

**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**

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 16, 2022

**TIME: 4:00 P.M.**

PLACE: VIA TELECONFERENCE

Pursuant to the Legislation AB 361, 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 teleconference meeting.

To join this meeting via phone, please dial:  
(669) 900-9128 or (346) 248-7799  
Meeting ID: 876 3887 0719 and Password: 139764

**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](mailto: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. CONSIDER IMPLEMENTING ASSEMBLY BILL 361 THAT PROVIDES THE ABILITY TO MEET REMOTELY DUE TO THE GOVERNOR'S PROCLAIMED STATE OF EMERGENCY UNDER MODIFIED BROWN ACT REQUIREMENTS

- 6. ADOPTION OF AGENDA
- 7. PERSONAL APPEARANCES AND PUBLIC COMMENTS
- 8. PRESENTATION OF AWARDS AND HONORABLE MENTIONS

- \* Josh Westbrook – Inspector I – Transfer – January
- \* Elfin Forest Recreational Reserve Photo Contest Winners

Service Awards, Promotions and Honorable Mentions from 2021

- \* Christy Guerin – Board Member – 10 Years – January 2021

- 9. CONSIDER APPROVAL OF THE MINUTES OF THE JANUARY 19, 2022 REGULAR BOARD OF DIRECTORS MEETING
- 10. 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 REPORT
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
C-c	CONSIDER FINALIZING THE ANNUAL OBJECTIVES FOR CALENDAR YEAR 2022
C-d	CONSIDER ACCEPTANCE OF THE CIRCO DIEGUENO COURT EMERGENCY LEAK REPAIR PROJECT (C.E. WILSON CORPORATION) INTO OMWD’S SYSTEM AND ORDER A NOTICE OF COMPLETION FILED
C-e	CONSIDER ACCEPTANCE OF THE MAIN EXT. 145B – CALLE PONTE BELLA PROJECT (HCC INVESTORS, LLC) INTO OMWD’S SYSTEM AND ORDER A NOTICE OF COMPLETION FILED
C-f	CONSIDER A RESOLUTION GOVERNING THE DISTRICT’S GRANT APPLICATION TO UNITED STATES BUREAU OF RECLAMATION FOR FUNDING UNDER THE WATER INFRASTRUCTURE IMPROVEMENTS FOR THE NATION ACT PROGRAM FOR THE NORTH SAN DIEGO WATER REUSE 2020 PROJECT

C-g	CONSIDER APPROVAL OF THE ELEVENTH 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, SANTA FE IRRIGATION DISTRICT, AND CITY OF ESCONDIDO FOR JOINT FEDERAL LEGISLATIVE OUTREACH EFFORTS PERTAINING TO THE NORTH SAN DIEGO COUNTY REGIONAL RECYCLED WATER PROJECT
C-h	CONSIDER APPROVAL OF THE ELEVENTH AMENDMENT TO THE CONSULTING PROFESSIONAL SERVICES AGREEMENT WITH BLUEWATER STRATEGIES LLC FOR LEGISLATIVE OUTREACH SERVICES PERTAINING TO THE NORTH SAN DIEGO COUNTY REGIONAL RECYCLED WATER PROJECT
C-i	CONSIDER ACCEPTANCE OF THE DAVID C. MCCOLLOM WATER TREATMENT PLANT TRAIN 9 CONTROL WIRING PROJECT (SOUTHERN CONTRACTING COMPANY) INTO THE DISTRICT'S SYSTEM AND ORDER A NOTICE OF COMPLETION FILED

11. CONSIDER ADOPTION OF A RESOLUTION HONORING JEFF SWENERTON FOR 17 YEARS OF SERVICE ON THE ESCONDIDO CREEK CONSERVANCY BOARD OF DIRECTORS
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 MARCH 1, 2022
14. CONSIDER ADOPTION OF A RESOLUTION MAKING CEQA EXEMPTION FINDINGS FOR THE WATER RATE INCREASES AND DEMAND REDUCTION RATE ADJUSTMENTS AND ORDERING A NOTICE OF EXEMPTION BE FILED WITH THE COUNTY CLERK OF THE COUNTY OF SAN DIEGO
15. CONSIDER UPDATE ON THE COVID-19 EMERGENCY DECLARATION
16. PUBLIC HEARING TO CONSIDER ADJUSTMENTS TO OLIVENHAIN MUNICIPAL WATER DISTRICT'S DIRECTOR DIVISION BOUNDARIES (5:30 P.M.)
17. CONSIDER ADOPTION OF A RESOLUTION ADJUSTING DIRECTOR DIVISION BOUNDARIES
18. CONSIDER APPROVAL OF A CONTRACT WITH ORION CONSTRUCTION CORPORATION IN THE AMOUNT OF \$6,123,000 FOR THE CONSTRUCTION OF THE 4S RANCH NEIGHBORHOOD 1 SEWER PUMP STATION REPLACEMENT PROJECT AND INCREASE THE OVERALL PROJECT BUDGET BY \$2,900,000 AND AUTHORIZE THE GENERAL MANAGER TO SIGN ON BEHALF OF OMWD
19. 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 / BOARD COMMENTS
  
- 20. CORRESPONDENCE
  
- 21. AUTHORIZATION TO ATTEND UPCOMING MEETINGS / CONFERENCES / SEMINARS
  
- 22. FUTURE AGENDA ITEMS
  
- 23. CONSIDER PUBLIC COMMENTS
  
- 24. CLOSED SESSION
  - A) CONSIDER CLAIM – 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 LITIGATION – LYNXT ENTERPRISES, LLC VS. PARS SORRENTO VALLEY SCIENCE PARK 1, LP [PURSUANT TO GOVERNMENT CODE SECTION 54956.9] • Additional Facts: OMWD was served a complaint as a nominal defendant.
  
  - C) CONSIDER LITIGATION – OLIVENHAIN MUNICIPAL WATER DISTRICT VS. GEOMAT TESTING LABORATORIES, INC., ET AL. [PURSUANT TO GOVERNMENT CODE SECTION 54956.9]
  
- 25. OPEN SESSION
  
- 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 the District's website.

# Memo

Date: February 16, 2022  
To: Olivenhain Municipal Water District Board of Directors  
From: Kimberly A. Thorner, General Manager  
Subject: **CONSIDER IMPLEMENTING ASSEMBLY BILL 361 THAT PROVIDES THE ABILITY TO MEET REMOTELY DUE TO THE GOVERNOR'S PROCLAIMED STATE OF EMERGENCY UNDER MODIFIED BROWN ACT REQUIREMENTS**

---

## **Purpose**

The purpose of this item is to consider implementing Assembly Bill (AB) 361 that would provide the ability for all Brown Act meetings (board and committee) to continue to meet remotely due to the Governor's proclaimed state of emergency under modified Brown Act requirements for the next 30 days.

## **Recommendation**

With guidance from the General Counsel, staff recommends invoking AB 361 in order to continue with a virtual Brown Act meetings. It is recommended that board reassess the circumstances of the state of emergency at each subsequent board meeting to see if continuing under AB 361 is necessary, as the findings need to be reviewed every 30 days.

## **Alternative(s)**

The board could opt to not implement AB 361 and resume in person Brown Act meetings for all board members, staff, and public. Not implementing AB 361 would result in the requirement to adhere to previous Brown Act provisions that include posting the agenda at the publicly accessible teleconference site and would require publicly providing the location of those teleconferencing.

## **Background**

Beginning in March of 2020, Governor Newsom issued a series of Executive Orders in an effort to contain the spread of COVID-19. These Executive Orders (N-25-20, N-29-20, N-35-20) modified certain requirements of the Brown Act in order to continue with public meetings, public participation, and transparency safely during the pandemic.

While adhering to the Executive Orders, the district conducted its first public meeting virtually via Zoom video and teleconference in April of 2020. Since April of 2020, the district has conducted twenty virtual board meetings and over thirteen virtual standing committee meetings. The General Manager and staff have remained flexible and have successfully modified work flows to comply with the ever-changing emergency laws. OMWD has been dedicated to keeping staff and customers safe while keeping the water system safe and operational.

In June of 2021, the Governor rescinded the Brown Act modifications made in the previous Executive Orders that will be effective on September 30, 2021. On September 16, 2021, Governor Newsom signed AB 361, which extends virtual meetings for all Brown Act meetings (board and committee meetings) with conditions. These significant conditions include the following:

- There must be a proclaimed state of emergency.
- There are measures to promote social distancing.
- Agendas do not need to be posted at all teleconference locations nor do locations need to be identified.
- The agenda must include the meeting link or dial-in, so that members of the public may access the meeting.
- Members of the public must be allowed to address the board in real-time during the meeting.
- Public comments are no longer required to be submitted in advance.

AB 361 also has special provisions for technical glitches. In the event the meeting is disrupted, or if a technical issue on the district's end disrupts public comment, the board cannot take any further action on the agenda until the technical issue is resolved.

## **Fiscal Impact**

There is no cost associated with implementing AB 361.

## **Discussion**

As previously mentioned, on June 11, 2021, the Governor issued Executive Order N-08-21, which rescinds the modifications made to the Brown Act, effective September 30, 2021. After that date, all meetings subject to the Brown Act must comply with standard teleconference requirements as they existed prior to the pandemic or must comply with the newly passed requirements of AB 361. To continue with the virtual meeting format that gives the ability to attend Brown Act meetings virtually, the board will need to implement AB 361 at this board meeting in order to continue to hold virtual meetings so long as long as there is a state of emergency.

The board must also implement every 30 days that 1) the board has reconsidered the circumstances of the state of emergency and 2) the state of emergency continues to directly impact the ability of the members to meet safely in person or state or local officials continue to impose or recommend measures to promote social distancing.

Although subject to change, AB 361 provides the flexibility to meet virtually during a proclaimed emergency and will sunset on January 1, 2024. The General Manager and General Counsel are available to answer any questions the board may have.

# Memo

Date: February 16, 2022  
To: Olivenhain Municipal Water District Board of Directors  
From: Rainy 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 REPORT**

---

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

- January 2022 Summary of payment of listed warrants from the District's checking account and listed transfer of funds.
- January 2022 Monthly Summary of Reimbursement Expenses to Board Members and Staff.
- November 2021 Monthly Investment Report

Olivenhain Municipal Water District  
Proposed Motions for February 16, 2022 Board of Directors Meeting  
January 2022 Activities  
Consent Calendar Item # C-a

Proposed Motions:

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

Regular Account	warrants	030180 ✓	to	030390 ✓		\$ 1,623,739.71
	ACH Payments - Payroll					211,603.49
	ACH Payments - Wameworks					248.00
	ACH Payments - ACWA Membership Dues					25,760.00
	ACH Payments - ACWA Health Insurance					143,440.62
	Wire - SDCWA - Monthly Purchased Water Payment					2,325,622.40
	ACH Payments - Payroll					242,942.91
	Wire - SDCWA - Quarterly Capacity Fees					20,748.00
						\$ 4,594,105.13 ✓

Major Category of Disbursements

Total disbursements from the District's checking account:

\$ 1,623,739.71 ✓

Following is a breakdown of this total by major categories:

Category

Outside services	\$	886,910.50
Inventory and supplies		352,830.41
Utilities		260,801.99
Repairs and maintenance		23,053.01
Other		3,324.15
Refunds		10,074.87
Insurance		12,357.56
Permit Fees		74,387.22

	Total	\$	1,623,739.71 ✓
--	-------	----	----------------

Sincerely,



\_\_\_\_\_  
Rainy K. Selamat/Finance Manager

Olivenhain Municipal Water District  
Proposed Motions for February 16, 2022 Board of Directors Meeting  
January 2022 Activities

California Bank and Trust

Regular Account

warrants                      030180                      to                      030390                      \$                      1,623,739.71 ✓

1/6/2022 ACH Payments - Payroll	211,603.49
1/14/2022 ACH Payments - Wameworks	248.00
1/14/2022 ACH Payments - ACWA Membership Dues	25,760.00
1/14/2022 ACH Payments - ACWA Health Insurance	143,440.62
1/18/2022 Wire - SDCWA - Monthly Purchased Water Payment	2,325,622.40
1/20/2022 ACH Payments - Payroll	242,942.91
1/26/2022 Wire - SDCWA - Quarterly Capacity Fees	20,748.00
	<u>4,594,105.13</u>
	\$ 4,594,105.13 ✓

Approved:

For Board Consideration and Approval

**Olivenhain Olivenhain Municipal Water District  
January 2022 Warrant List**

Number	Date	Name	Amount	Inv Reference	Multiple Invoices?
030180	1/5/2022	4S Ranch Gasoline & Car Wash	457.07	Gasoline	
030181	1/5/2022	Ababa Bolt Inc	170.64	WTP SUPPLIES	
030182	1/5/2022	American Conservation & Billing Solutions, I	3,251.00	AQUAHAWK 1/1/22-2/1/22	
030183	1/5/2022	American Messaging	57.90	L1-072035	
030184	1/5/2022	Aqua Metric	116.69	ACT PACK CALIBRATION	
030185	1/5/2022	B. Weber Consulting LLC	4,646.25	CONSULTING SERVICES	
030186	1/5/2022	Bee Rescue LLC	480.00	BEE RMVL SERVICES	Yes
030187	1/5/2022	Boot World Inc	400.00	Safety Boots	Yes
030188	1/5/2022	California State Disbursement Unit	123.23	Employee Garnishment	
030189	1/5/2022	CDW Government Inc	716.24	SUPPLIES	Yes
030190	1/5/2022	Cynthia Altieri	28.16	REF:1058516_219445	
030191	1/5/2022	D&H Water Systems	5,605.18	WTP SUPPLIES	Yes
030192	1/5/2022	Deken Power, Inc	2,306.94	WTP SUPPLIES	
030193	1/5/2022	ECS Imaging Inc	4,495.00	LASERFICHE ASSURANCE PLAN	
030194	1/5/2022	Edco Waste & Recycling	427.79	25-4A 861816	Yes
030195	1/5/2022	Elizabeth Penniman	50.75	REF:1088880_201840	
030196	1/5/2022	ESS	1,985.85	ALARM MONITORING	Yes
030197	1/5/2022	Franchise Tax Board	382.87	Employee Garnishment	
030198	1/5/2022	G. Briest Consulting, Inc.	2,279.36	ENGINEER CONSULTING SERVICES	Yes
030199	1/5/2022	Grant General Contractors	1,257.80	REF:1012533_302980	
030200	1/5/2022	Hanson Aggregates Inc	524.01	Concrete & other supplies	Yes
030201	1/5/2022	Harrington Industrial	4,695.96	WTP SUPPLIES	
030202	1/5/2022	Industrial Solution Services, Inc.	9,298.69	40% Liquid Ammonium Sulfate Annual Purchase	
030203	1/5/2022	Infosend	19,413.78	11/21 WATER BILL STATEMENTS & MAINTENANCE FEE	Yes
030204	1/5/2022	L A Design Studio Inc	1,320.00	WEB DESIGN	
030205	1/5/2022	McMaster-Carr Supply Co.	1,211.46	WTP, PARKS SUPPLIES	Yes
030206	1/5/2022	MGM Plastics Inc	215.50	SUPPLIES	Yes
030207	1/5/2022	NBS	10,221.21	QTRLY ADMIN FEES	
030208	1/5/2022	Newco Inc.	16,655.14	Sodium Fluoride Purchase	Yes
030209	1/5/2022	NVS, Inc	12,675.98	MANCHESTER PIPELINE OUTREACH	Yes
030210	1/5/2022	O'Reilly Auto Enterprises LLC	752.44	SHOP SUPPLIES	Yes
030211	1/5/2022	Pacific Pipeline Supply	12,971.69	SUPPLIES	Yes
030212	1/5/2022	Paul Fridley	44.12	REF:1080671_205480	
030213	1/5/2022	Phyllis Jordanov	49.46	REF:1016430_100295	
030214	1/5/2022	PWLC I, INC	510.00	WTP TREE INSTALLATION	
030215	1/5/2022	RCP Block & Brick Inc	39.33	SUPPLIES	
030216	1/5/2022	Rockwell Solutions	24,726.53	Chopper pump for Mid-Point SPS	Yes
030217	1/5/2022	RS Instruments & Services	6,998.80	New Influent and Effluent flow meters for the 4S WRF	Yes
030218	1/5/2022	Samba Holdings Inc	349.17	DRIVER RECORD MONITORING	Yes
030219	1/5/2022	San Diego Gas & Electric	142,256.24	Utilities	Yes
030220	1/5/2022	Shea Homes	596.58	REF:1052276_302570	
030221	1/5/2022	SiteOne Landscape Supply, LLC	3,585.19	SUPPLIES	Yes
030222	1/5/2022	Standard Insurance Co.	5,692.58	1/22 LTD & LIFE INSURANCE PREM	
030223	1/5/2022	UniFirst Aid Corp	151.37	FIRST AID SUPPLIES	
030224	1/5/2022	US Bank	2,190.51	777321	
030225	1/5/2022	USA Blue Book	2,138.26	WWTP SUPPLIES	Yes
030226	1/5/2022	Vortex Industries	945.69	WWTP DOOR SERVICES	
030227	1/5/2022	Walter Seymour	84.40	REF:1030401_237220	
030228	1/5/2022	Water for People	60.00	WTRPL 1/6/2022	
030229	1/5/2022	West Yost & Associates, Inc	3,484.00	Support for Manchester Recycled Water site connections	Yes
030230	1/5/2022	Zhe Piao	4.91	REF:1026386_145600	
030231	1/12/2022	Aqua Metric	26,789.67	Inventory	Yes
030232	1/12/2022	Bay City Electric Works	601.46	RANCHO LAKES PUMP STATION #2	Yes
030233	1/12/2022	BKM Officeworks, LLC	3,169.35	Purchase New Desk for Engineering Supervisor	Yes
030234	1/12/2022	District Employee	140.00	COVID RAPID TEST REIMBURSEMENT	
030235	1/12/2022	CCL Contracting Inc.	332,791.65	Construction Services	Yes
030236	1/12/2022	CDW Government Inc	285.43	ZOOM ROOMS LICENSE	
030237	1/12/2022	Cintas First Aid & Safety	181.22	WWTP FIRST AID SUPPLIES	
030238	1/12/2022	City of Oceanside	1,046.92	WW LAB ANALYSIS SERVICES	
030239	1/12/2022	City Treasurer	9,068.37	620000109372	Yes
030240	1/12/2022	City Treasurer	493.94	12/21 METER CHARGE	

**Olivenhain Olivenhain Municipal Water District  
January 2022 Warrant List**

Number	Date	Name	Amount	Inv Reference	Multiple Invoices?
030241	1/12/2022	Corodata Shredding, Inc	77.87	PAPER SHREDDING SERVICES	
030242	1/12/2022	Dell Computers	18,558.96	VxRail Dell Memory Upgrade - 32GB - 2RX4 DDR4 RDIMM 2933MHz	Yes
030243	1/12/2022	Diversified Manufacturing of CA, Inc.	5,883.15	Leveling pins	Yes
030244	1/12/2022	DXP Enterprises, Inc.	2,078.34	WTP SUPPLIES	
030245	1/12/2022	Evoqua Water Technologies	220.70	4S WRF Headworks Odor Scrubber Maintenanc	Yes
030246	1/12/2022	Fallbrook Printing Corp	2,935.76	MANCHESTER AVE PIPELINE	Yes
030247	1/12/2022	Ferguson Enterprises Inc. #1083	2,634.70	6" & 8" Flange Bolt Kit W/Washer- SP-T1LBXWBZ/68	Yes
030248	1/12/2022	First Choice Technology	158.47	13001474	Yes
030249	1/12/2022	Global Power Group Inc	400.50	WWTP PM SERVICES	
030250	1/12/2022	Grangetto's Ag. Supply	924.37	SUPPLIES	Yes
030251	1/12/2022	Hadronex Llc	28,962.00	Service and Maintenance Agreement for Smartcover equipment	Yes
030252	1/12/2022	Hanson Aggregates Inc	535.13	RANCHO SERENA	Yes
030253	1/12/2022	Harrington Industrial Plastics Inc	5,037.53	WTP SUPPLIES	Yes
030254	1/12/2022	Hasa	4,792.34	WWTP CHEMICALS	
030255	1/12/2022	Home Depot/Gecf	2,964.14	12/21 SUPPLIES	Yes
030256	1/12/2022	Infrastructure Engineering Corporation	10,585.00	NBHD #1 SPS REPLACEMENT PJT	Yes
030257	1/12/2022	Interstate Battery Of San Diego Inc	603.52	SHOP BATTERIES	
030258	1/12/2022	Jeremy Ross	66.32	REF:1083256_102095	
030259	1/12/2022	Leighton Consulting Inc	10,497.74	Fortuna Del Este Percolation Testing	Yes
030260	1/12/2022	McMaster-Carr Supply Co.	122.97	SUPPLIES	
030261	1/12/2022	Mega Engineering Co	1,763.12	REF:1022253_302825	
030262	1/12/2022	Miscowater	608.79	WWTP SUPPLIES	
030263	1/12/2022	Naumann Hobbs - San Diego	453.42	WTP SERVICES	Yes
030264	1/12/2022	Newco Inc.	16,628.20	Sodium Fluoride Annual Purchase	Yes
030265	1/12/2022	NexusTek Phoenix	3,886.00	Cloud Support Services Software	Yes
030266	1/12/2022	Pacific Star Chemical, LLC	19,585.07	50% ACH annual purchase	Yes
030267	1/12/2022	Nossaman LLP	26,222.74	11/21 LEGAL SERVICES; Invoice 529100 for \$7,038.87, 529102 \$828.04, 529099, \$18,355.83	Yes
030268	1/12/2022	O'Reilly Auto Enterprises LLC	416.52	SHOP SUPPLIES	Yes
030269	1/12/2022	One Source Distributors	3,756.80	SUPPLIES	
030270	1/12/2022	Pacific Pipeline Supply	8,594.77	WTP SUPPLIES	Yes
030271	1/12/2022	Parkhouse Tire Inc	1,846.01	PUG5 SUPPLIES	Yes
030272	1/12/2022	District Employee	129.00	COVID RAPID TEST REIMBURSEMENT	
030273	1/12/2022	Piperin Corporation	31,920.00	Construction Contract	Yes
030274	1/12/2022	Productive Computing Inc	4,352.40	FILEMAKER ANNUAL LICENSE	
030275	1/12/2022	Republic Services	652.05	4-4530-0333405	
030276	1/12/2022	RTAC-Rhino Truck Accessory Center Inc.	19,700.00	Vault Upgrade Fairbanks FCF	Yes
030277	1/12/2022	Samba Holdings Inc	197.96	DRIVER RECORD MONITORING	
030278	1/12/2022	San Diego County Recorder	50.00	NOE FILING FEE-CIRCO DIEGUENO	Yes
030279	1/12/2022	San Diego Gas & Electric	36,253.48	0093555985416	Yes
030280	1/12/2022	San Elijo Joint Powers Auth.	12,950.40	12/21 7.6 AC/FT RECYCLED WTR	
030281	1/12/2022	Santa Fe Irrigation Dist	306.99	008128-011, 12/31/2021	Yes
030282	1/12/2022	Sean Bradford	28.82	REF:1062251_163470	
030283	1/12/2022	Southern Counties Lubricants, LLC.	6,099.31	UNLEADED & DIESEL FUEL	
030284	1/12/2022	SWRCB Accounting Office	70,037.72	ANNUAL SYSTEM FEES	
030285	1/12/2022	TS Industrial Supply	833.72	VAC 2 & 4 SUPPLIES	
030286	1/12/2022	USA Blue Book	378.25	WWTP SUPPLIES	
030287	1/12/2022	Verizon Connect Fleet USA, LLC	924.85	100000112726	
030288	1/12/2022	VWR International LLC	660.30	WTP SUPPLIES	
030289	1/12/2022	West Yost & Associates, Inc	825.16	Inspections/as-needed services 4S area	Yes
030290	1/12/2022	Westamerica Communications, Inc.	4,587.72	ANNUAL FINANCIAL RPT PRINTING	
030291	1/12/2022	Western Hose & Gasket	146.39	WTP SUPPLIES	
030292	1/19/2022	4S Ranch Gasoline & Car Wash	274.46	WWTP GASOLINE	
030293	1/19/2022	Aguirre & Associates	202.50	LAND SURVEYOR - GATY	
030294	1/19/2022	Alpha Mechanical, Inc	1,333.00	Preventative Maintenance HVAC Services DCMWTP	Yes
030295	1/19/2022	Also Energy Inc.	400.00	AGENCY REPORTING	
030296	1/19/2022	AT & T	961.63	9391056789	Yes
030297	1/19/2022	B. Weber Consulting LLC	4,803.75	CONSULTING SERVICES	
030298	1/19/2022	District Employee	129.00	COVID RAPID TEST REIMBURSEMENT	
030299	1/19/2022	District Employee	85.00	COVID RAPID TEST REIMBURSEMENT	
030300	1/19/2022	California State Disbursement Unit	123.23	ED100514-1/20/2022	
030301	1/19/2022	CDW Government Inc	1,362.67	SUPPLIES	Yes

**Olivenhain Olivenhain Municipal Water District  
January 2022 Warrant List**

Number	Date	Name	Amount	Inv Reference	Multiple Invoices?
030302	1/19/2022	Controlled Entry Specialists	1,142.00	WEST GATE DETECTION LOOPS	
030303	1/19/2022	Corodata	337.72	OFFSITE RECORDS STORAGE	
030304	1/19/2022	County Of San Diego	688.50	DEL NORTE HIGH SCHOOL	
030305	1/19/2022	County of San Diego, RCS	171.00	12/21 RADIO SERVICES	
030306	1/19/2022	Craneworks Southwest, Inc	161.69	F802 SUPPLIES	Yes
030307	1/19/2022	DLM Engineering Inc	11,271.31	ENGINEER CONSULTING SERVICES	Yes
030308	1/19/2022	Fallbrook Printing Corp	2,069.90	TRAIL MAPS	Yes
030309	1/19/2022	Ferguson Enterprises Inc. #1083	385.85	2" Mip X Quick Joint Coupling	Yes
030310	1/19/2022	G. Briest Consulting, Inc.	4,739.59	Construction Management/Consulting Engineer Services	Yes
030311	1/19/2022	Guardian	1,011.84	2/22 DENTAL ADMIN FEES	
030312	1/19/2022	Integrity Municipal Systems	1,303.00	WWTP PM SERVICES	
030313	1/19/2022	John Stevenson Plumbing &	344.93	OMWD HQ SERVICES	
030314	1/19/2022	District Employee	129.00	COVID RAPID TEST REIMBURSEMENT	
030315	1/19/2022	Ninyo & Moore	6,859.00	Geotechnical Services	Yes
030316	1/19/2022	O'Reilly Auto Enterprises LLC	236.64	PUB81 SUPPLIES	Yes
030317	1/19/2022	Karen Ogawa	648.83	MANCHESTER AVE RW PERMIT FEES	Yes
030318	1/19/2022	Otay Landfill	366.39	4-4531-0018538	
030319	1/19/2022	Palomar Health	200.00	EMPLOYEE SERVICES	
030320	1/19/2022	PWLC I, INC	15,198.00	WWTP TREE REMOVAL SERVICES	Yes
030321	1/19/2022	Rancho Santa Fe Community Svcs	12,647.97	12/21 15.91 AC/FT RECYCLED WTR	
030322	1/19/2022	Rockwell Solutions	7,077.72	WWTP SUPPLIES	Yes
030323	1/19/2022	San Diego Gas & Electric	60,713.23	0098 0006 6914 3	Yes
030324	1/19/2022	SiteOne Landscape Supply, LLC	83.78	SUPPLIES	
030325	1/19/2022	Steven L. Sherman DBA	2,947.50	Conservation landscape services-evaluation	Yes
030326	1/19/2022	District Employee	129.00	COVID RAPID TEST REIMBURSEMENT	
030327	1/19/2022	Two Oaks Sweeping LLC	542.50	HQ PARKING LOT SWEEPING SVCS	
030328	1/19/2022	Vallecitos Water District	48,616.46	RECLAIMED WATER SALES	
030329	1/19/2022	Water for People	60.00	WTRPL 1/20/2022	
030330	1/19/2022	WaterReuse Association - San Diego	225.00	MEMBERSHIP DUES	
030331	1/19/2022	Lawrence A Watt	127.68	ACWA CONF MILEAGE REIMB.	
030332	1/19/2022	West Yost & Associates, Inc	5,494.00	Support for Manchester Recycled Water site connections	Yes
030333	1/19/2022	Whitson CM	11,935.26	WWTP SITE INSPECTIONS	Yes
030334	1/26/2022	A.M. Ortega Construction, Inc.	1,704.20	REF:1000771_302895	
030335	1/26/2022	AG Tech Llc	1,657.08	WWTP BIOSOLIDS DISPOSAL	
030336	1/26/2022	American Conservation & Billing Solutions, Ii	3,251.00	AQUA HAWK 2/1-3/1/22	
030337	1/26/2022	Aqua Metric	12,295.00	BASESTATION LABOR	Yes
030338	1/26/2022	Ashwani Kereny	1,334.96	REF:1090105_302990	
030339	1/26/2022	AT & T	590.38	9391059578	Yes
030340	1/26/2022	Bay City Electric Works	369.38	WTP SERVICES & CONNEMARA PS PM SERVICES	Yes
030341	1/26/2022	CCL Contracting Inc.	191,173.25	Construction Services	Yes
030342	1/26/2022	CDW Government Inc	5,180.00	Senior Engineer	Yes
030343	1/26/2022	Controlled Entry Specialists	171.00	GATE REMOTES	
030344	1/26/2022	County Of San Diego	515.00	14177 RANCHO SANTA FE FARMS	
030345	1/26/2022	D&H Water Systems	780.00	WTP SUPPLIES	
030346	1/26/2022	Derek Mouzas	51.84	REF:1050464_237525	
030347	1/26/2022	DXP Enterprises, Inc.	3,617.48	WTP SUPPLIES	
030348	1/26/2022	Encina Wastewater Authority	9,530.00	WATER SAMPLES	
030349	1/26/2022	Gallade Chemical	2,614.84	WTP CHEMICALS	
030350	1/26/2022	George Haligowski	775.72	REF:1013244_165760	
030351	1/26/2022	Geoscience Support Svcs, Inc.	7,435.00	Consulting services	Yes
030352	1/26/2022	Gov't Fin. Officer Assoc	160.00	2022 MEMBERSHIP(154155001)	
030353	1/26/2022	Hanson Aggregates Inc	156.25	DUMP BOBTAIL - CONCRETE	
030354	1/26/2022	Jenna Latham	83.74	REF:1060957_196650	
030355	1/26/2022	Josh Westbrook	91.00	CWEA COLLECTIONS RENEW REIMB	
030356	1/26/2022	Krista Archibald	16.41	REF:1001081_209400	
030357	1/26/2022	Michael Chopp	134.33	REF:1083563_208610	
030358	1/26/2022	Monty Wilde	513.31	REF:1087659_302345	
030359	1/26/2022	Morton Salt Inc	4,865.80	WTP CHEMICALS	
030360	1/26/2022	Napa Auto Parts	35.01	PUB81 SUPPLIES	Yes
030361	1/26/2022	NexusTek Phoenix	4,694.00	Cloud Support Services Software	Yes
030362	1/26/2022	O'Reilly Auto Enterprises LLC	387.63	SUPPLIES	Yes

**Olivenhain Olivenhain Municipal Water District  
January 2022 Warrant List**

Number	Date	Name	Amount	Inv Reference	Multiple Invoices?
030363	1/26/2022	Otay Landfill	385.11	4-4531-0018538	
030364	1/26/2022	Pacific Pipeline Supply	5,567.62	Inventory	Yes
030365	1/26/2022	Jaroth Inc., dba	78.00	760-489-9971	
030366	1/26/2022	Parkhouse Tire Inc	1,215.30	SUPPLIES (PU27)	Yes
030367	1/26/2022	Patriot General Engineering	1,373.75	REF:1042897_303010	
030368	1/26/2022	Purchase Power	597.18	8000-9090-0674-5785	
030369	1/26/2022	Rincon Del Diablo Mwd	495.65	2022 CALENDARS	
030370	1/26/2022	Ryan Herco	14,142.86	Supplies	Yes
030371	1/26/2022	S D G & E	264.85	Utilities	
030372	1/26/2022	San Diego Gas & Electric	8,543.17	Utilities	Yes
030373	1/26/2022	Shannon Hayes	112.17	REF:1085814_195215	
030374	1/26/2022	SiteOne Landscape Supply, LLC	2,134.08	SUPPLIES	Yes
030375	1/26/2022	Southern Counties Lubricants, LLC.	6,065.13	UNLEADED FUEL	
030376	1/26/2022	Specialty Seals & Accessories	517.95	WTP SUPPLIES	
030377	1/26/2022	Standard Insurance Co.	5,653.14	2/22 LTD & LIFE INSURANCE PREM	
030378	1/26/2022	State Water Resources Control Board	3,146.00	ANNUAL PERMIT FEES	
030379	1/26/2022	Sunbelt Rentals, Inc.	2,492.25	MINI EXCAVATOR RENTAL	Yes
030380	1/26/2022	TASC	531.31	VEBA ADMIN FEES	
030381	1/26/2022	The Dumbell Man Fitness	680.00	FITNESS EQUIPMENT MAINTENANCE	Yes
030382	1/26/2022	Two Oaks Sweeping LLC	542.50	OMWD HQ LOT SWEEPING SVCS	
030383	1/26/2022	UniFirst Aid Corp	401.48	FIRST AID SUPPLIES	Yes
030384	1/26/2022	Univar Solutions Usa Inc	1,755.00	Chemicals	Yes
030385	1/26/2022	USA Blue Book	173.34	SUPPLIES	
030386	1/26/2022	Valley Construction Management	39,401.00	CONSTRUCTION MGMT SERVICES	Yes
030387	1/26/2022	West Coast Sand & Gravel	2,907.09	MATERIAL	Yes
030388	1/26/2022	White Cap Construction Supply	534.44	SUPPLIES	
030390	1/26/2022	Cogsdale Corporation	1,800.00	MEKORMA-CUSTOMIZATION	
			<u>1,623,739.71</u>		

**Olivenhain Municipal Water District**  
**Monthly Directors Fee and Reimbursed Expenses for Directors and Staff**  
**January 2022**

<u>Name</u>	<u>Payment Date</u>	<u>Check#/ Credit Card</u>	<u>Meals &amp; Lodging</u>	<u>Travel &amp; Transport</u>	<u>Other</u>	<u>Total Reimbursed Expenses</u>	<u>Directors Fee *</u>
Director Bruce-Lance			0.00	0.00	0.00	0.00	-
			0.00	0.00	0.00	0.00	0.00
Director Guerin			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
Director Topolovac			0.00	0.00	0.00	0.00	-
			0.00	0.00	0.00	0.00	0.00
Director Watt	1/19/2022	30331	0.00	127.68	0.00	127.68	-
			0.00	127.68	0.00	127.68	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	
Engineering Manager Hubbard			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	
Assistant General Manager Randall			0.00	0.00	0.00	0.00	
			0.00	0.00	0.00	0.00	
Customer Service Manager Carnegie	1/12/2022	30234	0.00	0.00	140.00	140.00	
			0.00	0.00	140.00	140.00	

\* If \$0 is shown, it is due to the timing of this report and when actual payment was made. For example, Director Fee payments for this month's report may have been made in the following month.

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, 2021**

**Active Deposits**

	<b>Book Value</b>
Checking Accounts	\$ 13,336,046
Cash Restricted for Specific Use	250,212
Petty Cash/Disaster Preparedness	1,476
Total Active Deposits	\$ 13,587,734 ✓

**Deposits Not Covered by Investment Policy**

Cash with Fiscal Agents	6,848,266
-------------------------	-----------

<b>Investments</b>	<b>Face Value</b>	<b>Market Value</b>	<b>Current Yield</b>	<b>Book Value</b>
LAIF	\$ 27,183,467	27,183,647	0.20%	\$ 27,183,467
CAMP - US Bank	9,534,520	9,534,520	0.05%	9,534,520
Money Market Funds	166,676	166,676	0.02%	166,676
Municipal Bonds	1,000,000	1,142,390	4.38%	1,216,760
U.S. Treasury Securities	2,000,000	1,994,800	1.00%	2,021,162
U.S. Agency Securities	31,876,111	31,483,963	0.55%	31,872,931
Total Investments	\$ 71,760,774	\$ 71,505,995	0.42% ✓	\$ 71,995,516

**Total - All Deposits/Investments**

**\$ 92,431,515** ✓

**Maturity Analysis of Investments**

	<b>Percent</b>	<b>Balance</b>
Demand Deposits	51.2%	\$ 36,884,662
Maturity within the next two months	0.0%	-
Maturity within three months and one year	1.4%	1,036,684
Maturity beyond one year	47.3%	34,074,169
<b>Total Investments</b>	<b>100.0%</b>	<b>\$ 71,995,516</b> ✓

**Weighted Average Days to Maturity** **644**

**Other Required Disclosures:**

Accrued interest receivable as of 11/30/2021 \$ 60,417

The above investments are in accordance with the portfolio limitations in the Investment Policy approved by the Board in December 2020.

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



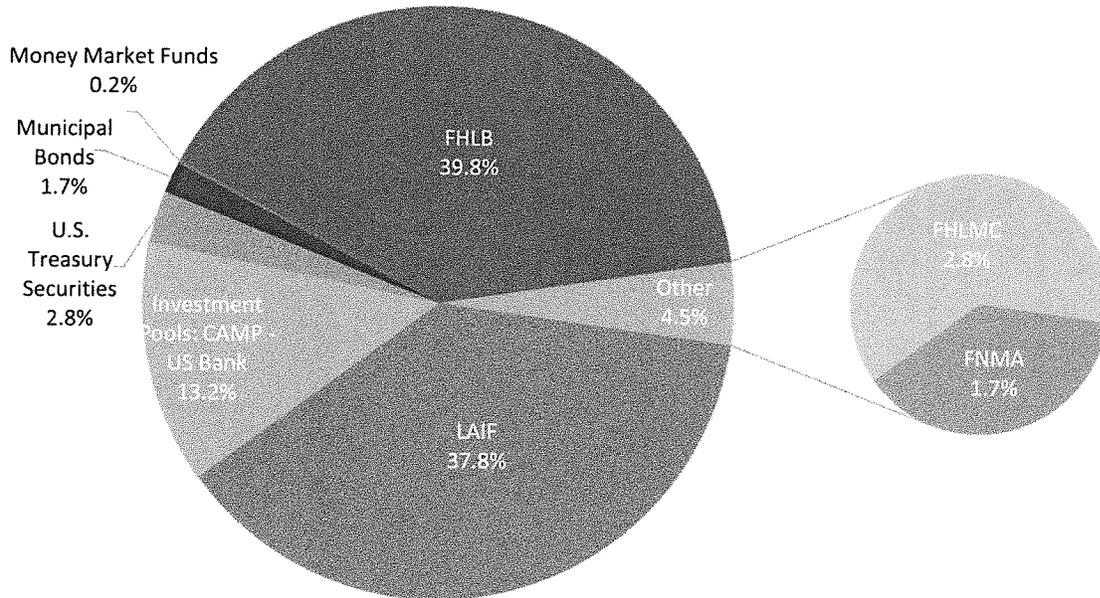
**Olivenhain Municipal Water District**  
**PORTFOLIO LIMITATIONS ANALYSIS PER INVESTMENT POLICY**  
**November 30, 2021**

	<u>Book Value</u>	<u>Percent</u>	<u>Permitted Percent</u>	<u>In Compliance?</u>
LAIF	\$ 27,183,467	37.8%	40.0% <sup>(1)</sup>	Yes
Investment Pools: CAMP - US Bank	9,534,520	13.2%	30.0%	Yes
U.S. Treasury Securities	2,021,162	2.8%	100.0% <sup>(2)</sup>	Yes
Municipal Bonds	1,216,760	1.7%	30.0%	Yes
Money Market Funds	166,676	0.2%	20.0% <sup>(3)</sup>	Yes
U.S. Agency Securities	31,872,931	44.3%	50.0%	Yes
<hr/>				
<i>FHLB</i> <i>Federal Home Loan Bank</i>	28,623,111	39.8%		
<i>FNMA</i> <i>Fannie Mae</i>	1,250,000	1.7%		
<i>FHLMC</i> <i>Freddie Mac</i>	1,999,820	2.8%		
<hr/>				
<b>Total Investments</b>	<b>\$ 71,995,516</b>	<b>100%</b>		

Note:

- <sup>(1)</sup> New limit of 40% approved by the board in May 2020.
- <sup>(2)</sup> No limit.
- <sup>(3)</sup> May not exceed 5% in any money market fund.

**TOTAL INVESTMENTS**



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

**Olivenhain Municipal Water District**  
**MONTHLY INVESTMENTS DETAIL**  
**November 30, 2021**

**ACTIVE DEPOSIT**

Checking A/C California Bank and Trust for General Purpose	13,336,046
California Bank and Trust for Specific Purpose	250,212
Petty Cash/Disaster Preparedness	1,476
<b>Total - Active Deposits</b>	<b>13,587,734</b>

**DEPOSITS NOT COVERED BY INVESTMENT POLICY**

**Cash with Fiscal Agents:**

Union Bank - RAD 96-1 Refunding Bond	240,291
Union Bank - 2015A Refunding Bond	601,875
SRF Loan	750,365
Union Bank - 2016A Refunding Bond	244,220
Union Bank - 2021A VW Revenue Bond	5,001,777
Union Bank - 2021B Refunding Bond	9,737
<b>Total Deposits Not Covered by Investment Policy</b>	<b>6,848,266</b>

	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							
<b>INVESTMENTS</b>													
<b>Invest. Pools:</b>			US Bank Calif. Asset Mgmt Prgm (CAMP)				1			0.05%	\$ 9,534,520	\$ 9,534,520	\$ 9,534,520
			State Local Agency Investment Fund (LAIF)				1			0.20%	27,183,647	27,183,467	27,183,467
			First American Government 31846V567				1			0.02%	166,676	166,676	166,676
<b>U.S. Treasury Notes/Bills</b>													
912826YH7	Aaa	-	03/09/21	02/28/26			1,552		1.50%	1.47%	1,019,530	1,000,000	1,036,684
91282CBQ3	Aaa	-	03/09/21	09/30/24			1,036		0.50%	0.51%	975,270	1,000,000	984,478
							<b>82</b>		<b>1.00%</b>	<b>1.00%</b>	<b>\$ 1,994,800</b>	<b>\$ 2,000,000</b>	<b>\$ 2,021,162</b>
<b>U.S. Agency Securities</b>													
3134GXKH6	Aaa	AA+	01/27/21	01/27/23	01/27/22		424	59	0.13%	0.13%	999,010	1,000,000	999,820
3130AJZJ1	Aaa	AA+	09/02/20	08/25/23	Anytime		634	1	0.32%	0.32%	1,149,569	1,151,111	1,151,111
3136G4P56	Aaa	AA+	08/26/20	02/26/24	08/26/22		819	270	0.40%	0.40%	1,245,575	1,250,000	1,250,000
3130ALHM9	Aaa	AA+	03/10/21	06/10/24	03/10/22		924	101	0.30%	0.30%	991,930	1,000,000	999,000
3130AKEW2	Aaa	AA+	11/04/20	11/04/24	Anytime		1,071	1	0.43%	0.44%	1,973,240	2,000,000	2,000,000
3134GWAQ9	Aaa	AA+	07/28/20	07/28/25	07/28/22		1,337	241	0.65%	0.66%	989,430	1,000,000	1,000,000
3130AKGX8	Aaa	AA+	12/15/20	12/15/25	12/15/21	12/15/21	1,477	16	0.20%	0.20%	1,974,100	2,000,000	2,000,000
3130AKMD5	Aaa	AA+	01/26/21	01/26/26	01/26/22		1,519	58	0.50%	0.51%	978,610	1,000,000	999,500
3130AKU53	Aaa	AA+	01/28/21	01/28/26	01/28/22		1,521	60	0.52%	0.53%	979,200	1,000,000	1,000,000
3130AKN69	Aaa	AA+	01/28/21	01/28/26	01/28/22		1,521	60	0.50%	0.51%	979,050	1,000,000	1,000,000
3130AKVN3	Aaa	AA+	01/29/21	01/29/25	01/29/22		1,522	61	0.52%	0.53%	979,170	1,000,000	1,000,000
3130AKWK8	Aaa	AA+	02/12/21	02/12/26	02/12/22		1,536	75	0.51%	0.52%	978,380	1,000,000	1,000,000
3130AKX43	Aaa	AA+	02/24/21	02/24/26	02/24/22	None	1,548	87	0.70%	0.71%	1,968,300	2,000,000	2,000,000
3130AL7M0	Aaa	AA+	02/24/21	02/24/26	02/24/22		1,548	87	0.63%	0.64%	981,720	1,000,000	1,000,000
3130AKYR1	Aaa	AA+	02/25/21	02/25/26	02/25/22		1,549	88	0.55%	0.56%	979,950	1,000,000	1,000,000
3130AL6K5	Aaa	AA+	02/25/21	02/25/26	02/25/22		1,549	88	0.58%	0.59%	980,950	1,000,000	1,000,000
3130ALD76	Aaa	AA+	02/25/21	02/25/26	02/25/22		1,549	88	0.70%	0.71%	984,090	1,000,000	1,000,000
3130ALCW2	Aaa	AA+	02/25/21	02/25/26	02/25/22		1,549	88	0.63%	0.64%	982,420	1,000,000	998,500
3130AL6Q2	Aaa	AA+	02/26/21	02/26/24	Anytime		819	1	0.22%	0.22%	991,420	1,000,000	1,000,000
3130ALGJ7	Aaa	AA+	03/23/21	03/23/26	12/23/21		1,575	24	1.00%	1.01%	962,169	975,000	975,000
3130ALPQ1	Aaa	AA+	03/30/21	03/30/26	12/31/21	03/30/22	1,582	32	0.50%	0.50%	993,160	1,000,000	1,000,000
3130ALVC5	Aaa	AA+	04/14/21	04/14/26	01/14/22	04/14/22	1,597	46	0.60%	0.60%	992,450	1,000,000	1,000,000
3130AMMV1	Aaa	AA+	06/03/21	06/03/24	12/03/21		917	4	0.40%	0.40%	497,020	500,000	500,000
3130AMKE1	Aaa	AA+	05/27/21	02/27/25	02/27/22		1,186	90	0.66%	0.67%	988,570	1,000,000	1,000,000
3130ANGN4	Aaa	AA+	08/18/21	02/18/25	02/18/22	02/18/23	1,177	81	0.35%	0.35%	983,510	1,000,000	1,000,000
3130ANSP6	Aaa	AA+	09/17/21	10/17/24	03/17/22		1,053	108	0.50%	0.51%	989,310	1,000,000	1,000,000
3130ANTP5	Aaa	AA+	09/16/21	09/16/24	03/16/22		1,022	107	0.50%	0.50%	992,410	1,000,000	1,000,000
3130APAY1	Aaa	AA+	10/21/21	10/21/26	01/21/22		1,787	53	1.10%	1.11%	992,060	1,000,000	1,000,000
3130APL78	Aaa	AA+	10/28/21	10/28/26	01/28/22		1,794	60	1.38%	1.38%	997,190	1,000,000	1,000,000
							<b>1,318</b>	<b>2,304</b>	<b>0.54%</b>	<b>0.55%</b>	<b>\$ 31,483,963</b>	<b>\$ 31,876,111</b>	<b>\$ 31,872,931</b>
<b>Municipal Bonds</b>													
882724RA7	Aaa	AAA	10/30/20	10/01/25			1,402		5.00%	4.38%	1,142,390	1,000,000	1,216,760
							<b>1,402</b>		<b>5.00%</b>	<b>4.38%</b>	<b>\$ 1,142,390</b>	<b>\$ 1,000,000</b>	<b>\$ 1,216,760</b>
<b>Total Investments</b>							<b>644</b>		<b>0.42%</b>	<b>0.42%</b>	<b>\$ 71,505,995</b>	<b>\$ 71,760,774</b>	<b>\$ 71,995,516</b>

**TOTAL AVAILABLE DEPOSITS AND INVESTMENTS**

\$ 32,491,516

Olivenhain Municipal Water District  
 INVESTMENTS TRANSACTION  
 November 30, 2021

**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, 2021**

<u>Water Funds (Potable &amp; Recycled)</u>	<u>Balance</u>
10050-100 Cash - Petty Cash Fund	1,476
10030-100 Cash - Capital and Equipment Fund	37,779,208
10010-100 Cash - Operating Fund	16,266,390
10060-100 Cash - Deposit Work for Other	62,325
10040-100 Cash - Rate Stabilization	12,125,355
14000-500 Restricted Cash - Capacity Fee Fund	5,173,686
<b>Total Water Funds (Potable &amp; Recycled)</b>	<b><u>71,408,439</u></b>
<u>Wastewater Funds</u>	
10010-110 Wastewater - Operating Fund	1,812,194
10030-110 Wastewater - Capital Replacement Fund	9,508,431
10040-110 Wastewater - Rate Stabilization Fund	2,603,973
<b>Total Wastewater Funds</b>	<b><u>13,924,598</u></b>
<u>Non Fiscal Agent Debt Service Cash</u>	
14020-570 Cash non-agent - RAD 96-1	239,011
10070-561 Cash non-agent - Bond 2015A	621
10070-581 Cash non-agent - Bond 2016A	10,580
<b>Total Non Fiscal Agent Debt Service Cash</b>	<b><u>250,212</u></b>
<u>Debt Service Funds</u>	
14030-510 SRF Loan - Fiscal Agent	750,365
14105-570 Redemption fund - RAD 96-1	187,379
14110-570 Reserve fund - RAD 96-1	52,912
14100-561 Redemption fund - Bond 2015A	601,875
14100-581 Redemption fund - Bond 2016A	244,220
14100-521 Redemption fund - CB&T 2021A	5,001,777
14100-522 Redemption fund - CB&T 2021B	9,737
<b>Total Debt Service Funds</b>	<b><u>6,848,266</u></b>
 <b>TOTAL FUND BALANCES</b>	 <b><u><u>92,431,515</u></u></b> ✓

# Memo

Date: February 16, 2022

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 2021 Monthly Statement of Net Position Report.
- November 2021 Statement of Revenues, Expenses, and Changes in Net Position Report.
- November 2021 Consolidated Statement of Cash Flows.
- November 2021 Monthly Consolidated Actual VS Budget Summary and explanation of significant variance report.
- November 2021 Construction In Progress Report.

OLIVENHAIN MUNICIPAL WATER DISTRICT  
Statement of Net Position (Unaudited)  
All Funds  
11/30/2021

**Assets**

Current assets:

Unrestricted assets:

Cash and cash equivalents	\$80,092,301
Accounts receivable - water and sewer, net	8,705,223
Interest Receivable	60,417
Taxes receivable	154,318
Other receivables	372,341
Inventories	1,418,387
Prepaid expenses and deposits	1,368,462
<b>Total unrestricted assets</b>	<u>92,171,448</u>

Restricted assets:

Cash and cash equivalents	12,069,505
Assesments receivable	66,841
Grants receivable	191,135
<b>Total restricted assets</b>	<u>12,327,482</u>
<b>Total current assets</b>	<u>104,498,930</u>

Noncurrent assets:

Capital assets, nondepreciable	45,071,626
Capital assets, depreciable/amortizable, net	335,872,642
<b>Capital assets, net</b>	<u>380,944,268</u>
Prepaid bond insurance	22,764
Other long-term receivables	32,650
<b>Total noncurrent assets</b>	<u>380,999,683</u>
<b>Total assets</b>	<u>485,498,613</u>

**Deferred Outflows of Resources**

Deferred amount on refunding	(1,118,230)
Deferred amount from pension	(3,585,712)
<b>Total deferred outflows of resources</b>	<u>(4,703,942)</u>

**Liabilities**

Current Liabilities

Liabilities payable from unrestricted assets:

Accounts payable	6,077,728
Accrued payroll	345,228
Customer deposits	358,299
Payable related to work in progress	52,391
Compensated absences, current portion	771,000
Current portion of long-term debt:	
Wastewater Revenue Bonds 2021A	245,740
Wastewater Refunding Revenue Bonds 2021B	419,070
Water Revenue Refunding Bonds 2016A	530,000
Water Revenue Refunding Bonds 2015A	1,750,000
Special Assessment Debt with Government Commi...	863,064
Notes Payable	799,072
<b>Total liabilities payable from unrestricted assets</b>	<u>11,546,782</u>

Liabilities payable from restricted assets:

Interest payable	708,521
<b>Total liabilities payable from restricted assets</b>	<u>708,521</u>
<b>Total current liabilities</b>	<u>12,255,303</u>

Noncurrent liabilities

Compensated absences	994,488
Net pension liability	14,608,845
Long-term debt, excluding current portion:	
Wastewater Revenue Bonds 2021A	4,796,400
Wastewater Refunding Revenue Bonds 2021B	3,513,900
Water Revenue Refunding Bonds 2016A	13,745,838
Water Revenue Refunding Bonds 2015A	13,824,924
Special Assessment Debt with Government Commi...	4,594,691
Notes Payable	11,162,925
<b>Total noncurrent liabilities</b>	<u>67,242,011</u>
<b>Total liabilities</b>	<u>79,497,314</u>

OLIVENHAIN MUNICIPAL WATER DISTRICT  
Statement of Net Position (Unaudited)

All Funds  
11/30/2021

Deferred Inflows of Resources	
Deferred amounts on pension	425,243
Total deferred inflows of resources	<u>425,243</u>

Net Position

Investment in Capital Assets, net of related debt	330,821,139
Restricted Net Position	6,614,696
Unrestricted Net Position	<u>72,179,352</u>
Total Net Position	<u><u>409,615,187</u></u>

OLIVENHAIN MUNICIPAL WATER DISTRICT  
Statement of Revenues, Expenses and Changes in Net Position (Unaudited)  
All Funds  
For the Five Months Ending 11/30/2021

	2022
<b>Operating Revenues:</b>	
Water Sales	\$26,824,973
Sewer Charges	344,214
Other Water Operating revenues	897,939
<b>Total Operating Revenues</b>	<b>28,067,125</b>
<b>Operating Expenses</b>	
Cost of Purchased Water Sold	14,049,428
Pumping and Water Treatment	1,442,187
Transmission and Distribution	1,742,506
Sewer Collection and Treatment	705,733
Elfin Forest Recreation Operations	163,765
Facilities Maintenance	455,318
Customer Service	857,196
General and Administrative	2,882,548
Depreciation and Amortization	4,537,850
<b>Total Operating Expenses</b>	<b>26,836,529</b>
<b>Operating Income (Loss)</b>	<b>1,230,596</b>
<b>Nonoperating Revenues (Expenses)</b>	
Investment income	98,478
Property taxes	395,557
Capacity charges	1,152,110
Benefit assessments	149,759
Other nonoperating revenues	1,119
Interest expense, net	(555,856)
Other nonoperating expenses	(110,776)
<b>Total nonoperating revenues (expenses)</b>	<b>1,130,390</b>
<b>Income before capital contributions</b>	<b>2,360,986</b>
<b>Capital contributions</b>	<b>8,047</b>
<b>Change in net position</b>	<b>2,369,033</b>
<b>Net Position, Beginning of year</b>	<b>407,246,154</b>
<b>Net Position, End of year</b>	<b>409,615,187</b>

OLIVENHAIN MUNICIPAL WATER DISTRICT  
CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)  
AS OF November 30, 2021

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Receipts from water and sewer customers	\$ 31,613,535
Payments for water	(14,896,753)
Payments for services and supplies	(4,662,513)
Payments for employee wages, benefits and related costs	(5,839,514)
<b>Net cash provided by operating activities</b>	<b>6,214,755</b>

**CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:**

Property taxes and benefit assessments received	518,456
<b>Net cash provided by noncapital and related financing activities</b>	<b>518,456</b>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:**

Acquisition and construction of capital assets	(3,486,815)
Proceeds from Grants	198,185
Principal paid on long-term debt	(5,051,869)
Proceeds from debt issuance	8,975,110
Interest paid on long-term debt	6,607
Capacity charges received	1,152,111
Other capital financing receipts (expenses)	(35,332)
<b>Net cash used by capital and related financing activities</b>	<b>1,757,997</b>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Investment income received	120,142
<b>Net cash provided (used) by investing activities</b>	<b>120,142</b>

**Net increase (decrease) in cash and cash equivalents** 8,611,350

**Cash and cash equivalents, beginning of year** 49,689,236

**Cash and cash equivalents, end of period** \$ 58,300,586

**FINANCIAL STATEMENT PRESENTATION:**

Cash and cash equivalents - current assets	48,494,030
Cash and cash equivalents - restricted assets	9,806,556
<b>Total cash and cash equivalents</b>	<b>\$ 58,300,586</b>

**CASH AND CASH EQUIVALENTS RECONCILIATION**

		Balance Includes Mkt Securities	Without Mkt Securities
Unrestricted cash	11/30/2021	80,092,301	48,494,030
Restricted cash	11/30/2021	12,069,505	9,806,556
<b>Total cash and cash equivalents</b>			<b>58,300,586</b>

OLIVENHAIN MUNICIPAL WATER DISTRICT  
Consolidated Actual vs Budget Summary  
For the Five Months Ending 11/30/2021

	Approved Budget	Actual YTD	Budget YTD	Variance Amt	Variance %	Notes
<b>Operating Revenues</b>						
Commodity Water Sales	\$41,465,000.00	\$20,536,525.86	\$21,219,000.00	(\$682,474.14)	(3.2%)	1
Water Fees and Services	17,917,000.00	7,186,385.88	7,467,100.00	(280,714.12)	(3.8%)	2
Sewer Revenue	5,435,000.00	344,213.62	404,000.00	(59,786.38)	(14.8%)	3
<b>Total Operating Revenues</b>	<b>64,817,000.00</b>	<b>28,067,125.36</b>	<b>29,090,100.00</b>	<b>(1,022,974.64)</b>	<b>(3.5%)</b>	
<b>Operating Expenses</b>						
Purchased Water - Variable	22,350,000.00	10,641,815.30	10,680,150.00	38,334.70	0.4%	1
Purchased Water - Fixed	8,316,000.00	3,407,612.50	3,407,695.00	82.50	0.0%	
General Manager Dept	1,922,000.00	707,196.77	801,150.00	93,953.23	11.7%	4
Engineering Dept	2,196,000.00	788,338.87	915,350.00	127,011.13	13.9%	4
Finance Dept	1,556,000.00	599,500.60	648,250.00	48,749.40	7.5%	4
Customer Service Dept	2,628,800.00	942,187.62	1,096,430.00	154,242.38	14.1%	4
Human Resources Dept	713,600.00	300,388.19	297,500.00	(2,888.19)	(1.0%)	4
Water Operations and Maintenance Dept	10,995,000.00	3,803,646.29	4,583,695.00	780,048.71	17.0%	4
Parks Dept	442,300.00	178,464.93	184,680.00	6,215.07	3.4%	4
Sewer Operations and Maintenance Dept	2,774,000.00	1,071,523.48	1,156,265.00	84,741.52	7.3%	4
Recycled Water Operations Dept	1,222,500.00	462,757.22	509,900.00	47,142.78	9.2%	4
Paygo Transfers						
Water Operations	7,900,000.00	3,290,000.00	3,290,000.00		0.0%	
Recycled Operations	2,200,000.00	915,000.00	915,000.00		0.0%	
Capitalized Operations Expenditures	(1,530,470.00)	(271,902.54)	(638,450.00)	(366,547.46)	57.4%	5
<b>Total Operating Expenses</b>	<b>63,685,730.00</b>	<b>26,836,529.23</b>	<b>27,847,615.00</b>	<b>1,011,085.77</b>	<b>3.6%</b>	
<b>Net Operating Income (Loss)</b>	<b>1,131,270.00</b>	<b>1,230,596.13</b>	<b>1,242,485.00</b>	<b>(11,888.87)</b>		
<b>Nonoperating Revenues</b>						
Water Funds	5,875,000.00	458,219.79	573,500.00	(115,280.21)	(20.1%)	6
Debt Service Funds	1,049,000.00	149,852.04	143,100.00	6,752.04	4.7%	
Sewer Funds	39,000.00	5,410.13	16,500.00	(11,089.87)	(67.2%)	
Recycled Water Funds	60,000.00	9,612.56	24,900.00	(15,287.44)	(61.4%)	
<b>Total Nonoperating Revenue</b>	<b>7,023,000.00</b>	<b>623,094.52</b>	<b>758,000.00</b>	<b>(134,905.48)</b>	<b>(17.8%)</b>	
<b>Nonoperating Expense</b>						
Capacity Fee Funds	30,000.00	11,989.84	12,400.00	410.16	3.3%	
Debt Service Funds	1,393,620.00	649,710.78	583,900.00	(65,810.78)	(11.3%)	7
Potable Water Funds	10,000.00	4,932.02	4,000.00	(932.02)	(23.3%)	
<b>Total Nonoperating Expense</b>	<b>1,433,620.00</b>	<b>666,632.64</b>	<b>600,300.00</b>	<b>(66,332.64)</b>	<b>(11.0%)</b>	
<b>Inc before Cap Fees and Capital Contributions</b>	<b>6,720,650.00</b>	<b>1,187,058.01</b>	<b>1,400,185.00</b>	<b>(213,126.99)</b>		
Capacity Fee Funds	745,000.00	1,173,927.95				8
Capital contributions	1,655,000.00	8,047.42				
<b>Change in Net Position</b>		<b>2,369,033.38</b>				

OLIVENHAIN MUNICIPAL WATER DISTRICT  
Actual vs Budget Variance  
For the Five Months Ending 11/30/2021

1. Water Sales revenue was lower than Budget YTD by approximately \$680 thousand resulting in an unfavorable variance of 3.2%. The negative variance is primarily due to decreased water consumption than budgeted from wet weather conditions in September and October, and adjustments for unbilled water estimates. Consequently, purchased water variable expenses was less than Budget YTD for a favorable variance of \$38 thousand or 0.4%.
2. Water Fees and Services revenue was lower than Budget YTD by approximately \$280 thousand resulting in an unfavorable variance of 3.8% due to a higher than actual unbilled water fixed revenue estimate and selling of treated water included in the budget.
3. Sewer Revenue was lower than Budget YTD for an unfavorable 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.
4. 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.
5. Actual Capitalized Operating Expenses were lower than the Budget YTD due to timing of capitalized labor spent on District projects, such as the Manchester Potable and Recycled Pipeline Replacement projects. The Budget YTD amount assumes expenditures are incurred evenly throughout the year.
6. Actual Non-operating Revenues – Water Funds were less than Budget YTD for an unfavorable variance due to the timing of property tax revenues received from the County. Actual revenues are expected to align with Budget YTD as the year progresses.
7. Actual Non-Operating Expenses – Debt Service Funds were greater than Budget YTD for an unfavorable variance due to cost of issuance fees on the 2021A and 2021B sewer bonds issued in October.
8. Actual YTD Capacity Fee Funds were greater than Approved Budget due to timing of wastewater (sewer) capacity and annexation fees collected on the Avion development.

**Construction Work In Progress Report as of 11/30/2021**

<b>Project Name</b>	<b>Budget</b>	<b>Appropriation to Date</b>	<b>Expenditures &amp; Encumbrance</b>	<b>(Over) / Under</b>
New and Remodeled Facilities	\$35,387	\$35,387	\$29,409	\$5,978
Replace El Camino Real PL	\$4,960,000	\$4,960,000	\$4,947,751	\$12,249
Manchester Recyc PL Exten.	\$4,634,000	\$4,634,000	\$654,950	\$3,979,050
San Dieguito Desalination	\$42,837,000	\$4,262,000	\$3,830,295	\$431,705
Manchester Potable Pipeline	\$4,198,000	\$4,198,000	\$3,079,421	\$1,118,579
Replace Neighborhood 1 SPS	\$4,832,000	\$2,534,000	\$559,890	\$1,974,110
Replace Valves	\$9,121,000	\$1,044,000	\$564,338	\$479,662
DCMWTP PH Control System	\$737,000	\$737,000	\$128,663	\$608,337
Replace DCMWTP Membranes	\$8,336,000	\$725,000	\$676,342	\$48,658
Fixed Base AMI	\$3,278,000	\$627,000	\$83,860	\$543,140
Pipeline Replace. Assessment	\$590,000	\$590,000	\$587,707	\$2,293
Replace Pipelines	\$8,019,950	\$541,000	\$2,239	\$538,761
Replace Headworks Manual Sys	\$3,160,000	\$503,000	\$350,290	\$152,710
Residuals Handling Bldg Canopy	\$482,000	\$482,000	\$73,927	\$408,073
PRS Replacements	\$3,451,000	\$453,000	-	\$453,000
Lone Jack PRS	\$340,000	\$340,000	\$121,566	\$218,434
DCMWTP Analyzer Replace.	\$727,000	\$305,000	\$256,919	\$48,081
Hydropower Turbine Refurb	\$600,000	\$300,000	\$499	\$299,501
Steel Mains Protection	\$3,120,000	\$270,000	\$21,282	\$248,718
Replace Potable Meters	\$4,042,000	\$270,000	\$71,193	\$198,807
Rehab Concrete Tanks	\$727,000	\$253,000	\$187,258	\$65,742
Pot & Recycled Master Plan	\$524,000	\$228,000	\$6,604	\$221,396
Stratford HOA Pipeline Repair	\$213,050	\$213,050	\$95,343	\$117,707
Network User Enhancements	\$200,000	\$200,000	\$126,884	\$73,116
Parking & Access Improvements	\$265,000	\$191,000	\$27,832	\$163,168
District-Wide PLC replacements	\$1,618,000	\$166,000	\$93	\$165,907
Rancho La Cima/Aliso Canyon PL	\$165,000	\$165,000	\$63,152	\$101,848
Replace WW Pumps/ Motors/Equip	\$1,799,000	\$156,000	\$37,506	\$118,494
DCMWTP 4th Stage Centrifuge	\$1,040,000	\$104,000	-	\$104,000
Replace Meter Anodes	\$1,496,000	\$100,000	\$6,119	\$93,881
RSFe Rd Unit A North PL	\$1,748,000	\$97,000	\$9,568	\$87,432
Retrofit Pot. Service to Recyc	\$1,267,000	\$97,000	\$13,412	\$83,588
Network Security	\$1,126,000	\$84,000	\$1,560	\$82,440
Replace Pot. Pumps and Motors	\$1,026,000	\$81,000	\$27,330	\$53,670
Village Park PRS	\$80,000	\$80,000	\$408	\$79,592
Gardendale PRS	\$80,000	\$80,000	\$408	\$79,592
Palms I and II Reservoirs	\$1,307,000	\$73,000	\$72,785	\$215
District-Wide Facility Securit	\$70,000	\$70,000	\$18,789	\$51,211
Train 9 Control Wiring	\$64,000	\$64,000	-	\$64,000
Rancho Cielo Manhole Lining	\$539,000	\$47,000	\$46,330	\$670
Vault Upgrades	\$105,000	\$46,825	-	\$46,825
Landscape HQ Courtyards	\$45,000	\$45,000	-	\$45,000
4S Physical Security Upgrades	\$35,000	\$35,000	-	\$35,000
4S System Manhole Lining	\$189,000	\$16,000	\$14,500	\$1,500
WRF Phone System Upgrade	\$16,000	\$16,000	-	\$16,000
Meter Replacement, Recycled	\$164,000	\$14,000	\$2,015	\$11,985
WW Master Plan	\$76,000	\$2,000	-	\$2,000
Chlorine Generation Cell		\$0	\$22,804	(\$22,804) #
<b>Total:</b>	<b>\$123,484,387</b>	<b>\$30,534,262</b>	<b>\$16,821,236</b>	<b>\$13,713,026</b>

# Emergency project within GM approval

# Memo

Date: February 16, 2022  
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 2022**

---

## **Purpose**

The purpose of this agenda item is to finalize OMWD's annual objectives and stretch objectives for calendar year 2022.

## **Recommendation**

Staff recommends approval of the 2022 annual objectives and stretch objectives.

## **Alternative(s)**

- The board may choose to further modify the 2022 annual or stretch objectives.
- The board may direct staff as otherwise deemed appropriate.

## **Background**

The board reviewed and provided comments on 73 annual objectives and 10 stretch objectives at the January 19, 2022 board meeting. The following objectives were revised after incorporating board direction:

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

*Original Objective 3: Implement satellite leak detection program and present findings to Facilities Committee*

Revised Objective 3: Partner with Asterra on satellite leak detection program and present findings to Facilities Committee

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

*Original Objective 28: Investigate alternatives for photovoltaic system at Elfin Forest Interpretive Center Honoring Susan J. Varty to meet year-round power demands; submit project for consideration in fiscal year 2023 capital budget*

Revised Objective 28: Investigate cost/benefit alternatives for photovoltaic systems at Elfin Forest Interpretive Center Honoring Susan J. Varty to meet year-round power demands; submit a project for consideration in fiscal year 2023 annual budget

The following objectives were added after incorporating board direction:

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

Objective 37: In coordination with local law enforcement, conduct active shooter training education/drills

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

Objective 45: Continue to work with SWRCB on options/potential for a 4S WRF discharge permit and report findings to Facilities Committee

**Goal: Minimizing all of the District's operational costs while maintaining a high level of customer service.**

Objective 51: Review current and potential cost-sharing and/or resource-sharing opportunities with other local agencies; present to a board committee

**Goal: 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 60: Add a minimum of 500 households to My Water Use portal

Objective 61: Explore outreach efforts to increase customer e-newsletter participation by 500 subscribers

Objective 62: Update webpage to enhance user experience, including making the encroachment permit process and rebate programs more easily accessible

Due to cost increases in the construction industry, resulting in bids for current CIP projects coming in higher than the engineer's estimates, staff revised the 10-year CIP schedule. This resulted in the postponement of a project listed as a proposed 2022 annual objective in January. The following objective has been removed:

Goal: 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 10: Complete the final design of the 4S WRF Pond Overflow Strainer Replacement Project~~

There are now 78 annual objectives and 10 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 and included in the annual budget.

### **Discussion**

Pending board approval, the attached objectives will be included in the 2022 update to OMWD's Strategic Plan. 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 presentation on 2022 objectives and cost savings will be provided at the October 19 board meeting, with a final status report on 2022 objectives included on the January 2023 Consent Calendar.

*Attachments: Annual Objectives PowerPoint Presentation*

# 2022 Annual Objectives

February 16, 2022

Board of Directors Meeting



# 2022 Annual Objectives

- A total of 78 objectives and 10 stretch objectives are proposed for calendar year 2022

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

**Objective**

1. Complete Train 2 membrane replacement at David C. McCollom Water Treatment Plant and commence membrane replacement of one additional train depending on the priority needs of the trains
2. Complete a condition assessment and structural integrity analysis of the DCMWTP membrane basins and chemical feed rooms
3. Partner with Asterra on satellite leak detection program and present findings to Facilities Committee
4. Complete construction of the DCMWTP pH Control System Project
5. Complete construction of the Manchester Avenue Potable Water Pipeline Replacement Project
6. Complete construction of the Lone Jack Pressure Reducing Station Replacement Project
7. Complete preliminary design for the Unit A North Rancho Santa Fe Road Potable Water Pipeline Replacement or Rehabilitation Project
8. Outside of bird breeding season, complete maintenance of five impacted easements

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

### Objective

**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 preliminary design for the 4S Ranch Water Reclamation Facility Headworks Screening System Project
10. Make five new connections to the recycled water distribution system
11. Commence design of Extension 153 Flow Control Facility
12. Commence construction of the Manchester Avenue Recycled Water Pipeline Project
13. Commence construction of the 4S Ranch Neighborhood 1 Sewer Pump Station Replacement Project

**Stretch:**

- Make two additional new connections to the recycled water distribution system beyond Objective 10 above

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

#### Objective

14. Continue education program for elementary schools in partnership with the Escondido Creek Conservancy as COVID restrictions allow, providing at least 1,000 students with in-person field trips to EFRR
15. Utilize volunteer groups such as San Diego Mountain Bike Association and EFRR trail patrol for two trail maintenance/repair projects as COVID restrictions allow
16. Participate in I Love a Clean San Diego Creek to Bay Cleanup event if COVID restrictions allow
17. Begin sixteenth annual photo contest if COVID restrictions allow
18. Conduct second round of oak tree monitoring for signs of Golden Spotted Oak Borer damage; report findings to EFRR Executive Committee with recommendations
19. Host water conservation workshop at Elfin Forest Interpretive Center Honoring Susan J. Varty if COVID restrictions allow
20. Investigate pedestrian safety along main driveway; report findings to EFRR Executive Committee with recommendations
21. Commemorate EFRR's 30<sup>th</sup> anniversary

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

#### Objective

22. Address maintenance demands on Ridgeline Maintenance Road by installing stabilized decomposed granite between Escondido Overlook and end of maintenance road
23. Replace fencing at Ridgetop Picnic Area and lower section of Cielo Trail

#### Stretch:

- Cooperate with I Love a Clean San Diego on additional clean-up day if COVID restrictions allow
- Work with volunteer groups on two additional trail maintenance events if COVID restrictions allow

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

##### **Objective**

24. Commence overhaul and rehabilitation of one DCMWTP energy recovery turbine to ensure continuous energy savings
25. Continue partnerships with energy providers and third-party consultants to optimize energy costs
26. Install power monitoring equipment at a recycled water pump station and collect data on SCADA to be used for future energy intensity recording
27. Investigate cost/benefit alternatives for photovoltaic systems at Elfin Forest Interpretive Center Honoring Susan J. Varty to meet year-round power demands; submit a project for consideration in fiscal year 2023 annual budget

##### **Stretch:**

- Install power monitoring equipment at one additional recycled water pump station beyond Objective 26

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

**Objective**

28. Update Administrative and Ethics Code, Employee Handbook, and Compensation Policy to comply with new employee Memorandum of Understanding
29. Prepare staffing analysis succession planning document; present to Personnel Committee and full board
30. Add two less expensive ACWA HMO and PPO health insurance plans; make available to employees at open enrollment
31. Conduct employee morale survey in early October; meet with HEART Committee to review results and help determine the success of the 4/10 work schedule and remote work trial programs
32. Enhance employee health and wellness by providing quarterly wellness-related trainings and one wellness challenge
33. Conduct employee focus groups with General Manager
34. Develop and implement a network security training incentive program for employees

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

**Objective**

- 35. Complete installation of irrigation and plants in courtyards at headquarters
- 36. In coordination with local law enforcement, conduct active shooter training education/drills

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

**Objective**

- 37. Complete and submit to Department of Water Resources the first Annual Water Supply and Demand Assessment
- 38. Complete and submit to DWR the Annual Water Loss Audit using DWR's updated reporting criteria
- 39. Resume disconnections for non-payment in compliance with Senate Bill 998 (2018) upon discontinuation of the statewide moratorium
- 40. Enhance experience of in-house staff by completing replacement of 50 valves in support of the Valve Replacement Project
- 41. Complete self audit of the Sewer System Management Plan
- 42. Conduct Public Health Goal public hearing by June 2022 to complete the State Water Resources Control Board Division of Drinking Water's tri-annual requirement
- 43. File application with SWRCB to remove the industrial permit status for the 4S WRF for the purpose of securing a Storm Water Pollution Prevention Plan exemption

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

**Objective**

44. Continue to work with SWRCB on options/potential for a 4S WRF discharge permit and report findings to Facilities Committee
45. Based upon stormwater-related regulatory requirements, identify improvements to the headquarters site to enhance the site SWPPP, ensure regulatory compliance, and reduce potential violation exposure; present findings to Facilities Committee
46. Continue interdepartmental SWPPP committee to provide greater oversight for stormwater issues at headquarters and 4S WRF; conduct four quarterly meetings

**Stretch:**

- Complete replacement of 10 additional valves beyond Objective 40

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

### **Objective**

47. Continue to pursue local, state, federal, and private grant funding to offset costs
48. Upgrade to latest version of customer payment portal to facilitate autopay enrollment and eBilling for consolidated customers
49. Complete Phase 7 of the AMI Expansion Project
50. Review current and potential cost-sharing and/or resource-sharing opportunities with other local agencies; present to a board committee

### **Stretch:**

- Achieve one or more new grant awards

**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**

51. Achieve District of Distinction and District Transparency Certificate of Excellence re-accreditation from Special District Leadership Foundation
52. Conduct comprehensive customer survey to measure customer satisfaction
53. Implement campaign to raise customer awareness of conservation-related resources and water use restrictions should they become mandated
54. Continue to develop messaging to protect customers' interests and to ensure customer awareness of SWRCB water use efficiency regulations and new legislative requirements
55. Partner with local businesses, vendors, and community organizations on a public service announcement and/or event
56. Complete redistricting process in advance of November 2022 general election
57. Complete installation of demonstration garden to model water-efficient landscaping for customers
58. Commemorate DCMWTP's 20th anniversary

**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**

59. Add a minimum of 500 households to My Water Use portal
60. Explore outreach efforts to increase customer e-newsletter participation by 500 subscribers
61. Update webpage to enhance user experience, including making the encroachment permit process and rebate programs more easily accessible

**Stretch:**

- Win award from CSDA, ACWA, 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**

- 62. Complete fiscal year 2022 Annual Comprehensive Financial Report
- 63. Research and develop Pension Funding Policy; present to Finance Committee and full board
- 64. Complete Capital Assets Guidelines for GASB 87 implementation on leases
- 65. Complete the Fiscal Years 2022 and 2023 Biennial Operating and Capital Budget
- 66. Review and update water and sewer rates and charges
- 67. Update water capacity fees
- 68. Implement Rate Reimbursement Credit program
- 69. Expand Electronic Fund Transfer payment process to avoid fraudulent checks

**Stretch:**

- Keep OMWD's planned revenue adjustment at 5% or below for fiscal year 2023

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

**Objective**

- 70. Commence planning documents for the Potable and Recycled Water Master Plan
- 71. Complete the Long-Term CIP Study and report findings to Facilities Committee
- 72. Create Pipeline Sampling Program for data collection and infrastructure assessment

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

### **Objective**

73. Continue investigations to determine viability for the San Dieguito Valley Groundwater Project and present update to board at the March 30 special board meeting

#### **Stretch:**

- Continue working with DWR/SWRCB for a variance for the urban water use objective for recycled water with high TDS

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

**Objective**

- 74. Coordinate with Registrar of Voters on the 2022 general election process for board members
- 75. Engage and influence SWRCB regulations and water use efficiency legislation utilizing OMWD's advocate in Sacramento
- 76. Revisit position on Delta Conveyance with board when the EIR is released in summer 2022
- 77. Revisit position on Regional Conveyance with board at the completion of Phase B
- 78. Work with SDCWA on development of its 2023 rates and five-year financial plan development

# Memo

Date: February 16, 2022  
To: Olivenhain Municipal Water District Board of Directors  
From: Geoff Fulks, Operations Manager  
Via: Kimberly A. Thorner, General Manager  
Subject: **CONSIDER ACCEPTANCE OF THE CIRCO DIEGUENO COURT EMERGENCY LEAK REPAIR PROJECT (C.E. WILSON CORPORATION) INTO OMWD'S SYSTEM AND ORDER A NOTICE OF COMPLETION FILED**

---

## **Purpose**

The purpose of this agenda item is to consider acceptance of the Circo Diegueno Emergency Leak Repair project (C.E. Wilson Corporation) into the Olivenhain Municipal Water District (OMWD) 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)**

None; Emergency work to repair the leak has been completed.

## **Background**

Circo Diegueno Court is located in Director Division 1 (Topolovac) and contains a 12-inch pipeline constructed in 1983 within a 20-foot wide easement. This pipeline is an

important asset in OMWD's potable water system to maintain high water quality and supply reliability in the area.

On Tuesday, January 4, 2022 while monitoring SCADA trends, staff discovered an overnight increase in water usage of about 1000 gallons per minute (gpm) in the south western service area of Fairbanks Ranch area served by the Zorro reservoir. On Wednesday, January 5, staff discovered the location of the leak under a large driveway off Circo Diegueno Court. The decorative concrete driveway and surrounding retaining wall at the location of the leak were illegal encroachments over OMWD's pipeline with no documented encroachment permit on file. OMWD shut the leak down and was able to install temporary highline to keep customers in water.

On January 5, 2022 the General Manager declared an Emergency pursuant to Administrative and Ethics Code, Section 3.2.1. The Board awarded a contract to C.E. Wilson at the January 19, 2022 meeting for the leak repairs and approved the filling of a Notice of Exception with San Diego County.

### **Fiscal Impact**

The work is complete and no new funds for this emergency project are required.

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

In which FY did this capital project first appear in the CIP budget? **FY 21/22**

Total Project Budget: **\$215,000**

Current Fiscal Year Appropriation: **\$215,000**

To Date Approved Appropriations: **\$215,000**

Target Project Completion Date: **January 7, 2022**

Expenditures and Encumbrances as of (February 8, 2022): **\$36,936**

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

Repairs to the pipeline were completed on January 7, 2022 by C.E. Wilson. OMWD required geo-technical inspection and soil testing to backfill and compact the repair site. Utilizing OMWD's as-needed agreement with Ninyo & Moore, a technician was on site for the backfill and compaction of the excavated site. OMWD will not be restoring paving to the driveway as it was an unauthorized encroachment of OMWD facilities. Staff will follow up with the current owners of the property to rectify the unauthorized encroachments.

Staff is available to answer any questions.

*Attachment(s):*

*Photographs;*

*Notice of Completion;*

*Location Map*

*Repair site backfill and compaction*





**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 Circo Diegueno Court Emergency Leak Repair Project located at 5974 Rancho Diegueno Road, in the City of San Diego, County of San Diego, State of California for which the OLIVENHAIN MUNICIPAL WATER DISTRICT ("Owner," in fee, of the facilities), headquartered at 1966 Olivenhain Road, Encinitas, CA 92024, contracted with CE WILSON CORPORATION, ("Contractor"), located at 632 Grand Avenue, Spring Valley, CA 91977, have been completed in accordance with District specifications as of January 7, 2022. The facilities have been accepted by the Board of Directors of the OLIVENHAIN MUNICIPAL WATER DISTRICT on this 16th day of February, 2022.

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.

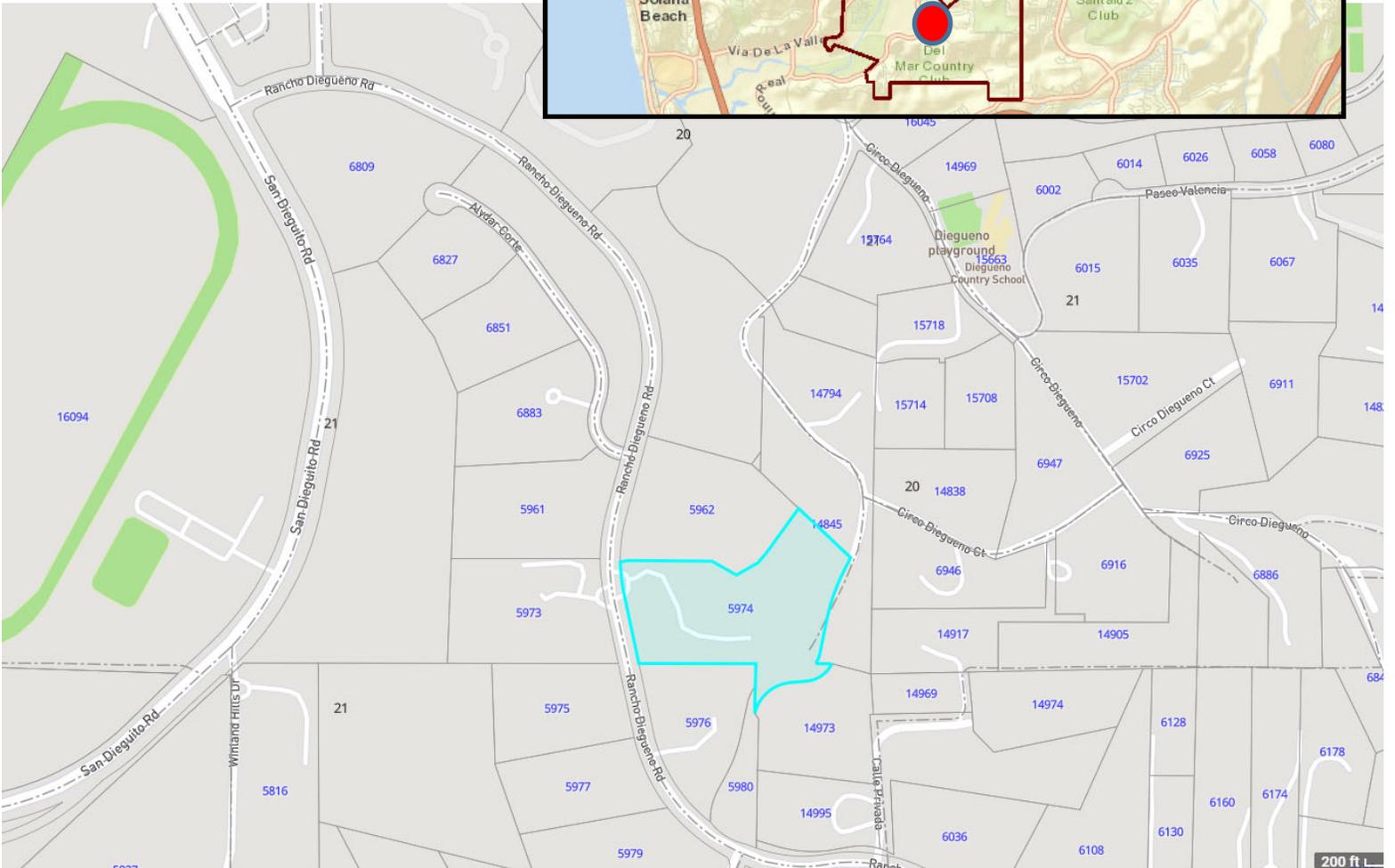
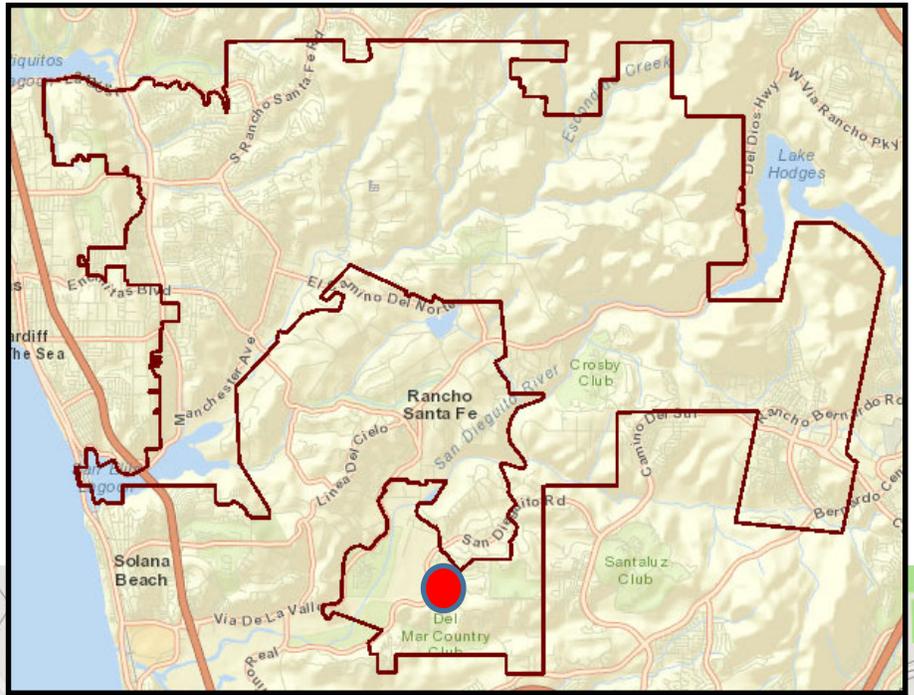
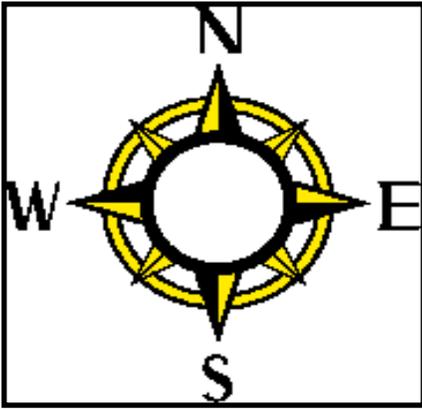
KIMBERLY A. THORNER, being first duly sworn, deposes and says that she is General Manager of the OLIVENHAIN MUNICIPAL WATER DISTRICT and is familiar with the facts stated in the foregoing Notice of Completion executed for and on behalf of said Agency, that she has read the foregoing Notice of Completion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

OLIVENHAIN MUNICIPAL WATER DISTRICT

Date: \_\_\_\_\_, 2022

By: \_\_\_\_\_  
Kimberly A. Thorner  
General Manager

District Project No. D120119 – Circo Diegueno Court Emergency Leak Repair



# CIRCO DIEGUENO COURT EMERGENCY LEAK REPAIR PROJECT

OMWD PROJECT NO. D120119

# Memo

Date: February 16, 2022  
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 MAIN EXT. 145B – CALLE PONTE BELLA PROJECT (HCC INVESTORS, LLC) INTO OMWD’S SYSTEM AND ORDER A NOTICE OF COMPLETION FILED**

---

## Purpose

The purpose of this agenda item is to consider acceptance of the transfer of the potable water facilities constructed by HCC Investors, LLC 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 potable water facilities into OMWD’s system.

## Alternative(s)

None. The facilities were required to serve the remaining five (5) lots along Calle Ponte Bella in The Bridges at Rancho Santa Fe development.

## **Background**

The Main Ext. 145B – Calle Ponte Bella Project is located at the far north end of Calle Ponte Bella in The Bridges at Rancho Santa Fe development in Director Division 3 (Guerin). The project consists of the installation a 12-inch and 8-inch PVC water main extension and all related facilities and appurtenances.

OMWD entered into an agreement with HCC Investors, LLC in June 2021 to construct the facilities and dedicate said facilities to OMWD. The facilities are now complete and have been built in accordance with the plans and specifications of OMWD. The warranty period will terminate one (1) year 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**

OMWD staff is available to answer 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 Main Ext. 145B – Calle Ponte Bella Project, Tract No. 5270 RPL2, Map No. 16330 recorded February 27, 2019, in the County of San Diego, State of California for which HCC INVESTORS, LLC (“Developer”) contracted with the OLIVENHAIN MUNICIPAL WATER DISTRICT (“Owner,” in fee, of the facilities), headquartered at 1966 Olivenhain Road, Encinitas, CA 92024 and constructed by Koloa Pacific Pipeline Corporation, Inc., 2514 Jamacha Road, Suite 502-146, El Cajon, CA 92019, have been completed in accordance with the plans and specifications as of January 25, 2022. The facilities have been accepted by the Board of Directors of the OLIVENHAIN MUNICIPAL WATER DISTRICT on this 16th day of February, 2022.

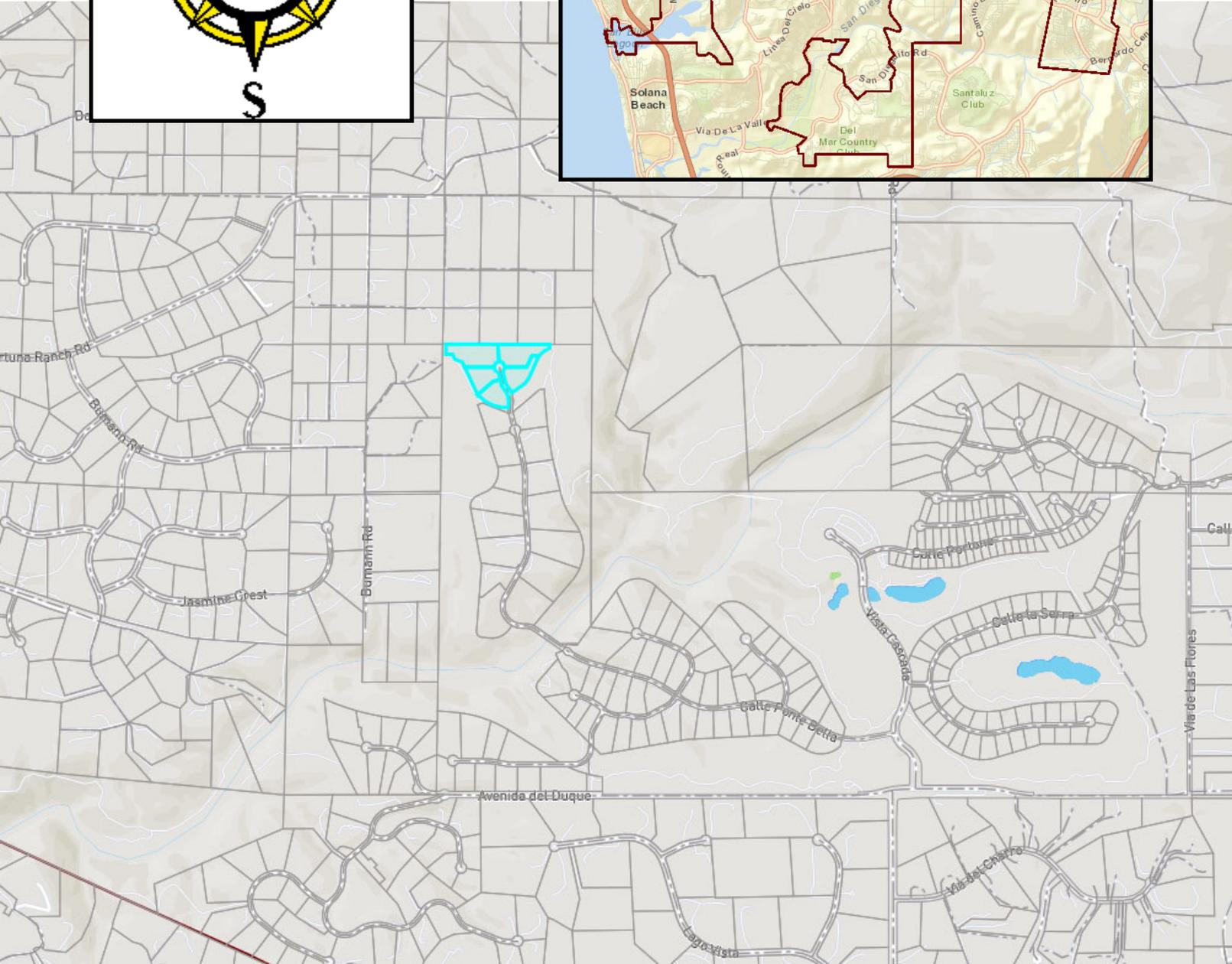
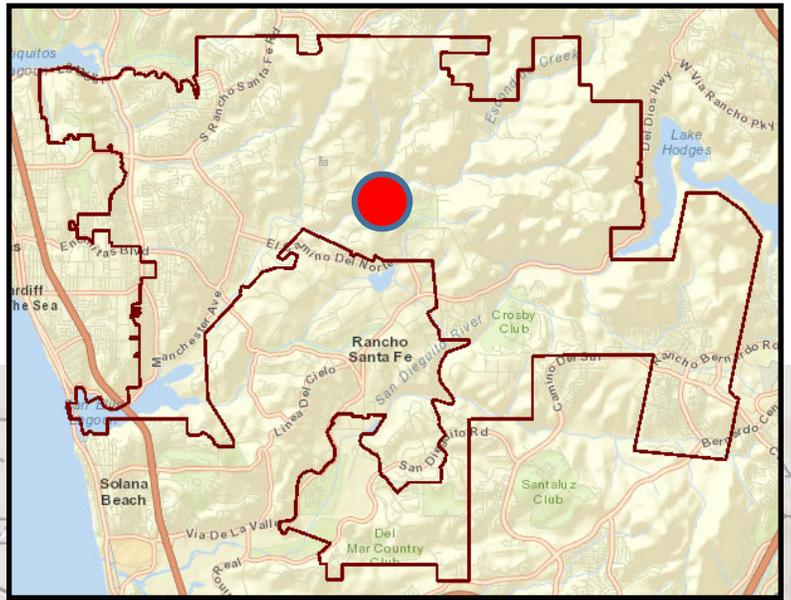
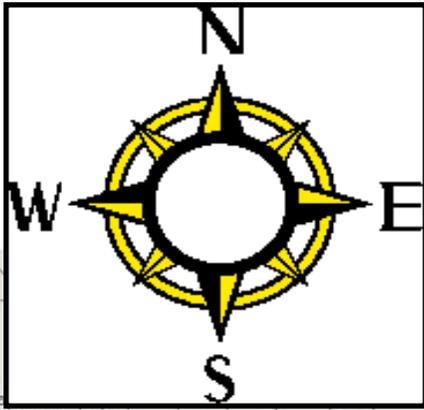
In witness whereof this Notice of Completion has been executed under authority from the Board of Directors of said OLIVENHAIN MUNICIPAL WATER DISTRICT by Kimberly A. Thorner, General Manager.

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: \_\_\_\_\_, 2022

By: \_\_\_\_\_  
Kimberly A. Thorner  
General Manager



**MAIN EXT. 145B – CALLE PONTE BELLA  
DISTRICT PROJECT NO. W561145**

# Memo

Date: February 16, 2022  
To: Olivenhain Municipal Water District Board of Directors  
From: Teresa L. Chase, Administrative Analyst  
Via: Kimberly A. Thorner, General Manager  
Subject: **CONSIDER A RESOLUTION GOVERNING THE DISTRICT'S GRANT APPLICATION TO UNITED STATES BUREAU OF RECLAMATION FOR FUNDING UNDER THE WATER INFRASTRUCTURE IMPROVEMENTS FOR THE NATION ACT PROGRAM FOR THE NORTH SAN DIEGO WATER REUSE 2020 PROJECT**

---

## **Purpose**

The purpose of this agenda item is to consider a resolution to authorize OMWD's General Manager to submit an application to United States Bureau of Reclamation for Water Infrastructure Improvement for the Nation Act funding via Title XVI for the North San Diego Water Reuse Coalition's "2020 Project."

## **Recommendation**

Staff recommends approval of the resolution.

## **Alternative(s)**

- The board may choose against the adoption of the resolution; however, this alternative could preclude the achievement of grant funds.
- The board may direct staff as otherwise deemed appropriate.

## **Background**

On December 16, 2016, President Barack Obama signed the Water Infrastructure Improvements for the Nation Act and included the reform and revitalization of the Title XVI program to a competitive grant program.

In 2017, North San Diego Water Reuse Coalition partners, consisting of nine local water and wastewater agencies, completed the Title XVI Feasibility Study for the 2020 Project and submitted it to USBR for review. The Feasibility Study for the 2020 Project was completed and approved by USBR in May 2017.

On August 27, 2017, the Coalition submitted the 2020 Project to USBR for its WaterSMART grant program, but was unsuccessful. Although not approved for funding in 2017, BlueWater Strategies indicated that the 2020 Project was included on the USBR Water Resources and Planning Division's top-scoring projects list.

Following the completion of the FY 17 grant competition, BlueWater Strategies coordinated a debriefing meeting on January 30, 2018 between USBR and OMWD's General Manager to discuss the Coalition's Title XVI grant application and determine specific evaluation criteria categories where the 2020 Project's grant application could be improved for Title XVI competition.

USBR and Department of Interior recommendations were incorporated into the Title XVI WIIN 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. Despite the application's recommendation for funding, USBR's recommendations were discarded in favor of uncompetitive choices at the Office of Management and Budget level.

The most recent action taken by the board in this regard was the approval of Resolution 2021-08 on April 14, 2021, which authorized the submission of an April 2021 grant application. BlueWater Strategies facilitated a support letter for the NSDCRRWP 2020 Project from Representative Levin. In August 2021, OMWD received notice that the Coalition had been awarded a \$6.1 million grant from the Title XVI program. The total project cost submitted by the Coalition in the 2021 round was \$57 million, and the award represented 11 percent of the total project cost.

## **Fiscal Impact**

There are no costs associated with the adoption of this resolution.

If the resolution is approved, staff intends to submit the 2020 Project to USBR for its WaterSMART grant program to compete for an award to be divided among the Coalition partners. Through this program, USBR may provide up to 25 percent of total planning, design, and construction project costs. A local funding match of at least 75 percent is required for the total project cost, currently under development by Coalition partners.

## **Discussion**

On January 14, 2022, USBR released a funding opportunity for Title XVI water recycling projects under the WIIN Act. This funding opportunity is for sponsors of water recycling projects with a completed Title XVI Feasibility Study that had been reviewed by USBR, found to meet all the requirements, and been transmitted to Congress by USBR. The 2020 Project is eligible to compete. On behalf of Coalition partners, OMWD has entered into an agreement with Woodard and Curran for grant application support services and agency coordination is underway. Applications are due on March 15, 2022. It is anticipated that USBR will fund ten to thirty awards, depending on the requested funding.

Pending board approval of the attached resolution, staff intends to submit on behalf of the Coalition a 2022 grant application for the remaining funds that the project is eligible for, up to the full 25 percent of the total project cost. Assuming no change to the overall project cost, the Coalition could be eligible for another award of approximately \$8 million. However, subproject costs have increased this past year, and it is anticipated that the total project costs could increase after considering revised engineer's estimates and actual bids that were higher than expected, as well as the potential inclusion of additional subprojects by Coalition partners. Notice of award is expected in September 2022.

Adoption of this resolution is required for USBR WaterSMART: Title XVI Water Reclamation and Reuse Projects funding eligibility and would need to be included in the final application packet.

If the board approves the submittal of an application, BlueWater Strategies will coordinate support letters from congressional representatives on behalf of Coalition agencies. In addition, BlueWater Strategies will organize project briefings between high-

level USBR officials and partner agency representatives to develop a successful application.

*Attachments: Resolution*

RESOLUTION NO. 2022-xx

RESOLUTION OF THE OLIVENHAIN MUNICIPAL WATER DISTRICT BOARD OF DIRECTORS GOVERNING THE DISTRICT'S GRANT APPLICATION SUBMITTED TO THE UNITED STATES BUREAU OF RECLAMATION FOR FUNDING UNDER THE WATER INFRASTRUCTURE IMPROVEMENTS FOR THE NATION ACT PROGRAM FOR THE NORTH SAN DIEGO WATER REUSE 2020 PROJECT

WHEREAS, the North San Diego Water Reuse Coalition is undertaking the Regional Recycled Water Project that will develop regional recycled water infrastructure to increase the capacity and connectivity of the recycled water storage and distribution systems of Coalition members and maximize reuse of available wastewater supplies; and

WHEREAS, the Regional Recycled Water Project supports regional objectives, including reducing ocean discharges, offsetting potable demands, increasing water supply availability and reliability, and building regional partnerships; and

WHEREAS, a Title XVI Feasibility Study was prepared for the Regional Recycled Water Project and approved by the United States Bureau of Reclamation on May 8, 2017; and

WHEREAS, the United States Bureau of Reclamation released on January 14, 2022 a Water Infrastructure Improvements for the Nation Act (WIIN) program Funding Opportunity Announcement for its WaterSMART: Title XVI WIIN Act Water Reclamation and Reuse Projects grant program; and

WHEREAS, Olivenhain Municipal Water District has prepared an application in response to the Funding Opportunity Announcement for the WaterSMART: Title XVI WIIN Act Water Reclamation and Reuse Projects grant program.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Olivenhain Municipal Water District as follows:

1. Agreement Execution. The General Manager of Olivenhain Municipal Water District, Kimberly A. Thorner, has the legal authority to enter into an agreement with United States Bureau of Reclamation on behalf of Olivenhain Municipal Water District.
2. Application Review and Support. The General Manager of Olivenhain Municipal Water District, Kimberly A. Thorner, has reviewed and supports the application being submitted by Olivenhain Municipal Water District to United States Bureau of Reclamation for the funding of the Regional Recycled Water Project under the WaterSMART: Title XVI WIIN Act Water Reclamation and Reuse Projects grant program.

3. Commitment of Funds. Olivenhain Municipal Water District is financially capable of providing the funds necessary to complete the project as outlined in the application's funding plan.
4. Coordination with United States Bureau of Reclamation. Olivenhain Municipal Water District is committed to working with United States Bureau of Reclamation to meet established deadlines for entering into a grant agreement.
5. Effective Date. This resolution shall be effective as of February 16, 2022.

PASSED, ADOPTED, AND APPROVED at a regular meeting of the Board of Directors of Olivenhain Municipal Water District held on Wednesday, February 16, 2022.

---

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

ATTEST:

---

Robert F. Topolovac, Secretary  
Board of Directors  
Olivenhain Municipal Water District

# Memo

Date: February 16, 2022

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 ELEVENTH 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, SANTA FE IRRIGATION DISTRICT, AND CITY OF ESCONDIDO FOR JOINT FEDERAL LEGISLATIVE OUTREACH EFFORTS PERTAINING TO THE NORTH SAN DIEGO COUNTY REGIONAL RECYCLED WATER PROJECT**

---

## Purpose

The purpose of this agenda item is to consider approval of the eleventh amendment to the agreement between the North San Diego County Regional Recycled Water Project partner agencies in order to share costs for federal legislative outreach pertaining to the NSDCRRWP. This is a one-year extension to the existing joint cost-sharing agreement between the parties.

Agenda Item C-h, 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 in support of the NSDCRRWP.
- 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 Grant Program, and (3) Metropolitan Water District of Southern California via its Local Resources Program.

At the federal level, on behalf of NSDCRRWP 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.

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 Programmatic Environmental Impact Report and a United States Bureau of Reclamation-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 SEJPA's pipeline that connects its distribution system to Wiegand Reservoir to supply Village Park communities. Other NSDCRRWP subprojects included pipeline extensions and lift station improvements.

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. In March 2017, Vista Irrigation District elected to withdraw participation in the cost-sharing agreement with no consideration or refund provided for past payments, leaving only seven original partners. All buy-in payments by Santa Fe Irrigation District and City of Escondido have been received.

On December 16, 2016, President Barack Obama signed the Water Infrastructure Improvements for the Nation Act and included the reform and revitalization of the Title XVI program to 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 a congressional

support letter 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. 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 on January 30, 2018 between USBR and OMWD's General Manager 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.

On February 15, 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 letters 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 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 WIIN 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 2021 Title XVI WIIN grant application was submitted in April 2021. BlueWater Strategies facilitated a support letter for the 2020 Project from Representative Levin for this effort and engaged its USBR contacts to rectify earlier challenges at the OMB level. On August 5, 2021, OMWD received notification that that the Coalition was awarded \$6.1 million for its 2020 Project.

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 C-h, the FY 2022 impact to OMWD is estimated to be \$17,333.33, excluding the maximum out-of-pocket expenses of \$889 for the 2022-2023 contract term. There have been no out-of-pocket expenses during the past four years.

The cumulative fiscal impact to OMWD of the agreement with BlueWater Strategies, excluding out-of-pocket expenses, would be \$182,544.55.

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, proposed (2022):	\$17,333.33
<b>Total over twelve years:</b>	<b>\$182,544.55</b>

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.

If successful in obtaining federal funds, partner agencies will share an award in 2022 that is expected to be at least \$8 million. There is also a chance of zero funding; however, partner agencies recently received \$6.1 million resulting from legislative outreach efforts with BlueWater Strategies and anticipate similar success.

### **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 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 a successful 2022 Title XVI grant application.

Partner agency representatives traditionally travel to Washington, DC annually to pursue a federal authorization for the NSDCRRWP. However, in 2020 and 2021, visits were not held due to the COVID-19 pandemic. Once circumstances allow, BlueWater Strategies will schedule visits for Coalition representatives.

BlueWater Strategies has also declared its commitment to pursuing grant funding opportunities for the NSDCRRWP partner agencies beyond Title XVI. For example, the Water Resources Development Act has been on a two-year authorization cycle, and it is up for reauthorization this year. BlueWater Strategies reports that Congress has

initiated hearings on the subject, and it appears to be at the top of the legislative priority list in the House. WRDA has been proceeding on a bipartisan basis, and the odds of it being reauthorized by the conclusion of Congress are high. WRDA is frequently a vehicle for water policy changes, and BlueWater Strategies would monitor and advocate as appropriate.

All nine 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.

*Attachments: Eleventh amendment to the Joint Cost-Sharing Agreement*

## **ELEVENTH 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, Santa Fe Irrigation District, and City of Escondido have cooperated in order to develop 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, 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.

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, 2023. 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 eleventh 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 2022, the remaining original seven partner agencies, Santa Fe Irrigation District, and City of Escondido shall make semi-annual payments of approximately \$8,666.67, 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:

<b>PAYMENT</b>	<b>DUE TO OMWD</b>	<b>DUE TO BLUEWATER STRATEGIES</b>
First Payment	May 1, 2022	May 15, 2022
Second Payment	October 1, 2022	October 15, 2022

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, 2022.

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: \_\_\_\_\_  
Cari Dale, 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

DATED: \_\_\_\_\_

**SANTA FE IRRIGATION DISTRICT**

By: \_\_\_\_\_  
Albert Lau, General Manager



January 14, 2022

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 progress we collectively made with our work this year, and are excited about what we may accomplish with the Coalition in 2022.

Our current contract expires on March 31, 2022, 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.

#### 2021 IN REVIEW

In spite of the unprecedented level of change and challenge occurring in Washington, 2021 was a fruitful year for the Coalition, as something resembling the “regular order” returned to the Department of Interior and the Bureau of Reclamation. Camille Touton, a Hill veteran with oversight and authorization experience for the Bureau, was named Commissioner, and Sean Torpey, a long-time Bureau staffer, was elevated from the regional level in New Mexico. So it is fair to say that the Bureau is in the hands of experienced, competent leadership.

And perhaps relatedly, in August we learned that the Coalition’s Title XVI WIIN Water Recycling Grant application was funded for \$6.1 million dollars. This, after the very disappointing process in 2020, when the Coalition’s application was among the highest rated, but was left unfunded by the prior Administration.

There remains some flux at the Bureau. There is still no Deputy Commissioner (or even designee), so the number two slot remains vacant. Elements of the Department of Interior were transferred to Denver, and the Federal Government is going through the painstaking process of returning these offices to Washington. The much anticipated return to in-person meetings and office work both with the Bureau and the Congress has been largely delayed by the Delta variant and now Omicron variant of COVID-19. However, in spite of these challenges we have



# BlueWater Strategies llc

maintained our close working relationship with the Bureau’s non-political staff (primarily Amanda Erath, Marybeth Menendez, and Matt Reichert), while reintroducing ourselves to new political appointees like Camille Touton.

The intelligence provided by our contacts at the Department proved to be spot on, and the Department did rectify the earlier difficulties at the OMB level by funding the 2021 application. We had successful outreach with Congressman Darrell Issa’s office. The Congressman’s legislative director, Jennifer Hayes, had been with the Louisiana delegation, and she and I spent many years working in that delegation and have established a strong rapport. Also, BlueWater has met with key staff of California’s junior Senator, Alex Padilla, and have strong lines of communication with his chief of staff, David Montes.

The Fiscal Year 2022 appropriations process is still incomplete. While all of the bills have passed the House of Representatives, only three appropriations bills even made it out of the Senate Committee process. The result made an omnibus appropriations bill inevitable. As you know from the headlines, the President had been focused on passing the Build Back Better Act, which contains a massive investment in alternative energy. The back and forth on that measure left no time for an omnibus to pass the Congress before the end of the year. It will be completed in February. This is the first year in more than a decade, that the Congress has reinstated (in very limited fashion) Congressional “earmarks” – now termed Community-Focused Grants. However, since some of the ask for the Coalition was left on the table in the \$6.1 million award, this is an avenue for some aspects of the original submission to be pursued, as well as other smaller projects that may be on the Coalition wish list.

We expect the 2022 omnibus to pass in early February. Additionally in 2021, the Congress passed an infrastructure bill with \$8.3 billion dedicated to water infrastructure. In the water infrastructure space, that means most agencies will have unprecedented sums to invest. And while it is still unclear how the Agencies will expand the scope and scale of their existing programs to accommodate the additional resources, it is most certainly important for the Coalition, or a subset of the Coalition to be prepared with new ambitious projects for 2023.

Key Agenda Items for 2022	Policy Maker	Deadlines
Establish relationships with new political appointees at the Bureau of Reclamation (eventual Deputy Commissioner nominee) and Office of Management and Budget (Shalanda Young Nominated to Serve as Director, Nani Coloretti as Deputy Director).	Biden Administration/Dept. of Interior	Spring 2022
Review FY 2023 Budget Request from President Biden, identify new programs and grant opportunities for Coalition	Biden Administration/Dept. of Interior	March
Review Federal Appropriations priorities for 2022 bill	Senators Feinstein/Padilla &	Late March/ Early April



# BlueWater Strategies llc

	Cong. Levin	
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 Appropriation bills	House and Senate Energy and Water Appropriations Subcommittee	May/June
Water Resources and Development Act Reauthorization Draft Review	Senators Feinstein/Padilla & San Diego Delegation	April/May 2022
Educate Members of Delegation on Coalition Priorities in WRDA Reauthorization	Entire San Diego Congressional Delegation	May/June 2022
Submit Title XVI grant application for 2023	Bureau of Reclamation	Spring 2022
Organize Coalition Hill visit	Entire San Diego Congressional Delegation	Fall 2022

## PROSPECTS FOR 2022

**Water Infrastructure Legislation:** The Water Resources Development Act (WRDA) has been on a two year authorization cycle and it is up for reauthorization this year. The Congress has already begun hearings on the subject and it appears to be at the top of the legislative priority list in the House. Since WRDA has been proceeding on a bipartisan basis, the odds of its being reauthorized by the conclusion of the Congress are high. Of course, on a project basis, WRDA is mostly a vehicle for Army Corps of Engineers projects, and the Corps has submitted its 2021 report to Congress recommending new and altered project authorizations. However, WRDA is also frequently a vehicle for water policy changes, and we should monitor and advocate as appropriate.

**Title XVI Grant:** The Water Reclamation and Reuse grant program closure date for last year was April 23<sup>rd</sup>. While it has not been announced, we should anticipate a similar date for the FY 2023 grants. The Coalition will need to maintain its focus on the implementation of the award from August, and it is not too early to be contemplating new feasibility study grants under the WIIN program. As we mentioned last year, the Department of Interior, headed by its first Native American Secretary, has placed a renewed significant emphasis on Native American participation particularly in water policy. San Diego County is home to more registered tribes than any other county in the United States. So we renew our suggestion that the Coalition explore new partnerships with tribes and reservation lands (which are rather small in San Diego)



# BlueWater Strategies IIc

for potential grant projects.

**Appropriations:** The appropriations process for FY '23 will be delayed as long as the Congress has not completed the process for FY'22. In fact, we have received intelligence that the White House will not submit its budget until the FY'22 omnibus is sent to the President's desk. This has the beneficial side effect of putting pressure on the Congress to finish and avoided a full year Continuing Resolution. The President's Budget Submission is important because it will give us the first real indication of how the \$8.3 billion allocated in last year's infrastructure bill will be parceled out. It will also provide notice regarding whether or not the terms and conditions and grant size of programs like Title XVI will be expanded.

As you know, House Appropriations Chair, Rosa DeLauro (D-CT) restored a limited form of earmarks last year. We expect that there will be inevitable creep upward in dollar amounts and into additional budget lines as the first set of earmarks makes its way through the process. We recommend that the Coalition identify potential earmark(s) for small dollar projects that would not make it into a normal grant application, or to shore up some of the shortfalls in last year's WIIN grant award. BlueWater would then undertake to meet with the San Diego delegation and the pertinent subcommittees throughout the year to ensure these priorities are reflected in the final product adopted by the Congress. While this is likely her last term, Senator Feinstein remains the state's key member of the Appropriations Committee and working with that office will be particularly important in this process.

**Change Management:** While BlueWater made a priority of getting to know the new members of the delegation, COVID-19 has deferred visits from the Coalition to member offices. Unfortunately, zoom calls are not really a replacement for this kind of constituent interaction with the members and staff. So if the circumstances finally encourage a return to "normalcy" we would hope that representatives of the Coalition would come to DC for a round of Hill visits.

In the interim, we suggest that the Coalition consider making a round of visits to in-state offices to provide a brief update on the Coalition's work, and perhaps the implementation of the new grant. Of course, if there are public ground breaking events of any type, all members of the San Diego delegation will appreciate invitations, and their attendance can help drive media coverage.

As is evident, the political winds in Washington are shifting again towards a Republican Congressional majority in 2024, so the Coalition is well positioned to have a well-known Republican member as part of its representation. Therefore, we recommend that we continue to give particular attention to that office and help ensure that Congressman Issa's staff are up to the minute on the Coalition's ongoing projects and priorities.

Congressman Mike Levin is in a swing district in California and we can expect another tight race for his seat, particularly if the political headwinds are blowing against the Democrats nationwide. As we have mentioned, Congressman Levin has become a real champion for water policy and the Coalition. We recommend continued engagement and support for his efforts.

We also know that Senator Alex Padilla will be standing for election in this midterm cycle, as



# BlueWater Strategies llc

he is completing the Vice President's term. Congressman Ro Kahana (D-CA) of the Bay Area announced that he would not be seeking to unseat the Senator, giving Padilla a bit more breathing room. The Senator's seat on the Environment and Public Works Committees is vital to the State as the WRDA bill is considered.

The two year mark is also the point when members of the Administration begin to look for the exits, so we will monitor the Department of Interior, the Bureau of Reclamation, EPA and the Office of Management and Budget for any oncoming shakeups.

**Maintaining Relationships:** BlueWater will continue as a liaison with the San Diego Congressional Delegation to ensure continued support for North San Diego County Regional Recycled Water Project. Specifically, BlueWater will maintain our outreach with Reps. Peters (D-CA), Davis (D-CA), and Vargas (D-CA). and Rep. Mike Levin (D-CA). We expect Representative Levin to remain our legislative champion during consideration of the Coalitions agenda. The Congressman's legislative director, Johnathan Gilbert, who has been an active advocate for North San Diego's initiatives, has been promoted in the office which only serves to strengthen our ties.

We also maintain an evolving database of legislation that is regularly updated with details on the location 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 clients 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, 2023.



# BlueWater Strategies IIc

## 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,



Jason Matthews  
Partner  
BlueWater Strategies

# Memo

Date: February 16, 2022  
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 ELEVENTH AMENDMENT TO THE CONSULTING PROFESSIONAL SERVICES AGREEMENT WITH BLUEWATER STRATEGIES LLC FOR LEGISLATIVE OUTREACH SERVICES PERTAINING TO THE NORTH SAN DIEGO COUNTY REGIONAL RECYCLED WATER PROJECT**

---

## **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 the North San Diego County Regional Recycled Water Project. 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 C-g, which provides for cost sharing of the BlueWater Strategies agreement among the nine 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 the NSDCRRWP.
- The board may direct staff as otherwise deemed appropriate.

### **Background**

As outlined in Agenda Item C-g, 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 North San Diego Water Reuse 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 C-g. If approved, OMWD's share of the agreement costs will be \$17,333.33, plus expenses not to exceed \$889.

The cumulative fiscal impact to OMWD of the agreement with BlueWater Strategies through the 2022-2023 contract term, excluding out-of-pocket expenses, would be no more than \$182,544.55 over twelve 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, proposed (2022):	\$17,333.33
<b>Total over twelve years</b>	<b>\$182,544.55</b>

If successful in obtaining federal funds for its 2022 Title XVI grant application, the NSDCRRWP partner agencies would share an award that is expected to total between \$8 and \$30 million. Additionally, Bluewater Strategies will be working to identify additional funding opportunities in 2022, such as the Water Resources Development Act, and positioning the Coalition to take advantage of these opportunities. Individually, OMWD has already been awarded \$871,000 through efforts at the federal level.

### **Discussion**

Should the board approve Agenda Item C-g and the eleventh 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 potentially sizable federal participation in the NSDCRRWP. 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:*

- *Eleventh amendment to the Professional Services Agreement with BlueWater Strategies llc*
- *BlueWater Strategies llc Scope of Work*

ELEVENTH 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 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 its NSDCRRWP 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, Santa Fe Irrigation 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 the NSDCRRWP 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 NSDCRRWP 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. Once the project is authorized to receive federal funds by both the House and Senate, OMWD and the other partner agencies may enter into an additional amendment to this agreement. 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, 2022	May 15, 2022
Second Payment	October 1, 2022	October 15, 2022

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, 2022.

Dated: \_\_\_\_\_

Olivenhain Municipal Water District

By: \_\_\_\_\_

Kimberly A. Thorner  
General Manager

Dated: \_\_\_\_\_

BlueWater Strategies llc

By: \_\_\_\_\_

McKie S. Campbell  
Managing Partner



January 14, 2022

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 progress we collectively made with our work this year, and are excited about what we may accomplish with the Coalition in 2022.

Our current contract expires on March 31, 2022, 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.

#### 2021 IN REVIEW

In spite of the unprecedented level of change and challenge occurring in Washington, 2021 was a fruitful year for the Coalition, as something resembling the “regular order” returned to the Department of Interior and the Bureau of Reclamation. Camille Touton, a Hill veteran with oversight and authorization experience for the Bureau, was named Commissioner, and Sean Torpey, a long-time Bureau staffer, was elevated from the regional level in New Mexico. So it is fair to say that the Bureau is in the hands of experienced, competent leadership.

And perhaps relatedly, in August we learned that the Coalition’s Title XVI WIIN Water Recycling Grant application was funded for \$6.1 million dollars. This, after the very disappointing process in 2020, when the Coalition’s application was among the highest rated, but was left unfunded by the prior Administration.

There remains some flux at the Bureau. There is still no Deputy Commissioner (or even designee), so the number two slot remains vacant. Elements of the Department of Interior were transferred to Denver, and the Federal Government is going through the painstaking process of returning these offices to Washington. The much anticipated return to in-person meetings and office work both with the Bureau and the Congress has been largely delayed by the Delta variant and now Omicron variant of COVID-19. However, in spite of these challenges we have



# BlueWater Strategies llc

maintained our close working relationship with the Bureau’s non-political staff (primarily Amanda Erath, Marybeth Menendez, and Matt Reichert), while reintroducing ourselves to new political appointees like Camille Touton.

The intelligence provided by our contacts at the Department proved to be spot on, and the Department did rectify the earlier difficulties at the OMB level by funding the 2021 application. We had successful outreach with Congressman Darrell Issa’s office. The Congressman’s legislative director, Jennifer Hayes, had been with the Louisiana delegation, and she and I spent many years working in that delegation and have established a strong rapport. Also, BlueWater has met with key staff of California’s junior Senator, Alex Padilla, and have strong lines of communication with his chief of staff, David Montes.

The Fiscal Year 2022 appropriations process is still incomplete. While all of the bills have passed the House of Representatives, only three appropriations bills even made it out of the Senate Committee process. The result made an omnibus appropriations bill inevitable. As you know from the headlines, the President had been focused on passing the Build Back Better Act, which contains a massive investment in alternative energy. The back and forth on that measure left no time for an omnibus to pass the Congress before the end of the year. It will be completed in February. This is the first year in more than a decade, that the Congress has reinstated (in very limited fashion) Congressional “earmarks” – now termed Community-Focused Grants. However, since some of the ask for the Coalition was left on the table in the \$6.1 million award, this is an avenue for some aspects of the original submission to be pursued, as well as other smaller projects that may be on the Coalition wish list.

We expect the 2022 omnibus to pass in early February. Additionally in 2021, the Congress passed an infrastructure bill with \$8.3 billion dedicated to water infrastructure. In the water infrastructure space, that means most agencies will have unprecedented sums to invest. And while it is still unclear how the Agencies will expand the scope and scale of their existing programs to accommodate the additional resources, it is most certainly important for the Coalition, or a subset of the Coalition to be prepared with new ambitious projects for 2023.

Key Agenda Items for 2022	Policy Maker	Deadlines
Establish relationships with new political appointees at the Bureau of Reclamation (eventual Deputy Commissioner nominee) and Office of Management and Budget (Shalanda Young Nominated to Serve as Director, Nani Coloretti as Deputy Director).	Biden Administration/Dept. of Interior	Spring 2022
Review FY 2023 Budget Request from President Biden, identify new programs and grant opportunities for Coalition	Biden Administration/Dept. of Interior	March
Review Federal Appropriations priorities for 2022 bill	Senators Feinstein/Padilla &	Late March/ Early April



# BlueWater Strategies llc

	Cong. Levin	
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 Appropriation bills	House and Senate Energy and Water Appropriations Subcommittee	May/June
Water Resources and Development Act Reauthorization Draft Review	Senators Feinstein/Padilla & San Diego Delegation	April/May 2022
Educate Members of Delegation on Coalition Priorities in WRDA Reauthorization	Entire San Diego Congressional Delegation	May/June 2022
Submit Title XVI grant application for 2023	Bureau of Reclamation	Spring 2022
Organize Coalition Hill visit	Entire San Diego Congressional Delegation	Fall 2022

## PROSPECTS FOR 2022

**Water Infrastructure Legislation:** The Water Resources Development Act (WRDA) has been on a two year authorization cycle and it is up for reauthorization this year. The Congress has already begun hearings on the subject and it appears to be at the top of the legislative priority list in the House. Since WRDA has been proceeding on a bipartisan basis, the odds of its being reauthorized by the conclusion of the Congress are high. Of course, on a project basis, WRDA is mostly a vehicle for Army Corps of Engineers projects, and the Corps has submitted its 2021 report to Congress recommending new and altered project authorizations. However, WRDA is also frequently a vehicle for water policy changes, and we should monitor and advocate as appropriate.

**Title XVI Grant:** The Water Reclamation and Reuse grant program closure date for last year was April 23<sup>rd</sup>. While it has not been announced, we should anticipate a similar date for the FY 2023 grants. The Coalition will need to maintain its focus on the implementation of the award from August, and it is not too early to be contemplating new feasibility study grants under the WIIN program. As we mentioned last year, the Department of Interior, headed by its first Native American Secretary, has placed a renewed significant emphasis on Native American participation particularly in water policy. San Diego County is home to more registered tribes than any other county in the United States. So we renew our suggestion that the Coalition explore new partnerships with tribes and reservation lands (which are rather small in San Diego)



# BlueWater Strategies IIc

for potential grant projects.

**Appropriations:** The appropriations process for FY '23 will be delayed as long as the Congress has not completed the process for FY'22. In fact, we have received intelligence that the White House will not submit its budget until the FY'22 omnibus is sent to the President's desk. This has the beneficial side effect of putting pressure on the Congress to finish and avoided a full year Continuing Resolution. The President's Budget Submission is important because it will give us the first real indication of how the \$8.3 billion allocated in last year's infrastructure bill will be parceled out. It will also provide notice regarding whether or not the terms and conditions and grant size of programs like Title XVI will be expanded.

As you know, House Appropriations Chair, Rosa DeLauro (D-CT) restored a limited form of earmarks last year. We expect that there will be inevitable creep upward in dollar amounts and into additional budget lines as the first set of earmarks makes its way through the process. We recommend that the Coalition identify potential earmark(s) for small dollar projects that would not make it into a normal grant application, or to shore up some of the shortfalls in last year's WIIN grant award. BlueWater would then undertake to meet with the San Diego delegation and the pertinent subcommittees throughout the year to ensure these priorities are reflected in the final product adopted by the Congress. While this is likely her last term, Senator Feinstein remains the state's key member of the Appropriations Committee and working with that office will be particularly important in this process.

**Change Management:** While BlueWater made a priority of getting to know the new members of the delegation, COVID-19 has deferred visits from the Coalition to member offices. Unfortunately, zoom calls are not really a replacement for this kind of constituent interaction with the members and staff. So if the circumstances finally encourage a return to "normalcy" we would hope that representatives of the Coalition would come to DC for a round of Hill visits.

In the interim, we suggest that the Coalition consider making a round of visits to in-state offices to provide a brief update on the Coalition's work, and perhaps the implementation of the new grant. Of course, if there are public ground breaking events of any type, all members of the San Diego delegation will appreciate invitations, and their attendance can help drive media coverage.

As is evident, the political winds in Washington are shifting again towards a Republican Congressional majority in 2024, so the Coalition is well positioned to have a well-known Republican member as part of its representation. Therefore, we recommend that we continue to give particular attention to that office and help ensure that Congressman Issa's staff are up to the minute on the Coalition's ongoing projects and priorities.

Congressman Mike Levin is in a swing district in California and we can expect another tight race for his seat, particularly if the political headwinds are blowing against the Democrats nationwide. As we have mentioned, Congressman Levin has become a real champion for water policy and the Coalition. We recommend continued engagement and support for his efforts.

We also know that Senator Alex Padilla will be standing for election in this midterm cycle, as



# BlueWater Strategies IIc

he is completing the Vice President's term. Congressman Ro Kahana (D-CA) of the Bay Area announced that he would not be seeking to unseat the Senator, giving Padilla a bit more breathing room. The Senator's seat on the Environment and Public Works Committees is vital to the State as the WRDA bill is considered.

The two year mark is also the point when members of the Administration begin to look for the exits, so we will monitor the Department of Interior, the Bureau of Reclamation, EPA and the Office of Management and Budget for any oncoming shakeups.

**Maintaining Relationships:** BlueWater will continue as a liaison with the San Diego Congressional Delegation to ensure continued support for North San Diego County Regional Recycled Water Project. Specifically, BlueWater will maintain our outreach with Reps. Peters (D-CA), Davis (D-CA), and Vargas (D-CA). and Rep. Mike Levin (D-CA). We expect Representative Levin to remain our legislative champion during consideration of the Coalitions agenda. The Congressman's legislative director, Johnathan Gilbert, who has been an active advocate for North San Diego's initiatives, has been promoted in the office which only serves to strengthen our ties.

We also maintain an evolving database of legislation that is regularly updated with details on the location 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 clients 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, 2023.



# BlueWater Strategies IIc

## 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,



Jason Matthews  
Partner  
BlueWater Strategies

# Memo

Date: February 16, 2022  
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 TRAIN 9 CONTROL WIRING SYSTEM PROJECT (SOUTHERN CONTRACTING COMPANY) INTO THE DISTRICT'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) Train 9 Control Wiring System project into the District'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)**

None. The project has been completed.

## **Background**

OMWD owns and operates the DCMWTP, located in Director Division 4 (Bruce-Lane), which provides the majority of treated drinking water to its customers. Each of the 13 membrane trains has control wiring for the numerous electronic devices that operate and

allow proper function and filtration. The control wires for Train 9 had increasing failures over the past year. The wires were bundled prior to installation in the conduit rendering removal of broken or failed wires nearly impossible. Staff had been relying on the spare wires within the bundle as replacements, however the remaining spares were all used.

DCMWTP had a planned plant shutdown scheduled for late January 2022 to address maintenance issues that had occurred since the previous planned shutdown in 2019. The cost effective method of preventing additional wires from failure was to replace them during a scheduled shutdown. The General Manager approved a new Capital Improvement Project for the requested work in December, 2021. Per OMWD's Administrative and Ethics Code Section 6.3B Public Works Contracts:

“Public Works Contracts for Work not exceeding \$35,000 shall be procured at the discretion of the General Manager. While not specifically required by this section, competitive quotations for public works are always encouraged and may be requested by the General Manager prior to approving the contract”

Bids were solicited from contractors with expertise in control wiring systems. OMWD received three quotes from the following contractors:

- Baker Electric \$39,000
- National Electric Works \$63,950
- Southern Contracting Company (Southern) \$34,335.19

Southern was selected as the lowest responsive and responsible bidder. The General Manager approved a contract with Southern as it was within her signing authority.

### **Fiscal Impact**

The work is complete and no new funds for this project are required.

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

In which FY did this capital project first appear in the CIP budget? **FY 21/22**

Total Project Budget: **\$64,000**

Current Fiscal Year Appropriation: **\$64,000**

To Date Approved Appropriations: **\$64,000**

Target Project Completion Date: **February 4, 2022**

Expenditures and Encumbrances as of (February 7, 2022): **\$35,885**

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**

Southern has completed the replacement of the control wires for Train 9. After removing the control wires, Southern discovered that many of the wires were damaged or completely disintegrated. Following a video inspection, the conduit was determined to be in good condition, but a significant amount of water was also discovered inside beneath the slab. The water was removed and the conduit was cleaned prior to pulling in new wires. After all of the wires were terminated, the controls were tested and verified.

The DCMWTP Train 9 Control Wiring System project was constructed in accordance to OMWD's plans and specifications and all work is now complete. Staff is available to answer questions.

*Attachment(s):  
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 constructed for the David C. McCollom Water Treatment Train 9 Control Wiring 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 SOUTHERN CONTRACING COMPANY , headquartered at 559 North Twin Oaks Valley Road, San Marcos, CA 92069 have been completed in accordance with the plans and specifications as of February 4, 2022. The facilities have been accepted by the Board of Directors of the OLIVENHAIN MUNICIPAL WATER DISTRICT on this 16th day of February, 2022.

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.

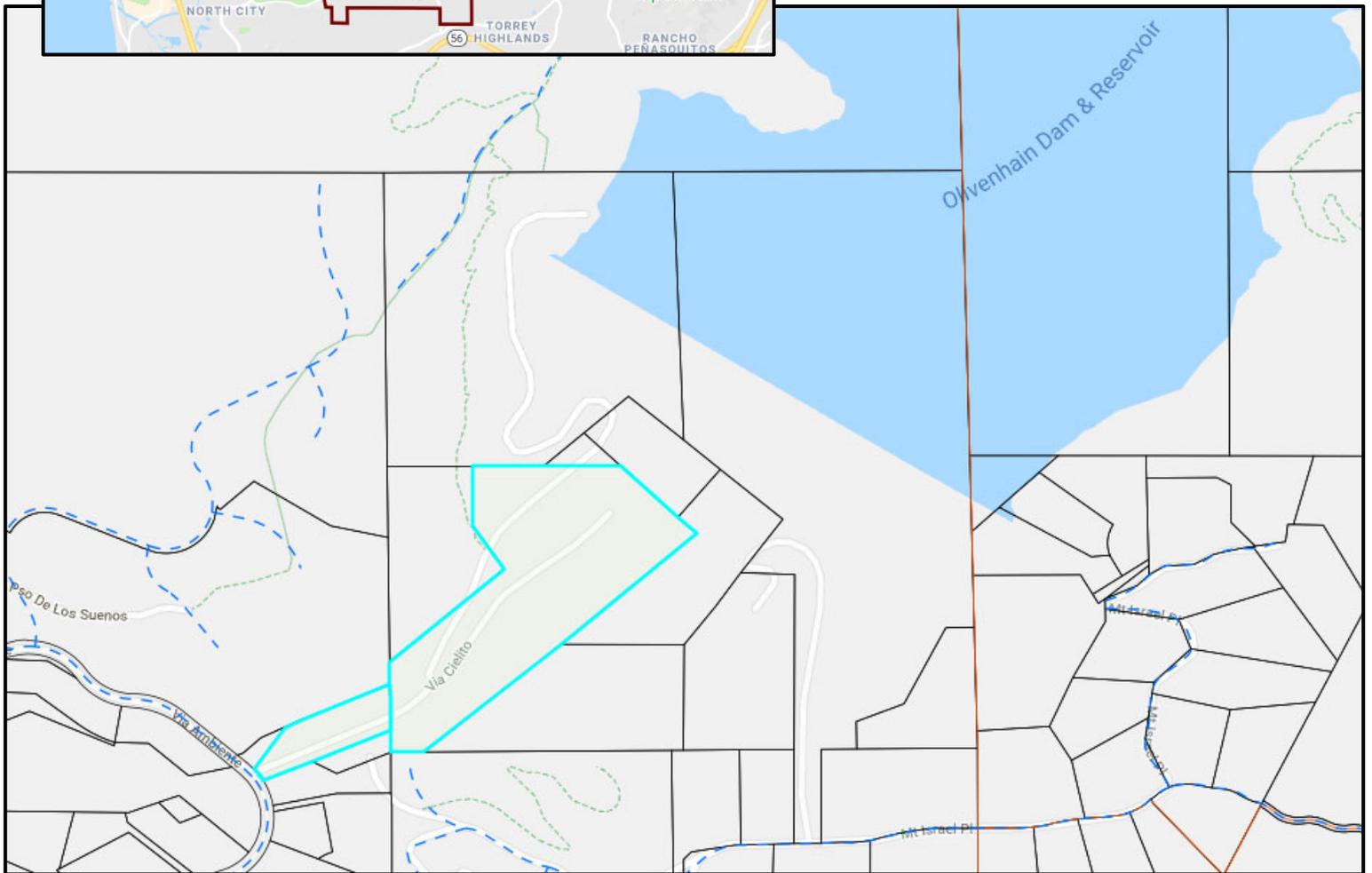
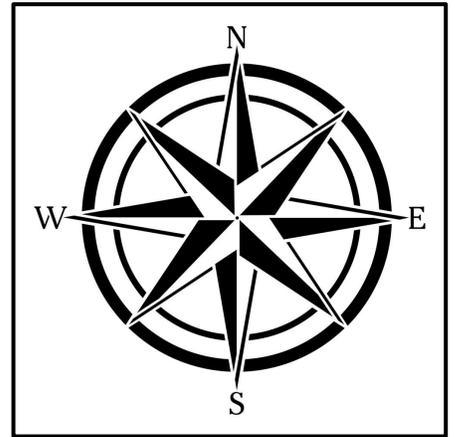
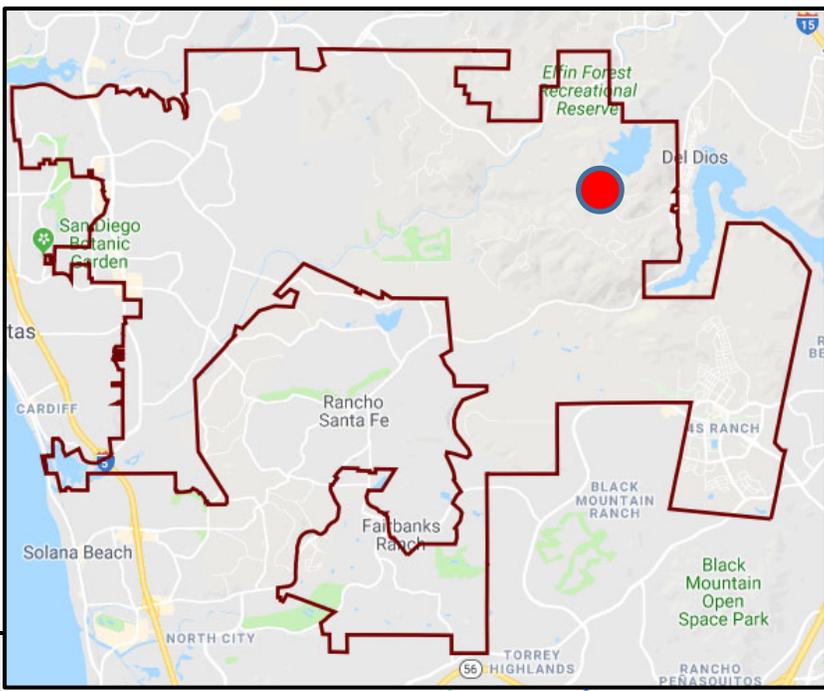
KIMBERLY A. THORNER, being first duly sworn, deposes and says that she is General Manager of the OLIVENHAIN MUNICIPAL WATER DISTRICT and is familiar with the facts stated in the foregoing Notice of Completion executed for and on behalf of said Agency, that she has read the foregoing Notice of Completion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

OLIVENHAIN MUNICIPAL WATER DISTRICT

Date: \_\_\_\_\_, 2022

By: \_\_\_\_\_  
Kimberly A. Thorner  
General Manager

District Project No. D120118 – DCMWTP Train 9 Control Wiring System Project



**DAVID C. MCCOLLOM WATER TREATMENT PLANT  
TRAIN 9 CONTROL WIRING SYSTEM PROJECT**

**DISTRICT PROJECT NO. D120118**

# Memo

Date: February 16, 2022  
To: Olivenhain Municipal Water District Board of Directors  
From: Kimberly A. Thorner, General Manager  
Subject: **CONSIDER ADOPTION OF A RESOLUTION HONORING JEFF SWENERTON FOR 17 YEARS OF SERVICE ON THE ESCONDIDO CREEK CONSERVANCY BOARD OF DIRECTORS**

---

## **Purpose**

The purpose of this agenda item is to consider the attached resolution honoring Jeff Swenerton of the Escondido Creek Conservancy.

## **Recommendation**

Staff recommends that the board approve the attached resolution.

## **Alternative(s)**

- The board may elect against adoption of the resolution.
- The board may direct staff as otherwise deemed appropriate.

## **Background**

In January 2022, Jeff Swenerton announced his retirement from the Escondido Creek Conservancy Board of Directors. During his 17-year tenure on the Conservancy's Board of Directors, Jeff Swenerton made a tremendous positive impact in the local community. In particular, Mr. Swenerton was instrumental in developing the unique partnership between the Escondido Creek Conservancy and Olivenhain Municipal Water District, which gave rise to the Elfin Forest Interpretive Center Honoring Susan J. Varty. He has continued to support the education programs conducted within the Interpretive Center, the volunteer programs within EFRR, and park ranger staff, and he has also represented the Conservancy for several years on the EFRR Executive Committee.

## **Fiscal Impact**

Approximately \$135.00 to mat and frame this resolution is the only cost associated with this action.

## **Discussion**

The attached resolution honors Jeff Swenerton for his accomplishments over his 17 years serving on the Escondido Creek Conservancy Board of Directors.

*Attachments: Resolution 2022-xx*

RESOLUTION NO. 2022-XX

RESOLUTION OF OLIVENHAIN MUNICIPAL WATER DISTRICT'S  
BOARD OF DIRECTORS HONORING JEFF SWENERTON FOR 17  
YEARS OF SERVICE ON THE ESCONDIDO CREEK CONSERVANCY  
BOARD OF DIRECTORS

WHEREAS, JEFF SWENERTON has served on the Escondido Creek Conservancy Board of Directors for 17 years during which he was dedicated and committed to preserving and restoring the Escondido Creek watershed, and educated children and adults about the beauty and value of a healthy watershed; and

WHEREAS, JEFF SWENERTON played a foundational role in building and maintaining the unique and incredibly successful partnership between an environmental non-profit organization and a public agency; and

WHEREAS, JEFF SWENERTON has spent the last 17 years fundraising for the Escondido Creek Conservancy helping to raise money to protect land within the Escondido Creek Watershed, and to build the Elfin Forest Interpretive Center Honoring Susan J. Varty; and

WHEREAS, JEFF SWENERTON served on the Interpretive Center planning committee using his vision and leadership to help create the one-of-a-kind Interpretive Center at the Elfin Forest Recreational Reserve; and

WHEREAS, JEFF SWENERTON's passion for education can be seen within the Conservancy's education program today that serves every third grader in the Escondido Unified School District each year; and

WHEREAS, JEFF SWENERTON planted the seeds of an education program that now creates environmental stewards of the future not by telling them about nature, but by having them take on the role of scientists and explore the answers to essential questions on their own; empowering them to take responsibility for their learning while on field trips to Elfin Forest Recreational Reserve; and

WHEREAS, JEFF SWENERTON's contributions to the Elfin Forest Interpretive Center extend beyond the building itself and the programs within it. JEFF SWENERTON'S beautiful woodworking talents can be seen throughout the Interpretive Center seamlessly complimenting the style and architecture of the Interpretive Center.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Olivenhain Municipal Water District that the board does hereby express its appreciation and its desire to honor JEFF SWENERTON for his 17 years of dedicated service and commitment to the Escondido Creek Conservancy, and for his contributions to the Elfin Forest Interpretive Center Honoring Susan J. Varty; and

BE IT FURTHER RESOLVED that the contributions and dedication of JEFF SWENERTON have contributed greatly to achieving the mission of the Olivenhain Municipal Water District's Elfin

RESOLUTION NO. 2022-xx *continued*

Forest Recreational Reserve.

PASSED, ADOPTED AND APPROVED at a regular meeting of the Board of Directors of Olivenhain Municipal Water District held on February 16, 2022.

---

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

ATTEST:

---

Robert F. Topolovac, Secretary  
Board of Directors  
Olivenhain Municipal Water District

# Memo

Date: February 16, 2022  
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 2021 activities at Elfin Forest Recreational Reserve, including the pandemic, volunteer programs, education program, projects, and policy changes.

## 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 Bruce-Lane 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 16 meeting.

Attachments: Presentation—Update on Elfin Forest Recreational Reserve



**UPDATE ON ELFIN FOREST  
RECREATIONAL RESERVE  
FEBRUARY 16, 2022**

# JANUARY - MARCH



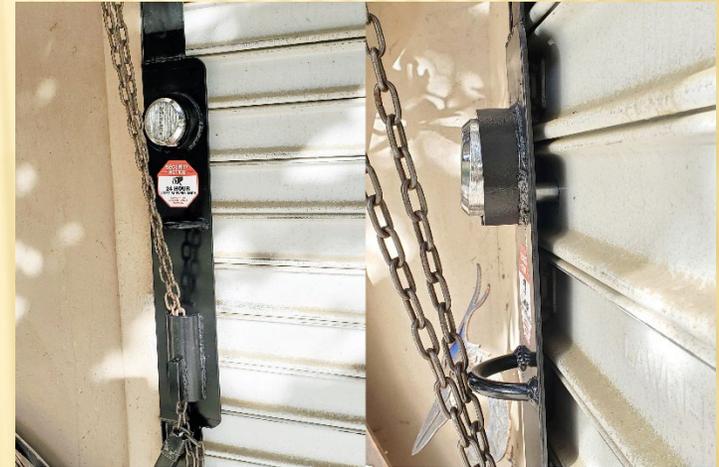
- Completed bat house eagle scout project
- Began Gold Spotted Oak Borer assessment
- Completed repairs from Interpretive Center burglary
- Prepped Interpretive Center roof for membrane replacement project



# APRIL - JUNE



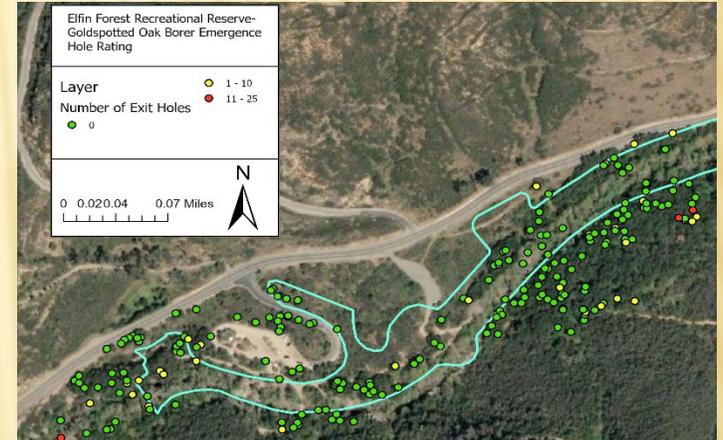
- Fabricated and installed new locking mechanism for Interpretive Center door
- Completed Gold Spotted Oak Borer assessment
- EFRR volunteer programs resumed from COVID pause on May 14
- Completed Interpretive Center roof membrane replacement project



# JULY - SEPTEMBER



- Presented findings of Gold Spotted Oak Borer assessment at EFRR Executive Committee meeting
- Met with SD Sheriff deputies to maintain/build relationship with law enforcement
- Received approval from OMWD Board of Directors to update EFRR leash rule beginning January 1, 2022
- Trained two new temp park rangers



# OCTOBER - DECEMBER



- Hosted OMWD Employees Recreation Club Thanksgiving hike
- Hosted volunteer trail maintenance event on EFRR Cielo Trail
- Installed new car counters in EFRR parking lots
- Hosted 5<sup>th</sup> annual Keepin' it Rural 5K/10K run
- Completed Native American dwelling girl scout project



# 2021 NUMBERS (2020 NUMBERS)



- ❖ Number of docents – 63 (68)
- ❖ Volunteer hours (docent + trail patrol) – 715 (189)
- ❖ Days Interpretive Center open – 86 (46)
- ❖ Interpretive Center visitors – 1,646 (1,906)
- ❖ Volunteer trail patrols – 50 (29)
- ❖ Fieldtrip students to EFRR – 482 (1,227)
- ❖ Visitors to EFRR – 127,489 (122,950)
- ❖ Days Closed due to weather/pandemic – 9.5 (102.5)
- ❖ Special Event Permits – 16 (7)
- ❖ Incident Reports – 75 (62)
- ❖ Emergency Responses – 7 (5)

# COVID-19 IMPACTS



- ❖ Interpretive Center closed and volunteer programs suspended through May 14
- ❖ Rangers perform daily sanitation of bathrooms and drinking fountains through May 14
- ❖ Public mask requirements lifted at EFRR on May 14
- ❖ Creek cleanup events remained virtual, photo contest pushed to end of 2021, EFRR hosted two volunteer maintenance events
- ❖ All EFRR volunteer meetings/trainings continued via Zoom in 2021
- ❖ Rangers minimize interface with public as much as possible
- ❖ EFRR staff minimally impacted by COVID exposure protocols

# INTERPRETIVE CENTER ROOF PROJECT



- ❖ Elfin Forest Interpretive Center Honoring Susan J. Varty's roof began leaking after 11 years of service
- ❖ Staff identified roofing contractor that had adequate experience with membrane roofs and was willing to work on project of this small scale
- ❖ Despite contractor-related obstacles, roof replacement project was completed in June
- ❖ Park rangers, temp rangers, and EFRR volunteers were utilized to remove and replace rooftop soil, remove and replace irrigation, and plant new vegetation
- ❖ EFRR received significant rain in October and December and the new roof performed flawlessly

# LOCK-IN PRACTICE

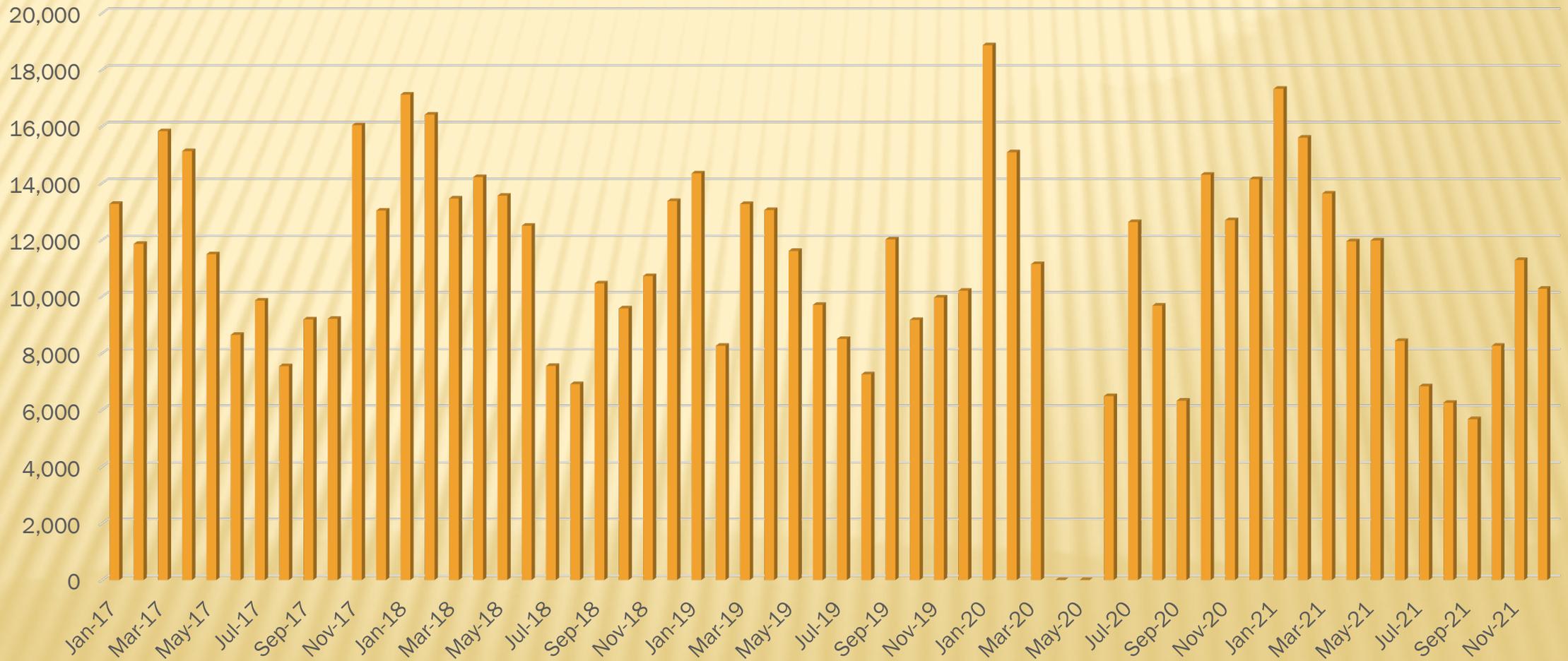


- ❖ EFRR Executive Committee directed staff to implement lock-in practice rather than continuing to tow vehicles
- ❖ Lock-in practice began on November 20, 2020
- ❖ 63 vehicles were locked in 2021 with minimal complaint or incident
- ❖ Lock-in policy saved the District approximately \$5,200 by avoiding overtime associated with late patrons at EFRR
- ❖ Lock-in policy avoided approximately 40 hours of staff exposure to hazards associated with waiting for late patrons to exit EFRR

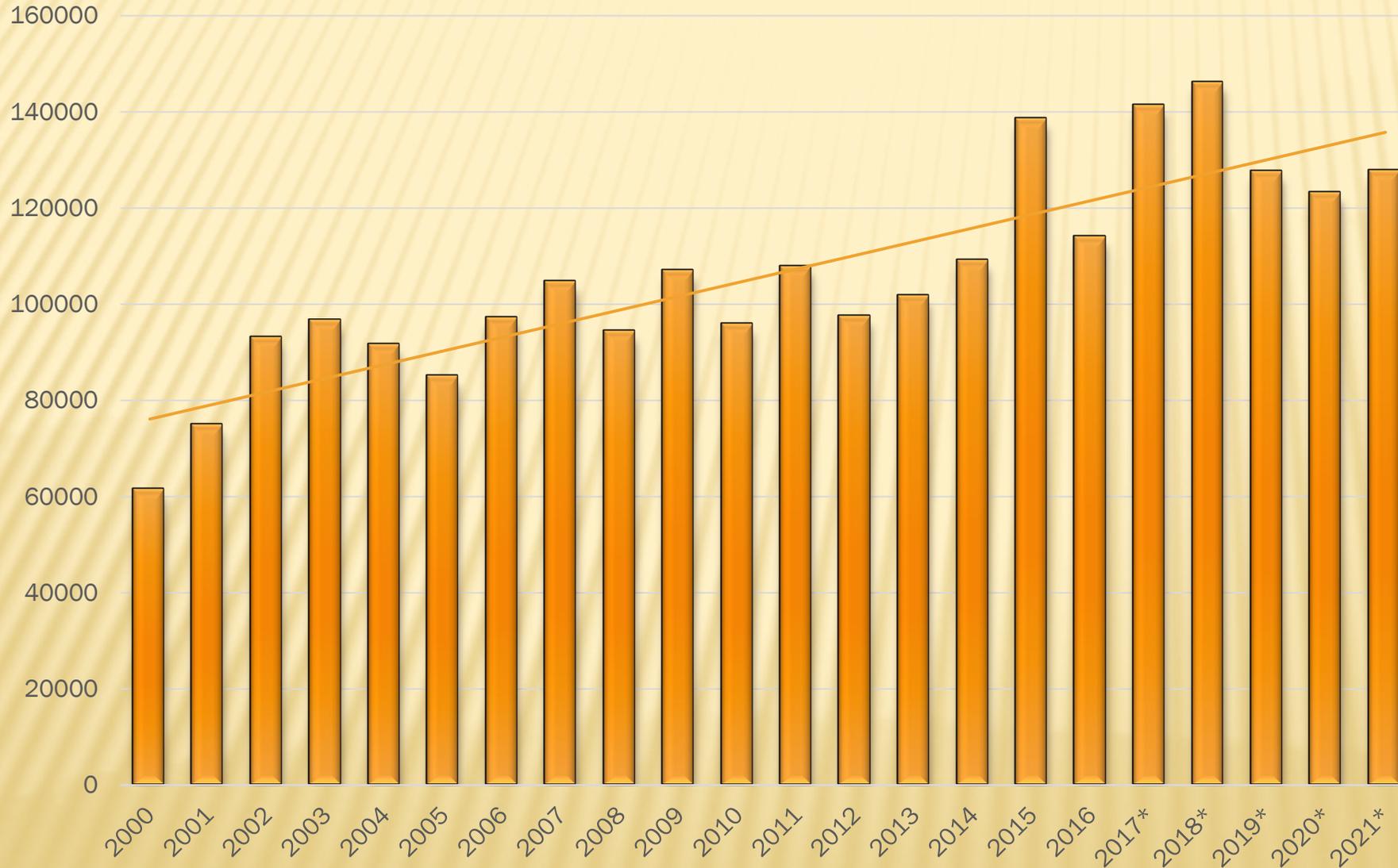
# EFRR TRAIL COUNTER DATA



## Monthly Data 2017 - 2021



# 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*

\*trail counter data used in replacement of vehicle count data with 2.5x multiplier

# QUESTIONS?



# Memo

Date: February 16, 2022  
To: Olivenhain Municipal Water District Board of Directors  
From: Rainy 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, 2022**

---

## **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, 2022. Proposed changes to certain sections of Article 8 are in compliance with the Proposition 218 Notice and the District's pass-through ordinance.

## **Recommendation**

Staff is recommending the Board consider and adopt amendments to Article 8 – Water Rates and Charges. The proposed amendments to Article 8 include a 8.38% pass-through increase in the District's purchased water wholesale costs effective January 1, 2022, a 6.53% increase in San Diego County Water Authority's (SDCWA) Infrastructure Access Charge (IAC) to pass through the remaining amount of SDCWA's 2021 IAC increase of 15.8%, and a 1.7% inflationary increase in the costs of operating and maintaining the District's water system and capital facilities. The recommended 4.27% revenue adjustment to pass through Purchased Water Wholesale increases for 2022 is net of the Rate Reimbursement Credit. A 4.27% revenue adjustment is below the 5% planned

revenue adjustment for 2022.

### Alternative

The Board could decide not to adopt amendments to the rate ordinance. A one-month delay in adoption of the ordinance would result in a revenue loss of approximately \$205,000.

### 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 24, 2021, SDCWA's Board of Directors adopted a 3.3% increase to the County's "All-In" untreated and treated water cost per acre foot for calendar year 2022. 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 **7.3%** per acre foot increase to the District's untreated supply rate from SDCWA, a **15.3%** increase to the District's transportation rate, and a **2.9%** increase in fixed charges from SDCWA effective January 1, 2022.

#### Purchased Water Wholesale Pass-Through from Recycled Water Suppliers

On July 1, 2021, 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 **10.4%** to the District's blended recycled wholesale rate per acre foot of which only 9% will be will passed through to rate payers per the ordinance limit.

### SDCWA Infrastructure Access Charge

A 6.53% increase or 26 cents per ¾" meter equivalent for 2022. Maximum pass-through Increase (per the Ordinance) is 9%. The District could only pass-through 9% of SDCWA's IAC increase in 2021 when it was an increase of 15.8% to SDCWA-IAC effective January 1, 2021. 2022 Pass-Through to the SDCWA-IAC will bring this meter fee collected from customers on behalf of SDCWA to the actual meter charge from SDCWA

### Inflation Pass-Through

A 1.7% inflationary increase based on the second half 2020 over the second half 2019 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 2022 would be the proposed fire meter charges for March 1, 2022 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 is 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.

## **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 4.27% or \$2.36 million for fiscal year 2022 to pay for increased costs of providing water services to customers.

Actual pass-through increases and adjustments for 2022 is a 5.22% increase to the District's revenue requirements from water rates and charges, which is higher than the District's planned rate increase of 5% for 2022. **Utilizing the Rate Reimbursement Credit approved by the Board to offset 2022 cost increases reduce the District's water rate increases from 5.22% to 4.27%, which is below the planned rate adjustment of 5%.**

The impact of a 4.27% revenue adjustments on water rates and charges for 2022 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 \$6.80 or 4.56% 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 \$2.33 or 3.86% 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 \$22.62 or 4.51% on their monthly water bill.

### **Discussion**

Staff reviewed the proposed pass-through increases and rate refund payments with Raftelis Financial Consultants (the District's Rate Consultant) to ensure compliance with the Pass-Through Ordinance and the District's Revenue Policy. Since the Increases and adjustments for 2022 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. Information on proposed water rates and charges for 2022 is included in the District's Watching Water January 2022 edition. The Watching Water newsletter was mailed out to water customers with the January water bills to save mailing and postage costs.

As of the writing of this memo, the District received one (1) comment on the water rate increases (attached).

Attachments: Ordinance and Exhibit  
January 2022 Watching Water  
PowerPoint on Proposed 2022 Pass-Through Increases and Adjustments  
Comment on 2022 rates (email)

ORDINANCE NO. 4xx

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 16<sup>th</sup> day of February 2022.

---

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

ATTEST:

---

Robert F. Topolovac, Secretary  
Board of Directors  
Olivenhain Municipal Water District

**Exhibit A**

<b>OLIVENHAIN MUNICIPAL WATER DISTRICT</b>  <b>ADMINISTRATIVE AND ETHICS CODE</b>	Article No. 8	Page 1 of 6
	<b>Title WATER RATES &amp; CHARGES</b>	
	Latest Revision Date <del>November 17,</del> <u>2021</u> <del>February 16,</del> <u>2022</u>	Ordinance No.  4XX

**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, 2022~~April 1, 2021:

<u>No. of Units</u>	<u>Rate</u>
0-6 Units	<del>\$3.393.68</del>
7-23 units	<del>\$5.025.34</del>
24-80 Units	<del>\$5.635.96</del>
Over 80 units	<del>\$6.747.09</del>

10% Demand Reduction Rates effective ~~March 1, 2022~~April 1, 2021:

<u>No. of Units</u>	<u>Rate</u>
0-6 Units	<del>\$3.623.91</del>
7-23 units	<del>\$5.255.57</del>
24-80 Units	<del>\$5.866.19</del>
Over 80 units	<del>\$6.977.32</del>

20% Demand Reduction Rates effective ~~March 1, 2022~~April 1, 2021:

<u>No. of Units</u>	<u>Rate</u>
0-6 Units	<del>\$3.894.18</del>
7-23 units	<del>\$5.525.84</del>
24-80 Units	<del>\$6.136.46</del>
Over 80 units	<del>\$7.247.59</del>

30% Demand Reduction Rates effective ~~March 1, 2022~~April 1, 2021:

<u>No. of Units</u>	<u>Rate</u>
0-6 Units	<del>\$4.244.53</del>
7-23 units	<del>\$5.876.19</del>
24-80 Units	<del>\$6.486.81</del>
Over 80 units	<del>\$7.597.94</del>

1 Unit = 748 gallons = 100 cubic feet

**Exhibit A**

<b>OLIVENHAIN MUNICIPAL WATER DISTRICT</b>	Article No. 8	Page 2 of 6
	<b>Title WATER RATES &amp; CHARGES</b>	
	Latest Revision Date <del>November 17,</del> <u>2021</u> <del>February 16,</del> <u>2022</u>	Ordinance No. 4XX

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, 2022~~April 1, 2021:

~~\$5.885.55~~ per Unit

10% Demand Reduction Rate effective ~~April 1, 2021~~March 1, 2022: ~~\$5.786.11~~ per Unit

20% Demand Reduction Rate effective ~~April 1, 2021~~March 1, 2022: ~~\$6.056.38~~ per Unit

30% Demand Reduction Rate effective ~~April 1, 2021~~March 1, 2022: ~~\$6.406.73~~ 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 ~~\$0.991.11~~ 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**

<b>OLIVENHAIN MUNICIPAL WATER DISTRICT</b>  <b>ADMINISTRATIVE AND ETHICS CODE</b>	Article No. 8	Page 3 of 6
	<b>Title WATER RATES &amp; CHARGES</b>	
	Latest Revision Date <del>November 17,</del> <u>2024 February 16,</u> <u>2022</u>	Ordinance No.  4XX

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

- a. Same rates as Domestic for first 23 units of water consumed.
- b. 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, 2022~~April 1, 2020: ~~\$4.715.02~~ per Unit

10% Demand Reduction Rate effective ~~March 1, 2022~~April 1, 2021: ~~\$4.945.25~~ per Unit

20% Demand Reduction Rate effective ~~March 1, 2022~~April 1, 2021: ~~\$5.215.52~~ per Unit

30% Demand Reduction Rate effective ~~March 1, 2022~~April 1, 2021: ~~\$5.565.87~~ 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, 2022~~April 1, 2021:

<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>
<del>\$5.335.65</del>	<del>\$5.716.04</del>	5/8"	10	15

Exhibit A

<b>OLIVENHAIN MUNICIPAL WATER DISTRICT</b>  <b>ADMINISTRATIVE AND ETHICS CODE</b>	Article No. 8	Page 4 of 6
	Title <b>WATER RATES &amp; CHARGES</b>	
	Latest Revision Date <del>November 17,</del> <u>2021 February 16,</u> <u>2022</u>	Ordinance No. <del>4XX</del>

Per Unit	Per Unit	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

10% Demand Reduction Rates effective ~~March 1, 2022~~April 1, 2021:

Tier 1	<del>\$5.565.88</del>
Tier 2	<del>\$5.946.27</del>

20% Demand Reduction Rates effective ~~March 1, 2022~~April 1, 2021:

Tier 1	<del>\$5.836.15</del>
Tier 2	<del>\$6.216.54</del>

30% Demand Reduction Rates effective ~~March 1, 2022~~April 1, 2021:

Tier 1	<del>\$6.186.50</del>
Tier 2	<del>\$6.566.89</del>

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 ~~April 1, 2021~~March 1, 2022:

~~\$6.817.16~~ per Unit

10% Demand Reduction Rate effective ~~March 1, 2022~~April 1, 2021: ~~\$7.047.39~~ per Unit

20% Demand Reduction Rate effective ~~March 1, 2022~~April 1, 2021: ~~\$7.317.66~~ per Unit

30% Demand Reduction Rate effective ~~March 1, 2022~~April 1, 2021: ~~\$7.668.01~~ per Unit

**Exhibit A**

<b>OLIVENHAIN MUNICIPAL WATER DISTRICT</b>	Article No. 8	Page 5 of 6
	<b>Title WATER RATES &amp; CHARGES</b>	
	Latest Revision Date <del>November 17,</del> <u>2024</u> <del>February 16,</del> <u>2022</u>	Ordinance No. <del>4XX</del>
<b>ADMINISTRATIVE AND ETHICS CODE</b>		

G. Rate Reimbursement Credit.

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 consumptions 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, 2022~~April 1, 2021, ~~water bills:~~

Base rate

~~\$3.65~~3.79 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, 2022~~April 1, 2021:

<b>5/8"</b>	<del>\$30.16</del> <u>30.90</u>	<b>2 1/2"</b>	<del>\$296.10</del> <u>303.41</u>
<b>3/4"</b>	<del>\$39.44</del> <u>40.41</u>	<b>3"</b>	<del>\$323.93</del> <u>331.93</u>
<b>1"</b>	<del>\$67.27</del> <u>68.93</u>	<b>4"</b>	<del>\$537.30</del> <u>550.57</u>
<b>1 1/2"</b>	<del>\$404.37</del> <u>106.94</u>	<b>6"</b>	<del>\$1,121.74</del> <u>1,149.45</u>

**Exhibit A**

<b>OLIVENHAIN MUNICIPAL WATER DISTRICT</b>  <b>ADMINISTRATIVE AND ETHICS CODE</b>	Article No. 8	Page 6 of 6
	<b>Title WATER RATES &amp; CHARGES</b>	
	Latest Revision Date <del>November 17, 2021</del> <u>February 16, 2022</u>	Ordinance No. <del>4XX</del>

2"	<del>\$163.13</del> <u>167.16</u>	8"	<del>\$2,018.50</del> <u>2,068.36</u>
----	-----------------------------------	----	---------------------------------------

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

Rates effective ~~March 1, 2022~~April 1, 2021:

5/8"	<del>\$5.06</del> <u>5.31</u>	2 1/2"	<del>\$10.85</del> <u>11.39</u>
3/4"	<del>\$5.06</del> <u>5.31</u>	3"	<del>\$11.47</del> <u>12.04</u>
1"	<del>\$5.69</del> <u>5.97</u>	4"	<del>\$16.29</del> <u>17.10</u>
1 1/2"	<del>\$6.52</del> <u>6.84</u>	6"	<del>\$29.49</del> <u>30.96</u>
2"	<del>\$7.85</del> <u>8.24</u>	8"	<del>\$49.73</del> <u>52.21</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, 2022~~April 1, 2021:

5/8"	<del>\$3.98</del> <u>4.24</u>	2 1/2"	<del>\$37.10</del> <u>39.52</u>
3/4"	<del>\$3.98</del> <u>4.24</u>	3"	<del>\$40.70</del> <u>43.35</u>
1"	<del>\$7.58</del> <u>8.07</u>	4"	<del>\$68.22</del> <u>72.67</u>
1 1/2"	<del>\$12.37</del> <u>13.17</u>	6"	<del>\$143.61</del> <u>152.98</u>
2"	<del>\$19.94</del> <u>21.24</u>	8"	<del>\$259.31</del> <u>276.24</u>

## Board Approves Rate Reimbursement Credit to Refund \$3.6 Million to Customers

OMWD buys 100% of our untreated water supplies from San Diego County Water Authority to meet our customers' potable water demand. SDCWA, in turn, purchases a substantial portion of its water supplies from Metropolitan Water District of Southern California to meet the San Diego region's potable water demand.

In 2021, OMWD received two wholesale water refund payments totaling approximately \$3.6 million. The refund payments resulted from lawsuits filed by SDCWA between 2010 and 2018, challenging the legality of certain Metropolitan water rates and charges and seeking payment for legal damages and interest. As one of SDCWA's 24 member agencies, OMWD received our share of SDCWA's lawsuit settlement for overpayments on untreated purchased water costs between 2011 and 2017.

**Concerned about increasing costs, OMWD's board unanimously voted at its November 17, 2021 meeting to create a Rate Reimbursement Credit to refund customers the \$3.6 million as a credit on their monthly water bills. Beginning with March 2022 billing statements, customers will see a credit of 6.9 cents per unit of potable water billed.**

## Board to Consider 4.27% Revenue Adjustment on 2022 Water Rates and Charges

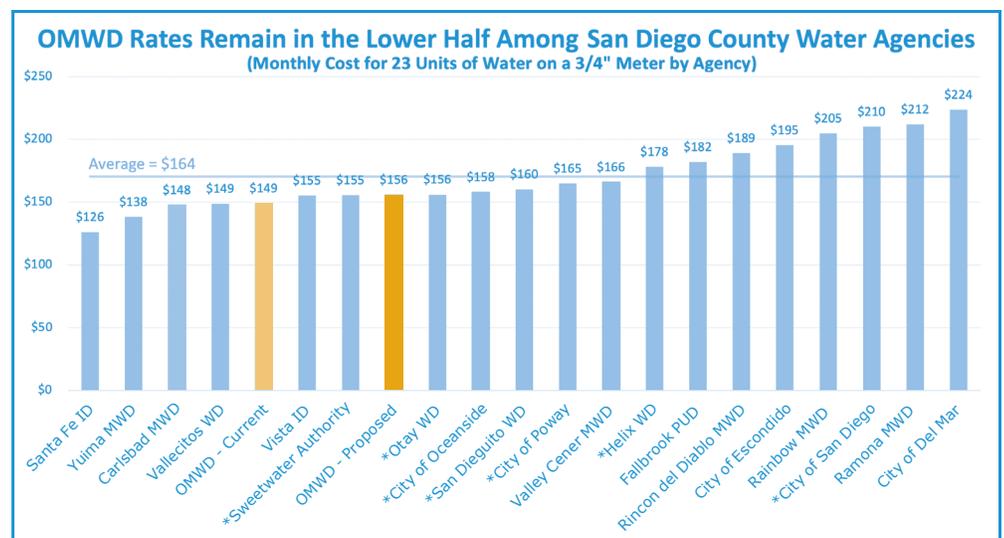
OMWD works to maintain water rates that are fair and equitable to all customers and in compliance with state law. These rates must also adequately fund operations, maintenance, and capital needs to allow us to continue providing you with safe, reliable water supplies at the twist of the tap.

Our largest expense is the cost of purchased water, which continues to increase every year. To address increasing costs, 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](http://www.olivenhain.com/rates).

At its February 16, 2022 meeting, OMWD's board will consider passing through water wholesaler cost increases on water purchases and annual inflation adjustments to OMWD's commodity rates and fixed monthly charges. Despite an 8.38% increase in overall purchased water wholesale costs, OMWD is proposing a 4.27% revenue adjustment in 2022, less than the 5% projected in the report. If approved by the board, OMWD's customers will see changes to water rates and charges and the new Rate Reimbursement Credit beginning March 1, 2022.

### How Will This Affect My Water Bill?

A "unit" of water is 748 gallons. A typical OMWD customer's water bill includes a commodity charge for each unit of water used, as well as two fixed monthly charges: the OMWD System Access Charge and the SDCWA Infrastructure Access Charge. Residential water rates are based on a four-tiered structure designed to encourage water conservation.



**Note:** \* Signifies the proposed rates for 2022. Rates for other agencies were last updated in November 2021 and are based on proposed or approved rates for 2022. Any subsequent increases are not reflected above.



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

### Board of Directors

Lawrence A. Watt, President  
Kristie Bruce-Lane, Vice President  
Christy Guerin, Treasurer  
Robert F. Topolovac, Secretary  
Neal Meyers, Director

### GENERAL MANAGER

Kimberly A. Thorner, Esq.

### GENERAL COUNSEL

Alfred Smith, Esq.

### BOARD MEETING DATES

Please visit our website at  
[www.olivenhain.com](http://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.



## Impact on Average Customer's Monthly Bill

- The average residential customer using 23 units will see an increase of approximately \$6.80 after the Rate Reimbursement Credit.
- A residential customer who uses 6 units will see an estimated increase of \$2.55 after the Rate Reimbursement Credit.



**If the proposed rate adjustments are approved, OMWD's average residential customer will continue to pay less than the average water bill in the county for the same amount of water used.**

The proposed pass-through increases and adjustments include:

- An 8.38% increase to the cost of wholesale water that OMWD purchases, which became effective January 1, 2022
- A 1.7% inflationary increase in the costs of operating and maintaining our water system and capital facilities, based on year-over-year percent change in the San Diego County Consumer Price Index for All Urban Consumers (CPI)
- A 6.53% increase in SDCWA's Infrastructure Access Charge to pass through the remaining amount of SDCWA's 2021 IAC increase. OMWD could only pass through 9% of SDCWA's 15.8% IAC increase in 2021, as that is the maximum annual increase allowed in the pass-through ordinance adopted by OMWD's board
- A 6.9 cent Rate Reimbursement Credit per unit of potable water billed, beginning with March 1, 2022 water consumption.

The Rate Reimbursement Credit will help offset the proposed pass-through increases to commodity rates and fixed monthly charges (shown for 2022 in the tables on page 3).

Comments about the proposed rate adjustments may be submitted via email to [skaufmann@olivenhain.com](mailto:skaufmann@olivenhain.com). Additionally, the board will consider all public comments made at the February 16 board meeting. Please use "Rate Comment" as the subject line in any correspondence.



WE ARE  
HERE

Current Commodity Charge Effective April 1, 2021 ( 1 unit=748 gallons ) <sup>(1)</sup>				
Customer Type	NON-SHORTAGE	WATER SUPPLY SHORTAGE RATES		
	(Base) Rates	10% Demand Reduction Rates <sup>(2)</sup>	20% Demand Reduction Rates <sup>(2)</sup>	30% Demand Reduction Rates <sup>(2)</sup>
<b>Domestic</b>				
0-6 Units	\$3.39	\$3.62	\$3.89	\$4.24
7-23 Units	\$5.02	\$5.25	\$5.52	\$5.87
23-80 Units	\$5.63	\$5.86	\$6.13	\$6.48
Over 80 Units	\$6.74	\$6.97	\$7.24	\$7.59
<b>Agricultural<sup>(3)</sup></b>	\$5.55	\$5.78	\$6.05	\$6.40
Combined Agricultural/ Domestic	First 23 units per month: Follow Domestic Rate Structure. Over 23 units per month: Follow Agricultural Rate Structure.			
<b>Commercial</b>	\$4.71	\$4.94	\$5.21	\$5.56
<b>Irrigation<sup>(4)</sup></b>				
Tier 1	\$5.33	\$5.56	\$5.83	\$6.18
Tier 2	\$5.71	\$5.94	\$6.21	\$6.56
Construction	\$6.81	\$7.04	\$7.31	\$7.66
Recycled	\$3.65	Shortage rates do not apply		

WE ARE  
HERE

Proposed Commodity Charge Effective March 1, 2022 ( 1 unit=748 gallons )				
Customer Type	NON-SHORTAGE	WATER SUPPLY SHORTAGE RATES		
	(Base) Rates	10% Demand Reduction Rates <sup>(2)</sup>	20% Demand Reduction Rates <sup>(2)</sup>	30% Demand Reduction Rates <sup>(2)</sup>
<b>Domestic</b>				
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
<b>Agricultural<sup>(3)</sup></b>	\$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.			
<b>Commercial</b>	\$5.02	\$5.25	\$5.52	\$5.87
<b>Irrigation<sup>(4)</sup></b>				
Tier 1	\$5.65	\$5.88	\$6.15	\$6.50
Tier 2	\$6.04	\$6.27	\$6.54	\$6.89
Construction <sup>(6)</sup>	\$7.16	\$7.39	\$7.66	\$8.01
Recycled <sup>(6)</sup>	\$3.79	Shortage rates do not apply		

Current and Proposed OMWD System Access Charge (SAC) <sup>(1)(5)</sup>		
Meter Size	Current	Proposed Effective March 1, 2022
5/8"	\$30.16	\$30.90
3/4"(*)	\$39.44	\$40.41
1"	\$67.27	\$68.93
1-1/2"	\$104.37	\$106.94
2"	\$163.13	\$167.16
2-1/2"	\$296.10	\$303.41
3"	\$323.93	\$331.93
4"	\$537.30	\$550.57
6"	\$1,121.74	\$1,149.45
8"	\$2,018.50	\$2,068.36

Irrigation Unit Allotments (No Changes are Proposed)		
Tier 1 Allotment: Based upon water use by meter size <sup>(1)(4)</sup>		
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 to the tables above:** \* Typical residential meter size

- (1) The Current Commodity Charge, OMWD System Access Charge, and Irrigation Unit Allotments were approved and adopted by OMWD's Board of Directors. These rates and charges are currently used to calculate OMWD's monthly water bill.
- (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](http://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 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 from page 3

At the February 16, 2022 meeting, OMWD’s board will also consider implementing an increase to OMWD’s fixed monthly fire service charge shown in the table below.

Current and Proposed OMWD Fire Meter Charge (\$/Meter Size) <sup>(1)</sup>		
Meter Size	Current	Proposed Effective March 1, 2022 <sup>(2)</sup>
5/8"	\$5.06	\$5.31
3/4"(*)	\$5.06	\$5.31
1"	\$5.69	\$5.97
1-1/2"	\$6.52	\$6.84
2"	\$7.85	\$8.24
2-1/2"	\$10.85	\$11.39
3"	\$11.47	\$12.04
4"	\$16.29	\$17.10
6"	\$29.49	\$30.96
8"	\$49.73	\$52.21

\* 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 service protection.
- (2) Per our Proposition 218 notice to customers in 2019, OMWD may impose annual inflationary adjustments to our rates and charges by an amount not to exceed the greater of San Diego’s CPI-U or 5%. Actual fee may be slightly lower than the Prop 218 notice so as to not exceed a 5% increase over the prior year.

Current and Proposed SDCWA Infrastructure Access Charge (IAC) <sup>(1)</sup>		
Meter Size	Current	Proposed Effective March 1, 2022
5/8"	\$3.98	\$4.24
3/4"(*)	\$3.98	\$4.24
1"	\$7.58	\$8.07
1-1/2"	\$12.37	\$13.17
2"	\$19.94	\$21.24
2-1/2"	\$37.10	\$39.52
3"	\$40.70	\$43.35
4"	\$68.22	\$72.67
6"	\$143.61	\$152.98
8"	\$259.31	\$276.24

\* 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 monthly SDCWA IAC on OMWD’s customers’ water bills on SDCWA’s behalf.

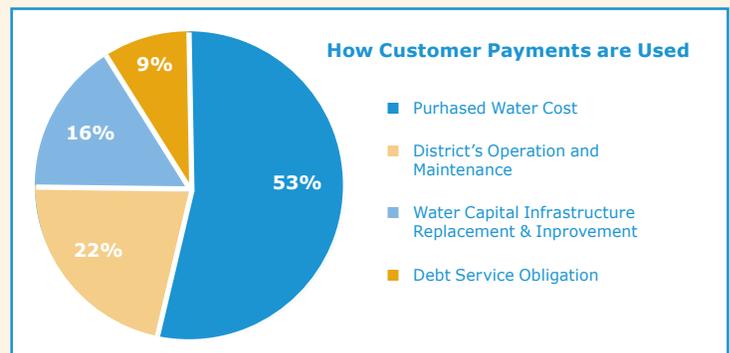
To address internal operation cost increases while keeping rates equitable, OMWD has implemented several cost-containment efforts such as pursuing funding opportunities from state and federal programs to offset operations and maintenance costs. We have also pushed back non-critical water infrastructure projects to future years to reduce near-term capital spending.

## How Customer Payments Collected From Water Rates and Charges Are Used

About half of an OMWD customer’s water bill goes to SDCWA for untreated water costs and to our recycled water suppliers for recycled water costs. OMWD purchases recycled water from other public agency water suppliers to supplement our own recycled water supplies.

The remaining funds are used to cover the operations and maintenance costs of providing water services to all of our customers, such as maintaining, repairing, replacing, and updating aging water infrastructure.

For example, OMWD operates a water treatment plant and a water reclamation facility, and maintains over 29,000 water meters, 67 miles of recycled water pipelines, 85 miles of sewer pipelines, and 466 miles of drinking water pipelines.



# Proposed 2022 Pass-Through Increases and Adjustments

Board Meeting  
February 16, 2022



# Purpose

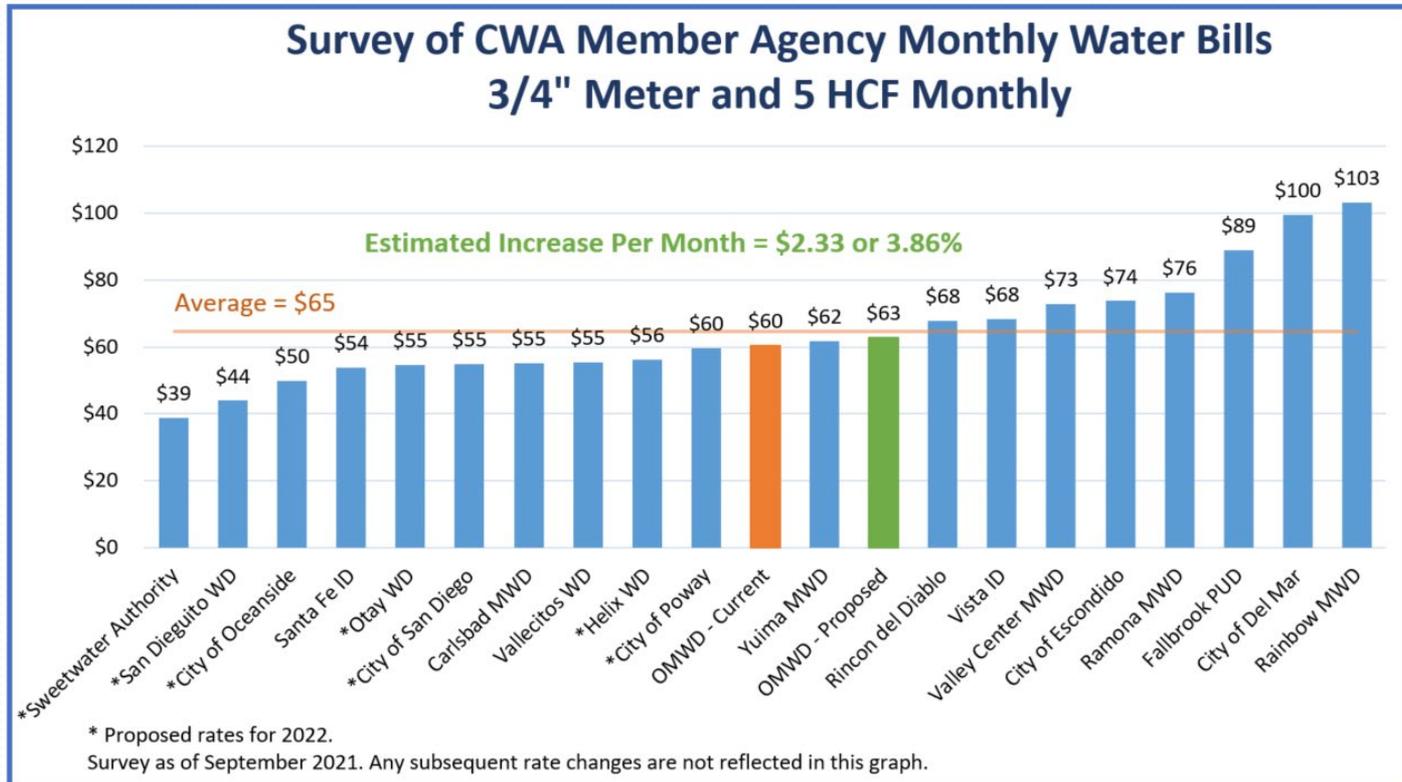
- Board to consider and adopt Staff's proposed amendments to Article 8-water rates and charges
- Staff's proposed amendments are consistent with Pass-Through Ordinance adopted by the Board in December 2019 and Prop 218 notice
- The proposed amendments include:
  - An 8.38% increase to pass through purchased water wholesale cost increases
  - A 1.7% increase to pass through annual inflation adjustment based on SDCPI
  - A 6.53 % SDCWA's IAC Pass Through from 2021
  - A 5% increase to OMWD Fire Meter Charge as shown on the proposition 218 Notice
  - Rate Reimbursement Credit (RRC): A credit of 6.9 cents per unit of potable water billed which reduce 2022 Purchased Water Wholesale Pass-Through and Inflation Pass Through increases to 4.27% from 5.22%, below the planned rate increase of 5%

# Reasons for 2022 Water Rate Increases

- Purchased Water Wholesale Pass-Through
  - SDCWA Rate Increases effective January 1, 2022
  - Recycled water suppliers' rate increases effective July 1, 2021
- SDCWA Infrastructure Access Charge Pass-Through
  - SDCWA's IAC increased by 15.8% effective January 1, 2021.
  - OMWD could only pass through 9% of the 15.8% increase per the Board's ordinance.
- Inflationary Pass-Through:
  - Based on year over year SDCPI-U increase: 1.70% (2020)
- Fire Meter Charge
  - Based on the 2019 Water Cost of Service Study and Prop 218 Notice

# Monthly Water Bill Survey

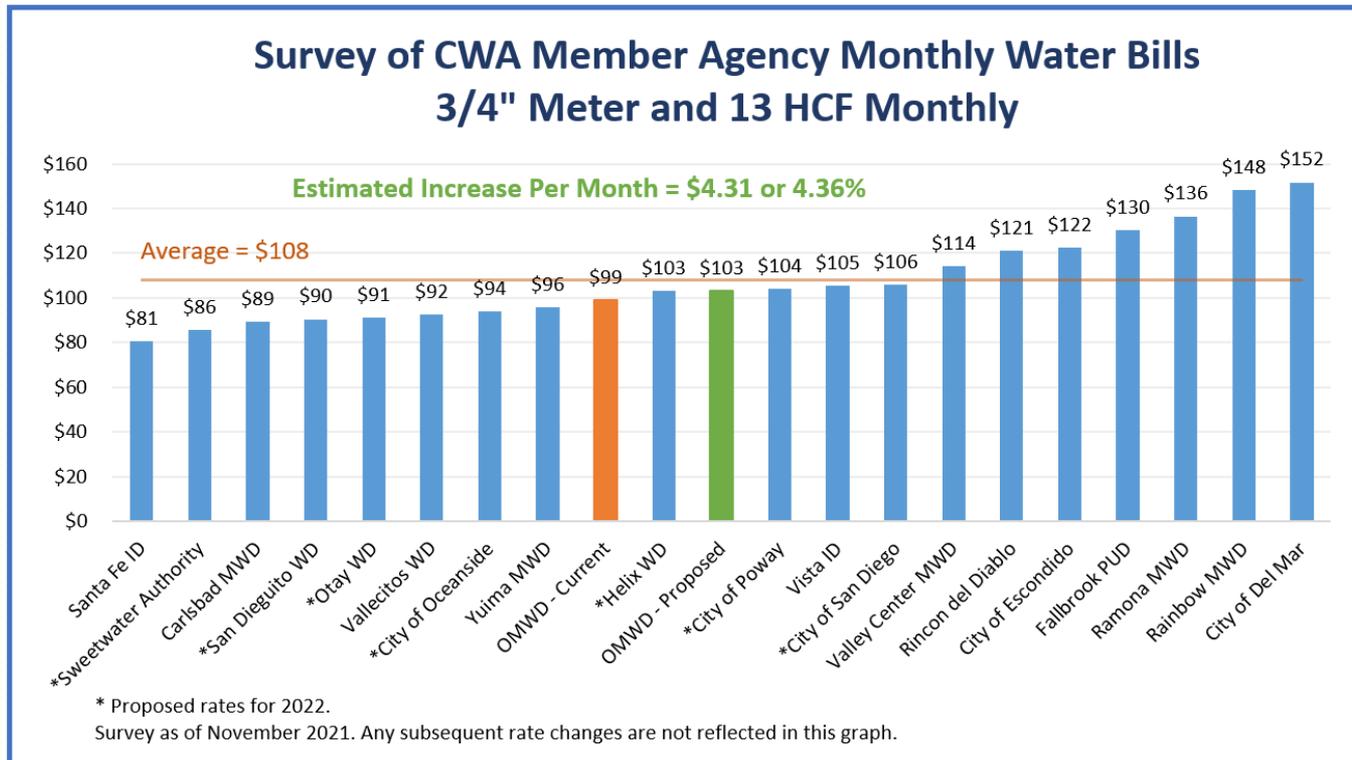
## Single Family Residential (5 units)



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)



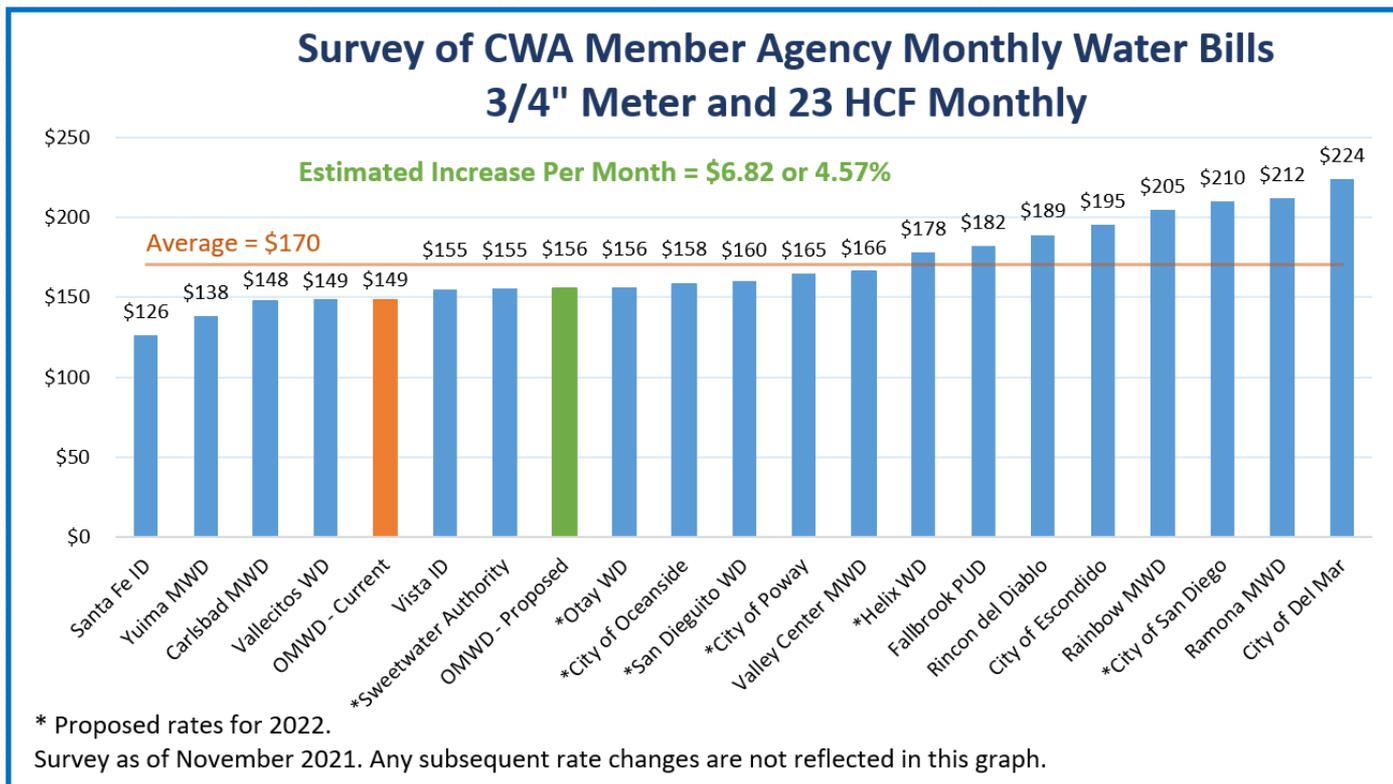
Note: Graph above will be skewed for the next several years based on how each agency applied their SDCWA rebate. Some agencies applied the full rebate amount to a single year while others used their rebate to offset multiple years.



# Monthly Water Bill Survey

## Single Family Residential (23 units)

OMWD Average Monthly Domestic Water Usage

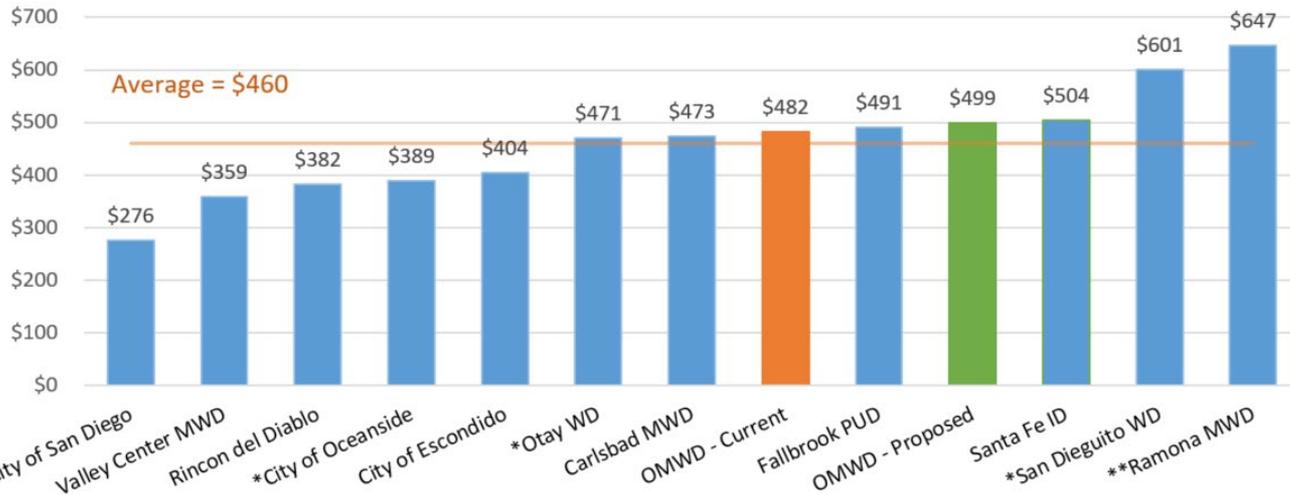


Note: Graph above will be skewed for the next several years based on how each agency applied their SDCWA rebate. Some agencies applied the full rebate amount to a single year while others used their rebate to offset multiple years.

# 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**



\* Proposed rates for 2022.

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

Survey as of September 2021. Any subsequent rate changes are not reflected in this graph.

# Other information

- Proposed rate adjustments for 2022 and RRC were independently reviewed by the District's Rate Consultants (Raftelis)
- Proposed rate adjustments for 2022 are consistent with the Pass Through ordinance adopted by the Board in December 2019, therefore a public hearing is not required
- A rate increase written notice was sent out to customers during the first week of January (Watching Water January 2022 edition) - at least 30 days prior to new rates implementation date, March 1, 2022.
- The District received one(1) comment on the proposed 2022 water rate increases through February 10, 2022.

# 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, 2022.

# Questions?

---

-----Original Message-----

From: Stephanie Kaufmann

Sent: Tuesday, January 18, 2022 9:29 AM

To: Kim Thorner <KThorner@olivenhain.com>; Rainy Selamat <RSelamat@olivenhain.com>; John Carnegie <jcarnegie@olivenhain.com>; Brandon Barnick <bbarnick@olivenhain.com>; Brian Sodeman <bsodeman@olivenhain.com>

Subject: FW: Rate Comment

FYI - I received a general rate/newsletter comment from the customer below.

Brandon - He also had a complaint about his meter and the water pressure. Can you have someone follow up with him? I will send him a response letting him know that we will be in touch.

Thank you,

Steph

-----Original Message-----

From: Steve Cilurzo [<mailto:scvo@me.com>]

Sent: Saturday, January 15, 2022 11:53 AM

To: Stephanie Kaufmann <skaufmann@olivenhain.com>

Subject: Rate Comment

As a senior on a fixed income (like many in the district), any rate adjustments, no matter how small they may appear to the board, are big for us over time.

Your latest "Watching Water" district newsletter is a perfect example of the convoluted mixed messages, that cause customers like me, not trust anything the Olivenhain Water district does. First page talks about the refund credit coming customers as the result of a lawsuit. Then page 2 talks about the Impact on Average Customer's Monthly Bill... in such a manner, that this proposed rate increase message is lost in your wordy newsletter. This looks intentional and misleading to customers.

Out of all the utility monthly bills we have, OMWD has had more recent charges and increases in rates! At a time, when everyone is struggling to make ends meet. Therefore, please consider my points when voting on more rate increases.

Additionally, since you changed the meter at my house, water pressure seems too high. Older pipes are stressed and no matter how much we re-just the incoming pressure... OMWD seems to increase back to a higher level than we need. Increased water pressure creates needless over use and of course higher bills.

On a positive note, I applaud the ability to track my water usage online with your (close to real time) reporting.

Respectfully submitted,

Steve Cilurzo

Carlsbad, CA 92009

# Memo

Date: February 16, 2022  
To: Olivenhain Municipal Water District Board of Directors  
From: Rainy 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 add a new 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 implementation of a new Rate Reimbursement credit for 2022 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, Demand Reduction Rate Adjustments, and Rate Reimbursement Credits.

## **Background**

At the November 17, 2021 board meeting, Staff made a presentation on proposed 2022 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 16<sup>th</sup> 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 4.27% 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 2022 water rates and charges was mailed to water customers with the January 2022 water bill. The new rates will be effective on March 1, 2022, if approved and adopted by the Board.

As of the writing of this memo there was one comment 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. 2022-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 implement new Rate Reimbursement Credits for calendar year 2022; and

WHEREAS, the project is to increase water rates and charges, implement Demand Reduction Rate Adjustments, and Rate Reimbursement Credit, 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 2022; 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 implementation of new 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 implementation of new 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 implementation of new 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 implementation of new 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 implementation of new 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 16, 2022 by the following roll call vote:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

---

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

ATTEST:

---

Robert F. Topolovac, 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 customer 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 black 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

# Table of Contents

<b>1.</b>	<b>Executive Summary .....</b>	<b>1</b>
1.1.	Study Overview .....	1
1.2.	Financial Plan .....	2
1.3.	Proposed Water Rates .....	4
1.4.	Water Supply Shortage Rates.....	6
1.5.	Customer Impacts .....	7
<b>2.</b>	<b>Introduction .....</b>	<b>8</b>
2.1.	Water System Overview .....	8
2.2.	Study Objectives .....	8
2.3.	Legal Requirements and Rate-Setting Methodology .....	9
<b>3.</b>	<b>Financial Plan .....</b>	<b>11</b>
3.1.	Existing Water Rates .....	11
3.2.	Water Account and Usage Assumptions .....	12
3.3.	Revenues.....	15
3.4.	Operations and Maintenance Expenses .....	18
3.5.	Debt Service .....	20
3.6.	Capital Improvement Plan .....	21
3.7.	Financial Policies .....	23
3.8.	Status Quo Financial Plan .....	24
3.9.	Proposed Financial Plan .....	25
<b>4.</b>	<b>Cost of Service.....</b>	<b>30</b>
4.1.	Process and Approach .....	30
4.2.	Revenue Requirement .....	30
4.3.	Functionalization and Allocation of Expenses.....	31
4.4.	Peaking Factors .....	32
4.5.	Allocation of Functional Categories to Cost Causation Components.....	34
4.6.	O&M Allocation .....	35
4.7.	Capital Allocation .....	37
4.8.	Revenue Offset Allocation .....	39
4.9.	Allocation of Revenue Requirements to Cost Causation Components.....	41

4.10.	Units of Service .....	43
4.11.	Units Cost Development.....	46
4.12.	Cost of Service by Customer Class .....	46
<b>5.</b>	<b>Rate Design .....</b>	<b>48</b>
5.1.	Rate Structure Overview .....	48
5.2.	OMWD System Access Charge Calculation .....	49
5.3.	Fire Meter Charge Calculation.....	50
5.4.	SDCWA Infrastructure Access Charges .....	50
5.5.	Volumetric Rate Calculations .....	51
5.6.	Proposed Water Rates .....	54
5.7.	Proposed Water Shortage Supply Rates.....	56
<b>6.</b>	<b>Customer Impacts .....</b>	<b>60</b>
6.1.	Monthly Bill Impacts .....	60
6.2.	Monthly Bill Comparison .....	62

# List of Tables

Table 1-1: Proposed 5-Year Revenue Adjustments .....	3
Table 1-2: Proposed Monthly Fixed Charges .....	5
Table 1-3: Proposed Volumetric Rates per HCF .....	6
Table 1-4: Proposed FY 2020 Water Supply Shortage Rates per HCF.....	7
Table 3-1: Existing Monthly Fixed Charges .....	11
Table 3-2: Existing Volumetric Rates per HCF.....	12
Table 3-3: Tier 1 Monthly Allotments for Irrigation Customers in HCF.....	12
Table 3-4: Number of Water Meters by Customer Class (FY 2019).....	13
Table 3-5: Number of Water Meters .....	14
Table 3-6: Projected Water Usage in HCF by Customer Class and Accounts .....	15
Table 3-7: Projected Operating Revenues Under Existing Water Rates .....	16
Table 3-8: Projected Other Operating Revenues, Non-Operating Revenues, and Capital Revenues.	17
Table 3-9: Revenue Summary.....	17
Table 3-10: Projected O&M Expenses .....	19
Table 3-11: Existing Debt Service .....	20
Table 3-12: Proposed FY 2023 Bond Issuance Assumptions .....	21
Table 3-13: Total Debt Service .....	21
Table 3-14: Potable Water CIP Projects .....	22
Table 3-15: Recycled Water CIP Projects.....	23
Table 3-16: Proposed 5-Year Revenue Adjustments .....	26
Table 3-17: Proposed Financial Plan.....	27
Table 4-1: Proposed Revenue Requirement.....	31
Table 4-2: System Peaking Factor Allocations.....	33
Table 4-3: Peaking Factors by Customer Class .....	33
Table 4-4: Allocation of Functional Categories to Cost Causation Components.....	35
Table 4-5: O&M Cost Allocation.....	36
Table 4-6: Capital Cost Allocation.....	38
Table 4-7: Revenue Offset Allocation .....	40
Table 4-8: Allocation of Revenue Requirement to Cost Causation Components.....	42

Table 4-9: Equivalent Meter Units (FY 2020).....	43
Table 4-10: Equivalent Fire Meter Units (FY 2020).....	44
Table 4-11: Projected Annual Customer Bills (FY 2020).....	44
Table 4-12: Max Day Units of Service .....	45
Table 4-13: Max Hour Units of Service.....	45
Table 4-14: Summary of Units of Service by Cost Causation Component .....	46
Table 4-15: Calculation of Unit Costs by Cost Causation Component .....	46
Table 4-16: Proposed Cost of Service by Customer Class.....	47
Table 5-1: Revised Domestic Tier Definitions .....	49
Table 5-2: Irrigation Tier Definitions .....	49
Table 5-3: Monthly OMWD System Access Charge Calculation .....	50
Table 5-4: Monthly Fire Meter Charge Calculation .....	50
Table 5-5: Monthly SDCWA Infrastructure Access Charge.....	51
Table 5-6: Max Day Unit Rates by Customer Class.....	52
Table 5-7: Max Hour Unit Rates by Customer Class .....	52
Table 5-8: Revenue Offsets by Customer Class and Tier .....	53
Table 5-9: Calculation of Proposed FY 2020 Volumetric Rates per HCF .....	54
Table 5-10: Proposed Monthly Fixed Charges.....	55
Table 5-11: Proposed Volumetric Rates per HCF .....	56
Table 5-12: Percent Reduction in Water Usage by Customer Class and Tier .....	57
Table 5-13: Projected Water Usage by Stage .....	57
Table 5-14: Calculation of Water Supply Shortage Rate Surcharges.....	58
Table 5-15: Proposed FY 2020 Water Supply Shortage Rates .....	59
Table 6-1: Commercial Monthly Bill Impacts at Varying Levels of Usage (1” Meter Size).....	60
Table 6-2: Irrigation Monthly Bill Impacts at Varying Levels of Usage (1-1/2” Meter Size).....	61

# List of Figures

Figure 1-1: Projected O&M Expenses .....	2
Figure 1-2: CIP by Funding Source.....	3
Figure 1-3: Proposed Financial Plan .....	4
Figure 1-4: Domestic Bill Impacts at Varying Levels of Usage .....	7
Figure 3-1: FY 2020 Revenue Composition .....	18
Figure 3-2: FY 2020 O&M Expenses Composition .....	19
Figure 3-3: CIP by Funding Source.....	23
Figure 3-4: Total Fund Balance Under Status Quo Financial Plan .....	25
Figure 3-5: Projected Debt Coverage Under Status Quo Financial Plan .....	25
Figure 3-6: Proposed Operating Financial Plan .....	28
Figure 3-7: Projected Debt Coverage Ratios under Proposed Revenue Adjustments .....	28
Figure 3-8: Projected Ending Balances Under Proposed Financial Plan .....	29
Figure 4-1: Cost of Service Comparison: Current and Prior Studies .....	47
Figure 6-1: Domestic Monthly Bill Impacts at Varying Levels of Usage .....	60
Figure 6-2: Domestic Monthly Bill Comparison.....	62

# List of Appendices

- Appendix A: Detailed Water Purchase Cost Projections
- Appendix B: Status Quo Financial Plan Cash Flow
- Appendix C: Proposed Financial Plan Cash Flow
- Appendix D: Allocation of Fire Protection Costs

This page intentionally left blank to facilitate two-sided printing.

# 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:

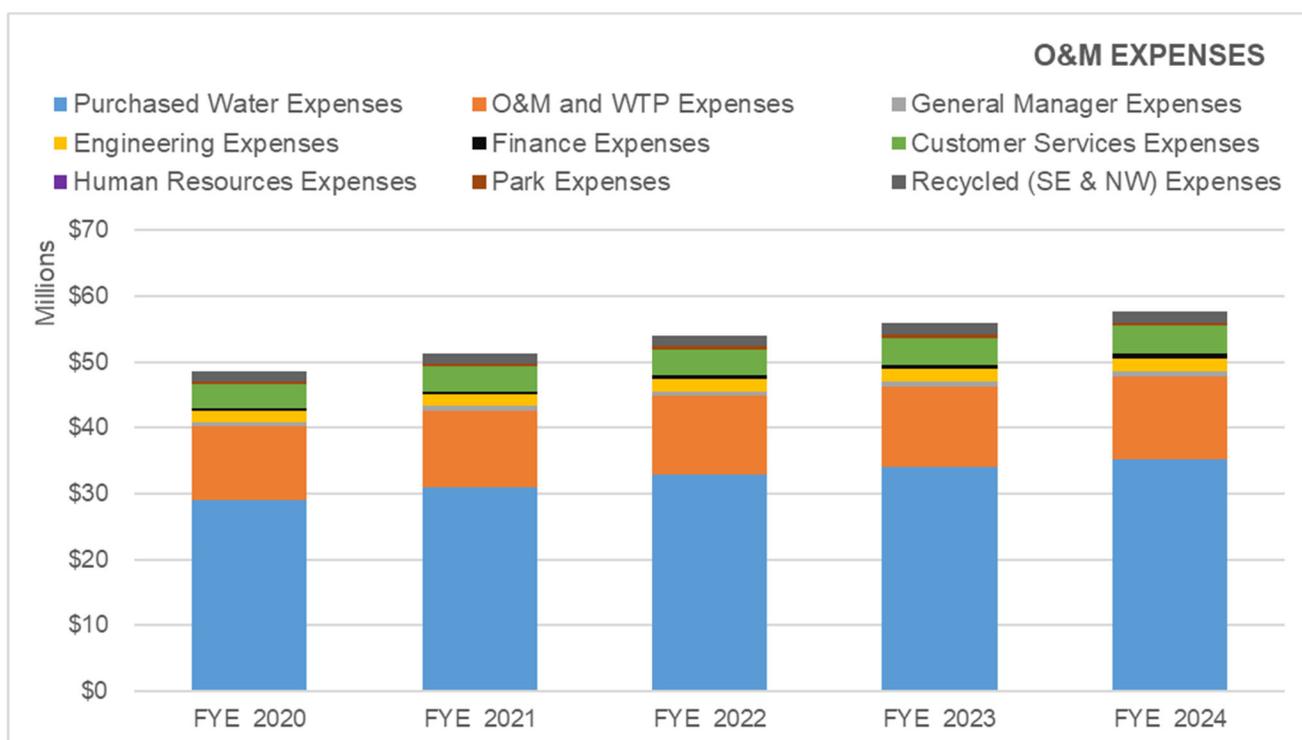
- » Develop a five-year financial plan through FY 2024 that generates sufficient revenues to fund the District's operating costs, debt obligations, and necessary capital expenditures
- » Review and revise as necessary the current water rate structure
- » Perform a cost of service analysis to equitably 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.

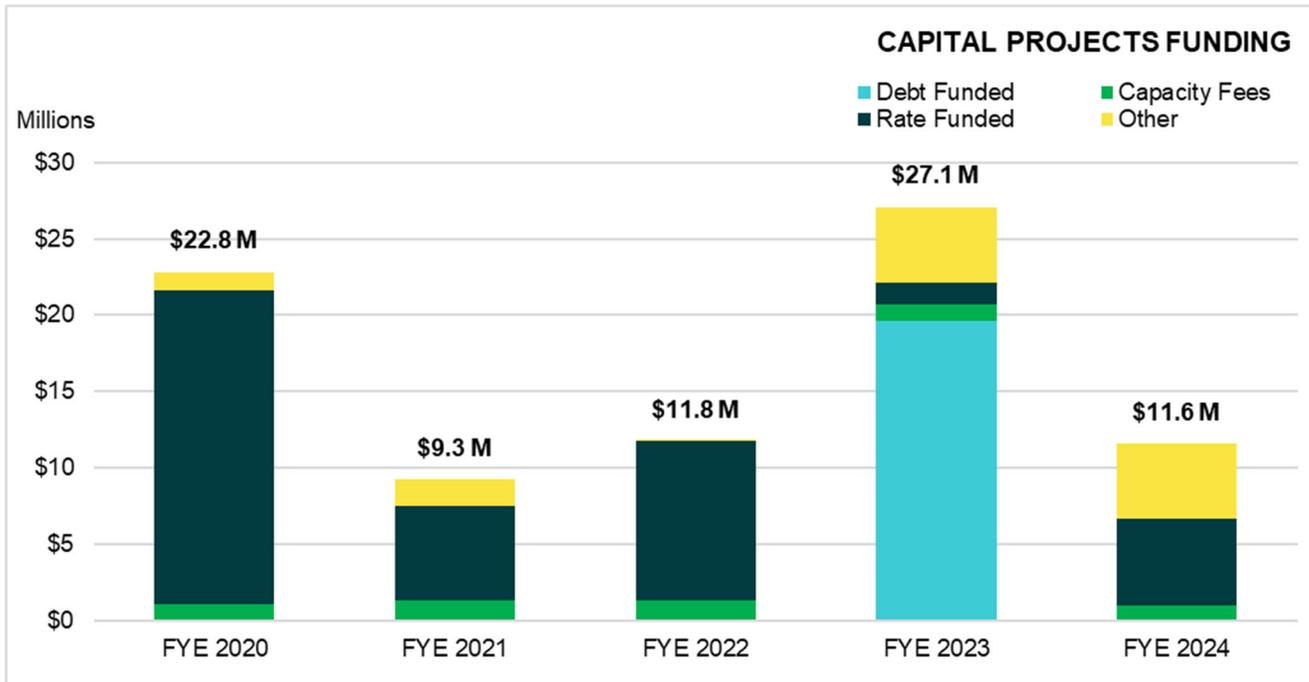
O&M expenses include the cost of purchasing water, operating and maintaining facilities, staff-related costs, and other administrative costs. The O&M projections are based on the District’s fiscal year (FY) 2020 budget and are escalated in subsequent years by three percent per year (except water supply 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 adjustments<sup>1</sup> 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 Statistics<sup>2</sup>. The proposed revenue adjustment will be effective with water consumption beginning on March 1, 2020<sup>3</sup>.

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%

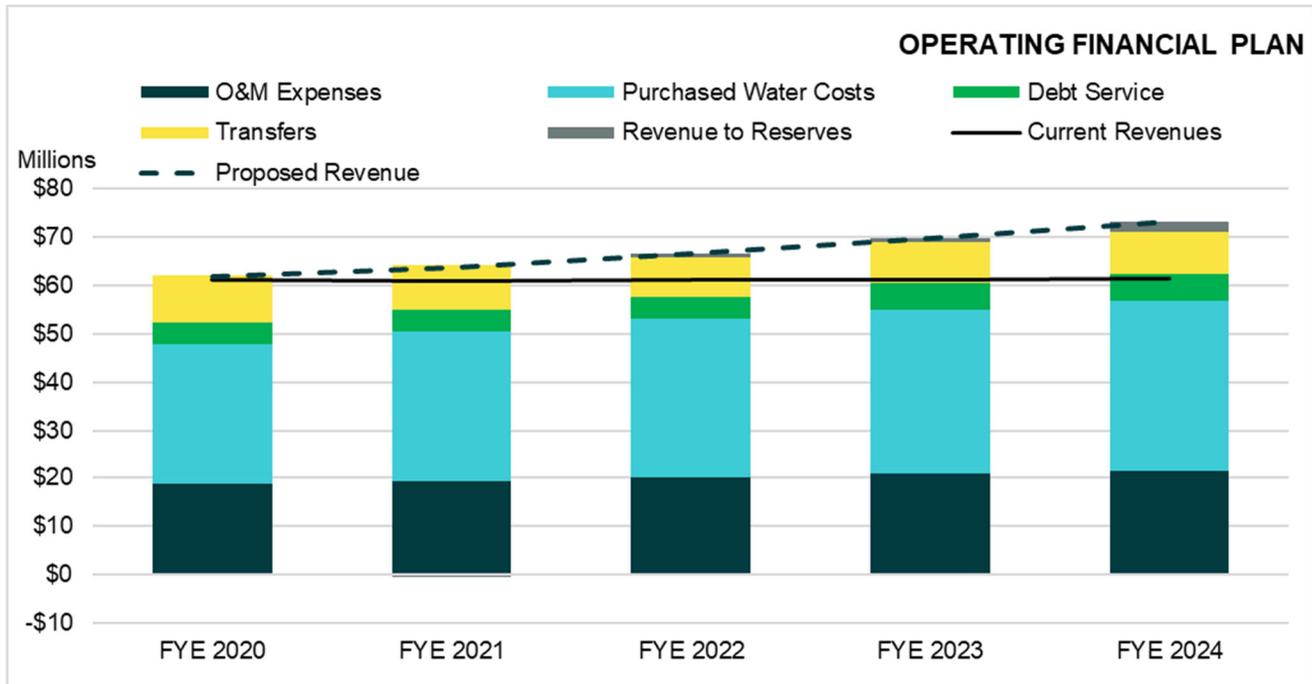
Figure 1-3 shows the proposed financial plan that incorporates the proposed revenue adjustments above. Operating Fund revenue requirements are represented by stacked bars. Projected revenues in the absence of any rate increase are represented by the solid line, while projected revenues under the proposed 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.

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

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

<sup>3</sup> 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
<b>Monthly OMWD System Access Charge</b>						
<b>Meter Size</b>						
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
<b>Monthly SDCWA Infrastructure Access Charge*</b>						
<b>Meter Size</b>						
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
<b>Monthly Fire Meter Charges</b>						
<b>Meter Line Size</b>						
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
<b>Volumetric Rates (\$/HCF)</b>						
<b>Residential</b>						
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
<b>Agriculture</b>						
Agriculture	\$4.75	\$5.42	\$5.70	\$5.99	\$6.29	\$6.61
Agriculture w/ Credit*	\$3.81	TBD	TBD	TBD	TBD	TBD
<b>Commercial</b>						
Commercial	\$4.07	\$4.59	\$4.82	\$5.07	\$5.33	\$5.60
<b>Irrigation</b>						
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
<b>Construction</b>						
Construction	\$7.97	\$6.65	\$6.99	\$7.34	\$7.71	\$8.10
<b>Recycled Water</b>						
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.

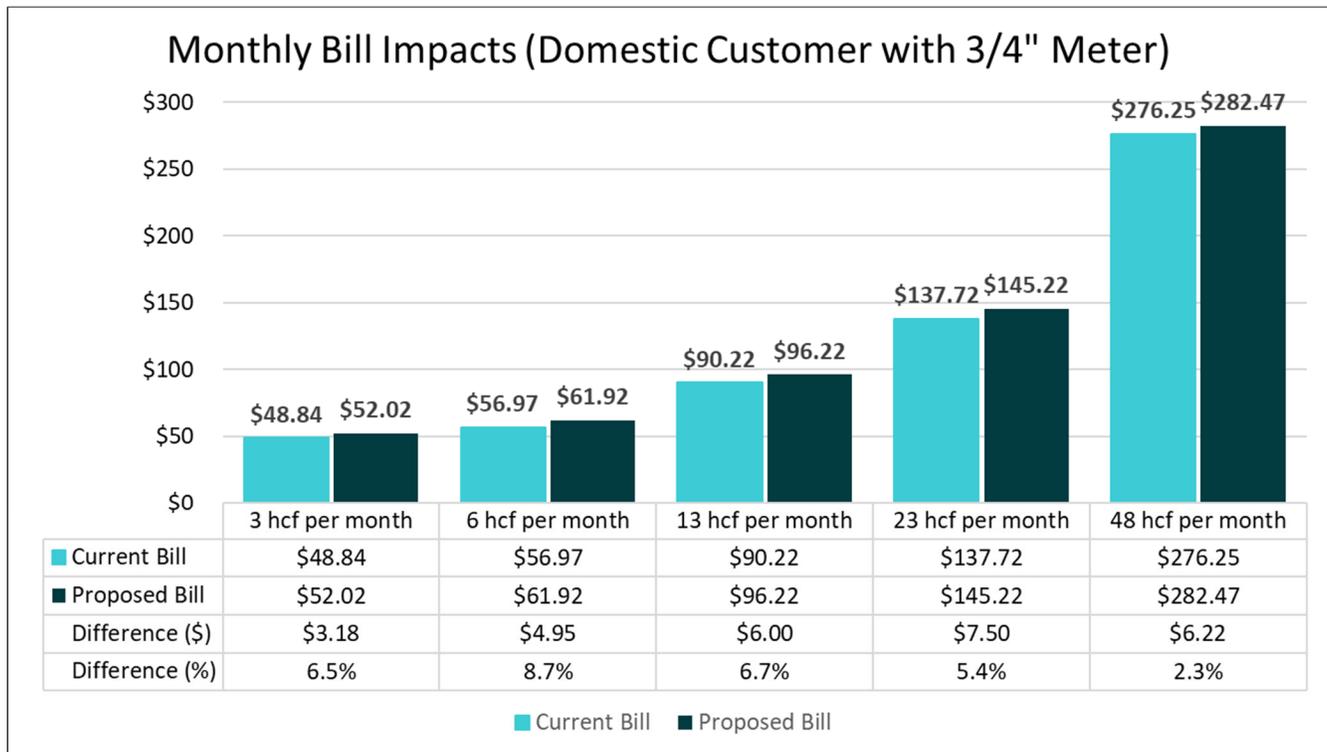
**Table 1-4: Proposed FY 2020 Water Supply Shortage Rates per HCF**

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
<b>Domestic</b>					
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
<b>Agricultural</b>	\$4.51	\$4.75	\$4.86	\$5.42	\$6.34
<b>Agricultural with Credit</b>	\$3.57	\$3.81	\$3.92	\$4.48	\$5.40
<b>Commercial</b>	\$3.87	\$4.07	\$4.15	\$4.65	\$5.41
<b>Irrigation</b>					
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
<b>Construction</b>	\$6.93	\$7.97	\$8.66	\$10.40	\$13.87
<b>Recycled</b>	\$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)
<b>5/8-inch</b>	10	15
<b>3/4-inch</b>	20	30
<b>1-inch</b>	35	50
<b>1.5-inch</b>	50	110
<b>2-inch</b>	100	200
<b>3-inch</b>	200	500
<b>4-inch</b>	600	3,500
<b>6-inch</b>	3,100	11,800
<b>8-inch</b>	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
<b>Total</b>	<b>21,409</b>	<b>28</b>	<b>122</b>	<b>429</b>	<b>600</b>	<b>75</b>	<b>298</b>	<b>5,898</b>

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
<b>Meters subject to OMWD System Access Charge</b>						
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
<b>Total</b>	<b>22,961</b>	<b>23,011</b>	<b>23,061</b>	<b>23,111</b>	<b>23,161</b>	<b>23,211</b>
<b>Meters subject to SDCWA Infrastructure Access Charge</b>						
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	16,430
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
<b>Total</b>	<b>22,588</b>	<b>22,638</b>	<b>22,688</b>	<b>22,738</b>	<b>22,788</b>	<b>22,588</b>
<b>Meters subject to Fire Meter Charge</b>						
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
<b>Total</b>	<b>5,898</b>	<b>5,898</b>	<b>5,898</b>	<b>5,898</b>	<b>5,898</b>	<b>5,898</b>

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 Accounts<sup>4</sup>**

Customer Class	FY 2018 Actual	FY 2019 Projected	FY 2020 Projected	FY 2021 Projected	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected
<b>Domestic</b>							
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
<b>Agricultural</b>	233,693	233,693	233,693	233,693	233,693	233,693	233,693
<b>Agricultural with Credit</b>	20,146	20,146	20,146	20,146	20,146	20,146	20,146
<b>Commercial</b>	283,373	283,373	283,373	283,373	283,373	283,373	283,373
<b>Irrigation</b>							
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
<b>Construction</b>	36,802	36,802	36,802	36,802	36,802	36,802	36,802
<b>Recycled</b>	1,108,957	1,130,737	1,196,077	1,290,602	1,290,602	1,290,602	1,290,602
<b>Total</b>	<b>8,936,919</b>	<b>8,951,275</b>	<b>8,965,642</b>	<b>8,980,009</b>	<b>8,994,375</b>	<b>9,008,742</b>	<b>9,023,109</b>

### 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**).<sup>5</sup> 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

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

<sup>5</sup> 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.<sup>6</sup>

**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
<b>Fixed Charges</b>						
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
<b>Volumetric Charges:</b>						
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
<b>Total</b>	<b>\$53,502,975</b>	<b>\$54,337,390</b>	<b>\$54,305,252</b>	<b>\$54,393,633</b>	<b>\$54,482,015</b>	<b>\$54,570,396</b>

**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.

<sup>6</sup> 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
<b>Other Operating Revenues</b>						
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
<b>Subtotal</b>	<b>\$2,917,073</b>	<b>\$2,971,879</b>	<b>\$2,690,754</b>	<b>\$2,731,278</b>	<b>\$2,766,237</b>	<b>\$2,803,503</b>
<b>Non-Operating Revenues</b>						
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
<b>Subtotal</b>	<b>\$3,588,000</b>	<b>\$4,001,000</b>	<b>\$3,982,000</b>	<b>\$3,980,000</b>	<b>\$3,999,000</b>	<b>\$4,047,000</b>
<b>Capital Revenues</b>						
Potable Capacity Fee	\$733,000	\$1,056,304	\$1,286,873	\$1,285,402	\$1,141,737	\$927,175
Anticipated Grants <sup>7</sup>	\$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
<b>Subtotal</b>	<b>\$738,000</b>	<b>\$1,261,304</b>	<b>\$1,291,873</b>	<b>\$1,290,402</b>	<b>\$6,146,737</b>	<b>\$5,932,175</b>

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.

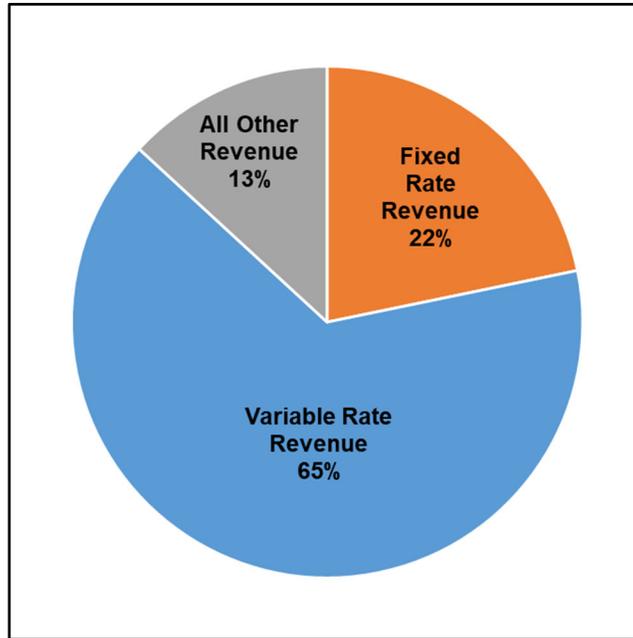
**Table 3-9: Revenue Summary**

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
<b>Total</b>	<b>\$60,746,048</b>	<b>\$62,571,572</b>	<b>\$62,269,879</b>	<b>\$62,395,313</b>	<b>\$67,393,990</b>	<b>\$67,353,075</b>

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.

<sup>7</sup> Anticipated Title XVI grant funding

**Figure 3-1: FY 2020 Revenue Composition**



### **3.4. Operations and Maintenance Expenses**

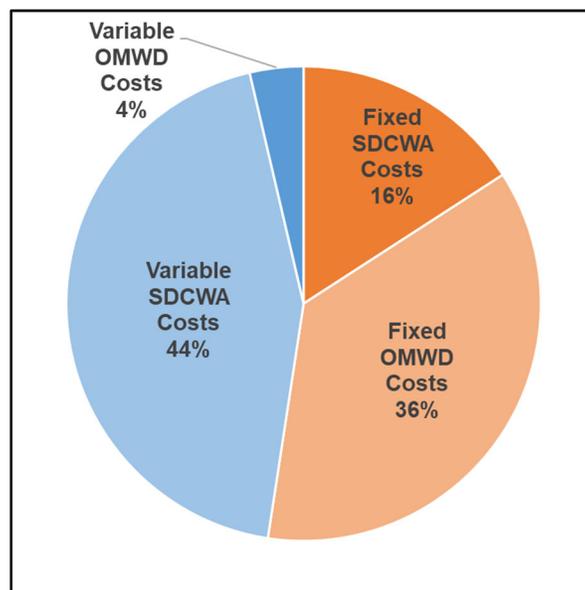
The District's operations and maintenance (O&M) expenses are based on the FY 2020 District budget and projected out through FY 2024. The District's projected purchased water and recycled water expenses were calculated over the study period based on the projected water supply mix and anticipated supply 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
<b>Total O&amp;M Expenses</b>	<b>\$47,206,558</b>	<b>\$48,620,275</b>	<b>\$51,309,409</b>	<b>\$53,988,384</b>	<b>\$55,798,224</b>	<b>\$57,657,967</b>
<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>
<b>Total O&amp;M Excluding Depreciation</b>	<b>\$46,348,558</b>	<b>\$47,764,275</b>	<b>\$50,427,729</b>	<b>\$53,080,254</b>	<b>\$54,862,850</b>	<b>\$56,694,531</b>

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.<sup>8</sup> 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
<b>2015A Water Revenue Bonds</b>						
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
<b>Subtotal</b>	<b>\$2,408,625</b>	<b>\$2,407,875</b>	<b>\$2,403,375</b>	<b>\$2,405,125</b>	<b>\$2,412,625</b>	<b>\$2,410,375</b>
<b>2016A Water Revenue Bonds</b>						
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
<b>Subtotal</b>	<b>\$978,663</b>	<b>\$975,663</b>	<b>\$976,663</b>	<b>\$976,413</b>	<b>\$979,913</b>	<b>\$976,913</b>
<b>2013 State Revolving Fund Loan</b>						
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
<b>Subtotal</b>	<b>\$1,070,042</b>	<b>\$1,070,042</b>	<b>\$1,070,042</b>	<b>\$1,070,042</b>	<b>\$1,070,042</b>	<b>\$1,070,042</b>
<b>2018 Sewer Revenue Bonds</b>						
Principal	\$484,500	\$484,500	\$484,500	\$484,500	\$484,500	\$484,500
Interest	\$0	\$0	\$0	\$0	\$0	\$0
<b>Subtotal</b>	<b>\$484,500</b>	<b>\$484,500</b>	<b>\$484,500</b>	<b>\$484,500</b>	<b>\$484,500</b>	<b>\$484,500</b>
<b>Total Existing Debt</b>	<b>\$4,941,830</b>	<b>\$4,938,080</b>	<b>\$4,934,580</b>	<b>\$4,936,080</b>	<b>\$4,947,080</b>	<b>\$4,941,830</b>

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.

<sup>8</sup> 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
<b>Annual Debt Service</b>	<b>\$1,301,000</b>

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
<b>Total Debt Service</b>	<b>\$4,941,830</b>	<b>\$4,938,080</b>	<b>\$4,934,580</b>	<b>\$4,936,080</b>	<b>\$6,248,080</b>	<b>\$6,242,830</b>

### 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**

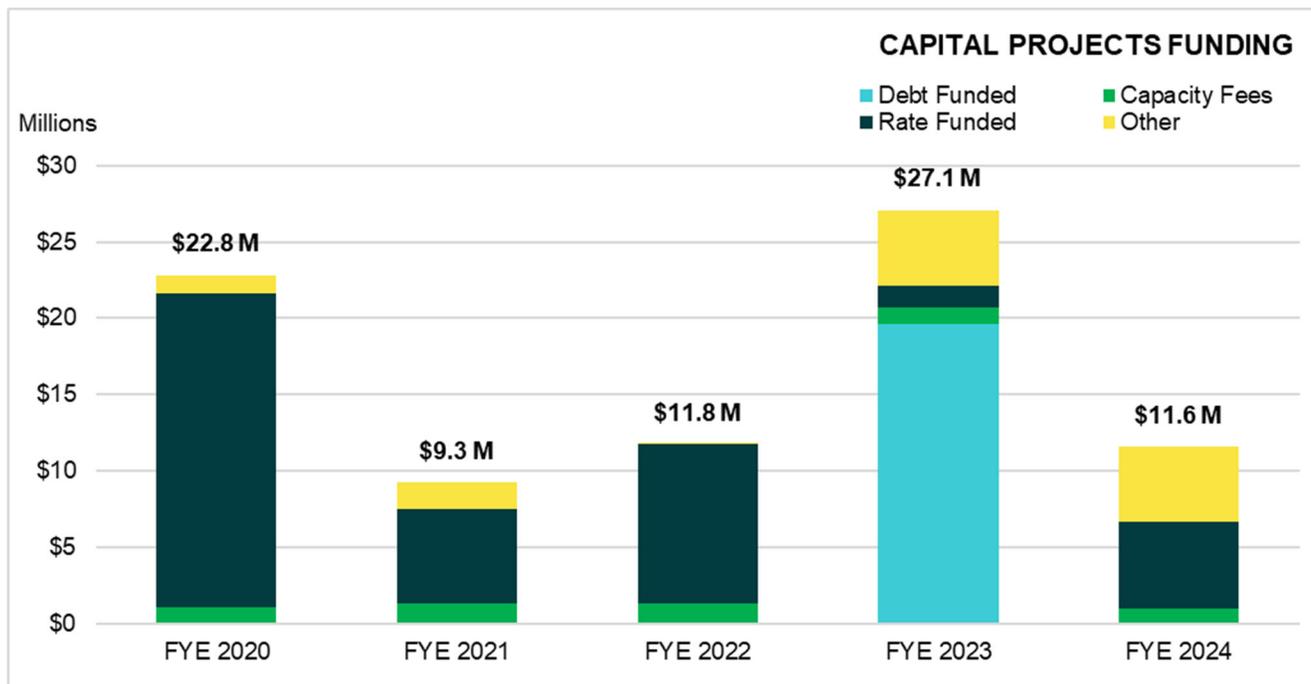
#	Potable Water CIP	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
1	San Elijo Valley Groundwater	\$1,282,000	\$1,764,000	\$6,232,000	\$20,214,000	\$3,989,000
2	Building D - Schedules A and B	\$8,800,000	\$358,000	\$0	\$0	\$0
3	Replace El Camino Real Pipeline	\$3,115,000	\$546,000	\$0	\$0	\$0
4	Pressure Zone 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	<b>Total Potable Water CIP</b>	<b>\$21,409,000</b>	<b>\$8,221,000</b>	<b>\$11,639,000</b>	<b>\$26,986,000</b>	<b>\$11,242,000</b>

**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	<b>Total Recycled Water CIP</b>	<b>\$1,423,000</b>	<b>\$1,034,000</b>	<b>\$111,000</b>	<b>\$116,000</b>	<b>\$377,000</b>

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 sales<sup>9</sup> 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**.

---

<sup>9</sup> 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

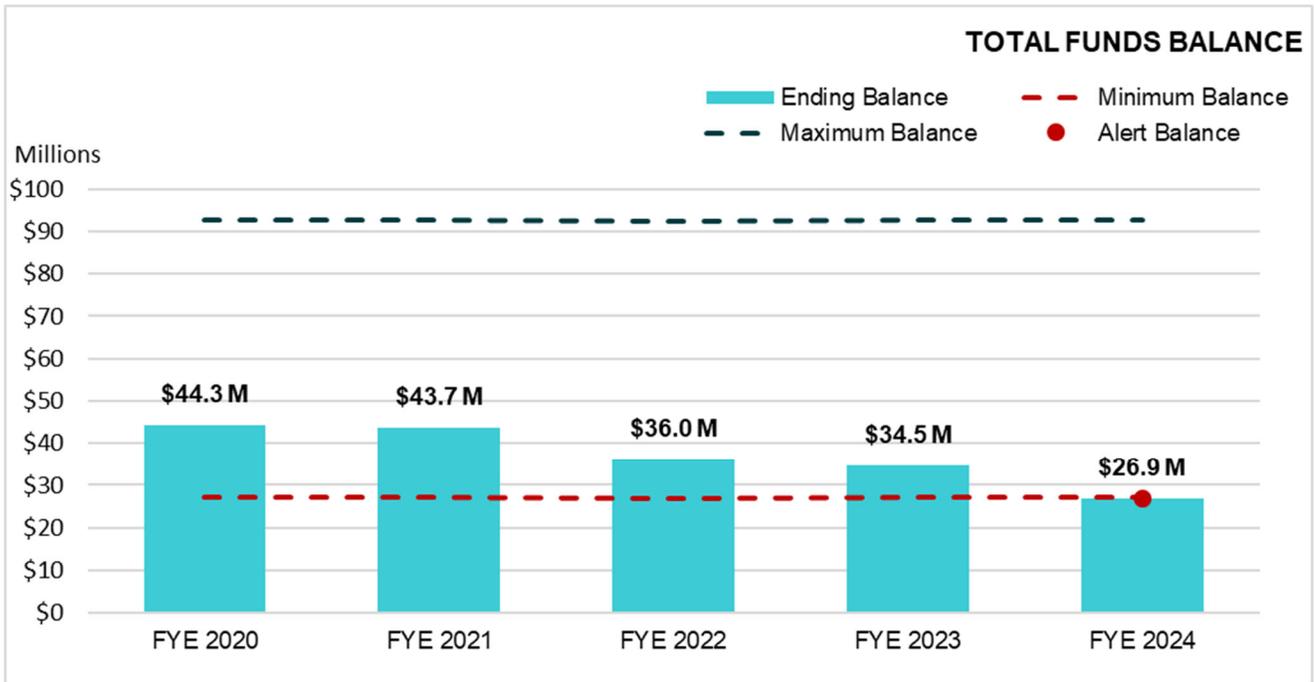
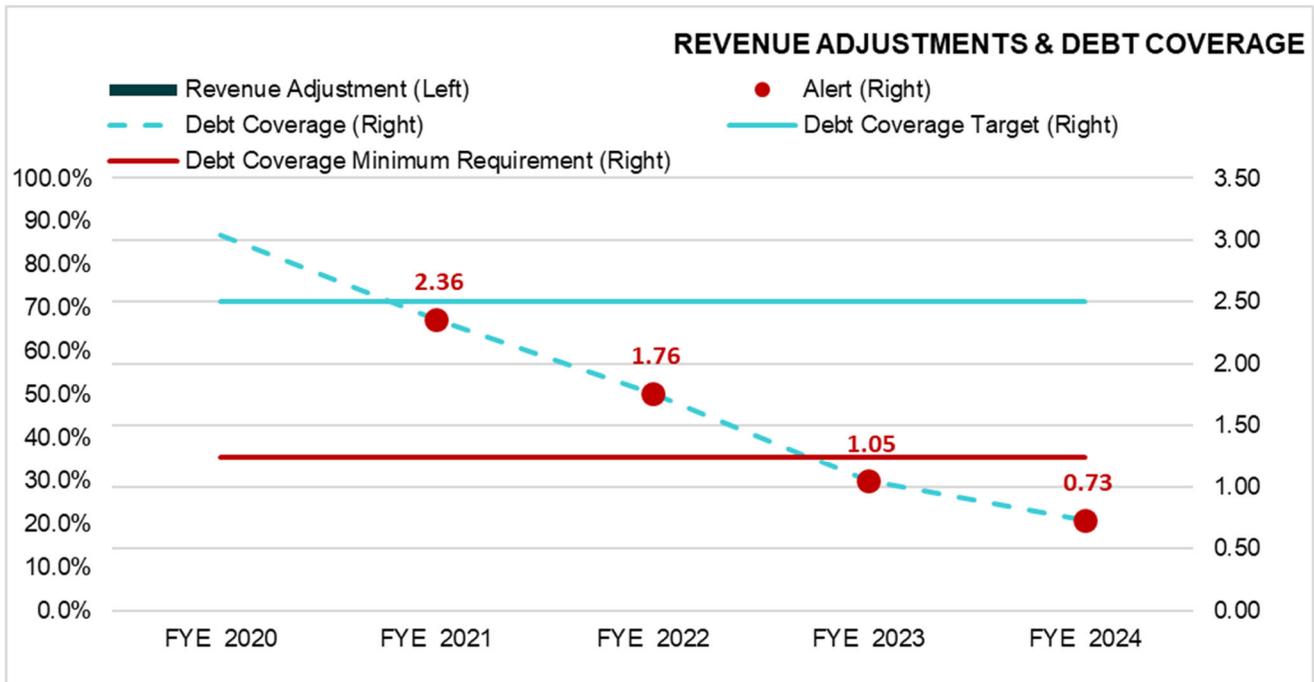


Figure 3-5: Projected Debt Coverage Under Status Quo Financial Plan



### 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.<sup>10</sup> the San Diego-Carlsbad CPI-U for the second half of 2018 as determined by the U.S Bureau of Labor Statistics.<sup>11</sup> The proposed revenue adjustment will be effective with water consumption beginning on March 1, 2020.<sup>12</sup>

**Table 3-16: Proposed 5-Year Revenue Adjustments**

Fiscal Year	Effective Date	Revenue Adjustment
<b>FY 2020</b>	March 1, 2020	3.7%
<b>FY 2021</b>	March 1, 2021	5.0%
<b>FY 2022</b>	March 1, 2022	5.0%
<b>FY 2023</b>	March 1, 2023	5.0%
<b>FY 2024</b>	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.

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

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

<sup>12</sup> 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	<b>REVENUES</b>					
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	<b>TOTAL REVENUES</b>	<b>\$61,812,890</b>	<b>\$63,691,232</b>	<b>\$66,678,117</b>	<b>\$69,832,727</b>	<b>\$73,178,792</b>
8						
9	<b>EXPENSES</b>					
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	<b>TOTAL EXPENSES</b>	<b>\$52,327,854</b>	<b>\$54,929,808</b>	<b>\$57,585,914</b>	<b>\$60,682,673</b>	<b>\$62,511,354</b>
17						
18	<b>TRANSFERS</b>					
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	<b>TOTAL TRANSFERS</b>	<b>\$9,696,500</b>	<b>\$9,196,500</b>	<b>\$8,196,500</b>	<b>\$8,196,500</b>	<b>\$8,696,500</b>
25						
26	<b>Net Annual Cash Balance</b>	<b>(\$211,464)</b>	<b>(\$435,077)</b>	<b>\$895,703</b>	<b>\$953,555</b>	<b>\$1,970,938</b>
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**

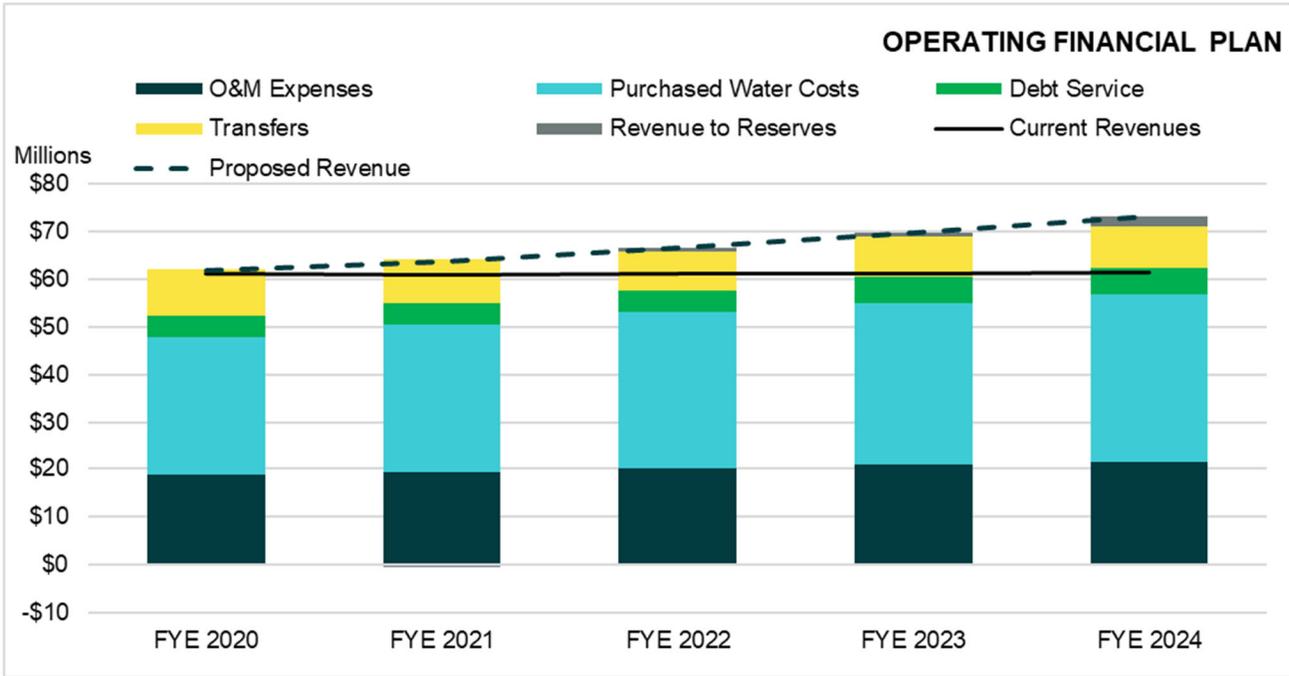
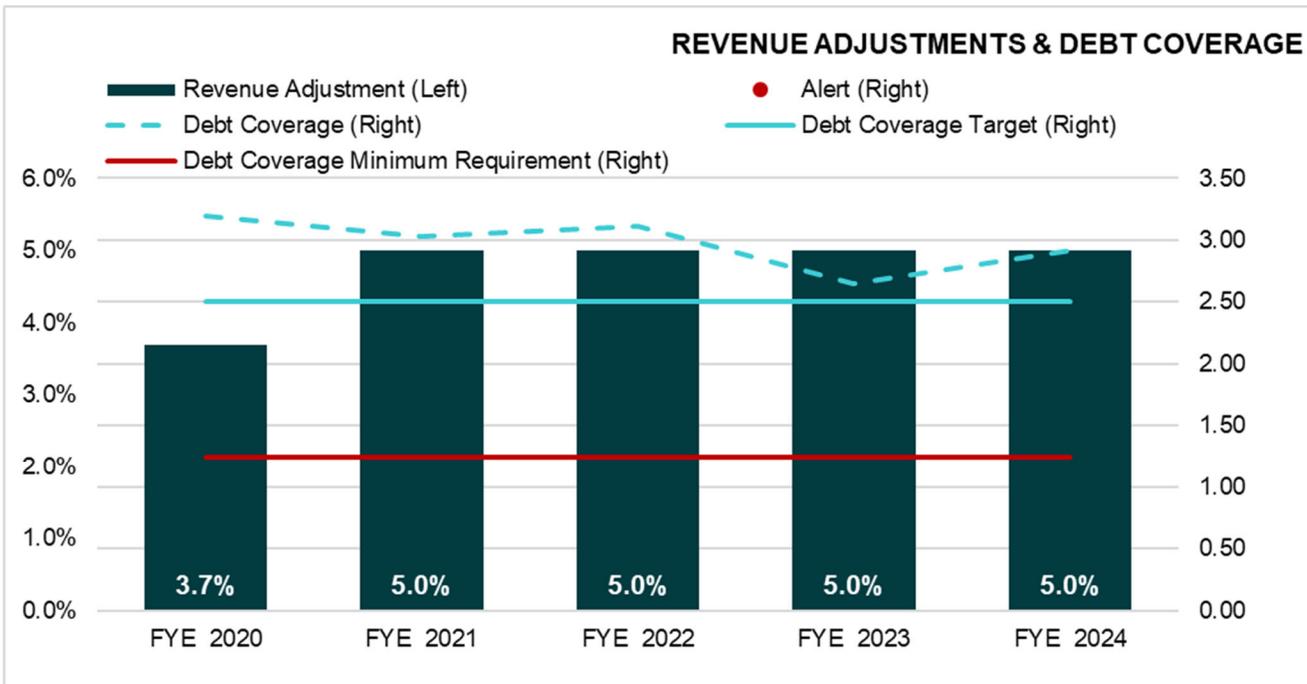


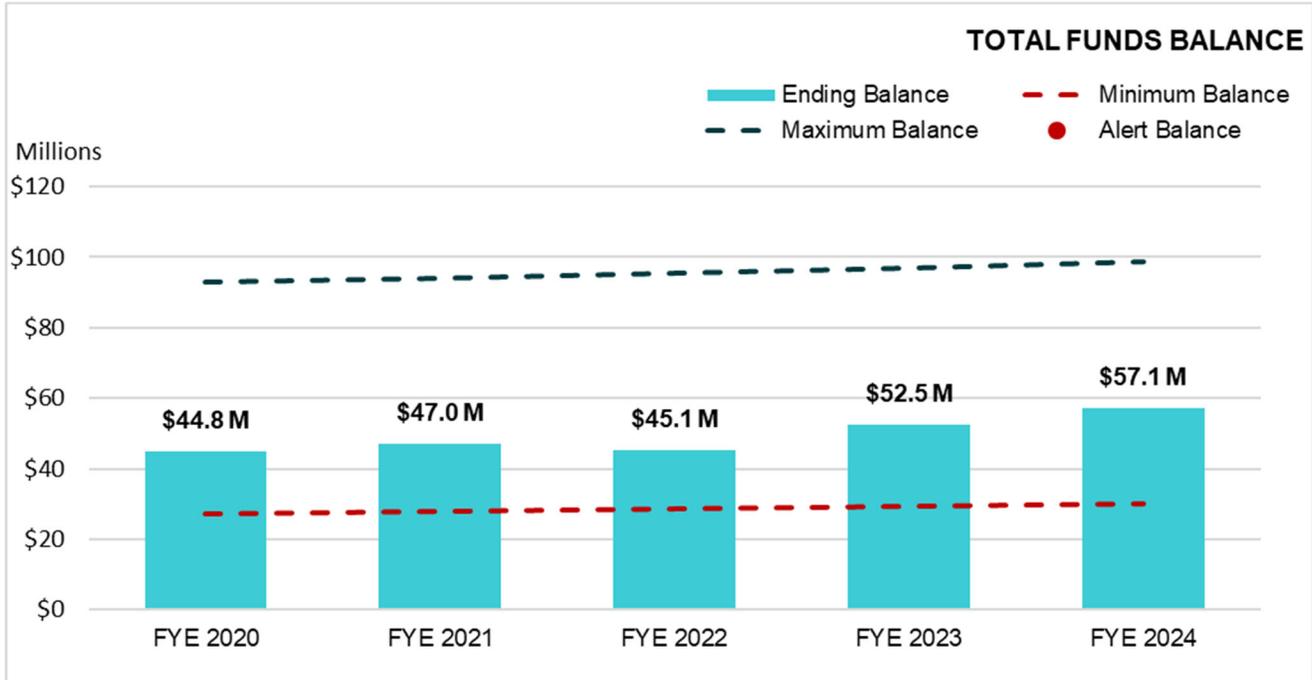
Figure 3-7 illustrates how the proposed revenue adjustments will ensure that the District’s projected debt coverage (dashed line) exceeds its 250% debt coverage target (solid blue line). Robust debt coverage of at least 250 percent will help the District maintain its AAA credit rating by Fitch, which 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
<b>1</b>	<b>Revenue Requirements</b>			
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
<b>7</b>	<b>Total - Revenue Requirements</b>	<b>\$47,764,275</b>	<b>\$4,563,580</b>	<b>\$52,327,854</b>
8				
<b>9</b>	<b>Revenue Offsets</b>			
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 <sup>13</sup>	\$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
<b>28</b>	<b>Total - Revenue Offsets</b>	<b>\$5,271,879</b>	<b>\$1,701,000</b>	<b>\$6,972,879</b>
29				
<b>30</b>	<b>Adjustments</b>			
31	Adjustment for Transfers & Cash Balance		(\$9,485,036)	(\$9,485,036)
32	Adjustment to Annualize Rate Increase	(\$1,507,863)		(\$1,507,863)
<b>33</b>	<b>Total - Adjustments</b>	<b>(\$1,507,863)</b>	<b>(\$9,485,036)</b>	<b>(\$10,992,898)</b>
34				
<b>35</b>	<b>Total Revenue Required from Rates</b>	<b>\$44,000,258</b>	<b>\$12,347,615</b>	<b>\$56,347,873</b>

### 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:

<sup>13</sup> 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	<b>Domestic</b>					
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	<b>Agricultural</b>	35,164	21,259	1.65	2.35	3.52
8	<b>Commercial</b>	29,354	23,834	1.23	1.75	2.62
9	<b>Irrigation</b>					
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	<b>Construction<sup>14</sup></b>	N/A	N/A	N/A	3.00	4.50

<sup>14</sup> 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	<b>Total O&amp;M</b>		<b>\$17.49M</b>	<b>\$4.85M</b>	<b>\$4.23M</b>	<b>\$4.18M</b>	<b>\$2.97M</b>	<b>\$1.41M</b>	<b>\$8.49M</b>	<b>\$2.79M</b>	<b>\$1.35M</b>	<b>\$47.76M</b>
20												
21	<b>O&amp;M Allocation</b>		<b>36.6%</b>	<b>10.2%</b>	<b>8.8%</b>	<b>8.8%</b>	<b>6.2%</b>	<b>3.0%</b>	<b>17.8%</b>	<b>5.8%</b>	<b>2.8%</b>	<b>100.0%</b>

## 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 \$)
<b>1</b>	<b>Potable Water Assets</b>								
2	Treatment	53.1%	46.9%	0.0%	0.0%	0.0%	0.0%	0.0%	<b>\$82.94M</b>
3	Reservoir	48.1%	41.9%	0.0%	0.0%	10.0%	0.0%	0.0%	<b>\$62.95M</b>
4	Distribution	32.1%	27.9%	30.0%	0.0%	10.0%	0.0%	0.0%	<b>\$195.30M</b>
5	Pump Stations	35.4%	31.2%	33.3%	0.0%	0.0%	0.0%	0.0%	<b>\$10.23M</b>
6	Meters	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	<b>\$7.76M</b>
7	General	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	<b>\$64.74M</b>
8									
<b>9</b>	<b>Recycled Water Assets</b>								
10	Treatment	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	<b>\$1.99M</b>
11	Reservoir	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	<b>\$7.44M</b>
12	Distribution	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	<b>\$30.21M</b>
13	Pump Stations	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	<b>\$3.89M</b>
14	Meters	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	<b>\$3.80M</b>
15	General	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	<b>\$3.82M</b>
16									
17	<b>Total Assets</b>	<b>\$140.65M</b>	<b>\$122.95M</b>	<b>\$62.00M</b>	<b>\$51.15M</b>	<b>\$25.83M</b>	<b>\$7.76M</b>	<b>\$64.74M</b>	<b>\$475.08M</b>
18									
19	<b>Capital Allocation</b>	<b>29.6%</b>	<b>25.9%</b>	<b>13.1%</b>	<b>10.8%</b>	<b>5.4%</b>	<b>1.6%</b>	<b>13.6%</b>	<b>100.0%</b>

## 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	<b>Total Revenue Offsets</b>		<b>\$366</b>	<b>\$1.536M</b>	<b>\$0.532M</b>	<b>\$0.268M</b>	<b>\$0.483M</b>	<b>\$0.112M</b>	<b>\$1.108M</b>	<b>\$0.145M</b>	<b>\$0.280M</b>	<b>\$2.509M</b>	<b>\$6.973M</b>
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	<b>Preliminary COS</b>	<b>\$18,044,961</b>	<b>\$7,629,440</b>	<b>\$7,462,418</b>	<b>\$5,881,640</b>	<b>\$4,091,380</b>	<b>\$2,109,686</b>	<b>\$7,879,334</b>	<b>\$2,729,615</b>	<b>\$3,028,614</b>	<b>(\$2,509,214)</b>	<b>\$56,347,873</b>
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	<b>Allocated COS</b>	<b>\$19,023,874</b>	<b>\$8,043,326</b>	<b>\$7,867,243</b>	<b>\$6,200,711</b>	<b>\$4,313,332</b>	<b>\$87,507</b>	<b>\$10,443,403</b>	<b>\$2,877,692</b>	<b>\$0</b>	<b>(\$2,509,214)</b>	<b>\$56,347,873</b>
9												
10	Final Adjustment – Peaking to Meters	\$0	\$0	(\$393,362)	(\$310,036)	\$0	\$0	\$703,398	\$0	\$0	\$0	\$0
11												
12	<b>Final Adjusted COS</b>	<b>\$19,023,874</b>	<b>\$8,043,326</b>	<b>\$7,473,881</b>	<b>\$5,890,675</b>	<b>\$4,313,332</b>	<b>\$87,507</b>	<b>\$11,146,801</b>	<b>\$2,877,692</b>	<b>\$0</b>	<b>(\$2,509,214)</b>	<b>\$56,347,873</b>

## 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	<b>Total Meters</b>	<b>28,909</b>	
4			
5	Billing Periods per Year	12	
6			
7	<b>Total Bills</b>	<b>346,908</b>	<b>= [Line 3] x [Line 5]</b>

### 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 tier<sup>15</sup> 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).

<sup>15</sup> 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	<b>Domestic</b>					
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	<b>Agricultural</b>	257,463	705	2.35	1,657	952
8	<b>Commercial</b>	283,373	776	1.75	1,358	582
9	<b>Irrigation</b>					
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	<b>Construction</b>	36,802	101	3.00	302	202
13	<b>Total</b>	<b>7,769,565</b>	<b>21,286</b>			<b>20,472</b>

**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	<b>Domestic</b>					
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	<b>Agricultural</b>	257,463	705	3.52	2,486	829
8	<b>Commercial</b>	283,373	776	2.62	2,037	679
9	<b>Irrigation</b>					
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	<b>Construction</b>	36,802	101	4.50	454	151
13	<b>Total</b>	<b>7,769,565</b>	<b>21,286</b>			<b>20,879</b>

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		

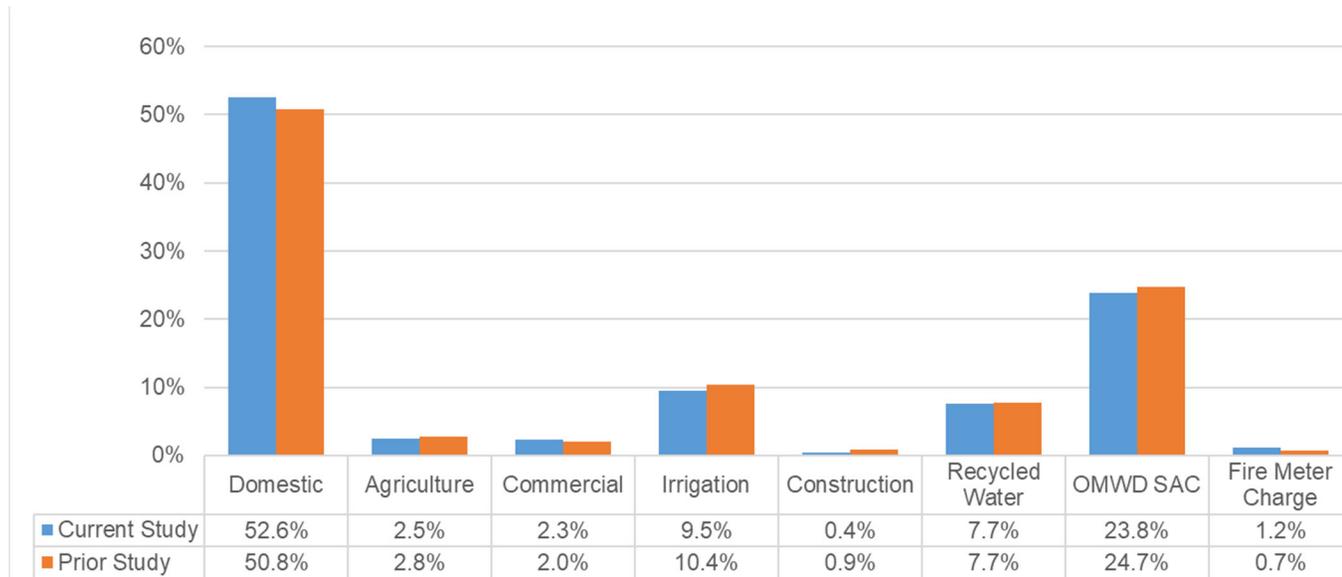
## 4.12. Cost of Service by Customer Class

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	<b>Volumetric Rates</b>										
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	<b>Fixed Charges</b>										
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	<b>Total</b>	<b>\$19,023,874</b>	<b>\$8,043,326</b>	<b>\$7,473,881</b>	<b>\$5,890,675</b>	<b>\$4,313,332</b>	<b>\$87,507</b>	<b>\$11,146,801</b>	<b>\$2,877,692</b>	<b>(\$2,509,214)</b>	<b>\$56,347,873</b>

**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.<sup>16</sup> 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.

---

<sup>16</sup> 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
<b>Tier 1</b>	0-6 HCF	0-6 HCF	Tier 1 max set equal to essential indoor needs
<b>Tier 2</b>	7-25 HCF	7-23 HCF	Tier 2 max set equal to average Domestic monthly usage
<b>Tier 3</b>	26-80 HCF	24-80 HCF	Tier 3 max set at 90 <sup>th</sup> percentile of Domestic monthly usage
<b>Tier 4</b>	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	<b>\$29.41</b>	\$28.43	\$0.98
2	3/4"	1.0	\$30.16	\$8.30	<b>\$38.46</b>	\$37.70	\$0.76
3	1"	1.9	\$57.30	\$8.30	<b>\$65.60</b>	\$65.55	\$0.05
4	1-1/2"	3.1	\$93.49	\$8.30	<b>\$101.79</b>	\$102.68	(\$0.89)
5	2"	5.0	\$150.80	\$8.30	<b>\$159.10</b>	\$161.47	(\$2.37)
6	2-1/2"	9.3	\$280.48	\$8.30	<b>\$288.78</b>	\$294.50	(\$5.72)
7	3"	10.2	\$307.63	\$8.30	<b>\$315.93</b>	\$322.34	(\$6.41)
8	4"	17.1	\$515.73	\$8.30	<b>\$524.03</b>	\$535.82	(\$11.79)
9	6"	36.0	\$1,085.74	\$8.30	<b>\$1,094.04</b>	\$1,120.55	(\$26.51)
10	8"	65.0	\$1,960.36	\$8.30	<b>\$1,968.66</b>	\$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	<b>\$4.82</b>	\$3.82	\$1.00
2	3/4"	1.0	\$0.66	\$4.15	<b>\$4.82</b>	\$3.82	\$1.00
3	1"	1.9	\$1.26	\$4.15	<b>\$5.42</b>	\$4.50	\$0.92
4	1-1/2"	3.1	\$2.06	\$4.15	<b>\$6.21</b>	\$5.42	\$0.79
5	2"	5.0	\$3.32	\$4.15	<b>\$7.48</b>	\$6.88	\$0.60
6	2-1/2"	9.3	\$6.18	\$4.15	<b>\$10.34</b>	\$10.15	\$0.19
7	3"	10.2	\$6.78	\$4.15	<b>\$10.93</b>	\$10.84	\$0.09
8	4"	17.1	\$11.37	\$4.15	<b>\$15.52</b>	\$16.10	(\$0.58)
9	6"	36.0	\$23.94	\$4.15	<b>\$28.09</b>	\$30.51	(\$2.42)
10	8"	65.0	\$43.22	\$4.15	<b>\$47.37</b>	\$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	<b>Domestic</b>					
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	<b>Agricultural</b>	952	\$365.07	\$347,421	257,463	\$1.35
8	<b>Commercial</b>	582	\$365.07	\$212,327	283,373	\$0.75
9	<b>Irrigation</b>					
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	<b>Construction</b>	202	\$365.07	\$73,619	36,802	\$2.00
13	<b>Total</b>	<b>20,472</b>		<b>\$7,473,881</b>	<b>7,769,565</b>	

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	<b>Domestic</b>					
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	<b>Agricultural</b>	829	\$282.13	\$233,747	257,463	\$0.91
8	<b>Commercial</b>	679	\$282.13	\$191,561	283,373	\$0.68
9	<b>Irrigation</b>					
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	<b>Construction</b>	151	\$282.13	\$42,669	36,802	\$1.16
13	<b>Total</b>	<b>20,879</b>		<b>\$5,890,675</b>	<b>7,769,565</b>	

### 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	<b>Domestic</b>	
2	Tier 1	(\$1.19)
3	Tier 2	(\$0.00)
4	Tier 3	(\$0.00)
5	Tier 4	(\$0.00)
7	<b>Agricultural</b>	(\$0.32)
8	<b>Commercial</b>	(\$0.32)
9	<b>Irrigation</b>	
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)	<b>\$3.30</b>	\$2.71	\$0.59
3	Tier 2 (7-23 HCF)	\$2.45	\$1.04	\$0.74	\$0.67	N/A	\$0.00	<b>\$4.90</b>	\$4.75	\$0.15
4	Tier 3 (24-80 HCF)	\$2.45	\$1.04	\$1.17	\$0.84	N/A	\$0.00	<b>\$5.49</b>	\$5.61	(\$0.12)
5	Tier 4 (80 + HCF)	\$2.45	\$1.04	\$1.95	\$1.14	N/A	\$0.00	<b>\$6.58</b>	\$6.58	\$0.00
6										
7	Agriculture	\$2.45	\$1.04	\$1.35	\$0.91	N/A	(\$0.32)	<b>\$5.42</b>	\$4.75	\$0.67
8	Commercial	\$2.45	\$1.04	\$0.75	\$0.68	N/A	(\$0.32)	<b>\$4.59</b>	\$4.07	\$0.52
9	Irrigation									
10	Tier 1: "B" Base	\$2.45	\$1.04	\$1.19	\$0.85	N/A	(\$0.32)	<b>\$5.20</b>	<b>\$4.35</b>	\$0.85
11	Tier 2: "C" Over Base	\$2.45	\$1.04	\$1.46	\$0.95	N/A	(\$0.32)	<b>\$5.57</b>	<b>\$5.90</b>	(\$0.33)
12										
13	Construction	\$2.45	\$1.04	\$2.00	\$1.16	N/A	N/A	<b>\$6.65</b>	<b>\$7.97</b>	(\$1.32)
14	Recycled Water	N/A	N/A	N/A	N/A	\$3.61	N/A	<b>\$3.61</b>	<b>\$3.85</b>	(\$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
<b>Monthly OMWD System Access Charge</b>						
<b>Meter Size</b>						
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
<b>Monthly SDCWA Infrastructure Access Charge*</b>						
<b>Meter Size</b>						
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
<b>Monthly Fire Meter Charges</b>						
<b>Meter Line Size</b>						
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
<b>Volumetric Rates (\$/HCF)</b>						
<b>Residential</b>						
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
<b>Agriculture</b>						
Agriculture	\$4.75	\$5.42	\$5.70	\$5.99	\$6.29	\$6.61
Agriculture w/ Credit*	\$3.81	TBD	TBD	TBD	TBD	TBD
<b>Commercial</b>						
Commercial	\$4.07	\$4.59	\$4.82	\$5.07	\$5.33	\$5.60
<b>Irrigation</b>						
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
<b>Construction</b>						
Construction	\$7.97	\$6.65	\$6.99	\$7.34	\$7.71	\$8.10
<b>Recycled Water</b>						
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 <sup>17</sup>	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**,

<sup>17</sup> 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 AF<sup>18</sup>. 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
<b>1</b>	<b>Reduction in Rate Revenues</b>				
2	Projected Volumetric Rate Revenue	\$37,931,011	\$33,736,357	\$29,587,801	\$25,491,599
<b>3</b>	<b>Total Rate Revenue Reduction</b>	N/A	<b>\$4,194,654</b>	<b>\$8,343,210</b>	<b>\$12,439,412</b>
4					
<b>5</b>	<b>Avoided Water Supply Costs</b>				
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	<b>Total Avoided Water Supply Costs</b>	N/A	<b>\$2,620,196</b>	<b>\$5,240,392</b>	<b>\$7,860,588</b>
13					
14	<b>Net Revenue Loss</b>	N/A	<b>\$1,574,458</b>	<b>\$3,102,818</b>	<b>\$4,578,824</b>
15					
16	<b>\$/HCF Surcharge</b>	N/A	<b>\$0.23</b>	<b>\$0.50</b>	<b>\$0.85</b>

**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.

<sup>18</sup> One AF = 435.6 HCF.

**Table 5-15: Proposed FY 2020 Water Supply Shortage Rates**

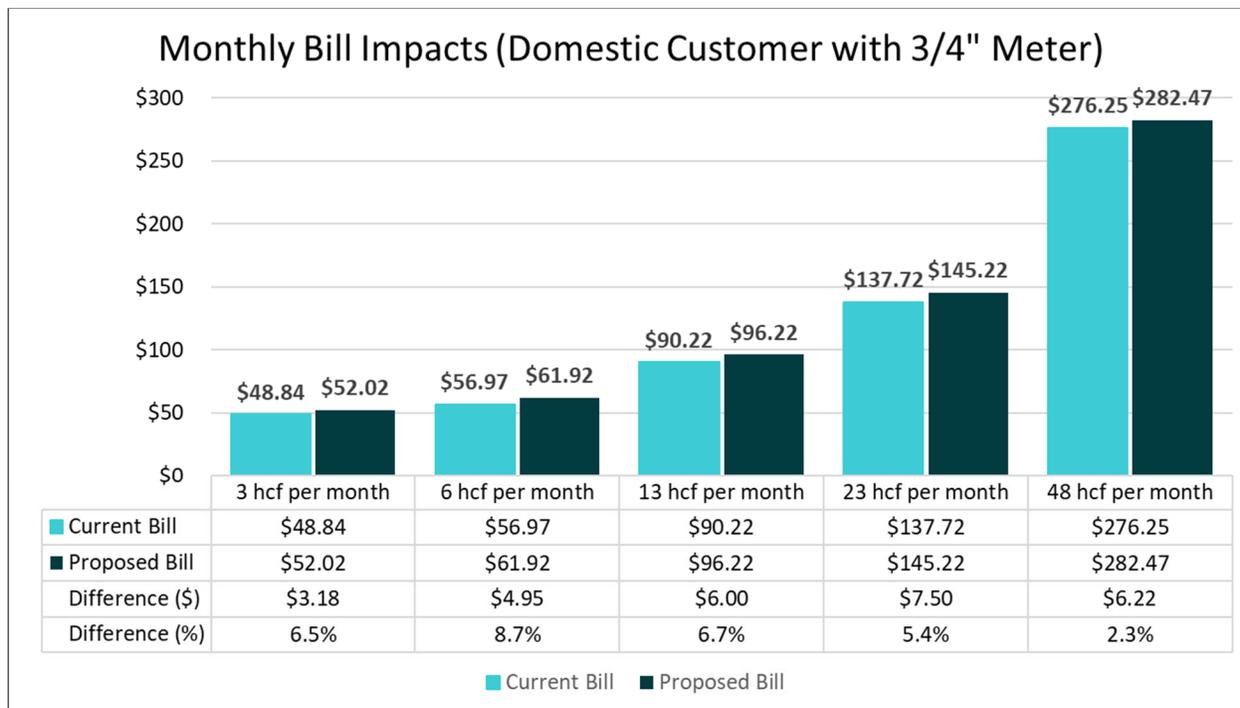
<b>Customer Class</b>	<b>FY 2020 Base Rate</b>	<b>10% Demand Reduction</b>	<b>20% Demand Reduction</b>	<b>30% Demand Reduction</b>
<b>Domestic</b>				
Tier 1 (0-6 HCF)	\$3.30	\$3.53	\$3.80	\$4.15
Tier 2 (7-23 HCF)	\$4.90	\$5.13	\$5.40	\$5.75
Tier 3 (24-80 HCF)	\$5.49	\$5.72	\$5.99	\$6.34
Tier 4 (80 + HCF)	\$6.58	\$6.81	\$7.08	\$7.43
<b>Agriculture</b>	\$5.42	\$5.65	\$5.92	\$6.27
<b>Commercial</b>	\$4.59	\$4.82	\$5.09	\$5.44
<b>Irrigation</b>				
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
<b>Construction</b>	\$6.65	\$6.88	\$7.15	\$7.50
<b>Recycled Water</b>	\$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%

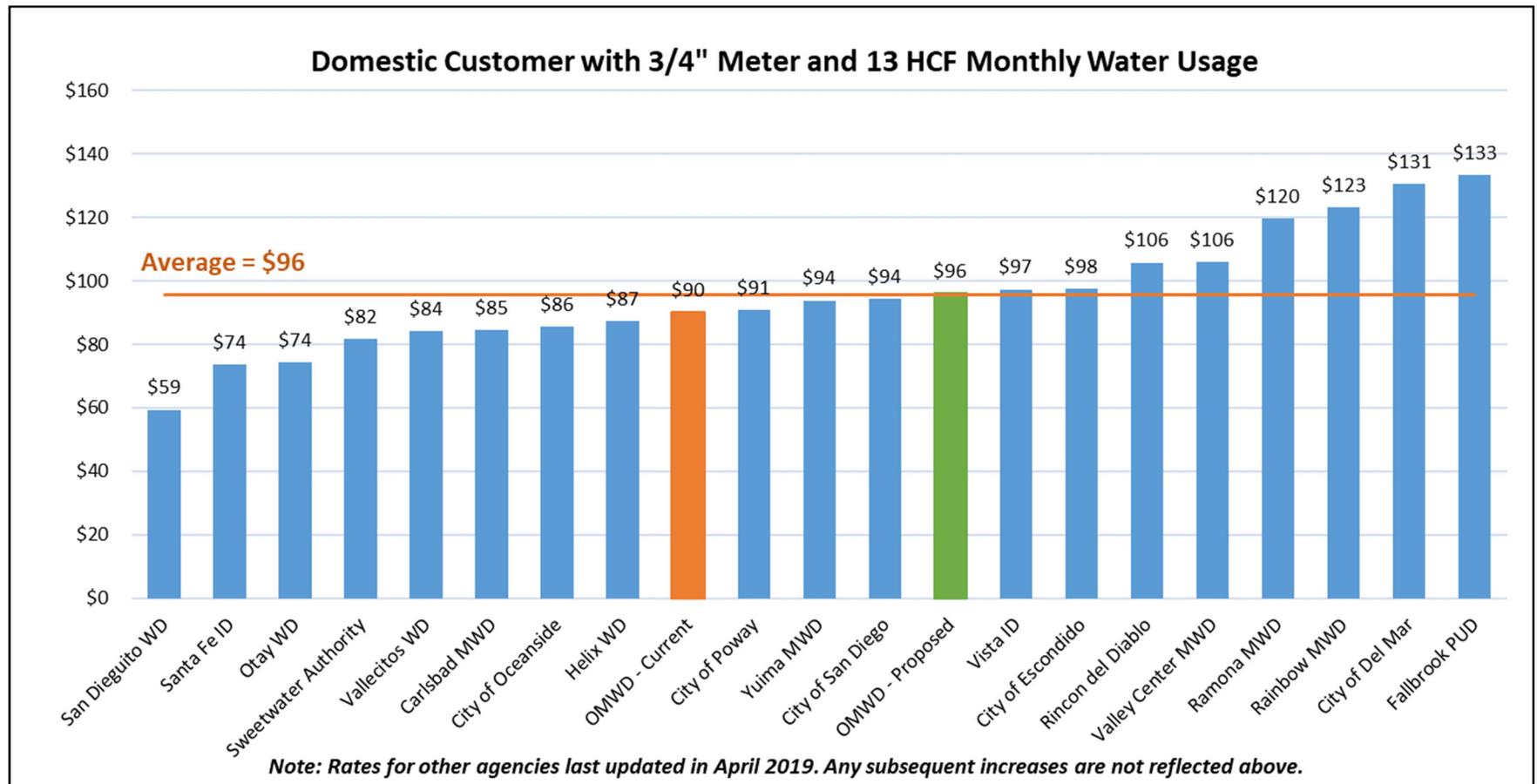
**Table 6-2: Irrigation Monthly Bill Impacts at Varying Levels of Usage (1-1/2" Meter Size)**

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

<b>Water Supply Costs</b>								
<b>Water Purchases Volume</b>		<b>FYE 2019</b>	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FYE 2023</b>	<b>FYE 2024</b>	
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						
<b>Total Water Purchases</b>		<b>19,202 AF</b>	<b>19,076 AF</b>	<b>18,880 AF</b>	<b>18,915 AF</b>	<b>18,950 AF</b>	<b>18,985 AF</b>	
<b>Water Purchase Mix</b>		<b>FYE 2019</b>	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FYE 2023</b>	<b>FYE 2024</b>	
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	
<b>Total Water Purchases</b>		<b>19,202 AF</b>	<b>19,076 AF</b>	<b>18,880 AF</b>	<b>18,915 AF</b>	<b>18,950 AF</b>	<b>18,985 AF</b>	
<b>TRUE</b>		<b>TRUE</b>	<b>TRUE</b>	<b>TRUE</b>	<b>TRUE</b>	<b>TRUE</b>	<b>TRUE</b>	
Tier 1 Limit		19,348 AF						
Purchases subject to Tier 2 Surcharge		0 AF						
<b>Water Purchase Rates (Calendar Year Basis)</b>		<b>CY 2018</b>	<b>CY 2019</b>	<b>CY 2020</b>	<b>CY 2021</b>	<b>CY 2022</b>	<b>CY 2023</b>	<b>CY 2024</b>
<b>Projected Increases</b>								
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%
<b>SDCWA Charges</b>								
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

<b>Water Supply Costs</b>							
<b>Water Purchase Rates (Calendar Year Basis)</b>	<b>CY 2018</b>	<b>CY 2019</b>	<b>CY 2020</b>	<b>CY 2021</b>	<b>CY 2022</b>	<b>CY 2023</b>	<b>CY 2024</b>
<b>MWD Charges</b>							
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
<b>SAWR (for Agriculture with Credit)</b>							
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					
<b>Water Purchase Rates (Fiscal Year Basis)</b>		<b>FYE 2019</b>	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FYE 2023</b>	<b>FYE 2024</b>
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
<b>Untreated M&amp;I Rate</b>		<b>\$1,322</b>	<b>\$1,374</b>	<b>\$1,438</b>	<b>\$1,496</b>	<b>\$1,540</b>	<b>\$1,590</b>
<b>Melded Treatment Rate (\$/AF)</b>		<b>\$288</b>	<b>\$278</b>	<b>\$286</b>	<b>\$298</b>	<b>\$307</b>	<b>\$317</b>
<b>Treated M&amp;I Rate</b>		<b>\$1,610</b>	<b>\$1,652</b>	<b>\$1,724</b>	<b>\$1,794</b>	<b>\$1,847</b>	<b>\$1,907</b>
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
<b>Units of Service for Annual Fixed Charges</b>		<b>FYE 2019</b>	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FYE 2023</b>	<b>FYE 2024</b>
IAC Equivalent Meters		28,132	28,243	28,298	28,361	28,423	28,486
<b>SAWR (for Agriculture with Credit) Purchase Rates</b>		<b>FYE 2019</b>	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FYE 2023</b>	<b>FYE 2024</b>
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**

<b>Calculated Water Purchase Expenses</b>	<b>FYE 2019</b>	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FYE 2023</b>	<b>FYE 2024</b>
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

<b>Recycled Water Supply Costs</b>							
<b>Recycled Water Purchases from Other Agencies</b>	<b>FYE 2019</b>	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FYE 2023</b>	<b>FYE 2024</b>	
Recycled Water Usage Growth	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
Recycled Water from Vallecitos	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					
Recycled Water from RSFCSD	215 AF						
<b>Total Recycled Water Purchases</b>	<b>1,364 AF</b>	<b>1,155 AF</b>	<b>1,185 AF</b>	<b>1,195 AF</b>	<b>1,205 AF</b>	<b>1,210 AF</b>	
<b>Projected Increases in Recycled Water Rates</b>	<b>FYE 2019</b>	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FYE 2023</b>	<b>FYE 2024</b>	
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%	
<b>Recycled Water Rates</b>	<b>FYE 2019</b>	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FYE 2023</b>	<b>FYE 2024</b>	
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	
<i>OMWD Recycled Charges (Base FY 07-08)</i>	<i>\$822</i>	<i>\$849</i>	<i>\$754</i>	<i>\$754</i>	<i>\$754</i>	<i>\$754</i>	
<i>OMWD Recycled Charges for each FY</i>	<i>\$1,677</i>	<i>\$1,693</i>	<i>\$1,714</i>	<i>\$1,735</i>	<i>\$1,757</i>	<i>\$1,779</i>	
<i>50% of recycled water difference</i>	<i>\$427</i>	<i>\$422</i>	<i>\$480</i>	<i>\$491</i>	<i>\$502</i>	<i>\$513</i>	
<i>Recycled Water - RSFCSD Base</i>	<i>\$375</i>	<i>\$375</i>	<i>\$375</i>	<i>\$375</i>	<i>\$375</i>	<i>\$375</i>	
<b>Calculated Recycled Water Purchases Expenses</b>	<b>FYE 2019</b>	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FYE 2023</b>	<b>FYE 2024</b>	
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	
<b>Total Calculated Recycled Water Purchases Expenses</b>	<b>\$1,383,093</b>	<b>\$1,218,779</b>	<b>\$1,316,248</b>	<b>\$1,379,326</b>	<b>\$1,438,657</b>	<b>\$1,495,550</b>	

## APPENDIX B: STATUS QUO FINANCIAL PLAN CASH FLOW

Operating Cash Flow					FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Description									
<b>REVENUE</b>									
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
<b>TOTAL REVENUE</b>					<b>\$61,300,269</b>	<b>\$60,914,006</b>	<b>\$60,927,911</b>	<b>\$60,895,252</b>	<b>\$60,904,899</b>
<b>EXPENSES</b>									
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
<b>TOTAL EXPENSES</b>					<b>\$52,327,854</b>	<b>\$54,925,866</b>	<b>\$57,579,669</b>	<b>\$60,674,096</b>	<b>\$62,500,417</b>
<b>TRANSFERS</b>									
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
<b>TOTAL TRANSFERS</b>					<b>\$9,696,500</b>	<b>\$9,196,500</b>	<b>\$8,196,500</b>	<b>\$8,196,500</b>	<b>\$8,696,500</b>
<b>Net Annual Cash Balance</b>					<b>(\$724,085)</b>	<b>(\$3,208,361)</b>	<b>(\$4,848,258)</b>	<b>(\$7,975,344)</b>	<b>(\$10,292,017)</b>
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%

<b>Fund Balances</b>					
<b>Operating Fund (Potable &amp; Recycled)</b>					
	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FYE 2023</b>	<b>FYE 2024</b>
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)
<b>Ending Balance - Operating Fund (Potable &amp; Recycled)</b>	<b>\$13,738,915</b>	<b>\$10,530,554</b>	<b>\$5,682,297</b>	<b>(\$2,293,047)</b>	<b>(\$12,585,065)</b>
<i>Minimum Target Balance</i>	\$7,851,662	\$8,288,842	\$8,724,495	\$9,017,141	\$9,317,851
<i>Maximum Target Balance</i>	\$15,703,323	\$16,577,683	\$17,448,989	\$18,034,282	\$18,635,702
<b>Capital Improvement Fund (Potable &amp; Recycled)</b>					
	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FYE 2023</b>	<b>FYE 2024</b>
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
<b>Ending Balance - Capital Improvement Fund (Potable &amp; Recycled)</b>	<b>\$22,166,304</b>	<b>\$24,559,177</b>	<b>\$21,596,579</b>	<b>\$27,861,316</b>	<b>\$30,343,491</b>
<i>Minimum Target Balance</i>	\$12,769,000	\$12,769,000	\$12,769,000	\$12,769,000	\$12,769,000
<i>Maximum Target Balance</i>	\$63,845,000	\$63,845,000	\$63,845,000	\$63,845,000	\$63,845,000
<b>Rate Stabilization Fund (Potable)</b>					
	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FYE 2023</b>	<b>FYE 2024</b>
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
<b>Ending Balance - Rate Stabilization Fund (Potable)</b>	<b>\$8,422,000</b>	<b>\$8,590,000</b>	<b>\$8,761,800</b>	<b>\$8,937,036</b>	<b>\$9,115,777</b>
<i>Minimum Target Balance</i>	\$6,583,299	\$6,078,869	\$5,616,750	\$5,370,952	\$5,105,101
<i>Maximum Target Balance</i>	\$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
<b>Revenue applicable for calculation</b>					
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
<b>Total Revenue</b>	<b>\$61,300,269</b>	<b>\$60,914,006</b>	<b>\$60,927,911</b>	<b>\$60,895,252</b>	<b>\$60,904,899</b>
<b>Expenses</b>					
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
<b>Total Expenses</b>	<b>\$47,764,275</b>	<b>\$50,423,787</b>	<b>\$53,074,009</b>	<b>\$54,854,274</b>	<b>\$56,683,594</b>
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
<b>REVENUE</b>								
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								
	Revenue	Months						
Fiscal Year	Adjustment	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
<b>Total Additional Revenue</b>				<b>\$502,621</b>	<b>\$2,713,226</b>	<b>\$5,573,206</b>	<b>\$8,585,475</b>	<b>\$11,757,893</b>
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
<b>TOTAL REVENUE</b>				<b>\$61,812,890</b>	<b>\$63,691,232</b>	<b>\$66,678,117</b>	<b>\$69,832,727</b>	<b>\$73,178,792</b>
<b>EXPENSES</b>								
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
<b>TOTAL EXPENSES</b>				<b>\$52,327,854</b>	<b>\$54,929,808</b>	<b>\$57,585,914</b>	<b>\$60,682,673</b>	<b>\$62,511,354</b>
<b>TRANSFERS</b>								
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
<b>TOTAL TRANSFERS</b>				<b>\$9,696,500</b>	<b>\$9,196,500</b>	<b>\$8,196,500</b>	<b>\$8,196,500</b>	<b>\$8,696,500</b>
<b>Net Annual Cash Balance</b>				<b>(\$211,464)</b>	<b>(\$435,077)</b>	<b>\$895,703</b>	<b>\$953,555</b>	<b>\$1,970,938</b>

### 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
<b>Net Cash Flow</b>	<b>\$470,688</b>	<b>\$938,549</b>	<b>\$1,154,517</b>	<b>\$1,379,766</b>	<b>\$1,648,303</b>
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
<b>Ending Balance</b>	<b>\$8,495,688</b>	<b>\$9,434,237</b>	<b>\$10,588,754</b>	<b>\$11,968,520</b>	<b>\$13,616,823</b>
<i>Interest Income</i>	<i>\$209,000</i>	<i>\$227,308</i>	<i>\$249,643</i>	<i>\$276,634</i>	<i>\$308,452</i>

### Debt Coverage Calculation

Description	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
<b>Revenue applicable for calculation</b>					
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
<b>Total Revenue</b>	<b>\$61,812,890</b>	<b>\$63,691,232</b>	<b>\$66,678,117</b>	<b>\$69,832,727</b>	<b>\$73,178,792</b>
<b>Expenses</b>					
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
<b>Total Expenses</b>	<b>\$47,764,275</b>	<b>\$50,427,729</b>	<b>\$53,080,254</b>	<b>\$54,862,850</b>	<b>\$56,694,531</b>
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%

<b>Fund Balances</b>								
<b>Operating Fund (Potable &amp; Recycled)</b>				<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FYE 2023</b>	<b>FYE 2024</b>
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
<b>Ending Balance - Operating Fund (Potable &amp; Recycled)</b>				<b>\$14,251,536</b>	<b>\$13,816,459</b>	<b>\$14,712,162</b>	<b>\$15,665,717</b>	<b>\$17,636,655</b>
<i>Minimum Target Balance</i>				\$7,851,662	\$8,289,490	\$8,725,521	\$9,018,551	\$9,319,649
<i>Maximum Target Balance</i>				\$15,703,323	\$16,578,979	\$17,451,042	\$18,037,101	\$18,639,298
<b>Capital Improvement Fund (Potable &amp; Recycled)</b>				<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FYE 2023</b>	<b>FYE 2024</b>
Beginning Balance				\$33,728,000	\$22,166,304	\$24,559,177	\$21,596,579	\$27,861,316
<u>Plus:</u>								
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 Loan - State Revolving Fund (SRF) Proceeds				\$0	\$0	\$0	\$0	\$0
New Bond Proceeds				\$0	\$0	\$0	\$19,600,000	\$0
<u>Less:</u>								
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
<b>Ending Balance - Capital Improvement Fund (Potable &amp; Recycled)</b>				<b>\$22,166,304</b>	<b>\$24,559,177</b>	<b>\$21,596,579</b>	<b>\$27,861,316</b>	<b>\$30,343,491</b>
<i>Minimum Target Balance</i>				\$12,769,000	\$12,769,000	\$12,769,000	\$12,769,000	\$12,769,000
<i>Maximum Target Balance</i>				\$63,845,000	\$63,845,000	\$63,845,000	\$63,845,000	\$63,845,000
<b>Rate Stabilization Fund (Potable)</b>				<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FYE 2023</b>	<b>FYE 2024</b>
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
<b>Ending Balance - Rate Stabilization Fund (Potable)</b>				<b>\$8,422,000</b>	<b>\$8,590,000</b>	<b>\$8,761,800</b>	<b>\$8,937,036</b>	<b>\$9,115,777</b>
<i>Minimum Target Balance</i>				\$6,708,954	\$6,756,190	\$7,008,490	\$7,515,176	\$8,041,840
<i>Maximum Target Balance</i>				\$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			
<b>Fire Exponent</b>	2.63		
<b>Percent Allocation:</b>			
Public	96.1%		
Private	3.9%		
Connection Size	Demand Factor	Unit Counts	Equivalent Connections (Demand Factor)
<b>Public Hydrants</b>			
2.5	11.1	0	0
4	38.3	3,735	143,123
6	111.3	0	0
10	426.6	0	0
<b>Total</b>		<b>3,735</b>	<b>143,123</b>
<b>Private Fire Lines</b>			
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
<b>Total</b>		<b>5,898</b>	<b>5,862</b>

## 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: San Diego

1600 Pacific Highway, Room 260

San Diego, CA 92101

From: (Public Agency): Olivenhain Municipal Water District  
1966 Olivenhain Road  
Encinitas, CA 92024

(Address)

Project Title: The Olivenhain MWD intends, by ordinance, to increase water rates and charges, and implement drought rates for calendar year 2022

Project Applicant: Olivenhain Municipal Water District (OMWD)

Project Location - Specific:

**OMWD service area which covers approximately 31,000 acres in NW San Diego**

Project Location - City: \_\_\_\_\_ Project Location - County: San Diego

Description of Nature, Purpose and Beneficiaries of Project:

The Project is to increase water rates and charges, to implement Demand Reduction Rate Adjustments, and to implement new Rate Reimbursement Credits 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 provide adequate reserve funds, and to maintain service within the existing service areas in compliance with the Government Code Section 66016. The increased fees and charges are not tied to any development project.

Name of Public Agency Approving Project: Olivenhain Municipal Water District

Name of Person or Agency Carrying Out Project: Olivenhain Municipal Water District

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: 15273(a)(1)-(4)

Reasons why project is exempt:

- 1) No Project per Section 15378(b)(4) - The Project is a continuing administrative activity of the District which will not result in any physical change in the environment. The increase of water rates and charges, and implementation of drought rates is not being considered in conjunction with the approval of any specific project and will be used solely to meet anticipated operating expenses, to provide adequate reserve funds, and to maintain service in existing service areas.
- (2) Exemption - the new increase in water rates and charges, and implementation of drought rates are being set based on accounting evaluations of the District's operating expenses and capital costs necessary to maintain service in existing areas.
- (3) No Significant Effect - the activity will not have any significant effect on the environment.

Lead Agency

Contact Person: Kimberly Thorner, General Manager Area Code/Telephone/Extension: (760) 753-6466

**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 16, 2022  
To: Olivenhain Municipal Water District Board of Directors  
From: Kimberly A. Thorner, General Manager  
Subject: **CONSIDER UPDATE ON THE COVID-19 EMERGENCY DECLARATION**

---

## **Purpose**

The purpose of this Board item is to provide an update on the COVID-19 Emergency Declaration. The General Manager declared an emergency on March 12, 2020 and the Board has received updates of this emergency declaration at all subsequent Board Meetings. The Board shall receive an update of the General Manager's emergency action at subsequent Board Meetings until we are no longer in the state of emergency.

## **Recommendation**

This is an informational update pursuant to the Administrative and Ethics Code §3.2.1. No Board action is required. To date, thirty six employees have gotten COVID-19, there have been nineteen breakthrough cases, and we have had one workplace exposure.

## **Background**

Pursuant OMWD's Administrative and Ethics Code §3.2.1, it is under my authority as the General Manager to declare an emergency if there is an unexpected occurrence that poses a clear and imminent danger, requiring immediate action to prevent and mitigate the loss or impairment of life, health, property, or essential public services. COVID-19 poses an imminent danger to the health of OMWD employees and customers. After notifying the Board via email, I declared a state of emergency regarding COVID-19 on March 12, 2020 based on the threat of the spreading pandemic.

There have been a series of email communications with the Board, staff, teleconferences with other General Managers in the County, and multiple messages conveyed to customers ensuring that OMWD’s water is safe. The chart below shows the ongoing efforts we are taking here at OMWD to help navigate and mitigate the COVID-19 emergency while remaining prepared and reliable to our customers and community.

### CORONAVIRUS (COVID-19) ACTIONS

DATE	ACTION
<b>February 2020</b>	OMWD began actively monitoring situation.
<b>March 5, 2020</b>	Staff begins formulating outreach plan and design of OMWD’s online COVID-19 Response Center.
<b>March 9, 2020</b>	Staff participated in regional meeting regarding COVID-19 at the San Diego County Water Authority.
<b>March 11, 2020</b>	OMWD’s online COVID-19 Response Center published.
	Social Media outreach regarding water safety during COVID-19.
<b>March 12, 2020</b>	Emergency Declaration made by GM to ensure critical supplies, parts, and inventory are in stock or can be purchased more freely. OMWD implemented Pandemic Response Plan.
	Staff advised not to report to work if they exhibit any signs or symptoms.
	Travel to large conferences, group meetings, and trainings by OMWD employees suspended until further notice.
	Public Tours of OMWD delayed until further notice. Events and workshops postponed.
	Laptops and phones to be ordered in anticipation of telecommuting needs.
	Elfin Forest Recreational Reserve’s Interpretive Center closed until further notice.
<b>March 13, 2020</b>	OMWD’s lobby temporarily closed until further notice.
	Disconnection moratorium for customers facing financial difficulty.
<b>March 16, 2020</b>	Staff advised not to report to work if family/friends/people they have interacted with exhibited any symptoms.
	Employees can work remotely or on alternate schedules, so long as essential services are not interrupted.
	All non-vital construction, outside work, and outside meetings are cancelled.
	Social distancing policies implemented within the District. (E.g. no sharing vehicles, no congregating, etc.)

	OMWD Sick Time Bank established for employees to donate sick leave to those who do not have enough accrued sick time to meet their needs, thereby encouraging employees to call in sick if needed.
<b>March 17, 2020</b>	OMWD's Emergency Operations Center plans reviewed in order to prepare should it be activated.
	General Manager participates on region-wide water teleconference regarding status of all water agencies. All agencies commit to mutual aide, especially at the operator level. OMWD begins providing San Diego County Water Authority and San Diego County Office of Emergency Services with daily status updates via WEBEOC.
<b>March 18, 2020</b>	OMWD's regularly scheduled board meeting transitioned to teleconference format.
<b>March 21, 2020</b>	California Public Utilities Commission informed that OMWD has initiated a temporary disconnection moratorium.
<b>March 22, 2020</b>	OMWD's Elfin Forest Recreational Reserve closed until further notice.
<b>March 23, 2020</b>	OMWD participated in second teleconference meeting regarding wastewater mutual aid with SEJPA, LWWD, VWD, Oceanside, Carlsbad, and Encina.
	Finance Department creates account to track costs associated with COVID-19.
<b>March 24, 2020</b>	Schedules further modified to ensure as much social distancing as possible; operations divisions separated into alternating teams to allow for separation on a weekly basis. Teams not working are to stay home, safe and sober in the event of an emergency need. Remaining administrative employees authorized remote working capability with laptops.
<b>March 25, 2020</b>	Deployed additional laptops to enable additional employees to work from home.
	Filmed informational video about the safety of our water that will be released in the near future.
	Prepared a list of shovel ready projects to CWA.
<b>March 26, 2020</b>	Sent an informational mailer to all customers regarding the safety of their water supply.
	Secured adequate supply of N95 masks for employees.
<b>March 27, 2020</b>	Staff has contacted certified retired operators to determine their ability to provide support in the event our current staff was impacted.
<b>March 30, 2020</b>	Made and distributed hand sanitizer to be used as needed.
	OMWD participated in third teleconference meeting regarding wastewater mutual aid with SEJPA, LWWD, VWD, Oceanside, Carlsbad, and Encina.
<b>March 31, 2020</b>	Posted an informational video about the safety of our water on website and social media.

<b>April 3, 2020</b>	Secured Zoom meeting software license; Reviewed security protocols to ensure a safe and successful meeting.
<b>April 6, 2020</b>	Ordered cloth masks for each employee to take home and have while out in the community
	Provided one dust mask and gloves for employee significant others and family members who you are exposed to on a daily basis to wear while out in the community.
<b>April 7, 2020</b>	Participated in an EPA COVID-19 Webinar
	Provided employees with an Essential Worker letter in the event that they are stopped by law enforcement while on the clock.
<b>April 15, 2020</b>	Submitted a Request for Public Assistant (RPA) to FEMA within 30 days of our area being designated in the emergency declaration. OMWD anticipates submitting for costs that were incurred outside of normal business practices to respond to the emergency, including additional overtime paid due to the isolation of employees in shifts.
	Participated in an ACWA webinar: COVID-19 Response: Understanding the Financial Aspects.
	Distributed COVID care package supplies to Board Members with sanitizer, masks, and gloves.
<b>April 16, 2020</b>	Received 275 gallons of hand sanitizer to distribute to all OMWD facilities.
<b>April 23, 2020</b>	Participated in the ACWA Brown Act COVID Webinar.
<b>April 28, 2020</b>	Discussed transitioning efforts with Managers and Supervisors.
	Established guidelines for contractor work at the DCMWTP.
<b>May 1, 2020</b>	Presented on a Governments COVID 19 Town Hall Webinar hosted by The Pun Group.
<b>May 4, 2020</b>	OMWD participated in third teleconference meeting regarding wastewater mutual aid with SEJPA, LWWD, VWD, Oceanside, Carlsbad, and Encina.
<b>May 5, 2020</b>	Prepared list of OMWD shovel ready projects to MWD.
<b>May 11, 2020</b>	OMWD participated in fourth teleconference meeting regarding wastewater mutual aid with SEJPA, LWWD, VWD, Oceanside, Carlsbad, and Encina.
	Per the May 10 County Order for essential workers, all employees are to wear face coverings while in public. Thermometers for temperature checks have been ordered.
<b>May 12, 2020</b>	Secured software to enable front desk phone rollover capabilities.
<b>May 14, 2020</b>	Provided COVID-19 IgG Antibody Testing for employees and family members.
<b>May 20, 2020</b>	Executed a Resolution for California Office of Emergency Services (Cal OES) and Federal Emergency Management Agency (FEMA) Funding for expenditures incurred by the District as a result of the COVID-19 Pandemic.

<b>May 26, 2020</b>	Replaces the podium PC in the Boardroom that had Zoom issues.
<b>June 1, 2020</b>	Modified employee work schedules to stagger shifts and isolate, ended the shelving of employees. Created a Telecommuting Policy; currently under management review.
<b>June 2, 2020</b>	Hosted an Employee Forum via Zoom.
<b>June 15, 2020</b>	Reopened the Elfin Forest Recreational Reserve with the following restrictions: require that visitors have face coverings at all times and they must be worn when six feet of social distancing is not possible.
<b>June 15, 2020</b>	Slowly started to increase in office presence with fewer telecommuting shifts.
<b>June 17, 2020</b>	Revised the Annual Goals and Objectives to reflect the impacts of COVID-19.
<b>June 19, 2020</b>	Reminded employees that masks should be worn outside of offices in the halls and/or when in a meeting when unable to stay 6 feet apart.
<b>June 22, 2020</b>	Reopened the Lobby with the following restriction: visitors and receptionist to wear face masks.
<b>June 26, 2020</b>	Moved back to increased telecommuting and split shifts due to COVID surge.
<b>June 30, 2020</b>	Closed lobby due to non-compliance with the County Health Order requiring all visitors to wear facial coverings.
<b>July 22, 2020</b>	Implemented employee temperature and COVID-19 symptom certification portal, with mandatory/daily reporting.
<b>July 29, 2020</b>	Implemented emergency sick leave for employees through the end of the calendar year to cover the time off pursuant to the Families First Coronavirus Act (FFCRA). The emergency sick leave time will only be for COVID-19 quarantine related situations and separate from normal sick leave.
<b>July 30, 2020</b>	Review emergency telecommuting policy with managers for implementation in August.
<b>August 1, 2020</b>	Continued split schedules, remote site reporting, distancing, and telecommuting for all employees.
<b>August 31, 2020</b>	Started research on the August 8 Executive Order for payroll tax deferral and its applicability to OMWD.
<b>September 1, 2020</b>	Implemented Telecommuting Policy District wide. EOC books updated.
<b>September 15, 2020</b>	Switched to regional reporting to SDCWA to once per week versus daily.

<b>September 22, 2020</b>	Directed supervisors to continue split schedules, telecommuting, remote site reporting, and distancing through at least the end of November. Will revisit as needed.
<b>September 22, 2020</b>	Updated all supervisors on new legislation regarding COVID outbreaks in the workplace and employee notification.
<b>October 28, 2020</b>	Reminded all employees on the importance of resisting COVID fatigue.
<b>November 4, 2020</b>	Requested Supervisors prepare plans in case San Diego gets second Purple Tier rating on 11/10/20.
<b>November 10, 2020</b>	Implemented increased distancing/remote work, modifications to use of Wellness Center, switch to Zoom meetings if unable to distance, lobby remains closed, reinforced importance of mask wearing and daily self-reporting.
<b>November 19, 2020</b>	Reminded employees to have the essential worker letter if out on OMWD business, duty calls, or leaks, etc., past the curfew.
<b>December 1, 2020</b>	Began working with staff on plan for the reinstatement of late charges in 2021.
<b>December 1, 2020</b>	Implemented further distancing work from home schedules due to purple tier.
<b>December 8, 2020</b>	Prepared social media posts for OMWD's COVID preparedness and response.
<b>December 17, 2020</b>	Signed on to a Vaccine Coalition letter to the California Community Vaccine Advisory Committee regarding prioritization of water sector essential critical infrastructure workers for COVID vaccination.
<b>December 21, 2020</b>	Email to all employees about COVID reporting requirements.
<b>January 19, 2021</b>	Ordered hands free door openers for bathrooms.
<b>January 25, 2021</b>	Divided the District into 6 separate workplaces (pods) with physical barriers to separate pods, closed Wellness Center to those without a COVID vaccine, shut down the ice machine, modified warehouse access with new procedures, secured mass testing if needed, approved the purchase of new air filters for the HVAC system that are MERV 13 rated, and secured a contract for industrial cleaning services in case of an outbreak in a pod.
<b>February 1, 2021</b>	Created a COVID Task Force with employee representatives from each pod that will meet bi-weekly.
<b>February 9, 2021</b>	Held a COVID Task Force Meeting.
<b>February 22, 2021</b>	Held a COVID Task Force Meeting.
<b>February 23, 2021</b>	Addressed respirator N95 needs, porta potties deployed, and more sanitizer.

<b>March 2, 2021</b>	Contacted the County of San Diego and determined vaccine eligibility for emergency operations center (EOC) employees, duty operators, and those on call to respond.
<b>March 4, 2021</b>	Distributed individual approval letters to employees as emergency service workers to schedule vaccine appointment.
<b>March 8, 2021</b>	Coordinated with SDCWA on CALFire vaccinations for OMWD employees.
<b>March 22, 2021</b>	Held a COVID Task Force Meeting.
<b>March 23, 2021</b>	Employees eligible to sign up for CALFire vaccinations.
<b>March 30, 2021</b>	Joined CSDA Coalition on COVID relief for Special Districts.
<b>April 15, 2021</b>	Held a COVID Task Force Meeting.
<b>April 19, 2021</b>	HR coordinated a COVID Wellness Challenge
<b>April 29, 2021</b>	Email to all employees about the path moving forward – removing the pod walls, vaccinated employee exposure requirements, targeted lobby re-opening, self-certification form, and meeting requirements, and reminded employees that mask wearing and social distancing is still required at OMWD subject to OSHA requirements.
<b>May 4, 2021</b>	Held a COVID Task Force Meeting.
<b>May 5, 2021</b>	Removed the Pod walls.
<b>May 10, 2021</b>	Reopened the front lobby.
<b>May 11, 2021</b>	Email to all employees about continued mask wearing until OSHA guidelines are updated, self-certification on Target Safety, and schedules starting late May/early June.
<b>June 9, 2021</b>	CALOSHA voted unanimously to withdraw the revisions approved on June 3 that are currently at OAL for review but have not yet become effective. CALOSHA will review the new mask guidance and bring any recommended revisions to the board. All OMWD precautions will remain in effect until the CALOSHA meeting and decision.
<b>June 9, 2021</b>	Held a COVID Task Force Meeting.
<b>June 15, 2021</b>	Email to all employees on the updated CalOSHA ruling – fully vaccinated employees do not have to wear masks, provide proof or self-attest, social distancing rules no longer apply, and N-95 masks are available for any employee who wants one. These revised regulations will be in effect for 210 days, unless they revisit it earlier in the event of a surge in statewide cases.
<b>June 22, 2021</b>	Email to all employees that the wellness facility may now be used at 50% capacity. If not vaccinated, you can use the facility, but must be masked.

<b>July 21, 2021</b>	Held a COVID Task Force Meeting.
<b>July 23, 2021</b>	Email to all employees with a reminder of the COVID guidelines – self certification on Target Safety, mask wearing if unvaccinated.
<b>July 27, 2021</b>	Email to all employees regarding the CDC’s new guidance asking employees who are vaccinated to use their own discretion on mask wearing indoors at this time, and not mandating employee vaccinations (or weekly testing) at this time.
<b>August 21, 2021</b>	Re-instituted masks required indoors immediately unless you are in your office alone with door shut and asked that meetings be Zoom whenever possible.
<b>August 31, 2021</b>	Held a COVID Task Force Meeting.
<b>September 15, 2021</b>	Announced that the 2021 COVID-19 Supplemental Paid Sick Leave will end on September 30, 2021.
<b>September 16, 2021</b>	Governor Newsom signed AB 361, which extends virtual meetings for all Brown Act meetings (Board and Committee) with conditions.
<b>September 10, 2021</b>	Attended workshops on the SWRCB Arrearages Process and CSDA’s Special District Relief Fund Program.
<b>September 30, 2021</b>	Governor Newsom’s Executive Order N-15-21 comes to an end.
<b>October 13, 2021</b>	With the County showing a downward trend in a positive direction, mask wearing returned to optional indoors for vaccinated employees. The Board also implemented AB 361 in order to continue with virtual board and committee meetings for the next 30 days.
<b>November 17, 2021</b>	The Board continued to implement AB 361 in order to continue with virtual board and committee meetings for the next 30 days.
<b>December 9, 2021</b>	Held a COVID Task Force Meeting.
<b>December 14, 2021</b>	Email sent to all employees on the new California Department of Public Health and San Diego County mask mandates go into effect on December 15th requiring masks to be worn in all indoor public settings, irrespective of vaccine status, for the next four weeks (December 15, 2021 through January 15, 2022).
<b>January 3, 2022</b>	With positive cases increasing, sent all employee email to keep up your safe practices and reporting.
<b>January 5, 2022</b>	Sent email to employees that for at least the month of January, any employee that develops COVID symptoms, if you get a rapid test by a health professional and OMWD will reimburse you the out of pocket cost up to \$200. This will shorten the time waiting in isolation for results and will assist OMWD in maintaining critical staffing levels
<b>January 6, 2022</b>	Implemented separation work scheduling for the next two weeks based on the already declared emergency from 2020 and emergency telecommuting

	agreements on file with HR. Ordered a supply of home tests for employee use. Tests are locked in an outdoor safe where an OMWD Manager or telehealth provider can witness in real time.
<b>January 10, 2022</b>	Sent booster shot clarification email for the updated January 14 <sup>th</sup> CALOSHA regulations that you are now deemed in the unvaccinated bucket (for exposure purposes) if you are eligible for a booster shot and have not received one.
<b>January 14, 2022</b>	CALOSHA adopted new regulations that go into effect on January 14, 2022 – face covering must pass light test, Testing for all employees (regardless of vaccination status) due to “close contact” in the workplace will be on paid regular work time, not sick leave, home COVID-19 tests are now permissible, however the employer or an authorized telehealth provider must observe the testing in real time.
<b>January 18, 2022</b>	Held a COVID Task Force Meeting.
<b>January 25, 2022</b>	Met via Zoom with Managers and Supervisors to discuss signs COVID fatigue in employees.
<b>February 1, 2022</b>	Awarded certificates to the top 5 employees who completed the most COVID symptom certification checklists since it was implemented at the beginning of the pandemic.

**Fiscal Impact**

Staff has reviewed all mission critical chemicals, supplies, parts, and inventory on hand and was instructed to order 120 days of mission critical supplies and chemicals to store here at OMWD. OMWD is using funds from Water and Wastewater Operating Reserves to pay for these expenditures, as water sales have been lower than projected through March 2020 due to weather conditions. Total expenditures in the categories of information technology, inventory, supplies, and customer service total \$331,456.23 as of the publishing of this memo. Of this amount, only \$133,569.04 represents special expenditures that would not have otherwise been incurred but for the COVID-19 pandemic. The remaining \$197,887.19 of expenditures represents parts, supplies, chemicals and materials that were ordered earlier than normal in order to have 5 to 6 months of supplies, materials, chemicals and parts on hand in case of lack of availability. The chart below reflects the COVID-19 expenditures incurred since March 12, 2020. OMWD submitted a Request for Public Assistant (RPA) to FEMA on September 18, 2020. OMWD has submitted for costs that were incurred outside of normal business practices to respond to the emergency, including additional overtime paid due to the isolation of employees in shifts. To date, OMWD’s FEMA claim is still pending and we are awaiting direction as to what will be reimbursed. OMWD’s FEMA representative indicated that the delay is due to the Presidential transition and that FEMA has been prioritizing vaccine projects.

On October 14th, 2021, OMWD submitted an application for the \$100 million Special District Relief Fund, available through the State of California, for the potential reimbursement of the district's unanticipated COVID-related costs incurred between March 2020 and June 2021. Costs totaling \$372,547 that are not anticipated to be reimbursed by FEMA were included in the application. These costs included: technology costs that allowed select staff to work remotely, customer outreach costs related to water safety and COVID, supplemental COVID sick leave provided to employees, and wages incurred for non-telecommuting employees that were required to stay home at the onset of the pandemic to ensure social distancing. The district was successful in its application and was awarded \$43,561.00 in COVID-19 relief funding to reimburse OMWD for our extraordinary incurred costs for staffing and supplies related to the pandemic.

### COVID-19 Expenditures Incurred Since March 12, 2020

Item	Cost	Category	Note
Laptops	30,605.96	Information Technology	15 laptops
Laptop backpacks	486.33	Information Technology	15 laptops
Zoom meetings	2,398.80	Information Technology	
Duo 2 FA	980.00	Information Technology	
Mitel IP Phone Licenses	1,290.00	Information Technology	
Jabra headsets	645.24	Information Technology	
Sonim phones	611.55	Information Technology	
Samsung phones w/ Case and Hotspot	2,171.00	Information Technology	
Wireless mice & misc. supplies	528.47	Information Technology	
Bluetooth keyboards & mice, headsets, and phone chargers	440.47	Information Technology	
Spray bottles for sanitizer	940.00	Supplies	
Hand soap	817.00	Supplies	
Gloves, Glycerol, Hydrogen Peroxide, Distilled Water, batteries, safety glasses, and stock up of other warehouse supplies	7,957.06	Supplies	Warehouse supplies for the next 5-6 months.

Pinesol disinfectant	459.00	Supplies	
Janitorial supplies – hand wipes, paper towels, trash bags, cleaner, hand soap, facial tissue, bleach, toilet paper, hand sanitizer, etc.	9,352.33	Supplies	Janitorial supplies for the next 5-6 months.
Dust masks (not N95)	322.71	Supplies	
Hand sanitizer packets	397.33	Supplies	
Propanol	515.23	Supplies	
Pacific Pipeline Supply- hydrants, gate valves, copper pipe, repair couplings, and various other inventory items	100,714.07	Inventory	Inventory restock for the next 5-6 months.
AquaMetric - meters	68,954.48	Inventory	Inventory restock for the next 5-6 months.
Hach - Laboratory supplies - reagents and other supplies (WTP)	4,738.00	Supplies	6 month supply
IDEXX - Laboratory supplies - BAC-T bottles (WTP)	315.08	Supplies	120 day supply
Nalco - Water treatment chemicals - 7768 polymer barrels, four 55 gallon drums (WTP)	5,053.83	Supplies	
Sterling Water Technologies - Water treatment chemicals - ACH coagulant 2,000 gallons to top off tank (WTP)	8,759.40	Supplies	
Traffic cones to block off street parking (EFRR)	385.21	Supplies	
Custom COVID-19 park closure signs (EFRR)	221.10	Supplies	
COVID-19 Safety of Your Water Postcard - printing and mailing	9,559.69	Customer Service	Quantity sent: 25,584 postcards
Hair Trigger LLC - Hand Sanitizer	15,015.63	Supplies	Qty. 55 - 5 gallon buckets
Masks, disinfectants, hand soap, DIY hand sanitizer supplies	1,921.24	Supplies	
Barricades (EFRR)	56.01	Supplies	

Hydrogen peroxide, propanol for DIY cleaners	922.48	Supplies	
Disposable gloves	556.19	Supplies	
N95 Masks	242.44	Supplies	
Masks for employees	1,293.50	Supplies	
Containers for hand sanitizer	53.17	Supplies	
Propanol	412.19	Supplies	
Disposable gloves	1,559.72	Supplies	
Reusable masks	118.01	Supplies	
Hydrogen peroxide for DIY cleaners	161.85	Supplies	
Disinfectants, hand sanitizer packets, reusable masks, spray bottles, disposable gloves	2,019.92	Supplies	
Fork/Spoon/knife dispensers	47.97	Supplies	
Hydrogen peroxide for DIY cleaners	107.90	Supplies	
Cleaning wipes	2,248.56	Supplies	
Reusable masks	1,787.86	Supplies	
Thermometers, batteries for thermometers, bins to hold thermometers, bottles for hand sanitizer.	2,940.38	Supplies	
Disinfecting wipes, hand sanitizer, cleaning supplies	1,694.39	Supplies	
Custom COVID-19 park signs (EFRR)	738.24	Supplies	
Disinfecting wipes, alcohol wipes	467.61	Supplies	
Washable Masks (Qty. 400)	1,869.61	Supplies	
N95 masks (Qty. 1,000)	5,710.75	Supplies	

N95 masks (Qty. 130), spray bottles, utensil dispensers, thermometers, touchless soap dispensers, reusable masks (Qty. 250), hand soap	6,959.25	Supplies	
Customer COVID-19 courtesy letters for past due accounts	1,546.51	Customer Service	
Touchless items for Building D including: touchless soap dispensers, touchless paper towel dispensers, hands-free trash cans,	1,656.20	Supplies	
Wall-mounted forehead thermometer (touchless)	109.90	Supplies	
Disposable masks (Qty. 950)	292.82	Supplies	
Disposable masks (Qty. 1,000), alcohol wipes (24 packs)	672.32	Supplies	
Thermometers (5), Surface disinfectant spray (49), alcohol wipes (24 packs).	704.70		
Surface disinfectant, alcohol wipes, disposable face masks	628.42	Supplies	
Materials for temporary walls to divide Building D into pods.	658.29	Supplies	
N95 Masks (Qty 300), disinfectant	1,384.34	Supplies	
Heating, Ventilation, and Air Conditioning (HVAC) Filters	3,868.00	Supplies	
Disposable masks (Qty. 1,500)	398.35	Supplies	
N95 masks (Qty. 80) and thermometers (Qty. 3)	177.76	Supplies	
Disposable masks (500), N95 masks (240), alcohol wipes.	1002.20	Supplies	
Reusable masks (Qty. 100), Disposable masks (Qty. 1,060)	718.80	Supplies	
Disposable masks (Qty. 350)	188.44	Supplies	
Disposable masks (Qty. 1050)	329.28	Supplies	
COVID rapid tests (Qty. 540 total tests)	6369.77	Supplies	

Reusable "no light" masks for OSHA compliance (Qty. 300)	1008.60	Supplies	
--	---------	----------	--

Category	Total
Information Technology	40,990.12
Inventory	169,668.55
Supplies	109,691.36
Customer Service	11,106.20
<b>Grand Total</b>	<b>\$331,456.23</b>

### Discussion

OMWD will continue to take proactive measures to stay ahead of the curve while keeping customers supplied with safe and reliable drinking water. Monthly COVID-19 emergency updates will continue at each subsequent board meeting until further notice. The district will continue our objectives to protect the health and safety of employees and customers; and ensure the continuity of business operations.

# Memo

Date: February 16, 2022  
To: Olivenhain Municipal Water District Board of Directors  
From: John Carnegie, Customer Services Manager  
Via: Kimberly A. Thorner, General Manager  
Subject: **PUBLIC HEARING TO CONSIDER ADJUSTMENTS TO OLIVENHAIN MUNICIPAL WATER DISTRICT'S DIRECTOR DIVISION BOUNDARIES (5:30 P.M.)**

---

## **Purpose**

The purpose of this agenda item is to receive input from the board and members of the public regarding adjustments to the boundaries of OMWD's director divisions, pursuant to Division 21, Chapter 8 of California Elections Code.

## **Recommendation**

No board action is required for this agenda item beyond holding the public hearing.

The board will consider formally revising the director division boundaries in the subsequent agenda item.

## **Alternative(s)**

None, as the date and time for the public hearing were set by the board on November 17, 2021.

## Background

California Elections Code Section 22000 requires special districts to adjust their division boundaries by resolution after each federal decennial census. Using that census as a basis, special districts are to adjust the boundaries of director divisions so that the divisions are, as far as practicable, equal in population. In adjusting the boundaries of the divisions, the board may give consideration to the following factors: “(1) topography, (2) geography, (3) cohesiveness, contiguity, integrity, and compactness of territory, and (4) communities of interest of the division.” Section 22001 requires that at least one public hearing is conducted prior to the adoption of new boundaries.

OMWD’s director division boundaries were last modified by the board in October 2011 via Resolution 2011-31, based on data from the 2010 census.

In 2017, the board requested an investigation into whether population changes throughout OMWD’s service area warranted a mid-decade redistricting process. Redistricting Partners, a firm specializing in redistricting, advised OMWD that while changes in population had occurred and had disproportionate impact in some divisions, a mid-decade redistricting would still need to be based on 2010 census data, and would not allow for adjustments specifically to address or correct for the documented population changes since 2010. As a result, the Ad Hoc Population Study Review Committee—then consisting of Directors Watt and Varty—chose in September 2017 to defer adjustments to director division boundaries until the results of the 2020 census became available.

AB 849, the Fair And Inclusive Redistricting for Municipalities And Political Subdivisions (or “Fair Maps”) Act was signed into law in 2019. The bill introduced several new requirements for local agency redistricting processes, but focused on cities and counties rather than on special districts. For example, cities and counties must now conduct certain outreach, maintain websites with publicly available information about draft maps, and hold at least four public hearings on the issue. The prescriptive measures introduced by the Fair Maps Act do not apply to special districts.

SB 594 was signed by Governor Newsom on September 27, 2021, and requires that the governing board of a district that has a regular election to elect members of its governing board on the same date as the 2022 statewide general election shall adopt adjusted division boundaries no later than April 17, 2022.

At its November 17, 2021 meeting, the board scheduled three public hearings by which to receive public input on the 2022 redistricting process. The hearings were scheduled

for December 15, 2021; January 19, 2022; and February 16, 2022. Though only one public hearing is required by law, the board chose to hold three public hearings for the purpose of transparency.

Redistricting Partners was retained to guide OMWD through the 2022 redistricting process. At the December 15, 2021 hearing, Redistricting Partners obtained input from the board into communities that should be grouped together for the purpose of creating new director divisions. Based on input received at this hearing, Redistricting Partners developed three draft proposals for new director divisions—"Plan A," "Plan B," and "Plan C." These plans were made available for public review on January 12, 2022.

At the January 19, 2022 hearing, Redistricting Partners obtained input into each of the three draft plans. The board requested minor revisions to Plans B and C for further consideration. The revised plans, "Plan B2" and "Plan C2," are attached.

### **Fiscal Impact**

There is no fiscal impact associated with holding the public hearing.

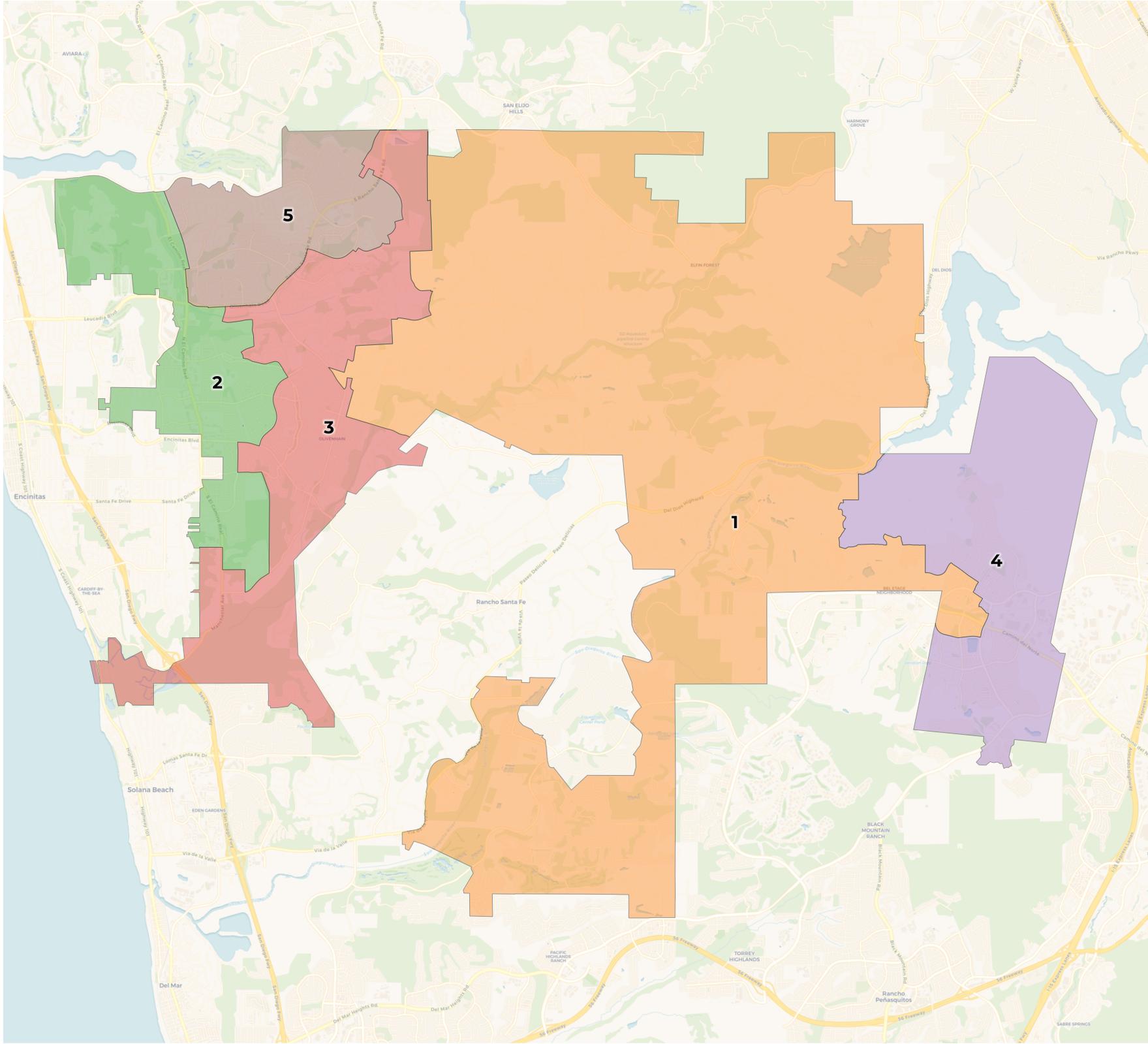
### **Discussion**

Based on input received at the January hearing, Redistricting Partners developed the attached additional plans of new director division boundaries that will be presented at the February 16 public hearing. These plans were made available for public review on February 9, 2022 at [www.olivenhain.com/redistricting](http://www.olivenhain.com/redistricting).

In the subsequent agenda item, the board will be asked to consider a resolution formally adopting one of the plans for new director division boundaries. If, following the receipt of public input at this hearing, the board wishes to make additional changes to the proposed boundaries, consideration of a resolution can be postponed until the March 16, 2022 board meeting.

#### *Attachments:*

- *Maps of potential director division boundaries—Plan B2 and Plan C2*



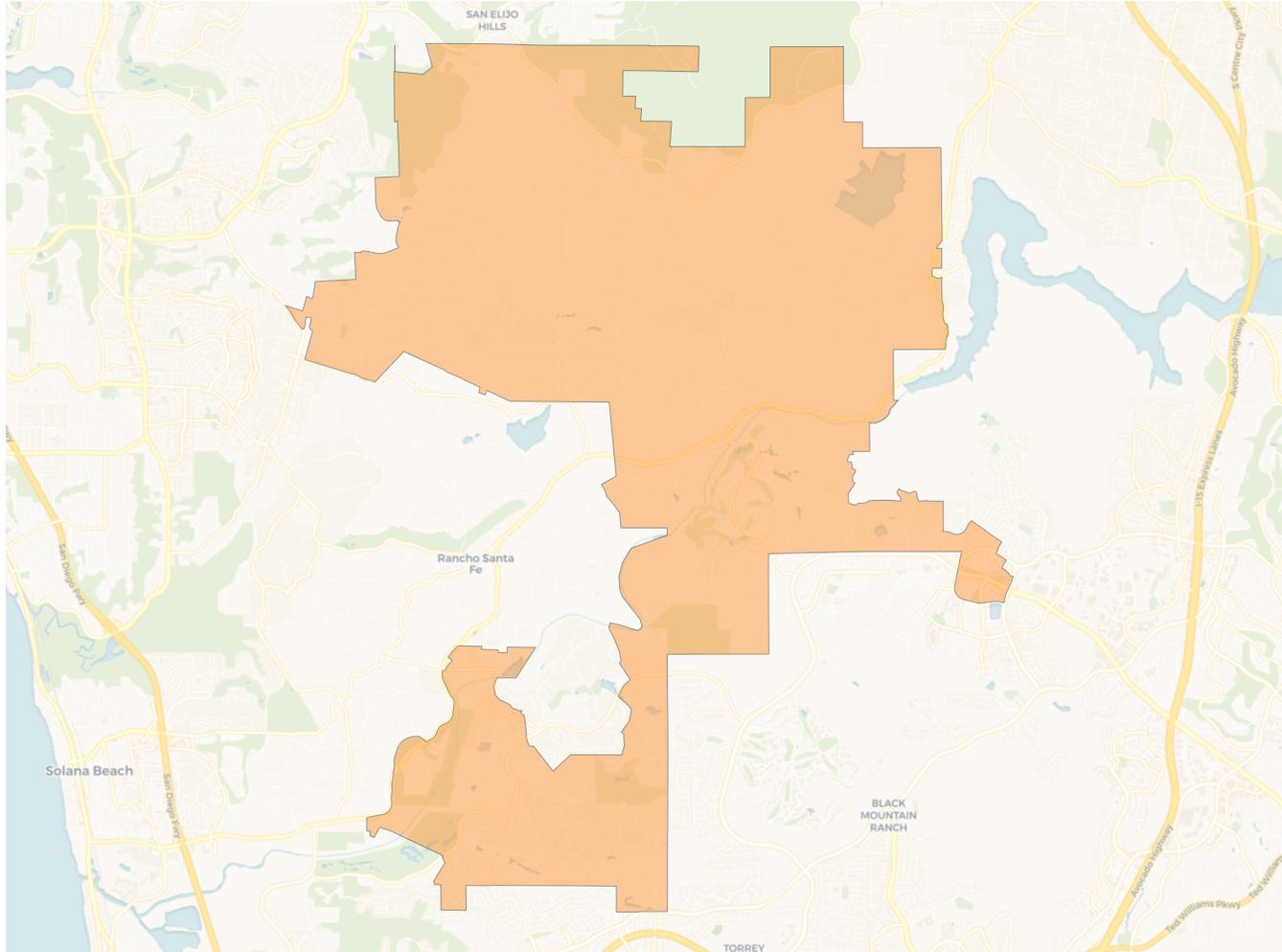
**2020 Census**

	1	2	3	4	5
Population	14,797	14,194	14,171	14,870	15,129
Deviation	165	-438	-461	238	497
Deviation %	1.1%	-3.0%	-3.2%	1.6%	3.4%
Other	10,546	11,691	11,742	6,097	12,413
Other %	71.3%	82.4%	82.9%	41.0%	82.0%
Latino	1,505	1,765	1,527	1,151	1,579
Latino %	10.2%	12.4%	10.8%	7.7%	10.4%
Asian	2,584	661	809	7,447	1,041
Asian %	17.5%	4.7%	5.7%	50.1%	6.9%
Black	162	77	93	175	96
Black %	1.1%	0.5%	0.7%	1.2%	0.6%

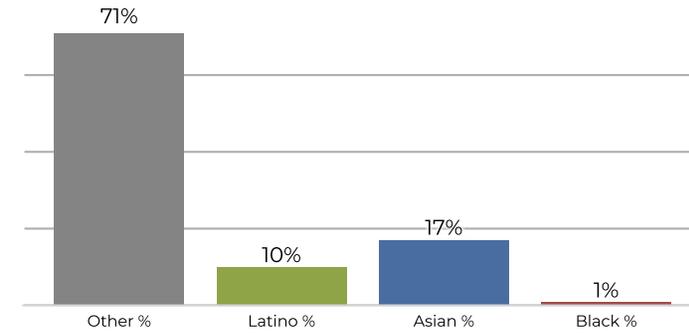
**Citizen Voting Age Population (CVAP)**

	1	2	3	4	5
Total CVAP	9,017	11,402	11,013	7,530	10,367
Other CVAP	6,849	10,054	8,926	3,600	9,018
Other CVAP %	76.0%	88.2%	81.0%	47.8%	87.0%
Latino CVAP	861	653	1,399	583	760
Latino CVAP %	9.5%	5.7%	12.7%	7.7%	7.3%
Asian CVAP	1,205	565	596	3,250	558
Asian CVAP %	13.4%	5.0%	5.4%	43.2%	5.4%
Black CVAP	102	130	92	97	31
Black CVAP %	1.1%	1.1%	0.8%	1.3%	0.3%

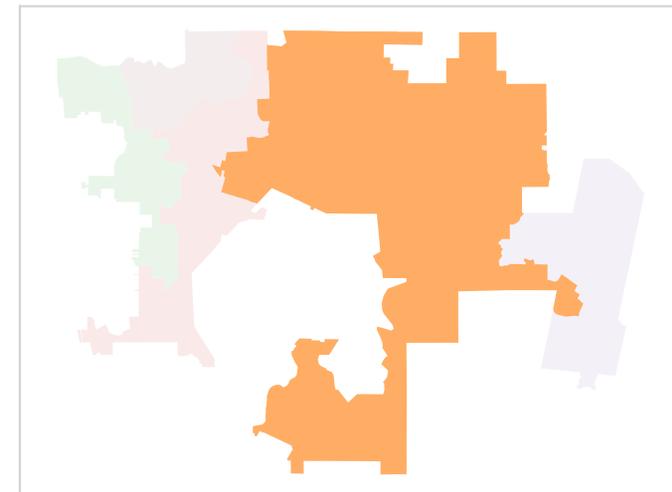
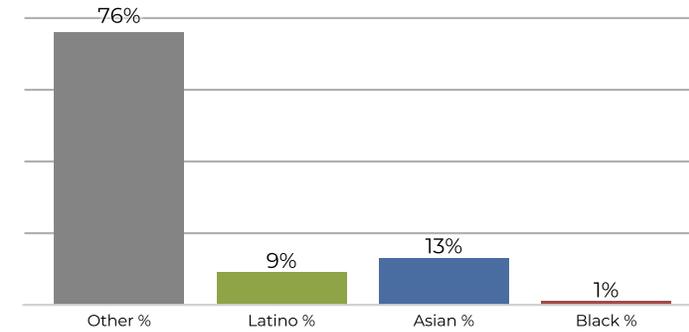
**District 1**



**2020 Census**

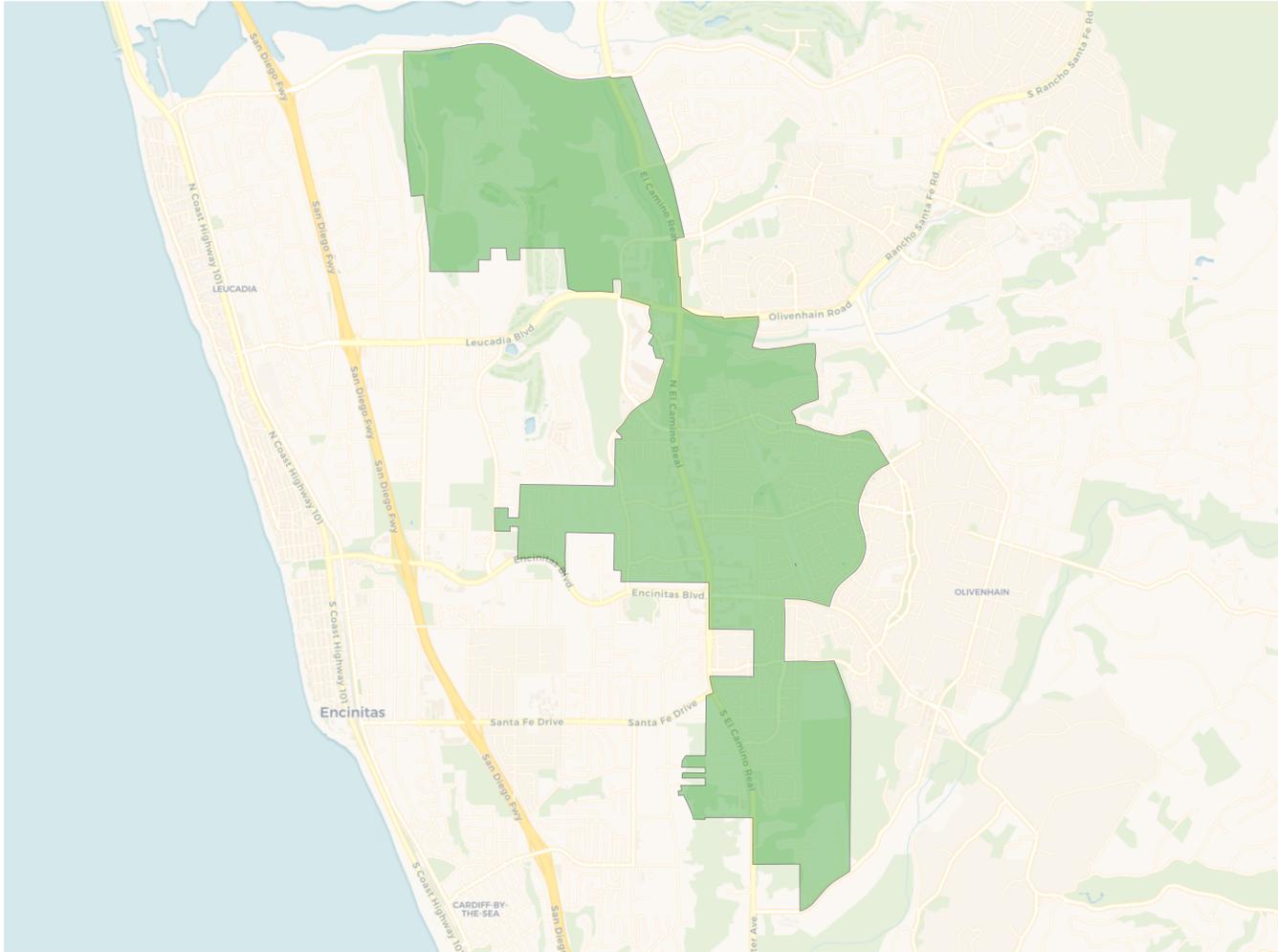


**Citizen Voting Age Population**

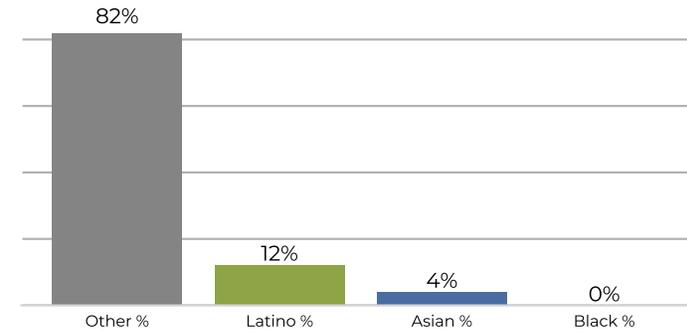


Population	Deviation	Deviation %	Other	Other %	Latino	Latino %	Asian	Asian %	Black	Black %
14,797	165	1.1%	10,546	71.3%	1,505	10.2%	2,584	17.5%	162	1.1%
Total CVAP	Other CVAP	Other CVAP %	Latino CVAP	Latino CVAP %	Asian CVAP	Asian CVAP %	Black CVAP	Black CVAP %		
9,017	6,849	76.0%	861	9.5%	1,205	13.4%	102	1.1%		

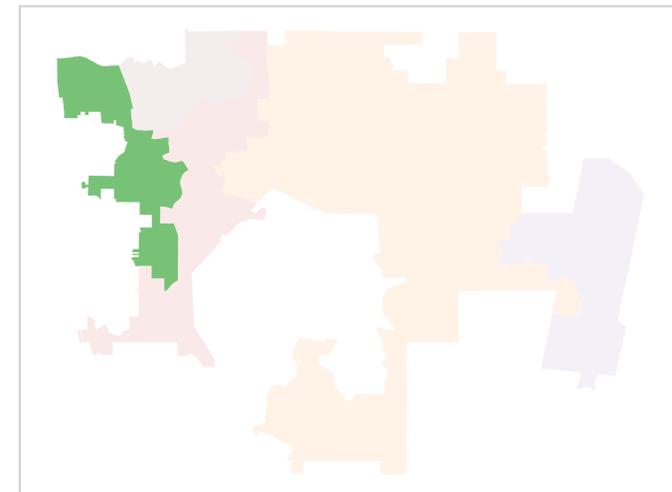
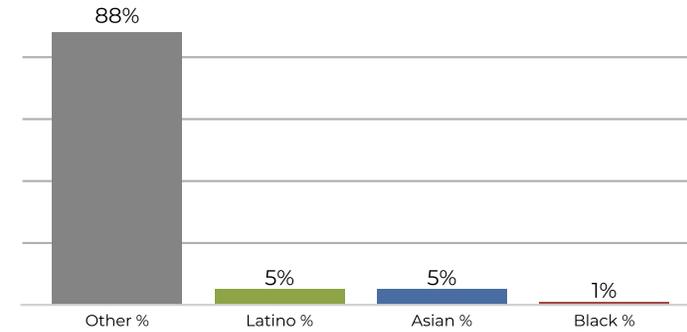
**District 2**



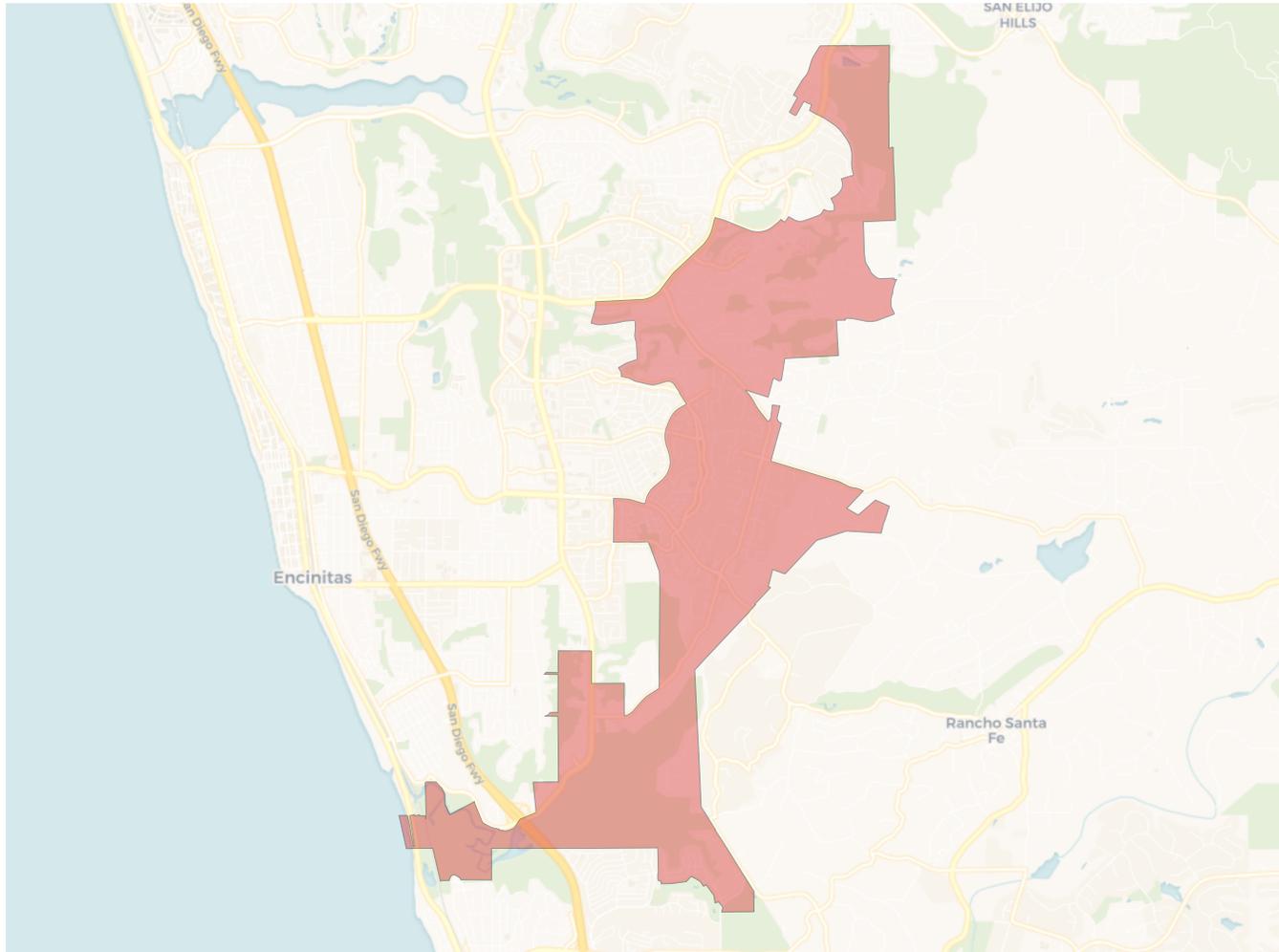
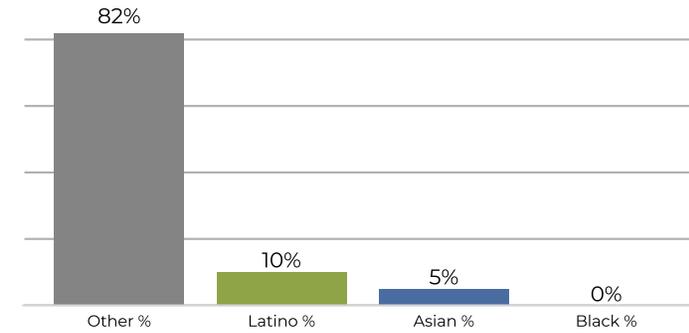
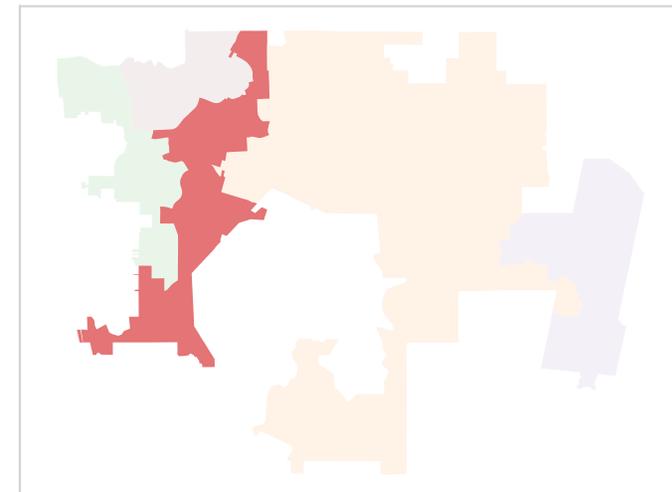
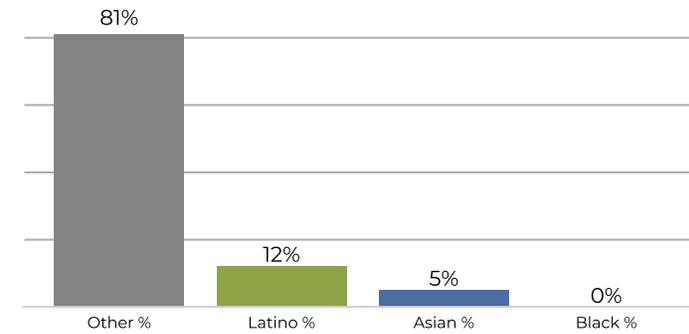
**2020 Census**



**Citizen Voting Age Population**

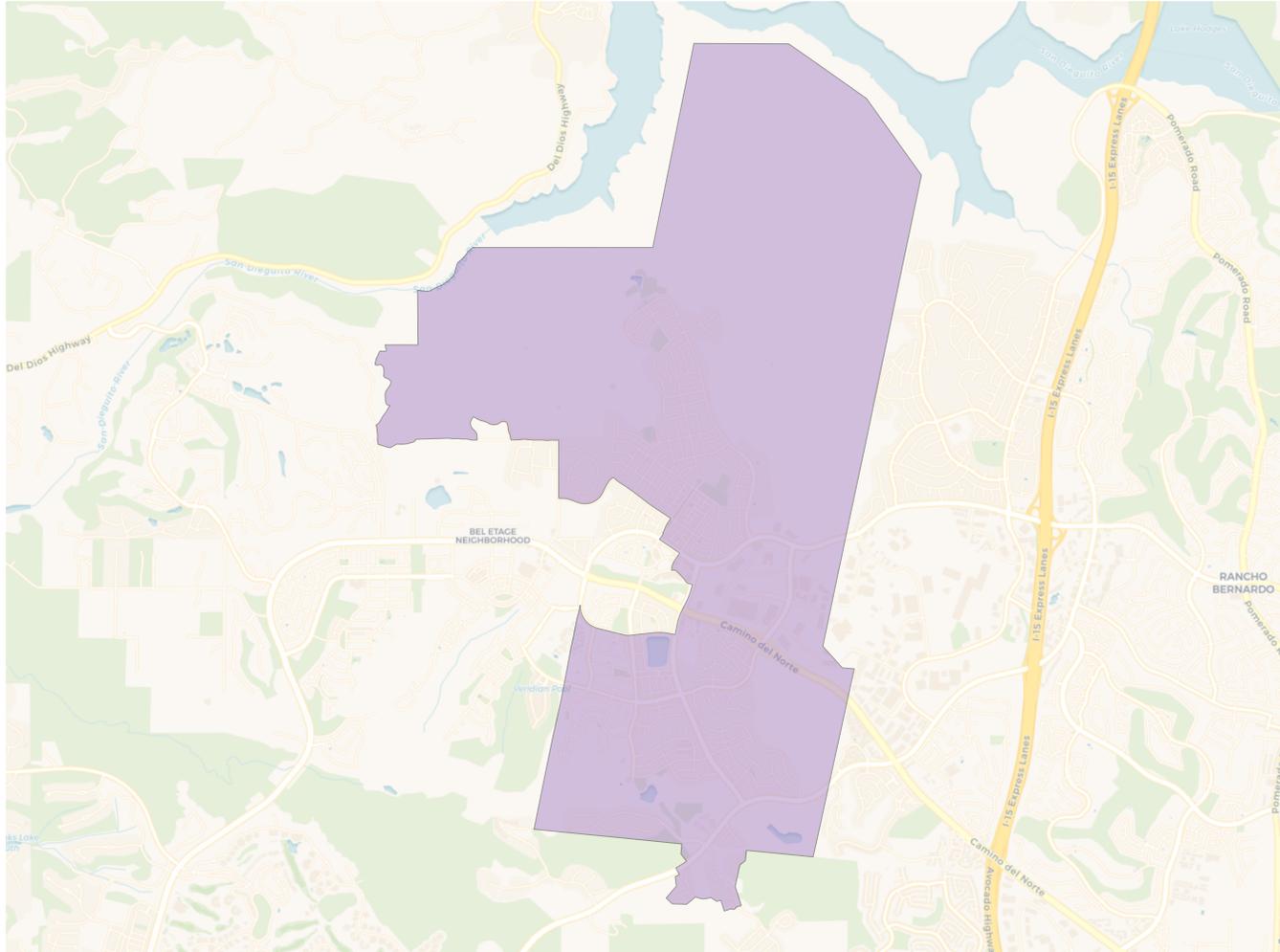


Population	Deviation	Deviation %	Other	Other %	Latino	Latino %	Asian	Asian %	Black	Black %
14,194	-438	-3.0%	11,691	82.4%	1,765	12.4%	661	4.7%	77	0.5%
Total CVAP	Other CVAP	Other CVAP %	Latino CVAP	Latino CVAP %	Asian CVAP	Asian CVAP %	Black CVAP	Black CVAP %		
11,402	10,054	88.2%	653	5.7%	565	5.0%	130	1.1%		

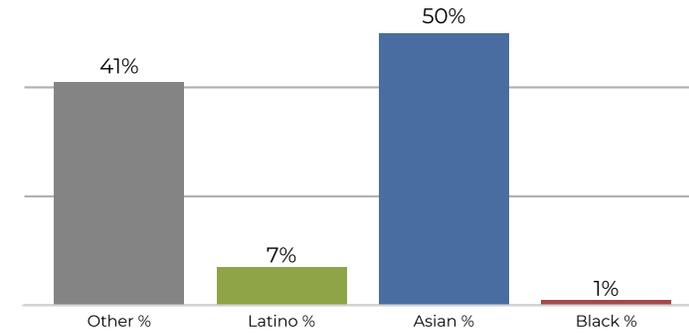
**District 3**

**2020 Census**

**Citizen Voting Age Population**


Population	Deviation	Deviation %	Other	Other %	Latino	Latino %	Asian	Asian %	Black	Black %
14,171	-461	-3.2%	11,742	82.9%	1,527	10.8%	809	5.7%	93	0.7%
Total CVAP	Other CVAP	Other CVAP %	Latino CVAP	Latino CVAP %	Asian CVAP	Asian CVAP %	Black CVAP	Black CVAP %		
11,013	8,926	81.0%	1,399	12.7%	596	5.4%	92	0.8%		

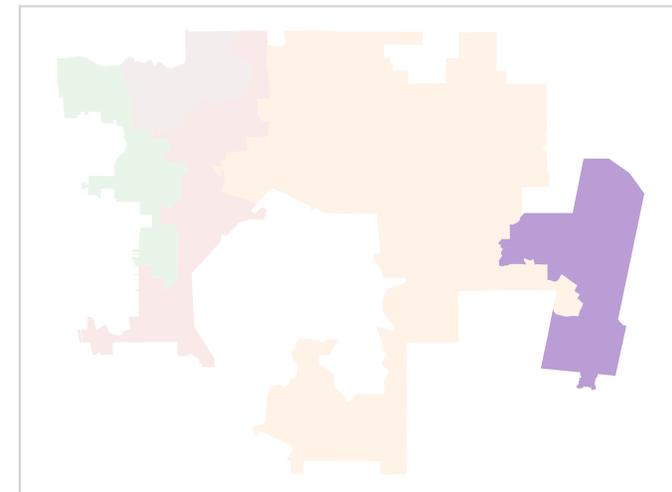
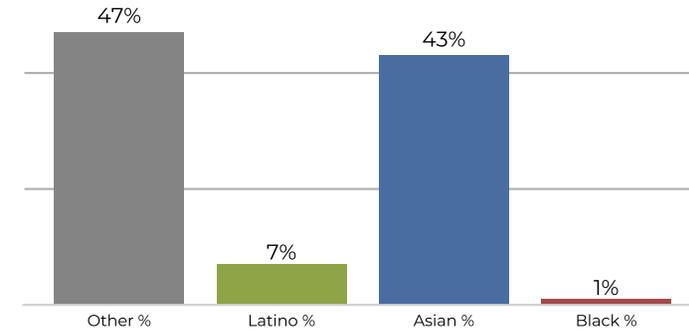
**District 4**



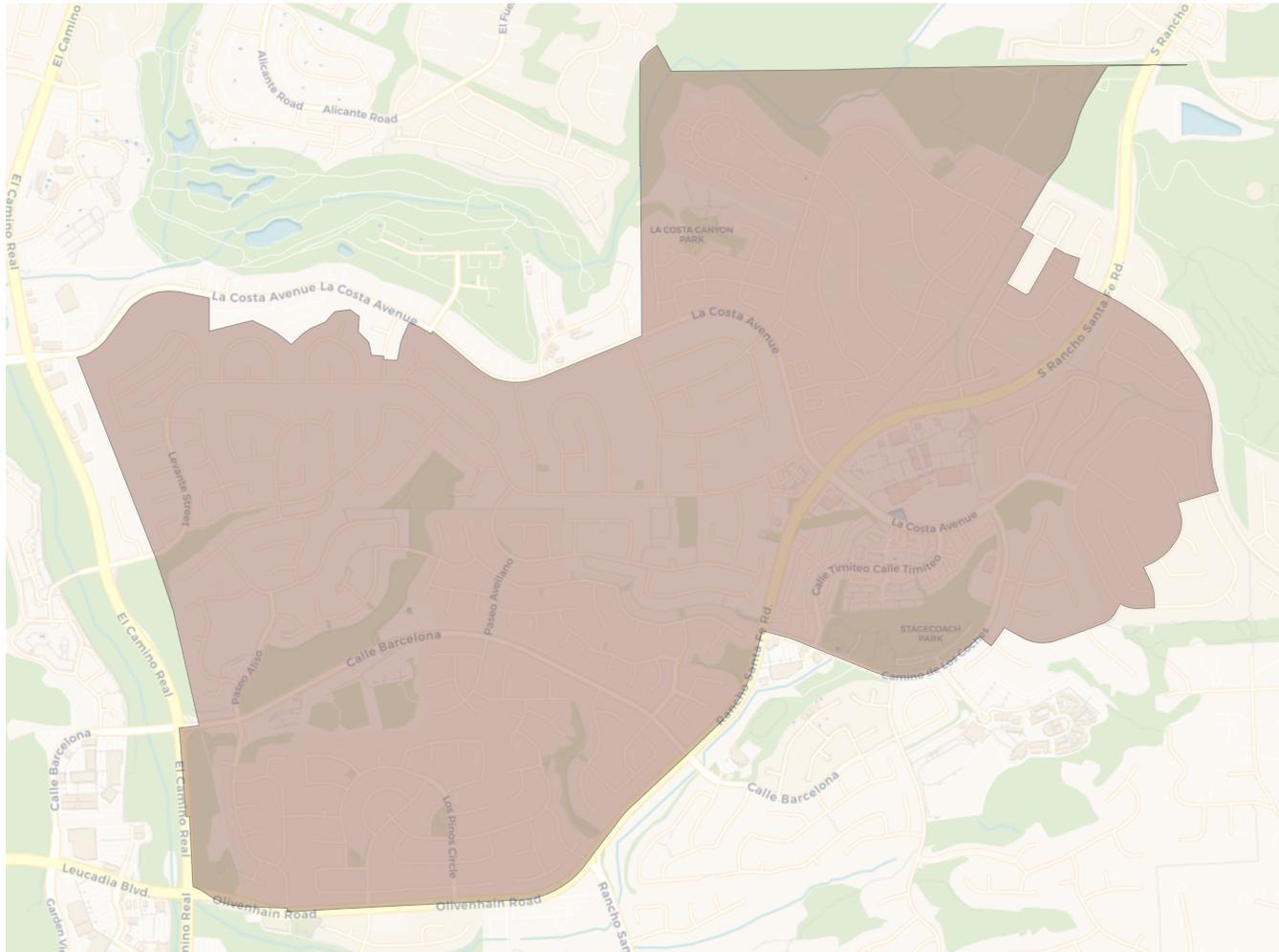
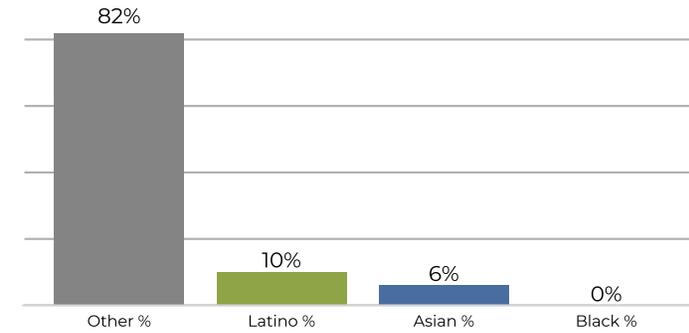
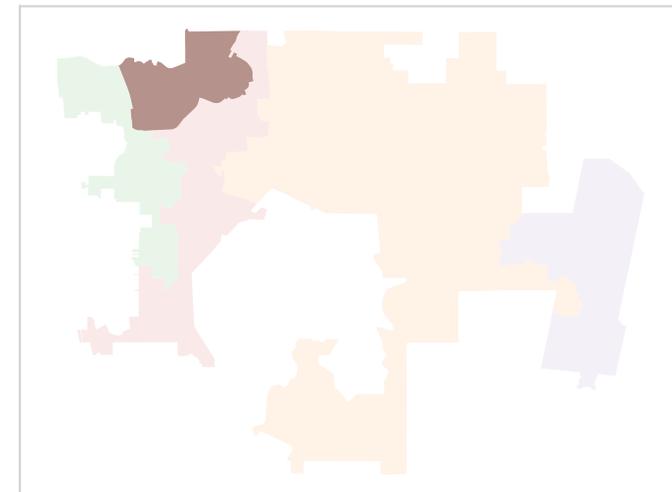
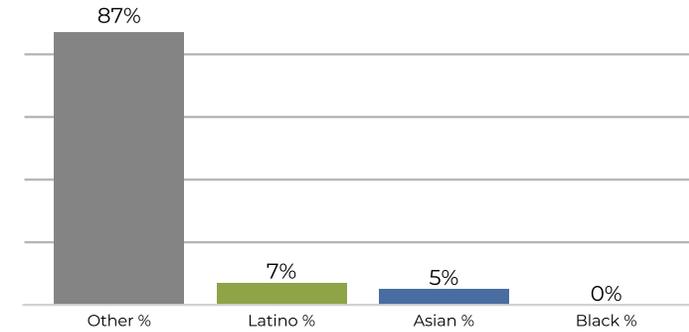
**2020 Census**



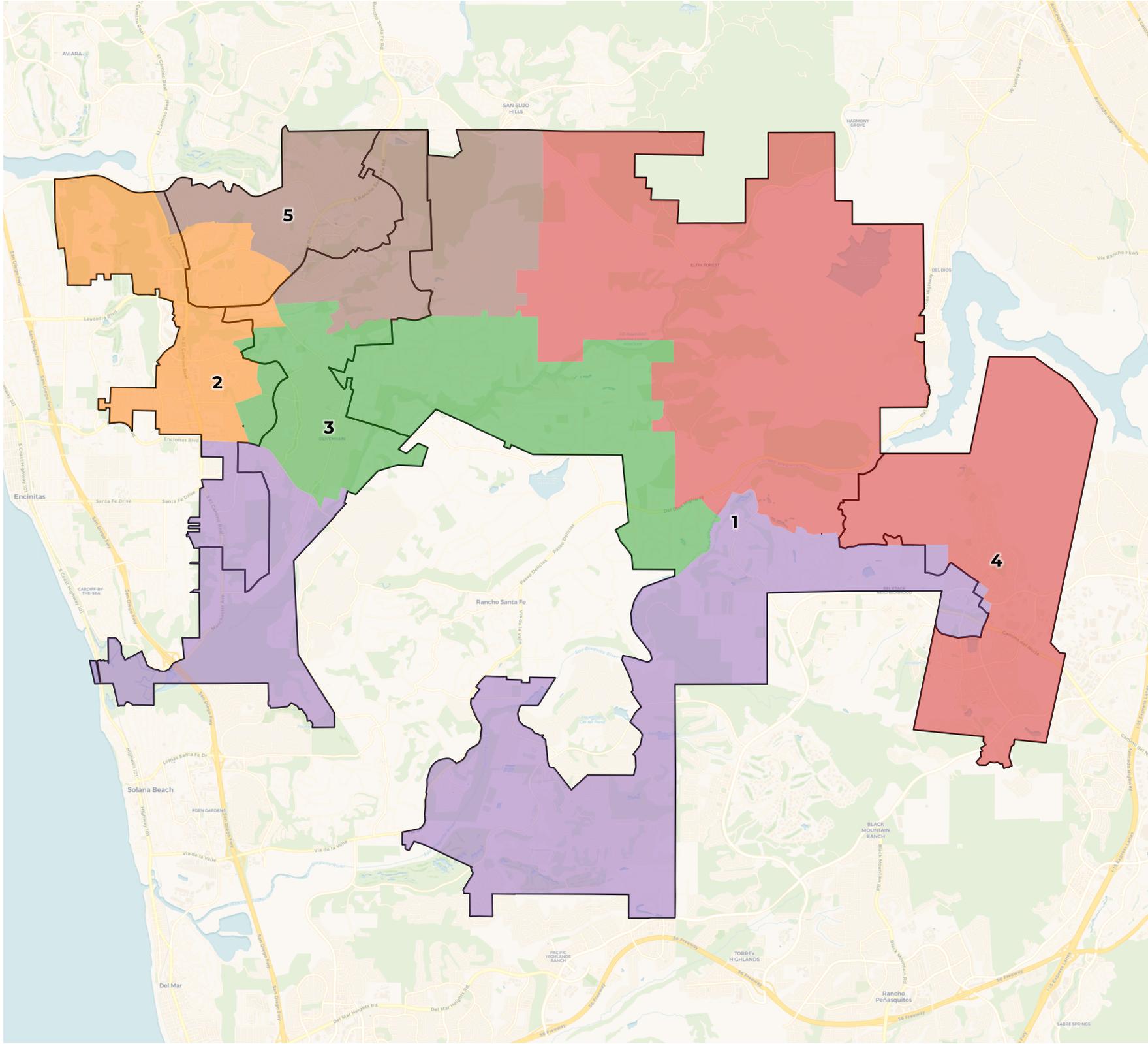
**Citizen Voting Age Population**



Population	Deviation	Deviation %	Other	Other %	Latino	Latino %	Asian	Asian %	Black	Black %
14,870	238	1.6%	6,097	41.0%	1,151	7.7%	7,447	50.1%	175	1.2%
Total CVAP	Other CVAP	Other CVAP %	Latino CVAP	Latino CVAP %	Asian CVAP	Asian CVAP %	Black CVAP	Black CVAP %		
7,530	3,600	47.8%	583	7.7%	3,250	43.2%	97	1.3%		

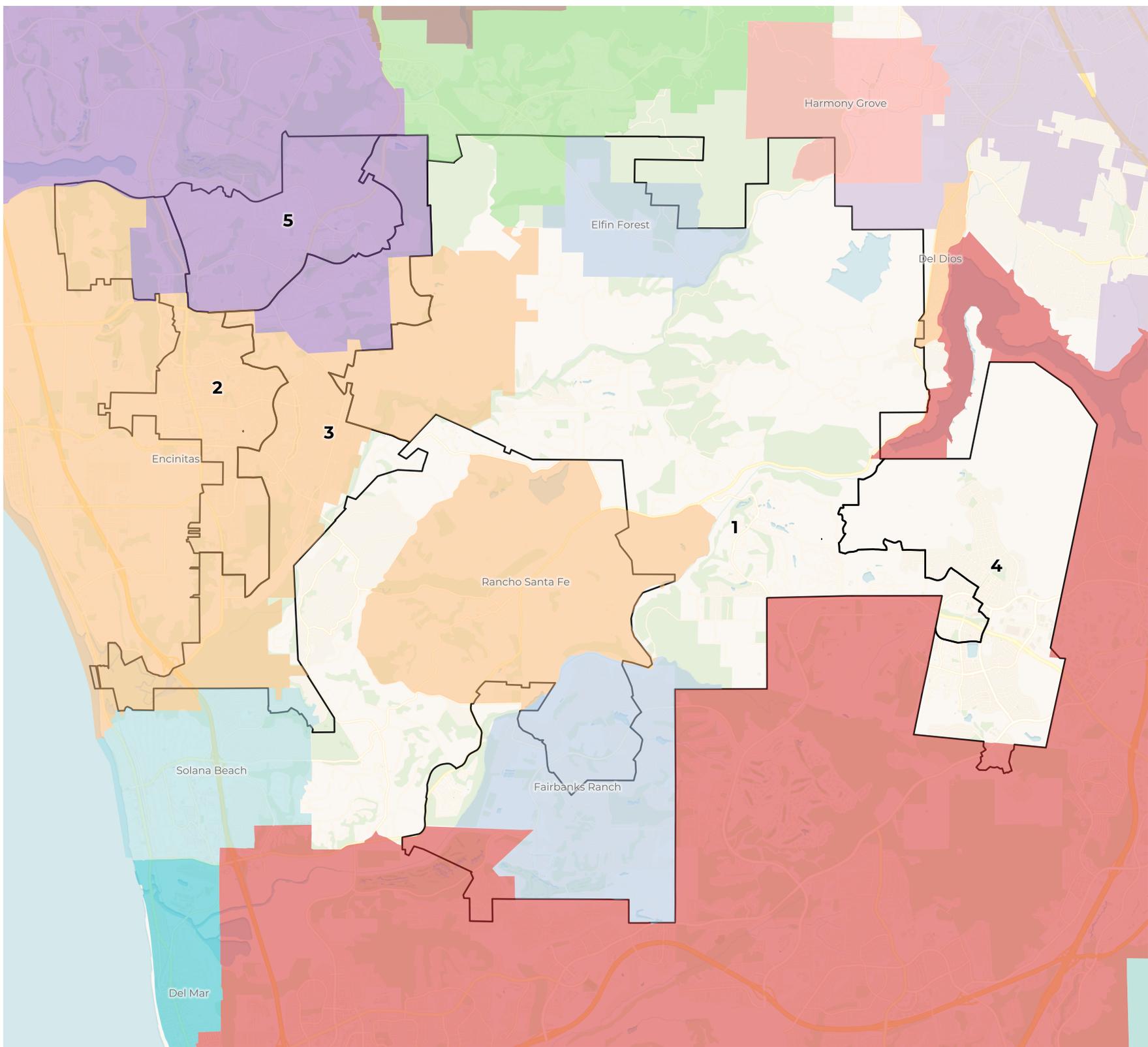
**District 5**

**2020 Census**

**Citizen Voting Age Population**


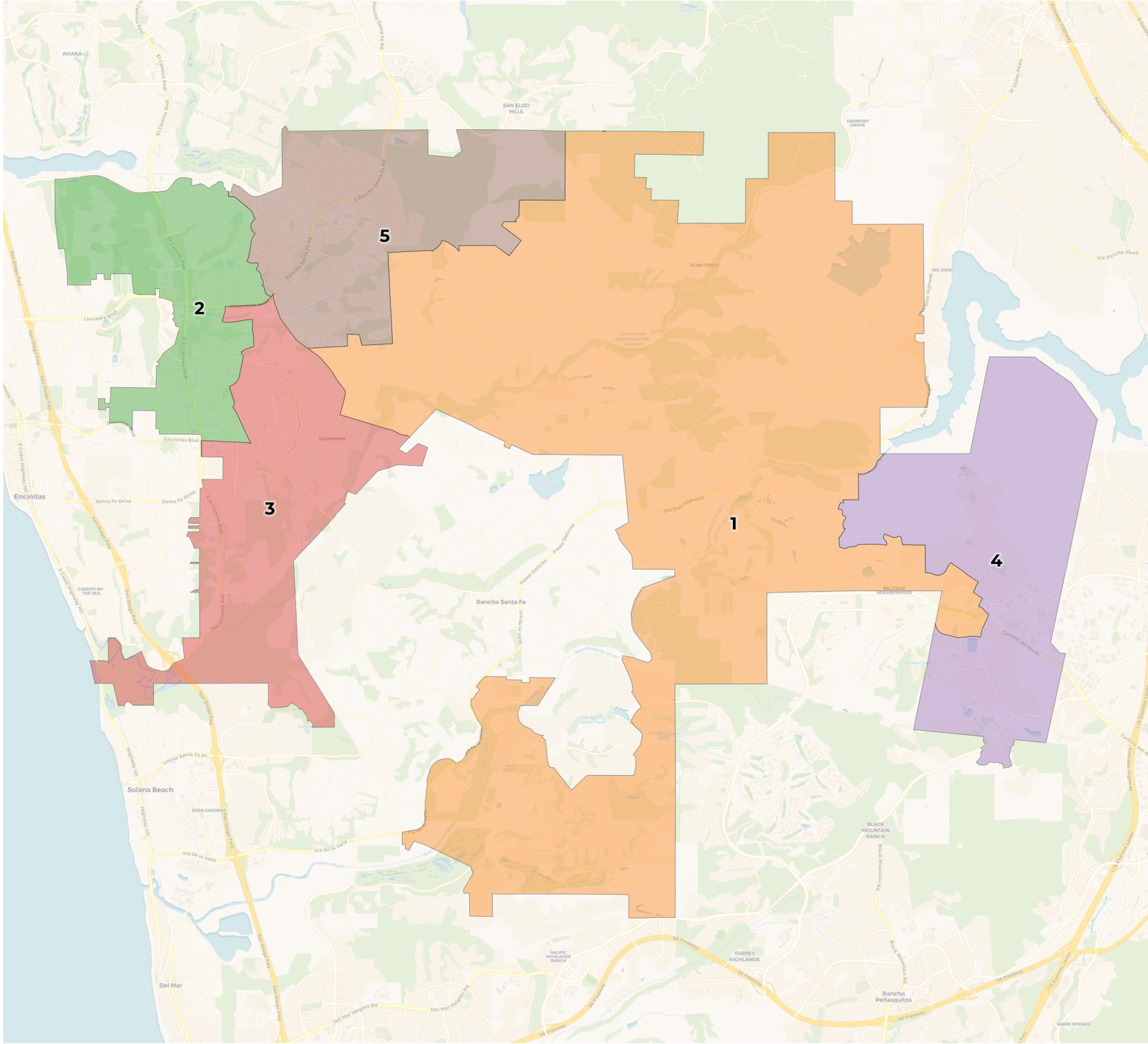
Population	Deviation	Deviation %	Other	Other %	Latino	Latino %	Asian	Asian %	Black	Black %
15,129	497	3.4%	12,413	82.0%	1,579	10.4%	1,041	6.9%	96	0.6%
Total CVAP	Other CVAP	Other CVAP %	Latino CVAP	Latino CVAP %	Asian CVAP	Asian CVAP %	Black CVAP	Black CVAP %		
10,367	9,018	87.0%	760	7.3%	558	5.4%	31	0.3%		



**REDISTRICTING  
PARTNERS**

**Olivenhain Water District**  
Draft Plan B2 with Cities





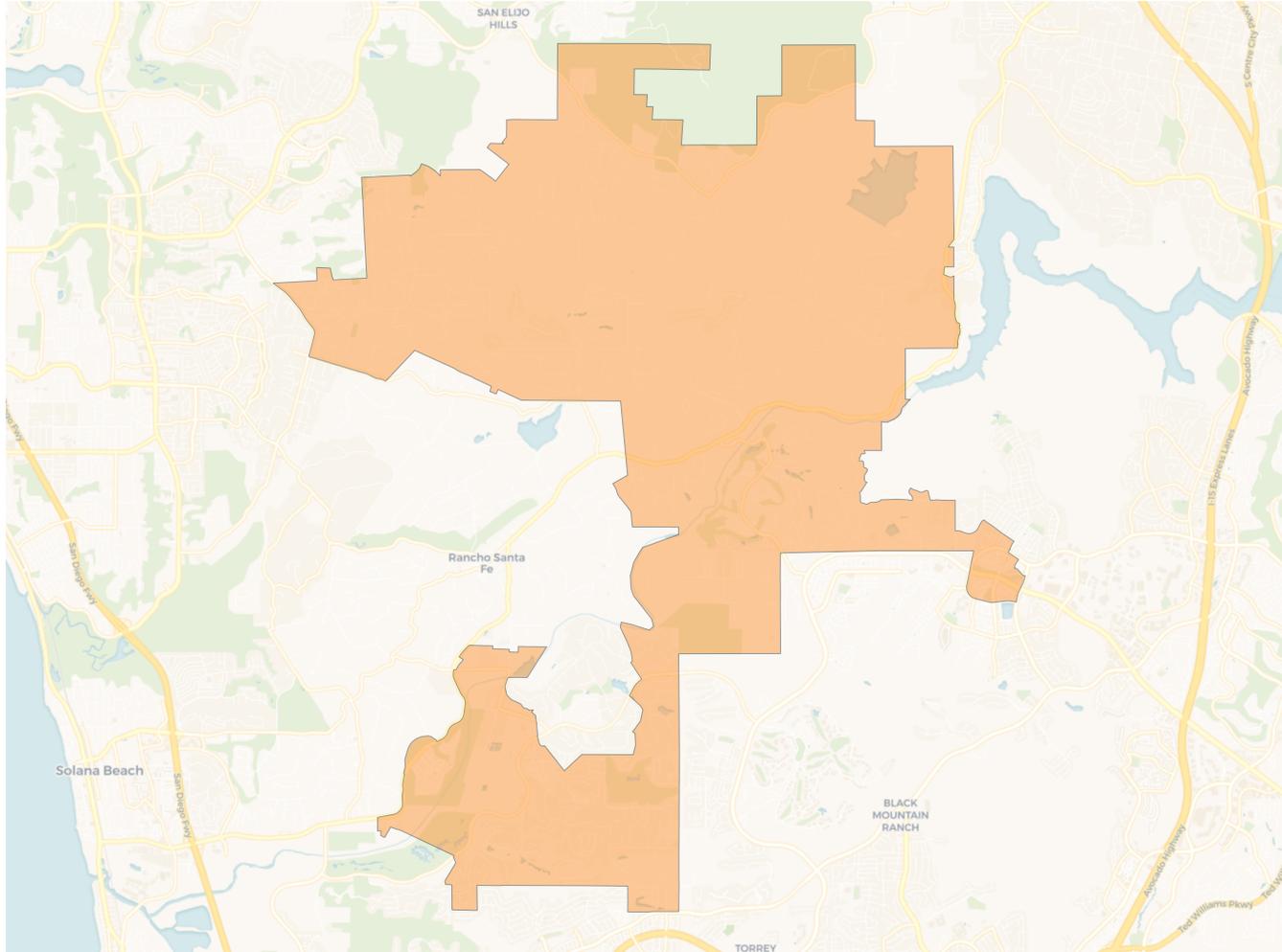
**2020 Census**

	1	2	3	4	5
Population	15,075	14,354	14,424	14,870	14,438
Deviation	443	-278	-208	238	-194
Deviation %	3.0%	-1.9%	-1.4%	1.6%	-1.3%
Other	10,928	11,753	12,060	6,097	11,651
Other %	72.5%	81.9%	83.6%	41.0%	80.7%
Latino	1,380	1,747	1,687	1,151	1,562
Latino %	9.2%	12.2%	11.7%	7.7%	10.8%
Asian	2,605	776	614	7,447	1,100
Asian %	17.3%	5.4%	4.3%	50.1%	7.6%
Black	162	78	63	175	125
Black %	1.1%	0.5%	0.4%	1.2%	0.9%

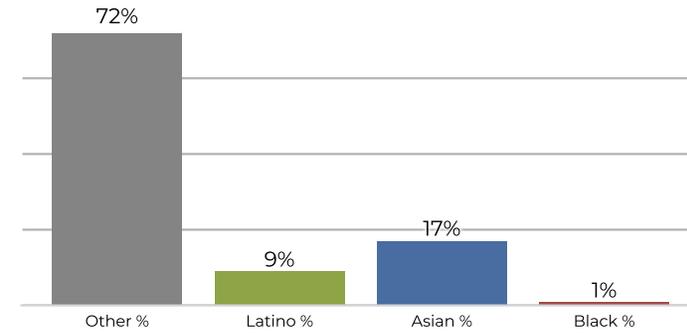
**Citizen Voting Age Population (CVAP)**

	1	2	3	4	5
Total CVAP	9,219	11,044	11,190	7,530	10,346
Other CVAP	7,057	9,516	9,435	3,600	8,839
Other CVAP %	76.5%	86.2%	84.3%	47.8%	85.4%
Latino CVAP	820	820	1,308	583	725
Latino CVAP %	8.9%	7.4%	11.7%	7.7%	7.0%
Asian CVAP	1,228	628	343	3,250	725
Asian CVAP %	13.3%	5.7%	3.1%	43.2%	7.0%
Black CVAP	114	80	104	97	57
Black CVAP %	1.2%	0.7%	0.9%	1.3%	0.6%

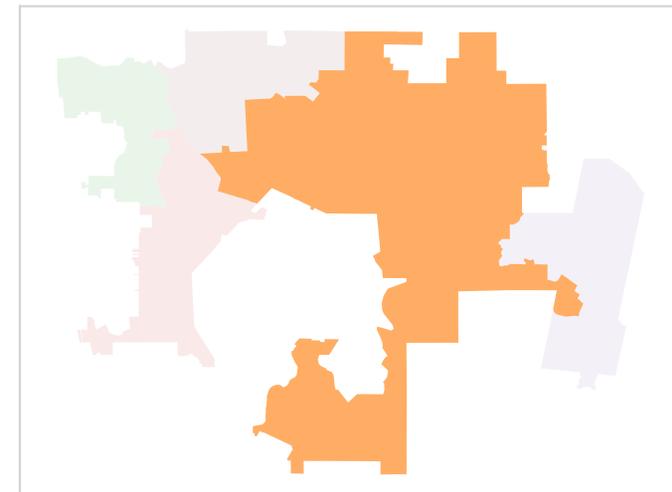
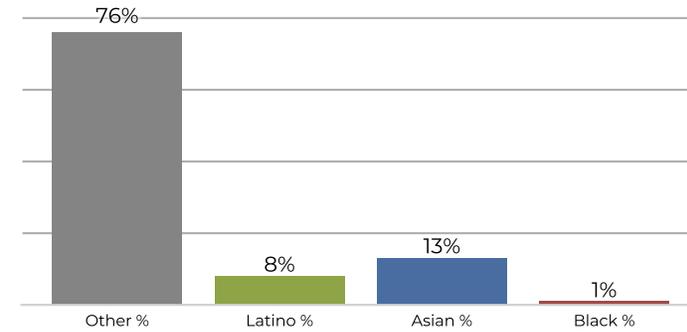
**District 1**



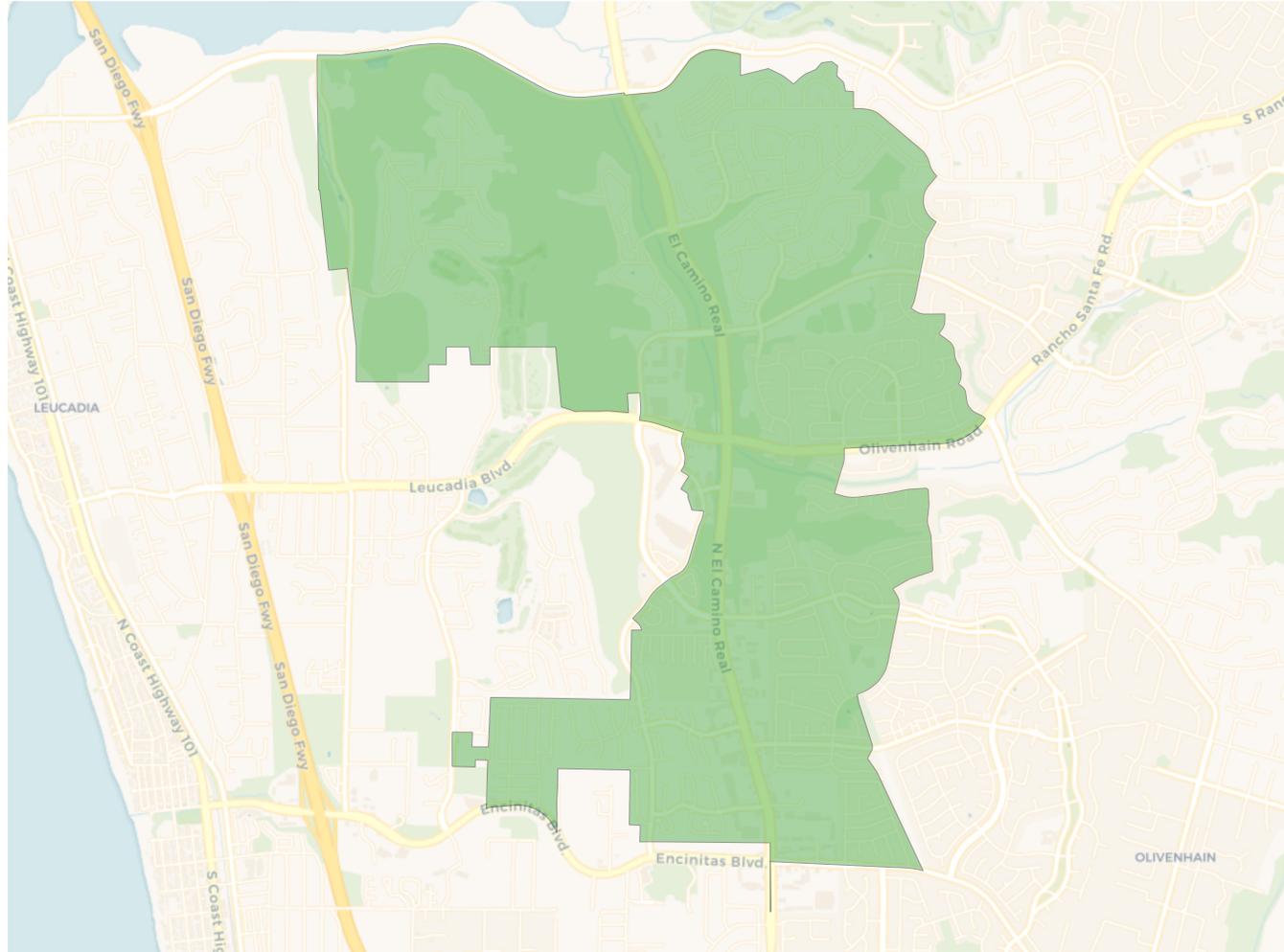
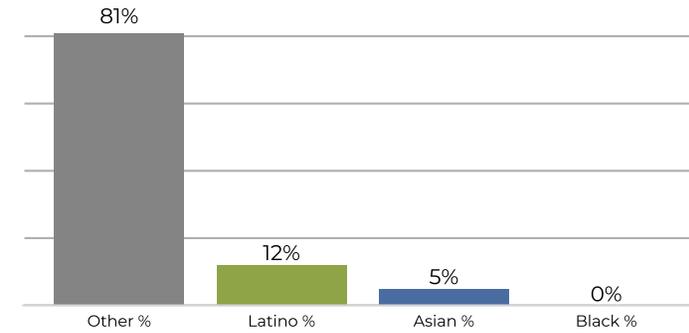
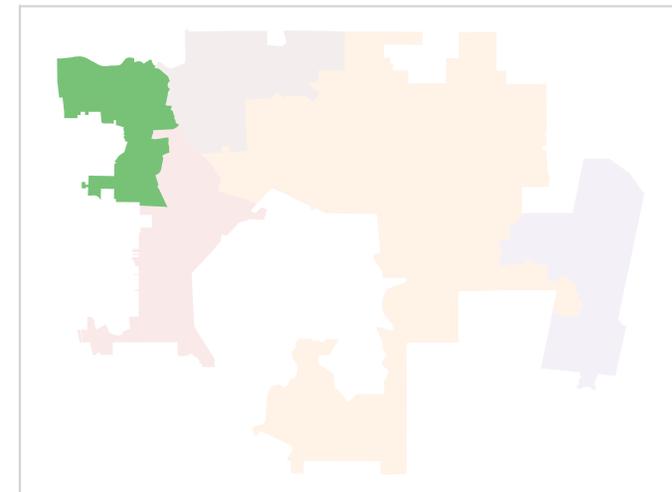
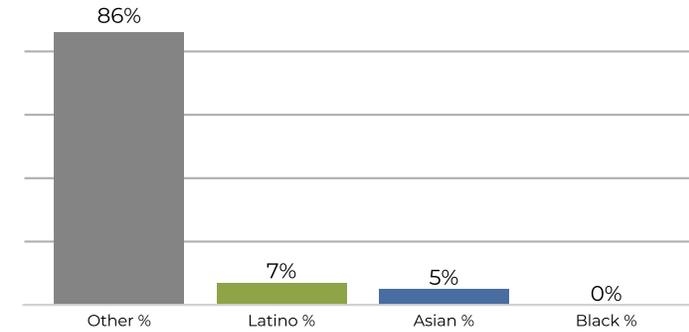
**2020 Census**



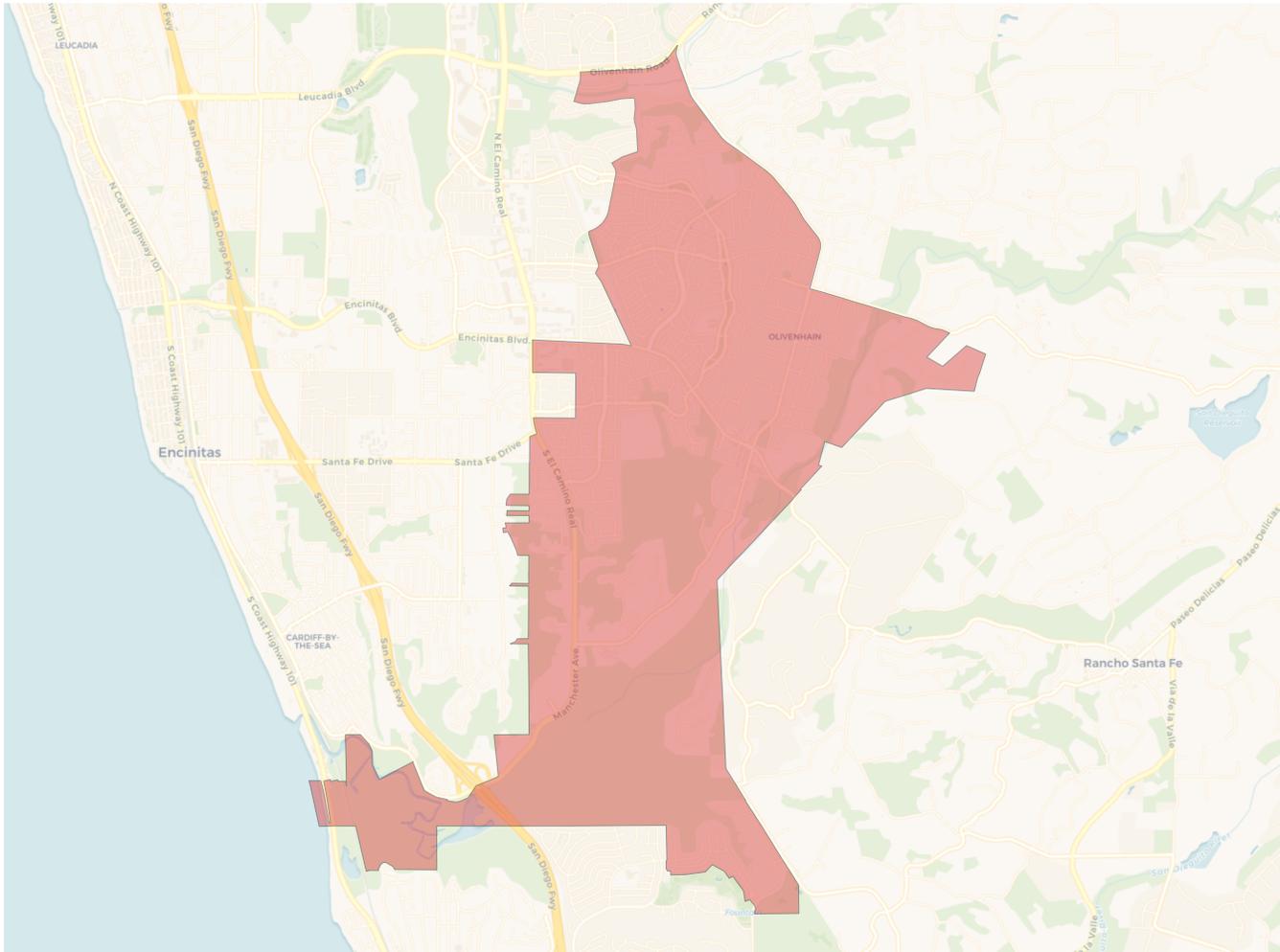
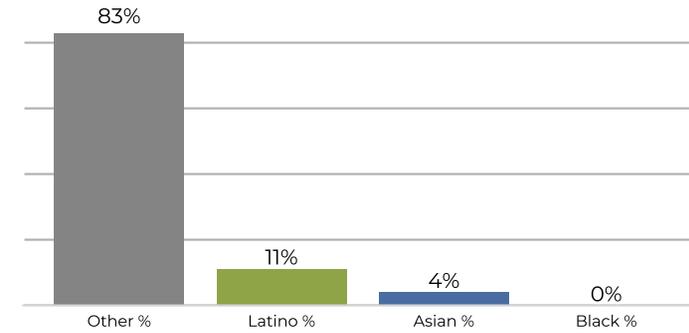
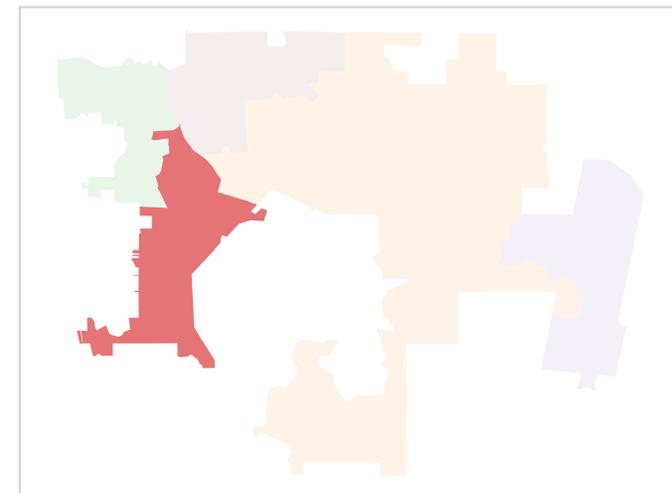
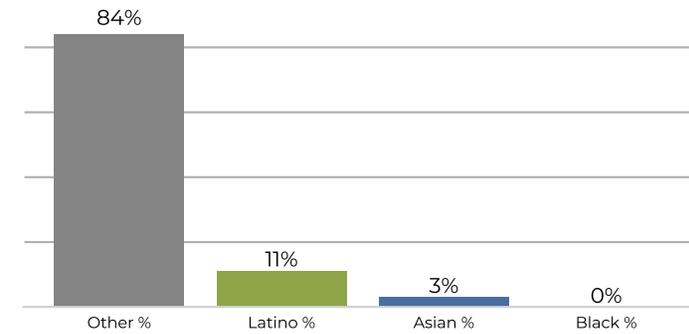
**Citizen Voting Age Population**



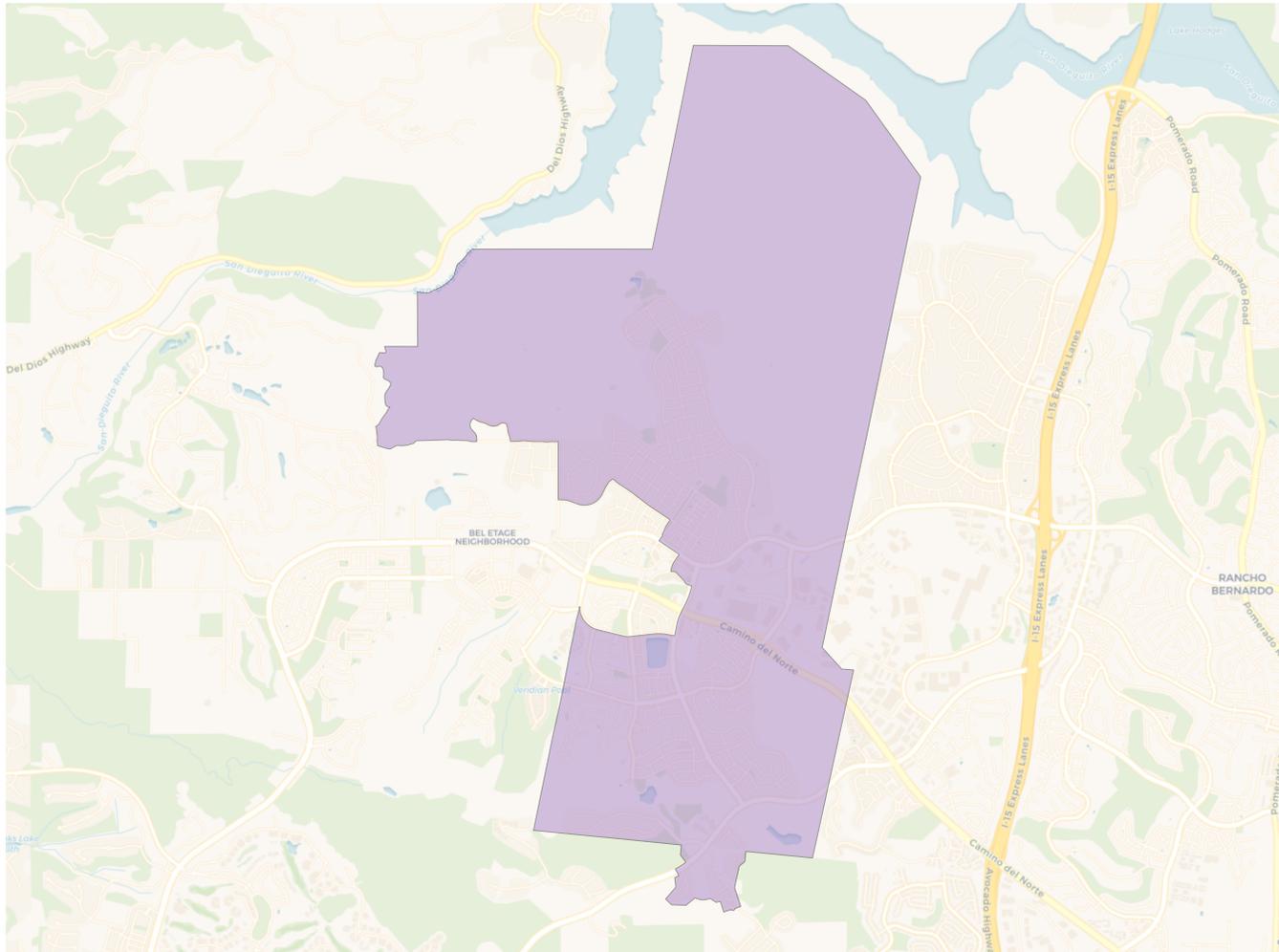
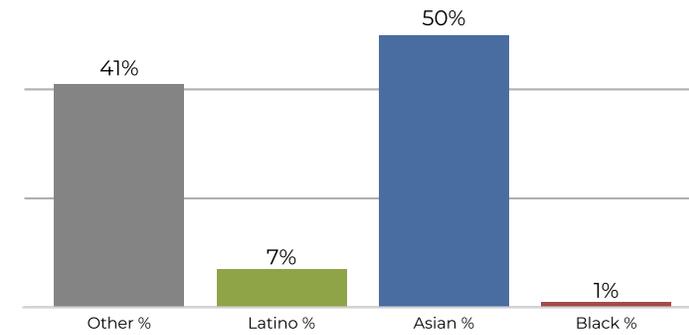
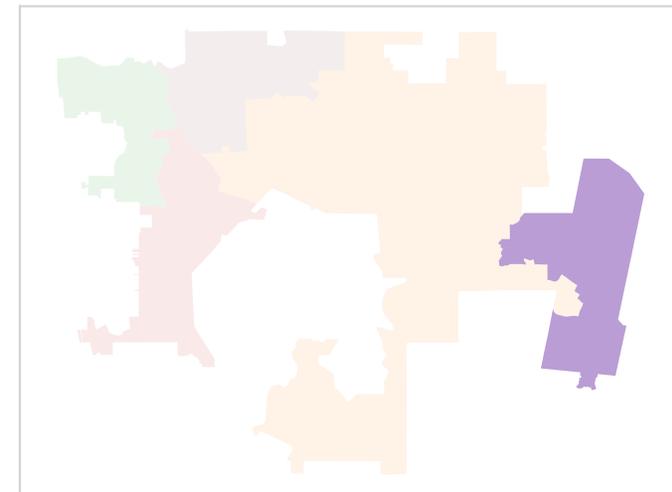
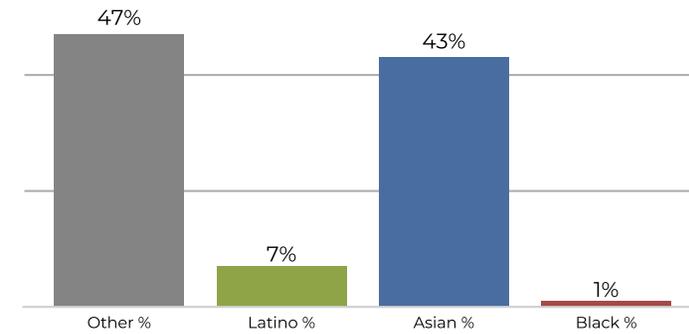
Population	Deviation	Deviation %	Other	Other %	Latino	Latino %	Asian	Asian %	Black	Black %
15,075	443	3.0%	10,928	72.5%	1,380	9.2%	2,605	17.3%	162	1.1%
Total CVAP	Other CVAP	Other CVAP %	Latino CVAP	Latino CVAP %	Asian CVAP	Asian CVAP %	Black CVAP	Black CVAP %		
9,219	7,057	76.5%	820	8.9%	1,228	13.3%	114	1.2%		

**District 2**

**2020 Census**

**Citizen Voting Age Population**


Population	Deviation	Deviation %	Other	Other %	Latino	Latino %	Asian	Asian %	Black	Black %
14,354	-278	-1.9%	11,753	81.9%	1,747	12.2%	776	5.4%	78	0.5%
Total CVAP	Other CVAP	Other CVAP %	Latino CVAP	Latino CVAP %	Asian CVAP	Asian CVAP %	Black CVAP	Black CVAP %		
11,044	9,516	86.2%	820	7.4%	628	5.7%	80	0.7%		

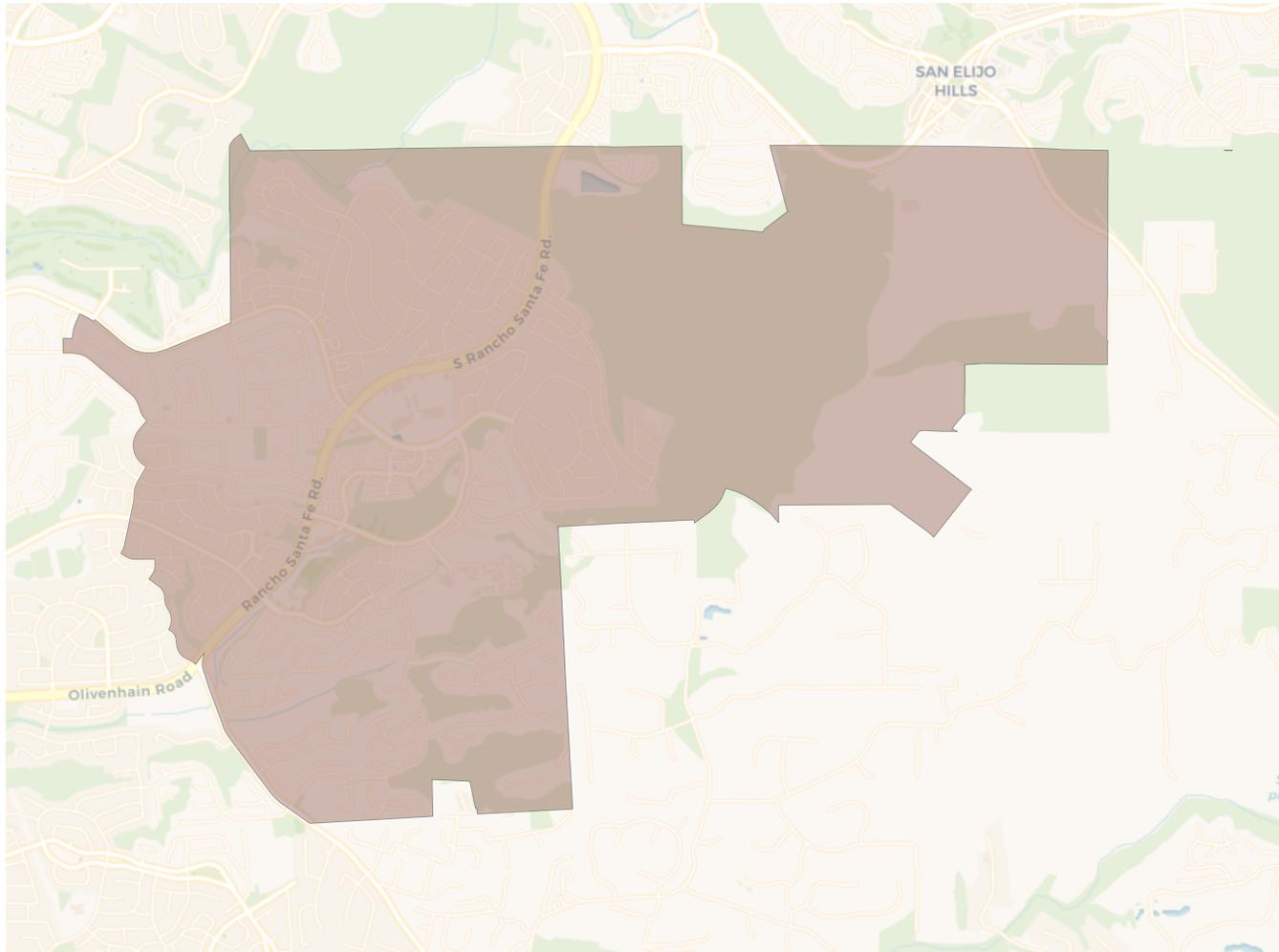
**District 3**

**2020 Census**

**Citizen Voting Age Population**


Population	Deviation	Deviation %	Other	Other %	Latino	Latino %	Asian	Asian %	Black	Black %
14,424	-208	-1.4%	12,060	83.6%	1,687	11.7%	614	4.3%	63	0.4%
Total CVAP	Other CVAP	Other CVAP %	Latino CVAP	Latino CVAP %	Asian CVAP	Asian CVAP %	Black CVAP	Black CVAP %		
11,190	9,435	84.3%	1,308	11.7%	343	3.1%	104	0.9%		

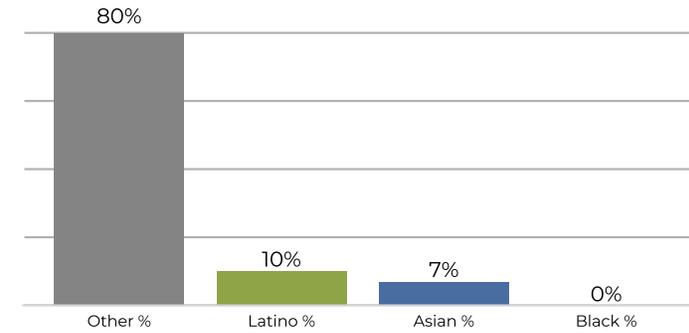
**District 4**

**2020 Census**

**Citizen Voting Age Population**


Population	Deviation	Deviation %	Other	Other %	Latino	Latino %	Asian	Asian %	Black	Black %
14,870	238	1.6%	6,097	41.0%	1,151	7.7%	7,447	50.1%	175	1.2%
Total CVAP	Other CVAP	Other CVAP %	Latino CVAP	Latino CVAP %	Asian CVAP	Asian CVAP %	Black CVAP	Black CVAP %		
7,530	3,600	47.8%	583	7.7%	3,250	43.2%	97	1.3%		

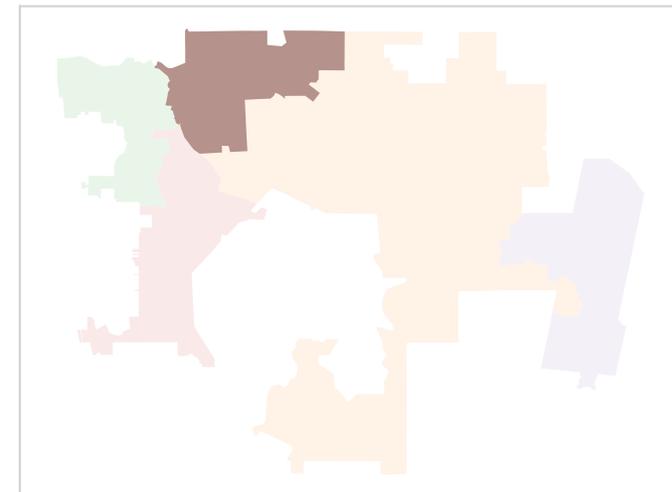
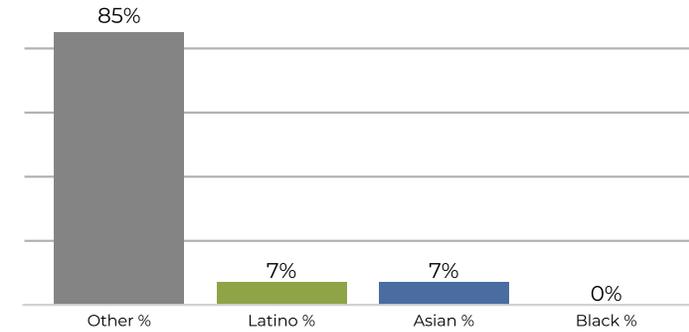
**District 5**



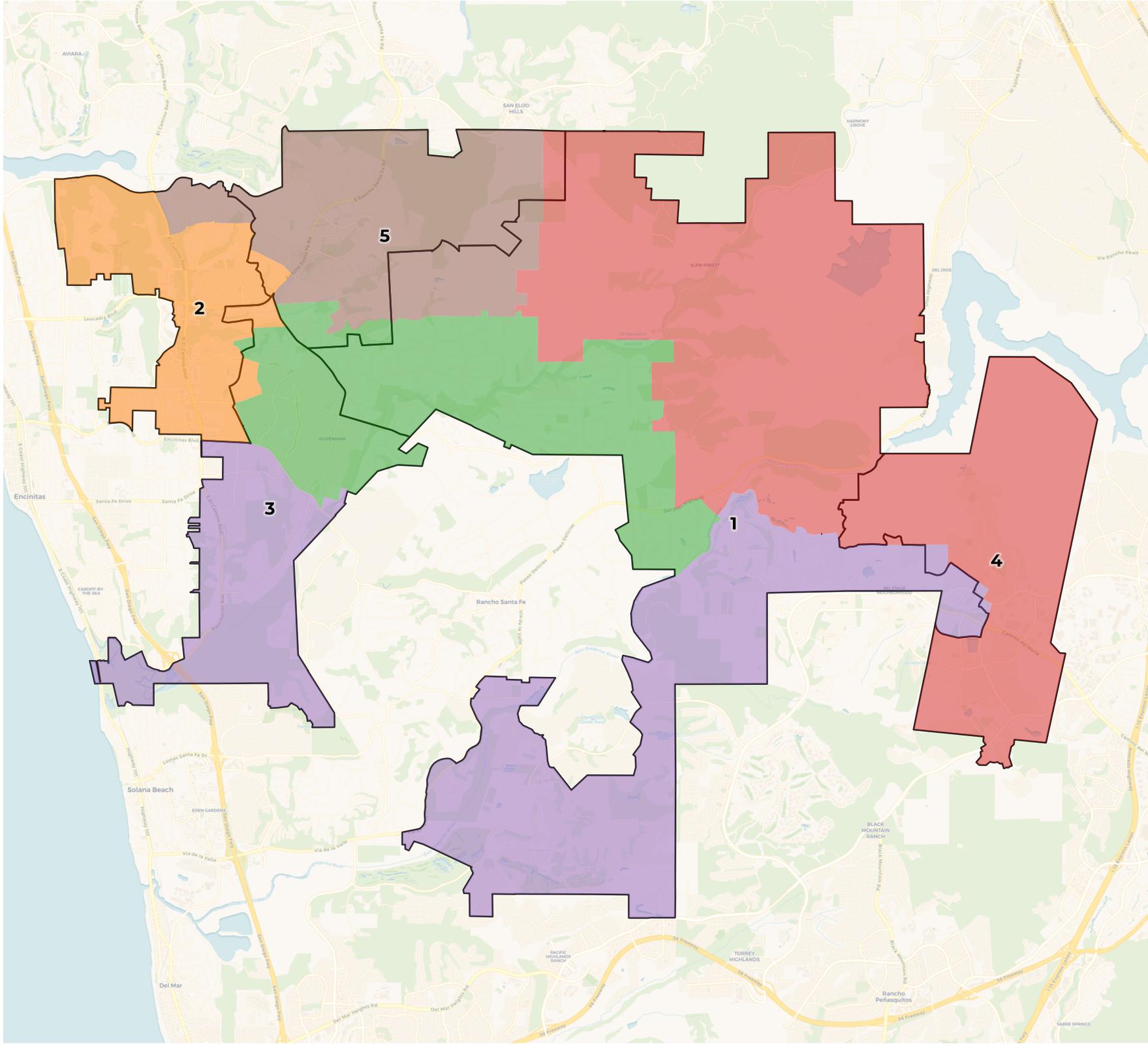
**2020 Census**



**Citizen Voting Age Population**

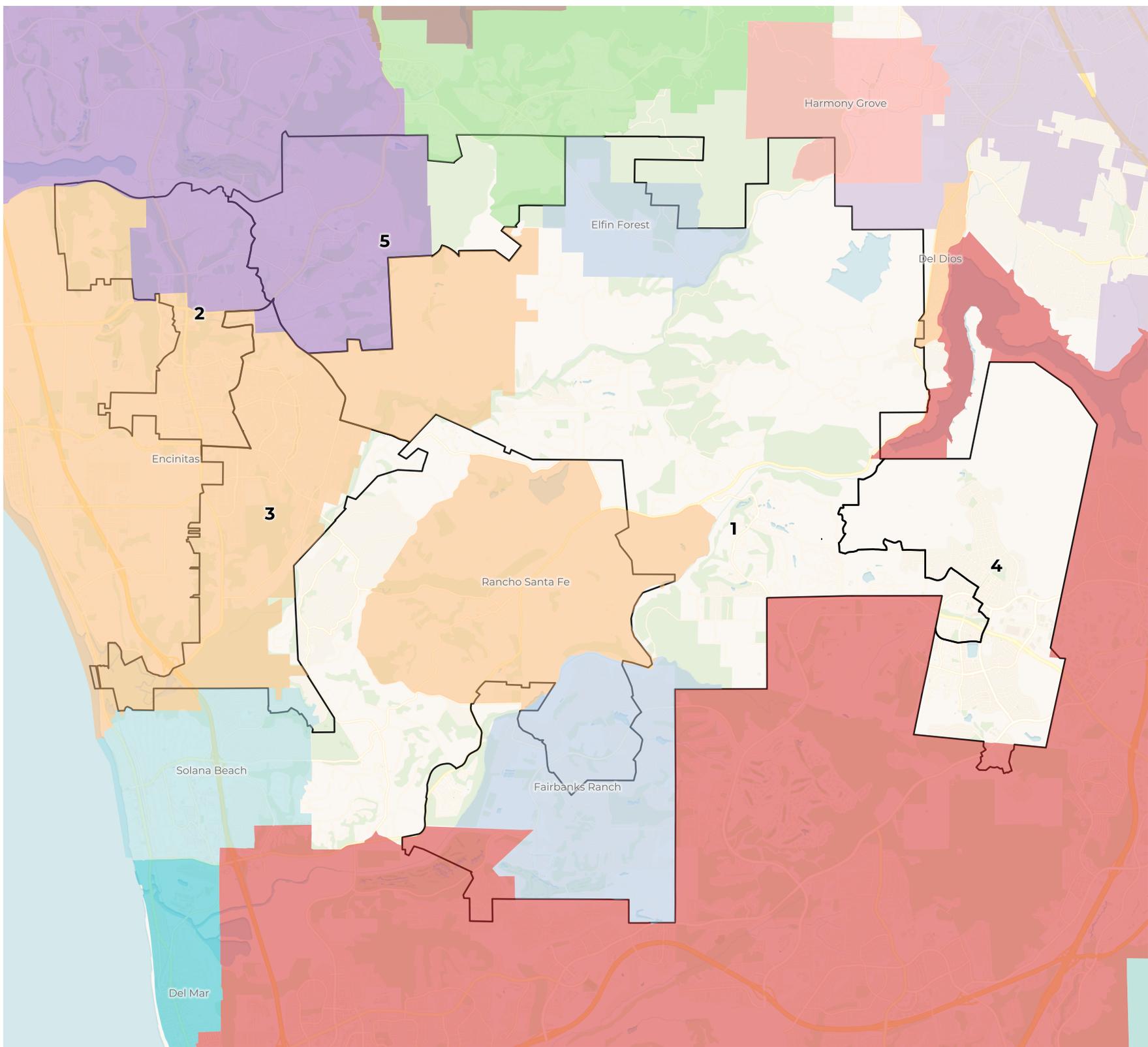


Population	Deviation	Deviation %	Other	Other %	Latino	Latino %	Asian	Asian %	Black	Black %
14,438	-194	-1.3%	11,651	80.7%	1,562	10.8%	1,100	7.6%	125	0.9%
Total CVAP	Other CVAP	Other CVAP %	Latino CVAP	Latino CVAP %	Asian CVAP	Asian CVAP %	Black CVAP	Black CVAP %		
10,346	8,839	85.4%	725	7.0%	725	7.0%	57	0.6%		



**REDISTRICTING  
PARTNERS**

**Olivenhain Water District**  
Draft Plan C2 with Cities



# Memo

Date: February 16, 2022  
To: Olivenhain Municipal Water District Board of Directors  
From: John Carnegie, Customer Services Manager  
Via: Kimberly A. Thorner, General Manager  
Subject: **CONSIDER ADOPTION OF A RESOLUTION ADJUSTING DIRECTOR DIVISION BOUNDARIES**

---

## **Purpose**

The purpose of this agenda item is to adopt adjustments to the boundaries of OMWD's director divisions, pursuant to Division 21, Chapter 8 of California Elections Code.

## **Recommendation**

Staff recommends approval of the resolution incorporating the board's preferred plan for new director division boundaries.

## **Alternative(s)**

The board may request additional changes to the director division boundaries presented in the previous agenda item. If so requested, a revised final map incorporated these changes would need to be approved via resolution at the March 16 board meeting in order to meet the April 17, 2022 deadline established in California Elections Code Section 22000.1 by which to establish new director division boundaries.

## **Background**

California Elections Code Section 22000 requires special districts to adjust their division boundaries by resolution after each federal decennial census. Using that census as a basis, special districts are to adjust the boundaries of director divisions so that the divisions are, as far as practicable, equal in population. In adjusting the boundaries of the divisions, the board may give consideration to the following factors: “(1) topography, (2) geography, (3) cohesiveness, contiguity, integrity, and compactness of territory, and (4) communities of interest of the division.” Section 22001 requires that at least one public hearing is conducted prior to the adoption of new boundaries.

OMWD’s director division boundaries were last modified by the board in October 2011 via Resolution 2011-31, based on data from the 2010 census.

In 2017, the board requested an investigation into whether population changes throughout OMWD’s service area warranted a mid-decade redistricting process. Redistricting Partners, a firm specializing in redistricting, advised OMWD that while changes in population had occurred and had disproportionate impact in some divisions, a mid-decade redistricting would still need to be based on 2010 census data, and would not allow for adjustments specifically to address or correct for the documented population changes since 2010. As a result, the Ad Hoc Population Study Review Committee—then consisting of Directors Watt and Varty—chose in September 2017 to defer adjustments to director division boundaries until the results of the 2020 census became available.

AB 849, the Fair And Inclusive Redistricting for Municipalities And Political Subdivisions (or “Fair Maps”) Act was signed into law in 2019. The bill introduced several new requirements for local agency redistricting processes, but focused on cities and counties rather than on special districts. For example, cities and counties must now conduct certain outreach, maintain websites with publicly available information about draft maps, and hold at least four public hearings on the issue. The prescriptive measures introduced by the Fair Maps Act do not apply to special districts.

SB 594 was signed by Governor Newsom on September 27, 2021, and requires that the governing board of a district that has a regular election to elect members of its governing board on the same date as the 2022 statewide general election shall adopt adjusted division boundaries no later than April 17, 2022.

At its November 17, 2021 meeting, the board scheduled three public hearings by which to receive public input on the 2022 redistricting process. The hearings were scheduled for December 15, 2021; January 19, 2022; and February 16, 2022. Though only one public hearing is required by law, the board chose to hold three public hearings for the purpose of transparency.

Redistricting Partners was retained to guide OMWD through the 2022 redistricting process. At the December 15, 2021 hearing, Redistricting Partners obtained input from the board into communities that should be grouped together for the purpose of creating new director divisions. Based on input received at this hearing, Redistricting Partners developed three draft proposals for new director divisions—“Plan A,” “Plan B,” and “Plan C.” These plans were made available for public review on January 12, 2022.

At the January 19, 2022 hearing, Redistricting Partners obtained input into each of the three draft plans. The board requested minor revisions to Plans B and C for further consideration. Two additional plans—“Plan B2” and “Plan C2”—were made available for public review on February 9, 2022.

The third and final public hearing was held on February 16, 2022 at which input was obtained on the plans.

### **Fiscal Impact**

Minor costs associated with the formal adoption of new director division boundaries (e.g., staff time to verify the receipt of new boundaries by the San Diego County Registrar of Voters) are provided for in the Fiscal Year 2022 Operating Budget.

### **Discussion**

Adoption of the attached resolution incorporating the board’s preferred plan for new director division boundaries would satisfy the redistricting requirements established in Division 21, Chapter 8 of California Elections Code.

Upon adoption, staff will work with Redistricting Partners and the San Diego County Registrar of Voters to complete the implementation of the new boundaries for use in the November 2022 General Election.

#### *Attachments:*

- *Resolution 2022-xx*

RESOLUTION NO. 2022-XX

RESOLUTION OF THE BOARD OF DIRECTORS OF OLIVENHAIN  
MUNICIPAL WATER DISTRICT ADJUSTING DIRECTOR DIVISION  
BOUNDARIES

WHEREAS California Elections Code section 22000 (a) requires special districts to “by resolution, after each federal decennial census, and using that census as a basis, adjust the boundaries of any divisions so that the divisions are, as far as practicable, equal in population and in compliance with Section 10301 of Title 52 of the United States Code, as amended, to the extent those provisions apply. In adjusting the boundaries of the divisions, the board may give consideration to the following factors: (1) topography, (2) geography, (3) cohesiveness, contiguity, integrity, and compactness of territory, and (4) community of interests of the division”; and

WHEREAS California Elections Code section 22000.1 establishes that the Board of Directors must adopt adjusted division boundaries no later than April 17, 2022; and

WHEREAS California Elections Code section 22001 establishes that the Board of Directors must hold at least one public hearing on the proposal to adjust the boundaries of director divisions prior to voting on the proposal; and

WHEREAS the Board of Directors held the first of three public hearings on December 15, 2021, for the purpose of receiving public testimony relating to redistricting and communities of interest in Olivenhain Municipal Water District. Based on input received at this hearing, OMWD’s demographic consultant developed in accordance with applicable laws and standards three draft proposals for new director divisions—“Plan A,” “Plan B,” and “Plan C.” These plans were made available for public review on January 12, 2022; and

WHEREAS the Board of Directors held the second of three public hearings on January 19, 2022, for the purpose of receiving public testimony relating to the three draft plans. The board requested minor revisions to Plan B and Plan C. The revised plans—“Plan B2” and “Plan C2”—were made available for public review on February 9, 2022; and

WHEREAS the Board of Directors held the third of three public hearings on February 16, 2022, for the purpose of receiving public testimony on the revised plans prior to the voting on adoption of the new boundaries.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Olivenhain Municipal Water District that the director division boundaries attached hereto as Exhibit A are, as far as practicable, equal in population, and were drafted in consideration of those factors established in California Elections Code section 22000 (a); and

BE IT RESOLVED, pursuant to the provisions of Division 21, Chapter 8 of California Elections Code, the Board of Directors hereby adjusts, changes, and establishes the boundaries of the director divisions as set forth on the map attached hereto as Exhibit A, and they shall constitute and are hereby established as the boundaries of the director divisions of Olivenhain

RESOLUTION NO. 2022-xx *continued*

Municipal Water District for the November 2022 General Election and subsequent elections until further readjustment is required by law; and

BE IT RESOLVED, pursuant to California Elections Code sections 22000 (e) (1) and 22000 (e) (2), each of the directors in office at the time this resolution takes effect shall continue in office until the office becomes vacant by means of term expiration or otherwise, whether or not the director is a resident within the boundaries of the division as adjusted; and

BE IT RESOLVED that the General Manager is authorized and directed to file a copy of this resolution, along with a listing of precincts and such other documents as may be necessary, with the San Diego County Registrar of Voters.

PASSED, ADOPTED, AND APPROVED at a regular meeting of the Board of Directors of Olivenhain Municipal Water District held on February 16, 2022.

---

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

ATTEST:

---

Robert F. Topolovac, Secretary  
Board of Directors  
Olivenhain Municipal Water District

**EXHIBIT A  
MAP OF ADOPTED DIVISION LINES**

*(SUBJECT TO FINAL RECOMMENDED ACTION TAKEN AT BOARD MEETING ON 2/16/2022)*

# Memo

Date: February 16, 2022  
To: Olivenhain Municipal Water District Board of Directors  
From: Jason P. Hubbard, Engineering Manager  
Via: Kimberly A. Thorner, General Manager  
Subject: **CONSIDER APPROVAL OF A CONTRACT WITH ORION CONSTRUCTION CORPORATION IN THE AMOUNT OF \$6,123,000 FOR THE CONSTRUCTION OF THE 4S RANCH NEIGHBORHOOD 1 SEWER PUMP STATION REPLACEMENT PROJECT AND INCREASE THE OVERALL PROJECT BUDGET BY \$2,900,000 AND AUTHORIZE THE GENERAL MANAGER TO SIGN ON BEHALF OF OMWD**

---

## Purpose

The purpose of this agenda item is to consider approval of a contract with Orion Construction Corporation (Orion) in the amount of \$6,123,000 for construction of the 4S Ranch Neighborhood 1 Sewer Pump Station (NBHD1 SPS) Replacement Project, increase the overall project budget by \$2,900,000 and authorize the General Manager to sign on behalf of OMWD.

## Recommendation

Staff recommends awarding a contract to Orion in the amount of \$6,123,000 for construction of the NBHD1 SPS Replacement Project and increasing the overall project budget by \$2,900,000.

## **Alternative(s)**

- The Board could reject all bids and direct staff to re-bid the project; or
- The Board could elect to delay the project until a future date; however, this is an important project to replace infrastructure near the end of its useful life.

## **Background**

The 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 (Bruce-Lane). 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 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.

In 2015, the Capital Improvement Plan for 4S Ranch and Rancho Cielo Wastewater Systems report published by Dudek identified the upgrade of the NBHD1 SPS as number 4 on the list of high priority projects with a projected schedule for implementation in 2019.

However, due to the highly corrosive environment of NBHD1 SPS, in 2017 OMWD was required to install a space conditioning system to temporarily counteract the electrical failures occurring. While this helped with the immediate issue, further analysis identified the need to develop a long term solution due to the importance of the NBHD1 SPS as outlined in the 2015 Dudek report.

A Request for Proposals (RFP) for the design of NBHD1 SPS was issued and on November 8, 2017, the Board of Directors approved entering into a Professional Services Agreement (PSA) with Infrastructure Engineering Corporation (IEC) in the amount of \$328,000.

The NBHD1 SPS Replacement Project was designed to construct a below grade dry well to house newer generation pumps, replace all electrical and instrumentation equipment, replace the emergency generator, relocate utility lines, and remove unneeded equipment. The NBHD1 SPS Replacement Project was designed to increase reliability and safety, while simplifying long-term operations and maintenance. The plans,

specifications, and engineer's estimate were prepared with the help of IEC and the NBHD1 SPS Replacement Project was placed out for bid in March 2019. At the time the project was out for bid, the engineer's estimate was \$3.4M. OMWD then canceled the request for bids in April 2019, as the 2019/2020 budget discussions determined the need to postpone the bid until the 2021/2022 fiscal year (FY). Postponing this bid allowed for the bidding and construction of the El Camino Real Pipeline Replacement and Green Bike Lane Project, where bidding occurred earlier than originally scheduled in coordination with planned work by the City of Encinitas. As the NBHD1 SPS Replacement Project was delayed before bids were received, the engineer's estimate of \$3.4M was never validated in 2019.

In preparation for placing the project out to bid again in fall 2021, staff reviewed the original replacement plans and requested IEC revise select aspects and revisit certain elements of the design. An amendment to IEC's PSA was approved by the Board at its February 10, 2021 meeting. The amendment included updating the design for the current building codes, re-reviewing hydraulic conditions to validate the pump design parameters due to new developments built or planned, updating the odor control equipment due to new visible corrosion, addressing soil creep issues from the adjacent slope, adding a restroom to the facility, assisting OMWD with coordination with the HOA for construction staging, and adding constructability improvements, such as increasing the separation between the new dry well and the existing wet well.

On November 17, 2021 the Board approved entering into a PSA with Valley CM in the amount of \$328,305 to provide construction management and inspection services for the NBHD1 SPS Replacement Project.

### **Fiscal Impact**

While there are currently funds allocated to the project to cover all anticipated costs for the recommended project through FY 2021-22, total costs to complete the project will require an additional \$2,900,000 to be budgeted. If approved by the Board, these additional costs will be included in the FY 2022-23 annual budget, scheduled for consideration in June 2022. Funds for an increase in construction costs will come from the Sewer Capital Reserve Fund.

Additionally, staff reviewed the approved 10-year Capital Spending Plan (CSP) versus the draft 10-year CSP for the next 2-year budget cycle, FY 2023 and 2024. Factoring in the unexpected increase for the NBHD1 SPS Replacement project budget, staff has verified the new 10-year CSP can be revised to maintain the necessary balance with OMWD's cash flow to fall within the required range for the current sewer capital reserve fund. The

current sewer rates are sufficient and no increase is necessary. These revisions have been reviewed by the Finance Committee, which consists of Directors Guerin and Watt.

Is this a Multi Fiscal Year Project? **Yes**

In which FY did this capital project first appear in the CIP budget? **2014**

Total Project Budget: **\$4,832,000**

Current Fiscal Year Appropriation: **\$2,534,000**

To Date Approved Appropriations: **\$2,534,000**

Target Project Completion Date: **January 2023**

Expenditures and Encumbrances as of 1/25/2022: **\$909,765**

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

The project was released for bid in November 2021. Three (3) addenda were issued during the bidding process to clarify various aspects of the contract documents. A total of five (5) bids were received on January 13, 2022 from:

<b>Contractor</b>	<b>Total</b>
Orion Construction Corporation	\$ 6,123,000 <sup>1</sup>
GSE Construction	\$ 6,196,000
Ahrens Mechanical	\$ 6,427,400
Caliagua Engineering Contractors	\$ 6,476,900 <sup>1</sup>
Pacific Hydrotech Corporation	\$ 6,637,600

<sup>1</sup>Discrepancies found in Bid Schedule tabulations submitted by Contractors; General Provisions Section 2.3 states listed unit price prevails. Orion Construction Corporation submitted total amount as \$6,193,000 which could not be established by the bid tabulation. Caliagua Engineering Contractors submitted total amount as \$6,476,900 (same amount), but with discrepancy in Bid Item tabulation.

Pursuant to the contract documents, the basis of award is based on the total amount of the Bid Schedule items, listed at a lump sum price. The Total Amount of Bid Schedule price includes all labor, materials, removal, overhead, profit, insurance, and incidentals required to complete the work.

The lowest responsive and responsible bid was received from Orion in the amount of \$6,193,000. Two (2) irregularities were found during the bidding process. First, Orion's submitted amount of \$6,193,000 could not be established by the bid tabulation. Pursuant to Section 2.3 of the General Provisions, the listed unit price prevails. Therefore, Orion's listed unit prices added up to \$6,123,000 and still remained the lowest responsive and responsible bid. Second, Caliagua Engineering Contractors had a discrepancy in the Bid Item tabulation, but still added up to \$6,476,900. OMWD can waive these minor irregularities, in its sole discretion. No protests have been received.

All five (5) bids came in over the engineer's estimate of \$3.9 million. The design firm, IEC calculated the updated engineer's estimate, which included a 10% contingency factor. Analysis of the bids versus the engineer's estimate revealed the largest price difference in bid item #12 – Pump Station Building/Dry Pit. Though shoring was a separate bid item (bid item #3), IEC and staff believe contractors factored in added risk with the deep (up to 30-feet) excavation and its proximity to the existing re-purposed wet well. Additionally, the uncertainty in availability and price increases for construction materials such as reinforced steel, concrete, lumber, and masonry block are suspected in influencing the price of this and other bid items. The second largest price difference is bid item #18 – Electrical & Telemetry. The estimate for this item was generated by IEC's subconsultant Moraes, Pham & Associates (MPA) and likely suffered from similar influences. Further analysis of the bids revealed somewhat comparable pricing for pumps, mechanical work, and the emergency generator (bid items #9, 10, and 20), but surprisingly a big difference in bid item #13 – Pump Station HVAC System, which involves relocating the existing air conditioning unit to the new building upper floor and installing new fiberglass reinforced plastic ducting and fans in the new lower floor dry pit. Both IEC and MPA have a long history in San Diego County and have historically been very accurate in their estimates. In discussions with IEC, they provided no good explanations for why most of the bid items came in higher than the engineer's estimate by a factor of 2 other than the estimate was compiled when inflation was thought to be approximately 2-3% as opposed to the current 6-7% the market is experiencing.

In discussions with Orion, they cited risk and material increases at the largest contributors in the high price. The fact all five (5) bids are clustered in such a close \$6.1-6.4M range, within 8% of each other, without a very low or very high outlier, is unusual, and suggests all the contractors bidding the project made similar risk and pricing assumptions.

After receiving the bids, engineering staff met with the wastewater operation staff to discuss options for possible scope reductions in the project. However, no significant reductions in scope were discovered due to the interconnected nature of the design.

Orion is local to San Diego County, based in Vista and has completed multiple recent public works projects for the City of San Diego, Helix Water District, and the Department of the Navy. On January 19, 2021, the Board also awarded Orion the contract for the Lone Jack Pressure Reducing Station Replacement Project.

Staff is available to answer any questions.

*Attachments:*

*Bid Results Tabulation;*

*Bid Results Tabulation (Itemized);*

*Project Location Map*



**Bid Results Tabulation**  
January 13, 2022 at 2:00 p.m.

**4S Ranch Neighborhood 1 Sewer Pump Station Replacement Project (D700004)**

<b>Contractor</b>	<b>Total Amount of Bid Schedule (Base Bid)</b>	<b>Acknowledged Addendum 1 (Y/N)</b>	<b>Acknowledged Addendum 2 (Y/N)</b>	<b>Acknowledged Addendum 3 (Y/N)</b>	<b>Bid Bond (Y/N)</b>
Orion Construction Corporation	\$6,123,000.00*	Y	Y	Y	Y
GSE Construction	\$6,196,000.00	Y	Y	Y	Y
Ahrens Mechanical	\$6,427,400.00	Y	Y	Y	Y
Caliagua Engineering Contractors	\$6,476,900.00*	Y	Y	Y	Y
Pacific Hydrotech Corp.	\$6,637,600.00	Y	Y	Y	Y

\* Discrepancies found in Bid Schedule tabulations submitted by Contractors; General Provisions Section 2.3 states listed unit price prevails. Caliagua Engineering Contractors submitted total amount as \$6,476,900.00 with a discrepancy in Bid Item tabulation. Orion Construction Corporation submitted total amount as \$6,193,000.00.

**4S Ranch Neighborhood 1 Sewer Pump Station Replacement Project (D700004)**

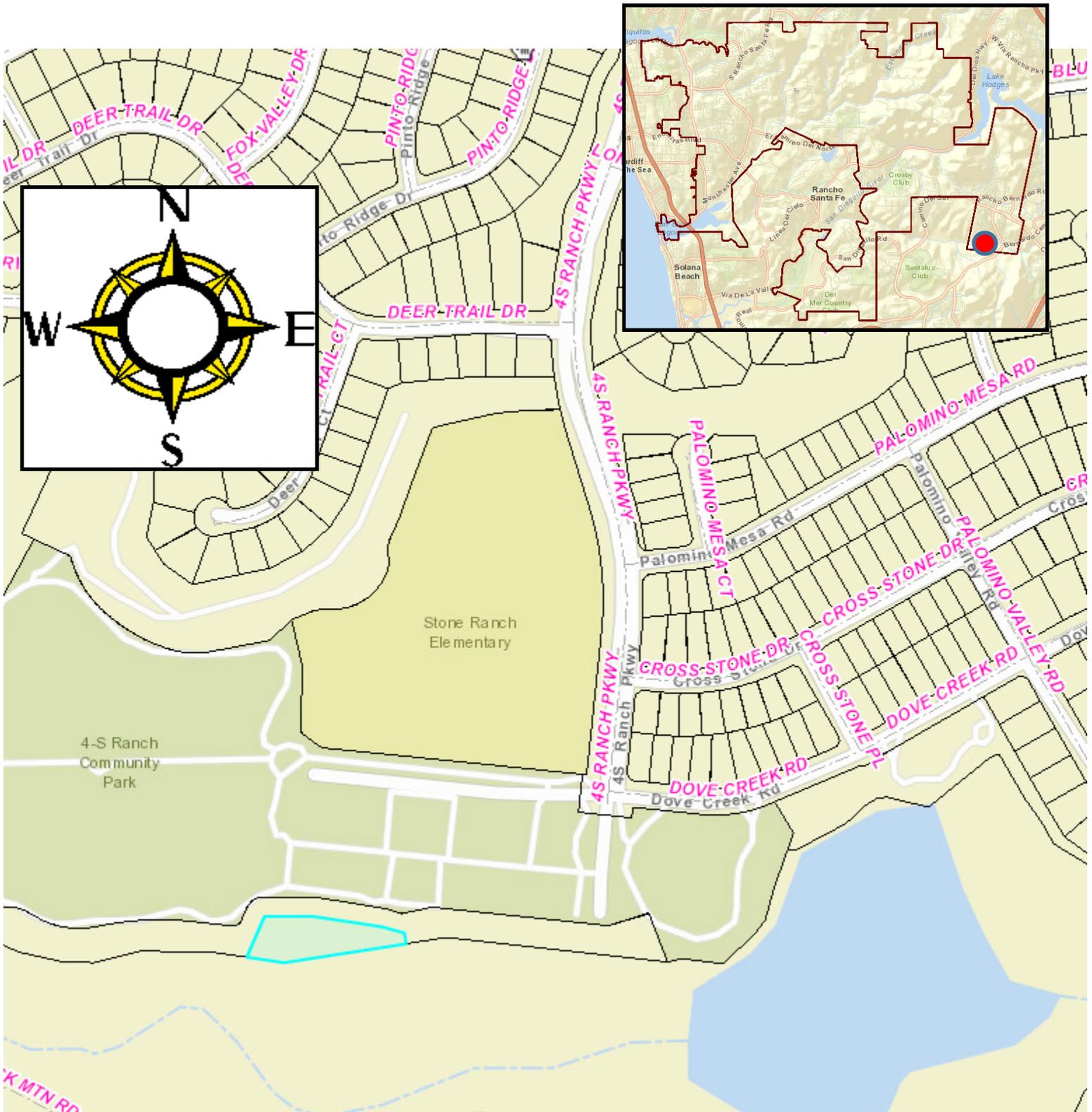
Bid Results January 13, 2022 at 2:00 pm

Bid Item No.	Bid Item Description	Quantity	Orion Construction Corporation	GSE Construction	Ahrens Mechanical	Caliagua Engineering Contractors	Pacific Hydrotech Corp.	ENGINEER'S ESTIMATE
1	Mobilization <sup>1</sup> , Demobilization, Bonds, Permits, Insurance, & Cleanup and Demobilization <sup>1</sup>	1 LS	\$ 456,000.00	\$ 400,000.00	\$ 157,000.00	\$ 454,300.00	\$ 412,400.00	\$ 137,000.00
2	Temporary Erosion Control/Storm Water Pollution Protection Program (SWPPP)	1 LS	\$ 75,000.00	\$ 5,000.00	\$ 33,400.00	\$ 37,300.00	\$ 41,500.00	\$ 20,000.00
3	Sheeting, Shoring & Bracing	1 LS	\$ 400,000.00	\$ 370,000.00	\$ 653,000.00	\$ 420,000.00	\$ 382,400.00	\$ 200,000.00
4	Demolition	1 LS	\$ 200,000.00	\$ 250,000.00	\$ 161,000.00	\$ 146,100.00	\$ 167,200.00	\$ 75,000.00
5	Earthwork	1 LS	\$ 250,000.00	\$ 280,000.00	\$ 81,000.00	\$ 250,000.00	\$ 299,900.00	\$ 93,600.00
6	Over-Excavation & Imported Bedding	100 CY	\$ 12,000.00	\$ 16,000.00	\$ 24,000.00	\$ 237,000.00	\$ 12,100.00	\$ 6,600.00
7	Civil Site Work	1 LS	\$ 165,000.00	\$ 230,000.00	\$ 232,000.00	\$ 235,000.00	\$ 178,300.00	\$ 85,000.00
8	Site Piping	1 LS	\$ 360,000.00	\$ 290,000.00	\$ 205,000.00	\$ 200,400.00	\$ 409,400.00	\$ 145,600.00
9	Dry-Pit Submersible Pumps	5 EA	\$ 250,000.00	\$ 200,000.00	\$ 247,000.00	Contractor wrote: \$46,200 \$46,200 x 5 = \$231,000 (Minor discrepancy; Contractor did not multiply by quantity. However, total matches with correct math and \$231,000 amount)	\$ 239,000.00	\$ 475,000.00
10	Pump Station Mechanical	1 LS	\$ 770,000.00	\$ 380,000.00	\$ 486,000.00	\$ 585,300.00	\$ 647,200.00	\$ 223,700.00
11	Modifications to the Operating Wet Well	1 LS	\$ 170,000.00	\$ 220,000.00	\$ 196,000.00	\$ 180,000.00	\$ 138,500.00	\$ 100,000.00
12	Pump Station Building/ Dry Pit	1 LS	\$ 990,000.00	\$ 1,490,000.00	\$ 1,490,000.00	\$ 1,295,600.00	\$ 1,388,300.00	\$ 622,500.00
13	Pump Station HVAC System	1 LS	\$ 300,000.00	\$ 470,000.00	\$ 485,000.00	\$ 213,500.00	\$ 198,200.00	\$ 70,000.00
14	Restroom in Existing Building	1 LS	\$ 50,000.00	\$ 70,000.00	\$ 117,000.00	\$ 57,700.00	\$ 36,000.00	\$ 25,000.00
15	Surge Tank Rehabilitation	1 LS	\$ 65,000.00	\$ 40,000.00	\$ 30,000.00	\$ 17,500.00	\$ 71,900.00	\$ 30,000.00
16	Surge Control Equipment	1 LS	\$ 5,000.00	\$ 75,000.00	\$ 138,000.00	\$ 138,000.00	\$ 79,200.00	\$ 25,000.00
17	Emergency Power Generation Equipment	1 LS	\$ 210,000.00	\$ 170,000.00	\$ 189,000.00	\$ 184,500.00	\$ 155,800.00	\$ 225,000.00
18	Electrical & Telemetry	1 LS	\$ 1,000,000.00	\$ 1,100,000.00	\$ 988,000.00	\$ 1,124,200.00	\$ 1,107,100.00	\$ 480,000.00
19	Systems Start-Up & Testing	1 LS	\$ 10,000.00	\$ 10,000.00	\$ 71,000.00	\$ 27,000.00	\$ 34,400.00	\$ 35,000.00
20	System Programming & Integration	1 LS	\$ 35,000.00	\$ 30,000.00	\$ 35,000.00	\$ 35,000.00	\$ 36,400.00	N/A <sup>2</sup>
21	Sewer Bypass Operations	1 LS	\$ 350,000.00	\$ 100,000.00	\$ 409,000.00	\$ 407,500.00	\$ 602,400.00	\$ 500,000.00
								10% CONTINGENCY
	<b>Total Amount of Bid Schedule</b>		<b>\$ 6,123,000.00</b>	<b>\$ 6,196,000.00</b>	<b>\$ 6,427,400.00</b>	<b>\$ 6,476,900.00</b>	<b>\$ 6,637,600.00</b>	<b>\$ 3,931,400.00</b>
	<b>Bid states:</b>		<b>\$ 6,193,000.00</b>	<b>\$ 6,196,000.00</b>	<b>\$ 6,427,400.00</b>	<b>\$ 6,476,900.00</b>	<b>\$ 6,637,600.00</b>	
	<b>Difference</b>		<b>\$ 70,000.00</b>	<b>Matches bid</b>	<b>Matches bid</b>	<b>Matches bid</b>	<b>Matches bid</b>	
	<b>Under/Over</b>		<b>Under</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	

<sup>1</sup>Mobilization is limited to 8% of the total bid price for Bid Schedule.

math incorrect      correct tabulation

<sup>2</sup>Bid item #20 was broken out from bid item #18 under Addendum No.1 and therefore the Engineer's Estimate for this item was accounted for under bid item #18.



**4S RANCH NEIGHBORHOOD 1 SEWER PUMP STATION  
REPLACEMENT PROJECT  
DISTRICT PROJECT NO. D700004**

# 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 16, 2022

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 2022:**

<b>Operations &amp; Maintenance</b>	<b>Current Month</b>	<b>Last Month</b>
<b>DCMWTP Total Production</b>	287 million gallons	368.7 million gallons
<b>DCMWTP Average Daily Production</b>	9.3 million gallons	11.9 million gallons
<b>DCMWTP Peak Day Production</b>	15.7 million gallons	20.8 million gallons
<b>Source Water Blend (% State Project Water)</b>	0	0
<b>Total Deliveries to VWD</b>	178.54 acre feet 58.17 million gallons	228.50 acre feet 74.46 million gallons
<b>4S and Rancho Cielo Sewer Systems Total Inflow</b>	40.52 million gallons	41.92 million gallons
<b>4S and Rancho Cielo Sewer Systems Average Daily Inflow</b>	1,307,153 gallons	1,352,374 gallons
<b>4S and Rancho Cielo Sewer Systems Peak Day Inflow</b>	1,446,356 gallons	1,596,805 gallons
<b>4S and Rancho Cielo Sewer Systems Low Day Inflow</b>	1,231,548 gallons	1,261,506 gallons
<b>4SWRF Average Daily Production</b>	436,829 gallons	297,503 gallons
<b>4SWRF Peak Day Production</b>	781,639 gallons	685,176 gallons
<b>4SWRF Total to Recycled Water Distribution System</b>	13.54 million gallons	9.23 million gallons
<b>4S Recycled Water Storage Pond Volume</b>	155 acre feet	110 acre feet
<b>Repaired Potable Water Main Leak(s)</b>	1	0
<b>Repaired Potable Water Service Lateral Assembly Leak(s)</b>	6	2
<b>Repaired Recycled Water Main Leak(s)</b>	0	0
<b>Repaired Recycled Water Service Lateral Leak(s)</b>	0	0
<b>Repaired Hit Fire Hydrant Lateral Assembly Leak(s)</b>	2	0
<b>Replaced Valve(s) Monthly Total</b>	0	4
<b>Replaced Valve(s) Calendar Year To Date</b>	49	49
<b>Recycled Water Use Site Inspections &amp; Visits</b>	16	17
<b>Recycled Water Use Site Cross Connection Tests</b>	5	4
<b>Cross Connection Site Surveys</b>	7	1
<b>Backflow Inspections &amp; Testing (New)</b>	2	7
<b>IT Help Requests</b>	19	22
<b>Customer Services</b>	<b>Current Month</b>	<b>Last Month</b>
<b>Customer Calls and Inquiries</b>	1,608	957
<b>Total Monthly Bills Issued</b>	22,984	22,910
<b>Service Orders</b>	492	325
<b>New Potable Meters</b>	3	0
<b>New Fire Meters</b>	0	0
<b>New Recycled Water Meters</b>	0	0
<b>AMI Troubleshooting Investigations</b>	64	39

AMR Troubleshooting Investigations	47	41
Stopped/Underperforming Meters Replaced	40	52
<b>Customer Services - Continued</b>	<b>Current Month</b>	<b>Last Month</b>
MXUs Upgraded to AMI	88	1
Meter Accuracy Tests Performed	0	0
Water Use Evaluations	7	0
Water Use Violation Reports	4	0
Workshops, Events, and Tours	0	0
High-Efficiency Clothes Washer Rebates	0	7
Weather-Based Irrigation Controller Rebates	2	2
Hose Irrigation Controller Rebates	0	0
High-Efficiency Rotating Nozzle Rebates	0	0
High-Efficiency Toilet Rebates	0	0
Rain Barrel Rebates	0	1
Flow Monitor Device Rebates	0	0
Turf Removal Project Rebates	0	0
Social Media Posts	23	19
News Releases/Media Advisories	0	1
<b>EFRR</b>	<b>Current Month</b>	<b>Last Month</b>
Special Use/Event Permits	2	6
Parking Notices	166	65
Incident Reports	7	6
Vehicle Count	7,983	4,091
Trail Use Count	14,754	10,273
Days Closed Due to Rain/Red Flag/COVID-19	0	4
Days IC Open	19	14
Number of IC Visitors	640	245
Volunteer Trail Patrol Shifts	10	6
Volunteer Docent Hours	109	73
Total Number of Docents	63	63
<b>Finance</b>	<b>Current Month</b>	<b>Last Month</b>
Infosend Payments	10,557	9,972
OMWD Auto Debit Payments	2,513	2,472
CB&T Lockbox Payments	3,812	3,140
Over the Counter Payments	536	590
Check-free, Metavante and Chase	5,613	4,899
Paymentus (Credit Card) Payments	1,229	1,045
Finance Calls and walk-ins	64	53
Service Orders Processed	14	8
Service Orders Closed Out	3	3
Purchase Orders	11	16
Inventory Items Received	627	1,729
Invoices Processed	660	640
Payroll Direct Deposits Processed	236	232
Accounts Payable Checks	212	196

## **ENGINEERING DEPARTMENT**

### **Engineering Manager Jason Hubbard Highlights for January 2022:**

The one (1) year warranty for the New and Remodeled Operations and Administration Facilities project expired in December and all remaining warranty work has been completed. Additionally, staff addressed all remaining City of Carlsbad requirements for final sign-off on the grading and building permit. The Manchester Potable Waterline Replacement contractor completed four (4) pipeline connections and continues to install appurtenances and individual customer connections, with the remaining work to be completed by early February. Staff received bids for the Lone Jack Pressure Reducing Station Replacement project and the Neighborhood 1 Sewer Pump Station Replacement project. Coordination with Caltrans and their contractor for work occurring at I-5 and Manchester Avenue resumed during the month of January with the remaining portion. Recycled pipeline installed in Manchester Avenue during night work. The Manchester Avenue Recycled Water Pipeline project is nearing design completion with anticipated public release for bid in February. Preliminary design work continues on the Headworks Screening System Improvement project. Work continues on updates and calibration to OMWD's potable water and recycled water hydraulic models. A Request for Proposals for design of the David C. McCollom Water Treatment Plant (DCMWTP) Stage 4 Centrifuge Addition project was released. A 'kick-off' meeting was held with the consultant working on the Unit A North, Rancho Santa Fe Road Potable Water Pipeline Replacement or Rehabilitation project. Staff continues to handle developer and other minor projects including fire hydrants, detector checks, water service laterals, etc., assist other departments with engineering related work, and manage OMWD's right-of-ways. Work continues for the upcoming sale of the Peay parcel.

## **HUMAN RESOURCES DEPARTMENT**

### **Human Resources Manager Jennifer Joslin Highlights for January 2022:**

Human Resources staff conducted the new hire orientation and safety training for the new Customer Service Representative I and three temporary project support staff for the water treatment plant and Field Services. Coordinated the Grow Your Own (GYO) internal recruitment and interviews for the Field Services Technician III position. Reviewed, approved, and printed the mid-year performance reviews for all staff prior to presentation by the Supervisors and Managers. Updated the administrative code to comply with the new Memorandum of Understanding (MOU). HR and payroll staff created and distributed the required Affordable Care Act (ACA) 1095 forms for all employees regarding their health insurance coverage for 2021. Prepared the required annual Voluntary Employees' Beneficiary Association (VEBA) discrimination test documents. Participated in Annual Employment Law Update virtual training provided by Liebert Cassidy Whitmore. Safety staff conducted an inspection of the 4S water reclamation facility as follow-up to a recent Department of Environmental Health inspection and assisted with minor corrections. Facilitated an Air Pollution Control District inspection at the water treatment plant. Hosted a COVID task force meeting.

## **OPERATIONS & MAINTENANCE**

### **Operations Manager Geoff Fulks Highlights for January 2022:**

DCMWTP coordinated a plant shutdown on January 24th – February 4th to perform routine maintenance, necessary repairs, inspections, and projects. Due to the ongoing COVID-19 pandemic, the plant has not been shut down since 2019. A temporary T2 water treatment plant operator began work in January to assist with the backlog of maintenance and repairs and project support. System Operators isolated and drained Denk Reservoir in preparation for an upcoming interior coating rehabilitation. Operators completed the ammonia injections site quills and paddle mixer inspections at the Ammonia Feed Injection Facility. Operators assisted on replacing a 16” Butterfly Valve on Train 5 at the DCMWTP during the scheduled shutdown. System Operators continue to assist on shutdowns for the Manchester Avenue pipeline replacement project. Construction staff assisted Asterra with the acoustic portion of the leak detection survey. Staff also responded to three different leak repairs. IT staff continued to deploy Microsoft 365. Instrument Control and Pumps and Motors Technicians supported the DCMWTP shutdown maintenance and repairs. An outside contractor was brought in to complete the DCMWTP Train 9 Control Wiring Replacement project.

## **CUSTOMER SERVICES DEPARTMENT**

### **Customer Services Manager John Carnegie Highlights for January 2022:**

Completed transition to multiple billing cycles, concluding the outreach campaign with a bill insert included with all January statements; released video featuring 2021 district highlights; mailed 505 postcards notifying customers affected by the next AMI Expansion Project phase; and concluded rain barrel education/distribution campaign in partnership with Solana Center for Environmental Innovation, Santa Fe Irrigation District, San Dieguito Water District, and Carlsbad Municipal Water District.

At EFRR, hosted two field trips for Escondido Unified School District third graders; hosted a workshop in the interpretive center for San Diego Children and Nature; and judged annual photo contest in partnership with Escondido Creek Conservancy, inviting winners to the February 16 board meeting.

## **FINANCE DEPARTMENT**

### **Finance Manager Rainy Selamat Highlights for January 2022:**

Processed and sent out W2s and 1099s; reconciled and filed OMWD quarterly and annual payroll tax reports; updated the District’s budget files for budget kick-off meeting with managers; worked on updating water rate and sewer rate models in preparation for the budget; continued working on Vallecitos recycled water flow data and fiscal year 2022/23 monthly recycled water invoices; staff attended investment webinar trainings to update the district’s monthly investment report; had a zoom meeting with DLM Engineering to discuss future EDU’s and growth in preparation for the 2022 capacity fee update; had several zoom meetings with pension advisory services firms to discuss fees/ scope of work and obtained proposals for discussion with GM Thorner; and completed miscellaneous house-keeping items in preparation for the new calendar year 2022.

**ASSISTANT GENERAL MANAGER:**

**The Assistant General Manager reports the following:**

Attended several meetings with the Water Reuse Coalition and Woodard & Curran regarding the 2022 Title XVI WINN application; attended board meeting with SDNEDC; engaged in several meetings with consultants for the SDVGWP; attended EFRR Advisory Committee Meeting; dedicated significant time to personnel matters, employee recruitment, claims management, and mid-year employee reviews.

**GENERAL MANAGER:**

**The General Manager reports the following:**

General Manager Thorner participated in the SDCWA General Managers meeting, SDCWA Board Meeting, MAMO Meeting, WaterReuse California Executive Committee Meeting, met with surrounding area General Managers, LAFCO SDAC Working Group, attended the North County Work Group Meeting, held a Staff Leadership Meeting, participated in the SDCWA Legal Counsel Recruitment Subcommittee, dedicated significant time to preparing records for discovery, deposition preparation, personnel matters, handling COVID issues, and reviewing legal matters.

# Memo

C

To: Olivenhain Municipal Water District Board of Directors

Subject: INFORMATIONAL REPORTS

CONSULTING ENGINEER

---

Any report will be given orally at the meeting.

## MEMORANDUM

To: Kimberly Thorner, Esq., Olivenhain MWD Board of Directors

From: Don MacFarlane, Consulting Engineer

Subject: Metropolitan Water District of Southern California (MWD)  
Committee Meetings

Date: February 7, 2022

This is a report on the Finance and Insurance, Water Planning and Stewardship Committee, and the Engineering and Operations Committee meetings, held on February 7, 2022. The report is based on the webcast, Board reports and memorandums. Note that Committee approvals may be changed by the full Board at their meeting on February 8, 2022.

Delta Outflow – During the month of January 2022, the flow averaged 13,100 cubic feet per second (cfs). Over a 24-hour period, 13,100 cfs is approximately equal to 26,000 acre-feet.

### Finance and Insurance Committee –

1. Water Deliveries – Through December 2021

2. Variation	Budget Month	Budget YTD	Prior Year YTD
Transactions (TAF)	0.0	+65.4	+68.0
Transactions \$MM	Not Available	+\$46.8	+\$80.0
	Actual Month		Prior Year
January Delivery TAF	91		94

3. Quarterly Financial Report – Year-end revenues and expenditures are projected to be on budget, resulting in a net revenue of \$4.4 million.
4. FY 2023 and FY 2024 Budget Workshop – Staff made an extensive presentation on the draft budget and key notes are provided below. There will be up to five more budget workshops, as needed, to answer all Board questions. The next workshop is February 22, 2022. The Committee chair requested Board Members limit today’s comments to questions and areas where they would like additional information, also listed below.

## MEMORANDUM

Metropolitan Water District of Southern California

February 7, 2022 Committee Meetings

Page 2

2/7/2022

- a. The proposed average rate increase is 8% for the next two years. 5% is needed to make up for not collecting the water stewardship rate, and 3% is needed for decreased demands and revenue. The proposed increase for years 3 to 10 is 5%.
- b. Water transactions are forecast at approximately 1.55 MAF for the next 10 years, even with growth in the service area of 1.1 million people. Per capita use is expected to decline and local projects will be coming on line. The past 6 years have averaged about 1.6 MAF.
- c. This is a “transitional budget, as MWD reviews its rate structure and business model.
- d. New staff is limited to 20 FTEs, mostly in new departments.
- e. The CIP is \$300 million per year.
- f. Their revenue bond coverage ratio is forecast at 1.4, below the target of 2.0.
- g. Directors asked for more explanation of the items listed below. They also asked for more involvement with Member Agency staff.
  - i. Water sales projections, including Tier 2.
  - ii. Property tax projections.
  - iii. Assumptions, including energy costs and variability.

### Water Planning and Stewardship Committee – Water Surplus Drought Management Notes

- a. The SWP allocation was increased from 0 to 15% on January 20, 2022. This is a delivery of approximately 300 TAF to MWD. The water will be used for Human Health and Safety needs first.
- b. To date, the Northern Sierra has 84 percentage of a normal snowpack.
- c. January was the ninth driest January on record in northern California. The 8-Station Precipitation Index is at 31.5 inches. The annual average is 53.2 inches.
- d. The Upper Colorado River Watershed snowpack is at 101 percent of normal for February 1. USBR is forecasting Lake Mead water elevations to decrease below Level 1 Shortage (1,075), and just above Level 2 Shortage (1,050), at the end of 2022.
- e. The current forecast is to use 468 TAF from dry-year storage in 2022.

### Engineering and Operations Committee

1. Percent State Water Project Water at Lake Skinner – 0 percent.

CIP – Capital Improvement Program

CRA – Colorado River Aqueduct

MWD – Metropolitan Water District of Southern California

MAF – Million acre-feet

MGD – Million gallons per day

SWP – State Water Project

SWRCB – State Water Resources Control Board

TAF – Thousand acre-feet

USBR – Bureau of Reclamation

# 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 16, 2022  
**RE:** Attorney Report: CEQA and Proposition 218 Updates  
150152-0005

---

**I. INTRODUCTION.**

This attorney report provides an update on (1) recent legislation involving the California Environmental Quality Act (“CEQA”); and (2) a new appellate decision involving Proposition 218.

Assembly Bill 819 changes certain notice and filing requirements under CEQA. Specifically, local agencies are now required to submit electronically specified documents assessing potential environmental impacts to the Governor's Office of Planning and Research (“OPR”). Local agencies are now also required to post such documents on their websites, or the County Clerk is required to post the notices on the County's website. The stated purpose of Assembly Bill 819 is to modernize CEQA by increasing electronic availability of CEQA documents to the public and by providing electronic filing options for agencies.

In *Plata v. City of San Jose*, the Fourth District Court of Appeal issued a favorable ruling for local agencies under Proposition 218. The *Plata* court held that a plaintiff cannot pursue a Proposition 218 lawsuit without first presenting an adequate claim required by the Government Claims Act (Government Code sections 900 *et seq*). If a plaintiff fails to first present for the Board's consideration a valid claim that “fairly describes” the Proposition 218 violations later asserted in court, then dismissal is required by the Government Claims Act.

The *Plata* court further held that late penalty charges are not imposed “as an incident of property ownership.” Resulting revenues are therefore not subject to the requirements of Proposition 218.

**II. NEW CEQA LEGISLATION.**

The stated purpose of CEQA is to provide public access to local agency decision making. CEQA generally requires local and state government agencies (“lead agencies”) overseeing proposed projects to prepare project-related documents assessing potential environmental impacts. These documents contain statutorily

required information to inform decision-makers and the public of the project's potential environmental impacts. Intended to “modernize” the CEQA review process, Assembly Bill 819 amends CEQA to increase public access to project information online.

Effective January 1, 2022, local agencies approving projects under CEQA are subject to the following requirements:

- Lead agencies will now have the option to send notices of preparation of an EIR to OPR and responsible and trustee agencies by email (in addition to the existing options of “certified mail” or “an equivalent procedure”) and those recipients may submit their responses with written information by email as well;
- Lead agencies will now be required to submit *all* DEIRs and proposed negative declarations and mitigated negative declarations (“MNDs”) to OPR, and will be required to submit them in electronic form as required by OPR, rather than submitting hard copies;
- Lead agencies will be required to post DEIRs, EIRs, negative declarations, and MNDs on their internet websites, if they have one;
- Notices of availability for review and comment for, and of any hearings on, DEIRs and proposed negative declarations and the related projects will now, in addition to the prior methods of giving notice, also be required to be posted on the lead agency’s internet website;
- Notices of preparation (“NOPs”), notices of scoping meetings, notices of availability for review (NOAs), notices of completion, and notices of determination (i.e., the NODs that trigger CEQA’s short, 30-day statutes of limitations) will now, in addition to other existing requirements, be required to be posted by the lead agency on its internet website, if any;
- NOPs and NOAs will now, *in addition* to the required posting in the relevant county clerk’s office, also be required to be posted on the county clerk’s internet website;
- State lead agency NODs filed with OPR will now be required to be available for public inspection for not less than 12 months on OPR’s internet website; posting requirements for OPR have been deleted, and state agencies are required to file NODs electronically with OPR, and are not required to mail printed copies of the NODs to OPR;
- Local lead agency NODs will be required to be filed electronically with the county clerk *if* that option is offered by the county clerk, and county clerks will now have the *option* of posting the NODs on their internet websites (as well as the existing in-office posting option); and
- Notices of completion of environmental documents will now be required to be filed by public agencies with OPR using OPR’s online process, and mailing printed copies will not be required.

### **III. PROPOSITION 218.**

In *Plata v. City of San Jose*, the Fourth District Court of Appeal ruled that an inadequate government claim renders a Proposition 218 water rate challenge subject to dismissal. If a plaintiff files suit without first presenting an adequate claim that “fairly describes” each of the Proposition 218 violations later asserted in court, the case may be dismissed under the Government Claims Act and the exhaustion of remedies doctrine.

#### **A. Background.**

Proposition 218 added to the California Constitution substantive and procedural restrictions on the ability of local agencies to impose assessments and property-related fees and charges, including water rates. In *Plata v. City of San Jose*, two customers challenged the City of San Jose’s water rates. In their pre-suit claims presentation, the customers argued that the City used revenues from late penalties for general purposes rather than to cover operational costs associated with water service, which they claimed violated Proposition 218’s requirements that fee revenue be used exclusively for the service for which it is charged.

Just before trial, however, the customers added a new challenge to the City’s water rates. The customers claimed that the City’s tiered water rates violated Proposition 218’s requirement that fees not exceed the proportional costs of service.

#### **B. Court’s Analysis.**

The trial court found that the late charges were not governed by Proposition 218, and so the City was free to use the revenue for purposes unrelated to water service. The trial court also allowed the customers to proceed with their new challenge to the City’s tiered rates, despite the City’s objection that the customers’ claims presentation failed to preserve that challenge. The parties cross-appealed. The Fourth District Court of Appeal both affirmed and reversed parts of the trial court’s decision.

On the customers’ tiered-rate challenge, the appellate court agreed with the City. The Court of Appeal ruled that the customers’ pre-suit notice failed to “fairly describe” the claims. Before any litigant can sue a public agency for money or damages, the Government Claims Act requires that they first present to the agency a pre-suit notice explaining their claim. The pre-suit notice must give the agency sufficient information to investigate and, if appropriate, settle without litigation. But if the pre-suit notice does not “fairly describe” the threatened claim, then the public agency lacks the requisite information to adequately evaluate the claim.

In *Plata*, the customers’ pre-suit notice focused only on misuses of late fee revenues, saying nothing about tiered rates or rate amounts. As a result, the City had no notice that the customers were also attacking the tiered rate structure.

“Rates are quite a broad subject,” the appellate court explained. Justifying the amount of a rate “requires wholly different evidence” than justifying transfers of funds into and out of a fund. The pre-suit notice needed to explain both theories of liability under Proposition 218 in order to preserve those claims for trial. “Clarity on such issues is especially critical in Proposition 218 cases because the Constitution places the burden on the government to show compliance with its requirements.” As a result, the customers’ tiered rate claims should have been dismissed.

On the other hand, the appellate court affirmed the trial court’s decision to reject the customers’ preserved claim challenging the City’s use of fee revenues. Proposition 218 applies to fees or charges that are imposed “as an incident of property ownership.” Late penalty charges, however, “are not charges for water delivery, they are charges for money non-delivery, for failure to pay the bill.” Late penalty charges thus are not imposed “as an incident of property ownership,” and resulting revenues are not subject to Proposition 218’s limits as a result.

#### **IV. CONCLUSION.**

Effective January 1, 2022, Assembly Bill 819 is intended to modernize the CEQA Guidelines originally established in 1970 to promote access to project information online. Assembly Bill 819 was a bipartisan effort sponsored by Assembly Members Marc Levine (D-Marin County) and Devon Mathis (R-Visalia). Assembly Member Levine said in a prepared statement that “Modernizing CEQA has been politically challenging, but streamlining the filing process while increasing public access is something everyone can agree on.” With these updates, AB 819 “brings CEQA into the 21st century and will make it easier for the public to understand and engage with project proponents and their government on the environmental impacts of projects across California.”

The appellate decision in *Plata v. City of San Jose* provides protection to local agencies from Proposition 218 litigation under the Government Claims Act and the exhaustion of administrative remedies doctrine. If a claimant does not first present a claim for the Board’s consideration that “fairly describes” the claims to be asserted in litigation, the case may be dismissed. Key takeaways of the *Plata* decision include:

- Before a plaintiff may sue to seek a refund of allegedly excessive property-related fees, including water rates, the plaintiff’s pre-suit Government Claims Act presentation must “fairly describe” each way in which the fees violated Proposition 218, or risk dismissal.
- Proposition 218 does not apply to penalties that water agencies impose on customers who fail to timely pay water bills.

# Memo

E

To: Olivenhain Municipal Water District Board of Directors

Subject: INFORMATIONAL REPORTS

SAN DIEGO COUNTY WATER AUTHORITY REPRESENTATIVE

---

Any report will be oral at the time of the Board meeting.

**SUMMARY OF FORMAL BOARD OF DIRECTORS' MEETING  
JANUARY 27, 2022**

1. Monthly Treasurer's Report on Investments and Cash Flow.  
The Board noted and filed the Treasurer's report.
2. Approve Vallecitos Water District Waiver Request for Late Fee on September 2021 Water Bill.  
The Board authorized the General Manager to waive Vallecitos Municipal Water District late fee for the September 2021 water invoice amounting to \$29,192.93.
3. Approve the Recommended Debt Management Activities.  
The Board adopted Resolution No. 2022-02 authorizing (i) the issuance of Senior Lien San Diego County Water Authority Financing Agency Water Revenue Bonds, Series 2022A; (ii) a negotiated method of sale; (iii) the execution and delivery of financing documents including the Indenture, Continuing Disclosure Agreements, Purchase Contract and Official Statement; (iv) the distribution of the Preliminary Official Statement; and (v) designation of the underwriting team and the trustee.
4. Project Labor Agreement for Water Authority Capital Improvement Program and Adoption of Ordinance 2022-01.  
The Board adopted Ordinance 2022-01 amending Section 4.08.070 of the Administrative Code to revise the threshold for Project Labor Agreement (PLA) specification on Capital Improvement Program (CIP) projects, including design-build projects. The change is to become effective once a new PLA has been negotiated and signed by all parties. The Board authorized the General Manager to solicit proposals for professional services needed to support negotiating and implementing the PLA, and to identify and propose to the Board any additional staffing or other resources required for administering the PLA.
5. Professional Services Contract with Alliance for Sustainable Energy, LLC to perform an Energy Resilience Analysis.  
The Board authorized the General Manager, or designee, to award a professional services contract to Alliance for Sustainable Energy, LLC for a not-to exceed amount of \$206,309 to perform an energy resilience analysis.
6. Service contracts with Waterline Technologies, Inc., and Univar USA Inc. for purchase and delivery of sodium hypochlorite.  
The Board authorized the General Manager to award two service contracts to Waterline Technologies, Inc., and Univar USA Inc., for purchase and delivery of sodium hypochlorite, each for a term of one year, with an option to extend the contract for an additional four, one-year terms, for a total not-to-exceed amount of \$285,000 for each contract.



7. San Vicente Energy Storage Facility Project.  
The Board authorized the General Manager, or designee, to negotiate a Project Development Agreement with BHE Kiewit Team; to negotiate a Project Development Agreement with Rye Development, LLC, if negotiations with BHE Kiewit Team are unsuccessful; and, to execute Amendment 8 to the professional services contract with Black & Veatch Corporation in the amount of \$1,602,000, increasing the authorized cumulative contract amount from \$720,000 to \$2,322,000.
8. Services contract with Thompson Construction Group, Inc., for specialized mechanical maintenance services for Lake Hodges Pumped Storage and Hydroelectric Facility.  
The Board authorized the General Manager to execute a services contract with Thompson Construction Group, Inc., for specialized mechanical preventative and corrective maintenance, inspection, testing, and repair services for two years, with an option to extend the contract for an additional three years, for a total not-to-exceed amount of \$2,900,000.
9. Resolution for Integrated Regional Water Management Urban and Multibenefit Drought Relief Grant Program.  
The Board adopted Resolution No. 2022-03 authorizing the General Manager to apply for the Urban and Multibenefit Drought Relief Grant Program for Integrated Regional Water Management for \$5,000,000, accept the grant funds that are awarded, and enter into contracts to distribute the funds to the project sponsors.
10. Authorize Urban and Multibenefit Drought Relief Grant application to the California Department of Water Resources for a Water Conservation Project.  
The Board adopted Resolution 2022-04 authorizing and directing 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.
11. Amendment to Program Contract with San Diego Gas & Electric for the Residential Low-Income Water-Energy Collaboration.  
The Board authorized the General Manager to execute an amendment to increase the contract capacity of the Residential Low-Income Water-Energy Collaboration Program Contract with San Diego Gas & Electric (SDG&E) by \$400,000 from \$ \$395,000 to \$795,000.
12. Agreement for Temporary Emergency Delivery of a Portion of the Mexican Treaty Waters of the Colorado River to Tijuana, Baja California, Mexico.  
The Board authorized the General Manager to enter into a new Agreement for Temporary Emergency Delivery of a Portion of the Mexican Treaty Waters of the Colorado River to Tijuana (Agreement) and adopt the California Environmental Quality Act (CEQA) Notice of Exemption (NOE).



13. Professional services contract to AECOM to provide Environmental Consulting Services for the San Vicente Energy Storage Facility Project for a five-year period in an amount not to exceed \$4,603,578.  
The Board authorized execution of a professional services agreement with AECOM to provide Environmental Consulting Services for the San Vicente Energy Storage Facility Project for a five-year period in an amount not to exceed \$4,603,578.
14. Resolution Adopting the Final Mitigated Negative Declaration for the First Aqueduct Treated Water Tunnels Rehabilitation Project.  
The Board adopted Resolution No. 2022-05 that: 1) finds that the project will not have a significant effect on the environment; 2) adopts the Final Mitigated Negative Declaration; 3) adopts the Mitigation Monitoring and Reporting Program; 4) approves the First Aqueduct Treated Water Tunnels Rehabilitation Project, and; 5) authorizes filing a Notice of Determination.
15. Amendment to Professional Services Contract with Synergy Companies for continued implementation of the Direct Install Program.  
The Board authorized the General Manager to execute an amendment to the professional services contract with Synergy Companies to increase the contract capacity by \$1,850,000 and four years for a total contract funding not to exceed \$2,000,000.
16. Approval of Minutes.  
The Board approved the minutes of the Formal Board of Directors' meeting of November 18, 2021 and the Special Board meeting of December 16, 2021.
17. Retirement of Director.  
The Board adopted Resolution No. 2022-01 honoring Doug Wilson upon his retirement from the Board of Directors.
18. Assembly Bill 361 Continued Determination Acknowledging the Governor of the State of California's Proclamation of a State of Emergency and of Remote Teleconference Meetings of the Legislative Bodies of San Diego County Water Authority due to the Emergency Pursuant to Brown Act Provisions.  
The Board acknowledged the Governor's proclaimed State of Emergency, and approve continued remote teleconference meetings of the legislative bodies of San Diego County Water Authority due to the emergency pursuant to Brown Act after reconsidering the circumstances and finding that state or local officials continue to impose or recommend measures to promote social distancing.

# 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  
**FROM:** Ashley Walker, Senior Policy Advisor, Nossaman LLP  
Jennifer Capitulo, Jennifer M. Capitulo and Associates LLC  
**DATE:** February 9, 2022  
**RE:** January 2022 Public Policy Report

---

**State Legislative Update:**

Status of the Legislature: The legislative deadline for new bills to be introduced is February 18, and it is clear many Members are waiting to introduce their bills in the next couple of weeks. Participation in hearings continues to be remote due to the COVID-19 pandemic. Several Members have announced they will be resigning or not seeking re-election due to redistricting and/or other reasons.

FY 2022-23 State Budget: On Monday, January 10, Governor Newsome released his proposed State Budget for 2022-23 – The California Blueprint. The proposal assumes a \$45.7 Billion surplus, and focuses on five overarching themes (quoted from his blueprint which can be found [here](#)):

1. Fighting COVID-19 with Science
2. Combating the Climate Crisis
3. Confronting Homelessness
4. Tackling the Cost of Living
5. Keeping our Streets Safe

The Governor and Legislative leadership announced an agreement on an early action budget proposal to provide up to two weeks of state paid COVID-19 related sick leave. The proposal outlined in AB 84 would be retroactive to January 1, 2022 and remain active until September 30, 2022. The Legislature is moving quickly to pass the bill as early as this week.

The Legislature has begun to hear different budget proposals, and that will continue through the release of the May revision in mid-May.

Nossaman will provide additional details of the water related proposals to the District over the coming weeks as more details are available.

Legislation: Nossaman will provide suggested positions on legislation in our next report, following the bill introduction deadline.

Executive Orders and Actions Related to COVID-19: This list is compiled from CalOES, California Health and Human Services, California Department of Public Health, and FEMA.

- January 25 – Governor Newsom, Legislative Leaders announced framework to extend Supplemental Paid Sick Leave, protecting workers and supporting businesses amid COVID surge.

- January 11 – Governor Newsom Signs Executive Order to Support Safe, In-Person Learning at Schools Amid COVID Surge.

### **Drought Update:**

The State Water Board (SWB) continues to report out once a month on water suppliers' progress toward achieving the voluntarily 15% water use reductions called for in the Governor's July 6 Executive Order. At the February State Water Board meeting, staff presented their update on the monthly water production and conservation data reported by urban retail water suppliers. The December 2020 to 2021 statewide savings was 16.2%, for a cumulative savings of 7.4%.

### **Water Quality Update:**

Drinking Water Infrastructure Funding Stakeholder Meeting: The SWB is hosting a series of meetings to solicit public input on an implementation plan for the \$650 million in drinking water and \$650 million in wastewater infrastructure funds appropriated in the 2021/22 State Budget. The funding will be awarded as grants and must be committed to projects by June 2024. On January 20, 2022 the SWB held a workshop to gather input from the public on how to allocate the infrastructure funds. The SWB plans to use existing funding processes through the Drinking Water State Revolving Fund and the Clean Water State Revolving Fund to allocate these funds in a timely manner. The implementation plan is expected to go before the SWB for consideration in early 2022.

Drinking Water Intended Use Plan (IUP): The State Water Board will accept public written comments on proposed amendments to the SFY 2021-022 DWSRF IUP, which will serve as Draft Implementation Plan for administration of the Drinking Water and Wastewater Allocations from the Budget Act of 2021. The workshop was held January 20, 2022 and written comments are due February 7, 2022.

Drinking Water Needs Assessment: The State Water Board is held a public webinar to provide an opportunity for stakeholders to review and discuss proposed changes to the Drinking Water Needs Assessment for 2022. The State Water Board is proposing changes to indicators used in the Risk and Affordability Assessment for public water systems, expansion of the list of water systems included in the Risk Assessment, a new combined methodology for the Risk Assessment for State Small Water Systems and Domestic Wells and provide an overview of a cost estimate for Senate Bill 552 requirements.

### **Water Use Efficiency/Conservation Update:**

#### Department Of Water Resources

Water Use Standards for CII Classification and Dedicated Meters: On January 25, the Department of Water Resources (DWR) scheduled a workshop to address water use standards for Commercial, Industrial, and Institutional (CII) outdoor landscape areas that are irrigated with dedicated irrigation meters (DIMs), including possible use of in-lieu technologies, CII best management practices, and annual reporting. Comments will continue to be received, but DWR is expected to finalize this proposal and deliver it to the SWB in February.

Outdoor Residential Water Use Standards: DWR has not yet submitted their recommendations for the Outdoor Residential Water Use standard and variance provisions to the SWB (as had been expected in late December), but these recommendations are likely to be submitted together with the CII recommendations in February. The SWB will begin formal rulemaking on all the water use standards in the Spring of 2022, including an environmental and economic impact analysis of the proposed standards and alternatives.

#### State Water Resources Control Board

Water Loss Standards Rulemaking: On December 24, the SWB posted its proposed water loss performance standards and initiated a 45-day comment period. On January 11, the SWB staff held a workshop to present the changes in the proposed regulation, the supporting economic model, and the process for water suppliers to replace default assumptions with system-specific data. Nossaman continues to work with the Water Loss Coalition of ACWA, CUMA, CWA, and CA NV AWWA and others on a joint comment letter that broadly covers shared water supplier technical and policy issues and requested changes. Comments are due on February 11. However, if staff accepts changes to the regulation, it will be re-released for an additional 15-day comment period focused on those changes. A decision hearing by the SWB is expected in March or April.

Emergency Regulations to Prohibit Wasteful Water Uses: On January 4, the SWB held a public hearing, considered comments, and adopted amended drought emergency regulations to prohibit wasteful water uses. Several changes that were advocated in the ACWA comment letter were accepted by the SWB, which narrowed the regulations and clarified the SWB's intent to defer to enforcement discretion by local water suppliers in alignment with existing water supplier Water Shortage Contingency Plans, and to be mindful of possible disproportionate impacts of enforcement on lower income water users. Although the SWB does retain authority to enforce against individual water customers (including the possibility of levying a fine of up to \$500 per day), this eventuality was discounted by staff. With these changes the emergency regulations were supported (or at least not opposed) by water suppliers and associations. These regulations will become effective upon approval by the Office of Administrative Law, likely by mid-January.

Other: The Planning and Conservation League has released a report with recommendations on updating California water laws to address drought and climate change. A link to the paper can be found here. <https://www.pcl.org/media/2022/02/Updating-California-Water-Laws-to-Address-with-Drought-and-Climate-Change.pdf>



**Olivenhain Legislative Report 2021-22  
Report as of 2/9/2022**

---

---

**[AB 30](#) (Kalra D) Outdoor access to nature: environmental equity.**

**Last Amend:** 1/24/2022

**Status:** 2/1/2022-In Senate. Read first time. To Com. on RLS. for assignment.

**Location:** 2/1/2022-S. RLS.

**Summary:** Would declare that it is the established policy of the state that all Californians have safe and affordable access to nature and access to the benefits of nature, among other things. The bill would require all relevant state agencies, including the Natural Resources Agency, state departments, including the Department of Transportation, and their respective departments, boards, and commissions to incorporate this state policy when revising, adopting, or establishing policies, regulations, and grant criteria, or making expenditures, pertinent to the uses of outdoor access to nature, as provided.

**Position**

**[AB 84](#) (Committee on Budget) Employment: COVID-19: supplemental paid sick leave.**

**Last Amend:** 2/2/2022

**Status:** 2/7/2022-Read second time. Ordered to third reading.

**Location:** 2/7/2022-S. THIRD READING

**Calendar:** 2/10/2022 #11 SENATE ASSEMBLY BILLS - THIRD READING FILE

**Summary:** Would, beginning January 1, 2022, until September 30, 2022, provide for COVID-19 supplemental paid sick leave for covered employees who are unable to work or telework due to certain reasons related to COVID-19, including that the employee is attending a COVID-19 vaccine or vaccine booster appointment for themselves or a family member, or is experiencing symptoms, or caring for a family member experiencing symptoms, related to a COVID-19 vaccine or vaccine booster. The bill would entitle a covered employee to 40 hours of COVID-19 supplemental paid sick leave if that employee either works full time or was scheduled to work, on average, at least 40 hours per week for the employer in the 2 weeks preceding the date the covered employee took COVID-19 supplemental paid sick leave. The bill would provide a different calculation for supplemental paid sick leave for a covered employee who is a firefighter subject to certain work schedule requirements and for a covered employee working fewer or variable hours, as specified.

**Position**

**[AB 87](#) (Committee on Budget) Economic relief: COVID-19 pandemic.**

**Last Amend:** 2/2/2022

**Status:** 2/7/2022-Read second time. Ordered to third reading.

**Location:** 2/7/2022-S. THIRD READING

**Calendar:** 2/10/2022 #12 SENATE ASSEMBLY BILLS - THIRD READING FILE

**Summary:** Would create the California Emergency Relief Fund as a special fund in the State Treasury to provide emergency resources or relief relating to state of

emergency declarations proclaimed by the Governor. The bill would transfer from the General Fund to the California Emergency Relief Fund \$150,000,000 for purposes relating to the COVID-19 emergency proclaimed by the Governor on March 4, 2020. The bill would appropriate \$150,000,000 from that fund to the Office of Small Business Advocate for a closed round to fund small business grant applications waitlisted from previous rounds of the California Small Business COVID-19 Relief Grant Program.

**Position**

**AB 522 (Fong R) Forestry: Forest Fire Prevention Exemption.**

**Last Amend:** 1/12/2022

**Status:** 1/27/2022-Read third time. Passed. Ordered to the Senate. In Senate. Read first time. To Com. on RLS. for assignment.

**Location:** 1/27/2022-S. RLS.

**Summary:** The Z'berg-Nejedly Forest Practice Act of 1973 authorizes the State Board of Forestry and Fire Protection to exempt from some or all of those provisions of the act a person engaging in specified forest management activities, as prescribed, including the harvesting of trees for the purpose of reducing the rate of fire spread, duration and intensity, fuel ignitability, or ignition of tree crowns, as provided, known as the Forest Fire Prevention Exemption. The act provides that the Forest Fire Prevention Exemption is operative for a period of 5 years after the effective date of emergency regulations adopted by the board to implement the exemption and is inoperative after that 5-year period. Current regulations implementing that exemption specify that it becomes inoperative 5 years after February 19, 2019. This bill would make the operation of the Forest Fire Prevention Exemption inoperative on January 1, 2026.

**Position**

**AB 921 (McCarty D) Flood protection: City of West Sacramento flood risk reduction project.**

**Status:** 1/19/2022-In Senate. Read first time. To Com. on RLS. for assignment.

**Location:** 1/19/2022-S. RLS.

**Summary:** Unless a city or county within the Sacramento-San Joaquin Valley makes certain findings after the effective date of specified amendments to its general plan, the Planning and Zoning Law prohibits a city or county from entering into a development agreement for property located in a flood hazard zone; approving a discretionary permit, ministerial permit, or other discretionary entitlement for a project that is located within a flood hazard zone, as specified; or approving a tentative map, or a parcel map for which a tentative map was not required, for a subdivision that is located within a flood hazard zone. This bill would require the City of West Sacramento, as defined, to achieve the urban level of flood protection by 2030.

**Position**

**AB 1001 (Garcia, Cristina D) Environment: mitigation measures for air and water quality impacts: environmental justice.**

**Last Amend:** 1/24/2022

**Status:** 2/1/2022-In Senate. Read first time. To Com. on RLS. for assignment.

**Location:** 2/1/2022-S. RLS.

**Summary:** The California Environmental Quality Act (CEQA) requires a lead agency, as defined, to prepare, or cause to be prepared, and certify the completion of an environmental impact report on a project that it proposes to carry out or approve that may have a significant effect on the environment or to adopt a negative declaration if

it finds that the project will not have that effect. CEQA also requires a lead agency to prepare a mitigated negative declaration for a project that may have a significant effect on the environment if revisions in the project would avoid or mitigate that effect and there is no substantial evidence that the project, as revised, would have a significant effect on the environment. This bill would authorize mitigation measures, identified in an environmental impact report or mitigated negative declaration to mitigate the adverse effects of a project on air or water quality of a disadvantaged community, to include measures for avoiding, minimizing, or compensating for the adverse effects on that community.

**Position**

**AB 1751 (Daly D) Workers' compensation: COVID-19: critical workers.**

**Status:** 2/2/2022-From printer. May be heard in committee March 4.

**Location:** 2/1/2022-A. PRINT

**Summary:** Current law defines "injury" for an employee to include illness or death resulting from the 2019 novel coronavirus disease (COVID-19) under specified circumstances, until January 1, 2023. Existing law create a disputable presumption, as specified, that the injury arose out of and in the course of the employment and is compensable, for specified dates of injury. Current law requires an employee to exhaust their paid sick leave benefits and meet specified certification requirements before receiving any temporary disability benefits or, for police officers, firefighters, and other specified employees, a leave of absence. Existing law also make a claim relating to a COVID-19 illness presumptively compensable, as described above, after 30 days or 45 days, rather than 90 days. Current law, until January 1, 2023, allows for a presumption of injury for all employees whose fellow employees at their place of employment experience specified levels of positive testing, and whose employer has 5 or more employees. This bill would extend the above-described provisions relating to COVID-19 until January 1, 2025.

**Position**

**ACA 1 (Aguilar-Curry D) Local government financing: affordable housing and public infrastructure: voter approval.**

**Status:** 4/22/2021-Referred to Coms. on L. GOV. and APPR.

**Location:** 4/22/2021-A. L. GOV.

**Summary:** The California Constitution prohibits the ad valorem tax rate on real property from exceeding 1% of the full cash value of the property, subject to certain exceptions. This measure would create an additional exception to the 1% limit that would authorize a city, county, city and county, or special district to levy an ad valorem tax to service bonded indebtedness incurred to fund the construction, reconstruction, rehabilitation, or replacement of public infrastructure, affordable housing, or permanent supportive housing, or the acquisition or lease of real property for those purposes, if the proposition proposing that tax is approved by 55% of the voters of the city, county, or city and county, as applicable, and the proposition includes specified accountability requirements.

**Position**

**SB 54 (Allen D) Plastic Pollution Producer Responsibility Act.**

**Last Amend:** 2/25/2021

**Status:** 1/24/2022-Read third time. Passed. (Ayes 29. Noes 7.) Ordered to the Assembly. In Assembly. Read first time. Held at Desk.

**Location:** 1/24/2022-A. DESK

**Summary:** Would establish the Plastic Pollution Producer Responsibility Act, which would prohibit producers of single-use, disposable packaging or single-use, disposable

food service ware products from offering for sale, selling, distributing, or importing in or into the state such packaging or products that are manufactured on or after January 1, 2032, unless they are recyclable or compostable.

**Position**

**SB 230 (Portantino D) State Water Resources Control Board: Constituents of Emerging Concern in Drinking Water Program.**

**Last Amend:** 1/20/2022

**Status:** 1/26/2022-Read third time. Passed. (Ayes 37. Noes 0.) Ordered to the Assembly. In Assembly. Read first time. Held at Desk.

**Location:** 1/26/2022-A. DESK

**Summary:** Would require the State Water Resources Control Board to establish, maintain, and direct a dedicated program called the Constituents of Emerging Concern in Drinking Water Program for 5 years to assess the state of information and recommend areas for further study on, among other things, the occurrence of constituents of emerging concern (CEC) in drinking water sources and treated drinking water. The bill would require the state board to convene, by an unspecified date, the Science Advisory Panel for 3 years to review and provide recommendations to the state board on CECs for further action, among other duties. The bill would require the state board to provide a final report to the Legislature by June 1, 2026, on the work conducted by the panel.

**Position**

**SB 260 (Wiener D) Climate Corporate Accountability Act.**

**Last Amend:** 1/3/2022

**Status:** 1/26/2022-Read third time. Passed. (Ayes 23. Noes 7.) Ordered to the Assembly. In Assembly. Read first time. Held at Desk.

**Location:** 1/26/2022-A. DESK

**Summary:** Would require the State Air Resources Board, on or before January 1, 2024, to develop and adopt regulations requiring United States-based partnerships, corporations, limited liability companies, and other business entities with total annual revenues in excess of \$1,000,000,000 and that do business in California, defined as "reporting entities," to publicly disclose to the Secretary of State, and verify, starting in 2025 on a date to be determined by the state board, and annually thereafter, their greenhouse gas emissions, categorized as scope 1, 2, and 3 emissions, as defined, from the prior calendar year, as provided. The bill would require reporting entities to disclose their greenhouse gas emissions in a manner that is easily understandable and accessible to residents of the state.

**Position**

**SB 396 (Dahle R) Forestry: electrical transmission or distribution lines: clearances: notice and opportunity to be heard.**

**Last Amend:** 9/3/2021

**Status:** 1/11/2022-From inactive file. Ordered to third reading.

**Location:** 1/11/2022-A. THIRD READING

**Calendar:** 2/10/2022 #14 ASSEMBLY THIRD READING FILE - SENATE BILLS

**Summary:** Under current law, the Public Utilities Commission, which has regulatory authority over public utilities, including electrical corporations, has established additional vegetation management requirements. This bill would revise and recast those provisions related to electrical lines and abatement activities for a person who owns, controls, operates, or maintains an electrical transmission or distribution line, specifying that abatement activities covered by this law include felling, cutting, or

trimming trees. The bill would explicitly require all these line clearance and tree pruning and abatement activities to comply with the commission's vegetation management rules, if applicable.

**Position**

**SB 463 (Dahle R) Water: landowner or water right holder right to modify, repair, or replace jointly used conduits.**

**Last Amend:** 1/10/2022

**Status:** 1/10/2022-From committee with author's amendments. Read second time and amended. Re-referred to Com. on W.,P., & W.

**Location:** 1/10/2022-A. W.,P. & W.

**Summary:** Current law declares that the general welfare requires that the water resources of the state be put to beneficial use to the fullest extent of which they are capable, that the waste or unreasonable use or unreasonable method of use of water be prevented, and that the conservation of water is to be exercised with a view to the reasonable and beneficial use of water in the interest of the people and for the public welfare. This bill would authorize a landowner, where a conduit is constructed across or buried beneath the lands of 2 or more landowners, and the conduit is not under the control or management of any public agency or authority, to modify, repair, or replace, as defined, the conduit on or beneath their land if the modification, repair, or replacement is made in a manner that does not impede the flow of the water to any other water right holder receiving a benefit of the conduit.

**Position**

**SB 890 (Nielsen R) Department of Water Resources: Water Storage and Conveyance Fund: water storage and conveyance.**

**Status:** 2/7/2022-Art. IV. Sec. 8(a) of the Constitution dispensed with. (Ayes 31. Noes 6.) Joint Rule 55 suspended. (Ayes 31. Noes 6.)

**Location:** 1/31/2022-S. RLS.

**Summary:** Would establish the Water Storage and Conveyance Fund in the State Treasury to be administered by the Department of Water Resources. The bill would require all moneys deposited in the fund to be expended, upon appropriation by the Legislature, in support of subsidence repair and reservoir storage costs, including environmental planning, permitting, design, and construction and all necessary road and bridge upgrades required to accommodate capacity improvements. The bill would require the department to expend from the fund, upon appropriation by the Legislature, specified monetary amounts to complete funding for the construction of the Sites Reservoir, and to restore the capacity of 4 specified water conveyance systems, as prescribed, with 2 of those 4 expenditures being in the form of a grant to the Friant Water Authority and to the San Luis and Delta-Mendota Water Authority. This bill would make these provisions inoperative on July 1, 2030, and would repeal it as of January 1, 2031.

**Position**

**SB 892 (Hurtado D) Cybersecurity preparedness: food and agriculture sector and water and wastewater systems sector.**

**Status:** 2/7/2022-Art. IV. Sec. 8(a) of the Constitution dispensed with. (Ayes 31. Noes 6.) Joint Rule 55 suspended. (Ayes 31. Noes 6.)

**Location:** 1/31/2022-S. RLS.

**Summary:** Would require the Office of Emergency Services (CalOES) to develop, propose, and adopt reporting requirements applicable to companies and cooperatives in the food and agriculture industry if they identify a significant and verified cyber threat or active cyberattack. The bill would require a water and wastewater systems

sector entity serving more than 3,300 people to report their risk assessments and emergency response plan required by the America's Water Infrastructure Act of 2018 to the California Cybersecurity Integration Center, the Department of Water Resources, and the State Water Resources Control Board.

**Position**

# Memo

G

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 2/9/22)**

Date(s)	Event	Time	Location	Attending Board Member(s)	Additional Information (Speakers' Topic, Cohosts, etc.)
<b><u>JANUARY 2022</u></b>					
20-Jan	Conference Call with the General Manager RE: Board Meeting Debrief			Watt	
31-Jan	Conference Call with the General Manager RE: Form 700 Process			Meyers	
<b><u>FEBRUARY 2022</u></b>					
1-Feb	Conference Call with the General Manager RE: Board Agenda			Watt	
1-Feb	Document Signing			Bruce-Lane	
3-Feb	Document Signing			Watt	
4-Feb	Meeting RE: Redistricting and Update on NBH1SPS			Watt	
7-Feb	Meeting to Discuss Maps			Watt	
9-Feb	Finance Committee Meeting	11:00 AM	Zoom	Guerin, Watt	

# Memo

To: Olivenhain Municipal Water District Board of Directors

Subject: INFORMATIONAL REPORTS

CORRESPONDENCE

---

Any correspondence is attached.

**Board of Directors**

Lawrence A. Watt, President  
Kristie Bruce-Lane, Vice President  
Christy Guerin, Treasurer  
Robert F. Topolovac, Secretary  
Neal Meyers, Director



**General Manager**  
Kimberly A. Thorner, Esq.  
**General Counsel**  
Alfred Smith, Esq.

January 27, 2022

The Honorable Alex Padilla  
United States Senate  
Washington DC, 20510

**Re: Comments on PFAS Action Act of 2021 (H.R. 2467)**

Dear Senator Padilla,

On behalf of Olivenhain Municipal Water District, thank you for the opportunity to contribute input on the proposed PFAS Action Act of 2021 – H.R. 2467. OMWD provides 87,000 customers in northern San Diego County with water, wastewater, recycled water, hydroelectric, and recreational services.

We write to express our concerns about ongoing efforts to address threats posed by per-and polyfluoroalkyl substances (PFAS) and, specifically, proposals to designate PFAS as a hazardous substance under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA). As the Senate considers legislation to address PFAS contamination and liability for cleanups, we urge that you explicitly exempt clean water agencies (publicly owned treatment works, or POTWs) from CERCLA liability and ensure that the “polluter pays” principle remains the foundation of CERCLA for the reasons discussed below.

PFAS are a group of man-made chemicals used in a plethora of everyday commercial products, including cookware, food packaging, carpets, textiles, and cosmetics to name a few. POTWs provide essential public health and environmental services through the treatment of wastewater, which allows water and biosolids to be safely recycled and returned to the environment. POTWs receive and reflect what is used in society. As a result, POTWs are passive recipients of PFAS: we neither produce nor use them.

In October, the US Environmental Protection Agency (USEPA) published the Strategic PFAS Roadmap, elements of which were included in the PFAS Action Act of 2021. We note that the House passed the PFAS Action Act in August, and the Senate has yet to act on the legislation. We strongly support addressing PFAS through source control and sound science as articulated in some of the elements of H.R. 2467. This includes the disclosure of the introduction of PFAS into a POTW by owners and operators of industrial sources. Unfortunately, H.R. 2467 also includes a mandate to designate PFAS chemicals as hazardous substances under CERCLA. We are concerned that this could have a range of potentially serious consequences for agencies that recycle their wastewater, discharge their effluent, and/or land apply biosolids that are a beneficial byproduct of the wastewater treatment process.

It is uncertain how many groundwater basins or surface water bodies receiving wastewater effluent or recycled water could be deemed a Superfund site. However, it remains a very real possibility that CERCLA designation of this family of chemicals would impose significant and unwarranted liability on local wastewater agencies and their ratepayers. Designating PFAS chemicals as hazardous substances under CERCLA would trigger strict, joint and several joint liability for those entities that contribute any PFAS to a



particular site. Even if such the contribution by the POTW is de minimis and entirely unavoidable, as is generally the case of clean water agencies, that agency could potentially be subject to being included in litigation to clean up the site or to pay for any damages.

**As such, we strongly request an exemption from CERCLA liability for clean water agencies be provided to safeguard POTWs and biosolids managers from unreasonable and unwarranted liability simply because these agencies are receivers of PFAS while delivering critical public health services.**

Additionally, we endorse recent congressional actions that would provide federal assistance to clean water agencies to implement pretreatment programs related to PFAS management and discharge. Source control of these chemicals is the most appropriate and effective approach to protect public health and the environment. A clean water agency that complies with applicable and appropriate federal management and treatment standards must not be responsible for current and future costs associated with PFAS cleanup.

It is vital that you secure an exemption for these agencies from CERCLA, no less than that contemplated in H.R. 2467 for our nation's airports. Assigning liability and responsibility to OMWD, our ratepayers and similar agencies is simply not good public policy.

If you or your committee should need any additional information, please do not hesitate to contact me at 760-753-6466 or [kthorner@olivenhain.com](mailto:kthorner@olivenhain.com).

Regards,



Kimberly A. Thorner  
General Manager

cc: Sarah Sapirstein, ENS Resources Inc. ([ssap@ensresources.com](mailto:ssap@ensresources.com))  
Angela Ebner, Policy Adviser ([angela\\_ebner@padilla.senate.gov](mailto:angela_ebner@padilla.senate.gov))  
Jason Matthews, BlueWater Strategies LLC ([jmatthews@bwstrategies.com](mailto:jmatthews@bwstrategies.com))  
Ashley Walker, Nossaman LLP ([awalker@nossaman.com](mailto:awalker@nossaman.com))

**Board of Directors**  
Lawrence A. Watt, President  
Kristie Bruce-Lane, Vice President  
Christy Guerin, Treasurer  
Robert F. Topolovac, Secretary  
Neal Meyers, Director



**General Manager**  
Kimberly A. Thorner, Esq.  
**General Counsel**  
Alfred Smith, Esq.

January 27, 2022

The Honorable Dianne Feinstein  
United States Senate  
Washington DC, 20510

**Re: Comments on PFAS Action Act of 2021 (H.R. 2467)**

Dear Senator Feinstein,

On behalf of Olivenhain Municipal Water District, thank you for the opportunity to contribute input on the proposed PFAS Action Act of 2021 – H.R. 2467. OMWD provides 87,000 customers in northern San Diego County with water, wastewater, recycled water, hydroelectric, and recreational services.

We write to express our concerns about ongoing efforts to address threats posed by per-and polyfluoroalkyl substances (PFAS) and, specifically, proposals to designate PFAS as a hazardous substance under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA). As the Senate considers legislation to address PFAS contamination and liability for cleanups, we urge that you explicitly exempt clean water agencies (publicly owned treatment works, or POTWs) from CERCLA liability and ensure that the “polluter pays” principle remains the foundation of CERCLA for the reasons discussed below.

PFAS are a group of man-made chemicals used in a plethora of everyday commercial products, including cookware, food packaging, carpets, textiles, and cosmetics to name a few. POTWs provide essential public health and environmental services through the treatment of wastewater, which allows water and biosolids to be safely recycled and returned to the environment. POTWs receive and reflect what is used in society. As a result, POTWs are passive recipients of PFAS: we neither produce nor use them.

In October, the US Environmental Protection Agency (USEPA) published the Strategic PFAS Roadmap, elements of which were included in the PFAS Action Act of 2021. We note that the House passed the PFAS Action Act in August, and the Senate has yet to act on the legislation. We strongly support addressing PFAS through source control and sound science as articulated in some of the elements of H.R. 2467. This includes the disclosure of the introduction of PFAS into a POTW by owners and operators of industrial sources. Unfortunately, H.R. 2467 also includes a mandate to designate PFAS chemicals as hazardous substances under CERCLA. We are concerned that this could have a range of potentially serious consequences for agencies that recycle their wastewater, discharge their effluent, and/or land apply biosolids that are a beneficial byproduct of the wastewater treatment process.

It is uncertain how many groundwater basins or surface water bodies receiving wastewater effluent or recycled water could be deemed a Superfund site. However, it remains a very real possibility that CERCLA designation of this family of chemicals would impose significant and unwarranted liability on local wastewater agencies and their ratepayers. Designating PFAS chemicals as hazardous substances under CERCLA would trigger strict, joint and several joint liability for those entities that contribute any PFAS to a



particular site. Even if such the contribution by the POTW is de minimis and entirely unavoidable, as is generally the case of clean water agencies, that agency could potentially be subject to being included in litigation to clean up the site or to pay for any damages.

**As such, we strongly request an exemption from CERCLA liability for clean water agencies be provided to safeguard POTWs and biosolids managers from unreasonable and unwarranted liability simply because these agencies are receivers of PFAS while delivering critical public health services.**

Additionally, we endorse recent congressional actions that would provide federal assistance to clean water agencies to implement pretreatment programs related to PFAS management and discharge. Source control of these chemicals is the most appropriate and effective approach to protect public health and the environment. A clean water agency that complies with applicable and appropriate federal management and treatment standards must not be responsible for current and future costs associated with PFAS cleanup.

It is vital that you secure an exemption for these agencies from CERCLA, no less than that contemplated in H.R. 2467 for our nation's airports. Assigning liability and responsibility to OMWD, our ratepayers and similar agencies is simply not good public policy.

If you or your committee should need any additional information, please do not hesitate to contact me at 760-753-6466 or [kthorner@olivenhain.com](mailto:kthorner@olivenhain.com).

Regards,



Kimberly A. Thorner  
General Manager

cc: Sarah Sapirstein, ENS Resources Inc. ([ssap@ensresources.com](mailto:ssap@ensresources.com))  
Alexis Segal, Water and Environmental Legislative Assistant ([alexis\\_segal@feinstein.senate.gov](mailto:alexis_segal@feinstein.senate.gov))  
Jason Matthews, BlueWater Strategies LLC ([jmatthews@bwstrategies.com](mailto:jmatthews@bwstrategies.com))  
Ashley Walker, Nossaman LLP ([awalker@nossaman.com](mailto:awalker@nossaman.com))

**Board of Directors**

Lawrence A. Watt, President  
Kristie Bruce-Lane, Vice President  
Christy Guerin, Treasurer  
Robert F. Topolovac, Secretary  
Neal Meyers, Director



**General Manager**  
Kimberly A. Thorner, Esq.  
**General Counsel**  
Alfred Smith, Esq.

February 3, 2022

To whom it may concern:

I have known and worked with Mr. Bill Dean for over 15 years. During this time, I watched how he created the Stormwater Pollution Prevention Plan (SWPPP) Internship Program within the San Diego County region and made it flourish. Olivenhain Municipal Water District (OMWD) has collaborated with Mr. Dean and has hosted many students who participated in his program on a variety of educational tours within OMWD.

Mr. Dean and students participating in his SWPPP Internship Program have presented at OMWD Board meetings as well as county wide special district events. The SWPPP interns are always well prepared and knowledgeable about water quality issues. In 2020, OMWD awarded Mr. Dean "Educator of the Year Award" for his outstanding efforts in the development of the SWPPP Internship Program.

I recommend and encourage you to work with Mr. Dean and his company, Poseidon Education, in order to improve the ability of students to address the water quality issues we are all facing.

Sincerely,

A handwritten signature in blue ink that reads "Lawrence A. Watt".

Lawrence A. Watt  
OMWD Board President



# 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: ADJOURNMENT

---

We are adjourned.

# Who's News: 12/10/21

---

 [thecoastnews.com/whos-news-12-10-21/](https://thecoastnews.com/whos-news-12-10-21/)

staff

December 6, 2021

## RAIN BARRELS

Olivenhain Municipal Water District has partnered with neighboring water districts – San Dieguito Water District, Santa Fe Irrigation District, and Carlsbad Municipal Water District – to offer discounted rain barrels to area residents this winter. Rain barrels ordered by Jan. 31, 2022 will be available for pick up at Solana Center for Environmental Innovation located at 137 N. El Camino Real. Fifty-gallon barrels are on sale for \$97, with a final cost of \$62 after a \$35 rebate from water wholesaler Metropolitan Water District of Southern California. Rebates on rain barrels and other water-saving measures are available at [socialwatersmart.com](https://socialwatersmart.com). A roof with a 2,000-square-foot surface area can capture 300 gallons from only a quarter-inch of rain. Visit [solanacenter.org/purchase-rain-barrel](https://solanacenter.org/purchase-rain-barrel) for more information and to order rain barrels.

# The Escondido Creek Conservancy Education Director, Simon Breen, awarded Olivenhain Municipal Water District's 2021 Educator of the Year.

 [sanelijolife.com/the-escondido-creek-conservancy-education-director-simon-breen-awarded-olivenhain-municipal-water-districts-2021-educator-of-the-year/](https://sanelijolife.com/the-escondido-creek-conservancy-education-director-simon-breen-awarded-olivenhain-municipal-water-districts-2021-educator-of-the-year/)

By San Elijo Life

January 18, 2022

The Escondido Creek Conservancy's Education Director, Simon Breen, was awarded Olivenhain Municipal Water District's 2021 Educator of the Year. "I'm so honored to receive the Olivenhain Municipal Water District award for Educator of the Year," said Breen. OMWD's award program recognizes individuals and businesses making a significant, positive impact in our communities, the San Diego region, or the water industry. Simon was recognized for service to Escondido students and Elfin Forest visitors, and for leadership in forging a strong, cooperative, and respectful relationship between the two organizations.

"I wholeheartedly believe that all the problems in the world can be solved through education, and with the serious environmental threats we're facing, environmental education is essential," said Breen. "Not to mention, there's a large body of research demonstrating a wide variety of benefits people receive from outdoor learning—from physical, emotional, and mental health benefits, and even improved academic performance. It's so rewarding to connect people to nature and help them access those benefits, knowing that fostering an appreciation for nature will pay dividends for our planet for generations to come."

Last school year, the Conservancy's education team adapted to the pandemic by creating virtual programming. This school year, they have resumed in-person field trips to the Elfin Forest Recreational Reserve. "I'm very proud of the incredible team we have and the number of people—not just children but adults as well—we've been able to provide with outdoor opportunities over the years," Breen continued. "When I first started, we were serving a few hundred students annually, but now it's in the thousands, including every single third grader from all 18 elementary schools in the Escondido Union School District. Many of the kids we bring on field trips have never been to a nature preserve before. We're also teaching kids to be curious and think like scientists. The more people understand the value of nature and the issues that confront it, the easier it'll be to protect the habitats locally and everywhere."

Simon Breen has been on staff at The Escondido Creek Conservancy for seven and a half years. He attained his undergraduate degree in anthropology from San Diego State University and has a master's degree from Cornell University in nature resource management.

The Escondido Creek Conservancy currently has a *Seed the Future* fundraising campaign to sustain their education work. As part of the campaign, the Conservancy was recently challenged by the Parker Foundation to receive a matching grant of \$75,000. The

Conservancy exceeded their goals to connect with new donors! Details on donating to the Conservancy's Education Fund can be found at their website [www.escondidocreek.org/education-fund](http://www.escondidocreek.org/education-fund).

For more information contact Megan Williams, Development Associate directly at: [meghan@escondidocreek.org](mailto:meghan@escondidocreek.org)

# New Video Highlights Olivenhain Municipal Water District Achievements in 2021

[waternewsnetwork.com/new-video-highlights-olivenhain-municipal-water-district-achievements-in-2021/](https://waternewsnetwork.com/new-video-highlights-olivenhain-municipal-water-district-achievements-in-2021/)

Gayle Falkenthal

January 19, 2022



In its ongoing effort to keep ratepayers and the community informed, the Olivenhain Municipal Water District produced its first “Year In Review” video report for 2021.

The video showcases key achievements of the District, using an accessible digital video format to share details, images, and key facts with ratepayers through a familiar, trusted online platform posted to the District’s YouTube channel.

“Most customers are not aware of the numerous projects and developments ongoing at OMWD, so this video is a great way to package all our wins into one place for easy viewing,” said Joe Jansen, OMWD administrative analyst.

Jansen said many of the District’s fiscal accomplishments aren’t readily visible to the public like infrastructure projects.

“Videos are great informational tools to help keep our residents informed of everything we do and to help build trust with us as their water provider,” said Jansen.



Watch Video At: <https://youtu.be/4F6-2zvLUUg>

## Eight achievements highlighted in the video

---

1. **OMWD received an AAA bond rating from Fitch Ratings.**
2. **OMWD received over \$3.6 million in refunds to be credited to customers over the next several years.** Funds will be added to the Rate Stabilization Fund and applied as a direct credit to customers' water bills over the next several years.
3. **OMWD achieved over \$1.3 million of state and federal grant funds.** Funding will offset the costs of important projects for ratepayers.
4. **OMWD continues to receive the highest recognition from industry groups.** Awards recognize the District for its fiscal governance and infrastructure projects.
5. **Water quality continues to exceed state and federal standards.** In addition, due to preventative maintenance, overall water loss decreased in 2021.
6. **OMWD completed a pilot study on developing a local water supply through groundwater desalination.** Results were favorable from the grant-funded project and the District will continue to assess the project's feasibility.
7. **OMWD completed several replacement and upgrade projects at its 4S Ranch Water Reclamation Facility.**
8. **Proactive measures were taken to combat the spread of COVID-19.** As a result, OMWD had no interruption to customer service and has completed all vital projects during the past year.



In 2021, the Olivenhain Municipal Water District completed several replacement and upgrade projects at its 4S Ranch Water Reclamation Facility. Photo: Olivenhain Municipal Water District

**Award finalist in ACWA 2021 Huell Howser Excellence in Communication Award**

---



(L to R) Board member Neal Meyers, GM Kim Thorne, treasurer Christy Guerin, customer service manager John Carnegie, board member Lawrence Watt, and assistant GM Joey Randall receive recognition as finalists for ACWA's 2021 Huell Howser Excellence in Communication Award. Photo: Olivenhain Municipal Water District

*(Editor's note: The Olivenhain Municipal Water District is one of the San Diego County Water Authority's 24 member agencies that deliver water across the metropolitan San Diego region.)*