



*Dedicated to Quality, Service, and Innovation*

Local Agency Formation Commission  
County of San Bernardino  
Service Review Report

April 2015

## **Preface**

On August 13, 2000, Governor Gray Davis signed into law AB 2928, The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. The purpose of the legislation was to enact reforms to local government reorganization law, address orderly growth and resource protection, enhance local government coordination and efficiency, and increase public interest and involvement in government. A provision in the statute requires the Local Area Formation Commission of each county to update spheres of influence and service reviews at least once every five years to determine local government service needs and adequacy (Government Code Sections 56425 and 56430).

In March 2002, the San Bernardino County Local Area Formation Commission (LAFCO) formally initiated the process to conduct service reviews in conjunction with sphere of influence studies for all cities and special districts located in the West Valley area, the first of five identified county regions to be included in the current five-year review program. The LAFCO Commission's policy on service reviews recognizes that, in order for the reviews to be meaningful, they must be accomplished with the participation and cooperation of the affected local agencies. As a result, a "Sphere/Service Review Survey" was prepared by LAFCO and distributed to the local agencies to complete as part of the review process. Monte Vista Water District (District) submitted a Sphere of Influence/Service Review Survey Report in June 2002 (2002 Report) in response to LAFCO's survey.

In late 2013, LAFCO initiated the second cycle of service reviews by requesting "Fiscal Indicators" data from local agencies, which the District provided. On March 26, 2015, LAFCO submitted information requests to wholesale, retail, and recycled water agencies in the West Valley area, including the District (Appendix A). The District is submitting this Service Review Report (2015 Report) in response to LAFCO's information request. The District's 2015 Report is formatted to correspond with LAFCO's most recent information request, but can also be considered as an update to the District's 2002 Report.

It is the District's intent to work in a cooperative manner with LAFCO in the completion of this review in order to meet the statutory requirements.

## Table of Contents

<b>I.</b>	<b>General Overview of the Monte Vista Water District</b>	<b>2</b>
<b>II.</b>	<b>Overview of Mandatory Determinations Required by Government Code Section 56430</b>	<b>2</b>
<b>III.</b>	<b>Overview of LAFCO’s Information Request</b>	<b>2</b>
<b>IV.</b>	<b>Documentation Review</b>	<b>2</b>
	1. San Bernardino County Vision “Water Element” Map of Water Use Efficiency Programs	3
	2. Statement of Cash Flows, 2009-10 through 2013-14	3
	3. LAFCO Fiscal Indicators Program Data, 2007-08 through 2013-14	3
<b>V.</b>	<b>Documentation Submittal</b>	<b>3</b>
	1. Water Service Plans/Studies	3
	2. 2014-15 Budget	4
	3. Capital improvements Plan	4
	4. Current Rate Structure Summary	4
	5. Consumer Confidence Report	4
	6. Sanitary Survey Report	4
<b>VI.</b>	<b>Mandatory Determinations</b>	<b>5</b>
	1. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies	5
	2. Financial Ability of Agencies to Provide Services	8
	3. Shared Facilities: Status and Opportunities	10
	4. Accountability for Community Service Needs, Including Governmental Structure and Operational Efficiencies	12

## Appendices

Appendix A.	LAFCO Information Request for Service Review for Water Service in the Valley Region (March 26, 2015)
Appendix B.	2008 Domestic Water Master Plan
Appendix C.	2010 Urban Water Management Plan
Appendix D.	2011 Recycled Water Master Plan
Appendix E.	2014-2015 Budget
Appendix F.	Comprehensive Annual Financial Report: Fiscal Years 2013-14 and 2012-13
Appendix G.	Resolution 662-12: Water Rates
Appendix H.	2014 Annual Water Quality Report (Consumer Confidence Report)
Appendix I.	2010 Sanitary Survey Report
Appendix J.	Standard & Poor’s Bond Rating Update (November 4, 2013)

## **I. General Overview of the Monte Vista Water District**

The Monte Vista Water District (District) is a County Water District formed in 1927 under provisions of Division 12 of the State Water Code. The District provides retail water to a constituent population of approximately 55,000 within a service area of 9.6 square miles, lying adjacent to the westerly border of San Bernardino County. The District's retail service area encompasses the city of Montclair, portions of the city of Chino, and the unincorporated county area lying between the cities of Pomona, Chino Hills, Chino, and Ontario. In 1998, the District entered into a wholesale water supply agreement with the city of Chino Hills, and typically provides up to 50 percent of the city's water supply. Figure 1 identifies the District's retail and wholesale water service area.

## **II. Overview of Mandatory Determinations Required by Government Code Section 56430**

Under Government Code Section 56430, LAFCO is required to conduct a service review of the municipal services provided in the county and prepare a written statement of its determinations with respect to each of the following:

- Growth and population projections for the affected area.
- The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.
- Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.
- Financial ability of agencies to provide services.
- Status of, and opportunities for, shared facilities.
- Accountability for community service needs, including governmental structure and operational efficiencies.
- Any other matter related to effective or efficient service delivery, as required by commission policy.

## **III. Overview of LAFCO's Information Request**

LAFCO's letter of March 26, 2015 (Appendix A) includes the following requests for information (broadly categorized):

- Review of San Bernardino County Vision "Water Element" map of water use efficiency programs.
- Review of Spreadsheet of Statement of Cash Flows, 2009-10 through 2013-14
- Review of LAFCO Fiscal Indicators Program Data, 2007-08 through 2013-14.
- Provide specific documents:
  - Water service plans/studies, including Urban Water Management Plans and master plans.
  - 2014-15 budget.
  - Capital improvements plan.
  - Current rate structure summary identifying residential rates for retail water.
  - Most recent Consumer Confidence Report.
  - Most recent Sanitary Survey Report from the State or County.
- Respond to the mandatory determinations required by Government Code Section 56430.

The remainder of this Report is organized based on LAFCO's information request. Where needed, the District will refer to attached planning documents and update information provided in the 2002 Report.

## **IV. Documentation Review**

The following is the result of the District's review of documents per LAFCO's request:

### **1. San Bernardino County Vision "Water Element" Map of Water Use Efficiency Programs**

The District proudly offers our customers a robust water use efficiency program, including educational opportunities for children and adults, rebates and incentives for all customer classes and applications, and a budget-based rate structure which incentivizes efficient use. This program is accurately reflected on the San Bernardino County Vision "Water Element" map outlining water use efficiency programs across the county (Appendix A, page 8).

For an overview of the District's water use efficiency program, please see Section 6 of our 2010 Urban Water Management Plan (Appendix C). For updated information on current programs, please see the "Conservation" section of the District's website, [www.mvwd.org](http://www.mvwd.org).

### **2. Statement of Cash Flows, 2009-10 through 2013-14**

The District has reviewed the Statement of Cash Flows for Fiscal Years 2009-10 through 2013-14 (Appendix A, page 7). The statement is accurate as presented.

### **3. LAFCO Fiscal Indicators Program Data, 2007-08 through 2013-14**

The District has reviewed the Fiscal Indicators Program Data for Fiscal Years 2007-08 through 2013-14 (provided to the District in electronic format). The data is accurate as presented.

## **V. Documentation Submittal**

The District submits the following documents per LAFCO's request:

### **1. Water Service Plans/Studies**

The District's current water service plans and studies are incorporated into this report by reference:

- **2008 Domestic Water Master Plan** (Appendix B)
- **2010 Urban Water Management Plan** (Appendix C)
- **2011 Recycled Water Master Plan** (Appendix D)

For a detailed review of historical water service plans and studies, including those which led to the District's development of expanded wholesale and regional water services, please see Section 1 of the 2002 Report.

## **2. 2014-15 Budget**

The District's 2014-2015 Budget is incorporated into this report by reference (Appendix E). The 2014-2015 Budget reflects the effectiveness of the District's past investments. As a result, the District was able to adopt a budget that remains balanced while providing \$4.1 million in funding for projects to replace aging infrastructure and upgrade facilities. Total District revenues are estimated at \$19.6 million, budgeted operating expenditures are projected at \$13.2 million, and capital expenditures are projected at \$3 million, resulting in a working capital reserve level increase of \$1.9 million for a total capital reserve of \$17.3 million.

## **3. Capital improvements Plan**

The District's 2008 Domestic Water Master Plan (Appendix B) incorporates the District's Capital Improvements Plan, which identifies \$100 million in expenditures over 30 years in order to upgrade the District's water production and distribution systems.

## **4. Current Rate Structure Summary**

On June 13, 2012, after holding a public hearing, the District's Board of Directors adopted Resolution 662-12 establishing a three-year schedule of water rates. The current rate schedule went into effect on January 1, 2015. Resolution 662-12 is incorporated into this report by reference (Appendix G).

Beginning in 2010, the District has implemented a budget-based tiered rate structure for its single-family residential customers (80 percent of District accounts). Budget-based tiered rates reward customers for using water efficiently. The District uses publicly available data to estimate residential indoor and outdoor water needs and charges lower rates for this amount of water usage. With the assistance of this rate structure, District customers are among the most efficient water users in the region and are exceeding the State-mandated goal of 20 percent reduction in urban water use by 2020.

For more information about this rate structure, please see the "Water Rates" section of the District's website, [www.mvwd.org](http://www.mvwd.org).

## **5. Consumer Confidence Report**

The District's 2014 Annual Water Quality Report (alternative name for Consumer Confidence Report) is incorporated into this report by reference (Appendix H). This report demonstrates that the water distributed by the District meets or exceeds all state and federal drinking water standards set to protect public health. The District is required to develop and distribute this report to all consumers of its drinking water no later than July 1<sup>st</sup> of each year.

## **6. Sanitary Survey Report**

The District's most recent Sanitary Survey Report is incorporated into this report by reference (Appendix I). The California Department of Public Health (now the Division of Drinking Water under the State Water Resources Control Board) last performed a sanitary survey of the District in 2010. The survey covered an inspection of the District's groundwater sources, treatment systems, storage reservoirs, water quality monitoring program, and operation and maintenance practices. As a result of this effort, the sanitary survey report was issued in November 2010 and stated, "Overall, the District is well maintained and operated. Detailed records are recorded for activities."

## VI. Mandatory Determinations

### 1. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies

Over the past 15 years, the District has invested over \$50 million in infrastructure construction, developed over 50 million gallons per day (mgd) of water supply, installed or replaced over 15 miles of water distribution pipeline, and upgraded nine property sites. Key investments have focused on diversifying the District's local water supply portfolio to reduce reliance on imported water. These investments include the construction and rehabilitation of nine groundwater wells, including four Aquifer Storage and Recovery wells; a \$9 million purchase of shares in San Antonio Water Company, a local mutual water company; and the development of a recycled water system to distribute inexpensive irrigation water to 18 city parks, schools, and other large landscapes in the city of Montclair. The District's 2008 Water Master Plan (Appendix B) addresses its water system, supply, and storage infrastructure needs through 2038.

The District currently has a water supply capacity well in excess of its existing demands (see below). District water supplies include groundwater produced from the Chino Groundwater Basin; imported water from northern California received from the Metropolitan Water District of Southern California (MWD) through the Inland Empire Utilities Agency (IEUA) and the Water Facilities Authority (WFA); entitlement water deliveries from San Antonio Water Company (SAWCO); and recycled water from IEUA.

At the current time, the District relies on local groundwater for approximately two-thirds of its water supply. The Chino Groundwater Basin, which is the source of groundwater for the District, is an adjudicated Basin. The District has a current right to extract approximately 8,500 acre-feet per year (AFY), including 1,000 AFY of rights acquired through the purchase of Monte Vista Irrigation Company in 1999. Production in excess of this right must be replaced in the Basin. The management of the Basin, including replenishment of over-drafted water, is the responsibility of the Chino Basin Watermaster, a court-appointed organization charged with enforcing the approved adjudication. If the District uses more than its annual safe yield right, it must pay for its share of replenishment of the Basin through direct purchases and production assessments levied by the Watermaster.

The District is supplied imported water by IEUA, which is the local MWD member agency. State Water Project water flows through the Foothill Feeder Rialto pipeline to turnout CB-12 at the headworks of the WFA. The WFA is a joint powers treatment plant co-owned by the cities of Upland, Ontario, Chino, and Chino Hills, and Monte Vista Water District. The District has a 24 percent ownership in the WFA treatment plant, which has an existing capacity of approximately 81 mgd.

- **Source Capacity:** The District owns 12 active groundwater wells with a combined capacity of approximately 30 mgd. The District also owns 19.4 mgd of the WFA's Agua de Lejos Treatment Plant capacity, 329.75 shares of SAWCo stock equating to about 0.8 mgd capacity, and a contractual right to purchase recycled water from the city of Montclair which in the most recent year totaled about 0.8 mgd. Combined, the District's total source capacity is about 51.0 mgd.
- **Maximum Day Demand:** Maximum retail demand over the past 15 years has been approximately 12.07 mgd. In addition, the District's current contractual obligation with the city of Chino Hills is 20.22 mgd, for a combined total anticipated maximum daily demand and contractual demand obligation of 32.3 mgd.

While the above calculations highlight excess water source capacity, the District recognizes the need for redundancy in water supply facilities. Given the potential for groundwater well repairs, the District views this excess as a redundancy in operational capacity and for emergency deliveries to the cities of Chino and Upland, and the Golden State Water Company which serves the city of Claremont in eastern Los Angeles County. These agencies have existing inter-connections to the District for delivery should unexpected operational problems in their systems occur.

The District and its surrounding area are essentially urbanized, being surrounded by the cities of Chino Hills, Pomona, and Claremont to the west; Upland to the north; Ontario to the east; and Chino to the south. The development within the District's service area is predominately residential, but with considerable commercial and light industrial development, with some remaining pockets of agriculture uses. The District's retail service area population over the next 20 years is projected to grow by about 20 percent, including a significant development of high density multi-family residential properties within the North Montclair Downtown Specific Plan area of the city of Montclair.

The District's retail water distribution system is comprised of four pressure zones, nearly 200 miles of pipelines, six reservoirs, seven booster stations, three hydrogenerators, and six emergency interconnections with neighboring water agencies. Water is transported to Chino Hills via transmission mains and delivered through two turnout facilities. The District does not anticipate major new infrastructure requirements. Rather, the Master Plan focuses on improvements and upgrades to the existing infrastructure. For example, several of the planned pipeline projects involve not only the replacement of aging pipes but also upsizing to accommodate increased flows. In addition, several planned projects involve pipeline replacements designed to improve water quality and supply reliability.

The Master Plan outlines a 30-year, \$100-million Capital Improvement Plan, which is regularly reviewed and updated as needed. Current capital improvements are focused on replacing at least two miles of distribution pipeline per year.

The following are answers to specific LAFCO requests for information:

**A. List of state revolving fund loans and amounts since July 1, 2000.**

The District currently does not have any state revolving fund loans. The District has received two loans associated with state funding programs:

- In 2006, the District entered into a \$4.3 million loan agreement with the Department of Water Resources to fund an Aquifer Storage and Recovery Program under Proposition 13 (2000).
- In 2008, the District entered into a \$1.2 million reimbursement agreement with IEUA to reimburse the cost of construction of recycled water local laterals. IEUA financed the reimbursement agreement through use of state revolving fund loans.

**B. Please list the private water entities within your service area.**

See Section 1.D. below.

**C. Are there inter-ties with other agencies? If so, please identify.**

The District currently has six emergency interconnections with neighboring water agencies: Golden State Water Company – Claremont System and the cities of Chino (x3), Upland, and Chino Hills. Over the last two decades, the interconnection with Golden State Water Company has been activated, at which time the District delivered water to the Company. The District receives deliveries of its entitlement water from San Antonio Water Company through its Upland interconnection. The District has the ability to establish a temporary interconnection with Pomona, and the District has discussed installing permanent interconnections with Pomona and Ontario. Water is transported from the District to Chino Hills via transmission mains and ultimately delivered through two turnout facilities.

**D. Has your agency acquired the service area or ownership interests of another entity? If so, please list and provide a map if available.**

- i. Private water companies that your agency has acquired in whole or in part*
- ii. Mutual water companies that your agency has acquired shares*
- iii. Service areas of a public agency that your agency has assumed*

In February 1999, the District purchased the Monte Vista Irrigation Company, a private water company founded in 1908, previously involved with agricultural and domestic water supply to the cities of Montclair and Ontario. Through this acquisition, the District increased its production rights in the Chino Groundwater Basin by approximately 1,000 acre-feet per year (AFY).

In 2010, the District purchased 300 shares in the San Antonio Water Company (SAWCo), a privately owned mutual water company incorporated 1882, providing access to approximately 800 AFY of additional water supply. The District currently owns 329.75 shares in SAWCo. The District is SAWCo's second largest municipal shareholder, comprising approximately 5.2 percent of its 6,389 total outstanding shares. SAWCo shareholders are entitled to water supply based on the amount of owned shares and available water supply or SAWCo's ability to produce water. SAWCo's water supply sources include surface water and groundwater. Surface water is obtained from the San Antonio Watershed. Groundwater sources include the San Antonio Tunnel, Chino Groundwater Basin, Cucamonga Groundwater Basin, and the Six Basins area.

For more information and maps, please see 2010 UWMP (Appendix C) pages 4-6, 4-22, and 4-24 to 4-28.

**E. Capacity Analysis**

- i. Total number of connections within agency service area by type (domestic, irrigation, recycled, and imported).*
- ii. Of the total number of connections, how many are inactive connections?*
- iii. Does your agency provide service outside its boundaries?*
  - 1. Number of connections.*
  - 2. Please provide a listing of parcels (or site addresses) of all service connections outside the agency's boundaries.*
  - 3. Does your agency have specific policies on providing services outside its boundaries? If so, please provide a copy of the policy/policies.*

The following table provides the total number of District service area connections by type and activity. The District does not provide service outside its boundaries.

## Total District Service Area Connections by Account Type

Single-family Residential	9,745
Multi-family Residential	670
Commercial	1,030
Industrial	15
Institutional	47
Domestic Irrigation	293
Recycled Water Irrigation	16
Agriculture	13
Other	371
<b>Total Accounts</b>	<b>12,200</b>
<b>Total Active Accounts*</b>	<b>11,938</b>
<b>Total Inactive Accounts*</b>	<b>262</b>

*\* As of April 15, 2015*

For projected growth and population figures, please see 2010 UWMP Section 2.2.3. Population projections will be updated when developing the 2015 UWMP but are not expected to change significantly.

## 2. Financial Ability of Agencies to Provide Services

Ensuring adequate service availability and capacity are essential to the successful operation of a water service provider. The availability of service must be provided in a manner that does not place an unnecessary or unreasonable burden on the District's customers. The District's Board of Directors recognizes the importance of establishing a reasonable and secure method of financing the District's operating and capital requirements in both the near-and long-term horizons.

Two primary guidance documents are utilized in planning for current and future capital needs. These documents are the Water Master Plan and the Financial Master Plan. Through the use of these planning documents, the District Board and staff have identified a long-term plan to ensure continuous water availability and affordability for both current and prospective District customers.

Consistent with the District's Financial Master Plan, the District committed to a “pay-go” approach to funding capital infrastructure needs. Required capital revenue is provided primarily through operational transfers and use of capital reserves. Capital connection fees are used to fund the construction of those facilities required due to new demand. Additionally, the District receives a portion of the county property tax; however, as a percentage of total revenue, the impact of this revenue source is minor.

Part of the ongoing success of the District's financing model is attributable to its characteristic as an enterprise entity. As such, the District places high importance on ensuring that its operating revenue structure is established to sufficiently cover operating costs through adequate commodity and service charges. Because the District is primarily involved in providing retail and wholesale service, the District revenue structure is easily identifiable and generally predictable. With the exception of seasonal variation, the District's revenue sources do not vary significantly from year to year.

The following are answers to specific LAFCO requests for information:

**A. *In your agency's audits, what comprises "property taxes" (1% general levy, special taxes)? Please identify rate for all taxes except the 1% general levy.***

The District receives property tax revenues solely through the one percent general levy.

**B. *Bond credit rating (if available) by the top three rating agencies – Moody's, S&P and Fitch***

As previously stated, the District is currently committed to a pay-go approach for funding capital infrastructure needs. As a result, the District has a limited amount of outstanding debt.

In 2010, the District issued \$10.16 million in debt, in part to purchase 300 shares of stock in San Antonio Water Company (see Section 6.1.D above). In 2013, Standard & Poor's Ratings Services affirmed its "AA/Stable" long-term rating on the District's revenue certificates of participation. Please see the District's Standard & Poor's Bond Rating Update, incorporated into this report by reference (Appendix J).

**C. *Included as Attachment A to this Information Request are financial questions specific to your agency.***

As related in the Preface, LAFCO initiated the second cycle of service reviews in late 2013 by requesting "Fiscal Indicators" data from local agencies. The District provided the requested data, as well as follow-up information concerning how the District accounts for purchases of stored groundwater in its annual financial reporting. Attachment A to LAFCO's March 26, 2015 information request (Appendix A, page 6) asks the District to provide additional information about its financial data and stored groundwater purchases.

The following are responses to these questions:

1. Describe cash flows related to "Proceeds from developer fees" for 2010-11 and 2013-14.

The District includes in its "Proceeds from developer fees" revenue category all revenues that are capital related (often referred to as "contributed capital"). In Fiscal Year 2010-11, the District received \$1,021,159 from the city of Chino as payment for their share in a joint groundwater production well capital project. In Fiscal Year 2013-14, the District received \$929,393 from a contractor as settlement in a legal action regarding a capital project. Also in Fiscal Year 2013-14, the District received miscellaneous revenues from other developer-related projects throughout the year, including \$73,759 from Thienes Engineering, Inc.; \$81,509 from Scott Brothers Dairy; and \$60,068 from The Ironman Home, Inc.

2. Describe the purchase of investments in 2010-11.

In Fiscal Year 2010-11, the District purchased four Federal National Mortgage Association ("Fannie Mae") investments for a total of \$2.5 million. Additionally, the District received bond proceeds in the amount of \$10,158,425 for the purchase of SAWCO shares and other capital expenses (see Section 6.1.D above).

- (1) Provide LAFCO with the Stored Water Purchase Adjustments for FY 2012-2013 and FY 2013-2014, or
- (2) Indicate where the Stored Water Purchase information is depicted in the financial audits.

There are no Stored Water Purchase Adjustments required for Fiscal Years 2012-13 and 2013-14. For financial auditing purposes, since Fiscal Year 2012-13 the District has recorded Stored Water Purchases as an asset on the balance sheet under "Water-in-storage inventory." Please see the District's Fiscal Year 2013-14 Comprehensive Annual Financial Report, incorporated into this report by reference (Appendix F, page 15).

***D. List all Community Facilities Districts***

- i. List all along with CFD charge*
- ii. Provide either maps or a listing of parcels*

The District does not own or operate any Community Facilities Districts.

***E. Does the agency participate in joint financing projects? If yes,***

- i. Please list name and purpose*
- ii. Role of the agency in the joint financing project*

On occasion the District does participate in joint financing activities. To the extent that a necessary capital project may provide multiple agency benefit, yet is cost prohibitive for a single entity, joint financing arrangements represent an attractive alternative funding tool for the District.

In 1980, the District became one of the participating agencies in forming the Water Facilities Authority (WFA). The WFA was formed for the acquisition and construction of facilities to treat and supply water to inhabitants within the boundaries of its members. This joint venture allowed the District to be a beneficiary of a major regional capital project that would not have otherwise been possible. The WFA debt will be retired in 2017.

For information on District participation in joint financing projects prior to 2002, please see the 2002 Report. In addition to the WFA joint venture, the District continually analyzes its operational needs and current financial structure, to identify possible financial arrangements that may be beneficial.

### **3. Shared Facilities: Status and Opportunities**

The District is the sole water supply agency within its retail service area. Coupled with its regional water conveyance and groundwater production capacity to serve the city of Chino Hills and surrounding communities, the District is well positioned to effectively meet these service responsibilities. There is no overlapping or duplication of services within the District's retail and contractual wholesale service areas. Nevertheless, in providing these services the District participates in joint agency practices in an effort to minimize operating costs while improving service reliability.

The following are answers to specific LAFCO requests for information:

***A. Does the agency share any facilities with other agencies? If so, please list.***

Current joint agency facilities operations include:

1. Water Facilities Authority (WFA). The WFA is a joint powers agreement between the cities of Chino, Chino Hills, Ontario, Upland, and the District. Collectively these agencies own and operate an 81mgd water treatment facility located in north Upland. District ownership in the facility is 24 percent.

The facility treats imported water for distribution to assist in meeting individual agency demands and to provide high quality imported water supplies for blending with local groundwater sources. Through its formation, significant cost savings have occurred through the construction and operation of a large regional facility in favor of the construction and operation of smaller individual agency water treatment facilities.

2. Chino Basin Watermaster. In 1978, the District stipulated to the Judication of the Chino Groundwater Basin (Case #RCV 51010). Through this process, a management entity was established for the Chino Groundwater Basin. The District is active in the management of the Chino Basin through voting membership in the Appropriative Pool and the Advisory Committee of the Watermaster.

In 2014, District General Manager Mark Kinsey was appointed to the nine-member Watermaster Board. Director Kinsey's term ends in January 2017. The District will be eligible again to appoint a member to the Watermaster Board in 2021.

3. Chino Hills Water Supply Agreement. In 1998, the District and the city of Chino Hills entered into an agreement for the delivery of up to 20.2 mgd of water to Chino Hills. Implementation of capital facilities required to meet agreement provisions created a fully integrated water supply system capability of meeting the needs of both agencies.

Under this approach several benefits have occurred: 1) water treatment plant capacity, conveyance, and groundwater production facilities are shared by both agencies, eliminating or reducing the need for the construction of costly separate systems; 2) sharing of District operational, administrative, and overhead costs; and 3) improved management of local groundwater resources.

4. Well 33. In 2004, the District and the City of Chino entered into an agreement as co-owners to construct and operate and maintain a groundwater production facility with ion exchange treatment capability.

This treatment facility provides strong benefit to both agencies as it is able to treat groundwater to a very high water quality level such that the product water can be used to blend and put into use other water sources that otherwise may not be able to operate on their own.

#### ***B. Identify any opportunities to share facilities***

The water supply agreement between the city of Chino Hills and the District is a model for facility sharing between agencies; pipeline conveyance, groundwater production, and treatment capacity is operated in a coordinated manner to meet the needs of both entities. Under this program, both agencies' long-term water supply and operational costs and capital funding requirements have been reduced. In addition, given the District's existing regional water conveyance and groundwater production capacity and strategic location, the District is well positioned to effectively assist the city of Chino Hills and surrounding communities in meeting their long-term water supply needs.

In 2014, the District and the City of Chino Hills conducted a Joint Water Supply Capacity Study which identified the quantity of water and opportunities for both agencies to jointly sell its excess supply to other agencies. The two agencies have followed a very broad and appropriately conservative plan securing reliable supplies of water for ultimate projected demands and have positioned themselves to consider the potential of using excess water supply in a fashion that either represents a return on the investment perspective to offset costs, improve reliability through interconnection/supply agreements, or both.

### ***C. Identify examples of past or current collaborative facility efforts with neighboring agencies***

Past District efforts to identify possible joint agency practices included a "Joint Consolidation Study" undertaken in 1996 by five water and wastewater service entities in the region "to develop and implement collaborative strategies maximizing product and service value for customers." Participating agencies included Monte Vista Water District, Southern California Water Company (Claremont area), and the Cities of Chino, Chino Hills and Montclair. The District/Chino Hills wholesale water supply agreement was an outcome of the study. Other key issues included a regional intertie project; beginning discussions on reclaimed water; private/public partnerships and enhanced groundwater management projects.

Another outcome of this effort was the creation of the West Chino Basin Coalition, a group made up of the majority of the study participants, who served as a lobbying entity to secure federal funding for regional seismic reliability studies, design and construction. Although funding was unavailable at the time (1998-1999), the group made important contacts with elected officials and their staff members, raising the level of awareness of the water and sewer infrastructure needs in the region at the federal level.

The District is actively involved in the application process for available grant funding both through individual efforts and through coordination with other local agencies, including the Chino Basin Watermaster, Inland Empire Utilities Agency (IEUA), and Santa Ana Watershed Project Authority.

District staff developed a Recycled Water Master Plan which identifies 345 new recycled water customers that could use over 500 million gallons of recycled water a year. The District is actively seeking funding to help offset the costs of building out its recycled water system in partnership with local agencies. Additionally, the District currently generates 1.5 million kWh of clean, renewable, local energy through a hydro turbine station, and seeks funding to install a second hydro turbine station which would increase the District's clean energy production by 50 percent.

Finally, the District coordinates with IEUA, Metropolitan Water District, Chino Basin Water Conservation District, and the thirteen participating agencies on Water Education Water Awareness Committee (WEWAC) on a number of activities to encourage water conservation. These activities include the financing of device, technology, and landscaping upgrades for qualifying residential, commercial, industrial, and landscape metered customers.

## **4. Accountability for Community Service Needs, Including Governmental Structure and Operational Efficiencies**

The District, as a public water agency formed under the County Water District Act, is fully accountable to its customers and proudly operates in an open, transparent, and efficient manner. A five-member Board of Directors, who is elected to overlapping four-year terms, governs the District under adopted bylaws and the State of California's Brown Act and Public Records Act. The current governmental structure provides for the efficient and cost-effective delivery of retail and wholesale water service to the communities of Montclair, Chino, Chino Hills, and adjacent unincorporated areas.

Operationally, the District's distribution system, groundwater production, and surface water treatment facilities are fully integrated to meet the demands throughout several communities. In carrying out these services, the District participates in joint power authorities, infrastructure sharing or groundwater management entities formed to promote efficient water supply delivery. As evidenced above, the government structures presently in place and the legal authority provided the District under the State Water Code facilitate the efficient and cost-effective delivery water supply to a population of over 130,000. As a way of controlling operating costs, the District actively seeks opportunities to extend efficiencies in all areas of its operations, from District administration to pumping operations and distribution activities.

As an agency providing both retail and wholesale water service, the administration and operations of the District are specialized to some degree. In such an environment, training of staff is essential in providing a qualified and efficient public service. Being a member of various associations, the District is able to take advantage of consolidated training programs that increase the cost-effectiveness of the District training program. Additionally, the District consults with other like agencies from time to time in an effort to identify common programs and resources. Such meetings occasionally lead to joint training sessions and sharing of common information. Additionally, the District has long emphasized the importance of employee productivity as a means of promoting operational efficiency. This emphasis is demonstrated in the fact that the District serves nearly 12,000 retail customers, and a wholesale customer with 34 full-time positions.

One of the factors allowing the District to be efficient is the use of current technology. On a daily basis, technology is utilized in everything from account maintenance to service scheduling and production monitoring. This technology also allows the District to be able to administer certain programs for other agencies, such as utility tax collection, third party billing, and remote monitoring of all the District's production facilities.

Finally, and most importantly, through the annual budget process the District identifies the anticipated operating and capital expenditures, as well as the forecasted revenue structure, for the upcoming two-year time frame. District staff works closely with the Board during this process to ensure that the adopted budget accurately reflects the broader policy decisions made by the Board. Particular attention is devoted to the analysis of year over year changes in the operating and capital budget, and the resulting impact on working capital reserves. This review allows the District to identify the impact of projected operating and capital budgets on the District's working capital reserves.

The following are answers to specific LAFCO requests for information:

- A. *Is the agency a member of any Joint Powers Authorities? If so,***
- i. Identify and describe purpose***
  - ii. Identify the provider of the service***
  - iii. Generally describe service area or provide a map***

The District's participation in Joint Powers Authorities has been previously described in Sections II and III.

- B. *Does the agency recommend any government structure options (consolidation, reorganization, status quo)? Please identify the option and:***
- i. Benefit to customers***
  - ii. Services to be provided***
  - iii. What would the hurdles be to consolidation/reorganization?***

The District currently does not recommend any government structure options.