



AGENDA

**REGULAR MEETING OF THE BOARD OF DIRECTORS
LA PUENTE VALLEY COUNTY WATER DISTRICT
112 N. FIRST STREET, LA PUENTE, CALIFORNIA
MONDAY, FEBRUARY 22, 2021 AT 5:30 PM**

TELECONFERENCE ACCESS: Pursuant to Executive Order N-29-20 issued by Governor Newsom in response to the COVID-19 pandemic as a precaution to protect staff, our constituents, and elected officials, the La Puente Valley County Water District will hold its Board meeting via teleconference or the most rapid means of communication available at the time.

**PHONE NUMBER: (669) 900-9128
MEETING ID: 893 4222 9565#**

1. CALL TO ORDER

2. PLEDGE OF ALLEGIANCE

3. ROLL CALL OF BOARD OF DIRECTORS

President Rojas____ Vice President Barajas____ Director Argudo____
Director Escalera____ Director Hernandez____

4. PUBLIC COMMENT

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

5. ADOPTION OF AGENDA

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

6. APPROVAL OF CONSENT CALENDAR

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

- A. Approval of Minutes of the Regular Meeting of the Board of Directors held on February 8, 2021.

7. FINANCIAL REPORTS

- A. Summary of the District's Cash and Investments as of January 31, 2021.

Recommendation: Receive and File.

- B. Statement of District's Revenue and Expenses as of January 31, 2021.

Recommendation: Receive and File.

- C. Statement of the Industry Public Utilities Water Operations Revenue and Expenses as of January 31, 2021.

Recommendation: Receive and File.

8. ACTION / DISCUSSION ITEMS

- A. Consideration to Lease 325 Acre-Feet of Main San Gabriel Groundwater Production Rights to the Industry Public Utilities.

Recommendation: *Authorize the General Manager to enter into a lease agreement with the Industry Public Utilities for 325 Acre-Feet of 2020-21, Main San Gabriel Basin Groundwater Production Rights.*

- B. Consideration to Lease 475 Acre-Feet of Main San Gabriel Groundwater Production Rights to the Valley County Water District.

Recommendation: *Authorize the General Manager to enter into a lease agreement with the Valley County Water District for 475 Acre-Feet of 2020-21, Main San Gabriel Basin Groundwater Production Rights.*

9. GENERAL MANAGER’S REPORT

10. OTHER ITEMS

11. ATTORNEY’S COMMENTS

12. CLOSED SESSION

- A. Conference with legal counsel – anticipated litigation

Initiation of litigation pursuant to paragraph (4) of subdivision (d) of government code section 54956.9. One case.

13. CLOSED SESSION REPORT

14. BOARD MEMBER COMMENTS

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

15. FUTURE AGENDA ITEMS

16. ADJOURNMENT

POSTED: Friday, February 19, 2021

President William R. Rojas, Presiding.

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

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



**MINUTES OF THE REGULAR MEETING OF
THE BOARD OF DIRECTORS OF THE
LA PUENTE VALLEY COUNTY WATER DISTRICT
FOR MONDAY, FEBRUARY 08, 2021 AT 5:30 PM**

1. CALL TO ORDER

President Rojas called the meeting to order at 5:30 p.m.

2. PLEDGE OF ALLEGIANCE

President Rojas led the meeting in the Pledge of Allegiance.

3. ROLL CALL OF THE BOARD OF DIRECTORS

President Rojas	Vice President Barajas	Director Argudo	Director Escalera	Director Hernandez
Present Via Teleconference	Present Via Teleconference	Present Via Teleconference	Present Via Teleconference	Present Via Teleconference

OTHERS PRESENT

Staff and Counsel: General Manager & Board Secretary, Roy Frausto; Office Manager, Gina Herrera; Customer Support & Accounting Clerk, Vanessa Koyama; Operations & Maintenance Superintendent, Paul Zampiello; Water Treatment & Supply Supervisor, Cesar Ortiz and District Counsel, James Ciampa all present via teleconference.

Public: No members of the public were present.

4. PUBLIC COMMENTS

No comments from the Public.

5. ADOPTION OF AGENDA

Motion: Adopt Agenda as Presented.

1st: Director Escalera

2nd: Director Argudo

	President Rojas	Vice President Barajas	Director Argudo	Director Escalera	Director Hernandez
Vote	Yes	Yes	Yes	Yes	Yes

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

6. APPROVAL OF CONSENT CALENDAR

Motion: Approve Consent Calendar as Presented.

1st: President Rojas

2nd: Director Argudo

	President Rojas	Vice President Barajas	Director Argudo	Director Escalera	Director Hernandez
Vote	Yes	Yes	Yes	Yes	Yes

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

7. ACTION / DISCUSSION ITEMS

A. Consideration of Resolution 270 Honoring Mr. Dennis Clark for his Retirement from the District.

Mr. Frausto and the Board each thanked Mr. Dennis Clark for his thirteen years of dedicated service to the La Puente Valley County District.

Motion: Adopt Resolution 270 Honoring Mr. Dennis Clark for his Retirement from the District.

1st: President Rojas

2nd: Vice President Barajas

	President Rojas	Vice President Barajas	Director Argudo	Director Escalera	Director Hernandez
Vote	Yes	Yes	Yes	Yes	Yes

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

B. Consideration of Second Amendment to the BPOU Project Agreement to Extend the Tolling period an Additional Four Years.

Mr. Ciampa explained the routine procedure for the Tolling Agreement Renewal every four years for the BPOU Project Agreement.

Motion: Approve the Second Amendment to the BPOU Project Agreement Provided no Substantive Changes and Legal Council Approval.

1st: President Rojas

2nd: Director Argudo

	President Rojas	Vice President Barajas	Director Argudo	Director Escalera	Director Hernandez
Vote	Yes	Yes	Yes	Yes	Yes

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

8. GENERAL MANAGER'S REPORT

Mr. Frausto reported to the Board that the District hired a Water Systems Maintenance Worker and began working with the District on February 1, 2021.

9. OTHER ITEMS

A. Upcoming Events

None to Report.

B. Information Items.

Included in the Board Packet.

10. ATTORNEY'S COMMENTS

Mr. Ciampa reported that the Public Water Agency Group has a new representative to replace Mr. Mike Holmes for the Emergency Preparedness Coordinator. He also mentioned that he will keep the Board updated with any new upcoming legislative issues.

11. CLOSED SESSION – Entered 5:44 p.m.

A. Conference with legal counsel – anticipated litigation

Initiation of litigation pursuant to paragraph (4) of subdivision (d) of government code section 54956.9. One case.

12. CLOSED SESSION REPORT – Exited 5:46 p.m.

Board met in closed session and the Board was briefed on the facts and circumstances of the matter and no reportable action was taken.

13. BOARD MEMBER COMMENTS

A. Report on Events Attended

None to Report

B. Other Comments

Director Escalera requested to close the meeting in the memory of Helen Escalera, wife of his nephew Ray Escalera. Director Escalera commented that Helen was a wonderful lady who will be missed by many.

14. FUTURE AGENDA ITEMS

None.

15. ADJOURNMENT

President Rojas adjourned the meeting at 5:48 p.m.

Attest:

William R. Rojas, Board President

Roy Frausto, Board Secretary



Summary of Cash and Investments

January 2021

La Puente Valley County Water District

Investments	(Apportionment Rate)	Beginning Balance	Receipts/ Change in Value	Disbursements/ Change in Value	Ending Balance
Local Agency Investment Fund	0.458%	\$ 2,967,604.65	\$ 4,692.28	\$ -	\$ 2,972,296.93
Checking Account					
Well Fargo Checking Account (per General Ledger)		\$ 618,314.66	\$ 516,763.10	\$ 601,817.46	\$ 533,260.30
District's Total Cash and Investments:					\$ <u>3,505,557.23</u>

Industry Public Utilities

Checking Account	Beginning Balance	Receipts	Disbursements	Ending Balance
Well Fargo Checking Account (per General Ledger)	\$ 1,077,757.67	\$ 108,586.56	\$ 110,878.88	\$ 1,075,465.35
IPU's Total Cash and Investments:				\$ <u>1,075,465.35</u>

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

Roy Frausto

, General Manager

Date: _____

Roy Frausto



La Puente Valley County Water District Statement of Revenues & Expenses Summary

For the Period Ending January 31, 2021
(Unaudited)

	LPVCWD	TP	TOTAL	TOTAL	TOTAL	TOTAL
	YTD 2021	YTD 2021	YTD 2021	BUDGET 2021	8% OF BUDGET	YEAR-END 2020
Revenues						
Operational Rate Revenues	\$ 151,366	\$ -	\$ 151,366	\$ 2,403,100	6%	\$ 2,334,994
Operational Non-Rate Revenues	111,034	205,780	316,814	2,352,200	13%	2,485,703
Non-Operational Revenues	6,692	-	6,692	345,700	2%	403,333
Total Revenues	269,092	205,780	474,872	5,101,000	9%	5,224,030
Expense						
Salaries & Benefits	141,024	25,920	166,944	2,223,000	8%	2,077,474
Supply & Treatment	11,470	173,343	184,813	1,734,400	11%	1,792,403
Other Operating Expenses	23,444	6,518	29,962	419,300	7%	303,610
General & Administrative	18,905	-	18,905	455,000	4%	322,577
Total Expense	194,844	205,780	400,624	4,831,700	8%	4,496,064
Net Income from Operations	74,248	-	74,248	269,300	28%	727,966
Less: Capital Expenses	(254,926)	-	(254,926)	(2,777,400)	9%	(2,171,280)
Net Income After Capital	(180,678)	-	(180,678)	(2,508,100)	7%	(1,443,314)
Capital Reimbursement (OU Projects)	-	-	-	850,000	0%	150,000
Grant Proceeds	-	-	-	300,000	0%	-
Loan Proceeds	-	-	-	1,490,000	0%	1,489,539
Loan Payment (Interest & Principal)	-	-	-	(198,600)		(75,488)
Issuance Costs	-	-	-	-	0%	(11,000)
Change in Cash	(180,678)	-	(180,678)	(66,700)	271%	109,738
Contributed Capital (Developer)	-	-	-	-		-
Add: Capital Assets (District-Funded)	254,926	-	254,926	1,627,400	16%	2,021,280
Add: Debt Principal	-	-	-	113,900		62,612
Less: Loan Proceeds	-	(12,500)	(12,500)	(1,640,000)	1%	(1,489,539)
Less: Depreciation Expense	(32,500)	-	(32,500)	(390,000)	8%	-
Less: OPEB & Pension Expense	-	-	-	-		-
Net Income / (Loss)	\$ 41,748	\$ (12,500)	\$ 29,248	\$ (355,400)	-8%	\$ 704,090

*No assurance provided on these financial statements. These financial statements do not include a statement of cash flows. Substantially all disclosures required by accounting principles generally accepted in the United States not included.



La Puente Valley County Water District
Statement of Revenues & Expenses
 For the Period Ending January 31, 2021
 (Unaudited)

	JANUARY 2021	YTD 2021	BUDGET 2021	8% OF BUDGET	YEAR-END 2020
Operational Rate Revenues					
Water Sales	\$ 85,585	\$ 85,585	\$ 1,515,800	6%	\$ 1,478,982
Service Charges	59,080	59,080	770,800	8%	726,173
Surplus Sales	4,899	4,899	50,000	10%	53,784
Customer Charges	521	521	2,000	26%	10,922
Fire Service	1,280	1,280	64,000	2%	64,637
Miscellaneous Income (Cust. Charges)	-	-	500	0%	496
Total Operational Rate Revenues	151,366	151,366	2,403,100	6%	2,334,994
Operational Non-Rate Revenues					
Management Fees	53,750	53,750	328,000	16%	432,494
PVOU Service Fees (Labor)	-	-	75,000	0%	7,984
BPOU Service Fees (Labor)	25,920	25,920	299,700	9%	306,723
IPU Service Fees (Labor)	57,284	57,284	720,000	8%	677,728
Other O&M Fees	-	-	7,500	0%	10,194
Total Operational Non-Rate Revenues	136,954	136,954	1,430,200	10%	1,435,123
Non-Operational Revenues					
Taxes & Assessments	-	-	275,000	0%	290,492
Rental Revenue	3,209	3,209	35,700	9%	35,315
Interest Revenue	-	-	20,000	0%	31,443
Market Value Adjustment	-	-	-	N/A	-
Miscellaneous Income	3,483	3,483	15,000	23%	25,611
Developer Fees	-	-	-	N/A	20,473
Total Non-Operational Revenues	6,692	6,692	345,700	2%	403,333
Total Revenues	295,012	295,012	4,179,000	7%	4,173,450
Salaries & Benefits					
Total District Wide Labor	109,255	109,255	1,300,000	8%	1,255,031
Directors Fees & Benefits	5,683	5,683	115,000	5%	101,385
Benefits	26,556	26,556	330,000	8%	305,684
OPEB Payments	4,635	4,635	150,000	3%	144,077
Payroll Taxes	9,691	9,691	110,000	9%	96,623
Retirement Program Expense	11,125	11,125	218,000	5%	174,675
Total Salaries & Benefits	166,944	166,944	2,223,000	8%	2,077,474

*No assurance provided on these financial statements. These financial statements do not include a statement of cash flows. Substantially all disclosures required by accounting principles generally accepted in the United States not included.



La Puente Valley County Water District
Statement of Revenues & Expenses
 For the Period Ending January 31, 2021
 (Unaudited)

	JANUARY 2021	YTD 2021	BUDGET 2021	8% OF BUDGET	YEAR-END 2020
Labor Analysis:					
Offsetting Revenue	(83,204)	(83,204)	(1,094,700)	8%	(992,435)
Total District Labor (Net)	83,741	83,741	1,128,300	7%	1,085,039
Supply & Treatment					
Purchased & Leased Water	158	158	468,200	0%	450,472
Power	11,131	11,131	170,000	7%	160,434
Assessments	-	-	310,000	0%	266,466
Treatment	124	124	7,000	2%	2,814
Well & Pump Maintenance	58	58	38,500	0%	5,942
Total Supply & Treatment	11,470	11,470	993,700	1%	886,129
Other Operating Expenses					
General Plant	8,480	8,480	35,000	24%	22,354
Transmission & Distribution	390	390	80,000	0%	56,448
Vehicles & Equipment	1,669	1,669	28,000	6%	19,136
Field Support & Other Expenses	12,289	12,289	60,000	20%	43,400
Regulatory Compliance	617	617	57,000	1%	35,507
Total Other Operating Expenses	23,444	23,444	260,000	9%	176,845
General & Administrative					
District Office Expenses	5,986	5,986	50,000	12%	61,487
Customer Accounts	3,313	3,313	30,000	11%	27,949
Insurance	-	-	78,000	0%	76,107
Professional Services	5,472	5,472	160,000	3%	86,253
Training & Certification	480	480	35,000	1%	4,129
Public Outreach & Conservation	54	54	15,000	0%	9,292
Other Administrative Expenses	3,600	3,600	65,000	6%	39,820
Total General & Administrative	18,905	18,905	433,000	4%	305,036
Total Expense	220,764	220,764	3,909,700	6%	3,445,484
Net Income from Operations	74,248	74,248	269,300	28%	727,966
Capital Expenses					
Fire Hydrant Repair/Replacements	(4,219)	(4,219)	(5,000)	84%	(20,157)
Service Line Replacements	-	-	(20,000)	0%	(35,296)
Valve Replacements	-	-	(20,000)	0%	(14,068)

*No assurance provided on these financial statements. These financial statements do not include a statement of cash flows. Substantially all disclosures required by accounting principles generally accepted in the United States not included.



La Puente Valley County Water District
Statement of Revenues & Expenses
For the Period Ending January 31, 2021
(Unaudited)

	JANUARY 2021	YTD 2021	BUDGET 2021	8% OF BUDGET	YEAR-END 2020
Meters - Reading System & Replacem	-	-	(20,000)	0%	(13,848)
SCADA Improvements	-	-	(125,000)	0%	-
Hudson Avenue Pumping Improvemen	-	-	(375,000)	0%	-
LP-CIWS Interconnection (Ind. Hills)	-	-	(75,000)	0%	-
Well No. 5 Rehab	-	-	-	N/A	(22,437)
Nitrate Treatment System	(247,070)	(247,070)	(1,660,000)	15%	(181,034)
Phase 1 - Recycled Water System	(3,638)	(3,638)	(310,400)	1%	(1,884,439)
Dump Trucks	-	-	(150,000)	0%	-
Other Field Equipment	-	-	(10,000)	0%	-
Office / Computer Equipment	-	-	(7,000)	0%	-
Total Capital Expenses	(254,926)	(254,926)	(2,777,400)	9%	(2,171,280)
Net Income After Capital	(180,678)	(180,678)	(2,508,100)	7%	(1,443,314)
Funding & Debt Payments					
Capital Reimbursement (OU Projects)	-	-	850,000	0%	150,000
Grant Revenues	-	-	300,000	0%	-
Loan Proceeds	-	-	1,490,000	0%	1,489,539
Loan Payment - Interest	-	-	(84,700)	0%	(12,876)
Loan Payment - Principal	-	-	(113,900)	0%	(62,612)
Issuance Costs	-	-	-	N/A	(11,000)
Change in Cash	(180,678)	(180,678)	(66,700)	271%	109,738
Contributed Capital	-	-	-	N/A	-
Add: Capitalized Assets (District Funde	254,926	254,926	1,627,400	16%	2,021,280
Add: Debt Principal	-	-	113,900	0%	62,612
Less: Loan Proceeds	-	-	(1,490,000)	0%	(1,489,539)
Less: Depreciation Expense	(32,500)	(32,500)	(390,000)	8%	-
Less: OPEB & Pension Expense	-	-	-	N/A	-
Net Income (Loss)	\$ 41,748	\$ 41,748	\$ (205,400)	-20%	\$ 704,090

*No assurance provided on these financial statements. These financial statements do not include a statement of cash flows. Substantially all disclosures required by accounting principles generally accepted in the United States not included.



LPVCWD Treatment Plant
Statement of Revenues Expenses
 For the Period Ending January 31, 2021
 (Unaudited)

	JANUARY 2021	YTD 2021	BUDGET 2021	8% OF BUDGET	YEAR-END 2020
Operational Non-Rate Revenues					
Reimbursements from CR's	179,860	179,860	\$ 1,221,700	15%	1,050,580
Miscellaneous Income	-	-	-	N/A	-
Total Operational Non-Rate Revenues	179,860	179,860	1,221,700	15%	1,050,580
Salaries & Benefits					
BPOU TP Labor (1)*	25,920	25,920	299,700	9%	306,723
Contract Labor	-	-	-	N/A	-
Total Salaries & Benefits	25,920	25,920	299,700	9%	306,723
Supply & Treatment					
NDMA, 1,4-Dioxane Treatment	31,745	31,745	197,900	16%	221,476
VOC Treatment	-	-	18,600	0%	5,272
Perchlorate Treatment	106,070	106,070	250,800	42%	272,979
Other Chemicals	11,896	11,896	44,100	27%	9,450
Treatment Plant Power	19,130	19,130	181,300	11%	211,014
Treatment Plant Maintenance	4,502	4,502	48,000	9%	174,003
Well & Pump Maintenance	-	-	-	N/A	12,081
Total Supply & Treatment	173,343	173,343	740,700	23%	906,274
Other Operating Expenses					
Contract Labor	1,643	1,643	20,000	8%	27,369
General Plant	-	-	15,000	0%	75
Vehicles & Equipment	839	839	9,300	9%	12,439
Field Support & Other Expenses	-	-	-	N/A	166
Regulatory Compliance	4,036	4,036	115,000	4%	86,716
Total Other Operating Expenses	6,518	6,518	159,300	4%	126,765
General & Administrative					
District Office Expenses	-	-	2,500	0%	-
Insurance	-	-	12,000	0%	10,274
Professional Services	-	-	7,500	0%	7,267
Total General & Administrative	-	-	22,000	0%	17,541
Total Expense	205,780	205,780	1,221,700	17%	1,357,303
Total Expense (excluding Labor)	179,860	179,860	922,000	20%	1,050,580
Operational Net Income	-	-	-		-
Less: Depreciation Expense	(12,500)	(12,500)	(150,000)	8%	-
Net Income / (Loss)	\$ (12,500)	\$ (12,500)	\$ (150,000)	8%	\$ -

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

INDUSTRY PUBLIC UTILITIES - WATER OPERATIONS
Statement of Revenue and Expenses Summary
For the Period Ending January 31, 2021
(Unaudited)

	JANUARY 2021	FISCAL YTD 2020-21	BUDGET 2020-21	58% OF BUDGET	YEAR END FY 2019-20
Total Operational Revenues	\$ 195,693	\$ 1,198,243	\$ 1,999,300	60%	\$ 1,871,073
Total Non-Operational Revenues	-	3,896	57,500	7%	44,057
TOTAL REVENUES	195,693	1,202,139	2,056,800	58%	1,915,129
Total Salaries & Benefits	57,284	382,730	706,400	54%	645,754
Total Supply & Treatment	2,857	116,859	735,700	16%	797,588
Total Other Operating Expenses	13,378	109,016	254,000	43%	160,713
Total General & Administrative	4,820	136,013	323,600	42%	259,901
Total Other & System Improvements	6,308	81,083	122,800	66%	145,714
NET OPERATING INCOME (LOSS)	84,646	825,700	2,142,500	39%	2,009,670
OPERATING INCOME	111,047	376,439	(85,700)		(94,541)
NET INCOME (LOSS)	\$ 111,047	\$ 376,439	\$ (85,700)		\$ (94,541)

INDUSTRY PUBLIC UTILITIES - WATER OPERATIONS

Statement of Revenue and Expenses

For the Period Ending January 31, 2021

(Unaudited)

	JANUARY 2021	FISCAL YTD 2020-21	BUDGET 2020-21	58% OF BUDGET	YEAR END FY 2019-20
Operational Revenues					
Water Sales	\$ 125,336	\$ 775,302	\$ 1,228,500	63%	\$ 1,135,989
Service Charges	56,462	355,857	645,800	55%	617,389
Customer Charges	525	2,770	18,000	15%	14,850
Fire Service	13,370	64,314	107,000	60%	102,845
<i>Total Operational Revenues</i>	195,693	1,198,243	1,999,300	60%	1,871,073
Non-Operational Revenues					
Contamination Reimbursement	-	-	40,000	0%	44,057
Developer Fees	-	3,896	2,500	156%	-
Miscellaneous Income	-	-	15,000	0%	-
<i>Total Non-Operational Revenues</i>	-	3,896	57,500	7%	44,057
TOTAL REVENUES	195,693	1,202,139	2,056,800	58%	1,915,129
Salaries & Benefits					
Administrative Salaries	16,706	121,399	211,000	58%	206,059
Field Salaries	20,890	125,459	243,000	52%	209,989
Employee Benefits	11,529	74,984	152,000	49%	131,644
Pension Plan	5,585	41,701	63,000	66%	63,217
Payroll Taxes	2,574	16,108	30,400	53%	27,988
Workman's Compensation	-	3,079	7,000	44%	6,858
<i>Total Salaries & Benefits</i>	57,284	382,730	706,400	54%	645,754
Supply & Treatment					
Purchased Water - Leased	-	-	261,100	0%	373,001
Purchased Water - Other	1,097	9,097	24,500	37%	17,027
Power	1,759	90,155	131,300	69%	124,327
Assessments	-	13,236	281,800	5%	235,093
Treatment	-	-	7,000	0%	5,471
Well & Pump Maintenance	-	4,371	30,000	15%	42,669
<i>Total Supply & Treatment</i>	2,857	116,859	735,700	16%	797,588
Other Operating Expenses					
General Plant	357	3,152	55,000	6%	7,276
Transmission & Distribution	46	44,822	85,000	53%	55,856
Vehicles & Equipment	-	15,799	36,000	44%	31,328
Field Support & Other Expenses	10,874	22,740	40,000	57%	32,298
Regulatory Compliance	2,101	22,503	38,000	59%	33,956
<i>Total Other Operating Expenses</i>	13,378	109,016	254,000	43%	160,713

INDUSTRY PUBLIC UTILITIES - WATER OPERATIONS

Statement of Revenue and Expenses

For the Period Ending January 31, 2021

(Unaudited)

	JANUARY 2021	FISCAL YTD 2020-21	BUDGET 2020-21	58% OF BUDGET	YEAR END FY 2019-20
General & Administrative					
Management Fee	-	96,607	195,100	50%	191,320
Office Expenses	2,716	10,712	30,000	36%	21,009
Insurance	-	11,242	15,000	75%	12,843
Professional Services	-	1,720	35,000	5%	4,990
Customer Accounts	1,960	13,830	30,000	46%	22,170
Public Outreach & Conservation	14	95	15,000	1%	2,761
Other Administrative Expenses	131	1,806	3,500	52%	4,807
<i>Total General & Administrative</i>	4,820	136,013	323,600	42%	259,901
Other Exp. & System Improvements (Water Ops Fund)					
Fire Hydrant Repair/Replace	-	3,405	6,300	54%	9,543
Service Line Replacements	-	36,386	30,000	121%	38,073
Valve Replacements & Installations	-	492	19,500	3%	9,003
Meter Read Collection System	-	11,260	12,000	94%	-
SCADA Improvements	-	-	30,000	0%	-
Water Rate Study	-	-	-	N/A	40,989
Groundwater Treatment Facility Feas. Study	6,308	29,539	25,000	118%	48,107
<i>Total Other & System Improvements</i>	6,308	81,083	122,800	66%	145,714
TOTAL EXPENSES	84,646	825,700	2,142,500	39%	2,009,670
NET OPERATING INCOME (LOSS)	111,047	376,439	(85,700)		(94,541)

STAFF REPORT



Meeting Date: February 22, 2021

To: Honorable Board of Directors

Subject: Leases of Main San Gabriel Basin Groundwater Production Rights

Purpose - *To lease out 800 acre-feet of Main San Gabriel Basin (Basin) Groundwater Production Rights, which are over the District's needs.*

Recommendation - *Two separate Board actions:*

(1) Authorize the General Manager to enter into a Lease Agreement with the City of Industry for 325 acre-feet of 2020-21 groundwater production rights at a rate of \$800.80 per acre-foot.

(2) Authorize the General Manager to lease 475 acre-feet of 2020-21 groundwater production rights to Valley County Water District at a rate of \$800.80 per acre-foot.

Fiscal Impact - *These actions will result in payments being made to the District by June 30, 2021 as follows:*

(1) City of Industry in the amount of \$260,260

(2) Valley County Water District in the amount of \$380,380

The revenue from these transactions will total \$640,640, which will offset the cost of water leases in 2021. The projected total expense for water rights leases in 2021 is \$428,736.31, which is consistent with the 2021 proposed Budget.

Previous Related Action - *On January 11, 2021, the Board approved a 3-year lease agreement with Canyon Water Company to lease in 1,000 acre-feet a year for a three-year period.*

Summary

On January 11, 2021, the Board approved a three-year lease agreement with Canyon Water Company to lease 1,000 acre-feet (AF) a year for a three-year period. At that time, staff informed the Board that of the 1,000 AF, the District needed only a portion of those rights to cover its projected overproduction, and that the remaining acre-feet could be subleased to the City of Industry Waterworks System (CIWS) and other producers if necessary. By leasing production rights over the needs of the District, it allows the District to lease out what is not needed on an annual basis. This practice allows the District to adjust the amount of production rights it retains, at our discretion; and allows us to have improved access to the production rights lease market.

As the manager and operator of the CIWS, District staff annually recommends leases of water rights to the City of Industry in an effort to reduce the cost for pumping water that is over the CIWS's annual production rights. The Canyon Water Company three-year lease agreement that the District has secured not only meets the annual needs of the District, but also of CIWS.

The proposed lease to Valley County Water District provides revenue to offset the expense of water rights leases, so that we stay within our proposed Budget for 2021.

Fiscal Impact

The recommended actions will result in payments being made to the District by June 30, 2021, as follows:

- (1) City of Industry in the amount of \$260,260
- (2) Valley County Water District in the Amount of \$380,380

The revenue from these transactions will total \$640,640, which will offset the cost of water leases in 2021. The projected total expense for water rights leases in 2021 is \$428,736.31, which is consistent with the 2021 proposed Budget.

Recommendation

As separate action items, Staff recommends the Board:

- (1) Authorize the General Manager to enter into a Lease Agreement with the City of Industry for 325 acre-feet of 2020-21 groundwater production rights at a rate of \$800.80 per acre-foot.
- (2) Authorize the General Manager to lease 475 acre-feet of 2020-21 groundwater production rights to Valley County Water District at a rate of \$800.80 per acre-foot.

Respectfully Submitted,

Roy Frausto

General Manager

Enclosures

- *Groundwater Production Rights Lease Agreement with the City of Industry*
- *Letter of Lease Offer from the District to Valley County Water District*

LEASE OF WATER RIGHTS

PRODUCTION RIGHT

THIS LEASE OF WATER RIGHTS (the “Lease”) is entered into on this ____ day of March, 2021, by and between La Puente Valley County Water District, a County Water District (“Lessor”), and the City of Industry Waterworks System, a California municipal corporation (“Lessee”), with respect to the following:

RECITAL

This Agreement is made with respect to the following facts:

Lessor controls and is the owner of certain water production rights (the “Production Rights”) in the Main San Gabriel Basin as adjudicated in the case of “Upper San Gabriel Valley Municipal Water District vs. City of Alhambra, et al.,” LASC No. 92418. The ownership of said Production Rights entitle Lessor to take delivery or otherwise produce from the Main San Gabriel Basin a specific amount of water on an annual basis, or, in such amount as is determined from time to time by the Main San Gabriel Groundwater Basin Watermaster (“Watermaster”). As of the date hereof, Lessor has 325 acre-feet of Production Right for the 2020-21 water year available for lease.

AGREEMENT

IN CONSIDERATION of the foregoing recital and the mutual promises set forth herein, Lessor and Lessee agree as follows:

1. Leasing of Production Rights. Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, Three Hundred Twenty-Five (325) acre-feet of Production Rights (the “Leased Production Rights”) for the term and upon the terms and conditions set forth in this Lease.
2. Term. The term of this Lease shall be for a period commencing July 1, 2020 and ending June 30, 2021.
3. Lease Rate, Payment and Adjustment.

The lease rate under this Lease shall be ninety-one percent (91%) of the prevailing Pre-purchased Supplemental Water Rate (the “Pre-purchased SWR”) set by the Upper San Gabriel Valley Municipal Water District’s Board of Directors (“USGVMWD”) on June 10, 2020. That Pre-purchased SWR is \$880 per acre foot for the current production year.

Thus, the gross rental amount payable for the lease of the Leased Production Rights under this Lease for the term as listed in paragraph 2 above shall be \$260,260, which is calculated on the basis of 91% of the Pre-purchased SWR of \$880 per acre foot. If the Pre-purchased SWR set by USGVMWD is revised or otherwise changed and made effective prior to June 30, 2021, a reconciling payment adjustment will be made by the Lessee or the Lessor, as the case may be, to the other party within 30 days from the date the revised Pre-purchased SWR is approved by USGVMWD.

Upon execution of this Lease, Lessor will send an invoice for, and Lessee will make the full payment of \$260,260 within 15 days of Watermaster's acknowledgement of the Lease.

All payments due Lessor pursuant to this Lease shall be made and sent as follows:

La Puente Valley County Water District
112 N. First Street
La Puente, CA 91744

4. Agreement Regarding Main San Gabriel Basin Watermaster.
 - (a) Lessor agrees to execute and deliver to Lessee all documents which, from time to time, may be required by the Watermaster to reflect the lease to Lessee of the Leased Production Rights which are the subject of this Lease. All such documents shall be in such form and substance as shall be reasonably satisfactory to Lessor, Lessee and the Watermaster. If for any reason, the Watermaster elects not to acknowledge this Lease, Lessor agrees to refund prior payments to Lessee within 30 days from the date of a refund request by Lessee and substantiation of said refusal by Watermaster.
 - (b) Lessee shall, at its expense, prepare and submit all reports required by the Watermaster in connection with the exercise by Lessee of the Leased Production Rights.
 - (c) Lessee shall pay all assessments required by Watermaster and the San Gabriel Valley Water Association in connection with the exercise by Lessee of the Leased Production Rights.
 - (d) This Lease entitles Lessee to the use only of the Leased Production Rights (i.e., lease of water rights) associated with Lessor's Production Rights. Lessor retains and does not convey to Lessee any other rights associated with said Production Rights.

5. Other Provisions.

- (a) In the event any dispute shall arise between the parties to this Lease, the same shall be resolved by arbitration conducted by the American Arbitration Association in accordance with the Commercial Arbitration Rules of the American Arbitration, as then in affect. Such arbitration shall be conducted in a site within Los Angeles County, California agreeable to both parties before three (3) arbitrators who shall be selected by mutual agreement of the parties; if agreement is not reached on the selection of arbitrators within fifteen days, then each of the parties shall select an arbitrator and the two (2) arbitrators so selected shall select a third. The provisions of the Commercial Arbitration Rules of the American Arbitration Association shall apply and govern such arbitration except that the prevailing party shall be entitled to recover from the other party its attorneys' fees actually incurred in such amount as may be determined by the arbitrator.
- (b) All communications, notices and demands (collectively "Notices") of any kind shall be made in writing and personally served or sent by registered or certified mail, postage prepaid to the following:

Lessor: Roy Frausto
La Puente Valley County Water District
112 N. First Street
La Puente, CA 91744

Lessee: Troy Helling
City of Industry Waterworks System
15625 East Stafford Street #100
City of Industry, California 91744

Any Notice personally served shall be effective upon service. Any Notice sent by mail, and properly addressed, shall be effective upon date of receipt, or refusal as indicated on the return receipt. Either party may change its address for Notices by notice to the other given in a manner provided in this subparagraph.

- (c) This Lease shall inure to the benefit of and be binding upon the heirs, successors and assigns of both parties hereto.
- (d) Each party shall, upon request of the other party, take such further actions and execute and deliver such further instruments as shall be reasonably required to carry out the purpose and intent of this Lease.
- (e) This Lease is executed in the State of California and shall be governed by and construed in accordance with California law. Venue for any

action arising out of or related to the Lease shall be placed in any court of the State of California with appropriate jurisdiction and located in the County of Los Angeles, with service of process to be in accordance with the then provisions of the California Code of Civil Procedure.

- (f) This Lease may be executed in two or more counterparts, each of which shall be an original but all of which, together, shall constitute a single instrument. It shall not be necessary for both parties to execute the same counterpart(s) of this Lease for this Lease to become effective.
- (g) This Lease constitutes the entire agreement of Lessor and Lessee with respect to the subject matter hereof. This Lease supersedes all prior discussions and understandings with respect to the subject matter hereof. There are no representations, warranties, promises or covenants as to the subject matter hereof except as expressly set forth in this Lease.
- (h) This Lease may be amended only by a written instrument executed by both parties.
- (i) The paragraph headings contained in this Lease are for convenience only and shall not be considered in the construction or interpretation of any provision hereof.
- (j) Lessor represents and acknowledges that it is executing this Lease as the owner of the Production Rights that are the subject of this Lease, and that said rights are not encumbered in any way that would interfere with Lessee's rights as set forth herein.

IN WITNESS WHEREOF, Lessor and Lessee have executed and delivered this Lease of Water Rights as of the day first above written.

LESSOR

LESSEE

La Puente Valley County Water District

City of Industry Waterworks System

Roy Frausto
General Manager

Troy Helling
City Manager

William R. Rojas
President

Cesar J. Barajas
Vice President

David E. Argudo
Director



John P. Escalera
Director

Henry P. Hernandez
Director

Roy Frausto
General Manager

112 N First St. / P.O. Box 3136
La Puente, CA 91744
(626) 330-2126 – Fax (626) 330-2679
www.lapuentewater.com

February 22, 2021

Mr. Jose Martinez
General Manager
Valley County Water District
14521 Ramona Blvd.
Baldwin Park, CA 91706

RE: LEASE OF MAIN SAN GABRIEL BASIN GROUNDWATER PRODUCTION RIGHTS

Dear Mr. Martinez,

This letter serves to confirm Valley County Water District's (VCWD) interest in leasing 2020-21 Main San Gabriel Groundwater Basin groundwater production rights from the La Puente Valley County Water District (District). At this time, the District has 475 acre-feet (AF) of production rights available to lease to VCWD. The District is prepared to accept an offer to lease these rights at Ninety-One percent (91%) of the Tier 1 Untreated Water Rate charges per AF set by Upper San Gabriel Valley Municipal Water District for 2021. The cost per AF for the lease shall be calculated as follows: (Tier 1 Untreated Water Rate \$880/AF x 91% = lease rate of \$800.80/AF). The total payment for the lease of 475 AF shall be **\$380,380**.

Enclosed, is the Temporary Assignment or Lease of Water Right document. If you are agreeable to this transaction, please have the proper designee sign and notarize this document and return back to the District. Upon receipt, we will forward the document to Watermaster for acknowledgement and provide you with a fully executed copy. Once Watermaster acknowledges the lease our District will provide VCWD with an invoice, for the lease of these rights, to be payable to the District within 30 days of receipt.

I want to thank you for your consideration on this matter. If you have any questions regarding this transaction, please contact me at (626) 330-2126.

Sincerely,

Roy Frausto
General Manager
La Puente Valley County Water District

Enclosure (1)

CC: LPVCWD Board of Directors