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MEMBER AGENCY OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA Call and Notice of Special Meeting of the Board of <u>Directors of Las Virgenes Municipal Water District</u>

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 10:00 a.m. on Thursday, May 4, 2017, at City of Agoura Hills Recreation and Event Center – Community Conference Room, 29900 Ladyface Court, Agoura Hills, CA 91301.

Pledge of Allegiance

- Call to Order and Roll Call
- 2. Public Comments
- 3. Budget and Strategic Planning Workshop (see attached agenda)
- 4. Adjournment

By Order of the Board of Directors GLEN PETERSON, President

David W. Pedersen, P.E.

Deputy Secretary

c: Each Director

Dated: May 1, 2017



LAS VIRGENES MUNICIPAL WATER DISTRICT 29900 Ladyface Court, Agoura Hills, CA 91301

AGENDA SPECIAL 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 and MUST complete a speakers' card and hand it to the Clerk of the Board. Speakers will be recognized in the order cards are received.

The Public Comments agenda item is presented to allow the public to address the Board on matters not on the agenda. The public may present comments on any agenda item at the time the item is called upon for discussion.

Materials prepared by the District in connection with 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 written request to the Clerk of the Board.

10:00 AM May 4, 2017

PLEDGE OF ALLEGIANCE

- 1 CALL TO ORDER AND ROLL CALL
- 2 APPROVAL OF AGENDA
- 3 **PUBLIC COMMENTS**

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

Subdivision (b) of Government Code Section 54954.2

4 FINANCE REVIEW AND PLANNING

- A Annual Review of Financial and Investment Policies (Pg. 3)
 Adopt the proposed version of the District's Investment Policy.
- B Monthly Cash and Investment Report: March 2017 (Pg. 44)
 Receive and file the Monthly Cash and Investment Report for March 2017.
- C Financial Review: Third Quarter of Fiscal Year 2016-17 (Pg. 60)

 Receive and file the financial review for the third quarter of Fiscal Year 2016-17.
- D Fiscal Year 2017-18 Budget Plan: Review of Proposed Changes (Pg. 79)

5 **STRATEGIC PLANNING**

- A Status of Fiscal Year 2016-17 Tactical Actions and Activities (Pg. 94)
- B Proposed Fiscal Year 2017-18 Tactical Actions and Activities (Pg. 105)

6 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

7 **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.



May 4, 2017 LVMWD Special Board Meeting

TO: Board of Directors

FROM: Finance & Administration

Subject: Annual Review of Financial and Investment Policies

SUMMARY:

The Board annually reviews the District's financial and investment policies to ensure that they continue to reflect the goals of the District. Attachment A consists of the District's financial policies; no changes are proposed. Attachment B consists of the District's Investment Policy; two minor updates to the policy are proposed.

RECOMMENDATION(S):

Adopt the proposed version of the District's Investment Policy.

FISCAL IMPACT:

No

ITEM BUDGETED:

No

FINANCIAL IMPACT:

There is no financial impact associated with this action.

DISCUSSION:

Staff proposes the following two changes to the District's Investment Policy:

1. Increase amount of time allowed for submittal of the monthly cash and investment report to the Board, from 30 to 45 days after the end of the period covered by the report, to better align with the timing for the monthly financial closing.

2. Modify the allowable investments to include any local agency pooled investment fund. Currently, the Investment Policy allows for investment in CalTRUST. There are other local agency pooled investment funds that comply with the requirements set forth in the Investment Policy; therefore, staff proposes to remove specific mention of CalTRUST, making the policy broader. Staff also proposes to reduce the maximum percentage of the District's portfolio that can be invested in a pooled investment fund to 25 percent of the portfolio's total value.

GOALS:

Ensure Effective Utilization of the Public's Assets and Money

Prepared by: Donald Patterson, Director of Finance and Administration

ATTACHMENTS:

Attachment A - Financial Policies

Attachment B - Proposed Investment Policy (Red-lined)

ADOPTED FINANCIAL POLICIES

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 that 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 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: Recycled Water Operations Reserves

When the operating reserves for recycled water exceed the amount required in Policy 6 (Operating Funds Cash Requirement) plus Policy 7 (Replacement and Major Maintenance Fund by Enterprise), the District may use the net reserves to pay for research, studies and construction of projects to increase the beneficial use of recycled water and/or set aside funds to ultimately pay for (pay-go) or service the debt associated with a seasonal storage reservoir for recycled water, if the expenditure is approved by the Board.

The Tapia Water Reclamation Facility treats wastewater to such a level that the result can be sold as recycled water. Although the recycled water is considered a valuable asset to the District because recycled water can replace some irrigation uses, thus lowering the demand for potable water, there are times of the year that the District accumulates more recycled water than customers can use and the District has to pay to dispose of the excess recycled water.

The District's goal is to make recycled water available to as many customers as is practical as a way of conserving potable water. To that end, funds in the Recycled Water Operations reserve that are available after the fund has met its requirements for having a cash balance equivalent to 25% of the operating budget for recycled water 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 used to pay for research, studies and construction of projects to increase the beneficial use of recycled water and/or to set funds aside to ultimately pay for (pay-go) or service the debt associated with a seasonal storage reservoir for recycled water.



Investment Policy

Approved July 26, 2016

Proposed May 4, 2017

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Las Virgenes Municipal Water District Investment Policy

Adopted July 26, 2016 Proposed May 4, 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 July 26, 2016 ______. 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 <u>Safety:</u> 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 <u>Liquidity</u>: 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 <u>DELEGATION OF AUTHORITY</u>

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."

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.

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¹California Government Code Section 53600.3

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.

8.1 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 <u>and</u> 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.

10.1 <u>INVESTMENT POOLS / MUTUAL FUNDS</u>

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 SAFEFEEPING 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 CalTrust 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 receipted 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.

13.1 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.

13.2 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.

15.1 <u>INTERNAL CONTROL</u>

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 <u>Monthly Reports:</u> 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 thirty-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. **FEDERALAGENCIES:**

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) or A1 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. <u>CalTRUST</u>: invests in fixed income securities eligible for local agency investment pursuant to California Government Code Sections 53601 and 53635. A Board of Trustees supervises and administers the investment programs. Other local agency pooled investment funds that invest pursuant to California Government Code Section 53601 or 53635.

No more than <u>50-25</u> percent of the District's total portfolio value may be invested in <u>CalTrust</u>other local agency pooled investment funds.

- C. Voluntary Investment Fund
- D. County Pooled Investment Fund

6. **REPURCHASE/REVERSEREPURCHASEAGREEMENTS:**

- 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
CalTrust	50%	N/A	None
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 move 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 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 ASSOCATION (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 i 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?				

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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.
	- <u>CERTIFICATION</u> -
"Dist investand out how the infor constinfor trans ques	reby certify that I have personally read Las Virgenes Municipal Water District's (the rict") Investment Policy and the California Government Codes pertaining to the stments and deposits of the District, and have implemented reasonable procedures a system of controls designed to preclude imprudent investment activities arising of transactions conducted between our firm and the District. I understand rever, that our firm is not obligated to monitor the percentage limits on investments as described in the policy. All sales personnel will be routinely med of District investment objectives, horizon, outlook, strategies and risk traints whenever we are so advised. We pledge to exercise due diligence in ming District Investment Officers of all foreseeable risks associated with financial factions conducted with our firm. I attest to the accuracy of our responses to your tionnaire. TE: Completion of Questionnaire is only part of District's Certification
IVOI	process and <u>DOES NOT guarantee</u> that the applicant will be approved to do business with the District.
Signa	ature: Date:
Nam	e: Title:
Cour	tersigned: Date:
Nam	e: 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 No:	Telephone No:	
	Sales:	Sales:	
	No. of Volume with Firms	No. of Years with	
	No. of Years with Firm:	Firm:	
5.	Are you a Primary Dealer in U.S. (Government Securities? Yes \(\square\) No \(\square\)	
6.	Are you a Regional Dealer in U.S.	Government Securities? Yes □ No □	
7.	Are you a Broker instead of a Dea Yes ☐ No ☐	aler? (i.e. You DO NOT own positions of securities)	
8.	Are you FINRA certified and licens	sed to sell in California Municipalities?	
9.	What is the net capitalization of ye	our firm?	
10.	What is the date of your Fiscal Ye	ear-End?	
11.	Is your firm owned by a Holding (If so, what is its name and net ca		
12.	Please provide your Wiring and D	elivery Instructions:	
13.	Which of the following instrument	ts are offered regularly by your local desk?	
	☐ T-Bills	☐ Treasury Notes/Bonds	
	☐ NCD's	Agencies (specify)	
	☐ BA's (Domestic)	☐ BA's (Foreign)	
		☐ Commercial Paper	
	☐ Repurchase Agreements	☐ Reverse Agreements	
14.	Which of the above does your firm	ns specialize in Marketing?	
15.	Please identify your most directly	comparable Local Agency clients in our	
١٠.	geographical area:		07
	Contact Person:		37

	Telephone No:	Client Since:	
16.	What reports, transactions, conf	firmations and paper trail would we receive?	
17.	Please include samples of resear	rch reports or market information that your firm cy clients.	
18.	What precautions are taken by when dealing with government	your firm to protect the interest of the public agencies as investors?	
19.		sured or punished by a Regulatory State or fraudulent activities, related to the sale of	
20.	If yes, please explain:		
21.		of your capital adequacy and financial solvency. statement must be provided within 120 days f	
	- <u>C</u>	ERTIFICATION -	
"Dis inve and out how the information that in the information tran	trict") Investment Policy and the stments and deposits of the District a system of controls designed of transactions conducted between, that our firm is not of investments as described in the straints whenever we are so a strainty District Investment Office	Ily read Las Virgenes Municipal Water District's (the California Government Codes pertaining to the California Government Codes pertaining to the California Government described in the procedure to preclude imprudent investment activities arising tween our firm and the District. I understain bligated to monitor the percentage limits on the policy. All sales personnel will be routing objectives, horizon, outlook, strategies and right advised. We pledge to exercise due diligence arts of all foreseeable risks associated with finance. I attest to the accuracy of our responses to your responses to your responses to your responses to your responses.	he res nd on ely isk in
NO	•	naire is only part of District's Certification guarantee that the applicant will be approve District.	
Sign	ature:	Date:	
Nam	ne:	Title:	
Cour	ntersigned:	Date:	
		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 $\hfill\square$ No $\hfill\square$
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 $\hfill\square$ No $\hfill\square$
INTE	<u>REST</u>
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 \square No \square If no, please explain:
7.	Is the yield generally in line with the market yields for securities in which you usually invest? Yes \square No \square
SECL	<u>JRITY</u>
8.	Does the pool disclose safekeeping practices? Yes \square No \square If yes, what are they?
9.	Is the pool subject to audit by an independent auditor? Yes \(\sigma\) No \(\sigma\)
10.	Is a copy of the audit available to participants? Yes \square No \square
11.	Who makes the portfolio decisions?
12.	How does the manager monitor the credit risk of the securities in the pool?

13.	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 \(\subseteq \text{No } \subseteq \
18.	How does the pool distribute detailed reports of its holdings? ☐ Regularly ☐ Upon Request Only
FEE:	<u>S</u>
19.	Is there a written schedule of administrative costs? Yes No What are the fees? How often are they assessed? How are there additional fees for wiring funds?
20. OPE	Are expenses deducted before quoting the yield? Yes ☐ No ☐ RATIONS
21.	Does the pool limit eligible participants? Yes \(\square\) No \(\square\) 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 \(\Boxed{\square}\) No \(\Boxed{\square}\) 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 \(\subseteq \text{No } \subseteq \) What is the minimum and maximum withdrawal amount permited?
	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 \(\sigma\) No \(\sigma\) 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



May 4, 2017 LVMWD Special Board Meeting

TO: Board of Directors

FROM: Finance & Administration

Subject: Monthly Cash and Investment Report: March 2017

SUMMARY:

During the month of March, the value of the District's investment portfolio decreased from \$66,438,181, held on February 28, 2017, to \$64,991,744. There were three investments that matured or were called, and five investments were purchased in March, decreasing the book value of the investment portfolio to \$36,739,652. During the first quarter of 2017, the District's investment portfolio interest totaled \$192,781.78.

RECOMMENDATION(S):

Receive and file the Monthly Cash and Investment Report for March 2017.

FISCAL IMPACT:

No

ITEM BUDGETED:

No

DISCUSSION:

As of March 31st, the District held \$64,991,744, up 1.36% year-over-year. The portfolio was down 2.18% from the previous month's total of \$66,438,181. The majority of the funds were held in the District's investment account, which had a March 31st value of \$36,739,652. LAIF held the majority of the remaining funds, in the amount of \$25,478,932. A significant portion of the balance, \$2,760,702, was held in LAIF as required reserves for the bond refunding. The annualized yield for the District's investment portfolio was 1.42% in March 2017, down from 1.43% in February. The annualized yield on the District's LAIF funds was 0.82% in March, up compared to February's 0.78%. The total yield on the District's accounts was 1.17%, up from

0.84% year-over-year.

The following investments matured or were called in March 2017:

- FHLB callable invested on 03/13/15 was called in the amount of \$1,000,000; YTC 1.50%.
- FHLMC callable invested on 12/30/16 was called in the amount of \$1,000,000; YTC 2.45%.
- FHLB invested on 03/30/12 matured in the amount of \$1,000,000; YTM 1.27%.

The following investments were purchased during March 2017:

- California State University Revenue Bond maturing 11/01/17 in the amount of \$150,000;
 YTM 0.95%; S&P AA-.
- California State University Revenue Bond maturing 11/01/18 in the amount of \$360,000;
 YTM 1.25%; S&P AA-.
- Lake City Bank FDIC insured CD maturing 03/22/19 in the amount of \$245,000; YTM 1.60%.
- FHLMC callable coupon maturing 12/27/19 in the amount of \$1,000,000; YTM 1.61%.
- State of Maryland General Obligation Bond maturing 03/15/20 in the amount of \$1,000,000; YTM 1.80%; S&P AAA.

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

- 03/09/2017 Deposit in the amount of \$300,000.
- 03/27/2017 Withdrawal in the amount of \$973,000.
- 03/29/2017 Withdrawal in the amount of \$500.000.

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

Quarterly Investment Report:

During the first quarter of calendar year 2017, the District's portfolio earned \$71,254.88 in interest and accrued an additional \$121,526.90 in interest for a total amount of \$192,781.78. Attached is a detailed report of guarterly interest by investment.

Cash Analysis:

Another important aspect of the Monthly Cash and Investment Report is to monitor the District's performance compared to its adopted Financial Policies. Attachment B shows the District's total cash and investments as of March 31, 2017 and compares the balances to the adopted Financial Policies.

As shown in the analysis, as of March 31, 2017, the Potable Water Enterprise was \$22.3 million below the levels set forth in the District's Financial Policies, down an additional \$1,064,541 since February 28, 2016. Use of \$1,086,380 from the Rate Stabilization Reserves was necessary to cover capital expenses.

The Sanitation Enterprise had cash and investments that exceeded the District's Financial

Policies by \$10.9 million, and the Recycled Water Enterprise had cash and investments that exceeded the District's Financial Policy levels by \$7.2 million. These Enterprises are expected to incur significant expenses during the next five-year period for the Pure Water Project Las Virgenes-Triunfo.

GOALS:

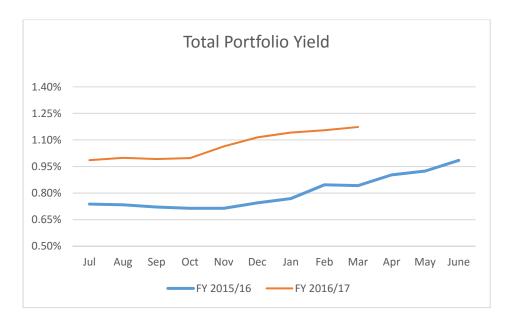
Ensure Effective Utilization of the Public's Assets and Money

Prepared by: Donald Patterson, Director of Finance and Administration

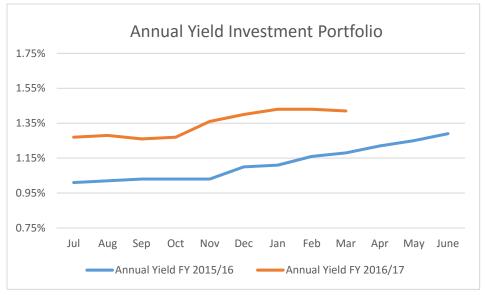
ATTACHMENTS:

Charts
Attachment A
Attachment B
Monthly Investment Report
Quarterly Investment Report

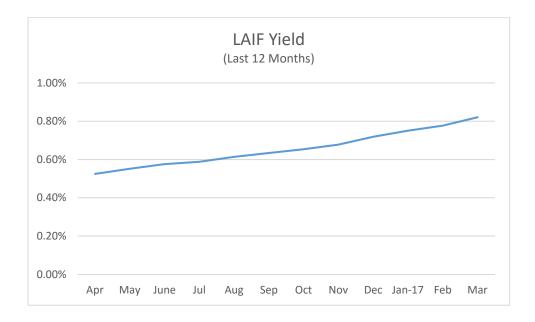
The District's total yield varies depending on the percentage of the portfolio in LAIF versus the Investment Portfolio. If a higher percentage of the District's funds are in LAIF, the lower the total yield since LAIF is more liquid, more conservative, and has significantly lower yields than bonds held in the Investment Portfolio. As of March 31, 2017, at Book Value, LAIF held 39.20% of the District's portfolio, the investment portfolio held 56.53%, and the refunding revenue bonds held 4.25%. As can be seen in the chart below, the total yield in March 2017 was 1.17%, two basis point higher than February 2017 and up from 0.84% one year ago.



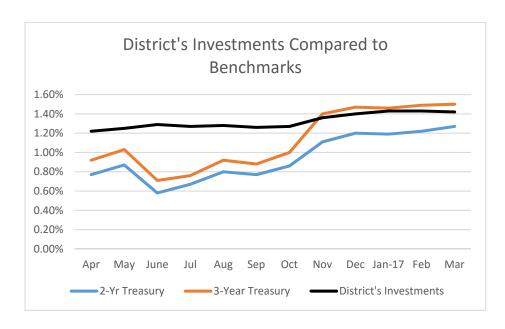
In March, the annualized yield for the District's Investment Portfolio was down one basis point from February at 1.42% and up from 1.18% a year ago. The chart below shows annualized monthly yield of the current fiscal year compared with the same monthly yield over the previous year.



The following chart shows the average annualized LAIF yields over the past twelve months. In March, the LAIF yield was 0.82%, up from 0.78% in February and up from 0.51% a year ago.



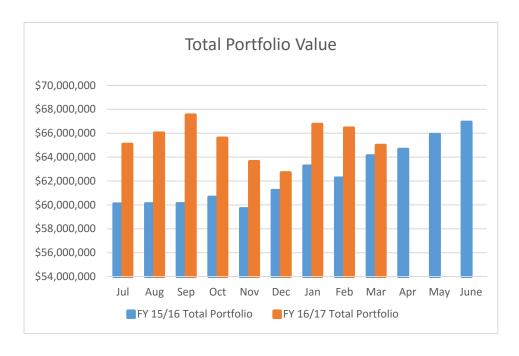
In order to benchmark how the District's portfolio is performing, it is useful to compare its investment portfolio with a comparable index. The District has historically compared its investment portfolio returns to the 2-Year and 3-Year Treasury notes. Because the District buys and holds its investments,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



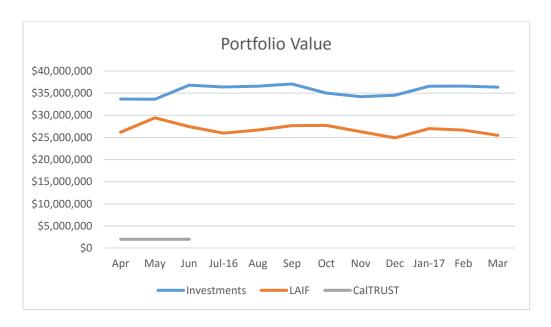
Equally important to monitoring performance is to monitor total portfolio value which includes the District's Investment Portfolio and LAIF accounts. The chart below shows the Total Portfolio Value between 2009 and 2017. The significant reduction in 2014 is primarily because of the Torchwood Tank and other backbone improvement program projects. The recent decrease over the portfolio's September peak is the result of capital expenditures for the Westlake filter plant and pump station projects. In March, the District's portfolio decreased 2.18% from February to \$64,991,744.



The chart below compares Total Portfolio Value in the current Fiscal Year, compared to the same period in the previous fiscal year.



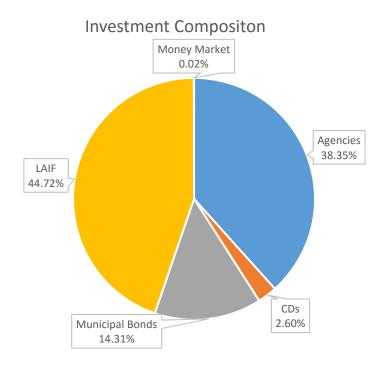
The chart below shows the value of the District's Investment, LAIF, and CalTRUST portfolios over the past twelve-month period. In June 2016, the District liquidated its CalTRUST portfolio. The District's Investment Policy requires an amount equal to 6 months of operating budget to be kept in LAIF, which is \$23.3 million. The amount varies due to settlement dates of investments and the timing of significant payments, such as the prepayment of CalPERS in July of each year.

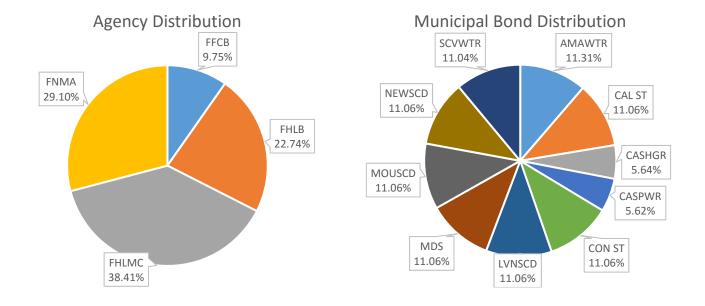


Diversification

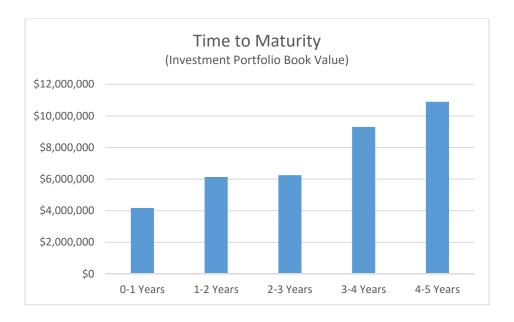
It is important to monitor the composition of the portfolio to ensure proper diversification of the District's investments. The District seeks to diversify based on type of investment and time to maturity.

As can be seen in the chart below, at book value the District has 41.57% of its investment portfolio in agency bonds, 43.45% in LAIF, 13.45% in municipal bonds, 1.51% in certificates of deposit, and 0.02% in a money market fund. The charts below shows the diversification of the District's portfolio.

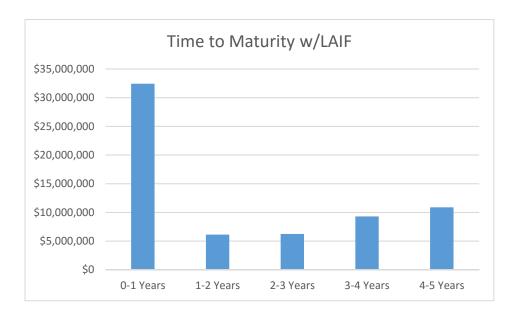




Another important factor to diversification is time to maturity. The District varies the time to maturity based on several factors including maintaining sufficient liquidity for anticipated capital expenditures, anticipated direction of future interest rates, and the quality of investments offered for a given maturity. In March, the average time to maturity was 3.00 years, down from 3.11 years in February. The District targets a 3-year average maturity in the investment portfolio.



One of the key principals of the District's Investment Policy is liquidity. The chart below visually shows how the District's use of LAIF significantly increases the liquidity of the portfolio as compared to the investment portfolio alone.



Definitions

- Disc./Cpn Rate The yield paid by a fixed income security.
- Yield to Call (YTC) The rate of return of a security held to call when interest payments, market value and par value are considered.
- Yield to Maturity (YTM) The rate of return of a security held to maturity when interest payments, market value and par value are considered.
- Bullet A fixed income security that cannot be redeemed by the issuer until the maturity date.
- Callable A fixed income security that can be redeemed by the issuer before the maturity date.
- Book Value The price paid for the security.
- Par Value The face value of a security.
- Market Value The current price of a security.
- Custodian The financial institution that holds securities for an investor.

Investment Abbreviations

- FHLB Federal Home Loan Bank
- FHLMC Federal Home Loan Mortgage Corporation (Freddie Mac)
- FNMA Federal National Mortgage Association (Fannie Mae)
- FFCB Federal Farm Credit Bank
- Bonds
 - o AMAWTR Amador Water Agency
 - CAL ST State of California
 - o CASHGR California State University
 - o CASPWR State of California Department of Water Resources
 - o CON ST State of Connecticut
 - LVNSCD Las Virgenes Unified School District
 - o MDS State of Maryland
 - o MOUSCD Mountain View Unified School District
 - o NEWSCD Newark, CA Unified School District
 - o SCVWTR Santa Clara Valley Water District

Attachment B

LVMWD CASH & INVESTMENT ANALYSIS - March 31, 2017

		9,561	65,409,561	TOTAL
		49,379,228	16,030,333	Subtotal
			7,366,498 5,731,490	JPA Prepaid Connection Fees & Undistributed Interest
	6,923,142	6,962,521	2,765,235 1,430,034	606 & 607 - Refunding Revenue Bonds - Reserve Fund 701 - Vested Sick Leave Reserve 720 - Insurance Reserve
\$10,899,864	14,470,002	25,369,867	(500,469)	330 - Sanitation Total Sanitation
	2,880,419	24,898,747	(500,469)	130 - Sanitation Operations 230 - Sanitation Construction
7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7	2,425,172	2,028,113	(100)	302 - Recycled Water Replacement
	741,333	8,355,107	(813,457)	102 - Recycled Water Operations 203 - Recycled Water Construction
(\$22,343,291)	29,000,000 29,006,912	6,663,620	51,002	bus - Kate Stabilization Fund Total Potable Water
	12,962,347	(2,797,297)	51,002	201 - Potable Water Construction 301 - Potable Water Replacement
-	8,044,565	1,710,918		101 - Potable Water Operations
Over (Short) Policy By Enterprise	Policy Requirement	Cash Held by Policy	Restricted Cash	

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

Restricted Cash - Revenue restricted to a particular purpose.

Bond Covenants - Money relating to bond financing that is restricted in use and required by promises made in bond document Funds are reconcilled at year-end.

Date: April 19, 2017

To: David W. Pedersen, General Manager

From: Finance and Administration Department

Subject: Investment Report for the Month of March 2017

Summary of Investments Investments Maturing Within Six Months:

Disc./Cpn Yield Yield Rate To Maturity To Call	Vieturing vv Yield To Maturity	Yield To Call	INIOTITIS: Investment Type	Date Invested	Next Call Date	Date Matures	Book Value	Par Value	Market Value	Market Value Source
			None]	
Investments Maturing After Six Months:	Maturing At	fer Six N	<u>nonths:</u>							
1.585%	1.100%		LVNSCD-Muni Bond	02/20/13		11/01/17	1,022,130	1,000,000	1,000,740	Custodian
0.750%	0.750%		FHLMC-Bullet	05/28/13		11/28/17	1,000,000	1,000,000	096,866	Custodian
1.000%	1.000%		FHLMC-Bullet	03/26/13		03/26/18	1,000,000	1,000,000	996,380	Custodian
0.950%	0.950%		FHLMC-Bullet	05/22/13		05/22/18	1,000,000	1,000,000	995,680	Custodian
1.250%	1.250%		FHLB-Bullet	06/26/13		06/26/18	1,000,000	1,000,000	1,000,930	Custodian
1.300%	1.300%	1.300%	FHLB-Builet	03/30/15		10/30/18	1,000,000	1,000,000	999,920	Custodian
1.600%	1.600%	1.600%	FNMA-Callable Coupon	05/19/15	05/19/17	05/19/20	1,000,000	1,000,000	997,510	Custodian
1.150%	1.150%	1.150%	FFCB-Callable Coupon	02/23/16	Cont. 5/23/16	11/23/18	1,000,000	1,000,000	996,510	Custodian
1.500%	0.983%		FHLB-Bullet	02/09/16		03/08/19	1,015,650	1,000,000	1,002,640	Custodian
1.350%	1.350%	1.350%	FNMA-Callable Coupon	02/26/16	05/26/17	08/26/19	1,000,000	1,000,000	060'286	Custodian
1.300%	1.300%		FNMA-Bullet	02/24/16		02/24/20	1,000,000	1,000,000	987,530	Custodian
2.250%	1.732%		CONNECTICUT ST-MuniBol	02/17/16		09/01/20	1,119,649	1,095,000	1,104,384	Custodian
2.427%	1.779%		NEWSCD-MuniBond	03/17/16		08/01/20	934,688	910,000	919,819	Custodian
1.25% & Up	2.120%	1.250%	FHLMC-Callable Coupon	04/04/16	06/30/17	03/30/21	1,000,000	1,000,000	989,020	Custodian
1.400%	1.400%	1.400%	FFCB-Callable Coupon	04/13/16	Cont. 4/13/17	04/13/20	1,000,000	1,000,000	990,180	Custodian
	1.500%		CAL ST-MuniBond	04/28/16		04/01/21	1,000,000	1,000,000	972,760	Custodian
1.5% & Up ²	1.866%	1.500%	FHLMC-Callable Coupon	06/16/16	06/16/17	06/16/21	1,000,000	1,000,000	989,030	Custodian
2.387%	1.392%		SCVWTR-MuniBond	06/21/16		06/01/21	1,047,370	1,000,000	1,012,620	Custodian
	1.400%	1.400%	FHLMC-Callable Coupon	06/27/16	06/27/17	12/27/19	1,000,000	1,000,000	994,590	Custodian
1.0% & Up	2.014%	1.000%	FHLB-Callable Coupon	06/30/16	06/30/17	06/30/21	1,000,000	1,000,000	981,830	Custodian
1.960%	1.960%	1.960%	MOUSCD-MuniBond	07/14/16		08/01/21	000'009	600,000	588,180	Custodian
1.180%	1.114%	1.039%	FFCB-Callable Coupon	07/22/16	06/13/17	06/13/19	1,001,250	1,000,000	988,030	Custodian
1.550%	1.550%		CAPITAL ONE BANK - CD	08/10/16		08/10/21	245,000	245,000	238,846	Custodian
1.580%	1.501%	0.700%	FNMA-Callable Coupon	08/15/16	06/15/17	06/15/20	1,002,920	1,000,000	988,080	Custodian
1.400%	1.400%	1.400%	FNMA-Callable Coupon	08/24/16	05/24/17	08/24/20	1,000,000	1,000,000	987,120	Custodian
1.350%	1.350%		ALLY BANK-CD	09/08/16		09/09/19	245,000	245,000	241,715	Custodian
1.450%	1.450%		JP Morgan Chase BK-CD	09/16/16	09/16/17	09/16/20	245,000	245,000	240,362	Custodian
1.713%	1.713%		CASPWR-Muni Bond	09/28/16		05/01/21	1,000,000	1,000,000	983,610	Custodian
1.480%	1.480%	1.483%	FNMA-Callable Coupon	09/29/16	06/29/17	12/29/20	1,000,000	1,000,000	973,080	Custodian

LVMWD Investment Report for the Month Ending March 31, 2017

Disc./Cpn Rate	Yield Yield To Maturity To Call	Yield To Call	Investment Type	Date invested	Next Call Date	Date Matures	Book Value	Par Value	Market Value	Market Value Source
Investments	Maturing A	fter Six N	Investments Maturing After Six Months (continued):							
2.000%	0.911%		AMAWTR-Muni Bond	11/17/16		06/01/18	508,305	200,000	505,670	Custodian
1.25%-⊍p ¹	2.115%	1.250%	1.250% FHLB-Callable Coupon	11/17/16	05/17/17	11/17/21	1,000,000	1,000,000	983,740	Custodian
1.3%-Up	5 2.116%	1.300%	1.300% FHLMC-Callable Coupon	11/22/16	05/22/17	11/22/21	1,000,000	1,000,000	985,150	Custodian
1%-Up	6 1.911%	1.000%	1.000% FHLB-Callable Coupon	11/29/16	11/29/17	11/29/21	1,000,000	1,000,000	997,330	Custodian
0.875%	0.891%		FNMA-Bullet	12/08/16		12/20/17	999,840	1,000,000	998,530	Custodian
1.6%-Up	7 1.875%	1.600%	1.600% FHLB-Callable Coupon	12/09/16	06/09/17	12/09/21	1,000,000	1,000,000	982,640	Custodian
2.000%	2.000%	2.000%	2.000% FHLMC-Callable Coupon	01/30/17	07/28/17	01/28/21	1,000,000	1,000,000	998,950	Custodian
2.000%	2.046%	2.018%	FHLMC-Callable Coupon	01/30/17	01/26/18	01/26/22	997,850	1,000,000	995,710	Custodian
0.950%	0.950%		CASHGR-Muni Bond	03/09/17		11/01/17	150,000	150,000	149,759	Custodian
1.250%	1.250%		CASHGR-Muni Bond	03/09/17	,	11/01/18	360,000	360,000	359,370	Custodian
1.600%	1.600%		Lake City Bank - CD	03/22/17		03/22/19	245,000	245,000	245,243	Custodian
1.800%	1.800%	-	MDS-Muni Bond	03/22/17		03/15/20	1,000,000	1,000,000	1,004,290	Custodian
1.610%	1.610%	1.610%	FHLMC-Callable Coupon	03/27/17	03/27/18	12/27/19	1,000,000	1,000,000	1,000,720	Custodian
			Sub-Total				36,739,652	36,595,000	36,354,246	
	:	:	Total Investments				\$36,739,652	\$36,595,000	\$36,354,246	
Note: Gov. Age.	ncy Coupon Not	es will distri	Note: Gov. Agency Coupon Notes will distribute interest every six month							

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

3-CPNRT=1% to 12/17; 1.25% to 12/18; 1.5% to 12/19; 2% to 6/20; 4% to 12/20; thereafter 6%. 1-CPNRT=1.25% to 3/18, 1.75% to 9/19, 2.25% to 3/20, 3.5% to 9/20; thereafter 5.5%.

6-CPNRT=1% to 11/17; thereafter 2.15%. 5-CPNRT=1.3% to 5/19; 1.5% to 5/20; 2% to 11/20; 4% to 5/21; thereafter 6%.

7-CPNRT=1.6% to 12/19; 1,75% to 6/20; 2% to 12/20; 2.5% to 6/21; thereafter 3%, 2-CPNRT=1.5% to 6/17; 1.625% to 6/18; 1.75% to 6/19; 2.0% to 6/20; intereafter 2.5%. 4-CPNRT=1.25% to 11/18; 1.5% to 5/20; 2% to 11/20; 4% to 5/21; thereafter 6%.

Interest earnings for the month were as followed:

interest earnings for the month were as followed:		Amount	Current	
		Earned/Accrued	Yield	
Refunding Revenue Bonds - Reserve Fund (Bank of New York Mellon)		\$1,889	0.821%	
Investments		44,785	1.420%	
Local Agency Investment Fund (LAIF)		17,432	0.821%	
Blackrock Liquidity Fund - US Treasury Money Market Fund (Union Bank)	٠	132	0.170%	
Sweep Accounts (Wells Fargo Bank/Bank of New York Melion)		467	0.582%	
	Total Earnings	\$64,705		

Schedule of Investment Balance Limitations (Per District investment policy)

		Total Amount	% of	Max. Limit	
The source of the market valuation is as followed:		Invested	Total	Allowed	
Investments (Note 1)		\$36,739,652	56.53%	no limit	
Refunding Revenue Bonds - Reserve Fund (Bank of New York Mellon/LAIF)		2,760,702	4.25% 1 y	1 yr debt pmt.	
رم Blackrock Liquidity Fund - US Treasury Money Market Fund (Union Bank)		12,458	0.02%	no limit	
[⊙] Local Agency Investment Fund (LAIF)		25,478,932	39.20%	50,000,000	
	Total	\$64,991,744	100.00%		

Note 1: The average weighted duration for investments, excluding LAIF, is 1,084 days, which is under the assumption that callable coupons will not be called and will be held until maturity. Note 2: In March 2017, Joint Powers Authority's participation in investment is \$5,961,658.88, of which \$3,741,004.93 (or 62.75%) belongs to LV.

LVMWD Investment Report for the Month Ending March 31, 2017

Bank Account Balances as of March 31, 2017:

Bank Name	Account Type	Amount	
Wells Fargo Bank	Checking	\$96,272	(Note 3)
Wells Fargo Bank	Sweep	1,539,843	
Bank of New York Mellon	Money Market	4,533	
	Total	\$1,640,648	

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

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 "All District investments are included in this report and all investments, except those relating to debt issues and deferred compensation funds are included in this report; their investment is controlled by specific provisions of the issuance documents and not by the District." investment is directed by individual employees participating in the deferred compensation program and not by the District. Debt issue

"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."

Manil W. Chilum 04/19/17 David W. Pedersen, General Manager

I HEREBY CERTIFY THAT THE FOREGOING IS TRUE AND CORRECT

TO THE BEST OF MY KNOWLEDGE

Approved for April 25, 2017 Agenda:

Lee Renger, Treasurer

LAS VIRGENES MUNICIPAL WATER DISTRICT INVESTMENTS - 1ST QUARTER ENDED MARCH 31, 2017

							Quarterly	Quarterly	Quarterly
Investment	Interest	No. of	Purchase	Maturity	Book	Par	Interest	Interest	Total
Туре	Rate	Days	Date	Date	Value	Value	Earned	Accrued	Interest
FFCB - Callable	1.150%	1004	02/23/16	11/23/18	1,000,000.00	1,000,000.00		2,874.99	2,874.99
FFCB - Callable	1.400%	1461	04/13/16	04/13/20	1,000,000.00	1,000,000.00		3,500.01	3,500.01
FFCB - Callable	1.180%	1056	07/22/16	06/13/19	1,001,250.00	1,000,000.00		2,949.99	2,949.99
FHLB - Bullet	1.270%	1798	03/30/12	03/02/17	1,000,000.00	1,000,000.00	2,119.13		2,119.13
FHLB - Bullet	1.250%	1826	06/26/13	06/26/18	1,000,000.00	1,000,000.00		3,125.01	3,125.01
FHLB - Bullet	1.300%	1310	03/30/15	10/30/18	1,000,000.00	1,000,000.00		3,249.99	3,249.99
FHLB - Bullet	1.500%	1123	02/09/16	03/08/19	1,015,650.00	1,000,000.00		3,750.00	3,750.00
FHLB - Callable	1.500%	731	03/13/15	03/13/17	1,000,000.00	1,000,000.00	3,000.00		3,000.00
FHLB - Callable	1.0%-Up	1826	06/30/16	06/30/21	1,000,000.00	1,000,000.00		2,499.99	2,499.99
FHLB - Callable	1.25%-Up	1826	11/17/16	11/17/21	1,000,000.00	1,000,000.00		3,125.01	3,125.01
FHLB - Callable	1.0%-Up	1826	11/29/16	11/29/21	1,000,000.00	1,000,000.00		2,499.99	2,499.99
FHLB - Callable	1.6%-Up	1826	12/09/16	12/09/21	1,000,000.00	1,000,000.00		3,999.99	3,999.99
FHLMC - Callable	1.000%	1826	03/26/13	03/26/18	1,000,000.00	1,000,000.00		2,499.99	2,499.99
FHLMC - Callable	0.950%	1826	05/22/13	05/22/18	1,000,000.00	1,000,000.00		2,375.01	2,375.01
FHLMC - Callable	0.750%	1645	05/28/13	11/28/17	1,000,000.00	1,000,000.00		1,875.00	1,875.00
FHLMC - Callable	1.25%-Up	1821	04/04/16	03/30/21	1,000,000.00	1,000,000.00	•	3,125.01	3,125.01
FHLMC - Callable	1.5%-Up	1826	06/16/16	06/16/21	1,000,000.00	1,000,000.00		3,750.00	3,750.00
FHLMC - Callable	1.400%	1278	06/27/16	12/27/19	1,000,000.00	1,000,000.00		3,500.01	3,500.01
FHLMC - Callable	1.3%-Up	1825	11/22/16	11/21/21	1,000,000.00	1,000,000.00		3,249.99	3,249.99
FHLMC - Callable	2.450%	6	12/30/16	03/30/17	1,000,000.00	1,000,000.00	6,056.94		6,056.94
FHLMC - Callable	2.000%	1459	01/30/17	01/28/21	1,000,000.00	1,000,000.00		3,388.90	3,388.90
FHLMC - Callable	2.000%	1822	01/30/17	01/26/22	997,850.00	1,000,000.00		3,388.90	3,388.90
FHLMC - Callable	1.610%	1005	03/27/17	12/27/19	1,000,000.00	1,000,000.00		178.89	178.89
FNMA - Bullet	0.875%	377	12/08/16	12/20/17	999,840.00	1,000,000.00		2,187.51	2,187.51
FNMA - Callable	1.600%	1827	05/19/15	05/19/20	1,000,000.00	1,000,000.00		3,999.99	3,999.99
∞ FNMA - Callable	1.300%	1461	02/24/16	02/24/20	1,000,000.00	1,000,000.00		3,249.99	3,249.99
FNMA - Callable	1.350%	1277	02/26/16	08/26/19	1,000,000.00	1,000,000.00		3,375.00	3,375.00
FNMA - Callabíe	1.580%	1400	08/15/16	06/15/20	1,002,920.00	1,000,000.00		3,950.01	3,950.01

LAS VIRGENES MUNICIPAL WATER DISTRICT INVESTMENTS - 1ST QUARTER ENDED MARCH 31, 2017

							Quarterly	Quarterly	Quarterly
Investment	Interest	No. of	Purchase	Maturity	Book	Par	Interest	Interest	Total
Type	Rate	Days	Date	Date	Value	Value	Earned	Accrued	Interest
FNMA - Callable	1.400%	1461	08/24/16	08/24/20	1,000,000.00	1,000,000.00		3,500.01	3,500.01
FNMA - Callable	1.480%	1552	09/29/16	12/29/20	1,000,000.00	1,000,000.00		3,699.99	3,699.99
LVNSCD-Muni Bond	1.585%	1715	02/20/13	11/01/17	1,022,130.00	1,000,000.00		3,962.49	3,962.49
CTS-Muni Bond	2.250%	1658	02/17/16	09/01/20	1,119,648.45	1,095,000.00		6,159.33	6,159.33
NEWSCD-Muni Bond	2.427%	1598	03/17/16	08/01/20	934,688.30	910,000.00		5,521.44	5,521.44
CAS-Muni Bond	1.500%	1799	04/28/16	04/01/21	1,000,000.00	1,000,000.00		3,750.00	3,750.00
SCVWTR-Muni Bond	2.387%	1806	06/21/16	06/01/21	1,047,370.00	1,000,000.00		5,967.51	5,967.51
MOUSCD-Muni Bond	1.960%	1844	07/14/16	08/01/21	600,000.00	600,000.00		2,940.00	2,940.00
CASPWR-Muni Bond	1.713%	1676	09/28/16	05/01/21	1,000,000.00	1,000,000.00		4,282.50	4,282.50
AMAWTR-Muni Bond	2.000%	561	11/17/16	06/01/18	508,305.00	500,000.00		2,499.99	2,499.99
CASHGR-Muni Bond	0.950%	237	03/09/17	11/01/17	150,000.00	150,000.00		87.08	87.08
CASHGR-Muni Bond	1.250%	602	03/09/17	11/01/18	360,000.00	360,000.00		275.00	275.00
MDS-Muni Bond	1.800%	1089	03/22/17	03/15/20	1,000,000.00	1,000,000.00		450.00	450.00
CAP ONE BK-CD	1.550%	1826	08/10/16	08/10/21	245,000.00	245,000.00		949.38	949.38
ALLY BK - CD	1.350%	1096	09/08/16	09/09/19	245,000.00	245,000.00		826.89	826.89
JPM CHASE BK-CD	1.450%	1461	09/16/16	09/16/20	245,000.00	245,000.00		888.12	888.12
LAKE CITY BK-CD	1.600%	730	03/22/17	03/22/19	245,000.00	245,000.00		98.00	98.00
Reserve Fund-LAIF & Other	her				2,760,701.80		5,388.80		5,388.80
LAIF - All Other (3-month Average Balances)	Average Balances	9			26,377,598.40		53,207.92		53,207.92
Blackrock Liquidity FD T Fund-US Treasury Money Market Fund (3-month Average)	Fund-US Treas	ury Money	/ Market Fund (3	-month Average)	18,385.42		140.01		140.01
Bank of New York Mellon/Wells Fargo Sweep Accounts (3-month Average Bal.)	/Wells Fargo S\	weep Acco	ounts (3-month Av	rerage Bal.)	1,038,613.74	I	1,342.08		1,342.08
Tc	Total					11	71,254.88	121,526.90	192,781.78



May 4, 2017 LVMWD Special Board Meeting

TO: Board of Directors

FROM: Finance & Administration

Subject: Financial Review: Third Quarter of Fiscal Year 2016-17

SUMMARY:

The third quarter financial review presents data as of March 31, 2017. Overall, operating revenues for the first three quarters of Fiscal Year 2016-17 were 9.4% higher than budgeted and 13.0% higher than Fiscal Year 2015-16. Operating expenses were 0.5% lower than budgeted and 1.2% higher than the prior year. The changes were due to increased water consumption and scheduled rate adjustments that became effective in January 2017.

RECOMMENDATION(S):

Receive and file the financial review for the third quarter of Fiscal Year 2016-17.

FISCAL IMPACT:

No

ITEM BUDGETED:

No

DISCUSSION:

The third quarter financial review presents data as of March 31, 2017. It is important to note that due to the timing of various projects and payments, the report should primarily be used to identify areas were attention should be focused in response to emerging trends that may affect he District's financial position at year end.

Attachment A provides a table summarizing the Fiscal Year 2016-17 year-to-date financial results. Data on the table is through March 31, 2017.

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 status update on the District's capital projects.

GOALS:

Ensure Effective Utilization of the Public's Assets and Money

Prepared by: Angela Saccareccia, Finance Manager

ATTACHMENTS:

Attachment A

Attachment B

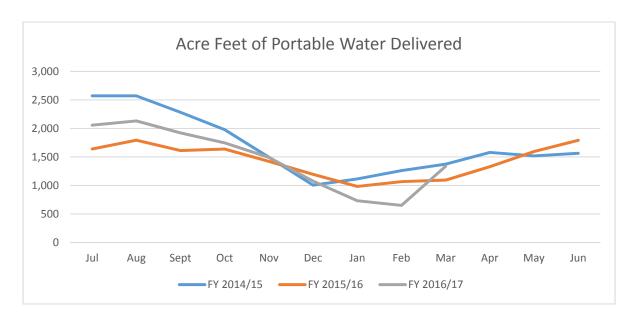
Attachment C

Las Virgenes Municipal Water District Quarterly Update - March 31, 2017 Fiscal Year 2016/17 Year to Date

	FY 2015/16	FY 2016/17	FY 2016/17
	YTD Actual	YTD Budget	YTD Actual
All Enterprises	620 470 007		444.064.044
Total Operating Revenues	\$39,178,007	\$40,451,119	\$44,264,914
Expenses:			
Source of Supply	\$15,711,322	\$15,985,131	\$17,287,730
Purchased Services	\$6,594,550	\$7,375,737	\$6,880,952
O&M Expenses	\$3,206,348	\$3,608,591	\$3,031,569
Administrative	\$6,129,107	\$6,674,990	\$6,600,547
Other	\$2,404,080	\$982,125	\$652,717
Total Operating Expenses	\$34,045,407	\$34,626,574	\$34,453,515
Income available for			
Replacement & Debt Service	\$5,132,600	\$5,824,545	\$9,811,399
Potable Water Operations			
Total Operating Revenues	\$22,214,993	\$23,225,686	\$26,892,161
	. , ,	, , ,	
Expenses: Source of Supply	\$13,761,422	\$14,441,012	\$14,786,154
O&M Expenses	\$2,911,192	\$3,210,203	\$2,762,182
Administrative	\$4,946,770	\$5,336,979	\$5,159,399
Other	\$2,395,462	\$942,732	\$651,657
Total Operating Expenses	\$24,014,846	\$23,930,926	\$23,359,392
	, , , , , , ,	, -,,-	, -,,
Income available for	(44 700 050)	(4705.040)	40.500.700
Replacement & Debt Service	(\$1,799,853)	(\$705,240)	\$3,532,769
Recycled Water Operations			
Total Operating Revenues	\$3,875,899	\$4,055,058	\$3,629,813
Expenses:			
Source of Supply	\$1,949,900	\$1,544,119	\$2,501,576
O&M Expenses	\$88,270	\$138,374	\$118,563
Administrative	\$284,956	\$429,953	\$448,843
Other	\$8,618	\$39,393	\$1,060
Total Operating Expenses	\$2,331,744	\$2,151,839	\$3,070,042
Income available for			
Replacement & Debt Service	\$1,544,155	\$1,903,219	\$559,771
Replacement & Debt Service	\$1,344,133	\$1,503,215	\$339,771
Sanitation Operations			
Total Operating Revenues	\$13,087,115	\$13,170,375	\$13,742,940
. •	410,007,110	Ψ20,270,070	ψ10) <i>1</i> 12)3 10
Expenses:	¢C F04 FF0	ć7 27F 727	¢C 990 0E3
Purchased Services	\$6,594,550	\$7,375,737	\$6,880,952
O&M Expenses Administrative	\$206,886 \$897,381	\$260,014 \$908,058	\$150,824 \$992,305
Other	\$0 <i>97,</i> 381 \$0	\$7,056	\$992,303
Total Operating Expenses	\$7,698,817	\$8,550,865	\$8,024,899
	71,030,011	70,330,003	70,024,033
Income available for			
Replacement & Debt Service	\$5,388,298	\$4,619,510	\$5,718,041

ATTACHMENT B

During the first three quarters of FY 2016-17, acre-feet of potable water delivered increased 5.64% over the first half of FY 2015-16 and was 16.01% lower than the first half of FY 2014-15.



Potable Water Enterprise

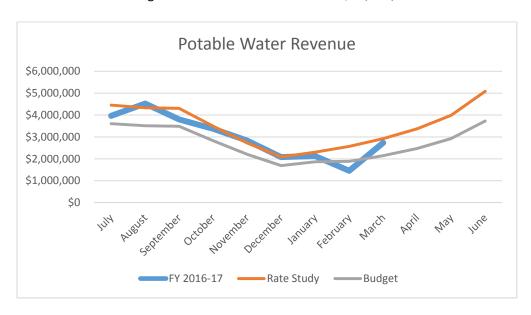
Revenues for potable water were 15.8% above budget and 21.05% above the prior fiscal year. The increase in revenue is attributed to the increase in usage shown on the chart above and also the implementation of water budget based rates in January 2017. Expenses for potable water operations are 2.39% lower than budget and 2.73% lower than FY 2015-16.

	FY 2015/16	FY 2016/17	FY 2016/17
	YTD Actual	YTD Budget	YTD Actual
Total Operating Revenues	\$22,214,993	\$23,225,686	\$26,892,161
Expenses:			
Source of Supply	\$13,761,422	\$14,441,012	\$14,786,154
O&M Expenses	\$2,911,192	\$3,210,203	\$2,762,182
Administrative	\$4,946,770	\$5,336,979	\$5,159,399
Other	\$2,395,462	\$942,732	\$651,657
Total Operating Expenses	\$24,014,846	\$23,930,926	\$23,359,392
Income available for			
Replacement & Debt Service	(\$1,799,853)	(\$705,240)	\$3,532,769

Equally important to comparing the current fiscal year's revenue and expenses to prior year and budget is to compare it to the estimates projected during the rate study that was completed in 2015.

Potable Water Revenue

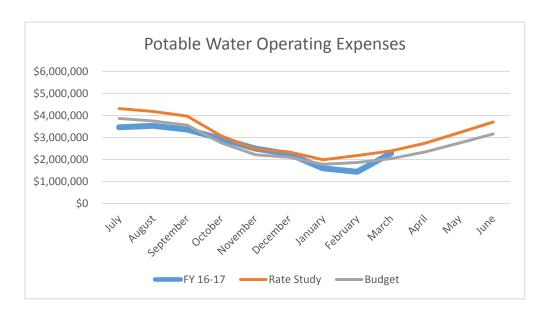
FY 2016-17 Revenue: \$26,892,165
Rate Study Projected Revenue: \$21,397,483
Budget: \$17,329,845



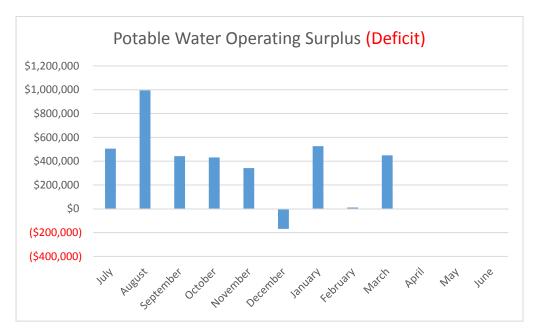
Potable Water Operating Expenses

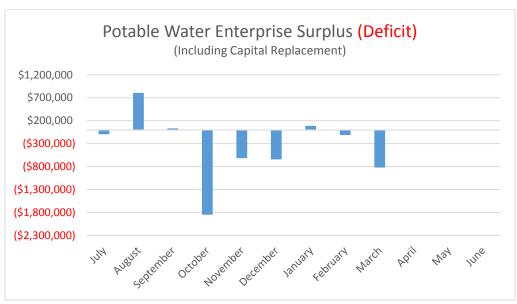
FY 2016-17 Operating

Expenses: \$23,359,392
Rate Study Projected Expenses: \$20,352,039
Budget: \$18,247,650



It is also important to measure whether the enterprise as a whole has sufficient revenue to cover both operating cost and the portion of capital expenditures that are dependent on rate revenue. The charts below show the potable water operating and the enterprise's surplus or (deficit) for each month of FY 2016-17. The current fiscal year's deficit is primarily caused by the expenditure of funds for capital projects. The potable water enterprise had an operating surplus of \$2.5 million during the first half of the fiscal year. The District depends on operating surplus to fund capital projects and to rebuild the \$20 million shortfall in policy-required reserves.





Recycled Water Enterprise

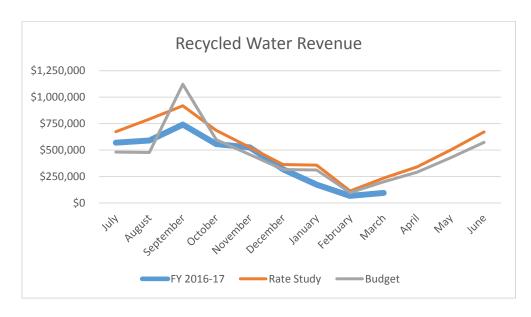
Revenues for recycled water were 1.49% below budget and 6.35% below the prior fiscal year. The decrease in revenue is attributed to continued decrease in recycled water usage due to conservation efforts. Expenses for recycled water were 42.67% above budget and 31.66% above prior year expenditures primarily due to increased potable water supplement.

Replacement & Debt Service	\$1,544,155	\$1,903,219	\$559,771
Income available for			
Total Operating Expenses	\$2,331,744	\$2,151,839	\$3,070,042
Other	\$8,618	\$39,393	\$1,060
Administrative	\$284,956	\$429,953	\$448,843
O&M Expenses	\$88,270	\$138,374	\$118,563
Source of Supply	\$1,949,900	\$1,544,119	\$2,501,576
Expenses:			
Total Operating Revenues	\$3,875,899	\$4,055,058	\$3,629,813
	YTD Actual	YTD Budget	YTD Actual
	FY 2015/16	FY 2016/17	FY 2016/17

The charts below compare the current fiscal year's revenue and expenses to the current year budget and estimates projected during the rate study that was completed in 2015.

Recycled Water Revenue

FY 2016-17 Revenue: \$3,629,814
Rate Study Projected Revenue: \$3,955,292
Budget: \$3,448,227



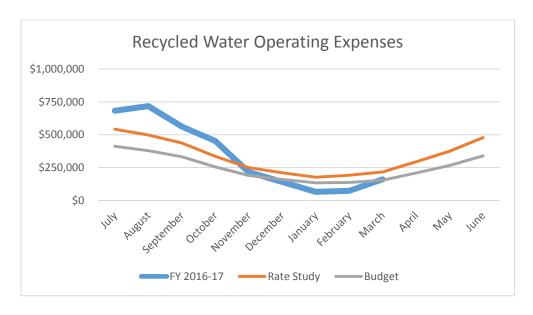
Recycled Water Operating Expenses

FY 2016-17 Operating

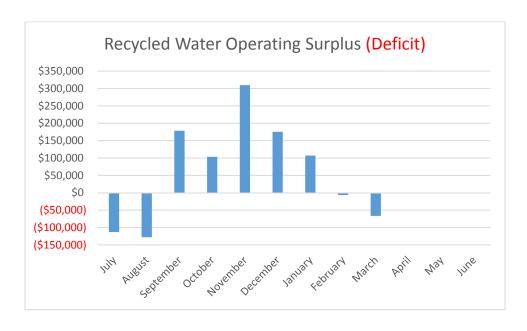
Expenses: \$3,070,042

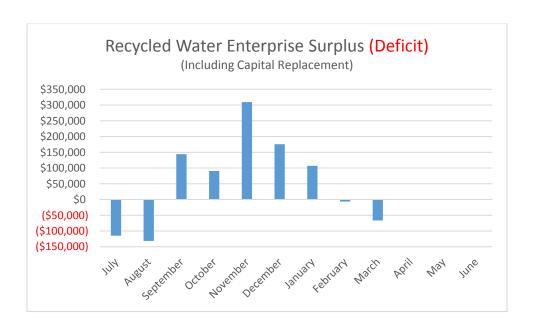
Rate Study Projected

Expenses: \$2,273,557 Budget: \$1,727,891



The charts below show the potable water operating and the enterprise's surplus or (deficit) for each month of FY 2016-17. Recycled water has a fiscal year-to-date operating surplus of \$559,772 and an enterprise surplus of \$507,808.





Sanitation Enterprise

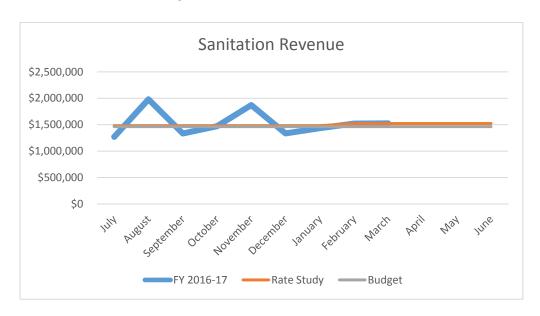
Revenues for sanitation were 4.35% above budget and 5.01% above the prior fiscal year. The increase in revenue is attributed to the rate adjustment that was implemented in January 2016. Expenses for sanitation were 6.15% below budget and 4.24 above prior year expenditures primarily due to decreased treatment expense from decreased flows.

Total Operating Expenses Income available for	\$7,698,817	\$8,550,865	\$8,024,899
Other Total Operating Expenses	\$7,609,917	\$7,056	\$818
Administrative	\$897,381	\$908,058	\$992,305
O&M Expenses	\$206,886	\$260,014	\$150,824
Expenses: Purchased Services	\$6,594,550	\$7,375,737	\$6,880,952
Total Operating Revenues	\$13,087,115	\$13,170,375	\$13,742,940
	YTD Actual	YTD Budget	YTD Actual
	FY 2015/16	FY 2016/17	FY 2016/17

The charts below compare the current fiscal year's revenue and expenses to the current year budget and estimates projected during the rate study that was completed in 2015. The zig zag pattern in revenue is a reflection of the District's 30 day billing cycle contrasted to actual months.

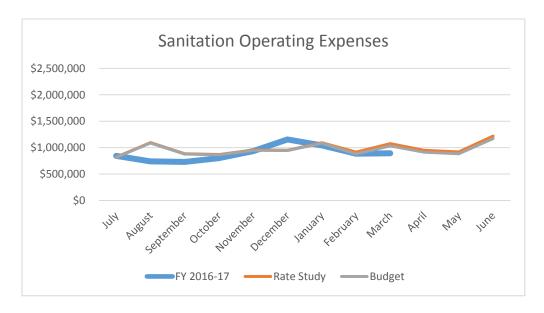
Sanitation Revenue

FY 2016-17 Revenue: \$13,742,940
Rate Study Projected Revenue: \$8,885,270
Budget: \$8,780,250



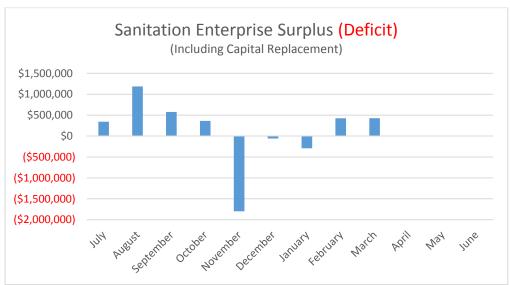
Sanitation Operating Expenses

FY 2016-17 Operating Expenses: \$8,024,899
Rate Study Projected Expenses: \$5,579,862
Budget: \$5,546,679



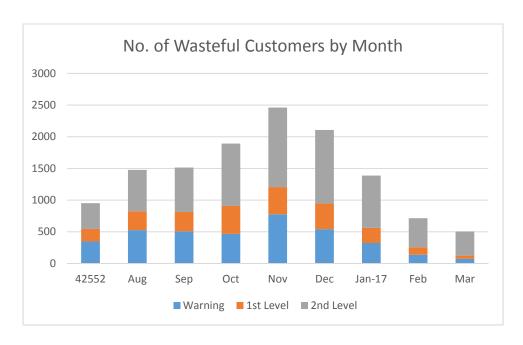
The chart below shows the Sanitation Enterprise operating surplus or (deficit) for each month of the first half of FY 2016-17. The enterprise has a fiscal year-to-date surplus of \$1.2 million and an operating surplus of \$5,7 million. The significant operating deficit in November is caused by the scheduled bond payment. The surplus amount is anticipated to Pay Go fund future capital projects.





Penalties

Effective January 1, 2016, the District implemented a penalty structure to fine customers for wasteful use of water. Wasteful use was defined as using more than 200% of the assigned water budget. In the current Fiscal Year, the District has accrued \$726,367.08 in penalties.





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Capital Improvement Project Status

(\$58,100)

\$154,500

\$97,475

\$57,025

\$96,400

Las Virgenes Municipal Water District Capital Improvement Project Status March 31, 2017

March 31, 201/					
Job # - Description	Total Project Appropriations	Prior Year Expenditures	Current Year Expenditures	Total Project Expenditures	Balance Available
Completed Projects					
10418 - Rehab 18" RW Pipe (Tapia/MIhd) Replace failing recycled water pipelines between Tapia WRF and Mulholland Highway.	\$443,231 Mulholland Highway.	\$338,631	\$68,057	\$406,688	\$36,543
10513 - Tapia Gate & Drive Rpl-FY12-13 Replaces existing gates in the tanks and channels at Tapia as well as drive mechanisms for flights and chains.	\$545,105 I as drive mechanisms for flights and	\$24,009 chains.	\$415,000	\$439,009	\$106,096
10539 - Saddletree Tank Improvements Perform recommended interior and exterior overhaul of the Saddletree water tank	\$554,606 stree water tank.	\$424,009	\$88,229	\$512,238	\$42,368
10541 - Building 8 Computer Cntr Upgrd Upgrade District campus computer systems to provide additional protection of equipment and data Project Cancelled	\$221,070 ordection of equipment and data.	\$38,738	\$1,179	\$39,917	\$181,153
10568 - Twin Lakes Tnk Drainage Proj. Replace the existing drainage system at the Twin Lakes tank site.	\$378,421	\$88,120	\$241,407	\$329,527	\$48,894
10577 - PW Pump Station Improvements Repair and replace potable water system pump station components.	\$167,111 Is.	\$15,697	\$21,032	\$36,729	\$130,382
10579 - Security Upgrades - JPA Remote Access Control, Security Cameras and Lock and Key Control at JPA facilities	\$33,044 ntrol at JPA facilities	\$13,977	\$5,639	\$19,616	\$13,428
10588 - Woodland Hills Golf Crs-RW Ext \$1,432,692 \$390,265 \$390,655 lnstallation of a recycled water pipeline to the City of Los Angeles. Expenses under this project will be reimbursed by the Los Angeles Department of Water and Power. Project Cancelled Project to 100% funded by Los Angeles Department of Water and Power.	\$1,432,692 Expenses under this project will be rutment of Water and Power.	\$390,265 eimbursed by the Los Ar	\$390 ngeles Department of	\$390,655 Water and Power.	\$1,042,037
10599 - Construction Services Truck Purchase new Construction Services Truck to replace aging fleet vehicle.	\$150,000 <i>rehicle.</i>	0\$	\$149,388	\$149,388	\$612
10600 - Tapia WRF Reliability Imprvmnt Replace or rehabilitate facilities and equipment at the Tapia Water R	\$132,000 \$25,216 \$118,379 Reclamation Facility (WRF) based on failure, exceedence of useful life, or obsolescence.	\$25,216 in failure, exceedence of	\$118,379 useful life, or obsoles	\$143,595 scence.	(\$11,595)

20-Apr-17

Replace or rehabilitate facilities and equipment at the Rancho facility based on failure, exceedence of useful life, or obsolescence.

10601 - Rancho Reliability Improvement

Job # - Description	Total Project Appropriations	Prior Year Expenditures	Current Year Expenditures	Total Project Expenditures	Balance Available
Completed Projects 10603 - Bldg.1 Tenant Imprvmnt-FY15-16 Provide necessary improvements and upgrades to building 1 to enhance rental marketability. Project Cancelled	\$3,045,700 se rental marketability.	\$41,601	0\$	\$41,601	\$3,004,099
10609 - HQ Pavement Rehabilitation The project consists of rehabilitation of the AC pavement at the District	\$228,800 \$0 \$1. sheadquarters including the drive isles, parking lots and dog park.	\$0 isles, parking lots and	\$157,873 dog park.	\$157,873	\$70,927
10624 - Tapia Chemical Bld Roof Repl. Replacement of original chemical building roof located at the Tapia Water Reclamation facility.	\$55,000 ter Reclamation facility.	0\$	\$55,000	\$55,000	0\$
10633 - L/S 1&2- Day Tnk/Fuel Pmp Sys Replacement of day tank and fuel pump systems at Lift Stations Nos. 1	\$57,641 1 and 2.	80	\$54,361	\$54,361	\$3,280
Total Completed Projects	\$7,540,821	\$1,457,288	\$1,473,409	\$2,930,697	\$4,610,124
Projects to complete by June 30, 2017 10557 - Westlake Filtrtn Plant Expansn Replace pumps and motors to increase capacity and reduce regulatory requirements. In Progress / Construction	\$5,127,017 requirements.	\$753,641	\$3,452,308	\$4,205,949	\$921,068
10558 - Westlake P/S Upgrade \$441,21 Update aging pump engines to achieve higher flow rate and provide better utilization of reservoir when it is at lower levels. In Progress / Construction	\$5,149,234 tter utilization of reservoir when it is	\$441,282 s at lower levels.	\$3,986,689	\$4,427,971	\$721,263
10560 - Rancho:Rehab Existg CentrateLn Provide mechanical and/or chemical cleaning of minerals from the existing centrate line. Conducting additional testing	\$175,390 ting centrate line.	0\$	\$1,892	\$1,892	\$173,498
10564 - Centrate Equalization Tank Construct a centrate equalization tank at the centrate treatment facility In Progress / Construction	\$1,573,008 at Rancho.	\$186,929	\$1,512,379	\$1,699,308	(\$126,300)
10572 - Agoura Rd Widening Project Valve cover, manhole lid and relocation of appurtenances following following street overlays. In Progress / Construction Reimbursed through Measure R funding	\$60,000 owing street overlays.	\$171,238	\$4,795	\$176,033	(\$116,033)
10590 - PW System Rehab FY 14-15 Multiple year programs to maintain reliable service within the potable water system by replacing PRV stations.	\$184,709 ater system by replacing PRV stati	\$143,623 ions.	0\$	\$143,623	\$41,086

20-Apr-17

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Capital Improvement Project Status

Job # - Description A	Total Project Appropriations	Prior Year Expenditures	Current Year Expenditures	Total Project Expenditures	Balance Available
Projects to complete by June 30, 2017 10632 - LV Rd & Encinal Cyn PR St.Rehb Rehabilitate 2 Potable Water Pressure Reducing Stations - Las Virgenes Rd No.49 and Encinal Canyon No.67. from Proj 10590	\$225,000 I No.49 and Encinal Canyon No	\$0	\$37,167	\$37,167	\$187,833
10592 - Agoura Rd. RW Main Extension Construct 5,000 feet of recycled water main extension along Agoura Road. Project managed by City of Agoura Hills In Progress / Construction	\$1,272,665	\$1,249,436	\$2,035	\$1,251,471	\$21,194
10605 - Performance Evaluation S/Ware \$15,000 \$15,000 \$0 \$0 \$1. The Disctrict's employee performance evaluation software is at end-of-live and is no longer supported by the vendor. This project will identify a solution to support employee performance appraisals.	\$15,000 nd is no longer supported by th	\$0 le vendor. This proje	\$0 ct will identify a solut	\$0 ion to support employee p	\$15,000 erformance
10617 - Flow Meter Replacement - JPA Replace end of life flow meters at two (2) locations. Includes the purchase of wireless flow meters and installation.	\$25,849 f wireless flow meters and insta	\$0 allation.	0\$	0 \$	\$25,849
10618 - Flow Meter Replacement - LV Replace end of life flow meters at one (1) location. Includes the purchase of wireless flow meters and installation.	\$9,283 f wireless flow meters and insta	\$0 Illation.	\$0	0 \$	\$9,283
10625 - Vehicle Replcmnt Prgrm FY16-17 Replacement of fleet vehicles for fiscal year 2016-2017. Bidding in process	\$175,000	0\$	0	0\$	\$175,000
10634 - JedSmith Pipeline Repl Proj. Approval of design phase of pipeline replacement.	\$585,047	0\$	\$77,652	\$77,652	\$507,395
Total Projects to complete by June 30, 2017	\$14,577,202	\$2,946,149	\$9,074,917	\$12,021,066	\$2,556,136
Multi-Year Projects 10236 - Raise Air Vac Valves Install air-vacuum valves and piping modifications in West Hills and Hidden Hills. Bidding in process	\$272,684 Hills.	\$65,003	\$31,143	\$96,146	\$176,538
10430 - Twin Lakes P/S Pipeline Proj. New pipeline through Chatsworth Park to the Twin Lakes pump station. Design Complete	\$1,700,000	\$24,083	\$19,950	\$44,033	\$1,655,967
10537 - Raw Sludge WetWell Mixing Impv Replace the existing raw sludge mixing pump at Tapia with a more suitable unit. Bidding in process	\$148,000 unit.	\$32,659	\$53,956	\$86,615	\$61,385

20-Apr-17

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Capital Improvement Project Status

Job # - Description	Total Project Appropriations	Prior Year Expenditures	Current Year Expenditures	Total Project Expenditures	Balance Available
Multi-Year Projects 10540 - Lost Hills Overpass RW Main Relocation of recycled water main due to demolition of Lost Hills overpass. In Progress / Construction	\$852,433	\$112,606	\$2,664	\$115,270	\$737,163
10556 - INTERCONNECTION WITH CMWD Design and construct a potable water interconnection with the Calleguas M Planning/Design Funding from Prop 84 IRWM 2015	\$1,659,269 s Municipal Water District.	\$109,037	\$37,724	\$146,761	\$1,512,508
10629 - Cny Oaks Prk RW Main Extension This extension will serve the City of Westlake Village's Oak Canyon Park and eliminate a long private service line to Yerba Buena School from Proj 10602 Funding from Prop 84 IRWM 2015	\$399,780 and eliminate a long private servi	\$0 ice line to Yerba Bue	\$0 na School.	0\$	\$399,780
10565 - Rancho LV:Digester Cleang/Rpr Clean out and evaluate the condition of digesters that have been in service for more than 20 years.	\$318,000 s for more than 20 years.	\$162,227	\$52,899	\$215,126	\$102,874
10567 - Progmble Logic Contrir Upgrd Replace obsolete programmable logic controllers and upgrade other electrical equipment at Tapia. Planning/Design	\$226,000 ical equipment at Tapia.	0	0\$	0\$	\$226,000
10574 - Rancho Facility Improvement Replace and repair significant components of the JPA's Rancho Las Virge See Project 10601 Rancho Reliablity Improvements	\$384,000 genes Composting Facility s	\$136,100	\$39,493	\$175,593	\$208,407
10576 - Building No. 7 Improvement \$47,000 Interior painting, warehouse lighting, locker room countertop, parking lot slurry seal, Building #7 (LVMWD Campus)	\$47,000 urry seal, Building #7 (LVMWD C	\$1,711 Sampus).	(\$1,710)	\$	\$46,999
10587 - RW Storage Study-FY 14-15 Study of potential recycled water storage areas. (IPR) Pure Water Project	\$2,271,644	\$700,498	\$208,412	\$908,910	\$1,362,734
10589 - WIMS Software Implementation Purchase and installation of water information management solution (WIMS).	\$32,350 S).	\$25,740	0\$	\$25,740	\$6,610
10593 - CIS Infinity Software Upgrade Purchase and migrate to latest version of District's billing system.	\$113,800	\$	0\$	0\$	\$113,800
10594 - CIS Infinity Modf-Bdg BsRt Modify District's billing software to accommodate water budget based rate structure	\$95,000 structure.	\$45,500	0\$	\$45,500	\$49,500

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Job # - Description	Total Project Appropriations	Prior Year Expenditures	Current Year Expenditures	Total Project Expenditures	Balance Available
Multi-Year Projects		ć	ć	é	6
10596 - Lift Stations PLC Upgrades \$0 \$49,340 This project replaces programmable logic controllers (PLCs) at the Lift Stations with newer PLCs and provides necessary equipment upgrades (fiber optics, network switches and programming) to complete the installation.	\$49,340 Stations with newer PLCs and pr	\$0 rovides necessary equip	پو ment upgrades (fiber	≱u optics, network switches a	\$49,340 and programming)
10597 - Tapia E&I Upgrades Replace obsolete and malfunctioning mechanical protective relays for Planning/Design	\$167,810 generators with new solid state controls.	\$0 ontrols.	0\$	0\$	\$167,810
10602 - Misc RW Extension Funding to develop miscellaneous recycled water system extensions. \$399,780 transferred to Proj 10629, RW portion of CMWD Intertie project	\$106,000 f CMWD Intertie project	\$6,921	0\$	\$6,921	\$99,079
10607 - Tapia Primary Tank No.2-5 Rehb Phase 2 of Primary Clarifler Tanks rehabilitation project. In Progress / Construction	\$946,160	\$32,058	\$840,105	\$872,163	\$73,997
10608 - Rancho Amndmnt Bin&Convync Mod \$776,500 \$0 \$38,253 The project consists of installing a new smaller amendment bin and modification to the conveyor system to simplify the amendment conveyance process. Planning/Design	\$776,500 odification to the conveyor system	\$0 n to simplify the amendm	\$38,253 lent conveyance prod	\$38,253 cess.	\$738,247
10611 - Tapia Duct Bank Infrstrc Upgrd Add new duct bank from the front gate to the chemical building with several intercept points along the way.	\$66,000 sveral intercept points along the w	\$0	0\$	0\$	\$66,000
10612 - Building No. 7 Furniture Replace carpet and furniture in building No. 7. Planning/Design	\$60,000	0\$	0\$	0\$	\$60,000
10613 - New John Deere Backhoe \$0 Replace a 1987 CASE back hoe that is past its useful life. The existing piece of equipment requires ongoing maintenance and repair. Waiting for Grant application availability	\$146,300 g piece of equipment requires ong	\$0 joing maintenance and r	\$0	0\$	\$146,300
10614 - SCADA Hub Emrgcy Gnrtr @StunRd Install new generator for SCADA Hub emergency power.	\$43,100	0\$	0\$	0\$	\$43,100
10615 - Building No. 7 Fure Panel Rpl Replace original building 7 fire safety system.	\$57,300	0\$	0\$	0\$	\$57,300
10616 - IT Capital Purchases-FY 16-17 Purchase of Information Technology (IT) related software and equipment.	\$132,000 lent.	\$0	\$15,769	\$15,769	\$116,231

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Job # - Description	Total Project Appropriations	Prior Year Expenditures	Current Year Expenditures	Total Project Expenditures	Balance Available
Multi-Year Projects \$0 \$0 \$0 \$200,000 10619 - Summer Season 2013 TMDL Compln \$200,000 \$0 \$0 \$200,000 Construction of a 1MGD "side stream" treatment facility at Tapia to treat stream flow augmentation discharges to the 2013 TMDL limits of 1 mg/L total nitrogen and 0.1 mg/L total phosphorous. The cost estimate is based on membrane technology.	\$200,000 eat stream flow augmentation disch	\$0 narges to the 2013 TMD	\$0 L limits of 1 mg/L tota	\$0 al nitrogen and 0.1 mg/L tc	\$200,000 ital phosphorous.
10620 - PW Tank Coating Evluatn/Repair \$3,158 \$3,158 \$26,84 The project consists of evaluating the coatings of four (4) steel tanks (Kimberly, Upper Twin Oaks, Twin Lakes Tank 1 & 2), that have been identified as needing possible rehabilitation based upon the annual diver's inspection report.	\$30,000 (Kimberly, Upper Twin Oaks, Twin	\$0 Lakes Tank 1 & 2), that	\$3,158 have been identified	\$3,158 as needing possible reha	\$26,842 bilitation based
10621 - RW Tank Coating Evluatn/Repair The project consists of evaluating the coatings of three (3) steel tanks diver's inspection report.	\$30,000 \$0 \$30,000 \$30,000 \$0 \$0 \$30,000 \$30,0	\$0), that have been identifi	\$0 ed as needing possib	\$0 le rehabilitation based upc	\$30,000 on the annual
10622 - Capri Tract w/o Lindero RW Imp This extension will serve the common landscape area of the Capris Tract located within Triunfo's service area.	\$431,000 ract located within Triunfo's servic	\$0 e area.	0\$	0	\$431,000
10623 - Hillcrest & Oak Prk N Apt RW This extension will serve the common landscape area of the Hillcrest a	\$300,000 and Oak Park North Apartments service area	\$0 ervice area.	0\$	0 \$	\$300,000
10626 - Process Air Improvements The first phase is to replace the existing Roots blowers with new, high diffusers.	\$1,797,400 \$0 \$95,445 \$1,701,95 effiency, single stage blowers. To replace the air diffusers in the aeration basins with new full floor mounted fine bubble	\$0 o replace the air diffuser	\$95,445 rs in the aeration bas	\$95,445 ns with new full floor moul	\$1,701,955 nted fine bubble
10628 - Nitrification Study Develop a request for proposal (RFP) and hire a qualified consultant to required by the Division of Drinking Water (DDW).	\$99,000 \$0 \$9 to make recommendations related to potable water system nitrification issues as part of a nitrification monitoring plan	\$0 to potable water system	\$0 n nitrification issues a	\$0 s part of a nitrification mor	\$99,000 itoring plan
Total Multi-Year Projects	\$13,957,870	\$1,454,143	\$1,437,261	\$2,891,404	\$11,066,466
Projects on Hold 10520 - SCADA System Communictn Upgrd \$93,100 \$32,447 \$0 \$32,447 \$6 Upgrade the JPA owned portion of the supervisory control and data acquisition system (SCADA) system to an Ethernet based radio network and provide additional data paths for system redundancy.	\$93,100 (SCADA) system	\$32,447 n to an Ethernet based r	\$0 adio network and pro	\$32,447 vide additional data paths	\$60,653 for system
10521 - SCADA System Comm Upgrd (LV) \$1,387,232 \$140,557 \$426 \$126,983 \$1,246,24 Upgrade the LVMWD owned portion of the supervisory control and data acquisition system (SCADA) system to an Ethernet based radio network and provide additional data paths for system redundancy.	\$1,387,232 ata acquisition system (SCADA) sy	\$140,557 stem to an Ethernet bas	\$426 sed radio network and	\$140,983 I provide additional data p.	\$1,246,249 aths for system
10559 - Manhole Rehab, F2/F3 Line Rehabilitate manholes identified and prioritized in the Sewer Rehabilitation Study Performing field Inspections	\$291,500 tation Study.	\$2,272	\$7,092	\$9,364	\$282,136

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Job # - Description	Total Project Appropriations	Prior Year Expenditures	Current Year Expenditures	Total Project Expenditures	Balance Available
Projects on Hold	\$1 275 000	026\$	Q#	600 800	\$1 274 080
Installation of automated meter reading/advanced metering infrastructure (AMR/AMI) for the potable water system. See Project 10627 AMR Implementation	re (AMR/AMI) for the potable		3		
10627 - AMR Implementation- FY 16-17 Install Automated Meter Reading/Advanced Metering Infrastructure (AMR/AMI).	\$9,404,855 IR/AMI).	0 \$	80	0 \$	\$9,404,855
10630 - 8" WtrLn Rloctn @ Brooks Rd. Relocate Potable Water main from private property to Brooks Road Right of Way. from Proj 10590 On Hold	\$60,000 nt of Way.	0\$	0\$	0\$	\$60,000
10610 - LCD Video Wall System The project consists of installing an interactive LCD Video Wall System.	\$66,500	0\$	0	0	\$66,500
Total Projects on Hold	\$12,578,187	\$176,196	\$7,518	\$183,714	\$12,394,473
Totals	\$48,654,080	\$6,033,776	\$11,993,105	\$18,026,881	\$30,627,199
Less: Triunfo Sanitation District's share of JPA Projects	\$4,307,630	\$670,889	\$1,064,247	\$1,735,136	\$2,572,494
Total Las Virgenes share: All Projects	\$44,346,450	\$5,362,887	\$10,928,858	\$16,291,745	\$28,054,705

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May 4, 2017 LVMWD Special Board Meeting

TO: Board of Directors

FROM: Finance & Administration

Subject: Fiscal Year 2017-18 Budget Plan: Review of Proposed Changes

SUMMARY:

In June 2016, the Board approved a two-year budget plan for Fiscal Years 2016-18 and adopted the budget for Fiscal Year 2016-17. This report highlights the proposed changes from the original budget plan for the second year, which consist of total reduction to the budget in the amount of approximately \$11.2 million. The majority of the proposed reduction is for deferral of the AMR/AMI Project until such time as financing becomes available. An operating budget increase, in the amount of \$92,344, is proposed for Fiscal Year 2017-18.

FISCAL IMPACT:

No

ITEM BUDGETED:

No

FINANCIAL IMPACT:

There is no financial impact associated with this report.

DISCUSSION:

On June 14, 2016, the Board approved a two-year budget plan for Fiscal Years 2016-18 and adopted the first year's budget. This represented the District's first two-year budget. The two-year budget process was implemented to:

- 1. Improve long-term planning;
- 2. Concentrate on the implementation of long-term strategic objectives;
- 3. Create framework for stable operations and orderly spending patterns; and

4. Reduce staff time to prepare the budget, freeing staff to focus on other tasks.

In preparation of the proposed Fiscal Year 2017-18 Budget, staff reviewed the approved budget plan to identify areas that required adjustments. Attached are details of proposed changes to the previously-approved budget plan. Staff proposes an increase to the operating budget of \$92,344 over the approved Fiscal Year 2017-18 Budget Plan. This amount consists of a proposed increase of \$65,628 for the Potable Water Enterprise, a proposed increase of \$21,226 for the Recycled Water Enterprise and a proposed increase of \$5,490 for the Sanitation Enterprise.

Additionally, staff completed a comprehensive review of the proposed Capital Improvement Program for Fiscal Year 2017-18 with the goal of updating the plan to reflect current anticipated schedules and to align it with available funding. The review resulted in a proposed reduction, in the amount of \$11,258,428, to the Fiscal Year 2017-18 Capital Improvement Program. The majority of the proposed reduction is due to the proposed deferral of the \$9 million AMR/AMI Project until such time as financing becomes available.

GOALS:

Ensure Effective Utilization of the Public's Assets and Money

Prepared by: Angela Saccareccia, Finance Manager

ATTACHMENTS:

Summary of Proposed Changes to Operating Budget
Summary of Proposed Changes to Capital Improvement Program

Summary of Significant Changes Operations Fiscal Year 2017-18

Potabl	e W	ater
--------	-----	------

Amount
27,000.00
11,600.00
11,905.00
15,123.00
\$ 65,628.00

Recycled Water

	Amount
Revenues	38,083.00
Expenses	
Operating Expenses:	
Purchased Water- JPA RWTR	53,579.00
Maintenance Expenses:	
Supplies/Materials	800.00
Administrative:	
Allocated Support Services	842.00
Allocated Operations Services	4,088.00
Net Increase (Decrease)	\$ 21,226.00

Sanitation

_	Am	ount
Revenues		-
Expenses		
Purchased Services:		
Share of JPA Net Expenses		32,101.00
Operating:		
Energy		(22,996.00)
Telephone		(7,235.00)
Administrative:		
Allocated Support Services		1,095.00
Allocated Operations Services		2,525.00
Net Increase (Decrease)	\$	5,490.00
Grand Total Increase (Decrease)	\$	92,344.00

Summary of Significant Changes Operations Fiscal Year 2017-18

Internal Services

GRAND TOTAL ALL FUNDS INCOME (LOSS	Amount	
Revenues		-
Expenses		

	_
Expenses	
Office Equipment:	
Outside Services	2,500.00
Professional Services:	
Management Consulting Fees	75,000.00
Human Resources:	
Training and Professional Development	5,000.00
Operating:	
Utilities- Telephone	796.00
Maintenance :	
Capital Outlay	23,200.00
Net Increase (Decrease)	\$ 106,496.00

Las Virgenes Municipal Water District Potable Water Summary

_	FY 15-16 Actual	FY 16-17 Budget	FY 16-17 Est. Actual	FY 17-18 Plan	FY 17-18 Budget	Variance
OPERATING REVENUES						
4000 Water Sales	\$27,798,131	\$31,550,443	\$29,611,545	\$34,952,924	\$34,952,924	\$0
4151 Conservation Violation Charge	19,600	0	0	0	0	\$0
4152 Penalty for Unsustainable Wtr Use	172,038	0	0	0	0	\$0
4155 Temporary Meter Fees	2,500	2,500	2,400	2,500	2,500	\$0
4160 Late Payment Fees	77,965	75,000	96,000	75,000	75,000	\$0
4170 Water Usage - Accidents	36,451	27,000	21,860	28,150	28,150	\$0
4175 PW Supplement to RW	1,125,668	481,328	1,796,000	486,956	486,956	\$0
4176 PW Suppl RW-Prior Yr Adj 4400 MWD Conser Credit	0 1,857,224	0	0 19,750	0	0	\$0 \$0
4421 Prop 50 - IRWMP	28,147	37,000	19,750	0	0	\$0 \$0
4505 Other Income from Operations	184,428	180,000	177,000	185,000	185,000	\$0 \$0
· _						\$0
TOTAL OPERATING REVENUES	\$31,302,152	\$32,353,271	\$31,724,555	\$35,730,530	\$35,730,530	\$0 \$0
SOURCE OF SUPPLY						\$0 \$0
5000 Purchased Water - MWD	17,526,309	17,557,749	17,172,263	18,656,387	18,656,387	\$0
5054 Draw from Reservoir	694,872	1,342,388	1,109,883	1,363,381	1,363,381	\$0
5105 Purchased Water - Ventura Co.	225,201	298,115	298,115	323,792	323,792	\$0
5110 Purchased Water - Simi Dist. #8	47,001	64,158	64,158	71,802	71,802	\$0
5125 Water Supply - LVR Adjustment	398,591	150,686	150,686	159,275	159,275	\$0
Sub-total	\$18,891,974	\$19,413,096	\$18,795,105	\$20,574,637	\$20,574,637	\$0 \$0
OPERATING EXPENSES						\$0 \$0
5400 Labor	1,125,733	1,204,723	1,190,896	1,231,487	1,231,487	\$0 \$0
5405.1 Energy	919,775	983,927	933,385	1,000,689	1,000,689	\$0
5405.2 Telephone	80,060	78,314	77,192	79,487	79,487	\$0
5405.3 Gas	11,855	42,000	20,100	42,701	42,701	\$0
5405.4 Water	9,531	9,482	7,672	9,587	9,587	\$0
5410 Supplies/Material	239,387	201,598	140,275	208,622	208,622	\$0
5410.10 Hypochlorite	10,897	13,875	1,000	14,083	14,083	\$0
5410.12 Septum	0	0	0	0	0	\$0
5415 Outside Services	160,536	177,410	98,700	103,366	103,366	\$0
5420 Permits and Fees	67,376	71,385	78,217	72,446	72,446	\$0
5425 Consulting Services	24,405	77,000	0	0	27,000	\$27,000
Sub-total	\$2,649,555	\$2,859,714	\$2,547,437	\$2,762,468	\$2,789,468	\$27,000 \$0
MAINTENANCE EXPENSES						\$0 \$0
5500 Labor	758,526	919,470	913,408	950,408	950,408	\$0
5510 Supplies/Material	143,609	173,660	125,716	176,260	176,260	\$0
5515 Outside Services	256,650	303,470	271,786	314,550	314,550	\$0
5518 Building Maintenance	21,104	21,724	11,500	22,050	22,050	\$0
5520 Permits and Fees	10,973	21,700	12,000	22,026	22,026	\$0
5530 Capital Outlay	43,235	10,000	0	0	0	\$0
Sub-total	\$1,234,097	\$1,450,024	\$1,334,410	\$1,485,294	\$1,485,294	\$0 \$0
INVENTORY EXPENSE						\$0 \$0
GRAND TOTAL ALL FUNDS INCOME (LOS	10,996	0	0	0	0	\$0
SDECIAL TV EYDENSES						\$0 \$0
SPECIALTY EXPENSES 5700 SCADA Services	89,478	124,108	71,738	117,816	117,816	\$0 \$0
5710.2 Technical Services	93,762	68,026	56,849	70,708	70,708	\$0 \$0
5715.2 Other Lab Services	7,077	10,900	5,000	11,064	11,064	\$0 \$0
5715.3 Tapia Lab Sampling	68,567	72,478	69,781	75,220	75,220	\$0 \$0
5725 Gen Supplies/Small Tools	28,691	28,800	12,872	29,252	29,252	\$0
7202 Allocated Lab Expense	165,117	195,687	198,317	202,623	202,623	\$0
Sub-total	\$452,692	\$499,999	\$414,557	\$506,683	\$506,683	\$0
						\$0

Las Virgenes Municipal Water District Potable Water Summary

	FY 15-16	FY 16-17	FY 16-17	FY 17-18	FY 17-18	
	Actual	Budget	Est. Actual	Plan	Budget	Variance
DUDI IO INFORMATION						•
PUBLIC INFORMATION	445 500	000 004	400.054	044.544	044.544	\$0 ***
6602 School Education Program	145,508	203,684	162,851	214,514	214,514	\$0
6604 Public Education Program	204,037	229,808	142,445	233,793	233,793	\$0
6606 Community Group Outreach	7,241	8,096	3,915	8,164	8,164	\$0
6608 Intergovernmental Coordination	1,392	10,284	2,042	10,469	10,469	\$0
Sub-total	\$358,178	\$451,872	\$311,253	\$466,940	\$466,940	\$0 \$0
FIELD CONSERVATION						\$0 \$0
6639 Turf Removal Program	1,871,575	0	3,982	0	0	\$0
6640 RainBarrel Program	3,333	56,956	54,563	0	0	\$0
6662 Sprinkler Nozzles	0,000	0	0 .,555	0	0	\$0
6704 ULFT Rebates	0	0	0	0	0	\$0
Sub-total	\$1,874,908	\$56,956	\$58,545	\$0	\$0	\$0
	, , , , , , , , , , , , , , , , , , , ,	, ,	, , -	•	• -	\$0
COMMUNITY CONSERVATION EDU	CATION					\$0
6742 Demonstration Garden Grant	1,434	16,105	3,982	16,120	16,120	\$0
6748 Professional Landscape & Irr Wkshp	0	0	0	0	0	\$0
6749 Residential Customer Training	24,341	38,823	21,336	39,161	39,161	\$0
Sub-total	\$25,775	\$54,928	\$25,318	\$55,281	\$55,281	\$0
						\$0
RESOURCE CONSERVATION						\$0
6785 Watershed Programs	8,822	37,676	100	39,115	39,115	\$0
6790 Back Flow Protection	50,321	155,536	38,859	157,437	157,437	\$0
Sub-total	\$59,143	\$193,212	\$38,959	\$196,552	\$196,552	\$0
						\$0
ADMINISTRATIVE EXPENSES		0.40.44=	0=0.000	0=1010		\$0
6260 Rental Charge - Facility Repl	267,772	246,115	273,933	274,016	274,016	\$0
6516 Other Professional Services	39,489	0	42,339	0	0	\$0
7135.1 Property Insurance	39,008	31,032	31,115	32,273	32,273	\$0
7135.4 Earthquake Insurance	48,505	49,974	49,969	51,973	51,973	\$0
7145 Claims Paid	11,133	0	0	0	0	\$0 ***
7155 Other Expense	(3,944)	95,566	0 82,758	85,411	0 97,011	\$0 \$11,600
7203 Allocated Building Maint	95,945	50,000	11,650	50,000	50,000	
7205 Allocated Legal 7209 Allocated Rental Property Exp	38,109 0	50,000	11,650	50,000	50,000	\$0 \$0
7209 Allocated Rental Property Exp 7225 Allocated Support Services	1,326,732	1,840,604	1,648,373	1,864,254	1,876,159	\$11,905
7226 Allocated Operations Services	4,117,379	4,885,167	4,263,216	5,034,634	5,049,757	\$15,123
Sub-total	\$5,980,128	\$7,198,458	\$6,403,353	\$7,392,561	\$7,431,189	\$38,628
Gub-total	ψ5,300,120	Ψ1,130,430	ψυ,τυυ,υυυ	ψ1,002,001	Ψ1, το 1, 109	\$30,020
TOTAL OPERATING EXPENSES	\$31,537,446	\$32,178,259	\$29,928,937	\$33,440,416	\$33,506,044	\$65,628
			· · · · · · · · · · · · · · · · · · ·		· · ·	\$0
NET OPERATING INCOME (LOSS)	(\$235,294)	\$175,012	\$1,795,618	\$2,290,114	\$2,224,486	(\$65,628)
	-					

Las Virgenes Municipal Water District Recycled Water Operations - 102000/102100

	FY 15-16 Actual	FY 16-17 Budget	FY 16-17 Est. Actual	FY 17-18 Plan	FY 17-18 Budget	Variance
OPERATING REVENUES						
4050 Temporary Meter Charge	\$0	\$1,800	\$0	\$1,800	1,800	\$0
4155 Temporary Meter Installation Fees	0	100	0	100	100	\$0
4160 Late Payment Fees	9,494	10,000	6,800	10,000	10,000	\$0
4170 Water Usage - Accidents	81	100	0	100	100	\$0
4215 RW Sales - Calabasas	634,920	724,000	597,000	752,000	752,000	\$0
4220 RW Sales - LV Valley	235,172	308,000	194,000	322,000	322,000	\$0
4225 RW Sales - Calabasas MWD	1,181,117	1,400,000	1,185,000	1,384,000	1,384,000	\$0
4230 RW Sales - Western	1,922,053	2,280,000	2,215,000	2,334,000	2,334,000	\$0
4505 Other Income from Operations	619,082	620,706	534,029	609,853	647,936	\$38.083
·						\$0
TOTAL OPERATING REVENUES	\$4,601,919	\$5,344,706	\$4,731,829	\$5,413,853	\$5,451,936	\$38,083 \$0
SOURCE OF SUPPLY						\$0
5100 Purchased Water - JPA RWTR	1,557,726	1,664,596	1,665,136	1,654,203	1,707,782	\$53,579
5115 Purchased Water - Potable Suppl	1,125,668	481,328	1,761,876	486,956	486,956	\$0
5116 Purch Water-PW Supp-Prior Yr Adj	0	0	0	0	0	\$0
Sub-total	\$2,683,394	\$2,145,924	\$3,427,012	\$2,141,159	\$2,194,738	\$53,579
OPERATING EXPENSES						\$0 \$0
5400 Labor	102,555	171,306	132,370	177,211	177,211	\$0 \$0
5405.1 Energy	5,677	6,500	6,240	6,600	6,600	\$0
5410 Supplies/Material	0,077	0,500	0,240	0,000	0,000	\$0
5415 Outside Services	0	0	0	0	0	\$0
5420 Permits and Fees	3,443	3,100	3,100	3,147	3,147	\$0
Sub-total	\$111,675	\$180,906	\$141,710	\$186,958	\$186,958	\$0 \$0
Sub-total	ψ111,075	ψ100,900	Ψ1-1,710	ψ100,930	ψ100,930	\$U
MAINTENANCE EXPENSES						\$0
5500 Labor	1,012	5,085	1,988	5,257	5,257	\$0
5510 Supplies/Material	130	700	1,552	700	1,500	\$800
5515 Outside Services	0	0	0	0	0	\$0
Sub-total	\$1,142	\$5,785	\$3,540	\$5,957	\$6,757	\$800
SPECIALTY EXPENSES						\$0 \$0
5700 SCADA Services	0	0	0	0	0	\$0 \$0
5710.2 Tech Services	0	0	0	0	0	\$0
Sub-total	\$0	\$0	\$0	\$0	\$0	\$0
Gub-total	ΨΟ	ΨΟ	ΨΟ	ΨΟ	ΨΟ	\$0 \$0
RESOURCE CONSERVATION						\$0
6790 Back Flow Protection	12,648	52,528	5,090	52,956	52,956	\$0
Sub-total	\$12,648	\$52,528	\$5,090	\$52,956	\$52,956	\$0
ADMINISTRATIVE EXPENSES						\$0 \$0
6260 Rental Charge - Facility Repl	16,536	16,222	16,536	18,176	18,176	\$0 \$0
7145 Claims Paid	0	0	0	0	0,170	\$0
7225 Allocated Support Services	101,623	147,508	132,233	148,123	148,965	\$842
7226 Allocated Operations Services	196,162	416,458	424,910	449,497	453,585	\$4,088
Sub-total	\$314,321	\$580,188	\$573,679	\$615,796	\$620,726	\$4,930
GRAND TOTAL ALL FUNDS INCOME (LO		ψ550, 100	ψ515,019	ψυ 13,7 90	ψυ2υ,120	\$4,930 \$0
TOTAL OPERATING EXPENSES	\$3,123,180	\$2,965,331	\$4,151,031	\$3,002,826	\$3,062,135	\$59,309 \$U
NET OPERATING INCOME (LOSS)	\$1,478,739	\$2,379,375	\$580,798	\$2,411,027	\$2,389,801	(\$21,226)

Las Virgenes Municipal Water District Sanitation Operations - 130000/130100

_	FY 15-16 Actual	FY 16-17 Budget	FY 16-17 Est. Actual	FY 17-18 Plan	FY 17-18 Budget	Variance
OPERATING REVENUES						
4160 Late Payment Fees	\$35.004	\$31.500	\$38.740	\$31,500	\$31.500	\$0
4260 Sanitation Service Fees	16,779,190	17,293,000	17,889,000	17,679,000	17,679,000	\$0 \$0
4270 Consol Sewer District Fees	236,004	236,004	236,004	236,004	236,004	\$0 \$0
4505 Other Income from Operations	250,004	230,004	230,004	250,004	230,004	\$0 \$0
rece earler meetine from eperations	ŭ	Ü	Ü	ŭ	Ü	\$0
TOTAL OPERATING REVENUES	\$17,050,198	\$17,560,504	\$18,163,744	\$17,946,504	\$17,946,504	\$0
PURCHASED SERVICES						\$0 \$0
5735 Share of JPA Net Expenses	8,190,286	9,510,505	8,481,790	9,750,662	9,782,763	\$32,101
5740 City of Los Angeles	473,992	427,700	362,978	470,800	470,800	\$0
Sub-total	\$8,664,278	\$9,938,205	\$8,844,768	\$10,221,462		\$32,101
	, -, ,	, - , ,	, -, - ,	, , ,	, ,,,	\$0
OPERATING EXPENSES						\$0
5400 Labor	18,359	30,331	23,717	31,626	31,626	\$0
5405.1 Energy	71,759	106,400	85,000	107,996	85,000	(\$22,996)
5405.2 Telephone	31,042	29,197	22,000	29,635	22,400	(\$7,235)
5405.4 Water	794	780	780	792	792	\$0
5417 Odor Control	2,460	3,716	3,909	3,772	3,772	\$0
5420 Permits and Fees	6,610	7,783	17,000	7,900	7,900	\$0
5425 Consulting Services	0	0	0	0	0	\$0
5430 Capital Outlay	0	0	0	0	0	\$0
Sub-total	\$131,024	\$178,207	\$152,406	\$181,721	\$151,490	(\$30,231)
						\$0
MAINTENANCE EXPENSES	00.050	05.000	50.070	00.445	00.445	\$0
5500 Labor	63,053	95,283	58,973	98,415	98,415	\$0
5510 Supplies/Material 5515 Outside Services	43,123	31,000	6,000	31,500	31,500	\$0 \$0
5530 Capital Outlay	37,333 0	34,100 10,000	30,205 0	34,600 0	34,600 0	\$0 \$0
Sub-total	\$143,509	\$170,383	\$95,178	\$164,515	\$164,515	\$0 \$0
Sub-total	\$145,509	φ170,303	φ95,176	φ104,515	φ104,515	\$0 \$0
SPECIALTY EXPENSES						\$0 \$0
5700 SCADA Services	1,908	9,303	2,854	9,601	9,601	\$0 \$0
5710.2 Tech Services	0	107	2,301	112	112	\$0
Sub-total	\$1,908	\$9,410	\$2,854	\$9,713	\$9,713	\$0
	¥ 1,000	**,	- ,	72,110	¥ - , · · · ·	\$0
ADMINISTRATIVE EXPENSES						\$0
6260 Rental Charge - Facility Repl	27,566	25,384	29,434	27,404	27,404	\$0
7225 Allocated Support Services	250,048	353,376	320,847	348,574	349,669	\$1,095
7226 Allocated Operations Services	1,042,089	846,711	794,352	880,308	882,833	\$2,525
Sub-total	\$1,319,703	\$1,225,471	\$1,144,633	\$1,256,286	\$1,259,906	\$3,620
						\$0
TOTAL OPERATING EXPENSES	\$10,260,422	\$11,521,676	\$10,239,839	\$11,833,697	\$11,839,187	\$5,490
•						\$0
NET OPERATING INCOME (LOSS)	\$6,789,776	\$6,038,828	\$7,923,905	\$6,112,807	\$6,107,317	(\$5,490)
ODAND TOTAL ALL TIMES WAS IN 1997	#0 000 001	#0 F00 04F	£40 200 001	£40.040.040	£40.704.004	(600.044)
GRAND TOTAL ALL FUNDS INCOME (LOSS)	\$8,033,221	\$8,593,215	\$10,300,321	\$10,813,948	\$10,721,604	(\$92,344)

Las Virgenes Municipal Water District Internal Service Summary

	FY 15-16 Actual	FY 16-17 Budget	FY 16-17 Est. Actual	FY 17-18 Plan	FY 17-18 Budget	Variance
BOARD EXPENSES						
6000 Directors' Fees	\$77,600	\$90,000	\$82,800	\$90,000	\$90,000	\$0
6005 Directors' Benefits	77,699	77,075	80,579	77,075	77,075	\$0
6010 Directors' Conference Expenses	24,588	30,000	33,000	30,000	30,000	\$0
6015 Directors' Miscellaneous	775	2,000	300	2,000	2,000	\$0
6020 Election Expense	0	43,000	0	0	0	\$0
Sub-total	\$180,662	\$242,075	\$196,679	\$199,075	\$199,075	\$0
PAYROLL EXPENSES						\$0 \$0
6100 Staff Salaries	10,175,631	11,092,348	10,657,250	11,452,671	11,452,671	\$0 \$0
6102 Staff Overtime	415,244	246,755	386,384	255,118	255,118	\$0 \$0
6105 Staff Benefits	2,787,307	4,788,227	4,477,132	4,964,849	4,964,849	\$0
6110 Staff Taxes	1,012,997	1,046,150	1,096,123	1,074,662	1,074,662	\$0
Sub-total	\$14,391,179	\$17,173,480	\$16,616,889	\$17,747,300	\$17,747,300	\$0
6115 Staff Costs Recovered	(7,224,829)	(8,085,712)	(7,605,211)	(8,348,065)	(8,348,065)	\$0
Net Payroll Expenses	\$7,166,350	\$9,087,768	\$9,011,678	\$9,399,235	\$9,399,235	\$0
055105 501110115117 0 00074 05						\$0
OFFICE EQUIPMENT & POSTAGE	110 242	152 750	101 220	164 750	164 750	\$0 \$0
6200 Forms, Supplies & Postage 6205 Equipment Rental	119,243 6,039	153,750 7,600	121,339 7,600	164,752 7,600	164,752 7,600	\$0 \$0
6210 Equipment Repairs	1,892	3,000	2,500	3,000	3,000	\$0 \$0
6215 Equipment Maintenance	342,201	310,944	312,280	330,500	330,500	\$0
6220 Outside Services	351,169	342,600	220,980	342,600	345,100	\$2,500
6225 Radio Maintenance Expense	28,928	11,380	16,500	11,551	11,551	\$0
6230 Safety Equipment	18,121	20,285	19,346	20,359	20,359	\$0
6235 Records Management	51,070	50,000	45,504	50,000	50,000	\$0
6250 Equipment Interest Expense	3,847	4,500	4,500	3,500	3,500	\$0
Sub-total	\$922,510	\$904,059	\$750,549	\$933,862	\$936,362	\$2,500
PROFESSIONAL SERVICES						\$0 \$0
6500 Legal Services	100,464	99,000	94,000	99,000	99,000	\$0 \$0
6505 Legal Advertising	18,581	15,000	3,800	15,000	15,000	\$0 \$0
6516 Other Professional Services	117,442	554,860	114,499	562,115	562,115	\$0
6517 Audit Fees	31,664	37,000	37,000	38,100	38,100	\$0
6522 Management Consultant Fees	53,851	25,000	60,000	52,500	127,500	\$75,000
Sub-total	\$322,002	\$730,860	\$309,299	\$766,715	\$841,715	\$75,000
						\$0
RES CONSER/PUBLIC OUTREACH	40.070	45.540	00.707	45.705	45 705	\$0 \$0
6602 School Education Program 6604 Public Education Program	40,276 226,905	15,540 200,084	23,707 219,268	15,765 200,817	15,765 200,817	\$0 \$0
6606 Community Group Outreach	6,082	13,406	4,568	14,606	14,606	\$0 \$0
6608 Intergovernmental Coordination	16,252	16,499	16,765	17,909	17,909	\$0 \$0
Sub-total	\$289,515	\$245,529	\$264,308	\$249,097	\$249,097	\$0
	,,	, ,,,	, ,,,,,,	, ,,,,	, ,,,,,	\$0
HUMAN RESOURCES						\$0
6800 Safety	11,513	38,000	16,000	38,000	38,000	\$0
6810 Recruitment Expenses	15,820	10,000	10,000	10,000	10,000	\$0
6812 Retired Employee Benefits	827,847	985,283	952,638	1,073,468	1,073,468	\$0
6815 Employee Recognition Function	8,652	15,000	13,500	15,000	15,000	\$0 \$0
6820 Employee Assistance Program 6825 Employee Wellness Program	0 7,470	1,000 10,000	0 10,000	1,000 10,000	1,000 10,000	\$0 \$0
6830 Training & Prof. Development	78,959	166,584	117,157	156,541	161,541	\$5,000
6840 DOT Testing	999	1,000	1,000	1,000	1,000	\$0
6850 Unemployment Ins. Benefit	1,575	5,000	0	5,000	5,000	\$0
6855 Donated Sick Leave	0	0	0	0	0	\$0
6872 Litigation - Outside Services	38,109	50,000	11,650	50,000	50,000	\$0
Sub-total	\$990,944	\$1,281,867	\$1,131,945	\$1,360,009	\$1,365,009	\$5,000
						\$0

Las Virgenes Municipal Water District Internal Service Summary

	FY 15-16	FY 16-17	FY 16-17	FY 17-18	FY 17-18	
	Actual	Budget	Est. Actual	Plan	Budget	Variance
OTHER G&A EXPENSES						\$0
7100 Provision for Uncollectible Accts	15,506	50,000	50,000	50.000	50.000	\$0
7105 Dues/Subscriptions/Memberships	119,490	111,380	102,140	111,325	111,325	\$0
7110 Travel/Misc. Expenses	3,882	7,370	2,302	7,387	7,387	\$0
7135.1 Property Insurance	32,678	33,668	33,759	35,014	35,014	\$0
7135.2 Liability Insurance	167,021	163,919	182,628	170,476	170,476	\$0
7135.3 Automobile Insurance	64,884	69,951	67,336	72,750	72,750	\$0
7135.4 Earthquake Insurance	52,626	54,220	54,215	56,389	56,389	\$0
7135.5 Excess Liability Insurance	198,720	203,770	194,333	211,921	211,921	\$0
7145 Claims Paid	0	0	0	0	0	\$0
7152 LAFCO Charges	24,631	21,000	21,410	21,000	21,000	\$0
Sub-total	\$679,441	\$715,278	\$708,123	\$736,262	\$736,262	\$0
						\$0
OPERATING EXPENSE						\$0
5400 Labor	406,544	358,275	429,601	371,647	371,647	\$0
5405.1 Utilities - Energy	117,059	131,600	115,300	133,575	133,575	\$0
5405.2 Utilities - Telephone	247,839	241,520	247,825	243,676	244,472	\$796
5405.3 Utilities - Gas	17,792	21,915	13,102	22,244	22,244	\$0
5405.4 Utilities - Water	15,535	15,096	16,455	15,323	15,323	\$0
5415 Outside Services	171,825	200,000	185,306	200,000	200,000	\$0
5430 Capital Outlay	89,470	101,000	101,000	75,500	75,500	\$0
Sub-total	\$1,066,064	\$1,069,406	\$1,108,589	\$1,061,965	\$1,062,761	\$796
MAINTENANCE EXPENSE						\$0 \$0
5500 Labor	328,208	440,177	359,847	454,830	454,830	\$0 \$0
5510 Supplies/Materials	316,641	472,677	201,473	474,490	474,490	\$0
5510.1 Fuel	72,662	116,900	64,197	118,654	118,654	\$0
5515 Outside Services	331,713	368,949	257,088	373,733	373,733	\$0
5520 Permits/Fee	11,891	14,229	14,490	14,440	14,440	\$0
5530 Capital Outlay	9,135	23,200	0	0	23,200	\$23,200
6255 Rental Charge - Vehicles	158,463	178,822	171,491	206,113	206,113	\$0
Sub-total Sub-total	\$1,228,713	\$1,614,954	\$1,068,586	\$1,642,260	\$1,665,460	\$23,200
						\$0
INVENTORY EXPENSE						\$0
5536 Inventory Adjustment	7,148	11,550	10,500	12,705	12,705	\$0
Sub-total	\$7,148	\$11,550	\$10,500	\$12,705	\$12,705	\$0
OFNII OREGIALTY EVENIES						\$0 \$0
GEN'L SPECIALTY EXPENSE	E0 777	40.040	04 464	44 460	44.460	\$0 \$0
5725 Supplies and Small Tools	52,777	49,048 \$49,048	21,164 \$21,164	44,462 \$44,462	44,462 \$44,462	\$0 \$0
Sub-total	\$52,777	Ф49,048	⊅∠1,104	⊅44,40∠	Φ44,40 Ζ	\$0 \$0
TOTAL EXPENSES	\$12,906,123	\$15,952,394	\$14,581,420	\$16,405,647	\$16,512,143	\$106,496

Summary of Significant Changes Capital Improvement Projects Fiscal Year 2017-18

IIP Plan		Expe	enditures by Fund
P/W Construction		\$	534,750.00
P/W Replacement			12,240,869.00
Sanitation Construction	on	\$ \$ \$ \$	375,000.00
Sanitation Replaceme	nt	\$	9,684,335.00
RW Conservation		\$	686,400.00
RW Replacement		\$	718,054.00
		\$	24,239,408.00
<u>Adjustments</u>			
10627- AMR/AMI		\$	(9,169,855.00)
10430 - Twin Lakes Pu	mp Station Pipeline	\$	(777,291.00)
10577- Potable Water	Station Improvements	\$ \$ \$ \$ \$ \$	(198,000.00)
10608- Rancho Amend	dment Bin and Conveyance Mod	\$	(567,246.00)
10611- Tapia Duct Bar	nk Infrastructure Upgrade	\$	(184,750.00)
10619- Summer Seaso	on TMDL Compliance	\$	(200,000.00)
10626- Process Air Im	provements	\$	(2,119,000.00)
10556- Backbone Imp	rovement Program	\$	235,162.00
	IIP Total	\$	11,258,428.00
	CIP Total	\$	12,266,266.00
	Grant Revnues	\$ \$ \$	(1,007,838.00)
		\$	11,258,428.00

Job#	Approved Title Appropriations E	Prior Expenditures	Estimated Expenditures FY16-17	Projected Carryover July 1, 2017	FY17-18 Appropriation	FY17-18 Working Capital Requirement
10236	Raise Air Vacuum Valves and Al	andon Prote	ctive Structures			
	\$272,684	\$65,003	\$97,786	\$109,895	\$199,480	\$309,375
10418	Rehabilitation of 18" RW Pipe (Table 1)	apia/Mulholla	nd Highway)			
	\$443,231	\$338,631	\$68,057	\$0	\$0	\$0
10430	Twin Lakes Pump Station Pipelir	e Project				
	\$1,700,000	\$24,083	\$88,741	\$1,587,176	(\$1,155,268)	\$431,908
10513	Tapia Sluice Gate and Drive Rep	lacement				
	\$545,105	\$24,009	\$415,000	\$106,096	(\$106,096)	\$0
10520	SCADA System Communication	Upgrades				
	\$93,100	\$32,447	\$0	\$0	\$0	\$0
10521	SCADA System Communication	Upgrades (L\	/ Only)			
	\$1,387,232	\$140,557	\$426	\$0	\$0	\$0
10537	Raw Sludge Wet Well Mixing Imp	provements				
	\$236,987	\$32,659	\$204,328	\$0	\$107,628	\$107,628
10539	Saddletree Tank improvements					
	\$554,606	\$424,009	\$88,229	\$0	\$0	\$0
10540	Lost Hill Overpass Recycled Wat	ter Main Relo	cation			
	\$852,433	\$112,606	\$2,664	\$737,163	(\$115,109)	\$622,054
10541	Building 8 Computer Center Upg	rades				
	\$221,070	\$38,738	\$1,179	\$181,153	(\$181,153)	\$0
10556	Interconnection With CMWD					
	\$1,659,269	\$109,037	\$112,807	\$1,437,425	\$242,305	\$1,679,730
10557	Westlake Filtration Plant Expans	ion				
	\$5,127,017	\$753,641	\$2,544,286	\$0	\$0	\$0
10558	Westlake Pump Station Upgrade					
	\$5,149,234	\$441,282	\$3,495,760	\$0	\$0	\$0
10559	Manhole Rehabilitation, F2/F3 Li					
	\$291,500	\$2,272	\$6,635	\$0	\$0	\$0
10560	Rancho: Rehabilitate Existing Co					
	\$175,390	\$0	\$1,892	\$0	\$0	\$0
10564	Centrate Equalization Tank					
	\$1,573,008	\$186,929	\$1,284,954	\$0	\$0	\$0
10565	Rancho Las Virgenes Digester C	•	•			
	\$318,000	\$162,227	\$94,788	\$60,985	\$761,706	\$822,691
10567	Programmable Logic Controller L	. •	**	****	****	****
	\$226,000	\$0	\$0	\$226,000	\$106,850	\$332,850
10568	Twin Lakes Tank Drainage Proje		0044 407	40	40	40
40===	\$378,421	\$88,120	\$241,407	\$0	\$0	\$0
10572	Agoura Road Widening Project	0474 000	#4.70 5	*	*	*
405= :	\$176,033	\$171,238	\$4,795	\$0	\$0	\$0
10574	Rancho Facility Improvements	0400 400	#40.040	#004.0F0	(#004.050)	**
	\$384,000	\$136,100	\$13,848	\$234,052	(\$234,052)	\$0

Job#	Approved Title Appropriations	Prior Expenditures	Estimated Expenditures FY16-17	Projected Carryover July 1, 2017	FY17-18 Appropriation	FY17-18 Working Capital Requirement
10576	Building No. 7 Improvements					_
	\$47,000	\$1,711	(\$1,710)	\$0	\$0	\$0
10577	Potable Water Pump Station Im	provements				
	\$167,111	\$15,697	\$21,032	\$130,382	(\$130,382)	\$0
10579	Security Upgrades - JPA					
	\$33,044	\$13,977	\$5,639	\$0	\$0	\$0
10586	AMR Implementation - FY 14-1	5				
	\$1,275,000	\$920	\$0	\$0	\$0	\$0
10587	Pure Water Project Las Virgene					
	\$2,271,644	\$700,498	\$173,983	\$1,397,163	\$452,837	\$1,850,000
10588	Woodland Hills Golf Course RV			. , ,	,	. , ,
	\$1,432,692	\$390,265	\$390	\$0	\$0	\$0
10589	WIMS Software Implementation		·	•	·	·
	\$32,350	\$25,740	\$0	\$6,610	(\$6,610)	\$0
10590	PW System Rehab.	÷ -, -	• •	, -, -	(+-,,	•
	\$184,709	\$143,623	\$0	\$0	\$0	\$0
10592	Agoura Road Recycled Water M			•	•	•
	\$1,272,665	\$1,249,436	\$2,035	\$21,194	(\$21,194)	\$0
10593	CIS Infinity Software Upgrade	, , , , , , , ,	, , , , , , , ,	, , -	(, , - ,	•
10000	\$113,800	\$0	\$0	\$113,800	\$36,200	\$150,000
10594	CIS Infinity Modifications-Budge	•		, ,,,,,,,	, ,	, ,,,,,,,,
	\$95,000	\$45,500	\$0	\$0	\$0	\$0
10596	Lift Stations Programmable Log			**	**	**
10000	\$49,340	\$0	\$0	\$49,340	(\$49,340)	\$0
10597	Tapia Electrical and Instrument	•		4 10,0 10	(+ 10,010)	**
10001	\$167,810	\$0	\$0	\$167,810	(\$101,810)	\$66,000
10599	Construction Services Truck	Ψ.	4.5	4.01,010	(+ : - : ; - : - ;	400,000
10000	\$150,000	\$0	\$149,388	\$0	\$0	\$0
10600	Tapia Water Reclamation Facili	•	,	**	**	**
10000	\$132,000	\$25,216	\$117,219	\$0	\$0	\$0
10601	Rancho Reliability Improvemen		, , <u>_</u>	**	**	**
	\$96,400	\$57,025	\$97,475	\$0	\$0	\$0
10602	Miscellaneous RW Extension	, , , , , , , , , , , , , , , , , , ,	4 01,110	**	**	**
.0002	\$106,000	\$6,921	\$0	\$99,079	\$32,321	\$131,400
10603	Building #1 Tenant Improvement		4.5	400,010	¥0=,0= :	4.01,100
10000	\$3,045,700	\$41,601	\$0	\$0	\$0	\$0
10605	Performance Evaluation Softwa	. ,	4.5	40	4.5	4 5
10000	\$15,000	\$0	\$0	\$0	\$0	\$0
10607	Tapia: Primary Tanks No. 2 - 5		Ψ.	40	Ψ	Ψ-0
10001	\$946,160	\$32,058	\$840,105	\$73,997	(\$73,997)	\$0
10608	Rancho Amendment Bin and C			ψ. Ο,ΟΟ	(ψ1 0,001)	ΨΟ
.5555	\$776,500	\$0	\$58,500	\$718,000	(\$347,850)	\$370,150
	Ψ σ,σσσ	ΨΟ	Ψ00,000	φ. 10,000	(4011,000)	ψο. ο, 100

Job#	Approved Title Appropriations B	Prior Expenditures	Estimated Expenditures FY16-17	Projected Carryover July 1, 2017	FY17-18 Appropriation	FY17-18 Working Capital Requirement
10609	Headquarters Pavement Rehabi	litation Proiect				
	\$228,800	\$0	\$31,749	\$0	\$0	\$0
10610	LCD Video Wall System	•	. ,	•	·	·
	\$66,500	\$0	\$0	\$66,500	(\$66,500)	\$0
10611	Tapia Duct Bank Infrastructure U		**	+,	(+,,	**
10011	\$66,000	\$0	\$0	\$66,000	(\$66,000)	\$0
10612	Building No. 7 Furniture	40	Ψ3	400,000	(400,000)	Ψ
10012	\$60,000	\$0	\$0	\$0	\$0	\$0
10613	New Backhoe	ΨΟ	ΨΟ	ΨΟ	ΨΟ	ΨΟ
10013	\$146,300	\$0	\$0	\$146,300	(\$146,300)	\$0
10614	SCADA Hub Emergency Genera	•			(ψ140,000)	ΨΟ
10014	\$43,100	101 at Stufft R	\$0	\$0	\$0	\$0
10615			φυ	φυ	φυ	φυ
10615	Building No. 7 Fire Panel Replace	ement \$0	\$0	¢ 57 200	(\$E7.200)	\$0
40040	\$57,300	φυ	ΦΟ	\$57,300	(\$57,300)	ΦΟ
10616	IT Capital Purchases	ተ ດ	¢45.700	6446 004	(#46.004)	¢400,000
10017	\$132,000	\$0	\$15,769	\$116,231	(\$16,231)	\$100,000
10617	Flow Meter Replacement - JPA		40	40	40	40
	\$25,849	\$0	\$0	\$0	\$0	\$0
10618	Flow Meter Replacement - LV M	` '				
	\$9,283	\$0	\$0	\$0	\$0	\$0
10619	Summer Season 2013 TMDL Co	•				
	\$200,000	\$0	\$0	\$200,000	\$0	\$200,000
10620	Potable Water Tank Coating Eva		•			
	\$30,000	\$0	\$0	\$30,000	\$0	\$30,000
10621	Recycled Water Tank Coating Ev	valuation and l	Repair			
	\$30,000	\$0	\$0	\$30,000	\$0	\$30,000
10622	Capri Tract w/o Lindero Greenbe	elt Recycled W	ater Improvement	ts		
	\$431,000	\$0	\$0	\$431,000	(\$431,000)	\$0
10623	Hillcrest and Oak Park North Apa	artments Recy	cled Water Impro	vements		
	\$300,000	\$0	\$0	\$300,000	(\$300,000)	\$0
10624	Tapia Chemical Building Roof Re	eplacement				
	\$55,000	\$0	\$27,500	\$0	\$0	\$0
10625	Vehicle Replacement Program					
	\$175,000	\$0	\$0	\$0	\$0	\$0
10626	Process Air Improvements					
	\$1,797,400	\$0	\$69,584	\$1,727,816	(\$175,816)	\$1,552,000
10627	AMR IMPLEMENTATION	•	. ,	. , ,	(. , ,	. , ,
	\$9,404,855	\$0	\$0	\$0	\$235,000	\$235,000
10628	Nitrification Study	4.5	4 •	40	+ _00,000	+ _00,000
10020	\$99,000	\$0	\$0	\$99,000	\$0	\$99,000
10629	Canyon Oaks Park RW Main Ext		ΨΟ	Ψ55,000	Ψ	Ψυυ,υυυ
10028	\$399,780	\$0	\$0	\$399,780	(\$399,780)	\$0
	φ3 93 ,760	φυ	φυ	ψυσσ, <i>ι</i> ου	(4088,700)	φυ

Job#	Title	Approved Appropriations	Prior Expenditures	Estimated Expenditures FY16-17	Projected Carryover July 1, 2017	FY17-18 Appropriation	FY17-18 Working Capital Requirement
10630	8" Water Line Relocation @ Brooks Rd.						
		\$600,000	\$0	\$0	\$0	\$0	\$0
10632	LV Rd & Encir	nal Cyn PR Statio	ns Rehab				
		\$225,000	\$0	\$28,061	\$0	\$0	\$0
10633	L.S. 1&2 Day	Tank/Fuel Pump	System				
		\$57,641	\$0	\$54,361	\$0	\$0	\$0
10634	Jed Smith Pipe	eline Replacemer	nt Project				
		\$585,047	\$0	\$585,047	\$0	\$0	\$0
60008	Westlake Pum	p Station Roof R					
		\$0	\$0	\$0	\$0	\$105,000	\$105,000
60022	Building 7 and	8 Lighting Efficie					
		\$0	\$0	\$0	\$0	\$307,560	\$307,560
60023	Tapia Lighting	Efficiency Upgra					
		\$0	\$0	\$0	\$0	\$469,920	\$469,920
60044	Westlake Pum	p Station and Filt		. •	40	* 40.000	* 40.000
70000		\$0	\$0	\$0	\$0	\$42,900	\$42,900
70002	Rancho Reliat	oility Improvemen		ድር	C O	£422.000	#422 000
70004	Vakiala Dania	\$0	\$0	\$0	\$0	\$132,000	\$132,000
70004	venicie Repia	cement FY 17-18 \$0	\$0	\$0	\$0	\$175,000	\$175,000
70005	Dotable Water	ہوں Rehabilitation F۱		φυ	φυ	\$175,000	φ175,000
70005	Folable Water	\$0	\$0	\$0	\$0	\$198,000	\$198,000
70007	Tapia Water Reclamation Facility Reliability Improvements FY 17-18						
10001	rapia water i	\$0	\$0	\$0	\$0	\$132,000	\$132,000
70009	Tania Primary	Tanks No. 4-5 R	•	ΨΟ	ΨΟ	Ψ102,000	Ψ102,000
70000	rapia i iiiiai y	\$0	\$0	\$0	\$0	\$790,000	\$790,000
70010							
	. apia oiaioo o	\$0	\$0	\$0	\$0	\$556,600	\$556,600
70012	Tapia Grit and	Skimmings Pipe	•		·	. ,	. ,
	•	\$0	\$0	\$0	\$0	\$202,500	\$202,500
80644							
		\$0	\$0	\$0	\$0	\$10,000	\$10,000
99911	Rancho Las V	irgenes: FOG Re	ceiving Facilitie	S			
		\$0	\$0	\$0	\$0	\$25,000	\$25,000
Total CIP Budget \$49,399,100			\$6,033,776	\$11,043,709	\$11,127,247	\$1,139,019	\$12,266,266
		,,	, -,, - •	, , , , , , , , , , , ,	, , , ,	. ,,	. ,,

INFORMATION ONLY



May 4, 2017 LVMWD Special Board Meeting

TO: Board of Directors

FROM: Facilities & Operations

Subject: Status of Fiscal Year 2016-17 Tactical Actions and Activities

SUMMARY:

The attached report provides a summary of the status of the Tactical Actions and Activities for Fiscal Year 2016-17.

FISCAL IMPACT:

No

ITEM BUDGETED:

No

Prepared by: David Pedersen

ATTACHMENTS:

Status of Fiscal Year 2016-17 Tactical Actions and Activities

STATUS OF FISCAL YEAR 2016-17 TACTICAL ACTIONS AND ACTIVITIES

Goal 1: Provide Safe and Quality Water with Reliable Services

We provide high quality, reliable water and deliver adequate water supplies. In providing this service we encourage water efficiency and conservation.

Objective 1.1 Provide planning activities to meet current and future water demand throughout the service area.

- Complete detailed design for the interconnection with Calleguas Municipal Water District. The Preliminary Design Report was received and filed by the Board on April 25, 2017, and Cannon Corporation began the final design. The work is to be completed in six months.
- Report to the Board on opportunities to "bank" dry-year water supplies to minimize the impact
 of prolonged drought on the District's customers.

 Discussions were held with Los Angeles Department of Water and Power on opportunities to
 bank water in the San Fernando Basin. In addition, discussions were held with Calleguas
 Municipal Water District and Upper San Gabriel Valley Municipal Water District to explore the
 possibility of banking water in the Main San Gabriel Basin.

Objective 1.2 Promote, encourage and support efficient water use.

- Promote customer engagement in managing water use through water budgets.
 Continued promotion and awareness of the water budget program through the Current Flow, public presentations and advertisements.
- Implement focused outreach for inefficient water users.
 Analyzed data and began outreach to customers who paid penalties for wasteful water use.
 Among the tools prepared for this purpose was a "heat map," identifying locations were wasteful water use is concentrated.
- Refine and update customer data for water budgets.
 Conducted field visits for customers who did not concur with irrigated areas data obtained from aerial photography. Most of these customers did not fill out the Water Budget Questionnaire sent out prior to start of the water budgets. Issued refunds retroactive to when water budget billing began to maintain confidence and support for the program. Developed a policy that was approved by the Board to limit refunds due to incorrect irrigated area data and/or number of residents for a maximum of six months, only until the end of 2017.
- Enhance participation in regional and District-administered conservation programs.

 Promoted and administered a Rain Barrel Giveaway Program that resulted in distribution of 350 rain barrels purchased with re-allocated Proposition 50 grant funds.
- Evaluate "customer portal" or "engagement platform" to communicate water use with customers.
 - Staff explored modifications to the bill format to improve communication of water use information. A customer portal will be integrated with the AMR/AMI Project after funding is secured for its implementation.
- Implement the Automatic Meter Reading/Advanced Metering Infrastructure (AMR/AMI) Project:
 - o Secure a Clean Water State Revolving Fund (CWSRF) loan to fund the project.
 - o Release a Request for Proposals (RFP) to select the equipment vendor.
 - o Evaluate integration of AMR/AMI customer portal into Infinity Link.

A CWSRF loan application was submitted to the State Water Resources Control Board in September 2016. Staff is focusing of addressing new requirements for the CWSRF Program that became effective on January 1, 2017, including preparation and Board adoption of a Debt Management Policy.

Objective 1.3 Construct, manage and maintain all facilities and provide services to assure system reliability and environmental compatibility.

- As a part of the Backbone Improvements Program:
 - Complete the expansion of Westlake Filter Plant and modernization of Westlake Pump Station.
 - Completed. A \$15,944 rebate from SCE was received because older motors for the filter vacuum pumps were replaced with new high-efficient motors and VFDs. Staff also completed modifications to the SCADA programs and reports to reflect the new processes and procedures.
 - Following completion of construction at the Westlake Filter Plant and Pump Station, enhance the landscaping at both sites.
 Scheduled for Fiscal Year 2017-18
 - Continue to update the community on the benefits and progress of the Program using all forms of communication media.
 Completed and on-going. This message was conveyed during the MWD shutdown in April 2017.
- Complete a study of the potable water system focused on optimizing disinfection levels
 throughout the system and minimizing the potential for nitrification.
 A study was initiated to evaluate the extent of nitrification in the District's potable water system.
 Once the study is complete, an implementation plan will be prepared to minimize nitrification.
- Reevaluate the SCADA communication project and revise the plans and specifications accordingly.
- Underway with completion expected in Fiscal Year 2017-18.
- Develop a plan of action for the conversion and replacement of the District's SCADA system field components (PLCs), modernizing obsolete equipment.
 Formed a working group to evaluate the various technologies that could be used such as a Distributed Control System (DCS) used at Rancho or Programmable Logic Controls (PLC) used at Tapia for consideration for replacement of the control system at Tapia. Conversion of the control system in the potable and recycled water systems will be done in future fiscal years.

Goal 2: Lead in Sanitation and Recycled Water Services Focusing on Maximum ReuseWe provide cost effective wastewater collection, wastewater treatment, recycled water and biosolids composting.

Objective 2.1 Maximize beneficial use of wastewater byproducts (byproducts include compost and electricity).

- Explore the viability of construction an additional 4 to 5 megawatts of solar power generation capacity in the North Canyon, utilizing the REC-BCT tariff to offset energy usage at other JPA facilities.
 - Completed an analysis and pro-forma to evaluate the potential savings associated with additional solar power generation and battery storage with the assistance of TerraVerde Renewable Partners. The results will be presented to the Board in summer 2017.

Objective 2.2 Plan for the efficiency and operational compliance of all wastewater and recycled water facilities.

- Complete the rehabilitation of Digester No. 1 and begin the rehabilitation of Digester No. 2.
 Rehabilitation plans were completed for Digester No. 1. Bidding, contract award and
 construction will be completed in Fiscal Year 2017-18. The rehabilitation of Digester No. 2 will
 follow.
- Investigate and report to the Board the possibility of a fats, oils and grease (FOG)/food waste digester feed program.
 - Scheduled for Fiscal Year 2017-18.
- Complete construction of a new centrate equalization tank at Rancho. *Completed.*

Objective 2.3 Promote science based programs with regulatory agencies.

- Collaborate with the LA Regional Water Quality Control Board on a reasonable implementation plan for the U.S. EPA Malibu Creek & Lagoon TMDL for Sedimentation and Nutrients to Address Benthic Community Impairments.
 - Staff successfully negotiated a reasonable implementation plan for the 2013 TMDL focused on the Pure Water Project Las Virgenes- Triunfo. The plan was adopted by the State Water Resources Control Board on February 22, 2017.
- Complete the research project with Pepperdine University to address the impact and control of
 invasive species on the benthic communities in Malibu Creek.

 The project is nearly completed and results will be presented to the Board in July 2017. The
 findings confirm the significant impact of invasive crayfish on benthic macroinvertebrates. The
 work will be crucial to more accurately identify the stressors to stream health and to direct
 future resources to effectively control invasive species in the watershed.
- Negotiate effectively with the LA Regional Water Quality Control Board to renew Tapia's NPDES permit, balancing the cost of compliance with benefits to receiving waters Staff successfully negotiated the terms of a permit renewal, which is schedule for adoption by the Los Angeles Regional Water Quality Control Board (LARWQCB) on June 1, 2017. One challenge involves a change to the chloride limit for discharges to the Los Angeles River, requiring a Time Schedule Order. Staff is working with the Executive Officer of the LARWQCB to seek a Basin Plan Amendment to revise the chloride limit.
- Initiate implementation of any new terms of Tapia's NPDES permit.
 Implementation of the new terms will be initiated on the August 1, 2017 effective date of permit.
- Continue to track and comment on important SWRCB policy processes for a Numerical Nutrient Endpoint (NNE) framework, development of biological objectives and toxicity.
 Staff continued to monitor the SCWRCB's plan to merge the Numerical Nutrient Endpoint (NNE) framework, macroinvertebrate and algal bioassessment into a single metric called a Biological Condition Gradient.
- Engage in community outreach programs intended to keep customers informed of
 developments related to the JPA's litigation with the U.S. EPA, TMDL implementation, NPDES
 permit renewal and current rule-making efforts.

 On April 12, 2017, the Ninth Circuit Court of Appeals approved a settlement for the JPA's
 litigation with the U.S. EPA and the case was dismissed. The settlement was possible due to
 progress on the Pure Water Las Virgenes-Triunfo Project and support of LARWQB to develop a

reasonable implementation schedule for the 2013 TMDL. In addition, negotiations with the

LARWQCB staff on the NPDES Permit renewal have been very positive and conducted with a high level of cooperation. Adoption of a reasonable permit appears likely, reducing the need for public support at the hearing.

Objective 2.4 Maximize beneficial uses of recycled water.

- Complete the design of the Woodland Hills Country Club recycled water system extension. LADWP choose not to pursue this project and, given the JPA's focus on beneficially reusing all of its excess recycled water through the Pure Water Project Las Virgenes-Triunfo, it is no longer desirable to sell recycled water outside the JPA's service area.
- Identify and expedite recycled water conversion projects, including possible re-evaluation of the existing economic criteria used when considering such projects.

 Staff proposes to re-evaluate this objective and propose new criteria for considering expansion of the recycled water system, considering the Pure Water Project Las Virgenes-Triunfo.
- Complete the Agoura Road Recycled Water Main Extension and, where possible, convert existing potable water irrigation customers to recycled water.
 Completed.

Objective 2.5 Develop and implement strategies for long term total reuse of recycled water.

• Following completion of the Basis of Design Report and identification of preferred option, begin the process of interagency negotiation, financial analysis, funding identification, detailed preliminary design, CEQA analysis and public outreach for the project.

On August 1, 2016, the JPA Board selected Scenario No. 4, Indirect Potable Reuse using Las Virgenes Reservoir, as the preferred alternative and renamed it the Pure Water Las Virgenes-Triunfo. During Fiscal Year 2016-17, staff accomplished the following: completed the preliminary design of a demonstration project, initiated a preliminary siting study, initiated a mixing and dilution study including a bathymetric survey of Las Virgenes Reservoir, completed a Preliminary Financial Feasibility Study, developed a public outreach plan, initiated the public outreach process, and submitted a Letter of Interest to apply to the U.S. EPA for Water Infrastructure Finance and Innovation Act (WIFIA) funding.

Objective 2.6 Maintain recognition as a highly effective and proactive watershed leader and environmental steward.

- Monitor local city and county MS4 permit activities.
 Staff participated in discussion with local cities and Los Angeles County on MS4 permit activities, particularly mechanism to fund the work and the possibility of low-flow diversion of urban runoff.
- Explore the possibility of implementing a pilot program for low-flow diversion to the sanitary sewer with Los Angeles County Department of Public Works and the City of Agoura Hills.
 Staff prepared draft Policy Principles for Dry-Weather Urban Runoff Diversion, and the JPA Board adopted the document on January 3, 2017. However, discussion with local cities and Los Angeles County have been temporarily placed on hold given the uncertainty with chloride levels for the discharges to the Los Angeles River.

Goal 3: Ensure Effective Utilization of the Public's Assets and Money

The District and its assets belong to our Ratepayers. It is our responsibility to protect the public trust, safeguard all funds and exercise prudence and integrity in the management of those funds. Continually

monitor our current and future funds to ensure long-term financial sustainability.

Objective 3.1 Provide a sound investment portfolio that maintains fiscally conservative investment policies that promote safety, liquidity, and rate of return in managing our capital assets and reserves.

 Present an annual review of the Investment Policy and Cash and Investment positions to the Board.

Scheduled for the Strategic Planning Workshop on May 4, 2017.

Objective 3.2 Continually search and achieve revenue enhancements with cost savings that provide benefits to our Ratepayers.

- Complete the plans and obtain City approvals for the rehabilitation of Building No. 1 for medical suites to maximize the District's return.
 - The project has been deferred because of plans to utilize Building No. 1 for a demonstration facility for the Pure Water Project Las Virgenes-Triunfo.
- Pursue Proposition 1 funding opportunities to offset the cost of recycled water projects, including those related to seasonal storage.
 - Staff submitted funding applications to the U.S. Bureau of Reclamation (Title XVI WaterSMART for feasibility study and demonstration facility) and U.S. EPA (WIFIA) for the Pure Water Project Las Virgenes-Triunfo.
- Complete a capacity fee study to ensure that new construction is paying its fair share for system improvements.
 - The Capacity Fee Study was completed and a recommendation to the Board for adoption of new capacity fees is scheduled for summer 2017.
- Conduct a formal RFP process to ensure procurement of cost effective banking services that not
 only maintain the high quality of cash management to support all District departments, but to
 also to continue technological enhancements that will further improve the payment process for
 our customers and businesses.
 - Completed. Staff will recommend award by June 2017.

Objective 3.3 Continually update our financials in order to provide transparency of our District to its Ratepayers.

- Continue to receive the GFOA awards for the District's budget, CAFR, and PAFR documents. GFOA awards were received for the two-year budget, CAFR and PAFR. Additionally, in December 2016, the District's Investment Policy was certified by the California Municipal Treasurers Association.
- Continue to improve and expand the District's financial reporting to reach a broader audience to increase transparency.
 - A Budget in Brief was implemented with the FY 2016-18 Budget to continue to provide important financial information in an easy-to-understand format.
- Ensure the District's financials reflect the most current implementation of GASB standards. The District's financial documents continue to meet GASB standards with the implementation of GASB 72 in the CAFR for FY 2016.

Objective 3.4 Continually update risk management that ensures our liability protection, emergency preparedness and internal controls.

- Continue to evaluate important District operations to ensure that sufficient internal controls are employed to minimize potential financial risk.
 - Completed updates to several policies and procedures to improve internal controls.
- Implement an Ergonomic Chair Replacement Program Completed with the replacement of 56 office chairs.

Objective 3.5 Maintain the highest respect of the financial community.

- Continue to promote and further the fiduciary responsibility and integrity of District staff responsible for administration and oversight of public funds.
 - Provided training to staff to ensure implementation of the latest best practices and laws.
- Continue to adhere to the District's bond covenants.

 Adhered to all of the District's Bond covenants.

Objective 3.6 Maximize use of technology to promote efficiency and improved customer experience.

- Implement the Information Systems Master Plan:
 - Complete JD Edwards Post Implementation Evaluation Review (PIER) / ERP Assessment Project.
 - Attended training on Enterprise Resource Management (ERP) system review and selection. In Fiscal Year 2017-18, staff will develop an RFP for a qualified consultant to help with the project from development to implementation.
 - Assess the current Agenda Management system.
 Review completed and a decision was made to stay with the current system,
 NovusAgenda.
 - Assess/replace the Board room audio/video conferencing system.
 Scheduled for Fiscal Year 2017-18.
 - Assess options for electronic document management system.
 Scheduled for Fiscal Year 2017-18.
 - Assess improvements for facility access controls.
 Staff proposes to defer this effort to a future year.
 - o Complete CIS Application PIER with focus on adding functionality and identifying additional customer-focused features
 - Changes to payment processing were implemented to allow more payment options for customers and to have the payments immediately reflected in CIS. Board approval was received for upgrading to Version 4 of CIS. The upgrade will occur in fall 2017.
 - Develop a GIS roadmap.
 Scheduled for Fiscal Year 2017-18.

Goal 4: Provide Excellent Service That Exceeds Customer Expectations

Excellent customer service is paramount. We listen and respond to customer feedback as a basis to continuously improve services.

Objective 4.1 Respond to changing customer expectations.

- Update Customer Service Procedure Handbook sections pertaining to water budget implementation.
 - Completed updates to procedures for water budget adjustments due to change in irrigated area and number of residents, leak adjustments and sub-metered accounts.

- Evaluate billing enhancements: billing transfers, consolidated billing and automatic owner move-ins/outs.
 - Billing enhancements will be implemented in Fiscal Year 2017-18 after the online billing and presentment work is completed.
- Evaluate integration of online billing, presentment and credit card payments using Infinity Link
 and vendors affiliated with current Customer Information System (CIS) platform.
 Work with Invoice Cloud, Inc. is in progress and scheduled for completion by June 2017. The first
 credit card payment under the new system was accepted on April 19, 2017.
- Implement a centralized customer portal to access billing, make payments and view historical water use information.
 - Work with Invoice Cloud, Inc. is in progress and scheduled for completion by June 2017.
- Conduct a business process review to evaluate billing and customer interaction workflow.
 Completed in December 2017, resulting in faster retrieval of customer data, better storage of information in CIS, a more efficient billing process and a reduction in paper use.

Objective 4.2 Utilize technology to improve service delivery.

- Evaluate automatic customer notifications for payment due dates, rain forecast, shutdowns and important advisories.
 - Work with Invoice Cloud, Inc. for due date notification is in progress and scheduled for completion by June 2017. Notifications for rain, shutdowns and other advisories will be implemented in Fiscal Year 2017-18.
- Evaluate use of smart devices to access billing, make payments and view historical water use information.
 - Work with Invoice Cloud, Inc. is in progress and scheduled for completion by June 2017.

Objective 4.3 Obtain feedback on customer service delivery and utilize feedback to improve service.

- Continue with customer satisfaction surveys for field service calls.
 Completed and on-going. In addition, customer feedback is received through
 <u>feedback@lvmwd.com</u>. Staff reviewed the survey results and made changes, as necessary, to
 improve customer satisfaction.
- Implement an optional post-web experience survey for website visitors.

 Completed. Survey results are being considered for a planned re-design of the website.

Goal 5: Assure a Quality, Continually Improving Workforce

Our employees are the District's most valuable resource. We assure they have the knowledge and skills to provide excellent services. We provide a safe, fair and cooperative work environment.

Objective 5.1 Develop employee skills, competencies and leadership.

- Identify, coordinate and implement cost-effective training programs focused on employee development.
 - Organized and completed the following training programs: ACWA/JPIA's Professional Development Program, California Lutheran University's MPPA Program: Supervisory Skills for Public Management, LCW's Supervisor Consortium Workshops, Skill Path Seminars.
- Update Administrative Policies related to HR to ensure compliance and sound workplace practices.

- Draft updates to Administrative Policies for recruitment and selection were prepared and are undergoing review.
- Negotiate successor MOUs to promote positive labor relations.
 Staff prepared and circulated an RFP for preparation of a total compensation study, and the General Manger proposed a process to include input from the District's employee organization.
 In addition, staff obtain proposals from qualified firms to assist with negotiations, which are expected to begin in Fiscal Year 2017-18.

Objective 5.2 Hire, promote and retain the best qualified employees.

• Continue utilizing recruiting strategies that attract a qualified and diverse talent pool. Completed and on-going. Applicant pools continued to be robust, allowing the District to continue to attract, hire and promote both qualified and talented employees.

Objective 5.3 Foster a workforce that demonstrates integrity and ethical behavior.

- Continue to promote and educate on diversity in the workplace. *Diversity training is to be held prior to June 30, 2017.*
- Assist in organizational development through improved training and professional development. The new programs that have been introduced (see Objective 5.1) will continue to provide opportunities for employee development.

Goal 6: Construct, Manage and Maintain All Facilities and Provide Services to Assure System Reliability and Environmental Compatibility

As stewards of our customers and the environment, we balance the needs of the customers for safe and reliable water and sanitation services with the impact of these services on our watershed.

Objective 6.1 Design and construct high quality reliable facilities that operate efficiently and use technological advances while protecting the environment

Complete the various rehabilitation/replacement projects identified in the Fiscal Year 2016-17 and 2017-18 Budget Plan and Infrastructure Investment Plan.
 The following rehabilitation/replacement projects were completed: sluice gate replacement at Tapia, rehabilitation of Primary Tanks Nos. 2 and 3 at Tapia, rehabilitation of a potable water pressure reducing station, rehabilitation of pavement at the headquarters campus and replacement of obsolete motor starters at several potable water pump stations.

Objective 6.2 Develop comprehensive maintenance management and replacement programs.

 Complete the AMMS post implementation evaluation review (PIER) as identified in the Information Systems Master Plan.
 The AMMS system was upgraded to the web-based version. Staff are developing a needs assessment related to AMMS.

Objective 6.3 Support reasonable, economically viable and technologically feasible efforts to reduce greenhouse gas emissions while achieving the District's mission of providing quality service.

• Implement the lighting retrofit proposals identified by Energy Network's energy audit including applying for SCE rebates.

Lighting retrofits at the Westlake Filter Plant and Pump Station were completed, and the District received a rebate of \$5,258 from SCE. The lighting retrofits will continue in Fiscal Year 2017-18 for Building Nos. 7 and 8. Tapia and Rancho are scheduled for future fiscal years.

Objective 6.4 Promote science based programs with regulatory agencies.

Goal 7: Sustain Community Awareness and Support

We operate under a policy of full transparency. We build public understanding of District activities. We work cooperatively with our customers, communities and stakeholders to advance District and community goals and to advocate sound public policy particularly regarding regulations.

Objective 7.1 Develop effective information and awareness programs as necessary to establish and maintain a meaningful working relationship with ratepayers.

- Sponsor community forums on key water and wastewater issues. Completed and on-going.
- Conduct tours of MWD, District and JPA facilities. Completed and on-going.
- Maintain a presence at key community events.
 Completed and on-going.
- Update and enhance the website to facilitate access to District information.

 A major re-design of the website is in progress to modernize its appearance, facilitate access to information and increase public use. The expected completion is December 2017. A new sub-site will be set up for the Pure Water Project Las Virgenes-Triunfo to highlight the JPA's most important undertaking.
- Expand the use of social media.

 Completed and on-going. Staff is evaluating the use of new and emerging platforms. In addition, staff is preparing a Social Media Policy that will be adopted to guide personal use of social media by employees, particularly when their postings have an association with the District.
- Engage ratepayers and various community groups to advocate for a reasonable permit for the
 Tapia Water Reclamation Facility.
 Staff has begun engaging HOAs, chambers of commerce and other civic groups on the Pure
 Water Project Las Virgenes-Triunfo, which has served as the cornerstone for a reasonable NPDES
 Permit for Tapia. The Permit is expected to be adopted by the LARWQCB on June 1, 2017.

Objective 7.2 Promote water education programs.

- Educate customers on efficient water use. Completed and on-going.
- Continue school education programs focused on conservation and environmental stewardship in addition to adult education opportunities (i.e. landscaping and gardening classes).

 Staff organized and completed a High School Mentorship Program that was very successful. The program will be conducted for a second time in Fiscal Year 2017-18.
- Conduct outreach to community groups (HOAs, chambers of commerce and service clubs). Completed and on-going.
- Utilize speaker's bureau outreach on important District issues. Completed and on-going.

Objective 7.3 Promote advocacy and programs demonstrating community and industry leadership that advances customer interests.

- Conduct outreach for the District's capital improvement projects.
 Completed the outreach for the Westlake Filtration Plant Expansion and Pump Station Upgrade Project.
- Renew the Special District Leadership Foundation Transparency Certification. The renewal process is currently in-progress.

Objective 7.4 Promote intergovernmental/interagency communications.

- Build and maintain relationships with city and county government officials in the service area.
 Completed and on-going. The General Manager attended meetings of the Malibu-Las Virgenes
 Council of Governments and made periodic presentations on water-related issues.
- Maintain awareness and interactions with MWD on outreach and legislative initiatives. Completed and on-going.
- Conduct legislative monitoring and advocacy per the adopted District and JPA Legislative Policy Principles.
 - Completed and on-going. Staff prepared an update to the District's Legislative Policy Principles, which was adopted by the Board on April 25, 2017.
- Monitor industry trends in communications, education and outreach programs. *Completed and on-going.*
- Continue to participate in the Association of Water Agencies of Ventura County, Completed and on-going.
- Continue to participate in the WaterReuse Association and Research Foundation's potable reuse
 initiatives to promote community awareness and research for potable reuse.
 Completed and on-going. The General Manager was elected to serve on the Board of
 WateReuse California.

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INFORMATION ONLY



May 4, 2017 LVMWD Special Board Meeting

TO: Board of Directors FROM: General Manager

Subject: Proposed Fiscal Year 2017-18 Tactical Actions and Activities

SUMMARY:

The attached report provides a summary of the proposed Tactical Actions and Activities for Fiscal Year 2017-18.

FISCAL IMPACT:

No

ITEM BUDGETED:

No

Prepared by: David Pedersen

ATTACHMENTS:

Proposed Fiscal Year 2017-18 Tactical Actions and Activities

PROPOSED FISCAL YEAR 2017-18 TACTICAL ACTIONS AND ACTIVITIES

Strategic Objective No. 1

Develop a strategy to maintain a highly effective workforce.

- Identify, coordinate and implement cost-effective training programs focused on employee development.
- Update Administrative Policies related to HR to ensure compliance and sound workplace practices.
- Hire the most qualified firm to prepare an updated employee total compensation study and complete the study with input from both the Board and District's employees.
- Negotiate successor MOUs to promote positive labor relations.
- Continue utilizing recruiting strategies that attract a qualified and diverse talent pool.
- Continue to promote and educate on diversity in the workplace.
- Assist in organizational development through improved training and professional development.

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.
- Report to the Board on opportunities to "bank" dry-year water supplies to minimize the impact of prolonged drought on the District's customers.
- Conduct a study to develop operating criteria for upcoming MWD shutdowns (up to six months
 in duration) for the rehabilitation of the Calabasas Feeder. The study will consider completion
 of the Calleguas interconnection and identify other bottlenecks for long duration shutdowns
 such as the Cornell Pump Station.
- As a part of the Backbone Improvements Program:
 - o Enhance landscaping at both the Westlake Filtration Plant and Pump Station sites following completion of construction.
 - o Continue to update the community on the benefits and progress of the Program using all forms of communication media.
- Complete a study of the potable water system focused on optimizing disinfection levels throughout the system and minimizing the potential for nitrification.

Strategic Objective No. 3

Support customers to meet water-use efficiency standards.

- Participate in statewide discussions on implementation of Governor Brown's Making
 Conservation a California Way of Life and evaluate it application to the District and its
 customers.
- Promote customer engagement in managing water use through water budgets.
- Implement additional focused outreach for inefficient water users.
- Enhance participation in regional and District-administered conservation programs.
- Refine and update customer data for water budgets.

- Evaluate "customer portal" or "engagement platform" to communicate water use with customers.
- Educate customers on efficient water use.

Strategic Objective No. 4

Eliminate discharges to Malibu Creek by maximizing beneficial reuse.

- Complete the design of a demonstration facility for the Pure Water Project Las Virgenes-Triunfo.
- Complete the preliminary siting study and mixing and dilution study for the Pure Water Project Las Virgenes-Triunfo.
- Evaluate the suitability of the Agoura Road property for potential future use as part of the Pure Water Project Las Virgenes-Triunfo, including:
 - Obtaining an appraisal and title report for the property;
 - o Completing a comprehensive due diligence process;
 - o Meeting with City of Agoura Hills representatives;
 - o Preparing a CEQA document for a potential acquisition;
 - o Developing draft policy principles for the potential future use of the property; and
 - o Recommending to the Board whether or not to proceed with a purchase.
- Continue with public outreach, regulatory coordination and financial planning for the Pure Water Project Las Virgenes-Triunfo.
- Complete the research project with Pepperdine University to address the impact and control of invasive species on the benthic communities in Malibu Creek.
- Seek new opportunities for research related to the impact of the Monterey/Modelo Formation on water quality and stream health.
- Implement the new terms of Tapia's NPDES permit.
- Begin investigating and evaluating 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.
- Continue to track and comment on important SWRCB policy processes for a Numerical Nutrient Endpoint (NNE) framework, development of biological objectives and toxicity.
- Engage in community outreach programs intended to keep customers informed of Malibu Creek Watershed issues.
- Monitor local city and county MS4 permit activities.
- Continue to explore the possibility of implementing a pilot program for low-flow diversion of urban runoff to the sanitary sewer system.

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.
- Present an annual review of the Investment Policy and Cash and Investment positions to the Board.
- Pursue grant-funding opportunities to offset the cost of major District projects, particularly the Pure Water Project Las Virgenes-Triunfo.
- Continue to receive the GFOA awards for the District's budget, CAFR, and PAFR documents.

- Continue to improve and expand the District's financial reporting to reach a broader audience to increase transparency.
- Ensure the District's financials reflect the most current implementation of GASB standards.
- Continue to evaluate important District operations to ensure that sufficient internal controls are employed to minimize potential financial risk.
- Continue to adhere to 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.

Strategic Objective No. 6 Reduce LVMWD's carbon footprint

- Explore the viability of constructing an additional 4 to 5 megawatts of solar power generation capacity in the North Canyon, utilizing the REC-BCT tariff to offset energy usage at other JPA facilities, and installing battery storage at key District facilities.
- Complete the process for selection of equipment (diffusers and blowers) for the Tapia Process Air Improvements Project, which will result in a significant reduction in Tapia's energy usage.
- Implement the lighting retrofit proposals identified by Energy Network's energy audit, including applying for SCE rebates.
- Continue school education programs focused on conservation and environmental stewardship in addition to adult education opportunities (i.e. landscaping and gardening classes).

Strategic Objective No. 7

Provide new/improved customer tools to enhance service delivery.

- Implement billing enhancements: billing transfers, consolidated billing and automatic owner move-ins/outs.
- Implement a centralized customer portal to access billing, make payments and view historical water use information.
- Evaluate automatic customer notifications for payment due dates, rain forecast, shutdowns and important advisories.
- Continue with customer satisfaction surveys for field service calls.
- Build and maintain relationships with city and county government officials in the service area.

Strategic Objective No. 8

Develop a process to act on efficiency improvement suggestions.

• Develop a new process for employees to submit suggestions for efficiency improvements and for management to review and implement those with the most merit.

Strategic Objective No. 9

Enhance LVMWD's asset management programs.

• Evaluate the asset management programs of other similar agencies and identify best practices for potential implementation by the District.

- Reevaluate the SCADA communication project and revise the plans and specifications accordingly.
- Develop a plan of action for the conversion and replacement of the District's SCADA system field components (PLCs), modernizing obsolete equipment.
- Complete the rehabilitation of Digester No. 1 and begin the rehabilitation of Digester No. 2.
- Complete the various rehabilitation/replacement projects identified in the Fiscal Year 2017-18 Budget and Infrastructure Investment Plan.
- Complete the AMMS post implementation evaluation review (PIER) as identified in the Information Systems Master Plan.

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.
- Maintain awareness and interactions with MWD on outreach and legislative initiatives.
- Conduct legislative monitoring and advocacy per the adopted District and JPA Legislative Policy Principles.
- Monitor industry trends in communications, education and outreach programs.
- Continue to participate in the Association of Water Agencies of Ventura County,
- Continue to participate in the WaterReuse Association and Research Foundation's potable reuse initiatives to promote community awareness and research for potable reuse.
- Implement the Information Systems Master Plan:
 - Complete JD Edwards Post Implementation Evaluation Review (PIER) / ERP Assessment Project.
 - Assess/replace the Board Room audio/video conferencing system.
 - o Assess options for electronic document management system.
 - o Develop a GIS roadmap.
- Investigate and report to the Board the possibility of a fats, oils and grease (FOG)/food waste digester feed program
- Conduct outreach for the District's capital improvement projects.
- Utilize speaker's bureau outreach on important District issues.
- Conduct outreach to community groups (HOAs, chambers of commerce and service clubs).
- Sponsor community forums on key water and wastewater issues.
- Conduct tours of MWD, District and JPA facilities.
- Maintain a presence at key community events.
- Update and enhance the website to facilitate access to District information.
- Expand the use of social media.
- Implement a fraud reporting hotline.

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