, with ¾” as the baseline at 1.00. The results are included below (Table 10, Table 11).

Table 10: Potable EMU Calcuation

Meter Size	Number of Meters	AWWA Ratio	Total EMUs
3/4"	7044	1.00	7,044
1"	885	1.67	1,476
1 1/2"	152	3.33	507
2"	66	5.33	354
3"	29	11.67	333
4"	2	21.00	42
Total	**8,178**		**9,756**

Table 11: Potable Annual Cost by Meter Size

Meter Size	Number of Meters	AWWA Ratio	Annual Cost
3/4"	7,044	1.00	$ 404.30
1"	885	1.67	$ 673.83
1 1/2"	152	3.33	$ 1,347.66
2"	66	5.33	$ 2,156.25
3"	29	11.67	$ 4,718.14
4"	2	21.00	$ 8,490.23
Total	**8,178**		

Applying the AWWA Demand Ratios to the District's 8,178 potable meters yields a total of 9,756 potable EMUs Districtwide. The remaining program cost of $3,944,314 is divided by the total number of potable EMUs of 9,756 to reach the Annual Cost of $404.30 per potable EMU:

$3,944,314 / 9,756 EMUs = $404.30/EMU

As before, this figure is then multiplied by the AWWA Demand Ratio for each meter size to determine each potable customer's annual charge. Customers with ¾" meters (roughly 86% of the District) would see an annual charge of $404.30. Other customer, primarily larger condominium complexes and larger institutional accounts like schools and government agencies with larger meters would see higher annual charges, ranging from $673.83 for 1" meters to $8,490.23 for 4" meters (Table 10).

Conclusion

Implementing the capital charge on the property roll provides a significant step toward balancing long-term infrastructure reliability needs with funding requirements in a stable and equitable manner. The charges as developed represent an equitable and defensible methodology and align with the requirements of Proposition 218. In addition, as part of a separate analysis, the District is developing a bill assistance program for those customers who are most impacted relative to their financial circumstances.

Public Comments received after the posting of the April 11, 2023, Board Packet

Public Comments Received from Marilyn Tyler on April 10, 2023, at 1231

From Marilyn Tyler:

CVWD's compassionate attitude toward the Crescenta Valley community during the Covid pandemic was noticed and appreciated. I and others supported the 3-year schedule (2021-2023) of 8% rate increases, which resulted in a cumulative 26% increase in our water bills, because we believed it was necessary.

But by CVWD's current actions, CVWD runs the risk of losing the hard-earned good will it had gained. By proposing Action Item 3 and Action Item 4, CVWD appears to be deaf and blind to the suffering they will cause to the Crescenta Valley community.

Action Item 3 (Property-related fee): In what universe does CVWD believe its customers, struggling with constantly rising costs, inflation and unemployment, can afford to pay a MINIMUM of $273-$400 MORE on their property taxes? CVWD's argument that this will go to pipeline replacement is the same argument that was used for the 26% increase in our water bills. If costs have gone up, then slow the rate of pipeline replacement. Live within your means (and eliminate non-essential "money-pit" projects)---that's what we're doing!

Action Item 4 (cell towers on CVWD water tanks): Contrary to CVWD's statement that "These wireless facilities are considered to be a benefit to the community," many members of the community consider them to be a potential health hazard, especially when installed on CVWD water tanks right next to their home or nearby. Perhaps CVWD has forgotten that a previous attempt to install a cell tower on the CVWD property at 5041 Cloud was adamantly opposed by 75% of the nearby residents and the attempt failed.

REQUEST TO THE BOARD: Please vote "NO!" on Action Items 3 and 4.

Public Comments Received from Lyndon Ongyiu on April 10, 2023, at 1244

As a customer of CVWD, I am opposed to Action Item 4 (cell towers) and I want the Board to vote NO. In addition, we need more info on how a property-related fee is approved (Action Item 3) Thank you

Public Comments Received from Marilyn Tyler on April 10, 2023, at 1254

Marilyn Tyler here.

Can you get a legal answer for me RE: Action Item 3--- For the property-related fee being proposed, will CVWD be required to send out ballots to property owners, and will the property-related fee be implemented ONLY IF a majority of the property owners voting are in favor of it? If "No" then what does Prop. 218 etc. say is required for this property-related fee to be approved and implemented?

Thanks for any clarification.

Public Comments Received from Marilyn Tyler on April 10, 2023, at 1524

Public Comment #2 for CVWD Board Mtg on 4/11/2023 - Potential Legal Challenge

from Marilyn Imura re: Action Item 3 - Potential Legal Challenge

I protest and challenge the proposed use of a property-related fee "to fund infrastructure reliability projects, specifically for replacing aging pipelines." (CVWD text in Action Item 3)

As explicitly stated in Article XIII D of the California Constitution (Section 6(b)(4): "No fee or charge may be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question. **Fees or charges based on potential or future use of a service are not permitted**." (emphasis added)

Please vote "NO!" on Action Item 3 to avoid a potential legal challenge.

Public Comments Received from Marilyn Tyler on April 10, 2023, at 1626

Public Comment #3 for CVWD Board Mtg on 4/11/2023 - Action Item 4 Request for Change

Based on past experience, CVWD should already know that cell towers on CVWD property is a hot button issue for the Crescenta Valley community. We want to be able to know about and keep an eye on any cell tower proposals.

REQUEST: So to keep things above-board and visible to the community, PLEASE REMOVE paragraph [3] in "2. License Agreements and Amendments" i.e.: "3. The Board of Directors may delegate authority individually to the District's general manager, assistant general manager, and the director of engineering, or their designees, to: (i) review all license applications and negotiate all Licenses and Amendments, including the determination of annual license fees, in accordance with the terms and conditions of the Program, and [ii] enter into License Agreements or Amendments under this Program. Final approval of all new License Agreements or Amendments shall be at the sole discretion of the District's Board of Directors."

The purpose of paragraph [3] appears to be to stream-line and speed-up the process of negotiating and signing-off on cell tower leases (more dollars and faster for CVWD). But this is exactly what the Crescenta Valley community DOES NOT WANT! Regarding cell towers, we want to slow things down, not speed it up, so we can examine what's happening in real-time.

Specifically in paragraph [3] that I am requesting be removed, I am concerned that delegating authority from the CVWD board to CVWD staff will reduce the community's visibility into the negotiating process, and the community's ability to provide input to CVWD in a timely manner, i.e., during the negotiating process. We want public accountability to remain with the board members, since we have elected them.

Public Comments Received from Krista Mercado on April 11, 2023, at 0803

Dear Board Members,

I strongly oppose Action Item 4 (cell towers) as well as Action Item 3 (property-related fee), and I urge the board to vote NO on both of these items.

Cell towers pose a significant cancer risk due to high levels of radiation. Studies have shown that even low levels of radiation can still increase one's risk of developing cancer and other chronic health conditions, particularly with prolonged periods of exposure.

There are many homes and schools in close proximity to the potential tower sites, which presents an imminent danger to the health and well-being of our families and children.

There is no need for additional wireless service in our neighborhood. Our current wireless service is fully sufficient, and the construction of additional towers poses a significant health risk to our community.

I strongly urge you to consider the aforementioned points and thank you for your consideration regarding this matter.

Public Comments Received from Marilyn Tyler on April 11, 2023, at 0834

Public Comment #4 on Action Item 4 - CVWD and Multiple Cell Tower Attempts

CVWD has made multiple attempts to install cell towers on CVWD properties- taking the community by surprise rather than attempting to work with the community -- which resulted in intense community anger and distrust of CVWD. My two neighbors Karin Kim and Richard Lyans and I spearheaded the community opposition to CVWD's two attempts to install a cell tower on the CVWD property at Cloud Ave. just a few hundred feet from my house, Karin's house, and many of our neighbors. On the CVWD Board at the time were Directors Judy Tejeda, James Bodnar and I think Kerry Erickson--- so they remember what it was like, all the community anger directed at CVWD.

On Action Item 4, CVWD's third attempt to install cell towers on CVWD property, how about trying a different way---Work with the community rather than trying to slip something past the community and hoping the community won't notice until it's too late?

How about holding off on Action Item 4 (Revised Policies and Procedures for Cell Tower Leases) and doing public outreach to the community so the community can look at what policy changes you are proposing and give feedback?

If, instead, CVWD Board approves Action Item 4 (Revised Policies and Procedures for Cell Towers) begins actively marketing CVWD properties to telecommunication companies--- it will be obvious to everyone that CVWD is yet again trying to slip cell towers pass the community.

Why did CVWD make MULTIPLE attempts at public outreach for Action Item 3 (Property-related fee) but NO ATTEMPTS at public outreach for Action Item 4 (Cell Towers on CVWD Property), despite knowing that cell towers is a hot button topic for the community?

REQUEST: Please hold off on Action Item 4 and do public outreach so the community can review the revised policy and procedures and learn about CVWD's plans for cell towers on CVWD properties. If CVWD truly wants to work with the community and take the community's concerns seriously, then show it by your actions!!!

Public Comments Received from Jerry Graves on April 11, 2023, at 1322

CVWD
Vote no on proposed property improvement.
Stop raising the water rates for your pet projects! It is so high now I’m killing my plants.
We are being hit with inflation every where, now is not the time!
Jerry Graves
Your consumer

Public Comments Received from Geraldine Mercado on April 11, 2023, at 1757

To the Board members,

This email addresses two concerns:

1) **To express my strong opposition to Action Item 4 (Cell Towers) and want the Board vote NO!!**

I was part of a group of residents that adamantly opposed the Cell Tower proposition on the CVWD property on Brookhill/Cloud years ago. We presented information and research well backed by credible and reliable sources. There were also two attorneys who are La Crescenta residents that provided strong backing for our cause. As a result the proposition did not pass and the Cell Tower was not constructed at the site.

Here is just one bit of information from a well-known entity:

As per the American Cancer Society, cell towers **increase the risk of health hazards, such as headaches, memory loss, congenital disabilities, and cardiovascular stress**. Many studies also report that cell towers may lead to cancer as they emit non-ionising, high Radio Frequency (RF) waves.

Please look at the following…be sure to click on the link (b) to see what other countries are doing to protect people and especially children from radiation. (Why are you even considering cell towers so close to schools and people's homes???)

1.Other countries' response to cell tower radiation:

a. "In France, a number of court cases have ruled in favour of the removal of cell towers that are in close proximity to homes and schools basis of posing "a serious risk to their health and that of their children" because of the electromagnetic waves emitted.'"

b. **https://ehtrust.org/reduce-cell-phone-radiation-exposure-list-of-countries-official-recommendations/**

2. Quote from Dr. David O. Carpenter,

> a public health physician who has been involved in issues related to electromagnetic fields (EMFs) for several decades; served as dean of the School of Public Health at the University at Albany/SUNY; edited two books on effects of EMFs, ranging from low frequency fields to radio frequency/microwave radiation, or the kind emitted by Wi-Fi routers, cellphones, neighborhood antennas or cell towers and wireless computer equipment; served as the co-editor of the BioInitiative Report 2012 (bioinitiative.org), a comprehensive review of the

> literature showing biological effects at nonthermal levels of exposure, much of which has since been published in the peer-reviewed journals.
> “

“The latency for development of cancer after exposure to radio frequency radiation is long, often up to 20 years for brain cancer. Thus the cancer effects of exposing children will not be seen immediately, but they will have elevated risk of cancer for many years to come. Studies done in several countries have reported elevated rates of cancer, especially leukemia, in residents living near to cell towers.

Unfortunately cancer is not the only disease of concern. Other studies have found individuals living near to cell towers have abnormal levels of several different hormones, and suffer from reduced cognitive ability. Furthermore, there is increasing recognition of the fact that some people, including children, are exceptionally sensitive to electromagnetic fields, and show the syndrome of electro-hypersensitivity. This is characterized by headache, “brain fog” and reduced ability to learn, often accompanied by nausea and gastrointestinal and cardiovascular symptoms,

Placement of cell towers should be as far as possible from any place where humans are present. Certainly having a cell tower near to a home where anyone lives, but especially children, is dangerous to health.”

Cell towers should absolutely NOT be constructed anywhere near homes or schools! CVWD profits should not come before the health of residents and especially children whose brains and bodies are still developing!

Second Concern:

2) **We need more information on how a property-related fee is approved (Action Item 3). I am strongly opposed to having to pay another fee on top of the rate increases that have already occurred. Inflation is hitting us from all angles!!**

Respectfully,

Geraldine Mercado,

La Crescenta Resident

CRESCENTA VALLEY WATER DISTRICT
BOARD OF DIRECTORS - STAFF REPORT

Action Item No. 3
April 25, 2023

To: Honorable President and Members of the Board of Directors
From: Thomas S. Bunn III – District Counsel
Subject: **Appointment of Interim General Manager**

ACTION ITEM:

Consideration and possible action on appointment of James Lee as Interim General Manager.

BACKGROUND:

The current General Manager will retire from the District on May 1, 2023. Following closed session for the Board meeting on April 25, 2023, the Board reported that it had decided to offer the position of Interim General Manager to James Lee, subject to a formal decision by vote of the Board in a future meeting.

Based on past practice, Mr. Bunn reached out to the appointed Interim GM to discuss compensation for the interim period. Mr. Lee requested that the Board consider a $1 increase in compensation. Among other reasons, Mr. Lee believes that, at this time, it is more important for the District to fairly compensate his supporting staff at the Director level who would be expected to expand their roles as a result of the Interim GM's new assignment.

RECOMMENDATION

Legal counsel recommends that the Board appoint James Lee as Interim General Manager and consider and act on the proposed compensation adjustment.

Prepared and submitted by:

Thomas S. Bunn III

Thomas S. Bunn III
District Counsel

Attachment(s):
1. none

g:\management\board meeting staff reports\2023\04-25-23 GM Transition.docx

CRESCENTA VALLEY WATER DISTRICT
BOARD OF DIRECTORS - STAFF REPORT

Action Item No. 4
April 25, 2023

To: Honorable President and Members of the Board of Directors

From: Thomas S. Bunn III – District Counsel

Subject: **General Manager Employment Agreement**

ACTION ITEM:

Consideration and possible action on modification of the General Manager employment agreement.

BACKGROUND:

The current General Manager will retire from the District on May 1, 2023. Under the current employment contract, the District will pay 28 percent of the premium for group health coverage for retirees based on years served.

The General Manager has proposed a one-time disbursement as opposed to continued group health coverage for retirees, in the amount of 50 percent of the partial premium payments at today's rates. The primary benefit is the initial 50 percent reduction in cost to the District. The proposal most likely yields additional savings, as health costs have historically increased faster than inflation. A one-time disbursement would also minimize administrative impact to staff who would not need to continue administering an ongoing benefit.

The proposal has been reviewed by legal counsel.

RECOMMENDATION

Legal counsel recommends that the Board consider the proposed modification to the General Manager employment agreement.

Prepared and submitted by:

Thomas S. Bunn III

Thomas S. Bunn III
District Counsel

Attachment(s):
1. none

g:\management\board meeting staff reports\2023\04-25-23 GM Employment Agreement.docx