



AGENDA

**REGULAR MEETING OF THE BOARD OF DIRECTORS
LA PUENTE VALLEY COUNTY WATER DISTRICT
112 N. FIRST STREET, LA PUENTE, CALIFORNIA
MONDAY, DECEMBER 16, 2019 AT 5:30 PM**

1. CALL TO ORDER

2. PLEDGE OF ALLEGIANCE

3. ROLL CALL OF BOARD OF DIRECTORS

President Escalera ____ Vice President Hernandez ____ Director Barajas ____
Director Hastings ____ Director Rojas ____

4. PUBLIC COMMENT

Anyone wishing to discuss items on the agenda or pertaining to the District may do so now. The Board may allow additional input during the meeting. A five-minute limit on remarks is requested.

5. ADOPTION OF AGENDA

Each item on the Agenda shall be deemed to include an appropriate motion, resolution or ordinance to take action on any item. Materials related to an item on this agenda submitted after distribution of the agenda packet are available for public review at the District office, located at the address listed above.

6. APPROVAL OF CONSENT CALENDAR

There will be no separate discussion of Consent Calendar items as they are considered to be routine by the Board of Directors and will be adopted by one motion. If a member of the Board, staff, or public requests discussion on a particular item, that item will be removed from the Consent Calendar and considered separately.

- A. Approval of Minutes of the Regular Meeting of the Board of Directors held on December 9, 2019.

7. FINANCIAL REPORTS

- A. Summary of the District's Cash and Investments as of November 30, 2019.

Recommendation: Receive and File.

- B. Statement of the District's Revenue and Expenses as of November 30, 2019.

Recommendation: Receive and File.

- C. Statement of the Industry Public Utilities Water Operations' Revenue and Expenses as of November 30, 2019.

Recommendation: Receive and File.

8. ACTION / DISCUSSION ITEMS

- A. Discussion Regarding the Acquisition of a Loan for the District’s Recycled Water Project and Nitrate Treatment System Project.

Recommendation: Board Discretion.

- B. Review and Approve the Proposed District Budget for Period Ending December 31, 2020.

Recommendation: Approve the Proposed District Budget for Period Ending December 31, 2020.

- C. Consideration to Award Contract, for the Construction of the District’s Recycled Water Project – Phase 1, to W.A. Rasic Construction.

Recommendation: Award Contract to W.A. Rasic Construction for the District’s Recycled Water Project – Phase 1 and Authorize the General Manager to Enter into a Construction Contract with W.A. Rasic in the Amount of \$1,598,480.

9. GENERAL MANAGER’S REPORT

10. OTHER ITEMS

- A. Upcoming Events.
- B. Information Items.

11. ATTORNEY’S COMMENTS

12. BOARD MEMBER COMMENTS

- A. Report on Events Attended.
- B. Other Comments.

13. CLOSED SESSION

Public Employee Performance Evaluation.
Position: General Manager.

14. REPORT ON CLOSED SESSION

15. ADDITIONAL ACTION/DISCUSSION ITEM

Consideration of Compensation Adjustment for the District’s General Manager.

Recommendation: Board Discretion.

16. ADJOURNMENT

POSTED: Friday, December 13, 2019

President John P. Escalera, Presiding.

Any qualified person with a disability may request a disability-related accommodation as needed to participate fully in this public meeting. In order to make such a request, please contact Mr. Greg Galindo, Board Secretary, at (626) 330-2126 in sufficient time prior to the meeting to make the necessary arrangements.

Note: Agenda materials are available for public inspection at the District office or visit the District's website at www.lapuentewater.com.



**MINUTES OF THE REGULAR MEETING OF
THE BOARD OF DIRECTORS OF THE
LA PUENTE VALLEY COUNTY WATER DISTRICT
FOR MONDAY, DECEMBER 09, 2019 AT 5:30 PM**

1. CALL TO ORDER

President Escalera called the meeting to order at 5:38 p.m.

2. PLEDGE OF ALLEGIANCE

President Escalera led the meeting in the Pledge of Allegiance.

3. ROLL CALL OF THE BOARD OF DIRECTORS

President Escalera	Vice President Hernandez	Director Barajas	Director Hastings	Director Rojas
Present	Present	Present	Present	Present

OTHERS PRESENT

Staff and Counsel: General Manager & Board Secretary, Greg Galindo; Office Manager, Gina Herrera; Customer Service & Accounting Clerk, Vanessa Koyama and District Counsel, Jim Ciampa.

Public: No members of the public were present.

4. PUBLIC COMMENTS

There were no comments from the public.

5. ADOPTION OF AGENDA

Motion: Adopt Agenda as Presented.

1st: Director Rojas

2nd: Director Hastings

	Escalera	Hernandez	Barajas	Hastings	Rojas
Vote	Yes	Yes	Yes	Yes	Yes

Motion carried by a vote of: 5 Yes, 0 No, 0 Abstain.

6. APPROVAL OF CONSENT CALENDAR

Motion: Approve Consent Calendar as Presented.

1st: President Escalera

2nd: Director Hastings

	Escalera	Hernandez	Barajas	Hastings	Rojas
Vote	Yes	Yes	Yes	Yes	Yes

Motion carried by a vote of: 5 Yes, 0 No, 0 Abstain.

7. ACTION / DISCUSSION ITEMS

A. Consideration of Annual Cost of Living Adjustment for District Employees for an Effective Date of January 1, 2020.

Mr. Galindo reviewed the staff memo that was provided in the Board meeting packet and explained his recommendation for the annual COLA (Cost of Living Adjustment). Mr. Galindo recommended a 1.6% increase based various factors as identified in the staff memo.

After some discussion on the topic a motion was made by Director Rojas.

Motion: Approve a 1.6% COLA to be applied to all employee salaries and to salary ranges for each position, Effective January 1, 2020.

1st: Director Rojas

2nd: Vice President Hernandez

	Escalera	Hernandez	Barajas	Hastings	Rojas
Vote	Yes	Yes	Yes	Yes	Yes

Motion carried by a vote of: 5 Yes, 0 No, 0 Abstain.

B. Authorization of Annual Audit by Fedak & Brown LLP of the District's Financial Statements for Year Ending December 31, 2019.

Mr. Galindo reported that he received an engagement letter from Fedak & Brown LLP to perform an audit of the District's financial statements for year ending December 31, 2019. He stated that staff has been pleased with Fedak & Brown LLP's performance over the past three years and that their proposed fees for the 2019 annual audit are slightly lower than the 2018 annual audit. After some discussion a motion was made by Director Hastings.

Motion: Authorize Fedak & Brown LLP to Perform the Annual Audit of the District's Financial Statements for Year Ending December 31, 2019.

1st: Director Hastings

2nd: Director Barajas

	Escalera	Hernandez	Barajas	Hastings	Rojas
Vote	Yes	Yes	Yes	Yes	Yes

Motion carried by a vote of: 5 Yes, 0 No, 0 Abstain.

C. Consideration of Resolution No. 261 Reestablishing the District's Investment Policy.

Mr. Galindo gave an overview of the proposed Resolution and Mr. Ciampa explained the reason for the recommended changes to the District's Investment Policy.

Motion: Adopt Resolution 261 Reestablishing the District's Investment Policy.

1st: Director Rojas

2nd: Vice President Hernandez

	Escalera	Hernandez	Barajas	Hastings	Rojas
Vote	Yes	Yes	Yes	Yes	Yes

Motion carried by a vote of: 5 Yes, 0 No, 0 Abstain.

D. Discussion on the Draft 2020 District Budget

Mr. Galindo reviewed with the Board some of the updated projections for the 2019 year-end and highlighted various accounts in the draft 2020 Budget. He discussed the proposed 2020 capital improvement projects and the 5-year budget forecast. He stated that the Recycle Water and Nitrate Treatments Project will need to be completed. Mr. Galindo stated that he projects the need for a 3 million-dollar loan in order to complete both projects. Mr. Galindo also stated that the approval of the 2020 Budget will be on the next Board meeting agenda. After some discussion amongst the Board and staff, there was no formal action taken.

8. GENERAL MANAGER’S REPORT

Mr. Galindo provided an update on the start date of District’s new Operations and Maintenance Superintendent.

Mr. Galindo also reported on the following items:

- Recycled Water Project bid award.
- Upcoming SB 998 Policy.

9. OTHER ITEMS

A. Upcoming Events.

Mrs. Herrera reviewed upcoming events with the Board and verified what events each member would be attending.

B. Information Items.

Included in Board Packet.

10. ATTORNEY’S COMMENTS

Mr. Ciampa reported on the ACWA Fall Conference and on potential federal regulatory changes related to PFAS. He also informed the Board that he will not be attending the next Board meeting, but wished everyone a Merry Christmas and Happy New Year.

11. BOARD MEMBER COMMENTS

A. Report on Events Attended.

President Escalera reported that he attended the City of La Puente Christmas Parade.

Vice President Hernandez reported that he attended the ACWA 2019 Fall Conference and the City of La Puente Christmas Parade.

Director Barajas reported that he attended the City of La Puente Christmas Parade.

Director Hastings reported that he attended the City of La Puente Christmas Parade.

Director Rojas reported that he attended SCWUA, the ACWA 2019 Fall Conference and the City of La Puente Christmas Parade.

B. Other Comments.

The Board thanked staff for their work in participating in the La Puente Christmas Parade.

12. FUTURE AGENDA ITEMS

No future agenda items were requested.

13. ADJOURNMENT

President Escalera adjourned the meeting at 6:31 p.m.

Attest:

John P. Escalera, President

Greg B. Galindo, Secretary



**Summary of Cash and Investments
November 2019**

La Puente Valley County Water District

Investments	Interest Rate (Apportionment Rate)	Beginning Balance	Receipts/ Change in Value	Disbursements/ Change in Value	Ending Balance
Local Agency Investment Fund	2.15%	\$ 3,023,485.20	\$ -	\$ -	\$ 3,023,485.20
Raymond James Financial Services		\$ 101,898.30	\$ 134.68	\$ -	\$ 102,032.98
Checking Account					
Well Fargo Checking Account (per General Ledger)		\$ 264,566.40	\$ 438,770.83	\$ 301,854.90	\$ 401,482.33
District's Total Cash and Investments:					\$ <u>3,527,000.51</u>

Industry Public Utilities

Checking Account	Beginning Balance	Receipts	Disbursements	Ending Balance
Well Fargo Checking Account (per General Ledger)	\$ 959,265.21	\$ 132,821.95	\$ 90,304.11	\$ 1,001,783.05
IPU's Total Cash and Investments:				\$ <u>1,001,783.05</u>

I certify that; (1) all investment actions executed since the last report have been made in full compliance with the Investment Policy as set forth in Resolution No. 237 and, (2) the District will meet its expenditure obligations for the next six (6) months.

_____, General Manager

Date: 12-13-19

Greg B. Galindo

La Puente Valley County Water District (Treatment Plant Included)
Statement of Revenues and Expenses
For the Period Ending November 30, 2019
(Unaudited)

	LPVCWD YTD 2019	TP YTD 2019	COMBINED YTD 2019	COMBINED BUDGET 2019	92% OF BUDGET	COMBINED 2018 YE
Total Operational Rate Revenues	\$ 1,926,265	\$ -	\$ 1,926,265	\$ 2,075,000	93%	\$ 2,027,154
Total Operational Non-Rate Revenues	1,009,296	988,413	1,997,709	2,355,900	85%	\$ 2,307,988
Total Non-Operating Revenues	264,090	-	264,090	340,500	78%	361,363
TOTAL REVENUES	3,199,651	988,413	4,188,064	4,771,400	88%	4,696,506
Total Salaries & Benefits	1,553,411	265,835	1,819,246	2,009,900	91%	1,931,953
Total Supply & Treatment	636,055	594,227	1,230,282	1,793,200	69%	1,631,908
Total Other Operating Expenses	196,051	109,318	305,370	481,000	63%	320,725
Total General & Administrative	274,155	19,032	293,188	412,200	71%	393,526
TOTAL EXPENSES	2,659,672	988,413	3,648,085	4,696,300	78%	4,278,112
TOTAL OPERATIONAL INCOME	539,979	-	539,979	75,100	719%	418,394
Capital Improvements	(459,889)	-	(459,889)	(797,000)	58%	(262,934)
Capital Outlay	(34,402)	-	(34,402)	(70,000)	49%	-
TOTAL CAPITAL	(494,291)	-	(494,291)	(867,000)	57%	(262,934)
INCOME (AFTER CAPITAL EXP.)	45,688	-	45,688	(791,900)	-6%	155,461
Capital Reimbursement (OU Projects)	-	-	-	160,000	0%	-
Grant Revenue	-	-	-	-		-
Loan Proceeds	-	-	-	-		-
Loan Repayment	-	-	-	-	0%	-
PROJECTED CHANGE IN CASH	45,688	-	45,688	(631,900)	-7%	155,461
Contributed Capital	-	-	-	-		213,160
Add Back Capitalized Assets	494,291	-	494,291	867,000	57%	262,934
Less Depreciation Expense	(348,333)	(150,000)	(498,333)	(560,000)	89%	(520,380)
Less OPEB & Pension Liability Expense	-	-	-	(10,000)	0%	(65,927)
NET INCOME (LOSS)	\$ 191,645	\$ (150,000)	\$ 41,645	\$ (334,900)	-12%	\$ 45,248

La Puente Valley County Water District
Statement of Revenues and Expenses
For the Period Ending November 30, 2019
(Unaudited)

	November 2019	YTD 2019	ANNUAL BUDGET 2019	92% OF BUDGET	YEAR END 2018
Operational Rate Revenues					
Water Sales	\$ 93,779	\$ 1,189,354	\$ 1,300,000	91%	\$ 1,279,563
Service Charges	50,962	602,951	640,000	94%	612,240
Surplus Sales	4,883	48,255	40,000	121%	45,028
Customer Charges	3,130	33,568	34,100	98%	30,661
Fire Service	1,226	51,516	59,900	86%	57,698
Miscellaneous Income	-	620	1,000	62%	1,964
Total Operational Rate Revenues	153,980	1,926,265	2,075,000	93%	2,027,154
Operational Non-Rate Revenues					
Management Fees	-	218,569	265,900	82%	260,711
PVOU Service Fees (Labor)	-	8,081	20,000	40%	14,553
BPOU Service Fees (Labor)	20,327	265,835	301,400	88%	304,377
IPU Service Fees (Labor)	48,814	632,646	695,600	91%	688,181
Nitrate Treatment Project Funding	150,000	150,000	-	N/A	-
Other O & M Fees	-	-	13,000	0%	12,892
Total Operational Non-Rate Revenues	219,141	1,275,131	1,295,900	98%	1,280,713
Non-Operational Revenues					
Taxes & Assessments	26,854	153,476	215,000	71%	244,409
Rental Revenue	3,116	34,003	36,800	92%	36,038
Interest Revenue	-	55,232	67,000	82%	56,997
Miscellaneous Income	287	16,986	16,700	102%	19,382
Developer Fees	-	4,392	5,000	88%	4,537
Total Non-Operational Revenues	30,257	264,090	340,500	78%	361,363
TOTAL REVENUES	403,377	3,465,486	3,711,400	93%	3,669,231
Salaries & Benefits					
Total District Wide Labor	104,341	1,083,251	1,195,800	91%	1,109,643
Directors Fees & Benefits	8,424	102,093	116,600	88%	118,898
Benefits	26,774	289,071	308,800	94%	302,046
OPEB Payments	3,056	114,501	142,000	81%	150,061
Payroll Taxes	7,293	86,012	92,800	93%	92,806
Retirement Program Expense	11,373	144,319	153,900	94%	158,499
Total Salaries & Benefits	161,261	1,819,246	2,009,900	91%	1,931,953
Analysis Purposes Only:					
<i>Offsetting Revenue</i>	(69,141)	(906,562)	(1,017,000)	89%	(1,007,110)
<i>District Labor Net Total</i>	92,120	912,684	992,900	92%	924,843
Supply & Treatment					
Purchased & Leased Water	-	225,186	467,200	48%	377,335
Power	10,491	141,395	163,700	86%	151,904
Assessments	-	220,707	248,300	89%	189,588
Treatment	163	2,859	6,700	43%	2,898
Well & Pump Maintenance	531	45,909	45,000	102%	19,250
Total Supply & Treatment	11,185	636,055	930,900	68%	740,975

La Puente Valley County Water District
Statement of Revenues and Expenses
For the Period Ending November 30, 2019
(Unaudited)

	November 2019	YTD 2019	ANNUAL BUDGET 2019	92% OF BUDGET	YEAR END 2018
Other Operating Expenses					
General Plant	6,446	39,160	48,100	81%	24,799
Transmission & Distribution	1,672	47,870	102,400	47%	75,273
Vehicles & Equipment	8,735	33,928	31,300	108%	21,166
Field Support & Other Expenses	7,414	44,492	69,000	64%	44,972
Regulatory Compliance	583	30,601	63,000	49%	34,621
Total Other Operating Expenses	24,850	196,051	313,800	62%	200,831
General & Administrative					
District Office Expenses	1,451	52,261	64,100	82%	31,919
Customer Accounts	1,769	20,712	25,000	83%	20,161
Insurance	(781)	41,471	65,800	63%	65,177
Professional Services	6,184	79,859	120,000	67%	149,737
Training & Certification	1,854	40,834	37,500	109%	38,323
Public Outreach & Conservation	(126)	7,761	32,500	24%	35,382
Other Administrative Expenses	106	31,258	36,800	85%	36,377
Total General & Administrative	10,455	274,155	381,700	72%	377,077
TOTAL EXPENSES	207,750	2,925,507	3,636,300	80%	3,250,836
TOTAL OPERATIONAL INCOME	195,627	539,979	75,100	719%	418,395
Capital Improvements					
Zone 3 Improvements	-	(10,860)	-	N/A	(174,029)
Fire Hydrant Repair/Replacements	-	(2,940)	(5,000)	59%	(15,001)
Service Line Replacements	-	(20,580)	(37,000)	56%	(60,055)
Valve Replacements	(14,938)	(24,531)	(40,000)	61%	(7,710)
Meter Read Collection System	-	-	(20,000)	0%	(181)
SCADA Improvements	-	-	-	N/A	-
Main & 1st Street Building Retrofit	-	-	-	N/A	(4,080)
Ferrero Lane & Rorimer St. Improvements	-	-	(40,000)	0%	-
5th Avenue Waterline Improvement	-	(170,870)	(180,000)	95%	-
LP-CIWS Interconnection (Ind. Hills)	-	-	(10,000)	0%	-
Hudson Plant Improvements	-	-	(30,000)	0%	-
Well No.5 Rehab (Design)	(128,920)	(180,231)	(165,000)	109%	-
Nitrate Treatment System	(26,670)	(49,170)	(85,000)	58%	-
Phase 1 - Recycled Water System	-	-	(170,000)	0%	(1,879)
Other Improvements	-	(708)	(15,000)	5%	-
Total Capital Improvements	(170,528)	(459,889)	(797,000)	58%	(262,934)

La Puente Valley County Water District
Statement of Revenues and Expenses
For the Period Ending November 30, 2019
(Unaudited)

	November 2019	YTD 2019	ANNUAL BUDGET 2019	92% OF BUDGET	YEAR END 2018
Capital Outlay					
Truck(s)	-	(34,402)	(40,000)	86%	-
Other Equipment	-	-	(10,000)	0%	-
IT Equipment	-	-	(20,000)	0%	-
Total Capital Outlay	-	(34,402)	(70,000)	49%	-
TOTAL CAPITAL	(170,528)	(494,291)	(867,000)	57%	(262,934)
INCOME (AFTER CAPITAL EXP.)	25,099	45,688	(791,900)	-6%	155,462
Funding & Debt Repayment					
Capital Reimbursement (OU Projects)	-	-	160,000	0%	-
Grant Revenue	-	-	-	N/A	-
Loan Proceeds	-	-	-	N/A	-
Loan Repayment	-	-	-	N/A	-
CASH DIFFERENCE	25,099	45,688	(631,900)	-7%	155,462
Contributed Capital	-	-	-	N/A	213,160
Add Back Capitalized Assets	170,528	494,291	867,000	57%	262,934
Less Depreciation Expense	(31,667)	(348,333)	(380,000)	92%	(364,997)
Less OPEB Expense - Not Funded	-	-	(10,000)	0%	(65,927)
NET INCOME (LOSS)	\$ 163,960	\$ 191,645	\$ (154,900)	-124%	\$ 200,632

Treatment Plant
Statement of Revenues and Expenses
For the Period Ending November 30, 2019
(Unaudited)

	November 2019	YTD 2019	ANNUAL BUDGET 2019	92% OF BUDGET	YEAR END 2018
Non-Rate Operational Revenues					
Reimbursements from CR's	70,628	722,578	\$ 1,361,400	53%	1,027,275
Miscellaneous Income	-	-	-	N/A	-
Total Non-Rate Operational Revenues	70,628	722,578	1,361,400	53%	1,027,275
Salaries & Benefits					
<i>BPOU TP Labor (1)</i>	20,327	265,835	301,400	88%	-
Contract Labor	-	-	-	N/A	-
Total Salaries & Benefits	20,327	265,835	301,400	88%	-
Supply & Treatment					
NDMA, 1,4-Dioxane Treatment	6,557	134,158	218,200	61%	209,363
VOC Treatment	20,236	26,698	20,000	133%	1,756
Perchlorate Treatment	5,841	212,067	344,000	62%	446,147
Other Chemicals	1,299	21,626	17,500	124%	14,148
Treatment Plant Power	12,430	153,666	200,200	77%	185,672
Treatment Plant Maintenance	771	25,960	42,000	62%	24,568
Well & Pump Maintenance	-	20,052	20,400	98%	9,279
Total Supply & Treatment	47,135	594,227	862,300	69%	890,933
Other Operating Expenses					
General Plant	1,025	16,051	40,000	40%	16,262
Transmission & Distribution	65	3,320	-	N/A	263
Vehicles & Equipment	731	10,224	12,200	84%	10,926
Field Support & Other Expenses	-	22	15,000	0%	55
Regulatory Compliance	21,672	79,702	100,000	80%	92,388
Total Other Operating Expenses	23,493	109,318	167,200	65%	119,894
General & Administrative					
District Office Expenses	-	-	2,500	0%	-
Insurance	-	10,362	18,000	58%	9,153
Professional Services	-	8,670	10,000	87%	7,296
Total General & Administrative	-	19,032	30,500	62%	16,449
TOTAL EXPENSES	90,955	988,413	1,361,400	73%	1,027,276
<i>TOTAL EXPENSES (Minus Labor)</i>	<i>70,628</i>	<i>722,578</i>	<i>1,060,000</i>	<i>68%</i>	<i>1,027,276</i>
TOTAL OPERATIONAL INCOME	-	-	-		-
Depreciation Expense	(15,000)	(150,000)	(180,000)	83%	(155,383)
Total Non-Cash Items (Dep. & OPEB)	(15,000)	(150,000)	(180,000)	83%	(155,383)
NET INCOME (LOSS)	\$ (15,000)	\$ (150,000)	\$ (180,000)	83%	(155,383)

(1) The labor expense depicted here is the amount of labor billed to the BPOU in which the District receives reimbursement which is shown on the District's Statement of Revenues and Expenses as operational non-rate revenue (BPOU Service Fees).

INDUSTRY PUBLIC UTILITIES - WATER OPERATIONS
Statement of Revenue and Expenses Summary
For the Period Ending November 30, 2019
(Unaudited)

	November 2019	FISCAL YTD 2019-2020	BUDGET FY 2019-2020	42% OF BUDGET	FY END 2018-2019
Total Operational Revenues	\$ 212,405	\$ 874,798	\$ 1,983,600	44%	\$ 1,870,756
Total Non-Operational Revenues	-	-	42,500	0%	31,502
TOTAL REVENUES	212,405	874,798	2,026,100	43%	1,902,258
Total Salaries & Benefits	48,814	275,038	687,500	40%	674,004
Total Supply & Treatment	3,140	106,961	667,200	16%	780,162
Total Other Operating Expenses	3,618	41,335	221,000	19%	179,462
Total General & Administrative	2,143	81,109	304,000	27%	265,387
Total Other & System Improvements	-	25,801	287,800	9%	68,587
NET OPERATING INCOME (LOSS)	57,714	530,243	2,167,500	24%	1,967,602
OPERATING INCOME	154,691	344,555	(141,400)		(65,344)
NET INCOME (LOSS)	\$ 154,691	\$ 344,555	\$ (141,400)		\$ (65,344)

INDUSTRY PUBLIC UTILITIES - WATER OPERATIONS

Statement of Revenue and Expenses

For the Period Ending November 30, 2019

(Unaudited)

	November 2019	FISCAL YTD 2019-2020	BUDGET FY 2019-2020	42% OF BUDGET	FY END 2018-2019
Operational Revenues					
1 Water Sales	\$ 140,681	\$ 567,497	\$ 1,239,000	46%	\$ 1,133,233
2 Service Charges	56,573	252,724	618,600	41%	615,778
3 Customer Charges	2,005	7,790	21,000	37%	19,095
4 Fire Service	13,146	46,788	105,000	45%	102,650
5 <i>Total Operational Revenues</i>	212,405	874,798	1,983,600	44%	1,870,756
Non-Operational Revenues					
6 Contamination Reimbursement	-	-	40,000	0%	31,502
7 Developer Fees	-	-	2,500	0%	-
8 Miscellaneous Income	-	-	-	N/A	-
9 <i>Total Non-Operational Revenues</i>	-	-	42,500	0%	31,502
10 TOTAL REVENUES	212,405	874,798	2,026,100	43%	1,902,258
Salaries & Benefits					
11 Administrative Salaries	13,724	82,926	202,400	41%	200,341
12 Field Salaries	17,833	93,755	234,800	40%	231,034
13 Employee Benefits	10,345	58,252	150,100	39%	145,869
14 Pension Plan	4,776	26,458	61,900	43%	60,337
15 Payroll Taxes	2,135	11,976	31,700	38%	29,991
16 Workman's Compensation	-	1,671	6,600	25%	6,431
17 <i>Total Salaries & Benefits</i>	48,814	275,038	687,500	40%	674,004
Supply & Treatment					
18 Purchased Water - Leased	-	-	235,900	0%	379,470
19 Purchased Water - Other	1,129	8,414	22,500	37%	21,271
20 Power	2,011	58,646	125,000	47%	98,112
21 Assessments	-	13,236	232,700	6%	161,648
22 Treatment	-	173	6,100	3%	7,399
23 Well & Pump Maintenance	-	26,493	45,000	59%	112,261
24 <i>Total Supply & Treatment</i>	3,140	106,961	667,200	16%	780,162
Other Operating Expenses					
25 General Plant	113	1,601	35,000	5%	13,288
26 Transmission & Distribution	203	21,586	75,000	29%	77,363
27 Vehicles & Equipment	-	-	36,000	0%	33,891
28 Field Support & Other Expenses	1,430	10,541	35,000	30%	24,898
29 Regulatory Compliance	1,872	7,607	40,000	19%	30,022
30 <i>Total Other Operating Expenses</i>	3,618	41,335	221,000	19%	179,462

INDUSTRY PUBLIC UTILITIES - WATER OPERATIONS

Statement of Revenue and Expenses

For the Period Ending November 30, 2019

(Unaudited)

	November 2019	FISCAL YTD 2019-2020	BUDGET FY 2019-2020	42% OF BUDGET	FY END 2018-2019
General & Administrative					
31 Management Fee	-	47,356	191,300	25%	187,569
32 Office Expenses	723	8,133	19,200	42%	34,693
33 Insurance	(484)	12,843	15,000	86%	14,991
34 Professional Services	-	2,071	30,000	7%	4,514
35 Customer Accounts	1,530	8,077	30,000	27%	17,674
36 Public Outreach & Conservation	14	1,358	15,000	9%	4,038
37 Other Administrative Expenses	361	1,270	3,500	36%	1,908
38 <i>Total General & Administrative</i>	2,143	81,109	304,000	27%	265,387
Other Exp. & System Improvements (Water Ops Fund)					
39 Fire Hydrant Repair/Replace	-	773	6,300	12%	11,629
40 Service Line Replacements	-	2,420	30,000	8%	44,327
41 Valve Replacements & Installations	-	6,199	19,500	32%	8,723
42 Meter Read Collection System	-	-	12,000	0%	-
43 SCADA System Assessment & Improvement	-	-	20,000	0%	-
44 Water Rate Study	-	16,409	-	0%	3,908
45 Groundwater Treatment Facility Feas. Study	-	-	200,000	0%	-
46 <i>Total Other & System Improvements</i>	-	25,801	287,800	9%	68,587
47 TOTAL EXPENSES	57,714	530,243	2,167,500	24%	1,967,602
48 NET OPERATING INCOME (LOSS)	154,691	344,555	(141,400)		(65,344)



DRAFT

ANNUAL BUDGET

Year Ending December 31, 2020

BOARD OF DIRECTORS

John P. Escalera	President
Henry P. Hernandez	Vice President
Cesar Barajas	Director
David Hastings	Director
William R. Rojas	Director

Prepared by: Greg B. Galindo, General Manager



THE LA PUENTE VALLEY COUNTY WATER DISTRICT BOARD OF DIRECTORS AND STAFF ARE DEDICATED TO PROVIDING OUR CUSTOMERS HIGH QUALITY WATER, ALONG WITH COURTEOUS AND RESPONSIVE CUSTOMER SERVICE AT THE MOST REASONABLE COST.

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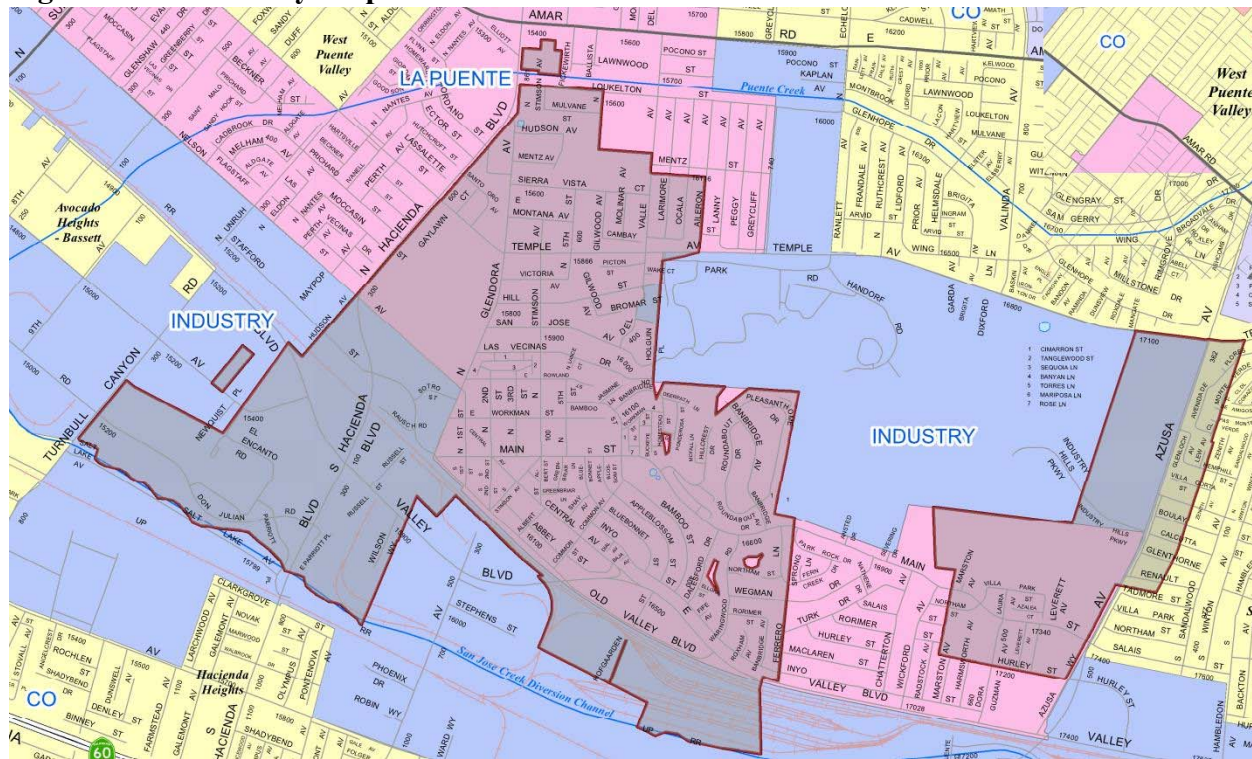
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About La Puente Valley County Water District

La Puente Valley County Water District provides safe, reliable and cost-effective drinking water to approximately 9,600 people within the communities of La Puente and the City of Industry. The District has been providing water service to these communities for over 95 years. The District was formed in August 1924 by popular vote, in accordance with the County Water District Act of 1913. In its infancy, the District consisted of approximately 1,300 acres and 200 water service connections. The area was vastly different from what it is today. At that time, most of the water produced from the District's Well Field was delivered to meet agricultural irrigation needs of the valley. Over the years, the District has grown to approximately 1,600 acres and over 2,500 water service connections. To this day, the District's Well Field continues to be the main source of supply to meet the needs of the District's customers. The boundary map of the District's service area is provided in Figure 1.1.



Figure 1.1 - Boundary Map of District's Service Area



A publicly elected, five-member Board of Directors governs the District. Board members serve four-year terms and elections are held every two years with terms staggered to ensure continuity. The Board is responsible for establishing District policy on a variety of issues including, but not limited to, financial planning, infrastructure investment, and water rates. Day-to-day operations are managed by the General Manager who oversees a highly-qualified staff responsible for executing ongoing operational and administrative functions. The District's employees include certified water treatment and distribution operators and an experienced administrative staff.

The District's Water System includes approximately 2,550 service connections, more than 32 miles of distribution and transmission mains, 4 wells, a state-of-the-art groundwater treatment

facility, 5 booster pump stations, 4 pressure regulating stations and 3 reservoirs. In addition, the District manages and operates the Industry Public Utilities Water System, which includes 1,860 service connections, 34.4 miles of distribution and transmission mains, 1 active well, 5 booster pump stations, and 3 reservoirs.

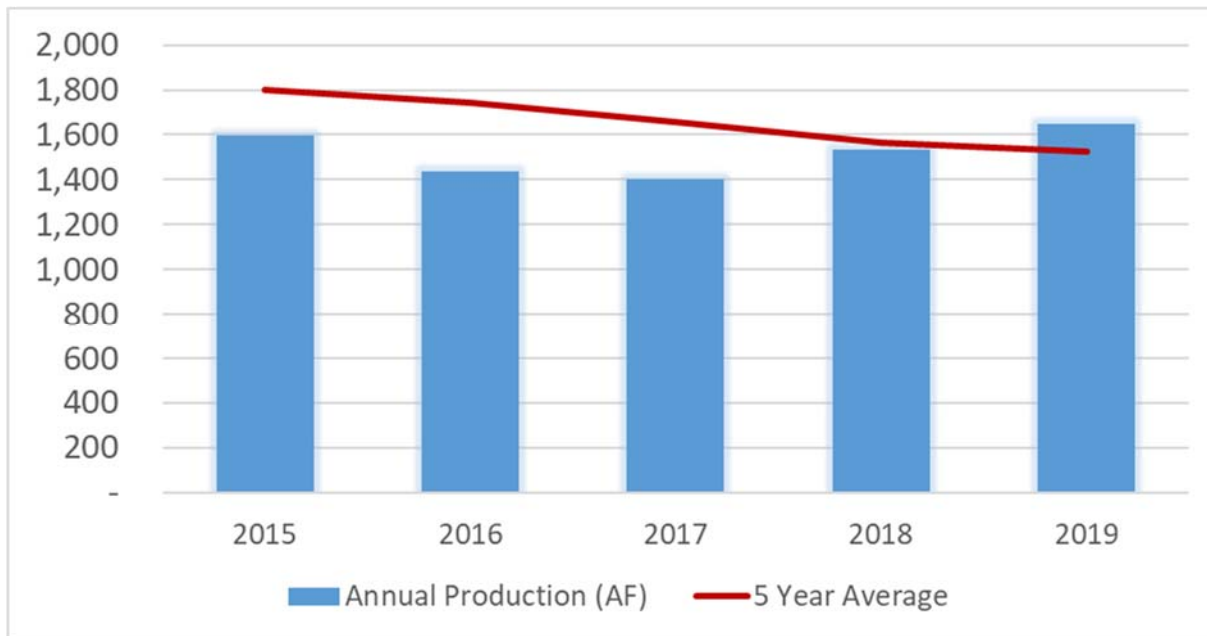
Service Area Trends

Land use in the portion of the City of La Puente bounded by the District's service area is primarily residential with some commercial, public/institutional, and open space areas. Land use in the portion of the City of Industry bounded by the District's service area is primarily commercial and industrial. This portion of the District's service area is also, for the most part, fully developed. Population data for the City of Industry shows little or no growth over the next 20 years. District Staff projects that most, if not all, future developments within this portion of the District's service area will be redevelopment of commercial properties that may or may not have an impact on the water system's water demand.

Portions of the City of La Puente bounded by the District's service area are also, for the most part, fully developed. Based on the current and projected trends, the long-term population growth is projected to increase at a rate of approximately 1.0% per year. In recent years, developments within this portion of the District's service area have been infill residential type of developments. With the exception of one development in 2017, developments in the District's service area have not required major infrastructure additions and typically are accommodated by the installation of new service connections from existing water main lines, however these types of development do increase the system's water supply based on the historic water use at the developed site.

The annual amount of water used within the District's water system (water system demand) over the last 10 years (2009-2019) has averaged 1,695 acre-feet (AF). The water system demand over the past 5 years (2015-19) has been 1,523 AF. In 2019, the water system demand was approximately 7% greater than in 2018 and 7.5% greater than compared to the 5-year average. 2017 was the lowest demand over the past 10 years, which was driven mainly by water conservation efforts in response to the multi-year historic State drought conditions (2012-2017). In May 2015, the District's Board of Directors adopted Resolution No. 229, which re-declared emergency water conservation restrictions and adopted the revised State Water Resources Control Board Regulations. The adopted outdoor water use restrictions yielded a substantial reduction in water system demand from 2015 through 2018. The reduction in water use has also had a significant impact on water sales revenue in over the last four years. **Figure 1.2** displays the water system demand in AF for a 5-year period compared to the rolling five-year average.

Figure 1.2 - Years 2015-2019 Annual Water System Demand



Water Supply and Cost of Water

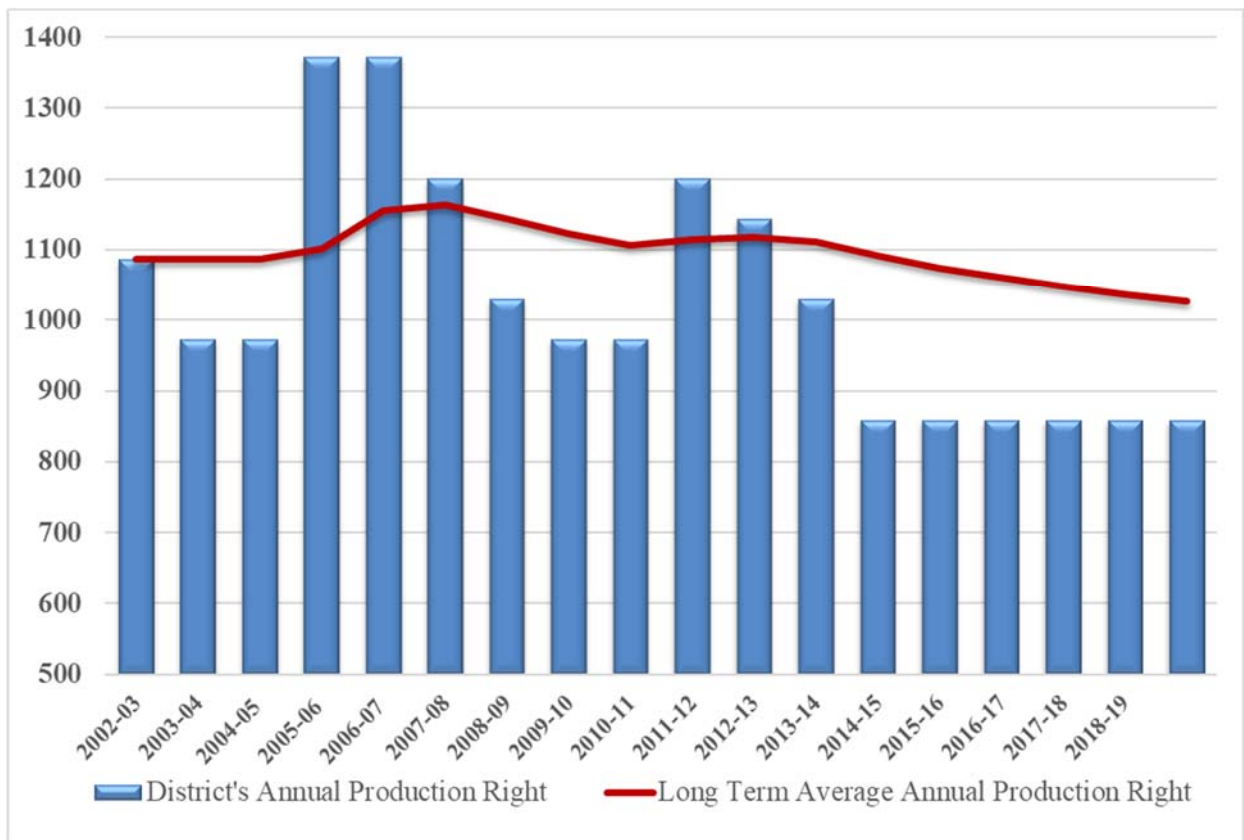
The District's primary source of supply is from three ground water wells that produce water from the adjudicated Main San Gabriel Basin (Basin). The groundwater rights in the Basin were adjudicated on the basis of mutual prescription resulting in a specific quantity in acre-feet per year for each producer. Such rights were then converted to a Pumper's Share, expressed in percent of the aggregate of all prescriptive rights. The District was adjudicated 1,097.00 acre feet of water rights based on groundwater production that occurred between calendar years 1953 and 1967. Subsequently, the District obtained the water rights of El Encanto Properties on July 22, 1974, in the amount of 33.40 acre-feet. Thus, the District's total adjudicated water rights are 1,130.40 acre-feet. This represents 0.57197 percent (Pumper's Share) of all adjudicated water rights in the Basin.

Under the Main San Gabriel Basin Judgment, the Main San Gabriel Basin Watermaster (Watermaster) annually establishes the Operating Safe Yield (OSY) for the ensuing year. This is done mainly on the basis of groundwater storage conditions as reflected by the Baldwin Park Key Well. In order to provide sufficient storage capacity in the basin to capture as much of the local stream flow as practicable, the Judgment provides that imported supplemental water will not be spread in the Basin when the Key Well elevation exceeds 250 feet above mean sea level (msl) and will be spread, insofar practicable, to maintain the elevation above 200 feet msl. Each year a producer is allowed to extract, free of Replacement Water Assessment, its share of the OSY which is established in May each year by the Watermaster. This annual share is referred to as the annual production right. Any producer can extract all the water needed for beneficial use, but the portion of such extraction, which exceeds the annual production right of the OSY, is assessed at a rate (Replacement Water Assessment), which will purchase one acre-foot of imported supplemental water for each acre-foot of excess production. Such water is then purchased by the Watermaster from the appropriate Responsible Agency (municipal water district) and used to replenish the Basin. If Basin storage is low, as indicated by the key well

elevation, the OSY is set at a lower level so that more Replacement Water may be purchased to increase Basin storage. If Basin storage is relatively high, the OSY is increased so that Replacement Water will not increase Basin storage to the point that local water runoff will be un-storable.

In 2019 the Main San Gabriel Basin was in the process of recovering from years of drought, that left the Basin at an all-time low in November of 2018. In 2019, precipitation locally was approximately 130% of average and contributed to above average groundwater replenishment. Along with replenishment from local precipitation, there was large purchase of imported water, which resulted in an increase of 38 feet in Basin water levels. Currently, Basin water levels are at the bottom of the preferred operating range. Due to the historic drought conditions the OSY has been set at a very low level for the last five years. This has resulted in a 18% reduction of the District’s annual production right as compared to the long-term average annual production right. Approximately 40% of water the District pumps from the Basin each year to meet its water system demand, requires the District to lease production rights and/or purchase replacement water. **Figure 1.3** displays the District’s annual production right and the long-term average of its production right.

Figure 1.3 District’s Annual Production Rights (2002-2019)



The District is located within the service area of regional water supplier Upper San Gabriel Valley Municipal Water District (Upper District). The District relies upon Upper District to deliver replacement water for every acre foot of water produced over the District's annual production right. Upper District is a member agency of the Metropolitan Water District of Southern California

(MWD), which is the agency that it purchases imported water from for replenishment purposes. The vast majority of imported water is delivered through the State Water Project (SWP) Delivery System. In the past, MWD provided this water at its replenishment water rate. Between 2007 and 2010, imported water at the replenishment rate was unavailable for purchase, but was available at the MWD tier 1 and tier 2 untreated water rates, which were substantially higher. As a result of the import water pricing change, in May 2009, the rate for the Replacement Water Assessment, set by Watermaster, was increased from \$251.90 per acre foot to \$450.00. In May 2019, the Replacement Water Assessment was set at \$958.00 per acre foot for the 2019-20 production year, which equates to a \$706.10 per acre foot increase over the last ten years.

The District was able to cushion the effect of this increase by purchasing 2,000 acre feet of cyclic storage water (in 2009) at a rate of \$251.90 per acre foot. Cyclic storage water, when available, can be purchased by a producer that has a cyclic storage water agreement in place with Watermaster. Cyclic storage water is replenishment water that has already been delivered into the Basin, which can be used to offset future replenishment water obligations. This water has allowed the District to limit its replenishment water purchase to only 188 acre feet over the last nine years. Currently the District has 883 acre feet in its cyclic storage account. This water also provides a major benefit during times of drought, like we are currently facing. Over the last eight years, the District has also leased groundwater production rights at a rate 8% to 10% lower than the cost for replacement water, which further reduced the impact of the rising cost of replenishment water. The future cost for replenishment water along with groundwater production assessments will continue to have a substantial financial impact on the District in years to come.

Water Quality and the Cost of Water Treatment

The area of the Basin where the District's wells draw water is contaminated with various contaminants, such as volatile organic compounds (VOC's) and perchlorate. In 2002, the District along with other water entities, entered into an agreement with the parties who were potentially responsible for the groundwater contamination. This agreement is known as the Baldwin Park Operable Unit Project Agreement (BPOU Agreement). Under this Agreement, the water from the District's well field is treated at the District's groundwater treatment facility before it enters the District's service area. Water leaving the facility meets all State and Federal drinking water regulations. The cost to construct, maintain and operate the treatment facility was and continues to be reimbursed by the potentially responsible parties, who are now known as the Cooperating Respondents (CRs). None of these treatment costs are paid for through the District's water rates.

The term of the BPOU Agreement was 15 years and was set to expire in May of 2017. The District, other water entities and the CRs negotiated an extension to the BPOU Agreement (referred to as the 2017 BPOU Agreement), which has secured continued funding of groundwater treatment at the District's well field for an additional ten years.

In 2018, District staff identified that levels of nitrate in the water produced from the District's well field were increasing. Although the levels of nitrate in the water are below the regulatory maximum contaminant level for nitrate, District staff recommends moving forward, in the next two years, with the addition of a nitrate treatment system at the District's groundwater treatment

facility. The capital investment and operational cost of a nitrate treatment system will have a substantial financial impact on the District and the cost for water.

Customer Base and Water Usage

The 2,550 customer connections of the District are delineated into 6 different categories: residential, multi-family, institutional, commercial, industrial, irrigation & fire service. Dedicated fire service connections make up approximately 1.7% of the customer connections. The District bills its customers for water service and water usage on a bi-monthly basis. The District meters the water usage for each customer and bills for every hundred cubic feet (hcf) of water used (hcf =748 gallons), this is referred to as a unit of water.

Residential and multi-family connections make up approximately 82%. Residential single-family home connections comprise about 80% of all connections with multi-family accounting for 2%. The water use from these customer categories makes up approximately 58% of the water system demand. **Table 1.1** provides a summary of the number of active services by customer category and the percent of the overall water system demand for each category based on water consumption data from 2018.

Table 1.1 Number of Active Connections by Category and Percentage of Demand

Customer Category	Number of Connections	% of Connections	% of Water System Demand
Residential	1971	79.8%	45%
Multi-Family	54	2.2%	13%
Commercial	280	11.3%	15%
Industrial	7	0.3%	6%
Irrigation	86	3.5%	15%
Public Authority	27	1.1%	6%
Fire Service	44	1.8%	0%
Total	2469	100.0%	100%

Residential per capita water use in the District averaged 83 gallons per person per day in 2018. Over the last three years, single-family residential class customers used approximately 24 units of water, on average, each bi-monthly billing period. The average Customer’s bi-monthly water bill in 2018 was approximately \$77.00 (\$38.50 monthly) and their annual cost for potable water service was \$462.00, which is less than 1% of the median household income within the District’s service area.

Water Rate Adjustments

On July 18, 2006, the Board of Directors passed Resolution No. 178, which established water and service charge rates through 2010. This resolution also specifies that rates be reviewed on an annual basis. The adopted rate increases for the years 2006, 2007 and 2008 were implemented

and had increased revenue as projected. In 2008 and 2009 the District minimized the impact of rising operating expenses through the following cost saving efforts:

- Grant Funding for New Well (2008)
- Cyclic Storage Water Purchase (2009)

Due to these cost savings efforts, the Board of Directors passed Resolution No. 193 on September 9, 2009 which canceled the scheduled rate increases for 2009 and directed Staff to complete a water rate study prior to making any other water rate adjustments.

In July 2010, the Board of Directors established a Reserve Fund Policy for the District. This policy is an important tool that guides Staff in its planning of the District's financial resources. In May 2012, the Reserve Fund Policy was updated to add reserve funds for water system connection fees and retiree health benefits.

In 2010, the District's Board of Directors directed Staff to conduct an in-house water rate study, which was completed in April 2011. As part of the study, staff provided a recommendation for water rates, which would generate sufficient revenue to meet the cost of providing water service to its customers over a five-year period. The final recommendation was to adopt a multi-year (5 year) water rate adjustment plan that would avoid drastic increases to water rates. Water rate adjustments were developed and a notice to all customers of the proposed increase to water rates was provided as required by articles XIIC and XIID of the California Constitution (Proposition 218). The recommended rate adjustment was approximately 24%, over a five-year period, for the average customer. The rate adjustments were adopted by unanimous vote of the Board of Directors on August 22, 2011 with the first rate adjustment effective in September 2011 with subsequent adjustments instituted in September of each year with the 5th year adjustment instituted in September 2015.

In 2017, the District initiated another water rate study and comprehensive cost of service analysis. This study was completed by Raftelis Financial Consultants in June of 2018. The final recommendation was to adopt a multi-year (5 year) water rate adjustment plan. Water rate adjustments were developed as part of the study and a notice to all customers of the proposed increase to water rates was provided in August of 2018. Substantial increases in the District's operational expenses, as described below, were the major factors supporting the need for an increase to water rates and charges:

Cost of Water – The District is fortunate to have rights to a local groundwater source in the Main San Gabriel Basin (“Basin”), but any water the District pumps over its allotment must be replaced to maintain water levels in the Basin by leasing rights or purchasing imported water. The cost for this replacement water has increased by over twenty-three percent (23%) in the last four years.

Groundwater Management – A new groundwater pumping assessment has been put into effect by the Main San Gabriel Basin Watermaster in order to secure additional water resources to maintain water levels in the Basin. This assessment will have a large cost impact on the District and all water providers that pump groundwater from the Basin in the San Gabriel Valley.

Capital Improvements – The District continuously invests in capital improvement projects that improve the performance of the water system or extend the life of existing facilities and equipment to avoid more expensive emergency repairs. In 2017 the District updated its Ten-Year Water Master Plan which identified necessary improvements and prioritized projects based on their need and benefit.

The recommended rate increase is approximately 38% over a five-year period, for the average customer. The rate adjustments were adopted by unanimous vote of the Board of Directors on October 15, 2018. The first year's rate adjustment became effective the first billing cycle following October 15, 2018, with subsequent adjustments to be instituted in October of each year with the 5th year adjustment instituted in October 2022.

The Budget

This Budget has been designed to help fulfill the District's Mission to provide high quality water along with courteous and responsive service at the most reasonable cost to our customers. The Budget is intended to support the priorities and policies of the Board of Directors as reflected in the District's Mission Statement and serve as a policy document, a financial plan, a communications device and an operations guide. It provides a comprehensive summary of District activities and capital improvement projects proposed for year ending December 31, 2020. The District is embarking on its District's 96th year of service to the community, which comes with significant challenges. Continued prudent planning of the District is paramount in positioning the District to handle these challenges long into the future.

The District's budget is prepared on a full accrual basis of accounting generally accepted in the United States, which is consistent with the District's audited financial statements. Revenues are recorded at the time they are earned and expenses are recorded at the time the liability is incurred. The intent of the District is to establish water rates sufficient to provide for payment of all operations and maintenance expenses along with capital improvements. The annual goal is to present a balanced budget (projected expenses equal to or less than projected revenues) to the Board of Directors for adoption.

The preparation and adoption of a comprehensive budget and operating plan is essential for the sound management and financial administration of the District. As an enterprise type of utility, the District is similar to a commercial operation whose expenditures may vary during the year in response to the timing and level of customer service demand. Water service demand is primarily influenced by water consumption practices, weather factors and the continued growth in the number of customers served. Budget objectives must therefore be structured to respond to fluctuating service demands. Activities are projected from historical data as a baseline to determine the appropriate funding level. Decisions made throughout the year by the Board of Directors and the General Manager is balanced between meeting budget objectives and budgetary constraints.

Direction of the District and Financial Forecast

Looking out beyond 2020, it is necessary to identify any significant increase in expenses that the District will need to be prepared for, either by managing reserves or increasing revenues. In preparing the annual budget, District Staff also projects the annual revenue and operating expenses (cash items) out for five years. These projections include all operating costs and capital improvement investments but exclude depreciation and noncurrent liabilities. Summarized below are a few District ventures that will have substantial impact on the five-year projection of revenue and expenses.

Recycled Water Project

The construction of a recycled water system is of importance over the next year and will require the District, for the first time in several decades, to obtain a loan to finance such a project. The investment in a recycled water system will deliver recycled water to several irrigation customers and replace the use of drinking water for irrigation.

The recent drought has made it clear that reliance on imported water for groundwater replenishment is not the best long-term solution for the regions' water supply needs. By incorporating recycled water into the District's overall supply, we would reduce our dependence on this expensive water source.

The District has partnered with Upper San Gabriel Valley Municipal Water District to secure a \$428,000 grant from the State Department of Water Resources for Phase 1 of a Recycled Water System Project. The projected cost of Phase 1 is \$2,000,000. The grant will cover approximately 25 percent of the estimated cost of Phase 1, which is expected to serve 55 acre feet per year of recycled water, to be purchased indirectly from Los Angeles County Sanitation Districts, to serve irrigation customers on Don Julian Avenue.

The District had also planned on a Phases 2 and 3 to deliver an additional 140 acre feet per year. During 2017 the District was informed by the Los Angeles County Sanitation Districts that the availability of recycled water for the District's Phase 2 and Phase 3 was uncertain. They also informed the District that recycled water for the District's Phase 1 may be delayed due to permitting issues associated with decreasing recycled water discharges into the San Gabriel River as a result of increasing the use of recycled water for irrigation. At this time, District staff is now certain that recycled water for Phase 1 of the District's Recycled Water Project will be available. However, Phase 2 and 3 have been put on hold until the availability of 140 AF of recycled water annually, can be secured.

The current cost to produce 55 acre feet of water that is over the District's annual production right is approximately \$57,000. The District will **need** to secure a loan along with the grant funding to fund this project, which would otherwise not be cost effective. The assumptions of the Recycled Water Project cost and the associated debt service, is included in the five-year forecast. This new drought resistant source of water improves long-term water supply reliability for all the District's customers. The estimated cost of the Recycled Water System Project, loan

proceeds, loan payment and other grant funding are included in the 5-year revenue and expense projections.

Puente Valley Operable Unit Intermediate Zone Project

The District prides itself on its efforts over the past 25 years to provide groundwater cleanup (treatment) in the Main San Gabriel Groundwater Basin. In fact, the District was the first water agency in the San Gabriel Valley to provide multi-barrier treatment for various contaminants at its groundwater treatment facility, which kick-started other groundwater treatment projects in the Valley. Over the years, the District's groundwater treatment plant has removed tons of contaminants. Our District's overall goal is to leave the groundwater basin free of contamination for future generations, so that it may continue to be used to meet the needs of its residents.

In mid-2014, the District was presented with an opportunity to further make a difference in remediating groundwater contamination in the Main San Gabriel Basin, more specifically the Puente Valley area. Under an order by US EPA, several industrial companies have been planning for several years to construct a highly efficient groundwater treatment system. This system would be comprised of 50 monitoring wells, 7 production wells, and multiple treatment technologies. In 2015, a property was purchased, by the lead industrial company, to construct the groundwater treatment facility. This property is located within the District's service area and in close proximity to the District's water distribution facilities. Since District staff already has experience operating a similar groundwater treatment system, the District has agreed to operate the Puente Valley Operable Unit Intermediate Zone (PVOU IZ) treatment facility. The plan was for the District to receive fully treated water, which meets all State and Federal drinking water standards, into its water system to utilize this water as a back-up supply for the District and for the neighboring Puente Basin Water Agency.

In November 2014, the District, the Puente Basin Water Agency, and the lead industrial company signed a Term Sheet to move forward with plans for the District to operate and deliver water from the proposed groundwater treatment plant. The plant will need to be operated on a continual basis and any surplus water in excess of the needs of the District was planned to be conveyed to the Puente Basin Water Agency.

In 2017, the PVOU IZ project was been modified with respect to the delivery of treated water. The treated water is now planned to be delivered to the District, who will in turn deliver a certain amount to neighboring Suburban Water Systems. The other components of the project remain unchanged.

The new treatment facility will improve water quality in the groundwater Basin, provide an additional emergency water supply for the community of La Puente, and create an additional revenue source for the District. The revenue that will be received by the District for conveying water and operating the plant will help keep the District water rates affordable. The groundwater treatment system and associated improvements are anticipated to be constructed over the next years with groundwater treatment starting in 2021. The revenue anticipated from the District's involvement in this project is included in the five-year revenue projections.

Groundwater Treatment System for Nitrate Removal

Over the last year, District staff identified that levels of nitrate in the water produced from the District’s well field were increasing in an abnormal trend, as compared to last 5 years. Although the levels of nitrate in the water are below the regulatory maximum contaminant level, District staff recommends moving forward, in the next two years, with the addition of a nitrate treatment system at the District’s groundwater treatment facility. This year, the District initiated two studies related to Nitrate treatment. The first study, to identify the potential Nitrate concentrations at the District’s wellfield over the next 15 years, was completed in November. This study will be used to support the second study, that is in progress, that will recommend what type of Nitrate treatment system will best fit the District’s needs.

In addition, the District entered into a Nitrate Funding Agreement with the Cooperating Respondents to fund a portion of the anticipated Nitrate Treatment Project and operations and maintenance cost for water treated and delivered to neighboring Suburban Water Systems. Although, this funding agreement is beneficial to the District, a loan will be needed to fund a portion of the Project.

The estimated cost of a nitrate treatment system, loan proceeds, loan payment, Cooperating Respondent funding and grant funding are included in the 5-year revenue and expense projections.

Table 1.2 provides a summary of the five-year forecast of the District’s expenses and compares it to the projected revenues.

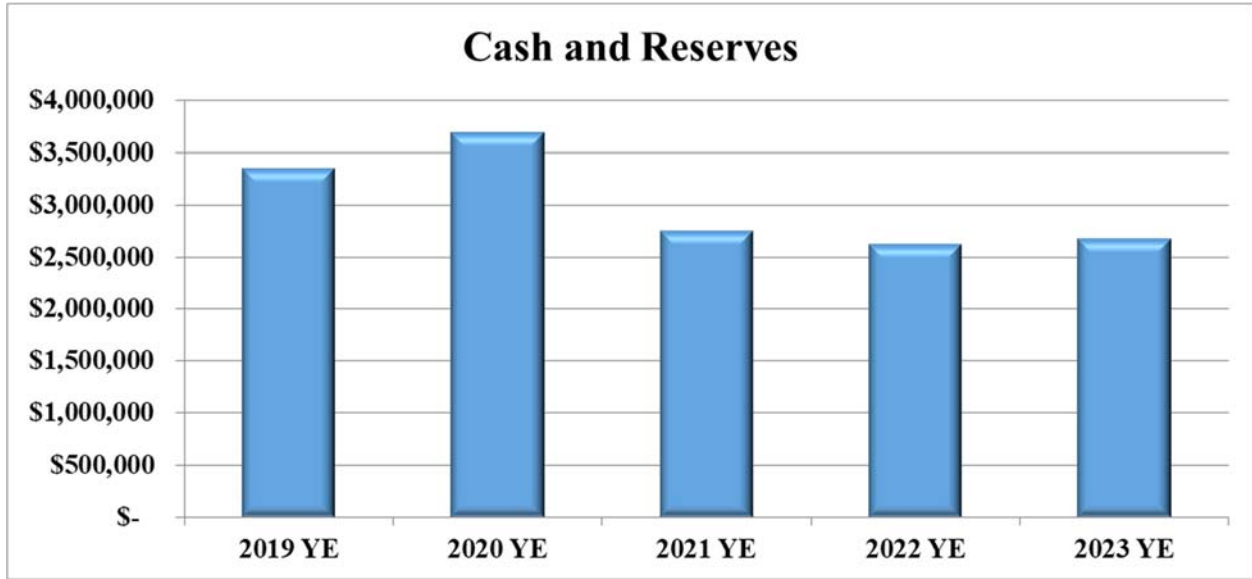
Table 1.2 Five Year Forecast of Revenue and Expenses

	2019	2020	2021	2022	2023	2024
Revenue	\$ 4,863,100	\$ 9,089,400	\$ 6,109,800	\$ 4,828,200	\$ 6,104,800	\$ 6,266,000
Expenses	\$ 5,050,000	\$ 8,748,500	\$ 7,044,300	\$ 4,950,900	\$ 6,055,300	\$ 6,469,000
Net Gain/Loss	\$ (186,900)	\$ 340,900	\$ (934,500)	\$ (122,700)	\$ 49,500	\$ (203,000)

District’s Cash and Reserves

In May 2012, the Board of Directors adopted Resolution No. 208 which updated the policy for the management of the District’s cash and financial reserves. The Policy specifies what types of reserves the District shall maintain and what the minimum and maximum levels shall be for each reserve fund. **Figure 1.4** below provides a five-year projection of the cash and the reserve fund level based on the projected expenses and revenues from **Table 1.2**.

Figure 1.4 Five Year Projection of the District’s Total Cash and Reserve Fund Level



Reserve fund levels are expected to decline over the next 5 years, primarily due to the projected capital investment and debt service related to the District’s Recycled Water Project & Nitrate Treatment System Project. The adopted five-year water rate increase plan is vital in maintaining adequate reserve fund levels and meeting the needs of the District’s Customers.

2020 Objectives

Special emphasis will be placed on accomplishing the following objectives during 2020.

- ❖ Recycled Water System Project
 - Complete Construction of Phase 1
 - Initiate Phase 1 Customer Retrofits
- ❖ Complete Design and Begin Construction of the Nitrate Treatment System at the District's Groundwater Treatment Facility
- ❖ Continue Involvement in the PVOU Intermediate Zone Project
- ❖ Secure Groundwater Production Right Leases for Approximately 579 Acre Feet that Reduce the Impacts of Replacement Water Costs
- ❖ Continue Fulfill Contractual Obligation in Operating and Managing the City of Industry Waterworks System in a Cost-Effective Manner
- ❖ Secure Best Available Grants and Financing for the District's Capital Improvement Projects
- ❖ Complete Capital Improvements and Capital Outlay Projects

Executive Summary

A report of the significant findings and recommendations for the calendar year 2020 Budget are:

- ❖ Overall water system demand is projected to be roughly 1,580 acre-feet
- ❖ Annual Revenue is expected to be \$5,184,400
- ❖ Annual Expenditures are budgeted at \$4,883,500
- ❖ Capital Improvement/Outlay Projects are budgeted at \$3,865,000
- ❖ The District expects to receive grant and loan proceeds of \$3,305,000 to fund the District's Recycled Water Project and a portion of the District's Nitrate Treatment Project
- ❖ The District expects to receive reimbursement for the estimated \$1.34 million O&M costs incurred in the operation of the treatment plant
- ❖ The District expects to receive \$432,200 in revenue from management fees for the operation and management of the City of Industry Waterworks System, the District's Groundwater Treatment Facility and the PVOU IZ Treatment Facility.
- ❖ The District expects to receive \$220,000 in revenue from taxes and assessments
- ❖ District Reserve Funds are expected to increase by \$340,900 through 2020

Water Operations Fund

The District's activities identified in this budget are designed to accomplish the District's Mission as it relates to water operations. For the calendar year 2020, the District will need a total operation budget of \$4,883,500 to carry out its Mission.

The District currently provides residential, commercial and industrial water through a production and distribution system valued at \$7,832,940. The system consists of three active wells, eleven interagency water connections, three reservoirs with a combined storage capacity of 4.9 million gallons, 5 booster stations and more than 32 miles of water mains. During 2020, it is projected that the District will deliver over 1,580 acre feet of water to approximately 2,500 service connections.

All of the revenues and expenses that allow the District to function flow either directly or indirectly through the Water Operations Fund. The Water Operations Fund's source of revenue consists of water sales, miscellaneous billing, property taxes, management fees and interest earned on Water Operations Fund related investments.

The Water Operations Fund exists to finance operations, maintenance, repair, supplies, depreciation, contingencies, personnel compensation related to water operations, capital improvements and to provide a catastrophic restoration reserve.

The Budget Summary details the projected Water Operations Fund revenues and expenditures for 2020 and compares those revenues and expenditures with the estimate for year-end 2019.

Water Revenue - Operational

Water Sales and Service Charges:

Water sales and service charges are the major sources of revenue for the District. These sales are the result of the District's normal meter reading and billing activities for all classes of water to all active service connections. The distribution of sales provides 34 percent as fixed sales allocated to the service charges on the basis of meter capacity and the remaining 66 percent being variable sales and allocated to the commodity charges. The District forecasts water sales and service charges at \$2,181,000. Water sales revenue is predicated on a projected average water usage of 1,380 acre feet to over 2,500 water services and includes construction water and miscellaneous billings.

Operational Revenue Related to the District's Groundwater Treatment Facility

The District owns and operates a groundwater treatment plant within the Main San Gabriel Basin for the removal of various contaminants. The United States EPA has identified this contaminated area of the Basin as BPOU and has named those parties that are potentially responsible, also known as the Cooperating Respondents, for the contamination in this area of the Basin. The construction and ongoing operating cost of the District's treatment plant is reimbursable per the BPOU Project Agreement entered into by the Cooperating Respondents, Main San Gabriel Basin Watermaster, San Gabriel Basin Water Quality Authority and the Water Entities; which the District is a party to. As detailed in the Proposed 2020 Budget for the District's Treatment Plant, the District anticipates the operation and maintenance expense for the Treatment Plant to be \$1.34 million dollars, all of which will be reimbursed to the District by the Cooperating Respondents.

Water Revenue – Non-Operational

Interest:

For calendar year 2020, District staff forecasts interest on Water Operations Fund related investments of \$50,000. The estimate is predicated on a projection of historical data and its relationship to current interest rates.

Other Revenues:

This includes a total of \$220,000 from Property Taxes; \$432,200 for Fees related to the management of the PVOU IZ Treatment Facility, the BPOU Treatment Plant and the City of Industry Water Works System; \$1,103,800 from Service Fees related to labor reimbursement, \$38,000 from Rental Revenue, \$305,000 from Prop 84 Grant Funds, \$3,000,000 from Loan proceeds and \$600,000 of from funding agreements for the Nitrate Treatment Project and water system improvements for the PVOU IZ Project.

Water Expenditures

Personnel (Salaries and Benefits):

In order to maintain high quality service within the District's service area, fulfill contractual obligations to manage and operate the City of Industry Waterworks System, continue the District's involvement in the PVOU IZ Project and operate the District's Groundwater Treatment Facility, a total of 13 full-time employees and 2 part-time employees will be needed.

(Field Operations) Transmission, Distribution, Treatment and Supply 9

(Office and Management) Customer Service and Administration 5

In calendar year 2020, the District will need a personnel compensation budget of \$1,366,500 for salaries and payroll taxes related to meeting the requirements of water distribution, water treatment & supply, customer service and administrative functions for the District, CIWS, BPOU Treatment Plant Operations and PVOU IZ; \$37,300 for Governing Board of Directors. The District's 2020 projection for the total cost of health benefits for current directors and employees is \$398,200 and for retirees is \$45,100. This year's Budget also includes prefunding of Post-Retirement Health Benefits in the amount of \$100,000, which will be partially off-set by revenue generated from labor cost reimbursement from the CIWS and Treatment Plant Operations.

Supply and Treatment:

Water Supply and Treatment make up the variable costs of the District. These costs are generally defined as the annual operating expense to purchase and lease imported water and pump local groundwater to satisfy customer service demand. Variable costs are sensitive to operating factors that are beyond the District's control. These factors include weather, new construction, pricing or incentive programs offered by other agencies, cost of treatment chemicals and materials, energy costs and changes in efficiency of existing equipment. The budget amount can be considered as the best projection of annual costs based on an average weather, growth and consumption. For the calendar year 2020, the District will need a total of \$1,824,600 for the Supply and Treatment costs.

Other Operating Expenses:

These program costs make up a portion of the fixed operating or "overhead" costs required to maintain the District's plant sites and water distribution system (facilities). This includes costs for services, materials, vehicles and equipment for the repair, maintenance and operation of these facilities. For the calendar year 2020, the District will need a total of \$475,300 for Other Operating Expenses.

General and Administrative:

These program costs are "overhead" costs required to maintain District operations as they relate to customer service and administrative functions of the District. This includes costs for office supplies, office building maintenance, office equipment, customer billing, insurance, professional services, public outreach and conservation programs. For the calendar year 2020, the District will need a total of \$456,500 for General and Administrative costs.

Capital Improvements and Capital Outlay

The District is committed to enhancing the condition of its water system through investments in capital improvement projects. These investments will ensure that the water system will deliver high quality water to its customers long into the future. These investments will also ensure that the District's personnel will have the necessary tools to carry out their functions. Capital Improvements and Outlay may include expenditures for construction of new permanent capital facilities, replacement of existing facilities, purchasing fixed assets for various programs in the District and capital purchases necessary to maintain the quality of operations in the District.

Table 1.3 below is a summary for Capital Improvement and Capital Outlay expenses that are necessary to maintain high quality service for District Customers:

Table 1.3 2020 Capital Improvement Projects & Capital Outlay

Project	Description	Cost
Fire Hydrant Replacements	Replace Inoperable Fire Hydrants as needed.	\$ 5,000
Other Equipment and IT Equipment	Purchase of computer equipment and small construction equipment.	\$ 5,000
Valve Replacements	Replace Inoperable Valves as Needed	\$ 15,000
Service Line Replacements	Replace Aging Plastic and/or Galvanized Service Lines as Needed	\$ 20,000
Meter Read Collection System	Expand the Radio Meter Reading Collection System	\$ 25,000
Well No. 5 Rehab (Sound Structure)	Construct sound enclosure for Well No. 5	\$ 30,000
Ferrero Lane and Rorimer St. Improvements	Construct a new pressure regulating station to supply water from Zone 2 to the southeast portion of Zone 1 to improve fire flow and service reliability.	\$ 65,000
LP-CIWS Interconnection (Ind. Hills)	Upgrades to an interconnection between the CIWS and the District to assist with the delivery of PVOU IZ treated water.	\$ 75,000
New Service Truck	Purchase a New Service Truck to Replace Fully Depreciated Service Truck	\$ 110,000
Scada Improvements	Assessment of current system and initiate improvements to software and hardware	\$ 125,000
Hudson Plant Improvements	Construct a new pump station for the delivery of PVOU IZ treated water to Suburban Water Systems and improvements to the District's existing pump station. (2 yr. project)	\$ 375,000
Groundwater Treatment System – Nitrate Removal	Complete design and begin construction of a Nitrate treatment system at the District's groundwater treatment facility. (2yr. Project)	\$ 1,130,000
Recycled Water System (Phase 1)	Construct New Recycled Waterlines and Pump Station for 12 Irrigations Customers. (2 yr. project)	\$ 1,880,000

Total: \$ 3,865,000

Table 1.4

La Puente Valley County Water District Budget Summary
 Period Ending December 31, 2020

<u>DESCRIPTION</u>	PROJECTED YE 2019 LPVCWD	PROJECTED YE 2019 TP	COMBINED PROJ. YE 2019	COMBINED BUDGET 2019	% OF BUDGET	LPVCWD PROPOSED 2020	TP PROPOSED 2020	COMBINED PROPOSED 2020	2020-19 BUDGET VARIANCE
Total Operational Rate Revenues	\$ 2,138,900	\$ -	\$ 2,138,900	\$ 2,075,000	103%	\$ 2,265,900	\$ -	\$ 2,265,900	\$ 190,900
Total Operational Non-Rate Revenues	967,500	1,227,000	2,194,500	2,355,900	93%	1,248,500	1,340,300	2,588,800	232,900
Total Non-Operational Revenues	379,700		379,700	340,500	112%	329,700		329,700	\$ (10,800)
TOTAL REVENUES	3,486,100	1,227,000	4,713,100	4,771,400	99%	3,844,100	1,340,300	5,184,400	413,000
Total Salaries & Benefits	1,688,000	292,000	1,980,000	2,009,900	99%	1,831,800	295,000	2,126,800	\$ 116,900
Total Supply & Treatment	976,940	809,800	1,786,740	1,793,200	100%	976,400	848,500	1,824,900	\$ 31,700
Total Other Operating Expenses	254,080	104,600	358,680	481,000	75%	306,000	169,300	475,300	\$ (5,700)
Total General & Administrative	324,300	20,600	344,900	412,200	84%	429,000	27,500	456,500	\$ 44,300
TOTAL EXPENSES	3,243,320	1,227,000	4,470,320	4,696,300	95%	3,543,200	1,340,300	4,883,500	187,200
TOTAL OPERATIONAL INCOME	242,780	-	242,780	75,100	323%	300,900	-	300,900	\$ 225,800
Capital Improvements	(545,300)	-	(545,300)	(797,000)	68%	(3,745,000)	-	(3,745,000)	(2,948,000)
Capital Outlay	(34,402)	-	(34,402)	(70,000)	49%	(120,000)	-	(120,000)	\$ (50,000)
TOTAL CAPITAL	(579,702)	-	(579,702)	(867,000)	67%	(3,865,000)	-	(3,865,000)	(2,998,000)
INCOME (AFTER CAPITAL EXPENSE)	(336,922)	-	(336,922)	(791,900)	43%	(3,564,100)	-	(3,564,100)	(2,772,200)
Capital Reimbursement (OU Projects)	150,000		150,000			600,000		600,000	
Grant Proceeds	-	-	-	-		305,000	-	305,000	\$ 305,000
Loan Proceeds	-	-	-	-		3,000,000	-	3,000,000	\$ 3,000,000
Loan Repayment	-	-	-	-		-	-	-	\$ -
CHANGE IN CASH	(186,922)	-	(186,922)	(791,900)	24%	340,900	-	340,900	532,800
Contributed Capital (Developer)	238,870		238,870			-		-	
Add Back Capitalized Assets	579,702		579,702	867,000	67%	3,865,000		3,865,000	
Less Depreciation Expense	(380,000)	(180,000)	(560,000)	(560,000)	100%	-	(180,000)	(180,000)	
Less OPEB & Pension Liability Expense	(10,000)		(10,000)	(10,000)		(10,000)		(10,000)	\$ -
NET INCOME (LOSS)	\$ (147,220)	\$ (180,000)	\$ (88,350)	\$ (494,900)	18%	\$ 3,595,900	\$ (180,000)	\$ 4,015,900	\$ 532,800

Table 1.5
La Puente Valley County District
Budget for Period Ending December 31, 2019

Description	2018 Actual	Projected YE 2019	2019 Amended Budget	Variance from Budget	2020 Budget	Difference 2020 Budget- 2019 Budget
Operational Rate Revenues						
Water Sales	\$ 1,279,563	\$ 1,322,000	\$ 1,300,000	\$ 22,000	\$ 1,405,000	\$ 105,000
Service Charges	612,240	668,000	640,000	28,000	712,000	72,000
Surplus Sales	45,028	52,000	40,000	12,000	50,000	10,000
Customer Charges	30,661	36,000	34,100	1,900	33,900	(200)
Fire Service	57,698	60,300	59,900	400	64,000	4,100
Miscellaneous Income	1,964	600	1,000	(400)	1,000	-
Total Operational Rate Revenues	2,027,154	2,138,900	2,075,000	63,900	2,265,900	190,900
Operational Non-Rate Revenues						
Management Fees	260,711	265,900	265,900	-	432,200	166,300
PVOU Service Fees (Labor)	14,553	12,000	20,000	(8,000)	93,000	73,000
BPOU Service Fees (Labor)	304,377	292,000	301,400	(9,400)	295,000	(6,400)
IPU Service Fees (Labor)	688,181	684,600	695,600	(11,000)	715,800	20,200
Other O&M Fees	12,892	5,000	13,000	(8,000)	7,500	(5,500)
Total Operational Non-Rate Revenues	1,280,713	1,259,500	1,295,900	(36,400)	1,543,500	247,600
Non-Operational Revenues						
Taxes & Assessments	244,409	260,000	215,000	45,000	220,000	5,000
Rental Revenue	36,038	30,800	36,800	(6,000)	38,000	1,200
Interest Revenue	56,997	67,000	67,000	-	50,000	(17,000)
Miscellaneous Income	19,382	16,900	16,700	200	16,700	-
Developer Fees	4,537	5,000	5,000	-	5,000	-
Total Non-Operational Revenues	361,363	379,700	340,500	39,200	329,700	(10,800)
TOTAL REVENUES	3,669,231	3,778,100	3,711,400	66,700	4,139,100	427,700
Salaries & Benefits						
Total District Wide Labor	1,109,643	1,167,200	1,195,800	(28,600)	1,267,700	71,900
Directors Fees & Benefits	118,898	110,900	116,600	(5,700)	118,200	1,600
Benefits	302,046	303,600	308,800	(5,200)	317,300	8,500
OPEB Payments	150,061	142,600	142,000	600	158,800	16,800
Payroll Taxes	92,806	93,600	92,800	800	98,800	6,000
Retirement Program Expense	158,499	162,100	153,900	8,200	166,000	12,100
Total Salaries & Benefits	1,931,953	1,980,000	2,009,900	(29,900)	2,126,800	116,900
For Analysis Purposes Only						
Offsetting Revenue	(1,007,110)	(1,006,600)	(1,035,000)		(1,121,800)	(86,800)
District Labor Net Total	924,843	973,400	974,900	(1,500)	1,005,000	30,100
Supply & Treatment						
Purchased & Leased Water	377,335	481,140	467,200	13,940	483,800	16,600
Power	151,904	156,900	163,700	(6,800)	167,900	4,200
Assessments	189,588	247,500	248,300	(800)	276,700	28,400
Treatment	2,898	4,000	6,700	(2,700)	9,500	2,800
Well & Pump Maintenance	19,250	87,400	45,000	42,400	38,500	(6,500)
Total Supply & Treatment	740,975	976,940	930,900	46,040	976,400	45,500
Other Operating Expenses						
General Plant	24,799	49,200	48,100	1,100	56,300	8,200
Transmission & Distribution	75,273	70,500	102,400	(31,900)	94,700	(7,700)
Vehicles & Equipment	21,166	34,000	31,300	2,700	31,500	200
Field Support & Other Expenses	44,972	49,500	69,000	(19,500)	66,500	(2,500)
Regulatory Compliance	34,621	50,880	63,000	(12,120)	57,000	(6,000)
Total Other Operating Expenses	200,831	254,080	313,800	(59,720)	306,000	(7,800)

Table 1.5
La Puente Valley County District
Budget for Period Ending December 31, 2019

Description	2018 Actual	Projected YE 2019	2019 Amended Budget	Variance from Budget	2020 Budget	Difference 2020 Budget- 2019 Budget
General & Administrative						
District Office Expenses	31,919	57,900	64,100	(6,200)	63,100	(1,000)
Customer Accounts	20,161	24,500	25,000	(500)	25,000	-
Insurance	65,177	64,000	65,800	(1,800)	67,900	2,100
Professional Services	149,737	87,700	120,000	(32,300)	125,000	5,000
Training & Certification	38,323	42,900	37,500	5,400	42,500	5,000
Public Outreach & Conservation	35,382	14,000	32,500	(18,500)	33,000	500
Other Administrative Expenses	36,377	33,300	36,800	(3,500)	72,500	35,700
Total General & Administrative	377,077	324,300	381,700	(57,400)	429,000	47,300
TOTAL EXPENSES	3,250,835	3,535,320	3,636,300	(100,980)	3,838,200	201,900
TOTAL OPERATIONAL INCOME	418,396	242,780	75,100	167,680	300,900	225,800
CAPITAL, LOANS AND DEBT SERVICE						
Capital Improvements						
Zone 3 Improvements	(174,029)	(11,000)	-	(11,000)	-	-
Fire Hydrant Repair/Replacements	(15,001)	(3,000)	(5,000)	2,000	(5,000)	-
Service Line Replacements	(60,055)	(38,000)	(37,000)	(1,000)	(20,000)	17,000
Valve Replacements	(7,710)	(34,000)	(40,000)	6,000	(15,000)	25,000
Meter Read Collection System & Meter Replace	(181)	-	(20,000)	20,000	(25,000)	(5,000)
SCADA Improvements		-	-	-	(125,000)	(125,000)
Main & 1st Street Building Retrofit	(4,080)	-	-	-	-	-
Ferrero Lane and Rorimer St. Improvements			(40,000)	40,000	(65,000)	(25,000)
5th Street Waterline Improvement		(185,000)	(180,000)	(5,000)		180,000
LP-CIWS Interconnection (Ind. Hills)			(10,000)	10,000	(75,000)	(65,000)
Hudson Plant Improvements			(30,000)	30,000	(375,000)	(400,000)
Well No. 5 Rehab		(180,300)	(165,000)	(15,300)	(30,000)	135,000
Nitrate Treatment System		(93,000)	(85,000)	(8,000)	(1,130,000)	(1,045,000)
Phase 1 - Recycled Water System	(1,879)	(1,000)	(170,000)	169,000	(1,880,000)	(1,710,000)
Other Improvements		-	(15,000)	15,000	-	15,000
Total Capital Improvements	(262,935)	(545,300)	(797,000)	251,700	(3,745,000)	(2,948,000)
Capital Outlay						
Truck(s)		(34,402)	(40,000)	5,598	(110,000)	(70,000)
Other Equipment		-	(10,000)	10,000	(5,000)	5,000
IT Equipment			(20,000)	20,000	(5,000)	15,000
Total Capital Outlay	-	(34,402)	(70,000)	35,598	(120,000)	(50,000)
TOTAL CAPITAL	(262,935)	(579,702)	(867,000)	287,298	(3,865,000)	(2,998,000)
INCOME (AFTER CAPITAL EXPENSE)	155,461	(336,922)	(791,900)	454,978	(3,564,100)	(2,772,200)
Funding & Debt Repayment						
Capital Reimbursement (OU Projects)		150,000	160,000	(10,000)	600,000	
Grant Revenue	-	-	-	-	305,000	305,000
Loan Proceeds	-	-	-	-	3,000,000	3,000,000
Loan Payments	-	-	-	-	-	-
CASH DIFFERENCE	155,461	(186,922)	(631,900)	454,978	340,900	532,800
Contributed Capital	213,160	238,870	-	238,870	-	-
Add Back Capitalized Assets	262,934	579,702	867,000	(287,298)	3,865,000	2,998,000
Less Depreciation Expense	(364,997)	(380,000)	(380,000)	-	-	380,000
Less OPEB Expense - Not Funded	(65,927)	(10,000)	(10,000)	-	(10,000)	-
NET INCOME (LOSS)	\$ 200,631	\$ 241,650	\$ (154,900)	167,680	\$ 4,195,900	\$ 4,350,800

Table 1.6
 La Puente Valley County Water District
 BPOU Treatment Plant Budget
 Period Ending December 31, 2019

Description	2018 Actual	Projected YE 2019	2019 Budget	Variance from Budget	2020 Budget	Difference 2020 Budget- 2019 Budget
Operational Non-Rate Revenues						
Reimbursements from CR's	\$ 1,317,275	\$ 1,227,000	\$ 1,361,400	\$ (134,400)	\$ 1,340,300	\$ (21,100)
Miscellaneous Income	-	-	-	-	-	-
Total Non-Operational Revenues	1,317,275	1,227,000	1,361,400	(134,400)	1,340,300	(21,100)
			-			-
Salaries & Benefits						
<i>BPOU TP Labor (1)</i>	290,000	292,000	301,400	\$ (9,400.00)	295,000	(6,400)
Contract Labor	-	-	-	-	-	-
Total Salaries & Benefits	290,000	292,000	301,400	(9,400)	295,000	(6,400)
Supply & Treatment						
NDMA, 1,4-Dioxane Treatment	209,363	215,000	218,200	(3,200)	201,000	(17,200)
VOC Treatment	1,756	20,000	20,000	-	-	(20,000)
Perchlorate Treatment	446,147	310,000	344,000	(34,000)	351,500	7,500
Other Chemicals	14,148	24,300	17,500	6,800	53,000	35,500
Treatment Plant Power	185,672	175,000	200,200	(25,200)	195,000	(5,200)
Treatment Plant Maintenance	24,568	44,500	42,000	2,500	48,000	6,000
Well & Pump Maintenance	9,278	21,000	20,400	600	-	(20,400)
Total Supply & Treatment	890,932	809,800	862,300	(52,500)	848,500	(13,800)
Other Operating Expenses						
General Plant	16,525	21,000	40,000	(19,000)	35,000	(5,000)
Vehicles & Equipment	10,926	11,500	12,200	(700)	9,300	(2,900)
Field Support & Other Expenses	55	100	15,000	(14,900)	15,000	-
Regulatory Compliance	92,388	72,000	100,000	(28,000)	110,000	10,000
Total Other Operating Expenses	119,894	104,600	167,200	(62,600)	169,300	2,100
General & Administrative						
District Office Expenses	-	-	2,500	(2,500)	2,500	-
Insurance	9,153	12,000	18,000	(6,000)	10,000	(8,000)
Professional Services	7,296	8,600	10,000	(1,400)	15,000	5,000
Total General & Administrative	16,449	20,600	30,500	(9,900)	27,500	(3,000)
TOTAL EXPENSES	1,317,275	1,227,000	1,361,400	(134,400)	1,340,300	(21,100)
TOTAL EXPENSES (Minus Labor)	1,027,275	935,000	1,060,000		1,045,300	
TOTAL OPERATIONAL INCOME	-	-	-	-	-	-
Depreciation Expense	(165,346)	(180,000)	(180,000)	0	(180,000)	-
Total Non-Cash Items (Dep. & OPEB)	(165,346)	(180,000)	(180,000)	-	(180,000)	-
NET INCOME (LOSS)	\$ (165,346)	\$ (180,000)	\$ (180,000)	\$ -	\$ (180,000)	\$ -

(1) The labor expense depicted here is the amount of labor billed to the BPOU in which the District receives reimbursement which is shown on Table 1.5 in operational non-rate revenue (BPOU Service Fees).

STAFF REPORT



Meeting Date: December 16, 2019

To: Honorable Board of Directors

Subject: Consideration of Award of Contract to W.A. Rasic Construction for the District's Recycled Water Project – Phase 1

Purpose - *To secure services from W.A. Rasic Construction (W.A. Rasic) for the construction of the District's Recycled Water Project - Phase 1.*

Recommendation - *Award Contract to W.A. Rasic for the District's Recycled Water Project – Phase 1 and authorize the General Manager to enter into a construction contract with W.A. Rasic in the amount of \$1,598,480. In addition, authorize a contingency amount of \$160,000 for the construction contract, to be expended in accordance with the District's purchasing policy.*

Fiscal Impact - *The District's proposed 2020 Capital Improvement Budget appropriates \$1,880,000. The cost for the proposed construction contract is within proposed 2020 Budget appropriation. In order to support the cash flow needed for this project and the operations of the District, the District will need to secure a loan and have loan proceeds available by March of 2020.*

Objective of the Recycled Water Project

The District seeks to construct a recycled water system to deliver 55 to 60-acre feet of local recycled water for irrigation use, decrease the District's dependency on import water for groundwater replenishment and minimize the impact of the rising cost of replenishment water.

Background

The District's primary water supply is groundwater produced from its well field. Water produced from its well field is pumped out of the Main San Gabriel Groundwater Basin (Basin). The District's annual groundwater production right is approximately 860-acre feet, which varies depending on the annual Safe Yield of the Basin. The District's annual average water system demand, over the last five years, is 1,523 acre-feet, which is approximately 660-acre feet more than its annual production right. Every acre foot of water the District produces over its annual production rights requires the District to either purchase import water to replenish that amount of water it produces over its right or to lease groundwater production rights. The current cost for leasing an acre foot of groundwater production right is \$758.94.

In April 2013, the Board of Directors received and filed the District's Draft Recycled Water Feasibility Study to support the fruition of the Recycled Water Project. From this point forward, several other Board related action items were taken to support the project as summarized below:

- July 2015 - The Board approved a Memorandum of Understanding with Upper San Gabriel Valley Municipal Water District (Upper District) for Recycled Water Project Funding.
- January 2016 - The Board adopted Resolution No. 238 Accepting and Adopting the CEQA Mitigation Negative Declaration for the Upper San Gabriel Valley Municipal Water District Recycled Water Program Expansion, which incorporated the District's Phase 1 Recycled Water System.
- April 2016 - The Board adopted Resolution No. 239 establishing a Recycled Water Mandatory Use Ordinance.
- November 2016 - The Board adopted the 2017 Budget appropriating \$1,700,000 for the Recycled Water Project Phase 1.
- October 2017 - The Board approved the Plans and Specifications for the Recycled Water Project Phase 1
- December 2018 - The Board adopted the 2019 Budget, which appropriated \$1,450,000 for the Recycled Water Project - Phase 1.
- July 2019 - The Board approved the MWD Local Resources Program Agreement.
- October 2019 – The Board approved an Amendment to the 2015 Memorandum of Understanding Between the District and the Upper San Gabriel Valley Municipal Water District for District's Recycled Water Project.

Project Description

The Phase 1 Recycled Water Project is designed to deliver a total of 55 AFY of recycled water to twelve (12) customers within the boundaries of LPVCWD. Water delivered will be disinfected tertiary-treated recycled water supplied by Los Angeles County Sanitation Districts' (San Districts) San Jose Creek Water Reclamation Plant (SJCWRP), located at 1965 Workman Mill Road.

The design of the Phase 1 Recycled Water Project consists of a tie-in to the existing 36-inch recycled waterline that is adjacent to the San Jose Creek, the installation of 1,000 linear feet of 4-inch diameter pipeline, 1,400 linear feet of 6-inch diameter pipeline, 1,700 linear feet of 12-inch diameter pipeline and a new booster pump station to be located near the intersection of Parriott Place and the San Jose Creek storm water channel. A total of 4,100 linear feet of PVC C900 would be installed for Phase 1.

Construction Project Bidding

On October 29, 2019, the District opened up the competitive bidding process and advertised the project. A pre-bid meeting was held November 13, 2019, to discuss details and answer any questions from contractors. Then a bid opening was conducted on November 26, 2019. The District received 3 bids, which are summarized below. As shown below W.A. Rasic was the apparent low bidder.

	Brkish	J De Sigio	W.A. Rasic
Bid Amount	\$1,789,192	\$1,642,756	\$1,598,480

An evaluation of the bids was completed and is enclosed for your reference. The accuracy of each bid was verified and the required bid documents were submitted by each bidder.

Fiscal Impact

The District’s proposed 2020 Capital Improvement Budget appropriates \$1,880,000. The cost for the proposed construction contract is within proposed 2020 Budget appropriation. In addition to this contract the District will be purchasing a packaged pump system to be installed by the contractor. The overall project cost is estimated at \$2,100,00. A portion of this project cost will be for customer irrigation system conversions, that are planned for 2021. In order to support the cash flow needed for this project and the operations of the District, the District will need to secure a loan and have loan proceeds available by April of 2020 in order to maintain appropriate cash reserves.

Recommendation

Staff recommends the Board award a contract to W.A. Rasic for the District’s Recycled Water Project – Phase 1 and Authorize the General Manager to enter into a construction contract with W.A. Rasic in the amount of \$1,598,480. In addition, staff recommends the Board authorize a contingency amount of \$160,000 for the construction contract, to be expended in accordance with the District’s purchasing policy.

Respectfully Submitted,

Greg B. Galindo

General Manager

Enclosure

- *Recycled Water Project Bid Evaluation*

LA PUENTE VALLEY COUNTY WATER DISTRICT

Recycled Water Project - Phase 1

BID EVALUATION

November 26, 2019

Item No.	Qty	Unit	Description	Unit Price	Engineer's Estimate	W. A. Rasic		J De Sigio		Brkich		Average					
						Unit Price	Extension	Unit Price	Extension	Unit Price	Extension	Unit Price	Extension				
1	1	LS	Mobilization, Demobilization, Cleanup, Bonds and Insurance	\$120,000	\$120,000	\$79,700	\$79,700	\$44,000.00	\$44,000.00	\$10,000	\$10,000	\$44,567	\$44,567				
2	1,250	LF	Furnish and Install 12-inch Purple PVC Pipe (AWWA C900, DR14), Fittings and Appurtenances	\$135	\$168,750	\$300	\$375,000	\$147.00	\$183,750.00	\$170	\$212,500	\$206	\$257,083				
3	2,250	LF	Furnish and Install 6-inch Purple PVC Pipe (AWWA C900, DR14), Fittings and Appurtenances	\$110	\$247,500	\$110	\$247,500	\$98.00	\$220,500.00	\$160	\$360,000	\$123	\$276,000				
4	932	LF	Furnish and install 4-inch Purple PVC Pipe (AWWA C900, DR14), Fittings and Appurtenances	\$100	\$93,200	\$100.00	\$93,200	\$83.00	\$77,356.00	\$156	\$145,392	\$113	\$105,316				
5	1	LS	Construct 12-inch Steel Pipe Channel Crossing (San Jose Creek)	\$180,000	\$180,000	\$92,000	\$92,000	\$202,000.00	\$202,000.00	\$80,000	\$80,000	\$124,667	\$124,667				
6	5	EA	Furnish and Install 12-inch Gate Valves	\$2,400	\$12,000	\$3,800	\$19,000	\$3,600.00	\$18,000.00	\$3,500	\$17,500	\$3,633	\$18,167				
7	2	EA	Furnish and Install 6-inch Gate Valves	\$1,700	\$3,400	\$1,600	\$3,200	\$1,500.00	\$3,000.00	\$1,500	\$3,000	\$1,533	\$3,067				
8	1	EA	Furnish and Install 4-inch Gate Valves	\$1,500	\$1,500	\$1,300	\$1,300	\$1,150.00	\$1,150.00	\$1,200	\$1,200	\$1,217	\$1,217				
9	1	EA	Furnish and Install 2-inch Air and Vacuum Release Valves	\$5,500	\$5,500	\$14,000	\$14,000	\$8,700.00	\$8,700.00	\$6,500	\$6,500	\$9,733	\$9,733				
10	1	EA	Furnish and Install 1-inch Air and Vacuum Release Valves (w/2 spare)	\$4,500	\$4,500	\$14,000	\$14,000	\$7,100.00	\$7,100.00	\$5,600	\$5,600	\$8,900	\$8,900				
11	1	EA	Furnish and Install 2-inch Blow Off (w/2 spare)	\$4,300	\$4,300	\$16,000	\$16,000	\$6,800.00	\$6,800.00	\$6,000	\$6,000	\$9,600	\$9,600				
12	2	EA	Furnish and Install 2-inch End of Line Blow Off	\$6,900	\$13,800	\$13,000	\$26,000	\$6,200.00	\$12,400.00	\$3,500	\$7,000	\$7,567	\$15,133				
13	1	LS	Furnish and Install Test Bulkhead, Hydrostatic Testing & Flushing	\$10,000	\$10,000	\$15,500	\$15,500	\$24,000.00	\$24,000.00	\$18,000	\$18,000	\$19,167	\$19,167				
14	1	LS	Construct 4-inch RW Connection at Station 23+09 (Parriott Place)	\$20,000	\$20,000	\$8,300	\$8,300	\$5,200.00	\$5,200.00	\$12,500	\$12,500	\$8,667	\$8,667				
15	2	EA	Furnish and Install 4-inch Recycled Water Service	\$15,000	\$30,000	\$16,000	\$32,000	\$6,900.00	\$13,800.00	\$15,000	\$30,000	\$12,633	\$25,267				
16	10	EA	Furnish and Install 2-inch Recycled Water Service	\$4,500	\$45,000	\$8,800	\$88,000	\$4,700.00	\$47,000.00	\$3,500	\$35,000	\$5,667	\$56,667				
17	1	LS	Connection to Existing 36-inch Industry RW Pipeline (Hot Tap)	\$60,000	\$60,000	\$36,000	\$36,000	\$11,500.00	\$11,500.00	\$15,000	\$15,000	\$20,833	\$20,833				
18	28,000	SF	Construct Asphalt Concrete Street Pavement Replacement	\$2.00	\$56,000	\$4.01	\$112,280	\$7.00	\$196,000.00	\$16.00	\$448,000	\$9.00	\$252,093				
19	1,400	SF	Construct Concrete Street Pavement Replacement	\$35	\$49,000	\$45.50	\$63,700	\$21.00	\$29,400.00	\$22	\$30,800	\$30	\$41,300				
20	1	LS	Remove and Replace Concrete Cross Gutters at Crossings	\$30,000	\$30,000	\$49,500	\$49,500	\$39,000.00	\$39,000.00	\$10,000	\$10,000	\$32,833	\$32,833				
21	1	LS	Traffic Control	\$20,000	\$20,000	\$71,000	\$71,000	\$11,000.00	\$11,000.00	\$12,000	\$12,000	\$31,333	\$31,333				
22	1	LS	Dewatering, Sheeting, Shoring and Bracing	\$14,950	\$14,950	\$31,000	\$31,000	\$10,000.00	\$10,000.00	\$8,000	\$8,000	\$16,333	\$16,333				
23	1	LS	BMPs	\$10,000	\$10,000	\$6,100	\$6,100	\$1,200.00	\$1,200.00	\$3,500	\$3,500	\$3,600	\$3,600				
24	4	EA	Furnish and Install Proposition 84 Public Information Signs	\$750	\$3,000	\$1,800	\$7,200	\$1,100.00	\$4,400.00	\$800	\$3,200	\$1,233	\$4,933				
25	1	LS	Construct Package Pump Station Facilities <i>(Package Pump Station furnished by Owner)</i>	\$150,000	\$150,000	\$97,000	\$97,000	\$465,500.00	\$465,500.00	\$308,500	\$308,500	\$290,333	\$290,333				
Total				\$	1,352,400.00	Total	\$	1,598,480.00	Total	\$	1,642,756.00	Total	\$	1,789,192.00	Total	\$	1,676,809.33

 Bid Item Revised due to conflict between unit price and total amount. Total Amount was revised holding unit price.