

**NOTICE OF A REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
OLIVENHAIN MUNICIPAL WATER DISTRICT
1966 Olivenhain Road, Encinitas, CA 92024
Tel: (760) 753-6466 • Fax: (760) 753-5640
VIA TELECONFERENCE AND IN PERSON**

Pursuant to AB3035, effective January 1, 2003, any person who
requires a disability related modification or accommodation in order
to participate in a public meeting shall make such a request in writing
to Stephanie Kaufmann, Executive Secretary, for immediate consideration.

DATE: WEDNESDAY, FEBRUARY 15, 2023

TIME: 4:00 P.M.

PLACE: HYBRID REGULAR MEETING VIA TELECONFERENCE AND IN PERSON

Pursuant to the State of California Executive Order, and in the interest of public health, OMWD is temporarily taking actions to mitigate the COVID-19 pandemic by holding Board Meetings electronically or by teleconference. This meeting will be a hybrid, of in person and teleconference. Our Boardroom will be open to the public. As the State of Emergency is ending February 28, 2023, this will be the last hybrid meeting under AB 361.

To join this meeting via phone, please dial:
(669) 900-9128 or (346) 248-7799
Meeting ID: 886 4331 9638 and Password: 287162

Public Participation/Comment: Members of the public can participate in the meeting by emailing your comments on an agenda item to the Board Secretary at skaufmann@olivenhain.com or address the board directly in real-time under either of the public comment sections. If you do not receive a confirmation email that your comment has been received, please call (760) 632-4648 or address the board under either of the public comment sections to ensure that your comments are heard in real-time. The subject line of your email should clearly state the item number you are commenting on and should include your name and phone number. All comments will be emailed to the Board of Directors.

*NOTE: ITEMS ON THE AGENDA MAY BE TAKEN OUT OF SEQUENTIAL ORDER
AS THEIR PRIORITY IS DETERMINED BY THE BOARD OF DIRECTORS*

1. CALL TO ORDER
2. PLEDGE OF ALLEGIANCE
3. ROLL CALL
4. DETERMINATION OF A QUORUM
5. ADOPTION OF AGENDA

6. PERSONAL APPEARANCES AND PUBLIC COMMENTS

Personal appearance by San Diego LAFCO Commissioner Barron Willis.

7. PRESENTATION OF AWARDS AND HONORABLE MENTIONS

Service Awards, Promotions and Honorable Mentions

*Kristofer Kuenzi – Utility II – Promotion – December

*Isaiah Zapata – Utility I – New Hire – January

*Marcus Barard – Cathodic Protection Technician – 15 Years – February

8. CONSIDER APPROVAL OF THE MINUTES OF THE JANUARY 18, 2023, REGULAR BOARD OF DIRECTORS MEETING

9. CONSENT CALENDAR

*NOTE: ANY ITEM MAY BE REMOVED FROM THE CONSENT CALENDAR
 FOR DISCUSSION*

C-a	CONSIDER ADOPTION OF A MOTION APPROVING THE PAYMENT OF LISTED WARRANTS FROM THE DISTRICT'S REVOLVING AND REGULAR ACCOUNTS; LISTED TRANSFERS OF FUNDS; REIMBURSEMENT OF EXPENSES TO BOARD MEMBERS AND STAFF; AND MONTHLY INVESTMENT REPORTS (NOVEMBER AND DECEMBER)
C-b	CONSIDER ADOPTION OF A MOTION APPROVING THE DISTRICT'S CONSOLIDATED STATEMENT OF NET POSITION, CONSOLIDATED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION, CONSOLIDATED STATEMENT OF CASH FLOWS, CONSOLIDATED ACTUAL VS BUDGET SUMMARY, AND CONSTRUCTION IN PROGRESS REPORT (NOVEMBER)
C-c	CONSIDER FINALIZING THE ANNUAL OBJECTIVES FOR CALENDAR YEAR 2023
C-d	CONSIDER ACCEPTANCE OF THE HARRIS PIPELINES CATHODIC PROTECTION REPLACEMENT PROJECT INTO OMWD'S SYSTEM AND ORDER A NOTICE OF COMPLETION FILED
C-e	PROVIDE UPDATE ON THE 4S WATER RECLAMATION FACILITY WIRING AND CHEMICAL FEED EMERGENCY REPLACEMENT PROJECT AS AN EMERGENCY PROJECT IN ACCORDANCE, WITH CALIFORNIA PUBLIC CONTRACT CODE SECTION 1102, AND TO INFORM THE BOARD OF THE GENERAL MANAGER'S AWARD OF A CONSTRUCTION CONTRACT TO JENNETTE COMPANY FOR AN AMOUNT OF \$62,500 FOR THE CHEMICAL FEED
C-f	CONSIDER APPROVAL OF PRIVATE ENCROACHMENT PERMIT NO. 418 FOR MICHAEL H. YOKOYAMA AND JAYE S. VENUTI TO ACCESS PROPERTY THROUGH OMWD EASEMENT 387 LOCATED ON PASEO TAXCO AND ORDER THE PERMIT BE RECORDED
C-g	CONSIDER ACCEPTANCE OF THE DAVID C. MCCOLLOM WATER TREATMENT PLANT PH CONTROL SYSTEM PROJECT INTO OMWD'S SYSTEM AND ORDER A NOTICE OF COMPLETION FILED

C-h	CONSIDER SELECTION OF REPRESENTATIVES TO THE ASSOCIATION OF CALIFORNIA WATER AGENCIES JOINT POWERS INSURANCE AUTHORITY BOARD OF DIRECTORS
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10. CONSIDER INFORMATIONAL REPORT FROM PFM ASSET MANAGEMENT ON OLIVENHAIN MUNICIPAL WATER DISTRICT'S INVESTMENT IN CALIFORNIA ASSET MANAGEMENT PROGRAM (CAMP) POOL
11. CONSIDER ADOPTION OF A RESOLUTION OF THE BOARD OF DIRECTORS OF THE OLIVENHAIN MUNICIPAL WATER DISTRICT DESIGNATING DEPOSITORIES AND AUTHORIZING INVESTMENTS FOR THE MONEY OF THE DISTRICT AND DESIGNATING THE SIGNATORIES FOR THE MANAGEMENT OF THE DISTRICT DEPOSITS AND RESCINDING RESOLUTION 2021-02
12. CONSIDER UPDATE ON ELFIN FOREST RECREATIONAL RESERVE (INFORMATIONAL ITEM)
13. CONSIDER ADOPTION OF AN ORDINANCE AMENDING THE DISTRICT'S ADMINISTRATIVE AND ETHICS CODE (Article 8 – Water Rates and Charges) TO TAKE EFFECT ON MARCH 1, 2023
14. CONSIDER ADOPTION OF A RESOLUTION MAKING CEQA EXEMPTION FINDINGS FOR THE WATER RATE INCREASES, DEMAND REDUCTION RATE ADJUSTMENTS, AND RATE REIMBURSEMENT CREDITS AND ORDERING A NOTICE OF EXEMPTION BE FILED WITH THE COUNTY CLERK OF THE COUNTY OF SAN DIEGO
15. CONSIDER APPROVAL OF THE TWELFTH AMENDMENT TO THE AGREEMENT FOR JOINT COST SHARING BETWEEN OLIVENHAIN MUNICIPAL WATER DISTRICT, CARLSBAD MUNICIPAL WATER DISTRICT, VALLECITOS WATER DISTRICT, CITY OF OCEANSIDE, LEUCADIA WASTEWATER DISTRICT, SAN ELIJO JOINT POWERS AUTHORITY, RINCON DEL DIABLO MUNICIPAL WATER DISTRICT, AND CITY OF ESCONDIDO FOR JOINT FEDERAL LEGISLATIVE OUTREACH EFFORTS PERTAINING TO THE NORTH SAN DIEGO WATER REUSE COALITION PROJECTS
16. CONSIDER APPROVAL OF THE TWELFTH AMENDMENT TO THE CONSULTING PROFESSIONAL SERVICES AGREEMENT WITH BLUEWATER STRATEGIES LLC FOR LEGISLATIVE OUTREACH SERVICES PERTAINING TO THE NORTH SAN DIEGO WATER REUSE COALITION PROJECTS
17. CONSIDER NOMINATION FOR SAN DIEGO COUNTY CONSOLIDATED REDEVELOPMENT OVERSIGHT BOARD
18. INFORMATIONAL REPORTS
 - A. PRESIDENT
 - B. GENERAL MANAGER
 - C. CONSULTING ENGINEER
 - D. GENERAL COUNSEL
 - E. SAN DIEGO COUNTY WATER AUTHORITY REPRESENTATIVE
 - F. LEGISLATIVE
 - G. TWELVE MONTH CALENDAR / OTHER MEETINGS / REPORTS BY BOARD MEMBERS PER AB 1234
 - H. BOARD COMMENTS

19. CORRESPONDENCE
20. AUTHORIZATION TO ATTEND UPCOMING MEETINGS / CONFERENCES / SEMINARS
21. FUTURE AGENDA ITEMS
22. CONSIDER PUBLIC COMMENTS
23. CLOSED SESSION
 - A) CONSIDER LITIGATION – HILLSIDE PATIO HOMES HOA [PURSUANT TO GOVERNMENT CODE SECTION 54956.9] • Additional Facts: Claim received on August 17, 2020. Claim rejected on September 9, 2020.
 - B) CONSIDER POTENTIAL LITIGATION – ONE CASE [PURSUANT TO GOVERNMENT CODE SECTION 54956.9]
24. OPEN SESSION
25. CONSIDER APPROVAL OF CHANGE ORDER NO. 2 WITH ORION CONSTRUCTION CORPORATION FOR \$141,650 FOR THE 4S RANCH NEIGHBORHOOD 1 SEWER PUMP STATION REPLACEMENT PROJECT, AND AUTHORIZE THE GENERAL MANAGER TO SIGN ON BEHALF OF OMWD
26. ADJOURNMENT



Memo

To: Board of Directors
From: Stephanie Kaufmann, Executive Secretary
Via: Kimberly A. Thorner, General Manager
Subject: BOARD MEETING MINUTES

Draft minutes of the most recently held Board of Directors meeting will be provided separately. Following board approval, the minutes will be posted on OMWD's website.

Memo

Date: February 15, 2023
To: Olivenhain Municipal Water District Board of Directors
From: Rainy K. Selamat, Finance Manager
Via: Kimberly Thorner, General Manager
Subject: **CONSIDER ADOPTION OF A MOTION APPROVING THE PAYMENT OF LISTED WARRANTS FROM THE DISTRICT'S REVOLVING AND REGULAR ACCOUNTS; LISTED TRANSFERS OF FUNDS; REIMBURSEMENT OF EXPENSES TO BOARD MEMBERS AND STAFF; AND MONTHLY INVESTMENT REPORTS**

The following monthly financial reports are enclosed for review and approval by the Board of Directors:

- January 2023 Summary of payment of listed warrants from the District's checking account and listed transfer of funds.
- January 2023 Monthly Summary of Reimbursement Expenses to Board Members and Staff.
- November and December 2022 Monthly Investment Reports.

Olivenhain Municipal Water District
Proposed Motions for February 15, 2023 Board of Directors Meeting
January 2023 Activities
Consent Calendar Item # C-a

Proposed Motions:

- I. That the following warrants and transfers be approved:

Regular Account	Warrants - by check	032655	to	032814	\$	1,776,394.38
	Warrants - by EFT	EFT000000000331	to	EFT000000000360		259,867.05
						<u>2,036,261.43</u>
	ACH Payments - Payroll					213,933.41
	Wire - SDCWA - Monthly Purchased Water Payment					2,120,749.19
	ACH Payments - Payroll					245,884.50
	ACH - Debt Service - RAD 96-1					605,552.54
	Wire - SDCWA - Capacity Fees					43,815.00
					\$	<u>5,266,196.07</u>

Major Category of Disbursements

Total warrants from the District's checking account:

\$ 2,036,261.43

Following is a breakdown of this total by major categories:

Category

Outside services	\$	1,021,610.01
Inventory and supplies		251,907.92
Utilities		423,335.29
Repairs and maintenance		65,191.19
Other		29,400.01
Refunds		15,003.31
Insurance		146,985.90
Permit Fees		82,827.80

Total

\$ 2,036,261.43

Sincerely,


Rainy K. Selamat/Finance Manager

Olivenhain Municipal Water District
Proposed Motions for February 15, 2023 Board of Directors Meeting
January 2023 Activities

California Bank and Trust

Regular Account

Warrants - by check	032655	to	032814	\$	1,776,394.38
Warrants - by EFT	EFT000000000331	to	EFT000000000360		259,867.05
					<hr/> 2,036,261.43
1/5/2025 ACH Payments - Payroll					213,933.41
1/17/2023 Wire - SDCWA - Monthly Purchased Water Payment					2,120,749.19
1/19/2023 ACH Payments - Payroll					245,884.50
1/20/2023 ACH - Debt Service - RAD 96-1					605,552.54
1/25/2023 Wire - SDCWA - Capacity Fees					43,815.00
			Total	\$	<hr/> <hr/> 5,266,196.07

Approved:

For Board Consideration and Approval

Olivenhain Municipal Water District
January 2023 Warrant List - Check & EFT

Number	Date	Name	Amount	Inv Reference	Multiple Invoices?
032655	1/4/2023	4S Ranch Gasoline & Car Wash	455.93	WWTP GASOLINE & CAR WASH	
032656	1/4/2023	Allied Electronics	490.49	WTP SUPPLIES	
032657	1/4/2023	American Conservation & Billing Solutions, Inc.	3,251.00	AQUAHAWK - JAN 2023	
032658	1/4/2023	American Messaging	59.57	L1-072035	
032659	1/4/2023	Aqua Metric	87,568.61	Inventory - Meters and MXUs	Yes
032660	1/4/2023	AT & T	640.31	9391059578, 9391056158 - phone lines	Yes
032661	1/4/2023	Barrett Engineered Pumps	4,978.05	WWTP SUPPLIES	
032662	1/4/2023	Bay City Electric Works	4,217.35	Kohler Generator and Transfer Switch	Yes
032663	1/4/2023	California State Disbursement Unit	123.23	ED100514-1/5/2023 - Employee Garnishment	
032664	1/4/2023	Controlled Motion Solutions	7.01	WTP SUPPLIES	
032665	1/4/2023	Core & Main LP	548.53	Supplies	Yes
032666	1/4/2023	County Of San Diego	2,145.00	19090 VIA AMBIANTE PERMIT FEES AND RANCHO PASEANA PLAN REVIEW	Yes
032667	1/4/2023	D&H Water Systems	1,169.38	WTP SUPPLIES	
032668	1/4/2023	D-Max Engineering, Inc.	3,009.00	FOG Inspections for the 4S and Cielo Collection Systems	Yes
032669	1/4/2023	Dudek	24,486.54	Design and Construction Support Services for Headworks Screening Project	Yes
032670	1/4/2023	ECS Imaging Inc	4,495.00	LASERFICHE SUPPORT RENEWAL - ANNUAL	
032671	1/4/2023	Fallbrook Printing Corp	532.03	RECYCLED WTR/WW BROCHURE	
032672	1/4/2023	Ferguson Enterprises Inc. #1083	347.92	Supplies	Yes
032673	1/4/2023	Ford Hall Company	4,460.50	WWTP CLARIFIERS 1 & 2 PREVAANTATIVE MAINTENANCE	
032674	1/4/2023	Geoscience Support Svcs, Inc.	14,387.50	SERVICES FOR SAN DIEGUITO VALLEY GROUNDWATER PROJECT	Yes
032675	1/4/2023	Global Power Group Inc	614.58	WWTP PREVENTATIVE MAINTENANCE SERVICES	
032676	1/4/2023	Granetto's Ag. Supply	147.47	SUPPLIES	Yes
032677	1/4/2023	Hi-Line Electric Company, Inc.	50.27	SUPPLIES	Yes
032678	1/4/2023	Infosend	11,066.88	11/22 WATER BILL STATEMENTS	Yes
032679	1/4/2023	J.M.D. Landscape Inc	27,520.00	Dead Tree Removals & Site Cleanup at Wanket, Peay,and Palms Reservoirs	Yes
032680	1/4/2023	Morton Salt Inc	6,185.53	WTP CHEMICALS	
032681	1/4/2023	Napa Auto Parts	916.75	11/22 SUPPLIES	
032682	1/4/2023	NBS	13,285.37	QTRLY ADMIN SERVICES & CONTINUING DISCLOSURE REPORTS FOR 1/23-3/23	Yes
032683	1/4/2023	Newco Inc.	16,628.20	Sodium Fluoride Annual Purchase	Yes
032684	1/4/2023	Ninyo & Moore	5,869.00	Geotechnical Observation and Testing - Manchester Recycled Water Project	Yes
032685	1/4/2023	Orion Construction Corporation	481,996.22	Construction Services for Neighbordhood 1 Sewer Pump Station Project	Yes
032686	1/4/2023	PWLC I, INC	2,625.00	TREE REMOVALS @ OMWD HQ	
032687	1/4/2023	Republic Services	1,318.15	4-4530-0333405 - Waste Disposal Services	
032688	1/4/2023	Samba Holdings Inc	384.11	DRIVER RECORD MONITORING	Yes
032689	1/4/2023	San Diego County Vector	441.49	MOSQUITO VECTOR CONTROL SVCS	
032690	1/4/2023	San Diego Gas & Electric	180,241.62	Electricity at various OMWD locations	Yes
032691	1/4/2023	Standard Insurance Co.	5,765.59	1/23 LIFE & LTD INSURANCE PREM	
032692	1/4/2023	TS Industrial Supply	211.19	SUPPLIES	
032693	1/4/2023	Underground Service Alert	328.50	DIG ALERT TICKETS	
032694	1/4/2023	US Bank	2,190.51	777321 - Office printers, monthly fee	
032695	1/4/2023	Water for People	66.00	WTRPL 1/5/2023 - Employees Payroll Deduction Donations	
032696	1/11/2023	4S Ranch Gasoline & Car Wash	469.13	WWTP GASOLINE	
032697	1/11/2023	Advanced Air & Vacuum	2,563.57	WTP SUPPLIES	
032698	1/11/2023	Alfa Laval Inc.	3,693.86	WWTP SUPPLIES	
032699	1/11/2023	American Cancer Society	146.38	EMPLOYEE RECREATION CLUB FUNDRAISER DONATION	
032700	1/11/2023	AT & T	24.04	9391056562 - phone lines	
032701	1/11/2023	Brax Company, Inc.	13,712.93	CPS Pump #2 Motor Repair	Yes
032702	1/11/2023	Carollo Engineers	11,894.00	DCMWTP Condition Assessment Project	Yes
032703	1/11/2023	Core & Main LP	138.91	Supplies	Yes
032704	1/11/2023	County Of San Diego	599.00	19090 VIA AMBIENTE RD PERMIT FEE	
032705	1/11/2023	Craneworks Southwest, Inc	739.06	BA08 SUPPLIES	Yes
032706	1/11/2023	Ed Altman	1,846.57	REF:1000676_303295 - Customer Refund	
032707	1/11/2023	Edco Waste & Recycling	454.33	25-4A 861816 -WASTE DISPOSAL	Yes
032708	1/11/2023	Jason Emerick	150.00	15 YEAR SERVICE AWARD	
032709	1/11/2023	Escondido Metal Supply	43.55	SUPPLIES	
032710	1/11/2023	ESS	672.00	WWTP ALARM MONITORING - HQ + WTP (QUARTERLY)	Yes
032711	1/11/2023	Gina Wadsworth	95.43	REF:1084124_244280 - Customer Refund	
032712	1/11/2023	Golden State Labor	12,626.00	Manchester Recycled Water Labor Compliance Program	Yes
032713	1/11/2023	Hasa	7,693.03	WWTP CHEMICALS	
032714	1/11/2023	Hi-Line Electric Company, Inc.	83.62	SUPPLIES	
032715	1/11/2023	Ignacio Tool Supply Inc.	70.04	SHOP TOOLS	
032716	1/11/2023	Integrity Municipal Systems	3,537.00	WWTP - HEADWORKS SERVICES	Yes
032717	1/11/2023	Jennifer Serwin	157.91	REF:1090667_194435 - Customer Refund	
032718	1/11/2023	Jey Won	47.23	REF:1090866_185875 - Customer Refund	
032719	1/11/2023	Jim Vince	90.71	REF:1091433_210755 - Customer Refund	

Olivenhain Municipal Water District
January 2023 Warrant List - Check & EFT

Number	Date	Name	Amount	Inv Reference	Multiple Invoices?
032720	1/11/2023	Zeller, Jonathan	300.00	MOU EDUCATION INCENTIVE	
032721	1/11/2023	Ninyo & Moore	7,461.50	Geotechnical Services - Manchester Recycled Water Pipeline Project	Yes
032722	1/11/2023	Pacific Pipeline Supply	6,932.42	SUPPLIES	Yes
032723	1/11/2023	Parkhouse Tire Inc	2,078.82	FB49 SUPPLIES	Yes
032724	1/11/2023	Patriot Environmental	1,150.00	WWTP ROLLOFF DISPOSAL SVCS	Yes
032725	1/11/2023	Reed, Phillip	150.00	MOU EDUCATION INCENTIVE	
032726	1/11/2023	Republic Services #661	693.89	3-0661-1001776 - Waste Disposal	
032727	1/11/2023	Richard F. Yeager Jr. DbA	12,570.00	CATHODIC PROTECTION SUPPORT SERVICES	Yes
032728	1/11/2023	Michael Salazar	150.00	15 YEAR SERVICE AWARD	
032729	1/11/2023	San Diego Gas & Electric	103,043.76	Electricity at various OMWD locations	Yes
032730	1/11/2023	Santa Fe Irrigation Dist	128.51	008128-005	
032731	1/11/2023	Specialty Seals & Accessories	11.96	SUPPLIES	
032732	1/11/2023	Sunbelt Rentals, Inc.	2,885.10	MINI EXCAVATOR RENTAL	Yes
032733	1/11/2023	SWRCB Accounting Office	80,083.80	WATER SYSTEM ANNUAL FEES	
032734	1/11/2023	TASC	464.60	12/22 VEBa ADMIN FEES	
032735	1/11/2023	Terra Elinburg	96.75	REF:1088958_154545 - Customer Refund	
032736	1/11/2023	Terri Healy	373.96	REF:1041018_106075 - Customer Refund	
032737	1/11/2023	Timothy Wesselman	16.89	REF:1053612_146325 - Customer Refund	
032738	1/11/2023	TW Construction	2,572.28	REF:1086835_302120 - Customer Refund	Yes
032739	1/11/2023	USA Blue Book	177.73	SUPPLIES	
032740	1/11/2023	Walters Wholesale Electric Co	175.28	SUPPLIES	Yes
032741	1/11/2023	West Coast Sand & Gravel	1,451.44	MATERIALS	
032742	1/11/2023	West Yost & Associates, Inc	5,477.75	Support for Manchester Recycled Water site connections	Yes
032743	1/11/2023	PRESERVE CALAVERA	600.00	RM REFUND: DEBIT000000000572	
032744	1/18/2023	4S Ranch Gasoline & Car Wash	1,535.34	WWTP GASOLINE & CARWASH	
032745	1/18/2023	American Conservation & Billing Solutions, Inc.	3,251.00	2/23 AQUAHAWK	
032746	1/18/2023	AT & T	336.10	9391056516 - phone lines	Yes
032747	1/18/2023	Balboa Engineering Inc.	5,320.00	Preliminary & Final Design Services for VP West PRS Replacement Project	Yes
032748	1/18/2023	Bee Rescue LLC	240.00	7909 CALLE MADRID BEE REMOVAL	
032749	1/18/2023	Corodata	306.82	OFFSITE RECORDS STORAGE	
032750	1/18/2023	Corodata Shredding, Inc	69.87	PAPER SHREDDING SERVICES	
032751	1/18/2023	County of San Diego, RCS	171.00	12/22 RADIO SERVICES	
032752	1/18/2023	DXP Enterprises, Inc.	14,268.38	WTP BASIN PUMP OVERHAUL	Yes
032753	1/18/2023	Exaro Technologies Corporation	7,125.00	HARRIS P/L CATHODIC RPL PJT	Yes
032754	1/18/2023	Fallbrook Printing Corp	1,198.83	AMI PROJECT POSTCARDS	Yes
032755	1/18/2023	Ferguson Enterprises Inc. #1083	6,815.78	SUPPLIES	Yes
032756	1/18/2023	First Choice Technology	167.20	13001474 - PHONE SERVICE	Yes
032757	1/18/2023	Hadronex LLC	34,548.58	Service and Maintenance Agreement for Smartcover equipment	Yes
032758	1/18/2023	Hazen and Sawyer	71,012.50	Pre Lim and Final Design Services	Yes
032759	1/18/2023	Hill Brothers Chemical Company	14,701.02	WTP CHEMICALS	
032760	1/18/2023	Home Depot/Gecf	6,335.32	12/22 SUPPLIES	
032761	1/18/2023	Infrastructure Engineering Corporation	2,320.00	CALLE HERMOSA FIRE FLOW CHECK	Yes
032762	1/18/2023	Integrity Municipal Systems	1,303.00	WWTP - ODOR CNTL SYS SERVICES	
032763	1/18/2023	Jennette Company Inc.	35,833.50	RETENTION	Yes
032764	1/18/2023	Kuenzi, Kristofer	299.00	TUITION REIMBURSEMENT	
032765	1/18/2023	Napa Auto Parts	831.94	12/22 SUPPLIES	
032766	1/18/2023	Peterson Structural Engineers, Inc.	8,295.90	Amendment #1 21AGR069	Yes
032767	1/18/2023	PWLC I, INC	21,151.83	LANDSCAPE MAINTENANCE	Yes
032768	1/18/2023	Republic Services	716.15	4-4530-0333405	
032769	1/18/2023	Republic Services #661	3,122.56	3-0661-2000037	
032770	1/18/2023	S D G & E	264.85	400000078	
032771	1/18/2023	Samba Holdings Inc	209.35	DRIVER RECORD MONITORING	
032772	1/18/2023	San Diego Building Maintenance	5,396.00	12/22 JANITORIAL SERVICES	
032773	1/18/2023	San Diego County Recorder	41.00	ENCROACHMENT PERMIT FEE	
032774	1/18/2023	San Diego Gas & Electric	95,709.40	Electricity at various OMWD locations	Yes
032775	1/18/2023	UniFirst Aid Corp	358.11	FIRST AID SUPPLIES	
032776	1/18/2023	USA Blue Book	314.43	WTP SUPPLIES	
032777	1/18/2023	Utilis, Inc.	74,700.00	FULL SYS SCANS & PIPE MAP	Yes
032778	1/18/2023	Utility Cost Management LLC	19,033.83	SDGE ELECTRICITY SAVINGS SERVICES	
032779	1/18/2023	Vallecitos Water District	48,481.86	RECLAIMED WATER SALES	
032780	1/18/2023	West Coast Sand & Gravel	1,456.48	MATERIALS	
032781	1/18/2023	Whitson CM	150.00	12/22 OMWD HQ INSPECTION SVCS	
032782	1/25/2023	AG Tech LLC	1,867.68	BIOSOLIDS WASTE DISPOSAL	
032783	1/25/2023	Aimurela Muertiza	38.67	REF:1087274_140200 - Customer Refund	
032784	1/25/2023	AT & T	799.98	9391059578 - phone lines	Yes
032785	1/25/2023	AVI Systems, Inc.	5,668.98	AVI SYSTEMS ENGINEERING SVCS	
032786	1/25/2023	Boot World Inc	394.83	Safety Boots	Yes
032787	1/25/2023	Jymy Briseno	50.61	WWTP SUPPLIES REIMBURSEMENT	
032788	1/25/2023	California State Disbursement Unit	123.23	ED100514-1/19/2023- Employee Garnishment	
032789	1/25/2023	Carolyn Margaret Ford	755.02	REF:1087413_302335 - Customer Refund	

Olivenhain Municipal Water District
January 2023 Warrant List - Check & EFT

Number	Date	Name	Amount	Inv Reference	Multiple Invoices?
032790	1/25/2023	Diana Spencer	419.56	TUITION REIMBURSEMENT	
032791	1/25/2023	Federal Express Corp	125.79	WTP SHIPPING	
032792	1/25/2023	Gutermann Inc	146.00	SUPPLIES	
032793	1/25/2023	Guzman Grading and Paving Corp	1,545.33	REF:1092260_303320 - Customer Refund	
032794	1/25/2023	Hi-Line Electric Company, Inc.	68.49	Supplies	Yes
032795	1/25/2023	Ignacio Tool Supply Inc.	70.04	Supplies	
032796	1/25/2023	Integrity Municipal Systems	1,303.00	WWTP ODOR SCRUBBER MAINT	
032797	1/25/2023	Lauren Zimmer	124.29	REF:1037362_197710 - Customer Refund	
032798	1/25/2023	Lisa Golden	1,039.15	REF:1012143_217290 - Customer Refund	
032799	1/25/2023	McCullough Design & Development	605.27	REF:1081467_303050 - Customer Refund	
032800	1/25/2023	Nat'l Water Resources Assoc.	525.00	2023 ANNUAL DUES	
032801	1/25/2023	Ninyo & Moore	17,928.50	Geotechnical Services	Yes
032802	1/25/2023	Jaroth Inc., dba	78.00	760-489-9971	
032803	1/25/2023	Palomar Health	140.00	PRE-EMPLOYMENT EE SERVICES	
032804	1/25/2023	Rancho Santa Fe Community Svs	2,864.35	12/22 3.47 AF RECYCLED WATER	
032805	1/25/2023	Republic Services	712.85	4-4530-0333405	
032806	1/25/2023	San Diego County Recorder	50.00	NOE FILING-WRF CHEM FEE EMERG	Yes
032807	1/25/2023	San Diego Gas & Electric	15,807.27	Electricity at various OMWD locations	Yes
032808	1/25/2023	San Eljo Joint Powers Auth.	18,054.00	12/22 10.2 AF RECYCLED WTR	
032809	1/25/2023	Sunbelt Rentals, Inc.	5,770.20	MINI EXCAVATOR RENTAL	Yes
032810	1/25/2023	Susan Inumerable	4,834.84	REF:1015635_130500 - Customer Refund	
032811	1/25/2023	United Parcel Service	166.38	SHIPPING	
032812	1/25/2023	VWR International LLC	876.01	WTP SUPPLIES	
032813	1/25/2023	Water for People	66.00	WTRPL 1/19/2023 - EMPLOYEE PAYROLL DONATION	
032814	1/25/2023	William Downey-Schell	163.01	REF:1089168_212850 - Customer Refund	
EFT000000000331	1/4/2023	Brown & Bigelow	1,865.19	Uniforms	
EFT000000000332	1/4/2023	Sloan Electric	16,484.04	NHBD #1 SPS submersible pump rehabilitation/repair	Yes
EFT000000000333	1/4/2023	Volt Management Corp DBA	434.95	SDCWA INTERN W/E 12/9/22	
EFT000000000334	1/4/2023	Konecranes Inc	791.00	Crane & Hoist Inspections at DCMWTP	Yes
EFT000000000335	1/4/2023	Harrington Industrial Plastics Inc	502.19	WTP SUPPLIES	
EFT000000000336	1/11/2023	ACWA	26,790.00	2023 AGENCY DUES	
EFT000000000337	1/11/2023	Southern Counties Lubricants, LLC.	5,463.97	UNLEADED & DIESEL FUEL HQ	
EFT000000000338	1/11/2023	Westamerica Communications, Inc.	4,208.45	WATCHING WATER NEWLETTER	
EFT000000000339	1/11/2023	B. Weber Consulting LLC	4,437.58	CONSULTING SERVICES	
EFT000000000340	1/11/2023	McMaster-Carr Supply Co.	955.37	SUPPLIES	Yes
EFT000000000341	1/11/2023	Woodard & Curran	361.00	PROP 1 RD 2 GRANT ADMIN SUPPORT SERVICES - SDIRWN	Yes
EFT000000000342	1/11/2023	Parsons	5,618.98	Preliminary and Final Design Services - Unit A RSF Pipeline	Yes
EFT000000000343	1/11/2023	CDW Government Inc	144.86	SUPPLIES	
EFT000000000344	1/11/2023	Harrington Industrial Plastics Inc	55.17	WTP SUPPLIES	
EFT000000000345	1/18/2023	ACWA - JPIA	140,755.71	2/23 GROUP ISNRUANCE PREMIUM	
EFT000000000346	1/18/2023	DLM Engineering Inc	13,185.00	ENGINEER CONSULTING SERVICES	Yes
EFT000000000347	1/18/2023	Evoqua Water Technologies	242.77	WWTP PREVENT MAINT SERVICES	
EFT000000000348	1/18/2023	Sloan Electric	5,340.47	MATERIALS FOR PUMPS AND MOTORS REPLACEMENT PROJECT	Yes
EFT000000000349	1/18/2023	CyberlinkASP Technology	7,792.72	DYNAMICS GP HOSTING SERVICES - MONTHLY FEE	
EFT000000000350	1/18/2023	Calif. Surveying & Drafting Supply	219.94	SUPPLIES	
EFT000000000351	1/18/2023	NexusTek Phoenix	4,804.80	CLOUD SUPPORT SERVICES - JANUARY 2023	
EFT000000000352	1/18/2023	Martin Marietta Materials Inc	1,285.93	SUPPLIES	Yes
EFT000000000353	1/18/2023	CDW Government Inc	3,018.34	SUPPLIES	Yes
EFT000000000354	1/18/2023	Western Hose & Gasket	3,601.52	WTP SUPPLIES	
EFT000000000355	1/18/2023	Harrington Industrial Plastics Inc	544.59	WTP SUPPLIES	Yes
EFT000000000356	1/25/2023	Southern Counties Lubricants, LLC.	5,829.28	UNLEADED & DIESEL FUEL HQ	
EFT000000000357	1/25/2023	McMaster-Carr Supply Co.	1,085.92	PARKS SUPPLIES	
EFT000000000358	1/25/2023	Traffic Safety Solutions	3,590.00	RSF RD TRAFFIC CONTROL - 12/13, 12/14	
EFT000000000359	1/25/2023	Transnet Investigative Group Inc.	95.00	PRE-EMPLOYMENT BACKGROUND	
EFT000000000360	1/25/2023	Martin Marietta Materials Inc	362.31	MATERIALS	
			<u>2,036,261.43</u>		

Olivenhain Municipal Water District
Monthly Directors Fee and Reimbursed Expenses for Directors and Staff
January 2023

<u>Name</u>	<u>Payment Date</u>	<u>Check#/ Credit Card</u>	<u>Meals & Lodging</u>	<u>Travel & Transport</u>	<u>Other</u>	<u>Total Reimbursed Expenses</u>	<u>Directors Fee</u> *
Director Guerin			0.00	0.00	0.00	0.00	0.00
			0.00	0.00	0.00	0.00	0.00
Director Hahn			0.00	0.00	0.00	0.00	0.00
			0.00	0.00	0.00	0.00	0.00
Director Meyers			0.00	0.00	0.00	0.00	0.00
			0.00	0.00	0.00	0.00	0.00
Director San Antonio			0.00	0.00	0.00	0.00	0.00
			0.00	0.00	0.00	0.00	0.00
Director Watt			0.00	0.00	0.00	0.00	0.00
			0.00	0.00	0.00	0.00	0.00
General Manager Thorner			0.00	0.00	0.00	0.00	
			0.00	0.00	0.00	0.00	
Human Resources Manager Joslin			0.00	0.00	0.00	0.00	
			0.00	0.00	0.00	0.00	
Finance Manager Selamat			0.00	0.00	0.00	0.00	
			0.00	0.00	0.00	0.00	
Operations Manager Fulks			0.00	0.00	0.00	0.00	
			0.00	0.00	0.00	0.00	
Engineering Manager Stephenson			0.00	0.00	0.00	0.00	
			0.00	0.00	0.00	0.00	
Assistant General Manager Randall			0.00	0.00	0.00	0.00	
			0.00	0.00	0.00	0.00	
Customer Service Manager Carnegie			0.00	0.00	0.00	0.00	
			0.00	0.00	0.00	0.00	

*January Director fees were paid on 2/2/23.

Notes:

- (1) Reviewed and discussed with the Finance Committee (02/05/18).
- (2) Reimbursement of expenses are in compliance with Article 19 of the District's Administrative and Ethics Code.
- (3) Travel and other expenses charged to District's credit cards and paid by the District are recorded and maintained separately.

Olivenhain Municipal Water District
MONTHLY CASH AND INVESTMENT SUMMARY
As of November 30, 2022

Active Deposits

	<u>Book Value</u>
Checking Accounts	\$ 5,031,104
Cash Restricted for Specific Use	5,291,898
Petty Cash/Disaster Preparedness	1,491
Total Active Deposits	<u>\$ 10,324,494</u>

Deposits Not Covered by Investment Policy

Cash with Fiscal Agents	2,825,632
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<u>Investments</u>	<u>Face Value</u>	<u>Market Value</u>	<u>Current Yield</u>	
LAIF	\$ 9,310,970	9,131,836	2.01%	\$ 9,310,970
CAMP - US Bank	22,797,495	22,797,495	3.90%	22,797,495
Money Market Funds	169,142	169,142	3.63%	169,142
Medium Term Notes	500,000	489,760	2.35%	497,940
Municipal Bonds	1,000,000	1,014,930	4.93%	1,216,760
U.S. Treasury Securities	14,200,000	13,954,532	2.75%	14,073,586
U.S. Agency Securities	33,426,111	30,498,653	0.73%	33,422,931
Total Investments	<u>\$ 81,403,719</u>	<u>\$ 78,056,349</u>	<u>2.24%</u>	<u>\$ 81,488,825</u>

Total - All Deposits/Investments

\$ 94,638,950

Maturity Analysis of Investments

	<u>Percent</u>	<u>Balance</u>
Demand Deposits	39.6%	\$ 32,277,608
Maturity within the next two months	4.9%	3,971,055
Maturity within three months and one year	16.3%	13,301,402
Maturity beyond one year	39.2%	31,938,760
Total Investments	<u>100.0%</u>	<u>\$ 81,488,825</u>

Weighted Average Days to Maturity

431

Other Required Disclosures:

Accrued interest receivable as of 11/30/2022 \$ 174,806

The above investments are in accordance with the portfolio limitations in the Investment Policy approved by the Board in December 2021.

The District has sufficient funds on hand to meet the next 30 days' obligations.

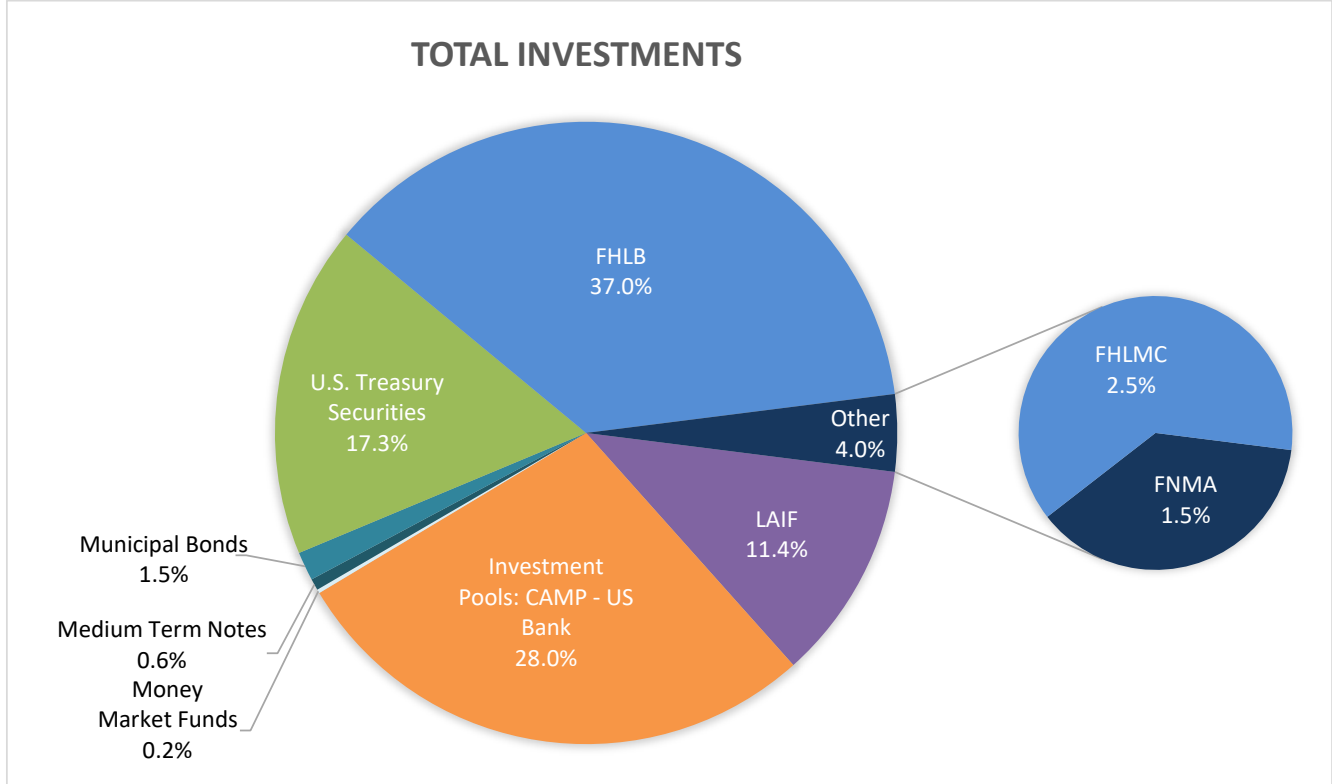
Olivenhain Municipal Water District
PORTFOLIO LIMITATIONS ANALYSIS PER INVESTMENT POLICY
November 30, 2022

	<u>Book Value</u>	<u>Percent</u>	<u>Permitted Percent</u>	<u>In Compliance?</u>
LAIF	\$ 9,310,970	11.4%	50.0% ⁽¹⁾	Yes
Investment Pools: CAMP - US Bank	22,797,495	28.0%	30.0%	Yes
Money Market Funds	169,142	0.2%	20.0% ⁽²⁾	Yes
Medium Term Notes	497,940	0.6%	30.0% ⁽³⁾	Yes
Municipal Bonds	1,216,760	1.5%	30.0%	Yes
U.S. Treasury Securities	14,073,586	17.3%	100.0% ⁽⁴⁾	Yes
U.S. Agency Securities	33,422,931	41.0%	50.0%	Yes
<i>FHLB</i> <i>Federal Home Loan Bank</i>	30,173,111	37.0%		
<i>FNMA</i> <i>Fannie Mae</i>	1,250,000	1.5%		
<i>FHLMC</i> <i>Freddie Mac</i>	1,999,820	2.5%		

Total Investments	\$ 81,488,825	100%
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Note:

- ⁽¹⁾ No more than 50% of the total value of all District Investments or \$40 million.
- ⁽²⁾ May not exceed 5% in any money market fund.
- ⁽³⁾ May not exceed 5% per issuer.
- ⁽⁴⁾ No limit.



* Total may not add up to 100% due to rounding.

Olivenhain Municipal Water District
MONTHLY INVESTMENTS DETAIL
November 30, 2022

ACTIVE DEPOSIT

	Book Value
Checking A/C: California Bank and Trust for General Purpose	5,031,104
California Bank and Trust for Specific Purpose	222,472
CAMP 2021A Bond	5,069,426
Petty Cash/Disaster Preparedness	1,491
Total - Active Deposits	10,324,494

DEPOSITS NOT COVERED BY INVESTMENT POLICY

Cash with Fiscal Agents:

Union Bank - RAD 96-1 Refunding Bond	267,481
Union Bank - 2015A Refunding Bond	1,214,418
SRF Loan	856,777
Union Bank - 2016A Refunding Bond	249,229
Union Bank - 2021A WW Revenue Bond	80,639
Union Bank - 2021B Refunding Bond	157,087

Total Deposits Not Covered by Investment Policy

2,825,632

	RATING	DATE	Weighted Average Days to Maturity	Stated Coupon	Current Yield	Market Value	Face Value	Book Value
	Moody's	S&P	Purchase	Maturity	Next Call	Next S-U	Call	

INVESTMENTS

Invest. Pools:	US Bank Calif. Asset Mgmt Prgm (CAMP)	Demand	1	3.90%	\$	22,797,495	\$	22,797,495	\$	22,797,495
	State Local Agency Investment Fund (LAIF)	Demand	1	2.01%		9,131,836		9,310,970		9,310,970
	First American Government 31846V567	Demand	1	3.63%		169,142		169,142		169,142

U.S. Treasury Notes/Bills

912828YW4	U.S. Treasury Notes	Aaa	-	02/09/22	12/15/22		16	1.63%	1.63%	999,280	1,000,000	1,007,330
91282CBQ3	U.S. Treasury Notes	Aaa	-	03/09/21	09/30/24		671	0.50%	0.56%	892,850	1,000,000	984,478
912828YH7	U.S. Treasury Notes	Aaa	-	03/09/21	02/28/26		1,187	1.50%	1.58%	948,630	1,000,000	1,036,684
912796P94	U.S. Treasury Bills	Aaa	-	06/02/22	12/01/22		2	1.55%	1.55%	2,000,000	2,000,000	1,984,631
912796X87	U.S. Treasury Bills	Aaa	-	09/23/22	12/22/22		23	3.20%	3.21%	1,995,820	2,000,000	1,984,335
912796XR5	U.S. Treasury Bills	Aaa	-	07/14/22	01/12/23		44	2.66%	2.67%	995,450	1,000,000	986,900
912796XZ7	U.S. Treasury Bills	Aaa	-	08/12/22	02/09/23		72	2.98%	3.00%	992,040	1,000,000	985,445
912796YA1	U.S. Treasury Bills	Aaa	-	08/18/22	02/16/23		79	3.05%	3.07%	991,180	1,000,000	985,036
912796YM5	U.S. Treasury Bills	Aaa	-	09/29/22	03/30/23		121	3.91%	3.96%	1,972,540	2,000,000	1,961,780
912796YN3	U.S. Treasury Bills	Aaa	-	10/06/22	04/06/23		128	3.94%	4.00%	1,182,552	1,200,000	1,176,886
912796YU7	U.S. Treasury Bills	Aaa	-	10/13/22	04/13/23		135	4.08%	4.14%	984,190	1,000,000	980,081
							80	2.71%	2.75%	\$ 13,954,532	\$ 14,200,000	\$ 14,073,586

U.S. Agency Securities

3134GXXH6	FHLB Callible	Aaa	AA+	01/27/21	01/27/23		59	59	0.13%	0.13%	993,030	1,000,000	999,820
3130AJZJ1	FHLB Callible	Aaa	AA+	09/02/20	08/25/23		269	1	0.32%	0.33%	1,113,170	1,151,111	1,151,111
3130AS3J6	FHLB Callible	Aaa	AA+	05/24/22	11/24/23	05/24/23	360	176	2.50%	2.56%	536,294	550,000	550,000
3130ARYU9	FHLB Callible	Aaa	AA+	05/23/22	02/23/24	02/23/23	451	86	3.00%	3.07%	976,790	1,000,000	1,000,000
3136G4P56	FNMA Callible	Aaa	AA+	08/26/20	02/26/24	02/26/23	454	89	0.40%	0.42%	1,182,000	1,250,000	1,250,000
3130AL6Q2	FHLB Callible	Aaa	AA+	02/26/21	02/26/24	Anytime	454	1	0.22%	0.23%	945,160	1,000,000	1,000,000
3130AMMV1	FHLB Callible	Aaa	AA+	06/03/21	06/03/24	12/03/22	552	4	0.40%	0.43%	467,565	500,000	500,000
3130ALHM9	FHLB Callible	Aaa	AA+	03/10/21	06/10/24	12/10/22	559	11	0.30%	0.32%	932,580	1,000,000	999,000
3130ANTP5	FHLB Callible	Aaa	AA+	09/16/21	09/16/24	12/16/22	657	17	0.50%	0.54%	926,900	1,000,000	1,000,000
3130ANSP6	FHLB Callible	Aaa	AA+	09/17/21	10/17/24	03/17/23	688	108	0.50%	0.54%	924,270	1,000,000	1,000,000
3130AKEW2	FHLB Callible	Aaa	AA+	11/04/20	11/04/24	Anytime	706	1	0.43%	0.47%	1,842,740	2,000,000	2,000,000
3130ANGN4	FHLB Step-up Callible	Aaa	AA+	08/18/21	02/18/25	02/18/23	812	81	0.35%	0.38%	919,860	1,000,000	1,000,000
3130AMKE1	FHLB Callible	Aaa	AA+	05/27/21	02/27/25	02/27/23	821	90	0.66%	0.72%	916,650	1,000,000	1,000,000
3134GWAQ9	FHLB Callible	Aaa	AA+	07/28/20	07/28/25	07/28/23	972	241	0.65%	0.72%	908,160	1,000,000	1,000,000
3130AKGX8	FHLB Step-up Callible	Aaa	AA+	12/15/20	12/15/25	12/15/22	1,112	16	0.35%	0.39%	1,811,060	2,000,000	2,000,000
3130AKMD5	FHLB Callible	Aaa	AA+	01/26/21	01/26/26	01/26/23	1,154	58	0.50%	0.56%	885,720	1,000,000	999,500
3130AKU53	FHLB Callible	Aaa	AA+	01/28/21	01/28/26	01/28/23	1,156	60	0.52%	0.59%	886,130	1,000,000	1,000,000
3130AKN69	FHLB Callible	Aaa	AA+	01/28/21	01/28/26	01/28/23	1,156	60	0.50%	0.56%	885,570	1,000,000	1,000,000
3130AKVN3	FHLB Callible	Aaa	AA+	01/29/21	01/29/26	11/29/23	1,157	365	0.52%	0.59%	886,050	1,000,000	1,000,000
3130AKWK8	FHLB Callible	Aaa	AA+	02/12/21	02/12/26	02/12/23	1,171	75	0.51%	0.58%	884,610	1,000,000	1,000,000
3130AKX43	FHLB Step-up Callible	Aaa	AA+	02/24/21	02/24/26	02/24/23	1,183	87	0.70%	0.79%	1,778,780	2,000,000	2,000,000
3130AL7M0	FHLB Callible	Aaa	AA+	02/24/21	02/24/26	02/24/23	1,183	87	0.63%	0.70%	887,060	1,000,000	1,000,000
3130AKYR1	FHLB Callible	Aaa	AA+	02/25/21	02/25/26	02/25/23	1,184	88	0.55%	0.62%	884,790	1,000,000	1,000,000
3130AL6K5	FHLB Callible	Aaa	AA+	02/25/21	02/25/26	02/25/23	1,184	88	0.58%	0.65%	885,680	1,000,000	1,000,000
3130ALD76	FHLB Callible	Aaa	AA+	02/25/21	02/25/26	02/25/23	1,184	88	0.70%	0.79%	889,190	1,000,000	1,000,000
3130ALCW2	FHLB Callible	Aaa	AA+	02/25/21	02/25/26	02/25/23	1,184	88	0.63%	0.70%	887,010	1,000,000	998,500
3130ALGJ7	FHLB Callible	Aaa	AA+	03/23/21	03/23/26	12/23/22	1,210	24	1.00%	1.12%	870,714	975,000	975,000
3130ALPQ1	FHLB Step-up Callible	Aaa	AA+	03/30/21	03/30/26	12/30/22	1,217	31	0.75%	0.83%	907,020	1,000,000	1,000,000
3130ALVC5	FHLB Step-up Callible	Aaa	AA+	04/14/21	04/14/26	01/14/23	1,232	46	0.75%	0.83%	904,560	1,000,000	1,000,000
3130APAY1	FHLB Callible	Aaa	AA+	10/21/21	10/21/26	01/21/23	1,422	53	1.10%	1.24%	885,290	1,000,000	1,000,000
3130APL78	FHLB Callible	Aaa	AA+	10/28/21	10/28/26	01/28/23	1,429	60	1.38%	1.54%	894,250	1,000,000	1,000,000
							928	2,384	0.67%	0.73%	\$ 30,498,653	\$ 33,426,111	\$ 33,422,931

Medium Term Notes

740816AJ2	Pres & Fellows of Harvard	Aaa	AAA	05/06/22	10/01/23	04/01/23	306	123	2.30%	2.35%	489,760	500,000	497,940
							306	61	2.30%	2.35%	\$ 489,760	\$ 500,000	\$ 497,940

Municipal Bonds

882724RA7	TEXAS ST PUB FIN AUTH	Aaa	AAA	10/30/20	10/01/25		1,037		5.00%	4.93%	1,014,930	1,000,000	1,216,760
							1,037		5.00%	4.93%	\$ 1,014,930	\$ 1,000,000	\$ 1,216,760
							431		2.15%	2.24%	\$ 78,056,349	\$ 81,403,719	\$ 81,488,825

Total Investments

TOTAL - ALL DEPOSITS AND INVESTMENTS

\$ 94,638,950

Olivenhain Municipal Water District
INVESTMENTS TRANSACTION
November 30, 2022

PURCHASED

DATE				Investment Description	<i>Stated</i>	<i>Current</i>	Face Value	Book Value
Purchase	Maturity	Call	Step-Up		<i>Coupon</i>	<i>Yield</i>		

MATURED / REDEEMED / CALLED

DATE				Investment Description	<i>Stated</i>	<i>Current</i>	Face Value	Book Value
Redemption	Maturity	Call	Step-Up		<i>Coupon</i>	<i>Yield</i>		

Olivenhain Municipal Water District
UNAUDITED CASH POSITION BY FUNDING SOURCES
As of November 30, 2022

<u>Water Funds (Potable & Recycled)</u>		<u>Balance</u>
10050-100	Cash - Petty Cash Fund	1,491
10030-100	Cash - Capital and Equipment Fund	36,447,976
10010-100	Cash - Operating Fund	17,815,323
10060-100	Cash - Deposit Work for Other	92,551
10040-100	Cash - Rate Stabilization	11,872,559
14000-500	Restricted Cash - Capacity Fee Fund	5,563,615
Total Water Funds (Potable & Recycled)		<u>71,793,515</u>
 <u>Wastewater Funds</u>		
10010-110	Wastewater - Operating Fund	2,575,562
10030-110	Wastewater - Capital Replacement Fund	9,525,353
10040-110	Wastewater - Rate Stabilization Fund	2,626,991
Total Wastewater Funds		<u>14,727,906</u>
 <u>Non Fiscal Agent Debt Service Cash</u>		
14020-570	Cash non-agent - RAD 96-1	211,271
10070-561	Cash non-agent - Bond 2015A	621
10070-581	Cash non-agent - Bond 2016A	10,580
14020-521	Cash non-agent - Bond 2021A	5,069,426
Total Non Fiscal Agent Debt Service Cash		<u>5,291,898</u>
 <u>Debt Service Funds</u>		
14030-510	SRF Loan - Fiscal Agent	856,777
14105-570	Redemption fund - RAD 96-1	201,355
14110-570	Reserve fund - RAD 96-1	66,127
14100-561	Redemption fund - Bond 2015A	1,214,418
14100-581	Redemption fund - Bond 2016A	249,229
14100-521	Redemption fund - CB&T 2021A	80,639
14100-522	Redemption fund - CB&T 2021B	157,087
Total Debt Service Funds		<u>2,825,632</u>
TOTAL FUND BALANCES		<u><u>94,638,950</u></u>

Olivenhain Municipal Water District
MONTHLY CASH AND INVESTMENT SUMMARY
As of December 31, 2022

Active Deposits

	<u>Book Value</u>
Checking Accounts	\$ 5,975,324
Cash Restricted for Specific Use	5,546,880
Petty Cash/Disaster Preparedness	1,491
Total Active Deposits	<u>\$ 11,523,694</u>

Deposits Not Covered by Investment Policy

Cash with Fiscal Agents	2,846,115
-------------------------	-----------

<u>Investments</u>	<u>Face Value</u>	<u>Market Value</u>	<u>Current Yield</u>	
LAIF	\$ 7,305,970	7,165,410	2.18%	\$ 7,305,970
CAMP - US Bank	22,880,832	22,880,832	4.30%	22,880,832
Money Market Funds	2,300,189	2,300,189	4.06%	2,300,189
Medium Term Notes	500,000	490,850	2.34%	497,940
Municipal Bonds	1,000,000	1,015,030	4.93%	1,216,760
U.S. Treasury Securities	14,200,000	13,885,790	3.65%	13,983,651
U.S. Agency Securities	33,426,111	30,528,049	0.73%	33,422,931
Total Investments	<u>\$ 81,613,102</u>	<u>\$ 78,266,149</u>	<u>2.59%</u>	<u>\$ 81,608,273</u>

Total - All Deposits/Investments

\$ 95,978,083

Maturity Analysis of Investments

	<u>Percent</u>	<u>Balance</u>
Demand Deposits	39.8%	\$ 32,486,991
Maturity within the next two months	2.4%	1,984,856
Maturity within three months and one year	16.1%	13,176,505
Maturity beyond one year	41.6%	33,959,922
Total Investments	<u>100.0%</u>	<u>\$ 81,608,273</u>

Weighted Average Days to Maturity

423

Other Required Disclosures:

Accrued interest receivable as of 12/31/2022 \$ 211,248
The above investments are in accordance with the portfolio limitations in the Investment Policy approved by the Board in December 2022.

The District has sufficient funds on hand to meet the next 30 days' obligations.

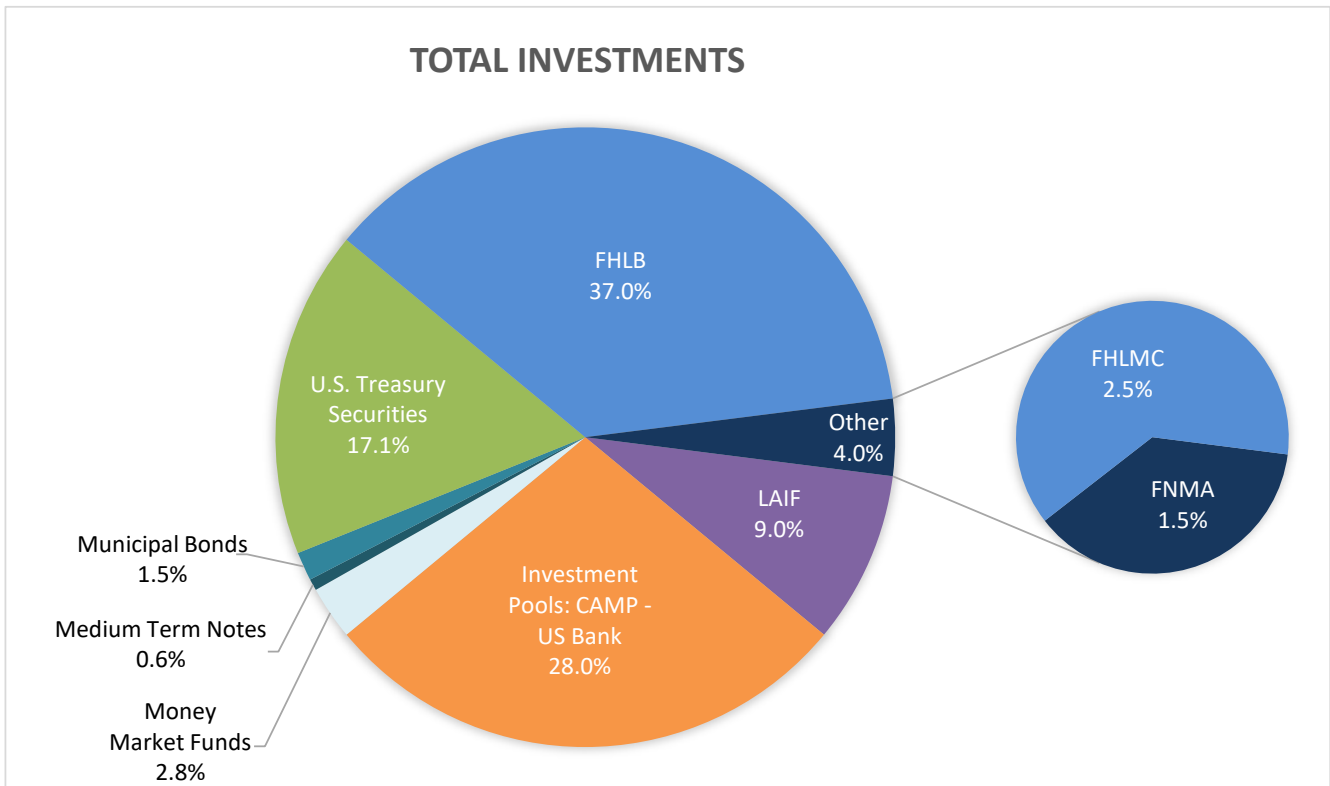
Olivenhain Municipal Water District
PORTFOLIO LIMITATIONS ANALYSIS PER INVESTMENT POLICY
December 31, 2022

	<u>Book Value</u>	<u>Percent</u>	<u>Permitted Percent</u>	<u>In Compliance?</u>
LAIF	\$ 7,305,970	9.0%	50.0% ⁽¹⁾	Yes
Investment Pools: CAMP - US Bank	22,880,832	28.0%	30.0%	Yes
Money Market Funds	2,300,189	2.8%	20.0% ⁽²⁾	Yes
Medium Term Notes	497,940	0.6%	30.0% ⁽³⁾	Yes
Municipal Bonds	1,216,760	1.5%	30.0%	Yes
U.S. Treasury Securities	13,983,651	17.1%	100.0% ⁽⁴⁾	Yes
U.S. Agency Securities	33,422,931	41.0%	50.0%	Yes
<i>FHLB</i> <i>Federal Home Loan Bank</i>	30,173,111	37.0%		
<i>FNMA</i> <i>Fannie Mae</i>	1,250,000	1.5%		
<i>FHLMC</i> <i>Freddie Mac</i>	1,999,820	2.5%		

Total Investments **\$ 81,608,273** **100%**

Note:

- ⁽¹⁾ No more than 50% of the total value of all District Investments or \$40 million.
- ⁽²⁾ May not exceed 5% in any money market fund.
- ⁽³⁾ May not exceed 5% per issuer.
- ⁽⁴⁾ No limit.



* Total may not add up to 100% due to rounding.

Olivenhain Municipal Water District
MONTHLY INVESTMENTS DETAIL
December 31, 2022

ACTIVE DEPOSIT

	Book Value
Checking A/C: California Bank and Trust for General Purpose	5,975,324
California Bank and Trust for Specific Purpose	458,922
CAMP 2021A Bond	5,087,958
Petty Cash/Disaster Preparedness	1,491
Total - Active Deposits	11,523,694

DEPOSITS NOT COVERED BY INVESTMENT POLICY

Cash with Fiscal Agents:

Union Bank - RAD 96-1 Refunding Bond	267,483
Union Bank - 2015A Refunding Bond	932,436
SRF Loan	963,825
Union Bank - 2016A Refunding Bond	284,995
Union Bank - 2021A WW Revenue Bond	107,318
Union Bank - 2021B Refunding Bond	290,059

Total Deposits Not Covered by Investment Policy

2,846,115

RATING	DATE				Weighted Average Days to Maturity	Call	Stated Coupon	Current Yield	Market Value	Face Value	Book Value
	Moody's	S&P	Purchase	Maturity	Next Call	Next S-U					

INVESTMENTS

Invest. Pools: US Bank Calif. Asset Mgmt Prgm (CAMP)	Demand	1	4.30%	\$ 22,880,832	\$ 22,880,832	\$ 22,880,832
State Local Agency Investment Fund (LAIF)	Demand	1	2.18%	7,165,410	7,305,970	7,305,970
First American Government 31846V567	Demand	1	4.06%	2,300,189	2,300,189	2,300,189

U.S. Treasury Notes/Bills

912796XR5	U.S. Treasury Bills	Aaa	-	07/14/22	01/12/23	13	2.66%	2.66%	999,130	1,000,000	986,900
912796XZ7	U.S. Treasury Bills	Aaa	-	08/12/22	02/09/23	41	2.98%	2.99%	996,010	1,000,000	985,445
912796YA1	U.S. Treasury Bills	Aaa	-	08/18/22	02/16/23	48	3.05%	3.06%	995,030	1,000,000	985,036
912796YM5	U.S. Treasury Bills	Aaa	-	09/29/22	03/30/23	90	3.91%	3.95%	1,979,520	2,000,000	1,961,780
912796YN3	U.S. Treasury Bills	Aaa	-	10/06/22	04/06/23	97	3.94%	3.98%	1,186,980	1,200,000	1,176,886
912796YU7	U.S. Treasury Bills	Aaa	-	10/13/22	04/13/23	104	4.08%	4.12%	988,710	1,000,000	980,081
912796ZG7	U.S. Treasury Bills	Aaa	-	12/01/22	06/01/23	153	4.68%	4.77%	1,962,740	2,000,000	1,954,392
912796X53	U.S. Treasury Bills	Aaa	-	12/15/22	06/15/23	167	4.66%	4.76%	979,840	1,000,000	977,290
912796ZQ5	U.S. Treasury Bills	Aaa	-	12/22/22	06/22/23	174	4.65%	4.75%	1,957,200	2,000,000	1,954,680
91282CBQ3	U.S. Treasury Notes	Aaa	-	03/09/21	09/30/24	640	0.50%	0.56%	891,060	1,000,000	984,478
912828YH7	U.S. Treasury Notes	Aaa	-	03/09/21	02/28/26	1,156	1.50%	1.58%	949,570	1,000,000	1,036,684

93 3.56% 3.65% \$ 13,885,790 \$ 14,200,000 \$ 13,983,651

U.S. Agency Securities

3134GXKH6	FHLMC Callable	Aaa	AA+	01/27/21	01/27/23	01/27/23	28	28	0.13%	0.13%	997,090	1,000,000	999,820
3130AJZJ1	FHLB Callable	Aaa	AA+	09/02/20	08/25/23	Anytime	238	1	0.32%	0.33%	1,118,316	1,151,111	1,151,111
3130AS3J6	FHLB Callable	Aaa	AA+	05/24/22	11/24/23	05/24/23	329	145	2.50%	2.56%	537,411	550,000	550,000
3130ARYU9	FHLB Callable	Aaa	AA+	05/23/22	02/23/24	02/23/23	420	55	3.00%	3.07%	977,880	1,000,000	1,000,000
3136G4P56	FNMA Callable	Aaa	AA+	08/26/20	02/26/24	02/26/23	423	58	0.40%	0.42%	1,187,788	1,250,000	1,250,000
3130AL6Q2	FHLB Callable	Aaa	AA+	02/26/21	02/26/24	Anytime	423	1	0.22%	0.23%	948,090	1,000,000	1,000,000
3130AMMV1	FHLB Callable	Aaa	AA+	06/03/21	06/03/24	03/03/23	521	63	0.40%	0.43%	468,790	500,000	500,000
3130ALHM9	FHLB Callable	Aaa	AA+	03/10/21	06/10/24	03/10/23	528	70	0.30%	0.32%	936,950	1,000,000	999,000
3130ANTP5	FHLB Callable	Aaa	AA+	09/16/21	09/16/24	03/16/23	626	76	0.50%	0.54%	928,610	1,000,000	1,000,000
3130ANSP6	FHLB Callable	Aaa	AA+	09/17/21	10/17/24	03/17/23	657	77	0.50%	0.54%	925,700	1,000,000	1,000,000
3130AKEW2	FHLB Callable	Aaa	AA+	11/04/20	11/04/24	Anytime	675	1	0.43%	0.47%	1,845,680	2,000,000	2,000,000
3130ANGN4	FHLB Step-up Callable	Aaa	AA+	08/18/21	02/18/25	02/18/23	781	50	0.35%	0.38%	921,180	1,000,000	1,000,000
3130AMKE1	FHLB Callable	Aaa	AA+	05/27/21	02/27/25	02/27/23	790	59	0.66%	0.72%	917,480	1,000,000	1,000,000
3134GWAQ9	FHLMC Callable	Aaa	AA+	07/28/20	07/28/25	07/28/23	941	210	0.65%	0.72%	908,430	1,000,000	1,000,000
3130AKGX8	FHLB Step-up Callable	Aaa	AA+	12/15/20	12/15/25	03/15/23	1,081	75	0.40%	0.44%	1,812,220	2,000,000	2,000,000
3130AKMD5	FHLB Callable	Aaa	AA+	01/26/21	01/26/26	01/26/23	1,123	27	0.50%	0.56%	885,850	1,000,000	999,500
3130AKU53	FHLB Callable	Aaa	AA+	01/28/21	01/28/26	01/28/23	1,125	29	0.52%	0.59%	886,230	1,000,000	1,000,000
3130AKN69	FHLB Callable	Aaa	AA+	01/28/21	01/28/26	01/28/23	1,125	29	0.50%	0.56%	885,680	1,000,000	1,000,000
3130AKVN3	FHLB Callable	Aaa	AA+	01/29/21	01/29/26	11/29/23	1,126	334	0.52%	0.59%	886,150	1,000,000	1,000,000
3130AKWK8	FHLB Callable	Aaa	AA+	02/12/21	02/12/26	02/12/23	1,140	44	0.51%	0.58%	884,690	1,000,000	1,000,000
3130AKX43	FHLB Step-up Callable	Aaa	AA+	02/24/21	02/24/26	02/24/23	1,152	56	0.70%	0.79%	1,778,380	2,000,000	2,000,000
3130AL7M0	FHLB Callable	Aaa	AA+	02/24/21	02/24/26	02/24/23	1,152	56	0.63%	0.70%	886,910	1,000,000	1,000,000
3130AKYR1	FHLB Callable	Aaa	AA+	02/25/21	02/25/26	02/25/23	1,153	57	0.55%	0.62%	884,670	1,000,000	1,000,000
3130AL6K5	FHLB Callable	Aaa	AA+	02/25/21	02/25/26	02/25/23	1,153	57	0.58%	0.65%	885,540	1,000,000	1,000,000
3130ALD76	FHLB Callable	Aaa	AA+	02/25/21	02/25/26	02/25/23	1,153	57	0.70%	0.79%	888,980	1,000,000	1,000,000
3130ALCW2	FHLB Callable	Aaa	AA+	02/25/21	02/25/26	02/25/23	1,153	57	0.63%	0.70%	886,840	1,000,000	998,500
3130ALGJ7	FHLB Callable	Aaa	AA+	03/23/21	03/23/26	01/23/23	1,179	24	1.00%	1.12%	873,025	975,000	975,000
3130ALPQ1	FHLB Step-up Callable	Aaa	AA+	03/30/21	03/30/26	03/30/23	1,186	90	0.75%	0.83%	903,180	1,000,000	1,000,000
3130ALVC5	FHLB Step-up Callable	Aaa	AA+	04/14/21	04/14/26	01/14/23	1,201	15	0.75%	0.83%	904,320	1,000,000	1,000,000
3130APAY1	FHLB Callable	Aaa	AA+	10/21/21	10/21/26	01/21/23	1,391	22	1.10%	1.24%	883,590	1,000,000	1,000,000
3130APL78	FHLB Callable	Aaa	AA+	10/28/21	10/28/26	01/28/23	1,398	29	1.38%	1.54%	892,400	1,000,000	1,000,000

897 2,001 0.67% 0.73% \$ 30,528,049 \$ 33,426,111 \$ 33,422,931

Medium Term Notes

740816AJ2	Pres & Fellows of Harvard	Aaa	AAA	05/06/22	10/01/23	04/01/23	275	92	2.30%	2.34%	490,850	500,000	497,940
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275 46 2.30% 2.34% \$ 490,850 \$ 500,000 \$ 497,940

Municipal Bonds

882724RA7	TEXAS ST PUB FIN AUTH	Aaa	AAA	10/30/20	10/01/25		1,006		5.00%	4.93%	1,015,030	1,000,000	1,216,760
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1,006 5.00% 4.93% \$ 1,015,030 \$ 1,000,000 \$ 1,216,760

Total Investments

423 2.49% 2.59% \$ 78,266,149 \$ 81,613,102 \$ 81,608,273

TOTAL - ALL DEPOSITS AND INVESTMENTS

\$ 95,978,083

Olivenhain Municipal Water District
INVESTMENTS TRANSACTION
December 31, 2022

PURCHASED

DATE				Investment Description	Stated	Current	Face Value	Book Value
Purchase	Maturity	Call	Step-Up		Coupon	Yield		
12/01/22	06/01/23			U.S. Treasury Bills	4.680%	4.769%	2,000,000	1,954,392
12/15/22	06/15/23			U.S. Treasury Bills	4.660%	4.756%	1,000,000	977,290
12/22/22	06/22/23			U.S. Treasury Bills	4.650%	4.752%	2,000,000	1,954,680

MATURED / REDEEMED / CALLED

DATE				Investment Description	Stated	Current	Face Value	Book Value
Redemption	Maturity	Call	Step-Up		Coupon	Yield		
12/15/22	12/15/22			U.S.Treasury Notes	1.625%	1.626%	1,000,000	1,007,330
12/01/22	12/01/22			U.S.Treasury Bills	1.553%	1.553%	2,000,000	1,984,631
12/22/22	12/22/22			U.S.Treasury Bills	3.200%	3.207%	2,000,000	1,984,335

Olivenhain Municipal Water District
UNAUDITED CASH POSITION BY FUNDING SOURCES
As of December 31, 2022

<u>Water Funds (Potable & Recycled)</u>		<u>Balance</u>
10050-100	Cash - Petty Cash Fund	1,491
10010-100	Cash - Operating Fund	17,655,187
10030-100	Cash - Capital and Equipment Fund	36,764,373
10040-100	Cash - Rate Stabilization Fund	11,821,343
10080-100	Cash - Pension Stabilization Fund	435,389
10060-100	Cash - Deposit Work for Other	109,656
14000-500	Restricted Cash - Capacity Fee Fund	5,594,756
Total Water Funds (Potable & Recycled)		<u>72,382,196</u>
 <u>Wastewater Funds</u>		
10010-110	Wastewater - Operating Fund	3,655,287
10030-110	Wastewater - Capital Replacement Fund	8,875,876
10040-110	Wastewater - Rate Stabilization Fund	2,631,693
10080-110	Cash - Pension Stabilization Fund	40,036
Total Wastewater Funds		<u>15,202,892</u>
 <u>Non Fiscal Agent Debt Service Cash</u>		
14020-570	Cash non-agent - RAD 96-1	447,721
10070-561	Cash non-agent - Bond 2015A	621
10070-581	Cash non-agent - Bond 2016A	10,580
14020-521	Cash non-agent - Bond 2021A	5,087,958
Total Non Fiscal Agent Debt Service Cash		<u>5,546,880</u>
 <u>Debt Service Funds</u>		
14030-510	SRF Loan - Fiscal Agent	963,825
14105-570	Redemption fund - RAD 96-1	201,355
14110-570	Reserve fund - RAD 96-1	66,127
14100-561	Redemption fund - Bond 2015A	932,436
14100-581	Redemption fund - Bond 2016A	284,995
14100-521	Redemption fund - Bond 2021A	107,318
14100-522	Redemption fund - Bond 2021B	290,059
Total Debt Service Funds		<u>2,846,115</u>
TOTAL FUND BALANCES		<u>95,978,083</u>

Memo

Date: February 15, 2023
To: Olivenhain Municipal Water District Board of Directors
From: Rainy K. Selamat, Finance Manager
Via: Kimberly Thorner, General Manager
Subject: **CONSIDER ADOPTION OF A MOTION APPROVING THE DISTRICT'S
CONSOLIDATED STATEMENT OF NET POSITION, CONSOLIDATED
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION,
CONSOLIDATED STATEMENT OF CASH FLOWS, CONSOLIDATED ACTUAL VS
BUDGET SUMMARY, AND CONSTRUCTION IN PROGRESS REPORT**

The following unaudited monthly financial reports are enclosed for review and approval by the Board of Directors:

- November 2022 Monthly Statement of Net Position Report.
- November 2022 Statement of Revenues, Expenses, and Changes in Net Position Report.
- November 2022 Consolidated Statement of Cash Flows
- November 2022 Monthly Consolidated Actual VS Budget Summary and explanation of significant variance report.
- November 2022 Construction In Progress Report.

OLIVENHAIN MUNICIPAL WATER DISTRICT
Statement of Net Position (Unaudited)
All Funds
11/30/2022

Assets

Current assets:

Unrestricted assets:

Cash and cash equivalents	\$78,407,414
Accounts receivable - water and sewer, net	7,231,412
Interest Receivable	174,806
Taxes receivable	184,365
Other receivables	179,288
Lease receivable	394,170
Inventories	1,640,002
Prepaid expenses and deposits	1,607,248
Total unrestricted assets	<u>89,818,706</u>

Restricted assets:

Cash and cash equivalents	13,500,339
Assesments receivable	52,767
Grants receivable	277,520
Total restricted assets	<u>13,830,625</u>
Total current assets	<u>103,649,331</u>

Noncurrent assets:

Capital assets, nondepreciable	44,407,384
Capital assets, depreciable/amortizable, net	<u>332,215,482</u>
Capital assets, net	376,622,866
Prepaid bond insurance	19,262
Lease receivable	9,955,712
Total noncurrent assets	<u>386,597,840</u>
Total assets	<u>490,247,171</u>

Deferred Outflows of Resources

Deferred amount on refunding	(950,252)
Deferred amount from pension	<u>(2,731,692)</u>
Total deferred outflows of resources	<u>(3,681,944)</u>

Liabilities

Current Liabilities

Liabilities payable from unrestricted assets:

Accounts payable	5,985,333
Accrued payroll	226,922
Customer deposits	356,723
Payable related to work in progress	85,190
Compensated absences, current portion	996,839
Current portion of long-term debt:	
Wastewater Revenue Bonds 2021A	207,240
Wastewater Refunding Revenue Bonds 2021B	569,840
Water Revenue Refunding Bonds 2016A	560,000
Water Revenue Refunding Bonds 2015A	1,845,000
Special Assessment Debt with Government Commi...	883,019
Notes Payable	817,585
Total liabilities payable from unrestricted assets	<u>12,533,691</u>

Liabilities payable from restricted assets:

Accounts payable	10,269
Interest payable	696,268
Total liabilities payable from restricted assets	<u>706,536</u>
Total current liabilities	<u>13,240,227</u>

Noncurrent liabilities

Compensated absences	988,326
Net pension liability	7,819,768
Long-term debt, excluding current portion:	
Wastewater Revenue Bonds 2021A	4,589,160
Wastewater Refunding Revenue Bonds 2021B	2,944,060
Water Revenue Refunding Bonds 2016A	13,091,368
Water Revenue Refunding Bonds 2015A	11,628,068
Special Assessment Debt with Government Commi...	3,711,672
Notes Payable	10,345,341
Total noncurrent liabilities	<u>55,117,763</u>
Total liabilities	<u>68,357,990</u>

OLIVENHAIN MUNICIPAL WATER DISTRICT
Statement of Net Position (Unaudited)
All Funds
11/30/2022

Deferred Inflows of Resources	
Deferred amounts on pension	6,995,887
Deferred amounts on leases	9,796,852
Total deferred inflows of resources	<u>16,792,739</u>
Net Position	
Investment in Capital Assets, net of related debt	331,450,193
Restricted Net Position	8,054,662
Unrestricted Net Position	<u>69,273,532</u>
Total Net Position	<u><u>408,778,387</u></u>

OLIVENHAIN MUNICIPAL WATER DISTRICT
Statement of Revenues, Expenses and Changes in Net Position (Unaudited)
All Funds
For the Five Months Ending 11/30/2022

	<u>2023</u>
Operating Revenues:	
Water Sales	\$28,170,763
Sewer Charges	548,286
Other Water Operating revenues	289,395
Total Operating Revenues	<u>29,008,444</u>
Operating Expenses	
Cost of Purchased Water Sold	14,861,201
Pumping and Water Treatment	1,747,854
Transmission and Distribution	2,003,473
Sewer Collection and Treatment	694,257
Elfin Forest Recreation Operations	172,517
Facilities Maintenance	506,745
Customer Service	836,490
General and Administrative	2,907,755
Depreciation and Amortization	4,592,250
Total Operating Expenses	<u>28,322,542</u>
Operating Income (Loss)	685,903
Nonoperating Revenues (Expenses)	
Investment income	579,479
Property taxes	419,098
Capacity charges	102,845
Benefit assessments	105,125
Other nonoperating revenues	352,503
Interest expense, net	(514,809)
Other nonoperating expenses	(305,886)
Total nonoperating revenues (expenses)	<u>738,355</u>
Income before capital contributions	1,424,258
Capital contributions	28,744
Change in net position	1,453,001
Net Position, Beginning of year	<u>407,325,385</u>
Net Position, End of year	<u><u>408,778,387</u></u>

OLIVENHAIN MUNICIPAL WATER DISTRICT
CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
AS OF NOVEMBER 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from water and sewer customers	\$ 31,313,406
Payments for water	(15,737,714)
Payments for services and supplies	(4,260,018)
Payments for employee wages, benefits and related costs	(6,300,837)
Net cash provided by operating activities	<u>5,014,837</u>

CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:

Property taxes and benefit assessments received	<u>510,748</u>
Net cash provided by noncapital and related financing activities	<u>510,748</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Acquisition and construction of capital assets	(6,162,930)
Proceeds from Grants	65,000
Principal paid on long-term debt	(929,039)
Interest paid on long-term debt	(57,034)
Capacity charges received	102,845
Other capital financing receipts (expenses)	114,045
Net cash used by capital and related financing activities	<u>(6,867,113)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Investment income received	<u>548,800</u>
Net cash provided (used) by investing activities	<u>548,800</u>

Net increase (decrease) in cash and cash equivalents (792,728)

Cash and cash equivalents, beginning of year 55,947,025

Cash and cash equivalents, end of period \$ 55,154,297

FINANCIAL STATEMENT PRESENTATION:

Cash and cash equivalents - current assets	43,985,677
Cash and cash equivalents - restricted assets	11,168,620
Total cash and cash equivalents	\$ <u><u>55,154,297</u></u>

CASH AND CASH EQUIVALENTS RECONCILIATION

		Balance Includes Mkt Securities	Without Mkt Securities
Unrestricted cash	11/30/2022	78,407,414	43,985,677
Restricted cash	11/30/2022	13,500,339	11,168,620
Total cash and cash equivalents			<u><u>55,154,297</u></u>

OLIVENHAIN MUNICIPAL WATER DISTRICT
Consolidated Actual vs Budget Summary
For the Five Months Ending 11/30/2022

	Approved Budget	Actual YTD	Budget YTD	Variance Amt	Variance %	Notes
Operating Revenues						
Commodity Water Sales	\$43,373,000.00	\$21,477,808.08	\$22,848,100.00	(\$1,370,291.92)	(6.0%)	1
Water Fees and Services	17,376,000.00	6,982,349.95	7,051,750.00	(69,400.05)	(1.0%)	
Sewer Revenue	5,598,000.00	548,286.42	414,400.00	133,886.42	32.3%	2
Total Operating Revenues	66,347,000.00	29,008,444.45	30,314,250.00	(1,305,805.55)	(4.3%)	
Operating Expenses						
Purchased Water - Variable	23,798,000.00	11,340,806.54	11,224,900.00	(115,906.54)	(1.0%)	1
Purchased Water - Fixed	8,443,000.00	3,520,394.95	3,520,500.00	105.05	0.0%	
General Manager Dept	2,044,000.00	753,811.84	851,250.00	97,438.16	11.4%	3
Engineering Dept	2,428,000.00	760,409.02	1,014,000.00	253,590.98	25.0%	3
Finance Dept	1,633,000.00	629,626.73	680,550.00	50,923.27	7.5%	3
Customer Service Dept	3,003,000.00	1,112,018.78	1,251,930.00	139,911.22	11.2%	3
Human Resources Dept	783,000.00	323,702.91	326,440.00	2,737.09	0.8%	3
Water Operations and Maintenance Dept	11,774,500.00	4,254,860.00	4,905,345.00	650,485.00	13.3%	3
Parks Dept	478,000.00	189,095.99	199,830.00	10,734.01	5.4%	3
Other Operating Expenses	50,000.00		21,000.00	21,000.00	100.0%	
Sewer Operations and Maintenance Dept	2,974,000.00	1,045,851.45	1,239,610.00	193,758.55	15.6%	3
Recycled Water Operations Dept	1,287,000.00	476,655.90	537,350.00	60,694.10	11.3%	3
Paygo Transfers						
Water Operations	6,400,000.00	2,665,000.00	2,665,000.00		0.0%	
Sanitation Operations	1,590,000.00	665,000.00	665,000.00		0.0%	
Recycled Operations	2,200,000.00	915,000.00	915,000.00		0.0%	
Capitalized Operations Expenditures	(1,843,000.00)	(329,692.41)	(770,350.00)	(440,657.59)	57.2%	4
Total Operating Expenses	67,042,500.00	28,322,541.70	29,247,355.00	924,813.30	3.2%	
Net Operating Income (Loss)	(695,500.00)	685,902.75	1,066,895.00	(380,992.25)		
Nonoperating Revenues						
Water Funds	6,033,000.00	1,101,365.88	815,850.00	285,515.88	35.0%	5
Debt Service Funds	1,044,000.00	166,558.90	160,500.00	6,058.90	3.8%	
Sewer Funds	32,000.00	33,427.09	13,500.00	19,927.09	147.6%	
Recycled Water Funds	52,000.00	44,627.25	21,900.00	22,727.25	103.8%	6
Total Nonoperating Revenue	7,161,000.00	1,345,979.12	1,011,750.00	334,229.12	33.0%	
Nonoperating Expense						
Capacity Fee Funds	30,000.00	17,319.30	12,400.00	(4,919.30)	(39.7%)	
Debt Service Funds	1,569,000.00	547,005.39	653,750.00	106,744.61	16.3%	7
Potable Water Funds	610,000.00	256,370.26	254,000.00	(2,370.26)	(0.9%)	
Total Nonoperating Expense	2,209,000.00	820,694.95	920,150.00	99,455.05	10.8%	
Inc before Cap Fees and Capital Contributions	4,256,500.00	1,211,186.92	1,158,495.00	52,691.92		
Capacity Fee Funds	356,000.00	213,070.78				
Capital contributions	1,897,000.00	28,743.59				
Change in Net Position		1,453,001.29				

OLIVENHAIN MUNICIPAL WATER DISTRICT
Actual vs Budget Variance
For the Five Months Ending 11/30/2022

1. Water Sales revenue was lower than Budget YTD by approximately \$1.3 million resulting in an unfavorable variance of 6.0% due to timing of unbilled water estimates. Actual water consumption through the end of November is 288 AF more than budgeted, resulting in a variance of approximately \$116 thousand or 1.0% for purchased water – variable costs.
2. Sewer Revenue was greater than Budget YTD for a favorable variance due to timing of receipts from the County. 4S Ranch and Rancho Cielo Sanitation Districts' sewer service fees are collected on the County's tax roll when customers pay their property tax to the County. Actual YTD sewer service revenue will be closer to the Budget YTD amount as the year progresses.
3. Actual departmental expenses varied from the Budget YTD amounts due to the timing of actual operating expenses. The Budget YTD amounts assume expenditures are incurred evenly throughout the year.
4. Actual Capitalized Operating Expenses were lower than the Budget YTD amount due to the timing of capitalized labor spent on District projects. The Budget YTD amount assumes expenditures are incurred evenly throughout the year.
5. Actual Non-operating Revenues – Water Funds were greater than Budget YTD for a positive variance due to a higher amount of interest income earned on investments from increased yields on short-term investments, and miscellaneous (non-recurring) income from non-operating activities such as the SDCWA refund from attorney fees and the Geomat settlement.
6. Actual Non-operating Revenues – Recycled Water Funds were greater than Budget YTD for a positive variance due to a higher amount of interest income earned on investments from increased yields on short-term investments.
7. Actual Non-operating Expenses - Debt Service Funds were lower than the Budget YTD amount for a positive variance because amortization of the issuance premium is not included in the 2015A Bonds interest expense.

Construction Work In Progress Report as of 11/30/2022

Project Name	Budget	Appropriation to Date	Expenditures & Encumbrance	(Over) / Under
Replace Neighborhood 1 SPS	\$7,732,000	\$7,732,000	\$7,158,188	\$573,812
Manchester Recyc PL Exten.	\$5,225,000	\$5,225,000	\$4,683,826	\$541,174
San Dieguito Desalination	\$42,837,000	\$4,562,000	\$4,524,825	\$37,175
HOA Pipeline Ext - CB, VP, SH	\$2,645,000	\$2,145,000	\$218,235	\$1,926,765
RSFe Rd Unit A North PL	\$2,294,000	\$1,450,000	\$338,204	\$1,111,796
Replace Pipelines	\$8,983,000	\$1,305,000	\$6,016	\$1,298,984
Replace Valves	\$8,856,000	\$1,085,000	\$513,782	\$571,218
DCMWTP 4th Stage Centrifuge	\$1,040,000	\$1,040,000	\$263,614	\$776,386
Fixed Base AMI	\$2,416,000	\$853,000	\$324,758	\$528,242
Replace DCMWTP Membranes	\$8,970,000	\$800,000	\$748,933	\$51,067
Hydropower Turbine Refurb	\$800,000	\$800,000	\$701,236	\$98,764
DCMWTP PH Control System	\$737,000	\$737,000	\$649,727	\$87,273
Replace Headworks Manual Sys	\$3,160,000	\$619,000	\$359,864	\$259,136
DCMWTP Condition Assessment	\$585,000	\$585,000	\$18,151	\$566,849
Residuals Handling Bldg Canopy	\$448,000	\$448,000	\$76,615	\$371,385
Pot & Recycled Master Plan	\$583,000	\$438,000	\$249,945	\$188,055
Lone Jack PRS	\$385,000	\$385,000	\$398,144	(\$13,144)
Parking & Access Improvements	\$575,000	\$332,000	\$67,894	\$264,106
Replace Potable Meters	\$4,921,000	\$315,000	\$163,592	\$151,408
DCMWTP Analyzer Replace.	\$727,000	\$305,000	\$292,367	\$12,633
Steel Mains Protection	\$3,375,000	\$281,000	\$19,742	\$261,258
DCMWTP 2nd Stage Memb. Train	\$845,000	\$270,000	-	\$270,000
District-Wide Scada Upgrades	\$256,000	\$256,000	-	\$256,000
Backup Generator SFV RW Pump	\$250,000	\$250,000	-	\$250,000
4SWRF Emergency Wiring Replmnt	\$240,000	\$224,000	-	\$224,000
Ext. 153 Flow Meter	\$385,000	\$230,000	\$14,053	\$215,947
Network User Enhancements	\$200,000	\$200,000	\$195,837	\$4,163
Village Park PRS	\$960,000	\$200,000	\$112,585	\$87,415
Gardendale PRS	\$960,000	\$200,000	\$109,942	\$90,058
Cielo SPS Flow Meters	\$443,000	\$193,000	-	\$193,000
District-Wide PLC replacements	\$1,066,000	\$180,000	\$178,272	\$1,728
District-Wide PLC Repl (WW)	\$901,000	\$180,000	\$149,875	\$30,125
Rancho Cielo Pipeline Replmnt	\$831,000	\$173,000	-	\$173,000
Collection System SPS Rehab	\$912,000	\$169,000	-	\$169,000
Replace WW Pumps/ Motors/Equip	\$2,024,000	\$169,000	\$74,366	\$94,634
Network Security	\$1,175,000	\$165,000	\$25,335	\$139,665
Rancho La Cima/Aliso Canyon PL	\$300,000	\$165,000	\$63,152	\$101,848
Golem 14" Pipeln Cond. Assess.	\$150,000	\$150,000	-	\$150,000
Replace Meter Anodes	\$1,754,000	\$146,000	\$3,274	\$142,726
Encinitas Blvd Insp. & Repair	\$682,000	\$145,000	-	\$145,000
4S Ranch Pipe Replacement	\$660,000	\$136,000	-	\$136,000
Chlorine Gen Rm Lining Rehab	\$125,000	\$125,000	-	\$125,000
District-Wide Facility Securit	\$240,000	\$120,000	\$27,438	\$92,562
SWPPP Facility Improvements	\$100,000	\$100,000	\$5,047	\$94,953
Replace Pot. Pumps and Motors	\$1,012,000	\$84,000	\$40,431	\$43,569
Wanket RW Reservoir Rehab	\$150,000	\$75,000	-	\$75,000
Palms I and II Reservoirs	\$1,307,000	\$73,000	\$72,785	\$215
Gaty II Safety Improvements	\$590,000	\$67,000	-	\$67,000
4S WRF Scada Upgrades	\$64,000	\$64,000	-	\$64,000
Recycled Conversions	\$719,000	\$60,000	\$54,211	\$5,789
EFRR Parking Lot Repair	\$55,250	\$55,250	\$53,486	\$1,764
Landscape HQ Courtyards	\$54,000	\$54,000	\$9,022	\$44,978
Replace PRS Valves	\$596,000	\$50,000	\$11,845	\$38,155
Rancho Cielo Manhole Lining	\$586,000	\$48,000	-	\$48,000
Pot. Office Furniture/Equip.	\$47,000	\$47,000	\$12,357	\$34,643
Rehab Concrete Tanks	\$904,000	\$45,000	\$66,950	(\$21,950)
4S Physical Security Upgrades	\$210,000	\$40,000	-	\$40,000
DCMWTP Backpulse Pipeln Repair	\$34,000	\$34,000	\$32,191	\$1,809
Vault Upgrades	\$105,000	\$27,000	-	\$27,000
Physical Security Upgrades	\$250,000	\$25,000	-	\$25,000
Replace Overflow Pond Strainer	\$231,000	\$25,000	\$1,048	\$23,952
Meter Replacement, Recycled	\$241,000	\$21,000	\$3,039	\$17,961
4S System Manhole Lining	\$206,000	\$17,000	-	\$17,000
WW Master Plan	\$110,000	\$10,000	-	\$10,000
Total:	\$130,224,250	\$36,509,250	\$23,094,201	\$13,415,049

(1) See note below

(2) See note below

Notes:

- (1) Overage is due to more staff labor on the project than anticipated to complete the project in a timely manner. Overage is within the manager approval limit.
- (2) Project overage due to encumbrance from prior fiscal year that was not rolled forward. More work carried over from the prior fiscal than staff anticipated. Overage within manager approval limit.

Memo

Date: February 15, 2023
To: Olivenhain Municipal Water District Board of Directors
From: Teresa L. Chase, Administrative Analyst
Via: Kimberly A. Thorner, General Manager
Subject: **CONSIDER FINALIZING THE ANNUAL OBJECTIVES FOR CALENDAR YEAR 2023**

Purpose

The purpose of this agenda item is to finalize OMWD's annual objectives and stretch objectives for calendar year 2023.

Recommendation

Staff recommends approval of the 2023 annual objectives and stretch objectives.

Alternative(s)

- The board may choose to further modify the 2023 annual or stretch objectives.
- The board may direct staff as otherwise deemed appropriate.

Background

The board reviewed and provided comments on 64 annual objectives and eight stretch objectives recommended by staff at the January 18, 2023 board meeting. In addition, the board reviewed and provided comments on seven recommendations by Director

Meyers, six that were included in the presentation and one additional objective that was provided verbally at the meeting. Director Guerin also added one objective that was provided verbally at the meeting. The board approved staff's recommendation with the addition of six board-recommended objectives. There are now 70 annual objectives and eight stretch objectives for board consideration.

Fiscal Impact

There are no costs directly associated with the approval of the annual objectives. Any costs necessary to complete the annual objectives will be addressed in the biennial budget.

Discussion

Pending board approval, the attached objectives will be included in the 2023 update to OMWD's Strategic Plan and posted online. Staff will provide an update on the status of each objective, as well as OMWD's "Tiger Team" cost savings program, on the Consent Calendar at the April and July board meetings. A final update on 2023 objectives and cost savings will be provided at the October 18 board meeting, with a final status report on 2023 objectives included on the January 2024 Consent Calendar.

Attachments: Annual Objectives PowerPoint Presentation

2023 Annual Objectives

February 15, 2023

Board of Directors Meeting



2023 Annual Objectives

- A total of 70 objectives and eight stretch objectives are proposed for calendar year 2023

1. Providing safe, reliable, high-quality drinking water to each customer in a cost-effective manner.

Objective

1. Complete Train 4 membrane replacement at David C. McCollom Water Treatment Plant (DCMWTP)
2. Commence Second Stage Membrane Hardware Refurbishment Project at DCMWTP
3. Develop plan to complete Customer Side Lead Service Line Inventory; classify 30 percent of service connections
4. Commence replacement of programmable logic controllers at DCMWTP
5. Complete design of additional fourth stage centrifuge at DCMWTP
6. Complete design for the Unit A North Rancho Santa Fe Road Potable Water Pipeline Replacement Project
7. Complete design of two pressure reducing station replacements
8. Outside of bird breeding season, complete maintenance of five impacted easements

Stretch:

- Complete maintenance of three additional impacted easements beyond Objective 8

2. Providing wastewater collection and treatment services in an environmentally responsible manner, and producing and supplying high-quality recycled water to irrigation customers in support of regional water conservation efforts.

Objective

9. Complete installation of flow meters at two Rancho Cielo sewer pump stations
10. Make five new connections to the recycled water distribution system
11. Complete installation of recycled water flow meter on Extension 153
12. Complete construction of the Manchester Avenue Recycled Water Pipeline Project
13. Commence construction on Calle Barcelona, Village Park, and Summerhill recycled water pipelines
14. Commence start-up on Neighborhood 1 Sewer Pump Station Replacement Project
15. Sign on as an Advocacy Agency for the Encina Wastewater Potable Reuse Project

Stretch:

- Complete installation of flow meter at one additional sewer pump station beyond Objective 9

3. Operating Elfin Forest Recreational Reserve in the most cost-effective, safe, environmentally responsive, and service-oriented manner.

Objective

16. Continue education program for elementary schools in partnership with the Escondido Creek Conservancy as COVID restrictions allow, providing at least 2,000 students with in-person field trips to EFRR
17. Utilize volunteer groups such as San Diego Mountain Biking Association and EFRR trail patrol for two trail maintenance/repair projects
18. Participate in I Love a Clean San Diego Creek to Bay Cleanup event
19. Launch 17th annual Photo Contest
20. Conduct third round of Golden Spotted Oak Borer (GSOB) monitoring at EFRR; report findings to EFRR Executive Committee
21. Utilize past GSOB monitoring data to identify and treat problem areas for GSOB, focusing on "high value" trees for spraying (e.g., 12"+ diameter, in aesthetically valuable area, etc.)
22. Host water conservation workshop at Elfin Forest Interpretive Center Honoring Susan J. Varty
23. Investigate legal obligations for providing access for disabled persons at EFRR; report findings to EFRR Executive Committee

3. Operating Elfin Forest Recreational Reserve in the most cost-effective, safe, environmentally responsive, and service-oriented manner.

Objective

Stretch:

- Work with volunteer groups on two additional trail maintenance events beyond Objective 17

4. Pursuing alternative and renewable energy sources as a means of offsetting costs and energy charges, providing sustainability.

Objective

- 24. Initiate feasibility and conceptual plan on OMWD's strategy to address California Air Resources Board zero-emission vehicle requirements, including timeline, compliance, phasing, budgets, and financing options
- 25. Continue partnerships with energy providers and third-party consultants to optimize energy costs
- 26. Complete refurbishment of one DCMWTP energy recovery turbine to ensure continuous energy savings

5. Providing a safe, healthful, and rewarding work environment which encourages communication as well as values employee participation and personal achievement.

Objective

27. Conduct departmental briefings with new board directors prior to the end of March
28. Conduct a lunch-and-learn for staff explaining the performance review process, merit system, and merit matrix
29. As COVID restrictions previously limited in-person training, hold onsite supervisory skills training; Microsoft Excel computer skills training; and at least two safety-related joint trainings with other local water agencies
30. Conduct departmental teambuilding exercises for staff to promote cooperation
31. Prepare the staffing analysis succession planning document; present to Personnel Committee then full board
32. Conduct mandated sexual harassment prevention training for supervisors as well as non-supervisors
33. Enhance employee health and wellness by hosting a voluntary wellness challenge for all staff
34. Initiate construction of the Bob Topolovac Memorial Courtyard
35. Reassess the email record retention policy, including a survey of other public agencies, and report findings to the board

6. Exceeding all federal, state, and local regulatory requirements for providing potable water, wastewater treatment, and recycled water.

Objective

36. Complete and submit to California Department of Water Resources the Annual Water Loss Audit utilizing DWR's updated data validity criteria
37. Implement appropriate stage of Water Shortage Contingency Plan as necessary
38. Complete Unregulated Contaminant Monitoring Rule 5 sampling and report results to State Water Resources Control Board
39. Complete the replacement of 50 valves in support of the annual Valve Replacement Project
40. Implement improvements at headquarters to enhance Stormwater Pollution Prevention Plan, ensure regulatory compliance, and reduce potential violation exposure
41. Continue to develop messaging to protect customers' interests and ensure customer awareness of SWRCB water use efficiency regulations and new legislative requirements

Stretch:

- Continue interdepartmental Stormwater Pollution Prevention Plan committee to provide greater oversight for stormwater issues at headquarters and 4S Ranch Water Reclamation Facility; conduct four quarterly meetings

7. Minimizing all of OMWD's operational costs while maintaining a high level of customer service.

Objective

42. Continue to pursue local, state, federal, and private grant funding to offset costs
43. Implement campaign to increase customer use of online billing services, targeting 500 accounts newly enrolled in online payments
44. Complete Phase 8 of the Advanced Metering Infrastructure Expansion Project, upgrading over 2,000 meters to AMI technology
45. Conduct audit of agricultural customers to confirm eligibility for agricultural programs
46. Partner with Asterra on satellite leak detection program and present cost-benefit analysis to Ad Hoc Facilities Committee
47. Pilot new acoustic leak monitoring devices in the distribution system and present findings to Ad Hoc Facilities Committee
48. Transition customers on the legacy Direct Payment Program to online autopayment to improve data security and customer self-service

Stretch:

- Achieve one or more new grant awards
- Add 500 new subscribers to the MyWaterUse by AquaHawk digital dashboard

8. Maintaining open communication and participation with the public through active conservation and educational programs as well as continually seeking customer input for informed decision-making.

Objective

- 49. Implement campaign to raise customer awareness on the value/cost of water; report efforts to Ad Hoc Customer Outreach & Conservation Committee
- 50. Implement campaign to raise customer awareness of rebates on water-saving devices; report efforts to Ad Hoc Customer Outreach & Conservation Committee
- 51. Partner with local businesses, vendors, and community organizations on a public service announcement and/or event about water use efficiency
- 52. Calculate OMWD's water use objective prior to the January 1, 2024 deadline once methodology has been adopted by State Water Resources Control Board
- 53. Analyze impacts to customers of Metropolitan Water District of Southern California moving to water supply allocations and communicate results to customers
- 54. Commemorate 4S Ranch Water Reclamation Facility's 20th anniversary
- 55. Increase customer/agricultural awareness of hydroponics; report efforts to Ad Hoc Customer Outreach and Conservation Committee
- 56. Investigate cost, feasibility, and potential viewer engagement of live public streaming of OMWD public meetings

8. Maintaining open communication and participation with the public through active conservation and educational programs as well as continually seeking customer input for informed decision-making.

Objective

Stretch:

- Win award from California Special Districts Association, Association of California Water Agencies, California Water Environment Association, or other industry group

9. Ensuring that financial plans, policies, and practices maintain the ability of OMWD to construct, operate, and maintain all approved facilities including replacement funds for future needs.

Objective

- 57. Conduct annual review of water and wastewater rates and charges
- 58. Complete water capacity fee study update
- 59. Conduct request for proposal (RFP) process for auditing services
- 60. Complete audit and Fiscal Year 2023 Annual Comprehensive Financial Report
- 61. Complete midterm budget adjustment in June

Stretch:

- Maintain annual revenue adjustment at or below prior-year inflation adjustment

10. Planning and constructing the Master Plan of Facilities to meet the long-term water storage, treatment, transmission, and distribution needs of OMWD.

Objective

- 62. Present to Ad Hoc Facilities Committee the results and recommendations from DCMWTP condition assessment and plan for moving forward
- 63. Complete hydraulic model calibrations in support of Potable Water and Recycled Water Master Plan updates
- 64. Commence update to Wastewater Master and Capital Improvement Plan

11. Establishing programs and policies to develop alternative water supplies to serve existing and future customers.

Objective

- 65. Continue water rights and facility planning investigation for the San Dieguito Valley Groundwater Project and present update to board
- 66. Coordinate tours for board members of existing brackish groundwater desalination facilities similar in size to proposed OMWD facility

12. Cultivating supportive and positive relationships with the federal, state, and local agencies which may impact OMWD's operations.

Objective

- 67. Engage and influence SWRCB regulations and water use efficiency legislation utilizing OMWD's advocate in Sacramento
- 68. Conduct emergency training at EFRR with Rancho Santa Fe Fire Protection District
- 69. Continue efforts with Solve the Water Crisis coalition, focusing on educating legislators and conducting media events
- 70. Conduct series of educational presentations to board with speakers from external agencies

Memo

Date: February 15, 2023
To: Olivenhain Municipal Water District Board of Directors
From: Steve Weddle, Engineering Services Supervisor
Via: Kimberly A. Thorner, General Manager
Subject: **CONSIDER ACCEPTANCE OF THE HARRIS PIPELINES CATHODIC PROTECTION REPLACEMENT PROJECT INTO OMWD'S SYSTEM AND ORDER A NOTICE OF COMPLETION FILED**

Purpose

The purpose of this agenda item is to consider acceptance of the Harris Pipelines Cathodic Protection Replacement Project (Project) into OMWD's system and authorize the filing of a Notice of Completion with the San Diego County Recorder.

Recommendation

Staff recommends acceptance of the Project into OMWD's system.

Alternative(s)

There are no alternatives proposed. The Project is complete and constructed in accordance with the contract documents.

Background

The Project is located along 10" and 12" steel pipelines located in Director Division 1 (San Antonio). The pipelines were installed in 1961, and the current anodes and testing stations were installed in 2010. Routine evaluations of OMWD's cathodic protection systems performed by staff and OMWD's as-needed corrosion consultant, R.F. Yeager, identified these existing sacrificial cathodic protection system as a priority to replace to provide continued protection against corrosive soil conditions. The Project replaced five existing cathodic protection anodes and test stations along the steel pipelines that are at the end of their useful life.

Following a public bid, the Project was awarded to the lowest responsive bidder, EXARO Technologies Corporation, at the May 18, 2022 Board meeting in the amount of \$71,966. The contract work was included in the CIP budget under Steel Mains Protection project (D120038) and was successfully completed in accordance with the contract documents. The warranty period will terminate two (2) years following the acceptance of the facilities by OMWD's Board.

Fiscal Impact

There is no fiscal impact to accepting the facilities into OMWD's system. The new assets will be reported to Finance for capitalization.

Discussion

During construction, unforeseen conditions were encountered in the field necessitating alternate alignment installation of anodes and resulted in additional asphalt concrete (AC) restoration. Change Order No 1 (CCO#1) resulted in an increased contract amount of \$7,500, as shown in the table below, and was approved by the General Manager in accordance with Administration and Ethics Code Section 6.8A.

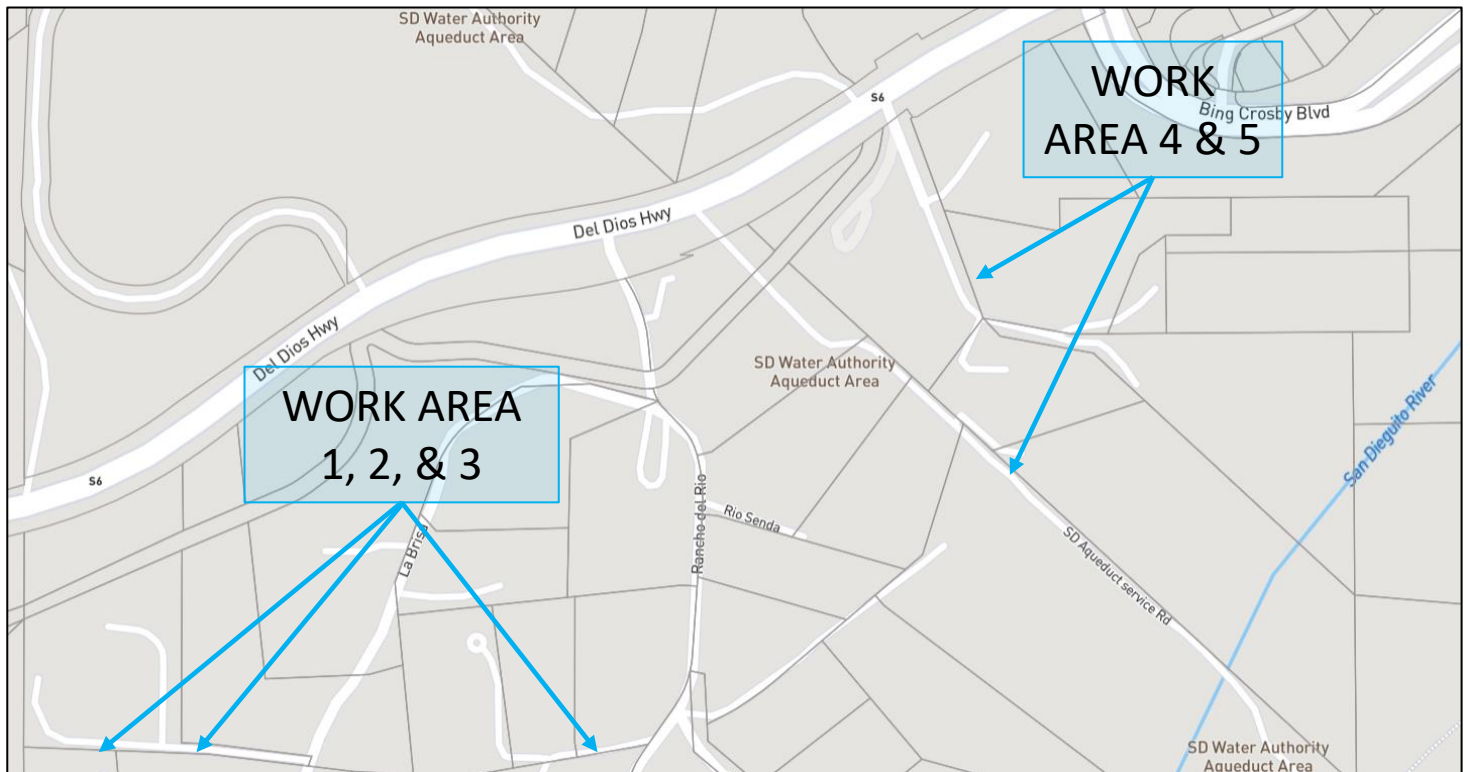
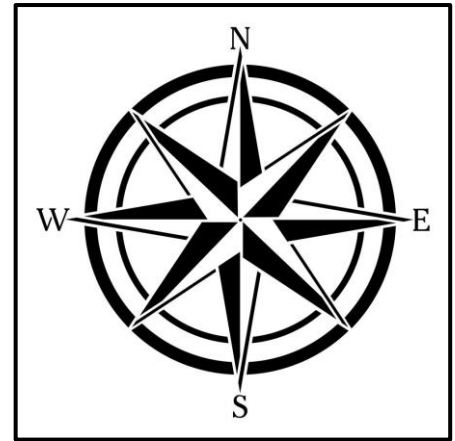
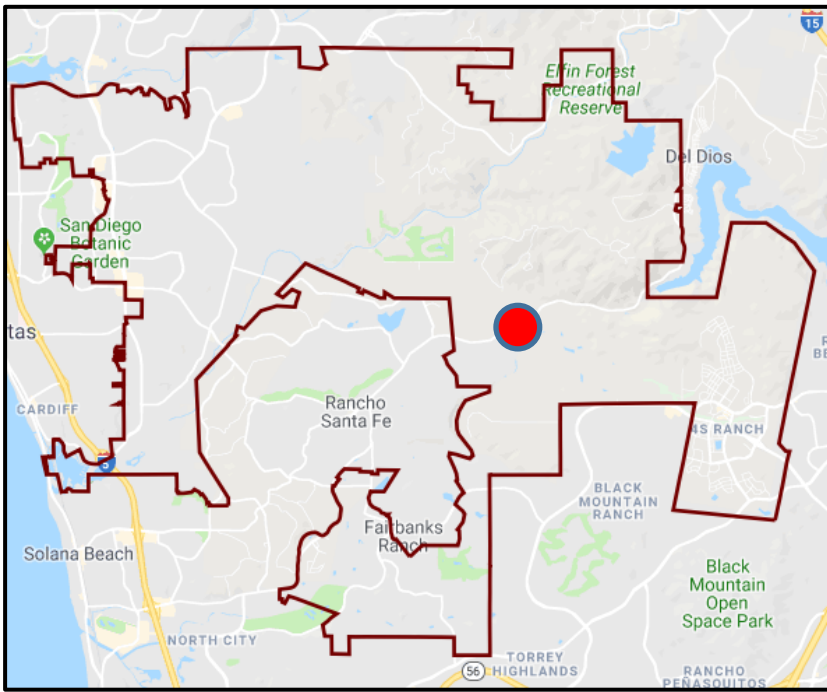
	Authorization	Amount (\$)	Contract Calendar Days
	Original contract	\$71,966	60
CCO#1	Additional work due to unforeseen field conditions and additional AC restoration	\$7,500	0
Total		\$79,466	60

As the Project is now complete, staff recommends acceptance of the Project into OMWD's system and filing a Notice of Completion with the San Diego County Recorder. OMWD staff is available to answer questions.

Attachments:

Location map

Notice of Completion



LOCATION MAP

HARRIS PIPELINES CATHODIC PROTECTION REPLACEMENT PROJECT

DISTRICT PROJECT NO. D120038

**RECORDING REQUESTED BY &
WHEN RECORDED RETURN TO:**

Olivenhain Municipal Water District
1966 Olivenhain Road
Encinitas, California, 92024-5699

(This space for recorder's use)

NOTICE OF COMPLETION

NOTICE IS HEREBY GIVEN that the work for the Harris Pipeline Cathodic Protection Replacement Project, located adjacent to 17488 La Brisa, Rancho Santa Fe, California 92067, in the County of San Diego, State of California for which the OLIVENHAIN MUNICIPAL WATER DISTRICT ("Owner," in fee), headquartered at 1966 Olivenhain Road, Encinitas, CA 92024, contracted with EXARO TECHNOLOGIES CORPORATION ("Contractor"), located at 1831 Bayshore Highway, Burlingame, CA 94010, have been completed in accordance with the plans and specifications as of November 16th, 2022. The facilities have been accepted by the Board of Directors of the OLIVENHAIN MUNICIPAL WATER DISTRICT on this 15th day of February 2023.

In witness whereof this Notice of Completion has been executed under authority from the Board of Directors of said OLIVENHAIN MUNICIPAL WATER DISTRICT by Kimberly A. Thorner, General Manager.

KIMBERLY A. THORNER, being first duly sworn, deposes and says that she is General Manager of the OLIVENHAIN MUNICIPAL WATER DISTRICT and is familiar with the facts stated in the foregoing Notice of Completion executed for and on behalf of said Agency, that she has read the foregoing Notice of Completion and knows the contents thereof and that the same are true.

OLIVENHAIN MUNICIPAL WATER DISTRICT

Date: _____, 20__

By: _____

Kimberly A. Thorner
General Manager

Memo

Date: February 15, 2023
To: Olivenhain Municipal Water District Board of Directors
From: Geoff Fulks, Operations Manager
Via: Kimberly A. Thorner, General Manager
Subject: **PROVIDE UPDATE ON THE 4S WATER RECLAMATION FACILITY WIRING AND CHEMICAL FEED EMERGENCY REPLACEMENT PROJECT AS AN EMERGENCY PROJECT IN ACCORDANCE, WITH CALIFORNIA PUBLIC CONTRACT CODE SECTION 1102, AND TO INFORM THE BOARD OF THE GENERAL MANAGER'S AWARD OF A CONSTRUCTION CONTRACT TO JENNETTE COMPANY FOR AN AMOUNT OF \$62,500 FOR THE CHEMICAL FEED**

Purpose

The purpose of this agenda item is to provide an update on the declaration of the 4S Water Reclamation (WRF) Facility Wiring and Chemical Feed Emergency Replacement Project as an Emergency Project in accordance with California Public Contract Code Section 1102 and to inform the Board of a construction contract with Jennette Company (Jennette) for an amount of \$62,500 for the chemical feed system repairs. The \$62,500 contract was within the General Manager's approval authority.

In accordance with Section 22050(b)(3) of the Public Contract Code, staff will also provide a status of the project for review at subsequent regularly scheduled Board meetings until such time as the work is complete.

Alternative(s)

There is no alternative to performing the temporary process wiring and chlorine feed highline and associated repair work. California Public Contract Code Section 1102 states, "Emergency, as used in this code, means a sudden, unexpected occurrence that poses a

clear and imminent danger, requiring immediate action to prevent or mitigate the loss or impairment of life, health, property, or essential public services.” The failure to complete the 4S WRF Wiring and Chemical Feed Emergency Replacement Project could have caused public property damage, impacts to public health, impacts to the environment, and limited wastewater treatment services to customers within a portion of OMWD thereby creating a loss of essential public services.

Background

OMWD owns and operates the 4S Ranch Water Reclamation Facility (4S WRF), located in Director Division 4 (Hahn), which treats incoming wastewater flows from 4S Ranch and Rancho Cielo via multiple unit processes producing tertiary recycled water for use in the OMWD service area. On December 27th, staff discovered process irregularities in Headworks at the 4S WRF. Staff immediately investigated and discovered water in an electrical vault with an elevated level of chlorine residual. A leak was discovered in the chlorine feed system containment piping that passes near the electrical vault and this leak, aided by recent rains, migrated into the vault. Unfortunately, the chlorine was able to partially dissolve a grounding rod in the bottom of the vault allowing water to infiltrate the electrical vault. The chlorinated water was then able to penetrate electrical conduits damaging the insulation of the wiring and causing shorts that significantly affected operation of numerous processes at Headworks. Critical to these processes are the control wires which allow for automation and operational data acquisition. The chlorine line feeds the Headworks odor scrubber, a vital piece of equipment used to eliminate odors and is permitted through the San Diego County Air Pollution Control District.

The General Manager declared an emergency on January 3, 2023. Pursuant to the Olivenhain Municipal Water District’s (OMWD) Administrative and Ethics Code Section 3.2.1. On January 18, 2023, the Board reviewed the General Manager’s emergency action and found that an emergency exists within the meaning of Public Resources Code Sections 21080(b)(2) requiring the commencement of immediate emergency repair work.

The Board also determined that pursuant to CEQA, the 4S Water Reclamation Facility Wiring and Chemical Feed Emergency Replacement Project is considered an Emergency Project under Public Resources Code 21080(b)(2) and Statutorily Exempt under CEQA guidelines Section 15269(b) and (c). Staff filed the NOE with the San Diego County Clerk.

Fiscal Impact

The 4S Water Reclamation Facility Wiring and Chemical Feed Emergency Replacement Project budget covers 1) construction contract with Southern for the wiring replacement, highlines and insulation resistance testing, 2) construction contract with Jennette for replacement of the chlorine feed line, 3) materials being provided or procured for the

project, 4) OMWD Engineering, Field Services, and Operations staff time to plan and monitor the work, 5) permit and filing fees associated with the work.

Is this a Multi Fiscal Year Project? **No**

In which FY did this capital project first appear in the CIP budget? **N/A**

Total Project Budget: **\$224,000**

Current Fiscal Year Appropriation: **\$224,000**

Target Project Completion Date: **February 24, 2023**

Expenditures and Encumbrances as of (February 01, 2023): **\$184,084**

Is this change order within the appropriation of this fiscal year? **N/A**

If this change order is outside of the appropriation, Source of Fund: **N/A**

Discussion

Due to the potential catastrophic consequences of losing process control and operation of the 4S WRF, OMWD mobilized staff to highline the chlorine feed line and required immediate assistance from Southern to highline the process wiring. Public Contract Code Section 22035 authorizes OMWD, "In cases of emergency ... may proceed at once to replace or repair any public facility without ... giving notice for bids to let contracts." OMWD staff contacted multiple contractors to assist with repairs and Southern responded that they had the availability and scope to assist OMWD on a not to exceed, time and materials basis to highline and replace the wiring.

Southern has completed pulling new process wires and the 4S WRF is operating as designed with automated controls. The wiring highline that was initially implemented has been removed and Southern's work is now complete.

OMWD staff contacted multiple contractors to assist with the chemical feed repairs and Jennette, who recently completed a chemical feed project at the DCMWTP, responded immediately and had the availability to replace the damaged chlorine feed system. Work on the removal and replacement of the chlorine feed system is in progress, as the contract is within the General Manager's approval authority. The highline remains in place as a temporary emergency measure to ensure the odor scrubber is operational and in compliance.

In accordance with Section 22050(b)(3) of the Public Contract Code, staff will present a status of the project for review at subsequent regularly scheduled Board meetings until such time as the work is complete. Staff is available to answer questions.

*Attachment(s):
Site Photographs;
Location Map;*

Highlines Installed

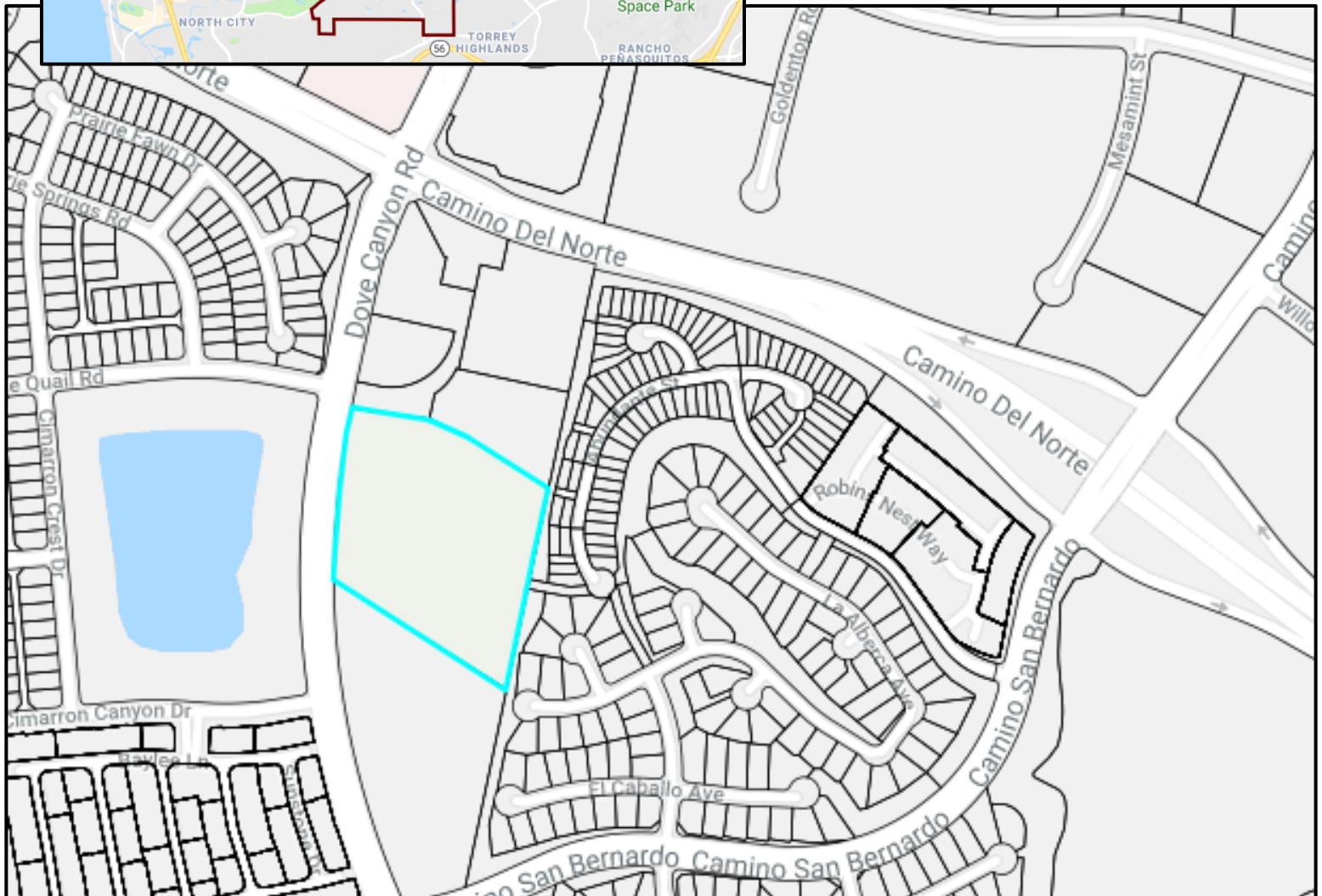
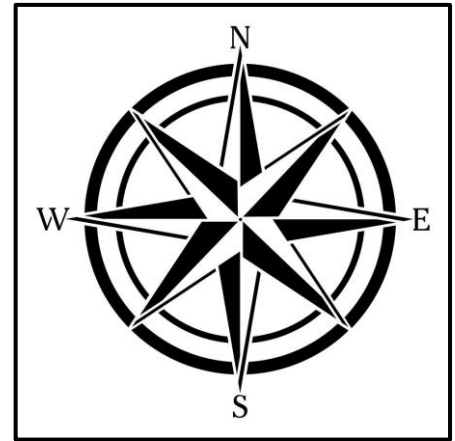
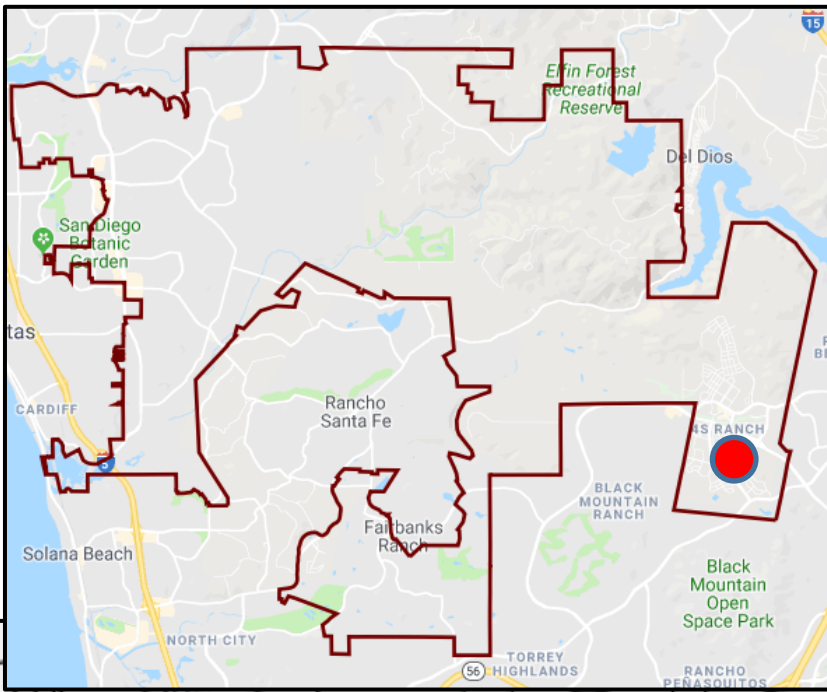


Chemical Feed System Repair



Removed Wires





4S WATER RECLAMATION FACILITY
EMERGENCY WIRING AND CHEMICAL FEED REPLACEMENT PROJECT
DISTRICT PROJECT NO. D700043

Memo

Date: February 15, 2023
To: Olivenhain Municipal Water District Board of Directors
From: Steven Weddle, Engineering Services Supervisor
Via: Kimberly A. Thorner, General Manager
Subject: **CONSIDER APPROVAL OF PRIVATE ENCROACHMENT PERMIT NO. 418 FOR MICHAEL H. YOKOYAMA AND JAYE S. VENUTI TO ACCESS PROPERTY THROUGH OMWD EASEMENT 387 LOCATED ON PASEO TAXCO AND ORDER THE PERMIT BE RECORDED**

Purpose

The purpose of this agenda item is to consider approval to enter into an Encroachment Permit Agreement with Michael H. Yokoyama and Jaye S. Venuti. The proposed access fall within the property at APN 264-462-01-00, and encroach upon OMWD's 30-foot Easement No. 387. Approval would additionally authorize the General Manager to sign the Encroachment Permit on behalf of OMWD for recording by the County of San Diego Recorder's Office.

Recommendation

Staff recommends approval of Encroachment Permit No. 418 and authorization for the General Manager to sign the permit on behalf of OMWD.

Alternative(s)

The Board could direct Staff to not allow the proposed encroachment or proceed in a manner otherwise directed.

Background

The proposed encroachment consists of allowing the parcel owner to access the southern side of their property through Easement No. 387 located on Assessor Parcel 264-462-01-00 and owned by Michael H. Yokoyama and Jaye S. Venuti, Director Division 5 (Meyers).

Fiscal Impact

There is no fiscal impact to OMWD in approving Encroachment Permit No. 418, and the applicant has already paid the encroachment permit application fee. The Encroachment Permit Agreement stipulates that the permittee is responsible for all costs incurred to remove and rebuild any encroaching facilities should OMWD need access to its facilities within the easement for any reason whatsoever.

Discussion

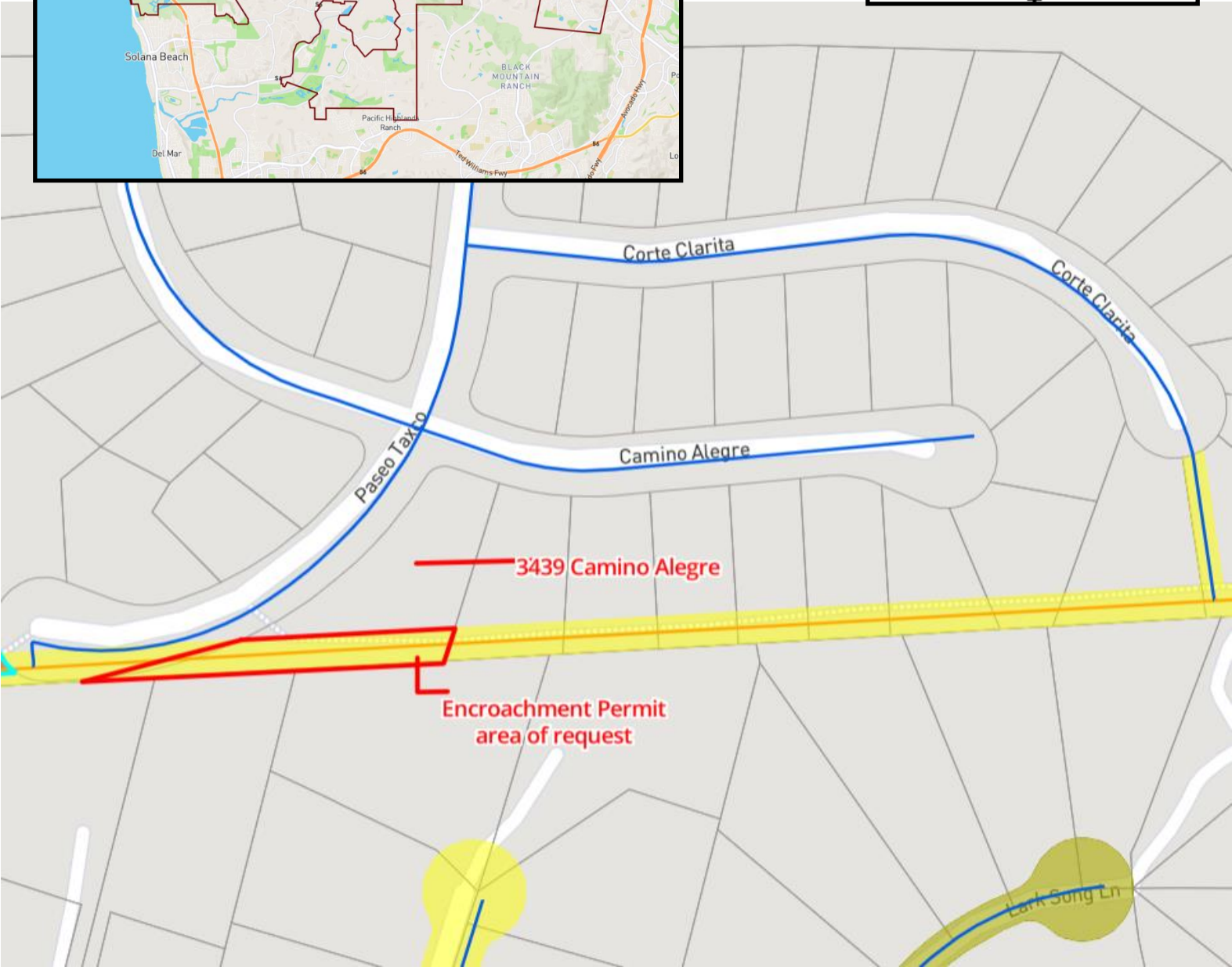
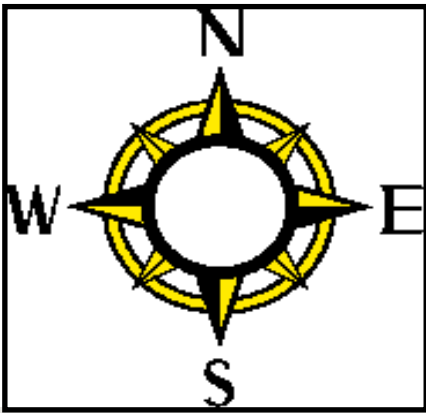
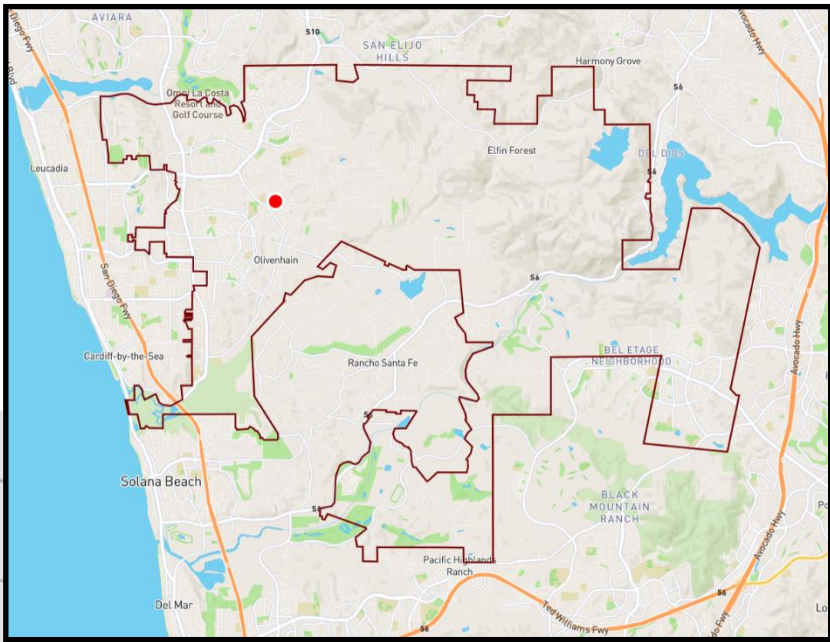
The proposed access encroachment will be constructed in a manner that will not unduly affect OMWD's daily operations or maintenance of facilities located in the easement. A copy of the Encroachment Permit is attached for review, and staff recommends approval given the proposed encroachments do not interfere with OMWD business and are of a benefit to the surrounding community.

Staff is available to answer any questions.

Attachments:

Location map

Encroachment Permit Agreement No.418



LOCATION MAP

Encroachment Permit No. 418

**RECORDING REQUESTED BY &
WHEN RECORDED RETURN TO:**

Olivenhain Municipal Water District
1966 Olivenhain Road
Encinitas, California, 92024-5699

(This space for recorder's use)
A.P.N. No. 264-462-01-00

**OLIVENHAIN MUNICIPAL WATER DISTRICT
PRIVATE ENCROACHMENT PERMIT AGREEMENT NO. 418**

THIS ENCROACHMENT PERMIT No. 418 (hereinafter "Agreement") entered into by and between the OLIVENHAIN MUNICIPAL WATER DISTRICT organized and existing pursuant to the Municipal Water District Act of 1911, California Water Code §71000, et seq. (hereinafter "DISTRICT"), and MICHAEL H. YOKOYAMA AND JAYE S. VENUTI, FAMILY TRUST DATED APRIL 24TH, 1995 (hereinafter "PERMITTEE").

R-E-C-I-T-A-L-S

1. The DISTRICT presently holds title to an easement as more particularly described in the DISTRICT's document no. 387, recorded September 19, 1978, as File/Page 78-397999, Official Records, San Diego County, not attached hereto, but incorporated herein by reference.
2. PERMITTEE desires to encroach upon this easement.
3. PERMITTEE is the owner of property described in Exhibit "A" attached hereto.
4. The parties agree that PERMITTEE shall be entitled to encroach upon this easement only to the extent and in the manner specified in this Agreement. No other encroachments shall be allowed without the express prior written consent of the DISTRICT.

C-O-V-E-N-A-N-T-S

1. **Permission to Encroach on Easement:** PERMITTEE is hereby granted permission to encroach upon the easement referred to above in the manner specified in Exhibit “B” subject to all conditions specified in Exhibit “B” and subject to all terms of this Agreement.

2. **Limitations of Rights Granted to PERMITTEE:** Rights being granted to PERMITTEE in accordance with this Agreement shall extend only to such rights as the DISTRICT may grant to PERMITTEE in accordance with the terms of the easement presently held by DISTRICT. PERMITTEE shall be solely responsible for verifying that the rights being granted by DISTRICT may be granted to PERMITTEE in accordance with the terms of the DISTRICT’s easement.

3. **Construction of Encroachment:** PERMITTEE shall be solely responsible for all fees, costs, and expenses of whatever type or nature associated with construction of the encroachment. The DISTRICT shall be notified at least forty-eight (48) hours prior to commencement of construction of the encroachment and shall be permitted to inspect and approve all encroachment construction. All encroachment construction shall be carried out as specified by the DISTRICT, in its sole discretion.

3.1. PERMITTEE shall pay all costs of the DISTRICT’s, including, but not limited to, the costs of inspection, administration, legal fees, and engineering relating to the construction and exercise of permission granted to PERMITTEE by this Agreement.

4. **Maintenance of Encroachment Facilities and Area:** PERMITTEE shall maintain the encroachment facilities and encroachment area at all times in a safe, sanitary, and good condition at PERMITTEE’s sole cost and expense. PERMITTEE shall promptly perform all maintenance and repair of the facilities and encroachment area requested by the DISTRICT from time to time, in its sole discretion.

5. **Protection of DISTRICT Facilities in Encroachment Area:** All facilities of the DISTRICT in the encroachment area shall be protected by PERMITTEE as directed by the DISTRICT from time to time, in its sole discretion.

6. **Payment for all Damages and Expenses Caused by Encroachment:** PERMITTEE shall pay for all damages, of whatever type or nature, which may occur to the DISTRICT’S easement or

facilities within the easement as a result of construction, maintenance, use, repair, removal, or relocation of PERMITTEE's facilities.

6.1. PERMITTEE shall also pay for all fees and costs incurred by the DISTRICT to remove, demolish, or relocate PERMITTEE's facilities in order to repair, maintain, replace, relocate, or remove DISTRICT's facilities in the easement or to install new facilities in the easement as the DISTRICT may determine in its sole discretion.

6.2. Should the DISTRICT determine that PERMITTEE's facilities must be relocated, as the DISTRICT may determine in its sole discretion, PERMITTEE shall pay all fees and costs to remove and relocate these facilities.

6.3. All such payments shall be made within thirty (30) consecutive days following receipt of a written demand from the DISTRICT. The written demand shall specify the amount due and the type of losses or expenses incurred. Any amounts not received by the DISTRICT within this thirty (30) consecutive day period shall earn interest at the maximum rate authorized by California law.

7. **Indemnity:** PERMITTEE hereby agrees to hold harmless, defend and indemnify the DISTRICT and its agents, servants, employees, consultants, and officers from any and all claims, actions, liability, losses, costs, damage, or expense of whatever type or nature to any persons, entities, or property caused by, or claimed to be caused, in whole or in part, by the construction, maintenance, repair, replacement or use of the encroachment facilities or encroachment areas except claims caused by the sole active negligence or intentional misconduct of the DISTRICT or its agents or employees. This indemnity shall include all DISTRICT's attorney's fees, expert fees and costs, and court costs if the DISTRICT is named as a party in any litigation related to the encroachment.

8. **DISTRICT not Liable for Damage to Encroachment or Encroachment Area:** The DISTRICT shall not be liable for any damages whatsoever to the encroachment facilities or encroachment area related in any way to the DISTRICT's continued use of the easement or as a result of the DISTRICT's construction, use, repair, replacement, or relocation of any DISTRICT facilities within the easement.

9. **Other Uses Forbidden:** PERMITTEE is limited to the specific encroachment area and facilities granted by this Agreement. No other encroachment is permitted without the express prior written consent of the DISTRICT.

10. Prior Rights: This Agreement shall not alter, modify, or terminate, in any way, any of the prior rights of DISTRICT to use of the easement in accordance with its terms. PERMITTEE shall not be considered as acquiring any permanent interest of any kind or nature in the easement which is inconsistent with the rights of the DISTRICT.

11. General Conditions: The encroachment shall be subject to each of the following general conditions (where applicable):

11.1. The existing ground level over the DISTRICT's underground facilities shall not be changed without the prior written consent of the DISTRICT.

11.2. A horizontal clearance of five (5) feet shall be maintained between the DISTRICT's underground facilities and the approved underground encroachment facilities.

11.3. The horizontal clearance to be maintained between the DISTRICT's facilities and the above ground encroachment facilities shall be determined at the sole discretion of the DISTRICT.

11.4. No blasting shall be permitted without the prior inspection and approval of the DISTRICT.

11.5. Heavy equipment is not permitted on the easement without DISTRICT notification and approval.

12. Termination: Violation of any of the terms of this Agreement by PERMITTEE shall constitute a material breach of this Agreement entitling the DISTRICT to unilaterally terminate this Agreement by written notice to PERMITTEE, in addition to all other relief afforded by applicable law. Upon receipt of notice of termination from the DISTRICT, PERMITTEE shall promptly remove all encroachment facilities and restore the encroachment area in the manner directed by the DISTRICT, in its sole discretion. All fees, costs, and expenses of removal and restoration shall be paid solely by PERMITTEE.

13. Agreement as Covenant Running with Land and Binding on Successors: The parties expressly agree that this Agreement shall be construed as a valid and binding equitable servitude and covenant running with the land which shall be binding upon the heirs, personal representatives,

successors, assigns, or transferees of the parties hereto. The parties expressly waive the right to challenge the enforceability of this Agreement as a legal and binding equitable servitude and covenant running with the land in any subsequent arbitration or litigation between the parties or their successors.

14. Attorney's Fees: In the event of any legal or equitable proceeding to enforce or interpret the terms or conditions of this Agreement, the prevailing party shall be entitled to all reasonable attorney fees and court costs in addition to such other relief as may be afforded by applicable law.

15. Law Applied: The validity, interpretation, construction, and performance of this Agreement shall be construed under the laws of the State of California and the applicable rules and regulations of the DISTRICT.

16. Venue: In the event of any arbitration or litigation to interpret or enforce the terms of this Agreement, venue shall lie only in the state or federal courts in or nearest to the North County Judicial District, County of San Diego, State of California.

17. No Warranties: There are no warranties or representations of any kind being made.

18. Modification: This Agreement shall not be altered in whole or in part except by a modification in writing executed by both parties to this Agreement.

19. Meaning of "PERMITTEE": The word PERMITTEE as used in this Agreement shall mean the PERMITTEE or any person or entity deriving any interest in this encroachment permit from PERMITTEE or its successors-in-interest.

20. Attorney Representation: The PERMITTEE acknowledges that this Agreement has been prepared by the Law Offices of Nossaman LLP, who represents only the DISTRICT. The PERMITTEE is hereby notified to seek the advice of independent counsel concerning this Agreement and its terms. PERMITTEE acknowledges that PERMITTEE has had the opportunity to do so prior to executing this Agreement.

21. **Effective Date**: The effective date of this permit is _____, 20 ____.

22. **Board of Director's Approval**: This Agreement is executed by the DISTRICT pursuant to Board action of _____, 20____.

“DISTRICT”

OLIVENHAIN MUNICIPAL WATER DISTRICT

Dated: _____, 20____

By: _____
Kimberly A. Thorner
General Manager

“PERMITTEE”*

Michael H. Yokoyama and Jaye S. Venuti Family Trust
Dated April 24, 1995

Dated: _____, 20____

By: _____
Michael H. Yokoyama, Trustee

Dated: _____, 20____

By: _____
Jaye S. Venuti, Trustee

***PERMITTEE’S SIGNATURE MUST BE NOTARIZED WITH NOTARY SEAL.**

EXHIBIT “A”
Sheet 1 of 1

Legal Description

BEING A PORTION OF LOT 14 OF THE SUBDIVISION OF “RANCHO LAS ENCINITAS” IN THE CITY OF CARLSBAD, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, PER THE MAP THEREOF No. 848 FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY ON JUNE 27, 1898.

EXHIBIT “B”
Sheet 1 of 2

1. **Encroachment Facilities:**

- A. Curb cut with redesigned driveway approach with City of Carlsbad standards.
- B. Resurface driveway path with decomposed granite and rubber border. Approximately 280’ length by 16’ width
- C. Relocate OMWD access gate to end of property, 5’ from eastern property line.
- D. Add hammerhead type entry to property on easement.

2. **Encroachment Area:**

The encroachment facilities encroach upon District Easement No. 387 as shown on Exhibit ‘B’ sheet 2 of 2.

3. **Special Conditions of Encroachment:**

A. No facilities other than those identified in this encroachment permit shall be placed within the DISTRICT’s easement without the DISTRICT’s prior written approval.

B. The DISTRICT shall not be responsible for the placement of encroaching facilities placed within the easement area should they be required to be removed for installation, construction, repair, relocation or maintenance of DISTRICT facilities or any other work undertaken at the sole discretion of the DISTRICT.

C. Any landscape material placed within the limits of the DISTRICT’s easement must be maintained to a height not to exceed 3-feet. No trees are permitted to be planted within the limits of the easement. OMWD access gate to be located to the easterly side of the property 5’ clear of the property line.

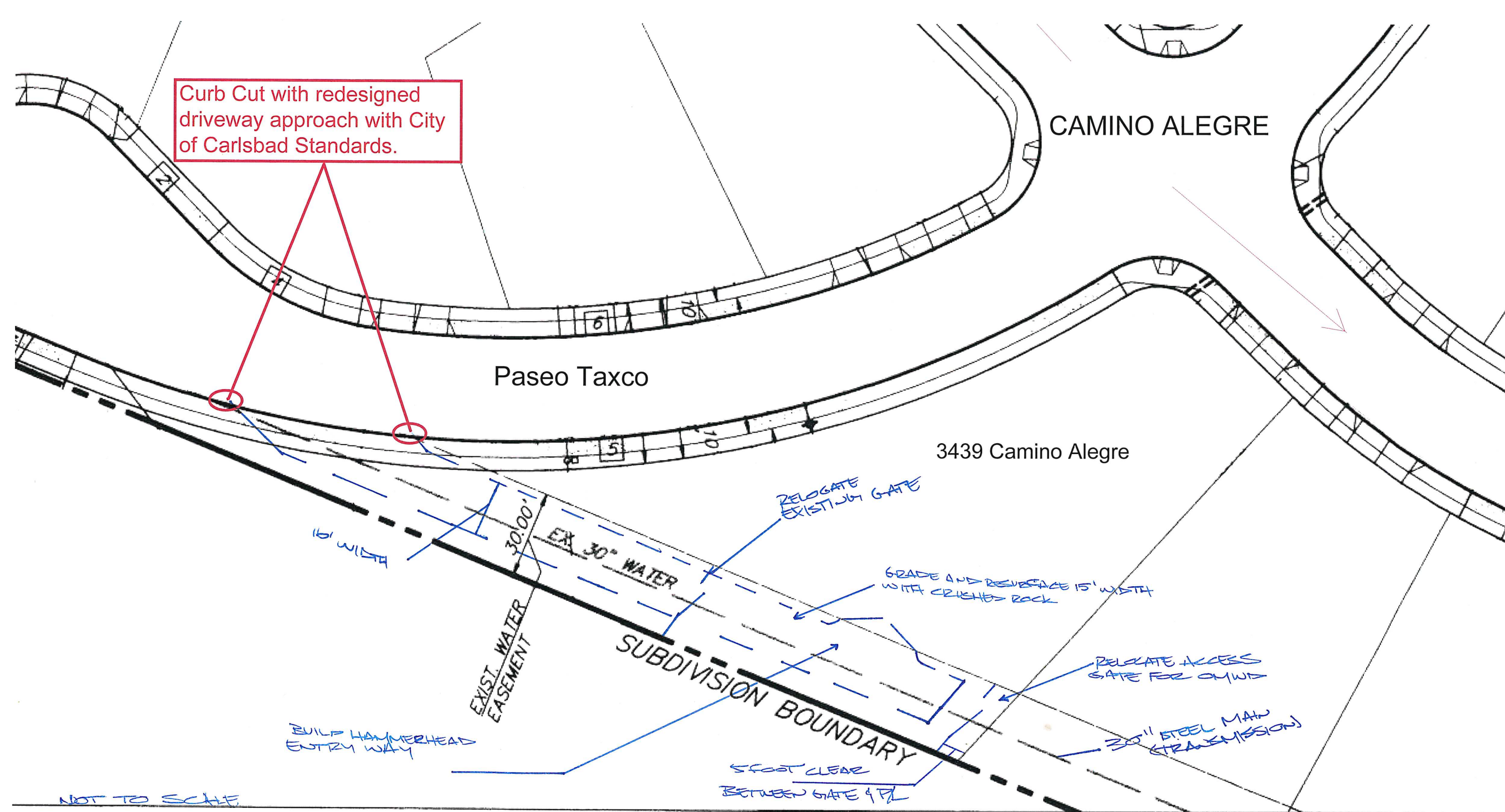


Exhibit "B"

Memo

Date: February 15, 2023
To: Olivenhain Municipal Water District Board of Directors
From: Geoff Fulks, Operations Manager
Via: Kimberly A. Thorner, General Manager
Subject: **CONSIDER ACCEPTANCE OF THE DAVID C. MCCOLLOM WATER TREATMENT PLANT PH CONTROL SYSTEM PROJECT INTO OMWD'S SYSTEM AND ORDER A NOTICE OF COMPLETION FILED**

Purpose

The purpose of this agenda item is to consider acceptance of the David C. McCollom Water Treatment Plant (DCMWTP) pH Control System Project No. D120068 into OMWD's system and authorize the filing of a Notice of Completion with the San Diego County Recorder.

Recommendation

Staff recommends acceptance of the DCMWTP pH Control System Project (Project) into OMWD's system.

Alternative(s)

There are no alternatives to accepting the project into OMWD's system. The new system has been installed to OMWD's plans and specifications and construction is complete.

Background

OMWD owns and operates the DCMWTP, located in Director Division 1 (San Antonio), which provides the majority of treated drinking water to its customers. Critical to overall plant performance is the installation of Sodium Hydroxide (NaOH) chemical storage and feed systems. NaOH solution is currently used at the DCMWTP when the State Water Project water becomes a significant percentage of the raw water supplied by Metropolitan Water District to the plant. Analysis of State Water Project water quality has indicated that adding NaOH to the incoming raw water is necessary to improve the treatment process by increasing pH and increasing OMWD's ability to process solid waste by improving coagulation potential. The DCMWTP also uses NaOH for neutralization of the Clean In Place waste when the ultrafiltration membranes are undergoing acid cleaning.

All work installing the chemical storage tanks and feed systems has been completed.

Fiscal Impact

There is no fiscal impact to accepting the facilities into OMWD's system, and the new assets will be reported to Finance for capitalization.

Discussion

On November 17, 2021, a contract was awarded to the lowest responsive bidder, Jennette Company (Contractor).

Construction Change Order No. 1 (CCO#1) was signed by the Operations Manager to allow for additional construction days to accommodate work on the Energy Recovery Turbine Rehabilitation Project. In accordance with Administrative and Ethics Code (A&E Code) Section 6.8C, a no-cost time extension was executed.

Construction Change Order No. 2 (CCO#2) was signed by the General Manager in accordance with A&E Code, Section 6.8A, and incorporated multiple items, including replacing additional containment piping and installing an access gate in the existing fence.

Construction Change Order No. 3 (CCO#3) was signed by the Operations Manager in accordance with A&E Code, Section 6.8C, to allow for 30 additional construction days due to material procurement delays.

Construction Change Order No. 4 (CCO#4) was signed by the General Manager in accordance with A&E Code, Section 6.8A, and incorporated multiple items, including relocation of an existing eye-wash station, modifications to concrete tank support pad, roofing sections replacements, and relocations of conduit and pull-boxes. CCO#4 also included 62 additional construction days to address the additional work and delays in material procurement.

A summary of the construction contract is presented below.

Authorization	Value	Time (Consecutive Calendar Days)
Original Contract	\$471,800	180
CCO#1	\$0	27
CCO#2	\$8,152	26
CCO#3	\$0	30
CCO#4	29,575	62
Final Contract	\$509,527	325

As the Project is now complete, Staff recommends acceptance of the project into OMWD's system and filing of a Notice of Completion with the San Diego County Recorder.

Staff is available to answer any questions.

Attachments:

Notice of Completion

Location Map

**RECORDING REQUESTED BY &
WHEN RECORDED RETURN TO:**

Olivenhain Municipal Water District
1966 Olivenhain Road
Encinitas, California, 92024-5699

(This space for recorder's use)

NOTICE OF COMPLETION

NOTICE IS HEREBY GIVEN that the facilities for the David C. McCollom Water Treatment Plant pH Control System Project located at 19090 Via Ambiente Road, Escondido, CA 92029, and also known as Tax Assessor Parcel No. 264-060-26-00, in the County of San Diego, State of California for which OLIVENHAIN MUNICIPAL WATER DISTRICT ("Owner," in fee), headquartered at 1966 Olivenhain Road, Encinitas, CA 92024, contracted with JENNETTE COMPANY INCORPORATED, headquartered at 9235 Trade Place, Suite B San Diego, CA 92126 have been completed in accordance with the plans and specifications as of February 15, 2023. The facilities have been accepted by the Board of Directors of the OLIVENHAIN MUNICIPAL WATER DISTRICT on this 15th day of February, 2023.

In witness whereof this Notice of Completion has been executed under authority from the Board of Directors of said OLIVENHAIN MUNICIPAL WATER DISTRICT by Kimberly A. Thorner, General Manager.

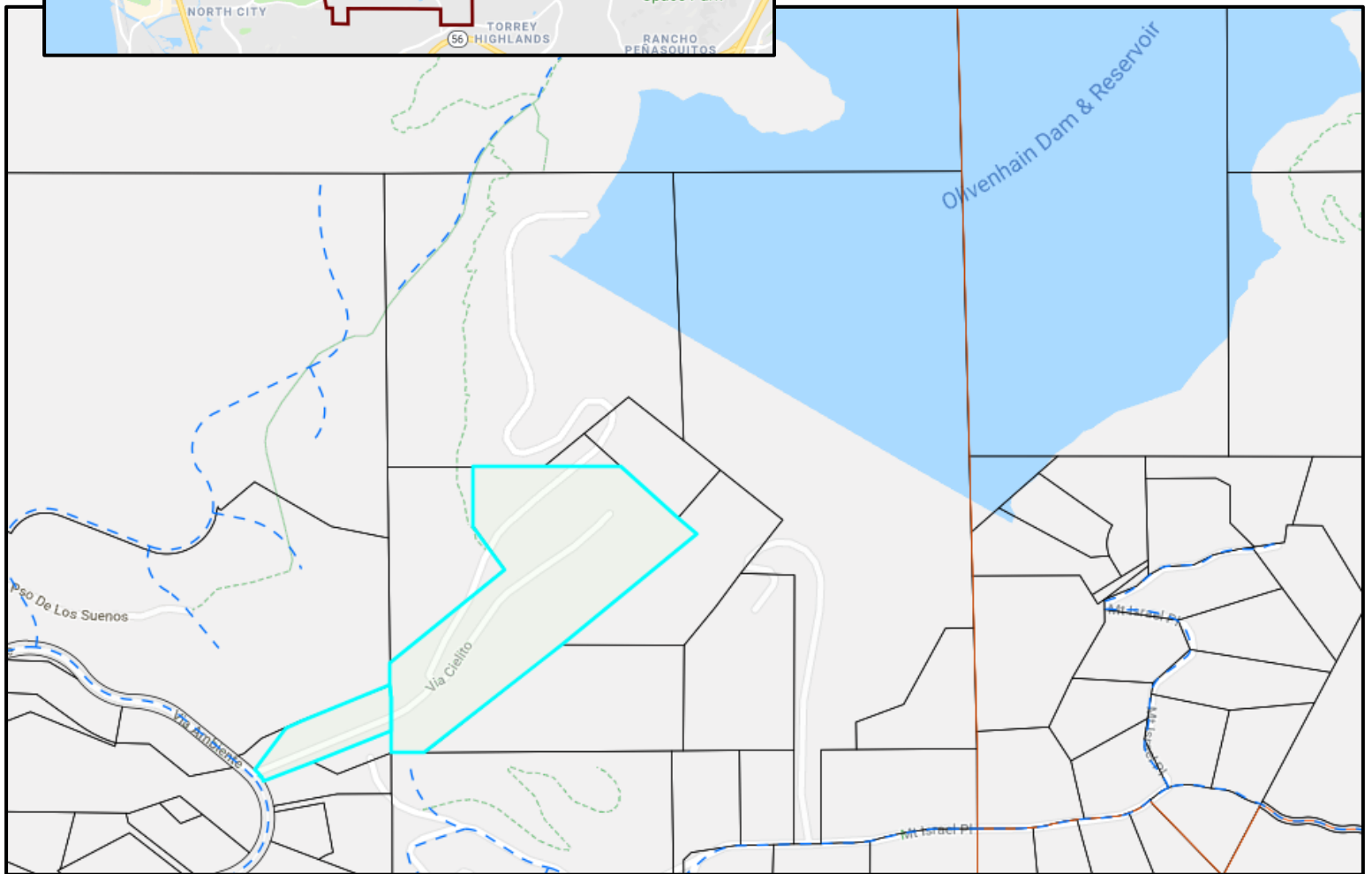
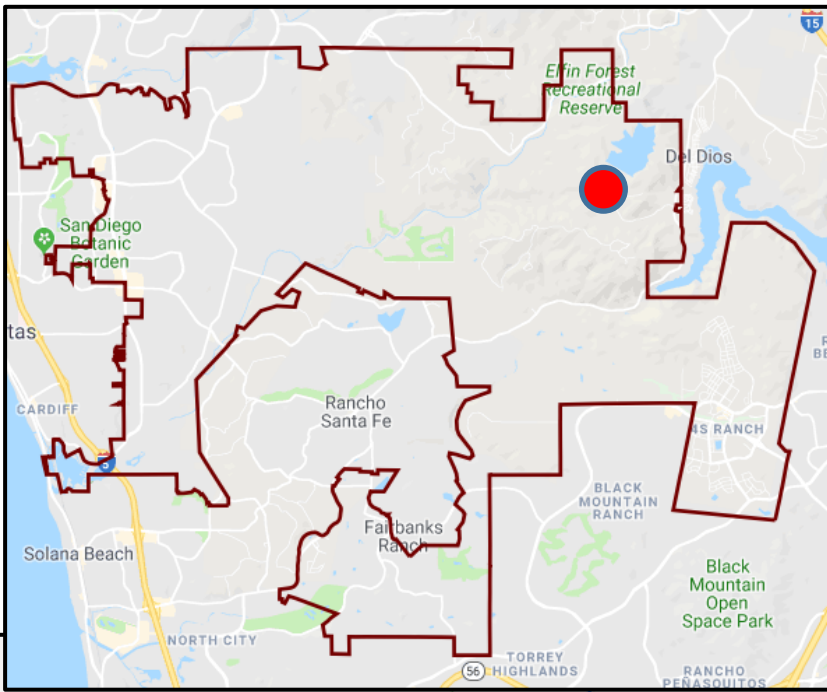
KIMBERLY A. THORNER, being first duly sworn, deposes and says that she is General Manager of the OLIVENHAIN MUNICIPAL WATER DISTRICT and is familiar with the facts stated in the foregoing Notice of Completion executed for and on behalf of said Agency, that she has read the foregoing Notice of Completion and knows the contents thereof and that the same are true.

OLIVENHAIN MUNICIPAL WATER DISTRICT

Date: _____, 2023

By: _____
Kimberly A. Thorner
General Manager

District Project No. D120068 – DCMWTP pH Control System Project



**DAVID C. MCCOLLOM WATER TREATMENT PLANT
pH CONTROL SYSTEM PROJECT**

DISTRICT PROJECT NO. D120068

Memo

Date: February 15, 2023
To: Olivenhain Municipal Water District Board of Directors
From: Kimberly A. Thorner, General Manager
Subject: **CONSIDER SELECTION OF REPRESENTATIVES TO THE ASSOCIATION OF CALIFORNIA WATER AGENCIES JOINT POWERS INSURANCE AUTHORITY BOARD OF DIRECTORS**

Purpose

The purpose of this item is to select a primary representative and two alternate representatives to the Association of California Water Agencies Joint Powers Insurance Authority (ACWA JPIA) Board of Directors.

Recommendation

Director San Antonio has expressed interest in representing OMWD on ACWA JPIA's Board of Directors. The General Manager volunteers to remain as the primary alternate representative and the HR Manager volunteers to serve as the secondary alternate; however, a board member must serve as the primary representative. It is recommended that the board select Director San Antonio to represent OMWD on ACWA JPIA's Board of Directors with General Manager Thorner serving as the primary alternate and the HR Manager as the secondary alternate.

Alternative(s)

None; selection of representatives to the ACWA JPIA Board of Directors is required by Article 7 of the ACWA JPIA Agreement.

Background

OMWD's Board of Directors approved approved OMWD's membership in ACWA JPIA on May 2, 2012.

This membership became effective on July 1, 2012 upon completion of the transition of the employee benefits program to ACWA JPIA. ACWA JPIA is governed by a Board of Directors composed of one appointed representative from each member agency. Each member agency must also appoint at least one alternate representative that may participate in ACWA JPIA board meetings when the primary representative is unavailable.

Fiscal Impact

Representatives to ACWA JPIA's Board of Directors are encouraged to attend semi-annual board meetings, held at the ACWA spring and fall conferences, for which OMWD is responsible for the cost of travel.

Discussion

As a member of ACWA JPIA, OMWD must select a primary representative and an alternate representative to the ACWA JPIA Board of Directors. OMWD's primary representative must be a member of OMWD's Board of Directors. The alternative representatives may be an OMWD board member or employee. Each representative serves until a successor is appointed. The HR Manager administers the ACWA JPIA program for OMWD, so she is a knowledgeable secondary alternate.

Please note that, within 30 days of appointment, OMWD's primary representative to the ACWA JPIA Board of Directors must file a Statement of Economic Interest Assuming Office Statement.

JPIA Board of Directors - Member/Alternate

An excerpt from the JPIA Agreement:

"Article 7 - Board of Directors"

- (a) The Authority shall be governed by the Board of Directors which is hereby established and which shall be composed of one representative from each Member, who shall be a Member director selected by the governing board of that Member. Each Member, in addition to appointing its member of the Board, shall appoint at least one alternate who shall be an officer, member of the governing board, or employee of that Member. The alternate appointed by a Member shall have the authority to attend and participate in any meeting of the Board when the regular member for whom he or she is an alternate is absent from said meeting.
- (b) Each Director or alternate of the Board shall serve until a successor is appointed. Each Director or alternate shall serve at the pleasure of the Member by which he or she has been appointed.
- (c) Each Director representing a Member, or his or her alternate, shall have one vote.

Please have your agency's Board of Directors designate a JPIA Director Representative and Alternate Representative.

Member Agency: _____

JPIA Director Representative: _____

Must be a member of the agency's board of directors.

Preferred mailing address: _____

E-mail address: _____

Phone number: _____

Assuming office date: _____

JPIA Alternate Representative: _____

Preferred mailing address: _____

E-mail address: _____

Phone number: _____

Please mail or fax form to: Chimene Camacho
ACWA JPIA, PO Box 619082, Roseville, CA 95661-9082
Fax: (916) 774-7040

Memo

Date: February 15, 2023
To: Olivenhain Municipal Water District Board of Directors
From: Rainy K. Selamat, Finance Manager
Via: Kimberly A. Thorner, General Manager
Subject: **CONSIDER INFORMATIONAL REPORT FROM PFM ASSET MANAGEMENT ON OLIVENHAIN MUNICIPAL WATER DISTRICT'S INVESTMENT IN CALIFORNIA ASSET MANAGEMENT PROGRAM (CAMP) POOL**

Purpose

The purpose of this item is to receive information from PFM Asset Management about California Asset Management Program (CAMP) and District participation in the CAMP program. Mr. Kyle Tanaka will present an overview about the CAMP program as part of educational resources offered by PFM Asset Management to public agencies in CAMP pool.

Recommendation

Staff is recommending the Board receive information about the CAMP program as presented.

Alternative

None. This is an informational report.

Background

California Asset Management Program (CAMP) is a California Joint Powers Authority (JPA) established in 1989 to provide California public agencies with professional investment services. Investment offered through CAMP pool is permitted for all local agencies under California Government Code Section 53601 (p).

CAMP Pool is managed to maintain a dollar-weighted average portfolio maturity of 60 days or less and seeks to maintain a constant net asset value (NAV) per share of \$1.00. A constant NAV is a safety feature of an investment pool such as CAMP and it means that the chance of the fund losing principal is minimized (since investors will receive \$1.00 back for every \$1.00 invested). Additionally, CAMP is rated AAAm by Standard & Poor's. This AAAm rating signifies excellent safety of invested principal and a superior capacity to maintaining a \$1.00 per share NAV.

The Pool invests in obligations of the United States Government and its agencies, high-quality, short-term debt obligations of U.S. companies and financial institutions. CAMP Pool's investment objectives are consistent with the District's Investment Policy, which prioritizes, in the following order: 1) safeguarding of principal, 2) liquidity to meet the needs of the District, and 3) maximizing the return on all District investments (keeping in mind that safeguarding of principal and liquidity are more important objectives).

Fiscal Impact

As of the writing of this memo, the District has invested \$22.9 million of its cash reserves in CAMP Pool with a seven-day yield of 4.669% (as of February 7, 2023.)

Discussion

District Staff and Mr. Kyle Tanaka will be available at the meeting for discussion.

Attachment: CAMP Presentation

Current Market Themes



- ▶ The U.S. economy is characterized by:
 - ▶ High inflation that shows signs of slowing
 - ▶ Continued strong labor market
 - ▶ Potentially declining health of U.S. household finances
 - ▶ Expectations for a modest yet broad economic downturn



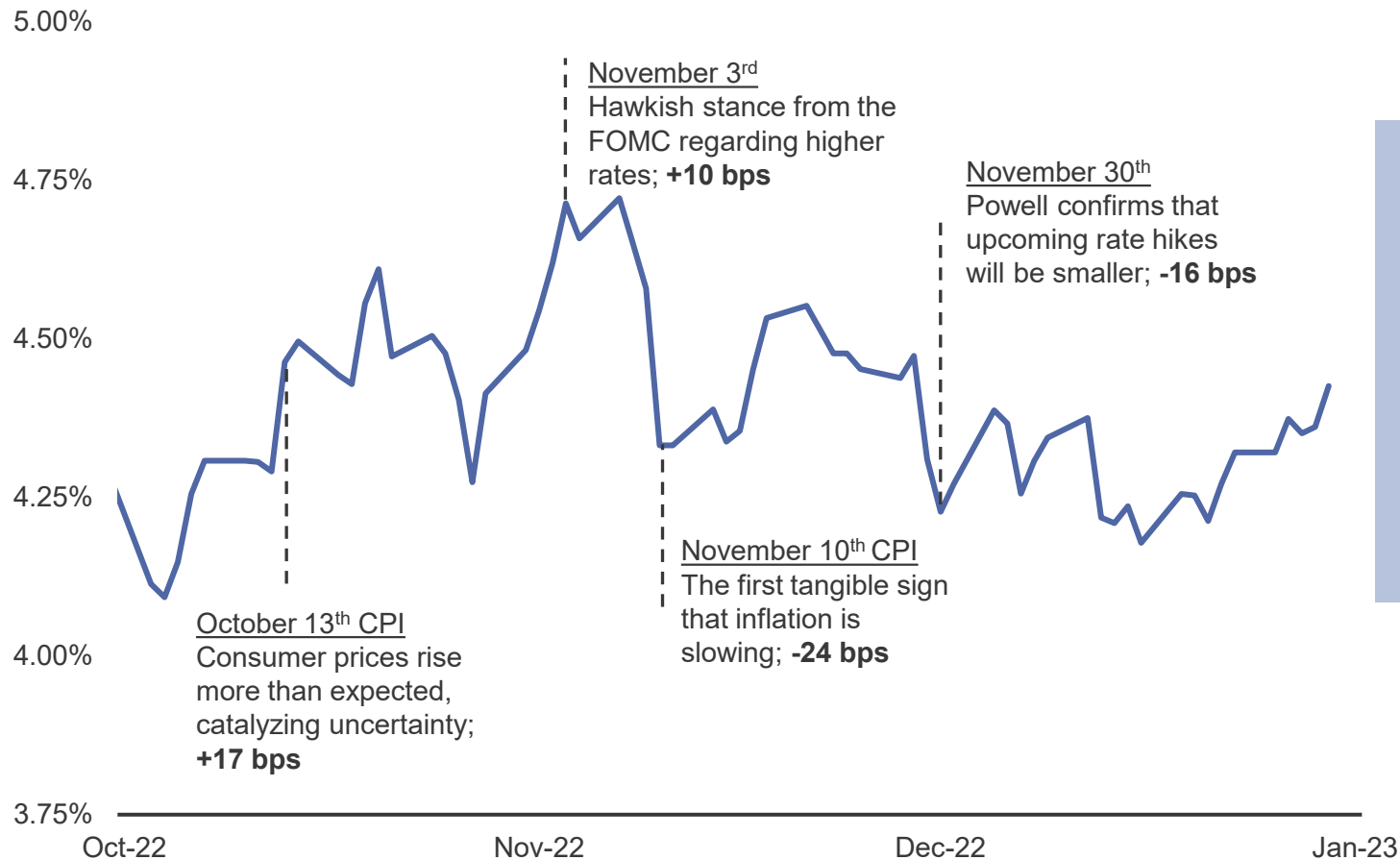
- ▶ The Federal Reserve is expected to wrap up their normalization process
 - ▶ Slowing pace of rate hikes
 - ▶ Fed projecting short-term fed funds rate to reach 5.00% to 5.25% by year-end, with markets expecting rate cuts in the second half of 2023
 - ▶ Fed officials reaffirm that restoring price stability is the utmost priority, despite risks of overtightening



- ▶ Volatile markets potentially calming
 - ▶ Treasury yields in the belly of the curve (3-7 years) ended the quarter slightly lower, while shorter and longer maturities ended higher
 - ▶ Yield curve inversion has deepened further since last quarter
 - ▶ While still elevated, volatility and liquidity challenges have begun subsiding

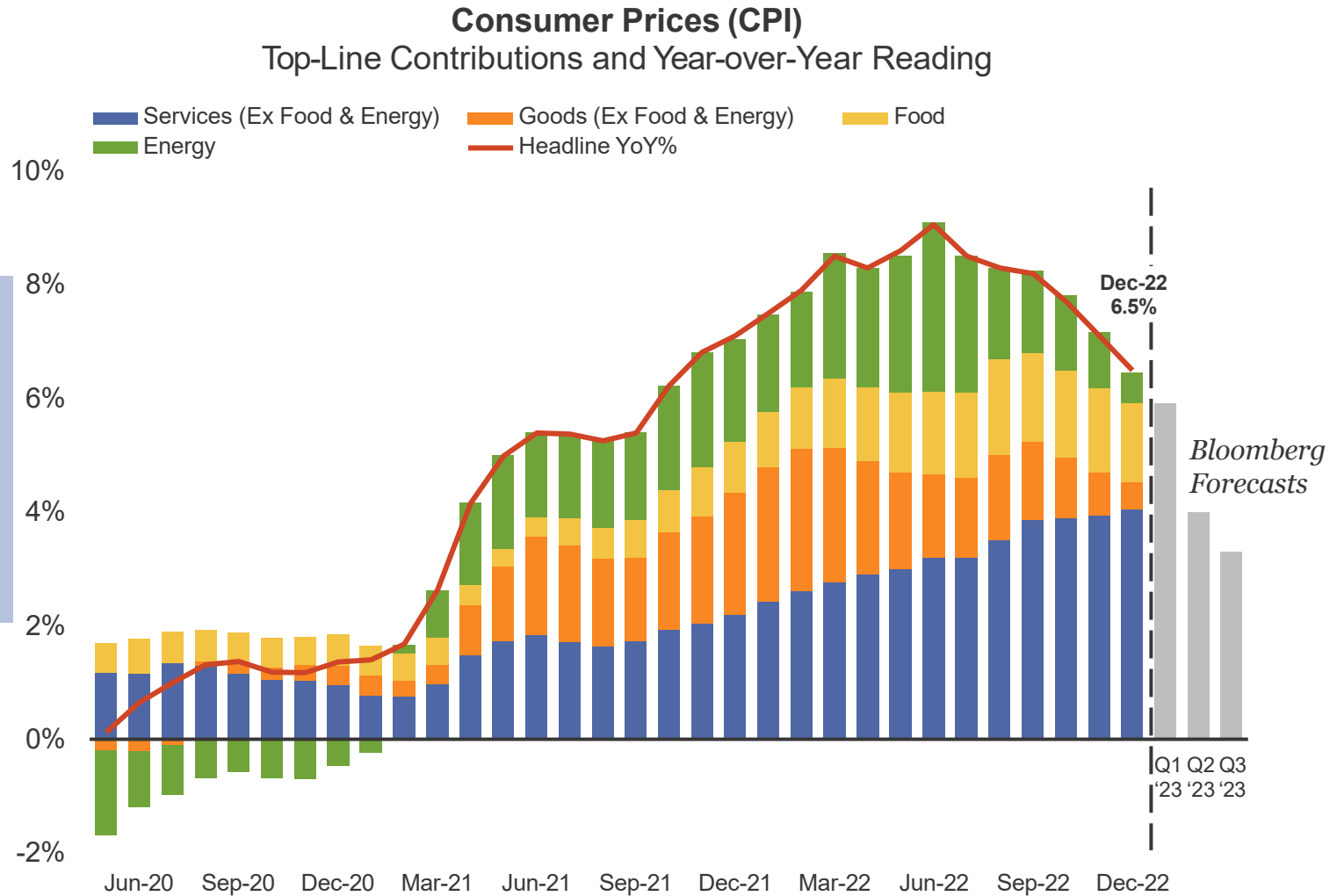
Rates Remain Sensitive to Fed and Inflation

2-Year US Treasury Yield



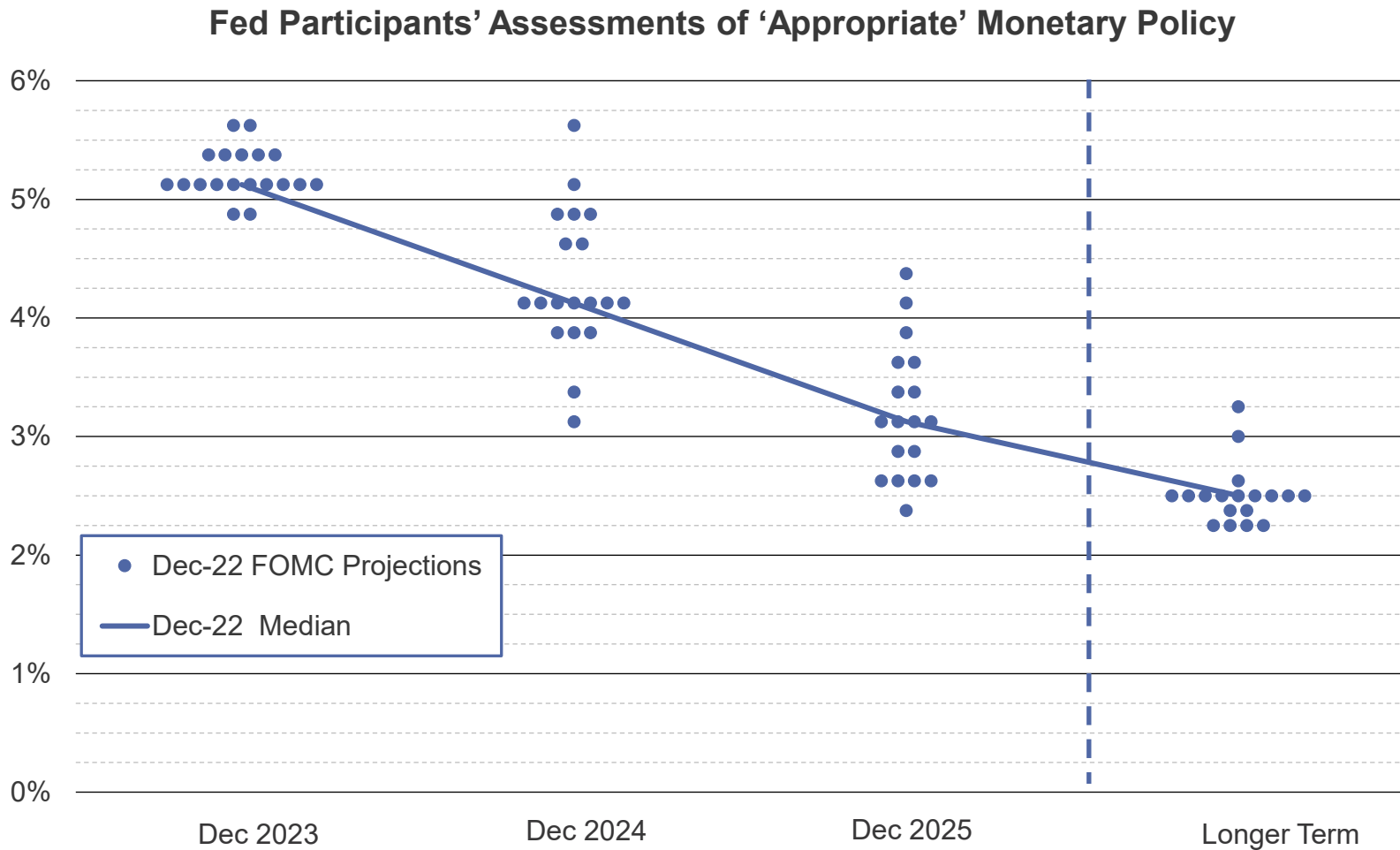
The 2-year Treasury is commonly used to gauge market reactions and near-term policy expectations

Inflation Now Trending Lower



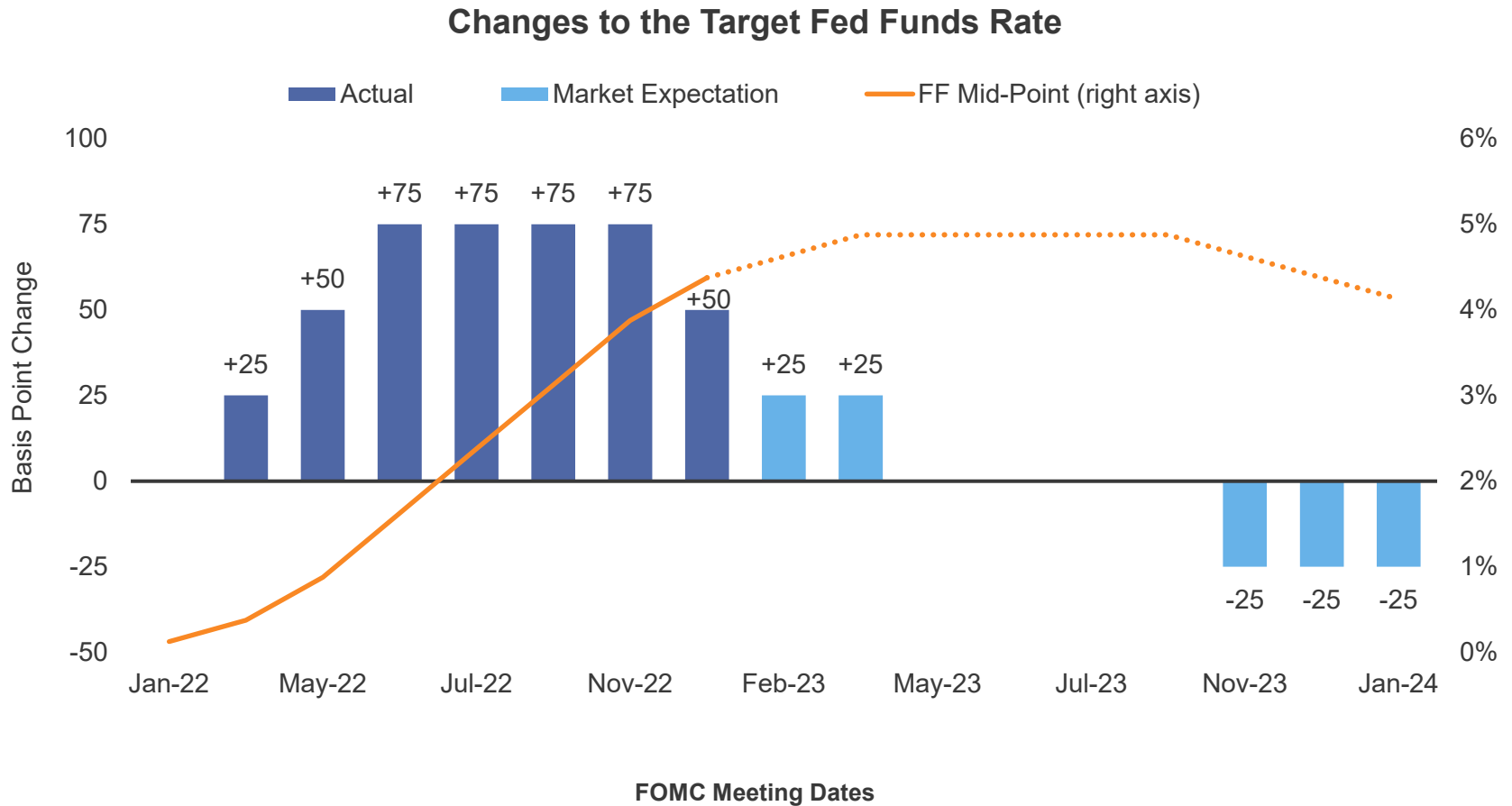
Source: Bloomberg; as of November 2022.

Fed's "Dot Plot" Suggests Expectations for a Drawn Out Normalization of Policy



Source: Federal Reserve and Bloomberg. Individual dots represent each Fed members' judgement of the midpoint of the appropriate target range for the federal funds rate at each year-end.

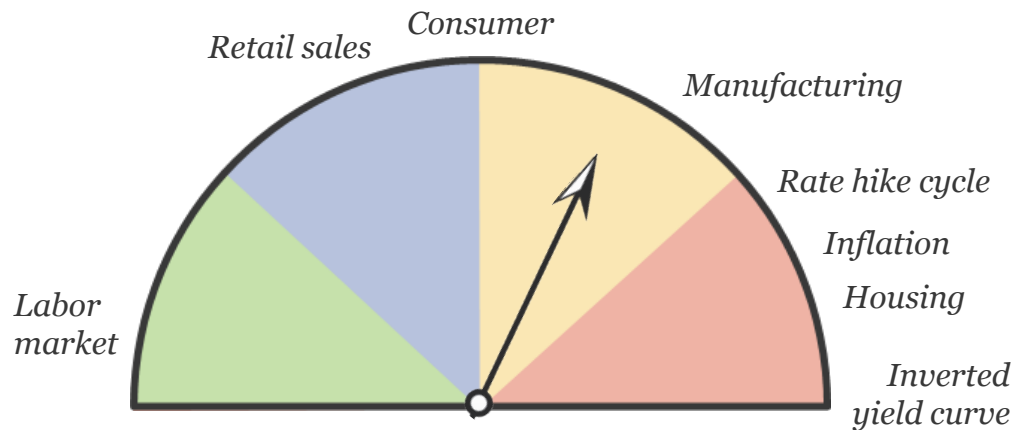
What Could the Fed's Pivot Look Like?



Source: Bloomberg WIRP Interest Rate Probability as of 1/9/2023.

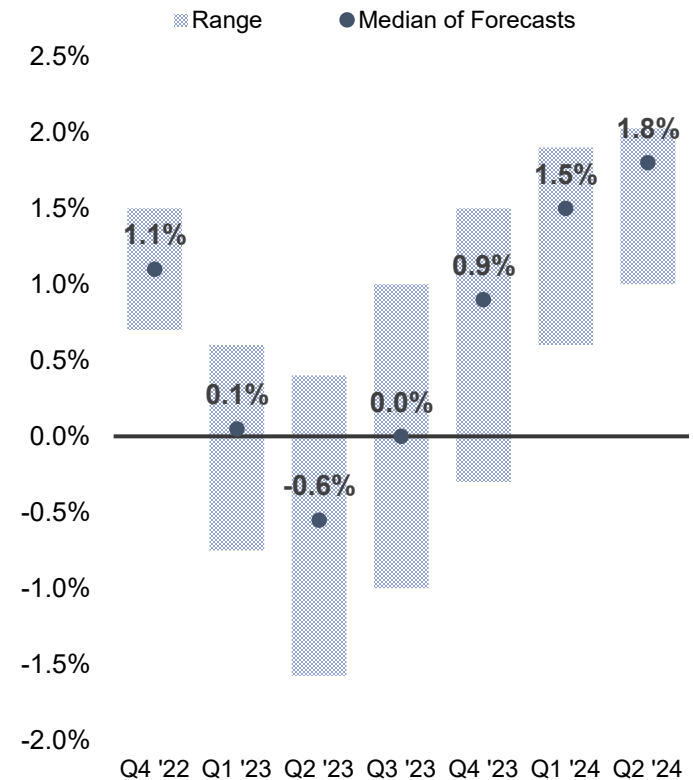
Recession Gauge Flashing Yellow, But GDP Expected to Grow by End of Year

Recession Risk



U.S. GDP Forecasts

Annualized Rate





CALIFORNIA ASSET
MANAGEMENT PROGRAM

As of December 31, 2022

Presented By:

Kyle Tanaka

Relationship Manager

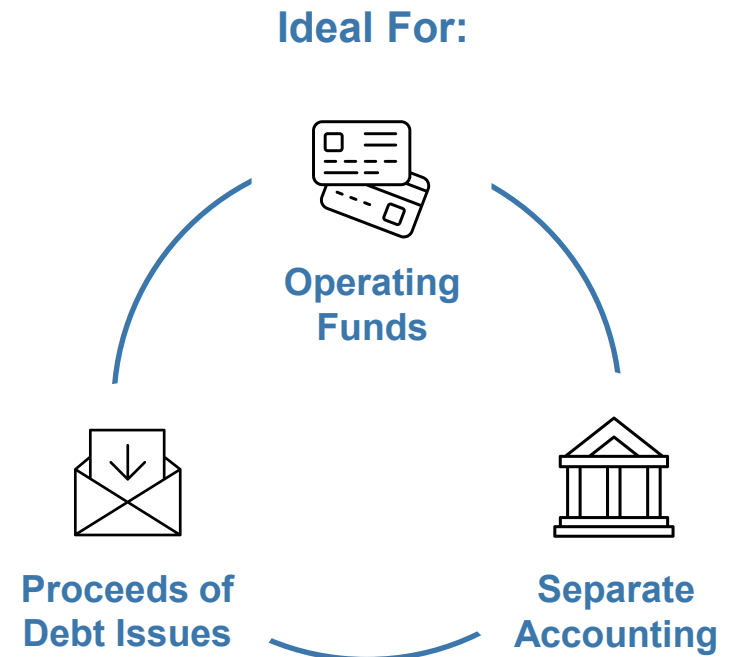
tanakak@pfmam.com

213.500.8694

How do you currently
manage your liquidity?

Cash Reserve Portfolio (Pool)

- Rated AAAm by Standard & Poors¹
- Same-day liquidity (11:00 a.m. PST cut-off)
- Unlimited transactions via wire, ACH, or check
- Online account management
- Option to open multiple sub-accounts
- No minimum investment
- Interest paid monthly
- No additional out of pocket expenses
- Specialized services for bond proceeds



1. Please see important disclosures at the end of this presentation.

CAMP Term

- Rated AA+ by Fitch Ratings¹
- Opportunities to seek competitive interest rates
- Ladder maturities to meet known cash flow needs
- Select from a wide range of maturity dates
- Plan around your interest income stream
- Diversify your portfolio's maturity structure
- Minimum investment of \$1 million
- Maturities range from 60 days to 1 year



CAMP Pool and Term investments can work in tandem toward the goal of meeting your daily liquidity and longer-term cash flow needs.

1. Please see important disclosures at the end of this presentation.

The Pool's Objective:

To earn a competitive rate of return while preserving principal, providing liquidity and seeking a stable net asset value (NAV) of \$1.00.

Pooled Investment Comparison

Features of each pool vary depending on the type of investments selected and should be carefully reviewed before investing.

	CAMP ¹ <i>Established in 1989</i>	LAIF ² <i>Established in 1977</i>
Valuation of NAV	Daily	Monthly
S&P Rating	AAAm	Not Rated
Weighted Average Maturity	31 Days	287 Days
Interest Payment Frequency	Monthly	Quarterly
Investment Limit	10% of the beneficial interest in the Pool	\$75 million per account

1. Source: CAMP website. As of December 31, 2022. Please see important disclosures at the end of this presentation.

2. Source: LAIF website. Weighted average maturity is as of December 31, 2022.

What Does GASB 79 Compliance Mean for Your Agency?

- Participants in pools that follow GASB 79 can use **amortized cost** in their financial reporting and do not need to adjust their investments to fair value.¹
- This is possible because the pool follows GASB 79 criteria for:
 - Portfolio maturity
 - Shadow pricing (per share price of a portfolio based on the market value of the securities in that portfolio)
 - Credit quality
 - Diversification
 - Liquidity

The use of the amortized cost method allows pools to maintain a **stable \$1 NAV** per share.

1. Source: <https://www.gasb.org/page/pageContent?pageId=/standards-guidance/pronouncements/summary--statement-no-79.html>

Cash Reserve Portfolio Characteristics as of December 31, 2022

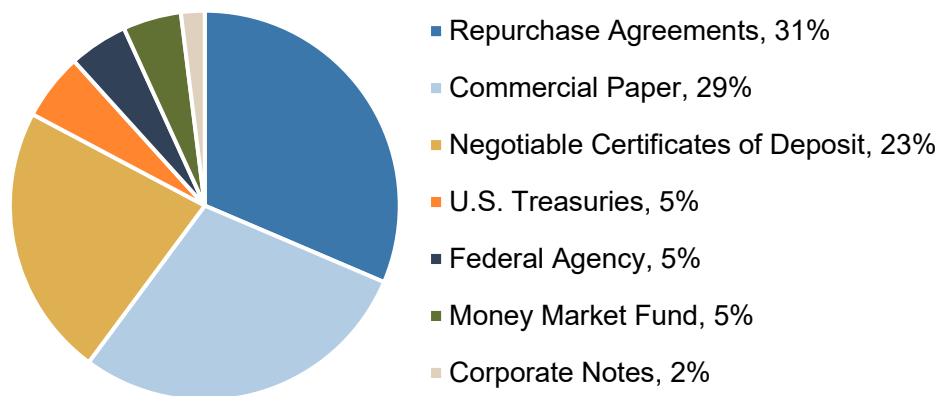
Total Fund Net Assets¹ \$11,951,315,278

Weighted Average Maturity 31 Days

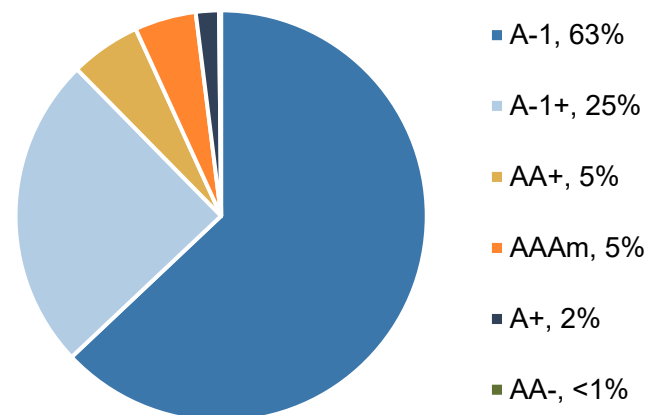
Current 7-Day Yield² 4.49%

Net Asset Value per Share \$1.00

Sector Composition



Credit Quality³



Percentages may not total to 100% due to rounding.

1. Total fund net assets, portfolio holdings valued at amortized cost, trade date based.
2. The current seven-day yield, also known as the current annualized yield, represents the net change, exclusive of capital changes and income other than investment income, in the value of a hypothetical account with a balance of one share (normally \$1.00 per share) over a seven-day base period expressed as a percentage of the value of one share at the beginning of the seven-day period. This resulting net change in account value is then annualized by multiplying it by 365 and dividing the result by 7. Past performance is no guarantee of future results. Yields will fluctuate as market conditions change. The current fund performance may be higher or lower than that cited. Updated monthly.
3. Ratings by Standard & Poor's.

How does CAMP Term work?

Match Investments with Future Cash Needs

Obtain a competitive fixed rate of return for a specified timeframe.

- Term investments are based on a pool of open-market securities like those invested in the Pool.
- They are coordinated with the amount invested and maturities selected by **YOU!**
- The investment periods range from 60 days to one year and interest is paid upon maturity.
- Term investments are purchased with funds from your CAMP Pool account.
- Proceeds from Term maturities flow back into your Pool account to ensure they remain invested.

CAMP Term's Offerings



Laddered maturities
to meet known
cash flow needs



Competitive yields
and potentially
optimized earnings



Customization
around your
future outlays



A wide range
of maturity dates
to choose from



Diversified
portfolio maturity
structure

Our team is here for you.

CAMP's online account management system offers:

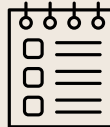
CONVENIENCE

- 24/7 account access
- Document scanning, uploading and sharing
- Electronic access to important documents and files



REPORTING

- Current and historical monthly statements
- Trade notifications
- Ability to perform and track transactions



SECURITY

- Password-protected environment to help mitigate fraud
- Multi-factor authentication
- Custom notifications for account activities



Provides CAMP-specific updates and services:

- Daily yield
- Access to online account management system
- Program enrollment information
- Forms and documents

A Program Governed by Those It Serves

The Board of Trustees comprises experienced government finance directors, treasurers and executive directors.

PRESIDENT

Steve Dial

Deputy Executive Director/CFO
San Joaquin Council of Government

VICE PRESIDENT

Karen Adams, CPA

Treasurer-Tax Collector
Merced County

TREASURER

André Douzdjian

Director of Finance
San Diego Association of Governments

Duane Wolterstorff, CPA

Senior Director,
Planning and Facilities
Modesto City Schools

Lauren Warrem, CPA

Chief Deputy Treasurer
San Diego County

Jordan Kaufman

Treasurer-Tax Collector
Kern County

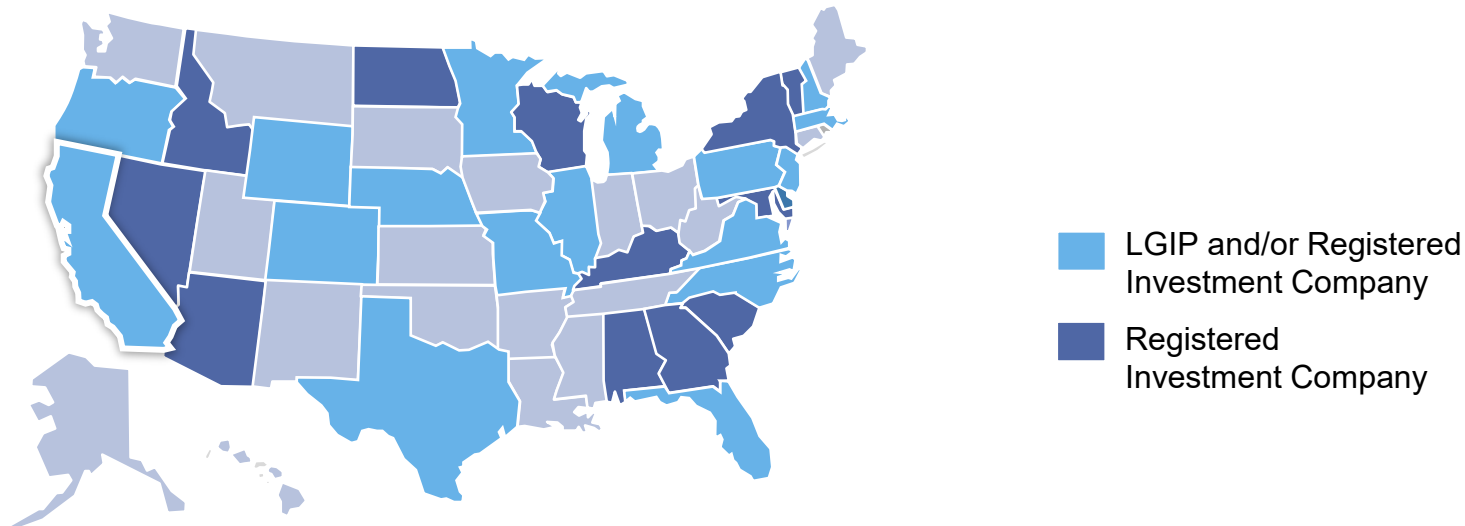
David Persselin

Finance Director/Treasurer
City of Fremont

Advised by a Pioneer in the LGIP Industry

- CAMP's investment advisor helped pioneer the first LGIP – a Pennsylvania LGIP in 1981.
- Served by resources supporting:
 - 18 local government investment pools and one SEC-registered investment company whose series or classes are registered in multiple states
 - \$42.9 billion in combined total assets from over 5,500 participants in these programs¹

CAMP was **established in 1989** as a Joint Powers Authority to provide California public agencies with professional investment services.



Dedicated Client Service Team



Jeremy King

Key Account Manager



Rachael Miller

Client Consultant



DeWayne Fields

Client Service Representative

1-800-729-7665 | camp@pfmam.com | CAMPOnline.com

Professional Service Providers

The Board of Trustees has contracted for all services with national firms.

SERVICES	PROVIDERS
Program Administrator, Investment Adviser, and Rebate Calculation Agent	PFM Asset Management LLC
Custodian	U.S. Bank National Association
Auditor	Ernst & Young, LLP
Legal Counsel	Nossaman LLP

How to Join CAMP

- There is no minimum initial investment or account balance to invest in the Cash Reserve Portfolio. **The minimum to invest in Term is \$1 million.**
- Public agencies are welcome to invest as either a Participant or as an Investor.
- CAMP's Shareholders consist of 50% Participants and 50% Investors.¹

	PARTICIPANTS	INVESTORS
Join CAMP	Complete resolution & account application	Complete account application
Earn competitive yield	✓	✓
Same-day transactions	✓	✓
Vote in annual proxy ²	✓	-
Eligible for board membership	✓	-

1. As of December 31, 2022.

2. Proxy voters decide on CAMP's investment policy and approve board members.

Disclaimer

*CAMP® is a registered trademark and the CAMP logos and designs are trademarks owned by the California Asset Management Trust (Trust). This information is for institutional investor use only, not for further distribution to retail investors, and does not represent an offer to sell or a solicitation of an offer to buy or sell any fund or other security. Investors should consider the Trust's investment objectives, risks, charges and expenses before investing in the Trust. This and other information about the Trust is available in the Trust's current Program Guide, which should be read carefully before investing. A copy of the Trust's Program Guide may be obtained by calling 1-800-729-7665 or is available on the Trust's website at www.camponline.com. While the Cash Reserve Portfolio seeks to maintain a stable net asset value of \$1.00 per share and the CAMP Term Portfolio seeks to achieve a net asset value of \$1.00 per share at the stated maturity, it is possible to lose money investing in the Trust. An investment in the Trust is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Shares of the Trust are distributed by **PFM Fund Distributors, Inc.**, member Financial Industry Regulatory Authority (FINRA) (www.finra.org) and Securities Investor Protection Corporation (SIPC) (www.sipc.org). PFM Fund Distributors, Inc. is an affiliate of PFM Asset Management LLC.*

Disclaimer Continued

Standard & Poor's fund ratings are based on analysis of credit quality, market price exposure, and management. According to Standard & Poor's rating criteria, the AAAm rating signifies excellent safety of investment principal and a superior capacity to maintain a \$1.00 per share net asset value. However, it should be understood that the rating is not a "market" rating nor a recommendation to buy, hold or sell the securities.

For a full description on rating methodology, visit Standard & Poor's website (http://www.standardandpoors.com/ratings/en_US/web/guest/home).

The AAAf rating reflects Fitch Ratings' ("Fitch") review of the Term program's investment and credit guidelines, the portfolio's credit quality and diversification, as well as the capabilities of PFM Asset Management LLC as investment adviser. It indicates the highest underlying credit quality (or lowest vulnerability to default). However, it should be understood that this rating is not a "market" rating nor a recommendation to buy, hold or sell the securities. For a full description on rating methodology visit www.fitchratings.com.

Disclaimer Continued

PFM Asset Management LLC ("PFMAM") serves as CAMP's Program Administrator, Investment Adviser and Rebate Calculation Agent. PFMAM specializes in meeting the investment needs of public agencies. PFMAM is registered as an investment adviser with the Securities and Exchange Commission ("SEC") under the Investment Advisers Act of 1940.

PFMAM is a subsidiary of U.S. Bancorp Asset Management, Inc. "USBAM"). USBAM is a subsidiary of U.S. Bank National Association ("U.S. Bank"). U.S. Bank is a separate entity and subsidiary of U.S. Bancorp. U.S. Bank is not responsible for and does not guarantee the products, services or performance of PFMAM.

Memo

Date: February 15, 2023

To: Olivenhain Municipal Water District Board of Directors

From: Rainy K. Selamat, Finance Manager

Via: Kimberly Thorner, General Manager

Subject: **CONSIDER ADOPTION OF A RESOLUTION OF THE BOARD OF DIRECTORS OF THE OLIVENHAIN MUNICIPAL WATER DISTRICT DESIGNATING DEPOSITORIES AND AUTHORIZING INVESTMENTS FOR THE MONEY OF THE DISTRICT AND DESIGNATING THE SIGNATORIES FOR THE MANAGEMENT OF THE DISTRICT DEPOSITS AND RESCINDING RESOLUTION 2021-02**

Purpose

This is a housekeeping item. The purpose of this item is to consider adoption of a resolution to change the designated signatories of the District's bank and investments accounts in order to reflect the 2023 Board roster.

Recommendation

It is recommended that the Board adopt the attached resolution and rescind Resolution 2021-02.

Alternative

This is a housekeeping item. The Board may decide not to adopt the attached resolution as recommended by staff and instruct staff otherwise, however, the attached resolution matches the current Board roster and staffing at OMWD.

Background

This resolution is updated regularly to reflect changes to the Board roster or staffing.

Fiscal Impact

Not Applicable.

Discussion

The attached resolution was updated to remove Kristie Bruce-Lane and Robert Topolovac from the District's list of authorized signatures and add Director Hahn and Director San Antonio to the authorized list of signers, and to include the new board officer positions approved by the Board at the January 18, 2023 meeting.

Following approval of the resolution, staff will update all relevant signature cards with the District's financial institutions to reflect the changes.

Staff will be available at the meeting to answer questions.

Attachment: Resolution 2023-xx

RESOLUTION NO. 2023-xx

RESOLUTION OF THE BOARD OF DIRECTORS OF THE OLIVENHAIN
MUNICIPAL WATER DISTRICT DESIGNATING DEPOSITORIES AND
AUTHORIZING INVESTMENTS FOR THE MONEY OF THE DISTRICT
AND DESIGNATING THE SIGNATORIES FOR THE MANAGEMENT OF
THE DISTRICT DEPOSITS AND RESCINDING RESOLUTION 2021-02

WHEREAS, there is a Local Agency Investment Fund in the State Treasury, Government Code Section 16429.1 et. seq., which Fund is used as a depository for the District; and

WHEREAS, there is a General Account in California Bank and Trust, which Fund is used as depository for the District; and

WHEREAS, there is a First American Government Obligations Money Market Fund in US Bank NA, which is used as a depository for the District; and

WHEREAS, there is an Investment Pool of permitted investments under Government Code Section 53601 (p) in California Asset Management Program, A California Joint Powers Authority ("JPA"), which Fund is used as a depository for the District; and

WHEREAS, the District is authorized to deposit funds for safekeeping in State and National banks or State or Federal savings and loan associations under the conditions outlined in Government Code Section 53635.5 et. seq. (Deposit of Funds); and Government Code Section 61737.01 et. seq. (Deposit of Funds); and Government Code Section 61737.01 et. seq. (Alternate Depository of District Money); and the District desires to continue to utilize those facilities for the deposit of funds; and

WHEREAS, the District has from time to time authorized the deposit of funds in various banks and savings and loan associations and has consolidated those resolutions into a single resolution together with the authorization for signatories in the management of the District's accounts; and

WHEREAS, California Water Code Section 71361 provides that "The Treasurer, or such other person or persons as may be authorized by the Board, shall draw checks or warrants or electronic fund transfers to pay demands when such demands have been audited and approved in the manner prescribed by the Board"; and

WHEREAS, the District is authorized to make investments under the conditions outlined in Government Code Section 53601 et. seq. (Investment of Surplus); and

WHEREAS, the District desires to invest surplus funds in investments as permitted under Government Code Sections 53600, et seq.; and

RESOLUTION 2023-xx *continued*

WHEREAS, Section 71365 of the California Water Code provides for bonding the General Manager, Secretary, Treasurer and other employees or assistants as designated by the Board with premiums to be paid by the District and Section 71306 provides that the Board may require and fix the amount of all official bonds necessary for protection of the funds and property of the District.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE OLIVENHAIN MUNICIPAL WATER DISTRICT DOES HEREBY FIND, DETERMINE, RESOLVE AND ORDER AS FOLLOWS:

SECTION 1: The following financial institutions are designated as depositories of the District funds:

CALIFORNIA BANK & TRUST	(Business Checking Account, Payroll Account, Loan, and Investments)
LINCOLN NATIONAL LIFE INS	(Deferred Compensation Plan Only)
CALIFORNIA PUBLIC EMPLOYEE RETIREMENT SYSTEM 457 PLAN	(Deferred Compensation Plan Only)
U.S. BANK NA	(Investments and Bond Reserve & Service Funds)
MUTUAL SECURITIES, INC	(Investment)
UBS FINANCIAL SERVICES, INC	(Investment)
RAYMOND JAMES FINANCIAL, INC	(Investment)

SECTION 2: The persons authorized to sign documents relating to the management of any District funds listed in Section 1 are any one of the following persons:

PRESIDENT	CHRISTY GUERIN
VICE PRESIDENT	MATTHEW HAHN
TREASURER	NEAL S. MEYERS
SECRETARY	LAWRENCE A. WATT
DIRECTOR	MARCO SAN ANTONIO
GENERAL MANAGER	KIMBERLY A. THORNER
ASSISTANT GENERAL MANAGER	JOSEPH RANDALL
FINANCE MANAGER	RAINY K. SELAMAT

RESOLUTION 2023-xx *continued*

SECTION 3: The State Treasury's Local Agency Investment Fund, the California Asset Management Program (CAMP), California Bank and Trust, and US Bank First American Government Obligations Money Market Fund are further designated as depositories of District funds.

Any transaction where District funds are transferred from one to another of the following accounts of the State Treasury Local Agency Investment Fund (LAIF), the California Asset Management Program (CAMP), U.S. Bank NA, Raymond James, Mutual Securities, UBS Financial Services, and California Bank & Trust or any institution holding bond reserves or providing bond services shall require authorization by telephone, facsimile, or letter by only one of the following persons:

PRESIDENT	CHRISTY GUERIN
VICE PRESIDENT	MATTHEW HAHN
TREASURER	NEAL S. MEYERS
SECRETARY	LAWRENCE A. WATT
DIRECTOR	MARCO SAN ANTONIO
GENERAL MANAGER	KIMBERLY A. THORNER
ASSISTANT GENERAL MANAGER	JOSEPH RANDALL
FINANCE MANAGER	RAINY K. SELAMAT
FINANCIAL ANALYST	JARED GRAFFAM
ACCOUNTING SUPERVISOR	LEO MENDEZ

All such withdrawals shall be deposited into the District's Business Checking Account at California Bank & Trust. The Business Checking Account shall be used to pay accounts of the District.

SECTION 4: Any withdrawal from the District's Business Checking Account (more than \$25,000.00) shall require signatures of any two (2) of the following persons:

PRESIDENT	CHRISTY GUERIN
VICE PRESIDENT	MATTHEW HAHN
TREASURER	NEAL S. MEYERS
SECRETARY	LAWRENCE A. WATT
DIRECTOR	MARCO SAN ANTONIO

RESOLUTION 2023-xx *continued*

GENERAL MANAGER
ASSISTANT GENERAL MANAGER
FINANCE MANAGER

KIMBERLY A. THORNER
JOSEPH RANDALL
RAINY K. SELAMAT

SECTION 5: Any withdrawal from the District's Business Checking Account (less than \$25,000.00) shall require signatures from any two (2) of the following persons:

PRESIDENT
VICE PRESIDENT
TREASURER
SECRETARY
DIRECTOR

CHRISTY GUERIN
MATTHEW HAHN
NEAL S. MEYERS
LAWRENCE A. WATT
MARCO SAN ANTONIO

GENERAL MANAGER
ASSISTANT GENERAL MANAGER
FINANCE MANAGER
FINANCIAL ANALYST
ACCOUNTING SUPERVISOR

KIMBERLY A. THORNER
JOSEPH RANDALL
RAINY K. SELAMAT
JARED GRAFFAM
LEO MENDEZ

SECTION 6: Any withdrawal from the District's payroll checking account shall require signatures of any two (2) of the following persons:

PRESIDENT
VICE PRESIDENT
TREASURER
SECRETARY
DIRECTOR

CHRISTY GUERIN
MATTHEW HAHN
NEAL S. MEYERS
LAWRENCE A. WATT
MARCO SAN ANTONIO

GENERAL MANAGER
ASSISTANT GENERAL MANAGER
FINANCE MANAGER
ACCOUNTING SUPERVISOR

KIMBERLY A. THORNER
JOSEPH RANDALL
RAINY K. SELAMAT
LEO MENDEZ

SECTION 7: The General Manager and Treasurer shall ensure that each depository is furnished with current signature certificates of the incumbents of the positions designated above in Sections 3, 4, 5 and 6 and that the signature authorizations are terminated when assignment to the foregoing positions are terminated.

RESOLUTION 2023-xx *continued*

SECTION 8: Any transaction with respect to District funds shall require action by the individuals assigned to the positions set forth in Sections 3, 4, 5, and 6 as follows:

8.1 Any transaction to reassign funds to different accounts maintained with any single depository, or to transfer funds from a District account in one authorized depository to a District account in another authorized depository, shall require action by one of the persons designated in Section 3 above.

8.2 Any transaction relating to the expenditure of District funds not covered by Sections 4,5, or 6 shall require signature by two of the persons designated in Section 2.

8.3 Any transaction to buy or sell securities held by the District shall require two signatures of any of the persons listed in Section 3.

SECTION 9: The District's investment policy, annually reviewed and approved by the Board of Directors, shall provide specific guidelines for the permitted investment of District Funds.

SECTION 10: Resolution 2021-02 of the District is hereby rescinded and superseded by the provisions of this Resolution.

SECTION 11: Each of the incumbents of the positions designated in Sections 3, 4, 5 and 6 shall be bonded in an amount not less than \$250,000 for the faithful performance of their duties with respect to the management of District Funds.

SECTION 12: The Secretary is hereby authorized and directed to furnish a certified copy of this Resolution to the District's depositories.

SECTION 13: Depositories, banks, and financial institutions are authorized to rely upon this resolution in handling financial transactions for the District.

SECTION 14: This Resolution shall become effective upon adoption.

RESOLUTION 2023-xx *continued*

PASSED, ADOPTED AND APPROVED at a regular meeting of the Board of Directors of the Olivenhain Municipal Water District held on February 15, 2023.

Christy Guerin, President
Board of Directors
Olivenhain Municipal Water District

ATTEST:

Lawrence A. Watt, Secretary
Board of Directors
Olivenhain Municipal Water District

Memo

Date: February 15, 2023
To: Olivenhain Municipal Water District Board of Directors
From: Jeff Anderson, Park Supervisor
Via: Kimberly A. Thorner, General Manager
Subject: **CONSIDER UPDATE ON ELFIN FOREST RECREATIONAL RESERVE
(INFORMATIONAL ITEM)**

Purpose

The purpose of this agenda item is to provide an update to the board on Calendar Year 2022 activities at Elfin Forest Recreational Reserve, including grant activity, volunteer programs, education program, policy, and projects.

Recommendation

This is an informational item; no action is required.

Alternative(s)

Not applicable; informational item only.

Background

This is a general annual update to the board on the status of EFRR, its programs, projects, and policies. Directors San Antonio and Watt serve on the EFRR Executive Committee which oversees the implementation of EFRR's policies, programs, projects and annual objectives. This committee meets annually or as needed, and consists of representatives from both OMWD and the Escondido Creek Conservancy.

Fiscal Impact

Not applicable; informational item only.

Discussion

Staff will review the attached presentation with the board at the February 15 meeting.

Attachments: Presentation – Update on Elfin Forest Recreational Reserve



UPDATE ON ELFIN FOREST RECREATIONAL RESERVE

FEBRUARY 15, 2023

JANUARY – MARCH 2022



- New dog leash rule in effect at EFRR
- Submitted grant application to Land and Water Conservation Fund for overflow parking lot project
- Began CEQA notice of exemption process for overflow parking lot project
- Hosted Water for People fundraiser
- Completed post and cable fencing project at Ridgetop Picnic Area



APRIL – JUNE 2022



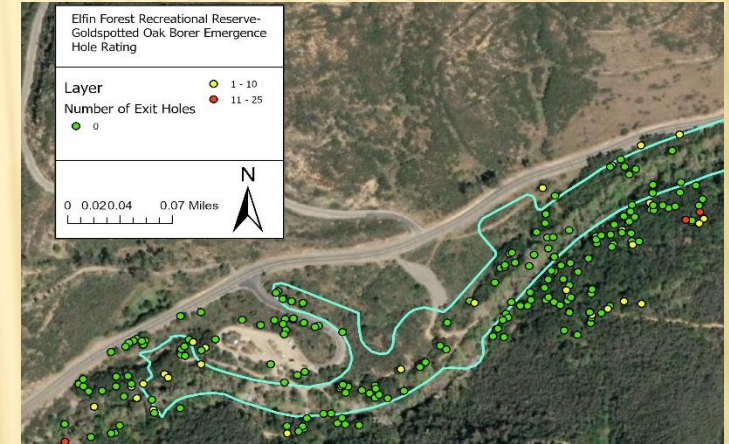
- Submitted grant application to Recreational Trails Program for overflow parking lot project
- Completed second year of Gold Spotted Oak Borer surveying
- Replaced end-of-life solar panels and security cameras at Interpretive Center
- Coordinated volunteer field trips to Torrey Pines State Park and San Dieguito River Park



JULY – SEPTEMBER 2022



- Hosted volunteer appreciation BBQ
- Received site visit from representative from Recreational Trails Program grant
- CEQA completed on overflow parking lot project and Cielo Azul trail connector
- Awarded \$25K grant from Supervisor Lawson-Remer for trail rehab project on Equine Incline trail



OCTOBER – DECEMBER 2022



- Removed 5 large oak trees that were killed by GSOB
- Painted EFRR driveway to increase pedestrian safety
- Kicked off 16th annual EFRR Photo Contest
- Completed Lower Cielo Trail fence replacement project
- Celebrated EFRR's 30th anniversary



2022 NUMBERS (2021 NUMBERS)



- ❖ Number of docents – 65 (63)
- ❖ Volunteer hours (docent + trail patrol) – 951 (715)
- ❖ Days Interpretive Center open – 217 (86)
- ❖ Interpretive Center visitors – 4,181 (1,646)
- ❖ Volunteer trail patrols – 75 (50)
- ❖ Field trip students to EFRR – 1,500 (482)
- ❖ Visitors to EFRR – 112,339 (127,489)
- ❖ Days Closed due to weather – 6 (9.5)
- ❖ Special Event Permits – 13 (16)
- ❖ Incident Reports – 63 (75)
- ❖ Emergency Responses – 2 (7)

GRANT UPDATES



- ❖ In 2022, OMWD applied to 3 grants for EFRR
 - ❖ Land and Water Conservation Fund and Recreational Trails Program (overflow parking lot) and San Diego County (trail rehabilitation)
- ❖ OMWD was awarded \$25K from the County for rehabilitation of the Equine Incline Trail
- ❖ OMWD was not selected for funding by Land and Water Conservation Fund
- ❖ OMWD completed CEQA for overflow parking lot project and Cielo Azul trail connector
- ❖ OMWD awarded \$849,216 through Recreational Trails Program Grant (January 2023)

INTERPRETIVE CENTER UPGRADES

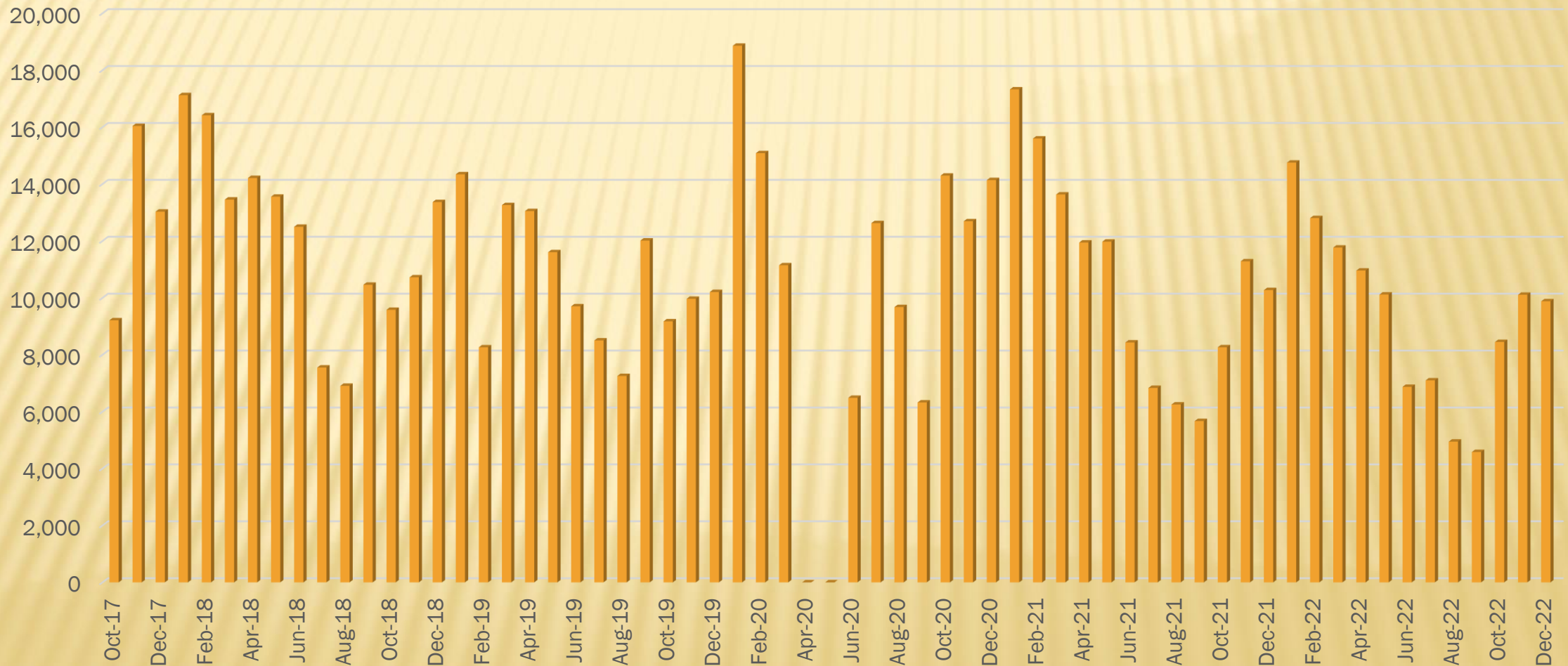


- ❖ IC's solar panels were failing and having trouble keeping up with power demands of IC
- ❖ New panels increased capacity from 2.4 kWh to 4.3 kWh and they are more efficient in overcast conditions
- ❖ Technology in IC's original security cameras were from 2009 and could only capture video in standard definition
- ❖ New cameras improve security by capturing video in 4K resolution and have improved night vision capabilities; on-site DVR for storing video was also upgraded

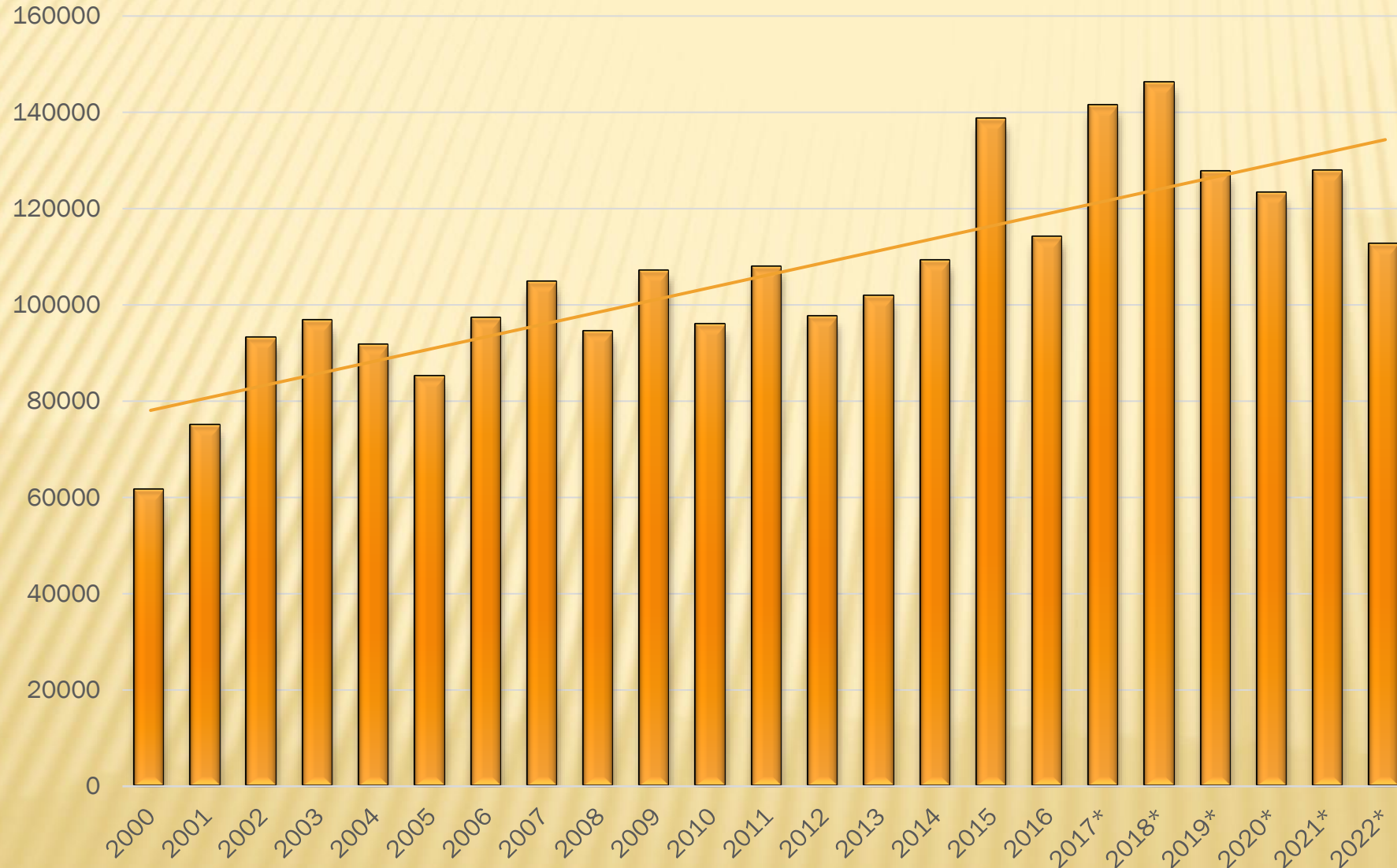
EFRR TRAIL COUNTER DATA



Monthly Data 2017 - 2022



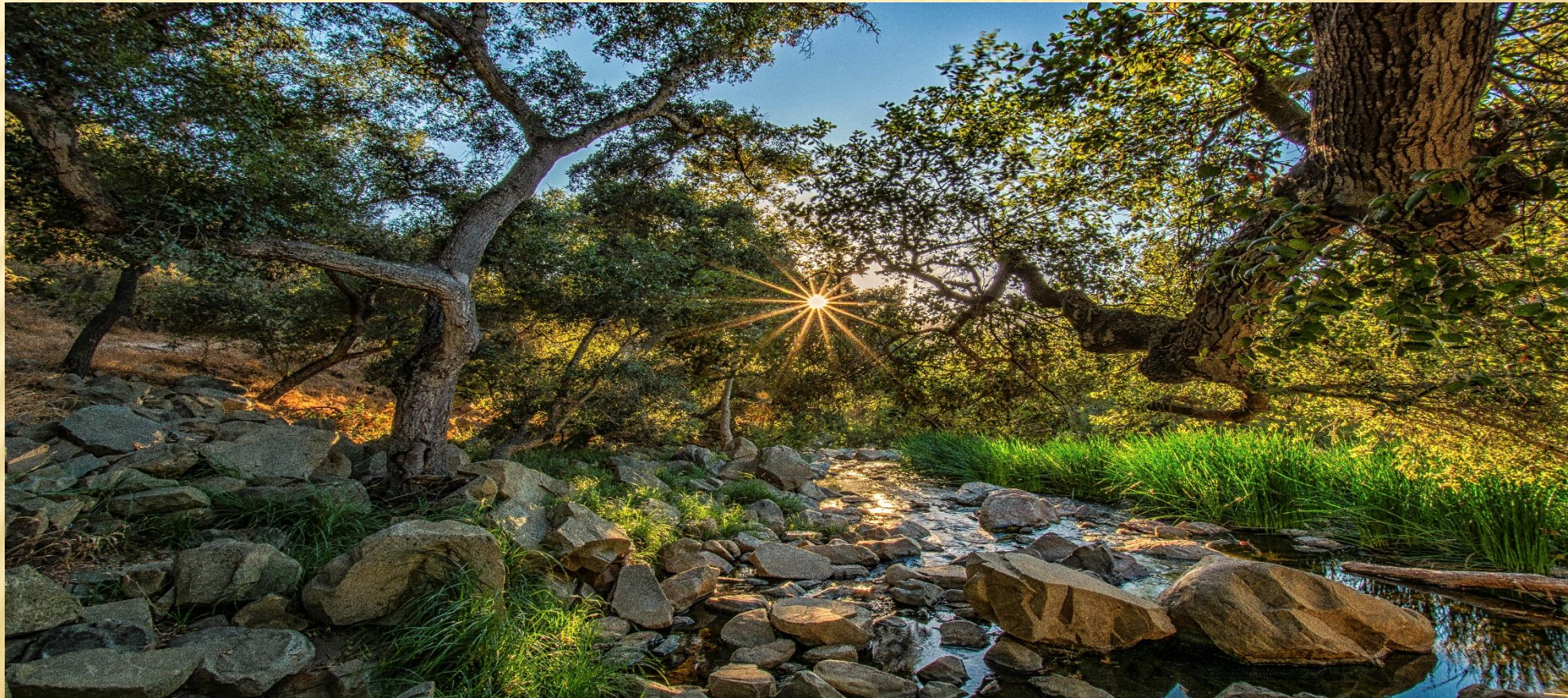
ANNUAL EFRR VISITOR TREND



2000:	61,185
2001:	74,615
2002:	92,820
2003:	96,293
2004:	91,378
2005:	84,765
2006:	96,915
2007:	104,408
2008:	94,118
2009:	106,713
2010:	95,523
2011:	107,433
2012:	97,120
2013:	101,363
2014:	108,820
2015:	138,305
2016:	113,790
2017:	141,103*
2018:	145,852*
2019:	127,341*
2020:	122,950*
2021:	127,489*
2022:	112,339*

*Trail counter used to measure visitor count. Visitor count based on car counter prior to 2017.

QUESTIONS?



Memo

Date: February 15, 2023
To: Olivenhain Municipal Water District Board of Directors
From: Rainy K. Selamat, Finance Manager
Via: Kimberly Thorner, General Manager
Subject: **CONSIDER ADOPTION OF AN ORDINANCE AMENDING THE DISTRICT'S ADMINISTRATIVE AND ETHICS CODE (Article 8 – Water Rates and Charges) TO TAKE EFFECT ON MARCH 1, 2023**

Purpose

This item, if approved and adopted by the Board, will amend the District's Administrative and Ethics Code and formally adopt water rates and charges, Demand Reduction Rate Adjustments, and Rate Reimbursement Credit effective March 1, 2023. Proposed changes to certain sections of Article 8 are in compliance with the Proposition 218 Notice and the District's pass-through ordinance. The total recommended revenue adjustment to pass through Purchased Water Wholesale increases and annual inflation adjustment for 2023, net of the Rate Reimbursement Credit, is 5.9%.

Recommendation

The proposed changes to OMWD's water rates and charges for 2023 were discussed and approved by OMWD Finance Committee (Director Meyers and Director Watt) at its regular meeting on January 24, 2023. Staff is recommending the Board consider and adopt amendments to Article 8 – Water Rates and Charges.

Amendments to Article 8 (attached) include:

- A 7.35% pass-through increase in purchased water wholesale costs from San Diego County Water Authority (SDCWA) effective January 1, 2023
- A 1.3% increase in fixed charges assessed by SDCWA effective January 1, 2023
- A 6.7% increase in recycled water costs to OMWD from recycled water suppliers
- A 6.35% inflation adjustment based on the change in San Diego Consumer Price Index (SDCPI) for All-Urban Consumers between 2020 and 2021.
- Continue with Board Approved Rate Reimbursement **Credit** of 6.9 cent per unit of potable water billed to help offset the proposed increases to OMWD commodity and fixed monthly charge for 2023.

The recommended revenue adjustment to pass through Purchased Water Wholesale increases and annual inflation adjustment for 2023, net of the Rate Reimbursement Credit, is 5.9%. A 5.9% revenue adjustment is below the 9% threshold included in OMWD's rate ordinance authorized by the Board in 2019, and allows OMWD to remain well below the average water rate in the county for the average OMWD customer.

Alternative

The Board could decide to delay the proposed increases to OMWD water rates and charges. A one-month delay in adoption of the ordinance would result in a revenue loss of approximately \$284,000.

Background

To avoid operational deficits, depletion of reserves, and inability to address water capital infrastructure needs, OMWD Board of Directors adopted an ordinance that would authorize the District, commencing January 1, 2020, and at any time through and including December 31, 2024, to pass through any: (1) increases in purchased water wholesale costs from SDCWA, and any other wholesale water charge increases imposed on OMWD by its public agency water supplier (Purchased Water Wholesale Pass-Through); (2) increases to SDCWA fixed monthly meter fees collected on water meters (SDCWA Infrastructure Access Charge); (3) increases to the District's Costs of Operations and Maintenance and Capital Facility based on over-the-year percent change in the San Diego County Consumer Price Index for All Urban Customers (Inflationary Pass-Through); and (4) increases in water rates or any other charges mandated by the State of California

and imposed on the District (CA Pass-Through.) **Any and all Pass-Through Increases and Adjustments shall not exceed 9% per year, and in no event will these increases result in rates exceeding OMWD's cost of providing water services.**

Purchased Water Wholesale Pass-Through from San Diego County Water Authority (SDCWA)

On June 15, 2022, SDCWA's Board of Directors adopted a 3.7% increase to the County's "All-In" untreated and treated water cost per acre foot for calendar year 2023. However, the actual impact of SDCWA water rate increases varies by each member agency since SDCWA water rate increases to each member agency are both fixed and variable. This translated into a 7.5% per acre foot increase to the District's untreated supply rate from SDCWA, a 0% increase to the District's transportation rate (SDCWA Board did not increase for CY 2023), and a 1.3% increase in fixed charges from SDCWA effective January 1, 2023.

Purchased Water Wholesale Pass-Through from Recycled Water Suppliers

On July 1, 2022, Vallecitos Water District, San Elijo Joint Power Association, and City of San Diego increased their recycled water costs. Actions by the District's recycled water suppliers and an increase in recycled water purchases are anticipated to result in an increase of **6.7%** to the District's blended recycled wholesale rate per acre foot.

SDCWA Infrastructure Access Charge (IAC)

No change. SDCWA Board has kept the SDCWA-IAC unchanged for 2023 for all water meters in the County. SDCWA-IAC is a pass-through fixed monthly meter fee collected from OMWD potable water customers on behalf of SDCWA to pay for regional water infrastructure needs.

Inflation Pass-Through

A 6.35% inflationary increase based on the second half 2021 over the second half 2020 San Diego County Consumer Price Index for All Urban Consumers (CPI).

OMWD Fire Meter Charge

It is a monthly fixed charge on all OMWD's fire meters, depending on fire meter size. OMWD installed fire meters on certain properties as a fire suppression system as requested by the property owner for fire service protection. OMWD Fire Meter Charge

for 2023 would be the proposed fire meter charges for March 1, 2023 as shown on OMWD's Proposition 218 Notice.

Rate Reimbursement Credit approved by OMWD's Board of Directors

A 6.9 cent credit per unit of potable water billed, beginning with March 1, 2022 until the rebate amount received from SDCWA is refunded to OMWD customers. The Rate Reimbursement Credit was approved by OMWD Board of Directors at the November 17, 2021 meeting to help offset purchased water cost increases to OMWD's commodity rates and fixed monthly charges. Since inception, OMWD potable water customers have received \$430,000 as a deduct (credit) to their monthly water bills.

Fiscal Impact

Adopting the water rates and charges and the Rate Reimbursement Credit shown in the attached ordinance would increase the District's revenue projection by 5.9% or \$3.4 million for the next 12 months to pay for increased costs of purchased water and providing water services to customers.

Actual pass-through increases and adjustments for 2023 is a 5.9% increase to the District's revenue requirements from water rates and charges, which is lower than the 9% threshold set by the Board in the 2019 rate ordinance for 2023. **Utilizing the Rate Reimbursement Credit approved by the Board to offset 2023 cost increases reduce the District's water rate increases from 6.8% to 5.9%.**

The impact of a 5.9% revenue adjustment on water rates and charges for 2023 will vary for each OMWD customer's water bill depending on customer type, meter, and consumption. An average OMWD residential customer with a 3/4" meter, with no fire meter, using 23 units of water per month, will see an increase of \$8.92 or 5.7% on their monthly water bill. A small residential customer, who has 3/4" meter and uses 5 units of water per month, with no fire meter, will see an increase of \$2.73 or 4.4% on their monthly water bill. A large residential customer, who has 1" water meter and uses 80 units of water per month, will see an increase of \$32.24 or 6.15% on their monthly water bill.

Discussion

The proposed pass-through increases were reviewed by the Board at the October 19, 2022, meeting and the District's Finance Committee (Director Meyers and Director Watt) on January 24, 2023.

The proposed pass-through increases were also reviewed by Raftelis Financial Consultants (the District's Rate Consultant) to ensure compliance with the Pass-Through Ordinance adopted by the Board and the District's Revenue Policy. Since the proposed increases and adjustments for 2023 are consistent with the above ordinance, a public hearing is not required.

In order to stay compliant with the Proposition 218 Notice the District is required provide a written notice to customers of any increases in its water rates and charges at least 30 days prior to implementation. Reasons for the proposed changes in OMWD's water rates and charges for 2023 were included in the January 2023 edition of OMWD's newsletter, Watching Water. The January 2023 Watching Water newsletter was mailed out to water customers with the January water bills to save mailing and postage costs. Electronic Bill water customers have also been notified and referred to the January 2023 Watching Water for information on the proposed 2023 water rates and charges.

As of the writing of this memo, the District received two (2) comments on the water rate increases. Copies of customer's comments on the 2023 water rate increases with staff's responses are attached for Board's review and consideration.

Attachments: Ordinance and Exhibit

January 2023 Watching Water

PowerPoint on Proposed 2023 Pass-Through Increases and Adjustments

Comments on 2023 rates (email)

ORDINANCE NO. 5xx

AN ORDINANCE OF THE BOARD OF DIRECTORS OF
THE OLIVENHAIN MUNICIPAL WATER DISTRICT
AMENDING THE DISTRICT'S ADMINISTRATIVE AND ETHICS CODE
(Article 8 – Water Rates and Charges)

BE IT ORDAINED by the Board of Directors of Olivenhain Municipal Water District as follows:

SECTION 1: Sections 8 (1), 8 (2), and 8 (3) of Article 8 of OMWD's Administrative and Ethics Code, Policy for District's Facilities, are hereby revised to read as shown on Exhibit A (attached).

PASSED, APPROVED AND ADOPTED at a regular meeting of Olivenhain Municipal Water District's Board of Directors held this 15th day of February 2023.

Christy Guerin, President
Board of Directors
Olivenhain Municipal Water District

ATTEST:

Lawrence A. Watt, Secretary
Board of Directors
Olivenhain Municipal Water District

Exhibit A

OLIVENHAIN MUNICIPAL WATER DISTRICT ADMINISTRATIVE AND ETHICS CODE	Article No. 8	Page 1 of 7
	Title WATER RATES & CHARGES	
	Latest Revision Date <u>February 15,</u> <u>2023</u> August 17, 2022	Ordinance No. 5XX03

ARTICLE 8 WATER RATES & CHARGES

Sec. 8.1. Treated Water Rates.

A. Domestic Rates.

The rates to be charged and collected for water supplied to Domestic users, as defined in Section 9.1.1. shall be charged using a four-step increasing block rate structure as follows:

Base Rates effective March 1, 202~~32~~:

<u>No. of Units</u>	<u>Rate</u>
0-6 Units	\$3.68 <u>3.92</u>
7-23 units	\$5.34 <u>5.69</u>
24-80 Units	\$5.96 <u>6.35</u>
Over 80 units	\$7.09 <u>7.55</u>

10% Demand Reduction Rates effective March 1, 202~~32~~23:

<u>No. of Units</u>	<u>Rate</u>
0-6 Units	\$3.91 <u>4.15</u>
7-23 units	\$5.57 <u>5.92</u>
24-80 Units	\$6.19 <u>6.58</u>
Over 80 units	\$7.32 <u>7.78</u>

20% Demand Reduction Rates effective March 1, 202~~32~~23:

<u>No. of Units</u>	<u>Rate</u>
0-6 Units	\$4.18 <u>4.42</u>
7-23 units	\$5.84 <u>6.19</u>
24-80 Units	\$6.46 <u>6.85</u>
Over 80 units	\$7.59 <u>8.05</u>

30% Demand Reduction Rates effective March 1, 202~~32~~23:

<u>No. of Units</u>	<u>Rate</u>
0-6 Units	\$4.53 <u>4.77</u>
7-23 units	\$6.19 <u>6.54</u>
24-80 Units	\$6.81 <u>7.20</u>
Over 80 units	\$7.94 <u>8.40</u>

Exhibit A

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ARTICLE 8 WATER RATES & CHARGES

1 Unit = 748 gallons = 100 cubic feet

B. Agricultural Treated Water Rate.

Agricultural service shall be defined as water delivered through a single meter for use upon tracts or parcels of land within the boundaries of the District, utilized for agricultural purposes as defined by its wholesaler, San Diego County Water Authority's (SDCWA) Permanent Special Agricultural Water Rate (PSAWR) program. Water received by the user for agricultural purposes shall be charged as follows:

Base Rate effective March 1, 2023: ~~32~~:

~~\$5.886.26~~ per Unit

10% Demand Reduction Rate effective March 1, 2023: ~~\$6.116.49~~ per Unit

20% Demand Reduction Rate effective March 1, 2023: ~~\$6.386.76~~ per Unit

30% Demand Reduction Rate effective March 1, 2023: ~~\$6.737.11~~ per Unit

SDCWA offers a Permanent Special Agricultural Water Rate (PSAWR) program. A contract must be signed between the District and the property owner providing that the owner will participate in the PSAWR and voluntarily agree to a mandatory water supply reduction in the event of a water supply shortage. When such a contract is approved by the District, a credit of ~~\$4.141.17~~ per Unit, of agricultural water used shall be applied to each qualified customer's bill. Customers participating in this program are subject to unannounced inspections by the District to ensure they continue to meet the requirements of the program. Any accounts determined to be ineligible for the PSAWR program will be reclassified to a residential, commercial, or irrigation rate and charged accordingly. SDCWA reserves the right to cancel the PSAWR program at any time.

In the event of a water supply shortage, SDCWA may develop an allocation and penalty rate system for PSAWR accounts. A PSAWR penalty rate is a pass-through penalty for customers who participate in the PSAWR and use over a contractual allocation during a water supply shortage. The PSAWR penalty rate is subject to change by SDCWA.

Exhibit A

OLIVENHAIN MUNICIPAL WATER DISTRICT ADMINISTRATIVE AND ETHICS CODE	Article No. 8	Page 3 of 7
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ARTICLE 8 WATER RATES & CHARGES

C. Combination Agricultural/Domestic Accounts Water Rate.

The rates to be charged and collected for water supplied to accounts where a portion of water is used for agricultural purposes and a portion of water is used for domestic purposes shall be as follows:

RATES PER UNIT

- Same rates as Domestic for first 23 units of water consumed.
- Same rates as Agricultural for consumption greater than 23 units.

D. Commercial and Industrial Water Rates.

The rates to be charged and collected for water supplied to commercial and industrial users, as defined in Sections 9.1.2 and 9.1.3 of the District's Administrative and Ethics Code, shall be as follows:

Base Rate effective March 1, 202~~32~~: ~~\$5.02~~ \$5.35 per Unit

10% Demand Reduction Rate effective March 1, 202~~32~~: ~~\$5.25~~ \$5.58 per Unit

20% Demand Reduction Rate effective March 1, 202~~32~~: ~~\$5.52~~ \$5.85 per Unit

30% Demand Reduction Rate effective March 1, 202~~32~~: ~~\$5.87~~ \$6.20 per Unit

E. Irrigation Water Rates.

The rates to be charged and collected for water supplied to potable water irrigation users, as defined in Sections 9.1.2 and 9.1.3 of the District's Administrative and Ethics Code, shall be as follows:

Base Rates effective March 1, 202~~32~~:

<u>Winter</u>	<u>Summer</u>		<u>(Dec-May)</u>	<u>(June-Nov)</u>
<u>Tier 1</u>	<u>Tier 2</u>	<u>Meter Size</u>	<u>Unit Allotment</u>	<u>Unit Allotment</u>
\$5.65 <u>\$6.02</u>	\$6.04 <u>\$6.43</u>	5/8"	10	15
Per Unit	Per Unit	3/4"	20	30
		1"	35	50
		1-1/2"	50	110

Exhibit A

OLIVENHAIN MUNICIPAL WATER DISTRICT ADMINISTRATIVE AND ETHICS CODE	Article No. 8	Page 4 of 7
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ARTICLE 8 WATER RATES & CHARGES

2"	100	200
3"	200	500
4"	600	3,500
6"	3,100	11,800
8"	5,600	21,300

10% Demand Reduction Rates effective March 1, 202~~3~~2:

Tier 1 ~~\$5-886.25~~

Tier 2 ~~\$6-276.66~~

20% Demand Reduction Rates effective March 1, 202~~3~~2:

Tier 1 ~~\$6-156.52~~

Tier 2 ~~\$6-546.93~~

30% Demand Reduction Rates effective March 1, 202~~3~~2:

Tier 1 ~~\$6-506.87~~

Tier 2 ~~\$6-897.28~~

F. Construction Water Rates.

The rates to be charged and collected for water supplied to construction users, as defined in Section 9.1.5 of the District's Administrative and Ethics Code, shall be charged as follows:

Base Rate effective March 1, 202~~3~~2:

~~\$7-167.62~~ per Unit

10% Demand Reduction Rate effective March 1, 202~~3~~2: ~~\$7-397.85~~ per Unit

20% Demand Reduction Rate effective March 1, 202~~3~~2: ~~\$7-668.12~~ per Unit

30% Demand Reduction Rate effective March 1, 202~~3~~2: ~~\$8-048.47~~ per Unit

Sec. 8.1.G. added by Ordinance No. 499 / February 16, 2022

G. Rate Reimbursement Credit.

Exhibit A

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ARTICLE 8 WATER RATES & CHARGES

A 6.9 cent credit per unit of potable water billed will be applied to customer accounts beginning with March 1, 2022 water consumption to reimburse OMWD's potable water customers for settlement amounts received by OMWD from San Diego County Water Authority for overcharges on potable water wholesale costs from 2011 to 2017.

The Rate Reimbursement Credit is applied to potable water consumption and subject to change as determined solely by OMWD Board of Directors. The Rate Reimbursement Credit does not apply to construction or recycled water usage.

Sec. 8.1.1 Recycled and Non-imported Water Rates.

The water rates to be charged and collected for recycled water or non-imported sources supplied for agricultural, commercial, construction, industrial and irrigation purposes:

RATES PER UNIT

Rates Effective with March 1, 202~~3~~², water bills:

Base rate

~~\$3.79~~~~4.04~~ per Unit

Wet Weather Incentive Program may be offered in accordance with Article 25.7.

Sec. 8.2. System Access Charges.

- A. The minimum monthly System Access Charge for each meter shall be as follows, and shall apply to all meters regardless of use:

Rates effective March 1, 202~~3~~²:

5/8"	\$30.90 32.07	2 1/2"	\$303.41 314.94
3/4"	\$40.41 41.94	3"	\$331.93 344.54
1"	\$68.93 71.55	4"	\$550.57 571.49

Exhibit A

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ARTICLE 8 WATER RATES & CHARGES

1 1/2"	\$106.94 <u>111.00</u>	6"	\$1,149.45 <u>1,193.13</u>
2"	\$167.46 <u>173.51</u>	8"	\$2,068.36 <u>2,146.96</u>

- B. Meters installed solely for automatic fire sprinkler service shall be charged a monthly System Access Charge as follows:

Rates effective March 1, 202~~2~~3:

5/8"	\$5.31 <u>5.57</u>	2 1/2"	\$11.39 <u>11.95</u>
3/4"	\$5.31 <u>5.57</u>	3"	\$12.04 <u>12.64</u>
1"	\$5.97 <u>6.26</u>	4"	\$17.10 <u>17.95</u>
1 1/2"	\$6.84 <u>7.18</u>	6"	\$30.96 <u>32.50</u>
2"	\$8.24 <u>8.65</u>	8"	\$52.21 <u>54.82</u>

Sec. 8.3. San Diego County Water Authority Infrastructure Access Charge.

The minimum monthly SDCWA Infrastructure Access Charge shall be as follows and shall apply to active retail water meters certain exclusions apply:

The minimum monthly SDCWA Infrastructure Access Charge shall be as follows and shall apply to active retail water meters certain exclusions apply:

Rates effective March 1, 202~~2~~3:

5/8"	\$4.24	2 1/2"	\$39.52
3/4"	\$4.24	3"	\$43.35
1"	\$8.07	4"	\$72.67
1 1/2"	\$13.17	6"	\$152.98
2"	\$21.24	8"	\$276.24

Exhibit A

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ARTICLE 8 WATER RATES & CHARGES

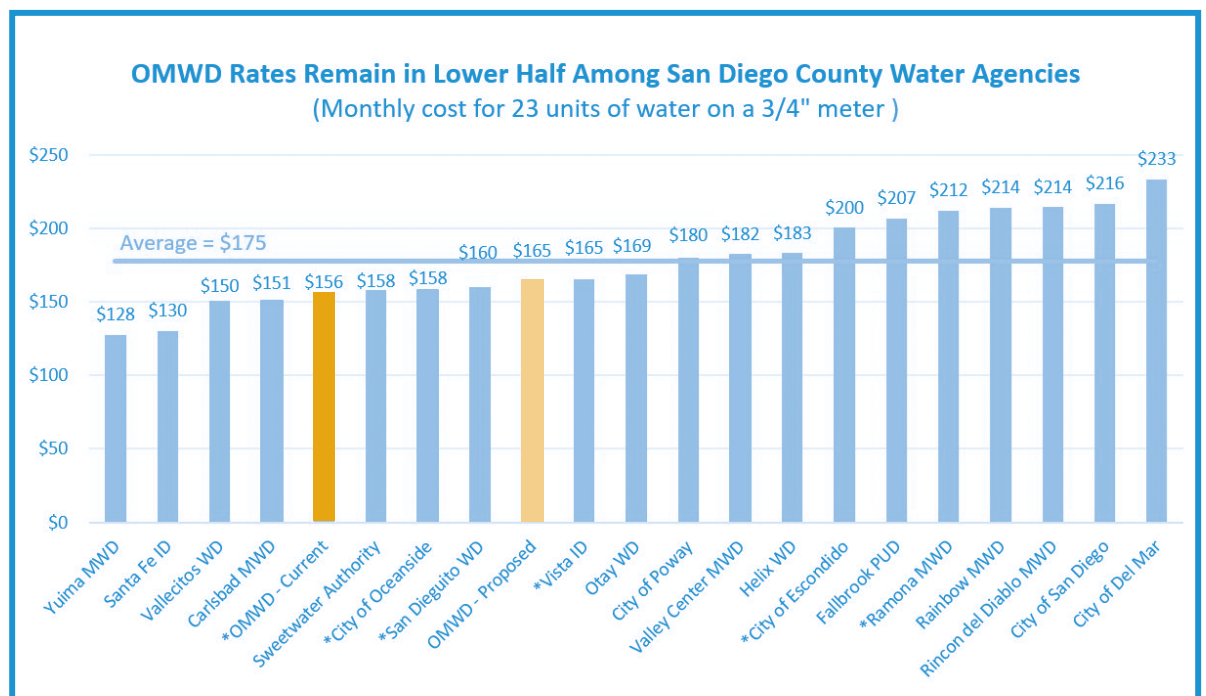
Board to Consider 5.9% Revenue Adjustment to 2023 Water Rates and Charges

Cost of water still less than a penny a gallon for the average customer

OMWD's water rates are designed to adequately fund operations, maintenance, and capital needs to allow us to continue providing customers with safe, reliable water supplies. Our staff ensures that water rates comply with state law, and our Board of Directors ensures that rates are fair and equitable to all customers.

The largest expense to any water agency in San Diego is the cost of purchasing water. To address costs that increase each year, such as those of water wholesalers, energy providers, water industry suppliers, and local contractors, OMWD's 2019 Water Cost of Service Study Report proposed gradual annual increases to water rates through mid-2024. The report is available online at www.olivenhain.com/rates.

Despite an inflation rate of 8% in 2022, OMWD is proposing a 5.9% revenue adjustment, which addresses the increased cost of wholesale water and an inflation adjustment based on a year-to-year change in the San Diego Consumer Price Index. At its February 15 meeting, OMWD's board will consider passing these increases through to OMWD's commodity rates and fixed monthly charges. If approved by the board, OMWD's customers will see changes to water rates and charges beginning March 1, 2023.



Notes: Rates for other agencies were last updated in December 2022 and are based on either approved/proposed 2023 rates or approved 2022 rates if marked with an *. Any subsequent increases are not reflected above.

Customers will continue to receive a Rate Reimbursement Credit of 6.9 cents per unit of potable water billed. The credit is a result of a lawsuit which found that Metropolitan Water District of Southern California overcharged the San Diego County Water Authority for water purchased between 2011 and 2017. OMWD's board voted at its November 2021 meeting to create the Rate Reimbursement Credit to refund customers the \$3.6 million that OMWD received from the settlement.

If the proposed changes to water rates and charges are approved, OMWD's average residential customer will continue to pay less than the average customer in the county for the same amount of water used.



Municipal Water District

1966 Olivenhain Road
Encinitas, CA 92024
760-753-6466

www.olivenhain.com



Published by Olivenhain
Municipal Water District in the
interest of an informed public.

Board of Directors

Christy Guerin, President
Matthew R. Hahn, Director
Neal Meyers, Director
Marco San Antonio, Director
Lawrence A. Watt, Director

GENERAL MANAGER

Kimberly A. Thorner, Esq.

GENERAL COUNSEL

Alfred Smith, Esq.

BOARD MEETING DATES

Please visit our website at
www.olivenhain.com for dates.

MISSION STATEMENT

Olivenhain Municipal Water District is
a multi-functioning public agency that
is dedicated and committed to serving
present and future customers in a
service-oriented manner by:

Water

Providing safe, reliable, high-quality
drinking water while exceeding
all regulatory requirements in a
cost-effective and environmentally
responsive manner.

Recycled Water

Providing recycled water and
wastewater treatment in the most
cost-effective and environmentally
responsive method.

Parks

Safely operating the Elfin Forest
Recreational Reserve and providing all
users with a unique recreational,
educational, and environmental
experience.

Emergency Management

Complying with policies and
procedures that adhere to local, state,
and federal guidelines for national
security and disaster preparedness.

Sustainable Operations

Pursuing alternative and/or renewable
resources with the most sustainable,
efficient, and cost-effective approach.

Board to Consider ...continued from page 1

The revenue adjustment was calculated to take the following into account:

- A 7.5% increase in the cost of water purchased from SDCWA that became effective January 1, 2023.
- A 1.3% increase in fixed charges assessed on purchasing water from SDCWA that became effective January 1, 2023.
- A 6.7% increase in recycled water costs from OMWD's water suppliers for recycled water customers.
- A 6.35% inflationary increase in the costs of operating and maintaining our water system and capital facilities, based on percent increase between 2020 and 2021 in the San Diego County Consumer Price Index for All Urban Consumers (CPI).
- A 6.9 cent Rate Reimbursement Credit per unit of potable water billed to help offset the proposed increases to commodity rates and fixed monthly charges shown in the table.

Comments about the proposed revenue adjustment may be submitted via email to skaufmann@olivenhain.com. Additionally, the board will consider all public comments made at the February 15 board meeting. Please use "Rate Comment" as the subject line in any correspondence.

How Will This Affect My Water Bill?

A typical OMWD customer's water bill includes a commodity rate for each unit of water used, as well as two fixed monthly charges: the OMWD System Access Charge and the SDCWA Infrastructure Access Charge. The domestic commodity rate uses a four-tiered structure designed to encourage water conservation and reflects the proportionate cost of providing service in each tier.

The proposed 5.9% revenue adjustment for 2023 would appear on a customer's bill as a 3.8% increase to the OMWD System Access Charge, a 6.6% increase to the commodity rate, and no increase to the SDCWA Infrastructure Access Charge.



- The average residential customer using 23 units will see an increase of approximately \$8.92 after the Rate Reimbursement Credit.
- A residential customer who uses six units will see an estimated increase of \$2.97 after the Rate Reimbursement Credit.

2022 Average Costs Per Gallon:



Water \$0.01



Milk \$4.15



Gas \$5.20




Coke \$5.68

Compared with other liquids purchased in San Diego,
the value of water is clear.



WE ARE
HERE



Current Commodity Charge Effective March 1, 2022 (1 unit=748 gallons) ⁽¹⁾				
	NON-SHORTAGE	WATER SUPPLY SHORTAGE RATES		
Customer Type	(Base) Rates	10% Demand Reduction Rates ⁽²⁾	20% Demand Reduction Rates ⁽²⁾	30% Demand Reduction Rates ⁽²⁾
Domestic				
0-6 Units	\$3.68	\$3.91	\$4.18	\$4.53
7-23 Units	\$5.34	\$5.57	\$5.84	\$6.19
24-80 Units	\$5.96	\$6.19	\$6.46	\$6.81
Over 80 Units	\$7.09	\$7.32	\$7.59	\$7.94
Agricultural ⁽³⁾	\$5.88	\$6.11	\$6.38	\$6.73
Combined Agricultural/ Domestic	First 23 units per month: Follow Domestic Rate Structure . Over 23 units per month: Follow Agricultural Rate Structure .			
Commercial	\$5.02	\$5.25	\$5.52	\$5.87
Irrigation ⁽⁴⁾				
Tier 1	\$5.65	\$5.88	\$6.15	\$6.50
Tier 2	\$6.04	\$6.27	\$6.54	\$6.89
Construction	\$7.16	\$7.39	\$7.66	\$8.01
Recycled	\$3.79	Shortage rates do not apply		
WE ARE HERE 				
Proposed Commodity Charge Effective March 1, 2023 (1 unit=748 gallons)				
	NON-SHORTAGE	WATER SUPPLY SHORTAGE RATES		
Customer Type	(Base) Rates	10% Demand Reduction Rates ⁽²⁾	20% Demand Reduction Rates ⁽²⁾	30% Demand Reduction Rates ⁽²⁾
Domestic				
0-6 Units	\$3.92	\$4.15	\$4.42	\$4.77
7-23 Units	\$5.69	\$5.92	\$6.19	\$6.54
24-80 Units	\$6.35	\$6.58	\$6.85	\$7.20
Over 80 Units	\$7.55	\$7.78	\$8.05	\$8.40
Agricultural ⁽³⁾	\$6.26	\$6.49	\$6.76	\$7.11
Combined Agricultural/ Domestic	First 23 units per month: Follow Domestic Rate Structure . Over 23 units per month: Follow Agricultural Rate Structure .			
Commercial	\$5.35	\$5.58	\$5.85	\$6.20
Irrigation ⁽⁴⁾				
Tier 1	\$6.02	\$6.25	\$6.52	\$6.87
Tier 2	\$6.43	\$6.66	\$6.93	\$7.28
Construction ⁽⁶⁾	\$7.62	\$7.85	\$8.12	\$8.47
Recycled ⁽⁶⁾	\$4.04	Shortage rates do not apply		

Current and Proposed OMWD System Access Charge (SAC) ⁽¹⁾⁽⁵⁾		
Meter Size	Current	Proposed Effective March 1, 2023
5/8"	\$30.90	\$32.07
3/4"(*)	\$40.41	\$41.94
1"	\$68.93	\$71.55
1-1/2"	\$106.94	\$111.00
2"	\$167.16	\$173.51
2-1/2"	\$303.41	\$314.94
3"	\$331.93	\$344.54
4"	\$550.57	\$571.49
6"	\$1,149.45	\$1,193.13
8"	\$2,068.36	\$2,146.96

Irrigation Unit Allotments (No Changes are Proposed)		
Tier 1 Allotment: Based upon water use by meter size ⁽¹⁾⁽⁴⁾		
Meter Size	Winter (Dec-May)	Summer (Jun-Nov)
5/8"	10	15
3/4"	20	30
1"	35	50
1-1/2"	50	110
2"	100	200
3"	200	500
4"	600	3,500
6"	3,100	11,800
8"	5,600	21,300

Notes: * Typical residential meter size

(1) The current commodity rate, OMWD System Access Charge, and Irrigation Unit Allotments were approved and adopted by OMWD's board. These rates and charges are currently used to calculate monthly water bills.

(2) Demand Reduction Rates would only be implemented by General Manager or board action under the terms of OMWD's Water Shortage Contingency Plan. Such action is generally triggered by SDCWA's and/or Metropolitan's declaration of a specific level of water shortage.

(3) The Agricultural water rate is available only to those who meet the program criteria. Visit www.olivenhain.com/ag for details.

(4) For irrigation, all monthly water usage in excess of the Tier 1 allotment shown in the table is charged at the Irrigation Tier 2 rate.

(5) OMWD's System Access Charge is designed to cover a portion of the fixed costs of OMWD's operation. These costs include maintenance of meters and water infrastructure, debt service, depreciation, and customer service costs for meter reading and billing.

(6) The Rate Reimbursement Credit does not apply to construction or recycled water usage.

Continued on page 4

Continued from page 3

At the February 15, 2023 meeting, OMWD's board will also consider implementing an increase to OMWD's fixed monthly Fire Meter Charge, shown in the table below.

Current and Proposed OMWD Fire Meter Charge Rates (\$/Meter Size) ⁽¹⁾		
Meter Size	Current	Proposed Effective March 1, 2023 ⁽²⁾
5/8"	\$5.31	\$5.57
3/4"(*)	\$5.31	\$5.57
1"	\$5.97	\$6.26
1-1/2"	\$6.84	\$7.18
2"	\$8.24	\$8.65
2-1/2"	\$11.39	\$11.95
3"	\$12.04	\$12.64
4"	\$17.10	\$17.95
6"	\$30.96	\$32.50
8"	\$52.21	\$54.82

Notes: * Typical residential meter size

(1) OMWD's Fire Meter Charge is a fixed monthly service fee collected on certain properties as a condition of extending or initiating water service by (a) the installation of a private fire suppression system, and (b) upon request from an OMWD customer for the delivery of water to the property for the purpose of fire protection.

(2) Per our Proposition 218 notice to customers in 2019. The proposed rate or charge may be slightly lower than shown in the Proposition 218 notice to avoid exceeding a 5% increase over the prior year.

SDCWA Infrastructure Access Charge (IAC) ⁽¹⁾ (No Changes are Proposed)	
Meter Size	Current
5/8"	\$4.24
3/4"(*)	\$4.24
1"	\$8.07
1-1/2"	\$13.17
2"	\$21.24
2-1/2"	\$39.52
3"	\$43.35
4"	\$72.67
6"	\$152.98
8"	\$276.24

Notes: * Typical residential meter size

(1) SDCWA's IAC is a pass-through monthly fixed charge imposed by SDCWA on all OMWD water meters and is designed to cover a portion of SDCWA's costs for constructing water supply, transportation, and storage projects over a 30-year forecast horizon to ensure SDCWA meets the projected water supply needs for the region. OMWD collects the SDCWA IAC on OMWD's customers' monthly water bills on SDCWA's behalf.

Essential, Reliable, Invaluable - Water

The quality of life San Diego residents enjoy each day would not be possible without a safe and reliable water supply. While there is no system more critical to our survival, water infrastructure is largely invisible to the public. The processes required to treat and deliver water every day are not well known by the average customer.

For example, OMWD operates a water treatment plant and a water reclamation facility, and maintains over 29,000 water meters, 68 miles of recycled water pipelines, 85 miles of sewer pipelines, and 465 miles of drinking water pipelines.

OMWD is committed to keeping water rates as low as possible, particularly for indoor water use that is vital for drinking, cooking, bathing, and sanitation.



18 GALLONS
6 FLUSHES \ \$0.14



15 GALLONS
WASHER LOAD \ \$0.11



70 GALLONS
BATH \ \$0.53



20 GALLONS
10 MIN SHOWER \ \$0.17



20 GALLONS
DISHWASHER \ \$0.05



365 GALLONS
AVERAGE DAILY IRRIGATION \ \$2.85

Proposed 2023 Pass-Through Increases and Adjustments

Board Meeting
February 15, 2023



Reasons for 2023 Water Rate Increases

- Purchased Water Wholesale Pass-Through
 - SDCWA Supply Rate Increase of 7.5% effective January 1, 2023
 - SDCWA Fixed Cost Increase of 1.3% (excluding IAC) effective January 1, 2023
 - Recycled water suppliers' rate increases effective July 1, 2022
- Inflationary Pass-Through:
 - Based on over-the-year SDCPI-U increase for 2021: 6.35%
 - One year behind current inflation rate of 8% due to timing of pass through since 2019 cost of service
- Fire Meter Charge
 - Based on the 2019 Water Cost of Service Study and Prop 218 Notice

How did we get here?

- Proposed 2023 water rates and charges include pass-through increased costs in purchased water wholesale costs and the year-over-year increase in CPI (2022).
 - Combined this equates to a 5.9% revenue adjustment
 - Consistent with OMWD's rate ordinance adopted by the Board in 2019, December 2019-December 2024
 - Reviewed by the District's rate consultant, Raftelis Financial Consultants, Inc.
- Proposed 2023 water rates and charges were brought to Finance Committee and to the full Board in October 2022 for review and tentative approval
- OMWD water customers were notified in writing of proposed changes to water rates and charges at least 30 days prior to the effective date of new rates
 - January 2023 special edition of OMWD's newsletter (Watching Water)
 - Paper bill customers received a printed copy of the Watching Water newsletter with their January bill
 - eBill customers received an email message notifying them of the proposed rate increase with a link to the Watching Water newsletter within their January bill
 - More than a 30-day-written notice required by Prop 218
 - Proposed 2023 water rates and charges are also posted on OMWD website for public review
- As of 2/7/23, two written comments have been received objecting against the proposed increase. Additionally, two verbal comments were also received inquiring if rates would be going up in 2023.

What have we done to Minimize Rate Increases?

- Pass-through CPI increase of 6.35% when actual increase is 8%
- Include a 6.9 cents per unit as a credit on customer's monthly water bill from SDCWA rebate checks
- Pushed out non-critical water infrastructure projects to future years to reduce near-term capital expenditures
- Pursued funding opportunities from state and federal programs for reimbursement of COVID-19 supply costs and water infrastructure projects - \$43k received from State; \$50k FEMA (pending)
- Anticipated grant funding of \$2.4 million for biennial budget to offset capital expenditure costs
- Anticipated addn'l capacity Fees from developers of \$295k - \$750k received from Pinnacles in January 2023
- Planned sale of District parcel (Wiegand) estimated at \$1 million

Current and Proposed Commodity Rates:

Current Commodity Charge Effective March 1, 2022 (1 unit=748 gallons)				
	NON-SHORTAGE	WATER SUPPLY SHORTAGE RATES		
Customer Type	(Base) Rates	10% Demand Reduction Rates	20% Demand Reduction Rates	30% Demand Reduction Rates
Domestic				
0-6 Units	\$3.68	\$3.91	\$4.18	\$4.53
7-23 Units	\$5.34	\$5.57	\$5.84	\$6.19
23-80 Units	\$5.96	\$6.19	\$6.46	\$6.81
Over 80 Units	\$7.09	\$7.32	\$7.59	\$7.94
Agricultural	\$5.88	\$6.11	\$6.38	\$6.73
Combined Agricultural/ Domestic	First 23 units per month: Follow Domestic Rate Structure. Over 23 units per month: Follow Agricultural Rate Structure.			
Commercial	\$5.02	\$5.25	\$5.52	\$5.87
Irrigation				
Tier 1	\$5.65	\$5.88	\$6.15	\$6.50
Tier 2	\$6.04	\$6.27	\$6.54	\$6.89
Construction	\$7.16	\$7.39	\$7.66	\$8.01
Recycled	\$3.79	Shortage rates do not apply		

WE ARE
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Proposed Commodity Charge Effective March 1, 2023 (1 unit=748 gallons)				
	NON-SHORTAGE	WATER SUPPLY SHORTAGE RATES		
Customer Type	(Base) Rates	10% Demand Reduction Rates	20% Demand Reduction Rates	30% Demand Reduction Rates
Domestic				
0-6 Units	\$3.92	\$4.15	\$4.42	\$4.77
7-23 Units	\$5.69	\$5.92	\$6.19	\$6.54
23-80 Units	\$6.35	\$6.58	\$6.85	\$7.20
Over 80 Units	\$7.55	\$7.78	\$8.05	\$8.40
Agricultural	\$6.26	\$6.49	\$6.76	\$7.11
Combined Agricultural/ Domestic	First 23 units per month: Follow Domestic Rate Structure. Over 23 units per month: Follow Agricultural Rate Structure.			
Commercial	\$5.35	\$5.58	\$5.85	\$6.20
Irrigation				
Tier 1	\$6.02	\$6.25	\$6.52	\$6.87
Tier 2	\$6.43	\$6.66	\$6.93	\$7.28
Construction	\$7.62	\$7.85	\$8.12	\$8.47
Recycled	\$4.04	Shortage rates do not apply		

Current and Proposed Irrigation Unit Allotments

No Proposed Changes

Current Irrigation Unit Allotments Tier 1 Allotment / Based upon water use by meter size		
Meter Size	Winter (Dec-May)	Summer (Jun-Nov)
5/8"	10	15
3/4"	20	30
1"	35	50
1-1/2"	50	110
2"	100	200
3"	200	500
4"	600	3,500
6"	3,100	11,800
8"	5,600	21,300

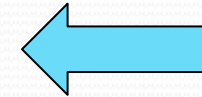
Proposed Irrigation Unit Allotments (No Changes are Proposed) Tier 1 Allotment: Based upon water use by meter size		
Meter Size	Winter (Dec-May)	Summer (Jun-Nov)
5/8"	10	15
3/4"	20	30
1"	35	50
1-1/2"	50	110
2"	100	200
3"	200	500
4"	600	3,500
6"	3,100	11,800
8"	5,600	21,300

Please contact the District for allotments for larger meter size

Current & Proposed System Access Charge Compared to Prop 218 Notice

OMWD System Access Charge (\$/Meter Size)						
Meter Size	Current (1)	Proposed 3/1/2020 (4)	Proposed 3/1/2021	Proposed 3/1/2022	Proposed 3/1/2023	Proposed 3/1/2024
5/8"	\$28.43	\$29.41	\$30.89	\$32.44	\$34.07	\$35.78
3/4" (*)	\$37.70	\$38.46	\$40.39	\$42.41	\$44.54	\$46.77
1"	\$65.55	\$65.60	\$68.88	\$72.33	\$75.95	\$79.75
1-1/2"	\$102.68	\$101.79	\$106.88	\$112.23	\$117.85	\$123.75
2"	\$161.47	\$159.10	\$167.06	\$175.42	\$184.20	\$193.41
2-1/2"	\$294.50	\$288.78	\$303.22	\$318.39	\$334.31	\$351.03
3"	\$322.34	\$315.93	\$331.73	\$348.32	\$365.74	\$384.03
4"	\$535.82	\$524.03	\$550.24	\$577.76	\$606.65	\$636.99
6"	\$1,120.55	\$1,094.04	\$1,148.75	\$1,206.19	\$1,266.50	\$1,329.83
8"	\$2,017.75	\$1,968.66	\$2,067.10	\$2,170.46	\$2,278.99	\$2,392.94

Prop 218 Notice



Current and Proposed OMWD System Access Charge (SAC)				
Meter Size	Current	Change	% Change	Proposed Effective March 1, 2023
5/8"	\$30.90	\$1.17	3.8%	\$32.07
3/4"	\$40.41	\$1.53	3.8%	\$41.94
1"	\$68.93	\$2.62	3.8%	\$71.55
1-1/2"	\$106.94	\$4.06	3.8%	\$111.00
2"	\$167.16	\$6.35	3.8%	\$173.51
2-1/2"	\$303.41	\$11.53	3.8%	\$314.94
3"	\$331.93	\$12.61	3.8%	\$344.54
4"	\$550.57	\$20.92	3.8%	\$571.49
6"	\$1,149.45	\$43.68	3.8%	\$1,193.13
8"	\$2,068.36	\$78.60	3.8%	\$2,146.96

Current and Proposed SDCWA Infrastructure Access Charge (IAC) – No Proposed Changes

Current and Proposed SDCWA Infrastructure Access Charge (IAC)				
Meter Size	Current	Pass-Through Increases & Adjustments		Proposed Effective March 1, 2023
		\$	%	
5/8"	\$4.24	\$0.00	0.0%	\$4.24
3/4"(*)	\$4.24	\$0.00	0.0%	\$4.24
1"	\$8.07	\$0.00	0.0%	\$8.07
1-1/2"	\$13.17	\$0.00	0.0%	\$13.17
2"	\$21.24	\$0.00	0.0%	\$21.24
2-1/2"	\$39.52	\$0.00	0.0%	\$39.52
3"	\$43.35	\$0.00	0.0%	\$43.35
4"	\$72.67	\$0.00	0.0%	\$72.67
6"	\$152.98	\$0.00	0.0%	\$152.98
8"	\$276.24	\$0.00	0.0%	\$276.24

Fire Meter Charges – Current and Proposed

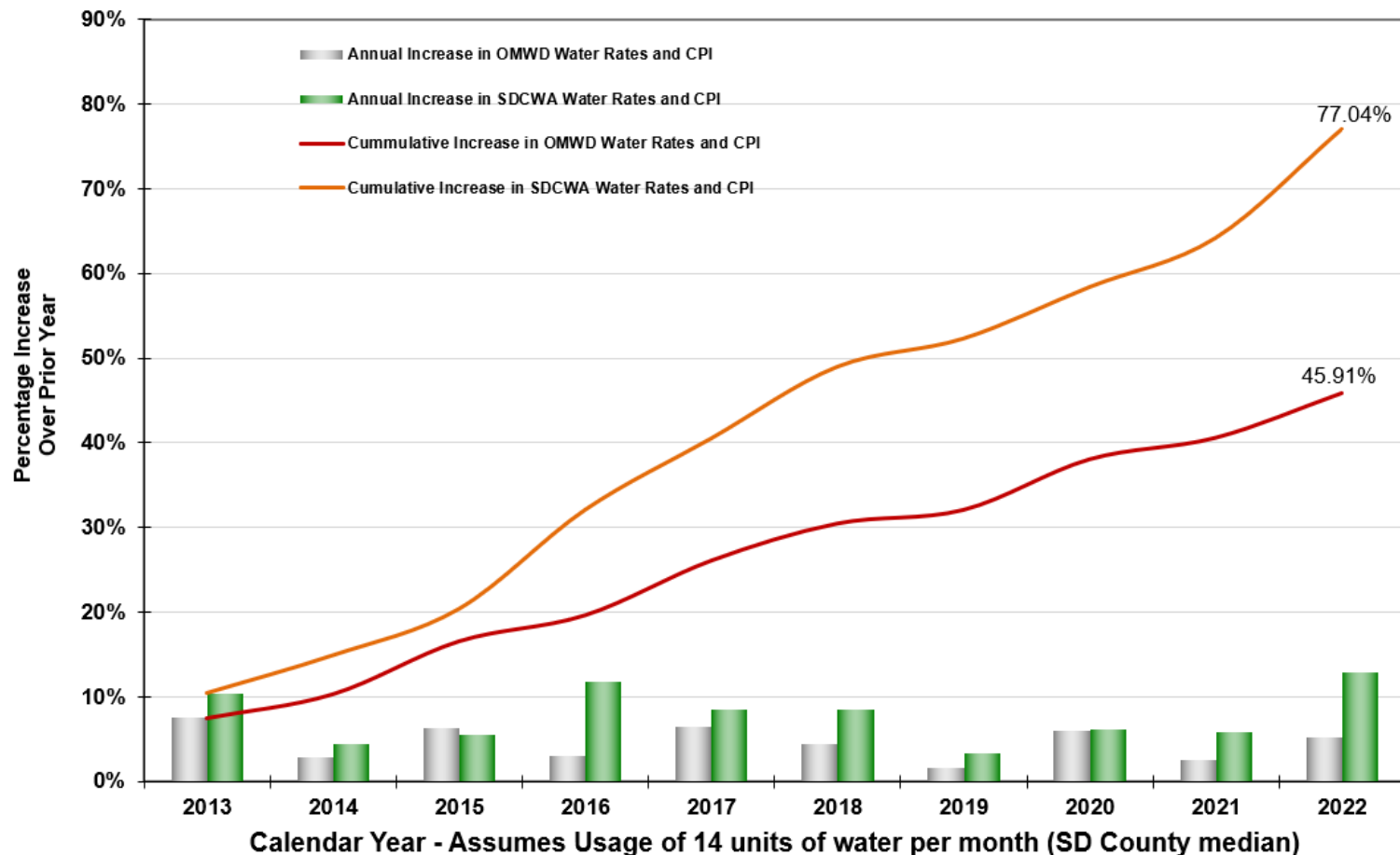
OMWD Fire Meter Charge (\$/Meter Size)						
Meter Size	Current (1)	Proposed 3/1/2020 (4)	Proposed 3/1/2021	Proposed 3/1/2022	Proposed 3/1/2023	Proposed 3/1/2024
5/8"	\$3.82	\$4.82	\$5.07	\$5.33	\$5.60	\$5.88
3/4" (*)	\$3.82	\$4.82	\$5.07	\$5.33	\$5.60	\$5.88
1"	\$4.50	\$5.42	\$5.70	\$5.99	\$6.29	\$6.61
1-1/2"	\$5.42	\$6.21	\$6.53	\$6.86	\$7.21	\$7.58
2"	\$6.88	\$7.48	\$7.86	\$8.26	\$8.68	\$9.12
2-1/2"	\$10.15	\$10.34	\$10.86	\$11.41	\$11.99	\$12.59
3"	\$10.84	\$10.93	\$11.48	\$12.06	\$12.67	\$13.31
4"	\$16.10	\$15.52	\$16.30	\$17.12	\$17.98	\$18.88
6"	\$30.51	\$28.09	\$29.50	\$30.98	\$32.53	\$34.16
8"	\$52.64	\$47.37	\$49.74	\$52.23	\$54.85	\$57.60

Prop 218 Notice



Current and Proposed OMWD Fire Meter Charge Rates (\$/Meter Size)				
Meter Size	Current	Change	% Change	Proposed Effective March 1, 2023
5/8"	\$5.31	\$0.26	4.9%	\$5.57
3/4"(*)	\$5.31	\$0.26	4.9%	\$5.57
1"	\$5.97	\$0.29	4.9%	\$6.26
1-1/2"	\$6.84	\$0.34	5.0%	\$7.18
2"	\$8.24	\$0.41	5.0%	\$8.65
2-1/2"	\$11.39	\$0.56	4.9%	\$11.95
3"	\$12.04	\$0.60	5.0%	\$12.64
4"	\$17.10	\$0.85	5.0%	\$17.95
6"	\$30.96	\$1.54	5.0%	\$32.50

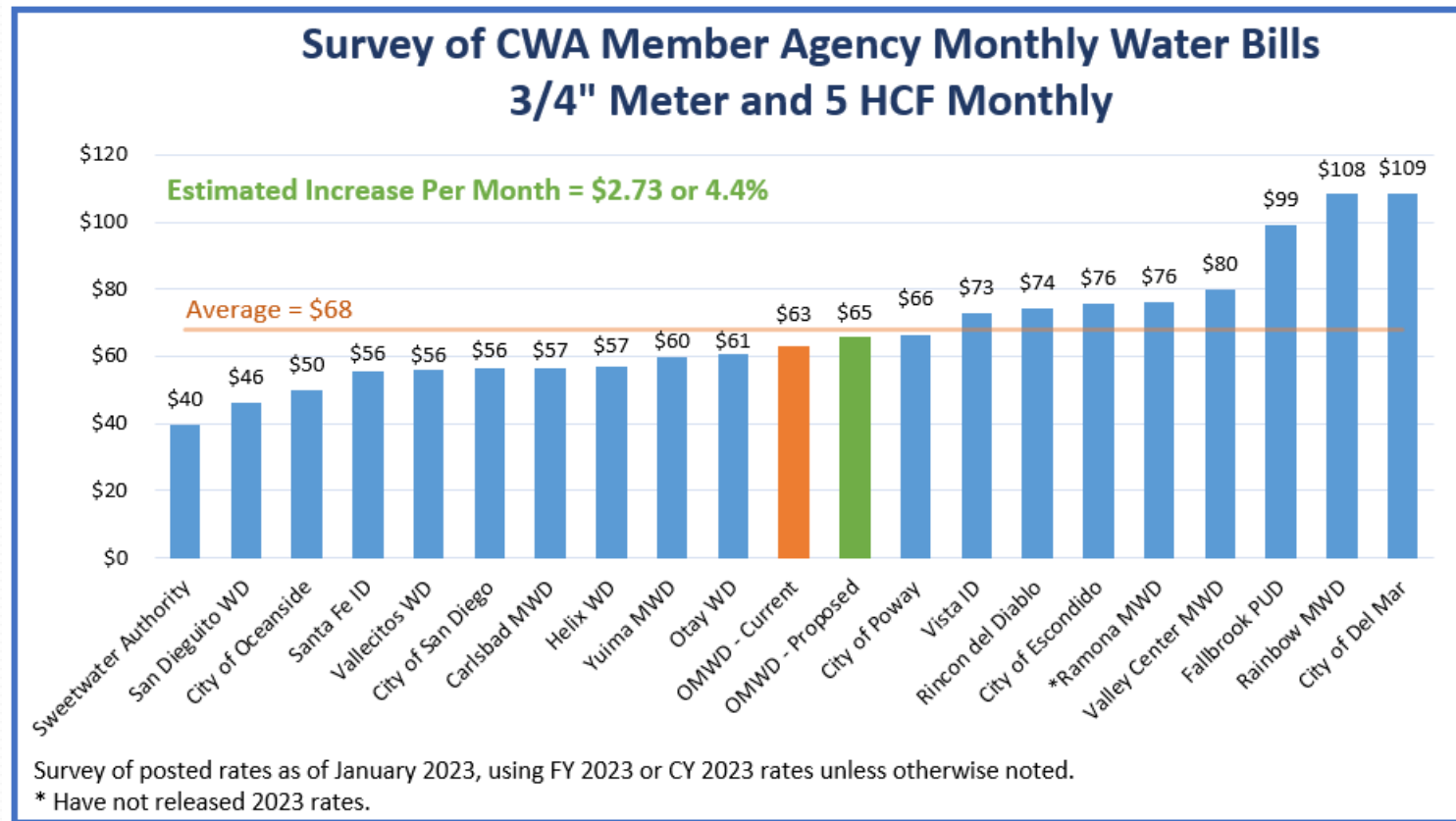
OMWD Increases in Rates & Charges vs SDCWA Increases and San Diego CPI



Source: Bureau of Labor Statistics (BLS), SDCWA and OMWD.

Monthly Water Bill Survey

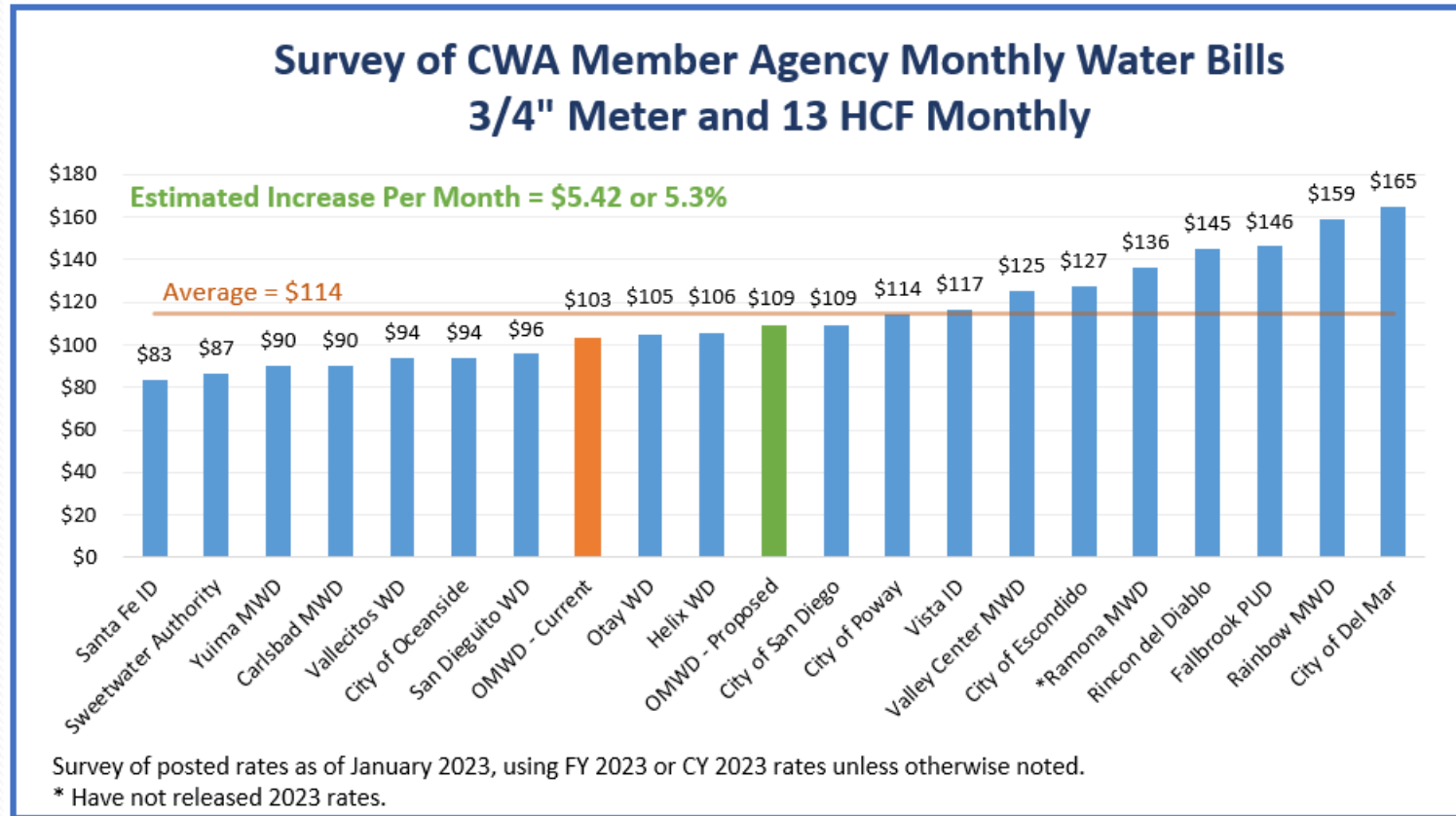
Single Family Residential (5 units)



Note: Graph above will be skewed for the next several years based on how each agency applied their SDCWA rebate. Some agencies applied the full rebate amount to a single year while others used their rebate to offset multiple years.

Monthly Water Bill Survey

Single Family Residential (13 units)

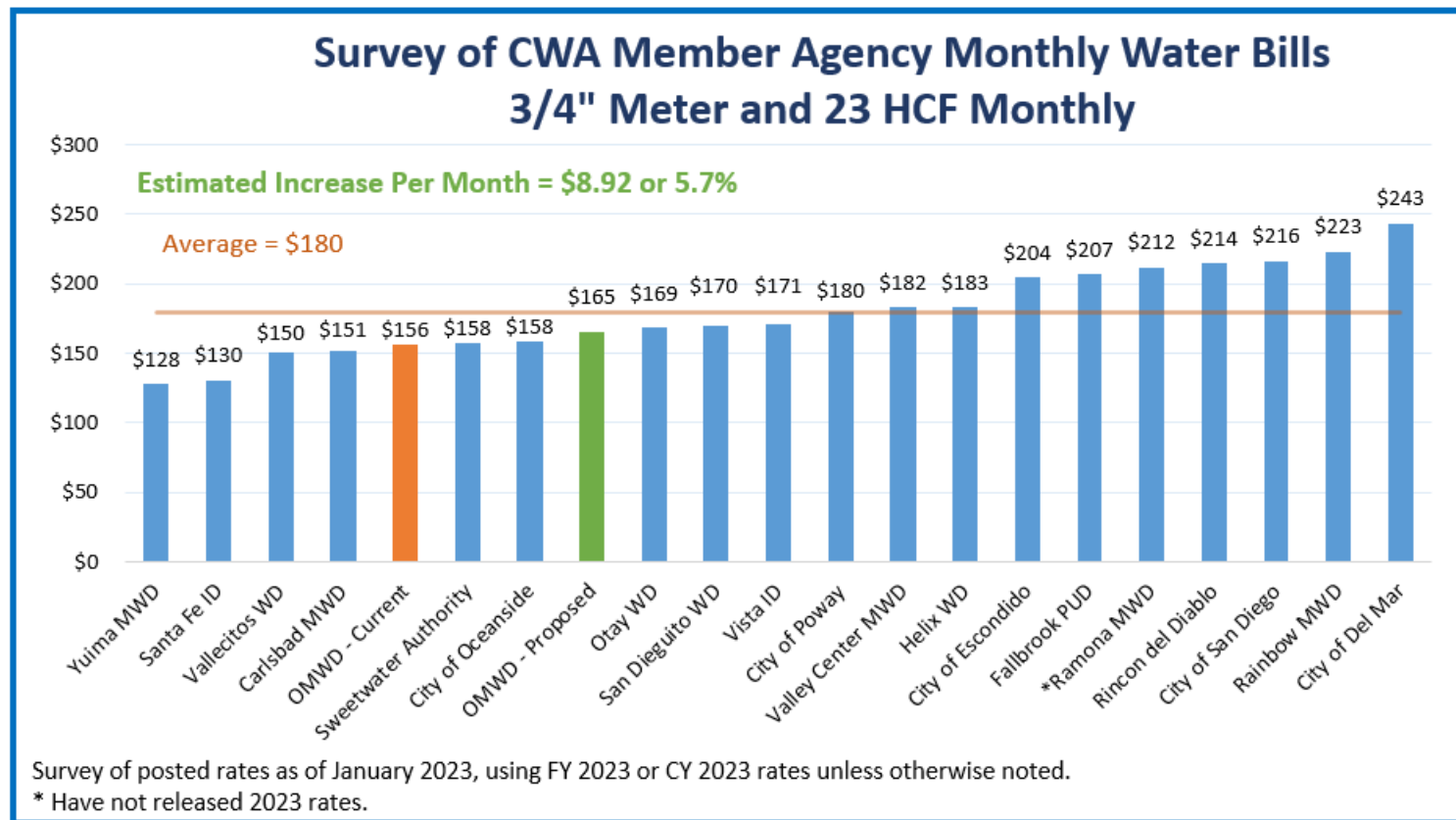


Note: Graph above will be skewed for the next several years based on how each agency applied their SDCWA rebate. Some agencies applied the full rebate amount to a single year while others used their rebate to offset multiple years.

Monthly Water Bill Survey

Single Family Residential (23 units)

OMWD Average Monthly Domestic Water Usage

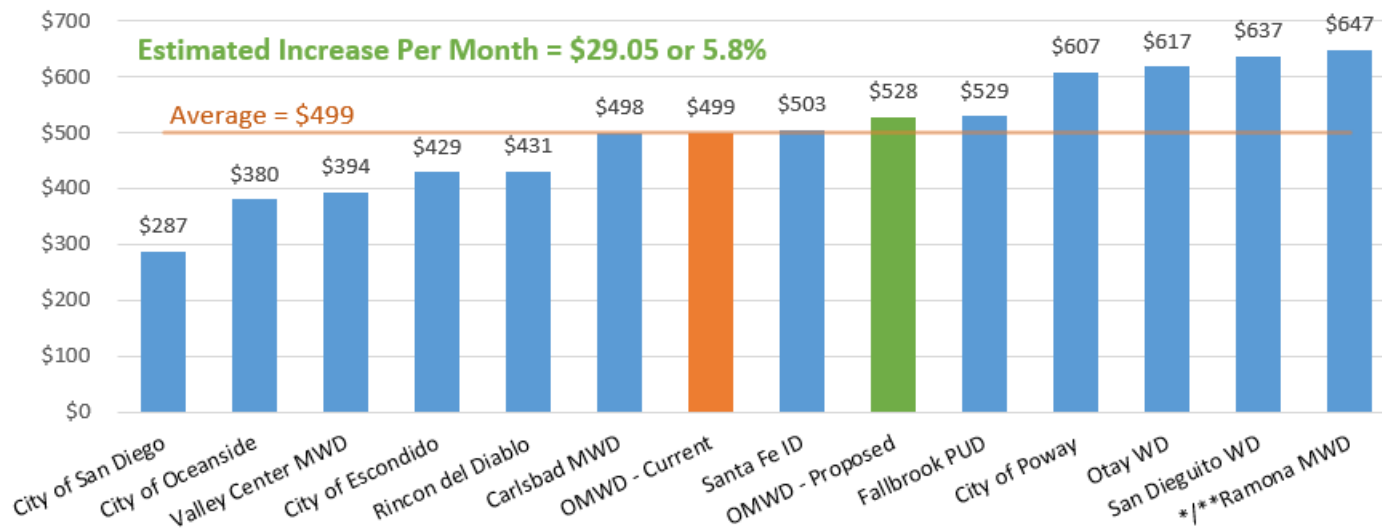


Note: Graph above will be skewed for the next several years based on how each agency applied their SDCWA rebate. Some agencies applied the full rebate amount to a single year while others used their rebate to offset multiple years.

Monthly Water Bill Survey

Recycled Water (100 units)

Survey of CWA Member Agency Monthly Water Bills Recycled Water Survey - 1 1/2" - 100 HCF Monthly



Survey of rates as of December 2022, using FY 2023 or CY 2023 rates unless otherwise noted.

* Have not released 2023 rates.

** Ramona provides an untreated melded supply of water to its agricultural customers.

Board's Action Item

- Consider and adopt the proposed amendments to Article 8 – Water Rates and Charges
- If adopted by the Board, these water rates and charges and the Rate Reimbursement Credit will take effect on March 1, 2023.
- The Board could decide to delay the proposed increases to OMWD water rates and charges. A one-month delay in adoption of the ordinance would result in a revenue loss of approximately \$284,000.

Questions?

Rainy Selamat

From: Rainy Selamat
Sent: Tuesday, January 31, 2023 4:37 PM
To: jeff_foster03@yahoo.com
Cc: Stephanie Kaufmann; Rainy Selamat
Subject: RE: Rate Comment

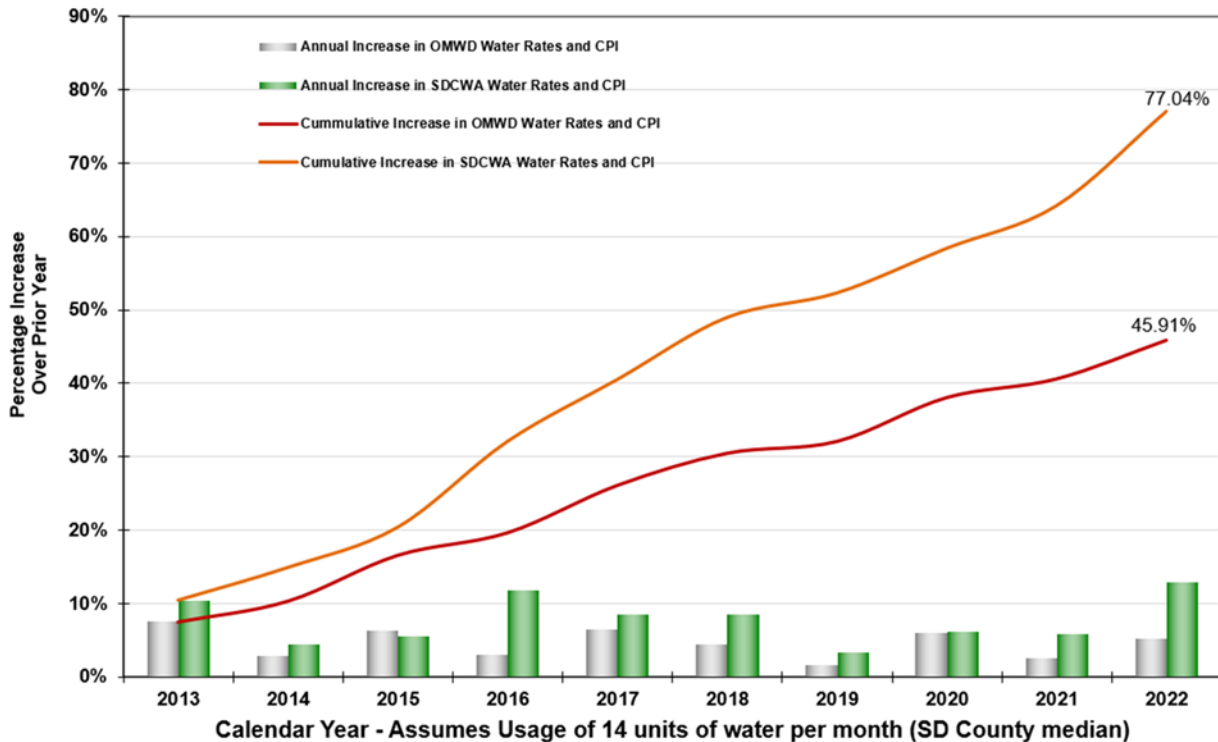
Dear Mr. Foster,

Olivenhain Municipal Water District (OMWD) is in receipt of your email opposing an increase in water rates. A copy of your email will be provided to our Board of Directors in their board package for consideration and will be included in the official record. Thank you for taking the time to write and express your concerns.

The 5.9% revenue adjustment is to pass through increased costs to supply water from OMWD's potable water wholesaler/supplier, the San Diego County Water Authority (SDCWA). The revenue adjustment is also to pass through an annual inflation adjustment based on the San Diego Consumer Price Index (SD-CPI-U) on OMWD water rates and charges for 2023.

OMWD relies heavily on its water suppliers to meet our customers' water demand and buys 100% of untreated water supply from SDCWA to meet its customers' water demand. About 45% of customer's monthly water bill payment goes to SDCWA to pay for cost of purchased water. Effective January 1, 2023, the cost of water purchased from SDCWA was increased by 7.5%, along with the fixed charges assessed on purchasing water from SDCWA, which increased 1.3%. An increase in these purchased water wholesale costs makes an OMWD rate increase inevitable because the largest expense to any water agency in San Diego is the cost of purchased water.

OMWD must also address other increases in costs that are critical for a safe and reliably drinking water supply (such as supplies, energy, and chemical costs to treat and deliver water to our customers). OMWD continues to tighten its own belt and is therefore able to propose lower inflation adjustment, during a time when the inflation rate has reached over 8% (2022) - *please see the graph below, which illustrates OMWD's continued efforts in controlling costs where possible.*



Source: Bureau of Labor Statistics (BLS), SDCWA and OMWD.

Additionally, the District received \$3.6 million from SDCWA for damages and interest from a settlement with the Metropolitan Water District of Southern California in 2021. OMWD's Board of Directors voted to pass on these funds to OMWD ratepayers to offset future rate increases. This credit is shown on our customers' monthly water bills via a 6.9 cent Rate Reimbursement Credit per unit of water used.

To sustain operations and to continue providing our customers with reliable water services, OMWD Staff is proposing a 5.9% revenue adjustment on water rates and charges for 2023. The OMWD Board is committed to providing high-quality water in the most cost-effective manner possible.

Thank you for your input on the proposed rates. Please feel free to contact me for further clarification.

Sincerely,

Rainy Selamat
Finance Manager

From: Jeff Foster <jeff_foster03@yahoo.com>
Sent: Friday, January 20, 2023 12:36 PM
To: Stephanie Kaufmann <skaufmann@olivenhain.com>
Subject: Rate Comment

You don't often get email from jeff_foster03@yahoo.com. [Learn why this is important](#)

CAUTION: EXTERNAL EMAIL. Do not click any links or open attachments unless you recognize the sender, verified their email address, and know the content is safe.

Dear Olivenhain Municipal Water District Management,

I write here in response to your proposed 5.9% rate increase. In the Olivenhain Municipal Water District flyer, you compare the rate of a gallon of water to a gallon of milk, a gallon of gas, and a Coke. Really? Most people don't drink, cook, clean, bathe in, or water their household plants and yards with any of these. I've lived here for a very long time, and I've never seen the price of water go down, only up, even during recessions and water-surplus years. Water is a God-given resource. If our natural resource is being managed so well, why does the price keep going up?

Maybe, you say, it is the fault of our local and state governments? If so, what are you doing to guide them to more efficiently manage our precious natural resource? Clearly, you need to allocate 5.9% more effort on behalf of the public, whom you serve? Every one is expected to pay more and more, time and time again, despite the very high taxes & fees we already pay for everything, except the air we breathe. Needless to say, I am opposed to a raise in water rates.

Sincerely,
Jeffrey Foster

Rainy Selamat

From: Rainy Selamat
Sent: Tuesday, January 31, 2023 5:21 PM
To: jh.walsh32@gmail.com
Cc: Stephanie Kaufmann; Rainy Selamat
Subject: RE: Rate Comment

Dear Mr. Walsh,

Olivenhain Municipal Water District (OMWD) is in receipt of your email opposing a raise in water rates. A copy of your email will be provided to our Board of Directors in their board package for consideration. Thank you for taking the time to write and express your concerns.

Our responses are in-line below.

Please feel free to contact me for further clarification.

Sincerely,

Rainy Selamat
Finance Manager

From: John Walsh <jh.walsh32@gmail.com>
Sent: Monday, January 23, 2023 3:13 PM
To: Stephanie Kaufmann <skaufmann@olivenhain.com>
Cc: John Walsh <jh.walsh32@gmail.com>
Subject: Rate Comment

You don't often get email from jh.walsh32@gmail.com. [Learn why this is important](#)

CAUTION: EXTERNAL EMAIL. Do not click any links or open attachments unless you recognize the sender, verified their email address, and know the content is safe.

Death, taxes and an annual rate increase from our friends at the OMWD are all we can be assured of in this life.

At February 15 board meeting to discuss the 5.9% "Revenue Adjustment" for 2023, can you please address the following?

1. The total cost of the new OMWD headquarters and its impact on water rates.

OMWD anticipated the remodeling and expansion of OMWD's headquarters address safety and ongoing maintenance costs due to aging facilities, which could have a "snowball" effect on future rates and charges. OMWD therefore incorporated the remodeling and expansion project to the 10-year Capital Improvement Plan (CIP) in 2005. With the ratepayers in mind, OMWD financed the remodeling and expansion of OMWD's headquarters in a manner that minimized rate impacts and prevented rates pikes by 100% funding the project utilizing the following sources:

- 1) *Capacity fees collected from OMWD developers. Capacity fees are one-time charges imposed on new connections to OMWD's service area (new construction) to "buy-in" to OMWD's water infrastructure that has already been paid for by rate payers.*
- 2) *Proceeds from selling OMWD vacant parcels of land (Gaty and Peay) that were listed for sale to help finance OMWD headquarters, at the Board's direction. These parcels of land sold for a combined \$2.64 million.*
- 3) *Non-potable water rates and charges, which are not paid by the majority of OMWD's customers. Sewer and recycled rates and charges helped pay for the sewer and recycled water "portion" of the new headquarter, since headquarters staff provide support for sewer and recycled activities throughout its service area.*

Additionally, the District issued \$5.5 million in sewer revenue bonds in 2018 to help finance OMWD headquarters construction costs and minimize impact on water rates. These bonds were issued at an interest rate of 3.1%, and were refinanced in 2021 at 1.14%, resulting in a net present value savings of \$243,900 to OMWD.

2. Projected (or implemented) salary and benefits increases? In light of the attached, I can only hope that you would not be so bold as to propose/implement increases to either.

OMWD's projected or actual salary and benefit increases are based terms and conditions included in the 2022 Memorandum of Understanding (MOU) between The Olivenhain Municipal Water District and Olivenhain Municipal Water District Employees Association and The Bargaining Unit Members Association. Terms of this MOU will expire in December 2026 and went into effect January of 2022. For the duration of this MOU, salary and benefits are projected between 3.5% and 6%, depending on the actual San Diego Consumer Price Index (SD CPI-U) each year.

Note that although we've seen inflation rate as high as 9% (June 2022), OMWD's salary increases are "capped" at 6% each year per the existing MOU. Employees' contribution has also been increased as part of the 2022 MOU to help offset rising benefit costs.

Sincerely,

John H. Walsh

Carlsbad, CA 92009

Memo

Date: February 15, 2023
To: Olivenhain Municipal Water District Board of Directors
From: Rainy K. Selamat, Finance Manager
Via: Kimberly A. Thorner, General Manager
Subject: **CONSIDER ADOPTION OF A RESOLUTION MAKING CEQA EXEMPTION FINDINGS FOR THE WATER RATE INCREASES, DEMAND REDUCTION RATE ADJUSTMENTS, AND RATE REIMBURSEMENT CREDITS AND ORDERING A NOTICE OF EXEMPTION BE FILED WITH THE COUNTY CLERK OF THE COUNTY OF SAN DIEGO**

Purpose

The attached resolution declares the Board's intention to increase water rates and charges, implement Demand Reduction Rate Adjustments, and continue the Rate Reimbursement Credit to comply with California Environmental Quality Act (CEQA), State of California CEQA guidelines, and to authorize a Notice of Exemption (NOE) to be signed by the District's General Manager and filed with the County Clerk of the County of San Diego.

Increased water rates and charges and Demand Reduction Rate Adjustments are needed to raise essential funds for meeting anticipated operating expenses, meeting the reserve needs of the District, and to maintain service for the customers of the Olivenhain Municipal Water District.

The attached resolution and NOE have been reviewed by the District's General Counsel, Mr. Alfred Smith.

Recommendation

Staff is recommending the Board consider and approve water rate increases, Demand Reduction Rate Adjustments, and Rate Reimbursement Credits for 2023 to cover costs of water operations and maintenance and adopt the Resolution to file the Notice of Exemption.

Water rate increases, Demand Reduction Rate Adjustments, and Rate Reimbursement Credits qualifies as exempt pursuant to the California Environmental Quality Act (CEQA), State of California CEQA guidelines section 15273(a) (1)-(4.)

Alternatives

Although CEQA does not require approval of rates by public agencies when the rates are for the purpose of meeting operating expenses and financial reserve needs and requirements, and necessary to maintain service within the existing service areas, the Board may decide to adopt the resolution and direct staff to not file the NOE, which would increase the Statute of Limitations for filing protests from 35 days to 180 days.

The Board could also decide to continue discussion of proposed water rate and charge increases and Demand Reduction Rate Adjustments.

Background

At the October 19, 2022, board meeting, staff made a presentation on proposed 2023 potable and recycled water rates and charges for consideration and approval by the Board. During the discussion, staff also informed the Board that these changes to the District's rates and charges will be brought back to the Board for approval and adoption at the February 15th meeting.

Fiscal Impact

The proposed water rate increases with Demand Reduction Rate Adjustments and Rate Reimbursement Credits will increase the District's revenue projection by 5.9% annually to pay for increased purchased water wholesale costs and to pay for OMWD's costs of water operations and maintenance and water capital infrastructure needs.

There is a \$50 fee to file the NOE with the County Clerk.

Discussion

By adopting the attached resolution, the Board is making CEQA exemption findings that the water rates and charges will be used to meet anticipated operating expenses, financial reserve needs and requirements, and to fund necessary capital projects in order to maintain service within the District's existing service areas.

The District is required to provide written notice of rate changes to its customers not less than 30 days prior to implementing new rates. A written notice on the proposed changes to the District's 2023 water rates and charges was mailed to water customers with the January 2023 water bill. The new rates will be effective on March 1, 2023, if approved and adopted by the Board.

As of the writing of this memo there were two comments received on the water rate increases and demand rate adjustments.

Attachments: Resolution
 Water Rate Study Report (as Exhibit "A" of the Resolution)
 Notice of Exemption (as Exhibit "B" of the Resolution)

RESOLUTION NO. 2023-XX

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE OLIVENHAIN
MUNICIPAL WATER DISTRICT MAKING CEQA EXEMPTION FINDINGS
FOR WATER RATE INCREASES, DEMAND REDUCTION RATE ADJUSTMENTS,
AND RATE REIMBURSEMENT CREDITS AND ORDERING
A NOTICE OF EXEMPTION BE FILED WITH
THE COUNTY CLERK OF THE COUNTY OF SAN DIEGO**

WHEREAS, the Olivenhain Municipal Water District Board of Directors intends, by ordinance, to modify and increase water rates and charges, implement Demand Reduction Rate Adjustments, and continue Rate Reimbursement Credits for calendar year 2023; and

WHEREAS, the project is to increase water rates and charges, implement Demand Reduction Rate Adjustments, and continue Rate Reimbursement Credits to customers and development within the area already served by the Olivenhain Municipal Water District. The purpose of the project is to raise essential funds to meet anticipated operating expenses, to meet financial reserve needs and requirements, and to maintain service within existing service areas; and

WHEREAS, pursuant to the California Environmental Quality Act, State of California (CEQA) Guidelines, the Olivenhain Municipal Board of Directors has caused to be prepared a Notice of Exemption according to State of California CEQA guidelines section 15273(a) (1)-(4); and

WHEREAS, the 2019 Water Rate Study Report (Report) prepared by the District's rate consultant, Raftelis Financial Consultants, Inc., attached hereto and incorporated herein as Exhibit "A," recommended the needs for increasing water rates and charges and implementing Demand Reduction Rate Adjustments for calendar year 2023; and

WHEREAS, the Report on the potential increase of water rates and charges and implementation of Demand Reduction Rate Adjustments was approved by the Olivenhain Municipal Water District Board of Directors; and

WHEREAS, following the review of the Report on the potential increase of water rates and charges and implementation of Demand Reduction Rate Adjustments, the Board of Directors held a public hearing in accordance with California Constitution article XIID, Section 6 on Wednesday, November 13, 2019, to consider the increase in water rate increases for Olivenhain Municipal Water District water service fees, and implementation of Demand Reduction Rate Adjustments; and

WHEREAS, having heard, considered, and reviewed the Report, protest letters received, and comments from property owners who expressed their views to the Board of Directors, and being fully advised regarding the consequences of the proposed increases in water rates and

charges, and implementation of Demand Reduction Rate Adjustments, it is in the interest of the Olivenhain Municipal Water District and the people it serves to order a Notice of Exemption be filed with the County Clerk of the County of San Diego, and approve the appropriate modifications by ordinance.

NOW, THEREFORE, the Board of Directors of the Olivenhain Municipal Water District does hereby find, determine, resolve and order as follows:

SECTION 1: The foregoing facts are found and determined to be true and correct.

SECTION 2: Certain water rates and charges shall be increased to raise essential funds for meeting anticipated operating expenses, meeting the reserve needs of the District, and to maintain service within existing service areas in order to continue to deliver water to the customers of the Olivenhain Municipal Water District.

SECTION 3: Pursuant to the California Environmental Quality Act (CEQA), State of California CEQA guidelines section 15273(a) (1)-(4), the Board of Directors finds and determines that increasing various fees and charges, and implementation of Demand Reduction Rate Adjustments is exempt from CEQA for each of the following reasons:

- 1) The increases of water rates and charges, implementation of Demand Reduction Rate Adjustments, and continuation of Rate Reimbursement Credits are not a "Project" as defined by Guidelines Section 15378 (b) (4).
- 2) The Project is exempt in accordance with Guidelines Section 15273 (a) (1), 15273 (a) (2), 15273 (a) (3), and 15273 (a) (4).
- 3) The activity will not have any significant effect on the environment.

SECTION 4: The Board of Directors of the Olivenhain Municipal Water District finds and determines that increases of water rates and charges, implementation of Demand Reduction Rate Adjustments, and continuation of Rate Reimbursement Credits is exempt for the following reasons:

- 1) No Project. The project is a continuing administrative activity of the District which will not result in any physical change in the environment. The increase of various water rates and charges, implementation of Demand Reduction Rate Adjustments, and continuation of Rate Reimbursement Credits is not being considered in conjunction with the approval of any specific project and will be used solely to meet anticipated operating expenses, to meet financial reserve needs and requirements, and to maintain service within existing service areas.
- 2) Exemption. The documents and materials that constitute the record of proceedings on which these findings have been based are located at the District, 1966 Olivenhain

Road, Encinitas, California 92024. The custodian for these records is the Secretary of the District.

- 3) No Significant Effect. The activity will not have significant effect on the environment. The modifications of fees and charges, implementation of Demand Reduction Rate Adjustments, and continuation of Rate Reimbursement Credits have been set to maintain service within existing service areas and not to expand the system. The fees and charges are not being considered in conjunction with any specific development activity.
- 4) Justification and Reasons. The Board finds that the reasons and justification for the increased water rates and charges, implementation of Demand Reduction Rate Adjustments, and continuation of Rate Reimbursement Credits being exempt as set forth in the Notice of Exemption attached hereto and incorporated herein as Exhibit "B."

SECTION 5: The Olivenhain Municipal Water District Board of Directors orders and directs that the foregoing exemptions and reasons be made a part of the Notice of Exemption and that the Notice of Exemption be filed with the County Clerk of the County of San Diego.

PASSED, ADOPTED AND APPROVED at a regular meeting of the Board of Directors of the Olivenhain Municipal Water District held on Wednesday, February 15, 2023 by the following roll call vote:

Christy Guerin, President
Board of Directors
Olivenhain Municipal Water District

ATTEST:

Lawrence A. Watt, Secretary
Board of Directors
Olivenhain Municipal Water District

EXHIBIT A

OLIVENHAIN

MUNICIPAL WATER DISTRICT

2019 Water Rate Study

Final Report / September 11, 2019





September 11, 2019

Ms. Kimberly A. Thorner
General Manager
Olivenhain Municipal Water District
1966 Olivenhain Road
Encinitas, CA 92024

Subject: 2019 Water Rate Study Report

Dear Ms. Thorner,

Raftelis is pleased to provide this 2019 Water Rate Study Report (Report) to the Olivenhain Municipal Water District (District). The overall goal of the study was to develop updated water rates for the District for the next five fiscal years (FY 2020-FY 2024) that are fair and equitable and in compliance with Proposition 218 requirements.

The major objectives of the study include the following:

- » Develop a five-year financial plan through FY 2024 that sufficiently funds the District's operating costs, debt obligations, and necessary capital expenditures
- » Review and revise as necessary the current water rate structure
- » Perform a cost of service analysis to equitably allocate costs across customers classes
- » Propose equitable water rates for FY 2020 to FY 2024

This Report summarizes the key findings and recommendations related to the development of the financial plan and proposed water rates. It has been a pleasure working with you and we would like to thank you and District staff for the support provided to Raftelis during this study.

Sincerely,

RAFTELIS FINANCIAL CONSULTANTS, INC.

A blue ink signature of Sudhir Pardiwala, written in a cursive style.

Sudhir Pardiwala
Executive Vice President

A blue ink signature of Hannah Phan, written in a cursive style.

Hannah Phan
Manager

A red ink signature of Charles Diamond, written in a cursive style.

Charles Diamond
Consultant

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1. Executive Summary

1.1. Study Overview

Olivenhain Municipal Water District (District) is a municipal water district that provides water service to a population of approximately 86,000 across a 48 square mile service area in northern San Diego County. The majority of the District's water supply is provided by the San Diego County Water Authority (SDCWA), of which the District has been a member since 1960. The District's potable water system consists of a water treatment plant with 34 MGD of capacity, 17 storage reservoirs, and over 400 miles of water pipelines. Additionally, the District operates a water reclamation facility that produces up to 2 MGD of recycled water. The District also purchases recycled water from the City of San Diego, Vallecitos Water District, San Elijo Joint Powers Authority, and Rancho Santa Fe Community Services District. The District's recycled water distribution system includes 46 miles of recycled water pipelines that are used to deliver recycled water to non-potable landscape/irrigation water users.

The District engaged Raftelis in 2019 to conduct a comprehensive cost of service water rate study to establish proposed water rates for fiscal years FY 2020 to FY 2024. The District's existing water rate structure consists of the following charges:

1. **OMWD System Access Charge:** This fixed monthly meter charge varies by water meter size and recovers a portion of the District's fixed costs.
2. **SDCWA Infrastructure Access Charge:** All water meters excluding construction, fire, and recycled water meters are subject to a monthly SDCWA Infrastructure Access Charge which varies by water meter size. SDCWA assesses the Infrastructure Access Charge to recover a portion of debt service costs associated with the construction of county-wide water infrastructure projects. The SDCWA Infrastructure Access Charge is treated as a pass-through charge by the District, as charges paid by the District to SDCWA are directly recouped from the District's customers.
3. **Volumetric Rate:** The District assesses volumetric rates per hundred cubic feet (hcf) of water delivered each month. Volumetric water rates vary by customer class and by Water Supply Shortage level. Domestic customers have a four-tier volumetric rate structure, while irrigation customers have a two-tier volumetric rate structure. Agricultural, commercial, construction, and recycled water customers have unique uniform rates.
4. **Fire Meter Charge:** Meters dedicated for automatic fire sprinkler service are not subject to the three charges listed above but are assessed a fixed monthly Fire Service Charge which varies by line size. Customers are only assessed this charge if they have a dedicated water line for automatic fire sprinkler service.

The major objectives of the water rate study include the following:

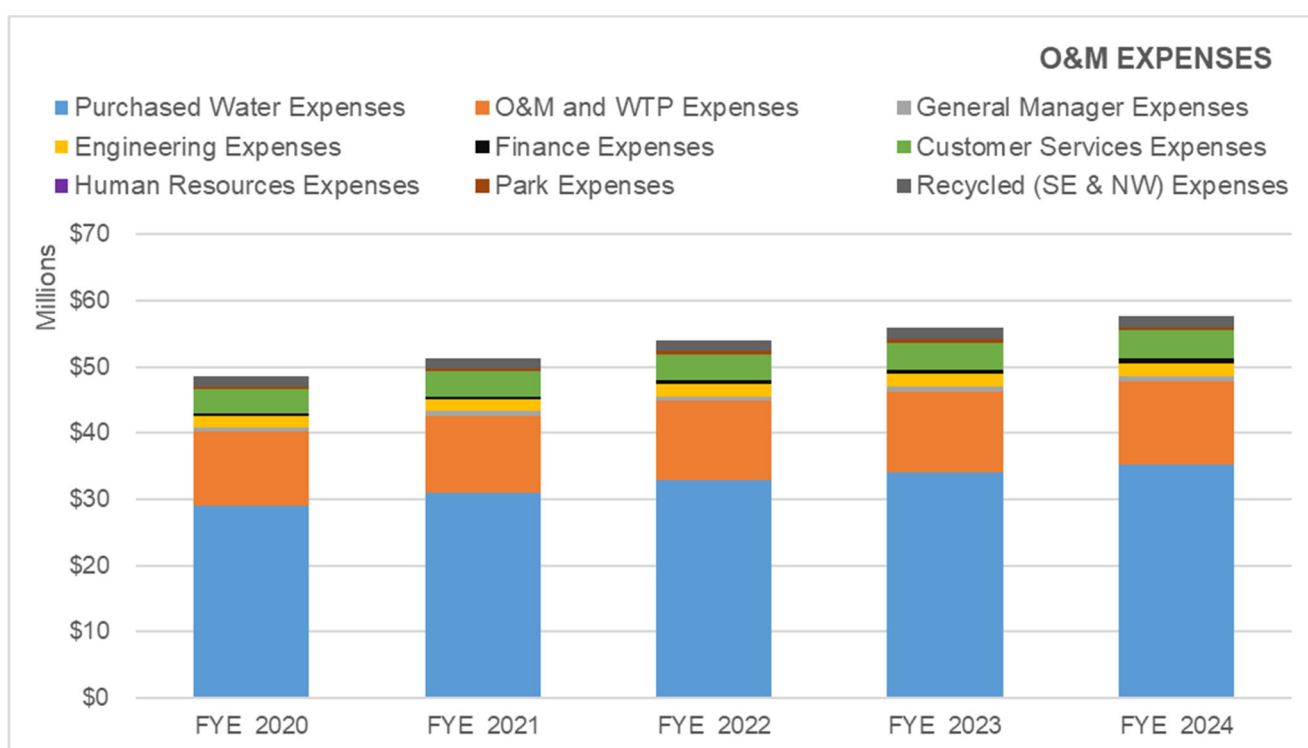
- » Develop a five-year financial plan through FY 2024 that generates sufficient revenues to fund the District's operating costs, debt obligations, and necessary capital expenditures
- » Review and revise as necessary the current water rate structure
- » Perform a cost of service analysis to equitably allocate costs across customers classes in compliance with Proposition 218
- » Propose equitable water rates for FY 2020 to FY 2024

1.2. Financial Plan

Before beginning the rate design process, Raftelis first determined the revenue adjustments needed to adequately fund the District's various expenses and to provide fiscal stability over the five-year study period. Raftelis projected the revenue requirements, including operations and maintenance (O&M) expenses, capital improvement plan (CIP) expenditures, debt service costs, and reserve requirements over the study period.

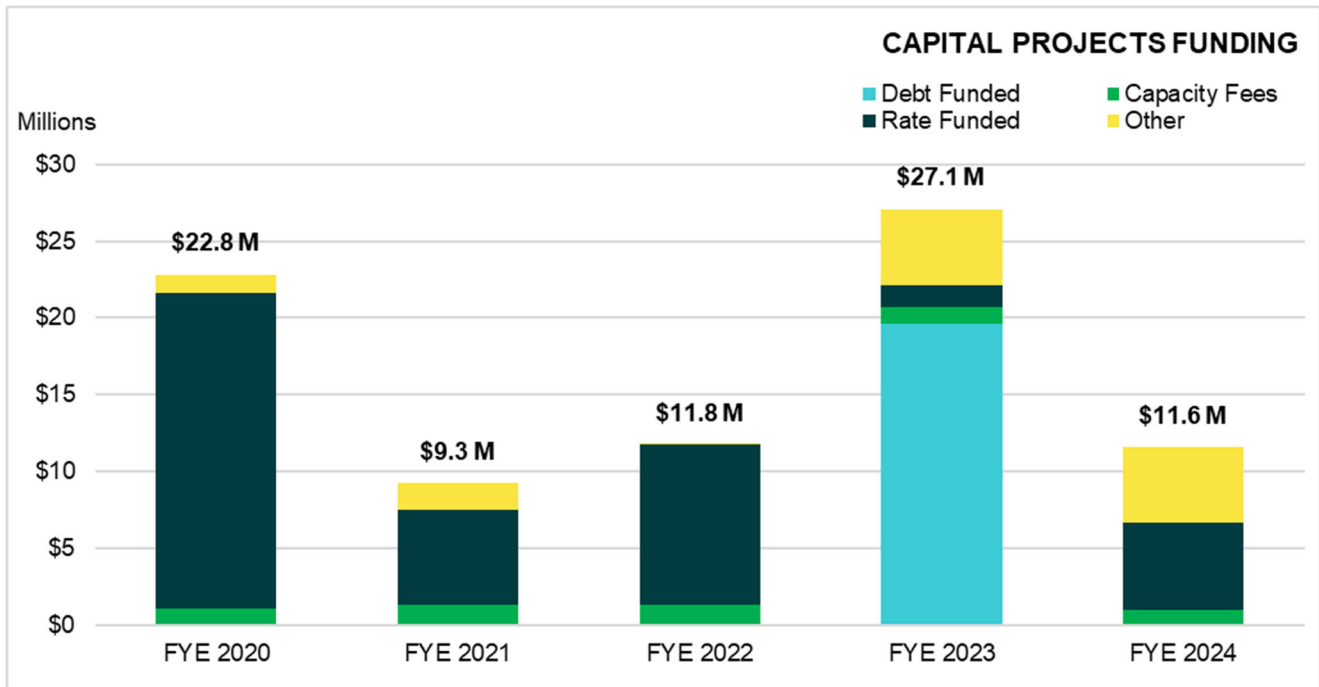
O&M expenses include the cost of purchasing water, operating and maintaining facilities, staff-related costs, and other administrative costs. The O&M projections are based on the District's fiscal year (FY) 2020 budget and are escalated in subsequent years by three percent per year (except water supply costs which are calculated separately). Water supply costs, which constitute approximately 60 percent of total O&M expenses, are projected to increase based on anticipated increases in SDCWA rates. A summary of projected O&M expenses is shown below in **Figure 1-1**.

Figure 1-1: Projected O&M Expenses



The District has developed a comprehensive water Capital Improvement Program (CIP) to address current water system needs. The total estimated water CIP for the study period of FY 2020 to FY 2024 is \$82.6 million. The majority of the five-year CIP plan is projected to be funded from rate revenues and capacity fees. However, a \$20 million revenue bond issue is projected in FY 2023. The District's existing debt service payments are approximately \$4.5 million annually and are projected to increase to approximately \$5.8 million following the FY 2023 proposed bond issue of \$20 million. CIP by funding source is shown throughout the study period in **Figure 1-2**. Other revenues include anticipated grant funds, excess property tax revenues, recycled water capacity fee revenues, and proceeds from the sale of the District's assets.

Figure 1-2: CIP by Funding Source



The proposed financial plan assumes modest growth throughout the study period of 50 domestic accounts per year (assumed to be 3/4-inch water meters). Per account water usage is assumed to remain constant over the study period. Under such assumptions, Raftelis proposes the following revenue adjustments¹ over the study period in order to ensure that District exceeds required debt coverage and minimum reserve levels. The proposed FY 2020 revenue adjustment of 3.7 percent was set equal to the over-the-year percent change in the San Diego-Carlsbad CPI-U for the second half of 2018 as determined by the U.S Bureau of Labor Statistics². The proposed revenue adjustment will be effective with water consumption beginning on March 1, 2020³.

Table 1-1: Proposed 5-Year Revenue Adjustments

Fiscal Year	Effective Date	Revenue Adjustment
FY 2020	March 1, 2020	3.7%
FY 2021	March 1, 2021	5.0%
FY 2022	March 1, 2022	5.0%
FY 2023	March 1, 2023	5.0%
FY 2024	March 1, 2024	5.0%

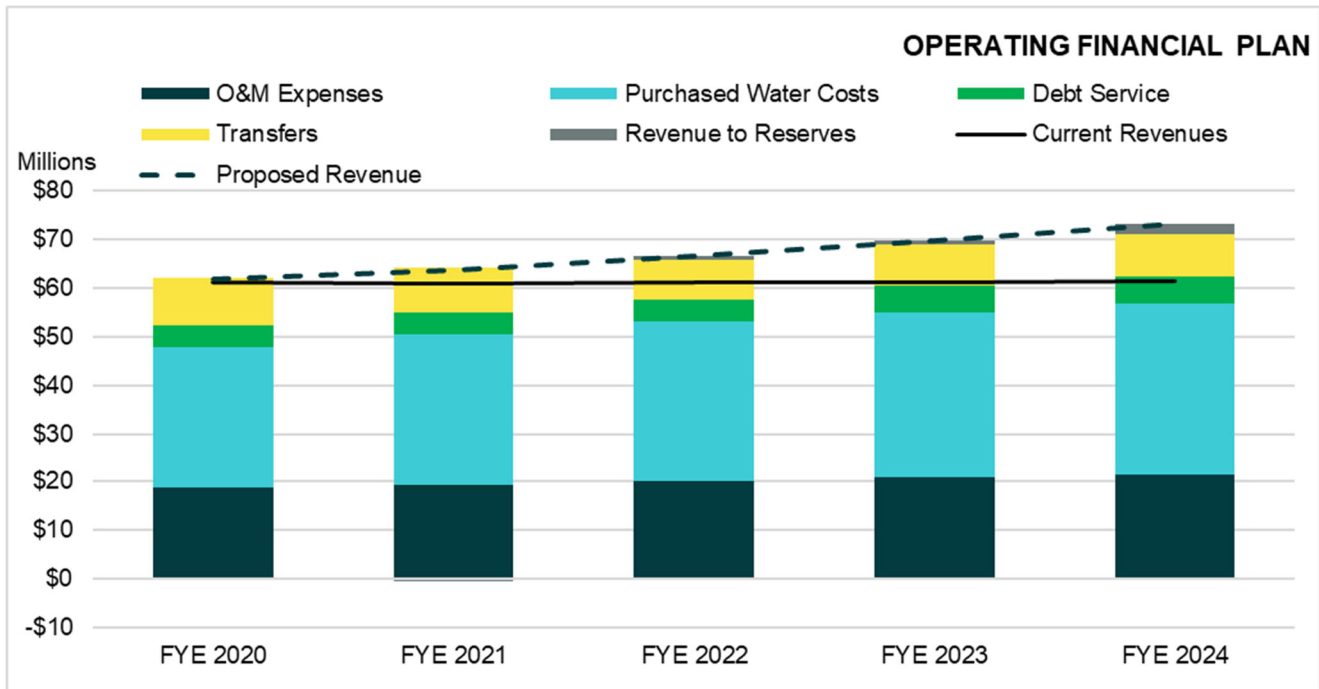
Figure 1-3 shows the proposed financial plan that incorporates the proposed revenue adjustments above. Operating Fund revenue requirements are represented by stacked bars. Projected revenues in the absence of any rate increase are represented by the solid line, while projected revenues under the proposed revenue adjustments are represented by the dashed line. **Figure 1-3** clearly demonstrates the need for revenue adjustments, as current rates will not generate sufficient revenues to cover the District’s operating revenue requirements.

¹ A revenue adjustment represents the percent increase in total water rate revenues resulting from a water rate increase.

² This was the most recently available CPI-U value at the time of financial plan development.

³ Note that water consumption in March is billed in March. Therefore, a proposed revenue adjustment that is effective for water consumption beginning on March 1 will have an effective bill date of March 1.

Figure 1-3: Proposed Financial Plan



1.3. Proposed Water Rates

To calculate fair and equitable rates so that customers pay in proportion to the cost of providing service, Raftelis performed a cost of service analysis in accordance with industry standard principles outlined by the American Water Works Association (AWWA) in its *Principles of Water Rates, Fees, and Charges: Manual of Water Supply Practices M1 Sixth Edition* (M1 Manual). The cost of service analysis takes into account water usage characteristics of each customer class and tier in order to allocate costs in proportion to the burden each customer class places on the water system.

Raftelis recommends that the District maintains its existing water rate structure. However, a slight revision to the Domestic tier definitions are proposed based on analysis of updated water usage data. Domestic Tier 2 volumetric rates currently apply to domestic customers' monthly usage between 7 and 25 HCF. The maximum of 25 HCF was previously set equal to average monthly Domestic water usage at the time of the prior water rate study. Raftelis proposes that the Tier 2 monthly maximum be revised from 25 HCF down to 23 HCF to more closely align with updated average monthly domestic water usage for 2018. Proposed system access charges also called fixed charges are shown below in **Table 1-2** and proposed volumetric rates are shown in **Table 1-3**. FY 2020 proposed rates were established based on the cost of service analysis. Proposed rates from FY 2021 to FY 2024 were established by increasing the prior fiscal year's proposed rates by the corresponding revenue adjustment from **Table 1-1**. All rates are proposed to become effective with water consumption beginning on March 1 of each year.

Since the prior water rate study was conducted in 2014, it has become industry standard to differentiate tiered volumetric rates based on the peak usage characteristics. In the prior study, peak usage characteristics were only evaluated at the customer class level, which was standard at that time. Because of increasingly stringent rate-setting standards that have emerged in California since 2014, Raftelis now differentiates rates at both the customer class and individual tier level based on peak usage characteristics. Because of this refinement, proposed Domestic volumetric rates have less pronounced differences in the per unit rate between the lower and higher tiers. Lower usage customers are most affected, but this change is necessary to comply with current regulations.

Table 1-2: Proposed Monthly Fixed Charges

Effective Date	Current	March 1, 2020	March 1, 2021	March 1, 2022	March 1, 2023	March 1, 2024
Monthly OMWD System Access Charge						
Meter Size						
5/8"	\$28.43	\$29.41	\$30.89	\$32.44	\$34.07	\$35.78
3/4"	\$37.70	\$38.46	\$40.39	\$42.41	\$44.54	\$46.77
1"	\$65.55	\$65.60	\$68.88	\$72.33	\$75.95	\$79.75
1-1/2"	\$102.68	\$101.79	\$106.88	\$112.23	\$117.85	\$123.75
2"	\$161.47	\$159.10	\$167.06	\$175.42	\$184.20	\$193.41
2-1/2"	\$294.50	\$288.78	\$303.22	\$318.39	\$334.31	\$351.03
3"	\$322.34	\$315.93	\$331.73	\$348.32	\$365.74	\$384.03
4"	\$535.82	\$524.03	\$550.24	\$577.76	\$606.65	\$636.99
6"	\$1,120.55	\$1,094.04	\$1,148.75	\$1,206.19	\$1,266.50	\$1,329.83
8"	\$2,017.75	\$1,968.66	\$2,067.10	\$2,170.46	\$2,278.99	\$2,392.94
Monthly SDCWA Infrastructure Access Charge*						
Meter Size						
5/8"	\$3.01	\$3.66	TBD	TBD	TBD	TBD
3/4"	\$3.01	\$3.66	TBD	TBD	TBD	TBD
1"	\$5.71	\$6.96	TBD	TBD	TBD	TBD
1-1/2"	\$9.33	\$11.35	TBD	TBD	TBD	TBD
2"	\$15.05	\$18.30	TBD	TBD	TBD	TBD
2-1/2"	\$27.92	\$34.04	TBD	TBD	TBD	TBD
3"	\$30.70	\$37.34	TBD	TBD	TBD	TBD
4"	\$51.48	\$62.59	TBD	TBD	TBD	TBD
6"	\$108.38	\$131.76	TBD	TBD	TBD	TBD
8"	\$195.69	\$237.90	TBD	TBD	TBD	TBD
Monthly Fire Meter Charges						
Meter Line Size						
5/8"	\$3.82	\$4.82	\$5.07	\$5.33	\$5.60	\$5.88
3/4"	\$3.82	\$4.82	\$5.07	\$5.33	\$5.60	\$5.88
1"	\$4.50	\$5.42	\$5.70	\$5.99	\$6.29	\$6.61
1-1/2"	\$5.42	\$6.21	\$6.53	\$6.86	\$7.21	\$7.58
2"	\$6.88	\$7.48	\$7.86	\$8.26	\$8.68	\$9.12
2-1/2"	\$10.15	\$10.34	\$10.86	\$11.41	\$11.99	\$12.59
3"	\$10.84	\$10.93	\$11.48	\$12.06	\$12.67	\$13.31
4"	\$16.10	\$15.52	\$16.30	\$17.12	\$17.98	\$18.88
6"	\$30.51	\$28.09	\$29.50	\$30.98	\$32.53	\$34.16
8"	\$52.64	\$47.37	\$49.74	\$52.23	\$54.85	\$57.60

*Note: A fixed charge imposed by SDCWA. Subject to change every year.

Table 1-3: Proposed Volumetric Rates per HCF

Effective Date	Current	March 1, 2020	March 1, 2021	March 1, 2022	March 1, 2023	March 1, 2024
Volumetric Rates (\$/HCF)						
Residential						
Tier 1 (0-6 HCF)	\$2.71	\$3.30	\$3.47	\$3.65	\$3.84	\$4.04
Tier 2 (7-23 HCF)	\$4.75	\$4.90	\$5.15	\$5.41	\$5.69	\$5.98
Tier 3 (24-80 HCF)	\$5.61	\$5.49	\$5.77	\$6.06	\$6.37	\$6.69
Tier 4 (80 + HCF)	\$6.58	\$6.58	\$6.91	\$7.26	\$7.63	\$8.02
Agriculture	\$4.75	\$5.42	\$5.70	\$5.99	\$6.29	\$6.61
Agriculture w/ Credit*	\$3.81	TBD	TBD	TBD	TBD	TBD
Commercial	\$4.07	\$4.59	\$4.82	\$5.07	\$5.33	\$5.60
Irrigation						
Tier 1: "B" Base	\$4.35	\$5.20	\$5.46	\$5.74	\$6.03	\$6.34
Tier 2: "C" Over Base	\$5.90	\$5.57	\$5.85	\$6.15	\$6.46	\$6.79
Construction	\$7.97	\$6.65	\$6.99	\$7.34	\$7.71	\$8.10
Recycled Water	\$3.85	\$3.61	\$3.80	\$3.99	\$4.19	\$4.40

**Note: Agriculture w/ Credit rate is updated annually by District staff based on SDCWA charges*

1.4. Water Supply Shortage Rates

Raftelis updated the District's water supply shortage rates as part of this study. Water supply shortage rates are intended to recover reductions in net revenues resulting from decreased water sales during times of reduced water demand due to drought, water supply emergencies, or other reasons. Raftelis developed water supply shortage rates for three distinct stages:

- » **10 Percent Demand Reduction** below projected FY 2020 water usage
- » **20 Percent Demand Reduction** below projected FY 2020 water usage
- » **30 Percent Demand Reduction** below projected FY 2020 water usage

In the event that the District activates its water supply shortage rates, customers will be notified in advance. OMWD's water supply shortage rates would only be implemented by General Manager or OMWD Board action under the terms of the District's Water Supply Shortage Condition Ordinance. Such action by OMWD is generally triggered by SDCWA and/or Metropolitan Water District of Southern California's (MWD) declaration of a specific level of water shortage.

All customers excluding Recycled Water are subject to a uniform increase in volumetric rates during each of the demand reduction stages that effectively functions as a surcharge. **Table 1-4** shows the proposed FY 2020 volumetric rates at each demand reduction stage.

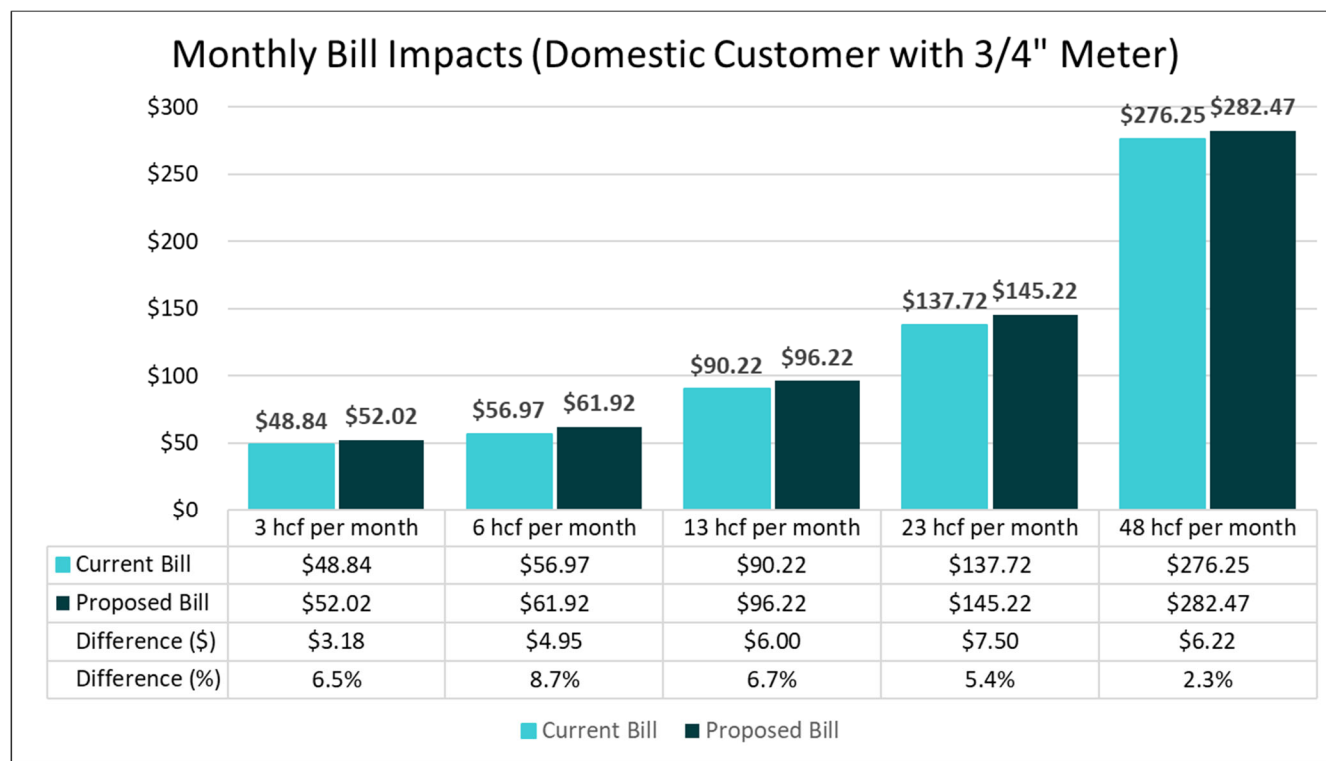
Table 1-4: Proposed FY 2020 Water Supply Shortage Rates per HCF

Customer Class	FY 2020 Base Rate	10% Demand Reduction (\$0.23 Surcharge)	20% Demand Reduction (\$0.50 Surcharge)	30% Demand Reduction (\$0.85 Surcharge)
Domestic				
Tier 1 (0-6 HCF)	\$3.30	\$3.53	\$3.80	\$4.15
Tier 2 (7-23 HCF)	\$4.90	\$5.13	\$5.40	\$5.75
Tier 3 (24-80 HCF)	\$5.49	\$5.72	\$5.99	\$6.34
Tier 4 (80 + HCF)	\$6.58	\$6.81	\$7.08	\$7.43
Agriculture	\$5.42	\$5.65	\$5.92	\$6.27
Commercial	\$4.59	\$4.82	\$5.09	\$5.44
Irrigation				
Tier 1: "B" Base	\$5.20	\$5.43	\$5.70	\$6.05
Tier 2: "C" Over Base	\$5.57	\$5.80	\$6.07	\$6.42
Construction	\$6.65	\$6.88	\$7.15	\$7.50
Recycled Water	\$3.61	\$3.61	\$3.61	\$3.61

1.5. Customer Impacts

Figure 1-4 shows the impacts to a Domestic customer at varying levels of usage, assuming a 3/4" meter. Note that 13 HCF per month represents median Domestic monthly usage for calendar year (CY) 2018, while 23 HCF represents average Domestic monthly usage for CY 2018. Lower usage Domestic customers see a greater percentage increase in monthly water bills due to the refinement in methodology used to design tiered volumetric rates, which was described above in **Section 1.3**.

Figure 1-4: Domestic Bill Impacts at Varying Levels of Usage



2. Introduction

2.1. Water System Overview

Olivenhain Municipal Water District (OMWD or District) is a municipal water district organized and operating pursuant to Water Code Sections 71000 et seq., and was incorporated on April 9, 1959, to develop an adequate water supply for landowners and residents. On June 14, 1960, residents of OMWD voted to become a member of the San Diego County Water Authority (SDCWA), thus becoming eligible to purchase water transported into San Diego County via the massive aqueducts of SDCWA and its wholesaler, Metropolitan Water District of Southern California. With service area of over 48 square miles, OMWD currently serves a population of approximately 86,000 residents in northern San Diego County.

The District treats up to 34 million gallons of water per day at its David C. McCollom Water Treatment Plant, has a storage capacity of nearly 80 million gallons within 17 storage reservoirs, and maintains a water distribution system with over 400 miles of potable water pipelines. In addition, the District's 4S Ranch Water Reclamation Facility produces up to 2 million gallons per day of recycled water, which is distributed through 46 miles of recycled water pipelines throughout the District for non-potable uses such as irrigation.

The District's existing water rate structure consists of the following charges:

1. **OMWD System Access Charge:** This fixed monthly charge varies by water meter size and is assessed per meter to recover a portion of the OMWD's fixed costs.
2. **SDCWA Infrastructure Access Charge:** All meters excluding construction, fire, and recycled water meters are subject to a monthly SDCWA Infrastructure Access Charge which varies by water meter size. SDCWA assesses the Infrastructure Access Charge to recover a portion of debt service costs associated with the construction of county-wide water infrastructure projects.
3. **Volumetric Rate:** The District assesses volumetric rates per hundred cubic feet (hcf) of water delivered each month. Volumetric water rates vary by customer class and by Water Supply Shortage level. Domestic customers are subject to a four-tier volumetric rate structure, while irrigation customers are subject to a two-tier volumetric rate structure. Agricultural, commercial, construction, and recycled water customers are subject to unique uniform rates.
4. **Fire Meter Charge:** Meters dedicated for automatic fire sprinkler service are not subject to the three charges listed above but are assessed a fixed monthly Fire Meter Charge which varies by connection size. Customers are only assessed this charge if they have a dedicated water line for automatic fire sprinkler service.

2.2. Study Objectives

The District engaged Raftelis in 2019 to conduct a water rate study to establish proposed water rates that are compliant with Proposition 218 and consistent with Cost of Service principles. The major objectives of the study include the following:

- » Develop a five-year financial plan through FY 2024 that sufficiently funds the District's operating costs, debt obligations, and necessary capital expenditures
- » Review and revise as necessary the current water rate structure
- » Perform a cost of service analysis to equitably allocate costs across customers classes
- » Propose equitable water rates for FY 2020 to FY 2024 that are fair and equitable and in compliance with Proposition 218

This Report provides a detailed description of the financial plan development, the cost of service analysis, and the development of the proposed 5-year water rate schedule. Assumptions, inputs, and calculations are clearly shown in order to provide a thorough and transparent description of how the proposed water rates were determined.

2.3. Legal Requirements and Rate-Setting Methodology

This water rate study was conducted using industry-standard principles outlined by the American Water Works Association's (AWWA) *Principles of Water Rates, Fees, and Charges: Manual of Water Supply Practices M1 Sixth Edition* (M1 Manual). The general principles of rate structure design and the objectives of the Study are described below.

According to the M1 Manual, the first step in the ratemaking process is to determine the adequate and appropriate level of funding for a given utility. This is referred to as determining the “revenue requirement.” This analysis considers the short-term and long-term service objectives of the utility over a given planning horizon, including capital facilities, system operations and maintenance, and financial reserve policies, to determine the adequacy of a utility’s existing rates to recover its costs. A number of factors may affect these projections, including the number of customers served, water-use trends, extraordinary gains or expenses, weather, conservation, use restrictions, inflation, interest rates, capital finance needs, changes in tax laws, and other changes in operating and economic conditions.

After determining a utility’s revenue requirements, the next step is determining the cost of service. Utilizing a public agency’s approved budget, financial reports, operating data, and capital improvement plans, a cost of service study generally categorizes the operating system costs by function (e.g., treatment, storage, pumping, distribution/collection, etc.). Asset costs are similarly functionalized to determine the cost of service of the CIP.

After the assets and the costs of operating those assets are properly categorized by function, these “functionalized costs” are allocated first to cost causation components, and then to the various customer classes (e.g., single-family residential, multi-family residential, and commercial) by determining the service characteristics of those classes and the contribution of each to incurred costs such as supply costs, base delivery costs, peaking costs.

Rate design is the final part of the rate-making procedure and uses the revenue requirement and cost of service analysis to determine appropriate rates for each customer class. Rates utilize “rate components” that build-up to rates for commodity charges, and fixed charges, for the various customer classes and meter sizes servicing customers. In the case of inclining tier water rates, the rate components define the cost of service *within* each class of customer, effectively treating each tier as a sub-class and determining the cost to serve each tier.

California Constitution - Article XIII D, Section 6 (Proposition 218)

Proposition 218, reflected in the California Constitution as Article XIII D, was enacted in 1996 to ensure that rates and fees are reasonable and proportional to the cost of providing service. The principal requirements, as they relate to public water service are as follows:

1. A property-related charge (such as water rates) imposed by a public agency on a parcel shall not exceed the costs required to provide the property related service.
2. Revenues derived by the charge shall not be used for any purpose other than that for which the charge was imposed.
3. The amount of the charge imposed upon any parcel shall not exceed the proportional cost of service attributable to the parcel.

4. No charge may be imposed for a service unless that service is actually used or immediately available to the owner of property.
5. A written notice of the proposed charge shall be mailed to the record owner of each parcel at least 45 days prior to the public hearing, when the agency considers all written protests against the charge.

As stated in AWWA's *M1 Manual*, "water rates and charges should be recovered from classes of customers in proportion to the cost of serving those customers." Raftelis follows industry standard rate setting methodologies set forth by the AWWA *M1 Manual* to ensure this Study meets Proposition 218 requirements and creates rates that do not exceed the proportionate cost of providing water services on a parcel basis. The methodology in the M1 Manual is a nationally recognized industry ratemaking standard which courts have recognized is consistent with Proposition 218.

California Constitution Article X, section 2 mandates that water resources be put to beneficial use and that the waste or unreasonable use of water be prevented through conservation. Section 106 of the Water Code declares that the highest priority use of water is for domestic purposes, with irrigation secondary. Thus, management of water resources is part of the property-related service provided by public water suppliers to ensure the resource is available over time. The City established inclining tiered (also known as inclining block) water rates to incentivize customers to conserve water. The inclining tier rates (as well as rates for uniform rate classes) need to be based on the proportionate costs incurred to provide water to customers to achieve compliance with Proposition 218.

Tiered Rates – "Inclining" tier rate structures (which are synonymous with "increasing" tier rate structures and "tiered" rates) when properly designed and differentiated by customer class, allow a water utility to send conservation price signals to customers. Due to heightened interest in water conservation and efficiency of water use, inclining tier water rates have gained widespread use, especially in relatively water-scarce regions like Southern California. Tiered rates meet the requirements of Proposition 218 as long as the tiered rates reasonably reflect the proportionate cost of providing service in each tier.

3. Financial Plan

Section 3 details the development of the five-year financial plan for District’s water utility. This includes the determination of annual revenues required from water rates based on annual cash flow projections. Assumptions and inputs related to projected revenues, operating expenses, capital expenditures are clearly outlined in the following subsections.

3.1. Existing Water Rates

Currently, District customers pay two types of monthly fixed charges: the OMWD System Access Charge and the SDCWA Infrastructure Access Charge. The OMWD System Access Charge is designed to recover a portion of fixed costs incurred by the District to provide water service. The SDCWA Infrastructure Access Charge is assessed by SDCWA to recover a portion of debt service costs associated with the construction of county-wide water infrastructure projects. Fixed monthly Fire Meter Charges are levied on water meters dedicated for automatic fire sprinkler service. **Table 3-1** below shows the District’s existing monthly rates for each type of fixed charge discussed above.

Table 3-1: Existing Monthly Fixed Charges

Meter Size	OMWD System Access Charge	SDCWA Infrastructure Access Charge	Fire Meter Charge
5/8-inch	\$28.43	\$3.01	\$3.82
3/4-inch	\$37.70	\$3.01	\$3.82
1-inch	\$65.55	\$5.71	\$4.50
1.5-inch	\$102.68	\$9.33	\$5.42
2-inch	\$161.47	\$15.05	\$6.88
2.5-inch	\$294.50	\$27.92	\$10.15
3-inch	\$322.34	\$30.70	\$10.84
4-inch	\$535.82	\$51.48	\$16.10
6-inch	\$1,120.55	\$108.38	\$30.51
8-inch	\$2,017.75	\$195.69	\$52.64

The District recovers its variable costs as well as its remaining fixed costs through Volumetric Rates. Volumetric rates vary by customer class and declared Water Supply Shortage level, and are assessed per hundred cubic feet (HCF) of water delivered. Domestic customers are charged according to a four-tiered inclining block rate structure, under which the volumetric rate increases as monthly water usage exceeds defined thresholds. Irrigation customers are subject to a two-tiered inclining block rate structure, in which Tier 1 allotments increase with meter size. Agricultural, Commercial, Construction, and Recycled customers are subject to distinct uniform volumetric rates. Combined Agricultural/Domestic customers are charged based on the Domestic volumetric rate schedule for the first 26 HCF of water usage per month and the Agricultural rate schedule for monthly usage above 26 HCF. **Table 3-2** below shows the District’s existing volumetric rates under the five various Water Supply Shortage levels. Level 1 rates are currently in effect.

Table 3-2: Existing Volumetric Rates per HCF

Customer Class	Base Rates	Watch/ Level 1 Voluntary	Alert/ Level 2 Mandatory	Critical/ Level 3 Mandatory	Emergency/ Level 4 Mandatory
Domestic					
Tier 1 (0-6 HCF/month)	\$2.71	\$2.71	\$2.85	\$3.00	\$3.27
Tier 2 (7-25 HCF/month)	\$4.51	\$4.75	\$4.97	\$5.65	\$6.56
Tier 3 (26-80 HCF/month)	\$5.12	\$5.61	\$6.40	\$7.68	\$8.96
Tier 4 (Over 80 HCF/month)	\$5.72	\$6.58	\$7.15	\$8.60	\$11.47
Agricultural	\$4.51	\$4.75	\$4.86	\$5.42	\$6.34
Agricultural with Credit	\$3.57	\$3.81	\$3.92	\$4.48	\$5.40
Commercial	\$3.87	\$4.07	\$4.15	\$4.65	\$5.41
Irrigation					
Tier 1 (See Table 3-3)	\$4.14	\$4.35	\$4.55	\$5.18	\$6.01
Tier 2 (See Table 3-3)	\$5.13	\$5.90	\$6.41	\$7.70	\$10.27
Construction	\$6.93	\$7.97	\$8.66	\$10.40	\$13.87
Recycled	\$3.85	\$3.85	\$3.85	\$3.85	\$3.85

Tier 1 monthly allotments vary by meter size for Irrigation customers and are shown below in **Table 3-3**. Any monthly usage by Irrigation customers above the Tier 1 allotment is billed at the Tier 2 Irrigation rate.

Table 3-3: Tier 1 Monthly Allotments for Irrigation Customers in HCF

Meter Size	Winter (Dec-May)	Summer (Jun-Nov)
5/8-inch	10	15
3/4-inch	20	30
1-inch	35	50
1.5-inch	50	110
2-inch	100	200
3-inch	200	500
4-inch	600	3,500
6-inch	3,100	11,800
8-inch	5,600	21,300

3.2. Water Account and Usage Assumptions

District staff provided Raftelis with the number of existing water meters differentiated by customer class as of FY 2019 (shown below in **Table 3-4**). Over 93 percent of water meters (excluding Fire Meters) served by District are classified as Domestic.

Table 3-4: Number of Water Meters by Customer Class (FY 2019)

Meter Size	Domestic	Agri-cultural	Combined Ag/Domestic	Com-mercial	Irrigation	Con-struction	Recycled	Fire
5/8-inch	1,909	0	0	25	12	1	1	380
3/4-inch	16,315	2	15	74	24	0	0	15
1-inch	2,531	4	40	118	114	40	27	5,435
1.5-inch	489	7	37	130	283	1	110	66
2-inch	139	13	29	65	162	0	146	1
2.5-inch	1	0	0	1	0	33	1	0
3-inch	12	1	0	8	2	0	5	0
4-inch	10	1	1	7	1	0	4	0
6-inch	1	0	0	1	2	0	4	1
8-inch	2	0	0	0	0	0	0	0
Total	21,409	28	122	429	600	75	298	5,898

Over the five-year study period from FY 2020-FY 2024, the District projects 50 new 3/4-inch Domestic water meters per fiscal year to come online. No other customer growth is projected over the study period. Based on FY 2019 meter counts and assumed growth of 50 new 3/4-inch Domestic meters per year, Raftelis projected the number of water meters by fixed charge type (shown below in **Table 3-5**). Note that the OMWD System Access Charge is assessed to all water meters excluding Fire lines, while the SDCWA Infrastructure Access Charge is assessed to all water meters except Construction meters, Recycled Water meters, and Fire lines.

Table 3-5: Number of Water Meters

Meter Size	FY 2019 Actual	FY 2020 Projected	FY 2021 Projected	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected
Meters subject to OMWD System Access Charge						
5/8-inch	1,948	1,948	1,948	1,948	1,948	1,948
3/4-inch	16,430	16,480	16,530	16,580	16,630	16,680
1-inch	2,874	2,874	2,874	2,874	2,874	2,874
1.5-inch	1,057	1,057	1,057	1,057	1,057	1,057
2-inch	554	554	554	554	554	554
2.5-inch	36	36	36	36	36	36
3-inch	28	28	28	28	28	28
4-inch	24	24	24	24	24	24
6-inch	8	8	8	8	8	8
8-inch	2	2	2	2	2	2
Total	22,961	23,011	23,061	23,111	23,161	23,211
Meters subject to SDCWA Infrastructure Access Charge						
5/8-inch	1,946	1,946	1,946	1,946	1,946	1,946
3/4-inch	16,430	16,480	16,530	16,580	16,630	16,680
1-inch	2,807	2,807	2,807	2,807	2,807	2,807
1.5-inch	946	946	946	946	946	946
2-inch	408	408	408	408	408	408
2.5-inch	2	2	2	2	2	2
3-inch	23	23	23	23	23	23
4-inch	20	20	20	20	20	20
6-inch	4	4	4	4	4	4
8-inch	2	2	2	2	2	2
Total	22,588	22,638	22,688	22,738	22,788	22,588
Meters subject to Fire Meter Charge						
5/8-inch	380	380	380	380	380	380
3/4-inch	15	15	15	15	15	15
1-inch	5,435	5,435	5,435	5,435	5,435	5,435
1.5-inch	66	66	66	66	66	66
2-inch	1	1	1	1	1	1
2.5-inch	0	0	0	0	0	0
3-inch	0	0	0	0	0	0
4-inch	0	0	0	0	0	0
6-inch	1	1	1	1	1	1
8-inch	0	0	0	0	0	0
Total	5,898	5,898	5,898	5,898	5,898	5,898

Water usage by customer class and tier was projected over the study period based on actual water usage data provided by District staff for FY 2018. FY 2018 represents the most recent fiscal year in which complete water usage data was available at the time the study was conducted. For the purposes of the financial plan, no change in

per account water consumption is assumed over the five-year study period. Annual increases in projected water usage shown below in **Table 3-6** are solely due to growth in 3/4-inch Domestic accounts (see **Table 3-5** above). The increase in Domestic water usage over the study period is directly proportional to the increase in total number of Domestic water meters, which is approximately 0.2 percent per fiscal year. Note that any reduction in water sales that may actually occur over the study period due to a water supply shortage will be accompanied by the activation of Water Supply Shortage rates. This will ensure that any loss in rate revenue resulting from reduced water sales will be offset by higher volumetric rates that increase with each Water Supply Shortage level. Therefore, the water usage projections shown below in **Table 3-6** represent an appropriate baseline scenario for the purposes of the five-year financial plan.

Table 3-6: Projected Water Usage in HCF by Customer Class and Accounts⁴

Customer Class	FY 2018 Actual	FY 2019 Projected	FY 2020 Projected	FY 2021 Projected	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected
Domestic							
Tier 1 (0-6 HCF/month)	1,681,857	1,685,771	1,689,689	1,693,607	1,697,525	1,701,443	1,705,360
Tier 2 (7-25 HCF/month)	2,416,409	2,422,003	2,427,601	2,433,199	2,438,797	2,444,395	2,449,993
Tier 3 (26-80 HCF/month)	1,482,259	1,485,726	1,489,196	1,492,666	1,496,136	1,499,606	1,503,076
Tier 4 (Over 80 HCF/month)	589,997	591,377	592,758	594,139	595,521	596,902	598,283
Agricultural	233,693	233,693	233,693	233,693	233,693	233,693	233,693
Agricultural with Credit	20,146	20,146	20,146	20,146	20,146	20,146	20,146
Commercial	283,373	283,373	283,373	283,373	283,373	283,373	283,373
Irrigation							
Tier 1 (See Table 3-3)	535,805	524,915	492,245	444,983	444,983	444,983	444,983
Tier 2 (See Table 3-3)	547,621	536,731	504,061	456,798	456,798	456,798	456,798
Construction	36,802	36,802	36,802	36,802	36,802	36,802	36,802
Recycled	1,108,957	1,130,737	1,196,077	1,290,602	1,290,602	1,290,602	1,290,602
Total	8,936,919	8,951,275	8,965,642	8,980,009	8,994,375	9,008,742	9,023,109

3.3. Revenues

The District's water revenues consist of operating revenues (i.e. water rate revenues), other operating revenues, non-operating revenues, and capital revenues (from capacity fees assessed to new water connections). Projected water rate revenues under existing rates are calculated for the years FY 2020-FY 2024 by multiplying current rates (from **Table 3-1** and **Table 3-2**) by the corresponding units of service (from **Table 3-5** and **Table 3-6**).⁵ Although revenue from SDCWA Infrastructure Access Charges is included in the District's budget as part of other operating revenues, it is calculated in the same manner as the fixed OMWD System Access Charge. Projecting water rate revenues under existing rates is necessary to evaluate the District's projected baseline financial position in the absence of any proposed rate increases. Note that for FY 2019, operating revenues were calculated based on FY

⁴ Note that in all report tables, totals may not add up precisely due to rounding.

⁵ Fixed charge revenues = [number of meters assessed] x [monthly rate] x [12 months].
Volumetric charge revenues = [annual usage in CCF] x [volumetric rate per CCF].

2018 rates for 9 months and FY 2019 rates for 3 months. This is because FY 2019 rates were implemented in March 2019.⁶

Table 3-7: Projected Operating Revenues Under Existing Water Rates

Operating Revenues	FY 2019 Projected	FY 2020 Projected	FY 2021 Projected	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected
Fixed Charges						
OMWD System Access Charge (Potable)	\$12,737,498	\$12,760,118	\$12,782,738	\$12,805,358	\$12,827,978	\$12,850,598
OMWD System Access Charge (Recycled)	\$542,393	\$542,393	\$542,393	\$542,393	\$542,393	\$542,393
Fire Meter Charges	\$309,509	\$316,416	\$316,416	\$316,416	\$316,416	\$316,416
Volumetric Charges:						
Domestic	\$27,727,513	\$28,364,903	\$28,430,665	\$28,496,426	\$28,562,188	\$28,627,950
Agricultural	\$1,087,257	\$1,110,042	\$1,110,042	\$1,110,042	\$1,110,042	\$1,110,042
Agricultural w/ Credit	\$74,641	\$76,756	\$76,756	\$76,756	\$76,756	\$76,756
Commercial	\$1,129,950	\$1,153,328	\$1,153,328	\$1,153,328	\$1,153,328	\$1,153,328
Irrigation	\$5,338,442	\$5,115,225	\$4,630,783	\$4,630,783	\$4,630,783	\$4,630,783
Construction	\$287,240	\$293,312	\$293,312	\$293,312	\$293,312	\$293,312
Recycled Water	\$4,268,532	\$4,604,896	\$4,968,818	\$4,968,818	\$4,968,818	\$4,968,818
Total	\$53,502,975	\$54,337,390	\$54,305,252	\$54,393,633	\$54,482,015	\$54,570,396

Table 3-8 shows a summary of other operating, non-operating, and capital revenues. SDCWA Infrastructure Access Charges were calculated in the same manner as described previously for operating revenues. Revenues from selling excess treated water to Vallecitos were projected beyond FY 2020 assuming 2,750 acre-feet per year (AFY) in sales. Investment income was calculated based on projected ending cash balances and an assumed 2 percent annual rate of return. The majority of other operating and non-operating expenses were projected beyond FY 2020 budgeted amounts by either holding constant through FY 2024 or by escalating by 1 percent per year. District staff provided five-year estimates for all capital revenues over the study period.

⁶ The District's fiscal year is from July 1 through June 30. For example, fiscal year 2019 spanned from July 1, 2018 through June 30, 2019.

Table 3-8: Projected Other Operating Revenues, Non-Operating Revenues, and Capital Revenues

Description	FY 2019 Estimated	FY 2020 Budget	FY 2021 Projected	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected
Other Operating Revenues						
SDCWA Infrastructure Access Charge	\$1,067,073	\$1,068,879	\$1,070,685	\$1,072,491	\$1,074,297	\$1,076,103
Selling Excess Treated Water to Vallecitos	\$814,000	\$867,000	\$571,049	\$596,487	\$616,094	\$637,737
Rental Income	\$645,000	\$650,000	\$663,000	\$676,260	\$689,785	\$703,581
Other	\$391,000	\$386,000	\$386,020	\$386,040	\$386,061	\$386,082
Subtotal	\$2,917,073	\$2,971,879	\$2,690,754	\$2,731,278	\$2,766,237	\$2,803,503
Non-Operating Revenues						
Property Tax Revenue	\$3,500,000	\$3,500,000	\$3,500,000	\$3,500,000	\$3,500,000	\$3,500,000
Investment Income	\$0	\$470,000	\$451,000	\$449,000	\$468,000	\$516,000
Other	\$88,000	\$31,000	\$31,000	\$31,000	\$31,000	\$31,000
Subtotal	\$3,588,000	\$4,001,000	\$3,982,000	\$3,980,000	\$3,999,000	\$4,047,000
Capital Revenues						
Potable Capacity Fee	\$733,000	\$1,056,304	\$1,286,873	\$1,285,402	\$1,141,737	\$927,175
Anticipated Grants ⁷	\$0	\$200,000	\$0	\$0	\$5,000,000	\$5,000,000
Recycled Capacity Fee	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Subtotal	\$738,000	\$1,261,304	\$1,291,873	\$1,290,402	\$6,146,737	\$5,932,175

Table 3-9 shows a revenue summary for the study period based on revenues shown previously in Table 3-7 and Table 3-8. Once again, operating revenues shown in this section reflect projected water rate revenues under existing rates in the absence of any rate increases over the study period.

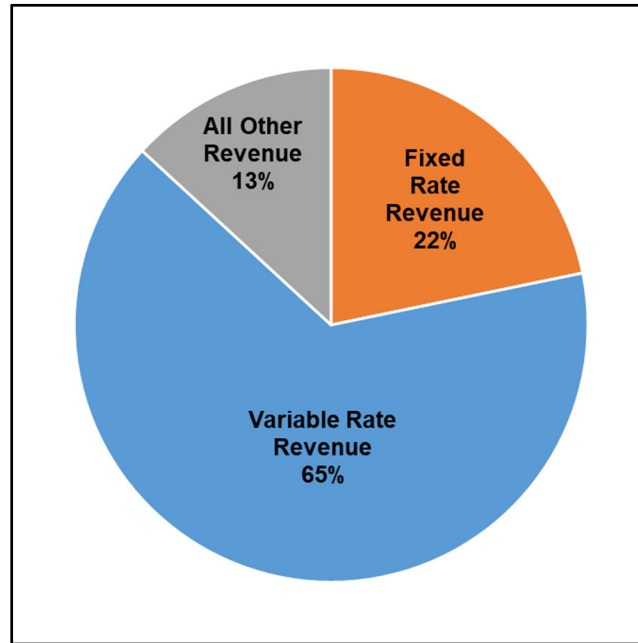
Table 3-9: Revenue Summary

Revenues	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Operating	\$53,502,975	\$54,337,390	\$54,305,252	\$54,393,633	\$54,482,015	\$54,570,396
Other Operating	\$2,917,073	\$2,971,879	\$2,690,754	\$2,731,278	\$2,766,237	\$2,803,503
Non-Operating	\$3,588,000	\$4,001,000	\$3,982,000	\$3,980,000	\$3,999,000	\$4,047,000
Capital	\$738,000	\$1,261,304	\$1,291,873	\$1,290,402	\$6,146,737	\$5,932,175
Total	\$60,746,048	\$62,571,572	\$62,269,879	\$62,395,313	\$67,393,990	\$67,353,075

Figure 3-1 shows FY 2020 revenues broken down into fixed rate revenue (from OMWD System Access Charges and Fire Meter Charges), variable rate revenues (from Volumetric Charges), and all other revenues (including the SDCWA Infrastructure Access Charge). Nearly two-thirds of total revenues is generated by the District's Volumetric Charges.

⁷ Anticipated Title XVI grant funding

Figure 3-1: FY 2020 Revenue Composition



3.4. Operations and Maintenance Expenses

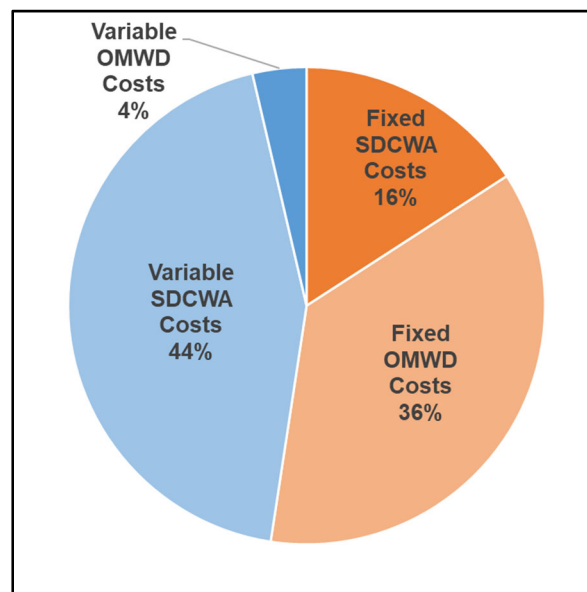
The District's operations and maintenance (O&M) expenses are based on the FY 2020 District budget and projected out through FY 2024. The District's projected purchased water and recycled water expenses were calculated over the study period based on the projected water supply mix and anticipated supply rates from SDCWA and MWD. See Appendix A for detailed calculations of water and recycled water purchase costs over the study period. All other O&M expenses were projected beyond FY 2020 by increasing FY 2020 budgeted expenses by an assumed 3 percent in cost escalation per fiscal year.

Table 3-10: Projected O&M Expenses

O&M Expenses	FY 2019 Estimated	FY 2020 Budget	FY 2021 Projected	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected
Purchased Water Expenses	\$28,486,558	\$29,073,074	\$31,064,404	\$33,005,371	\$34,081,082	\$35,237,032
O&M and WTP Expenses	\$11,248,000	\$11,241,500	\$11,578,745	\$11,926,107	\$12,283,891	\$12,652,407
General Manager Expenses	\$457,000	\$622,000	\$640,660	\$659,880	\$679,676	\$700,066
Engineering Expenses	\$1,659,000	\$1,734,000	\$1,786,020	\$1,839,601	\$1,894,789	\$1,951,632
Finance Expenses	\$203,000	\$263,501	\$382,794	\$524,936	\$645,323	\$716,961
Customer Services Expenses	\$3,404,000	\$3,784,000	\$3,897,520	\$4,014,446	\$4,134,879	\$4,258,925
Human Resources Expenses	(\$29,000)	(\$70,300)	(\$72,409)	(\$74,581)	(\$76,819)	(\$79,123)
Park Expenses	\$395,000	\$418,500	\$431,055	\$443,987	\$457,306	\$471,025
Recycled (SE & NW) Expenses	\$1,383,000	\$1,554,000	\$1,600,620	\$1,648,639	\$1,698,098	\$1,749,041
Total O&M Expenses	\$47,206,558	\$48,620,275	\$51,309,409	\$53,988,384	\$55,798,224	\$57,657,967
<i>Less Depreciation</i>	<i>\$858,000</i>	<i>\$856,000</i>	<i>\$881,680</i>	<i>\$908,130</i>	<i>\$935,374</i>	<i>\$963,436</i>
Total O&M Excluding Depreciation	\$46,348,558	\$47,764,275	\$50,427,729	\$53,080,254	\$54,862,850	\$56,694,531

Figure 3-2 shows FY 2020 O&M expenses broken down as fixed versus variable and District-related (OMWD) versus SDCWA-related. Approximately 60 percent of FY 2020 O&M expenses are projected to be associated with water supply costs from SDCWA. Approximately 52 percent of FY 2020 O&M expenses are projected to be fixed in nature. This demonstrates a common challenge faced by municipal water suppliers, in which the majority of O&M expenses are fixed while a majority of revenues are variable (see **Figure 3-1**). This results in susceptibility to revenue instability during periods of reduced water supply/demand.

Figure 3-2: FY 2020 O&M Expenses Composition



3.5. Debt Service

Debt service requirements consist of principal and interest payments on existing and proposed debt. The District currently has debt service obligations associated with the outstanding 2015A Water Revenue Bonds, 2016A Water Revenue Bonds, 2013 State Revolving Fund Loan, and 2018 Sewer Revenue Bonds. The debt service payments shown for the 2018 Sewer Revenue Bonds represent the water system's allocated portion of the debt issue, which was used to finance the District's headquarters expansion.⁸ Note that the 2018 Sewer Revenue Bonds are not incorporated in the debt service coverage calculations presented later in **Section 3** per direction from District staff. Principal and interest payments associated with each existing debt issue for the water utility are shown below in **Table 3-11**.

Table 3-11: Existing Debt Service

Existing Debt Service	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
2015A Water Revenue Bonds						
Principal	\$1,515,000	\$1,590,000	\$1,665,000	\$1,750,000	\$1,845,000	\$1,935,000
Interest	\$893,625	\$817,875	\$738,375	\$655,125	\$567,625	\$475,375
Subtotal	\$2,408,625	\$2,407,875	\$2,403,375	\$2,405,125	\$2,412,625	\$2,410,375
2016A Water Revenue Bonds						
Principal	\$460,000	\$480,000	\$505,000	\$530,000	\$560,000	\$585,000
Interest	\$518,663	\$495,663	\$471,663	\$446,413	\$419,913	\$391,913
Subtotal	\$978,663	\$975,663	\$976,663	\$976,413	\$979,913	\$976,913
2013 State Revolving Fund Loan						
Principal	\$737,517	\$754,604	\$772,086	\$789,974	\$808,276	\$827,001
Interest	\$332,524	\$315,438	\$297,955	\$280,068	\$261,766	\$243,040
Subtotal	\$1,070,042	\$1,070,042	\$1,070,042	\$1,070,042	\$1,070,042	\$1,070,042
2018 Sewer Revenue Bonds						
Principal	\$484,500	\$484,500	\$484,500	\$484,500	\$484,500	\$484,500
Interest	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal	\$484,500	\$484,500	\$484,500	\$484,500	\$484,500	\$484,500
Total Existing Debt	\$4,941,830	\$4,938,080	\$4,934,580	\$4,936,080	\$4,947,080	\$4,941,830

The proposed financial plan includes a proposed bond issuance of \$20 million in FY 2023 to fund significant capital expenditures associated with the District's planned San Elijo Valley Groundwater project (please refer to **Section 3.6** for information on the District's capital improvement plan (CIP) projects). Based on the assumptions provided below in **Table 3-12**, Raftelis estimates the proposed \$20 million bond issuance will result in approximately \$1.3 million of annual debt service payments beginning in FY 2023.

⁸ The 2018 Sewer Revenue Bonds were issued in June 2018 to pay for a portion of Building D CIP costs (i.e. the OMWD headquarters expansion project). Building D CIP expenditures were allocated 80 percent to the water system and 20 percent to the sewer system.

Table 3-12: Proposed FY 2023 Bond Issuance Assumptions

Description	Amount
Interest Rate	5.0%
Term	30 years
Issuance Costs	2.0%
Date of Issue	July 1, 2022
Issuance Amount	\$20,000,000
Proceeds (after issuance costs)	\$19,600,000
Annual Debt Service	\$1,301,000

Total existing and proposed debt service payments in each year throughout the study period (from **Table 3-11** and **Table 3-12** respectively) are summarized below in **Table 3-13**.

Table 3-13: Total Debt Service

Debt Service	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Existing Debt	\$4,941,830	\$4,938,080	\$4,934,580	\$4,936,080	\$4,947,080	\$4,941,830
Proposed Debt	\$0	\$0	\$0	\$0	\$1,301,000	\$1,301,000
Total Debt Service	\$4,941,830	\$4,938,080	\$4,934,580	\$4,936,080	\$6,248,080	\$6,242,830

3.6. Capital Improvement Plan

The District has developed a capital improvement plan (CIP) to address ongoing water system needs in each year throughout the study period. Detailed CIP expenditures in each year are shown at the individual project level for the potable water system in **Table 3-14** and the recycled water system in **Table 3-15**. Project costs in all years throughout the study period were provided by District staff. Note that the significant CIP expenditures of just under \$27 million in FY 2023 are proposed to be funded in part by the proposed FY 2023 bond issuance of \$20 million (discussed previously in **Section 3.5** above).

Table 3-14: Potable Water CIP Projects

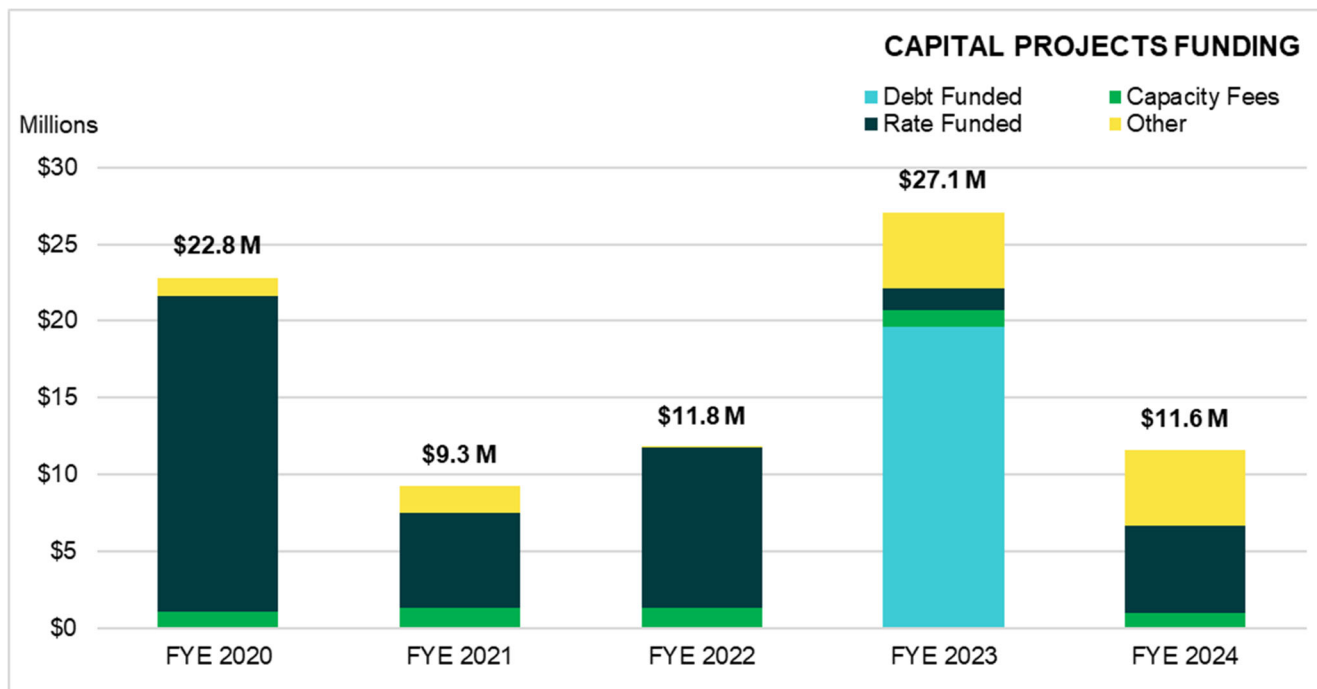
#	Potable Water CIP	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
1	San Elijo Valley Groundwater	\$1,282,000	\$1,764,000	\$6,232,000	\$20,214,000	\$3,989,000
2	Building D - Schedules A and B	\$8,800,000	\$358,000	\$0	\$0	\$0
3	Replace El Camino Real Pipeline	\$3,115,000	\$546,000	\$0	\$0	\$0
4	Pressure Zone 386	\$50,000	\$0	\$0	\$0	\$0
5	Manchester Potable Pipeline	\$1,315,000	\$0	\$0	\$0	\$0
6	Palms I and II Reservoirs	\$0	\$0	\$108,000	\$900,000	\$0
7	Replace Dusty Trail Pipeline and Lone Jack PRS	\$165,000	\$0	\$0	\$0	\$0
8	DCMWTP Structural Engineering	\$18,000	\$0	\$0	\$0	\$0
9	Backwash EQ Canopy	\$33,000	\$0	\$0	\$0	\$0
10	Lusardi Canyon CP Upgrade	\$370,000	\$0	\$0	\$0	\$0
11	DCMWTP Settler Unit 3	\$125,000	\$0	\$0	\$0	\$0
12	Network Security	\$80,000	\$0	\$0	\$0	\$0
13	DCMWTP Valve Actuators	\$31,000	\$0	\$0	\$0	\$0
14	DCMWTP Chemical Systems Upgrade	\$155,000	\$0	\$0	\$0	\$0
15	Residuals Handling Building Canopy	\$0	\$271,000	\$0	\$0	\$0
16	Rancho La Cima/Aliso Canyon Pipeline	\$80,000	\$0	\$0	\$0	\$0
17	DCMWTP PLC Replacements	\$0	\$166,000	\$465,000	\$484,000	\$503,000
18	Vault Upgrades	\$90,000	\$0	\$0	\$0	\$0
19	Manchester 14" Cathodic Protection	\$38,000	\$0	\$0	\$0	\$0
20	Golem Pump Station Replacement	\$320,000	\$0	\$0	\$0	\$0
21	Pump Controls, Rancho Lakes	\$28,000	\$0	\$0	\$0	\$0
22	Pump Controls, Thornton	\$28,000	\$0	\$0	\$0	\$0
23	DCMWTP PH Control System	\$0	\$88,000	\$649,000	\$0	\$0
24	Phone System - Admin Building	\$58,000	\$21,000	\$0	\$0	\$0
25	DCMWTP Paint Equipment	\$28,000	\$0	\$0	\$0	\$0
26	Phone System - DCMWTP	\$40,000	\$0	\$0	\$0	\$0
27	DCMWTP Analyzer Replacements	\$175,000	\$130,000	\$135,000	\$141,000	\$146,000
28	Palma de la Reina - Phase 2	\$170,000	\$0	\$0	\$0	\$0
29	Condition Assessment Program	\$160,000	\$0	\$0	\$0	\$0
30	Morning Sun PRS	\$300,000	\$0	\$0	\$0	\$0
31	EM Inspection RSFe Rd./Enc. Blvd.	\$0	\$0	\$216,000	\$0	\$234,000
32	Replace Pipelines	\$500,000	\$520,000	\$541,000	\$1,350,000	\$2,808,000
33	Replace Valves	\$1,750,000	\$1,654,000	\$1,044,000	\$1,085,000	\$1,129,000
34	Replace DCM WTP Membranes	\$640,000	\$666,000	\$692,000	\$720,000	\$749,000
35	Advanced Metering Infrastructure	\$610,000	\$614,000	\$627,000	\$652,000	\$679,000
36	Pressure Reducing Stations Rehab	\$120,000	\$513,000	\$130,000	\$603,000	\$140,000
37	Replace Potable Meters	\$250,000	\$260,000	\$270,000	\$281,000	\$292,000
38	Steel Mains Protection	\$250,000	\$260,000	\$270,000	\$281,000	\$292,000
39	Replace Meter Anodes	\$130,000	\$135,000	\$141,000	\$146,000	\$152,000
40	Rehab Concrete Tanks	\$75,000	\$78,000	\$81,000	\$84,000	\$88,000
41	Total Potable Water CIP	\$21,409,000	\$8,221,000	\$11,639,000	\$26,986,000	\$11,242,000

Table 3-15: Recycled Water CIP Projects

#	Potable Water CIP	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
1	Manchester Recycled Pipeline Extension	\$541,000	\$563,000	\$0	\$0	\$0
2	Replace Recycled Meters	\$13,000	\$14,000	\$14,000	\$15,000	\$15,000
3	Retrofit Potable Meters to Recycled	\$280,000	\$239,000	\$97,000	\$101,000	\$105,000
4	Storage Pond Landscaping	\$200,000	\$218,000	\$0	\$0	\$0
5	Lusardi Creek Ext. 153	\$177,000	\$0	\$0	\$0	\$0
6	Ext. 153 Flow Meter	\$137,000	\$0	\$0	\$0	\$0
7	Bridges and Cielo Raw Water Supply	\$75,000	\$0	\$0	\$0	\$257,000
8	Total Recycled Water CIP	\$1,423,000	\$1,034,000	\$111,000	\$116,000	\$377,000

Total CIP expenditures over the study period are shown below in **Figure 3-3**. Approximately \$1 million in each year of potable water capacity fee revenues are anticipated to be available to fund the District’s CIP. “Other” funds include anticipated grant funds, recycled water capacity fee revenues, and land sale proceeds. Debt funded CIP in FY 2023 is associated with the proposed FY 2023 bond issuance of \$20 million. All other CIP is projected to be funded by water rate revenues.

Figure 3-3: CIP by Funding Source



3.7. Financial Policies

Debt Coverage

The District must meet its debt service coverage requirements on its outstanding bond issues. The District’s required debt coverage is 125 percent, meaning that the District’s net revenues must amount to at least 125 percent of annual debt service. However, the District is currently rated AAA by Fitch Ratings. In order to maintain this credit rating, the District is expected to maintain debt coverage of at least 250 percent. The proposed financial plan therefore incorporates a debt coverage target of 250 percent. Net revenues include funds from water rates and

charges, miscellaneous service charges, revenues received from contracts, and interest income. Annual debt service includes annual principal and interest payments on outstanding debt.

Reserve Policies

The District maintains three separate funds. The Operating Fund is designed to provide working capital and mitigate the impact of fluctuations in O&M expenditures. The Capital Improvement Fund is designed to ensure adequate construction funds are maintained to approve construction contracts. Lastly, the Rate Stabilization Fund is designed to mitigate the impact of reduced water sales on the District's financial condition. Raftelis recommends that the District maintains its current reserve policies, which define the minimum and maximum reserve balances for each of the three funds. The existing reserve policies are appropriate given industry norms as well as the District's unique attributes. The current reserve targets are:

1. Operating Fund

- » Minimum Level: 60 days of annual O&M expenditures (*\$7.85 million in FY 2020*)
- » Maximum Level: 120 days of annual O&M expenditures (*\$15.70 million in FY 2020*)

2. Capital Improvement Fund

- » Minimum Level: average annual CIP expenditures over the next 10 years (*\$12.77 million in FY 2020*)
- Maximum Level: five years of average annual 10-year CIP expenditures (*\$63.85 million in FY 2020*)

3. Rate Stabilization Fund

- » Minimum Level: 25 percent of estimated net water sales⁹ in the current fiscal year (*\$6.71 million in FY 2020*)
- » Maximum Level: 50 percent of estimated net water sales for the next two fiscal years (*\$13.42 million in FY 2020*)

3.8. Status Quo Financial Plan

The status quo financial plan illustrates what would occur in the absence of any water rate increases over the study period. Current water rates in effect as of FY 2019 are assumed to remain unchanged over the study period under the status quo. Raftelis and District staff first evaluated the District's cash flow and fund balance over the study period under the status quo before considering any revenue adjustments.

Figure 3-4 shows projected ending cash balance in each year over the study period under the status quo for all three funds combined (Operating, Capital Improvement, and Rate Stabilization). Under the status quo financial plan, the District's reserves are steadily drawn down over the five-year study period until the minimum reserve balance is no longer met in FY 2024. Furthermore, **Figure 3-5** shows that the District is projected to fail to minimum required debt coverage beginning in FY 2023 under the status quo. This clearly demonstrates the need for rate revenue increases over the study period to ensure that the District meets its debt coverage obligations and exceeds the minimum reserve balance as established by District policy. For detailed cash flow and fund balance projections under the status quo, please refer to **Appendix B**.

⁹ Net water sales are defined as total annual revenues from rates and charges less annual water purchase expenses.

Figure 3-4: Total Fund Balance Under Status Quo Financial Plan

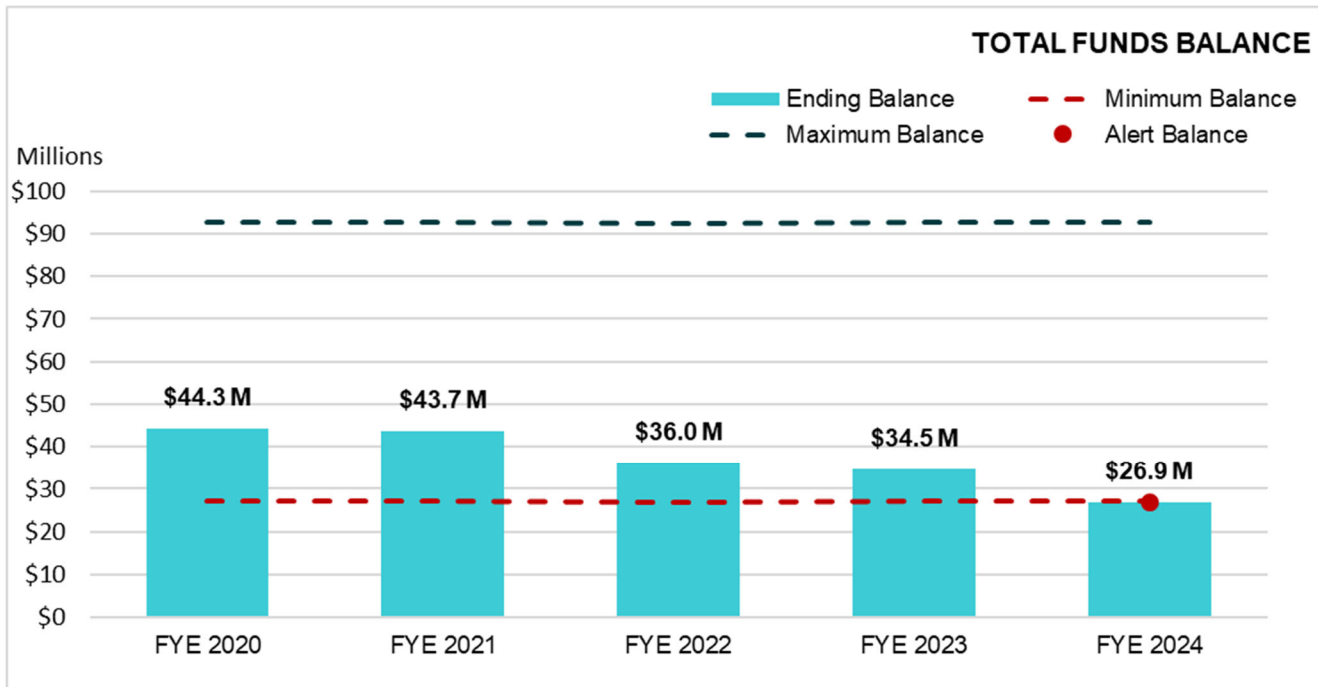
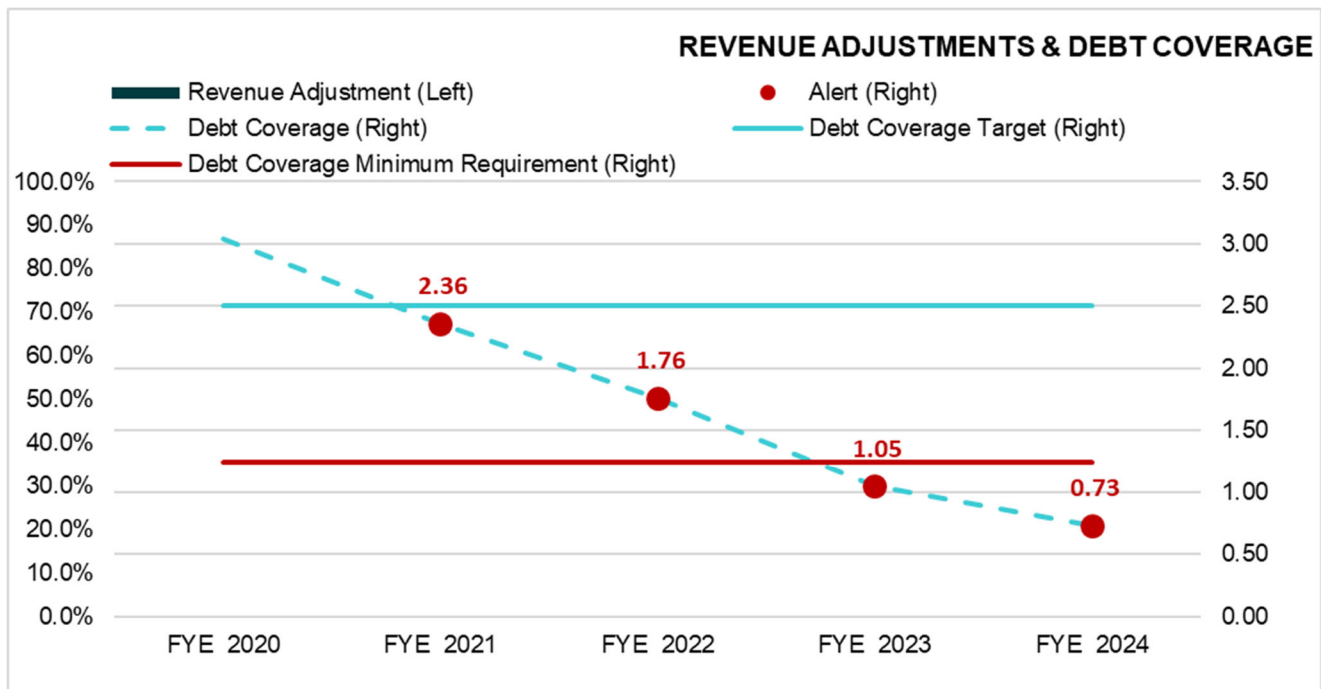


Figure 3-5: Projected Debt Coverage Under Status Quo Financial Plan



3.9. Proposed Financial Plan

The status quo financial plan demonstrates that the District must increase its revenues from water rates over the five-year study period in order to meet required debt coverage and minimum reserve levels. Raftelis therefore proposed annual revenue adjustments in each year through FY 2024 to ensure that the District meets its debt obligations and maintains healthy reserve levels in accordance with District policy. The term “revenue adjustment”

specifically refers to a percent increase in water revenue revenues (from Volumetric Charges, OMWD System Access Charges, and Fire Meter Charges) relative to the amount of water rate revenues that would be collected under the prior year's rates. Note that revenue adjustments are used only to project total water rate revenues. Allocation of the total water rate revenue requirement across the various water charges is included in the cost of service analysis in **Section 4**. District staff and the Board of Directors provided direction and input to Raftelis during the evaluation of proposed revenue adjustments in each year. **Table 3-16** shows the proposed revenue adjustments over the study period. The proposed FY 2020 revenue adjustment of 3.7 percent was set equal to the over-the-year percent change in the San Diego-Carlsbad CPI-U for the second half of 2018 as determined by the U.S. Bureau of Labor Statistics.¹⁰ the San Diego-Carlsbad CPI-U for the second half of 2018 as determined by the U.S. Bureau of Labor Statistics.¹¹ The proposed revenue adjustment will be effective with water consumption beginning on March 1, 2020.¹²

Table 3-16: Proposed 5-Year Revenue Adjustments

Fiscal Year	Effective Date	Revenue Adjustment
FY 2020	March 1, 2020	3.7%
FY 2021	March 1, 2021	5.0%
FY 2022	March 1, 2022	5.0%
FY 2023	March 1, 2023	5.0%
FY 2024	March 1, 2024	5.0%

Table 3-17 shows the proposed five-year financial plan in proforma format. Revenues and expenses were shown previously in **Section 3**. Rate revenue under existing rates is shown in Line 2, while Line 3 represents additional revenue resulting from the proposed revenue adjustments. Other operating revenues in Line 4 include the SDCWA Infrastructure Access Charge, excess treated water sales to Vallecitos, rental income, and other miscellaneous revenues. Non-operating revenue in Line 6 includes property tax and other miscellaneous revenues. Capital Revenues from **Table 3-8** are excluded from the operating cash flow in **Table 3-17** (which excludes capital expenditures and revenues), but are accounted for when projecting total ending balances (**Figure 3-8**). Transfers from the Operating Fund were provided by District staff. Net annual cash balance (Line 26) is calculated by subtracting total expenses (Line 16) and total transfers (Line 24) from total revenues (Line 7). Calculated debt coverage is shown in Line 28 and is outlined in greater detail in Appendix C. More detailed cash flow and ending balance projections are also included in Appendix C. The net annual cash balance in FY 2020 and FY 2021 is slightly negative, indicating that the District will draw from reserves to meet the Operating Fund revenue requirement. Beginning in FY 2022, the net annual cash balance becomes positive again through the end of the study period.

¹⁰ This was the most recently available CPI-U value at the time of financial plan development.

¹¹ This was the most recently available CPI-U value at the time of financial plan development.

¹² Note that water consumption in March is billed in March. Therefore, a proposed revenue adjustment that is effective for water consumption beginning on March 1 will have an effective bill date of March 1.

Table 3-17: Proposed Financial Plan

Line	Description	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
1	REVENUES					
2	Revenues from Current Rates	\$54,337,390	\$54,305,252	\$54,393,633	\$54,482,015	\$54,570,396
3	Revenue Adjustments	\$502,621	\$2,713,226	\$5,573,206	\$8,585,475	\$11,757,893
4	Other Operating Revenue	\$2,971,879	\$2,690,754	\$2,731,278	\$2,766,237	\$2,803,503
5	Investment & Interest Income	\$470,000	\$451,000	\$449,000	\$468,000	\$516,000
6	Non-Operating Revenue	\$3,531,000	\$3,531,000	\$3,531,000	\$3,531,000	\$3,531,000
7	TOTAL REVENUES	\$61,812,890	\$63,691,232	\$66,678,117	\$69,832,727	\$73,178,792
8						
9	EXPENSES					
10	O&M Expenses without Depreciation	\$18,691,201	\$19,363,325	\$20,074,883	\$20,781,768	\$21,457,499
11	Purchased Water (potable & recycled)	\$29,073,074	\$31,064,404	\$33,005,371	\$34,081,082	\$35,237,032
12	Other Operating Expenses (potable & recycled)	\$50,000	\$52,000	\$54,080	\$56,243	\$58,493
13	Non-Operating Expenses (potable & recycled)	\$60,000	\$0	\$0	\$0	\$0
14	Existing Debt Service	\$4,453,580	\$4,450,080	\$4,451,580	\$4,462,580	\$4,457,330
15	Proposed Debt Service	\$0	\$0	\$0	\$1,301,000	\$1,301,000
16	TOTAL EXPENSES	\$52,327,854	\$54,929,808	\$57,585,914	\$60,682,673	\$62,511,354
17						
18	TRANSFERS					
19	Transfer Potable Operating to Potable Capital - PAYGO	\$6,900,000	\$6,400,000	\$5,400,000	\$5,400,000	\$5,900,000
20	Transfer to Sewer Fund - 2018 Bonds	\$484,500	\$484,500	\$484,500	\$484,500	\$484,500
21	Transfer to 2012 SRF Reserve	\$112,000	\$112,000	\$112,000	\$112,000	\$112,000
22	Transfer Recycled Operating to Recycled Capital	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
23	Transfer Recycled Operating to Potable Capital	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
24	TOTAL TRANSFERS	\$9,696,500	\$9,196,500	\$8,196,500	\$8,196,500	\$8,696,500
25						
26	Net Annual Cash Balance	(\$211,464)	(\$435,077)	\$895,703	\$953,555	\$1,970,938
27						
28	Calculated Debt Coverage	315.4%	298.1%	305.5%	259.7%	286.3%
29	Target Debt Coverage	250%	250%	250%	250%	250%

Figure 3-6 summarizes the tabular results from **Table 3-17** in graphical format. O&M expenses, purchased water costs, debt service, transfers, and revenues to (or from) reserves are represented by stacked bars. Revenues under current rates are represented by the solid line, while revenues inclusive of the proposed revenue adjustments are represented by the dashed line. **Figure 3-6** clearly demonstrates although current rates are sufficient to cover operating costs over the study period, the proposed revenue adjustments are necessary to provide sufficient funding for transfers from the Operating Fund to cover CIP expenditures and other needs.

Figure 3-6: Proposed Operating Financial Plan

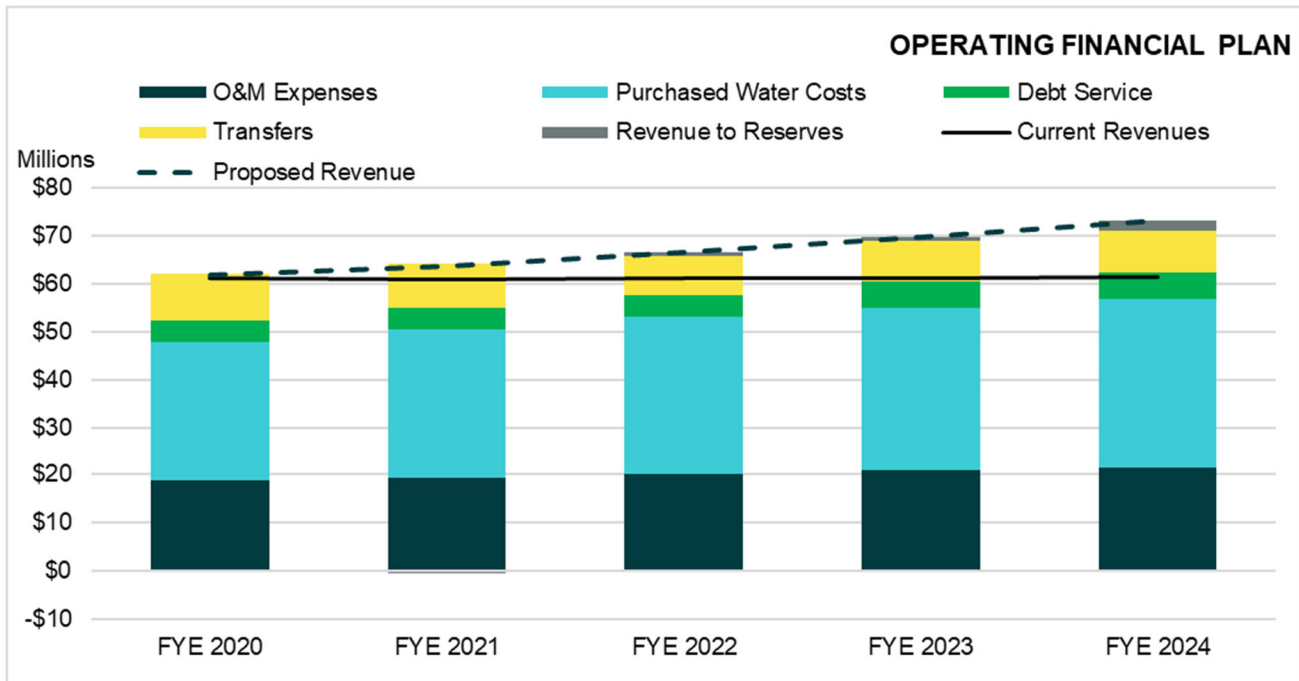


Figure 3-7 illustrates how the proposed revenue adjustments will ensure that the District’s projected debt coverage (dashed line) exceeds its 250% debt coverage target (solid blue line). Robust debt coverage of at least 250 percent will help the District maintain its AAA credit rating by Fitch, which can minimize the costs associated with any future debt issues.

Figure 3-7: Projected Debt Coverage Ratios under Proposed Revenue Adjustments

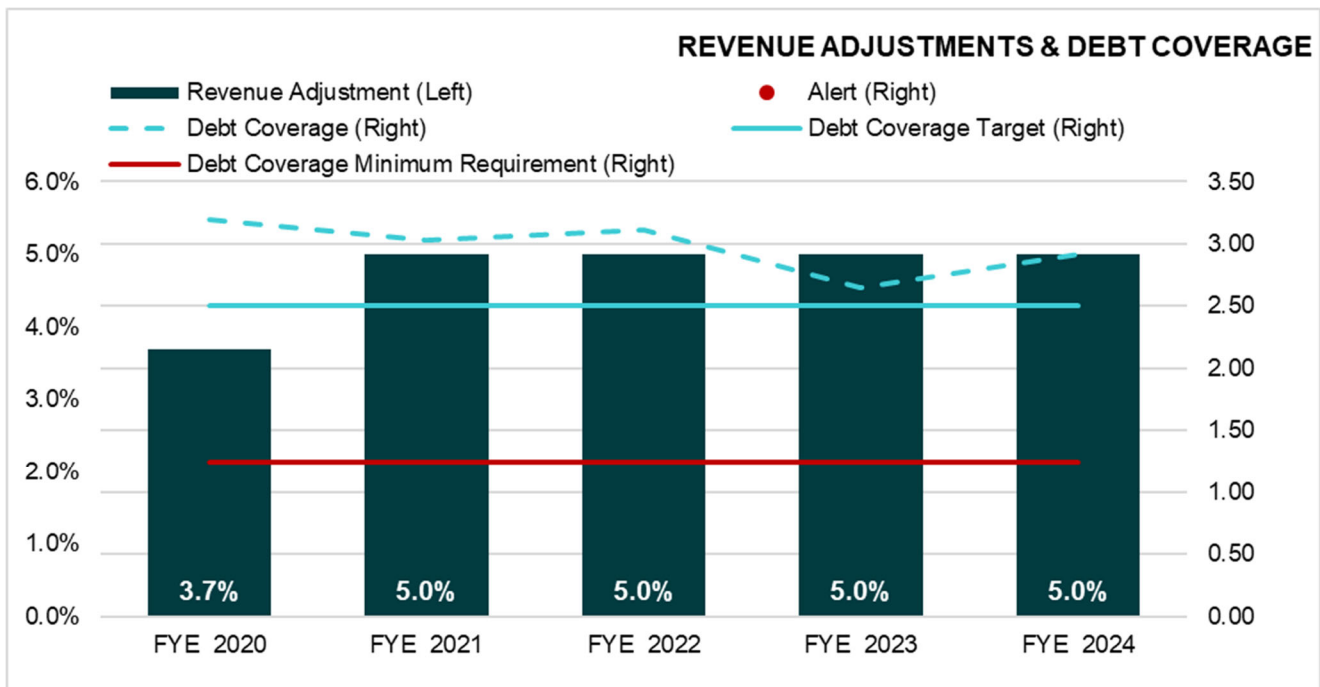
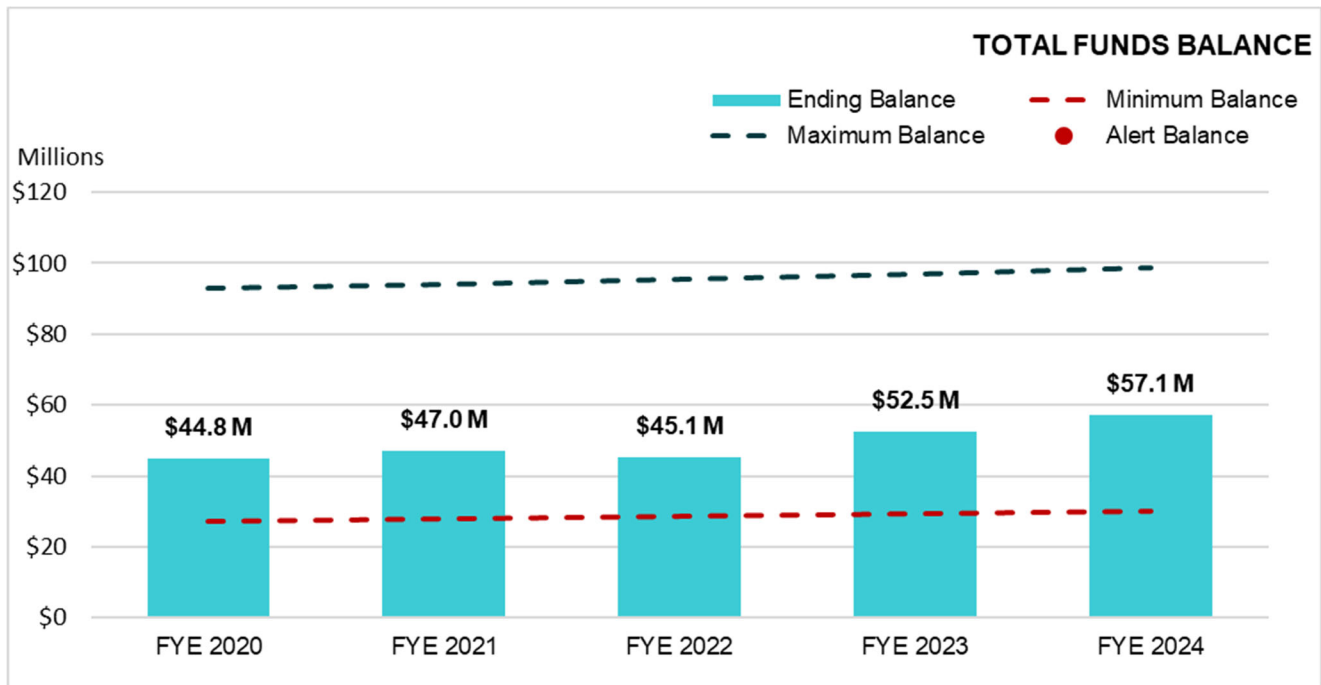


Figure 3-8 demonstrates that the District will exceed the minimum reserve target in all years under the proposed financial plan. Ending Balances and minimum/maximum targets shown below include all three funds combined (Operating, Capital Improvement, and Rate Stabilization). Projected total ending funds balance are shown in **Figure 3-8** build slowly over the study period towards the midpoint between minimum and maximum reserve targets.

Figure 3-8: Projected Ending Balances Under Proposed Financial Plan



4. Cost of Service

Section 4 of the report provides a detailed description of the cost of service (COS) analysis performed for the District's water system. The goal of a COS analysis is to allocate the overall rate revenue requirement to all customer classes and tiers based on their proportion of usage in and burden on the system. Numbers shown in this section of the report are rounded. Therefore, hand calculations based on the displayed numbers, such as summing or multiplying, may not equal the exact results shown in this report.

4.1. Process and Approach

The first step in the COS analysis process is to determine the revenue requirement, which is based on the results of the financial plan and the proposed revenue adjustments. The framework and methodology utilized to develop the COS analysis and to apportion the revenue requirement to each customer class and tier is informed by the processes outlined in the M1 Manual.

COS analyses are tailored specifically to meet the unique needs of each water system. However, there are four distinct steps in every analysis to recover costs from customer classes in an accurate, equitable, and defensible manner:

1. **Cost functionalization:** O&M expenses and capital assets are categorized by their function in the system. Functions include supply, treatment, storage, distribution, customer service, etc.
2. **Cost causation component allocation:** the functionalized costs are then allocated to cost causation components based on their burden on the system. The cost causation components include supply, base delivery, peaking, meter, customer, etc. The revenue requirement is allocated accordingly to the cost causation components and results in the total revenue requirement for each cost causation component.
3. **Unit cost development:** the revenue requirement for each cost causation component is divided by the appropriate units of service to determine the unit cost for each cost causation component.
4. **Revenue requirement distribution:** the unit cost is utilized to distribute the revenue requirement for each cost causation component to customer classes and tiers based on their individual service units. The District's customer classes include Domestic, Agricultural, Commercial, Irrigation, Construction, and Recycled.

4.2. Revenue Requirement

Table 4-1 shows the revenue requirement, which is equal to the total revenue required from rates for FY 2020 (also referred to as the test year or rate-setting year). The revenue requirement is split into the Operating and Capital categories (Columns C and D), which are to be later allocated based on O&M expenses and capital assets respectively.

The revenue requirement is calculated using the FY 2020 expenses (Lines 2-6), which includes O&M expenses, purchased water costs, other operating expenses, non-operating expenses, and existing debt service. The revenue offsets (Lines 10-27) include the various miscellaneous, non-rate revenues that are applied as offsets to the revenue requirement. The cash balance adjustment (Line 31) is determined by calculating the negative sum of total transfers (**Table 3-17**, Line 24) and net annual cash balance (**Table 3-17**, Line 26). The adjustment to annualize the rate increase (Line 32) is due to the mid-year proposed revenue adjustment occurring in March 2020. The final revenue requirement (Line 35) is calculated as follows:

Total revenue required from rates (Line 35) = Revenue requirements (Line 7) - Revenue offsets (Line 28) - Adjustments (Line 33)

Table 4-1: Proposed Revenue Requirement

A	B	C	D	E
Line	Revenue Requirement (FY 2020)	Operating	Capital	Total
1	Revenue Requirements			
2	O&M Expenses (excluding depreciation)	\$18,691,201		\$18,691,201
3	Purchased Water (potable & recycled)	\$29,073,074		\$29,073,074
4	Other Operating Expenses		\$50,000	\$50,000
5	Non-Operating Expenses		\$60,000	\$60,000
6	Existing Debt Service		\$4,453,580	\$4,453,580
7	Total - Revenue Requirements	\$47,764,275	\$4,563,580	\$52,327,854
8				
9	Revenue Offsets			
10	CWA Infrastructure Access Charge	\$1,068,879		\$1,068,879
11	Selling Excess Treated Water to Vallecitos	\$867,000		\$867,000
12	Misc. Water Sales	\$10,000		\$10,000
13	Meter Installations	\$5,000		\$5,000
14	Hydro-electric Plant Revenues	\$50,000		\$50,000
15	Turn Off/On Fees and NSF Charges	\$20,000		\$20,000
16	Delinquency Charges	\$125,000		\$125,000
17	Transfer Fee	\$30,000		\$30,000
18	Cross Connection/Inspection	\$135,000		\$135,000
19	Outside District Boundary Charges	\$10,000		\$10,000
20	Rental Income	\$650,000		\$650,000
21	Other operating	\$1,000		\$1,000
22	Investment Income (Potable)		\$209,214	\$209,214
23	Property Tax Revenue ¹³	\$2,300,000	\$1,200,000	\$3,500,000
24	Gain on Sale of Fixed Assets		\$25,000	\$25,000
25	Other Non-Operating		\$5,000	\$5,000
26	Investment Income (Recycled)		\$260,786	\$260,786
27	Interest Income Rec Loans		\$1,000	\$1,000
28	Total - Revenue Offsets	\$5,271,879	\$1,701,000	\$6,972,879
29				
30	Adjustments			
31	Adjustment for Transfers & Cash Balance		(\$9,485,036)	(\$9,485,036)
32	Adjustment to Annualize Rate Increase	(\$1,507,863)		(\$1,507,863)
33	Total - Adjustments	(\$1,507,863)	(\$9,485,036)	(\$10,992,898)
34				
35	Total Revenue Required from Rates	\$44,000,258	\$12,347,615	\$56,347,873

4.3. Functionalization and Allocation of Expenses

After determining the revenue requirement, the next step of the COS analysis is to allocate the O&M expenses and capital assets to the following functions:

¹³ Property tax revenue in excess of \$2.3 million per fiscal year must be moved to the District's capital reserves.

- » **Supply** – represents costs of procuring water supplies from SDCWA
- » **Treatment** – represents costs of water treatment
- » **Reservoir** – represents costs of storing water
- » **Distribution** – represents costs pertaining to the District’s water distribution system
- » **Pump Stations** – represents costs of pumping water to customers
- » **Meters** – represents costs relating to maintenance and capital costs of water meters as well as a portion of costs related to water system capacity
- » **Hydrants** – represents costs of providing capacity for public fire protection
- » **Customer** – represents costs of meter reading, billing, and other customer services
- » **Recycled Water** – represents costs related to the District’s recycled water system
- » **General** - represents costs for general operational expenses which cannot be categorized under any of the above

The functionalization of costs allows for the allocation of costs to the cost causation components, which include:

- » **Supply** – costs associated with procuring water supplies from SDCWA
- » **Base Delivery** – costs associated with providing water under average conditions
- » **Peaking** (Max Day and Max Hour) – costs associated with providing water under peak demand conditions
- » **Recycled Water** – costs associated with the District’s recycled water system
- » **Fire Protection** – costs associated with providing capacity for fire protection
- » **Meters** – costs associated with purchasing, maintaining, and servicing water meters as well as some costs related to system capacity
- » **Customer** – costs associated with customer service and billing
- » **General** – costs that do not have any direct cost causation
- » **Revenue Offsets** – non-rate revenues (such as interest income) with no direct association with specific expenses or services

4.4. Peaking Factors

Peaking costs are divided into maximum day (Max Day) and maximum hour (Max Hour) demand. The Max Day demand is the maximum amount of water used in a single day in a year. The Max Hour demand is the maximum usage in an hour on the Max Day. Different facilities, such as distribution and storage facilities, are designed to meet the peaking demands of customers. Therefore, peaking costs, also known as extra capacity costs, are associated with meeting peak customer demand.

Table 4-2 shows the system-wide peaking factors used to derive the cost component allocation bases for Base Delivery, Max Day, and Max Hour costs. The Base Delivery, or Base use is considered average daily demand over one year, which has been normalized to a factor of 1.00 (Column C, Line 1). The Max Day peaking factor (Column C, Line 2) indicates that the Max Day demand is 1.88 times greater than the average daily demand. Similarly, the Max Hour peaking factor (Column C, Line 3) shows that the Max Hour demand is 2.82 times greater than average demand.

The allocation bases (Columns D to F) are calculated using the equations outlined below. Columns are represented in these equations as letters, and rows are represented as numbers. For example, Column D, Line 2 is shown as D2.

The Max Day allocations are calculated as follows:

- » Base Delivery: $C1 / C2 \times 100\% = D2$

- » Max Day: $(C2 - C1) / C2 \times 100\% = E2$

The Max Hour allocations are calculated as follows:

- » Base Delivery: $C1 / C3 \times 100\% = D3$
- » Max Day: $(C2 - C1) / C3 \times 100\% = E3$
- » Max Hour: $(C3 - C2) / C3 \times 100\% = F3$

Table 4-2: System Peaking Factor Allocations

A	B	C	D	E	F	G
Line	Allocation Factor	Peaking Factor	Base	Max Day	Max Hour	Total
1	Base	1.00	100.0%	0.0%	0.0%	100.0%
2	Max Day	1.88	53.1%	46.9%	0.0%	100.0%
3	Max Hour	2.82	35.4%	31.2%	33.3%	100.0%

Table 4-3 shows the peaking factors by customer class. Calendar year (CY) 2018 water usage data was utilized by Raftelis to determine peaking factors, as January-December 2018 is more representative of post-drought water usage patterns than was FY 2018 (July 2017-June 2018). Each Max Month factor (Column E) is calculated by dividing CY 2018 maximum monthly usage (Column C) by CY 2018 average monthly usage (Column D). Max Day factors (Column F) peaking factors are estimated by multiplying each tier-specific Max Month factor (Column E) by 1.42, which is the ratio of the system-wide Max Day factor to the system-wide Max Month factor. Max Hour factors (Column G) are calculated by multiplying each tier-specific Max Day factor (Column F) by 1.5, which represents the ratio of the system-wide Max Hour factor to the system-wide Max Day factor. Note that recycled water volumetric rates do not incorporate peaking costs because the recycled water supply and distribution system is separate from the potable water system. Therefore, recycled water usage is excluded from **Table 4-3** below.

Table 4-3: Peaking Factors by Customer Class

A	B	C	D	E	F	G
Line	Customer Class	CY 2018 Max Monthly Usage (HCF)	CY 2018 Average Monthly Usage (HCF)	Max Month Factor	Max Day Factor	Max Hour Factor
1	Domestic					
2	Tier 1	141,741	139,115	1.02	1.45	2.17
3	Tier 2	230,766	188,299	1.23	1.74	2.61
4	Tier 3	204,135	133,894	1.52	2.17	3.25
5	Tier 4	104,432	50,276	2.08	2.95	4.43
7	Agricultural	35,164	21,259	1.65	2.35	3.52
8	Commercial	29,354	23,834	1.23	1.75	2.62
9	Irrigation					
10	Tier 1	66,756	43,316	1.54	2.19	3.28
11	Tier 2	76,446	44,147	1.73	2.46	3.69
12	Construction¹⁴	N/A	N/A	N/A	3.00	4.50

¹⁴ Due to the temporary and variable nature of Construction water usage, the Max Month factor is estimated at 3.00, which is consistent with the value used in the prior water COS study conducted in 2014.

4.5. Allocation of Functional Categories to Cost Causation Components

Table 4-4 shows the allocation of functional categories to each cost causation component. The percentages shown for each functional category are to be used in the following subsections to allocate O&M expenses and capital assets to the various cost causation components.

Some functional categories are simply allocated 100 percent to the corresponding cost causation component or allocated evenly between two corresponding cost causation components. Others are based on the system peaking factor allocations shown previously in **Table 4-2**. Below is a verbal description of the allocation of functional categories shown in **Table 4-4**:

1. The **Supply** functional category is fully allocated to the **Supply** cost causation component, which is to be applied to the volumetric rates (excluding recycled water) to recover costs associated with procuring water from SDCWA.
2. The **Treatment** functional category is allocated to the cost causation components based on the Max Day allocation in Line 2 of **Table 4-2** (as treatment facilities are generally designed for Max Day demands).
3. The **Reservoir** functional category is allocated 10 percent to the **Fire Protection** cost causation component (which is industry standard for Southern California water agencies), with the remaining 90 percent allocated to the cost causation components based on the Max Day allocation in Line 2 of **Table 4-2** (as storage facilities are generally designed to withstand Max Day demands).
4. The **Distribution** functional category is allocated 10 percent to the **Fire Protection** cost causation component (which is industry standard for Southern California water agencies), with the remaining 90 percent allocated to the cost causation components based on the Max Hour allocation in Line 3 of **Table 4-2** (as distribution infrastructure is generally designed to withstand Max Hour demands).
5. The **Pump Stations** functional category is allocated to the cost causation components based on the Max Hour allocation in Line 3 of **Table 4-2** (as pumping facilities are generally designed to withstand Max Hour demands).
6. The **Meters** functional category is fully allocated to the **Meters** cost causation component, which is to be recovered by the OMWD System Access Charge.
7. The **Hydrants** functional category is fully allocated to the **Fire Protection** cost causation component, which is to be recovered by the OMWD System Access Charge and Fire Meter Charge.
8. The **Customer** functional category is fully allocated to the **Customer** cost causation component, which is to be recovered by the OMWD System Access Charge and Fire Meter Charge.
9. The **Recycled Water** functional category is fully allocated to the **Recycled Water** cost causation component, which is to be recovered by the recycled water volumetric rate.
10. The **Customer/Meter** functional category is allocated 50 percent to the **Customer** cost causation component and 50 percent to the **Meters** cost causation component.
11. The **General** functional category is fully allocated to the **General** cost causation component, which is to be later distributed proportionally to the other cost causation components.

Table 4-4: Allocation of Functional Categories to Cost Causation Components

A	B	C	D	E	F	G	H	I	J	K	L
Line	Functional Category	Supply	Base	Max Day	Max Hour	Recycled Water	Fire Protection	Meters	Customer	General	Total
1	Supply	100.0%									100.0%
2	Treatment		53.1%	46.9%							100.0%
3	Reservoir		48.1%	41.9%			10.0%				100.0%
4	Distribution		32.1%	27.9%	30.0%		10.0%				100.0%
5	Pump Stations		35.4%	31.2%	33.3%						100.0%
6	Meters							100.0%			100.0%
7	Hydrants						100.0%				100.0%
8	Customer								100.0%		100.0%
9	Recycled Water					100.0%					100.0%
10	Customer/Meter							50.0%	50.0%		100.0%
11	General									100.0%	100.0%

4.6. O&M Allocation

Table 4-5 shows the allocation of O&M expenses to each cost causation component. O&M expenses are used in subsequent steps of the COS analysis to allocate the Operating revenue requirement. The percentages in Columns D-L of **Table 4-5** are determined by the assigned functional category in Column C and associated allocations shown above in **Table 4-4**. FY 2020 O&M expenses are shown in Column M, Lines 1-18 in millions of dollars. Purchased water expenses are broken down in Lines 1-10 to provide for more precise functionalization in Column C. The remaining O&M expenses in Lines 11-18 are based on totals shown for FY 2020 in **Table 3-10** less depreciation. Note that total O&M expenses in Column M, Line 19 of **Table 4-5** equals total FY 2020 O&M expenses excluding depreciation from **Table 3-10**.

The percentages for each cost causation component (Columns D-L) are multiplied by the FY 2020 O&M costs in Column for each individual line and then summed in Columns D-L of Line 19 to determine the total allocation of O&M expenses to each cost causation component (Line 19). The proportion of total FY 2020 O&M expenses allocated to each cost causation component in Line 19 is shown in percentages (Line 21). The percentages in Line 21 represent the O&M allocation basis to be used in subsequent steps of the COS analysis. Note that the total O&M cost is equal to the sum of O&M expenses excluding depreciation and purchased water expenses from the revenue requirement determination (**Table 4-1**, Column E, Lines 2-3).

Table 4-5: O&M Cost Allocation

A	B	C	D	E	F	G	H	I	J	K	L	M
Line	O&M Expenses	Functional Category	Supply	Base Delivery	Max Day	Max Hour	Recycled Water	Fire Protection	Meters	Customer	General	Total (million \$)
1	Purchased Water - Untreated	Supply	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	\$17.49M
2	Treatment Rate	Treatment	0.0%	53.1%	46.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	\$0.21M
3	Capacity Reservation Charge	Meters	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	\$0.34M
4	Readiness to Serve Charge	Meters	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	\$0.72M
5	Infrastructure Access Charge	Meters	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	\$1.13M
6	Customer Service Charge	Customer	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	\$1.07M
7	Transportation Charge	Distribution	0.0%	32.1%	27.9%	30.0%	0.0%	10.0%	0.0%	0.0%	0.0%	\$2.40M
8	Storage Charge	Meters	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	\$2.93M
9	Supply Reliability Charge	Meters	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	\$1.53M
10	Purchased Water - Recycled	Recycled Water	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	\$1.25M
11	O&M and WTP	Distribution	0.0%	32.1%	27.9%	30.0%	0.0%	10.0%	0.0%	0.0%	0.0%	\$10.81M
12	General Manager	General	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	\$0.60M
13	Engineering	Assets	0.0%	29.6%	25.9%	13.1%	10.8%	5.4%	1.6%	0.0%	13.6%	\$1.69M
14	Finance	General	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	\$0.14M
15	Customer Services	Customer/ Meter	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	50.0%	50.0%	0.0%	\$3.63M
16	Human Resources	Customer	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	(\$0.09M)
17	Park	General	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	\$0.38M
18	Recycled	Recycled Water	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	\$1.54M
19	Total O&M		\$17.49M	\$4.85M	\$4.23M	\$4.18M	\$2.97M	\$1.41M	\$8.49M	\$2.79M	\$1.35M	\$47.76M
20												
21	O&M Allocation		36.6%	10.2%	8.8%	8.8%	6.2%	3.0%	17.8%	5.8%	2.8%	100.0%

4.7. Capital Allocation

Table 4-6 shows the allocation of capital assets to each cost component. Capital assets are utilized in COS analyses to allocate capital costs because annual capital project costs can fluctuate greatly from year to year. Capital assets remain relatively stable and are more representative of the District's investments in its water system. District staff provided Raftelis with a detailed asset listing that included the Original Cost of each individual fixed asset. Raftelis calculated the Replacement Cost Less Depreciation (RCLD) of each asset based on Original Cost, year purchased, and useful life using the Engineering News-Record's 20-City Average Cost Construction Index (CCI) to account for capital cost inflation. RCLD is often utilized in capital asset analyses because it takes into consideration inflation and depreciation when valuing assets. As part of the capital asset analysis, Raftelis also assigned each individual asset to a functional category. Total asset value (RCLD) by functional category is shown in Column J, Lines 2-15 of **Table 4-6**.

The capital assets are allocated to the various cost causation components in a similar manner to the O&M expenses: asset value by functional category (Column J) is allocated to each cost causation component (Columns C-I) based on percentages from **Table 4-4**. Allocation percentages for each cost causation component are multiplied by the capital asset value for each functional category and summed to determine the capital asset value allocated to each cost causation component (Columns C-I, Line 17). The capital allocation in Line 19 represents the proportion of total asset value within each cost causation component and is to be used subsequently in the COS analysis to allocate capital revenue requirements.

Table 4-6: Capital Cost Allocation

A	B	C	D	E	F	G	H	I	J
Line	Functional Category	Base Delivery	Max Day	Max Hour	Recycled Water	Fire Protection	Meters	General	Total (million \$)
1	Potable Water Assets								
2	Treatment	53.1%	46.9%	0.0%	0.0%	0.0%	0.0%	0.0%	\$82.94M
3	Reservoir	48.1%	41.9%	0.0%	0.0%	10.0%	0.0%	0.0%	\$62.95M
4	Distribution	32.1%	27.9%	30.0%	0.0%	10.0%	0.0%	0.0%	\$195.30M
5	Pump Stations	35.4%	31.2%	33.3%	0.0%	0.0%	0.0%	0.0%	\$10.23M
6	Meters	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	\$7.76M
7	General	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	\$64.74M
8									
9	Recycled Water Assets								
10	Treatment	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	\$1.99M
11	Reservoir	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	\$7.44M
12	Distribution	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	\$30.21M
13	Pump Stations	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	\$3.89M
14	Meters	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	\$3.80M
15	General	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	\$3.82M
16									
17	Total Assets	\$140.65M	\$122.95M	\$62.00M	\$51.15M	\$25.83M	\$7.76M	\$64.74M	\$475.08M
18									
19	Capital Allocation	29.6%	25.9%	13.1%	10.8%	5.4%	1.6%	13.6%	100.0%

4.8. Revenue Offset Allocation

Table 4-7 shows the revenue offset allocation to each cost causation component. Revenue offsets are miscellaneous, non-rate revenues that are used to offset the revenue requirement. Rather than assigning a functional category to each individual revenue offset, revenue offsets are allocated directly to cost causation components by either the O&M allocation (**Table 4-5**, Line 21), capital allocation (**Table 4-6**, Line 19), or full allocation to the most closely associated cost causation component. The methodology as described previously for the O&M and capital allocations was utilized to determine the amount of revenue offsets allocated to each cost causation component (**Table 4-7**, Line 27) and the final revenue offset allocation percentages to be utilized in the next step of the COS analysis (**Table 4-7**, Line 29).

Some revenues, including investment income and a portion of property taxes, are not directly linked to any service that the District provides to its water customers. These revenues can therefore be allocated to the Revenue Offsets cost causation component (Column M), which can be utilized at the District's discretion to provide offsets to specific customer classes and tiers. The Revenue Offsets cost causation component was not included in the O&M or capital allocations, as it only applies to revenues.

Note that property tax revenue (Line 22) is allocated 65.7 percent to the Revenue Offsets cost causation component, which equates to \$2.3 million. As stated previously, any property tax income in excess of \$2.3 million per year must be moved to the District's capital reserves. Therefore, the remaining property tax income in excess of \$2.3 million is allocated based on the capital allocation (**Table 4-6**, Line 19).

Table 4-7: Revenue Offset Allocation

A	B	C	D	E	F	G	H	I	J	K	L	M	N
Line	Revenue Offsets	Rationale	Supply	Base Delivery	Max Day	Max Hour	Recycle-d Water	Fire Protection	Meters	Customer	General	Revenue Offsets	Total (million \$)
1	CWA Infrastructure Access Charge	100% Meters	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	\$1.069M
3	Selling Excess Treated Water to Vallecitos	100% Base	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	\$0.867M
4	Misc. Water Sales	100% Base	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	\$0.010M
5	Meter Installations	100% Meters	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	\$0.005M
6	Hydro-electric Plant Revenues	100% Base	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	\$0.050M
7	Turn Off/On Fees and NSF Charges	100% Customer	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	\$0.020M
8	Delinquency Charges	100% Customer	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	\$0.125M
9	Transfer Fee	Capital Allocation	0.0%	29.6%	25.9%	13.1%	10.8%	5.4%	1.6%	0.0%	13.6%	0.0%	\$0.030M
10	Cross Connection/Inspection	Capital Allocation	0.0%	29.6%	25.9%	13.1%	10.8%	5.4%	1.6%	0.0%	13.6%	0.0%	\$0.135M
11	Outside District Boundary Charges	Capital Allocation	0.0%	29.6%	25.9%	13.1%	10.8%	5.4%	1.6%	0.0%	13.6%	0.0%	\$0.010M
13	Rental Income	Capital Allocation	0.0%	29.6%	25.9%	13.1%	10.8%	5.4%	1.6%	0.0%	13.6%	0.0%	\$0.650M
16	Other operating	O&M Allocation	36.6%	10.2%	8.8%	8.8%	6.2%	3.0%	17.8%	5.8%	2.8%	0.0%	\$0.001M
21	Investment Income (Potable)	100% Offsets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	\$0.209M
22	Property Tax Revenue	Capital Allocation	0.0%	10.2%	8.9%	4.5%	3.7%	1.9%	0.6%	0.0%	4.7%	65.7%	\$3.500M
23	Gain on Sale of Fixed Assets	Capital Allocation	0.0%	29.6%	25.9%	13.1%	10.8%	5.4%	1.6%	0.0%	13.6%	0.0%	\$0.025M
24	Other Non-Operating	Capital Allocation	0.0%	29.6%	25.9%	13.1%	10.8%	5.4%	1.6%	0.0%	13.6%	0.0%	\$0.005M
25	Investment Income (Recycled)	100% Recycled	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	\$0.261M
26	Interest income rec loans	100% Recycled	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	\$0.001M
27	Total Revenue Offsets		\$366	\$1.536M	\$0.532M	\$0.268M	\$0.483M	\$0.112M	\$1.108M	\$0.145M	\$0.280M	\$2.509M	\$6.973M
28													
29	Revenue Offset Allocation		0.01%	22.02%	7.63%	3.85%	6.93%	1.60%	15.88%	2.08%	4.02%	35.99%	100.00%

4.9. Allocation of Revenue Requirements to Cost Causation Components

Table 4-8 shows the allocation of revenue requirements from **Table 4-1**. The total operating revenue requirement in Column M, Line 1 of **Table 4-8** is equal to the operating revenue requirement (Column C, Line 7) less adjustments (Column C, Line 33) from **Table 4-1**.

The total operating revenue requirement is allocated among the various cost causation components in Columns C-L, Line 1 of **Table 4-8** based on the O&M allocation percentages from Line 21 of **Table 4-5**. The total Capital revenue requirement in Column M, Line 2 of **Table 4-8** is equal to the capital revenue requirement (Column D, Line 7) less operating adjustments (Column D, Line 33) from **Table 4-1**. The total capital revenue requirement is allocated among the various cost causation components in Columns C-L, Line 2 of **Table 4-8** based on the capital allocation percentages from Line 19 of **Table 4-6**. Total revenue offsets in Column M, Line 3 of **Table 4-8** is equal to the revenue offsets in Column E, Line 28 of **Table 4-1**. Total revenue offsets are allocated among the various cost causation components in Columns C-L, Line 3 of **Table 4-8** based on the revenue offset allocation percentages from Line 29 of **Table 4-7**.

Lines 1-3 in **Table 4-8** are summed to determine the preliminary COS allocation to each cost causation component in Line 4. General costs are then reallocated to all other cost causation components (excluding Revenue Offsets) proportionally in Line 6. Line 7 shows the reallocation of 96.1 percent of Fire Protection costs (Column H, Line 7) to the Meters cost causation component (Column I, Line 7) to account for public fire protection capacity costs. The purpose is to equitably allocate fire protection capacity costs between private fire meters and public fire hydrants. The basis of the 96.1 percent allocation of fire capacity costs to public hydrants is shown in detail in Appendix D.

Line 10 in **Table 4-8** shows a final adjustment to the cost causation component allocations, in which 5 percent of Max Day costs (Column E, Line 10) and Max Hour costs (Column F, Line 10) are reallocated to the Meters cost causation component (Column I, Line 10). The final adjustment is intended to provide revenue stability for the District by ensuring that approximately 25 percent of rate revenues are from fixed charges (OMWD System Access charges and Fire Meter Charges). This is consistent with the existing fixed versus variable revenue split under current water rates. Line 12 shows the final adjusted COS by cost causation component, which is to be used to develop unit costs in the following subsections.

Table 4-8: Allocation of Revenue Requirement to Cost Causation Components

A	B	C	D	E	F	G	H	I	J	K	L	M
Line	Description	Supply	Base Delivery	Max Day	Max Hour	Recycled Water	Fire Protection	Meters	Customer	General	Revenue Offsets	Total
1	Operating	\$18,045,327	\$5,005,708	\$4,358,543	\$4,316,428	\$3,061,982	\$1,457,746	\$8,757,610	\$2,874,673	\$1,394,119	\$0	\$49,272,137
2	Capital	\$0	\$4,159,237	\$3,635,800	\$1,833,500	\$1,512,490	\$763,678	\$229,326	\$0	\$1,914,584	\$0	\$14,048,615
3	Revenue Offsets	(\$366)	(\$1,535,505)	(\$531,925)	(\$268,288)	(\$483,092)	(\$111,739)	(\$1,107,602)	(\$145,058)	(\$280,089)	(\$2,509,214)	(\$6,972,879)
4	Preliminary COS	\$18,044,961	\$7,629,440	\$7,462,418	\$5,881,640	\$4,091,380	\$2,109,686	\$7,879,334	\$2,729,615	\$3,028,614	(\$2,509,214)	\$56,347,873
5												
6	Allocation of General Cost	\$978,913	\$413,886	\$404,825	\$319,070	\$221,951	\$114,447	\$427,442	\$148,078	(\$3,028,614)	\$0	\$0
7	Allocation of Public Fire Costs	\$0	\$0	\$0	\$0	\$0	(\$2,136,627)	\$2,136,627	\$0	\$0	\$0	\$0
8	Allocated COS	\$19,023,874	\$8,043,326	\$7,867,243	\$6,200,711	\$4,313,332	\$87,507	\$10,443,403	\$2,877,692	\$0	(\$2,509,214)	\$56,347,873
9												
10	Final Adjustment – Peaking to Meters	\$0	\$0	(\$393,362)	(\$310,036)	\$0	\$0	\$703,398	\$0	\$0	\$0	\$0
11												
12	Final Adjusted COS	\$19,023,874	\$8,043,326	\$7,473,881	\$5,890,675	\$4,313,332	\$87,507	\$11,146,801	\$2,877,692	\$0	(\$2,509,214)	\$56,347,873

4.10. Units of Service

This subsection describes the next step in the COS analysis, which is to determine the appropriate units of service to be used to calculate the unit costs for each cost causation component.

Equivalent Meters

Equivalent meter units are used to allocate meter-related costs appropriately and equitably. Larger meters impose larger demands; are more expensive to install, maintain, and replace than smaller meters; and require greater capacity in the water system.

Equivalent meter units are based on meter hydraulic capacity and are calculated to represent the potential demand on the water system compared to a base meter size. A ratio of hydraulic capacity is calculated by dividing larger meter capacities by the base meter capacity. The base meter in this study is the 3/4" meters.

Table 4-9 shows the equivalent potable and recycled water meters for the test year FY 2020. The number of meters (Column D) is equal to the projected number of meters subject to the OMWD System Access Charge from (**Table 3-5**). Meter capacity ratios (Column C) were provided by the District's Engineering Department and are consistent with ratios used in the prior water COS study conducted in 2014. The number of meters (Column D) is multiplied by the meter capacity ratios (Column C) to determine the number of equivalent meters (Column E).

Table 4-9: Equivalent Meter Units (FY 2020)

A	B	C	D	E = C X D
Line	Meter Size	Meter Capacity Ratio	Number of Water Meters	Equivalent Meter Units
1	5/8"	0.7	1,948	1,364
2	3/4"	1.0	16,480	16,480
3	1"	1.9	2,874	5,461
4	1-1/2"	3.1	1,057	3,277
5	2"	5.0	554	2,770
6	2-1/2"	9.3	36	335
7	3"	10.2	28	286
8	4"	17.1	24	410
9	6"	36.0	8	288
10	8"	65.0	2	130
11	Total		23,011	30,800

Table 4-10 shows the determination of equivalent meter units in FY 2020 for fire meters. The number of projected fire meters in FY 2020 was determined previously in **Table 3-5**. Meter capacity ratios match the values used above in **Table 4-9** for potable and recycled water meters with the exception of the 5/8-inch fire meter, which is set equal to 1.00. The actual number of fire meters (Column D) is multiplied by the meter capacity ratios (Column C) to determine the number of equivalent fire meters (Column E).

Table 4-10: Equivalent Fire Meter Units (FY 2020)

A	B	C	D	E = C X D
Line	Meter Size	Meter Capacity Ratio	Number of Fire Meters	Equivalent Fire Meter Units
1	5/8"	1.0	380	380
2	3/4"	1.0	15	15
3	1"	1.9	5,435	10,327
4	1-1/2"	3.1	66	205
5	2"	5.0	1	5
6	2-1/2"	9.3	0	0
7	3"	10.2	0	0
8	4"	17.1	0	0
9	6"	36.0	1	36
10	8"	65.0	0	0
11	Total		5,898	10,967

Customer Bills

The number of total projected customer bills in FY 2020 is used as the unit of service for the Customer cost causation component. The sum of total water meters (**Table 4-9**, Column D, Line 11) and total fire meters (**Table 4-10**, Column D, Line 11) is multiplied by twelve monthly billing periods per year to determine total bills in **Table 4-11** Column C, Line 7.

Table 4-11: Projected Annual Customer Bills (FY 2020)

A	B	C	D
Line	Description	Value	Notes
1	Number of Water Meters	23,011	
2	Number of Fire Meters	5,898	
3	Total Meters	28,909	
4			
5	Billing Periods per Year	12	
6			
7	Total Bills	346,908	= [Line 3] x [Line 5]

Peaking Units of Service

Peaking units of service in HCF per day are used to develop Max Day and Max Hour unit costs. **Table 4-12** shows the development of total Max Day units (Column G, Line 13). Projected usage by tier¹⁵ in Column C is divided by 365 days to determine average daily usage in Column D. Average daily usage in Column D is then multiplied by the Max Day factor in Column E (from **Table 4-3**, Column F) to determine Max Day units. Max Day requirements (Column G) in HCF per day, which is the unit of service for Max Day costs, is determined by subtracting average daily usage in Column D from Max Day units in column F. Max Hour requirements are similarly calculated in **Table 4-13**. Please note however that Max Hour requirements (Column G) are calculated by subtracting Max Day units (**Table 4-12**, Column F) from Max Hour units (**Table 4-13**, Column F).

¹⁵ While total projected FY 2020 usage in **Table 4-12** matches the total shown previously in **Table 3-6** (excluding Recycled Water), please note that the distribution of usage between tiers and customer classes differs as a result of revised tier definitions to be discussed in **Section 1**.

Table 4-12: Max Day Units of Service

A	B	C	D	E	F	G
Line	Customer Class	FY 2020 Projected Usage (HCF)	FY 2020 Average Daily Usage (HCF)	Max Day Factor	Max Day Units (HCF/day)	Max Day Requirements (HCF/day)
1	Domestic					
2	Tier 1	1,684,780	4,616	1.45	6,679	2,063
3	Tier 2	2,280,421	6,248	1.74	10,874	4,627
4	Tier 3	1,621,550	4,443	2.17	9,619	5,177
5	Tier 4	608,870	1,668	2.95	4,921	3,253
7	Agricultural	257,463	705	2.35	1,657	952
8	Commercial	283,373	776	1.75	1,358	582
9	Irrigation					
10	Tier 1	493,419	1,352	2.19	2,959	1,607
11	Tier 2	502,887	1,378	2.46	3,388	2,011
12	Construction	36,802	101	3.00	302	202
13	Total	7,769,565	21,286			20,472

Table 4-13: Max Hour Units of Service

A	B	C	D	E	F	G
Line	Customer Class	FY 2020 Projected Usage (HCF)	FY 2020 Average Daily Usage (HCF)	Max Hour Factor	Max Hour Units (HCF/day)	Max Hour Requirements (HCF/day)
1	Domestic					
2	Tier 1	1,684,780	4,616	2.17	10,019	3,340
3	Tier 2	2,280,421	6,248	2.61	16,312	5,437
4	Tier 3	1,621,550	4,443	3.25	14,429	4,810
5	Tier 4	608,870	1,668	4.43	7,382	2,461
7	Agricultural	257,463	705	3.52	2,486	829
8	Commercial	283,373	776	2.62	2,037	679
9	Irrigation					
10	Tier 1	493,419	1,352	3.28	4,438	1,479
11	Tier 2	502,887	1,378	3.69	5,083	1,694
12	Construction	36,802	101	4.50	454	151
13	Total	7,769,565	21,286			20,879

Table 4-14 shows a summary of the relevant units of service for each cost causation component. Total revenue requirements by cost causation components are divided by the relevant units of service to determine a unit cost for each cost causation component in the following subsection. Fire Protection, Meters, and Customer unit costs are used to develop fixed monthly charges (OMWD System Access Charges and Fire Meter Charges), and are therefore based off number of equivalent meter units or customer bills from **Table 4-9** through **Table 4-11**. Supply, Base Delivery, Max Day, Max Hour, Recycled Water, and Revenue Offsets unit costs are used to develop proposed volumetric rates and therefore are based on projected annual water usage or peaking requirements in HCF per day from **Table 4-12** and **Table 4-13**.

Table 4-14: Summary of Units of Service by Cost Causation Component

A	B	C	D
Line	Cost Causation Component	Units of Service	Basis
1	Supply	7,769,565 HCF	Total projected FY 2020 usage excluding recycled water
2	Base Delivery	7,769,565 HCF	Total projected FY 2020 usage excluding recycled water
3	Max Day	20,472 HCF/day	Projected Max Day requirements in FY 2020
4	Max Hour	20,879 HCF/day	Projected Max Hour requirements in FY 2020
5	Recycled Water	1,196,077 HCF	Projected recycled water usage in FY 2020
7	Fire Protection	10,967 EMUs	Equivalent fire meter units
8	Meters	30,800 EMUs	Equivalent potable and recycled water meter units
9	Customer	346,908 Bills	Total annual customer bills
10	Revenue Offsets	7,732,763 HCF	Total projected FY 2020 usage excluding recycled and construction water

4.11. Units Cost Development

Table 4-15 shows the calculation of unit costs for each cost causation component. Unit costs are used in **Section 5** to derive the proposed rates for FY 2020. The unit cost in Column E for each cost causation component is calculated by dividing the FY 2020 revenue requirement in Column C (from **Table 4-8**, Line 12) by the units of service in Column D (from **Table 4-14**, Column C).

Table 4-15: Calculation of Unit Costs by Cost Causation Component

A	B	C	D	E = C / D
Line	Cost Causation Component	FY 2020 Revenue Requirement	FY 2020 Units of Service	Unit Cost
1	Supply	\$19,023,874	7,769,565 HCF	\$2.45
2	Base Delivery	\$8,043,326	7,769,565 HCF	\$1.04
3	Max Day	\$7,473,881	20,472 HCF/day	\$365.07
4	Max Hour	\$5,890,675	20,879 HCF/day	\$282.13
5	Recycled Water	\$4,313,332	1,196,077 HCF	\$3.61
7	Fire Protection	\$87,507	10,967 EMUs	\$0.66
8	Meters	\$11,146,801	30,800 EMUs	\$30.16
9	Customer	\$2,877,692	346,908 Bills	\$8.30
10	Revenue Offsets	(\$2,509,214)	7,732,763 HCF	(\$0.32)
11	Total	\$56,347,873		

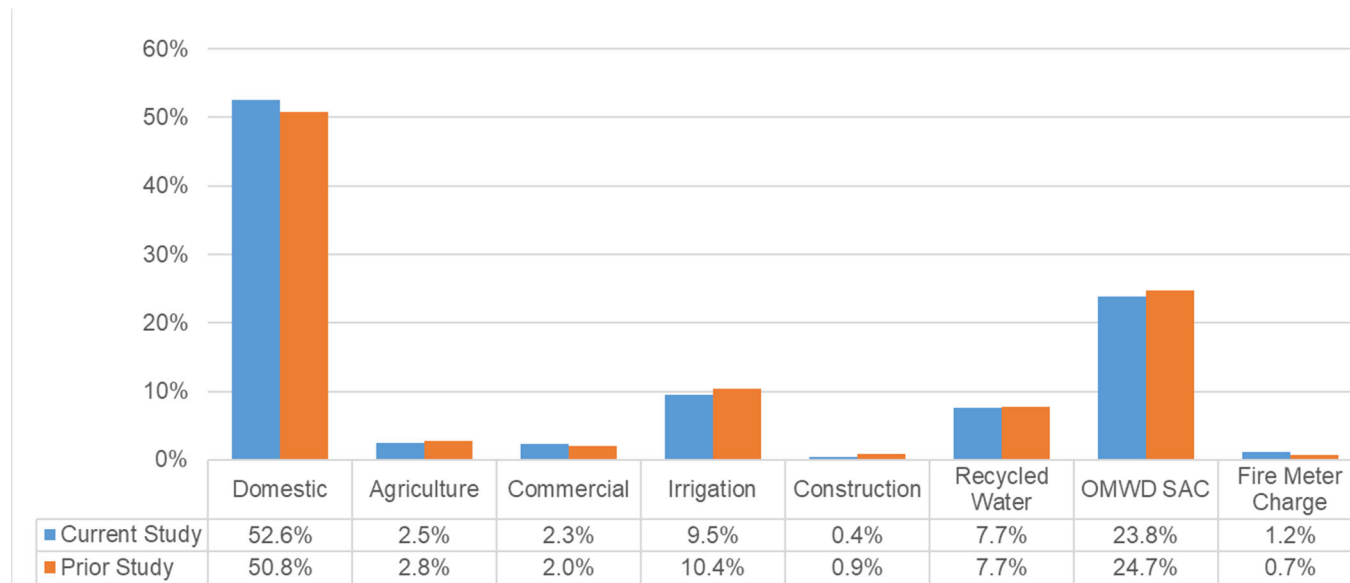
4.12. Cost of Service by Customer Class

Table 4-16 shows the distribution of each cost causation component's revenue requirement to volumetric rates by customer class and to each fixed charge. The dollar amount attributed to each customer class for each cost causation component is determined by multiplying the unit costs (from **Table 4-15**) by the relevant units of service for each customer class (from **Table 4-9** through **Table 4-13**). **Figure 4-1** shows a comparison of the distribution of costs to each customer class from the current COS analysis presented in this study and the prior COS analysis conducted in 2014. The changes shown are a result of changes in water usage patterns by customer class, O&M cost structure, capital needs, and other factors.

Table 4-16: Proposed Cost of Service by Customer Class

A	B	C	D	E	F	G	H	I	J	K	L
Line	Description	Supply	Base	Max Day	Max Hour	Recycled Water	Fire Protection	Meters	Customer	Revenue Offsets	Total
1	Volumetric Rates										
2	Domestic	\$15,170,054	\$6,413,924	\$5,519,833	\$4,527,336	\$0	\$0	\$0	\$0	(\$2,010,425)	\$29,620,722
3	Agriculture	\$630,400	\$266,534	\$347,421	\$233,747	\$0	\$0	\$0	\$0	(\$83,544)	\$1,394,559
4	Commercial	\$693,842	\$293,358	\$212,327	\$191,561	\$0	\$0	\$0	\$0	(\$91,952)	\$1,299,135
5	Irrigation	\$2,439,467	\$1,031,411	\$1,320,681	\$895,362	\$0	\$0	\$0	\$0	(\$323,293)	\$5,363,629
6	Construction	\$90,110	\$38,099	\$73,619	\$42,669	\$0	\$0	\$0	\$0	\$0	\$244,497
7	Recycled Water	\$0	\$0	\$0	\$0	\$4,313,332	\$0	\$0	\$0	\$0	\$4,313,332
8											
9	Fixed Charges										
10	OMWD System Access Charges	\$0	\$0	\$0	\$0	\$0	\$0	\$11,146,801	\$2,290,587	\$0	\$13,437,388
11	Fire Meter Charges	\$0	\$0	\$0	\$0	\$0	\$87,507	\$0	\$587,105	\$0	\$674,612
12											
13	Total	\$19,023,874	\$8,043,326	\$7,473,881	\$5,890,675	\$4,313,332	\$87,507	\$11,146,801	\$2,877,692	(\$2,509,214)	\$56,347,873

Figure 4-1: Cost of Service Comparison: Current and Prior Studies



5. Rate Design

This section of the report details the calculation of the proposed water rates for FY 2020. All rates shown in this section are rounded up to the nearest cent. Other numbers shown in the tables in this section of the report are also rounded. Therefore, hand calculations based on the displayed numbers, such as summing or multiplying, may not equal the exact results shown in. Note that the SDCWA Infrastructure Access Charge shown in this section was not developed by Raftelis, but rather represents a direct pass-through of the CY 2020 rate established by SDCWA.

5.1. Rate Structure Overview

Based on discussions with District staff as well as evaluation of water usage characteristics by customer class, Raftelis recommends that the District maintain its existing water rate structure. Below is a summary of the District's existing rate structure by charge and customer class:

- » **Monthly Fixed Charges:**
 - » **OMWD System Access Charge** which varies by meter size
 - » **Fire Meter Charge** which varies by meter size
 - » **SDCWA Infrastructure Access Charge** which varies by meter size
- » **Volumetric Rates** per HCF of water delivered which varies by the following customer classes/tiers
 - » **Domestic:** four tier structure with defined monthly tier allotments
 - » **Agricultural:** uniform rate per HCF
 - » **Combined Agricultural/Domestic:** follows Domestic rate structure for monthly usage up to the Domestic Tier 2 limit and the Agricultural rate structure for monthly usage in excess of the Domestic Tier 2 limit.
 - » **Commercial:** uniform rate per HCF
 - » **Irrigation:** two tier structure with defined monthly tier allotments that vary by both meter size and season (December-May and June-November)
 - » **Construction:** uniform rate per HCF
 - » **Recycled:** uniform rate per HCF

Revisions to Tier Definitions

As reflected above, the only customer classes subject to a tiered volumetric rate structure are the Domestic and Irrigation customer classes. The basis for Domestic tier definitions is shown in **Table 5-1**. Domestic Tier 1 usage is intended to provide an affordable rate for essential indoor water usage needs.¹⁶ Domestic Tier 2 usage is intended to provide for reasonable outdoor usage, and therefore its upper limit is set to average monthly Domestic usage. Tier 3 and Tier 4 Domestic usage definitions are designed to include inefficient and excess usage respectively.

Based on evaluation of CY 2018 water usage patterns by customer class, Raftelis proposes to make only one modification to the existing tier definitions. This proposed modification is the reduction of the Domestic Tier 2 monthly upper limit from 25 HCF to 23 HCF per month. The prior Tier 2 upper limit of 25 HCF was based on average monthly Domestic usage prior to FY 2015. Water conservation and efficiency improvements since FY 2015 have resulted in a reduction of average monthly Domestic usage to 23 HCF. The proposed Tier 3 lower limit has correspondingly dropped from 26 HCF to 24 HCF per month. Note that all water usage projections by customer class and tier utilized in **Section 4** to develop units of service are based on the proposed tier definitions.

¹⁶ The 6 HCF Domestic Tier 1 limit is based on an assumed 55 gallons per capita per day (GPCD) for essential water use needs and an average residential density of 2.39 per household in Encinitas and Carlsbad.

Table 5-1: Revised Domestic Tier Definitions

Domestic Tiers	Current Monthly Tier Width	Proposed Monthly Tier Width	Proposed Basis for Tier Widths
Tier 1	0-6 HCF	0-6 HCF	Tier 1 max set equal to essential indoor needs
Tier 2	7-25 HCF	7-23 HCF	Tier 2 max set equal to average Domestic monthly usage
Tier 3	26-80 HCF	24-80 HCF	Tier 3 max set at 90 th percentile of Domestic monthly usage
Tier 4	Over 80 HCF	Over 80 HCF	Designed to include 10 percent of total Domestic monthly usage

Based on input provided by the District, Raftelis proposes to maintain the current Irrigation tier definitions which vary by meter size and season. For Irrigation customers, all monthly water usage in excess of the Tier 1 allotment is charged at the Irrigation Tier 2 rate.

Table 5-2: Irrigation Tier Definitions

Meter Size	Winter Tier 1 Allotment (Dec-May)	Summer Tier 1 Allotment (Jun-Nov)
5/8"	10 HCF	15 HCF
3/4"	20 HCF	30 HCF
1"	35 HCF	50 HCF
1-1/2"	50 HCF	110 HCF
2"	100 HCF	200 HCF
3"	200 HCF	500 HCF
4"	600 HCF	3,500 HCF
6"	3,100 HCF	11,800 HCF
8"	5,600 HCF	21,300 HCF

5.2. OMWD System Access Charge Calculation

Table 5-3 shows the calculation of proposed FY 2020 monthly OMWD System Access Charges, which are comprised of the Meters and Customer unit costs previously developed in **Table 4-15**. The Meter unit cost (**Table 4-15**, Column E, Line 8) is multiplied by the capacity ratio for each meter size (Column C) to determine the Meter component of the OMWD System Access Charge for each meter size (Column D). The Customer component of the charge is equal to the Customer unit cost (**Table 4-15**, Column E, Line 9) and is the same for all meter sizes, as customer service-related costs are not dependent on meter size. The proposed OMWD System Access Charge (Column F) is equal to the sum of the Meter and Customer components of the charge (Columns D and E) for each meter size.

Table 5-3: Monthly OMWD System Access Charge Calculation

A	B	C	D = C x \$30.16	E	F = D + E	G	H = F - G
Line	Meter Size	Capacity Ratio	Meter	Customer	Proposed Charge	Current Charge	Difference
1	5/8"	0.7	\$21.11	\$8.30	\$29.41	\$28.43	\$0.98
2	3/4"	1.0	\$30.16	\$8.30	\$38.46	\$37.70	\$0.76
3	1"	1.9	\$57.30	\$8.30	\$65.60	\$65.55	\$0.05
4	1-1/2"	3.1	\$93.49	\$8.30	\$101.79	\$102.68	(\$0.89)
5	2"	5.0	\$150.80	\$8.30	\$159.10	\$161.47	(\$2.37)
6	2-1/2"	9.3	\$280.48	\$8.30	\$288.78	\$294.50	(\$5.72)
7	3"	10.2	\$307.63	\$8.30	\$315.93	\$322.34	(\$6.41)
8	4"	17.1	\$515.73	\$8.30	\$524.03	\$535.82	(\$11.79)
9	6"	36.0	\$1,085.74	\$8.30	\$1,094.04	\$1,120.55	(\$26.51)
10	8"	65.0	\$1,960.36	\$8.30	\$1,968.66	\$2,017.75	(\$49.09)

5.3. Fire Meter Charge Calculation

Table 5-4 shows the calculation of proposed FY 2020 Fire Meter Charges, which are comprised of the Fire Protection and Customer unit costs previously developed in **Table 4-15**. The Fire Protection unit cost (**Table 4-15**, Column E, Line 7) is multiplied by the capacity ratio for each meter size (Column C) to determine the Fire Protection component of the OMWD System Access Charge for each meter size (Column D). The Customer component of the charge is equal to one half of the Customer unit cost (**Table 4-15**, Column E, Line 9) and is the same for all meter sizes, as customer service-related costs are not dependent on meter size. Based on feedback from District staff, Raftelis recommends that Fire Meter Charges are subject to half of the Customer unit cost since these charges are billed on the same water bill and require significantly less customer service support than regular meters. The proposed Fire Meter Charge (Column F) is equal to the sum of the Fire Protection and Customer components (Columns D and E) for each meter size.

Table 5-4: Monthly Fire Meter Charge Calculation

A	B	C	D = C x \$0.66	E	F = D + E	G	H = F - G
Line	Meter Size	Capacity Ratio	Fire Protection	Customer	Proposed Charge	Current Charge	Difference
1	5/8"	1.0	\$0.66	\$4.15	\$4.82	\$3.82	\$1.00
2	3/4"	1.0	\$0.66	\$4.15	\$4.82	\$3.82	\$1.00
3	1"	1.9	\$1.26	\$4.15	\$5.42	\$4.50	\$0.92
4	1-1/2"	3.1	\$2.06	\$4.15	\$6.21	\$5.42	\$0.79
5	2"	5.0	\$3.32	\$4.15	\$7.48	\$6.88	\$0.60
6	2-1/2"	9.3	\$6.18	\$4.15	\$10.34	\$10.15	\$0.19
7	3"	10.2	\$6.78	\$4.15	\$10.93	\$10.84	\$0.09
8	4"	17.1	\$11.37	\$4.15	\$15.52	\$16.10	(\$0.58)
9	6"	36.0	\$23.94	\$4.15	\$28.09	\$30.51	(\$2.42)
10	8"	65.0	\$43.22	\$4.15	\$47.37	\$52.64	(\$5.27)

5.4. SDCWA Infrastructure Access Charges

Table 5-5 shows the SDCWA Infrastructure Access Charges that will go into effect on January 1, 2020. The SDCWA Infrastructure Access Charge per meter equivalent is developed by SDCWA and passed through by the

District to its customers. SDCWA has proposed to increase the SDCWA Infrastructure Access Charge from \$3.01 to \$3.66 per meter equivalent for CY 2020. **Table 5-5** shows the calculation of CY 2020 SDCWA Infrastructure Access Charges, which are determined by multiplying the \$3.66 rate per meter equivalent by the capacity ratio (Column C) for each meter size.

Table 5-5: Monthly SDCWA Infrastructure Access Charge

A	B	C	D	E = C x D	F	G
Line	Meter Size	Capacity Ratio	Charge per Meter Equivalent	Proposed Charge	Current Charge	Difference
1	5/8"	1.0	\$3.66	\$3.66	\$3.01	\$0.65
2	3/4"	1.0	\$3.66	\$3.66	\$3.01	\$0.65
3	1"	1.9	\$3.66	\$6.96	\$5.71	\$1.25
4	1-1/2"	3.1	\$3.66	\$11.35	\$9.33	\$2.02
5	2"	5.0	\$3.66	\$18.30	\$15.05	\$3.25
6	2-1/2"	9.3	\$3.66	\$34.04	\$27.92	\$6.12
7	3"	10.2	\$3.66	\$37.34	\$30.70	\$6.64
8	4"	17.1	\$3.66	\$62.59	\$51.48	\$11.11
9	6"	36.0	\$3.66	\$131.76	\$108.38	\$23.38
10	8"	65.0	\$3.66	\$237.90	\$195.69	\$42.21

5.5. Volumetric Rate Calculations

Proposed volumetric rates are comprised of unit costs for the Supply, Base Delivery, Max Day, Max Hour, Recycled Water, and Revenue Offsets cost causation components. The Recycled volumetric rate is comprised solely of the Recycled Water unit cost, while all other volumetric rates are comprised of the other cost causation component unit costs listed above. Unit costs from **Table 4-15** are used to provide the basis for the calculation of volumetric rates. However, peaking unit rates and Revenue Offset unit rates must first be differentiated by customer class, as these unit costs are not applied uniformly to each customer class and tier.

Peaking Unit Rates

Peaking unit costs which vary by customer class and tier must first be converted from HCF per day peaking requirements into unit rates per HCF. The Max Day unit rate calculations are shown in **Table 5-6**. Max Day requirements in Column C (from **Table 4-12**, Column G) are multiplied by the Max Day unit cost in HCF per day in Column D (from **Table 4-15**, Column E, Line 3) to determine the Max Day revenue requirement by customer class and tier. This result in Column E is then divided by projected FY 2020 usage by class and tier in Column F (from **Table 4-12**, Column C) to determine the Max Day unit rate by customer class in Column G.

The Max Day unit rates are utilized to differentiate volumetric rates for each customer class and tier based on specific water usage characteristics. Since the prior water rate study was conducted in 2014, it has become industry standard to differentiate tiered volumetric rates based on the peak usage characteristics. In the prior study, peak usage characteristics were only evaluated at the customer class level, which was standard at that time. Because of increasingly stringent rate-setting standards that have emerged in California since 2014, Raftelis now differentiates rates at both the customer class and individual tier level based on peak usage characteristics. Because of this refinement, proposed Domestic volumetric rates have less pronounced differences in the per unit rate between the lower and higher tiers. Lower usage customers are disproportionately affected, but this change is necessary to comply with current regulations.

Table 5-6: Max Day Unit Rates by Customer Class

A	B	C	D	E = C x D	F	G = E / F
Line	Customer Class	Max Day Requirements (HCF/day)	Max Day Unit Cost (HCF/day)	Max Day Revenue Requirement	FY 2020 Projected Usage (HCF)	Max Day Unit Rate (\$/HCF)
1	Domestic					
2	Tier 1	2,063	\$365.07	\$753,290	1,684,780	\$0.45
3	Tier 2	4,627	\$365.07	\$1,689,050	2,280,421	\$0.74
4	Tier 3	5,177	\$365.07	\$1,889,914	1,621,550	\$1.17
5	Tier 4	3,253	\$365.07	\$1,187,579	608,870	\$1.95
7	Agricultural	952	\$365.07	\$347,421	257,463	\$1.35
8	Commercial	582	\$365.07	\$212,327	283,373	\$0.75
9	Irrigation					
10	Tier 1	1,607	\$365.07	\$586,677	493,419	\$1.19
11	Tier 2	2,011	\$365.07	\$734,004	502,887	\$1.46
12	Construction	202	\$365.07	\$73,619	36,802	\$2.00
13	Total	20,472		\$7,473,881	7,769,565	

Max Hour unit rates by customer class are calculated in **Table 5-7** in the same manner as described above for Max Day unit rates. Max Hour requirements in Column C (from **Table 4-13**, Column G) are multiplied by the Max Hour unit cost in HCF per day in Column D (from **Table 4-15**, Column E, Line 4) to determine the Max Hour revenue requirement by customer class and tier. This result in Column E is then divided by projected FY 2020 usage by class and tier in Column F (from **Table 4-13**, Column C) to determine the Max Hour unit rate by customer class in Column G.

Table 5-7: Max Hour Unit Rates by Customer Class

A	B	C	D	E = C x D	F	G = E / F
Line	Customer Class	Max Hour Requirements (HCF/day)	Max Hour Unit Cost (HCF/day)	Max Hour Revenue Requirement	FY 2020 Projected Usage (HCF)	Max Hour Unit Rate (\$/HCF)
1	Domestic					
2	Tier 1	3,340	\$282.13	\$942,202	1,684,780	\$0.56
3	Tier 2	5,437	\$282.13	\$1,533,982	2,280,421	\$0.67
4	Tier 3	4,810	\$282.13	\$1,356,956	1,621,550	\$0.84
5	Tier 4	2,461	\$282.13	\$694,196	608,870	\$1.14
7	Agricultural	829	\$282.13	\$233,747	257,463	\$0.91
8	Commercial	679	\$282.13	\$191,561	283,373	\$0.68
9	Irrigation					
10	Tier 1	1,479	\$282.13	\$417,388	493,419	\$0.85
11	Tier 2	1,694	\$282.13	\$477,974	502,887	\$0.95
12	Construction	151	\$282.13	\$42,669	36,802	\$1.16
13	Total	20,879		\$5,890,675	7,769,565	

Domestic Revenue Offsets

Non-rate revenue sources which are not directly related to any specific District function or expense may be utilized at the discretion of the District to offset various rates. These revenues are included within the Revenue Offsets cost

causation component. **Table 4-15** shows the Revenue Offsets unit rate of \$0.32 if applied evenly to each HCF of water usage (excluding Construction and Recycled usage). To provide for affordability for essential water use by Domestic customers, Raftelis recommends that the entirety of revenue offsets allocated to the Domestic customer class (**Table 4-16**, Column K, Line 2) be applied to Domestic Tier 1 water usage (**Table 4-12**, Column C, Line 2). The calculation shown to determine the Domestic Tier 1 Revenue Offset unit rate is shown in the equation below:

$$\text{Total Domestic Revenue Offset Allocation} \div \text{FY 2020 Domestic Tier 1 Usage} = \text{Domestic Tier 1 Revenue Offset Unit Rate}$$

$$(\$2,010,425) \div 1,684,780 \text{ HCF} = (\$1.19)$$

Table 5-8 below shows a summary of Revenue Offset unit rates per HCF by customer class and tier. The Domestic Tier 1 unit rate was determined in the equation above. As stated above, all Domestic revenue offsets are applied to Tiers 1 usage. Therefore, the Revenue Offset unit rate for Domestic Tiers 2-4 is \$0.00. All other classes are subject to the \$0.32 per HCF Revenue Offset unit rate derived in **Table 4-15**.

Table 5-8: Revenue Offsets by Customer Class and Tier

A	B	C
Line	Customer Class	Revenue Offset Unit Rate (\$/HCF)
1	Domestic	
2	Tier 1	(\$1.19)
3	Tier 2	(\$0.00)
4	Tier 3	(\$0.00)
5	Tier 4	(\$0.00)
7	Agricultural	(\$0.32)
8	Commercial	(\$0.32)
9	Irrigation	
10	Tier 1	(\$0.32)
11	Tier 2	(\$0.32)

Proposed FY 2020 Volumetric Rates

Table 5-9 shows the calculation of proposed FY 2020 volumetric rates per HCF by customer class and tier. Supply (Column C), Base Delivery (Column D), and Recycled Water (Column G) unit rates are directly from **Table 4-15**. Max Day (Column E), Max Hour (Column F), and Revenue Offset (Column H) unit rates were established in **Table 5-6**, **Table 5-7**, and **Table 5-8** respectively. The Recycled Water volumetric rate consists solely of the Recycled Water unit rate in Column G. Note also that no revenue offsets are applied to Construction or Recycled Water Rates because the proposed FY 2020 rates for these customer classes already decrease relative to existing rates. The difference between proposed FY 2020 and current volumetric rates is shown in Column K.

Table 5-9: Calculation of Proposed FY 2020 Volumetric Rates per HCF

A	B	C	D	E	F	G	H	I	J	K
Line	Customer Class	Supply	Base Delivery	Max Day	Max Hour	Recycled Water	Revenue Offset	Proposed Rate	Current Rate	Difference
1	Domestic									
2	Tier 1 (0-6 HCF)	\$2.45	\$1.04	\$0.45	\$0.56	N/A	(\$1.19)	\$3.30	\$2.71	\$0.59
3	Tier 2 (7-23 HCF)	\$2.45	\$1.04	\$0.74	\$0.67	N/A	\$0.00	\$4.90	\$4.75	\$0.15
4	Tier 3 (24-80 HCF)	\$2.45	\$1.04	\$1.17	\$0.84	N/A	\$0.00	\$5.49	\$5.61	(\$0.12)
5	Tier 4 (80 + HCF)	\$2.45	\$1.04	\$1.95	\$1.14	N/A	\$0.00	\$6.58	\$6.58	\$0.00
6										
7	Agriculture	\$2.45	\$1.04	\$1.35	\$0.91	N/A	(\$0.32)	\$5.42	\$4.75	\$0.67
8	Commercial	\$2.45	\$1.04	\$0.75	\$0.68	N/A	(\$0.32)	\$4.59	\$4.07	\$0.52
9	Irrigation									
10	Tier 1: "B" Base	\$2.45	\$1.04	\$1.19	\$0.85	N/A	(\$0.32)	\$5.20	\$4.35	\$0.85
11	Tier 2: "C" Over Base	\$2.45	\$1.04	\$1.46	\$0.95	N/A	(\$0.32)	\$5.57	\$5.90	(\$0.33)
12										
13	Construction	\$2.45	\$1.04	\$2.00	\$1.16	N/A	N/A	\$6.65	\$7.97	(\$1.32)
14	Recycled Water	N/A	N/A	N/A	N/A	\$3.61	N/A	\$3.61	\$3.85	(\$0.24)

5.6. Proposed Water Rates

Proposed monthly fixed charges and volumetric rates through FY 2024 are shown in **Table 5-10** and **Table 5-11** respectively. Proposed FY 2020 rates proposed to become effective on March 1, 2020 were developed previously in **Table 5-3**, **Table 5-4**, **Table 5-5**, and **Table 5-9**. All rates and charges shown beyond FY 2020 are increased by five percent per year in accordance with the proposed revenue adjustments shown in **Table 3-16**, and are rounded up to the nearest cent. Note that the proposed Agriculture w/ Credit volumetric rates in **Table 5-11** are yet to be determined. District staff updates its agricultural credit rate applied to qualifying customers each calendar year. The yet to be determined CY 2020 agricultural credit per HCF will be applied to the proposed FY 2020 Agriculture volumetric rate in **Table 5-11** to determine the reduced Agriculture w/ Credit volumetric rate for FY 2021.

Table 5-10: Proposed Monthly Fixed Charges

Effective Date	Current	March 1, 2020	March 1, 2021	March 1, 2022	March 1, 2023	March 1, 2024
Monthly OMWD System Access Charge						
Meter Size						
5/8"	\$28.43	\$29.41	\$30.89	\$32.44	\$34.07	\$35.78
3/4"	\$37.70	\$38.46	\$40.39	\$42.41	\$44.54	\$46.77
1"	\$65.55	\$65.60	\$68.88	\$72.33	\$75.95	\$79.75
1-1/2"	\$102.68	\$101.79	\$106.88	\$112.23	\$117.85	\$123.75
2"	\$161.47	\$159.10	\$167.06	\$175.42	\$184.20	\$193.41
2-1/2"	\$294.50	\$288.78	\$303.22	\$318.39	\$334.31	\$351.03
3"	\$322.34	\$315.93	\$331.73	\$348.32	\$365.74	\$384.03
4"	\$535.82	\$524.03	\$550.24	\$577.76	\$606.65	\$636.99
6"	\$1,120.55	\$1,094.04	\$1,148.75	\$1,206.19	\$1,266.50	\$1,329.83
8"	\$2,017.75	\$1,968.66	\$2,067.10	\$2,170.46	\$2,278.99	\$2,392.94
Monthly SDCWA Infrastructure Access Charge*						
Meter Size						
5/8"	\$3.01	\$3.66	TBD	TBD	TBD	TBD
3/4"	\$3.01	\$3.66	TBD	TBD	TBD	TBD
1"	\$5.71	\$6.96	TBD	TBD	TBD	TBD
1-1/2"	\$9.33	\$11.35	TBD	TBD	TBD	TBD
2"	\$15.05	\$18.30	TBD	TBD	TBD	TBD
2-1/2"	\$27.92	\$34.04	TBD	TBD	TBD	TBD
3"	\$30.70	\$37.34	TBD	TBD	TBD	TBD
4"	\$51.48	\$62.59	TBD	TBD	TBD	TBD
6"	\$108.38	\$131.76	TBD	TBD	TBD	TBD
8"	\$195.69	\$237.90	TBD	TBD	TBD	TBD
Monthly Fire Meter Charges						
Meter Line Size						
5/8"	\$3.82	\$4.82	\$5.07	\$5.33	\$5.60	\$5.88
3/4"	\$3.82	\$4.82	\$5.07	\$5.33	\$5.60	\$5.88
1"	\$4.50	\$5.42	\$5.70	\$5.99	\$6.29	\$6.61
1-1/2"	\$5.42	\$6.21	\$6.53	\$6.86	\$7.21	\$7.58
2"	\$6.88	\$7.48	\$7.86	\$8.26	\$8.68	\$9.12
2-1/2"	\$10.15	\$10.34	\$10.86	\$11.41	\$11.99	\$12.59
3"	\$10.84	\$10.93	\$11.48	\$12.06	\$12.67	\$13.31
4"	\$16.10	\$15.52	\$16.30	\$17.12	\$17.98	\$18.88
6"	\$30.51	\$28.09	\$29.50	\$30.98	\$32.53	\$34.16
8"	\$52.64	\$47.37	\$49.74	\$52.23	\$54.85	\$57.60

*Note: A fixed charge imposed by SDCWA. Subject to change every year.

Table 5-11: Proposed Volumetric Rates per HCF

Effective Date	Current	March 1, 2020	March 1, 2021	March 1, 2022	March 1, 2023	March 1, 2024
Volumetric Rates (\$/HCF)						
Residential						
Tier 1 (0-6 HCF)	\$2.71	\$3.30	\$3.47	\$3.65	\$3.84	\$4.04
Tier 2 (7-23 HCF)	\$4.75	\$4.90	\$5.15	\$5.41	\$5.69	\$5.98
Tier 3 (24-80 HCF)	\$5.61	\$5.49	\$5.77	\$6.06	\$6.37	\$6.69
Tier 4 (80 + HCF)	\$6.58	\$6.58	\$6.91	\$7.26	\$7.63	\$8.02
Agriculture	\$4.75	\$5.42	\$5.70	\$5.99	\$6.29	\$6.61
Agriculture w/ Credit*	\$3.81	TBD	TBD	TBD	TBD	TBD
Commercial	\$4.07	\$4.59	\$4.82	\$5.07	\$5.33	\$5.60
Irrigation						
Tier 1: "B" Base	\$4.35	\$5.20	\$5.46	\$5.74	\$6.03	\$6.34
Tier 2: "C" Over Base	\$5.90	\$5.57	\$5.85	\$6.15	\$6.46	\$6.79
Construction	\$7.97	\$6.65	\$6.99	\$7.34	\$7.71	\$8.10
Recycled Water	\$3.85	\$3.61	\$3.80	\$3.99	\$4.19	\$4.40

**Note: Agriculture w/ Credit rate is updated annually by District staff based on SDCWA charges*

5.7. Proposed Water Supply Shortage Rates

Raftelis updated the District's water supply shortage rates for the District as part of this study. Water supply shortage rates are intended to recover reductions in net revenues resulting from decreased water sales during times of reduced water demand due to drought, water supply emergencies, or other reasons. Raftelis developed water supply shortage rates for three distinct stages:

- » **10 Percent Demand Reduction** below projected FY 2020 water usage
- » **20 Percent Demand Reduction** below projected FY 2020 water usage
- » **30 Percent Demand Reduction** below projected FY 2020 water usage

In the event that the District activates its water supply shortage rates, customers will be notified in advance. OMWD's water supply shortage rates would only be implemented by General Manager or OMWD Board action under the terms of the District's Water Supply Shortage Condition Ordinance. Such action by OMWD is generally triggered by SDCWA and/or Metropolitan Water District of Southern California's (MWD) declaration of a specific level of water shortage.

Table 5-12 shows the estimated water usage (excluding Recycled customers) for each demand reduction stage. To estimate water usage at the customer class and tiered level, Raftelis assumed that all customers reduce their usage each billing period by the overall water usage reduction percentage (i.e. 10%/20%/30%). For customer classes with uniform rates, this results in a percentage reduction equal to the overall reduction (i.e. 10%/20%/30%). For Domestic and Agricultural customers with tiered rates however, a disproportional amount of the overall customer class water usage reduction typically occurs within the higher tiers. Raftelis analyzed CY 2018 account level water usage data by billing period to estimate the percent reduction by tier for Domestic (Lines 1-4) and Irrigation customers (Lines 8-9) if total customer class water usage was to decrease by 10 percent, 20 percent, and 30 percent.

Table 5-12: Percent Reduction in Water Usage by Customer Class and Tier

A	B	C	D	E
Line	Description	10% Demand Reduction	20% Demand Reduction	30% Demand Reduction
1	Domestic Tier 1	2.3%	4.9%	8.1%
2	Domestic Tier 2	9.0%	18.7%	29.2%
3	Domestic Tier 3	14.4%	28.5%	42.2%
4	Domestic Tier 4	23.6%	44.1%	61.3%
5	Agriculture	10.0%	20.0%	30.0%
6	Agriculture w/ Credit	10.0%	20.0%	30.0%
7	Commercial	10.0%	20.0%	30.0%
8	Irrigation Tier 1	3.3%	7.3%	11.9%
9	Irrigation Tier 2	16.5%	32.5%	47.7%
10	Construction	10.0%	20.0%	30.0%
11	Total Reduction	10.0%	20.0%	30.0%

Table 5-13 shows FY 2020 volumetric base rates (previously determined in **Table 5-11**) in Column C and assumed FY 2020 water usage at each demand reduction stage in Columns D-G. Projected usage by customer class and tier in Columns E-G, Lines 1-10 is determined by reducing the base demand in Column D by the percentage reduction at each stage from **Table 5-12**, Columns C-E, Lines 1-10.

Table 5-13: Projected Water Usage by Stage

A	B	C	D	E	F	G
Line	Description	FY 2020 Proposed Base Rates	FY 2020 Base Demand	10% Demand Reduction	20% Demand Reduction	30% Demand Reduction
1	Domestic Tier 1	\$3.30	1,684,780	1,646,507	1,602,043	1,548,386
2	Domestic Tier 2	\$4.90	2,280,421	2,075,879	1,853,787	1,615,364
3	Domestic Tier 3	\$5.49	1,621,550	1,388,623	1,160,064	937,489
4	Domestic Tier 4	\$6.58	608,870	465,051	340,603	235,695
5	Agriculture	\$5.42	237,440	213,696	189,952	166,208
6	Agriculture w/ Credit	\$4.46 ¹⁷	20,023	18,021	16,018	14,016
7	Commercial	\$4.59	283,373	255,036	226,698	198,361
8	Irrigation Tier 1	\$5.20	493,419	476,900	457,480	434,584
9	Irrigation Tier 2	\$5.57	502,887	419,775	339,565	262,831
10	Construction	\$6.65	36,802	33,122	29,442	25,761
11	Total		7,769,565	6,992,608	6,215,652	5,438,695

Table 5-14 below shows the determination of the uniform surcharge to be added to all volumetric rates (excluding Recycled Water) during each demand reduction stage for FY 2020. Projected volumetric rate revenues (excluding Recycled) at each demand reduction stage (Line 2) is determined by multiplying projected water usage for each customer class and tier (**Table 5-13**, Columns D-G, Lines 1-10) by the FY 2020 proposed base rates (**Table 5-13**,

¹⁷ The Agriculture w/ Credit rate of \$4.46 was estimated by reducing the Agriculture rate by an estimated \$0.96 credit per HCF. Please note that the actual CY 2020 agricultural credit is yet to be determined by District staff.

Column C, Lines 1-10), and then summing across all customer classes and tiers. Line 3 shows the reduction in rate revenues relative to baseline (Column C, Line 2). Avoided water supply costs at each demand reduction stage are then calculated in Lines 5-12. Projected water usage (excluding Recycled) at each stage in Line 6 was determined previously in **Table 5-13**, Columns D-G, Line 11. Required water supply in HCF is shown in Line 8 assuming 6.5 percent water loss (Line 7). Required water supply is shown in Line 9 by converting Line 8 to AF¹⁸. Line 10 shows the reduction in required water purchases relative to baseline (Column C, Line 9), which is then multiplied by the FY 2020 Untreated M&I rate per AF (Line 11) to estimate avoided water supply costs (Line 12). Net revenue loss in Line 14 is calculated by subtracting avoided water supply costs (Line 12) from the total rate revenue reduction (Line 3). The net revenue loss is then divided by projected water demand excluding Recycled Water at each demand reduction level (Line 6) to determine the uniform surcharges at each stage (Line 16).

Table 5-14: Calculation of Water Supply Shortage Rate Surcharges

A	B	C	D	E	F
Line	Description	Base Demand	10% Demand Reduction	20% Demand Reduction	30% Demand Reduction
1	Reduction in Rate Revenues				
2	Projected Volumetric Rate Revenue	\$37,931,011	\$33,736,357	\$29,587,801	\$25,491,599
3	Total Rate Revenue Reduction	N/A	\$4,194,654	\$8,343,210	\$12,439,412
4					
5	Avoided Water Supply Costs				
6	Projected FY 2020 Water Usage	7,769,565	6,992,608	6,215,652	5,438,695
7	Assumed Water Loss	6.5%	6.5%	6.5%	6.5%
8	Required Water Purchases (HCF)	8,309,695	7,478,726	6,647,756	5,816,787
9	Required Water Purchases (AF)	19,076	17,169	15,261	13,354
10	Reduction in Required Water Purchases (AF)	N/A	1,908	3,815	5,723
11	FY 2020 Untreated M&I Rate (\$/AF)	\$1,374	\$1,374	\$1,374	\$1,374
12	Total Avoided Water Supply Costs	N/A	\$2,620,196	\$5,240,392	\$7,860,588
13					
14	Net Revenue Loss	N/A	\$1,574,458	\$3,102,818	\$4,578,824
15					
16	\$/HCF Surcharge	N/A	\$0.23	\$0.50	\$0.85

Table 5-15 shows FY 2020 volumetric rates under each demand reduction stage. Base volumetric rates were determined previously in **Table 5-11**. The effective rate at each of the three demand reduction stages is determined by simply adding the corresponding surcharge (**Table 5-14**, Line 16) to the FY 2020 base rate for customer class and tier. Note that Recycled Water customers are not subject to any rate increases during the three demand reduction stages. Water supply shortage rates for reductions in usage that are in between those shown above may be prorated. For example, the water shortage rate for a 14% reduction in use would be $0.23 + 0.4 \times (0.5 - 0.23) = \0.338 or rounded to \$0.34 per HCF.

¹⁸ One AF = 435.6 HCF.

Table 5-15: Proposed FY 2020 Water Supply Shortage Rates

Customer Class	FY 2020 Base Rate	10% Demand Reduction	20% Demand Reduction	30% Demand Reduction
Domestic				
Tier 1 (0-6 HCF)	\$3.30	\$3.53	\$3.80	\$4.15
Tier 2 (7-23 HCF)	\$4.90	\$5.13	\$5.40	\$5.75
Tier 3 (24-80 HCF)	\$5.49	\$5.72	\$5.99	\$6.34
Tier 4 (80 + HCF)	\$6.58	\$6.81	\$7.08	\$7.43
Agriculture	\$5.42	\$5.65	\$5.92	\$6.27
Commercial	\$4.59	\$4.82	\$5.09	\$5.44
Irrigation				
Tier 1: "B" Base	\$5.20	\$5.43	\$5.70	\$6.05
Tier 2: "C" Over Base	\$5.57	\$5.80	\$6.07	\$6.42
Construction	\$6.65	\$6.88	\$7.15	\$7.50
Recycled Water	\$3.61	\$3.61	\$3.61	\$3.61

6. Customer Impacts

6.1. Monthly Bill Impacts

Figure 6-1 shows estimated monthly bills under current rates and proposed FY 2020 rates for Domestic customers with a ¾-inch water meter at varying levels of monthly water usage. Note that 13 HCF and 23 HCF per month respectively represent median and average Domestic monthly water usage in CY 2018. High use customers see a smaller percentage increase in monthly bills under the proposed FY 2020 rates due to the decreased differentiation in peaking costs between lower and higher Domestic tiers relative to the prior water rate study in 2014.

Figure 6-1: Domestic Monthly Bill Impacts at Varying Levels of Usage

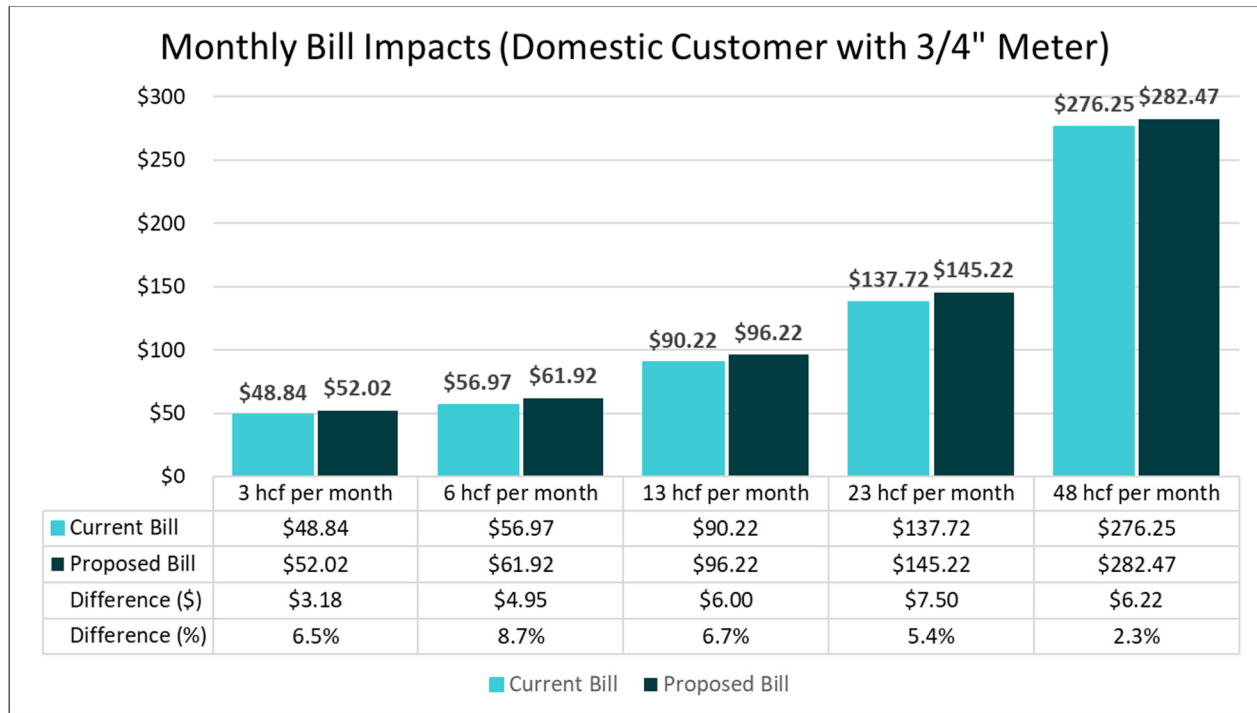


Table 6-1 shows estimated monthly bills under current rates and proposed FY 2020 rates for Commercial customers with a 1-inch water meter at varying levels of monthly water usage. **Table 6-2** shows estimated monthly bills under current rates and proposed FY 2020 rates for Irrigation customers with a 1.5-inch water meter at varying levels of monthly water usage during the winter and summer (due to different tier allotment definitions and usage patterns during the winter and summer periods for Irrigation customers).

Table 6-1: Commercial Monthly Bill Impacts at Varying Levels of Usage (1" Meter Size)

Usage Level	Monthly Usage	Current Monthly Bill	Proposed FY 2020 Monthly Bill	Difference (\$)	Difference (%)
Low (50% of Average)	31 HCF	\$199	\$217	\$18	8.9%
Average	63 HCF	\$327	\$361	\$34	10.4%
High (150% of Average)	94 HCF	\$455	\$505	\$50	11.1%

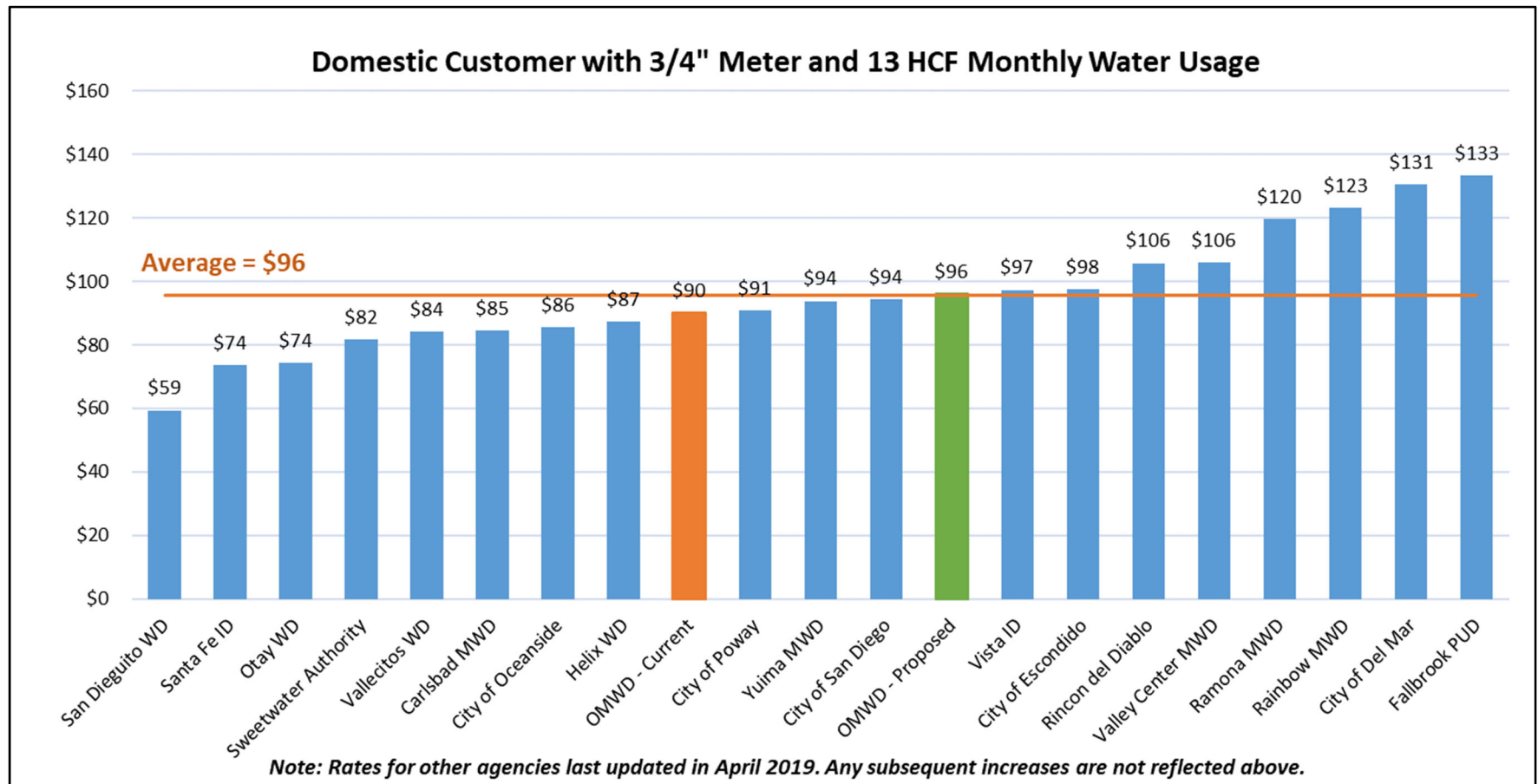
Table 6-2: Irrigation Monthly Bill Impacts at Varying Levels of Usage (1-1/2" Meter Size)

Usage Level	Monthly Usage	Current Monthly Bill	Proposed FY 2020 Monthly Bill	Difference (\$)	Difference (%)
Low – Winter (50% of Average)	56 HCF	\$363	\$405	\$42	11.5%
Avg - Winter	111 HCF	\$691	\$714	\$23	3.4%
High – Winter (150% of Average)	167 HCF	\$1,019	\$1,024	\$5	0.5%
Low – Summer (50% of Average)	98 HCF	\$540	\$625	\$85	15.7%
Avg - Summer	197 HCF	\$1,102	\$1,168	\$66	6.0%
High – Summer (150% of Average)	295 HCF	\$1,683	\$1,716	\$34	2.0%

6.2. Monthly Bill Comparison

Figure 6-2 shows a comparison of the District's current and FY 2020 proposed Domestic bills to neighboring water utilities assuming a ¾-inch water meter and median Domestic monthly water usage (13 HCF). A District customer's bill under current rates is represented by the orange bar and under proposed FY 2020 rates by the green bar. The District's proposed FY 2020 rates result in a monthly bill that is approximately equal to the overall average across all agencies shown. While such comparisons can provide insights into a water utility's pricing policies, please also note that differences in water rates and bills are heavily influenced by factors such as geographic location, customer usage characteristics, source of water supply, water treatment, grant funding, and the age of system infrastructure.

Figure 6-2: Domestic Monthly Bill Comparison



APPENDICES

APPENDIX A: DETAILED WATER PURCHASE COST PROJECTIONS

Water Supply Costs								
Water Purchases Volume			FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Allowance for Water Loss			6.5%	6.5%	6.5%	6.5%	6.5%	6.5%
M&I Purchases			19,152 AF	19,027 AF	18,830 AF	18,865 AF	18,901 AF	18,936 AF
SAWR Purchases (Agri. with credit)			49 AF	49 AF	49 AF	49 AF	49 AF	49 AF
Total Water Purchases			19,202 AF	19,076 AF	18,880 AF	18,915 AF	18,950 AF	18,985 AF
Water Purchase Mix			FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Percent Treated			4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Percent Untreated			96.0%	96.0%	96.0%	96.0%	96.0%	96.0%
Treated Purchases			768 AF	763 AF	755 AF	757 AF	758 AF	759 AF
Untreated Purchases			18,434 AF	18,313 AF	18,124 AF	18,158 AF	18,192 AF	18,226 AF
Total Water Purchases			19,202 AF	19,076 AF	18,880 AF	18,915 AF	18,950 AF	18,985 AF
TRUE			TRUE	TRUE	TRUE	TRUE	TRUE	TRUE
Tier 1 Limit			19,348 AF	19,348 AF	19,348 AF	19,348 AF	19,348 AF	19,348 AF
Purchases subject to Tier 2 Surcharge			0 AF	0 AF	0 AF	0 AF	0 AF	0 AF
Water Purchase Rates (Calendar Year Basis)		CY 2018	CY 2019	CY 2020	CY 2021	CY 2022	CY 2023	CY 2024
Projected Increases								
SDCWA Projected Increases		3.7%	2.9%	4.8%	4.5%	3.6%	2.4%	4.0%
Wholesale Projected Increase			2.9%	4.9%	4.5%	3.6%	2.4%	4.0%
CRC Projected Increase			-1.1%	2.3%	5.7%	4.3%	4.1%	4.0%
SDCWA Charges								
Tier 1 Melded Untreated M&I Supply Rate (\$/AF)		\$894	\$909	\$925	\$967	\$1,001	\$1,025	\$1,066
Customer Service Charge (\$/AF)		\$61	\$61	\$64	\$67	\$69	\$71	\$74
Transportation Rate (\$/AF)		\$115	\$120	\$132	\$138	\$143	\$146	\$152
Storage Charges (\$/AF)		\$162	\$171	\$181	\$189	\$196	\$201	\$209
Supply Reliability Charge (\$/AF)		\$71	\$80	\$104	\$109	\$113	\$115	\$120
Melded Treatment Rate (\$/AF)		\$300	\$276	\$280	\$293	\$303	\$310	\$323
Tier 2 Untreated Supply Rate (\$/AF)		\$781	\$817	\$858	\$896	\$929	\$951	\$989
Infrastructure Access Charge (\$/3/4" meter)		\$3.01	\$3.02	\$3.66	\$3.82	\$3.96	\$4.06	\$4.22
Infrastructure Access Charge (# of equivalent meters)		28,046	28,218	28,267	28,329	28,392	28,454	28,517

Water Supply Costs								
Water Purchase Rates (Calendar Year Basis)		CY 2018	CY 2019	CY 2020	CY 2021	CY 2022	CY 2023	CY 2024
MWD Charges								
Readiness-to-Serve (changes each July) (\$M)		\$140	\$133	\$136	\$256	\$265	\$272	\$282
Capacity Reservation Charge (\$/cfs)		\$8,700	\$8,600	\$8,800	\$9,300	\$9,700	\$10,100	\$10,500
OMWD CRC Monthly Rate (\$)		\$35,479	\$28,974	\$29,648	\$31,332	\$32,680	\$34,027	\$35,375
SAWR (for Agriculture with Credit)								
SAWR Treated Cost - Tier 1		\$995	\$1,007	\$1,056	\$1,103	\$1,143	\$1,171	\$1,217
MWD Supply Rate		\$695	\$731	\$755	\$789	\$817	\$837	\$870
			\$178					
Water Purchase Rates (Fiscal Year Basis)			FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Tier 1 Melded Untreated M&I Supply Rate (\$/AF)			\$902	\$917	\$946	\$984	\$1,013	\$1,046
Customer Service Charge (\$/AF)			\$61	\$63	\$65	\$68	\$70	\$72
Transportation Rate (\$/AF)			\$118	\$126	\$135	\$140	\$145	\$149
Storage Charges (\$/AF)			\$167	\$176	\$185	\$193	\$198	\$205
Supply Reliability Charge (\$/AF)			\$76	\$92	\$106	\$111	\$114	\$118
Untreated M&I Rate			\$1,322	\$1,374	\$1,438	\$1,496	\$1,540	\$1,590
Melded Treatment Rate (\$/AF)			\$288	\$278	\$286	\$298	\$307	\$317
Treated M&I Rate			\$1,610	\$1,652	\$1,724	\$1,794	\$1,847	\$1,907
Tier 2 Untreated Supply Rate (\$/AF)			\$799	\$837	\$877	\$913	\$940	\$970
Tier 2 Untreated Supply Rate Surcharge			(\$103)	(\$80)	(\$69)	(\$71)	(\$74)	(\$76)
Readiness-to-Serve (changes each July) (\$M)			\$140	\$133	\$136	\$256	\$265	\$272
OMWD CRC Monthly Rate (\$)			\$32,226	\$29,311	\$30,490	\$32,006	\$33,354	\$34,701
Infrastructure Access Charge (\$/3/4" meter)			\$3.02	\$3.34	\$3.74	\$3.89	\$4.01	\$4.14
Units of Service for Annual Fixed Charges			FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
IAC Equivalent Meters			28,132	28,243	28,298	28,361	28,423	28,486
SAWR (for Agriculture with Credit) Purchase Rates			FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
SAWR Treated Cost - Tier 1			\$1,001	\$1,031	\$1,080	\$1,123	\$1,157	\$1,194
MWD Supply Rate			\$713	\$743	\$772	\$803	\$827	\$854
SAWR Untreated Credit (CWA and MWD)			\$189	\$174	\$174	\$181	\$186	\$192

Water Supply Costs							
Calculated Water Purchase Expenses		FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Tier 1 Melded Untreated M&I Supply Rate		\$17,310,232	\$17,493,091	\$17,856,584	\$18,612,719	\$19,204,874	\$19,858,148
Tier 2 Untreated Supply Rate Surcharge		\$0	\$0	\$0	\$0	\$0	\$0
Treatment Rate		\$221,202	\$212,130	\$216,209	\$225,365	\$232,535	\$240,445
Capacity Reservation Charge		\$386,717	\$351,728	\$365,878	\$384,071	\$400,242	\$416,413
Readiness to Serve Charge		\$828,000	\$716,000	\$732,150	\$1,378,165	\$1,427,779	\$1,462,046
Infrastructure Access Charge		\$1,017,817	\$1,131,964	\$1,270,822	\$1,325,081	\$1,367,697	\$1,414,694
Customer Service Charge		\$1,171,297	\$1,192,754	\$1,236,448	\$1,288,805	\$1,329,808	\$1,375,043
Transportation Charge		\$2,256,187	\$2,403,631	\$2,548,183	\$2,656,085	\$2,740,587	\$2,833,811
Storage Charge		\$3,197,064	\$3,357,453	\$3,494,099	\$3,642,056	\$3,757,927	\$3,885,757
Supply Reliability Charge		\$1,449,720	\$1,755,032	\$2,007,659	\$2,092,673	\$2,159,251	\$2,232,700

Recycled Water Supply Costs							
Recycled Water Purchases from Other Agencies		FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Recycled Water Usage Growth		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Recycled Water from Vallecitos		485 AF	485 AF	485 AF	485 AF	485 AF	485 AF
Recycled Water from SEJPA		250 AF	155 AF	185 AF	195 AF	205 AF	210 AF
Recycled Water from City of SD		414 AF	300 AF	300 AF	300 AF	300 AF	300 AF
Recycled Water from RSFCSD		215 AF	215 AF	215 AF	215 AF	215 AF	215 AF
Total Recycled Water Purchases		1,364 AF	1,155 AF	1,185 AF	1,195 AF	1,205 AF	1,210 AF
Projected Increases in Recyled Water Rates		FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
SEJPA		5.51%	5.41%	5.31%	4.00%	4.00%	4.00%
City of SD		5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Rancho Santa Fe CSD		3.99%	3.26%	-11.24%	0.00%	0.00%	0.00%
Recycled Water Rates		FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Recycled Water - Vallecitos Ceiling Rate (\$/AF)		\$1,208	\$1,239	\$1,293	\$1,345	\$1,385	\$1,430
Recycled Water - SEJPA (\$/AF)		\$1,072	\$1,130	\$1,190	\$1,238	\$1,287	\$1,339
Recycled Water - City of SD (\$/AF)		\$862	\$905	\$951	\$998	\$1,048	\$1,100
Recycled Water - RSFCSD (\$/AF)		\$802	\$797	\$855	\$866	\$877	\$888
OMWD Recycled Charges (Base FY 07-08)		\$822	\$849	\$754	\$754	\$754	\$754
OMWD Recycled Charges for each FY		\$1,677	\$1,693	\$1,714	\$1,735	\$1,757	\$1,779
50% of recycled water difference		\$427	\$422	\$480	\$491	\$502	\$513
Recycled Water - RSFCSD Base		\$375	\$375	\$375	\$375	\$375	\$375
Calculated Recycled Water Purchases Expenses		FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Recycled Water from Vallecitos		\$585,638	\$600,742	\$627,100	\$652,435	\$671,939	\$693,505
Recycled Water from SEJPA		\$268,000	\$175,150	\$220,150	\$241,332	\$263,856	\$281,104
Recycled Water from City of SD		\$356,932	\$271,579	\$285,158	\$299,416	\$314,386	\$330,106
Recycled Water from RSFCSD		\$172,523	\$171,308	\$183,840	\$186,143	\$188,475	\$190,835
Total Calculated Recycled Water Purchases Expenses		\$1,383,093	\$1,218,779	\$1,316,248	\$1,379,326	\$1,438,657	\$1,495,550

APPENDIX B: STATUS QUO FINANCIAL PLAN CASH FLOW

Operating Cash Flow									
Description					FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
REVENUE									
Rate Revenue Under Existing Rates					\$54,337,390	\$54,305,252	\$54,393,633	\$54,482,015	\$54,570,396
Other Operating Revenue					\$2,971,879	\$2,690,754	\$2,731,278	\$2,766,237	\$2,803,503
Investment & Interest Income					\$460,000	\$387,000	\$272,000	\$116,000	\$0
Non-Operating Revenue					\$3,531,000	\$3,531,000	\$3,531,000	\$3,531,000	\$3,531,000
TOTAL REVENUE					\$61,300,269	\$60,914,006	\$60,927,911	\$60,895,252	\$60,904,899
EXPENSES									
O&M Expenses without Depreciation					\$18,691,201	\$19,363,325	\$20,074,883	\$20,781,768	\$21,457,499
Purchased Water (potable & recycled)					\$29,073,074	\$31,060,462	\$32,999,126	\$34,072,506	\$35,226,095
Other Operating Expenses (potable & recycled)					\$50,000	\$52,000	\$54,080	\$56,243	\$58,493
Non-Operating Expenses (potable & recycled)					\$60,000	\$0	\$0	\$0	\$0
Existing Debt Service					\$4,453,580	\$4,450,080	\$4,451,580	\$4,462,580	\$4,457,330
Proposed Debt Service					\$0	\$0	\$0	\$1,301,000	\$1,301,000
TOTAL EXPENSES					\$52,327,854	\$54,925,866	\$57,579,669	\$60,674,096	\$62,500,417
TRANSFERS									
Transfer Potable Oper. to Potable Capital - PAYGO					\$6,900,000	\$6,400,000	\$5,400,000	\$5,400,000	\$5,900,000
Transfer for Equipment Replc.					\$400,000	\$400,000	\$400,000	\$400,000	\$400,000
Transfer for Future Infrastructure Replc.					\$6,500,000	\$6,000,000	\$5,000,000	\$5,000,000	\$5,500,000
Transfer to Sewer Fund - 2018 Bonds					\$484,500	\$484,500	\$484,500	\$484,500	\$484,500
Transfer to 2012 SRF Reserve					\$112,000	\$112,000	\$112,000	\$112,000	\$112,000
Transfer Recycled Oper. to Recycled Capital					\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Transfer Recycled Oper. to Potable Capital					\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
TOTAL TRANSFERS					\$9,696,500	\$9,196,500	\$8,196,500	\$8,196,500	\$8,696,500
Net Annual Cash Balance					(\$724,085)	(\$3,208,361)	(\$4,848,258)	(\$7,975,344)	(\$10,292,017)
Calculated Debt Coverage					303.9%	235.7%	176.4%	104.8%	73.3%
Required Debt Coverage					125.0%	125.0%	125.0%	125.0%	125.0%

Fund Balances									
Operating Fund (Potable & Recycled)					FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Beginning Balance					\$14,463,000	\$13,738,915	\$10,530,554	\$5,682,297	(\$2,293,047)
Net Annual Cash Balance					(\$724,085)	(\$3,208,361)	(\$4,848,258)	(\$7,975,344)	(\$10,292,017)
Ending Balance - Operating Fund (Potable & Recycled)					\$13,738,915	\$10,530,554	\$5,682,297	(\$2,293,047)	(\$12,585,065)
Minimum Target Balance					\$7,851,662	\$8,288,842	\$8,724,495	\$9,017,141	\$9,317,851
Maximum Target Balance					\$15,703,323	\$16,577,683	\$17,448,989	\$18,034,282	\$18,635,702
Capital Improvement Fund (Potable & Recycled)					FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Beginning Balance					\$33,728,000	\$22,166,304	\$24,559,177	\$21,596,579	\$27,861,316
Plus:									
Interest Income					\$435,000	\$482,000	\$423,000	\$546,000	\$595,000
Transfer from Potable Operating Fund to Potable Capital					\$6,900,000	\$6,400,000	\$5,400,000	\$5,400,000	\$5,900,000
Transfer from Recycled Operating Fund to Recycled Capital					\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Transfer from Recycled Capital Fund to Potable Capital					\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
Capacity Fee Revenues					\$1,056,304	\$1,286,873	\$1,285,402	\$1,141,737	\$927,175
Anticipated Grant Funds					\$200,000	\$0	\$0	\$5,000,000	\$5,000,000
Recycled Capacity Fee Revenues					\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Land Sales Proceeds					\$1,000,000	\$1,800,000	\$0	\$0	\$0
New Bond Proceeds					\$0	\$0	\$0	\$19,600,000	\$0
Less:									
Capital Item Purchases - Water Potable					\$400,000	\$400,000	\$400,000	\$400,000	\$400,000
Capital Item Purchases - Water Recycled					\$96,000	\$96,000	\$96,000	\$96,000	\$96,000
Capital Projects					\$22,832,000	\$9,255,000	\$11,750,000	\$27,102,000	\$11,619,000
Other Expenditures - Water Potable					\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
Other Expenditures - Water Recycled					\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Ending Balance - Capital Improvement Fund (Potable & Recycled)					\$22,166,304	\$24,559,177	\$21,596,579	\$27,861,316	\$30,343,491
Minimum Target Balance					\$12,769,000	\$12,769,000	\$12,769,000	\$12,769,000	\$12,769,000
Maximum Target Balance					\$63,845,000	\$63,845,000	\$63,845,000	\$63,845,000	\$63,845,000
Rate Stabilization Fund (Potable)					FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Beginning Balance					\$8,257,000	\$8,422,000	\$8,590,000	\$8,761,800	\$8,937,036
Interest Income					\$165,000	\$168,000	\$171,800	\$175,236	\$178,741
Ending Balance - Rate Stabilization Fund (Potable)					\$8,422,000	\$8,590,000	\$8,761,800	\$8,937,036	\$9,115,777
Minimum Target Balance					\$6,583,299	\$6,078,869	\$5,616,750	\$5,370,952	\$5,105,101
Maximum Target Balance					\$13,166,598	\$12,157,737	\$11,233,499	\$10,741,903	\$10,210,202

Debt Coverage Calculation								
Description				FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Revenue applicable for calculation								
Total Service Charge Revenue				\$54,337,390	\$54,305,252	\$54,393,633	\$54,482,015	\$54,570,396
Other Operating Revenue				\$2,971,879	\$2,690,754	\$2,731,278	\$2,766,237	\$2,803,503
Interest Income				\$460,000	\$387,000	\$272,000	\$116,000	\$0
Non-Operating Revenue				\$3,531,000	\$3,531,000	\$3,531,000	\$3,531,000	\$3,531,000
Transfer from/(to) RSF				\$0	\$0	\$0	\$0	\$0
Total Revenue				\$61,300,269	\$60,914,006	\$60,927,911	\$60,895,252	\$60,904,899
Expenses								
O&M Expenses				\$18,691,201	\$19,363,325	\$20,074,883	\$20,781,768	\$21,457,499
Purchased Water Expenses (potable & recycled)				\$29,073,074	\$31,060,462	\$32,999,126	\$34,072,506	\$35,226,095
Total Expenses				\$47,764,275	\$50,423,787	\$53,074,009	\$54,854,274	\$56,683,594
Total Funds Available for Debt Service				\$13,535,994	\$10,490,219	\$7,853,902	\$6,040,979	\$4,221,305
Total Debt Service				\$4,453,580	\$4,450,080	\$4,451,580	\$5,763,580	\$5,758,330
Revenue to Debt Service Coverage Ratio				303.9%	235.7%	176.4%	104.8%	73.3%

APPENDIX C: PROPOSED FINANCIAL PLAN CASH FLOW

Operating Cash Flow					FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
REVENUE									
Rate Revenue Under Existing Rates					\$54,337,390	\$54,305,252	\$54,393,633	\$54,482,015	\$54,570,396
Additional Revenue Required Under Proposed Adjustments									
Fiscal Year	Revenue Adjustment	Months Effective							
FYE 2020	3.70%	April	3		\$502,621	\$2,009,294	\$2,012,564	\$2,015,835	\$2,019,105
FYE 2021	5.00%	April	3			\$703,932	\$2,820,310	\$2,824,892	\$2,829,475
FYE 2022	5.00%	April	3				\$740,331	\$2,966,137	\$2,970,949
FYE 2023	5.00%	April	3					\$778,611	\$3,119,496
FYE 2024	5.00%	April	3						\$818,868
Total Additional Revenue					\$502,621	\$2,713,226	\$5,573,206	\$8,585,475	\$11,757,893
Total Rate Revenue (including Proposed Revenue Adjustments)					\$54,840,011	\$57,018,478	\$59,966,839	\$63,067,490	\$66,328,289
Other Operating Revenue					\$2,971,879	\$2,690,754	\$2,731,278	\$2,766,237	\$2,803,503
Investment & Interest Income					\$470,000	\$451,000	\$449,000	\$468,000	\$516,000
Non-Operating Revenue					\$3,531,000	\$3,531,000	\$3,531,000	\$3,531,000	\$3,531,000
TOTAL REVENUE					\$61,812,890	\$63,691,232	\$66,678,117	\$69,832,727	\$73,178,792
EXPENSES									
O&M Expenses without Depreciation					\$18,691,201	\$19,363,325	\$20,074,883	\$20,781,768	\$21,457,499
Purchased Water (potable & recycled)					\$29,073,074	\$31,064,404	\$33,005,371	\$34,081,082	\$35,237,032
Other Operating Expenses (potable & recycled)					\$50,000	\$52,000	\$54,080	\$56,243	\$58,493
Non-Operating Expenses (potable & recycled)					\$60,000	\$0	\$0	\$0	\$0
Existing Debt Service					\$4,453,580	\$4,450,080	\$4,451,580	\$4,462,580	\$4,457,330
Proposed Debt Service					\$0	\$0	\$0	\$1,301,000	\$1,301,000
TOTAL EXPENSES					\$52,327,854	\$54,929,808	\$57,585,914	\$60,682,673	\$62,511,354
TRANSFERS									
Transfer Potable Oper. to Potable Capital - PAYGO					\$6,900,000	\$6,400,000	\$5,400,000	\$5,400,000	\$5,900,000
Transfer for Equipment Replc.					\$400,000	\$400,000	\$400,000	\$400,000	\$400,000
Transfer for Future Infrastructure Replc.					\$6,500,000	\$6,000,000	\$5,000,000	\$5,000,000	\$5,500,000
Transfer to Sewer Fund - 2018 Bonds					\$484,500	\$484,500	\$484,500	\$484,500	\$484,500
Transfer to 2012 SRF Reserve					\$112,000	\$112,000	\$112,000	\$112,000	\$112,000
Transfer Recycled Oper. to Recycled Capital					\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Transfer Recycled Oper. to Potable Capital					\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
TOTAL TRANSFERS					\$9,696,500	\$9,196,500	\$8,196,500	\$8,196,500	\$8,696,500
Net Annual Cash Balance					(\$211,464)	(\$435,077)	\$895,703	\$953,555	\$1,970,938

Recycled Water Operating Cash Flow

Description	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Recycled Water Revenue	\$5,147,289	\$5,511,211	\$5,511,211	\$5,511,211	\$5,511,211
Recycled Water Additional Revenue	\$47,612	\$275,354	\$564,682	\$868,477	\$1,187,461
Recycled Water Interest Income	\$260,786	\$268,852	\$306,589	\$336,833	\$394,221
Recycled Water Expenses	\$2,785,000	\$2,916,868	\$3,027,965	\$3,136,754	\$3,244,590
Recycled Water Transfers	\$2,200,000	\$2,200,000	\$2,200,000	\$2,200,000	\$2,200,000
Net Cash Flow	\$470,688	\$938,549	\$1,154,517	\$1,379,766	\$1,648,303
Beginning Balance	\$8,025,000	\$8,495,688	\$9,434,237	\$10,588,754	\$11,968,520
Net Cash Flow	\$470,688	\$938,549	\$1,154,517	\$1,379,766	\$1,648,303
Ending Balance	\$8,495,688	\$9,434,237	\$10,588,754	\$11,968,520	\$13,616,823
Interest Income	\$209,000	\$227,308	\$249,643	\$276,634	\$308,452

Debt Coverage Calculation

Description	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Revenue applicable for calculation					
Total Service Charge Revenue	\$54,840,011	\$57,018,478	\$59,966,839	\$63,067,490	\$66,328,289
Other Operating Revenue	\$2,971,879	\$2,690,754	\$2,731,278	\$2,766,237	\$2,803,503
Interest Income	\$470,000	\$451,000	\$449,000	\$468,000	\$516,000
Non-Operating Revenue	\$3,531,000	\$3,531,000	\$3,531,000	\$3,531,000	\$3,531,000
Transfer from/(to) RSF	\$0	\$0	\$0	\$0	\$0
Total Revenue	\$61,812,890	\$63,691,232	\$66,678,117	\$69,832,727	\$73,178,792
Expenses					
O&M Expenses	\$18,691,201	\$19,363,325	\$20,074,883	\$20,781,768	\$21,457,499
Purchased Water Expenses (potable & recycled)	\$29,073,074	\$31,064,404	\$33,005,371	\$34,081,082	\$35,237,032
Total Expenses	\$47,764,275	\$50,427,729	\$53,080,254	\$54,862,850	\$56,694,531
Total Funds Available for Debt Service	\$14,048,615	\$13,263,503	\$13,597,863	\$14,969,877	\$16,484,261
Total Debt Service	\$4,453,580	\$4,450,080	\$4,451,580	\$5,763,580	\$5,758,330
Revenue to Debt Service Coverage Ratio	315.4%	298.1%	305.5%	259.7%	286.3%

Fund Balances								
Operating Fund (Potable & Recycled)				FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Beginning Balance				\$14,463,000	\$14,251,536	\$13,816,459	\$14,712,162	\$15,665,717
Net Annual Cash Balance				(\$211,464)	(\$435,077)	\$895,703	\$953,555	\$1,970,938
Ending Balance - Operating Fund (Potable & Recycled)				\$14,251,536	\$13,816,459	\$14,712,162	\$15,665,717	\$17,636,655
Minimum Target Balance				\$7,851,662	\$8,289,490	\$8,725,521	\$9,018,551	\$9,319,649
Maximum Target Balance				\$15,703,323	\$16,578,979	\$17,451,042	\$18,037,101	\$18,639,298
Capital Improvement Fund (Potable & Recycled)				FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Beginning Balance				\$33,728,000	\$22,166,304	\$24,559,177	\$21,596,579	\$27,861,316
Plus:								
Interest Income				\$435,000	\$482,000	\$423,000	\$546,000	\$595,000
Transfer from Potable Operating Fund to Potable Capital				\$6,900,000	\$6,400,000	\$5,400,000	\$5,400,000	\$5,900,000
Transfer from Recycled Operating Fund to Recycled Capital				\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Transfer from Recycled Capital Fund to Potable Capital				\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
Capacity Fee Revenues				\$1,056,304	\$1,286,873	\$1,285,402	\$1,141,737	\$927,175
Anticipated Grant Funds				\$200,000	\$0	\$0	\$5,000,000	\$5,000,000
Recyled Capacity Fee Revenues				\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Land Sales Proceeds				\$1,000,000	\$1,800,000	\$0	\$0	\$0
New Loan - State Revolving Fund (SRF) Proceeds				\$0	\$0	\$0	\$0	\$0
New Bond Proceeds				\$0	\$0	\$0	\$19,600,000	\$0
Less:								
Capital Item Purchases - Water Potable				\$400,000	\$400,000	\$400,000	\$400,000	\$400,000
Capital Item Purchases - Water Recycled				\$96,000	\$96,000	\$96,000	\$96,000	\$96,000
Capital Projects				\$22,832,000	\$9,255,000	\$11,750,000	\$27,102,000	\$11,619,000
Other Expenditures - Water Potable				\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
Other Expenditures - Water Recycled				\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Ending Balance - Capital Improvement Fund (Potable & Recycled)				\$22,166,304	\$24,559,177	\$21,596,579	\$27,861,316	\$30,343,491
Minimum Target Balance				\$12,769,000	\$12,769,000	\$12,769,000	\$12,769,000	\$12,769,000
Maximum Target Balance				\$63,845,000	\$63,845,000	\$63,845,000	\$63,845,000	\$63,845,000
Rate Stabilization Fund (Potable)				FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Beginning Balance				\$8,257,000	\$8,422,000	\$8,590,000	\$8,761,800	\$8,937,036
Interest Income				\$165,000	\$168,000	\$171,800	\$175,236	\$178,741
Transfer (to)/from Operating Fund				\$0	\$0	\$0	\$0	\$0
Ending Balance - Rate Stabilization Fund (Potable)				\$8,422,000	\$8,590,000	\$8,761,800	\$8,937,036	\$9,115,777
Minimum Target Balance				\$6,708,954	\$6,756,190	\$7,008,490	\$7,515,176	\$8,041,840
Maximum Target Balance				\$13,417,908	\$13,512,380	\$14,016,980	\$15,030,352	\$16,083,680

APPENDIX D: ALLOCATION OF FIRE PROTECTION COSTS

Demand factors are calculated by taking the connection size and raising to the 2.63th power (industry standard). Equivalent connections are determined by multiplying demand factors by unit counts in each line. The public and private percent allocations are determined based on the proportion of total equivalent connections.

Fire Protection Cost Allocation			
Fire Exponent	2.63		
Percent Allocation:			
Public	96.1%		
Private	3.9%		
Connection Size	Demand Factor	Unit Counts	Equivalent Connections (Demand Factor)
Public Hydrants			
2.5	11.1	0	0
4	38.3	3,735	143,123
6	111.3	0	0
10	426.6	0	0
Total		3,735	143,123
Private Fire Lines			
5/8	0.3	380	110
3/4	0.5	15	7
1.0	1.0	5,435	5,435
1.5	2.9	66	192
2.0	6.2	1	6
2.5	11.1	0	0
3.0	18.0	0	0
4.0	38.3	0	0
6.0	111.3	1	111
8.0	237.2	0	0
Total		5,898	5,862

EXHIBIT B

Notice of Exemption

Appendix E

To: Office of Planning and Research
P.O. Box 3044, Room 113
Sacramento, CA 95812-3044

County Clerk

County of: _____

From: (Public Agency): _____

(Address)

Project Title: _____

Project Applicant: _____

Project Location - Specific:

Project Location - City: _____ Project Location - County: _____

Description of Nature, Purpose and Beneficiaries of Project:

Name of Public Agency Approving Project: _____

Name of Person or Agency Carrying Out Project: _____

Exempt Status: **(check one):**

- ☐ Ministerial (Sec. 21080(b)(1); 15268);
- ☐ Declared Emergency (Sec. 21080(b)(3); 15269(a));
- ☐ Emergency Project (Sec. 21080(b)(4); 15269(b)(c));
- ☐ Categorical Exemption. State type and section number: _____
- ☐ Statutory Exemptions. State code number: _____

Reasons why project is exempt:

Lead Agency _____

Contact Person: _____ Area Code/Telephone/Extension: _____

If filed by applicant:

1. Attach certified document of exemption finding.
2. Has a Notice of Exemption been filed by the public agency approving the project? Yes No

Signature: _____ Date: _____ Title: _____

Signed by Lead Agency Signed by Applicant

Authority cited: Sections 21083 and 21110, Public Resources Code.
Reference: Sections 21108, 21152, and 21152.1, Public Resources Code.

Date Received for filing at OPR: _____

Memo

Date: February 15, 2023

To: Olivenhain Municipal Water District Board of Directors

From: Teresa L. Chase, Administrative Analyst

Via: Kimberly A. Thorner, General Manager

Subject: **CONSIDER APPROVAL OF THE TWELFTH AMENDMENT TO THE AGREEMENT FOR JOINT COST SHARING BETWEEN OLIVENHAIN MUNICIPAL WATER DISTRICT, CARLSBAD MUNICIPAL WATER DISTRICT, VALLECITOS WATER DISTRICT, CITY OF OCEANSIDE, LEUCADIA WASTEWATER DISTRICT, SAN ELIJO JOINT POWERS AUTHORITY, RINCON DEL DIABLO MUNICIPAL WATER DISTRICT, AND CITY OF ESCONDIDO FOR JOINT FEDERAL LEGISLATIVE OUTREACH EFFORTS PERTAINING TO NORTH SAN DIEGO WATER REUSE COALITION PROJECTS**

Purpose

The purpose of this agenda item is to consider approval of the twelfth amendment to the agreement between North San Diego Water Reuse Coalition partner agencies in order to share costs for federal legislative outreach pertaining to Coalition projects, including the North San Diego County Regional Recycled Water Project (NSDCRRWP). This is a one-year extension to the existing joint cost-sharing agreement between the parties.

Agenda Item 16, which requests approval of an extension to the existing agreement retaining BlueWater Strategies llc for federal legislative outreach services, is contingent on approval of this amendment. Though OMWD would continue to serve as the lead

agency with BlueWater Strategies, costs would be shared by all parties via this amendment.

Recommendation

Staff recommends approval of this amendment to the existing joint cost-sharing agreement.

Alternative(s)

- The board may choose against approval of the amendment.
- The board could direct staff to discontinue the pursuit of federal funds for Coalition projects.
- The board may direct staff as otherwise deemed appropriate.

Background

In the 1990s, OMWD, Leucadia Wastewater District, San Elijo Joint Powers Authority, and Carlsbad Municipal Water District jointly pursued federal grant funding under the North San Diego Water Reuse Coalition cooperative project. These agencies were successful in obtaining Title XVI funding in the amount of \$20 million, which was shared among the agencies for their respective recycled water projects. OMWD used the funds at its 4S Ranch Water Reclamation Facility and also to connect to Vallecitos Water District for recycled water.

As water supplies dwindled and state regulations on water efficiency were implemented, the importance of expanding recycled water supplies for outdoor irrigation increased. The Coalition grew and the NSDCRRWP was conceived to connect recycled water sources and markets irrespective of agency boundaries and to maximize the recycled water facilities of all partner agencies. While the original project in the 1990s focused on each agency's recycled water supplies, partner agencies began to focus on interconnectedness in order to maximize recycled water use.

In 2010, OMWD worked with Woodard and Curran, previously RMC Water and Environment, to develop a Regional Recycled Water Facilities Plan to be used in seeking funding from (1) the federal government, (2) California's Department of Water Resources via Proposition 84/Integrated Regional Water Management (IRWM) Grant Program, and (3) Metropolitan Water District of Southern California via its Local Resources Program.

To date, the achievement of state grant funds by partner agencies for the NSDCRRWP has been successful. The NSDCRRWP was awarded \$1.455 million in Proposition 84/IRWM Round 1 funding for design, engineering, and environmental work on its recycled water projects, including a Program Environmental Impact Report and a United States Bureau of Reclamation (USBR)-compliant feasibility study. Additionally, in 2014, the NSDCRRWP was awarded \$3.452 million in Proposition 84/IRWM Round 2 funding to be used for the construction of NSDCRRWP subprojects, including OMWD's Village Park Recycled Water Project and San Elijo Joint Powers Authority's (SEJPA) pipeline that connects its distribution system to Wiegand Reservoir to supply Village Park. Most recently, in 2022, the NSDCRRWP was awarded \$3.732 million in Proposition 1/IRWM Round 2 funding to be used for the construction of NSDCRRWP subprojects, including OMWD's Calle Barcelona, Village Park, and Summerhill recycled water pipeline extensions, and the installation of a flow meter on the Extension 153 recycled water main. Other NSDCRRWP subprojects include SEJPA's connection to Wanket Reservoir to provide recycled water service to four agencies.

At the federal level, on behalf of Coalition partner agencies, OMWD entered into an agreement with BlueWater Strategies, previously The Furman Group, in 2011 for legislative outreach efforts in pursuit of federal funds for the NSDCRRWP. Participating agencies also entered into an agreement through which costs for the legislative outreach effort would be evenly shared. The term for each of these agreements was one year, and both agreements have been renewed each year since 2012 for additional one-year periods. Most recently, OMWD's board approved a one-year extension for each agreement on February 16, 2022.

In 2015, Santa Fe Irrigation District and City of Escondido, both of which are members of the Coalition, but neither of which had participated in the original federal legislative outreach effort, signed onto the agreement with a buy-in to the joint cost-sharing agreement through October 2020. The buy-in ensured that their ultimate investment in the agreement was equal to that of the existing partners in the cost-sharing agreement. OMWD and the other eight original partners benefited from the cost offset provided by these buy-in fees, effectively offering each a reduced rate for services provided by BlueWater Strategies. All buy-in payments by Santa Fe Irrigation District and City of Escondido have been received. In March 2017, Vista Irrigation District elected to withdraw participation in the cost-sharing agreement with no consideration or refund provided for past payments. In February 2022, Santa Fe Irrigation District elected to withdraw participation in the cost-sharing agreement with no consideration or refund provided for past payments.

In December 2016, President Barack Obama signed the Water Infrastructure Improvements for the Nation (WIIN) Act, which included reforming Title XVI into a competitive grant program. BlueWater Strategies worked very closely with Senator Dianne Feinstein, House Republicans, and the House Leader on behalf of partner agencies to include the revitalized Title XVI language into the bill. This enabled partner agencies to apply in August 2017 for federal funding for the North San Diego County Regional Recycled Water Program 2020 Project, a phase of the NSDCRRWP. BlueWater Strategies assisted with this application by facilitating congressional support for the 2020 Project, led by Representative Scott Peters, and also signed by Representatives Hunter, Davis, and Vargas.

The WIIN Act of 2016 required that the grant awards be submitted to Congress for publication in an appropriations bill and in order to submit the list to Congress, USBR must first receive approval from the Office of Management and Budget (OMB). Although not approved for funding by OMB in 2017, BlueWater Strategies indicated that the 2020 Project was included on USBR's Water Resources and Planning Division's top-scoring list of eight grant projects it made funding recommendations for.

Following the completion of the fiscal year 2017 grant competition, BlueWater Strategies coordinated a debriefing meeting in January 2018 between USBR and OMWD to discuss the partner agencies' Title XVI grant application and determine specific evaluation criteria categories where the 2020 Project grant application could be improved for the FY 2018 Title XVI competition. USBR's recommendations were addressed in the Title XVI grant application submitted in August 2018.

Throughout 2018, BlueWater Strategies worked with USBR staff and the northern San Diego congressional delegation to advance the grant application. In September, USBR sent a list of proposed Title XVI grant recipients to the OMB for review and sign off. In February 2019, OMWD received notification from USBR that the 2018 grant application was not among the highest-scoring applications and was not included in the list of selected projects transmitted to Congress. BlueWater Strategies coordinated project briefings between high-level USBR officials and partner agency representatives in order to develop an application in FY 2020. In addition, BlueWater Strategies facilitated meetings with legislative staff for Representatives Levin, Vargas, Davis, and Peters to advise them on the outcome of this funding round and the impact on their constituents. BlueWater Strategies also facilitated support for the 2020 Project from Senator Harris and Representative Levin.

BlueWater Strategies arranged in April 2019 a meeting between partner agency representatives and United States Department of Interior (DOI) staff in Washington, DC

to discuss the grant application. Additionally, BlueWater Strategies coordinated in September 2019 a follow-up meeting between Coalition leadership and the DOI's Assistant Secretary for Water and Science.

USBR and DOI recommendations were incorporated into the Title XVI grant application submitted in June 2019. In 2020, the Title XVI process was disrupted when USBR was unable to issue a solicitation. On December 8, 2020, OMWD received notification from USBR that the 2019 application was not selected to be forwarded to Congress for approval. BlueWater Strategies learned from USBR staff that despite the application's recommendation for funding, USBR's recommendations were discarded in favor of uncompetitive choices at the OMB level.

A subsequent Title XVI grant application was submitted in April 2021. BlueWater Strategies facilitated support for the 2020 Project from Representative Levin for this effort and engaged its USBR contacts to rectify earlier challenges at the OMB level. In August 2021, OMWD received notification that the Coalition was awarded \$6.1 million for its 2020 Project. On behalf of the Coalition, OMWD entered in September 2022 into a funding agreement with USBR for the \$6,100,000 FY 2021 award, through which OMWD will serve as the primary grant recipient on behalf of the Coalition.

In March 2022, an additional Title XVI grant application was submitted. This application included a support letter for the 2020 Project from Representative Levin that was secured by BlueWater Strategies. In August 2022, OMWD received notification that the Coalition was awarded \$17.8 million for its 2020 Project, in addition to the previous award of \$6.1 million. Staff expects to enter into a funding agreement for the \$17.8 million FY 2022 award in mid-2023.

Beyond Title XVI application efforts, BlueWater Strategies also focused attention in 2020 on emergency spending measures considered by Congress, which contained support for water utilities in the form of grants or payments for water bills to individual customers. BlueWater Strategies conveyed the Coalition's objections to the exclusion of state and local government entities in these measures.

Additionally, BlueWater Strategies was successful in working with key members of the House Ways and Means Committee and the California congressional delegation to ensure that the tax-exempt status on municipal bonds was protected. Efforts on this issue included submitting letters on behalf of the Coalition, urging House and Senate leadership to protect the tax exemption on municipal bonds, as well as a similar letter sent to the President of the United States.

Fiscal Impact

If the board approves the amendments to the joint cost-sharing agreement and the agreement with BlueWater Strategies in Agenda Item 16, the FY 2023 impact to OMWD is estimated to be \$19,500, excluding the maximum out-of-pocket expenses of \$1,000 for the 2023-2024 contract term. There have been no out-of-pocket expenses during the past five years.

The cumulative fiscal impact to OMWD of the agreement with BlueWater Strategies, excluding out-of-pocket expenses, would be \$204,211.22.

Original agreement (2011):	\$15,216.88
First amendment (2012):	\$15,239.99
Second amendment (2013):	\$15,462.30
Third amendment (2014):	\$15,750.26
Fourth amendment (2015):	\$13,141.87
Fifth amendment (2016):	\$13,141.87
Sixth amendment (2017):	\$14,981.18
Seventh amendment (2018):	\$14,981.18
Eighth amendment (2019):	\$14,981.18
Ninth amendment (2020):	\$14,981.18
Tenth amendment (2021):	\$17,333.33
Eleventh amendment (2022):	\$19,500.00
Twelfth amendment, proposed (2023):	\$19,500.00
Total over thirteen years:	\$204,211.22

Travel or labor costs for individual partner agency representatives in support of federal legislative outreach efforts would continue to be borne by the respective agency.

In 2021 and 2022, BlueWater Strategies assisted the Coalition in securing Title XVI federal grant funding totaling nearly \$24 million. Of which, OMWD anticipates receiving a minimum of \$2.9 million to expand the use of recycled water within its service area.

Discussion

Pending approval of the agreement by the board, BlueWater Strategies has declared its intention to continue working with partner agencies as well as the San Diego congressional delegation to help identify and obtain federal funds for the NSDCRRWP. Specifically, BlueWater Strategies would coordinate support letters from congressional

representatives on behalf of partner agencies. In addition, BlueWater Strategies would organize project briefings between high-level USBR officials and partner agency representatives to win support from the San Diego delegation. These briefings would distinguish the NSDCRRWP from other California projects, improving the odds for successful future grant applications. For example, in January 2022, USBR increased the total amount of funding for any one Title XVI WIIN project from \$20 million to \$30 million. Therefore, the 2020 Project will remain eligible for future awards of up to \$6,073,048 before reaching the \$30 million maximum. The Coalition's intent at this time is to pursue the \$6,073,048 when a future funding opportunity is made available.

Partner agency representatives traditionally travel to Washington, DC annually to pursue a federal authorization for the NSDCRRWP. However, in 2020, 2021, and 2022 visits were not held due to the COVID-19 pandemic. Pending board approval of this amendment, BlueWater Strategies intends to schedule a visit for Coalition representatives in fall 2023.

BlueWater Strategies has also declared its commitment to pursuing federal grant funding opportunities for the NSDCRRWP partner agencies beyond Title XVI. For example, Bluewater Strategies intends to review the FY 2024 Budget Request from President Biden to identify new programs and grant opportunities for Coalition members. Additionally, USBR continues to develop new solicitations in the water policy and infrastructure areas, and BlueWater Strategies anticipates that 2023 will offer multiple funding opportunities for Coalition members. They recommend that the Coalition identify potential "Community Funding Projects," previously referred to as earmarks, for projects they would solicit support for, and continue discussions on potential projects surrounding electric vehicle charging stations for Coalition members.

All eight partner agencies have agreed that BlueWater Strategies would once again be a suitable firm with which to enter an agreement for legislative outreach services based on its knowledge of the NSDCRRWP and past successful efforts.

Attachment: Twelfth amendment to the Joint Cost-Sharing Agreement

**TWELFTH AMENDMENT TO THE
JOINT COST SHARING AGREEMENT**

WHEREAS, Olivenhain Municipal Water District, Carlsbad Municipal Water District, Vallecitos Water District, City of Oceanside, Leucadia Wastewater District, San Elijo Joint Powers Authority, Rincon del Diablo Municipal Water District, and City of Escondido have collaborated to form the North San Diego Water Reuse Coalition (Coalition) and developed a recycled water project for northern San Diego County generally known as the North San Diego County Regional Recycled Water Project (NSDCRRWP);

WHEREAS, Olivenhain Municipal Water District, Carlsbad Municipal Water District, Vallecitos Water District, Vista Irrigation District, City of Oceanside, Leucadia Wastewater District, San Elijo Joint Powers Authority, and Rincon del Diablo Municipal Water District entered into a one-year Joint Lobbying and Cost Sharing Agreement on March 1, 2011. The purpose of the 2011 Joint Lobbying and Cost Sharing Agreement was to retain BlueWater Strategies llc (BlueWater Strategies), previously The Furman Group, to perform legislative outreach to secure federal funding for the NSDCRRWP, including Water Resources Reform and Development Act (WRRDA), now referred to as Water Infrastructure Improvements for the Nation Act (WIIN), and Title XVI funding, and to specify the time and manner in which payment will be made to BlueWater Strategies;

WHEREAS, the parties agreed in 2012 to amend and extend the 2011 Joint Lobbying and Cost Sharing Agreement for a period of one year and have since agreed annually to amend and extend the 2011 Joint Lobbying and Cost Sharing Agreement for a period of one year;

WHEREAS, the NSDCRRWP partners and BlueWater Strategies successfully communicated with legislators over the past year, enabling the coalition of water and wastewater agencies to be eligible to apply for WIIN Title XVI program federal funding for the NSDCRRWP;

WHEREAS, as established in the fourth amendment, the original parties agreed to include Santa Fe Irrigation District and City of Escondido as parties to the agreement;

WHEREAS, Vista Irrigation District elected to withdraw participation as a party in March 2017 to the 2011 Joint Lobbying and Cost Sharing Agreement, with no consideration or refund provided to Vista Irrigation District for past payments;

WHEREAS, Santa Fe Irrigation District elected to withdraw participation as a party in February 2022 to the 2011 Joint Lobbying and Cost Sharing Agreement, with no consideration or refund provided to Santa Fe Irrigation District for past payments;

WHEREAS, through this amendment, it is the intent of all remaining parties to extend the 2011 Joint Lobbying and Cost Sharing Agreement, as amended, for an additional one-year period, to retain BlueWater Strategies for an additional year to continue federal legislative outreach, and to specify the time and manner in which payment will be made.

NOW, THEREFORE, the parties hereto agree as follows:

1. Parties. The original parties to the 2011 Joint Lobbying and Cost Sharing Agreement are Olivenhain Municipal Water District, Carlsbad Municipal Water District, Vallecitos Water District, Vista

Irrigation District, City of Oceanside, Leucadia Wastewater District, San Elijo Joint Powers Authority, and Rincon del Diablo Municipal Water District. Santa Fe Irrigation District and City of Escondido became parties to the 2011 Joint Lobbying and Cost Sharing Agreement through the fourth amendment, and Vista Irrigation District withdrew participation as a party to the 2011 Joint Lobbying and Cost Sharing Agreement in March 2017, and Santa Fe Irrigation District withdrew participation as a party to the 2011 Joint Lobbying and Cost Sharing Agreement in February 2022.

2. Term. The foregoing recitals are true and correct. The parties hereby agree to amend and extend the 2011 Joint Lobbying and Cost Sharing Agreement, as amended, by one year until March 31, 2024. Any further amendments may be executed by the parties as necessary and agreed upon in writing.

3. Cost Share and Scope. Based on continued joint participation by nine partners, the annual cost for services, not including out-of-pocket expenses, is anticipated to total \$156,000, with each agency's actual share provided for in Paragraph 6. A copy of the proposal from BlueWater Strategies for this twelfth amendment is attached as Exhibit A.

4. Out of Pocket Expenses by BlueWater Strategies. Out-of-pocket expenses will be invoiced by BlueWater Strategies directly to OMWD and will be shared equally by all parties at the time of invoicing. It is anticipated that out-of-pocket expenses shall not exceed a total of \$8,000 in one year.

5. Additional Partner Buy-In. As established in the fourth amendment, Santa Fe Irrigation District and City of Escondido were incorporated into the 2011 Joint Lobbying and Cost Sharing Agreement. Original parties agreed that Santa Fe Irrigation District and City of Escondido would buy into the agreement for a total of \$49,395.25 each, payable semi-annually through the second payment in October 2020. The Additional Partner Buy-In fees have been paid in full.

6. Payment. In 2023, the remaining original seven partner agencies and City of Escondido shall make semi-annual payments of approximately \$9,750 excluding out-of-pocket expenses. Each party shall make semi-annual payments to OMWD according to the following schedule, and OMWD shall add its semi-annual payment to the rest of the payments, making one full payment to BlueWater Strategies twice per year as described below:

PAYMENT	DUE TO OMWD	DUE TO BLUEWATER STRATEGIES
First Payment	May 1, 2023	May 15, 2023
Second Payment	October 1, 2023	October 15, 2023

7. Original Agreement in Full Force and Effect. This amendment only modifies the terms set forth herein. All other terms of the 2011 Joint Lobbying and Cost Sharing Agreement remain in full force and effect.

8. Effective Date. The effective date of this agreement is April 1, 2023.

DATED: _____

OLIVENHAIN MUNICIPAL WATER DISTRICT

By: _____
Kimberly A. Thorner, General Manager

DATED: _____

CARLSBAD MUNICIPAL WATER DISTRICT

By: _____
Vicki Quiram, General Manager

DATED: _____

VALLECITOS WATER DISTRICT

By: _____
Glenn Pruim, General Manager

DATED: _____

CITY OF OCEANSIDE

By: _____
Lindsay Leahy, Water Utilities Director

DATED: _____

LEUCADIA WASTEWATER DISTRICT

By: _____
Paul Bushee, General Manager

DATED: _____

SAN ELIJO JOINT POWERS AUTHORITY

By: _____
Michael Thornton, General Manager

DATED: _____

RINCON DEL DIABLO MUNICIPAL WATER DISTRICT

By: _____
Clint Baze, General Manager

DATED: _____

CITY OF ESCONDIDO

By: _____
Christopher W. McKinney, Director of Utilities

Memo

Date: February 15, 2023
To: Olivenhain Municipal Water District Board of Directors
From: Teresa L. Chase, Administrative Analyst
Via: Kimberly A. Thorner, General Manager
Subject: **CONSIDER APPROVAL OF THE TWELFTH AMENDMENT TO THE CONSULTING PROFESSIONAL SERVICES AGREEMENT WITH BLUEWATER STRATEGIES LLC FOR LEGISLATIVE OUTREACH SERVICES PERTAINING TO NORTH SAN DIEGO WATER REUSE COALITION PROJECTS**

Purpose

The purpose of this agenda item is to consider approval of an amendment to the existing professional services agreement with BlueWater Strategies llc, for federal legislative outreach services for North San Diego Water Reuse Coalition (Coalition) projects, including the North San Diego County Regional Recycled Water Project (NSDCRRWP). The amendment will extend the existing agreement for a term of one year. Approval of this amendment is contingent upon board approval of Agenda Item 15, which provides for cost sharing of the BlueWater Strategies agreement among the eight partner agencies of the NSDCRRWP.

Recommendation

Staff recommends approval of this amendment to the existing agreement with BlueWater Strategies.

Alternative(s)

- The board could direct staff to discontinue the pursuit of federal funds in support of Coalition projects.
- The board may direct staff as otherwise deemed appropriate.

Background

As outlined in Agenda Item 15, in the 1990s, OMWD, Leucadia Wastewater District, San Elijo Joint Powers Authority, and Carlsbad Municipal Water District were successful in jointly pursuing federal grant funding under a Coalition cooperative recycled water project. As water supplies dwindled and state regulations on water efficiency were implemented, the importance of expanding recycled water supplies for outdoor irrigation increased. The Coalition grew and the NSDCRRWP was conceived to connect recycled water sources and markets irrespective of agency boundaries and to maximize the current recycled water facilities of all agency partners.

In 2010, OMWD worked with Woodard and Curran, previously RMC Water and Environment, to develop a Regional Recycled Water Facilities Plan to be used in seeking funding from (1) the federal government, (2) California's Department of Water Resources via Proposition 84/Integrated Regional Water Management Grant Program, and (3) Metropolitan Water District of Southern California via its Local Resources Program.

In 2011, on behalf of partner agencies, OMWD entered into an agreement with BlueWater Strategies, previously The Furman Group, for legislative outreach efforts in pursuit of federal funds for the NSDCRRWP. Participating agencies also entered into an agreement through which costs for the legislative outreach effort would be evenly shared. The term for each of these agreements was one year, and both agreements were renewed each year since 2012 for additional one-year periods. OMWD continues its leadership role in the Coalition by facilitating the execution of the cost-sharing agreement on behalf of partner agencies, executing the Consulting Professional Services Agreement with BlueWater Strategies, and coordinating payment arrangements.

Fiscal Impact

The cost for the attached one-year agreement is \$156,000, plus up to \$8,000 for out-of-pocket expenses, to be invoiced monthly and split between partner agencies, for a total cost of up to \$164,000. The total cost will be shared among the NSDCRRWP partner

agencies pursuant to Agenda Item 15. If approved, OMWD's share of the agreement costs will be \$19,500, plus expenses not to exceed \$1,000.

The cumulative fiscal impact to OMWD of the agreement with BlueWater Strategies through the 2023-2024 contract term, excluding out-of-pocket expenses, would be no more than \$204,211.22 over thirteen years:

Original agreement (2011):	\$15,216.88
First amendment (2012):	\$15,239.99
Second amendment (2013):	\$15,462.30
Third amendment (2014):	\$15,750.26
Fourth amendment (2015):	\$13,141.87
Fifth amendment (2016):	\$13,141.87
Sixth amendment (2017):	\$14,981.18
Seventh amendment (2018):	\$14,981.18
Eighth amendment (2019):	\$14,981.18
Ninth amendment (2020):	\$14,981.18
Tenth amendment (2021):	\$17,333.33
Eleventh amendment (2022):	\$19,500.00
Twelfth amendment, proposed (2023):	\$19,500.00
Total over thirteen years	\$204,211.22

Bluewater Strategies will be working to identify additional funding opportunities in 2023 and positioning the Coalition to take advantage of these opportunities. **Individually, OMWD anticipates receiving a minimum of \$2.9 million to expand the use of recycled water within its service area.**

Discussion

Should the board approve Agenda Item 15 and the twelfth agreement amendment, the General Manager will execute an extension to the existing agreement retaining BlueWater Strategies for federal legislative outreach services. BlueWater Strategies will continue to monitor federal legislative and regulatory initiatives that may impact the Coalition and its activities, as well as monitor new federal funding opportunities, provide detailed updates and analysis of congressional and administration activities, and advocate for the Coalition in Washington, DC.

Continuing to share costs with Coalition partner agencies allows OMWD to leverage its dollars and partnerships in seeking further sizable federal participation in the

NSDCRRWP, as well as other Coalition partner projects such as electric vehicle infrastructure. The likelihood of achieving grant funding or federal involvement is greater for cooperative projects like the NSDCRRWP, as granting agencies favor projects which establish integration and regional benefit.

Attachments:

- *Twelfth amendment to the Professional Services Agreement with BlueWater Strategies Ilc*
- *BlueWater Strategies Ilc Scope of Work*

TWELFTH AMENDMENT TO THE
CONSULTING PROFESSIONAL SERVICES AGREEMENT
WITH BLUEWATER STRATEGIES LLC

This Agreement is entered into by and between Olivenhain Municipal Water District, a Municipal Water District organized and operating pursuant to Water Code Section 71000 *et seq.* (hereinafter "OMWD") and BlueWater Strategies llc, a lobbying/consulting firm organized and operating in Washington, DC (hereinafter "BWS").

RECITALS

1. Effective February 15, 2011, OMWD entered into a one-year Consulting Professional Services Agreement with The Furman Group, under the terms of which The Furman Group (which merged with BWS in 2018) assisted OMWD and its partners with legislative outreach and government relations services in the pursuit of federal funds for North San Diego Water Reuse Coalition (Coalition) projects, including the North San Diego County Regional Recycled Water Project (NSDCRRWP).

2. The parties agreed in 2012 to amend and extend the Consulting Professional Services Agreement for a period of one year, and have since agreed annually to amend and extend the Consulting Professional Services Agreement for a period of one year.

3. OMWD and Coalition partner agencies—Carlsbad Municipal Water District, Vallecitos Water District, City of Oceanside, Leucadia Wastewater District, San Elijo Joint Powers Authority, Rincon del Diablo Municipal Water District, and City of Escondido—have entered into an agreement through which costs for BWS's services will be shared jointly among each agency.

4. On behalf of Coalition partner agencies, OMWD desires to retain BWS for one additional year.

COVENANTS

1. Services to be Performed. BWS agrees to perform all work and services in strict accordance with the work described in the cost proposal attached hereto as Exhibit A and incorporated herein by reference. BWS will be representing all the partner agencies. All work performed by BWS shall be subject to review and approval by OMWD. OMWD will coordinate with the other Coalition partner agencies on approval of BWS's work.

2. Price for Work. BWS agrees to perform all work described in Exhibit A for a monthly retainer amount of \$13,000, plus out-of-pocket expenses not exceeding \$8,000, for the duration of the one-year agreement. Out-of-pocket expenses include travel, taxi fares, computer-aided research, courier, and related charges directly attributable to BWS's representation of the NSDCRRWP and other Coalition projects. No increase in the price shall be allowed without the express written consent of OMWD. OMWD shall have no obligation to grant this consent and may deny consent to any price increase in its sole discretion.

3. Payment for Work. Each partner agency shall make its semi-annual payments to OMWD according to the following schedule, and OMWD shall add its semi-annual payment to the rest of the payments, making one full payment twice per year to BWS as described below:

PAYMENT	DUE TO OMWD	DUE TO BWS
First Payment	May 1, 2023	May 15, 2023
Second Payment	October 1, 2023	October 15, 2023

4. Original Agreement in Full Force and Effect. This amendment only modifies the terms set forth herein. All other terms of the 2011 Consulting Professional Services Agreement, as amended, remain in full force and effect.

5. Effective Date. The effective date of this amendment executed in counterparts in Encinitas, California, within the North County Judicial District, County of San Diego, State of California, is April 1, 2023.

Dated: _____

Olivenhain Municipal Water District

By: _____
Kimberly A. Thorner
General Manager

Dated: _____

BlueWater Strategies llc

By: _____
Jason Mathews
Partner



January 17, 2023

Ms. Kimberly Thorner
General Manager
Olivenhain Municipal Water District
1966 Olivenhain Road
Encinitas, CA 92024

Re: Extension of Professional Services Agreement

Dear Ms. Thorner:

BlueWater Strategies proposes a one-year renewal of our existing Professional Services Agreement with the North San Diego Water Reuse Coalition (“Coalition”). We are very pleased with the substantial Federal commitment made to the Coalition’s work last year and are excited about what we may accomplish with the Coalition in 2023.

Our current contract expires on March 31, 2023, and we believe that there is a great deal of support and work that BlueWater can provide to the Coalition this coming year. If it would be helpful, we are always happy to meet with the board to discuss our initiatives and provide an overview of our work plan for the coming year. Outlined below are the activities undertaken over the past year on behalf of the Coalition, as well as the proposed scope of work going forward.

2022 IN REVIEW

As President Biden indicated at the onset of his administration, infrastructure spending is going to be one of the hallmarks of his term in office. Thus far, that has proven to be a reality. In addition to the \$8.3 billion investment in Reclamation water infrastructure in the American Jobs Act passed in late 2021, the Biden Administration included another \$4.5 billion for water infrastructure and drought resilience in the Inflation Reduction Act of 2022. This was on top of the regular appropriations process, which has seen healthy funding levels for water infrastructure related Federal agencies.

After the jolting experience in 2020 with our Title XVI WIIN grant application, the Bureau now seems determined to recognize the Coalition’s fantastic inter-jurisdictional approach to water reuse and recycling. Not only was the Coalition awarded \$6.1 million in 2021, but this was also followed up shortly afterward by an award of \$17.8 million, bringing the two-year total to nearly \$24 million in Federal grants. The Bureau continues to develop new solicitations in new niches of water policy and infrastructure. We anticipate 2023 will be another year rich in opportunity for the Coalition members.

The full leadership team of the Bureau is now on board, and there are no rumors of immediate departures, though this is common practice in the second half of an Administration, so we will keep our ears to the ground. Michael Brain, a long-time House staffer with water experience



BlueWater Strategies LLC

has been confirmed as Deputy Commissioner, and Grayford Payne, an enduring figure at the Bureau in both Democratic and Republican administrations is the Deputy Commissioner for Policy and Budget. The return of portions of the Department of Interior from Colorado to DC that were relocated during the Trump Administration is slow and arduous. Eighty-Seven percent of Federal employees that were to be transferred to Colorado simply retired or resigned. This meant those offices were never fully staffed. Now the Colorado delegation is resisting relocating the personnel they do have. A large western regional office in Colorado seems to be the compromise solution, but the political dynamic has made this endeavor much slower than hoped.

The much anticipated return to in-person meetings and office work both with the Bureau and the Congress has been at least partially assisted by the change in Congressional leadership in the House, where the former approach of free access has returned. While the Senate and other government entities have not entirely followed suit, it is likely that within the year, steps will be made in this direction. In any case, we have maintained our close working relationship with the Bureau's non-political staff (primarily Amanda Erath, Marybeth Menendez, and Matt Reichert), and were happy to add a familiar face in the case of Deputy Commissioner Michael Brain to our existing contacts at Bureau headquarters.

We had notable success in outreach with the Bureau regarding an extension of the implementation timeline of the \$17.8 million award. BlueWater reached out to Leslie Walker, Diana Blake, and Brett Mooney with the regional offices to confirm that an extension in the timeline was possible and would very likely be incorporated into the final agreement between the Bureau and the Coalition.

2022 was, of course, also an election year. The San Diego delegation has all returned despite some very close races nationwide and in the State of California. We will continue working with Jennifer Hayes, legislative director for Congressman Darryl Issa, who as the region's sole Republican, takes on additional importance in the House. Michelle Park Steel (R-CA) was reelected to Congress in the newly drawn 45th District, the southern boundary of which neighbors the Coalition's area of interest. Similarly, Congresswoman Young Kim (R-CA) of the 40th District was reelected in a largely Orange County district just above the Coalition's area. Thus, we will engage in outreach to both of these members in the coming year to bring them up to speed on the Coalition's work.

In the Senate, we have maintained our relationship with Senator Padilla's chief of staff, David Montes. The great question mark for this coming cycle is Senator Dianne Feinstein. While the Senator has filed the necessary paperwork to run again, she is 89 years old. Congresswoman Katie Porter (D-CA) of Orange County has already announced her intention to run whether or not Senator Feinstein seeks reelection. In any case, from her perch on the Senate Energy and Water Appropriations Committee, Senator Feinstein has been in an unparalleled position to support water infrastructure for the State of California. The loss of seniority will be a definite blow. On the plus side, the Speaker of the House and the Vice President of the United States remain Republicans. The Speaker's home district and support for the Central Valley agricultural interests in the State mean we can expect a tilt in that direction for Federal water policy.



BlueWater Strategies LLC

The Fiscal Year 2023 appropriations process finally wrapped up shortly before Christmas. All 12 appropriations bills were included in the final package. Highlights from the final bill include:

- \$1.639 billion for Clean Water State Revolving Fund (CWSRF), a \$35 million increase from FY 22
- \$1.126 billion for the Drinking Water State Revolving Fund (DWSRF), an increase of \$13 million from FY22.
- \$16 million for four new grant programs authorized in the Drinking Water and Wastewater Infrastructure Act.
- The Bureau of Reclamation will receive \$1.9 billion, an increase of \$30 million from FY 2022.

We expect future budgets to be rather contentious for FY 24, and unlikely to even occur before the elections in FY 25. Therefore these funding increases are vital, as they form the baseline for the agencies in the event that the Federal government is funded by continuing resolution.

Key Agenda Items for 2023	Policy Maker	Deadlines
Establish relationships with new members of Congress adjacent to the Coalition area.	Cong. Steel (R-CA), Cong. Kim (R-CA)	Winter 2023
Review FY 2024 Budget Request from President Biden, identify new programs and grant opportunities for Coalition	Biden Administration/Dept. of Interior	March
Review Federal Appropriations priorities for 2023 bill	Senators Feinstein/Padilla & Cong. Levin/ Cong. Issa	Late March/ Early April
Identify opportunities for the Coalition or individual Coalition members to submit Community-Focused Grant Requests	Senators Feinstein/Padilla & House members	Late March/ Early April
Submit Appropriations Request forms for Coalition's priorities to San Diego Delegation	Entire San Diego Congressional Delegation	Late March/Early April
Review of first drafts and hearings on House and Senate water	House and Senate Energy and Water Appropriations Subcommittee	May/June



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Appropriation bills		
Consider Coalitions Priorities for Permitting Reform Legislation	Biden Administration, Sen. Manchin (D-WV), Sen. Capito, (R-WV)	Spring 2023
Organize Coalition Hill visit	Entire San Diego Congressional Delegation	Fall 2023
Support any Federal grant applications in 2023	Bureau of Reclamation/other funding entities	2023

PROSPECTS FOR 2023

Permitting Reform Legislation: The split control of the US Congress offers a pathway to pass legislation that would fast-track permitting of infrastructure projects, long delayed by the cumbersome and lengthy Federal permitting process. Pent-up bipartisan demand for faster permitting was led in 2022 by Senator Joe Manchin (D-WV). Though his legislation was ultimately defeated over political considerations and some pipeline infrastructure projects, this is one of the few areas of potential bipartisan legislative cooperation next year. Reform of Clean Water Act reviews is the centerpiece of these reform efforts.

Title XVI Grant: We expect the Water Reclamation and Reuse grant program closure date for 2023 to be late April/early May. If the Coalition submits a 2023 application, we will maintain our efforts to ensure an implementation extension on the 2023 award, while also seeking new opportunities for additional Federal grants. The Department of Interior remains very focused on partnerships that impact Native American communities, and we encourage the Coalition to search out partners from the tribal network in Southern California. As we have discussed, San Diego County is home to more registered tribes than any other county in the United States.

Appropriations: In 2021, Democrats ended the 10-year earmark moratorium. Earmarks, occasionally now referred to as “Community Project Funding,” have traditionally been relatively small grants to programs and projects in congressional districts. While House Republicans were initially skeptical of bringing back earmarks, they recently voted to keep earmarks for the 118th Congress. Chairwoman Kay Granger (R-TX) has indicated that she intends to “tweak” the process but no reform proposal has yet been made public. It remains to be seen if a fractious House Republican Caucus can actually muster the votes for appropriations bills, or whether more conservative members will insist on appropriations “riders” that are political poison pills to the Democratically controlled Senate and the Biden Administration. In the past, faced with this dynamic, the Senate would take House-passed appropriations bills, rework them in a more bipartisan fashion, and then send them back to the House where they would pass with the help of some Democratic votes. Speaker McCarthy (D-CA) will be loath to rely on Democratic votes, but it may be the only road left open to him come September 2023.

We recommend that the Coalition identify potential earmark(s) for small dollar projects that



BlueWater Strategies IIc

would not make it into a normal grant application, or to shore up some of the shortfalls in last year's WIIN grant award. We have had some discussions regarding potential projects surrounding EV charging stations for Coalition members. BlueWater is eager to meet with the San Diego delegation to advance such projects throughout the year and ensure they are reflected in the final product adopted by Congress. While nothing is certain yet, this is likely Senator Feinstein's last term, and it may be the best opportunity to seek out Community Funding Projects.

Change Management: BlueWater will make a priority of getting to know the new “neighbors” in Congressional Districts 45 and 40. We are excited by the return of the regular order and open access to the House of Representatives, making this outreach much more straightforward. We hope that the entire Federal government will follow suit in the coming weeks. That would make 2023 an ideal year for the Coalition to come to DC for a round of Hill visits.

That said, the Coalition has done excellent work inviting local Congressional staff to events and incorporating them into announcements. We think this is important direct outreach and encourage the Coalition to involve the local offices for any public groundbreaking, particularly involving the recently secured Federal grant funding.

We also think that Congresswoman Katie Porter will make a formidable candidate for US Senate, and it is not too early to begin building a bridge to her office, which will almost certainly incorporate the majority of her existing staff. So we will seek out opportunities to engage with Congresswoman Porter and her staff.

Congressman Mike Levin won reasonably comfortably (5.2%) in what had been a targeted seat for control of the House. We are fortunate to have him back and will continue to rely on him to convene and organize full delegation efforts on behalf of the Coalition.

Senator Alex Padilla (D-CA) won reelection rather convincingly (nearly 60% of the vote) over Republican challenger Mark Meuser. It would not be surprising to see the Senator change some committee assignments after reelection. His seat on the Environment and Public Works Committees remains vital to California's water and highway infrastructure needs.

Maintaining Relationships: BlueWater will use the opening of the House to reinvigorate our outreach to the San Diego Congressional Delegation and ensure ongoing support for North San Diego County Regional Recycled Water Project. Specifically, BlueWater will maintain our outreach with Reps. Darell Issa (R-CA), Peters (D-CA), Davis (D-CA), and Vargas (D-CA). and Rep. Mike Levin (D-CA). As mentioned above, we will put more emphasis on Congressman Issa than in the past, and also attempt to incorporate Congresswoman Steel (R-CA) and Kim (R-CA).

We maintain a database of key water-related legislation that is regularly updated with details on the status of each bill in the legislative process such as when it was introduced, the number of cosponsors, scheduled hearings, committee markups, floor debates, and final votes. The database is regularly reviewed to determine the likelihood of a bill's passage and what impact the legislation would have on the Coalition if it were to pass and become law.



BlueWater staff members will continue to meet regularly with North San Diego officials to provide the most up-to-date information and to liaise between the Coalition and the Administration. BlueWater will continue to ensure that key stakeholders in the Department and Bureau are well aware of the importance of the Coalition's project and will facilitate meetings between the Coalition and relevant decision-makers at the Bureau and within Interior. In conclusion, BlueWater will continue to vigorously advocate for the Coalition in Washington, D.C., explore new Federal funding opportunities, and provide detailed updates and analysis of Congressional and Administration activities.

TERM, FEES, AND EXPENSES

BlueWater provides professional Federal government relations services to its client's travel expenses at our client's request. Our retainers are based, in part, upon the time that we estimate the representation will require on the part of our professionals, the difficulty of the projects in comparison to other projects, and such intangibles as the amount of political capital that will be necessary for the firm to expend to accomplish the client's goals. We propose to maintain the retainer fee of \$156,000 for a one-year term. This extension, if approved, would expire on March 31, 2024.

CONCLUSION

Once again, thank you for providing us the opportunity to present you with this proposal to continue to work on behalf of the Coalition. Please don't hesitate to contact me with any questions.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Jason Matthews', is written over a light blue horizontal line.

Jason Matthews
Partner
BlueWater Strategies

Memo

Date: February 15, 2023
To: Olivenhain Municipal Water District Board of Directors
From: Stephanie Kaufmann, Executive and Board Secretary
Via: Kimberly A. Thorner, General Manager
Subject: **CONSIDER NOMINATION FOR SAN DIEGO COUNTY CONSOLIDATED
REDEVELOPMENT OVERSIGHT BOARD**

Purpose

This item responds to a request for nominations among eligible independent special districts to appoint a district representative to a consolidated oversight board due to the recent resignation of Mark Baker with Lakeside Fire Protection District. The term is open-ended until a member resigns.

Recommendation

Staff will support any board member interested in running for election as the District Representative on the Oversight Board.

Alternative(s)

The board may choose to nominate or support a different candidate in this election, or choose against nominating or supporting a candidate in this election.

Background

Senate Bill 107 was passed by the Legislature with the Governor's signature in September 2015 and mandates - among other items – the consolidation of all 17 successor redevelopment agencies in San Diego County by July 1, 2018. This consolidation will be carried out through a seven-member oversight board and marks the latest and presumably final act by the Legislature in achieving the planned dissolution of redevelopment agency activities in all 58 counties. The legislation directs the oversight board to complete all the remaining redevelopment projects and restore incremental property tax revenue; the latter of which presently tallies more than \$130 billion in San Diego County. The legislation also provides one of the seven seats on the oversight board shall be filled by a special district representative and through the framework of LAFCO's existing administrator role of the Independent Special Districts Selection Committee (ISDSC). Staff attached a memo from December 2017 for background and additional information about the position.

Fiscal Impact

There is no fiscal impact associated with submitting nominations to LAFCO. LAFCO is responsible for payment of per diems and reimbursement for authorized travel costs and mileage.

Discussion

The primary goal of this election is to appoint one regular district representative due to the recent resignation of Mark Baker with Lakeside Fire Protection District to serve on the San Diego County Consolidated Redevelopment Oversight Board for an open-ended term. Nominations are for the regular voting member representatives. All 57 independent special districts are eligible and encouraged to make one nomination through their presiding officer or authorized delegate. The board meets at 9:00a.m. on the second Thursday of each month at the San Diego County Administration Center located at 1600 Pacific Hwy, San Diego, CA 92101.

Nominations must be received by San Diego LAFCO no later than 5:00 p.m. on Monday, March 6, 2023.

Attachments:

- *Memorandum from the San Diego Local Agency Formation Commission, dated January 31, 2023*
- *Memorandum from the San Diego Local Agency Formation Commission, dated December 5, 2017*
- *Nomination of the Special District Representative to the Redevelopment Oversight Board*



San Diego County Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

CALL FOR NOMINATIONS

January 31, 2023

TO: General Managers, Independent Special Districts

FROM: Tamaron Lockett, Commission Clerk

SUBJECT: Call for Nominations |
Appointment to Consolidated Redevelopment Oversight Board

This communication serves as formal notice the San Diego Local Agency Formation Commission (LAFCO) is calling for nominations among independent special districts to appoint an eligible representative to serve on the San Diego County Consolidated Redevelopment Oversight Board. This nomination is ultimately tasked with appointing one regular district representative on the Oversight Board generated due to the recent resignation of Mark Baker with Lakeside Fire Protection District. The term is open-ended until a member resigns.

With the preceding in mind, San Diego LAFCO is now commencing with the **nomination period** to fill the position. To this end, and consistent with adopted policies, the presiding officers and/or their delegated alternates for all 57 independent special districts in San Diego County are encouraged to submit nominations using the attached form. A listing of all independent special districts allowed to participate in nominating an eligible candidate is provided in Attachment B.

In considering making potential nominations please note all of the following:

- As referenced all 57 independent special districts are eligible to make one nomination through their presiding officer or authorized delegate.
- Only board members from districts that receive redevelopment monies are eligible to be nominated to serve on the Oversight Board. This limits the pool of eligible nominees to the 19 independent special districts that are enrolled in the Redevelopment Property Tax Trust Fund (RPTTF). A listing of all enrolled independent special districts is provided in Attachment ~~C~~ **B**.

Administration
Keene Simonds, Executive Officer
2550 Fifth Avenue, Suite 725
San Diego, California 92103-6624
T 619.321.3380 F 619.404.6508
www.sdlafco.org
lafco@sdcountry.ca.gov

Chair Jim Desmond
County of San Diego
Joel Anderson
County of San Diego
Nora Vargas, Alt.
County of San Diego

Vacant
Cities Selection Committee
Vacant
Cities Selection Committee
Kristi Becker, Alt.
City of Solana Beach

Stephen Whitburn
City of San Diego
Marni von Wilpert, Alt.
City of San Diego

Jo MacKenzie
Vista Irrigation
Barry Willis
Alpine Fire Protection
David A. Drake, Alt.
Rincon del Diablo
Andy Vanderlaan
General Public
Harry Mathis, Alt.
General Public

- Nominations must be signed.

Nominations must be received by San Diego LAFCO no later than by 5:00 p.m. on **Monday, March 6, 2023**. Nominations received after this date/time will be invalid.

Nominations may be submitted by mail, courier, or hand-delivered to the San Diego LAFCO office at 2550 Fifth Avenue, Suite 725; San Diego, California 92103. Additionally, and as an encouraged alternative, nominations may be submitted by e-mail and directed to tamaron.luckett@sdcounty.ca.gov noting in the subject: **Redevelopment Oversight Board Nomination**. Nominations received by e-mail will be confirmed by LAFCO and taken as consent to transmit subsequent communications – including ballots – by e-mail unless otherwise specified.

Should you have any questions or related follow up, please do not hesitate to contact me directly via e-mail at tamaron.luckett@sdcounty.ca.gov or telephone at 619.321.3380.

Thank you.

Attachments:

- A) List of the 57 Independent Districts Eligible to Make a Nomination
- B) List of the 19 Independent Special District Enrolled in RPTTF Whose Board Members are Eligible for Nominations
- C) Nomination Form

cc: Oversight Board Successor Agency
Rebecca Green, County of San Diego
SDAC Members

Attachment A

Independent Special Districts in San Diego County

- Eligible to Make a Nomination for Appointment to Oversight Board -

Alpine Fire Protection District	Rancho Santa Fe Fire Protection
Bonita-Sunnyside Fire Protection	Resource Conservation District of San Diego County
Borrego Springs Fire Protection	Rincon Del Diablo Municipal Water District
Borrego Water District	Rincon Ranch Community Services District
Canebrake County Water District	San Luis Rey Municipal Water District
Cuyamaca Water District	San Miguel Fire Protection District
Deer Springs Fire Protection	Santa Fe Irrigation District
Descanso Community Services District	South Bay Irrigation District
Fairbanks Ranch Community Services District	Tri City Hospital District
Fallbrook Regional Health District	Upper San Luis Rey Resource Conservation District
Fallbrook Public Utility District	Vallecitos Water District
Grossmont Healthcare District	Valley Center Cemetery District
Helix Water District	Valley Center Fire Protection
Jacumba Community Services District	Valley Center Municipal Water District
Julian-Cuyamaca Fire Protection	Vista Fire Protection District
Lake Cuyamaca Recreation & Park	Vista Irrigation District
Lakeside Fire Protection District	Whispering Palms Community Services District
Lakeside Water District	Wynola Water District
Leucadia Wastewater District	Yuima Municipal Water District
Lower Sweetwater Fire Protection	
Majestic Pines Community Services District	
Mission Resource Conservation	
Mootamai Municipal Water District	
Morro Hills Community Services District	
North County Cemetery District	
North County Fire Protection	
Olivenhain Municipal Water District	
Otay Water District	
Padre Dam Municipal Water District	
Palomar Health District	
Pauma Municipal Water District	
Pauma Valley Community Services District	
Pomerado Cemetery District	
Questhaven Municipal Water District	
Rainbow Municipal Water District	
Ramona Cemetery District	
Ramona Municipal Water District	
Rancho Santa Fe Community Services District	

Attachment B

Independent Special Districts in San Diego County | Enrolled in Redevelopment Property Tax Trust Fund (RPTTF)

- Elected or Appointed Board Members are Eligible for Nomination to Oversight Board -

Grossmont Healthcare District
Lakeside Fire Protection District
Lakeside Water District
Leucadia Wastewater District
Lower Sweetwater Fire Protection District
North County Cemetery District
Olivenhain Municipal Water District
Otay Water District
Padre Dam Municipal Water District
Palomar Health District
Pomerado Cemetery District
Resource Conservation District of Greater San Diego County
Rincon del Diablo Municipal Water District
San Marcos Fire Protection District
San Miguel Fire Protection District
Santa Fe Irrigation District
Tri-City Healthcare District
Vallecitos Water District
Vista Irrigation District

Attachment C

NOMINATION OF THE SPECIAL DISTRICT REPRESENTATIVE TO THE REDEVELOPMENT OVERSIGHT BOARD

The _____ is
(Name of Independent Special District)
pleased to nominate _____ as a candidate for
(Name of Candidate)
appointment as the SPECIAL DISTRICT REPRESENTATIVE

As presiding officer or his/her delegated alternate as provided by the governing board, I hereby certify that:

- The nominee is a member of a legislative body of an independent special district with territory within the boundary of the particular RDA Oversight Board to which the individual seeks appointment.

(Signature)

(Print Name)

(Date)

(Print Title)

PLEASE ATTACH RESUME OR CANDIDATE STATEMENT FOR NOMINEE

- Limit two pages
- Must be submitted with Nomination Form



Chairman

Sam Abed, Mayor
City of Escondido

MEMORANDUM

Vice Chairwoman

Jo MacKenzie, Director
Vista Irrigation District

December 5, 2017

Members

Catherine Blakespear, Mayor
City of Encinitas

Bill Horn, Supervisor
County of San Diego

Dianne Jacob, Supervisor
County of San Diego

Ed Sprague, Director
Olivenhain Municipal Water

Andrew Vanderlaan
Public Member

Lorie Zapf, Councilmember
City of San Diego

Alternate Members

Chris Cate, Councilmember
City of San Diego

Greg Cox, Supervisor
County of San Diego

Judy Hanson, Director
Leucadia Wastewater District

Harry Mathis
Public Member

Racquel Vasquez, Mayor
City of Lemon Grove

TO: Special Districts
Other Interested Parties

FROM: Keene Simonds, Executive Officer 

SUBJECT: Notice of Approved Policy Amendments |
Procedures to Appoint a Special District Representative on
Consolidated Redevelopment Oversight Board

This memorandum provides notice of policy amendments approved by the San Diego Local Agency Formation Commission (LAFCO) at its December 4, 2017 meeting. The approved policy amendments address new legislation for LAFCO to oversee and conduct elections to appoint a special district representative to a consolidated oversight board tasked with winding-down redevelopment activities in San Diego County. The amendments were developed with feedback from LAFCO's Special District Advisory Committee and establish specific eligibility, allowances, and procedures in conducting an election ahead of the inaugural July 1, 2018 appointment deadline.

A summary of the policy amendments and its implementation therein is enclosed. Additional materials – including a related call for nominations – will be transmitted to eligible special districts in the near future.

Should you have any questions please contact me by telephone at 858-614-7755 or by e-mail at keene.simonds@sdcounty.ca.gov.

Executive Officer

Keene Simonds

Enclosures: as stated

Counsel

Michael G. Colantuono

San Diego Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

Summary of Policy Amendments |

Appointment of a Special District Member on Consolidated Redevelopment Oversight Board

Legislative Directive

Senate Bill 107 was passed by the Legislature with the Governor's signature in September 2015 and mandates – among other items – the consolidation of all 17 successor redevelopment agencies in San Diego County by July 1, 2018. This consolidation will be carried out through a seven-member oversight board and marks the latest and presumably final act by the Legislature in achieving the planned dissolution of redevelopment agency activities in all 58 counties. The legislation directs the oversight board to complete all remaining redevelopment projects and restore incremental property tax revenue; the latter of which presently tallies more than \$130 billion in San Diego County. The legislation also provides one of the seven seats on the oversight board shall be filled by a special district representative and through the framework of LAFCO's existing administrator role of the Independent Special Districts Selection Committee (ISDSC).

Implementing Local Policies

At its December 4, 2017 meeting San Diego LAFCO approved policy amendments to address its new responsibilities under SB 107 to administer an appointment of a special district representative to a consolidated redevelopment oversight board. The amendments were developed with feedback from LAFCO's Special District Advisory Committee and address ambiguity in the legislation with respect to appointment eligibility, standards, and procedures. Key implementing policies follow.

- All independent special districts comprising the ISDSC are eligible to participate in the process to appoint (nominate and vote) a representative to serve on the oversight board. However, only board members from those independent special districts that are also enrolled in the Redevelopment Property Tax Trust Fund administered by the County of San Diego Auditor Controller's Office are eligible to be nominated and serve on the oversight board. A list of the 19 eligible special districts meeting this referenced criteria is attached.
- An alternate appointee to the oversight board is allowed.
- Election materials shall be transmitted from LAFCO by e-mail with prior concurrence of the presiding officer of the special district.
- So long as a voting quorum is achieved the nominee receiving the most votes will be appointed to the oversight board. The nominee with the second most votes will be the alternate.

Next Steps

LAFCO anticipates issuing a call for nominations on Thursday, January 4, 2018. (A request to transmit subsequent materials by e-mail will also be addressed.) The deadline to submit nominations will be Thursday, February 15th. Additional dates – and most notably the issuance of ballots – will be determined thereafter and in consultation with LAFCO's Special District Advisory Committee.

Memo

A

To: Olivenhain Municipal Water District Board of Directors

Subject: INFORMATIONAL REPORTS
PRESIDENT

Any report will be oral at the time of the Board meeting.

Memo

B

To: Olivenhain Municipal Water District Board of Directors

Subject: INFORMATIONAL REPORTS
GENERAL MANAGER

Any written report will be attached; any oral report will be provided at the time of the Board Meeting.

February 15, 2023

Board of Directors
Olivenhain Municipal Water District
1966 Olivenhain Road
Encinitas, CA 92024

The following are brief highlights of the District's departmental operations for the month of
January 2023:

Operations & Maintenance	January 2023	December 2022
David C. McCollom Water Treatment Plant (DCMWTP) Total Production	238 million gallons	347 million gallons
DCMWTP Average Daily Production	7.7 million gallons	11.2 million gallons
DCMWTP Peak Day Production	12.4 million gallons	17.4 million gallons
Source Water Blend (% State Project Water)	0	0
Total Deliveries to Vallecitos Water District	54.24 acre feet 17.6 million gallons	No Deliveries
4S and Rancho Cielo Sewer Systems Total Inflow	43.52 million gallons	38.55 million gallons
4S and Rancho Cielo Sewer Systems Average Daily Inflow	1,404,067 gallons	1,243,743 gallons
4S and Rancho Cielo Sewer Systems Peak Day Inflow	2,142,198 gallons	1,387,249 gallons
4S and Rancho Cielo Sewer Systems Low Day Inflow	1,197,636 gallons	1,132,704 gallons
4S Water Reclamation Facility (4SWRF) Average Daily Production	302,107 gallons	502,700 gallons
4SWRF Peak Day Production	559,250 gallons	758,598 gallons
4SWRF Total to Recycled Water Distribution System	9.37 million gallons	15.58 million gallons
4S Recycled Water Storage Pond Volume	184 acre feet	87 acre feet
Repaired Potable Water Main Leak(s)	2	2
Repaired Potable Water Service Lateral Assembly Leak(s)	3	3
Repaired Recycled Water Main Leak(s)	0	1
Repaired Recycled Water Service Lateral Leak(s)	0	0
Repaired Hit Fire Hydrant Lateral Assembly Leak(s)	1	1
Replaced Valve(s) Monthly Total	10	5
Replaced Valve(s) Calendar Year To Date	10	0
Recycled Water Use Site Inspections & Visits	23	13
Recycled Water Use Site Cross Connection Tests	1	3
Cross Connection Site Surveys	61	14
Backflow Inspections & Testing (New)	5	2
IT Help Requests	37	26
Customer Services	January 2023	December 2022
Customer Calls and Inquiries	2,411	1,973
Total Monthly Bills Issued	23,087	22,990
Service Orders	516	846
New Potable Meters	0	7
New Fire Meters	0	0
New Recycled Water Meters	0	1

Advanced Metering Infrastructure (AMI) Troubleshooting Investigations	39	27
Customer Services - Continued	January 2023	December 2022
Automated Meter Reading (AMR) Troubleshooting	42	42
Stopped/Underperforming Meters Replaced	57	76
Meter Transceiver Units (MXU) Upgraded to AMI	113	419
Meter Accuracy Tests Performed	0	0
Water Use Evaluations	5	3
Water Use Violation Reports	0	1
Workshops, Events, and Tours	1	0
High-Efficiency Clothes Washer Rebate Applications	12	3
Weather-Based Irrigation Controller Rebate Applications	6	8
Hose Irrigation Controller Rebate Applications	0	0
High-Efficiency Rotating Nozzle Rebate Applications	0	0
High-Efficiency Toilet Rebate Applications	4	0
Rain Barrel Rebate Applications	7	5
Flow Monitor Device Rebate Applications	1	1
Turf Removal Project Rebate Applications	1	3
Social Media Posts	19	20
News Releases/Media Advisories	1	1
EFRR	January 2023	December 2022
Special Use/Event Permits	4	3
Parking Notices	45	42
Incident Reports	3	2
Vehicle Count	4,420	4,083
Trail Use Count	8,844	9,880
Days Closed Due to Rain/Red Flag/COVID-19	6.5	2
Days Interpretive Center (IC) Open	15	8
Number of IC Visitors	249	126
Volunteer Trail Patrol Shifts	6	4
Volunteer Docent Hours	66	40
Total Number of Docents	64	65
Finance	January 2023	December 2022
Infosend Payments	12,064	11,058
OMWD Auto Debit Payments	2,049	2,124
California Bank & Trust Lockbox Payments	3,271	3,115
Over the Counter Payments	384	557
Check-free, Metavante and Chase	4,621	4,546
Paymentus (Credit Card) Payments	discontinued	469
Finance Calls and Walk-ins	31	46
Service Orders Processed	14	13
Service Orders Closed Out	5	3
Purchase Orders	20	16
Inventory Items Received	378	826
Invoices Processed	378	522
Payroll Direct Deposits Processed	241	237
Accounts Payable Checks and Electronic Fund Transfers	345	206

ENGINEERING DEPARTMENT

Engineering Manager Lindsey Stephenson Highlights for January 2023:

4S Ranch Neighborhood 1 Sewer Pump Station Replacement Project continues to progress through construction, with anticipated bypass piping installations following coordination and possible work on leak from storm drain adjacent to the project site. The Manchester Avenue and South El Camino Real Recycled Water Pipelines Project completed service installations and is working through final cleanup. Coordination with Caltrans and their contractor for work occurring at I-5 and Manchester Avenue continued during the month of January. Harris Cathodic Protection Improvements Project has been completed, and NOC has been filed. Construction has now begun on Lusardi Cathodic Protection Project. Construction for the Headquarters Courtyard Landscape Project started in January. Staff continued progressing planning and design efforts on multiple CIP projects. Staff continues to handle developer requests, continues to assist other departments with engineering-related work, and continues to manage OMWD's right of ways.

HUMAN RESOURCES DEPARTMENT

Human Resources Manager Jennifer Joslin Highlights for January 2023:

Human Resources staff coordinated recruitments for the vacant Customer Service Representative I, Field Services Technician I, and two Utility I positions. Conducted the new hire and safety orientation for the new Utility I. Conducted safety training for two new SDCWA interns and one temporary project support employee. Reviewed, approved, and printed all employee mid-year performance reviews for presentation by the Supervisors and Managers. HR and payroll staff created and distributed the required Affordable Care Act (ACA) 1095 forms for all employees regarding their health insurance coverage for 2022. Held a Human Resources/Employee Association (HEART) Committee meeting to review and discuss the updates to Operations department job descriptions. Participated in a California Special District Association (CSDA) Annual Employment Law Update webinar. Records staff processed multiple public records requests. Hosted the January Safety Committee meeting. Safety staff coordinated annual respiratory fit testing and training for employees that require respiratory protection. Held the first quarter Safety Sub-Committee meeting.

OPERATIONS & MAINTENANCE

Operations Manager Geoff Fulks Highlights for January 2023:

Repairs to process control wires were completed as part of the emergency work at the 4S WRF. The chlorine feed line repair work is still in process. DCMWTP staff commenced membrane replacements on train 4 as part of the Membrane Replacement Project. Instrumentation and Control staff continue to provide support on the Energy Recovery Turbine project. IT staff continue to configure and deploy new firewalls on the process network. Pump and Motor technicians have been testing backup generators at remote sites. Construction staff exchanged 10 valves in support of the Valve Replacement Program and assisted the 4S WRF staff with repair efforts on the chemical feed line, as well as completing Hydro-Seeding at the newly installed Rancho Paseana flow control facility. Sys Ops performed maintenance of Palms 1 & 2 reservoirs,

which included a valve replacement at Palms 1 reservoir. Treated water deliveries to Vallecitos Water District have resumed. Sys Ops continues to support the update on OMWD's Hydraulic Model. All OMWD maintained backflow prevention devices have been repaired, tested, and certified.

CUSTOMER SERVICES DEPARTMENT

Customer Services Manager John Carnegie Highlights for January 2023:

Published January issue of Watching Water newsletter; sent e-newsletter subscribers information on drought conditions, the value of water, rebates for water-efficient devices, and public facilities tours; launched fourth-grade poster and WaterSmart landscape contests; participated in San Diego County Water Authority's Water Use Efficiency Workshop on using the State Water Resources Control Board (SWRCB) tool to calculate water use objectives; provided comments to SWRCB on new drought reporting requirement; held public facilities tour; received notice of award for \$2,000 in grant funding from Metropolitan Water District's Community Partnering Program for October 2022 open house event and approximately \$849,216 in grant funding from California Department of Parks & Recreation's Recreational Trails Program for Elfin Forest Recreation Reserve Visitor Access Expansion Project.

At Elfin Forest Recreational Reserve, held five "Habitat" field trips for Escondido Unified School District students; repaired storm damage to Creek Trail, emergency access road, and lower creek viewing area; hosted Rancho Santa Fe Fire Protection District memorial hike for Chris Mertz; and provided tour of EFRR and Escondido Creek Conservancy properties for volunteers.

FINANCE DEPARTMENT

Finance Manager Rainy Selamat Highlights for January 2023:

Finalized 2023 proposed water rates and changes for presentation to Finance Committee and the Board; conducted OMWD's regular finance committee meeting with Director Meyers, Director Watt, and GM Thorner; attended SDCWA's Member Agencies Rate Workgroup Meeting to discuss future purchased water wholesale price from SDCWA; completed various surveys from SDCWA and other governmental agencies; staff continued working in organizing finance e-work files; completed and submitted OMWD's financial reports for fiscal year 2022 to the State Controller's office; staff worked with the water billing group and OMWD's e-water payment vendor (Infosend) to solve auto debit payment issues; staff assisted OMWD Employees Recreation Club (ERC) officers to revise ERC's by-laws; completed and mailed out 2022 W-2s to employees and 1099s to vendors; completed finance briefing with Director Hahn and Director San Antonio and GM Thorner; attended OMWD internal meetings; attended CalPERS' annual stakeholders meeting; and held several meetings to discuss a proposal to issue new Community Facilities District debt to finance certain water improvements and infrastructure in Pinnacle housing area.

ASSISTANT GENERAL MANAGER:

The Assistant General Manager reports the following for January 2023:

Attended Governor's Office Meeting and Tour at Water Treatment Plant; participated in San Diego North Economic Development Council meeting; extensive Coalition (NSDWRC) efforts for grant coordination; conducted investigation on potential EV Projects; completed all Customer Service, Operations and Engineering end of year performance reviews; attended IRWM RAC selection work group; continued project management efforts in San Dieguito Valley Brackish Groundwater Project; dedicated significant time to personnel matters, employee recruitment, and claims management.

GENERAL MANAGER:

The General Manager reports the following for January 2023:

General Manager Thorner attended the SDCWA Metropolitan Water District Delegates Meeting, completed AB1234 Ethics Training, participated in leadership training for new committee chairs at SDCWA, met with the Governor's local office to discuss "Water Loss Minimization" suite of projects, participated in the Member Agency Manager/Member Agency Finance Officer Rate Workgroup Meeting, the Member Agency Managers Meeting, held a HEART Committee Meeting, met with the City of San Diego Director of Public Utilities to discuss recycled water, attended the North County Managers Group Meeting, attended the North County Work Group Meeting, held Finance and Safety Committee Meetings, met with staff on Capacity Fees and Cost of Service Study, participated in the CWEA Tour/Plant Inspection to be considered for the California Water Environment Association State award, and dedicated significant time to meeting with Board Members, conducting mid-year reviews and addressed personnel matters, legal issues including discovery on the Hillside Patio matter and the Crosby recycled water dispute, and reviewing public records requests.

Memo

C

To: Olivenhain Municipal Water District Board of Directors

Subject: INFORMATIONAL REPORTS

CONSULTING ENGINEER

Any written report will be attached; any oral report will be provided at the time of the Board Meeting.

Memo

D

To: Olivenhain Municipal Water District Board of Directors

Subject: INFORMATIONAL REPORTS

GENERAL COUNSEL

Any written report will be attached; any oral report will be provided at the time of the Board Meeting.



TO: Olivenhain Municipal Water District

FROM: Alfred Smith

DATE: February 15, 2023

RE: Attorney Report: Employment and Sewer System Law Updates
150152-0005

I. INTRODUCTION.

This attorney report provides an update on Senate Bill 1162 (“SB 1162”), California’s new pay transparency law. SB 1162 requires job postings to include pay scale information and changes California’s pay data reporting requirements.

This attorney report also provides an update on the new statewide sanitary sewer systems waste discharge order recently issued by the State Water Resources Control Board. The new regulations impose a number of new requirements for the operation and maintenance of sewer systems.

II. SB 1162: CALIFORNIA’S NEW PAY TRANSPARENCY LAW.

Governor Newsom recently signed Senate Bill 1162 (“SB 1162”) into law, requiring job postings to include pay scale information and changing California’s pay data reporting requirements. SB 1162 amends California Government Code section 12999 and California Labor Code section 432.3. SB 1162 expands pay data reporting and increases pay scale transparency. SB 1162 took effect on January 1, 2023.

Prior law in California required an employer, upon reasonable request, to provide the pay scale for a position to an applicant applying for employment. SB 1162 expands the transparency requirements by requiring an employer, with 15 or more employees, to include the pay scale for a position in any job posting. If an employer engages a third party to announce, post, publish, or otherwise make known a job posting, the employer must provide the pay scale to the third party, and it must include the pay scale in the job posting.

SB 1162 also requires an employer, regardless of size, to provide to an employee the pay scale for the position in which the employee is currently employed upon the employee’s request. A “pay scale” is defined as the salary or hourly wage range that the employer reasonably expects to pay for the position.

In addition, SB 1162 requires an employer to maintain records of a job title and wage rate history for each employee for the duration of the employment plus three years after the end of the employment. The California Division of Labor Standards Enforcement (“DLSE”) may inspect these records to see if there is a pattern of wage discrepancy. SB 1162 will create a rebuttable presumption in favor of an employee’s claim if an employer keeps records in violation of these provisions.

SB 1162 requires the Labor Commissioner to investigate complaints alleging violations of these requirements and authorizes the Commissioner to order an employer to pay a civil penalty for any violations. The new law also authorizes a person aggrieved by a violation of these provisions to bring a civil action for injunctive and any other appropriate relief.

SB 1162 allows penalties ranging from \$100 to \$10,000 per violation for failure to comply with the pay scale disclosure or record retention requirements. However, the DLSE will not assess a penalty for the first violation if the employer can demonstrate that all job postings for open positions have been updated to include the required pay scale information.

SB 1162 imposes additional pay reporting requirements on employers with 100 or more employees. Existing law requires employers with 100 or more employees to submit annual pay data reports with number of employees in each establishment by race, ethnicity, and sex. SB 1162 permits a civil penalty of up to \$100 per employee for the initial failure to file a pay data report and \$200 per employee for any subsequent failure.

III. New Sewer System Waste Discharge Requirements.

After nearly four years of negotiations, the California State Water Resources Control Board (“State Water Board”) considered and unanimously adopted the Statewide Sanitary Sewer Systems General Waste Discharge Requirements Order Reissuance (“Sewer WDR”) with late changes on December 6, 2022.

The Sewer WDR regulates sanitary sewer systems designed to convey sewage longer than one mile in length, and addresses reporting and other requirements in response to sanitary sewer overflows (“SSOs”). This renewed version of the Sewer WDR will serve as the new regulatory mandate for operation and maintenance for those systems, superseding the State Water Board’s previous 2006 order, State Water Board Order No. 2006-0003-DWQ.

The Sewer WDR represents the culmination of years of negotiations between the State Water Board staff, the public, and stakeholders. The State Water Board began public outreach for the reissuance process in 2018, and issued an informal draft Order in February 2021, delineating more prescriptive requirements than appeared in the prior permit. Significant concerns from the regulated community largely regarding feasibility

and cost of compliance were expressed, necessitating further input from stakeholders before additional revisions were released in October 2022.

Continued public comment and guidance from stakeholders resulted in the release of two change sheets prior to the December 6th State Water Board hearing. An additional third change sheet created during that meeting incorporated further changes to mitigate concerns raised in oral comments.

Some of the key requirements adopted in the new Sewer WDR include:

- Expanded regulation to protect waters of the State (*g.*, expanding the prohibition on discharge from a sanitary system to include waters of the State and requiring Sewer System Management Plans to identify deficiencies in addressing spills to waters of the State);
- Planning requirements to address system-specific climate change impacts;
- Requirements for coordinated inter-agency response to sanitary spills;
- Reduction in the frequency of Sewer System Management Plan updates, local audits, and lateral spill reporting; and
- Modifying receiving water sampling requirements for 50,000+ gallon spills to surface waters.

The Sewer WDR will become effective in June 2023. The Order and change sheets can be found here:

https://www.waterboards.ca.gov/board_info/agendas/2022/dec/12_06-07_2022_agenda_links.pdf

The new regulations require a careful review to ensure compliance with new terms. At the State Water Board's meeting on December 6th, 2022, public commenters requested further guidance for compliance and reporting requirements given the detailed changes set forth in the new regulations. The State Water Board asked its staff to work with stakeholders to develop an implementation plan and regulatory trainings.

AES

Memo

E

To: Olivenhain Municipal Water District Board of Directors

Subject: INFORMATIONAL REPORTS

SAN DIEGO COUNTY WATER AUTHORITY REPRESENTATIVE

A written report is attached.

**SUMMARY OF FORMAL BOARD OF DIRECTORS' MEETING
JANUARY 26, 2022**

1. Retirement of Directors.

The Board adopted resolutions honoring Directors' retirements:

Resolution No. 2023-02 - Brian Boyle
Resolution No. 2023-04 - Bill Pommering
Resolution No. 2023-06 - Mona Rios

Resolution No. 2023-03 - Joe Mosca
Resolution No. 2023-05 - Jose Preciado
Resolution No. 2023-07 - Matt Hall

2. Monthly Treasurer's Report on Investments and Cash Flow.

The Board noted and filed the Treasurer's report.

3. Ball Valve procurement for the Helix 9 Flow Control Facility Project.

The Board authorized the General Manager, or designee, to award a contract to B&K Valves and Equipment, Inc. in the amount of \$215,500 to purchase two 30-inch ball valves for the Helix 9 Flow Control Facility project.

4. Professional services contract with SNC-Lavalin Inc. for Lake Hodges Hydroelectric Facility piping isolation planning study.

The Board authorized the General Manager to award a professional services contract to SNC-Lavalin Inc. to provide a planning study for piping isolation at the Lake Hodges Hydroelectric Facility for a period of one year, for a not-to-exceed amount of \$190,000.

5. Resolution for 2023 Urban Community Drought Relief Grant Application to the California Department of Water Resources for Water Conservation Projects.

The Board adopted Resolution 2023-01 authorizing the General Manager to apply to the California Department of Water Resources and to commit the Water Authority to the financial and legal obligations associated with the receipt of grant funds.

6. Employment of retired annuitant as temporary Special Counsel and exception of 180-day wait period.

The Board adopted Resolution No. 2023-08, a resolution of the Board of Directors of the San Diego County Water Authority approving exception to the 180-day waiting period to hire a CalPERS retired annuitant in accordance with Government Code sections 7522.56 and 21224.

7. Employment of retired annuitant as temporary Senior Engineer and exception of 180-day wait period.

The Board adopted Resolution No. 2023-09, a resolution of the Board of Directors of the San Diego County Water Authority approving exception to the 180-day waiting period to hire a CalPERS retired annuitant in accordance with Government Code sections 7522.56 and 21224.

8. Approval of Minutes.

The Board approved the minutes of the Formal Board of Directors' meeting of November 17, 2022 and the Special Board of Directors' meeting of December 15, 2022.

**SDCWA ROSTER OF COMMITTEES,
WORK GROUPS AND OTHER APPOINTMENTS**

Effective January 25, 2023

COMMITTEES

**ADMINISTRATIVE AND FINANCE
COMMITTEE**

Gary Arant – Chair
Ismahan Abdullahi – Vice Chair
Michael Hogan – Vice Chair
Teresa Acosta
Jimmy Ayala
Clint Baze
Frank Hilliker
Gary Hurst
Mel Katz
Tom Kennedy
Jim Madaffer
Neal Meyers*
Amy Reeh
John Simpson
Kyle Swanson

**ENGINEERING & OPERATIONS
COMMITTEE**

Joel Scalzitti – Chair
Jimmy Ayala – Vice Chair
Craig Elitharp – Vice Chair
Ismahan Abdullahi
Gary Arant
Jerry Butkiewicz
Steve Castaneda
Jim Desmond
Lois Fong-Sakai
Tom Kennedy
Valentine Macedo, Jr.
Dan McMillan
Marty Miller
Tim Smith
Ditas Yamane

IMPORTED WATER COMMITTEE

Consuelo Martinez – Chair
Jim Madaffer – Vice Chair
Marty Miller – Vice Chair
Jack Bebee
Steve Castaneda
Gary Croucher
Lois Fong-Sakai
Eric Heidemann
Michael Hogan
Mel Katz
Keith Lewinger
Neal Meyers*
Joel Scalzitti
Nick Serrano
Fern Steiner

**LEGISLATION AND PUBLIC OUTREACH
COMMITTEE**

Jerry Butkiewicz – Chair
Amy Reeh - Vice Chair
Fern Steiner– Vice Chair
Jack Bebee
Chris Cate
Gary Croucher
Frank Hilliker
Lindsay Leahy
Joy Lyndes
Consuelo Martinez
Elsa Saxod
Nick Serrano
John Simpson
Kyle Swanson

**WATER PLANNING AND ENVIRONMENTAL
COMMITTEE**

Eric Heidemann – Chair
Valentine Macedo, Jr. – Vice Chair
Tim Smith – Vice Chair
Teresa Acosta
Clint Baze
Chris Cate
Jim Desmond
Craig Elitharp
Gary Hurst
Lindsay Leahy
Keith Lewinger
Joy Lyndes
Dan McMillan
Elsa Saxod
Ditas Yamane

AUDIT COMMITTEE

Amy Reeh – Chair
Gary Hurst
Dan McMillan
Elsa Saxod
Tim Smith

**Neal Meyers replaces Kim Thorner pending
Olivenhain MWD February 15 2023 approval*

**SDCWA ROSTER OF COMMITTEES,
WORK GROUPS AND OTHER APPOINTMENTS
Effective January 25, 2023**

WORK GROUPS

COLORADO RIVER STRATEGY

WORK GROUP

Jim Madaffer – Chair
Jack Bebee
Gary Croucher
Frank Hilliker
Michael Hogan
Mel Katz
Nick Serrano
Fern Steiner

FINANCE PLANNING WORK GROUP

Frank Hilliker – Chair
Ismahan Abdullahi
Gary Arant
Michael Hogan
Jim Madaffer
Marty Miller
Kim Thorner
Brian Olney
Matt Vespi

LABOR CONTRACT WORK GROUP

Marty Miller – Chair
Gary Arant
Jerry Butkiewicz
Frank Hilliker
Mel Katz
Elsa Saxod

DEANNEXATION WORK GROUP

Keith Lewinger - Chair
Gary Croucher
Eric Heidemann
Mel Katz
Consuelo Martinez
Nick Serrano
Fern Steiner

BOARD GOVERNANCE

WORK GROUP

Michael Hogan - Chair
Ismahan Abdullahi
Frank Hilliker
Consuelo Martinez
Jim Madaffer
Tim Smith

OTHER APPOINTMENTS

SANDAG BOARD

Mel Katz – Representative
Nick Serrano - Alternate
Consuelo Martinez - Alternate

SANDAG BORDERS COMMITTEE

Valentine Macedo, Jr. - Representative
Steve Castaneda - Alternate

**SANDAG REGIONAL PLANNING
COMMITTEE**

Elsa Saxod - Representative
Craig Elitharp - Alternate

**SAN DIEGO AREA WASTEWATER
MANAGEMENT DISTRICT**

Joel Scalzitti – Representative

WATER CONSERVATION GARDEN JPA

Dan McMillan – Representative
Kyle Swanson - Alternate

MWD DELEGATES

Lois Fong - Sakai
Gail Goldberg
Marty Miller
Tim Smith

COLORADO RIVER BOARD

Jim Madaffer - Representative
Gary Croucher - Alternate

Memo

F

To: Olivenhain Municipal Water District Board of Directors

Subject: INFORMATIONAL REPORTS
LEGISLATIVE REPORT

Any written report will be attached; any oral report will be provided at the time of the Board Meeting.

TO: Olivenhain Municipal Water District (OMWD)
FROM: Ashley Walker, Senior Policy Advisor, Nossaman LLP
Jennifer Capitolo, Jennifer M. Capitolo and Associates LLC
DATE: February 9, 2023
RE: February 2023 Public Policy Report

State Legislative Update:

Status of the Legislature: Full committee assignments in the Senate and Assembly have been announced. You can find those assignments: [Senate](#) and Assembly [here](#) and [here](#). There are more and more bills being introduced as we approach bill introduction deadline on February 17. Policy committee hearings will start being calendared in the coming months, and Nossaman will testify on positions OMWD takes on legislation.

FY 2023-24 State Budget: The Governor introduced his January budget proposal on January 10, and the Legislature will be working on their version of the FY 23-24 State Budget through the final budget agreement in June. While we are still reviewing the details of the Governor's proposal, some initial highlights include:

- The Governor is anticipating a \$22.5 billion deficit.
- Allocates new water investments in:
 - Flood risk reduction
 - Delta Levees
 - Drought response
 - Planning and permitting for new water supplies
 - Modernizing water rights
 - Urban water use objectives
- Reduces funding allocated in previous years for:
 - Watershed resilience programs
 - PFAS cleanup
 - Water recycling
 - Water efficiency and enhancement program

Advocacy Meetings: Nossaman is coordinating advocacy meetings with OMWD's state legislative delegation to discuss funding needs for water infrastructure projects. The meetings will take place in February, and OMWD is requesting state budget funding for a suite of water loss minimization related projects. These meetings follow our meeting and tour with the Governor's regional staff. Nossaman worked with OMWD to coordinate a tour and meeting with the Governor's regional San Diego staff to discuss the Water Strategy, legislative and budget priorities, and our capital projects that are in need of funding.

Legislation: The legislative deadline to introduce bills is February 17. Nossaman is reviewing introduced legislation and will continue to do so through introduction deadline. At this point, many bills are considered "spot" bills, and do not yet have substantive language. Therefore, Nossaman will suggest positions on bills in the March report.

Governor's Actions and Executive Orders: The following actions have been taken by the Governor since the last legislative report. This list is compiled from CalOES, California Health and Human Services, California Department of Public Health, and FEMA. We are happy to provide the details of any item listed below, should OMWD desire.

- January 31 - Governor Gavin Newsom signed an executive order to support the state's ongoing storm response and recovery efforts, including provisions to ease access to unemployment benefits for impacted residents and help ensure adequate staffing by waiving work hour limitations for retired annuitants in local governments. The order also ends waivers enacted during the storms to facilitate fuel transportation and restoration of electrical power. California has secured a Presidential Major Disaster Declaration for 12 counties to date, and a Presidential Emergency Declaration to assist storm response and recovery efforts. The Governor has proclaimed a state of emergency statewide and issued an earlier executive order to further bolster the state's response and support impacted communities.
- January 19 - President Joseph R. Biden, Jr. made additional disaster assistance available to the State of California by authorizing an increase in the level of Federal funding for emergency protective measures undertaken in the State of California as a result of severe winter storms, flooding, landslides, and mudslides beginning on December 27, 2022. Under the President's order, the Federal share for debris removal and emergency protective measures, including direct Federal assistance, under the Public Assistance program has been increased to 100 percent of the total eligible costs for 60 days from the start of the incident period.
- January 18 - Governor Gavin Newsom announced that the White House has added the counties of Monterey, San Luis Obispo and Santa Barbara to the Presidential Major Disaster Declaration issued to support the state's storm response and recovery efforts.
- January 16 - Governor Gavin Newsom signed an executive order to further bolster the emergency response to severe winter storms and support impacted communities across the state. In the past week, California has secured a Presidential Major Disaster Declaration and a Presidential Emergency Declaration to assist response and recovery efforts to the storms.
- January 15 - Governor Gavin Newsom announced that the White House has approved California's request for a Presidential Major Disaster Declaration to support the state's emergency response to ongoing storm impacts including flooding, mudslides and landslides in communities across the state.
- January 14 - Governor Gavin Newsom announced that Californians impacted by winter storms are now eligible to claim a deduction for a disaster loss and will have more time to file their taxes.
- January 11 - The White House announced an Amendment to the Emergency Declaration today authorizing FEMA to extend Direct Federal Assistance to 10 additional counties in California. The addition of Alameda, Contra Costa, Fresno, Kings, Lake, Madera, Mono, San Benito, San Francisco, and Tulare, brings the total to 41 of the state's 58 counties.
- January 10 - The White House announced an Amendment to the Emergency Declaration today authorizing FEMA to extend Direct Federal Assistance to 14 additional counties in California. This provides help with emergency protective measures, authorized under Title V of the Stafford Act, to save lives and to protect property and public health and safety, or to lessen or avert the threat of a catastrophe as the state and tribal nations endure waves of bad weather. The amendment now makes federal help available for Colusa, Glenn, Humboldt, Marin, Orange, San Diego, San Joaquin, San Luis Obispo, Santa Barbara, Solano, Sutter, Tehama, Yolo, and Yuba counties.
- January 9 - President Biden declared that an emergency exists in the State of California and ordered Federal assistance to supplement State, tribal, and local response efforts due to the emergency conditions resulting from successive and severe winter storms, flooding, and mudslides beginning on January 8, 2023, and continuing. The President's action authorizes the Department of Homeland Security, Federal Emergency Management Agency (FEMA), to coordinate all disaster relief efforts.

which have the purpose of alleviating the hardship and suffering caused by the emergency on the local population, and to provide appropriate assistance for required emergency measures, authorized under Title V of the Stafford Act, to save lives and to protect property and public health and safety, and to lessen or avert the threat of a catastrophe in the counties of El Dorado, Los Angeles, Mariposa, Mendocino, Merced, Monterey, Napa, Placer, Riverside, Sacramento, San Bernardino, San Mateo, Santa Clara, Santa Cruz, Sonoma, Stanislaus, and Ventura.

DROUGHT UPDATE

The series of atmospheric rivers that hit California in January have resulted in significant rainfall statewide and heavy snowfall in the mountains. Statewide precipitation for the water year (as of January 12) is 15.49", which is 156% of average for this time of year.

Although this has moderated the drought substantially, the January 12 U.S. Drought Monitor report indicates that almost half the state (49.38%) is still classified as in Moderate Drought (D1) and most of the rest of the state (45.68%) is still classified as in Severe Drought (D2). A remaining 5% of the state is classified as Abnormally Dry (D0), and a tiny area near the Oregon border (0.32%) is the only remaining area experiencing Extreme Drought (D3).

On February 7, the State Water Resources Control Board (SWRCB) reported December water conservation and production results, at an average residential use of 64 R-GPCD for a savings of 17.1%, the greatest water conservation since the SWRCB began collecting the data. Cumulative statewide water savings is now 6.0% relative to 2020.

Reservoirs statewide are now rapidly filling, and some are spilling to preserve flood capacity. Although most reservoirs are well above historical average storage levels for this time of year, the largest three are still somewhat below average. California's total reservoir storage is at roughly 84% of historical average as of January 11.

Groundwater recharge is also occurring statewide, but many basins have a long way to go to reverse the decadal trends of unsustainable water use that was accentuated by the drought.

State officials continue to caution that California will likely need to experience above average rain and snowfall for the rest of this winter and for several more years to bring this current drought to an end.

STATE WATER BOARD

In December 2022, the SWRCB readopted the water conservation emergency regulation to prohibit wasteful water uses, which was originally adopted in January 2022. The Office of Administrative Law approved the readopted emergency regulation, putting it into effect on December 21, 2022. This, along with the separate emergency regulation to reduce water demand and ban decorative grass watering (effective since June 10, 2022), makes two SWRCB water conservation emergency regulations currently in effect. They will remain in effect for one year from the effective date, unless the SWRCB modifies them, readopts them, or ends them before then.

SWRCB staff has not yet announced when the next steps associated with short-term water conservation requirements and long-term water conservation rulemaking will begin, but updates are expected in early February. On December 15 SWRCB staff met with several water association representatives to solicit input on developing short-term efficiency-based conservation targets for every urban retail water supplier, if the drought persists in 2023. These targets are to be based on the unique characteristics of Urban Retail Water Suppliers (URWSs), such as their climate zone(s), water demand, residential landscape area, and population. The SWRCB

would impose these short-term conservation targets if necessary, during the period that the permanent conservation standards rulemaking proceeds in 2023 and 2024.

Later this spring the SWRCB is also expected to proceed with its rulemaking to set the permanent conservation standards associated with outdoor residential water use, Commercial, Industrial, and Institutional (CII) outdoor irrigation with dedicated irrigation meters (DIMs), CII best practices reporting procedures, residential outdoor landscape standards, and variance recommendations.

The response rate for the November 2022 Urban Water Conservation Report is 94% as of the writing of this report (387 reports submitted). The estimated total production is 118 billion gallons, and the statewide R-GPCD is 74 GPCD. 273 agencies report that they have evoked the state standard level 2 or higher of their water shortage contingency plan. Additionally, SWRCB staff has noticed all URWSs that they are not only expected to continue their current monthly drought and conservation reporting until further notice but are now expected to report that same information to a new SAFER Clearinghouse database. This duplicative reporting must begin immediately and would have to continue until the SWB fully transitions to the Clearinghouse database in 2023.

Water Loss Performance Standards - SWRCB staff submitted the final rulemaking documents to the Office of Administrative Law (OAL) on December 21, 2022. OAL is currently reviewing the submission. The proposed effective date is April 1, 2023.

Water Supply Strategy Implementation - In August 2022, the Office of Governor Gavin Newsom released the "California's Water Supply Strategy: Adapting to a Hotter, Drier Future" that outlines the state's actions to increase water supply and adapt to more extreme weather patterns caused by climate change. The SWRCB has a lead role in some of these actions and is collaborating with other state, federal and industry partners to implement the Strategy. The Water Supply Strategy requires the SWRCB, by January 1, 2024, working with local water and sanitation agencies to identify recycled water projects that hold the potential to be operations by 2030 and by no later than 2040. Division of Water Quality's 2022 Volumetric Report that opened in early January includes a new module to gather information about potential new or expanded recycled water projects that could be operational by 2030. Another implementation action specified for the SWRCB requires convening a strike team to identify and resolve permitting and funding obstacles for recycled water projects. The first meeting of the strike team was held on January 31, 2023.

DEPARTMENT OF WATER RESOURCES

Water Use Efficiency and Conservation Standards – DWR is continuing to develop technical tools and guidance to support their recommended water use efficiency and conservation standards. Urban water suppliers, and their associations and consultants are continuing to provide technical information and conduct pilot studies to help identify practical methods to conduct the work necessary to inform the SWRCB's standards rulemaking process.

**Olivenhain Legislative Report 2023-24
Report as of 2/3/2023**

Watch

[AB 30](#) (Ward D) Atmospheric Rivers: Research, Mitigation, and Climate Forecasting Program.

Status: 1/26/2023-Referred to Com. on W., P., & W.

Location: 1/26/2023-A. W., P. & W.

Summary: Current law establishes the Atmospheric Rivers: Research, Mitigation, and Climate Forecasting Program in the Department of Water Resources. Current law requires the department, upon an appropriation for purposes of the program, to research climate forecasting and the causes and impacts that climate change has on atmospheric rivers, to operate reservoirs in a manner that improves flood protection, and to reoperate flood control and water storage facilities to capture water generated by atmospheric rivers. This bill would rename that program the Atmospheric Rivers Research and Forecast Improvement Program: Enabling Climate Adaptation Through Forecast-Informed Reservoir Operations and Hazard Resiliency (AR/FIRO) Program. The bill would require the department to research, develop, and implement new observations, prediction models, novel forecasting methods, and tailored decision support systems to improve predictions of atmospheric rivers and their impacts on water supply, flooding, post-wildfire debris flows, and environmental conditions.

Position

Watch

Notes: ACWA recommends a support position as of 1.17.23.

[AB 62](#) (Mathis R) Statewide water storage: expansion.

Status: 1/26/2023-Referred to Com. on W., P., & W.

Location: 1/26/2023-A. W., P. & W.

Summary: Would establish a statewide goal to increase above- and below-ground water storage capacity by a total of 3,700,000 acre-feet by the year 2030 and a total of 4,000,000 acre-feet by the year 2040. The bill would require the State Water Resources Control Board, in consultation with the Department of Water Resources, to design and implement measures to increase statewide water storage to achieve the statewide goal. The bill would require the state board, beginning July 1, 2027, and on or before July 1 every 2 years thereafter until January 1, 2043, in consultation with the department, to prepare and submit a report to the Legislature on the progress made in designing and implementing measures to achieve the statewide goal.

Position

Watch

[AB 66](#) (Mathis R) Natural Resources Agency: water storage projects: permit approval.

Status: 2/2/2023-Referred to Com. on W., P., & W.

Location: 2/2/2023-A. W., P. & W.

Summary: Current law establishes the Natural Resources Agency, composed of departments, boards, conservancies, and commissions responsible for the restoration, protection, and management of the state's natural and cultural resources. Current law establishes in the agency the Department of Water Resources, which manages and undertakes planning with regard to water resources in the state. This bill would require the agency, and each department, board, conservancy, and commission within the agency, to approve the necessary permits for specified projects within 180 days from

receiving a permit application, and would deem those permits approved if approval does not occur within this time period.

Position

Watch

[AB 234](#) ([Bauer-Kahan D](#)) Microparticles.

Status: 1/13/2023-From printer. May be heard in committee February 12.

Location: 1/12/2023-A. PRINT

Summary: The Microbeads Nuisance Prevention Law prohibits a person from selling or offering for promotional purposes in the state any personal care products containing plastic microbeads that are used to exfoliate or cleanse in a rinse-off product, including, but not limited to, toothpaste. This bill would express the intent of the Legislature to enact subsequent legislation that would prohibit the sale in this state of rinse-off cosmetics, detergents, waxes, and polishes that contain intentionally added synthetic polymer microparticles, including products identified in the synthetic polymer microparticle Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) restrictions adopted by the European Union (EU).

Position

Watch

[AB 305](#) ([Villapudua D](#)) California Flood Protection Bond Act of 2024.

Status: 1/27/2023-From printer. May be heard in committee February 26.

Location: 1/26/2023-A. PRINT

Summary: Under current law, various general obligation bond acts have been approved by the voters to provide funds for water projects, facilities, and programs. This bill would express the intent of the Legislature to enact subsequent legislation for a flood protection general obligation bond act, in an unspecified amount, that would be known as the California Flood Protection Bond Act of 2024, and would be submitted to the voters at the next general election.

Position

Watch

[AB 345](#) ([Wilson D](#)) Habitat restoration: flood control: advance payments.

Status: 2/1/2023-From printer. May be heard in committee March 3.

Location: 1/31/2023-A. PRINT

Summary: Would authorize the Department of Water Resources to provide advance payments, as defined, to local agencies for projects that restore habitat for threatened and endangered species under state or federal law or improve flood protection, as provided. The bill would prohibit the amount of funds advanced by the department to the local agency at any one time from exceeding 25% of the entire amount authorized to be provided under the funding agreement between the department and the local agency.

Position

Watch

[AB 396](#) ([Fong, Vince R](#)) Dams.

Status: 2/2/2023-Introduced. To print.

Location: 2/2/2023-A. PRINT

Summary: Current law regulates the construction and operation of dams and exempts certain structures for these purposes. Current law requires the owner of such exempt structures to employ a registered civil engineer to supervise the structure, as prescribed. This bill would make nonsubstantive changes to the above provision.

Position

Watch

[AB 422](#) ([Alanis R](#)) Natural Resources Agency: statewide water storage: tracking.

Status: 2/2/2023-Introduced. To print.

Location: 2/2/2023-A. PRINT

Summary: Would require the Natural Resources Agency, on or before June 1, 2024, to post on its publicly available internet website information tracking the progress to increase statewide water storage, and to keep that information updated.

Position

Watch

ACA 2 (Alanis R) Public resources: Water and Wildfire Resiliency Act of 2023.

Status: 12/6/2022-From printer. May be heard in committee January 5.

Location: 12/5/2022-A. PRINT

Summary: Would establish the Water and Wildfire Resiliency Fund within the State Treasury, and would require the Treasurer to annually transfer an amount equal to 3% of all state revenues that may be appropriated as described from the General Fund to the Water and Wildfire Resiliency Fund. The measure would require the moneys in the fund to be appropriated by the Legislature and would require that 50% of the moneys in the fund be used for water projects, as specified, and that the other 50% of the moneys in the fund be used for forest maintenance and health projects, as specified.

Position

Watch

SB 3 (Dodd D) Discontinuation of residential water service: community water system.

Status: 1/18/2023-Referred to Com. on E., U. & C.

Location: 1/18/2023-S. E. U., & C.

Summary: The Water Shutoff Protection Act prohibits an urban and community water system, defined as a public water system that supplies water to more than 200 service connections, from discontinuing residential service for nonpayment, as specified, and requires specified procedures before it can discontinue residential service for nonpayment. Current law defines a community water system as a public water system that serves at least 15 service connections used by yearlong residents or regularly serves at least 25 yearlong residents of the area served by the system. This bill would expand the scope of the Water Shutoff Protection Act by requiring that it instead apply to a community water system, defined to have the same meaning as existing law. The bill would require a community water system that supplies water to 200 service connections or fewer to comply with the act's provisions on and after August 1, 2024.

Position

Watch

SB 23 (Caballero D) Water supply and flood risk reduction projects: expedited permitting.

Status: 1/18/2023-Referred to Com. on RLS.

Location: 12/5/2022-S. RLS.

Summary: The California Safe Drinking Water Act provides for the operation of public water systems and imposes on the State Water Resources Control Board various duties and responsibilities for the regulation and control of drinking water in the state, including, among other things, overseeing the issuance and enforcement of public water system permits, as provided. Current law authorizes specified works of improvement for the control, conservation, and utilization of destructive flood waters and the reclamation and protection of lands that are susceptible to overflow by flood waters. This bill would express the intent of the Legislature to enact subsequent legislation to expedite the regulatory permitting process for water supply and flood risk reduction projects, as provided.

Position

Watch

Notes: AWCA Sponsor Bill- this is a streamlining the permitting process for water supply and flood risk reduction projects as of 1.17.23.

SB 66 (Hurtado D) Water: predictive models and data collection.

Status: 1/18/2023-Referred to Com. on RLS.

Location: 1/5/2023-S. RLS.

Summary: Current law requires the Department of Water Resources, as part of updating The California Water Plan every five years, to conduct a study to determine the amount of water needed to meet the state's future needs and to recommend programs, policies, and facilities to meet those needs. This bill would state the intent of the Legislature to ensure that reliable predictive models and data collection systems are used to properly forecast and allocate surface water.

Position

Watch

SB 231 (Hurtado D) Drought modeling.

Status: 2/1/2023-Referred to Com. on RLS.

Location: 1/23/2023-S. RLS.

Summary: Current law requires the Department of Water Resources to include a discussion of various strategies in the California Water Plan update, including, but not limited to, strategies relating to the development of new water storage facilities, water conservation, water recycling, desalination, conjunctive use, water transfers, and alternative pricing policies that may be pursued in order to meet the future needs of the state. This bill would state the intent of the Legislature to enact subsequent legislation to require the Department of Water Resources to modify its predictive models as necessary to account for California's persistent drought.

Position

Watch

Total Measures: 13

Total Tracking Forms: 13

Memo

G, H

To: Olivenhain Municipal Water District Board of Directors

Subject: INFORMATIONAL REPORTS

TWELVE MONTH CALENDAR / OTHER MEETINGS /

REPORTS / BOARD COMMENTS

Any report will be oral at the time of the Board meeting. Please refer to the TWELVE MONTH Calendar (attached) for meetings attended.

TWELVE MONTH CALENDAR OF EVENTS (AS OF 2/1/23)

Date(s)	Event	Time	Location	Attending Board Member(s)	Additional Information (Speakers' Topic, Cohosts, etc.)
<u>JANUARY 2023</u>					
23-Jan	Conference Call with the General Manager RE: Finance Committee Questions			Watt	
25-Jan	Safety Committee Meeting	2:30 PM		Hahn, Meyers	
25-Jan	Finance Briefing			Hahn, San Antonio	
30-Jan	4S WRF CWEA Plant Tour/Inspection	1:00 PM	4S WRF	Guerin	
<u>FEBRUARY 2023</u>					
1-Feb	Public Policy Sacramento Issues			Guerin	
2-Feb	Board Secretary Document Review			Watt	
8-Feb	Operations & HR Briefings			Hahn, San Antonio	
14-Feb	Board Meeting Pre-Brief			Guerin	

Memo

To: Olivenhain Municipal Water District Board of Directors

Subject: INFORMATIONAL REPORTS

CORRESPONDENCE

Any correspondence is attached.

Memo

To: Olivenhain Municipal Water District Board of Directors

Subject: AUTHORIZATION TO ATTEND UPCOMING MEETINGS /
CONFERENCES / SEMINARS

The Board may desire to attend a meeting that requires Board approval.

Memo

To: Olivenhain Municipal Water District Board of Directors

Subject: FUTURE AGENDA ITEMS

The Board may have items to be considered at a Future Board meeting.

Memo

To: Olivenhain Municipal Water District Board of Directors

Subject: CONSIDER PUBLIC COMMENTS

There may be public comments before the Board meeting is adjourned.

Memo

To: Olivenhain Municipal Water District Board of Directors

Subject: CLOSED SESSION

It may be necessary to go into Closed Session.

Memo

To: Olivenhain Municipal Water District Board of Directors

Subject: OPEN SESSION

Memo

Date: February 15, 2023
To: Olivenhain Municipal Water District Board of Directors
From: Steven Weddle, Engineering Services Supervisor
Via: Kimberly A. Thorner, General Manager
Subject: **CONSIDER APPROVAL OF CHANGE ORDER NO. 2 WITH ORION CONSTRUCTION CORPORATION FOR \$141,650 FOR THE 4S RANCH NEIGHBORHOOD 1 SEWER PUMP STATION REPLACEMENT PROJECT, AND AUTHORIZE THE GENERAL MANAGER TO SIGN ON BEHALF OF OMWD**

Purpose

The purpose of this agenda item is to consider Contract Change Order (CCO) No.2 for the Neighborhood 1 Sewer Pump Station Replacement Project (Project) with Orion Construction Corporation (Orion) in the amount of \$141,650 and add 68 additional days of contract time.

Recommendation

Staff recommends approval of CCO No. 2 and authorization for the General Manager to sign on behalf of OMWD.

Alternative(s)

The Board could elect to: not approve the change order and direct staff to re-negotiate; approve the change order and direct staff to prepare a potential claim in closed session; or otherwise proceed in a manner directed by the board.

Background

The Neighborhood 1 Sewer Pump Station (NBHD1 SPS) is located at the south end of 4S Ranch Parkway near the 4S Ranch Sports Park/Boys & Girls Club of Greater San Diego and Stone Ranch Elementary School in Director Division 4 (Hahn). The facility was constructed in 2000 by 4S Kelwood and dedicated to OMWD in 2002 as a part of the 4S Ranch Water Reclamation Facility (4S WRF) expansion. The NBHD1 SPS collects tributary flows from customers in the south end of the 4S Ranch development, including Black Mountain Ranch East Clusters, Heritage Bluffs, and soon-to-be Avion developments. NBHD1 SPS pumps the effluent up 4S Ranch Parkway and over to the 4S WRF on Dove Canyon Road through sewer force mains. The existing pump station consists of two (2) pumps: one (1) submersible pump in a wet well and one (1) centrifuge pump located in an above-ground, previously unconditioned structure along with the electrical equipment.

Originally contemplated in 2015 in the Capital Improvement Plan for 4S Ranch and Rancho Cielo Wastewater Systems report published by Dudek, the Project was placed for bid in 2019, and then canceled and postponed until fiscal year 2020/2021 to allow for funding and completion of other high priority infrastructure projects, such as the El Camino Real Pipeline Replacement.

Following a successful bid in Fall of 2021, the Board awarded the contract to Orion in February 2022 for \$6,123,000 to begin work on replacement of this critical asset.

Fiscal Impact

Funds for CCO No. 2 are available within the Project budget (CIP D700004) and within current appropriations.

Is this a Multi Fiscal Year Project? Yes

In which FY did this capital project first appear in the CIP budget? 2015

Total Project Budget: \$7,732,000

Current Fiscal Year Appropriation: N/A

To Date Approved Appropriations: N/A

Target Project Completion Date: September 20, 2023

Expenditures and Encumbrances as of (February 15, 2023): \$7,202,295.04

Is this change order within the appropriation of this fiscal year? Yes

If this change order is outside of the appropriation, Source of Fund: N/A

Discussion

Following award in February 2022, the Project was delayed by supply chain materials procurement issues on large electrical equipment. In accordance with Administrative and Ethics Code (A&E Code) Section 6.8C, a no-cost time extension CCO No. 1 was signed by the General Manager in August 2022 to account for that delay and extend the contract completion date to September 20, 2023. The Project then broke ground in October of 2022.

Shortly after the underground installation work began, the Contractor encountered high levels of water present in the excavations. Although the Contract contemplated and anticipated background levels of groundwater, the pre-construction soils reports and boring samples indicated little or no groundwater anticipated to be present. However, as construction progressed, the Contractor continued encountering significant water within the excavation zones, greater than anticipated, and in excess of the assumed conditions in the contract based on the geotechnical investigations undertaken during design. In order to continue progress, the Contractor established a stance of changed conditions with OMWD and proceeded with excavations and dewatering on disputed work per the contract documents.

In parallel, OMWD staff investigated possible sources of the excessive water, ruling out existing OMWD facilities, irrigation lines, and other possible sources. Some of these investigations included water quality sampling including chlorine residuals, total dissolved and total suspended solids, and pH to see if any matched OMWD sources. In addition, staff engaged with our consultant Geotechnical Engineer to conduct additional boring samples to verify design conditions and to attempt to identify and mitigate the source of the excess infiltration water encountered by the Contractor in the excavation areas. As construction continued, several Potential Change Orders (PCOs) were authorized per OMWD contract documents to keep the Project progressing, including to address oversaturated/unsuitable soils, soil stabilization, and excess dewatering.

Ultimately, these investigations to find possible sources for the excess infiltration water encountered within the excavations, have led to an adjacent municipal storm drain outfall pipe. The facility appears to be dilapidated and leaking constant runoff/stormwater flow into OMWD existing trench lines that cross beneath the pipe and rock bedding of the storm drain, upstream of the project site. The existing OMWD pipeline and utility trenches, ultimately leading into the construction site and down gradient of the storm drain, appear to be acting as conduits reviving this infiltration flow from the broken drainage pipe, and transporting that flow into the construction excavations. Staff is currently engaged with the owner of the storm drain, COSD.

CCO No. 2 largely accounts for the change of condition resulting in excess dewatering operations by the Contractor for PCOs 4,5,6, and 8 as shown in the table below. The full description of CCO No. 2 is attached.

Description	Date	Initiated by	Value	Time (Consecutive Calendar Days)	Caused by Excessive Infiltration Water
PCO#4-Additional soil stabilization	Oct. 2022	Orion	\$601.41	0	X
PCO#5-Unsuitable soils	Oct. 2022	OMWD	\$29,955.52	0	X
PCO#6-Unsuitable soils	Nov.2022	OMWD	\$31,045.71	47	X
PCO#8-Excess dewatering	Jan.2023	Orion	\$80,046.89	21	X
Total	--	--	\$141,650	68	--

Underground excavations and installations are approximately 50% complete. Staff and OMWD's consultant construction manager anticipate that additional dewatering in

excess of the level anticipated in contract conditions will continue through the remainder of the underground work due to the high levels of infiltration water present. These efforts will continue to be reviewed and authorized via the PCO process and will be returned to General Manager or Board for consideration of future change orders if needed.

A summary of the contract and change orders to date is presented in the following table. If approved, the cumulative change order value through CCO No. 2 amounts to 2.3% of the total construction contract, and the new completion date will be November 27, 2023.

Authorization	Date	Authorized by	Value	Time (Consecutive Calendar Days)
Original Contract	Feb. 16, 2022	Board	\$6,123,000	300
Issued Notice to Proceed	April 20, 2022	--	--	--
CCO No. 1	Aug. 3, 2022	General Manager	\$0	218
Proposed CCO No. 2	Feb. 15, 2023	Pending Board	\$141,650	68
Total	--	--	\$6,264,650	586

Staff is available to answer any questions:

Attachments:

CCO No. 2, including PCOs

CONTRACT CHANGE ORDER

Owner: **OLIVENHAIN MUNICIPAL WATER DISTRICT** OMWD File No. D-700004
Project: 4S Ranch Neighborhood 1 Sewer Pump Station
Replacement Project
Contractor: Orion Construction Corporation

CONTRACT CHANGE ORDER NO. 02

Date 02/01/23

The Contractor is hereby authorized and directed to make the herein described changes from the Plans and Specifications or do the following work not included in the Plans and Specifications for the construction of this project. Payment to the contractor for these change order items shall provide full compensation for all equipment, materials, labor, field and home office overhead, indirect and consequential costs, mark-ups, and profit necessary to complete the work. By executing this contract change order, the contractor agrees to proceed with this work as a change order per the contract documents and waives any rights to additional compensation arising out of work listed in this change order, including without limitation, any claims relating to any cumulative effect of change orders, delays, productivity impact or interruption.

DESCRIPTION OF CHANGE

1. The subgrade stabilization described in the Ninyo & Moore 10/3/22 field memo is extra work and not shown in the contract documents. This extra work will be paid through Bid Item #6-"Over Excavation & Import Bedding" as well as the costs for additional filter fabric to complete the "burrito wrap" required by the field memo. Bid Item #6 only requires the filter fabric on the bottom of the stabilization and not a "Burrito Wrap". Payment for this work is not to be construed as acceptance of Orion Notice of Changed Condition claim regarding dewatering initially submitted on 9/27/22. The cost of this work is \$601.41. See PCO #4 for details.
2. For manhole construction adjacent to the existing wet well, although, the native earth soil stockpiled on site has been tested and complies with the contractual requirements of Specification Section 2223-2.1.A for native earth backfill, the heavily saturated conditions do not allow for its immediate feasible use. As there is insufficient space available on the site to spread the stockpiled material for drying, additional work is required to export the material off site. The cost of this work is 110,002.41. 21 calendar days are added for this work. See PCO #5 and #8 for details
3. For the pipeline work currently under construction, although the native earth soil stockpiled on site has been tested and complies with the contractual requirements of Specification Section 2223-2.1.A for native earth backfill, the heavily saturated conditions do not allow for its immediate feasible use. As there is insufficient space available on the site to spread the stockpiled material for drying, and in the interest of continuing project progression at a reasonable pace, Orion's cost for removal and replacement of the over-saturated backfill with import soils shall be paid on a time and materials basis. The cost of this work is \$31,045.71. 47 calendar days are added for this work. See PCO #6 for details.

Original Contract Amount: \$6,123,000.00

Total Previous Change Orders (Through CCO #1): \$0.00

Total This Change Order: \$141,649.53

Revised Contract Amount: \$6,264,649.53

Original Contract Duration: 300 Calendar Days

Original Contract Completion Date: February 14, 2023

Total Calendar Days Added from Previous Change Orders (Through CCO #1): 218 Calendar Days

Total Calendar Days Added This Change Order: 68 Calendar Days

Revised Contract Duration: 586 Calendar Days

Revised Contract Completion Date: January 8, 2024

TOTAL COST for this CHANGE ORDER is One Hundred Forty-One Thousand Six-Hundred Forty-Nine Dollars and Fifty-Three Cents INCREASE.

It is agreed that 68 consecutive calendar day(s) extension of time will be allowed by reason of this change. The original completion date was February 14, 2023 and the revised completion date is January 8, 2024 (including weather delays).

Prepared by Construction Manager

Paul Mochel, Valley Construction Management

Accepted by CONTRACTOR

Approved by OWNER

By:

Date:

By:

Date:

NOTE: Attention is called to the sections in the General Provisions on Scope of Work and Estimates and Payments. THIS CHANGE ORDER IS NOT EFFECTIVE UNTIL APPROVED BY OWNER.

Distribution:

☐ Owner

☐ Contractor

☐ Engineer

☐ Finance

Memo

To: Olivenhain Municipal Water District Board of Directors

Subject: ADJOURNMENT

We are adjourned.

Christy Guerin Named President of OMWD's Board of Directors

Ed Joyce :: 1/18/2023



At today's Olivenhain Municipal Water District board meeting, Christy Guerin assumed the position of president. Ms. Guerin will serve as president for the 2023-2024 term.

Initially appointed to the board in 2011, Ms. Guerin represents Division 3 of OMWD's service area, which includes portions of the cities of Encinitas and Solana Beach. In addition to her duties as president, Ms. Guerin will also serve on OMWD's Personnel Committee, Facilities Committee, Public Outreach and Conservation Committee, and Public Policy Committee.

Ms. Guerin is a ten-year veteran of the San Diego County Sheriff's Department, and a former council member and mayor of the City of Encinitas. In her capacity with the city, she served on the San Dieguito Water District board and also represented the city on the San Diego Association of Governments' board. In addition, Ms. Guerin served as OMWD's representative to the San Diego County Water Authority board from 2014 to 2020.

"With the ongoing multi-year drought, water supply reliability and the mitigation of impacts to our ratepayers will be a top priority for 2023. I look forward to leading the district through these times while staying true to the district's core values," said Ms. Guerin.

Larry Watt was thanked and honored during the meeting for his service as president for the 2021-2022 term. This marked the third time Mr. Watt filled the president position, having previously served in that role for the 2013-2014 term as well as the 2017-2018 term.

(Editor's Note: Olivenhain Municipal Water District is a public agency providing water, wastewater services, recycled water, hydroelectricity, and operation of Elfin Forest Recreational Reserve. Organized in 1959, OMWD currently serves approximately 87,000 customers over 48 square miles in northern San Diego)

County. The OMWD is one of the San Diego County Water Authority's [24 member agencies](#) that deliver water across San Diego County.)

Who's News: 1/27/23

staff :: 1/23/2023

GUERIN OMWD PRESIDENT

Christy Guerin assumed the position of president of the Olivenhain Municipal Water District Jan. 18 and will serve as president for the 2023-2024 term. Guerin represents Division 3 of OMWD's service area, which includes portions of the cities of Encinitas and Solana Beach.

California State Parks Announces \$4.68 Million in Grant Recommendations for Local Recreational Trail Projects



For Immediate Release: 1/31/2023

Contact: Newsroom@parks.ca.gov

In support of expanding recreational opportunities to California's communities, California State Parks has recommended \$4.68 million in federal grant funding for seven local non-motorized trail projects. Cities such as Glendale, Napa and Riverside applied for the funding in hopes to improve the quality of life for their communities by enhancing access to the outdoors.

State Parks' Office of Grants and Local Services conducted a competitive review process and recommended the projects to the Federal Highway Administration's (FHWA) Recreational Trails Program (RTP). The program helps states develop and maintain recreational trails and trail-related facilities for non-motorized and motorized recreational trail uses. The federal Bipartisan Infrastructure Law of 2021 Authorization provides funding for the program. Eligible applicants include cities, counties, districts, state agencies, federal agencies and non-profit organizations with management responsibilities of public lands.

The list of recommended non-motorized RTP projects for California includes:

Bay Trail Gap Closure to Martinez: \$917,784

East Bay Regional Park District

Construction of an approximately 0.5 mile of Class I trail to close the gap in the San Francisco Bay Trail and the Carquinez Strait Scenic Loop Trail within the city of Martinez in Contra Costa County.

Brand Trail System Expansion: \$440,000

City of Glendale

Construction of three new hiking trails, including drainage crossings, retaining walls, fencing and signage, totaling approximately 3 miles. In addition, renovation of an existing 2,000 linear foot trail throughout Brand Park.

Shady Lane Trail Development: \$369,000

County of Los Angeles Parks

Construction of approximately 525 linear feet of new meandering multi-use natural dirt trail with a trailhead, interpretive signage, trail access point bollards, retaining wall, fencing, landscaping and upgraded irrigation that will connect Loma Alta Park to the existing Loma Alta Staging Area within the city of Altadena.

Lake Berryessa Shoreline Trail: \$281,600

Tuleyome Napa

Construction of approximately 3.1 new miles of Lake Berryessa Shoreline Trail's Pope Canyon Trail portion with decks, fencing, gates, benches, bridges, crossings, retaining walls, signage and trail markers in the city of Napa.

Mexican Mine Trail: \$422,400

U.S. Forest Service – Tahoe National Forest

Construction of approximately 10 miles out of the 17-mile Mexican Mine Trail, connecting the community of Forest City to the towns of Downieville and Goodyears Bar.

Gage Canal Trail: \$1,400,000

City of Riverside, Parks and Recreation

Construction of approximately 2 miles of Class I paved trail and approximately 1.3 miles of a parallel decomposed granite trail with solar lights, drinking water, seating, signage, pavement markings, gates, bollards and other trail support amenities.

Elfin Forest Recreational Reserve Access: \$849,216

Olivenhain Municipal Water District

Construction of approximately a 0.5 mile new link between two trails at the Elfin Forest Recreation Reserve located in the city of Escondido in San Diego County.

The RTP program requires a minimum 12 percent match derived from local sponsors and state funds. FHWA must approve project recommendations before State Parks can execute grant agreements with these local agencies. Prior to forwarding these projects to FHWA, each recommended project must comply with the [National Historical Preservation Act of 1966 \(Section 106\)](#), [National Environmental Policy Act](#) and be listed

on the [State Transportation Improvement Plan](#). Compliance with these requirements can take approximately nine months to a year to complete.

After the local sponsors complete the three federal requirements listed above, applications are sent to FHWA for its final review. There is a 30-day final approval window once FHWA receives the applications from State Parks.

For detailed information on the program, please visit parks.ca.gov/rtpnm.

Subscribe to California State Parks News via e-mail at NewsRoom@parks.ca.gov

California State Parks provides for the health, inspiration and education of the people of California by helping to preserve the state's extraordinary biological diversity, protecting its most valued natural and cultural resources, and creating opportunities for high quality outdoor recreation.

Meet San Diego County ‘Stewards of Water’

1/31/2023



“What comes out of the tap today has been in planning for the last 20 years.” This quote has been ringing in my ears every time I turn on the faucet since my interview with [Kimberly Thorner](#) and [Sandra Kerl](#), General Managers for the [Olivenhain Municipal Water District](#) and the [San Diego County Water Authority](#).

What goes into making water come out of the faucet? “A lot of people think, ‘Water falls from the sky. Therefore, you guys store it, you treat it, and it comes.’ They don’t realize what actually goes into what comes out of the tap. It’s the same misconception that I kind of had in the beginning (of this job),” said Thorner.

Common Water Misconceptions & Questions

- **Misconception: A couple of rainy days will solve the problem. Fact: Long dry spells in between rain can outweigh the benefits of a few rainy days.** “It’s not particularly useful to talk about the ‘last drought’ or the ‘current drought,’” said Kerl. “Since 2014, we’ve only had a few wet years, and [our region is] getting hotter, drier, and heading toward aerification of the West. We have drier conditions than we’ve ever seen before, and that is expected to continue.”

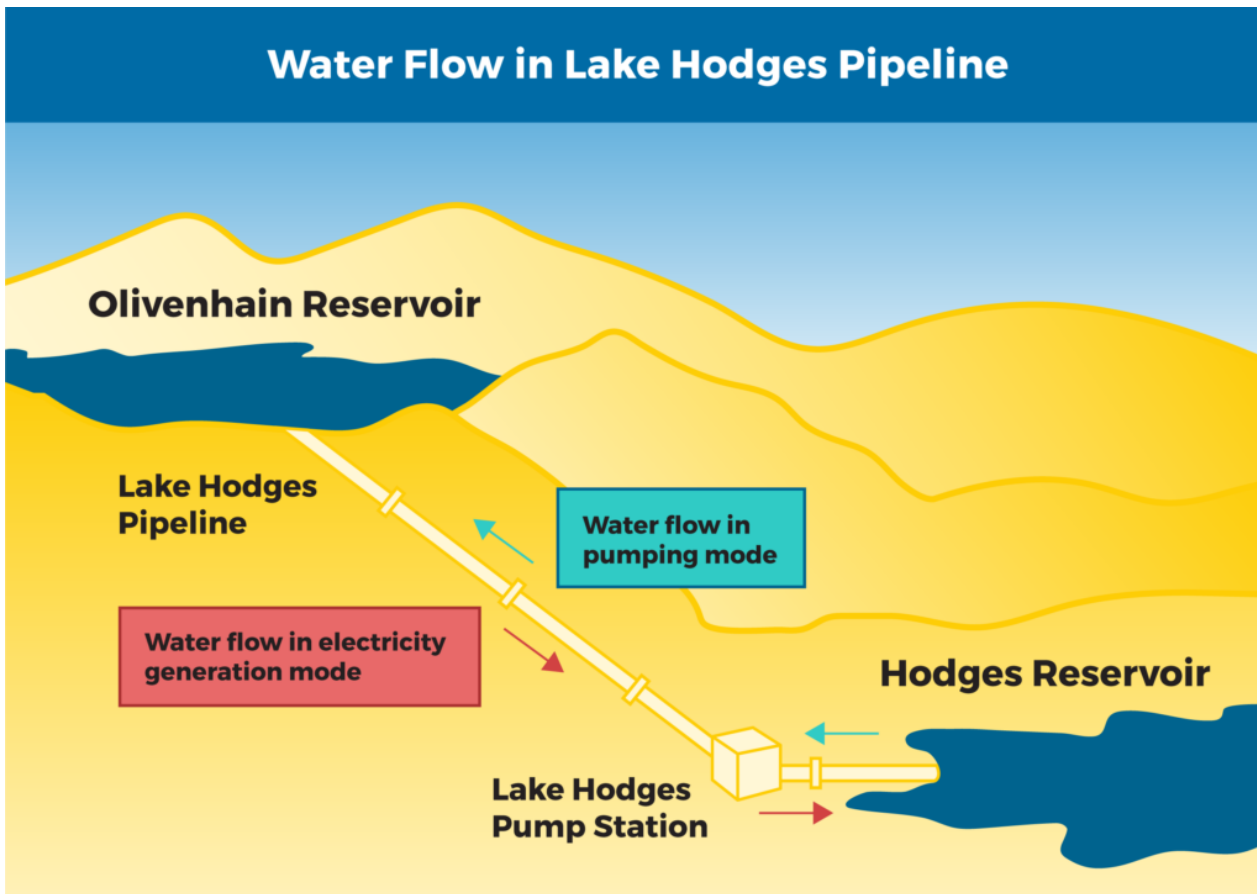
- **Misconception: We need rain, we need it here, and we need it now. Fact: It matters where and even when it rains.** “People get excited if it rains in San Diego County, but it hits, and then it goes,” said Thorner. “If it snows in the Sierras or Colorado, we’re more excited about that. But we’re even down to the timing of WHEN it snows. If it snows too early and gets warm, you don’t get the Spring melt runoff.”
- **Question: Where can I focus my water conservation efforts? Answer: 68 percent of water is used outdoors. Fixing leaks and adjusting landscape can make a huge difference.** “Taking your irrigation down to 2-3 days a week is such a big impact,” said Thorner. “Take advantage of the free water use efficiency evaluations (sponsored by the Water Authority). Someone comes out and gives you minor tweaks and adjustments. It’s a fantastic tool to reduce your water use and still have the landscaping that you want.”
- **Question: How much water do we actually conserve as a region? Answer: San Diego County has reduced its per capita water consumption by 40% since 1990.** That amounts to a reduction from 235 gallons per person per day in 1990 to 126 gallons per person per day in 2022. Countywide, over 16,000 homes and businesses have used [WaterSmart Checkups](#) to make sure they are using water efficiently, and 42 million acre-feet of grass has been removed in the region using rebates. “We’re very appreciative of what [customers have] done so far in conversation and supporting the investments regionally,” said Kerl. “We’ve made great progress in conservation. We’re continuing to ask folks to do more. That’s part of the whole picture of becoming water resilient.”

What does the San Diego Water Authority Do?

“As a water wholesaler, the San Diego County Water Authority is ultimately responsible for ensuring there is sufficient water supply to serve the region with 3.3 million residents and a \$24 billion economy,” said Kerl.

The Water Authority secures and delivers water to its 24 member agencies who then sell it to residential, commercial, and agricultural customers. They also maintain 310 miles of large-diameter pipes, own and operate a dam and a water treatment facility, partner in a public/private desalination plant, and advocate at the state and federal levels for investments in San Diego County water infrastructure.

“There needs to be increased investment (in water infrastructure) and San Diego is a great place to do that because of our track record of delivering on projects outside of the region and our ongoing need,” said Kerl.



Water & Electricity

If that were not enough, the Water Authority looks for opportunities to create hydroelectricity with the water supply to support the energy grid. They own and operate the [Lake Hodges hydroelectric facility](#), and they create in-line hydroelectricity at [Rancho Peñasquitos](#), by using the pipeline pressure to generate power. Their biggest current energy project is a partnership with the City of San Diego to build a 500-megawatt energy storage project at the [San Vicente Reservoir](#).

“San Diego has the most rooftop solar in the state of California. To be able to utilize that effectively when the sun goes down, you need to be able to store that power for high demand periods,” said Kerl. “Doing this project will help stabilize the grid and reduce the chance of rolling blackouts.”

Projects like this also help reduce the cost of water for ratepayers by monetizing infrastructure investments.

“The San Vicente energy storage project, if it moves forward, will create a venue stream for the city and for the Water Authority to reduce the cost of water. We’re looking for those opportunities wherever they exist,” said Kerl.

What does a “Member Agency” do?

As one of the Water Authorities’ member agencies, Olivenhain Municipal Water District, serves about 86,00 residents from San Diego, Solana Beach, Carlsbad, and Encinitas. They supply water to customers, create

hydroelectricity, treat wastewater, create recycled water, and even have their hand in parks and recreation.

After receiving the [Elfin Forest Recreation Reserve](#) land for one dollar from the Bureau of Land Management, OMWD received permission to build a reservoir there on the condition that they also operate it as an open space recreational reserve.



Elfin Forest Recreational Reserve operated by Olivenhain Municipal Water District

Diversification of the Water Supply

Prior planning is truly the way to prevent poor performance when it comes to the region's water supply. One of the ways the Water Authority plans is by diversifying its supply portfolio. While the Colorado River is a main water source, the Water Authority and its [24 member agencies](#) have developed potable water reuse and desalination projects.

"For [OMWD], we used to be 100% potable water. Now 15% of our supply is recycled water. Golf courses, HOA common areas, parks, and medians now use recycled water," said Thorner. "We're also studying the feasibility of a brackish desalinization plant within our service area and utilizing [automated meters \(AMI\)](#) that connect to towers so customers can get instantaneous water use information."

Colorado River Supply

The Water Authority has also invested in infrastructure to support the water supply. This is part of the reason that California, and San Diego County, have high-priority rights on the Colorado River water.

“Our water out of the river was secured both through conservation practices as well as [lining two earthen canals](#). The saved seepage conserved water that was transferred to San Diego over long-term agreements,” said Kerl. This means that the government-mandated demand cuts don’t apply to California or San Diego County (yet), but the Water Authority continues to diversify the region’s supply.

“We’re looking for ways to support others who depend on the river to reduce their take,” said Kerl. “The situation on the river is very challenging, but through what we’ve done in new investments, supplies, and conservation, we’ve been supporting actions for the river to be healthy for a long time.”

Challenges of the Water Industry

North County is facing many of the same challenges that we’re seeing on a national and global scale. Kerl and Thorner agreed that one of their biggest challenges is balancing affordability for customers while supply chain issues create rising costs for them as suppliers.

“Change is happening globally, nationally, regionally, and locally, every minute of every day, and it impacts our ability to provide water,” said Kerl. “The pandemic, civil tension, the inflation – it is just a ball of stuff that never stops, and we’re always trying to put our A-Game forward to keep up with it.”

“Water doesn’t have a downtime. Water is life, and you have to supply it. Balancing the challenges of the world that everyone is facing, and maintaining the water supply reliability and delivery is a daily battle,” said Thorner.

North San Diego Water Reuse Coalition

Since 2012, nine cities, water agencies, and wastewater agencies have partnered to form the [North San Diego Water Reuse Coalition](#). Their goal is to expand recycled and potable reuse water throughout San Diego County. Each of them have a water recycling project, some with wastewater plants, some with recycled water needs.

They meet monthly to discuss how they can enhance the use of recycled water without regard to jurisdictional boundaries. Recently, they were awarded [\\$24 million in federal funding](#) to enhance potable water reuse throughout the region.

NORTH SAN DIEGO WATER REUSE COALITION

Project Benefits

- ▶ Adds **41 million gallons** of recycled water per day to San Diego County's water supply portfolio at full build-out.
- ▶ Reduces impact of inevitable water supply shortages on San Diego County's **\$215 billion economy**.
- ▶ **Creates more than 10,000 jobs**, according to Council of Economic Advisers estimates.
- ▶ Serves as **green infrastructure** by reducing wastewater flows to the Pacific Ocean, off-setting water imports from Colorado River and California State Water Project and avoiding energy demands and greenhouse gas emissions associated with imported water.
- ▶ Crosses jurisdictional boundaries of nine public agencies and Marine Corps Base Camp Pendleton, demonstrating **efficiency in government**.
- ▶ **Constructs 90 miles** of recycled water pipe, improvements at 9 treatment plants, and 7 potable reuse sites to serve a cumulative demand of over 30,000 acre-feet per year by 2025.



The Buck Stops with You

Both Thorner and Kerl have been located in San Diego County for most of their professional careers. Thorner became the General Manager of OMWD in 1996. A lawyer by training, she received two job offers: one, to build the Olivenhain Water storage project, and two, to work for the general counsel. When asked which one “felt better” to her, she chose the water job.

“The part that I love (about my job is) every single day there is something different. As general manager, the buck stops with you to make sure the safe reliable water supply makes it to the residents,” said Thorner.

Thorner loves the diversity of North County, the ability to go surfing in the morning and hiking in the mountains in the afternoon. “People come here to play, and it’s where we live. Why would you go anywhere else?”

No Higher Mission

Kerl became the General Manager of the Water Authority in 2009 after working as the city manager of La Mesa. After meeting her predecessor, Maureen Stapleton, she became fascinated with the field.

“There are a lot of things you can live without, and water is not one of them. To be responsible for delivering a critical, life-affirming service... there’s really no higher mission to me,” said Kerl.

Kerl grew up in an agricultural community, and so the agricultural industry in North County appeals to her. She takes a lot of pride in the Water Authority’s programs to sustain farming in the region, both because of its economic impact and the quality of life that it provides.

“There’s really no finer corner of the country in my view,” said Kerl. “Part of it is the diversity of the economic base – from biotech, to manufacturing, to farming – and part of it is all the natural assets here.”

Read the story covering Max Villalobos, COO for Kaiser Permanente North County Project [here for more content](#).

Get to know some of North County's entrepreneurs, innovators, and leaders, and learn why they believe this region is a world-class place to do business. If you would like your company featured in "Meet North County Stewards," or if you'd like to nominate someone for an interview, [click this link to submit your nomination](#)!

About the Author



***Caitlyn Canby** loves to discover and share people's stories. She has her bachelor's degree in Communications, Print Journalism with over 8 years of journalism experience. An Escondido native, she just moved back from Catalina Island to North County with her husband and two children to the town of Fallbrook. Caitlyn enjoys collaborating on projects as Marketing and Events Coordinator at SDNEDC, traveling, and exploring new restaurants, venues, experiences, and cultures.*

California State Parks Announces \$4.68 Million in Grant Recommendations for Local Recreational Trail Projects

California State Parks : 2/1/2023



SACRAMENTO, Calif. – In support of expanding recreational opportunities to California’s communities, California State Parks has recommended \$4.68 million in federal grant funding for seven local non-motorized trail projects. Cities such as Glendale, Napa and Riverside applied for the funding in hopes to improve the quality of life for their communities by enhancing access to the outdoors.

State Parks’ Office of Grants and Local Services conducted a competitive review process and recommended the projects to the Federal Highway Administration’s (FHWA) Recreational Trails Program (RTP). The program helps states develop and maintain recreational trails and trail-related facilities for non-motorized and motorized recreational trail uses. The federal Bipartisan Infrastructure Law of 2021 Authorization provides funding for the program. Eligible applicants include cities, counties, districts, state agencies, federal agencies and non-profit organizations with management responsibilities of public lands.

The list of recommended non-motorized RTP projects for California includes:

Bay Trail Gap Closure to Martinez: \$917,784

East Bay Regional Park District

Construction of an approximately 0.5 mile of Class I trail to close the gap in the San Francisco Bay Trail and the Carquinez Strait Scenic Loop Trail within the city of Martinez in Contra Costa County.

Brand Trail System Expansion: \$440,000

City of Glendale

Construction of three new hiking trails, including drainage crossings, retaining walls, fencing and signage, totaling approximately 3 miles. In addition, renovation of an existing 2,000 linear foot trail throughout Brand Park.

Shady Lane Trail Development: \$369,000

County of Los Angeles Parks

Construction of approximately 525 linear feet of new meandering multi-use natural dirt trail with a trailhead, interpretive signage, trail access point bollards, retaining wall, fencing, landscaping and upgraded irrigation that will connect Loma Alta Park to the existing Loma Alta Staging Area within the city of Altadena.

Lake Berryessa Shoreline Trail: \$281,600

Tuleyome Napa

Construction of approximately 3.1 new miles of Lake Berryessa Shoreline Trail’s Pope Canyon Trail portion with decks, fencing, gates, benches, bridges, crossings, retaining walls, signage and trail markers in the city of Napa.

Mexican Mine Trail: \$422,400

U.S. Forest Service – Tahoe National Forest

Construction of approximately 10 miles out of the 17-mile Mexican Mine Trail, connecting the community of Forest City to the towns of Downieville and Goodyears Bar.

Gage Canal Trail: \$1,400,000

City of Riverside, Parks and Recreation

Construction of approximately 2 miles of Class I paved trail and approximately 1.3 miles of a parallel decomposed granite trail with solar lights, drinking water, seating, signage, pavement markings, gates, bollards and other trail support amenities.

Elfin Forest Recreational Reserve Access: \$849,216

Olivenhain Municipal Water District

Construction of approximately a 0.5 mile new link between two trails at the Elfin Forest Recreation Reserve located in the city of Escondido in San Diego County.

The RTP program requires a minimum 12 percent match derived from local sponsors and state funds. FHWA must approve project recommendations before State Parks can execute grant agreements with these local agencies. Prior to forwarding these projects to FHWA, each recommended project must comply with the [National Historical Preservation Act of 1966 \(Section 106\)](#), [National Environmental Policy Act](#) and be listed on the [State Transportation Improvement Plan](#). Compliance with these requirements can take approximately nine months to a year to complete.

After the local sponsors complete the three federal requirements listed above, applications are sent to FHWA for its final review. There is a 30-day final approval window once FHWA receives the applications from State Parks.

For detailed information on the program, please visit parks.ca.gov/rtpnm.

Napa Area Trail Project Recommended For Grant Funds By CA State Parks

Maggie Fusek :: 1/31/2023

Politics & Government

California State Parks announced \$4.68 million in grant recommendations for local recreational trail projects, including one in Napa.



Maggie Fusek, Patch Staff 

Posted Tue, Jan 31, 2023 at 5:58 pm PT



California State Parks' Office of Grants and Local Services conducted a competitive review process and recommended seven projects including one in Napa to the Federal Highway Administration's Recreational Trails Program. (Shutterstock)

NAPA, CA — A Napa trail is among seven local projects California State Parks has recommended for a total of \$4.68 million in federal grant funding.

Cities such as Glendale, Napa and Riverside applied for the funding in hopes to improve the quality of life for their communities by enhancing access to the outdoors, State Parks said in a news release. State Parks' Office of Grants and Local Services conducted a competitive review process and recommended the projects to the Federal Highway Administration's Recreational Trails Program.

The program helps states develop and maintain recreational trails and trail-related facilities for non-motorized and motorized recreational trail uses. The federal Bipartisan Infrastructure Law of 2021 Authorization provides funding for the program.

Find out what's happening in Napa Valley with free, real-time updates from Patch.

Here are the seven projects recommended by California State Parks:

Lake Berryessa Shoreline Trail: \$281,600

Find out what's happening in Napa Valley with free, real-time updates from Patch.

With the funds, the nonprofit group Tuleyome Napa will construct approximately 3.1 new miles of Lake Berryessa Shoreline Trail's Pope Canyon Trail portion with decks, fencing, gates, benches, bridges, crossings, retaining walls, signage and trail markers in the city of Napa.

Bay Trail Gap Closure to Martinez: \$917,784

The East Bay Regional Park District applied for the grant to fund the construction of an approximately 0.5-mile of Class I trail to close the gap in the San Francisco Bay Trail and the Carquinez Strait Scenic Loop Trail within the city of Martinez in Contra Costa County.

Brand Trail System Expansion: \$440,000

The City of Glendale applied for the grant to fund the construction of three new hiking trails, including drainage crossings, retaining walls, fencing and signage, totaling approximately 3 miles. In addition, renovation of an existing 2,000 linear foot trail throughout Brand Park.

Shady Lane Trail Development: \$369,000

County of Los Angeles Parks applied for the grant to fund the construction of approximately 525 linear feet of new meandering multi-use natural dirt trail with a trailhead, interpretive signage, trail access point bollards, retaining wall, fencing, landscaping and upgraded irrigation that will connect Loma Alta Park to the existing Loma Alta Staging Area within the city of Altadena.

Mexican Mine Trail: \$422,400

The U.S. Forest Service- Tahoe National Forest applied for the grant that will fund the construction of approximately 10 miles out of the 17-mile Mexican Mine Trail, connecting the community of Forest City to the towns of Downieville and Goodyears Bar.

Gage Canal Trail: \$1,400,000

City of Riverside, Parks and Recreation applied for the grant to fund the construction of approximately 2 miles of Class I paved trail and approximately 1.3 miles of a parallel decomposed granite trail with solar lights, drinking water, seating, signage, pavement markings, gates, bollards and other trail support amenities.

Elfin Forest Recreational Reserve Access: \$849,216

The Olivenhain Municipal Water District applied for the grant that will fund the construction of approximately a 0.5-mile new link between two trails at the Elfin Forest Recreation Reserve located in the city of Escondido in San Diego County.

The RTP program requires a minimum 12 percent match derived from local sponsors and state funds. FHWA must approve project recommendations before State Parks can execute grant agreements with these local agencies. Prior to forwarding these projects to FHWA, each recommended project must comply with the [National Historical Preservation Act of 1966 \(Section 106\)](#), [National Environmental Policy Act](#) and be listed on the [State Transportation Improvement Plan](#). Compliance with these requirements can take approximately nine months to a year to complete.

After the local sponsors complete the three federal requirements listed above, applications are sent to FHWA for final review. There is a 30-day final approval window once FHWA receives the applications from State Parks.

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