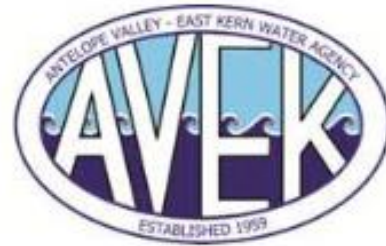


2021 Year in Review Executive Summary



Antelope Valley-East Kern Water Agency

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MESSAGE FROM OUR GENERAL MANAGER

Dwayne Chisam
General Manager
dchisam@avek.org



Meeting Customer Demands and Maintaining Water Quality in Times of Drought

2020 and 2021 were the driest consecutive years in California's precipitation history. With all but a small portion of the state experiencing extreme to exceptional drought, AVEK finished the 2021 water year with a 0% allocation of State Water Project Table A supplies. Despite considerable challenges, investments in water storage programs enabled the Agency to meet all customer demands and maintain rigorously high water quality standards, accomplishments made possible through long range strategic planning.

2021 was another successful year of milestones for AVEK's largest water storage project, the High Desert Water Bank. The project is on track to meet Metropolitan Water District's goal of commencing recharge by mid-2023.

As we continue to experience patterns of extreme drought and limited State Water Project supplies, water storage programs and infrastructure development will be critical to long term water supply reliability.

AVEK has become a model in sound fiscal policy and practices, receiving a clean annual financial audit for the 8th consecutive year in a row. This would not be possible without a prudent Finance Committee and Board as well as a meticulous Staff that accurately accounts for and reports on our our resources and expenditures.

DIRECTORS

AVEK is governed by a 7 member Board of Directors. Directors are elected to four year staggered terms by voters in the division in which they live.

Regular meetings of the Board of Directors are held on the second and fourth Tuesday of each month.



Keith Dyas
Board President
Division 2



Frank Donato
Board Vice President
Division 3



Shelley Sorsabal
Director
Division 1



George Lane
Director
Division 4



Robert Parris
Director
Division 5



Audrey Miller
Director
Division 6



Gary Van Dam
Director
Division 7

FORMATION, VISION and MISSION

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.** Imported water is delivered to AVEK through the State Water Project facilities.

MISSION STATEMENT

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

VISION STATEMENT

AVEK is a valued regional water service provider supporting the high quality of life and the economy of the Antelope Valley Region



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 nearly 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:

- Four conventional water treatment facilities
- Two groundwater banking and recovery facilities and one in development
- 184 miles of pipeline
- 11 pump stations
- 67 million gallons of treated storage

OBJECTIVES

AVEK developed a Strategic Plan in 2015 under the guidance of its Board of Directors and senior management. The plan addresses the Agency's major challenges of groundwater basin optimization, water supply reliability for present and future demands, rising costs and maintaining a water rate structure that adequately and equitably supports the Agency's capital, facility and operational needs.

The Strategic Plan is centered on 6 goals which are the key commitments to the community AVEK serves including:

Goal 1: Groundwater basin stewardship

Goal 2: Water reliability

Goal 3: Water quality

Goal 4: Financial Integrity

Goal 5: Human Resource Stewardship

Goal 6: Communications



ACHIEVEMENTS

Department Highlights

AVEK is structured with 6 departments working collaboratively to implement its strategic plan

Goal 1 - Groundwater Basin Stewardship



- Delivered an annual record high amount of groundwater to AVEK customers while retaining 66,274 Acre feet of recoverable stored water supply
- Completed Quarterly / Annual Groundwater Reporting to the Antelope Valley Watermaster
- Participated in Antelope Valley Regional Integrated Water Management Planning
- Regular reporting on projected groundwater production and banking / recharge opportunities to make better informed decisions on delivery, banking and transfer / exchange actions
- Administrated and governed the Antelope Valley State Water Contractors Association (AVSWCA) to protect local surface and groundwater storage

Goal 2 - Water Reliability



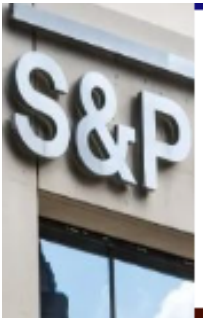
- Completed the AVEK 2020 Urban Water Management Plan
- Participated in the 20201 Dry Year Water Purchase Program
- Developed State Water Project Water Exchange Amendments
- Delivered water supply and demand reports and transfers / exchanges reports
- Drilled the first of 4 recovery wells for the High Desert Water Bank (HDWB) and placed the second well drilling package out to bid
- Completed plans and specifications for the Aqueduct turnout /turn-in and progressed on the recharge basin and pipeline design for HDWB
- Awarded the Westside Water Bank Underground Piping Project construction contract
- Continued development on design for the SNIP Phase II Project
- Development on the Agency's first Local Hazard Mitigation Plan
- Maintained a consistent supply of treated water in all distribution systems that met all customer demands
- Completed various plant, well, and pump maintenance projects at all facilities for optimal performance

Goal 3 - Water Quality



- Awarded a construction contract for the SNIP Blending Vault Project at Rosamond Water Treatment Plant
- Exceeded all State and federal requirements for water quality
- Processed 10,098 water samples
- Distributed Annual Water Quality Reports
- Completed Monthly and Quarterly compliance reporting
- Optimized the treatment process in all facilities to maintained THM levels below in-house goals
- Installed a new Gas Chromatography-Mass Spectrometry System
- Completed II blind performance evaluations to maintain ELAP certification
- Updated Quality Assurance Manual to comply with ELAP regulations





Goal 4 - Financial Integrity



- Received a clean annual financial audit for the 8th consecutive year in a row from independent auditor Brown Armstrong
- Maintained a balanced budget and approved the 2021 / 2022 Operating Budget
- Maintained the Agency's high bond ratings from S&P Global and Moody's
- Completed the Annual Report for COP and bond covenant compliance and submitted to the Municipal Securities Rulemaking Board
- Delivered monthly Treasurer's Reports and quarterly investment performance and revenue and expense reports
- Projected an increase of over \$4M to the Agency's net position and reserves of nearly \$129M in the 2021 / 2022 Operating Budget
- Experienced a net taxable value increase of 3.5% in Los Angeles County and 7% in Kern County for the 2021 / 22 tax roll
- Conducted a Water Rate Study and approves 2022 water rates

Goal 5 - Human Resource Stewardship



- Agency Staff completed Hazmat, Right to Know and CPR training
- Implemented a cross training program for treatment plant operators
- Continued to meet succession planning goals
- Received 3 President's Special Recognition Awards for minimizing risks to achieve low loss ratios for Liability, Property and Workers' Compensation Insurance programs
- Increased employee participation in the Consumer Driven Health Plans insurance program, resulting in a cost savings of over \$45K
- Completed a total compensation survey with Koff and Associates to ensure competitiveness in the job market
- Received a wellness grant to promote employee health and safety

Goal 6 - Communications



- Participated in over 100 State Water Contractors group meetings to advocate for AVEK's legal, policy and regulatory interest in the State Water Project
- Supported a number of press releases, media statements and legislative initiatives to support mutual goals around water supply reliability
- Administrated and governed the Antelope Valley State Water Contractors Association to protect local surface and groundwater storage
- Participated in coordinated drought and conservation messaging and outreach efforts
- Participated in AVSWCA Board meetings with an emphasis on maximizing cooperative use of water resources
- Conducted over 100 fully virtual Board and committee meetings
- Regularly updated the Agency website to disseminate accurate, timely information with stakeholders and the public
- Distributed seasonal customer and employee newsletters
- Engaged with industry groups and legislators to increase project awareness and develop funding opportunities
- Conducted 5 facilities tours
- Made filed visits to AVEK customers to inform on upcoming amendments to Water Service Agreements and Rules and Regulations for Water Service

FINANCIAL STATEMENT SUMMARY

Total assets

▲ \$ 521,203,811

Total Liabilities

▼ \$ 148,052,403

Total Operating Revenues

▲ \$ 34,855,799

Total Operating Expenses

▲ \$ 33,098,074

Change in Net Position

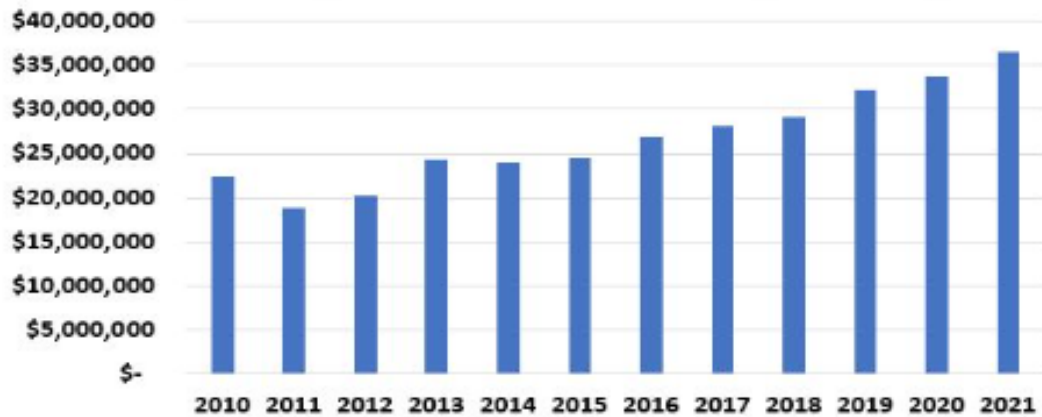
▲ \$ 23,534,191

Total Net Position

▲ \$ 375,354,124

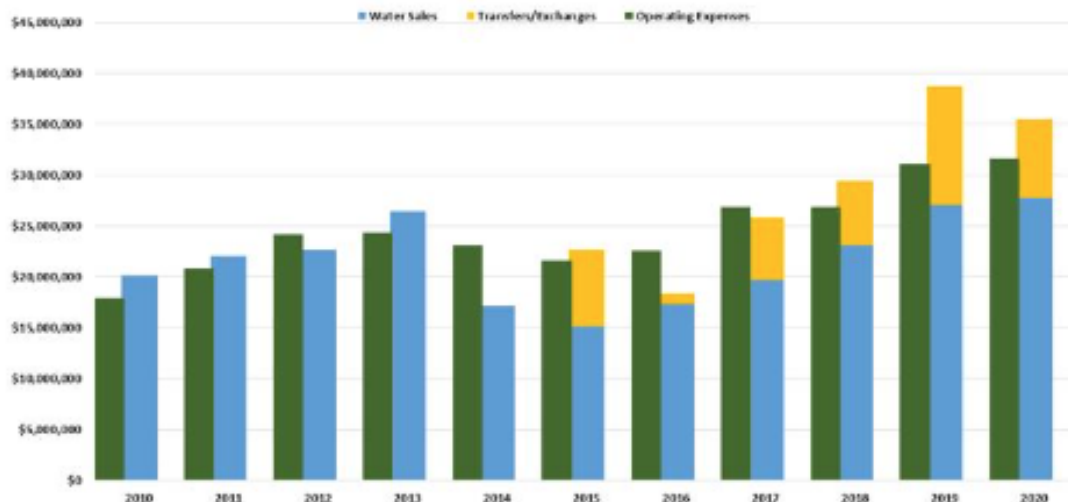
Property Tax Revenue (Fiscal Year)

2021 preliminary amount is not audited and subject to change



Operating Costs and Sales (Fiscal Year)

2020 preliminary amount is not audited and subject to change



WATER SUPPLIES

