

**A SPECIAL MEETING OF THE BOARD OF DIRECTORS  
UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT  
248 E. FOOTHILL BLVD, MONROVIA, CA 91016  
8:00 A.M. – DECEMBER 7, 2022**

**SPECIAL NOTICE  
Teleconference Accessibility**

*Pursuant to the newly adopted provisions of the Brown Act and consistent with the Board's Resolution ratifying the declaration of a state of emergency by the State of California in response to the COVID-19 pandemic, the Upper District will hold its board meeting via teleconference or the most rapid means of communication available at the time. Instructions to participate in the teleconference are below:*

**Attendee Zoom Webinar Link**  
<https://us02web.zoom.us/j/89042454280>

**Meeting ID: 890 4245 4280**

**Telephone Dial:**  
**1 (669) 900-6833 US**

**Meeting ID: 890 4245 4280**

*Public comments may be made through teleconference when prompted by the President during the public comment period. Public comments may also be provided by emailing [venessa@usqvmwd.org](mailto:venessa@usqvmwd.org) in advance of the meeting. Please indicate "PUBLIC COMMENT" in the subject line.*

*If you have difficulty connecting to the teleconference line, please call (626) 443-2297 or email [ruben@usqvmwd.org](mailto:ruben@usqvmwd.org). It may take a few minutes to join Zoom or connect via telephone so please join early.*

**AGENDA**

1. PLEDGE OF ALLEGIANCE
2. ROLL CALL OF BOARD OF DIRECTORS
3. ADOPTION OF AGENDA [1]
4. PUBLIC COMMENT  
Anyone wishing to discuss items should do so now. A three-minute time limit on remarks is requested.
5. COMMITTEE REPORTS [2] - None
6. CONSENT CALENDAR [1]
  - (a) Minutes of a regular meeting of the Board of Directors held on November 9, 2022 at 8:00 a.m.
  - (b) List of Demands
  - (c) Financial Reports – October 2022
    1. Financial Statements
    2. Director's Public Outreach

- (d) Resolution No. 12-22-651, Re-ratifying the Proclamation of a State of Emergency by Governor Newsom and Reauthorizing Remote Teleconference Meetings.
- (e) Receive and file the Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022.

7. ACTION/DISCUSSION ITEMS [1]

- (a) Award of Water Education Grants for FY 2022-23 *(Staff memorandum enclosed.)*

Recommendation

Staff recommends that the Board of Directors approve the funding of 24 grant applications for water conservation education programs per Upper District's FY 22-23 Water Education Grant Program for a total amount of \$24,660.85.

- (b) Resolution No. 12-22-652, Honoring and Commemorating the Outstanding Service and Accomplishments of Brian Bowcock, Three Valleys Municipal Water District, Board Director. *(Resolution No. 12-22-652 enclosed.)*

Recommendation

Staff recommends that the Board of Directors adopt Resolution No. 12-22-652, as presented.

- (c) Amendment of Lease Agreement with the San Gabriel Valley Economic Partnership. *(Staff memorandum enclosed.)*

Recommendation

Staff recommends that the Board of Directors ratify Amendment 1 to the lease agreement with the San Gabriel Valley Economic Partnership effective December 1, 2022.

- (d) Agreement with the Metropolitan Water District of Southern California for the Reverse Cyclic Program. *(Draft agreement enclosed.)*

Recommendation

Staff recommends that the Board of Directors authorize the General Manager to enter into an agreement with the Metropolitan Water District of Southern California for the Reverse Cyclic Program.

8. INFORMATION ITEMS (These items are for the information of the Board of Directors and require no action) [2]

- (a) Press Releases and News Articles.

9. ATTORNEY'S REPORT [2]

10. ENGINEER'S REPORT [2]

11. GENERAL MANAGER'S REPORT [2]
12. METROPOLITAN REPORT – [2]
13. WATER QUALITY AUTHORITY REPORT – [2]
14. WATERMASTER REPORT – [2]
15. AB 1234 COMPLIANCE REPORT – [2]
16. DIRECTOR'S COMMENTS [2]
17. FUTURE AGENDA ITEMS [1]
18. ADJOURN TO CLOSED SESSION - None
19. ADJOURNMENT - To a regular meeting of the Board of Directors to be held on January 11, 2023 at 8:00 a.m. via teleconference or the most rapid means of communication available at the time.

LEGEND: [1] INDICATES ACTION ANTICIPATED BY BOARD OF DIRECTORS ON THIS ITEM  
[2] INDICATES INFORMATION ITEM - NO BOARD ACTION NECESSARY

### **PRESIDENT ED CHAVEZ, PRESIDING**



**American Disabilities Act Compliance** (*Government Code Section 54954.2(a)*)

To request special assistance to participate in this meeting, please contact the Upper District office at (626) 443-2297 or [venessa@usgvmwd.org](mailto:venessa@usgvmwd.org) at least 24 hours prior to meeting.



**A REGULAR MEETING OF THE BOARD OF DIRECTORS  
OF THE UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT  
602 E. HUNTINGTON DRIVE, SUITE B, MONROVIA, CALIFORNIA 91016  
8:00 A.M. – November 9, 2022**

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Pursuant to the newly adopted provisions of the Brown Act and consistent with the Board's resolution ratifying the declaration of a state of emergency by the State of California in response to the COVID-19 pandemic, the Upper District held a regular meeting of the Board of Directors via zoom teleconference on November 9, 2022, at the hour of 8:00 a.m.

**ROLL CALL**

**DIRECTORS PRESENT:** Chavez, Garcia, Santana, and Fellow.

**DIRECTORS ABSENT:** Treviño.

**STAFF PRESENT:** Tom Love, General Manager; Steve O'Neill, District Counsel; Steve Johnson, Consulting Engineer; Evelyn Rodriguez, Executive Manager - Finance and Administration; Patricia Cortez Executive Manager - Government and Community Affairs; Venessa Navarette, Executive Assistant; Ruben Gallegos, Project Assistant; Priscilla Lu, Accounting/Financial Analyst; Jennifer Aguilar, Water Use Efficiency Analyst; and Valeria Rodriguez, Administrative Assistant.

**OTHERS PRESENT**

Andy Bullington, Anteneh Tesfaye, Anthony Alberti, Cris Fealy, C Venegas, Dan Arrighi, Dave Michalko, David Muse, Jenny Savron, Jose Martinez, Kelly Gardner, Stephanie Moreno, Steve Higgins, Victor Magana.

**ADOPTION OF AGENDA**

On motion by Secretary Garcia, seconded by Director Fellow, the agenda was adopted as presented by the following roll call vote:

**FELLOW: AYE**  
**GARCIA: AYE**  
**SANTANA: AYE**  
**CHAVEZ: AYE**  
**TREVIÑO: ABSENT**

**PUBLIC COMMENT**

None.

**COMMITTEE REPORTS**

Next scheduled committee meeting dates are as follows:

- (a) Administration and Finance – January 3, 2023, at 4:00 p.m.
- (b) Water Resources and Facility Management – January 4, 2023 at 4:00 p.m.
- (c) Government Affairs and Community Outreach – November 14, 2022, at 4:00 p.m.

**CONSENT CALENDAR**

Secretary Garcia moved to approve Consent Calendar items (a) through (d). Vice President Santana seconded the motion, which was approved by the following roll call vote:

**FELLOW: AYE**  
**GARCIA: AYE**  
**SANTANA: AYE**  
**CHAVEZ: AYE**  
**TREVIÑO: ABSENT**

- (a) Minutes of a regular meeting of the Board of Directors held on October 12, 2022, at 8:00 a.m.
- (b) List of Demands
- (c) Financial Reports – September 2022.
  - 1. Financial Statements.
  - 2. Quarterly Report on District Investments
  - 3. Director’s Public Outreach 22-23
- (d) Resolution No. 11-22-650, Re-ratifying the Proclamation of a State of Emergency by Governor Newsom and Reauthorizing Remote Teleconference Meetings.

**CONSIDER APPROVAL OF GENERAL  
 MANAGER’S PERFORMANCE  
 EVALUATION AND AMENDED  
 CONTRACT.**

Steve O’Neill gave a brief background on the item. He shared that there are three items up for approval on the amended employment contract for the General Manager - adjustment to the salary, term, and medical benefits upon termination without cause or death. Steve reported that any changes made to the benefits for the General Manager have to be adjusted for all employees accordingly. He explained that the recommendation is to make these amendments to the General Manager’s contract and requested the General Manager discuss the proposed amendments.

The General Manager shared that the amendments are as follows:

1. Increase the salary to \$300,000
2. Extend the term of the contract for one year to June 30, 2025
3. Retiree medical benefit adjustment to 60 years of age or 5 years of service under the provision of either termination without cause or death.

Steve O’Neill clarified that this is not a new contract but is in fact an amendment to the existing contract.

Director Fellow moved to approve the motion to amend the General Manager’s contract in the areas of salary, term, and provisional retiree medical benefits. Secretary Garcia seconded the motion, which was approved by the following roll call vote:

**FELLOW: AYE**  
**GARCIA: AYE**  
**SANTANA: AYE**  
**CHAVEZ: AYE**  
**TREVIÑO: ABSENT**

**EXECUTIVE MANAGEMENT  
EMPLOYEES PERSONNEL MANUAL  
AND EMPLOYEE HANDBOOK  
AMENDMENTS.**

Steve O'Neill gave a brief background on the item. He reported that any changes made to the retiree benefits for the General Manager have to be adjusted for all employees accordingly.

The General Manager clarified that the provisional retiree medical benefits would only apply to employees hired prior to July 1, 2020.

Vice President Santana moved to approve amendments to the Executive Management Employees Personnel Manual related to certain retiree benefits; and instruct staff to incorporate the same changes to the Employee Handbook to be presented for board approval at a future meeting.

Secretary Garcia seconded the motion, which was approved by the following roll call vote:

**FELLOW: AYE**  
**GARCIA: AYE**  
**SANTANA: AYE**  
**CHAVEZ: AYE**  
**TREVIÑO: ABSENT**

**INFORMATION ITEMS**

The following items listed on the agenda for the information of the Board were read and ordered received and filed:

- (a) Press Releases and Newspaper Articles.

**ATTORNEY'S REPORT**

District Counsel reported working with staff on transactional matters including: the action items for today's meeting, the audit letter, agreement with Kelly Services, and issues related to the new building renovation and move to the new building.

The General Manager requested that District Counsel provide a brief explanation of the Governor's Executive Order related to remote meetings. District Counsel reported that the board has been meeting according to AB 361. He shared that a declared state of emergency and local health officials requesting social distancing measures are the main provisions for allowing remote meetings. District Counsel added that the Governor is rescinding the state of emergency in February 2023 which will remove the condition allowing use of AB 361. He shared that there has been some legislation recently allowing remote meetings under very specific conditions. He explained that in February 2023, there will be two ways to meet remotely. One is through the pre-pandemic Brown Act which allows Directors to participate remotely as long as the location is made available to the public and noticed on the agenda, and the agenda be posted at that location. The other option is through AB 2449 which allows for remote participation but does not require making the location available to the public. However, AB 2449 requires the Director show just cause or an emergency for that provision. The just cause is highly specific but includes childcare and health issues and limits the number of times the Director is able to utilize remote participation. District Counsel stated that he prepared a summary for the Board to serve as reference for future meetings.

**ENGINEER'S REPORT**

The District Engineer provided a report on hydrologic conditions, basin deliveries, reservoir storage, and rainfall averages. He reported that the recent storm provided approximately 5 inches of rain, considered high for this time of year. He shared that the about 15,000 acre feet of health and safety water was delivered during October. He stated that the Baldwin Park Key Well groundwater elevation was 177.8 feet as of November 4, 2022, noting about a foot increase in the Key Well.

He then reported that no notices of wells shutdown due to contamination were received during the month of October 2022.

The following is a summary of contamination ranges found in samples under Title 22 from 10 wells during September 2022.

<u>Contaminant</u>	<u>Range (ppb)</u>	<u>MCL (ppb)</u>
PCE	ND – 0.8	5*
TCE	ND	5*

A detailed written report was provided in the Board's agenda packet.

#### **GENERAL MANAGER'S REPORT**

The General Manager reported that Upper District has transitioned to the new building, commending staff on their hard work to get to this point. He shared that there are still some issues with the contract and contractor, but they are being worked through at this point.

The General Manager reported that Metropolitan has supplied some scenarios for next year to address the water supply issues. He shared that it is very likely that some form of allocation will happen over the whole service area depending on the SWP allocation. He explained that the drought actions and water supply will be discussed in more detail at the Watermaster Basin Management Committee Meeting.

A written report was also provided in the Board's agenda packet.

#### **METROPOLITAN REPORT**

Director Fellow reported that Metropolitan met over the past two days discussing minor issues and two former Directors that recently passed away, Phil Hawkins and Phil Pace. He requested that the Board adjourn the meeting in honor of these two former Metropolitan Directors.

A written report was also provided in the Board's agenda packet.

#### **WATER QUALITY AUTHORITY REPORT**

President Chavez reported that there is a vacancy on the WQA board for an alternate. He explained that this seat will be voted on by pumping right holders throughout the region and weighed based on the amount of pumping rights each holds. He added that the ballots have been mailed out and that he will share the election results as they conclude.

A summary report was also provided in the Board's agenda packet.

#### **WATERMASTER REPORT**

A summary report was provided in the Board's agenda packet.

#### **AB 1234 COMPLIANCE REPORT**

A summary report was provided in the Board's agenda packet.

#### **DIRECTOR'S COMMENTS**

Director Fellow wished Steve Johnson a happy birthday and congratulated Director Santana on her election results.

Director Garcia shared how thankful she was for the rain over the last two days and how excited she is about the new building. She expressed her appreciation for the hard work of staff during this time.

Director Santana thanked Director Fellow and congratulated him on his election results as well. She shared that the new building was one of her priorities and she is happy that the transition has taken place.

President Chavez congratulated the winners on the election results from last night. He then requested that the Board also adjourn in memory of Elsie Lopez, his mother-in-law, who passed away recently.

**FUTURE AGENDA ITEMS**

None.

**ADJOURN TO CLOSED SESSION**

None.

**ADJOURNMENT**

President Chavez asked if there were other business to come before the Board. There being none, the meeting was adjourned in memory of Phil Hawkins, Phil Pace, and Elsie Lopez to a special meeting of the Board of Directors to be held on December 7, 2022, at 8:00 a.m. via teleconference or the most rapid means of communication available at the time.

ATTEST

\_\_\_\_\_  
PRESIDENT

\_\_\_\_\_  
SECRETARY

SEAL

DRAFT

Demands numbered 21740 through 21779 on the General Fund Account of the Upper District at Citizens Business Bank totaling \$702,619.95 and demands numbered 1065 through 1072 on the Water Fund Account at the same bank in the amount of \$820,250.61.

21740	Void	Printer Error		\$ -
21741	David Zuniga	Inv. 0008, VIP Catering, WaterFest 2022 <i>(Previously paid 10/12/22)</i>		1,761.75
21742	Void	Printer Error		-
21743	American Restore	Inv. 09/14/22Q, 10% Deposit, Stair Coating for New Building <i>(Previously paid 10/12/22)</i>		3,469.30
21744	Orbit Event Rentals, Inc.	Inv. 49644-2, 2nd Payment, WaterFest 2022 <i>(Previously paid 10/14/22)</i>		13,000.00
21745	B and H Signs	Inv. 7698Q, 50% Deposit, Plaque & Portrait Poster <i>(Previously paid 10/19/22)</i>		2,994.78
21746	Unisource Solutions, Inc.	Inv. 32366, 50% Deposit, Moving Services <i>(Previously paid 10/19/22)</i>		11,800.00
21747	Unisource Solutions, Inc.	Inv. 32366A, Final Payment, Moving Services <i>(Previously paid 11/02/22)</i>		11,800.00
21748	Marjani Builders, Inc.	Inv. APP8, District Tenant Improvement Project <i>(Board approved 02/09/22. Previously paid 10/24/22)</i>		299,883.65
21749	Aaron Read & Associates, LLC	Inv. 212360, State Legislative Advocacy Services, September 2022 <i>(Board approved 12/09/20)</i>		10,000.00
21750	Accent Computer Solutions, Inc.	Inv. 152707, IT Management Support - August 2022 Inv. 153773, IT Management Support - September 2022 Inv. 154173, IT Management Support - October 2022 Inv. 154660, IT Management Support - November 2022	3,093.13 1,956.52 1,954.44 <u>2,973.19</u>	9,977.28
21751	ACI Consulting Corporation	Inv. IN-004191, Sage Consulting Services, October 2022		637.50
21752	ACWA	Inv. 2023, 2023 Annual Agency Dues		21,185.00
21753	ACWA/JPIA	Inv. 0693766, Health Insurance Premium - November 2022		26,591.05
21754	Aleshire & Wynder, LLP	Professional Services, September 2022 Inv. 70914, Retainer Inv. 70915, Transactional Fees Inv 70916, Transactional Fees	4,267.00 39.40 <u>5,420.10</u>	9,726.50
21755	Best, Best & Krieger, LLP	Inv. 947112, Lobbying Services through September 30, 2022 <i>(Board approved 12/09/20)</i>		7,500.00
21756	B and H Signs	Inv. 20015, Final Payment, Plaque & Portrait Poster		2,994.78
21757	BizFed	Inv. 4854, 2023 Membership Dues		6,000.00
21758	California Special Districts Association	Inv. 2023, 2023 Membership Dues		8,810.00
21759	Clear Channel Outdoor	Inv. 13153035, 09/26/22 - 10/23/22 WaterFest 2022 Ads		22,000.00
21760	Downtown Arcadia Improvement Association	Inv. Q4 Sponsorship, Halloween Haunting Fair Sponsorship		500.00
21761	Ecotech Services, Inc.	Inv. 2421, Water Bottle Fill Station, September 2022		7,500.00
21762	G3LA, LLC	Inv. 1051, Water Conservation Webinar, September 2022 Inv. 1059, Water Conservation Webinar & Flyers, October 2022	1,500.00 <u>1,750.00</u>	3,250.00

21763	Green Media Creations	Inv. 1642, September 2022, Video Editing & Voiceover, WaterFest 2022		500.00
21764	Joey C. Soto	Inv. #96, Grant Writing Services, September 2022		1,122.50
21765	Kelly Services, Inc.	Temporary Staff Services Inv. 4202729722, W/E 10/15/22 (Board approved 02/07/19)		615.43
21766	Land's End Business Outfitters	Inv. SIN 10604919, WaterFest 2022 Logo Items		462.08
21767	Orbit Event Rentals, Inc.	Inv. 49644-3, Final Payment, WaterFest 2022		1,649.87
21768	Rogers, Anderson, Malody and Scott, LLP	Inv. 71411, Progress Billing for FY 21/22 Audit - September 2022 (Board approved 02/09/22)		11,500.00
21769	Spectrum Reach/Charter	Inv. 860006549, WaterFest 2022 Save the Date Ads Inv. 860000548, WaterFest 2022 Save the Date Ads	1,500.00 <u>1,787.80</u>	3,287.80
21770	Stetson Engineers, Inc.	Inv. 2533-198, General Engineering Support Services, September 2022		16,303.41
21771	Upper District Payroll Fund	Inv. SEP 22, Reimbursement for Payroll and Payroll Taxes for Employees Inv. SEP 22D, Reimbursement for Payroll Taxes for Directors	117,948.96 <u>18,871.77</u>	136,820.73
21772	U.S. Bank Corporate Payment System	CalCard Changes through 10/22/22 Membership/Other Meetings, Travel, Conferences Computer Systems/Office Equipment/Supplies/Maintenance & Service/Utilities Conservation Program Expenses, Education and Outreach	1,794.91 1,966.58 9,851.14 <u>12,602.20</u>	26,214.83
21773	Versatel	Inv. 22631Q, Telephone Relocation		2,001.56
21774	Via Promotionals, Inc.	Inv. 20491, WaterFest 2022 Logo Items		670.14
21775	Wateruse Association	Inv. D47327, 2023 Membership Dues		15,015.00
21776	WLC Architects	Inv. 21, Construction Administration Services, September 2022 (Board approved 08/12/20)		2,250.00
21777	Edward L. Chavez	Director's Compensation, October 2022 10 Days District Business Meeting/Travel Expenses/Allowance Less Deferred Comp. Less Taxes Withheld	2,550.00 516.87 (1,610.00) <u>(1,401.77)</u>	55.10
21778	Charles M. Treviño	Director's Compensation, October 2022 10 Days District Business Meeting/Travel Expenses/Allowance Less Deferred Comp. Less Taxes Withheld	2,550.00 377.87 (500.00) <u>(539.01)</u>	1,888.86
21779	Jennifer Santana	Director's Compensation, October 2022 4 Days District Business Meeting/Travel Expenses/Allowance Less Deferred Comp. Less Taxes Withheld	1,020.00 516.87 (500.00) <u>(155.82)</u>	881.05
			<b>TOTAL</b>	<b><u>\$ 702,619.95</u></b>

1065	Central Basin MWD	Invoice No. USGV-SEP22, Purchase of 6.8 AF of Recycled Water in August 2022 <i>(Previously paid 11/02/22)</i>	\$	4,939.86
1066	City of Industry City Hall	Invoice No. SEP-22, Purchase of 77.3 AF of Recycled Water in September 2022		24,426.80
1067	City of Industry City Hall	Invoice No. SEP-22CIP, CIP Charge for September 2022 @ \$98 per AF		7,575.40
1068	Metropolitan Water District	Invoice No. 10924, Purchase of 415.9 AF of Treated Water in September 2022		451,258.64
1069	San Gabriel Valley MWD	Invoice No. 545, 77.75 AF of Water Delivered through the Alhambra/MWD Exchange Agreement in September 2022 @ \$200 per AF		15,550.00
1070	San Gabriel Valley Water Company	Invoice No. 22-22271, O&M Cost for FY 2021-22		26,274.60
1071	Suburban Water System	Invoice No. 6702, Phase IIB Normal Operating Charge, October 2022		1,667.76
1072	Sanitation District of Los Angeles County	Invoice No. 37769, Contract No. 4101 & 4101A - Fiscal Year 2021/22 Purchase of 1,797.38 AF of Recycled Water Chlorine Residual Chemical Cost Pump Operation & Maintenance	\$	267,791.65 8,915.00 11,850.90 <hr/> 288,557.55
			<b>TOTAL</b>	<b>\$ 820,250.61</b>

DRAFT

December 1, 2022  
General Fund

Board of Directors  
Upper San Gabriel Valley Municipal Water District

Submitted herewith for action by the Board of Directors of the Upper San Gabriel Valley Municipal Water District are the following demands on the District's General Fund Account at Citizens Business Bank:

21780	City of Monrovia	Inv. 25843, Change of Address Permit (Previously paid 11/16/22)		\$ 405.00
21781	Upper District Revolving Fund	Replenish Revolving Fund Account - October 2022 Office Supplies 1,299.57 Computer Systems/Equipment/Maintenance/Insurance/Outside Services 4,679.92 Director's Outreach 2,200.00 Meeting/Travel/Conferences/Dues/Assesments/Memberships 74.37 Telephone/Utilities/Building Maintenance 1,901.27 Workers Comp 2,896.82 Water Conservation Program Expenses 3,201.68 WR Operation & Maintenance/Permits/Water Purchases/PM/Public Info 69,691.30 Medical/ODA Reimbursement/Processing Fee/Retirement Plan/Overdeposit 2,935.31 (Previously paid 11/16/22)		88,880.24
21782	Foothill Technology Center, LLC	Inv. NOV22LEA, Office Lease - November 2022 (Board approved 04/09/11. Previously paid 11/16/22)		20,751.00
21783	Aaron Read & Associates, LLC	Inv. 212413, State and Legislative Advocacy Services, October 2022 (Board approved 12/09/20)		10,000.00
21784	Accent Computer Solutions, Inc.	Inv. 155207, IT Management Support, December 2022 (Board approved 10/16/15)		2,789.91
21785	ACI Consulting Corporation	Inv. IN-004289, Sage Consulting Services		722.50
21786	ACWA/JPIA	Inv. 0695285, Health Insurance Premium - December 2022		26,567.05
21787	Aleshire & Wynder, LLP	Professional Services, October 2022 Inv. 71511, Retainer 4,267.00 Inv. 71512, Transactional Fees 315.20 Inv. 71513, Transactional Fees 2,189.40 (Board approved 04/13/22)		6,771.60
21788	Best Best & Krieger, LLP	Inv. 951529, Lobbying Services through October 31, 2022 (Board approved 12/09/20)		7,500.00
21789	Civic Publications, Inc.	Inv. 1749, CA Water 2022, Special Section "Thank you for Keeping Garden Gnomes Driv" Ad		4,987.00
21790	EcoTech Services, Inc.	Inv. 2458, Water Bottle Fill Station, October 2022 (Board approved 06/08/22)		4,950.00
21791	G3LA, LLC	Inv. 1062, Water Conservation Webinar, October 2022 1,500.00 Inv. 1070, Water Conservation Webinar, November 2022 1,500.00		3,000.00
21792	H.J. Vast, Inc.	Inv. 5665, Security System Deactivation, October 2022		625.00
21793	Joey C. Soto	Inv. #97, Grant Writing Services, October 2022 (Board approved 06/08/22)		805.00
21794	La Opinion	Inv. 129491022, Water Conservation Ads - October 2022		1,750.00
21795	MadMen Marketing Consultants, LLC	Inv. 0009082, Website Support - June 2021 - March 2022		5,000.00
21796	Media Marketing Services, Inc.	Inv. USG W221128, Bottled Water Program		3,297.00
21797	San Gabriel Valley Newspaper	Inv. 0000554449, WaterFest Ads, October 2022		6,590.40
21798	Spectrum Reach/Charter	Inv. 500011086, WaterFest 2022 Save the Date Ads 1,500.00 Inv. 500011087, WaterFest 2022 Ads 1,801.20		3,301.20
21799	Stetson Engineers, Inc.	Inv. 2533-199, General Engineering Support Services, October 2022		9,019.80
21800	Upper District Revolving Fund	Replenish Revolving Fund Account - November 2022 Office Supplies 115.62 Computer Systems/Equipment/Maintenance/Insurance/Outside Services 1,613.37 Director's Outreach 100.00 Meeting/Travel/Conferences/Dues/Assesments/Memberships 1,183.92 Telephone/Utilities/Building Maintenance 3,448.75 Water Conservation Program Expenses 2,051.56 Medical/ODA Reimbursement/Processing Fee/Retirement Plan/Overdeposit 6,391.97 (Previously paid 12/02/22)		14,905.19
21801	U.S. Bank Corporate Payment System	CalCard Changes through 11/22/22 Meetings, Travel, Conferences 1,804.28 Computer Systems/Office Equipment/Supplies/Maintenance & Service/Utilities 3,299.93 Conservation Program Expenses, Education and Outreach 912.98		6,017.19
21802	WLC Architects	Inv. 22, Construction Administration Services, October 2022 (Board approved 08/12/20)		4,500.00

21803	World Journal LA, LLC	Inv. 3717682, WaterFest 2022 Ad, October 2022		1,360.00
21804	Aleshire & Wynder, LLP	Professional Services, November 2022 Inv. 72585, Retainer Inv. 72586, Transactional Fees Inv. 72587, Transactional Fees <i>(Board approved 04/13/22)</i>	4,267.00 157.60 <u>5,580.50</u>	10,005.10
21805	Upper District Payroll Fund	Inv. OCT 22, Reimbursement for Payroll and Payroll Taxes for Employees Inv. OCT 22D, Reimbursement for Payroll Taxes for Directors <i>(Previously paid 12/02/22)</i>	120,916.15 <u>6,908.16</u>	127,824.31
21806	Anthony Fellow	Director's Compensation, November 2022 9 Days District Business 10 Days MWD Business Meeting/Travel Expenses/Allowance Less Deferred Comp. Less Taxes Withheld	2,295.00 2,550.00 516.87 (500.00) <u>(1,535.77)</u>	3,326.10
21807	Edward Chavez	Director's Compensation, November 2022 10 Days District Business Meeting/Travel Expenses/Allowance Less Deferred Comp. Less Taxes Withheld	2,550.00 1,467.44 (1,610.00) <u>(1,401.77)</u>	1,005.67
21808	Charles M. Treviño	Director's Compensation, November 2022 8 Days District Business Meeting/Travel Expenses/Allowance Less Deferred Comp. Less Taxes Withheld	2,040.00 516.87 (500.00) <u>(427.57)</u>	1,629.30
21809	Jennifer Santana	Director's Compensation, November 2022 6 Days District Business Meeting/Travel Expenses/Allowance Less Deferred Comp. Less Taxes Withheld	1,530.00 516.87 (1,850.00) <u>(194.84)</u>	2.03
			<b>TOTAL</b>	<b><u>\$ 378,287.59</u></b>

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Board of Directors  
Upper San Gabriel Valley Municipal Water District

Submitted herewith for action by the Board of Directors of the Upper San Gabriel Valley Municipal Water District are the following demands on the District's Water Fund Account at Citizens Business Bank:

1073	Central Basin MWD	Invoice No. USGV-OCT22, Purchase of 7.1 AF of Recycled Water in September 2022 <i>(Previously paid 11/16/22)</i>	\$	5,142.91
1074	City of Industry City Hall	Invoice No. OCT-22, Purchase of 51.4 AF of Recycled Water in October 2022		16,242.40
1075	City of Industry City Hall	Invoice No. OCT-22CIP, CIP Charge for October 2022 @ \$98 per AF		5,037.20
1076	Metropolitan Water District	Invoice No. 10954, Purchase of 292.8 AF of Treated Water and 14,708.5 AF of Untreated Water in October 2022		12,322,142.75
1077	San Gabriel Valley MWD	Invoice No. 546, 98.55 AF of Water Delivered through the Alhambra/MWD Exchange Agreement in October 2022 @ \$200 per AF		19,710.00
1078	Suburban Water System	Invoice No. 6705, Phase IIB Normal Operating Charge, November 2022		1,667.76
			<b>TOTAL</b>	<b>\$ 12,369,943.02</b>

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UPPER SAN GABRIEL VALLEY MWD  
FINANCIAL SUMMARY FOR OCTOBER 31, 2022

Expenses	FY ACTUAL MONTH	FY ACTUAL YEAR-TO-DATE	FY 2022-23 BUDGET	AMOUNT OF BUDGET REMAINING	PERCENT OF BUDGET REMAINING	Comments
	\$	\$	\$	\$	%	
Administrative Expenses	141,799	801,365	2,530,400	1,729,035	68.3%	YTD expenses include payment of annual contribution to CalPERS related to Upper District's unfunded accrued liability.
Water Conservation Program	132,744	628,507	2,024,900	1,396,393	69.0%	YTD expenses include about \$108K of FY 21/22 public outreach expenses.
Stormwater Program	3,392	13,568	40,700	27,132	66.7%	
Water Recycling Program	444,489	790,945	1,878,900	1,087,955	57.9%	
Water Quality and Supply Program	35,123	191,452	599,900	408,448	68.1%	
Water Purchases	651,624	4,361,834	30,917,600	26,555,766	85.9%	Expenses for the month consist of 550 AF of treated water purchases for the month of August.
Operating Expenses	1,409,171	6,787,671	37,992,400	31,204,729	82.1%	
Operating Revenue	1,345,929	6,766,910	38,202,200	31,435,290	82.3%	Revenue for the month consists of 550 AF of treated water sales for the month of August.
Net Reserve Activity from Operations (-/+)	(63,242)	(20,761)	209,800	n/a	n/a	
Capital Expenditures	635,082	1,546,663	772,000	(774,663)	-100.3%	YTD expenses include new office building renovation expenses carried over from prior year.
Capital Program Revenue	-	-	-	-	0.0%	
Net Change in Cash Due to Capital Outlays	(635,082)	(1,546,663)	(772,000)	n/a	n/a	
Total Change in Fund Balances	\$ (698,324)	\$ (1,567,424)	\$ (562,200)	n/a	n/a	

UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT  
MONTHLY FINANCIAL STATEMENT AND BUDGET COMPARISON  
FOR THE MONTH ENDED OCTOBER 30, 2022

	FY ACTUAL MONTH	FY ACTUAL YEAR-TO-DATE	FY 2022-23 BUDGET	AMOUNT OF BUDGET REMAINING	PERCENT OF BUDGET REMAINING
<b>ADMINISTRATIVE AND OPERATING REVENUES</b>					
<b>Water Rate Revenues</b>					
Tier 1 Treated	887,310	2,857,147	3,520,500	663,353	19%
Tier 1 Untreated	-	904,953	23,970,000	23,065,047	96%
Upper Surcharge Tier 1 Treated	78,666	253,514	309,000	55,486	18%
Upper Surcharge Tier 1 Untreated	-	269,533	3,090,000	2,820,467	91%
MWD Capacity Charge Revenue	72,285	147,620	349,800	202,180	58%
Gross MWD Standby Charge-Revenue Reconciliation	-	743,109	1,894,000	1,150,891	61%
MSGB Watermaster-Ready-to-Serve	6,300	25,200	75,600	50,400	67%
<b>Sub Total</b>	<b>1,044,561</b>	<b>5,201,076</b>	<b>33,208,900</b>	<b>28,007,824</b>	<b>84%</b>
<b>Revolving Revenue</b>					
MSGB Watermaster-SG River Watermaster	-	98,500	105,000	6,500	6%
<b>Sub Total</b>	<b>-</b>	<b>98,500</b>	<b>105,000</b>	<b>6,500</b>	<b>6%</b>
<b>Other Administrative Revenues</b>					
Interest/Investment Earnings	25,079	(2,513)	35,400	37,913	107%
Taxes	-	112,214	500,000	387,786	78%
Other Income (Loss)	-	11,246	24,000	12,754	53%
<b>Sub Total</b>	<b>25,079</b>	<b>120,947</b>	<b>559,400</b>	<b>438,453</b>	<b>78%</b>
<b>TOTAL ADMINISTRATIVE REVENUES</b>	<b>1,069,640</b>	<b>5,420,523</b>	<b>33,873,300</b>	<b>28,452,777</b>	<b>84%</b>
<b>CAPITAL PROJECT FUND REVENUES</b>					
<b>Recycled Water Revenues</b>					
Recycled Water Sales	48,517	217,129	465,000	247,871	53%
Upper Recycled Water Surcharge Revenue	189,093	786,559	1,098,000	311,441	28%
Metropolitan Water District LRP Funds	19,304	64,215	106,000	41,785	39%
Parcel/Standby Charge	-	64,971	2,050,000	1,985,029	97%
Prop 84 Passthrough Grant	3,780	4,320	-	(4,320)	0%
Interest/Investment Earnings	2,438	(736)	6,000	6,736	112%
<b>Sub Total</b>	<b>263,132</b>	<b>1,136,458</b>	<b>3,725,000</b>	<b>2,588,542</b>	<b>69%</b>
<b>Capital Program Revenues</b>					
Grants - Other	-	-	-	-	0%
<b>Sub Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>
<b>Water Conservation Revenues</b>					
Conservation Program Contributions	8,158	210,278	570,000	359,722	63%
<b>Sub Total</b>	<b>8,158</b>	<b>210,278</b>	<b>570,000</b>	<b>359,722</b>	<b>63%</b>
<b>TOTAL CAPITAL PROJECT FUND REVENUES</b>	<b>271,290</b>	<b>1,346,736</b>	<b>4,295,000</b>	<b>2,948,264</b>	<b>69%</b>
<b>OTHER FUND REVENUES</b>					
<b>Water Quality and Supply Program Revenues</b>					
Interest/Investment Earnings	3,877	(145)	31,600	31,745	100%
<b>Sub Total</b>	<b>3,877</b>	<b>(145)</b>	<b>31,600</b>	<b>31,745</b>	<b>100%</b>
<b>Rate Stabilization Fund Revenues</b>					
Interest/Investment Earnings	1,122	(204)	2,300	2,504	109%
<b>Sub Total</b>	<b>1,122</b>	<b>(204)</b>	<b>2,300</b>	<b>2,504</b>	<b>109%</b>
<b>TOTAL OTHER FUND REVENUES</b>	<b>4,999</b>	<b>(349)</b>	<b>33,900</b>	<b>34,249</b>	<b>101%</b>
<b>TOTAL REVENUES</b>	<b>1,345,929</b>	<b>6,766,910</b>	<b>38,202,200</b>	<b>31,435,290</b>	<b>82%</b>

UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT  
MONTHLY FINANCIAL STATEMENT AND BUDGET COMPARISON  
FOR THE MONTH ENDED OCTOBER 30, 2022

Page 2

	FY ACTUAL MONTH	FY ACTUAL YEAR-TO-DATE	FY 2022-23 BUDGET	AMOUNT OF BUDGET REMAINING	PERCENT OF BUDGET REMAINING
<b>ADMINISTRATIVE AND OPERATING EXPENSES</b>					
<b>Personnel Expenses</b>					
Employee Salaries	100,294	429,503	1,416,000	986,497	70%
Employee Benefits	17,858	79,553	278,000	198,447	71%
Retired Employee Benefits	6,532	30,514	100,000	69,486	69%
Employee Travel/Conference	3,391	10,856	50,000	39,144	78%
<b>Sub Total</b>	<b>128,075</b>	<b>550,426</b>	<b>1,844,000</b>	<b>1,293,574</b>	<b>70%</b>
<b>Director Expenses</b>					
Director Compensation	27,850	68,745	216,000	147,255	68%
Director Benefits	14,007	48,848	170,000	121,152	71%
Retired Director Benefits	1,335	5,531	32,000	26,469	83%
Director Public Outreach	2,316	5,573	25,000	19,427	78%
Director Travel/Conference	4,321	9,792	50,000	40,208	80%
<b>Sub Total</b>	<b>49,829</b>	<b>138,489</b>	<b>493,000</b>	<b>354,511</b>	<b>72%</b>
<b>Pension Expense</b>					
CalPERS-Employees, Directors, Retirees	11,633	288,455	450,000	161,545	36%
<b>Sub Total</b>	<b>11,633</b>	<b>288,455</b>	<b>450,000</b>	<b>161,545</b>	<b>36%</b>
<b>Office Expenses</b>					
Office Supplies/Equipment	2,409	10,348	40,000	29,652	74%
Equipment Operations & Maintenance	1,184	8,721	26,000	17,279	66%
Computer Systems	298	8,429	60,000	51,571	86%
Dues and Assessments	-	13,816	75,000	61,184	82%
Meeting Expense	360	1,713	35,000	33,287	95%
<b>Sub Total</b>	<b>4,251</b>	<b>43,027</b>	<b>236,000</b>	<b>192,973</b>	<b>82%</b>
<b>Facility Expenses</b>					
Building Maintenance	2,079	3,514	45,000	41,486	92%
Liability/Property Insurance	-	13,292	65,000	51,708	80%
Office Lease	20,751	62,253	21,000	(41,253)	-196%
Telephone/Utilities	1,901	5,557	55,000	49,443	90%
<b>Sub Total</b>	<b>24,731</b>	<b>84,616</b>	<b>186,000</b>	<b>101,384</b>	<b>55%</b>
<b>Professional Services</b>					
Legal/Financial	8,239	27,696	105,000	77,304	74%
Engineering	12,710	50,583	120,000	69,417	58%
Auditor	-	10,500	30,000	19,500	65%
Outside Services	2,673	8,941	55,000	46,059	84%
Public Information/Outreach	-	-	3,500	3,500	100%
<b>Sub Total</b>	<b>23,622</b>	<b>97,720</b>	<b>313,500</b>	<b>215,780</b>	<b>69%</b>
<b>Other Expenses</b>					
Election Costs	-	-	212,000	212,000	100%
<b>Sub Total</b>	<b>-</b>	<b>-</b>	<b>212,000</b>	<b>212,000</b>	<b>100%</b>
<b>Allocation to Projects and Programs</b>					
Salaries/Overhead Allocated to Projects	(100,342)	(401,368)	(1,204,100)	(802,732)	67%
<b>Sub Total</b>	<b>(100,342)</b>	<b>(401,368)</b>	<b>(1,204,100)</b>	<b>(802,732)</b>	<b>67%</b>
<b>TOTAL</b>	<b>141,799</b>	<b>801,365</b>	<b>2,530,400</b>	<b>1,729,035</b>	<b>68%</b>
<b>Water Purchases</b>					
Tier 1 Treated	651,624	2,637,247	3,520,500	883,253	25%
Tier 1 Untreated	-	618,550	23,970,000	23,351,450	97%
MWD Capacity Charge	-	88,755	349,800	261,045	75%
MWD Ready-to-Serve Charge	-	918,782	2,972,300	2,053,518	69%
<b>Sub Total</b>	<b>651,624</b>	<b>4,263,334</b>	<b>30,812,600</b>	<b>26,549,266</b>	<b>86%</b>
<b>Revolving Expenses</b>					
San Gabriel River Watermaster	-	98,500	105,000	6,500	6%
<b>Sub Total</b>	<b>-</b>	<b>98,500</b>	<b>105,000</b>	<b>6,500</b>	<b>6%</b>
<b>TOTAL</b>	<b>651,624</b>	<b>4,361,834</b>	<b>30,917,600</b>	<b>26,555,766</b>	<b>86%</b>
<b>TOTAL ADMINISTRATIVE EXPENSES</b>	<b>793,423</b>	<b>5,163,199</b>	<b>33,448,000</b>	<b>28,284,801</b>	<b>85%</b>

UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT  
MONTHLY FINANCIAL STATEMENT AND BUDGET COMPARISON  
FOR THE MONTH ENDED OCTOBER 30, 2022

	FY ACTUAL MONTH	FY ACTUAL YEAR-TO-DATE	FY 2022-23 BUDGET	AMOUNT OF BUDGET REMAINING	PERCENT OF BUDGET REMAINING
<b>RECYCLED WATER PROGRAM EXPENSES</b>					
					67% @10-31-22
Water Purchases-Recycled Water	45,231	145,247	465,000	319,753	69%
SWRCB Loan Repayment	86,782	188,281	791,000	602,719	76%
Salaries and Overhead Allocation	-5,175	20,700	62,100	41,400	67%
Standby Charge Development/Implementation	-	3,210	18,200	14,990	82%
Engineering - General	4,372	4,475	45,000	40,525	90%
Lobbyist	7,500	30,000	90,000	60,000	67%
Legal and Financial	-	-	3,000	3,000	100%
Public Information	-	1,433	5,000	3,567	71%
Operation and Maintenance Phase I/IIA	62,196	122,706	273,000	150,294	55%
Operation and Maintenance Phase IIB	9,163	50,823	126,600	75,777	60%
<b>Sub Total</b>	<b>444,489</b>	<b>790,945</b>	<b>1,878,900</b>	<b>1,087,955</b>	<b>58%</b>
<b>TOTAL RECYCLED WATER EXPENSES</b>	<b>444,489</b>	<b>790,945</b>	<b>1,878,900</b>	<b>1,087,955</b>	<b>58%</b>
<b>CAPITAL PROGRAM EXPENSES</b>					
<b>San Gabriel Valley Water Recycling Project</b>					
Direct Reuse Program	-	-	105,000	105,000	100%
USG Connections	-	-	30,000	30,000	100%
Legal and Financial	-	-	2,000	2,000	100%
<b>Sub Total</b>	<b>-</b>	<b>-</b>	<b>137,000</b>	<b>137,000</b>	<b>100%</b>
<b>Other Capital Program Expenses</b>					
District Headquarters	635,082	1,546,663	635,000	(911,663)	-144%
<b>Sub Total</b>	<b>635,082</b>	<b>1,546,663</b>	<b>635,000</b>	<b>(911,663)</b>	<b>-144%</b>
<b>TOTAL CAPITAL PROGRAM EXPENSES</b>	<b>635,082</b>	<b>1,546,663</b>	<b>772,000</b>	<b>(774,663)</b>	<b>-100%</b>
<b>STORMWATER PROGRAM EXPENSES</b>					
<b>Stormwater Program</b>					
Salaries and Overhead Allocation	3,392	13,568	40,700	27,132	67%
<b>Sub Total</b>	<b>3,392</b>	<b>13,568</b>	<b>40,700</b>	<b>27,132</b>	<b>67%</b>
<b>TOTAL STORMWATER EXPENSES</b>	<b>3,392</b>	<b>13,568</b>	<b>40,700</b>	<b>27,132</b>	<b>67%</b>

UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT  
MONTHLY FINANCIAL STATEMENT AND BUDGET COMPARISON  
FOR THE MONTH ENDED OCTOBER 30, 2022

	FY ACTUAL MONTH	FY ACTUAL YEAR-TO-DATE	FY 2022-23 BUDGET	AMOUNT OF BUDGET REMAINING	PERCENT OF BUDGET REMAINING
<b>WATER CONSERVATION PROGRAM EXPENSES</b>					
<b>WATER USE EFFICIENCY</b>					
<u>Residential Programs</u>					
Member Agency Administered Programs	3,240	10,997	200,000	189,003	95%
Regional Rebate Program	5,836	10,844	20,000	9,156	46%
<b>Sub Total</b>	<b>8,876</b>	<b>21,841</b>	<b>220,000</b>	<b>198,159</b>	<b>90%</b>
<u>Commercial/Industrial/Institution Programs</u>					
Member Agency Administered Programs	-	8,850	330,000	321,150	97%
Regional Rebate Program	-	-	20,000	20,000	100%
<b>Sub Total</b>	<b>-</b>	<b>8,850</b>	<b>350,000</b>	<b>341,150</b>	<b>97%</b>
<u>Allocation to Conservation Programs</u>					
Salaries & Overhead	19,942	79,768	239,300	159,532	67%
<b>Sub Total</b>	<b>19,942</b>	<b>79,768</b>	<b>239,300</b>	<b>159,532</b>	<b>67%</b>
<b>TOTAL WATER USE EFFICIENCY EXPENSES</b>	<b>28,818</b>	<b>110,459</b>	<b>809,300</b>	<b>698,841</b>	<b>86%</b>
<b>EDUCATION &amp; COMMUNITY OUTREACH</b>					
<u>Watershed Programs</u>					
Natural Vegetation Restoration Program	-	-	20,000	20,000	100%
<b>Sub Total</b>	<b>-</b>	<b>-</b>	<b>20,000</b>	<b>20,000</b>	<b>100%</b>
<u>Educational Programs</u>					
Water Awareness Youth Art Contests	3,399	5,349	11,000	5,651	51%
Educational Activities	680	20,008	100,000	79,992	80%
Solar Cup	-	-	10,000	10,000	100%
Memberships	-	27,773	130,000	102,227	79%
Educational Materials/Grant Program	-	(510)	55,000	55,510	101%
Educational Outreach Programs/Events	42,944	74,951	130,000	55,049	42%
<b>Sub Total</b>	<b>47,023</b>	<b>127,571</b>	<b>436,000</b>	<b>308,429</b>	<b>71%</b>
<u>Outreach and Information Programs</u>					
Public Workshops/Seminars	3,500	6,750	35,000	28,250	81%
Conservation Devices/Items	618	18,436	40,000	21,564	54%
Bottled Water Program	615	5,757	15,500	9,743	63%
Community/Industry Sponsorships	3,000	12,350	35,000	22,650	65%
Displays/Fairs/Presentations	125	1,022	2,500	1,478	59%
Conferences/Meetings	1,379	4,845	6,500	1,655	25%
Public Information	6,243	153,287	80,000	(73,287)	-92%
Technical Assistance	1,005	30,949	70,000	39,051	56%
Legal/Financial	1,660	2,049	10,000	7,951	80%
<b>Sub Total</b>	<b>18,145</b>	<b>235,445</b>	<b>294,500</b>	<b>59,055</b>	<b>20%</b>
<u>Allocation to Conservation Programs</u>					
Salaries & Overhead	38,758	155,032	465,100	310,068	67%
<b>Sub Total</b>	<b>38,758</b>	<b>155,032</b>	<b>465,100</b>	<b>310,068</b>	<b>67%</b>
<b>TOTAL EDUCATION &amp; COMMUNITY OUTREACH EXPENSES</b>	<b>103,926</b>	<b>518,048</b>	<b>1,215,600</b>	<b>697,552</b>	<b>57%</b>
<b>TOTAL WATER CONSERVATION EXPENSES</b>	<b>132,744</b>	<b>628,507</b>	<b>2,024,900</b>	<b>1,396,393</b>	<b>69%</b>
<b>WATER QUALITY AND SUPPLY PROGRAM EXPENSES</b>					
<u>Policy 9-00-8 Groundwater Remediation Projects</u>					
Engineering for Water Supply Projects	1,331	15,950	42,000	26,050	62%
Legislative Consultant	-	40,214	130,000	89,786	69%
Outside Services	-	-	10,000	10,000	100%
<b>Sub Total</b>	<b>1,331</b>	<b>56,164</b>	<b>182,000</b>	<b>125,836</b>	<b>69%</b>
<u>Other Expenses</u>					
Integrated Resources Plan	-	-	10,000	10,000	100%
Water Supply Reliability Plan/Emergency Preparedness	-	-	5,000	5,000	100%
Legal and Financial	717	2,988	6,000	3,012	50%
Salaries and Overhead Allocation	33,075	132,300	396,900	264,600	67%
<b>Sub Total</b>	<b>33,792</b>	<b>135,288</b>	<b>417,900</b>	<b>282,612</b>	<b>68%</b>
<b>TOTAL WATER QUALITY AND SUPPLY EXPENSES</b>	<b>35,123</b>	<b>191,452</b>	<b>599,900</b>	<b>408,448</b>	<b>68%</b>
<b>TOTAL EXPENSES</b>	<b>2,044,253</b>	<b>8,334,334</b>	<b>38,764,400</b>	<b>30,430,066</b>	<b>79%</b>

**UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT  
SUMMARY OF CASH AND INVESTMENTS  
October 31, 2022**

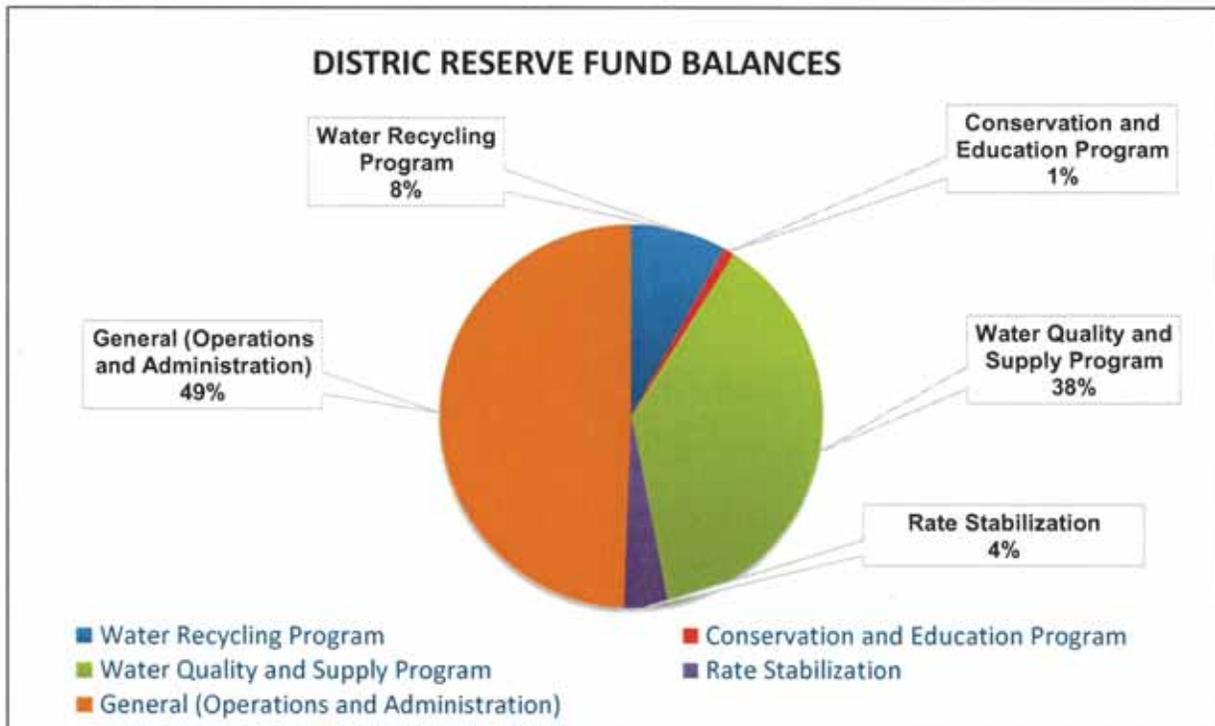
**CASH AND INVESTMENT BALANCES**

	<u>Amount (\$)</u>
<b>Cash Account Balances</b>	
General Fund-Checking	\$ 165,486.52
Water Fund-Checking	727,414.53
Revolving Fund	14,055.07
Revolving Payroll Fund	216,910.87
Total Cash Account Balances	\$ 1,123,866.99
<b>Investment Account Balances</b>	
	<u>Market Value</u>
Local Agency Investment Fund	\$ 10,633,575.32
Other Investments	5,461,835.04
Total Investment Account Balances	\$ 16,095,410.36
	<u>Cost/Book Value</u>
Local Agency Investment Fund	\$ 10,633,575.32
Other Investments	5,703,697.07
Total Investment Account Balances	\$ 16,337,272.39
<b>Total Cash and Investment Balances</b>	<b>\$ 17,219,277.35</b>

**DISTRICT FUND BALANCES**

Capital Program Fund:	
Water Recycling Program	\$ 1,386,310.00
Conservation and Education Program	160,214.00
Water Quality and Supply Program	6,529,264.00
Sub Total	8,075,788.00
Rate Stabilization Fund	632,161.00
General Fund (Operations and Administration)	8,511,328.35
<b>Total Fund Balances</b>	<b>\$ 17,219,277.35</b>

**MANAGEMENT STATEMENT:** It is the opinion of management that all fund balances are in compliance with all applicable statutes and the current investment policy of the District. It is also the opinion of management that projected cash flow liquidity is adequate to meet the next six months of expected obligations of the District.



# California State Treasurer **Fiona Ma, CPA**



Local Agency Investment Fund  
P.O. Box 942809  
Sacramento, CA 94209-0001  
(916) 653-3001

November 03, 2022

[LAIF Home](#)  
[PMIA Average Monthly Yields](#)

UPPER SAN GABRIEL VALLEY MUNICIPAL  
WATER DISTRICT  
GENERAL MANAGER  
602 EAST HUNTINGTON DRIVE, SUITE B  
MONROVIA, CA 91016

[Tran Type Definitions](#)  
//

Account Number: 90-19-021

October 2022 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Web Confirm Number	Authorized Caller	Amount
10/14/2022	10/13/2022	QRD	1715921	N/A	SYSTEM	37,549.86
<b>Account Summary</b>						
Total Deposit:				37,549.86	Beginning Balance:	10,596,025.46
Total Withdrawal:				0.00	Ending Balance:	10,633,575.32



# Upper San Gabriel Valley Municipal Water District - Account #10214

## MONTHLY ACCOUNT STATEMENT

OCTOBER 1, 2022 THROUGH OCTOBER 31, 2022

<b>Chandler Team:</b> For questions about your account, please call (800) 317-4747, or contact <a href="mailto:operations@chandlerasset.com">operations@chandlerasset.com</a>
<b>Custodian</b> US Bank Alexander Bazan (503) 402-5305

**CHANDLER ASSET MANAGEMENT**  
[chandlerasset.com](http://chandlerasset.com)

*Information contained herein is confidential. We urge you to compare this statement to the one you receive from your qualified custodian. Please see Important Disclosures.*



**PORTFOLIO CHARACTERISTICS**

Average Modified Duration	1.33
Average Coupon	1.35%
Average Purchase YTM	1.42%
Average Market YTM	4.57%
Average S&P/Moody Rating	AA+/Aaa
Average Final Maturity	1.38 yrs
Average Life	1.38 yrs

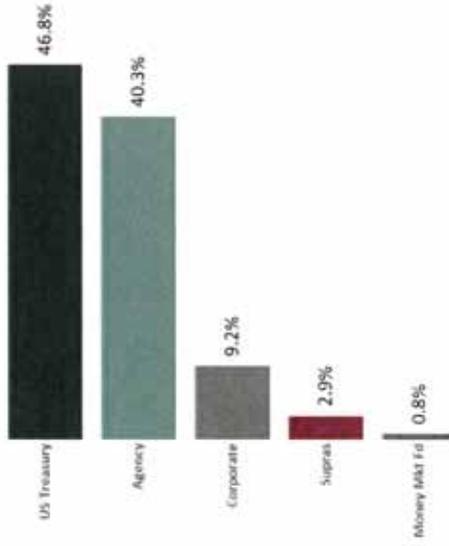
**ACCOUNT SUMMARY**

	Beg. Values as of 9/30/22	End Values as of 10/31/22
Market Value	5,005,481	5,000,030
Accrued Interest	14,459	15,771
<b>Total Market Value</b>	<b>5,019,940</b>	<b>5,015,802</b>
Income Earned	5,351	5,943
Cont/WD	-608	-608
Par	5,208,897	5,212,679
Book Value	5,199,205	5,203,065
Cost Value	5,207,509	5,210,713

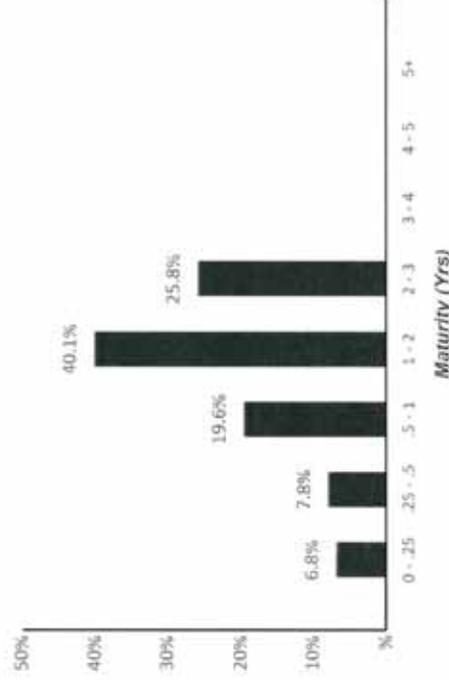
**TOP ISSUERS**

Government of United States	46.8%
Federal Farm Credit Bank	13.1%
Federal Home Loan Bank	12.5%
Federal Home Loan Mortgage Corp	11.4%
Federal National Mortgage Assoc	3.4%
Inter-American Dev Bank	2.9%
Wal-Mart Stores	1.3%
Bank of New York	1.3%
<b>Total</b>	<b>92.6%</b>

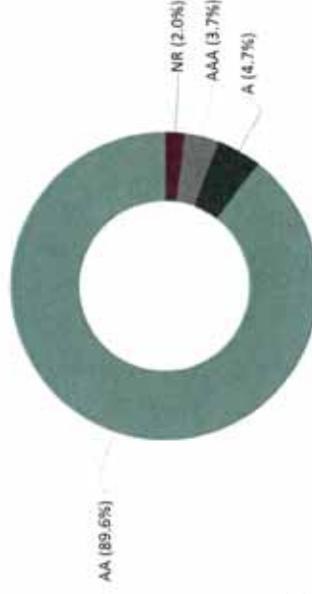
**SECTOR ALLOCATION**



**MATURITY DISTRIBUTION**



**CREDIT QUALITY (S&P)**



**PERFORMANCE REVIEW**

**TOTAL RATE OF RETURN**

Upper San Gabriel Valley Municipal Water District	1M	3M	YTD	1YR	2YRS	3YRS	5YRS	10YRS	5/31/2014
ICE BofA 0-3 Yr US Treasury Index*	-0.07%	-1.27%	-2.93%	-3.07%	-1.58%	-0.19%	0.85%	N/A	0.79%
	-0.02%	-1.27%	-3.05%	-3.21%	-1.68%	-0.27%	0.74%	N/A	0.71%

**Annualized**

\*ICE BofA 1-3 Yr US Treasury & Agency Index to 3/31/19

# Statement of Compliance

As of October 31, 2022



## Upper San Gabriel Valley Municipal Water District

Assets managed by Chandler Asset Management are in full compliance with state law and with the District's investment policy.

Category	Standard	Comment
U.S. Treasuries	No limitation; 5 year max maturity	Complies
Federal Agencies	60% max for Federal Agency obligations that do not have a guarantee by the U.S. Government; No limitation for Federal Agencies guaranteed by the U.S. Government; 5 year maximum maturity	Complies
Supranational Obligations	"AA" rating category or higher by a NRSRO; 30% max; 10% max per issuer; USD denominated senior unsecured unsubordinated obligations; Issued or unconditionally guaranteed by IBRD, IFC, or IADB	Complies
Corporate Notes and Bonds	"A" rating category or better by a NRSRO for maturities 2 years or less; "AA" rated or better by a NRSRO for maturities greater than 2 years; 30% max; 5% max per issuer; Corporations organized and operating within the U.S. or by depository institutions licensed by the U.S. or any state and operating within the U.S.; 5 years max maturity	Complies
Negotiable Certificates of Deposit	"F1" or higher rating by Fitch; 1 year maximum maturity; Credit requirements may be waived for any time deposit that is FDIC insured	Complies
Certificates of Deposit/ Time Deposits	"F1" or higher rating by Fitch; 1 year max maturity; Credit requirements may be waived for any time deposit that is FDIC insured	Complies
Local Agency Investment Fund (LAIF)	Maximum amount permitted by State Treasury policy	Complies
Local Government Investment Pools		Complies
Money Market Mutual Funds	Registered with SEC under Investment Company Act of 1940, provided that Funds meet either of the following criteria: (i) Highest rating by two NRSROs; or (ii) Retained an investment adviser registered or exempt from SEC registration with > 5 years experience managing money market mutual funds with AUM >\$500 million; 20% max in Money Market Funds	Complies
Maximum Maturity	5 years	Complies



BOOK VALUE RECONCILIATION		BEGINNING BOOK VALUE	\$5,199,205.03
<b>Acquisition</b>			
+ Security Purchases	\$174,793.25		
+ Money Market Fund Purchases	\$204,183.50		
+ Money Market Contributions	\$0.00		
+ Security Contributions	\$0.00		
+ Security Transfers	\$0.00		
<b>Total Acquisitions</b>			<b>\$378,976.75</b>
<b>Dispositions</b>			
- Security Sales	\$99,871.09		
- Money Market Fund Sales	\$174,793.25		
- MMF Withdrawals	\$608.00		
- Security Withdrawals	\$0.00		
- Security Transfers	\$0.00		
- Other Dispositions	\$0.00		
- Maturities	\$100,000.00		
- Calls	\$0.00		
- Principal Paydowns	\$0.00		
<b>Total Dispositions</b>			<b>\$375,272.34</b>
<b>Amortization/Accretion</b>			
+/- Net Accretion	\$318.21		\$318.21
<b>Gain/Loss on Dispositions</b>			
+/- Realized Gain/Loss	(\$162.89)		(\$162.89)
<b>ENDING BOOK VALUE</b>			<b>\$5,203,064.76</b>

CASH TRANSACTION SUMMARY		BEGINNING BALANCE	\$8,896.69
<b>Acquisition</b>			
Contributions	\$0.00		
Security Sale Proceeds	\$99,871.09		
Accrued Interest Received	\$819.67		
Interest Received	\$3,402.50		
Dividend Received	\$90.24		
Principal on Maturities	\$100,000.00		
Interest on Maturities	\$0.00		
Calls/Redemption (Principal)	\$0.00		
Interest from Calls/Redemption	\$0.00		
Principal Paydown	\$0.00		
<b>Total Acquisitions</b>		<b>\$204,183.50</b>	
<b>Dispositions</b>			
Withdrawals	\$608.00		
Security Purchase	\$174,793.25		
Accrued Interest Paid	\$0.00		
<b>Total Dispositions</b>		<b>\$175,401.25</b>	
<b>ENDING BOOK VALUE</b>			<b>\$37,678.94</b>

Upper San Gabriel Valley Municipal Water District

Holdings Report

Account #10214

As of October 31, 2022



CUSIP	Security Description	Par Value/Units	Purchase Date	Cost Value	Mkt Price	Market Value	% of Port.	Moody/S&P	Maturity
AGENCY		Book Yield	Book Value	Mkt YTM	Accrued Int.	Gain/Loss	Fitch	Duration	
3130AFE78	FHLB Note 3% Due 12/9/2022	100,000.00	12/20/2018	100,868.00	99.89	99,887.90	2.02%	Aaa / AA+	0.11
			2.77%	100,022.76	4.02%	1,183.33	(134.86)	AAA	0.11
3133ELJH8	FFCB Note 1.6% Due 1/23/2023	100,000.00	03/03/2020	102,332.00	99.36	99,364.20	1.99%	Aaa / AA+	0.23
			0.78%	100,183.47	4.40%	435.56	(819.27)	AAA	0.23
3133EMPH9	FFCB Note 0.125% Due 2/3/2023	80,000.00	01/26/2021	79,955.20	98.96	79,167.44	1.58%	Aaa / AA+	0.26
			0.15%	79,994.23	4.24%	24.44	(826.79)	AAA	0.25
313382AX1	FHLB Note 2.125% Due 3/10/2023	195,000.00	Various	203,061.40	99.23	193,491.48	3.87%	Aaa / AA+	0.36
			0.72%	195,954.38	4.30%	587.03	(2,462.90)	AAA	0.35
3137EAER6	FHLMC Note 0.375% Due 5/5/2023	95,000.00	05/05/2020	94,960.10	97.87	92,978.88	1.86%	Aaa / AA+	0.51
			0.39%	94,993.25	4.63%	174.17	(2,014.37)	AAA	0.50
3135G04Q3	FNMA Note 0.25% Due 5/22/2023	105,000.00	05/20/2020	104,683.95	97.63	102,509.51	2.05%	Aaa / AA+	0.56
			0.35%	104,941.70	4.60%	115.94	(2,432.19)	AAA	0.55
3137EAES4	FHLMC Note 0.25% Due 6/26/2023	100,000.00	09/24/2020	100,044.00	97.24	97,239.60	1.94%	Aaa / AA+	0.65
			0.23%	100,010.39	4.59%	86.81	(2,770.79)	AAA	0.64
3135G05G4	FNMA Note 0.25% Due 7/10/2023	70,000.00	07/08/2020	69,849.50	97.02	67,914.21	1.36%	Aaa / AA+	0.69
			0.32%	69,965.50	4.68%	53.96	(2,051.29)	AAA	0.68
3137EAEV7	FHLMC Note 0.25% Due 8/24/2023	95,000.00	08/19/2020	94,903.10	96.45	91,625.89	1.83%	Aaa / AA+	0.81
			0.28%	94,973.88	4.75%	44.20	(3,347.99)	AAA	0.79
3133ENJ68	FFCB Note 3.25% Due 9/1/2023	100,000.00	08/29/2022	99,810.00	98.83	98,833.40	1.98%	Aaa / NR	0.84
			3.44%	99,841.75	4.69%	541.67	(1,008.35)	NR	0.81
3137EAEW5	FHLMC Note 0.25% Due 9/8/2023	65,000.00	09/02/2020	64,978.55	96.33	62,611.38	1.25%	Aaa / AA+	0.85
			0.26%	64,993.93	4.70%	23.92	(2,382.55)	AAA	0.83
3137EAAY1	FHLMC Note 0.125% Due 10/16/2023	80,000.00	10/14/2020	79,701.60	95.67	76,538.64	1.53%	Aaa / AA+	0.96
			0.25%	79,904.89	4.80%	4.17	(3,366.25)	AAA	0.94
3137EAZ8	FHLMC Note 0.25% Due 11/6/2023	105,000.00	11/03/2020	104,905.50	95.54	100,321.73	2.00%	Aaa / AA+	1.02
			0.28%	104,968.10	4.80%	127.60	(4,646.37)	AAA	0.99
3137EAF2A	FHLMC Note 0.25% Due 12/4/2023	50,000.00	12/02/2020	49,950.50	95.38	47,691.80	0.95%	Aaa / AA+	1.09
			0.28%	49,982.01	4.64%	51.04	(2,290.21)	AAA	1.07
3130AT7D3	FHLB Note 3.5% Due 12/8/2023	60,000.00	09/27/2022	59,307.54	98.65	59,187.60	1.19%	Aaa / AA+	1.10
			4.51%	59,361.54	4.78%	350.00	(173.94)	NR	1.06
3133EMRZ7	FFCB Note 0.25% Due 2/26/2024	85,000.00	02/22/2021	84,969.40	94.51	80,330.87	1.60%	Aaa / AA+	1.32
			0.26%	84,986.53	4.59%	38.37	(4,655.66)	AAA	1.29

Upper San Gabriel Valley Municipal Water District

Holdings Report

Account #10214

As of October 31, 2022



CUSIP	Security Description	Par Value/Units	Purchase Date	Cost Value	Mkt Price	Market Value	% of Port.	Moody/S&P	Maturity
AGENCY			Book Yield	Book Value	Mkt YTM	Accrued Int.	Gain/Loss	Fitch	Duration
3130A0XE5	FHLB Note 3.25% Due 3/8/2024	70,000.00	06/13/2022	70,016.80	98.02	68,612.53	1.37%	Aaa / AA+	1.35
			3.23%	70,013.08	4.78%	334.93	(1,400.55)	NR	1.30
3130ASDS5	FHLB Note 2.75% Due 6/28/2024	60,000.00	06/09/2022	59,860.80	96.79	58,076.46	1.17%	Aaa / AA+	1.66
			2.87%	59,887.56	4.78%	646.25	(1,811.10)	NR	1.58
3130ATT31	FHLB Note 4.5% Due 10/3/2024	75,000.00	10/27/2022	74,918.25	99.70	74,771.78	1.49%	Aaa / AA+	1.93
			4.56%	74,918.71	4.67%	28.13	(146.93)	NR	1.82
3133ENS43	FFCB Note 4.375% Due 10/17/2024	100,000.00	10/11/2022	99,875.00	99.51	99,510.30	1.99%	Aaa / AA+	1.96
			4.44%	99,877.56	4.64%	170.14	(367.26)	AAA	1.85
3130AQF40	FHLB Note 1% Due 12/20/2024	75,000.00	12/21/2021	74,934.00	92.65	69,487.05	1.39%	Aaa / AA+	2.14
			1.03%	74,952.94	4.65%	272.92	(5,465.89)	AAA	2.06
3133ENKS8	FFCB Note 1.125% Due 1/6/2025	40,000.00	01/06/2022	39,910.00	92.78	37,111.20	0.74%	Aaa / AA+	2.19
			1.20%	39,934.25	4.65%	143.75	(2,823.05)	AAA	2.10
3133ENPG9	FFCB Note 1.75% Due 2/14/2025	70,000.00	02/10/2022	69,813.10	93.89	65,720.83	1.32%	Aaa / AA+	2.29
			1.84%	69,857.31	4.60%	262.01	(4,136.48)	AAA	2.19
3133ENPY0	FFCB Note 1.75% Due 2/25/2025	100,000.00	03/09/2022	99,578.00	93.79	93,789.10	1.88%	Aaa / AA+	2.32
			1.90%	99,669.65	4.61%	320.83	(5,880.55)	AAA	2.22
<b>Total Agency</b>		<b>2,075,000.00</b>	<b>1.44%</b>	<b>2,083,186.29</b>	<b>4.58%</b>	<b>2,016,773.78</b>	<b>40.33%</b>	<b>Aaa / AA+</b>	<b>1.03</b>
				<b>2,074,189.37</b>		<b>6,021.17</b>	<b>(57,415.59)</b>	<b>AAA</b>	<b>0.99</b>

<b>CORPORATE</b>									
89236TJD8	Toyota Motor Credit Corp Note 0.4% Due 4/6/2023	20,000.00	04/06/2021	19,983.80	98.20	19,639.18	0.39%	A1 / A+	0.43
			0.44%	19,996.52	4.67%	5.56	(357.34)	A+	0.42
14913R2S5	Caterpillar Financial Service Note 0.95% Due 1/10/2024	50,000.00	01/14/2022	49,886.00	95.45	47,725.75	0.95%	A2 / A	1.19
			1.07%	49,931.22	4.93%	146.46	(2,205.47)	A	1.16
24422EVN6	John Deere Capital Corp Note 0.45% Due 1/17/2024	50,000.00	03/09/2022	48,619.50	94.89	47,444.90	0.95%	A2 / A	1.21
			1.98%	49,098.70	4.84%	65.00	(1,653.80)	A	1.18
09247XAL5	Blackrock Inc Note 3.5% Due 3/18/2024	50,000.00	05/11/2022	50,606.50	98.08	49,039.30	0.98%	Aa3 / AA-	1.38
			2.82%	50,451.95	4.95%	209.03	(1,412.65)	NR	1.32
023135BW5	Amazon.com Inc Note 0.45% Due 5/12/2024	40,000.00	05/10/2021	39,941.60	93.76	37,502.52	0.75%	A1 / AA	1.53
			0.50%	39,970.27	4.73%	84.50	(2,467.75)	AA-	1.49
69371RR81	Paccar Financial Corp Note 3.15% Due 6/13/2024	60,000.00	06/06/2022	59,986.20	97.04	58,224.18	1.18%	A1 / A+	1.62
			3.16%	59,988.86	5.08%	724.50	(1,764.68)	NR	1.53

Upper San Gabriel Valley Municipal Water District

Holdings Report

Account #10214

As of October 31, 2022



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
<b>CORPORATE</b>									
037833BG4	Apple Inc Note 3.2% Due 5/13/2025	50,000.00	05/11/2022 3.02%	50,260.50 50,219.62	96.23 4.80%	48,115.05 746.67	0.97% (2,104.57)	Aaa / AA+ NR	2.53 2.36
064068BF3	Bank of NY Mellon Corp Callable Note Cont 6/13/2024 3.43% Due 6/13/2025	65,000.00	06/08/2022 3.43%	65,000.00 65,000.00	96.98 4.73%	63,039.28 854.64	1.27% (1,960.72)	A1 / A AA-	2.62 2.43
194162AM5	Colgate Palmolive Co. Note 3.1% Due 8/15/2025	25,000.00	08/01/2022 3.13%	24,977.00 24,978.75	95.88 4.69%	23,970.00 176.53	0.48% (1,008.75)	Aa3 / AA-NR	2.79 2.61
931142EW9	Wal-Mart Stores Note 3.9% Due 9/9/2025	65,000.00	Various 3.84%	65,103.50 65,098.50	97.92 4.68%	63,649.69 366.17	1.28% (1,448.81)	Aa2 / AA AA	2.86 2.65
<b>Total Corporate</b>		<b>475,000.00</b>	<b>2.56%</b>	<b>474,364.60</b> <b>474,734.39</b>	<b>4.83%</b>	<b>458,349.85</b> <b>3,379.06</b>	<b>9.21%</b> <b>(16,384.54)</b>	<b>A1 / AA-</b> <b>A+</b>	<b>1.92</b> <b>1.81</b>
<b>MONEY MARKET FUND</b>									
31846V203	First American Govt Obligation Fund Class Y	37,678.94	Various 2.61%	37,678.94 37,678.94	1.00 2.61%	37,678.94 0.00	0.75% 0.00	Aaa / AAA AAA	0.00 0.00
<b>Total Money Market Fund</b>		<b>37,678.94</b>	<b>2.61%</b>	<b>37,678.94</b> <b>37,678.94</b>	<b>2.61%</b>	<b>37,678.94</b> <b>0.00</b>	<b>0.75%</b> <b>0.00</b>	<b>Aaa / AAA</b> <b>AAA</b>	<b>0.00</b> <b>0.00</b>
<b>SUPRANATIONAL</b>									
4581X0DM7	Inter-American Dev Bank Note 0.5% Due 5/24/2023	100,000.00	08/11/2022 3.21%	97,944.00 98,512.68	97.76 4.56%	97,764.00 218.06	1.95% (748.68)	Aaa / AAA NR	0.56 0.55
4581X0EE4	Inter-American Dev Bank Note 3.25% Due 7/1/2024	50,000.00	06/22/2022 3.26%	49,995.00 49,995.84	97.61 4.75%	48,807.35 541.67	0.98% (1,188.49)	Aaa / AAA AAA	1.67 1.58
<b>Total Supranational</b>		<b>150,000.00</b>	<b>3.22%</b>	<b>147,939.00</b> <b>148,508.52</b>	<b>4.63%</b>	<b>146,571.35</b> <b>759.73</b>	<b>2.94%</b> <b>(1,937.17)</b>	<b>Aaa / AAA</b> <b>AAA</b>	<b>0.93</b> <b>0.90</b>
<b>US TREASURY</b>									
912828YW4	US Treasury Note 1.625% Due 12/15/2022	100,000.00	01/16/2020 1.57%	100,156.25 100,006.47	99.76 3.58%	99,758.20 617.14	2.00% (248.27)	Aaa / AA+ AAA	0.12 0.12
9128284D9	US Treasury Note 2.5% Due 3/31/2023	100,000.00	07/25/2022 3.05%	99,628.91 99,775.55	99.27 4.27%	99,273.40 219.78	1.98% (502.15)	Aaa / AA+ AAA	0.41 0.41

Upper San Gabriel Valley Municipal Water District

Holdings Report

Account #10214

As of October 31, 2022



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
<b>US TREASURY</b>									
91282CAK7	US Treasury Note 0.125% Due 9/15/2023	100,000.00	05/28/2021 0.19%	99,855.47 99,945.29	96.16 4.67%	96,156.20 16.23	1.92% (3,789.09)	Aaa / AA+ AAA	0.87 0.85
91282CAP6	US Treasury Note 0.125% Due 10/15/2023	100,000.00	11/09/2020 0.24%	99,660.16 99,889.37	95.81 4.66%	95,808.60 5.84	1.91% (4,080.77)	Aaa / AA+ AAA	0.96 0.93
91282CAW1	US Treasury Note 0.25% Due 11/15/2023	100,000.00	06/17/2021 0.29%	99,906.25 99,959.62	95.56 4.67%	95,562.50 115.49	1.91% (4,397.12)	Aaa / AA+ AAA	1.04 1.02
91282CBA8	US Treasury Note 0.125% Due 12/15/2023	100,000.00	12/17/2020 0.19%	99,816.41 99,931.05	95.11 4.64%	95,113.30 47.47	1.90% (4,817.75)	Aaa / AA+ AAA	1.12 1.10
91282CBE0	US Treasury Note 0.125% Due 1/15/2024	100,000.00	01/12/2021 0.24%	99,644.53 99,857.16	94.68 4.72%	94,675.80 37.02	1.89% (5,181.36)	Aaa / AA+ AAA	1.21 1.18
91282CBM2	US Treasury Note 0.125% Due 2/15/2024	100,000.00	02/16/2021 0.20%	99,761.72 99,897.32	94.37 4.67%	94,371.10 26.49	1.88% (5,526.22)	Aaa / AA+ AAA	1.29 1.26
91282CBR1	US Treasury Note 0.25% Due 3/15/2024	100,000.00	03/10/2021 0.33%	99,769.53 99,894.86	94.18 4.67%	94,183.60 32.46	1.88% (5,711.26)	Aaa / AA+ AAA	1.37 1.34
91282CBV2	US Treasury Note 0.375% Due 4/15/2024	100,000.00	04/14/2021 0.36%	100,035.16 100,017.03	94.00 4.69%	94,000.00 17.51	1.87% (6,017.03)	Aaa / AA+ AAA	1.46 1.42
91282CCC3	US Treasury Note 0.25% Due 5/15/2024	100,000.00	05/12/2021 0.35%	99,707.03 99,849.77	93.51 4.67%	93,507.80 115.49	1.87% (6,341.97)	Aaa / AA+ AAA	1.54 1.50
91282CCG4	US Treasury Note 0.25% Due 6/15/2024	100,000.00	06/09/2021 0.31%	99,820.31 99,902.94	93.19 4.65%	93,191.40 94.95	1.86% (6,711.54)	Aaa / AA+ AAA	1.62 1.58
91282CCL3	US Treasury Note 0.375% Due 7/15/2024	100,000.00	07/13/2021 0.42%	99,863.28 99,922.41	93.11 4.62%	93,113.30 111.07	1.86% (6,809.11)	Aaa / AA+ AAA	1.71 1.66
91282CE4	US Treasury Note 1.25% Due 8/31/2024	100,000.00	08/05/2021 0.39%	102,605.47 101,554.91	94.18 4.60%	94,179.70 214.09	1.88% (7,375.21)	Aaa / AA+ AAA	1.84 1.77
91282CCX7	US Treasury Note 0.375% Due 9/15/2024	100,000.00	09/10/2021 0.44%	99,804.69 99,878.11	92.56 4.56%	92,562.50 48.69	1.85% (7,315.61)	Aaa / AA+ AAA	1.88 1.83
91282CDB4	US Treasury Note 0.625% Due 10/15/2024	100,000.00	10/14/2021 0.63%	99,992.19 99,994.91	92.78 4.52%	92,777.30 29.19	1.85% (7,217.61)	Aaa / AA+ AAA	1.96 1.90
91282CYM6	US Treasury Note 1.5% Due 10/31/2024	100,000.00	09/23/2021 0.52%	103,003.91 101,935.44	94.26 4.53%	94,261.70 4.14	1.88% (7,673.74)	Aaa / AA+ AAA	2.00 1.93
91282CDH1	US Treasury Note 0.75% Due 11/15/2024	100,000.00	11/29/2021 0.81%	99,816.41 99,873.47	92.68 4.54%	92,683.60 346.47	1.85% (7,189.87)	Aaa / AA+ AAA	2.04 1.98

Upper San Gabriel Valley Municipal Water District

Holdings Report

Account #10214

As of October 31, 2022



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
<b>US TREASURY</b>									
912828YV6	US Treasury Note 1.5% Due 11/30/2024	75,000.00	09/29/2021 0.57%	77,188.48 76,437.55	94.03 4.54%	70,523.40 473.36	1.42% (5,914.15)	Aaa / AA+ AAA	2.08 2.00
91282CDN8	US Treasury Note 1% Due 12/15/2024	100,000.00	12/09/2021 1.00%	100,003.91 100,002.76	93.01 4.49%	93,011.70 379.78	1.86% (6,991.06)	Aaa / AA+ AAA	2.13 2.05
91282CDS7	US Treasury Note 1.125% Due 1/15/2025	100,000.00	03/16/2022 2.06%	97,437.50 98,004.47	92.94 4.52%	92,937.50 333.22	1.86% (5,066.97)	Aaa / AA+ AAA	2.21 2.13
91282ZF0	US Treasury Note 0.5% Due 3/31/2025	100,000.00	04/04/2022 2.63%	93,921.88 95,091.82	91.14 4.41%	91,136.70 43.96	1.82% (3,955.12)	Aaa / AA+ AAA	2.42 2.35
91282CEH0	US Treasury Note 2.625% Due 4/15/2025	100,000.00	04/27/2022 2.72%	99,738.28 99,783.47	95.72 4.48%	95,722.70 122.60	1.91% (4,060.77)	Aaa / AA+ AAA	2.46 2.34
91282CEQ0	US Treasury Note 2.75% Due 5/15/2025	100,000.00	06/01/2022 2.84%	99,738.28 99,775.18	95.87 4.49%	95,867.20 1,270.38	1.94% (3,907.98)	Aaa / AA+ AAA	2.54 2.38
91282CEY3	US Treasury Note 3% Due 7/15/2025	100,000.00	09/29/2022 4.28%	96,667.97 96,772.61	96.28 4.47%	96,277.30 888.59	1.94% (495.31)	Aaa / AA+ AAA	2.71 2.54
<b>Total US Treasury</b>		<b>2,475,000.00</b>	<b>1.06%</b>	<b>2,467,543.98</b> <b>2,467,953.54</b>	<b>4.53%</b>	<b>2,340,656.50</b> <b>5,611.41</b>	<b>46.78%</b> <b>(127,297.04)</b>	<b>Aaa / AA+</b> <b>AAA</b>	<b>1.63</b> <b>1.57</b>
<b>TOTAL PORTFOLIO</b>		<b>5,212,678.94</b>	<b>1.42%</b>	<b>5,210,712.81</b> <b>5,203,064.76</b>	<b>4.57%</b>	<b>5,000,030.42</b> <b>15,771.37</b>	<b>100.00%</b> <b>(203,034.34)</b>	<b>Aaa / AA+</b> <b>AAA</b>	<b>1.38</b> <b>1.33</b>
<b>TOTAL MARKET VALUE PLUS ACCRUED</b>						<b>5,015,801.79</b>			



# Brokerage Account Statement

October 1, 2022 - October 31, 2022  
Account Number: GPC-016100

UPPER SAN GABRIEL VALLEY  
WATER DISTRICT  
602 E HUNTINGTON DR STE B  
MONROVIA CA 91016-3600

## Portfolio at a Glance

	This Period
<b>BEGINNING ACCOUNT VALUE</b>	\$446,780.29
Dividends, Interest and Other Income	2.32
<b>Net Change in Portfolio<sup>1</sup></b>	-960.00
<b>ENDING ACCOUNT VALUE</b>	<b>\$445,822.61</b>
Accrued Interest	\$210.64
<b>Account Value with Accrued Interest</b>	<b>\$446,033.25</b>
Estimated Annual Income	\$5.24

<sup>1</sup> Net Change in Portfolio is the difference between the ending account value and beginning account value after activity.

## Your Account Information

### TAX LOT DEFAULT DISPOSITION METHOD

Default Method for Mutual Funds: First In First Out  
Default Method for Stocks in a Dividend Reinvestment Plan: First In First Out  
Default Method for all Other Securities: First In First Out

### BOND AMORTIZATION ELECTIONS

Amortize premium on taxable bonds based on Constant Yield Method: Yes  
Accrual market discount method for all other bond types: Constant Yield Method  
Include market discount in income annually: No



## Your Account Information (continued)

### ELECTRONIC DELIVERY

Your electronic delivery selections for account communications are listed below:

### Electronic Delivery

#### Enrollment

Statements and Reports

Trade Confirmations

Tax Documents

Notifications

Prospectus\*

Proxy/Shareholder Communications\*

#### Communication

**E-mail notifications are delivered to the following e-mail**

**address(es):**

evelyn@usgvmwd.org

\*evelyn@usgvmwd.org is on file for these documents

Please log in to your account or contact your Registered Representative to make any changes to your electronic delivery preferences.

## Portfolio Holdings

Description	Quantity	Opening Balance	Closing Balance	Accrued Income	Income This Year	30-Day Yield
<b>CASH, MONEY FUNDS AND BANK DEPOSITS 1.00% of Portfolio</b>						
<b>Money Market</b>						
GOLDMAN SACHS FSO GOVT CMS	1,252.6100	1,250.29	1,252.61	0.00	5.24	2.18%
<b>Total Money Market</b>		\$1,250.29	\$1,252.61	\$0.00	\$5.24	
<b>TOTAL CASH, MONEY FUNDS AND BANK DEPOSITS</b>		\$1,250.29	\$1,252.61	\$0.00	\$5.24	

Description	Quantity	Market Price	Market Value	Accrued Interest	Estimated Annual Income
<b>FIXED INCOME 99.00% of Portfolio (In Maturity Date Sequence)</b>					
<b>U.S. Treasury Securities</b>					
UNITED STS TREAS NTS 0.250% 08/31/25 B/E DTD 08/31/20 1ST CPN DTE 02/28/21 CPN PMT SEMI ANNUAL ON FEB 28 AND AUG 31 Moody Rating Aaa Security Identifier: 91282CAJ0	500,000.0000	88.9140	444,570.00	210.64	
<b>Total U.S. Treasury Securities</b>	500,000.0000		\$444,570.00	\$210.64	
<b>TOTAL FIXED INCOME</b>	500,000.0000		\$444,570.00	\$210.64	\$5.24
<b>Total Portfolio Holdings</b>			<b>Market Value</b> \$445,822.61	<b>Accrued Interest</b> \$210.64	<b>Estimated Annual Income</b> \$5.24



October 1, 2022 - October 31, 2022  
UPPER SAN GABRIEL VALLEY

## Portfolio Holdings Disclosures

### Pricing

This section includes the net market value of the securities in your account on a settlement date basis, including short positions, at the close of the statement period. The market prices, unless otherwise noted, have been obtained from independent vendor services, which we believe to be reliable. In some cases the pricing vendor may provide prices quoted by a single broker or market maker. Market prices do not constitute a bid or an offer, and may differ from the actual sale price. Securities for which a price is not available are marked "N/A" and are omitted from the Total.

THE AS OF PRICE DATE ONLY APPEARS WHEN THE PRICE DATE DOES NOT EQUAL THE STATEMENT DATE.

### Estimated Annual Figures

The estimated annual income (EAI) and estimated annual yield (EAY) figures are estimates and for informational purposes only. These figures are not considered to be a forecast or guarantee of future results. These figures are computed using information from providers believed to be reliable; however, no assurance can be made as to the accuracy. Since interest and dividend rates are subject to change at any time, and may be affected by current and future economic, political, and business conditions, they should not be relied on for making investment, trading, or tax decisions. These figures assume that the position quantities, interest and dividend rates, and prices remain constant. A capital gain or return of principal may be included in the figures for certain securities, thereby overstating them. Refer to [www.pershing.com/disclosures](http://www.pershing.com/disclosures) for specific details as to formulas used to calculate the figures. Accrued interest represents interest earned but not yet received.

### Reinvestment

The dollar amount of Mutual Fund distributions, Money Market Fund dividend income, Bank Deposit interest income, or dividends for other securities shown on your statement may have been reinvested. You will not receive confirmation of these reinvestments. Upon written request to your financial institution, information pertaining to these transactions, including the time of execution and the name of the person from whom your security was purchased, may be obtained. In dividend reinvestment transactions, Pershing acts as your agent and receives payment for order flow.

### Option Disclosure

Information with respect to commissions and other charges incurred in connection with the execution of option transactions has been included in confirmations previously furnished to you. A summary of this information is available to you promptly upon your written request directed to your introducing firm. In order to assist your introducing firm in maintaining current background and financial information concerning your option accounts, please promptly advise them in writing of any material change in your investment objectives or financial situation. Expiring options which are valuable are exercised automatically pursuant to the exercise by exception procedure of the Options Clearing Corporation. Additional information regarding this procedure is available upon written request to your introducing firm.

### Foreign Currency Transactions

Pershing will execute foreign currency transactions as principal for your account. Pershing may automatically convert foreign currency to or from U.S. dollars for dividends and similar corporate action transactions unless you instruct your financial organization otherwise. Pershing's currency conversion rate will not exceed the highest interbank conversion rate identified from customary banking sources on the conversion date or the prior business day, increased by up to 1%, unless a particular rate is required by applicable law. Your financial organization may also increase the currency conversion rate. This conversion rate may differ from rates in effect on the date you executed a transaction, incurred a charge, or received a credit. Transactions converted by agents (such as depositories) will be billed at the rates such agents use.

### Proxy Vote

Securities not fully paid for in your margin account may be lent by Pershing to itself or others in accordance with the terms outlined in the Margin Agreement. The right to vote your shares held on margin may be reduced by the amount of shares on loan. The Proxy Voting Instruction Form sent to you may reflect a smaller number of shares entitled to vote than the number of shares in your margin account.



### Income and Expense Summary

	Current Period		Year-to-Date	
	Taxable	Non Taxable	Taxable	Non Taxable
<b>Dividend Income</b>				
Money Market-Non-Qualified	2.32	0.00	5.24	0.00
<b>Interest Income</b>				
Bond Interest	0.00	0.00	1,250.00	0.00
<b>Total Income</b>	<b>\$2.32</b>	<b>\$0.00</b>	<b>\$1,255.24</b>	<b>\$0.00</b>

### Activity Summary (All amounts shown are in base currency)

	Credits This Period		Debits This Period		Net This Period		Credits Year-to-Date		Debits Year-to-Date		Net Year-to-Date	
<b>Dividends and Interest</b>												
	\$2.32	\$0.00	\$0.00	\$0.00	\$2.32	\$0.00	\$1,255.24	\$0.00	\$0.00	\$0.00	\$1,255.24	
<b>Fees</b>												
	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	-\$3.00	-\$3.00	-\$3.00	-\$3.00	
<b>Totals</b>	<b>\$2.32</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$2.32</b>	<b>\$0.00</b>	<b>\$1,255.24</b>	<b>-\$3.00</b>	<b>-\$3.00</b>	<b>-\$3.00</b>	<b>\$1,252.24</b>	

### Transactions in Date Sequence

Process/ Settlement Date	Activity Type	Description	Quantity	Price	Accrued Interest	Amount	Currency
10/31/22	MONEY MARKET FUND INCOME RECEIVED Non-Qualified PER882220	GOLDMAN SACHS FSQ				2.32	USD

### Total Value of Transactions

The price and quantity displayed may have been rounded.

\$0.00      \$2.32      USD

### Money Market Fund Detail

Date	Activity Type	Description	Amount	Balance
<b>Sweep Money Market Fund</b>				
<b>GOLDMAN SACHS FSQ GOVT CMS</b>				
Current Yield: 2.25% Activity Ending: 10/31/22				
10/01/22	Opening Balance		1,250.29	1,250.29
10/31/22	Deposit		2.32	1,252.61
10/31/22	Closing Balance			<b>\$1,252.61</b>
<b>Total All Money Market Funds</b>				



Upper San Gabriel Valley Municipal Water District  
 Summary of Director Outreach Expenses  
 For the period of October 1, 2022 through October 31, 2022

Director	Jul-22	Aug-22	Sep-22	Oct-22	Actual to Date	Balance Remaining
Director Chavez	\$ -	-	500.00	115.90	\$ 615.90	\$ 4,384.10
Director Fellow	307.00	-	-	-	307.00	4,693.00
Director Treviño	500.00	50.00	-	1,100.00	1,650.00	3,350.00
Director Santana	700.00	500.00	-	-	1,200.00	3,800.00
Director Garcia	450.00	250.00	-	1,100.00	1,800.00	3,200.00
<b>Total</b>	<b>\$ 1,957.00</b>	<b>800.00</b>	<b>500.00</b>	<b>2,315.90</b>	<b>\$ 5,572.90</b>	<b>\$ 19,427.10</b>

Upper San Gabriel Valley Municipal Water District  
Director Public Outreach Program Expenses  
For the period of October 1, 2022 through October 31, 2022

Director Chavez

<u>Paid Date</u>	<u>Description</u>	<u>Amount</u>	<u>Check #</u>	<u>Recipient</u>
09/03/22	1ST Annual Pub Crawl Sponsorship	500.00	23315	Industry Hills Rotary Foundation
10/01/22	SCWUA Top Golf Tournament Sponsorship	115.90	21727	U.S. Bank Corporate

Total 615.90

Outreach Fund Balance 4,384.10

Upper San Gabriel Valley Municipal Water District  
 Director Public Outreach Program Expenses  
 For the period of October 1, 2022 through October 31, 2022

Director Fellow

Paid Date	Description	Amount	Check #	Recipient
07/07/22	Membership Dues: 10/01/22 - 09/30/23	307.00	23262	Monrovia Chamber of Commerce

Total 307.00

Outreach Fund Balance 4,693.00

Upper San Gabriel Valley Municipal Water District  
 Director Public Outreach Program Expenses  
 For the period of October 1, 2022 through October 31, 2022

Director Treviño

<u>Paid Date</u>	<u>Description</u>	<u>Amount</u>	<u>Check #</u>	<u>Recipient</u>
07/07/22	San Gabriel Valley Megamix Expo Sponsorship	500.00	23261	San Gabriel Chamber of Commerce
08/10/22	Membership Renewal 2022-2023	50.00	23294	Temple City Chamber of Commerce
10/03/22	Day of The Dead Fundraiser Sponsorship	500.00	23338	Vecinos De South Pasadena
10/03/22	2022 Virtual Tiger Run Sponsorship	300.00	23339	South Pasadena High School Tiger Booster
10/20/22	Annual Harvest & Installation Dinner	300.00	23356	San Gabriel Chamber of Commerce
		<b>Total</b>		
				<b><u>1,650.00</u></b>
<b>Outreach Fund Balance</b>				<b><u>3,350.00</u></b>

Upper San Gabriel Valley Municipal Water District  
 Director Public Outreach Program Expenses  
 For the period of October 1, 2022 through October 31, 2022

Director Santana

<u>Paid Date</u>	<u>Description</u>	<u>Amount</u>	<u>Check #</u>	<u>Recipient</u>
07/21/22	Boxing Program Sponsorship	500.00	23265	City of Duarte Boxing Program
07/21/22	Summer Concerts Sponsorship	150.00	23266	City of Duarte
07/28/22	Membership Renewal 2022-2023	50.00	23280	Baldwin Park Business Association
08/10/22	2022 Golden Plate Awards Sponsorship	500.00	23300	Foothill Unity Center, Inc.

Total 1,200.00

Outreach Fund Balance 3,800.00



**RESOLUTION NO. 12-22-651**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT PROCLAIMING A LOCAL EMERGENCY PERSISTS, RE-RATIFYING THE PROCLAMATION OF A STATE OF EMERGENCY BY GOVERNOR NEWSOM, AND REAUTHORIZING REMOTE TELECONFERENCE MEETINGS OF THE BOARD FOR THE NEXT MEETING**

**WHEREAS**, the Upper San Gabriel Valley Municipal Water District ("District") is committed to preserving and nurturing public access and participation in meetings of the Board of Directors; and

**WHEREAS**, the Brown Act, Government Code section 54953(e), makes provision for remote teleconferencing participation in meetings by members of a legislative body, without compliance with the requirements of Government Code section 54953(b)(3), subject to the existence of certain conditions: and

**WHEREAS**, the Board of Directors on November 9, 2022 adopted Resolution Number 11-22-650, finding that the requisite conditions exist for the legislative bodies of District to conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of section 54953 and these emergency conditions persist to exist; and

**WHEREAS**, the Board of Directors does hereby find that the COVID-19 pandemic, the Delta and Omicron variant viruses and the fact that not all people have been vaccinated have caused, and will continue to cause, conditions of peril to the safety of persons within the District boundaries that are likely to be beyond the control of services, personnel, equipment, and facilities of the District, and desires to affirm a local emergency exists and re-ratify the proclamation of state of emergency by the Governor of the State of California; and

**WHEREAS**, as a consequence of the local emergency persisting, the Board of Directors does hereby find that the District's legislative bodies shall continue to conduct their meetings without compliance with paragraph (3) of subdivision (b) of Government Code section 54953, as authorized by subdivision (e) of section 54953, and that the Board shall continue to comply with the requirements to provide the public with access to the meetings as prescribed in paragraph (2) of subdivision (e) of section 54953 by providing virtual and audio access to the public, staff and Directors.

**NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT DOES HEREBY RESOLVE AS FOLLOWS:**

**Section 1.** The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

**Section 2.** The Board of Directors hereby considers the conditions of the state of emergency in the District boundaries and proclaims that since a local emergency persists throughout those boundaries, and in view of the fact that substantial part of the population remains unvaccinated and COVID-19 virus continues to mutate to new variants, holding in-person meetings would create a health risk to the public, staff and Directors.

**Section 3.** The Board hereby ratifies the Governor Newsom's Proclamation of State of Emergency.

**Section 4.** The staff and consultants of the District are hereby authorized and directed to take all actions necessary to carry out the intent and purpose of this Resolution including, continuing to conduct open and public meetings in accordance with Government Code section 54953(e) and other applicable provisions of the Brown Act.

**Section 5.** This Resolution shall take effect immediately upon its adoption and shall be effective until such time the Board of Directors, at a noticed meeting, makes additional findings or adopts a subsequent resolution in accordance with Government Code section 54953(e)(3) to extend the time during which the District's legislative bodies may continue to teleconference without compliance with paragraph (3) of subdivision (b) of section 54953.

**PASSED, APPROVED, AND ADOPTED** this 7th day of December, 2022.

AYES:

NOES:

ABSTAIN:

ABSENT:

---

Ed Chavez, President

ATTEST:

---

Katarina Garcia, Secretary

(SEAL)

APPROVED AS TO FORM:

---

Steve O'Neill, District Counsel



# ANNUAL COMPREHENSIVE FINANCIAL REPORT

**Fiscal Year**

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*Ended June 30, 2022*

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*Upper San Gabriel Valley Municipal  
Water District*

**Annual Comprehensive Financial Report**

For the fiscal year ended June 30, 2022  
*(With comparative data for prior year)*

Prepared by:  
Finance and Administration Department

602 E. Huntington Drive, Suite B  
Monrovia, California 91016

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# Upper San Gabriel Valley Municipal Water District

## Annual Comprehensive Financial Report For the fiscal year ended June 30, 2022 (With comparative data for prior year)

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## **Introductory Section**

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November 1, 2022

The Honorable Board of Directors  
Upper San Gabriel Valley Municipal Water District

**Board of Directors:**  
 Anthony R. Fellow, Ph.D.  
*Division 1*  
 Charles M. Treviño  
*Division 2*  
 Ed Chavez  
*Division 3*  
 Katarina Garcia  
*Division 4*  
 Jennifer Santana  
*Division 5*

The Upper San Gabriel Valley Municipal Water District (Upper District) staff is pleased to present the Upper District's Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2022. This report is prepared in accordance with the guidelines set forth by the Governmental Accounting Standards Board (GASB).

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control established for this purpose. Because the cost of internal control should not exceed anticipated benefits, this effort provides reasonable, rather than absolute, assurance that the financial statements contain no material misstatements.

Rogers, Anderson, Malody & Scott, LLP, Certified Public Accountants, has issued an unmodified ("clean") opinion on the financial statements for the year ended June 30, 2022. The independent auditor's report is located at the front of the financial section of this report.

The MD&A complements this letter of transmittal and should be read in conjunction with it.

**Profile of the Upper District**

History

Upper District, formed by voters in the San Gabriel Valley on December 8, 1959 to help solve water problems in the rapidly developing San Gabriel Valley, was incorporated on January 7, 1960. On March 12, 1963, residents of the District voted to annex to the Metropolitan Water District of Southern California (MWD), to provide supplemental water, first from the Colorado River and later the State Water Project, to replenish local groundwater supplies.

Upper District played a vital role in determining water rights within the Main San Gabriel Basin by acting as plaintiff in the 1973 court case of the Upper San Gabriel Valley Municipal Water District, Plaintiff, v. City of Alhambra, et al, Defendants. This case brought about the creation of the Main San Gabriel Basin Watermaster (Watermaster), ordered by the court to administer and enforce provisions of the Judgment.

Upper District's service area covers approximately 144 square miles and includes all or parts of 18 cities and portions of unincorporated Los Angeles County with more than 950,000 residents. Upper District partners with many public and private entities to provide a sustainable, high quality water supply to residents and businesses within the greater San Gabriel Valley. Consistent with its motto of "Where Solutions Flow," Upper District is widely recognized for its customer service orientation, community involvement, and creativity in promoting water quality, water recycling, and water conservation.

### Vision

Upper District aims to support a high quality of life in the greater San Gabriel Valley by providing valued water services.

### Mission

Upper District's mission is to consistently meet our region's need for reliable, high quality and affordable water.

### Core Values

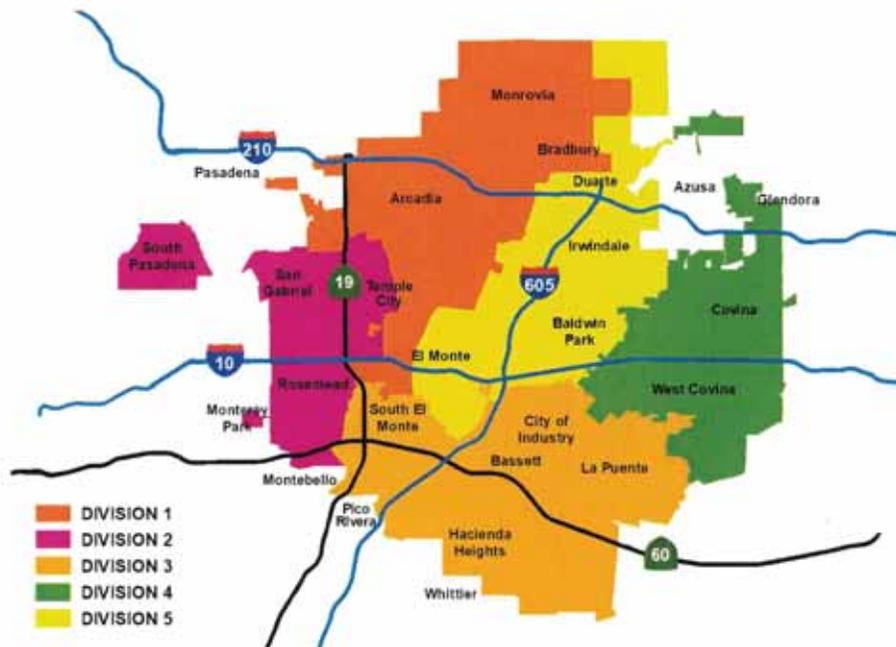
Upper District team, consisting of Board and staff, will embody the following core values in conducting the business of the district:

- Transparency – Our team will interact with all in a fair, open and honest manner.
- Professionalism – Our team will professionally, respectfully, and responsively serve the needs of its customers.
- Integrity – Our team will consistently adhere to high moral and ethical principles.
- Collaborative – Our team is collaborative, supporting each other's efforts, loyal to one another, and cares for each other both personally and professionally.
- Innovative – Our team will encourage and value the introduction of new ideas and methods.

### Service Area

Five elected Directors, each serving a 4-year term and representing a designated geographic area within the Upper District's boundaries, govern the Upper District. Additionally, as a member agency of the MWD, the Upper District appoints one representative to the MWD Board of Directors. The Upper District also has representation on the San Gabriel Basin Water Quality Authority and Watermaster Boards.

Most of the water imported into the Upper District service area is used to replenish the Main San Gabriel Groundwater Basin (the Basin). A small percentage is purchased by city water departments and private water utilities for direct sale to customers.



Upper District Board of Directors



Division 1 – Director Anthony R. Fellow, Ph.D  
Representing all or portions of Arcadia, Bradbury,  
El Monte, Monrovia, and Temple City



Division 2 – Director Charles M. Treviño  
Representing all or portions of Rosemead, San Gabriel, South  
Pasadena, South San Gabriel and Temple City



Division 3 – Director Ed Chavez  
Representing all or portions of Avocado Heights, Bassett, City  
of Industry, Hacienda Heights, La Puente, Spy Glass Hill,  
South El Monte, and Valinda



Division 4 – Director Katarina Garcia  
Representing all or portions of Azusa, Covina, Glendora, and  
West Covina



Division 5 – Director Jennifer Santana  
Representing all or parts of Baldwin Park, Duarte, El Monte  
and Irwindale

## Local Economy

Two years into the coronavirus pandemic, the economy is in a period of transition with signs suggesting a return to a more normal state of affairs. The introduction of vaccine against COVID-19 likely muted the severity of the virus in 2021. But it is undeniable that the pandemic brought about permanent changes within industries.

California followed its own path in working through the coronavirus pandemic over the last two years. By mid-year 2021, the California economy achieved a growth trajectory that outpaced the nation as a whole. However, while California has significantly recovered from the economic downturn caused by the pandemic, significant challenges remain particularly in industries dependent on in-person interaction.

While the number of payroll jobs in the nonfarm sectors of the state economy is still 2.8% shy of the pre-pandemic peak level in February 2020, this is a considerable improvement from a year ago when the job count was 10% below peak. The state has also performed well in terms of economic activity. California's forecasted gross domestic product in 2021 is 6.7%, a 9.5% increase from 2020 levels.

California faces distinct challenges regarding housing affordability and accessibility that have only been aggravated by the pandemic. During the pandemic, the state lost population for the first time in over 100 years. Higher home prices and interest rates caused affordability to erode while near term concerns such as inflation and the price of gasoline also have become the focal points of attention.

Los Angeles County is quickly recovering from the negative economic and social effects of the COVID-19 pandemic. Gross county product is expected to grow by 6.8 percent in 2021 and is projected to grow by another 4.6 percent in 2022. The unemployment rate in Los Angeles County continued to fall in 2021, falling to about 7% in November. Housing in the Los Angeles region has significantly increased in value throughout the pandemic, closing 2021 at 2.5 times higher than the value of a typical home in the country. While the increase in Los Angeles home values is expected to slow in the coming years, high housing costs will continue to remain an important characteristic of the region.

Over the last year and a half, the San Gabriel Valley has regained much of the ground it lost during the 2020 recession. Job creation gained momentum as more industries increased the pace of hiring, most notably in the pandemic-devastated service sectors. As more Valley residents returned to work, the unemployment rate declined to a post-pandemic low. The annual unemployment rate for 2021 was 8.9% and is forecasted to drop to 5.3% in 2022.

Like the nation and most of California, Los Angeles County and the San Gabriel Valley economies are displaying solid fundamentals, but rising headwinds present a risk. There is the prospect of significant policy tightening by the Federal Reserve to combat higher inflation and conflict in Europe risks fueling higher inflation and tighter financial conditions. The worst of the Covid-19 pandemic appears to be fading into the distance, but the potential for new variants remains. Still, the rapid improvement in the public health situation has set the stage for robust consumption growth in the months ahead.

*Sources: San Gabriel Valley Economic Partnership's 2022 Economic Forecast Report, Los Angeles County Economic Development Corporation's Economic Forecast 2022, and the September 2022 UCLA Anderson Forecast.*

## **Major Initiatives**

Consistent with its mission, the Upper District strives to assist local retail water providers manage their water supply safely and cost-effectively by improving water quality and increasing supply reliability. This is a challenging goal because factors such as climate, water quality legislation, regulations, government policy, economics, population, and market demand change and, thus, affect the Upper District's planning and operations. Upper District's primary function has been to provide supplemental water to its retail water providers, sourced from the State Water Project, the Colorado River, and more recently, in the form of recycled water.

### Imported Water Deliveries

In December 2014, Upper District executed a ten-year extension to the current purchase order with MWD, retaining the ability to purchase about 67,000 acre feet per year of the less expensive Tier 1 water.

Recognizing the long-term drought conditions and the continuing decline of the Basin level, the stakeholders, consisting of producers, responsible agencies and Watermaster, developed a water resource development assessment to purchase untreated water for stormwater augmentation (RDA II Program) in May 2017. Unlike an earlier version of this program, which provided for Watermaster's pre-purchase of replacement water, the RDA II Program supplements the lack of local stormwater replenishment by purchasing imported Tier I water. There is no "right of recovery" using a water right, by any Basin producer. Funding for this program is obtained by an annual assessment against every acre foot of production regardless of whether the producer is within or above its production rights.

A new cyclic storage agreement was executed by Upper District, Metropolitan and Watermaster and executed in March 2022. The new agreement allows Metropolitan to deliver and store up to 200,000 acre-feet of water in the Main San Gabriel Basin (Basin) in advance of demand for water by Watermaster and Upper District, with a ten-year term.

As California grapples with yet another historically dry year, January to March 2022 being the driest January to March period in California history, Upper District continued to work closely with Metropolitan, Watermaster and the producers to develop potential short-term and long-term actions to reduce dependence on State Water Project (SWP) supplies. In an effort to get Colorado River water (CRW) into the basin, a Quagga Mussel Control Plan has been developed and will be submitted for approval to the Department of Fish and Wildlife and the Los Angeles Flood Control District. The Provisional Quagga Mussel Control Plan includes provisions for control and containment, post-delivery eradication, and testing and monitoring for confirmation. Four sections of the San Gabriel River have been identified and control methods and monitoring strategies have been developed for each reach. This effort can potentially save up to 50 thousand acre-feet of SWP supplies annually.

In December 2021, Upper District and Watermaster executed a three-year purchase agreement aimed at addressing the variability of untreated water sales and the growing gap between Metropolitan's readiness-to-serve (RTS) charge and the standby charge revenue Metropolitan collects on behalf of Upper District. Under the agreement, Watermaster commits to purchase a set amount of water each fiscal year sufficient to meet the District's required debt coverage ratio.

### Integrated Resources Plan (IRP)

Completed in 2012, Upper District's IRP defines a long-term strategy for investments in a balanced portfolio of water supplies that are reliable and affordable. Upper District is currently implementing the strategy defined in the IRP, which includes the Recycled Water Program described in the next section.

Upper District is working on updating the Integrated Resource Plan to address significant changes regarding potential water resource programs and supply availability and strives to work with all stakeholders to implement innovative conservation, recycling, and storm water capture projects to improve long-term water supply reliability.

### Recycled Water Program

Recycled water is a key element of Upper District's overall strategy of supplementing local water supplies. Recycled water is being used throughout California to irrigate golf courses, parks, freeway landscaping and crops. It is also being used to replenish groundwater basins, to serve as a barrier to seawater intrusion, and by industry for cooling processes and other purposes. Recycled water directly offsets the need to import increasingly expensive water that is pumped from the sensitive Bay-Delta ecosystem.

Upper District's success in proactively advancing water recycling is largely attributable to the support of its partners: the United States Bureau of Reclamation (USBR); State Water Resources Control Board; Metropolitan Water District; Sanitation Districts of Los Angeles County; Watermaster, local retail water providers and many others who have contributed to the successful development of recycled water in the San Gabriel Valley.

### Direct Reuse

The Direct Reuse Program includes the phased construction of a recycled water distribution system used to provide water for irrigation purposes. Over \$51 million has been invested to construct a direct reuse recycled water distribution system consisting of more than 24 miles of distribution pipeline. The major components of the direct reuse system are summarized below. All components of the system are in service.

Whittier Narrows – The Upper District's Whittier Narrows Water Recycling Project supplies the 2,500 acre Whittier Narrows Recreation Area with about 400 million gallons of recycled water each year. The recycled water provides irrigation for a large public park, soccer, baseball, and softball fields as well as the 18-hole Whittier Narrows Golf Course.

South El Monte High School – In 2007, Upper District converted South El Monte High School to recycled water for irrigating campus green areas and athletic fields. Recycled water used at the high school conserves nearly 17 million gallons of drinking water each year, enough to supply about 100 households.

Rose Hills Memorial Park – In early 2006, Upper District converted about half of the Rose Hills Memorial Park (Rose Hills) to recycled water for irrigation purposes. Prior to using recycled water, Rose Hills used approximately 388 million gallons (1,200 acre-feet) per year or about 1,000,000 gallons per day of drinking water for irrigation. By using recycled water, Rose Hills reduced their drinking water demand by about 600 acre-feet per year, saving about 500,000 gallons of drinking water per day or enough drinking water to supply about 1,200 average single-family homes each year. As part of this project, an additional 21 million gallons of recycled water per year are provided to Rio Hondo College, Mill Elementary School and Gateway Pointe Industrial Park for irrigation purposes.

In 2014, Upper District assisted Rose Hills in obtaining \$500,000 in Proposition 84 grant funds to expand the recycled water system and serve an additional 600 acre-feet per year. This effort required Rose Hills to contribute \$500,000 towards the needed improvements which were completed in 2016, increasing the use of recycled water by another 600 acre-feet per year.

Rosemead Extension – The San Gabriel Valley Water Recycling Project Phase IIA – Rosemead Extension consists of recycled water pipelines extending north and west from the Whittier Narrows Recreation Area to supply approximately 98 million gallons of recycled water per year to Southern California Edison corporate headquarters, Panda Express corporate headquarters, Walmart and several nurseries, schools, and businesses.

City of Industry – In 2010, the Upper District's City of Industry Water Recycling Project began providing recycled water for irrigation purposes by extending an existing recycled water pipeline, stretching from the City of Industry through Hacienda Heights, to West Covina. The project supplies more than 260 million gallons of recycled water per year for irrigation to a landfill, golf course, baseball complex, schools, parks, medians, and green belts in the San Gabriel Valley.

South El Monte and El Monte Extension – In 2014, Upper District assisted the San Gabriel Valley Water Company in obtaining \$1.28 million in Proposition 84 grant funds to expand the Whittier Narrows Recycled Water system to serve an additional 95 acre-feet per year of recycled water in South El Monte and El Monte. The San Gabriel Valley Water Company provided approximately \$2.13 million to complete the facilities needed.

La Puente Valley County Water District Recycled Water System – In 2014, Upper District assisted the La Puente Valley County Water District in obtaining \$428,000 in Proposition 84 grant funds to construct a recycled water system to serve 60 acre-feet per year of recycled water in La Puente and the City of Industry. The La Puente Valley County Water District will provide \$1.57 million to complete the facilities needed. The construction award was approved in December 2019, with construction beginning in the first quarter of 2020. The pipeline construction is complete with remaining work focused on individual customer connections.

### Storm Water

#### *MillerCoors Storm Water Capture Project*

Upper District facilitated several meetings with Vulcan, MillerCoors, the LAFCD and Watermaster to determine feasible means of including MillerCoors' east pit as part of the LAFCD storm water capture system. LAFCD, Vulcan, and MillerCoors discussed the most feasible means to develop a storm water capture facility that meets the needs of all parties. At this time, no additional discussions are underway.

#### *MS4 Stormwater Permit*

Upper District staff participated in extensive discussions with the Council of Government Water Committee members on the MS4 stormwater permit and the potential to use regional facilities to reduce the cost of compliance. A technical study of the Peck Lake Park area was prepared for use by the Flood Control District and cities that currently benefit from the use of Peck Lake.

### Water Use Efficiency

The effects of climate change and continuing drought-like conditions have left many groundwater basins at low or near record low levels. Upper District continues to maintain a proactive and innovative conservation outreach program for our residents in the San Gabriel Valley. For FY 21/22, Upper District continued to implement residential and commercial water use efficiency programs. Upper District's approach is in keeping with the State's long-term framework for conservation and drought planning titled, "*Making Conservation a California Way of Life*", which outlines implementation of EO-B-37-16.

The COVID-19 pandemic continued to be a considerable challenge throughout FY 21/22, as the Governor continued to issue mandates that prohibited large events, and limited activities across the state and county. While the pandemic restrictions were issued in March 2020, the effects of the stay-at-home order and social distancing remained in effect through the first half of FY 21/22 which resulted in events being reformatted to fit a virtual setting and projects being altered to permit distancing.

### Water Conservation and Education

Water conservation is a vital and cost-effective method of preserving our water supply and is a critical aspect of an effective, sustainable water supply program. Throughout California and the San Gabriel Valley, cities, water companies, utilities, and water districts are deeply involved in conservation and public education efforts that promote water use efficiency. Informing residents, businesses, and our youth about water use efficiency remains a top priority of Upper District's public education program.

#### *Residential Programs*

Residential Rebate Program – Through Metropolitan's SoCal Water Smart Regional Residential Rebate Program, Upper District's residents are offered rebates for retrofitting several types of high water-use fixtures/equipment. Rebate items include the following: High-Efficiency Clothes Washers (HECW), Premium High Efficiency Toilets (PHET), Weather-Based Irrigation Controllers (WBIC), Rotating Sprinkler Nozzles, Soil Moisture Sensor Systems (SMSS), Hos Bib Irrigation Controllers (HBIC), Rain Barrels, Cisterns, and turf removal. Rebates were paid for 69,541 residential devices during the fiscal year that will produce approximately 594-acre feet (193,355,552 gallons) of lifetime water savings.

Residential Landscape Survey and Retrofit Program – During FY 21/22, 295 surveys were completed and multiple water efficient irrigation devices were provided through a purveyor-run residential survey and retrofit landscape program. The program provided these locations with large landscape areas an opportunity to update their irrigation systems to include a WBIC, efficient sprinkler systems, and even replacement irrigation lines to efficiently meet the needs of the landscape. Upper District provided a total of \$12,968 in incentive payments to the producers for this program through MWD's Member Agency Administered Program.

#### *Commercial, Industrial, and Institutional (CII) Program*

CII Rebate Program – Through Metropolitan's SoCal Water Smart Commercial Rebate Program, Southern California businesses are eligible for rebates to help encourage water use efficiency. This program offers rebates on a wide variety of water-saving technologies including premium PHETs and Zero Water Urinals (ZWU), Ultra-Low Water Urinals (ULWU), WBICs, Central Computer Irrigation Controllers (CCIC), SMSS, HBIC, Large Rotary Nozzles, In-Stem Flow Regulators, pH-Cooling Tower Controller (pH-CTC), Cooling Tower Conductivity Controller (CTCC), Dry Vacuum Pumps, Connectionless Food Steamers, Ice-Making Machines, and turf removal. Rebates were paid for 336 CII devices during FY 21/22 that will produce approximately 50 acre feet (16,292,550 gallons) of lifetime water savings.

Water Fill Station Program – During FY 21/22, Upper District continued its Water Filling Station program (WFS) which involves the installation of water bottle filling stations at designated public facilities located within Upper District's service area with high pedestrian traffic or provide recreational activity. The program provides accessibility to tap water, highlighting the quality of tap water while providing an alternative to one-time use plastic bottles. The production, packaging, and transportation of one-time use plastic bottles is both water and energy intensive. The aftermath of using one-time plastics is a long-term negative impact on the environment.

The success of the WFS program resulted in several water producers stepping forward to fund additional water fill stations, expanding the program far beyond the original number of site installation pilot projects. The WFS program benefits local communities, delivering positive environmental impacts while highlighting the safety of local drinking water. Accommodating this partnering approach capitalized on the economies of scale, ensured consistent program guidelines, maintained a consistent regional water use efficiency message to the public, and created a successful partnering endeavor between the Upper District and its water producers. A total of 43 WFS were installed during FY 21/22.

### *Education and Community Outreach Programs*

Watershed Restoration Program – This program is a cooperative partnership between the Upper District and the U.S. Forest Service that incorporates volunteers into efforts to protect and maintain the local watershed. Program activities typically include collection of native seeds, planting of saplings, and trash removal. During FY 21/22, the volunteer events continued to be cancelled due to the COVID-19 pandemic.

4th-6th Grade Sustainable Watershed Education Program – The partnership with the Discovery Science Foundation provides exciting 4th-6th grade student curriculum that focuses on water use efficiency, highlights watershed issues, and groundwater awareness. Offered free to participating schools, the program includes interactive assemblies for fourth and fifth graders and in-class hands-on workshops for sixth graders.

During FY 21/22, 2,515 students from 16 schools participated in the assemblies and hands-on workshops. Due to COVID-19, the program has been revamped to include options for virtual learning and the program was expanded to 7<sup>th</sup> grade utilizing STEM curriculum for the science-based workshops.

Upper District also offers a number of free class trips to the Discovery Cube's Los Angeles or Santa Ana locations. The trip includes free admission for up to 60 students and a \$250 transportation grant. Many of the schools that were offered the class trips, declined to participate this past year due to continuing pandemic restrictions at their respective school districts. Upper District will continue to honor this option to those schools that qualified this past fiscal year.

Water Efficiency Workshops – Upper District and MWD had to make changes to the water efficiency workshop format to allow for social distancing. Virtual workshops became the norm for FY 21/22 and a total of 344 individuals virtually attended 10 workshops hosted by Upper District during FY 21/22.

Solar Cup – Sponsored by MWD, Solar Cup is a youth program that provides high school teams the hands-on opportunity to build solar powered boats that they compete in race and endurance categories. Due to COVID-19, Solar Cup was held in a virtual format for FY 21/22. Solar Cup 2022 will be an online STEAM-focused program where students will learn skills by working as a team and selecting from a menu of activities that cover a wide range of STEAM fields including robotics, solar power vehicles, utilizing CAD software, building online gaming, social media messaging, visual arts and dream job skills. At the end of the five-month program, there was a competition with ten different challenges for the teams to compete within. Upper District supported two teams for entry into the FY 21/22 event.

Water Awareness Art Contest – Upper District’s “Water is Life” art contest inspires students to think about how important water is to all life and encourages youth to express the value of water through their artwork. The contest has 4 categories: K-2, 3-5, 6-8 and 9-12<sup>th</sup> grade. Due to the continuation of the COVID-19 pandemic resulted in schools continuing a virtual learning structure, Upper District hosted the contest using virtual submission and voting. 117 posters were submitted from 12 schools.

Water Education Grant Program – The Upper District’s Water Education Grant Program (WEGP) offers teachers an opportunity to apply for grants of up to \$1,000 for proposed school projects that are related to water. A total of 28 applications amounting to \$22,672.68 were awarded for the 2021/22 school year.

Water Conservation Booths – Upper District maintains an aggressive grassroots outreach campaign to educate the residents of the San Gabriel Valley. Informational booths on water conservation are hosted by Upper District at city sponsored events such as summer concerts, community, and environmental fairs. Due to COVID-19, there were no events from July 2021 until March 2022. However, Upper District was able to participate in 13 outreach booths for the remainder of FY 21/22.

Waterfest – Upper District hosts an annual conservation event in partnership with the Los Angeles County Department of Parks and Recreation. This educational event for residents, families and children features interactive educational booths, environmental displays, informative presentations, free water-saving materials, raffles and more. Due to the COVID-19 pandemic, WaterFest was cancelled and readapted into a virtual conservation giveaway program marketed as Conserve-a-palooza.

Conserve-a-palooza – Conserve-a-palooza is a virtual conservation program that was adapted in lieu of Upper District’s annual WaterFest. For five weeks, residents within Upper District’s service area have the opportunity to participate by answering weekly conservation trivia. Randomly selected participants received water-use efficiency devices as giveaways. Prizes range from high-efficiency washer machines to native plant vouchers.

San Gabriel Valley Water Smart Award – In 2015, Upper District unveiled the San Gabriel Valley Water Smart Award which recognizes cities, businesses, elected officials and/or community partners for their efforts in promoting water conservation through education, advocacy, or community engagement. The SGV Water Smart Awards are normally awarded during the WaterFest event; however, due to the COVID-19 pandemic, Upper District did not host the award recognition ceremony in 2020.

News Splash Newsletter – Upper District continued its monthly communication to residents through its monthly e-newsletter called “News Splash”. In an effort to actively engage residents and key regional stakeholders, each monthly edition includes water related news, information on Upper District’s conservation and educational programs, water smart workshops, and water saving resources.

Upper District’s Website – Upper District’s website features a streamlined format and meets all accessibility and public access guidelines for special districts. To inform residents during Metropolitan’s Water Shortage Emergency Plan in June 2022, and subsequent drought actions taken by Upper District, the agency refreshed the website to provide valuable water conservation materials, and resources to its 17 cities and 22 water producers through a dedicated Drought page. The web page contained communication materials specific to the local water supply in a “producer/city” tool kit and updated educational resources in the “teacher/parent” tool kit.

Upper District's "Where Solutions Flow" Tours – Upper District has actively engaged the region's local elected officials by offering educational programs on key water policies and issues that affect the San Gabriel Valley. Upper District, in partnership with the Main San Gabriel Basin Watermaster, MWD, the Army Corps of Engineers, LA County Flood Control District, and San Gabriel Valley Water Company, have provided educational tours of the San Gabriel Valley water infrastructure. For FY 21-22, Upper District held an in person Water 101 in April 2022 for local city council members, city staff and state and federal legislative offices to provide a timely overview of local water operations, current water supply, regional drought actions and a virtual tour of local infrastructure utilizing the newly created "Where Solutions Flow" video.

Speakers' Bureau Presentations – Upper District Board members and management make numerous presentations to city councils, school boards, chambers of commerce and other community organizations. These presentations provide stakeholders with information about the history of the Upper District, local water issues and challenges, recycled water projects, water-related legislation, and water conservation programs. During FY 21/22, Upper District resumed its "State of the District" presentations to all 17 cities in its service area including chambers and community organizations. The briefing included an update on local water supply, drought actions and water conservation calls to action.

Drought Messaging Campaign – Due to Metropolitan's Water Shortage Emergency Plan, Upper District adopted its own Water Shortage Emergency Plan that called for a mandatory reduction of water use by 20 percent and a mandatory 2 day a week outdoor watering schedule. The Upper District board also committed to increasing its conservation messaging and advertising throughout its service area. Upper District embarked on a unique conservation messaging campaign utilizing the services of 789 inc., to develop new messaging, artwork and a comprehensive ad buy campaign that included social media, billboards, transit shelters and mobile ad buys for an eight-week summer campaign.

## **Relevant Financial Policies**

### Internal Control Structure

Management is responsible for establishing and maintaining an internal control structure that ensures that assets are protected from loss, theft, or misuse. The internal control structure also ensures that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (a) the cost of a control should not exceed the benefits likely to be derived, and (b) the valuation of costs and benefits requires estimates and judgments by management.

### Investment Policy

Annually, the Board of Directors adopts an investment policy consistent with the requirements of the California Government Code. In order of priority, three fundamental criteria are followed by the Upper District in the investment program:

- (a) *Safety of Principal* - Investments shall be undertaken in a manner that first seeks to ensure the preservation of principal in the portfolio. Each investment transaction shall be entered into after taking into consideration the quality of the issuer, the underlying security or collateral, and diversification of the portfolio.
- (b) *Liquidity* - Investments shall be made so that the maturity date is compatible with cash flow needs and safety of principal.
- (c) *Return on Investment* - Investments shall be undertaken to produce an acceptable rate of return after first considering safety of principal and liquidity and the prudent investor standard.

During fiscal year 2021/22, all funds were invested in accordance with Upper District's investment policy.

### Designated Reserve Policy

Upper District's adopted Designated Reserve Fund Policy sets prudent levels of reserve funds to provide financial resources not only during emergencies or planned capital projects but also for scheduled and unscheduled expenses such as operation and maintenance, debt service and stabilization of rates. The Reserve Fund Policy establishes the following six designated reserves, each with its own recommended minimum, target, and maximum levels: 1) Emergency Reserve; 2) Operating Reserve; 3) Pay-go Capital Improvement and Replacement Reserve; 4) Capital Reserve; 5) Revenue Stabilization Reserve; and 6) Water Banking Reserve.

### Budget Process and Controls

Budgets are often used as a performance tool for measuring accountability of public agencies to its stakeholders. Though not legally required to do so, Upper District annually adopts a budget not only as a management tool for planning and control purposes but also to demonstrate its commitment to fiscal responsibility and transparency. Upper District also uses the budget as a communication tool that shows how the District intends to allocate its resources in support of its mission, goals and objectives.

Developing and monitoring the budget is an ongoing process. Upper District conducts a series of budget workshops to encourage stakeholder participation and input prior to adoption of the final budget. Monthly financial statements showing budget-to-actual comparison and analysis are presented to management and the Board of Directors to facilitate review and assessment throughout the fiscal year.

### Water Rates

Pursuant to Water Code Section 71614 et seq., Upper District establishes water rates and charges through a resolution by the Board of Directors. Prior to adoption of the water rates and charges, workshops are held to solicit input from all stakeholders.

### **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Upper District for its annual comprehensive financial report for the fiscal year ended June 30, 2021. This was the 11th consecutive year that the Upper District has achieved this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable program requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report was accomplished by the combined efforts of Upper District staff. We appreciate the dedicated efforts and professionalism that our staff members bring to the Upper District. We would also like to thank the members of the Board of Directors for their continued support in the planning and implementation of Upper District's fiscal policies.

Respectfully submitted,



Thomas A. Love  
General Manager



Evelyn M. Rodriguez  
Director of Finance and Administration

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Presented to

**Upper San Gabriel Valley Municipal Water District  
California**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2021

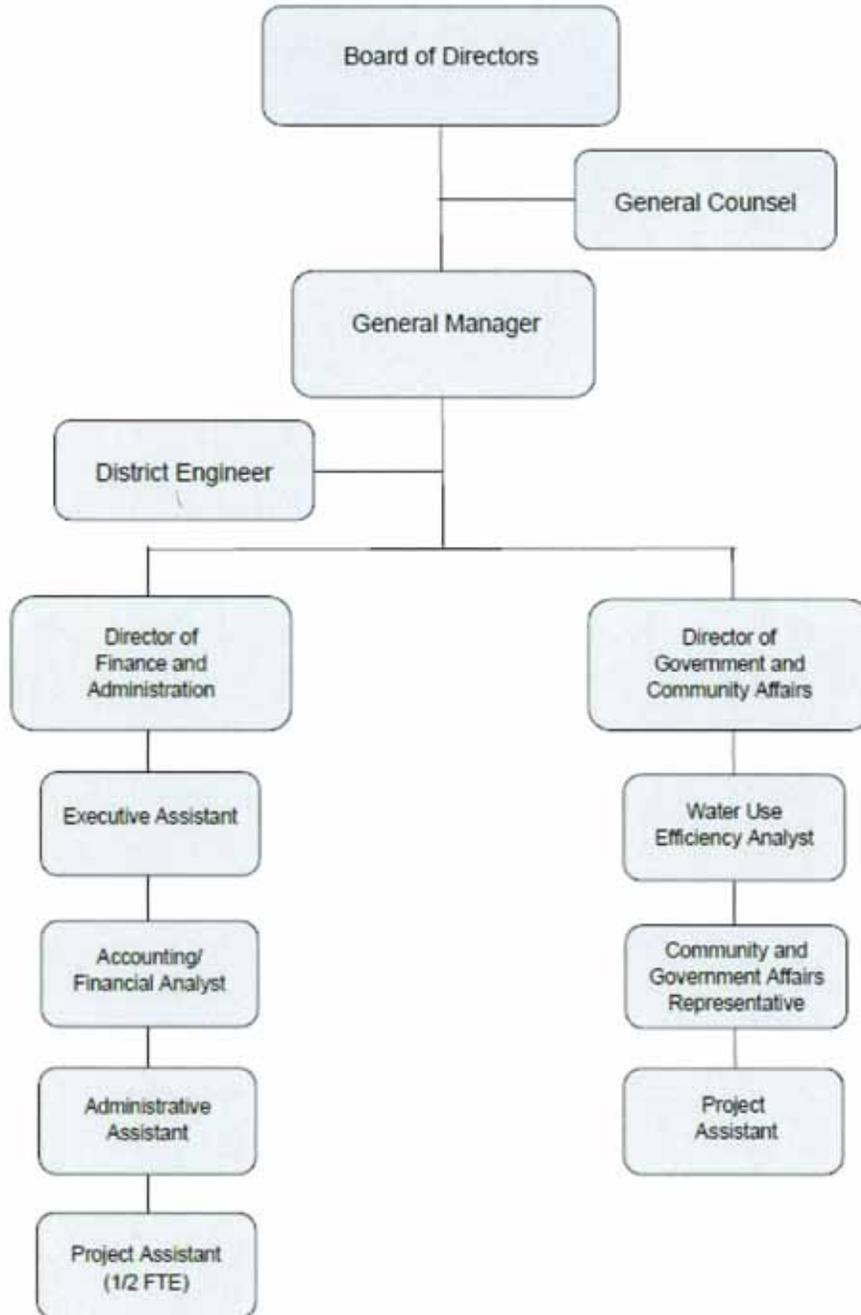
*Christopher P. Morill*

Executive Director/CEO

# Upper San Gabriel Valley Municipal Water District

## Organizational Chart

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## **Financial Section**

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### Independent Auditor's Report

Honorable Member of the Board of Directors  
Upper San Gabriel Valley Municipal Water District

#### Report on the Audit of the Financial Statements

##### PARTNERS

Terry P. Shea, CPA  
Scott W. Manno, CPA, CGMA  
Leera Shanbhag, CPA, MST, CGMA  
Bradford A. Welebir, CPA, MBA, CGMA  
Jenny W. Liu, CPA, MST  
Branda L. Odle, CPA, MST (Partner Emerita)

##### MANAGERS / STAFF

Garconya Duran, CPA, CGMA  
Brianna Schultz, CPA, CGMA  
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Evelyn Moranon-Barcelona, CPA  
Veronica Hernandez, CPA  
Lara Arvizu, CPA  
Xinfu Zoe Zhang, CPA, MSA  
John Maldonado, CPA, MSA  
Julia Rodriguez Fuentes, CPA, MSA  
Deryn Hite, CPA  
Jeffrey McKernan, CPA

##### MEMBERS

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Quality Center

Employee Benefit Plan  
Audit Quality Center

California Society of  
Certified Public Accountants



#### Opinion

We have audited the accompanying financial statements of the Upper San Gabriel Valley Municipal Water District (Upper District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Upper District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of Upper District, as of June 30, 2022, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the California State Controller's office and state regulations governing special districts.

#### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State Controller's *Minimum Audit Requirements for California Special Districts*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Upper District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Responsibility of Management for the Financial Statements

Upper District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Upper District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Upper District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Upper District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory section and statistical section but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

***Report on Summarized Comparative Information***

We have previously audited Upper District's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 28, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

***Other Matter******Prior-Year Comparative Information***

The financial statements include summarized prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended June 30, 2021, from which such summarized information was derived.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2022, on our consideration of Upper District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Upper District's internal control over financial reporting and compliance.

*Rogers, Anderson, Malody & Scott, LLP.*

San Bernardino, California  
October 27, 2022

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# *Upper San Gabriel Valley Municipal Water District*

## **Management's Discussion and Analysis For the fiscal year ended June 30, 2022**

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The following Management's Discussion and Analysis (MD&A) provides an overview of the financial performance and activities of the Upper San Gabriel Valley Municipal Water District (Upper District) for the fiscal years ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with the transmittal letter in the Introductory Section and with the basic financial statements and related notes which follow this section.

### **Required Financial Statements**

Upper District is a wholesale water utility enterprise and presents its financial statements using the economic resources measurement focus and the full accrual basis of accounting. As an enterprise fund, Upper District's basic financial statements include the statement of net position, statement of revenues, expenses and changes in net position and statement of cash flows. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

The statement of net position presents information on all Upper District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Upper District is improving or deteriorating.

The statement of revenues, expenses and changes in net position presents information showing how Upper District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are recognized on the accrual basis.

The statement of cash flows is related to the other financial statements by the way it links changes in assets and deferred outflows of resources and liabilities and deferred inflows of resources to the effect on cash and cash equivalents over the course of the fiscal year.

The notes to the financial statements provide useful information regarding Upper District's significant accounting policies, and they explain significant account balances and activities, certain material risks, obligations, commitments, contingencies and subsequent events, if any.

### **Financial Highlights**

- During fiscal year 2021/22, the producers and Watermaster made combined imported water purchases of about 49,700 acre feet, a decrease of about 10,300 acre feet compared to prior fiscal year's.
- Under the three-year purchase agreement with Watermaster, about 8,200 acre feet of untreated water were sold at cost.
- Capital expenditures during the fiscal year consisted mostly of costs associated with the renovation of Upper District's new office amounting to about \$2.23 million.
- Limited in-person conservation events and programs were held during fiscal year 2021/22 as COVID-19 concerns linger.

More information on the financial statement variances is covered in the next sections.

# Upper San Gabriel Valley Municipal Water District

## Management's Discussion and Analysis For the fiscal year ended June 30, 2022

### Financial Analysis of Upper District

The statements of net position and the statements of revenues, expenses and changes in net position report provide an indication of Upper District's financial health. It provides a basis for evaluating the capital structure and assessing the liquidity and financial flexibility of Upper District.

The following tables summarize Upper District's financial condition and the changes in its net position for the past two years.

### Statements of Net Position

#### Consolidated Statements of Net Position

	June 30		Change	
	2022 (in thousands)	2021 (in thousands)	Dollar (in thousands)	Percentage
<b>Assets</b>				
Current assets	\$ 26,224	\$ 25,716	\$ 508	1.98%
Capital assets, net	55,799	54,668	1,131	2.07%
Total assets	<u>82,023</u>	<u>80,384</u>	<u>1,639</u>	<u>2.04%</u>
<b>Deferred outflows of resources</b>	<u>1,838</u>	<u>1,755</u>	<u>83</u>	<u>4.73%</u>
<b>Liabilities</b>				
Current liabilities	4,145	3,655	490	13.41%
Noncurrent liabilities	8,480	11,608	(3,128)	-26.95%
Total liabilities	<u>12,625</u>	<u>15,263</u>	<u>(2,638)</u>	<u>-17.28%</u>
<b>Deferred inflows of resources</b>	<u>2,026</u>	<u>338</u>	<u>1,688</u>	<u>499.41%</u>
<b>Net position</b>				
Net investment in capital assets	48,485	46,706	1,779	3.81%
Unrestricted	20,724	19,831	893	4.50%
Total net position	<u>\$ 69,209</u>	<u>\$ 66,537</u>	<u>\$ 2,672</u>	<u>4.02%</u>

As shown above, Upper District's total assets exceeded liabilities and deferred inflows of resources by \$69.21 million and \$66.54 million as of June 30, 2022 and 2021, respectively, or an increase in net position of \$2.67 million between 2022 and 2021.

#### Assets

To help address the rapidly declining Basin levels, Upper District began pre-purchasing untreated water for cyclic storage in 2015. As of June 30, 2022 and 2021, Upper District's cyclic storage account has about 8,000 and 6,600 acre feet of water, respectively, reported as part of current assets in Upper District's statements of net position.

The increase in net investment in capital assets of about \$1.78 million during fiscal year 2021/22 is attributable to renovation costs for the new district headquarters offset by the annual provision for depreciation.

# Upper San Gabriel Valley Municipal Water District

## Management's Discussion and Analysis For the fiscal year ended June 30, 2022

### Liabilities

The decrease in Upper District's noncurrent liabilities as of June 30, 2022 is mainly attributable to decreases in net pension liability, primarily from net investment gains, and net OPEB liability, mainly from additional contributions and net investment gains. In addition, Upper District continued to pay down its state revolving loan, reducing amount owed to CSWRCB by \$0.65 million and \$0.64 million for fiscal years ended June 30, 2022 and 2021, respectively.

### Net Position

A large portion of Upper District's net position consists of net investment in capital assets. Capital assets are used by Upper District to provide services to its customers and are, therefore, not available for spending. Consequently, as Upper District continued to invest in its recycled water program to improve water supply reliability, net investment in capital assets will generally increase.

### Statements of Revenues, Expenses and Changes in Net Position

The statement of revenues, expenses and changes in net position provide information on the nature and sources of these changes. For the fiscal years ended June 30, 2022 and 2021, Upper District's net position increased by \$2.67 million and \$3.95 million, respectively, as shown by the table below.

#### Condensed Statements of Revenues, Expenses and Changes in Net Position

	June 30		Change	
	2022 (in thousands)	2021 (in thousands)	Dollar (in thousands)	Percentage
<b>Operating revenue</b>				
Water revenue	\$ 47,256	\$ 55,708	\$ (8,452)	-15.17%
Water conservation	507	31	476	1535.48%
Other operating revenue	1,077	115	962	836.52%
Total operating revenue	48,840	55,854	(7,014)	-12.56%
<b>Total operating expenses</b>	50,990	57,164	(6,174)	-10.80%
Operating loss	(2,150)	(1,310)	(840)	64.12%
Standby charges	4,192	4,244	-52	-1.23%
Investment earnings, taxes, other	475	764	(289)	-37.83%
Net nonoperating revenues	4,667	5,008	(341)	-6.81%
Income before contributions	2,517	3,698	(1,181)	-31.94%
Capital contributions	155	249	(94)	-37.75%
Change in net position	2,672	3,947	\$ (1,275)	-32.30%
Net position, beginning of year	66,538	62,591		
Net position, end of year	\$ 69,210	\$ 66,538		

### Operating Revenues

Upper District received \$1 million from Sunny Slope Water Company (SSWC) in fiscal year 2021/22 as repayment for grant funds provided by Upper District in 2011 and 2012 for the construction of SSWC's liquid-phase granular activated carbon treatment vessel. The grant agreement required SSWC's repayment of funds should project costs be recouped from responsible parties.

## Upper San Gabriel Valley Municipal Water District

### Management's Discussion and Analysis For the fiscal year ended June 30, 2022

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During fiscal year 2021/22, producers significantly scaled back on their water purchases for cyclic storage. In addition, about 8,200 acre feet of untreated water were sold at cost pursuant to a three-year purchase agreement between Watermaster and Upper District. Because of these, untreated water sales revenue decreased by \$8.74 million.

#### *Nonoperating Revenue/Expenses and Capital Contributions*

Nonoperating revenue, generally consisting of standby charges, investment earnings and taxes, have remained relatively stable over the years. In fiscal year 2021/22, Upper District's standby charge rate was set at \$10 per acre per year or \$10 per parcel less than one acre per year. This charge, generating about \$2 million, provides funding for the recycled and water conservation programs. MWD levies a separate standby charge, set at \$9.27 per acre or portion thereof per year, on behalf of Upper District. This charge, generating about \$1.90 million, is used to offset MWD's RTS charge.

#### *Operating Expenses*

Upper District purchases imported water from MWD and sets its rates based on MWD's prevailing rates plus a per-acre-foot surcharge.

During fiscal year 2021/22, producers significantly scaled back on their water purchases for cyclic storage decreasing untreated water purchases by \$6.74 million.

Cancellation or postponement of various water conservation events and projects continued during 2021/22, keeping program costs for the fiscal year low.

#### **Capital Asset Administration**

As of June 30, 2022 and 2021, Upper District's investments in capital assets, net of accumulated depreciation, amounted to \$55.80 million and \$54.67 million, respectively. The following is a summary of capital assets:

	June 30		Change	
	2022 (in thousands)	2021 (in thousands)	Dollar (in thousands)	Percentage
Intangible utility plant	\$ 657	\$ 657	\$ -	0.00%
Construction in progress	11,098	8,866	2,232	25.17%
Water recycling	52,106	52,106	-	0.00%
Building and improvements	3,548	3,548	-	0.00%
Furniture and equipment	441	441	-	0.00%
Other	116	116	-	0.00%
Subtotal	67,966	65,734	2,232	3.40%
Less accumulated depreciation	(12,166)	(11,064)	(1,102)	9.96%
Net capital assets	\$ 55,800	\$ 54,670	\$ 1,130	2.07%

For more information regarding Upper District's capital assets, please refer to Note 4 of the Notes to Financial Statements.

# *Upper San Gabriel Valley Municipal Water District*

## **Management's Discussion and Analysis For the fiscal year ended June 30, 2022**

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### **Long-term Debt**

Construction activities for the City of Industry Project were partially funded by a State Revolving Fund (SRF) loan from the California State Water Resources Control Board (CSWRCB) which, as of June 30, 2022 and 2021, amounted to \$7,313,702 and \$7,961,230, respectively. Detailed information on Upper District's long-term debt is presented under Note 6 in the Notes to Financial Statements.

### **Water Rates and Other Charges**

On May 26, 2021, the Board of Directors approved the adoption of a water standby or availability of service charge at \$10 per acre of land or \$10 for each parcel of land less than an acre within Upper District's service area for fiscal year 2021/22. This charge generates about \$2 million in revenues.

In August 2021, the Board of Directors approved the water rates and charges for the different classes of water effective January 1, 2022. Upper District's water rates for the last ten fiscal years are presented on page 50 of the statistical section.

### **Conditions Affecting Current Financial Position**

Subsequent to extensive discussions with the producers and Watermaster to address the increasing Metropolitan's net readiness-to-serve (RTS) charge, Upper District entered into a three-year agreement with Watermaster setting minimum purchase commitment for untreated water. Under the agreement executed in December 2021, Watermaster commits to purchase a set amount of water each fiscal year sufficient to meet the District's required debt coverage ratio. Untreated sales in excess of the annual purchase commitment will not carry Upper District's surcharge. The letter agreement aims to address the variability of untreated water sales and the growing gap between the District's share of the RTS charge and the standby charge revenue collected by Metropolitan on Upper District's behalf.

Shortly after signs of the COVID-19 pandemic first appeared in California in 2020, Upper District, like most agencies, immediately transitioned staff to a teleworking schedule with minimal disruption in essential service delivery. As vaccines were rolled out and COVID-19 cases declined in Los Angeles County, Upper District was able to fully transition staff to pre-pandemic schedule in the office in June 2021. However, planned events and projects that involve face-to-face encounters continued to be cancelled during fiscal year 2021/22 as concerns about the virus persist.

### **Requests for Information**

This financial report is designed to provide Upper District's funding sources, customers, stakeholders and other interested parties with an overview of Upper District's financial operations and overall financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact Upper District's Director of Finance and Administration at 602 E. Huntington Drive, Suite B, Monrovia, California 91016.

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## **Basic Financial Statements**

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# Upper San Gabriel Valley Municipal Water District

## Statement of Net Position

June 30, 2022

(With comparative data for prior year)

	2022	2021
<b>Assets</b>		
Current assets:		
Cash and cash equivalents (Note 2)	\$ 12,985,645	\$ 11,984,460
Investments	5,514,984	6,162,244
Receivables:		
Water sales	2,331,242	1,473,647
Grants	-	3,800
Other	494,188	214,090
Prepurchased water	4,767,823	5,749,227
Prepaid expenses	129,736	128,904
Total current assets	<u>26,223,618</u>	<u>25,716,372</u>
Noncurrent assets:		
Capital assets, not being depreciated (Note 4)	11,755,204	9,522,471
Capital assets, net of depreciation (Note 4)	44,043,793	45,145,324
Total noncurrent assets	<u>55,798,997</u>	<u>54,667,795</u>
Total assets	<u>82,022,615</u>	<u>80,384,167</u>
<b>Deferred outflows of resources</b>		
Pension related (Note 7)	1,553,034	641,535
OPEB related (Note 9)	285,067	1,113,066
Total deferred outflows of resources	<u>1,838,101</u>	<u>1,754,601</u>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable:		
Metropolitan Water District	1,427,442	1,790,814
Other	1,662,188	1,016,120
Accrued liabilities	321,419	124,677
Unearned revenue	33,750	30,375
Due to State Water Resources Control Board, current portion	659,217	647,529
Compensated absences, current portion (Note 5)	40,812	45,807
Total current liabilities	<u>4,144,828</u>	<u>3,655,322</u>
Noncurrent liabilities:		
Net pension liability (Note 7)	1,583,206	2,752,218
Net OPEB liability (Note 9)	203,341	1,496,461
Due to State Water Resources Control Board, net of current portion	6,654,485	7,313,701
Compensated absences, net of current portion (Note 5)	39,244	45,621
Total noncurrent liabilities	<u>8,480,276</u>	<u>11,608,001</u>
Total liabilities	<u>12,625,104</u>	<u>15,263,323</u>
<b>Deferred inflows of resources</b>		
Pension related (Note 7)	1,448,870	77,508
OPEB related (Note 9)	577,009	260,355
Total deferred inflows of resources	<u>2,025,879</u>	<u>337,863</u>
<b>Net position</b>		
Net investment in capital assets	48,485,295	46,706,565
Unrestricted	20,724,438	19,831,017
Total net position	<u>\$ 69,209,733</u>	<u>\$ 66,537,582</u>

The accompanying notes are an integral part of these financial statements.

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*Upper San Gabriel Valley Municipal Water District*

**Statement of Revenues, Expenses and Changes in Net Position  
For the fiscal year ended June 30, 2022  
(With comparative data for prior year)**

	<u>2022</u>	<u>2021</u>
<b>Operating revenues</b>		
Water revenue	\$ 47,255,910	\$ 55,708,272
Water conservation	507,026	30,769
Other revenues	1,076,993	114,802
Total operating revenues	<u>48,839,929</u>	<u>55,853,843</u>
<b>Operating expenses</b>		
Sources of supply	41,556,927	48,111,188
Water quality and supply program	3,443,095	3,216,926
Water recycling	828,869	895,068
Conservation	1,802,740	1,265,465
Depreciation	1,101,531	1,106,869
General and administrative	2,257,145	2,568,452
Total operating expenses	<u>50,990,307</u>	<u>57,163,968</u>
Operating loss	<u>(2,150,378)</u>	<u>(1,310,125)</u>
<b>Nonoperating revenues (expenses)</b>		
Standby charges	4,191,638	4,244,157
Investment earnings (losses)	(257,620)	54,657
Taxes	733,186	708,881
Total nonoperating revenues	<u>4,667,204</u>	<u>5,007,695</u>
Income before contributions	2,516,826	3,697,570
Capital contributions	<u>155,325</u>	<u>249,226</u>
Change in net position	2,672,151	3,946,796
Net position, beginning of year	<u>66,537,582</u>	<u>62,590,786</u>
Net position, end of year	<u>\$ 69,209,733</u>	<u>\$ 66,537,582</u>

*The accompanying notes are an integral part of these financial statements.*

## Upper San Gabriel Valley Municipal Water District

### Statement of Cash Flows For the fiscal year ended June 30, 2022 (With comparative data for prior year)

	<u>2022</u>	<u>2021</u>
<b>Cash flows from operating activities</b>		
Cash received from customers	\$ 47,709,411	\$ 55,596,513
Cash payments to suppliers for goods and services	(46,161,778)	(52,280,398)
Cash payments for employees for services	(3,135,976)	(4,157,983)
Net cash provided by (used for) operating activities	<u>(1,588,343)</u>	<u>(841,868)</u>
<b>Cash flows from noncapital financing activities</b>		
Cash received from property taxes	733,186	708,881
Cash received from standby charges	4,191,638	4,244,157
Net cash provided by (used for) noncapital financing activities	<u>4,924,824</u>	<u>4,953,038</u>
<b>Cash flows from capital and related financing activities</b>		
Acquisition and construction of capital assets	(2,232,733)	(292,704)
Repayment of project finance agreements	(647,528)	(636,047)
Capital contributions	155,325	249,226
Net cash provided by (used for) capital and related financing activities	<u>(2,724,936)</u>	<u>(679,525)</u>
<b>Cash flows from investing activities</b>		
Cash received from sale and maturity of investments	495,897	1,489,960
Acquisition of investments	-	(2,485,791)
Investment earnings (losses)	(106,257)	54,657
Net cash provided by (used for) investing activities	<u>389,640</u>	<u>(941,174)</u>
Net change in cash and cash equivalents	1,001,185	2,490,471
Cash and cash equivalents, beginning of year	<u>11,984,460</u>	<u>9,493,989</u>
Cash and cash equivalents, end of year	<u>\$ 12,985,645</u>	<u>\$ 11,984,460</u>

*The accompanying notes are an integral part of these financial statements.*

## *Upper San Gabriel Valley Municipal Water District*

### Statement of Cash Flows

For the fiscal year ended June 30, 2022

(With comparative data for prior year), (continued)

	2022	2021
Reconciliation of operating loss to net cash provided by (used for) operating activities:		
Operating loss	\$ (2,150,378)	\$ (1,310,125)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:		
Depreciation	1,101,531	1,106,869
(Increase) decrease in assets and deferred outflows of resources:		
Receivables	(1,133,893)	(263,805)
Prepurchased water	981,404	-
Prepaid expenses	(832)	5,833
Deferred outflows of resources	(83,500)	(827,310)
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable and accrued liabilities	479,438	364,643
Unearned revenue	3,375	6,475
Compensated absences	(11,372)	5,604
Deferred inflows of resources	1,688,016	(136,350)
Net pension liability	(1,293,120)	(6,920)
Net OPEB liability	(1,169,012)	213,218
Net cash provided by (used for) operating activities	\$ (1,588,343)	\$ (841,868)
<b>Schedule of non-cash operating, noncapital and capital related financing and investing activities</b>		
Fair value adjustment	\$ (155,406)	\$ (71,853)

*The accompanying notes are an integral part of these financial statements.*

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# *Upper San Gabriel Valley Municipal Water District*

## **Notes to Financial Statements For the fiscal year ended June 30, 2022**

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### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### ***Description of the entity***

Upper San Gabriel Valley Municipal Water District (Upper District), which comprises an area of approximately 144 square miles, was incorporated on January 7, 1960 under the provisions of the Municipal Water District Law of 1911, as amended, (now cited as "The Municipal Water District Law of 1911", Division 20, California Water Code) as a result of a special election held on December 8, 1959. On March 12, 1963, the voters of Upper District elected to join the Metropolitan Water District of Southern California. On November 2, 1965, the citizens of West Covina voted to join Upper District.

Adjudication proceedings, which established the legal determination of water rights of individual pumpers in the area in relation to the safe yield of the total water basin, were completed on December 29, 1972. The decree established a Watermaster, the Main San Gabriel Basin Watermaster, who took over the function of levying and collecting the assessments that had previously been levied and collected by Upper District through its reimbursement contract and replenishment funds.

Upper District's mission is to consistently meet our region's need for reliable, high quality and affordable water.

#### ***Basis of accounting and measurement focus***

Upper District is considered an enterprise fund for financial reporting purposes. The accompanying financial statements have been prepared using the economic measurement focus and the accrual basis of accounting, in conformity with generally accepted accounting principles (GAAP) and the Uniform Systems of Accounts for Water Utility Districts as prescribed by the Controller of the State of California. Under this basis of accounting and measurement focus, revenues are recognized when they are earned and expenses are recognized when they are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they were levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the providers have been met.

#### ***Net position***

Sometimes Upper District will fund outlays for a particular purpose from both restricted (e.g., grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

# Upper San Gabriel Valley Municipal Water District

## Notes to Financial Statements For the fiscal year ended June 30, 2022

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### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *Net position (continued)*

Net position is categorized as follows:

- *Net investment in capital assets* – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- *Restricted* – This component of net position consists of constraints placed on resources through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted* – This component of net position consists of resources that do not meet the definition of “restricted” or “net investment in capital assets.”

Upper District distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an entity’s ongoing operations. Upper District defines operating revenues as those realized by Upper District in exchange for providing its primary services for water sales and water programs including conservation and recycled water. Nonoperating revenues are those derived from the investment of cash reserves and from entities other than customers and other ancillary sources.

#### **Pension**

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pension, and pension expense, information about the fiduciary net position of the Upper District’s California Public Employees’ Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

# Upper San Gabriel Valley Municipal Water District

## Notes to Financial Statements For the fiscal year ended June 30, 2022

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### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### ***Postemployment benefits other than pensions (OPEB)***

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense information about the fiduciary net position of the Upper District's OPEB Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

#### ***Use of estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

#### ***Risk management***

Upper District is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; and natural disasters. It is a member of the Association of California Water Agencies Joint Powers Insurance Authority (Insurance Authority). The Insurance Authority is a risk-pooling, self-insurance authority, created under the provisions of California Government Code Sections 6500 et. seq. The purpose of the Insurance Authority is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage.

On June 30, 2022, Upper District participated in the self-insurance program of the Insurance Authority as follows:

*Property Loss* – The Insurance Authority has pooled self-insurance up to \$100,000 per occurrence and has purchased excess insurance coverage up to \$500,000,000, with deductibles ranging from \$2,500 to \$50,000.

*General, Auto and Public Officials Errors and Omissions Liability* – The Insurance Authority has pooled self-insurance up to \$5,000,000 and has purchased excess insurance coverage up to \$55,000,000.

*Cyber Liability* – The Insurance Authority has pooled self-insurance up to \$5,000,000 per occurrence subject to a \$5,000,000 aggregate limit.

# Upper San Gabriel Valley Municipal Water District

## Notes to Financial Statements For the fiscal year ended June 30, 2022

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### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### ***Risk management (continued)***

*Fidelity: Public Employee Dishonesty, Forgery or Alteration, Computer Fraud & ERISA* – The Insurance Authority has pooled self-insurance up to \$100,000 per occurrence, with \$1,000 deductible.

*Workers' Compensation* – The Insurance Authority has pooled self-insurance up to \$2,000,000 each for workers' compensation and employers' liability. The Insurance authority purchases excess coverage up to the statutory limit of \$4,000,000.

There were no settlements in excess of the insurance coverage in any of the three prior fiscal years.

#### ***Cash and cash equivalents***

For purposes of the statements of cash flows, cash and cash equivalents have been defined as deposits and highly liquid investments with maturity of 90 days or less at the date of purchase.

#### ***Investments***

Investments are stated at fair value (the value at which financial instruments could be exchanged in a current transaction between willing parties, other than in a forced liquidation sale). Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

#### ***Capital assets and depreciation***

Capital assets are recorded at cost. If applicable, donated assets are stated at acquisition value on the date donated. The provision for depreciation is computed using the straight-line method over the estimated service lives of the capital assets. Upper District uses differing capitalization thresholds for the classes of assets based on materiality. Upper District's policy is to review for capitalization those expenditures greater than \$500 that have a useful life of more than one year. Estimated service lives for Upper District's classes of assets are as follows:

Distribution system	50 years
Building	50 years
Building improvements	10 - 15 years
Furniture and equipment	2 - 10 years

# *Upper San Gabriel Valley Municipal Water District*

## **Notes to Financial Statements For the fiscal year ended June 30, 2022**

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### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### ***Unearned revenue***

Unearned revenue is water revenue paid by customers, as well as rental revenue paid by a lessee in the current period but is yet to be earned by Upper District.

#### ***Compensated absences***

Upper District's policy is to permit employees to accumulate a limited amount of earned vacation and sick leave. Accumulated vacation time is accrued at year-end to account for Upper District's obligation to the employees for the amount owed. It is management's belief that the majority of the obligation will be utilized during the course of the next fiscal year. Vacation pay is payable to employees at the time a vacation is taken, cashed out, or upon termination of employment. Normally, an employee cannot accrue more than thirty days of vacation each year. Sick leave is payable when an employee is unable to work because of illness. Upon retirement, an employee will be paid for any unused sick leave.

#### ***Overhead absorption***

Certain operating expenses are allocated to capital assets using management's allocation of manpower and service estimates that are directly related to the construction of capital assets.

#### ***Contributions for capital acquisitions/construction***

Contributions for capital acquisitions/construction represent cash and capital asset additions contributed to Upper District by federal, state, and local granting agencies.

#### ***Reclassifications***

Upper District has reclassified certain prior year information to conform to current year presentation, with no effect on net position.

#### ***Budgetary policies***

Upper District adopts an annual non-appropriated budget for planning, control, and evaluation purposes. Budgetary control and evaluation are affected by comparisons of actual revenues and expenses with planned revenues and expenses for the period. Encumbrance accounting is not used to account for commitments related to unperformed contracts for construction and services.

#### ***Allowance for doubtful accounts***

Upper District recognizes bad debt expense relating to receivables when it is probable that the accounts will be uncollectible. As of June 30, 2022, all receivables were deemed collectible.

# Upper San Gabriel Valley Municipal Water District

## Notes to Financial Statements For the fiscal year ended June 30, 2022

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### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *Property taxes*

The County bills and collects property taxes on behalf of numerous special districts and incorporated cities, including Upper District. The Upper District's current year tax collection is received through periodic apportionments from the County. The County's tax calendar is from July 1 to June 30. Property taxes attach as a lien on the property on January 1. Taxes are levied on July 1 and are payable in two equal installments on November 1 and February 1, and become delinquent after December 10 and April 10, respectively.

#### *Prepurchased water*

Pre-purchased water consists of groundwater purchased from the Metropolitan Water District and not immediately sold to client agencies. It is valued based upon purchase cost and consumed on a first in first out basis.

### NOTE 2: CASH AND INVESTMENTS

Cash and investments are presented in the accompanying financial statements as follows:

Cash and cash equivalents	\$ 12,985,645
Investments	<u>5,514,984</u>
Total cash and investments	<u>\$ 18,500,629</u>

Cash and investments as of June 30, 2022 consist of the following:

Imprest cash on hand	\$ 500
Deposits with financial institutions	1,069,185
Cash with investment broker	<u>624</u>
Total cash	<u>1,070,309</u>
Local Agency Investment Fund <sup>(1)</sup>	11,915,337
Money market mutual funds	136,368
Agency Funds	1,956,660
U.S. Treasury Funds	3,043,275
U.S. Corporate Funds	<u>378,680</u>
Total investments	<u>17,430,320</u>
Total cash and investments	<u>\$ 18,500,629</u>

<sup>(1)</sup>Upper District is a voluntary participant in the Local Agency Investment Fund (LAIF), a special fund regulated by the California State Treasury through which each city, district or agency may invest up to \$75 million. As of June 30, 2022, the total fair value of LAIF, including accrued interest was approximately \$231 billion. Upper District's proportionate share of that value is \$11.9 million as of June 30, 2022. Investments in LAIF are highly liquid, as deposits can be converted to cash within 24 hours without loss of interest. LAIF has a minimum \$5,000 transaction amount in increments of \$1,000 with a maximum of 15 transactions (combination of deposits and withdrawals) per month. LAIF requires a one-day prior notice for deposits and withdrawals of \$10 million or more. As regards to credit rating, LAIF is unrated as of June 30, 2022.

# Upper San Gabriel Valley Municipal Water District

## Notes to Financial Statements For the fiscal year ended June 30, 2022

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### NOTE 2: CASH AND INVESTMENTS (CONTINUED)

#### *Investment policy*

The Upper District's investment policy outlines the guidelines required to be used in effectively managing Upper District's available cash in accordance with the California Government Code. To address interest rate risk, the Upper District's existing policy limits the maturity of investments to five years, with the exception of special trust funds which shall not be subject to this limitation. To mitigate credit risks associated with its investments, the Upper District's investment policy limits investments to large institutions and requires diversification to ensure that failure of one issuer will not significantly affect the Upper District's cash flow.

#### *Interest rate risk*

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Upper District's investments in LAIF have a weighted average maturity of 291 days, generally consistent with its cash flow and liquidity needs. Investments in LAIF are highly liquid, as deposits can be converted to cash within 24 hours without loss of interest.

Information about the sensitivity of the fair values of the Upper District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Upper District's investments by maturity.

Maturities of investments at June 30, 2022, were as follows:

Investment Type (including LAIF)	Total	Remaining maturing (in months)			
		12 Months or Less	13 to 36 Months	37 to 60 Months	More than 60 Months
Local Agency Investment Fund	\$ 11,915,337	\$ 11,915,337	\$ -	\$ -	\$ -
Money market mutual funds	136,368	136,368	-	-	-
Agency funds	1,956,660	1,020,617	936,043	-	-
U.S. Treasury funds	3,043,275	499,589	2,543,686	-	-
U.S. Corporate funds	378,680	19,620	359,060	-	-
Total	\$ 17,430,320	\$ 13,591,531	\$ 3,838,789	\$ -	\$ -

#### *Concentration of credit risk*

A concentration of credit risk is the risk of loss attributable to the magnitude of the Upper District's investment in a single issuer. The Upper District's investment policy contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. As of June 30, 2022, there were no investments in any one issuer (other than U.S. Treasury securities, agency funds, corporate funds, and external investment pools) that represent 5% or more of total Upper District investments.

# *Upper San Gabriel Valley Municipal Water District*

## **Notes to Financial Statements For the fiscal year ended June 30, 2022**

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### **NOTE 2: CASH AND INVESTMENTS (CONTINUED)**

#### ***Custodial credit risk***

Custodial credit risk is the risk that the Upper District will not be able to (a) recover deposits if the depositor financial institution fails, or (b) recover the value of investments or collateral securities that are in the possession of an outside party if the counterparty to the investment or deposit transaction fails.

#### ***Deposits***

The California Government Code requires California banks and savings and loan associations to secure a local governmental agency's (agency) deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of an agency's deposits. California law also allows financial institutions to secure an agency's deposits by pledging first trust deed mortgage notes having a value of 150% of an agency's total deposits. The agency may waive collateral requirements for deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC).

Deposits are exposed to custodial credit risk if they are uninsured and are either:

- a. Uncollateralized;
- b. Collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the depositor-government's name.

At June 30, 2022, Upper District's deposits (bank balances) exceeded the maximum deposit insurance amount by \$962,135, which is collateralized as described above.

#### ***Investments***

The California Government Code authorizes Upper District to invest in obligations of the United States Treasury, agencies, and instrumentalities; prime commercial paper; bankers' acceptances; repurchase and reverse repurchase agreements; financial futures or financial option contracts; negotiable certificates of deposit; obligations of the State of California; and, obligations of local agencies within California.

Investments are exposed to custodial credit risk if they are uninsured, unregistered and held by either:

- a. Counterparty;
- b. The counterparty's trust department or agent but not in the government's name.

# Upper San Gabriel Valley Municipal Water District

## Notes to Financial Statements For the fiscal year ended June 30, 2022

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### NOTE 2: CASH AND INVESTMENTS (CONTINUED)

#### *Credit risk*

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Upper District's investment policy limits eligible investments to large institutions. As of June 30, 2022, Upper District had the majority of its investments in LAIF.

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of year-end for each investment type.

Credit ratings of investments as of June 30, 2022, were as follows:

<u>Investment Type (including LAIF)</u>	<u>Total</u>	<u>Minimum legal rating</u>	<u>Standard &amp; Poor's Rating as of year end</u>
Local Agency Investment Fund	\$ 11,915,337	N/A	Unrated
Investments:			
Money market mutual funds	136,368	A	AAA
Agency funds	1,956,660	N/A	AA+
U.S. Corporate funds	<u>378,680</u>	N/A	A+
Subtotal	14,387,045		
U.S. Treasury funds	<u>3,043,275</u>		
Total	<u>\$ 17,430,320</u>		

### NOTE 3: FAIR VALUE MEASUREMENTS

Generally accepted accounting principles establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Upper District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; while Level 3 inputs are significant unobservable inputs.

- Level 1 inputs are quoted prices for identical assets or liabilities in active markets that government can access at the measurement date.

*Upper San Gabriel Valley Municipal Water District*

**Notes to Financial Statements**  
**For the fiscal year ended June 30, 2022**

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**NOTE 3: FAIR VALUE MEASUREMENTS (CONTINUED)**

- Level 2 inputs include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive market; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 inputs are unobservable inputs for an asset or liability.

The following table represent the Upper District's fair value hierarchy for its financial assets measured at fair value on a recurring basis:

Investment by fair value level	Fair value measurement using			
	Total	Level 1	Level 2	Level 3
Agency funds	\$ 1,956,660	\$ -	\$ 1,956,660	\$ -
U.S. Treasury funds	3,043,275	-	3,043,275	-
U.S. Corporate funds	378,680	-	378,680	-
	5,378,615	\$ -	\$ 5,378,615	\$ -
Investments not subject to fair value measurements:				
LAIF	11,915,337			
Money market mutual funds	136,368			
Total investments	<u>\$ 17,430,320</u>			

Upper District's investments in LAIF as of June 30, 2022 are reported at the Upper District's pro-rata share of the amortized cost provided by LAIF for the entire portfolio.

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# Upper San Gabriel Valley Municipal Water District

## Notes to Financial Statements For the fiscal year ended June 30, 2022

### NOTE 4: CAPITAL ASSETS

Changes in capital assets for the year ended June 30, 2022 were as follows:

	Beginning balance	Increases	Decreases	Ending balance
Capital assets, not being depreciated				
Intangible utility plant	\$ 656,874	\$ -	\$ -	\$ 656,874
Construction in progress	8,865,597	2,232,733	-	11,098,330
Total capital assets, not being depreciated	9,522,471	2,232,733	-	11,755,204
Capital assets, being depreciated:				
Buildings and improvements	3,548,056	-	-	3,548,056
Water recycling	52,105,171	-	-	52,105,171
Furniture and equipment	440,979	-	-	440,979
Other	116,490	-	-	116,490
Total capital assets, being depreciated	56,210,696	-	-	56,210,696
Less accumulated depreciation for:				
Water recycling	(10,577,586)	(1,072,636)	-	(11,650,222)
Furniture and equipment	(387,707)	(21,283)	-	(408,990)
Other	(100,079)	(7,612)	-	(107,691)
Total accumulated depreciation	(11,065,372)	(1,101,531)	-	(12,166,903)
Total capital assets being depreciated, net	45,145,324	(1,101,531)	-	44,043,793
Total capital assets, net	\$ 54,667,795	\$ 1,131,202	\$ -	\$ 55,798,997

Major capital asset additions during the year include work on various stages of construction projects. A significant portion of these additions were constructed by the Upper District and/or subcontractors.

### NOTE 5: COMPENSATED ABSENCES

Changes in compensated absences for the year ended June 30, 2022 were as follows:

Balance at beginning of year	\$ 91,428
Earned by employees	72,929
Taken by/paid to employees	(84,301)
Balance at end of year	80,056
Less current portion	40,812
Long-term portion	\$ 39,244

# Upper San Gabriel Valley Municipal Water District

## Notes to Financial Statements For the fiscal year ended June 30, 2022

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### NOTE 6: AGREEMENTS WITH STATE WATER RESOURCES CONTROL BOARD

#### *Project finance agreements (direct borrowing)*

In December 2009, Upper District entered into four (4) project finance agreements with the California State Water Resources Control Board (CSWRCB) for a total amount of \$17.02 million for the purpose of financing the planning, design, acquisition, construction, and installation of the Water Recycling Pipeline and Pump Station Project Phase IIB. Principal payments range from \$75,541 to \$527,409 varying by loan. These project funds shall be repaid in annual installments commencing on the date that is one year after completion of construction and payable up to 21 years at zero interest rate. In addition, the Upper District has pledged all net revenues for repayment of the debt. As of June 30, 2022, Upper District has drawn down a total of \$13,171,937 under this agreement. Construction activities funded by the CSWRCB loans were completed as of June 30, 2013.

Balance at the beginning of year	\$ 7,961,230
Principal payments	<u>(647,528)</u>
Balance at end of year	7,313,702
Less short-term portion	<u>(659,217)</u>
Long-term portion	<u>\$ 6,654,485</u>

Amounts due under the agreements, which include imputed interest, are as follows:

<u>Fiscal year ending June 30,</u>	<u>Amount</u>
2023	\$ 791,232
2024	791,232
2025	791,232
2026	791,232
2027	791,232
2028-2033	<u>4,118,486</u>
Total	<u>\$ 8,074,646</u>

Upper District repaid \$791,232 during the year ended June 30, 2022, of which \$647,528 is related to principal payments and \$143,704 is related to imputed interest.

In the event of a termination, Upper District has agreed, upon demand, to immediately repay to the State Water Board an amount equal to installment payments due hereunder, including accrued interest, and all penalty assessments due. In the event of termination, interest shall accrue on all amounts due at the highest legal rate of interest from the date that notice of termination is mailed to the Upper District to the date of full repayment by the Upper District.

# Upper San Gabriel Valley Municipal Water District

## Notes to Financial Statements For the fiscal year ended June 30, 2022

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### NOTE 7: DEFINED BENEFIT PENSION PLAN

#### *General information about the Pension Plan*

##### *Plan description*

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS.) The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The District sponsors a cost sharing multiple employer defined benefit pension plan. Benefit provisions under the Plan are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS' website, at [www.calpers.ca.gov](http://www.calpers.ca.gov).

##### *Benefits provided*

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and, death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan operates under the provisions of the California Public Employees' Retirement Law (PERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, procedures, and policies adopted by the CalPERS Board of Administration. The Plan's authority to establish and amend the benefit terms are set by the PERL and PEPRA, and may be amended by the California state legislature and in some cases require approval by the CalPERS Board.

# Upper San Gabriel Valley Municipal Water District

## Notes to Financial Statements For the fiscal year ended June 30, 2022

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### NOTE 7: DEFINED BENEFIT PENSION PLAN (CONTINUED)

#### *Benefits provided (continued)*

The Plan's provisions and benefits in effect at June 30, 2022 are summarized as follows:

	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.7% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits, as a % of eligible compensations	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates (reporting period)	8.00%	7.50%
Required employer contribution rates (reporting period)	15.87%	8.09%

#### *Contributions*

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions. Employer Contributions to the Plan for the fiscal year ended June 30, 2022 were \$1,322,497. The actual employer payments of \$332,348 made to CalPERS by the District during the measurement period ended June 30, 2021 differed from the District's proportionate share of the employer's contributions of \$387,750 by \$55,402, which is being amortized over the expected average remaining service lifetime in the Public Agency Cost-Sharing Multiple Employer Plan.

#### ***Net Pension Liability***

The District's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2021, using an annual actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

# Upper San Gabriel Valley Municipal Water District

## Notes to Financial Statements For the fiscal year ended June 30, 2022

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### NOTE 7: DEFINED BENEFIT PENSION PLAN (CONTINUED)

#### *Actuarial methods and assumptions used to determine Total Pension Liability*

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB
Asset Valuation Method:	Market Value of Assets
Discount Rate	7.15%
Inflation	2.50%
Salary Increase	Varies by Entry Age and Service
Mortality Rate Table <sup>1</sup>	Derived using CalPERS' membership data for all funds
Post Retirement Benefit Increase	The lesser of contract COLA or 2.50% until purchasing power protection allowance floor on purchasing power applies, 2.50% thereafter

<sup>1</sup> The mortality table used was developed based on CalPERS' specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

All other actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website, at [www.calpers.ca.gov](http://www.calpers.ca.gov).

#### *Long-term expected rate of return*

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

*Upper San Gabriel Valley Municipal Water District*

**Notes to Financial Statements**  
**For the fiscal year ended June 30, 2022**

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**NOTE 7: DEFINED BENEFIT PENSION PLAN (CONTINUED)**

*Long-term expected rate of return (continued)*

The expected real rates of return by asset class are as follows:

<u>Asset Class<sup>1</sup></u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1 - 10<sup>2</sup></u>	<u>Real Return Year 11+<sup>3</sup></u>
Public equity	50.0%	4.80%	5.98%
Fixed income	28.0%	1.00%	2.62%
Inflation assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	(0.92%)
Total	<u>100.0%</u>		

<sup>1</sup> In the System's ACFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-Term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

<sup>2</sup> An expected inflation of 2.0% used for this period

<sup>3</sup> An expected inflation of 2.92% used for this period

*Change of assumptions*

There was no change of assumptions for measurement date June 30, 2021.

*Discount rate*

The discount rate used to measure the total pension liability for PERF C was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

# Upper San Gabriel Valley Municipal Water District

## Notes to Financial Statements For the fiscal year ended June 30, 2022

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### NOTE 7: DEFINED BENEFIT PENSION PLAN (CONTINUED)

#### *Subsequent events*

On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for fiscal year 2020-21. Based on the thresholds specified in CalPERS Funding Risk Mitigation policy, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate used for funding purposes of 0.20%, from 7.00% to 6.80%. Since CalPERS was in the final stages of the four-year Asset Liability Management (ALM) cycle, the board elected to defer any changes to the asset allocation until the ALM process concluded, and the board could make its final decision on the asset allocation in November 2021.

On November 17, 2021, the board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expense assumption support a discount rate of 6.90% (net of investment expense but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the board. These new assumptions will be reflected in the GASB 68 accounting valuation reports for the June 30, 2022, measurement date.

#### *Pension Plan Fiduciary Net Position*

Information about the pension plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position are presented in CalPERS' audited financial statements, which are publicly available reports that can be obtained at CalPERS' website, at [www.calpers.ca.gov](http://www.calpers.ca.gov). The plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis used by the pension plan, which is the economic resources measurement focus and the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

The plan fiduciary net position disclosed in the GASB 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and Other Post-Employment Benefits (OPEB) expense included as assets. These amounts are excluded for rate setting purposes in the funding actuarial valuation. In addition, differences may result from early Comprehensive Annual Financial Report closing and final reconciled reserves.

*Upper San Gabriel Valley Municipal Water District*

**Notes to Financial Statements  
For the fiscal year ended June 30, 2022**

**NOTE 7: DEFINED BENEFIT PENSION PLAN (CONTINUED)**

***Proportionate share of Net Pension Liability***

The following table shows the Plan's proportionate share of the net pension liability over the measurement period.

	Increase (Decrease)		
	Plan Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Plan Net Pension Liability (c) = (a) - (b)
Balance at: 6/30/2020 (VD)	\$ 10,663,559	\$ 7,911,341	\$ 2,752,218
Balance at: 6/30/2021 (MD)	11,441,708	9,858,502	1,583,206
Net change during 2020-21	778,149	1,947,161	(1,169,012)
Valuation Date (VD), Measurement Date (MD)			

The District's proportion of the net pension liability was determined by CalPERS using the output from the Actuarial Valuation System and the fiduciary net position, as provided in the CalPERS Public Agency Cost-Sharing Allocation Methodology Report, which is a publicly available report that can be obtained at CalPERS' website, at [www.calpers.ca.gov](http://www.calpers.ca.gov).

The District's proportionate share of the net pension liability for the Plan (miscellaneous) as of the June 30, 2020 and 2021 measurement dates was as follows:

Proportion share of NPL - MD June 30, 2020	0.06525%
Proportion share of NPL - MD June 30, 2021	0.08338%
Change - Increase (Decrease)	0.01813%

*Sensitivity of the proportionate share of the Net Pension Liability to changes in the discount rate*

The following presents the District's proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.15%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15%) or 1 percentage-point higher (8.15%) than the current rate:

	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Miscellaneous Plan's Net Pension Liability	\$ 3,093,866	\$ 1,583,206	\$ 334,366

# Upper San Gabriel Valley Municipal Water District

## Notes to Financial Statements For the fiscal year ended June 30, 2022

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### NOTE 7: DEFINED BENEFIT PENSION PLAN (CONTINUED)

#### *Amortization of deferred outflows and deferred inflows of resources*

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on pension plan investments	5 year straight-line amortization
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All other amounts	Straight-line amortization over the average expected remaining services lives (EARSL) of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period
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The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the Public Agency Cost-Sharing Multiple-Employer Plan (PERF C).

The EARSL for PERF C for the measurement period ending June 30, 2021 is 3.7 years, which was obtained by dividing the total service years of 561,622 (the sum of remaining service lifetimes of the active employees) by 150,648 (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

#### ***Pension expense and deferred outflows and deferred inflows of resources related to pensions***

As of the state of the measurement period (July 1, 2020), the District's net pension liability was \$2,752,218. For the measurement period ending June 30, 2021 (the measurement date), the District incurred a pension expense of \$613,349.

*Upper San Gabriel Valley Municipal Water District*

**Notes to Financial Statements  
For the fiscal year ended June 30, 2022**

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**NOTE 7: DEFINED BENEFIT PENSION PLAN (CONTINUED)**

As of June 30, 2022, the District has deferred outflows and deferred inflows of resources related to pensions as follows:

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Difference between expected and actual experience	\$ 177,540	\$ -
Changes in assumptions	-	-
Difference between projected and actual investment earnings	-	1,382,055
Difference between employer's contribution and proportionate share of contributions	-	66,815
Change in employer's proportion	52,997	-
Pension contributions made subsequent to measurement date	1,322,497	-
Totals	<u>\$ 1,553,034</u>	<u>\$ 1,448,870</u>

These amounts above are net of outflows and inflows recognized in the 2020-21 measurement period expense. Contributions subsequent to the measurement date of \$1,322,497 reported with deferred outflows of resources will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

<u>Fiscal year ended June 30,</u>	<u>Deferred outflows/(inflows) of resources, net</u>
2023	\$ (248,728)
2024	(274,189)
2025	(313,487)
2026	(381,929)
2027	-
Thereafter	-

***Payable to the pension plan***

At June 30, 2022, the District reported a payable of \$-0- for the outstanding amount of contributions to the pension plan required for the year then ended.

# *Upper San Gabriel Valley Municipal Water District*

## **Notes to Financial Statements For the fiscal year ended June 30, 2022**

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### **NOTE 8: DEFERRED COMPENSATION AGREEMENT**

Upper District offers its employees a deferred compensation plan (DC Plan) created in accordance with Internal Revenue Code Section 457. The DC Plan, available to all of the Upper District employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or an unforeseeable emergency.

All amounts of compensation deferred under the DC Plan are held in trust, not controlled by the District and are not subject to the creditors of the Upper District. Accordingly, the assets and liabilities of the DC Plan are not reflected on these financial statements in accordance with GASBS 84.

### **NOTE 9: OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

#### ***General information about the OPEB Plan***

##### *Plan description*

Upper District has an agent multiple-employer defined benefit plan administered by CalPERS through an irrevocable trust, the California Employer's Retiree Benefit Trust (CERBT). The CalPERS Board of Administration has sole and exclusive control and power over the administration and investment of the CERBT. The plan itself does not issue a separate set of financial statements. The CERBT plan does issue a separate set of financial statements that can be obtained from the CalPERS website.

Upper District's postemployment healthcare benefits provided to certain qualified employees, directors and their dependents based on resolutions by the Board of Directors are as follows:

- A Health & Accident and Major Medical Payments Insurance Policy, as selected and approved by the Board.
- A maximum of \$2,500 per calendar year for retirees and their dependents for medical costs not covered by the insurance policy above.
- A maximum of \$2,500 per calendar year for costs of dental, vision and/or hearing.

These benefits are provided to each retired employee who has served the Upper District for more than ten years before terminating employment at age 55 years or older and each retired director who served in office after January 1, 1981, was elected to the board prior to January 1, 1995, has served not less than twelve years or three full terms of office and has attained the age of 50 years.

# Upper San Gabriel Valley Municipal Water District

## Notes to Financial Statements For the fiscal year ended June 30, 2022

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### NOTE 9: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

#### *Employees covered by benefit terms*

At June 30, 2021 (valuation date), the following employees were covered by the benefit terms of the Plan:

Category	Count
Active employees	11
Inactive employees or beneficiaries currently receiving benefits	6
Inactive employees entitled to but not yet receiving benefit payments	-
<b>Total</b>	<b>17</b>

#### *Contributions and funding policy*

The contribution requirements of plan members and the Upper District are established and may be amended by the Board of Directors. In March 2014, the Board of Directors authorized the execution of the prefunding agreement with the CERBT and fully funding the annual required contributions (contractually determined) for OPEB.

During fiscal year ended June 30, 2022, Upper District contributed \$209,650 to the Plan. At June 30, 2021, the Trust account balance was \$2,405,067. The Trust assets are dedicated to providing benefits to retirees and are legally protected from the creditors of the Upper District and the plan members. The Trust assets are not reported in the Upper District's financial statements.

#### ***Net OPEB Liability***

Upper District's net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021.

#### *Actuarial assumptions*

This valuation assumes that the Upper District will fund the Plan on an ad hoc basis, in an amount sufficient to fully fund the obligation over a period not to exceed 30 years. The Normal Cost is the portion of the Actuarial Present Value of benefits allocated to a valuation year. The UAAL is the excess of the Entry Age Normal Actuarial Accrued Liability over the Market Value of Assets.

*Upper San Gabriel Valley Municipal Water District*

**Notes to Financial Statements  
For the fiscal year ended June 30, 2022**

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**NOTE 9: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

The total OPEB liability for the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

**Actuarial Assumptions:**

Actuarial cost method	Entry age actuarial cost method
Asset valuation method	Market value of assets
Inflation	2.50%
Salary Increases	2.75% per year
Investment Rate of Return	6.75% per year of net expenses; based on assumed long-term return on plan assets assuming 100% funding through CERBT using the Building Block Method
Healthcare cost trend rates	4% per year
Mortality rates	Based on 2017 CalPERS mortality for miscellaneous and schools employees

The valuation used historic 30-year real rates of return for each class along with the assumed long-term inflation assumption to set the discount rate. It offsets the expected investment return by investment expenses of 25 basis points. Following is the assumed asset allocation and assumed rate of return for each asset class:

Asset Class	Percentage of Portfolio	Assumed Growth Return
All Equities	59%	7.5450%
All Fixed income	25%	4.2500%
Real estate investment trusts	8%	7.2500%
All Commodities	3%	7.5450%
Treasury Inflation Protected Securities (TIPS)	5%	3.0000%
Total	100%	

*Discount rate*

The discount rate used to measure the total OPEB liability was 6.75%. This assumes that contributions would be sufficient to fully fund the obligation over a period not to exceed 30 years. The rate is based on the real rate of return expected for plan assets plus long-term inflation assumption.

*Change in assumptions*

The discount rate was decreased from 7.0% to 6.75% per year of net expenses, based on assumed long-term return on plan assets assuming 100% funding through CERBT using the Building Block Method.

The rate of inflation was decreased from 2.75% to 2.50%.

# Upper San Gabriel Valley Municipal Water District

## Notes to Financial Statements For the fiscal year ended June 30, 2022

### NOTE 9: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

#### Change in the Net OPEB Liability

	Increases (Decreases)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
<b>Balance at June 30, 2021</b> (Measurement Date June 30, 2020)	\$ 2,597,454	\$ 1,100,993	\$ 1,496,461
<b>Changes for the year:</b>			
Service cost	79,516	-	79,516
Interest on the total OPEB liability	184,605	304,496	(119,891)
Contributions - employer	-	1,078,249	(1,078,249)
Benefit Payments	(78,249)	(78,249)	-
Administrative Expenses	-	(422)	422
Experience (Gains)/Losses	(260,667)	-	(260,667)
Changes in Assumptions	85,749	-	85,749
<b>Net Changes</b>	<u>10,954</u>	<u>1,304,074</u>	<u>(1,293,120)</u>
<b>Balance at June 30, 2022</b> (Measurement Date June 30, 2021)	<u>\$ 2,608,408</u>	<u>\$ 2,405,067</u>	<u>\$ 203,341</u>

#### Sensitivity of the net OPEB liability to changes in the discount rate

The net OPEB liability of the Upper District, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) follows:

	Discount rate 1% Lower	Valuation Discount Rate	Discount rate 1% Higher
Net OPEB Liability	<u>\$ 525,417</u>	<u>\$ 203,341</u>	<u>\$ (64,889)</u>
	Trend 1% Lower	Valuation Trend	Trend 1% Higher
Net OPEB Liability	<u>\$ (106,371)</u>	<u>\$ 203,341</u>	<u>\$ 582,278</u>

*Upper San Gabriel Valley Municipal Water District*

**Notes to Financial Statements**  
**For the fiscal year ended June 30, 2022**

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**NOTE 9: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

*OPEB expense and deferred inflows and outflows of resources related to OPEB*

For the year ended June 30, 2022, Upper District recognized OPEB expense of \$61,183 with details as follows:

	<u>Total</u>
Service cost	\$ 79,516
Interest cost	184,605
Expected return in assets	(112,055)
Administration expense	422
Recognition of experience (gain)/loss deferrals	(72,177)
Recognition of assumption change deferrals	10,332
Recognition of investment (gain)/loss deferrals	(29,460)
Employee contributions	-
Change in benefit terms	-
	<hr/>
Total OPEB Expense	<u>\$ 61,183</u>

At June 30, 2022, Upper District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
OPEB contributions subsequent to measurement date	\$ 209,650	\$ -
Changes in assumptions	75,417	
Experience gains/losses	-	448,845
Investment gains/losses	-	128,164
Total	<u>\$ 285,067</u>	<u>\$ 577,009</u>

The \$209,650 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the upcoming fiscal year. Other amounts reported as deferred inflows of resources related to OPEB will be recognized as follows:

Fiscal year ended June 30:	<u>Deferred outflows/(inflows) of resources</u>
2023	\$ (91,305)
2024	(90,979)
2025	(92,930)
2026	(100,330)
2027	(61,845)
Thereafter	(64,203)

# Upper San Gabriel Valley Municipal Water District

## Notes to Financial Statements For the fiscal year ended June 30, 2022

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### NOTE 10: COMMITMENTS AND CONTINGENCIES

#### **Short-term lease**

Upper District has entered into a non-cancellable lease for its office space in Monrovia, California. Amounts due under the lease are as follows:

Fiscal year ended June 30	Amount
2022	\$ 249,012
Total	\$ 249,012

On July 25, 2018, the lease was amended providing the Upper District an ongoing right to terminate the lease on or after August 1, 2018 with twelve (12) months prior written notice to the lessor. The Upper District incurred rental expense of \$249,012 for the year ended June 30, 2022.

#### **Grant awards**

Upper District has received funds for specific purposes that are subject to review and audit by the grantors. Although such audits could generate expenditure disallowances under terms of the grants or contracts, management believes that any required reimbursements will not be material.

#### **Litigation**

Legal claims and lawsuits arise from time to time in the normal course of business, which, in the opinion of management, will have no material effect on the Upper District's financial position.

#### **Construction activities**

Upper District has a variety of agreements with private contractors relating to the construction of water recycling projects. Upper District has no commitments from open construction contracts as of June 30, 2022.

**Required Supplementary Information**

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*Upper San Gabriel Valley Municipal Water District*

**Schedule of the District's Proportionate Share of the Net Pension Liability and Related Ratios as of the Measurement Date Last 10 Years\***

<u>Measurement date</u>	<u>Employer's proportion of the collective net pension liability (asset)</u>	<u>Employer's proportionate share of the collective net pension liability <sup>1</sup></u>	<u>Covered payroll</u>	<u>Employer's proportionate share of the collective net pension liability as a percentage of the employer's covered payroll</u>	<u>Pension plan's fiduciary net position as a percentage of the total pension liability</u>
June 30, 2014	0.020400%	\$ 1,269,653	\$ 1,087,130	116.79%	83.23%
June 30, 2015	0.022304%	1,528,941	1,188,341	128.66%	79.89%
June 30, 2016	0.023155%	2,003,628	1,191,276	168.19%	75.87%
June 30, 2017	0.023753%	2,355,668	943,618	249.64%	75.44%
June 30, 2018	0.024108%	2,323,090	1,127,628	206.02%	75.50%
June 30, 2019	0.024778%	2,539,000	1,310,022	193.81%	74.39%
June 30, 2020	0.025300%	2,752,218	1,423,225	193.38%	74.39%
June 30, 2021	0.029270%	1,583,206	1,361,709	116.27%	86.16%

<sup>1</sup> Proportion of the collective net pension liability represents the plan's proportion of PERF C, which includes both the Miscellaneous and Safety Risk Pools excluding the 1959 Survivors Risk Pool.

\* Measurement date 6/30/2014 (fiscal year 2015) was the first year of implementation. Additional years will be presented as information

# Upper San Gabriel Valley Municipal Water District

## Schedule of Pension Plan Contributions Last 10 Years\*

<u>Fiscal year</u>	<u>Actuarially determined contribution</u>	<u>Contributions in relation to the actuarially determined contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Covered payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2015	\$ 204,555	\$ (708,613)	\$ (504,058)	\$ 1,188,341	59.63%
June 30, 2016	228,626	(228,626)	-	1,191,276	19.19%
June 30, 2017	203,040	(203,040)	-	943,618	21.52%
June 30, 2018	217,448	(217,448)	-	1,127,628	19.28%
June 30, 2019	270,063	(270,063)	-	1,310,122	20.61%
June 30, 2020	313,575	(313,575)	-	1,423,225	22.03%
June 30, 2021	332,348	(332,348)	-	1,361,709	24.41%
June 30, 2022	1,322,497	(1,322,497)	-	1,179,439	112.13%

### Notes to Schedule:

*Change in benefit terms* : None

*Changes in assumptions*: There were no assumption changes for 2021. For 2020, the Plan adopted a new amortization policy effective with the 2019 actuarial valuation. The new amortization policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy also does not utilize a five-year ramp-down on investment gains/losses. These changes apply only to new UAL bases established on or after June 30, 2019. There were no changes in assumptions in 2019. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate in 2019. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes in the discount rate. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

\* Measurement date 6/30/2014 (fiscal year 2015) was the first year of implementation. Additional years will be presented as information becomes available.

# Upper San Gabriel Valley Municipal Water District

## Schedule of Changes in the Net OPEB Liability and Related Ratios Last 10 Years\*

Measurement date	2017	2018	2019	2020	2021
<b>Total OPEB Liability</b>					
Service cost	\$ 52,554	\$ 53,999	\$ 55,484	\$ 77,388	\$ 79,516
Interest on the Total OPEB Liability	171,159	177,712	183,972	171,028	184,605
Actual and expected experience difference	-	-	-	-	-
Experience gains/losses	-	-	(307,813)	-	(222,423)
Changes in assumptions	-	-	-	-	85,749
Expected less actual benefit payments	-	-	-	4,851	(38,244)
Benefit payments	(120,998)	(142,099)	(143,959)	(115,900)	(78,249)
<b>Net change in Total OPEB Liability</b>	<b>102,715</b>	<b>89,612</b>	<b>(212,316)</b>	<b>137,367</b>	<b>10,954</b>
<b>Total OPEB Liability - beginning</b>	<b>2,480,076</b>	<b>2,582,791</b>	<b>2,672,403</b>	<b>2,460,087</b>	<b>2,597,454</b>
<b>Total OPEB Liability - ending (a)</b>	<b>2,582,791</b>	<b>2,672,403</b>	<b>2,460,087</b>	<b>2,597,454</b>	<b>2,608,408</b>
<b>Plan Fiduciary Net Position</b>					
Contribution - employer	433,842	261,275	247,902	226,843	1,078,249
Net investment income	43,890	46,053	58,540	33,812	304,496
Investment gains and losses	-	1,650	(9,766)	-	-
Benefit payments	(120,998)	(142,099)	(104,446)	(115,900)	(78,249)
Administrative expense	(232)	(1,112)	(164)	(468)	(422)
<b>Net change in Plan Fiduciary Net Position</b>	<b>356,502</b>	<b>165,767</b>	<b>192,066</b>	<b>144,287</b>	<b>1,304,074</b>
<b>Plan Fiduciary Net Position - beginning</b>	<b>242,371</b>	<b>598,873</b>	<b>764,640</b>	<b>956,706</b>	<b>1,100,993</b>
<b>Plan Fiduciary Net Position - ending (b)</b>	<b>598,873</b>	<b>764,640</b>	<b>956,706</b>	<b>1,100,993</b>	<b>2,405,067</b>
<b>Net OPEB Liability - ending (a) - (b)</b>	<b>\$ 1,983,918</b>	<b>\$ 1,907,763</b>	<b>\$ 1,503,381</b>	<b>\$ 1,496,461</b>	<b>\$ 203,341</b>
Plan fiduciary net position as a percentage of the total OPEB liability	23.19%	28.61%	38.89%	42.39%	92.20%
Covered-employee payroll <sup>1</sup>	\$ 1,107,374	\$ 1,294,561	\$ 1,366,231	\$ 1,449,600	\$ 1,077,504
Net OPEB liability as a percentage of covered-employee payroll <sup>1</sup>	179.16%	147.37%	110.04%	103.23%	18.87%

<sup>1</sup> Contributions to the OPEB plan are not based on a measure of pay.

### Notes to schedule:

The following assumptions were changed from the 2019 valuation to the 2021 valuation:

*Inflation:* Decreased from 2.75% to 2.50%

*Investment rate of return:* Decreased from 7.0% to 6.75% per year of net expenses; based on assumed long-term return on plan assets assuming 100% funding through CERBT using the Building Block Method

\* Historical information is required only for measurement periods for which it is applicable. Future years' information will be displayed up to 10 years as information becomes available.

# Upper San Gabriel Valley Municipal Water District

## Schedule of OPEB Plan Contributions Last 10 Years\*

Fiscal year	Contractually determined contribution	Contributions in relation to the contractually determined contribution	Contribution deficiency (excess)	Covered-employee payroll <sup>1</sup>	Contributions as a percentage of employee covered payroll
June 30, 2018	\$ 120,856	\$ (240,032)	\$ (119,176)	\$ 1,294,561	18.54%
June 30, 2019	104,446	(247,902)	(143,456)	1,366,231	18.14%
June 30, 2020	226,843	(226,843)	-	1,449,600	15.65%
June 30, 2021	230,663	(1,078,249)	(847,586)	1,077,504	100.07%
June 30, 2022	107,828	(209,650)	(101,822)	1,465,990	14.30%

<sup>1</sup> Contributions to the OPEB plan are not based on a measure of pay.

### Notes to schedule:

Actuarial methods and assumptions used to set actuarially determined contributions for fiscal year 2019 were from the June 30, 2019 actuarial valuation.

### Methods and assumptions used to determine contributions:

Actuarial cost method	Entry age actuarial cost method
Amortization methodology	Straight-line recognition over the expected average remaining service lifetime (EARSL) of all members that are provided with benefits as of the beginning of the Measurement Period. In determining the EARSL, all active, retired, and inactive (vested) members are counted, with the latter two groups having 0 remaining service years
Asset valuation method	Market value of assets
Inflation	2.50%
Payroll growth	2.75% per year; since benefits are not related to pay, this is used only to allocate the cost of benefits between service years
Investment rate of return	6.75% per year of net experience; based on assumed long-term return on plan assets assuming 100% funding through CERBT using the Building Block Method
Healthcare trend	4.0% per year
Retirement age	2009 CalPERS 2.0% @ 60 rates for Miscellaneous Employees; 2009 CalPERS 2.7% @ 55 rates for Miscellaneous Employees
Mortality	2017 CalPERS Mortality for Miscellaneous and Schools Employees

\* Historical information is required only for measurement periods for which it is applicable. Future years' information will be displayed up to 10 years as information becomes available.

**Statistical Section  
(Unaudited)**

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# *Upper San Gabriel Valley Municipal Water District*

## **Statistical Section**

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This part of the Upper District's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Upper District's overall financial health.

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# Upper San Gabriel Valley Municipal Water District

## Changes in Net Position Last Ten Fiscal Years (Unaudited) (In Thousands)

	Fiscal Year Ended June 30									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Changes in net position:										
Operating revenues	\$ 12,837	\$ 26,691	\$ 37,928	\$ 20,800	\$ 38,154	\$ 22,671	\$ 38,384	\$ 33,388	\$ 55,854	\$ 48,840
Operating expenses	(16,842)	(29,801)	(39,849)	(23,770)	(39,557)	(26,900)	(39,515)	(36,290)	(56,057)	(49,888)
Depreciation and amortization	(496)	(1,068)	(1,072)	(1,121)	(1,100)	(1,090)	(1,111)	(1,102)	(1,107)	(1,102)
<b>Operating income (loss)</b>	<b>(4,501)</b>	<b>(4,178)</b>	<b>(2,993)</b>	<b>(4,091)</b>	<b>(2,503)</b>	<b>(5,319)</b>	<b>(2,242)</b>	<b>(4,004)</b>	<b>(1,310)</b>	<b>(2,150)</b>
Nonoperating revenues (expenses)										
Standby charges	3,542	3,584	3,623	3,541	3,576	3,541	3,648	4,047	4,244	4,192
Nonoperating program expenses	(991)	(524)	(592)	(168)	29	29	-	-	-	-
Investment earnings	41	32	66	91	48	132	422	353	55	(258)
Taxes	379	416	372	441	546	586	613	724	709	733
Gain on sale of property and equipment	-	-	-	-	-	1,427	-	4	-	-
Change in fair value of investments	-	3	2	-	-	-	-	-	-	-
<b>Net nonoperating revenues (expenses)</b>	<b>2,971</b>	<b>3,511</b>	<b>3,471</b>	<b>3,905</b>	<b>4,199</b>	<b>5,715</b>	<b>4,683</b>	<b>5,128</b>	<b>5,008</b>	<b>4,667</b>
<b>Net income (loss) before capital contributions</b>	<b>(1,530)</b>	<b>(667)</b>	<b>478</b>	<b>(186)</b>	<b>1,696</b>	<b>396</b>	<b>2,441</b>	<b>1,124</b>	<b>3,698</b>	<b>2,517</b>
Contributions for capital acquisition/construction	4,927	349	348	208	685	1,329	186	121	249	155
<b>Changes in net position</b>	<b>\$ 3,397</b>	<b>\$ (318)</b>	<b>\$ 826</b>	<b>\$ 22</b>	<b>\$ 2,381</b>	<b>\$ 1,725</b>	<b>\$ 2,627</b>	<b>\$ 1,245</b>	<b>\$ 3,947</b>	<b>\$ 2,672</b>

Source: Finance and Administration Department

## Upper San Gabriel Valley Municipal Water District

### Net Position by Component Last Ten Fiscal Years (Unaudited) (In Thousands)

June 30	Net Investment in Capital Assets		Unrestricted		Total
2013	\$	39,778	\$	17,000	\$ 56,778
2014		41,349		13,667	55,016
2015		42,128		13,714	55,842
2016		43,278		12,587	55,865
2017		44,009		14,237	58,246
2018		43,847		14,872	58,719
2019		43,768		17,578	61,346
2020		46,885		15,706	62,591
2021		46,707		19,831	66,538
2022		48,485		20,725	69,210

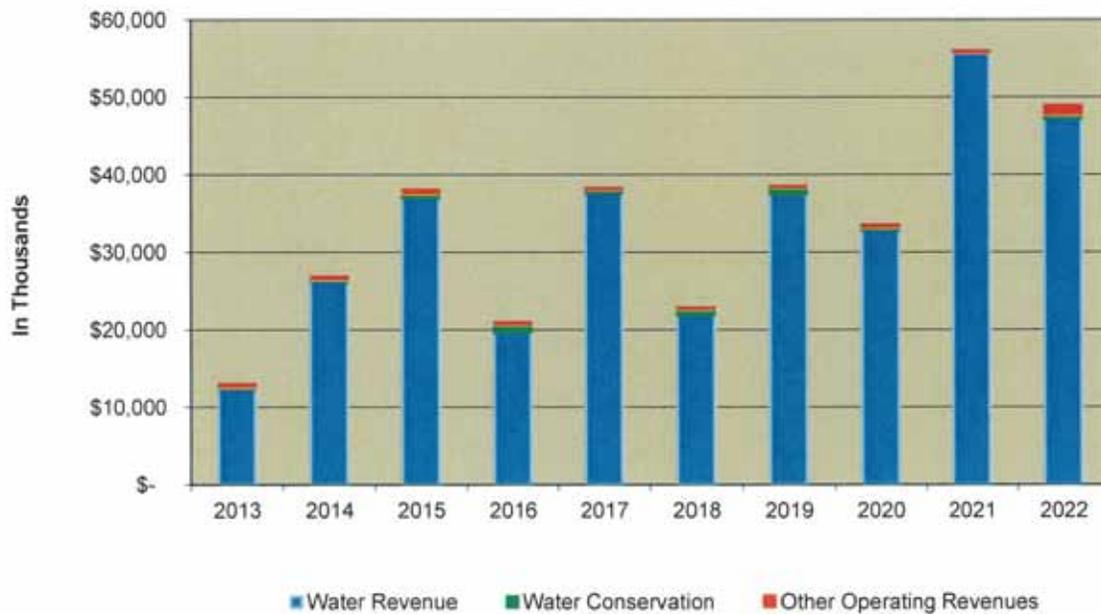


Source: Finance and Administration Department

## Upper San Gabriel Valley Municipal Water District

### Operating Revenues by Major Source Last Ten Fiscal Years (Unaudited) (In Thousands)

Fiscal Year Ended June 30	Water Revenue	Water Conservation	Other Operating Revenues	Total Operating Revenues
2013	\$ 12,395	\$ 195	\$ 247	\$ 12,837
2014	26,259	245	187	26,691
2015	37,021	545	362	37,928
2016	19,670	996	134	20,800
2017	37,646	430	78	38,154
2018	21,880	713	77	22,670
2019	37,459	837	88	38,384
2020	32,810	372	206	33,388
2021	55,708	31	115	55,854
2022	47,256	507	1,077	48,840

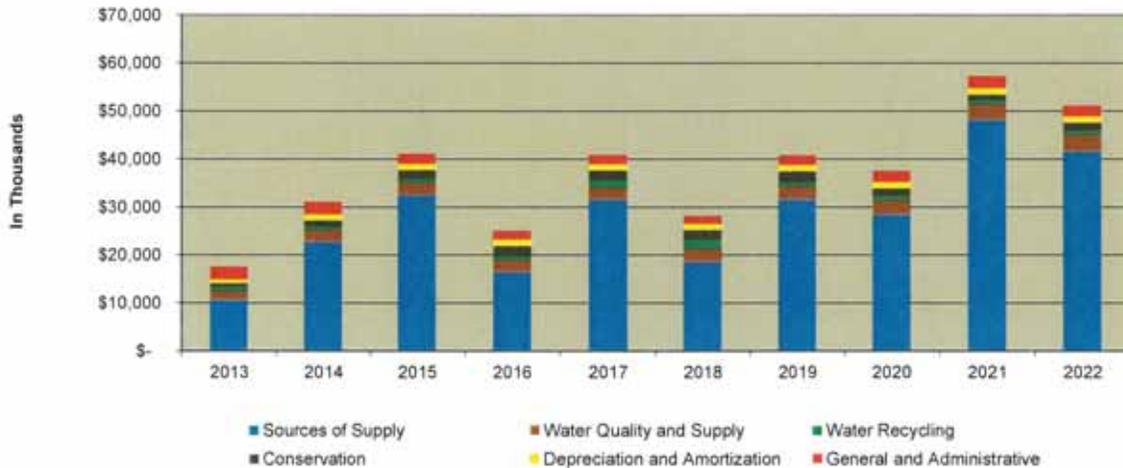


Source: Finance and Administration Department

## Upper San Gabriel Valley Municipal Water District

### Operating Expenses by Activity Last Ten Fiscal Years (Unaudited) (In Thousands)

Fiscal Year Ended June 30	Sources of Supply	Water Quality and Supply	Water Recycling	Conservation	Depreciation and Amortization	General and Administrative	Total Operating Expenses
2013	\$ 10,524	\$ 1,814	\$ 1,080	\$ 776	\$ 496	\$ 2,648	\$ 17,338
2014	22,657	2,439	781	1,323	1,068	2,601	30,869
2015	32,366	2,623	927	1,767	1,072	2,166	40,921
2016	16,345	2,342	1,066	2,127	1,121	1,890	24,891
2017	31,502	2,441	1,650	2,020	1,100	1,944	40,657
2018	18,590	2,569	2,008	2,049	1,090	1,684	27,990
2019	31,458	2,782	883	2,335	1,111	2,057	40,626
2020	28,321	2,962	939	1,695	1,102	2,373	37,392
2021	48,111	3,217	895	1,265	1,107	2,569	57,164
2022	41,557	3,443	828	1,803	1,102	2,257	50,990

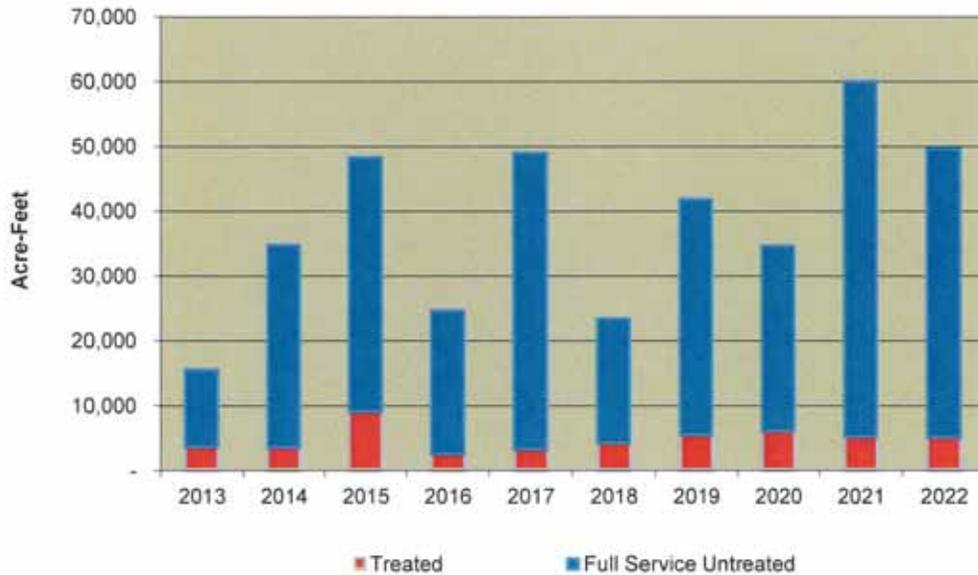


Source: Finance and Administration Department

# Upper San Gabriel Valley Municipal Water District

## Imported Water Deliveries Last Ten Fiscal Years (Unaudited) (In Acre Feet)

Fiscal Year Ended June 30	Treated	Full Service Untreated	Total
2013	3,528	12,035	15,563
2014	3,490	31,289	34,779
2015	9,069	39,287	48,356
2016	2,495	22,254	24,749
2017	3,197	45,813	49,010
2018	4,204	19,273	23,477
2019	5,420	36,421	41,841
2020	6,026	28,616	34,642
2021	5,146	54,895	60,041
2022	5,069	44,582	49,651



Source: Finance and Administration Department

*Upper San Gabriel Valley Municipal Water District*

**Imported Water Rates and Charges  
Fiscal years ended June 30, 2022 and 2021 (Unaudited)**

	Rate per Acre-Foot		
	MWD	Upper District Surcharge	Total
<b>Fiscal Year Ended June 30, 2022</b>			
<i>July 1, 2021 to December 31, 2021</i>			
Full Service Treated Tier 1	\$ 1,104	\$ 103	\$ 1,207
Full Service Treated Tier 2	1,146	103	1,249
Full Service Untreated Tier 1	777	103	880
Full Service Untreated Tier 2	819	103	922
<i>January 1, 2022 to June 30, 2022</i>			
Full Service Treated Tier 1	\$ 1,143	\$ 103	\$ 1,246
Full Service Treated Tier 2	1,185	103	1,288
Full Service Untreated Tier 1	799	103	902
Full Service Untreated Tier 2	841	103	944
<b>Fiscal Year Ended June 30, 2021</b>			
<i>July 1, 2020 to December 31, 2020</i>			
Full Service Treated Tier 1	\$ 1,078	\$ 103	\$ 1,181
Full Service Treated Tier 2	1,165	103	1,268
Full Service Untreated Tier 1	755	103	858
Full Service Untreated Tier 2	842	103	945
<i>January 1, 2021 to June 30, 2021</i>			
Full Service Treated Tier 1	\$ 1,104	\$ 103	\$ 1,207
Full Service Treated Tier 2	1,146	103	1,249
Full Service Untreated Tier 1	777	103	880
Full Service Untreated Tier 2	819	103	922

Source: Finance and Administration Department

*Upper San Gabriel Valley Municipal Water District*

**Water Rates per Acre Foot  
Last Ten Fiscal Years (Unaudited)**

As of June 30	Full Service Treated		Full Service Untreated	
	Tier 1	Tier 2	Tier 1	Tier 2
2013	927	1,077	673	823
2014	970	1,112	673	815
2015	1,014	1,146	673	805
2016	1,045	1,179	697	831
2017	1,082	1,176	769	863
2018	1,118	1,204	798	884
2019	1,153	1,239	834	920
2020	1,181	1,268	858	945
2021	1,207	1,249	880	922
2022	1,246	1,288	902	944

Source: Finance and Administration Department

*Upper San Gabriel Valley Municipal Water District*

**Treated Water Sales by Customer  
Last Ten Fiscal Years (Unaudited)  
(In Acre Feet)**

Fiscal Year Ended June 30	Golden State Water Company		City of South Pasadena		Suburban Water Systems		Watermaster/ City of Alhambra		City of Arcadia		City of Monrovia		City of Azusa		Valley County Water District		Total
2013	17		196		278		3,037		-		-		-		-		3,528
2014	38		106		361		2,984		1		-		-		-		3,490
2015	5		145		6,208		2,711		-		-		-		-		9,069
2016	2		2		4		2,487		-		-		-		-		2,495
2017	22		4		294		2,877		-		-		-		-		3,197
2018	21		1,134		62		2,987		-		-		-		-		4,204
2019	125		1,577		773		2,944		1		-		-		-		5,420
2020	16		173		2,848		2,983		6		-		-		-		6,026
2021	30		246		1,884		2,986		-		-		-		-		5,146
2022	298		342		1,428		2,992		-		-		9		-		5,069

Source: Finance and Administration Department

## *Upper San Gabriel Valley Municipal Water District*

### **Demographics and Economic Statistics – Los Angeles County Last Ten Calendar Years (Unaudited)**

---

<b>Fiscal Year</b>	<b>Population (In Millions)</b>	<b>Real GDP Growth</b>	<b>Unemployment Rate</b>
2012	10.0	2.9%	10.9%
2013	10.1	1.9%	9.8%
2014	10.1	4.1%	8.3%
2015	10.2	4.9%	6.6%
2016	10.2	2.4%	5.3%
2017	10.2	3.5%	4.8%
2018	10.2	2.9%	4.7%
2019	10.2	3.2%	4.6%
2020	10.1	-6.3%	12.8%
2021	9.9 (f)	6.8% (f)	9.6% (f)

*Notes:*

*Upper District believes that trends shown by these data are indicative of conditions within its service area.*

*Sources: Los Angeles County Economic Development Corporation's 2022 Economic Forecast  
Census Bureau Data and the Los Angeles Almanac*

*Upper San Gabriel Valley Municipal Water District*

**Ten Largest Employers in Los Angeles County  
June 30, 2021 (Unaudited)**

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<u>Employer</u>	<u>Number of Employees</u>
County of Los Angeles	106,200
Los Angeles Unified School District	73,800
City of Los Angeles	61,600
University of California, Los Angeles	50,200
Federal Government (except defense and state)	44,700
Kaiser Permanente	40,800
State of California (non-education)	32,300
University of Southern California	22,400
Target Corp.	20,000
Northrop Grumman Corp.	18,000

*Source: Los Angeles Almanac (2021)*

## Upper San Gabriel Valley Municipal Water District

### Operating and Capital Indicators - General Last Ten Fiscal Years (Unaudited)

	Fiscal Year Ended June 30									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Service Area</b>										
Approximate Service Area (in sq. miles)	144	144	144	144	144	144	144	144	144	144
Number of Member Agencies	29	29	29	29	29	29	29	29	29	29
Number of Cities/Communities	18	18	18	18	18	18	18	18	18	18
<b>Active Employees (FTE)</b>	9	11.5	11.5	10.5	10.5	11.5	11.5	11.5	10.5	9.5
<b>Imported Water System</b>										
Number of Service Connections	9	9	9	9	9	9	9	9	9	9
Peak System Capacity (Imported)										
Cubic feet per second	583	323	323	323	323	323	323	323	323	323
Million gallons per day	376	208	208	208	208	208	208	208	208	208
<b>Recycled Water System</b>										
Number of Pump Stations	1	2	2	2	2	2	2	2	2	2
Number of Reservoirs	-	2	2	2	2	2	2	2	2	2
Number of Service Connections	60	74	76	76	76	76	113	113	113	113
Length of Pipeline (in miles)	9	22	22	22	22	22	22	22	22	22

Sources: Finance and Administration Department  
 Government Affairs and Community Outreach Department  
 Planning, Engineering and Resources Department  
 Metropolitan Water District of Southern California

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# MEMORANDUM



**DATE:** December 7, 2022  
**TO:** Board of Directors  
**FROM:** General Manager  
**SUBJECT:** Upper District's FY 22-23 Water Education Grant Program

---

## Recommendation

Staff recommends the Board approve the funding of 24 grant applications for water conservation education programs per Upper District's FY 22-23 Water Education Grant Program for a total amount of \$24,660.85.

## Background

Notification of the open application period for Upper District's Water Education Grant Program (WEGP) was emailed in September 2022 to the principals of all eligible school in Upper District's service area. The application was also made available on Upper District's website, social media accounts, and announced to the water producers via email. The deadline for the first round of completed applications was November 10, 2022.

## Discussion

For the fiscal year 2022-23, the Board of Directors approved a budget allocation of \$20,000 for the Water Education Grant Program. A total of 25 WEGP applications were received for a combined amount of \$25,660.85 in requested grant funds. The success of staff outreach to schools directly contributed to the significant number of applications. Staff has reviewed and evaluated all applications considering the criteria and educational goals of the program as well as grant application guidelines. The review criteria for the applications included consideration of the following elements:

- Does the project offer a better understanding of water and the important role it plays?
- Does the project actively engage students in the learning process and enhance the classroom experience?
- Are components of the project inter-disciplinary?
- Does the budget cover the activities proposed?
- Are the student activities, goals, and objectives clearly defined?

The attached table lists each application with a project summary and recommendation. A total of 24 grant applications totaling \$24,660.85 meet the criteria listed above. One grant submission was rejected for this program as it was a turf replacement project where the institution is eligible to receive funding for the project through the MWD turf replacement program. The author of the grant will be informed of the program and offered turf replacement as an alternative to their grant application.

The current budget allocation for educational materials/grant programs is \$45,000. The WEGP accounts for \$20,000 with the remaining allocated to educational videos (\$25,000). Based on these allocations and the ability of staff to create educational videos in house, it is possible to reallocate the required \$4,660.85 to fully fund all WEGP applications. With the current drought conditions and in class education returning to pre-pandemic schedules, it is important to support and encourage students, parents, and educators to participate in water efficiency awareness. Staff is recommending that 24 grants be awarded.

//Attachment

Upper District Water Education Grant Applications Received for FY 2022-23

ID	Project Title	Applicant Name	School	Div.	Grade Levels	Total Students	Total Project Cost	Amount Requested	Recommend?	Grant Amount	Summary
1	Waterwise Gardens	Sandra Dominguez-Rivera	Wild Rose School of Creative Arts	1	2	20	\$ 750.00	\$ 750.00	Y	\$ 750.00	Students will discover which plants are most waterwise. During a month long experiment, students will use a soil moisture meter for gardening, on 5 different types of plants, to measure the quantity of water needed to keep each plant at optimum moisture. Students will keep a log of water added each day in order to fulfill the goal. This project will demonstrate the need for more sustainable gardens in drought prone areas.
2	Water Conservation Inventions	Manny Co	Edgewood Schools	4	6-8	500	\$ 1,000.00	\$ 1,000.00	Y	\$ 1,000.00	Using 3D printed designs/models to create practical solutions and methods for water conservation. The students will create aeration stop filters designed with the sole purpose of conserving as much water as possible, while still having a functional stream. They will design plant boxes that retain moisture with very little loss due to evaporation. Design more efficient pumps and print models to test for water efficiency.
3	Water Pollution Experiment	Annie Tam	West Covina High School	4	6-12th	200	\$ 999.16	\$ 1,000.00	Y	\$ 1,000.00	Students will be put into groups of four to simulate pollution in our oceans. Students will be able to see how pollution affects our ocean by creating small bodies of water in plastic bins. They will add things like coffee grounds, plastic, and vegetable oil to simulate real world pollutants and witness their effect on our oceans. The objective is to further an understanding of how water play n active role in our everyday lives. This experiment will bring awareness to the importance of water and the dangers of pollution.
4	Acid, Base, and pH Experiment	Emmanuel Parras	West Covina High School	4	9-12th	168	\$ 999.37	\$ 1,000.00	Y	\$ 1,000.00	Water chemists formulate a testable hypothesis and use appropriate techniques to collect data. Students will learn 3 different methods to test pH including visual color changes, pH test strips and a handheld pH meter. The objective of this experiment is to teach students how chemists test water and the importance of understanding the properties of water. Students will be able to relate measuring pH levels by using household items.
5	River Rover Mobile Museum	Melissa Macias	Clemson Elementary School	1	2-6th	250	\$ 3,000.00	\$ 1,000.00	Y	\$ 1,000.00	Help offset the cost of the River Rover Mobile museum. This hands-on learning lab accommodates 25 students at a time for one hour. A total of 5 classes can participate per day. Due to the size of the school population, they intend to book the River Rover for 2 days. With interactive and interpretive exhibits, students will be introduced to the LA River by looking at the past, present, and future.
6	Hydroponics and Seed Starting	Rebecca Peters	Coronado High School	4	9-12	130	\$ 1,000.00	\$ 1,000.00	Y	\$ 1,000.00	Hydroponics is a self-contained water-nutrient system that promotes water conservation and zero run-off of fertilizers into the environment. It is a closed system that renders enhanced yields of seeds with little evaporation and therefore less water usage. Students will benefit and experience hands-on and practical applications while learning how to seed start using the hydroponics model while experiencing the highest yield and lowest water use.
7	Rio Hondo Garden Rainwater Harvesting System	Jessica Schoenfeld	Rio Hondo Middle School	1	7-8	15	\$879.61	\$900.00	Y	\$ 900.00	The Rio Hondo Garden does not have a watering system. Most of the plants die because of this. The garden is used as a relaxation spot for special needs students as well as students an staff. This class will focus on the engineering process to solve problems like water conservation. They will purchase rain barrels and other materials to provide a more sustainable source of water for the plants.
8	Hydrozones for a High School Garden	Irvin Thomas	Coronado High School	4	9-12	130	\$ 1,000.00	\$ 1,000.00	Y	\$ 1,000.00	The project will focus on hydrozoning. Each irrigation line is adjusted to deliver the correct amount of water that the plants need without over watering. This will be done using the demonstration garden beds throughout the school garden. They will understand the importance of considering plant species water needs when landscaping, farming, and planning garden plots. They will be more mindful as to conservation and various plant species.

Upper District Water Education Grant Applications Received for FY 2022-23

ID	Project Title	Applicant Name	School	Div.	Grade Levels	Total Students	Total Project Cost	Amount Requested	Recommend?	Grant Amount	Summary
9	CHS Vegetable and CA Native Garden	Tunisia Fountain	Coronado High School	4	11-12	25	\$ 1,020.72	\$ 1,000.00	Y	\$ 1,000.00	This is part of a school wide garden redevelopment project. Students from numerous programs including the gardening students, the adult transition program, environment science students, and a business class will participate in the re-design and re-build of the school garden to be more water efficient. They will grow vegetables and learn how to produce food with water efficiency in mind. They will learn how to harvest and conserve water.
10	Water Wise & Pollinator Garden	PJ Johnson	Holy Family School	2	TK-8	311	\$ 1,000.00	\$ 1,000.00	Y	\$ 1,000.00	The project objectives are to beautify our school playground with the addition of an educational and waterwise garden designed to complement our school garden program. Children will learn to conserve natural resources and help the environment by working together to plant and maintain the garden, students will discover their impact through water conservation. Students will also discover that drought tolerant plants can provide beautiful landscaping and attract beneficial insects.
11	Drought Tolerant Display Garden	Shannon Porter	Holy Family School	2	TK-8	311	\$ 1,000.00	\$ 1,000.00	N		Holy family would like to replace turf with a drought-tolerant garden at the main entrance and focal point of our school campus. This entrance is an opportunity to display our commitment to the environment to our students and greater community. Students will be involved with the garden implementation and will integrate water-wise lessons into their garden curriculum.
12	Everyone needs water!	Carol Desy	St. Luke Catholic School	1	TK/K	17	\$ 990.89	\$ 990.89	Y	\$ 990.89	Students will determine the amount of water, cloud formatio, ad humidity that comes from our weather. Students will track weather patterns, discover what causes extreme storms, measure amounts of rainfall, measure win speed an direction, see how clouds form, test for acid rain, and predict future weather. This project will be used to analyze and understand how changes in weather can affect away from our water supply.
13	Diggitt Science and Water	Carol Desy	St. Luke Catholic School	1	1st	5	\$ 389.85	\$ 389.85	Y	\$ 389.85	Students will utilize see-through vials to determine how water affects the germination of seeds. Students will learn about science of sprouting seeds, growing plants, and how the amount of water affects the development of roots from seeds. Students will observe, gather information, and share data to describe the importance of water during the first stage of a plant's life.
14	Water Shapes Earth	Carol Desy	St. Luke Catholic School	1	2nd	9	\$ 687.86	\$ 687.86	Y	\$ 687.86	The young learners will locate where water is on Earth. Then they will trace how water continuously moves around our planet through the water cycle. Children will create a model to represent the various bodies of water both in liquid and solid states. Through the use of investigation and connection cards, student will explain erosion due to water. Students will compare multiple solutions designed to slow down or prevent it from change the shape of land. Knowledge about the nature of water makes children understand and appreciate its availability and usefulness.
15	Clean Up and Oil Spill	Carol Desy	St. Luke Catholic School	1	3rd	10	\$ 468.36	\$ 468.36	Y	\$ 468.36	Students will use STEM skills to clean up a mock oil spill. Oil destroys beaches, marshlands, an aquatic ecosystems. Students will build and test a working oil containment boom to clean up an oil spill. The clean up activity includes a tray, foam pieces, absorbent fabric, oil dispersant, other materials to build a model of an oil water pollution. Students will construct a model to provide evidence that water pollution due to an oil spill has a negative impact to the hydrosphere and biosphere.
16	Growing Plants in Water	Carol Desy	St. Luke Catholic School	1	4th	11	\$ 922.35	\$ 922.35	Y	\$ 922.35	An innovation in growing plants without the use of large amounts of land, but utilizing water is hydroponic. Students will grow plants and take care of fish. They will build an assembly that combines fishkeeping which is aquaponic learning with hydroponic which is gardening in water. Students will provide evidence that living organisms need water to survive. They ill communicate how water supports the plant roots and aquatic animals like fish.

Upper District Water Education Grant Applications Received for FY 2022-23

ID	Project Title	Applicant Name	School	Div.	Grade Levels	Total Students	Total Project Cost	Amount Requested	Recommended?	Grant Amount	Summary
17	Water and the Hydrosphere	Carol Desy	St. Luke Catholic School	1	5th	7	\$ 510.89	\$ 510.89	Y	\$ 510.89	The reinforcement of the key concepts about water as a vital resource should be presented with details. Students will use four investigation and connection activities to develop models that describe ways the geosphere, biosphere, hydrosphere, and atmosphere interact. Students will explain the distribution of water on our planet. They will carry out a procedure to clean water through desalination.
18	Water Towers	Carol Desy	St. Luke Catholic School	1	6th	14	\$ 793.15	\$ 793.15	Y	\$ 793.15	Students will design water towers using varied sets of material. They will compare and contrast the stability of the structures according to the materials used. They will describe the interaction of water and gravitational force in water distribution. They will explain the usefulness of water towers in California cities and elsewhere. They will know how water reaches our homes and pay attention to the constraints in designing structures.
19	Heavy Metals and Aquatic Environments	Carol Desy	St. Luke Catholic School	1	7th	17	\$ 524.71	\$ 524.71	Y	\$ 524.71	Students will identify heavy metals that could possibly be in water, such as silver, copper, mercury, nickel, cadmium, arsenic, and chromium which can be toxic. Students will connect the toxicity of lead to objects people use to copper present in aquatic environments. They will observe if there is growth or no growth with copper in the water. This project will benefit students by understanding that water should be protected from heavy metals like copper that can get into our drinking water as it passes through the plumbing system.
20	The effect of Water Pollution on a culture and possible action steps	Christine Hernandez	San Gabriel Mission Elementary School	2	7th	25	\$ 850.00	\$ 850.00	Y	\$ 850.00	Students will be studying the civilizations of India in history and will apply their knowledge of the significance of the Ganges to looking at the current state of the Ganges and possible solutions to the pollution problem and water filtration. Students will complete a lab of constructing water filtration devices to try to remove as many pollutants from "contaminated" water and test the effectiveness of their filtration devices. They will analyze the San Gabriel 2021 Water Quality Report to see what they notice could be impacting the water quality.
21	Filling Bucket with Love and Kindness	Charlene Fried	Sierra Vista High School	5	9-12th	59	\$ 800.00	\$ 628.79	Y	\$ 628.79	Students will read 2 books to guide them to be bucket fillers and not bucket dippers. They will learn how to fill buckets with words and acts of kindness, then they will study the availability of water on Earth and explore ways to conserve. They will focus on their own families, how much water they typically use, and find ways to reduce water usage in their own homes. The project will benefit students by showing them the beauty of bucket filling, reaching out to others with love and kindness.
22	Coronado Business Class	Michael Rodriguez	Coronado High School	4	11-12th	30	\$ 1,000.00	\$ 1,000.00	Y	\$ 1,000.00	Business class students will be growing California natives and succulents as a school fundraiser using water capture in rain barrels. They will learn how to employ sustainable water use in their agricultural business practices. They will learn business skills through gardening, collect and use water efficiently in their small on campus business, and fundraise for extra curricular activities.
23	Project Based Learning and California Water	Daulatzai, Gomez, Prieto, Mendoza, Baca, Ibarra	Bassett High School	3	9-12th	600+	\$ 6,000.00	\$ 6,000.00	Y	\$ 6,000.00	Students will learn about California's water through the native plants learning garden, two art murals, science lessons, and english assignments. This is a cross-curricular project that combines multiple classes, teachers, and learning standards to reach the goal of water education. Water awareness will be provided to students through native plants, water science, student presentations, and participating in creating beauty by helping with the art teacher's murals. Having a solar fountain will teach about renewable energy as future plans emerge in CA to cover the aqueduct with solar panels.
24	Water Solution for McKinley's Garden	Jenna Dizon	McKinley Elementary School	2	4-5th	180	\$ 700.00	\$ 644.00	Y	\$ 644.00	Provide a water irrigation source to the raised garden beds on campus. Students will research the best solution, measure the area, make a blueprint, and analyze the potential problems with each solution. They will work with administration and custodial staff to understand the water restrictions, irrigation timers, and how to capture rain water to avoid these avenues.

Upper District Water Education Grant Applications Received for FY 2022-23

ID	Project Title	Applicant Name	School	Div.	Grade Levels	Total Students	Total Project Cost	Amount Requested	Recommend?	Grant Amount	Summary
25	Water Conservation in the Garden	Sara Lam	Washington Elementary School	2	K-5th	120	\$ 599.40	\$ 600.00	Y	\$ 600.00	After learning about the importance of water conservation in the Southern California climate and understanding the water cycle in nature, students will use ollas and design a plan to improve irrigation in the school garden. Students will learn and observe how ollas are practical solution to water conservation in their local climate. The ollas will improve the ease of maintaining the plants in the raised beds, which currently have no irrigation and must be hand-watered.
						2,564	\$27,886.32	\$ 25,660.85		\$ 24,660.85	

**RESOLUTION NO. 12-22-652**

**A RESOLUTION OF THE BOARD OF DIRECTORS  
OF UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT  
HONORING THE RETIREMENT OF BRIAN BOWCOCK**

**WHEREAS, *Brian Bowcock***, following 20 years of dedicated and exceptional service to Three Valleys Municipal Water District's Board of Directors, will retire in December 2022; and

**WHEREAS, *Brian Bowcock***, has been proven to be a trusted and visionary leader in the water industry by promoting sustainable solutions through innovative technologies, strategic initiatives and an equitable goal of creating a sustainable water future for generations; and

**WHEREAS, *Brian Bowcock***, has served in leadership roles regionally and statewide for his groundwater management expertise with Six Basins Watermaster, the California Urban Water Conservation Council, and the Southern California Water Utility Association; and

**WHEREAS, *Brian Bowcock***, honorably served as a member of the Board of Directors for Three Valleys Municipal Water District, earning the confidence of the voter to serve five consecutive four-year terms to represent Division 3, areas that included all or portions of the cities of La Verne, North Pomona, and Claremont; and

**WHEREAS, *Brian Bowcock***, has earned the esteem and trust of his peers for his exceptional management, professionalism, and passion for the water industry as demonstrated throughout his career; and

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT AS FOLLOWS:**

**Section 1:** The Upper San Gabriel Valley Municipal Water District (Upper District) Board of Directors hereby honors ***Brian Bowcock*** for his visionary leadership throughout his 56 years in the water industry and legacy as a San Gabriel Valley water buffalo.

**Section 2:** The Upper District Board of Directors hereby congratulates ***Brian Bowcock*** on his distinguished career in the water industry and wishes him a long and fulfilling retirement.

**PASSED, APPROVED, AND ADOPTED** this 7<sup>th</sup> day of December 2022.

AYES:

NOES:

ABSTAIN:

ABSENT:

\_\_\_\_\_  
Ed Chavez, President

ATTEST:

\_\_\_\_\_  
Katarina Garcia, Secretary

(SEAL)

APPROVED AS TO FORM:

\_\_\_\_\_  
Steven P. O'Neill, District Counsel



# MEMORANDUM



## 7. (c) ACTION

**DATE:** November 30, 2022  
**TO:** Board of Directors  
**FROM:** General Manager  
**SUBJECT:** Amendment 1 to the Lease Agreement with the San Gabriel Valley Economic Partnership

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### **Recommendation**

Staff recommends that the Board of Directors ratify Amendment 1 to the lease agreement with the San Gabriel Valley Economic Partnership effective December 1, 2022 (Attachment).

### **Background**

Upper District entered into a lease agreement with the San Gabriel Valley Economic Partnership (SGVEP) in February 2022. Because the District's tenant improvement project took longer than anticipated, SGVEP and Upper District agreed to amend the agreement effective December 1, 2022 with the following changes:

1. Amend the term of the lease to commence on December 1, 2022 and expire on November 30, 2027; and
2. Increase the monthly base rent by 5% to \$2,165.63 per month.

//Attachment

## **FIRST AMENDMENT TO THE LEASE AGREEMENT**

The Upper San Gabriel Valley Municipal Water District herein "Landlord," and the San Gabriel Valley Economic Partnership, herein "Tenant," (Landlord and Tenant may be referred to individually as "Party" or collectively as "Parties") entered into a Lease Agreement effective February 10, 2022. Due to the fact that construction of improvements of the Premises took much longer than anticipated, effective November 30, 2022 the parties agree to amend the Lease Agreement as follows:

Section 2 of the Lease Agreement is deleted in its entirety and replaced with the following:

### **Section 2. Term.**

The term of this Lease is for five (5) year(s) commencing on December 1, 2022 and expiring on November 30, 2027 ("Initial Term"). This Lease may be extended for additional one (1) year terms ("Renewal Term") on the same terms and conditions set forth herein, provided Tenant gives Landlord at least ninety (90) days written notice of its intention to extend prior to the expiration of the then current term, and provided further that Tenant is not in default under the Lease. If the Lease is extended, the rent may be increased, but not decreased, and shall not be increased more than 5% per year. Either Party may provide the other Party thirty (30) days written notice of its intention not to extend the Lease prior to the expiration of the Initial Term or any Renewal Term, in which case the Lease shall expire at the end of the Initial Term or the Renewal Term.

Section 3 of the Lease Agreement is deleted in its entirety and replaced with the following:

### **Section 3. Consideration.**

(a) Base Rent for the Premises shall be on a Modified Gross Lease basis. Commencing December 1, 2022, and for the twelve months of December 1, 2022 through November 30, 2023, Tenant shall pay rent ("Base Rent") in the sum of \$2,165.63 per month, or \$1.31 per foot, to be paid by Tenant in advance on the first day of each month during the term of this Lease. If the term of this Lease commences on other than the first day of the month, the first and last rental payments shall be prorated accordingly.

(b) The Base Rent shall be increased (but not decreased) annually equal to the Base Rent payable immediately preceding the Renewal Term increased by CPI. The term "CPI" means the figure most recently published by the United States Department of Labor, Bureau of Labor Statistics for All Urban Consumers for the Los Angeles Area, and if no longer published, the successor index, or if none, a reasonable substitute index. Notwithstanding the foregoing, the maximum amount that the monthly rent may be increased for any Renewal Term shall be up to a 5% cap annually and also for the one-year renewal term at the end of the lease. Keeping the same terms for the renewal period as with the balance of the lease.

(c) The Base Rent shall be payable at Landlord's address or at such other place as Landlord may designate in writing, no later than the 1st of the month. If the payments required herein are not paid within sixty (60) days after they become due, then, in addition to such sums

as are due, Landlord shall be paid interest at the rate of 1.5% per month of the unpaid balance or portion thereof, until paid in full.

(d) In addition to the first month's rent, a security deposit of \$2,165.63 will also be due upon execution of the lease agreement.

(e) Tenant shall pay for their own electrical services, including installation of a separate electrical meter.

(f) Tenant shall obtain their own janitorial services for leased premises.

All other terms and conditions of the Lease Agreement shall remain unchanged and are in full force and effect.

**THE PARTIES HAVE CAUSED THIS FIRST AMENDMENT TO THE LEASE AGREEMENT TO BE EXECUTED AS OF THE DATE WRITTEN FIRST ABOVE.**

**SAN GABRIEL VALLEY ECONOMIC  
PARTNERSHIP**

Executed By:

**UPPER SAN GABRIEL VALLEY  
MUNICIPAL WATER DISTRICT**

Executed By:

---

Luis Portillo, President and CEO

---

Thomas A. Love, General Manager

## Agreement No. A0-5287 Between Metropolitan Water District of Southern California and Upper San Gabriel Valley Municipal Water District for the Reverse Cyclic Program

This Agreement is effective as of the date of execution by all parties, by and between the METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA (“Metropolitan”), a public agency of the State of California, and UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT (“Upper District”), a public agency of the State of California (collectively, the “Parties”).

### Section 1. The Parties

- a. Metropolitan is a voluntary cooperative providing wholesale water services to its 26 member agencies, created under The Metropolitan Water District Act (“MWD Act”). Wat. Code appen., §§ 109-25, 109-130.
- b. Upper District is a member public agency of Metropolitan and a wholesale water provider with a service area overlying the Main San Gabriel Basin (“Basin”), a groundwater basin located in Los Angeles County. Upper District was created under the Municipal Water District Law of 1911. Cal. Wat. Code, §§ 71000 et seq.

### Section 2. Purpose of the Agreement

Through this Agreement, the Parties intend to provide for a means of preserving State Water Project (SWP) supplies during low SWP allocation years through deferment of Metropolitan deliveries of water purchased by Upper District to a future wet year, pursuant to the Reverse Cyclic Program (RCP) approved by the Metropolitan Board of Directors on February 8, 2022.

Upper District purchases full service treated water from Metropolitan for storage in the Basin through Upper District’s service connection USG-03. Upper District’s member agencies produce water from the Main Basin. Metropolitan has determined that its deliveries to Upper District for the Basin consist of Metropolitan’s SWP supplies.

In order to save its limited SWP supplies for potential future drought years, Metropolitan has determined that it will need to defer deliveries of SWP supplies when possible. Deferring deliveries of SWP supplies wherever possible preserves storage that is available to the portions of Metropolitan’s system that are more reliant on SWP deliveries. By deferring these deliveries to years when supplies are higher, Metropolitan can avoid the additional resource and operational costs that would be necessary to make these deliveries under current conditions.

### Section 3. Purchase and Deferment of Deliveries

Upper District agrees Metropolitan may defer deliveries in accordance with this Agreement and Upper District agrees to pay for the deliveries in accordance with this Agreement. The amount, location, and timing of RCP purchases for deferred deliveries will be mutually agreed upon in writing prior to the purchase of said amount by Upper District. RCP purchases will be made upon Metropolitan’s written request and Upper District’s written acceptance, which may be made pursuant to an email communication to avoid delay in

communications. Metropolitan will certify that the RCP purchase reduces its deliveries of SWP supplies prior to making the written request.

All communications arranging purchases of deferred deliveries pursuant to this Agreement must reference this Agreement. In the event of a force majeure event or a circumstance that may result in a critical need in the Basin, Metropolitan will prioritize deliveries to address the critical need.

#### Section 4. Term

This Agreement shall be effective as of the date of execution by all parties and terminate December 31, 2022, coterminous with the term approved by the Metropolitan Board of Directors for the RCP. Metropolitan may cancel, terminate, or interrupt this Agreement during the effective term by providing 15 days' written notice to Upper District. Upper District, at its sole discretion, may cancel or terminate its participation in the RCP by providing 15 days' written notice to Metropolitan. Such termination or change by either party shall not interrupt the delivery deferrals of water purchased prior to the termination or change. The provisions of Section 7 and Metropolitan's obligation to make deliveries under the Agreement shall remain until the completion of the last delivery obligation under this Agreement.

#### Section 5. Service Rates for Purchases

In exchange for Upper District agreeing to and accommodating Metropolitan's written request to defer deliveries, Metropolitan agrees to bill Upper District the full-service water rate for 2022 and any applicable treatment charge at the time of the purchase. Purchases made under the RCP will be included in the determination of Upper District's Readiness-to-Serve Charge at the time of purchase. Upper District's RCP purchase will also be considered as part of Upper District's Revised-Base-Firm Demand for the year in which the RCP purchases are made. The deliveries will not be counted towards the determination of Upper District's Capacity Charge at the time of purchase and deferral, nor at the time of delivery, because the deferred delivery of water will be made at Metropolitan's discretion.

#### Section 6. Determination of Amounts of Purchases to be Deferred

Metropolitan will determine and certify the purchase amount for deferred deliveries necessary to reduce Metropolitan's deliveries of SWP supplies. Metropolitan will make such determination based on an analysis of available SWP storage and projected demands. Metropolitan will submit a written request to Upper District once Metropolitan has certified that the purchase amount reduces its deliveries of SWP supplies. The purchase amount for deferred deliveries will be limited to a portion of Upper District's normal demands and shall not exceed Upper District's annual purchase from Metropolitan for any year in the past five years at the same service connections as the deferral. Upper District's RCP purchases will be included as allocated supply under a Metropolitan Water Allocation Plan implementation, or under any other allocation or shortage program that may be implemented.

Section 7. Schedule of Deferred Deliveries

Metropolitan will complete the deferred deliveries of water Upper District purchased under the RCP no later than five full calendar years from the date of purchase. When the SWP allocation is higher than 40%, or when Metropolitan determines water is available, Metropolitan will make deliveries to Upper District to an amount equivalent to the Metropolitan-requested deferment and purchased by Upper District under the RCP. Metropolitan, at its discretion, shall determine when the water shall be returned. Metropolitan will make deliveries to Upper District if there is a critical need to replenish the basin when the groundwater storage basin reaches such low levels that the wells are not operable. During times when Upper District is under a Metropolitan allocation, the allocation rules shall govern the provision of water for critical need during that time. There shall be no losses associated with Metropolitan's delivery of purchased water under the RCP.

Section 8. Application of the Metropolitan Administrative Code

All provisions of the Metropolitan Administrative Code shall apply to deliveries made pursuant to this Agreement, in the same manner as other Metropolitan deliveries, unless specifically and expressly excluded in this Agreement.

Section 9. Billing Procedures

All rates and charges applicable to deliveries to Upper District, outside of this Program, will apply, unless expressly excluded under this Agreement. Metropolitan will bill Upper District any RCP purchases requested by Metropolitan and agreed to by Upper District at the time of deferment, in the same manner as Metropolitan bills Upper District for all other water sales. Metropolitan will bill Upper District the full-service water rate for 2022 and any applicable treatment charge at the time of the purchase pursuant to Section 5 at the time Metropolitan invoices Upper District.

[Signatures on following page]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized representatives.

Approved as to Form:

Upper San Gabriel Valley Municipal Water District

Steven O'Neill  
Aleshire & Wynder, LLP

By: \_\_\_\_\_  
General Counsel

By: \_\_\_\_\_  
Thomas A. Love  
General Manager

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Approved as to Form:

The Metropolitan Water District of Southern California

Marcia L. Scully  
General Counsel

Adel Hagekhalil  
General Manager

By: \_\_\_\_\_  
Patty Quilizapa  
Senior Deputy General Counsel

By: \_\_\_\_\_  
Brad Coffey  
Manager, Water Resource Management

Date: \_\_\_\_\_

Date: \_\_\_\_\_

## Appendix A

### *Reverse Cyclic Purchase and Return Example*

The following purchase provisions apply:

- a. Metropolitan will make a written-request to Upper District that will identify the service-connection(s) and purchase amounts for delivery deferment.
- b. In agreement with Metropolitan’s written request, Upper District will make a purchase in CY 2022 for deferred delivery.
- c. The purchase amounts shall not cause Upper District to exceed its total annual purchase from Metropolitan for any year in the past five years at the same service connections as the deferral.
  - a. Historical purchase records from 2017 to 2021 are shown in the table below.

<b>Treatment Type</b>	<b>Meter ID</b>	<b>2017 (AF)</b>	<b>2018 (AF)</b>	<b>2019 (AF)</b>	<b>2020 (AF)</b>	<b>2021 (AF)</b>
Untreated	USG-03	16,000.0	35,155.2	25,064.0	54,895.1	18,163.4

The following deferred delivery provisions apply:

- a. Metropolitan will complete the deferred deliveries within 5 years from the date of purchase.
- b. Metropolitan at its sole discretion, shall determine when the water shall be returned. Water may be returned if:
  - a. the SWP allocation is at least 40%
  - b. Metropolitan determines that it has surplus supplies to return water
  - c. Upper District has expressed a critical need for the deferred water, for example, the groundwater storage basin has reached low levels where wells are not operable or the basin reached emergency storage levels.
- c. If Upper District expresses a critical need for the deferred water, Metropolitan will make deliveries to Upper District. Upper District must express the critical need in writing, identifying the service connections and total amount needed at each service connection. The critical need shall not exceed the purchase amount nor the balance.
- d. The balance will be updated following each completed deferred delivery.

**Purchase and Return, Example 1:**

Scenario 1: Metropolitan makes a written request for Upper District to defer 10 TAF at service connection USG-03. Upper District does not express a critical need at any point during the agreement terms.

Upper District purchases 10 TAF on November 1, 2022 for deferred delivery.

**Service Connection USG-03 Purchases and Deferred Deliveries**

Year	Year Dates	SWP Allocation (%)	Purchase Amount (AF)	Deferred Delivery Made (AF)
0	11/1/2022	< 40%	10,000	0
1	11/1/2022 to 11/1/2023	<40%	0	0
2	11/1/2023 to 11/1/2024	≥ 40%	0	5,000
3	11/1/2024 to 11/1/2025	≥ 40%	0	5,000
4	11/1/2025 to 11/1/2026	≥ 40%	0	0
5	11/1/2026 to 11/1/2027	< 40%	0	0

**Balance = 0 AF**

**Purchase and Return, Example 2:**

Scenario 2: Metropolitan makes a written request for Upper District to defer 10 TAF at service connection USG-03. Upper District expresses a critical need in year 2023.

Upper District purchases 10 TAF on November 1, 2022 for deferred delivery.

**Service Connection USG-03 Purchases and Deferred Deliveries**

Year	Year Dates	SWP Allocation (%)	Purchase Amount (AF)	Deferred Delivery Made (AF)
0	11/1/2022	< 40%	10,000	0
1	11/1/2022 to 11/1/2023	<40%	0	5,000
2	11/1/2023 to 11/1/2024	≥ 40%	0	5,000
3	11/1/2024 to 11/1/2025	≥ 40%	0	0
4	11/1/2025 to 11/1/2026	≥ 40%	0	0
5	11/1/2026 to 11/1/2027	< 40%	0	0

**Balance = 0 AF**

**Appendix B**

*2022 Reverse Cyclic Tracking Table*

**Metropolitan-Requested Purchases for Deferred Delivery and Returned Water**

**Purchases for Deferred Deliveries**

**Year   Month   Service Connection   Total Purchase (AF)   Invoiced Total**

**Deferred Deliveries Completed**

**Year   Month   Service Connection   Total Delivered (AF)**

**Remaining Balance (AF): \_\_\_\_\_**

Notes:

DRAFT

## Nearly 20% of California water agencies could see shortages if drought persists, state report shows

LA Times | By: Hayley Smith | 11/30/22



A 2013 aerial view of the Los Angeles Aqueduct as it flows south in its concrete-lined channel alongside Hwy 395 south of the Owens Valley town of Lone Pine. (Brian van der Brug / Los Angeles Times)

Most of California’s urban water agencies believe they have enough supplies to last through another seven months of drought, but nearly 20% of them — including many in Southern California — say they could be facing significant shortages, according to a new state report.

The California Department of Water Resources’ first annual water supply and demand assessment surveyed the state’s urban water agencies to see how they are managing tight supplies through conservation efforts and improved drought planning. The report, which includes yearly data through July 1, focuses on water agencies that serve at least 3,000 connections, representing about 90% of the population.

Of 414 reporting agencies, 82% said they do not anticipate any shortages so long as current conservation efforts continue,

including voluntary reductions in water use and local Level 2 water shortage measures. Officials said the findings highlight that, in many cases, water saving efforts are making a difference.

“That’s a really important thing to get across — that early drought planning and conservation is working,” DWR assistant deputy communications director Ryan Endean told reporters this week.

But the report also shows that many suppliers may soon face challenges.

Seventy-three agencies, or about 18% of respondents, identified a potential shortage which they said could be addressed through additional conservation measures, including the Los Angeles Department of Water and Power, the Metropolitan Water District of Southern California and the Las Virgenes Municipal Water District.

Three other agencies — the City of Menlo Park, the Ventura County Waterworks Moorpark District and the Ventura County Waterworks Simi Valley District — anticipated shortages that may not be fixable through additional measures alone.

“Look how many agencies are projecting shortfalls — significant shortfalls — next year,” said Dan Drugan, a spokesman for Ventura County’s supplier, the Calleguas Municipal Water District, which reported a potential shortage of about 40%.

Drugan noted that the area receives limited federal supplies from the Colorado River and was heavily affected by slashed allocations from the state this year. He said the agency plans to address potential

shortages through aggressive actions among its retailers, including moving to a Level 4 response as soon as December and possibly implementing a full outdoor watering ban next year.

The nearby Las Virgenes Municipal Water District, which serves Calabasas, Hidden Hills and surrounding areas, is projecting a 63% shortage, according to the report. Agency spokesman Mike McNutt said he “wouldn’t be surprised” if that number had worsened in the last several months.

“We have not improved our water situation,” McNutt said. “It’s not for lack of trying, but we haven’t gotten any additional supplies that are coming in and ... there’s not been any precipitation that’s been helping us.”

Las Virgenes is looking to purchase more supplies from other agencies, he said, and is similarly considering a full outdoor watering ban and Level 4 response.

Other agencies are faring slightly better. In Los Angeles, the DWP reported a potential 30% shortage, but the city’s robust response to outdoor watering limits and other drought rules have kept water demands on target, according to water resources policy manager Terrence McCarthy. The agency instituted Level 3 response on June 1 and reported record low usage over the summer, so McCarthy did not anticipate additional conservation restrictions based on current conditions.

“If we continue that way, then we’ll be able to meet the demands with the available supplies we have,” he said. However, he noted that it’s “anybody’s guess” what the

forecast holds for snow, rain and water supply development through the winter.

“We definitely need to keep our foot on the pedal, not only because we could be facing another dry winter, but also because it’s all a matter of making conservation a way of life,” McCarthy said.

The DWP, along with Calleguas, Las Virgenes and about two dozen other agencies, purchase water from the region’s massive wholesaler, the Metropolitan Water District of Southern California, which itself reported a potential shortage of 43%. MWD officials could not immediately say whether that number had improved in recent months, but noted that its emergency conservation order — which includes outdoor watering restrictions for about 6 million Southern Californians dependent on state supplies — probably won’t be lifted until California sees significant precipitation and the state increases allocations.

MWD spokeswoman Rebecca Kimitich added that deteriorating conditions on the Colorado River mean the rest of Southern California could also see calls for increased conservation in the coming months.

“Given the worsening conditions on the river, Metropolitan does not anticipate having a full Colorado River Aqueduct in 2023 or beyond,” Kimitich said. “So, our entire service area must take measures to protect our limited Colorado River supplies. The initial call for conservation will likely be voluntary, but if the water supply outlook does not improve, Metropolitan may implement a water supply allocation plan for its entire service area, requiring mandatory conservation across the region.”

Notably, the majority of the agencies that reported potential shortages are in two of the state's most populous hydrologic regions, the San Francisco Bay Area and the South Coast region, which includes Los Angeles, Orange County and San Diego, the report shows.

However, the focus on water suppliers with at least 3,000 connections means that many small and often rural communities were not included — many of which rely heavily on groundwater and are among those hit hardest by drought. Nearly 1,400 dry wells have been reported in the state this year.

State officials said they are continuing to work with small suppliers through direct assistance grants and technical support programs, including millions of dollars in funding from the DWR's Small Community Drought Relief program. Such funding often goes toward immediate and temporary measures such as hauled water, temporary water tanks, bottled water and emergency inter-ties between communities, according to Steve Doe, the program's manager.

Small water suppliers will have to meet new drought planning requirements under Senate Bill 552, passed in September 2021, which is intended to help such areas better prepare for water shortage conditions, officials said.



Despite such steps in the right direction, the report underscores that nearly a fifth of the

state's agencies could face some shortages should drought conditions persist. Forecasts are already predicting another dry winter and a potential fourth year of drought.

Peter Gleick, co-founder and president emeritus of the Pacific Institute said the report's findings are heavily dependent on whether that prediction manifests.

"They're making some assumptions about how much water supply they'll get in addition to the water that any agency might have in storage, so things could be worse than just 20% saying they need to do more and three of them saying, 'We really are in trouble,'" he said. "But it just depends on how bad the drought is."

And while the report focuses primarily on urban residents, Gleick noted that agricultural water users, which receive allocations separately, are also facing uncertainty when it comes to next year's supply. A recent state report showed that California's irrigated farmland shrank by nearly 10% in 2022.

The latest findings "highlight both that water efficiency and conservation have already played a critical role in helping water agencies deal with the current drought, but also that increased conservation efforts will be required for 20% of urban water agencies if the current drought continues," Gleick said. He added that the Pacific Institute's research has shown that additional improvements in water-use efficiency are possible for every urban water agency.

The message, he said, is that “conservation really got us through the drought up until today and that it’s too soon to stop conserving.”

The 2022 report marks the first of what will become an annual assessment each year, state officials said. Urban water agencies are also required to update their water shortage contingency plans every five years.

## U.S. government pledges \$250 million to help ailing Salton Sea

LA Times | By: Ian James | 11/29/22



A visitor takes a selfie beside public art in Bombay Beach, a tiny community on the Salton Sea. The federal government is announcing \$250 million in new funding to help accelerate habitat and dust-control projects at the Salton Sea.  
(Luis Sinco / Los Angeles Times)

The Biden administration has announced a plan to provide \$250 million to accelerate environmental projects around the shrinking Salton Sea, a major commitment intended to help revitalize the lake's ecosystems and control hazardous dust in a deal that clears the way for California to take less water from the drought-ravaged Colorado River.

Leaders of the Imperial Irrigation District, which uses the single largest share of the Colorado River to supply farms in the Imperial Valley, had called for federal money to support the state's Salton Sea program as a key condition for participating in water cutbacks. Some of the district's leaders praised the funding commitment from the Interior Department and the Bureau of Reclamation, calling it a historic step toward addressing the windblown dust and deteriorating habitats that have plagued California's largest lake.

"This checks the box big time," said J.B. Hamby, an Imperial Irrigation District board

member. "It's a really big deal, and nothing like this has really ever happened before."

This year, federal officials demanded large-scale water cutbacks throughout the Southwest to try to prevent the Colorado River's reservoirs from dropping to dangerously-low levels. Four major California water districts have proposed to reduce water use by up to 400,000 acre-feet per year for the next four years, about 9% of the state's total water allotment.

The Imperial Irrigation District has pledged to take on the largest share of California's reductions, up to 250,000 acre-feet of water per year.

"From the outset, IID made it clear that taking action to protect the Colorado River system would have significant impacts on the Salton Sea, and that IID's participation was conditioned on real efforts and dollars to protect public health and wildlife around the sea," Hamby said.

He said the federal government's new commitment "makes it much easier and simpler for us to make large contributions toward the Colorado River system."

The infusion of federal money is the central feature of an agreement among the federal government, the Imperial Irrigation District, the California Natural Resources Agency and the Coachella Valley Water District. The Interior Department announced the plan on Monday, and the Imperial Irrigation District's board narrowly endorsed the agreement in a 3-2 vote at a meeting Tuesday.

The debate was contentious, with some farmers, community advocates and local officials saying they didn't think the agreement was a good deal for the Imperial Valley, or that the community should have more time to weigh in.

Luis Olmedo, executive director of the nonprofit group Comite Civico del Valle, said his organization opposed what he called a "hastily announced, half-baked deal." He said in a statement, which a colleague read at the meeting in El Centro, that the board was deciding with little public scrutiny.

"\$250 million for the Salton Sea held in front of the Imperial Valley like some carrot is insulting when we've been getting whacked with the stick of disrespect for decades," Olmedo said.

Alex Cardenas, the board's vice president, said he thinks it's "not a good deal for our community." He was one of two board members who voted against endorsing the deal.

Jim Hanks, the board's outgoing president, argued that by approving the agreement, the Imperial Irrigation District is helping to secure vital funds for Salton Sea efforts and will turn next to negotiating the proposed water reductions.

"There's not enough money in the Imperial Valley to take care of that sea," Hanks said. "We're just saying that sea has to be taken care of."

He said the funding "meets the criteria for us to move to the next level."

"This is just a first step. This is to open up negotiations for the rest of it," Hanks said. "This is just a signal to them, 'OK, we can move forward.'"

The Interior Department said the agreement will expedite implementation of the state's Salton Sea Management Program, which includes creating shoreline habitat areas for birds and controlling dust along the retreating shorelines.

Deputy Interior Secretary Tommy Beaudreau said the agreement "represents a key step in our collective efforts to address the challenges the Colorado River Basin is facing due to worsening drought and climate change impacts." He said the funds from the recently passed Inflation Reduction Act "will help to support the Imperial and Coachella Valley and the environment around the Salton Sea, as well as support California's efforts to voluntarily save 400,000 acre-feet a year to protect critical elevations at Lake Mead."

The Salton Sea covers more than 300 square miles in Imperial and Riverside counties. It sits nearly 240 feet below sea level in the Salton Trough, which over thousands of years has cycled between filling with Colorado River water and drying out.

The flooding river filled the Salton Sea from 1905 to 1907, and it has since been fed by water draining off farms in the Imperial Valley. The lake has been shrinking since the early 2000s, when the Imperial Irrigation District began selling a portion of its water to urban areas under an agreement with agencies in San Diego County and the Coachella Valley.

The strains on the Colorado River and the Salton Sea have grown during the 23-year megadrought in the Southwest, which has been intensified by higher temperatures with global warming.

Under the agreement, the federal Bureau of Reclamation will provide \$22 million next year to help with projects at the lake. The agency plans to provide an additional \$228 million over the next four years. It says the funds will be used to “expedite existing projects and bolster staffing capacity at the water agencies to help deliver new projects.”

That will add to the \$583 million that the state has committed for the projects.

California’s 10-year plan for the Salton Sea, which came out in 2017, called for building nearly 30,000 acres of dust-control projects and wetland habitat around the lake by 2028. After years of delays, workers with heavy machinery have been moving soil at the southern end of the lake as part of a 4,110-acre project aimed at suppressing dust and creating habitat for fish and birds.

The lake’s level has declined about 11 feet since 2003. Its water is now about twice as salty as the ocean and continues to get saltier with evaporation, a shift that has caused major declines in fish and bird populations.

Along the shorelines, windblown dust contributes to harmful air pollution in low-income, predominantly Latino communities where people suffer from asthma at high rates.

California Natural Resources Secretary Wade Crowfoot called the agreement a “huge step forward.”

“It builds our momentum delivering projects at the sea to protect communities and the environment,” Crowfoot said. He said it also ensures that California’s reductions in water use don’t “come at the expense of local residents.”

Several members of Congress praised the allocation of federal money for the Salton Sea, which came as part of \$4 billion in the Inflation Reduction Act for drought response programs.

Sen. Alex Padilla (D-Calif.) called it “the most meaningful federal investment at the Salton Sea in history” and said it will help “more effectively address the public health and environmental disasters at the Salton Sea.”

Sen. Dianne Feinstein (D-Calif.) said the receding lake “continues to threaten the health of neighboring communities as toxic elements like arsenic and selenium are exposed and spread by strong desert winds.” She said the \$250 million will help reduce the toxic dust that threatens public health and restore habitat for migratory birds.

The Salton Sea has long provided a vital sanctuary for migrating birds as a stopping point on the Pacific Flyway. But in recent years, populations of many bird species have suffered declines. And some species, especially fish-eating birds, have disappeared.

“The Salton Sea presents a mushrooming crisis of human health and loss of critical habitat,” said Frank Ruiz, Audubon California’s Salton Sea program director. He

said the federal funding will bring a major step forward in projects to protect residents and the environment.

“This is something that has been needed for a long time, for all the levels of government to take responsibility for the sea,” Ruiz said. He said he also thinks it’s positive that “people are finally paying attention to the sea, because this is becoming like the linchpin for the negotiations of the Colorado River water.”

Ruiz pointed out that the federal government owns a lot of land in and around the Salton Sea, and the agreement includes provisions to ensure access to build wetlands projects. The agreement also says the Interior Department will “provide administrative and technical resources to help secure any additional water supplies” needed for the habitat projects.

“My concern is that if we continue building projects on the ground, can we have the water available?” Ruiz said. “We need to make sure that there is an agreement to provide water sustainability for the projects.”

Under the agreement, the federal government also will provide money for staff jobs to help implement Salton Sea projects. That includes \$2 million over five years for the Torres Martinez Desert Cahuilla Indians to hire at least two people to help with wetlands projects on tribal lands by the sea, as well as \$2 million for the Imperial Irrigation District and \$1 million for the Coachella Valley Water District to hire additional staff to help accelerate the efforts.

“The collaboration happening at the Salton Sea between water agencies and state, federal and tribal governments is a blueprint for effective cooperation that the Colorado River Basin sorely needs,” Hamby said.

To address the shortage and reduce risks of reservoirs dropping to critically low levels, Bureau of Reclamation Commissioner Camille Calimlim Touton announced in June that water cutbacks of 2 million to 4 million acre-feet will be needed across the region in 2023, a decrease of roughly 15% to 30%. Negotiations among the seven states that rely on the river have grown tense and have failed to produce a deal for such large reductions.

Hamby said he and others at the Imperial Irrigation District appreciate Touton’s efforts to prioritize funding for the Salton Sea.

“Historically, there has been some level of federal presence on the sea. But this adds an entirely new dimension to it, with the funding, with the level of cooperation,” Hamby said.

The stepped-up federal involvement on the Salton Sea’s issues, he said, will help the Imperial Irrigation District move ahead with its proposal for reducing water use to help protect reservoir levels.

The Imperial Irrigation District’s leaders have pledged to reduce water use by up to 250,000 acre-feet a year for the next four years, a cut of more than 9%. Farmers and irrigation district officials have said they plan to prioritize saving water by improving efficiency, both on farms and in the canal

system that delivers water, rather than leaving fields dry.

millions of Americans rely on,” Kelly said in an email.

However, Hamby said that some amount of land-fallowing will probably be necessary “at least for a temporary, short period of time,” to achieve the reductions.

Farmers in the Imperial Valley, who produce crops such as alfalfa, lettuce and broccoli, have told the federal government they hope to avoid fallowing farmland. In a letter to Touton this month, leaders of the Imperial County Farm Bureau said the government’s plan to pay between \$330 and \$400 per acre-foot of conserved water “will not be adequate to secure meaningful agreements.”

“In the Imperial Valley, water conservation should be accomplished through improved efficiency as opposed to fallowing,” the farmers wrote.

Some representatives of other states are pushing for California, which uses the largest share of the river, to make larger reductions.

Sen. Mark Kelly (D-Ariz.) had urged the federal government to withhold funding for the Salton Sea “until California commits additional water.”

Now that the government has come forward with the money, Kelly said he is still looking to California to shoulder larger cuts.

“As the largest water user on the Colorado River, California must step up and do more to conserve water alongside other states to protect the Colorado River system that



# NEW REPORT SHOWS CONTINUED WATER CONSERVATION IS KEY

BY DEPARTMENT OF WATER RESOURCES NOV 28, 2022 WATER NEWS

SACRAMENTO – As directed by 2018 legislation, the Department of Water Resources (DWR) today submitted a first report to the State Water Resources Control Board summarizing how urban water districts assess the adequacy of their supplies over the next seven months. Broadly, the assessments show the importance of conservation by individual Californians to help suppliers meet demands through June 30, 2023.

In this year's assessments, urban water suppliers indicate that they will rely on either continued conservation or more aggressive actions to meet demand through June 30, 2023, if dry conditions persist. They report that they can ensure adequate water supplies through water-saving strategies, such as requiring customers to limit outdoor water and providing leak detection and repair services.

Since 2022 is the first year that urban water suppliers are required to submit an Annual Water Shortage Assessment, this year will serve as a baseline to evaluate if urban water suppliers are accurately assessing their annual water supply and demand. These annual assessments submitted by local agencies are intended to help state and local water suppliers better prepare for current and future droughts.

"One of the lessons learned from the last drought was the importance of early planning and State action to support our water suppliers in preparing for a hotter and drier climate," said DWR Director Karla Nemeth. "Despite ongoing severe drought conditions and a possible fourth dry year ahead, DWR and suppliers are better prepared to continue to supply reliable drinking water to millions of Californians. Actions taken by individual Californians to save water indoors and outdoors make a big collective difference."

With less water available as California shifts to a hotter, drier future, urban water suppliers will be submitting water supply and demand assessments annually as required by the 2018 Making Water Conservation a Way of Life legislation to improve long-term water conservation. The assessments are intended to ensure proper planning at the local level to meet demands and mitigate shortages through water conservation and other actions. The assessments also indicate what level of State assistance may be needed during continued drought.

The DWR report summarizes water supply assessments conducted by 414 of the 435 local urban water suppliers. Twenty-one agencies have not submitted the required assessments. Those required to

submit include water suppliers that serve more than 3,000 connections or that supply more than 3,000 acre-feet of potable water annually for municipal purposes. The summary report does not include small water suppliers, which historically have faced more significant water supply challenges during drought conditions. The State continues to work with small suppliers through direct assistance, grants, and technical support programs.

Of the 414 submitted reports by urban water suppliers:

338 urban water suppliers do not expect a shortage during the upcoming year with continued conservation efforts, including a voluntary 15 percent water-use reduction and continued activation of local Level 2 Water Shortage Contingency Plan measures.

73 urban water suppliers anticipate they can fully address any shortage through increased conservation actions or increased supplies noted in their water shortage contingency plans, including stronger water-use reduction mandates.

3 urban water suppliers noted that they may still experience a shortage after implementing water conservation actions or increased supplies included in their current plans. DWR continues to work with these suppliers to include additional actions to adequately address expected shortages.

To help prepare for drought and water shortage events, urban water suppliers are responsible for developing a water shortage contingency plan. These plans provide a description of the procedures they will employ each year to conduct their annual assessment, including a written decision-making process, as well as the key data inputs and the assessment methodology used to evaluate the near-term water supply reliability. Many suppliers are already implementing Level 2 response actions per Executive Order N-7-22 issued by Governor Newsom earlier this year.

It will be critically important for urban water suppliers to follow their plans and report their water supply situation accurately. This allows state water officials to work with local agencies to find additional supplies and head off potential shortages. The City of Coalinga, for example, submitted a water supply assessment in July that anticipated no water shortages. A few months later, the City announced that it would be out of water by December, largely because it did not implement the actions identified in its Water Shortage Contingency Plan. DWR was able to provide \$1.2 million to the City of Coalinga to fund the purchase of supplemental water to maintain a reliable supply through the winter months. The City has been asked to submit a revised water supply assessment.

To help water suppliers plan more effectively, DWR offered technical assistance and provided feedback on their water shortage contingency plans. The feedback included proposing more aggressive response actions appropriate to the projected shortage levels and amending the supplier's water shortage contingency plan, if deemed necessary. Some of the water suppliers realized more water savings with additional conservation actions and resubmitted the plan with no shortage expected.

DWR is coordinating with the remaining 21 suppliers who have yet to submit their plans and is currently providing additional targeted help and assistance. DWR reminds delinquent suppliers of the importance of proactively assessing supplies and demands in order to be prepared in case of future shortage events. The full list of delinquent suppliers is available [here](#).

“Thank you to all Californians for stepping up conservation efforts to help reduce water use statewide and to urban water suppliers who are serious about planning for their communities,” Nemeth said. “Coming together like this to conserve will make a big impact for our water future.”

Small water suppliers are receiving support from DWR as it implements Senate Bill 552 (SB 552), which imposes new drought planning requirements on small water suppliers with fewer than 3,000 customers. DWR and the State Water Resources Control Board are hosting a series of informational workshops to explain the new requirements and help small water suppliers develop a water shortage contingency plan and solicit feedback for future resources. For more information about SB 552, visit DWR’s [SB552 webpage](#).

This month, DWR will announce funding awards totaling \$86 million for emergency and long-term projects through the Small Community Drought Relief program and the Integrated Regional Water Management program. The selected projects will support strategies to improve water quality, increase water supply, and upgrade aging infrastructure.

For larger communities still in need of assistance, DWR is currently accepting applications for the Urban Community Drought Relief program to support projects that build long-term climate resilience and improve water conservation.

As California experiences a climate transformation bringing hotter and drier conditions, each individual act of conservation makes a difference. More information and water-saving tips are available at [saveourwater.com](http://saveourwater.com). For information about other DWR and State of California drought response efforts and funding programs, visit: [drought.ca.gov](http://drought.ca.gov).



# MORE WATER AGENCIES JOIN AGREEMENT TO IMPROVE THE HEALTH OF RIVERS AND LANDSCAPES

BY ACWA STAFF NOV 14, 2022 WATER NEWS

Water agencies that rely on the Tuolumne River watershed are the most recent signatories to an agreement to provide water flows and new habitat to help improve conditions in the Sacramento-San Joaquin Bay-Delta watershed, the California Natural Resources Agency (CNRA) announced Nov. 10.

The three Tuolumne River signatories – San Francisco Public Utilities Commission (SFPUC), Turlock Irrigation District (TID) and Modesto Irrigation District (MID) – signed onto a memorandum of understanding, or MOU, agreement last week. They join dozens of local agencies that have signed the MOU, which stems from years-long negotiations surrounding Voluntary Agreements, or VAs, strongly supported by ACWA.

The broader MOU outlines terms for an eight-year program that would provide substantial new flows for the environment to help recover salmon and other native fish.

“We’ve always been willing to do our part to further protect natural habitats, including in times of drought. Now we have a framework agreement that strikes the right balance. It safeguards the water supply for 2.7 million Bay Area residents and businesses while continuing the SFPUC’s track record of strong environmental stewardship,” SFPUC General Manager Dennis Herrera stated in a CNRA news release. “This agreement provides a framework for improving environmental conditions on the lower Tuolumne River and beyond to benefit native fish species. It includes more water for the river and \$64 million in habitat improvement projects over eight years. It also provides a path forward to address outstanding legal issues with the State. We’re looking forward to implementing it with our partners.”

Signing the MOU allows the Tuolumne River parties to participate in small workgroups with other water agencies and state agencies charged with working out the voluntary agreement implementation details, including both flow and non-flow measures, according to a joint MID and TID news release. The agencies will review the Tuolumne River term sheet in upcoming Board meetings. Any final voluntary agreement will be presented to and approved by the districts’ boards of directors, according to the release.

“We are pleased that our multi-year effort to find a path forward based on sound-science is taking a significant step forward today,” TID General Manager Michelle Reimers stated in the CNRA news

release. “Although not the final step in VA process, signing the MOU acknowledges that parties have come to an agreement on the major items including flow and non-flow measures, with some technical details to be finalized. We are looking forward to collaborating with the state and other water agencies to finalize an agreement that will provide water supply reliability to our community while enhancing the ecosystem.”

MID General Manager Ed Franciosa was also quoted in the CNRA news release.

“We have invested heavily in studying and truly understanding the Tuolumne River, the species and industries that depend on it and developing a realistic and sustainable voluntary agreement,” he said. “By signing the MOU, we seek to balance water supplies for the benefit and continued success of our urban and ag communities and our environment, while striving to break the paradigm of management through regulation and litigation.”

Contra Costa Water District signed onto the agreement in September, as did the Sacramento River Settlement Contractors earlier this year.

“Contra Costa Water District (CCWD) supplies Delta water to residents and businesses in Contra Costa County and we closely manage our operations to ensure reliability and protect water quality,” CCWD Board President Ernesto A. Avila said. “The status quo in the Delta is unsustainable and we are committed to working with the state to expedite the current efforts to improve the health of the Bay-Delta and protect the communities we serve.”

## As California's wells dry up, residents rely on bottled water to survive

The Washington Post | By: Joshua Partlow |  
11/14/22

*In drought-parched Central Valley, thousands rely on trucked and bottled water as they wait for new wells.*

FRESNO, Calif. — Wes Harmon's ringtone sounds like a steam whistle, and it goes off in the cab of his Ford Super Duty at such regularity and volume it practically shudders the rooster in a hula skirt affixed to his dash.

"What's up, Matt?" Harmon answers on a typically busy Monday morning. "You want to drill a well in Ivanhoe?" his old colleague asks.

Harmon does not want to drill a well in Ivanhoe, which he calls a "rock pile," because his two rigs are already tied up in more forgiving ground elsewhere in California's Central Valley, running 24 hours a day, seven days a week. A whiteboard in his office is crammed with future jobs, and people won't stop calling — a veteran with a bad heart whose faucet ran dry; a widow in a panic who can't hold back tears.

Wells are running dry in California at a record pace. Amid a hotter, drier climate and the third consecutive year of severe drought, the state has already tallied a record 1,351 dry wells this year — nearly 40 percent over last year's rate and the most since the state created its voluntary reporting system in 2014. The bulk of these outages slice through the center of the state, in the parched lowlands of the San Joaquin Valley, where residents compete with deep

agricultural wells for the rapidly dwindling supply of groundwater.

Amid rows of almond and orange trees, entire communities are relying on deliveries of bottled water to survive. More than 2,400 homes in the region keep their taps running with emergency plastic water tanks installed in their yards by the nonprofit group Self-Help Enterprises. It sends around a fleet of trucks to fill the tanks, which hold 2,500 to 3,000 gallons, at least every two weeks. More than half of the tanks are new this year.

Tami McVay, Self-Help's director of emergency services, expected this year's spike in dry wells. But the sheer scope of the shortages this summer has been unsettling for her.

She has watched as groundwater in some places has fallen in one year by hundreds of feet. Last year, her organization made emergency bottled water deliveries after outages from dry or malfunctioning wells threatened the water supply in two communities. This year, which has happened in 20 communities.

"Mentally, I don't think we were prepared to really kind of absorb how fast it was happening," she said. "Overnight our phones just started ringing."

### 'She's going dry. I'm dry'

The first sign of a failing well tends to be a softening of the water pressure. Brown patches in the lawn where sprinklers no longer reach. Garden hoses that pulse and fizz with aeration. Showers that slow to a trickle.

Groundwater is both the main source of water for many communities and a buffer that California relies on during drought. Normally, these underground reserves account for about 40 percent of the

state's water supply; in dry years, that grows to 60 percent. Of the 3,700 wells on the state's live groundwater website that track levels over the past decade, nearly half of them are much below normal or at an all-time low.

"What we're facing is pretty unprecedented," said Steven Springhorn, an engineering geologist with the Sustainable Groundwater Management Office of California's Department of Water Resources. "It's very dry out there."

*A California city's water supply is expected to run out in two months*

Sharon Ramirez knew this, and she tried to conserve. She let her grass yellow and the vegetable garden die. Tomatoes, potatoes, butternut squash — all gone. In her bathroom, she only flushed solids, despite the embarrassment. She watched with agony as the trees she nurtured for years — the Chinese elm, the pistachio, the mulberry — appeared to weaken under the unrelenting sun.

The motor for the pump in her 348-foot well usually ran for 20 minutes to refill her tank. It began to take hours.

Ramirez could only do so much. She had moved to Madera Ranchos, a rural community north of Fresno, to make room for her two horses, Coco and Fergus. It was her retirement dream after 25 years as an administrative assistant at Fresno State University. But horses need water.

On a Thursday in August when she finally went dry, she broke down and cried. "I've been dribbling since the first of the month. I knew it was going to happen," Ramirez said. "You live on a well. You know it's going to happen."

These emergencies are familiar to anyone who lives in this area, and Ramirez's neighbors immediately jumped in to help. While she awaits her new 600-foot well — low bid of \$54,318, and a waiting list of nine months — she was able to run a 120-foot hose from the house next door to keep her faucets flowing. Across the street, Kimberly Davis, who runs a petting zoo out of her backyard, didn't have enough pressure to shower while the sprinkler is on, but was allowing another neighbor to share her own well as long as her water held out. "She's going dry. I'm dry. Two houses down, they're dry," Ramirez said. "It's what we do out here. We survive with each other."

The city of Madera is one of this year's hot spots for dry wells. It's where Interior Secretary Deb Haaland visited in August, standing in a field left fallow for lack of water, warning that the worsening drought crisis is an "existential threat to our communities and our livelihoods," and announcing more funding for resilience projects in the years ahead.

Those who live here point in many directions to explain their predicament. Up and down the roads of these dusty suburbs, billboards call out for politicians to build "#moreDAMstorage" and for California Gov. Gavin Newsom (D) to "stop dumping our farm water in the ocean." Neighbors stand in their barren yards and worry that the local rock quarry, or the high school with its green sports fields, or the subdivisions still sprouting new houses by the thousands, or the irrigated groves and orchards all around them, are sucking all the water out from underneath their wells.

"Everyone's relying on groundwater. So, all of us have a straw. And some of us have deeper straws than others," said Susana De

Anda, executive director of the Community Water Center, which advocates for access to clean water in California. “The reality is the drought only exasperates the current conditions that we have already, it worsens the stress. For many, people are losing water.”

When Genoveva Sanchez lost her water, she wasn’t alone. The roughly 600 other people who live in East Orosi, a predominantly Hispanic farming community in Tulare County, collectively went dry on the same day in July, when a public well malfunctioned amid declining groundwater levels. Having company didn’t make it easier.

Like many of her neighbors, Sanchez, a 40-year-old Mexican immigrant who works at a hamburger chain, Wimpy’s, does not have air conditioning, and relies on a “swamp cooler” — a window-mounted device that cools air by evaporating water — to survive the punishing heat of summer. On the day of the water failure, the temperature in her home rose to an unbearable point, she said, and she kept her four children outside in a park. She saw other neighbors hauling water from a nearby canal to cool off. One house down the street caught on fire.

“They couldn’t do anything because there wasn’t any water,” Sanchez said.

Self-Help Enterprises delivered five cases of bottled water to every house in East Orosi as an emergency measure that day — and now distributes 25 gallons every second Thursday to each family. To supplement failing wells, the rural communities of Tooleville, East Seville, and Tillie Creek together receive some 40,000 gallons of hauled water every week.

“We’ve seen more communities go dry this year than we have any other year before,” said McVay, Self-Help’s emergency director.

When the ground water drops far enough, homeowners on private wells have few options. They can pay, indefinitely, for water delivery services or try to drill deeper wells. Self-Help, which relies on state funding, will reimburse homeowners who qualify for the cost of a new well. The fierce demand, coupled with inflation, has almost doubled prices in a year; it now costs about \$55,000 for a 600-foot well.

But so many people need them that Self-Help has a backlog of 545 households who have been approved for drilling. The wait time is up to one year.

This hauled water safety-net is something California hopes to reduce over time, by connecting vulnerable communities to larger water networks when possible.

“It’s a substandard living,” said Eric Zuniga, drought response program manager with the California State Water Resources Control Board. “Hauled water is buckets in a First World country. So, getting them off of that is a priority.”

But projections for the future remain grim. Self-Help estimates the Central Valley could see about 8,000 dry wells — more than five times the current level — in the next few years. McVay expects the cost to service this shortage will exceed \$1 billion over the next two decades.

“I have some pretty interesting nightmares,” she said.

**‘Still got water?’**

When nightmares happen, people call Wes Harmon. His company, Big River Drilling, is one of more than a dozen contractors Self-Help hires to drill water wells.

Harmon is a big man with a booming voice and little patience for rules, regulations, bureaucrats, Democrats, or any other obstacle he believes to be blocking the path to his next hole. He's 59 now and has been drilling in the ground since his roughneck days on oil rigs in New Mexico and Texas. He practically lives in his truck, logging 15-hour days, crisscrossing the valley at high speeds.

It's a boom time but also a scary, hand-wringing time. Harmon has a unique vantage into the quiet panic at the heart of this drought and how it is clawing away at the ability of his friends and neighbors to live here and prosper.

"I'm really busy today, Gil," Harmon answers another calls on his way to check on one of his drill rigs that's rattling away in the backyard of walnut farmer with a dry well.

"I just wanted to see if you remembered or forgot," said Gil, a vegetable farmer Harmon was helping repair a burned-out pump that needed another part.

"No, I didn't forget. I'll get 'er going. Still got water?"

"What's up AJ?" Harmon said.  
"Hey, uh, what's going on with that permit?" asked a landlord whose tenants had run dry.

"They're putting the permit in. It's in. As soon as it comes back, I'll drill that hole."  
"You don't know when, huh?"

Harmon pulled to a stop at a ranch called Living Waters. It was named by Ernie and Arthur Morris's mom, who got it from the Bible. They are brothers and next door neighbors, part of the third generation to subsist off this farm. They had raised dairy cows until they had to sell off the animals, and now they grow walnut trees on 55 acres. One of their backyard wells ran dry this summer.

"I didn't wash my clothes very often," said Arthur Morris, 67. "I was starting to get a little rank there for a little bit. I let it go for two weeks before I did the wash."

*As it enters a third year, California's drought is strangling the farming industry*  
Harmon's drilling rig was shaking and shuddering, boring 500 feet down into the soil. He'd been using it for 25 years but had recently replaced the diesel motor — at a cost of \$50,000 — to make it compliant with the latest air quality standards.

Harmon feels aggrieved by the pace of permitting for new wells. His crews work in 12 hour shifts, drilling all night to keep up with demand, but waiting for authorization can prevent him from moving from one job to the next.

Harmon chafes at the drag on his business but it also pains him to see the unmet need. The backyard well he drilled for the Morris brothers solved their immediate problem, but the trends in the valley worry Harmon as much as anyone. The deeper agriculture wells have also been failing or producing less water.

"Without farming around here, California's done," Harmon said.

“Plus, all the food that we feed to the world. I mean raisins, where else do raisins come from? Where else do walnuts come from?” Arthur Morris asked.

“All these guys, man, this is their livelihood, if they don’t have water, they’re going to lose everything,” Harmon said. “And when you’re his age and you lose everything. Where are you at?”

“Living waters,” Ernie Morris added. “You got to have it.”



DECEMBER 7, 2022

## REPORT OF THE DISTRICT ENGINEER ON HYDROLOGIC CONDITIONS

### Baldwin Park Key Well (see attached graph)

- Located in the central portion of the San Gabriel Valley within the City of Baldwin Park and used as a general indication of water elevations throughout the San Gabriel Valley
- One vertical foot is equivalent to about 8,000 acre-feet of groundwater in the Main Basin
- On October 28, 2022, the Baldwin Park Key Well groundwater elevation was 177.2 feet.
- On November 28, 2022, the Baldwin Park Key Well groundwater elevation was 179.7 feet, no change from the prior week. **The historical low was 169.4 feet on November 21, 2018.**
  - ❖ An increase of about 3.0 feet from the prior month.
  - ❖ About 3 feet lower than one year ago (represents 24,000 acre-feet). Includes an estimated 130,000 acre-feet of untreated imported water in cyclic storage accounts, which represents about 16 feet of groundwater elevation at the Key Well.
    - Producer Cyclic Storage – 53,000 AF
    - MWD Cyclic Storage (for UD RDA delivery) – 49,000 AF
    - Other Cyclic Storage – 28,000 AF

### Reservoir Storage and Releases

- There are three dams and reservoirs located along the San Gabriel River above San Gabriel Canyon. Their primary function is for flood control and also used to store watershed runoff for subsequent groundwater replenishment.
  - ❖ Cogswell Reservoir is located highest in the watershed and has a maximum storage capacity of 10,475 acre-feet
  - ❖ San Gabriel Reservoir is located downstream of and receives releases from Cogswell Reservoir, and has a maximum storage capacity of 44,044 acre-feet

- ❖ Morris Reservoir is located downstream of and receives releases from San Gabriel Reservoir and has a maximum storage capacity of 28,736 acre-feet. Releases from Morris Reservoir and San Gabriel Reservoir are used at local surface water treatment plants and used for groundwater replenishment
- ❖ Total storage capacity is 83,255 acre-feet
- ❖ The combined minimum pool behind Cogswell, San Gabriel and Morris Reservoirs is about 10,500 acre-feet.
- ❖ Combined storage as of November 29, 2022 was 14,574 acre-feet (about 18 percent of capacity).
- ❖ San Gabriel Reservoir inflow was 17 cfs and release was 0 cfs as of November 29, 2022.
- ❖ Morris Reservoir inflow was 1 cfs and release was 15 cfs as of November 29, 2022. All of the release was diverted from the San Gabriel River at the Azusa Duarte intake for use by Committee of Nine.

✚ **USG-3**

- Located in San Gabriel Canyon just below Morris Dam, it represents Upper District's primary point of delivery of untreated imported water for groundwater replenishment to the San Gabriel Valley. The typical delivery rate is about 190 cfs (or about 375 acre-feet per day)
  - ❖ Total USG-3 deliveries.
    - During October 2022, Upper District delivered 14,708 acre-feet through USG-3. From this total amount delivered, there was an over delivery of 13 acre-feet which will go into MWD's Cyclic Storage account. Deliveries began on October 3, 2022 at a flow rate of about 290 cfs. Deliveries ended on October 31, 2022.
    - During November 2022, Upper District did not make deliveries through USG-3.
  - ❖ Three Valleys District/MWD
    - During October 2022, Three Valleys District did not make deliveries through USG-3.
    - During November 2022, Three Valleys District did not make deliveries through USG-3.

✚ **San Gabriel Canyon Spreading Grounds**

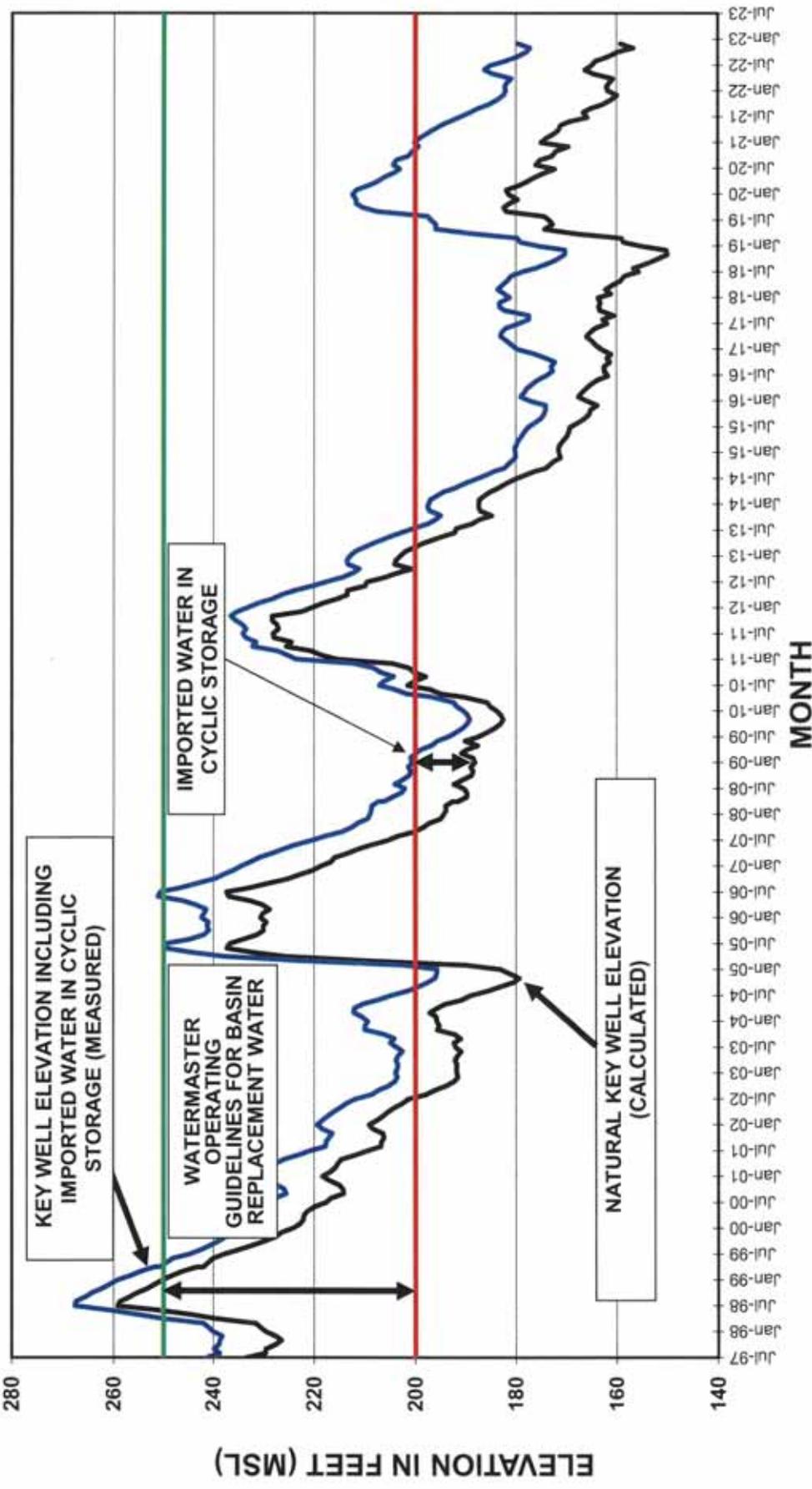
- Three Valleys District/MWD did not make deliveries to the San Gabriel Canyon during October 2022.
- Three Valleys District/MWD did not make deliveries to the San Gabriel Canyon during November 2022.
- San Gabriel District delivered 257 acre-feet to the San Gabriel Canyon during October 2022.
- San Gabriel District plans to deliver about 600 acre-feet to the San Gabriel Canyon during November 2022.

✚ **Rainfall (see attached graphs)**

- Data are readily available on a daily basis and are indicative of comparative amount of rainfall in the San Gabriel Valley (percent of average)
  
- Puddingstone Dam as of November 28, 2022
  - ❖ Average rainfall from July 1<sup>st</sup> through November 30<sup>th</sup> of each year is 2.60 inches
  - ❖ Rainfall during July 1, 2022 through November 28, 2022 is 3.66 inches, which is 141 percent of average.
  - ❖ Rainfall during July 1, 2021 through June 30, 2022 was 11.42 inches, which was 63 percent of average.
  
- Los Angeles Civic Center as of November 28, 2022
  - ❖ Average rainfall from July 1<sup>st</sup> through November 30<sup>th</sup> of each year is 1.99 inches
  - ❖ Rainfall during July 1, 2022 through November 28, 2022 is 2.37 inches, which is 119 percent of average.
  - ❖ Rainfall during July 1, 2021 through June 30, 2022 was 12.40 inches, which was 82 percent of average.

✚ **Water Quality**

- Water systems are required by the Division of Drinking Water (DDW) to collect water quality data from source wells and provide the results to DDW pursuant to Title 22 (Water quality data collected through Main San Gabriel Basin Watermaster's Basinwide Groundwater Quality Monitoring Program)
  - ❖ During November 2022, 61 wells were sampled under Title 22
  - ❖ During October 2022, 58 wells were sampled under Title 22
  - ❖ During October 2022, Stetson Engineers Inc. received no public notice of wells shut down due to contamination.

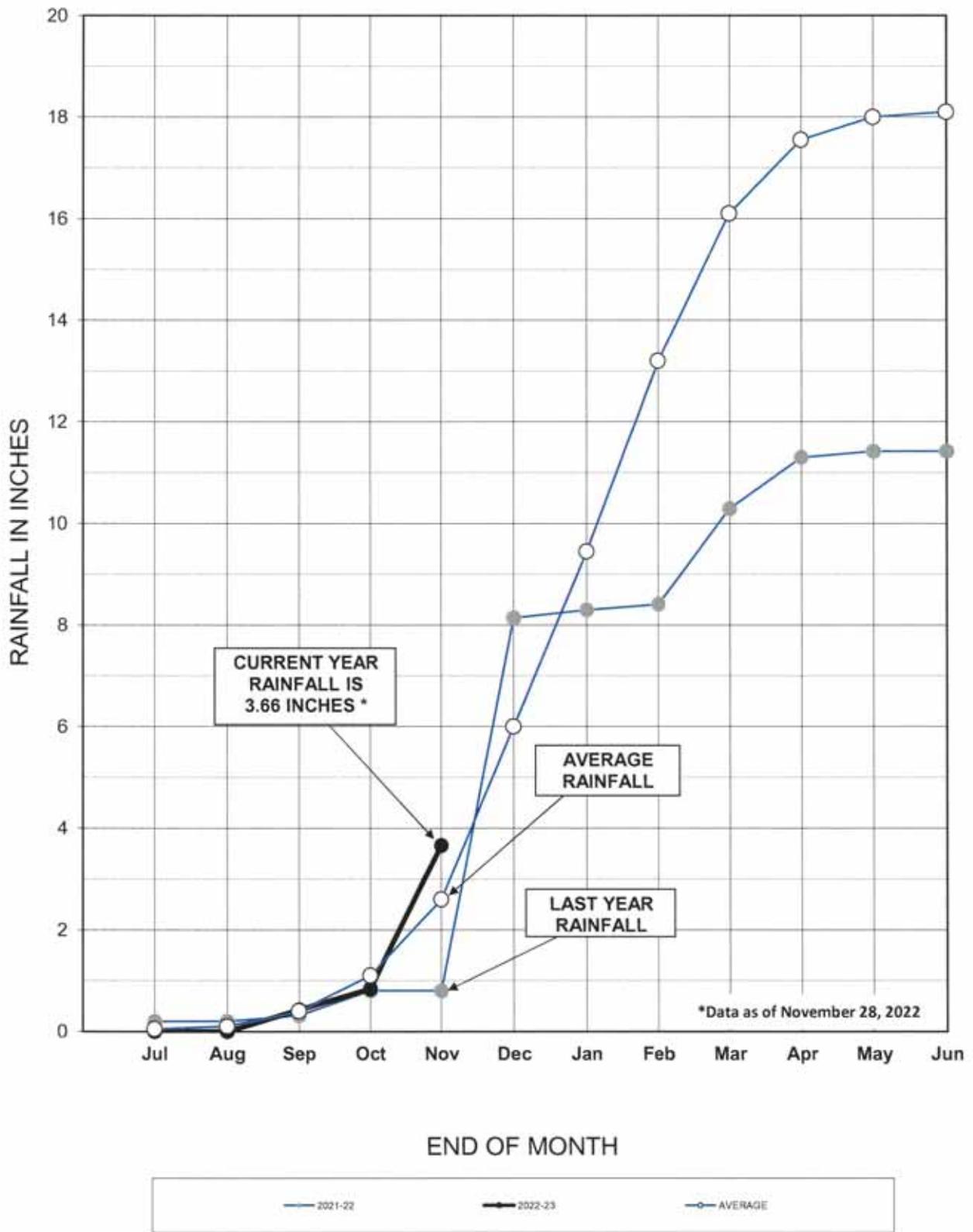


**UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT**

**BALDWIN PARK KEY WELL  
GROUNDWATER ELEVATION**



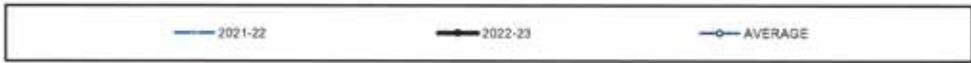
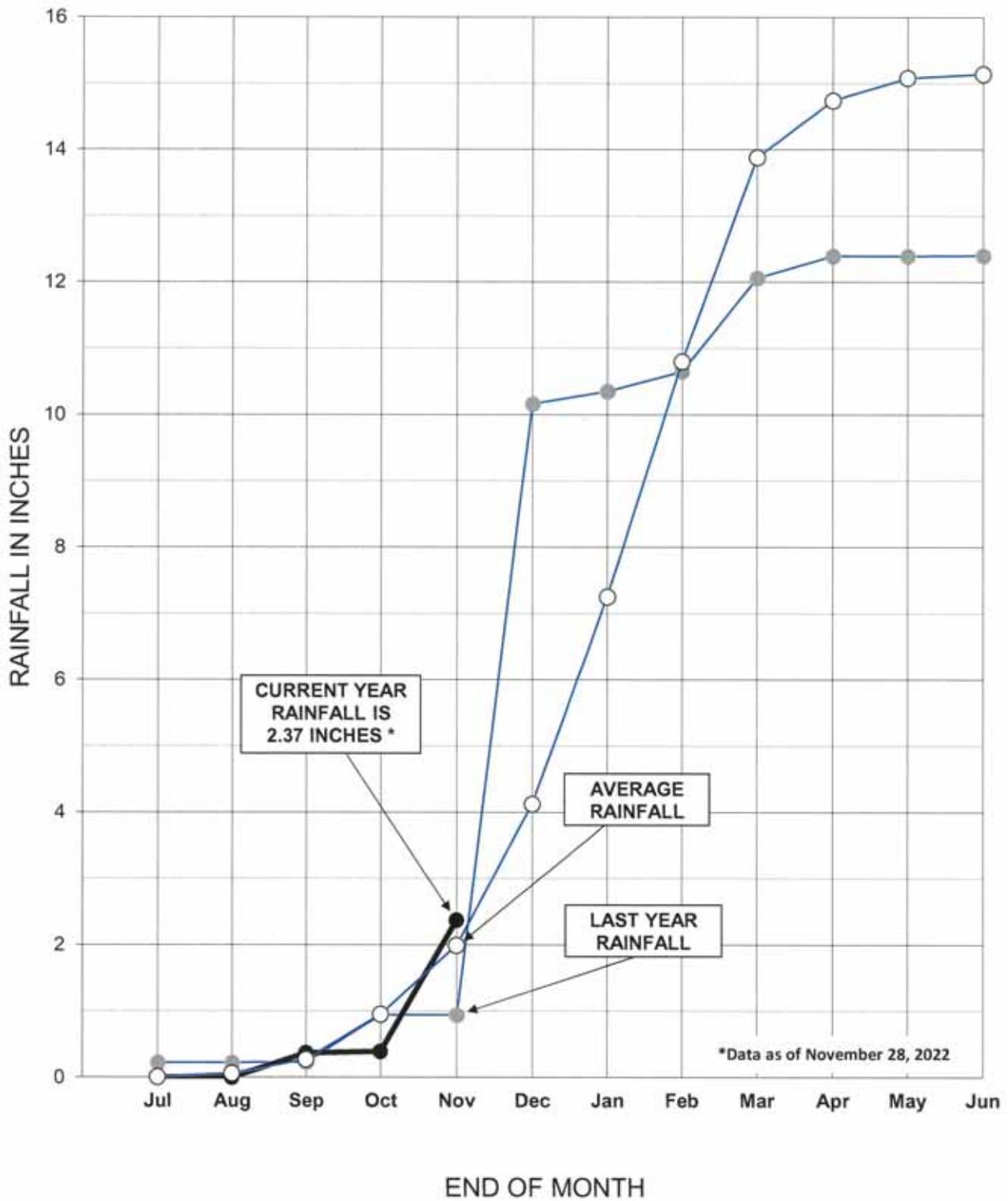
**STETSON ENGINEERS INC.**  
Covina San Rafael Mesa, Arizona  
WATER RESOURCE ENGINEERS



**STETSON ENGINEERS INC.**  
 Covina San Rafael Mesa, Arizona  
 WATER RESOURCE ENGINEERS

**UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT**

**ACCUMULATED RAINFALL  
 AT PUDDINGSTONE DAM (STATION NO. 96-C)**



**STETSON ENGINEERS INC.**  
 Covina San Rafael Mesa, Arizona  
 WATER RESOURCE ENGINEERS

UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT

**ACCUMULATED RAINFALL  
 AT LOS ANGELES CIVIC CENTER**

**USG-3 DELIVERIES**  
**(acre-feet)**

<u>End of Month</u>	<u>USG-3</u>		<u>Cost</u>
Apr-05	0.00		\$246.65
May-05	0.00		\$246.65
Jun-05	0.00		\$246.65
Jul-05	0.00		\$246.65
Aug-05	1,042.20		\$246.65
Sep-05	4,836.30		\$246.65
Oct-05	4,848.50		\$246.65
Nov-05	7,597.00		\$246.65
Dec-05	9,986.80		\$246.65
Jan-06	8,243.30		\$246.65
Feb-06	7,434.30		\$251.90
Mar-06	9,488.20		\$251.90
Apr-06	916.40		\$251.90
May-06	599.10		\$251.90
Jun-06	0.00		\$251.90
Jul-06	0.00		\$251.90
Aug-06	0.00		\$251.90
Sep-06	0.00		\$251.90
Oct-06	0.00		\$251.90
Nov-06	0.00		\$251.90
Dec-06	0.00		\$251.90
Jan-07	0.00		\$251.90
Feb-07	0.00		\$251.90
Mar-07	0.00		\$251.90
Apr-07	0.00		\$251.90
May-07	0.00		\$251.90
Jun-07	0.00		\$251.90
Jul-07	1,733.80	1/	\$251.90
Aug-07	1,813.10	1/	\$251.90
Sep-07	1,842.40	1/	\$251.90
Oct-07	1,961.60	1/	\$251.90
Nov-07	2,013.20	2/	\$251.90
Dec-07	1,965.30	2/	\$251.90
Jan-08	1,745.90	2/	\$251.90
Feb-08	0.00		\$251.90
Mar-08	0.00		\$251.90
Apr-08	0.00		\$251.90
May-08	0.00		\$251.90
Jun-08	0.00		\$251.90
Jul-08	0.00		\$251.90
Aug-08	0.00		\$251.90
Sep-08	0.00		\$251.90
Oct-08	0.00		\$251.90
Nov-08	0.00		\$251.90
Dec-08	0.00		\$251.90
Jan-09	0.00		\$251.90
Feb-09	0.00		\$251.90
Mar-09	0.00		\$337.00
Apr-09	0.00		\$337.00

**USG-3 DELIVERIES**  
**(acre-feet)**

<b><u>End of Month</u></b>	<b><u>USG-3</u></b>		<b><u>Cost</u></b>
May-09	0.00		\$337.00
Jun-09	0.00		\$337.00
Jul-09	0.00		\$337.00
Aug-09	0.00		\$337.00
Sep-09	0.00		\$337.00
Oct-09	0.00		\$386.00
Nov-09	0.00		\$386.00
Dec-09	0.00		\$386.00
Jan-10	579.50		\$526.00
Feb-10	0.00		\$526.00
Mar-10	4,620.90		\$526.00
Apr-10	10,876.00		\$526/\$655
May-10	0.00		\$655.00
Jun-10	0.00		\$655.00
Jul-10	0.00		\$655.00
Aug-10	0.00		\$655.00
Sep-10	2,052.70		\$655.00
Oct-10	10,423.30		\$655.00
Nov-10	11,439.50		\$655.00
Dec-10	1,495.50		\$655.00
Jan-11	0.00		\$569.00
Feb-11	0.00		\$569.00
Mar-11	1,302.20	3/	\$569.00
Apr-11	1,441.70	3/	\$569.00
May-11	1,974.60		\$429.00
Jun-11	5,254.90	4/	\$429.00
Jul-11	9,186.20	5/	\$479.00
Aug-11	4,845.80		\$479.00
Sep-11	7,394.30		\$479.00
Oct-11	0.00		\$597.00
Nov-11	0.00		\$597.00
Dec-11	0.00		\$597.00
Jan-12	0.00		\$640.00
Feb-12	0.00		\$640.00
Mar-12	0.00		\$640.00
Apr-12	0.00		\$640.00
May-12	0.00		\$640.00
Jun-12	0.00		\$640.00
Jul-12	0.00		\$640.00
Aug-12	0.00		\$640.00
Sep-12	0.00		\$640.00
Oct-12	8,753.30		\$640.00
Nov-12	3,281.40		\$640.00
Dec-12	0.00		\$640.00
Jan-13	0.00		\$673.00
Feb-13	0.00		\$673.00
Mar-13	0.00		\$673.00
Apr-13	0.00		\$673.00
May-13	0.00		\$673.00

**USG-3 DELIVERIES**  
**(acre-feet)**

<b><u>End of Month</u></b>	<b><u>USG-3</u></b>		<b><u>Cost</u></b>
Jun-13	0.00		\$673.00
Jul-13	0.00		\$673.00
Aug-13	0.00		\$673.00
Sep-13	0.00		\$673.00
Oct-13	16,093.80		\$673.00
Nov-13	5,120.80		\$673.00
Dec-13	4,788.80		\$673.00
Jan-14	0.00		\$673.00
Feb-14	2,315.90		\$673.00
Mar-14	2,720.20		\$673.00
Apr-14	249.40		\$673.00
May-14	0.00		\$673.00
Jun-14	0.00		\$673.00
Jul-14	358.40	6/	\$673.00
Aug-14	1,204.00	6/	\$673.00
Sep-14	1,204.00	6/	\$673.00
Oct-14	2,695.30	7/	\$673.00
Nov-14	3,628.90		\$673.00
Dec-14	3,211.60		\$673.00
Jan-15	3,482.10	8/	\$673.00
Feb-15	4,729.30	9/	\$673.00
Mar-15	6,464.30	10/	\$673.00
Apr-15	4,877.50	11/	\$673.00
May-15	3,630.40		\$673.00
Jun-15	3,355.10		\$673.00
Jul-15	0.00		\$673.00
Aug-15	0.00		\$673.00
Sep-15	0.00		\$673.00
Oct-15	0.00		\$673.00
Nov-15	7,854.80		\$673.00
Dec-15	8,383.30		\$673.00
Jan-16	0.00		\$697.00
Feb-16	0.00		\$697.00
Mar-16	3,000.90		\$697.00
Apr-16	0.00		\$697.00
May-16	0.00		\$697.00
Jun-16	0.00		\$697.00
Jul-16	0.00		\$697.00
Aug-16	0.00		\$697.00
Sep-16	0.00		\$697.00
Oct-16	19,421.50		\$697.00
Nov-16	17,377.00		\$697.00
Dec-16	3,701.10		\$697.00
Jan-17	0.00		\$769.00
Feb-17	0.00		\$769.00
Mar-17	0.00		\$769.00
Apr-17	0.00		\$769.00
May-17	0.00		\$769.00
Jun-17	0.00		\$769.00

**USG-3 DELIVERIES**  
**(acre-feet)**

<b><u>End of Month</u></b>	<b><u>USG-3</u></b>	<b><u>Cost</u></b>
Jul-17	0.00	\$769.00
Aug-17	0.00	\$769.00
Sep-17	0.00	\$769.00
Oct-17	0.00	\$769.00
Nov-17	0.00	\$769.00
Dec-17	16,000.00	\$769.00
Jan-18	0.00	\$798.00
Feb-18	0.00	\$798.00
Mar-18	0.00	\$798.00
Apr-18	3,265.60	\$798.00
May-18	0.00	\$798.00
Jun-18	0.00	\$798.00
Jul-18	0.00	\$798.00
Aug-18	0.00	\$798.00
Sep-18	0.00	\$798.00
Oct-18	933.40	\$798.00
Nov-18	17,032.90	\$798.00
Dec-18	13,923.30	\$798.00
Jan-19	0.00	\$834.00
Feb-19	0.00	\$834.00
Mar-19	0.00	\$834.00
Apr-19	5,008.00	\$834.00
May-19	0.00	\$834.00
Jun-19	0.00	\$834.00
Jul-19	0.00	\$834.00
Aug-19	0.00	\$834.00
Sep-19	0.00	\$834.00
Oct-19	0.00	\$834.00
Nov-19	0.00	\$834.00
Dec-19	20,056.00	\$834.00
Jan-20	0.00	\$858.00
Feb-20	0.00	\$858.00
Mar-20	0.00	\$858.00
Apr-20	0.00	\$858.00
May-20	0.00	\$858.00
Jun-20	0.00	\$858.00
Jul-20	0.00	\$858.00
Aug-20	0.00	\$858.00
Sep-20	0.00	\$858.00
Oct-20	0.00	\$858.00
Nov-20	10,179.50	\$858.00
Dec-20	0.00	\$858.00
Jan-21	0.00	\$880.00
Feb-21	0.00	\$880.00
Mar-21	0.00	\$880.00
Apr-21	0.00	\$880.00
May-21	0.00	\$880.00
Jun-21	0.00	\$880.00
Jul-21	0.00	\$880.00

**USG-3 DELIVERIES**  
**(acre-feet)**

<b><u>End of Month</u></b>	<b><u>USG-3</u></b>	<b><u>Cost</u></b>
Aug-21	0.00	\$880.00
Sep-21	0.00	\$880.00
Oct-21	0.00	\$880.00
Nov-21	0.00	\$880.00
Dec-21	0.00	\$880.00
Jan-22	0.00	\$902.00
Feb-22	0.00	\$902.00
Mar-22	0.00	\$902.00
Apr-22	0.00	\$902.00
May-22	0.00	\$902.00
Jun-22	0.00	\$902.00
Jul-22	0.00	\$902.00
Aug-22	0.00	\$902.00
Sep-22	0.00	\$902.00
Oct-22	14,708.50	\$902.00

Note:

- 1/ All water deliveries were for CIC/Azusa deliveries
  - 2/ All water deliveries were for Azusa/Glendora deliveries
  - 3/ Deliveries made through CenB-48.
  - 4/ Of the 5,254.90 AF, 258.5 AF was delivered through CenB-48.
  - 5/ Of the 9,186.20 AF, 564.6 AF was delivered through CenB-48.
  - 6/ Deliveries made through UD-SGP. Deliveries were for Azusa.
  - 7/ Of the 2,628.9 AF, 1,234.6 AF was delivered through UD-SGP.
  - 8/ Of the 3,482.1 AF, 745.3 AF was delivered through CenB-48.
  - 9/ Of the 4,729.3 AF, 1,626.3 AF was delivered through CenB-48.
  - 10/ Of the 6,464.3 AF, 2,826.9 AF was delivered through CenB-48.
  - 11/ Of the 4,877.5 AF, 1,301.5 AF was delivered through CenB-48.
- \*July 2014 through October 2014 reflects 1,000 AF deduction made to Canyon Basin through UD-SGP.  
 January 2015 through April 2015 reflects CenB-48 adjustment from 10,000 AF to 6,500 AF.

2533

During October 2022, 58 wells were sampled under Title 22. Raw water results from active wells that do not pump to a treatment plant follow:

<u>Contaminant</u>	<u>Range (ppb)</u>	<u>MCL (ppb)</u>
PCE	ND - 4.7	5*
TCE	ND	5*

In addition, 61 wells were sampled under Title 22 in November 2022.

\*Note: Based on rounding, results greater than or equal to 5.5 ppb are above an MCL.

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# MEMORANDUM



11.  
GENERAL MANAGER'S  
REPORT

## General Manager's Monthly Report December 7, 2022

### Water Supply Update



**Baldwin Park Key Well:** 179.7 feet on 11/28/22  
**San Gabriel Canyon:** 14,574 AF combined storage  
as of 11/29/22  
**San Gabriel Reservoir:** inflow 17 cfs; release 0 cfs  
**Morris Reservoir:** inflow 1 cfs; release 15 cfs



**USG-3 deliveries:** none  
**Rainfall:** 12.40"; 82% of average  
for FY 21/22

MWD Water Supply Conditions as of November 21, 2022, are summarized as follows:

Reservoir	Capacity	Current Storage	Compared to last year
San Luis	2.04 MAF	25%, 325 TAF	61 TAF less
Oroville	3.54 MAF	28%, 990 TAF	55 TAF less
D. Valley Lake	810 TAF	62%, 498 TAF	108 TAF less
Lake Powell	24.3 MAF	24%, 5.77 MAF	1.30 MAF less
Lake Mead	26.1 MAF	28%, 7.24 MAF	1.61 MAF less

*\*Storage volumes are in units of Million Acre-Feet (MAF), or Thousand Acre-Feet (TAF)*



### Drought Actions

WSCP status: Level 2, 20% conservation target, 2 day/week outdoor watering

### Tenant Improvement Project

Construction is substantially complete and staff transitioned to the new building on November 8<sup>th</sup>. Punch list items and issues with the contract and the contractor are still being worked through. With the City of Monrovia's recent approval of the landscape design and plan, staff began coordinating with Ecotech Services, Inc. to get the project started.

### Water Use Efficiency



**Residential Water\$mart Rebates**  
Since July 2022 - \$224,012.38



**Commercial Water\$mart Rebates**  
Since July 2022 - \$82,840.00



### Water Smart Home Kits

Distribution Dates: November TBD  
Homes Served: 28  
Working to increase outreach



### MAAP Funds 2023-2025 - \$572,000

Reserved: \$458,000  
Available: \$114,000  
Invoiced to MWD: \$14,577 (pending \$5,377)

## Education and Outreach



### 2022-23 Student Workshops

Classes: 16  
Students: 859  
New booklet printing for 2023 classes



### 2022 Water Education Grant

Applications submitted: 25  
24 recommended for approval - \$24,660.85



### Upcoming Landscaping Workshops (All Virtual)

New Topics Begin February 2023  
Brainstorming new topics pending State Allocation figures and Drought Plans



### Solar Cup – Now called Water Engineering 4 Good (WE4G)

Water Engineering 4 Good (WE4G) is an online STEAM competition for middle school through high school students. The idea is that teams will learn from water industry professionals about the current drought and come up with a possible engineering solution, that could be used to conserve water inside or outside the home, in industry, in agriculture, or in treatment and distribution. Teams will build a physical model and do the marketing for that design. Program will run from December 2022 – March 2023.

## Legislative Update

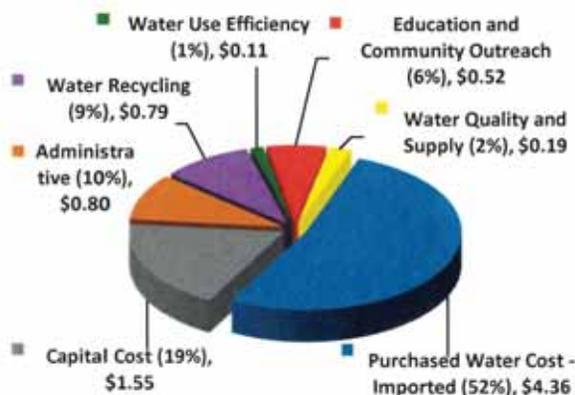


### 2022 Elections & 2023 Projections

California State Senate now has 31 Democrats and 9 Republicans. (21 votes required)  
California State Assembly now has 63 Democrats and 17 Republicans. (41 votes required)  
40 new representatives are preparing to take office in December 2022.  
Passing legislation will take a much larger effort within the state overall with these changes. Water Rights legislation is forecasted to be a very high priority in 2023.

## Finance and Administration

### YTD Use of Funds as of 10/31/22 - \$8.33M



### Financial Highlights for October

- Treated water sales: 550 AF
- Untreated water sales: 0 AF
- YTD net operating loss: \$0.63M

**Summary Report for  
The Metropolitan Water District of Southern California  
Board Meeting  
November 8, 2022**

**CONSENT CALENDAR OTHER ITEMS – ACTION**

Director Lois Fong-Sakai was elected Board Secretary for a two-year term effective January 1, 2023. **(Agenda Item 6B)**

**CONSENT CALENDAR ITEMS - ACTION**

Approved recommended amendments to Administrative Code Sections 2131 and 2416, as set forth in Attachment 1 and Attachment 2 of the Board letter, and approved Equal Employment Opportunity Investigative Procedures for the Board and its direct reports. **(Agenda Item 7-1)**

Ratified an emergency contract with PCL Construction, Inc. in the amount of \$855,623.78 for replacement of the expansion joint on the Upper Feeder pipeline at the Santa Ana River bridge crossing. [Requires four-fifths vote of the Board.] **(Agenda Item 7-2)**

Awarded a \$1,228,607.10 contract to Howard Ridley Company, Inc. to rehabilitate the concrete liner of the Rainbow Tunnel at ten locations. **(Agenda Item 7-3)**

Authorize on-call agreements with GEI Consultants, Inc., HDR, Inc., and Stantec Consulting Services Inc., in an amount not to exceed \$2.5 million each, for a maximum period of five years to support dam safety projects. **(Agenda Item 7-4) (Item was withdrawn from the agenda)**

Adopted CEQA determination that the environmental effects of the East County Advanced Water Purification Local Resources project that is the subject of the proposed action was previously addressed in Padre Dam Municipal Water District's Mitigated Negative Declaration and related CEQA actions and that no further CEQA review is required, and authorized the General Manager to amend the existing Local Resources Program agreement with SDCWA and East County Advanced Water Purification Joint Powers Authority for the East County Advanced Water Purification Project. **(Agenda Item 7-5)**

Awarded an \$820,852.53 procurement contract to Whipps, Inc. to furnish three slide gates and appurtenances to rehabilitate the San Jacinto Diversion Structure. **(Agenda Item 7-6)**

Authorized an increase in maximum amount payable under contract for legal services with Horvitz & Levy, LLP in the SDCWA v. Metropolitan, et al. rate litigation in the amount of \$350,000 for a total amount not to exceed \$1,250,000; and authorized increase in maximum amount payable under contract for consulting services with Cogent Legal, LLC in the amount of \$100,000 for a total amount not to exceed \$150,000. **(Agenda Item 7-7)**

**OTHER MATTERS AND REPORTS**

Reported from Executive Committee on nominations for Board Secretary. **(Agenda Item 5G)**

Department Head Performance Evaluations [Public Employees' performance evaluations; General Manager, General Counsel, and Ethics Officer. **(Agenda Item 10-1)**  
**(Item was deferred)**

Reported on Department Head 2022 Salary Survey. **(Agenda Item 10-2) (Item was deferred)**

Discussed and approved Compensation Recommendations for General Manager, General Counsel, and Ethics Officer. **(Agenda Item 10-3) (Item was deferred)**

**THIS INFORMATION SHOULD NOT BE CONSIDERED THE OFFICIAL MINUTES OF THE MEETING.**

All current month materials, and materials after July 1, 2021 are available on the public website here: <https://mwdh2o.legistar.com/Calendar.aspx>

This database contains archives from the year 1928 to June 30, 2021:  
<https://bda.mwdh2o.com/Pages/Default.aspx>

## Summary Report for the San Gabriel Basin Water Quality Authority November 16, 2022

### **Adopt Resolution No. 22-018 Proclaiming Statewide State of Emergency and Authorizing Teleconferencing Meetings**

Under consent, the Board of Directors adopted Resolution No. 22-018 as presented.

### **Administrative Procedure No. 41-Reserve Fund Policy**

The Board of Directors approved the Administrative Procedure No. 41-Reserve Fund policy as presented.

### **Disposal of Surplus Property**

The Board of Directors approved the disposal of surplus property as presented.

### **Closed Session Report**

The Board of Directors approved the legal services agreement the S & L Environmental for PFAS litigation.

Summary Report for the  
Main San Gabriel Basin Watermaster  
Regular Board Meeting  
November 2, 2022

**Certification of Appointments for Calendar Year 2023**

The Board of Directors certified the appointments of Steven T. Placido by San Gabriel Valley Municipal Water District and Dr. Anthony R. Fellow and Jennifer Santana by Upper San Gabriel Valley Municipal Water District.

**Authorization to Purchase Reliability Storage Water using Resource Development Assessment for Fiscal Year 2021-22**

The Board of Directors authorized the purchase of reliability storage water using resource development assessment for fiscal year 2021-22.

**Authorization to Purchase Replacement Water Requirements for Fiscal Year 2021-22**

The Board of Directors authorized the purchase of replacement water requirements for fiscal year 2021-22.



# MEMORANDUM



**15.  
DIRECTORS'  
REPORT (AB 1234)**

**Directors' Activity Report – (AB 1234)**  
*In accordance with CA Government Code Section 53232.3 (d)*  
**November 2022**

**ANTHONY R. FELLOW, Division 1**

Date	Event	Description
Nov 29-30, 2022	ACWA Fall Conference	Collaboration on the Russian River: A Successful Voluntary Water Sharing Program, SGMA Implementation in the San Joaquin Valley: Examining the Legal Landscape, Postmortem After the Emergency Pipeline Repair, International Program – Learning from Israel and the Netherlands: Innovative Water Management in Times of Climate Change, The Safe and Affordable Drinking Water Fund: Three Years Later, Unpacking California's Water Supply Strategy, Impacts of Housing Densification on Water Agencies, Workforce Crisis-Developing and Cultivating a Diverse Workforce, How to Talk About Drought and Climate Change

**CHARLES M. TREVIÑO, Division 2**

Date	Event	Description
Nov 29-30, 2022	ACWA Fall Conference	Collaboration on the Russian River: A Successful Voluntary Water Sharing Program, SGMA Implementation in the San Joaquin Valley: Examining the Legal Landscape, Postmortem After the Emergency Pipeline Repair, International Program – Learning from Israel and the Netherlands: Innovative Water Management in Times of Climate Change, The Safe and Affordable Drinking Water Fund: Three Years Later, Unpacking California's Water Supply Strategy, Impacts of Housing Densification on Water Agencies, Workforce Crisis-Developing and Cultivating a Diverse Workforce, How to Talk About Drought and Climate Change

**ED CHAVEZ, Division 3**

Date	Event	Description
Nov 29-30, 2022	ACWA Fall Conference	Collaboration on the Russian River: A Successful Voluntary Water Sharing Program, SGMA Implementation in the San Joaquin Valley: Examining the Legal Landscape, Postmortem After the Emergency Pipeline Repair, International Program – Learning from Israel and the Netherlands: Innovative Water Management in Times of Climate Change, The Safe and Affordable Drinking Water Fund: Three Years Later, Unpacking California's Water Supply Strategy, Impacts of Housing Densification on Water Agencies, Workforce Crisis-Developing and Cultivating a Diverse Workforce, How to Talk About Drought and Climate Change

**KATARINA GARCIA, Division 4**

Date	Event	Description
	No reportable activity.	

**JENNIFER SANTANA, Division 5**

Date	Event	Description
	No reportable activity.	