



**WALNUT VALLEY WATER DISTRICT
271 South Brea Canyon Road
Walnut, California 91789**

**FINANCE COMMITTEE MEETING
Tuesday, September 10, 2013 – 4:30 P.M.**

❖ Chair Director Wu ❖ Member Director Hilden ❖ Alternate Director Kwong

1. Public Comment
2. Investment Transactions Report
 - A. Discussion
 - B. Committee Recommendation
3. Use of Bond Proceeds & Reserve Funds
 - A. Discussion
 - B. Committee Recommendation
4. WVARP Update
 - A. Discussion
 - B. Committee Recommendation
5. Revenue Bond Funds Held in Trust – Union Bank
6. General Manager's Proposed Work Plan for Fiscal Year 2013-14
 - A. Discussion
 - B. Committee Recommendation
7. Other
8. Adjournment

NOTE: To comply with the Americans with Disabilities Act, if you need special assistance to participate in any committee meeting, please contact the General Manager's office at least 48 hours prior to the meeting to inform the District of your needs and to determine if accommodation is feasible.



WALNUT VALLEY WATER DISTRICT
271 South Brea Canyon Road
Walnut, California 91789

INVESTMENT TRANSACTIONS REPORT

The Investment Transactions Report will be provided at the Finance Committee meeting on Tuesday, September 10, 2013.

WVWD – Staff Report



TO: Board of Directors
FROM: Director of Finance
DATE: September 10, 2013
SUBJECT: Use of Bond Proceeds & Reserve Funds

Action/Discussion Fiscal Impact Resolution Information Only

Recommendation

Request the Board of Directors authorize:

- 1) The use of bond proceeds for the Puente Basin Water Agency (PBWA) Water Supply Reliability Program, Pomona Basin Regional Groundwater Project 10% Design for Six Basins Project, La Habra Heights County Water District (LHHCWD) Project, California Domestic Water Company Project, Ridgeline Pump Station Electrical Panel Modifications (W.O. 12-3267), and the Portable 30kw Diesel Standby Generator (W.O. 13-3290), and
- 2) The use of Reserve for Replacement funds for the LHHCWD Project and the California Domestic Water Company (Cal Domestic) Project.

Background

As you know, on March 28, 2013, the District's issuance of bonds through the Puente Basin Water Agency closed. As a result, bond proceeds (approximately \$19.9 million), are now available for use on projects identified in the Official Statement as well as for projects that could be "substituted" to ensure that the District complies with various bond requirements.¹ Staff is recommending that the following projects be funded from bond proceeds and Reserve for Replacement funds and described below.²

- PBWA Water Supply Reliability Program – The PBWA contracted with RMC to conduct a feasibility study for various water supply projects.³ Because the nature and scope of these projects is directly related to the supply reliability projects, identified in the Official Statement, and undertaken jointly by the Walnut Valley Water District and the Rowland Water District, such costs qualify for reimbursement from Bond proceeds. The District's share of these costs was \$72,990. Staff is recommending that the Board authorize the use of bond proceeds for District's share of the feasibility study costs.
- Pomona Basin Regional Groundwater Project – The PBWA also contracted with RMC to perform 10% design for the Pomona Basin Regional Groundwater Project.⁴ Because the nature and scope of this work is directly related to the supply reliability projects, identified in the Official Statement, and undertaken jointly by the Walnut Valley Water District and the Rowland Water District, such costs qualify for reimbursement from Bond proceeds. The District's share of these costs is estimated to be approximately \$62,000. Staff is

¹ Refer to the Official Statement, page 5

² The Board approved a similar request at the April 18, 2013 Board meeting

³ Approved at the October 17, 2013, Board meeting

⁴ Board approved District participation through the PBWA at the February 19, 2013 Board meeting

recommending that the Board authorize the use of bond proceeds for District's share of the design and permitting costs.

- **La Habra Heights County Water District (LHHCWD) Project** – The LHHCWD project is a water reliability project, identified in the Official Statement, and undertaken jointly by the Walnut Valley Water District and Rowland Water District. The Project includes the design and construction of various facilities necessary to connect LHHCWD's production facilities to Rowland's distribution system. The pipeline connecting LHHCWD facilities to Rowland's facilities will be owned and operated by LHHCWD. The District's portion of the total project cost is estimated to be \$500,000. The costs attributable to the pipeline, to be owned by LHHCWD, is estimated to be \$300,000 with the remaining costs for facilities to be owned by PBWA estimated to be \$200,000. To ensure compliance with federal tax law, based on discussions with bond counsel, it was determined that it would be best to pay for the facilities, to be owned by LHHCWD, from funds other than bond proceeds.

As such, staff is recommending that Board of Directors approve the use of funds from the Reserve for Replacement to pay for the project costs attributable to the LHHCWD facilities, and the use of bond proceeds for the facilities to be owned by the PBWA.

- **California Domestic Water Company (Cal Domestic) Project** - The Cal Domestic Water project is a water reliability project, identified in the Official Statement, and undertaken jointly by the Walnut Valley Water District and Rowland Water District. The Project includes the design and construction of various facilities necessary to connect Cal Domestic's production facilities to Rowland's distribution system. The total cost of the project is estimated to be \$6 to \$8 million (District's portion \$3 to \$4 million), which includes \$2 million to be paid to Cal Domestic for expansion, rehabilitation, and improvement of its water production facilities. To ensure compliance with federal tax law, based on discussions with bond counsel, it was determined that the District's portion of the payment to Cal Domestic should not be paid from the bond proceeds.

As such, staff is recommending that Board of Directors approve the use of funds from the Reserve for Replacement in the amount \$1 million to pay for the District's portion of the payment to Cal Domestic, and authorize the use of bond proceeds for all other project costs.

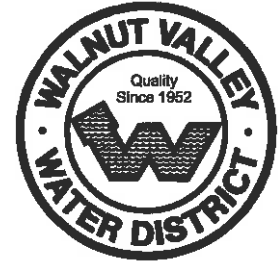
- ***Substitute Project:** Ridgeline Pump Station Electrical Panel Modifications – To provide funds for the modification of the electrical system at the pump station to replace outdated wiring & controls inside pumphouse as well as wiring & conduit to pump motors. This project was approved in the District's CIP budget in the amount of \$250,000, to be funded from the Reserve for Replacement.

To ensure compliance, with the 5% spend down of bond proceeds within six months, staff is recommending that the Board authorize the use of bond proceeds for this project, as a substitute project, and authorize staff to place project cost reimbursements into the Project Reserve.

- ***Substitute Project:** Portable 30kw Diesel Standby Generator - To provide funds for the purchase of a 30kw standby generator. This project was approved in the District's CIP budget in the amount of \$40,000, to be funded from the Capital Reserve.

To ensure compliance, with the 5% spend down of bond proceeds within 6 months, staff is recommending that the Board authorize the use of bond proceeds for this project, as a substitute project, and authorize staff to place project cost reimbursements into the Project Reserve.

WVWD – Staff Report



TO: Finance Committee
FROM: Director of Finance
DATE: September 10, 2013
SUBJECT: Affordable Rate Program (WVARP)

Action/Discussion Fiscal Impact Resolution Information Only

Recommendation

No action required, provided for informational purposes only.

Background

In 2007 the Board approved the establishment of an affordable rate program (WVARP). Similar to other utilities, the intent of the program was to assist customers that are less affluent, including those on fixed incomes, to be able to better absorb the rising cost of water. The program was modeled after the CARE program used by Southern California Edison and the Gas Company, with qualified customers receiving a discount of 50% of the monthly base rate. For many of our customers, this discount along with discounts received from other utilities provides significant cost savings. The annual funding for this program is provided by revenue collected from the District's cell tower leases.

To qualify for WVARP, customers must meet the following criteria:

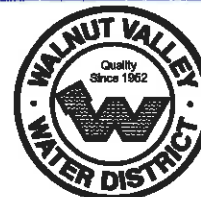
- Must complete and submit the application
- Must qualify for Southern California Edison's or Southern California Gas Company's CARE program
- Total gross household income cannot exceed the amounts
- Must be a District residential customer and receive water through a 1-inch or smaller water meter
- May not be claimed as a dependent on another person's federal or state income tax return
- Must have and maintain a good payment history with the District – no terminations of service within the previous twelve (12) months and not more than three (3) late notices during that twelve (12) month period
- Customers must reapply every two years

Currently the District has 466 customers enrolled in the WVARP, and the estimated total annual discount is \$46,000.

APPENDIX K

APPLICATION FORM

Walnut Valley Water District
Walnut Valley Affordable Rate Program (WVARP)



The Walnut Valley Water District is pleased to offer an Affordable Rate Program to our customers who meet the eligibility requirements identified below. If your household qualifies for a discount on your energy bill under the electric or gas CARE programs, you may also qualify for a discount of up to 50% on the base rate of your water bill.

- To apply for WVARP at your residence, please fill out this application and submit the required documentation to the District. If approved, the discount will become effective within sixty (60) days after the date of approval. If your application is not approved, you will receive a letter from the District explaining the reason for that disapproval. Applicants may apply any time throughout the year; however, applications will be accepted on a first come, first served basis, contingent upon the availability of funds.

If you need help completing the application, or would like more information about the program, call 909-595-1268 or visit our office at 271 S. Brea Canyon Road, Walnut CA 91789, or visit our website at www.wvwd.com.

Income Requirements (Effective June 1, 2013 through May 31, 2014) Source: California PUC Alternate Rates for Energy (CARE) Program	
Number of persons living in my home	Maximum total "gross household income" from all sources
1	\$ 22,980
2	\$ 31,020
3	\$ 39,060
4	\$ 47,100
5	\$ 55,140
6	\$ 63,180
7	\$ 71,220
8	\$ 79,260
For each additional person, add \$ 8,040	

What Counts as Income?

Total gross household income is all revenues, from all household members, from whatever sources derived, including but not limited to: wages, salaries and other employment-related compensation, interest, dividends, spousal and child support payments, public assistance payments, Social Security and pensions, rental income, income for self-employment, and all employment-related non-cash income.

What are the Qualifications?

- Must complete and submit the application. Applications will be accepted on a first come, first served basis, contingent upon the availability of funds.
- Must qualify for Southern California Edison's or Southern California Gas Company's CARE program.
- Total gross household income cannot exceed the amounts shown on the "Income Requirements" chart above. These amounts are based upon the approved limits set by the CPUC for the CARE program.
- Must be a District residential customer and receive water through a 1-inch or smaller water meter.
- Must provide verification of household income if requested.
- May not be claimed as a dependent on another person's federal or state income tax return.
- May be required to provide a copy of annual property tax statement, or other documentation requested by the District to evidence home ownership.
- Must reapply each time you move.
- Must notify the District within 30 days if you become ineligible.
- Must have and maintain a good payment history with the District – no terminations of service within the previous twelve (12) months and not more than three (3) late notices during that twelve (12) month period.
- The discount is not transferable with the property.
- Once enrolled, applicants may be required to reapply or to certify continued eligibility if requested. Failure to comply with the request by the District may result in removal from the program.

APPENDIX K

APPLICATION FORM
Walnut Valley Water District
Walnut Valley Affordable Rate Program (WVARP)



I am a residential customer of the Walnut Valley Water District.

Account Number: _____
Name (as it appears on your bill): _____
Phone Number: _____
Street Address: _____
City, Zip: _____

1	Check the total number of person(s) in your household.	<input type="checkbox"/> One (1) <input type="checkbox"/> Two (2) <input type="checkbox"/> Three (3) <input type="checkbox"/> Four (4) <input type="checkbox"/> Five (5) <input type="checkbox"/> Six (6) <input type="checkbox"/> More than six (6+) number: _____
2	Write the total Gross Annual Income for all person(s) in your household. This is income before deductions from all sources.	\$ _____
3	Can anyone else claim you as a dependent on his/her Income Tax Return (other than your spouse)?	<input type="checkbox"/> Yes <input type="checkbox"/> No
4	Check the utility CARE program(s) for which you currently qualify. (check all that apply)	<input type="checkbox"/> Southern California Edison <input type="checkbox"/> Southern California Gas Company
5	Attach a copy of your most recent utility bill showing enrollment in their CARE program and submit with this application.	

Declaration and Self Certification Statement:

I declare that the information I have provided in this application is true and correct. I agree to provide proof of income if asked. I agree to inform the Walnut Valley Water District if I no longer qualify to receive a discount. I know that if I receive any discount without qualifying for it, I may be required to pay back the discount received.

Signature: _____ **Date:** _____

Did you complete 1 through 5? If you need help or would like more information about the program, call (909) 595-1268.

MAIL YOUR COMPLETED APPLICATION TO:
 Walnut Valley Water District
 WVARP
 271 S. Brea Canyon Road
 Walnut, CA 91789

For District Use Only

Date Received _____	Documentation Provided _____
Approved (Y/N) _____ Effective Date _____	Approved By _____ Date _____
If Not Approved, Reason: _____	

Walnut Valley Water District
Revenue Bond Funds Held in Trust - Union Bank
August 31, 2013

Beginning Balance, August 1, 2013	\$ 19,847,251.57
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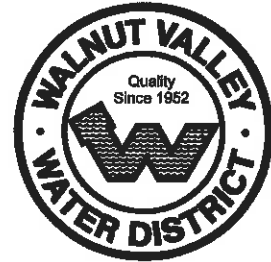
Receipts:

Interest Income	8.99
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Disbursements:

Ending Balance, August 31, 2013	<u>\$ 19,847,260.56</u>
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WVWD – Staff Report



TO: Committees
FROM: General Manager
DATE: September 2013
SUBJECT: General Manager's Proposed Work Plan for Fiscal Year 2013-14

Action/Discussion
 Fiscal Impact
 Resolution
 Information Only

Recommendation

Staff recommends that each Committee, 1) review and discuss the proposed changes to the FY 2013-14 Work Plan, 2) make any revisions, suggestions and/or recommendations, and, 3) forward to the Board.

Background Information

Our strategic planning efforts create a collaborative process between the Board and employees that builds a common vision and allows us to reflect on what we are doing and how we can continually improve. It also defines the direction of our organization and charts a course of action over the next year and beyond.

As mentioned at last month's Board meeting, I am proposing revisions to the work plan that will reduce some of the verbiage and further enhance the reporting value of the data for the Board and our customers.

I will continue to organize the work plan around the "core values" listed in the District's Mission Statement, namely:

"The mission of the Walnut Valley Water District is to provide a reliable, high quality water supply in a fiscally efficient and environmentally responsible manner while remaining committed to providing superior service to our customers."

Accordingly, for the proposed FY 2013-14 Work Plan, the format has each item arranged under one of the six District objectives listed below:

Item No.	Core Value	Committee Oversight
1	<i>Water Supply, Water Quality & Regulatory Compliance – Provide a reliable, healthy, and cost-effective water supply</i>	Engineering
2	<i>Fiscal Responsibility and Financial Viability</i>	Finance
3	<i>Provide Exceptional Customer Service & Outreach</i>	Public Information/ Legislative
4	<i>Employee & Leadership Development</i>	Personnel
5	<i>Technology</i>	Engineering / Finance
6	<i>Ethics/Governance</i>	Board of Directors

In proposing these revisions, it is intended to maintain the focus on these core business functions.

In addition to a modified version of the current work plan, staff is also proposing to highlight many projects and reports that have historically been included on the Consent Calendar, which will serve to provide additional background and context as to how they relate to key District objectives, benchmarks, revenues and expenditures. As an example, key financial and customer service data, highlights of field work, public outreach, and CIP projects will be presented as part of a follow-up on Board-approved expenditures and District programs. We also plan (as suggested by a Director) to include graphs and pictures to present the information in a more visual-friendly format.

Anticipated Benefits of the New Format

- This format should allow for a more interactive discussion between the Board and staff.
- The reports are proposed to be provided by the General Manager and Department Heads every three months—*November, February, May, and August*. This timing will allow for a measurable interval for the various reporting areas.
- Another proposal is to link each staff report with a corresponding objective in the approved work plan. This would be similar to what MWD has done for many years and also what Three Valleys recently incorporated into their staff reports. This format will allow for a correlation of the District's key objectives within each staff report.
- The work plan will continue to identify the goals, objectives, and proposed committee oversight for each of the Core Values.

Since the introduction of the initial work plan in FY 2006-07, the intent has been to seek continuous improvement supported by key performance measures. The proposed new format will continue to accomplish this with additional insight and information in a more comprehensive format that will better link the various units of District work in a more unified manner.