



2018

Year in Review

Antelope Valley-East Kern Water Agency

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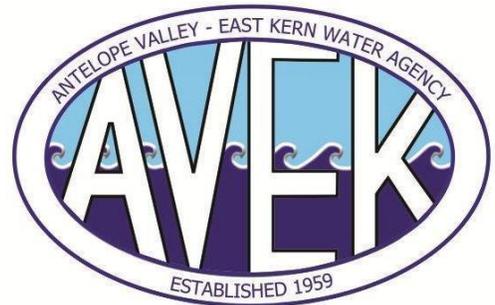


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Message from the General Manager



On behalf of the Antelope Valley-East Kern Water Agency (AVEK), we are pleased to present the 2018 Year in Review.

Through a shared spirit of collaboration, determination and perseverance, AVEK's Board, staff and numerous Agency partners have been diligent in manifesting a vision that supports the high quality of life and economy in the Antelope Valley region and beyond.

In looking back on 2018, I am particularly proud of the fact that we have completed nearly all the goals set forth in the Agency's 5-year strategic plan, which was developed in 2015 – ahead of schedule! To briefly summarize with an overview of those goals, we have:

- Provided leadership and stewardship in administrating systems that protect and sustain our regional groundwater basin
- Increased our water reliability and quality
- Held ourselves to the highest standards in fiscal accountability
- Engaged our legislators and developed stakeholder relationships to shape policy
- Provided a safe, efficient and supportive structure for our human capital

Water supplies play a crucial role in sustaining life as we know it on our planet. The work we do every day at AVEK paves critical pathways on the quest to preserve our world's most precious resource. With the rapid advancement of the High Desert Water Bank Project, we are forging a diverse, sustainable future in state-wide water storage and supply that will have lasting positive conservation and financial impacts for future generations.

The mission of Antelope Valley-East Kern Water Agency is to “Deliver reliable, sustainable and high-quality supplemental water to the region in a cost-effective and efficient manner.” For over 60 years, the agency has maintained the faith of that mission to meet the growing needs of the region.

As evident by our many achievements highlighted in this report, we are fiercely committed to developing and executing thoughtful, innovative strategies to maintain affordable, reliable water resources that will benefit the greater good for decades to come.

About Antelope Valley-East Kern Water Agency

In 1959, AVEK received its charter as a regional water Agency from the California State Legislature, an event that followed the 1953 formation of the Antelope Valley-Feather River Association. The concept was to import surface water supplies from the Feather River.

In 1962 AVEK's Board of Directors signed a contract with the state to secure the delivery of water supplies intended to supplement the local groundwater. **AVEK became the 3rd largest State Water Contractor with an entitlement of 144.844 acre-feet.**

In 1999, AVEK joined forces with Palmdale Water District and Littlerock Creek Irrigation District to form the Antelope Valley State Water Contractor's Association (AVSWCA), a joint powers authority. Together, the agencies optimize the use of water resources, protect surface water and groundwater storage.

Importing Water Through the State Water Project

Imported water is delivered to AVEK through the State Water Project (SWP) facilities.

- Initial funds for construction of the SWP were obtained through a \$1.75 billion bond ratified by California voters in 1960.
- The SWP begins on the Feather River where runoff is stored behind Oroville Dam. The water then flows down natural channels to the Sacramento-San Joaquin Delta.
- Oroville Dam is the largest of 20 SWP storage reservoirs. It has a capacity of 3.5 million acre-feet of water.

"The mission of AVEK is to deliver reliable, sustainable and high-quality supplemental water to the region in a cost-effective and efficient manner"

Service Area

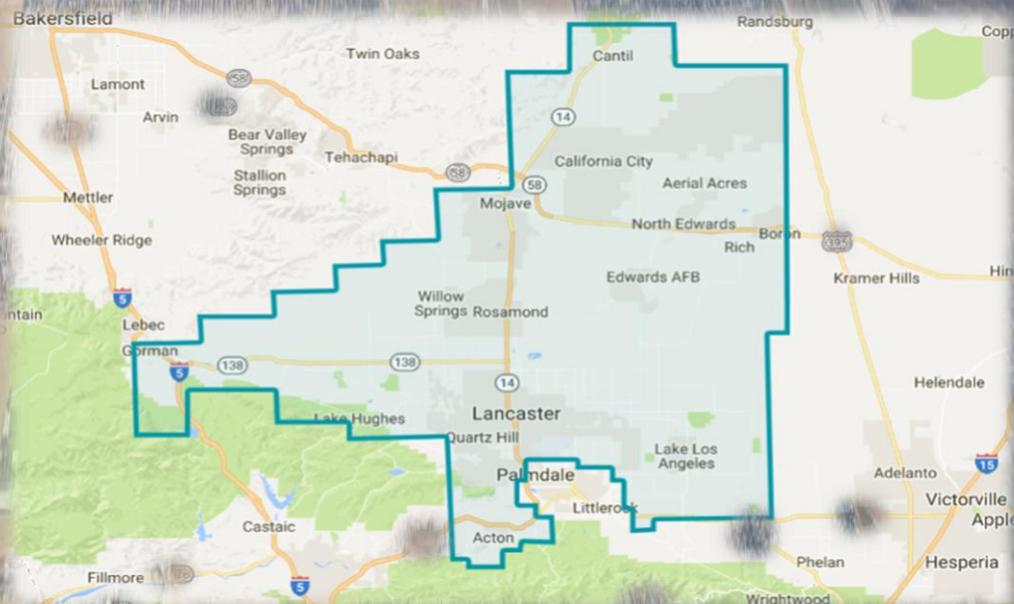
Serving over 20 municipal users along with Edwards Airforce Base, Plant 42 and U.S. Borax, AVEK's more than **2400 square mile territory** includes portions of Los Angeles, Kern and Ventura Counties.

The Agency serves a population of over 500,000 people.

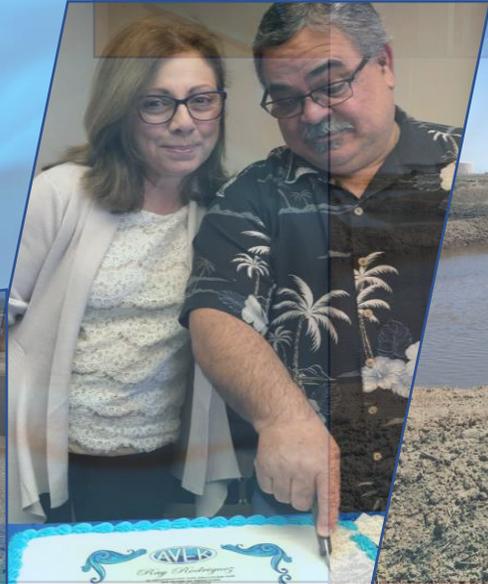
The bulk of the water imported by AVEK is treated and distributed to customers throughout its service area through Domestic-Agricultural Water Network (DAWN) project facilities. AVEK's current infrastructure includes:

- 120 miles of water distribution pipeline
- Five water storage reservoirs with capacity for 11 million gallons of water
- Four water treatment facilities
- A state-of-the-art laboratory

Additionally, AVEK maintains 3 water storage projects, the Westside, Eastside and High Desert Water Banks



Department Highlights



Bond Ratings



In 2018, AVEK earned top bond ratings from S&P Global and Moody's, two companies that rank government agencies on their financial stability when seeking to secure bonds for specific projects.

In March 2018, the Annual Report for COP and Bond covenant compliance reporting was completed. This report discusses the Agency's service area and water system operations as well as current and historical information on water sources and supply, water demand and deliveries and operating results. This report is submitted to the Municipal Securities Rulemaking Board (MSRB) through the EMMA system.

Budget

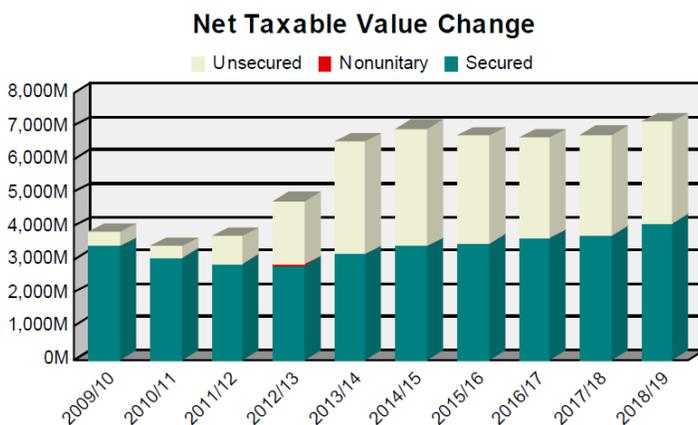
The Agency maintained a balanced budget and in August 2018, the Board approved the 2018/2019 Operating and Capital Budgets at a workshop held to present and discuss the Budgets. The 2018/2019 Operating Budget anticipates an increase to the Agency's net position of \$9,749,060 and anticipates reserves of \$94,272,766 at June 30, 2019.

The Agency had an actuarial study completed for retiree health liabilities. This actuarial study is required for GASB 74 and 75 compliance to determine the Agency's liability for retiree health benefits and to assure that the liability can be stated correctly in the Agency's financial statements.

A new check register list was created and implemented in April 2018 for Finance Committee and Board review and acceptance. The new report lists all checks prepared and issued for a certain time period, what expense the check is paying and the approval of the expense.

2018/19 Property Tax Summary

The Agency experienced a net taxable value increase of 6.2% for the 2018/19 tax roll, which was 1.9% ahead of the increase experienced countywide at 4.3%. The assessed value increase between 2017/18 and 2018/19 was \$413 million. The change attributed to the 2% Proposition 13 inflation adjustment was \$38.9 million, which accounted for 9.4% of all growth experienced in the district.



For 2018-19 assessed values in the Kern County portion of the District have grown by \$413 million (6.2%). Residential property accounts for 21.8% of all value in this portion of the District and these values grew by \$122.1 million (8.5%) for 2018-19. Within this growth was \$33 million in value

recovery on properties that the Assessor had reduced in value pursuant to Prop 8 in prior years. For this year there are 3,031 homes that are enrolled at values below their adjusted base values and there is \$170.3 million remaining to be recovered on these homes.

	<u>2017/18</u>	<u>2018/19</u>	<u>Value Change</u>
Total	\$6,713,705,220	\$7,126,682,766	\$412,977,546
Parcel Adds/Drops Net Change		0.06%	3,759,944
Net Value Change from CPI 2.000% Growth		0.58%	38,858,571
Unsecured Value Change		0.68%	45,513,132
Prior Year Transfer of Ownership		1.17%	78,657,763
Non-Residential New Construction		0.60%	40,189,037
Prop. 8 - Recaptured Value - SFR		0.49%	33,128,408
Prop. 8 - Recaptured Value - Non-SFR		0.09%	5,742,602
Other Positive Changes*		3.88%	260,402,875
Other Negative Changes*		-1.39%	-93,274,786
Total		6.15%	412,977,546

Auditing

For the past five consecutive years, independent auditors gave AVEK a clean bill of health when scrutinizing the Agency’s financial statements and related records. An audit of the Agency’s financial statements for the fiscal year ending June 30, 2018 was completed in September 2018. Auditors issued their report with an unqualified opinion on the Agency’s financial statements. An unqualified opinion is the best report that can be received and means that the auditor determined that the financial statements were free of any material misrepresentations and are maintained in accordance with Generally Accepted Accounting Principles (GAAP). The auditor also issued a report on internal controls which states that no internal control deficiencies or findings considered to be material weaknesses were identified.

Policy

In October 2018 the Board approved a revised more detailed reserve policy identifying specific purposes and uses of Agency reserves to minimize the impact of a budget shortfall due to unanticipated expenditures. The revised policy provides assurance to the public and rating agencies that that AVEK has a plan to address current and future financial needs and unforeseen financial circumstances, including maintenance of infrastructure and emergencies. Additionally, the reserve policy provides fiscal justification for rate-setting decisions.

Independent Auditors' Report



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Antelope Valley-East Kern Water Agency
Palmdale, California

We have audited the accompanying financial statements of the business-type activities of Antelope Valley-East Kern Water Agency (the Agency) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Agency, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-7 and Other Post Employment Benefit Plan – Schedule of Funding Progress on pages 34 to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Agency's basic financial statements. The schedule of revenues and expenses - proprietary fund type – budget and actual on page 35 are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of revenues and expenses – proprietary fund type – budget and actual is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2018, on our consideration of the Antelope Valley-East Kern Water Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.



BURKEY COX EVANS & BRADFORD
Accountancy Corporation

Palmdale, California
October 19, 2018

Financial Statements

**ANTELOPE VALLEY-EAST KERN WATER AGENCY
STATEMENTS OF NET POSITION
AS OF JUNE 30, 2018**

ASSETS	<u>ENTERPRISE FUND</u> <u>JUNE 30, 2018</u>
CURRENT ASSETS	
Cash and Cash Equivalents	\$ 3,341,746
Investments	88,428,939
Receivables:	
Taxes	3,880,414
Interest	340,570
Services	6,607,768
Other	313,347
Inventory	18,991,791
Deposits and Prepaid Expenses	3,448,114
Total Current Assets	<u>125,352,689</u>
NON-CURRENT ASSETS	
Property, Plant and Equipment, Net of Accumulated Depreciation	<u>329,277,937</u>
OTHER NON-CURRENT ASSETS	
Investments - Restricted	<u>2,923,755</u>
Total Other Non-Current Assets	<u>2,923,755</u>
Total Non-Current Assets	<u>332,201,692</u>
Total Assets	<u>457,554,381</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts Payable	4,625,337
Accrued Liabilities	467,477
Current Portion of Long-Term Debt	5,310,288
Collections in Advance on Projects	174,856
Compensated Absences	1,121,887
Escheated Funds	42,155
Total Current Liabilities	<u>11,742,000</u>
LONG-TERM LIABILITIES	
Payable from Restricted Assets	2,923,755
Deferred Water Delivery	3,562,386
Post Employment Benefit Liability	7,793,328
Certificates of Participation, Series 2008A-2	45,000,000
Water Revenue Refunding Bonds, 2016	72,725,074
CREBs Revenue Bonds 2017	14,075,000
Total Long-Term Liabilities	<u>146,079,543</u>
Total Liabilities	<u>157,821,543</u>
NET POSITION	
Invested in Capital Assets, Net of Related Debt	192,167,575
Unrestricted	107,565,263
Total Net Position	<u>\$ 299,732,838</u>

**ANTELOPE VALLEY-EAST KERN WATER AGENCY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018**

	ENTERPRISE FUND
	JUNE 30, 2018
OPERATING REVENUES	
Water Sales	\$ 22,944,382
Water Exchanges and Transfers	3,450,000
Irrigation Sales	124,043
Nickel Water Agreements	2,891,850
Total Operating Revenues	29,410,275
OPERATING EXPENSES	
Water Purchases	8,263,917
Pumping	1,113,822
Water Treatment	4,871,599
Transmission and Distribution	513,474
Customer Accounts	5,418
Administration and General	5,731,477
Groundwater Survey and Sites Reservoir	152,265
Conservation	10,000
Depreciation	6,194,410
Total Operating Expenses	26,856,382
Operating Income (Loss)	2,553,893
NON-OPERATING REVENUES	
Tax Revenues	29,084,090
Net Investment Earnings	1,103,874
Other Revenues	3,904,303
Capacity Charges	605,130
Total Non-Operating Revenues	34,697,397
NON-OPERATING EXPENSES	
State Water Contract	19,926,356
Interest Expense	3,556,728
Total Non-Operating Expenses	23,483,084
Non-Operating Income	11,214,313
Increase (Decrease) in Net Position	13,768,206
NET POSITION - BEGINNING OF YEAR	286,439,719
Prior Period Adjustment	(475,087)
NET POSITION - END OF YEAR	\$ 299,732,838

**ANTELOPE VALLEY-EAST KERN WATER AGENCY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>ENTERPRISE FUND</u>
	<u>JUNE 30, 2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	\$ 28,018,183
Cash Paid for Supplies to Suppliers	(27,471,762)
Cash Paid to Employees	(4,726,785)
Net Cash Provided (Used) by Operating Activities	(4,180,364)
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES	
Receipt of Property Taxes	29,219,400
Receipt of Capacity Charges and Other Revenue	4,373,323
Payment of State Water Contract	(19,926,356)
Net Cash Provided (Used) by Non-Capital and Related Financing Activities	13,666,367
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of Property and Equipment	(11,921,153)
Proceeds from Disposal of Property and Equipment	181,413
Principal Repayment of Bonds Payable	(5,170,599)
Issuance of Bonds Payable	-
Borrowings of Restricted Debt and Projects	2,723,976
Net Cash Provided (Used) by Capital and Related Financing Activities	(14,186,363)
CASH FLOWS FROM INVESTING ACTIVITIES	
Receipt of Interest and Investment Income	1,015,007
Payment of Interest Expense	(3,556,728)
Disposition of Investments	8,580,489
Net Cash Provided (Used) by Investing Activities	6,038,768
Net Change in Cash and Cash Equivalents	1,338,408
Cash and Cash Equivalents - Beginning	4,927,093
Cash and Cash Equivalents - Ending	\$ 6,265,501
COMPONENTS OF CASH AND CASH EQUIVALENTS	
Cash and Cash Equivalents - Unrestricted	\$ 3,341,746
Cash and Cash Equivalents - Restricted	2,923,755
Total Cash	\$ 6,265,501

ANTELOPE VALLEY-EAST KERN WATER AGENCY
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2018

	<u>ENTERPRISE FUND</u>
	<u>JUNE 30, 2018</u>
RECONCILIATION OF OPERATING INCOME (LOSS)	
TO NET CASH PROVIDED (USED)	
BY OPERATING ACTIVITIES	
Operating Income (Loss)	\$ 2,078,806
Adjustments to Reconcile Operating Income (Loss) to Net Cash	
Provided (Used) by Operating Activities:	
Depreciation	6,194,410
Changes in Assets - (Increase)/Decrease in:	
Services Receivable	(1,365,005)
Other Receivables	(27,087)
Inventory	(7,125,470)
Deposits and Prepaid Expenses	(9,868)
Changes in Liabilities - Increase/(Decrease) in:	
Accounts Payable	(2,486,777)
Accrued Liabilities	(2,518,647)
Collections in Advance on Projects	275
Compensated Absences	131,070
Other Postemployment Benefit Obligations	947,929
Net Cash Provided (Used) by Operating Activities	\$ (4,180,364)

Engineering

Construction projects

In 2018, construction was completed on the Operations Center / Laboratory



Expansion and a full occupancy certificate was obtained. The new state-of-the-art lab and administration headquarters are housed in a LEED Gold certified building, which stands for “Leadership in Energy and Environmental Design,” a globally recognized symbol of excellence in green building. LEED Gold buildings consume a quarter less energy and generate 34 percent lower greenhouse gas emissions.



The Solar PV, HVAC and Lighting Project was also completed which included the construction, testing and interconnection of over 5 megawatts of solar facilities and lighting and HVAC improvements at various Agency facilities.

Construction for the 80th Street West and Avenue H Pump Station was closed out as well as the completion of all necessary repairs at the Eastside Water Bank Facility due to settling of the recharge basin.

Planning

A draft of the Agency’s first Water System Master Plan was developed with an emphasis on ensuring appropriate infrastructure and resources to meet future needs.

Significant advancements were made toward developing the High Desert Water Bank project including: land acquisition, percolation testing, partner term sheet, water quality testing, cost verification and project delivery method.

Information Technology

The Agency realized multiple technology upgrades in 2018 including continual improvements to the GIS mapping system and the installation, testing and implementation of a new computer network server and VOIP phone system.



Operations and Maintenance

Water Treatment and Banking



In 2018 the Operations Department maintained a consistent supply of treated water in all distribution systems that met all customer demands and exceeded all SWRCB requirements. By optimizing the treatment process in all facilities and maintaining efficient reservoir levels and chlorine residuals, THM levels were well below AVEK's self-imposed target goals.

During the summer, Operations staff worked diligently and devised unique strategies in coping with an unparalleled inundation of moss at the Quartz Hill Treatment plant. Water quality targets and customer demands were consistently met during this period.

Operations staff was instrumental in the success of the High Desert Water Bank Pilot Project along with continual development of new recharge ponds at the Westside Water Bank facility.



Operations staff also played an important role in the success of the Open House for the new Operations Center.

Capital Projects

Maintenance and asset replacement have been a large focus of the Operations crew for the past 12 years. In 2018, Operations completed over \$1.4 million of capital/asset replacement projects including: Filter GAC replacement at RWTP, rehabilitation of large sections of both North and Central Feeders, rehabilitation of multiple sodium hypochlorite tanks, acquired large tool systems for the Welding Department including a new forklift.

A stand-alone Maintenance Department is in the final planning stages.

Training and Staff

Staff received hundreds of hours of safety, skill and management training. A cross-training program has also been developed to enable Operators to become skilled at all jobs, situations and maintenance issues they will be confronted with at the facilities.

A retirement enabled internal promotions for both Superintendent and Lead Operator positions.

In summary, while Operations is made up of many 'moving parts' and responsibilities, the accomplishments we strive for daily, monthly and annually are providing water that meets all regulatory requirements and customer demands, maintaining a safe and friendly work environment, and providing Operations employees opportunities for personal growth and advancement. In this, 2018 was a very successful year.

Annual Reporting

In 2018, the Water Resources Management department developed the Agency's first **Annual Water Resources Report (AWRR)** for 2017. The report was presented and distributed to the Board of Directors as a public document in fulfilling AVEK's Strategic Planning Goals and Objectives for proper local water management and transparency in communications. The AWRR was also posted to the AVEK website and used as a reference document for the AV Watermaster Engineer.

Water Supply / Demand

The department is responsible for the development and oversight of several Water Supply/Demand monitoring, reporting, and planning documents. In 2018, the below documents were updated and improved for accuracy with the stated benefit(s) realized:

- **AVEK Monthly Water Delivery Report** – Internal review of Customer meter accuracy and usage calculations led to the capture of an additional \$598,000 in water sales for the Agency.
- **Annual Imported Water deliveries**, groundwater production, and return flows for AVEK and its Customers as reported to the Antelope Valley Watermaster (AVW) – Used in public reporting of Annual AVW Report, State reporting, and (future) 2018 AWRR.
- **Water Supply/Demand Plan 2018/2019** – This gives a summary of AVEK's ability to deliver, bank, and transfer/exchange water and is used to help plan these transactions.
- **Transfer/Exchanges Tracking** - In 2018, AVEK participated in a record-high number of water transfers and exchanges through nine (9) unique arrangements (e.g. Homer LLC, Tejon Ranch Co., PWD). The year completed with over 31,000 acre-ft of water being delivered or returned to/from AVEK partners (e.g. Homer LLC, Tejon Ranch Co., PWD). These arrangements brought financial gains to the Agency while also helping to fulfill AVEK's long-standing obligations (e.g. Tejon Ranch Co.)
- **Tejon Ranch Co. (TRC) Water Supply Summary** – Assisting TRC with their water supply portfolio in 2018 led to an agreement in fulfillment a long-standing obligation to AVEK of over \$2.65 Million.

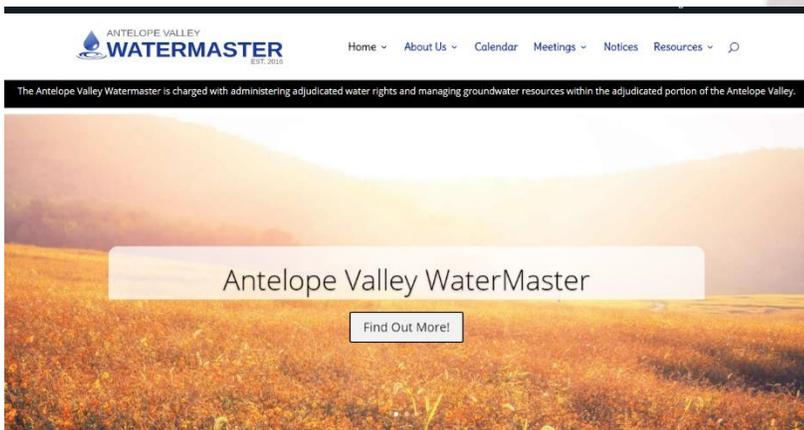
Upper Amargosa Recharge Project



Another milestone for AVEK and its partners in 2018 was the start of construction of the Upper Amargosa Recharge Project. AVEK’s Water Resources staff finalized the work with Engineering and Operations to review plans, establish DWR-related agreements and oversee Agency funding of the project.

Outreach

In supporting public outreach/education, presentations for local and statewide water interest groups were created and/or presented including Regular Board presentations (e.g. General Manager’s Report), regional workshops (e.g. AVSWCA Joint Meeting), and State Water Contractors presentations (e.g. Fall Operations Workshop). The 2018 SMART Water Expo is an AV State Water Contractors Assoc. annual event held in March that was managed by AVEK’s Water Resources and Human Resources departments. In early 2018, the AV Watermaster website was launched under AVEK’s oversight and management. The AVSWCA website was also designed for final launch in early 2019.

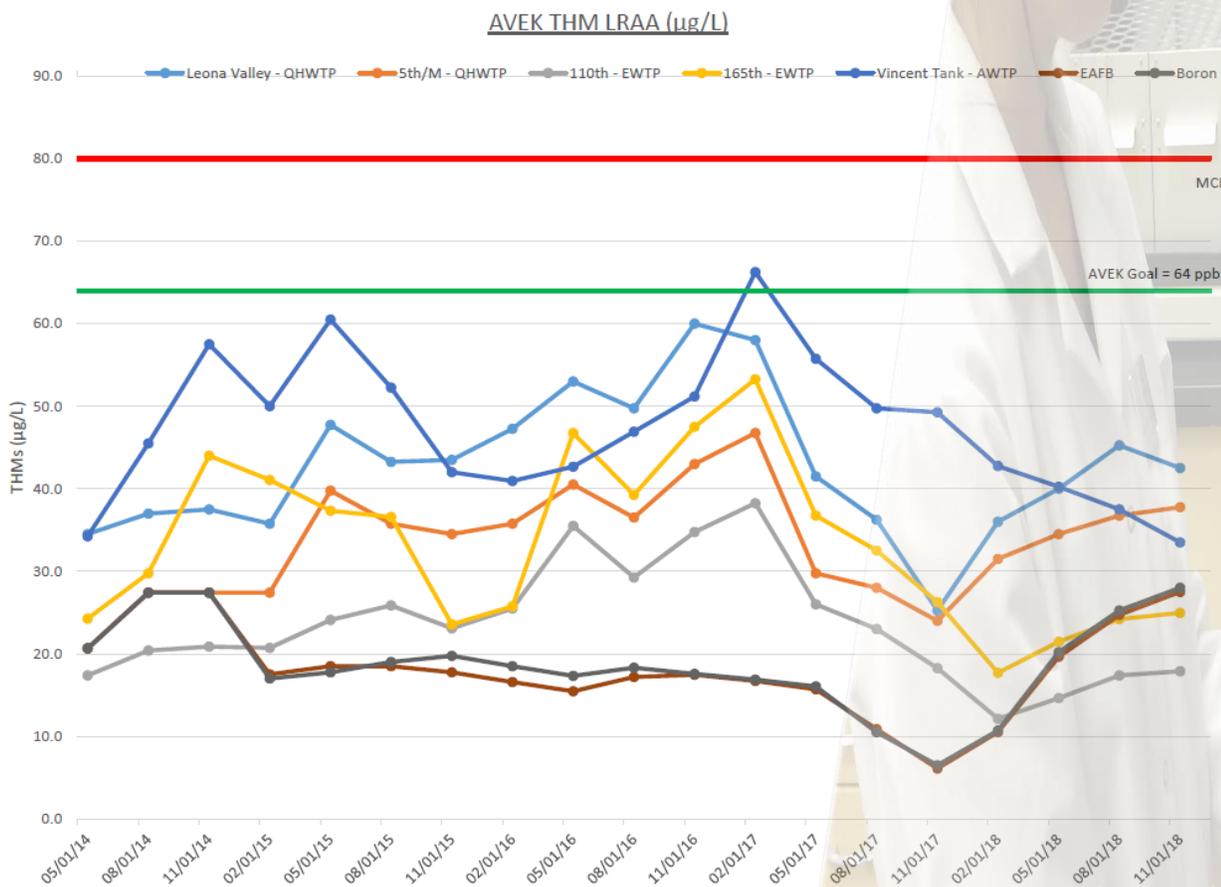


Laboratory

Water Quality

In 2018 the laboratory once again distributed the Annual Water Quality Report to our customers ahead of schedule, allowing them an extra four weeks to complete their Consumer Confidence Reports to their retail customers. All water quality parameters for the Agency met State and Federal standards.

Our in-house THM monitoring program proved essential again as we were able to track THM levels between compliance cycles throughout the year to ensure our goal of providing our customers with a minimum 20% buffer for their own THM compliance was met. The highest running annual average at any given site throughout the year was 46 $\mu\text{g/L}$ (43% below the MCL) and we finished the year with maximum running annual averages of 42 $\mu\text{g/L}$ (48% below the MCL) in our LA County system and 28 $\mu\text{g/L}$ (65% below the MCL) in our Kern County system.



Facilities

The biggest undertaking for lab staff in 2018 was moving into the new state-of-the-art laboratory facility. This move was completed in August with minimal downtime and no impact to customers' sampling schedules. All equipment has been tested and is fully functional in our new facility and we

have been receiving a tremendous amount of positive feedback from our customers. Subsequent to the move we entertained tours of the new facility during the Agency Open House and Ribbon Cutting event.

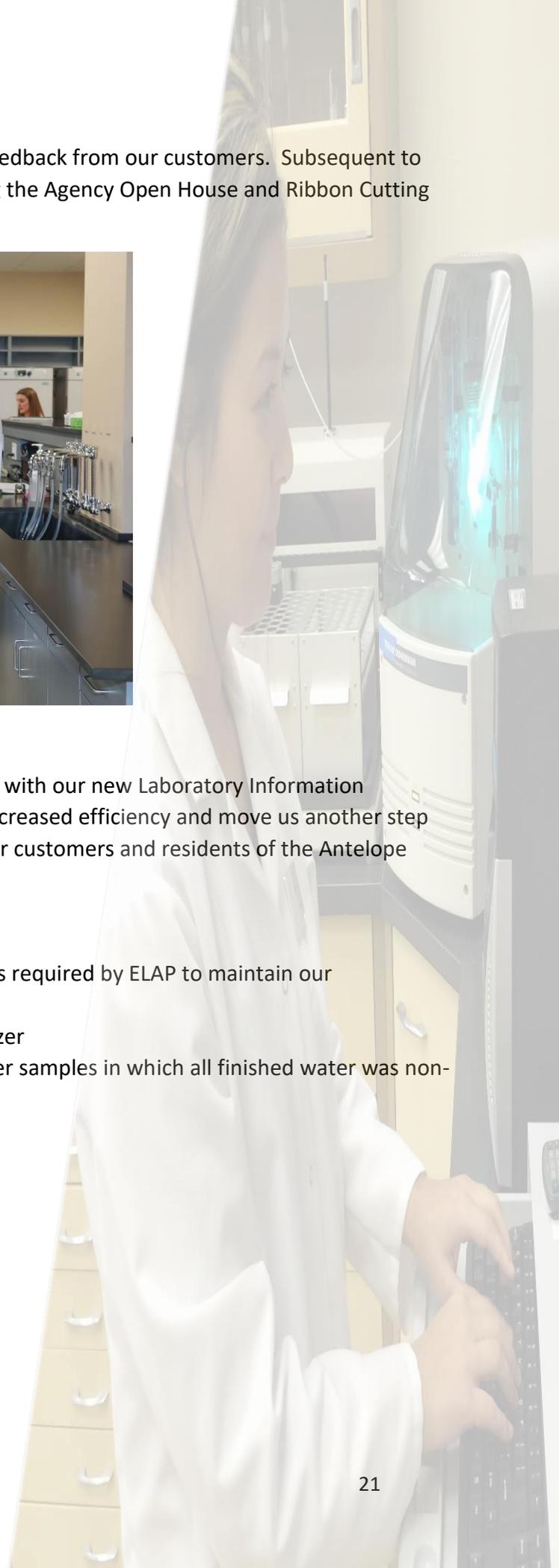


Technology

Along with the move into the new facility we went “live” with our new Laboratory Information Management System (LIMS) software which will allow increased efficiency and move us another step toward expanding the services we are able to offer to our customers and residents of the Antelope Valley.

Milestones

- Completing all blind performance evaluation tests required by ELAP to maintain our certification with a 100% pass rate
- Installation and qualification of a new TOC analyzer
- algal toxin analysis of AVEK raw and finished water samples in which all finished water was non-detect
- updates to our Quality Assurance manual.



Human Resources

STAFFING

AVEK conducted six new recruitments in 2018 and positions were offered to both internal applicants and external applications. One of the recruitments was to replace a retiree; two were added positions and three to back fill a vacates due to promotion. The recruitment for Engineering Managers position was completed. Two current vacancies, Treatment Plant Operator and Laboratory Manager will be filled in January 2019.



January 18, 2019, sees the retirement of Rosamond Treatment Plant Superintendent, a 24 years employee; his knowledge, professional expertise and sense of humor will be missed. Internal interviews were held for the position and Doug Holmes has been promoted to be the new Superintendent of Operations at the Rosamond Treatment Plant.

The Agency ended 2018 with 45 full time employees.

TRAINING & SAFETY



Human Resources has implemented a plan to increase employee training to stay abreast of current laws and practices and new technology. Training was introduced in various formats; in-person sessions, virtual classroom training and on-line courses. Ten (10) employees completed the Management and Supervisory Leadership Training Program; a three-day workshop offered by the Public Utilities and Waterworks Management Institute. Other training included; Sexual Harassment, Right-to-Know, HazMat, Confined Space, Clay-Val and AWWA's Maintenance Workshop.



In April of this year, AVEK received a \$73,971 refund from the Rate Stabilization Fund of the Association of California Water Agencies' Joint Powers Insurance Authority. The refund was a result of the Agency's commitment to safety and training in having all employees meet job safety standards and procedures to avoid accidents and injuries.

The Agency received special recognition from the President of ACWA JPIA for achieving a low ratio of "Paid Claims and Case Reserves" to "Deposit Premiums" in the Workers' Compensation, Property and Liability Programs in years 2014 to 2017.

Operations and Administrative staff also participated in tours to learn about and see the workings of the Edmonston Pumping Plant and Los Angeles Department of Water and Powers LA Aqueduct system.

The department was awarded a Wellness Grant in the amount of \$1800 from Anthem and JPIA. Funds were used to promote sun safety, hydration and physical activity outside of work.

BENEFITS

Employee Benefits Open Enrollment for 2019 was conducted from October 8, 2018 through November 2, 2018. There was no aggregate increase to the plan costs except for a 2.6% increase to the Kaiser Plans.

The Agency offers a variety of medical plans through Anthem Blue Cross and Kaiser with 56% of participants covered by Anthem Blue Cross and 44% covered by Kaiser. Enrollment in the Consumer Driven Health plans (CDHP) increased to 12 participants and their families; saving the Agency \$12,972.64. The Agency's contribution to the HSA's remained the same as 2018.

In order to manage prescription cost ACWA-JPIA changed the Pharmacy Benefit Manager for the Anthem PPO, Consumer Driven Health Plans and Anthem Retiree with Medicare Plans from Express Scripts to MedImpact on January 1, 2019.