

ROWLAND WATER DISTRICT

3021 South Fullerton Road
Rowland Heights, CA 91748
(562) 697-1726

RWD BOARD VISION



Our Mission:

"Bound by our core values – Accountability, Communication and Teamwork – we are committed to providing the highest level of service to our customers –

DEDICATED-RELIABLE-OUTSTANDING-PROFESSIONAL SERVICE"

Board of Directors Regular Meeting

November 4, 2014

6:00 p.m.



AGENDA

Regular Meeting of the Board of Directors
November 4, 2014
6:00 PM

CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL OF DIRECTORS

Szu Pci Lu-Yang, President
John Bellah, Vice President
Anthony J. Lima
Robert W. Lewis
Teresa P. Rios

ADDITION(S) TO THE AGENDA

PUBLIC COMMENT ON NON-AGENDA ITEMS

Any member of the public wishing to address the Board of Directors regarding items not on the Agenda within the subject matter jurisdiction of the Board should do so at this time. With respect to items on the agenda, the Board will receive public comments at the time the item is opened for discussion, prior to any vote or other Board action. A three-minute time limit on remarks is requested.

Any person may make a request for a disability-related modification or accommodation needed for that person to be able to participate in the public meeting by telephoning Rose Perea, Secretary to the Board at (562) 697-1726, or writing to Rowland Water District, at P.O. Box 8460, Rowland Heights, CA 91748. Requests must specify the nature of the disability and the type of accommodation requested. A telephone number or other contact information should be included, so that District staff may discuss appropriate arrangements. Anyone requesting a disability-related accommodation should make the request with adequate time prior to the meeting in order for the District to provide the requested accommodation.

Any member of the public wishing to participate in the meeting, who requires a translator to understand or communicate in English, should arrange to bring a translator with them to the meeting.

Materials related to an item on this Agenda submitted after distribution of the Agenda packet are available for public review at the District office, located at 3021 S. Fullerton Road, Rowland Heights, CA 91748.

- 2.7 **Public Relations (Rose Perca)**
- **Communications Outreach (CV Strategies)**
 - **Education Update**
- For information purposes only.*
- 2.8 **Discussion of Upcoming Conferences, Workshops, or Events (Including Items that May Have Arisen after the Posting of the Agenda)**
- CUEMA Elected Officials Summit, March 29-30, 2015, Renaissance Esmeralda Hotel, Indian Wells, CA

Tab 3 LEGISLATIVE INFORMATION

- 3.1 **Updates on Legislative Issues**
- Intentionally left blank.*

Tab 4 REVIEW OF CORRESPONDENCE

Intentionally left blank.

Tab 5 COMMITTEE REPORTS

- 5.1 **Three Valleys Municipal Water District (Directors Lu-Yang/Lima)**
- Agenda Regular Board Meeting held October 15, 2014
 - Action Line for Meetings held October 15, 2014

There are no tabs for the remainder of the meeting.

- 5.2 **Association of California Water Agencies (Directors Lewis/Bellah)**
- 5.3 **Puente Basin Water Agency (Directors Lima/Lewis)**
- 5.4 **Joint Powers Insurance Authority (Director Lewis/Mr. Deck)**
- 5.5 **Project Ad-Hoc Committee (Directors Lima/Lu-Yang)**
- 5.6 **Regional Chamber of Commerce (Directors Lu-Yang/Lewis)**
- 5.7 **PWR Joint Water Line Commission (Directors Lima/Bellah)**
- 5.8 **Sheriff's Community Advisory Council (Directors Lu-Yang/Rios)**
- 5.9 **Rowland Heights Community Coordinating Council (Directors Bellah/Rios)**

Tab 6 OTHER REPORTS, INFORMATION ITEMS AND COMMENTS

6.1 Personnel Report (Mr. Deek)

6.2 Engineer's Report (Mr. Carrera)

Tab 7 ATTORNEY'S REPORT (Mr. Joseph Byrne)

Directors' and General Manager's Comments

Future Agenda Items

Late Business

No action shall be taken on any items not appearing on the posted agenda, except upon a determination by a majority of the Board that an emergency situation exists, or that the need to take action arose after the posting of the agenda.

ADJOURNMENT

President SZU PEI LU-YANG, Presiding

Tab

1.1



Minutes of the Regular Meeting
of the Board of Directors of the Rowland Water District
October 14, 2014 - 6:00 p.m.
Location: District Office

PLEDGE OF ALLEGIANCE

ROLL CALL OF DIRECTORS

President Szu Pei Lu-Yang
Vice President John Bellah
Director Anthony J. Lima
Director Teresa P. Rios
Director Robert W. Lewis

ABSENT:

None.

OTHERS PRESENT:

Joseph P. Byrne, Legal Counsel, Best Best & Krieger
Dan Horan, Three Valleys Municipal Water District
Joe Ruzicka, Three Valleys Municipal Water District
Kirk Howie, Three Valleys Municipal Water District
Ashley Hudgens, CV Strategies
Harry Peterson, Resident
David Malkin, Residents

ROWLAND WATER DISTRICT STAFF

Ken Deck, General Manager
Tom Coleman, Assistant General Manager
Rose Perca, Director of Administrative Services

ADDITION(S) TO THE AGENDA

None.

PUBLIC COMMENT ON NON-AGENDA ITEMS

None.

Tab 1 - CONSENT CALENDAR

Upon motion by Director Lewis, seconded by Director Lima, the Consent Calendar was unanimously approved.

Ayes: Directors Lu-Yang, Bellah, Lima, Lewis and Rios
Nocs: None
Abstain: None
Absent: None

The approval of the Consent Calendar included:

1.1

Approval of the Minutes of Regular Board Meeting Held on September 9, 2014

1.2

Approval of the Minutes of Special Board Meeting Held on September 23, 2014

1.3

Demands on General Fund Account for August 2014

1.4

Demands on General Fund Account for September 2014

1.5

Investment Report for August 2014

1.6

Investment Report for September 2014

1.7

Water Purchases for August 2014

Next Special Board Meeting

October 21, 2014, 5:00 p.m.

Next Regular Board Meeting

November 4, 2014, 6:00 p.m.

Tab 2 - ACTION ITEMS

2.1

Approve Directors' Meeting Reimbursements for September 2014

Upon motion by Director Lima, seconded by Director Lewis, the Directors' Meeting Reimbursement Report was approved as presented. The motion was unanimously carried.

Ayes: Directors Lu-Yang, Bellah, Lima, Lewis and Rios
Nocs: None
Abstain: None
Absent: None

2.2

Introduction and Presentation of New Legal Counsel to Represent the Rowland Water District

General Manager, Ken Deck, introduced Mr. Joseph P. Byrne, Best Best & Krieger (BB&K), Attorneys at Law, as the legal counsel selected by staff following consideration of the Requests for Proposal submitted by various law firms. He noted that Mr. Byrne will be the “partner-in-charge” for all legal work assigned by the District. Mr. Byrne provided information on his background and advised that his practice at BB&K is exclusively a water-related practice. The highly-qualified and diverse team of attorneys available to the District will be able to address the legal needs of the District. The Board welcomed Mr. Byrne on board and looks forward to a very effective working relationship.

2.3

Approve Tom Coleman, Rosemarie Perca, Sean Henry, Anthony J. Lima and Robert W. Lewis as Authorized Signatories on Behalf of the Rowland Water District

After discussion and upon motion by Director Bellah, seconded by Director Lima, the Board unanimously approved the above-named signatories to sign on behalf of the Rowland Water District.

Ayes:	Directors Lima, Lu-Yang, Lewis, Bellah and Rios
Noes:	None
Absent:	None
Abstain:	None

2.4

Authorize Staff to Enter Into “Term Sheet for Proposed Water Treatment and Delivery Agreement Puente Valley Operable Unit Intermediate Zone Project”

Mr. Deck described the current working relationship between the Rowland Water District, Puente Basin Water Agency (Rowland Water District and Walnut Valley Water District), Northrop Grumman Systems Corporation and La Puente Valley County Water District. He noted that the “Term Sheet” provides an outline and guidelines for the parties involved as the project moves forward. Staff requested that the Board authorize Rowland to independently move forward with this project whether Walnut Valley Water District agrees to proceed or not.

After discussion and upon motion by Director Lewis, seconded by Director Lima, the Board unanimously authorized staff to enter into the “Term Sheet for Proposed Water Treatment and Delivery Agreement Puente Valley Operable Unit Intermediate Zone Project” whether Walnut Valley Water District is a party to the Agreement or not.

Ayes:	Directors Lima, Lu-Yang, Lewis, Bellah and Rios
Noes:	None
Absent:	None
Abstain:	None

2.5

Public Relations

Mrs. Perea reported that the school year has started and the schools are all very eager to take advantage of the classroom presentations that Brittanie brings to the schools. To date, there are four schools (which include 17 classrooms) signed up for presentations during the next two months. The Project Wet Teacher Workshop is set for October 28, 2014 and the District has ten (10) teachers from schools within the service area who have signed up to attend. Brittanie has received several calls on the \$750 Edu Grant available to teachers and she is assisting those teachers with the completion of the application which is due November 15, 2014.

- **Communications Update.** Ashley Hudgens, CV Strategies, reported that the Press Release on the debt refinance had been distributed to the attention of ACWA as well as other local association publications and that the Buckboard Days Parade outreach materials have been completed.
- **Education Update**
Director Lewis referred the Board to the Public Affairs and Education Update and to the 220 students that will be reached through November 5, 2014.

2.6

Discussion of Upcoming Conferences, Workshops, or Events (Including Items that May Have Arisen after the Posting of the Agenda)

- **ACWA Fall Conference, December 2-5, 2014, San Diego, CA**
Staff was asked to register Directors Lewis, Bellah, Lima, and Lu-Yang to attend.

Tab 3 LEGISLATIVE INFORMATION

3.1

Updates on Legislative Issues

Nothing to report.

Tab 4 REVIEW OF CORRESPONDENCE

Nothing to report.

Tab 5 COMMITTEE REPORTS

5.1

Three Valleys Municipal Water District

President Lu-Yang advised that she had attended the September 17, 2014 Board meeting and reported that Mt. San Antonio College made a presentation of their Water Conservation Project and on the overall conservation efforts throughout the campus. Director Lima reported that the Chino Basin Watermaster also made a presentation at the meeting and that Three Valleys advised that they are moving forward with the design of well number three..

5.2

Puente Basin Water Agency

Director Lima reported on the September 9, 2014, meeting and noted that the status of the various projects was reported. Director Lewis reported that an update on the Federal and IRWM Grants was provided. Mr. Deck reported that he, Mr. Coleman and Mrs. Perea had met with staff from the Pomona Fairplex to discuss the possibility of entering into mutually beneficial projects between the Agency and the Pomona Fairplex.

5.3

Joint Powers Insurance Authority

Nothing to report.

5.4

Association of California Water Agencies

Director Lewis reported that the Executive Committee had voted unanimously to support the new Water Bond which will be included on the November ballot.

5.5

Project Ad-Hoc Committee

President Lu-Yang reported that on-going projects were discussed as well as the finalists for consideration as legal counsel to represent the District.

5.6

Regional Chamber of Commerce

Director Lewis reported on his attendance at the Government Affairs Committee meeting held on October 13, 2014 and that the major topic of discussion was Proposition P which will be included in the November ballot. The Government Affairs Committee recommended support of the Proposition.

5.7

PWR Joint Water Line Commission

Nothing to report. The next meeting is scheduled for October 16, 2014, 3:30 p.m. at Walnut Valley Water District.

5.8

Sheriff's Community Advisory Council

President Lu-Yang reported on the meeting held on September 24, 2014. She advised that the community is putting forth considerable effort to address the issue of homelessness. She reported that the crime rate is lower and that the Sheriff's Department now has more patrol cars on the road due to the fact that Walnut is now a training facility for the Sheriff's Department in the Rowland Heights area.

5.9

Rowland Heights Community Coordinating Council

Nothing to report.

Tab 6 OTHER REPORTS, INFORMATION ITEMS AND COMMENTS

6.1

Personnel Report

Nothing to report.

6.2

Engineer's Report

Mr. Deck reported that in connection with the pipeline being installed along Harbor Boulevard, the City of La Habra has asked that the paving be completed prior to Halloween and that the contractor has noted that this will not be a problem.

Tab 7 ATTORNEY'S REPORT

Nothing to report.

Directors' and General Manager's Comments

- Director Rios asked whether the Kiosk was operational and was advised that it is. She advised that one of her constituents had communicated to her that she was provided with exceptional customer service by Josh Clark, Customer Service Representative I.
- President Lu-Yang advised that the For-Us Foundation will hold a fundraiser on November 22, 2014 at Rowland High School and that the annual Casino Night fundraiser will be held in March 2015.

Future Agenda Items

None.

Late Business

None.

A motion was made by Director Lima, seconded by Director Rios, and unanimously carried to adjourn the meeting. The meeting was adjourned at 6:57 p.m.

SZU PEI LU-YANG
Board President

Attest: _____
KEN DECK
Board Secretary

Tab

1.2



Minutes of the Special Meeting of
the Board of Directors of the Rowland Water District

October 21, 2014 – 5:00 p.m.
Location: District Office

PLEDGE OF ALLEGIANCE

ROLL CALL OF DIRECTORS

President Szu Pei Lu-Yang
Vice President John Bellah
Director Anthony J. Lima
Director Robert W. Lewis

ABSENT:

Director Teresa P. Rios

OTHERS PRESENT:

Dr. William Mathis, Mathis Consulting Group
Janice Mathis, Mathis Consulting Group
Erin La Combe Gilhuly, CV Strategies

ROWLAND WATER DISTRICT STAFF:

Ken Deck, General Manager
Tom Coleman, Assistant General Manager

PUBLIC COMMENT ON NON-AGENDA ITEMS

COMMENTS:

None.

Tab 1 ACTION ITEMS

1.1

Review and Approve Resolution No. 10-2014 Commending Ted Carrera for His Years of Service to the Rowland Water District

A motion was made by Director Bellah, seconded by Director Lima, to approve Resolution No. 10-2014 commending Ted Carrera for his years of service to the District. The motion was approved by the following roll-call vote:

AYES:	Directors Lima, Lu-Yang, Lewis and Bellah
NOES:	None
ABSENT:	Director Rios
ABSTAIN:	None

Motion was passed by a vote of 4-0.

1.2

Authorize Staff to Enlist the Services of an Alternative Water Supply Project Manager Through the Puente Basin Water Agency

A motion was made by Director Lima, seconded by Director Lewis, authorizing staff to request that the Puente Basin Water Agency Administrator place the *KND Solutions, LLC Consulting Agreement* on the next agenda for review and approval. The motion was approved by the following vote:

AYES:	Directors Lima, Lu-Yang, Lewis and Bellah
NOES:	None
ABSENT:	Director Rios
ABSTAIN:	None

Motion was passed by a vote of 4-0.

1.3

Discuss Comments Provided by Director John Bellah

The Board discussed the comments contained in Director Bellah's correspondence. No reportable action was taken.

1.4

Discussion on District Philosophy on Compensation and the Development of District Policy Facilitated by Dr. William Mathis

Dr. Mathis facilitated the discussion on the District's philosophy on compensation and the development of District policy. No reportable action was taken.

Directors' and General Manager's Comments

None.

Future Agenda Items

None.

Late Business

None

Next Regular Board Meeting

November 4, 2014, 6:00 p.m.

Next Special Board Meeting

November 18, 2014, 5:00 p.m.

A motion was made by Director Lima, seconded by Director Lewis, and unanimously carried to adjourn the meeting. The meeting was adjourned at 6:38 p.m.

SZU PEI LU-YANG
Board President

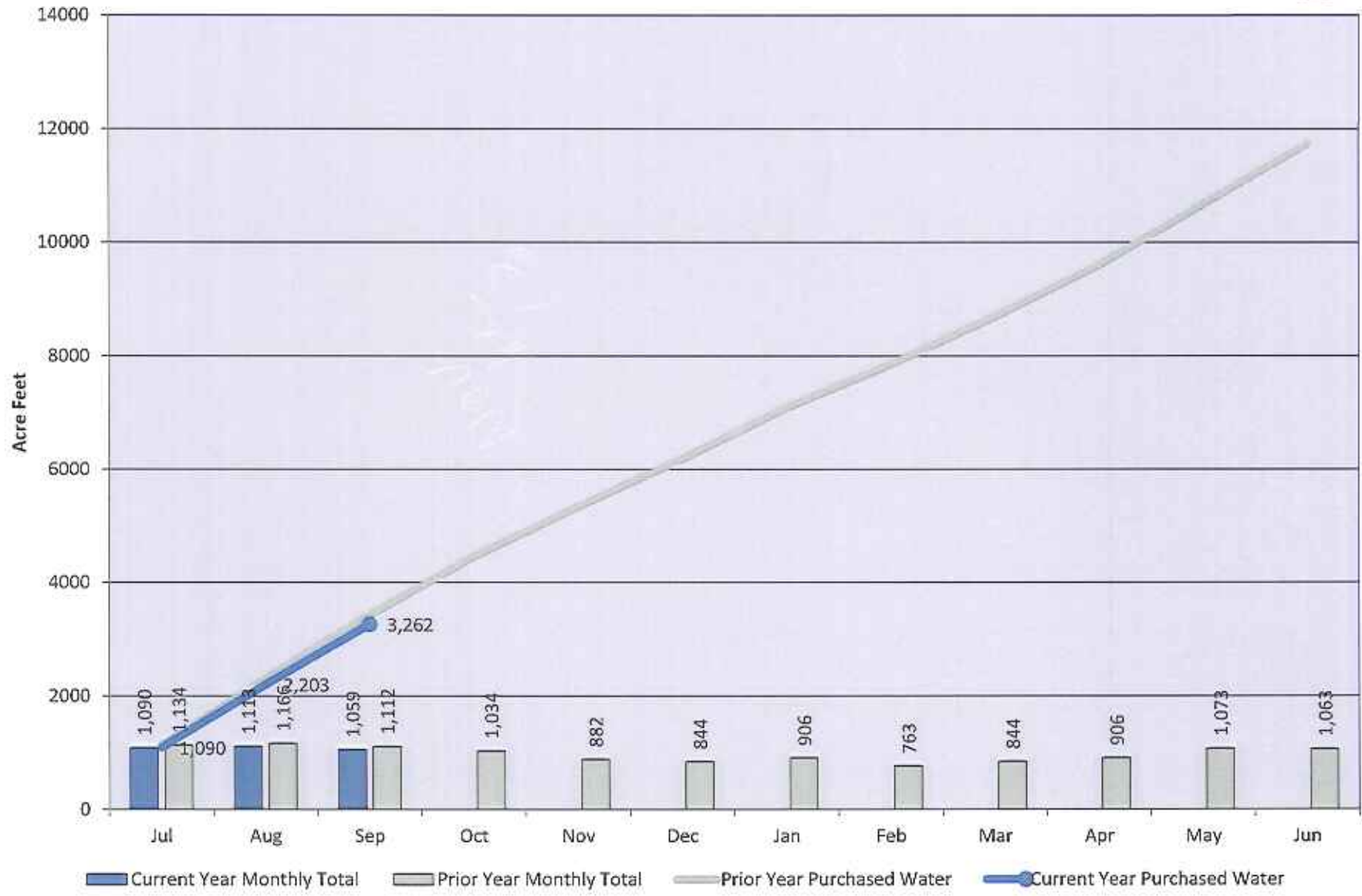
Attest: _____
KEN DECK
Board Secretary

Tab

1.3

Potable Water Purchases For FY 2013-2014

(Acre-feet)



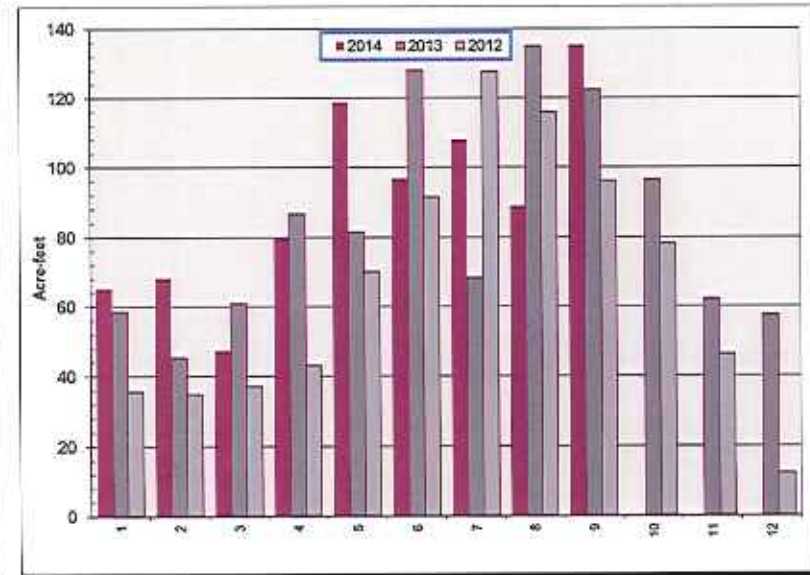


Water Purchases for CY 2014 (Acre-feet)



	POTABLE SYSTEM				TOTAL
	LHH	PM-22	JWL		
			PM-15	Miramar	
JAN	0.0	423.0	332.4	150.2	905.6
FEB	2.0	339.3	315.0	107.0	763.3
MAR	107.7	361.3	250.1	125.0	844.1
APR	72.3	233.2	449.2	151.4	906.1
MAY	2.4	459.5	486.4	124.6	1,072.9
JUN	0.0	469.1	483.0	110.9	1,063.0
JUL	0.0	496.1	483.0	110.9	1,090.0
AUG	0.0	498.6	558.8	55.8	1,113.2
SEP	0.0	451.2	576.0	31.8	1,059.0
OCT					0.0
NOV					0.0
DEC					0.0
TOTAL	184.4	3,731.3	3,933.9	967.6	8,817.2

RECYCLED SYSTEM					TOTAL
Well 1	Wet Well	WVWD	Industry	Potable Make-up	
0.0	20.5	1.0	43.7	0.0	65.2
0.0	13.2	1.0	54.1	0.0	68.3
0.0	10.6	1.0	35.7	0.0	47.3
0.0	30.8	1.0	47.9	0.0	79.7
0.0	27.2	3.0	88.5	0.0	118.7
3.2	27.4	5.0	61.1	0.0	96.7
24.2	15.9	6.0	61.8	0.0	107.9
21.8	9.1	3.0	55.0	0.0	88.9
32.2	15.4	4.0	83.6	0.0	135.2
					0.0
					0.0
					0.0
					0.0
81.4	170.1	25.0	531.4	0.0	807.9



Tab

2.1

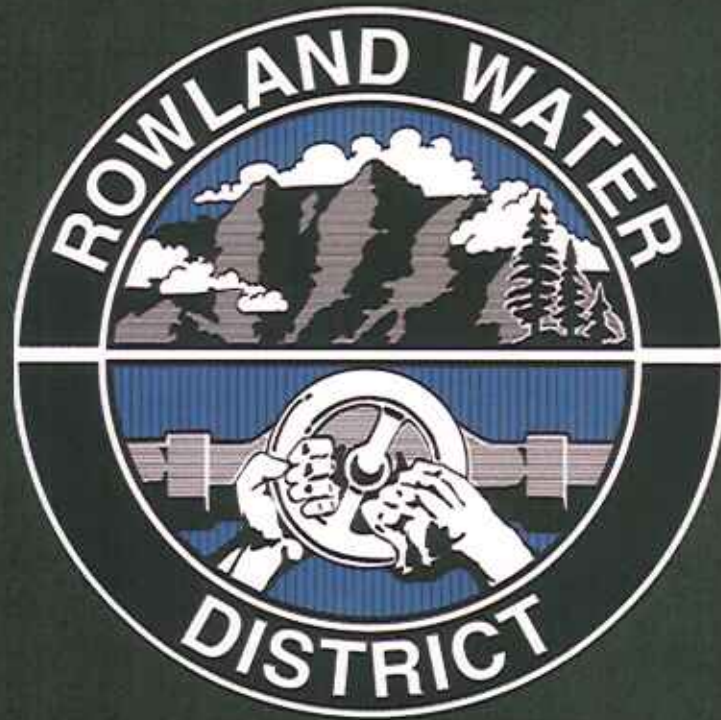


OCTOBER 2014-DIRECTOR REIMBURSEMENTS

Director	Date of Meeting/Event	Meeting/Event Attended	Reimbursement	No Charge	Additional Comments <i>(Submit expense report if claiming mileage and/or meal reimbursement)</i>
Anthony J. Lima					
	10/1/2014	Three Valleys Board Meeting	\$110.00		Mileage
	10/9/2014	PBWA Meeting at RWD	\$110.00		
	10/14/2014	RWD Board Meeting	\$110.00		
	10/16/2014	PWR at Walnut	\$110.00		Mileage
	10/18/2014	Buckboard Day Parade		X	
	10/21/2014	RWD Special Board Meeting	\$110.00		
	10/30/2014	Three Valleys Leadership Breakfast		X	
		TOTAL PAYMENT	\$550.00		
John Bellah					
	SEPTEMBER				
	9/9/2014	RWD Board Meeting	\$88.00		
	9/23/2014	RWD Special Board Meeting	\$88.00		
	9/29/14-9/30/14	CSDA Confernece	\$176.00		Mileage & Meal
	OCTOBER				
	10/1/14-10/2/14	CSDA Confernece	\$176.00		Mileage
	10/14/14	RWD Board Meeting	\$88.00		
	10/15/2014	LAFCO Seminar	\$88.00		Mileage & Meal
	10/21/2014	RWD Special Board Meeting	\$88.00		
	10/30/2014	Safety Appreclation Luncheon		X	
		TOTAL PAYMENT	\$792.00		
Robert W. Lewis					
	10/1/2014	CSDA Conference	\$110.00		
	10/9/2014	PBWA	\$110.00		
	10/13/2014	San Gabriel Valley Gov. Affairs	\$110.00		
	10/14/2014	RWD Board Meeting	\$110.00		
	10/15/2014	LAFCO Seminar	\$110.00		Mileage & Meal
	10/17/2014	Senator Huff California Water Briefing	\$110.00		
	10/18/2014	Buckboard Day Parade		X	
	10/21/2014	RWD Special Board Meeting	\$110.00		
	10/30/2014	Three Valleys Leadership Breakfast		X	
	10/30/2014	Safety Appreciation Luncheon		X	
		TOTAL PAYMENT	\$770.00		

Tab

2.2



September 30, 2014

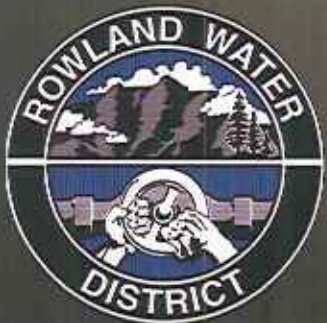
Quarterly Investment Review

Local Agency Investment Fund (LAIF)



LAIF Quarterly Balances

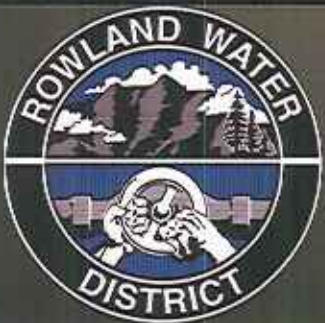
CD Placement Portfolio



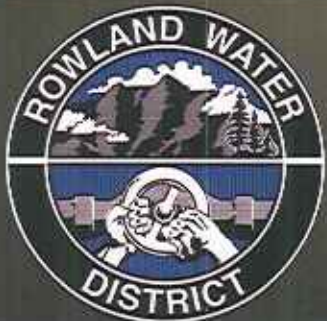
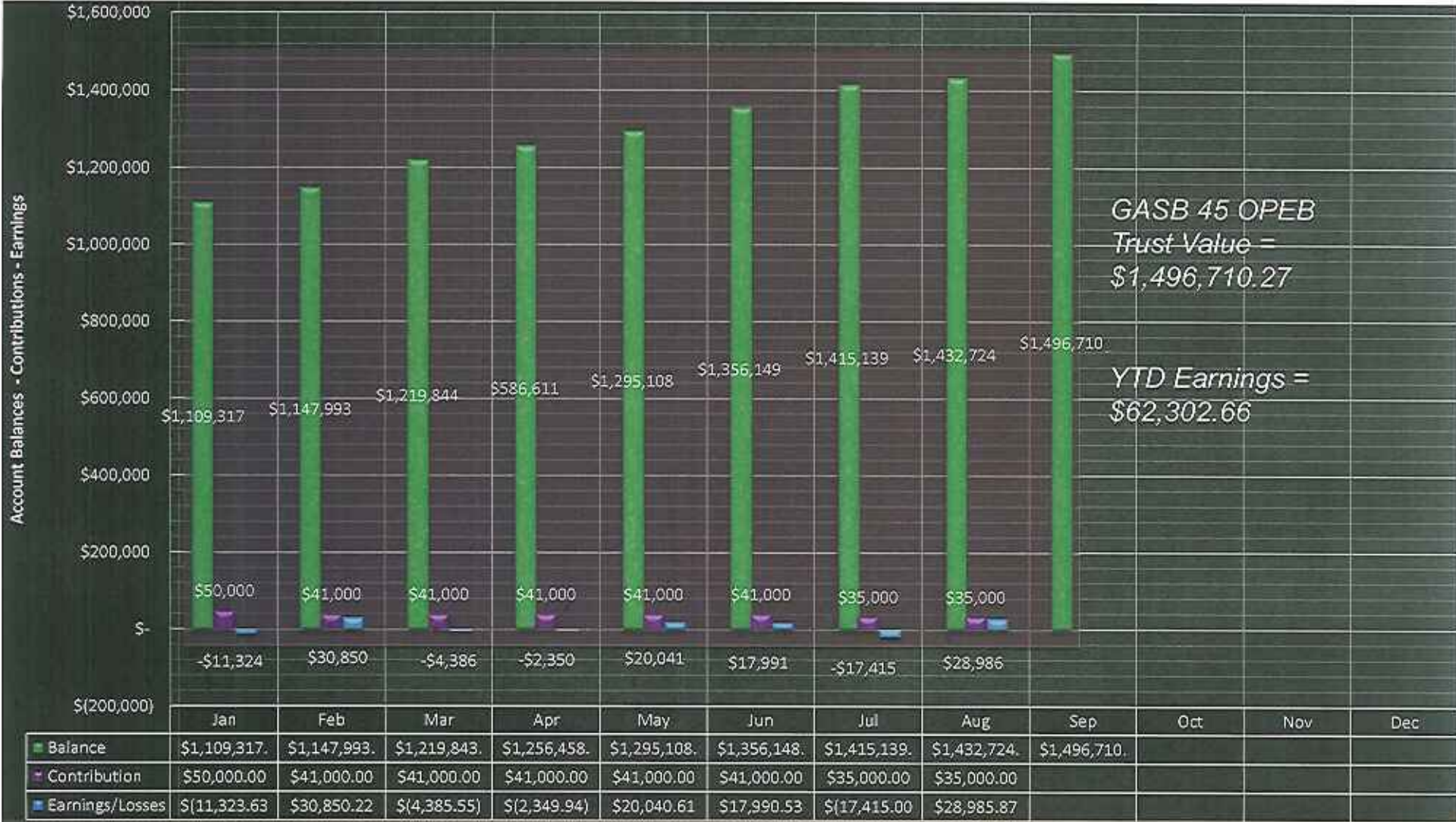
CD Placement Maturity Schedule



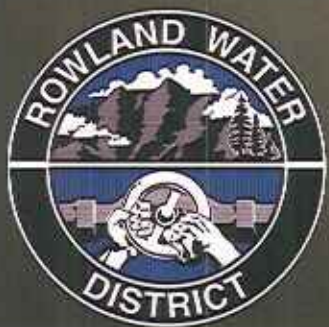
	0 - 1 Year	1 - 2 Year	2 - 3 Year	3 - 4 Year	4 - 5 Year	Cash Reserves
Jul - Sept	\$250,000	\$730,000	\$985,000	\$500,000	\$-	
Oct - Dec	\$645,000	\$250,000	\$1,000,000	\$745,000	\$745,000	
Jan - Mar	\$500,000	\$250,000	\$665,000	\$1,885,000	\$750,000	
Apr - Jun	\$250,000	\$-	\$500,000	\$750,000	\$750,000	
Total Bond Portfolio	\$1,645,000	\$1,230,000	\$3,150,000	\$3,880,000	\$2,245,000	\$339,637
Interest Rate	2.41%	1.60%	1.02%	0.97%	1.41%	0.01%
% of Portfolio	13.17%	9.85%	25.22%	31.07%	17.97%	2.72%



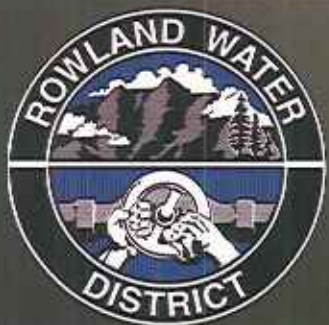
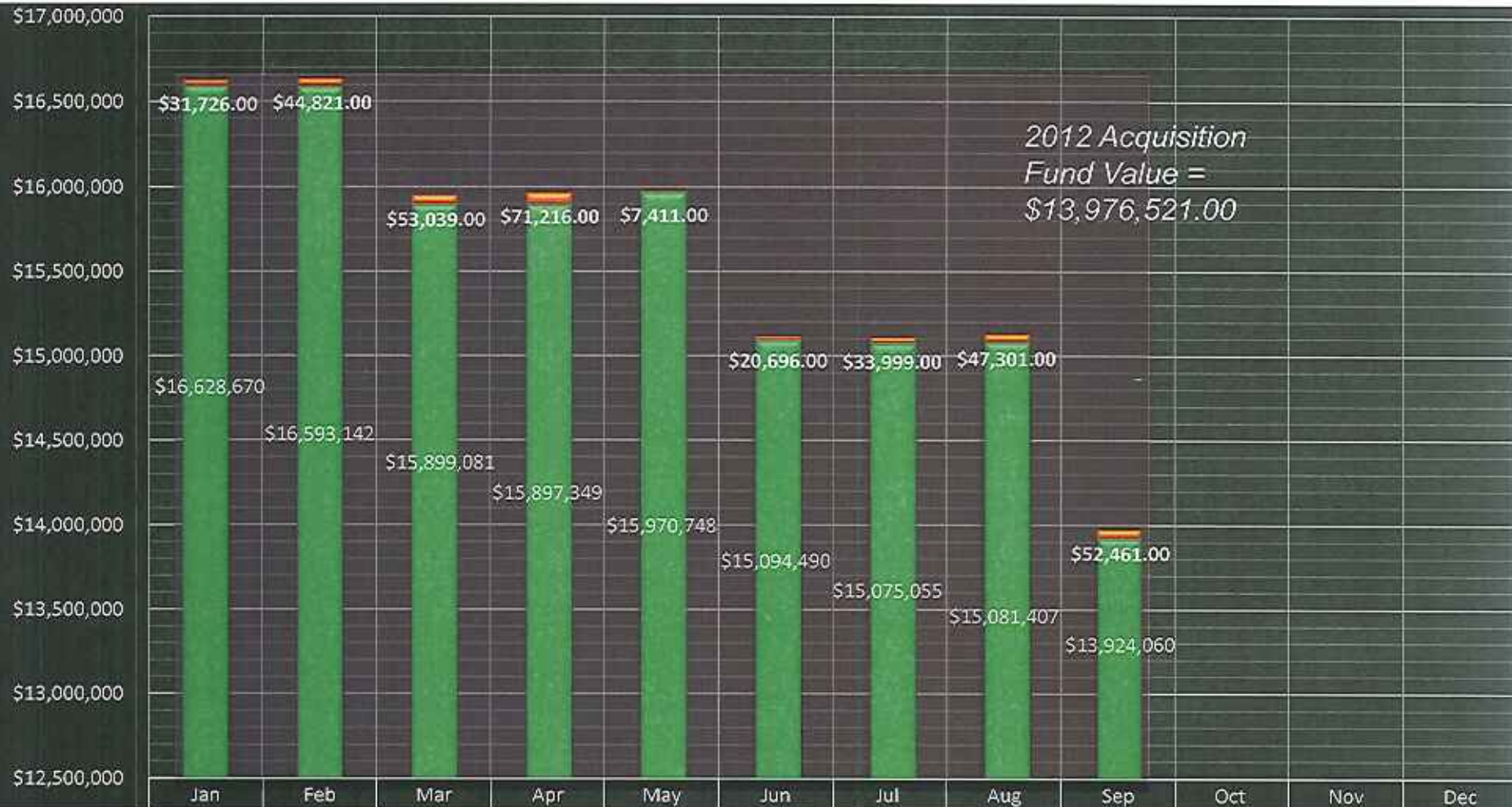
Bond Maturity Chart



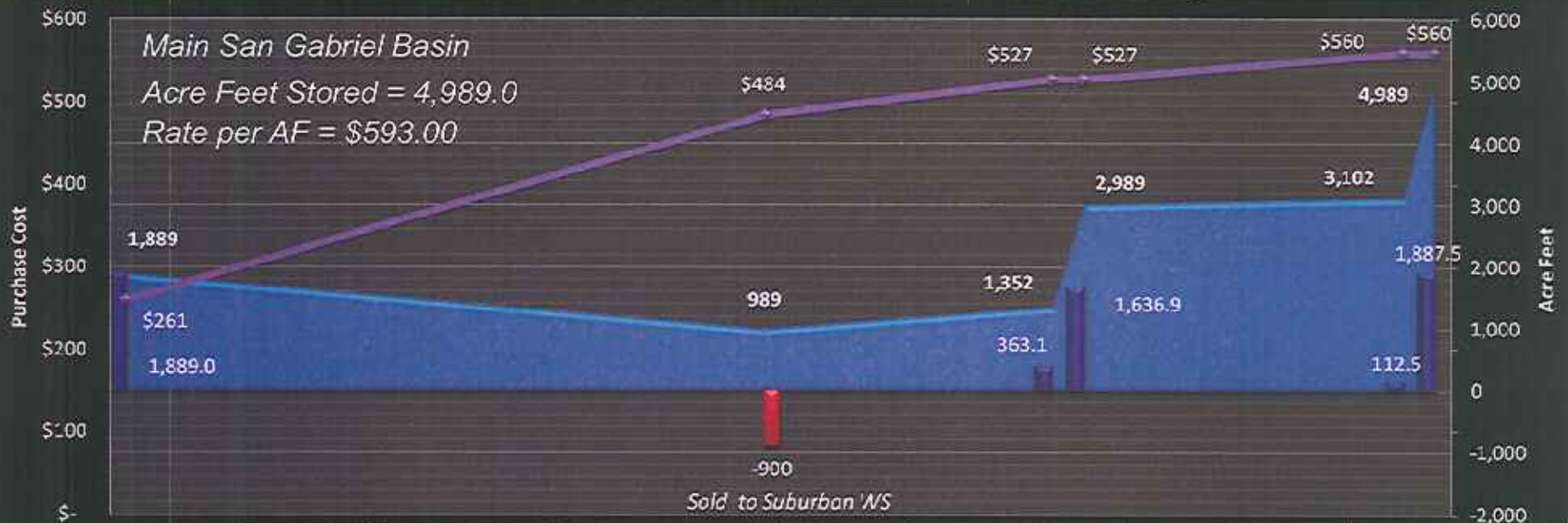
GASB 45 OPEB Trust



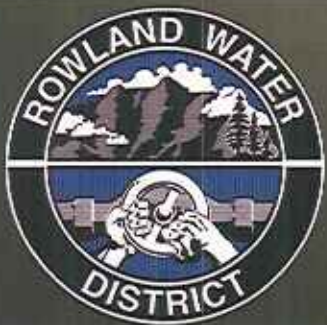
2012 Revenue Bond Reserve Fund



2012 Revenue Bond Acquisitions Fund

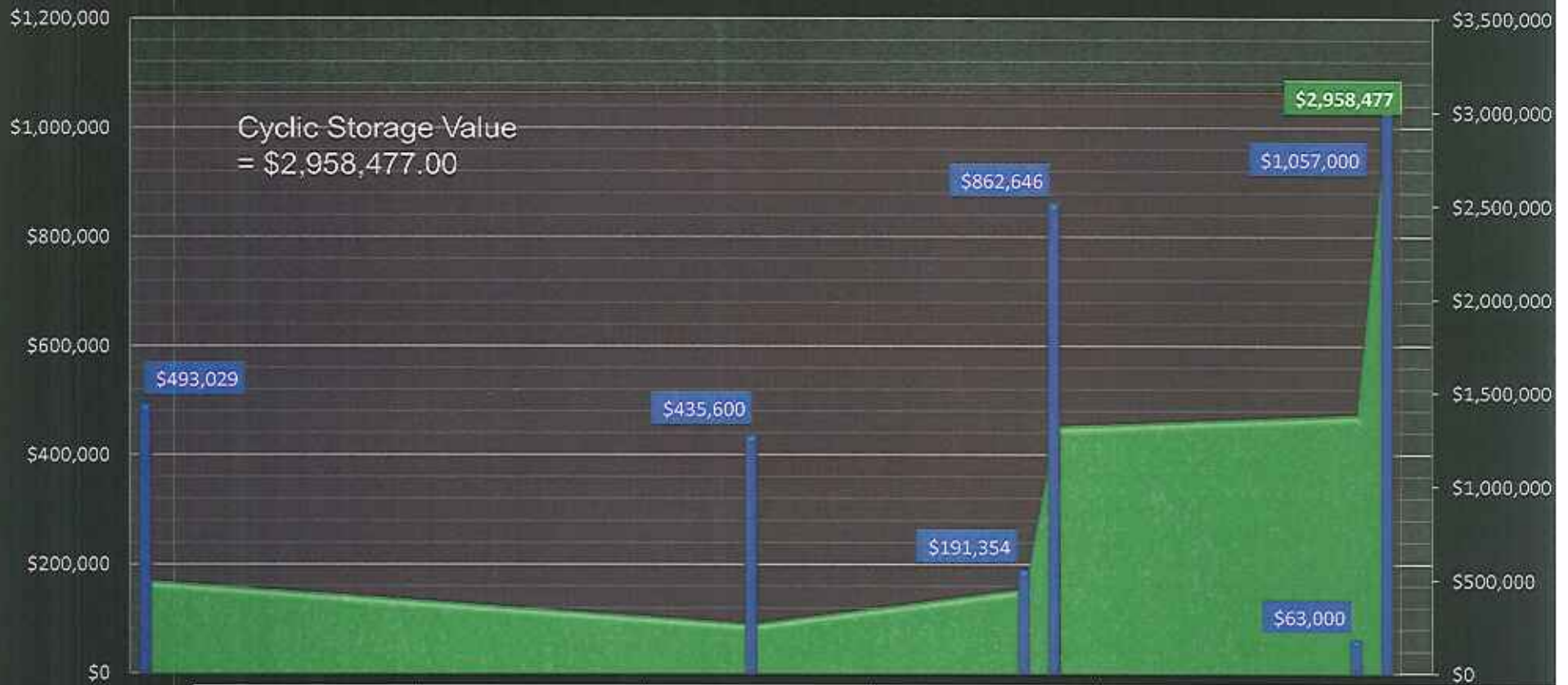


	6/30/09	2/15/11	11/30/11	12/31/11	10/31/12	11/30/12
Total Storage	1,889.0	989.0	1,352.1	2,989.0	3,101.5	4,989.0
AF Purchased	1,889.0		363.1	1,636.9	112.5	1,887.5
AF Sold		(900.0)				
Purchase Cost (\$/AF)	\$261	\$484	\$527	\$527	\$560	\$560

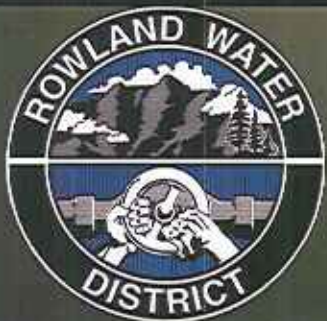


Cyclic Storage Account

Investment Value of Cyclic Storage Supplies



	6/30/09	2/15/11	11/30/11	12/31/11	10/31/12	11/30/12
Total Investment	\$493,029	\$258,129	\$449,483	\$1,312,129	\$1,375,129	\$2,958,477
Purchase Cost	\$493,029	\$435,600	\$191,354	\$862,646	\$63,000	\$1,057,000
AF Purchased	1,889.0	900.0	363.1	1,636.9	- 112.5	1,887.5

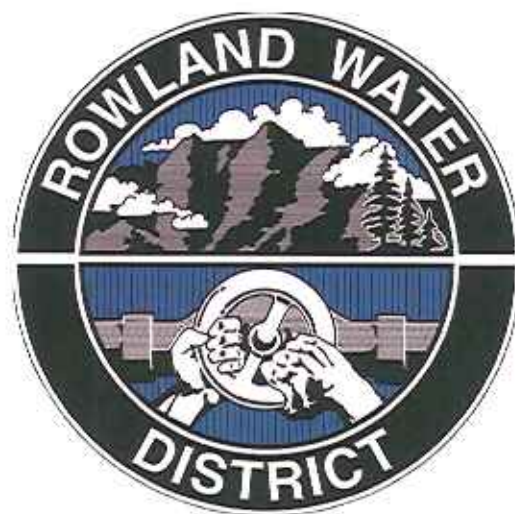


Value of Cyclic Storage

Tab

2.3

ROWLAND WATER DISTRICT
STATEMENT OF OPERATIONS



Three Months Ended September 30, 2014

	BUDGET FYE 6/30/2015	% OF BUDGET	AMOUNT	CY ACTUAL	PY ACTUAL	% OF SALES	VARIANCE FAVORABLE (UNFAVORABLE)	% OF BUDGET
WATER REVENUE	14,000,000	25%	3,500,000	4,485,407	4,441,001	74.11%	885,407	28.15%
WATER METER CHARGES	6,200,000	25%	1,550,000	1,567,026	1,524,381	25.89%	17,026	1.10%
	20,200,000		5,050,000	6,052,433	5,965,382	100.00%	1,002,433	19.85%
COST OF SALES:								
WATER PURCHASED	10,200,000	25%	2,550,000	2,974,882	2,943,826	49.15%	(424,882)	-16.66%
FIXED CHARGES	275,000	25%	68,750	63,561	83,028	1.05%	5,189	7.55%
PUMPING POWER	290,000	25%	72,500	126,832	94,414	2.09%	(54,132)	-74.66%
TOTAL COST OF SALES	10,765,000		2,691,250	3,165,275	3,121,268	52.29%	(473,825)	-17.61%
GROSS PROFIT	9,435,000		2,358,750	2,887,358	2,844,114	47.71%	528,608	22.41%
GROSS PROFIT %	47%		47%	48%	48%			
OTHER INCOME	825,000	25%	206,250	136,213	128,748	1.47%	(70,037)	17.23%
TOTAL OPERATING REVENUE	10,260,000		2,565,000	3,023,571	2,972,862	49.96%	458,571	17.88%
OPERATING EXPENSES								
SALARIES AND WAGES	2,490,000	25%	622,500	607,286	535,913	10.03%	15,214	2.44%
EMPLOYEE & RETIREE BENEFITS	1,949,000	25%	487,250	453,710	847,674	7.50%	33,540	5.88%
DEBT SERVICE EXPENSE	2,800,000	25%	700,000	-	-	0.00%	700,000	100.00%
PROJECT EXPENSE	50,000	25%	12,500	508,873	-	8.41%	(496,373)	-9970.98%
ENGINEERING	10,000	25%	2,400	8,258	-	0.14%	(5,768)	-230.72%
WATER SUPPLY PLANNING & DEVELOP.	100,000	25%	25,000	47,936	111,453	0.79%	(22,936)	-91.74%
OFFICE EXPENSES	175,000	25%	43,750	59,055	39,311	0.98%	(15,205)	-34.98%
MAINTENANCE OF WATER SYSTEM	350,000	25%	87,500	59,987	66,286	0.98%	27,513	31.44%
MAINTENANCE AND OPERATION	30,000	25%	7,500	7,204	5,724	0.12%	296	3.95%
EQUIPMENT EXPENSES	20,000	25%	5,000	3,894	3,157	0.06%	1,106	22.12%
PROFESSIONAL SERVICES	115,000	25%	29,750	29,746	27,563	0.49%	(996)	-3.46%
SERVICE CONTRACTS	250,000	25%	62,500	52,819	53,216	0.87%	9,561	15.49%
GENERAL LIABILITY INSURANCE	125,000	25%	31,250	70,653	68,856	1.17%	(39,403)	-126.09%
TOOLS AND SUPPLIES	25,000	25%	6,250	8,585	4,148	0.14%	(2,315)	-37.04%
VEHICLE EXPENSES	70,000	25%	17,500	14,155	14,283	0.23%	3,345	19.11%
UTILITY SERVICES	75,000	25%	18,750	24,665	17,109	0.41%	(5,915)	-31.55%
DIRECTORS' COMPENSATION & BENEFITS	165,000	25%	41,250	28,273	27,669	0.47%	12,977	31.46%
MEMBERSHIP DUES	45,000	25%	11,250	4,785	4,024	0.08%	5,465	57.64%
WATER TESTS	30,000	25%	7,500	5,259	2,530	0.09%	2,241	29.88%
COMPLIANCE	70,000	25%	17,500	3,066	24,249	0.05%	14,434	82.48%
OPERATING ASSESSMENTS	200,000	25%	50,000	26,585	24,374	0.44%	23,405	46.81%
WATER CONSERVATION	10,000	25%	2,500	3,873	1,437	0.08%	(1,373)	-54.92%
CONFERENCES	50,000	25%	12,500	12,867	4,769	0.21%	(387)	-3.10%
SEMINARS & TRAINING	60,000	25%	15,000	26,238	11,622	0.43%	(11,238)	-74.92%
BANK & INVESTMENT MGMT. FEES	100,000	25%	25,000	19,704	21,550	0.33%	5,296	21.18%
COMMUNITY OUTREACH	100,000	25%	25,000	32,868	19,704	0.54%	(7,868)	-31.47%
MISCELLANEOUS EXPENSES	45,000	25%	11,250	13,016	7,293	0.22%	(1,768)	-15.72%
TOTAL OPERATING EXPENSES	9,509,000		2,377,250	2,133,362	1,943,934	35.25%	243,888	10.26%
NET OPERATING INCOME	751,000	25%	187,750	890,209	1,028,928	14.71%	702,459	374.15%
INTEREST INCOME	300,000	25%	75,000	145,766	68,407	2.41%	70,766	94.35%
NET INCOME	\$ 1,051,000		\$ 282,750	\$ 1,035,975	\$ 1,097,336	17.12%	\$ 773,225	294.26%

SUPPLEMENTAL OTHER INCOME - 9/30/14

	<u>BUDGET FYE 6/30/2015</u>	<u>% OF BUDGET</u>	<u>AMOUNT</u>	<u>CY ACTUAL</u>	<u>PY ACTUAL</u>	<u>% OF SALES</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>% OF BUDGET</u>
CUSTOMER PENALTIES	190,000	25%	47,500	41,479	41,718	0.45%	(6,021)	-12.58%
CONNECTION FEES	40,000	25%	10,000	11,635	13,180	0.13%	1,635	16.35%
RECONNECTION FEES	20,000	25%	5,000	5,170	6,025	0.06%	170	3.40%
PROPERTY TAXES	300,000	25%	75,000	6,617	30,357	0.07%	(68,383)	-91.18%
ACREAGE SUPPLY CHARGE	10,000	25%	2,500	-	-	0.00%	(2,500)	-100.00%
CONTRACT INCOME	120,000	25%	30,000	38,516	32,240	0.41%	8,516	28.39%
SHARED SERVICES	125,000	25%	31,250	26,843	-	0.29%	(4,407)	-14.10%
FLOW TESTS	5,000	25%	1,250	3,060	1,120	0.03%	1,830	146.40%
MISCELLANEOUS INCOME	15,000	25%	3,750	2,873	4,108	0.03%	(877)	-23.39%
TOTAL OTHER INCOME	<u>825,000</u>	25%	<u>206,250</u>	<u>136,213</u>	<u>128,748</u>	1.47%	<u>(70,037)</u>	<u>17.23%</u>

SUPPLEMENTAL EXPENSES - 9/30/14

	CY Actual	PY Actual
SALARIES & WAGES		
ADMINISTRATIVE	270,826.00	224,271.00
CUSTOMER ACCOUNTS	29,899.00	32,051.00
MAINS AND SERVICES	159,261.00	138,885.00
WATER TREATMENT	147,300.00	140,706.00
TOTAL SALARIES & WAGES	<u>607,286.00</u>	<u>535,913.00</u>
EMPLOYEE BENEFITS		
DENTAL INSURANCE	8,720.00	10,045.00
EMPLOYEE ASSISTANCE PROGRAM	192.00	266.00
HEALTH INSURANCE	116,335.00	124,481.00
LIFE INSURANCE PLAN	1,028.00	480.00
DISABILITY INSURANCE	2,528.00	2,618.00
PAYROLL TAXES	44,631.00	38,645.00
PENSION CONTRIBUTIONS	131,106.00	474,740.00
PARS (GASB 45/OPEB)	105,000.00	150,000.00
RETIREES HEALTH INSURANCE	27,966.00	30,356.00
UNEMPLOYMENT INSURANCE	618.00	414.00
VISION INSURANCE PLAN	1,864.00	1,986.00
WORKER'S COMPENSATION INSURANCE	13,722.00	13,643.00
TOTAL EMPLOYEE BENEFITS	<u>453,710.00</u>	<u>847,674.00</u>
OFFICE EXPENSES		
INFO TECH. SUPPORT SERVICES	44,625.00	36,452.00
POSTAGE, PRINTING & STATIONARY	9,083.00	512.00
SHORTLIFE SUPPLIES	5,347.00	2,347.00
TOTAL OFFICE EXPENSES	<u>59,055.00</u>	<u>39,311.00</u>
PROFESSIONAL SERVICES		
AUDITING	20,500.00	12,300.00
LEGAL	9,246.00	15,283.00
TOTAL PROFESSIONAL EXPENSES	<u>29,746.00</u>	<u>27,583.00</u>
MAINTENANCE OF WATER SYSTEM		
HYDRANTS	313.00	964.00
MAINS	6,342.00	5,160.00
METERS	1,104.00	11,990.00
PUMPS	12,867.00	7,963.00
RECYCLED WATER	-	1,557.00
RESERVOIRS	7,940.00	2,560.00
SERVICES	16,445.00	18,889.00
TELEMETRY	8,443.00	9,476.00
VALVES	6,433.00	3,899.00
RECYCLED WATER - COI	100.00	3,828.00
TOTAL MAINTENANCE OF WATER SYSTEM	<u>59,987.00</u>	<u>66,286.00</u>

Tab

2.4

To the Board of Commissioners
Pomona-Walnut-Rowland
Joint Water Line Commission
Walnut, California

We have audited the financial statements of Pomona-Walnut-Rowland Joint Water Line Commission (the Commission) for the year ended June 30, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated November 25, 2013. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Commission are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the Commission during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the Commission's financial statements was depreciation expense derived from the estimated useful lives for capital assets which are based on industry standards. We evaluated the key factors and assumptions used to develop depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Significant Audit Findings (Continued)

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. No such misstatements were identified.

Disagreements with Management

For purposes of this letter, a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 6, 2014.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Commission's financial statement or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Commission's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis which is required supplementary information (RSI) that supplements the financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Other Matters (Continued)

We were engaged to report on the combining statement of revenues, expenses and changes in net position, and the schedule of assets invested in capital assets by member agency which accompany the financial statements but are not RSI. With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Board of Commissioners and management of Pomona-Walnut-Rowland Joint Water Line Commission and is not intended to be, and should not be, used by anyone other than these specified parties.

White Nelson Dick Evans LLP

Irvine, California

October 6, 2014

**POMONA-WALNUT-ROWLAND
JOINT WATER LINE COMMISSION**

BASIC FINANCIAL STATEMENTS

**WITH REPORT ON AUDIT
BY INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS**

JUNE 30, 2014 AND 2013

POMONA-WALNUT-ROWLAND
JOINT WATER LINE COMMISSION

TABLE OF CONTENTS

June 30, 2014 and 2013

	<u>Page Number</u>
Independent Auditors' Report	1 - 2
Management's Discussion and Analysis (Required Supplementary Information)	3 - 10
Basic Financial Statements:	
Statements of Net Position	11
Statements of Revenues, Expenses and Changes in Net Position	12
Statements of Cash Flows	13
Notes to Financial Statements	14 - 23
Supplementary Information:	
Combining Statements of Revenues, Expenses and Changes in Net Position	24 - 25
Schedule of Assets Invested in Capital Assets By Member Agency	26

INDEPENDENT AUDITORS' REPORT

The Board of Commissioners
Pomona-Walnut-Rowland
Joint Water Line Commission
Walnut, California

We have audited the accompanying financial statements of Pomona-Walnut-Rowland Joint Water Line Commission (the Commission), which comprise the statements of net position as of June 30, 2014 and 2013, and the related statements of revenues, expenses and changes in net position, and statements of cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Commission's preparation and fair presentation of the financial statements 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 the Commission's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pomona-Walnut-Rowland Joint Water Line Commission as of June 30, 2014 and 2013, and the respective changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as identified in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, 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 the 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

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Commission's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

White Nelson Dick Evans LLP

Irvine, California

October 6, 2014

POMONA-WALNUT-ROWLAND
JOINT WATER LINE COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014

This section of the Commission's annual financial report presents our analysis of the Commission's financial performance during the fiscal year that ended on June 30, 2014. Please read it in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

Fiscal Year 2014

- The Commission's net position increased by \$42,327 or 1.82 percent.
- During the year, the Commission's total operating revenues increased to \$20,220,911 or 3.17 percent over the prior year amount, and operating expenses increased to \$20,224,212 or 3.14 percent over the prior year amount.

Fiscal Year 2013

- The Commission's net position increased by \$37,142 or 1.62 percent.
- During the year, the Commission's total operating revenues increased to \$19,598,764 or 11.40 percent over the prior year amount, and operating expenses increased to \$19,607,676 or 11.44 percent over the prior year amount.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: Management's Discussion and Analysis, the financial statements and supplementary information. The financial statements also include notes that explain in more detail some of the information in the financial statements.

REQUIRED FINANCIAL STATEMENTS

The financial statements of the Commission report information about the Commission using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about its activities. The Statement of Net Position includes all of the Commission's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the Commission and assessing the liquidity and financial flexibility of the Commission. All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the success of the Commission's operations over the past year and can be used to determine the Commission's credit worthiness and whether the Commission has successfully recovered all of its costs through its water rates and other charges. The final required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the Commission's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

See independent auditors' report.

POMONA-WALNUT-ROWLAND
JOINT WATER LINE COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2014

FINANCIAL ANALYSIS OF THE COMMISSION

One of the most important questions asked about the Commission's finances is "Is the Commission as a whole better off or worse off as a result of this year's activities?" The Statement of Net Position, and the Statement of Revenues, Expenses and Changes in Net Position report information about the Commission's activities in a way that will help answer this question. These two statements report the net position of the Commission and changes in them. You can think of the Commission's net position - the difference between assets and liabilities - as one way to measure financial health or financial position. Over time, increases or decreases in the Commission's net position are one indicator of whether its financial health is improving or deteriorating. However, you will need to consider other nonfinancial factors such as changes in economic conditions, population growth, zoning and new or changed government legislation.

NET POSITION

To begin our analysis, a summary of the Commission's Statements of Net Position is presented in Table 1.

TABLE 1
Condensed Statements of Net Position

	Fiscal Year 2014	Fiscal Year 2013	Dollar Change	Fiscal Year 2012	Dollar Change
Assets:					
Current and other assets	\$ 5,436,194	\$ 5,023,367	\$ 412,827	\$ 4,610,966	\$ 412,401
Capital assets	1,301,548	1,315,695	(14,147)	1,329,842	(14,147)
Total Assets	<u>6,737,742</u>	<u>6,339,062</u>	<u>398,680</u>	<u>5,940,808</u>	<u>398,254</u>
Liabilities:					
Current liabilities	<u>4,369,445</u>	<u>4,013,092</u>	<u>356,353</u>	<u>3,651,980</u>	<u>361,112</u>
Net Position:					
Net investment in capital assets	1,301,548	1,315,695	(14,147)	1,329,842	(14,147)
Restricted	499,782	456,459	43,323	413,136	43,323
Unrestricted	566,967	553,816	13,151	545,850	7,966
Total Net Position	<u>\$ 2,368,297</u>	<u>\$ 2,325,970</u>	<u>\$ 42,327</u>	<u>\$ 2,288,828</u>	<u>\$ 37,142</u>

Fiscal Year 2014

As you can see from Table 1, net position increased by \$42,327 from fiscal year 2013 to 2014.

A further review of Net Position on Table 1 shows that Restricted Net Assets (those established by Commission policy, enabling legislation, or other legal requirements), increased to \$499,782 in fiscal year 2014 due to the assessment of the Depreciation and Replacement Reserve capital surcharge. This additional \$43,323 was added to the \$456,459 collected in previous years.

See independent auditors' report.

POMONA-WALNUT-ROWLAND
JOINT WATER LINE COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2014

NET POSITION (CONTINUED)

Fiscal Year 2013

As you can see from Table 1, net assets increased by \$37,142 from fiscal year 2012 to 2013.

A further review of Net Assets on Table 1 shows that Restricted Net Assets (those established by Commission policy, enabling legislation, or other legal requirements), increased to \$456,459 in fiscal year 2013 due to the assessment of the Depreciation and Replacement Reserve capital surcharge. This additional \$43,323 was added to the \$413,136 collected in previous years.

TABLE 2
Condensed Statements of Revenues,
Expenses and Changes in Net Position

	Fiscal Year 2014	Fiscal Year 2013	Dollar Change	Fiscal Year 2012	Dollar Change
Operating Revenues:					
Water sales to member agencies	\$20,124,285	\$19,504,925	\$ 619,360	\$17,499,140	\$ 2,005,785
Member agency assessments	93,564	93,839	(275)	93,668	171
Other income	3,062	-	3,062	-	-
Total Operating Revenues	<u>20,220,911</u>	<u>19,598,764</u>	<u>622,147</u>	<u>17,592,808</u>	<u>2,005,956</u>
Operating Expenses:					
Water operations	20,130,437	19,517,354	613,083	17,506,968	2,010,386
Depreciation	14,147	14,147	-	14,147	-
General and administration	79,628	76,175	3,453	74,489	1,686
Total Operating Expenses	<u>20,224,212</u>	<u>19,607,676</u>	<u>616,536</u>	<u>17,595,604</u>	<u>2,012,072</u>
Operating Loss	(3,301)	(8,912)	5,611	(2,796)	(6,116)
Nonoperating Revenues:					
Investment income	<u>2,305</u>	<u>2,731</u>	<u>(426)</u>	<u>3,231</u>	<u>(500)</u>
Income (Loss) Before Capital Contributions	(996)	(6,181)	5,185	435	(6,616)
Capital Contributions - Surcharges	<u>43,323</u>	<u>43,323</u>	<u>-</u>	<u>43,323</u>	<u>-</u>
Changes in Net Position	42,327	37,142	5,185	43,758	(6,616)
Net Position At:					
Beginning of Year	<u>2,325,970</u>	<u>2,288,828</u>	<u>37,142</u>	<u>2,245,070</u>	<u>43,758</u>
End of Year	<u>\$ 2,368,297</u>	<u>\$ 2,325,970</u>	<u>\$ 42,327</u>	<u>\$ 2,288,828</u>	<u>\$ 37,142</u>

See independent auditors' report.

POMONA-WALNUT-ROWLAND
JOINT WATER LINE COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2014

NET POSITION (CONTINUED)

While the Statements of Net Position show the change in financial position, the Statements of Revenues, Expenses and Changes in Net Position provide answers as to the nature and source of these changes.

Fiscal Year 2014

As you can see in Table 2, Operating Revenues increased by \$622,147, Nonoperating Revenues decreased by \$426 and Total Revenues increased by \$621,721.

A closer examination of the source of changes in net position reveals the Commission had an increase in net position of \$42,327 in fiscal year 2014 as opposed to a \$37,142 increase in 2013. This represents a dollar change of \$5,185 or a 13.96 percent increase. The reason for the variance from 2013 to 2014 was due to increase in water operation maintenance costs as well as a slight increase in general and administrative expenses costs as compared to prior years. The decrease in nonoperating revenue of \$426 is due to a reduction in interest income. The Commission reserves are held in the Local Agency Investment Fund (LAIF) which ended in fiscal year June 30, 2014 with a yield of 0.22% as compared to 0.24% in fiscal year June 2013.

Fiscal Year 2013

As you can see in Table 2, Operating Revenues increased by \$2,005,956, Nonoperating Revenues decreased by \$500 and Total Revenues increased by \$2,005,456.

A closer examination of the source of changes in net position reveals the Commission had an increase in net position of \$37,142 in fiscal year 2013 as opposed to a \$43,758 increase in 2012. This represents a dollar change of \$6,616 or a 15.12 percent decrease. The reason for the variance from 2012 to 2013 was due to increase in general and administrative expenses as well as an increase in water operation maintenance costs as compared to prior years. The decrease in nonoperating revenue of \$500 is due to a reduction in interest income. The Commission reserves are held in the Local Agency Investment Fund (LAIF) which ended in fiscal year June 30, 2013 with a yield of 0.24% as compared to 0.36% in fiscal year June 2012.

See independent auditors' report.

POMONA-WALNUT-ROWLAND
JOINT WATER LINE COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2014

NET POSITION (CONTINUED)

**TABLE 3
Budget vs. Actual**

	Fiscal Year 2014 Budget	Fiscal Year 2014 Actual	Dollar Change	Total Percent Change
Revenues:				
Operating revenues	\$20,111,814	\$20,220,911	\$ 109,097	0.54 %
Nonoperating revenues	3,000	2,305	(695)	(23.17)
Capital contributions	43,323	43,323	-	-
Total Revenues	20,158,137	20,266,539	108,402	0.54
Expenses:				
Water operations	20,032,000	20,130,437	(98,437)	(0.49)
Depreciation	-	14,147	(14,147)	-
General and administration	79,814	79,628	186	0.23
Total Expenses	20,111,814	20,224,212	(112,398)	(0.56)
Changes in Net Position	\$ 46,323	\$ 42,327	\$ (3,996)	(8.63) %

The majority of operating revenue is derived from water sales to member agencies. The Commission predicts water sales by using a three-year rolling average. This is done by estimating how many acre feet of water will be purchased from the Three Valleys Municipal Water District at the prevailing Tier I and Tier II water rates. As in previous years, these assumptions do not include any special programs offered by the Commission in the efforts to promote water conservation. In fiscal year 2013-2014, the Commission estimated 22,618 acre-feet of Tier I water at an average rate of \$891 per acre foot. The Commission did not estimate any Tier II purchases in fiscal year 2014. The Commission purchased 22,826 acre-feet in 2014. In fiscal year 2012-2013, the Commission estimated 25,299 acre-feet of Tier I water at an average rate of \$821 per acre foot. The Commission did not estimate any Tier II purchases in fiscal year 2012. The Commission purchased 23,140 acre-feet in 2013.

See independent auditors' report.

POMONA-WALNUT-ROWLAND
JOINT WATER LINE COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2014

CAPITAL ASSETS

The Commission's net investment in capital assets totaled \$1,301,548 as of June 30, 2014. This investment in capital assets includes pipelines and improvements, service connections, telemetry system and engineering costs for proposed roads. There were no additions or deletions to capital assets during fiscal years 2013-14 or 2012-13.

TABLE 4
Summary of Changes in Capital Assets

	Fiscal Year 2014	Fiscal Year 2013	Dollar Change	Fiscal Year 2012	Dollar Change
Capital assets, being depreciated:					
Pipelines and improvements	\$ 2,036,847	\$ 2,036,847	\$ -	\$ 2,036,847	\$ -
Service connections	85,277	85,277	-	85,277	-
Telemetry system	29,050	29,050	-	29,050	-
Engineering for proposed roads	2,201	2,201	-	2,201	-
Total capital assets, being depreciated	<u>2,153,375</u>	<u>2,153,375</u>	-	<u>2,153,375</u>	-
Less accumulated depreciation:					
Pipelines and improvements	(787,581)	(774,002)	(13,579)	(760,423)	(13,579)
Service connections	(32,995)	(32,427)	(568)	(31,859)	(568)
Telemetry system	(29,050)	(29,050)	-	(29,050)	-
Engineering for proposed roads	(2,201)	(2,201)	-	(2,201)	-
Total accumulated depreciation	<u>(851,827)</u>	<u>(837,680)</u>	<u>(14,147)</u>	<u>(823,533)</u>	<u>(14,147)</u>
Total capital assets, net	<u>\$ 1,301,548</u>	<u>\$ 1,315,695</u>	<u>\$ (14,147)</u>	<u>\$ 1,329,842</u>	<u>\$ (14,147)</u>

Additional information on the Commission's capital assets can be found in Notes 1i and 4 of the notes to financial statements.

See independent auditors' report.

POMONA-WALNUT-ROWLAND
JOINT WATER LINE COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2014

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Commission's board of directors and administrative officer consider several factors when setting the fiscal year budget. One factor is the water sales projection that each agency gives. This is taken into consideration along with historical water use numbers in setting future years operating revenues. As in previous years, the majority of operating revenues are directly offset by operating expenses. This is due to the correlation between water sales and purchased water costs. In 2015, the Commission factored in actual costs when looking at administrative expenses. This was determined by looking at actual time and/or material cost in all matters directly relating to the Joint Water Line. As in previous years, the last factor is the funding of depreciation and replacement of the water line. An amount equal to \$43,323 of the \$46,323 change in ending net position, shown in Table 5 below, is projected to be transferred to reserves for depreciation and replacement.

TABLE 5
Fiscal Year 2014 Actual vs. Fiscal Year 2015 Budget

	Fiscal Year 2014 Actual	Fiscal Year 2015 Budget	Dollar Change	Total Percent Change
Revenues:				
Operating revenues	\$20,220,911	\$20,639,181	\$ 418,270	2.07 %
Nonoperating revenues	2,305	3,000	695	30.15
Capital contributions	43,323	43,323	-	-
Total Revenues	20,266,539	20,685,504	418,965	2.07
Expenses	20,224,212	20,639,181	(414,969)	(2.05)
Changes in Net Position	42,327	46,323	3,996	9.44
Net Position At:				
Beginning of Year	2,325,970	2,368,297	42,327	1.82
End of Year	\$ 2,368,297	\$ 2,414,620	\$ 46,323	1.96 %

See independent auditors' report.

POMONA-WALNUT-ROWLAND
JOINT WATER LINE COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2014

CONTACTING THE COMMISSION'S TREASURER

This financial report is designed to provide a general overview of the Commission's finances and to demonstrate the Commission's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Sean S. Henry, Treasurer, Pomona-Walnut-Rowland Joint Water Line Commission.

See independent auditors' report.

POMONA-WALNUT-ROWLAND
JOINT WATER LINE COMMISSION

STATEMENTS OF NET POSITION

June 30, 2014 and 2013

	2014	2013
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 560,707	\$ 1,046,004
Accounts receivable from member agencies	4,374,612	3,519,785
Interest receivable	530	556
Prepaid insurance	563	563
TOTAL CURRENT ASSETS	4,936,412	4,566,908
NONCURRENT ASSETS:		
Restricted assets:		
Cash and cash equivalents	488,951	445,628
Accounts receivable from member agencies	10,831	10,831
Total restricted assets	499,782	456,459
Capital assets:		
Capital assets, at cost	2,153,375	2,153,375
Less accumulated depreciation	(851,827)	(837,680)
Capital assets, net	1,301,548	1,315,695
TOTAL NONCURRENT ASSETS	1,801,330	1,772,154
TOTAL ASSETS	6,737,742	6,339,062
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES:		
Accounts payable	4,369,445	4,013,092
NET POSITION		
Net investment in capital assets	1,301,548	1,315,695
Restricted for capital asset repairs and replacement	499,782	456,459
Unrestricted	566,967	553,816
TOTAL NET POSITION	\$ 2,368,297	\$ 2,325,970

See independent auditors' report and notes to financial statements.

POMONA-WALNUT-ROWLAND
JOINT WATER LINE COMMISSION

STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION

For the years ended June 30, 2014 and 2013

	2014	2013
OPERATING REVENUES:		
Water sales to member agencies	\$ 20,124,285	\$ 19,504,925
Member agency assessments	93,564	93,839
Other income	3,062	-
	20,220,911	19,598,764
OPERATING EXPENSES:		
Water purchases	20,124,285	19,504,925
Maintenance	6,152	12,429
Depreciation	14,147	14,147
General and administrative contractual services	64,200	64,200
Insurance expense	2,183	2,183
Legal fees	3,242	416
Auditing	4,500	4,400
Other	5,503	4,976
	20,224,212	19,607,676
OPERATING LOSS	(3,301)	(8,912)
NONOPERATING REVENUES:		
Investment income	2,305	2,731
	(996)	(6,181)
CAPITAL CONTRIBUTIONS - SURCHARGES	43,323	43,323
	42,327	37,142
CHANGES IN NET POSITION		
NET POSITION AT BEGINNING OF YEAR	2,325,970	2,288,828
NET POSITION AT END OF YEAR	\$ 2,368,297	\$ 2,325,970

See independent auditors' report and notes to financial statements.

POMONA-WALNUT-ROWLAND
JOINT WATER LINE COMMISSION

STATEMENTS OF CASH FLOWS

For the years ended June 30, 2014 and 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from member agencies	\$ 19,363,023	\$ 19,737,192
Cash paid to suppliers	(19,850,651)	(19,232,416)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(487,628)	504,776
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital surcharge	43,323	43,323
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	2,331	2,947
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(441,974)	551,046
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,491,632	940,586
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 1,049,658	\$ 1,491,632
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating loss	\$ (3,301)	\$ (8,912)
Adjustment to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation expense	14,147	14,147
(Increase) decrease in accounts receivable	(854,827)	138,428
Increase in accounts payable	356,353	361,113
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (487,628)	\$ 504,776

See independent auditors' report and notes to financial statements.

POMONA-WALNUT-ROWLAND
JOINT WATER LINE COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2014 and 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

a. Organization:

Pomona-Walnut-Rowland Joint Water Line Commission (the Commission) was formed under the Joint Powers Agreement of 1956 between the City of Pomona, the Walnut Valley Water District and the Rowland Water District (the Agreement) for the purpose of acquiring, constructing, maintaining, repairing, managing, operating and controlling a water transmission pipeline for the benefit of the member agencies. On December 21, 2006, the Agreement was amended, restated and renewed, and will continue to be in force for twenty years from this date, with three, ten-year extensions allowable upon the written consent of each of the member agencies. For the years ended June 30, 2014 and 2013, the Commission has purchased all of its water from Three Valleys Municipal Water District.

b. Operations:

The Commission purchases water for resale to the member agencies at a price sufficient to provide reserve funds for emergencies. In addition, the member agencies are billed for the cost of maintenance and operation of the pipeline.

c. Fund Accounting:

The Commission reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the Commission is that the costs of providing goods and services to the member agencies on a continuing basis be financed or recovered primarily through user charges.

d. Measurement Focus and Basis of Accounting:

The Commission's financial statements are prepared using the economic resource measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when liabilities are incurred, regardless of the timing of related cash flows.

See independent auditors' report.

POMONA-WALNUT-ROWLAND
JOINT WATER LINE COMMISSION

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014 and 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

e. New Accounting Pronouncements:

Current Year Standards:

GASB 66 - *“Technical Corrections, an amendment of GASB Statement No. 10 and Statement No. 62”*, required to be implemented in the current fiscal year, did not impact the Commission.

GASB 70 - *“Accounting and Financial Reporting for Nonexchange Financial Guarantees”*, required to be implemented in the current fiscal year, did not impact the Commission.

Pending Accounting Standards:

GASB has issued the following statements which may impact the Commission’s financial reporting requirements in the future:

- GASB 68 - *“Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27”*, effective for the fiscal years beginning after June 15, 2014.
- GASB 69 - *“Government Combinations and Disposals of Government Operations”*, effective for periods beginning after December 15, 2013.
- GASB 71 - *“Pension Transition for Contributions Made Subsequent to the Measurement Date, an Amendment of GASB Statement No. 68”*, effective for periods beginning after June 15, 2014.

f. Net Position

Net position of the Commission can be classified into three components - net investments in capital assets, restricted and unrestricted. These classifications are defined as follows:

- Net investment in capital assets - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and 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.

See independent auditors’ report.

POMONA-WALNUT-ROWLAND
JOINT WATER LINE COMMISSION

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014 and 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

f. Net Position (Continued)

- Restricted - This component of net position consists of constraints placed on net position use 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 net position - This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

g. Restricted Resources:

When both restricted and unrestricted resources are available for use, the Commission may use restricted resources or unrestricted resources based on the Board of Commissioners' discretion.

h. Operating Revenues and Expenses:

Operating revenues, such as charges for services (water sales and member assessments) result from exchange transactions associated with the principal activity of the Commission. Exchange transactions are those in which each party receives and gives up essentially equal value. Non-operating revenues, such as capital surcharges and investment income, result from non-exchange transactions or ancillary activities in which the Commission gives (receives) value without directly receiving (giving) equal value in exchange. Operating expenses include the cost of sales and services and administrative expenses. All expenses not meeting this definition are reported as non-operating expenses, if any.

i. Capital Assets:

Capital assets, which include pipelines and improvements, service connections, telemetry system and engineering costs for proposed roads, are defined as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Pipelines and improvements	150
Service connections	150
Telemetry system	6
Engineering costs for proposed roads	5

See independent auditors' report.

POMONA-WALNUT-ROWLAND
JOINT WATER LINE COMMISSION

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014 and 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

j. Investments:

Investments are stated at their fair value, which represents the quoted or stated market value. Investments that are not traded on a market, such as investments in external pools, are valued based on the stated fair value as represented by the external pool.

k. Cash and Cash Equivalents:

For purposes of the statements of cash flows the Commission considers all investment instruments purchased with a maturity date of three months or less to be cash and cash equivalents.

l. Accounts Receivable:

The Commission reports its accounts receivable at invoiced amounts less allowances for doubtful accounts and other deductions, if applicable. Management evaluates the ability to collect accounts receivable based on a combination of factors. No allowance for doubtful accounts was recorded as of June 30, 2014 or 2013.

m. Use of Estimates:

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management, if necessary, to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. CASH AND INVESTMENTS:

Cash and Investments:

Cash and investments are reported as follows:

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Statements of Net Position:		
Cash and cash equivalents	\$ 560,707	\$ 1,046,004
Restricted cash and cash equivalents	<u>488,951</u>	<u>445,628</u>
Total cash and investments	<u>\$ 1,049,658</u>	<u>\$ 1,491,632</u>

See independent auditors' report.

POMONA-WALNUT-ROWLAND
JOINT WATER LINE COMMISSION

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014 and 2013

2. CASH AND INVESTMENTS (CONTINUED):

Cash and Investments (Continued):

Cash and investments held by the Commission at June 30, 2014 and 2013 consisted of the following:

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Deposits	\$ 86,020	\$ 574,325
Investment in California Local Agency Investment Fund	963,638	917,307
Total cash and investments	<u>\$ 1,049,658</u>	<u>\$ 1,491,632</u>

Investments Authorized by the California Government Code and the Commission's Investment Policy:

The table below identifies the investment types that are authorized for the Commission by the California Government Code (or the Commission's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the Commission's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Allowed</u>	<u>Maximum Investment in One Issuer</u>
United States Treasury Bills, Bonds and Notes	5 years	None	None
United States Government Sponsored Agency Securities	5 years	None	None
State of California Obligations	5 years	None	None
California Local Agency Obligations	5 years	None	None
Banker's Acceptances Notes	180 days	40%	30%
Negotiable Certificates of Deposits	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20%	None
Medium-Term Corporate Notes	5 years	30%	None
Commercial Paper	270 days	40%	10%
Local Agency Investment Fund (LAIF)	N/A	None	None
Mutual Funds	N/A	20%	None
Time Deposits	5 years	None	None
County Pooled Investment Funds	N/A	None	None

See independent auditors' report.

POMONA-WALNUT-ROWLAND
JOINT WATER LINE COMMISSION

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014 and 2013

2. CASH AND INVESTMENTS (CONTINUED):

Disclosures Relating to Interest Rate Risk:

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Commission manages its exposure to interest rate risk is by investing funds in the California Local Agency Investment Fund (LAIF).

The LAIF is a voluntary investment program that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. Investments in the LAIF are highly liquid, and deposits may be converted to cash within 24 hours without loss of interest. The fair value of the Commission's investment in this pool is reported in the accompanying financial statements at amounts based upon the Commission's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligation, mortgage-backed securities, other asset-backed securities, loans to certain state funds and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations.

Disclosures Relating to Credit Risk:

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. The LAIF is not rated.

Concentration of Credit Risk:

The investment policy of the Commission contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code.

POMONA-WALNUT-ROWLAND
JOINT WATER LINE COMMISSION

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014 and 2013

2. CASH AND INVESTMENTS (CONTINUED):

Custodial Credit Risk:

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Commission's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure Commission deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The financial institution used by the Commission has indicated that there are times during the course of a year where they may not have met the collateral requirements. In addition, due to existing financial market conditions, there is a risk that the Commission may not be able to recover its deposits in excess of FDIC insurance coverage if a financial institution fails and the market value of the collateral is not sufficient to cover all deposits. At June 30, 2014, all bank balances were insured or collateralized.

3. RESTRICTED ASSETS:

Restricted assets are the accumulation of capital surcharges assessed to each member agency. These funds are restricted for major repairs and replacement of water lines.

See independent auditors' report.

POMONA-WALNUT-ROWLAND
JOINT WATER LINE COMMISSION

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014 and 2013

4. CAPITAL ASSETS:

Capital assets activity for the year ended June 30, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, being depreciated:				
Pipelines and improvements	\$ 2,036,847	\$ -	\$ -	\$ 2,036,847
Service connections	85,277	-	-	85,277
Telemetry system	29,050	-	-	29,050
Engineering for proposed roads	<u>2,201</u>	<u>-</u>	<u>-</u>	<u>2,201</u>
 Total capital assets, being depreciated	 <u>2,153,375</u>	 <u>-</u>	 <u>-</u>	 <u>2,153,375</u>
Less accumulated depreciation:				
Pipelines and improvements	(774,002)	(13,579)	-	(787,581)
Service connections	(32,427)	(568)	-	(32,995)
Telemetry system	(29,050)	-	-	(29,050)
Engineering for proposed roads	<u>(2,201)</u>	<u>-</u>	<u>-</u>	<u>(2,201)</u>
 Total accumulated depreciation	 <u>(837,680)</u>	 <u>(14,147)</u>	 <u>-</u>	 <u>(851,827)</u>
 Total capital assets, net	 <u>\$ 1,315,695</u>	 <u>\$ (14,147)</u>	 <u>\$ -</u>	 <u>\$ 1,301,548</u>

See independent auditors' report.

POMONA-WALNUT-ROWLAND
JOINT WATER LINE COMMISSION

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014 and 2013

4. CAPITAL ASSETS (CONTINUED):

Capital asset activity for the year ended June 30, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, being depreciated:				
Pipelines and improvements	\$ 2,036,847	\$ -	\$ -	\$ 2,036,847
Service connections	85,277	-	-	85,277
Telemetry system	29,050	-	-	29,050
Engineering for proposed roads	<u>2,201</u>	<u>-</u>	<u>-</u>	<u>2,201</u>
Total capital assets, being depreciated	<u>2,153,375</u>	<u>-</u>	<u>-</u>	<u>2,153,375</u>
Less accumulated depreciation:				
Pipelines and improvements	(760,423)	(13,579)	-	(774,002)
Service connections	(31,859)	(568)	-	(32,427)
Telemetry system	(29,050)	-	-	(29,050)
Engineering for proposed roads	<u>(2,201)</u>	<u>-</u>	<u>-</u>	<u>(2,201)</u>
Total accumulated depreciation	<u>(823,533)</u>	<u>(14,147)</u>	<u>-</u>	<u>(837,680)</u>
Total capital assets, net	<u>\$ 1,329,842</u>	<u>\$ (14,147)</u>	<u>\$ -</u>	<u>\$ 1,315,695</u>

See independent auditors' report.

POMONA-WALNUT-ROWLAND
JOINT WATER LINE COMMISSION

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014 and 2013

5. RISK MANAGEMENT:

The Commission is a member of the Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA). The ACWA/JPIA is a risk-pooling self-insurance authority, created under provisions of California Government Code Sections 6500 et. seq. The purpose of the ACWA/JPIA is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage.

At June 30, 2014 the Commission participated in the self-insurance program of the ACWA/JPIA as follows:

General Liability - Insured up to \$60,000,000; the Authority is self-insured up to \$2,000,000 and excess insurance coverage has been purchased.

Auto Liability - Insured up to \$60,000,000; the Authority is self-insured up to \$2,000,000 and excess insurance coverage has been purchased.

Public Officials' Liability - Insured up to \$60,000,000; the Authority is self-insured up to \$2,000,000 and excess insurance coverage has been purchased.

The Commission pays annual premiums for these coverages. They are subject to retrospective adjustments based on claims experience. The nature and amounts of these adjustments cannot be estimated and are recorded to insurance expense when refunded or invoiced. The Commission's insurance expense (refund) for the years ended June 30, 2014 and 2013 was \$2,183 and \$2,183, respectively. There were no instances in the past three years where a settlement exceeded the Commission's coverage.

6. SUBSEQUENT EVENTS:

Events occurring after June 30, 2014 have been evaluated for possible adjustment to the financial statements or disclosure as of October 6, 2014, which is the date the financial statements were available to be issued.

See independent auditors' report.

SUPPLEMENTARY INFORMATION

POMONA-WALNUT-ROWLAND
JOINT WATER LINE COMMISSION

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION

For the year ended June 30, 2014

	Water Operations	General and Administration	Total
OPERATING REVENUES:			
Water sales to member agencies	\$ 20,124,285	\$ -	\$ 20,124,285
Member agency assessments	13,754	79,810	93,564
Other income	-	3,062	3,062
TOTAL OPERATING REVENUES	20,138,039	82,872	20,220,911
OPERATING EXPENSES:			
Water purchases	20,124,285	-	20,124,285
Maintenance	6,152	-	6,152
Depreciation	14,147	-	14,147
General and administrative contractual services	-	64,200	64,200
Insurance	-	2,183	2,183
Legal fees	-	3,242	3,242
Auditing	-	4,500	4,500
Other	-	5,503	5,503
TOTAL OPERATING EXPENSES	20,144,584	79,628	20,224,212
OPERATING INCOME (LOSS)	(6,545)	3,244	(3,301)
NONOPERATING REVENUES:			
Investment income	2,305	-	2,305
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(4,240)	3,244	(996)
CAPITAL CONTRIBUTIONS - SURCHARGES	43,323	-	43,323
CHANGES IN NET POSITION	39,083	3,244	42,327
NET POSITION AT BEGINNING OF YEAR	2,284,784	41,186	2,325,970
NET POSITION AT END OF YEAR	\$ 2,323,867	\$ 44,430	\$ 2,368,297

See independent auditors' report.

POMONA-WALNUT-ROWLAND
JOINT WATER LINE COMMISSION

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION

For the year ended June 30, 2013

	Water Operations	General and Administration	Total
OPERATING REVENUES:			
Water sales to member agencies	\$ 19,504,925	\$ -	\$ 19,504,925
Member agency assessments	13,754	80,085	93,839
TOTAL OPERATING REVENUES	<u>19,518,679</u>	<u>80,085</u>	<u>19,598,764</u>
OPERATING EXPENSES:			
Water purchases	19,504,925	-	19,504,925
Maintenance	12,429	-	12,429
Depreciation	14,147	-	14,147
General and administrative contractual services	-	64,200	64,200
Insurance	-	2,183	2,183
Legal fees	-	416	416
Auditing	-	4,400	4,400
Other	-	4,976	4,976
TOTAL OPERATING EXPENSES	<u>19,531,501</u>	<u>76,175</u>	<u>19,607,676</u>
OPERATING INCOME (LOSS)	(12,822)	3,910	(8,912)
NONOPERATING REVENUES:			
Investment income	2,731	-	2,731
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(10,091)	3,910	(6,181)
CAPITAL CONTRIBUTIONS - SURCHARGES	<u>43,323</u>	<u>-</u>	<u>43,323</u>
CHANGES IN NET POSITION	33,232	3,910	37,142
NET POSITION AT BEGINNING OF YEAR	<u>2,251,552</u>	<u>37,276</u>	<u>2,288,828</u>
NET POSITION AT END OF YEAR	<u>\$ 2,284,784</u>	<u>\$ 41,186</u>	<u>\$ 2,325,970</u>

See independent auditors' report.

POMONA-WALNUT-ROWLAND
JOINT WATER LINE COMMISSION

SCHEDULE OF ASSETS INVESTED IN
CAPITAL ASSETS BY MEMBER AGENCY

June 30, 2014

	City of Pomona	Walnut Valley Water District	Rowland Water District	Unallocated	Total
Pipeline section A-B	\$ 276,438	\$ 151,474	\$ 106,031	\$ -	\$ 533,943
Pipeline section B-D	188,719	150,958	94,359	-	434,036
Pipeline section D-I	-	527,953	328,914	-	856,867
Pipeline relocation	81,239	79,246	51,516	-	212,001
Engineering for proposed road	-	1,123	1,078	-	2,201
Telemetry system	-	-	-	29,050	29,050
Service connections	66,374	8,455	10,448	-	85,277
	<u>\$ 612,770</u>	<u>\$ 919,209</u>	<u>\$ 592,346</u>	<u>\$ 29,050</u>	<u>\$ 2,153,375</u>

Note: This schedule excludes accumulated depreciation.

See independent auditors' report.

Tab

2.5

AGREEMENT FOR SHARED SERVICES

THIS AGREEMENT FOR SHARED SERVICES is entered into on November __, 2014 (the "Effective Date"), by and between the BELFLOWER-SOMERSET MUTUAL WATER COMPANY, a mutual water company, formed pursuant to Part 7 of Division 3, Title 1 of the California Corporations Code (Sections 14300 et seq.) (hereinafter the "Company"), and ROWLAND WATER DISTRICT, a county water district formed and operating under Division 12 of the California Water Code (Sections 30000 et seq.) ("Rowland").

RECITALS

WHEREAS, the Company and Rowland have previously entered into an Agreement for Interim Personnel Sharing under which Rowland provided managerial services to the Company in exchange for the Company paying the salary and benefit burden of the Rowland employee providing those services; and

WHEREAS, through the implementation of the Agreement for Interim Personnel Sharing, the Company and Rowland have discovered other collaborative opportunities for cost sharing and cost savings between their respective entities; and

WHEREAS, the Company and Rowland desire, by the terms and conditions set forth herein, to put in place a structure under which they may jointly pursue such shared services for their mutual benefit and for the benefit of their respective customers.

AGREEMENT

NOW THEREFORE, in consideration of the mutual covenants herein contained, the parties hereto, intending to be legally bound, agree as follows:

- 1. Identification of Shared Services Projects:** During the term of this Agreement, either Rowland or the Company may identify projects that provide an opportunity for cost sharing between, and possible cost savings for, the parties (such a project is referred to herein as a "Shared Services Project"). When such a Shared Services Project is identified, the General Manager of Rowland (or his or her designee) or the Executive Director of the Company (or his or her designee) who identifies that project¹ shall communicate the details of the potential Shared Services Project (including, but not limited to, the nature of the project, the total cost of the project, the proposed costs or percentage of costs to be paid by each party, the projected cost sharing arrangement, any estimated cost savings, and other details regarding the proposed implementation of that project), to the Responding Party's management. Within a reasonable time, but not to exceed thirty (30) days after receipt of those details (provided that the Identifying Party may require the Responding Party to respond within a specified time period), the Responding Party shall inform the Identifying Party via e-mail whether the Responding Party desires to pursue that Shared Services Project with the Identifying Party. If the

¹ The party on whose behalf the Rowland General Manager (or designee) or Company Executive Director (or designee) identifies the potential Shared Services Project shall be referred to herein as the "Identifying Party" and the other party shall be referred to as the "Responding Party."

Responding Party desires to pursue the particular project, the parties shall then negotiate in good faith the terms and conditions applicable to that project (such as operational details, cost allocation and payment terms) and, if necessary, append that project's terms and conditions as a schedule to this Agreement.

2. **Mutual Indemnification:** Subject to any further specific agreement between the parties, each party (the "Indemnifying Party") shall indemnify the other party and its directors, officers, employees and agents (collectively, the "Indemnified Parties") against any liability, expense, cost (including reasonable attorneys' fees), damage, suit, action or judgment that results from the Indemnifying Party's negligence or willful misconduct related to actions taken in connection with any Shared Services Project, and that results from the Indemnifying Party's breach of any obligation related to any such Shared Services Project; provided that the Indemnifying Party's indemnification obligation hereunder shall not apply to the extent that any such liability, expense, cost, damage, suit, action or judgment arises from the negligence or willful misconduct of any Indemnified Party.
3. **No Joint Venture or Partnership:** Nothing in this Agreement shall be deemed to create or establish a joint venture, partnership, employment or agency relationship between the parties, and neither party shall have the power to obligate or bind the other party in any manner whatsoever.
4. **Term; Termination:** The term of this Agreement shall commence upon the Effective Date set forth above and shall continue until terminated by either party as provided in this paragraph. Either party to this Agreement can terminate the Agreement by providing ninety (90) days' written notice of intent to terminate to the other party.
5. **Notices:** All notices and other communications hereunder shall be sent to the designated representative for the party to which it is directed, by U.S. Mail, overnight courier delivery, facsimile transmission (with electronic confirmation from the sending party's facsimile machine) or e-mail (with telephonic confirmation of receipt), directed as set forth below. Any notice sent by U.S. Mail shall be deemed delivered three days after it is deposited in the mail. Any notice sent by overnight courier delivery shall be deemed delivered on the date of delivery confirmed by the courier. Any notice sent by facsimile transmission or by e-mail shall be deemed delivered as of the date of confirmation of delivery; provided, however, that any confirmation that occurs after 4:00 p.m. shall be deemed delivered on the next business day (i.e., a day other than a Saturday, Sunday or California legal holiday).

If to Company:

Bellflower-Somerset Mutual Water Company
10016 E. Flower Street
Bellflower, CA 90706
Attention: Executive Director
Telephone: (562) 866-9980
Facsimile: (562) 866-2245
E-mail: ken@bsmwc.com

If to Rowland:

Rowland Water District
3021 South Fullerton Road
P.O. Box 8460
Rowland Heights, CA 91748
Attention: General Manager
Telephone: (562) 697-1726
Facsimile: (562) 697-6149
E-mail: tcolcman@rowlandwater.com

- 6. **Amendment:** No amendment of this Agreement shall be valid or enforceable unless in writing and signed by both parties.
- 7. **Governing Law:** This Agreement will be governed by and construed in accordance with the laws of the State of California.
- 8. **Severability:** If any portion, part or provision of this Agreement or the application thereof is held invalid, illegal or unenforceable in any jurisdiction, the invalidity shall not affect other portions, parts, provisions or applications of this Agreement which can be given effect without the invalid portions, parts, provisions or applications, and to this end the provisions of this Agreement are declared to be severable.
- 9. **Entire Agreement:** This Agreement, including any schedule to be attached hereto, constitutes the entire agreement between the parties with respect to the subject matter hereof, and there are no oral or written understandings, representations, or commitments of any kind, express or implied which are not expressly set forth herein.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives as of the day and year first above written.

Dated: _____

BELLFLOWER-SOMERSET
MUTUAL WATER COMPANY

By: _____

Dated: _____

ROWLAND WATER DISTRICT

By: _____

Tab

2.6



Resolution No. 11-2014

*Resolution of the Board of Directors of the Rowland Water
District
Recognizing and Honoring Ken Deck*

WHEREAS, Ken Deck has served the water industry for over thirty-three years and has provided dedicated service to the Rowland Water District for twenty-seven years and for over eleven years has served as the General Manager; and;

WHEREAS, Ken Deck has overseen the expansion of the Rowland Water District recycled water system by increasing the number of recycled connections from eight to 115, reducing the District's dependence on highly-treated, more expensive water while conserving the District's and the region's potable water supplies; and

WHEREAS, Ken Deck was instrumental in securing potable groundwater sources for the first time since the District's incorporation in 1953, reducing the District's 100 percent dependence on Metropolitan Water District; and

WHEREAS, Ken Deck pursued the development of partnerships with neighboring water agencies to bring lower-priced, high-quality water into the District at different entry points, implementing the District's long-term strategy to diversify water supplies and reduce the District's vulnerability to potential shortages from any one source; and

WHEREAS, Ken Deck secured the acquisition of additional groundwater rights in surrounding water basins to further secure the District's water supply reliability; and

WHEREAS, Ken Deck has consistently sought ways to make the District's operations as efficient as possible, including achieving the District's 1st Strategic Plan which included the implementation of technologies, systems and applications required to improve Asset, Maintenance, Operations and Capital Project Management; and

WHEREAS, Ken Deck's foresight included hand's-on computer tablets for field personnel for the efficient and expeditious completion of daily work orders, eliminating paper and the additional staff time to process the work orders; and

WHEREAS, Ken Deck continuously supported and encouraged the District's vision to provide exceptional customer service, by expanding District facilities and enhancing the customers' bill paying options; and,

WHEREAS, Ken Deck has encouraged and supported the District staff in improving their knowledge and continuing their education by taking courses and obtaining certifications for water treatment and operation; and;

WHEREAS, Ken Deck's community service includes serving on the Board of Directors of the San Gabriel Valley Water Association, the ACWA/JPIA Property Program Committee, the Citrus College Water Technology Advisory Committee, the Career and Technical Education Center (CTEC) and on the Advisory Board of the Southern California Foundation for Cross-Connection Control and Hydraulic Research. He served as President of the Southern California Water Utilities Association and serves as Chair of the Public Water Agencies Group (PWAG), and as Executive Director of the California Utility Executive Management Association; and;

WHEREAS, the Board of Directors of Rowland Water District is grateful for Ken Deck's dedication to the District, its customers and staff, and upon his retirement desires to recognize his accomplishments and commend him for a job well done;

NOW THEREFORE, be it resolved by the Board of Directors of Rowland Water District as follows:

That the Rowland Water District bestows its highest commendation on Ken Deck for his dedicated service to the District, to the water industry as a whole and to the community.

The Board of Directors expresses its heartfelt gratitude to Ken Deck for making the Rowland Water District a model of efficient operation and customer service among public water agencies.

ADOPTED this 4th day of November, 2014, by the following roll call vote:

<i>Ayes:</i>	<i>Directors Lu-Yang, Lima, Lewis, Bellah and Rjos</i>
<i>Noes:</i>	<i>None</i>
<i>Absent:</i>	<i>None</i>
<i>Abstain:</i>	<i>None</i>

Szu Pei Lu-Yang
President

John E. Bellah
Vice President

Anthony J. Lima
Director

Robert W. Lewis
Director

Teresa P. Rjos
Director

Tab

2.7

**Rowland Water District
Communication Strategies Update
November 4, 2014**

- **New Legal Counsel**
 - Press Release issued 10/21
 - Statewide/Industry concentration

- **Management Transition**
 - Press Release
 - Web language

- **Writing Workshop**
 - Staff attended CV Strategies workshop 10/8
 - Focus on headline skills, general press release preparation/distribution
 - One-on-one practice to follow

- **Updated Strategic Plan**
 - Incorporate management changes in language
 - Planning session TBD
 - Revised plan to be developed/written January 2015

Plan adoption anticipated early 2015

- **On-going updates**
 - Website (sliders and text updated as needed)
 - On-Hold Messages (payment options, winter water use)

• Press Releases

Date	News Story	In Process	Completed	Distributed
6/30	CCR Available		*****	*****
7/24	Conservation Mandates		*****	*****
7/31	Bellflower Somerset	*****	*****	
9/9	Stage 2 - Mandatory Restrictions		*****	*****
9/15	Kiosk/Lobby Improvements		*****	*****
9/23	District Refinancing		*****	*****
10/1	Buckboard Days	*****	*****	*****
10/1	Grant Application	*****		
10/21	New Legal Counsel		*****	*****
10/31	Management Transition	*****		



Memorandum

To: Board of Directors

From: Brittnie Van De Car
Public Affairs Representative

Date: November 4, 2014

Re: Public Affairs & Education Update

- Scheduling classroom presentations
- Classroom Presentations (October and November):
 - November 4th- Blandford Elementary School
 - 1st Grade
 - Water Cycle Bracelet
 - 3 Classes
 - 66 Students
 - November 5th-Blandford Elementary School
 - 1st Grade
 - Water Cycle Bracelet
 - 3 Classes
 - 66 Students
 - November 13th-Rowland Elementary School
 - 2nd Grade
 - Water Cycle Bracelet
 - 2 Classes
 - 33 Students
 - December 2nd-Rowland Elementary School
 - 2nd Grade
 - Water Cycle Bracelet
 - 22 Students
- Buckboard Days Parade was a huge success with the festival having an attendance of about 2,500 community members
- Attended a staff meeting at Jellick Elementary to market the Educational programs as well as the EduGrant program
 - Now meeting with teachers individually to assist with the EduGrants and to schedule classroom presentations
- Updating and redesigning the educational brochure
- Keeping up-to-date with the WaterSense partnership program:
 - Printing appropriate promotional material and placing it at the Customer Service Counter for distribution to customers
 - Attending bi-monthly webinars on upcoming promotional items and programs put on by the Environmental Protection Agency (EPA) WaterSense program
- Updating the Lobby Player on a daily/weekly basis

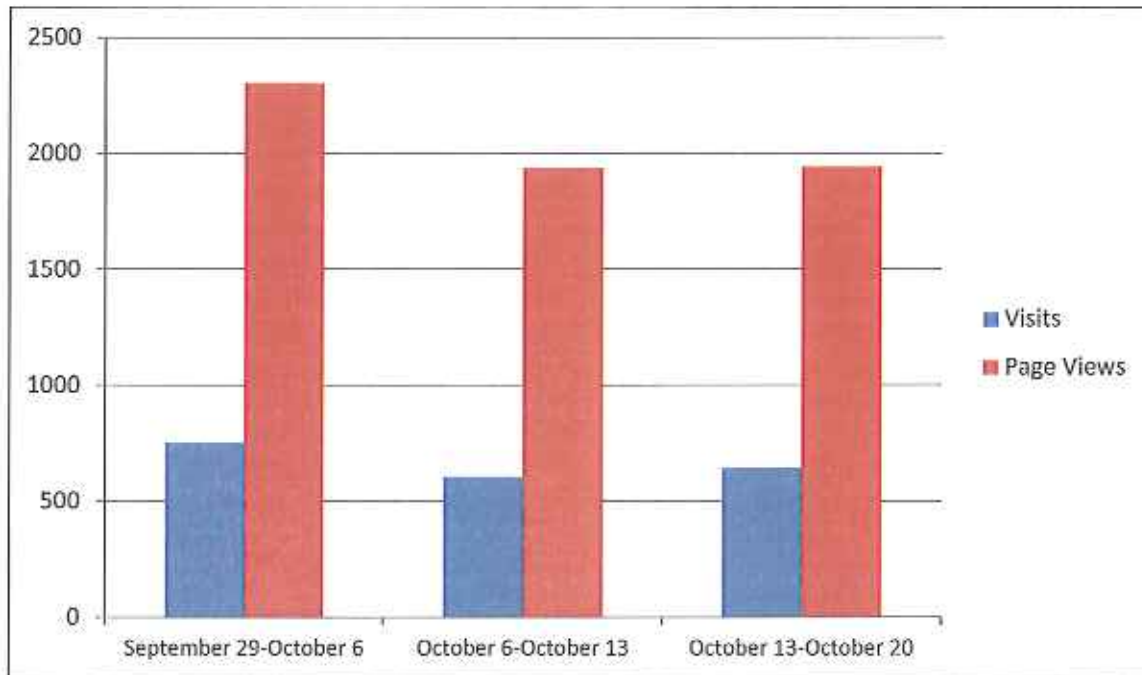


- Checking the Google Analytics weekly (see attached data charts)
 - The "Website Visits and Pageviews" allows us to determine the number of new vs. returning visitors and the source of viewing
 - The "Pageviews" allows us to evaluate which pages on the website are viewed most frequently
- Adding all new customer emails to Constant Contact to be utilized as a customer newsletter database
 - Creating content, ideas and layout for quarterly e-newsletter
- Checking weekly on the District's FaceBook and Twitter pages.
 - Posting necessary information on the pages.
- Maintain and view District website on a daily basis
 - Update pages
 - Make relevant changes
 - Updating the Drought Monitor page weekly
 - Upload the Board packet, minutes and agendas when necessary
- Attended the DWR Education Meeting/Tour October 22-23rd.
- Project WET Teacher workshop was held on Tuesday, October 28 and had a great turnout.

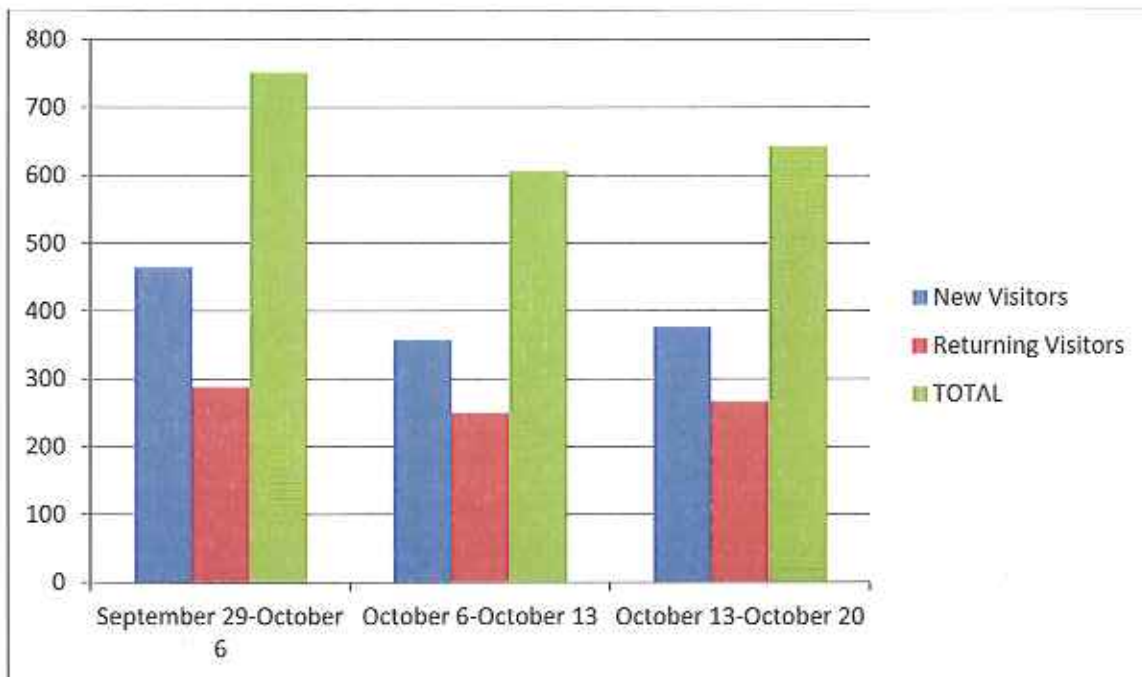
A handwritten signature in blue ink, appearing to read "Brittnie L. Van De Car".

Brittnie L. Van De Car
Public Affairs Representative

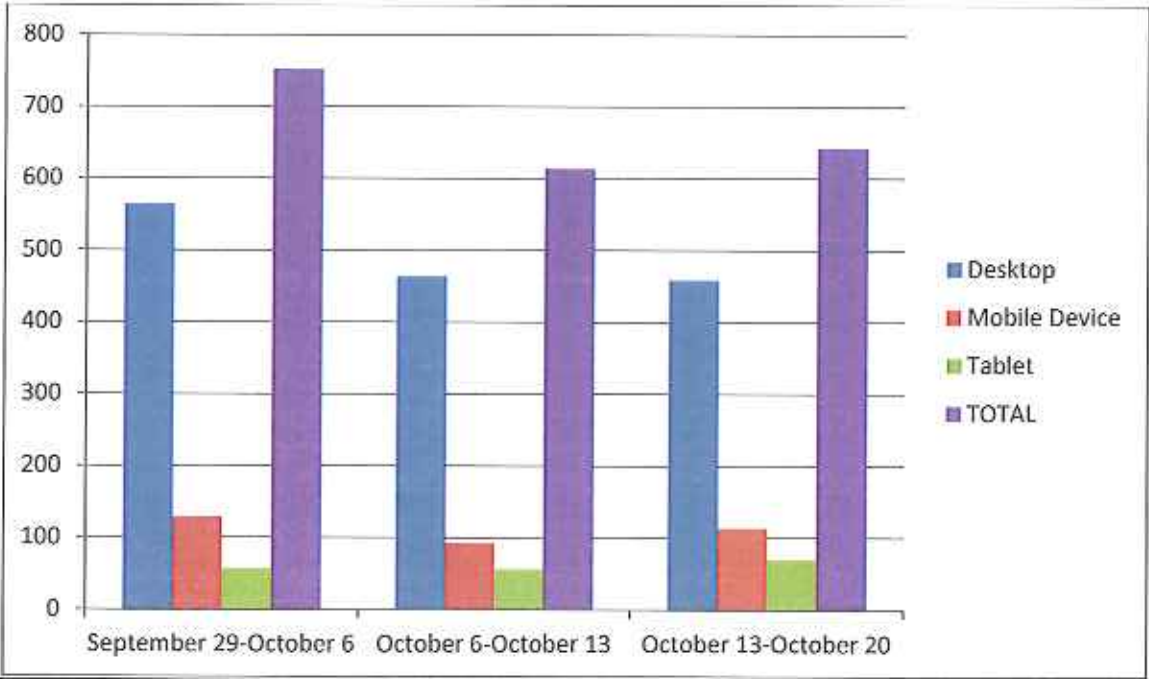
Website Visits and Pageviews



New vs. Returning Visitors



Source of Viewing



Tab

2.8

**Intentionally
Left Blank**

Tab

3.1

**Intentionally
Left Blank**

Tab

4

**Intentionally
Left Blank**

Tab

5.1

**AGENDA
REGULAR BOARD MEETING
THREE VALLEYS MUNICIPAL WATER DISTRICT
1021 EAST MIRAMAR AVENUE, CLAREMONT, CALIFORNIA**

Wednesday, October 15, 2014 at 8:00 AM

As a matter of proper business decorum, the Board of Directors respectfully request that all cell phones be turned off or placed on vibrate. Also, to prevent any potential distraction of the proceeding, we request that side conversations be taken outside of the meeting room.

<i>The mission of Three Valleys Municipal Water District is to supplement and enhance local water supplies to meet our region's needs in a reliable and cost-effective manner.</i>		
1.	Call to Order	Kuhn
2.	Pledge of Allegiance	Kuhn
3.	Roll Call <input type="checkbox"/> Bob Kuhn, President, Division IV <input type="checkbox"/> David De Jesus, Vice President, Division II <input type="checkbox"/> Brian Bowcock, Secretary, Division III <input type="checkbox"/> Joe Ruzicka, Treasurer, Division V <input type="checkbox"/> Dan Horan, Director, Division VII <input type="checkbox"/> Carlos Goytia, Director, Division I <input type="checkbox"/> Fred Lantz, Director, Division VI	Executive Assistant
4.	Additions to Agenda [1] [2] <i>(Government Code Section 54954.2(b)(2)</i> <i>Upon a determination by a two-thirds vote of the members of the board present at the meeting, or, if less than two-thirds of the members are present, a unanimous vote of those members present, that there is a need to take immediate action, and that the need for action came to the attention of the district subsequent to the agenda being posted. The board shall call for public comment prior to voting to add any item to the agenda after posting.</i>	Kuhn

5.	Reorder Agenda [2]	Kuhn
6.	Public Comment [2] <i>(Government Code Section 54954.3)</i> Opportunity for members of the public to directly address the board on items of public interest that is within the subject matter jurisdiction of the district. The general public may also address the board on items being considered on this agenda. The district requests that all public speakers complete a speaker's card and provide it to the executive assistant. <i>We request that remarks be limited to five minutes or less.</i>	Kuhn
<p align="center"><i>Discussion and action items: The board of directors and staff will discuss the following items, and the board may consider taking action.</i></p> <p align="center"><i>(Items listed under the Consent Calendar are considered routine and will be enacted by one motion unless separate discussion is requested.)</i></p>		
7.	Consent Calendar [1] [2] The board is being asked to consider the consent calendar items a-i as listed below. Consent calendar items are typically routine in nature and may be considered and approved by a single motion. Any member of the board may request that a specific item be pulled from the consent calendar for further discussion.	Motion # 14-10-5012 Moved _____ Second _____ Kuhn
	A. Receive, Approve and File Minutes – September 2014 [enc] [1] [2] <ul style="list-style-type: none"> • September 3, 2014 – Regular Board Meeting • September 17, 2014 – Regular Board Meeting <i>Staff recommendation: Receive, approve and file as submitted</i>	Tab 1
	B. Receive, Approve And File Financial Reports – September 2014 [enc] [1] [2] <ul style="list-style-type: none"> • Change In Cash and Cash Equivalents Position Report • Consolidated Listing of Investment Portfolio • YTD District Budget Monthly Status Report • Warrant Summary (Disbursements) <i>Staff recommendation: Receive, approve and file as submitted</i>	Tab 2
	C. TVMWD 2013-14 Legislative Scorecard [enc] [2] Staff will provide a brief legislative scorecard summarizing the outcome of bills supported and opposed during this last legislative cycle. <i>Information only</i>	Tab 3

	<p>D. Resolution No. 14-10-743, Joint Tax Transfer Resolution Between Walnut Valley Water District, Los Angeles County, City of Walnut and Three Valleys MWD, Annexation No. 2012-19 [enc] [1]</p> <p>Approval of this resolution operates to accept the action for the joint tax transfer.</p> <p><i>Staff recommendation: Approve as submitted</i></p>	Tab 4
	<p>E. Approve Resolution No. 14-10-744 Regarding Intent to Participate in the Great California Shakeout [enc] [1]</p> <p>Annually on October 16 the district participates in earthquake preparedness exercises as part of the Great California Shakeout that includes simulated exercises in the event of a high magnitude earthquake in California.</p> <p><i>Staff recommendation: Approve as submitted</i></p>	Tab 5
	<p>F. Resolution No. 14-10-745, Negotiated Tax Exchange Resulting from Annexation of Territory to County Sanitation District, Annexation No. 22-420 [enc] [1]</p> <p>Approval of this resolution operates to accept the action for the tax sharing exchange by the County Sanitation District.</p> <p><i>Staff recommendation: Approve as submitted</i></p>	Tab 6
	<p>G. 3rd Quarter Investment Update [enc] [2]</p> <p>Staff will provide an update of the district's investments for the 3rd quarter of CY 2014.</p> <p><i>Information Only</i></p>	Tab 7
	<p>H. Receive, Approve and File Capitalization Policy [enc] [1]</p> <p>The board completed its annual review during the October 1, 2014 board meeting; no changes are recommended. The board is being asked to receive, approve and file as written.</p> <p><i>Staff recommendation: Receive, approve and file as submitted</i></p>	Tab 8
	<p>I. Approve Event-Activity Calendar(s): October 2014 – December 2014 [enc] [1]</p> <p>The board will receive, approve, and file as events authorized for reimbursement by the district, in accordance with the district policy manual Section 2.7.</p> <p><i>Staff recommendation: None</i></p>	Tab 9
8.	General Manager's Report [1] [2]	Hansen
	<p>A. Administration [1] [2]</p> <p>Staff will provide brief updates on existing matters under the guidance of Administration, and will be available to respond to any questions thereof.</p>	

<p>1. Directors' Expense Reports for September 2014 [enc] [1]</p> <p>The board will consider approval of the September 2014 directors' expenses that include disclosure of per diem requests for meeting attendance, and an itemization of expenses incurred by the district.</p> <p><i>Staff recommendation: None</i></p>	<p>Motion # 14-10-5013</p> <p>Moved _____</p> <p>Second _____</p>	<p>Tab 10</p>
<p>B. Engineering and Operations [1] [2]</p> <p>Staff will provide brief updates on existing matters under the guidance of Engineering-Operations, and will be available to respond to any questions thereof.</p>		
<p>1. Calendar Year Imported Water Purchases Tier 1 – September 2014 [enc] [2]</p> <p>Includes imported Tier 1 water sales for the month ending September 30, 2014.</p> <p><i>Information only</i></p>	<p>Tab 11</p>	
<p>2. Miramar Operations Report – September 2014 [enc] [2]</p> <p>Includes a summary of the following reports for the Miramar Operations Plant: water quality, monthly production, monthly and year-to-date sales, hydro-generation production and operations/maintenance review.</p> <p><i>Information only</i></p>	<p>Tab 12</p>	
<p>3. TVMWD Well No.3 Project No. 58446 – Design and Construction Management/Inspection Services [enc] [1]</p> <p>During the October 1, 2014 board meeting staff reviewed the bids received for the proposed Well No. 3 Design, Construction Management / Inspection. Staff is recommending awarding of this project to Kennedy Jenks at an amount not-to-exceed \$375,000.</p> <p><i>Staff Recommendation: Approve as submitted</i></p>	<p>Motion # 14-10-5014</p> <p>Moved _____</p> <p>Second _____</p>	<p>Tab 13</p>
<p>C. Finance and Personnel [1] [2]</p> <p>Staff will provide brief updates on existing matters under the guidance of Finance-Personnel, and will be available to respond to any questions thereof.</p>		
<p>1. Approve CY 2015 Health Care Costs and Addition of High Deductible Benefit Plan [enc] [1]</p> <p>During the October 1, 2014 board meeting staff reviewed the proposed CY 2015 health care costs, including the addition of a high deductible benefit</p>	<p>Motion # 14-10-5015</p> <p>Moved _____</p> <p>Second _____</p>	<p>Tab 14</p>

	plan. Staff is seeking direction from the board to approve this action. <i>Staff Recommendation: Approve as submitted</i>		
9.	Directors' / General Manager Oral Reports [2]		All
	A. Local Agency Formation Commission (LAFCO)		Ruzicka
	B. Pomona Walnut Rowland (PWR) Joint Water Line Commission		Horan
	C. Six Basins Watermaster		Bowcock
	D. Main San Gabriel Basin Watermaster		Bowcock
	E. Chino Basin Watermaster		Kuhn
	F. San Gabriel Basin Water Quality Authority		Kuhn
	G. MWD Board		De Jesus
	H. Additional Board Member Reports/Comments		All
	I. Oral Staff Reports/Comments		Hansen
10.	Future Agenda Items [2]		Kuhn
11.	Adjournment <i>Board adjourned to the November 5, 2014 Regular Board Meeting at 8:00 a.m.</i>		Kuhn

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



Any request for disability-related modifications or accommodations (including auxiliary aids or services) that is sought in order to participate in the above agendaized public meeting should be directed to the district's executive assistant at (909) 621-5568 at least 24 hours prior to meeting.

Agenda items received after posting
Government Code Section 54957.5

Materials related to an item on this agenda submitted after distribution of the agenda packet are available for public review at the District Office located at, 1021 East Miramar Avenue, Claremont, CA. The materials will also be posted on the District's website at www.threevalleys.com.

The Three Valleys MWD Board meeting packets and agendas are available for review on the District's website at www.threevalleys.com. The website is updated on Sunday preceding any regularly scheduled board meeting.



Action Line

BOARD MEMBERS

CARLOS GOYTIA
DIVISION I

DAVID D. DE JESUS
DIVISION II

BRIAN BOWCOCK
DIVISION III

BOB G. KUHN
DIVISION IV

JOSEPH T. RUZICKA
DIVISION V

JOHN W. "FRED" LANTZ
DIVISION VI

DAN HORAN
DIVISION VII

THREE VALLEYS MWD

1021 E. Miramar Avenue

Claremont, CA 91711

Phone: 909-621-5568

Fax: 909-625-5470

www.threevalleys.com

Board Meetings
are scheduled
the first and
third Wednesday
of each month at
8:00 a.m.

For additional information: (909) 621-5568

The following is a summary of the Three Valleys Municipal Water District's Regular Board Meeting of : **October 15, 2014**

Approved: Motion No. 14-10-5012 approving the consent calendar items A-I as follows: (A) Receive, approve, and file September 2014 minutes for September 3, 2014 and September 17, 2014; (B) Receive, approve, and file September 2014 financial reports: Change in Cash and Cash Equivalents Report, Consolidated Listing of Investment Portfolio, YTD District Budget Monthly Status Report, and Warrant Summary (Disbursements); (C) TVMWD 2013-14 Legislative Scorecard; (D) Approve Resolution No. 14-10-743 Joint Tax Transfer between Walnut Valley Water District, Los Angeles County, City of Walnut and Three Valleys MWD, Annexation 2012-19; (E) Approve Resolution No. 14-10-744 Regarding Intent to Participate in the Great California Shakeout; (F) Approve Resolution No. 14-10-745 Negotiated Tax Exchange, County Sanitation District, Annexation 22-420; (G) 3rd Quarter Investment Update; (H) Receive, approve and file Capitalization Policy (no changes); (I) Approve Event-Activity Calendars, October—December 2014. **Motion No. 14-10-5012 was approved unanimously by a 7-0 vote.**

Approved: Motion No. 14-10-5013 to authorize payment of director expense reports for August and September 2014. **Motion No. 14-10-5013 was approved unanimously by a 7-0 vote.**

This summary may not include all agenda items and should not be construed as minutes of the meeting.

TVMWD is a water resources management agency that covers approximately 133 square miles and is governed by an elected Board of seven officials. The present population is about 525,000. Since its formation, the Three Valleys Municipal Water District has installed some 37,000 feet of pipeline and delivered more than 175 billion gallons of water.



Action Line
October 15, 2014
~ Page 2 ~

Approved: Motion No. 14-10-5014 authorizing the general manager to enter into an agreement with Kennedy Jenks for Design and Construction Management/Inspection Services for TVMWD Well No. 3, Project No. 58446 at an amount not-to-exceed \$375,000. **Motion No. 14-10-5014 was approved unanimously by a 7-0 vote.**

Approved: Motion No. 14-10-5015 authorizing CY 2015 Health Care Costs without any changes to the employee contribution within the existing plans, and the addition of a new product, *High Deductible Benefit Plan*. **Motion No. 14-10-5015 was approved unanimously by a 7-0 vote.**

Upcoming Dates:

October 30, 2014 TVMWD Leadership Breakfast 7:30 a.m. @ Sheraton Fairplex — Speaker: Jeffrey Kightlinger, General Manager of Metropolitan Water District of Southern California — “Unprecedented Drought—Decision Time In California”. RSVP to cdechaine@tvmwd.com or call 909-621-5568.

November 5, 2014 TVMWD Board Meeting, 8:00 a.m. @ TVMWD District Office

November 19, 2014 TVMWD Board Meeting, 8:00 a.m. @ TVMWD District Office