



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

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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 AB 361, WHICH SUSPENDS CERTAIN REQUIREMENTS OF THE RALPH M. BROWN ACT TO SUPPORT SOCIAL DISTANCING GUIDELINES ASSOCIATED WITH RESPONSE TO THE CORONAVIRUS (COVID-19) OUTBREAK. BOARD MEMBERS AND STAFF MAY PARTICIPATE IN THE MEETING BY TELECONFERENCE. THE PUBLIC IS STRONGLY ENCOURAGED TO PARTICIPATE ELECTRONICALLY AT www.LVMWD.com/LiveStream.

TO JOIN THE WEBINAR VIA COMPUTER, PLEASE USE THE FOLLOWING ZOOM WEBINAR ID:

<https://us06web.zoom.us/j/89475921786>

TO JOIN BY TELEPHONE, PLEASE DIAL (669) 900-6833 OR (346) 248-7799 AND ENTER WEBINAR ID: 894 7592 1786

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 Tuesday, April 12, 2022**, at the City of Westlake Village, Community Meeting Room, 31200 Oak Crest Drive, Westlake Village, CA 91361, to consider the following:

1. Call to Order and Roll Call
2. Special Meeting of April 12, 2022 (Agenda attached)
3. Adjourn

By Order of the Board of Directors
JAY LEWITT, President

David W. Pedersen, P.E.
Deputy Secretary of the Board

c: Each Director
Dated: April 6, 2022

LAS VIRGENES MUNICIPAL WATER DISTRICT
31200 Oak Crest Drive, Westlake Village, CA 91361

AGENDA
SPECIAL MEETING
April 12, 2022, 9:00 AM

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

Pursuant to AB-361 (Government Code Section 54953(e)), the Las Virgenes Municipal Water District Board of Directors finds health concerns dictate offering the public and directors the opportunity to attend board meetings via teleconferencing.

PUBLIC PARTICIPATION: Pursuant to AB-361 and given the current health concerns, this meeting is being conducted via Zoom Webinar and all attendees are muted by default. To join via computer, please use the following Zoom Webinar ID:

Webinar ID: <https://us06web.zoom.us/j/89475921786>

To join by telephone, please dial (669) 900-6833 or (346) 248-7799 and enter Webinar ID: 894 7592 1786

For members of the public wishing to address the Board during Public Comment or during a specific agenda item, please press "Raise Hand" if you are joining via computer, or press *9 if you are joining via phone.

Members of the public can also access and request to speak at meetings live on-line, with audio and limited video, at www.LVMWD.com/LiveStream. In addition, members of the public can submit written comments electronically for consideration at 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 other 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 AND APPROVAL OF FINDINGS OF RESOLUTION NO. 2603 (AB 361)

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 STRATEGIC PLANNING

A Proposed Update to Strategic Plan (Pg. 5)

Provide feedback on the proposed update to the District's Strategic Plan.

5 DROUGHT AND WATER SUPPLY CONDITIONS

A Opportunities to Improve Long-Term Water Supply Reliability (Pg. 48)

Discuss opportunities to improve the long-term water supply reliability for the District's customers.

6 TACTICAL ACTIONS AND ACTIVITIES

A **Tactical Actions and Activities for Fiscal Years 2020-22: Progress Update (Pg. 49)**

Receive and file the update on the Tactical Actions and Activities for Fiscal Years 2020-22.

7 **FINANCIAL UPDATE**

A **Monthly Cash and Investment Report: March 2022 (Pg. 60)**

Receive and file the Monthly Cash and Investment Report for February 2022, and authorize the assignment of available funds for the Pure Water Project Las Virgenes-Triunfo as part of the proposed Fiscal Years 2022-24 Two-Year Budget.

B **Financial Review: Third Quarter of Fiscal Year 2021-22 (Pg. 76)**

Receive and file the financial review for the third quarter of Fiscal Year 2021-22.

C **Update on CalPERS/OPEB Liability**

Receive an update on CalPERS/Other Post-Employment Benefits (OPEB) liability, and authorize continuing to contribute towards unfunded OPEB liability.

D **Preliminary Fiscal Years 2022-24 Two-Year Budget (Pg. 92)**

Review and provide feedback on the preliminary budget, performance measurements, and MWD pass-through for Fiscal Years 2022-24.

E **Annual Review of the District's Investment Policy (Pg. 93)**

Review and provide feedback on the District's Investment Policy

F **Annual Review of Financial Policies (Pg. 129)**

Review and provide feedback on the District's Financial Policies.

8 **ADJOURNMENT**

Pursuant to Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), and applicable federal 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 12, 2022 LVMWD Regular Board Meeting

TO: Board of Directors

FROM: Finance & Administration

Subject : Proposed Update to Strategic Plan

SUMMARY:

The current version of the District's Strategic Plan was approved by the Board on July 18, 2016. The Strategic Plan describes the District's strategy to address the opportunities, challenges and needed investments likely to arise over a 20-year planning horizon. Further, the plan provides a basis for making decisions on the allocation of resources to ensure consistent direction moving forward. During the last major update to the Strategic Plan, staff recommended a process to update the document once every five years.

RECOMMENDATION(S):

Provide feedback on the proposed update to the District's Strategic Plan.

FISCAL IMPACT:

No

ITEM BUDGETED:

No

DISCUSSION:

Upon review of the current Strategic Plan and its long-time horizon, staff recommends minor revisions to the Strategic Plan to update it to current conditions. The attached document in both a tracked-changes and clean version incorporates those minor updates recommended at this time. The document also provides updates on the strategic objectives and reflects progress made during the past six years.

GOALS:

Provide Excellent Service That Exceeds Customer Expectations

Prepared by: Donald Patterson, Director of Finance and Administration

ATTACHMENTS:

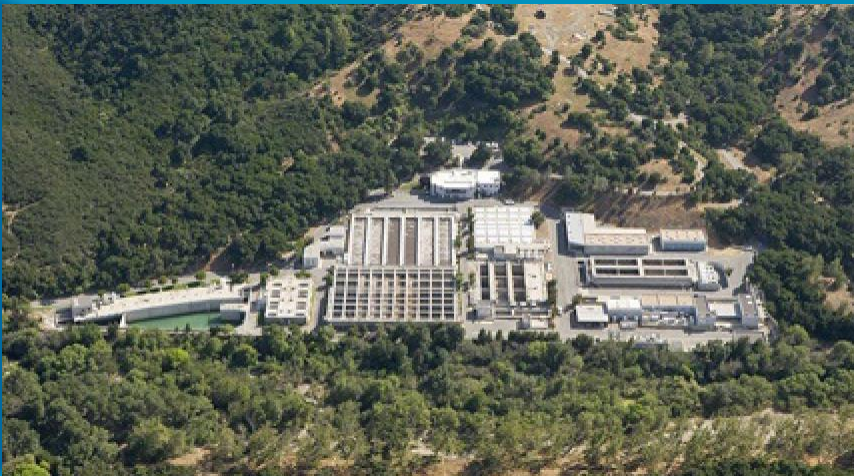
Strategic Plan Update - Redline

Strategic Plan Update - Final



STRATEGIC PLAN

UPDATE – APRIL 2022 ~~JULY 2016~~



LVMWD was formed in 1958 to supply imported water to western Los Angeles County. It currently serves approximately 70,000 people residing within its 122-square mile service area. LVMWD is bounded on the west and the north by Ventura County, on the east by the City of Los Angeles and on the south by the City of Malibu. Its service area includes the cities of Agoura Hills, Calabasas, Hidden Hills, Westlake Village and surrounding unincorporated areas of Los Angeles County.

As a full-service water and wastewater utility, LVMWD provides drinking water, recycled water, wastewater services and biosolids composting. The area lacks local sources of drinking water; all potable water supplies are purchased from the Metropolitan Water District of Southern California, which imports water from the State Water Project and Colorado River. Approximately 20% of LVMWD's overall water demands are met with recycled water. Las Virgenes Reservoir provides emergency and off-season storage for potable water, which is treated at the Westlake Filtration Plant.

In 1964, LVMWD and Triunfo Sanitation District established the Las Virgenes-Triunfo Joint Powers Authority (JPA) to cooperatively collect and treat the wastewater for their bordering service areas, both within the Malibu Creek Watershed. Wastewater is collected through a network of trunk sewers and treated at the Tapia Water Reclamation Facility, which produces high-quality recycled water used primarily for irrigation purposes. Beginning in 1994, biosolids generated from the wastewater treatment process are conveyed to the Rancho Las Virgenes Composting Facility and transformed into "Class A – Exceptional Quality" garden compost that is distributed free for home use.

LVMWD offsets its energy usage and reduces its carbon footprint by utilizing "green" energy generated by the JPA. A ~~one~~five megawatt solar power generating facility in the canyon immediately south of LVMWD Headquarters offsets 100 percent of the energy usage for energy demands at the Tapia Water Reclamation Facility and pumping recycled water. Also, a 200 kilowatt biogas co-generation facility at the Rancho Las Virgenes Composting Facility offsets energy usage for composting.

PURPOSE OF LVMWD'S STRATEGIC PLAN

The Strategic Plan describes LVMWD's strategy to address the opportunities, challenges and needed investments likely to arise in the next 20 years. Further, the plan will provide the basis for making decisions on the allocation of resources to ensure consistent direction moving forward.

Specifically, the Strategic Plan is designed to meet the following objectives:

- Set a clear path forward for LVMWD, building on its mission and vision.
- Identify and address the opportunities, challenges and needed investments likely to arise during the next 20 years.
- Provide a high-level framework for making decision on the allocation of resources.
- Increase confidence among customers that LVMWD is prepared for the future.
- Establish service commitments for LVMWD's customers.
- Implement a standards-based approach to meet service commitments.
- Establish values for conducting LVMWD's business and interacting with others.
- Identify strategic objectives for action.
- Describe a process for reviewing and updating the plan.

Strategic Foundation – The strategic foundation consists of LVMWD’s mission, vision and behavioral values. The mission describes our purpose or what we do. The vision describes what we want to be, or be known for, in the future. The behavioral values describe how we conduct our business and interact with others. Together, the mission, vision and behavioral values provide the foundation for all of LVMWD’s activities, both now and well into the future.

Business Values – The business values describe the commitments LVMWD makes to its customers. Examples include transparency and community engagement, reliable water supplies and service, and sound financial management. Business values provide fundamental focus areas for the organization.

Standards – Standards are simply rules or service levels that put the business values in operational terms. To provide consistent service and value to customers, it is important to take a standards-based approach. LVMWD’s standards will drive its activities, decisions and proposed investments. Some standards are driven by legal or regulatory requirements (i.e. compliance with the Safe Drinking Water Act); however, others are developed internally to meet the needs of customers.

Strategic Objectives – The strategic objectives describe the major undertakings planned to address the significant opportunities, challenges or needed investments likely to arise in the next 20 years. Strategic objectives are not intended to address tasks that are part of normal utility operations.

STRATEGIC FOUNDATION

MISSION

Dedicated to providing high-quality water service in a cost-effective and environmentally sensitive manner.

VISION

Valuing every drop~Bringing water full circle.

BEHAVIORAL VALUES:

We are guided in our daily decisions and activities by these values:

Integrity

We are open, honest, and ethical in all of our communications and actions.

Respect

We give thoughtful consideration to each other’s differences and opinions.

Commitment

We give our best to get the job done right.

Responsibility

We are accountable for our behaviors, actions and use of public resources.

Collaboration

We listen and openly share our ideas to achieve better decisions and outcomes.

Leadership

We are proactive in protecting the interests of our customers and community.

The following business values describe the commitments LVMWD makes to its customers:



KEY STANDARDS

The table below, followed by narrative descriptions, puts the business values in context with key standards.

| | |
|--|---|
| <p>High Level of Customer Satisfaction Accurate <u>and Timely</u> Water Use Data and Billing Easy to Pay Bill, View Water Usage <u>in Near Real-Time</u>, Solve Problems Employ Technology to Improve Services Solicit Feedback and Meet Customer Expectations</p> | <p>Transparency and Community Engagement Understandable Operations, Decisions, Financials Cooperative Relationships with Customers, Community Promote Water Education Programs Engage in Local, Governmental, Industry Affairs <u>Ensure that Customers and Stakeholders are Well-Informed</u></p> |
| <p>Highly Effective Workforce Hire, Promote, and Retain Qualified Employees Provide Competitive Compensation and Benefits Develop Employee Skills, Competencies, Leadership Focus on Knowledge Transfer and Succession Planning</p> | <p>Safe, High-Quality Water Meet or Exceed Drinking Water Standards Anticipate Future Regulations, Standards Meet Customer Needs for Quality, Consistency Timely Communication of Water Quality Information</p> |
| <p>Protection of Public Health and Environment Meet or Exceed Environmental Regulations Safe and Reliable Wastewater Services Effective Watershed Leader and Environmental Steward Support Economical Greenhouse Gas Reductions</p> | <p>Maximum Reuse and Resource Recovery Maximize Beneficial Use of Recycled Water Maximize Compost Use and Cogeneration Capacity Advocate for Science-Based Regulations</p> |
| <p>Sound Financial Management Fiscally Conservative, High-Liquidity Investments High Credit Ratings Prudent Capital and Operating Reserves Timely and Accurate Financial Reporting</p> | <p>Reliable Water Supplies and Service Meet Current and Future Demands Promote, Encourage, and Support Efficient Water Use Low Risk of a Sustained Water Shortage Diverse Portfolio, Resilient to Climate Change Comprehensive Maintenance and Replacement Programs</p> |
| <p>Sound Planning and Appropriate Investment Rates Cover Full Cost of Service Long-Term View, Appropriate CIP Funding Make Compelling Cases for Investment, Rates Well-Prepared for Emergencies</p> | <p>Innovative and Efficient Operations Invest in Efficiency Improvements Reduce Costs while Preserving Key Service Standards Use Proven Technologies to Increase Efficiency Systematic Approach to Enhance Efficiency</p> |

High Level of Customer Satisfaction

LVMWD endeavors to maintain a high level of customer satisfaction through responsive and professional service. When calling during business hours, customers can count on their calls being answered by ~~the appropriate person~~ Customer Service Representative, without ~~the unreasonable delay wait times~~ and excessive “button pushing”

associated with an automated phone system. Employees are empowered to solve customer problems or escalate them to the appropriate manager. After hours, employees are available 24/7 to respond to outages and other emergencies.

Transparency and Community Engagement

- LVMWD is committed to providing easy access to important information on its finances, operations and decision-making process. Openly sharing information builds public trust and ensures accountability. Further, LVMWD maintains an active role in the communities it serves, engages those affected by its activities and values customer feedback, and ensures that customers and stakeholders are well-informed of District programs and initiatives.

Highly Effective Workforce

A highly effective workforce is LVMWD’s most valuable resource. Fulfilling LVMWD’s promises to its customers depends on hiring, promoting and retaining the most qualified employees. LVMWD meets its workforce objectives by offering competitive compensation, providing opportunities for professional growth and leadership, and fostering a collaborative work environment.

Safe, High Quality Water

LVMWD takes its responsibility very seriously to provide customers with safe, high quality water. Maintaining the trust of customers depends on serving water that meets or exceeds drinking water standards. Information on the quality of LVMWD’s water is provided to customers annually. Additionally, customers are notified in advance when a change in water source may affect the taste or odor of their drinking water. LVMWD responds quickly to water quality-related concerns.

Protection of Public Health and the Environment Protecting public health and the environment is central to all aspects of LVMWD’s business, from supplying safe drinking water to preventing sanitary sewer overflows.

LVMWD is diligent in meeting or exceeding the many environmental regulations applicable to its operations.

~~Further, LVMWD is committed to be a watershed leader and environmental steward, recognizing the need to protect the valuable resources that make its service area unique.~~

Further, LVMWD is a watershed leader and environmental steward, recognizing the need to protect the valuable natural resources that make its service area unique. LVMWD is committed to maintaining facilities that

complement the natural beauty and ecology of the service area by maintaining attractive, water efficient landscaping at District facilities. Landscapes serve several purposes including the enhancement of facility aesthetics, screening facilities from public view or blending facilities in with the natural environment. As part of this commitment the District will also minimize the amount of erosion and stormwater runoff from facilities. Facility landscaping is to be non-invasive, drought-tolerant and climate-appropriate with an emphasis on native plants in order to mimic the surrounding environment and minimize watering requirements. The utilization of harmful chemicals to manage weeds or fertilize vegetation will be minimized and the use of rodenticides for pest control is prohibited.

Maximum Reuse and Resource Recovery

Maximizing the beneficial reuse of recycled water is critical to improve LVMWD’s water supply reliability and support efforts to stop discharging to Malibu Creek. Water is too

valuable to use only once. Also, LVMWD is committed to recover additional resources from its treatment processes. For example, additional biogas could be recovered and used to generate energy by accepting fats, oils and grease for digestion at the Rancho Las Virgenes Composting Facility.

Sound Financial Management

LVMWD manages its finances to provide customers with value through reliable, high-quality service at competitive rates. Sufficient reserves are maintained to support operations, maintain high credit ratings and avoid large, unexpected rates increases. LVMWD maintains a conservative and liquid investment portfolio. Additionally, LVMWD seeks available grant funding to leverage its use of local funds for infrastructure improvements. Finally, LVMWD is dedicated to accurate, understandable and timely financial reporting.

Reliable Water Supplies and Service

Customers can expect LVMWD to provide reliable water supplies and service. LVMWD plans and invests appropriately to ensure a very low risk of a sustained water shortage. Water delivery and treatment facilities are well-maintained and rehabilitated/replaced, as necessary, to minimize the potential for failures that could temporarily interrupt service. Further, LVMWD promotes efficient water use, eliminating wasteful practices and stretching supplies further. Finally, LVMWD seeks to diversify its water supply portfolio, recognizing uncertainty associated with the future availability of water supplies and the potential impacts of climate change.

Sound Planning and Appropriate Investment

The foundation for reliable water and wastewater services is sound planning. LVMWD focuses on the long-term, anticipating future needs and making the appropriate investments to address those needs. Planning efforts support LVMWD in making compelling business cases for investments. LVMWD sets rates to recover the full cost of service, including investments to replace or upgrade aging infrastructure. Also, LVMWD recognizes the importance of reliable water service to public safety, particularly for firefighting. LVMWD is well-prepared for emergencies, including fires, floods and earthquakes.

Innovative and Efficient Operations

LVMWD is committed to innovative and efficient operations. Investments are made in efficiency improvements with a focus on reducing costs while maintaining key service standards. Efficiency improvements are sought through innovation and the use of proven technologies. Also, a systematic approach, utilizing suggestions from employees, supports efficiency enhancements.

STRATEGIC OBJECTIVES

Strategic objectives constitute the major undertakings planned for the next five years, considering the significant opportunities, challenges or needed investments likely to arise in the next 20 years.

Below is summary of LVMWD’s strategic objectives, followed by a detailed analysis of each:

1. Develop a strategy to maintain a highly effective workforce.
2. Improve LVMWD’s ~~W~~ater ~~S~~upply ~~r~~eliability
3. Support customers to meet water-use efficiency standards.
4. ~~Eliminate discharges to Malibu Creek by maximizing beneficial reuse.~~ Eliminate the Discharge of Pollutants to Malibu Creek and Preserve the Natural Beauty of the Watershed

~~7.6.~~ Reduce LVMWD’s carbon footprint.

~~8. Provide new/improved customer tools to enhance service delivery. Keep customers and stakeholders well-informed and provide new/improved customer tools to enhance service delivery~~

~~9.7.~~ Develop a process to act on efficiency improvement suggestions.

~~10.8.~~ Enhance LVMWD’s asset management programs.

~~5.~~

~~6.5.~~ Achieve a high credit rating for LVMWD’s three enterprises.

| | |
|------------------------------------|--|
| <i>Applicable Business Values</i> | <ul style="list-style-type: none"> • Highly Effective Workforce • Innovative and Efficient Operations • High Level of Customer Satisfaction • Safe, High-Quality Water • Transparency and Community Engagement • Sound Planning and Appropriate Investment • Reliable Water Supplies and Service • Sound Financial Management • Maximum Reuse and Resource Recovery • Protection of Public Health and Environment |
| <i>Most Relevant Standards</i> | <ul style="list-style-type: none"> • Hire, Promote and Retain Qualified Employees • Provide Competitive Compensation and Benefits • Develop Employee Skills, Competencies, Leadership • Focus on Knowledge Transfer and Succession Planning • Support on-going training and education |
| <i>Background</i> | <p>LVMWD has a committed and dedicated workforce. Employees are very resourceful and effective in providing LVMWD’s services to achieve a high level of customer satisfaction.</p> |
| <i>Challenge/Opportunity</i> | <p>The workforce has been changing, and will continue to change, as long-tenured employees retire and a new generation of employees join LVMWD. The challenge will be to capture and transfer knowledge from tenured employees. Succession planning will also be critical to prepare and develop employees to take on higher-level positions, particularly those that are “stand-alone” (i.e. without a subordinate position with similar duties) or require unique skills. Developing and communicating a philosophy for compensation and benefits will also be important for LVMWD to retain its most qualified employees and support recruitment efforts.</p> |
| <i>Solution</i> | <p>Develop a workforce strategy that addresses the following items:</p> <ul style="list-style-type: none"> • Institutional knowledge capture and transfer • Succession planning • Retention and development of employees • Philosophy for compensation and benefits (where to be in the market) • New employee orientation • Expansion of the internship program • Performance management and recognition |
| <i>Timing</i> | <p><u>2 years Ongoing.</u></p> |
| <i>Ramifications of Not Acting</i> | <p>Potential impacts to the quality and efficiency of LVMWD’s service.</p> |

Accomplishments to Date

- In October 2018, the District implemented its first-ever Succession Plan. This plan was the result of a collaborative process that included representation from throughout the organization. The Plan has been the basis for several efforts to address retirements and other staffing needs and all elements of the plan have been implemented.
- Increased employee attrition has resulted in increased recruitment activity. The District has made efforts to recruit early to minimize gaps and has made several interim appointments for key positions.
- District tours provided by the General Manager have been implemented for new hires as part of the onboarding process to support new hires' acclimation, knowledge, and sense of belonging to the District.
- In early 2018, the District formed a Diversity & Inclusion Committee. The focus of the committee is on education and engagement of employees. The committee has sponsored various employee events and training to educate and engage employees.
- In 2018, the District completed an extensive compensation study that was implemented with the 2019-2021 Memorandums of Understanding.
- -The internship program has been expanded. As of April 2022, there are 5 interns currently working for the various departments to assist managers with their needs.
- Employee and organizational development have been encouraged through leadership and professional development opportunities, including a communications program through California Lutheran University, a California Lutheran University Local Government Scholarship program, and performance management training.
- Employee health and wellness have been promoted through various employee benefits and via contract negotiations, including providing mental wellness services, telecommuting options, a gym facility at District Headquarters, and a physical fitness program that includes reimbursement for at-home fitness programs and equipment. Further, the District has been awarded a Wellness Grant from the ACWA JPIA to be used to promote employee wellness.

Applicable Business Values

- Reliable Water Supplies and Service
- Sound Planning and Appropriate Investment
- Safe, High-Quality Water
- Maximum Reuse and Resource Recovery

| | |
|------------------------------------|---|
| <i>Most Relevant Standards</i> | <ul style="list-style-type: none">• Meet Current and Future Demands• Promote, Encourage and Support Efficient Water Use• Low Risk of a Sustained Water Shortage• Diverse Portfolio, Resilient to Climate Change• Comprehensive Maintenance and Replacement Programs• Well-Prepared for Emergencies• Maximize Beneficial Use of Recycled Water |
| <i>Background</i> | LVMWD meets 80% of its overall water demands with potable water purchased from Metropolitan Water District of Southern California (MWD). The remaining 20% of demands is met with recycled water. |
| <i>Challenge/Opportunity</i> | LVMWD is entirely dependent on MWD for its potable water supplies. Although MWD provides an excellent level of reliability, LVMWD is vulnerable to future shortages due to drought and climate change. Absent construction of California WaterFix, imported water deliveries from the State Water Project will be subject to continued pumping restrictions due to endangered fish species in the Delta, <u>drought</u> , and even potential interruption following a failure in the Delta. Further, efforts to improve water supply reliability require substantial time and investment. |
| <i>Solution</i> | Develop plans to diversify and improve the reliability of LVMWD’s water supply portfolio, considering the following items: <ul style="list-style-type: none">• Additional use of recycled water• Groundwater banking• Indirect potable reuse• Regional partnerships with neighboring agencies to develop local supplies• Brackish groundwater treatment• Water-use efficiency improvements• Conversion of areas served by septic systems to sewers, increasing recycled water supplies• Exchanges of recycled water for potable supplies• Advocating for amendment of the MWD Act to remove “supplemental” from the description of its role as a regional water supplier.• <u>Advocating for construction of California WaterFix.</u>• <u>Supporting improvements to the MWD system that would increase the reliability of imported supplies, including but not limited to better access to Colorado River water.</u> |
| <i>Timing</i> | 5 to 10 <u>to 20</u> years |
| <i>Ramifications of Not Acting</i> | Remain vulnerable to future shortages. |

Accomplishments to Date

The Pure Water Project Las Virgenes - Triunfo, which will initially provide at least 2,100 acre-feet of drinking water produced from the advanced treatment of reclaimed wastewater, is under design and on schedule to be operational by 2030 or earlier. Significant progress has been made in water-use efficiency improvements as highlighted in Strategic Objective No. 3.

Applicable Business Values

- Reliable Water Supplies and Service
- High Level of Customer Satisfaction
- Innovative and Efficient Operations

| | |
|------------------------------------|--|
| <i>Most Relevant Standards</i> | <ul style="list-style-type: none">• Promote, Encourage and Support Efficient Water Use• Accurate <u>and Timely</u> Water Use Data and Billing• Easy to Pay Bill, View Water Usage <u>in Near Real-Time</u>, Solve Problems• Employ Technology to Improve Services• Invest in Efficiency Improvements |
| <i>Background</i> | <p>The state's 20x2020 Conservation Plan State law under SB 606 and AB 1668 requires water agencies <u>and their customers</u> to <u>"Make Conservation a California Way of Life" and maximize the efficient use of water. achieve a 20% reduction in per capita water usage by 2020.</u> On January 1, 2016, LVMWD implemented budget-based rates, establishing individualized water budgets for every customer. Budgets were based on state efficiency standards for indoor and outdoor water use, <u>which continue to adjust to lower levels under statute</u>. Also, the Board adopted escalating, volumetric penalties for wasteful water use.</p> |
| <i>Challenge/Opportunity</i> | <p>Approximately two-thirds<u>one-half</u> of LVMWD's customers currently keep their usage within budgeted amounts, meeting water-use efficiency standards. However, the remaining one-third<u>half</u> exceed their water budgets <u>regularly</u> and are subject to the higher cost of providing water service for inefficient usage. Further, a smaller group of customers have wasteful water use, which is subject to penalties. The challenge is for LVMWD to provide its customers with the support and tools necessary to effectively manage their water use and meet <u>increasingly stringent</u> efficiency standards.</p> |
| <i>Solution</i> | <p>Provide customers with tools to meet water-use efficiency standards, including:</p> <ul style="list-style-type: none">• A user-friendly, customer "portal" for tracking water usage• Profiling water usage data collected by AMI /AMR-system• <u>Additional rebates for water-use efficiency improvements (i.e. weather-based irrigation controllers)</u>• <u>Development and implementation of a Regional Landscape Transformation Program</u>• Targeted outreach and education (i.e. "Top 100" users)• Sharing customer "success stories" |
| <i>Timing</i> | <p>2+<u>to 5</u>. years</p> |
| <i>Ramifications of Not Acting</i> | <p>Inefficient and wasteful water usage would continue, hindering LVMWD's ability to meet its 20x2020 target<u> water use standards established by State Law under SB 606 and AB 1668.</u></p> |
| <i>Accomplishments to Date</i> | <p><u>WaterSmart, the customer interface portal that provides several tools including leak alerts and near real-time tracking of water use, has been implemented and is available to customers. Over 13,000 advanced meters under the AMI Project have been installed as of April 2022 with completion by the end of 2022. Over 2,400 weather-based irrigation controllers have been given away or provided at a discounted price to customers. A regional landscape transformation program is under development and outreach efforts continue to evolve to include digital advertising and other creative means to reach customers that routinely exceed their water budgets.</u></p> |

Applicable Business Values

- Maximum Reuse and Resource Recovery
- Sound Planning and Appropriate Investment
- Protection of Public Health and Environment
- High Level of Customer Satisfaction
- Reliable Water Supplies and Service

Most Relevant Standards

- Maximize beneficial use of recycled water.
- Long-Term View, Appropriate CIP Funding
- Meet or Exceed Environmental Regulations
- Effective Watershed Leader and Environmental Steward
- Solicit Feedback and Meet Customer Expectations
- Diverse Portfolio, Resilient to Climate Change

Background

LVMWD is a leader in water recycling, serving its first customers in the early 1970s. Also, LVMWD has a long-standing commitment to environmental stewardship. Because of the seasonal imbalance of supply and demand, LVMWD discharges excess recycled water to Malibu Creek during the wintertime, when demands are low, and supplements the recycled water system with potable water during the summertime, when demands are high. Although LVMWD is prohibited from discharging to Malibu Creek during the summertime, it is required to augment flows in the creek to support endangered fish species when the creek flow drops below 2.5 cubic feet per second. In 2013, the U.S. EPA adopted a benthic macroinvertebrate Total Maximum Daily Load (TMDL) for Malibu Creek, establishing some of the most stringent nutrient standards in California. With implementation of the 2013 TMDL, it will no longer be cost-effective to treat the recycled water to meet regulatory standards for discharge to Malibu Creek. Further, the recycled water could be put to beneficial use, improving water supply reliability for LVMWD.

LVMWD has also been committed to providing watershed leadership with District landscaping and land management practices that minimize erosion and the use of harmful pesticides and rodenticides or other chemicals at District facilities. This has and continues to be accomplished by maintaining the Demonstration Sustainability Garden, converting landscapes at other District facilities, and maintenance activities that integrate business practices for maximizing eco-system benefits. The development of a plan is also underway to repurpose the Spray Fields once they are no longer needed to dispose excess reclaim water after completion of the Pure Water Project.

Challenge/Opportunity

The challenge is to effectively eliminate discharges to Malibu Creek and beneficially reuse the excess recycled water. Discharges to Malibu Creek cannot be 100% eliminated because of LVMWD's flow augmentation requirement. Also, discharges will continue to be required during operational emergencies and storm events.

However, "effective" elimination is possible through a major water reuse project – the Pure Water Project Las Virgenes – Triunfo. The opportunity lies in turning a former liability (creek discharge) into a valuable asset (new water supply).

The challenge is also to set an example for sound land use practices that both minimizes erosion and beautifies District facilities utilizing non-invasive, drought-tolerant and climate-appropriate plants, and efficient irrigation practices, which will also eliminate the need to use harmful chemicals and fertilizers that can get into the watershed and harm both humans and wildlife.

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| <i>Solution</i> | <p>Plan, design and construct a major water reuse project to effectively eliminate discharges to Malibu Creek <u>utilizing Indirect Potable Reuse through the use of Las Virgenes Reservoir as considering two options</u> described in the Recycled Water Seasonal Storage Plan of Action.</p> <ul style="list-style-type: none"> • Scenario 4 – Indirect Potable Reuse using Las Virgenes Reservoir • Scenario 5 – Repurposing LADWP’s Encino Reservoir for Recycled Water <u>Utilize only non-invasive, drought-tolerant and climate-appropriate plants when landscaping at District facilities and employ efficient irrigation practices. Repurpose the Spray Fields once they are no longer needed to dispose of excess reclaim water and integrate business practices that will maximize eco-system benefits.</u> |
| <i>Timing</i> | 158+ years |
| <i>Ramifications of Not Acting</i> | <p>Non-compliance with regulatory requirements; \$1200+ million in upgrades required to the Tapia Water Reclamation Facility.</p> <p><u>Contributing to the addition of sediment and pollutants to the watershed and not providing leadership and an example to customers of the benefits of utilizing non-invasive, drought-tolerant and climate appropriate landscaping.</u></p> |
| <i>Accomplishments to Date</i> | <p><u>Planning and design efforts for the Pure Water Project are underway and the environmental review process is scheduled to be completed by the end of the 2022 calendar year. Construction is slated to begin by late 2025 and the project is on target to be completed and operational by 2030 or sooner.</u></p> <p><u>The Demonstration Sustainability Garden was completed in 2020 and is now a major attraction that showcases the different types of non-invasive, drought-tolerant and climate appropriate landscaping that can be employed by customers throughout the service area that has both eco-system benefits, is aesthetically appealing and can drastically reduce outdoor water consumption.</u></p> |

Applicable Business Values

- Sound Financial Management
- Sound Planning and Appropriate Investment
- Innovative and Efficient Operations

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| <p><i>Most Relevant Standards</i></p> | <ul style="list-style-type: none"> • High Credit Ratings • Fiscally Conservative, High-Liquidity Investments • Prudent Capital and Operating Reserves • Timely and Accurate Financial Reporting • Rates Cover Full Cost of Service • Reduce Costs while Preserving Key Service Standards |
| <p><i>Background</i></p> | <p>LVMWD has three enterprise funds: potable water, recycled water and sanitation. The Sanitation Fund has a Standard and Poor’s credit rating of “AA/Stable” for its outstanding 2009 Revenue Refunding Bonds. Credit reviews have not been performed for the Potable Water Fund and Recycled Water Fund, so these funds do not currently have credit ratings. On October 26, 2015, the Board adopted a five-year rate package for the potable water, recycled water and sanitation. The rates were designed to fully cover the cost of providing service and restore/maintain the required reserves for each enterprise fund.</p> |
| <p><i>Challenge/Opportunity</i></p> | <p>The major challenge will be to achieve a high credit rating for the Potable Water Fund because it has not generated sufficient net income to restore reserves to Board-adopted levels. In Fiscal Year 2014-15, the Potable Water Fund is expected to close with a net operating loss. However, the 2015 rate package will largely address this problem, allowing reserves to be restored over a five-year period. remedied this and provided for the Potable Water Enterprise to meet its financial reserve targets and also build funding to contribute to the Las Virgenes – Triunfo Pure Water project. Also, a larger portion of LVMWD’s fixed costs will has been e-recovered with fixed charges, improving revenue stability going forward. An opportunity exists to improve the credit rating for the Sanitation Fund to “AAA”, pending resolution of concerns with the implementation of the 2013 TMDL that had generated uncertainty during the last credit review. Also, the Recycled Water Fund is well-positioned to receive a high credit rating. Finally, LVMWD will need to determine the optimal credit rating for each enterprise, recognizing that ratepayers could be impacted building reserves to achieve the highest credit rating (i.e. “AAA”).</p> |
| <p><i>Solution</i></p> | <p>Develop a long-term financial plan aimed to achieve a high credit rating for LVMWD’s three enterprises.</p> |
| <p><i>Timing</i></p> | <p>5 years</p> |
| <p><i>Ramifications of Not Acting</i></p> | <p>Higher cost to of debt service; lower confidence in LVMWD financial management.</p> |
| <p><i>Accomplishments to Date</i></p> | <ul style="list-style-type: none"> • During the last six years, all enterprises were able to build reserves to meet all financial policies. • The District has maintained its fiscally conservative investment strategy. • With the full implementation of Tyler Munis in December 2021, the District increased its ability to timely report financial information. Additionally, the new system has provided real time financial information to staff throughout the organization in a more user friendly environment. • A 10-year financial plan has been prepared to ensure the ability to finance the Las Virgenes – Triunfo Pure Water project. |

Applicable Business Values

- Innovative and Efficient Operations
- Protection of Public Health and Environment
- High Level of Customer Satisfaction

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| <p><i>Most Relevant Standards</i></p> | <ul style="list-style-type: none"> • Support Economical Greenhouse Gas Reductions • Effective Watershed Leader and Environmental Steward • Invest in Efficiency Improvements • Reduce Costs while Improving Key Service Standards • Systematic Approach to Enhance Efficiency • Meet or Exceed Environmental Regulations • Employ Technology to Meet Customer Expectations |
| <p><i>Background</i></p> | <p>LVMWD has a long-standing commitment to environmental stewardship and serves a constituency that values protection of the environment. Treatment and pumping of water and wastewater are energy-intensive processes that generate greenhouse gases. Also, energy production requires large amounts of water. The inter-relationship between water and energy is commonly referred to as the “Water-Energy Nexus”. Greenhouse gas emissions contribute to climate change by trapping heat that would otherwise escape the atmosphere when radiating away from Earth.</p> |
| <p><i>Challenge/Opportunity</i></p> | <p>The primary challenge is to identify projects to reduce LVMWD’s carbon footprint, while providing a favorable return on investment. The opportunity lies in achieving cost-savings for LVMWD in addition to advancing an important environmental initiative.</p> |
| <p><i>Solution</i></p> | <p>Identify and implement projects to reduce LVMWD’s carbon footprint, while achieving a favorable return on investment, considering the following:</p> <ul style="list-style-type: none"> • <u>Develop and begin implementation of a Climate Action Plan</u> • Energy efficiency improvements • Additional solar generation <u>and/or battery storage</u> • Increased co-generation capacity by adding fats, oils and grease, or food waste to produce more digester gas • Fleet vehicle conversions <u>including electrification of the vehicle fleet as feasible or required by law</u> • Paperless office • <u>Establish a balanced teleworking policy and encourage virtual meetings and workshops that will keep employees, customers, and consultants “off the road” and reduce greenhouse gas emissions associated with District business</u> |
| <p><i>Timing</i></p> | <p><u>102+</u> years</p> |
| <p><i>Ramifications of Not Acting</i></p> | <p>Higher operating costs; perception LVMWD is not honoring its commitment to be an environmental steward.</p> |
| <p><i>Accomplishments to Date</i></p> | <p><u>The development of a Climate Action Plan is underway and scheduled to be completed by 2023. Several energy efficiency improvements have been completed, including the conversion of office lighting at Headquarters and Tapia Water Reclamation Facility to</u></p> |

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| <p><u>LEDs and the installation of a new air-blower system for the aeration basins at Tapia, the one megawatt solar field has been increased to five megawatts, several administrative processes have been converted to paperless (i.e. processing invoices), and a telework policy has been adopted and is being implemented.</u></p> |
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| <i>Applicable Business Values</i> | <ul style="list-style-type: none"> • High Level of Customer Satisfaction • <u>Transparency and Community Engagement</u> • • Innovative and Efficient Operations |
| <i>Most Relevant Standards</i> | <ul style="list-style-type: none"> • Accurate <u>and Timely</u> Water Use Data and Billing • Easy to Pay Bill, View Water Usage, Solve Problems • Employ Technology to Improve Services • Solicit Feedback and Meet Customer Expectations • <u>Use Proven Technologies to Increase Efficiency</u> • |
| <i>Background</i> | LVMWD currently provides a variety of customer tools, such as those for electronic bill–ing, support its delivery of services. Customers increasingly desire options to self-serve their needs and opportunities exist to meet this need by utilizing technology. |
| <i>Challenge/Opportunity</i> | The challenge is to <u>reach customers and stakeholders, keeping them well-informed and to provide and maximize the use of user-friendly-simple and effective</u> tools that customers want and need. The opportunity is an improvement in customer satisfaction and reduction in operational costs as customer opt to utilize “self-service” options <u>as well as garnering support for various District programs and initiatives.-</u> |
| <i>Solution</i> | <p>Identify, and <u>and maximize the use of</u> new or improved customer tools to enhance service delivery, considering the following:</p> <ul style="list-style-type: none"> • A user-friendly, customer “portal” for tracking water usage • Profiling water usage data collected by AMI/AMR system • Integration of access to usage and billing data • Improve on-line billing and payment options • Goal for percentage of customers utilizing e-billing <u>(80 percent by 2025)</u> • <u>Updated drought-tolerant plant guide with water factors Publications and pre-recorded videos that provide guidance to customers to reduce water use</u> • <u>E-delivery of LVMWD mailers</u> • <u>Utilize both traditional (i.e. newspaper op-eds and press releases) and modern/innovative means to reach customers and stakeholders including, social media posts, e-mail notifications, digital advertising, mass-communication software, podcasts, and virtual participation for facility tours/workshops/Board and other public meetings.</u> |
| <i>Timing</i> | <u>2+ to 5</u> -years |
| <i>Ramifications of Not Acting</i> | Lower level of customer satisfaction; less efficient operations. |
| <i>Accomplishments to Date</i> | <u>The AMI deployment is nearing completion with over 13,000 meters installed as of April 2022. Over 2,500 customers have registered to use the customer interface “portal” - WaterSmart. There has been a steady increase in the number of customers that have signed up for e-billing and customers can now receive mailers via e-mail. Digital advertising and mass-communication software via Everbridge have been initiated. Additionally, 42 percent of customers have signed up for e-billing and 47 percent for autopay as of April 2022.</u> |

Applicable Business Values

- Innovative and Efficient Operations
- Highly Effective Workforce

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| <i>Most Relevant Standards</i> | <ul style="list-style-type: none">• Systematic Approach to Enhance Efficiency• Invest in Efficiency Improvements• Reduce Cost while Preserving Key Service Standards• Use Proven Technologies to Increase Efficiency• Develop Employee Skills, Competencies, Leadership |
| <i>Background</i> | LVMWD’s commitment to efficient operations have enabled it to provide value to customers with high-quality service and the lowest rates as compared to surrounding agencies. Employees are the best source of suggestions to improve efficiency. |
| <i>Challenge/Opportunity</i> | The challenge is to foster an efficiency “ethic” where suggestions originate from employees who are most familiar with LVMWD’s day-to-day operations and can be acted upon by managers. The opportunity would be for LVMWD to adopt efficiency improvements that would not otherwise have been identified. |
| <i>Solution</i> | Develop and implement a process for LVMWD to act on efficiency improvements submitted by employees, considering the following: <ul style="list-style-type: none">• An organized, systematic process• Development of a suggestion submittal form• Evaluation process with Department Head and GM review• Response to suggestions• Implementation of new efficiency improvements• Recognition of employees who suggested the efficiency improvements |
| <i>Timing</i> | 1 year |
| <i>Ramifications of Not Acting</i> | Lower level of operational efficiency; lower morale; loss of creativity. |
| <i>Accomplishments to Date</i> | <u>The District implemented an “Idea Committee” that includes a committee that reviews all submissions. These submissions have included everything from sanitizing station (pre-COVID) to process improvements.</u> |

Applicable Business Values

- Reliable Water Supplies and Service
- Sound Planning and Appropriate Investment
- Sound Financial Management

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| <i>Most Relevant Standards</i> | <ul style="list-style-type: none">• Comprehensive Maintenance and Replacement Programs• Long-Term View, Appropriate CIP Funding |
| <i>Background</i> | LVMWD has an existing asset management program to identify maintenance, rehabilitation and replacement needs for its various asset types. Condition assessments are routinely conducted for some types of assets; whereas, other such as underground pipelines are evaluated based upon factors such as age, soil conditions, breaks and pipe material. Future maintenance and replacement programs can best be planned using data from an effective asset management program. |
| <i>Challenge/Opportunity</i> | Asset management practices have advanced significantly in recent years with many agencies facing the daunting task of renewing their aging infrastructure. With limited resources available, agencies must make the difficult choices regarding expensive infrastructure rehabilitation and replacement projects. The challenge for LVMWD is to minimize the life-cycle cost of its infrastructure and make informed decisions on future maintenance, rehabilitation and replacement investments. |
| <i>Solution</i> | Enhance LVMWD’s existing asset management system by collecting and leveraging data to guide future investment decisions. |
| <i>Timing</i> | 5 <u>to 10</u> years |
| <i>Ramifications of Not Acting</i> | Increased occurrences of asset failure; reduced service reliability; increased costs. |
| <i>Accomplishments to Date</i> | <u>The Potable Water Pipeline and Sanitary Sewer Pipeline Assessment and Replacement Programs were developed and included in the Infrastructure Investment Plan (IIP), with adopted rates to support significant levels of funding over the course of the next 10-years.</u> |

REVIEW AND UPDATE OF STRATEGIC PLAN

An effective strategic plan must be reviewed and updated periodically to address changing circumstances and priorities. LVMWD reviews its strategic plan annually in conjunction with the budget preparation process. At that time, progress toward accomplishment of the strategic objectives is evaluated. However, a more significant review and update will be performed once every five years with the next occurring in 2020.

ACKNOWLEDGEMENTS

All LVMWD employees deserve recognition for supporting the development of the strategic plan. Many employees participated in one-on-one interviews to provide their insights on the challenges and opportunities facing LVMWD and offered creative solutions to deal with them. The following Board Members, consultant and employees (in alphabetical order) were particularly instrumental in the process to develop the strategic plan.

- Former Director Glen D. Peterson, President and current MWD Representative
- Director Lee Renger, Vice President
- Director Charles P. Caspary, Secretary
- Director Jay Lewitt, Treasurer
- Director Leonard E. Polan
- John Ruetten, President, Resource Trends, Inc.
- Gretchen Bullock, Purchasing Supervisor
- Brett Dingman, Water Reclamation Manager
- Jan Dougall, former Environmental Analyst II
- Jacqy Gamble, former Management Analyst II
- John Gil, Senior Electrical/Instrumentation Technician
- Brad Glassman, Laboratory Supervisor
- Josie Guzman, Executive Assistant/Clerk of the Board
- Mike Hamilton, former Financial Analyst
- Mike Hand, ~~Facilities Inspector~~Technical Services Supervisor
- Steve Jackson, Senior Water Plant Operator
- Jim Korkosz, ~~Electrical/Instrumentation Supervisor~~Facilities Manager
- David Lippman, former Director of Facilities and Operations
- Harold Matthews, former Information Systems Manager
- Michael McIntyre, former SCADA Systems Analyst
- Larry Miller, former Water System/Facilities Manager
- Karen Norman, Secretary, Water Reclamation
- Carol Palma, former Customer Service Manager
- Sherri Paniagua, former Human Resources Manager
- Don Patterson, Director of Finance and Administration (original 2016 and 2022 update)
- David Pedersen, General Manager
- Deborah Peters, former Public Affairs Associate
- Ken Reed, former Water Treatment and Production Supervisor
- Jeff Reinhardt, former Public Affairs and Communications Manager
- Carlos Reyes, former Director of Resource Conservation and Public Outreach
- David Ruiz, former Water Reclamation Plant Operator I
- Eric Schlageter, ~~Senior Engineer~~Principal Engineer
- Mike Varbel, former Senior Water Reclamation Plant Operator
- John Zhao, ~~Principal Engineer~~Director of Facilities and Operations (original 2016 and 2022 update)
- Joe McDermott, Director of Engineering and External Affairs (2022 update only)





STRATEGIC PLAN

April 2022 Update



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ABOUT LAS VIRGENES MUNICIPAL WATER DISTRICT (LVMWD)

LVMWD was formed in 1958 to supply imported water to western Los Angeles County. It currently serves approximately 70,000 people residing within its 122-square mile service area. LVMWD is bounded on the west and the north by Ventura County, on the east by the City of Los Angeles and on the south by the City of Malibu. Its service area includes the cities of Agoura Hills, Calabasas, Hidden Hills, Westlake Village and surrounding unincorporated areas of Los Angeles County.

As a full-service water and wastewater utility, LVMWD provides drinking water, recycled water, wastewater services and biosolids composting. The area lacks local sources of drinking water; all potable water supplies are purchased from the Metropolitan Water District of Southern California, which imports water from the State Water Project and Colorado River. Approximately 20% of LVMWD's overall water demands are met with recycled water. Las Virgenes Reservoir provides emergency and off-season storage for potable water, which is treated at the Westlake Filtration Plant.

In 1964, LVMWD and Triunfo Water & Sanitation District established the Las Virgenes-Triunfo Joint Powers Authority (JPA) to cooperatively collect and treat the wastewater for

their bordering service areas, both within the Malibu Creek Watershed. Wastewater is collected through a network of trunk sewers and treated at the Tapia Water Reclamation Facility, which produces high-quality recycled water used primarily for irrigation purposes. Beginning in 1994, biosolids generated from the wastewater treatment process are conveyed to the Rancho Las Virgenes Composting Facility and transformed into "Class A – Exceptional Quality" garden compost that is distributed free for home use.

LVMWD offsets its energy usage and reduces its carbon footprint by utilizing "green" energy generated by the JPA. A five megawatt solar power generating facility in the canyon immediately south of LVMWD Headquarters offsets 100 percent of the energy usage for energy demands at the Tapia Water Reclamation Facility and pumping recycled water. Also, a 200 kilowatt biogas co-generation facility at the Rancho Las Virgenes Composting Facility offsets energy usage for composting.

PURPOSE OF LVMWD'S STRATEGIC PLAN

The Strategic Plan describes LVMWD's strategy to address the opportunities, challenges and needed investments likely to arise in the next 20 years. Further, the plan will provide the basis for making decisions on the allocation of resources to ensure consistent direction moving forward.

Specifically, the Strategic Plan is designed to meet the following objectives:

- Set a clear path forward for LVMWD, building on its mission and vision.
- Identify and address the opportunities, challenges and needed investments likely to arise during the next 20 years.
- Provide a high-level framework for making decisions on the allocation of resources.
- Increase confidence among customers that LVMWD is prepared for the future.
- Establish service commitments for LVMWD's customers.
- Implement a standards-based approach to meet service commitments.
- Establish values for conducting LVMWD's business and interacting with others.
- Identify strategic objectives for action.
- Describe a process for reviewing and updating the plan.

ELEMENTS OF THE STRATEGIC PLAN

Strategic Foundation - The strategic foundation consists of LVMWD’s mission, vision and behavioral values. The mission describes our purpose or what we do. The vision describes what we want to be, or be known for, in the future. The behavioral values describe how we conduct our business and interact with others. Together, the mission, vision and behavioral values provide the foundation for all of LVMWD’s activities, both now and well into the future.

Business Values - The business values describe the commitments LVMWD makes to its customers. Examples include transparency and community engagement, reliable water supplies and service, and sound financial management. Business values provide fundamental focus areas for the organization.

Standards - Standards are simply rules or service levels that put the business values in operational terms. To provide consistent service and value to customers, it is important to take a standards-based approach. LVMWD’s standards will drive its activities, decisions and proposed investments. Some standards are driven by legal or regulatory requirements (i.e. compliance with the Safe Drinking Water Act); however, others are developed internally to meet the needs of customers.

Strategic Objectives - The strategic objectives describe the major undertakings planned to address the significant opportunities, challenges or needed investments likely to arise in the next 20 years. Strategic objectives are not intended to address tasks that are part of normal utility operations.

STRATEGIC FOUNDATION

MISSION

Dedicated to providing high-quality water service in a cost-effective and environmentally sensitive manner.

VISION

Valuing every drop~Bringing water full circle.

BEHAVIORAL VALUES:

We are guided in our daily decisions and activities by these values:

Integrity

We are open, honest, and ethical in all of our communications and actions.

Respect

We give thoughtful consideration to each other’s differences and opinions.

Commitment

We give our best to get the job done right.

Responsibility

We are accountable for our behaviors, actions and use of public resources.

Collaboration

We listen and openly share our ideas to achieve better decisions and outcomes.

Leadership

We are proactive in protecting the interests of our customers and community.

BUSINESS VALUES

The following business values describe the commitments LVMWD makes to its customers:



KEY STANDARDS

The table below, followed by narrative descriptions, puts the business values in context with key standards.

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| <p>High Level of Customer Satisfaction</p> <p>Accurate and Timely Water Use Data and Billing Easy to Pay Bill, View Water Usage in Near Real-Time Solve Problems Employ Technology to Improve Services Solicit Feedback and Meet Customer Expectations</p> | <p>Transparency and Community Engagement</p> <p>Understandable Operations, Decisions, Financials Cooperative Relationships with Customers, Community Promote Water Education Programs Engage in Local, Governmental, Industry Affairs Ensure that Customers and Stakeholders are Well-Informed</p> |
| <p>Highly Effective Workforce</p> <p>Hire, Promote, and Retain Qualified Employees Provide Competitive Compensation and Benefits Develop Employee Skills, Competencies, Leadership Focus on Knowledge Transfer and Succession Planning</p> | <p>Safe, High-Quality Water</p> <p>Meet or Exceed Drinking Water Standards Anticipate Future Regulations, Standards Meet Customer Needs for Quality, Consistency Timely Communication of Water Quality Information</p> |
| <p>Protection of Public Health and Environment</p> <p>Meet or Exceed Environmental Regulations Safe and Reliable Wastewater Services Effective Watershed Leader and Environmental Steward Support Economical Greenhouse Gas Reductions</p> | <p>Maximum Reuse and Resource Recovery</p> <p>Maximize Beneficial Use of Recycled Water Maximize Compost Use and Cogeneration Capacity Advocate for Science-Based Regulations</p> |
| <p>Sound Financial Management</p> <p>Fiscally Conservative, High-Liquidity Investments High Credit Ratings Prudent Capital and Operating Reserves Timely and Accurate Financial Reporting</p> | <p>Reliable Water Supplies and Service</p> <p>Meet Current and Future Demands Promote, Encourage, and Support Efficient Water Use Low Risk of a Sustained Water Shortage Diverse Portfolio, Resilient to Climate Change Comprehensive Maintenance and Replacement Programs</p> |
| <p>Sound Planning and Appropriate Investment</p> <p>Rates Cover Full Cost of Service Long-Term View, Appropriate CIP Funding Make Compelling Cases for Investment, Rates Well-Prepared for Emergencies</p> | <p>Innovative and Efficient Operations</p> <p>Invest in Efficiency Improvements Reduce Costs while Preserving Key Service Standards Use Proven Technologies to Increase Efficiency Systematic Approach to Enhance Efficiency</p> |

KEY STANDARDS (cont.)

High Level of Customer Satisfaction

LVMWD endeavors to maintain a high level of customer satisfaction through responsive and professional service. When calling during business hours, customers can count on their calls being answered by the appropriate person, without unreasonable wait-times and excessive “button pushing” associated with an automated phone system. Employees are empowered to solve customer problems or escalate them to the appropriate manager. After hours, employees are available 24/7 to respond to outages and other emergencies.

Transparency and Community Engagement

LVMWD is committed to providing easy access to important information on its finances, operations and decision-making process. Openly sharing information builds public trust and ensures accountability. Further, LVMWD maintains an active role in the communities it serves, engages those affected by its activities and values customer feedback, and ensures that customers and stakeholders are well-informed of District programs and initiatives.

Highly Effective Workforce

A highly effective workforce is LVMWD’s most valuable resource. Fulfilling LVMWD’s promises to its customers depends on hiring, promoting and retaining the most qualified employees. LVMWD meets its workforce objectives by offering competitive compensation, providing opportunities for professional growth and leadership, and fostering a collaborative work environment.

Safe, High Quality Water

LVMWD takes its responsibility very seriously to provide customers with safe, high quality water. Maintaining the trust of customers depends on serving water that meets or exceeds drinking water standards. Information on the quality of LVMWD’s water is provided to customers annually. Additionally, customers are notified in advance when a change in water source may affect the taste or odor of their drinking water. LVMWD responds quickly to water quality-related concerns.

Protection of Public Health and the Environment

Protecting public health and the environment is central to all aspects of LVMWD’s business, from supplying safe drinking water to preventing sanitary sewer overflows. LVMWD is diligent in meeting or exceeding the many environmental regulations applicable to its operations.

Further, LVMWD is a watershed leader and environmental steward, recognizing the need to protect the valuable natural resources that make its service area unique. LVMWD is committed to maintaining facilities that complement the natural beauty and ecology of the service area by maintaining attractive, water efficient landscaping at District facilities. Landscapes serve several purposes including

the enhancement of facility aesthetics, screening facilities from public view or blending facilities in with the natural environment. As part of this commitment the District will also minimize the amount of erosion and stormwater runoff from facilities. Facility landscaping is to be non-invasive, drought-tolerant and climate-appropriate with an emphasis on native plants in order to mimic the surrounding environment and minimize watering requirements. The utilization of harmful chemicals to manage weeds or fertilize vegetation will be minimized, and the use of rodenticides for pest control is prohibited.

Maximum Reuse and Resource Recovery

Maximizing the beneficial reuse of recycled water is critical to improve LVMWD’s water supply reliability and support efforts to stop discharging to Malibu Creek. Water is too valuable to use only once. Also, LVMWD is committed to recover additional resources from its treatment processes. For example, additional biogas could be recovered and used to generate energy by accepting fats, oils and grease for digestion at the Rancho Las Virgenes Composting Facility.

Sound Financial Management

LVMWD manages its finances to provide customers with value through reliable, high-quality service at competitive rates. Sufficient reserves are maintained to support operations, maintain high credit ratings and avoid large, unexpected rate increases. LVMWD maintains a conservative and liquid investment portfolio. Additionally, LVMWD seeks available grant funding to leverage its use of local funds for infrastructure improvements. Finally, LVMWD is dedicated to accurate, understandable and timely financial reporting.

Reliable Water Supplies and Service

Customers can expect LVMWD to provide reliable water supplies and service. LVMWD plans and invests appropriately to ensure a very low risk of a sustained water shortage. Water delivery and treatment facilities are well-maintained and rehabilitated/replaced, as necessary, to minimize the potential for failures that could temporarily interrupt service. Further, LVMWD promotes efficient water use, eliminating wasteful practices and stretching supplies further. Finally, LVMWD seeks to diversify its water supply portfolio, recognizing uncertainty associated with the future availability of water supplies and the potential impacts of climate change.

Sound Planning and Appropriate Investment

The foundation for reliable water and wastewater services is sound planning. LVMWD focuses on the long-term, anticipating future needs and making the appropriate investments to address those needs. Planning efforts support LVMWD in making compelling business cases for

investments. LVMWD sets rates to recover the full cost of service, including investments to replace or upgrade aging infrastructure. Also, LVMWD recognizes the importance of reliable water service to public safety, particularly for firefighting. LVMWD is well-prepared for emergencies, including fires, floods and earthquakes.

Innovative and Efficient Operations

LVMWD is committed to innovative and efficient operations. Investments are made in efficiency improvements with a focus on reducing costs while maintaining key service standards. Efficiency improvements are sought through innovation and the use of proven technologies. Also, a systematic approach, utilizing suggestions from employees, supports efficiency enhancements.

STRATEGIC OBJECTIVES

Strategic objectives constitute the major undertakings planned for the next five years, considering the significant opportunities, challenges or needed investments likely to arise in the next 20 years.

Below is summary of LVMWD's strategic objectives, followed by a detailed analysis of each:

- 1.** Develop a strategy to maintain a highly effective workforce.
- 2.** Improve LVMWD's water supply reliability.
- 3.** Support customers to meet water-use efficiency standards.
- 4.** Eliminate the discharge of pollutants to Malibu Creek and preserve the atural beauty of the Watershed.
- 5.** Achieve a high credit rating for LVMWD's three enterprises.
- 6.** Reduce LVMWD's carbon footprint.
- 7.** Keep customers and stakeholders well-informed and provide new/improved customer tools to enhance service delivery.
- 8.** Develop a process to act on efficiency improvement suggestions.
- 9.** Enhance LVMWD's asset management programs.

Strategic Objective No. 1 Develop a strategy to maintain a highly effective workforce.

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| <p><i>Applicable Business Values</i></p> | <ul style="list-style-type: none"> ▪ Highly Effective Workforce ▪ Innovative and Efficient Operations ▪ High Level of Customer Satisfaction ▪ Safe, High-Quality Water ▪ Transparency and Community Engagement ▪ Sound Planning and Appropriate Investment ▪ Reliable Water Supplies and Service ▪ Sound Financial Management ▪ Maximum Reuse and Resource Recovery ▪ Protection of Public Health and Environment |
| <p><i>Most Relevant Standards</i></p> | <ul style="list-style-type: none"> ▪ Hire, Promote and Retain Qualified Employees ▪ Provide Competitive Compensation and Benefits ▪ Develop Employee Skills, Competencies, Leadership ▪ Focus on Knowledge Transfer and Succession Planning ▪ Support on-going training and education |
| <p><i>Background</i></p> | <p>LVMWD has a committed and dedicated workforce. Employees are very resourceful and effective in providing LVMWD's services to achieve a high level of customer satisfaction.</p> |
| <p><i>Challenge/Opportunity</i></p> | <p>The workforce has been changing, and will continue to change, as long-tenured employees retire and a new generation of employees join LVMWD. The challenge will be to capture and transfer knowledge from tenured employees. Succession planning will also be critical to prepare and develop employees to take on higher-level positions, particularly those that are "stand-alone" (i.e. without a subordinate position with similar duties) or require unique skills. Developing and communicating a philosophy for compensation and benefits will also be important for LVMWD to retain its most qualified employees and support recruitment efforts.</p> |
| <p><i>Solution</i></p> | <p>Develop a workforce strategy that addresses the following items:</p> <ul style="list-style-type: none"> ▪ Institutional knowledge capture and transfer ▪ Succession planning ▪ Retention and development of employees ▪ Philosophy for compensation and benefits (where to be in the market) ▪ New employee orientation ▪ Expansion of the internship program ▪ Performance management and recognition |
| <p><i>Timing</i></p> | <p>Ongoing</p> |
| <p><i>Ramifications of Not Acting</i></p> | <p>Potential impacts to the quality and efficiency of LVMWD's service.</p> |

Strategic Objective No. 1 (cont.)

Accomplishments to Date

- In October 2018, the District implemented its first-ever Succession Plan. This plan was the result of a collaborative process that included representation from throughout the organization. The Plan has been the basis for several efforts to address retirements and other staffing needs, and all elements of the plan have been implemented.
- Increased employee attrition has resulted in increased recruitment activity. The District has made efforts to recruit early to minimize gaps and has made several interim appointments for key positions.
- District tours provided by the General Manager have been implemented for new hires as part of the onboarding process to support new hires' acclimation, knowledge, and sense of belonging to the District.
- In early 2018, the District formed a Diversity & Inclusion Committee. The focus of the committee is on education and engagement of employees. The committee has sponsored various employee events and training to educate and engage employees.
- In 2018, the District completed an extensive compensation study that was implemented with the 2019-2021 Memoranda of Understanding.
- The internship program has been expanded. As of April 2022, there are 5 interns currently working for the various departments to assist managers with their needs.
- Employee and organizational development have been encouraged through leadership and professional development opportunities, including a communications program through California Lutheran University, a California Lutheran University Local Government Scholarship program, and performance management training.
- Employee health and wellness have been promoted through various employee benefits and via contract negotiations, including providing mental wellness services, telecommuting options, a gym facility at District Headquarters, and a physical fitness program that includes reimbursement for at-home fitness programs and equipment. Further, the District has been awarded a Wellness Grant from the ACWA JPIA to be used to promote employee wellness.

Strategic Objective No. 2 Improve LVMWD’s water supply reliability.

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| <i>Applicable Business Values</i> | <ul style="list-style-type: none"> ▪ Reliable Water Supplies and Service ▪ Sound Planning and Appropriate Investment ▪ Safe, High-Quality Water ▪ Maximum Reuse and Resource Recovery |
| <i>Most Relevant Standards</i> | <ul style="list-style-type: none"> ▪ Meet Current and Future Demands ▪ Promote, Encourage and Support Efficient Water Use ▪ Low Risk of a Sustained Water Shortage ▪ Diverse Portfolio, Resilient to Climate Change ▪ Comprehensive Maintenance and Replacement Programs ▪ Well-Prepared for Emergencies ▪ Maximize Beneficial Use of Recycled Water |
| <i>Background</i> | <p>LVMWD meets 80% of its overall water demands with potable water purchased from Metropolitan Water District of Southern California (MWD). The remaining 20% of demands is met with recycled water.</p> |
| <i>Challenge/Opportunity</i> | <p>LVMWD is entirely dependent on MWD for its potable water supplies. Although MWD provides an excellent level of reliability, LVMWD is vulnerable to future shortages due to drought and climate change. Absent construction of the California WaterFix, imported water deliveries from the State Water Project will be subject to continued pumping restrictions due to endangered fish species in the Delta, drought and even potential interruption following a failure in the Delta. Further, efforts to improve water supply reliability require substantial time and investment.</p> |
| <i>Solution</i> | <p>Develop plans to diversify and improve the reliability of LVMWD’s water supply portfolio, considering the following items:</p> <ul style="list-style-type: none"> ▪ Additional use of recycled water ▪ Groundwater banking ▪ Indirect potable reuse ▪ Regional partnerships with neighboring agencies to develop local supplies ▪ Brackish groundwater treatment ▪ Water-use efficiency improvements ▪ Conversion of areas served by septic systems to sewers, increasing recycled water supplies ▪ Exchanges of recycled water for potable supplies ▪ Advocating for amendment of the MWD Act to remove “supplemental” from the description of its role as a regional water supplier. ▪ Advocating for construction of the California WaterFix. ▪ Supporting improvements to the MWD system that would increase the reliability of imported supplies, including but not limited to better access to Colorado River water. |
| <i>Timing</i> | <p>10 to 20 years</p> |
| <i>Ramifications of Not Acting</i> | <p>Remain vulnerable to future shortages.</p> |
| <i>Accomplishment to Date</i> | <p>The Pure Water Project Las Virgenes - Triunfo, which will initially provide at least 2,100 acre-feet of drinking water produced from the advanced treatment of reclaimed wastewater, is under design and on schedule to be operational by 2030 or earlier. Significant progress has been made in water-use efficiency improvements as highlighted in Strategic Objective No. 3.</p> |

Strategic Objective No. 3 Support customers to meet water-use efficiency standards.

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| <p><i>Applicable Business Values</i></p> | <ul style="list-style-type: none"> ▪ Reliable Water Supplies and Service ▪ High Level of Customer Satisfaction ▪ Innovative and Efficient Operations |
| <p><i>Most Relevant Standards</i></p> | <ul style="list-style-type: none"> ▪ Promote, Encourage and Support Efficient Water Use ▪ Accurate and Timely Water Use Data and Billing ▪ Easy to Pay Bill, View Water Usage in Near Real-Time ▪ Solve Problems ▪ Employ Technology to Improve Services ▪ Invest in Efficiency Improvements |
| <p><i>Background</i></p> | <p>State law under SB 606 and AB 1668 requires water agencies and their customers to “Make Conservation a California Way of Life” and maximize the efficient use of water. On January 1, 2016, LVMWD implemented budget-based rates, establishing individualized water budgets for every customer.</p> <p>Budgets were based on state efficiency standards for indoor and outdoor water use, which continue to adjust to lower levels under statute. Also, the Board adopted escalating, volumetric penalties for wasteful water use.</p> |
| <p><i>Challenge/Opportunity</i></p> | <p>Approximately one-half of LVMWD’s customers currently keep their usage within budgeted amounts, meeting water-use efficiency standards. However, the remaining half exceed their water budgets regularly and are subject to the higher cost of providing water service for inefficient usage. Further, a smaller group of customers have wasteful water use, which is subject to penalties. The challenge is for LVMWD to provide its customers with the support and tools necessary to effectively manage their water use and meet increasingly stringent efficiency standards.</p> |
| <p><i>Solution</i></p> | <p>Provide customers with tools to meet water-use efficiency standards, including:</p> <ul style="list-style-type: none"> ▪ A user-friendly, customer “portal” for tracking water usage ▪ Profiling water usage data collected by AMI system ▪ Additional rebates for water-use efficiency improvements (i.e. weather-based irrigation controllers) ▪ Development and implementation of a Regional Landscape Transformation Program ▪ Targeted outreach and education (i.e. “Top 100” users) ▪ Sharing customer “success stories” |
| <p><i>Timing</i></p> | <p>2 + years</p> |
| <p><i>Ramifications of Not Acting</i></p> | <p>Inefficient and wasteful water usage would continue hindering LVMWD’s ability to meet water use standards established by State Law under SB 606 and AB 1668.</p> |
| <p><i>Accomplishments to Date</i></p> | <p>WaterSmart, the customer interface portal that provides several tools including leak alerts and near real-time tracking of water use, has been implemented and is available to customers. Over 13,000 advanced meters under the AMI Project have been installed as of April 2022 with completion by the end of 2022. Over 2,400 weather-based irrigation controllers have been given away or provided at a discounted price to customers. A regional landscape transformation program is under development, and outreach efforts continue to evolve to include digital advertising and other creative means to reach customers that routinely exceed their water budgets.</p> |

Strategic Objective No. 4 Eliminate the Discharge of Pollutants to Malibu Creek and Preserve the Natural Beauty of the Watershed.

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| <p><i>Applicable Business Values</i></p> | <ul style="list-style-type: none"> ▪ Maximum Reuse and Resource Recovery ▪ Sound Planning and Appropriate Investment ▪ Protection of Public Health and Environment ▪ High Level of Customer Satisfaction ▪ Reliable Water Supplies and Service |
| <p><i>Most Relevant Standards</i></p> | <ul style="list-style-type: none"> ▪ Maximize beneficial use of recycled water. ▪ Long-Term View, Appropriate CIP Funding ▪ Meet or Exceed Environmental Regulations ▪ Effective Watershed Leader and Environmental Steward ▪ Solicit Feedback and Meet Customer Expectations ▪ Diverse Portfolio, Resilient to Climate Change |
| <p><i>Background</i></p> | <p>LVMWD is a leader in water recycling, serving its first customers in the early 1970s. Also, LVMWD has a long-standing commitment to environmental stewardship. Because of the seasonal imbalance of supply and demand, LVMWD discharges excess recycled water to Malibu Creek during the wintertime, when demands are low, and supplements the recycled water system with potable water during the summertime, when demands are high. Although LVMWD is prohibited from discharging to Malibu Creek during the summertime, it is required to augment flows in the creek to support endangered fish species when the creek flow drops below 2.5 cubic feet per second. In 2013, the U.S. EPA adopted a benthic macroinvertebrate Total Maximum Daily Load (TMDL) for Malibu Creek, establishing some of the most stringent nutrient standards in California. With implementation of the 2013 TMDL, it will no longer be cost-effective to treat the recycled water to meet regulatory standards for discharge to Malibu Creek. Further, the recycled water could be put to beneficial use, improving water supply reliability for LVMWD.</p> <p>LVMWD has also been committed to providing watershed leadership with District landscaping and land management practices that minimize erosion and the use of harmful pesticides and rodenticides or other chemicals at District facilities. This has and continues to be accomplished by maintaining the Demonstration Sustainability Garden, converting landscapes at other District facilities, and maintenance activities that integrate business practices for maximizing eco-system benefits. The development of a plan is also underway to repurpose the Spray Fields once they are no longer needed to dispose excess reclaim water after completion of the Pure Water Project Las Virgenes-Triunfo.</p> |
| <p><i>Challenge/Opportunity</i></p> | <p>The challenge is to effectively eliminate discharges to Malibu Creek and beneficially reuse the excess recycled water. Discharges to Malibu Creek cannot be 100% eliminated because of LVMWD's flow augmentation requirement. Also, discharges will continue to be required during operational emergencies and storm events.</p> <p>However, "effective" elimination is possible through a major water reuse project – the Pure Water Project Las Virgenes – Triunfo. The opportunity lies in turning a former liability (creek discharge) into a valuable asset (new water supply).</p> <p>The challenge is also to set an example for sound land use practices that both minimizes erosion and beautifies District facilities utilizing non-invasive, drought-tolerant and climate-appropriate plants, and efficient irrigation practices, which will also eliminate the need to use harmful chemicals and fertilizers that can get into the watershed and harm both humans and wildlife.</p> |

Strategic Objective No. 4 (cont.)

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| <i>Solution</i> | <p>Plan, design and construct a major water reuse project to effectively eliminate discharges to Malibu Creek utilizing Indirect Potable Reuse through the use of Las Virgenes Reservoir as described in the Recycled Water Seasonal Storage Plan of Action.</p> <p>Utilize only non-invasive, drought-tolerant and climate-appropriate plants when landscaping at District facilities and employ efficient irrigation practices. Repurpose the Spray Fields once they are no longer needed to dispose of excess reclaim water and integrate business practices that will maximize eco-system benefits.</p> |
| <i>Timing</i> | 8 + years |
| <i>Ramifications of Not Acting</i> | <p>Non-compliance with regulatory requirements; \$200+ million in upgrades required to the Tapia Water Reclamation Facility.</p> <p>Contributing to the addition of sediment and pollutants to the watershed and not providing leadership and an example to customers of the benefits of utilizing non-invasive, drought-tolerant and climate appropriate landscaping</p> |
| <i>Accomplishments to Date</i> | <p>Planning and design efforts for the Pure Water Project Las Virgenes-Triunfo are underway and the environmental review process is scheduled to be completed by the end of the 2022 calendar year. Construction is slated to begin by late 2025, and the project is on target to be completed and operational by 2030 or sooner.</p> <p>The Demonstration Sustainability Garden was completed in 2020 and is now a major attraction that showcases the different types of non-invasive, drought-tolerant and climate appropriate landscaping that can be employed by customers throughout the service area that has both eco-system benefits, is aesthetically appealing and can drastically reduce outdoor water consumption.</p> |

Strategic Objective No. 5 Achieve a high credit rating for LVMWD’s three enterprises.

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| <i>Applicable Business Values</i> | <ul style="list-style-type: none"> ▪ Sound Financial Management ▪ Sound Planning and Appropriate Investment ▪ Innovative and Efficient Operations |
| <i>Most Relevant Standards</i> | <ul style="list-style-type: none"> ▪ High Credit Ratings ▪ Fiscally Conservative, High-Liquidity Investments ▪ Prudent Capital and Operating Reserves ▪ Timely and Accurate Financial Reporting ▪ Rates Cover Full Cost of Service ▪ Reduce Costs while Preserving Key Service Standards |
| <i>Background</i> | <p>LVMWD has three enterprise funds: potable water, recycled water and sanitation. The Sanitation Fund has a Standard and Poor’s credit rating of “AA/Stable” for its outstanding 2009 Revenue Refunding Bonds. Credit reviews have not been performed for the Potable Water Fund and Recycled Water Fund, so these funds do not currently have credit ratings. On October 26, 2015, the Board adopted a five-year rate package for the potable water, recycled water and sanitation. The rates were designed to fully cover the cost of providing service and restore/maintain the required reserves for each enterprise fund.</p> |
| <i>Challenge/Opportunity</i> | <p>The major challenge will be to achieve a high credit rating for the Potable Water Fund because it has not generated sufficient net income to restore reserves to Board-adopted levels. In Fiscal Year 2014-15, the Potable Water Fund was expected to close with a net operating loss. However, the 2015 rate package remedied this and provided for the Potable Water Enterprise to meet its financial reserve targets and also build funding to contribute to the Pure Water Project Las Virgenes-Triunfo. Also, a larger portion of LVMWD’s fixed costs has been recovered with fixed charges, improving revenue stability going forward. An opportunity exists to improve the credit rating for the Sanitation Fund to “AAA,” pending resolution of concerns with the implementation of the 2013 TMDL that had generated uncertainty during the last credit review. Also, the Recycled Water Fund is well-positioned to receive a high credit rating. Finally, LVMWD will need to determine the optimal credit rating for each enterprise, recognizing that ratepayers could be impacted by building reserves to achieve the highest credit rating (i.e. “AAA”).</p> |
| <i>Solution</i> | <p>Develop a long-term financial plan aimed to achieve a high credit rating for LVMWD’s three enterprises.</p> |
| <i>Timing</i> | <p>5 years</p> |
| <i>Ramifications of Not Acting</i> | <p>Higher cost of debt service; lower confidence in LVMWD financial management.</p> |
| <i>Accomplishments to Date</i> | <ul style="list-style-type: none"> ▪ During the last six years, all enterprises were able to build reserves to meet all financial policies. ▪ The District has maintained its fiscally conservative investment strategy. ▪ With the full implementation of Tyler Munis in December 2021, the District increased its ability to timely report financial information. Additionally, the new system has provided real time financial information to staff throughout the organization in a more user friendly environment. ▪ A 10-year financial plan has been prepared to ensure the ability to finance the Pure Water Project Las Virgenes-Triunfo. |

Strategic Objective No. 6 Reduce LVMWD's carbon footprint.

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| <i>Applicable Business Values</i> | <ul style="list-style-type: none"> ▪ Innovative and Efficient Operations ▪ Protection of Public Health and Environment ▪ High Level of Customer Satisfaction |
| <i>Most Relevant Standards</i> | <ul style="list-style-type: none"> ▪ Support Economical Greenhouse Gas Reductions ▪ Effective Watershed Leader and Environmental Steward ▪ Invest in Efficiency Improvements ▪ Reduce Costs while Improving Key Service Standards ▪ Systematic Approach to Enhance Efficiency ▪ Meet or Exceed Environmental Regulations ▪ Employ Technology to Meet Customer Expectations |
| <i>Background</i> | <p>LVMWD has a long-standing commitment to environmental stewardship and serves a constituency that values protection of the environment. Treatment and pumping of water and wastewater are energy-intensive processes that generate greenhouse gases. Also, energy production requires large amounts of water. The inter-relationship between water and energy is commonly referred to as the "Water-Energy Nexus". Greenhouse gas emissions contribute to climate change by trapping heat that would otherwise escape the atmosphere when radiating away from Earth.</p> |
| <i>Challenge/Opportunity</i> | <p>The primary challenge is to identify projects to reduce LVMWD's carbon footprint, while providing a favorable return on investment. The opportunity lies in achieving cost-savings for LVMWD in addition to advancing an important environmental initiative.</p> |
| <i>Solution</i> | <p>Identify and implement projects to reduce LVMWD's carbon footprint, while achieving a favorable return on investment, considering the following:</p> <ul style="list-style-type: none"> ▪ Develop and begin implementation of a Climate Action Plan ▪ Energy efficiency improvements ▪ Additional solar generation and/or battery storage ▪ Increased co-generation capacity by adding fats, oils and grease, or food waste to produce more digester gas ▪ Fleet vehicle conversions including electrification of the vehicle fleet as feasible or required by law ▪ Paperless office ▪ Establish a balanced teleworking policy and encourage virtual meetings and workshops that will keep employees, customers, and consultants "off the road" and reduce greenhouse gas emissions associated with District business |
| <i>Timing</i> | <p>2 + years</p> |
| <i>Ramifications of Not Acting</i> | <p>Higher operating costs; perception LVMWD is not honoring its commitment to be an environmental steward.</p> |
| <i>Accomplishments to Date</i> | <p>The development of a Climate Action Plan is underway and scheduled to be completed by 2023. Several energy efficiency improvements have been completed, including the conversion of office lighting at Headquarters and Tapia Water Reclamation Facility to LEDs and the installation of a new air-blower system for the aeration basins at Tapia, the one megawatt solar field has been increased to five megawatts, several administrative processes have been converted to paperless (i.e. processing invoices), and a telework policy has been adopted and is being implemented.</p> |

Strategic Objective No. 7 Keep customers and stakeholders well- informed and provide new/improved customer tools to enhance service delivery.

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| <i>Applicable Business Values</i> | <ul style="list-style-type: none"> ▪ High Level of Customer Satisfaction ▪ Transparency and Community Engagement ▪ Innovative and Efficient Operations |
| <i>Most Relevant Standards</i> | <ul style="list-style-type: none"> ▪ Accurate and Timely Water Use Data and Billing ▪ Easy to Pay Bill, View Water Usage, Solve Problems ▪ Employ Technology to Improve Services ▪ Solicit Feedback and Meet Customer Expectations ▪ Use Proven Technologies to Increase Efficiency |
| <i>Background</i> | <p>LVMWD currently provides a variety of customer tools, such as those for electronic billing, that support its delivery of services. Customers increasingly desire options to self-serve their needs and opportunities exist to meet this need by utilizing technology.</p> |
| <i>Challenge/Opportunity</i> | <p>The challenge is to reach customers and stakeholders, keeping them well-informed and to provide and maximize the use of simple and effective tools that customers want and need. The opportunity is an improvement in customer satisfaction and reduction in operational costs as customer opt to utilize “self-service” options as well as garnering support for various District programs and initiatives.</p> |
| <i>Solution</i> | <p>Identify, deploy and maximize the use of new or improved customer tools to enhance service delivery, considering the following:</p> <ul style="list-style-type: none"> ▪ A user-friendly, customer “portal” for tracking water usage ▪ Profiling water usage data collected by AMI/AMR system ▪ Integration of access to usage and billing data ▪ Improve on-line billing and payment options ▪ Goal for percentage of customers utilizing e-billing (80 percent by 2025) ▪ Publications and pre-recorded videos that provide guidance to customers to reduce water use ▪ E-delivery of LVMWD mailers ▪ Utilize both traditional (i.e. newspaper op-eds and press releases) and modern/innovative means to reach customers and stakeholders including, social media posts, e-mail notifications, digital advertising, mass-communication software, podcasts, and virtual participation for facility tours/workshops/Board and other public meetings. |
| <i>Timing</i> | <p>2 + years</p> |
| <i>Ramifications of Not Acting</i> | <p>Lower level of customer satisfaction; less efficient operations.</p> |
| <i>Accomplishments to Date</i> | <p>The AMI deployment is nearing completion with over 13,000 meters installed as of April 2022. Over 2,500 customers have registered to use the customer interface “portal” - WaterSmart. There has been a steady increase in the number of customers that have signed up for e-billing and customers can now receive mailers via e-mail. Digital advertising and mass-communication software via Everbridge have been initiated. Additionally, 42 percent of customers have signed up for e-billing and 47 percent for autopay as of April 2022.</p> |

Strategic Objective No. 8 Develop a process to act on efficiency improvement suggestions.

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| <i>Applicable Business Values</i> | <ul style="list-style-type: none"> ▪ Innovative and Efficient Operations ▪ Highly Effective Workforce |
| <i>Most Relevant Standards</i> | <ul style="list-style-type: none"> ▪ Systematic Approach to Enhance Efficiency ▪ Invest in Efficiency Improvements ▪ Reduce Cost while Preserving Key Service Standards ▪ Use Proven Technologies to Increase Efficiency ▪ Develop Employee Skills, Competencies, Leadership |
| <i>Background</i> | LVMWD's commitment to efficient operations have enabled it to provide value to customers with high-quality service and the lowest rates as compared to surrounding agencies. Employees are the best source of suggestions to improve efficiency. |
| <i>Challenge/Opportunity</i> | The challenge is to foster an efficiency "ethic" where suggestions originate from employees who are most familiar with LVMWD's day-to-day operations and can be acted upon by managers. The opportunity would be for LVMWD to adopt efficiency improvements that would not otherwise have been identified. |
| <i>Solution</i> | <p>Develop and implement a process for LVMWD to act on efficiency improvements submitted by employees, considering the following:</p> <ul style="list-style-type: none"> ▪ An organized, systematic process ▪ Development of a suggestion submittal form ▪ Evaluation process with Department Head and GM review ▪ Response to suggestions ▪ Implementation of new efficiency improvements ▪ Recognition of employees who suggested the efficiency improvements |
| <i>Timing</i> | 1 year |
| <i>Ramifications of Not Acting</i> | Lower level of operational efficiency; lower morale; loss of creativity. |
| <i>Accomplishments to Date</i> | The District implemented an "Idea Committee" that includes a committee that reviews all submissions. These submissions have included everything from sanitizing stations (pre-COVID) to process improvements. |

Strategic Objective No. 9 Enhance LVMWD’s asset management programs.

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| <i>Applicable Business Values</i> | <ul style="list-style-type: none"> Reliable Water Supplies and Service Sound Planning and Appropriate Investment Sound Financial Management |
| <i>Most Relevant Standards</i> | <ul style="list-style-type: none"> Comprehensive Maintenance and Replacement Programs Long-Term View, Appropriate CIP Funding |
| <i>Background</i> | LVMWD has an existing asset management program to identify maintenance, rehabilitation and replacement needs for its various asset types. Condition assessments are routinely conducted for some types of assets; whereas, other such as underground pipelines are evaluated based upon factors such as age, soil conditions, breaks and pipe material. Future maintenance and replacement programs can best be planned using data from an effective asset management program. |
| <i>Challenge/Opportunity</i> | Asset management practices have advanced significantly in recent years with many agencies facing the daunting task of renewing their aging infrastructure. With limited resources available, agencies must make the difficult choices regarding expensive infrastructure rehabilitation and replacement projects. The challenge for LVMWD is to minimize the life-cycle cost of its infrastructure and make informed decisions on future maintenance, rehabilitation and replacement investments. |
| <i>Solution</i> | Enhance LVMWD’s existing asset management system by collecting and leveraging data to guide future investment decisions. |
| <i>Timing</i> | 5 to 10 years |
| <i>Ramifications of Not Acting</i> | Increased occurrences of asset failure; reduced service reliability; increased costs. |
| <i>Accomplishments to Date</i> | The Potable Water Pipeline and Sanitary Sewer Pipeline Assessment and Replacement Programs were developed and included in the Infrastructure Investment Plan (IIP), with adopted rates to support significant levels of funding over the course of the next 10 years. |

REVIEW AND UPDATE OF STRATEGIC PLAN

An effective strategic plan must be reviewed and updated periodically to address changing circumstances and priorities. LVMWD reviews its strategic plan annually in conjunction with the budget preparation process. At that time, progress toward accomplishment of the strategic objectives is evaluated. This Plan incorporates significant updates since the time of the original version in 2016 and will be reviewed and updated as needed in future years.

ACKNOWLEDGEMENTS

All LVMWD employees deserve recognition for supporting the development of the strategic plan. Many employees participated in one-on-one interviews to provide their insights on the challenges and opportunities facing LVMWD and offered creative solutions to deal with them. The following Board Members, consultant and employees were particularly instrumental in the process to develop the strategic plan.

- Former Director Glen D. Peterson, former President and current MWD Representative
- Director Lee Renger, Secretary
- Director Charles P. Caspary
- Director Jay Lewitt, President
- Director Leonard E. Polan, Vice-President
- John Ruetten, President, Resource Trends, Inc.
- Gretchen Bullock, Purchasing Supervisor
- Brett Dingman, Water Reclamation Manager
- Jan Dougall, former Environmental Analyst II
- Jacqy Gamble, former Management Analyst II
- John Gil, Electrical/Instrumentation Supervisor
- Brad Glassman, former Laboratory Supervisor
- Josie Guzman, Executive Assistant/Clerk of the Board
- Mike Hamilton, former Financial Analyst
- Mike Hand, Technical Services Support Supervisor
- Steve Jackson, Water Treatment Plant Supervisor
- Jim Korkosz, Facilities Manager
- David Lippman, former Director of Facilities and Operations
- Harold Matthews, former Information Systems Manager
- Michael McIntyre, former SCADA Systems Analyst
- Larry Miller, former Water System/Facilities Manager
- Karen Norman, Administrative Assistant, Water Reclamation
- Carol Palma, former Customer Service Manager
- Sherri Paniagua, former Human Resources Manager
- Don Patterson, Director of Finance and Administration (original 2016 and 2022 update)
- David Pedersen, General Manager
- Deborah Peters, former Public Affairs Associate
- Ken Reed, former Water Treatment and Production Supervisor
- Jeff Reinhardt, former Public Affairs and Communications Manager
- Carlos Reyes, former Director of Resource Conservation and Public Outreach
- David Ruiz, Water Reclamation Plant Operator I
- Eric Schlageter, Principal Engineer
- Mike Varbel, Senior Water Reclamation Plant Operator
- John Zhao, Director of Facilities and Operations (original 2016 and 2022 update)
- Joe McDermott, Director of Engineering and External Affairs (2022 update only)





□ April 12, 2022 LVMWD Regular Board Meeting

TO: Board of Directors

FROM: General Manager

Subject : Opportunities to Improve Long-Term Water Supply Reliability

RECOMMENDATION(S):

Discuss opportunities to improve the long-term water supply reliability for the District's customers.

FISCAL IMPACT:

No

ITEM BUDGETED:

No

Prepared by: David Pedersen



□ April 12, 2022 LVMWD Regular Board Meeting

TO: Board of Directors

FROM: General Manager

Subject : Tactical Actions and Activities for Fiscal Years 2020-22: Progress Update

SUMMARY:

As part of each biennial budget, the Board approves Tactical Actions and Activities that highlight the District's efforts to accomplish the strategic objectives of the District as articulated in its Strategic Plan. The attached report provides a summary of the progress on the District's Tactical Actions and Activities for Fiscal Years 2020-22.

RECOMMENDATION(S):

Receive and file the update on the Tactical Actions and Activities for Fiscal Years 2020-22.

FISCAL IMPACT:

No

ITEM BUDGETED:

No

DISCUSSION:

Each year staff presents progress on the current fiscal years' Tactical Actions and Activities. As staff develops the proposed Fiscal Years 2022-24 Two-Year Budget, staff will evaluate the current Tactical Actions and Activities and provide recommendations for any updates.

GOALS:

Ensure Effective Utilization of the Public's Assets and Money

Prepared by: Donald Patterson, Director of Finance and Administration

ATTACHMENTS:

Tactical Actions and Activities Update

FISCAL YEAR 2020-22 TACTICAL ACTIONS AND ACTIVITIES

Strategic Objective No. 1

Develop a strategy to maintain a highly effective workforce.

- Assist in organizational development through improved training and professional development.
 - ✓ *A communications program developed as a collaboration of District staff with professors from California Lutheran University, was introduced and the first 15 employees completed the program last fiscal year. A Speaker's Bureau, a cohort of employees completing this program, is expected to kick off in the 2022-23 fiscal year. A new group of employees will be selected to start the communications program in FY 22-23.*
 - ✓ *The District partnered with California Lutheran University to provide a Local Government Scholarship opportunity to staff at no cost to the District. The scholarship offers a \$100 per unit discount toward completion of the university's Graduate or Bachelor's Degree for Professionals program.*
 - ✓ *Increased efforts are being made to increase supervisor preparedness. To this end, an interactive performance management workshop in live webinar format was administered to employees in the SPC group and above. The recording is available as a resource in the Employee Portal and will be provided to new supervisors upon assuming a supervisory position.*
 - ✓ *Additional training and professional development opportunities to develop supervisory competencies are being explored.*
 - ✓ *Cross-training programs have been implemented to develop future Pure Water Project operators*
- Implement recommendations from various District Committees including but not limited to the Safety Committee and the Ideas Committee/Subcommittees to the extent they are feasible.
 - ✓ *Ideas and recommendations from employees and committees continue to be introduced and implemented; some were related to the COVID-19 emergency and others for employee wellness and development. For example, the Safety Committee presented an idea to provide touchless water bottle fillers to all District buildings to continue our mission to unbottle the future and to assist our employees in saving time and money. The idea was submitted to the ACWA JPIA Wellness Program Committee as part of our Wellness Grant Application submitted in June 2021. The ACWA JPIA awarded the District a Wellness Grant in the amount of \$1,700, and the funds were used to purchase touchless water bottle fillers.*
 - ✓ *Identify, coordinate and implement cost-effective training programs focused on employee development.*
 - ✓ *Due to COVID-19 restrictions and considerations, training was primarily administered remotely this fiscal year. The District has continued to adhere to its safety training calendar to the extent the training could be administered online, and has been successful in administering nearly all of the annual trainings designated in the safety training calendar. As we are getting back to in-person training, a hands-on fire extinguisher training will be administered in April.*
- Update Administrative Policies related to HR to ensure compliance and sound workplace practices.
 - ✓ *Policies required to comply with COVID-19 were created, implemented and updated as conditions changed; additionally, updates to other existing policies occurred as needed. In addition to policies related to COVID-19, 6 HR-related policies/procedures were established or revised to date in the 2021-22 fiscal year.*
- Negotiate successor MOUs to promote positive labor relations.
 - ✓ *Contracts with represented groups expired 12/31/2021; negotiations with all bargaining groups have been completed. New contracts are in place, effective 1/1/2022 –*

12/31/2024.

- ✓ Quarterly labor-management committee meetings with all three bargaining groups were reinstated to promote positive labor relations through open and regular communication.
- Continue utilizing recruiting strategies that attract a qualified and diverse talent pool.
 - ✓ There has been an increased focus on recruitment this fiscal year due to increased employee attrition. The District hired 11 new employees, promoted 4 employees, and hired 5 interns from July 1, 2021 – April 12, 2022. In addition, there are 4 selected candidates currently in the pre-employment process who will start prior to the end of the fiscal year, and multiple recruitments in progress that are expected to result in additional new hires by the end of the fiscal year.
- Implement a diversity and inclusion plan focusing on education and engagement of employees.
 - ✓ The Diversity and Inclusion (D&I) Committee sponsored an employee holiday luncheon in December 2021, to increase employee engagement and exposure of the D&I Committee.
 - ✓ The D&I Committee incorporated a D&I training into the District's annual safety calendar for all employees to complete. The Committee continues to seek and identify additional D&I-related training and development opportunities to provide to employees.
 - ✓ The D&I committee implemented new employee introduction tab on the D&I Committee page on the Employee Portal.
- Focus on succession planning strategies developed by the committee to ensure efficient transition when experiencing turnover.
 - ✓ Classification strategies, including developing job descriptions that allow for the broader assignment of duties and creating career ladders where feasible, have been implemented.
 - ✓ Operations staff continued an in-house cross-training program to facilitate institutional knowledge transfer.
 - ✓ Supervisors and managers in all departments are encouraged to cross-train their staff.
 - ✓ Increased training and professional development opportunities as discussed above are intended to support the District's succession planning efforts.
 - ✓ Employee surveys are being developed to assist with the District's retention efforts.
 - ✓ Candidate "pools" are being created that will entail annual recruitments for employee groups that have higher attrition rates in an effort to expedite filling vacancies (i.e., Customer Service Representatives).
 - ✓

Strategic Objective No. 2

Improve LVMWD's water supply reliability.

- Complete the detailed design for an interconnection with Calleguas Municipal Water District and coordinate with Calleguas on the preparation of a joint-CEQA document. Issue a call for bids and award a construction contract.
 - ✓ Construction of the LVMWD portion of the Interconnection Project has been completed.
 - ✓ Calleguas MWD's portion of work is currently in the early stages of construction for the Pump Station, Pressure Regulator Station and northern pipeline. The deadline for grant funding has been extended to 2024, which should accommodate completion of the full project.
- Complete design and construction of a 14-inch pipeline connecting the 30-inch transmission main in Valley Circle to the Twin Lakes Pump station to provide additional capacity and improve water supply reliability to the Twin Lakes subsystem.
 - ✓ Plans are complete, and construction is pending upon finalization of easement acquisitions.
- Complete the 2020 Urban Water Management Plan.
 - ✓ The Plan was completed by the deadline on July 1, 2021.
- Complete the 2020 Watershed Sanitary Survey for Las Virgenes Reservoir.
 - ✓ Completed and brought before the Board in April of 2020 for acceptance. Recommendation was to maintain the current monitoring program.

- Obtain approval from the Division of Drinking Water of a revised Potable Water System Permit incorporating the results of the tracer study at the Westlake Filtration Plant.
 - ✓ *Submitted to Division of Drinking Water (DDW) on 8/13/2018. All of the changes submitted were from their comments. We will continue to work with DDW following the summer run, and the Stantec trihalomethanes (THM) Study. In addition, the Raw Water Reservoir was covered, and this could produce some changes in the future with chlorine dosing requirements.*
 - ✓ *The cover on the Raw Water Reservoir is currently a temporary cover to allow for testing to determine if a full cover is warranted.*
- Consider and evaluate non-potable water sources to increase the influent of the Pure Water Project such as groundwater, low flow diversions and sewerage of septic systems.
 - ✓ *This effort has been completed by Jacobs Engineering as part of their scope of work, and additional sources will be incorporated into the Pure Water Project over time when deemed feasible.*
 - ✓ *Currently working with Four Seasons Hotel to bring in their ground water discharge to Tapia and with City of Agoura Hills to divert their dry weather flows from the storm drainage systems.*
 - ✓ *Working with MET staff to identify projects that will bring State Water Project dependent areas more reliable water.*

Strategic Objective No. 3

Support customers to meet water-use efficiency standards.

- Participate in statewide discussions on former Governor Brown's Making Conservation a California Way of Life, and promote its implementation by the District and its customers.
 - ✓ *On-going and as opportunities arise.*
 - ✓ *Participated in a Hearing at a regularly scheduled Water Resources Control Board Meeting on September 21, 2021 to share with the Water Board, and participating agencies, the conservation efforts being undertaken by the District.*
- Continue with efforts to help customers manage water use by educating them on their water budgets and providing helpful tips to reduce water use through in person-contact, social media and other outlets.
 - ✓ *Water budget education was provided during the Community Meetings for the Proposed Rate Changes in January 2021.*
 - ✓ *Educational efforts are on-going through multiple outreach channels for increasing water efficiency.*
 - ✓ *Formed the Drought and Water Efficiency Committee in May of 2021, and developed the Strategic Communication Plan for Drought Messaging – implemented messaging to customers in response to the drought.*
 - ✓ *Mailed postcards/report cards to customers in September of 2021, informing them of how they have been doing with using water efficiently.*
 - ✓ *Conducted over 674 on-site water use surveys/irrigated area confirmations since January of 2021 to date.*
- Continue with focused outreach for inefficient water users in conjunction with the deployment of the Advanced Metering Infrastructure (AMI or Smart Meters) and the implementation of a plan for providing weather based irrigation controllers and other water saving initiatives.
 - ✓ *Completed the first Rachio weather-based irrigation controller (WBIC) Giveaway Program (2,144 controllers installed).*
 - ✓ *Initiated the Rachio WBIC Discount Program (Over 350 controllers installed to date since January 2021).*
 - ✓ *Mailed and e-mailed notices to customers beginning March 21, 2022 that have been incurring water use penalties, and included information on how to avoid future penalties including a Water Efficiency Checklist.*
- Continue with efforts to increase participation in regional and District-administered conservation programs.

- ✓ *Continued with efforts to develop a Landscape Transformation Program with stakeholders throughout the region.*
- ✓ *Completed the installation of over 13,000 (out of 21,000) meters under the Advanced Metering Infrastructure Project.*
- ✓ *Installed over 2,494 Rachio WBIC devices.*
- Continue making refinements to customer data for more accurate water budgets.
 - ✓ *Refinements are made as requested on an on-going basis.*
- Solicit and identify a vendor that will provide a customer interface platform in conjunction with deployment of the AMR/AMI Smart Meter Project.
 - ✓ *Completed. WaterSmart was selected, and is currently accessible to all customers. Over 2,357 customers have registered to date.*

Strategic Objective No. 4

Eliminate discharges to Malibu Creek by maximizing beneficial reuse.

- Have the Independent Advisory Panel complete their review of the mixing and dilution study and act on any recommendations.
 - ✓ *Completed and currently working with Jacobs to incorporate the recommendations in the Preliminary Design Report and “Bridging” documents for the Pure Water Project.*
- Continue the investigation and evaluation of sources of chloride in the JPA's recycled water to support a Basin Plan Amendment to increase the chloride limit for discharges to the Los Angeles River.
 - ✓ *Working with Regional Water Quality Control Board staff on the NPDES permit renewal.*
- Complete the evaluation of alternatives for compliance with summer time TMDL discharge limits, select a preferred alternative, and complete preliminary design and environmental analysis.
 - ✓ *Most feasible alternative selected (breakpoint chlorination and release of potable water to the creek). Design is completed, and construction is underway.*
- Complete the Title XVI Feasibility Study and gain Bureau of Reclamation approval.
 - ✓ *Completed in 2020.*
- Complete the implementation of a pilot project for low-flow diversion of urban runoff to the sanitary sewer system with the Los Angeles County Department of Public Works.
 - ✓ *County is working on obtaining rights-of-way for the project. Design for City of Agoura Hills Dry-Weather flow Diversion is completed.*
- Enhance public outreach, regulatory coordination and financial planning for the Pure Water Project Las Virgenes-Triunfo.
 - ✓ *Execution of the Pure Water Project Public Outreach Plan, including tours of the demonstration facility are on-going. Three special events are in the planning stages (i.e., Coffee Brew using pure water) and scheduled to occur during 2022.*
 - ✓ *A financial plan, including the determination of “bill impacts” was developed and presented to the JPA Board.*
 - ✓ *Staff continues to schedule and meet with regulators, including the Division of Drinking Water and the Regional Water Quality Control Board, to promote the Project and to identify potential regulatory challenges and opportunities for relief.*
- Continue to track and provide comments on important SWRCB policy processes for a Numerical Nutrient Endpoint (NNE) framework, development of biological objectives and toxicity.
 - ✓ *Slow movement on the NNE/ Biological Objectives, New Toxicity method already in place for effluent.*
- Continue to engage in community outreach programs intended to keep customers informed of Malibu Creek Watershed issues including the use of social media and other outlets.
 - ✓ *Efforts are on-going.*
- Closely monitor local city and county MS4 permit activities.
 - ✓ *Efforts are on-going, and participated in several meetings with City of Agoura Hills regarding their projects*

Strategic Objective No. 5

Achieve a high credit rating for LVMSD's three enterprises.

- Continue to rebuild the potable water enterprise reserves towards stated policy levels.
 - ✓ *Completed. Potable Water Enterprise Revenues are within stated policy levels. Present annual review of the Investment Policy, Cash, and Investment positions to the Board.*
 - ✓ *Scheduled for Strategic Planning Workshop on April 12, 2022.*
- Pursue grant-funding opportunities to offset the cost of major District projects, particularly the Pure Water Project Las Virgenes-Triunfo.
 - ✓ *Reclassified a supervisor position with a Management Analyst and centralized grant writing and administration duties – received notice of \$500,000 in grant funding from the Bureau of Reclamation WaterSmart Program for the Advanced Metering Infrastructure Project.*
 - ✓ *Continue to advocate for funding at the State and Federal level to assist with planning, design and/or construction of the Pure Water Project.*
 - ✓ *MWD \$35,000 Artificial Intelligence Pure Water Demonstration Grant and \$300,000 Bureau of Reclamation Grant for the Pure Water demonstration project.*
 - ✓ *The following grants have been obtained for a total of \$2,303,544.*

| | |
|---|------------------|
| <i>Bureau of Reclamation (Title XVI Study) (closed)</i> | <i>\$150,000</i> |
| <i>Bureau of Reclamation (Demo Project) (closed)</i> | <i>\$300,000</i> |
| <i>MWD (Demo Project)</i> | <i>\$34,575</i> |
| <i>Coastal Conservancy (Demo Project)</i> | <i>\$925,720</i> |
| <i>SWRCB (Demo Project)</i> | <i>\$893,249</i> |
 - ✓ *Submitted application for Title XVI funding grant for Pure Water Project, March 2022.*
- Continue to receive the GFOA awards for the District's budget, ACFR, and PAFR documents.
 - ✓ *GFOA award application has been submitted for the 2021 Annual Comprehensive Financial Report (ACFR); awaiting reply.*
 - ✓ *The PAFR was not prepared this year due to staffing shortages and transition.*
 - ✓ *The Two-Year Budget received the GFOA award for 2020-2022. Staff are working to implement new GFOA award standards for 2022-2024 budget document. Continue to improve and expand the District's financial reporting to reach a broader audience to increase transparency.*
 - ✓ *Completed implementation of new ERP system. Continuing to train District Staff on use of system.*
 - ✓ *Implemented Tracker Investment software used for monthly investment reporting.*
 - ✓ *Implemented DebtBook software to manage District's debt and assist with financial reporting.*
- Ensure the District's financials reflect the most current implementation of GASB standards.
 - ✓ *The District's financial documents continue to meet GASB standards in the ACFR .*
 - ✓ *District staff continue to monitor new implementations as they are issued by GASB.*
- Continue to evaluate important District operations to ensure that sufficient internal controls are employed to minimize potential financial risk.
 - ✓ *Financial Policies will be reviewed on April 12, 2022 Strategic Planning Workshop.*
- Continue to adhere to the District's bond covenants.
 - ✓ *Adhered to all of the District's Bond covenants.*
- Continue to promote and further the fiduciary responsibility and integrity of District staff responsible for administration and oversight of public funds.
 - ✓ *Provided training for staff to ensure implementation of the latest best practices and laws.*
 - ✓ *Effectively administer the stewardship of public resources through responsible fiscal management and planning by achieving optimal rate of return on investments.*
 - ✓ *Complete risk assessment of Agency-wide internal processes to insure proper internal controls are in place to protect public assets.*

Strategic Objective No. 6

Reduce LVMWD's carbon footprint

- Issue and evaluate a Request for Proposals for an additional 4 to 5 megawatts of solar power generation capacity in the North Canyon, utilizing the REC-BCT tariff.
 - ✓ *The 4 MW solar project completed and operational. Over \$2.8 million SCE Indifference Payment Received.*
- Complete the installation of new process air compressors and diffusers for the Tapia Process Air Improvements Project, which will result in a significant reduction in Tapia's energy usage.
 - ✓ *Completed, and received the APWA 2020 Project of the Year Award. Eligible for receiving national recognition for Project of the Year.*
- Implement additional energy efficiency programs and applying for SCE rebates.
 - ✓ *Working with SoCalREN to identify additional pump efficiency programs that maybe qualify for SCE rebate. Work on the implementation of additional solar and Battery Energy Storage Projects for Rancho, and the Recycled Water Pump Station.*
- Initiate a study to consider floating PV panels at Las Virgenes Reservoir.
 - ✓ *This is being considered as part of studies and preliminary design efforts for the Pure Water Project.*
- Continue school education programs focused on conservation and environmental stewardship in addition to adult education opportunities (i.e. landscaping and gardening classes).
 - ✓ *On-going effort. Website content, including videos, have been developed and placed on the District Website for distinct elements of the new Sustainability Garden. In person gardening classes were put on hold because of COVID but have since been reinstated.*

Strategic Objective No. 7

Provide new/improved customer tools to enhance service delivery.

- Plan, design, bid and deploy a new Advanced Metering Infrastructure (AMI) system and educate customers on the benefits of AMI along with the proper utilization of its customer interface portal.
 - ✓ *The Alpha and Beta Phases of the Project have been completed.*
 - ✓ *The AMI Project is underway with over 13,000 (out of 21,000) meters installed to date.*
 - ✓ *The Customer Interface Portal, WaterSmart, is now available to all customers. Customers with an AMI meter installed can view near real-time water use and receive leak notifications. 2,357 customers have registered to date.*
- Implement billing enhancements: billing transfers consolidated billing and automatic owner move-ins/outs as part of the new CIS Version 4 Software.
 - ✓ *CIS Version 4 is fully implemented, and has been in use since August 2020.*
- Implement rain forecast, shutdowns, and other useful information with a new Customer Interface Platform and in conjunction with deployment of the AMI Project.
 - ✓ *Completed.*
- Conduct a customer satisfaction survey as part of the AMI Project.
 - ✓ *Currently under development, and scheduled to be distributed to customers in 2022.*

Strategic Objective No. 8

Develop a process to act on efficiency improvement suggestions.

- Continue the Employee Idea Program and act on those ideas that provide the greatest opportunity to the District.
 - ✓ *Acted on staff suggestions to store consumable parts for mission critical specialized equipment to avoid long lead-time for parts ordering and reduce equipment downtime.*

Strategic Objective No. 9

Enhance LVMWD's asset management programs.

- Continue to update and improve the District's asset management programs such as the Infrastructure Investment Plan, scheduling of tank coating rehabilitation based on condition and evaluation of the distribution system based on failure history and condition.
 - ✓ *Significant advancement of the District's IIP/CIP projects were made, including facility repairs and tank coating rehabilitation projects. Pipeline condition assessment, rehabilitation and replacement program to be developed in the next fiscal year.*
 - ✓ *Implementation of the Upkeep program to improve internal work order delivery system efficiency and providing a platform for maintenance staff to enhance institutional knowledge transfer and succession planning.*
- Reevaluate the SCADA communication project and revise the plans and specifications accordingly.
 - ✓ *Plans and Specifications have been revised. Staff published a Request for Proposals (RFP) in March 2021 for Phase 1 of the project.*
 - ✓ *The revised proposal and recommendations by staff on the project approach was adopted by the board.*
 - ✓ *Site propagation studies and system design for the communication network are currently in progress. Final network design will be followed by request for bids for phased installation based on set priorities.*
- Proceed with the conversion and replacement of the District's SCADA system field components (PLCs) at Tapia, modernizing obsolete equipment.
 - ✓ *Upon receiving staff recommendation from a Request for proposals (RFP), the JPA Board accepted the proposal from The Rovisys Company (Rovisys).*
 - ✓ *Rovisys kicked-off implementation in August 2020.*
 - ✓ *Project is on-going with significant progress made.*
 - ✓ *Implemented iGreen operation data management and reporting system. The system provides secure up-to-date system information to all District staff for improved efficiency in information gathering and decision-making process.*
- ✓ Complete the various rehabilitation/replacement projects identified in the Fiscal Year 2018-19 and 19-20 Budget and Infrastructure Investment Plan.
 - ✓ *Pure Water Demonstration Facility – Completed*
 - ✓ *Twin Lakes Pump Station Pipeline – Design is complete/bidding and construction to commence pending finalization of easement acquisitions.*
 - ✓ *Rancho Amendment Bin and Conveyance Modification Project – Completed*
 - ✓ *Stationary Emergency Generator – Construction has commenced and is scheduled to be completed in 2022.*
 - ✓ *Rancho Woolsey Fire Repairs – Completed*
 - ✓ *Twin Lakes Pump Station Improvements – Plans and specifications completed by contractor and reviewed by the District. Project bid by developer and construction is pending.*
 - ✓ *Deerlake Tank – Plans and specifications complete and reviewed by the District. Project bid by developer and construction is pending.*
 - ✓ *Jim Bridger and Long Valley Water Replacement Project – Completed*
 - ✓ *Digester No.2 Rehab Project – Completed*
 - ✓ *Centrate Tank Valve Replacement – Completed.*
 - ✓ *Tapia Summer TMDL Compliance – Construction has commenced and is scheduled to be completed in 2022.*
 - ✓ *Westlake Filtration Plant Landscape Project – Completed*
 - ✓ *Westlake Filter Plant Woolsey Fire Repairs – Completed Westlake Filtration Plant Torchwood Tank Landscape – Completed*
 - ✓ *White Room Flooring – Tapia Headworks – Completed*

- ✓ *Cordillera Tank Rehabilitation – Completed*
- ✓ *Saddle Peak Tank Rehabilitation – Completed*
- ✓ *Triunfo Creek Bridge Water Main Replacement – Completed*
- ✓ *Tapia Hypochlorite Tank Replacement – Completed*
- ✓ *Calleguas Interconnection Pipeline (Southern Leg) - Completed*
- ✓ *Continued implementation of water distribution system valve turning program and sewer inspection programs.*

Other Important Tactical Actions and Activities:

- Evaluate operational strategies to minimize the financial impact of changes to SCE tariff/rate schedules on the cost of the District's energy consumption.
 - ✓ *Staff is adjusting pump operation timing based on off-peak electricity price for winter and summer variations.*
 - ✓ *Staff is also working with SCE on pump efficiency testing to ensure the best pumping strategy.*
- Continue to participate in the Association of Water Agencies of Ventura County.
 - ✓ *On-going. Hosted a tour of the Demonstration Facility with AWA.*
- Conduct an emergency response exercise.
 - ✓ *Conducted an earthquake drill in October 2019.*
 - ✓ *The District is part of the Water Agency Emergency Manager Group. The group meets and discusses action plans for local agencies emergencies.*
 - ✓ *Training staff provided for utilizing the Everbridge mass notification program.*
- Maintain awareness and interactions with MWD on outreach and legislative initiatives.
 - ✓ *Attended monthly Member Agency Managers Meeting.*
 - ✓ *Coordinated drought messaging efforts.*
 - ✓ *Began collaborating on near and long-term solutions for improving supply reliability.*
- Conduct legislative monitoring and advocacy per the adopted District and JPA Legislative Policy Principles.
 - ✓ *On-going. Currently tracking over thirty State Bills dozens of Federal Bills.*
- Monitor and implement industry trends in communications, education and outreach programs.
 - ✓ *Utilized digital advertising for the LV Tap, and drought messaging campaigns to reach more customers.*
 - ✓ *Researching additional outreach platforms to enhance District reach.*
- Conduct outreach for the District's capital improvement projects.
 - ✓ *Outreach to HOA and adjacent neighbors in the City of Hidden Hills for the Stationary Emergency Generator Project.*
 - ✓ *Conducted public outreach using a variety of resources to support the Calleguas Interconnection Project.*
 - ✓ *Conducted a Zoom workshop for the deployment of advanced meters and registration for the WaterSmart Portal with over 100 attendees.*
- Utilize speaker's bureau outreach on important District issues.
 - ✓ *On-going. Limited speaking events in 2020 and 2021 due to COVID.*
 - ✓ *Will continue to actively seek speaking engagements in the service area, greater region, and at the State level to share District projects and information.*
- Conduct outreach to community groups (HOAs, chambers of commerce and service clubs).
 - ✓ *Limited outreach efforts with community groups in 2020 and 2021 due to COVID. Sponsor community forums on key water and wastewater issues.*
 - ✓ *Conducted the 2020 Tap-in forum virtually. Cancelled the 2021 forum due to COVID.*
- Conduct tours of MWD, District and JPA facilities.

- ✓ *Conducted limited tours in 2020 and developed virtual tours in response to COVID.*
 - ✓ *Reinitiated in-person tours beginning summer of 2021.*
 - ✓ *Grand Opening/Ribbon Cutting for the Pure Water Demonstration Facility in September 2020.*
- Maintain a presence at key community events.
 - ✓ *Limited presence in 2020 and 2021 due to COVID.*
- Continue making website enhancements to improve the customer experience in accessing District information.
 - ✓ *On-going. A new website is under development. Increase social media followers by introducing short, informative and fun-to-watch video clips.*
- Focus on creating interesting and informative graphics that are eye-catching and educational.
 - ✓ *Use short in-house videos that are fun and creative to increase interest in District functions.*
 - ✓ *Use staff throughout the District to show professionalism, skill, and trust in the District's activities.*
- Update Emergency Response Plan (ERP) with experience gained from the COVID-19 Pandemic emergency.
 - ✓ *Completing American Water Infrastructure Act of 2018 (AWIA) reporting requirements with revisions of District's Emergency Response Plan (ERP) per AWIA requirements. The revised ERP will also incorporate Southern California Edison PSPS and COVID-19 Pandemic experience gained.*
- Continue to build and maintain relationships with city and county government officials in the service area.
 - ✓ *On-going effort including: invitations to attend events and tours such as the Pure Water Demonstration Facility Ribbon Cutting and on-going tours, invitations to attend International Women's Day, e-mail notifications summarizing major District initiatives, and attendance at City Townhall and/or Council Meetings concerning District projects or activities.*



April 12, 2022 LVMWD Regular Board Meeting

TO: Board of Directors

FROM: Finance & Administration

Subject : Monthly Cash and Investment Report: March 2022

SUMMARY:

During the month of March 2022, the value of the District’s total cash and investments increased from \$111,466,545, held on February 28th, to \$114,288,883, including \$4,456,881 in loan proceeds for the Automatic Meter Reading/Advanced Metering Infrastructure (AMR/AMI) Project. A significant amount of the increase, \$2.8 million, was from the Southern California Edison payment shared at the April 4, 2022 JPA Board meeting. The total held in the District’s investment portfolio increased from \$108,103,279 to \$112,183,796 at book value. The total cash the District held was \$2,105,087 due to pending payments from the District’s Wells Fargo account. One investments matured and one investment was purchased, decreasing the book value to \$63,593,172. The value of the District’s Local Agency Investment Fund (LAIF) account increased to \$37,465,593, and the District’s CAMP account increased to \$11,116,668.

RECOMMENDATION(S):

Receive and file the Monthly Cash and Investment Report for February 2022, and authorize the assignment of available funds for the Pure Water Project Las Virgenes-Triunfo as part of the proposed Fiscal Years 2022-24 Two-Year Budget.

FISCAL IMPACT:

Yes

ITEM BUDGETED:

No

FINANCIAL IMPACT:

The District has been implementing a multi-year financial plan to prepare for the construction of the Pure Water Project Las Virgenes-Triunfo. A portion of that strategy is to maximize pay-as-you-go funding to reduce the debt burden on the District's ratepayers. This strategy is reflected in the funds available for capital below. Staff recommends that as part of the Fiscal Years 2022-24 Two-Year Budget, the Board assign additional available funds to the project. If supported by the Board, staff will maximize the assignment amount and bring a formal recommendation with the proposed two-year budget.

DISCUSSION:

As of March 31, 2022, the District held \$114,288,883 in its cash and investment accounts, up 2.5% month-over-month. The majority of the funds were held in the District's self-managed investment account, which had a March 31st book value of \$63,593,172. LAIF held the majority of the remaining funds, in the amount of \$37,465,593. CAMP held \$11,116,668, and the remaining portion was held in the District's checking and money market accounts. The annualized yield of the District's investment portfolio was 1.40% in March 2022, down one basis point from February. The annualized yield on the District's LAIF funds was 0.28% in March, unchanged from February. The annualized yield on the District's CAMP funds was 0.06%, unchanged from February. The combined total yield on the District's accounts was 0.88%, down from 0.89% in February.

The following investment was purchased during March 2022:

- 03/01/2022 – State of California Department of Water Resources revenue bond in the amount of \$963,437.50 with a face value of \$1,000,000 and a maturity of 02/14/2025; YTM 1.55%.

One investment matured during March 2022:

- New York State municipal bond matured on 03/15/22; YTM 2.55%

The following transactions were posted in the District's LAIF account:

- 03/10/22 – Deposit in the amount of \$1,000,000.
- 03/17/22- Deposit in the amount of \$1,000,000.
- 03/24/22 – Deposit in the amount of \$2,000,000.
- 03/30/22 – Deposit in the amount of \$1,190,000.

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.

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, 2022 and compares the balances to the adopted Financial Policies. As shown for March, the Potable Water Enterprise had \$20.6 million available for capital projects, the Sanitation Enterprise had \$5.7 million available for

capital, and the Recycled Water Enterprise had \$14.8 million available for capital.

GOALS:

Ensure Effective Utilization of the Public's Assets and Money

Prepared by: Donald Patterson, Director of Finance and Administration

ATTACHMENTS:

Monthly Investment Report - March 2022

Monthly Cash Report - March 2022



**LAS VIRGENES MUNICIPAL WATER DISTRICT
MONTHLY CASH AND INVESTMENT REPORT
March 31, 2022**

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."

| Fund Name | Face Amount/Shares | Market Value | Book Value | % of Portfolio | YTM @ Cost | Days To Maturity |
|---------------------------|-----------------------|-----------------------|-----------------------|----------------|-------------|------------------|
| 1 Investments | 63,598,000.00 | 61,542,696.75 | 63,593,172.26 | 55.64 | 1.40 | 964 |
| 2 LAIF | 37,465,593.11 | 37,465,593.11 | 37,465,593.11 | 32.78 | 0.28 | 1 |
| 3 CAMP | 11,116,667.99 | 11,116,667.99 | 11,116,667.99 | 9.73 | 0.06 | 1 |
| 4 US Bank Blackrock | 8,363.02 | 8,363.02 | 8,363.02 | 0.01 | 0.00 | 1 |
| 5 Wells Fargo Operating | 2,105,087.05 | 2,105,087.05 | 2,105,087.05 | 1.84 | 0.00 | 1 |
| Total / Average | 114,293,711.17 | 112,238,407.92 | 114,288,883.43 | 100.00 | 0.88 | 537 |

David W. Pedersen, General Manager

Date

Lynda Lo-Hill, Treasurer

Date



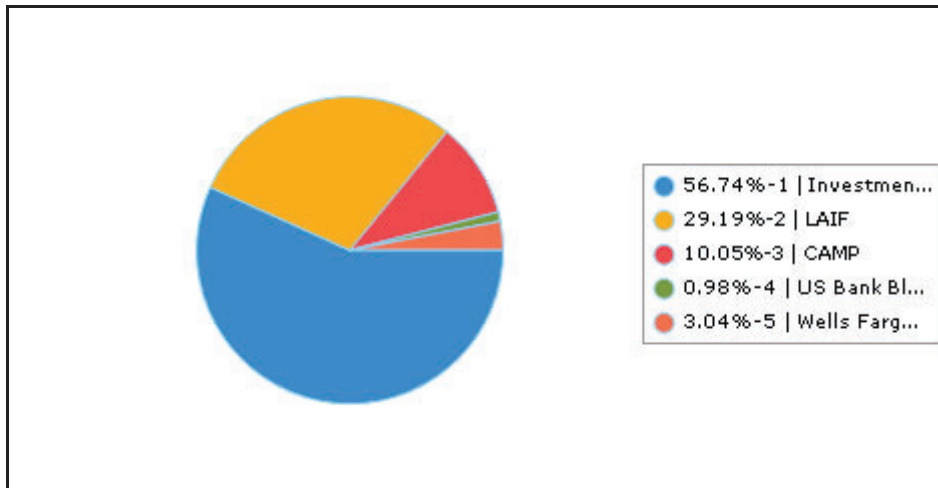
Las Virgenes Municipal Water District CA Distribution by Main Fund - Market Value Report Group | Investment Portfolio

Begin Date: 2/28/2022, End Date: 3/31/2022

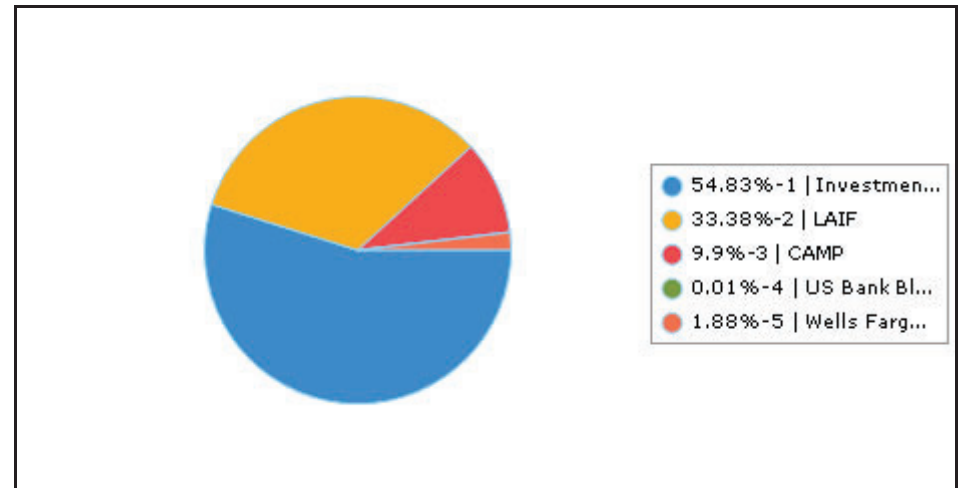
Main Fund Allocation

| Main Fund | Market Value 2/28/2022 | % of Portfolio 2/28/2022 | Market Value 3/31/2022 | % of Portfolio 3/31/2022 |
|---------------------------|---------------------------|-----------------------------|---------------------------|-----------------------------|
| 1 Investments | 62,740,706.61 | 56.74 | 61,542,696.75 | 54.83 |
| 2 LAIF | 32,275,593.11 | 29.19 | 37,465,593.11 | 33.38 |
| 3 CAMP | 11,116,667.99 | 10.05 | 11,116,667.99 | 9.90 |
| 4 US Bank Blackrock | 1,078,608.73 | 0.98 | 8,363.02 | 0.01 |
| 5 Wells Fargo Operating | 3,363,265.66 | 3.04 | 2,105,087.05 | 1.88 |
| Total / Average | 110,574,842.10 | 100.00 | 112,238,407.92 | 100.00 |

Portfolio Holdings as of 2/28/2022



Portfolio Holdings as of 3/31/2022





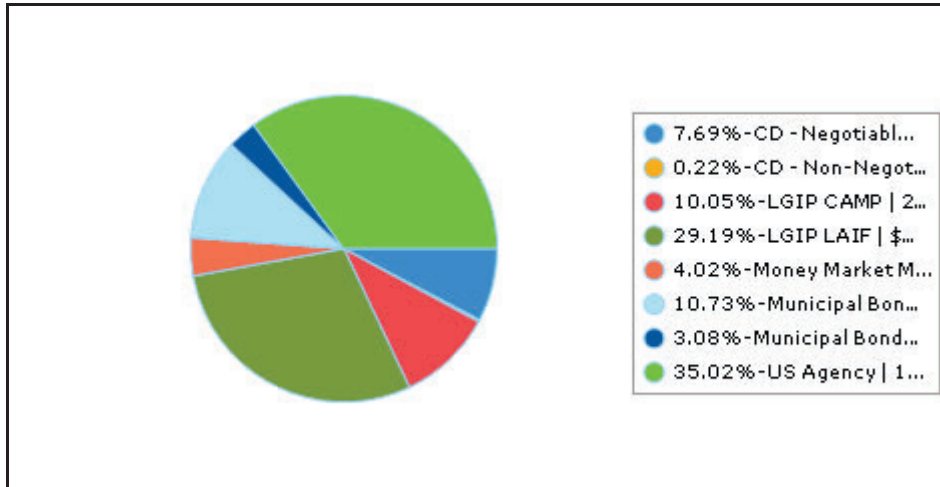
Las Virgenes Municipal Water District CA Distribution by Asset Category - Market Value Report Group | Investment Portfolio

Begin Date: 2/28/2022, End Date: 3/31/2022

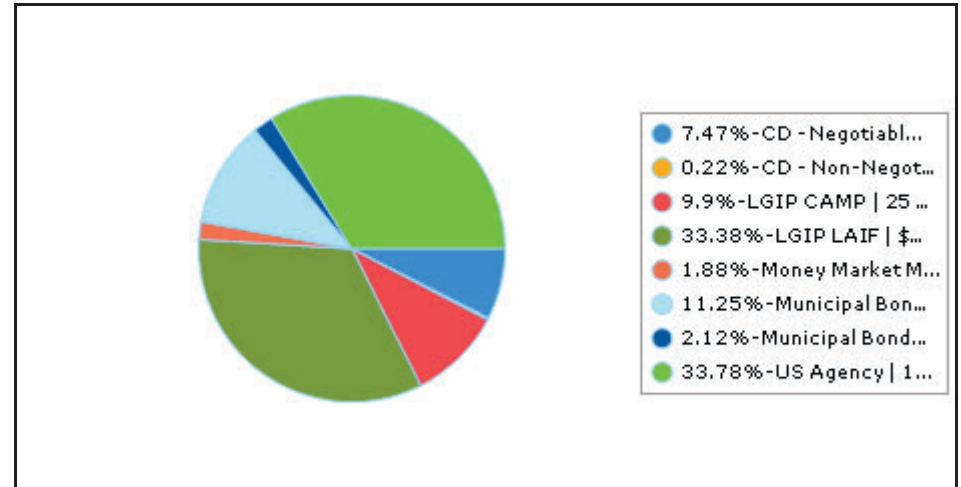
Asset Category Allocation

| Asset Category | Market Value 2/28/2022 | % of Portfolio 2/28/2022 | Market Value 3/31/2022 | % of Portfolio 3/31/2022 |
|----------------------------------|---------------------------|-----------------------------|---------------------------|-----------------------------|
| CD - Negotiable 25 % | 8,500,267.16 | 7.69 | 8,379,380.55 | 7.47 |
| CD - Non-Negotiable 25 % | 246,587.60 | 0.22 | 246,070.65 | 0.22 |
| LGIP CAMP 25 % | 11,116,667.99 | 10.05 | 11,116,667.99 | 9.90 |
| LGIP LAIF \$ 65M | 32,275,593.11 | 29.19 | 37,465,593.11 | 33.38 |
| Money Market Mutual Funds 20 % | 4,441,874.39 | 4.02 | 2,113,450.07 | 1.88 |
| Municipal Bonds - Local 100 % | 11,865,494.60 | 10.73 | 12,629,872.20 | 11.25 |
| Municipal Bonds 100 % | 3,404,822.00 | 3.08 | 2,375,436.00 | 2.12 |
| US Agency 100 % | 38,723,535.25 | 35.02 | 37,911,937.35 | 33.78 |
| Total / Average | 110,574,842.10 | 100.00 | 112,238,407.92 | 100.00 |

Portfolio Holdings as of 2/28/2022



Portfolio Holdings as of 3/31/2022



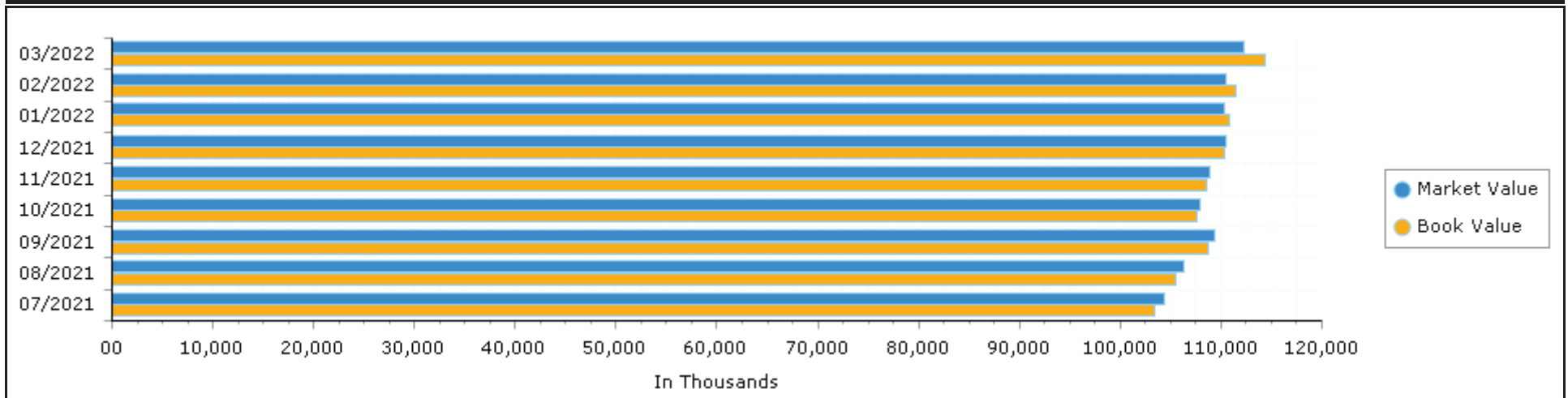


Las Virgenes Municipal Water District CA Portfolio Summary by Month Report Group | Investment Portfolio

Begin Date: 7/31/2021, End Date: 3/31/2022

| Month | Market Value | Book Value | Unrealized Gain/Loss | YTM @ Cost | YTM @ Market | Duration | Days To Maturity |
|-----------------|----------------|----------------|----------------------|------------|--------------|----------|------------------|
| 7/31/2021 | 104,452,979.08 | 103,460,826.62 | 992,152.46 | 0.91 | 0.36 | 1.62 | 602 |
| 8/31/2021 | 106,357,565.28 | 105,474,973.50 | 882,591.78 | 0.88 | 0.37 | 1.54 | 575 |
| 9/30/2021 | 109,403,864.11 | 108,689,323.51 | 714,540.60 | 0.83 | 0.38 | 1.48 | 548 |
| 10/31/2021 | 107,985,564.96 | 107,565,777.18 | 419,787.78 | 0.85 | 0.47 | 1.50 | 558 |
| 11/30/2021 | 108,860,433.75 | 108,605,724.50 | 254,709.25 | 0.86 | 0.51 | 1.47 | 545 |
| 12/31/2021 | 110,521,761.54 | 110,398,264.81 | 123,496.73 | 0.87 | 0.58 | 1.49 | 552 |
| 1/31/2022 | 110,413,689.21 | 110,868,377.10 | -454,687.89 | 0.87 | 0.78 | 1.50 | 558 |
| 2/28/2022 | 110,574,842.10 | 111,466,544.82 | -891,702.72 | 0.89 | 0.95 | 1.49 | 553 |
| 3/31/2022 | 112,238,407.92 | 114,288,883.43 | -2,050,475.51 | 0.88 | 1.33 | 1.44 | 537 |
| Total / Average | 108,978,789.77 | 108,979,855.05 | -1,065.28 | 0.87 | 0.64 | 1.50 | 558 |

Market Value / Book Value Comparison





Las Virgenes Municipal Water District CA
Total Rate of Return - Book Value by Month
Report Group | Investment Portfolio

Begin Date: 7/31/2021, End Date: 03/31/2022

| Month | Beginning BV + Accrued Interest | Interest Earned During Period-BV | Realized Gain/Loss-BV | Investment Income-BV | Average Capital Base-BV | TRR-BV | Annualized TRR-BV | Treasury 3 Year |
|----------------------|------------------------------------|-------------------------------------|--------------------------|-------------------------|----------------------------|-------------|----------------------|-----------------|
| 7/31/2021 | 106,417,181.00 | 105,024.99 | 0.00 | 105,024.99 | 105,861,353.82 | 0.1 | 1.2 | 0.41 |
| 8/31/2021 | 103,669,465.99 | 71,587.38 | 0.00 | 71,587.38 | 101,089,986.77 | 0.07 | 0.85 | 0.42 |
| 9/30/2021 | 105,699,875.47 | 68,264.40 | 0.00 | 68,264.40 | 104,858,957.61 | 0.07 | 0.78 | 0.47 |
| 10/31/2021 | 108,891,419.61 | 92,189.22 | 0.00 | 92,189.22 | 109,544,779.82 | 0.08 | 1.01 | 0.67 |
| 11/30/2021 | 107,783,504.31 | 69,607.65 | 0.00 | 69,607.65 | 107,667,649.87 | 0.06 | 0.78 | 0.82 |
| 12/31/2021 | 108,824,469.34 | 74,874.17 | 0.00 | 74,874.17 | 111,342,566.47 | 0.07 | 0.81 | 0.95 |
| 1/31/2022 | 110,595,101.09 | 92,120.32 | 0.00 | 92,120.32 | 112,319,717.02 | 0.08 | 0.99 | 1.25 |
| 2/28/2022 | 111,073,733.61 | 66,791.36 | 0.00 | 66,791.36 | 111,431,173.38 | 0.06 | 0.72 | 1.65 |
| 3/31/2022 | 111,690,726.46 | 43,397.70 | 0.00 | 66,791.36 | 111,972,540.81 | 0.07 | 0.87 | 1.65 |
| Total/Average | 108,293,941.88 | 683,857.19 | 0.00 | 707,250.85 | 108,454,302.84 | 0.07 | 0.87 | 0.83 |



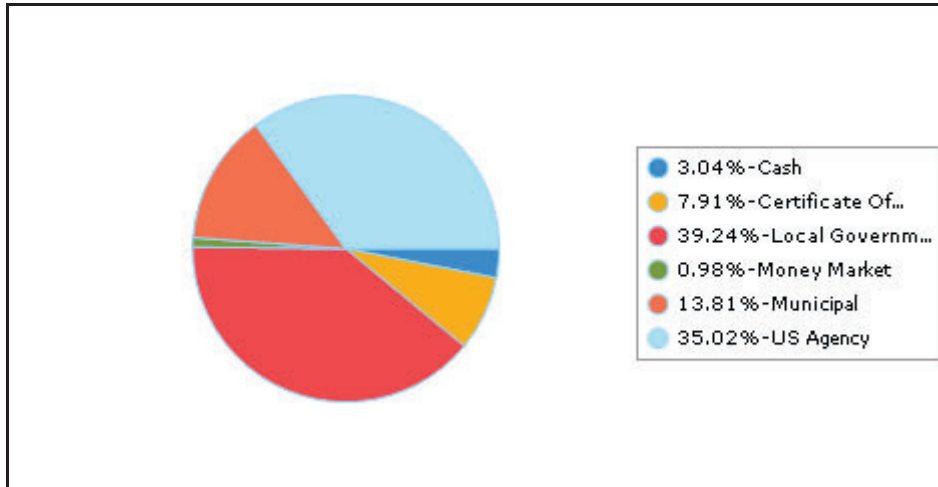
Las Virgenes Municipal Water District CA Distribution by Security Sector - Market Value Report Group | Investment Portfolio

Begin Date: 2/28/2022, End Date: 3/31/2022

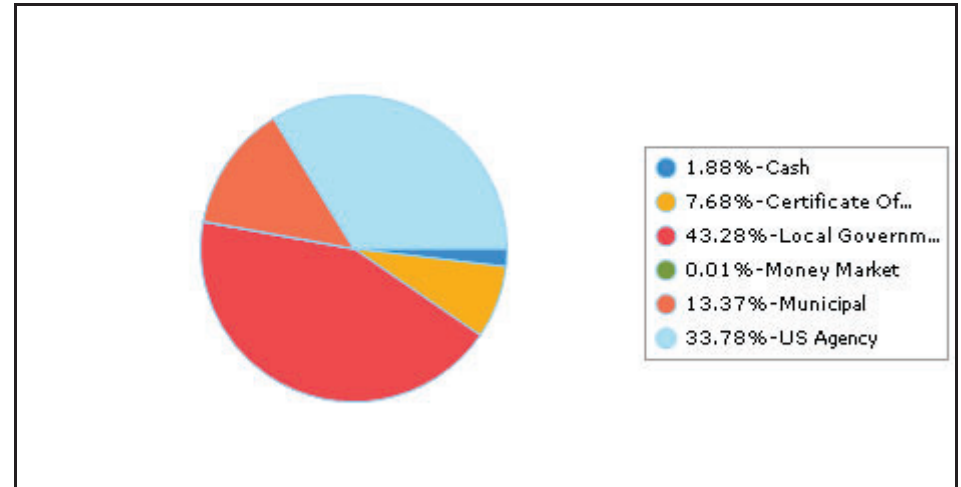
Security Sector Allocation

| Security Sector | Market Value 2/28/2022 | % of Portfolio 2/28/2022 | Market Value 3/31/2022 | % of Portfolio 3/31/2022 |
|----------------------------------|---------------------------|-----------------------------|---------------------------|-----------------------------|
| Cash | 3,363,265.66 | 3.04 | 2,105,087.05 | 1.88 |
| Certificate Of Deposit | 8,746,854.76 | 7.91 | 8,625,451.20 | 7.68 |
| Local Government Investment Pool | 43,392,261.10 | 39.24 | 48,582,261.10 | 43.28 |
| Money Market | 1,078,608.73 | 0.98 | 8,363.02 | 0.01 |
| Municipal | 15,270,316.60 | 13.81 | 15,005,308.20 | 13.37 |
| US Agency | 38,723,535.25 | 35.02 | 37,911,937.35 | 33.78 |
| Total / Average | 110,574,842.10 | 100.00 | 112,238,407.92 | 100.00 |

Portfolio Holdings as of 2/28/2022



Portfolio Holdings as of 3/31/2022





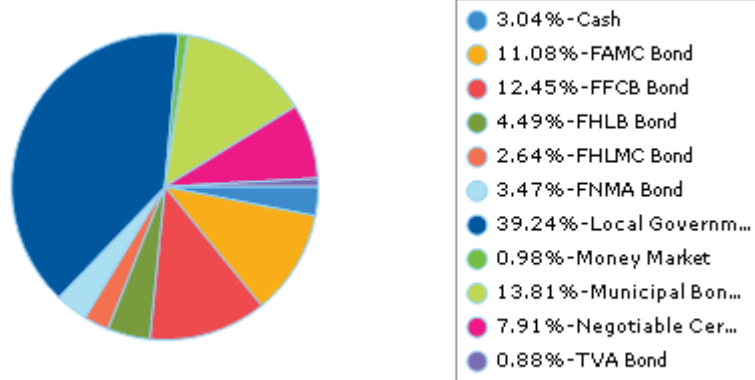
Las Virgenes Municipal Water District CA Distribution by Security Type - Market Value Report Group | Investment Portfolio

Begin Date: 2/28/2022, End Date: 3/31/2022

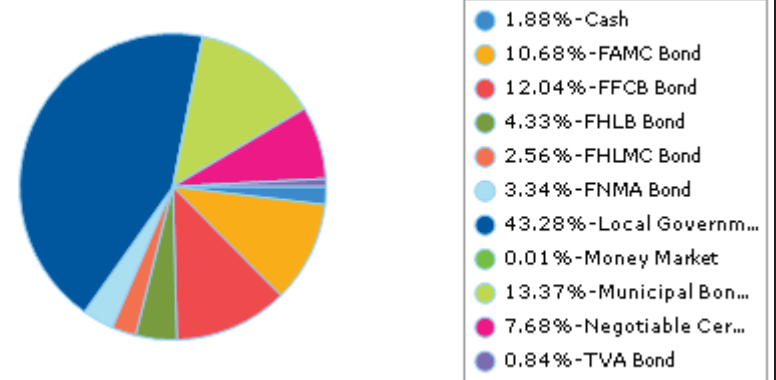
Security Type Allocation

| Security Type | Market Value 2/28/2022 | % of Portfolio 2/28/2022 | Market Value 3/31/2022 | % of Portfolio 3/31/2022 |
|-----------------------------------|---------------------------|-----------------------------|---------------------------|-----------------------------|
| Cash | 3,363,265.66 | 3.04 | 2,105,087.05 | 1.88 |
| FAMC Bond | 12,255,795.25 | 11.08 | 11,986,037.35 | 10.68 |
| FFCB Bond | 13,767,630.00 | 12.45 | 13,510,900.00 | 12.04 |
| FHLB Bond | 4,969,220.00 | 4.49 | 4,854,820.00 | 4.33 |
| FHLMC Bond | 2,921,830.00 | 2.64 | 2,871,970.00 | 2.56 |
| FNMA Bond | 3,839,820.00 | 3.47 | 3,743,160.00 | 3.34 |
| Local Government Investment Pool | 43,392,261.10 | 39.24 | 48,582,261.10 | 43.28 |
| Money Market | 1,078,608.73 | 0.98 | 8,363.02 | 0.01 |
| Municipal Bond | 15,270,316.60 | 13.81 | 15,005,308.20 | 13.37 |
| Negotiable Certificate Of Deposit | 8,746,854.76 | 7.91 | 8,625,451.20 | 7.68 |
| TVA Bond | 969,240.00 | 0.88 | 945,050.00 | 0.84 |
| Total / Average | 110,574,842.10 | 100.00 | 112,238,407.92 | 100.00 |

Portfolio Holdings as of 2/28/2022



Portfolio Holdings as of 3/31/2022

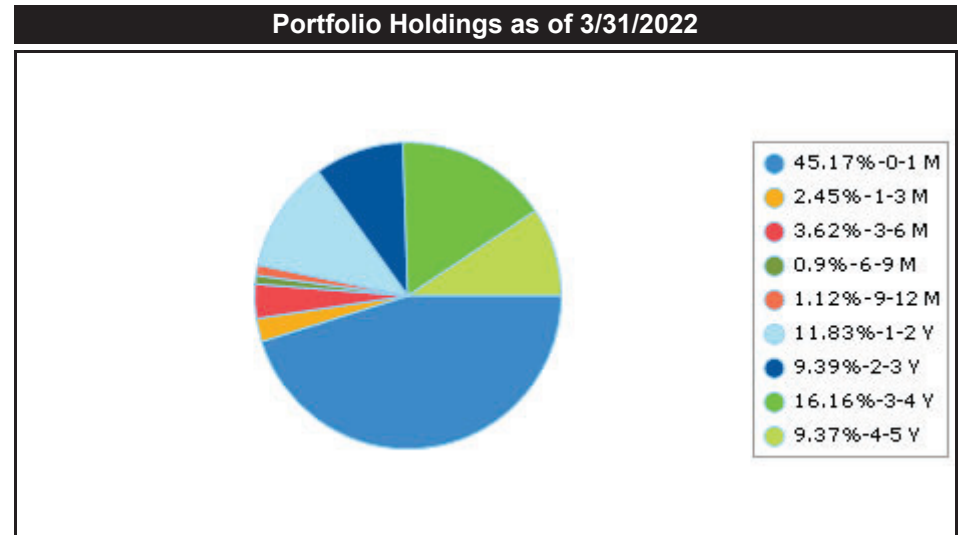
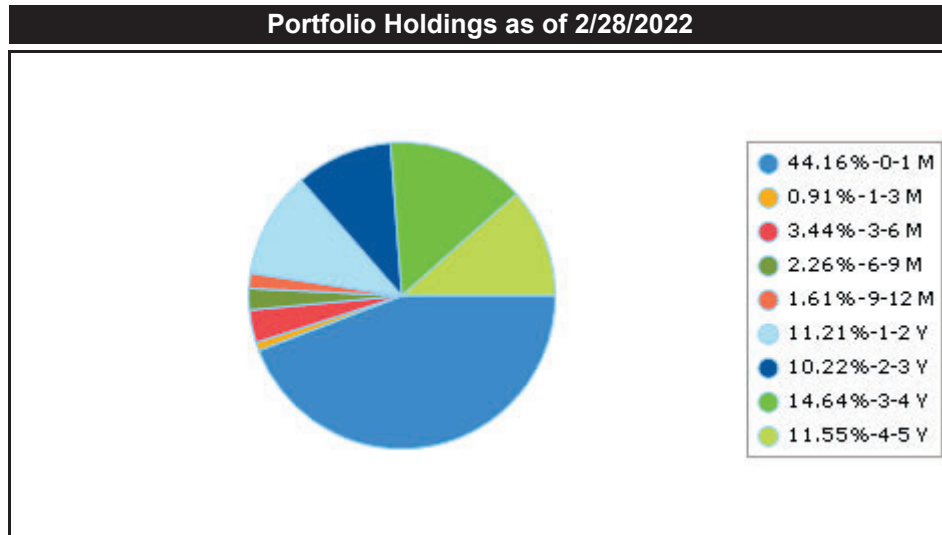




Las Virgenes Municipal Water District CA Distribution by Maturity Range - Market Value Report Group | Investment Portfolio

Begin Date: 2/28/2022, End Date: 3/31/2022

| Maturity Range Allocation | | | | |
|---------------------------|---------------------------|-----------------------------|---------------------------|-----------------------------|
| Maturity Range | Market Value 2/28/2022 | % of Portfolio 2/28/2022 | Market Value 3/31/2022 | % of Portfolio 3/31/2022 |
| 0-1 Month | 48,834,835.49 | 44.16 | 50,695,711.17 | 45.17 |
| 1-3 Months | 1,002,410.00 | 0.91 | 2,746,153.80 | 2.45 |
| 3-6 Months | 3,809,249.25 | 3.44 | 4,058,371.55 | 3.62 |
| 6-9 Months | 2,503,192.10 | 2.26 | 1,012,544.75 | 0.90 |
| 9-12 Months | 1,776,499.75 | 1.61 | 1,253,508.45 | 1.12 |
| 1-2 Years | 12,390,044.50 | 11.21 | 13,273,819.50 | 11.83 |
| 2-3 Years | 11,300,472.50 | 10.22 | 10,544,406.25 | 9.39 |
| 3-4 Years | 16,191,193.20 | 14.64 | 18,137,008.50 | 16.16 |
| 4-5 Years | 12,766,945.31 | 11.55 | 10,516,883.95 | 9.37 |
| Total / Average | 110,574,842.10 | 100.00 | 112,238,407.92 | 100.00 |



Las Virgenes Municipal Water District CA
Portfolio Holdings
Investment Portfolio | by Maturity Range - Monthly Report
Report Format: By Transaction
Group By: Maturity Range
Average By: Cost Value
Portfolio / Report Group: Report Group | Investment Portfolio
As of 3/31/2022

| Description | CUSIP/Ticker | YTM @ Cost | Security Sector | Bullet/Callable | Maturity Date | Book Value | Market Value | % of Portfolio |
|---|--------------|--------------|------------------------|-----------------|---------------|---------------------|---------------------|----------------|
| 1-3 Months | | | | | | | | |
| California State 2 5/1/2022 | 13066YTZ2 | 3.063 | Municipal | Bullet | 5/1/2022 | 999,150.86 | 1,000,880.00 | 1.52 |
| Beverly Hills CA 0.373 6/1/2022 | 088006JW2 | 0.373 | Municipal | Bullet | 6/1/2022 | 250,000.00 | 249,822.50 | 0.39 |
| Goldman Sachs Bank NY 2.35 6/21/2022 | 38148PKX4 | 2.350 | Certificate Of Deposit | Bullet | 6/21/2022 | 245,000.00 | 246,070.65 | 0.39 |
| Sallie Mae Bank UT 2.35 6/21/2022 | 795450A70 | 2.350 | Certificate Of Deposit | Bullet | 6/21/2022 | 245,000.00 | 246,070.65 | 0.39 |
| FHLMC Step 6/29/2022 | 3134GBUZ3 | 2.104 | US Agency | Bullet | 6/29/2022 | 1,000,015.19 | 1,003,310.00 | 1.57 |
| Total / Average 1-3 Months | | 2.330 | | | | 2,739,166.05 | 2,746,153.80 | 4.25 |
| 3-6 Months | | | | | | | | |
| FAMC 1.98 6/30/2022 | 3132X0UH2 | 2.810 | US Agency | Bullet | 6/30/2022 | 464,087.08 | 466,297.35 | 0.71 |
| Maryland State 1.59 8/1/2022 | 574193RY6 | 1.590 | Municipal | Bullet | 8/1/2022 | 1,000,000.00 | 1,002,660.00 | 1.57 |
| Rowland ISD CA 0.445 8/1/2022-22 | 779631JV3 | 0.445 | Municipal | Callable | 8/1/2022 | 100,000.00 | 99,839.00 | 0.16 |
| Texas Capital Bank 0.25 8/8/2022 | 88224PLZ0 | 0.250 | Certificate Of Deposit | Bullet | 8/8/2022 | 245,000.00 | 244,669.25 | 0.39 |
| Bank Hapoalim NY 0.25 8/26/2022 | 06251A2D1 | 0.250 | Certificate Of Deposit | Bullet | 8/26/2022 | 245,000.00 | 244,549.20 | 0.39 |
| American Express 2.4 8/29/2022 | 02587CFU9 | 2.400 | Certificate Of Deposit | Bullet | 8/29/2022 | 245,000.00 | 246,734.60 | 0.39 |
| Capital One VA 2.4 8/30/2022 | 14042RHS3 | 2.400 | Certificate Of Deposit | Bullet | 8/30/2022 | 245,000.00 | 246,732.15 | 0.39 |
| San Francisco California 2.5 9/1/2022-22 | 79772EAX7 | 2.605 | Municipal | Callable | 9/1/2022 | 499,794.02 | 502,910.00 | 0.78 |
| FFCB 1.75 9/13/2022 | 3133EHYR8 | 1.766 | US Agency | Bullet | 9/13/2022 | 999,931.82 | 1,003,980.00 | 1.57 |
| Total / Average 3-6 Months | | 1.803 | | | | 4,043,812.92 | 4,058,371.55 | 6.34 |
| 6-9 Months | | | | | | | | |
| California State 0.349 11/1/2022 | 13077DMH2 | 0.349 | Municipal | Bullet | 11/1/2022 | 500,000.00 | 496,790.00 | 0.79 |
| Martinez Financing Authority CA 0.405 12/1/2022 | 57339JAN0 | 0.405 | Municipal | Bullet | 12/1/2022 | 270,000.00 | 268,096.50 | 0.42 |
| Wells Fargo Bank 2.5 12/8/2022 | 949763LR5 | 2.500 | Certificate Of Deposit | Bullet | 12/8/2022 | 245,000.00 | 247,658.25 | 0.39 |
| Total / Average 6-9 Months | | 0.883 | | | | 1,015,000.00 | 1,012,544.75 | 1.60 |
| 9-12 Months | | | | | | | | |
| Morgan Stanley Bank 2.65 1/11/2023 | 61747MF63 | 2.650 | Certificate Of Deposit | Bullet | 1/11/2023 | 245,000.00 | 248,138.45 | 0.39 |
| FAMC 2.13 1/24/2023 | 31315PZS1 | 2.338 | US Agency | Bullet | 1/24/2023 | 998,401.84 | 1,005,370.00 | 1.56 |
| Total / Average 9-12 Months | | 2.400 | | | | 1,243,401.84 | 1,253,508.45 | 1.94 |
| 1-2 Years | | | | | | | | |
| FFCB 2.7 4/11/2023 | 3133EJKN8 | 2.700 | US Agency | Bullet | 4/11/2023 | 1,000,000.00 | 1,010,770.00 | 1.57 |

| Description | CUSIP/Ticker | YTM @ Cost | Security Sector | Bullet/Callable | Maturity Date | Book Value | Market Value | % of Portfolio |
|--|--------------|--------------|------------------------|-----------------|---------------|----------------------|----------------------|----------------|
| Redondo Beach CA 0.415 5/1/2023-23 | 757696AP4 | 0.415 | Municipal | Callable | 5/1/2023 | 500,000.00 | 490,370.00 | 0.79 |
| Citibank National Association 3.15 5/11/2023 | 17312QL23 | 3.150 | Certificate Of Deposit | Bullet | 5/11/2023 | 245,000.00 | 249,802.00 | 0.39 |
| University California 3.297 5/15/2023-23 | 91412HBK8 | 3.297 | Municipal | Callable | 5/15/2023 | 930,000.00 | 943,726.80 | 1.46 |
| Ontario California 2.216 6/1/2023 | 68304FAC0 | 1.420 | Municipal | Bullet | 6/1/2023 | 1,099,889.34 | 1,087,089.70 | 1.75 |
| FHLB 3.25 6/9/2023 | 313383QR5 | 2.536 | US Agency | Bullet | 6/9/2023 | 1,008,007.89 | 1,014,450.00 | 1.62 |
| FAMC 2.9 7/24/2023 | 3132X03V1 | 2.981 | US Agency | Bullet | 7/24/2023 | 999,013.33 | 1,012,560.00 | 1.57 |
| Rowland ISD CA 0.541 8/1/2023 | 779631JW1 | 0.541 | Municipal | Bullet | 8/1/2023 | 400,000.00 | 391,616.00 | 0.63 |
| First Missouri State Bank 2.85 8/14/2023 | 32100LBY0 | 2.850 | Certificate Of Deposit | Bullet | 8/14/2023 | 245,000.00 | 249,204.20 | 0.39 |
| FFCB 0.3 9/1/2023-21 | 3133EL5J9 | 0.300 | US Agency | Callable | 9/1/2023 | 1,000,000.00 | 974,690.00 | 1.57 |
| FHLB 3.375 9/8/2023 | 313383YJ4 | 2.227 | US Agency | Bullet | 9/8/2023 | 1,015,644.05 | 1,017,910.00 | 1.65 |
| Oklahoma Water Resources OK 0.432 10/1/2023-23 | 67920QWY0 | 0.432 | Municipal | Callable | 10/1/2023 | 100,000.00 | 97,471.00 | 0.16 |
| California State 2.25 10/1/2023 | 13063DDG0 | 3.092 | Municipal | Bullet | 10/1/2023 | 988,338.34 | 999,930.00 | 1.51 |
| FFCB 0.27 10/5/2023-21 | 3133EMBQ4 | 0.282 | US Agency | Callable | 10/5/2023 | 999,823.24 | 977,140.00 | 1.57 |
| Medallion Bank UT 1.7 12/22/2023 | 58404DFX4 | 1.700 | Certificate Of Deposit | Bullet | 12/22/2023 | 245,000.00 | 244,250.30 | 0.39 |
| Morgan Stanley Bank 3.35 1/10/2024 | 61760ATZ2 | 3.350 | Certificate Of Deposit | Bullet | 1/10/2024 | 245,000.00 | 251,098.05 | 0.39 |
| FFCB 2.37 2/5/2024 | 3133EH5S8 | 2.524 | US Agency | Bullet | 2/5/2024 | 997,339.03 | 1,004,010.00 | 1.56 |
| TIAA FSB FL 3 2/22/2024 | 87270LBU6 | 3.000 | Certificate Of Deposit | Bullet | 2/22/2024 | 245,000.00 | 249,461.45 | 0.39 |
| California State 3 4/1/2024 | 13063DLZ9 | 2.500 | Municipal | Bullet | 4/1/2024 | 1,009,360.80 | 1,008,270.00 | 1.61 |
| Total / Average 1-2 Years | | 2.086 | | | | 13,272,416.02 | 13,273,819.50 | 20.95 |

| 2-3 Years | | | | | | | | |
|---|-----------|-------|------------------------|----------|-----------|--------------|------------|------|
| Comenity Capital Bank UT 2.75 4/30/2024 | 20033AU95 | 2.750 | Certificate Of Deposit | Bullet | 4/30/2024 | 245,000.00 | 248,096.80 | 0.39 |
| Pasadena Pension CA 1.8 5/1/2024 | 70227RBK5 | 1.800 | Municipal | Bullet | 5/1/2024 | 260,000.00 | 255,634.60 | 0.41 |
| Bank New England NH 2.65 5/23/2024 | 06426KBE7 | 2.650 | Certificate Of Deposit | Bullet | 5/23/2024 | 245,000.00 | 247,562.70 | 0.39 |
| University Northern CO 2.147 6/1/2024 | 914733DV9 | 2.147 | Municipal | Bullet | 6/1/2024 | 1,000,000.00 | 986,960.00 | 1.57 |
| FFCB 2.16 6/3/2024 | 3133EKNX0 | 1.865 | US Agency | Bullet | 6/3/2024 | 1,006,097.06 | 997,800.00 | 1.59 |
| Enerbank UT 2.15 8/7/2024 | 29278TKJ8 | 2.150 | Certificate Of Deposit | Bullet | 8/7/2024 | 245,000.00 | 244,581.05 | 0.39 |
| First Farmers Bank & Trust 1.75 9/4/2024 | 320165JK0 | 1.750 | Certificate Of Deposit | Bullet | 9/4/2024 | 245,000.00 | 242,099.20 | 0.39 |
| FAMC 1.74 9/26/2024 | 31422BMD9 | 1.664 | US Agency | Bullet | 9/26/2024 | 1,001,807.02 | 983,800.00 | 1.58 |
| South Gate Utility CA 2.224 10/1/2024-24 | 83789TBQ1 | 2.224 | Municipal | Callable | 10/1/2024 | 500,000.00 | 492,200.00 | 0.79 |
| California State University 0.563 11/1/2024 | 13077DQC9 | 0.563 | Municipal | Bullet | 11/1/2024 | 400,000.00 | 377,680.00 | 0.63 |
| FAMC 1.79 11/1/2024 | 31422BPG9 | 1.804 | US Agency | Bullet | 11/1/2024 | 999,655.62 | 983,910.00 | 1.57 |
| California State 1.646 11/1/2024-24 | 13077DKC5 | 1.646 | Municipal | Callable | 11/1/2024 | 400,000.00 | 388,400.00 | 0.63 |
| California State 0.56 12/1/2024-24 | 13067WRB0 | 0.560 | Municipal | Callable | 12/1/2024 | 250,000.00 | 237,330.00 | 0.39 |
| FFCB 1.08 1/6/2025 | 31422XRD6 | 1.080 | US Agency | Bullet | 1/6/2025 | 1,000,000.00 | 962,910.00 | 1.57 |
| KEMBA Financial Credit Union 1.8 1/8/2025 | 48836LAJ1 | 1.800 | Certificate Of Deposit | Bullet | 1/8/2025 | 245,000.00 | 241,241.70 | 0.39 |
| FAMC 1.2 1/14/2025 | 31422XSU7 | 1.195 | US Agency | Bullet | 1/14/2025 | 1,000,139.60 | 965,720.00 | 1.57 |
| Knoxville TVA TN 1.95 1/16/2025 | 499724AL6 | 1.950 | Certificate Of Deposit | Bullet | 1/16/2025 | 245,000.00 | 242,158.00 | 0.39 |
| FFCB 1.67 2/14/2025-24 | 3133ENN4 | 1.670 | US Agency | Callable | 2/14/2025 | 1,000,000.00 | 976,520.00 | 1.57 |
| Somerset Trust Company 1 3/19/2025 | 835104BZ2 | 1.000 | Certificate Of Deposit | Bullet | 3/19/2025 | 245,000.00 | 234,898.65 | 0.39 |

| Description | CUSIP/Ticker | YTM @ Cost | Security Sector | Bullet/Callable | Maturity Date | Book Value | Market Value | % of Portfolio |
|---|--------------|--------------|------------------------|-----------------|---------------|----------------------|----------------------|----------------|
| Iberia Bank LA 1 3/20/2025 | 45083ANS7 | 1.000 | Certificate Of Deposit | Bullet | 3/20/2025 | 245,000.00 | 234,903.55 | 0.39 |
| Total / Average 2-3 Years | | 1.645 | | | | 10,777,699.30 | 10,544,406.25 | 16.96 |
| 3-4 Years | | | | | | | | |
| Pacific Western Bank CA 1.35 4/16/2025 | 69506YRG6 | 1.350 | Certificate Of Deposit | Bullet | 4/16/2025 | 245,000.00 | 237,108.55 | 0.39 |
| Celtic Bank UT 1.5 4/17/2025 | 15118RUX3 | 1.500 | Certificate Of Deposit | Bullet | 4/17/2025 | 245,000.00 | 238,140.00 | 0.39 |
| First National Bank TX 1.35 4/28/2025 | 32112UDR9 | 1.350 | Certificate Of Deposit | Bullet | 4/28/2025 | 245,000.00 | 236,968.90 | 0.39 |
| Alexandria Utilities LA 1.498 5/1/2025-25 | 015086NJ6 | 1.498 | Municipal | Callable | 5/1/2025 | 400,000.00 | 385,816.00 | 0.63 |
| TVA 0.75 5/15/2025 | 880591EW8 | 0.625 | US Agency | Bullet | 5/15/2025 | 1,003,841.37 | 945,050.00 | 1.58 |
| Beverly Hills CA 0.719 6/1/2025 | 088013FG7 | 0.719 | Municipal | Bullet | 6/1/2025 | 500,000.00 | 470,465.00 | 0.79 |
| State Bank India NY 1.05 6/10/2025 | 856285TR2 | 1.050 | Certificate Of Deposit | Bullet | 6/10/2025 | 245,000.00 | 234,393.95 | 0.39 |
| San Francisco California 0.728 6/15/2025-25 | 79773KDC5 | 0.728 | Municipal | Callable | 6/15/2025 | 500,000.00 | 468,775.00 | 0.79 |
| FAMC 0.48 6/19/2025 | 31422BD98 | 0.531 | US Agency | Bullet | 6/19/2025 | 998,396.36 | 937,320.00 | 1.57 |
| FHLMC 0.65 6/30/2025-22 | 3134GVT99 | 0.650 | US Agency | Callable | 6/30/2025 | 1,000,000.00 | 940,010.00 | 1.57 |
| Minnwest Bank South MN 0.5 7/15/2025 | 60425SHY8 | 0.500 | Certificate Of Deposit | Bullet | 7/15/2025 | 245,000.00 | 229,729.15 | 0.39 |
| Preferred Bank CA 0.5 7/17/2025 | 740367MA2 | 0.500 | Certificate Of Deposit | Bullet | 7/17/2025 | 245,000.00 | 229,702.20 | 0.39 |
| FNMA 0.625 7/21/2025-22 | 3136G4ZJ5 | 0.625 | US Agency | Callable | 7/21/2025 | 1,000,000.00 | 935,710.00 | 1.57 |
| Bank Baroda NY 0.6 7/22/2025 | 06063HMR1 | 0.600 | Certificate Of Deposit | Bullet | 7/22/2025 | 245,000.00 | 230,469.05 | 0.39 |
| Flagstar Bank MI 0.6 7/22/2025 | 33847E3W5 | 0.600 | Certificate Of Deposit | Bullet | 7/22/2025 | 245,000.00 | 230,469.05 | 0.39 |
| FNMA 0.65 8/14/2025-22 | 3136G4C43 | 0.650 | US Agency | Callable | 8/14/2025 | 1,000,000.00 | 939,870.00 | 1.57 |
| City of Santa Rosa 0.977 9/1/2025-25 | 802649TJ2 | 0.977 | Municipal | Callable | 9/1/2025 | 500,000.00 | 472,855.00 | 0.79 |
| FHLMC 0.5 9/30/2025-22 | 3134GWWQ5 | 0.500 | US Agency | Callable | 9/30/2025 | 1,000,000.00 | 928,650.00 | 1.57 |
| FNMA 0.54 10/27/2025-22 | 3136G45C3 | 0.540 | US Agency | Callable | 10/27/2025 | 1,000,000.00 | 929,130.00 | 1.57 |
| FFCB 0.46 11/3/2025 | 3133EMFS6 | 0.493 | US Agency | Bullet | 11/3/2025 | 998,827.29 | 929,860.00 | 1.57 |
| FNMA 0.57 11/17/2025-22 | 3135GA3X7 | 0.570 | US Agency | Callable | 11/17/2025 | 1,000,000.00 | 938,450.00 | 1.57 |
| California State 0.751 12/1/2025-25 | 13067WSV5 | 0.751 | Municipal | Callable | 12/1/2025 | 250,000.00 | 234,045.00 | 0.39 |
| FFCB 0.47 12/22/2025-22 | 3133EMLC4 | 0.470 | US Agency | Callable | 12/22/2025 | 1,000,000.00 | 931,330.00 | 1.57 |
| JPMorgan Chase 0.5 1/6/2026 | 48128UVT3 | 0.500 | Certificate Of Deposit | Bullet | 1/6/2026 | 245,000.00 | 227,401.65 | 0.39 |
| FAMC 0.48 1/15/2026 | 31422B6K1 | 0.489 | US Agency | Bullet | 1/15/2026 | 999,626.02 | 926,360.00 | 1.57 |
| FFCB 0.45 2/2/2026-23 | 3133EMPD8 | 0.450 | US Agency | Callable | 2/2/2026 | 1,000,000.00 | 925,010.00 | 1.57 |
| FFCB 0.8 3/9/2026-23 | 3133EMSU7 | 0.800 | US Agency | Callable | 3/9/2026 | 1,000,000.00 | 939,630.00 | 1.57 |
| FHLB 0.65 3/10/2026-22 | 3130ALDS0 | 0.650 | US Agency | Callable | 3/10/2026 | 1,000,000.00 | 928,780.00 | 1.57 |
| FAMC 0.83 3/27/2026 | 31422XDX7 | 0.828 | US Agency | Bullet | 3/27/2026 | 1,000,080.81 | 935,510.00 | 1.57 |
| Total / Average 3-4 Years | | 0.662 | | | | 19,355,771.85 | 18,137,008.50 | 30.44 |
| 4-5 Years | | | | | | | | |
| Nelnet Bank UT 0.75 4/15/2026 | 64034KAF8 | 0.750 | Certificate Of Deposit | Bullet | 4/15/2026 | 245,000.00 | 228,349.80 | 0.39 |
| Greenstate Credit Union 0.95 4/16/2026 | 39573LBC1 | 0.950 | Certificate Of Deposit | Bullet | 4/16/2026 | 245,000.00 | 230,138.30 | 0.39 |
| Oceanside Water CA 1.103 5/1/2026 | 675413DL9 | 1.103 | Municipal | Bullet | 5/1/2026 | 210,000.00 | 196,856.10 | 0.33 |
| FAMC 0.95 5/4/2026-23 | 31422XFP2 | 0.950 | US Agency | Callable | 5/4/2026 | 1,000,000.00 | 942,360.00 | 1.57 |

| Description | CUSIP/Ticker | YTM @ Cost | Security Sector | Bullet/Callable | Maturity Date | Book Value | Market Value | % of Portfolio |
|--|--------------|--------------|------------------------|-----------------|---------------|----------------------|----------------------|----------------|
| FAMC 0.925 6/10/2026-22 | 31422XHF2 | 0.925 | US Agency | Callable | 6/10/2026 | 1,000,000.00 | 940,180.00 | 1.57 |
| Toyota Financial Savings NV 0.95 7/29/2026 | 89235MLE9 | 0.950 | Certificate Of Deposit | Bullet | 7/29/2026 | 245,000.00 | 229,003.95 | 0.39 |
| FFCB 0.71 8/10/2026-23 | 3133EM2C5 | 0.710 | US Agency | Callable | 8/10/2026 | 1,000,000.00 | 927,550.00 | 1.57 |
| UBS Bank UT 0.95 8/11/2026 | 90348JR93 | 0.950 | Certificate Of Deposit | Bullet | 8/11/2026 | 245,000.00 | 228,793.25 | 0.39 |
| FHLB 0.75 9/28/2026-21 | 3130ANY38 | 0.750 | US Agency | Callable | 9/28/2026 | 1,000,000.00 | 935,800.00 | 1.57 |
| FAMC 0.9 10/2/2026-22 | 31422XNH1 | 0.900 | US Agency | Callable | 10/2/2026 | 1,000,000.00 | 934,620.00 | 1.57 |
| Synchrony Bank 1 10/22/2026 | 87164YE34 | 1.000 | Certificate Of Deposit | Bullet | 10/22/2026 | 248,000.00 | 231,359.20 | 0.39 |
| City of Palm Springs 1.402 11/1/2026 | 69666JHX9 | 1.402 | Municipal | Bullet | 11/1/2026 | 500,000.00 | 467,640.00 | 0.79 |
| FFCB 1.34 11/30/2026 | 3133ENFV7 | 1.291 | US Agency | Bullet | 11/30/2026 | 1,002,205.15 | 949,700.00 | 1.58 |
| California State 1.051 12/1/2026-26 | 13067WSW3 | 1.918 | Municipal | Callable | 12/1/2026 | 961,487.25 | 931,180.00 | 1.51 |
| FHLB Step 12/22/2026-22 | 3130AQ2B8 | 1.869 | US Agency | Callable | 12/22/2026 | 1,000,000.00 | 957,880.00 | 1.57 |
| FAMC 1.5 1/19/2027 | 31422XSV5 | 1.517 | US Agency | Bullet | 1/19/2027 | 999,211.88 | 952,030.00 | 1.57 |
| Beal Bank (Texas) 1.55 2/3/2027 | 07371AWQ2 | 1.550 | Certificate Of Deposit | Bullet | 2/3/2027 | 245,000.00 | 233,443.35 | 0.39 |
| Total / Average 4-5 Years | | 1.184 | | | | 11,145,904.28 | 10,516,883.95 | 17.53 |
| Total / Average | | 1.399 | | | | 63,593,172.26 | 61,542,696.75 | 100 |

LVMWD CASH ANALYSIS - March 31, 2022 (Preliminary)

| | Restricted Cash | Cash Held by Policy | Policy Requirement | Funds Available for Capital |
|-----------------------------------|--------------------|------------------------|-----------------------|--------------------------------|
| 101 - Potable Water Operations | | 32,534,072 | 9,997,207 | |
| 201 - Potable Water Construction | 395,271 | | | |
| 301 - Potable Water Replacement | | 5,017,913 | 11,177,935 | |
| 603 - Rate Stabilization Fund | | 7,831,081 | 8,000,000 | |
| AMR/AMI Loan | | <u>4,457,074</u> | | |
| Total Potable Water | | 49,840,141 | 29,175,142 | 20,664,999 |
| 102 - Recycled Water Operations | | 15,247,174 | 1,100,143 | |
| 203 - Recycled Water Construction | 593,904 | | | |
| 302 - Recycled Water Replacement | | 2,659,233 | 2,539,440 | |
| Recycled Water Assigned Funds | | 5,000,000 | | |
| Total Recycled Water | 593,904 | 22,906,407 | 3,639,582 | 14,860,728 |
| 130 - Sanitation Operations | | 7,923,310 | 3,291,214 | |
| 230 - Sanitation Construction | 4,959,085 | | | |
| 330 - Sanitation Replacement | | 8,702,976 | 12,573,074 | |
| Sanitation Assigned Funds | | 10,000,000 | | |
| Total Sanitation | 4,959,085 | 26,626,285 | 15,864,287 | 5,721,083 |
| 701 - Vested Sick Leave Reserve | 1,310,932 | | | |
| 720 - Insurance Reserve | | 8,488,052 | 7,871,864 | 616,188 |
| JPA | 3,810,150 | | | |
| 701 - Internal Services Fund | (4,641,343) | | | |
| <i>Subtotal</i> | <u>6,427,999</u> | <u>107,860,885</u> | | |
| TOTAL | | 114,288,883 | | |

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

Restricted Cash - Revenue restricted to a particular purpose.



□ April 12, 2022 LVMWD Regular Board Meeting

TO: Board of Directors

FROM: Finance & Administration

Subject : Financial Review: Third Quarter of Fiscal Year 2021-22

SUMMARY:

This report provides a summary of the financial review for the third quarter of Fiscal Year 2021-22. The financial review provides data through March 31, 2022.

RECOMMENDATION(S):

Receive and file the financial review for the third quarter of Fiscal Year 2021-22.

FISCAL IMPACT:

No

ITEM BUDGETED:

No

DISCUSSION:

The third quarter financial review summarizes the District's year-to-date financial information for the period of July 1, 2021 through March 31, 2022, as compared to budgetary estimates and prior year actuals. It is important to note that due to the timing of various projects and payments, the report should primarily be used to identify areas where attention should be focused in response to emerging trends that may affect the District's financial position at year end.

Overall, revenues and expenses during the third quarter were consistent with projections in the adopted Fiscal Year 2021-22 Budget. There were no major fluctuations that require budget adjustments at this time.

Total operating revenues through the third quarter of Fiscal Year 2021-22 were \$55.4 million, \$0.6 million (or 1.13%) above the prior year's revenues of \$54.8 million and on pace to exceed the \$70.7 million budgeted revenues for the fiscal year. The increase in revenues as compared to the prior year was due to an increase in Potable Water Enterprise operating revenues of \$0.3 million (or 0.9%), along with an increase in Sanitation Enterprise operating revenues of \$0.4 million (or 2.6%), offset by a decrease in Recycled Water Enterprise operating revenues of \$59,000 (or 1.1%) year-to-date through the third quarter.

Potable Water Enterprise operating revenues were \$35.5 million through the third quarter of the fiscal year versus \$35.2 million over the same time period during the prior year. Though potable water rate charges to customers have increased 5.0% versus the prior year, the impact of additional revenues from rates has been offset by lower potable water deliveries to customers year-over-year. Record-breaking precipitation in December 2021, together with ongoing drought conservation messaging, resulted in lower customer demand for potable water supply in the current fiscal year versus the prior year. Estimated potable water deliveries for the fiscal year of 13,703 acre-feet were down 9.0% versus prior year potable water deliveries of 15,063 acre-feet through March.

Recycled Water Enterprise operating revenues of \$5.3 million through March of the current fiscal year were in line with prior year totals through the same period. Fiscal year-to-date revenues continue to outpace the \$6.1 million budget through 75% of the fiscal year.

Operating revenues for the Sanitation Enterprise through March of the current fiscal year were up \$0.4 million (or 2.6%) compared to revenues generated through the same period during the prior year. Revenues of \$14.6 million encompass 75% of the \$19.6 million annual budget; which is in line with expectations for 75% through the fiscal year.

Districtwide operating expenses through the third quarter of \$42.8 million were \$0.7 million (or 1.7%) above the prior year's operating expenses of \$42.1 million and are trending materially in line with budget expectations through the third quarter of the fiscal year. Total operating expenses of \$42.8 million account for 74.1% of the \$57.7 million annual budget for 75% through the fiscal year.

Potable Water Enterprise operating expenses were \$28.5 million through the third quarter of the fiscal year, trending favorably versus budgeted expectations. Current year expenses encompass 70.9% of the \$40.1 million annual budget through 75% of the fiscal year. Operating expenses for the current year are up \$1.0 million (or 3.6%) versus prior year operating expenses of \$27.5 million through the same time period.

Recycled Water operating expenses of \$3.0 million were \$0.5 million (or 19.7%) higher than the prior year's expenses of \$2.5 million, driven primarily from an increase in source of supply costs year-over-year. Supply purchases from the Potable Water Enterprise were necessitated due to an increase in summer demand for recycled water, exceeding the available supply in the current fiscal year. A total of 620 acre-feet of potable water supplement was delivered to the recycled water system in the current fiscal year versus 310 acre-feet through March of the prior year, driving the cost increase year-over-year.

Sanitation operating expenses were \$11.3 million through the third quarter of Fiscal Year 2021-22, below prior year expenses by \$0.8 million (or 6.4%) due to reduced purchased service costs to the Las Virgenes-Triunfo Joint Powers Authority (JPA). Lower overtime and cash-

out/disbursement costs from staff retirements within the JPA has resulted in a subsequent reduction of billed purchased services to the District in the current fiscal year.

The District generated net operating income available for capital projects of \$12.7 million through the third quarter, which is in line with the prior year's net income through the third quarter of \$12.7 million and on pace to surpass the annual budgeted net operating income of \$12.9 million for the fiscal year.

The District has accrued revenues from potable water penalties of \$1.2 million through the third quarter, which is below prior year penalties of \$2.1 million and can be attributed to improved water conservation efforts from District customers. Revenues from penalties represent 2.2% of the District's total revenues.

Attachment A provides a table summarizing the Fiscal Year 2021-22 year-to-date financial results. All data provided is through March 31, 2022.

Attachment B provides a summary of the volume of potable water delivered through the third quarter and a summary of the financial results for each enterprise.

Attachment C provides a Capital Improvement Project status report that includes prior year and current year expenses through March 31, 2022.

GOALS:

Ensure Effective Utilization of the Public's Assets and Money

Prepared by: Brian Richie, Finance Manager

ATTACHMENTS:

Attachment A

Attachment B

Attachment C

Las Virgenes Municipal Water District
Financial Review: Statement of Net Operating Income
For the Third Quarter ended March 31, 2022 (Preliminary) and 2021

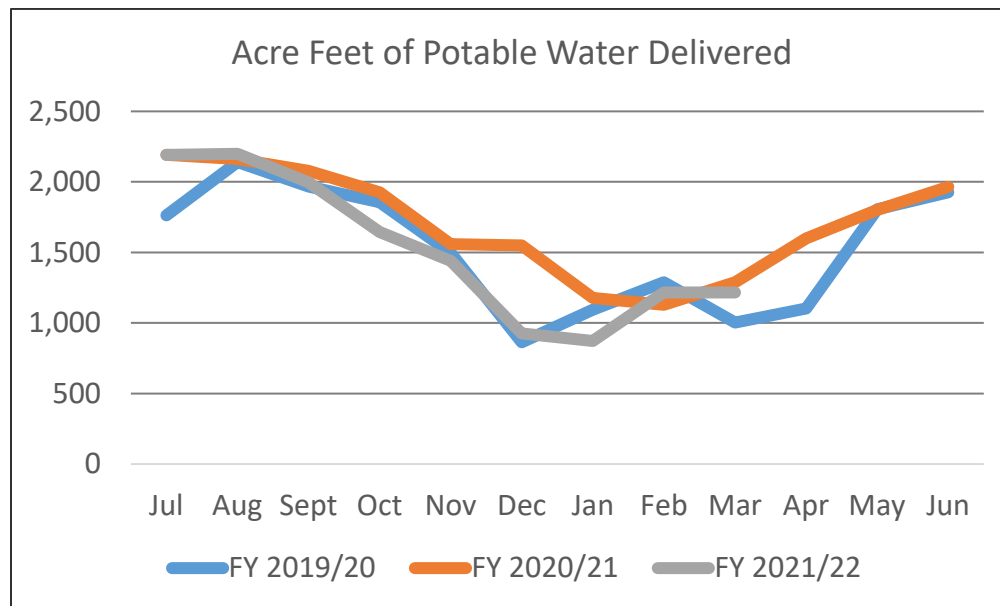
(dollars in thousands)

Through 75% of the fiscal year

| | Current Budget | Actual Year-to-Date | | Variance with Prior Year Positive (Negative) |
|------------------------------------|---------------------------|----------------------------|-----------------|---|
| | <u>2021/22</u> | <u>2021/22</u> | <u>2020/21</u> | <u>2021/22 to 2020/21</u> |
| All Enterprises | | | | |
| Total Operating Revenues | \$70,654 | \$55,438 | \$54,819 | \$619 |
| Expenses: | | | | |
| Source of Supply | 28,499 | 20,853 | 20,369 | 484 |
| Purchased Services | 10,949 | 9,628 | 10,499 | (871) |
| O&M Expenses | 4,677 | 2,819 | 3,393 | (574) |
| Administrative | 12,500 | 8,800 | 7,314 | 1,486 |
| Other | 1,123 | 688 | 497 | 191 |
| Total Operating Expenses | 57,748 | 42,788 | 42,072 | 716 |
| Net Operating Income (Loss) | 12,906 | 12,650 | 12,747 | (97) |
| Potable Water Operations | | | | |
| Total Operating Revenues | 44,940 | 35,529 | 35,219 | 310 |
| Expenses: | | | | |
| Source of Supply | 24,998 | 18,410 | 18,460 | (50) |
| O&M Expenses | 4,260 | 2,730 | 3,095 | (365) |
| Administrative | 9,761 | 6,637 | 5,417 | 1,220 |
| Other | 1,123 | 688 | 497 | 191 |
| Total Operating Expenses | 40,142 | 28,465 | 27,469 | 996 |
| Net Operating Income (Loss) | 4,798 | 7,064 | 7,750 | (686) |
| Recycled Water Operations | | | | |
| Total Operating Revenues | 6,097 | 5,290 | 5,349 | (59) |
| Expenses: | | | | |
| Source of Supply | 3,501 | 2,443 | 1,909 | 534 |
| O&M Expenses | 161 | 9 | 89 | (80) |
| Administrative | 810 | 575 | 531 | 44 |
| Total Operating Expenses | 4,472 | 3,027 | 2,529 | 498 |
| Net Operating Income (Loss) | 1,625 | 2,263 | 2,820 | (557) |
| Sanitation Operations | | | | |
| Total Operating Revenues | 19,617 | 14,619 | 14,251 | 368 |
| Expenses: | | | | |
| Purchased Services | 10,949 | 9,628 | 10,499 | (871) |
| O&M Expenses | 256 | 80 | 209 | (129) |
| Administrative | 1,929 | 1,588 | 1,366 | 222 |
| Total Operating Expenses | 13,134 | 11,296 | 12,074 | (778) |
| Net Operating Income (Loss) | \$6,483 | \$3,323 | \$2,177 | \$1,146 |

ATTACHMENT B

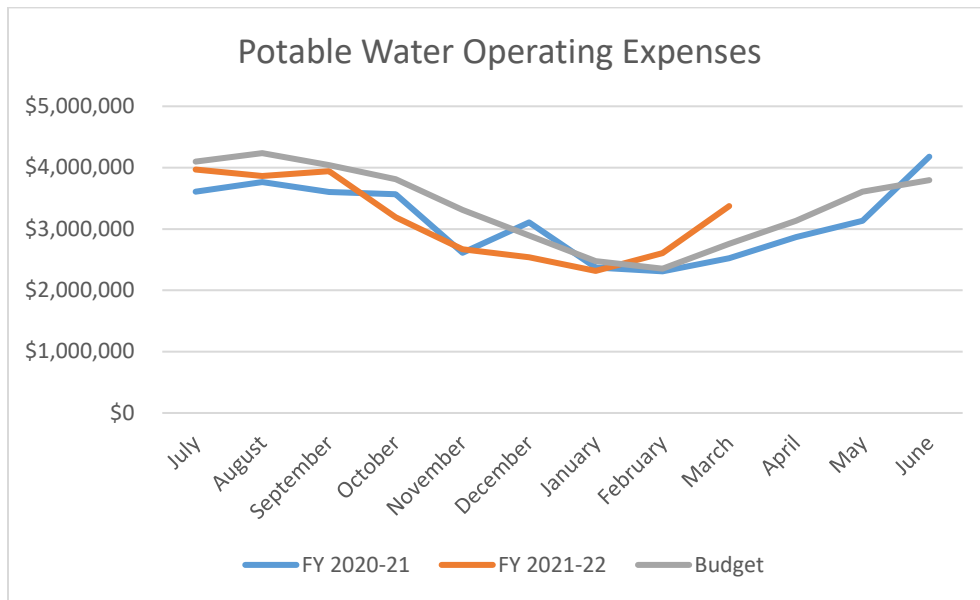
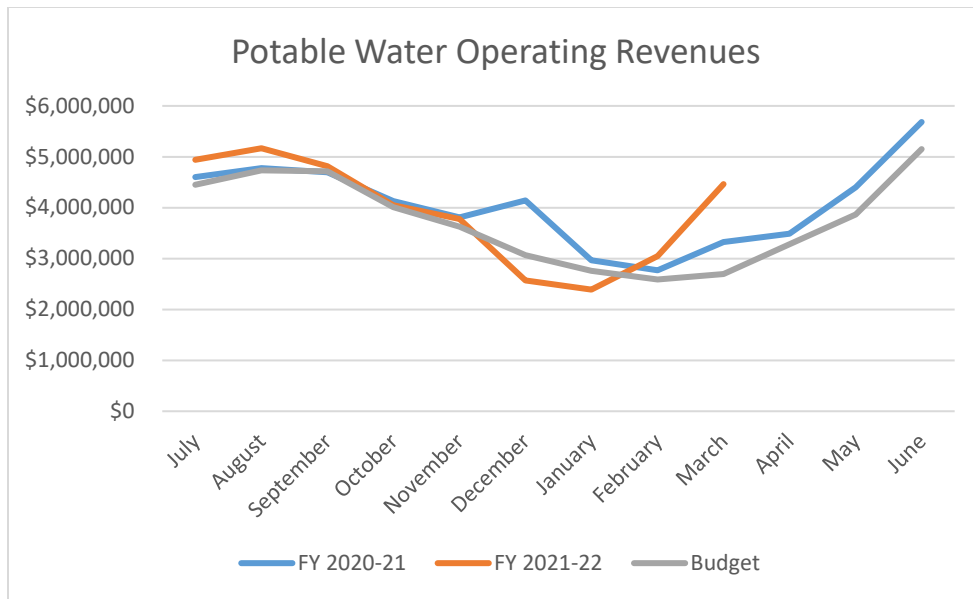
Through the third quarter of fiscal year 2021-22, acre-feet of potable water delivered decreased by 9.03% compared to the potable water delivered through fiscal year 2020-21 but increased 1.72% compared to potable water delivered through the third quarter of fiscal year 2019-20.



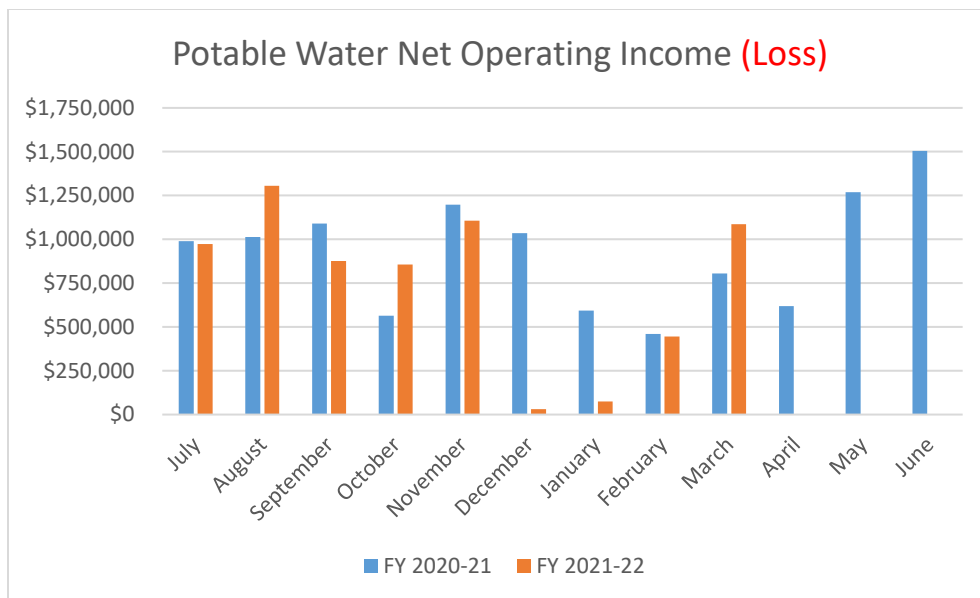
Potable Water Enterprise

Operating revenues for the Potable Water Enterprise of \$35.5 million were \$0.3 million (or 0.9%) above the prior fiscal year revenues through the third quarter. Potable Water operating expenses of \$28.5 million were above prior year operating expenses of \$27.5 million but are trending below the annual budget of \$40.1 million, 75% through the fiscal year. The following tables and charts below compare the current and prior year-to-date revenues and expenses versus the annual budget through 75% of the fiscal year (dollars in thousands).

| | <u>Current Budget</u> 2021/22 | <u>Actual Year-to-Date</u> 2021/22 2020/21 | | <u>Variance with Prior Year Positive (Negative)</u> 2021/22 to 2020/21 |
|------------------------------------|--------------------------------------|--|---------------|---|
| Potable Water Operations | | | | |
| Total Operating Revenues | 44,940 | 35,529 | 35,219 | 310 |
| Expenses: | | | | |
| Source of Supply | 24,998 | 18,410 | 18,460 | (50) |
| O&M Expenses | 4,260 | 2,730 | 3,095 | (365) |
| Administrative | 9,761 | 6,637 | 5,417 | 1,220 |
| Other | 1,123 | 688 | 497 | 191 |
| Total Operating Expenses | 40,142 | 28,465 | 27,469 | 996 |
| Net Operating Income (Loss) | 4,798 | 7,064 | 7,750 | (686) |



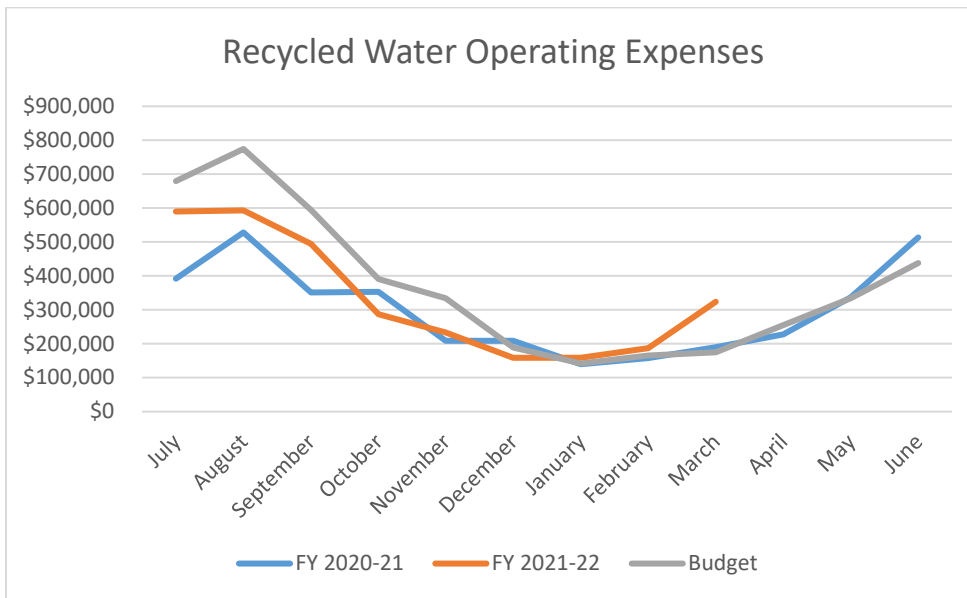
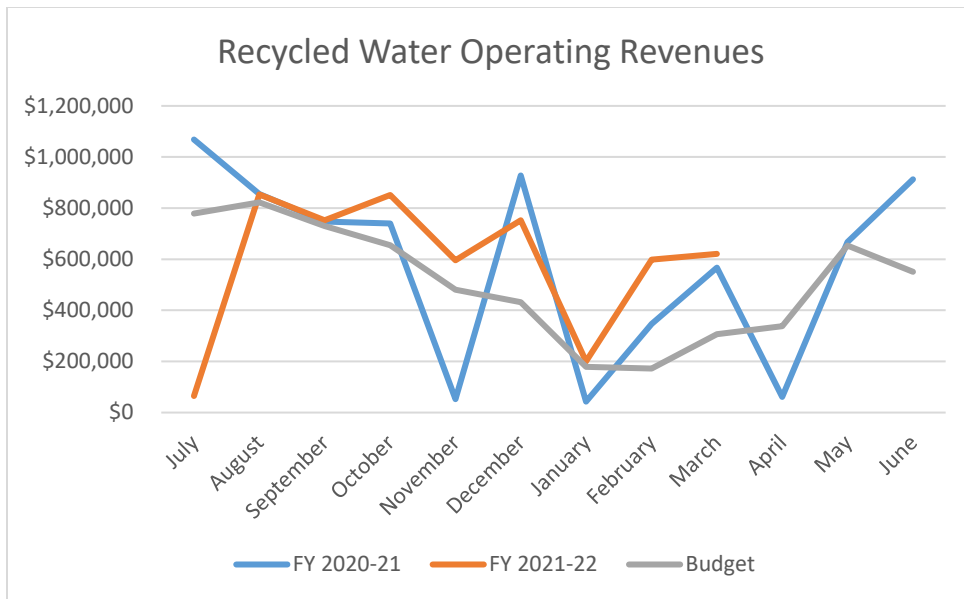
It is also important to measure whether the enterprise has sufficient revenue to cover both operating costs and the portion of capital expenditures that are dependent on rate revenue. The chart below shows the potable water operating net income each month of fiscal year 2020-21 and fiscal year 2021-22. The Potable Water Enterprise had a fiscal year-to-date net operating income of \$7.1 million through the third quarter of the fiscal year versus a net operating income of \$7.8 million through the third quarter prior year. The District depends on net operating income to fund capital projects and meet policy-required reserves.



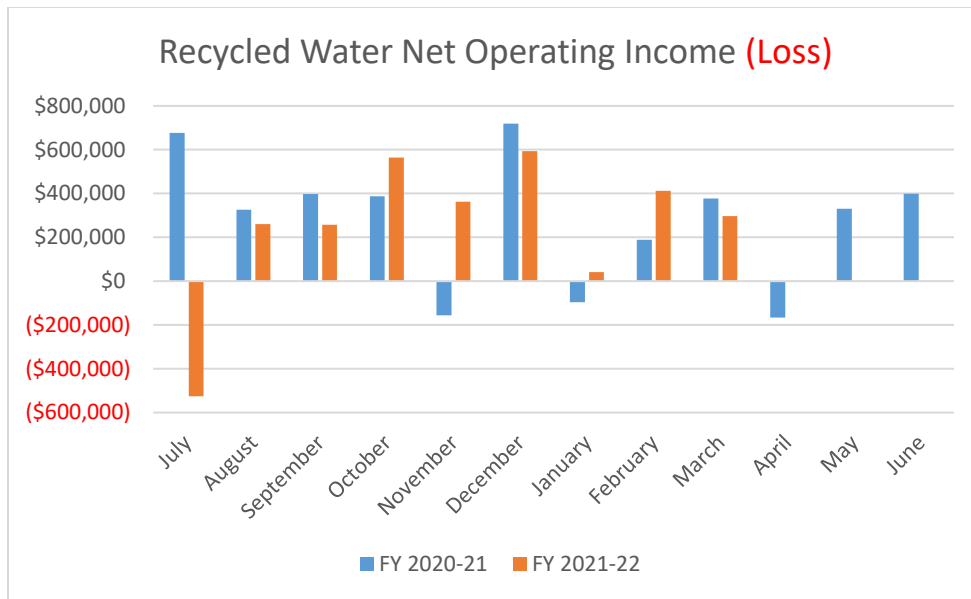
Recycled Water Enterprise

Recycled Water Enterprise operating revenues of \$5.3 million through the third quarter of the current fiscal year were in line with prior year revenues through the same period of \$5.3 million and are currently on pace to surpass the \$6.1 million annual budget through 75% of the fiscal year. Due to the timing of when revenue posts for utility billing cycles in the District accounting software certain months will show a more dramatic decline in revenue versus other months. Over the course of the year this monthly timing effect in revenue posting is nullified. Recycled Water operating expenses of \$3.0 million were \$0.5 million (or 19.7%) higher than prior year expenses of \$2.5 million.

| | Current Budget | Actual Year-to-Date | | Variance with Prior Year Positive (Negative) |
|------------------------------------|---------------------------|----------------------------|--------------|---|
| | 2021/22 | 2021/22 | 2020/21 | 2021/22 to 2020/21 |
| Recycled Water Operations | | | | |
| Total Operating Revenues | 6,097 | 5,290 | 5,349 | (59) |
| Expenses: | | | | |
| Source of Supply | 3,501 | 2,443 | 1,909 | 534 |
| O&M Expenses | 161 | 9 | 89 | (80) |
| Administrative | 810 | 575 | 531 | 44 |
| Total Operating Expenses | 4,472 | 3,027 | 2,529 | 498 |
| Net Operating Income (Loss) | 1,625 | 2,263 | 2,820 | (557) |



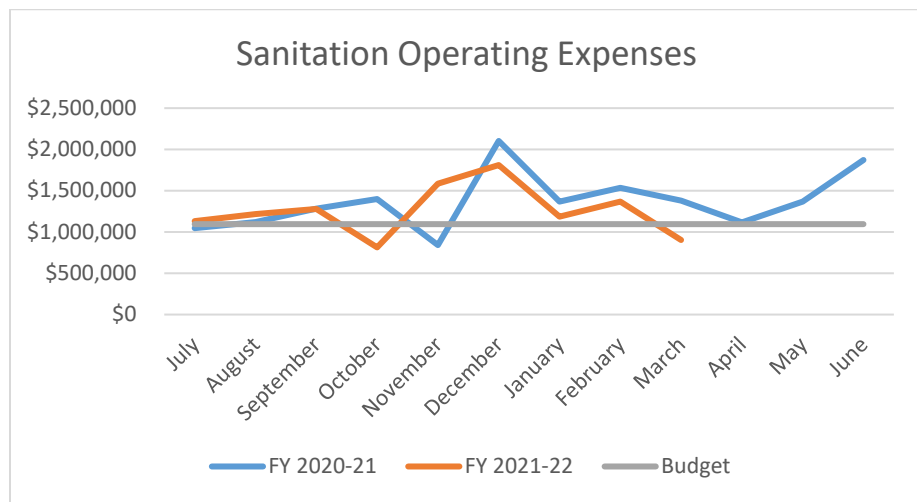
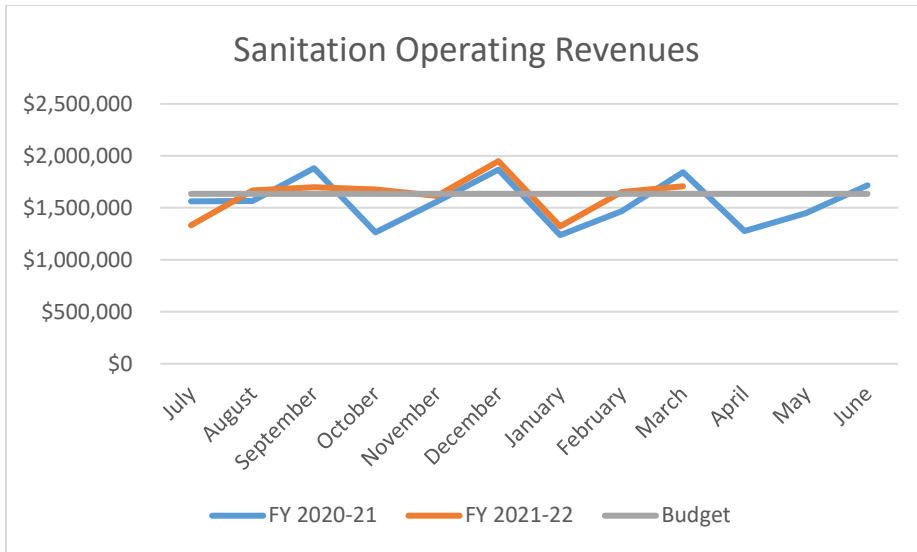
The Recycled Water Enterprise had a fiscal year-to-date net operating income available for capital projects of \$2.3 million through the third quarter of the fiscal year versus a net operating income of \$2.8 million through the third quarter prior year.



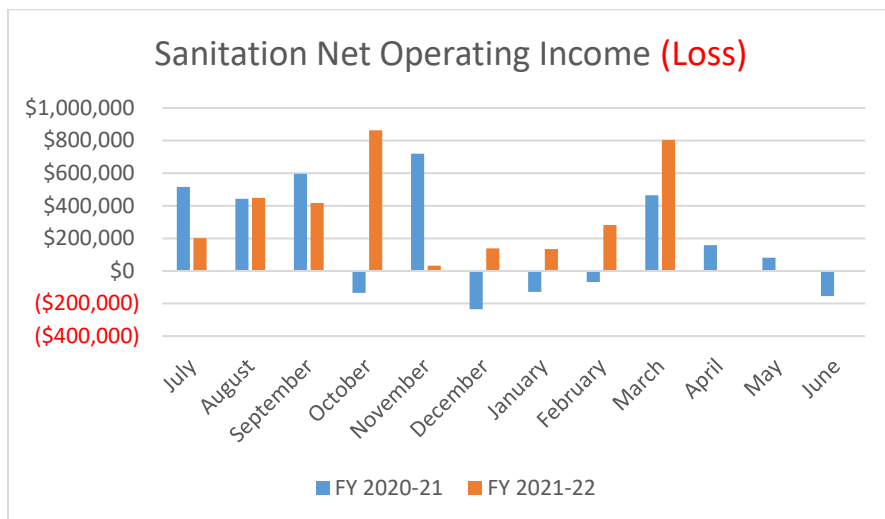
Sanitation Enterprise

Operating revenues for the Sanitation Enterprise were \$14.6 million through the third quarter of the current fiscal year, up \$0.4 million (or 2.6%) compared to revenues generated through the third quarter prior year. Sanitation operating expenses were \$11.3 million through the third quarter of the current fiscal year, below prior year expenses of \$12.1 million.

| | Current Budget | Actual Year-to-Date | | Variance with Prior Year Positive (Negative) |
|------------------------------------|---------------------------|----------------------------|----------------|---|
| | <u>2021/22</u> | <u>2021/22</u> | <u>2020/21</u> | <u>2021/22 to 2020/21</u> |
| Sanitation Operations | | | | |
| Total Operating Revenues | 19,617 | 14,619 | 14,251 | 368 |
| Expenses: | | | | |
| Purchased Services | 10,949 | 9,628 | 10,499 | (871) |
| O&M Expenses | 256 | 80 | 209 | (129) |
| Administrative | 1,929 | 1,588 | 1,366 | 222 |
| Total Operating Expenses | 13,134 | 11,296 | 12,074 | (778) |
| Net Operating Income (Loss) | 6,483 | 3,323 | 2,177 | 1,146 |



The chart below shows the Sanitation Enterprise net operating income for each month of fiscal year 2021-22 and 2020-21. Sanitation has a fiscal year-to-date net operating income available for capital projects of \$3.3 million, versus \$2.2 million through the third quarter prior year.



Penalties

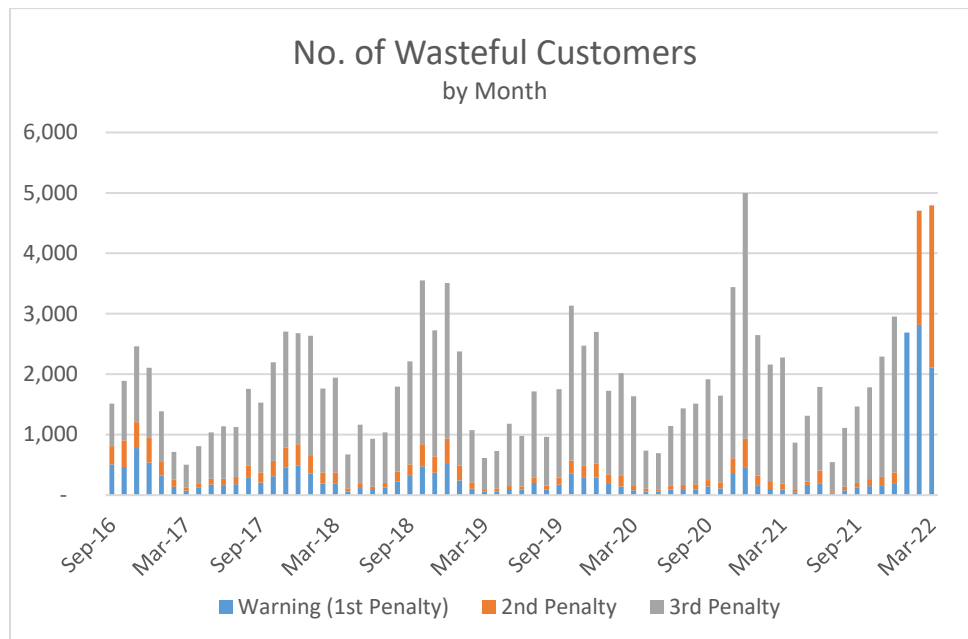
On November 16, 2021 the District Board adopted Resolution No. 2599, declaring a local state of emergency due to water shortage and activated Stage 3 of the District's Water Shortage Contingency Plan effective the first billing cycle after December 1, 2021. Outdoor water budgets were reduced by 25%. Under the revised administrative code (Section 3-4.202 and 7-1.112) wasteful water use is subject to penalties when a customer's water usage exceeds 150% of their water budget during Stage 3 and 100% of their water budget during Stage 4.

In January 2022 the penalty count for customers was reset to 0 to reflect the new requirements, therefore only warnings were issued to customers with usage over their allocated water budget by 150%. A total of 2,692 customer accounts received an initial warning in January.

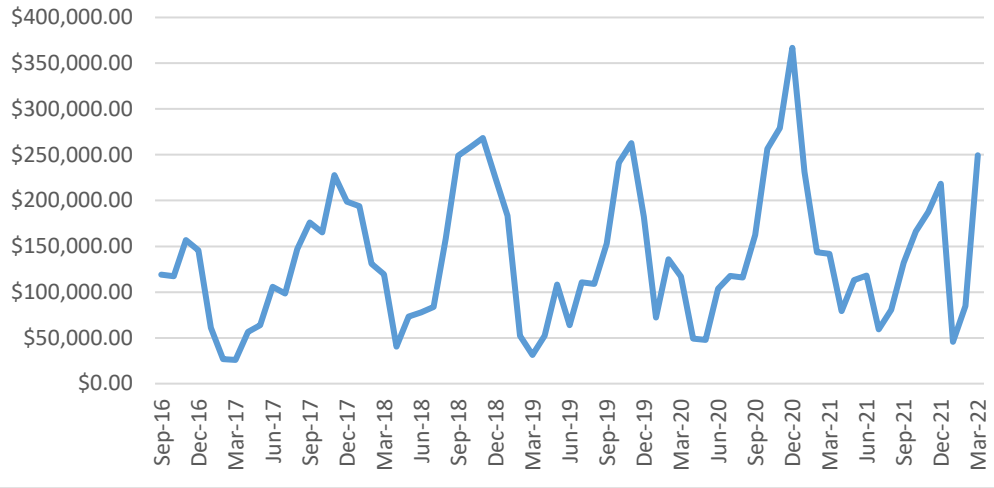
In February 2022, 2,818 customer accounts received a warning, 1,882 accounts received a 2nd penalty, and five accounts received a third penalty.

In March 2022, 2,115 customer accounts received a warning, 2,675 accounts received a 2nd penalty, and nine accounts a 3rd penalty. In total, 4,799 accounts received at least a warning (1st penalty) in March which is approximately a quarter (or 24%) of the total 19,785 potable water accounts.

Through the third quarter of the current Fiscal Year, the District has accrued \$1.2 million in potable water penalties compared to \$2.1 million accrued through the same period prior year. The following charts below reflect the historical trend of wasteful use customers as well as the respective accrued penalty revenue.



Accrued Penalty Revenue By Month



*Las Virgenes Municipal Water District
Capital Improvement Project Status
March 31, 2022*

| <i>Project</i> | <i>Total Project Appropriations</i> | <i>Prior Year Expenditures</i> | <i>Current Year Expenditures</i> | <i>Total Project Expenditures</i> | <i>Contract Balance (encumbrance)</i> | <i>Available Balance</i> | <i>Future Year Appropriations</i> | <i>Project Total</i> |
|--|-------------------------------------|--------------------------------|----------------------------------|-----------------------------------|---------------------------------------|--------------------------|-----------------------------------|----------------------|
| CIP10430 - Twin Lakes Pump Station Pipeline | \$ 2,872,715 | \$ 452,158 | \$ 88,769 | \$ 540,927 | \$ 153,407 | \$ 2,178,380 | \$ 96,397 | \$ 2,969,112 |
| Construct a new 4,145 foot 14" steel pipeline from the 30" pipeline at Valley Circle and Andora Street along Valley Circle to Germain Street Plans and Specifications were completed but the route changed due to the discovery of a hazardous material zone in the previously recommended alignment. Plans and specifications will be developed for the new route and CEQA determination will be required based on the final alignment. | | | | | | | | |
| CIP10521 - SCADA System Communication Upgrades (LV Only) | 983,496 | 144,703 | 46,270 | 190,973 | 327,847 | 464,676 | 1,845,207 | 2,828,703 |
| Upgrade Process Control and Instrumentation System (PCIS) for Water Operations PLC and HMI systems to be consistent with the current District Standards for Operational Technology. | | | | | | | | |
| CIP10556 - Interconnection with CMWD | 7,003,817 | 4,655,297 | 1,952,949 | 6,608,246 | 1,895,027 | (1,499,456) | 1,001,046 | 8,004,863 |
| Design and construction of a potable water inter-tie between CMWD and the District. The interconnection facilities for the District include 5,000 feet of 20-inch pipe in Lindero Canyon Blvd from Thousand Oaks Blvd to the county line and a pressure reducing station. IRWM Reimbursement up to \$1,975,518 is expected for this project upon completion of Calleguas Construction that is currently underway. Final Acceptance on Construction approved by Board on 12/21/2021 (item 9A) | | | | | | | | |
| CIP10651 - Tank Renovation - Equestrian Tank | 70,475 | 16,224 | - | 16,224 | - | 54,251 | 457,759 | 528,234 |
| Repairs of concrete columns in Equestrian Tank | | | | | | | | |
| CIP10655 - Cornell Pump Station Upgrades | 848,726 | 159,908 | 154,704 | 314,612 | 223,818 | 310,296 | 3,529,264 | 4,377,990 |
| Upgrades to the Cornell Pump Station in anticipation of the MWD shutdown scheduled for 2024. | | | | | | | | |
| CIP10660 - AMR Implementation | 8,565,736 | 3,774,917 | 3,952,370 | 7,727,287 | 3,673,611 | (2,835,162) | 5,121,142 | 13,686,878 |
| Install Automated Reading/Advanced Metering Infrastructure (AMR/AMI) for 2-inch and smaller meters including reclaimed system meters. WaterSMART grant reimbursement of \$500,000 awarded. | | | | | | | | |
| CIP10663 - ERP System Implementation | 1,500,000 | 586,840 | 7,175 | 594,015 | 156,475 | 749,510 | - | 1,500,000 |
| Select and implement replacement of the Enterprise Resources Planning (ERP) Program. | | | | | | | | |
| CIP10671 - Saddle Peak Tank Rehabilitation | 1,365,976 | 1,210,218 | 3,977 | 1,214,195 | 190 | 151,591 | - | 1,365,976 |
| Rehabilitation of Cordillera Tank including interior and exterior coating, valve and appurtenance upgrades and replacements, restoration of deteriorated asphalt, and work to ensure up-to-date compliance for safety and water quality equipment. | | | | | | | | |
| CIP10672 - Stationary Emergency Generator - PW Pump Station | 3,695,995 | 467,172 | 141,531 | 608,703 | 50,390 | 3,036,902 | 134,200 | 3,830,195 |
| Installation of stationary emergency generators at Jed Smith, Cold Canyon, Twin Lakes, and Seminole Pump Stations. The agency has been awarded a Section 404 Hazard Mitigation Grant in the amount of \$1,728,492.75. Construction Contract Award approved by Board on 2/1/2022 (item 9A) | | | | | | | | |
| CIP10674 - Pressure Station #45 (Kimberly) Rehabilitation | 467,514 | 30,963 | 32,648 | 63,610 | 8,975 | 394,929 | - | 467,514 |
| Install new supply piping, pressure reducing valves (Cla-Val) and isolation valves with corrosion control coatings applied. | | | | | | | | |
| CIP10675 - Pressure Station #32 (Old Chimney) Rehabilitation | 525,337 | 21,286 | 201 | 21,487 | - | 503,850 | 50,414 | 575,751 |
| Install new supply piping, pressure reducing valves (Cla-Val) and isolation valves with corrosion control coatings applied. | | | | | | | | |
| CIP10679 - New Fire Panel for Building #8 | 89,000 | - | - | - | - | 89,000 | - | 89,000 |
| Replace existing fire panel and all attached devices. | | | | | | | | |
| CIP10683 - Boardroom Audio/Video Equipment | 48,062 | 14,413 | - | 14,413 | - | 33,649 | 116,151 | 164,213 |
| Upgrade audio and video equipment within the boardroom to meet modern video conferencing and other e-meeting standards. | | | | | | | | |
| CIP10684 - Upper Oaks Pump Station Electrical Upgrade | 132,000 | - | - | - | - | 132,000 | - | 132,000 |
| The Upper Oaks Pump Station capacity was increased to meet high demands in the subsystem. However, the increased capacity limits the number of pumps that can be operated due to the increased electrical draw. This project will analyze and increase the electrical service to the pump station. | | | | | | | | |
| CIP10685 - Deerlake Tank Construction | 1,541,375 | 24,977 | - | 24,977 | - | 1,516,398 | - | 1,541,375 |
| Construction of new one million gallon potable water tank to replace existing 0.4 million gallon tank. Project is driving by the new development in Deerlake Ranch. The budget reflects the District's financial responsibility to the project. The remaining cost for construction is the financial responsibility of the developer under the financial agreement with the District. | | | | | | | | |

*Las Virgenes Municipal Water District
Capital Improvement Project Status
March 31, 2022*

| <i>Project</i> | <i>Total Project Appropriations</i> | <i>Prior Year Expenditures</i> | <i>Current Year Expenditures</i> | <i>Total Project Expenditures</i> | <i>Contract Balance (encumbrance)</i> | <i>Available Balance</i> | <i>Future Year Appropriations</i> | <i>Project Total</i> |
|--|-------------------------------------|--------------------------------|----------------------------------|-----------------------------------|---------------------------------------|--------------------------|-----------------------------------|----------------------|
| CIP10686 - Twin Lakes Pump Station Improvement Addition of three new pump cans, and two new pumps at Twin Lakes Pump Station. Project is driving by the new development at Deerlake Ranch. The budget reflects the District's financial responsibility to the project. The remaining cost for construction is the financial responsibility of the developer under the financial agreement with the District. | 997,304 | - | 203 | 203 | - | 997,101 | - | 997,304 |
| CIP10690 - Westlake Filter Plant - Woolsey Fire Repair fire damage to building arcade, roof repair, electrical/mechanical repair, rebuild chemical pump and irrigation system. Replace landscaping at Westlake Filter Plant and Torchwood Tank. Reimbursement from Insurance and FEMA anticipated for 100% of costs. | 3,176,524 | 563,913 | 1,203,564 | 1,767,477 | 5,391 | 1,403,656 | - | 3,176,524 |
| CIP10691 - Woolsey Fire Repair - LV Facilities Repair damaged HQ irrigation, irrigation adjacent to Dog Park, clean debris basin, and repair guardrails. Reimbursement from Insurance and FEMA anticipated for 100% of costs. | 389,674 | 79,869 | 160 | 80,029 | 57,365 | 252,280 | - | 389,674 |
| CIP10694 - Building No. 8 Office Space Rehabilitation Replace carpet, paint, and other interior features that are showing wear and have reached their useful life. FY 2019-20 activity will focus on the Board Room, while FY 2020-21 work will focus on Building 8 staff and common areas. | 483,000 | - | - | - | - | 483,000 | 75,000 | 558,000 |
| CIP10700 - Troutdale Pipeline Woolsey Fire Water main break/failure due to LA County bridge collapse. Permanent repair requires 215 feet of steel pipe across bridge. | 654,000 | 367,823 | 11,205 | 379,028 | 199,655 | 75,317 | - | 654,000 |
| CIP10701 - Electronic Document Management System Implement Electronic Document Management System that manages the creation, capture, indexing, storage, retrieval, and disposition of records and information assets of the District. | 100,000 | - | - | - | - | 100,000 | 100,000 | 200,000 |
| CIP10705 - Pressure Station #55 (Hindu Temple) Rehabilitation Install new piping and isolation valves with corrosion control coatings applied. | 200,000 | - | 1,218 | 1,218 | - | 198,782 | - | 200,000 |
| CIP10706 - Mobility Review Identify mobility requirements to support secure remote access to District's applications. | 100,000 | - | - | - | - | 100,000 | - | 100,000 |
| CIP10708 - PW Main Replacement Jim Bridger and Long Valley Water Main Replacement. | 1,117,933 | 1,030,340 | - | 1,030,340 | 1,600 | 85,993 | - | 1,117,933 |
| CIP10709 - Roadside Bridge Waterline Relocation Reimbursable cost to City of Agora Hills for waterline relocation. | 136,000 | 1,276 | 5,047 | 6,323 | - | 129,677 | - | 136,000 |
| CIP10710 - Business Intelligence Tools Implement management dashboards to display performance measures. | 130,400 | - | - | - | - | 130,400 | - | 130,400 |
| CIP10713 - Vehicle Replacement Program Annual fleet vehicle replacements. | 97,292 | - | 44,883 | 44,883 | 44,883 | 7,526 | 200,000 | 297,292 |
| CIP10714 - IT Capital Purchases Purchase of Information Technology related software and equipment. | 150,000 | - | 40,854 | 40,854 | 9,146 | 100,000 | 525,000 | 675,000 |
| CIP10715 - JBR Pump Station Pump 2 Rehabilitation Replace horizontal split case at JBR Pump Station. | 39,600 | - | - | - | - | 39,600 | - | 39,600 |
| CIP10716 - Potable Water System Rehabilitation Programatic identification and replacement of portions of the potable water system. The goal of this program is to repair and replace portions of the system to prevent system failures. | 200,000 | - | 29,138 | 29,138 | 13,156 | 157,706 | 264,000 | 464,000 |
| CIP10717 - PW System Small Valve Replacement Replacement of potable water system feeder valves. The activity for FY20-21 is for valve replacement in the Calabasas portion of the potable water system. Activity in fiscal years are typically 16" and larger. | 120,000 | - | 19,426 | 19,426 | 59,276 | 41,298 | 2,256,000 | 2,376,000 |
| CIP10718 - Three Inch & Larger Meter Replacement Replace all 3"-10" meters in preparation for automated meter reading infrastructure integration. The project consists of approximately 40 three inch (3") meters; 26 four in (4") meters; 22 six inch (6") meters; four (4) eight inch (8") meters; and two (2) ten inch (10") meters that will be replaced. | 150,000 | - | - | - | - | 150,000 | - | 150,000 |
| CIP10719 - Meter Vault Upgrades Raising meters above grade and upgrading area safety. | 132,000 | - | - | - | - | 132,000 | - | 132,000 |
| CIP10722 - Building #7 Air Conditioning Repair Remove and dispose of old condensing unit and replace with new air handler and air cooled condensing unit. | 175,100 | - | - | - | 262,594 | (87,494) | - | 175,100 |

*Las Virgenes Municipal Water District
Capital Improvement Project Status
March 31, 2022*

| <i>Project</i> | <i>Total Project Appropriations</i> | <i>Prior Year Expenditures</i> | <i>Current Year Expenditures</i> | <i>Total Project Expenditures</i> | <i>Contract Balance (encumbrance)</i> | <i>Available Balance</i> | <i>Future Year Appropriations</i> | <i>Project Total</i> |
|--|-------------------------------------|--------------------------------|----------------------------------|-----------------------------------|---------------------------------------|--------------------------|-----------------------------------|----------------------|
| CIP10723 - Multi Site Security Assessment Security assessment of various District sites and facilities. This includes access control and security camera installations and improvements. | 376,500 | - | - | - | - | 376,500 | 2,475,100 | 2,851,600 |
| CIP10725 - Wildlife Corridor Utility Relocation Relocation of District's 30-inch potable water pipeline (700 linear feet). | 314,000 | - | - | - | - | 314,000 | - | 314,000 |
| CIP10726 - Surge Tank(s) Replace the surge protection vessel at Warner Pump Station. | 105,600 | - | - | - | - | 105,600 | - | 105,600 |
| CIP10727 - Stunt Road Pump Station Improvements Rehabilitate/replace existing pump cans that have deteriorated due to corrosion. | 324,000 | - | - | - | 12,000 | 312,000 | - | 324,000 |
| CIP10728 - PW System Pipe Rehabilitation and Replacement Rehabilitate/replace existing pump cans that have deteriorated due to corrosion. | 300,000 | - | - | - | - | 300,000 | 405,000 | 705,000 |
| CIP10729 - Mobile Generators Two (2) 100kW mobile generators with paralleling capacity. Paralleling capability will allow for connection to District's pump stations. | 153,300 | 153,300 | - | 153,300 | - | - | - | 153,300 |
| CIP10731 - Westlake Treatment Plant/Pump Station Access Road Rehabilitate asphalt road at Westlake. | 50,000 | - | - | - | - | 50,000 | 217,000 | 267,000 |
| CIP10732 - Latigo and Seminole Pax Mixers for Tanks Installation of mixers to improve quality of water stored in tanks. | 144,000 | - | - | - | - | 144,000 | - | 144,000 |
| CIP10733 - CIS Mobile Capability Implement Mobile Solution for CIS service orders and streamline service order creation and completion by field and office staff. | 33,000 | - | - | - | - | 33,000 | 192,000 | 225,000 |
| CIP10734 - Pressure Regulating Station Valve Replacements Replace isolation valves that are no longer functioning properly. | 39,600 | - | - | - | 40,149 | (549) | - | 39,600 |
| CIP10735 - Iwater Program Data collection program for valve maintenance, flushing, cathodic protection, and protective structure inspections. | 32,000 | 17,748 | 2,500 | 20,248 | 15,248 | (3,496) | - | 32,000 |
| CIP10736 - Emergency Pipeline Repair/Replacement Emergency repair and replacement of existing pipelines repair on ancillary paving and concrete caused by leaks and failures. | 792,000 | - | - | - | - | 792,000 | - | 792,000 |
| CIP10740 - Electric Vehicle Charging Stations Install bank of electric vehicle charging stations at District Headquarters. Cost to develop facilities will be offset by grants and through electric vehicle charging fees. | 72,600 | - | - | - | - | 72,600 | - | 72,600 |
| CIP10744 - Construction Services Truck Replacement Replacement of vehicle #833 (Construction Services Truch - 1999 Chevrolet C7500 Diesel). | 175,000 | - | 161,986 | 161,986 | - | 13,014 | - | 175,000 |
| CIP10746 - Raw Water Reservoir Cover (Westlake) Assess feasibility of design and construction of approximately 3,500 square foot roof over the raw water tank at the Westlake Filter Plant. There is currently no roof covering the tank. The goal is to create reduction in Total Trihalomethane (TTHM) formation in the drinking water coming from the Plant when it is online. This occurs when the sunlight hits the raw water and reacts with the chlorine that is added to de-activate pathogens. This cover will shield the raw water from the sunlight so that less chlorine is used, reducing the TTHM levels. | 79,000 | - | - | - | - | 79,000 | - | 79,000 |
| CIP10750 - Lift Station No. 1 Pump Replacement Replacement of three (3) pumps with dry pit submersible pumps. Dry pit submersible pumps will improve staff's ability to maintain and improve staff safety when performing maintenance. | 396,000 | - | - | - | - | 396,000 | - | 396,000 |
| CIP10751 - Lift Station No. 2 Pump Replacement Replacement of three (3) pumps with dry pit submersible pumps. Dry pit submersible pumps will improve staff's ability to maintain and improve staff safety when performing maintenance. | 396,000 | - | - | - | - | 396,000 | - | 396,000 |
| CIP10756 - Trunk Sewer System Improvements Replace or rehabilitate trunk sewer system components based on CCTV, condition assessment & SSMP, end of useful life, or obsolescence. | 1,110,000 | - | 17,436 | 17,436 | - | 1,092,564 | 7,770,000 | 8,880,000 |
| CIP10757 - Water Tank Rehab - Upper Oaks and Dardenne Rehabilitation of Upper Oaks and Dardenne Tanks | 250,000 | - | 890 | 890 | - | 249,110 | 1,501,767 | 1,751,767 |

*Las Virgenes Municipal Water District
Capital Improvement Project Status
March 31, 2022*

| <i>Project</i> | <i>Total Project Appropriations</i> | <i>Prior Year Expenditures</i> | <i>Current Year Expenditures</i> | <i>Total Project Expenditures</i> | <i>Contract Balance (encumbrance)</i> | <i>Available Balance</i> | <i>Future Year Appropriations</i> | <i>Project Total</i> |
|---|-------------------------------------|--------------------------------|----------------------------------|-----------------------------------|---------------------------------------|--------------------------|-----------------------------------|----------------------|
| CIP10758 - JBR Pump Station Valve Replacements Replace six (6) malfunctioning main line valves. | 154,200 | - | 40,149 | 40,149 | - | 114,051 | - | 154,200 |
| CIP10759 - Conduit Pressure Regulating Station Rehabilitation The Conduit PR station needs rehabilitation to extend its useful life. | 303,400 | - | - | - | - | 303,400 | - | 303,400 |
| CIP10760 - Three Springs VFD Pump Station Improve power efficiency at the Three Springs pump station. | 223,000 | - | - | - | - | 223,000 | - | 223,000 |
| CIP10761 - Dump Truck Replacement Replace District's dump truck to meet new emission requirements. The dump truck is a 2001 model year with 50,249 miles. | 110,000 | - | - | - | - | 110,000 | - | 110,000 |
| CIP10762 - Westlake Filter Plant PLC Upgrade Upgrade the aging programmable logic controller (PLC) system at the Westlake Filter Plant with updated technology that matches the newly upgraded backbone SCADA system. | 188,760 | - | - | - | - | 188,760 | - | 188,760 |
| CIP10763 - Water Systems PLC Upgrade Phase II Upgrade half of the potable water system programmable logic controllers (PLC's) to replace old PLC's that are no longer supported. | 143,000 | - | - | - | - | 143,000 | - | 143,000 |
| CIP10769 - Pump Station Efficiency Project Implement sequencing of water pumps to improve operational efficiency. Includes installation of electrical meters at each pump. | 75,000 | - | - | - | - | 75,000 | - | 75,000 |
| CIP10770 - Vulnerability Management Program Replacement of legacy Information Technology hardware and software systems. These systems are usually at the end of their useful lives and/or pose a cybersecurity risk as a result of being old and unsupported. | 100,000 | - | - | - | - | 100,000 | - | 100,000 |
| CIP10771 - Building #1 Improvements In an effort to maximize revenue derived from all District assets, staff will use existing architectural plans to perform due diligence and further investigate the potential to modify, upgrade, and modernize building 1 for rental purposes. | 600,000 | - | 1,163 | 1,163 | - | 598,837 | - | 600,000 |
| CIP10772 - Portable Standby Generator Portable emergency generators to support Twin Lakes and Agoura Pump Stations during SCE power shutoff events. | 80,000 | - | - | - | 75,919 | 4,081 | - | 80,000 |
| Total All Projects | \$ 45,608,673 | \$ 13,942,834 | \$ 7,960,215 | \$ 21,903,049 | \$ 7,841,121 | \$ 16,419,503 | \$ 28,282,033 | \$ 73,335,706 |



□ April 12, 2022 LVMWD Regular Board Meeting

TO: Board of Directors

FROM: Finance & Administration

Subject : Preliminary Fiscal Years 2022-24 Two-Year Budget

RECOMMENDATION(S):

Review and provide feedback on the preliminary budget, performance measurements, and MWD pass-through for Fiscal Years 2022-24.

FISCAL IMPACT:

No

ITEM BUDGETED:

No

GOALS:

Ensure Effective Utilization of the Public's Assets and Money

Prepared by: Donald Patterson, Director of Finance and Administration



□ April 12, 2022 LVMWD Regular Board Meeting

TO: Board of Directors

FROM: Finance & Administration

Subject : Annual Review of the District's Investment Policy

SUMMARY:

On June 13, 2017, the Board adopted its Investment Policy. Section 18 of the policy requires an annual review with any recommended changes to be presented to the Board. The review has typically occurred at the Board's annual Strategic Planning Workshop. The policy is focused on the principles of safety, liquidity and yield and meets the standards established by the State Treasurer's Office and the California Government Code. The District has historically favored a more restrictive policy than provided for by State law and its buy-and-hold strategy has provided greater stability through fluctuating market conditions. At this time, staff does not recommend any changes to the Investment Policy.

RECOMMENDATION(S):

Review and provide feedback on the District's Investment Policy

FISCAL IMPACT:

No

ITEM BUDGETED:

No

FINANCIAL IMPACT:

DISCUSSION:

The District has historically had a very conservative approach to its investments effectively limiting the majority of its investments to pooled funds, agency bonds, highly rated municipal bonds, and insured certificates of deposit. This approach is supportive of the focus on safety and liquidity of rate payer's money. Additionally, the Deputy Treasurer invest consistently through all market cycles and conditions, minimizing risk associated with timing the market, and typically holds investments to maturity.

Annually, the Director of Finance and Administration, acting as Deputy Treasurer, reviews the District's Investment Policy, regulatory changes, and current best practices to determine if any changes to the District's Investment Policy are recommended. Based on the District's investment philosophy, there are not any changes recommended at this time to the District's Investment Policy.

GOALS:

Ensure Effective Utilization of the Public's Assets and Money

Prepared by: Donald Patterson, Director of Finance and Administration

ATTACHMENTS:

Investment Policy



Investment Policy

Approved June 13, 2017

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**Las Virgenes Municipal Water District
Investment Policy
Adopted June 13, 2017**

1.0 AUTHORITY

This Investment Policy was adopted by the Board of Directors of the Las Virgenes Municipal Water District at its regular meeting on June 13, 2017. Any modifications to this policy must be approved by the Board of Directors at a duly noticed public meeting.

2.0 POLICY STATEMENT

It is the policy of Las Virgenes Municipal Water District (“District”) to invest public funds in a manner that provides the maximum security and best investment return, while meeting the daily cash flow demands of the District and conforming to laws governing the investment of public funds.

3.0 SCOPE

This Investment Policy applies to all investment activities and financial assets of the District. Funds held by trustees or fiscal agents are excluded from this policy; however, such funds are subject to regulations established by the State of California. Funds subject to this policy are accounted for in the District’s audited Comprehensive Annual Financial Report (CAFR).

3.1 Funds Covered by this Policy:

- A. Potable Water
- B. Recycled Water
- C. Sanitation
- D. Rate Stabilization
- E. Internal Services
- F. Insurance Reserve
- G. Joint Powers Authority
- H. Any new fund created by the District unless specifically exempted.

3.2 Funds Excluded From This Policy:

- A. Pension Funds
- B. Other Post-Employment Benefit Funds
- C. Funds related to debt issues controlled by specific provisions of the issuance documents
- D. Deferred compensation program funds

The District commingles its funds to maximize investment earnings and increase efficiencies for investment pricing, safekeeping, and administration. Investment income is allocated to the various funds proportionally and in accordance with Generally Accepted Accounting Principles (GAAP).

4.0 OBJECTIVES

The primary objectives, in priority order, of the District's investment activities shall be:

4.1 **Safety:** Safety of principal is the foremost objective of the investment program. Investments of the District shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, the District will diversify its investments in a manner that reduces credit and duration risks. Also, the District will invest funds among a variety of securities offering independent returns and financial institutions.

4.2 **Liquidity:** The District's investment portfolio will remain sufficiently liquid to enable the District to meet all operating requirements that may be reasonably anticipated.

4.3 **Return on Investment:** The District's Investment Policy shall be designed with the objective of attaining a benchmark rate of return throughout budgetary and economic cycles, commensurate with the District's investment risk constraints and the cash flow characteristics of the portfolio in a manner that reduces interest rate risk.

5.0 DELEGATION OF AUTHORITY

The Treasurer is a member of the Board of Directors and responsible for the investments. Daily management responsibility for the investment program is delegated to a Deputy Treasurer, normally the Director of Finance and Administration. The Deputy Treasurer shall establish written procedures for the operation of the investment program consistent with this Investment Policy. Procedures should include reference to safekeeping, wire transfer agreements, banking service contracts and collateral/depository agreements. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions.

No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Deputy Treasurer. The Deputy Treasurer shall establish a system of controls to regulate the activities of subordinate designees.

Unless otherwise specifically designated by the District’s Board of Directors, the only officials authorized to undertake investment transactions on behalf of the District are the:

- Treasurer (Board Member)
- Deputy Treasurer
- Deputy Treasurer Designee(s)

Further, no person may engage in an investment transaction except as provided under the terms of the District’s Investment Policy.

6.0 STANDARD OF CARE

In compliance with California Government Code Section 53600.3, the standard of care to be used by investment officials shall be the “prudent investor” standard and applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the Investment Policy and exercising due diligence shall be relieved of personal liability for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

The “prudent investor” standard states that:

“When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency.”¹

7.0 ETHICS AND CONFLICTS OF INTEREST

The Treasurer, Deputy Treasurer and other employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program or which could impair their ability to make impartial investment decisions.

The Treasurer, Deputy Treasurer and other employees involved in the investment process shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio and shall not undertake personal investment transactions through the same institution with whom business is conducted on behalf of the District.

The Treasurer, Deputy Treasurer and all District staff with delegated authority for any aspect of the investment process are required to file annual disclosure statements as required by the California Fair Political Practices Commission ("FPPC"), including Forms A-1 and A-2. During the course of the year, if an event subject to disclosure could impair the ability of the Treasurer, Deputy Treasurer or others to make impartial decisions, the Board of Directors will be notified in writing by the General Manager within 10 days of the event.

8.0 AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

The District shall transact business only with banks, savings and loans, and registered investment securities dealers. The purchase of any investment, other than those purchased directly from the issuer, shall be purchased either from an institution licensed by the State as a **broker/dealer**, as defined in Section 25004 of the Corporations Code, who is a member of the National Association of Securities Dealers, a member of a Federally regulated securities exchange, a National or State-Chartered Bank, a Federal or State Association (as defined by Section 5102 of the Financial Code), or a brokerage firm designated as a **primary dealer** by the **Federal Reserve Bank**. In addition, a list shall also be maintained by the Deputy Treasurer of approved security broker/dealers who are authorized to provide investment services in California. The District may only conduct business with entities considered "primary" or "regional" dealers that qualify under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule).

The Deputy Treasurer and his/her assigned staff shall investigate all institutions that wish to do business with the District, in order to determine if they are adequately capitalized, make markets in securities appropriate to the District's needs, and agree to abide by the conditions set forth in this Investment Policy. All financial institutions and broker/dealers that desire to become qualified bidders for investment transactions must provide the District with the following:

- Current audited financial statements;
- Proof of FINRA certification;
- Proof of National Association of Security Dealers (NASD) certification;
- Proof of California registration;
- Completed District questionnaire - Appendix "D" or Appendix "E";
- Evidence of adequate insurance coverage; and
- Certification of having read, understood, and agreed to comply with the District's Investment Policy.

The Deputy Treasurer shall conduct an annual review of the financial condition of all approved financial institutions and broker/dealers in order to determine whether they continue to meet the District's guidelines for qualifications as defined in this section. In addition, the District shall give all approved broker/dealers a copy of the District's Investment Policy on an annual basis. The Deputy Treasurer shall keep current audited annual financial statements on file for each

approved financial institution and broker/dealer with which the District does business with for a minimum period of three years.

9.0 AUTHORIZED AND SUITABLE INVESTMENTS

The District shall only invest in instruments authorized pursuant to Sections 16429.1, 53600 et seq., and 53638 of the Government Code **and** explicitly authorized by the Board subject to the prohibitions set forth in Section 9.1 of this Investment Policy. Appendix A includes a listing of all authorized types of investment securities.

9.1 Prohibited Investments and Transactions

Any investment not specifically authorized in Appendix A is ineligible. The use of derivatives, options, futures or buying on margin is also specifically prohibited. Security transactions shall be conducted on a delivery-versus-payment basis. Securities purchased or acquired by the District shall be held in safekeeping by a third party only pursuant to a custodial agreement as required by Government Code Section 53601.

Also, Government Code Section 53601.6 prohibits local agencies from investing in certain instruments, including inverse floaters, range notes, and mortgage-derived interest only strips. Additionally, the District shall not invest funds in securities that could result in zero interest if held to maturity.

10.0 INVESTMENT POOLS / MUTUAL FUNDS

The Treasurer shall thoroughly investigate any pooled investment funds, including mutual funds. To accomplish this, a questionnaire (Appendix F) is to be used to evaluate the suitability of the pooled fund. The questionnaire will address the following:

- A description of eligible investment securities, and a written statement of investment policy and objectives;
- A description of interest calculations and how it is distributed, and how gains and losses are treated;
- A description of how the securities are safeguarded (including the settlement processes), and how often the securities are priced and the program is audited;
- A description of who may invest in the program, how often, what size of deposits and withdrawals are allowed;
- A schedule for receiving statements and portfolio listings;
- A description of how reserves and retained earnings are utilized by the pool/fund;
- A fee schedule, and when and how fees are assessed; and
- Whether the pool/fund is eligible for bond proceeds and/or if it will accept such proceeds?

The State of California Local Agency Investment Fund (LAIF) established by Government Code 16429.1 et seq. is explicitly authorized and, therefore, not subject to the provisions of this section.

11.0 COLLATERALIZATION

Pursuant to Government Code Sections 53652 through 53667, the District requires depositories to post certain types and levels of collateral for public funds above the Federal Deposit Insurance Corporation ("FDIC") insurance amounts. The collateral requirements apply to bank deposits, both active (checking and savings accounts) and inactive (non-negotiable time certificates of deposit).

The Treasurer shall require collateralization on two other types of investments: repurchase and reverse agreements. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be 110% of market value of principal and accrued interest and the value shall be adjusted no less than quarterly. The District requires the collateral to be in the form of U.S. Treasuries or a similar highly liquid instrument.

Collateral will always be held by an independent third party with whom the entity has a current written custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the District and retained throughout District retention of the investment. The right of collateral substitution is granted.

12.0 SAFEKEEPING AND CUSTODY

To protect against fraud, embezzlement, or losses caused by collapse of individual securities dealers, all securities owned by the District shall be held in safekeeping by the District's custodial bank acting as agent for the District under the terms of a custody agreement. Such custodial bank must be a federal or state association (as defined by Section 5102 of the Financial Code), a trust company or a state or national bank located within this state or with the Federal Reserve Bank of San Francisco or any branch thereof within this state, or with any Federal Reserve bank or with any state or national bank located in any city designated as a reserve city by the Board of Governors of the Federal Reserve System. Collateral for repurchase agreements will be held by a third party custodian under the terms of a Public Securities Association ("PSA") master repurchase agreement.

All security transactions entered into by the District shall be conducted on a delivery-versus-payment (DVP) basis. This procedure ensures that securities are deposited with the third party custodian prior to the release of funds. Securities will be held by a third party custodian designated by the Treasurer or Deputy Treasurer and as evidenced by safekeeping receipts with a written custodial agreement. Pooled Investments, such as LAIF and other local agency pooled investments or money market mutual funds as described in Appendix A are undeliverable and, therefore, not subject to delivery or third party safekeeping. The Deputy Treasurer shall

not be responsible for securities delivered to and received for by a financial institution until they are withdrawn from the financial institution by the Deputy Treasurer or the Deputy Treasurer's designee.

Investment trades, shall be verified against the bank transactions and broker confirmation tickets to ensure accuracy. On a monthly basis, the custodial asset statement shall be reconciled with the month-end portfolio holdings. On an annual basis, the external auditor shall confirm investment holdings.

13.0 DIVERSIFICATION

The District will diversify its investments by security type, institution, and maturity. With the exception of U.S. Treasury securities and authorized pools, no more than 50% of the District's total investment portfolio will be invested in a single security issuer or with a single financial institution. The Treasurer shall to the greatest extent possible:

- Limit investments to avoid over-concentration in securities from a specific issuer or business sector (excluding U.S. Treasury securities),
- Limit investments in securities that have higher credit risks,
- Invest in securities with varying maturities, and
- Continuously invest a minimum amount equal to six months operating budget in readily available funds such as local government investment pools (LAIF), money market funds or overnight repurchase agreements to ensure that appropriate liquidity is maintained in order to meet the District's on-going financial obligations.

13.1 Portfolio Rebalancing

In the event that portfolio percentage constraints are violated due to a temporary imbalance in the portfolio, the District shall hold the affected securities to maturity in order to avoid capital losses. However, if no capital losses would be realized upon sale, the Treasurer, Deputy Treasurer or his/her designee shall consider rebalancing the portfolio after evaluating the expected length of time the portfolio would remain unbalanced. Since portfolio percentage limits are in place to ensure diversification of the District Investment portfolio, a small, temporary imbalance will not significantly impair the strategy.

14.0 MAXIMUM MATURITIES

To minimize the impact of market risk, it is intended that all investments be held to maturity.

The Deputy Treasurer shall match the District's investments with anticipated cash flow requirements known at the time of purchase. The District will not directly invest in securities maturing more than five (5) years from the settlement date. Any investment that is further limited is noted in Appendix A, Authorized Investments. Also, Appendix B provides a listing of

maximum maturities by investment vehicle. The weighted average maturity of the investment portfolio will be limited to three years or less, exclusive of the funds held in investment pools and mutual funds. Investments may be sold prior to maturity for cash flow, appreciation purposes or in order to limit losses; however, no investment shall be made based solely on earnings anticipated from capital gains.

15.0 INTERNAL CONTROL

The Deputy Treasurer shall ensure that all investment transactions comply with the District's Investment Policy and establish internal controls that are designed to prevent losses due to fraud, negligence or third-party misrepresentation. These controls shall be designed to avoid collusion; ensure separation of duties and administrative controls; maintain separation of transaction authority from accounting and record keeping; provide custodial safekeeping; delegate authority clearly; ensure management approval and review of investment transactions; provide specific limitations regarding securities loss and remedial action; document investment transactions and strategies; and monitor investment performance results.

The Deputy Treasurer shall establish an annual process of independent review by an external audit firm. The external auditor shall review the management of the District's investment program in terms of compliance with the internal controls previously established.

The external auditor, serving as an independent reviewer, will review and verify the District's investment activity, holdings and compliance with this Investment Policy on an annual basis and submit a report to the District's Board of Directors relating thereto.

16.0 PERFORMANCE STANDARDS

The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary, economic, or weather cycles, commensurate with the investment risk constraints and cash flow needs. The District's investment portfolio, exclusive of investment pools and mutual funds, shall utilize the three-year Treasury note as its benchmark. It is understood that due to the District's policy to hold investments to maturity, short-term yields will lag the direction of the three-year Treasury note in changing interest rate environments.

17.0 CREDIT DOWNGRADE

If a security is downgraded below the minimum credit risk criteria specified in the Investment Policy, the Deputy Treasurer shall evaluate the downgrade and bring their evaluation back to the Treasurer and General Manager to evaluate and decide what action to take: continue to monitor and hold through maturity or sell the security on the secondary market.

18.0 REPORTING

The District's Investment Policy shall be reviewed on an annual basis by the Treasurer, Deputy Treasurer, and General Manager with recommendations for changes, if any, made to the Board of Directors.

The District shall maintain a complete and accurate record of all investment transactions.

18.1 Monthly Reports: The Deputy Treasurer shall prepare and submit a monthly investment report of funds directly controlled and managed by the District, including a detailed listing of all investment transactions opened and closed during a reporting period or, if none, a statement to that effect. The report shall be submitted monthly to the Board of Directors.

Each investment report shall be submitted within 45 days following the end of the period covered by the report and must also include certification by the General Manager that investment actions executed since the last report are in compliance with the Investment Policy or state areas of non-compliance; and the District will meet its expenditure obligations for the next six months or state why sufficient money shall, or may, not be available as required by law.

Schedules in the monthly report should include the following:

- The type of investment, name of the issuer, date of maturity, the par value, book value, yield to maturity or yield to call, and cost of all funds invested and subject to this policy;
- Coupon, discount or earnings rate;
- Percentage of the portfolio represented by each investment category; and
- The market value with the source of the market valuation for all securities held by the District, and under management of any outside party that is not also a local agency or the State of California Local Agency Investment Fund.

18.2 Quarterly Report: Within 30 days of the end of each quarter, the Deputy Treasurer shall prepare and submit a quarterly investment report to the Board that includes the information required in the monthly investment report, plus the following additional information:

- A description of any investments, including loans and security lending programs, that are under the management of contracted parties;
- A description of the compliance with the statement of Investment Policy, or manner in which the portfolio is not in compliance;
- A statement denoting the District's ability to meet its expenditure requirements for the next six months, or an explanation as to why sufficient money shall, or may, not be available;
- A benchmark comparison;
- A statement of cash and investments held and compliance with adopted reserve policies; and

- A narrative analysis with supporting graphs and/or charts that provide information on performance of the portfolio, as well as general economic and operational trends affecting the portfolios size and/or performance.

The investment portfolio will be managed in accordance with the parameters specified within this policy and monitored and evaluated by the Deputy Treasurer and his/he designated employees involved in the investment process.

19.0 INVESTMENT POLICY ADOPTION

The District's Investment Policy shall be adopted by the Board of Directors. The policy shall be reviewed at least annually to ensure its consistency with the overall objectives of preservation of principal, liquidity, and return on investment, and its relevance to current law, financial and economic trends, and to meet the needs of the District. Any modifications made hereto must be approved by the Board of Directors.

Appendix A - AUTHORIZED INVESTMENTS

1. **UNITED STATES TREASURIES:**

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

There is no limit as to the amount of the investment portfolio that may be invested in United States Treasury notes. Maximum maturity is five years from the settlement date.

2. **FEDERAL AGENCIES:**

Obligations issued by the United States Government Agencies, such as the Federal Farm Credit Bank System (FFCB), the Federal Home Loan Bank Board (FHLB), the Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC), the Tennessee Valley Authority (TVA), or obligations, participation, or other instruments of, or issued by a federal agency or a United States government-sponsored enterprise.

There is no limit as to the amount of the investment portfolio that may be invested in federal agencies. Maximum maturity is five years from the settlement date.

3. **STATE BONDS:**

Registered state warrants, treasury notes or bonds of this state and any of the 50 states and the District of Columbia, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency, or authority of the state. The long-term ratings of such bonds should have at least AA- by Standard and Poor's (S&P), AA- by Fitch or Aa1 by Moody's, or the short-term ratings should have at least A-1 by S&P, and P-1 by Moody's.

There is no limit as to the amount of the investment portfolio that may be invested in state bonds. Maximum maturity is five years.

4. **LOCAL AGENCY BONDS:**

Bonds and notes issued by local agencies (cities, counties, special districts, or schools) of the United States, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency, such as Las Virgenes Municipal Water District. The maturity of such bonds or notes should not exceed five years from the date of purchase. The long-term ratings of such bonds should be

investment grade (at least AA- by Standard and Poor's (S&P), KBRA or Fitch or Aa3 by Moody's, or the short-term ratings should have at least A-1 by S&P, and P-1 by Moody's).

There is no limit as to the amount of the District's portfolio may be invested in local agency bonds. Maximum maturity is five years.

5. **LOCAL GOVERNMENT INVESTMENT POOLS:**

Local government investment pools, that adhere to the California Government Code parameters for eligible investments.

A. LAIF:

State managed Local Agency Investment Fund ("LAIF") pursuant to Government Code Section 16429.1 and Resolution No. 01-04-2291 of the Las Virgenes Municipal Water District.

The maximum amount an agency may invest in LAIF is \$65,000,000 pursuant to the LAIF policy.

B. Local Agency Pooled Investment Funds: Other local agency pooled investment funds that invest pursuant to California Government Code Section 53601 or 53635, as authorized by the Board.

No more than 25 percent of the District's total portfolio value may be invested in other local agency pooled investment funds.

6. **REPURCHASE/REVERSE REPURCHASE AGREEMENTS:**

a.) Investments in repurchase agreements or reverse repurchase agreements of any securities authorized by this section, so long as the agreements are subject to this subdivision, including, the delivery requirements specified in this section. All transactions in repurchase agreements or reverse repurchase agreements shall require a master repurchase agreement executed by the contra-party.

b.) Investments in repurchase agreements may be made, on any investment authorized in this section, when the term of the agreement does not exceed 30 days. The market value of securities that underlies a repurchase agreement must be valued at 102 percent or greater of the funds borrowed against those securities and the value shall be adjusted no less than quarterly.

- c.) Investments in reverse repurchase agreements or similar investments in which the District sells securities prior to purchase, may only be made upon prior approval of the Board of Directors and with a maximum maturity of 30 days.
- d.) (1) "Repurchase agreement" means a purchase of securities by the District pursuant to an agreement by which the counter-party seller will repurchase the securities on or before a specified date and for a specified amount and the counter-party will deliver the underlying securities to the District by book entry, physical delivery, or by third party custodial agreement. The transfer of underlying securities to the counter-party bank's customer book-entry account may be used for book-entry delivery.
- (2) "Securities," for purpose of repurchase under this subdivision, 4 means securities of the same issuer, description, issue date, and maturity.
- (3) "Reverse repurchase agreement" means a sale of securities by the District pursuant to an agreement by which the District will repurchase the securities on or before a specified date and includes other comparable agreements.
- (4) For purposes of this section, the base value of the District's pool portfolio shall be that dollar amount obtained by totaling all cash balances placed in the pool by all pool participants, excluding any amounts obtained through selling securities by way of reverse repurchase agreements or other similar borrowing methods.
- (5) For purposes of this section, the spread is the difference between the cost of funds obtained using the reverse repurchase agreement and the earnings obtained on the reinvestment of the funds.
- (6) Repurchase agreements and reverse repurchase agreements shall only be made with primary dealers of the Federal Reserve Bank of New York.

Repurchase agreements may not exceed 25 percent of the District's investment portfolio value. Reverse repurchase agreements may not exceed 10 percent of the District's investment portfolio value.

7. **MONEY MARKET MUTUAL FUNDS:**

Shares of beneficial interest issued by diversified management companies (otherwise known as “mutual funds”), as defined in Section 23701 of the Revenue and Taxation Code, investing in the securities and obligations as authorized by subdivisions (1) to (12), inclusive, of this section and that comply with the investment restrictions of Article 1 (commencing with Section 53600) and Article 2 (commencing with Section 53630). To be eligible for investment pursuant to this subdivision, these companies shall either:

a) Attain the highest ranking or the highest letter and numerical rating provided by not less than two of the three largest nationally recognized rating services.

b) Commission with not less than five years' experience investing in the securities and obligations as authorized by this Investment Policy, inclusive, and with assets under management in excess of five hundred million dollars (\$500,000,000).

The purchase price of shares of beneficial interest purchased pursuant to this subdivision shall not include any commission that these companies may charge.

The purchase of money market mutual funds shall not exceed 20 percent of the District's total portfolio value; however, no more than 10 percent of the District's investment portfolio value may be invested in shares of beneficial interest of any one money market mutual fund.

8. **CERTIFICATES OF DEPOSIT:**

A. Negotiable, non-negotiable, and placement service certificates of deposits issued by a nationally or state-chartered bank or a state or federal association (as defined by Section 5102 of the Financial Code) or by a state-licensed branch of a foreign bank. The issuing firm should have been in existence for at least five years.

1. Federally insured negotiable Certificates of Deposits up to \$250,000.
2. Certificates of Deposit that are fully collateralized. To collateralize such deposits, an institution shall maintain in the collateral pool securities having a market value of at least 10% in excess of the total amount deposited. Real estate mortgages may not be accepted as collateral. The maximum term for deposits shall be five years. In general, the issuer must have a minimum tier one risk-based capital ratio of 6% as determined by the FDIC and their operation must have been profitable during their last reporting period.

The term of a Certificate of Deposit shall not exceed 5 years from the settlement date. Purchases of all types of certificates of deposit may not exceed 25 percent of the District's portfolio value which may be invested pursuant to this section.

9. **PLACEMENT SERVICE DEPOSITS** - Service that allows a local agency to purchase in excess of \$250,000 in deposits, placing monies with other institutions while maintaining FDIC insurance. Placement service deposits may not exceed 25 percent of the District's investment portfolio value.

Appendix B - SUMMARY OF AUTHORIZED INVESTMENTS:

| Authorized Investments | District Policy Legal Limit (% or \$) | Maximum Maturity Constraints | Limits |
|--|--|-------------------------------------|---|
| United States Treasuries | Unlimited | 5 years | None |
| U.S. Agencies | Unlimited | 5 years | None |
| State Bonds | Unlimited | 5 years | Rated AA- |
| Local Agency Bonds | Unlimited | 5 years | Rated AA- |
| LAIF | \$65,000,000 | N/A | Limited to 15 transactions per month, per State policy |
| Local Agency Pooled Investments | 25% | N/A | Prior Board of Directors approval required |
| Voluntary Investment Fund | Unlimited | N/A | None |
| County Pooled Investment Fund | Unlimited | N/A | None |
| Repurchase Agreements | 25% | 30 days | Requires a Master Repurchase agreement, market value of underlying securities must be greater than 102% |
| Reverse Repurchase Agreements | 10% | 30 days | Prior Board of Directors approval required |
| Money Market Mutual Funds | 20% | N/A | No more than 10% will be invested in any one mutual fund |
| Non-Negotiable Certificates of Deposit | 25% | 5 years | None |
| Negotiable Certificates of Deposit | 25% | 5 years | All CDs over \$250,000 must be collateralized at 110%. |
| Placement Service CD | 25% | 5 years | None |
| Placement Service Deposits | 10% | 5 years | None |

Appendix C - GLOSSARY OF TERMS

ACCRUED INTEREST: The interest owed to the seller of a coupon bearing issue from the last coupon date up to the sale date.

AGENCIES: Federal agency securities and/or Government-sponsored enterprises.

ASKED: The price at which securities are offered.

BANKERS' ACCEPTANCE (BA): A draft of bill or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer-evidencing a loan created by the accepting bank.

BASIS POINT: 1/100 of one percent (decimally, .0001)

BENCHMARK: A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.

BID: The price offered by a buyer of securities. (When you are selling securities, you ask for a bid.) See OFFER.

BROKER: A broker brings buyers and sellers together for a commission.

CALLABLE BOND: A bond that can be bought back from a holder by the issuer at a specific price after a specific date prior to the maturity date.

CERTIFICATE OF DEPOSIT (CD): A time deposit with a specific maturity evidenced by a certificate. Large-denomination CD's are typically negotiable.

CMO (COLLATERALIZED MORTGAGE OBLIGATION): Mortgage-backed bond that separates mortgage pools into short-, medium-, and long-term portions.

COLLATERAL: Securities, evidence of deposit, or other property that a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

COMMERCIAL PAPER (CP): An unsecured promissory note issued by a corporation. Maturity may not exceed 270 days. Usually sold in discount form.

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) The official annual report for Las Virgenes Municipal Water District. It includes the presentation of required financial

statements in conformity with GAAP. It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, extensive introductory material, and a detailed Statistical Section.

COUPON: a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. b) A certificate attached to a bond evidencing interest due on a payment date.

DEALER: A dealer, as opposed to a broker, acts as a principal in all transactions buying and selling for his own account.

DEBENTURE: A bond secured only by the general credit of the issuer.

DEFAULT: The failure of a debtor to make timely payments of interest and principal as they come due or to meet some other provision of a bond indenture.

DELIVERY VERSUS PAYMENT (DVP): There are two methods of delivery of securities: delivery versus payment and delivery versus receipt. Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

DERIVATIVE: (1) Financial instruments whose return profile is linked to, or derived from, the movement of one or more underlying index or security, and may include a leveraging factor, or (2) financial contracts based upon notional amounts whose value is derived from a underlying index or security (interest rates, foreign exchange rates, equities or commodities).

DISCOUNT: The difference between the cost price of a security and its maturity when quoted at a lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

DISCOUNTED SECURITIES: Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for full face value, e.g. U.S. Treasury Bills.

DIVERSIFICATION: Dividing investment funds among a variety of securities offering independent returns.

DURATION: A measure of the sensitivity of the price of a fixed income security to interest rate changes.

FEDERAL CREDIT AGENCIES: Agencies of the Federal government set up to supply credit to various classes of institutions and individuals, e.g., S&L's, small-business firms, students, farmers, farm cooperatives, and exporters.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC): A federal agency that insures bank deposits, currently up to \$250,000 per deposit.

FEDERAL FUNDS RATE: The rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

FEDERAL HOME LOAN BANKS (FHLB): Government sponsored wholesale banks (currently 12 regional banks) that lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions, and insurance companies. The mission of the FHLBs is to liquefy the housing related assets of its members who must purchase stock in their district Bank.

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA): FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

FEDERAL OPEN MARKET COMMITTEE (FOMC): Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member, while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

FEDERAL RESERVE SYSTEM: The central bank of the United States created by Congress and consisting of seven member Board of Governors in Washington, D.C., 12 regional banks and about 5,700 commercial banks that are members of the system.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA or Ginnie Mae): Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings, and loan associations, and other institutions. Security holder is protected by full faith and credit of the U.S. Government, Ginnie Mae securities are backed by the FHA, VA or FmHA mortgages. The term "pass-throughs" is often used to describe Ginnie Maes.

INVERSE FLOATER; A structured note in which the coupon increases as rates decline and decrease as rates rise.

IO (INTEREST ONLY): A class of mortgage derivative in which the cash flow consists solely of the interest payments from a CMO.

LIQUIDITY: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

LOCAL GOVERNMENT INVESTMENT POOL (LGIP): The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

MARKET PRICE: In general business, the price agreed upon by buyers and sellers of a product or service, as determined by supply and demand.

MARKET VALUE: The price at which a security is trading and could presumably be purchased or sold.

MASTER REPURCHASE AGREEMENT: A written contract covering all future transactions between the parties to repurchase – reverse repurchase agreements that establishes each party’s rights in the transactions. A master agreement will often specify, among other things the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

MATURITY: The date upon which the principal or stated value of an investment becomes due and payable.

MONEY MARKET: The market in which short-term debt instruments (bills, commercial paper, banker’s acceptances, etc.) are issued and traded.

NEGOTIABLE CERTIFICATES OF DEPOSIT: Large denomination interest bearing deposits with a fixed maturity date that may be sold in the money market.

OFFER: The price asked by a seller of securities. (When you are buying securities, you ask for an offer.) See ASKED and BID.

OPEN MARKET OPERATIONS: Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve’s most important monetary policy tool.

PAR: 1) 100% of the face amount of an issue. 2) The principal amount a holder will receive at the maturity of an issue.

PORTFOLIO: Collection of securities held by an investor.

PREMIUM: 1) The amount by which the market price of an issue exceeds par. 2) The amount in excess of par that an issuer must pay to call in its bonds. 3) In the money market, the rate higher than the norm that one bank must pay to attract CD depositors.

PRIMARY DEALER: A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC)-registered securities broker-dealers, banks, and a few unregulated firms.

PRIME RATE: The loan rate for the best customers of a bank.

PRINCIPAL: 1) The dollar cost of an issue excluding accrued interest. 2) The one who takes ownership in a transaction, as opposed to brokering or acting as agent.

PRUDENT PERSON RULE: An investment standard. In some states the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the custody state-the so-called legal list. In other states the trustee may invest in a security if it is one which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

QUALIFIED PUBLIC DEPOSITORIES: A financial institution which does not claim exemption from the payment of any sales or compensating use of ad valorem taxes under the laws of this state, which as segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

RATE OF RETURN: The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond the current income return.

REPURCHASE AGREEMENT (RP OR REPO): A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The Security “buyer” in effect lends the “seller” money for the period of the agreement, and the terms of the agreement are structured to compensate him for this. Dealers use RP extensively to finance their positions. Exception: When the Fed is said to be doing RP, it is lend money that is, increasing bank reserves.

SAFEKEEPING: A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

SECONDARY MARKET: A market made for the purchase and sale of outstanding issues following the initial distribution.

SECURITIES & EXCHANGE COMMISSION: Agency created by Congress to protect investors in securities transactions by administering securities legislation.

SEC RULE 15C3-1: See Uniform Net Capital Rule.

SPREAD: 1) The yield or price difference between the bid and offer on an issue. 2) The yield or price difference between different issues.

STRUCTURED NOTES: Notes issued by Government Sponsored Enterprises (FHLB, FNMA, SLMA, etc.) and Corporations that have imbedded options (e.g., call features, step-up coupons, floating rate coupons, derivative-based returns) into their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options and shifts in the shape of the yield curve.

SWAP: The sale of one issue and the simultaneous purchase of another for some perceived advantage.

TRADE DATE: The date on which the buyer and seller agree to a transaction. The trade date may or may not be the day on which the securities and money changes hands.

TREASURY BILLS: A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

TREASURY BONDS: Long-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities of more than 10 years.

TREASURY NOTES: Medium-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities from two to 10 years.

UNIFORM NET CAPITAL RULE: Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among member so underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

YIELD: The rate of annual income return on an investment, expressed as a percentage.

INCOME YIELD is obtained by dividing the current dollar income by the current market price for the security. (b) **NET YIELD or YIELD TO MATURITY** is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

***LAS VIRGENES MUNICIPAL WATER DISTRICT
DEPARTMENT OF FINANCE & ADMINISTRATION***

BANK/SAVINGS AND LOAN QUESTIONNAIRE AND CERTIFICATION

1. Name of Firm: _____
2. Address: _____
3. Telephone No: _____
Direct Nat. Headquarters
4. Primary Representative: _____ Manager: _____
Name: _____ Name: _____
Title: _____ Title: _____
Telephone No: _____ Telephone No: _____
5. What is your Community Reinvestment Act ("CRA") Rating? _____
6. What are the Total Assets of the Bank/Savings and Loan? _____

7. What is the current Net Worth Ratio of your institution? _____
8. What was the Net Worth Ratio for the Previous Year? _____
9. What are your required Capital Ratios?
 - A. Tangible Capital Ratio _____
 - B. Core Capital Ratio _____
 - C. Risk-Based Capital Ratio _____
10. What are your Ratings (i.e., S&P, Moody's, Fitch)? _____
11. What is the date of your Fiscal Year-End? _____
Has there been a year during the past three years in which the Bank/Savings and Loan did not make a profit? Yes No
12. Have you read the California Government Code Section 53630 through 53684 pertaining to the State's requirements governing the deposit of monies by Local Agencies? Yes No
13. Amounts above the FDIC insurance coverage must be collateralized as specified in the Government Code. Where is the collateral for Deposits held?

Has there ever been a failure to fully collateralize? If Yes, please attach explanation.
Yes No
14. What is the education level of the Primary Contact(s)? _____
15. How many years of related experience does the Primary Contact(s) have? _____
16. What other banking services would you be interested in providing the District?

17. What transaction documents and reports would we receive? _____

18. What information would you provide to our Treasurer and/or Deputy Treasurer?

19. Describe the precautions taken by your Bank/Savings and Loan to protect the interest of the public when dealing with government agencies as depositors or investors. _____

20. Please provide your Contract of Deposit of Moneys pre-signed and sealed by your institution, as well as, any signature cards that you may require.
21. Please provide your Wiring Instructions: _____

22. Please provide your Bank/Savings and Loan most recent certified financial statement. In addition, an audited financial statement must be provided within 120 days of your fiscal year-end.

- CERTIFICATION -

I hereby certify that I have personally read Las Virgenes Municipal Water District's (the "District") Investment Policy and the California Government Codes pertaining to the investments and deposits of the District, and have implemented reasonable procedures and a system of controls designed to preclude imprudent investment activities arising out of transactions conducted between our firm and the District. **I understand however, that our firm is not obligated to monitor the percentage limits on the investments as described in the policy.** All sales personnel will be routinely informed of District investment objectives, horizon, outlook, strategies and risk constraints whenever we are so advised. We pledge to exercise due diligence in informing District Investment Officers of all foreseeable risks associated with financial transactions conducted with our firm. I attest to the accuracy of our responses to your questionnaire.

NOTE: Completion of Questionnaire is only part of District's Certification process and DOES NOT guarantee that the applicant will be approved to do business with the District.

Signature: _____ Date: _____

Name: _____ Title: _____

Countersigned: _____ Date: _____

Name: _____ Title: _____

**LAS VIRGENES MUNICIPAL WATER DISTRICT
DEPARTMENT OF FINANCE & ADMINISTRATION**

BROKER/DEALER QUESTIONNAIRE AND CERTIFICATION

1. Name of Firm: _____
2. Address: _____
3. Telephone No: _____
Direct _____ Nat. Headquarters _____
4. Primary Representative: _____ Manager/Partner-in-Charge: _____
Name: _____ Name: _____
Title: _____ Title: _____
Telephone _____ Telephone _____
Telephone No: _____ No: _____
Sales: _____ Sales: _____
No. of Years with Firm: _____ Firm: _____
5. Are you a Primary Dealer in U.S. Government Securities? Yes No
6. Are you a Regional Dealer in U.S. Government Securities? Yes No
7. Are you a Broker instead of a Dealer? (i.e. You DO NOT own positions of securities)
Yes No
8. Are you FINRA certified and licensed to sell in California Municipalities?
Yes No
9. What is the net capitalization of your firm? _____
10. What is the date of your Fiscal Year-End? _____
11. Is your firm owned by a Holding Company? Yes No
If so, what is its name and net capitalization? _____
12. Please provide your Wiring and Delivery Instructions: _____
13. Which of the following instruments are offered regularly by your local desk?
 T-Bills Treasury Notes/Bonds
 NCD's Agencies (specify) _____
 BA's (Domestic) BA's (Foreign)
 Mid-Term Notes Commercial Paper
 Repurchase Agreements Reverse Agreements
14. Which of the above does your firms specialize in Marketing? _____
15. Please identify your most directly comparable Local Agency clients in our geographical area:
Contact Person: _____

Telephone No: _____ Client Since: _____

16. What reports, transactions, confirmations and paper trail would we receive?

17. Please include samples of research reports or market information that your firm regularly provides to local agency clients.
18. What precautions are taken by your firm to protect the interest of the public when dealing with government agencies as investors? _____

19. Have you or your firm been censured or punished by a Regulatory State or Federal Agency for improper or fraudulent activities, related to the sale of securities? Yes No
20. If yes, please explain: _____

21. Attach certified documentation of your capital adequacy and financial solvency. In addition, an audited financial statement must be provided within 120 days of your fiscal year-end.

- CERTIFICATION -

I hereby certify that I have personally read Las Virgenes Municipal Water District's (the "District") Investment Policy and the California Government Codes pertaining to the investments and deposits of the District, and have implemented reasonable procedures and a system of controls designed to preclude imprudent investment activities arising out of transactions conducted between our firm and the District. **I understand however, that our firm is not obligated to monitor the percentage limits on the investments as described in the policy.** All sales personnel will be routinely informed of District investment objectives, horizon, outlook, strategies and risk constraints whenever we are so advised. We pledge to exercise due diligence in informing District Investment Officers of all foreseeable risks associated with financial transactions conducted with our firm. I attest to the accuracy of our responses to your questionnaire.

NOTE: Completion of Questionnaire is only part of District's Certification process and DOES NOT guarantee that the applicant will be approved to do business with the District.

Signature: _____ Date: _____

Name: _____ Title: _____

Countersigned: _____ Date: _____

Name: _____ Title: _____

**LAS VIRGENES MUNICIPAL WATER DISTRICT
DEPARTMENT OF FINANCE & ADMINISTRATION**

INVESTMENT POOL QUESTIONNAIRE

SECURITIES

1. Does the pool provide a written statement of investment policy and objectives?
Yes No
2. Does the statement contain the following (check all that apply):
 - A description of eligible investment instruments
 - The credit standards of investments
 - The allowable maturity range of investments
 - The maximum allowable dollar weighted average portfolio maturity
 - The limits of portfolio concentration permitted for each type of security
 - The policy of reverse repos
3. Are the changes in the policies communicated to the pool participants?
Yes No

INTEREST

4. Does the pool disclose the following about yield calculations (check all that apply):
 - Methodology is used to calculate interest (simple maturity, yield to maturity, etc.)
 - Frequency of interest payments
 - How interest is paid
 - How gains/losses are reported (factored monthly or only when realized)
5. How often is the yield reported to participants of the pool? _____
6. Are expenses of the pool deducted before quoting the yield? Yes No
If no, please explain: _____
7. Is the yield generally in line with the market yields for securities in which you usually invest? Yes No

SECURITY

8. Does the pool disclose safekeeping practices? Yes No
If yes, what are they? _____

9. Is the pool subject to audit by an independent auditor? Yes No
10. Is a copy of the audit available to participants? Yes No
11. Who makes the portfolio decisions? _____

12. How does the manager monitor the credit risk of the securities in the pool?

13. Is the pool monitored by someone on the board or a separate, neutral party external to the investment function to ensure compliance with written policies?

14. Does the pool have specific policies with regard to repurchase agreements?

Yes No

If yes, what are those policies? _____

15. Does the pool report the portfolios market value? Yes No

16. Does the pool disclose the following about portfolio valuations (check all that apply):

Frequency with which the portfolio securities are valued

Method used to value the portfolio (cost, current value, or other method)

17. Are statements for each account sent to participants? Yes No

Do statements show balances, transactions and yield? Yes No

18. How does the pool distribute detailed reports of its holdings?

Regularly

Upon Request Only

FEES

19. Is there a written schedule of administrative costs? Yes No

What are the fees? _____

How often are they assessed? _____

How are they paid? _____

Are there additional fees for wiring funds? _____

20. Are expenses deducted before quoting the yield? Yes No

OPERATIONS

21. Does the pool limit eligible participants? Yes No

What entities are permitted to invest in the pool? _____

22. Does the pool allow multiple accounts and subaccounts? Yes No

23. Is there a minimum or maximum account size? Yes No

If yes, what is minimum/maximum? _____

24. How many transactions are permitted each month? _____

25. Is there a limit on transaction amounts permitted each month? Yes No

What is the minimum and maximum withdrawal amount permitted? _____

What is the minimum and maximum deposit amount permitted? _____

26. Does the pool require one or more day/s notice for deposits and/or withdrawals?

Yes No

27. Is there a cutoff time for deposits and withdrawals? Yes No

If yes, what is it? _____

28. Are the funds 100% withdrawable at any time? Yes No

29. Are there procedures for making deposits and withdrawals? Yes No

What paperwork required, if any? _____

What are the wiring procedures? _____

30. Can an account remain open with zero balance? Yes No

31. Are confirmations sent following transactions? Yes No

Appendix G - LIST OF PRIMARY GOVERNMENT SECURITIES DEALERS

List of the Primary Government Securities Dealers Reporting to the Government Securities Dealers Statistics Unit of the Federal Reserve Bank of New York:

Bank of Nova Scotia, New York Agency
BMO Capital Markets Corp.
BNP Paribas Securities Corp.
Barclays Capital Inc.
Cantor Fitzgerald & Co.
Citigroup Global Markets Inc.
Credit Suisse Securities (USA) LLC
Daiwa Capital Markets America Inc.
Deutsche Bank Securities Inc.
Goldman, Sachs & Co.
HSBC Securities (USA) Inc.
Jefferies LLC
J.P. Morgan Securities LLC
Merrill Lynch, Pierce, Fenner & Smith Incorporated
Mizuho Securities USA Inc.
Morgan Stanley & Co. LLC
Nomura Securities International, Inc.
RBC Capital Markets, LLC
RBS Securities Inc.
SG Americas Securities, LLC
TD Securities (USA) LLC
UBS Securities LLC.
Wells Fargo Securities LLC.

NOTE: This list has been compiled and made available for statistical purposes only and has no significance with respect to other relationships between dealers and the Federal Reserve Bank of New York. Designation of an entity as a primary dealer by the New York Fed in no way constitutes a public endorsement of that entity by the New York Fed, nor should such designation be viewed as a replacement for prudent counterparty risk management and due diligence.

Government Securities Dealers Statistics Unit
Federal Reserve Bank of New York
April 18, 2016



□ April 12, 2022 LVMWD Regular Board Meeting

TO: Board of Directors

FROM: Finance & Administration

Subject : Annual Review of Financial Polices

SUMMARY:

The Board has approved 11 Financial Policies that establish guidance related to the financial management of the District. The policies define how the District manages its restricted cash and budget, establishes reserves, prefers to pay for capital projects and uses funds in excess of reserve balances. The Financial Policies are designed to be long-lasting and provide clarity to staff, the public and municipal market investors. The policies were last modified on May 22, 2018 with the addition of Policy 11, establishing a process to assign or commit funds in compliance with Government Accounting Standards Board (GASB) Standard 54. At this time, staff proposes one minor revision to the Financial Policies.

RECOMMENDATION(S):

Review and provide feedback on the District's Financial Policies.

FISCAL IMPACT:

No

ITEM BUDGETED:

No

DISCUSSION:

The Government Finance Officers Association new budget award criteria recommends that agencies specify and acknowledge the relationship between their Financial Policies and budget. As such, staff recommends adding the following preamble to the Financial Policies, which is reflected in red on the attached version.

“The District’s budget is closely aligned with the financial policies established. These policies serve to strengthen the current and long-term financial health of the District and are visited, at a minimum, on an annual basis to ensure they represent the most current and realistic framework for decision making.”

GOALS:

Ensure Effective Utilization of the Public's Assets and Money

Prepared by: Donald Patterson, Director of Finance and Administration

ATTACHMENTS:

Proposed Financial Policies

FINANCIAL POLICIES

The District's budget is closely aligned with the financial policies established. These policies serve to strengthen the current and long-term financial health of the District and are visited, at a minimum, on an annual basis to ensure they represent the most current and realistic framework for decision making.

POLICY 1: Restricted Cash

The District will maintain cash, to be used solely for its intended purpose, in an amount equal to funds restricted by legal requirements, contractual agreements and trustee requirements.

The District is limited in the means in which it may use certain cash ("restricted cash") due to legal and contractual requirements.

Other reserves/funds are unrestricted; they are established by Board direction to address potential needs as defined in the policies that follow. Unrestricted reserves may be adjusted in amount and directed for needs other than those initially contemplated, but funds described in Policy 7 for replacement/major maintenance must be used only for needs of the enterprise from which the funds were generated.

AB 1600 requires that development impact fees ("capacity fees") and interest generated from such can only be used for capital projects related to expansion, not replacement or enhancement. These funds are maintained separately in the appropriate enterprise **Construction Fund**.

Vested sick leave results from contractual obligations with employees. Cash is maintained in an amount equal to the vested sick leave obligation. Upon voluntary termination, retirement or death of an employee, the vested sick leave accrual is paid to the employee or their beneficiary.

Trust funds hold cash that has been deposited with the District for future obligations that may or may not occur. These obligations include developer/customer deposits and pre-funding by Triunfo Water and Sanitation District for their portion of JPA capital projects and 3 months operating expense.

A **Bond covenant** is cash held as a surety that the annual bond payment and interest will be made. The official documents of the bond transactions require that funds be deposited and maintained with the trustee until the final bond payment is made or the bond issue is defeased. If the District had to draw on this reserve to pay any portion of the debt service payment before the issue had fully matured, the District would be in technical default and the trustee could require the District to pay off the bondholders at once. The District's refunding bond reserve has been deposited through the bond trustee, Bank of New York, in the state of California's Local Agency Investment Fund ("LAIF"). The current bond coverage required for the district is that net operating income must be at least 110% of the maximum annual debt service.

POLICY 2: Balanced Budget/Annual Board Review

The District will maintain a balanced operating budget for each enterprise fund with annual revenues equal to or greater than annual expenditures. However, the Board may determine that reserves be used to augment operating revenues under certain circumstances. The Board will review annually the working capital, cash, projected income and bond coverage levels to determine the adequacy of each.

If in any given fiscal year operating expenditures will exceed the operating revenue projected in the same year, causing a budget imbalance, cost cutting measures or revenue enhancements may be addressed before spending reserves to support on-going operations. Cost cutting measures may include reductions in capital improvement projects, reductions in staff or reductions in expenditures for materials, services, or supplies. Such expenditure or staff reductions may result in reduced service levels. Alternatively, the Board may determine that circumstances warrant taking money from reserves to offset expenses larger than operating income.

At year-end, net revenue after expenses ("income") will be transferred to funds as directed by the Board, subject to any legal limitations on the Board's discretion. Funds balances are addressed annually as part of the budgeting process.

Available cash in the various funds reflects the District's ability to pay current bills and commitments, as well as underwriting the risk level the District is willing to accept.

POLICY 3: Rate Stabilization Fund

The District will maintain a Rate Stabilization Fund in an amount of \$8 million to maintain rate stability for customers in times when short or mid-term cash needs are volatile.

The District's potable water operating revenue *can vary greatly* based on climatic conditions. During periods of heavy rain, potable water revenue drops significantly from the three year average at which revenues are budgeted. During significantly hot, dry periods, a reverse trend is seen wherein significant revenue is generated by higher sales than the three year average. During periods of extended water shortage, when customers are asked to reduce consumption, the impact on potable water revenue is similar to the effect of heavy rain. Rather than raising water rates on a temporary basis to cover expenses during these times, the Rate Stabilization Fund (RSF) allows the Board to balance operating revenue to operating expenses by a transfer.

POLICY 4: Financing Alternatives

As part of the annual Infrastructure Investment Plan (IIP) budgeting process, the District will examine options available to pay for the proposed projects, including the option of financing.

Each year the Board reviews needs for capital improvements and major maintenance over the next five years (the capital improvement plan "CIP"). Expenditures are projected on an annual basis, but the available fund balance for replacement or major maintenance is not always adequate to cover the need when it arises. The Board favors a pay-as-you-go program for the IIP program, but the District may not have funds available to pay for projects in any given year, or projects anticipated in future years may be of a type that would be difficult to finance. Such considerations may dictate financing as the preferred alternative. If a project requires substantial expenditures over several years and interest rates are low, the District may consider issuing financing now and reserving the available funds for need at times when interest rates are higher.

The Board has determined that debt service should not exceed 15% percent of reliable revenue sources.

POLICY 5: Fiscal Impact Analysis

Staff shall prepare a fiscal impact analysis for each budget appropriation request not included as part of the Annual Budget. Available fund balances are intended to be appropriated only for "one-time" nonrecurring expenditures not covered by the current annual budget.

When non-budgeted items are brought before the Board for consideration, the resulting fiscal impact will be analyzed. The Board requires all requests for new or supplemental budget appropriations to be accompanied by a fiscal impact statement including:

- Amount of funds requested
- Source of funds requested
 - New revenue
 - Reallocation of existing appropriations
 - Grants
- Impact of Request
 - New rates or fees
 - Decrease in one activity to support another activity
 - Effect on fund balance

POLICY 6: Operating Funds Cash Requirement

The District will maintain cash (net of restricted cash) in the Operations Fund of each enterprise equivalent to 25% of the operating budget (and eliminate the requirement for one-year's debt service obligation. This change in policy will increase the potable water reserve balance but should be tempered with a requirement to maintain a working capital reserve for operations and one year's debt service in the sanitation operating fund each year, which would be approximately \$5.2 million.)

An available cash reserve to cover operating shortfalls is a prudent management practice to be used for both short term cash flow and contingency planning for unforeseen situations. Examples Include:

- Unexpected increases in costs or declines in revenues
- Legislative or judicial mandate to provide a new or expanded service or program
- Natural disaster emergencies which exceed the Emergency/Insurance Fund
- One-time Board approved non-capital expenditures or capital need if the IIP fund is inadequate
- Interruptions in billing process to customers

If such unforeseen circumstances occur, staff will present the Board with options for curing the deficiency, including use of this fund.

POLICY 7: Replacement and Major Maintenance Fund by Enterprise (potable water, sanitation, recycled water)

Each of the District's three enterprises will maintain a Replacement Fund for major maintenance, replacement and improvement of facilities and infrastructure not related to growth. The source of funds will be current user fees. Each Replacement Fund will maintain cash levels equal to the most current three-years of actual depreciation expense. If a replacement fund's cash target is exceeded, the Board will consider using the excess for prepayment of outstanding debt, if appropriate.

Prudent stewardship of assets requires that maintenance be performed to postpone or decelerate the aging process. As a general rule, maintenance costs for an item become more expensive as the asset ages. Also, changes in technology could result in replacing an asset with one which provides lower operating expenses or greater revenues or replacement of assets may be required due to changes in regulatory standards.

Major maintenance and replacement are on-going operating costs that should be paid for by user fees. Appropriate cash levels within a Replacement Fund enables the District to pay for planned or unplanned projects in any given year.

The water stand-by charge is levied against developed and undeveloped land and is dedicated to maintenance and replacement of potable water infrastructure and facilities. Recognizing that undeveloped land has added value because of the availability of potable water service, these owners have a vested interest in seeing the system maintained.

POLICY 8: New Construction Fund by Enterprise

The District will pay for expansion or new facilities necessitated by growth from capacity fees collected from new development and maintained in the appropriate enterprise's Construction Fund.

Current ratepayers should not be burdened with costs associated with growth due to new development. The fair share of cost of expansion will be borne by the developers through capacity fees.

The District has a master plan that identifies projected infrastructure and facility needs through build-out and is used as the basis for determining capacity fees. Capacity fees may be pledged for debt service payments, if the need for the expansion occurs before adequate capacity fees can be collected.

Prepaid capacity fees not used are subject to refund with interest, provided the developer has not started his project and the District has not begun construction on the system.

POLICY 9: Internal Service Replacement Fund for Buildings, Vehicles and Equipment

The Internal Service Fund will have revenues (i.e. user charges, interest income and all other income) sufficient to meet operating expenses, maintenance costs, depreciation expense, an inflation factor for other needs not exclusive to one of the three enterprises.

The District uses the internal service fund as an internal accounting and budget mechanism to equitably distribute general operating costs such as for buildings, vehicle and equipment replacement and maintenance costs among District user programs and to assure that adequate funding is on hand to replace or maintain these assets.

POLICY 10: Emergency/Insurance Fund

The District will maintain an Emergency/Insurance Fund to cover claims not covered by insurance, fines and penalties imposed by regulatory agencies and disaster repairs and expenses. The target for this Fund is two percent (2%) of the total value of capital assets, including LVMWD's share of the Joint Power's Authority capital assets. The Board must approve any expenditure from this Fund. Self-insurance retentions will be paid out of operating budgets.

To protect the investment in assets and to ensure continuation of District operations, the District purchases insurance for general liability, property and worker's compensation. The District has the responsibility to pay for deductibles or self-insurance retentions. Also, the District has some risks that may not be economically or actually insured, such as certain types of pollution (odor), flood, and mold. Also, the insurance on District's sewer lines or water lines is limited to the cost of emergency clean-up and does not include the cost of repairing the failure. Because of this potential exposure, the District has established the Emergency/Insurance Fund at two-percent of the value of capital assets less the value of land, which amount will be determined annually after the audit. The Fund can only be used when approved by the Board.

This policy is in line with our experience in having to pay damages that are not covered by insurance and cover expenses that are not reimbursed on a timely basis by FEMA. Like the Rate Stabilization Fund, not having the Emergency/Insurance Fund available in the event of a disaster could significantly impact our cash flow and possibly impact future utility rates during troublesome times.

POLICY 11: Assignment or Commitment of Reserves in Excess of Target Balances

When the operating reserves for an enterprise fund exceed the amounts required by these Financial Policies, the Board may assign or commit the funds in excess of the established reserve balance targets for use by the Pure Water Project.

The Board has a policy favoring pay-as-you-go for capital projects. The District considers cash on hand in excess of the reserve levels established by Policy 6 as available for capital or any one-time project. Additionally, GASB 54 establishes specific designations related to the use of fund balance as follows:

- *Assigned Fund Balance* – The assigned fund balance is a designation by the Board or its authorized designated official specifying an intended use of certain funds. These funds are committed for a specific purpose but not necessarily to a specific project or program and its use is not restricted.
- *Committed Fund Balance* – The committed fund balance has stronger restrictions than assigned fund balance in that its use is constrained by the Board and any use of the funds must have explicit approval of the Board, usually in the form of an ordinance or resolution. Committed funds cannot be used for any other purpose without action by the Board.

Funds that are available after the Enterprise has met its requirements for having a cash balance equivalent to 25% of the operating budget and for having funds available for replacement and major maintenance as specified in the annual Infrastructure Investment Plan (reserves equivalent to three years of capital improvement projects) can, at the Board's discretion and upon approval, be assigned or designated for use by the Pure Water Project.