



Dedicated to Providing High-Quality Water Service in a Cost-Effective and Environmentally Sensitive Manner

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Counsel

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MEMBER AGENCY OF THE
METROPOLITAN WATER
DISTRICT
OF SOUTHERN CALIFORNIA

Glen D. Peterson
MWD Representative

THIS MEETING WILL BE CONDUCTED PURSUANT TO THE PROVISIONS OF THE GOVERNOR'S EXECUTIVE ORDER, N-29-20, WHICH SUSPENDS CERTAIN REQUIREMENTS OF THE RALPH M. BROWN ACT TO SUPPORT SOCIAL DISTANCING GUIDELINES ASSOCIATED WITH RESPONSE TO THE CORONAVIRUS (COVID-19) PANDEMIC. BOARD MEMBERS AND STAFF MAY PARTICIPATE IN THE MEETING BY TELECONFERENCE. THE PUBLIC IS STRONGLY ENCOURAGED TO PARTICIPATE ELECTRONICALLY AT www.lvmwd.com/LiveStream.

Call and Notice of Special Meeting of the Board of Directors of Las Virgenes Municipal Water District

A Special Meeting of the Board of Directors of Las Virgenes Municipal Water District is hereby called and notice of said Special Meeting is hereby given for **9:00 a.m. on Monday, April 27, 2020**, at 4232 Las Virgenes Road, Calabasas, CA 91302, to consider the following:

1. Call to Order and Roll Call
2. Special Meeting of April 27, 2020 (Agenda attached)
3. Adjournment

By Order of the Board of Directors
JAY LEWITT, President

Josie Guzman, MMC
Deputy Secretary of the Board

c: Each Director

Dated: April 22, 2020



LAS VIRGENES MUNICIPAL WATER DISTRICT
4232 Las Virgenes Road, Calabasas, CA 91302

AGENDA
SPECIAL MEETING
April 27, 2020, 9:00 AM

Public Participation for Meetings of Las Virgenes Municipal Water District Board of Directors in Response to COVID-19

On March 4, 2020, Governor Newsom proclaimed a State of Emergency in California as a result of the threat of COVID-19. On March 17, 2020, Governor Newsom issued Executive Order N-29-20 (superseding the Brown Act-related provisions of Executive Order N-25-20 issued on March 12, 2020), which allows a local legislative body to hold public meetings via teleconferencing and to make public meetings accessible telephonically or otherwise electronically to all members of the public seeking to observe and to address the local legislative body. Pursuant to Executive Order N-29-20, please be advised that members of the Las Virgenes Municipal Water District will participate in meetings telephonically.

PUBLIC PARTICIPATION: Pursuant to Executive N-29-20 and given the current health concerns, members of the public can access meetings live on-line, with audio and limited video, at www.LVMWD.com/LiveStream. In addition, members of the public can submit comments electronically for consideration by sending them to www.LVMWD.com/LiveStream. To ensure distribution to the members of the Las Virgenes Municipal Water District Board of Directors prior to consideration of the agenda, please submit comments 24 hours prior to the day of the meeting. Those comments, as well as any comments received during the meeting, will be distributed to the members of the Board of Directors and will be made part of the official public record of the meeting. Contact Josie Guzman, Executive Assistant/Clerk of the Board, at (818) 251-2123 or jguzman@lvmwd.com with any questions.

ACCESSIBILITY: If requested, the agenda and backup materials will be made available in appropriate alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), and the federal rules and regulations adopted in implementation thereof. Any person who requires a disability-related modification or accommodation, in order to observe and/or offer public comment may request such reasonable modification, accommodation, aid, or service by contacting the Executive Assistant/Clerk of the Board by telephone at (818) 251-2123 or via email to jguzman@lvmwd.com no later than 9:00 AM on the day before the scheduled meeting.

Members of the public wishing to address the Board of Directors are advised that a statement of Public Comment Protocols is available from the Clerk of the Board. Prior to speaking, each speaker is asked to review these protocols, complete a speakers' card, and hand it to the Clerk of the Board. Speakers will be recognized in the order the cards are received. A live webcast of the meeting will be available at LVMWD.com. Also, a web-based version of the speaker card is available for those who would like to submit written comments electronically or request to make public comment by telephone during the meeting.

The Public Comments agenda item is presented to allow the public to address the Board on matters not on the agenda. The public may also present comments on matters on the agenda; speakers for agendized items will be recognized at the time the item is called up for discussion.

Materials prepared by the District in connection with the subject matter on the agenda are available for public inspection at 4232 Las Virgenes Road, Calabasas, CA 91302. Materials prepared by the District and distributed to the Board during this meeting are available for public inspection at the meeting or as soon thereafter as possible. Materials presented to the Board by the public will be maintained as part of the records of these proceedings and are available upon request to the Clerk of the Board.

PLEDGE OF ALLEGIANCE

1 CALL TO ORDER AND ROLL CALL

2 APPROVAL OF AGENDA

3 PUBLIC COMMENTS

Members of the public may now address the Board of Directors **ON MATTERS NOT APPEARING ON THE AGENDA**, but within the jurisdiction of the Board. No action shall be taken on any matter not appearing on the agenda unless authorized by Subdivision (b) of Government Code Section 54954.2

4 FINANCE AND ADMINISTRATION

A Cash and Investment Report for March 2020 (Pg. 5)

Receive and file the Cash and Investment Report for March 2020.

B Fiscal Years 2020-22 Two-Year Draft Budget (Pg. 23)

Review and provide feedback on the Fiscal Years 2020-22 Two-Year Draft Budget.

5 OPEN SESSION AND ADJOURNMENT

rules and regulations, requests for a disability-related modification or accommodation, including auxiliary aids or services, in order to attend or participate in a meeting, should be made to the Executive Assistant/Clerk of the Board in advance of the meeting to ensure availability of the requested service or accommodation. Notices, agendas, and public documents related to the Board meetings can be made available in appropriate alternative format upon request.



April 27, 2020 LVMWD Regular Board Meeting

TO: Board of Directors

FROM: Finance & Administration

Subject : Cash and Investment Report for March 2020

SUMMARY:

During the month of March, the value of the District's investment portfolio increased from \$90,865,377, held on February 29, 2020, to \$92,232,948. There were five investments that matured or were called in March; five investments were purchased, decreasing the book value to \$51,811,134. The value of the District's Local Agency Investment Fund (LAIF) account increased to \$39,382,173. During the third quarter of calendar year 2020, the District's investment portfolio earned \$486,044.69 in interest.

RECOMMENDATION(S):

Receive and file the Cash and Investment Report for March 2020.

FISCAL IMPACT:

No

ITEM BUDGETED:

No

DISCUSSION:

As of March 31, 2020, the District held \$92,232,948, up 6.02% year-over-year. The portfolio was up 1.51% from the previous month's total of \$90,865,377. The majority of the funds were held in the District's investment account, which had a March 31st book value of \$51,811,134. LAIF held the majority of the remaining funds, in the amount of \$39,382,173. A significant portion of the balance, \$1,029,403, was held in the District's money market account. The annualized yield for the District's investment portfolio was 2.01% in March 2020, down two basis points from February. The annualized yield on the District's LAIF funds was 1.78% in March, down as compared to February's 1.91%. The total yield on the District's accounts was 1.91%, down from 2.24% year-over-year.

Four investments were called during March 2020:

- FNMA callable agency, in the amount of \$1,000,000, with an original maturity of 60/15/20 was called on 03/15/20; YTM 1.58%.
- FFCB callable agency, in the amount of \$1,000,000, with an original maturity of 12/02/21 was called on 03/16/20; YTM 1.70%.
- FFCB callable agency, in the amount of \$1,000,000, with an original maturity of 04/13/20 was called on 03/16/20; YTM 1.40%.
- FNMA callable agency, in the amount of \$1,000,000, with an original maturity of 12/29/20 was called on 03/29/20; YTM 1.48%

One investment matured during March 2020:

- State of Maryland General Obligation Bond, in the amount of \$1,000,000, matured on 03/15/20; YTM 1.80%

Five investments were purchased during March 2020:

- FFCB callable agency, in the amount of \$1,000,000, maturing on 03/17/25; YTM 1.125%
- Summerset Trust Credit Union insured CD, in the amount of \$245,000, maturing on 03/19/25; YTM 1.00%.
- Iberia Bank insured CD, in the amount of \$245,000, maturing on 03/20/25; YTM 1.00%.
- Center State Bank insured CD, in the amount of \$245,000, maturing on 09/20/21; YTM 1.00%.
- Lakeland Bank insured CD, in the amount of \$245,000, maturing on 09/27/21; YTM 1.00%.

The following transactions occurred in the District's LAIF account:

- 03/02/2020 – Deposit in the amount of \$1,000,000.
- 03/03/2020 – Deposit in the amount of \$1,000,000.
- 03/13/2020 – Deposit in the amount of \$1,000,000.
- 03/16/2020 – Deposit in the amount of \$2,500,000.
- 03/25/2020 – Withdraw in the amount of \$400,000.
- 03/27/2020 – Withdraw in the amount of 700,000.

The District's investments are in compliance with the adopted Investment Policy, and the District has sufficient funds to meet expenditures during the next six months from funds held in LAIF.

Quarterly Investment Report:

During the first quarter of calendar year 2020, the District's portfolio earned \$230,267.95 in interest and accrued an additional \$255,776.74 in interest for a total amount of \$486,044.69. Attached is a detailed report of quarterly interest by investment.

Cash Analysis:

Another important aspect of the Monthly Cash and Investment Report is to monitor the

District's performance as compared to its adopted Financial Policies. Attachment B shows the District's total cash and investments as of March 31, 2020 and compares the balances to the adopted Financial Policies. As shown for March, the Potable Water Enterprise was \$489,369 below the levels set forth in the District's Financial Policies. The Sanitation Enterprise had cash and investments available for capital projects, in the amount of \$6.7 million, and the Recycled Water Enterprise had cash and investments available for capital projects in the amount of \$13.9 million. The Board has assigned \$5 million in funds from the Recycled Water Enterprise and \$10 million in funds from the Sanitation Enterprise for use on the Pure Water Project Las Virgenes-Triunfo. Cash in excess of required reserves and assignments is available for capital projects.

Sensitivity of Cash Reserves to Fluctuations in Revenue:

On April 7th, Director Lynda Lo-Hill asked about the sensitivity of cash reserves to fluctuations in revenue that may occur due to the COVID-19 emergency. With expenditures held constant, fluctuations in revenue have a direct, one-to-one relationship to fluctuations in cash reserves. However, the District maintains sufficient cash reserves pursuant to the Board-adopted Financial Policies to ensure that any such fluctuations do not have a material impact on the District's liquidity.

For each month that revenues collected exceed expenditures, the cash position of the District for the enterprise would increase by the corresponding difference. Conversely, for each month that expenditures exceed revenues, the cash balance for the enterprise would decrease in a similar fashion. As an example, if revenues collected from customer billings decreased significantly due to defaults and/or late payments to the extent that expenditures exceeded revenues for the month, the District's cash balance would be temporarily decreased by a corresponding amount.

GOALS:

Ensure Effective Utilization of the Public's Assets and Money

Prepared by: Donald Patterson, Director of Finance and Administration

ATTACHMENTS:

Charts

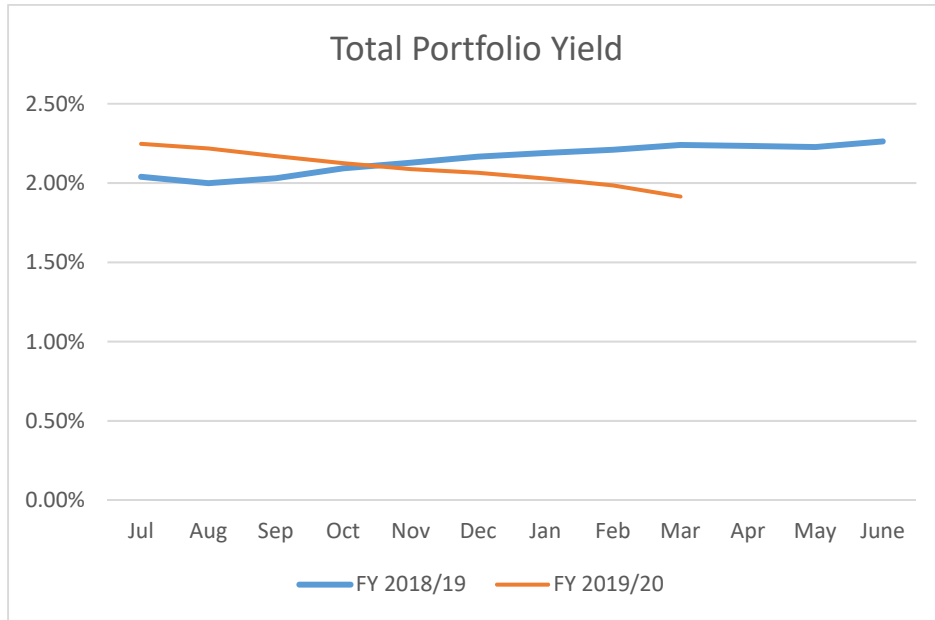
Monthly Investment Report - March 2020

Definitions

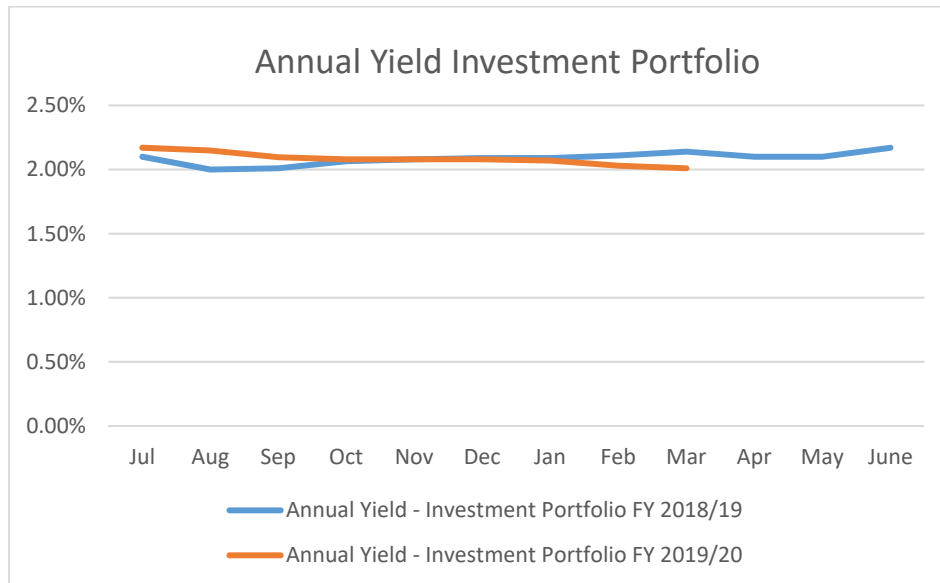
Quarterly Investment Report

March Cash Report

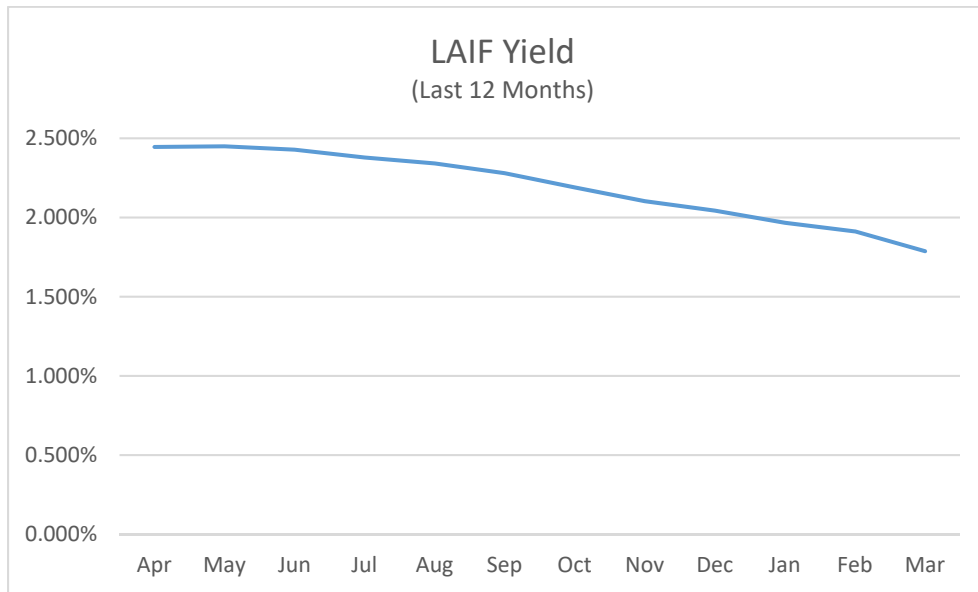
As of March 31, 2020, at Book Value, LAIF held 42.70% of the District’s portfolio, the investment portfolio held 56.17%, with the majority of the remaining funds held in a money market account. As can be seen in the chart below, the total yield in March 2020 was 1.91%, down seven basis point from February and down from 2.24% one year ago.



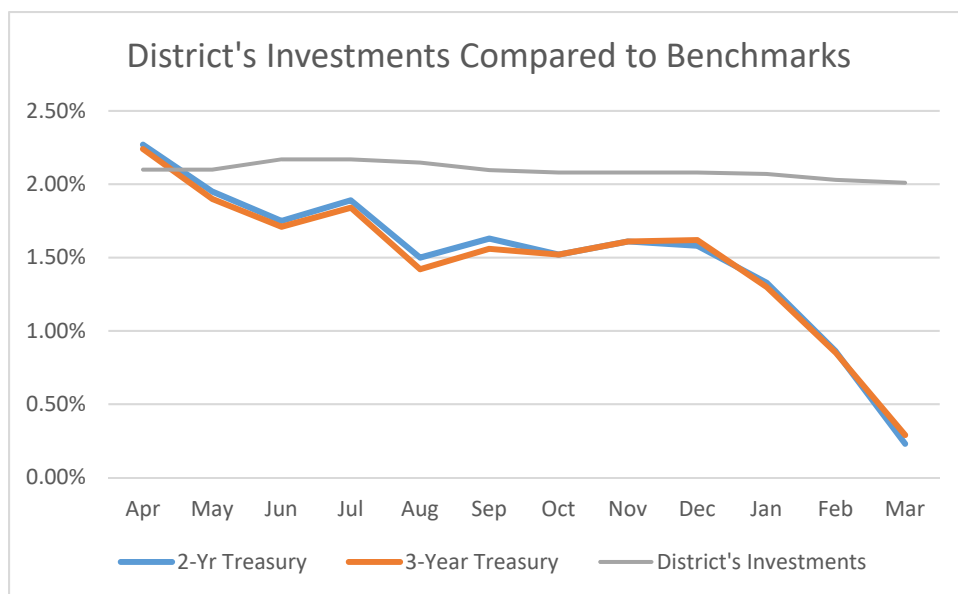
In March, the annualized yield for the District’s Investment Portfolio was down two basis points from February at 2.01% and down from 2.14% a year ago. The chart below shows annualized monthly yield of the current fiscal year compared with the same monthly yield over the previous year.



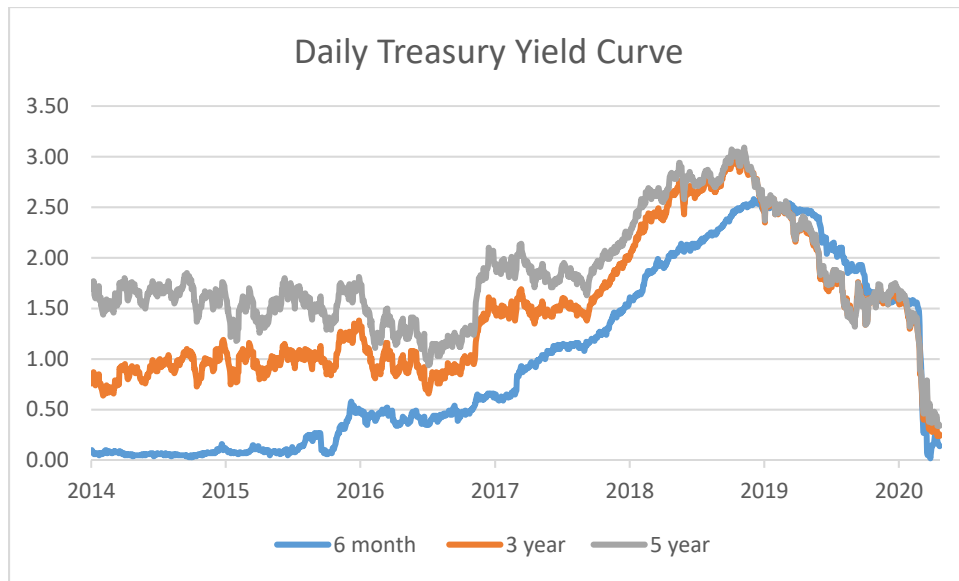
The following chart shows the average annualized LAIF yields over the past twelve months. In March, the LAIF yield was 1.78%, down from February's 1.91% and down from 2.44% a year ago.



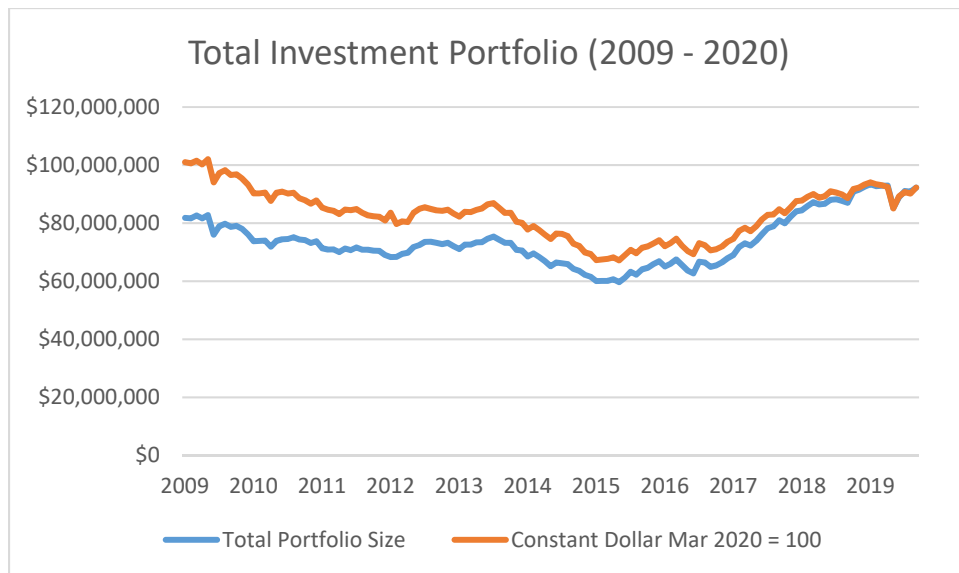
In order to benchmark how the District's portfolio is performing, it is useful to compare its investment portfolio with a comparable index. The District has historically compared its investment portfolio returns to the 2-Year and 3-Year Treasury notes. Because the District buys and holds its investments, the average portfolio yield should generally be flatter and trail the 2 and 3-year Treasuries.



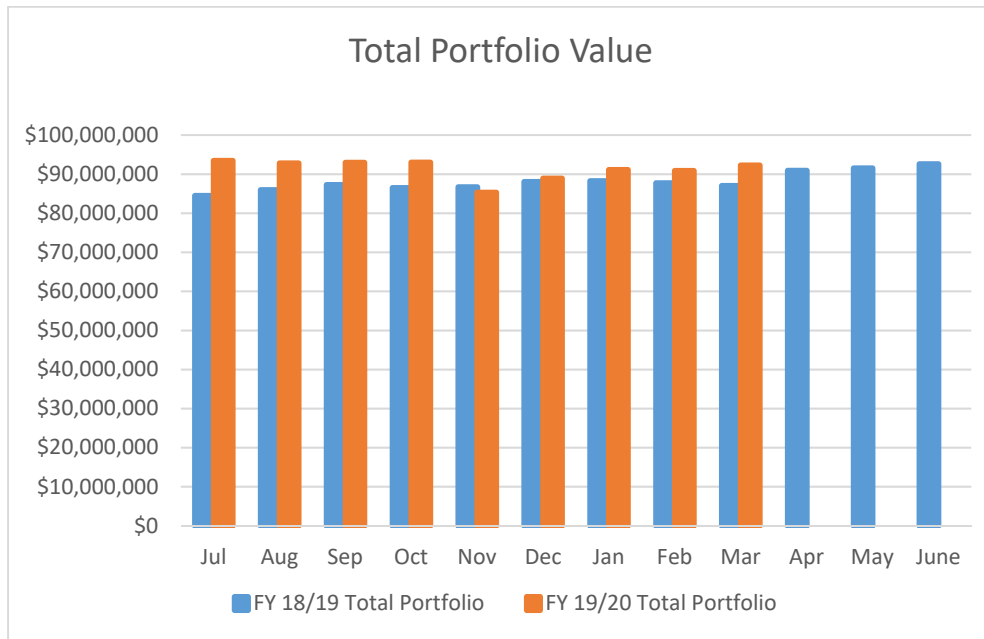
The charts above show the decline in the District’s portfolio yields over the previous twelve-month period. The chart below shows the longer-term perspective of Treasury yields that traded in a narrow range for each issuance duration through 2016, and then increased substantially through late 2018, when the current decline in yields began. The effects of the market uncertainty caused by COVID-19 is reflected in the quick, drastic drop in yields in March 2020.



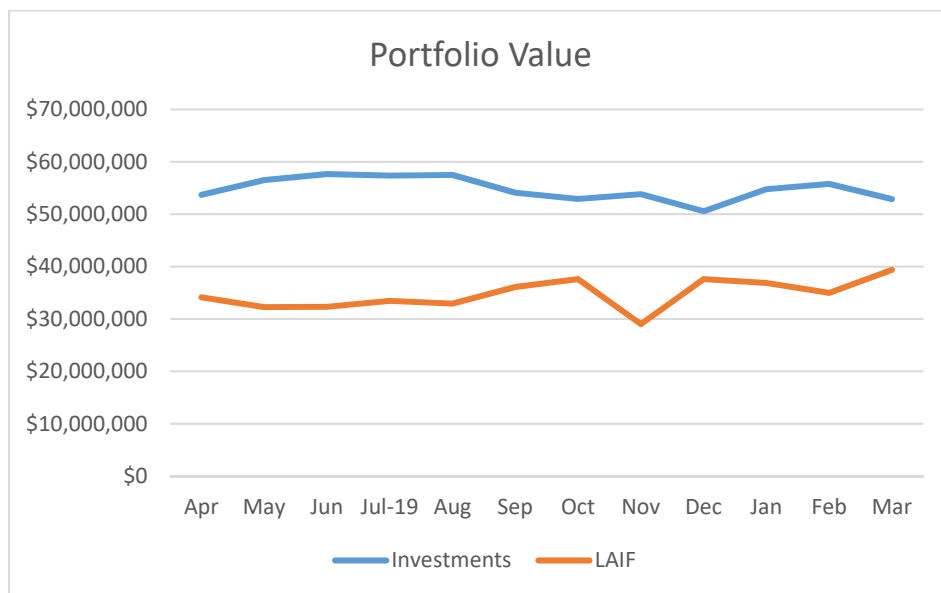
Equally important to monitoring performance is to monitor total portfolio value that includes the District’s Investment Portfolio and LAIF accounts. The chart below shows the total portfolio value between 2009 and 2019. In March 2020, the District’s portfolio increased 1.51% from February to \$92,232,948.



The chart below compares total portfolio value in the current Fiscal Year, compared to the same period in the previous fiscal year.

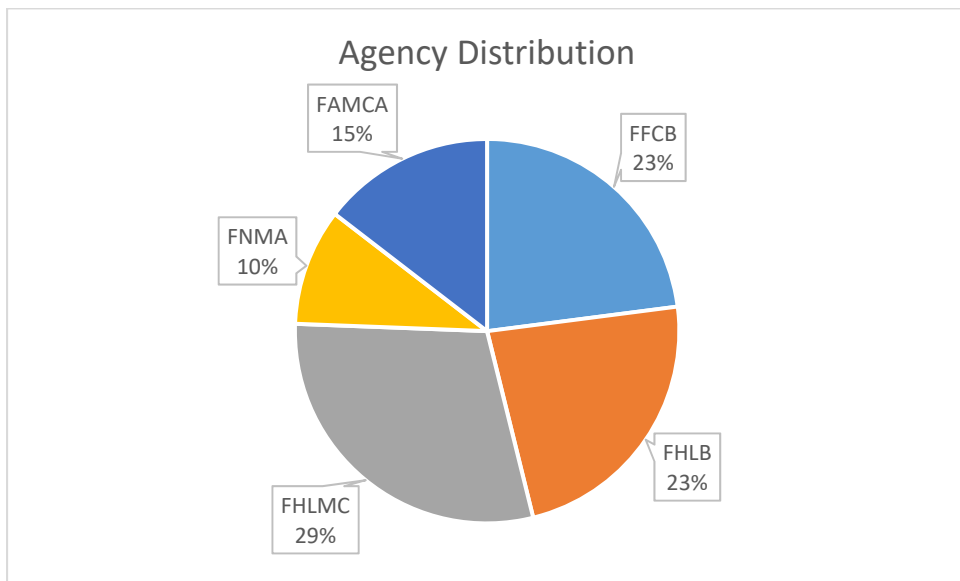
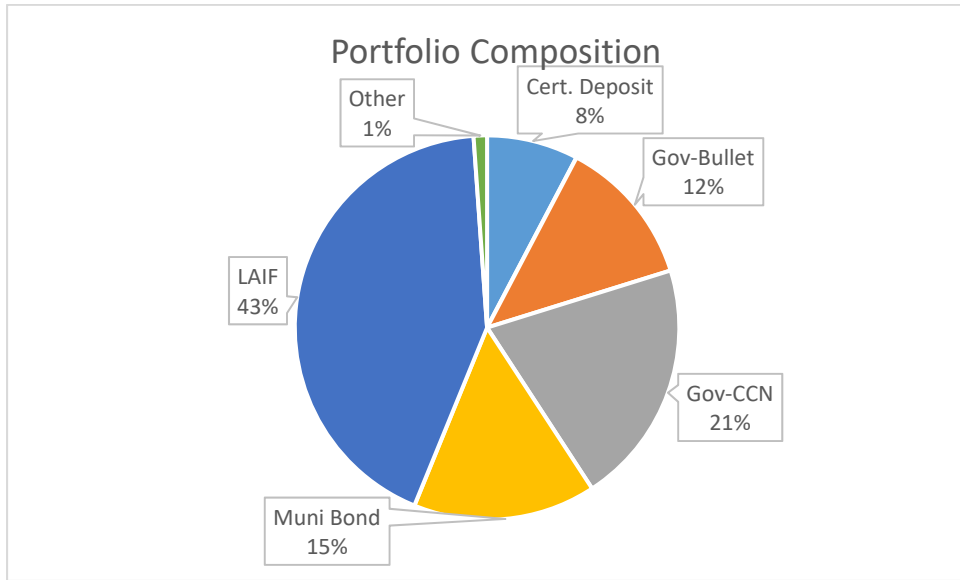


The chart below shows the value of the District’s Investment and LAIF portfolios over the past twelve-month period. The District’s Investment Policy requires an amount equal to 6 months of operating budget to be kept in LAIF, which is \$28.8 million.

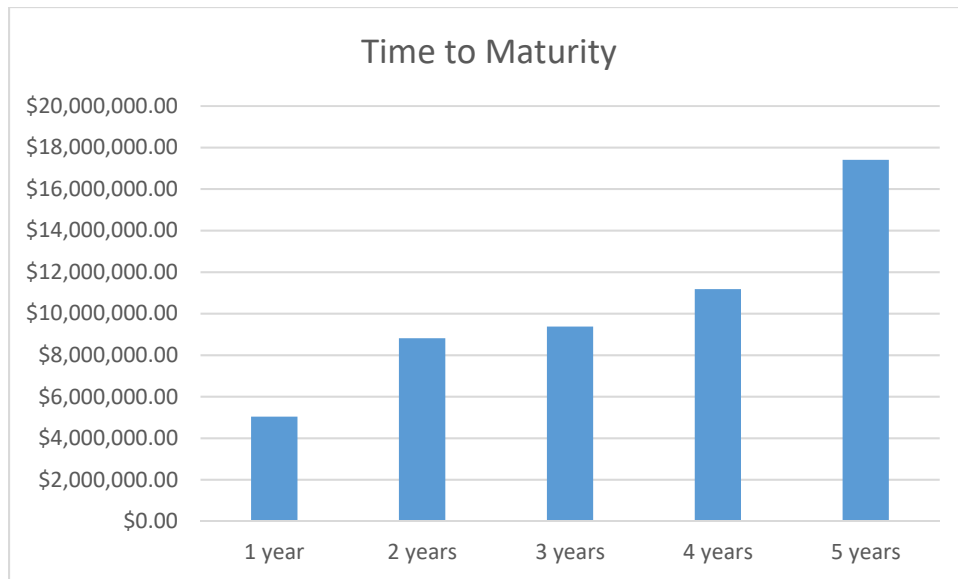


Diversification

It is important to monitor the composition of the portfolio to ensure proper diversification of the District's investments. The District seeks to diversify based on type of investment and time to maturity. The charts below shows the diversification of the District's portfolio at par value.



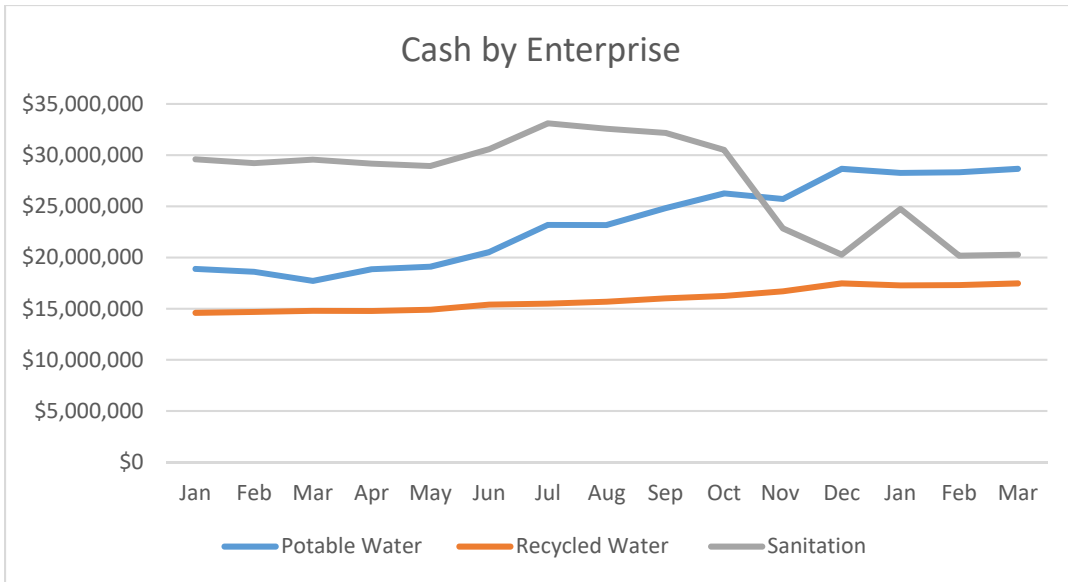
Another important factor to diversification is time to maturity. The District varies the time to maturity based on several factors including maintaining sufficient liquidity for anticipated capital expenditures, anticipated direction of future interest rates, and the quality of investments offered for a given maturity. In March, the average time to maturity was 3.00 years, slightly higher than December's 2.70 years. The District targets a 3-year average maturity in the investment portfolio.



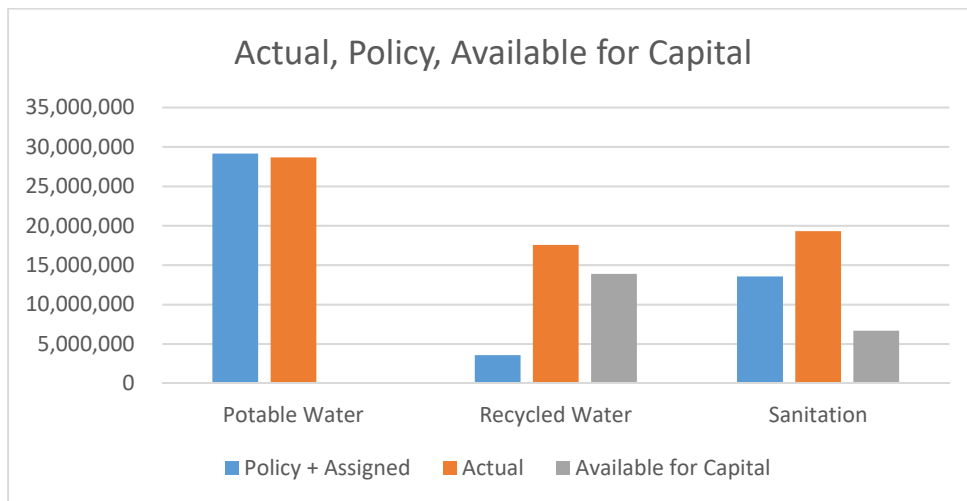
Quarterly Cash Analysis

The District's Financial Policies set forth the amount of cash that the District maintain for various reserves including those for operating, capital, insurance, and other liabilities.

The following chart shows cash balances by enterprise over the past two Fiscal Years. Over the first three quarters of FY 2019-20, the cash balance in potable water increased by 39.66% to \$28,665,652; the cash balance in recycled water increased by 13.50% to \$17,470,535; and the cash balance in sanitation decreased by 33.71% to \$20,270,215 following calling the 2009 Sanitation Bonds.



The following chart shows how the cash balances compare to the District's Financial Policies.



Date: April 20, 2020
 To: David W. Pedersen, General Manager
 From: Finance and Administration Department
 Subject: Investment Report for the Month of March 2020

Summary of Investments

Investments Maturing Within Six Months:

Disc./Cpn Rate	Yield To Maturity	Yield To Call	Investment Type	Date Invested	Next Call Date	Date Matures	Book Value	Par Value	Market Value	Market Value Source
1.600%	1.600%	1.600%	FNMA-Bullet	05/19/15		05/19/20	1,000,000	1,000,000	1,001,840	Custodian
2.427%	1.779%		NEWSCD-MuniBond	03/17/16		08/01/20	934,688	910,000	914,541	Custodian
1.400%	1.400%	1.400%	FNMA-Callable Coupon	08/24/16	05/24/20	08/24/20	1,000,000	1,000,000	1,001,120	Custodian
2.250%	1.732%		CONNECTICUT ST-MuniBo	02/17/16		09/01/20	1,119,649	1,095,000	1,100,727	Custodian
1.450%	1.450%		JP Morgan Chase BK-CD	09/16/16	06/16/20	09/16/20	245,000	245,000	245,144	Custodian
			Sub-Total				4,299,337	4,250,000	4,263,372	

Investments Maturing After Six Months:

1.500%	1.500%		CAL ST-MuniBond	04/28/16		04/01/21	1,000,000	1,000,000	1,001,510	Custodian
2.387%	1.392%		SCVWTR-MuniBond	06/21/16		06/01/21	1,047,370	1,000,000	1,013,820	Custodian
1.960%	1.960%	1.960%	MOUSCD-MuniBond	07/14/16		08/01/21	600,000	600,000	604,116	Custodian
1.550%	1.550%		CAPITAL ONE BANK - CD	08/10/16		08/10/21	245,000	245,000	245,541	Custodian
1.713%	1.713%		CASPWR-Muni Bond	09/28/16		05/01/21	944,684	944,684	947,773	Custodian
1.5%-Up	2.115%	1.250%	FHLB-Callable Coupon	11/17/16	05/17/20	11/17/21	1,000,000	1,000,000	1,001,250	Custodian
1.5%-Up	2.116%	1.300%	FHLMC-Callable Coupon	11/22/16	05/22/20	11/22/21	1,000,000	1,000,000	1,001,660	Custodian
2.000%	2.046%	2.018%	FHLMC-Bullet	01/30/17		01/26/22	997,850	1,000,000	1,026,280	Custodian
2.350%	2.350%		Goldman Sachs Bank - CD	06/21/17		06/21/22	245,000	245,000	250,236	Custodian
2.350%	2.350%		Sallie Mae Bank/Salt LK-CD	06/21/17		06/21/22	245,000	245,000	250,236	Custodian
2.000%	2.000%	2.000%	FHLB-Callable Coupon	08/10/17	08/10/20	08/10/22	1,000,000	1,000,000	1,005,570	Custodian
2.250%	2.104%	1.465%	FHLMC-Bullet	08/16/17		06/29/22	1,000,300	1,000,000	1,040,500	Custodian
2.400%	2.400%		American Express - CD	08/29/17		08/29/22	245,000	245,000	249,998	Custodian
2.400%	2.400%		Capital One NA - CD	08/30/17		08/30/22	245,000	245,000	250,875	Custodian
1.750%	1.766%		FFCB-Bullet	09/13/17		09/13/22	999,250	1,000,000	1,027,860	Custodian
2.500%	2.604%		SFOFAC-Muni Bond	11/09/17		09/01/22	497,650	500,000	512,830	Custodian
2.050%	2.050%		BMW Bank - CD	11/29/17		11/30/20	245,000	245,000	246,566	Custodian
2.500%	2.500%		Wells Fargo Bank - CD	12/08/17		12/08/22	245,000	245,000	251,982	Custodian
2.550%	2.550%		NYSDEV-Muni Bond	12/21/17		03/15/22	1,000,000	1,000,000	1,021,120	Custodian
2.200%	2.200%		Merrick Bank-CD	01/09/18		01/11/21	245,000	245,000	247,048	Custodian
2.650%	2.650%		Morgan Stanley Bank-CD	01/11/18		01/11/23	245,000	245,000	253,136	Custodian
2.130%	2.338%		FAMCA-Bullet	01/24/18		01/24/23	990,240	1,000,000	1,041,040	Custodian
2.700%	2.700%		FFCB-Bullet	04/11/18		04/11/23	1,000,000	1,000,000	1,064,100	Custodian
3.150%	3.150%		CitiBank NA - CD	05/11/18		05/11/23	245,000	245,000	257,591	Custodian
3.297%	3.297%	3.297%	UNVHGR-Muni Bond	06/05/18	Cont. 6/5/18	05/15/23	930,000	930,000	981,215	Custodian
2.900%	2.980%		FAMCA-Bullet	08/01/18		07/24/23	996,263	1,000,000	1,067,510	Custodian
2.000%	3.063%		CASPWR-Muni Bond	09/24/18		05/01/22	963,980	1,000,000	1,015,210	Custodian
2.250%	3.092%		CAS-Muni Bond	10/31/18		10/01/23	961,850	1,000,000	1,024,560	Custodian
3.350%	3.350%		Morgan Stanley PVT BK-CD	01/10/19		01/10/24	245,000	245,000	261,697	Custodian
1.980%	2.810%		FAMCA-Bullet	02/01/19		06/30/22	452,510	465,000	478,406	Custodian
2.850%	2.850%		1st MO St Bank - CD	02/13/19		08/14/23	245,000	245,000	256,111	Custodian
3.000%	3.000%		TIAA FSB - CD	02/22/19		02/22/24	245,000	245,000	258,916	Custodian
3.250%	2.536%		FHLB-Bullet	02/25/19		06/09/23	1,028,810	1,000,000	1,086,630	Custodian
2.800%	2.800%		FHLB-Callable Coupon	02/26/19	02/26/21	02/26/24	1,000,000	1,000,000	1,019,080	Custodian
2.370%	2.524%		FFCB-Bullet	03/12/19		02/05/24	992,950	1,000,000	1,066,990	Custodian

LVMWD Investment Report for the Month Ending March 31, 2020

Disc./Cpn Rate	Yield To Maturity	Yield To Call	Investment Type	Date Invested	Next Call Date	Date Matures	Book Value	Par Value	Market Value	Market Value Source
Investments Maturing After Six Months (continued):										
3.375%	2.227%		FHLB-Bullet	03/28/19		09/08/23	1,048,330	1,000,000	1,101,060	Custodian
2.750%	2.750%		Comenity CAP Bank-CD	04/30/19		04/30/24	245,000	245,000	257,081	Custodian
3.000%	2.500%		CAS-Muni Bond	05/01/19		04/01/24	1,022,980	1,000,000	1,052,680	Custodian
2.400%	2.400%		1st Choice Bank - CD	05/22/19		11/23/20	245,000	245,000	247,082	Custodian
2.650%	2.650%		Bank of New Eng Salem-CD	05/23/19		05/23/24	245,000	245,000	256,248	Custodian
2.850%	2.850%		St. Bank of India -CD	06/19/19		06/19/24	245,000	245,000	245,948	Custodian
2.160%	1.865%		FFCB-Bullet	06/28/19		06/03/24	1,013,820	1,000,000	1,063,310	Custodian
2.150%	2.150%		Enerbank USA - CD	08/07/19		08/07/24	245,000	245,000	251,507	Custodian
1.590%	1.590%		Maryland St.-Muni Bond	08/28/19		08/01/22	1,000,000	1,000,000	1,008,690	Custodian
2.147%	2.147%		UNIGEN - Muni Bond	08/29/19		06/01/24	1,000,000	1,000,000	1,023,180	Custodian
2.000%	2.000%	2.000%	FFCB-Callable Coupon	09/03/19	09/03/20	09/03/24	1,000,000	1,000,000	1,005,250	Custodian
1.750%	1.750%		1st Farmers BK7Trust-CD	09/04/19		09/04/24	245,000	245,000	247,396	Custodian
1.650%	1.650%	1.650%	FFCB-Callable Coupon	09/09/19	09/09/21	09/09/24	1,000,000	1,000,000	1,017,520	Custodian
1.740%	1.664%		FAMCA-Bullet	09/30/19		09/26/24	1,003,620	1,000,000	1,031,240	Custodian
2.000%	2.000%		FHLB-Callable Coupon	10/02/19	10/02/20	10/02/24	1,000,000	1,000,000	1,004,860	Custodian
1.790%	1.804%		FAMCA-Bullet	11/15/19		11/01/24	999,340	1,000,000	1,033,360	Custodian
2.224%	2.224%		SGTUTL - Nuni Bond	12/18/19		10/01/24	500,000	500,000	514,050	Custodian
1.850%	1.850%		FHLMC-Callable Coupon	12/18/19	12/18/20	12/18/23	1,000,000	1,000,000	1,002,850	Custodian
1.820%	1.820%		FHLB-Callable Coupon	12/23/19	06/23/20	12/23/22	1,000,000	1,000,000	1,002,920	Custodian
1.700%	1.700%		Medallion Bank UT-CD	12/23/19		12/22/23	245,000	245,000	246,896	Custodian
1.850%	1.850%		FHLMC-Callable Coupon	12/30/19	12/28/20	12/28/23	1,000,000	1,000,000	1,010,020	Custodian
1.950%	1.950%		FHLMC-Callable Coupon	01/06/20	01/06/21	01/06/25	1,000,000	1,000,000	1,010,230	Custodian
1.800%	1.800%		Kemba Financial CU-CD	01/08/20		01/08/25	245,000	245,000	247,945	Custodian
1.800%	1.800%		FHLMC-Callable Coupon	01/10/20	01/10/22	01/10/25	1,000,000	1,000,000	1,019,680	Custodian
1.650%	1.650%		Farmers & Merchants BK-CI	01/15/20		01/18/22	245,000	245,000	246,392	Custodian
1.950%	1.950%		Knoxville EE CU - CD	01/16/20		01/16/25	245,000	245,000	249,643	Custodian
1.800%	1.800%		WellsFargo BK West-CD	01/17/20		01/18/22	245,000	245,000	247,046	Custodian
1.800%	1.800%		FHLMC-Callable Coupon	01/30/20	07/30/20	07/30/24	1,000,000	1,000,000	1,003,460	Custodian
1.75%-Up	1.994%		FHLMC-Callable Coupon	02/25/20	08/25/20	02/25/25	1,000,000	1,000,000	1,003,730	Custodian
1.800%	1.800%		PASGEN - Muni Bond	02/26/20		05/01/24	260,000	260,000	260,138	Custodian
1.850%	1.850%		FNMA-Callable Coupon	02/26/20	08/26/20	02/26/25	1,000,000	1,000,000	1,002,340	Custodian
1.646%	1.646%		CASHGR - Muni Bond	02/27/20		11/01/24	400,000	400,000	402,424	Custodian
1.125%	1.125%		FFCB-Callable Coupon	03/17/20	03/17/21	03/17/25	1,000,000	1,000,000	1,002,230	Custodian
1.000%	1.000%		Somerset Trust Co - CD	03/19/20		03/19/25	245,000	245,000	238,579	Custodian
1.000%	1.000%		IBERIA/BANK - CD	03/20/20		03/20/25	245,000	245,000	238,583	Custodian
1.000%	1.000%		CENERSTATE BK -CD	03/20/20		09/20/21	245,000	245,000	243,934	Custodian
0.950%	0.950%		LAKELAND BK -CD	03/27/20		09/27/21	245,000	245,000	243,733	Custodian
Sub-Total							47,511,797	47,459,684	48,612,198	
Total Investments							\$51,811,134	\$51,709,684	\$52,875,570	
Interest earnings for the month were as followed:							Amount	Current	Yield	
Refunding Revenue Bonds - Reserve Fund (Bank of New York Mellon)							\$5		1.230%	
Investments							91,455		2.010%	
Local Agency Investment Fund (LAIF)							58,484		1.787%	
Blackrock Liquidity Fund - US Treasury Money Market Fund (Union Bank)							85		0.000%	
Sweep Accounts (Wells Fargo Bank/Bank of New York Mellon)							902		1.444%	
Total Earnings							\$150,935			

LVMWD Investment Report for the Month Ending March 31, 2020

Schedule of Investment Balance Limitations (Per District investment policy)

The source of the market valuation is as followed:

Investments (Note 1)	Total Amount Invested	% of Total	Max. Limit Allowed
Refunding Revenue Bonds - Reserve Fund (Bank of New York Mellon/LAIF)	\$51,811,134	56.17%	no limit
Blackrock Liquidity Fund - US Treasury Money Market Fund (Union Bank)	10,238	0.01%	1 yr debt pmt
Local Agency Investment Fund (LAIF)	1,029,403	1.12%	no limit
	39,382,173	42.70%	65,000,000
Total	\$92,232,948	100.00%	

Note 1: The average weighted duration for investments, excluding LAIF, is 1,097 days, which is under the assumption that callable coupons will not be called and will be held until maturity.
 Note 2: In March 2020, Joint Powers Authority's participation in investment is \$9,523,784.62, of which \$5,101,155.09 (or 53.50%) belongs to LV.

Bank Account Balances as of March 31, 2020:

Bank Name	Account Type	Amount
Wells Fargo Bank	Checking	\$144,832 (Note 3)
Wells Fargo Bank	Sweep	539,908
Bank of New York Mellon	Money Market	9,167
	Total	\$693,907

Note 3: This is bank balance without adjusting for outstanding checks. The total amount of outstanding checks is unavailable at the time of reporting.

"All District investments are included in this report and all investments, except those relating to debt issues and deferred compensation programs funds, conform to District investment policy. All investment transactions within the period covered by this report, except for the exceptions noted above, conform to District investment policy. Deferred compensation program funds are not included in this report; their investment is directed by individual employees participating in the deferred compensation program and not by the District. Debt issue funds are included in this report; their investment is controlled by specific provisions of the issuance documents and not by the District."

"The deposits and investments of the District safeguard the principal and maintain the liquidity needs of the District, providing the District with the ability to meet expenditure requirements for the next six months. The maturity dates are compatible with foreseeable cash flow requirements. The deposits and investments can be easily and rapidly converted into cash without substantial loss of value."

Approved for May 4, 2020 Agenda:

David W. Pedersen, General Manager

TO THE BEST OF MY KNOWLEDGE

I HEREBY CERTIFY THAT THE FOREGOING IS TRUE AND CORRECT

Lynda Lo-Hill, Treasurer

Note: Gov. Agency Coupon Notes will distribute interest every six month.

1-CPNRT=1.25% to 11/18; 1.5% to 5/20; 2% to 11/20; 4% to 5/21; thereafter 6%.

3-CPNRT=1.5% to 6/18; thereafter 2.25%.

2-CPNRT=1.3% to 5/19; 1.5% to 5/20; 2% to 11/20; 4% to 5/21; thereafter 6%.

4-CPNRT=1.75% to 8/22; thereafter 2.25%.

Definitions

- Disc./Cpn Rate – The yield paid by a fixed income security.
- Yield to Call (YTC) – The rate of return of a security held to call when interest payments, market value and par value are considered.
- Yield to Maturity (YTM) – The rate of return of a security held to maturity when interest payments, market value and par value are considered.
- Bullet – A fixed income security that cannot be redeemed by the issuer until the maturity date.
- Callable – A fixed income security that can be redeemed by the issuer before the maturity date.
- Book Value – The price paid for the security.
- Par Value – The face value of a security.
- Market Value – The current price of a security.
- Sinking Bond – In the case of the CASPWR Bond held by the District, a sinking bond pays a portion of principal on a defined schedule throughout the life of the bond.
- Custodian – The financial institution that holds securities for an investor.

Investment Abbreviations

- FHLB – Federal Home Loan Bank
- FHLMC – Federal Home Loan Mortgage Corporation (Freddie Mac)
- FNMA – Federal National Mortgage Association (Fannie Mae)
- FFCB – Federal Farm Credit Bank
- FAMCA – Federal Agricultural Mortgage Corporation (Farmer Mac)
- Bonds
 - CAS – State of California
 - CASHGR – California State University
 - CASPWR – State of California Department of Water Resources
 - CTS – State of Connecticut
 - HESDEV – Successor Agency to the Hesperia Redevelopment Agency
 - MDS – State of Maryland
 - MOUSCD – Mountain View Unified School District
 - NEWSCD – Newark, CA Unified School District
 - NYSDEV – New York State Urban Development Revenue Bond
 - SCVWTR – Santa Clara Valley Water District
 - SFOFAC – City and County of San Francisco Community Facilities District
 - SGTUTL – South Gate Utility District
 - SRVSCD – San Ramon, CA Unified School District
 - UNVHGR – University of California

**LAS VIRGENES MUNICIPAL WATER DISTRICT
INVESTMENTS - 1ST QUARTER ENDED MARCH 31, 2020**

Investment Type	Interest Rate	No. of Days	Purchase Date	Maturity Date	Book Value	Par Value	Quarterly Interest Earned	Quarterly Interest Accrued	Quarterly Total Interest
FAMAC - Bullet	2.900%	1818	08/01/18	07/24/23	996,263.00	1,000,000.00		7,250.01	7,250.01
FAMAC - Bullet	1.980%	1245	02/01/19	06/30/22	452,510.10	465,000.00		2,301.75	2,301.75
FAMAC - Bullet	1.740%	1823	09/30/19	09/26/24	1,003,620.00	1,000,000.00		4,350.00	4,350.00
FAMAC - Bullet	1.790%	1813	11/15/19	11/01/24	999,340.00	1,000,000.00		4,475.01	4,475.01
FAMAC - Callable	2.130%	1826	01/24/18	01/24/23	990,240.00	1,000,000.00		5,325.00	5,325.00
FFCB - Bullet	1.750%	1826	09/13/17	09/13/22	999,250.00	1,000,000.00		4,374.99	4,374.99
FFCB - Bullet	2.700%	1826	04/11/18	04/11/23	1,000,000.00	1,000,000.00		6,750.00	6,750.00
FFCB - Bullet	2.370%	1791	03/12/19	02/05/24	992,950.00	1,000,000.00		5,925.00	5,925.00
FFCB - Bullet	2.160%	1802	06/28/19	06/03/24	1,013,820.00	1,000,000.00		5,400.00	5,400.00
FFCB - Callable	1.400%	1433	04/13/16	03/16/20	1,000,000.00	1,000,000.00	2,916.52		2,916.52
FFCB - Callable	2.000%	1827	09/03/19	09/03/24	1,000,000.00	1,000,000.00		5,000.01	5,000.01
FFCB - Callable	1.650%	1827	09/09/19	09/09/24	1,000,000.00	1,000,000.00		4,125.00	4,125.00
FFCB - Callable	1.700%	98	12/09/19	03/16/20	1,000,000.00	1,000,000.00	3,541.66		3,541.66
FFCB - Callable	1.125%	1826	03/17/20	03/17/25	1,000,000.00	1,000,000.00		437.50	437.50
FHLB - Bullet	3.250%	1565	02/25/19	06/09/23	1,028,810.00	1,000,000.00		8,124.99	8,124.99
FHLB - Bullet	3.375%	1625	03/28/19	09/08/23	1,048,330.00	1,000,000.00		8,437.50	8,437.50
FHLB - Callable	1.5%-Up	1826	11/17/16	11/17/21	1,000,000.00	1,000,000.00		3,750.00	3,750.00
FHLB - Callable	2.000%	1826	08/10/17	08/10/22	1,000,000.00	1,000,000.00		5,000.01	5,000.01
FHLB - Callable	2.650%	730	02/28/18	02/28/20	1,000,000.00	1,000,000.00	4,343.13		4,343.13
FHLB - Callable	2.800%	1826	02/26/19	02/26/24	1,000,000.00	1,000,000.00		7,000.00	7,000.00
FHLB - Callable	2.000%	1827	10/02/19	10/02/24	1,000,000.00	1,000,000.00		5,000.01	5,000.01
FHLB - Callable	1.820%	1096	12/23/19	12/23/22	1,000,000.00	1,000,000.00		4,550.00	4,550.00
FHLMC - Callable	1.5%-Up	1825	11/22/16	11/21/21	1,000,000.00	1,000,000.00		3,750.00	3,750.00
FHLMC - Callable	2.000%	1822	01/30/17	01/26/22	997,850.00	1,000,000.00		5,000.01	5,000.01
FHLMC - Callable	2.250%	1778	08/16/17	06/29/22	1,000,300.00	1,000,000.00		5,625.00	5,625.00
FHLMC - Callable	1.850%	1461	12/18/19	12/18/23	1,000,000.00	1,000,000.00		4,625.00	4,625.00
FHLMC - Callable	1.850%	1459	12/30/19	12/28/23	1,000,000.00	1,000,000.00		4,625.00	4,625.00
FHLMC - Callable	1.950%	1827	01/06/20	01/06/25	1,000,000.00	1,000,000.00		4,604.17	4,604.17
FHLMC - Callable	1.800%	1827	01/10/20	01/10/25	1,000,000.00	1,000,000.00		4,050.00	4,050.00
FHLMC - Callable	1.800%	1643	01/30/20	07/30/24	1,000,000.00	1,000,000.00		3,050.00	3,050.00

**LAS VIRGENES MUNICIPAL WATER DISTRICT
INVESTMENTS - 1ST QUARTER ENDED MARCH 31, 2020**

Investment Type	Interest Rate	No. of Days	Purchase Date	Maturity Date	Book Value	Par Value	Quarterly Interest Earned	Quarterly Interest Accrued	Quarterly Total Interest
FHLMC - Callable	1.75%-Up	1827	02/25/20	02/25/25	1,000,000.00	1,000,000.00		1,750.00	1,750.00
FNMA - Callable	1.600%	1827	05/19/15	05/19/20	1,000,000.00	1,000,000.00		3,999.99	3,999.99
FNMA - Callable	1.300%	1461	02/24/16	02/24/20	1,000,000.00	1,000,000.00	1,914.04		1,914.04
FNMA - Callable	1.580%	1308	08/15/16	03/15/20	1,002,920.00	1,000,000.00	327.65		327.65
FNMA - Callable	1.400%	1461	08/24/16	08/24/20	1,000,000.00	1,000,000.00		3,500.01	3,500.01
FNMA - Callable	1.480%	1277	09/29/16	03/29/20	1,000,000.00	1,000,000.00	3,700.00		3,700.00
FNMA - Callable	1.850%	1827	02/26/20	02/26/25	1,000,000.00	1,000,000.00		1,798.61	1,798.61
CTS-Muni Bond	2.250%	1658	02/17/16	09/01/20	1,119,648.45	1,095,000.00		6,159.39	6,159.39
NEWSCD-Muni Bond	2.427%	1598	03/17/16	08/01/20	934,688.30	910,000.00		5,521.71	5,521.71
CAS-Muni Bond	1.500%	1799	04/28/16	04/01/21	1,000,000.00	1,000,000.00		3,750.00	3,750.00
SCVWTR-Muni Bond	2.387%	1806	06/21/16	06/01/21	1,047,370.00	1,000,000.00		5,967.45	5,967.45
MOUSCD-Muni Bond	1.960%	1844	07/14/16	08/01/21	600,000.00	600,000.00		2,940.00	2,940.00
CASPPWR-Muni Bond	1.712%	1461	05/01/17	05/01/21	944,683.81	944,683.81		4,045.62	4,045.62
MDS-Muni Bond	1.800%	1089	03/22/17	03/15/20	1,000,000.00	1,000,000.00	3,700.00		3,700.00
SFOFAC-Muni Bond	2.500%	1757	11/09/17	09/01/22	497,650.00	500,000.00		3,125.01	3,125.01
NYSDEV-Muni Bond	2.550%	1545	12/21/17	03/15/22	1,000,000.00	1,000,000.00		6,375.00	6,375.00
UNVHGR-Muni Bond	3.297%	1805	06/05/18	05/15/23	930,000.00	930,000.00		7,665.54	7,665.54
CASPPWR-Muni Bond	2.000%	1315	09/24/18	05/01/22	963,980.00	1,000,000.00		5,000.01	5,000.01
CAS-Muni Bond	2.250%	1796	10/31/18	10/01/23	961,850.00	1,000,000.00		5,625.00	5,625.00
CAS-Muni Bond	3.000%	1797	05/01/19	04/01/24	1,025,230.00	1,000,000.00		7,500.00	7,500.00
MDS-Muni Bond	1.590%	1069	08/28/19	08/01/22	1,000,000.00	1,000,000.00		3,975.00	3,975.00
UNIGEN-Muni Bond	2.147%	1738	08/29/19	06/01/24	1,000,000.00	1,000,000.00		5,367.50	5,367.50
SGTUTL-Muni Bond	2.224%	1749	12/18/19	10/01/24	500,000.00	500,000.00		2,780.01	2,780.01
PASGEN-Muni Bond	1.800%	1526	02/26/20	05/01/24	260,000.00	260,000.00		455.00	455.00
CASHGR	1.646%	1709	02/27/20	11/01/24	400,000.00	400,000.00		621.83	621.83
CAP ONE BK-CD	1.550%	1826	08/10/16	08/10/21	245,000.00	245,000.00		949.38	949.38
JPM CHASE BK-CD	1.450%	1461	09/16/16	09/16/20	245,000.00	245,000.00		888.12	888.12
Goldman Sachs BK-CD	2.350%	1826	06/21/17	06/21/22	245,000.00	245,000.00		1,439.37	1,439.37
Sallie Mae BK -CD	2.350%	1826	06/21/17	06/21/22	245,000.00	245,000.00		1,439.37	1,439.37
AmericanExpress-CD	2.400%	1826	08/29/17	08/29/22	245,000.00	245,000.00		1,470.00	1,470.00

**LAS VIRGENES MUNICIPAL WATER DISTRICT
INVESTMENTS - 1ST QUARTER ENDED MARCH 31, 2020**

Investment Type	Interest Rate	No. of Days	Purchase Date	Maturity Date	Book Value	Par Value	Quarterly Interest Earned	Quarterly Interest Accrued	Quarterly Total Interest
CAP ONE NA-CD	2.400%	1826	08/30/17	08/30/22	245,000.00	245,000.00		1,478.05	1,478.05
BMW BK- CD	2.050%	1097	11/29/17	11/30/20	245,000.00	245,000.00		1,255.62	1,255.62
Wells Fargo BK-CD	2.500%	1826	12/08/17	12/08/22	245,000.00	245,000.00		1,531.26	1,531.26
Merrick Bank-CD	2.200%	1098	01/09/18	01/11/21	245,000.00	245,000.00		1,347.51	1,347.51
Morgan Stanly BK-CD	2.650%	1826	01/11/18	01/11/23	245,000.00	245,000.00		1,623.12	1,623.12
CitiBank-CD	3.150%	1826	05/11/18	05/11/23	245,000.00	245,000.00		1,929.39	1,929.39
Morgan Stanly PVT-CD	3.350%	1826	01/10/19	01/10/24	245,000.00	245,000.00		2,051.88	2,051.88
1st MO Bank-CD	2.850%	1643	02/13/19	08/14/23	245,000.00	245,000.00		1,745.64	1,745.64
TIAA FSB - CD	3.000%	1826	02/22/19	02/22/24	245,000.00	245,000.00		1,837.50	1,837.50
Comenity Bank - CD	2.750%	1827	04/30/19	04/30/24	245,000.00	245,000.00		1,672.08	1,672.08
1st Choice Bank - CD	2.400%	551	05/22/19	11/23/20	245,000.00	245,000.00		1,470.00	1,470.00
Bk New Eng Salem-CD	2.650%	1827	05/23/19	05/23/24	245,000.00	245,000.00		1,623.12	1,623.12
St Bank of India - CD	2.850%	1827	06/19/19	06/19/24	245,000.00	245,000.00		1,745.64	1,745.64
Enerbank USA - CD	2.150%	1827	08/07/19	08/07/24	245,000.00	245,000.00		1,316.88	1,316.88
1st Farmers B&T - CD	1.750%	1827	09/04/19	09/04/24	245,000.00	245,000.00		1,071.87	1,071.87
Medallion Bank - CD	1.700%	1460	12/23/19	12/22/23	245,000.00	245,000.00		1,041.24	1,041.24
Kemba Fin CU -CD	1.800%	1827	01/08/20	01/08/25	245,000.00	245,000.00		1,016.75	1,016.75
Farmers&Mirchtnt - CD	1.650%	734	01/15/20	01/18/22	245,000.00	245,000.00		853.43	853.43
Knoxville CU - CD	1.950%	1827	01/16/20	01/16/25	245,000.00	245,000.00		987.13	987.13
WellsFargo Natl BK-CD	1.800%	732	01/17/20	01/18/22	245,000.00	245,000.00		906.50	906.50
SomersetTrust - CD	1.000%	1826	03/19/20	03/19/25	245,000.00	245,000.00		81.67	81.67
Iberia Bank - CD	1.000%	1826	03/20/20	03/20/25	245,000.00	245,000.00		74.86	74.86
CenterState Bank - CD	1.000%	549	03/20/20	09/20/21	245,000.00	245,000.00		74.86	74.86
Lakeland Bank - CD	0.950%	549	03/27/20	09/27/21	245,000.00	245,000.00		25.86	25.86
Reserve Fund-LAIF & Other					10,237.68		1,178.95		1,178.95
LAIF - All Other (3-month Average Balances)					37,082,173.12		200,512.80		200,512.80
Union Bank-lackrock Liquidity FD T Fund (3-month Average)					703,952.42		582.11		582.11
Bank of New York Mellon/Wells Fargo Sweep Accounts (3-month Average Bal.)					423,154.44		7,551.09		7,551.09
Total							230,267.95	255,776.74	486,044.69

LVMWD CASH ANALYSIS -March 31, 2020

	Restricted Cash	Cash Held by Policy	Policy Requirement	Available Funds
101 - Potable Water Operations		11,489,107	9,997,207	
201 - Potable Water Construction	(4,186,106)	13,362,651	11,157,814	
301 - Potable Water Replacement		8,000,000	8,000,000	
603 - Rate Stabilization Fund				
Total Potable Water	(4,186,106)	32,851,758	29,155,021	(489,369)
102 - Recycled Water Operations		10,024,845	1,100,143	
203 - Recycled Water Construction	(101,000)			
302 - Recycled Water Replacement		7,546,690	2,483,887	
Total Recycled Water	(101,000)	17,571,535	3,584,030	13,886,505
130 - Sanitation Operations		5,534,079	3,291,214	
230 - Sanitation Construction	954,230			
330 - Sanitation Replacement		13,781,906	10,285,867	
Total Sanitation	954,230	19,315,985	13,577,081	6,693,134
606 & 607 - Refunding Revenue Bonds - Reserve Fund	19,405			
701 - Vested Sick Leave Reserve	1,436,158			
720 - Insurance Reserve		7,936,764	7,871,864	64,900
JPA	11,631,858			
Prepaid Connection Fees & Undistributed Interest	4,989,328			
<i>Subtotal</i>	<u>14,743,873</u>	<u>77,676,041</u>		
TOTAL		92,419,914		

Financial Policy - Cash required to comply with District's adopted Financial Policy.

Restricted Cash - Revenue restricted to a particular purpose.

Bond Covenants - Money relating to bond financing that is restricted in use and required by promises made in bond documents.

Funds are reconciled at year-end.



April 27, 2020 LVMWD Regular Board Meeting

TO: Board of Directors

FROM: Finance & Administration

Subject : Fiscal Years 2020-22 Two-Year Draft Budget

SUMMARY:

Staff prepares a biennial budget for the District. Following review of the draft budget, staff incorporates any recommended changes in a final version that is presented for approval. The Board approves the budget for the first year and the budget plan for the second year. Prior to commencement of the second year of the budget, the Board is presented with an update and any modifications recommended for the second year. The Fiscal Years 2020-22 Two-Year Draft Budget represents the proposed budget for the next two fiscal years. At the Board Workshop, staff will present an overview of the key factors and changes that are anticipated to affect the two-year budget.

The Fiscal Years 2020-22 Two-Year Draft Budget will be provided under separate cover prior to the Board Workshop and posted electronically at www.LVMWD.com.

RECOMMENDATION(S):

Review and provide feedback on the Fiscal Years 2020-22 Two-Year Draft Budget.

FISCAL IMPACT:

No

ITEM BUDGETED:

No

FINANCIAL IMPACT:

There is no financial impact associated with reviewing and providing feedback on the Fiscal Years 2020-22 Two-Year Draft Budget.

DISCUSSION:

Background:

Staff prepared the first two-year budget for the District in 2016. The current draft version for Fiscal Years 2020-22 is the third biennial budget. The development of the Fiscal Years 2020-22 Two-Year Draft Budget coincides with the economic fallout associated with the coronavirus (COVID-19) emergency. The COVID-19 emergency has affected various governmental agencies differently with those relying heavily on tax income experiencing the most significant effects. Because the District's operations are primarily funded by user fees, the direct economic impact of the COVID-19 emergency on the District has been relatively modest to date. However, staff recognizes the dynamic nature of the emergency, and the possibility of both a delayed and on-going economic impact to the District in the coming years.

Although the District has experienced only a modest increase in the number and dollar value of delinquent accounts, the economic impact to customers is likely increase overtime as the County of Los Angeles continues to extend the Safer at Home Order. Given the dynamic nature of the COVID-19 emergency, staff proposes a conservative two-year budget based on the current experience of the District with respect to the on-going impacts of the emergency, while recognizing that economic conditions could further deteriorate over time.

Budget Assumptions:

One of the first steps in preparation of the Fiscal Years 2020-22 Two-Year Budget Plan is to review the significant budget factors and assumptions. At the Board workshop, staff will review the following major factors and assumptions for the draft budget and request for feedback from the Board:

- Correction of an error in the projected revenue for the Potable Water Enterprise in the adopted Fiscal Year 2019-20 Budget. The budget amount was reduced from \$46,763,945 to \$43,369,854 to correct the calculation of revenue generated from approved Board-rate adjustments.
- Pass-through of the Metropolitan Water District of Southern California (MWD) approved increases to its full service treated volumetric rates for purchased water, effective on January 1st of 2021 and 2022.
- No proposed rate increases by the District, except for the MWD pass-through, until January 1, 2022. A 4% rate increase for all enterprises, effective January 1, 2022, to offset escalating costs. (Note: Budgeting for a future rate increase does not in any way obligate the Board to authorize or approve it in the future.)
- Water demands to remain constant (flat) over Fiscal Years 2020-22.
- Increases to labor costs based on currently-approved Memorandums of Understanding and organizational changes approved by the Board on March 3, 2020 to address succession planning needs.
- No proposed increases to capacity fees or other miscellaneous fees until January 1, 2022. Proposed increase to capacity fees and other miscellaneous fees by the Construction Cost Index and Consumer Price Index, respectively, effective January 1, 2022.
- Continuation of optional, additional payments, in the amount of \$1.6 million annually, to reduce the District unfunded liability for Other Post-Employment Benefits (OPEB).

Significant Budget Changes:

The proposed budget includes some notable changes meant to increase transparency of the full cost of certain items and reflect the expenditures in appropriate divisions. This approach supports improved budgetary control and accountability. Most significantly, the costs for certain programs have been consolidated into a single Department's budget. For example, property and liability insurance costs have been combined and reflected in Finance and Administration Department's budget. Similarly, legal services have been consolidated and shown in the General Manager's budget. Additionally, the budget reflects moving costs for other work to the most appropriate Department and Division based on previously implemented reorganizations and/or to reflect the responsible Division. For example, the cost of audit services was transferred from the Administration to Finance Division of the Finance and Administration Department.

On-going Review of Budget and Ability to Adjust to Economic Conditions :

As part of the budget process, staff provides the Board with quarterly reports that reflect budget-to-actual results during the fiscal year. During the Fiscal Year 2020-21, these quarterly reports will be critical to assess whether or not the District's revenues and expenditures are in line with budget projections and to evaluate the number of dollar amount of delinquent accounts. Recognizing the uncertainty that currently exists, staff has identified the following potential cost-saving measures that can be implemented quickly to adapt to changing conditions:

- Forego one or more of the optional, additional OPEB contributions (four equal quarterly payments of approximately \$400,000 for a total of \$1.6 million).
- Defer and/or re-prioritize capital improvement projects.
- Implement a temporary hiring freeze for vacant positions.
- Restrict non-essential travel; and/or
- Reduce investments in customer incentive programs for water-use efficiency.

As staff continues to monitor the District's financial position, any proposed adjustments or budget reduction proposals will be presented to the Board with an analysis of the anticipated impacts to the organization and its customers, both in the near and long-terms. This approach will support the Board to adapt the District's response to the most current financial conditions, while minimizing the impact on the essential services provided to customers.

Capital Improvements Program:

Staff will also present the proposed Capital Improvements Program (CIP) budget for Fiscal Years 2020-22. The CIP budget reflects the latest changes to anticipated costs for projects as well as newly proposed projects. The CIP projects recommended for funding are consistent with the District and JPA Infrastructure Investment Plan and serve to implement the District's strategic plan objectives.

GOALS:

Ensure Effective Utilization of the Public's Assets and Money

Prepared by: Angela Saccareccia, Finance Manager