"In order to comply with legal requirements for posting of agendas, only those items filed with the District Secretary's office by noon, on Wednesday prior to the following Thursday meeting, not requiring departmental investigation, will be considered by the Board of Directors."

OPENING CEREMONIES

Pledge of Allegiance
Opening Prayer
Call to Order
Roll Call of Board Members

ADOPT AGENDA

PUBLIC PARTICIPATION

Any person wishing to speak to the Board of Directors on matters listed or not listed on the agenda, within its jurisdiction, is asked to complete a Speaker Card and submit it to the District Clerk. Each speaker is limited to three (3) minutes. Under the State of California Brown Act, the Board of Directors is prohibited from discussing or taking action on any item not listed on the posted agenda. Comments related to noticed Public Hearing(s) and Business Matters will be heard during the occurrence of the item.
CONSENT CALENDAR

All matters listed under the Consent Calendar are considered routine and will be enacted by one vote. There will be no separate discussion of these items unless a member of the Board of Directors, Staff Member, or any member of the public request a specific item(s) be removed for separate action.

Consideration of:

1. Minutes of the June 26, 2017 special Board meeting. (Page 7)
2. Minutes of the July 6, 2017 regular Board meeting. (Page 11)
3. Master Calendar of Events for August, 2017. (Page 21)
5. Approval of Second Quarter 2017 Change Order Report. (Page 31)

PUBLIC HEARING

BUSINESS MATTERS

Consideration of:

1. Selection of Board Officers Outside of Board Member Election or Appointment Cycles. (Page 37)
2. Presentation by San Bernardino Valley Municipal Water District (Receive and File). (Page 39)
3. Adopt Resolution No. 2017-21, Amending in Part, Resolution Nos. 2010-3 and 2016-12, Approving the Revised Investment Policy. (Page 41)
4. Approval of External Affairs Department Strategic Communications Plan. (Page 73)
5. Approval of Payment to Gresham Savage Nolan & Tilden, PC for Professional Services rendered through June 30, 2017; Statement No. W1582 - All Matters; Total Amount of $60,952.43. (Page 113)
REPORTS – LIMITED TO 5 MINUTES MAXIMUM (Presentations or handouts must be provided to Board Members in advance of the Board Meeting).

1. Board Members
2. Legal Counsel
3. General Manager
4. Assistant General Manager
5. Chief Financial Officer
6. Operations Manager
7. Treasurer
8. Engineering Services Manager
9. External Affairs Manager
10. Human Resources/Risk Manager
   • 988 Days Without a “Lost Time” Claim.
11. Business Systems Manager
12. Board Secretary

UPCOMING MEETING

1. August 3, 2017 - West Valley Water District Board of Directors regular Board meeting, District Headquarters, 6:00 p.m.
2. August 7, 2017 - West Valley Water District Board of Directors Human Resources Committee meeting, District Headquarters, 5:45 p.m.
3. August 9, 2017 - West Valley Water District Board of Directors Engineering/Planning Committee meeting, District Headquarters, 5:45 p.m.
4. August 17, 2017 - West Valley Water District Board of Directors regular Board meeting, District Headquarters, 6:00 p.m.
5. August 21, 2017 - West Valley Water District Board of Directors Finance Committee meeting, District Headquarters, 5:45 p.m.
6. August 22, 2017 - West Valley Water District Board of Directors External Affairs Committee meeting, District Headquarters, 6:00 p.m.

FUTURE AGENDA ITEM

INFORMATION

CLOSED SESSION

- CONFERENCE WITH LEGAL COUNSEL – PERSONNEL MATTER – Pursuant to Government Code Section 54957: Termination of Professional Services Agreement: Albright, Yee & Schmit, LLP.
- CONFERENCE WITH LEGAL COUNSEL – PERSONNEL MATTER – Pursuant to Government Code Section 54957: Termination of Professional Services (Legal Representation) Agreement: Prata & Daly, LLP.
- CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION – Pursuant to Government Code Section 54956.9(a): FPPC Complaint, Clifford O. Young, Sr. v. West Valley Water District and Linda Gonzalez, Complaint No. COM-06092017-01044.
- CONFERENCE WITH LEGAL COUNSEL – PERSONNEL MATTER – Pursuant to Government Code Section 54957: Authorize Procurement of and if Necessary, Payment for Legal Representation for Director Linda Gonzalez in Defense of Director Clifford Young’s California Fair Political Practices Commission Complaint.
- CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION: Pursuant to Government Code Section 54956.9(a): San Bernardino Valley Municipal Water District, et al., v San Gabriel Valley Company, et al; San Bernardino County Superior Court Case No. CVDS1311085 / Fourth District Court of Appeal Division Two, Case No. E063180.
• CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION – Pursuant to Government Code Section 54956.9(d)(2) – Number of Cases: one (1) Jesus Campos Ugalde, Case No. 178-0503.

• CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION - Pursuant to Government Code Section 54956.9(a): EEOC Complaint, Kenny Hernandez, Case Number 480-2017-00835.

• CONFERENCE WITH LEGAL COUNSEL – POTENTIAL LITIGATION - Pursuant to Government Code Section 54956.9(b): EEOC Complaint, Shanae Smith, Case Number 480-2017-00219.

ADJOURN

DECLARATION OF POSTING:

I declare under penalty of perjury, that I am employed by the West Valley Water District and posted the foregoing Agenda at the District Offices on July 17, 2017.

[Signature]
Shanae Smith
Board Secretary

Please Note:

Material related to an item on this Agenda submitted to the Board after distribution of the agenda packet are available for public inspection in the District's office located at 855 W. Baseline, Rialto, CA 92376 during normal business hours. Also, such documents are available on the District's website at www.wvwd.org subject to Staff's ability to post the documents before the meeting.

Pursuant to Government Code Section 54954.2(a), any request for a disability-related modification or accommodation, including auxiliary aids or services, in order to attend or participate in the above-agendized public meeting should be directed to Shanae Smith, at least 72 hours in advance of the meeting to ensure availability of the requested service or accommodation. Mrs. Smith may be contacted by telephone at (909) 875-1804 ext. 704, or in writing at the West Valley Water District, P.O. Box 920, Rialto, CA 92377-0920.
MINUTES

SPECIAL BOARD MEETING

of the

WEST VALLEY WATER DISTRICT

BOARD OF DIRECTORS

June 26, 2017

PRESENT  ABSENT  DIRECTORS
✓       ✓       Dr. Clifford Young, Sr., President
✓       ✓       Linda Gonzalez, Vice President
✓       ✓       Greg Young, Director
✓       ✓       Donald Olinger, Director
✓       ✓       Robert Bourland, Director

STAFF
✓       ✓       Matthew H. Litchfield, General Manager
✓       ✓       Greg Gage, Assistant General Manager
✓       ✓       Marie Ricci, Chief Financial Officer
✓       ✓       Karen Logue, Human Resources/Risk Manager
✓       ✓       Wendy Strack, External Affairs Manager
✓       ✓       Joanne Chan, Operations Manager
✓       ✓       Jon Stephenson, Engineering Services Manager
✓       ✓       Shanae Smith, Board Secretary
✓       ✓       Diana Gunn, Purchasing Analyst
✓       ✓       Daisy Farias, Water Conservation Specialist
✓       ✓       Alexis Garcia, Water Quality Specialist
✓       ✓       Lauren Albrecht, Public Affairs Analyst
✓       ✓       Michelle Adams, Public Affairs Analyst

LEGAL
✓       ✓       Michael Duane Davis, Savage Gresham Nolan & Tilden, PC
✓       ✓       Derek R. Hoffman, Savage Gresham Nolan & Tilden, PC

VISITORS
None

WVWD
Special Minutes: 6/26/17
The Special meeting of the Board of Directors was called to order by Dr. Clifford Young, Sr., at 6:00 p.m. at the District Office, 855 W. Baseline Road, Rialto, CA.

OPENING CEREMONIES

Pledge of Allegiance -Vice President Linda Gonzalez
Opening Prayer - Director Robert Bourland
Roll Call of Board Members-Quorum

ADOPT AGENDA

President Young announced that the correct resolution no. is 388-66, not 388-65 as indicated on the agenda. A motion was made by Director Young to adopt the Agenda as amended, seconded by Director Bourland. The motion carried unanimously by the following vote:

Ayes: Directors: Gonzalez, Olinger, Young, Bourland, Young, Sr.
Noes: Directors: None
Absent: Directors: None
Abstain: Directors: None

PUBLIC PARTICIPATION

President Young indicated that any person wishing to speak to the Board of Directors on matters listed or not listed on the agenda, within its jurisdiction, is asked to complete a Speaker Card and submit it to the District Clerk. Each speaker is limited to three (3) minutes. Under the State of California Brown Act, the Board of Directors is prohibited from discussing or taking action on any item not listed on the posted agenda. Comments related to noticed Public Hearing(s) and Business Matters will be heard during the occurrence of the item.

No members of the public spoke at the meeting.
BUSINESS MATTERS

1a). **Adopt Resolution No. 388-66, Suspending Resolution No. 388-58, Pending Completion of District Employee Compensation and Classification Study** – Following discussion, Director Olinger made a motion to Adopt Resolution No. 388-66, Suspending Resolution No. 388-58, Pending Completion of District-Wide Employee Compensation and Classification Study, seconded by Director Bourland. Director Bourland amended the motion to Defer Recommendation No. 3 Deferred Compensation Contribution – Employees Contributing $50, $100 or $150 or greater, per pay period, would receive a contribution from the District of $25, $50 or $75 to the Compensation and Classification Study for further analysis, seconded by President Young. A discussion continued. Following discussion, the amendment to the motion carried by the following vote:

<table>
<thead>
<tr>
<th>Ayes:</th>
<th>Director:</th>
<th>Gonzalez, Olinger, Bourland, Young, Sr.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Noes:</td>
<td>Director:</td>
<td>None</td>
</tr>
<tr>
<td>Absent:</td>
<td>Director:</td>
<td>None</td>
</tr>
<tr>
<td>Abstain:</td>
<td>Director:</td>
<td>Young</td>
</tr>
</tbody>
</table>

The original motion carried by the following vote:

<table>
<thead>
<tr>
<th>Ayes:</th>
<th>Director:</th>
<th>Gonzalez, Olinger, Bourland, Young, Sr.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Noes:</td>
<td>Director:</td>
<td>Young</td>
</tr>
<tr>
<td>Absent:</td>
<td>Director:</td>
<td>None</td>
</tr>
<tr>
<td>Abstain:</td>
<td>Director:</td>
<td>None</td>
</tr>
</tbody>
</table>

1b). **Adopt Resolution No. 2017-17, Approving the Annual Operating and Capital Improvement Budget for Fiscal Year 2017-2018 Effective July 1, 2017, ending June 30, 2018** – Following discussion, a motion was made by Director Bourland to Adopt Resolution No. 2017-17, Approving the Annual Operating and Capital Improvement Budget for Fiscal Year 2017-2018 Effective July 1, 2017, ending June 30, 2018, seconded by Director Young. The motion carried unanimously by the following vote:

<table>
<thead>
<tr>
<th>Ayes:</th>
<th>Director:</th>
<th>Gonzalez, Olinger, Young, Bourland, Young, Sr.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Noes:</td>
<td>Director:</td>
<td>None</td>
</tr>
<tr>
<td>Absent:</td>
<td>Director:</td>
<td>None</td>
</tr>
<tr>
<td>Abstain:</td>
<td>Director:</td>
<td>None</td>
</tr>
</tbody>
</table>

ADJOURN

WVWD
Special Minutes: 6/26/17
THERE BEING NO FURTHER BUSINESS, PRESIDENT YOUNG MOVED TO ADJOURN THE MEETING AT 6:15 P.M.

Dr. Clifford Young, Sr.
President of the Board of Directors
of West Valley Water District

ATTEST:

Shanae Smith, Board Secretary
MINUTES
REGULAR BOARD MEETING
of the
WEST VALLEY WATER DISTRICT
July 6, 2017

PRESENT     ABSENT
✓           DIRECTORS
✓           Dr. Clifford Young, Sr., President
✓           Linda Gonzalez, Vice President
✓           Gregory Young, Director
✓           Donald Olinger, Director
✓           Robert Bourland, Director

✓           STAFF
✓           Matthew H. Litchfield, P.E., General Manager
✓           Greg Gage, Assistant General Manager
✓           Marie Ricci, Chief Financial Officer
✓           Karen Logue, Human Resources/Risk Manager
✓           Wendy Strack, External Affairs Manager
✓           Linda Jadeski, Engineering Services Manager
✓           Jon Stephenson, Business Systems Manager
✓           Joanne Chan, Operations Manager
✓           Shanae Smith, Board Secretary
✓           Rosa Gutierrez, Associate Engineer
✓           Deborah Martinez, Human Resources Analyst
✓           Daisy Farias, Water Conservation Specialist
✓           Michelle Adams, Public Affairs Analyst

✓           LEGAL
✓           Michael Davis, Gresham, Savage, Nolan & Tilden, PC
✓           Derek Hoffman, Gresham, Savage, Nolan & Tilden, PC

✓           VISITORS
June D. Hayes, Director, SBV Municipal Water District
Jeff Riley, Carollo Engineers
Anthony & Diana Araiza, Customers

WVWD
Minutes: 7/6/17
The Regular meeting of the Board of Directors was called to order by Dr. Clifford Young, Sr., at 6:00 p.m. at the District Headquarters, 855 W. Baseline Road, Rialto, CA.

OPENING CEREMONIES

Pledge of Allegiance – Director Donald Olinger
Opening Prayer – Director Gregory Young
Roll Call of Board Members – Quorum

ADOPT AGENDA

Vice President Gonzalez made a motion to Approve the Agenda and to move Business Item No. 9 Approval of Payment to Tafoya and Garcia for Professional Services rendered through May 31, 2017; Statement No. 1015; $9,790.75 to Business Matters for discussion, seconded by Director Olinger. Following discussion the motion carried by the following vote:

Ayes: Directors: Gonzalez, Olinger, Young, Young, Sr.
Noes: Directors: None
Absent: Directors: Bourland
Abstain: Directors: None

PUBLIC PARTICIPATION

President Young indicated that any person wishing to speak to the West Valley Water District ("District") Board of Directors on matters listed or not listed on the agenda, within its jurisdiction, is asked to complete a Speaker Card and submit it to the District Clerk. Each speaker is limited to three (3) minutes. Under the State of California Brown Act, the Board is prohibited from discussing or taking action on any item not listed on the posted agenda. Comments related to noticed Public Hearing(s) and Business Matters will be heard during the occurrence of the item.

Ms. June D. Hayes, Director of the San Bernardino Valley Municipal Water District ("Valley District") requested that copies be made of two (2) items. Ms. Hayes discussed the first item, a bill stuffer, which was developed at the request of the City of Rialto for the City of Rialto Water and indicates the role of Valley District. It was also translated into Spanish. Ms. Hayes also commented on draft language for a bill for making California conservation a way of life, and that the bill is akin to budget-based rates for landscaping, not including commercial. A public hearing is scheduled for July 11th at the State Senate. General Legal Counsel, Michael Davis stated he would find out the sponsor of the bill at President Young’s request. Ms. Hayes commented on her concern as a citizen that a person could be held liable if they don’t follow the mandates, which include thirty days in jail and a fine not exceeding $1,000. This will be a concern for the water boards and their customers.

WVWD
Minutes: 7/6/17
CONSENT CALENDAR

A motion was made by Director Young to Approve the Consent Calendar with corrections regarding the employee salary committee recommendations. Director Young asked that Board Secretary Shanee Smith include that while he supports the Cost of Living Increase (“COLA”), in addition to expanding the District’s educational opportunities, he specifically opposed the matching deferred compensation and that his comments should be added, as it is not reflected in the minutes. Following discussion, the motion was seconded by Director Olinger. The motion was approved unanimously by the following vote:

Ayes: Directors: Gonzalez, Olinger, Young, Young, Sr.
Noes: Directors: None
Absent: Directors: Bourland
Abstain: Directors: None

BUSINESS MATTERS

Consideration of:

1. Construction Progress Report – Fixed Bed Biological Perchlorate Destruction Project by Carollo Engineers – Assistant General Manager Greg Gage introduced Mr. Jeff Riley of Carollo Engineers who presented a brief PowerPoint presentation regarding the status of the Fixed Bed Perchlorate Destruction Project (“FXB”), including ongoing tasks completed year to date, budget and payment status of claims for reimbursement of the State Clean up and Abatement (“CAA”) grant funds and that public relations outreach through the American Water Works Association (“AWWA”) conference abstract is ongoing. Mr. Riley also reported that 98% of the construction is complete and start-up is scheduled for next week, progressing through the end of July, 2017. Once the system is started up, the demonstration testing will commence and last approximately six months. Mr. Riley concluded with photos of the progress and answered questions from the Board. The presentation was received and filed.

2. Adopt Resolution No. 2017-18, Approving Regulations for Candidates for Elective Office Pertaining to, and Costs of Candidate Statements Submitted to the Voters at the November 7, 2017 General District Election – Following discussion, a motion was made by Director Olinger to Adopt Resolution No. 2017-18, Approving Regulations for Candidates for Elective Office Pertaining to, and Costs of Candidate Statements Submitted to the Voters at the November 7, 2017 General District Election, seconded by Vice President Gonzalez. The motion carried by the following vote:

Ayes: Directors: Gonzalez, Olinger, Young, Young, Sr.
Noes: Directors: None
Absent: Directors: Bourland
Abstain: Directors: None

WVWD
Minutes: 7/6/17
3. **Adopt Resolution No. 2017-19, Amending Exhibits A & B of Articles 2020 and 2021, Schedule of Charges for the Hourly Labor and Vehicle/Equipment Hourly Rates Per Water Service Regulations** – Following discussion, a motion was by Vice President Gonzalez to Adopt Resolution No. 2017-19, Amending Exhibits A & B of Articles 2020 and 2021, Schedule of Charges for the Hourly Labor and Vehicle/Equipment Hourly Rates Per Water Service Regulations, seconded by Director Young. The motion carried by the following vote:

- **Ayes:** Directors: Gonzalez, Olinger, Young, Young, Sr.
- **Noes:** Directors: None
- **Absent:** Directors: Bourland
- **Abstain:** Directors: None

4. **Adopt Resolution No. 2017-20, Amending In Part, Resolution No. 2016-18, Authorizing Investment of Monies in the Local Agency Investment Fund** – Following discussion a motion was made by Director Young to Adopt Resolution No. 2017-20, Amending In Part, Resolution No. 2016-18, Authorizing Investment of Monies in the Local Agency Investment Fund, seconded by Director Olinger. The motion carried by the following vote:

- **Ayes:** Directors: Gonzalez, Olinger, Young, Young, Sr.
- **Noes:** Directors: None
- **Absent:** Directors: Bourland
- **Abstain:** Directors: None

5. **Adopt Resolution No. 388-67, Amending in Part, Resolution No. 388-60, Approving the Salary Schedule and Job Classification List in the Personnel, Policies and Practices Manual (Exhibit A)** – Following discussion, Director Olinger made a motion to Adopt Resolution No. 388-67, Amending in Part, Resolution No. 388-60, Approving the Salary Schedule and Job Classification List in the Personnel, Policies and Practices Manual (Exhibit A), seconded by Vice President Gonzalez. President Young inquired whether the salary classifications were in line with the current classification and compensation study. Mr. Gage confirmed that with the adoption of the 2017-2018 Fiscal Year Capital Improvement and Operating Budget, a 2.5% adjustment had been approved and that the classification and compensation study is ongoing and scheduled to be complete in December, 2017. The motion carried by the following vote:

- **Ayes:** Directors: Gonzalez, Olinger, Young, Young, Sr.
- **Noes:** Directors: None
- **Absent:** Directors: Bourland
- **Abstain:** Directors: None

6. **Awarding Contract for As-Needed Services for Well & Booster Maintenance and Repairs** – Following discussion, a motion was made by Director Young to Award a Contract to General Pump Company for a One-Year Term, with two (2) Additional one (1) year Options for As-Needed Services for Well & Booster Maintenance and Repairs, seconded Director Olinger. The motion carried by the following vote:

WVWD
Minutes: 7/6/17
Ayes: Directors: Olinger, Young, Young, Sr.
Noes: Directors: Gonzalez
Absent: Directors: Bourland
Abstain: Directors: None

7. Approval of Payment to Gresham Savage Nolan & Tilden, PC for Professional Services rendered through May 31, 2017; Statement No. W1582 - All Matters; Total Amount of $16,064.33 – Following discussion, a motion was made by Vice President Gonzalez to Approve Payment to Gresham Savage Nolan & Tilden, PC for Professional Services rendered through May 31, 2017; Statement No. W1582 - All Matters; Total Amount of $16,064.33, seconded by President Young. Director Young inquired about billing for Board Committee items and his understanding that it would be billed at the flat rate and whether the invoicing should be amended to reflect routine services instead. Mr. Davis stated the request was made by Director Bourland and he would look into it amend the invoice if necessary. The motion carried by the following vote:

Ayes: Directors: Gonzalez, Olinger, Young, Young, Sr.
Noes: Directors: None
Absent: Directors: Bourland
Abstain: Directors: None

8. Approval of Payment to Larson O’Brien, LLP for Professional Services rendered through May 31, 2017 regarding the San Bernardino Municipal Water District Matter; Statement No. 3558; $13,739.26 – Following discussion, a motion was made by Vice President Gonzalez to Approve Payment to Larson O’Brien, LLP for Professional Services rendered through May 31, 2017 regarding the San Bernardino Municipal Water District Matter; Statement No. 3558; $13,739.26, seconded by Director Olinger. The motion carried by the following vote:

Ayes: Directors: Gonzalez, Olinger, Young, Young, Sr.
Noes: Directors: None
Absent: Directors: Bourland
Abstain: Directors: None

9. Approval of Payment to Tafoya and Garcia, LLP for Professional Services rendered through May 31, 2017; Statement No. 1015; $9,790.75 – Following discussion a motion was made by Director Young to Approve Payment to Tafoya and Garcia for Professional Services rendered through May 31, 2017; Statement No. 1015; $9,790.75, seconded by Director Olinger. Vice President Gonzalez referenced a line item on Page 236 for .30 billable hours and inquired of General Legal Counsel Michael Davis regarding the status of the transition with the firm to obtain legal opinions related to the Long Term Care issue. Mr. Davis reported he had started to receive information from Tafoya and Garcia, LLP, mostly related to pending litigation. Mr. Davis also confirmed that the firm had not provided the remaining documentation requested related to routine matters, general communications or basic opinions. Vice President Gonzalez stated that she and another member of the Board had also requested information and that a ratepayer for fifty-three years has come here three (3) times and requested the information.

WVWD
Minutes: 7/6/17
Mr. Davis stated that he would continue to submit requests to Tafoya and Garcia, LLP for the information. Discussion continued. Following discussion, the motion carried by the following vote:

Ayes: Directors: Olinger, Young, Young, Sr.
Noes: Directors: Gonzalez
Absent: Directors: Bourland
Abstain: Directors: None

REPORTS – LIMITED TO 5 MINUTES MAXIMUM (Presentations or handouts must be provided to Board Members in advance of Board Meeting).

1. Board Reports

Vice President Gonzalez reported on the following:

a. Thanked everyone for attending the meeting.

Director Olinger reported on the following:

a. Jun. 27th - Attended his 90th Birthday Celebration. Expressed his gratitude to Ms. Shanac Smith and Staff for all their efforts.

Director Young reported on the following:

a. Jun. 21st – 22nd - Attended the Western Coalition of Arid States ("WESTCAS") 25th Annual Conference in San Diego. The conference was informative and more technical than even the previous year and that he was the only Board member present and everyone else was District Staff. He still enjoyed himself, although he could not stay for the three days. However, he took a quick overnight trip for one day and it was really nice.

b. Requested to adjourn the meeting in honor of Great Aunt Evelyn Anderson who passed away at the age of 100 years old. Ms. Anderson retired from Cal Trans and also worked for the State Water Resources Control Board and was part of the design team of the Oroville Dam and she was very proud of it. She live a very long amazing life and she will be missed.

Director Bourland was absent from the meeting.

President Young had no report.

2. Legal Counsel/Consultants

Mr. Davis reported on the following:

a. Referenced his written Open Session Master Report and that he would provide a report in
Closed Session.

3. **General Manager**

Mr. Gage reported on the following:

a. Informational Item – Distributed a correspondence from the Association of San Bernardino County Special Districts ("ASBCSD") regarding an ongoing Local Agency Formation ("LAFCO") issue and that no action is needed at this time. The item was received and filed.

4. **Chief Financial Officer**

Ms. Ricci had no report.

5. **Operations Manager**

Ms. Joanne Chan reported on the following:

a. The Oliver P. Roemer Water Treatment Plant is producing 10 mgd., its maximum capacity.

b. Lytle Creek Flow is 4.8 mgd, a 27% decrease since June.

c. State Water Project (SWP) water flow is at 4.1 mgd., an increase of 17% since June.

d. The FBR Treatment Plant is treating 2.9 mgd, its maximum capacity.

6. **Treasurer**

The Treasurer’s Report is included in the packet.

7. **Engineering Services Manager**

Ms. Jadeski had no report.

8. **External Affairs**

Ms. Michelle Adams had no report.

9. **Human Resources/Risk Manager**

Ms. Deborah Martinez had no report.

10. **Business Systems Manager**

Mr. Jon Stephenson had no report.
11. Board Secretary

Ms. Shanae Smith had no report.

UPCOMING MEETINGS

Ms. Smith announced the following upcoming meetings:

a. July 12th at 5:00 p.m. – Human Resources Committee Meeting

b. July 12th at 5:45 p.m. – Engineering and Planning Committee Meeting

FUTURE AGENDA ITEMS

None.

INFORMATION

None.

CLOSED SESSION

At 6:55 p.m. the Board convened to Closed Session to discuss several items. At 7:53 p.m. the Board reconvened to Open Session and Mr. Davis reported on the following:

APPROVAL OF CLOSED SESSION MINUTES: Regular meeting June 15, 2017 – Approved.

- CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION - Pursuant to Government Code Section 54956.9(a): San Bernardino Valley Municipal Water District, et al., v San Gabriel Valley Company, et al; San Bernardino County Superior Court Case No. CIVDS1311085 / Fourth District Court of Appeal Division Two, Case No. E063180.

  No reportable action.

- CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION - Pursuant to Government Code Section 54956.9(a): Southern California Edison v. Fontana I Medical Properties, et al; San Bernardino County Superior Court Case No. CIVDS1621129.

  No reportable action.

- CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION - Pursuant to Government Code Section 54956.9(a): EEOC Complaint, Kenny Hernandez, Case Number 480-2017-00835.

  No reportable action.

WVWD

Minutes: 7/6/17
• CONFERENCE WITH LEGAL COUNSEL – POTENTIAL LITIGATION – Pursuant to
  Government Code Section 54956.9(b): EEQC Complaint, Shanae Smith, Case Number 480-2017-00219.

  No reportable action.

• CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION – Pursuant to
  Government Code Section 54956.9(a): FPPC Complaint, Clifford O. Young, Sr. v. West Valley
  Water District and Linda Gonzalez, Complaint No. COM-06092017-01044.

  President Young and Vice President Gonzalez were excused due a potential conflict of interest.

THERE BEING NO FURTHER BUSINESS, DIRECTOR OLINGER MOVED TO
ADJOURN THE MEETING AT 7.55 P.M. IN MEMORY OF EVELYN ANDERSON.

_________________________________________
Dr. Clifford Young, Sr.
President of the Board of Directors
of West Valley Water District

ATTEST:

_________________________________________
Shanae Smith, Board Secretary
<table>
<thead>
<tr>
<th>EVENT DATE</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>August 1&lt;sup&gt;st&lt;/sup&gt;</td>
<td>San Bernardino Valley Municipal Water District Board of Directors Meeting</td>
</tr>
<tr>
<td>August 1&lt;sup&gt;st&lt;/sup&gt;</td>
<td>Bloomington Municipal Advisory Council</td>
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<tr>
<td>August 3&lt;sup&gt;rd&lt;/sup&gt;</td>
<td>WWWD Regular Board of Directors Meeting</td>
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<tr>
<td>August 7&lt;sup&gt;th&lt;/sup&gt;</td>
<td>WWWD Engineering/Planning Committee Meeting</td>
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<tr>
<td>August 9&lt;sup&gt;th&lt;/sup&gt;</td>
<td>11&lt;sup&gt;th&lt;/sup&gt; Annual SBC Water Conference</td>
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<tr>
<td>August 11&lt;sup&gt;th&lt;/sup&gt;</td>
<td>San Bernardino Valley Municipal Water District Board of Directors Meeting</td>
</tr>
<tr>
<td>August 15&lt;sup&gt;th&lt;/sup&gt;</td>
<td>WWWD Regular Board of Directors Meeting</td>
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<td>August 17&lt;sup&gt;th&lt;/sup&gt;</td>
<td>WWWD Finance Committee Meeting</td>
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<td>August 21&lt;sup&gt;st&lt;/sup&gt;</td>
<td>WWWD External Affairs Committee Meeting</td>
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<tr>
<td>September 5&lt;sup&gt;th&lt;/sup&gt;</td>
<td>San Bernardino Valley Municipal Water District Board of Directors Meeting</td>
</tr>
<tr>
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<td>Event Description</td>
</tr>
<tr>
<td>------------</td>
<td>--------------------------------------------------------</td>
</tr>
<tr>
<td>September 5th</td>
<td>Bloomington Municipal Advisory Council</td>
</tr>
<tr>
<td>September 7th</td>
<td>WWWD Regular Board of Directors Meeting</td>
</tr>
<tr>
<td>September 19th</td>
<td>San Bernardino Valley Municipal Water District</td>
</tr>
<tr>
<td>September 25th-28th</td>
<td>2017 CSDA Annual Conference and Exhibitor Showcase</td>
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</table>
## LOCAL COMMUNITY EVENTS

<table>
<thead>
<tr>
<th>EVENT DATE 2017</th>
<th>DESCRIPTION</th>
<th>DIRECTOR YOUNG, SR.</th>
<th>VICE PRESIDENT GONZALEZ</th>
<th>DIRECTOR YOUNG</th>
<th>DIRECTOR OLINGER</th>
<th>DIRECTOR BOURLAND</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Rialto</td>
<td>National Night Out, Chili Cook-Off Competition &amp; Battle of the Badges</td>
<td>-</td>
<td>-</td>
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<tr>
<td>August 1st</td>
<td>City Council Meeting</td>
<td>-</td>
<td>-</td>
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<tr>
<td>August 8th</td>
<td>Planning Commission Meeting</td>
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<tr>
<td>August 9th</td>
<td>Utilities Commission Meeting</td>
<td>-</td>
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<tr>
<td>August 15th</td>
<td>City Council Meeting</td>
<td>-</td>
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<tr>
<td>August 22nd</td>
<td>Planning Commission</td>
<td>-</td>
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<tr>
<td>August 23rd</td>
<td>Rialto Re-Entry Support Team Resource Event</td>
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## Master Calendar of Events
August - September 2017

<table>
<thead>
<tr>
<th>City of Fontana</th>
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<td>August 1st</td>
<td>National Night Out</td>
<td></td>
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<td>August 4th</td>
<td>Fontana Car Show</td>
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<table>
<thead>
<tr>
<th>City of Colton</th>
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## POST EVENT APPROVAL

<table>
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<tr>
<th>EVENT DATE 2017</th>
<th>DESCRIPTION</th>
<th>DIRECTOR YOUNG, SR.</th>
<th>VICE PRESIDENT GONZALEZ</th>
<th>DIRECTOR YOUNG</th>
<th>DIRECTOR OLINGER</th>
<th>DIRECTOR (BOURLAND)</th>
</tr>
</thead>
<tbody>
<tr>
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</tr>
</tbody>
</table>
BOARD OF DIRECTORS
STAFF REPORT

DATE: July 20, 2017

TO: Board of Directors

FROM: Matthew H. Litchfield, P.E., General Manager

SUBJECT: APPROVAL OF JUNE 2017 PURCHASE ORDER REPORT

BACKGROUND:
The West Valley Water District ("District") generated fifty-four Purchase Orders ("PO") in the month of June 2017 to various vendors that provide supplies and services to the District. There were forty-three POs issued below the General Manager’s approval level, eight (8) POs issued at the General Manager’s approval level and three (3) POs issued with Board approval. The total amount issued to POs for the month of June 2017 was $451,219.52. A table listing all PO’s for June 2017 is attached as Exhibit A.

FISCAL IMPACT:

There is no fiscal impact for producing the June 2017 Purchase Order Report.

STAFF RECOMMENDATION:

Receive and file the June 2017 Purchase Order Report.

Respectfully Submitted,

[Signature]

Matthew H. Litchfield, P.E.
General Manager

AR:ss
Attachment: Exhibit A – Purchase Order Report – June 2017
<table>
<thead>
<tr>
<th>PO#</th>
<th>VENDOR</th>
<th>STATUS</th>
<th>TYPE/DATE</th>
<th>USER</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>3139</td>
<td>AUTOMATED GATE SERVICES INC</td>
<td>Awaiting Receipt</td>
<td>P 6/14/2017</td>
<td>DG</td>
<td>$525.00</td>
</tr>
<tr>
<td>3128</td>
<td>SUPERIOR TANK CO INC</td>
<td>Awaiting Receipt</td>
<td>P 6/8/2017</td>
<td>DG</td>
<td>$550.00</td>
</tr>
<tr>
<td>3129</td>
<td>SUPERIOR TANK CO INC</td>
<td>Awaiting Receipt</td>
<td>P 6/8/2017</td>
<td>DG</td>
<td>$550.00</td>
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<tr>
<td>3127</td>
<td>MICRO MOTION, INC.</td>
<td>Awaiting Receipt</td>
<td>P 6/8/2017</td>
<td>DG</td>
<td>$610.00</td>
</tr>
<tr>
<td>3159</td>
<td>OFFICE SOLUTIONS</td>
<td>Awaiting Receipt</td>
<td>P 6/29/2017</td>
<td>DG</td>
<td>$645.43</td>
</tr>
<tr>
<td>3149</td>
<td>CALIFORNIA SURVEYING &amp; DRAFT S</td>
<td>Awaiting Receipt</td>
<td>P 6/27/2017</td>
<td>DG</td>
<td>$700.32</td>
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<tr>
<td>3131</td>
<td>CEMEX INC</td>
<td>Completed</td>
<td>P 6/12/2017</td>
<td>DG</td>
<td>$713.46</td>
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<tr>
<td>3124</td>
<td>THE KEY PLACE</td>
<td>Completed</td>
<td>P 6/8/2017</td>
<td>DG</td>
<td>$717.08</td>
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<tr>
<td>3130</td>
<td>PR PRINTING</td>
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<td>P 6/9/2017</td>
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<td>$775.80</td>
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<tr>
<td>3116</td>
<td>YO FIRE</td>
<td>Completed</td>
<td>P 6/1/2017</td>
<td>DG</td>
<td>$863.08</td>
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<tr>
<td>3145</td>
<td>FASTENAL COMPANY</td>
<td>Received - No Invoice</td>
<td>P 6/21/2017</td>
<td>RM</td>
<td>$922.28</td>
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<tr>
<td>3136</td>
<td>FASTENAL COMPANY</td>
<td>Completed</td>
<td>P 6/14/2017</td>
<td>DG</td>
<td>$922.31</td>
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<tr>
<td>3114</td>
<td>ROTOLO CHEVROLET</td>
<td>Awaiting Receipt</td>
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<td>$938.28</td>
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<tr>
<td>3125</td>
<td>MAIL/FINANCE</td>
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<tr>
<td>3156</td>
<td>CONVERGEONE, INC</td>
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<td>$1,181.25</td>
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<td>EVOQUA WATER TECHNOLOGIES LLC</td>
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<td>3121</td>
<td>PF SERVICES INC</td>
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<td>3146</td>
<td>GRAINGER INC</td>
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<td>P 6/21/2017</td>
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<td>3167</td>
<td>SIMPSON SANDBLASTING &amp; SPECIAL</td>
<td>Awaiting Receipt</td>
<td>P 6/29/2017</td>
<td>DG</td>
<td>$1,760.00</td>
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<td>3179</td>
<td>MARY LA RUE WINTER</td>
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<td>$2,618.17</td>
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<tr>
<td>3138</td>
<td>THERMO ELECTRON NORTH AMERICA</td>
<td>Awaiting Receipt</td>
<td>P 6/14/2017</td>
<td>DG</td>
<td>$2,633.83</td>
</tr>
<tr>
<td>3158</td>
<td>CUMMINS ALLISON CORPORATION</td>
<td>Awaiting Receipt</td>
<td>P 6/29/2017</td>
<td>RM</td>
<td>$2,841.37</td>
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<tr>
<td>3137</td>
<td>COLLINS PRODUCTS COMPANY INC</td>
<td>Awaiting Receipt</td>
<td>P 6/14/2017</td>
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<td>$2,957.74</td>
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<tr>
<td>3142</td>
<td>X V A C ENVIRONMENTAL SERVICES INC</td>
<td>Awaiting Receipt</td>
<td>P 6/21/2017</td>
<td>DG</td>
<td>$2,973.49</td>
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<tr>
<td>3157</td>
<td>EVOQUA WATER TECHNOLOGIES LLC</td>
<td>Awaiting Receipt</td>
<td>P 6/28/2017</td>
<td>DG</td>
<td>$2,975.00</td>
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<tr>
<td>3126</td>
<td>DIVE/CORR, INC.</td>
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<td>DG</td>
<td>$3,000.00</td>
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<tr>
<td>3151</td>
<td>KIRTLIE CONSTRUCTION INC</td>
<td>Awaiting Receipt</td>
<td>P 6/27/2017</td>
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<td>$3,200.00</td>
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<td>3135</td>
<td>TESCO CONTROLS INC</td>
<td>Awaiting Receipt</td>
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<td>$3,295.00</td>
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<td>AMAZON</td>
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<tr>
<td>3122</td>
<td>AMAZON</td>
<td>Received - Partially Inv</td>
<td>P 6/6/2017</td>
<td>DG</td>
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<tr>
<td>3155</td>
<td>DC FROST ASSOCIATES INC</td>
<td>Awaiting Receipt</td>
<td>P 6/27/2017</td>
<td>DG</td>
<td>$3,966.00</td>
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<tr>
<td>3143</td>
<td>AMAZON</td>
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<td>P 6/21/2017</td>
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<td>$4,156.83</td>
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<tr>
<td>3134</td>
<td>OLDCASTLE ENCLOSURE SOLUTIONS</td>
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<td>$4,619.24</td>
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<td>3181</td>
<td>OR REILLY PUBLIC RELATIONS</td>
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<td>$5,033.01</td>
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<td>3148</td>
<td>INLAND EMPIRE RESOURCE CONS DI</td>
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<td>$6,460.00</td>
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<td>3117</td>
<td>YO FIRE</td>
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<td>$6,797.78</td>
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<td>3163</td>
<td>KIRTLIE CONSTRUCTION INC</td>
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<td>P 6/29/2017</td>
<td>DG</td>
<td>$6,880.00</td>
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<td>3150</td>
<td>MINUTEMAN PRESS OF RANCHO CUCA</td>
<td>Awaiting Receipt</td>
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<td>DG</td>
<td>$7,035.00</td>
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<tr>
<td>3141</td>
<td>UNLIMITED PAINTING SERVICE</td>
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<td>DG</td>
<td>$7,400.00</td>
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<td>3140</td>
<td>STERLING WATER TECHNOLOGIES LLC</td>
<td>Awaiting Receipt</td>
<td>P 6/15/2017</td>
<td>DG</td>
<td>$8,140.00</td>
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<td>3154</td>
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<td>$8,300.00</td>
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<td>3123</td>
<td>GE ANALYTICAL INSTRUMENTS, INC</td>
<td>Awaiting Receipt</td>
<td>P 6/7/2017</td>
<td>DG</td>
<td>$9,311.55</td>
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<tr>
<td>3164</td>
<td>D &amp; H WATER SYSTEMS, INC.</td>
<td>Awaiting Receipt</td>
<td>P 6/29/2017</td>
<td>DG</td>
<td>$9,913.00</td>
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<tr>
<td></td>
<td>Total PO's under $10K</td>
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<td>$139,762.53</td>
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<td>3160</td>
<td>THERMO ELECTRON NORTH AMERICA</td>
<td>Awaiting Receipt</td>
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<td>NEO GOV</td>
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<td>P 6/23/2017</td>
<td>DG</td>
<td>$13,635.00</td>
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<tr>
<td>3132</td>
<td>MIKE ROQUET CONSTRUCTION, INC.</td>
<td>Awaiting Receipt</td>
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<td>DG</td>
<td>$13,826.00</td>
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<tr>
<td>3153</td>
<td>KIRTLIE CONSTRUCTION INC</td>
<td>Awaiting Receipt</td>
<td>P 6/27/2017</td>
<td>DG</td>
<td>$14,372.00</td>
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<td>3171</td>
<td>LAYNE CHRISTENSEN</td>
<td>Awaiting Receipt</td>
<td>P 6/30/2017</td>
<td>DG</td>
<td>$14,772.92</td>
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<tr>
<td>3133</td>
<td>MIKE ROQUET CONSTRUCTION, INC.</td>
<td>Awaiting Receipt</td>
<td>P 6/12/2017</td>
<td>DG</td>
<td>$17,359.00</td>
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<td>DC FROST ASSOCIATES INC</td>
<td>Awaiting Receipt</td>
<td>P 6/27/2017</td>
<td>DG</td>
<td>$18,519.45</td>
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<td>3118</td>
<td>AQUA-METRIC SALES CO</td>
<td>Completed</td>
<td>P 6/5/2017</td>
<td>RM</td>
<td>$24,794.57</td>
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<td>Total PO's GM Approval</td>
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<td>$129,149.79</td>
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<tr>
<td>3161</td>
<td>ETA ADVERTISING, INC.</td>
<td>Awaiting Receipt</td>
<td>B 6/29/2017</td>
<td>DG</td>
<td>$52,325.00</td>
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</tbody>
</table>

Legend for Type:
P= Regular P.O.  B= Blanket
## West Valley Water District
### Monthly Purchase Order (P.O.) Report
#### June 2017

<table>
<thead>
<tr>
<th>PO#</th>
<th>VENDOR</th>
<th>STATUS</th>
<th>TYPE</th>
<th>DATE</th>
<th>USER</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>3120</td>
<td>CDW GOVERNMENT INC</td>
<td>RECEIVED - NO INVOICE</td>
<td>P</td>
<td>6/5/2017</td>
<td>RM</td>
<td>$ 57,741.90</td>
</tr>
<tr>
<td>3144</td>
<td>INLANDCON INC</td>
<td>Awaiting Receipt</td>
<td>P</td>
<td>6/21/2017</td>
<td>RM</td>
<td>$ 72,240.30</td>
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<tr>
<td></td>
<td><strong>Total PO's Board Approval</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>$ 182,982.20</strong></td>
</tr>
<tr>
<td></td>
<td><strong>S4 PURCHASE ORDERS</strong></td>
<td>Grand Total</td>
<td></td>
<td></td>
<td></td>
<td><strong>$ 451,219.52</strong></td>
</tr>
</tbody>
</table>

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Legend for Type:

P = Regular P.O.
B = Blanket

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Page 30 of 137
BOARD OF DIRECTORS
STAFF REPORT

DATE: July 20, 2017

TO: Board of Directors

FROM: Matthew H. Litchfield, P.E., General Manager

SUBJECT: APPROVAL OF SECOND QUARTER 2017 CHANGE ORDER REPORT

BACKGROUND:

The West Valley Water District ("District") generated twenty-eight Change Orders ("CO") in the second quarter of 2017 to various vendors that provide supplies and services to the District. All COs during this Second Quarter were below the General Manager's approval level. Twelve of these COs resulted in a lower dollar amount than the original Purchase Order ("PO"). A table listing all COs, including justifications is attached as Exhibit A.

FISCAL IMPACT:

There is no fiscal impact for producing the Second Quarter 2017 Change Order Report.

STAFF RECOMMENDATION:


Respectfully Submitted,

Matthew H. Litchfield, P.E.
General Manager

AR: ss

Attachment: Exhibit A – Change Order Report – June, 2017
EXHIBIT A
<table>
<thead>
<tr>
<th>PO#</th>
<th>VENDOR</th>
<th>DESCRIPTION</th>
<th>STATUS</th>
<th>CHANGE ORDER DATE</th>
<th>USER</th>
<th>ORIG. AMT</th>
<th>REVISED AMT</th>
<th>CHANGE ORDER AMOUNT</th>
<th>REASON</th>
</tr>
</thead>
<tbody>
<tr>
<td>2707</td>
<td>GENERAL PUMP</td>
<td>TROUBLESHOOT FBR 40 HP INFLUENT BOOSTER</td>
<td>COMPLETED</td>
<td>4/3/2017</td>
<td>DG</td>
<td>$ 6,691.00</td>
<td>$ 9,335.56</td>
<td>$ 2,644.56</td>
<td>Additional cost to repair motor</td>
</tr>
<tr>
<td>3013</td>
<td>FLYERS ENERGY</td>
<td>DIESEL FUEL PURCHASE</td>
<td>COMPLETED</td>
<td>4/4/2017</td>
<td>RM</td>
<td>$ 15,582.27</td>
<td>$ 14,970.45</td>
<td>(611.82)</td>
<td>Actual diesel quantity delivered was less</td>
</tr>
<tr>
<td>2987</td>
<td>BERRY ROOFING</td>
<td>REPAIR LEAKS</td>
<td>COMPLETED</td>
<td>4/12/2017</td>
<td>RM</td>
<td>$ 2,893.36</td>
<td>$ 3,796.72</td>
<td>$ 903.36</td>
<td>Additional cost to repair extra leak</td>
</tr>
<tr>
<td>2983</td>
<td>AERO COMPRESSOR</td>
<td>SERVICE - SULLAIR COMPRESSOR FOR ROEMER</td>
<td>COMPLETED</td>
<td>4/26/2017</td>
<td>DG</td>
<td>$ 1,539.78</td>
<td>$ 1,917.28</td>
<td>$ 377.50</td>
<td>Additional cost for parts and labor needed for compressor</td>
</tr>
<tr>
<td>3075</td>
<td>AQUA-METRIC</td>
<td>METER 3/4&quot; SENSUS, MXU, METER 1&quot; SENSUS</td>
<td>COMPLETED</td>
<td>5/4/2017</td>
<td>RM</td>
<td>$ 25,036.79</td>
<td>$ 24,907.65</td>
<td>(129.14)</td>
<td>Corrected Sales Tax amount</td>
</tr>
<tr>
<td>3038</td>
<td>CDW</td>
<td>COMPUTER ACCESSORIES</td>
<td>COMPLETED</td>
<td>5/9/2017</td>
<td>DG</td>
<td>$ 4,002.31</td>
<td>$ 3,736.71</td>
<td>(265.60)</td>
<td>Item from PO was less</td>
</tr>
<tr>
<td>3030</td>
<td>KVAC</td>
<td>SLUDGE REMOVAL IN ARSENIC</td>
<td>COMPLETED</td>
<td>5/9/2017</td>
<td>DG</td>
<td>$ 4,114.12</td>
<td>$ 1,995.57</td>
<td>(2,118.55)</td>
<td>Revised amount to reflect invoice</td>
</tr>
<tr>
<td>3021</td>
<td>UNITED RENTALS</td>
<td>BLOWER VENTILATION RENTAL</td>
<td>COMPLETED</td>
<td>5/9/2017</td>
<td>DG</td>
<td>$ 1,208.91</td>
<td>$ 838.27</td>
<td>(370.64)</td>
<td>Revised amount to reflect invoice</td>
</tr>
<tr>
<td>3051</td>
<td>CITY SEAMLESS RAIN GUTTER</td>
<td>2-1 RESERVOIR RAIN GUTTER</td>
<td>COMPLETED</td>
<td>5/15/2017</td>
<td>DG</td>
<td>$ 3,021.00</td>
<td>$ 2,522.00</td>
<td>(499.00)</td>
<td>Adjusted PO to remove price of gutters on all four sides</td>
</tr>
<tr>
<td>PO#</td>
<td>VENDOR</td>
<td>DESCRIPTION</td>
<td>STATUS</td>
<td>CHANGE ORDER DATE</td>
<td>USER</td>
<td>ORIG. AMT</td>
<td>REVISED AMT</td>
<td>CHANGE ORDER AMOUNT</td>
<td>REASON</td>
</tr>
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<td>---------------------------------------------</td>
</tr>
<tr>
<td>2644</td>
<td>JOHNSON MACHINERY</td>
<td>REPAIR OF CAT BACKHOE 420F</td>
<td>COMPLETED</td>
<td>5/18/2017</td>
<td>DG</td>
<td>$4,550.00</td>
<td>$2,502.50</td>
<td>$(2,047.50)</td>
<td>Revised amount to reflect invoice</td>
</tr>
<tr>
<td>2645</td>
<td>AERO COMPRESSOR</td>
<td>SERVICE AGREEMENT FOR AIR COMPRESSOR</td>
<td>COMPLETED</td>
<td>5/18/2017</td>
<td>DG</td>
<td>$5,620.25</td>
<td>$4,158.99</td>
<td>$(1,461.26)</td>
<td>Revised amount to reflect invoice</td>
</tr>
<tr>
<td>3005</td>
<td>INTER VALLEY POOL</td>
<td>12.5% SODIUM HYPOCHLORITE WELLS</td>
<td>COMPLETED</td>
<td>5/24/2017</td>
<td>DG</td>
<td>$4,000.00</td>
<td>$4,160.90</td>
<td>$160.90</td>
<td>Revised amount to reflect invoice</td>
</tr>
<tr>
<td>3079</td>
<td>INLAND WATER WORKS SUPPLY</td>
<td>PUMP PARTS</td>
<td>COMPLETED</td>
<td>5/24/2017</td>
<td>RM</td>
<td>$12,402.39</td>
<td>$12,725.64</td>
<td>$323.25</td>
<td>Revised amount to reflect invoice</td>
</tr>
<tr>
<td>2860</td>
<td>ADVANTAGE BUSINESS FORMS</td>
<td>VARIABLE ADDRESSES LETTER FOR MAILING</td>
<td>COMPLETED</td>
<td>5/25/2017</td>
<td>DG</td>
<td>$1,316.65</td>
<td>$1,626.65</td>
<td>$310.00</td>
<td>Added postage cost to PO</td>
</tr>
<tr>
<td>3102</td>
<td>FLYERS ENERGY</td>
<td>GASOLINE FUEL PURCHASE</td>
<td>COMPLETED</td>
<td>5/31/2017</td>
<td>RM</td>
<td>$9,224.40</td>
<td>$9,615.36</td>
<td>$390.96</td>
<td>Added non taxable fees</td>
</tr>
<tr>
<td>3014</td>
<td>ROAD READY REGISTRATION INC</td>
<td>TRANSFER OF TITLE FEES ON 4 VEHICLES</td>
<td>COMPLETED</td>
<td>5/31/2017</td>
<td>RM</td>
<td>$1,017.00</td>
<td>$1,087.00</td>
<td>$70.00</td>
<td>Additional Registration fees</td>
</tr>
<tr>
<td>2711</td>
<td>GM BUSINESS INTERIORS</td>
<td>CREDENZA AND 4 CHAIRS FOR THE OPERATIONS FRONT OFFICE</td>
<td>COMPLETED</td>
<td>6/1/2017</td>
<td>DG</td>
<td>$4,128.85</td>
<td>$2,759.31</td>
<td>$(1,369.54)</td>
<td>Cancelled Credenza from PO</td>
</tr>
<tr>
<td>3097</td>
<td>MAGNETIC ATTRACTIONS</td>
<td>MAGNET MAILER POSTCARDS AND POSTAGE</td>
<td>COMPLETED</td>
<td>6/9/2017</td>
<td>DG</td>
<td>$15,100.47</td>
<td>$16,117.87</td>
<td>$1,017.40</td>
<td>Added address and processing charges</td>
</tr>
<tr>
<td>2717</td>
<td>GEOSCIENCE SUPPORT</td>
<td>QUARTERLY MONITORING WELL SAMPLING</td>
<td>COMPLETED</td>
<td>6/12/2017</td>
<td>DG</td>
<td>$1,819.00</td>
<td>$2,052.00</td>
<td>$233.00</td>
<td>Revised amount to reflect invoice</td>
</tr>
<tr>
<td>PO#</td>
<td>VENDOR</td>
<td>DESCRIPTION</td>
<td>STATUS</td>
<td>CHANGE ORDER DATE</td>
<td>USER</td>
<td>ORIG. AMT</td>
<td>REVISED AMT</td>
<td>CHANGE ORDER AMOUNT</td>
<td>REASON</td>
</tr>
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<td>---------------------------------------------------------------</td>
</tr>
<tr>
<td>2927</td>
<td>GENERAL PUMP</td>
<td>PULL, REPAIR, AND REINSTALL BOOSTER FOR ROEMER</td>
<td>COMPLETED</td>
<td>6/12/2017</td>
<td>DG</td>
<td>$12,000.00</td>
<td>$14,275.88</td>
<td>$2,275.88</td>
<td>Additional charge to repair Pump</td>
</tr>
<tr>
<td>3103</td>
<td>WINTER AD AGENCY</td>
<td>QUARTERLY NEWSLETTER</td>
<td>COMPLETED</td>
<td>6/14/2017</td>
<td>DG</td>
<td>$16,011.00</td>
<td>$10,459.88</td>
<td>$(5,551.12)</td>
<td>Postage amount from invoice was paid directly to Post Office and removed from PO</td>
</tr>
<tr>
<td>3070</td>
<td>INTER VALLEY POOL</td>
<td>12.5% SODIUM HYPOCHLORITE WELLS</td>
<td>PARTIALLY RECEIVED</td>
<td>6/15/2017</td>
<td>DG</td>
<td>$4,000.00</td>
<td>$8,000.00</td>
<td>$4,000.00</td>
<td>Blanket PO amount funds were exhausted. Increased PO amount</td>
</tr>
<tr>
<td>2971</td>
<td>WEST COAST LIGHTS &amp; SIRENS</td>
<td>LEDGEN LIGHT BARS 6 BUTTON CONTROLLER</td>
<td>COMPLETED</td>
<td>6/21/2017</td>
<td>RM</td>
<td>$4,673.82</td>
<td>$4,424.87</td>
<td>$(248.95)</td>
<td>Light Bar was less expensive when invoiced</td>
</tr>
<tr>
<td>3092</td>
<td>VULCAN MATERIALS</td>
<td>3/8 COLD MIX - TEMP ASPHALT</td>
<td>COMPLETED</td>
<td>6/21/2017</td>
<td>DG</td>
<td>$1,500.00</td>
<td>$3,700.00</td>
<td>$2,200.00</td>
<td>Added two more loads and paid outstanding invoice</td>
</tr>
<tr>
<td>2958</td>
<td>GOLDEN METERS SERVICE</td>
<td>INSPECT AND REPAIR LARGE METERS</td>
<td>COMPLETED</td>
<td>6/22/2017</td>
<td>RM</td>
<td>$17,145.00</td>
<td>$24,514.17</td>
<td>$7,369.17</td>
<td>Included repair costs that were not determined when PO was issued</td>
</tr>
<tr>
<td>PO#</td>
<td>VENDOR</td>
<td>DESCRIPTION</td>
<td>STATUS</td>
<td>CHANGE ORDER DATE</td>
<td>REVISED AMT</td>
<td>ORIG. AMT</td>
<td>AMOUNT</td>
<td>REASON</td>
<td></td>
</tr>
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<td>--------------</td>
<td>---------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>3122</td>
<td>AMAZON</td>
<td>COMPUTER SUPPLIES</td>
<td>COMPLETED</td>
<td>6/28/2017 DG</td>
<td>$3,920.52</td>
<td>$3,742.97</td>
<td>$1,777.55</td>
<td>One item was not available and cancelled from PO</td>
<td></td>
</tr>
<tr>
<td>2976</td>
<td>GARDA CL WEST</td>
<td>ARMORED SERVICE PICKUP</td>
<td>PARTIALLY RECEIVED</td>
<td>6/28/2017 RM</td>
<td>$686.37</td>
<td>$1,416.87</td>
<td>$730.50</td>
<td>Excess, liability, excess time and excess items picked up</td>
<td></td>
</tr>
<tr>
<td>3101</td>
<td>O REILLY PUBLIC RELATIONS</td>
<td>PROFESSIONAL SERVICES FOR EXTERNAL AFFAIRS</td>
<td>PARTIALLY RECEIVED</td>
<td>6/29/2017 DG</td>
<td>$18,000.00</td>
<td>$36,000.00</td>
<td>$227,361.07</td>
<td>Adjusted Blanket PO to include 2 previous months</td>
<td></td>
</tr>
</tbody>
</table>

| TOTAL AMOUNTS |                               | $201,205.26 | $227,361.07 | $26,155.81 |
BOARD OF DIRECTORS
STAFF REPORT

DATE: July 20, 2017
TO: Board of Directors
FROM: Michael Duane Davis, Esq., Interim General Counsel
SUBJECT: SELECTION OF BOARD OFFICERS OUTSIDE OF BOARD MEMBER ELECTION OR APPOINTMENT CYCLES

BACKGROUND:

On July 13, 2017, Director Clifford Young tendered his resignation as President of the Board of Directors ("Board"), citing personal reasons. The resignation does not affect his elected position as a Member of the Board of Directors of the West Valley Water District ("District"). Upon the Board's acceptance of Director Young's resignation, the Board will need to conduct a mid-cycle election of officers for the position of President (and if the Vice President is elected President, for the position of Vice President).

DISCUSSION:

The District is required to have a Board President who is selected from the Members of the Board [Water Code § 30520]. The Board Officer election normally follows the bi-annual election of Directors, but must also occur whenever a Board Officer position is vacant, such as by resignation.

FISCAL IMPACT:

None.

GENERAL COUNSEL RECOMMENDATION:

Accept the resignation of Director Clifford Young for the Board Office of President, and conduct a mid-cycle election by the Board Members for the Board Office of President. If Vice President Gonzalez is elected to the Board Office of President, the Board Members will also need to conduct a mid-cycle election for the Board Office of Vice President.

Respectfully Submitted,

Michael Duane Davis, Esq.
Interim General Counsel
DATE:    July 20, 2017

TO:      Board of Directors

FROM:    Matthew H. Litchfield, P.E., General Manager

SUBJECT: PRESENTATION BY SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT (RECEIVE AND FILE)

BACKGROUND:

On July 6, 2017 Ms. June D. Hayes, Director of the San Bernardino Valley Municipal Water District ("Valley District") announced she will present a brief presentation to the Board of Directors ("Board") of the West Valley Water District ("District") regarding the history of Valley District, including highlights and milestones.

FISCAL IMPACT:

None at this time.

STAFF RECOMMENDATION:

Receive and file.

Respectfully Submitted,

Matthew H. Litchfield, P.E.
General Manager

MHL:ss
DATE: July 20, 2017

TO: Board of Directors

FROM: Matthew H. Litchfield, P.E., General Manager

SUBJECT: ADOPT RESOLUTION 2017-21, AMENDING IN PART, RESOLUTION NOS. 2010-3 AND 2016-12, APPROVING THE ANNUAL INVESTMENT POLICY

BACKGROUND:

The West Valley Water District ("District") currently has an Investment Policy ("Policy") that was first adopted in 2010 and subsequently amended on June 16, 2016. It is best practice to review and update the District’s Investment Policy on an annual basis to ensure compliance with the provisions of the California Government Code governing investment of public funds and make revisions as necessary to allow the District to leverage excess funds available for investment.

DISCUSSION:

The 2016 Investment Policy has been updated to reflect the following items:

- To increase the authorized types of investments. In the previous version, the Policy only allowed for 5 types:
  1. United States Treasury Issues
  2. State of California Local Agency Investment Fund (LAIF)
  3. The Investment Trust of California (CalTrust)
  4. Negotiable Certificates of Deposit; and
  5. Federal Agency Obligations

The updated version has expanded the list of authorized investments to include 8 additional options:

1. Municipal Securities
2. Banker’s Acceptances
3. Commercial Paper
4. Repurchase Agreements
5. Medium Term notes
6. Money Market Funds
7. Bank Deposits
8. Local Government Investment Pools (LGIP)

Definitions of these types of investments can be found on pages 4-9 of the Policy.
• Adding the Chief Financial Officer as a position that is authorized to position to act on behalf of the District in accessing and executing investment activities.

• Adding Section 6. Internal Controls – establishing the need for appropriate internal controls to prevent any vulnerabilities in the investment process.

• Adding Section 8. Authorized Broker-Dealer – allowing the District to hire a qualified firm/individual to provide investment advisory services.

• Adding Section 12. Prohibited Investments – preventing the District from investing low yield or riskier instruments.

On June 27, 2017 the Policy was reviewed by the Finance Committee and three additional recommendations were added under Section 6. Internal Controls:

• Requiring Board of Director approval for the initial cash amount to be investment in instruments other than LAIF and CalTRUST, and;

• Any investment activity outside the recommendations of the District Investment Advisor must be approved by both the Chief Financial Officer and the General Manager.

• Staff will establish written operational and investment procedures that explicitly detail the roles and responsibilities of the implementation of the Policy.

The Finance Committee also directed staff to begin soliciting proposals for an Investment Advisor to help the District manage the portfolio. The Request for Proposals are currently advertised with a deadline of August 4, 2017. Shortly thereafter, staff will review the proposals for qualifications and make a recommendation.

Once the Investment Policy is adopted by the Board of Directors, staff will develop the Investment Policy Guidelines that will outline the policies and procedures of the Policy as explained above. The Guidelines will provide process details of investment activities as well as describing the format of monthly reporting to the Board.

A draft resolution is attached as Exhibit A.

**STAFF RECOMMENDATION**

Adopt Resolution No. 2017-21, Approving the revised Investment Policy.

Respectfully Submitted,

[Signature]

Matthew H. Litchfield, P.E.
General Manager

MR:ss
Attachment: Exhibit A – Resolution No. 2017-21
EXHIBIT A
RESOLUTION NO. 2017-21
RESOLUTION OF THE BOARD OF DIRECTORS OF
THE WEST VALLEY WATER DISTRICT, AMENDING IN PART,
RESOLUTION NOS. 2010-13 AND 2016-12,
ADOPTING THE ANNUAL INVESTMENT POLICY

WHEREAS, pursuant to State law, the Chief Financial Officer/or Treasurer of the West Valley Water District ("District") shall annually prepare and submit a statement of investment policy and such policy and any changes thereto, shall be considered by the legislative body at a public meeting;

NOW, THEREFORE, the Board of Directors ("Board") of the District does hereby resolve and determine as follows:

Section 1. Policy It is the policy of the District to invest public funds in a manner which will provide the highest investment return with the maximum security, while meeting the daily cash flow demands of the District and conforming to all state and local statutes governing the investment of public funds.

Section 2. Scope This investment policy applies to all financial assets of the District. These funds are accounted for in the District’s audited Comprehensive Annual Financial Report (CAFR) and include:

2.1 Funds:

2.1.1 General Fund
2.1.2 Any new fund created by the District, unless specifically exempted

2.2 Funds Excluded From This Policy

2.2.1 Public Employees Retirement Fund
2.2.2 Deferred Compensation
2.2.3 West Valley Water District Water Revenue Refunding Bonds, Series 2016A
2.2.4 Any Restricted Funds

Section 3. Prudence Investments shall be made with judgment and care - under circumstances then prevailing - which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

The standard of prudence to be used by investment officials shall be the "prudent person" and/or "prudent investor" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence
shall be relieved of personal responsibility for an individual security’s credit risk or
market price changes, provided deviations from expectations are reported in a
timely fashion and appropriate action is taken to control adverse developments.

Section 4. Investment Objectives The primary objectives, in priority order, of the
District’s investment activities shall be:

4.1 Safety. Safety of principal is the foremost objective of the
investment program. Investments of the District shall be undertaken in a manner
that seeks to ensure the preservation of capital in the overall portfolio. To attain
this objective, the District will diversify its investments by investing funds among
independent financial institutions offering a variety of securities offering
independent returns. Investments shall be made with the aim of avoiding capital
losses due to issuer default, broker-dealer default or market value erosion.

4.2 Liquidity. The District’s investment portfolio will remain
sufficiently liquid to enable the District to meet all operating requirements which
are reasonably anticipated.

4.3 Return on Investment. The District’s investment portfolio shall be
designed with the objective of attaining a benchmark rate of return throughout
budgetary and economic cycles, commensurate with the District’s investment risk
constraints and the cash flow characteristics of the portfolio.

Section 5. Delegation of Authority. Authority to manage the District’s
investment program is derived from California Government Code, Section 53607.
Management responsibility for the investment program is hereby delegated to the General
Manager and Chief Financial Officer/or Treasurer, who shall be responsible for all
transactions undertaken and shall establish a system of controls to regulate the activities of
subordinate officials, and their procedures in their absence.

The Board of Directors, the General Manager, the Assistant General Manager, and
the Chief Financial Officer/or Treasurer shall be signatories on all accounts, to access
accounts for these and other authorized investments consistent with this investment policy.

The Chief Financial Officer/or Treasurer may retain the services of an outside
investment advisor or manager as approved by the Board to assist with the District’s
investment program. Qualified outside managers will be either SEC Registered Investment
Advisors or Bank Money Managers. The investment advisor shall make all investment
decisions and transactions in strict accordance with State and Federal law, this Policy and
such other written instructions as are provided. The performance and service levels of
investment advisors and managers shall be reviewed annually.

5.1 Investment Procedures. The Chief Financial Officer/or Treasurer
shall establish written investment policy procedures for the operation of the
investment program consistent with this policy. The procedures should include
reference to: safekeeping, wire transfer agreements, banking service contracts and collateral/depository agreements, and cash flow forecasting. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Chief Financial Officer/or Treasurer.

**Section 6. Internal Controls** The Chief Financial Officer/or Treasurer shall establish a system of internal controls designed to prevent losses due to fraud, employee error, misrepresentation by third parties, unanticipated market changes, and/or imprudent actions by employees of the District. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes the (1) cost of control should not exceed the benefits likely to be derived and (2) the value of costs and benefits requires estimates and judgements by management. Compliance with this policy and internal controls shall be reviewed annually by the District’s independent, external auditors as part of its normal audit procedures.

Board of Director approval shall be required for the initial amount of cash to be invested in instruments other than LAIF and CalTrust. Any investment activity outside of the District’s Financial Advisor’s recommendation shall require approval by both the Chief Financial Officer and the General Manager.

Written operational and investment procedures consistent with this Policy shall be established and include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under this Policy and the established procedures.

**Section 7. Ethics and Conflicts of Interest** Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the Board any material financial interests in financial institutions that conduct business within their jurisdiction, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the District.

**Section 8. Authorized Broker-Dealer** the Chief Financial Officer/or Treasurer will maintain a list of financial institutions authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers, selected by credit worthiness, who are authorized to provide investment services in the State of California. These may include “primary” dealers, or regional dealers that qualify under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule). No public deposit shall be made except in a qualified public depository as established by California laws. All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the Chief Financial Officer/or Treasurer with the following:
8.1 Must be in business for at least three (3) years
8.2 Proof of Financial Industry Regulatory Authority (FINRA) certification
(not applicable to Certificate of Deposit counterparties)
8.3 Proof of national Association of Security Dealers certification.
8.4 Proof of California registration
8.5 Certification of having read and understood and agreeing to comply with
the District’s investment policy and depository contracts.
8.6 Evidence of adequate insurance coverage.

An annual review of the financial condition and registrations of qualified bidders
will be conducted by the Chief Financial Officer/or Treasurer. A current audited financial
statement is required to be on file for each financial institution and broker/dealer in which
the District invests.

Section 9. Authorized Investments  From the Board of Director’s perspective,
special care must be taken to ensure that the list of instruments includes only those allowed
by law and those that the District Chief Financial Officer/or Treasurer is trained and
competent to handle.

The District is empowered by statute to invest in the following types of securities:

9.1 United States Treasury Issues. United States Treasury notes,
bonds, bills or certificates of indebtedness, or those for which
the faith and credit of the United States are pledged for the
payment of principal and interest (CGC §53601(b)) There’s no
limitation as to the percentage of the portfolio that may be
invested in this category, however, maximum investment
maturities are limited to up to three years;

9.2 State of California Local Agency Investment Fund (LAIF).
The District may invest in the Local Agency Investment Fund
established by the State Treasurer for the benefit of local
agencies (CGC §16429.1). The fund must have 24 hour
liquidity. There is no limitation on the percentage of the District
portfolio that may be invested in this category;

9.3 The Investment Trust of California (CalTRUST). The
Investment Trust of California (CalTRUST) is a local
government investment pool organized as a joint powers
authority pursuant to California Government Code Section
6509.7 Shares of beneficial interest issued by the Investment
Trust of California (CalTRUST), which invests in securities and
obligations eligible for direct investment by local agencies
pursuant to California Government Code Section 53601.
There are four different funds that are available. They are:
1. Government Money Market Fund
2. Heritage Money Market Fund
3. CalTRUST Short term fund
4. CalTRUST Medium term fund

Both the Short term and the Medium term funds trade in a narrow range. During the 2016-2017 year they have traded between $10.02 and $10.04 Net Asset Value (NAV). Investment of District funds in CalTRUST shall be subject to investigation and due diligence prior to investing. No limit will be placed on the percentage total in this category.

9.4 Negotiable Certificates of Deposit. Negotiable Certificates of Deposit (NCDs) issued by a nationally or state chartered bank, a savings association or a federal association, a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank. Purchases are limited to institutions that have a long-term debt rating of at least “A” or its equivalent, by a Nationally Recognized Statistical Rating Organization (NRSRO); and/or have a short-term debt rating of at least “A-1”, or its equivalent, by NRSRO. NCDs for which the full amount of the principal and the interest that may be accrued during the maximum term of each certificate is insured by federal deposit insurance are exempt from rating requirements. A maximum of 30 percent of surplus funds can be invested in Certificates of Deposit (CGC §53601(h)).

9.5 Federal Agency Obligations. Federal agency or United States government-sponsored enterprise obligations, participations, mortgage backed securities or other instruments, including those issued by or fully guaranteed as to principal and interest by Federal agencies or United States government-sponsored enterprises (CGC §53601 (f)). There is no limitation as to percentage of the portfolio that may be invested in this category, however, purchases of callable Federal Agency obligations are limited to a maximum of 30 percent of portfolio.

9.6 Municipal Securities. Registered state warrants or treasury notes or bonds of this state or any of the other 49 states, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of this state or any of the other 49 United States;
Bonds, notes, warrants, or other evidences of indebtedness of any local agency within this state, including the District’s bonds.

Securities must have a long-term debt rating of at least “A” or its equivalent, by a NRSRO; and/or have a short term debt rating of at least “A-1”, or its equivalent, by a NRSRO. A maximum of 20 percent of the portfolio may be invested in this category.

9.7 Bankers’ Acceptances. Banker’s acceptances otherwise known as bills of exchange or time drafts that are drawn on and accepted by a commercial bank; Purchases are limited to bankers’ acceptances issued by domestic or foreign banks, which are eligible for purchase by the Federal Reserve System. Purchases of bankers’ acceptance may not exceed 180 days maturity. Eligible bankers’ acceptances are restricted to issuing financial institutions with a short-term debt rating of at least “A-1”, or its equivalent, by a NRSRO. A maximum of 25 percent of the portfolio may be invested in this category.

9.8 Commercial Paper. Commercial paper of “Prime” quality or the highest ranking or of the highest letter and number rating as provided for by a NRSRO. The entity that issues the commercial paper shall meet all of the following conditions: (i) is organized and operating in the United States as a general corporation, (ii) has total assets in excess of five hundred million dollars ($500,000,000), and (iii) has debt other than commercial paper, if any, that is rated at least “A”, or its equivalent, by a NRSRO. Eligible commercial paper shall have a maximum maturity of 270 days or less and not represent more than 10 percent of the outstanding paper of an issuing corporation. A maximum of 25 percent of the portfolio may be invested in this category.

9.9 Repurchase Agreements. Investments in repurchase agreements or reverse repurchase agreements or securities lending agreements are to be used as short-term investments not to exceed 90 days. Repurchase agreements shall be made with counterparties that are primary dealers of the Federal Reserve Bank of New York or a nationally or state-chartered bank that has or has had a significant banking relationship with District. Furthermore, the counter-party shall have the following qualifications: (i) a long-term debt rating of at least “A”, or its equivalent, by a NRSRO; (ii) a short-term credit rating of at least “A-1” or its equivalent, by a NRSRO; (iii) minimum assets
and capital size of $25 billion in assets and $350 million in capital; (iv) five years of acceptable audited financial results; and (v) a strong reputation among market participants. The District shall have a properly executed master repurchase agreement with each counter-party for which it enters into an agreement for repurchase agreements. Collateral of at least 100 percent of market value of principal and accrued interest is required. For any repurchase agreement with a term of more than one day, the value of the underlying securities must be reviewed on an on-going basis according to market conditions. Market value must be calculated each time there is a substitution of collateral. Collateral is limited to obligations of the United States government and its agencies. Collateral must be delivered to the District’s custodian bank or handled under a properly executed master repurchase agreement. The District, or its trustee, shall have a perfected first security interest in all collateral. A maximum of 10 percent of the portfolio may be invested in this category.

9.10 **Medium-Term notes.** Medium-term notes, defined as all corporate and depositary institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depositary institutions licensed by the United States or any state and operating within the United States (CGC §53601 (k)). Purchases are limited to securities that have a long-term debt rating of at least “A”, or its equivalent, by a NRSRO. A maximum of 30 percent of the portfolio may be invested in this category.

9.11 **Money Market Funds.** Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission (CGC 53601 (l)(2));

The company shall have met either of the following criteria: 1) attained the highest ranking or the highest letter and numerical rating provided by not less than two NRSROs or 2) retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years of experience managing money market mutual funds with assets under management in excess of five hundred million dollars ($500,000,000). A maximum of 20 percent of the portfolio may be invested in this category.
If the District has funds invested in a money market fund, a copy of the fund’s information statement shall be maintained on file. In addition, the Chief Financial Officer/or Treasurer should review the fund’s summary holdings on a quarterly basis. Mutual Funds that are specifically designated for short term investments such as Floating Rate Funds are acceptable as long as they have a minimum of quarterly liquidity.

9.12 **Bank Deposits.** FDIC insured or fully collateralized bank deposits, including, but not limited to, demand deposit accounts, savings accounts, market rate accounts and time deposits issued by a state or national bank, savings and loan associations, or state or federal credit unions located in California (CGC §53630 et. Seq.) A written depository contract is required with all institutions that hold District deposits requiring that deposits be collateralized in accordance with CGC. The Chief Finance Officer/or Treasurer, at his/her discretion, may waive the collateralization requirements for any portion that is covered by federal deposit insurance. Securities placed in a collateral pool must provide coverage for at least 100 percent of all deposits that are placed in that institution. Acceptable pooled coverage is governed by CGC §53651. Real estate mortgages are not considered acceptable collateral by the District, even though they are permitted in CGC §53651 (m). All financial institutions holding District deposits are required to provide the District with regular statements of pooled collateral. The report will state they are meeting the 100 percent collateral rule, a listing of all collateral with location and market value, plus an accountability of the total amount of deposits secured by the pool. In accordance with CGC §53638, no deposit shall exceed the shareholder’s equity of any depository bank, nor shall a deposit exceed the total net worth of any institution. No deposits shall be made at a state or federal credit union if a member of the Board or the General Manger or Chief Financial Officer/or Treasurer of the District services on the Board of Directors or a committee of the credit union. The maturity of time deposits (TCDs) may not exceed 4 years. There is no limit on the percentage of the portfolio that may be invested in bank deposits. However, a maximum of 20% of the portfolio may be invested in TCDs.

9.13 **Local Government Investment Pools (LGIP).** Shares of beneficial interest issued by a joint powers authority organized pursuant to Government Code Section 6509.7. To be eligible for purchase, the pool shall meet all of the following conditions: (i) must meet the requirements of California Government Code
Section 53601(p), (ii) the pool must seek to maintain a stable Net Asset Value (NAV), and (iii) the pool must be rated at least “AA”, or its equivalent, by a NRSRO. A maximum of 50 percent of the portfolio may be invested in this category. Whenever the District has any funds invested in a LGIP, the Chief Financial Officer/or Treasurer shall maintain on file a copy of the pool’s current information statement. In addition, the Chief Financial Officer/or Treasurer should review the pool’s summary portfolio holdings on a quarterly basis.

Section 10. Pooled Investment Information Requirements Insofar as this policy allows available funds to be deposited into pooled investment accounts, a thorough investigation of the pool is required prior to investing, and on a continual basis. There shall be a questionnaire developed which will answer the following general questions:

- A description of eligible investment securities, and a written statement of investment policy and objectives;
- A description of interest calculations and how it is distributed, and how gains and losses are treated;
- A description of how the securities are safeguarded (including the settlement processes), and how often are the securities are priced and the program audited;
- A description of who may invest in the program, how often, what size deposit and withdrawal are allowed;
- A schedule for receiving statements and portfolio listings;
- Are reserves, retained earnings, etc., utilized by the pool?
- A fee schedule, and when and how it is assessed;
- Is the pool eligible for bond proceeds and/or will it accept such proceeds?

Section 11. Collateralization will be required on Certificates of Deposit, unless they are FDIC insured. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be 100% of market value of principal and accrued interest.

Collateral will always be held by an independent third party with whom the District has a current written custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the District and retained. The right of collateral substitution is granted.

Section 12. Prohibited Investments Under provisions of CGC §53601.6 and §53651.5, the District shall not invest any funds covered by this policy in equity securities, inverse floaters, range notes, interest-only strips that are derived from a pool of mortgages, or any investment that could result in zero interest earned if held to maturity.

The purchase of any investment permitted by the Government Code, but not listed as an authorized investment in this Policy is prohibited without prior approval of the Board.
Section 13. Safekeeping of Securities All security transactions entered into by the District shall be conducted on a delivery-versus-payment (DVP) basis. Securities will be held by a third-party custodian designated by the Chief Financial Officer/or Treasurer and evidenced by safekeeping receipts.

Section 14. Diversification and Maximum Maturities The District will diversify its investments by security type and institution. Assets shall be diversified to eliminate the risk of loss resulting from over-concentration of assets in a specific maturity, a specific issuer or a specific class of securities. Diversification shall be determined and revised periodically. Adequate diversification shall be applied to the individual issuers of debt, both within each class of investments and collectively. With the exception of U. S. Treasury securities, Federal Agency securities, LGIFs, LAIF, CalTRUST securities, and authorized pools, no more than 50% of the District’s total investment portfolio will be invested in a single security type or with a single financial institution.

14.1 To the extent possible, the District will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the District will not directly invest in securities maturing more than four years from the settlement date. Reserve funds may be invested in securities exceeding three years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of the funds.

14.2 The Chief Financial Officer/or Treasurer shall establish an annual process of independent review by an external auditor. This review will provide internal control by assuring compliance with policies and procedures.

Section 15. Performance Standards The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and cash flow needs.

Section 15.1. The District’s investment strategy is passive. Given this strategy, the basis used by the Chief Financial Officer/or Treasurer to determine whether market yields are being achieved shall be to identify a comparable benchmark to District’s portfolio investment duration, a 3-month U. S. Treasury Bill.

Section 16. Investment Reporting The Chief Financial Officer/or Treasurer shall provide to the Finance Committee of the Board of Directors monthly investment reports that provide a clear picture of the status of the current investment portfolio. The Management Report should include comments on the fixed income markets and economic conditions, discussions regarding restrictions on percentage of investment by categories, possible changes in the portfolio structure going forward, and thoughts on investment strategies.
Schedules in the monthly report should include the following:

- A listing of individual securities held at the end of the reporting period by authorized investment category
- Average life and final maturity of all investments lists
- Coupon, discount, or earnings rate
- Par value, amortized book value and market value
- Percentage of the portfolio represented by each investment category

**Section 17. Policy Adoption and Review** The District’s investment policy shall be adopted by resolution of the District’s Board. The policy shall be reviewed annually by the Board and any modifications made thereto must be approved by the Board.

**Section 18. Glossary.** See attached Glossary.

**Section 19. Resolution.** This Resolution shall take effect immediately upon its adoption.

ADOPTED, SIGNED AND APPROVED THIS 20TH DAY OF JULY BY THE FOLLOWING VOTE:

AYES: DIRECTORS:
NOES: DIRECTORS:
ABSENT: DIRECTORS:
ABSTAIN: DIRECTORS:

Dr. Clifford O. Young, Sr. President of the Board of Directors of the West Valley Water District

ATTEST:

Shanae Smith, Board Secretary
GLOSSARY

AGENCIES. Federal agency securities and/or Government-sponsored enterprises.

ASKED. The price at which securities are offered.

BENCHMARK. A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio’s investments.

CERTIFICATE OF DEPOSIT (CD). A time deposit with a specific maturity evidenced by a certificate. Large-denomination CD’s are typically negotiable.

COLLATERAL. Securities, evidence of deposit, or other property that a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR). An official annual report of a local government. It includes five combined statements for each individual fund and account group prepared in conformity with GAAP. It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, extensive introductory materials, and detailed Statistical Section.

COUPON. (a) The annual rate of interest that a bond’s issuer promises to pay the bondholder on the bond’s face value. (b) A certificate attached to a bond evidencing interest due on a payment date.

DELIVERY VERSUS PAYMENT. There are two methods of delivery of securities: delivery versus payment and delivery versus receipt. Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

DISCOUNT. The difference between the cost price of a security and its maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

DISCOUNT SECURITIES. Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for full face value (U. S. Treasury Bills).

DIVERSIFICATION. Dividing investment funds among a variety of securities offering independent returns.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC). A federal agency that insures bank deposits, currently up to $250,000 per deposit.
FEDERAL HOME LOAN BANKS (FHLB). Government sponsored wholesale banks (currently 12 regional banks) that lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions and insurance companies. The mission of the FHLBs is to liquify the housing related assets of its members who must purchase stock in their district Bank.

LIQUIDITY. A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

LOCAL GOVERNMENT INVESTMENT POOL. The aggregate of all funds from political subdivisions that are placed in the custody of the State Chief Financial Officer for investment and reinvestment.

MARKET VALUE. The price at which a security is trading and could presumably be purchased or sold.

MATUREITY. The date upon which the principal of stated value of an investment becomes due and payable.

MONEY MARKET. The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

PORTFOLIO. Collection of securities held by an investor.

PRUDENT PERSON RULE. An investment standard. In some states, the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the custody state, the so-called legal list. In other states the trustee may invest in a security if it is one which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

RATE OF RETURN. The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond the current incomes return.

SAFEKEEPING. A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank’s vaults for protection.

STRUCTURED NOTES. Notes issued by Government Sponsored Enterprises (FHLB) and corporations that have imbedded options (call features, etc.,) into their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options and shifts in the shape of the yield curve.
TREASURY BILLS. A non-interest bearing discount security issued by the U. S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

TREASURY BONDS. Long-term coupon-bearing U. S. Treasury securities issued as direct obligations of the U. S. Government and having initial maturities of more than 10 years.

TREASURY NOTES. Medium-term coupon-bearing U. S. Treasury securities issued as direct obligations of the U. S. Government and having initial maturities from two to 10 years.

YIELD. The rate of annual income return on an investment, expressed as a percentage. (a) Income Yield is obtained by dividing the current dollar income by the current market price for the security, (b) Net Yield or Yield to maturity is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.
RESOLUTION NO. 2017-21
RESOLUTION OF THE BOARD OF DIRECTORS OF
THE WEST VALLEY WATER DISTRICT, AMENDING IN PART,
RESOLUTION NOS. 2010-13 AND 2016-12,
ADOPTING THE ANNUAL INVESTMENT POLICY

WHEREAS, pursuant to State law, the Chief Financial Officer/or Treasurer of
the West Valley Water District ("District") shall annually prepare and submit a statement
of investment policy and such policy and any changes thereto, shall be considered by the
legislative body at a public meeting;

NOW, THEREFORE, the Board of Directors ("Board") of the District does
hereby resolve and determine as follows:

Section 1. Policy It is the policy of the District to invest public funds in a manner
which will provide the highest investment return with the maximum security, while
meeting the daily cash flow demands of the District and conforming to all state and local
statutes governing the investment of public funds.

Section 2. Scope This investment policy applies to all financial assets of the
District. These funds are accounted for in the District’s audited Comprehensive Annual
Financial Report (CAFR) and include:

2.1 Funds:

2.1.1 General Fund
2.1.2 Any new fund created by the District, unless
specifically exempted

2.2 Funds Excluded From This Policy

2.2.1 Public Employees Retirement Fund
2.2.2 Deferred Compensation
2.2.3 West Valley Water District Water Revenue
Refunding Bonds, Series 2016A
2.2.4 Any Restricted Funds

Section 3. Prudence Investments shall be made with judgment and care - under
circumstances then prevailing - which persons of prudence, discretion and intelligence
exercise in the management of their own affairs, not for speculation, but for investment,
considering the probable safety of their capital as well as the probable income to be
derived.

The standard of prudence to be used by investment officials shall be the
"prudent person" and/or "prudent investor" standard and shall be applied in the
context of managing an overall portfolio. Investment officers acting in
accordance with written procedures and the investment policy and exercising due
diligence shall be relieved of personal responsibility for an individual security’s
credit risk or market price changes, provided deviations from expectations are
reported in a timely fashion and appropriate action is taken to control adverse
developments.

**Section 4. Investment Objectives** The primary objectives, in priority order, of
the District’s investment activities shall be:

4.1 **Safety.** Safety of principal is the foremost objective of the
investment program. Investments of the District shall be undertaken in a manner
that seeks to ensure the preservation of capital in the overall portfolio. To attain
this objective, the District will diversify its investments by investing funds among
independent financial institutions offering a variety of securities offering
independent returns. Investments shall be made with the aim of avoiding capital
losses due to issuer default, broker-dealer default or market value erosion.

4.2 **Liquidity.** The District’s investment portfolio will remain
sufficiently liquid to enable the District to meet all operating requirements which
are reasonably anticipated.

4.3 **Return on Investment.** The District’s investment portfolio shall
be designed with the objective of attaining a benchmark rate of return throughout
budgetary and economic cycles, commensurate with the District’s investment risk
constraints and the cash flow characteristics of the portfolio.

**Section 5. Delegation of Authority.** Authority to manage the District’s
investment program is derived from California Government Code, Section 53607.
Management responsibility for the investment program is hereby delegated to the General
Manager and Chief Financial Officer/or Treasurer, who shall be responsible for all
transactions undertaken and shall establish a system of controls to regulate the activities
of subordinate officials, and their procedures in their absence.

The Board of Directors, the General Manager, the Assistant General Manager,
and the Chief Financial Officer/or Treasurer shall be signatories on all accounts, to access
accounts for these and other authorized investments consistent with this investment
policy.

The Chief Financial Officer/or Treasurer may retain the services of an outside
investment advisor or manager as approved by the Board to assist with the District’s
investment program. Qualified outside managers will be either SEC Registered
Investment Advisors or Bank Money Managers. The investment advisor shall make all
investment decisions and transactions in strict accordance with State and Federal law, this
Policy and such other written instructions as are provided. The performance and service
levels of investment advisors and managers shall be reviewed annually.
5.1 Investment Procedures. The Chief Financial Officer/or Treasurer shall establish written investment policy procedures for the operation of the investment program consistent with this policy. The procedures should include reference to: safekeeping, wire transfer agreements, banking service contracts and collateral/depository agreements, and cash flow forecasting. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Chief Financial Officer/or Treasurer.

Section 6. Internal Controls. The Chief Financial Officer/or Treasurer shall establish a system of internal controls designed to prevent losses due to fraud, employee error, misrepresentation by third parties, unanticipated market changes, and/or imprudent actions by employees of the District. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes the (1) cost of control should not exceed the benefits likely to be derived and (2) the value of costs and benefits requires estimates and judgements by management. Compliance with this policy and internal controls shall be reviewed annually by the District’s independent, external auditors as part of its normal audit procedures.

Board of Director approval shall be required for the initial amount of cash to be invested in instruments other than LAIF and CalTrust. Any investment activity outside of the District’s Financial Advisor’s recommendation shall require approval by both the Chief Financial Officer and the General Manager.

Written operational and investment procedures consistent with this Policy shall be established and include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under this Policy and the established procedures.

Section 7. Ethics and Conflicts of Interest Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the Board any material financial interests in financial institutions that conduct business within their jurisdiction, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the District.

Section 8. Authorized Broker-Dealer The Chief Financial Officer/or Treasurer will maintain a list of financial institutions authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers, selected by credit worthiness, who are authorized to provide investment services in the State of California. These may include “primary” dealers, or regional dealers that qualify under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule). No public deposit shall be made except in a qualified public depository as established by California laws. All financial institutions and broker/dealers who desire to become qualified bidders
for investment transactions must supply the Chief Financial Officer/or Treasurer with the following:

8.1 Must be in business for at least three (3) years
8.2 Proof of Financial Industry Regulatory Authority (FINRA) certification (not applicable to Certificate of Deposit counterparties)
8.3 Proof of national Association of Security Dealers certification.
8.4 Proof of California registration
8.5 Certification of having read and understood and agreeing to comply with the District’s investment policy and depository contracts.
8.6 Evidence of adequate insurance coverage.

An annual review of the financial condition and registrations of qualified bidders will be conducted by the Chief Financial Officer/or Treasurer. A current audited financial statement is required to be on file for each financial institution and broker/dealer in which the District invests.

Section 9. Authorized Investments. From the Board of Director’s perspective, special care must be taken to ensure that the list of instruments includes only those allowed by law and those that the District Chief Financial Officer/or Treasurer is trained and competent to handle.

The District is empowered by statute to invest in the following types of securities:

9.1 United States Treasury Issues. United States Treasury notes, bonds, bills or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest (CGC §53601(b)) There’s no limitation as to the percentage of the portfolio that may be invested in this category, however, maximum investment maturities are limited to up to three years;

9.2 State of California Local Agency Investment Fund (LAIF). The District may invest in the Local Agency Investment Fund established by the State Treasurer for the benefit of local agencies (CGC §16429.1). The fund must have 24 hour liquidity. There is no limitation on the percentage of the District portfolio that may be invested in this category;

9.3 The Investment Trust of California (CalTRUST). The Investment Trust of California (CalTRUST) is a local government investment pool organized as a joint powers authority pursuant to California Government Code Section 6509.7 Shares of beneficial interest issued by the Investment Trust of California (CalTRUST), which invests in securities
and obligations eligible for direct investment by local agencies pursuant to California Government Code Section 53601. There are four different funds that are available. They are:

1. Government Money Market Fund
2. Heritage Money Market Fund
3. CalTRUST Short term fund
4. CalTRUST Medium term fund

Both the Short term and the Medium term funds trade in a narrow range. During the 2016-2017 year they have traded between $10.02 and $10.04 Net Asset Value (NAV). Investment of District funds in CalTRUST shall be subject to investigation and due diligence prior to investing. No limit will be placed on the percentage total in this category.

9.4 **Negotiable Certificates of Deposit.** Negotiable Certificates of Deposit (NCDs) issued by a nationally or state chartered bank, a savings association or a federal association, a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank. Purchases are limited to institutions that have a long-term debt rating of at least “A” or its equivalent, by a Nationally Recognized Statistical Rating Organization (NRSRO); and/or have a short-term debt rating of at least “A-1”, or its equivalent, by NRSRO. NCDs for which the full amount of the principal and the interest that may be accrued during the maximum term of each certificate is insured by federal deposit insurance are exempt from rating requirements. A maximum of 30 percent of surplus funds can be invested in Certificates of Deposit (CGC §53601(h)).

9.5 **Federal Agency Obligations.** Federal agency or United States government-sponsored enterprise obligations, participations, mortgage backed securities or other instruments, including those issued by or fully guaranteed as to principal and interest by Federal agencies or United States government-sponsored enterprises (CGC §53601 (f)). There is no limitation as to percentage of the portfolio that may be invested in this category, however, purchases of callable Federal Agency obligations are limited to a maximum of 30 percent of portfolio.

9.6 **Municipal Securities.** Registered state warrants or treasury notes or bonds of this state or any of the other 49 states, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of this state or any of the other 49 United States;
Bonds, notes, warrants, or other evidences of indebtedness of any local agency within this state, including the District’s bonds.

Securities must have a long-term debt rating of at least “A” or its equivalent, by a NRSRO; and/or have a short term debt rating of at least “A-1”, or its equivalent, by a NRSRO. A maximum of 20 percent of the portfolio may be invested in this category.

9.7 **Bankers’ Acceptances.** Banker’s acceptances otherwise known as bills of exchange or time drafts that are drawn on and accepted by a commercial bank; Purchases are limited to bankers’ acceptances issued by domestic or foreign banks, which are eligible for purchase by the Federal Reserve System. Purchases of bankers’ acceptance may not exceed 180 days maturity. Eligible bankers’ acceptances are restricted to issuing financial institutions with a short-term debt rating of at least “A-1”, or its equivalent, by a NRSRO. A maximum of 25 percent of the portfolio may be invested in this category.

9.8 **Commercial Paper.** Commercial paper of “Prime” quality or the highest ranking or of the highest letter and number rating as provided for by a NRSRO. The entity that issues the commercial paper shall meet all of the following conditions: (i) is organized and operating in the United States as a general corporation, (ii) has total assets in excess of five hundred million dollars ($500,000,000), and (iii) has debt other than commercial paper, if any, that is rated at least “A”, or its equivalent, by a NRSRO. Eligible commercial paper shall have a maximum maturity of 270 days or less and not represent more than 10 percent of the outstanding paper of an issuing corporation. A maximum of 25 percent of the portfolio may be invested in this category.

9.9 **Repurchase Agreements.** Investments in repurchase agreements or reverse repurchase agreements or securities lending agreements are to be used as short-term investments not to exceed 90 days. Repurchase agreements shall be made with counterparties that are primary dealers of the Federal Reserve Bank of New York or a nationally or state-chartered bank that has or has had a significant banking relationship with District. Furthermore, the counter-party shall have the
following qualifications: (i) a long-term debt rating of at least “A”, or its equivalent, by a NRSRO; (ii) a short-term credit rating of at least “A-1” or its equivalent, by a NRSRO; (iii) minimum assets and capital size of $25 billion in assets and $350 million in capital; (iv) five years of acceptable audited financial results; and (v) a strong reputation among market participants.

The District shall have a properly executed master repurchase agreement with each counter-party for which it enters into an agreement for repurchase agreements. Collateral of at least 100 percent of market value of principal and accrued interest is required. For any repurchase agreement with a term of more than one day, the value of the underlying securities must be reviewed on an on-going basis according to market conditions. Market value must be calculated each time there is a substitution of collateral. Collateral is limited to obligations of the United States government and its agencies. Collateral must be delivered to the District’ custodian bank or handled under a properly executed master repurchase agreement. The District, or its trustee, shall have a perfected first security interest in all collateral. A maximum of 10 percent of the portfolio may be invested in this category.

9.10 Medium-Term notes. Medium-term notes, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States (CGC §53601 (k)). Purchases are limited to securities that have a long-term debt rating of at least “A”, or its equivalent, by a NRSRO. A maximum of 30 percent of the portfolio may be invested in this category.

9.11 Money Market Funds. Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission (CGC 53601 (l)(2));

The company shall have met either of the following criteria: 1) attained the highest ranking or the highest letter and numerical rating provided by not less than two NRSROs or 2) retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than
five years of experience managing money market mutual funds with assets under management in excess of five hundred million dollars ($500,000,000). A maximum of 20 percent of the portfolio may be invested in this category.

If the District has funds invested in a money market fund, a copy of the fund’s information statement shall be maintained on file. In addition, the Chief Financial Officer/or Treasurer should review the fund’s summary holdings on a quarterly basis.

Mutual Funds that are specifically designated for short term investments such as Floating Rate Funds are acceptable as long as they have a minimum of quarterly liquidity.

9.12 Bank Deposits. FDIC insured or fully collateralized bank deposits, including, but not limited to, demand deposit accounts, savings accounts, market rate accounts and time deposits issued by a state or national bank, savings and loan associations, or state or federal credit unions located in California (CGC §53630 ct. Seq.) A written depository contract is required with all institutions that hold District deposits requiring that deposits be collateralized in accordance with CGC. The Chief Finance Officer/or Treasurer, at his/her discretion, may waive the collateralization requirements for any portion that is covered by federal deposit insurance. Securities placed in a collateral pool must provide coverage for at least 100 percent of all deposits that are placed in that institution. Acceptable pooled coverage is governed by CGC §53651. Real estate mortgages are not considered acceptable collateral by the District, even though they are permitted in CGC §53651 (m). All financial institutions holding District deposits are required to provide the District with regular statements of pooled collateral. The report will state they are meeting the 100 percent collateral rule, a listing of all collateral with location and market value, plus an accountability of the total amount of deposits secured by the pool. In accordance with CGC §53638, no deposit shall exceed the shareholder’s equity of any depository bank, nor shall a deposit exceed the total net worth of any institution. No deposits shall be made at a state or federal credit union if a member of the Board or the General Manager or Chief Financial Officer/or Treasurer of the District services on the Board of Directors or a committee of the credit union. The maturity of time deposits (TCDs) may not exceed 4 years. There is no limit on the percentage of the portfolio that may be
invested in bank deposits. However, a maximum of 20% of the portfolio may be invested in TCDs.

9.13 Local Government Investment Pools (LGIP). Shares of beneficial interest issued by a joint powers authority organized pursuant to Government Code Section 6509.7. To be eligible for purchase, the pool shall meet all of the following conditions: (i) must meet the requirements of California Government Code Section 53601(p), (ii) the pool must seek to maintain a stable Net Asset Value (NAV), and (iii) the pool must be rated at least “AA”, or its equivalent, by a NRSRO. A maximum of 50 percent of the portfolio may be invested in this category. Whenever the District has any funds invested in a LGIP, the Chief Financial Officer/or Treasurer shall maintain on file a copy of the pool’s current information statement. In addition, the Chief Financial Officer/or Treasurer should review the pool’s summary portfolio holdings on a quarterly basis.

Section 10. Pooled Investment Information Requirements Insofar as this policy allows available funds to be deposited into pooled investment accounts, a thorough investigation of the pool is required prior to investing, and on a continual basis. There shall be a questionnaire developed which will answer the following general questions:

- A description of eligible investment securities, and a written statement of investment policy and objectives;
- A description of interest calculations and how it is distributed, and how gains and losses are treated;
- A description of how the securities are safeguarded (including the settlement processes), and how often are the securities are priced and the program audited;
- A description of who may invest in the program, how often, what size deposit and withdrawal are allowed;
- A schedule for receiving statements and portfolio listings;
- Are reserves, retained earnings, etc., utilized by the pool?
- A fee schedule, and when and how it is assessed;
- Is the pool eligible for bond proceeds and/or will it accept such proceeds?

Section 11. Collateralization will be required on Certificates of Deposit, unless they are FDIC insured. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be 100% of market value of principal and accrued interest.

Collateral will always be held by an independent third party with whom the District has a current written custodial agreement. A clearly marked evidence of
ownership (safekeeping receipt) must be supplied to the District and retained. The right of collateral substitution is granted.

**Section 12. Prohibited Investments** Under provisions of CGC §53601.6 and §5361.5, the District shall not invest any funds covered by this policy in equity securities, inverse floaters, range notes, interest-only strips that are derived from a pool of mortgages, or any investment that could result in zero interest earned if held to maturity.

The purchase of any investment permitted by the Government Code, but not listed as an authorized investment in this Policy is prohibited without prior approval of the Board.

**Section 13. Safekeeping of Securities** All security transactions entered into by the District shall be conducted on a delivery-versus-payment (DVP) basis. Securities will be held by a third-party custodian designated by the Chief Financial Officer/or Treasurer and evidenced by safekeeping receipts.

**Section 14. Diversification and Maximum Maturities** The District will diversify its investments by security type and institution. Assets shall be diversified to eliminate the risk of loss resulting from over-concentration of assets in a specific maturity, a specific issuer or a specific class of securities. Diversification shall be determined and revised periodically. Adequate diversification shall be applied to the individual issuers of debt, both within each class of investments and collectively. With the exception of U. S. Treasury securities, Federal Agency securities, LGIFs, LAIF, CalTRUST securities, and authorized pools, no more than 50% of the District’s total investment portfolio will be invested in a single security type or with a single financial institution.

**14.1** To the extent possible, the District will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the District will not directly invest in securities maturing more than four years from the settlement date. Reserve funds may be invested in securities exceeding three years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of the funds.

**14.2** The Chief Financial Officer/or Treasurer shall establish an annual process of independent review by an external auditor. This review will provide internal control by assuring compliance with policies and procedures.

**Section 15. Performance Standards** The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and cash flow needs.

**Section 15.1.** The District’s investment strategy is passive. Given this strategy, the basis used by the Chief Financial Officer/or Treasurer to determine
whether market yields are being achieved shall be to identify a comparable benchmark to District’s portfolio investment duration, a 3-month U. S. Treasury Bill.

**Section 16. Investment Reporting** The Chief Financial Officer/or Treasurer shall provide to the Finance Committee of the Board of Directors monthly investment reports that provide a clear picture of the status of the current investment portfolio. The Management Report should include comments on the fixed income markets and economic conditions, discussions regarding restrictions on percentage of investment by categories, possible changes in the portfolio structure going forward, and thoughts on investment strategies.

Schedules in the monthly report should include the following:

- A listing of individual securities held at the end of the reporting period by authorized investment category
- Average life and final maturity of all investments lists
- Coupon, discount, or earnings rate
- Par value, amortized book value and market value
- Percentage of the portfolio represented by each investment category

**Section 17. Policy Adoption and Review** The District’s investment policy shall be adopted by resolution of the District’s Board. The policy shall be reviewed annually by the Board and any modifications made thereto must be approved by the Board.

**Section 18. Glossary.** See attached Glossary.

**Section 19. Resolution.** This Resolution shall take effect immediately upon its adoption.

**ADOPTED, SIGNED AND APPROVED THIS 20TH DAY OF JULY BY THE FOLLOWING VOTE:**

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<thead>
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<th>DIRECTORS:</th>
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<tbody>
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</tr>
<tr>
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<td>DIRECTORS:</td>
</tr>
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__________________________
Dr. Clifford O. Young, Sr. President of the Board of Directors of the West Valley Water District

**ATTEST:**

__________________________
Shanae Smith, Board Secretary
GLOSSARY

AGENCIES. Federal agency securities and/or Government-sponsored enterprises.

ASKED. The price at which securities are offered.

BENCHMARK. A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.

CERTIFICATE OF DEPOSIT (CD). A time deposit with a specific maturity evidenced by a certificate. Large-denomination CD's are typically negotiable.

COLLATERAL. Securities, evidence of deposit, or other property that a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR). An official annual report of a local government. It includes five combined statements for each individual fund and account group prepared in conformity with GAAP. It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, extensive introductory materials, and detailed Statistical Section.

COUPON. (a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. (b) A certificate attached to a bond evidencing interest due on a payment date.

DELIVERY VERSUS PAYMENT. There are two methods of delivery of securities: delivery versus payment and delivery versus receipt. Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

DISCOUNT. The difference between the cost price of a security and its maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

DISCOUNT SECURITIES. Non-interest bearing money market instruments that are issued a discount and redeemed at maturity for full face value (U.S. Treasury Bills).

DIVERSIFICATION. Dividing investment funds among a variety of securities offering independent returns.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC). A federal agency that insures bank deposits, currently up to $250,000 per deposit.
FEDERAL HOME LOAN BANKS (FHLB). Government sponsored wholesale banks (currently 12 regional banks) that lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions and insurance companies. The mission of the FHLBs is to liquefy the housing related assets of its members who must purchase stock in their district Bank.

LIQUIDITY. A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

LOCAL GOVERNMENT INVESTMENT POOL. The aggregate of all funds from political subdivisions that are placed in the custody of the State Chief Financial Officer for investment and reinvestment.

MARKET VALUE. The price at which a security is trading and could presumably be purchased or sold.

MATURITY. The date upon which the principal of stated value of an investment becomes due and payable.

MONEY MARKET. The market in which short-term debt instruments (bills, commercial paper, bankers’ acceptances, etc.) are issued and traded.

PORTFOLIO. Collection of securities held by an investor.

PRUDENT PERSON RULE. An investment standard. In some states, the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the custody state, the so-called legal list. In other states the trustee may invest in a security if it is one which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

RATE OF RETURN. The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond the current incomes return.

SAFEKEEPING. A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank’s vaults for protection.

STRUCTURED NOTES. Notes issued by Government Sponsored Enterprises (FHLB) and corporations that have imbedded options (call features, etc..) into their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options and shifts in the shape of the yield curve.
TREASURY BILLS. A non-interest bearing discount security issued by the U. S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

TREASURY BONDS. Long-term coupon-bearing U. S. Treasury securities issued as direct obligations of the U. S. Government and having initial maturities of more than 10 years.

TREASURY NOTES. Medium-term coupon-bearing U. S. Treasury securities issued as direct obligations of the U. S. Government and having initial maturities from two to 10 years.

YIELD. The rate of annual income return on an investment, expressed as a percentage. (a) Income Yield is obtained by dividing the current dollar income by the current market price for the security, (b) Net Yield or Yield to maturity is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.
BOARD OF DIRECTORS
STAFF REPORT

DATE: July 20, 2017

TO: Board of Directors

FROM: Matthew H. Litchfield, P.E., General Manager

SUBJECT: APPROVAL OF EXTERNAL AFFAIRS DEPARTMENT STRATEGIC COMMUNICATIONS PLAN

BACKGROUND:

In order to identify, measure, and evaluate the effectiveness and success of West Valley Water District’s (“District”) External Affairs’ activities, an External Affairs Department Strategic Communications Plan (“Plan”) was developed in early 2017. The Draft Plan was shared with the Board of Directors in March 2017 as part of the Fiscal Year (FY) 2016-17 mid-year budget review. This Plan affirms and is driven by the District’s Mission, Vision, and Values adopted on April 20, 2017. In the areas of brand identity, internal and external communications, and long-term planning, the Plan outlines goals, key objectives, and strategies with associated tasks; providing for clear direction and measures of success. The Draft Plan is included as Exhibit A.

The Plan was developed with objectives to:

Clarify Department Goals and Objectives – The Plan is a roadmap both goals and strategies for achieving those goals.

Define the Relationship Between the District’s Mission, Vision, Values and Department Key Messages, Goals, and Strategies – The Plan identifies and helps support implementation of a variety of communications activities that address the different needs, expectations, and motivations of a diverse group of stakeholders.

Ensure Staff and Stakeholder Alignment – This Plan is essential to ensuring that the organization can clearly and consistently articulate clear messaging through structured and supported key messages.

Coordinate Strategic Use of Resources – With clearly defined goals and objectives, consistent messaging, and stakeholder identification, the Plan seeks to identify the best strategies to reach target audiences and achieve stated goals. Targeted messaging, where appropriate, can help save District communications resources.

Measure and Evaluate Success – With clearly defined goals and objectives, strategies and tactics will be evaluated to identify areas of success and best-practice, as well as areas to incorporate course correction when necessary and feasible.
FISCAL IMPACT:

This item does not have any direct financial impact. However, tasks within the Plan are currently included in the FY 2017-18 Budget.

STAFF RECOMMENDATION:

Approve the West Valley Water District External Affairs Department Strategic Communications Plan.

Respectfully Submitted,

[Signature]

Matthew H. Litchfield, P.E.
General Manager

WS:ss

Attachment: Exhibit A – West Valley Water District External Affairs Department Strategic Communications Plan
EXHIBIT A
PROPOSED
2017 STRATEGIC
COMMUNICATIONS PLAN

WEST VALLEY WATER DISTRICT
DEPARTMENT OF EXTERNAL AFFAIRS
DEPARTMENT CONTACTS

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# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>District Background</td>
<td>01</td>
</tr>
<tr>
<td>Mission, Vision, Values</td>
<td>03</td>
</tr>
<tr>
<td>Key Messages</td>
<td>05</td>
</tr>
<tr>
<td>Plan Overview</td>
<td>09</td>
</tr>
<tr>
<td>Research</td>
<td>11</td>
</tr>
<tr>
<td>Goals</td>
<td>15</td>
</tr>
<tr>
<td>Stakeholder Identification</td>
<td>17</td>
</tr>
<tr>
<td><strong>Focus Areas</strong></td>
<td></td>
</tr>
<tr>
<td>Brand Identity</td>
<td>22</td>
</tr>
<tr>
<td>Internal Communications</td>
<td>25</td>
</tr>
<tr>
<td>Customer &amp; External Communications</td>
<td>27</td>
</tr>
<tr>
<td>Long-Term Planning</td>
<td>31</td>
</tr>
</tbody>
</table>
DISTRICT BACKGROUND

For the past 65 years, West Valley Water District has been dedicated to providing safe, high quality, and reliable drinking water service at a reasonable rate and in a sustainable manner to meet our customers’ present and future needs; with a commitment to excellence in transparency, innovation, and communication.

West Valley Water District (“District”) is located in Southern California and provides potable water service to a population of approximately 80,000; managing nearly 21,000 connections. The District’s service boundaries encompass a 29.5 square-mile area and includes parts of both San Bernardino and Riverside Counties; including portions of the communities of Bloomington, Colton, Fontana, Rialto, and Jurupa Valley, as well as other unincorporated areas of San Bernardino County.

The District’s water supply comes from groundwater wells (46%), surface water (30%), and the San Bernardino Valley Municipal Water District (24%). Groundwater wells pump from the Lytle Creek, Rialto, Bunkerhill, and North Riverside Basins. Treated surface water comes from Lytle Creek and Lake Silverwood. The District currently maintains 360 miles of pipeline, 25 reservoirs, 17 active wells, and operates six water treatments facilities.

The District has also transitioned from a state-mandated water conservation requirement of a 28% reduction in water use as compared to 2013, to a voluntary 15% reduction in conjunction with Executive Order B-37-16 issued in May 2016. This new approach allows water districts to take into account differing supply and demand conditions across the state. As California continues to see wildly varying rainfall levels from year to year, it will remain important to recognize conservation as a way of life in our region.
MISSION

The West Valley Water District provides our customers with safe, high quality, and reliable service at a reasonable rate and in a sustainable manner.

VISION

The West Valley Water District will continue to be a national model in the water industry for innovation, fiscal responsibility, sound conservation practices, and a relentless commitment to our employees and the communities we serve.

VALUES

INNOVATION

West Valley Water District encourages innovation, creativity, and ingenuity as we constantly seek to strengthen our services, programs, and practices to ensure our customers receive clean, high quality, and reliable water service at a competitive rate.

EXCEPTIONAL CUSTOMER SERVICE

West Valley Water District demonstrates its daily commitment to exceptional service through respectful, prompt, and courteous interactions with our customers and by engaging in partnerships with the community and other agencies that further the public good.

EMPLOYEE DEVELOPMENT

As an agency that offers a diverse and transparent work environment, West Valley Water District encourages the personal and professional growth of our employees so that each can thrive and achieve their potential while earning a competitive compensation package.

INTEGRITY & TRANSPARENCY

West Valley Water District will maintain the highest standards of ethical and honest business practices in all of our operations. We embrace transparency, openness, and accountability to ensure clear communications with our customers and the public we have the privilege of serving.

ENVIRONMENTAL STEWARDSHIP

West Valley Water District is dedicated to preserving and enhancing the environment by complying with all regulations and following sound environmental practices. We will continue to educate the public on the role and importance of conservation and water efficiency in protecting nature’s most precious resource, water.
KEY MESSAGES
KEY MESSAGES

The following key messages support the Mission, Vision, and Values of West Valley Water District ("District"). These key messages provide the focus and foundation for all District communications.

EXCEPTIONAL CUSTOMER SERVICE

Providing exceptional customer service through respectful, prompt, and courteous interactions with District customers and engaging in partnerships with the community, neighboring organizations, and agencies to further the public good.

PROOF POINTS:

- District customers are served by highly-trained professionals working in a diverse, transparent, and stimulating work environment.

- The District is dedicated to improving the water-user experience by designing a state-of-the-art website to increase service response time, efficacy, and overall customer satisfaction.

INDUSTRY INNOVATION

Exhibiting leadership through innovative water treatment techniques, technology and facility development, and unprecedented pilot projects that increase and improve the quality of water supplies and customer satisfaction.

PROOF POINTS:

- The District is the home to elite water treatment industry experts who have dedicated their professional careers to advancing water-industry management and innovation.

- The District entered into a public-private partnership for the development of the nation’s first natural bioremediation treatment facility to economically remove perchlorate from groundwater supplies in an area previously impacted by historical military and agricultural use.

- The District collaborates with premier water-industry experts. The District is currently working with Dr. Jess Brown of Carollo Engineers, Inc. to develop a second perchlorate treatment facility that will complement the first with a longer shelf life and an even more affordable water treatment process.

- The District provides customers with pilot programs, such as the 2016 Water Rebate and Rate Rollback, to save customers money and increase satisfaction.
KEY MESSAGES

TRANSPARENT OPERATIONS

The District embraces the highest standards of ethical and honest business practices in all District operations through transparency and accountability to establish clear and concise communication with District employees, customers, agencies, and the general public.

PROOF POINTS:

- The District is dedicated to the transparency of all District functions.
- The District strives to ensure all customers are well-aware of water quality and the management of District operations. The District publishes an annual Consumer Confidence Report to provide customers insight into the District’s water testing procedure, results, and conservation efforts.
- The District proactively engages with the community on a regular basis through direct mail, electronic and mailed newsletters, and the use of social media, keeping customers well informed of District activities and events.

STEWARDSHIP

The District maintains efficient operations through fiscal and environmental responsibility to its ratepayers and the District’s land and water resources.

PROOF POINTS

- The District has proven to be responsible fiscal stewards by returning money to its customers through the unprecedented 2016 Water Rebate and Rate Rollback initiative.
- The District promises to prioritize ratepayers by ensuring rates are always fair and constantly searches for opportunities to save ratepayers money, such as the recent $4.5 million in ratepayer savings through the District’s bond refinancing efforts.
- The District’s revolutionary bioremediation treatment facilities removing perchlorate from affected wells were largely funded by State and Federal grants; operations will be funded by UTC/Goodrich Corporation.
KEY MESSAGES

COMMUNITY PARTNER

Demonstrating partnership and involvement in our local community to provide meaningful impacts through community service, community outreach, and philanthropy.

PROOF POINTS:

• The District partners with the City of Rialto to host free landscaping workshops for customers to promote community engagement and long term solutions for efficient water use.

• The District participates in local community events which include Chamber of Commerce gatherings, Rialto and Fontana National Night Out events, City of Rialto Community Conservation Fair, Rialto Family Festival, Bloomington Community Health & Resource Fair, and more; all to promote District offerings and provide information on our rebate programs, customer engagement opportunities and efficient water use extending beyond the District service area.

• The District contributes to educational programs across the service area, providing awards and incentives for students to participate in events and projects such as the Inland Solar Challenge for high school students and the Water Conservation Poster Contest for 1st through 6th grade students.

• The District contracts with Inland Empire Resource Conservation District to host 25 presentations in K-12 classrooms, eight adult programs, teacher workshops, and three conservation garden installations throughout the service area.
The District's Strategic Communications Plan ("Plan") is designed to provide strategic guidance for the District's internal and external communication efforts. This Plan will be used to identify and prioritize effective and proactive communication with customers, employees, key stakeholders, the media, and industry partners.

The Plan brings together methodologies that build on existing outreach successes and communication industry best practices, tapping into a broad spectrum of sources which include thorough research, analysis, and evaluation, as well as the integration of District key messages. This Plan aligns the District's communication strategy with the District's Mission, Vision, and Values - ensuring that communication efforts support broader District goals. Drawing from communication industry best practices, activities identified in this Plan have been streamlined to provide focus, prioritize resource allocation, evaluate communication tools, and maximize outreach efficiency and effectiveness.

The District serves a diverse customer base across a broad geographic area. This Plan ensures that there are multiple avenues and tools to communicate to/with all customers. No one strategy discussed in this Plan can be effective in isolation or with all audiences, rather the Plan incorporates many different communication tools and outlets to ensure that the information is received by the broadest possible audience as well as targeted audiences, resulting in an effective communications program.

This Plan is designed to be a living, breathing document to be updated, when necessary, to reflect updated research and maintain an action plan responsive to current priorities.

As part of our commitment to our customers, the District recognizes that improving and enhancing individuals' understanding of District projects, programs, and services is best done with ongoing customer interaction. Therefore, outreach is not just a goal that stands apart from other activities, rather it is an integral part of the District's overall success.

**Effective Communication**

...encourages informed participation. Customers can more effectively express their needs and work cooperatively with the District when they know the facts, are part of the plan, and understand the actions.

...builds community pride and satisfaction. The more our customers learn about District services, the better they understand how their funds as ratepayers are leveraged, resulting in a more positive perception of the District as a whole.

...encourages growth, attracts good employees, and improves service. A good reputation can also draw people and business to the community, increasing both residential and commercial development opportunities and attracting employees who will ultimately strengthen District services.
RESEARCH
RESEARCH

Conducting systematic research is critical for the development of a successful communications strategy. In January 2010, True North Research, an independent public opinion research firm, conducted a phone survey of District customers; however, the span of the survey was limited and no further evaluation of customer perceptions had been conducted until the Annual Customer Feedback Survey was developed in 2016.

The goal of the 2016 Customer Feedback Survey was conducted to learn more about District customers and establish a benchmark of their opinions and attitudes towards the District. The online survey was conducted between April 7, 2016 and May 2, 2016, and was provided in both English and Spanish.

A total of 8,138 customers were invited to participate via email. The District received 1,164 responses, yielding a response rate of 15.4% which is above the industry average 10-15% response rate on external surveys. Customers were asked to provide information about their satisfaction and involvement with the District, as well as their conservation efforts. In addition, open-ended questions were asked to afford customers the opportunity to share additional information not directly asked about in the survey itself.

Overall, 80.6% of customers reported being “Very” or “Somewhat Satisfied” with the District. Common themes raised in the survey aligned with the objectives of the District’s mission statement and goals for developing more customer-focused communications. These themes included public perception of rates, water quality, and conservation programs.

In general, the survey noted that continued education and engagement about the District’s rate structure is important to ensure that customers are aware of the District’s efforts to be responsible fiscal stewards by investing revenues in water delivery, system maintenance, and innovative projects that will provide adequate water supplies for the future. This message was emphasized in the 2016 Water Rebate and Rate Rollback campaign and will continue to be integrated into future outreach efforts.

In addition, improving public perception of the District’s water quality is also a key consideration for future communications efforts. Since the survey was collected, the Consumer Confidence Report (CCR) microsite was also launched. This site represents a step towards increasing customer awareness of water quality with increased transparency and accessibility, while reducing costs over the printing and mailing of the full report. The content of the microsite addresses the concerns customers may have mentioned in the 2016 Customer Feedback Survey regarding water color, odor, taste, and hardness. The microsite was promoted using a variety of tools including a postcard mailing, door hangers, message in the water bill, social media promotion, and an announcement on the District website. Post project evaluation, which will help inform future efforts, demonstrated that the email (44.6%), messaging in the water bill (39.2%), and the postcard (36.5%) were the most frequently viewed communications tools.
RESEARCH

Key messaging that promotes the quality, reliability, and innovation of our water and treatment facilities will continue to be integrated into all District communications. For example, promoting the first in the nation Groundwater Wellhead Treatment System Project using a biological Fluidized Bed Reactor (FBR) to remove perchlorate, as well as the upcoming biological Fixed Bed Reactor Project (FXB) for perchlorate and nitrate removal, present evidence of the District’s commitment to water quality, reliability, and innovation. Messaging in this area has been effective, as our post project evaluation of the 2015 CCR also demonstrated that customers who reviewed the data on the microsite had a 22% higher perception of the District in those key areas.

Lastly, in the survey, customers continued to indicate that they are interested in receiving information about conservation rebate programs and ways to become more water efficient. District communications efforts continue to promote our free conservation kits, indoor and outdoor device rebate opportunities, turf replacement programs, water audits, free landscape workshops, as well as water-wise tips and links to additional conservation resources. Increased focus on these programs has shown increased interest. As California continues to experience a feast or famine scenario with respect to rainfall, conservation and water efficiency as a way of life will remain an important element of the communications plan that should be sustained.

We continually seek feedback from our customers to inform our policies, practices, programs, as well as evaluate the effectiveness of our efforts. The 2017 Customer Feedback Survey will be conducted to ascertain how District customers feel about the District brand and how they prefer to be communicated and with what frequency. We anticipate the survey will take place in May/June 2017.
RESEARCH

Conservation Efforts
“In the past two years, have you...”

- Attended a conservation event: 5.2%
- Replaced grass: 20.1%
- Installed water-saving products: 53.4%
- Reduced indoor usage: 78.1%
- Reduced outdoor usage: 92.4%

Involvement
“In the past two years, have you...”

- Attended a Class or Workshop: 2.6%
- Attended a Board Meeting: 3.3%
- Attended a Community Meeting: 5.4%

98% Have visited our website

Open-Ended Customer Feedback

Top Five Themes Mentioned

Positive Comments: 14.9%
- Improved communication and service, creating a positive customer experience.

Rates Too Expensive: 13.8%
- Concerns about rising water rates and the necessity of the expenditures.

Conservation Rebates: 7.5%
- Appreciation for conservation efforts and rebates for water-saving practices.

Water Too Hard: 6.5%
- Concerns about water hardness and its effects on household appliances.

Water Quality Concerns: 5.9%
- Questions about the source and quality of the water supplied.

Data source: WWG Online Customer Feedback Survey 2016 • 1,184 Participants; 15.4% response rate. Note: the number of participants for each question varies.

Questioned: Contact Lauren Kozlowski.
This Plan is designed to address the following goals:

- Explore, develop, execute, and maintain the District's brand identity in order to clearly articulate the District's Mission, Vision, and Values directly to District customers.

- Support an internal environment that encourages collaboration and communication for the successful integration and delivery of key messages, ensuring that customers are informed with consistent information shared at all levels.

- Align customer and external communications with the District's Mission, Vision, Values, and brand identity, while advancing innovative methods and technologies to improve the customer experience thereby increasing opportunities for customer engagement.

- Engage in long-term planning to leverage resource allocation, maximize opportunities, evaluate effectiveness, and develop a plan for crisis communications to ensure customers have a sustained and informative communications program that enables them to effectively participate in District programs.

The goals shown above help to articulate the flow of information from the District to the customer and are not listed based on priority.
STAKEHOLDER IDENTIFICATION
STAKEHOLDER IDENTIFICATION

An important element in developing a successful communications program is the identification of key audiences and stakeholders. A successful program takes into consideration those that have an interest, investment, or oversight role in District projects, programs, and services. Many stakeholders prefer the delivery of information in different formats – print vs. digital vs. social – and this plan provides multiple delivery options to reach our stakeholders and meet their evolving preferences.

A high-level list of these stakeholders is provided. The Stakeholder Database is updated on an ongoing basis. A most-recently updated list can be provided upon request.

CUSTOMERS/RATEPAYERS

Residents
- Large Source Users
- Seniors
- Low Income
- Children
- Tenants
- Homeowners
- Non-English Speakers

Businesses
- Commercial, Industrial, Institutional
- Homeowner Associations
- Building Industry Association and Developers

Education
- K-12 Teachers and Students
- School and School District Administrators
- Colleges and Universities

INTERNAL/ORGANIZATIONAL

Board of Directors
Executive Management
District Staff
Temporary Staff/Interns/Volunteers
Retirees/Former Employees

AMBASSADORS

Board of Directors
Executive Management
External Affairs Staff
Customer Service Staff
District Representatives
GOVERNMENT
Federal
Legislators
US Department of the Interior/Bureau of Reclamation
US Department of Defense
US Environmental Protection Agency
US Forest Service
US Fish & Wildlife
Army Corps of Engineers
State
Legislators
Funding Agencies
State Water Resources Control Board
California Environmental Protection Agency
California Department of Water Resources
California Department of Public Health
California Department of Fish & Wildlife
Regional
Santa Ana Watershed Project Authority (SAWPA)
County of San Bernardino
Santa Ana Regional Water Quality Control Board
County of Riverside
Local Agency Formation Commission (LAFCO)
Local
City of Rialto
City of Fontana
Bloomington Municipal Advisory Committee
City of Colton
City of Jurupa Valley

WATER INDUSTRY
Wholesalers & Retailers
State Water Contractors
San Bernardino Valley Municipal Water District
Metropolitan Water District of Southern California
Inland Empire Utilities Agency
Chino Basin Watermaster
Regional and Partner Water Agencies
Association of California Water Agencies
American Water Works Association
California Special Districts Association
STAKEHOLDER IDENTIFICATION

NGOS, CIVIC ORGANIZATIONS, AND COMMUNITY GROUPS

Chambers of Commerce – Bloomington, Colton, Fontana, Rialto
Inland Empire Economic Partnership
Service Clubs – Kiwanis, Rotary, etc.

MEDIA

Print
- Newspapers – SoCal News Group (San Bernardino Sun, Press-Enterprise, Inland Valley Daily Bulletin)
- Local Publications – City News Group, Westside Story Newspaper, Fontan Herald News, Rialto Record, Precinct Reporter
- Alternative Language Newspapers – La Prensa and El Aviso

Digital
- Blogs
- Social Media – Facebook, Instagram, Twitter, YouTube
- Web Publications

Television
- Local Channels – ABC, KTLA, CBS/KCAL, FOX
- Government Access Channels

Radio
- Local Frequencies – 95.1 KRFG/CBS Radio, KCAA 1050 AM, 91.9 KVCR/KPCC, 99.1 KGGI, 89.7 KSGN

Water Industry Publications
- Source Magazine
- CA Special Districts Magazine (California Special Districts Association-CSDA)
- OpFlow
- Association of California Water Agencies (ACWA) e-News
- WaterWorld
- District-Generated

ENVIRONMENTAL GROUPS

Sierra Club
Natural Resources Defense Council
Endangered Habitats League

SPECIAL PROJECT AUDIENCES

Special Project Audiences are defined as those individuals and/or groups impacted over a limited period of time. Communications with these groups are usually technical and/or logistical in nature and require a well-prepared and more formalized approach.
FOCUS AREAS

This plan identifies four areas of focus derived from the goals previously identified. For each area of focus, the plan identifies strategies with associated actions to achieve the District’s communications goals. Focus areas are listed in a way that defines the flow of information and are not listed in order of priority.
BRAND IDENTITY

An organization’s brand identity reflects and impacts stakeholder perceptions. The components of an organization’s brand identity can include name, logo, tagline, typeface, masthead, and even tone. These components are intentionally created to reflect the values of the organization. The brand identity of the District extends far beyond a logo, it encompasses our core values and key messages and conveys them to our customers and other internal and external stakeholders.

GOAL

Explore, develop, execute, and maintain the District’s brand identity in order to clearly articulate the District’s mission, vision, and values directly to District customers.

KEY OBJECTIVES

AWARENESS
Increase the level of brand awareness to ensure recognition amongst customers and other internal/external stakeholders.

CONSISTENCY
Ensure brand recognition through frequent, focused, and consistent brand execution. For example, creative style, logo placement, and messaging.

MAINTENANCE
Ensure that messaging and information that is disseminated is up-to-date, consistent across all communication platforms, and reliable; thereby building brand equity and trust.
BRAND IDENTITY

STRATEGY 1

Further develop the District’s brand identity to provide the tools needed to fully execute consistent District-generated materials for customers and other stakeholders.

TASKS

1. Test and determine the need to refresh the District’s brand.
2. Develop a brand identity guide to include name, logo (full-color, B&W, grayscale), logomark (full-color, B&W, grayscale), tagline (if desired), colors (RGB, CMYK, Hex, Pantone), and typography (font and text styling). Other visual identity standards may be identified through the process.
3. Build a library of approved photos to use District-wide for communications purposes.

STRATEGY 2

Roll out the brand identity to customers and other stakeholders.

TASKS

1. Execute website redesign, incorporating elements to support District key messages, provide more digital engagement opportunities, and enhance the overall customer experience. NEW elements may include alternative language capabilities, video integration, blog-type news feed, improved customer service options, etc.
2. Elevate materials including presentations, direct mail, door hangers, fact sheets, newsletters, marketing materials, customer forms and information, and customer bill inserts for distribution for a more professional, modern, and consistent look that supports the District’s brand identity.
3. Incorporate the use of video to inform customers and other stakeholders about the District.
4. Identify other paper, digital, and environmental elements to be brought up to standard with the brand identity and define an action plan, including a budget, for addressing those needs.
BRAND IDENTITY

STRATEGY 3

Ensure that the brand identity of the District is respected and communicated consistently across the agency and to all audiences.

TASKS

1. Host cross-training sessions to educate and inform District staff on brand identity and key messages.
2. Work with internal stakeholders to ensure the District’s brand identity is reflected in all future District-generated materials.
3. Generate presentation, report, and memo templates to provide brand-oriented support, ensuring a consistent look and feel for all staff presentations, reports, and collateral not directly generated by the External Affairs Department.
4. Provide support to the Board of Directors as needed with relation to promoting the District’s brand identity, Mission, Vision, Values, and key messages.

STRATEGY 4

Test brand awareness regularly.

TASKS

1. Conduct a Customer Feedback Survey at regular intervals, no more than two years apart.
2. Include and emphasize feedback on brand identity, awareness, and communications in survey and focus group questions.
3. Record and analyze respondent changes over time.
4. Employ a call-to-action, where appropriate, in all messaging to customers and other stakeholders.
INTERNAL COMMUNICATIONS

Encouraging internal collaboration as communication sets the foundation for successful performance across the agency when it comes to respect for an agency's brand identity and supporting the delivery of consistent, accurate information to customers and other stakeholders.

GOAL

Support an internal environment that encourages collaboration and communication for the successful integration and delivery of key messages, ensuring that customers are informed with consistent information shared at all levels.

KEY OBJECTIVES

COLLABORATION
Share big picture views with internal stakeholders to establish a shared vision that will enhance organizational performance, increase staff participation, and support more informed customer communications.

TRUST
Increase trust within the District which will elevate staff effectiveness and improve the use of proactive messaging, leading to increased engagement with customers and other stakeholders.

RESOURCES
Provide District staff with the tools and resources they need to be successful contributors to the communication process with customers and other stakeholders.
INTERNAL COMMUNICATIONS

STRATEGY 1

Formalize protocols to streamline the flow of information at all levels of the District.

TASKS

1. Enhance understanding of the role of the External Affairs Department and execute protocols for when/how to request Department support as it relates to stakeholder presentations and the provision of District-generated materials (i.e. flyers, brochures, bill inserts, targeted initiatives, press releases, etc.).

2. Formalize a structure for ensuring all departments are proactively communicating with the External Affairs Department to ensure timely and consistent communications with customers and other stakeholders.

3. Identify a liaison from each department to be responsible for reviewing and providing the External Affairs Department with up-to-date, accurate information to ensure customers and other stakeholders receive consistent messaging across all communication platforms.

4. Leverage technology as an effective internal communications tool.

STRATEGY 2

Through education and support, encourage and inspire internal stakeholders to become District ambassadors to customers and other external stakeholders.

TASKS

1. Leverage cross-training opportunities to share consistent messaging that aligns with the District’s Mission, Vision, Values, and brand identity. Cross-training opportunities can also include tips and tools for effective communications with customers and other stakeholders.

2. Identify spokesperson training opportunities for staff who interact with customers and other stakeholders on a regular basis.

3. Work with Human Resources to support a comprehensive employee orientation program that includes educating new employees on the District’s Mission, Vision, Values, and brand identity.

4. Provide support to the Board of Directors for customer and other stakeholder communications needs.
Elevating the District’s external communications with customers and other external stakeholders requires a commitment to fostering relationships, developing a deeper understanding of our customers and other externals stakeholders and their needs, and promoting initiatives that continue to increase awareness and participation with the District and in the services we provide.

GOAL

Align customer and external communications with the District’s Mission, Vision, Values, and brand identity, while advancing innovative methods and technologies to improve the customer experience thereby increasing opportunities for customer engagement.

KEY OBJECTIVES

RELATIONSHIPS
Further develop the District’s relationships with customers, community groups, partners, elected representatives, and other stakeholders.

ENGAGEMENT
Use bidirectional dialogue to inform customers and other external stakeholders as to the District’s Mission, Vision, Values, and key messages and how these elements play an integral role in guiding communications, targeted messaging, and customer engagement opportunities.

EFFECTIVENESS
Focus on communication methods that have a high return on investment (ROI) and can be evaluated for their overall benefit to our customers.

TRANSPARENCY
Communicate with transparency to customers and other external stakeholders, reinforcing the District’s integrity and credibility.
CUSTOMER & EXTERNAL COMMUNICATIONS

STRATEGY 1

Ensure alignment and synchronization of communication efforts and key messages.

TASKS

1. The External Affairs Department should always play an active role in message development and delivery to ensure consistency across all communication platforms and to help identify all appropriate audiences.
2. Develop, maintain, and distribute a list of District-specific frequently asked questions and/or talking points to ensure we are speaking to customers and other external stakeholders with one voice across the agency.

STRATEGY 2

Provide opportunities for increased engagement with customers and other external stakeholders.

TASKS

1. Use targeted messaging and audience-specific delivery methods where necessary to maximize customer and other external stakeholder engagement.
2. Incorporate areas on the website where customer and other external stakeholders can submit requests for facility tours, informative presentations, and provide feedback.
3. Continue to enhance digital engagement with customers and other external stakeholders via social media – Facebook, Instagram, Twitter, and YouTube.
4. Build upon use of email communications with customers and other external stakeholders including newsletters, project and program updates, rebate information, and customer surveys.
5. Evaluate the use of digital communications tools and emerging technologies to enhance customer engagement. Include customers and other external stakeholders in surveys and beta tests for the use of new innovative methods and technologies prior to deployment.
6. Commit to face-to-face communications with customers and other external stakeholders through pre-planned speaking engagements.
CUSTOMER & EXTERNAL COMMUNICATIONS

STRATEGY 3

Capitalize on events and strategic partnerships to maximize engagement.

TASKS

1. Develop a calendar of events, identifying and evaluating those opportunities with the highest ROI.
2. Develop policies for sponsorship and event participation to increase direct communication with our customers and other external stakeholders.
3. Reach out to community groups and industry partners to provide District presentations and identify key areas for collaboration.
4. Engage in regional, state, and national water issues and communicate the District’s platform in order to support grant funding and regulatory input to allow the District to most effectively serve customers.
5. Partner with the education community to establish conservation as a way of life for our customers through education programs and presentations, water curriculum development, and community conservation gardens.

STRATEGY 4

Leverage geographic information system (GIS) resources for data-informed targeted messaging and evaluation of program participation.

TASKS

1. Develop a conservation dashboard to help customers understand and analyze their water use, streamline workflows, and more effectively capitalize on our customer participation data.
CUSTOMER & EXTERNAL COMMUNICATIONS

STRATEGY 5

Leverage traditional and social media in an efficient and cost effective way to reach customers and other external stakeholders.

TASKS

1. Execute a proactive, trustworthy, and reliable information program that reaches customers and other external stakeholders broadly and effectively through communication with traditional media outlets in a timely manner through press releases, media advisories, opinion editorials, briefings, project tours, and communication with editorial boards.

2. Ensure media inquiries are appropriately addressed through the use of established protocols.

3. Promote and grow the District’s following on social media platforms to promote customer participation and communication.

4. Streamline social media management using online tools as well as planned, regular postings.

5. Develop Media Relations and Social Media policies that guide and govern the District’s approach to and use of relevant platforms.
LONG-TERM PLANNING

Strategic planning is important in order to drive and promote the District’s key messages as opposed to merely reacting to day-to-day occurrences. Long-term communications planning is a way to raise our profile and refine our image with our customers, stakeholders, and within the community.

GOAL

Engage in long-term planning to leverage resource allocation, maximize opportunities, evaluate effectiveness, and develop a plan for crisis communications to ensure customers have a sustained and informative communications program that enables them to effectively participate in District programs.

KEY OBJECTIVES

PREPARATION

Ensure that policies are in place to be implemented to communicate with customers as well as other stakeholders during emergency situations.

VISION

Continually seek growth and improvement, ensuring a vision of communication excellence – focusing on brand equity, customer engagement, and transparency.
LONG-TERM PLANNING

STRATEGY 1

Invest in tools, training, and technical resources to elevate District representatives to become exceptional communicators.

TASKS

1. Encourage District staff to participate in professional organizations and to attend professionally-hosted training opportunities related to branding, public speaking, writing, digital engagement, open data, etc.

2. Invest in innovative technologies and outreach strategies to position the District as a communications leader in the water industry.

3. Develop a Crisis Communications Plan to guide District communications during major events.

STRATEGY 2

Promote an understanding of resource allocation associated with External Affairs Department activities and District outreach efforts.

TASKS

1. Develop a resources list identifying how the External Affairs Department can be utilized by other District staff to achieve their department goals.

2. Implement an evaluation process for assessing success and ROI on all communications utilizing External Affairs Department support.
DATE: July 20, 2017
TO: Board of Directors
FROM: Matthew H. Litchfield, P.E., General Manager

SUBJECT: APPROVAL OF PAYMENT TO GRESHAM SAVAGE NOLAN & TILDEN, PC FOR PROFESSIONAL SERVICES RENDERED THROUGH JUNE 30, 2017; SUMMARY STATEMENT NO. W1582 ALL MATTERS; TOTAL AMOUNT OF $60,952.43

BACKGROUND:
Attached for the Board of Directors ("Board") review and consideration are Invoices Nos. 332912 – 332931 and Invoice No. 333872 for professional services rendered by Gresham Savage Nolan & Tilden, PC during the month of June, 2017.

FISCAL IMPACT:
General Legal Counsel Services is included in the Fiscal Year 2016-2017 approved operating budget.

STAFF RECOMMENDATION:
Approve Payment to Gresham Savage & Nolan Tilden, PC for Routine and Non-Routine Professional Services rendered through June 30 2017; Summary Statement #W1582 All Matters; for a total amount of $60,952.43.

Respectfully Submitted,

Matthew H. Litchfield, P.E.
General Manager

MHL:ss
Attachment: Exhibit A – Statement Summary No. W1582 - All Matters