

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

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

DATE: WEDNESDAY, FEBRUARY 21, 2024

TIME: 4:00 P.M.

PLACE: HYBRID REGULAR MEETING VIA ZOOM AND IN-PERSON

The meeting is being held virtually as a convenience to the public. The meeting will not stop or suspend its in-person meeting should a technological interruption occur with respect to the Zoom or call-on options listed on the agenda.

For Zoom Participation:

www.zoom.us/join
Meeting ID: 842 0162 0761
Passcode: 714647

For Zoom Call-in Only:

Call: (669) 900-9128
Meeting ID: 842 0162 0761
Passcode: 714647

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

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

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

6. PERSONAL APPEARANCES AND PUBLIC COMMENTS

7. PRESENTATION OF AWARDS AND HONORABLE MENTIONS

Service Awards, Promotions and Honorable Mentions

* Tiger Team/A Better Way Award – WTP Strainer Fabrication – George Lomeli

* National Blood Donor Month Proclamation from City of Encinitas

8. CONSIDER APPROVAL OF THE MINUTES OF THE JANUARY 17, 2024, REGULAR BOARD OF DIRECTORS MEETING

9. CONSENT CALENDAR

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

C-a	CONSIDER ADOPTION OF A MOTION APPROVING THE PAYMENT OF LISTED WARRANTS FROM THE DISTRICT'S REVOLVING AND REGULAR ACCOUNTS; LISTED TRANSFERS OF FUNDS; REIMBURSEMENT OF EXPENSES TO BOARD MEMBERS AND STAFF; AND MONTHLY INVESTMENT REPORTS
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 REPORTS
C-c	CONSIDER ADOPTION OF A RESOLUTION HONORING LAKESIDE WATER DISTRICT'S 100-YEAR ANNIVERSARY
C-d	CONSIDER ADOPTION OF A RESOLUTION PROCLAIMING MAY 2024 AS WATER AWARENESS MONTH, MAY 5-11, 2024 AS NATIONAL DRINKING WATER WEEK, AND MAY 19-25, 2024 AS NATIONAL PUBLIC WORKS WEEK
C-e	CONSIDER ACCEPTANCE OF THE VALVE REPLACEMENT EXCAVATION AND PAVING SUPPORT SERVICES PROJECT FOR FY 2022-2023 AND THE RANCHO CIELO SEWER PUMP STATION FLOW METER INSTALLATION PROJECT (C.E. WILSON CORPORATION) INTO OMWD'S SYSTEM AND ORDER NOTICES OF COMPLETION FILED
C-f	PROVIDE UPDATE ON THE RANCHO SANTA FE ROAD EMERGENCY LEAK REPAIR PROJECT AS AN EMERGENCY PROJECT IN ACCORDANCE WITH CALIFORNIA PUBLIC CONTRACT CODE SECTION 1102
C-g	CONSIDER ACCEPTANCE OF THE SIETE LEGUAS MAIN EXTENSION 1B (TECHBILT, INC.) INTO OMWD'S SYSTEM AND ORDER A NOTICE OF COMPLETION FILED
C-h	CONSIDER ACCEPTANCE OF THE LUSARDI PHASE III CATHODIC PROTECTION REPLACEMENT PROJECT INTO OMWD'S SYSTEM AND ORDER A NOTICE OF COMPLETION FILED

C-i	CONSIDER APPROVAL OF PRIVATE ENCROACHMENT PERMIT NO. 426 FOR THE DONALD D. ADAIR REVOCABLE TRUST TO INSTALL TWO GATES WITHIN EASEMENT 1704 LOCATED AT 16798 CALLE HERMOSA AND ORDER THE PERMIT BE RECORDED
C-j	CONSIDER ADOPTION OF A RESOLUTION OF THE BOARD OF DIRECTORS OF THE OLIVENHAIN MUNICIPAL WATER DISTRICT DESIGNATING DEPOSITORIES AND AUTHORIZING INVESTMENTS FOR THE MONEY OF THE DISTRICT AND DESIGNATING THE SIGNATORIES FOR THE MANAGEMENT OF THE DISTRICT DEPOSITS AND RESCINDING RESOLUTION 2023-02
C-k	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 AND THE STATE CLEARINGHOUSE
C-l	CONSIDER APPROVAL OF THE THIRTEENTH AMENDMENT TO THE AGREEMENT FOR JOINT COST SHARING BETWEEN OLIVENHAIN MUNICIPAL WATER DISTRICT, CARLSBAD MUNICIPAL WATER DISTRICT, VALLECITOS WATER DISTRICT, CITY OF OCEANSIDE, SAN ELIJO JOINT POWERS AUTHORITY, AND CITY OF ESCONDIDO FOR JOINT FEDERAL LEGISLATIVE OUTREACH EFFORTS PERTAINING TO NORTH SAN DIEGO WATER REUSE COALITION PROJECTS
C-m	CONSIDER APPROVAL OF THE THIRTEENTH AMENDMENT TO THE CONSULTING PROFESSIONAL SERVICES AGREEMENT WITH BLUEWATER STRATEGIES LLC FOR LEGISLATIVE OUTREACH SERVICES PERTAINING TO NORTH SAN DIEGO WATER REUSE COALITION PROJECTS

10. CONSIDER AN INFORMATIONAL REPORT FROM ACWA JPIA'S CHIEF EXECUTIVE OFFICER AND CONSIDER A RESOLUTION IMPLEMENTING ACWA JPIA'S COMMITMENT TO EXCELLENCE PROGRAM
11. CONSIDER PRELIMINARY WASTEWATER RATE AND CHARGE INCREASES BASED ON 2023 WASTEWATER RATE STUDY RESULTS (WORKSHOP)
12. CONSIDER APPROVAL OF ANNUAL OBJECTIVES AND INCENTIVE PAY FOR CALENDAR YEAR 2024
13. CONSIDER UPDATE ON ELFIN FOREST RECREATIONAL RESERVE (INFORMATIONAL ITEM)
14. CONSIDER APPROVAL OF CHANGE ORDER NO. 6 WITH ORION CONSTRUCTION CORPORATION FOR \$72,070.82 FOR THE 4S RANCH NEIGHBORHOOD 1 SEWER PUMP STATION REPLACEMENT PROJECT, AND AUTHORIZE THE GENERAL MANAGER TO SIGN ON BEHALF OF OMWD
15. INFORMATIONAL REPORTS
 - A. PRESIDENT
 - B. GENERAL MANAGER
 - C. CONSULTING ENGINEER
 - D. GENERAL COUNSEL
 - E. SAN DIEGO COUNTY WATER AUTHORITY REPRESENTATIVE

- F. LEGISLATIVE
 - G. TWELVE MONTH CALENDAR / OTHER MEETINGS / REPORTS BY BOARD MEMBERS PER AB 1234
 - H. BOARD COMMENTS
- 16. CORRESPONDENCE
 - 17. AUTHORIZATION TO ATTEND UPCOMING MEETINGS / CONFERENCES / SEMINARS
 - 18. FUTURE AGENDA ITEMS
 - 19. CONSIDER PUBLIC COMMENTS
 - 20. CLOSED SESSION
 - A) CONSIDER LITIGATION – OLIVENHAIN MUNICIPAL WATER DISTRICT v. COUNTY OF SAN DIEGO [PURSUANT TO GOVERNMENT CODE SECTION 54956.9]
 - B) CONSIDER LITIGATION – STANLEY D. JONES ET AL. VS. OLIVENHAIN MUNICIPAL WATER DISTRICT [PURSUANT TO GOVERNMENT CODE SECTION 54956.9] • Additional Facts: Served December 15, 2023.
 - C) 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.
 - 21. OPEN SESSION
 - 22. ADJOURNMENT



Memo

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

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

WTP Tank Drain Strainer Project

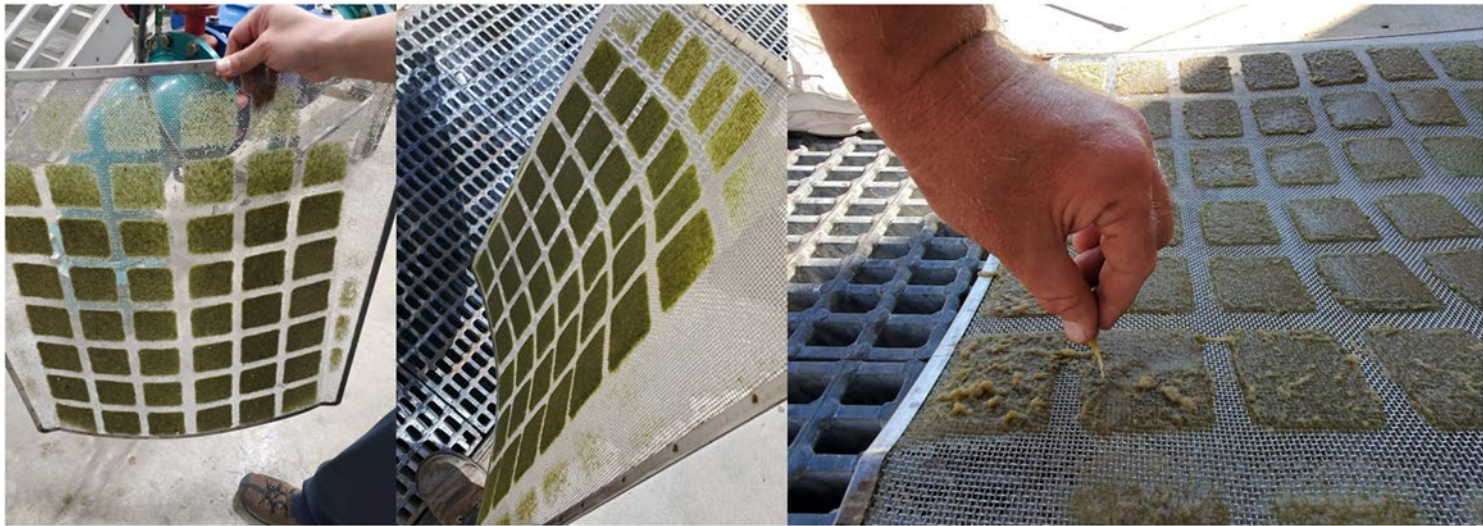
A Better Way Award

George Lomeli

February 21, 2024



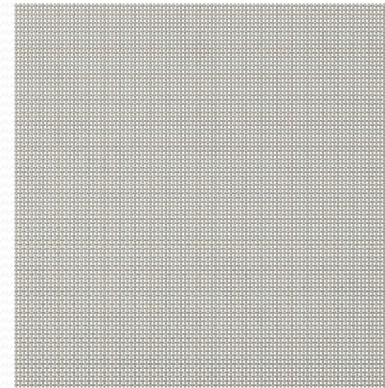
Tank Drain Strainer: Before



Work in Progress

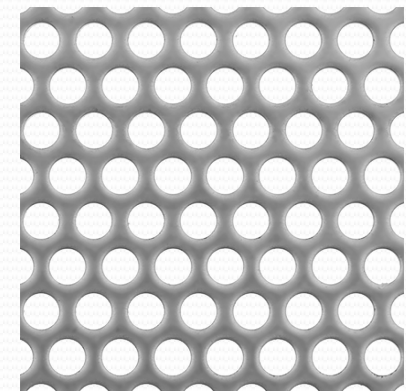


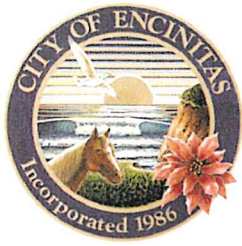
Tank Drain Strainer: After



Original

New Design





City of Encinitas

505 S. Vulcan Ave, Encinitas, CA 92024

760-633-2600

?@encinitasca.gov

www.encinitasca.gov

January 31, 2024

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

Dear Kimberly,

We are pleased to inform you that the City of Encinitas has officially recognized and honored Olivenhain Municipal Water District for its significant contribution to promoting blood donation and organizing impactful blood drives in collaboration with the San Diego Blood Bank.

To commemorate your outstanding work, the City of Encinitas has issued an official proclamation, recognizing Olivenhain Municipal Water District as a key partner in promoting community health and well-being during Blood Donor Month. This proclamation serves as a testament to the positive impact your organization has made and continues to make in our community.

We extend our sincere congratulations to you and your team for this well-deserved honor. We look forward to continuing our collaboration and working together to further strengthen our community's commitment to blood donation and healthcare initiatives.

Thank you once again for your tireless dedication to this vital cause. Your organization's exemplary efforts have undoubtedly made a lasting difference in the lives of many.

Sincerely,

Tony Kranz
Mayor

Memo

Date: February 21, 2024
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 2024 Summary of payment of listed warrants from the District's checking account and listed transfer of funds.
- January 2024 Monthly Summary of Reimbursement Expenses to Board Members and Staff.
- December 2023 Monthly Investment Report.

Olivenhain Municipal Water District
Proposed Motions for February 21, 2024 Board of Directors Meeting
January 2024 Activities
Consent Calendar Item # C-a

Proposed Motions:

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

Regular Account	Warrants - by check	034796 ✓	to	034958	\$	1,457,755.37
	Warrants - by EFT	EFT000000000914 ✓	to	EFT000000001004		816,633.74
						<hr/> 2,274,389.11
	ACH Payments - Payroll					225,999.57
	Wire - SDCWA - Monthly Purchased Water Payment					2,380,653.00
	ACH Payments - Payroll					260,940.64
					\$	<hr/> <hr/> 5,141,982.32 ✓

Major Category of Disbursements

Total warrants from the District's checking account:

\$ 2,274,389.11

Following is a breakdown of this total by major categories:

<u>Category</u>	
Outside services	\$ 1,290,869.06
Inventory and supplies	464,687.39
Utilities	168,638.61
Repairs and maintenance	52,856.90
Other	10,933.17
Refunds	7,695.34
Insurance	174,319.29
Permit Fees	104,389.35
Total	<hr/> <hr/> \$ 2,274,389.11

Sincerely,



Rainy K. Selamat/Finance Manager

Olivenhain Municipal Water District
Proposed Motions for February 21, 2024 Board of Directors Meeting
January 2024 Activities

California Bank and Trust

Regular Account

Warrants - by check	034796	to	034958	\$	1,457,755.37
Warrants - by EFT	EFT000000000914	to	EFT000000001004		816,633.74
					<hr/> 2,274,389.11
1/4/2024 ACH Payments - Payroll					225,999.57
1/17/2024 Wire - SDCWA - Monthly Purchased Water Payment					2,380,653.00
1/18/2024 ACH Payments - Payroll					260,940.64
Total				\$	<hr/> <hr/> 5,141,982.32

Approved:

For Board Consideration and Approval

Olivenhain Municipal Water District
January 2024 Warrant List - Check & EFT

Number	Date	Name	Amount	Inv Reference	Multiple Invoices?
034796	1/3/2024	American Conservation & Billing Solutions, Inc.	3,251.00	1/24 AQUAHAWK SERVICES	
034797	1/3/2024	American Messaging	60.83	L1-072035	
034798	1/3/2024	AT & T	802.67	9391059578	Yes
034799	1/3/2024	BCK Programming LLC	300.00	BENEFITS OF HYDROPONIC GARDEN	
034800	1/3/2024	City Treasurer	838.54	RECYCLED WATER CHARGES	
034801	1/3/2024	City Treasurer	701.76	RECYCLED WATER CHARGES	
034802	1/3/2024	County Of San Diego	620.00	19090 VIA AMBIENTE ROAD	
034803	1/3/2024	ECS Imaging Inc	4,495.00	LASERFICHE SUPPORT	
034804	1/3/2024	Encinitas Ford	407.56	PU92 SUPPLIES	Yes
034805	1/3/2024	Exaro Technologies Corporation	271,837.08	construction Services for the Lusardi Phase III Cathodic Protection Project	Yes
034806	1/3/2024	Ferguson Enterprises Inc. #1083	4,821.60	Ball valves, flange bolt kits, PSI gauges, washers, disc retainers, discs, stem nuts	Yes
034807	1/3/2024	Guardian	969.68	1/24 ADMIN FEES	
034808	1/3/2024	Stephen Lee Mowry DBA	3,987.50	FABRICATE/INSTALL SS DUCTING	Yes
034809	1/3/2024	L A Design Studio Inc	900.00	WEBSITE SERVICES	
034810	1/3/2024	Orion Construction Corporation	193,907.63	N1SPS Construction Services	Yes
034811	1/3/2024	Pacific Pipeline Supply	4,483.89	Brass bushings, valve can lids, and other supplies	Yes
034812	1/3/2024	Jaroht Inc., dba	78.00	760-489-9971	
034813	1/3/2024	Precision Striping, Inc	1,318.00	LOWER YARD LOT STRIPING	
034814	1/3/2024	Republic Services	1,859.25	Waste disposal services	
034815	1/3/2024	Ryan Herco	1,244.35	WTP SUPPLIES	
034816	1/3/2024	San Diego Gas & Electric	98.41	Utilities	Yes
034817	1/3/2024	Sonsray Machinery LLC	1,631.67	BA09 SUPPLIES	Yes
034818	1/3/2024	Streakwave Wireless Inc	3,040.16	Cloud smart switch and other supplies	Yes
034819	1/3/2024	Sunbelt Rentals, Inc.	1,954.01	WTP-TELEHANDLER FORKLIFT RNTL	Yes
034820	1/3/2024	Tetra Tech Inc	102.87	PLC Replacement WW Design	Yes
034821	1/3/2024	US Bank	2,190.51	Printers lease	
034822	1/3/2024	Utility Cost Management Llc	21,967.67	SDG&E ELECTRICITY SERVICES	
034823	1/3/2024	VWR International LLC	1,012.42	WTP SUPPLIES	Yes
034824	1/3/2024	Walters Wholesale Electric Co	39.00	SUPPLIES	Yes
034825	1/10/2024	4S Ranch Gasoline & Car Wash	3,058.59	WWTP GASOLINE/CAR WASH	Yes
034826	1/10/2024	Alan Avellino	74.90	REF:1001448_202380	
034827	1/10/2024	Am Tec Total Security Inc	1,303.12	PARKS DEPARTMENT SERVICES	
034828	1/10/2024	Arlene Stephenson	448.59	REF:1032167_198570	
034829	1/10/2024	AT & T	26.82	9391056562	
034830	1/10/2024	Bobby Kalar	59.93	REF:1093126_160620	
034831	1/10/2024	Boot World Inc	200.00	Safety Boots	Yes
034832	1/10/2024	California State Disbursement Unit	123.23	ED100514-1/4/2024	
034833	1/10/2024	Charles Simpson	125.10	REF:1084880_116870	
034834	1/10/2024	Denise Hardman	140.04	REF:1060256_221175	
034835	1/10/2024	Edco Waste & Recycling	660.09	Waste disposal services	Yes
034836	1/10/2024	EXARO Technologies Inc.	1,764.27	REF:1094000_303650	
034837	1/10/2024	Fallbrook Printing Corp	2,249.60	LETTERHEAD (QTY 1,500), BLANK CHECK STOCK (QTY 5,000)	Yes
034838	1/10/2024	First Choice Technology	161.18	13001474	Yes
034839	1/10/2024	Free Builders Supply Inc	282.79	HQ LOT - LIGHT POLE SUPPLIES	
034840	1/10/2024	Grangetto's Ag. Supply	2.44	SUPPLIES	
034841	1/10/2024	Hill Brothers Chemical Company	3,751.23	WWTP CHEMICALS	
034842	1/10/2024	Hong Van Le	573.48	REF:1019203_188290	
034843	1/10/2024	IKG Environmental	7,959.13	San Dieguito Valley quarterly Groundwater Monitoring	Yes
034844	1/10/2024	Jacob Karmazyn	467.82	REF:1089194_167760	
034845	1/10/2024	Kelvin Ku	80.00	D2 RENEWAL REIMBURSEMENT	
034846	1/10/2024	Land Surveying Consultants, Inc.	660.00	ENCINITAS RANCH GOLF COURSE	
034847	1/10/2024	Mia Teilborg	155.99	REF:1092632_192080	
034848	1/10/2024	Michelle Leuschen	142.32	REF:1054520_189975	
034849	1/10/2024	Morton Salt Inc	6,244.13	WTP CHEMICALS	
034850	1/10/2024	One Source Distributors	90,309.66	Controllogix Ethernet Modules (15) and Redundancy modules (2)	Yes
034851	1/10/2024	Pacific Pipeline Supply	2,787.16	Hydrant supplies, couplings, spools	Yes
034852	1/10/2024	Peter Palmer	150.20	REF:1083673_158345	
034853	1/10/2024	Productive Computing Inc	4,775.00	FILEMAKER ANNUAL LICENSE	
034854	1/10/2024	PWLC I, INC	730.00	LANDSCAPE IMPROVEMENTS @ HQ	
034855	1/10/2024	Republic Services	1,634.05	Waste disposal services	
034856	1/10/2024	Republic Services #661	728.59	Waste disposal services	
034857	1/10/2024	S D G & E	264.85	Utilities	
034858	1/10/2024	Samila Hifai	93.25	REF:1092368_131150	
034859	1/10/2024	San Diego Gas & Electric	606.87	Utilities	Yes
034860	1/10/2024	SDRMA	6,649.53	WORKERS COMP INSURANCE	
034861	1/10/2024	Shane Sullivan	24.00	GYM REIMBURSEMENT	
034862	1/10/2024	Sheshidher Nyalamadugu	106.29	REF:1061376_158285	
034863	1/10/2024	Stilson Kent Scott DBA	4,982.00	TALL ENCLOSURE W/RAZOR WIRE	Yes
034864	1/10/2024	Sunbelt Rentals, Inc.	2,111.16	MINI EXCAVATOR RENTAL	Yes
034865	1/10/2024	SWRCB Accounting Office	84,410.35	WATER SYSTEM ANNUAL FEES	
034866	1/10/2024	Verizon Connect Fleet USA, LLC	1,849.70	100000112726	Yes
034867	1/10/2024	Victor Rios	76.64	REF:1028202_192965	
034868	1/10/2024	Walters Wholesale Electric Co	44.95	SUPPLIES	Yes
034869	1/10/2024	REAL ESTATE REDEVELOPERS INC	465.55	RM REFUND: DEBIT000000000589	
034871	1/17/2024	Alfa Laval Inc.	15,076.62	DCMWTP Centrifuge Major Service	Yes
034872	1/17/2024	Am Tec Total Security Inc	879.99	IC ALARM SYSTEM REPAIRS	
034873	1/17/2024	AT & T	419.20	9391056607	Yes
034874	1/17/2024	California State Disbursement Unit	123.23	Employee Garnishment	

Olivenhain Municipal Water District
January 2024 Warrant List - Check & EFT

Number	Date	Name	Amount	Inv Reference	Multiple Invoices?
034875	1/17/2024	Teresa L Chase	36.49	PUBLIC TOUR REFRESHMENTS	
034876	1/17/2024	City Treasurer	701.76	12/23 METER CHARGE	
034877	1/17/2024	Corodata	441.99	OFFSITE RECORDS STORAGE	
034878	1/17/2024	DXP Enterprises, Inc.	2,351.72	WTP SUPPLIES	
034879	1/17/2024	Lomeli, George	350.00	BETTER WAY AWARD	
034880	1/17/2024	Hi-Line Electric Company, Inc.	256.07	SHOP SUPPLIES	
034881	1/17/2024	Home Depot/Gecf	7,465.99	12/23 SUPPLIES	Yes
034882	1/17/2024	Infrastructure Engineering Corporation	20,538.75	Hydraulic Model/Master Plan	Yes
034883	1/17/2024	Ingersoll-Rand Company	6,056.51	4 year Ingersoll Rand Package Care Agreement	Yes
034884	1/17/2024	Interstate Battery Of San Diego Inc	245.64	SHOP SUPPLIES	
034885	1/17/2024	Line X Of Escondido	2,680.60	FB03 COATING SERVICES	Yes
034886	1/17/2024	Myers & Sons	35.96	PARKS SIGNS	
034887	1/17/2024	Napa Auto Parts	962.57	12/23 SUPPLIES	
034888	1/17/2024	Pacific Pipeline Supply	1,965.60	METER GASKETS, FLAT WASHERS, SUPPLIES	Yes
034889	1/17/2024	Jaroth Inc., dba	78.00	760-489-9971	
034890	1/17/2024	PWLC I, INC	14,848.00	LANDSCAPE MAINTENANCE	Yes
034891	1/17/2024	Rancho Santa Fe Community Svs	14,024.57	12/23 16.99 AC/FT RECYCLED WTR	
034892	1/17/2024	Reed, Phillip	50.00	CONGRATULATIONS FROM THE ERC	
034893	1/17/2024	Republic Services #661	8,667.51	3-0661-2000037	Yes
034894	1/17/2024	Rob Kreutzer	46.64	MILEAGE REIMBURSEMENT	
034895	1/17/2024	San Diego Gas & Electric	109,901.28	UTILITIES	Yes
034896	1/17/2024	Santa Fe Irrigation Dist	77.67	008128-005	
034897	1/17/2024	Steven L. Sherman DBA	3,012.50	Conservation landscape services-evaluation	Yes
034898	1/17/2024	TASC	454.35	12/23 ADMIN FEES	
034899	1/17/2024	West Yost & Associates, Inc	4,461.80	Support for Manchester Recycled Water site connections	Yes
034901	1/24/2024	Alfredo Cisneros	156.43	REF:1062624_240820	
034902	1/24/2024	Asbury Environmental Services	200.00	DISPOSAL SERVICES WTP	Yes
034903	1/24/2024	AT & T	80.89	9391059578	
034904	1/24/2024	City Treasurer	1,268.44	RECYCLED WATER	
034905	1/24/2024	Corodata Shredding, Inc	63.87	SHREDDING SERVICES	
034906	1/24/2024	County Of San Diego	578.00	14177 RANCHO SANTA FE FARMS RD	
034907	1/24/2024	County Of San Diego	50.00	NOE FILING FEE - RSF RD LEAK	Yes
034908	1/24/2024	Eagle Paving Company, INC	1,149.45	REF:1091474_303655	
034909	1/24/2024	James Dobyns	32.17	REF:1085155_228560	
034910	1/24/2024	Land Surveying Consultants, Inc.	3,325.00	ENCINITAS RANCH GOLF COURSE	
034911	1/24/2024	Mike Marquis	123.43	REF:1060749_206600	
034912	1/24/2024	Nat'l Water Resources Assoc.	525.00	2024 ANNUAL DUES	
034913	1/24/2024	Natalia Artamonov	30.41	REF:1089522_160590	
034914	1/24/2024	Nick Boess	492.00	TUITION REIMBURSEMENT	
034915	1/24/2024	Republic Services	882.75	Waste disposal services	
034916	1/24/2024	Ruchit Mehta	174.37	REF:1092432_194715	
034917	1/24/2024	San Diego Gas & Electric	14,919.58	UTILITIES	Yes
034918	1/24/2024	State Water Resources	80.00	D2 CERT RENEWAL - J.RANDALL	
034919	1/24/2024	SWRCB Accounting Office	1,818.00	HQ ANNUAL PERMIT FEE	
034920	1/24/2024	TASC	125.00	Q4 2023 TRUSTEE FEE	
034921	1/24/2024	Thomas J Campanaro	1,066.32	REF:1004719_236955	
034924	1/31/2024	4S Ranch Gasoline & Car Wash	1,177.68	WWTP GASOLINE & CASH WASH	
034925	1/31/2024	American Conservation & Billing Solutions, Inc.	3,251.00	2/24 AQUAHAWK SERVICES	
034926	1/31/2024	Apurva Sharma	102.85	REF:1030541_118245	
034927	1/31/2024	California State Disbursement Unit	123.23	ED100514-2/1/2024	
034928	1/31/2024	Cogsdale Corporation	1,011.25	GREENSHADES ELECTRONIC TAX FILINGS	
034929	1/31/2024	Marvin Cohen	120.00	D3 CERT RENEWAL REIMB.	
034930	1/31/2024	Controlled Entry Specialists	3,444.00	WTP - INSTALL GATE SAFETY EYE	
034931	1/31/2024	County Of San Diego	4,181.00	15665 PASEO DEL SUR	Yes
034932	1/31/2024	Dale Thorsell	1,420.00	SETTLEMENT	Yes
034933	1/31/2024	DCL Enterprise Inc DbA	140.00	BLDG J DOOR LOCK SERVICES	
034934	1/31/2024	Esc Creek Conservancy	1,500.00	ECC EDUCATION FUNDRAISING	
034935	1/31/2024	Ferguson Enterprises Inc. #1083	22,346.35	Nuts, unions, valves, diaphragm washers, disc retainers, 38" flow control, and other inventory items	Yes
034936	1/31/2024	Flow Science Incorporated	2,703.00	Surge Analysis Services for the Manchester RW and El Camino Real Project (23AGR065)	Yes
034937	1/31/2024	Grangetto's Ag. Supply	71.35	SUPPLIES	Yes
034938	1/31/2024	Guardian	969.68	2/24 DENTAL INS ADMIN FEES	
034939	1/31/2024	Hadronex Llc	37,001.51	Smartcover Maintenance and Monitoring Contract	Yes
034940	1/31/2024	Infosend	13,354.26	11/23 maintenance fee and water billing	Yes
034941	1/31/2024	Interstate Battery Of San Diego Inc	455.26	SHOP SUPPLIES	
034942	1/31/2024	John Hoffmann	15.54	REF:1060069_225800	
034943	1/31/2024	Zeller, Jonathan	184.00	TUITION REIMBURSEMENT	
034944	1/31/2024	Morton Salt Inc	6,133.72	WTP CHEMICALS	
034945	1/31/2024	N Harris Computer Corporation	54,770.06	CIS INFINITY SUPPORT 2024	
034946	1/31/2024	Naumann Hobbs - San Diego	654.70	WTP FORKLIFT SERVICES	Yes
034947	1/31/2024	Orion Construction Corporation	245,673.81	Construction Services N1SPS Replacement Project	Yes
034948	1/31/2024	Pacific Pipeline Supply	15,749.76	Pipe/fitting restraint, flange bolt kit, hydrant supplies, couplings, 1" copper wire	Yes
034949	1/31/2024	Ponton Industries	10,873.78	4S WRF Influent Sample Collection Device	Yes
034950	1/31/2024	PWLC I, INC	250.00	FALLEN TREE REMOVAL - HQ	
034951	1/31/2024	RCP Block & Brick Inc	141.58	SUPPLIES	
034952	1/31/2024	RECON Environmental, Inc.	2,660.00	NESTING BIRD POLICY	Yes
034953	1/31/2024	San Diego Botanical Gardens	5,000.00	2024 SPONSORSHIP	
034954	1/31/2024	San Diego Gas & Electric	1,119.45	Utilities	Yes
034955	1/31/2024	SWRCB Accounting Office	12,782.00	RECYCLED WATER FEES	

Olivenhain Municipal Water District
January 2024 Warrant List - Check & EFT

Number	Date	Name	Amount	Inv Reference	Multiple Invoices?
034956	1/31/2024	UniFirst Aid Corp	260.83	FIRST AID SUPPLIES	
034957	1/31/2024	US Bank	2,190.51	Printers lease	
034958	1/31/2024	VWR International LLC	135.44	WTP SUPPLIES	
EFT0000000000914	1/3/2024	Standard Insurance Co.	6,011.04	1/24 LIFE INSURA & LTD PREMIUM	
EFT0000000000915	1/3/2024	Escondido Metal Supply	331.40	SUPPLIES	
EFT0000000000916	1/3/2024	Interface Automation Inc.	35,722.56	WRF, Distribution, and DCMWTP SCADA Software License/Support	Yes
EFT0000000000917	1/3/2024	CFM-San Diego Inc	3,150.75	WTP SUPPLIES	
EFT0000000000918	1/3/2024	Westamerica Communications, Inc.	6,629.67	OMWD ACRF 2023 - Design and Printing	Yes
EFT0000000000919	1/3/2024	McMaster-Carr Supply Co.	249.67	SUPPLIES	Yes
EFT0000000000920	1/3/2024	Geoscience Support Svcs, Inc.	41,459.00	San Dieguito Valley Groundwater Desal	Yes
EFT0000000000921	1/3/2024	Calif. Surveying & Drafting Supply	199.06	BLUE CONTRUCTION PAINT	
EFT0000000000922	1/3/2024	Volt Management Corp DBA	652.32	FIELD SVCS INTERN W/E 12/8	
EFT0000000000923	1/3/2024	Mission Electric Supply, Inc.	1,493.42	HQ CAMERA SUPPLIES	Yes
EFT0000000000924	1/3/2024	Industrial Solution Services, Inc.	8,787.56	40% Liquid Ammonium Sulfate Annual Purchase	Yes
EFT0000000000925	1/3/2024	Rutan & Tucker, LLP	160.00	SDVGW Special Counsel and Strategic Services	Yes
EFT0000000000926	1/3/2024	EcosConnect LLC	678.50	BACKFLOW REPORTS & NOTICES	
EFT0000000000927	1/3/2024	Martin Marietta Materials Inc	616.34	YARD MATERIALS	
EFT0000000000928	1/3/2024	GEI Consultants, Inc	179.25	AS NEEDED WATER QUALITY SVCS	
EFT0000000000929	1/3/2024	Rusty Wallis Inc.	4,290.00	WTP CHEMICALS	
EFT0000000000930	1/3/2024	BreakAway Promo	113.44	M.WILSON SERVICE AWARD	
EFT0000000000931	1/3/2024	GovernmentJobs.com, Inc. dba	5,127.50	ANNUAL SUBSCRIPTION	
EFT0000000000932	1/3/2024	Aqua Metric	88,338.96	Mxu-520M Touch Coupler Single for AMI Project	Yes
EFT0000000000933	1/3/2024	Gallade Chemical	6,290.36	WTP CHEMICALS	
EFT0000000000934	1/3/2024	CDW Government Inc	297.58	SUPPLIES	
EFT0000000000935	1/3/2024	Polydyne Inc	8,464.71	WWTP CHEMICALS	
EFT0000000000936	1/3/2024	Harrington Industrial Plastics Inc	4,868.98	WWTP SUPPLIES	
EFT0000000000937	1/10/2024	Dudek	46,363.64	Wastewater Master Plan Update; 4S Ranch Headworks Screening Project	Yes
EFT0000000000938	1/10/2024	Southern Counties Lubricants, LLC.	8,319.14	FUEL SUPPLIES	
EFT0000000000939	1/10/2024	Traffic Supply Inc	1,100.67	TRAFFIC SIGNS	
EFT0000000000940	1/10/2024	B. Weber Consulting LLC	5,850.00	CONSULTING SERVICES	Yes
EFT0000000000941	1/10/2024	San Elijo Joint Powers Auth.	17,470.50	12/23 9.5 AC/FT RECYCLED WATER	
EFT0000000000942	1/10/2024	Balboa Engineering Inc.	30,060.00	Preliminary & Final Design Services for VP West PRS Replacement Project	Yes
EFT0000000000943	1/10/2024	Sloan Electric	2,434.82	LASER ALIGNMENT TO MOTOR	
EFT0000000000944	1/10/2024	Volt Management Corp DBA	652.32	FS INTERN W/E 12/1/23	
EFT0000000000945	1/10/2024	Water Quality Specialists	12,240.00	WTP T3 TEMPORARY OPERATOR	
EFT0000000000946	1/10/2024	Parsons	11,309.89	Design Services- Unit a N., RSF Road Pipeline Replacement Project, Golem Tank Rehab	Yes
EFT0000000000947	1/10/2024	Martin Marietta Materials Inc	870.00	DUMP BOBTAIL - ASPHALT	Yes
EFT0000000000948	1/10/2024	USA Blue Book	1,519.65	WWTP SUPPLIES	
EFT0000000000949	1/10/2024	West Coast Sand & Gravel	2,632.39	YARD MATERIALS	
EFT0000000000950	1/10/2024	Global Power Group Inc	614.58	WWTP PM SERVICES	
EFT0000000000951	1/10/2024	Carollo Engineers	27,860.16	DCMWTP Condition Assessment Project	Yes
EFT0000000000952	1/10/2024	Univar Solutions Usa Inc	3,164.40	WWTP CHEMICALS	
EFT0000000000953	1/10/2024	Valley Construction Management	14,536.00	Construction Management - N1SPS Project	Yes
EFT0000000000954	1/10/2024	ESS	672.00	WWTP ALARM MONITORING	Yes
EFT0000000000955	1/10/2024	Harrington Industrial Plastics Inc	432.25	WTP SUPPLIES	
EFT0000000000956	1/10/2024	Water for People	67.00	WTRPL 1/4/2024	
EFT0000000000957	1/17/2024	ACWA - JPIA	159,594.36	2/24 GROUP INSURANCE PREM	
EFT0000000000958	1/17/2024	Underground Service Alert	382.75	DIG ALERT TICKETS	
EFT0000000000959	1/17/2024	Vallecitos Water District	40,468.69	RECLAIMED WATER SALES	
EFT0000000000960	1/17/2024	Evoqua Water Technologies	535.36	WWTP VAPORLINK SERVICES	Yes
EFT0000000000961	1/17/2024	Ninyo & Moore	1,170.00	4S Ranch Neighborhood 1 Sewer Pump Station Replacement Project	Yes
EFT0000000000962	1/17/2024	CyberlinkASP Technology	9,203.27	DYNAMICS GP HOSTING SVCS	
EFT0000000000963	1/17/2024	NexusTek Phoenix	4,765.59	CLOUD SERVICES	
EFT0000000000964	1/17/2024	Water Quality Specialists	13,600.00	WTP T3 TEMPORARY OPERATOR	
EFT0000000000965	1/17/2024	Armorcast Products Co	33,161.47	LIDS AND COVERS	Yes
EFT0000000000966	1/17/2024	Brax Company, Inc.	43,762.12	4S WRF TWAS Pump, Motor and Gearbox Repair	Yes
EFT0000000000967	1/17/2024	Alpha Mechanical, Inc	2,101.19	WWTP A/C SERVICES	Yes
EFT0000000000968	1/17/2024	WREGIS	0.93	RENEW ENERGY FEE	
EFT0000000000969	1/17/2024	Martin Marietta Materials Inc	694.68	YARD MATERIALS	Yes
EFT0000000000970	1/17/2024	Ignacio Tool Supply Inc.	24.78	SHOP SUPPLIES	
EFT0000000000971	1/17/2024	RS AMERICAS INC.	732.10	CIRCUIT BREAKER	
EFT0000000000972	1/17/2024	BreakAway Promo	1,953.31	OMWD UNIFORMS	
EFT0000000000973	1/17/2024	USA Blue Book	344.58	WTP SUPPLIES	Yes
EFT0000000000974	1/17/2024	Patriot Environmental	828.00	WWTP ROLLOFF DISPOSAL SVCS	
EFT0000000000975	1/17/2024	Raffelis Financial Consultant	5,678.75	WASTEWATER COST OF SVC STUDY	
EFT0000000000976	1/17/2024	CDW Government Inc	148.66	SUPPLIES	Yes
EFT0000000000977	1/17/2024	NBS	13,830.71	QUARTERLY ADMIN FEES	Yes
EFT0000000000978	1/17/2024	County of San Diego, RCS	171.00	12/23 RADIO SERVICES	
EFT0000000000979	1/17/2024	Harrington Industrial Plastics Inc	221.46	WTP SUPPLIES	
EFT0000000000980	1/17/2024	Water for People	67.00	WTRPL 1/18/2024	
EFT0000000000981	1/24/2024	DLM Engineering Inc	11,207.09	ENGINEER CONSULTING SERVICES	Yes
EFT0000000000982	1/24/2024	Rincon Del Diablo Mwd	368.51	2024 CALENDARS	
EFT0000000000983	1/24/2024	Transnet Investigative Group Inc.	125.00	PRE-EMPLOYMENT BACKGROUND	
EFT0000000000984	1/31/2024	Southern Counties Lubricants, LLC.	5,640.06	FUEL SUPPLIES	
EFT0000000000985	1/31/2024	Interface Automation Inc.	13,297.50	SCADA Upgrade	Yes
EFT0000000000986	1/31/2024	AG Tech Lic	1,256.28	BIOLIDS WASTE DISPOSAL	
EFT0000000000987	1/31/2024	Westamerica Communications, Inc.	394.17	BUSINESS CARDS (JBM, ED, JE)	
EFT0000000000988	1/31/2024	Hasa	9,225.97	WWTP CHEMICALS	

Olivenhain Municipal Water District
January 2024 Warrant List - Check & EFT

Number	Date	Name	Amount	Inv Reference	Multiple Invoices?
EFT0000000000989	1/31/2024	Radwell International, Inc.	391.14	CIRCUIT BREAKERS (116)	
EFT0000000000990	1/31/2024	Calif. Surveying & Drafting Supply	438.59	LINE LOCATING SUPPLIES	
EFT0000000000991	1/31/2024	Woodard & Curran	11,376.25	NSDWRC GRANT ADMIN SUPPORT	Yes
EFT0000000000992	1/31/2024	Transene Company, Inc.	322.90	WTP SUPPLIES	
EFT0000000000993	1/31/2024	WREGIS	8.42	RENEW ENERGY FEE	Yes
EFT0000000000994	1/31/2024	EcosConnect LLC	1,147.00	BACKFLOW REPORTS	
EFT0000000000995	1/31/2024	Parkhouse Tire Inc	704.09	TIRE DISPOSAL FEE	Yes
EFT0000000000996	1/31/2024	Martin Marietta Materials Inc	370.00	DUMP BOBTAIL CONCRETE	Yes
EFT0000000000997	1/31/2024	USA Blue Book	205.38	SUPPLIES	
EFT0000000000998	1/31/2024	West Coast Sand & Gravel	987.15	YARD MATERIALS	
EFT0000000000999	1/31/2024	Patriot Environmental	575.00	ROLLOFF DISPOSAL SERVICES	
EFT0000000001000	1/31/2024	Msds Online	1,059.00	ANNUAL FEE	
EFT0000000001001	1/31/2024	Whitson CM	600.00	SITE INSPECTIONS (OMWD HQ)	
EFT0000000001002	1/31/2024	CDW Government Inc	9,842.00	Barracuda to office 365	Yes
EFT0000000001003	1/31/2024	Integrity Municipal Systems	1,303.00	ODOR CNTL SCRUBBER SERVICE	
EFT0000000001004	1/31/2024	Water for People	67.00	WTRPL 2/1/2024	
Total			2,274,389.11		

Olivenhain Municipal Water District
Monthly Directors Fee and Reimbursed Expenses for Directors and Staff
January 2024

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

*January Per Diems paid in February 2024.

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 December 31, 2023

Active Deposits

	<u>Book Value</u>
Checking Accounts	\$ 4,703,609
Cash Restricted for Specific Use	2,652,882
Petty Cash/Disaster Preparedness	1,496
Total Active Deposits	<u>\$ 7,357,987</u>

Deposits Not Covered by Investment Policy

Cash with Fiscal Agents	1,899,025
-------------------------	-----------

<u>Investments</u>	<u>Face Value</u>	<u>Market Value</u>	<u>Current Yield</u>	
LAIF	\$ 5,517,150	5,441,608	3.93%	\$ 5,517,150
CAMP - US Bank	24,102,189	24,102,189	5.55%	24,102,189
Money Market Funds	5,145,418	5,145,418	4.88%	5,145,418
Municipal Bonds	1,000,000	1,008,300	4.96%	1,216,760
U.S. Treasury Securities	17,550,000	17,348,781	4.91%	17,336,864
U.S. Agency Securities	31,725,000	30,029,087	0.91%	31,722,000
Total Investments	<u>\$ 85,039,758</u>	<u>\$ 83,075,383</u>	<u>3.59%</u>	<u>\$ 85,040,381</u>

Total - All Deposits/Investments

\$ 94,297,394

Maturity Analysis of Investments

	<u>Percent</u>	<u>Balance</u>
Demand Deposits	40.9%	\$ 34,764,758
Maturity within the next two months	17.2%	14,633,233
Maturity within three months and one year	13.4%	11,415,947
Maturity beyond one year	28.5%	24,226,444
Total Investments	<u>100.0%</u>	<u>\$ 85,040,381</u>

Weighted Average Days to Maturity

246

Other Required Disclosures:

Accrued interest receivable as of 12/31/2023 \$ 293,588

The above investments are in accordance with the portfolio limitations in the Investment Policy approved by the Board in December 2023.

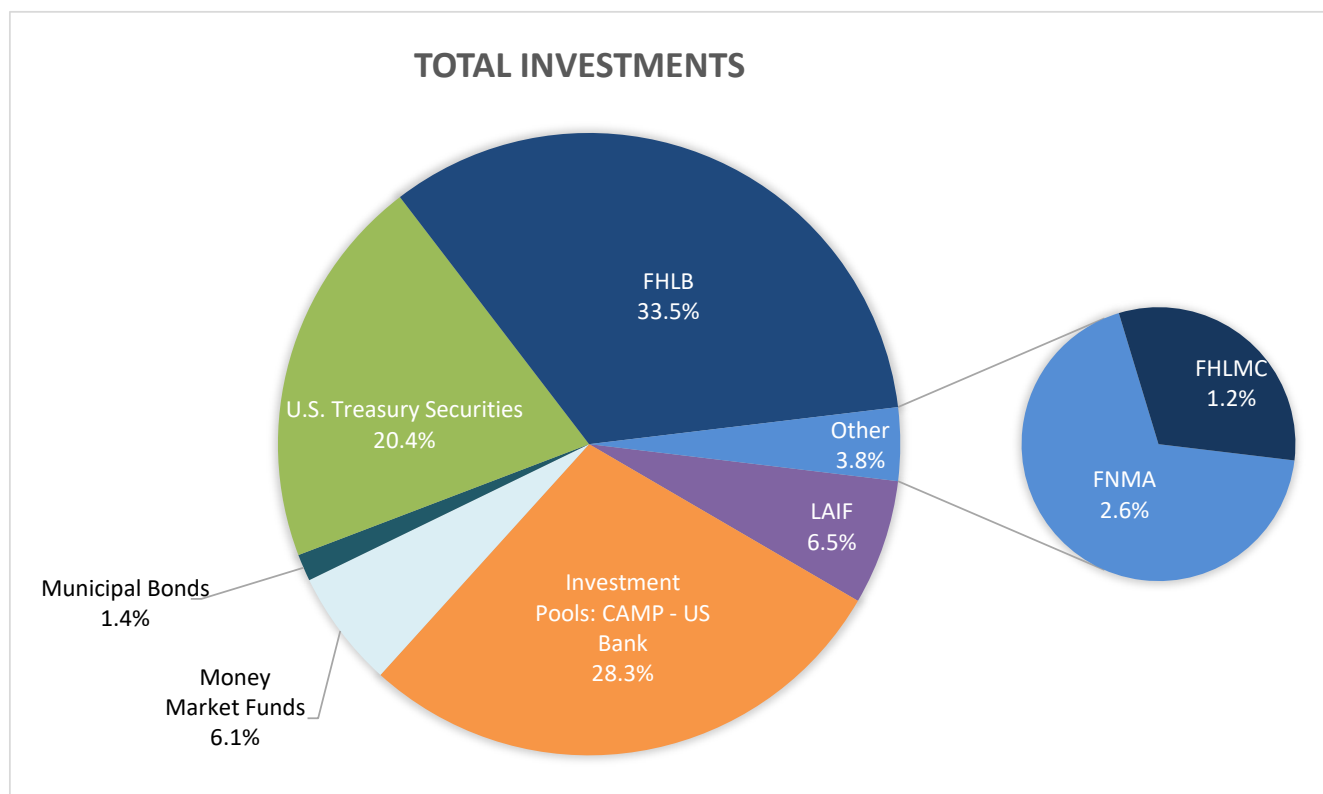
The District has sufficient funds on hand to meet the next 60 days' obligations.

Olivenhain Municipal Water District
PORTFOLIO LIMITATIONS ANALYSIS PER INVESTMENT POLICY
December 31, 2023

	Book Value	Percent	Permitted Percent	In Compliance?
LAIF	\$ 5,517,150	6.5%	50.0% ⁽¹⁾	Yes
Investment Pools: CAMP - US Bank	24,102,189	28.3%	30.0%	Yes
Money Market Funds	5,145,418	6.1%	20.0% ⁽²⁾	Yes
Municipal Bonds	1,216,760	1.4%	30.0%	Yes
U.S. Treasury Securities	17,336,864	20.4%	100.0% ⁽³⁾	Yes
U.S. Agency Securities	31,722,000	37.3%	50.0%	Yes
<i>FHLB</i> <i>Federal Home Loan Bank</i>	<i>28,472,000</i>	<i>33.5%</i>		
<i>FNMA</i> <i>Fannie Mae</i>	<i>2,250,000</i>	<i>2.6%</i>		
<i>FHLMC</i> <i>Freddie Mac</i>	<i>1,000,000</i>	<i>1.2%</i>		
Total Investments	\$ 85,040,381	100%		

Note:

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



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

Olivenhain Municipal Water District
MONTHLY INVESTMENTS DETAIL
December 31, 2023

ACTIVE DEPOSIT

										Book Value
Checking A/C: California Bank and Trust for General Purpose										4,703,609
California Bank and Trust for Specific Purpose										429,243
CAMP 2021A Bond										2,223,639
Petty Cash/Disaster Preparedness										1,496
Total - Active Deposits										7,357,987

DEPOSITS NOT COVERED BY INVESTMENT POLICY

Cash with Fiscal Agents:

Union Bank - RAD 96-1 Refunding Bond	262,847
Union Bank - 2015A Refunding Bond	12,094
SRF Loan	1,610,715
Union Bank - 2016A Refunding Bond	8,298
Union Bank - 2021A WW Revenue Bond	1,655
Union Bank - 2021B Refunding Bond	3,416

Total Deposits Not Covered by Investment Policy

1,899,025

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

INVESTMENTS

Invest. Pools:	US Bank Calif. Asset Mgmt Prgm (CAMP)	Demand	1	5.55%	\$ 24,102,189	\$ 24,102,189	\$ 24,102,189
	State Local Agency Investment Fund (LAIF)	Demand	1	3.93%	5,441,608	5,517,150	5,517,150
	First American Government 31846V567	Demand	1	5.26%	1,158,504	1,158,504	1,158,504
	CB&T Money Market Account	Demand	1	4.77%	3,986,914	3,986,914	3,986,914

U.S. Treasury Notes/Bills

912797FW2	U.S. Treasury Bills	Aaa	-	09/26/23	01/04/24	5		5.39%	5.39%	1,199,652	1,200,000	1,183,150
912797GC5	U.S. Treasury Bills	Aaa	-	07/14/23	01/11/24	12		5.35%	5.36%	1,997,380	2,000,000	1,959,149
912797GC5	U.S. Treasury Bills	Aaa	-	10/12/23	01/11/24	12		5.41%	5.41%	1,498,035	1,500,000	1,469,362
912796ZY8	U.S. Treasury Bills	Aaa	-	10/26/23	01/25/24	26		5.40%	5.41%	996,630	1,000,000	986,728
912797JD0	U.S. Treasury Bills	Aaa	-	11/09/23	02/13/24	45		5.37%	5.40%	993,840	1,000,000	986,110
912797JE8	U.S. Treasury Bills	Aaa	-	11/16/23	02/20/24	52		5.34%	5.38%	1,191,396	1,200,000	1,183,424
912797GP6	U.S. Treasury Bills	Aaa	-	11/30/23	02/29/24	61		5.34%	5.38%	2,627,528	2,650,000	2,615,310
912797GX9	U.S. Treasury Bills	Aaa	-	12/14/23	03/14/24	75		5.32%	5.37%	1,979,240	2,000,000	1,974,464
912797JJ7	U.S. Treasury Bills	Aaa	-	11/29/23	03/19/24	80		5.34%	5.40%	988,880	1,000,000	984,070
912797LL9	U.S. Treasury Bills	Aaa	-	12/21/24	03/21/24	82		5.31%	5.37%	1,977,220	2,000,000	1,973,934
91282CBQ3	U.S. Treasury Notes	Aaa	-	03/09/21	09/30/24	275		0.50%	0.54%	924,100	1,000,000	984,478
912828YH7	U.S. Treasury Notes	Aaa	-	03/09/21	02/28/26	791		1.50%	1.54%	974,880	1,000,000	1,036,684

57 4.85% 4.91% \$ 17,348,781 \$ 17,550,000 \$ 17,336,864

U.S. Agency Securities

3135GAUE1	FNMA Callable	Aaa	AA+	02/13/23	02/09/24	41		5.13%	5.13%	999,630	1,000,000	1,000,000
3130ARYU9	FHLB Callable	Aaa	AA+	05/23/22	02/23/24	55	55	3.00%	3.01%	996,590	1,000,000	1,000,000
3136G4P56	FNMA Callable	Aaa	AA+	08/26/20	02/26/24	58	58	0.40%	0.40%	1,240,750	1,250,000	1,250,000
3130AL6Q2	FHLB Callable	Aaa	AA+	02/26/21	02/26/24	58	1	0.22%	0.22%	991,730	1,000,000	1,000,000
3130AMMV1	FHLB Callable	Aaa	AA+	06/03/21	06/03/24	156	64	0.40%	0.41%	489,910	500,000	500,000
3130ALHM9	FHLB Callable	Aaa	AA+	03/10/21	06/10/24	163	71	0.30%	0.31%	978,540	1,000,000	999,000
3130ANTP5	FHLB Callable	Aaa	AA+	09/16/21	09/16/24	261	77	0.50%	0.52%	968,670	1,000,000	1,000,000
3130ANSP6	FHLB Callable	Aaa	AA+	09/17/21	10/17/24	292	78	0.50%	0.52%	965,000	1,000,000	1,000,000
3130AKEW2	FHLB Callable	Aaa	AA+	11/04/20	11/04/24	310	1	0.43%	0.45%	1,924,980	2,000,000	2,000,000
3130ANGN4	FHLB Step-up Callable	Aaa	AA+	08/18/21	02/18/25	416	50	0.75%	0.78%	965,650	1,000,000	1,000,000
3130AMKE1	FHLB Callable	Aaa	AA+	05/27/21	02/27/25	425	59	0.66%	0.69%	958,980	1,000,000	1,000,000
3134GWAQ9	FHLMC Callable	Aaa	AA+	07/28/20	07/28/25	576	211	0.65%	0.69%	943,390	1,000,000	1,000,000
3130AKGX8	FHLB Step-up Callable	Aaa	AA+	12/15/20	12/15/25	716	76	0.75%	0.79%	1,888,700	2,000,000	2,000,000
3130AKMD5	FHLB Callable	Aaa	AA+	01/26/21	01/26/26	758	27	0.50%	0.54%	924,680	1,000,000	999,500
3130AKUJ3	FHLB Callable	Aaa	AA+	01/28/21	01/28/26	760	29	0.52%	0.56%	924,870	1,000,000	1,000,000
3130AKN69	FHLB Callable	Aaa	AA+	01/28/21	01/28/26	760	29	0.50%	0.54%	924,480	1,000,000	1,000,000
3130AKVN3	FHLB Callable	Aaa	AA+	01/29/21	01/29/26	761	30	0.52%	0.56%	924,780	1,000,000	1,000,000
3130AKWK8	FHLB Callable	Aaa	AA+	02/12/21	02/12/26	775	44	0.51%	0.55%	922,880	1,000,000	1,000,000
3130AKX43	FHLB Step-up Callable	Aaa	AA+	02/24/21	02/24/26	787	56	0.70%	0.76%	1,850,360	2,000,000	2,000,000
3130AL7M0	FHLB Callable	Aaa	AA+	02/24/21	02/24/26	787	56	0.63%	0.68%	924,040	1,000,000	1,000,000
3130AKYR1	FHLB Callable	Aaa	AA+	02/25/21	02/25/26	788	57	0.55%	0.60%	922,430	1,000,000	1,000,000
3130AL6K5	FHLB Callable	Aaa	AA+	02/25/21	02/25/26	788	57	0.58%	0.63%	923,040	1,000,000	1,000,000
3130ALD76	FHLB Callable	Aaa	AA+	02/25/21	02/25/26	788	57	0.70%	0.76%	925,470	1,000,000	1,000,000
3130ALCW2	FHLB Callable	Aaa	AA+	02/25/21	02/25/26	788	57	0.63%	0.68%	923,950	1,000,000	998,500
3130ALGJ7	FHLB Callable	Aaa	AA+	03/23/21	03/23/26	814	24	1.00%	1.08%	905,697	975,000	975,000
3130ALPQ1	FHLB Step-up Callable	Aaa	AA+	03/30/21	03/30/26	821	91	1.00%	1.06%	942,280	1,000,000	1,000,000
3130ALVC5	FHLB Step-up Callable	Aaa	AA+	04/14/21	04/14/26	836	15	1.00%	1.06%	940,700	1,000,000	1,000,000
3130APAY1	FHLB Callable	Aaa	AA+	10/21/21	10/21/26	1,026	22	1.10%	1.20%	915,120	1,000,000	1,000,000
3130APL78	FHLB Callable	Aaa	AA+	10/28/21	10/28/26	1,033	29	1.38%	1.49%	921,790	1,000,000	1,000,000

578 52 0.86% 0.91% \$ 30,029,087 \$ 31,725,000 \$ 31,722,000

Medium Term Notes

Municipal Bonds

882724RA7	TEXAS ST PUB FIN AUTH	Aaa	AAA	10/30/20	10/01/25	641		5.00%	4.96%	1,008,300	1,000,000	1,216,760
						25		5.00%	4.96%	\$ 1,008,300	\$ 1,000,000	\$ 1,216,760
Total Investments						246		3.50%	3.59%	\$ 83,075,383	\$ 85,039,758	\$ 85,040,381

TOTAL - ALL DEPOSITS AND INVESTMENTS

\$ 94,297,394

Olivenhain Municipal Water District
INVESTMENTS TRANSACTION
December 31, 2023

PURCHASED

DATE				Investment Description	<i>Stated</i>	<i>Current</i>	Face Value	Book Value
Purchase	Maturity	Call	Step-Up		Coupon	Yield		
12/14/23	03/14/24			U.S. Treasury Bills	5.318%	5.374%	2,000,000	1,974,464
12/21/24	03/21/24			U.S. Treasury Bills	5.311%	5.372%	2,000,000	1,973,934

MATURED / REDEEMED / CALLED

DATE				Investment Description	<i>Stated</i>	<i>Current</i>	Face Value	Book Value
Redemption	Maturity	Call	Step-Up		Coupon	Yield		
12/14/23	12/14/23			U.S. Treasury Bills	5.401%	5.411%	1,000,000	986,748
12/21/23	12/21/23			U.S. Treasury Bills	5.393%	5.409%	2,000,000	1,973,535
12/18/23	12/18/23			FHLB Discount Note	4.765%	4.777%	1,000,000	957,913
12/29/23	03/29/28	12/29/23		FHLB Callable	6.000%	6.023%	1,000,000	1,000,000

Olivenhain Municipal Water District
UNAUDITED CASH POSITION BY FUNDING SOURCES
As of December 31, 2023

<u>Water Funds (Potable & Recycled)</u>		<u>Balance</u>
10050-100	Cash - Petty Cash Fund	1,496
10010-100	Cash - Operating Fund	17,668,853
10030-100	Cash - Capital and Equipment Fund	37,624,557
10040-100	Cash - Rate Stabilization Fund	11,750,479
10080-100	Cash - Pension Stabilization Fund	668,850
10060-100	Cash - Deposit Work for Other	157,134
14000-500	Restricted Cash - Capacity Fee Fund	6,414,669
Total Water Funds (Potable & Recycled)		<u>74,286,038</u>
 <u>Wastewater Funds</u>		
10010-110	Wastewater - Operating Fund	3,245,201
10030-110	Wastewater - Capital Replacement Fund	9,442,805
10040-110	Wastewater - Rate Stabilization Fund	2,711,170
10080-110	Cash - Pension Stabilization Fund	60,272
Total Wastewater Funds		<u>15,459,448</u>
 <u>Non Fiscal Agent Debt Service Cash</u>		
14020-570	Cash non-agent - RAD 96-1	418,043
10070-561	Cash non-agent - Bond 2015A	621
10070-581	Cash non-agent - Bond 2016A	10,580
14020-521	Cash non-agent - Bond 2021A	2,223,639
14020-522	Cash non-agent - Bond 2021B	-
Total Non Fiscal Agent Debt Service Cash		<u>2,652,882</u>
 <u>Debt Service Funds</u>		
14030-510	SRF Loan - Fiscal Agent	1,610,715
14105-570	Redemption fund - RAD 96-1	214,197
14110-570	Reserve fund - RAD 96-1	48,649
14100-561	Redemption fund - Bond 2015A	12,094
14100-581	Redemption fund - Bond 2016A	8,298
14100-521	Redemption fund - Bond 2021A	1,655
14100-522	Redemption fund - Bond 2021B	3,416
Total Debt Service Funds		<u>1,899,025</u>
TOTAL FUND BALANCES		<u>94,297,394</u>

Memo

Date: February 21, 2024
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 REPORTS**

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

- December 2023 Monthly Statement of Net Position Report.
- December 2023 Statement of Revenues, Expenses, and Changes in Net Position Report.
- December 2023 Consolidated Statement of Cash Flows.
- December 2023 Monthly Consolidated Actual VS Budget Summary and explanation of significant variance report.
- December 2023 Construction In Progress Report.

OLIVENHAIN MUNICIPAL WATER DISTRICT
Statement of Net Position (Unaudited)
All Funds
12/31/2023

Assets

Current assets:

Unrestricted assets:

Cash and cash equivalents	\$80,642,549
Accounts receivable - water and sewer, net	7,029,695
Interest Receivable	293,588
Taxes receivable	210,021
Other receivables	234,743
Lease receivable	403,389
Inventories	1,708,219
Prepaid expenses and deposits	1,476,298
Total unrestricted assets	<u>91,998,501</u>

Restricted assets:

Cash and cash equivalents	10,707,466
Assesments receivable	49,645
Grants receivable	833,279
Total restricted assets	<u>11,590,390</u>
Total current assets	<u>103,588,891</u>

Noncurrent assets:

Capital assets, nondepreciable	47,778,692
Capital assets, depreciable/amortizable, net	<u>328,203,364</u>
Capital assets, net	375,982,056
Prepaid bond insurance	15,468
Lease receivable	9,355,778
Total noncurrent assets	<u>385,353,301</u>
Total assets	<u>488,942,193</u>

Deferred Outflows of Resources

Deferred amount on refunding	(787,425)
Deferred amount from pension	<u>(7,296,286)</u>
Total deferred outflows of resources	<u>(8,083,711)</u>

Liabilities

Current Liabilities

Liabilities payable from unrestricted assets:

Accounts payable	6,022,976
Accrued payroll	404,405
Customer deposits	390,446
Payable related to work in progress	148,377
Compensated absences, current portion	961,315
Current portion of long-term debt:	
Wastewater Revenue Bonds 2021A	211,680
Wastewater Refunding Revenue Bonds 2021B	575,630
Water Revenue Refunding Bonds 2016A	585,000
Water Revenue Refunding Bonds 2015A	1,935,000
Special Assessment Debt with Government Commi...	892,931
Notes Payable	836,526
Subscription Liability	67,952
Total liabilities payable from unrestricted assets	<u>13,032,238</u>

Liabilities payable from restricted assets:

Accounts payable	49,613
Interest payable	308,817
Total liabilities payable from restricted assets	<u>358,430</u>
Total current liabilities	<u>13,390,669</u>

Noncurrent liabilities

Compensated absences	1,155,294
Net pension liability	16,832,760
Long-term debt, excluding current portion:	
Wastewater Revenue Bonds 2021A	4,377,480
Wastewater Refunding Revenue Bonds 2021B	2,368,430
Water Revenue Refunding Bonds 2016A	12,410,761
Water Revenue Refunding Bonds 2015A	9,370,527
Special Assessment Debt with Government Commi...	2,797,851
Notes Payable	9,508,814
Subscription Liability	<u>47,800</u>

OLIVENHAIN MUNICIPAL WATER DISTRICT
Statement of Net Position (Unaudited)

All Funds

12/31/2023

Total noncurrent liabilities

58,869,717

Total liabilities

72,260,386

Deferred Inflows of Resources

Deferred amounts on pension

720,171

Deferred amounts on leases

8,953,346

Total deferred inflows of resources

9,673,517

Net Position

Investment in Capital Assets, net of related debt

333,006,737

Restricted Net Position

9,008,321

Unrestricted Net Position

73,076,943

Total Net Position

415,092,001

OLIVENHAIN MUNICIPAL WATER DISTRICT
Statement of Revenues, Expenses and Changes in Net Position (Unaudited)
All Funds
For the Six Months Ending 12/31/2023

	<u>2024</u>
Operating Revenues:	
Water Sales	\$31,661,377
Sewer Charges	1,498,552
Other Water Operating revenues	567,059
Total Operating Revenues	<u>33,726,988</u>
Operating Expenses	
Cost of Purchased Water Sold	16,580,985
Pumping and Water Treatment	2,737,755
Transmission and Distribution	2,399,946
Sewer Collection and Treatment	940,877
Elfin Forest Recreation Operations	217,794
Facilities Maintenance	649,865
Customer Service	1,125,073
General and Administrative	3,945,735
Depreciation and Amortization	4,777,380
Total Operating Expenses	<u>33,375,410</u>
Operating Income (Loss)	351,579
Nonoperating Revenues (Expenses)	
Investment income	1,498,609
Property taxes	2,049,598
Capacity charges	107,587
Benefit assessments	319,381
Other nonoperating revenues	462,143
Interest expense, net	(634,572)
Other nonoperating expenses	(327,377)
Total nonoperating revenues (expenses)	<u>3,475,367</u>
Income before capital contributions	3,826,946
Capital contributions	31,932
Change in net position	3,858,878
Net Position, Beginning of year	<u>411,233,123</u>
Net Position, End of year	<u><u>415,092,001</u></u>

OLIVENHAIN MUNICIPAL WATER DISTRICT
CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
AS OF DECEMBER 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from water and sewer customers	\$ 35,215,115
Payments for water	(17,282,587)
Payments for services and supplies	(5,864,706)
Payments for employee wages, benefits and related costs	(8,293,297)
Net cash provided by operating activities	<u>3,774,525</u>

CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:

Property taxes and benefit assessments received	<u>2,372,540</u>
Net cash provided by noncapital and related financing activities	<u>2,372,540</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Acquisition and construction of capital assets	(6,012,361)
Proceeds from Grants	1,245,509
Principal paid on long-term debt	(1,040,139)
Interest paid on long-term debt	(481,775)
Capacity charges received	107,587
Other capital financing receipts (expenses)	206,981
Net cash used by capital and related financing activities	<u>(5,974,198)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Investment income received	<u>1,542,548</u>
Net cash provided (used) by investing activities	<u>1,542,548</u>

Net increase (decrease) in cash and cash equivalents 1,715,415

Cash and cash equivalents, beginning of year 53,421,745

Cash and cash equivalents, end of period \$ 55,137,160

FINANCIAL STATEMENT PRESENTATION:

Cash and cash equivalents - current assets	47,191,095
Cash and cash equivalents - restricted assets	7,946,065
Total cash and cash equivalents	<u><u>\$ 55,137,160</u></u>

CASH AND CASH EQUIVALENTS RECONCILIATION			
		Balance Includes Mkt Securities	Without Mkt Securities
Unrestricted cash	12/31/2023	80,642,549	47,191,095
Restricted cash	12/31/2023	10,707,466	7,946,065
Total cash and cash equivalents			<u><u>55,137,160</u></u>

OLIVENHAIN MUNICIPAL WATER DISTRICT
Consolidated Actual vs Budget Summary
For the Six Months Ending 12/31/2023

	Approved Budget	Actual YTD	Budget YTD	Variance Amt	Variance %	Notes
Operating Revenues						
Commodity Water Sales	\$45,715,000.00	\$23,337,691.04	\$25,833,300.00	(\$2,495,608.96)	(9.7%)	1
Water Fees and Services	18,651,000.00	8,890,745.03	9,329,100.00	(438,354.97)	(4.7%)	2
Sewer Revenue	5,390,000.00	1,498,552.29	1,717,900.00	(219,347.71)	(12.8%)	3
Total Operating Revenues	69,756,000.00	33,726,988.36	36,880,300.00	(3,153,311.64)	(8.6%)	
Operating Expenses						
Purchased Water - Variable	24,514,000.00	12,303,975.42	14,764,480.00	2,460,504.58	16.7%	1
Purchased Water - Fixed	8,731,000.00	4,277,010.00	4,279,100.00	2,090.00	0.0%	
General Manager Dept	2,102,000.00	1,070,753.77	1,051,260.00	(19,493.77)	(1.9%)	4
Engineering Dept	2,497,000.00	1,185,435.54	1,248,180.00	62,744.46	5.0%	4
Finance Dept	1,713,000.00	837,754.66	856,200.00	18,445.34	2.2%	4
Customer Service Dept	3,104,000.00	1,373,118.81	1,552,956.00	179,837.19	11.6%	4
Human Resources Dept	860,300.00	413,079.41	430,548.00	17,468.59	4.1%	4
Water Operations and Maintenance Dept	12,339,000.00	6,033,824.66	6,231,934.00	198,109.34	3.2%	4
Parks Dept	451,000.00	238,931.69	226,416.00	(12,515.69)	(5.5%)	4
Other Operating Expenses	50,000.00		25,200.00	25,200.00	100.0%	
Sewer Operations and Maintenance Dept	3,269,000.00	1,513,999.63	1,634,298.00	120,298.37	7.4%	4
Recycled Water Operations Dept	1,293,000.00	532,058.60	646,560.00	114,501.40	17.7%	4
Paygo Transfers						
Water Operations	5,400,000.00	2,700,000.00	2,700,000.00		0.0%	
Sanitation Operations	1,100,000.00	552,000.00	552,000.00		0.0%	
Recycled Operations	2,200,000.00	1,098,000.00	1,098,000.00		0.0%	
Capitalized Operations Expenditures	(1,619,000.00)	(754,532.51)	(811,620.00)	(57,087.49)	7.0%	5
Total Operating Expenses	68,004,300.00	33,375,409.68	36,485,512.00	3,110,102.32	8.5%	
Net Operating Income (Loss)	1,751,700.00	351,578.68	394,788.00	(43,209.32)		
Nonoperating Revenues						
Water Funds	6,571,200.00	3,435,104.55	2,405,420.00	1,029,684.55	42.8%	6
Debt Service Funds	1,044,000.00	419,601.83	368,180.00	51,421.83	14.0%	6
Sewer Funds	29,000.00	94,174.76	14,400.00	79,774.76	554.0%	6
Recycled Water Funds	225,000.00	117,197.50	112,680.00	4,517.50	4.0%	
Total Nonoperating Revenue	7,869,200.00	4,066,078.64	2,900,680.00	1,165,398.64	40.2%	
Nonoperating Expense						
Capacity Fee Funds	30,000.00	14,883.30	14,880.00	(3.30)	(0.0%)	
Debt Service Funds	1,400,000.00	678,251.07	701,100.00	22,848.93	3.3%	
Potable Water Funds	493,000.00	268,815.25	246,300.00	(22,515.25)	(9.1%)	7
Total Nonoperating Expense	1,923,000.00	961,949.62	962,280.00	330.38	0.0%	
Inc before Cap Fees and Capital Contributions	7,697,900.00	3,455,707.70	2,333,188.00	1,122,519.70		
Capacity Fee Funds	798,000.00	371,237.86				
Capital contributions	2,429,000.00	31,932.40				
Change in Net Position		3,858,877.96				

OLIVENHAIN MUNICIPAL WATER DISTRICT
Actual vs Budget Variance
For the Six Months Ending 12/31/2023

1. Water Sales revenue was lower than Budget YTD by approximately \$2.5 million resulting in an unfavorable variance of 9.7%. The negative variance is primarily due to lower water consumption than budgeted. Consumption has remained lower than expected coming out of a particularly wet season this past winter which has continued into this current winter with El Niño weather conditions. Consequently, purchased water variable expenses were also lower than the Budget YTD for a favorable variance of \$2.5 million or 16.7%.
2. Water Fees and Services revenue were lower than Budget YTD primarily due the amount of water treatment services provided to Vallecitos Water District (VWD) being lower than anticipated in the budget. Water supply from the District's treatment plant was limited in July and August due to water quality issues from San Diego County Water Authority which reduced the amount of water being supplied to VWD.
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. General Manager actual departmental expenses exceed Budget YTD primarily due to legal costs. Parks actual departmental expenses exceed Budget YTD due to an increase in their allocation of support costs from other departments based on the most recent cost allocation plan.
5. Actual Capitalized Operating Expenses were lower than the Budget YTD amount due to the timing of capitalized labor spent on District projects. The Budget YTD amount assumes expenditures are incurred evenly throughout the year.
6. Actual Non-operating Revenues – Water Funds, Debt Service Funds, and Sewer Funds were greater than Budget YTD for a positive variance due to higher interest income earned on investments from increased yields on short-term investments and the timing of property tax revenues received from the County. Additionally, the Water Fund also includes revenue from the sale of fixed assets from the auction that took place in October.
7. Actual Non-operating Expenses – Potable Water Funds were greater than the Budget YTD amount for a negative variance due to the cumulative amount of rate reimbursement credits issued to customers through December. The Budget YTD amounts assume credits are issued evenly throughout the year.

Construction Work In Progress Report as of 12/31/2023

Project Name	Budget	Appropriation to Date	Expenditures & Encumbrance	(Over) / Under
Replace Neighborhood 1 SPS	\$8,132,000	\$8,132,000	\$7,862,284	\$269,716
San Dieguito Desalination	\$42,837,000	\$6,662,000	\$6,227,512	\$434,488
HOA Pipeline Ext - CB, VP, SH	\$4,145,000	\$4,145,000	\$3,573,318	\$571,682
DCMWTP 4th Stage Centrifuge	\$3,340,000	\$3,340,000	\$363,964	\$2,976,036
RSFe Rd Unit A North PL	\$2,094,000	\$2,094,000	\$401,258	\$1,692,742
District-Wide PLC replacements	\$1,280,000	\$1,280,000	\$204,802	\$1,075,198
District-Wide PLC Repl (WW)	\$1,280,000	\$1,280,000	\$194,666	\$1,085,334
Replace Valves	\$8,856,000	\$1,106,000	\$180,886	\$925,114
Replace Pipelines	\$8,878,000	\$965,000	\$125,168	\$839,832
Village Park PRS	\$960,000	\$960,000	\$134,292	\$825,708
Gardendale PRS	\$960,000	\$960,000	\$126,346	\$833,654
Replace DCMWTP Membranes	\$8,970,000	\$900,000	\$772,887	\$127,113
DCMWTP Condition Assessment	\$690,000	\$690,000	\$681,535	\$8,465
Fixed Base AMI	\$2,416,000	\$679,000	\$326,253	\$352,747
Replace Headworks Manual Sys	\$3,160,000	\$619,000	\$453,533	\$165,467
Gaty II Safety Improvements	\$590,000	\$590,000	\$108,646	\$481,354
Pot & Recycled Master Plan	\$583,000	\$583,000	\$477,655	\$105,345
Units B & K Rehabilitation	\$2,095,000	\$562,000	\$235,080	\$326,920
Parking & Access Improvements	\$575,000	\$556,200	\$556,690	(\$490) #
Hydropower Turbine Refurb	\$850,000	\$450,000	\$413,247	\$36,753
Replace Potable Meters	\$4,921,000	\$415,000	\$235,128	\$179,872
Residuals Handling Bldg Canopy	\$400,500	\$400,500	\$51,453	\$349,047
Steel Mains Protection	\$3,455,000	\$393,000	\$347,585	\$45,415
Ext. 153 Flow Meter	\$385,000	\$285,000	\$118,554	\$166,446
District-Wide Scada Upgrades	\$256,000	\$256,000	\$240,662	\$15,338
Raw Water Equalizer Tank Rehab	\$250,000	\$250,000	\$549	\$249,451
DCMWTP 2nd Stage Memb. Train	\$807,500	\$232,500	\$47,631	\$184,869
Palms I and II Reservoirs	\$1,307,000	\$223,000	\$74,065	\$148,935
EFRR Parking Lot Repair	\$990,000	\$218,000	\$75,269	\$142,731
4SWRF Digester Blower Replmnt	\$200,000	\$200,000	\$181,164	\$18,836
Replace WW Pumps/ Motors/Equip	\$2,024,000	\$175,000	\$153,198	\$21,802
WW Master Plan	\$170,000	\$170,000	\$170,899	(\$899) *
Collection System SPS Rehab	\$912,000	\$169,000	\$168,323	\$677
Rancho La Cima/Aliso Canyon PL	\$300,000	\$165,000	\$63,152	\$101,848
Cielo SPS Flow Meters	\$413,000	\$163,000	\$119,699	\$43,301
Replace Meter Anodes	\$1,754,000	\$152,000	\$25,566	\$126,434
Manchester Recyc PL Exten.	\$5,225,000	\$150,000	\$89,360	\$60,640
District-Wide Facility Securit	\$240,000	\$150,000	\$66,828	\$83,172
Golem 14" PipeIn Cond. Assess.	\$150,000	\$150,000	\$16,934	\$133,066
Fleet Electrification Plan	\$150,000	\$150,000	\$19,113	\$130,887
Wanket RW Reservoir Rehab	\$150,000	\$150,000	\$10,916	\$139,084
Encinitas Blvd Insp. & Repair	\$682,000	\$145,000	\$2,843	\$142,157
Chlorine Gen Rm Lining Rehab	\$145,000	\$145,000	\$20,822	\$124,178
Replace Pot. Pumps and Motors	\$1,022,000	\$123,000	\$46,955	\$76,045
Network Security	\$1,175,000	\$115,000	\$8,774	\$106,226
SWPPP Facility Improvements	\$107,100	\$107,100	\$108,650	(\$1,550) ^
Emergency Repair RSF Rd	\$105,000	\$105,000	-	\$105,000
Bob Topolovac Memorial Crtyrd	\$68,700	\$68,700	\$68,652	\$48
4S WRF Scada Upgrades	\$64,000	\$64,000	\$59,117	\$4,883
Recycled Conversions	\$719,000	\$62,000	\$18,390	\$43,610
Replace PRS Valves	\$602,600	\$52,000	-	\$52,000
Rancho Cielo Manhole Lining	\$586,000	\$50,000	-	\$50,000
CIS System Upgrade	\$305,000	\$38,500	\$1,713	\$36,787
Catalytic Converter Theft Prev	\$38,000	\$38,000	\$9,982	\$28,018
4S Physical Security Upgrades	\$210,000	\$30,000	\$525	\$29,475
Physical Security Upgrades	\$250,000	\$25,000	\$6,021	\$18,979
Replace Overflow Pond Strainer	\$231,000	\$25,000	\$12,665	\$12,335
4S System Manhole Lining	\$206,000	\$18,000	-	\$18,000
Meter Replacement, Recycled	\$241,000	\$18,000	\$4,272	\$13,728
Automotive Equipment Purchases (Small Cap)	\$581,000	\$581,000	\$511,827	\$69,173
Shop & Field Equipment Purchases (Small Cap)	\$46,000	\$46,000	\$44,016	\$1,984
Computer Hardware/Software Purchases (Small Cap)	\$87,500	\$87,500	\$3,175	\$84,325
Office Furniture/Equipment Purchases (Small Cap)	\$35,000	\$35,000	\$18,915	\$16,085
Total:	\$134,657,900	\$43,149,000	\$26,643,383	\$16,505,617

Project is complete. Total cost came in slightly over budget but is within Manager approval limit.

*Project overage includes \$63,200 in encumbered funds for consulting services. Actual costs may come in less than budgeted. Overage is within Manager approval limit.

^Project overage includes \$8,785 in encumbered funds for FEMA analysis. Actual costs may come in less than budgeted. Overage is within Manager approval limit.

Memo

Date: February 21, 2024
To: Olivenhain Municipal Water District Board of Directors
From: Kimberly A. Thorner, General Manager
Subject: **CONSIDER ADOPTION OF A RESOLUTION HONORING LAKESIDE WATER DISTRICT'S 100-YEAR ANNIVERSARY**

Purpose

The purpose of this agenda item is to honor Lakeside Water District's 100-year anniversary.

Recommendation

Staff recommends the board show its support and honor Lakeside Water District's 100-year anniversary by adopting this resolution.

Alternative(s)

The board may choose not to support and honor Lakeside Water District's 100-year anniversary.

Background

On August 11, 1924, Lakeside Irrigation District was created to provide water to the farms, orchards and the vibrant historical town center of the growing community of Lakeside. In June 1944, the Lakeside Irrigation District (renamed Lakeside Water District in 1980) was one of nine agencies that formed the San Diego County Water Authority, thus securing a stable for the community and setting off a growth boom that lasted into the 1980's.

The Lakeside Water District has taken the lead to manage and consolidate water rights and responsibilities throughout the surrounding communities over its history. The Lakeside Water District has maintained its small-town character while building and maintaining a technically modern and efficiently maintained water system. The dedicated efforts of the Board of Directors of the Lakeside Water District and staff have played a major role in maintaining the quality of life and contributing to the economic growth in the community of Lakeside. Congratulations to the Lakeside Water District who on August 10, 2024, will celebrate 100 years of service and dedication to the community of Lakeside.

Fiscal Impact

There are no costs associated with this item.

Discussion

The board's adoption of this resolution would demonstrate its support of Lakeside Water District and honor their 100-year anniversary. The General Manager will ensure appropriate delivery and presentation to the Lakeside Water District.

Attachments: Resolution 2024-xx

RESOLUTION NO. 2024-XX
RESOLUTION OF THE BOARD OF DIRECTOR'S OF
THE ONLIVENHAIN MUNICIPAL WATER DISTRICT
CONGRATULATING LAKESIDE WATER DISTRICT
ON ITS 100th ANNIVERSARY

WHEREAS, on August 10, 2024, the Lakeside Water District will celebrate 100 years of providing a reliable supply of high-quality water that meets the needs of its customers in a reliable and cost effective manner; and

WHEREAS, an election was held on July 29, 1924, and the eligible voters participated with the outcome of the election being 54 votes for and 4 votes against formation of Lakeside Irrigation District (renamed Lakeside Water District in 1980); and

WHEREAS, on August 11, 1924, Lakeside Irrigation District was created to provide water to the farms, orchards and the vibrant historical town center of the growing community of Lakeside; and

WHEREAS, in June 1944, the Lakeside Irrigation District was one of nine agencies that formed the San Diego County Water Authority, thus securing a stable for the community and setting off a growth boom that lasted into the 1980's; and

WHEREAS, the Lakeside Water District has taken the lead to manage and consolidate water rights and responsibilities throughout the surrounding communities over its history; and

WHEREAS, the Lakeside Water District has maintained its small town character while building and maintaining a technically modern and efficiently maintained water system; and

WHEREAS, the dedicated efforts of the Board of Directors of the Lakeside Water District and staff have played a major role in maintaining the quality of life and contributing to the economic growth in the community of Lakeside.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Olivenhain Municipal Water District recognizes and congratulates Lakeside Water District on its 100 years of service and dedication to the community of Lakeside.

PASSED AND ADOPTED by the Board of Directors of the Olivenhain Municipal Water District at a regular meeting on February 21, 2024.

Christy Guerin, President
Board of Directors
Olivenhain Municipal Water District

ATTEST:

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

Memo

Date: February 21, 2024
To: Olivenhain Municipal Water District Board of Directors
From: Melody Colombo, Administrative Analyst
Via: Kimberly A. Thorner, General Manager
Subject: **CONSIDER ADOPTION OF A RESOLUTION PROCLAIMING MAY 2024 AS WATER AWARENESS MONTH, MAY 5-11, 2024 AS NATIONAL DRINKING WATER WEEK, AND MAY 19-25, 2024 AS NATIONAL PUBLIC WORKS WEEK**

Purpose

The purpose of this agenda item is to consider supporting the statewide Water Awareness Month campaign which will be celebrated in May 2024, the American Water Works Association's National Drinking Water Week which will be celebrated May 5-11, 2024, and the American Public Works Association's National Public Works Week which will be celebrated May 19-25, 2024.

Recommendation

Staff recommends the board show its support of Water Awareness Month, National Drinking Water Week, and National Public Works Week by adopting this resolution.

Alternative(s)

The board may choose not to support Water Awareness Month, Drinking Water Week, and/or National Public Works Week in 2024.

Background

The month of May is recognized each year as Water Awareness Month as part of a statewide campaign to heighten public awareness of water and the role water agencies play in water use efficiency, water supply management, water quality, and distribution. Key elements of OMWD's outreach efforts include the WaterSmart Landscape Contest the fourth-grade calendar contest, as well as water awareness outreach and education in collaboration with local elementary schools.

For more than 40 years, the American Water Works Association and its members have celebrated National Drinking Water Week – a unique opportunity for both water professionals and the communities they serve to join together to recognize the vital role water plays in our daily lives. National Drinking Water Week will be celebrated May 5-11, 2024.

National Public Works Week (NPWW) is a celebration of the tens of thousands of men and women in North America who provide and maintain the infrastructure and services collectively known as public works. Instituted as a public education campaign by the American Public Works Association in 1960, NPWW calls attention to the importance of public works in community life. The week-long celebration seeks to enhance the prestige of the professionals who serve the public good every day. The theme for this year's effort is "Connecting the World," educating the public on the importance of public works in their daily lives: planning, building, managing, and operating at the heart of local communities to improve everyday quality of life. NPWW will be celebrated May 19-25, 2024.

Historically, the board has annually recognized Water Awareness Month, National Drinking Water Week, and National Public Works Week, including most recently in 2023 with the approval of Resolution 2023-04.

Fiscal Impact

There are no costs associated with this item outside of normal operations.

Discussion

The board's adoption of this resolution demonstrates its support of Water Awareness Month, National Drinking Water Week, and National Public Works Week.

The three events will be highlighted on OMWD's website and on social media.

In honor of NPWW, OMWD's General Manager will plan an event to thank employees for their hard work and dedication all year long.

Attachments: Resolution 2024-xx

RESOLUTION NO. 2024-xx

RESOLUTION OF THE BOARD OF DIRECTORS OF OLIVENHAIN
MUNICIPAL WATER DISTRICT PROCLAIMING MAY 2024 AS
WATER AWARENESS MONTH, MAY 5-11, 2024 AS NATIONAL
DRINKING WATER WEEK, AND MAY 19-25, 2024 AS NATIONAL
PUBLIC WORKS WEEK

WHEREAS, Water Awareness Month, American Water Works Association's National Drinking Water Week, and American Public Works Association's National Public Works Week are events designed to raise public awareness of how public works services provide the community with an integral part of the quality of citizens' everyday lives, and how vital water quality and water supply are for California; and

WHEREAS, the support of an understanding and informed citizenry is vital to the efficient operation of public works systems, public outreach, and water use efficiency programs; and

WHEREAS, public agencies throughout California have supported Water Awareness Month, National Drinking Water Week, and National Public Works Week and are participating in this program under the philosophy that ongoing annual events and outreach will keep people informed about the vital role played by these facilities and services in the quality of life, safety, and comfort of the community, as well as the need for water use efficiency year-round; and

WHEREAS, Olivenhain Municipal Water District will work to increase the awareness of water as a precious resource, and will celebrate its delivery by qualified and dedicated personnel, and of the importance of the work they perform.

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

SECTION 1: The Board of Directors does proclaim May 2024 as Water Awareness Month, May 5-11, 2024 as National Drinking Water Week, and May 19-25, 2024 as National Public Works Week.

SECTION 2: The Board of Directors does hereby urge water agencies, members of the business community, chambers of commerce, service clubs, schools, and other organizations to support and assist in the public awareness of water use efficiency and public works services.

PASSED, ADOPTED, AND APPROVED, at a regular meeting of the Board of Directors of Olivenhain Municipal Water District held on Wednesday, February 21, 2024.

Christy Guerin, President
Board of Directors
Olivenhain Municipal Water District

ATTEST:

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

Memo

Date: February 21, 2024

To: Olivenhain Municipal Water District Board of Directors

From: Mark Wilson, Operations Supervisor
John Onkka, Water Reclamation Facilities Supervisor

Via: Kimberly A. Thorner, General Manager

Subject: **CONSIDER ACCEPTANCE OF THE VALVE REPLACEMENT EXCAVATION AND PAVING SUPPORT SERVICES PROJECT FOR FY 2022-2023 AND THE RANCHO CIELO SEWER PUMP STATION FLOW METER INSTALLATION PROJECT (C.E. WILSON CORPORATION) INTO OMWD'S SYSTEM AND ORDER NOTICES OF COMPLETION FILED**

Purpose

The purpose of this agenda item is to consider acceptance of the Valve Replacement Excavation and Paving Support Services Project No. D120075 (VRP) for FY 2022-2023 and the Rancho Cielo Sewer Pump Station Flow Meters Installation Project No. D700038 into the Olivenhain Municipal Water District's (OMWD) system and authorize the filing of a Notices of Completion with the San Diego County Recorder.

Recommendation

Staff recommends acceptance of the VRP FY 22/23 into OMWD's system.

Alternative(s)

There are no alternatives to accepting these projects into OMWD's system. The projects are complete.

Background

When functional, valves throughout a water distribution system allow for isolation of sections of pipeline in the event of leaks, hit hydrants, or other damage. Older valves may not work properly in these situations, potentially requiring costly, unplanned replacements during which customers receive little or no advance notice of a service interruption. The planned replacement of these valves dramatically reduces replacement costs and creates an inconvenience to OMWD customers. The VRP was identified in Board approved 2023 Annual Objective #39: "Complete the replacement of 50 valves in support of the annual Valve Replacement Project." This project assists in reducing the broken valve backlog and keeps pace with the anticipated valve failure rate.

Staff identified 57 valves located throughout the Rancho Santa Fe area for replacement in the VRP FY 22/23, 10 of which were replaced by OMWD staff. Following a public contract code process, three (3) contractors were approved to bid on the VRP. C.E. Wilson was the lowest bidder among the pre-qualified contractors. The Board awarded a contract to C.E. Wilson at the August 17, 2022 meeting.

As part of 2023 Annual Objective #9: "Complete installation of flow meters at two Rancho Cielo sewer pump stations," staff identified and recommended the installation of flow meters at three pump stations: Camino Sin Puente #4, Avenida Apice and Cerro Del Sol #2, in the Rancho Cielo Collection system. The need for these were twofold: to better and more easily monitor the flow leaving each pump station and to help identify areas of Inflow and Infiltration (I&I) in the Rancho Cielo Collection System.

Fiscal Impact

There were four (4) construction change orders for the project with an increase of \$40,024.40. OMWD requested C.E. Wilson perform additional over-depth excavation work on an 8" Asbestos Cement (AC) main on Circo Diegueno. Changes to the construction scope were made and documented through Construction Change Order No. 1, which was approved under the General Manager's approval authority on January 17, 2023.

C.E. Wilson was requested to facilitate the flow meter installation at the three (3) Rancho Cielo sewer pump stations. Change Order No. 2 documented this additional work and was approved under the General Manager's approval authority on June 30, 2023.

A summary of the construction contract is presented below.

	Authorization	Amount
C.E. Wilson	Contract	\$448,150.00
C.E. Wilson	CCO#1 _ Additional over depth excavation on 8" AC main on Circo Digueno	\$4,024.40
C.E. Wilson	CCO#2 – Excavate and set vaults at three (3) sewer pump stations in Rancho Cielo and extend contract an additional 150 Calendar Days	\$36,000.00
C.E. Wilson	CCO#3 – No cost change order to extend contract an additional 60 Calendar Days	\$0
C.E. Wilson	CCO#4 – No cost change order to extend contract an additional 60 Calendar Days	\$0
	Total	\$488,174.40

Discussion

The valves have been replaced, are fully operational and are now in service per OMWD's plans and specifications and construction is now complete. The three flow meters are in place and operational at the Rancho Cielo sewer pump stations. Staff recommends acceptance of the projects and filing of Notices of Completion, and release of retention funds to the contractor following the 60-day notice period, provided no claims are filed.

Staff will be available to answer questions.

*Attachment(s):
Notices of Completion*

**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 Valve Replacement Project Excavation and Paving Support Services Contract FY 2022-2023 located at various locations within Rancho Santa Fe 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 C.E. WILSON CORPORATION ("Contractor"), located at 662 Grand Avenue, Spring Valley, CA 91977, have been completed in accordance with the plans and specifications as of February 21, 2024. The facilities have been accepted by the Board of Directors of the OLIVENHAIN MUNICIPAL WATER DISTRICT on this 21st day of February, 2024.

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: _____, 2024

By: _____
Kimberly A. Thorner
General Manager (Seal)

District Project No. D120075 – Valve Replacement Project Excavation and Paving Support Services Contract FY 2022-2023

**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 Rancho Cielo Sewer Pump Station Flow Meters Installation located at three pump stations within Rancho Santa Fe (7853 Camino Sin Puente, 1170 Cerro Del Sol, and 1212 Avenida Apice) 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 C.E. WILSON CORPORATION ("Contractor"), located at 662 Grand Avenue, Spring Valley, CA 91977, have been completed in accordance with the plans and specifications as of February 21, 2024. The facilities have been accepted by the Board of Directors of the OLIVENHAIN MUNICIPAL WATER DISTRICT on this 21st day of February, 2024.

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: _____, 2024

By: _____
Kimberly A. Thorner
General Manager (Seal)

Memo

Date: February 21, 2024
To: Olivenhain Municipal Water District Board of Directors
From: Jesse Bartlett-May, Operations Manager
Via: Kimberly A. Thorner, General Manager
Subject: **PROVIDE UPDATE ON THE RANCHO SANTA FE ROAD EMERGENCY LEAK REPAIR PROJECT AS AN EMERGENCY PROJECT IN ACCORDANCE WITH CALIFORNIA PUBLIC CONTRACT CODE SECTION 1102**

Purpose

The purpose of this agenda item is to provide an update on the declaration of the Rancho Santa Fe Road (Rancho Santa Fe) Emergency Leak Repair Project No. D120194 as an Emergency Project in accordance with California Public Contract Code Section 1102.

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

Alternative(s)

There is no alternative to performing the repair work on the leaking pipeline. California Public Contract Code Section 1102 states, "Emergency, as used in this code, means a sudden, unexpected occurrence that poses a clear and imminent danger, requiring immediate action to prevent or mitigate the loss or impairment of life, health, property, or essential public services." The failure to complete the Rancho Santa Fe Road Leak Repair project could cause public property damage, impacts to public health, impacts to the environment, and limit potable water and fire service to customers within a portion of OMWD thereby creating a loss of essential public services.

Background

Rancho Santa Fe Road is a heavily trafficked road located in Director Division 5 (Meyers) and contains a 12-inch distribution main C900 polyvinyl chloride (PVC) pipeline, constructed in 2000, 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 the morning of Thursday, January 4, 2024, OMWD staff noticed water in the roadway on northbound Rancho Santa Fe Road immediately across from the OMWD headquarters. Upon investigation, OMWD discovered a leak in a 12-inch distribution main in the roadway. Systems Operators were able to isolate and shut off water to this main and rework system operations such that no OMWD customers were out of water. Upon commencement of the work, staff found that the overlay of asphalt on this road was over 14" thick and the top of the pipe was 13 feet deep and located under the City of Carlsbad's storm drain.

On January 4, 2024, the General Manager declared an emergency based on both the OMWD Administrative Code §3.2.1 and California Public Contract Code §1102. The Board approved a contract with C.E. Wilson at the January 17, 2024 Board meeting for the leak repairs and also determined that pursuant to CEQA, the Rancho Santa Fe Road Emergency Leak Repair Project is considered an Emergency Project under Public Resources Code 21080(b)(2) and Statutorily Exempt under CEQA guidelines Section 15269(b) and (c). Staff filed the Notice of Exemption with the San Diego County Clerk and the State Clearinghouse at the Governor's Office of Planning and Research (OPR).

Fiscal Impact

The Rancho Santa Fe Road Emergency Leak Repair Project covers: 1) construction contract with C.E. Wilson, 2) OMWD labor, 3) materials needed to repair the leak, and 4) support services required by outside contractors on a time and materials basis.

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

In which FY did this capital project first appear in the CIP budget? **2024**

Total Project Budget: **\$105,000**

Current Fiscal Year Appropriation: **\$105,000**

To Date Approved Appropriations: **\$105,000**

Target Project Completion Date: **February 29, 2024**

Expenditures and Encumbrances as of (February 5, 2024): **\$66,284.57**

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

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

Discussion

Due to the depth of the excavation, 15 feet x 12 feet, and the collapsing trench walls, a shoring box and bigger equipment were required, which exceeded the capabilities of OMWD owned equipment. Public Contract Code Section 22035 authorizes OMWD, "In cases of emergency ... may proceed at once to replace or repair any public facility without ... giving notice for bids to let contracts." Staff contacted two contractors (C.E. Wilson Corporation and Piperin Corporation). C.E. Wilson was able to respond to assist with the necessary equipment and a shoring box capable of this depth. Repairs to the pipeline were completed by OMWD staff on January 5, 2024. Recent rains and the development of the traffic control plan, and its permitting from the City of Carlsbad, have delayed paving restoration. Completion of the paving restoration is expected by Southland Paving in mid-February 2024.

As the board is aware, pipelines are not insured, but damage to property of others caused by leaks is insured. Staff evaluated the portion of the project that could be allocated to repair to the roadway versus repair to the pipeline and whether submittal of the ultimate amount that is attributable to repair to the roadway makes financial sense as this could impact the retroactive adjustment from ACWA JPIA back to OMWD. OMWD staff has preserved its right to file a claim with ACWA by submitting an informational claim report.

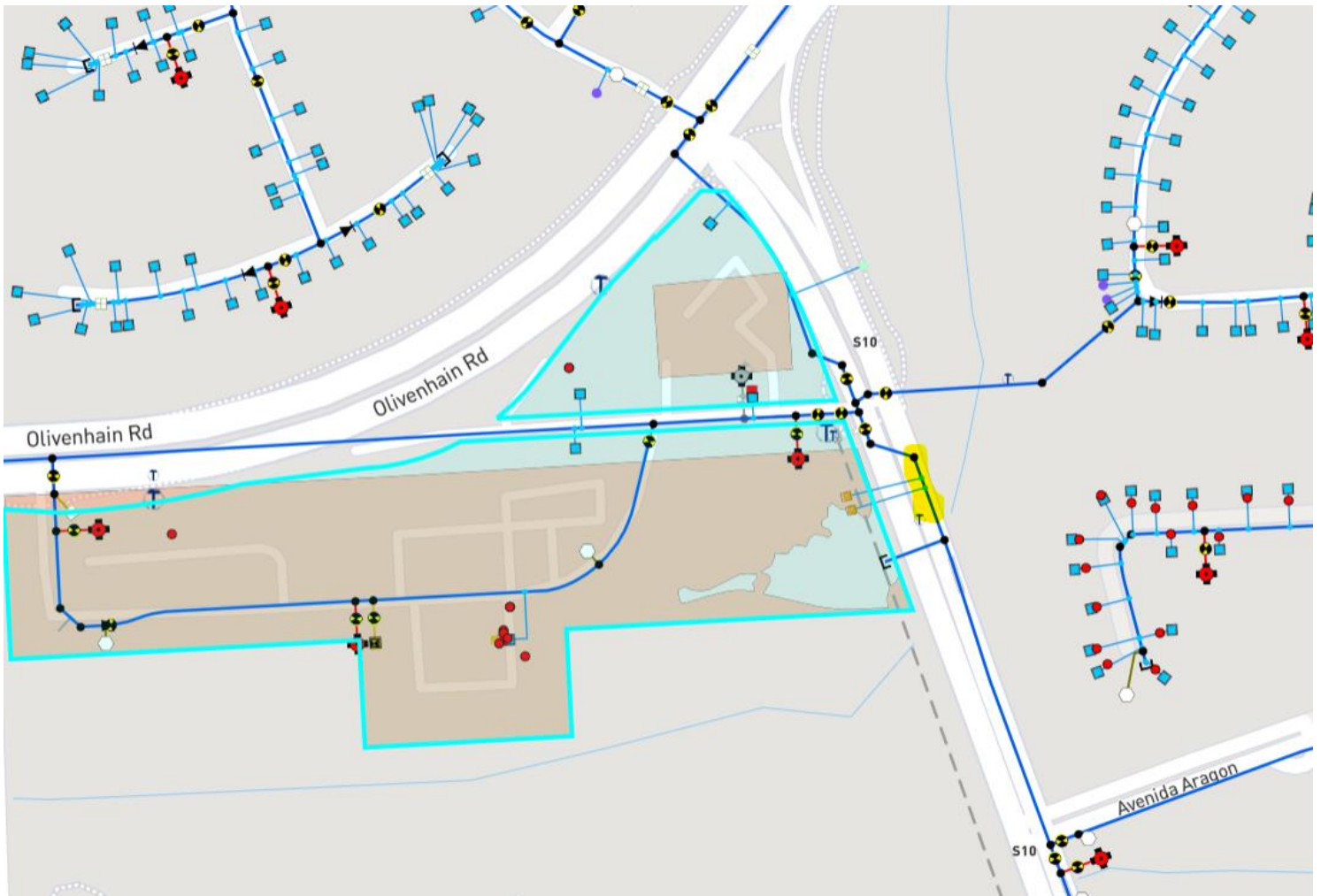
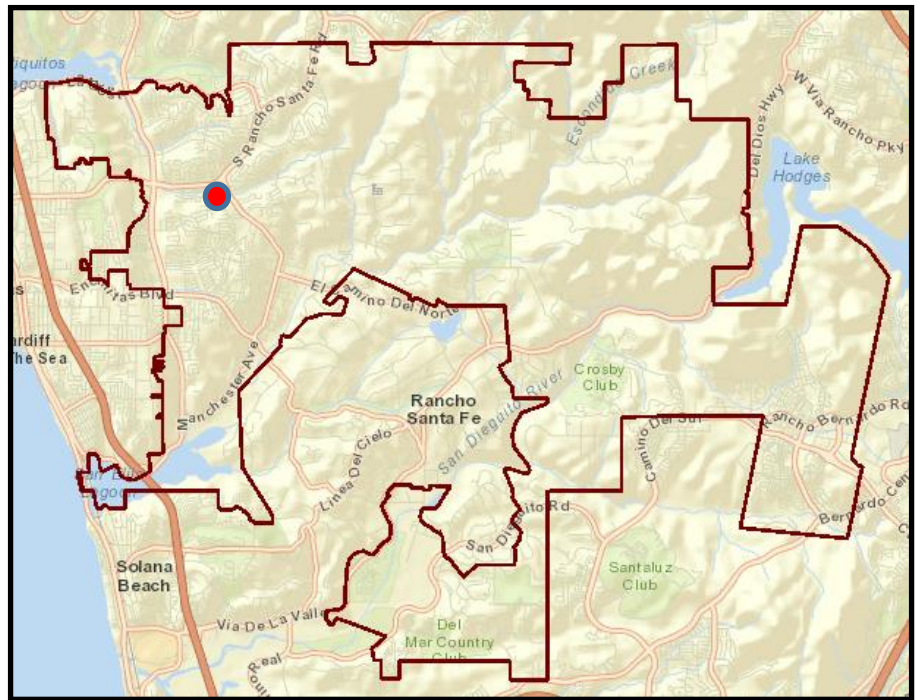
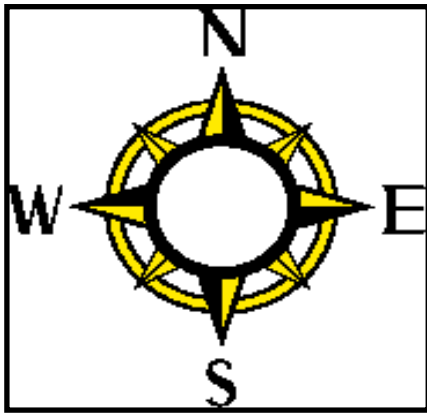
ACWA denied the claim and staff is diligently working with ACWA JPIA to appeal their decision.

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

Staff held a thank you appreciation lunch for all the departments that worked on the leak on Wednesday, February 2, 2024, including C.E. Wilson and Traffic Safety Solutions.

Attachment(s):

Location Map



RANCHO SANTA FE ROAD EMERGENCY LEAK REPAIR PROJECT
OMWD PROJECT NO. D120194

Memo

Date: February 21, 2024
To: Olivenhain Municipal Water District Board of Directors
From: Paul Martinez, Engineering Technician I
Via: Kimberly A. Thorner, General Manager
Subject: **CONSIDER ACCEPTANCE OF THE SIETE LEGUAS MAIN EXTENSION 1B (TECHBILT, INC.) 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 facilities constructed by Techbilt, Inc (Developer) 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 Project is complete, and facilities were constructed according to the approved plans and OMWD's Standard Specifications and Drawings per the Development Construction Agreement.

Background

The Siete Leguas Main Extension 1B Installation Project (Project) is located on Siete Leguas, west of Via del Bravo, in Director Division 1 (Director San Antonio). The Project consisted of the installation of 289 linear feet of 8" PVC potable water main.

OMWD entered into an agreement with the Developer in October of 2022 to construct the facilities and dedicate said facilities to OMWD. The facilities are now complete and have been built in accordance with the approved plans and OMWD Standard Specifications and Drawings. 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.

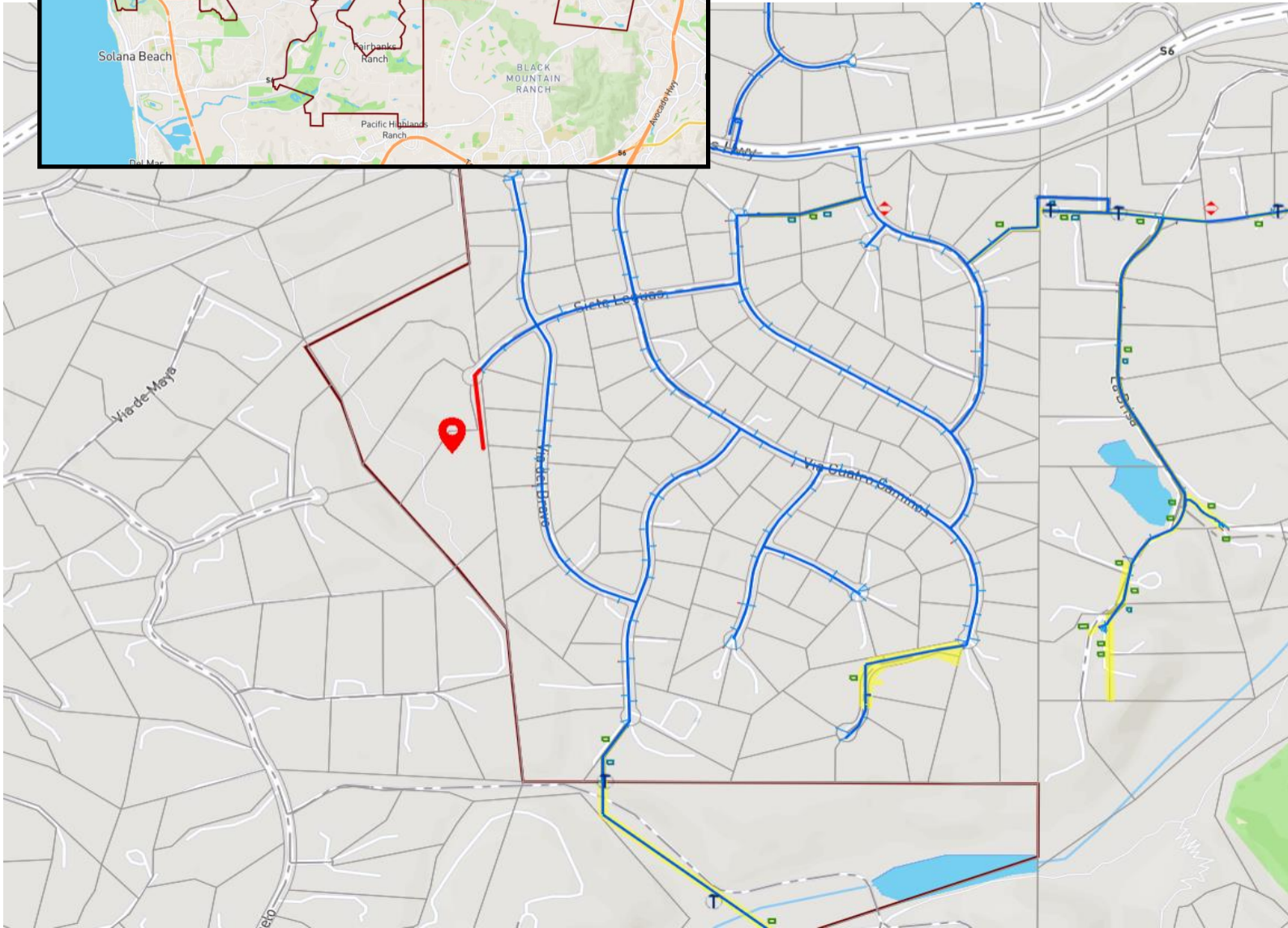
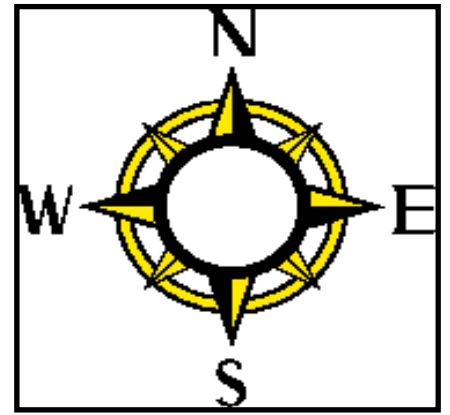
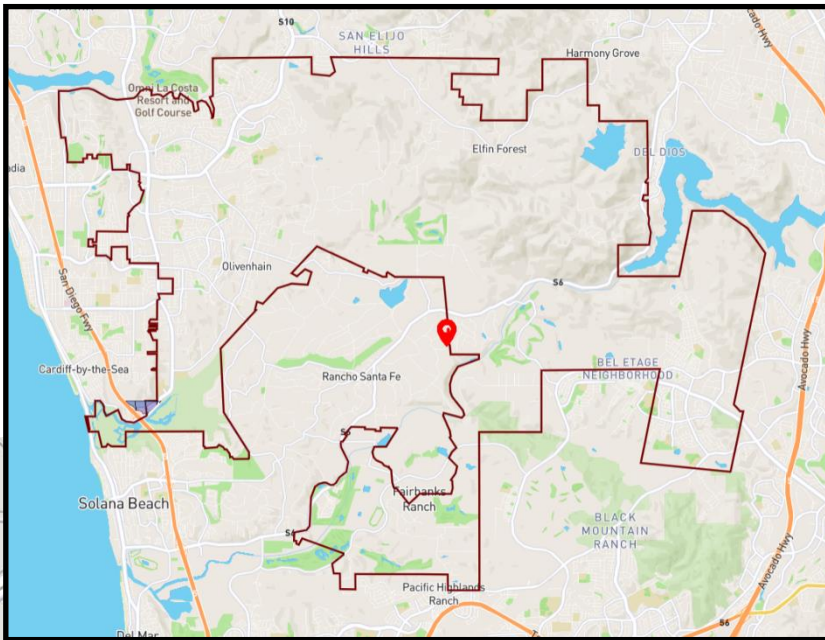
Discussion

Staff is available to answer questions.

Attachments:

Location Map

Notice of Completion



LOCATION MAP
SIERTE LEGUAS MAIN EXTENSION 1B
DISTRICT PROJECT NO. W590290

**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 shown on improvement plans for Parcel 267-030-32-00 & 267-030-33-00 of Map No. 18660, recorded on Date of Map Recording located in the County of San Diego, State of California for which Techbilt, Inc., ("Developer") contracted with the OLIVENHAIN MUNICIPAL WATER DISTRICT ("Owner," in fee, of the facilities), headquartered at 1966 Olivenhain Road, Encinitas, CA 92024, have been completed in accordance with the approved plans and standard specifications and drawings as of December 3rd, 2024. The facilities have been accepted by the Board of Directors of the OLIVENHAIN MUNICIPAL WATER DISTRICT on this 21st day of February 2024.

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

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

OLIVENHAIN MUNICIPAL WATER DISTRICT

Date: _____, 20__

By: _____

Kimberly A. Thorner
General Manager

Memo

Date: February 21, 2024
To: Olivenhain Municipal Water District Board of Directors
From: Andrea Scott, Engineering Technician III
Via: Kimberly A. Thorner, General Manager
Subject: **CONSIDER ACCEPTANCE OF THE LUSARDI PHASE III CATHODIC PROTECTION REPLACEMENT PROJECT INTO OMWD'S SYSTEM AND ORDER A NOTICE OF COMPLETION FILED**

Purpose

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

Recommendation

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

Alternative(s)

None; the Project is complete and constructed in accordance with the contract documents.

Background

The Project is located along an 18" steel pipeline located in Director Division 1 (San Antonio). The pipelines were installed in 1987, and the current anodes and testing stations were installed in early 2000s. Routine evaluations of OMWD's cathodic protection systems performed by staff and OMWD's as-needed corrosion consultant, R.F. Yeager, identified the existing sacrificial cathodic protection system protecting the Lusardi pipeline as a priority to replace to provide continued protection against corrosive soil conditions. The Project scope was to replace 19 additional existing cathodic protection sites along the steel Lusardi pipeline that are at the end of their useful life.

The Project is a Categorically Exempt project under CEQA guidelines Section 15301(b) and 15302 allows for categorical exemptions for maintenance of existing facilities involving negligible or no expansion of existing use or capacity. The Board previously adopted a Resolution at the November 16, 2022 regular meeting to file a notice of exemption for all phases of the Lusardi Cathodic Protection project. Staff filed the NOE with the County Clerk of San Diego on November 22, 2022 per CEQA Guidelines Section 15062.

Following a public bid, the Project was awarded to the lowest responsive bidder, Exaro Technologies Corporation, at the July 19, 2023 Board meeting in the amount of \$348,480. The Notice to Proceed was issued on September 18, 2023, with a contractual completion date of January 16, 2024. The work was included in the CIP budget under Steel Mains Protection project (D120038) and was successfully completed in accordance with the contract documents. The warranty period will terminate two (2) years following the acceptance of the facilities by OMWD's Board.

Fiscal Impact

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

Discussion

During construction, unforeseen conditions were encountered below grade at Zorro Reservoir. The contractor submitted a potential change order for those changed conditions that was nearly as expensive as the remainder of the work at the site. Rather than proceed with the additional costs, staff recommended to the General Manager that the Zorro Reservoir work be removed from the current contract and included in a future Reservoir Cathodic Protection CIP Project that is specific to the reservoir work sites, including Zorro and other reservoirs requiring cathodic protection replacement or

augmentation. Deductive close-out Construction Change Order No. 1 (CCO#1) for a contract decrease of \$62,336 was subsequently authorized in January 2024 by the General Manager to remove the Zorro Reservoir sites from the contract. All contract work for the other 16 of the 19 work sites was completed.

	Authorization	Amount (\$)	Contract Calendar Days
	Original contract	\$348,480	120
CCO#1	Zorro Reservoir sites removed due to unforeseen conditions	(\$62,336)	0
Total		\$286,144	120

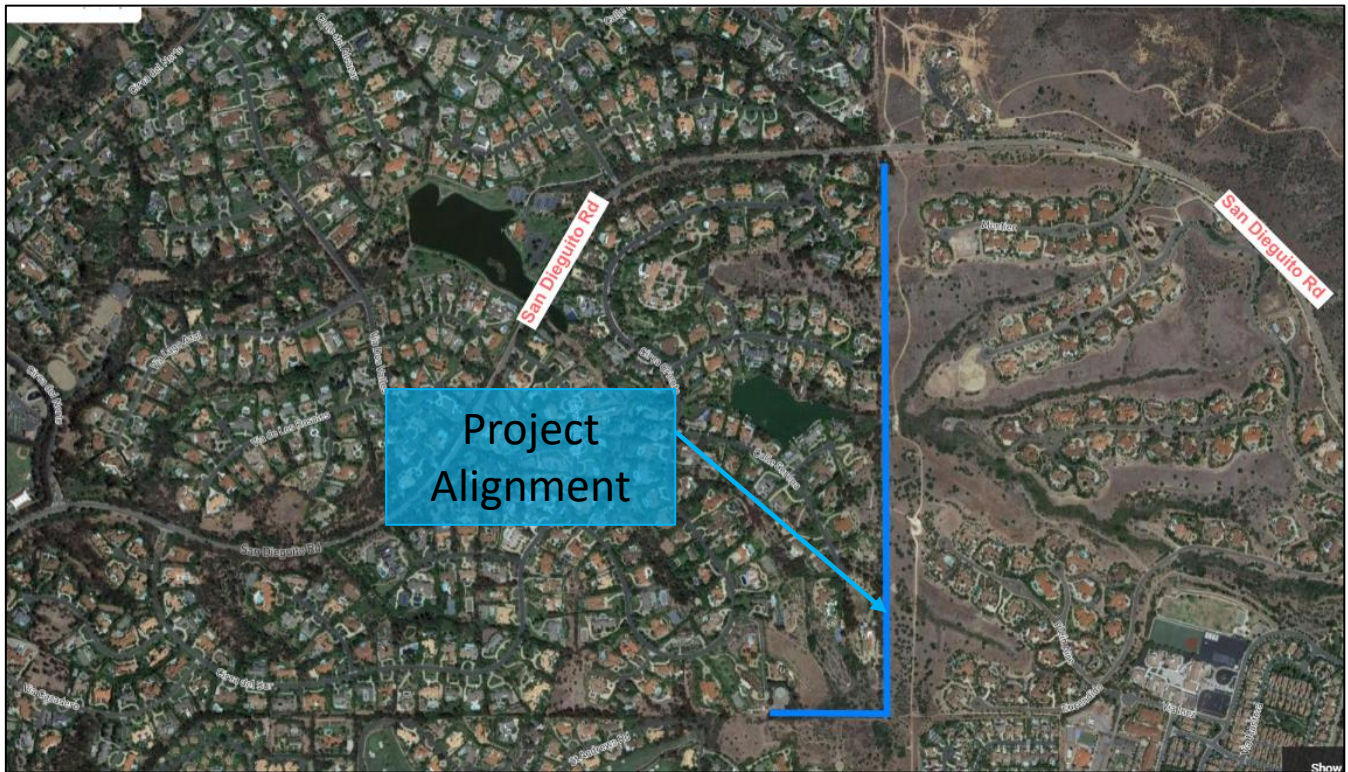
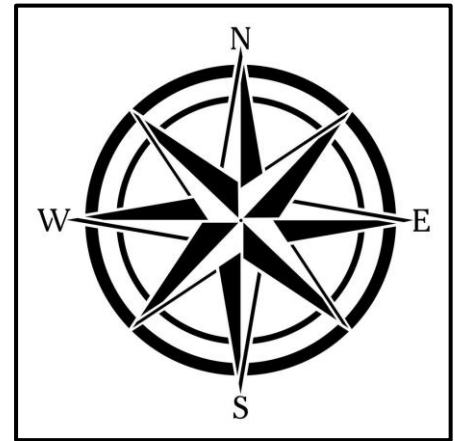
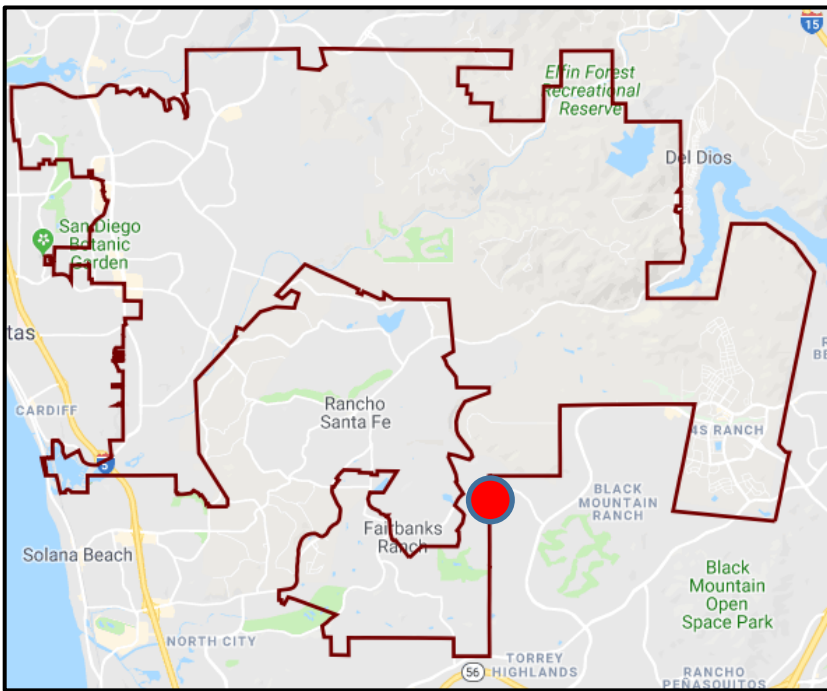
As the Project is now complete, staff recommends acceptance of the Project into OMWD's system and filing a Notice of Completion with the San Diego County Recorder.

Staff is available to answer any questions.

Attachments:

Location Map

Notice of Completion



LUSARDI PHASE III CATHODIC PROTECTION REPLACEMENT PROJECT

DISTRICT PROJECT NO. D120038

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

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

(This space for recorder's use)

NOTICE OF COMPLETION

NOTICE IS HEREBY GIVEN that the work for the Lusardi Phase III Pipeline Cathodic Protection Replacement Project, located at various locations adjacent to San Dieguito Rd, San Diego, California 92127, in the County of San Diego, State of California for which the OLIVENHAIN MUNICIPAL WATER DISTRICT ("Owner," in fee), headquartered at 1966 Olivenhain Road, Encinitas, CA 92024, contracted with EXARO TECHNOLOGIES CORPORATION ("Contractor"), located at 1831 Bayshore Highway, Burlingame, CA 94010, have been completed in accordance with the plans and specifications as of January 16, 2024. The facilities have been accepted by the Board of Directors of the OLIVENHAIN MUNICIPAL WATER DISTRICT on this 21st day of February 2024.

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

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

OLIVENHAIN MUNICIPAL WATER DISTRICT

Date: _____, 20__

By: _____
Kimberly A. Thorner
General Manager

Memo

Date: February 21, 2024
To: Olivenhain Municipal Water District Board of Directors
From: Paul Martinez, Engineering Technician I
Via: Kimberly A. Thorner, General Manager
Subject: **CONSIDER APPROVAL OF PRIVATE ENCROACHMENT PERMIT NO. 426 FOR THE DONALD D. ADAIR REVOCABLE TRUST TO PLACE TWO GATES WITHIN EASEMENT 1704 LOCATED AT 16798 CALLE HERMOSA AND ORDER THE PERMIT BE RECORDED**

Purpose

The purpose of this agenda item is to consider approval of Encroachment Permit No. 426 which would allow OMWD to enter into an encroachment permit agreement with the Donald D. Adair Revocable Trust for the encroaching facilities to serve 16798 Calle Hermosa in the City of San Diego. The proposed facilities encroach upon OMWD's water Easement No. 1704. Approval would additionally authorize the General Manager to sign the Encroachment Permit on behalf of OMWD for recordation by the County of San Diego Recorder's Office.

Recommendation

Staff recommends approval of Encroachment Permit No. 426 and authorization for the General Manager to sign the permit on behalf of OMWD.

Alternative(s)

The Board of Directors could direct staff to not allow encroachments to be placed within the easement area or proceed in a manner otherwise directed.

Background

The encroaching facilities are proposed to be installed within OMWD's water Easement No. 1704 at 16798 Calle Hermosa in Director Division 1 (San Antonio), and consist of a portion of their driveway and 2 gates. One 10-foot and one 12-foot-wide fence gates installed over OMWD's pipeline. The Engineering Department has verified minimum horizontal separation has been met or has exceeded OMWD standards, and does not foresee an operational hindrance created by the proposed installation.

Fiscal Impact

There is no fiscal impact to OMWD in approving Encroachment Permit No. 426. The Encroachment Permit Agreement stipulates that the permittee is responsible for all costs incurred to remove and rebuild the encroaching facilities should OMWD need access to its facilities within the easement. The permit also sets forth OMWD's limitations of liability for any damage to the encroaching facilities which may be caused by the District's use of the easement.

Discussion

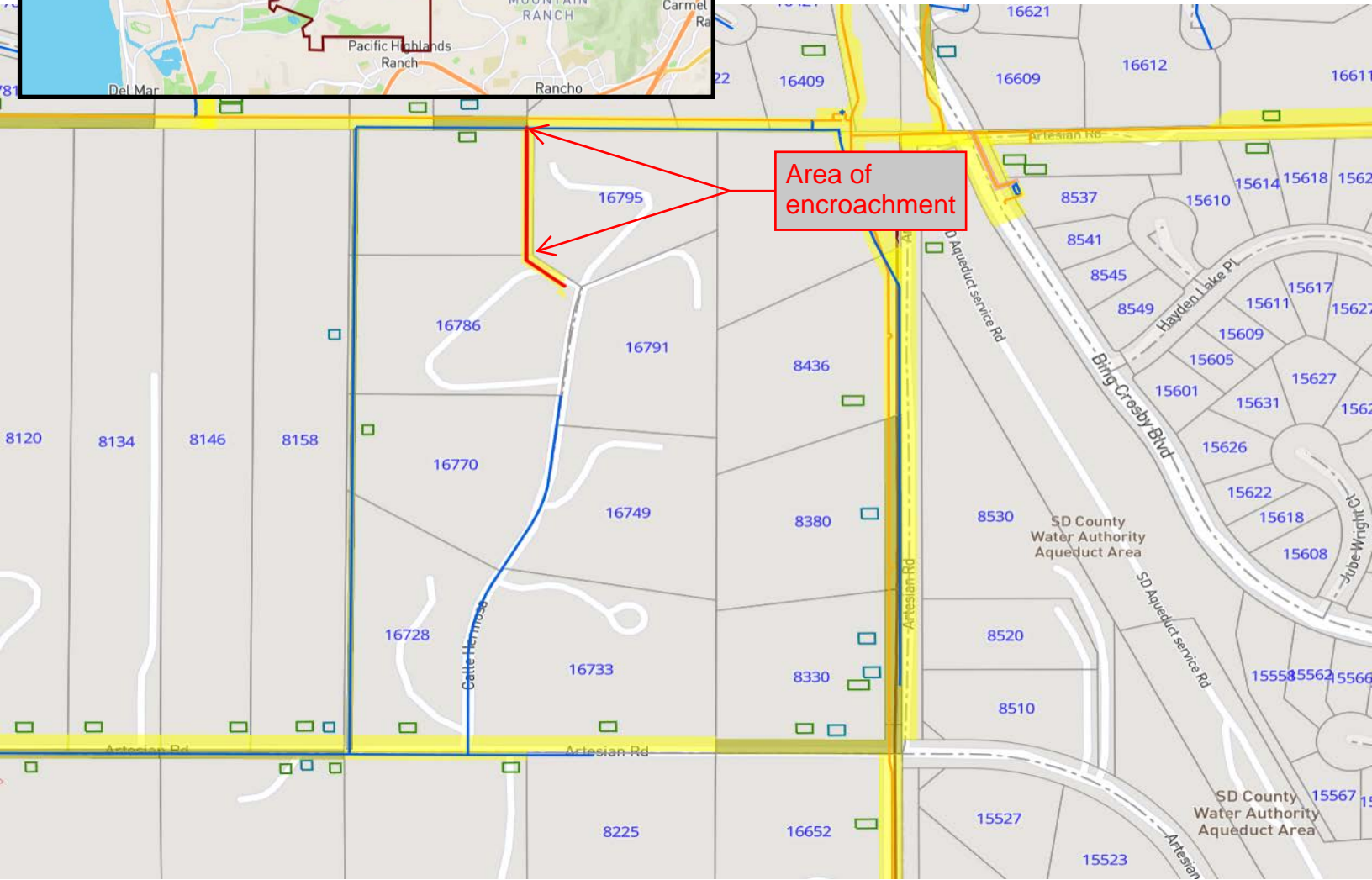
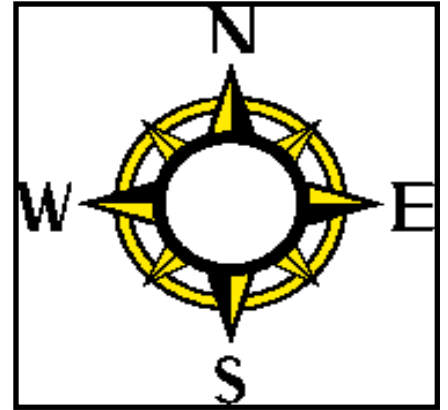
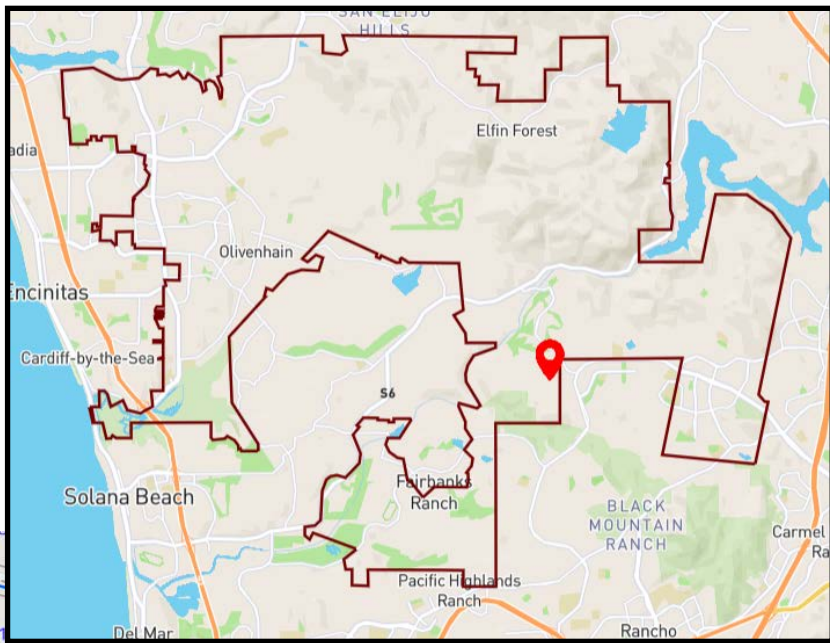
The encroaching facilities will be constructed in a manner that will not unduly affect the District's daily operations or maintenance of OMWD facilities located in the easement, and Staff recommends approval of the proposed Encroachment Permit. A copy of the Encroachment Permit and exhibits are attached for review.

Staff is available to answer any questions.

Attachments:

Location Map

Encroachment Permit Agreement No. 426



LOCATION MAP
ENCROACHMENT PERMIT 426
DISTRICT PROJECT NO. W430063

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

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

(This space for recorder's use)
A.P.N. No. 267-147-11-00

**OLIVENHAIN MUNICIPAL WATER DISTRICT
PRIVATE ENCROACHMENT PERMIT AGREEMENT NO. 426**

THIS ENCROACHMENT PERMIT No. 426 (hereinafter "Agreement") entered into by and between the OLIVENHAIN MUNICIPAL WATER DISTRICT organized and existing pursuant to the Municipal Water District Act of 1911, California Water Code §71000, et seq. (hereinafter "DISTRICT"), and Donald Adair (hereinafter "PERMITTEE").

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

1. The DISTRICT presently holds title to an easement as more particularly described in the DISTRICT's document no.1704, recorded April 7th, 2023 as File/Page 23-0091915, Official Records, San Diego County, not attached hereto, but incorporated herein by reference.
2. PERMITTEE desires to encroach upon this easement.
3. PERMITTEE is the owner of property described in Exhibit "A" attached hereto.
4. The parties agree that PERMITTEE shall be entitled to encroach upon this easement only to the extent and in the manner specified in this Agreement. No other encroachments shall be allowed without the express prior written consent of the DISTRICT.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

11.6. A lock shall be provided by the DISTRICT to allow for DISTRICT access as needed.

11.7. DISTRICT will not be responsible for replacing any concrete and/or pavers. DISTRICT will only replace with asphalt if construction is ever needed in the area where concrete and/or pavers are disturbed.

12. Termination: Violation of any of the terms of this Agreement by PERMITTEE shall constitute a material breach of this Agreement entitling the DISTRICT to unilaterally terminate this Agreement by written notice to PERMITTEE, in addition to all other relief afforded by applicable law. Upon receipt of notice of termination from the DISTRICT, PERMITTEE shall promptly remove all

encroachment facilities and restore the encroachment area in the manner directed by the DISTRICT, in its sole discretion. All fees, costs, and expenses of removal and restoration shall be paid solely by PERMITTEE.

13. **Agreement as Covenant Running with Land and Binding on Successors**: The parties expressly agree that this Agreement shall be construed as a valid and binding equitable servitude and covenant running with the land which shall be binding upon the heirs, personal representatives, successors, assigns, or transferees of the parties hereto. The parties expressly waive the right to challenge the enforceability of this Agreement as a legal and binding equitable servitude and covenant running with the land in any subsequent arbitration or litigation between the parties or their successors.

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

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

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

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

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

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

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

PERMITTEE acknowledges that PERMITTEE has had the opportunity to do so prior to executing this Agreement.

21. **Effective Date:** The effective date of this permit is _____, 2024.
22. **Board of Director’s Approval:** This Agreement is executed by the DISTRICT pursuant to Board action of February 21, 2024.

“DISTRICT”

OLIVENHAIN MUNICIPAL WATER DISTRICT

Dated: _____, 20____ By: _____
Kimberly A. Thorner
General Manager

“PERMITTEE”*

THE DONALD D. ADAIR ROVACABLE TRUST

Dated: _____, 20____ By: _____
Donald D. Adair
Trustee

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

EXHIBIT "A"
Sheet 1 of 1

Legal Description

PARCEL A:

PARCEL 1 OF PARCEL MAP NO. 16319, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, DECEMBER 7, 1990 AS FILE NO. 90-654564 OF OFFICIAL RECORDS.

PARCEL B:

AN EASEMENT FOR ROAD AND UTILITIES AND PURPOSES INCIDENTAL THERETO, OVER, UNDER, ALONG AND ACROSS THOSE PORTIONS THEREOF DELINEATED AND DESIGNATED AS "PROPOSED 20.00 FOOT PRIVATE ROAD AND UTILITY EASEMENT" AS SHOWN ON A COPY OF PARCEL MAP NO. 16319 AND "EXISTING 20.00 FOOT PRIVATE ROAD EASEMENT RECORDED JULY 24, 1990 AS FILE NO. 90-401229 OF O.R.";

EXCEPTING THOSE PORTIONS LYING WITHIN PARCEL 1 OF PARCEL MAP NO. 16319.

SAID EASEMENT IS APPURTENANT TO AND FOR THE BENEFIT OF ALL OR ANY PORTIONS OF PARCEL 1 OF PARCEL MAP NO. 16319.

PARCEL C:

AN EASEMENT FOR PRIVATE ROAD AND UTILITIES AND PURPOSES INCIDENTAL THERETO, OVER, UNDER, ALONG AND ACROSS THOSE PORTIONS THEREOF DELINEATED AND DESIGNATED AS "24.00 FOOT PROPOSED PRIVATE ROAD AND UTILITY EASEMENT" AS SHOWN ON A COPY OF PARCEL MAP NO. 16319.

SAID EASEMENT IS APPURTENANT TO AND FOR THE BENEFIT OF ALL OR ANY PORTIONS OF PARCEL 1 OF PARCEL MAP NO. 16319.

EXHIBIT “B”
Sheet 1 of 2

1. **Encroachment Facilities:**

- A. (1) 10-foot gate with double wide 5-foot swing arms centerlined to 8-inch pipeline.
- B. (1) 12-foot gate with double wide 6-foot swing arms centerlined to 8-inch pipeline.
- C. (1) A portion of the driveway, 5-feet from centerline of 8-inch pipeline.

2. **Encroachment Area:**

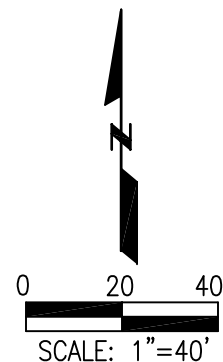
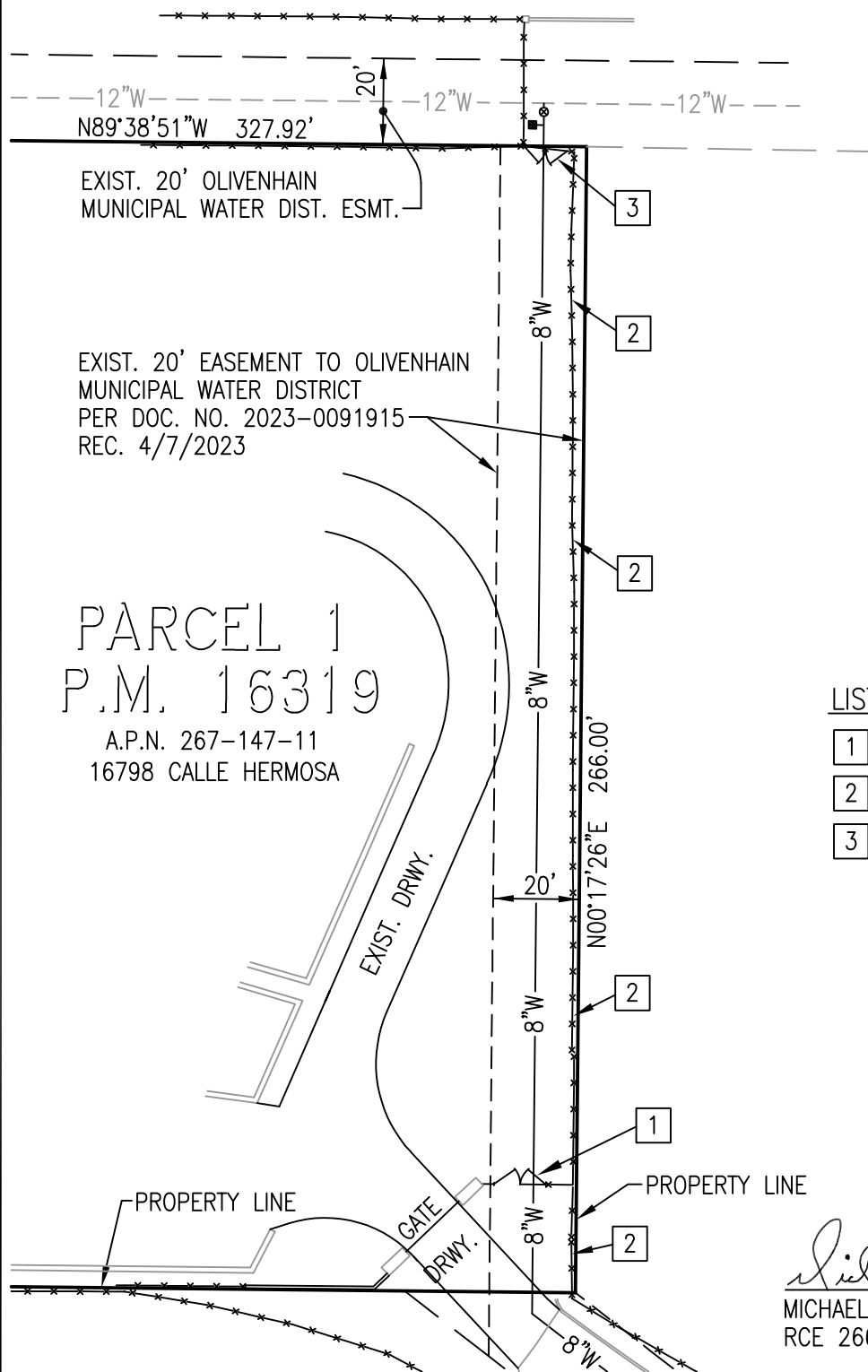
The encroachment facilities encroach upon District Easement No. 1704 as shown on Exhibit ‘B’ sheet 2 of 2.

3. **Special Conditions of Encroachment:**

- A. No facilities other than those identified in this encroachment permit shall be placed within the DISTRICT’s easement without the DISTRICT’s prior written approval.
- B. The DISTRICT shall not be responsible for the placement of encroaching facilities placed within the easement area should they be required to be removed for installation, construction, repair, relocation or maintenance of DISTRICT facilities or any other work undertaken at the sole discretion of the DISTRICT.
- C. Any landscape material placed within the limits of the DISTRICT’s easement must be maintained to a height not to exceed 3-feet. No trees are permitted to be planted within the limits of the easement.

EXHIBIT "B"

PLAT



LIST OF ENCROACHMENTS

- 1 12' WIDE x 5' HIGH CHAIN LINK GATE
- 2 3 RAIL WOOD FENCE W/ CHAIN LINK
- 3 10' WIDE x 5' HIGH CHAIN LINK GATE



Michael A. Wunderlin
 MICHAEL A. WUNDERLIN
 RCE 26671, EXPIRES 3/31/2024

1/2/2024
 DATE

PROJECT: MAIN EXTENSION - CALLE HERMOSA

W.E.I. JOB# 2022-02

REFERENCES:
 P.M. 16319

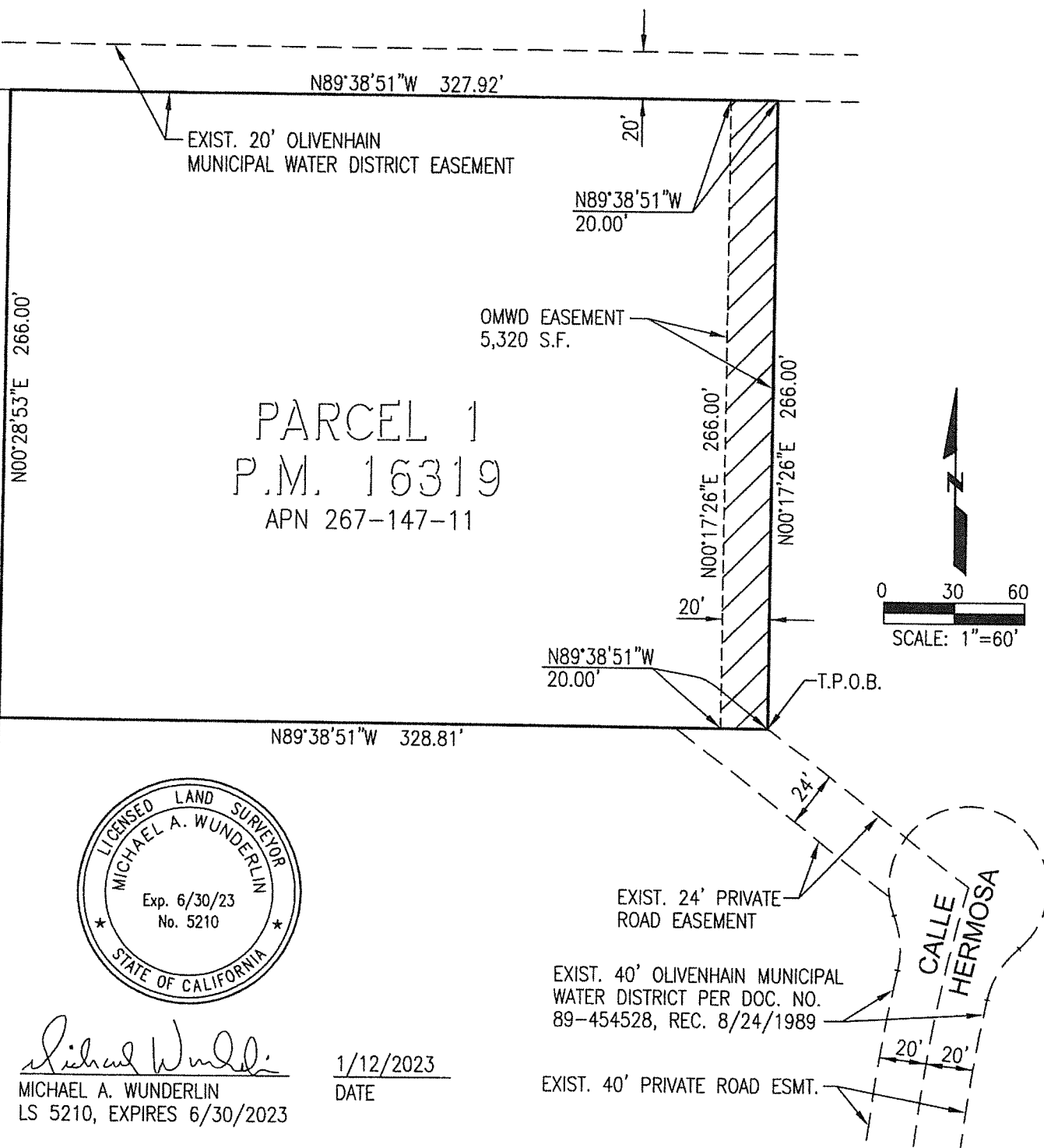
PLAT
 OF EASEMENT ENCROACHMENT
 OLIVENHAIN MUNICIPAL WATER DISTRICT

PROJ. NO. _____
 R/W NO. 73722008030
 TAX PAR. 267-147-11-00
 DATE JAN. 2, 2024

SCALE: 1"=40'

WUNDERLIN ENGINEERING, INC.

Exhibit "C"



Michael A. Wunderlin
MICHAEL A. WUNDERLIN
LS 5210, EXPIRES 6/30/2023

1/12/2023
DATE

PROJECT: MAIN EXTENSION - CALLE HERMOSA

W.E.I. JOB# 2022-02

REFERENCES:
P.M. 16319

PLAT
OF EASEMENT REQUIRED BY THE
OLIVENHAIN MUNICIPAL WATER DISTRICT

PROJ. NO. W560017
R/W NO. 73722008030
TAX PAR. 267-147-11-00

SCALE: 1"=60'

WUNDERLIN ENGINEERING, INC.

DATE JAN. 12, 2023

Memo

Date: February 21, 2024
To: Olivenhain Municipal Water District Board of Directors
From: Rainy Selamat, Finance Manager
Via: Kimberly Thorner, General Manager
Subject: **CONSIDER ADOPTION OF A RESOLUTION OF THE BOARD OF DIRECTORS OF THE OLIVENHAIN MUNICIPAL WATER DISTRICT DESIGNATING DEPOSITORIES AND AUTHORIZING INVESTMENTS FOR THE MONEY OF THE DISTRICT AND DESIGNATING THE SIGNATORIES FOR THE MANAGEMENT OF THE DISTRICT DEPOSITS AND RESCINDING RESOLUTION 2023-02**

Purpose

This is a housekeeping item to update the District's list of designated financial institutions as depositories of the District funds. The purpose of this item is to consider adoption of a resolution to replace Mutual Securities, Inc with Multi-Bank Securities, Inc (MBS) as one of the District's investment brokerage firms.

This item was reviewed with the Finance Committee (Director Meyers and Director Watt) at its regular meeting on February 7, 2024.

Recommendation

The Finance Committee members (Director Meyers and Director Watt) recommended bringing this item forward for consideration and adoption by the Board. Staff is recommending that the Board adopt the attached resolution and rescind Resolution 2023-02.

Alternative

This is a housekeeping item. The Board may decide not to adopt the attached resolution and instruct staff otherwise. Not updating the list, however, will leave staff with one less approved investment brokerage firm for getting quotes when buying securities for the District.

Background

This resolution is updated regularly to reflect changes to the District's financial institutions that are designated as depositories of the District funds and the list of authorized persons to sign documents relating to the management of any District funds.

Mutual Securities, Inc, which is currently listed as one of the approved investment broker firms, can no longer provide broker services for the District.

Fiscal Impact

Not Applicable.

Discussion

The attached resolution is to replace Mutual Securities, Inc with MBS and was discussed with the Finance Committee (Director Meyers and Director Watt) on February 7, 2024.

Staff is available to answer any questions.

RESOLUTION NO. 2024-xx

RESOLUTION OF THE BOARD OF DIRECTORS OF THE OLIVENHAIN
MUNICIPAL WATER DISTRICT DESIGNATING DEPOSITORIES AND
AUTHORIZING INVESTMENTS FOR THE MONEY OF THE DISTRICT
AND DESIGNATING THE SIGNATORIES FOR THE MANAGEMENT OF
THE DISTRICT DEPOSITS AND RESCINDING RESOLUTION 2023-02

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

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

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

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

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

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

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

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

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

RESOLUTION 2024-xx *continued*

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

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

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

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

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

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

RESOLUTION 2024-xx *continued*

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

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

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

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

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

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

RESOLUTION 2024-xx *continued*

GENERAL MANAGER
ASSISTANT GENERAL MANAGER
FINANCE MANAGER

KIMBERLY A. THORNER
JOSEPH RANDALL
RAINY K. SELAMAT

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

PRESIDENT
VICE PRESIDENT
TREASURER
SECRETARY
DIRECTOR

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

GENERAL MANAGER
ASSISTANT GENERAL MANAGER
FINANCE MANAGER
FINANCIAL ANALYST
ACCOUNTING SUPERVISOR

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

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

PRESIDENT
VICE PRESIDENT
TREASURER
SECRETARY
DIRECTOR

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

GENERAL MANAGER
ASSISTANT GENERAL MANAGER
FINANCE MANAGER
ACCOUNTING SUPERVISOR

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

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

RESOLUTION 2024-xx *continued*

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

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

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

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

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

SECTION 10: Resolution 2023-02 of the District is hereby rescinded and superseded by the provisions of this Resolution.

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

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

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

SECTION 14: This Resolution shall become effective upon adoption.

RESOLUTION 2024-xx *continued*

PASSED, ADOPTED AND APPROVED at a regular meeting of the Board of Directors of the Olivenhain Municipal Water District held on February 21, 2024.

Christy Guerin, President
Board of Directors
Olivenhain Municipal Water District

ATTEST:

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

Memo

Date: February 21, 2024
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 AND THE STATE CLEARINGHOUSE**

Purpose

The purpose of this item is to consider and adopt a resolution making CEQA exemption findings for the water rate increases, demand reduction rate adjustments, and rate reimbursement credits adopted by the Board on January 17, 2024 pursuant to California Environmental Quality Act (CEQA), State of California CEQA guidelines, and order a Notice of Exemption (NOE) to be filed with the County Clerk of the County of San Diego and the State Clearinghouse.

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 adopt the resolution making water rate increases, Demand Reduction Rate Adjustments, and Rate Reimbursement Credits for 2024 exempt from California Environmental Quality Act (CEQA), State of California CEQA

guidelines section 15273(a) (1)-(4) and order a notice of the exemption be filed with the County Clerk of the County of San Diego and the State Clearinghouse.

Alternative

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.

Background

At the January 17, 2024 meeting, the Board adopted an ordinance amending sections 8.9, 8.10, and 8.11 of the Olivenhain Municipal Water District's Administrative and Ethics Code on water rates and charges, Demand Reduction Rate Adjustments, and Rate Reimbursement Credits to be implemented on March 1, 2024 (attached). Following adoption of the rate ordinance, the General Manager informed the Board that staff will bring back a resolution for CEQA exemption and NOE to the Board for consideration and adoption.

Fiscal Impact

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

Discussion

By adopting the resolution and filing a notice of exemption, the Board is making CEQA exemption findings that water rates and charges are used to meet anticipated operating expenses, to meet 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 send a rate change notice to customers no less than 30 days prior to implementing changes to its rates. District water customers were notified of the proposed changes to OMWD water rates and charges, Demand Reduction Rate Adjustments, and Rate Reimbursement Credit in the December 2023 Watching Water Newsletter (attached) for water rates and charges to be implemented on March 1, 2024. There were no comments received on the proposed changes to water rates and charges, Demand Reduction Rate Adjustments, and Rate Reimbursement Credits to date.

Attachments: Attachment 1 - Resolution
 Attachment 2 - Water Rate Study Report (as Exhibit "A" of the Resolution)
 Attachment 3 - Notice of Exemption (as Exhibit "B" of the Resolution)
 Attachment 4 - Water Rates and Charges Ordinance adopted by the Board on January 17, 2024
 Attachment 5 - December 2023 Watching Water

RESOLUTION NO. 2024-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 AND THE STATE CLEARING HOUSE**

WHEREAS, the Olivenhain Municipal Water District Board of Directors intends, by ordinance, to modify and increase water rates and charges, implement Demand Reduction Rate Adjustments, and continue Rate Reimbursement Credits for 2024; and

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

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

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

WHEREAS, the Board of Directors, adopted Ordinance No. 470, "AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE OLIVENHAIN MUNICIPAL WATER DISTRICT AUTHORIZING PASS-THROUGH INCREASES IN PURCHASED WATER WHOLESALE COSTS, SAN DIEGO COUNTY WATER AUTHORITY INFRASTRUCTURE ACCESS CHARGE, INCREASES TO THE DISTRICT'S COST OF OPERATIONS AND CAPITAL FACILITIES, AND ANY NEW FEES MANDATED BY THE STATE OF

CALIFORNIA TO BE COLLECTED ON WATER RATES; AND REVISING ARTICLE 8.4 OF THE DISTRICT'S ADMINISTRATIVE AND ETHICS CODE" on December 11, 2019, establishing pass-through increases and adjustments to water rates and charges for a five-year period commencing March 1, 2020, and anytime and including December 31, 2024; and

WHEREAS, having heard, considered, and reviewed the Report, the rate structure is incorporated into Sections 8.1, 8.2, and 8.3 of the Olivenhain Municipal Water District's Administrative and Ethics Code, 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 the State Clearinghouse, and approve the appropriate modifications by ordinance.

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

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

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

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

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

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

- 1) No Project. The project is a continuing administrative activity of the District which will not result in any physical change in the environment. The increase of various water rates and charges, implementation of Demand Reduction Rate Adjustments, and continuation of Rate Reimbursement Credits is not being considered in

conjunction with the approval of any specific project and will be used solely to meet anticipated operating expenses, to meet financial reserve needs and requirements, and to maintain service within existing service areas.

- 2) Exemption. The documents and materials that constitute the record of proceedings on which these findings have been based are located at the District, 1966 Olivenhain Road, Encinitas, California 92024. The custodian for these records is the Secretary of the District.
- 3) No Significant Effect. The activity will not have significant effect on the environment. The modifications of fees and charges, implementation of Demand Reduction Rate Adjustments, and continuation of Rate Reimbursement Credits have been set to maintain service within existing service areas and not to expand the system. The fees and charges are not being considered in conjunction with any specific development activity.
- 4) Justification and Reasons. The Board finds that the reasons and justification for the increased water rates and charges, implementation of Demand Reduction Rate Adjustments, and increase of Rate Reimbursement Credits being exempt as set forth in the Notice of Exemption attached hereto and incorporated herein as Exhibit "B."

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

PASSED, ADOPTED AND APPROVED at a regular meeting of the Board of Directors of the Olivenhain Municipal Water District held on Wednesday, February 21, 2024 by the following roll call vote:

Christy Guerin, President
Board of Directors
Olivenhain Municipal Water District

ATTEST:

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

OLIVENHAIN

MUNICIPAL WATER DISTRICT

2019 Water Rate Study

Final Report / September 11, 2019





September 11, 2019

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

Subject: 2019 Water Rate Study Report

Dear Ms. Thorner,

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

The major objectives of the study include the following:

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

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

Sincerely,

RAFTELIS FINANCIAL CONSULTANTS, INC.

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

Sudhir Pardiwala
Executive Vice President

A 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

1.	Executive Summary	1
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
2.	Introduction	8
2.1.	Water System Overview	8
2.2.	Study Objectives	8
2.3.	Legal Requirements and Rate-Setting Methodology	9
3.	Financial Plan	11
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
4.	Cost of Service.....	30
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
5.	Rate Design	48
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
6.	Customer Impacts	60
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:

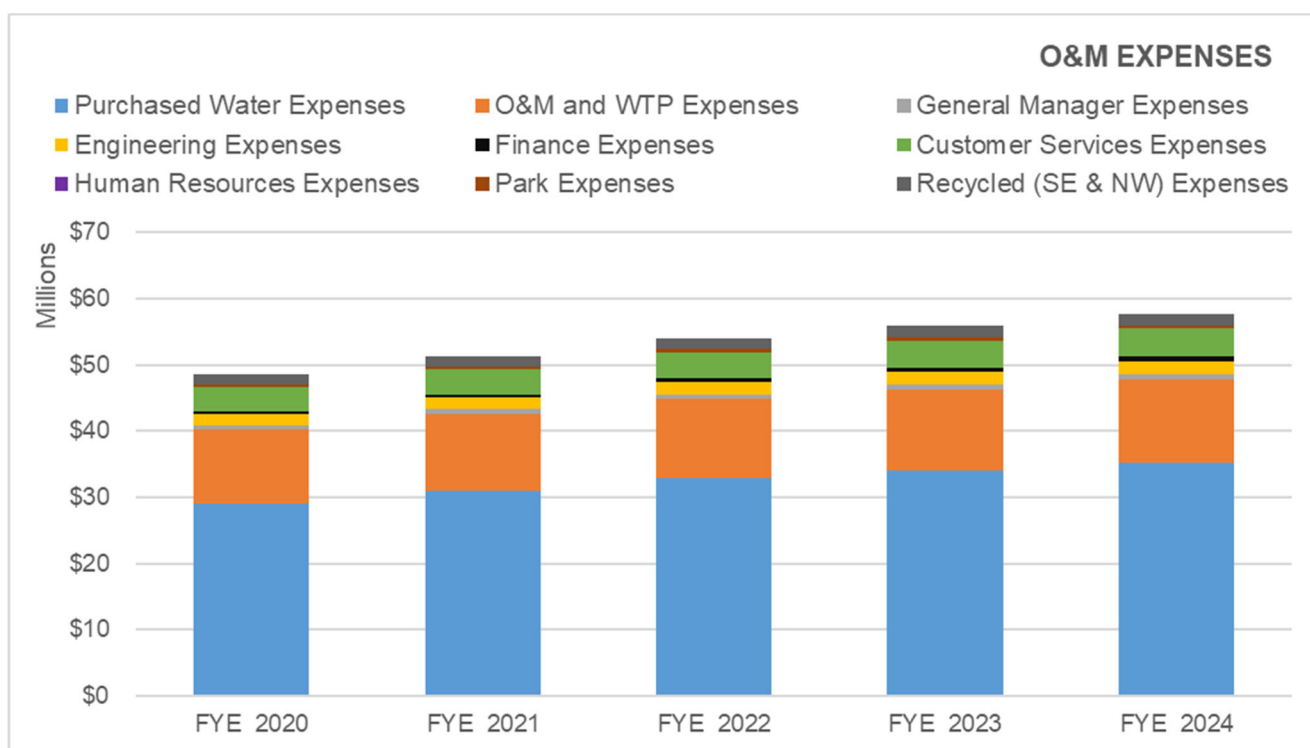
- » Develop a five-year financial plan through FY 2024 that generates sufficient revenues to fund the District's operating costs, debt obligations, and necessary capital expenditures
- » Review and revise as necessary the current water rate structure
- » Perform a cost of service analysis to equitably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

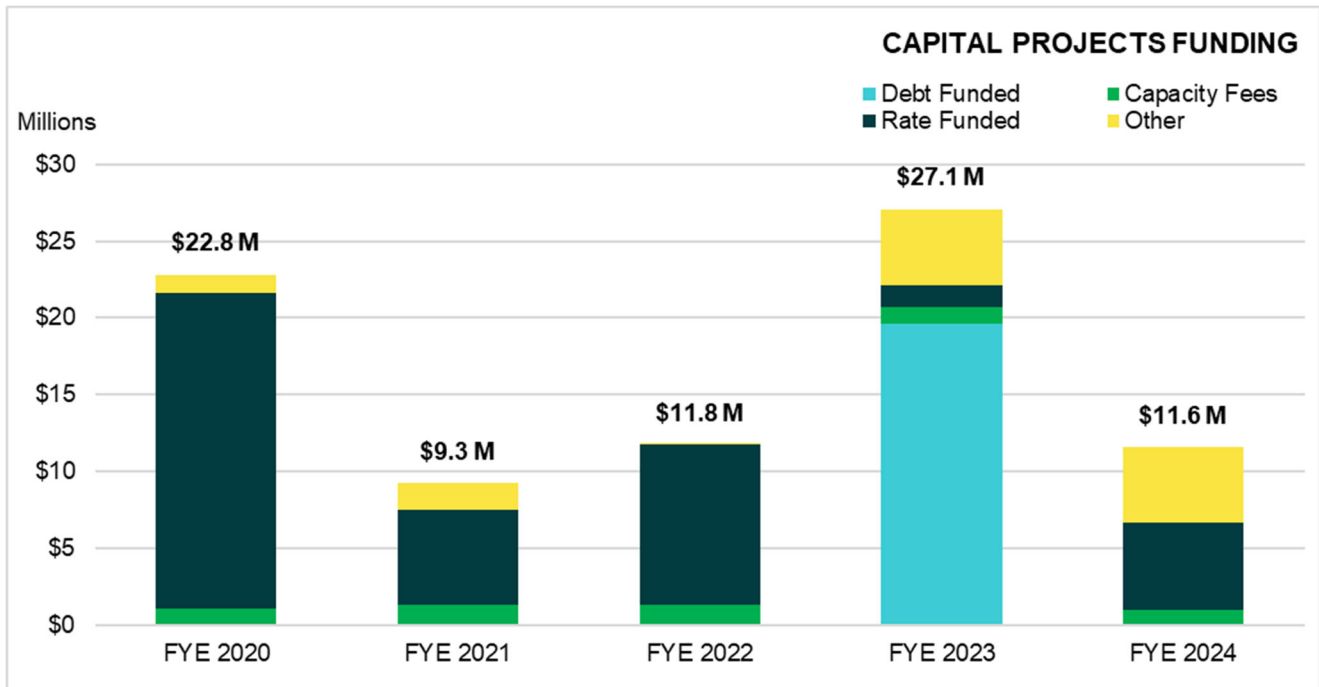
O&M expenses include the cost of purchasing water, operating and maintaining facilities, staff-related costs, and other administrative costs. The O&M projections are based on the District's fiscal year (FY) 2020 budget and are escalated in subsequent years by three percent per year (except water supply 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 adjustments¹ over the study period in order to ensure that District exceeds required debt coverage and minimum reserve levels. The proposed FY 2020 revenue adjustment of 3.7 percent was set equal to the over-the-year percent change in the San Diego-Carlsbad CPI-U for the second half of 2018 as determined by the U.S Bureau of Labor Statistics². The proposed revenue adjustment will be effective with water consumption beginning on March 1, 2020³.

Table 1-1: Proposed 5-Year Revenue Adjustments

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

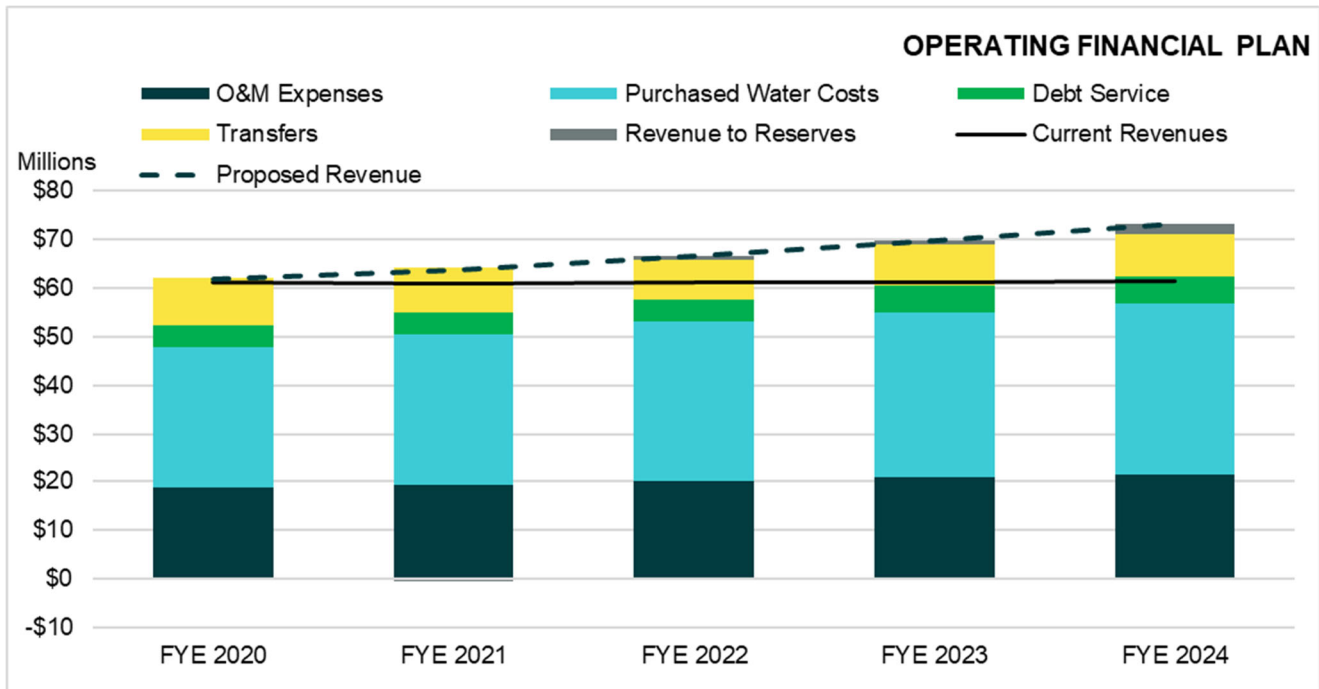
Figure 1-3 shows the proposed financial plan that incorporates the proposed revenue adjustments above. Operating Fund revenue requirements are represented by stacked bars. Projected revenues in the absence of any rate increase are represented by the solid line, while projected revenues under the proposed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

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

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

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

Figure 1-3: Proposed Financial Plan



1.3. Proposed Water Rates

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

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

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

Table 1-2: Proposed Monthly Fixed Charges

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

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

Table 1-3: Proposed Volumetric Rates per HCF

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

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

1.4. Water Supply Shortage Rates

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

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

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

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

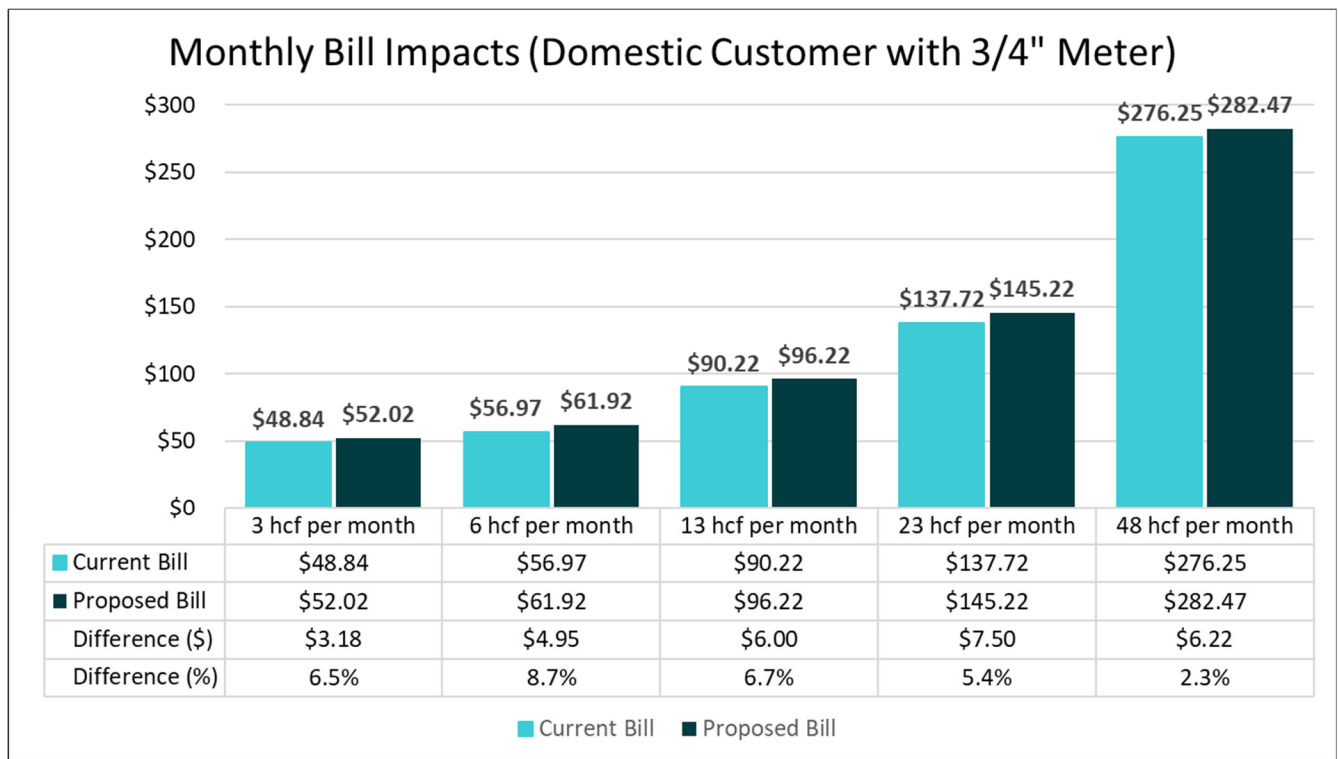
Table 1-4: Proposed FY 2020 Water Supply Shortage Rates per HCF

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

1.5. Customer Impacts

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

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



2. Introduction

2.1. Water System Overview

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

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

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

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

2.2. Study Objectives

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

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

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

2.3. Legal Requirements and Rate-Setting Methodology

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

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

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

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

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

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

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

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

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

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

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

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

3. Financial Plan

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

3.1. Existing Water Rates

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

Table 3-1: Existing Monthly Fixed Charges

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

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

Table 3-2: Existing Volumetric Rates per HCF

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

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

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

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

3.2. Water Account and Usage Assumptions

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

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

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

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

Table 3-5: Number of Water Meters

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

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

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

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

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

3.3. Revenues

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

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

⁵ Fixed charge revenues = [number of meters assessed] x [monthly rate] x [12 months].

Volumetric charge revenues = [annual usage in CCF] x [volumetric rate per CCF].

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

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

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

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

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

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

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

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

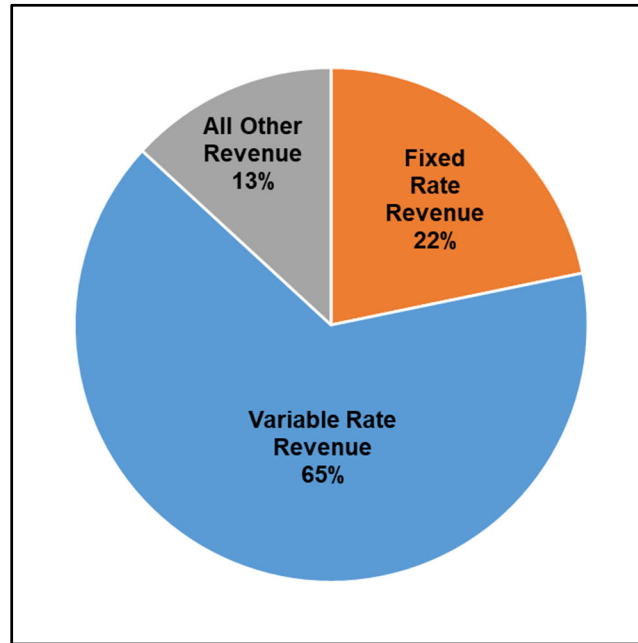
Table 3-9: Revenue Summary

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

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

⁷ Anticipated Title XVI grant funding

Figure 3-1: FY 2020 Revenue Composition



3.4. Operations and Maintenance Expenses

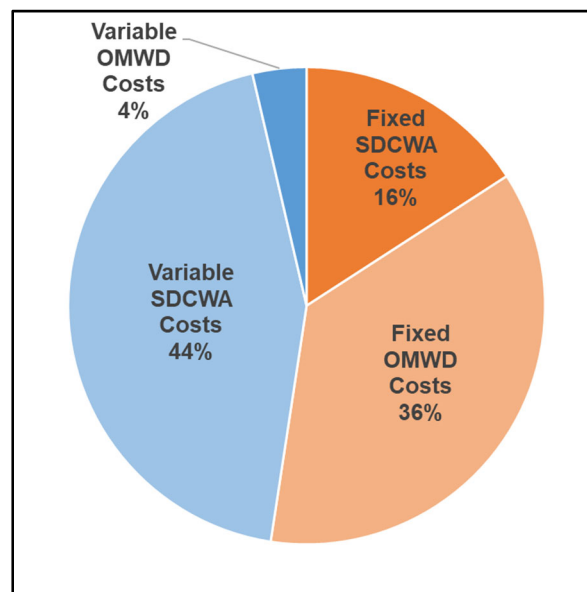
The District's operations and maintenance (O&M) expenses are based on the FY 2020 District budget and projected out through FY 2024. The District's projected purchased water and recycled water expenses were calculated over the study period based on the projected water supply mix and anticipated supply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

Table 3-10: Projected O&M Expenses

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

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

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



3.5. Debt Service

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

Table 3-11: Existing Debt Service

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

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

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

Table 3-12: Proposed FY 2023 Bond Issuance Assumptions

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

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

Table 3-13: Total Debt Service

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

3.6. Capital Improvement Plan

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

Table 3-14: Potable Water CIP Projects

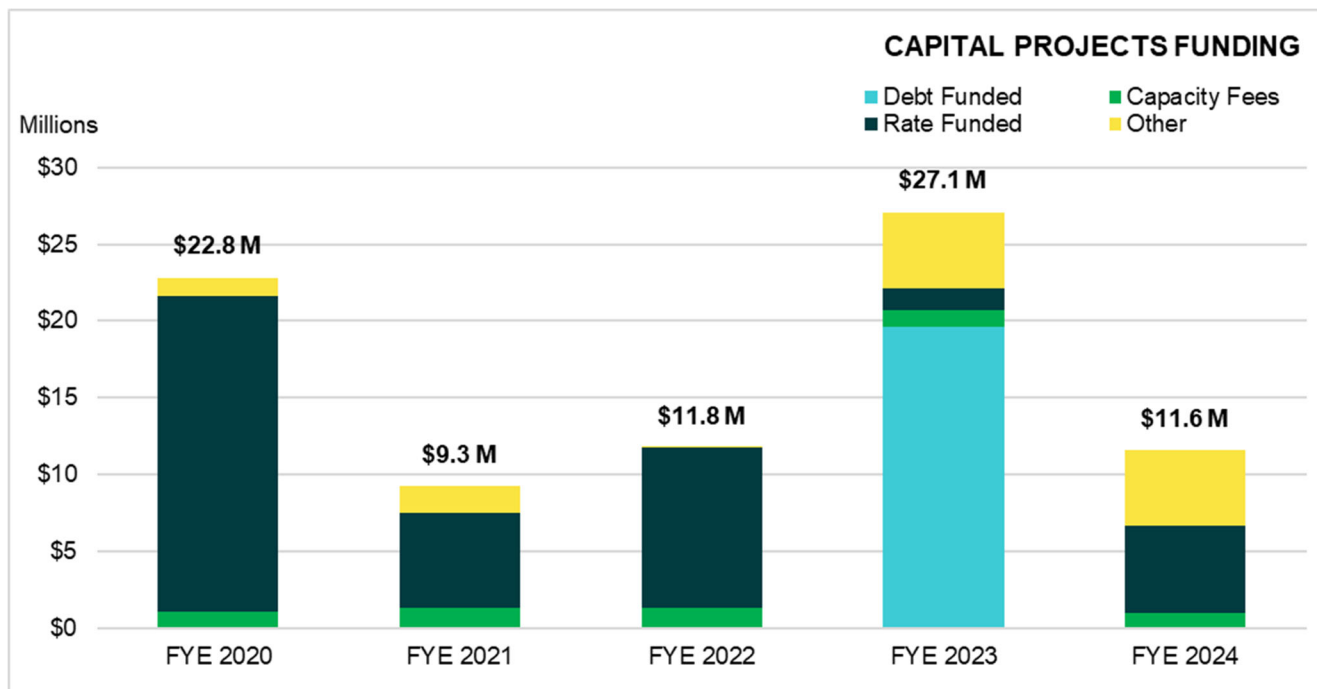
#	Potable Water CIP	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
1	San Elijo Valley Groundwater	\$1,282,000	\$1,764,000	\$6,232,000	\$20,214,000	\$3,989,000
2	Building D - Schedules A and B	\$8,800,000	\$358,000	\$0	\$0	\$0
3	Replace El Camino Real Pipeline	\$3,115,000	\$546,000	\$0	\$0	\$0
4	Pressure Zone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

Table 3-15: Recycled Water CIP Projects

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

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

Figure 3-3: CIP by Funding Source



3.7. Financial Policies

Debt Coverage

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

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

Reserve Policies

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

1. Operating Fund

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

2. Capital Improvement Fund

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

3. Rate Stabilization Fund

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

3.8. Status Quo Financial Plan

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

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

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

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

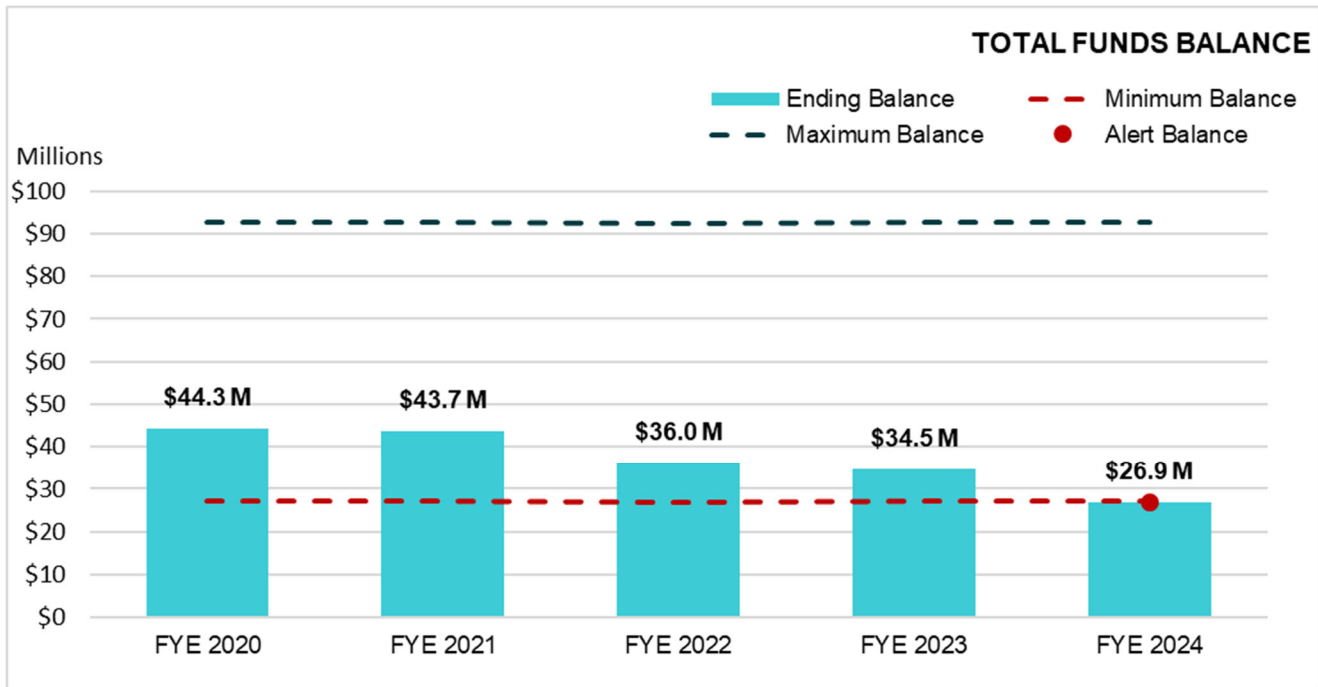
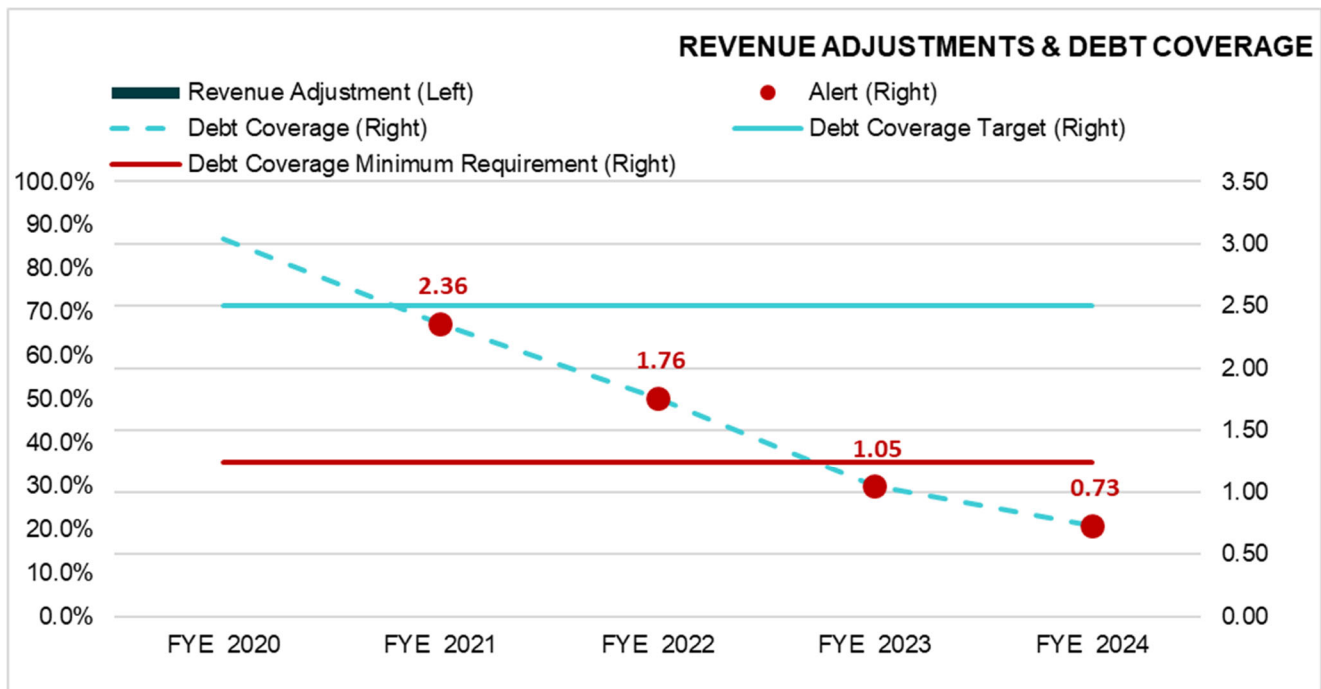


Figure 3-5: Projected Debt Coverage Under Status Quo Financial Plan



3.9. Proposed Financial Plan

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

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

Table 3-16: Proposed 5-Year Revenue Adjustments

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

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

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

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

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

Table 3-17: Proposed Financial Plan

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

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

Figure 3-6: Proposed Operating Financial Plan

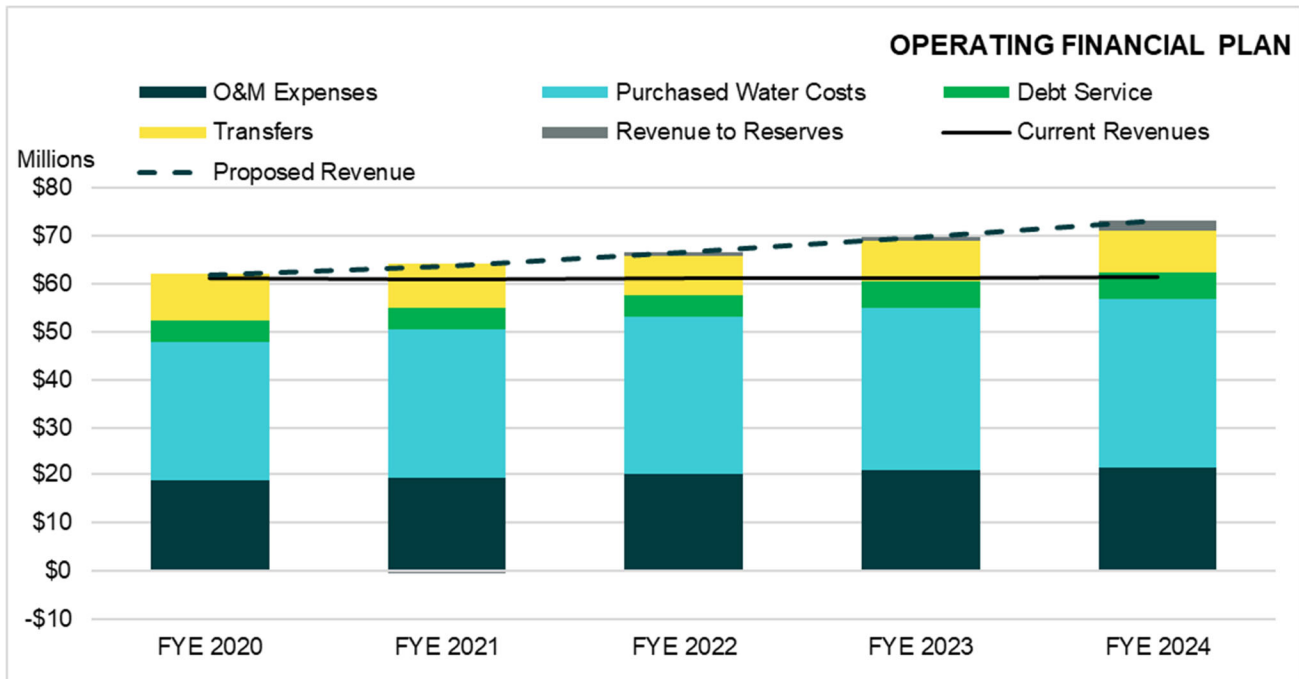


Figure 3-7 illustrates how the proposed revenue adjustments will ensure that the District’s projected debt coverage (dashed line) exceeds its 250% debt coverage target (solid blue line). Robust debt coverage of at least 250 percent will help the District maintain its AAA credit rating by Fitch, which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

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

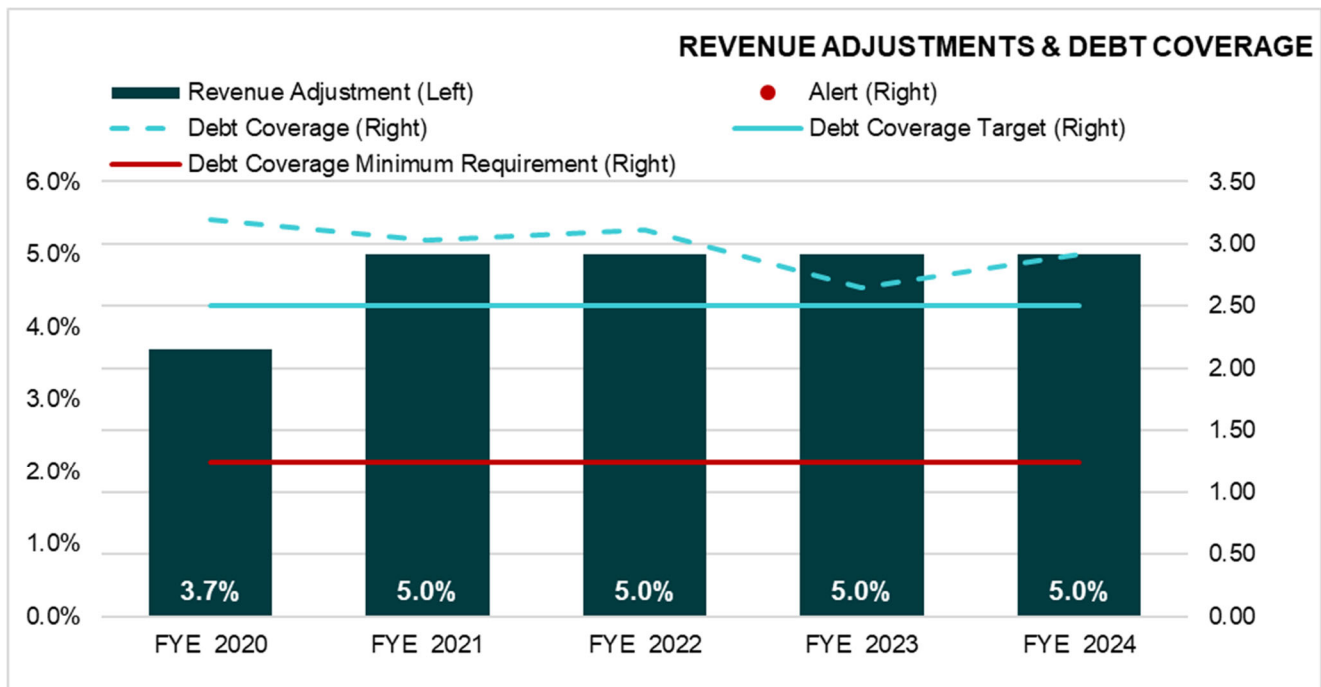
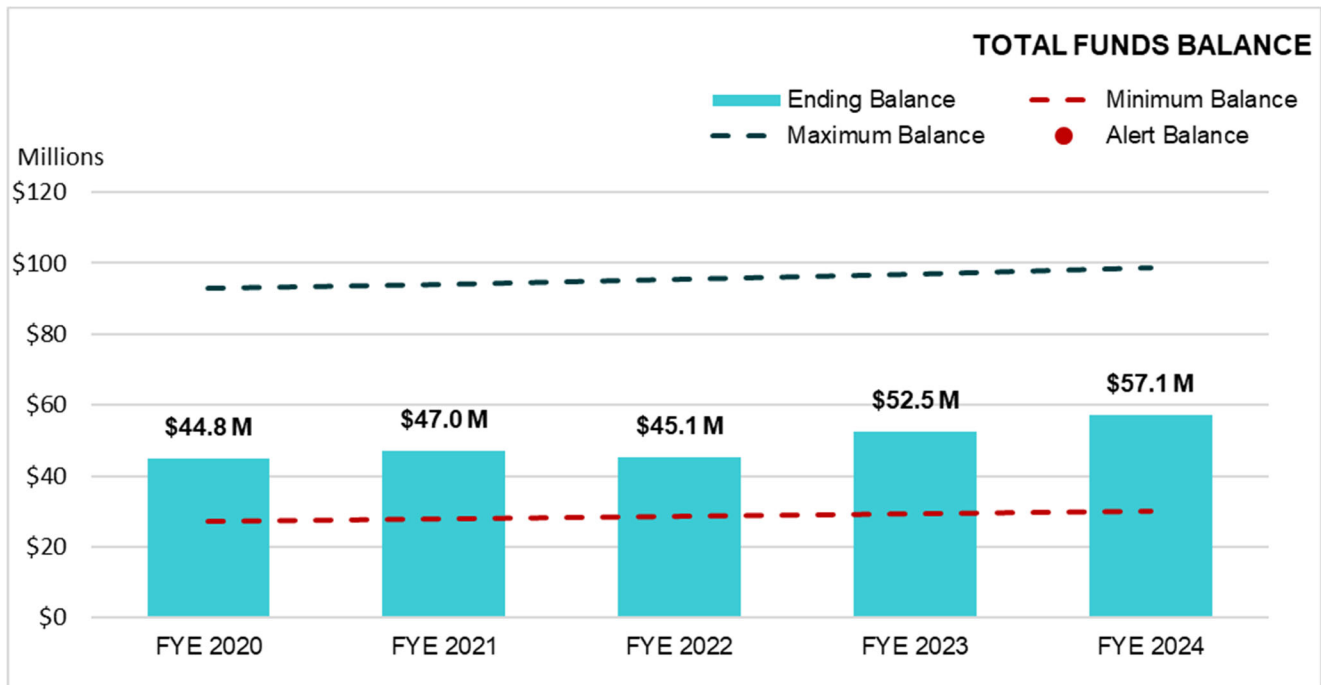


Figure 3-8 demonstrates that the District will exceed the minimum reserve target in all years under the proposed financial plan. Ending Balances and minimum/maximum targets shown below include all three funds combined (Operating, Capital Improvement, and Rate Stabilization). Projected total ending funds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

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



4. Cost of Service

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

4.1. Process and Approach

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

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

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

4.2. Revenue Requirement

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

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

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

Table 4-1: Proposed Revenue Requirement

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

4.3. Functionalization and Allocation of Expenses

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

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

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

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

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

4.4. Peaking Factors

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

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

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

The Max Day allocations are calculated as follows:

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

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

The Max Hour allocations are calculated as follows:

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

Table 4-2: System Peaking Factor Allocations

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

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

Table 4-3: Peaking Factors by Customer Class

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

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

4.5. Allocation of Functional Categories to Cost Causation Components

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

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

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

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

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

4.6. O&M Allocation

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

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

Table 4-5: O&M Cost Allocation

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

4.7. Capital Allocation

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

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

Table 4-6: Capital Cost Allocation

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

4.8. Revenue Offset Allocation

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

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

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

Table 4-7: Revenue Offset Allocation

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

4.9. Allocation of Revenue Requirements to Cost Causation Components

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

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

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

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

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

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

4.10. Units of Service

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

Equivalent Meters

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

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

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

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

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

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

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

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

Customer Bills

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

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

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

Peaking Units of Service

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

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

Table 4-12: Max Day Units of Service

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

Table 4-13: Max Hour Units of Service

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

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

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

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

4.11. Units Cost Development

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

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

A	B	C	D	E = C / D
Line	Cost Causation Component	FY 2020 Revenue Requirement	FY 2020 Units of Service	Unit Cost
1	Supply	\$19,023,874	7,769,565 HCF	\$2.45
2	Base Delivery	\$8,043,326	7,769,565 HCF	\$1.04
3	Max Day	\$7,473,881	20,472 HCF/day	\$365.07
4	Max Hour	\$5,890,675	20,879 HCF/day	\$282.13
5	Recycled Water	\$4,313,332	1,196,077 HCF	\$3.61
7	Fire Protection	\$87,507	10,967 EMUs	\$0.66
8	Meters	\$11,146,801	30,800 EMUs	\$30.16
9	Customer	\$2,877,692	346,908 Bills	\$8.30
10	Revenue Offsets	(\$2,509,214)	7,732,763 HCF	(\$0.32)
11	Total	\$56,347,873		

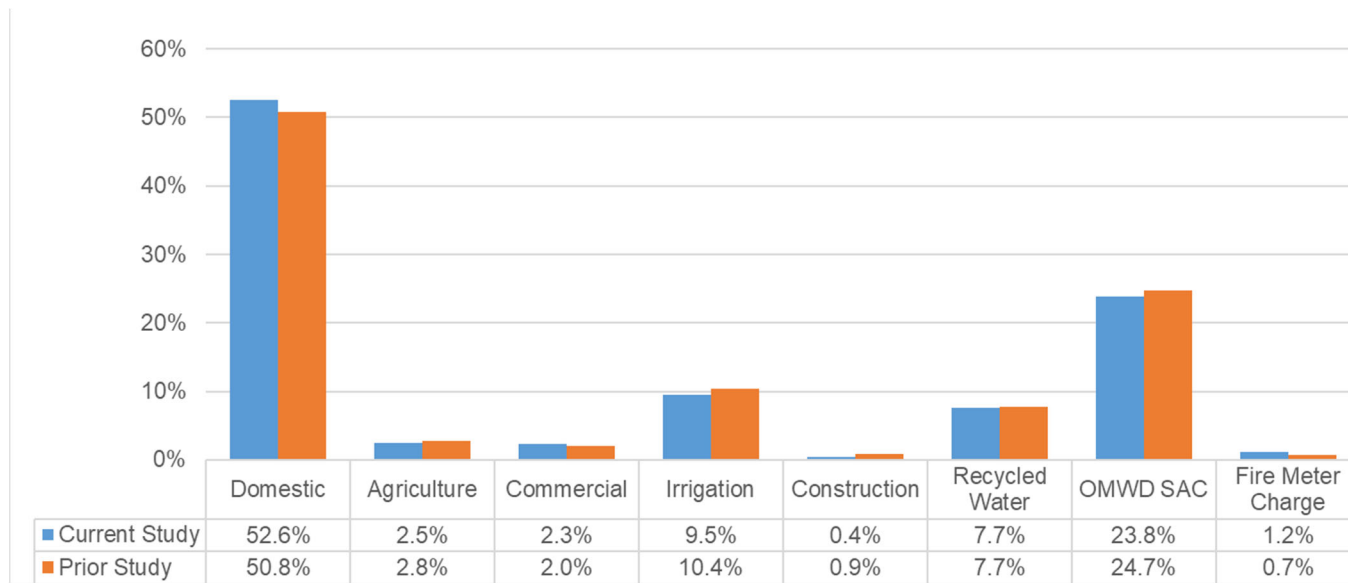
4.12. Cost of Service by Customer Class

Table 4-16 shows the distribution of each cost causation component's revenue requirement to volumetric rates by customer class and to each fixed charge. The dollar amount attributed to each customer class for each cost causation component is determined by multiplying the unit costs (from **Table 4-15**) by the relevant units of service for each customer class (from **Table 4-9** through **Table 4-13**). **Figure 4-1** shows a comparison of the distribution of costs to each customer class from the current COS analysis presented in this study and the prior COS analysis conducted in 2014. The changes shown are a result of changes in water usage patterns by customer class, O&M cost structure, capital needs, and other factors.

Table 4-16: Proposed Cost of Service by Customer Class

A	B	C	D	E	F	G	H	I	J	K	L
Line	Description	Supply	Base	Max Day	Max Hour	Recycled Water	Fire Protection	Meters	Customer	Revenue Offsets	Total
1	Volumetric Rates										
2	Domestic	\$15,170,054	\$6,413,924	\$5,519,833	\$4,527,336	\$0	\$0	\$0	\$0	(\$2,010,425)	\$29,620,722
3	Agriculture	\$630,400	\$266,534	\$347,421	\$233,747	\$0	\$0	\$0	\$0	(\$83,544)	\$1,394,559
4	Commercial	\$693,842	\$293,358	\$212,327	\$191,561	\$0	\$0	\$0	\$0	(\$91,952)	\$1,299,135
5	Irrigation	\$2,439,467	\$1,031,411	\$1,320,681	\$895,362	\$0	\$0	\$0	\$0	(\$323,293)	\$5,363,629
6	Construction	\$90,110	\$38,099	\$73,619	\$42,669	\$0	\$0	\$0	\$0	\$0	\$244,497
7	Recycled Water	\$0	\$0	\$0	\$0	\$4,313,332	\$0	\$0	\$0	\$0	\$4,313,332
8											
9	Fixed Charges										
10	OMWD System Access Charges	\$0	\$0	\$0	\$0	\$0	\$0	\$11,146,801	\$2,290,587	\$0	\$13,437,388
11	Fire Meter Charges	\$0	\$0	\$0	\$0	\$0	\$87,507	\$0	\$587,105	\$0	\$674,612
12											
13	Total	\$19,023,874	\$8,043,326	\$7,473,881	\$5,890,675	\$4,313,332	\$87,507	\$11,146,801	\$2,877,692	(\$2,509,214)	\$56,347,873

Figure 4-1: Cost of Service Comparison: Current and Prior Studies



5. Rate Design

This section of the report details the calculation of the proposed water rates for FY 2020. All rates shown in this section are rounded up to the nearest cent. Other numbers shown in the tables in this section of the report are also rounded. Therefore, hand calculations based on the displayed numbers, such as summing or multiplying, may not equal the exact results shown in. Note that the SDCWA Infrastructure Access Charge shown in this section was not developed by Raftelis, but rather represents a direct pass-through of the CY 2020 rate established by SDCWA.

5.1. Rate Structure Overview

Based on discussions with District staff as well as evaluation of water usage characteristics by customer class, Raftelis recommends that the District maintain its existing water rate structure. Below is a summary of the District's existing rate structure by charge and customer class:

- » **Monthly Fixed Charges:**
 - » **OMWD System Access Charge** which varies by meter size
 - » **Fire Meter Charge** which varies by meter size
 - » **SDCWA Infrastructure Access Charge** which varies by meter size
- » **Volumetric Rates** per HCF of water delivered which varies by the following customer classes/tiers
 - » **Domestic:** four tier structure with defined monthly tier allotments
 - » **Agricultural:** uniform rate per HCF
 - » **Combined Agricultural/Domestic:** follows Domestic rate structure for monthly usage up to the Domestic Tier 2 limit and the Agricultural rate structure for monthly usage in excess of the Domestic Tier 2 limit.
 - » **Commercial:** uniform rate per HCF
 - » **Irrigation:** two tier structure with defined monthly tier allotments that vary by both meter size and season (December-May and June-November)
 - » **Construction:** uniform rate per HCF
 - » **Recycled:** uniform rate per HCF

Revisions to Tier Definitions

As reflected above, the only customer classes subject to a tiered volumetric rate structure are the Domestic and Irrigation customer classes. The basis for Domestic tier definitions is shown in **Table 5-1**. Domestic Tier 1 usage is intended to provide an affordable rate for essential indoor water usage needs.¹⁶ Domestic Tier 2 usage is intended to provide for reasonable outdoor usage, and therefore its upper limit is set to average monthly Domestic usage. Tier 3 and Tier 4 Domestic usage definitions are designed to include inefficient and excess usage respectively.

Based on evaluation of CY 2018 water usage patterns by customer class, Raftelis proposes to make only one modification to the existing tier definitions. This proposed modification is the reduction of the Domestic Tier 2 monthly upper limit from 25 HCF to 23 HCF per month. The prior Tier 2 upper limit of 25 HCF was based on average monthly Domestic usage prior to FY 2015. Water conservation and efficiency improvements since FY 2015 have resulted in a reduction of average monthly Domestic usage to 23 HCF. The proposed Tier 3 lower limit has correspondingly dropped from 26 HCF to 24 HCF per month. Note that all water usage projections by customer class and tier utilized in **Section 4** to develop units of service are based on the proposed tier definitions.

¹⁶ The 6 HCF Domestic Tier 1 limit is based on an assumed 55 gallons per capita per day (GPCD) for essential water use needs and an average residential density of 2.39 per household in Encinitas and Carlsbad.

Table 5-1: Revised Domestic Tier Definitions

Domestic Tiers	Current Monthly Tier Width	Proposed Monthly Tier Width	Proposed Basis for Tier Widths
Tier 1	0-6 HCF	0-6 HCF	Tier 1 max set equal to essential indoor needs
Tier 2	7-25 HCF	7-23 HCF	Tier 2 max set equal to average Domestic monthly usage
Tier 3	26-80 HCF	24-80 HCF	Tier 3 max set at 90 th percentile of Domestic monthly usage
Tier 4	Over 80 HCF	Over 80 HCF	Designed to include 10 percent of total Domestic monthly usage

Based on input provided by the District, Raftelis proposes to maintain the current Irrigation tier definitions which vary by meter size and season. For Irrigation customers, all monthly water usage in excess of the Tier 1 allotment is charged at the Irrigation Tier 2 rate.

Table 5-2: Irrigation Tier Definitions

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

5.2. OMWD System Access Charge Calculation

Table 5-3 shows the calculation of proposed FY 2020 monthly OMWD System Access Charges, which are comprised of the Meters and Customer unit costs previously developed in **Table 4-15**. The Meter unit cost (**Table 4-15**, Column E, Line 8) is multiplied by the capacity ratio for each meter size (Column C) to determine the Meter component of the OMWD System Access Charge for each meter size (Column D). The Customer component of the charge is equal to the Customer unit cost (**Table 4-15**, Column E, Line 9) and is the same for all meter sizes, as customer service-related costs are not dependent on meter size. The proposed OMWD System Access Charge (Column F) is equal to the sum of the Meter and Customer components of the charge (Columns D and E) for each meter size.

Table 5-3: Monthly OMWD System Access Charge Calculation

A	B	C	D = C x \$30.16	E	F = D + E	G	H = F - G
Line	Meter Size	Capacity Ratio	Meter	Customer	Proposed Charge	Current Charge	Difference
1	5/8"	0.7	\$21.11	\$8.30	\$29.41	\$28.43	\$0.98
2	3/4"	1.0	\$30.16	\$8.30	\$38.46	\$37.70	\$0.76
3	1"	1.9	\$57.30	\$8.30	\$65.60	\$65.55	\$0.05
4	1-1/2"	3.1	\$93.49	\$8.30	\$101.79	\$102.68	(\$0.89)
5	2"	5.0	\$150.80	\$8.30	\$159.10	\$161.47	(\$2.37)
6	2-1/2"	9.3	\$280.48	\$8.30	\$288.78	\$294.50	(\$5.72)
7	3"	10.2	\$307.63	\$8.30	\$315.93	\$322.34	(\$6.41)
8	4"	17.1	\$515.73	\$8.30	\$524.03	\$535.82	(\$11.79)
9	6"	36.0	\$1,085.74	\$8.30	\$1,094.04	\$1,120.55	(\$26.51)
10	8"	65.0	\$1,960.36	\$8.30	\$1,968.66	\$2,017.75	(\$49.09)

5.3. Fire Meter Charge Calculation

Table 5-4 shows the calculation of proposed FY 2020 Fire Meter Charges, which are comprised of the Fire Protection and Customer unit costs previously developed in **Table 4-15**. The Fire Protection unit cost (**Table 4-15**, Column E, Line 7) is multiplied by the capacity ratio for each meter size (Column C) to determine the Fire Protection component of the OMWD System Access Charge for each meter size (Column D). The Customer component of the charge is equal to one half of the Customer unit cost (**Table 4-15**, Column E, Line 9) and is the same for all meter sizes, as customer service-related costs are not dependent on meter size. Based on feedback from District staff, Raftelis recommends that Fire Meter Charges are subject to half of the Customer unit cost since these charges are billed on the same water bill and require significantly less customer service support than regular meters. The proposed Fire Meter Charge (Column F) is equal to the sum of the Fire Protection and Customer components (Columns D and E) for each meter size.

Table 5-4: Monthly Fire Meter Charge Calculation

A	B	C	D = C x \$0.66	E	F = D + E	G	H = F - G
Line	Meter Size	Capacity Ratio	Fire Protection	Customer	Proposed Charge	Current Charge	Difference
1	5/8"	1.0	\$0.66	\$4.15	\$4.82	\$3.82	\$1.00
2	3/4"	1.0	\$0.66	\$4.15	\$4.82	\$3.82	\$1.00
3	1"	1.9	\$1.26	\$4.15	\$5.42	\$4.50	\$0.92
4	1-1/2"	3.1	\$2.06	\$4.15	\$6.21	\$5.42	\$0.79
5	2"	5.0	\$3.32	\$4.15	\$7.48	\$6.88	\$0.60
6	2-1/2"	9.3	\$6.18	\$4.15	\$10.34	\$10.15	\$0.19
7	3"	10.2	\$6.78	\$4.15	\$10.93	\$10.84	\$0.09
8	4"	17.1	\$11.37	\$4.15	\$15.52	\$16.10	(\$0.58)
9	6"	36.0	\$23.94	\$4.15	\$28.09	\$30.51	(\$2.42)
10	8"	65.0	\$43.22	\$4.15	\$47.37	\$52.64	(\$5.27)

5.4. SDCWA Infrastructure Access Charges

Table 5-5 shows the SDCWA Infrastructure Access Charges that will go into effect on January 1, 2020. The SDCWA Infrastructure Access Charge per meter equivalent is developed by SDCWA and passed through by the

District to its customers. SDCWA has proposed to increase the SDCWA Infrastructure Access Charge from \$3.01 to \$3.66 per meter equivalent for CY 2020. **Table 5-5** shows the calculation of CY 2020 SDCWA Infrastructure Access Charges, which are determined by multiplying the \$3.66 rate per meter equivalent by the capacity ratio (Column C) for each meter size.

Table 5-5: Monthly SDCWA Infrastructure Access Charge

A	B	C	D	E = C x D	F	G
Line	Meter Size	Capacity Ratio	Charge per Meter Equivalent	Proposed Charge	Current Charge	Difference
1	5/8"	1.0	\$3.66	\$3.66	\$3.01	\$0.65
2	3/4"	1.0	\$3.66	\$3.66	\$3.01	\$0.65
3	1"	1.9	\$3.66	\$6.96	\$5.71	\$1.25
4	1-1/2"	3.1	\$3.66	\$11.35	\$9.33	\$2.02
5	2"	5.0	\$3.66	\$18.30	\$15.05	\$3.25
6	2-1/2"	9.3	\$3.66	\$34.04	\$27.92	\$6.12
7	3"	10.2	\$3.66	\$37.34	\$30.70	\$6.64
8	4"	17.1	\$3.66	\$62.59	\$51.48	\$11.11
9	6"	36.0	\$3.66	\$131.76	\$108.38	\$23.38
10	8"	65.0	\$3.66	\$237.90	\$195.69	\$42.21

5.5. Volumetric Rate Calculations

Proposed volumetric rates are comprised of unit costs for the Supply, Base Delivery, Max Day, Max Hour, Recycled Water, and Revenue Offsets cost causation components. The Recycled volumetric rate is comprised solely of the Recycled Water unit cost, while all other volumetric rates are comprised of the other cost causation component unit costs listed above. Unit costs from **Table 4-15** are used to provide the basis for the calculation of volumetric rates. However, peaking unit rates and Revenue Offset unit rates must first be differentiated by customer class, as these unit costs are not applied uniformly to each customer class and tier.

Peaking Unit Rates

Peaking unit costs which vary by customer class and tier must first be converted from HCF per day peaking requirements into unit rates per HCF. The Max Day unit rate calculations are shown in **Table 5-6**. Max Day requirements in Column C (from **Table 4-12**, Column G) are multiplied by the Max Day unit cost in HCF per day in Column D (from **Table 4-15**, Column E, Line 3) to determine the Max Day revenue requirement by customer class and tier. This result in Column E is then divided by projected FY 2020 usage by class and tier in Column F (from **Table 4-12**, Column C) to determine the Max Day unit rate by customer class in Column G.

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

Table 5-6: Max Day Unit Rates by Customer Class

A	B	C	D	E = C x D	F	G = E / F
Line	Customer Class	Max Day Requirements (HCF/day)	Max Day Unit Cost (HCF/day)	Max Day Revenue Requirement	FY 2020 Projected Usage (HCF)	Max Day Unit Rate (\$/HCF)
1	Domestic					
2	Tier 1	2,063	\$365.07	\$753,290	1,684,780	\$0.45
3	Tier 2	4,627	\$365.07	\$1,689,050	2,280,421	\$0.74
4	Tier 3	5,177	\$365.07	\$1,889,914	1,621,550	\$1.17
5	Tier 4	3,253	\$365.07	\$1,187,579	608,870	\$1.95
7	Agricultural	952	\$365.07	\$347,421	257,463	\$1.35
8	Commercial	582	\$365.07	\$212,327	283,373	\$0.75
9	Irrigation					
10	Tier 1	1,607	\$365.07	\$586,677	493,419	\$1.19
11	Tier 2	2,011	\$365.07	\$734,004	502,887	\$1.46
12	Construction	202	\$365.07	\$73,619	36,802	\$2.00
13	Total	20,472		\$7,473,881	7,769,565	

Max Hour unit rates by customer class are calculated in **Table 5-7** in the same manner as described above for Max Day unit rates. Max Hour requirements in Column C (from **Table 4-13**, Column G) are multiplied by the Max Hour unit cost in HCF per day in Column D (from **Table 4-15**, Column E, Line 4) to determine the Max Hour revenue requirement by customer class and tier. This result in Column E is then divided by projected FY 2020 usage by class and tier in Column F (from **Table 4-13**, Column C) to determine the Max Hour unit rate by customer class in Column G.

Table 5-7: Max Hour Unit Rates by Customer Class

A	B	C	D	E = C x D	F	G = E / F
Line	Customer Class	Max Hour Requirements (HCF/day)	Max Hour Unit Cost (HCF/day)	Max Hour Revenue Requirement	FY 2020 Projected Usage (HCF)	Max Hour Unit Rate (\$/HCF)
1	Domestic					
2	Tier 1	3,340	\$282.13	\$942,202	1,684,780	\$0.56
3	Tier 2	5,437	\$282.13	\$1,533,982	2,280,421	\$0.67
4	Tier 3	4,810	\$282.13	\$1,356,956	1,621,550	\$0.84
5	Tier 4	2,461	\$282.13	\$694,196	608,870	\$1.14
7	Agricultural	829	\$282.13	\$233,747	257,463	\$0.91
8	Commercial	679	\$282.13	\$191,561	283,373	\$0.68
9	Irrigation					
10	Tier 1	1,479	\$282.13	\$417,388	493,419	\$0.85
11	Tier 2	1,694	\$282.13	\$477,974	502,887	\$0.95
12	Construction	151	\$282.13	\$42,669	36,802	\$1.16
13	Total	20,879		\$5,890,675	7,769,565	

Domestic Revenue Offsets

Non-rate revenue sources which are not directly related to any specific District function or expense may be utilized at the discretion of the District to offset various rates. These revenues are included within the Revenue Offsets cost

causation component. **Table 4-15** shows the Revenue Offsets unit rate of \$0.32 if applied evenly to each HCF of water usage (excluding Construction and Recycled usage). To provide for affordability for essential water use by Domestic customers, Raftelis recommends that the entirety of revenue offsets allocated to the Domestic customer class (**Table 4-16**, Column K, Line 2) be applied to Domestic Tier 1 water usage (**Table 4-12**, Column C, Line 2). The calculation shown to determine the Domestic Tier 1 Revenue Offset unit rate is shown in the equation below:

$$\text{Total Domestic Revenue Offset Allocation} \div \text{FY 2020 Domestic Tier 1 Usage} = \text{Domestic Tier 1 Revenue Offset Unit Rate}$$

$$(\$2,010,425) \div 1,684,780 \text{ HCF} = (\$1.19)$$

Table 5-8 below shows a summary of Revenue Offset unit rates per HCF by customer class and tier. The Domestic Tier 1 unit rate was determined in the equation above. As stated above, all Domestic revenue offsets are applied to Tiers 1 usage. Therefore, the Revenue Offset unit rate for Domestic Tiers 2-4 is \$0.00. All other classes are subject to the \$0.32 per HCF Revenue Offset unit rate derived in **Table 4-15**.

Table 5-8: Revenue Offsets by Customer Class and Tier

A	B	C
Line	Customer Class	Revenue Offset Unit Rate (\$/HCF)
1	Domestic	
2	Tier 1	(\$1.19)
3	Tier 2	(\$0.00)
4	Tier 3	(\$0.00)
5	Tier 4	(\$0.00)
7	Agricultural	(\$0.32)
8	Commercial	(\$0.32)
9	Irrigation	
10	Tier 1	(\$0.32)
11	Tier 2	(\$0.32)

Proposed FY 2020 Volumetric Rates

Table 5-9 shows the calculation of proposed FY 2020 volumetric rates per HCF by customer class and tier. Supply (Column C), Base Delivery (Column D), and Recycled Water (Column G) unit rates are directly from **Table 4-15**. Max Day (Column E), Max Hour (Column F), and Revenue Offset (Column H) unit rates were established in **Table 5-6**, **Table 5-7**, and **Table 5-8** respectively. The Recycled Water volumetric rate consists solely of the Recycled Water unit rate in Column G. Note also that no revenue offsets are applied to Construction or Recycled Water Rates because the proposed FY 2020 rates for these customer classes already decrease relative to existing rates. The difference between proposed FY 2020 and current volumetric rates is shown in Column K.

Table 5-9: Calculation of Proposed FY 2020 Volumetric Rates per HCF

A	B	C	D	E	F	G	H	I	J	K
Line	Customer Class	Supply	Base Delivery	Max Day	Max Hour	Recycled Water	Revenue Offset	Proposed Rate	Current Rate	Difference
1	Domestic									
2	Tier 1 (0-6 HCF)	\$2.45	\$1.04	\$0.45	\$0.56	N/A	(\$1.19)	\$3.30	\$2.71	\$0.59
3	Tier 2 (7-23 HCF)	\$2.45	\$1.04	\$0.74	\$0.67	N/A	\$0.00	\$4.90	\$4.75	\$0.15
4	Tier 3 (24-80 HCF)	\$2.45	\$1.04	\$1.17	\$0.84	N/A	\$0.00	\$5.49	\$5.61	(\$0.12)
5	Tier 4 (80 + HCF)	\$2.45	\$1.04	\$1.95	\$1.14	N/A	\$0.00	\$6.58	\$6.58	\$0.00
6										
7	Agriculture	\$2.45	\$1.04	\$1.35	\$0.91	N/A	(\$0.32)	\$5.42	\$4.75	\$0.67
8	Commercial	\$2.45	\$1.04	\$0.75	\$0.68	N/A	(\$0.32)	\$4.59	\$4.07	\$0.52
9	Irrigation									
10	Tier 1: "B" Base	\$2.45	\$1.04	\$1.19	\$0.85	N/A	(\$0.32)	\$5.20	\$4.35	\$0.85
11	Tier 2: "C" Over Base	\$2.45	\$1.04	\$1.46	\$0.95	N/A	(\$0.32)	\$5.57	\$5.90	(\$0.33)
12										
13	Construction	\$2.45	\$1.04	\$2.00	\$1.16	N/A	N/A	\$6.65	\$7.97	(\$1.32)
14	Recycled Water	N/A	N/A	N/A	N/A	\$3.61	N/A	\$3.61	\$3.85	(\$0.24)

5.6. Proposed Water Rates

Proposed monthly fixed charges and volumetric rates through FY 2024 are shown in **Table 5-10** and **Table 5-11** respectively. Proposed FY 2020 rates proposed to become effective on March 1, 2020 were developed previously in **Table 5-3**, **Table 5-4**, **Table 5-5**, and **Table 5-9**. All rates and charges shown beyond FY 2020 are increased by five percent per year in accordance with the proposed revenue adjustments shown in **Table 3-16**, and are rounded up to the nearest cent. Note that the proposed Agriculture w/ Credit volumetric rates in **Table 5-11** are yet to be determined. District staff updates its agricultural credit rate applied to qualifying customers each calendar year. The yet to be determined CY 2020 agricultural credit per HCF will be applied to the proposed FY 2020 Agriculture volumetric rate in **Table 5-11** to determine the reduced Agriculture w/ Credit volumetric rate for FY 2021.

Table 5-10: Proposed Monthly Fixed Charges

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

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

Table 5-11: Proposed Volumetric Rates per HCF

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

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

5.7. Proposed Water Supply Shortage Rates

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

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

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

Table 5-12 shows the estimated water usage (excluding Recycled customers) for each demand reduction stage. To estimate water usage at the customer class and tiered level, Raftelis assumed that all customers reduce their usage each billing period by the overall water usage reduction percentage (i.e. 10%/20%/30%). For customer classes with uniform rates, this results in a percentage reduction equal to the overall reduction (i.e. 10%/20%/30%). For Domestic and Agricultural customers with tiered rates however, a disproportional amount of the overall customer class water usage reduction typically occurs within the higher tiers. Raftelis analyzed CY 2018 account level water usage data by billing period to estimate the percent reduction by tier for Domestic (Lines 1-4) and Irrigation customers (Lines 8-9) if total customer class water usage was to decrease by 10 percent, 20 percent, and 30 percent.

Table 5-12: Percent Reduction in Water Usage by Customer Class and Tier

A	B	C	D	E
Line	Description	10% Demand Reduction	20% Demand Reduction	30% Demand Reduction
1	Domestic Tier 1	2.3%	4.9%	8.1%
2	Domestic Tier 2	9.0%	18.7%	29.2%
3	Domestic Tier 3	14.4%	28.5%	42.2%
4	Domestic Tier 4	23.6%	44.1%	61.3%
5	Agriculture	10.0%	20.0%	30.0%
6	Agriculture w/ Credit	10.0%	20.0%	30.0%
7	Commercial	10.0%	20.0%	30.0%
8	Irrigation Tier 1	3.3%	7.3%	11.9%
9	Irrigation Tier 2	16.5%	32.5%	47.7%
10	Construction	10.0%	20.0%	30.0%
11	Total Reduction	10.0%	20.0%	30.0%

Table 5-13 shows FY 2020 volumetric base rates (previously determined in **Table 5-11**) in Column C and assumed FY 2020 water usage at each demand reduction stage in Columns D-G. Projected usage by customer class and tier in Columns E-G, Lines 1-10 is determined by reducing the base demand in Column D by the percentage reduction at each stage from **Table 5-12**, Columns C-E, Lines 1-10.

Table 5-13: Projected Water Usage by Stage

A	B	C	D	E	F	G
Line	Description	FY 2020 Proposed Base Rates	FY 2020 Base Demand	10% Demand Reduction	20% Demand Reduction	30% Demand Reduction
1	Domestic Tier 1	\$3.30	1,684,780	1,646,507	1,602,043	1,548,386
2	Domestic Tier 2	\$4.90	2,280,421	2,075,879	1,853,787	1,615,364
3	Domestic Tier 3	\$5.49	1,621,550	1,388,623	1,160,064	937,489
4	Domestic Tier 4	\$6.58	608,870	465,051	340,603	235,695
5	Agriculture	\$5.42	237,440	213,696	189,952	166,208
6	Agriculture w/ Credit	\$4.46 ¹⁷	20,023	18,021	16,018	14,016
7	Commercial	\$4.59	283,373	255,036	226,698	198,361
8	Irrigation Tier 1	\$5.20	493,419	476,900	457,480	434,584
9	Irrigation Tier 2	\$5.57	502,887	419,775	339,565	262,831
10	Construction	\$6.65	36,802	33,122	29,442	25,761
11	Total		7,769,565	6,992,608	6,215,652	5,438,695

Table 5-14 below shows the determination of the uniform surcharge to be added to all volumetric rates (excluding Recycled Water) during each demand reduction stage for FY 2020. Projected volumetric rate revenues (excluding Recycled) at each demand reduction stage (Line 2) is determined by multiplying projected water usage for each customer class and tier (**Table 5-13**, Columns D-G, Lines 1-10) by the FY 2020 proposed base rates (**Table 5-13**,

¹⁷ The Agriculture w/ Credit rate of \$4.46 was estimated by reducing the Agriculture rate by an estimated \$0.96 credit per HCF. Please note that the actual CY 2020 agricultural credit is yet to be determined by District staff.

Column C, Lines 1-10), and then summing across all customer classes and tiers. Line 3 shows the reduction in rate revenues relative to baseline (Column C, Line 2). Avoided water supply costs at each demand reduction stage are then calculated in Lines 5-12. Projected water usage (excluding Recycled) at each stage in Line 6 was determined previously in **Table 5-13**, Columns D-G, Line 11. Required water supply in HCF is shown in Line 8 assuming 6.5 percent water loss (Line 7). Required water supply is shown in Line 9 by converting Line 8 to AF¹⁸. Line 10 shows the reduction in required water purchases relative to baseline (Column C, Line 9), which is then multiplied by the FY 2020 Untreated M&I rate per AF (Line 11) to estimate avoided water supply costs (Line 12). Net revenue loss in Line 14 is calculated by subtracting avoided water supply costs (Line 12) from the total rate revenue reduction (Line 3). The net revenue loss is then divided by projected water demand excluding Recycled Water at each demand reduction level (Line 6) to determine the uniform surcharges at each stage (Line 16).

Table 5-14: Calculation of Water Supply Shortage Rate Surcharges

A	B	C	D	E	F
Line	Description	Base Demand	10% Demand Reduction	20% Demand Reduction	30% Demand Reduction
1	Reduction in Rate Revenues				
2	Projected Volumetric Rate Revenue	\$37,931,011	\$33,736,357	\$29,587,801	\$25,491,599
3	Total Rate Revenue Reduction	N/A	\$4,194,654	\$8,343,210	\$12,439,412
4					
5	Avoided Water Supply Costs				
6	Projected FY 2020 Water Usage	7,769,565	6,992,608	6,215,652	5,438,695
7	Assumed Water Loss	6.5%	6.5%	6.5%	6.5%
8	Required Water Purchases (HCF)	8,309,695	7,478,726	6,647,756	5,816,787
9	Required Water Purchases (AF)	19,076	17,169	15,261	13,354
10	Reduction in Required Water Purchases (AF)	N/A	1,908	3,815	5,723
11	FY 2020 Untreated M&I Rate (\$/AF)	\$1,374	\$1,374	\$1,374	\$1,374
12	Total Avoided Water Supply Costs	N/A	\$2,620,196	\$5,240,392	\$7,860,588
13					
14	Net Revenue Loss	N/A	\$1,574,458	\$3,102,818	\$4,578,824
15					
16	\$/HCF Surcharge	N/A	\$0.23	\$0.50	\$0.85

Table 5-15 shows FY 2020 volumetric rates under each demand reduction stage. Base volumetric rates were determined previously in **Table 5-11**. The effective rate at each of the three demand reduction stages is determined by simply adding the corresponding surcharge (**Table 5-14**, Line 16) to the FY 2020 base rate for customer class and tier. Note that Recycled Water customers are not subject to any rate increases during the three demand reduction stages. Water supply shortage rates for reductions in usage that are in between those shown above may be prorated. For example, the water shortage rate for a 14% reduction in use would be $0.23 + 0.4 \times (0.5 - 0.23) = \0.338 or rounded to \$0.34 per HCF.

¹⁸ One AF = 435.6 HCF.

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

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

6. Customer Impacts

6.1. Monthly Bill Impacts

Figure 6-1 shows estimated monthly bills under current rates and proposed FY 2020 rates for Domestic customers with a ¾-inch water meter at varying levels of monthly water usage. Note that 13 HCF and 23 HCF per month respectively represent median and average Domestic monthly water usage in CY 2018. High use customers see a smaller percentage increase in monthly bills under the proposed FY 2020 rates due to the decreased differentiation in peaking costs between lower and higher Domestic tiers relative to the prior water rate study in 2014.

Figure 6-1: Domestic Monthly Bill Impacts at Varying Levels of Usage

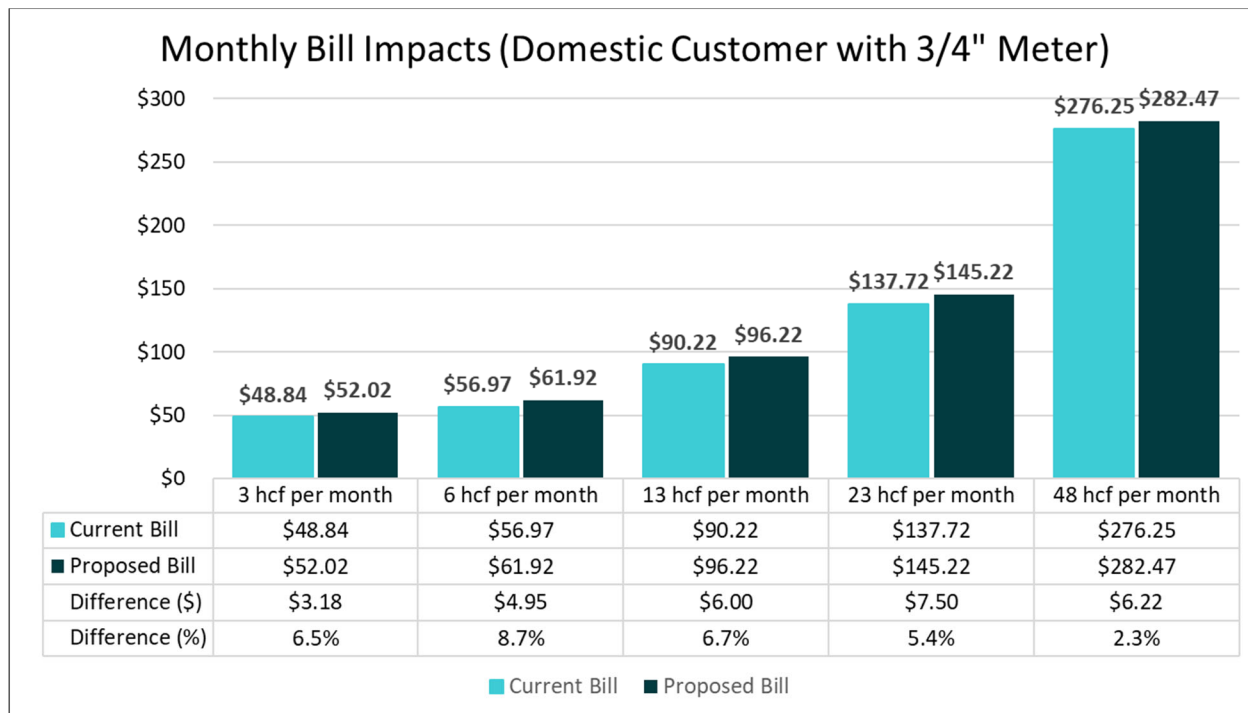


Table 6-1 shows estimated monthly bills under current rates and proposed FY 2020 rates for Commercial customers with a 1-inch water meter at varying levels of monthly water usage. **Table 6-2** shows estimated monthly bills under current rates and proposed FY 2020 rates for Irrigation customers with a 1.5-inch water meter at varying levels of monthly water usage during the winter and summer (due to different tier allotment definitions and usage patterns during the winter and summer periods for Irrigation customers).

Table 6-1: Commercial Monthly Bill Impacts at Varying Levels of Usage (1" Meter Size)

Usage Level	Monthly Usage	Current Monthly Bill	Proposed FY 2020 Monthly Bill	Difference (\$)	Difference (%)
Low (50% of Average)	31 HCF	\$199	\$217	\$18	8.9%
Average	63 HCF	\$327	\$361	\$34	10.4%
High (150% of Average)	94 HCF	\$455	\$505	\$50	11.1%

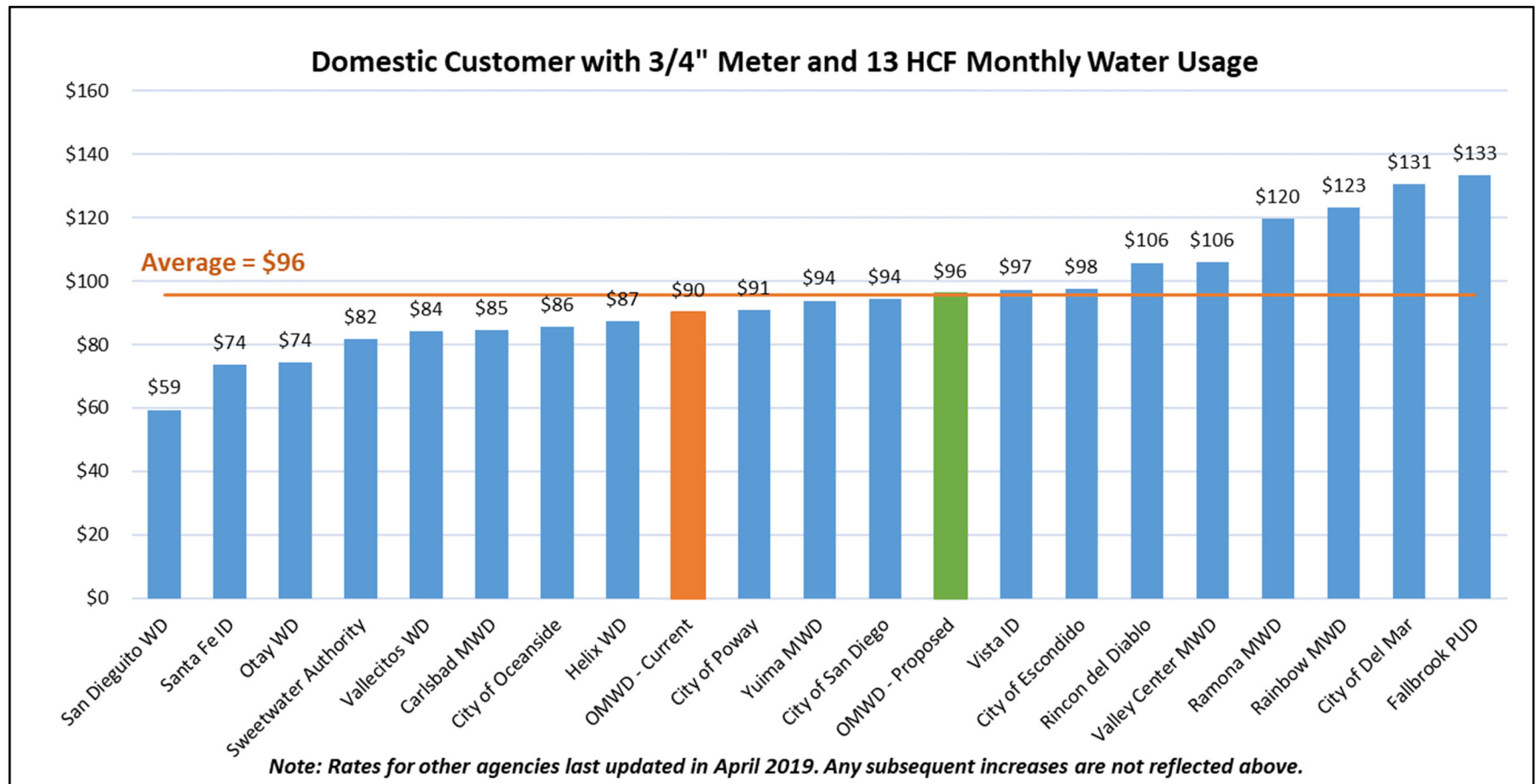
Table 6-2: Irrigation Monthly Bill Impacts at Varying Levels of Usage (1-1/2" Meter Size)

Usage Level	Monthly Usage	Current Monthly Bill	Proposed FY 2020 Monthly Bill	Difference (\$)	Difference (%)
Low – Winter (50% of Average)	56 HCF	\$363	\$405	\$42	11.5%
Avg - Winter	111 HCF	\$691	\$714	\$23	3.4%
High – Winter (150% of Average)	167 HCF	\$1,019	\$1,024	\$5	0.5%
Low – Summer (50% of Average)	98 HCF	\$540	\$625	\$85	15.7%
Avg - Summer	197 HCF	\$1,102	\$1,168	\$66	6.0%
High – Summer (150% of Average)	295 HCF	\$1,683	\$1,716	\$34	2.0%

6.2. Monthly Bill Comparison

Figure 6-2 shows a comparison of the District's current and FY 2020 proposed Domestic bills to neighboring water utilities assuming a ¾-inch water meter and median Domestic monthly water usage (13 HCF). A District customer's bill under current rates is represented by the orange bar and under proposed FY 2020 rates by the green bar. The District's proposed FY 2020 rates result in a monthly bill that is approximately equal to the overall average across all agencies shown. While such comparisons can provide insights into a water utility's pricing policies, please also note that differences in water rates and bills are heavily influenced by factors such as geographic location, customer usage characteristics, source of water supply, water treatment, grant funding, and the age of system infrastructure.

Figure 6-2: Domestic Monthly Bill Comparison



APPENDICES

APPENDIX A: DETAILED WATER PURCHASE COST PROJECTIONS

Water Supply Costs								
Water Purchases Volume			FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Allowance for Water Loss			6.5%	6.5%	6.5%	6.5%	6.5%	6.5%
M&I Purchases			19,152 AF	19,027 AF	18,830 AF	18,865 AF	18,901 AF	18,936 AF
SAWR Purchases (Agri. with credit)			49 AF	49 AF	49 AF	49 AF	49 AF	49 AF
Total Water Purchases			19,202 AF	19,076 AF	18,880 AF	18,915 AF	18,950 AF	18,985 AF
Water Purchase Mix			FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Percent Treated			4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Percent Untreated			96.0%	96.0%	96.0%	96.0%	96.0%	96.0%
Treated Purchases			768 AF	763 AF	755 AF	757 AF	758 AF	759 AF
Untreated Purchases			18,434 AF	18,313 AF	18,124 AF	18,158 AF	18,192 AF	18,226 AF
Total Water Purchases			19,202 AF	19,076 AF	18,880 AF	18,915 AF	18,950 AF	18,985 AF
TRUE			TRUE	TRUE	TRUE	TRUE	TRUE	TRUE
Tier 1 Limit			19,348 AF	19,348 AF	19,348 AF	19,348 AF	19,348 AF	19,348 AF
Purchases subject to Tier 2 Surcharge			0 AF	0 AF	0 AF	0 AF	0 AF	0 AF
Water Purchase Rates (Calendar Year Basis)		CY 2018	CY 2019	CY 2020	CY 2021	CY 2022	CY 2023	CY 2024
Projected Increases								
SDCWA Projected Increases		3.7%	2.9%	4.8%	4.5%	3.6%	2.4%	4.0%
Wholesale Projected Increase			2.9%	4.9%	4.5%	3.6%	2.4%	4.0%
CRC Projected Increase			-1.1%	2.3%	5.7%	4.3%	4.1%	4.0%
SDCWA Charges								
Tier 1 Melded Untreated M&I Supply Rate (\$/AF)		\$894	\$909	\$925	\$967	\$1,001	\$1,025	\$1,066
Customer Service Charge (\$/AF)		\$61	\$61	\$64	\$67	\$69	\$71	\$74
Transportation Rate (\$/AF)		\$115	\$120	\$132	\$138	\$143	\$146	\$152
Storage Charges (\$/AF)		\$162	\$171	\$181	\$189	\$196	\$201	\$209
Supply Reliability Charge (\$/AF)		\$71	\$80	\$104	\$109	\$113	\$115	\$120
Melded Treatment Rate (\$/AF)		\$300	\$276	\$280	\$293	\$303	\$310	\$323
Tier 2 Untreated Supply Rate (\$/AF)		\$781	\$817	\$858	\$896	\$929	\$951	\$989
Infrastructure Access Charge (\$/3/4" meter)		\$3.01	\$3.02	\$3.66	\$3.82	\$3.96	\$4.06	\$4.22
Infrastructure Access Charge (# of equivalent meters)		28,046	28,218	28,267	28,329	28,392	28,454	28,517

Water Supply Costs								
Water Purchase Rates (Calendar Year Basis)		CY 2018	CY 2019	CY 2020	CY 2021	CY 2022	CY 2023	CY 2024
MWD Charges								
Readiness-to-Serve (changes each July) (\$M)		\$140	\$133	\$136	\$256	\$265	\$272	\$282
Capacity Reservation Charge (\$/cfs)		\$8,700	\$8,600	\$8,800	\$9,300	\$9,700	\$10,100	\$10,500
OMWD CRC Monthly Rate (\$)		\$35,479	\$28,974	\$29,648	\$31,332	\$32,680	\$34,027	\$35,375
SAWR (for Agriculture with Credit)								
SAWR Treated Cost - Tier 1		\$995	\$1,007	\$1,056	\$1,103	\$1,143	\$1,171	\$1,217
MWD Supply Rate		\$695	\$731	\$755	\$789	\$817	\$837	\$870
			\$178					
Water Purchase Rates (Fiscal Year Basis)			FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Tier 1 Melded Untreated M&I Supply Rate (\$/AF)			\$902	\$917	\$946	\$984	\$1,013	\$1,046
Customer Service Charge (\$/AF)			\$61	\$63	\$65	\$68	\$70	\$72
Transportation Rate (\$/AF)			\$118	\$126	\$135	\$140	\$145	\$149
Storage Charges (\$/AF)			\$167	\$176	\$185	\$193	\$198	\$205
Supply Reliability Charge (\$/AF)			\$76	\$92	\$106	\$111	\$114	\$118
Untreated M&I Rate			\$1,322	\$1,374	\$1,438	\$1,496	\$1,540	\$1,590
Melded Treatment Rate (\$/AF)			\$288	\$278	\$286	\$298	\$307	\$317
Treated M&I Rate			\$1,610	\$1,652	\$1,724	\$1,794	\$1,847	\$1,907
Tier 2 Untreated Supply Rate (\$/AF)			\$799	\$837	\$877	\$913	\$940	\$970
Tier 2 Untreated Supply Rate Surcharge			(\$103)	(\$80)	(\$69)	(\$71)	(\$74)	(\$76)
Readiness-to-Serve (changes each July) (\$M)			\$140	\$133	\$136	\$256	\$265	\$272
OMWD CRC Monthly Rate (\$)			\$32,226	\$29,311	\$30,490	\$32,006	\$33,354	\$34,701
Infrastructure Access Charge (\$/3/4" meter)			\$3.02	\$3.34	\$3.74	\$3.89	\$4.01	\$4.14
Units of Service for Annual Fixed Charges			FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
IAC Equivalent Meters			28,132	28,243	28,298	28,361	28,423	28,486
SAWR (for Agriculture with Credit) Purchase Rates			FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
SAWR Treated Cost - Tier 1			\$1,001	\$1,031	\$1,080	\$1,123	\$1,157	\$1,194
MWD Supply Rate			\$713	\$743	\$772	\$803	\$827	\$854
SAWR Untreated Credit (CWA and MWD)			\$189	\$174	\$174	\$181	\$186	\$192

Water Supply Costs							
Calculated Water Purchase Expenses		FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Tier 1 Melded Untreated M&I Supply Rate		\$17,310,232	\$17,493,091	\$17,856,584	\$18,612,719	\$19,204,874	\$19,858,148
Tier 2 Untreated Supply Rate Surcharge		\$0	\$0	\$0	\$0	\$0	\$0
Treatment Rate		\$221,202	\$212,130	\$216,209	\$225,365	\$232,535	\$240,445
Capacity Reservation Charge		\$386,717	\$351,728	\$365,878	\$384,071	\$400,242	\$416,413
Readiness to Serve Charge		\$828,000	\$716,000	\$732,150	\$1,378,165	\$1,427,779	\$1,462,046
Infrastructure Access Charge		\$1,017,817	\$1,131,964	\$1,270,822	\$1,325,081	\$1,367,697	\$1,414,694
Customer Service Charge		\$1,171,297	\$1,192,754	\$1,236,448	\$1,288,805	\$1,329,808	\$1,375,043
Transportation Charge		\$2,256,187	\$2,403,631	\$2,548,183	\$2,656,085	\$2,740,587	\$2,833,811
Storage Charge		\$3,197,064	\$3,357,453	\$3,494,099	\$3,642,056	\$3,757,927	\$3,885,757
Supply Reliability Charge		\$1,449,720	\$1,755,032	\$2,007,659	\$2,092,673	\$2,159,251	\$2,232,700

Recycled Water Supply Costs							
Recycled Water Purchases from Other Agencies		FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Recycled Water Usage Growth		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Recycled Water from Vallecitos		485 AF	485 AF	485 AF	485 AF	485 AF	485 AF
Recycled Water from SEJPA		250 AF	155 AF	185 AF	195 AF	205 AF	210 AF
Recycled Water from City of SD		414 AF	300 AF	300 AF	300 AF	300 AF	300 AF
Recycled Water from RSFCSD		215 AF	215 AF	215 AF	215 AF	215 AF	215 AF
Total Recycled Water Purchases		1,364 AF	1,155 AF	1,185 AF	1,195 AF	1,205 AF	1,210 AF
Projected Increases in Recyled Water Rates		FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
SEJPA		5.51%	5.41%	5.31%	4.00%	4.00%	4.00%
City of SD		5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Rancho Santa Fe CSD		3.99%	3.26%	-11.24%	0.00%	0.00%	0.00%
Recycled Water Rates		FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Recycled Water - Vallecitos Ceiling Rate (\$/AF)		\$1,208	\$1,239	\$1,293	\$1,345	\$1,385	\$1,430
Recycled Water - SEJPA (\$/AF)		\$1,072	\$1,130	\$1,190	\$1,238	\$1,287	\$1,339
Recycled Water - City of SD (\$/AF)		\$862	\$905	\$951	\$998	\$1,048	\$1,100
Recycled Water - RSFCSD (\$/AF)		\$802	\$797	\$855	\$866	\$877	\$888
OMWD Recycled Charges (Base FY 07-08)		\$822	\$849	\$754	\$754	\$754	\$754
OMWD Recycled Charges for each FY		\$1,677	\$1,693	\$1,714	\$1,735	\$1,757	\$1,779
50% of recycled water difference		\$427	\$422	\$480	\$491	\$502	\$513
Recycled Water - RSFCSD Base		\$375	\$375	\$375	\$375	\$375	\$375
Calculated Recycled Water Purchases Expenses		FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Recycled Water from Vallecitos		\$585,638	\$600,742	\$627,100	\$652,435	\$671,939	\$693,505
Recycled Water from SEJPA		\$268,000	\$175,150	\$220,150	\$241,332	\$263,856	\$281,104
Recycled Water from City of SD		\$356,932	\$271,579	\$285,158	\$299,416	\$314,386	\$330,106
Recycled Water from RSFCSD		\$172,523	\$171,308	\$183,840	\$186,143	\$188,475	\$190,835
Total Calculated Recycled Water Purchases Expenses		\$1,383,093	\$1,218,779	\$1,316,248	\$1,379,326	\$1,438,657	\$1,495,550

APPENDIX B: STATUS QUO FINANCIAL PLAN CASH FLOW

Operating Cash Flow									
Description					FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
REVENUE									
Rate Revenue Under Existing Rates					\$54,337,390	\$54,305,252	\$54,393,633	\$54,482,015	\$54,570,396
Other Operating Revenue					\$2,971,879	\$2,690,754	\$2,731,278	\$2,766,237	\$2,803,503
Investment & Interest Income					\$460,000	\$387,000	\$272,000	\$116,000	\$0
Non-Operating Revenue					\$3,531,000	\$3,531,000	\$3,531,000	\$3,531,000	\$3,531,000
TOTAL REVENUE					\$61,300,269	\$60,914,006	\$60,927,911	\$60,895,252	\$60,904,899
EXPENSES									
O&M Expenses without Depreciation					\$18,691,201	\$19,363,325	\$20,074,883	\$20,781,768	\$21,457,499
Purchased Water (potable & recycled)					\$29,073,074	\$31,060,462	\$32,999,126	\$34,072,506	\$35,226,095
Other Operating Expenses (potable & recycled)					\$50,000	\$52,000	\$54,080	\$56,243	\$58,493
Non-Operating Expenses (potable & recycled)					\$60,000	\$0	\$0	\$0	\$0
Existing Debt Service					\$4,453,580	\$4,450,080	\$4,451,580	\$4,462,580	\$4,457,330
Proposed Debt Service					\$0	\$0	\$0	\$1,301,000	\$1,301,000
TOTAL EXPENSES					\$52,327,854	\$54,925,866	\$57,579,669	\$60,674,096	\$62,500,417
TRANSFERS									
Transfer Potable Oper. to Potable Capital - PAYGO					\$6,900,000	\$6,400,000	\$5,400,000	\$5,400,000	\$5,900,000
Transfer for Equipment Replc.					\$400,000	\$400,000	\$400,000	\$400,000	\$400,000
Transfer for Future Infrastructure Replc.					\$6,500,000	\$6,000,000	\$5,000,000	\$5,000,000	\$5,500,000
Transfer to Sewer Fund - 2018 Bonds					\$484,500	\$484,500	\$484,500	\$484,500	\$484,500
Transfer to 2012 SRF Reserve					\$112,000	\$112,000	\$112,000	\$112,000	\$112,000
Transfer Recycled Oper. to Recycled Capital					\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Transfer Recycled Oper. to Potable Capital					\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
TOTAL TRANSFERS					\$9,696,500	\$9,196,500	\$8,196,500	\$8,196,500	\$8,696,500
Net Annual Cash Balance					(\$724,085)	(\$3,208,361)	(\$4,848,258)	(\$7,975,344)	(\$10,292,017)
Calculated Debt Coverage					303.9%	235.7%	176.4%	104.8%	73.3%
Required Debt Coverage					125.0%	125.0%	125.0%	125.0%	125.0%

Fund Balances									
Operating Fund (Potable & Recycled)					FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Beginning Balance					\$14,463,000	\$13,738,915	\$10,530,554	\$5,682,297	(\$2,293,047)
Net Annual Cash Balance					(\$724,085)	(\$3,208,361)	(\$4,848,258)	(\$7,975,344)	(\$10,292,017)
Ending Balance - Operating Fund (Potable & Recycled)					\$13,738,915	\$10,530,554	\$5,682,297	(\$2,293,047)	(\$12,585,065)
Minimum Target Balance					\$7,851,662	\$8,288,842	\$8,724,495	\$9,017,141	\$9,317,851
Maximum Target Balance					\$15,703,323	\$16,577,683	\$17,448,989	\$18,034,282	\$18,635,702
Capital Improvement Fund (Potable & Recycled)					FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Beginning Balance					\$33,728,000	\$22,166,304	\$24,559,177	\$21,596,579	\$27,861,316
Plus:									
Interest Income					\$435,000	\$482,000	\$423,000	\$546,000	\$595,000
Transfer from Potable Operating Fund to Potable Capital					\$6,900,000	\$6,400,000	\$5,400,000	\$5,400,000	\$5,900,000
Transfer from Recycled Operating Fund to Recycled Capital					\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Transfer from Recycled Capital Fund to Potable Capital					\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
Capacity Fee Revenues					\$1,056,304	\$1,286,873	\$1,285,402	\$1,141,737	\$927,175
Anticipated Grant Funds					\$200,000	\$0	\$0	\$5,000,000	\$5,000,000
Recycled Capacity Fee Revenues					\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Land Sales Proceeds					\$1,000,000	\$1,800,000	\$0	\$0	\$0
New Bond Proceeds					\$0	\$0	\$0	\$19,600,000	\$0
Less:									
Capital Item Purchases - Water Potable					\$400,000	\$400,000	\$400,000	\$400,000	\$400,000
Capital Item Purchases - Water Recycled					\$96,000	\$96,000	\$96,000	\$96,000	\$96,000
Capital Projects					\$22,832,000	\$9,255,000	\$11,750,000	\$27,102,000	\$11,619,000
Other Expenditures - Water Potable					\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
Other Expenditures - Water Recycled					\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Ending Balance - Capital Improvement Fund (Potable & Recycled)					\$22,166,304	\$24,559,177	\$21,596,579	\$27,861,316	\$30,343,491
Minimum Target Balance					\$12,769,000	\$12,769,000	\$12,769,000	\$12,769,000	\$12,769,000
Maximum Target Balance					\$63,845,000	\$63,845,000	\$63,845,000	\$63,845,000	\$63,845,000
Rate Stabilization Fund (Potable)					FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Beginning Balance					\$8,257,000	\$8,422,000	\$8,590,000	\$8,761,800	\$8,937,036
Interest Income					\$165,000	\$168,000	\$171,800	\$175,236	\$178,741
Ending Balance - Rate Stabilization Fund (Potable)					\$8,422,000	\$8,590,000	\$8,761,800	\$8,937,036	\$9,115,777
Minimum Target Balance					\$6,583,299	\$6,078,869	\$5,616,750	\$5,370,952	\$5,105,101
Maximum Target Balance					\$13,166,598	\$12,157,737	\$11,233,499	\$10,741,903	\$10,210,202

Debt Coverage Calculation								
Description			FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024	
Revenue applicable for calculation								
Total Service Charge Revenue			\$54,337,390	\$54,305,252	\$54,393,633	\$54,482,015	\$54,570,396	
Other Operating Revenue			\$2,971,879	\$2,690,754	\$2,731,278	\$2,766,237	\$2,803,503	
Interest Income			\$460,000	\$387,000	\$272,000	\$116,000	\$0	
Non-Operating Revenue			\$3,531,000	\$3,531,000	\$3,531,000	\$3,531,000	\$3,531,000	
Transfer from/(to) RSF			\$0	\$0	\$0	\$0	\$0	
Total Revenue			\$61,300,269	\$60,914,006	\$60,927,911	\$60,895,252	\$60,904,899	
Expenses								
O&M Expenses			\$18,691,201	\$19,363,325	\$20,074,883	\$20,781,768	\$21,457,499	
Purchased Water Expenses (potable & recycled)			\$29,073,074	\$31,060,462	\$32,999,126	\$34,072,506	\$35,226,095	
Total Expenses			\$47,764,275	\$50,423,787	\$53,074,009	\$54,854,274	\$56,683,594	
Total Funds Available for Debt Service			\$13,535,994	\$10,490,219	\$7,853,902	\$6,040,979	\$4,221,305	
Total Debt Service			\$4,453,580	\$4,450,080	\$4,451,580	\$5,763,580	\$5,758,330	
Revenue to Debt Service Coverage Ratio			303.9%	235.7%	176.4%	104.8%	73.3%	

APPENDIX C: PROPOSED FINANCIAL PLAN CASH FLOW

Operating Cash Flow					FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
REVENUE									
Rate Revenue Under Existing Rates					\$54,337,390	\$54,305,252	\$54,393,633	\$54,482,015	\$54,570,396
Additional Revenue Required Under Proposed Adjustments									
Fiscal Year	Revenue Adjustment	Months Effective							
FYE 2020	3.70%	April	3		\$502,621	\$2,009,294	\$2,012,564	\$2,015,835	\$2,019,105
FYE 2021	5.00%	April	3			\$703,932	\$2,820,310	\$2,824,892	\$2,829,475
FYE 2022	5.00%	April	3				\$740,331	\$2,966,137	\$2,970,949
FYE 2023	5.00%	April	3					\$778,611	\$3,119,496
FYE 2024	5.00%	April	3						\$818,868
Total Additional Revenue					\$502,621	\$2,713,226	\$5,573,206	\$8,585,475	\$11,757,893
Total Rate Revenue (including Proposed Revenue Adjustments)					\$54,840,011	\$57,018,478	\$59,966,839	\$63,067,490	\$66,328,289
Other Operating Revenue					\$2,971,879	\$2,690,754	\$2,731,278	\$2,766,237	\$2,803,503
Investment & Interest Income					\$470,000	\$451,000	\$449,000	\$468,000	\$516,000
Non-Operating Revenue					\$3,531,000	\$3,531,000	\$3,531,000	\$3,531,000	\$3,531,000
TOTAL REVENUE					\$61,812,890	\$63,691,232	\$66,678,117	\$69,832,727	\$73,178,792
EXPENSES									
O&M Expenses without Depreciation					\$18,691,201	\$19,363,325	\$20,074,883	\$20,781,768	\$21,457,499
Purchased Water (potable & recycled)					\$29,073,074	\$31,064,404	\$33,005,371	\$34,081,082	\$35,237,032
Other Operating Expenses (potable & recycled)					\$50,000	\$52,000	\$54,080	\$56,243	\$58,493
Non-Operating Expenses (potable & recycled)					\$60,000	\$0	\$0	\$0	\$0
Existing Debt Service					\$4,453,580	\$4,450,080	\$4,451,580	\$4,462,580	\$4,457,330
Proposed Debt Service					\$0	\$0	\$0	\$1,301,000	\$1,301,000
TOTAL EXPENSES					\$52,327,854	\$54,929,808	\$57,585,914	\$60,682,673	\$62,511,354
TRANSFERS									
Transfer Potable Oper. to Potable Capital - PAYGO					\$6,900,000	\$6,400,000	\$5,400,000	\$5,400,000	\$5,900,000
Transfer for Equipment Replc.					\$400,000	\$400,000	\$400,000	\$400,000	\$400,000
Transfer for Future Infrastructure Replc.					\$6,500,000	\$6,000,000	\$5,000,000	\$5,000,000	\$5,500,000
Transfer to Sewer Fund - 2018 Bonds					\$484,500	\$484,500	\$484,500	\$484,500	\$484,500
Transfer to 2012 SRF Reserve					\$112,000	\$112,000	\$112,000	\$112,000	\$112,000
Transfer Recycled Oper. to Recycled Capital					\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Transfer Recycled Oper. to Potable Capital					\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
TOTAL TRANSFERS					\$9,696,500	\$9,196,500	\$8,196,500	\$8,196,500	\$8,696,500
Net Annual Cash Balance					(\$211,464)	(\$435,077)	\$895,703	\$953,555	\$1,970,938

Recycled Water Operating Cash Flow

Description	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Recycled Water Revenue	\$5,147,289	\$5,511,211	\$5,511,211	\$5,511,211	\$5,511,211
Recycled Water Additional Revenue	\$47,612	\$275,354	\$564,682	\$868,477	\$1,187,461
Recycled Water Interest Income	\$260,786	\$268,852	\$306,589	\$336,833	\$394,221
Recycled Water Expenses	\$2,785,000	\$2,916,868	\$3,027,965	\$3,136,754	\$3,244,590
Recycled Water Transfers	\$2,200,000	\$2,200,000	\$2,200,000	\$2,200,000	\$2,200,000
Net Cash Flow	\$470,688	\$938,549	\$1,154,517	\$1,379,766	\$1,648,303
Beginning Balance	\$8,025,000	\$8,495,688	\$9,434,237	\$10,588,754	\$11,968,520
Net Cash Flow	\$470,688	\$938,549	\$1,154,517	\$1,379,766	\$1,648,303
Ending Balance	\$8,495,688	\$9,434,237	\$10,588,754	\$11,968,520	\$13,616,823
Interest Income	\$209,000	\$227,308	\$249,643	\$276,634	\$308,452

Debt Coverage Calculation

Description	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Revenue applicable for calculation					
Total Service Charge Revenue	\$54,840,011	\$57,018,478	\$59,966,839	\$63,067,490	\$66,328,289
Other Operating Revenue	\$2,971,879	\$2,690,754	\$2,731,278	\$2,766,237	\$2,803,503
Interest Income	\$470,000	\$451,000	\$449,000	\$468,000	\$516,000
Non-Operating Revenue	\$3,531,000	\$3,531,000	\$3,531,000	\$3,531,000	\$3,531,000
Transfer from/(to) RSF	\$0	\$0	\$0	\$0	\$0
Total Revenue	\$61,812,890	\$63,691,232	\$66,678,117	\$69,832,727	\$73,178,792
Expenses					
O&M Expenses	\$18,691,201	\$19,363,325	\$20,074,883	\$20,781,768	\$21,457,499
Purchased Water Expenses (potable & recycled)	\$29,073,074	\$31,064,404	\$33,005,371	\$34,081,082	\$35,237,032
Total Expenses	\$47,764,275	\$50,427,729	\$53,080,254	\$54,862,850	\$56,694,531
Total Funds Available for Debt Service	\$14,048,615	\$13,263,503	\$13,597,863	\$14,969,877	\$16,484,261
Total Debt Service	\$4,453,580	\$4,450,080	\$4,451,580	\$5,763,580	\$5,758,330
Revenue to Debt Service Coverage Ratio	315.4%	298.1%	305.5%	259.7%	286.3%

Fund Balances								
Operating Fund (Potable & Recycled)				FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Beginning Balance				\$14,463,000	\$14,251,536	\$13,816,459	\$14,712,162	\$15,665,717
Net Annual Cash Balance				(\$211,464)	(\$435,077)	\$895,703	\$953,555	\$1,970,938
Ending Balance - Operating Fund (Potable & Recycled)				\$14,251,536	\$13,816,459	\$14,712,162	\$15,665,717	\$17,636,655
Minimum Target Balance				\$7,851,662	\$8,289,490	\$8,725,521	\$9,018,551	\$9,319,649
Maximum Target Balance				\$15,703,323	\$16,578,979	\$17,451,042	\$18,037,101	\$18,639,298
Capital Improvement Fund (Potable & Recycled)				FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Beginning Balance				\$33,728,000	\$22,166,304	\$24,559,177	\$21,596,579	\$27,861,316
Plus:								
Interest Income				\$435,000	\$482,000	\$423,000	\$546,000	\$595,000
Transfer from Potable Operating Fund to Potable Capital				\$6,900,000	\$6,400,000	\$5,400,000	\$5,400,000	\$5,900,000
Transfer from Recycled Operating Fund to Recycled Capital				\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Transfer from Recycled Capital Fund to Potable Capital				\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
Capacity Fee Revenues				\$1,056,304	\$1,286,873	\$1,285,402	\$1,141,737	\$927,175
Anticipated Grant Funds				\$200,000	\$0	\$0	\$5,000,000	\$5,000,000
Recyled Capacity Fee Revenues				\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Land Sales Proceeds				\$1,000,000	\$1,800,000	\$0	\$0	\$0
New Loan - State Revolving Fund (SRF) Proceeds				\$0	\$0	\$0	\$0	\$0
New Bond Proceeds				\$0	\$0	\$0	\$19,600,000	\$0
Less:								
Capital Item Purchases - Water Potable				\$400,000	\$400,000	\$400,000	\$400,000	\$400,000
Capital Item Purchases - Water Recycled				\$96,000	\$96,000	\$96,000	\$96,000	\$96,000
Capital Projects				\$22,832,000	\$9,255,000	\$11,750,000	\$27,102,000	\$11,619,000
Other Expenditures - Water Potable				\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
Other Expenditures - Water Recycled				\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Ending Balance - Capital Improvement Fund (Potable & Recycled)				\$22,166,304	\$24,559,177	\$21,596,579	\$27,861,316	\$30,343,491
Minimum Target Balance				\$12,769,000	\$12,769,000	\$12,769,000	\$12,769,000	\$12,769,000
Maximum Target Balance				\$63,845,000	\$63,845,000	\$63,845,000	\$63,845,000	\$63,845,000
Rate Stabilization Fund (Potable)				FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Beginning Balance				\$8,257,000	\$8,422,000	\$8,590,000	\$8,761,800	\$8,937,036
Interest Income				\$165,000	\$168,000	\$171,800	\$175,236	\$178,741
Transfer (to)/from Operating Fund				\$0	\$0	\$0	\$0	\$0
Ending Balance - Rate Stabilization Fund (Potable)				\$8,422,000	\$8,590,000	\$8,761,800	\$8,937,036	\$9,115,777
Minimum Target Balance				\$6,708,954	\$6,756,190	\$7,008,490	\$7,515,176	\$8,041,840
Maximum Target Balance				\$13,417,908	\$13,512,380	\$14,016,980	\$15,030,352	\$16,083,680

APPENDIX D: ALLOCATION OF FIRE PROTECTION COSTS

Demand factors are calculated by taking the connection size and raising to the 2.63th power (industry standard). Equivalent connections are determined by multiplying demand factors by unit counts in each line. The public and private percent allocations are determined based on the proportion of total equivalent connections.

Fire Protection Cost Allocation			
Fire Exponent	2.63		
Percent Allocation:			
Public	96.1%		
Private	3.9%		
Connection Size	Demand Factor	Unit Counts	Equivalent Connections (Demand Factor)
Public Hydrants			
2.5	11.1	0	0
4	38.3	3,735	143,123
6	111.3	0	0
10	426.6	0	0
Total		3,735	143,123
Private Fire Lines			
5/8	0.3	380	110
3/4	0.5	15	7
1.0	1.0	5,435	5,435
1.5	2.9	66	192
2.0	6.2	1	6
2.5	11.1	0	0
3.0	18.0	0	0
4.0	38.3	0	0
6.0	111.3	1	111
8.0	237.2	0	0
Total		5,898	5,862

Notice of Exemption**Appendix E**

To: Office of Planning and Research
P.O. Box 3044, Room 113
Sacramento, CA 95812-3044

County Clerk

County of: _____

From: (Public Agency): _____

(Address)

Project Title: _____

Project Applicant: _____

Project Location - Specific:

Project Location - City: _____ Project Location - County: _____

Description of Nature, Purpose and Beneficiaries of Project:

Name of Public Agency Approving Project: _____

Name of Person or Agency Carrying Out Project: _____

Exempt Status: **(check one):**

- ☐ Ministerial (Sec. 21080(b)(1); 15268);
- ☐ Declared Emergency (Sec. 21080(b)(3); 15269(a));
- ☐ Emergency Project (Sec. 21080(b)(4); 15269(b)(c));
- ☐ Categorical Exemption. State type and section number: _____
- ☐ Statutory Exemptions. State code number: _____

Reasons why project is exempt:

Lead Agency

Contact Person: _____ Area Code/Telephone/Extension: _____

If filed by applicant:

1. Attach certified document of exemption finding.
2. Has a Notice of Exemption been filed by the public agency approving the project? Yes No

Signature: _____ Date: _____ Title: _____

Signed by Lead Agency Signed by Applicant

Authority cited: Sections 21083 and 21110, Public Resources Code.
Reference: Sections 21108, 21152, and 21152.1, Public Resources Code.

Date Received for filing at OPR: _____

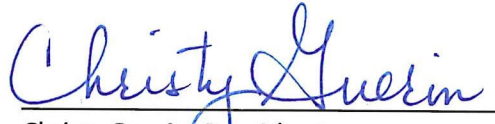
ORDINANCE NO. 515

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:

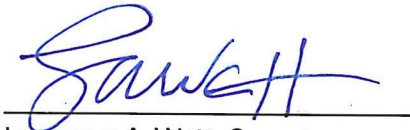
SECTION 1: Sections 8.9, 8.10, and 8.11 of Article 8 of OMWD's Administrative and Ethics Code, Policy for District's Facilities, are hereby revised to read as shown on Exhibit A (attached).

PASSED, APPROVED AND ADOPTED at a regular meeting of Olivenhain Municipal Water District's Board of Directors held this 17th day of January 2024.



Christy Guerin, President
Board of Directors
Olivenhain Municipal Water District

ATTEST:



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

OLIVENHAIN MUNICIPAL WATER DISTRICT ADMINISTRATIVE AND ETHICS CODE	Article No. 8	Page 14 of 17
	Title WATER RATES & CHARGES	
	Latest Revision Date October 18, 2023January 17, 2024	Ordinance No. 5151

ARTICLE 8 WATER RATES & CHARGES

Sec. 8.9 revised via Ordinance No. 515 / January 17, 2024

Sec. 8.9 revised via Ordinance No.496 / November 17, 2021

Sec. 8.9 revised via Ordinance No.449 / May 17, 2017

Sec. 8.9. revised via Ordinance No. 432 / November 4, 2015

Sec. 8.9. revised via Ordinance No. 320 / July 27, 2005

Sec. 8.9. Delinquent Payment Charges. Payment of regular water bills not received before the tenth business day following the payment due date shall be subject to a ~~105~~% delinquent charge (See Section 9.14.C.) for balances exceeding \$25.00. The ~~510~~% delinquent charge is applied in the subsequent bill cycle. These charges shall be in addition to any applicable insufficient funds check return charge (See Section 8.12.).

Sec. 8.10. revised via Ordinance No. 515 / January 17, 2024

Sec. 8.10. revised via Ordinance No. 503 / August 17, 2022

Sec. 8.10. revised via Ordinance No. 468 / October 16, 2019

Sec. 8.10. revised via Ordinance No. 425 / March 18, 2015

Sec. 8.10. Shut-off Notice Fee. Customers will incur a fee of ~~\$4035~~.00 whenever the District is required to deliver a shut-off notice to discontinue water service due to non-payment of a water bill.

Sec. 8.11. revised via Ordinance No. 515 / January 17, 2024

Sec. 8.11. revised via Ordinance No. 503 / August 17, 2022

Sec. 8.11. revised via Ordinance No. 468 / October 16, 2019

Sec. 8.11. revised via Ordinance No. 432 / November 4, 2015

Sec. 8.11. revised via Ordinance No. 425 / March 18, 2015

Sec. 8.11. revised via Ordinance No. 334 / August 11, 2006

Sec. 8.11. revised via Ordinance No. 331 / June 9, 2006

Sec. 8.11. Fees for Re-establishment of Service. For customers that have not demonstrated to the District that household income is below 200 percent of the federal poverty line, the following fees shall be charged each time service has to be re-established following discontinuation of water service for any reason:

During normal work hours	\$155140 .00
Outside normal work hours	\$265250 .00

For customers that have demonstrated to the District prior to reconnection that household income is below 200 percent of the federal poverty line, the following fees shall be charged each time service has to be re-established following discontinuation of water service for any reason:

OLIVENHAIN MUNICIPAL WATER DISTRICT ADMINISTRATIVE AND ETHICS CODE	Article No. 8	Page 15 of 17
	Title WATER RATES & CHARGES	
	Latest Revision Date October 18, <u>2023 January 17,</u> <u>2024</u>	Ordinance No. <u>5154</u>

ARTICLE 8 WATER RATES & CHARGES

During normal work hours	\$ 5754 .00
Outside normal work hours	\$ 137429 .00

These fees are required to be paid at the time the water service is re-established. If water service has been disconnected due to non-payment and service is not re-established prior to closure of the account, a \$~~155140~~.00 fee will be assessed on the final bill.

(Normal work hours, for the purposes of this section, are defined as 7:00 A.M. to 3:30 P.M., Monday through Friday).

Sec. 8.12. revised via Ordinance 468 / October 16, 2019

Sec. 8.12. revised via Ordinance 425 / March 18, 2015

Sec. 8.12. Returned Payment. A \$30.00 fee will be charged to a customer's account each time a payment of a water bill is returned to the District due to non-sufficient fund or any other reasons.(See Section 9.14.E.). This charge shall be in addition to any delinquent payment charge (See Section 8.9.).

Sec. 8.13. revised via Ordinance No. 432 / November 4, 2015

Sec. 8.13. revised via Ordinance 425 / March 18, 2015

Sec. 8.13. revised via Ordinance 376 / March 24, 2010

Sec. 8.13. revised via Ordinance 371-A / June 24, 2009

Sec. 8.13. revised via Ordinance No.331 / June 9, 2006

Sec. 8.13. revised via Ordinance No. 320 / July 27, 2005

Sec. 8.13. Deposits for Residential Water Service Applicants. The decision of Olivenhain Municipal Water District to require a new residential water service applicant to deposit a sum of money with the District prior to establishing an account and furnishing service shall be based solely upon the creditworthiness of the applicant as determined by the District, in accordance with Government Code section 60375.5. (See Section 9.4.H)

Water service accounts shall be established in the legal (record) owner's name as shown on the San Diego County Assessor's Tax Roll in accordance with Section 9.2 of the District's Administrative and Ethics Code. In addition, the District may require that a tenant or a legal owner of a parcel either pay a deposit equal to \$200.00 or, in lieu of a deposit, may require that the tenant or owner demonstrate a satisfactory payment history, determined in the District's discretion, to his/her previous water supplier for the most recent 36-month period. If a deposit is required from the tenant or

OLIVENHAIN MUNICIPAL WATER DISTRICT ADMINISTRATIVE AND ETHICS CODE	Article No. 8	Page 16 of 17
	Title WATER RATES & CHARGES	
	Latest Revision Date October 18, 2023 January 17, 2024	Ordinance No. 5154

ARTICLE 8 WATER RATES & CHARGES

owner, the District will apply the deposit to the tenant's or owner's closing bill. Resulting overpayments greater than \$2.00 will be refunded to the person who made the deposit.

Sec. 8.14 revised by Ordinance 425 / March 18, 2015

Sec. 8.14. Service Outside District Boundaries. The District has no obligation to provide potable, raw, or recycled water to any property outside the boundaries of the District and may elect to do so in the District's sole discretion. Where the District is requested to supply potable, raw, or recycled water to property not located within the District's boundaries and the District is willing to do so, the District will determine a charge for such service in the District's sole discretion. The charge will be calculated so that these customers will pay total amounts for water service at least equal to amounts (including, but not limited to, property tax amounts) received by the District from similar customers who are located within the District's boundaries. This charge will be prorated and included in bills for water usage.

OLIVENHAIN MUNICIPAL WATER DISTRICT ADMINISTRATIVE AND ETHICS CODE	Article No. 8	Page 17 of 17
	Title WATER RATES & CHARGES	
	Latest Revision Date October 18, 2023 January 17, 2024	Ordinance No. 5154

ARTICLE 8 WATER RATES & CHARGES

Sec. 8.15 revised by Ordinance No. 449 / May 17, 2017

Sec. 8.15. revised by Ordinance No. 432 / November 4, 2015

Sec. 8.15. added by Ordinance No. 346 / March 9, 2007

Sec. 8.15. Fines for Unauthorized Water Use. Each incident of unauthorized water use as listed below shall be subject to the associated fine, in addition to the cost of water stolen as determined by an estimation of total volume used and charged at the Construction Water Rate as defined in section 8.1.F., plus the cost to calculate the estimated volume of water stolen. Applicable fines and costs must be paid in full prior to resumption of water service, and are applicable to both OMWD customers and non-customers:

Cutting District lock, straight-lining across meter, or otherwise preventing meter from accurately performing its measuring function by tampering or by any other means (Penal Code 498 & 625): \$200

Cutting angle meter stop from the meter (Penal Code Section 498 & 625): \$200.00 fee & angle stop replacement cost

Replacement of meter which has been pulled because of customer's second cutting of District lock (Penal Code Section 498 & 625): \$250.00

Illegal use and/or connection to hydrant, mainline, backflow device, or any other instrument, apparatus, or device (Penal Code 498): \$1,000.00 & cost to repair/replace device, if applicable

Sec. 8.16. revised via Ordinance No. 511 / October 18, 2023

Sec. 8.16. revised via Ordinance No. 503 / August 17, 2022

Sec. 8.16. revised by Ordinance No. 468 / October 16, 2019

Sec. 8.16. added by Ordinance No. 371-A / June 24, 2009

Sec. 8.16. Meter Test Fee. A fee of \$230.00 shall be charged to customer's account when a customer requests the District to perform a meter test to determine if a meter is accurate. The fee shall be charged to the customer account prior to the actual testing being performed. If the meter is tested and the test result shows that the meter register is within the accuracy requirements as specified in the American Water Works Association Test Requirements, a \$230.00 meter testing fee per meter will be paid by the customer requesting the meter testing. If the meter is tested and found to be inaccurate, the District will refund the meter testing fee to the customer and a new meter will be installed at no cost to the customer.

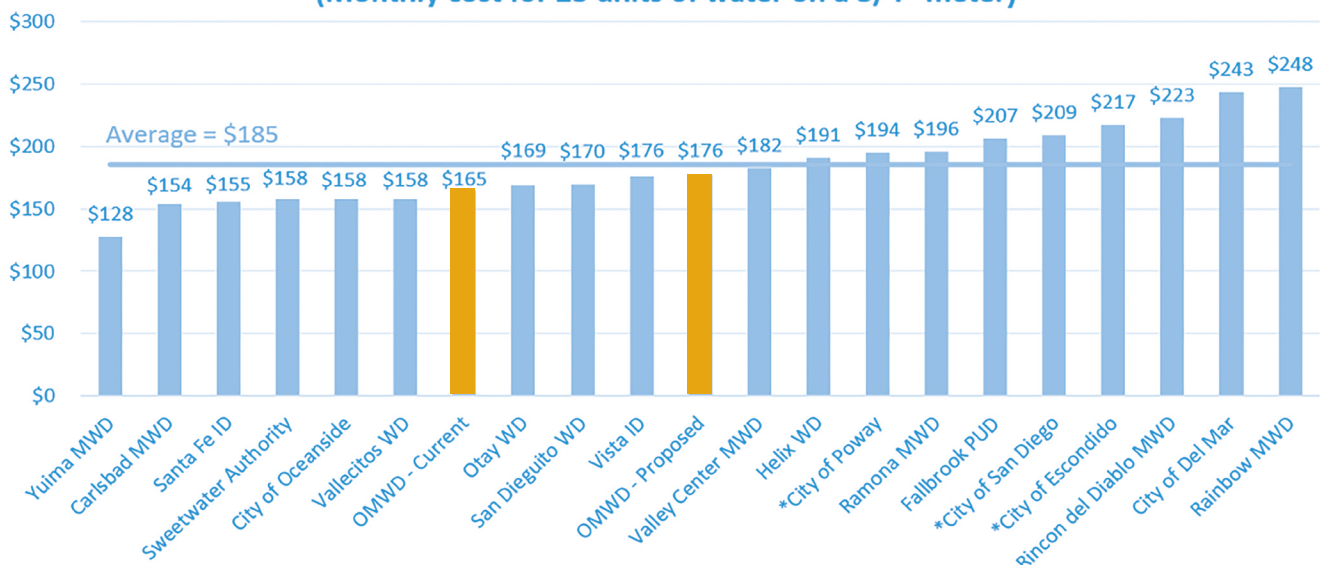
Despite 11.8% Increase in Wholesale Water Costs, OMWD Board to Consider 7.4% Revenue Adjustment in 2024

Pulling from reserves and increasing the existing Rate Reimbursement Credit will reduce the impact on customers

To meet our customers' drinking water demand, OMWD purchases 100% of our untreated water supplies from wholesaler San Diego County Water Authority (SDCWA). Effective January 1, 2024, OMWD's cost to purchase water from SDCWA will increase by 11.8%. OMWD voted against this rate increase at SDCWA in June, but lost in a majority vote, being one of only five agencies to oppose the increase, with 19 supporting it.

Impacts to San Diego County water ratepayers vary at each water agency that purchases water from SDCWA. OMWD ratepayers will be less impacted than customers of other retail water agencies, and our water still costs about a penny a gallon. This is due to OMWD's internal efforts to control the impact of inflation on our water operation and maintenance budget; reprioritize planned, non-critical infrastructure projects; and pursue grants and alternate funding opportunities to help reduce expenses.

Comparing Water Rates Among San Diego County Agencies (Monthly cost for 23 units of water on a 3/4" meter)



Survey of posted rates as of August 2023, using FY 2023 or CY 2023 rates unless otherwise noted.

* City of SD showing December 2023 rates; City of Poway and City of Escondido showing rates effective January 2024.

At its January 17, 2024 meeting, OMWD's Board of Directors will consider a 7.4% revenue adjustment. This adjustment is driven by several factors, including a pass through of a portion of SDCWA's significant cost increases, increases in the cost to purchase recycled water from local suppliers, and a 7.3% inflation increase based on San Diego/Carlsbad Consumer Price Index from the second half of 2021 to the second half of 2022. Additionally, the board will consider using OMWD reserves to help pay for increases in purchased water costs, thereby reducing the impact on customer water bills.



Municipal Water District

1966 Olivenhain Road
Encinitas, CA 92024
760-753-6466
www.olivenhain.com



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

Board of Directors

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

GENERAL MANAGER

Kimberly A. Thorner, Esq.

GENERAL COUNSEL

Alfred Smith, Esq.

BOARD MEETING DATES

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

MISSION STATEMENT

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

Water

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

Recycled Water

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

Parks

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

Emergency Management

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

Sustainable Operations

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

To help further reduce the impact of rate increases on customer bills, OMWD's board approved increasing the existing Rate Reimbursement Credit from 6.9 cents to 11 cents per unit of potable water, effective March 1, 2024. This credit is a result of lawsuits filed by SDCWA between 2010 and 2018 that successfully challenged the legality of certain Metropolitan Water District of Southern California water rates and charges. OMWD's board voted at its November 2021 meeting to create the Rate Reimbursement Credit to refund customers the \$3.6 million that OMWD received from the settlement. Customers have received the Rate Reimbursement Credit of 6.9 cents per unit of potable water since March 2022.

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

What is the reason for a 7.4% revenue adjustment?

San Diego relies on imported water from Northern California and the Colorado River. OMWD has only one source to purchase untreated water to meet our potable water demand. In June of each year, SDCWA's board approves wholesale water rate increases that directly impact OMWD's expenses beginning on January 1 of the following year.

Effective January 1, 2024, wholesale costs from SDCWA for untreated water will increase by 11.8%, which includes not only the cost of water, but other services like water transportation and storage. The cost of purchasing water is OMWD's largest expense, accounting for more than half of our total operating costs. In addition to the untreated water that OMWD purchases from SDCWA, OMWD purchases recycled water from four providers for resale to irrigation customers. The cost of purchasing recycled water from all four of these agencies will increase in 2024.

For 2024, the impact of increases in wholesale water costs and inflation contribute to the proposed 7.4% revenue adjustment to OMWD water rates and charges, which would take effect on March 1, 2024, if approved. It is necessary to pass these costs through to customers to ensure there are sufficient revenues to continue to provide high-quality services to OMWD customers, maintain the safety and reliability of water system infrastructure, and avoid budget deficits.

Proposed changes to current water rates and charges, based on a 7.4% revenue adjustment, are reflected in the proposed OMWD Commodity Charge, OMWD System Access Charge, OMWD Fire Meter Charge, and the SDCWA Infrastructure Access Charge tables.

How Will This Affect the Water Bill for My Home?

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

The proposed 7.4% revenue adjustment for 2024 would appear broken down on a customer's bill as an up to 6.8% increase to the SAC, an up to 8.2% increase to the commodity charge, and an up to 4.0% increase to the IAC. The actual percentage increase is dependent on meter size, customer type, and usage tier.

The average residential customer using 23 units will see an increase of approximately \$11.67, which includes a proposed Rate Reimbursement Credit of 11 cents per unit of water. A residential customer who uses six units will see an estimated increase of \$4.70, which includes the proposed 11-cent Rate Reimbursement Credit.

If approved by the board, the proposed changes to OMWD's water rates and charges will take effect with water purchased March 1, 2024.



WE ARE
HERE

OMWD Current Commodity Charge Effective March 1, 2023 (1 unit=748 gallons) ⁽¹⁾				
	NON-SHORTAGE	WATER SUPPLY SHORTAGE RATES		
Customer Type	(Base) Rates	10% Demand Reduction Rates ⁽²⁾	20% Demand Reduction Rates ⁽²⁾	30% Demand Reduction Rates ⁽²⁾
Domestic				
0-6 Units	\$3.92	\$4.15	\$4.42	\$4.77
7-23 Units	\$5.69	\$5.92	\$6.19	\$6.54
24-80 Units	\$6.35	\$6.58	\$6.85	\$7.20
80+ Units	\$7.55	\$7.78	\$8.05	\$8.40
Agricultural⁽³⁾	\$6.26	\$6.49	\$6.76	\$7.11
Combined Agricultural/ Domestic	First 23 units per month: Follow Domestic Rate Structure. Over 23 units per month: Follow Agricultural Rate Structure.			
Commercial	\$5.35	\$5.58	\$5.85	\$6.20
Irrigation⁽⁴⁾				
Tier 1	\$6.02	\$6.25	\$6.52	\$6.87
Tier 2	\$6.43	\$6.66	\$6.93	\$7.28
Construction ⁽⁶⁾	\$7.62	\$7.85	\$8.12	\$8.47
Recycled ⁽⁶⁾	\$4.04	Shortage rates do not apply		

WE ARE
HERE

Proposed OMWD Commodity Charge Effective March 1, 2024 (1 unit=748 gallons)				
	NON-SHORTAGE	WATER SUPPLY SHORTAGE RATES		
Customer Type	(Base) Rates	10% Demand Reduction Rates ⁽²⁾	20% Demand Reduction Rates ⁽²⁾	30% Demand Reduction Rates ⁽²⁾
Domestic				
0-6 Units	\$4.24	\$4.47	\$4.74	\$5.09
7-23 Units	\$6.14	\$6.37	\$6.64	\$6.99
24-80 Units	\$6.85	\$7.08	\$7.35	\$7.70
80+ Units	\$8.14	\$8.37	\$8.64	\$8.99
Agricultural⁽³⁾	\$6.75	\$6.98	\$7.25	\$7.60
Combined Agricultural/ Domestic	First 23 units per month: Follow Domestic Rate Structure. Over 23 units per month: Follow Agricultural Rate Structure.			
Commercial	\$5.78	\$6.01	\$6.28	\$6.63
Irrigation⁽⁴⁾				
Tier 1	\$6.50	\$6.73	\$7.00	\$7.35
Tier 2	\$6.94	\$7.17	\$7.44	\$7.79
Construction ⁽⁶⁾	\$8.21	\$8.44	\$8.71	\$9.06
Recycled ⁽⁶⁾	\$4.29	Shortage rates do not apply		

Current and Proposed OMWD System Access Charge (SAC) ⁽¹⁾⁽⁵⁾			
Meter Size	Current	Pass-Through Increases & Adjustments	Proposed Effective March 1, 2024
5/8"	\$32.07	\$2.18	\$34.25
3/4"(*)	\$41.94	\$2.85	\$44.79
1"	\$71.55	\$4.86	\$76.41
1-1/2"	\$111.00	\$7.54	\$118.54
2"	\$173.51	\$11.79	\$185.30
2-1/2"	\$314.94	\$21.39	\$336.33
3"	\$344.54	\$23.40	\$367.94
4"	\$571.49	\$38.81	\$610.30
6"	\$1,193.13	\$81.01	\$1,274.14
8"	\$2,146.96	\$145.77	\$2,292.73

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

Notes: * Typical residential meter size

(1) Current rates and charges were approved and adopted by OMWD's board at its February 15, 2023 meeting. These rates and charges are currently used to calculate monthly water bills.

(2) Demand Reduction Rates would only be implemented by the 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. No water shortages are anticipated in 2024.

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

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

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

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

Meter Size	Current	Change	Proposed Effective March 1, 2024
5/8"	\$5.57	\$0.28	\$5.85
3/4"(*)	\$5.57	\$0.28	\$5.85
1"	\$6.26	\$0.31	\$6.57
1-1/2"	\$7.18	\$0.36	\$7.54
2"	\$8.65	\$0.43	\$9.08
2-1/2"	\$11.95	\$0.60	\$12.55
3"	\$12.64	\$0.63	\$13.27
4"	\$17.95	\$0.90	\$18.85
6"	\$32.50	\$1.63	\$34.13
8"	\$54.82	\$2.74	\$57.56

Notes: * Typical residential meter size

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

Meter Size	Current	Pass-Through Increases & Adjustments	Proposed Effective March 1, 2024
5/8"	\$4.24	\$0.17	\$4.41
3/4"(*)	\$4.24	\$0.17	\$4.41
1"	\$8.07	\$0.32	\$8.39
1-1/2"	\$13.17	\$0.53	\$13.70
2"	\$21.24	\$0.85	\$22.09
2-1/2"	\$39.52	\$1.58	\$41.10
3"	\$43.35	\$1.73	\$45.08
4"	\$72.67	\$2.91	\$75.58
6"	\$152.98	\$6.12	\$159.10
8"	\$276.24	\$11.05	\$287.29

Notes: * Typical residential meter size

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

Looking for Ways to Lower Your Water Bill?

OMWD provides a variety of free programs designed to help you save both water and money.

Water Use Evaluations - Take advantage of our water use evaluation service to identify ways to improve water use efficiency at your home or business. Visit www.olivenhain.com/evaluation to schedule your free water use evaluation.

My Water Use - The My Water Use digital dashboard is designed to give you easy access to timely information about your water usage. Learn more at www.olivenhain.com/mywateruse.

Rebates - Save money on improvements at your home or business by applying for rebates on water-saving devices and landscape transformations. Visit www.socalwatersmart.com for more information.

Payment Assistance for Low-Income Customers - To cover overdue residential water and wastewater bills for low-income customers in San Diego County, millions of dollars in federal aid are still available. The Low-Income Household Water Assistance Program will pay water and/or wastewater bills of up to \$2,000 for qualifying, low-income households, including renters whose utility payments are included in their rent. To determine eligibility, view participation requirements, and find other services being offered in your city of residence, visit www.csd.ca.gov/Pages/FindServicesInYourArea.aspx.



Did You Know?

Public water agencies do not make a profit. Every dollar from a customer's water bill is invested back into operation and maintenance, ensuring that water is available at the twist of the tap when you need it. OMWD works 365 days a year on behalf of our community to keep safe, high-quality water flowing to your home or business. When you pay your water bill, you are doing more than just purchasing water, you are investing in projects and programs to meet your community's needs today and into the future.

In 2005, OMWD implemented its Tiger Team Program that challenged employees to reduce operational and maintenance costs through innovation. The program includes aggressively pursuing grant funding for capital projects, identifying alternative revenue sources such as selling hydroelectricity and leasing property, and finding new ways to accomplish existing practices, such as fabricating custom tools to increase the efficiency of repairing valves. To date, employees have generated \$49.7 million in grant awards and cost-saving efforts and \$18.5 million in alternate revenue.



Memo

Date: February 21, 2024

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 THIRTEENTH AMENDMENT TO THE AGREEMENT FOR JOINT COST SHARING BETWEEN OLIVENHAIN MUNICIPAL WATER DISTRICT, CARLSBAD MUNICIPAL WATER DISTRICT, VALLECITOS WATER DISTRICT, CITY OF OCEANSIDE, SAN ELIJO JOINT POWERS AUTHORITY, AND CITY OF ESCONDIDO FOR JOINT FEDERAL LEGISLATIVE OUTREACH EFFORTS PERTAINING TO NORTH SAN DIEGO WATER REUSE COALITION PROJECTS**

Purpose

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

Agenda Item C-m, which requests approval of an extension to the existing agreement retaining BlueWater Strategies llc for federal legislative outreach services, is contingent on approval of this amendment. Though OMWD would continue to serve as the lead

agency with BlueWater Strategies, costs would be shared by all parties via this amendment.

Recommendation

Staff recommends approval of this amendment to the existing joint cost-sharing agreement.

Alternative(s)

- The board may choose against approval of the amendment.
- The board could direct staff to discontinue the pursuit of federal funds for Coalition projects.
- The board may direct staff as otherwise deemed appropriate.

Background

In the 1990s, OMWD, Leucadia Wastewater District, San Elijo Joint Powers Authority, and Carlsbad Municipal Water District jointly pursued federal grant funding under the North San Diego Water Reuse Coalition cooperative project. These agencies were successful in obtaining Title XVI funding in the amount of \$20 million, which was shared among the agencies for their respective recycled water projects. OMWD used the funds at its 4S Ranch Water Reclamation Facility and to connect to Vallecitos Water District for recycled water.

As water supplies dwindled and state regulations on water efficiency were implemented, the importance of expanding recycled water supplies for outdoor irrigation increased. The Coalition grew and the NSDCRRWP was conceived to connect recycled water sources and markets irrespective of agency boundaries and to maximize the recycled water facilities of all partner agencies. While the original project in the 1990s focused on each agency's recycled water supplies, partner agencies began to focus on interconnectedness in order to maximize recycled water use.

In 2010, OMWD worked with Woodard and Curran, previously RMC Water and Environment, to develop a Regional Recycled Water Facilities Plan to be used in seeking funding from (1) the federal government, (2) California's Department of Water Resources via Proposition 84/Integrated Regional Water Management (IRWM) Grant Program, and (3) Metropolitan Water District of Southern California via its Local Resources Program.

To date, the achievement of state grant funds by partner agencies for the NSDCRRWP has been successful. The NSDCRRWP was awarded \$1.455 million in Proposition 84/IRWM Round 1 funding for design, engineering, and environmental work on its recycled water projects, including a Program Environmental Impact Report and a United States Bureau of Reclamation (USBR)-compliant feasibility study. Additionally, in 2014, the NSDCRRWP was awarded \$3.452 million in Proposition 84/IRWM Round 2 funding to be used for the construction of NSDCRRWP subprojects, including OMWD's Village Park Recycled Water Project and San Elijo Joint Powers Authority's (SEJPA) pipeline that connects its distribution system to Wiegand Reservoir to supply Village Park. Most recently, in 2022, the NSDCRRWP was awarded \$3.732 million in Proposition 1/IRWM Round 2 funding to be used for the construction of NSDCRRWP subprojects, including OMWD's Calle Barcelona, Village Park, and Summerhill recycled water pipeline extensions, and the installation of a flow meter on the Extension 153 recycled water main. Other NSDCRRWP subprojects include SEJPA's connection to Wanket Reservoir.

At the federal level, on behalf of Coalition partner agencies, OMWD entered into an agreement with BlueWater Strategies, previously The Furman Group, in 2011 for legislative outreach efforts in pursuit of federal funds for the NSDCRRWP. Participating agencies also entered into an agreement through which costs for the legislative outreach effort would be evenly shared. The term for each of these agreements was one year, and both agreements have been renewed each year since 2012 for additional one-year periods. Most recently, OMWD's board approved a one-year extension for each agreement on February 15, 2023.

In 2015, Santa Fe Irrigation District and City of Escondido, both of which are members of the Coalition, but neither of which had participated in the original federal legislative outreach effort, signed onto the agreement with a buy-in to the joint cost-sharing agreement through October 2020. The buy-in ensured that their ultimate investment in the agreement was equal to that of the existing partners in the cost-sharing agreement. OMWD and the other eight original partners benefited from the cost offset provided by these buy-in fees, effectively offering each a reduced rate for services provided by BlueWater Strategies. All buy-in payments by Santa Fe Irrigation District and City of Escondido have been received.

In December 2016, President Barack Obama signed the Water Infrastructure Improvements for the Nation (WIIN) Act, which included reforming Title XVI into a competitive grant program. BlueWater Strategies worked very closely with Senator Dianne Feinstein, House Republicans, and the House Leader on behalf of partner agencies to include the revitalized Title XVI language into the bill. This enabled partner agencies to apply in August 2017 for federal funding for the North San Diego County

Regional Recycled Water Program 2020 Project, a phase of the NSDCRRWP. BlueWater Strategies assisted with this application by facilitating congressional support for the 2020 Project, led by Representative Scott Peters, and also signed by Representatives Hunter, Davis, and Vargas.

The WIIN Act of 2016 required that the grant awards be submitted to Congress for publication in an appropriations bill, and in order to submit the list to Congress, USBR must first receive approval from the Office of Management and Budget (OMB). Although not approved for funding by OMB in 2017, BlueWater Strategies indicated that the 2020 Project was included on USBR's Water Resources and Planning Division's top-scoring list of eight grant projects for which it made funding recommendations.

In March 2017, Vista Irrigation District elected to withdraw participation in the cost-sharing agreement with no consideration or refund provided for past payments.

Following the completion of the fiscal year 2017 grant competition, BlueWater Strategies coordinated a debriefing meeting in January 2018 between USBR and OMWD to discuss the partner agencies' Title XVI grant application and determine specific evaluation criteria categories where the 2020 Project grant application could be improved for the FY 2018 Title XVI competition. USBR's recommendations were addressed in the Title XVI grant application submitted in August 2018.

Throughout 2018, BlueWater Strategies worked with USBR staff and the northern San Diego congressional delegation to advance the grant application. In September, USBR sent a list of proposed Title XVI grant recipients to the OMB for review and sign off. In February 2019, OMWD received notification from USBR that the 2018 grant application was not among the highest-scoring applications and was not included in the list of selected projects transmitted to Congress. BlueWater Strategies coordinated project briefings between high-level USBR officials and partner agency representatives in order to develop an application in FY 2020. In addition, BlueWater Strategies facilitated meetings with legislative staff for Representatives Levin, Vargas, Davis, and Peters to advise them on the outcome of this funding round and the impact on their constituents. BlueWater Strategies also facilitated support for the 2020 Project from Senator Harris and Representative Levin.

BlueWater Strategies arranged in April 2019 a meeting between partner agency representatives and United States Department of Interior (DOI) staff in Washington, DC to discuss the grant application. Additionally, BlueWater Strategies coordinated in September 2019 a follow-up meeting between Coalition leadership and the DOI's Assistant Secretary for Water and Science.

USBR and DOI recommendations were incorporated into the Title XVI grant application submitted in June 2019. In 2020, the Title XVI process was disrupted when USBR was unable to issue a solicitation. On December 8, 2020, OMWD received notification from USBR that the 2019 application was not selected to be forwarded to Congress for approval. BlueWater Strategies learned from USBR staff that despite the application's recommendation for funding, USBR's recommendations were discarded in favor of uncompetitive choices at the OMB level.

A subsequent Title XVI grant application was submitted in April 2021. BlueWater Strategies facilitated support for the 2020 Project from Representative Levin for this effort and engaged its USBR contacts to rectify earlier challenges at the OMB level. In August 2021, OMWD received notification that the Coalition was awarded \$6.1 million for its 2020 Project. In February 2022, Santa Fe Irrigation District elected to withdraw participation in the cost-sharing agreement with no consideration or refund provided for past payments. On behalf of participating Coalition member agencies, OMWD entered in September 2022 into a funding agreement with USBR for the \$6,100,000 FY 2021 award, through which OMWD serves as the primary grant recipient on behalf of the Coalition.

In March 2022, an additional Title XVI grant application was submitted. This application included a support letter for the 2020 Project from Representative Levin that was secured by BlueWater Strategies. In August 2022, OMWD received notification that the Coalition was awarded \$17.8 million for its 2020 Project, in addition to the previous award of \$6.1 million. On January 17, 2024, OMWD's board approved a subrecipient agreement amendment to add the FY 2022 award into the FY 2021 grant agreement, through which OMWD will serve as the primary grant recipient on behalf of the Coalition.

In September 2023, USBR issued another Title XVI funding opportunity. Since USBR increased the total amount of funding for any one Title XVI WIIN project from \$20 million to \$30 million, the 2020 Project remains eligible for future awards of up to \$6,073,048 before reaching the \$30 million maximum. Staff submitted an additional Title XVI grant application in advance of the December 7, 2023 deadline. BlueWater Strategies is conducting outreach to improve the likelihood of another award.

In January 2024, Leucadia Wastewater District and Rincon del Diablo Municipal Water District each elected to withdraw participation as a party to the 2011 Joint Lobbying and Cost Sharing Agreement after March 31, 2024. During the FY 2023 Title XVI grant application process, both agencies determined that they no longer had recycled water

projects to be considered in a potential FY 2023 Title XVI award. If the Coalition is successful in achieving a FY 2023 award, Coalition members will revisit the amount of lobbying fees that have been paid by each agency party to the 2023 Twelfth Amendment to the Joint Cost-Sharing Agreement. The intent is that each agency's ultimate share of the overall lobbying fees will correspond proportionally with that agency's share of the \$30 million award.

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 of municipal bonds, as well as sending a similar letter to the President of the United States.

BlueWater Strategies has maintained a database of key water-related legislation that it 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 Strategies has also provided detailed updates and analysis of congressional and administration activities.

Fiscal Impact

If the board approves the amendments to the joint cost-sharing agreement and the agreement with BlueWater Strategies in Agenda Item xx, the FY 2024 impact to OMWD is \$26,000, excluding the maximum out-of-pocket expenses of \$1,333.33 for the 2024-2025 contract term. There have been no out-of-pocket expenses during the past five years.

The cumulative fiscal impact to OMWD of the agreement with BlueWater Strategies, would be \$229,055.46.

Original agreement (2011):	\$15,291.50
First amendment (2012):	\$15,332.49

Second amendment (2013):	\$15,441.18
Third amendment (2014):	\$15,678.86
Fourth amendment (2015):	\$12,377.36
Fifth amendment (2016):	\$12,611.09
Sixth amendment (2017):	\$15,671.19
Seventh amendment (2018):	\$14,530.75
Eighth amendment (2019):	\$14,893.85
Ninth amendment (2020):	\$14,893.85
Tenth amendment (2021):	\$17,333.34
Eleventh amendment (2022):	\$19,500.00
Twelfth amendment (2023):	\$19,500.00
Thirteenth amendment, proposed (2024):	\$26,000.00
Total over fourteen years:	\$229,055.46

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.

Over the past three years, BlueWater Strategies assisted the Coalition in securing FY 2021 and FY 2022 Title XVI federal grant funding totaling nearly \$24 million. Of the \$24 million, OMWD anticipates receiving over \$3.6 million to expand the use of recycled water within its service area. This amount will increase should the Coalition be successful in achieving a FY 2023 award.

Discussion

Pending approval of the agreement by the board, BlueWater Strategies has declared its intention to continue working with partner agencies as well as the San Diego congressional delegation to help identify and obtain federal funds for the NSDCRRWP partner agencies. For example, BlueWater Strategies intends to review the FY 2025 Budget Request from President Biden to identify new programs and grant opportunities for Coalition members. Additionally, USBR continues to develop new solicitations in the water policy and infrastructure areas, and BlueWater Strategies anticipates that 2024 will offer funding opportunities for Coalition members. This year, Congress is expected to pass a two-year reauthorization of the Water Resources Development Act (WRDA). WRDA may also serve as the vehicle for congressional efforts to expedite federal permitting and National Environmental Policy Act reform. BlueWater Strategies will follow WRDA developments and ensure Coalition priorities are reflected in these important measures.

Six Coalition member 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: Thirteenth Amendment to the Joint Cost-Sharing Agreement

THIRTEENTH AMENDMENT TO THE JOINT COST SHARING AGREEMENT

WHEREAS, Olivenhain Municipal Water District, Carlsbad Municipal Water District, Vallecitos Water District, City of Oceanside, Leucadia Wastewater District, San Elijo Joint Powers Authority, Rincon del Diablo Municipal Water District, and City of Escondido have collaborated to form the North San Diego Water Reuse Coalition (Coalition) and developed a recycled water project for northern San Diego County generally known as the North San Diego County Regional Recycled Water Project (NSDCRRWP);

WHEREAS, Olivenhain Municipal Water District, Carlsbad Municipal Water District, Vallecitos Water District, Vista Irrigation District, City of Oceanside, Leucadia Wastewater District, San Elijo Joint Powers Authority, and Rincon del Diablo Municipal Water District entered into a one-year Joint Lobbying and Cost Sharing Agreement on March 1, 2011. The purpose of the 2011 Joint Lobbying and Cost Sharing Agreement was to retain BlueWater Strategies llc (BlueWater Strategies), previously The Furman Group, to perform legislative outreach to secure federal funding for the NSDCRRWP, including Water Resources Reform and Development Act (WRRDA), later 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, in March 2017, Vista Irrigation District elected to withdraw participation as a party to the 2011 Joint Lobbying and Cost Sharing Agreement, with no consideration or refund provided to Vista Irrigation District for past payments;

WHEREAS, in February 2022, Santa Fe Irrigation District elected to withdraw participation as a party to the 2011 Joint Lobbying and Cost Sharing Agreement, with no consideration or refund provided to Santa Fe Irrigation District for past payments;

WHEREAS, in January 2024, Leucadia Wastewater District and Rincon del Diablo Municipal Water District each elected to withdraw participation as a party to the 2011 Joint Lobbying and Cost Sharing Agreement;

WHEREAS, if the Coalition is successful in achieving a FY 2023 Title XVI award, Coalition members will revisit the amount of lobbying fees paid by each agency party to the 2023 Twelfth Amendment to the Joint Cost-Sharing Agreement to ensure that each agency's ultimate share of the overall lobbying fees will correspond proportionally with that agency's share of the \$30 million award;

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. Vista Irrigation District withdrew participation as a party to the 2011 Joint Lobbying and Cost Sharing Agreement in March 2017. Santa Fe Irrigation District withdrew participation as a party to the 2011 Joint Lobbying and Cost Sharing Agreement in February 2022. Leucadia Wastewater District and Rincon del Diablo Municipal Water District each elected to withdraw participation as a party to the 2011 Joint Lobbying and Cost Sharing Agreement in January 2024.

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, 2025. Any further amendments may be executed by the parties as necessary and agreed upon in writing.

3. Cost Share and Scope. Based on continued joint participation by nine partners, the annual cost for services, not including out-of-pocket expenses, is anticipated to total \$156,000, with each agency's actual share provided for in Paragraph 6. A copy of the proposal from BlueWater Strategies for this twelfth amendment is attached as Exhibit A.

4. Out of Pocket Expenses by BlueWater Strategies. Out-of-pocket expenses will be invoiced by BlueWater Strategies directly to OMWD and will be shared equally by all parties at the time of invoicing. It is anticipated that out-of-pocket expenses shall not exceed a total of \$8,000 in one year.

5. Additional Partner Buy-In. As established in the fourth amendment, Santa Fe Irrigation District and City of Escondido were incorporated into the 2011 Joint Lobbying and Cost Sharing Agreement. Original parties agreed that Santa Fe Irrigation District and City of Escondido would buy into the agreement for a total of \$49,395.25 each, payable semi-annually through the second payment in October 2020. The Additional Partner Buy-In fees have been paid in full.

6. Payment. In 2024, the remaining six partner agencies shall make semi-annual payments of approximately \$13,000 excluding out-of-pocket expenses. Each party shall make semi-annual payments to OMWD according to the following schedule, and OMWD shall add its semi-annual payment to the rest of the payments, making one full payment to BlueWater Strategies twice per year as described below:

PAYMENT	DUE TO OMWD	DUE TO BLUEWATER STRATEGIES
First Payment	May 1, 2024	May 15, 2024
Second Payment	October 1, 2024	October 15, 2024

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, 2024.

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: _____
James Gumpel, General Manager

DATED: _____

CITY OF OCEANSIDE

By: _____
Lindsay Leahy, Water Utilities Director

DATED: _____

SAN ELIJO JOINT POWERS AUTHORITY

By: _____
Michael Thornton, General Manager

DATED: _____

CITY OF ESCONDIDO

By: _____
Angela Morrow, Director of Utilities

Exhibit A

BlueWater Strategies IIc Proposal



December 13th, 2023

Ms. Kimberly Thorner General Manager
Olivenhain Municipal Water District 1966 Olivenhain Road
Encinitas, CA 92024
Re: Extension of Professional Services Agreement

Dear Ms. Thorner:

BlueWater Strategies proposes a one-year renewal of our existing Professional Services Agreement with the North San Diego Water Reuse Coalition (“Coalition”). We are excited for the opportunity to represent the Coalition in the pursuit of a new Federal WaterSmart funding opportunity 2023/2024.

Our current contract expires on March 31, 2024, and we hope to be of service again next year in securing support for the Coalition’s efforts with the Congress, the Biden Administration and the Bureau of Reclamation in particular. As always, we are happy to present to the board and discuss our proposal, as well as provide an overview of our work plan for the coming year. Below is an overview of the past year as well as the proposed scope of work going forward.

2023 IN REVIEW

In the face of growing challenges posed by climate change, increased population growth across the “sun belt”, and aging infrastructure, the Biden Administration has made a substantial commitment to address water infrastructure in the United States. Recognizing the importance of ensuring clean and reliable water sources for communities, agriculture, and industry, President Joe Biden unveiled a comprehensive plan to invest in and modernize the nation's water infrastructure.

Biden's Water Infrastructure Plan

President Biden's commitment to water infrastructure is embedded in the broader framework of his American Jobs Plan, a sweeping proposal aimed at revitalizing the nation's infrastructure and addressing pressing challenges. In April 2021, the administration proposed allocating \$111 billion for water infrastructure projects, focusing on modernizing systems, addressing pollution, and promoting sustainability. We are now in the second year of the actual implementation of these funds across the Environmental Protection Agency, Army Corps of Engineers and most significantly for our endeavors, the Bureau of Reclamation.

The Coalition has long been a poster-child for the Bureau’s intentions regarding water recycling and reclamation. After some unpleasant politicking from other parts of the Trump Administration, the Coalition awarded \$6 million in 2021, and an additional award of \$17.8



BlueWater Strategies LLC

million, bringing the two-year total to nearly \$24 million in Federal grants. The Bureau's 2023 Title XVI grant making process has encouraged the Coalition to seek another \$6 million in Federal funding, and we look forward to representing the excellent work, return on investment, and environmental stewardship of the North San Diego Water Reuse Coalition with Federal policy makers.

2023 has been a year of transitions. In 2022, the Speaker of the House, the House Republican Leader and the Chairman of the Senate Energy and Water Appropriations Subcommittee were all Californians. A year later none of those things are true. The State will also be losing the long-time water recycling advocate Grace Napolitano who served on the House Natural Resources Committee at the end of this Congress. This also serves as a powerful reminder of the need for BlueWater's approach to Federal advocacy. We have always been bi-partisan and bi-cameral, and in so doing, we can help inoculate the Coalition from the whipsaw of political fortunes that has been a feature of Washington over the last decade.

Of course, the much-publicized chaos in the Republican House leadership ensured that 2023 got off to a very slow start legislatively, and even now, the Federal government is operating on a continuing resolution which prompts another potential shut-down scare in January. After Senator Feinstein's passing, Governor Newsom appointed Laphonza Butler, a Democratic political insider, and first black woman to serve the State of California in the United States Senate. However, she declined to seek reelection to a full six year term 2024, which means that California will have a new junior senator seated in 2025. The three leading contenders are all Democrats and familiar names in Congress -- Barbara Lee of Oakland, Katie Porter of Irvine and Adam Schiff of Burbank.

With the appointment of Michael Brain as Assistant Secretary of Water and Science at the Department of the Interior (DOI), the Bureau is down one Commissioner, and that is likely to remain true until after the 2024 elections. Tanya Trujillo, who had served as the Assistant Secretary, had been instrumental in the intense and arduous negotiations around the Colorado River water allocations. Having successfully completed those negotiations, she seemed to take it as a good moment to exit Federal service.

It is common practice for members of an Administration to begin to move on to "bigger and better" things as the election draws near. So far there are no announcements from the senior leadership of the Bureau, but we will continue to monitor. The return of DOI staff from Colorado to DC has continued apace, but some employees are seeking to remain with the regional office. The large hole in experience that came from the initial move by the Trump Administration has not yet fully been rectified. The difficulty of course is that DOI, and particularly the Bureau, have more appropriated dollars than ever before, but they have fewer employees – and even fewer experienced employees – to process those dollars. We think it is vital to remain in contact with the personnel in the regional offices where turnover has been more incremental.

The return of in-person meetings and office work both with the Bureau and the Congress has been at least partially assisted by the change in Congressional leadership in the House, where the former approach of free access has returned. That said, Zoom calls and video conferences



BlueWater Strategies llc

remain a very normal part of the way we conduct business with some offices, and we need to remain flexible. In any case, we have maintained our close working relationship with the Bureau's non-political staff (primarily Amanda Erath, Marybeth Menendez, and Matt Reichert), and were happy to add to see Michael Brain now promoting the Bureau's requirements and initiatives at DOI .

We have also remained in touch with Interior's Grant Management Division including Lesley Walker, Diana Blake, and Brett Mooney. Obviously these contacts are useful as we encounter issues and concerns as we did last year with the potentiality of an extension, but also as we pursue new funding opportunities in 2024.

With the slim Republican majority in control of the House, we have emphasized building relationships with area Republicans. We will continue working with Jennifer Hayes, legislative director for Congressman Darrell Issa, who as the county's only Republican, matters a great deal. We have also reached out to Michelle Park Steel's staff (R-CA) in the 45th District, and Congresswoman Young Kim (R-CA) of the 40th. While both of these members largely represent Orange County to the North, we've ensured that they are aware of the Coalition's innovative approach to water resource issues, and the projects we are pursuing. It is also true that both of these members are apt to face stiff Democratic competition in the next cycle as they represent swing districts.

In the Senate, we continue to reach out to Senator Padilla's chief of staff, David Montes. Senator Butler received new committee assignments, which unfortunately, are not particularly useful to the Coalition's efforts. Senator Butler serves on four committees--Judiciary, Banking, Homeland Security and Rules & Administration – a full plate to be sure, but not one that lends itself to water infrastructure. Initially, Senator Butler held on to the residual of Senator Feinstein's staff, however most of them are now actively seeking new, more permanent positions, since Senator Butler will not be seeking reelection. We hope that Senator Padilla will seek a slot on the Senate Appropriations Committee if the Democrats maintain their majority in the next Congress.

The Fiscal Year 2024 appropriations process comes to a head on January 19th. Already some elements of the Republican Caucus are balking and threatening the new Speaker, so the final resolution is very much still a question mark. In the Senate, Appropriations Committee Chair Senator Patty Murray (D-WA) did not appoint a replacement Chair of the Energy and Water subcommittee, but has elected to complete the bill herself. A bipartisan markup was concluded in July.

Appropriations, 2023	\$1,787,151,000
Budget estimate, 2024.....	1,301,012,000
Committee recommendation	1,773,497,000

Thus, the best indicator we have is that the Bureau will have roughly \$400 million more than anticipated for FY 2024.

We expect next year's budget to be even more contentious, and unlikely to even pass before



BlueWater Strategies LLC

the November elections. Therefore these funding increases are vital, as they form the baseline for the agencies in the event that the Federal government is funded by continuing resolution.

Key Agenda Items for 2024	Policy Maker	Deadlines
Monitor close of FY 2024 Appropriations Process	Kay Granger (R-TX) Patty Murray (D-WA)	Winter 2024
Secure San Diego delegation support for Coalition Title XVI Grant Application	San Diego Cong. Delegation	Late January 2024
Monitor possible change of Republican House Leadership/Speaker Removal	Speaker Mike Johnson (R-LA)	February
Review FY 2025 Budget Request from President Biden, identify new programs and grant opportunities for Coalition	Biden Administration/Dept. of Interior	March/April
Review Federal Appropriations priorities for FY 2025 bill	Senator Padilla & Cong. Issa/ Cong. Levin	April/ Early May
Identify opportunities for the Coalition or individual Coalition members to submit Community-Focused Grant Requests	Senators Padilla & Butler House members	Late April/ Early May
Submit Appropriations Request forms for Coalition's priorities to San Diego Delegation	Entire San Diego Congressional Delegation	Late April/Early May
Watch for opportunities to have San Diego Delegation members raise Coalition work at pertinent hearings.	Cong. Levin/ Sen. Padilla	Spring 2024
Review of first drafts and hearings on House and Senate water Appropriation bills	House and Senate Energy and Water Appropriations Subcommittee	May/June
Encourage personal weigh-in on Coalition funding request from Democratic San Diego delegation members with Bureau Commissioners	Sen. Padilla & Cong. Levin	May/June
Examine Title XVI grant opportunities for 2024	Bureau of Reclamation	Summer/Fall 2024
Consider Coalitions Priorities for 2024 Water Resources Development Act	Biden Administration, Sen. Padilla(D-CA), Sen. Tom Carper (D-DE), Sen. Capito, (R-WV)	Spring 2024
Organize Coalition Hill visit	Entire San Diego Congressional Delegation	Fall 2024 (TBD)



PROSPECTS FOR 2024

Water Resources Development Act (WRDA) 2024: The Congress has been on a two year cycle of reauthorizing this bill which focuses on the Army Corps of Engineers, but which also contains provisions pertaining to the Bureau and water infrastructure more generally. In an unusual development, while the Congress has struggled to pass even the most bipartisan of measures like the Agricultural program authorizations, WRDA, which had once been perennially politically controversial now has a relatively strong bipartisan tail wind. WRDA bills are routinely passing through both Houses of Congress on a relatively bipartisan basis. Senator Tom Carper (D-DE), chairman of the Senate Environment and Public Works Committee, is retiring at the end of this Congress. He is known as a Democratic moderate with many friends on the Republican side of the aisle. Inevitably, he will want to capstone his career by passing one more important bill, and given that context, we believe that there is a better than even chance that he will succeed. Chairman Carper actually held hearings on WRDA 2024 this summer, which is a further indicator that he is serious about getting a bill across the finish line. A WRDA bill is definitely the kind of legislation that has enough momentum to it that it can carry other related infrastructure policy changes with it. We believe that the Coalition, in conjunction with other advocacy organizations, like the WaterReuse Association, should look to this bill as a way of moving policy priorities.

Title XVI Grant: With the Coalition having submitted a grant request early this winter, we will focus on bringing Congressional support to bear on behalf of the project. Obviously this can be done directly via letters of support from members of the delegation, but we can also attempt to bring more subtle pressure to bear by asking members to use the Coalition as a successful example when members of the Bureau come to testify before the Natural Resources Committee in the House and the Environment and Public Works Committee in the Senate. Of course, we will seek principal-to-principal outreach to try and bring the project over the finish line, and make it clear to the Bureau that the request comes with a great deal of political support.

Appropriations: In spite of the change of party control, the House Appropriations Committee did not restore the earmark moratorium. Community Project Funding requests, as they are now referred to, remain relatively small grants to programs and projects in Congressional districts. While there was some opposition from the far right flank of the Republican Caucus, Chairwoman Kay Granger (R-TX) essentially kept the program unmodified from her Democratic predecessor. The more difficult part has been that the House Appropriations Committee under Republican leadership has so vastly underfunded many appropriations bills; they have not been able to pass them out of the House, much less reach agreement with the Senate or avoid a Presidential veto. Earlier this year, when faced with this dilemma around the continuing resolution, House Speaker McCarthy sent over a relatively non-controversial measure that passed with Democratic votes, and then passed the Senate. However, he was removed because of it, and the Republican Caucus struggled to find anyone capable of securing the votes needed to be Speaker. Mike Johnson (R-LA) eventually prevailed, but at huge cost and he is already being threatened himself with revolt and ouster.



Despite these hurdles, 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 earlier WIIN grant awards. BlueWater is eager to meet with the San Diego delegation to advance such projects throughout the year and ensure they are reflected in the final product adopted by Congress.

Change Management: Fortunately BlueWater was well prepared for the change in circumstance of the California delegation this year. Kyle Oliver is very tightly connected to Chairwoman Kay Granger of the House Appropriations Committee and Jason Matthews maintains good relations with the Louisiana delegation, where he used to work. Not only is the Speaker of the House from Louisiana, but the ranking member on the Senate Energy and Water Appropriations Subcommittee is Sen. John Kennedy (R-LA). We have some change of our own at BlueWater, in that we brought on Jan Brunner, a former counsel on both the Senate Energy and Natural Resources and Environment and Public Works Committees, as well as a former senior energy policy advisor for both Senator Joe Manchin (D-WV) and Senator Shelley Moore Capito (R-WV). All of these translates into, we are very capable of protecting the Coalition's interests in spite of the change.

The Coalition has done excellent work in the past ensuring local Congressional staffers are incorporated into events and announcements. We think this is important direct outreach and encourage the Coalition to involve the local offices for any public groundbreaking, particularly involving the recently secured Federal grant funding.

Congressman Mike Levin won with a 56% margin, in a seat the Republicans had attempted to flip. He is likely to be targeted again by the Republicans this cycle, though Republican fundraising is down, and there is no announced candidate at this stage. Cong. Levin remains one of the Coalition's champions, and we expect to rely on his efforts in the House Natural Resources Committee.

Senator Alex Padilla (D-CA) will not stand for reelection again until 2028. With California losing the state's most influential appropriator, it would not be surprising to see Senator Padilla seek to reclaim this seat after this election cycle. However, his seat on the Environment and Public Works Committees is vital in the context of the WRDA debate.

Maintaining Relationships: BlueWater Strategies will continue our outreach to both the San Diego Congressional Delegation and other offices and delegations vital to our success. Within the San Diego Delegation specifically, we will maintain our outreach with Reps. Darrell Issa (R-CA), Peters (D-CA), Davis (D-CA), and Vargas (D-CA). and Rep. Mike Levin (D-CA).

We maintain a database of key water-related legislation that is regularly updated with details on the status of each bill in the legislative process such as when it was introduced, the number of cosponsors, scheduled hearings, committee markups, floor debates, and final votes. The database is regularly reviewed to determine the likelihood of a bill's passage and what impact the legislation would have on the Coalition if it were to pass and become law.

BlueWater staff members will continue to meet regularly with North San Diego officials to



provide the most up-to-date information and to liaise between the Coalition and the Administration. BlueWater will continue to ensure that key stakeholders in the Department and Bureau are well aware of the importance of the Coalition's project and will facilitate meetings between the Coalition and relevant decision-makers at the Bureau and within Interior. In conclusion, BlueWater will continue to vigorously advocate for the Coalition in Washington, D.C., explore new Federal funding opportunities, and provide detailed updates and analysis of Congressional and Administration activities.

TERM, FEES, AND EXPENSES

BlueWater Strategies provides professional Federal government relations services to its client's travel expenses at our client's request. Our retainers are based, in part, upon the time that we estimate the representation will require on the part of our professionals, the difficulty of the projects in comparison to other projects, and such intangibles as the amount of political capital that will be necessary for the firm to expend to accomplish the client's goals.

We propose to maintain the retainer fee of \$156,000 for a one-year term. This extension, if approved, would expire on March 31, 2025.



CONCLUSION

Once again, thank you for providing us the opportunity to present you with this proposal to continue to work on behalf of the Coalition. Please don't hesitate to contact me with any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jason Matthews', is written over a light blue horizontal line.

Jason Matthews
Partner
BlueWater Strategies

Memo

Date: February 21, 2024
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 THIRTEENTH AMENDMENT TO THE CONSULTING PROFESSIONAL SERVICES AGREEMENT WITH BLUEWATER STRATEGIES LLC FOR LEGISLATIVE OUTREACH SERVICES PERTAINING TO NORTH SAN DIEGO WATER REUSE COALITION PROJECTS**

Purpose

The purpose of this agenda item is to consider approval of an amendment to the existing professional services agreement with BlueWater Strategies llc, for federal legislative outreach services for North San Diego Water Reuse Coalition (Coalition) projects, including the North San Diego County Regional Recycled Water Project (NSDCRRWP). The amendment will extend the existing agreement for a term of one year. Approval of this amendment is contingent upon board approval of Agenda Item C-l, which provides for cost sharing of the BlueWater Strategies consulting professional services agreement among the partner agencies of the NSDCRRWP.

Recommendation

Staff recommends approval of this amendment to the existing agreement with BlueWater Strategies.

Alternative(s)

- The board could direct staff to discontinue the pursuit of federal funds in support of Coalition partner projects.
- The board may direct staff as otherwise deemed appropriate.

Background

As outlined in Agenda Item C-I, in the 1990s, OMWD, Leucadia Wastewater District, San Elijo Joint Powers Authority, and Carlsbad Municipal Water District were successful in jointly pursuing federal grant funding under a Coalition cooperative recycled water project. As water supplies dwindled and state regulations on water efficiency were implemented, the importance of expanding recycled water supplies for outdoor irrigation increased. The Coalition grew, and the NSDCRRWP was conceived to connect recycled water sources and markets irrespective of agency boundaries and to maximize the current recycled water facilities of all agency partners.

In 2010, OMWD worked with Woodard and Curran, previously RMC Water and Environment, to develop a Regional Recycled Water Facilities Plan to be used in seeking funding from (1) the federal government, (2) California's Department of Water Resources via Proposition 84/Integrated Regional Water Management Grant Program, and (3) Metropolitan Water District of Southern California via its Local Resources Program.

In 2011, on behalf of partner agencies, OMWD entered into an agreement with BlueWater Strategies, previously The Furman Group, for legislative outreach efforts in pursuit of federal funds for the NSDCRRWP. Participating agencies also entered into an agreement through which costs for the legislative outreach effort would be evenly shared. The term for each of these agreements was one year, and both agreements were renewed each year since 2012 for additional one-year periods. OMWD continues its leadership role in the Coalition by facilitating the execution of the cost-sharing agreement on behalf of partner agencies, executing the consulting professional services agreement with BlueWater Strategies, and coordinating payment arrangements.

Fiscal Impact

The cost for the attached one-year agreement is \$156,000, plus up to \$8,000 for out-of-pocket expenses, to be invoiced monthly and split between partner agencies, for a total cost of up to \$164,000. The total cost will be shared among participating NSDCRRWP

partner agencies pursuant to Agenda Item C-l. If approved, OMWD's share of the agreement costs will be \$26,000, plus expenses not to exceed \$1,333.33.

The cumulative fiscal impact to OMWD of the agreement with BlueWater Strategies through the 2024-2025 contract term would be no more than \$229,055.46 over fourteen years:

Original agreement (2011):	\$15,291.50
First amendment (2012):	\$15,332.49
Second amendment (2013):	\$15,441.18
Third amendment (2014):	\$15,678.86
Fourth amendment (2015):	\$12,377.36
Fifth amendment (2016):	\$12,611.09
Sixth amendment (2017):	\$15,671.19
Seventh amendment (2018):	\$14,530.75
Eighth amendment (2019):	\$14,893.85
Ninth amendment (2020):	\$14,893.85
Tenth amendment (2021):	\$17,333.34
Eleventh amendment (2022):	\$19,500.00
Twelfth amendment (2023):	\$19,500.00
Thirteenth amendment, proposed (2024):	\$26,000.00
Total over fourteen years:	\$229,055.46

BlueWater Strategies will be working to identify additional funding opportunities in 2024 and positioning the Coalition to take advantage of these opportunities. If successful in achieving a Title XVI FY 2023 award, the Coalition will have received a total of \$30 million for its NSDCRRWP. **Individually, OMWD anticipates receiving approximately \$4 million in federal funding to expand the use of recycled water within its service area.**

Discussion

Should the board approve Agenda Item C-m and the thirteenth agreement amendment, the General Manager will execute an extension to the existing agreement retaining BlueWater Strategies for federal legislative outreach services. BlueWater Strategies will continue to monitor federal legislative and regulatory initiatives that may impact the Coalition and its activities, as well as monitor new federal funding opportunities, provide detailed updates and analysis of congressional and administration activities, and advocate for the Coalition in Washington, DC.

Continuing to share costs with Coalition partner agencies allows OMWD to leverage its dollars and partnerships in seeking further sizable federal participation in the NSDCRRWP, as well as other Coalition partner projects such as electric vehicle infrastructure. The likelihood of achieving grant funding or federal involvement is greater for cooperative projects like the NSDCRRWP, as granting agencies favor projects that establish integration and regional benefit.

Attachments:

- *Thirteenth Amendment to the Consulting Professional Services Agreement with BlueWater Strategies Ilc*
- *BlueWater Strategies Ilc Proposal*

THIRTEENTH AMENDMENT TO THE
CONSULTING PROFESSIONAL SERVICES AGREEMENT
WITH BLUEWATER STRATEGIES LLC

This Agreement is entered into by and between Olivenhain Municipal Water District, a Municipal Water District organized and operating pursuant to Water Code Section 71000 *et seq.* (hereinafter "OMWD") and BlueWater Strategies llc, a lobbying/consulting firm organized and operating in Washington, DC (hereinafter "BWS").

RECITALS

1. Effective February 15, 2011, OMWD entered into a one-year Consulting Professional Services Agreement with The Furman Group, under the terms of which The Furman Group (which merged with BWS in 2018) assisted OMWD and its partners with legislative outreach and government relations services in the pursuit of federal funds for North San Diego Water Reuse Coalition (Coalition) projects, including the North San Diego County Regional Recycled Water Project (NSDCRRWP).

2. The parties agreed in 2012 to amend and extend the Consulting Professional Services Agreement for a period of one year, and have since agreed annually to amend and extend the Consulting Professional Services Agreement for a period of one year.

3. OMWD and Coalition partner agencies—Carlsbad Municipal Water District, Vallecitos Water District, City of Oceanside, San Elijo Joint Powers Authority, and City of Escondido—have entered into an agreement through which costs for BWS's services will be shared jointly among each agency.

4. On behalf of Coalition partner agencies, OMWD desires to retain BWS for one additional year.

COVENANTS

1. Services to be Performed. BWS agrees to perform all work and services in strict accordance with the work described in the cost proposal attached hereto as Exhibit A and incorporated herein by reference. BWS will be representing all the partner agencies. All work performed by BWS shall be subject to review and approval by OMWD. OMWD will coordinate with the other Coalition partner agencies on approval of BWS's work.

2. Price for Work. BWS agrees to perform all work described in Exhibit A for a monthly retainer amount of \$13,000, plus out-of-pocket expenses not exceeding \$8,000, for the duration of the one-year agreement. Out-of-pocket expenses include travel, taxi fares, computer-aided research, courier, and related charges directly attributable to BWS's representation of the NSDCRRWP and other Coalition projects. No increase in the price shall be allowed without the express written consent of OMWD. OMWD shall have no obligation to grant this consent and may deny consent to any price increase in its sole discretion.

3. Payment for Work. Each partner agency shall make its semi-annual payments to OMWD according to the following schedule, and OMWD shall add its semi-annual payment to the rest of the payments, making one full payment twice per year to BWS as described below:

PAYMENT	DUE TO OMWD	DUE TO BWS
First Payment	May 1, 2024	May 15, 2024
Second Payment	October 1, 2024	October 15, 2024

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, 2024.

Dated: _____

Olivenhain Municipal Water District

By: _____

Kimberly A. Thorner
General Manager

Dated: _____

BlueWater Strategies LLC

By: _____

Jason Matthews
Partner



December 13th, 2023

Ms. Kimberly Thorner General Manager
Olivenhain Municipal Water District 1966 Olivenhain Road
Encinitas, CA 92024
Re: Extension of Professional Services Agreement

Dear Ms. Thorner:

BlueWater Strategies proposes a one-year renewal of our existing Professional Services Agreement with the North San Diego Water Reuse Coalition (“Coalition”). We are excited for the opportunity to represent the Coalition in the pursuit of a new Federal WaterSmart funding opportunity 2023/2024.

Our current contract expires on March 31, 2024, and we hope to be of service again next year in securing support for the Coalition’s efforts with the Congress, the Biden Administration and the Bureau of Reclamation in particular. As always, we are happy to present to the board and discuss our proposal, as well as provide an overview of our work plan for the coming year. Below is an overview of the past year as well as the proposed scope of work going forward.

2023 IN REVIEW

In the face of growing challenges posed by climate change, increased population growth across the “sun belt”, and aging infrastructure, the Biden Administration has made a substantial commitment to address water infrastructure in the United States. Recognizing the importance of ensuring clean and reliable water sources for communities, agriculture, and industry, President Joe Biden unveiled a comprehensive plan to invest in and modernize the nation's water infrastructure.

Biden's Water Infrastructure Plan

President Biden's commitment to water infrastructure is embedded in the broader framework of his American Jobs Plan, a sweeping proposal aimed at revitalizing the nation's infrastructure and addressing pressing challenges. In April 2021, the administration proposed allocating \$111 billion for water infrastructure projects, focusing on modernizing systems, addressing pollution, and promoting sustainability. We are now in the second year of the actual implementation of these funds across the Environmental Protection Agency, Army Corps of Engineers and most significantly for our endeavors, the Bureau of Reclamation.

The Coalition has long been a poster-child for the Bureau’s intentions regarding water recycling and reclamation. After some unpleasant politicking from other parts of the Trump Administration, the Coalition awarded \$6 million in 2021, and an additional award of \$17.8



BlueWater Strategies LLC

million, bringing the two-year total to nearly \$24 million in Federal grants. The Bureau's 2023 Title XVI grant making process has encouraged the Coalition to seek another \$6 million in Federal funding, and we look forward to representing the excellent work, return on investment, and environmental stewardship of the North San Diego Water Reuse Coalition with Federal policy makers.

2023 has been a year of transitions. In 2022, the Speaker of the House, the House Republican Leader and the Chairman of the Senate Energy and Water Appropriations Subcommittee were all Californians. A year later none of those things are true. The State will also be losing the long-time water recycling advocate Grace Napolitano who served on the House Natural Resources Committee at the end of this Congress. This also serves as a powerful reminder of the need for BlueWater's approach to Federal advocacy. We have always been bi-partisan and bi-cameral, and in so doing, we can help inoculate the Coalition from the whipsaw of political fortunes that has been a feature of Washington over the last decade.

Of course, the much-publicized chaos in the Republican House leadership ensured that 2023 got off to a very slow start legislatively, and even now, the Federal government is operating on a continuing resolution which prompts another potential shut-down scare in January. After Senator Feinstein's passing, Governor Newsom appointed Laphonza Butler, a Democratic political insider, and first black woman to serve the State of California in the United States Senate. However, she declined to seek reelection to a full six year term 2024, which means that California will have a new junior senator seated in 2025. The three leading contenders are all Democrats and familiar names in Congress -- Barbara Lee of Oakland, Katie Porter of Irvine and Adam Schiff of Burbank.

With the appointment of Michael Brain as Assistant Secretary of Water and Science at the Department of the Interior (DOI), the Bureau is down one Commissioner, and that is likely to remain true until after the 2024 elections. Tanya Trujillo, who had served as the Assistant Secretary, had been instrumental in the intense and arduous negotiations around the Colorado River water allocations. Having successfully completed those negotiations, she seemed to take it as a good moment to exit Federal service.

It is common practice for members of an Administration to begin to move on to "bigger and better" things as the election draws near. So far there are no announcements from the senior leadership of the Bureau, but we will continue to monitor. The return of DOI staff from Colorado to DC has continued apace, but some employees are seeking to remain with the regional office. The large hole in experience that came from the initial move by the Trump Administration has not yet fully been rectified. The difficulty of course is that DOI, and particularly the Bureau, have more appropriated dollars than ever before, but they have fewer employees – and even fewer experienced employees – to process those dollars. We think it is vital to remain in contact with the personnel in the regional offices where turnover has been more incremental.

The return of in-person meetings and office work both with the Bureau and the Congress has been at least partially assisted by the change in Congressional leadership in the House, where the former approach of free access has returned. That said, Zoom calls and video conferences



BlueWater Strategies llc

remain a very normal part of the way we conduct business with some offices, and we need to remain flexible. In any case, we have maintained our close working relationship with the Bureau's non-political staff (primarily Amanda Erath, Marybeth Menendez, and Matt Reichert), and were happy to add to see Michael Brain now promoting the Bureau's requirements and initiatives at DOI .

We have also remained in touch with Interior's Grant Management Division including Lesley Walker, Diana Blake, and Brett Mooney. Obviously these contacts are useful as we encounter issues and concerns as we did last year with the potentiality of an extension, but also as we pursue new funding opportunities in 2024.

With the slim Republican majority in control of the House, we have emphasized building relationships with area Republicans. We will continue working with Jennifer Hayes, legislative director for Congressman Darrell Issa, who as the county's only Republican, matters a great deal. We have also reached out to Michelle Park Steel's staff (R-CA) in the 45th District, and Congresswoman Young Kim (R-CA) of the 40th. While both of these members largely represent Orange County to the North, we've ensured that they are aware of the Coalition's innovative approach to water resource issues, and the projects we are pursuing. It is also true that both of these members are apt to face stiff Democratic competition in the next cycle as they represent swing districts.

In the Senate, we continue to reach out to Senator Padilla's chief of staff, David Montes. Senator Butler received new committee assignments, which unfortunately, are not particularly useful to the Coalition's efforts. Senator Butler serves on four committees--Judiciary, Banking, Homeland Security and Rules & Administration – a full plate to be sure, but not one that lends itself to water infrastructure. Initially, Senator Butler held on to the residual of Senator Feinstein's staff, however most of them are now actively seeking new, more permanent positions, since Senator Butler will not be seeking reelection. We hope that Senator Padilla will seek a slot on the Senate Appropriations Committee if the Democrats maintain their majority in the next Congress.

The Fiscal Year 2024 appropriations process comes to a head on January 19th. Already some elements of the Republican Caucus are balking and threatening the new Speaker, so the final resolution is very much still a question mark. In the Senate, Appropriations Committee Chair Senator Patty Murray (D-WA) did not appoint a replacement Chair of the Energy and Water subcommittee, but has elected to complete the bill herself. A bipartisan markup was concluded in July.

Appropriations, 2023	\$1,787,151,000
Budget estimate, 2024.....	1,301,012,000
Committee recommendation	1,773,497,000

Thus, the best indicator we have is that the Bureau will have roughly \$400 million more than anticipated for FY 2024.

We expect next year's budget to be even more contentious, and unlikely to even pass before



BlueWater Strategies LLC

the November elections. Therefore these funding increases are vital, as they form the baseline for the agencies in the event that the Federal government is funded by continuing resolution.

Key Agenda Items for 2024	Policy Maker	Deadlines
Monitor close of FY 2024 Appropriations Process	Kay Granger (R-TX) Patty Murray (D-WA)	Winter 2024
Secure San Diego delegation support for Coalition Title XVI Grant Application	San Diego Cong. Delegation	Late January 2024
Monitor possible change of Republican House Leadership/Speaker Removal	Speaker Mike Johnson (R-LA)	February
Review FY 2025 Budget Request from President Biden, identify new programs and grant opportunities for Coalition	Biden Administration/Dept. of Interior	March/April
Review Federal Appropriations priorities for FY 2025 bill	Senator Padilla & Cong. Issa/ Cong. Levin	April/ Early May
Identify opportunities for the Coalition or individual Coalition members to submit Community-Focused Grant Requests	Senators Padilla & Butler House members	Late April/ Early May
Submit Appropriations Request forms for Coalition's priorities to San Diego Delegation	Entire San Diego Congressional Delegation	Late April/Early May
Watch for opportunities to have San Diego Delegation members raise Coalition work at pertinent hearings.	Cong. Levin/ Sen. Padilla	Spring 2024
Review of first drafts and hearings on House and Senate water Appropriation bills	House and Senate Energy and Water Appropriations Subcommittee	May/June
Encourage personal weigh-in on Coalition funding request from Democratic San Diego delegation members with Bureau Commissioners	Sen. Padilla & Cong. Levin	May/June
Examine Title XVI grant opportunities for 2024	Bureau of Reclamation	Summer/Fall 2024
Consider Coalitions Priorities for 2024 Water Resources Development Act	Biden Administration, Sen. Padilla(D-CA), Sen. Tom Carper (D-DE), Sen. Capito, (R-WV)	Spring 2024
Organize Coalition Hill visit	Entire San Diego Congressional Delegation	Fall 2024 (TBD)



PROSPECTS FOR 2024

Water Resources Development Act (WRDA) 2024: The Congress has been on a two year cycle of reauthorizing this bill which focuses on the Army Corps of Engineers, but which also contains provisions pertaining to the Bureau and water infrastructure more generally. In an unusual development, while the Congress has struggled to pass even the most bipartisan of measures like the Agricultural program authorizations, WRDA, which had once been perennially politically controversial now has a relatively strong bipartisan tail wind. WRDA bills are routinely passing through both Houses of Congress on a relatively bipartisan basis. Senator Tom Carper (D-DE), chairman of the Senate Environment and Public Works Committee, is retiring at the end of this Congress. He is known as a Democratic moderate with many friends on the Republican side of the aisle. Inevitably, he will want to capstone his career by passing one more important bill, and given that context, we believe that there is a better than even chance that he will succeed. Chairman Carper actually held hearings on WRDA 2024 this summer, which is a further indicator that he is serious about getting a bill across the finish line. A WRDA bill is definitely the kind of legislation that has enough momentum to it that it can carry other related infrastructure policy changes with it. We believe that the Coalition, in conjunction with other advocacy organizations, like the WaterReuse Association, should look to this bill as a way of moving policy priorities.

Title XVI Grant: With the Coalition having submitted a grant request early this winter, we will focus on bringing Congressional support to bear on behalf of the project. Obviously this can be done directly via letters of support from members of the delegation, but we can also attempt to bring more subtle pressure to bear by asking members to use the Coalition as a successful example when members of the Bureau come to testify before the Natural Resources Committee in the House and the Environment and Public Works Committee in the Senate. Of course, we will seek principal-to-principal outreach to try and bring the project over the finish line, and make it clear to the Bureau that the request comes with a great deal of political support.

Appropriations: In spite of the change of party control, the House Appropriations Committee did not restore the earmark moratorium. Community Project Funding requests, as they are now referred to, remain relatively small grants to programs and projects in Congressional districts. While there was some opposition from the far right flank of the Republican Caucus, Chairwoman Kay Granger (R-TX) essentially kept the program unmodified from her Democratic predecessor. The more difficult part has been that the House Appropriations Committee under Republican leadership has so vastly underfunded many appropriations bills; they have not been able to pass them out of the House, much less reach agreement with the Senate or avoid a Presidential veto. Earlier this year, when faced with this dilemma around the continuing resolution, House Speaker McCarthy sent over a relatively non-controversial measure that passed with Democratic votes, and then passed the Senate. However, he was removed because of it, and the Republican Caucus struggled to find anyone capable of securing the votes needed to be Speaker. Mike Johnson (R-LA) eventually prevailed, but at huge cost and he is already being threatened himself with revolt and ouster.



Despite these hurdles, 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 earlier WIIN grant awards. BlueWater is eager to meet with the San Diego delegation to advance such projects throughout the year and ensure they are reflected in the final product adopted by Congress.

Change Management: Fortunately BlueWater was well prepared for the change in circumstance of the California delegation this year. Kyle Oliver is very tightly connected to Chairwoman Kay Granger of the House Appropriations Committee and Jason Matthews maintains good relations with the Louisiana delegation, where he used to work. Not only is the Speaker of the House from Louisiana, but the ranking member on the Senate Energy and Water Appropriations Subcommittee is Sen. John Kennedy (R-LA). We have some change of our own at BlueWater, in that we brought on Jan Brunner, a former counsel on both the Senate Energy and Natural Resources and Environment and Public Works Committees, as well as a former senior energy policy advisor for both Senator Joe Manchin (D-WV) and Senator Shelley Moore Capito (R-WV). All of these translates into, we are very capable of protecting the Coalition's interests in spite of the change.

The Coalition has done excellent work in the past ensuring local Congressional staffers are incorporated into events and announcements. We think this is important direct outreach and encourage the Coalition to involve the local offices for any public groundbreaking, particularly involving the recently secured Federal grant funding.

Congressman Mike Levin won with a 56% margin, in a seat the Republicans had attempted to flip. He is likely to be targeted again by the Republicans this cycle, though Republican fundraising is down, and there is no announced candidate at this stage. Cong. Levin remains one of the Coalition's champions, and we expect to rely on his efforts in the House Natural Resources Committee.

Senator Alex Padilla (D-CA) will not stand for reelection again until 2028. With California losing the state's most influential appropriator, it would not be surprising to see Senator Padilla seek to reclaim this seat after this election cycle. However, his seat on the Environment and Public Works Committees is vital in the context of the WRDA debate.

Maintaining Relationships: BlueWater Strategies will continue our outreach to both the San Diego Congressional Delegation and other offices and delegations vital to our success. Within the San Diego Delegation specifically, we will maintain our outreach with Reps. Darrell Issa (R-CA), Peters (D-CA), Davis (D-CA), and Vargas (D-CA). and Rep. Mike Levin (D-CA).

We maintain a database of key water-related legislation that is regularly updated with details on the status of each bill in the legislative process such as when it was introduced, the number of cosponsors, scheduled hearings, committee markups, floor debates, and final votes. The database is regularly reviewed to determine the likelihood of a bill's passage and what impact the legislation would have on the Coalition if it were to pass and become law.

BlueWater staff members will continue to meet regularly with North San Diego officials to



provide the most up-to-date information and to liaise between the Coalition and the Administration. BlueWater will continue to ensure that key stakeholders in the Department and Bureau are well aware of the importance of the Coalition's project and will facilitate meetings between the Coalition and relevant decision-makers at the Bureau and within Interior. In conclusion, BlueWater will continue to vigorously advocate for the Coalition in Washington, D.C., explore new Federal funding opportunities, and provide detailed updates and analysis of Congressional and Administration activities.

TERM, FEES, AND EXPENSES

BlueWater Strategies provides professional Federal government relations services to its client's travel expenses at our client's request. Our retainers are based, in part, upon the time that we estimate the representation will require on the part of our professionals, the difficulty of the projects in comparison to other projects, and such intangibles as the amount of political capital that will be necessary for the firm to expend to accomplish the client's goals.

We propose to maintain the retainer fee of \$156,000 for a one-year term. This extension, if approved, would expire on March 31, 2025.



CONCLUSION

Once again, thank you for providing us the opportunity to present you with this proposal to continue to work on behalf of the Coalition. Please don't hesitate to contact me with any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jason Matthews', is written over a light blue horizontal line.

Jason Matthews
Partner
BlueWater Strategies

Memo

Date: February 21, 2024

To: Olivenhain Municipal Water District Board of Directors

From: Jennifer Joslin, Human Resources Manager
Tim Schuette, Safety/Risk Compliance Administrator
John Carnegie, Customer Services Manager

Via: Kimberly A. Thorner, General Manager

Subject: **CONSIDER AN INFORMATIONAL REPORT FROM ACWA JPIA'S CHIEF
EXECUTIVE OFFICER AND CONSIDER A RESOLUTION IMPLEMENTING ACWA
JPIA'S COMMITMENT TO EXCELLENCE PROGRAM**

Purpose

The purpose of this item is to (1) receive an informational report from Adrienne Beatty, Association of California Water Agencies Joint Powers Insurance Authority Chief Executive Officer, and (2) consider approval of a resolution implementing ACWA JPIA's Commitment to Excellence program, which is a requirement of ACWA JPIA's onboarding process for OMWD.

Recommendation

Staff recommends approval of the resolution.

Alternative(s)

None; approval of the resolution is a requirement of ACWA JPIA's onboarding Service Plan for OMWD.

Background

In May 2023, the board approved Resolution 2023-11 to enter ACWA JPIA's liability and property joint protection programs beginning July 1, 2023.

ACWA JPIA requires new members to undergo a detailed onboarding process. This began in earnest in spring 2023, when ACWA JPIA conducted a review of OMWD's Employee Handbook and made policy recommendations for OMWD to adopt within 90 days of entering the joint protection programs. Staff and General Counsel conducted a comprehensive review of these recommendations and presented their findings to the board in August 2023. Based on the recommendations and staff's findings, the board adopted Ordinance 509 which made updates to Articles 4, 5, 20, and 21 of the Administrative and Ethics Code.

Fiscal Impact

There are no costs directly associated with the informational report or approval of the resolution.

As the Commitment to Excellence program is intended to reduce the frequency and severity of liability and property losses, implementing the program may effect unknown future savings. However, there are potential costs associated with implementing specific recommendations of the program; these costs are unknown until such time as OMWD and ACWA JPIA select specific "best practices" from the program to implement.

Joining the Commitment to Excellence program would also provide access to ACWA JPIA's Risk Control Grant Program, which promotes the implementation of best practices that will prevent or mitigate losses. The grant is a one-time, non-routine award of up to \$10,000 to fund risk management and safety program projects or equipment.

Discussion

Adrienne Beatty, ACWA JPIA's CEO, will attend the February 21 board meeting to provide an informational report to the board on recent developments impacting ACWA JPIA and its member agencies. A copy of her PowerPoint presentation is attached.

In September 2023, ACWA JPIA met with staff to introduce a two-year Service Plan for OMWD which contains a variety of additional onboarding requirements. The Service Plan was shared with the Safety Committee—comprised of Directors Hahn and Meyers—at its September 27, 2023 meeting. Among the requirements established in the Service Plan, ACWA JPIA requires that OMWD implement the Commitment to Excellence program.

The program's intent is to reduce the frequency and severity of liability and property losses, with a focus on six particular areas (vehicle losses, infrastructure-related losses, construction-related losses, employment practices claims, ergonomic and fall injuries, and wildfire prevention; however, ACWA JPIA would not make any recommendations for OMWD regarding ergonomic and fall injuries since OMWD's workers compensation coverage is provided by another party). The program offers a menu of best practices from which each ACWA JPIA member agency chooses to implement those that help to control the agency's highest priority areas of loss. ACWA JPIA confirmed that the program is not intended to supplant existing programs that have been effective in minimizing loss.

In November 2023, managers, supervisors, and the Safety/Risk Compliance Administrator met to discuss the possible impacts of implementing the Commitment to Excellence program. The group determined that OMWD is already largely compliant with the program. Potentially the most impactful recommendations would be in regard to employment practices. A recommended best practice in this area includes the completion of ACWA JPIA's Professional Development Certification Program – Supervisor Basics (which entails the completion of 21 supervisory related courses as well as five elective trainings) for each of OMWD's supervisors, and the Human Resources Certification Program for the Human Resources Manager (an additional 17 courses and five training electives to complete). However, OMWD has not experienced significant losses related to employment practices in recent years, so it would be unlikely that these best practices would be high priorities for adoption by OMWD given that loss history shows that our exposure in this area is effectively mitigated.

OMWD can easily implement a few best practices that are essentially already in place. One example is the vehicle program recommendation of utilizing the Department of Motor Vehicle Employer Pull Notice Program which OMWD currently participates in to alert the Safety/Risk Compliance Administrator of any employee moving violations and incidents. ACWA JPIA also recommends that Defensive Driving Training is required for all employees. In addition, the training is to be conducted within 60 days of hire as well as refresher training every two years. Currently, OMWD requires the training to be

completed within six months of hire then on an as-needed basis, but this can simply be modified so new hires complete it within the 60-day timeframe then have all staff complete every two years via our Vector Solutions online training platform.

One new best practice that may be beneficial to adopt in order to minimize future loss, would be the development of a formal OMWD cellular phone/electronic devices driving standards policy, since a separate OMWD policy currently does not exist. This addition would not only reinforce existing expectations but also ensure clarity and legal alignment with California Vehicle Code Section 23123. Clearly outlining the prohibition against using handheld devices while driving, except for hands-free options, would foster a safer driving environment for all staff members and demonstrate OMWD's commitment to responsible road usage. Once developed, the policy would then be reviewed by employees with an acknowledgement form to verify as suggested by ACWA JPIA. Many other best practice items will require further discussion by staff to determine if implementation would significantly improve upon existing practices and procedures.

Attachments:

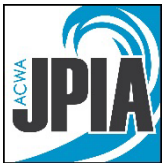
- *ACWA JPIA PowerPoint*
- *Resolution 2024-XX*
- *Commitment to Excellence Program Best Practices*
- *ACWA JPIA Service Plan for OMWD*

ACWA JPIA Update

OLIVENHAIN MUNICIPAL WATER DISTRICT

Adrienne Beatty, Chief Executive Officer
Jennifer Jobe, Director of Pooled Programs

“A Partnership of Public Water Agencies”





What is the JPIA?

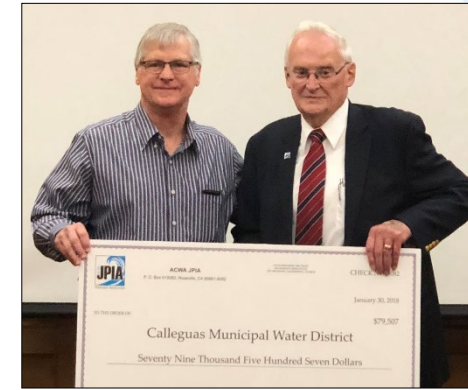
**A Partnership
of the JPIA
and 400
California
Water Agencies**

Only Public Water Agencies

Membership Requirements

Premium Stabilization Fund

Long-term relationships with
Members



Retrospective Premium Adjustments



Over \$75 million
refunded to JPIA Members
since inception of the
Program

Governance

Membership

Board of Directors

Executive Committee

**Finance & Audit
Committee**

Personnel Committee

**Liability Program
Committee**

**Property Program
Committee**

**Workers'
Compensation
Program Committee**

**Employee Benefits
Program Committee**

**Risk Management
Committee**

**California Water
Insurance Fund (CWIF)**



Programs

Liability

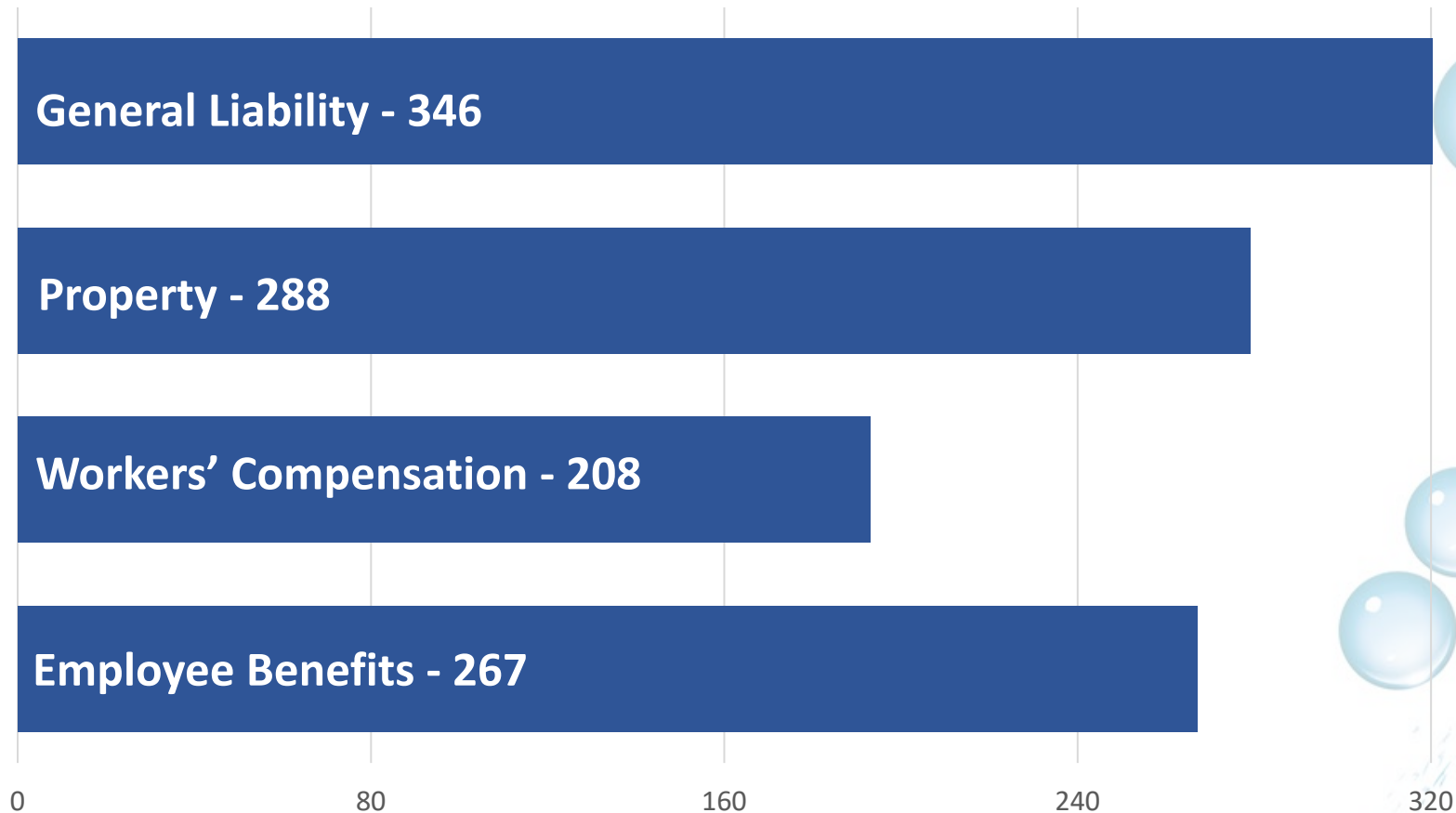
Property

**Workers'
Comp**

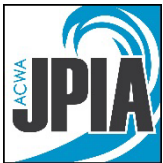
**Employee
Benefits**

Membership Snapshot

As of February 1, 2024

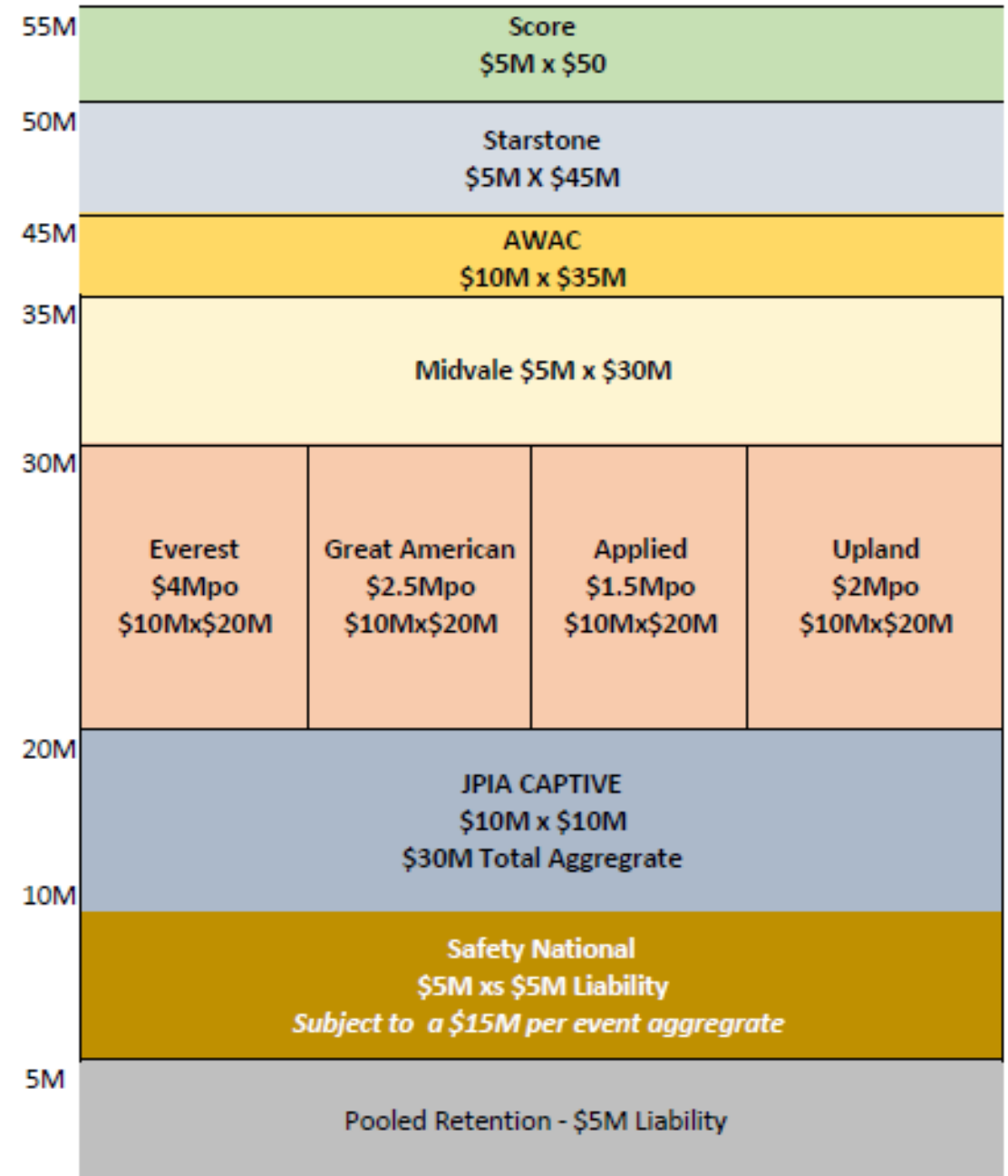


Liability Program

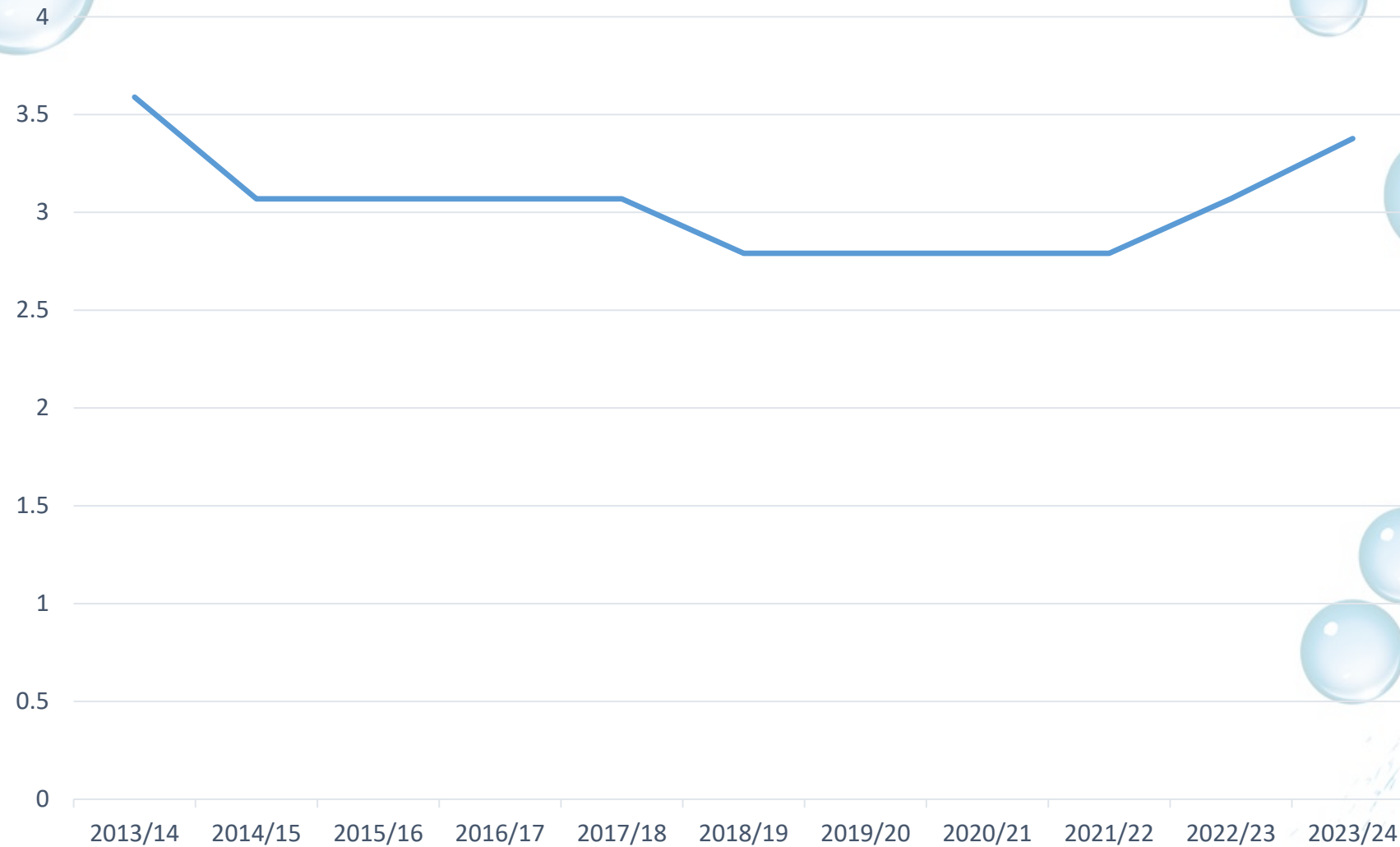


Liability Program

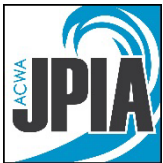
- 346 members
- \$5M pool retention
- \$55M total limits
- 10% rate increase



Historical Rates

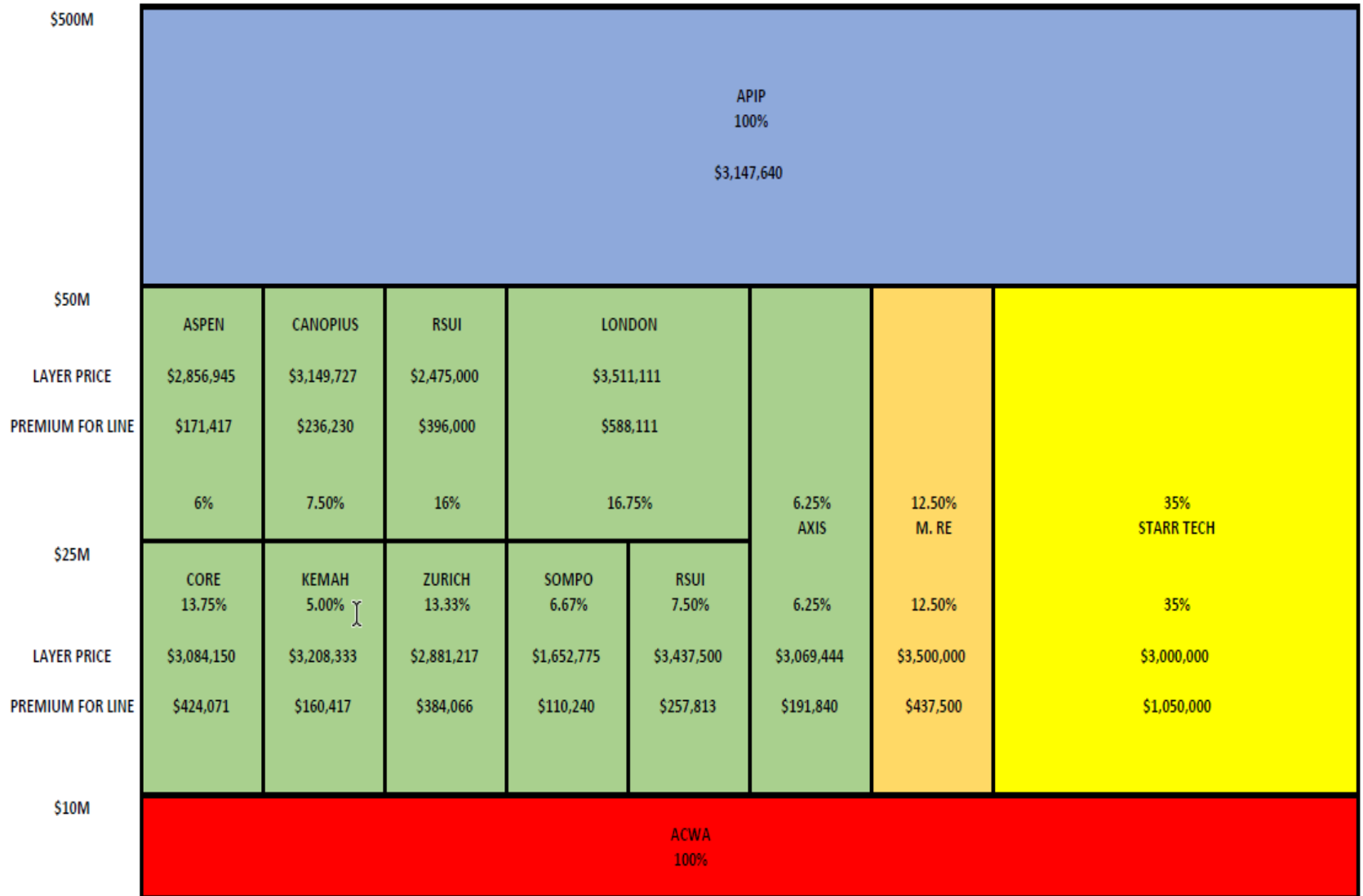


Property Program

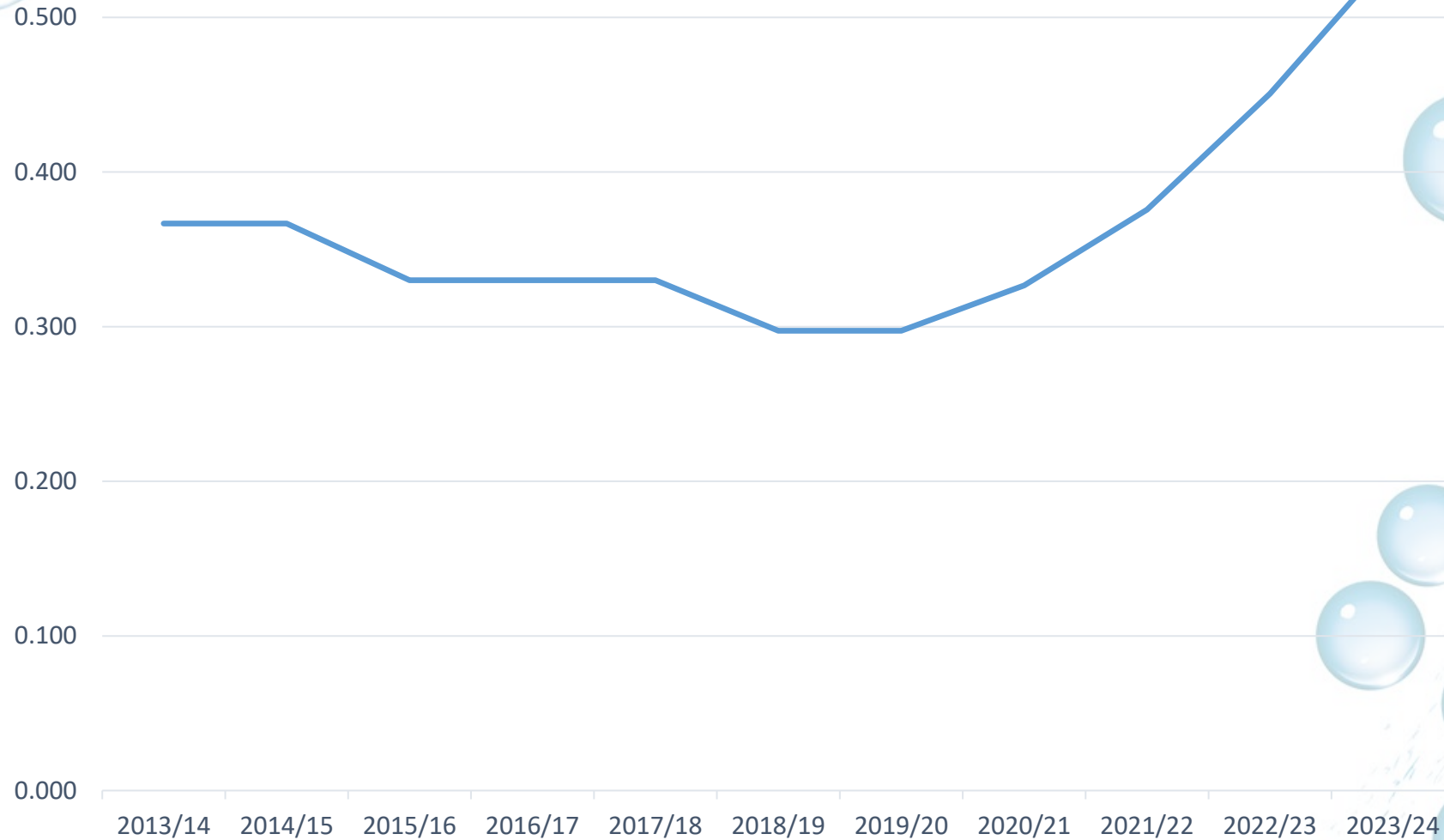


Property Program

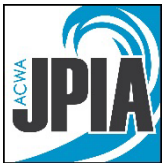
- 288 Members
- \$11.7B in TIV
- \$10 million retention
- \$500 million limit
- 20% rate increase



Historical Rates

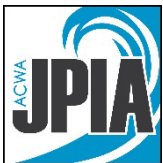


Workers' Compensation Program

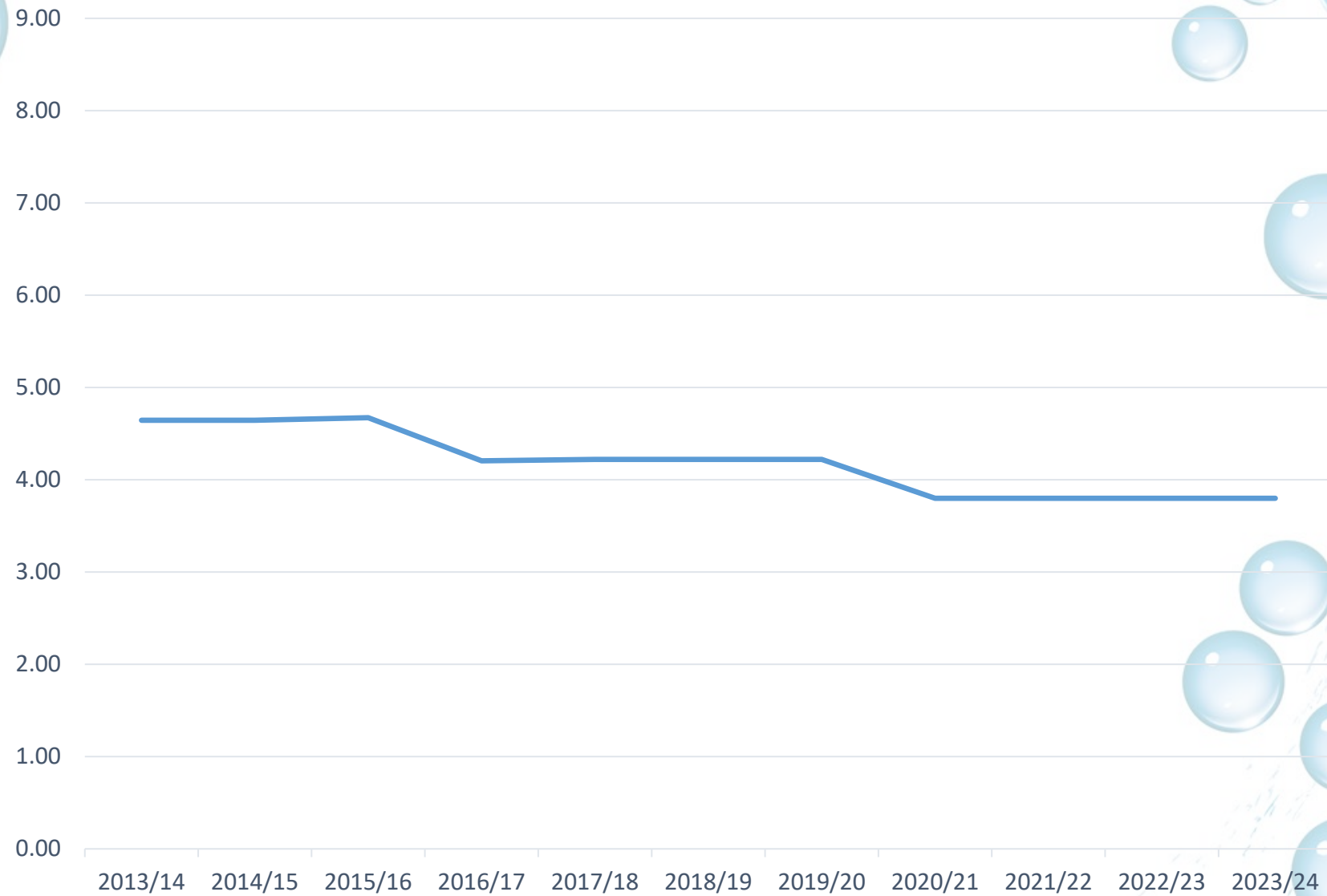


Workers' Compensation Program

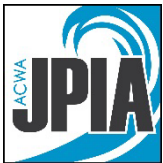
- 208 members
- Over 7,500 employees covered
- \$2 million self-insured retention
- Full statutory limits
- 2023-2024 - flat rate renewal
 - Reinsurer offered 5% rate *decrease* + 2-year rate guarantee (up to -3%)



Historical Rates



Employee Benefits Program

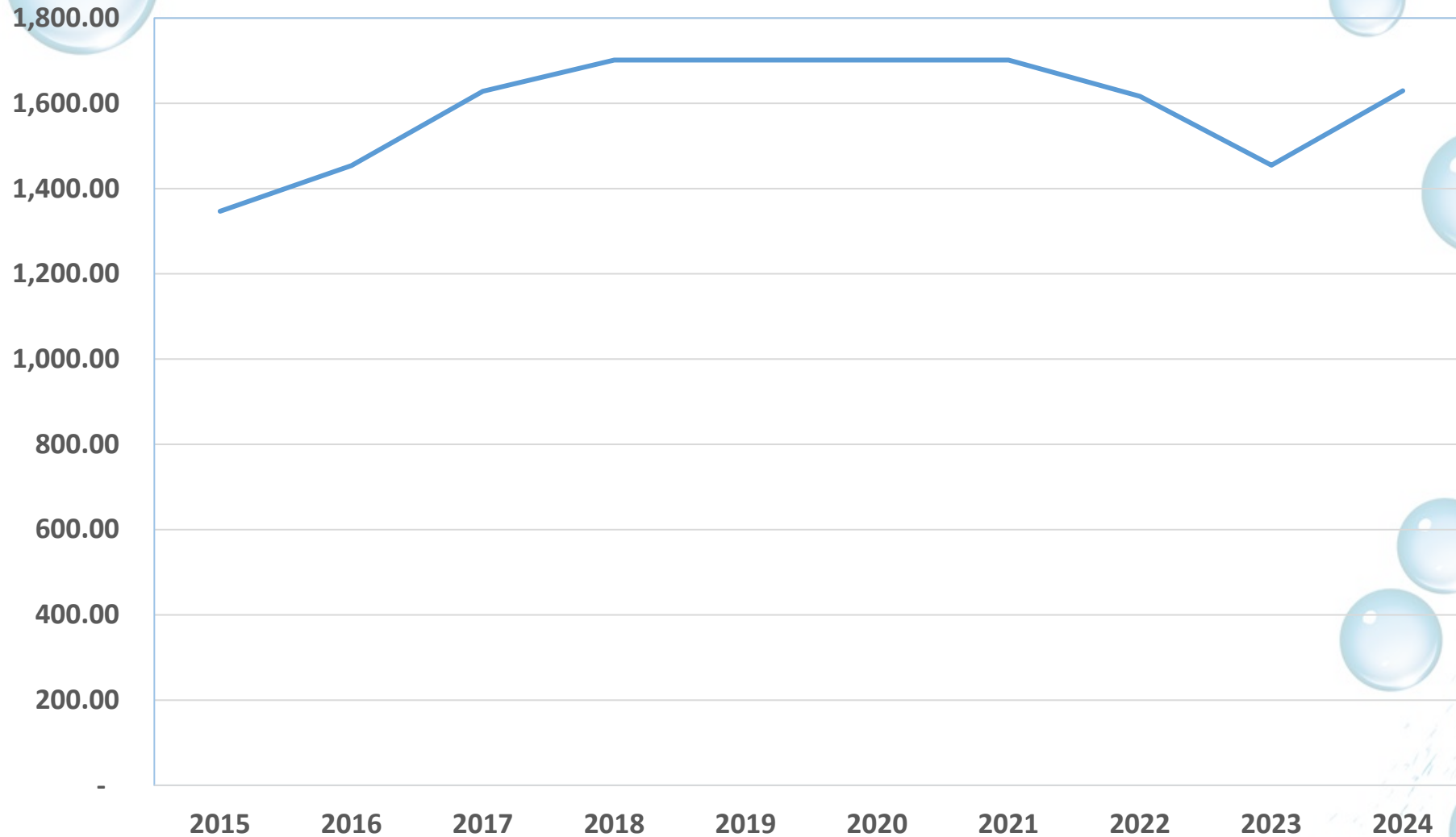


Employee Benefits Program

- 267 Members
- 2024 Rates:
 - self-funded PPO +12%
 - dental/vision - flat
 - insured programs - flat to +10%
- 2024 Program Changes:
 - PBM transition
 - Navigator implementation
 - Carrum incentive



Historical Rates

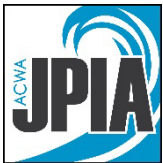


Cyber Insurance

Cyber Insurance

- 275 group-purchasers
- \$50-\$100K deductible
- \$5 million total policy aggregate limit/\$3 million per member

Year	Premium	% Change
• 2020-2021	\$127,000	+38%
• 2021-2022	\$929,000	+641%
• 2022-2023	\$1,100,000	+29%
• 2023-2024	\$1,100,000	0%



Risk Management

Risk Advisor Support Team

- Robin Flint, Risk Control Manager
 - *Six geographically deployed Risk Advisors*
- Chuck Wagenseller, Cost Estimator
- TBD, Cost Estimator (*coming Spring '24*)
- Jennifer Nogosek, Property & Liability Claims Manager
- Erin Bowles, WC Claims Manager



Risk Management

- Annual onsite Risk Assessment Surveys
- Multiple onsite training days
- Customized virtual trainings
- Annual focus areas

Commitment to Excellence (C2E) Program

Loss Categories:

- Wildfire Prevention
- Vehicle Operations
- Construction
- Infrastructure
- Employment Practices
- Ergonomics/Falls



Retrospective Premium Adjustment Process

RSF Flow

Premiums

Retrospective Premium Adjustments

Rate Stabilization Fund

Refunds

**Retrospective Premium
Adjustments (RPA)**



**Liability
CAT Fund**



**Work Comp
CAT Fund**

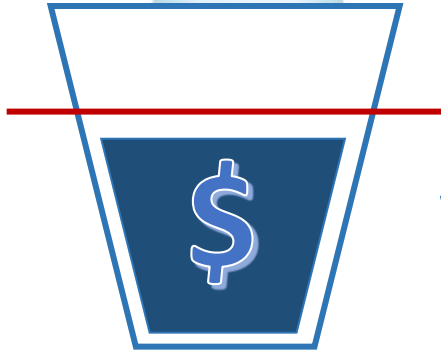


**Rate Stabilization
Fund (RSF)**



Refund to Members

**Retrospective Premium
Adjustments (RPA)**



**Liability
CAT Fund**



**Work Comp
CAT Fund**



**Rate Stabilization
Fund (RSF)**



Refund to Members

OLIVENHAIN MUNICIPAL WATER DISTRICT

Risk Management

Last Consultation

September 2023



RESOLUTION NO. 2024-xx

RESOLUTION OF THE OLIVENHAIN MUNICIPAL WATER DISTRICT
BOARD OF DIRECTORS IMPLEMENTING THE ASSOCIATION OF
CALIFORNIA WATER AGENCIES JOINT POWERS INSURANCE
AUTHORITY'S COMMITMENT TO EXCELLENCE PROGRAM

WHEREAS, Olivenhain Municipal Water District is a member of the Association of California Water Agencies Joint Powers Insurance Authority (ACWA JPIA); and

WHEREAS, ACWA JPIA requires its member agencies to support and implement the "Commitment to Excellence" program to mitigate and control risk; and

WHEREAS, the Commitment to Excellence program offers best practices to reduce losses in areas that expose members and the pool to the most frequent and highest valued claims, including vehicle operations, construction, infrastructure, employment practices, and wildfire prevention.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Olivenhain Municipal Water District that the Board of Directors approves of the implementation of ACWA JPIA's Commitment to Excellence program, and hereby authorizes and directs the General Manager to take all actions necessary to enroll Olivenhain Municipal Water District therein.

PASSED, ADOPTED, AND APPROVED at a regular meeting of the Board of Directors of Olivenhain Municipal Water District held on Wednesday, February 21, 2024.

Christy Guerin, President
Board of Directors
Olivenhain Municipal Water District

ATTEST:

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



Commitment to Excellence

Olivenhain Municipal Water District

and the ACWA JPIA in mutual support for ensuring the most consistent, cost effective, and broadest possible affordable insurance coverage and related services, and in partnership with all JPIA members, and in the interest of reducing **Olivenhain MWD's** insurance costs, commit to a program of excellence that through the implementation of "best practices" reduces the potential and frequency of:

- **Vehicle Losses**
- **Infrastructure Related Losses**
- **Construction Related Losses**
- **Employment Practices Claims**
- **Ergonomic (Musculoskeletal) and Fall Injuries**
- **Wildfire Prevention**

and fully support the goal of implementing effective preventative measures that work to achieve these loss reductions.

Walt "Andy" Sells (CEO, ACWA JPIA)
Signature

Signature (General Manager)

Signature (Board Member)

Signature (Board Member)

Signature (Board Member)

Signature (Board Member)

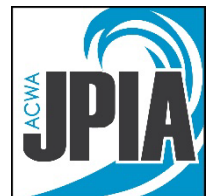
Signature (Board Member)

ACWA JPIA

Commitment to Excellence Program (C2E) Best Practices



Loss Reduction Focus Menus and Explanations







JPIA'S COMMITMENT TO EXCELLENCE BEST PRACTICES GUIDE

This guide includes the “**loss reduction focus**” areas for each of the C2E loss categories:

- **Vehicle Operations**
- **Construction**
- **Infrastructure**
- **Employment Practices**
- **Ergonomics/Falls**
- **Wildfire Prevention**

A “**menu**” indicating the best practices for each focus area is included and an explanation for each best practice. JPIA members are encouraged to select from the menu, the best practices they wish to add to or use to enhance their existing loss reduction programs.

JPIA Risk Management visits will concentrate on supporting an agency in its implementation of the C2E best practices. While adopting specific best practices may be recommended during these visits, the JPIA encourages members to review the C2E best practices, reinforce the practices they have already incorporated, and adopt as many of the other practices as practical. The JPIA can provide resources, assist with a C2E Opportunity Review, and training to help members in this process.

Questions concerning the C2E Best Practices Guide should be addressed to the member’s JPIA Risk Control Advisor. Additional assistance may be obtained by contacting the Risk Management staff at (800) 231-5742.

ACWA JPIA

Commitment to Excellence Program (C2E) Best Practices



Vehicle Program



VEHICLE PROGRAM BEST PRACTICES

Loss Reduction Focus	Best Practices Menu
Driver Review/Qualification	<input type="checkbox"/> Applicable for all positions <input type="checkbox"/> Copy of DMV Report (pre-hire) <input type="checkbox"/> Driver record point standard <input type="checkbox"/> Pull Notice Program used <input type="checkbox"/> Ride-along (test, re-test, post-accident/incident)
Defensive Driver Training	<input type="checkbox"/> Required for all <input type="checkbox"/> Before driving the assigned vehicle <input type="checkbox"/> Within 60 days of hire and every two years <input type="checkbox"/> Post-accident/incident tailgate/briefings
Accident/Incident Investigation Reporting	<input type="checkbox"/> Formal Accident/Incident Investigation and Report <input type="checkbox"/> Corrective action is taken and documented <input type="checkbox"/> Formal management review (by General Manager) <input type="checkbox"/> Investigation Report sent to JPIA <input type="checkbox"/> Personnel action was taken for at-fault incidents
Backing Accident/incident Avoidance	<input type="checkbox"/> Formal written policy <input type="checkbox"/> Employees acknowledge policy <input type="checkbox"/> Non-compliance/at-fault discipline <input type="checkbox"/> Periodic Program Review
Cell/Texting/Electronic Devices	<input type="checkbox"/> Policy acknowledged by drivers <input type="checkbox"/> Cell/Texting/Electronic Prohibition Policy exceeds state standards <input type="checkbox"/> Disciplinary action for policy violation <input type="checkbox"/> "E-Device" use reviewed following accident/incidents
Safe Driver Award/Recognition	<input type="checkbox"/> Based on local milestones, improvements, achievements <input type="checkbox"/> Annual award recognition by the board <input type="checkbox"/> Award pin, certificate, plaque, etc.

VEHICLE PROGRAM BEST PRACTICES

DRIVER REVIEW/QUALIFICATION PROGRAM

- **Applicable for All Positions**
Explanation: Includes all employees, volunteers, and directors who drive agency vehicles or personal vehicles for agency business.
- **Pull Notice Program Used**
Explanation: This is the Department of Motor Vehicles (DMV) [Employer Pull Notice Program](#). It is a free service for public entities. Driver record information reports are generated every six months or immediately in the event of new activity (moving violation, accident/incident, address change, etc.). There must be an employer/employee relationship and employees should drive regularly for the agency. Directors are encouraged to provide their license information but cannot be forced to under state law.
- **Ride-Along (Test, Re-Test, Post-Accident/Incident)**
Explanation: Conducted by a supervisor/manager for all new employees who will be driving regularly for agency business. Re-tests will be conducted based on need and after an accident/incident.
- **Driver Record Point Standard Greater Than DMV**
Explanation: Uses or exceeds the JPIA's Model Driver Record Review Program to evaluate prospective and current drivers.
- **Copy of DMV Report (Pre-Hire)**
Explanation: All new hires who drive on agency business are required to provide a copy of their DMV Report Post Offer, with hiring based on or exceeding the JPIA's Model Driver Record Review Program.

DEFENSIVE DRIVER TRAINING

- **Defensive Driver Training Required for all Employees**
Explanation: The agency promulgates a policy requiring all employees from the General Manager and below to attend Defensive Driver training. Training may be conducted in-house or through external providers (e.g., JPIA, VectorSolutions, etc.).
- **Defensive Driver Training Conducted Within 60 Days of Hire and Every Two Years**
Explanation: Driver training is conducted within 60 days of employment and refresher training is required at least every two years.
- **Driver Training Conducted Prior to Driving Assigned Vehicle**
Explanation: Employees receive training on operating specific assigned vehicle types prior to being released in unsupervised capacities. Training includes, but is not limited to, identification of blind spots, backing procedures, stopping distances, and trailer use, as applicable to the individual vehicle.

DEFENSIVE DRIVER TRAINING

- **Post-Accident/Incident/Incident Briefings Conducted for all Employees**

Explanation: All employees attend post-accident/incident/incident briefings wherein the causes and corrective actions are identified and discussed to prevent future similar occurrences.

ACCIDENT/INCIDENT/INCIDENT INVESTIGATION REPORTING

- **Formal Accident/Incident/Incident Investigation and Report**

Explanation: An accident/incident investigation is conducted to determine the root cause(s) of the vehicle mishap and a written report documents the investigation's findings and suggested corrective actions. This is accomplished for all vehicle mishaps.

- **Formal Management Review (by the General Manager)**

Explanation: The findings and proposed corrective actions are reviewed by the General Manager (GM), who validates and approves the corrective actions. The GM's review is documented.

- **Corrective Actions Taken and Documented**

Explanation: *Immediate actions* to prevent similar accident/incidents are taken. The completion of *long-term actions* are monitored through an established corrective action process. Corrective actions follow-up continues until actions have been completed. Corrective actions are documented.

- **Personnel Corrective Action Taken for At-fault Incidents**

Explanation: Employees determined to be "at fault" in an accident/incident are held accountable through internal personnel actions.

- **Investigation Report Sent to the JPIA**

Explanation: A copy of a Vehicle Accident/incident Investigation Report is sent to the JPIA so the findings and corrective actions can be reviewed.

BACKING ACCIDENT/INCIDENT AVOIDANCE POLICY

- **Formal Written Policy**

Explanation: A formal written Backing Accident/incident Avoidance policy is established to outline procedures and reduce the possibility of backing accident/incidents. The policy must outline specific safe practices such as placing cones to create a "circle of safety" when vehicles are parked.

- **Employees Acknowledge Policy**

Explanation: The policy has GM approval and is endorsed by senior management. Employee will acknowledge policy in writing. New hire orientation and Defensive Driving training will include backing hazards.

- **Periodic Program Review**

Explanation: Included in the formal policy is a periodic review of backing accident/incidents conducted by senior management. The review covers (as a minimum) the frequency of events, the results of backing accident/incident investigations, corrective actions taken, and how “lessons learned” are communicated to agency personnel.

- **Non-Compliance/At-Fault Discipline**

Explanation: The majority of backing accident/incidents are at-fault. When an individual is determined by investigation to be at-fault, disciplinary action should be taken. The action to be taken will be reviewed by management and supervisor(s).

CELLULAR PHONE/TEXTING/ELECTRONIC PROHIBITION POLICY

- **Cell/Texting/Electronic Policy Exceeds State Standards**

Explanation: A prohibition on the use of electronic communications and data devices goes beyond the state prohibition of hands-off cell use and texting.

- This prohibition applies to hands-free or hand-held phones, radios, tablets, computers, or other electronic devices.

- **Disciplinary Action Points For Policy Violations**

Explanation: Violations will result in points being assigned per the agency’s driver record review best practices and discipline policies.

- **Policy Acknowledged by Drivers**

Explanation: A policy acknowledgment from all personnel who drive on agency business is signed and kept on file.

- **“Use” Review Following Accident/Incidents**

Explanation: All vehicle accident/incident and near-miss investigations will determine if the use of cell phones, radios, texting, or other electronic devices was a component of the event.

SAFE DRIVER AWARD/RECOGNITION

- **Annual Award Recognition by the Board**

Explanation: The agency's board of directors and senior management demonstrate their interest in, and support for, safe vehicle operations through an annual recognition program.

- **Awards Based on Local Milestones, Improvements, Achievements**

Explanation: The General Manager, Human Resources, and Department Managers develop, and award best practices based on local vehicle operations. Recognition is given based on the achievement of established milestones, and on actions taken to improve safe vehicle operations. Eligibility best practices are communicated to employees.

- **Awards**

Explanation: Tangible safe drive awards (i.e., pins, certificates, plaques, etc.) are provided as appropriate.

ACWA JPIA

Commitment to Excellence Program (C2E) Best Practices



Construction Program



CONSTRUCTION PROGRAM BEST PRACTICES

Loss Reduction Focus	Best Practices Menu
USA/Line Location	<input type="checkbox"/> Marking Documentation <input type="checkbox"/> Locator Qualification/Training <input type="checkbox"/> Excavator Qualification Training <input type="checkbox"/> Line GPS/Maps/Tracer Wire <input type="checkbox"/> Using Damage Incident Reporting Tool (DIRT) Form <input type="checkbox"/> USA Ticket Verification
Risk Transfer	<input type="checkbox"/> Risk Transfer Program <input type="checkbox"/> Responsible Person and Backup <input type="checkbox"/> Insurance Coverage Equals Risk <input type="checkbox"/> Pre-Qualification Packet (Process) <input type="checkbox"/> Contracts <input type="checkbox"/> Emergency Response Risk Transfer <input type="checkbox"/> Tracking Risk Transfer Requirements <input type="checkbox"/> Permit Coordination <input type="checkbox"/> Document Retention
Contractor Qualification	<input type="checkbox"/> Pre-Qualification Packet/Program <input type="checkbox"/> Insurance Requirements <input type="checkbox"/> Reference Check <input type="checkbox"/> Post-Project Evaluation <input type="checkbox"/> Bid Writing/Loss Prevention Coordination <input type="checkbox"/> Pre-Job Review
Third-Party Exposures	<input type="checkbox"/> Acceptance of Project <input type="checkbox"/> Site Control <input type="checkbox"/> Site Documentation, Site Inspection (Pre/Post Construction Inspection) <input type="checkbox"/> Contract Language/Responsible Party <input type="checkbox"/> Multi-Employer Exposures <input type="checkbox"/> Lighting, Warnings <input type="checkbox"/> Asset Inspection <input type="checkbox"/> Third-Party Exposure Inspection
Traffic Control	<input type="checkbox"/> Template/Formal <input type="checkbox"/> Encroachment Permit <input type="checkbox"/> Controlling Agency Coordination <input type="checkbox"/> Inspection Program <input type="checkbox"/> Trained Personnel (Qualified Person) <input type="checkbox"/> Equipment Storage

CONSTRUCTION PROGRAM BEST PRACTICES

USA/UNDERGROUND LINE LOCATION

- **Marking Documentation**

Explanation: As an excavator, you must contact Underground Service Alert (a.k.a. DigAlert/USA North/811) at least two (2) working days prior to beginning any digging or excavation work. The One Call Notification Centers that support all of California can be reached online or by phone(dial 8-1-1).

Whether public, private, or commercial property, the law is clear that it is the excavator's responsibility to contact 811 before beginning work. It is critical that you accurately outline your excavation area.

Please follow the delineation guidelines to ensure proper markings (color-coded paint, stakes, or flags) from the member utilities.

Utilities have two (2) full working days to mark their lines. You may not perform any excavation during that time. It is a good practice, although not required, to have a record of your request (e.g., ticket number) at the job site. If you discover unmarked utility lines or accidentally damage one, your ticket number allows them to reference your location quickly and easily. In addition, it provides proof of compliance should a law officer or utility visit the job site.

If you accidentally hit a line you must notify the affected utility of the damage. You may contact 811 to report it as well as get contact numbers for the utility. Follow this practice whether you see obvious damage, as there may be internal faults. If anything is released into the air such as natural gas, move away from the area immediately and protect your work crew. Do not try to repair or slow the leak yourself. Call 9-1-1 right after clearing the area.

Specific responsibilities for both excavators and underground line owners are established and enforced under Government Code 4216-4216.9. These responsibilities for excavators include:

- Contact 8-1-1 and give at least two (2) full working days' notice prior to excavating.
- Delineate (outline) their job in white paint
- Hand expose to the point of no conflict within the tolerance zone

The responsibilities for utilities (owners of underground lines) include:

- Mark or locate their lines within two (2) full working days of the start of construction
- Use the APWA Color Code to mark their facilities
- Be accurate within 24-inches to either side of the buried facility (tolerance zone)

- **Locator Qualification Training**

Explanation: Public agencies shall establish Utility Locator Qualification Requirements per California Government Code 4216 and Cal/OSHA Section 1541.

4216.3(a)(2) Only a qualified person shall perform subsurface installation locating activities.

4216.3(a)(3) A qualified person performing subsurface installation locating activities on behalf of a sub-surface installation operator shall use a minimum of a single-frequency utility locating device, and shall have access to alternative sources for verification, if necessary.

"Qualified Person" as defined in California Government Code 4216 definition (i)

(i) "Qualified person" means a person who completes a training program in accordance with the requirements of Title 8, California Code of Regulations, Section 1509, Injury Prevention Program, which meets the minimum training guidelines and practices of Common Ground Alliance current best practices (see below).

Cal/OSHA Title 8 Construction Safety Orders - Chapter 4, Subchapter 4, Article 6, Section 1541

§1541. *General Requirements.* (C) Only qualified persons shall perform subsurface installation locating activities, and all such activities shall be performed in accordance with this section and Government Code Sections 4216 through 4216.9. Persons who complete a training program in accordance with the requirements of Section 1509, Injury and Illness Prevention Program (IIPP), that meets the minimum training guidelines and practices of the Common Ground Alliance (CGA) Best Practices, Version 3.0, published March 2006, or the standards of the National Utility Locating Contractors Association (NULCA), Standard 101: Professional Competence Standards for Locating Technicians, 2001, First Edition, which is incorporated by reference, shall be deemed qualified for the purpose of this section.

Note: The NULCA Standard 101 and CGA best practices 4-5 minimum training standards for line locators are the exact same standard. The Common Ground Alliance (CGA) adopted the NULCA standard as a best practice.

- **Excavator Qualification Training**

Explanation: Public water agencies need to take special precautions by following best practices and prepare defensive documentation that will help the machine operators and job-site supervisors plan and execute an accident-free excavation. Those involved in and performing excavation activities to be trained per:

§1541. *General Requirements.* (D) Employees who are involved in the excavation operation and exposed to excavation operation hazards shall be trained in the excavator notification and excavation practices required by this section and Government Code Sections 4216 through 4216.9.

Best practices should include:

1. The district will communicate with the local One-Call Service Center **AND** utility owners who are not members of the one-call center. This communication must take place two working days, but not more than 14 days (per state regulations) prior to the start of the excavation.
2. The route of the excavation will be white lined (with white spray paint), flagged, staked, or a combination of these to mark the dig site before the locator arrives on the job.
3. The contractor's hand digs within 24 inches (per state regulations) horizontally on either side of the marked facility, adding the diameter of the utility if provided.
4. The district will request new locates (refresh marks) to again identify the underground facilities on all excavations incurring extended time requirements of 14 days or more and following inclement weather.

5. Photographs or videos are taken after the utility has been marked and before the excavation begins.

In addition to the five best practices defined above, the following three best practices also apply to high-priority underground facilities:

1. The district must request a pre-excavation meeting on-site with the facility owner and prime contractor (if any).
2. The district will pothole, hand dig, or use air knives or vacuum excavation techniques to verify utility locates or mark-outs.
3. The district will record and map the coordinates of the locates in relation to a stationary object(s), such as a tree, fence, building, etc.

- **Underground Utilities Identified (GPS/Maps/Tracer Wire)**

Explanation: A written specification should be established to locate all district-owned buried lines. Tracer wire/warning/identification tape should be installed to identify the location of underground utilities and to function as a warning against accidental excavation of buried utilities. Warning/identification tape shall be used on all underground water and recycled water mains, potable and recycled water irrigation systems, sewer mains, and all related appurtenances. Warning/identification tape shall also be used on cathodic protection wiring systems and tracer wires brought into and out of access ports.

- **“Damage Incident Reporting Tool” (DIRT) Usage**

Explanation: The DIRT form allows users to submit damage and near-miss reports to ACWA JPIA. The primary purpose of collecting underground facility damage data is to analyze data, to learn why events occur, and how corrective actions by utilities and excavators can prevent them in the future; thereby, ensuring the safety and protection of people and the infrastructure. Data collection will allow the ACWA JPIA to identify root causes, perform trend analysis, and help educate all members so that damages can be reduced through effective best practices and safe work procedures.

- **USA Ticket Verification**

Explanation: Any excavators doing any type of digging, excluding emergency work and homeowners working on their private property without the need for a permit or power equipment, need to contact 811 two working days before starting work. A district must contact DigAlert before starting excavation. A District (excavator) can obtain a USA ticket by either utilizing online services or by calling 811 to start a USA Ticket. Best practices include:

Wait the Required Time: Legally, a district must wait for two (2) full working days for utilities to mark their underground facilities. They will mark the lines they own or maintain with stakes, flags, or paint in the appropriate color codes, and/or advise the excavator of no conflict.

Respect the Marks: Please work to preserve facility marks for the duration of the job. If any of the markings become difficult to see, you must contact 811 and reference your ticket number to request re-marking by the affected member utilities. Your excavation site must be still outlined in white so your request can be properly addressed. Your ticket is valid for twenty-eight (28) calendar days from the date of its issuance--not when you first break ground. You must have an active ticket for the duration of your excavation.

Dig With Care: If you are digging within 24-inches of the outside diameter of the utility, you are required to utilize hand tools only. Any underground facilities that conflict with your excavation must be located with hand tools and protected before power equipment is used. If there is any damage, even a simple nick or cut to the facility, you must notify the affected utility of the damage, and you may contact 811 to report it as well as get contact numbers for the utility.

RISK TRANSFER

- **Risk Transfer Program**
Explanation: Verify that the contractor has a commercial general liability insurance policy with a policy limit of at least \$2,000,000 per occurrence and \$4,000,000 aggregate. Verify that the contractor has a current workers' compensation insurance policy as required by the Labor Code or is legally self-insured pursuant to Labor Code section 3700 et. seq.
- **Responsible Person and Backup Designated**
Explanation: Personnel has been identified and trained to facilitate an agency's Risk Transfer Program in the absence of those designated with the primary responsibility.
- **Contracts for Routine Services**
Explanation: An agency has assessed the liability risks potentially associated with their routine vendors, contractors, and service providers, and has established contractual risk transfer agreements with those providers considered to have a loss risk potential warranting risk transfer.
- **Contracts for Emergency Services**
Explanation: Following an assessment of an agency's critical systems, "service-as-required" risk transfer contracts have been established with the service providers needed to repair, supplement, or replace a critical system during an emergency system loss. Established "service-as-required" risk transfer contracts must have a definite termination date.
- **Tracking Process for Risk Transfer Requirements**
Explanation: Procedures have been established and personnel identified to ensure risk transfer contracts, proof of insurance, and additional insured endorsements are correct and current.
- **Permit Coordination**
Explanation: To ensure the liability risk associated with a service provider's work rest with the provider and not the agency, obtaining work permits is the sole responsibility of the service provider.
- **Risk Transfer Document Retention**
Explanation: To facilitate legal defenses during any future litigation, risk transfer contracts, proofs of insurance, and additional insured endorsements are retained for at least ten years or in accordance with the agency's record retention policies.

CONTRACTOR QUALIFICATION

- **Pre-Qualification Packet/Program**

Explanation: Utilize the Model Pre-Qualification Questionnaire to evaluate prospective contractors developed by the Department of Industrial Relations.

- **Insurance Requirements**

Explanation: Verify the contractor has a commercial general liability insurance policy with a policy limit of at least \$2,000,000 per occurrence and \$4,000,000 aggregate. Verify that the contractor has a current workers' compensation insurance policy as required by the Labor Code or is legally self-insured pursuant to Labor Code section 3700 et. seq.

- **Reference Check**

Explanation: Contact the contractor's references for the six most recently completed public works projects, and the three largest completed private projects within the last three years.

- **Bid Writing/Loss Prevention Coordination**

Explanation: Include the requirement that the contractor will provide a copy of their Injury and Illness Prevention Program. As applicable, request copies of the contractor's Trench and Shore Program, Traffic Control Program, Confined Space Program including a rescue plan, Electrical Safety Program including lockout/tagout, Asbestos Cement Pipe Program, and Hot Work Program. In addition, request documentation for employee certifications/licensing, i.e., OSHA 10, OSHA 30, Competent Person, welding, crane and crane operators, etc. Also, request copies of permits the contractor is required to obtain.

- **Pre-Job Review**

Explanation: Review documentation for employee certifications/licensing and equipment certifications. Provide a pre-job review with the contractor to identify any hazards the contractor may encounter at your facility or installation. This would include confined space exposures, electrical exposures, work to be done by other contractors, etc.

- **Post-Project Evaluation**

Explanation: After the conclusion of the project have a debriefing with the contractor to discuss:

- What went well?
- What did not go well?
- Why did things happen?
- What will they do differently and better next time?
- How this information can be used?

THIRD-PARTY EXPOSURES - TRAFFIC CONTROL

- **Formal Templates Developed**

Explanation: Layouts based on best practices as found in the [CA-MUTCD](#) and actual conditions.

- **Encroachment Permits Obtained**

Explanation: The developer and/or contractor obtain encroachment permits from the controlling authority before the start of work.

- **Controlling Agency Coordination**

Explanation: Traffic control activities are coordinated with the controlling authority to avoid overlapping or redundant activities.

- **Inspection Program**

Explanation: During the duration of the work, the site will be subject to daily inspections to ensure that the traffic control is being implemented according to the traffic control plan. Daily inspections shall be conducted and documented to ensure compliance with safety standards (e.g., CA-MUTCD) and best practices.

- Pre-work
- Post break
- Post lunch
- As conditions warrant
- Inspections and hazard corrections are documented

- **Trained Personnel and Qualified Person**

Explanation: Flaggers shall be trained and qualified by the employer in the proper fundamentals of flagging before being assigned. The training shall be based on the CA-MUTCD and worksite conditions.

- All workers are trained on how to work next to motor vehicle traffic in a way that minimizes their vulnerability. Workers having specific responsibilities should be trained in proper techniques, device usage, and placement.
- A competent person, designated by the employer and knowledgeable in traffic control principles, conducts a hazard assessment for the worksite and job classifications in the activity area; ensures proper setup, tear down, and repositioning of the work zone; and makes the selection of the appropriate class of high-visibility garments and devices.

- **Equipment Storage**

Explanation: Traffic control devices are serviceable and stored neatly. Devices are inspected before setup and after work is completed. Inspections are documented and deficiencies corrected. Substandard equipment is removed from service, tagged, and repaired or properly disposed of.

ACWA JPIA

Commitment to Excellence Program (C2E) Best Practices



Infrastructure Program



INFRASTRUCTURE PROGRAM BEST PRACTICES

Loss Reduction Focus	Best Practices Menu
WATERLINE FAILURE	<input type="checkbox"/> Asset Identification <input type="checkbox"/> Valve Exercising/Flushing <input type="checkbox"/> Preventive Maintenance <input type="checkbox"/> H ₂ O Loss Monitoring <input type="checkbox"/> Emergency Response
SEWER BACKUP	<input type="checkbox"/> Inspection – Lift station/Pipe <input type="checkbox"/> Inspections – Lift station <input type="checkbox"/> Inspections – Entire Sewer System <input type="checkbox"/> Lateral Responsibility <input type="checkbox"/> Preventive Maintenance <input type="checkbox"/> Asset Identification <input type="checkbox"/> Emergency Response
CANAL FAILURE/FLOODING	<input type="checkbox"/> Rodent Control <input type="checkbox"/> Operations <input type="checkbox"/> Inspection/Maintenance <input type="checkbox"/> Construction/Design <input type="checkbox"/> Vegetation/Weed Control
THEFT/VANDALISM	<input type="checkbox"/> Security/Alarms/Cameras <input type="checkbox"/> Equipment ID <input type="checkbox"/> Fencing/Enclosures
FIRE	<input type="checkbox"/> Hot Work <input type="checkbox"/> Controlled Burns <input type="checkbox"/> Defensible Space
EQUIPMENT FAILURE	<input type="checkbox"/> Electric Surge <input type="checkbox"/> Preventive Maintenance <input type="checkbox"/> Animals/Insects/Bugs <input type="checkbox"/> Lightning <input type="checkbox"/> Backup Equipment <input type="checkbox"/> Emergency Response
UNMANNED AERIAL DEVICES (DRONES)	<input type="checkbox"/> Planning and Coordination <input type="checkbox"/> Certified Operators <input type="checkbox"/> Drone Coverages

INFRASTRUCTURE PROGRAM BEST PRACTICES

WATERLINE FAILURE

- **Asset Identification**

Explanation: To effectively maintain, provide emergency response, and mark for underground locations, agency assets must be adequately located and identified. Methods of identification could include current and correct maps, signage, GPS coordinates, or computer-generated locations.

- **Valve Exercising/Flushing**

Explanation: To ensure proper water delivery and valve operation during normal and emergency operations, a valve exercising and line flushing program should be established. AWWA recommends a frequency of annual flushing and valve actuation.

- **Preventive Maintenance**

Explanation: A preventive maintenance and/or repair and replacement program should be established for agency distribution pipelines, pumps, valves, etc. Documentation should be maintained providing records for potential warranty and third-party claims.

- **H₂O Loss Monitoring**

Explanation: A process should be established to monitor and identify distribution system water loss. Documentation should be maintained providing records for potential third-party claims (landslide, subsidence, water intrusion, etc.).

- **Emergency Response**

Explanation: Response procedures should provide the most rapid and effective response to infrastructure failures as possible, thereby protecting assets and reducing the value of potential claims.

SEWER BACKUP

- **Inspections – Lift-Stations**

Explanation: The following would be considered when reviewing this element of the Infrastructure Program Best Practices:

- Inspect lift stations at least weekly.
- Pump out and clean wet wells semi-annually.
- Check valves semi-annually.
- Inspect floats quarterly.
- Inspect warning lights and alarm systems weekly.
- Install hour meters on each motor.
- Maintain motor hours, dates, and maintenance performed in a logbook.
- Take amp and vibration readings monthly for each motor.
- Inspect electrical motor control equipment annually.
- Visually check fuel level, battery, and general conditions of the emergency generator weekly.
- Run the backup generator unload quarterly.
- Monitor the lift stations 24/7 via remote notification system such as a modem dialer, telemetry, or SCADA system.

- **Inspections – Entire Sewer System**

Explanation: The following would be considered when reviewing this element of the Infrastructure Program Best Practices:

- Inspect the sewer system at least every 18 to 36 months.
- Establish a FOG Program with all food service establishments (FSEs) including approval of grease control equipment (including location and size), establishing maintenance procedures for inspection and maintenance of FOG equipment, contracting with licensed and permitted grease handlers (including voucher program to track grease disposal methods), guaranteed “Right-to-Enter” for municipal agency inspectors, and accountability of FSEs for compliance through fines and fees for non-compliance with ordinance provisions.
- Characterize “hot spots” by the cause of the operational problems (e.g., roots, FOG, structural issues).
- Inspect “hot spots” more frequently based on customer service complaints, history of spills, or consulting engineering studies.
- Establish a process for monitoring, documenting, and gauging inflows so lift stations and facilities have adequate staffing and monitoring during periods of heavy flow.
- Visually monitor lines with TV cameras at least every 18 to 36 months.
- Test sewer line connections during inspections and repair, as necessary.
- Clean sewer lines when there is evidence of impeded flow.
- Establish procedures to avoid an excess surge in downstream lines when line flushing or removing blockages.
- Maintain a log, documenting when each line and manhole was inspected or repaired.
- Review existing provisions related to backflow devices or other cross-connections. As a practice, an agency should revise “resolutions” or “policies” related to backflow devices or other cross connections to “ordinance” or “regulation.”

- **Laterals Responsibility**

Explanation: The following would be considered when reviewing this element of the Infrastructure Program Best Practices:

- Develop specifications for lateral installation.
- Inspect laterals at the same time as mainline inspections.
- Establish responsibility for inspection and maintenance of customers’ lateral from the building to the customer’s property line.

- **Asset Identification**

Explanation: The following would be considered when reviewing this element of the Infrastructure Program Best Practices:

- Establish a GIS Mapping System for sewer system infrastructure, including X-Y coordinates and depth and elevation.
- Identify the type of pipe and age.
- Establish Capital Improvement Program to repair or replace aging system components.

- **Emergency Response**

Explanation: The following would be considered when reviewing this element of the Infrastructure Program Best Practices:

- Establish Sanitary Sewer Reference and Emergency Contact List.
- Identify and list all emergency cleanup or pumping equipment and where it is stored.
- Establish storm system alert to assure flow can be managed.
- Identify rapid response team for all sewer backups or sewer system breaches.
- Identify Cleanup Contractors.

CANAL FAILURE/FLOODING

- **Rodent Control**

Explanation: The following would be considered when reviewing this element of the Infrastructure Program Best Practices:

Canal and levee breaches, overflows, and blockage result in flooding and property damage; resulting in major liability, water, and property losses. Rodent activity is the major cause. Control efforts may include:

- Multi-method rodent mitigation plan or Standard Operating Guide (Fumigation, bait boxes, trapping, habitat modification, burrow modification).
- Basic rodent mitigation training for staff.
- Trapping (with permits) of beavers or other large rodents.
- Regular reforming of canals/levees.
- Frequent inspections for rodent activity and canal/levee damage.

- **Operations**

Explanation: The following would be considered when reviewing this element of the Infrastructure Program Best Practices:

- Certain adjustments in operations can reduce the risk of canal breaks or overflows and minimize losses when they do occur.
- Maintain lower water levels in canals to keep water away from upper part of canal where there is more rodent activity and reduce losses when washouts do occur.
- Maintain consistent levels in canals to prevent rodent activity in the upper portion of canal bank.
- Improve communication and scheduling with landowners to prevent overflows.
- Lock gates and turnouts to prevent tampering or unauthorized use.
- Keep emergency response personnel and equipment available to respond in a timely manner.
- Develop procedures and maintain equipment for road closure due to washouts.

- **Inspection Maintenance**

Explanation: The following would be considered when reviewing this element of the Infrastructure Program Best Practices:

- Regular and frequent inspections can identify problems and canal sections needing work during the next maintenance season.
- Perform and document inspections to discover problems before damage or loss occurs.
- Perform inspections at the end of the water season to indicate problems and set priority for maintenance.

- **Construction/Design**

Explanation: The following would be considered when reviewing this element of the Infrastructure Program Best Practices:

- Canal and levee design and construction can reduce the risks of canal breaks and overflow:
- Use automated gates to maintain levels and reduce operator errors.
- Use SCADA to monitor and control flow more effectively and detect blockages or washouts.
- Use wide gradual sloped berms to reduce the effect of rodents, stabilize banks, and reduce damage by recreational activity.
- Line earthen canals, especially problem areas to reduce washouts from erosion.
- Reinforce berms/banks with heavy clay soil and sides of banks with rip rap.
- Design to allow easy all-weather access to canals or other critical areas.
- Raise the sides of banks to reduce the possibility of overflow.
- Use long crested weirs to stabilize fluctuations in water heights.

- **Vegetation/Weed Control**

Explanation: The following would be considered when reviewing this element of the Infrastructure Program Best Practices:

Controlling weeds can reduce blockage and maintain water delivery as follows:

- Control aquatic weeds to prevent waterway blockage or pump damage/plugging.
- Use chains, draglines, or other automated means of weed removal.
- Eliminate weeds on banks/levees that obscure visible damage to make problems more visible during inspections.
- Eliminate weeds to reduce cover or food to lower the populations of burrowing rodents.

THEFT/VANDALISM

Applies to physical security and protection of critical infrastructure for water distribution, wastewater collection, treatment systems, and canal systems. To effectively draft guidelines, a utility should first complete a Vulnerability Assessment (VA) of its system. This VA should be completed in accordance with a generally accepted methodology such as the Risk Assessment Methodology for Water (RAMWTM), the [Vulnerability Self-Assessment Tool](#) (VSAT TM), or other acceptable methods.

- **Security/Alarms/Cameras**

Explanation: Security systems should be established to deter a threat or detect and delay the threat until the appropriate response force arrives. Security measures established should alert staff and protect the following:

- System Structures and Critical Equipment
- Water Quality Monitoring
- Power and Wiring Systems

Security decisions should be site and utility specific, and the measures implemented may include one or more of the following:

- Physical Security (gates and fencing)
- Alarms Systems (local and monitored)
- Closed Circuit Television (fixed cameras)
- Supervisory Control and Data Acquisition (SCADA)

- **Equipment ID**

Explanation: Marking leads to the recovery of stolen property. Maintaining an up-to-date property schedule, recording equipment descriptions/serial numbers, marking equipment so that if stolen, it can be traced back to the owner. If thieves know it can be traced, the equipment often becomes a less desirable target. The primary objective is to make accurate information on insured equipment accessible to law enforcement to significantly increase the recovery rate of stolen equipment.

- In San Diego County, OAN numbers can be obtained from the Crime Prevention Unit, at the Vista Sheriff's Station at (760) 940-4564. They are coded by state and county and kept on file by law enforcement agencies throughout the county.
- Businesses in Ventura County can apply for an Owner Applied Number by calling the Ventura County Sheriff's Department, Rural Crime Unit, at 805-477-7029 or 805-477- 7000.

- **Fencing/Enclosures**

Explanation: Site security, in conjunction with facility planning, design, and construction, is intended and should be installed and maintained to do the following:

- Prevent unauthorized entry or exit by employees or others.
- Provide easy observation of any individual(s) entering or leaving the site.

Methods for placement may include one or more of the following measures:

- Perimeter fencing
- Secured entrances and gates
- Restricted access areas
- Access Control Systems
- Visitor Control/Escort Policies

FIRE

- **Hot Work**

Explanation: Advanced planning and safe work procedures help prevent workplace fires caused by hot work operations (e.g., welding, cutting, grinding, etc.). Whenever practicable, hot work operations should be performed in areas that are isolated and designated for such uses. Procedures should be implemented to protect life, health, and property from fire and the products of combustion, which might result from the use of welding and cutting equipment, open flames, and ignition sources. Following the procedures outlined in a Hot Work Permit system is of even greater importance when performing such work in areas not designed for open flames and sparks. These procedures should apply to Member agencies and contractors.

- **Controlled Burns**

Explanation: Member agencies should consider and use a “best management practice” for controlling weeds along ditch banks and canals, which is an alternative practice to open burning. Such practices may include the approved use of pesticides, mowing, or another open burn alternative. An agricultural burn permit may be issued by the local Air Pollution Control Agency after a determination is made that the alternative practices to open burning are infeasible for the site. Burning may be performed either by broadcast (in-situ) burning or by removing weeds from and piling adjacent to the bank if the materials are dry and stacked in a manner that promotes combustion. Before burning, weather conditions, smoke drift and density, traffic control, and fire control procedures should be considered and integrated into the burn planning process.

- **Controlling Agency Coordination**

Explanation: Water utilities that have an urban-wildland fire threat should develop a water utility-specific emergency response coordination plan. The plan should be developed with the involvement and contribution of outside emergency response coordination partners including, but not limited to, local fire departments, cities/counties served, and local law enforcement. Once an agency-specific plan has been developed, it should be shared with those coordination partners involved in the process.

- **Defensible Space**

Explanation: Water utility infrastructure should be maintained with a “defensible space” to reduce the risk that fire will spread from the surroundings to the structures and provide firefighters access and a safer area to defend facilities. A primary goal is fuel elimination extending for at least 100 feet in all directions. A second concept of creating defensible space is “fuel reduction,” whereby plants are selectively thinned and pruned to reduce the combustible fuel mass of the remaining plants to break up the more continuous and denser uninterrupted layer of vegetation. The third concept of defensible space is “fuel ladder” management, where a typical separation is created of three times the height of the lower fuel to the next fuel ladder. Since wildfires burn faster uphill than on flat land, fuel ladder spacing may need to be greater for slopes.

EQUIPMENT FAILURE

- **Electric Surge**

Explanation: Surge protective devices (SPD) protect electrical equipment against over-voltages caused by lightning. In addition to lightning, several other disturbances can come in on the AC power lines and damage equipment.

- **Preventive Maintenance**

Explanation: A preventive maintenance and/or repair and replacement program should be established for agency electrical transmission and distribution systems, main switchgear, sub-panels, pumps, and all electrical equipment. Documentation should be maintained providing records for potential warranty and insurance claims.

- **Animals/Insects/Bugs**

Explanation: Agency employees are exposed to numerous unexpected dangers daily from animals, insects, and rodents. Different hazards are faced by those in specific regions and even different climates. Risks can range from an allergic reaction, bee sting, or rattlesnake bite.

- **Lightning**

Explanation: The National Electrical Code (NEC) and CEC require certain grounding, bonding, and protection features that are intended to protect buildings and equipment against lightning damage.

- **Backup Equipment**

Explanation: Establish an electrical emergency list to identify all required equipment with location sites and a rapid response team.

- **Emergency Response**

Explanation: Emergency response procedures should be established that provide the most rapid and effective response to electrical infrastructure failures as possible, thereby protecting assets and reducing the value of potential claims.

UNMANNED AERIAL DEVICES (DRONES)

- **Planning and Coordination**

Explanation: The operation of any UAS on and over property owned and operated by the district shall follow all local, state, and federal regulations. When a drone weighs over 55 pounds, it shall be registered with the FAA and the district must obtain a Certificate of Authorization (COA) before use. The district should also ensure it identifies what the drone will be used for.

- Develop operating procedures for the use of unmanned aerial systems (UAS)/drone-over areas owned and/or operated by the district.

- **Create a List of Prohibited Zones**

Explanation: Ensure all airspace restrictions within the drone operation area(s) have been identified. This includes areas of emergency and rescue operations. Establish a process for obtaining permission to fly a drone over private property.

- This should include district-restricted areas and locations where a drone (district-owned or others) is not allowed to fly.

- **Develop and Maintain a Maintenance and Inspection Program for a Drone**

Explanation: Create a procedure for periodic maintenance and inspection of a district's drone.

- Develop a tracking process to record all inspections, mechanical or technical issues, routine maintenance, and documentation of battery cycles and propeller changes.

- **Create a Flight Log to Document Drone Operations**

Explanation: Each authorized UAS operator in your district should maintain a flight log.

- Operators will log the date, flight time, and locations of all UAS deployments. An operator will also note case number, incident type, automated flight, or manual flight, and whether photo images or videos were captured during the flight. Ensure photos and/or video taken is cataloged and maintained for future reference.

- **Certified Operator**

Explanation: Government agencies have two options for operating drones under 55 pounds. Fly under 14 CFR part 107, the [small UAS rule](#). Part 107 allows the operation of drones or unmanned aircraft systems (UAS) under 55 pounds, at or below 400 feet above ground level (AGL), for visual line-of-sight operations only. Fly under the statutory requirements for public aircraft (49 U.S.C. §40102(a) and § 40125). Operate with a Certificate of Waiver or Authorization (COA) to be able to self-certify UAS and operators for flights performing governmental functions. Ensure drone(s) are registered with the FAA.

- **Ensure that Only a Licensed Drone Pilot Operates a Drone**

Explanation: To fly a district's drone under the FAA's Small UAS Rule (Part 107), the District must obtain a Remote Pilot Certificate from the FAA. This certificate demonstrates that the district's drone operator understands the regulations, operating requirements, and procedures for flying drones safely.

- Certificate holders must pass a recurrent knowledge test every two years.

- **Develop a Pre-Flight Checklist to Use Before Each Flight**

Explanation: A drone operator uses A preflight checklist to ensure safe and legal drone operations. Drone preflight checklists help fulfill compliance with drone regulations, such as those by the US Federal Aviation Administration (FAA).

- **Drone Coverages**

Explanation: Information needed to procure property and general liability coverage including:

- UAV/Drone Data: model/year built
- Manufacturer
- Value
- UAV launch method, e.g., airport runway, catapult, roads, field, vertical takeoff, etc.
- How is aircraft controlled, e.g., no pilot, ground-based pilot, etc.
- Proposed use of aircraft
- Area of proposed operations
- Maintain the appropriate drone coverage to reduce liability and/or property loss exposure(s). Contact the JPIA's Member Services Department for assistance.

- **Third Party Drone Services**

Explanation: A drone vendor should provide proper coverage, exemptions, and certified pilots to fly a drone at any of your properties. Vendors should have a flight operation manual available for your review and provide a pre-flight job hazard analysis before any flight. Any data obtained during a flight should be downloaded and given to your district.

- When using a third-party vendor for drone services, ensure the appropriate risk transfer is in place.

ACWA JPIA

Commitment to Excellence Program (C2E) Best Practices



Employment Practices Program



EMPLOYMENT PRACTICES BEST PRACTICES

Loss Reduction Focus	Best Practices Menu
Appropriate Documentation	<input type="checkbox"/> Up-to-date handbook/MOU <input type="checkbox"/> Up-to-date job descriptions <input type="checkbox"/> Regular performance appraisals are given <input type="checkbox"/> Management procedures and policies are in place
Effective Hiring	<input type="checkbox"/> Uniform hiring process <input type="checkbox"/> Pre-employment physicals on all hires <input type="checkbox"/> Post-hiring process followed for all new staff <input type="checkbox"/> Background checks on all new hires
Promoting Staff Development	<input type="checkbox"/> Agency supports Leadership Training <input type="checkbox"/> Supervisor specific training <input type="checkbox"/> Regular performance feedback <input type="checkbox"/> Agency conducts Succession Planning
Utilizing Professional Resources	<input type="checkbox"/> Designated and trained Human Resources staff <input type="checkbox"/> Labor-specific counsel utilized <input type="checkbox"/> Involvement in HR professional organization(s) <input type="checkbox"/> JPIA resources utilized
Effective Communication	<input type="checkbox"/> Regular staff communication <input type="checkbox"/> Routine management meetings <input type="checkbox"/> Open door policy <input type="checkbox"/> Internal complaint procedure <input type="checkbox"/> Collaborative problem solving

EMPLOYMENT PRACTICES BEST PRACTICES

APPROPRIATE DOCUMENTATION

- **Up-To-Date Handbook**

Explanation: The handbook contains information about agency policies and procedures. It should be developed and updated annually with the help of labor counsel. The key elements of a handbook are mission statement(s), introduction to employment, payroll administration, employee benefits, employee relations, safety, discrimination and harassment prevention, reporting, professional conduct, expense guidelines, office protocols, separation of employment, memorandum of understanding, and at-will language (if appropriate). The handbook is the final “say” when questions arise in the workplace. The handbook should be reviewed with employees on an annual basis and a signature page should be collected from each employee following the review.

- **Up-To-Date Job Descriptions**

Explanation: A job description is developed for each position within the organization with input from employees. The purpose of the job description is to advise current and prospective employees as to what is expected in each job and to serve as a guideline for the delivery of quality service. It is also the foundational document to determine pre-employment requirements and is used as the basis for interactive discussions regarding job accommodation. The key elements of the job description are a definition/summary of the position, essential job functions, other duties, job standards/specifications, typical physical duties, environmental factors, desirable qualifications, license and/or certificate requirements, and a signature line. The job descriptions should be reviewed with employees and revised annually to reflect current job specifications.

- **Regular Performance Appraisals are Given**

Explanation: Performance appraisals developed in alignment with job descriptions for all positions. When an employee is new to the position, the initial appraisal sets goals for the next 30, 60, and 90 days. The annual appraisal sets goals for the next year and reviews the progress in the achievement of goals and objectives for the past year. The mid-term appraisal is six months after the annual appraisal and is used to check the progress of achievement of goals and objectives, provide additional resources, and make course corrections. The feedback given is candid, honest, and with a true interest in the individual's success. The appraisal process includes the employee's acknowledgment on a signature page.

- **Management Procedures and Policies in Place**

Explanation: The purpose of human resource procedures and policies are to serve the organization, protect employees, and develop trustworthy relationships between management and staff. Some key elements of human resource procedures and policies are employee orientation to the organization, drug and alcohol policy, outside relations/media policy, injury and illness prevention program, return to work program, electronic equipment usage and communication policy, sexual harassment prevention policy, procedures, and training, workplace violence policy, and interactive process/ADA policy.

Models of a handbook, various policies, procedures, sample job descriptions, and forms can be found on the ACWA JPIA's website <https://www.acwajpia.com/human-resources/>.

EFFECTIVE HIRING

- **Uniform Hiring Process**

Explanation: As an “employer of choice” (a desirable place to work), a plan and budget must be set to attract the best-qualified applicants with the understanding that the process will take an investment of time. The beginning of the plan is updating or developing an ADA-compliant job description outlining the candidate to be hired. The JPIA’s Job Description Manual has complete details on the process including models for over 70 water agency positions. An enticing, non-discriminatory ad is placed on appropriate websites to attract a diversity of candidates. Resume review criteria are set for evaluators, ADA-compliant applications required, and job-related testing for all positions conducted. The structured interview process and questions are developed based on the job description including situational and behavioral questions. Rating criteria are set in advance and reviewed to determine appropriate selections. A willingness exists to start over if the right candidate is not found.

- **Pre-Employment Physicals on All Hires**

Explanation: Background checks are conducted for the selected candidate. Use of outside vendors for DMV, criminal, social security match, credit (when appropriate), etc. In-house staff (HR) or vendor contacts previous supervisors/employers (not references supplied) to obtain previous job history and performance. A consistent form or checklist is used. Pre-employment physicals are conducted on all candidates offered a position; only safety-sensitive positions require drug testing.

- **Post-Hiring Process Followed for All New Staff**

Explanation: Upon hire, a formal onboarding process is conducted to welcome new employees. Included are reviewing policies, procedures, and safety information, introduction to staff, explanation of necessary paperwork, and the new employee is allowed to ask questions. Managers determine training schedules and goals for 30, 60, and 90 days forward. Appointments are made to meet department managers and key staff to provide an overview of the organization. A hiring checklist is utilized to comply with the necessary requirements (I-9, DE-34, W-4, etc.). The Manager checks in weekly with new staff, formal follow-up discussions every 30 days.

Models of hiring procedures and checklists, along with sample job descriptions and forms can be found on the ACWA JPIA’s website <https://www.acwajpia.com/human-resources/>

PROMOTING STAFF DEVELOPMENT

- **Organization Aligned to Support Staff Development**

Explanation: Senior management supports staff development as evident in allowing time to attend classes, conferences, webinars, etc.; senior management is role model by pursuing professional development themselves; staff development is stressed and permeates the culture of the organization which results in staff feeling valued and leads to better overall relationships, attitude, and engagement. Further training and additional alternatives are considered before a decision to terminate an employee based on performance.

- **Agency Supports Leadership Training**

Explanation: Senior management supports staff development as evident in allowing time to attend classes, conferences, webinars, etc., senior management is the role model by pursuing professional development themselves, staff development is stressed and permeates the culture of the organization which results in staff feeling valued and leads to better overall relationships, attitude, and engagement. Further training and additional alternatives are considered before a decision to terminate an employee based on performance.

- **Supervisor Specific Training**

Explanation: Critical supervisor skills are present in all supervisors hired (communication, feedback, objectivity, invested in goals of the organization); supervisors not promoted from line staff position just because that job is well done; recognition that role of a supervisor requires additional/different skills for which specific training is provided.

- New supervisors are given basic training (laws, agency policies, dealing with staff, giving feedback).
- Annual training to update all supervisors on laws, techniques, etc.
- Supervisors trained on coaching and giving feedback (experienced managers train others).
- Enrollment/completion in the JPIA's Professional Development Program – Supervisor Basics.
- Utilize JPIA Lending Library to provide specific training needs.
- Supervisors are required to discuss performance issues/actions with manager and HR prior to and following a conversation with the employee.

- **Regular Performance Feedback**

Explanation:

- Annual performance appraisals (with quarterly check-in).
- Supervisors are confident in addressing performance issues, support with regular role plays, practice, coaching.
- Supervisors provide regular positive feedback to all staff.
- Supervisors are held accountable to meet with each staff person at least bi-monthly for check-in.
- Supervisors are held accountable to solve employee performance issues.
- Regular staff meetings are held to acknowledge team performance and share challenges.

Models of a handbook, various policies, procedures, sample performance appraisals, and forms can be found on the ACWA JPIA's website https://www.acwajpia.com/human_resources/. Also, information on JPIA Professional Certifications is available at <https://www.acwajpia.com/training-2/>.

UTILIZING PROFESSIONAL RESOURCES

- **Designated and Trained Human Resources Staff**

Explanation: There is a designated employee who is responsible for all Human Resource (HR) related tasks and identified as such throughout the organization. The HR designee has a professional certification through a national organization or local college. Examples are SHRM (Society for Human Resource Management): PHR (Professional in Human Resources), SPHR (Senior Professional in Human Resources), and CA (California specific). IPMA (International Public Management Association, all public entity): IPMA-HR (certified professional). HR specific training is current and ongoing.

- **Labor Specific Counsel Utilized**

Explanation: Member has contact information and utilizes the services of an attorney or law firm that has a practice focused on Labor and Employment Law. It is recommended that the attorney or firm be a member of the California State Bar Labor and Employment Section.

- **Involvement in Professional Human Resources Organization(s)**

Explanation: Human Resource designee has or is in the process of obtaining the ACWA JPIA Human Resource Certification, which is specific to water agencies. In addition, the HR responsible employee belongs to professional and/or local organizations dedicated to providing ongoing HR training and updates and subscribes to HR-specific publications that provide regular guidance and updates.

- **JPIA Resources Utilized**

Explanation: The designee is familiar with the JPIA Employment Hotline. The designee participates in local HR training provided by the JPIA or other organizations.

Information on JPIA Professional Certifications is available at www.acwajpia.com/Training.aspx.

EFFECTIVE COMMUNICATION

- **Regular Staff Communication**

Explanation: Communication with staff at all levels is imperative to accomplishment of the organization's goals and objectives. A few examples of effective communication mechanisms are tailgate meetings, major project kickoff meetings, luncheon briefings on current topic or issue, monthly all staff question and answer meeting, employee newsletter and virtual briefings as needed.

- **Routine Management Meetings**

Explanation: Routine management meetings with staff are used to determine the status of projects, whether additional resources are needed to complete the project, providing feedback to project members, administering course correction, and obtaining information to report to senior management.

- **Open Door Policy**

Explanation: Regular practice of communication policy in which management leaves their door "open" to encourage openness and transparency with employees of the agency. The key components of an open-door policy are that it fosters discussion between employees of all levels, encourages employees to ask questions and make suggestions for development, and addresses problems or concerns. It is included in the handbook, stressed at all levels through meetings and one-on-one, understood and modeled by all managers/supervisors, and is an expectation of all supervisors.

- **Internal Complaint Procedure**

Explanation: The development of an internal complaint procedure is necessary to resolve issues between members of an organization. It can be a formal and/or informal procedure that includes a method to report issues, documentation requirements, consideration of evidence, and possible outcomes – counseling, formal apology, dismissal, etc.

- **Collaborative Problem Solving**

Explanation: The process requires sharing perspectives, defining issues, identifying interests, and generating options, develop a fair standard or objective criteria to decide a win-win, an expectation of all employees is listed in the handbook, tools are provided, training to encourage problem solving for staff, supervisors are trained on facilitating the problem-solving process between two employees.

ACWA JPIA

Commitment to Excellence Program (C2E) Best Practices



Ergonomics and Falls Program



ERGONOMICS/FALLS PROGRAM BEST PRACTICES
(Ergonomics)

Loss Reduction Focus	Best Practices Menu
Ergonomic Program	<input type="checkbox"/> Written program with periodic review <input type="checkbox"/> Included in new employee orientation (NEO) <input type="checkbox"/> Office/field evaluations <input type="checkbox"/> Evaluations performed internally <input type="checkbox"/> Responsible person identified
Ergonomic Training	<input type="checkbox"/> Provided to all employees and on-going <input type="checkbox"/> Provided during new employee orientation (NEO) <input type="checkbox"/> Provided to temporary workers <input type="checkbox"/> In-house trainer(s) <input type="checkbox"/> VectorSolutions usage
Ergonomic Operations Equipment*	<input type="checkbox"/> Tools, equipment, and resources obtained <input type="checkbox"/> Quantity and availability <input type="checkbox"/> Mechanical assistance <input type="checkbox"/> Workstations <input type="checkbox"/> Personal protective equipment (PPE) <input type="checkbox"/> H.R. LaBounty Safety Award participation

ERGONOMICS/FALLS PROGRAM BEST PRACTICES (Ergonomics)

ERGONOMIC PROGRAM

- **Written Ergonomic Program**

Explanation: A written Ergonomic Program should be established addressing the goals of ergonomic risk reduction and the responsibilities of management and employees. Ergonomic Program elements could include the following guidance:

The purpose of an ergonomics program is to apply ergonomic principles to the workplace; to reduce the number and severity of musculoskeletal disorders (MSDs), decrease workers' compensation claims, and where possible, increase productivity, quality, and efficiency. An ergonomically sound work environment maximizes employee comfort while minimizing the risk of undue physical stress.

MSDs are also known by several other names including:

- CTDs (cumulative trauma disorders)
- RSIs (repetitive stress or repetitive strain injuries)
- RMI (repetitive motion injuries)
- Overuse syndrome

A proactive approach focuses on making changes when risks have already been identified, as well as incorporating ergonomics into the design phase of a new facility or process, purchasing new equipment or tools, and contemplation of scheduling changes. Every employer should implement a program that includes the following components:

Management Leadership - Management is committed to the ergonomics process. Management supports the efforts of the Ergonomics Program Coordinator and the Ergonomics Committee, by pledging financial and philosophical support for the identification and control of ergonomic risk factors. Management will support an effective MSD reporting system and will respond promptly to reports. Management will regularly communicate with employees about the program.

Employee Participation - Employees will be solicited for their input and assistance with identifying ergonomic risk factors, worksite evaluations, development, and implementation of controls, and training.

Identification of Problem Jobs - Collecting data that identify injury and illness trends is called surveillance. Surveillance can be either passive or active. Conducting a records review is an example of passive surveillance, which looks at existing data such as Cal/OSHA logs, workers' compensation claims, trips to the medical facility, and absentee records. Active surveillance uses observations, interviews, surveys, questionnaires, checklists, and formal worksite evaluation tools, to identify specific high-risk activities. An employer should use both passive and active surveillance to identify problem jobs.

- **Included in New Employee Orientation (NEO)**

Explanation: A written Ergonomic Program should be reviewed with new hires during the NEO.

- **Office/Field Evaluations**

Explanation: Both office and field activities should be evaluated to determine ways the factors that contribute to musculoskeletal pain and injuries (awkward posture, forceful exertion, pressure points, repetitive motion, and falls) can be reduced or eliminated. Actions should be taken or planned that address problematic conditions and actions discovered during evaluations.

- **Evaluations Performed Internally**

Explanation: Since work conditions may change at any time based on job requirements or changing physical conditions of the workplace or personnel, basic ergonomic evaluations of office and field activities should be accomplished primarily by agency supervisory staff as required by the Ergonomic Program. Reliance on outside sources for ergonomic evaluations should be secondary to the day-to-day supervisory responsibility of overseeing that element of personnel actions and ensuring the existence of a safe work environment.

- **Responsible Person Identified**

Explanation: Senior management should authorize a “responsible person” to ensure the agency’s Ergonomic Program is understood by all personnel and implemented.

ERGONOMIC TRAINING

- **Provided To All Employees and Is On-Going**

Explanation: All agency employees should be trained on the purpose of the Ergonomic Program and should understand the factors contributing to ergonomic injuries and the actions that can mitigate or eliminate those factors. Ergonomic training should occur periodically. At least every three years is suggested.

- **Provided During New Employee Orientation (NEO)**

Explanation: New employees should be trained on the purpose of the Ergonomic Program and should understand the factors contributing to ergonomic injuries and the actions that can mitigate or eliminate those factors. Training should occur within the first 2-3 weeks of employment. Classroom or online training can be employed. The goal should be to, at the beginning of employment, impress upon the new employee the agency’s commitment to preventing ergonomic-related injuries.

- **Provided to Temporary Workers and Volunteers**

Explanation: Temporary workers and volunteers should be trained on the purpose of the agency’s Ergonomic Program and should understand the factors contributing to ergonomic injuries and the actions that can mitigate or eliminate those factors. Training should occur within the first 2-3 weeks of employment. Classroom or online training can be employed. The goal should be to, at the beginning of employment, impress upon the new employee the agency’s commitment to preventing ergonomic-related injuries.

- **In-House Trainers(s)**

Explanation: Since the makeup of the workforce may change at any time based on job requirements or changing physical conditions of the workplace or personnel, basic ergonomic evaluations of office and field activities should be accomplished primarily by agency supervisory staff as required by the Ergonomic Program. Reliance on outside sources for ergonomic evaluations should be secondary to the day-to-day supervisory responsibility of overseeing that element of personnel actions and ensuring the existence of a safe work environment.

- **VectorSolutions Usage**

Explanation: The online ergonomic training provided by VectorSolutions provides an opportunity for agency personnel to learn about and review ways to reduce or eliminate the musculoskeletal pain associated with the job tasks they perform. The advantage of this form of training is that educational opportunities can match the availability of agency personnel.

ERGONOMIC OPERATIONS EQUIPMENT

- **Tools, Equipment, and Resources Obtained**

Explanation: Engineering controls are the preferred method of controlling ergonomic stresses since the primary focus of ergonomic hazard abatement is to make the job fit the person, not force the person to fit the job.

- Tasks performed by the employee in the performance of his/her responsibilities shall be designed to prevent extreme postures, repetitive motion, excessive force, and static work.
- Tools used in the performance of assigned tasks shall be designed to prevent or reduce chronic muscle contraction, awkward finger, hand, and arm positions, repetitive forceful motions, vibration, and excessive gripping, pinching, or pressing with the hand and fingers.

- **Quantity and Availability**

Explanation: A suitable quantity of serviceable ergonomic tools and equipment is available to ensure worker exposure to potential ergonomic injury is not increased. Workers are afforded time to bring the equipment to job sites and not perform operations if agency-owned/leased equipment is being utilized elsewhere. Whenever possible, ergonomic equipment availability is a consideration for scheduling operations and maintenance jobs.

- **Mechanical Assistance**

Explanation: Mechanical lifting devices (e.g., cranes, lifts, hoists, etc.) are provided where practical to eliminate injuries from strains and overexertion. Portable equipment is installed with casters and lift points to ease movement.

- **Workstations**

Explanation: A workstation outfitted with the proper furniture and equipment can lead to a more comfortable and safer work environment. Ergonomic injuries occur at workstations due to reaching, bending, awkward postures, and applying pressure or force. If workstations are designed properly, most ergonomic hazards can be reduced if not eliminated.

- Workstations are designed to accommodate the person who works at a given station and not for an average or typical employee.
- Workstations are designed so the station can be adjusted easily to accommodate the employee assigned to the station, and the equipment used at the station shall be designed for that purpose.
- The workstation is sized to allow for the full range of movements required to perform assigned tasks.

- **Personal Protective Equipment (PPE)**

Explanation: PPE should be used as the principal means of control only as a last resort when neither engineering nor administrative controls are possible, or in the event of emergencies. It is considered the least effective form of control. PPE does not eliminate the hazard or reduce the time of exposure. PPE simply reduces the amount of hazardous exposure by placing a barrier between the hazard and the worker. PPE should be selected with ergonomic stressors in mind. It should not contribute to extreme postures and excessive forces. PPE such as vibration attenuating gloves, knee pads, floor padding, clothing, or equipment designed for the intended purpose should be provided, as warranted. Employees using PPE should be first trained in the equipment's use and care. *Note:* Braces, splints, and back belts are not considered personal protective equipment and when used, shall be at the direction and under the supervision of the employee's treating physician.

ERGONOMICS/FALLS PROGRAM BEST PRACTICES
(Falls)

Loss Reduction Focus	Best Practices Menu
Work Environment	<input type="checkbox"/> Housekeeping <input type="checkbox"/> Work area debris management <input type="checkbox"/> Worksite access <input type="checkbox"/> Lighting
Fall Protection Personal Protective Equipment (PPE)	<input type="checkbox"/> Footwear/boots <input type="checkbox"/> Guardrails/walkways <input type="checkbox"/> Fall prevention/arrest systems <input type="checkbox"/> Ladders/stairs/ramps <input type="checkbox"/> Climbing systems <input type="checkbox"/> Maintenance and storage
Fall Protection Training	<input type="checkbox"/> Training for all personnel <input type="checkbox"/> PPE maintenance and inspection training <input type="checkbox"/> VectorSolutions usage

ERGONOMICS/FALLS PROGRAM BEST PRACTICES

(Falls)

WORK ENVIRONMENT

- **Housekeeping**

Explanation: One finds that many of the tasks are repetitive such as buffing, vacuuming, emptying garbage, tidying, dusting, and sweeping floors. People carry or move trash and debris every day. It is easy to see that many of the injury types are directly related to the tasks performed in housekeeping operations.

Ergonomics is the practice of designing equipment and work tasks to conform to the capability of the worker. It provides a means for adjusting the work environment and work practices to prevent injuries before they occur. The goal of ergonomics is to fit the work to the worker.

Effective ergonomic design provides workstations, tools, and equipment that is comfortable and efficient for the worker to use. It also creates healthy work environments, and it reorganizes the work process to control or eliminate hazards.

- **Work Area Debris Management**

Explanation: The primary goal of the worksite evaluation is to ensure a safe and healthy work environment by identifying and evaluating potential hazards. Routine site safety and health inspections are designed to catch missed debris hazards. Inspections should be done at regular intervals, every week. In addition, procedures should be established that provides a daily inspection of the work area.

- **Worksite Access**

Explanation: Site access inspections should be used to improve hazard prevention as follows:

- Inspections should cover every part of the worksite
- They should be done at regular intervals
- In-house inspectors should be trained to recognize and control hazards
- Identified hazards should be tracked for correction

You can use checklists already developed or make your own based on the following:

- Past problems
- Standards that apply to your industry
- Input from everyone involved
- Agency safety practices or rules

- **Lighting**

Explanation: Common office lighting can often create a great deal of eyestrain by making your computer monitor difficult to see. Adjust your shades or lights as much as you can to reduce glare and position your monitor at such an angle that reflection is reduced. It can be helpful to keep overhead lights dimmed and use a desk lamp for close work.

FALL PROTECTION PERSONAL PROTECTIVE EQUIPMENT (PPE)

- **Footwear/Boots**

- Explanation:

- Only approved footwear shall be worn. (CCR 8: Section 3285)
 - Footwear should be maintained in good condition and replaced as needed.
 - Footwear should be slip-resistant and oil resistant.
 - Footwear should have steel or composite toes when working near equipment or heavy loads to prevent crushing.
 - A boot replacement program should be in place to assist employees in purchasing costs.

- **Guardrails/Walkways**

- Explanation:

- Open elevated platforms above 30 inches shall be protected by guardrails on all sides. (CCR 8: 3210)
 - Temporary and permanent guardrails construction shall meet Cal/OSHA standards. (CCR 8: Sections 1620, 1621 3209, and 3210)

- **Fall Protection/Arrest systems**

- Explanation:

- When guardrails are not present, fall restraints or arrest systems shall be used to prevent falls when working above 7 1/2-foot elevations. (CCR 8: Section 1670)
 - Equipment shall be inspected before use and by a competent person at least annually, and at other periods recommended by the manufacturer and documented. Damaged equipment shall be removed from service.
 - Employees shall be trained in the use, maintenance, and inspection of the equipment.
 - Body belts may not be used except as a positioning device.
 - A fall rescue plan should be in place.

- **Ladders/Stairs/Ramps**

- Explanation:

- Portable ladders shall meet Cal/OSHA standards. (CCR 8: Section 3276)
 - Fixed ladders, cages, and platforms shall meet Cal/OSHA standards. (CCR 8: Section 3277)
 - Ladders should be inspected daily by a competent person and documented.
 - Ladders shall be used in an approved manner. (CCR 8: Sections 3276 (e) (15), and 3278)
 - Damaged/unsafe ladders should be repaired or removed from service.
 - Only appropriate ladders shall be used for the job.
 - Training shall be provided in ladder use and safety and documented.
 - Ramps should meet specifications set forth in Cal/OSHA standards. (CCR 8: Sections 3232 and 3233)
 - Stairs should meet specifications set forth in Cal/OSHA standards. (CCR 8: Section 3234)
 - Stair rails should meet specifications set forth in Cal/OSHA standards. (CCR 8: Section 3214)

- **Climbing Systems**

- Explanation:

- Ladder Safety Systems(fall protection) may be used on tower, water tank, and chimney ladders over 20 feet in unbroken length in lieu of cage protection. No landing platform shall be required.
 - All ladder safety systems shall meet the design requirements of the ladders which they serve. (CCR 8: Subsection c)
 - Training shall be provided in use and safety of such devices and documented.

- **Maintenance and Storage**

- Explanation:

- Equipment shall be maintained in a safe condition and stored per manufacturer recommendations and readily accessible by authorized persons.
 - Equipment shall be stored so it will be protected from sunlight and other damage.

FALL PROTECTION TRAINING

- **Training For All Personnel**

- Explanation: Falls can be prevented when employees understand the proper setup and safe use of equipment. Employers must train workers in hazard recognition and the care and safe use of equipment such as ladders, scaffolds, and fall protection systems.

- **Ladder Safety:** Employees must be trained to properly use a ladder including the following safety measures:

- Maintain three points of contact
 - Place the ladder on level footing
 - Always face the ladder
 - Secure the ladder by locking the metal braces at the center of the ladder
 - Do not overreach
 - Do not walk the ladder

- **Scaffold Safety:** Employees must be trained to safely set up and use scaffolds:

- During setup: fully plank scaffolds, complete all guardrails, ensure stable footing, and plumb and level
 - Ensure proper access to scaffolds
 - A competent person must inspect the scaffold before use
 - Do not climb over cross braces
 - Do not stand on guardrails
 - Do not use a ladder on a scaffold

- **Roof Safety:** Employees must be trained to avoid fall hazards on a roof and properly use fall protection equipment:

- Make sure your harness fits and is not defective when using PFAS
- Always stay connected/tie off
- Ensure that all anchor points are safe
- Protect all holes, openings, and skylights
- Do not sit or walk on skylights or other opening

- **PPE Maintenance and Inspection Training**

Explanation: Worker trauma from falls from elevated work surfaces can be minimized by the proper selection and use of personal fall protection systems. To provide effective protection, these systems must be properly maintained and inspected.

Maintenance of Fall Equipment: Basic care of all safety equipment will prolong the durable life of the unit and will contribute toward the performance of its vital safety function. Proper storage and maintenance after use are as important as cleaning the equipment of dirt, corrosives, or contaminants. Storage areas should be clean, dry, and free of exposure to fumes or corrosive elements.

Inspection of Fall Equipment. All fall protection and work positioning equipment must be inspected before use each day and cannot be used if any defects are present. The best practice is to inspect the equipment before each use, rather than only once daily. Inspections include visual examination of harnesses, lifelines and lanyards, snap hooks and D-rings, and rescue equipment. Deficient equipment should be tagged, removed from service, and replaced or properly destroyed to prevent further use.

- **VectorSolutions Usage**

Explanation: VectorSolutions is an online resource offered to JPIA member agencies as part of their coverage. This resource offers a means to provide a wide variety of training courses to accommodate new employees, staff that cannot attend classroom training, and on-demand refresher training. The following modules are suggested for addressing fall protection awareness.

- Water Industry Slips, Trips, and Falls Prevention
- Water Industry Fall Protection

ERGONOMICS/FALLS/CLAIMS PROGRAM BEST PRACTICES
(Claims)

Loss Reduction Focus	Best Practices Menu
Claims Reporting	<input type="checkbox"/> Written procedures <input type="checkbox"/> Primary and backup responsible persons <input type="checkbox"/> Timely reporting to JPIA <input type="checkbox"/> Staff, NEO, training
Job Descriptions	<input type="checkbox"/> Physical requirements are identified and updated periodically. <input type="checkbox"/> Pre-employment post-offer physicals <input type="checkbox"/> Considered in Return-To-Work Program
Return To Work Program (RTWP)	<input type="checkbox"/> Formal program with periodic review <input type="checkbox"/> Return-to-work team <input type="checkbox"/> Fit-for-duty exams (not for WC claims) <input type="checkbox"/> Temporary duty focus

ERGONOMICS/FALLS PROGRAM BEST PRACTICES (Claims)

CLAIMS REPORTING

- **Written Procedures**

Explanation: To ensure loss claims are reported in a manner that facilitates prompt and accurate claims management and injury/illness care, written procedures should be developed and made available describing how to report claims to the JPIA or other claims administrators. At a minimum, the following should be identified in the reporting procedures:

- Who is authorized to report a claim to the JPIA or other claims administrator
- Who is responsible for identifying a claim to the agency's authorized claims reporter
- The contact information for the administering agency (name, phone number, email, etc.)
- The forms to be used to document and report a claim
- The primary and secondary methods of reporting (telephonic, fax, email, etc.)
- Time requirements for reporting claims

- **Primary and Back-Up Responsible Persons**

Explanation: To avoid late claims reporting, primary and secondary (backup) personnel should be trained in reporting requirements and assigned the duties of reporting claims for the agency. At least one of the assigned reporting personnel should be present at the agency during business hours to report claims. After-hour duty reporting procedures should also be established.

- **Timely Reporting to JPIA**

Explanation: To ensure claims can be acted upon as quickly as possible, and within the reporting timeframe established by law or regulation, reporting timeframes must be identified and understood by authorized claims reporters and supervisors.

- **Staff and NEO Training**

Explanation: For the agency's claims reporting to be effective; claims reporting personnel, supervisors, and employees must be trained in the reporting procedures and the responsibilities each has according to those procedures. Claims reporting procedures training should be included in new employee orientation (NEO).

JOB DESCRIPTIONS

- **Physical Requirements Identified and Updated Periodically**

Explanation: The physical requirements of the job including carrying or lifting requirements should be included in the job description. A best practice is carrying or lifting up to 50 pounds. Job descriptions should be reviewed periodically to ensure job functions and physical requirements are up to date. Job descriptions that include the physical requirements provide physicians the information needed when conducting pre-employment physical and fit-for-duty examinations.

- **Pre-Employment Post-Offer Physicals**

Explanation: Pre-employment post-offer physicals should be conducted for all potential employees using job descriptions indicating the functional and physical requirements of the job.

- **Considered in RTWP**

Explanation: Job descriptions indicating the functional and physical requirements should be considered in a Return-To-Work Program (RTWP) when determining the availability of transitional duty jobs for personnel with temporary performance-limiting injuries or illnesses.

RETURN TO WORK PROGRAM (RTWP)

- **Formal Program with Periodic Review**

Explanation: A formal RTWP should be established to provide, whenever possible, employees with performance-limiting injuries or illnesses the opportunity to be productive and heal faster. A RTWP accommodates temporary work restrictions and should typically not exceed 90 calendar days. If an injured worker will not reach full duty within 90 days, an agency's Human Resources staff should contact the JPIA's Workers' Compensation Claims Examiner to discuss an alternative plan of action or other worker accommodations. The agency's RTWP should be explained to all personnel. The structure and procedures of the RTWP should be reviewed periodically. The purpose and value of the RTWP to employees and the agency should be reviewed with all personnel periodically.

- *A Supervisor's Guide to Managing Ill and Injured Employees in the Workplace* (online training) should be mandatory reading for all managers and supervisors.

- **Return-To-Work Team**

Explanation: As part of the RTWP, a Return-to-Work Team should be established to consider developing and offering a transitional duty (limited duty) position to personnel with temporary performance-limiting injuries or illnesses. The team should consist of supervisory staff knowledgeable of agency job descriptions and RTWP procedures and authorized to offer transitional duty to personnel with temporary performance-limiting injuries or illnesses when deemed practical.

- **Fit-For-Duty Exams (Not for WC Claims)**

Explanation: Fit-for-duty exams should not be provided for personnel having work limitations resulting from work-related injuries or illnesses since the Workers' Compensation Program will evaluate the capability of such individuals. Fit-for-duty can, however, be used at the discretion of the agency to determine the potential for transitional duty to be offered to an employee with temporary non-work related and injury or illness limitations.

- **Temporary Duty Focus**

Explanation: The focus of the RTWP should be on offering **temporary transitional duty** to personnel with **temporary** (not permanent) physical work limitations. Transitional duty should not become a long-term accommodation for a physical limitation. Transitional duty job descriptions should be reviewed and modified as the injured/ill employee's condition improves.

ACWA JPIA

Commitment to Excellence Program (C2E) Best Practices



Wildfire Prevention



WILDFIRE PREVENTION BEST PRACTICES

Loss Reduction Focus	Best Practices Menu
<p>Planning, Coordination, and Communication</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Develop an emergency Wildfire Emergency Response Plan (ERP). <input type="checkbox"/> Per SB 901 definition, establish and maintain current Wildfire Mitigation Plans, if required. <input type="checkbox"/> Identify major water connections, interties, and priority water customers to minimize loss of water supply, quality, and/or system pressure. <input type="checkbox"/> Maintain emergency preparedness/response equipment, communications, and supplies including shelter-in-place is available for employees. <input type="checkbox"/> Participate in Mutual Aid groups such as the state's Water/Wastewater Agency Response Network (WARN) or local/regional agency response network. <input type="checkbox"/> Identify essential personnel and emergency response team members who are provided with ID/access credentials. <input type="checkbox"/> Practice Incident Command System (ICS) activation of utility Emergency Operations Center (EOC). <input type="checkbox"/> Ensure a representative of the utility to the local/region Incident Command Post or EOC. <input type="checkbox"/> Periodically test emergency communications plans and equipment.
<p>Staff Training</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Conduct training, briefing, and exercises for wildfire preparedness, response, and recovery procedures, including SEMS/NIMS training. <input type="checkbox"/> Ensure essential personnel and emergency response team members are trained to perform critical duties and complete the appropriate SEMS/NIMS courses. <input type="checkbox"/> Maintain copies of staff SEM/NIMS training records.

WILDFIRE PREVENTION BEST PRACTICES

Facility Protection and Readiness	<ul style="list-style-type: none"><input type="checkbox"/> Create a zone of defensible space around sites, wellheads, structures, etc.<input type="checkbox"/> Determine if emergency generators are needed to power facilities. Confirm and document generator connection type, capacity load, and fuel consumption.<input type="checkbox"/> Ensure generators, backup equipment, and facility systems are in working order.<input type="checkbox"/> Be aware of Public Safety Power Shutoff (PSPS) guidelines for a planned or emergency power outage for a long duration and a wide expanse. Establish procedures to be notified and have contact with the electric provider for power outage duration estimates.
Response and Recovery	<ul style="list-style-type: none"><input type="checkbox"/> Maintain and inventory extra equipment and supplies to shelter-in-place. Ensure proper safety gear is available for field employees.<input type="checkbox"/> Activate communication procedures with essential and non-essential personnel and ratepayer/public as to work, operational status, and water quality.<input type="checkbox"/> Once the wildfire is contained, inspect the system for damage and operational status. Document all damage assessments to start an insurance claim and/or FEMA reimbursement process.<input type="checkbox"/> Develop an after-action/corrective action report. Adjust the budget or set aside funding for future emergencies.

WILDFIRE PREVENTION BEST PRACTICES

- **Planning, Coordination, and Communication**

Review and update members' emergency Wildfire Emergency Response Plan (ERP), including contingency plans for maintaining system operations.

Explanation: Disasters/emergencies that are likely to occur in the water system's service area should be addressed, including but not limited to wildfires, earthquakes, water outages due to loss of power, localized flooding, water contamination, and acts of sabotage. A wildfire is any instance of uncontrolled burning in grasslands, brush, woodlands, or urban interface. Wildfires can be caused by lightning, human carelessness, or arson. Wildfires often begin unnoticed, spread quickly, and present a direct risk to property and infrastructure, in addition to potential degradation of the water supply. Specific impacts to drinking water and wastewater utilities may include infrastructure damage to the facility or distribution system due to proximity to the fire or firefighting activities.

- **For agencies that meet the SB 901 definition, establish, and maintain current Wildfire Mitigation Plans assessing their level of wildfire risk and providing plans for wildfire risk reduction.**

Explanation: With SB 901, California has taken a comprehensive approach to mitigate and create greater resilience against wildfire risks. A key element of SB 901 is in the provisions of the California Public Utilities Code (PUC) Section 8386, which requires electric utilities to develop annual wildfire mitigation plans (WMPs) to prevent, combat, and respond to wildfires within their service territories. Under PUC 8386(c), utilities must include in their WMPs statutorily prescribed content addressing a list of specific issues.

- **Identify major water connections, interties, and priority water customers to minimize loss of water supply, quality, and/or system pressure, especially related to fire protection and firefighting efforts.**

Explanation: Identify priority water customers (e.g., hospitals), obtain their emergency contact information, map their locations, and develop a plan to restore those customers first, in case of water service disruptions. Staff will, as quickly and safely as possible, determine the status of operations, assess damage to water system facilities, provide logistics for emergency repairs, and monitor the progress of repairs and restoration efforts. Prepare the customer service personnel to receive incoming calls from customers during an emergency to have information readily available to provide helpful guidance.

Consider how or where to move water with no power. Prioritize facilities. Locate and exercise valves so they may be used when called upon. Locate single points of failure and determine how to mitigate such vulnerabilities.

Prioritize sources, treatment, facilities, resources, and essential functions under the conditions of extended power outages and wildfires. Establish critical personnel shift schedules so they can be implemented when needed.

- **Maintain emergency preparedness/response equipment, communications and supplies including shelter-in-place is available for employees.**

Explanation: Necessary supplies and safety gear should be stocked before an emergency event. These supplies will allow staff to focus on necessary tasks to maintain and operate critical assets. It may be necessary in an emergency that staff shelter in place. After an event, it will be difficult to get necessary supplies, stocking these supplies allows time for an EOC to be activated and respond to operational needs. It should be determined in an emergency response plan what supplies will be needed for critical activities. Some supplies may have an expiration date and need to be replaced at appropriate times. It is important to establish an inspection procedure to ensure that no supplies reach their expiration date. Common supplies are water, food, battery-powered NOAA Weather Radio, batteries, flashlights, first aid kit, and N95 respirators.

Communication with key staff will be critical. It is important to consider if cell phones will be operational during an emergency. The system could be overloaded, or a cell tower could burn down, making it impossible to contact staff. It is recommended to contact your County Office of Emergency Services (OES) to discuss the Agency's communication options during emergencies.

- **Participate in mutual aid groups such as the State's Water/Wastewater Agency Response Network (WARN) or local/regional agency response network.**

Explanation: The mission of the California Water/Wastewater Agency Response Network (CalWARN) is to support and promote statewide emergency preparedness, disaster response, and mutual assistance processes for public and private water and wastewater utilities. CalWARN's mutual assistance program is consistent with other statewide mutual aid programs, the Standardized Emergency Management System (SEMS), and the National Incident Management System (NIMS).

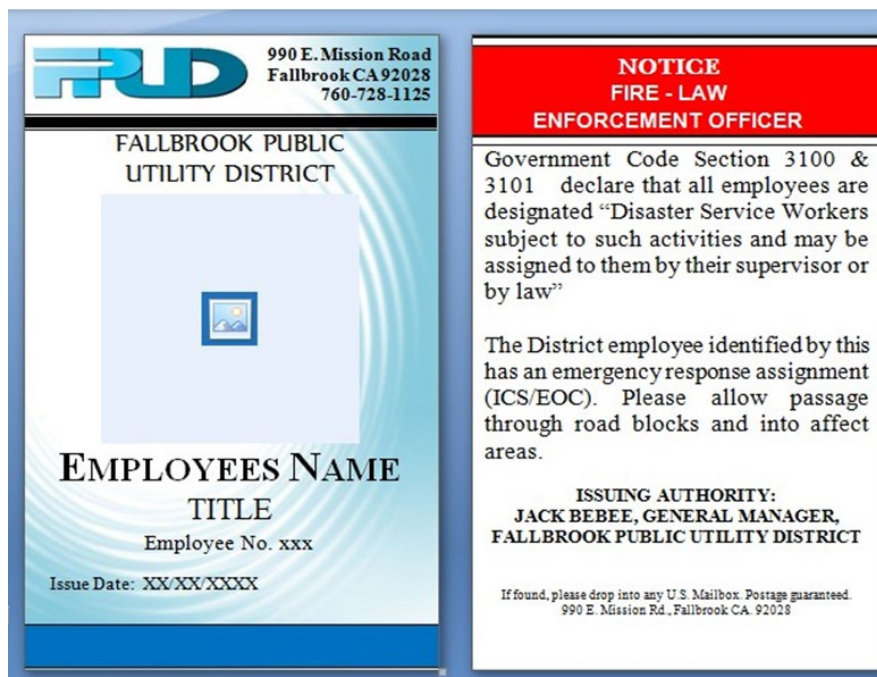
Each county has an Office of Emergency Services (OES). Each County OES coordinates the overall Sacramento Countywide response to large scale incidents and disasters. Each County OES is responsible for alerting and notifying appropriate agencies when disaster strikes, coordinating all agencies that respond, ensuring resources are available and mobilized in times of disaster, developing plans and procedures in response to and recovery from disasters, and developing and providing preparedness materials for the public.

- **Identify essential personnel and emergency response team members are provided with ID/access credentials.**

Explanation: It is vital to pre-identify essential personnel before an emergency, but also cross-train personal on critical duties. During an emergency, some staff may not be available during an event. For this reason, it is helpful to have step-by- step checklists for critical positions and operations during emergency response. These checklists should be reviewed by essential personnel and part of an annual incident response training exercise. Pre-identified personnel and checklists should be included in the agency's written Emergency Operations Plan.

Essential personnel should be issued ID that identifies them as essential workers. This notifies emergency services personnel that the agency has critical assets in the area, and they should be allowed access to restricted areas. A contact number should be included on the ID for verification.

Example ID Badge



- **Practice Incident Command System (ICS) activation of utility Emergency Operations Center (EOC).**

Explanation: An EOC is not an on-scene incident command post (ICP) where the focus is on tactics to deal with the immediate situation. An EOC supports the on-scene activities through the prioritization of tasks and the allocation of available resources. A major function within the EOC is communications between the emergency response operations team, finance team, communications team, and agency management. A utility's Emergency Operations Center (EOC) should be activated whenever there is a major incident that causes significant property damage, potential or actual business disruption, or has the potential to cause a significant impact on the business. Chain of command and lines of authority should be predesignated identifying whom and when an EOC can and should be activated.

- **Ensure a representative of the utility to the local/regional Incident Command Post or EOC.**

Explanation: A member agency shall identify qualified staff to represent the member in local or county OES. This interface is vital to receive and give up-to-date information related to the emergency. This is the most effective way for members to stay informed and understand how an emergency may affect the agency. It is strongly advised that agencies develop these relationships before an emergency.

Periodically test emergency communications plans and equipment.

Explanation: During non-emergencies, a communication plan and equipment should be in a constant state of readiness. This is achieved through regular testing and evaluation. To ensure the equipment will operate during a drill or emergency a schedule of communication equipment with inspection timeframes and frequency testing should be maintained.

STAFF TRAINING

- **Conduct training, briefing, and exercises for wildfire preparedness, response, and recovery procedures. Emergency response staff will complete SEMS G-606, appropriate NIMS courses, and maintain training records.**

Explanation: Training staff on how to prepare, respond, and recover from wildfires are critical when managing fire emergencies. These actions are collectively known as Emergency/Incident Management. In 1993, the State of California created the Standardized Emergency Management System (SEMS) to respond to emergencies within the state of California. In 2004, the federal government established the National Incident Management System (NIMS) to address nationwide emergencies.

Both systems utilize the Incident Command System (ICS), and Emergency Operations Center (EOC) to respond to incidents. The ICS has staff position titles and corresponding duties. Understanding and applying the ICS organizational structure and procedures enables an agency's emergency response personnel to work safely together to take control of a critical incident. It can also assist organizations to manage the aftermath of a critical incident effectively and efficiently.

Training in both models is necessary to understand how they work together and are required to be eligible for reimbursement of response-related costs.

Cal OES provides no-cost training for SEMS, while FEMA provides no-cost training on NIMS. It is recommended that all employees attend a SEMS Introduction (SEMS G606) Online Course, and management and supervisory staff attend FEMA's ICS-100: Introduction to the Incident Command System, and IS-700: National Incident Management System, An Introduction.

As part of the SEMS/NIMS training, agencies shall conduct an annual tabletop exercise on incident response to familiarize themselves with the functions of the ICS and EOC in preparation for future events.

Agencies are also required by Cal/OSHA standard 5141.1 Protection from Wildfire Smoke to train staff on the harmful effects and mitigation of wildfire smoke.

FACILITIES PROTECTION AND READINESS

- **Create a zone of defensible space around sites, wellheads, structures, etc.**

Explanation: Defensible space refers to the area surrounding a building that is mitigated to protect it from wildfires. Along with the quality of a building's roofing material, adequate defensible space is one of the most important factors in determining a building's ability to survive a wildfire. The defensible space is made up of two zones totaling at least 100 feet from the building. The creation and maintenance of defensible space, when possible, can greatly reduce the fire risk to a facility.

Members are encouraged to check with their city and/or country specifics on defensible space.

- **Determine if emergency generators are needed to power facilities. Confirm and document generator connection type, capacity load, and fuel consumption.**

Explanation: The loss of electric power can have profound impacts on drinking water and wastewater utilities. With increased attention on wildfire and the adoption of Public Safety Power Shutoff (PSPS), the loss of electrical power is more likely than ever. The impacts of these power outages can incur pressure losses, boil water advisories, a reduction or cessation of water treatment, sewage back up, or the discharge of untreated sewage into the public right of ways, rivers, and streams. There are many steps drinking water and wastewater utilities can take to obtain backup power and ensure that their lifeline services continue as long as possible during grid power outages.

Efforts should be made around developing an emergency power backup plan. One that provides backup power to critical infrastructure, either through permanent or mobile generators, or solar and batteries.

- **Ensure emergency generators, back-up equipment, and facility systems are in working order.**

Explanation: Emergency generator sets used for either prime or backup (emergency) power must be regularly maintained to ensure they provide quality power throughout their service life. The best generator inspection and maintenance practice are the National Electrical Code (NEC) 700. The Code's main goal is to keep the emergency generator from breaking down and operating as reliably as possible. Members should check their generator's manufacturer's manual for preventative maintenance and self-inspection checklists.

- **Be aware of Public Safety Power Shutoff (PSPS) guidelines for planned or emergency power outage for a long duration and a wide expanse. Establish procedures to be notified and have contacts with the electric provider for power outage duration estimates.**

Explanation: Given the continued and growing threat of extreme weather and wildfires, additional precautionary measures have been adopted to enhance community wildfire safety. A PSPS can be implemented in a geographical area when there are gusty winds and dry conditions, combined with heightened fire risk, or threaten a portion of the electric system. Therefore, members are encouraged to establish procedures within their emergency response plan to prepare and respond to a PSPS.

RESPONSE AND RECOVERY

- **Maintain and inventory extra equipment and supplies to shelter-in-place. Ensure proper safety gear is available for field employees.**

Explanation: Ensure all necessary equipment and supplies are prepared as part of the agency's emergency planning. Designate locations throughout the agency where supplies can be properly stored and used in the event of a shelter-in-place event. Ensure a sustainable supply chain to guarantee that all vital equipment and supplies are replenished when needed. When evacuation is not possible, maintain enough supplies (i.e., food, water, personal items) for a minimum of three days. Develop a process to check all emergency supplies at least once a year and replace anything that could be expired or non-functioning.

- **Activate communication procedures with essential, non-essential personnel, and ratepayer/public as to work, operational status, and water quality.**

Explanation: Develop a communication plan to communicate promptly and accurately with employees, the public, and local city/county governments. Identify key leadership and liaison positions that can initiate the plan when a disaster strikes. Implement a notification system that quickly reaches out to employees and ratepayers. A mass communication system should be used for quickly pushing out information to employees and the public. Ensure contact information is accurate and accessible during an incident. Develop a process to check that contact information is up to date. Ensure that methods selected for communicating would be reliable during times of an emergency. Lines of communication should be checked during yearly emergency preparedness exercises.

- **Once the wildfire is contained, inspect the system for damage and operational status. Document all damage assessments to start an insurance claim and/or FEMA reimbursement process.**

Explanation: Document information about the operational status of locations and assets and the extent of damages. Develop an itemized list of losses and potential losses with an estimate of debris removal, repair, or replacement cost of each item/location, and emergency work. Document staff time during preparation and response during a fire. Ensure, based on position(s) held, all personnel have completed the applicable National Incident Management System (NIMS) and Standardized Emergency Management System (SEMS) training. Conduct risk assessments for the development of a Hazard Mitigation Plan.

- **Develop an After Action-Corrective Action Report. Adjust budget or set aside funding for future emergencies.**

Explanation: Lessons learned can provide a roadmap to recovery. It should be tailored to specific operations affected by a wildfire. Develop a mitigation plan to reduce or eliminate disaster-related damage from recurring. The use of checklists and/or online toolkits can be very effective in developing a recovery plan. The following should be considered when adjusting budgets or creating future emergency funds:

- Staff training
- Property protection
- Viable supply chain
- Equipment/IT service

OLIVENHAIN MUNICIPAL WATER DISTRICT
Service Plan Draft 9-11-2023

FIRST-YEAR SERVICE PLAN AND RISK MANAGEMENT ONBOARDING OUTLINE

PROPOSED TWO YEAR SERVICE PLAN

This Service Plan was designed to help **Olivenhain Municipal Water District** complement its safety and risk management program with JPIA resources. It also provides JPIA Risk Management with a method to ensure the efficiency of our services.

The Service Plan will be implemented from **September 2023 – August 2025** It involves periodic full and half-day District visits (virtual or in-person); and includes risk management assessments, loss prevention training, and safety program consultations. Training session topics will be coordinated with the District's designated staff.

AGENDA

DATE	EVENT
July - December 2023	<ul style="list-style-type: none">• Meeting to discuss JPIA Commitment to Excellence (C2E). Provide a copy of the C2E certificate for Board adoption.• Provide sample Volunteer Resolution, obtain copy or OMWD to adopt a resolution,• Review JPIA Risk Control Manual,• Review Risk Control publications and resources,• Review C2E best practices resources,• Review the Human Resources webpage resources and Training webpage,• Ensure District staff contacts are listed in Blue Sheet, and initial contact has been made by Claims and Training,• Follow up on the completion status of the JPIA Employee Manual review and suggested revisions.
January – June 2024	<ul style="list-style-type: none">• Receive the District's signed C2E certificate.• Receive District's Volunteer Resolution.• Review OMWD's Hazard Inspection/Correction forms, frequency, process, and assigned individuals. Visit sites will review the results of the completed periodic, scheduled worksite inspections.• JPIA Consultative visit to Elfin Forest Recreational Reserve to assess public posting(s) of its rules and regulation notice(s).• Review OMWD's Driving and Vehicle Program/Policies.• Driver Policy - Cell Phone/Electronic Use• DMV Pull Program/Review• Driver Responsibility Acknowledgement

OLIVENHAIN MUNICIPAL WATER DISTRICT
Service Plan Draft 9-11-2023

July – December 2024	<ul style="list-style-type: none">• Review OMWD’s training calendar (conducted and scheduled). Emphasis on OMWD’s staff Defensive Driving.• Review At fault Accident Investigation Process• Review Vehicle Inspection Form and Frequency• Introduce JPIA’s Drone Resources.• Introduce JPIA Risk Control Grant and HR LaBounty Safety Award Programs.
January - June 2025	<ul style="list-style-type: none">• Review OMWD’s SSO response plans.• Review OMWD’s Risk Assessments and Emergency Response Plans related to the JPIA C2E program elements and primary loss drivers.• If applicable, review FERC RMP.• JPIA to conduct Defensive Driver Course (DDC) training when course measurements are provided. OMWD to supplement JPIA instructor-led training with Vector Solutions courses.• JPIA to conduct annual Risk Assessment visits, with focus on JPIA loss reduction best practices and Cal OSHA most frequently cited violations and exposures.

Memo

Date: February 21, 2024
To: Olivenhain Municipal Water District Board of Directors
From: Rainy Selamat, Finance Manager
Via: Kimberly Thorner, General Manager
Subject: **CONSIDER PRELIMINARY WASTEWATER RATE AND CHARGE INCREASES
BASED ON 2024 WASTEWATER RATE STUDY RESULTS (WORKSHOP)**

Purpose

The purpose of this item is to conduct a workshop and present preliminary wastewater (sewer) rate increases for a five-year period commencing July 1, 2024 through June 30, 2029 based on the 2024 wastewater rate study results.

This item was reviewed with the Finance Committee (Director Meyers and Director Watt) at its regular meeting on February 7, 2024. Additional information was requested to be included for the full Board by the Finance Committee, which is included in the attached PowerPoint.

Recommendation

Staff is recommending that the Board consider and review the preliminary wastewater rates and charges as presented (attached.) Draft copies of the 2024 Wastewater Rate Study Report and the Notice and of Public Hearing to comply with Proposition 218 will be brought forward to the Board at the March meeting for review following today's workshop.

Alternative

The Board could instruct staff to bring more wastewater (sewer) rate increase alternatives for consideration and discussion at the March meeting.

Background

The District retained Raftelis Financial Consultants, Inc. (Raftelis) to perform the Comprehensive Wastewater Cost of Service Study (COSS) for the District in September 2023. Raftelis was selected because of their knowledge and familiarity with the District's wastewater rate structure and the firm's experience working with other wastewater districts. The District's last Wastewater COSS was completed by Raftelis and approved by the Board in June 2020. The 2024 Wastewater COSS is an update to the 2020 Wastewater Rate Study.

The driver of the 2024 Wastewater COSS study was historic high inflation rates above what was assumed in the 2020 wastewater study for both the Wastewater Operating and Capital Improvement Program (CIP), which were used as the basis to set wastewater rates and charges. Several construction bids for District projects, including wastewater projects, came in higher than the project cost estimates included in the District's capital spending plan due to labor shortages, supply chain disruptions, and oil prices post COVID-19.

Additionally, due to the Board's concern on the financial impacts to customers due to COVID-19, the District did not increase rates as planned in 2020 and implemented a 2% rate increase in 2021 instead of the 3% rate increase as planned. Foregoing the planned sewer rate increase in 2020, lowering 2021 sewer rate increase in 2021, combined with the fiscal impact of rising costs due to inflation have created pressures on the District's ability to keep up with ongoing repairs, replacements, and betterments of its wastewater infrastructure for reliable and dependable wastewater collection and treatment services.

The 2024 Wastewater (Sewer) COSS addresses inflationary pressures and other projected increases in uncontrollable costs through a five-year implementation of wastewater rates and charges adjustments along with a \$6.5 million debt issuance to pay for the District's wastewater CIP.

Fiscal Impact

The proposed 5.5% average increase in wastewater rates and charges included in the 2024 Wastewater Rate Study is estimated to generate additional revenue of approximately \$360,000 from wastewater rates and charges each fiscal year. Proposed increases to the existing wastewater rates and charges are necessary to pay for increases in wastewater infrastructure capital needs and operations. A new debt issuance of \$6.5 million in fiscal year 2026 is recommended in the 2024 wastewater rate study to avoid rate spikes and to remain in compliance with the District's Wastewater reserves policy set by the Board. An average single-family user with 7 hcf of low winter use will experience an increase of \$3.42 per month in the sewer bill, which is collected annually on the tax bill and paid by OMWD sewer customers when they are paying their property taxes to the San Diego County Tax Assessor Office.

Discussion

This is a rate workshop. Raftelis' cost of service analysis and the preliminary wastewater rate increases based on the 2024 wastewater rate study results are summarized in the attached presentation.

Raftelis' consultant and staff will be available during the meeting for discussion.

Attachment: Wastewater Rate Presentation

Olivenhain Municipal Water District

Wastewater Rate Study Workshop

February 21, 2024



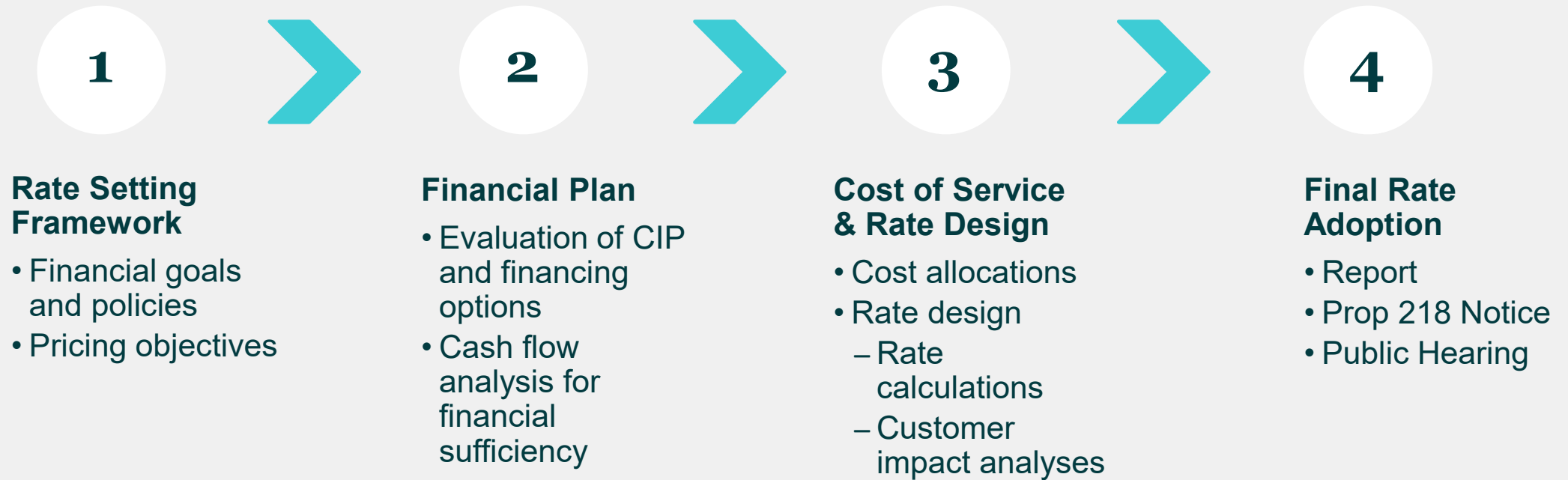
Agenda

1. Study Objectives
2. Overview of Rate Study
3. Background
4. Review Proposed 5-Year Financial Plan
5. Cost of Service Analysis
6. Proposed Rates and Customer Impacts
7. Questions & Discussion

Study Objectives

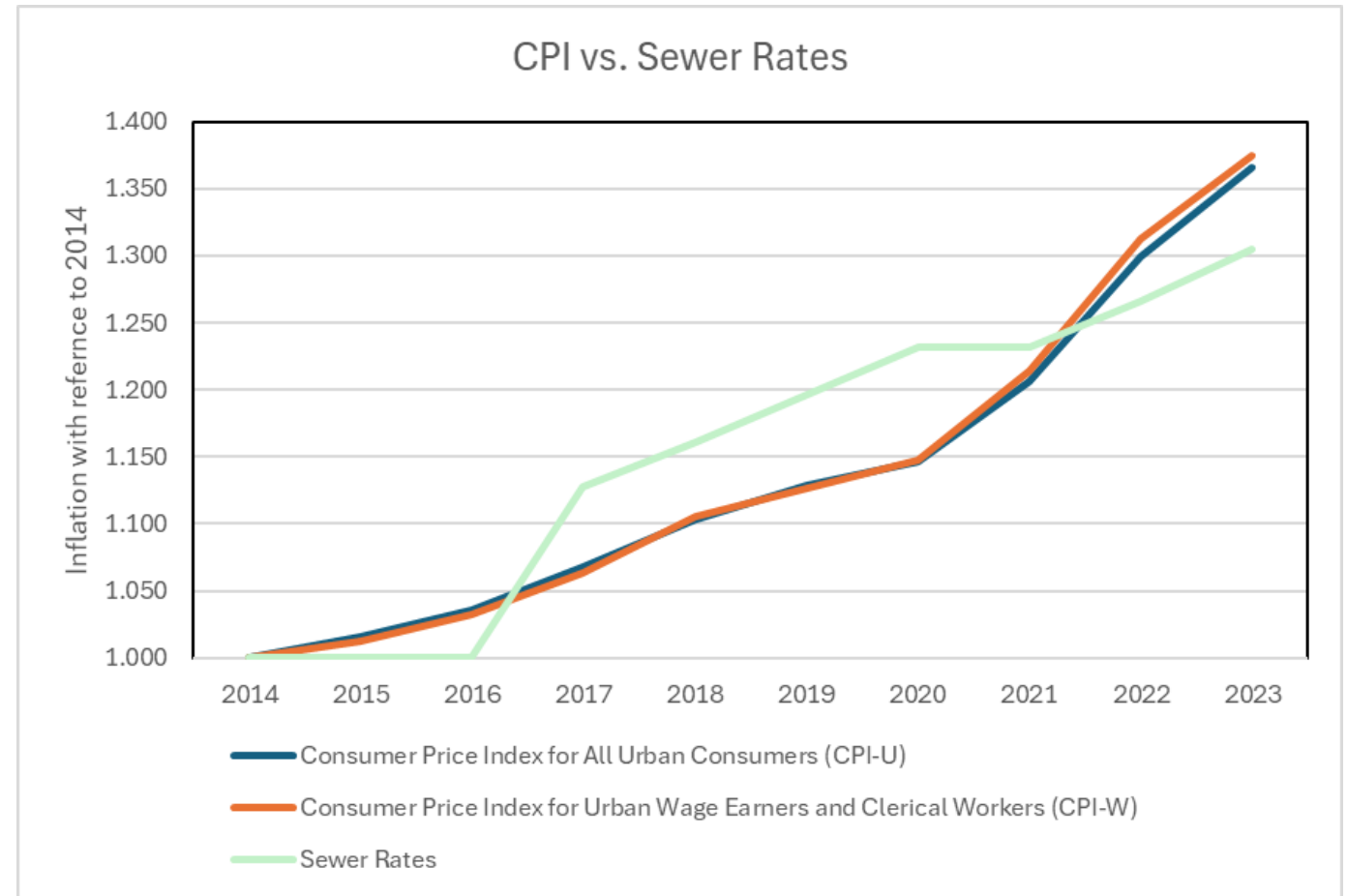
- Recover projected operating and capital costs in the next 5 years
- Finalize 5-year wastewater financial plan
 - Proposed revenue adjustments
- Design wastewater rates to ensure customers pay in proportion to the service received

Rate Study at a Glance



Background

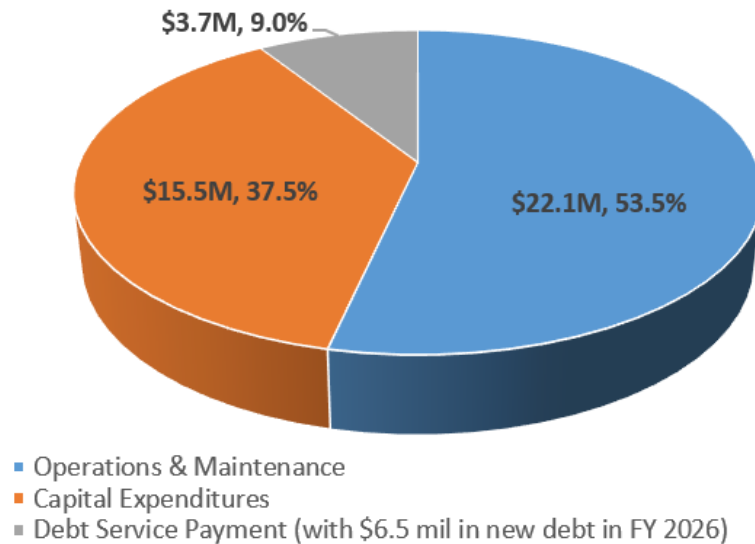
- Raftelis conducted the previous rate study in 2021 and recommended 2% increase on July 21 and 3% for the next four years
- Inflation comparison shows CPI is 7% higher than rates by 2023



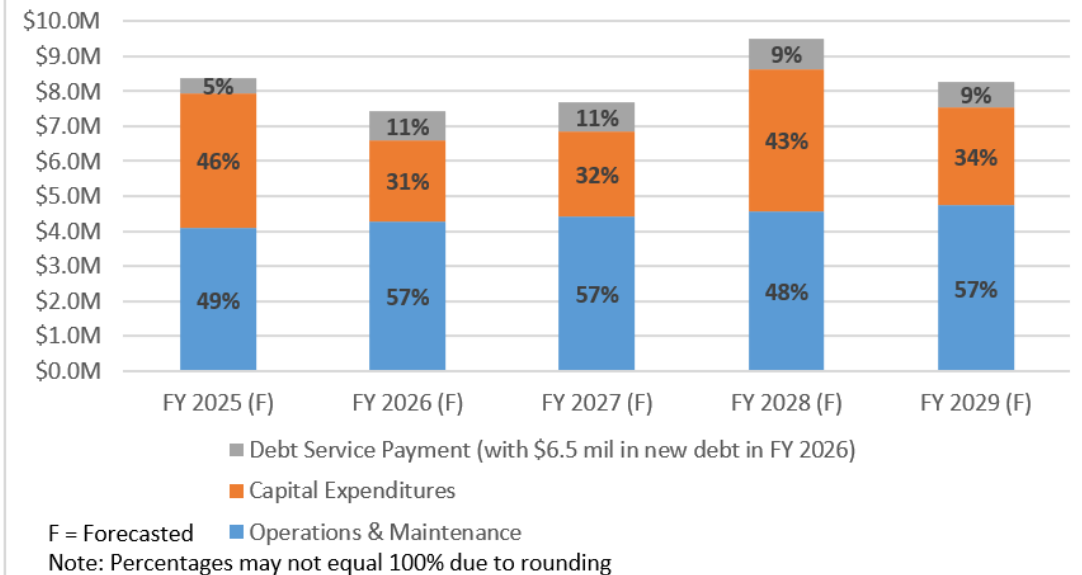
Wastewater Expenditures by Type

2024 Cost of Service Study (FY 2025-2029)

2024 COSS Expenditures by Type
FY 2025 - FY 2029 Total

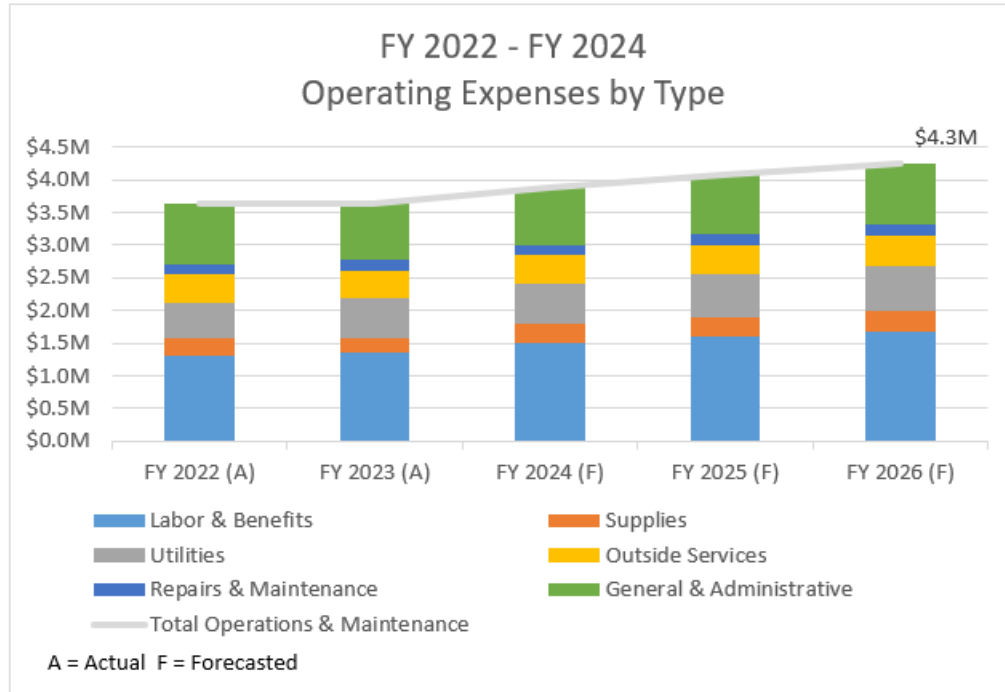


2024 COSS Expenditures by Type
Year-to-Year



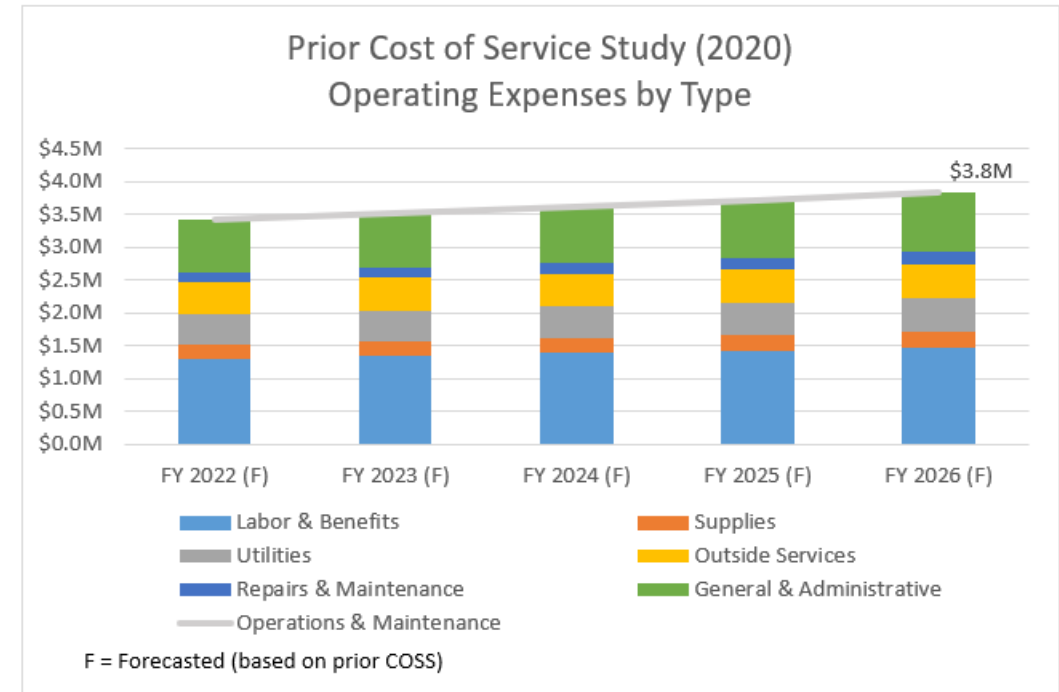
Wastewater Expenditures by Type

Actual & Forecasted vs Prior Study (FY '22-FY '26)



Actual & Forecasted Increases over Prior COSS (2020):

Labor and Benefits – 5.4%
 - +1 FTE in FY 2024
 Utilities – 28.8%
 Supplies – 27%
 Outside Services – (13.4%)
 Repairs & Maintenance – 0%
 - Deferred maintenance during COVID
 G & A – 5.8%

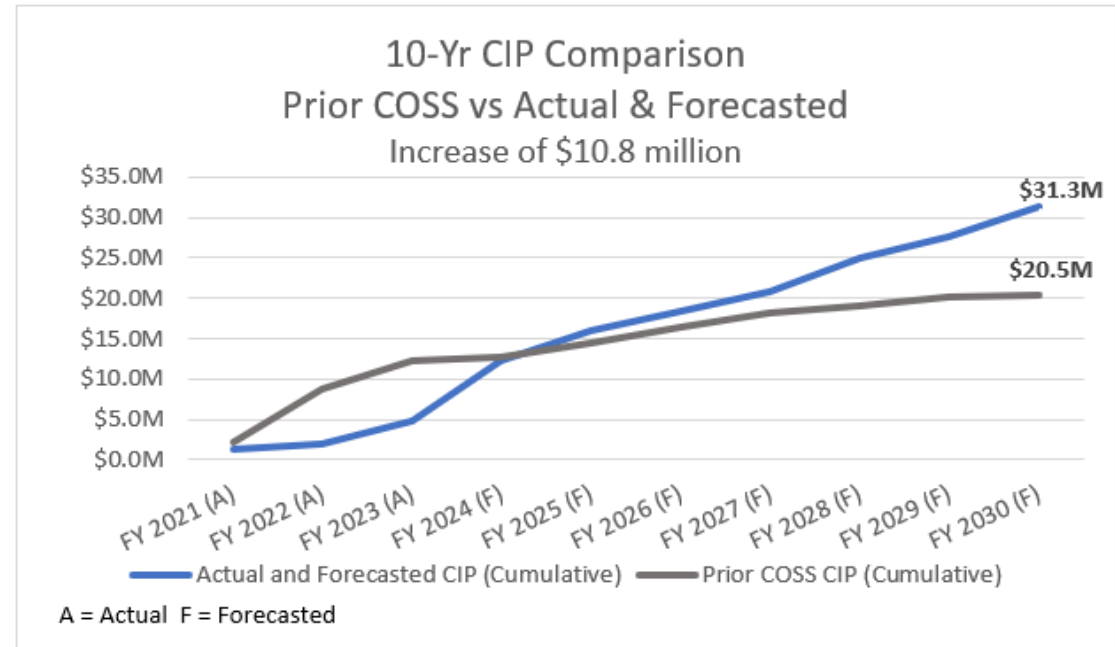
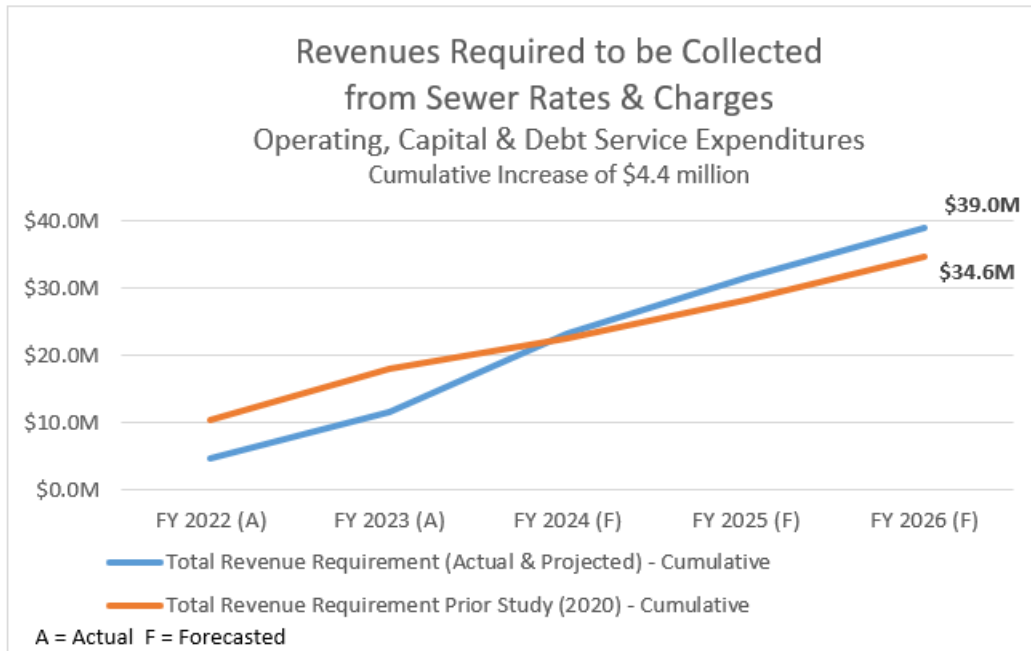


Prior COSS (2020) :

Assumed 3.0% annual adjustments for all cost categories

Increased Wastewater Expenditures

Actual and Forecast



Planned Wastewater Capital Expenditures

- 2020 COSS (FY '21 – FY '30) - \$20.5MM
- Biennial Budget (FY '23 – FY '32) - \$31.9MM
 - Added Main Electrical Upgrades - \$7MM
 - Increase in NH1 SPS - \$3MM
 - Emergency Generator - \$1.3MM
 - Overall increase in supply costs and CPI
- 2024 COSS Proposed CIP (FY '25 – FY '34) – \$26.8MM
 - Basis on Dudek's wastewater master plan update
 - Includes ongoing multi-year projects
 - Adjusted recurring replacement projects for aging plant and infrastructure
 - Allocated a portion of costs to Recycled for certain CIPs serving tertiary
 - Proposed CIP schedule reduced by \$6.4 million from original by deferring future less-critical projects

Critical Wastewater CIP (Years 1 & 2)/Consequence of Failure

- **Del Dios Lift Station Liner**
 - Priority Issue Identified:
 1. Liner failures in emergency storage basins and influent manholes
 - Consequence of Failure
 1. Exposure to corrosive conditions accelerates basin deterioration
 2. Can clog bypass pumps as material sloughs off, leading to operational failure
- **Electrical Improvements**
 - Priority Issue Identified:
 1. Approaching end of useful life
 2. Electrical Improvements
 - a. Main Switchgear
 - b. Automatic Transfer Switch
 - c. Tertiary Filters Electrical (RW)
 - d. Area-Specific Conduits/Enclosures
 3. Likelihood of failure escalated following recent conduit event
 - Consequence of Failure:
 1. Disruptions to plant power supply
 2. Safety
 3. Significant resource impacts if fails
 4. Potential treatment/regulatory violations
- › **Digester Blower #2**
 - Priority Issue Identified:
 1. Approaching end of useful life
 2. Likelihood of failure escalated following recent fire on other blower
 - Consequence of Failure:
 1. Safety
 2. Poor digester performance
 3. Potential treatment violations



Emergency Storage Basins



Del Dios Emergency

Major Wastewater Capital Improvement Projects

- Years 1-5 :
 - Del Dios SPS- \$4.7MM
 - Headworks Screening System Improvements – \$2.9MM
 - Midpoint SPS - \$2.2MM
 - EV Charging Station – \$1MM
 - 4S WRF Electrical Improvements - \$1.1MM
 - Digester Blower #2 - \$300k
- Years 6-10:
 - Firehouse, Santa Luz, & Cerro Del Sol SPS - \$2.3MM
 - Neighborhood 3 SPS - \$1.9MM
 - Upgrade Odor Scrubber - \$1.6MM
 - Wastewater Master Plan Update - \$500k

Delayed Wastewater CIP

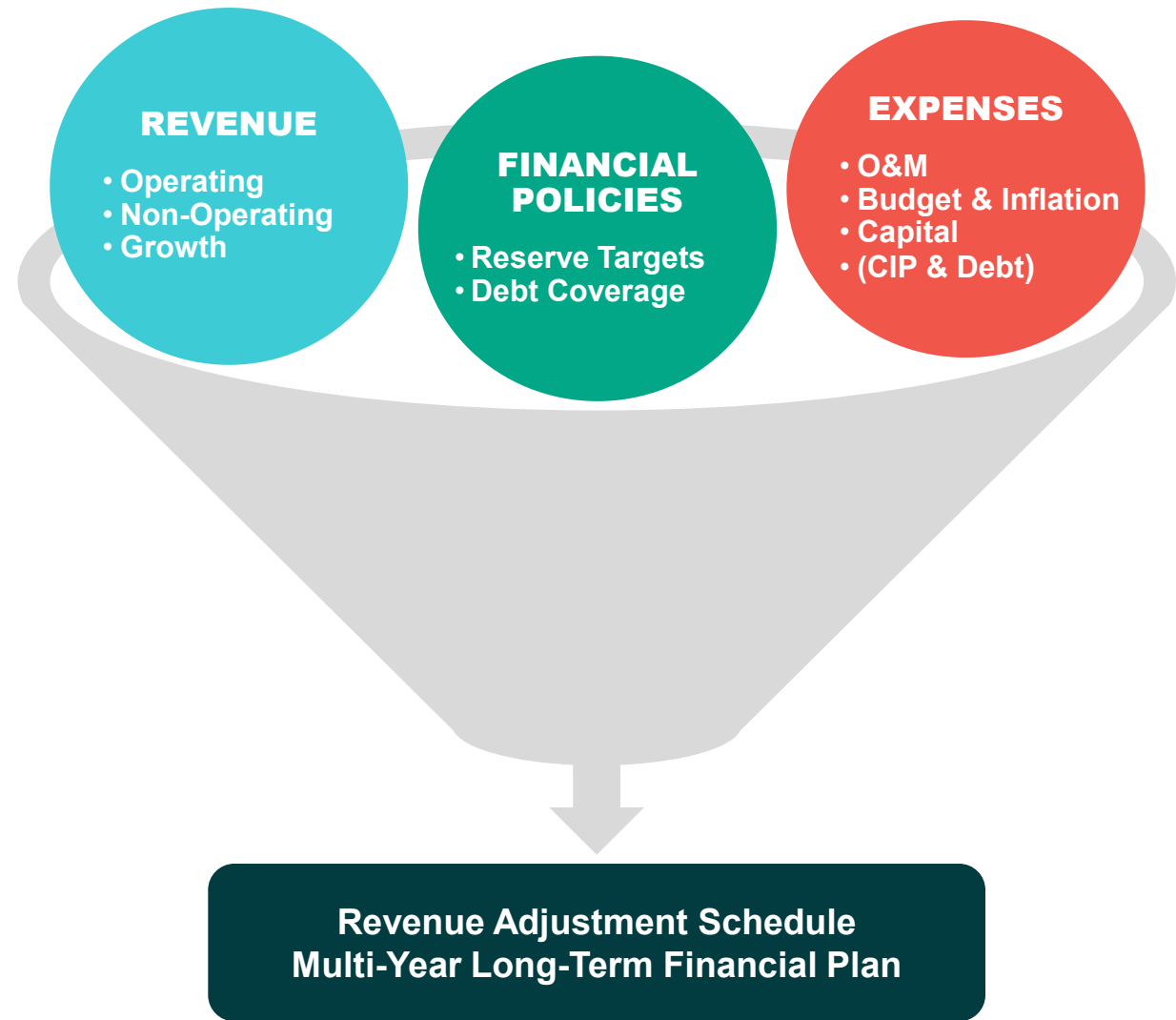
- Less-Critical Projects Postponed to Years 11 & 12:
 - Camino Sin Puente SPS #1 - #4 - \$2MM
 - Extended implementation schedule for SPS projects over 12 years
 - Upgrade Plant B Aeration System - \$1.8MM
 - 4S WRF improvements and energy efficiency
 - Connect Plant B Clarifier to Plant A Clarifier - \$1.1MM
 - 4S WRF treatment process improvement
 - Emergency Generator Replacement - \$900k
 - Generator repair as part of electrical upgrades and will postpone replacement

Financial Plan



Financial Plan

Financial Plan models yearly cash flow and reserve balances



Financial Plan Assumptions

- Cost escalation:
 - Salaries: 6% per year FY 25-26, 4.5% per year FY 27-29
 - Benefits: 5% per year FY 25-26, 4% per year FY 27-29
 - Utilities: 5% per year
 - Capital: 3% per year
 - General: 3% per year FY 25-26, 2% per year FY 27-29
 - Investment: 2% per year FY 25-27, 1.5% per year FY 28-29
- Account growth SFR: 0.2%, no growth for others
- Terms of future revenue bond debt:
 - 30-year term
 - 5% interest rate
 - Issuance costs of 1.5% of total issue
- Water use/ WW Generation 5% over FY 23

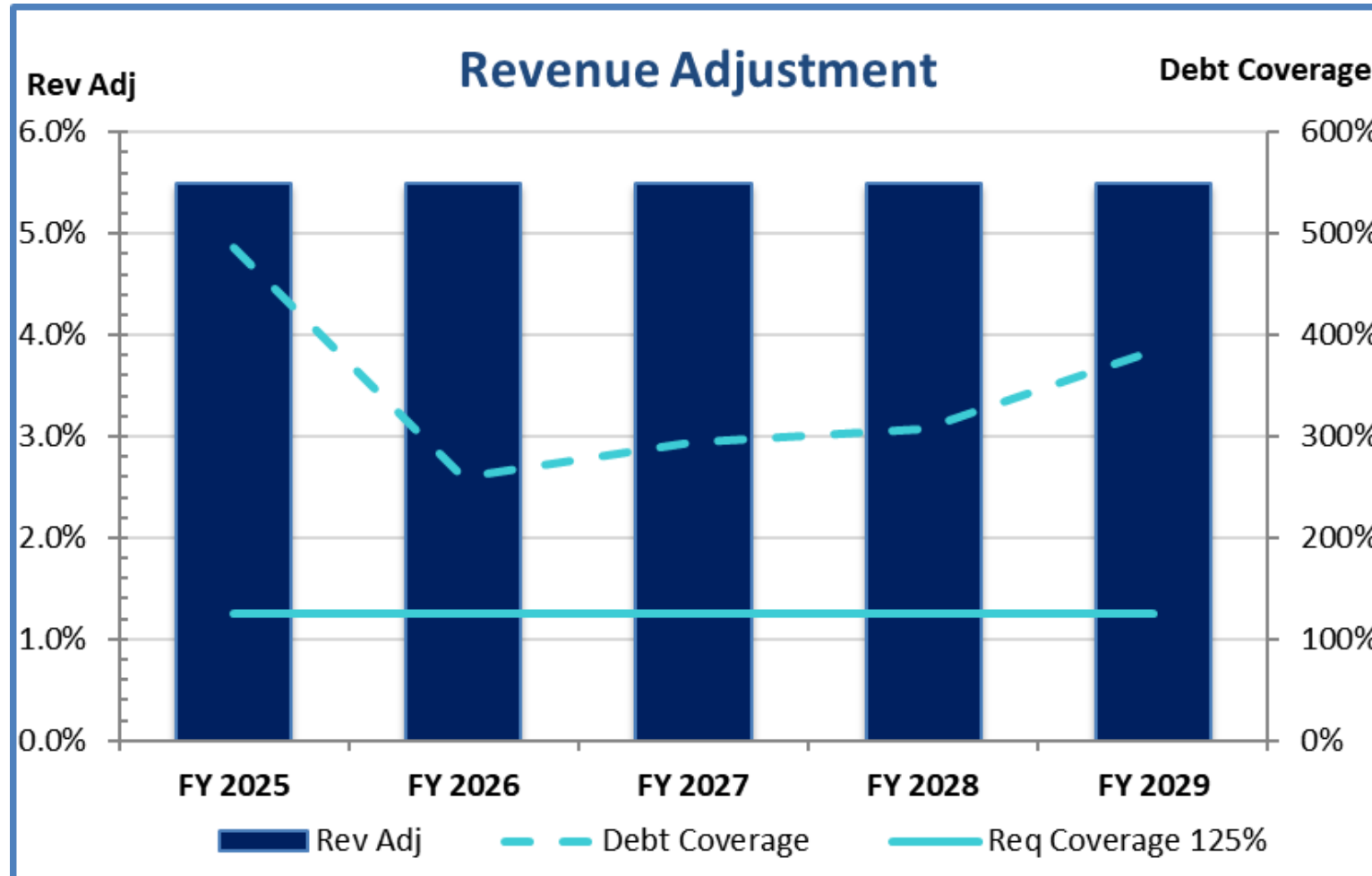
Current Reserve Policies

- Operating Fund Target:
 - Min: 180 days of annual O&M
 - Max: 365 days of annual O&M
- Capital and Equipment Fund Target:
 - Min: 2 year of average planned CIP over 10 years
 - Max: 5 years of average planned CIP over 10 years
- Rate Stabilization Fund Target:
 - Min: 25% of annual O&M
 - Max: 100% of annual O&M
- Total Min target for FY 25 is \$9.4 million
- Total Max target for FY 25 is \$24 million
- Pension Stabilization Target Balance: Min: \$106,000 Max: \$213,000

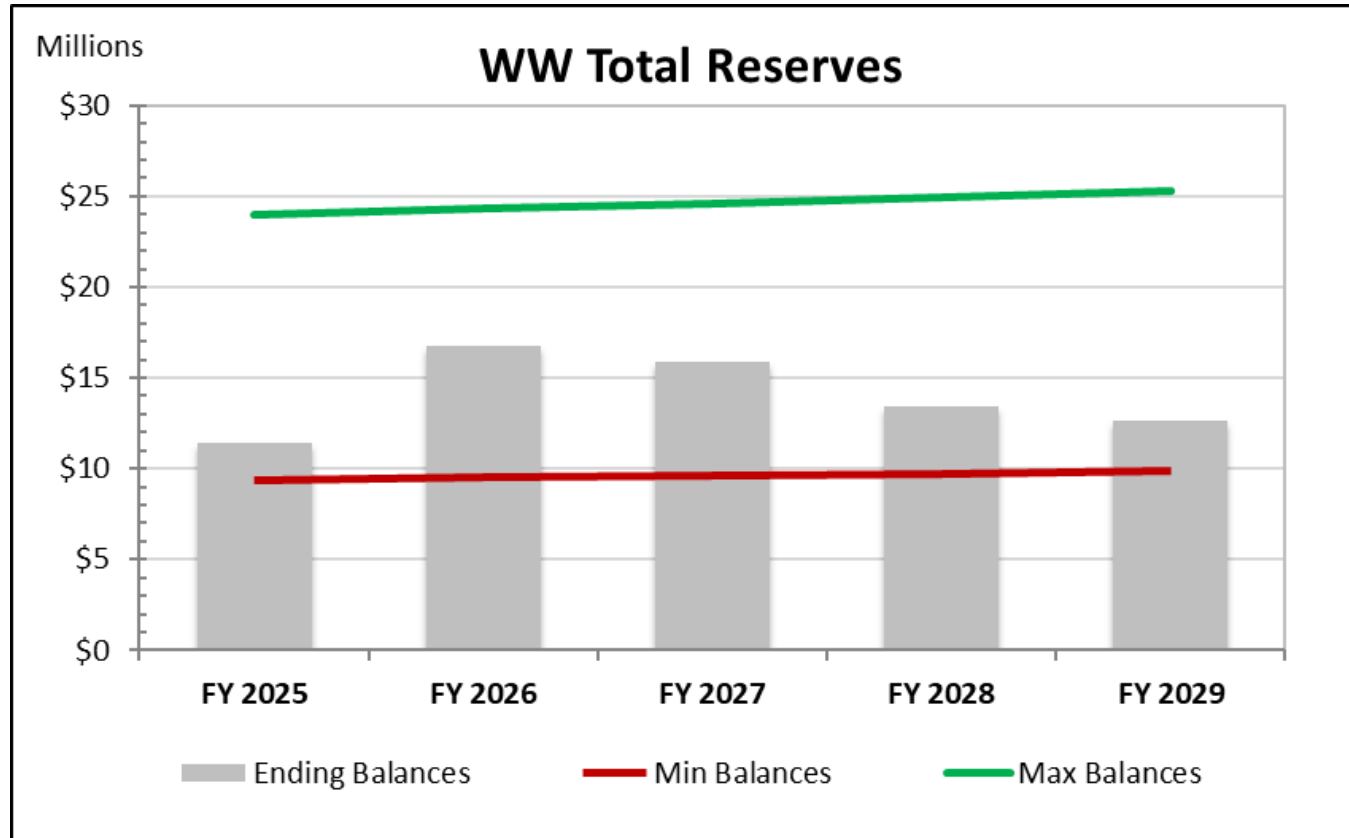
Proposed Financial Plan

Fiscal Year	Month	Revenue Adjustment	Debt
FY 2025	July	5.5%	
FY 2026	July	5.5%	\$6.5 M
FY 2027	July	5.5%	
FY 2028	July	5.5%	
FY 2029	July	5.5%	

Proposed Revenue Adjustments, Coverage

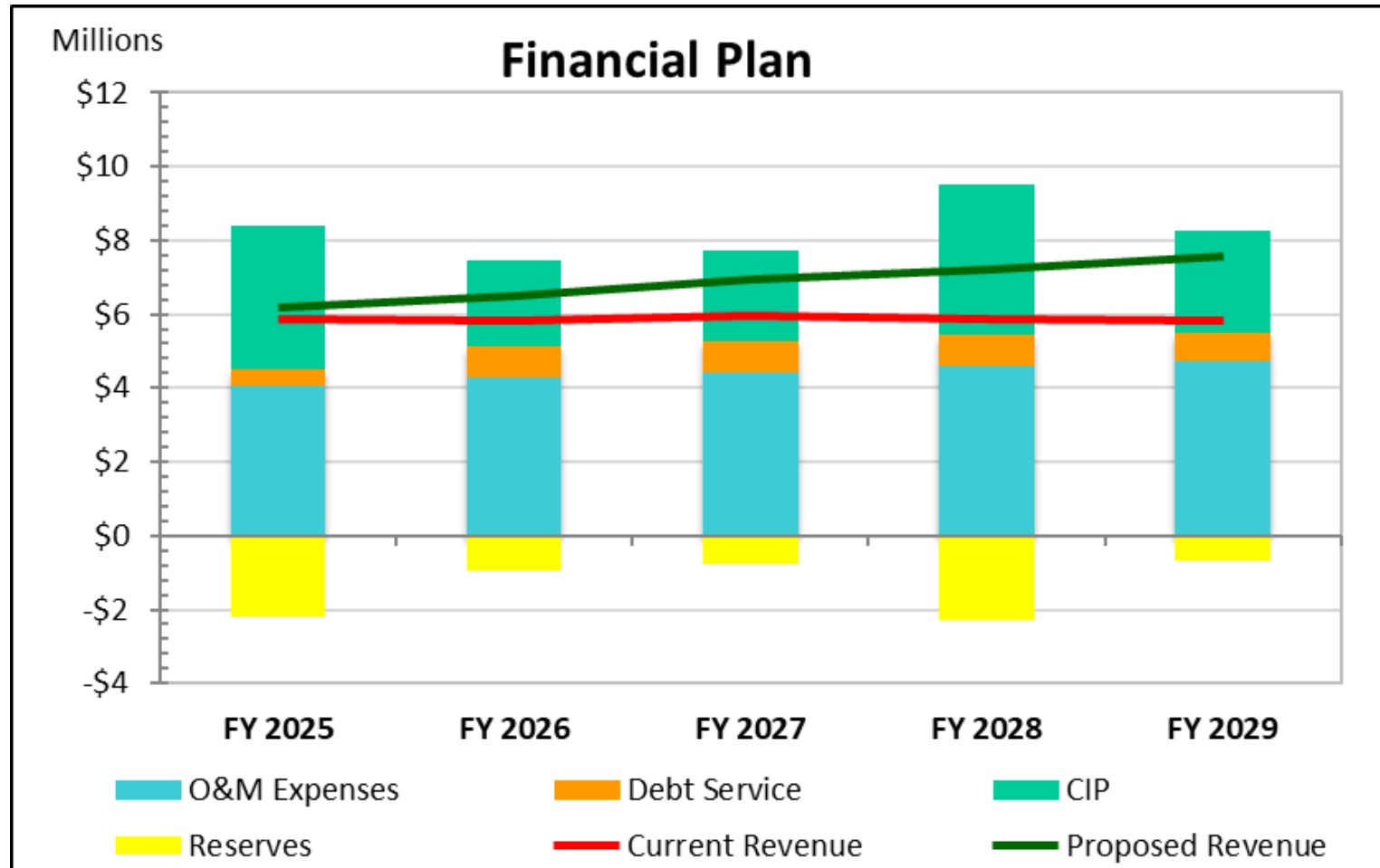


Projected Funds Balance

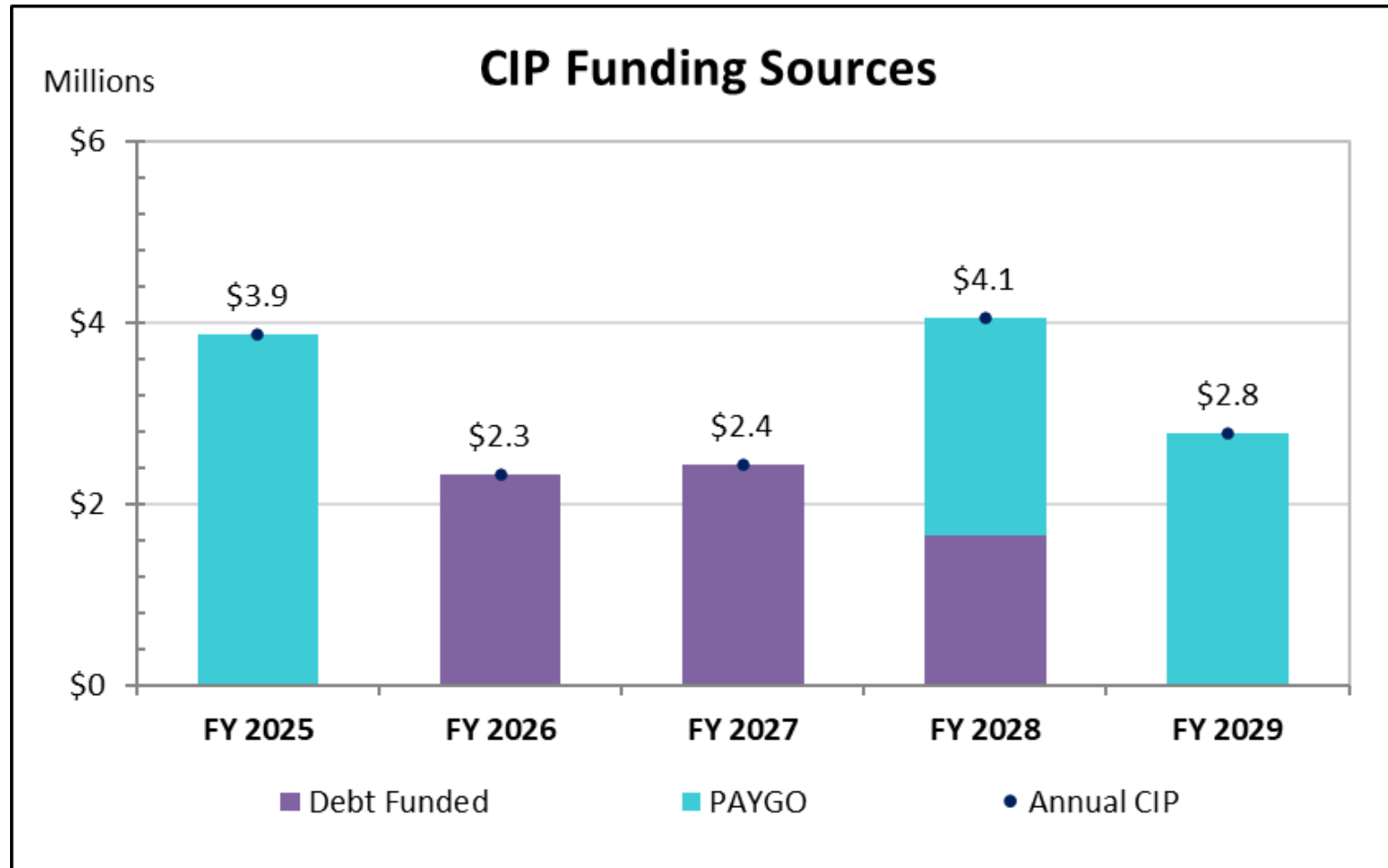


To ensure adequate balance in the Capital Reserve, there is a one-time transfer from Rate Stabilization Reserve in FY 2025 which is refunded over the next 3 years.

Proposed Financial Plan



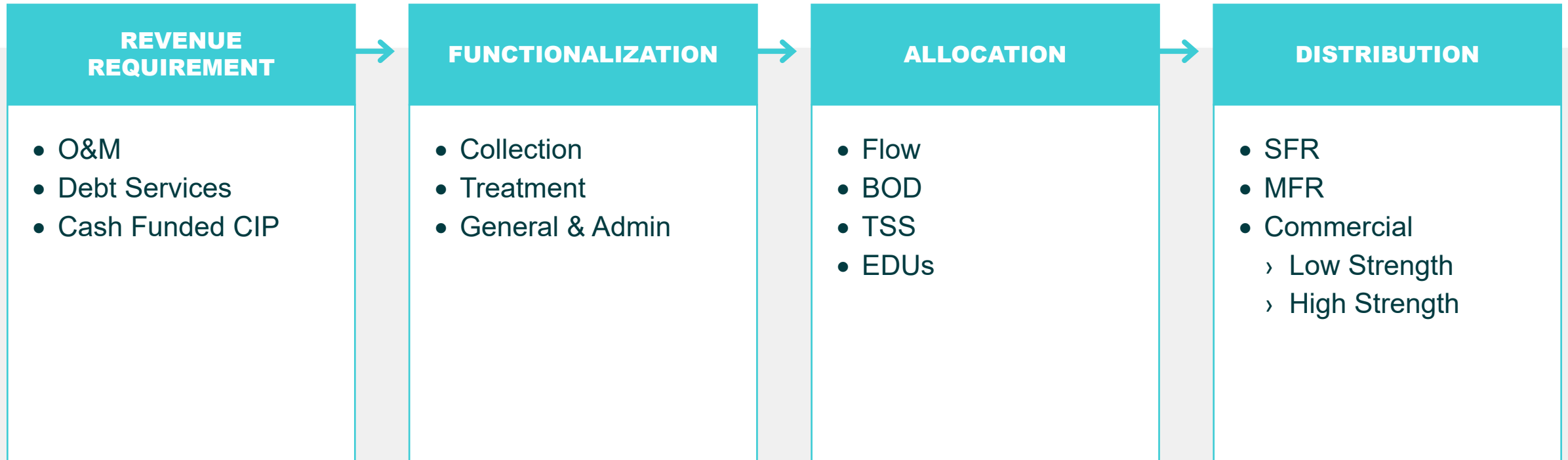
Capital Financing – Recommend New Debt Issuance of \$6.5M in FY 2026



Cost of Service Analysis



Wastewater Cost-of-Service Analysis Process



Cost of Service Methodology

- Kept consistent cost-of-service allocation methodology from 2020 rate study update
- Updated operating and capital costs and asset values
- Retained current customer classifications

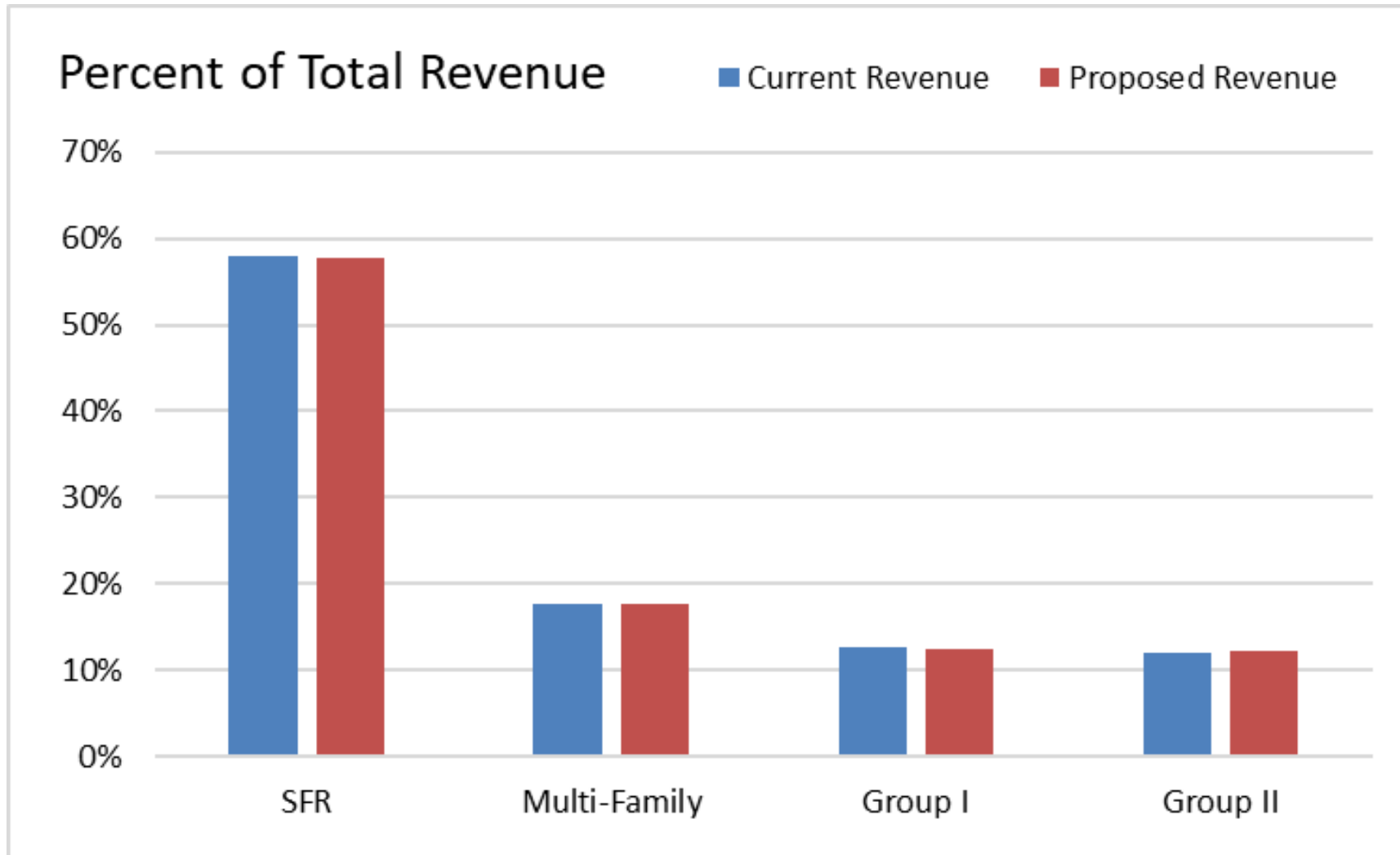
Cost of Service Allocations

- Costs are functionalized
 - Collection
 - Treatment
 - General
- Functional costs are allocated to
 - Wastewater flow
 - Biochemical oxygen demand
 - Suspended solids
 - Customer equivalent dwelling units (EDUs)

Customer Classes remain Unchanged

- Customers are divided into
 - Single Family
 - Multi-family
 - Group I includes offices, retail stores, schools, etc.
 - Group II includes shopping centers, strip malls, medical offices, restaurants, manufacturing

Cost of Service Results



Proposed Rates



RATE STRUCTURE DESIGN

- Multi-family dwelling unit EDU remains at 0.79 EDU based on multi-family wastewater flow
- Recover 27% of rate revenue on the fixed charges compared to current 26%

Proposed FY 2025 Rates

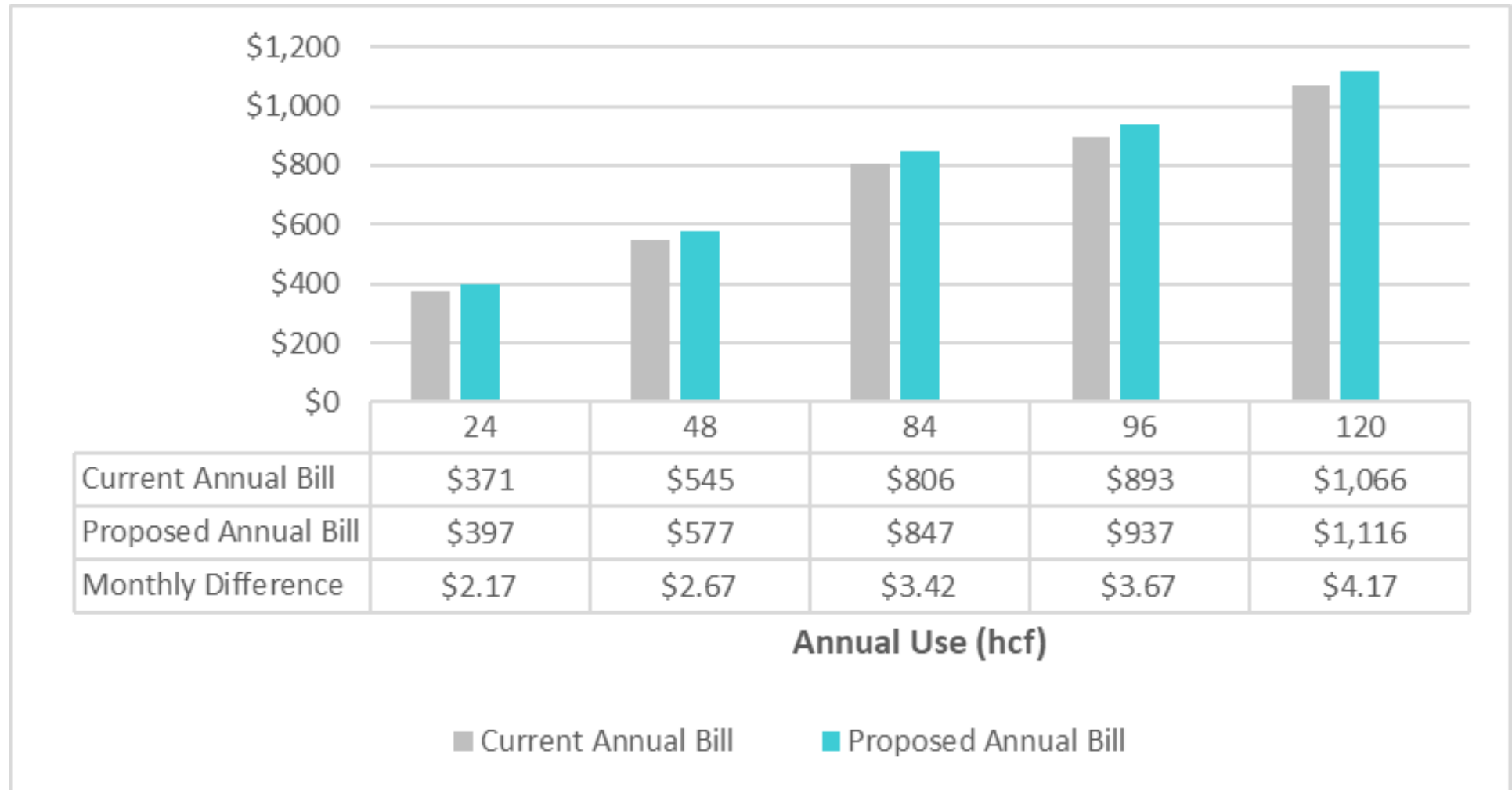
User Class	Current		July 2024	
	Annual System Access Charge (per EDU)	Commodity Rate (\$/hcf)	Annual System Access Charge (per unit)	Commodity Rate (\$/hcf water) ⁽¹⁾
Residential				
SFR	\$197.52	\$7.24	\$217.59	\$7.49
Non-Residential				
Multi-Family	\$156.31	\$7.24	\$172.19	\$7.49
Group I	\$197.52	\$7.24	\$217.59	\$7.49
Group II	\$197.52	\$10.02	\$217.59	\$10.72

(1) Water use is lowest winter use for single family and capped at 10 hcf/mo, and 100% of monthly water use for all other customers.

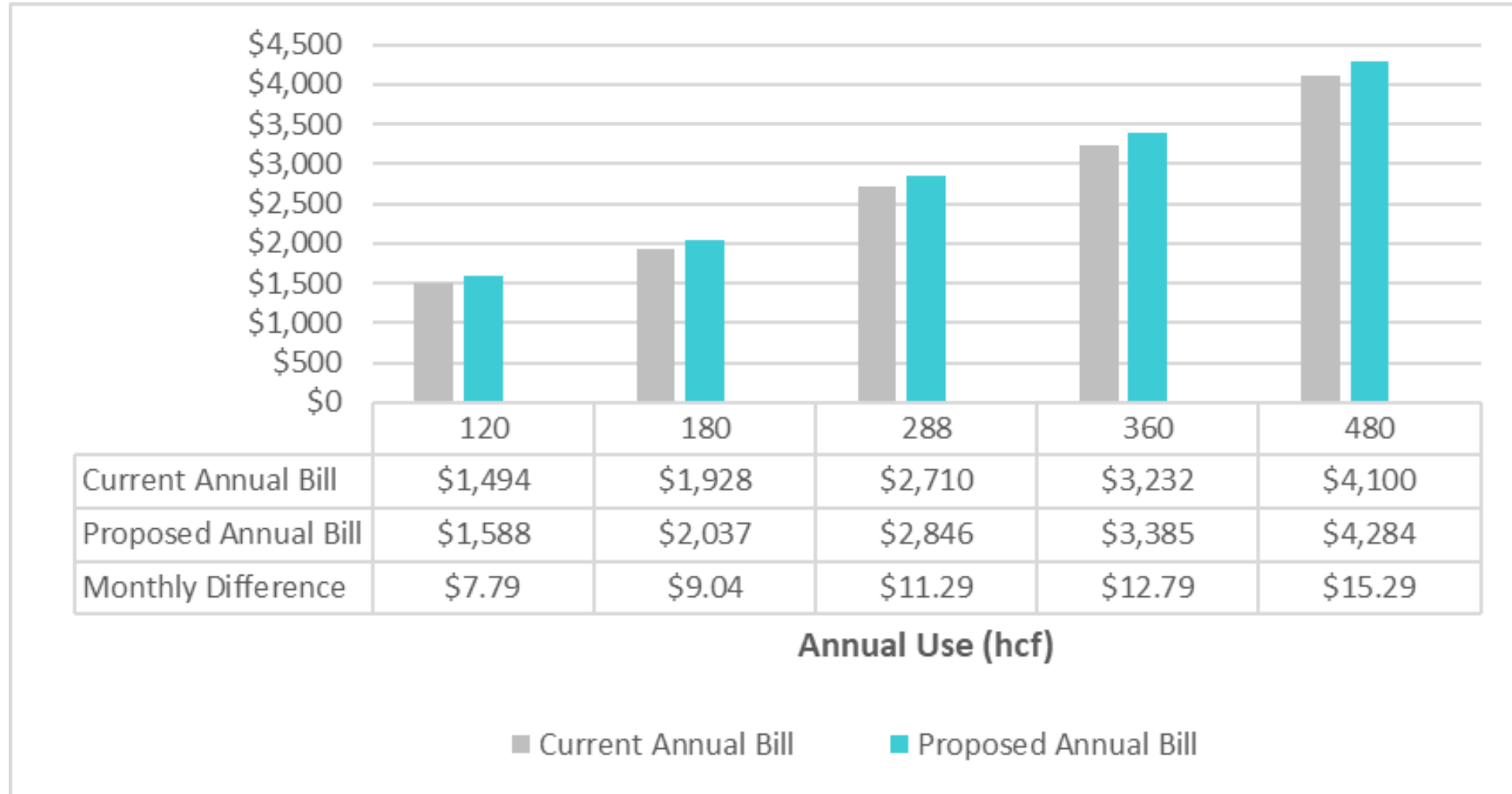
Five Year Rates

User Class	July 2024		July 2025		July 2026		July 2027		July 2028	
	Annual System Access Charge (per unit)	Commodity Rate (\$/hcf)	Annual System Access Charge (per EDU)	Commodity Rate (\$/hcf)	Annual System Access Charge (per EDU)	Commodity Rate (\$/hcf)	Annual System Access Charge (per EDU)	Commodity Rate (\$/hcf)	Annual System Access Charge (per EDU)	Commodity Rate (\$/hcf)
Residential										
SFR	\$217.59	\$7.49	\$229.56	\$7.91	\$242.19	\$8.35	\$255.52	\$8.81	\$269.58	\$9.30
Non-Residential										
Multi-Family	\$172.19	\$7.49	\$181.67	\$7.91	\$191.67	\$8.35	\$202.22	\$8.81	\$213.35	\$9.30
Group I	\$217.59	\$7.49	\$229.56	\$7.91	\$242.19	\$8.35	\$255.52	\$8.81	\$269.58	\$9.30
Group II	\$217.59	\$10.72	\$229.56	\$11.31	\$242.19	\$11.94	\$255.52	\$12.60	\$269.58	\$13.30

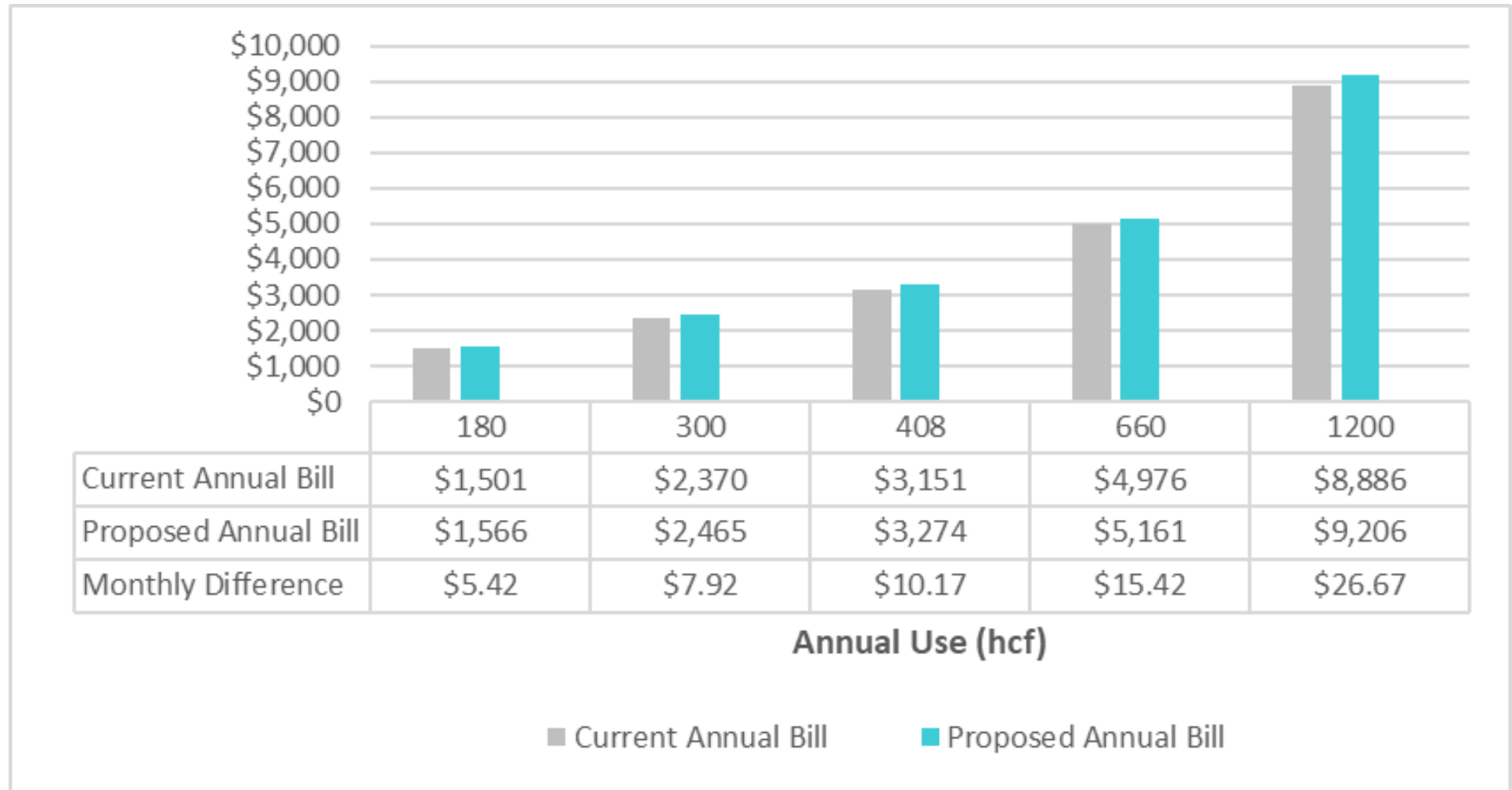
Single Family Customer Impacts



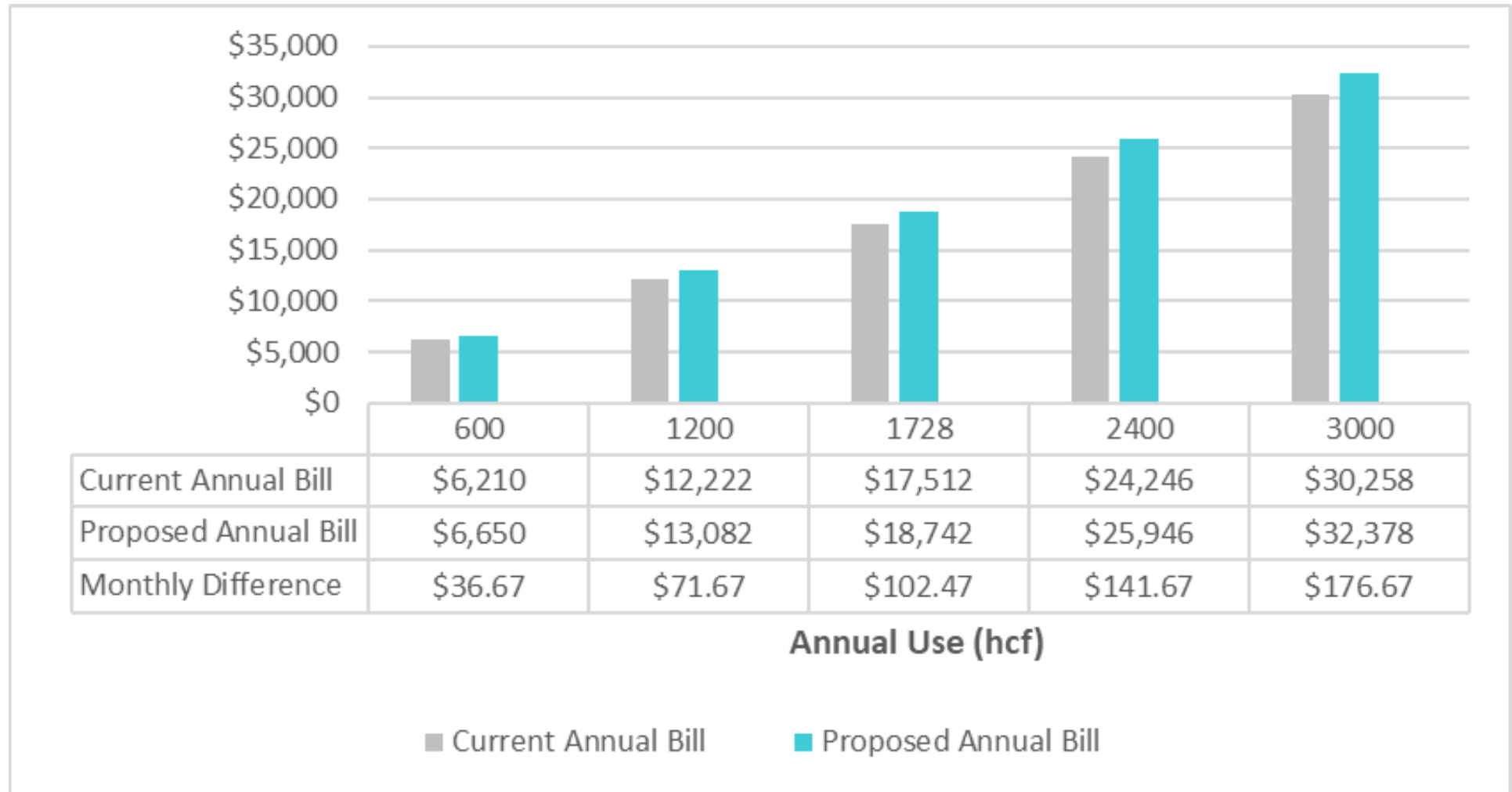
Multi-Family Customer Impacts – 4 Dwelling Units



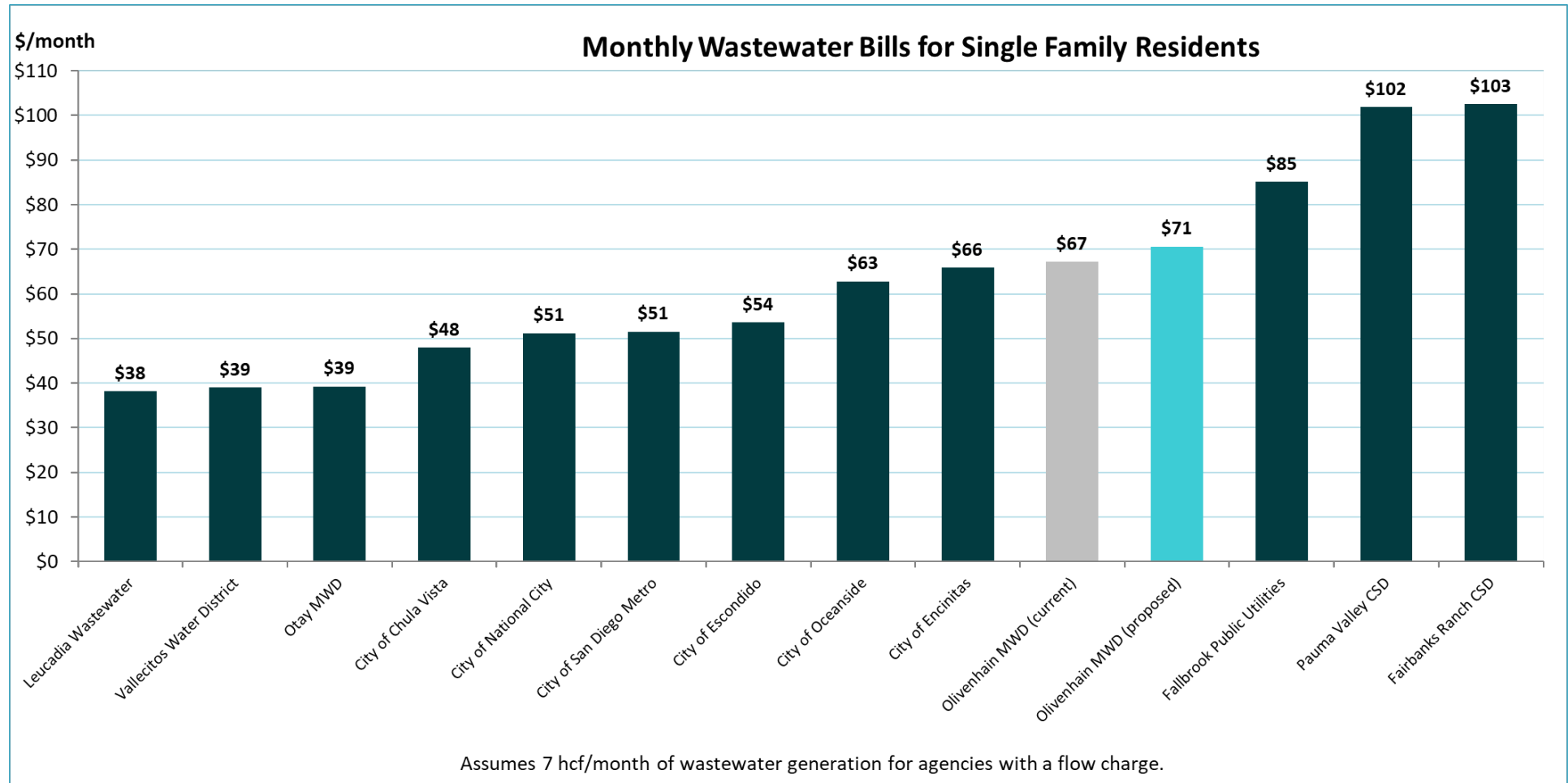
Group I Customer Impacts



Group II Customer Impacts



Sewer Bill Comparison



Next Steps

- Receive comment and input from the Board on the 2024 wastewater rate study results and proposed wastewater rate increases (February 2024)
- Present Final Draft of the 2024 Wastewater Cost of Service Study Report and Proposition 218 notices (March 2024)
- Hold Proposition 218 hearing (May 15, 2024)

Q&A



Thank you!

Contact: Sudhir Pardiwala 626 827 8931 spardiwala@raftelis.com
John Wright 303 909 5575 Jwright@raftelis.com
Lindsay Roth 818 804 0454 Lroth@raftelis.com

Memo

Date: February 21, 2024
To: Olivenhain Municipal Water District Board of Directors
From: Teresa L. Chase, Administrative Analyst
Via: Kimberly A. Thorner, General Manager
Subject: **CONSIDER APPROVAL OF ANNUAL OBJECTIVES AND INCENTIVE PAY FOR CALENDAR YEAR 2024**

Purpose

The purpose of this agenda item is to approve OMWD's 2024 annual objectives and establish incentive pay for calendar year 2024. Two objectives were added, and three modified, at the January 17 board meeting as denoted in red text in the PowerPoint.

Recommendation

Staff recommends approval of the proposed 70 annual objectives and eight stretch objectives.

Additionally, staff recommends establishing potential goal incentive pay for CY 2024, to be based on superior performance in achieving the objectives adopted for the year, at a level deemed appropriate by the board.

Alternative(s)

- The board may choose to further modify any of the proposed CY 2024 objectives.

Background

Objectives, in strategic planning terminology, refer to specific, measurable statements of what will be accomplished to achieve goals. OMWD's managers and supervisors annually draft a series of objectives to be completed over the course of the year in support of the twelve goals set forth in OMWD's Strategic Plan. These objectives are designed to challenge staff and provide a way to measure superior performance.

Each year, the board establishes goal incentive pay to be awarded to managerial and supervisory personnel if the board determines at year-end that superior performance has been demonstrated by the achievement of annual objectives. The specific progress of each goal is periodically reported to the board so they can monitor the progress of each and then determine if all objectives have been completed to the board's satisfaction at year-end. Occasionally, an objective may be determined to be unobtainable due to extenuating circumstances and thus will not be considered when awarding goal incentive pay.

The board has traditionally set the incentive at a fixed amount, most recently \$7,596 for the General Manager in CY 2023. At that time, the board elected to establish the value of the goal incentive pay by applying a 5.5% Consumer Price Index increase over the year prior. The General Manager may receive up to 100% of the fixed incentive amount at the board's discretion. At the General Manager's discretion, the Assistant General Manager may receive up to 65%, department managers may receive up to 50%, and supervisors may receive up to 30% of the incentive value if they demonstrate exceptional performance and all objectives under their purview are completed.

Staff reviewed draft objectives for 2024 at the January 17 board meeting, and received input from the board at that time. Regarding the level of goal incentive pay for 2024, President Guerin inquired as to the most recent CPI in San Diego; staff indicated it would bring this item back to the board with CPI data.

Fiscal Impact

There are no costs directly associated with the approval of the CY 2024 annual objectives. Any costs necessary to achieve the annual objectives proposed by staff are included in the annual budget.

The fiscal impact of the goal incentive pay is determined by the board. For reference, the incentive pay previously established by the board for calendar year 2023 is shown below.

\$7,596	General Manager (100% share)
\$4,937	Assistant General Manager (65% share)
\$18,990	Five department managers (50% share; up to \$3,798 each)
<u>\$22,790</u>	<u>Ten supervisors (30% share; up to \$2,279 each)</u>
\$54,313	Maximum Incentive Pay in CY 2023

Discussion

A total of 70 annual objectives and eight stretch objectives are proposed in the attached PowerPoint presentation for the board's consideration for approval. Staff incorporated board input provided at the January 17 board meeting, which is denoted in red text and includes the addition of Objectives 16 and 55 as well as modifications to Objectives 11, 65, and 67.

After final approval, the 2024 objectives will be included in the 2024 update to OMWD's Strategic Plan, which is posted online at www.olivenhain.com/mission.

Staff will report on the status of each objective on the consent calendar of the April, July, and October board meetings; these reports will also contain updates on OMWD's Tiger Team program cost-saving efforts. Following the review of the annual objectives status report in October, the board may choose to award goal incentive pay up to any amount established today.

For consideration in establishing incentive pay for calendar year 2024, the 2023 CPI (second half) for the San Diego area released in February was 4.8%, which is the same percentage that was negotiated for use in the 2022 MOU with OMWD's bargaining units. Alternatively, the board may elect to keep the incentive pay the same as in 2023 or establish incentive pay at any amount it deems appropriate.

In accordance with PERS regulations, the PERSable amount of any incentive pay awarded to the General Manager will be the amount that the Assistant General Manager receives.

Attachment: 2024 Annual Objectives PowerPoint Presentation

2024 Annual Objectives

February 21, 2024

Board of Directors Meeting



2024 Annual Objectives

- A total of 70 objectives and eight stretch objectives are proposed for calendar year 2024

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

Objective

1. Commence construction on the Unit A North Rancho Santa Fe Road Potable Water Pipeline Replacement Project pursuant to the recently completed condition assessment
2. Commence construction of two pressure reducing station replacements to minimize water loss and control replacement of aging infrastructure
3. Complete Train 5 membrane replacement at David C. McCollom Water Treatment Plant (DCMWTP)
4. Commence construction of Stage 4 upgrades, including second centrifuge, at DCMWTP
5. Complete Phase 1A of systemwide programmable logic controller upgrades
6. Complete Customer Side Lead Service Line Inventory and report results to State Water Resources Control Board's (SWRCB) Division of Drinking Water (DDW)
7. Enhance experience of in-house staff by completing the replacement of 25 valves in support of the Valve Replacement 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 replacement of five additional valves beyond Objective 7
- 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 construction at two of three sites for the Calle Barcelona, Village Park, and Summerhill recycled water pipelines
10. Complete construction on the Neighborhood 1 Sewer Pump Station Replacement Project
11. Make three new connections to the recycled water distribution system; provide to the board a comprehensive presentation on OMWD's recycled water program, including current project status, grant funding, and plans for system expansion
12. Procure and install flow monitoring equipment in Rancho Cielo collection system to assist in inflow and infiltration detection
13. Complete design of headworks rehabilitation at 4S Ranch Water Reclamation Facility (4S WRF)
14. Complete district-wide supervisory control and data acquisition (SCADA) upgrades for distribution system and 4S WRF

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

Stretch:

- Complete two additional meter connections to the recycled water distribution beyond Objective 11

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

Objective

15. Provide update to Elfin Forest Recreational Reserve Executive Committee on status of the EFRR overflow parking lot expansion project, including design, environmental process, and grant funding
16. Revisit with EFRR Executive Committee the 2023 Nossaman memorandum on accessibility at EFRR; present results to full board
17. Continue education program for elementary schools in partnership with the Escondido Creek Conservancy, providing at least 2,000 students with in-person field trips to EFRR
18. Utilize volunteer groups such as San Diego Mountain Biking Association and EFRR trail patrol for two trail maintenance/repair projects
19. Participate in I Love a Clean San Diego Creek to Bay Cleanup event
20. Launch 18th annual photo contest
21. Submit grant proposal to fund trail rehabilitation

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

Objective

22. Utilize past Gold Spotted Oak Borer monitoring data to identify and treat problem areas, focusing on "high value" trees for treatment (e.g., 12"+ diameter, in aesthetically valuable area, etc.); target treatment of at least 150 trees
23. Host water conservation workshop at Elfin Forest Interpretive Center Honoring Susan J. Varty
24. Demonstrate appreciation to EFRR volunteers by providing two educational field trips
25. Commemorate 15th anniversary of Elfin Forest Interpretive Center Honoring Susan J. Varty

Stretch:

- Utilize volunteer groups for two additional maintenance or cleanup events at EFRR

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

Objective

- 26. Develop strategy to address new California Air Resources Board zero-emission vehicle requirements, including timeline, compliance, phasing, budgets, financing options, and exemption request; provide report to Facilities Committee
- 27. Continue partnerships with energy providers and third-party consultants to optimize energy costs, including amending agreement with 3 Phases Renewables to extend term of service

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

Objective

28. Complete the comprehensive salary survey in spring as negotiated in OMWD's Memorandum of Understanding (MOU); present to Personnel Committee then to board
29. Prepare the five-year staffing analysis succession planning document; present to Personnel Committee then to board
30. Conduct training on effective workplace verbal communication skills for all employees
31. Conduct review of staff turnover in fall as negotiated in the MOU to evaluate if moving to the 65th percentile in compensation has reduced employee turnover; present to Personnel Committee then to board
32. Implement a new online employment application system on OMWD website to improve data security
33. Enhance employee health and wellness by hosting a voluntary wellness challenge for staff
34. Prepare a SWRCB DDW request for treatment operator staff to receive partial distribution credit towards advanced certification

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

Objective

- 35. Upon adoption of SWRCB water use efficiency regulations, perform analysis and report to Customer Outreach and Conservation Committee
- 36. Commence United States Environmental Protection Agency Unregulated Contaminant Monitoring Rule 5 sampling and approve certified lab results
- 37. Continue interdepartmental Stormwater Pollution Prevention Plan committee to provide greater oversight for stormwater issues at headquarters; conduct four quarterly meetings

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

Objective

- 38. Continue to pursue local, state, federal, and private grant funding to offset costs
- 39. Develop and implement process to increase customer communication by email, including sending new customer welcome letters electronically, reducing printing and postage costs
- 40. Increase customer use of online billing services, targeting 500 accounts newly enrolled in online payments
- 41. Complete Phase 9 of the Advanced Metering Infrastructure Expansion Project, upgrading over 1,800 meters to AMI technology
- 42. If grant funding is available, partner with Asterra on satellite leak detection program and present cost-benefit analysis to Facilities Committee

Stretch:

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

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

Objective

- 43. Commemorate OMWD's 65th anniversary
- 44. Install informational signage at DCMWTP to improve guest experience
- 45. Partner with local businesses, vendors, and community organizations on a public service announcement and/or event about water use efficiency
- 46. Continue to develop messaging to protect customers' interests and ensure customer awareness of SWRCB water use efficiency regulations and new legislative requirements
- 47. Achieve Special District Leadership Foundation's Transparency Certificate of Excellence and District of Distinction re-accreditation

Stretch:

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

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

Objective

- 48. Complete update of wastewater cost of service study
- 49. Complete potable and recycled water cost of service study, including review of the Rate Reimbursement Credit Program
- 50. Complete public notice of increases in wastewater rates and charges per Proposition 218
- 51. Complete public notice of increases in potable water and recycled water rates and charges per Proposition 218
- 52. Complete annual review of water-related service charges
- 53. Implement second phase of water capacity fee increases
- 54. Complete Biennial Operating and Capital Budget for fiscal years 2025 and 2026
- 55. Continue to explore potential expense reduction options as part of the annual budget process
- 56. Complete Annual Comprehensive Financial Report and single audit report for fiscal year 2024

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

Objective

57. As part of the budget process for 2024, address and mitigate any extraordinary CY 2025 wholesale rate increases above those contemplated in prior financial planning, including potential expense reduction options relative to San Diego County Water Authority's (SDCWA) CY 2025 rate

Stretch:

- Assess feasibility for Pinnacles Community Facilities District financing with California Statewide Communities Development Authority and Pinnacles developer; review with Finance Committee

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

Objective

- 58. Update the 10-year Capital Improvement Plan
- 59. Complete Potable Water and Recycled Water Master Plan update
- 60. Complete update to Wastewater Master Plan
- 61. Incorporate 2023 condition assessment results for DCMWTP, 4S WRF, wastewater system, and pipeline replacement into 2024 budget process, cost of service update, and Proposition 218 notices per the recommendation of the Facilities Committee

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

Objective

62. Continue to advance San Dieguito Valley Groundwater Project, including conducting additional hydrogeologic studies, conducting independent risk evaluation workshop, updating/refining economic analysis, and developing a water rate impact strategy; present progress reports to board at least twice during the calendar year

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

Objective

- 63. Engage and influence SWRCB regulations and water use efficiency legislation utilizing OMWD's advocate in Sacramento
- 64. Coordinate with County of San Diego on board filings for the 2024 election
- 65. Work with San Diego Local Agency Formation Commission (SD LAFCO) on the preparation of municipal service reviews (MSR) for the Encinitas and Carlsbad areas; in conjunction with MSR completion, perform analysis of organizational efficiencies between OMWD and Leucadia Wastewater District, and provide report to board
- 66. Actively participate and advocate for OMWD interests on SD LAFCO key initiative areas for 2024, including but not limited to development of the "out of agency service agreements policy" and the MSRs of wholesale water providers in San Diego County; **make presentation to board**
- 67. Work with SDCWA to advance OMWD's legislative proposal to amend Public Contract Code to raise the limit for public works bidding requirements to match other public agencies throughout California

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

Objective

- 68. Continue work and active advocacy with Water for All statewide coalition (formerly Solve the Water Crisis) to advance Senate Bill 366 through the legislature, which sets specific targets for new water supply development and adequate funding for these projects; **make presentation to board**
- 69. Continue efforts with SDCWA on the development, implementation, and phase-in of a new equitable fixed rate component to SDCWA rates via the Member Agency Workgroup, the Financial Strategy Workgroup, and OMWD's SDCWA board representative
- 70. Work with legislators and member agencies to pursue equitable voting structure at SDCWA

Memo

Date: February 21, 2024
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 2023 activities at Elfin Forest Recreational Reserve, including grant activity, volunteer programs, education program, policy, and projects.

Recommendation

This is an informational item; no action is required.

Alternative(s)

Not applicable; informational item only.

Background

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

Fiscal Impact

Not applicable; informational item only.

Discussion

Staff will review the attached presentation with the board at the February 21 meeting.

Attachments: Presentation – Update on Elfin Forest Recreational Reserve



UPDATE ON ELFIN FOREST RECREATIONAL RESERVE

FEBRUARY 21, 2024

2023 NUMBERS (2022 NUMBERS)



- ❖ Number of docents – 65 (65)
- ❖ Volunteer hours (docent + trail patrol) – 949 (951)
- ❖ Days Interpretive Center open – 175 (217)
- ❖ Interpretive Center visitors – 3,834 (4,181)
- ❖ Volunteer trail patrols – 53 (75)
- ❖ Field trip students to EFRR – 1,846 (1,500)
- ❖ Visitors to EFRR – 102,151 (112,339)
- ❖ Days Closed due to weather – 19 (6)
- ❖ Special Event Permits – 10 (13)
- ❖ Incident Reports – 77 (63)
- ❖ Emergency Responses – 6 (2)

JANUARY – MARCH 2023



- Rain, rain, rain (27")
- EFRR/Conservancy tour for volunteers
- Photovoltaic batteries damaged
- Extra creek cleanups for flood debris
- Hosted Water for People hike fundraiser
- Unannounced Lake Wohlford release
- Down oak tree at lower creek crossing



APRIL – JUNE 2023



- Repaired trails along creek after winter rains
- Completed third year of Gold Spotted Oak Borer surveying
- Treated 200 oak trees for Gold Spotted Oak Borer
- Hosted annual Earth Day event
- Received assessment of photovoltaic system
- Volunteer appreciation BBQ event



JULY – SEPTEMBER 2023



- Two heat-related rescues on trails
- Hosted hydroponic gardening workshop at Interpretive Center
- Trail repairs after Tropical Storm Hilary
- Conducted survey of Orcutt's Brodiaea in EFRR and counted approximately 14,000 individuals
- Vehicle over embankment landed close to EFRR trail



OCTOBER – DECEMBER 2023



- Volunteer appreciation BBQ
- HES Solar installed new charge controller and inverter at their cost
- Training with Rancho Santa Fe Fire Protection District for new off-road rescue vehicle
- Emergency access road repaved
- Installed bird wingspan display created by Ranger Shawnn Schaub



GRANT UPDATES

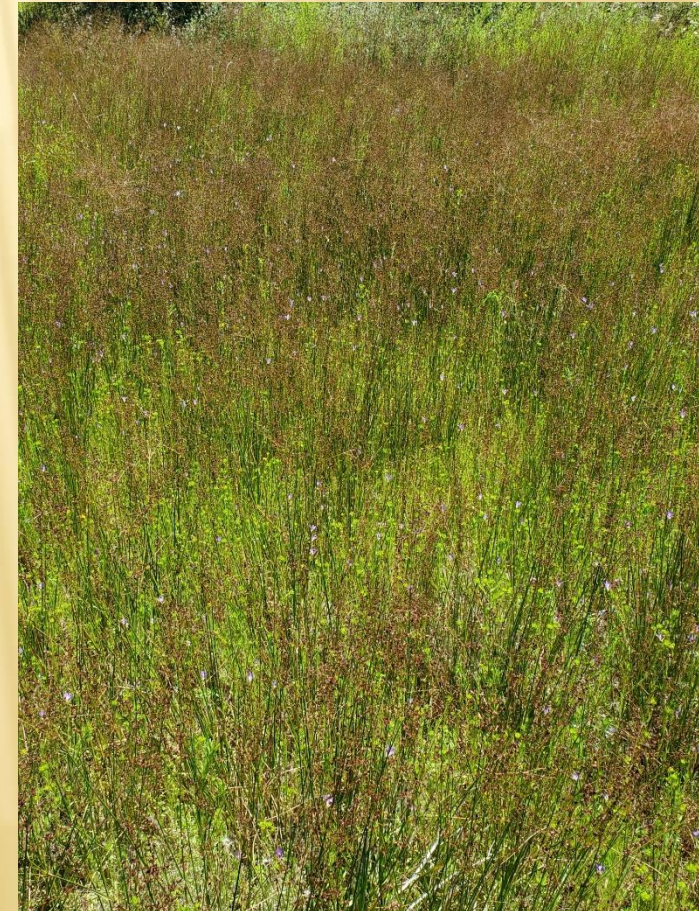
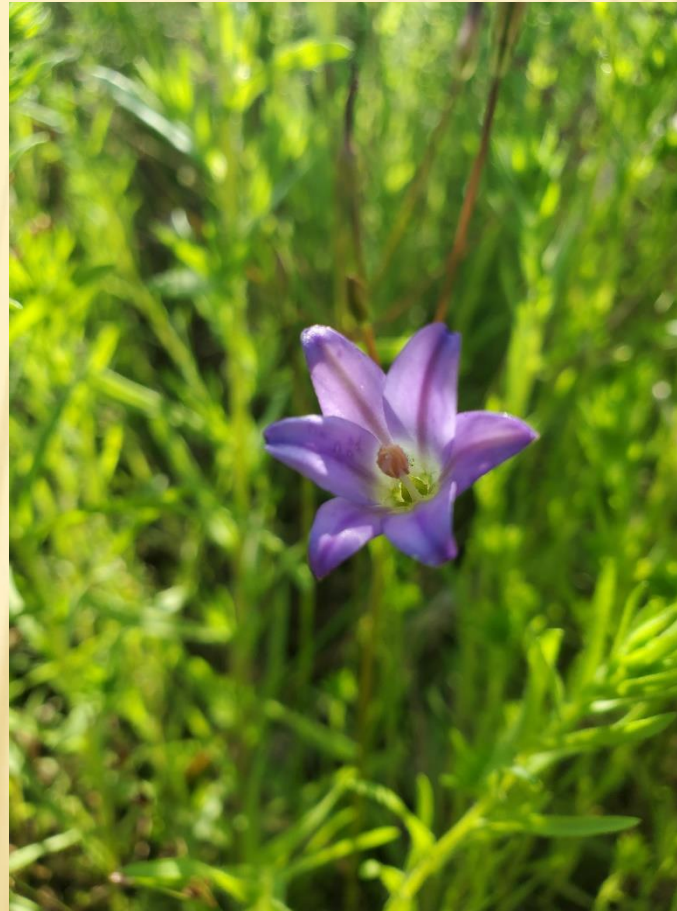


- ❖ OMWD selected for funding for \$849,216 through Recreational Trails Program Grant (January 2023)
 - ❖ CEQA completed for this project
 - ❖ NEPA expected to be completed in fiscal year 2024
- ❖ Once NEPA is complete, OMWD will enter formal Recreational Trails Program grant agreement
 - ❖ Grant timeline and milestones will be identified at time of agreement
 - ❖ Update will be provided to EFRR Executive Committee in August
- ❖ OMWD was awarded grant for \$25K in late 2022 for trail project on Equine Incline at EFRR
- ❖ Trail project was completed in January 2024 and rehabilitated more trail than originally expected

ORCUTT'S BRODIAEA



- ❖ Orcutt's Brodiaea (*Brodiaea orcuttii*) is a rare perennial flowering herb that blooms from April-July, with flowers lasting 2-3 weeks
- ❖ Orcutt's is ranked by the California Native Plant Society (CNPS) as 1B.1: Plants that are rare, threatened, or endangered in California
- ❖ Orcutt's were discovered in EFRR in June
- ❖ An Orcutt's survey was conducted July revealing approximately 14,000 plants in EFRR
- ❖ Survey results were submitted to San Diego Management and Monitoring Program (SDMMP)
- ❖ EFRR is now a documented location for Orcutt's Brodiaea in San Diego County

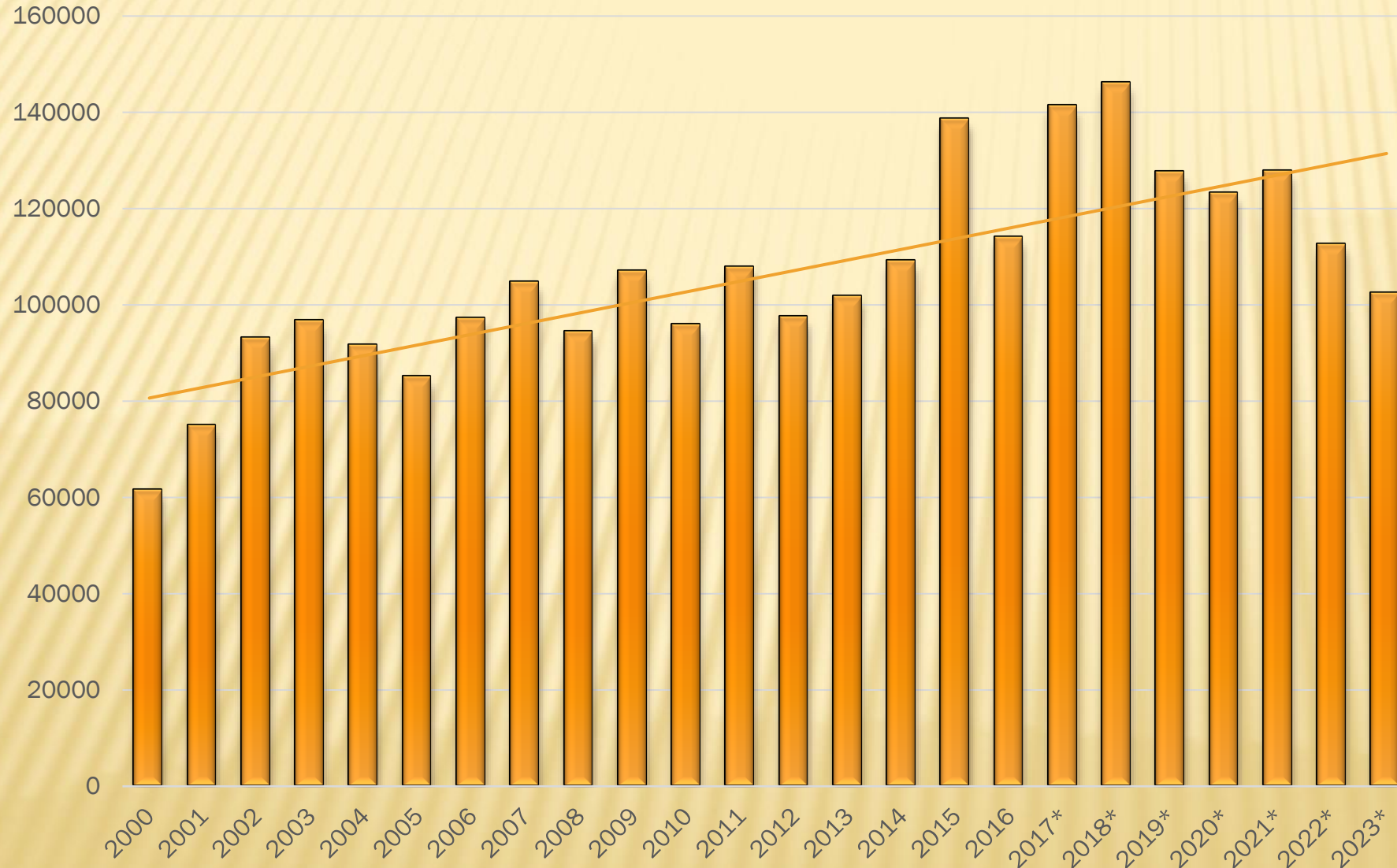


PHOTOVOLTAIC SYSTEM UPDATE



- ❖ Jan – Feb 2023 – PV system components started failing
 - ❖ Batteries, inverter, and charge controller failed
- ❖ April 2023 - Third party electrician was hired to assess system and revealed HES Solar's installation of new solar panels in 2022 was the cause of failures
- ❖ September 2023 – HES Solar accepted fault for failure and offered to fix system at their cost
- ❖ October 2023 – System repaired by HES Solar

ANNUAL EFRR VISITOR TREND



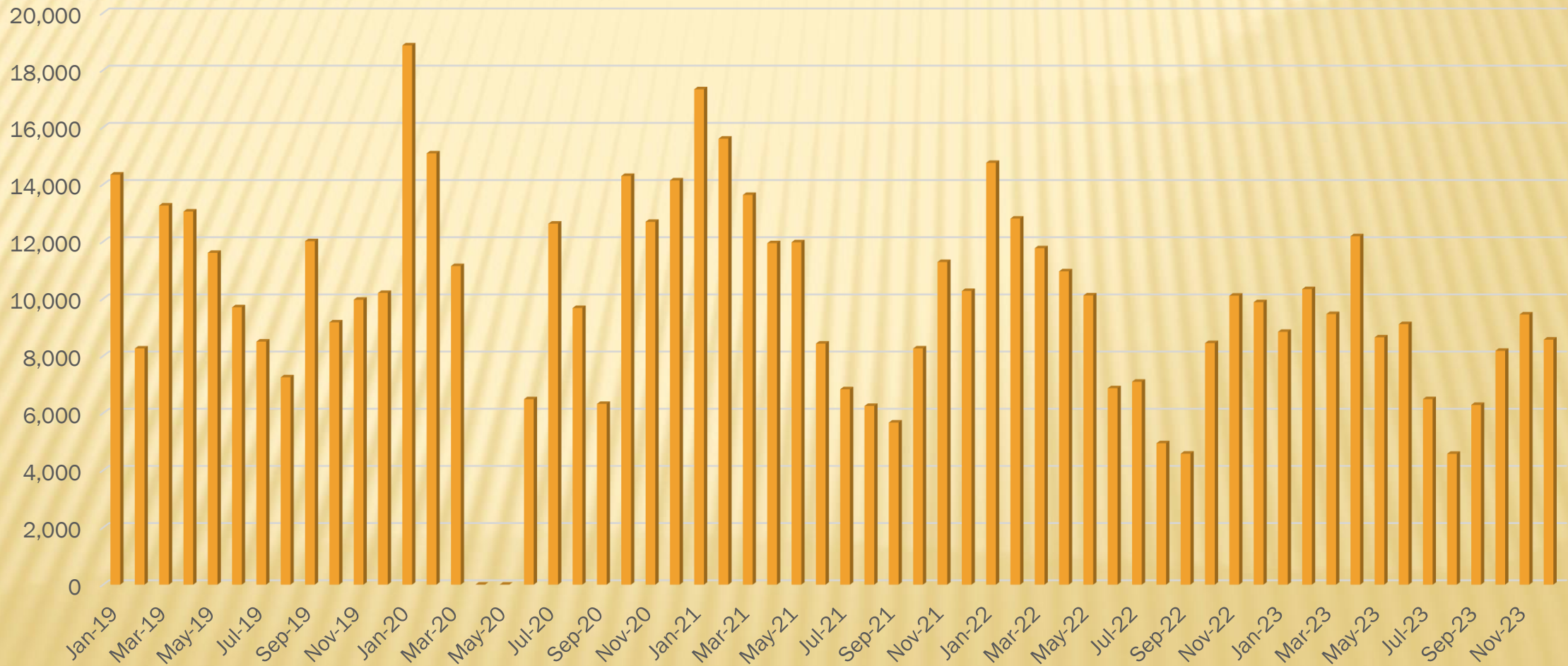
2000:	61,185
2001:	74,615
2002:	92,820
2003:	96,293
2004:	91,378
2005:	84,765
2006:	96,915
2007:	104,408
2008:	94,118
2009:	106,713
2010:	95,523
2011:	107,433
2012:	97,120
2013:	101,363
2014:	108,820
2015:	138,305
2016:	113,790
2017:	141,103*
2018:	145,852*
2019:	127,341*
2020:	122,950*
2021:	127,489*
2022:	112,339*
2023:	102,151*

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

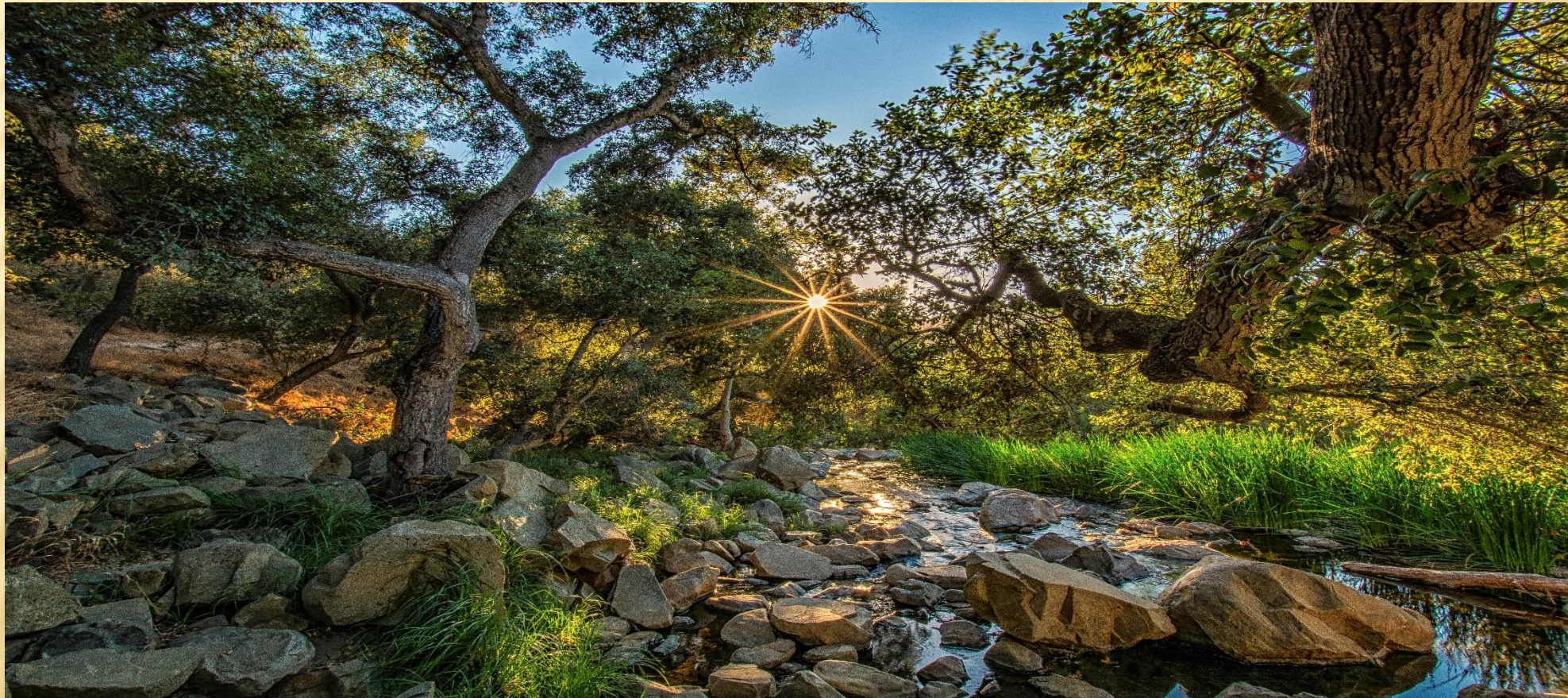
5-YEAR EFRR TRAIL COUNTER DATA



Monthly Data 2019 - 2023



QUESTIONS?



Memo

Date: February 21, 2024
To: Olivenhain Municipal Water District Board of Directors
From: Steven Weddle, Engineering Services Supervisor
Via: Kimberly A. Thorner, General Manager
Subject: **CONSIDER APPROVAL OF CHANGE ORDER NO. 6 WITH ORION CONSTRUCTION CORPORATION FOR \$72,070.82 FOR THE 4S RANCH NEIGHBORHOOD 1 SEWER PUMP STATION REPLACEMENT PROJECT, AND AUTHORIZE THE GENERAL MANAGER TO SIGN ON BEHALF OF OMWD**

Purpose

The purpose of this agenda item is to consider approval of Contract Change Order (CCO) No. 6 for the 4S Ranch Neighborhood 1 Sewer Pump Station Replacement Project (Project) with Orion Construction Corporation (Orion) in the amount of \$72,070.82, and authorize the General Manager to sign on behalf of Olivenhain Municipal Water District (OMWD). No additional appropriation is necessary for this change order, as adequate funds remain within the project budget.

Recommendation

Staff recommends approval of the change order and authorization for the General Manager to sign on behalf of OMWD.

Alternative(s)

The Board could elect to not approve the change order and direct staff to re-negotiate, table the item for further closed session discussion, or otherwise proceed in a manner directed by the Board.

Background

The 4S Ranch Neighborhood 1 Sewer Pump Station (NBHD1 SPS) is located at the south end of 4S Ranch Parkway near the 4S Ranch Sports Park/Boys & Girls Club of Greater San Diego and Stone Ranch Elementary School in Director Division 4 (Hahn). The facility was constructed in 2000 by 4S Kelwood and dedicated to OMWD in 2002 as a part of the 4S Ranch Water Reclamation Facility (4S WRF) expansion. The NBHD1 SPS collects tributary flows from customers in the south end of the 4S Ranch development, including Black Mountain Ranch East Clusters, Heritage Bluffs, and the Avion developments. NBHD1 SPS pumps the effluent up 4S Ranch Parkway and over to the 4S Water Reclamation Facility 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.

Originally contemplated in 2015 in the Capital Improvement Plan for 4S Ranch and Rancho Cielo Wastewater Systems report published by Dudek, the Project was placed for bid in 2019, and then canceled and postponed until fiscal year 2020/2021 to allow for funding and completion of other high priority infrastructure projects, such as the El Camino Real Pipeline Replacement.

Following a successful bid in Fall of 2021, the Board awarded the contract to Orion in February 2022 for \$6,123,000 to begin work on replacement of this critical asset.

Fiscal Impact

Funds for Change Order 6 are available within the current appropriations for the Project (CIP D700004).

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

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

Total Project Budget: **\$8,132,000**

Current Fiscal Year Appropriation: **\$400,000**

To Date Approved Appropriations: **\$8,132,000**

Target Project Completion Date: **August 2024**

Expenditures and Encumbrances as of (February 1, 2024): **\$7,870,105**

Is this change order within the appropriation of this fiscal year? **Yes**

Discussion

Following award in February 2022, the Project was delayed by supply chain materials procurement issues on large electrical equipment. In accordance with Administrative and Ethics Code Section 6.8C, CCO No. 1, a no-cost time extension was signed by the General Manager in August 2022 to account for that delay and extend the contract completion date to September 20, 2023. The Project then broke ground in October of 2022, where Orion unexpectedly encountered excessive groundwater.

CCO No. 2 was approved by the Board in February 2023, in the amount of \$141,650, and extended the contract completion to November 2023. The work completed under CCO No. 2 largely accounted for excess dewatering and unsuitable, oversaturated soils encountered onsite through mid-January 2023.

Following the Board action in February 2023 on CCO No. 2, construction progressed where additional unsuitable, oversaturated soils were encountered, excess dewatering

continued, and additional unforeseen conditions were encountered requiring modifications to the scope of work. This accounted for CCO No. 3 and CCO No. 4 approved by the Board in May 2023, in the combined amount of \$223,344. Construction continued to progress where more unfavorable soils conditions were encountered. Excess dewatering continued, primarily related to the dry pit – the largest excavation onsite. CCO No.5 was approved by the Board in November 2023, to account for these changed conditions.

Proposed CCO No.6 accounts for additional imported fill for the dry pit excavation, backfilling and replacement of the unsuitable saturated onsite soils due to the infiltration water. In addition, changes in electrical equipment and conduit placement were required to accommodate the new pump station alignment and meet SDG&E requirements for service. The majority of the additional time delay is due to the procurement of the required electrical equipment and extended lead times for materials due to current market conditions, as well as additional costs for the electrical subcontractor. The following table gives a breakdown of the individual tasks proposed change orders from contractor. Proposed Change Orders (PCO) are reviewed individually and then typically bundled into a larger CCO for OMWD consideration.

Proposed Change Order # (PCO) and Description	Date	Initiated by	Value	Time (Consecutive Calendar Days)	Caused by Excessive Infiltration Water
PCO#15 Import backfill for dry pit (Unsuitable onsite soils, infiltration water)	Dec.2023	Orion	\$14,675.55	0	X
PCO#16/19/20 Electrical changes, additional equipment, and conduit runs	Jan. 2024	Orion	\$57,395.27	178	N/A
Proposed PCO Total	--	--	\$72,070.82	178	--

A summary of the contract and change orders to date is presented in the following table. If approved, the approximate cumulative change order value through CCO No. 6 amounts to 8% of the total construction contract and the new completion date will be

August 30, 2024. Approximately 80% of approved and proposed change orders to date are affiliated with the excess infiltration water conditions present on site.

Authorization	Date	Authorized by	Value	Time (Consecutive Calendar Days)
Original Contract	Feb. 16, 2022	Board	\$6,123,000	300
Issued Notice to Proceed	April 20, 2022	--	--	--
CCO No. 1	Aug. 3, 2022	General Manager	\$0	218
CCO No. 2	Feb. 15, 2023	Board Approved	\$141,650	68
CCO No. 3	May 17, 2023	Board Approved	\$44,325	41
CCO No. 4	May 17, 2023	Board Approved	\$179,019	58
CCO No. 5	Nov. 15, 2023	Board Approved	\$106,763	0
Proposed CCO No. 6	Feb. 21, 2024	Pending Board Approval	\$72,071	178
Total Previous Approved CCOs	--	Board/ General Manager	\$471,757	385
Total Proposed CCOs	--	Pending Board	\$72,071	178
Total CCOs to Date (If Approved)	--	Pending Board	\$543,828	563
New Contract Value (if approved)	--	--	\$6,666,828	863

Staff recommends approval of CCO No. 6 to Orion to account for changed work to date, including additional infiltration water issues on the Project site and changes to electrical equipment and configuration necessary to complete the project.

Staff is available to answer any questions.

Attachments:
CCO No. 6

CONTRACT CHANGE ORDER

Owner: **OLIVENHAIN MUNICIPAL WATER DISTRICT**
Project: **4S Ranch Neighborhood 1 Sewer Pump Station
Replacement Project**
Contractor: **Orion Construction Corporation**

OMWD File No. D-700004

CONTRACT CHANGE ORDER NO. 06

Date 2/8/24

The Contractor is hereby authorized and directed to make the herein described changes from the Plans and Specifications or do the following work not included in the Plans and Specifications for the construction of this project. Payment to the contractor for these change order items shall provide full compensation for all equipment, materials, labor, field and home office overhead, indirect and consequential costs, mark-ups, and profit necessary to complete the work. By executing this contract change order, the contractor agrees to proceed with this work as a change order per the contract documents and waives any rights to additional compensation arising out of work listed in this change order, including without limitation, any claims relating to any cumulative effect of change orders, delays, productivity impact or interruption.

DESCRIPTION OF CHANGE

1. The heavily saturated conditions encountered during the construction of wet well required the contractor to export additional material for disposal that should have been able to be stockpiled on site for final backfilling based on the conditions described in the contract documents. The contractor was required to utilize import material for backfill instead of the existing material. The cost of this work is \$14,675.55. Zero (0) calendar days are added for this work. See PCO #15 for details. **The heavily saturated conditions are due to the groundwater infiltration from the leaking storm drain.**
2. It was discovered during the forming and construction of the dry pit, that the planned routing of the electrical conduits could not be installed per SDGE standards due to the overall size and configuration of the MCC. The conditions required the installation of an exterior termination cabinet for the Main Switch Board conduit as they could not be accommodated in the pump station roof slab without significant structural modifications. The new configuration met all SDGE requirements and standards for electrical service to the lift station. The cost of this work is \$57,395.27. See PCO # 16/19/20 for details. One-Hundred Seventy-Eight (178) calendar days are added for this work. This additional time is due to the extended material procurement duration due to current market conditions. The item also accounts for all additional time and overhead costs through the revised completion date.

Original Contract Amount: \$6,123,000.00

Total Previous Change Orders (Through CCO #5): \$471,757.47

Total This Change Order: \$72,070.82

Revised Contract Amount: \$6,666,828.29

It is agreed that 178 consecutive calendar day(s) extension of time will be allowed by reason of this change. The latest completion date (through CO #5) was March 5, 2024, and the revised completion date is August 30, 2024 (including weather delays).

Prepared by Construction Manager

Paul Mochel

Paul Mochel, Valley Construction Management

Accepted by CONTRACTOR

By: *Mark H. Wilson V.P.*

Date: 02/08/2024

Approved by OWNER

By: _____

Date: _____

NOTE: Attention is called to the sections in the General Provisions on Scope of Work and Estimates and Payments. THIS CHANGE ORDER IS NOT EFFECTIVE UNTIL APPROVED BY OWNER.

Distribution: ☐ Owner ☐ Contractor ☐ Engineer ☐ Finance

Memo

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 21, 2024

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 2024:

Operations & Maintenance	January 2024	December 2023
David C. McCollom Water Treatment Plant (DCMWTP) Total Production	311 million gallons	395 million gallons
DCMWTP Average Daily Production	10.0 million gallons	13.6 million gallons
DCMWTP Peak Day Production	14.4 million gallons	19.6 million gallons
Source Water Blend (% State Project Water)	41.2%	54.2%
Total Deliveries to Vallecitos Water District	194.95 acre feet 63.52 million gallons	238.43 acre feet 77.69 million gallons
4S and Rancho Cielo Sewer Systems Total Inflow	39.21 million gallons	37.75 million gallons
4S and Rancho Cielo Sewer Systems Average Daily Inflow	1,264,887 gallons	1,217,890 gallons
4S and Rancho Cielo Sewer Systems Peak Day Inflow	1,736,713 gallons	1,314,008 gallons
4S and Rancho Cielo Sewer Systems Low Day Inflow	1,164,778 gallons	1,125,596 gallons
4S Water Reclamation Facility (4SWRF) Average Daily Production	345,252 gallons	529,571 gallons
4SWRF Peak Day Production	809,127 gallons	939,186 gallons
4SWRF Total to Recycled Water Distribution System	10.70 million gallons	16.42 million gallons
4S Recycled Water Storage Pond Volume	165 acre feet	93 acre feet
Repaired Potable Water Main Leak(s)	2	2
Repaired Potable Water Service Lateral Assembly Leak(s)	3	3
Repaired Recycled Water Main Leak(s)	0	0
Repaired Recycled Water Service Lateral Leak(s)	1	0
Repaired Hit Fire Hydrant Lateral Assembly Leak(s)	3	3
Replaced Valve(s) Monthly Total	1	1
Replaced Valve(s) Calendar Year to Date	1	63
Recycled Water Use Site Inspections & Visits	31	33
Recycled Water Use Site Cross Connection Tests	5	8
Cross Connection Site Surveys	1	0
Backflow Inspections & Testing (New)	2	5
IT Help Requests	32	20
Customer Services	January 2024	December 2023
Customer Calls and Inquiries	1,851	1,655
Total Monthly Bills Issued	23,010	23,010
Service Orders	903	729
New Potable Meters	0	0
New Fire Meters	0	0
New Recycled Water Meters	0	0

Advanced Metering Infrastructure (AMI) Troubleshooting Investigations	79	75
Customer Services - Continued	January 2024	December 2023
Automated Meter Reading (AMR) Troubleshooting	5	14
Stopped/Underperforming Meters Replaced	90	68
Meter Transceiver Units (MXU) Upgraded to AMI	347	328
Meter Accuracy Tests Performed	0	9
Water Use Evaluations	8	7
Water Use Violation Reports	0	0
Workshops, Events, and Tours	2	0
High-Efficiency Clothes Washer Rebate Applications	6	6
Weather-Based Irrigation Controller Rebate Applications	9	9
Hose Irrigation Controller Rebate Applications	0	0
High-Efficiency Rotating Nozzle Rebate Applications	0	0
High-Efficiency Toilet Rebate Applications	0	0
Rain Barrel Rebate Applications	5	2
Flow Monitor Device Rebate Applications	1	1
Turf Removal Project Rebate Applications	0	1
Social Media Posts	17	16
News Releases/Media Advisories	1	2
EFRR	January 2024	December 2023
Special Use/Event Permits	5	3
Parking Notices	171	44
Incident Reports	7	5
Vehicle Count	5,200	8,570
Trail Use Count	10,433	4,010
Days Closed Due to Rain/Red Flag	2	1
Days Interpretive Center (IC) Open	11	15
Number of IC Visitors	346	301
Volunteer Trail Patrol Shifts	5	7
Volunteer Docent Hours	38	87
Total Number of Docents	65	65
Finance	January 2024	December 2023
Infosend Payments (ACH and Credit Card)	14,851	13,866
OMWD Auto Debit Payments	0	189
California Bank & Trust Lockbox Payments	3,188	2,655
Over the Counter Payments	537	438
Check-free, Metavante and Chase	4,658	3,968
Finance Calls and Walk-ins	41	48
Service Orders/New Meters Processed	7	6
Service Orders Closed Out	3	1
Purchase Orders	11	14
Inventory Items Received	1,546	515
Invoices Processed	508	466
Payroll Direct Deposits Processed	246	243
Accounts Payable Checks and Electronic Fund Transfers	250	253

ENGINEERING DEPARTMENT

Engineering Highlights for January 2024:

4S Ranch Neighborhood 1 Sewer Pump Station Replacement Project continued to progress through construction. Lusardi Phase III Cathodic Protection Replacement Project construction is complete. Work for the Asphalt and Concrete Maintenance Project construction is nearly complete. Pre-construction activities on the Recycled Water Pipeline Extensions Project have begun, including reviewing submittals and obtaining permits. Construction of the DCMWTP 4th Stage Plant Improvement Project is in the contracting phase. Construction of the Unit A Potable Water Pipeline Replacement Project is in the contracting phase. Staff continued planning and design efforts on multiple CIP projects, including presenting the results and Master Plan Update findings to the Facilities Committee. Staff continued to handle developer requests, continued to assist other departments with engineering-related work, and continued to manage OMWD's right of ways and cell sites.

HUMAN RESOURCES DEPARTMENT

Human Resources Manager Jennifer Joslin Highlights for January 2024:

Human Resources staff coordinated the recruitment for the vacant Water Reclamation Operator II/III. Conducted interviews for the vacant Water Treatment Plant Operator IV (Lead) position. Conducted safety training for the new SDCWA intern. Reviewed, approved, and printed all employee mid-year performance reviews for presentation by the Supervisors and Managers. HR and payroll staff created and distributed the required Affordable Care Act (ACA) 1095 forms for all employees regarding their health insurance coverage for 2023. Hosted a Better Way Committee meeting to review an employee nomination. Participated in a California Special District Association (CSDA) Annual Employment Law Update webinar. Attended the San Diego Women in Water meeting. Safety staff facilitated forklift training for San Elijo Joint Powers Authority staff. Hosted the January Safety Committee meeting. Safety staff hosted the Department of Environmental Health for a compliance inspection of Rancho Lakes Pump Station. Held a refresher training on using the Emergency Operations Center (EOC) procedure manual and corresponding roles and responsibilities of EOC staff during emergency incidents. Records staff hosted a records overview training class for administrative employees.

Requests Received Pursuant to the Public Records Act (January 1-31):

<u>Requestor</u>	<u>Documents Requested</u>
SmartProcure	All purchasing records from 10/4/2023 to current.

OPERATIONS & MAINTENANCE

Operations Manager Jesse Bartlett-May Highlights for January 2024:

State Project Water deliveries are averaging at 41.2% and are expecting to continue to drop to 0%. Staff are working on installing heating systems on the Sodium Hydroxide & Sodium Bisulfite chemical systems to prevent freezing, repairing airline leaks throughout the plant, and materials are being ordered for Train 5 membrane refurbishment work which is set to start in early

February. The Safe Drinking Water Act (SDWA) requires that once every five years the EPA issues a list of unregulated contaminants to be monitored by public water systems, hence OMWD has secured an outside laboratory for the fifth Unregulated Contaminant Monitoring Rule (UCMR 5) testing to begin in March. Wastewater, Instrument Control Technician, and Pump & Motor Technician staff installed the new Nueces Digester Blower and electrical equipment at 4S Water Reclamation Facility in early January. All OMWD maintained backflows due in Quarter 1 have been repaired, tested and certified. Supervisory Control and Data Acquisition (SCADA) Upgrade Projects is on schedule and the access and Security Upgrades Project has commenced at DCMWTP. System Operations are continuing to provide extensive support to Ardurra on the Potable Water/Recycled Water Updated Master Plan, including exercising ten (10) fire flows. A 4" wharf head leak on an 18" transmission line in La Costa Valley was discovered and System Operators provided extensive interagency support on the SDWD and OMWD emergency interconnect to keep OMWD customer in water during the repairs. Construction, with support from System Operations and Engineering, repaired a 12" water main break on Rancho Santa Fe Road and repaired 4" wharfhead blow out on an easement behind Camino Robledo. Construction also repaired three fire hydrants leaks.

CUSTOMER SERVICES DEPARTMENT

Customer Services Manager John Carnegie Highlights for January 2024:

Launched rain barrel education/distribution campaign in partnership with Solana Center for Environmental Innovation, Santa Fe Irrigation District, and San Dieguito Water District; sent e-newsletter on January 8; launched annual fourth grade poster, high school video, and WaterSmart landscape contests; published video featuring 2023 OMWD highlights; provided comments to US Environmental Protection Agency on proposed Lead and Copper Rule improvements; joined City of Encinitas' Climate Action workgroup, submitting 2023 potable and recycled water usage specific to city boundaries and OMWD measures to increase water conservation; mailed 3,979 postcards to customers with AMI meter functionality to promote rebates and the benefits of the My Water Use dashboard; hosted public facilities tour; submitted to SDCWA and Alliance for Water Efficiency OMWD turf removal incentive program participant usage data for a national study; initiated ACWA JPIA annual renewal process for property and cybersecurity insurance programs; and held a rain harvesting workshop in partnership with Santa Fe Irrigation District and San Dieguito Water District.

At EFRR, completed Equine Incline Loop Trail improvements funded by the County's Community Enhancement Program; held five "Habitat" field trips for Escondido Unified School District students; hosted quarterly meeting and training for EFRR volunteers in partnership with Escondido Creek Conservancy; coordinated tour of Pechanga's Great Oak for volunteers; and hosted San Diego Audubon Society's annual bird count.

FINANCE DEPARTMENT

Finance Manager Rainy Selamat Highlights for January 2024:

Completed and submitted audited FY 2023 OMWD Financial Report and OMWD Financing Authority Report to State of California Controller's Office; Kicked off Fiscal Years 2025 and 2026 Biennial Operating and Capital Budget Process; Worked on finalizing 2024 Wastewater Cost of

Service Study; Reviewed and updated water account related service fees for 2024 for Board's consideration; Completed update to OMWD water rates and charges for 2024; completed mid-year performance review process; completed calendar year end 2023 payroll tax process; released various payroll wage and compensation forms to employees and vendors; attended meetings to discuss purchased recycled water agreement with Vallecitos Water District; and presented to the Board increases to Water; attended San Elijo JPA Recycled Water Cost of Service Update; participated in Wastewater 10 Year Capital Spending Plan Update; attended CalPERS annual stakeholders webinar; attended OMWD safety committee meeting; participated in OMWD EOC meeting; reviewed SDCWA's monthly board meeting agenda; and prepared Quarterly Finance Committee meeting packet.

ASSISTANT GENERAL MANAGER:

The Assistant General Manager reports the following for January 2024:

Attended the San Diego North Economic Development Council January Board meeting, North San Diego Water Reuse Coalition meeting at Leucadia Wastewater District, OMWD Safety Committee Meeting, Emergency Operations Center (EOC) Review Meeting, meeting with SDG&E on EV Fleet Migration preparation and San Dieguito Groundwater Project meeting at Santa Fe Irrigation District. Engaged in meetings with consultants and continued project management efforts on San Dieguito Valley Brackish Groundwater Project, dedicated significant time to personnel matters, employee recruitment, review and preparation of upcoming projects, NSDWRC coordination and claims management.

GENERAL MANAGER:

The General Manager reports the following for January 2024:

General Manager Thorner participated in the San Elijo Joint Powers Authority Recycled Water Cost of Service Update meeting, attended the Water for People Core Committee meeting, participated in SDCWA's Finance Planning Work Group Meeting #6, met with Carlsbad and Vallecitos General Managers on recycled water contract issues, met with Santa Fe Irrigation District on the San Dieguito Valley Brackish Groundwater Project, attended the SDCWA Member Agency Managers meeting, attended the Council of Water Utilities Luncheon, met with the consultants on OMWD's Sewer Cost of Service Study, met with Assemblymember Ward's office to discuss SB 366, participated in the WaterReuse Executive Director interviews, served on the Water Treatment Plant Operator IV interview panel, held a Safety Committee meeting, participated in the North County Work Group meeting, participated in mediation on the Lynxt v. PARS case, held an Emergency Operations Center manual update meeting, attended the Women in Water event at the Carlsbad Community Center, attended several General Manager Meetings with other agencies, and dedicated significant time to preparing for mediation, emergency declarations, reviewing SDCWA meeting materials, working with General Counsel on the Jones litigations and ACWA JPIA issues, and reviewing legal materials and issues.

Memo

C

To: Olivenhain Municipal Water District Board of Directors

Subject: INFORMATIONAL REPORTS

CONSULTING ENGINEER

Any written report will be attached; any oral report will be provided at the time of the Board Meeting.

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 13, 2024

This is a report on the One Water and Stewardship Committee, the Engineering, Operations, and Technology Committee, and the Finance, Audit, Insurance and Real Property Committee meetings, held on February 12 and 13, 2024. This report is based on the Board presentations and reports.

Finance, Audit, Insurance, and Real Property Committee –

1. CY 2025 & 2026 Proposed Budget – Workshop Number 1 – This is the first of three planned workshops and staff presented the proposed budget, including:
 - a. The projected rate increases for the next 10 years, are shown below, in percent.

Condition	July	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Proposed		13	8	12	8	5	5	4	4	4	4
Alt 1	7	7	7	12	8	5	5	4	4	4	4
Alt 2		7	6	10	10	5	5	5	4	4	4
Alt 3		10	10	12	9	5	5	4	4	4	4
No PWSC		13	8	6	4	4	4	4	4	4	4

- b. Alternative 1 - 7% in July, 7% in January, 7 % January 2026, and the same after that.
- c. Alternative 2 – Increase the FY 2024/25 ad valorem tax rate from 0.0035 to 0.007.
- d. Alternative 3 – Reduce conservation for three years then return to \$30.5 million/year. This eliminates the need for bond financing.
- e. Projection without the Pure Water Southern California project.
- f. Assumptions for the proposed CY 2025 and 2026 budget include:
 - i. 1.44 MAF of water transactions (sales)
 - ii. SWP allocations of 49 and 48%
 - iii. Colorado River Diversions of 830 and 845 TAF
 - iv. New grants of \$20M per year
 - v. Colorado River supply, crop fallowing funding of \$47.3M per year
 - vi. CIP of 637M for the two years
 - vii. Delta Conveyance Project costs of \$11.6M for FY 2024/25

MEMORANDUM

Metropolitan Water District of Southern California

February 12, 13, 2024 Committee Meetings

Page 2

2/14/2024

- viii. Conservation funding of \$54 and \$44M, with 50% match.
- g. Challenges and External Pressures
 - ix. Rates did not cover FY 2023/24 costs
 - x. Inflation
 - xi. Infrastructure maintenance costs
 - xii. Extreme climate conditions
 - xiii. O&M expenditures
 - xiv. Capital financing costs
 - xv. CRA power costs
 - xvi. LRP expenditures

One Water and Stewardship Committee –

1. One-year Water Transfers North of the Delta – The recommendation was to provide the GM authorization to spend up to \$50M on water transfers. The current SWP allocation is 10 percent and the water transfers may provide additional supplies to the State Water Project Dependent Areas in dry years. The Yuba Accord water is priced at \$383/acre-foot, while the cost of other transfers is unknown at this time.
2. Water Supply Drought Management Report –
 - a. As of February 8, the northern Sierra precipitation was 88 percent of normal, while the snowpack was 82 percent of normal, a big improvement from last month.
 - b. As of February 8, the Upper Colorado River snowpack was 102 percent of normal, a big improvement from last month.
 - c. The current estimate of the 2024 MWD supply – demand gap is approximately 500 TAF and if necessary, this water will come from dry-year storage, which is at record high levels.

Engineering, Operations, and Technology Committee –

1. January 2024 Demands - 64 TAF, while the January 2023 demands were 65 TAF. This demand is the third lowest since 1979.
2. Percentage of SWP Water Delivered to the Skinner Water Treatment Plant – 0 percent.
3. State Water Project Allocation – 10 percent.
4. Update on Colorado River Source Water Protection –
 - a. Moab Uranium Mill Tailings – 14 of 16 million tons of tailings were relocated away from the River.

MEMORANDUM

Metropolitan Water District of Southern California
February 12, 13, 2024 Committee and Board Meetings
Page 3
2/14/2024

- b. Henderson Perchlorate Plume_– 8,200 tons have been removed from the groundwater. The detection limit for notification is 1 part per billion (ppb), The California maximum contaminant level is 6 ppb, and the average in the River is 2 ppb.
- c. Topock Hexavalent Chromium Plume_– The construction of the Phase 1 bioremediation project is complete, and Phase 2 is expected to be complete in 2025. Hexavalent chromium is at a non-detect level in the River.

EIR – Environmental Impact Statement

DWR – California Department of Water Resources

EIS – Environmental Impact Statement

MGD – Million Gallons per Day

MAF – Million acre-feet

MWD – Metropolitan Water District of Southern California

SWP – State Water Project

TAF – Thousand acre-feet

SWRCB – State Water Resources Control Board

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.

Olivenhain Municipal Water District
Schedule of Legal Costs
July 1 through December 31

	<u>FY 2024</u>	<u>FY 2023</u>
<u>Nossaman LLP</u>		
District General	\$ 89,858	\$ 81,308
District Board	25,800	26,544
Litigation*	113,148	39,725
District CIP	25,697	893
Total	<u>254,502</u>	<u>148,469</u>
 <u>Rutan & Tucker</u>		
San Dieguito Valley Groundwater Project	<u>3,933</u>	<u>10,806</u>
 <u>Liebert Cassidy</u>		
Employment Relations Consortium Membership	<u>3,580</u>	<u>3,580</u>
 Total Legal Costs	<u><u>\$ 262,015</u></u>	<u><u>\$ 162,855</u></u>

*OMWD litigation costs only. Excludes Allied World portion of Hillside Patio litigation.

TO: Olivenhain Municipal Water District

FROM: Alfred Smith

DATE: February 21, 2024

RE: Attorney Report: Taxpayer Protection and Government Accountability Act
150152-0005

I. INTRODUCTION.

This attorney report provides an update on a ballot measure that has generated statewide concern among local public agencies. The Taxpayer Protection and Government Accountability Act would amend the California Constitution to restrict the ability of water districts, the state, counties, and other local agencies to approve or collect fees, taxes, and other revenues necessary to provide essential services to the public.

The ballot measure would restrict the fee authority of water districts and other local agencies by requiring voter approval of various fees and charges; and by limiting fee or rate increases to the “minimum amount necessary” to provide government services. The ballot measure would also make it easier to challenge local revenue measures by increasing the burden of proof on local agencies while disallowing an agency’s characterization of a measure from being considered in court.

The ballot measure proposes to expand the definition of “taxes,” thereby broadening the application of tax approval requirements to local agencies for various fees and administrative charges. The ballot measure would further raise the threshold for voter approval of local revenue measures proposed by initiative to two-thirds, although the proposed initiative itself would only require majority approval to be adopted.

The ballot measure would also *retroactively* cancel other revenue measures passed by voters or approved by the agency between January 1, 2022, and the time the ballot measure goes into effect -- if the agency’s prior revenue measure did not comply with the requirements of this new ballot measure. This ballot measure would then give those cancelled revenue measures twelve months to “re-comply.”

This ballot measure is sponsored by the California Business Roundtable, an association comprised of executives for the largest corporations in California. The ballot measure is opposed by dozens of public agencies across the state, including the Association of California Water Agencies, the California Special Districts Association, the California State Association of Counties, the League of California Cities, and others.

II. BACKGROUND.

Under current law, local revenue authority is limited by both statute and a number of voter-approved constitutional provisions, including those added by Proposition 13 in 1978, Proposition 218 in 1996, and Proposition 26 in 2010. Notwithstanding the numerous restrictions set forth in these laws, the stated purpose of this new ballot measure is to make it more difficult for water districts, counties, cities, schools, the state and other local agencies to raise revenue. The ballot measure seeks to place new and increased restrictions on the ability of local and state agencies to increase fees or raise revenue. The California State Association of Counties (“CSAC”) stated:

“The ballot measure places new and increased restrictions on every manner of revenue measure and narrows exceptions to its most onerous requirements. Its provisions are so broad that while the proponents cite specific examples they are targeting for change, the measure would have many unintended consequences.

The effect will be to increase local agency costs, reduce tax and fee revenues by subjecting them to voter approval requirements, and open more government actions to legal challenges while simultaneously making those challenges more difficult to defend against. Further, as is the case with many ballot measures, the initiative would write into the California Constitution contradictory and confusing language that cannot be changed or clarified without another future ballot measure that receives voter approval.”

The ballot measure’s fundamental provision seeks to designate every levy, charge, or exaction of any kind imposed by the state or a local agency as either a tax or an “exempt charge.” Every revenue measure not defined as an exempt charge would be subject to voter approval requirements.

The list of exempt charges is based on the provisions of Proposition 26, with some changes, and requires that even if a charge is exempt, the charge must still be imposed by an ordinance of an elected governing body. The exempt list includes charges for the actual cost of a government service, fees for the regulatory costs of issuing licenses and performing related inspections and audits, charges for the lease or sale of government property, fines and penalties imposed for violations of law, and charges imposed as a condition of property development.

As proposed, every local and state revenue measure not defined as an exempt charge would need to be submitted to the voters for approval. Those measures would be required to include in the title, summary and ballot label the type and amount or rate of the tax, the duration of the tax, and the use of the revenue derived from the tax. In the case of local revenues, the phrase “for general government use” would be required.

By specifying that a duration must be provided, the proposed ballot measure appears to require taxes to be time limited.

Local voter initiatives that impose special taxes are currently subject to lower voting thresholds than those initiated by county and city governing boards. This measure would increase those thresholds from a majority vote to two-thirds.

This initiative would also *retroactively* cancel other revenue measures passed by voters or approved between January 1, 2022, and the time this initiative goes into effect -- if they do not comply with this measure's provisions, even if those prior local revenue measures complied with all laws in effect at the time they passed. The proposed initiative would give those cancelled revenue measures twelve months to re-comply. However, local revenue measures can only be put to voters at regular elections where governing board members can also be elected, unless the governing board unanimously calls a special election, and no regular elections would take place in the twelve months after the initiative would take effect.

Another provision of the law broadly provides that local agencies must act by ordinance to impose "any kind of charge" without voter approval. The measure also proposes that for most local revenues, the fees cannot exceed the "actual cost" (as opposed to a reasonable cost) and defines actual cost to "the minimum amount necessary," opening up local agencies to litigation and judicial second-guessing about the agency's level of service and cost calculations.

"Actual cost" is defined as the (i) the minimum amount necessary to reimburse the agency for the cost of providing the service or product to the payor; and (ii) where the amount charged is not used by the agency for any purpose other than reimbursing that cost. In computing "actual cost" the maximum amount that may be imposed is the actual cost less all other sources of revenue including, but not limited to taxes, other exempt charges, grants, and state or federal funds received to provide such service or product.

In addition, the proposed measure would increase the burden of proof on local agencies to prove that a revenue measure is not subject to voter approval requirements—and that the amount of the charge is reasonable and does not exceed the "actual cost," or "minimum amount necessary"—from a preponderance of evidence to clear and convincing evidence. Furthermore, the measure prohibits a court from considering how a local agency describes, or characterizes, a revenue measure in making its determination, and the use of the funds is required to be a factor in that determination.

III. **STATEWIDE OPPOSITION.**

The ballot measure has received statewide opposition from dozens of water and other local agencies. The California Special Districts Association (“CSDA”) stated the ballot measure will “impose draconian, retroactive restrictions on all local revenues, from special taxes to fees and fines.”

A coalition of local agencies filed an *amicus* brief to the Supreme Court arguing that this ballot measure would disrupt essential services. The coalition includes the following agencies:

- The Association of California Water Agencies (“ACWA”)
- The California Special Districts Association
- California State Association of Counties
- California Air Pollution Control Officers Association
- California Association of Sanitation Agencies
- California Fire Chiefs Association
- California Municipal Utilities Association
- City and County of San Francisco
- City of Los Angeles
- Fire Districts Association of California
- League of California Cities

The local agency *amicus* brief opposes the ballot measure. The *amicus* brief argues that the ballot measure is unlawful because it improperly revises the state constitution via initiative, and it would impair essential government services. The brief further argues that the measure is an unlawful revision of the state constitution because of the ways the measure would redistribute power between state and local governments; the measure would undermine essential functions of local governments; and because the ballot measure is so poorly drafted that it raises many interpretive issues that will not be simply resolved without requiring extensive litigation after passage.

In addition, the *amicus* brief supports the State’s emergency petition to the California Supreme Court for a pre-election challenge to the ballot measure on the

grounds that the ballot measure will disrupt the ability of the state as well as special districts and other local agencies to provide essential services and infrastructure. The *amicus* brief urges the Court to act before the measure is placed on the ballot for the November election because planning impacts are being felt now and could impair essential government services.

The *amicus* brief concludes by urging the Supreme Court to grant pre-election review, given the anticipated adverse impact to local agency finances statewide if the measure passes. The *amicus* brief provides:

“The so-called Taxpayer Protection and Government Accountability Act (“Measure”) seeks to rewrite the entire constitutional structure of government finance in California, at both state and local levels. Section 3 of the Measure states its purpose to require voter approval of “any new or higher tax” and to require legislative, not administrative, action on “all fees or other charges.” Such sweeping changes are not merely an amendment to our Constitution, but a revision that cannot be achieved by initiative.

Because the Measure is intended to greatly restrict government’s ability to raise and spend revenues, it trades clarity for breadth, creating a host of interpretive issues that will take years for courts to resolve. Over the next decade, local public entities will face the Hobson’s choice of significantly restricting their spending to avoid challenge, or instead risk expensive litigation in which they may pay both their own and the plaintiffs’ legal fees. In the near term, the mere threat of the Measure impairs local governments’ ability to borrow. These factors will together impair essential government services as previous tax initiatives have not, constraining the ability of local governments to make prudent long-term planning and budgetary decisions for their communities. Indeed, the Measure greatly expands those earlier initiatives to achieve its unconstitutional result.

In addition, the Measure transforms the constitutional relationship of state and local governments, making the latter dependent on the State for fiscal survival but stripping the State of the ability to provide necessary funding. It alters the separation of powers between the legislative and executive branches provided by Article III. It also deprives local government and the State alike of essential powers to tax, spend, plan, and delegate financial authority to the executive branch. These fundamental changes in our form of government require more deliberation than the initiative process allows. To avoid the immediate harm that would result from the Measure, the Petition should be granted and the Measure removed from the November 2024 ballot.”

The California Supreme Court is expected to rule on the pre-election challenge before the end of June, when the Secretary of State is anticipated to formally consider qualifying the measure for the November 2024 ballot.

AES

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 SPECIAL BOARD OF DIRECTORS' MEETING JANUARY 11, 2024

1. Draft Proposed 2024 Legislative Policy Guidelines.
The Board adopted the 2024 Legislative Policy Guidelines, with the removal of Item 7 under Colorado River, Imported Water.

SUMMARY OF FORMAL BOARD OF DIRECTORS' MEETING JANUARY 25, 2024

1. Professional services contract for Capital Improvement Program outreach services, as-needed.
The Board awarded an as-needed professional services contract, with such non-material modifications as approved by the General Counsel or General Manager, to provide as-needed outreach support for Board-approved Capital Improvement Program projects for a period of one year, with options to extend the contract for up to two additional one-year periods to Katz & Associates, Inc. in the not-to-exceed amount of \$500,000, and authorized the General Manager, or designee, to execute the contract.
2. Monthly Treasurer's Report on Investments and Cash Flow.
The Board noted and filed the Treasurer's report.
3. Vote Entitlement Resolution for Calendar Year 2024 (Amended).
The Board adopted Resolution 2024-01 establishing the vote and representative entitlements of each member agency effective January 1, 2024.
4. Professional services contracts for construction cost estimating and constructability review services, as-needed.
The Board awarded professional services contracts, with such non-material modifications as approved by the General Manager or General Counsel, to Leland Saylor & Associates, Inc. for a not-to-exceed amount of \$300,000 and Butier Engineering, Inc. for a not-to-exceed amount of \$300,000, for construction cost estimating and constructability review services, as-needed, for a period of four years, with the option to extend one year, and authorized the General Manager, or designee, to execute the contracts.
5. Amendment with Black & Veatch Corporation for San Vicente Energy Storage Facility Owners' Representative Professional Services.
The Board approved Amendment 10, with such non-material modifications as approved by the General Manager or General Counsel, to the professional services contract with Black & Veatch Corporation for San Vicente Energy Storage Facility Owners' Representative professional services for a period of 24 months in the amount of \$2,400,000, increasing the contract amount from \$2,322,000 to \$4,722,000, and authorized the General Manager, or designee, to execute the amendment.



6. Professional Services Contract with Hazen and Sawyer for the Long-Range Demand Forecast Update Project.
The Board awarded a professional services contract, with such non-material modifications as approved by the General Manager or General Counsel, with Hazen and Sawyer for a not-to-exceed amount of \$592,123, for the Long-Range Demand Forecast Update Project, and authorized the General Manager, or designee, to execute the contract.
7. Professional services contract amendment with AECOM associated with ongoing environmental consulting services for the proposed San Vicente Energy Storage Facility Project.
The Board approved Amendment No. 4, with such non-material modifications as approved by the General Counsel or General Manager, to the professional services agreement with AECOM Technical Services, Inc. (AECOM) increasing the total contract funding by \$638,362, from \$4,603,578 (former maximum) to \$5,241,940 (new maximum), and extending the contract duration by two years, from February 28, 2027, to February 28, 2029, and authorized the General Manager, or designee, to execute the amendment.
8. Retirement of Director.
The Board adopted Resolution No. 2024-02 honoring Tom Kennedy upon his retirement from the Board of Directors.
9. Approval of Minutes.
The Board approved the minutes of the Formal Board of Directors' meeting of November 16, 2023.

Memo

F

To: Olivenhain Municipal Water District Board of Directors

Subject: INFORMATIONAL REPORTS
LEGISLATIVE REPORT

Any written report will be attached; any oral report will be provided at the time of the Board Meeting.

TO: Olivenhain Municipal Water District (OMWD)
FROM: Ashley Walker, Senior Policy Advisor, Nossaman LLP
Jennifer Capitulo, Jennifer M. Capitulo and Associates LLC
DATE: February 14, 2024
RE: February 2024 Public Policy Report

State Legislative Update:

Status of the Legislature: The Legislature resumed session on January 3, 2024. The FY 2024-25 State Budget proposal was released by the Governor on January 10, 2024. Two-year bills in their first house needed to pass to the second house in January. The deadline to introduce any new bills is this Friday, February 17.

State Budget: The Governor released his proposal for the State Budget, but it is important to note that this is just the starting point of the discussion and debate that will take place related to the budget. More concrete numbers will come in by May, and the May Revise will reflect a more accurate view of the deficit and the plan to address it.

The big takeaway is that the Governor and Administration are predicting a \$37.86 billion deficit...vastly different from the Legislative Analyst's Office's \$68 billion prediction.

Some highlights for the water industry are below. The summary of the budget can be found here: <https://ebudget.ca.gov/FullBudgetSummary.pdf>

- Assumes a significantly less budget deficit than the Legislative Analyst's Office, - a \$37.86 billion shortfall. Plan to address this (page 2-3 of the summary):
 - Declare a fiscal emergency to withdraw from the Budget Stabilization Account, and the Safety Net Reserve in the amount of \$13.1 billion.
 - Reductions in previous commitments in the amount of \$8.5 billion.
 - Internal Borrowing in the amount of \$5.7 billion.
 - Delays in previous commitments in the amount of \$5.1 billion.
 - Shifting funds in the amount of \$3.4 billion.
 - Deferrals in the amount of \$2.1 billion.
- Proposes \$6.7 billion of adjustments to climate-related programs including: \$2.9 billion in reductions; \$1.9 billion in delays of expenditures to future years; \$1.8 billion in shifts to other funds, primarily the Greenhouse Gas Reduction Fund (GGRF).
- Includes new one-time funds for flood protection projects.
- Cuts water recycling funds by \$174.4 million and delays another \$100 million until 2025-26.
- Cuts the dam safety funding in half, from \$100 million to \$50 million.

- Reduces and/or reverts several coastal resiliency program funding.
- Reverts and reduces funding for watershed climate resilience programs.
- Proposes a reversion of \$71.6 million General Fund and reduction of \$30 million in 2024-25 for Per-and Polyfluoroalkyl support.

Legislation: Nossaman will be suggesting positions on bills as they are introduced. The bill introduction deadline is February 16, 2024.

Climate Change / Water Bond Negotiations: The Legislature is currently negotiating a climate change bond to be placed on the November 2024 ballot for the voters of California. The climate bond discussion was held over last year, as there was general agreement to make these bills two-year bills and continue the discussion in 2024. In order for a water bond to qualify for the November ballot, the Legislature would need to swiftly pass an agreed upon bond bill, and it would need to be signed by the Governor no later than June 27, 2024. We are advocating to ensure our projects are eligible and competitive for funding through the programs the bond proposes to allocate funding to.

Governor's Actions and Executive Orders: The following actions have been taken by the Governor since the last report. This list is compiled from CalOES, California Health and Human Services, California Department of Public Health, and FEMA.

- February 7 -Governor Gavin Newsom requested a Major Disaster Declaration from President Biden to support San Diego County as it recovers from severe winter storms in late January.
- February 4 - Governor Gavin Newsom proclaimed a state of emergency for eight counties in Southern California as a series of winter storms began impacting much of the state with high winds, damaging rain and heavy snowfall. The text of the proclamation can be found [here](#).

Water Quality:

Electronic Annual Report: Brown Bag Trainings: The State Water Board will host a series of Brown Bag Electronic Annual Report (eAR) Reporting Training throughout the eAR reporting period.

1. [Brown Bag #1](#) (Overview and Sections 1-4): February 7 at 10:00 am
2. [Brown Bag #2](#) (Sections 5,7, and AIR Reporting): February 14 at 10:00 am
3. [Brown Bag #3](#) (Section 8): February 21 at 10:00 am
4. [Brown Bag #4](#) (Sections 9-18 and Finalize): February 28 at 10:00 am

Fees: 2024 Drinking Water, Water Quality, and Water Rights: The State Water Board is holding a series of [stakeholder meetings](#) to discuss drinking water, water quality, and water rights fees.

1. Water Quality: March 7 from 9:00 – 11:00 am
2. Water Rights: March 7 from 1:00 – 3:00 pm
3. Drinking Water: March 8 from 9:00 – 11:00 am

Drinking Water and Clean Water State Revolving Fund: On January 30 and 31, the State Water Board posted the Draft Updated 2023-24 [Drinking Water State Revolving Fund](#) (DWSRF) and [Clean Water State Revolving Fund](#) (CWSRF) Intended Use Plan (IUP) Comprehensive Lists and Draft Updated 2023-24 DWSRF and CWSRF IUP Fundable Lists for public comment. Per the 2023-24 DWSRF and CWSRF IUPs, the Division of Financial Assistance will periodically update the Comprehensive Lists which also identify

those projects which are on the Fundable Lists. These updated Fundable Lists include all projects that may be eligible for grant or principal forgiveness under Appendices D and E, for consolidation incentive with a complete application, public health projects, estuary projects, or water recycling or stormwater projects. Comments due March 1

Hexavalent Chromium Maximum Contaminant Level: On January 31, the State Water Board released a [Notice of added materials to the list of Documents Relied Upon for the proposed Hexavalent Chromium \(Cr\(VI\)\) Maximum Contaminant Level \(MCL\) Regulations](#) and is making the additional documents available for public comment for 15 days prior to adoption of the proposed regulations. The proposed Cr(VI) MCL is 0.01 micrograms per liter (or 10 parts per billion). Comments due February 19. Anticipated adoption by State Water Board: April 2024.

Water Use Efficiency/Conservation:

Hydrologic Conditions: The [February 12th Water Resources Update](#) by the California Nevada River Forecast Center (CNRFC) concludes that February now seems to be the turning point for water supply, with more precipitation, cooler temperatures, and a growing snowpack. Although Sierra precipitation and snow water content remains a bit below average for this time in the water year, significantly above average rainfall over most of the state in the last couple of weeks has added substantially to what had been a well below normal statewide snowpack. CNRFC now expects most locations in the Sierra to see around 90-110% of average seasonal runoff in the April through July period. Current forecasts strongly favor above average precipitation for the rest of February. This follows a pattern for El Nino years, where after a slow start most of the annual precipitation occurs in January to March period. The Klamath basin is an exception to this trend with continued below average precipitation. The State Water Resources Control Board is keeping emergency water diversion restrictions in place and evaluating permanent regulations in two Klamath River tributaries (Shasta and Scott). On February 21 the State Water Board has scheduled its next update on the Current Hydrologic Conditions and Response.

State Water Board:

Long-term Water Conservation Standards Rulemaking: State Water Board staff are continuing to work on revising the regulatory text where staff has identified some consensus among their focus groups for support of certain changes. However, many significant elements remain to be resolved. The State Board staff continues to meet with Board members to refine their direction on these issues. Although the revised draft regulations were to be released by the end of this month, informal indications suggest that this now may not occur until April. Nossaman continues to engage to with leaders of the coalition of other water associations and water suppliers to discuss effective ways to advocate that the State Water Board make the significant changes which have been identified in comments and in the Legislative Analyst's Office report.

Olivenhain Legislative Report as of 2/9/2024

Close Watch

[AB 828](#) (Connolly D) Sustainable groundwater management: managed wetlands.

Last Amend: 1/11/2024

Status: 1/29/2024-Read third time. Passed. Ordered to the Senate. (Ayes 47. Noes 15.) In Senate. Read first time. To Com. on RLS. for assignment.

Location: 1/29/2024-S. RLS.

Summary: The Sustainable Groundwater Management Act requires all groundwater basins designated as high- or medium-priority basins by the Department of Water Resources to be managed under a groundwater sustainability plan or coordinated groundwater sustainability plans, except as specified. Current law defines various terms for purposes of the act. This bill would add various defined terms for purposes of the act, including the terms "managed wetland" and "small community water system."

Position

Close Watch

[AB 1879](#) (Gipson D) Electronic signatures.

Status: 1/23/2024-From printer. May be heard in committee February 22.

Location: 1/22/2024-A. PRINT

Summary: Current law authorizes, in any written communication with a public entity, the use of a digital signature, which is defined, in part, as a type of electronic signature, as defined. Under current law, a digital signature has the same force and effect as the use of a manual signature if it complies with specified requirements and the public entity elects to use a digital signature. Current law requires, at the option of the parties, the use or acceptance of a digital signature. This bill would require, at the option of the parties, the use or acceptance of an electronic signature, unless otherwise provided. Under the bill, a digital signature would also have the same force and effect as the use of a manual signature if it complies with the above-referenced requirements and the public entity's use of a digital signature is mandated.

Position

Close Watch

[AB 2079](#) (Bennett D) Sustainable Groundwater Management Act: groundwater basins.

Status: 2/6/2024-From printer. May be heard in committee March 7.

Location: 2/5/2024-A. PRINT

Summary: The Sustainable Groundwater Management Act authorizes the State Water Resources Control Board to designate a groundwater basin as a probationary basin if the state board makes a certain determination and to develop an interim plan for the probationary basin. The act requires that a local agency or groundwater sustainability agency have 180 days to remedy the deficiency if the board designates the basin as a probationary basin. This bill would make nonsubstantive changes to the latter provision.

Position

Close Watch

[SB 638](#) (Eggman D) Climate Resiliency and Flood Protection Bond Act of 2024.

Last Amend: 6/28/2023

Status: 7/6/2023-July 11 hearing postponed by committee.

Location: 6/15/2023-A. W., P. & W.

Summary: Would enact the Climate Resiliency and Flood Protection Bond Act of 2024 which, if approved by the voters, would authorize the issuance of bonds in the amount of \$6,000,000,000

pursuant to the State General Obligation Bond Law, for flood protection and climate resiliency projects.

Position
Close Watch

Support

[AB 1567](#) ([Garcia D](#)) Safe Drinking Water, Wildfire Prevention, Drought Preparation, Flood Protection, Extreme Heat Mitigation, Clean Energy, and Workforce Development Bond Act of 2024.

Last Amend: 5/26/2023

Status: 6/14/2023-Referred to Coms. on N.R. & W. and GOV. & F.

Location: 6/14/2023-S. N.R. & W.

Summary: Would enact the Safe Drinking Water, Wildfire Prevention, Drought Preparation, Flood Protection, Extreme Heat Mitigation, Clean Energy, and Workforce Development Bond Act of 2024, which, if approved by the voters, would authorize the issuance of bonds in the amount of \$15,995,000,000 pursuant to the State General Obligation Bond Law to finance projects for safe drinking water, wildfire prevention, drought preparation, flood protection, extreme heat mitigation, clean energy, and workforce development programs.

Position
Support

[SB 867](#) ([Allen D](#)) Drought, Flood, and Water Resilience, Wildfire and Forest Resilience, Coastal Resilience, Extreme Heat Mitigation, Biodiversity and Nature-Based Climate Solutions, Climate Smart Agriculture, Park Creation and Outdoor Access, and Clean Energy Bond Act of 2024.

Last Amend: 6/22/2023

Status: 7/6/2023-July 10 hearing postponed by committee.

Location: 6/20/2023-A. NAT. RES.

Summary: Would enact the Drought, Flood, and Water Resilience, Wildfire and Forest Resilience, Coastal Resilience, Extreme Heat Mitigation, Biodiversity and Nature-Based Climate Solutions, Climate Smart Agriculture, Park Creation and Outdoor Access, and Clean Energy Bond Act of 2024, which, if approved by the voters, would authorize the issuance of bonds in the amount of \$15,500,000,000 pursuant to the State General Obligation Bond Law to finance projects for drought, flood, and water resilience, wildfire and forest resilience, coastal resilience, extreme heat mitigation, biodiversity and nature-based climate solutions, climate smart agriculture, park creation and outdoor access, and clean energy programs.

Position
Support

Watch

[AB 305](#) ([Villapudua D](#)) California Flood Protection Bond Act of 2024.

Last Amend: 4/25/2023

Status: 6/14/2023-Referred to Coms. on N.R. & W. and GOV. & F.

Location: 6/14/2023-S. N.R. & W.

Summary: Would enact the California Flood Protection Bond Act of 2024 which, if approved by the voters, would authorize the issuance of bonds in the amount of \$4,500,000,000 pursuant to the State General Obligation Bond Law for flood protection projects, as specified. The bill would provide for the submission of these provisions to the voters at the November 5, 2024, statewide general election.

Position

Watch

AB 805 (Arambula D) Sewer service: disadvantaged communities.

Last Amend: 1/22/2024

Status: 1/30/2024-Read third time. Urgency clause adopted. Passed. Ordered to the Senate. (Ayes 76. Noes 0.). In Senate. Read first time. To Com. on RLS. for assignment.

Location: 1/30/2024-S. RLS.

Summary: Under current law, the State Water Resources Control Board and the 9 California regional water quality control boards regulate water quality in accordance with the Porter-Cologne Water Quality Control Act and the federal Clean Water Act. Current law authorizes a regional board to order the provision of sewer service by a receiving sewer system, as defined, to a disadvantaged community served by an inadequate onsite sewage treatment system, as defined. This bill would authorize the state board to require a sewer service provider to contract with an administrator designated or approved by the state board for administrative, technical, operational, legal, or managerial services to assist a designated sewer system with the provision of adequate sewer service, as defined. The bill would also authorize the state board to order a designated sewer system to accept those services, including full management and control of all aspects of the designated sewer system, from an administrator. The bill would define "designated sewer system" for these purposes as a sewer system that serves a disadvantaged community and that the state board finds to be either an inadequate sewage treatment system or a sewer system that has demonstrated difficulty in maintaining technical, managerial, and financial capacity to prevent fraud and mismanagement, or a sewer system that voluntarily accepts financial assistance for the provision of adequate sewer service.

Position

Watch

AB 1272 (Wood D) State Water Resources Control Board: drought planning.

Last Amend: 9/1/2023

Status: 9/14/2023-Withdrawn from Engrossing and Enrolling. Ordered to the Senate. In Senate. Held at Desk.

Location: 9/14/2023-S. DESK

Summary: Would require the State Water Resources Control Board, in consultation with the Department of Fish and Wildlife, to adopt principles and guidelines for diversion and use of water in coastal watersheds, as specified, during times of water shortage for drought preparedness and climate resiliency. The bill would require that the principles and guidelines allow for the development of locally generated watershed-level plans to support public trust uses, public health and safety, and the human right to water in times of water shortage, among other things. The bill also would require the state board, prior to adopting those principles and guidelines, to allow for public comment and hearing, as provided. The bill would make the implementation of these provisions contingent upon an appropriation of funds by the Legislature for this purpose.

Position

Watch

AB 1851 (Holden D) Drinking water: schoolsites: lead testing pilot program.

Status: 1/29/2024-Referred to Coms. on E.S. & T.M. and ED.

Location: 1/29/2024-A. E.S. & T.M.

Summary: Would require the Superintendent of Public Instruction to contract with a nonprofit technical assistance organization, for purposes of a pilot program applicable to unspecified school districts, to sample all potable water system outlets on the campuses of the school district for lead contamination, except as provided, and to identify and remediate any potable water system outlet emitting water containing lead levels in excess of 5 parts per billion. The bill would require the nonprofit technical assistance organization, if sampling results show lead levels in excess of 5 parts per billion for any potable water system outlet, to take immediate steps to shut down all potable water system outlets where excess lead levels may exist and to work to ensure that a lead-free source of drinking water is provided for pupils at each potable water system outlet that has been shut down.

Position

Watch

AB 2000 (Mathis R) State Water Project: permit and license conditions.

Status: 1/31/2024-From printer. May be heard in committee March 1.

Location: 1/30/2024-A. PRINT

Summary: Under current law, the State Water Resources Control Board administers a water rights program pursuant to which the State Water Resources Control Board grants permits and licenses to appropriate water. Current law requires the director of the department, in collaboration with the Secretary of the Interior, to prepare a plan, on or before January 1, 2006, to meet the existing permit and license conditions for which the department has an obligation, and to submit copies of the plan to the state board and the California Bay-Delta Authority prior to increasing the existing permitted diversion rate at the State Water Project's Harvey O. Banks Pumping Plant. This bill would make a nonsubstantive change to the latter provision.

Position
Watch

AB 2171 (Bennett D) Water: Department of Water Resources.

Status: 2/8/2024-From printer. May be heard in committee March 9.

Location: 2/7/2024-A. PRINT

Summary: Current law establishes in the Natural Resources Agency the Department of Water Resources, which is under the control of the Director of Water Resources. Current law provides for the appointment of the director by the Governor, subject to confirmation by the Senate. This bill would make nonsubstantive changes to that provision.

Position
Watch

AB 2172 (Wallis R) Irrigation districts: water distribution.

Status: 2/8/2024-From printer. May be heard in committee March 9.

Location: 2/7/2024-A. PRINT

Summary: The Irrigation District Law requires all water distributed by districts for irrigation purposes, except as provided, to be apportioned ratably to each landowner upon the basis of a specified ratio. The law also authorizes the landowner to assign for use within the district the right to the whole or any portion of the water apportioned to that landowner. This bill would make nonsubstantive changes to that authorization.

Position
Watch

AB 2214 (Bauer-Kahan D) Resource conservation districts.

Status: 2/8/2024-From printer. May be heard in committee March 9.

Location: 2/7/2024-A. PRINT

Summary: Current law authorizes the formation of resource conservation districts for the control of runoff, the prevention or control of soil erosion, the development and distribution of water, and the improvement of land capabilities. Current law authorizes a resource conservation district to, among other things, facilitate coordinated resource management efforts for watershed restoration and enhancement, but prohibits a district from conserving water for power purposes and from producing or distributing power for its own use or for the use of others. This bill would make nonsubstantive changes to the latter provision.

Position
Watch

ACA 2 (Alanis R) Public resources: Water and Wildfire Resiliency Act of 2023.

Status: 4/20/2023-Referred to Coms. on W., P., & W. and NAT. RES.

Location: 4/20/2023-A. W., P. & W.

Summary: Would establish the Water and Wildfire Resiliency Fund within the State Treasury, and would require the Treasurer to annually transfer an amount equal to 3% of all state revenues that may be appropriated as described from the General Fund to the Water and Wildfire Resiliency Fund. The measure would require the moneys in the fund to be appropriated by the Legislature and would require that 50% of the moneys in the fund be used for water projects, as specified, and that the other 50% of the moneys in the fund be used for forest maintenance and health projects, as specified.

Position
Watch

AJR 12

(Alvarez D) Tijuana River: cross-border pollution.

Status: 2/5/2024-Referred to Com. on E.S. & T.M.

Location: 2/5/2024-A. E.S. & T.M.

Calendar: 2/20/2024 Upon adjournment of Session - State Capitol, Room
444 ASSEMBLY ENVIRONMENTAL SAFETY AND TOXIC MATERIALS, GARCIA, EDUARDO, Chair

Summary: Would, among other things, urge the United States Congress to support President Joseph R. Biden's \$310,000,000 supplemental funding request for the United States Section of the International Boundary and Water Commission due to the ongoing impacts to public health, the environment, and the local economy caused by cross-border pollution in the Tijuana River Valley and would urge President Joseph R. Biden to declare a national emergency due to those ongoing impacts.

Position

Watch

Total Measures: 16

Total Tracking Forms: 16

Memo

G, H

To: Olivenhain Municipal Water District Board of Directors

Subject: INFORMATIONAL REPORTS

TWELVE MONTH CALENDAR / OTHER MEETINGS /

REPORTS / BOARD COMMENTS

Any report will be oral at the time of the Board meeting. Please refer to the TWELVE MONTH Calendar (attached) for meetings attended.

TWELVE MONTH CALENDAR OF EVENTS (AS OF 2/14/24)

Date(s)	Event	Time	Location	Attending Board Member(s)	Additional Information (Speakers' Topic, Cohosts, etc.)
<u>JANUARY 2024</u>					
22-Jan	ACWA Region 10 Meeting	10:00 AM - 12:00 PM	Santa Fe Irrigation District & Virtual	Meyers	
24-Jan	Safety Committee Meeting	2:30 PM	Boardroom	Hahn, Meyers	
27-Jan	AB 1825 Harassment Training		Target Solutions	Watt	
29-Jan	AB 1234 Ethics Training		FPPC Website	Watt	
<u>FEBRUARY 2024</u>					
5-Feb	Meeting with Director Watt RE: Finance Pre-Brief and OMWD Issues			Watt	
7-Feb	Finance Committee Meeting	2:00 PM	Boardroom	Meyers, Watt	
13-Feb	Conference Call with Director Guerin RE: Guidance on Leg. Tour			Guerin	
15-Feb	Conference Call with Director Meyers RE: MWD and Board Meeting			Meyers	
15-Feb	CSDA Quarterly Dinner	6:00 - 9:00 PM	The Butchershop Steakhouse	San Antonio	
20-Feb	Board Meeting Pre-Briefing			Hahn	

Memo

To: Olivenhain Municipal Water District Board of Directors

Subject: INFORMATIONAL REPORTS

CORRESPONDENCE

Any correspondence is attached.

Your thoughtfulness
means so very much



Thank you so much for the
beautiful flower arrangement
you sent to the Wasket service.

Our family is very grateful.
Joe & Pat Wasket children

From: Jeremy [REDACTED]
Sent: Friday, January 12, 2024 1:11 PM
To: Teresa Chase <TChase@olivenhain.com>
Subject: RE: Thank you for joining us for a tour-feedback?

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

I am so very appreciative of the tour opportunity yesterday! The presentations by staff at the three locations were incredibly informative in helping understand the OMWD system. Very grateful for you Teresa and all of the other staff at OMWD for taking time out of our busy schedules to host us and help us better understand all that goes in to providing safe and reliable water for your customers. It is one thing to see pictures or financials on a water bill, but it is completely different to experience the operation in person to truly understand the magnitude and complexity of these systems, and to truly understand the incredible value being provided by OMWD to its customers.

So grateful for the tour Teresa!

Best,
Jeremy

Board of Directors

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



General Manager
Kimberly A. Thorner, Esq.
General Counsel
Alfred Smith, Esq.

February 1, 2024

The Honorable Michael S. Regan, Administrator
US Environmental Protection Agency
1200 Pennsylvania Avenue NW
Washington, DC 20460

Re: US Environmental Protection Agency National Primary Drinking Water Regulations for Lead and Copper: Improvements – Docket ID No. EPA-HQ-OW-2022-0801

Dear Administrator Regan,

Olivenhain Municipal Water District appreciates the opportunity to provide input on the US Environmental Protection Agency's National Primary Drinking Water Regulations for Lead and Copper: Improvements (88 Fed. Reg. 84,878 (Dec. 6, 2023)). OMWD provides 87,000 customers in northern San Diego County with water, wastewater, recycled water, hydroelectric, and recreational services.

OMWD is dedicated to providing safe drinking water in compliance with federal and state standards to all of its customers. We appreciate the EPA's efforts to protect public health by reducing lead exposure in drinking water. Reducing lead in drinking water requires a collaborative effort by many parties, including federal and state regulators, water agencies, and consumers.

While OMWD supports voluntary programs and outreach to encourage customers to replace their lead pipes and fixtures, we maintain serious concerns with the proposed lead service line replacement requirements. In particular, we are unsettled and disappointed by the unprecedented transfer of liability and costs to the public associated with replacing a customer-owned service line, and we ask the EPA to consider the following comments.

Shifting financial responsibility for the replacement of private lead service lines to water agencies is deeply concerning. Public water agencies are local government, not-for-profit entities, only able to charge for the cost of providing a service, such as delivering safe, reliable water to residences and businesses. As such, placing the financial burden of customer service line replacement on water agencies is unsustainable. The potential increase in operational expenses would lead to elevated water rates, burdening ratepayers with replacing, fixing, or maintaining privately owned plumbing, which is labor-intensive and costly. Accessing and working on customers' private plumbing also presents legal hurdles and significantly increases a water agency's liability. Additionally, local and/or state ordinances and laws



may prohibit the use of public funds for financing the replacement of private service lines, and this action potentially violates the requirements of California's Proposition 218.

For OMWD, any copper/lead piping on private property would not have been installed by OMWD, so it stands to reason that OMWD should not be held accountable for replacing these pipes due to a developer's choice of materials, over which OMWD had no control. Becoming directly responsible for the replacement of this private plumbing would not only hinder OMWD's ability to transfer risk of any future leaks and associated property damage, but it would also place a considerable financial strain on OMWD's resources.

For example, a recent incident at a private property within OMWD's service area resulted in damages exceeding \$100,000, which may not be covered by insurance. Incidents like this could become commonplace, exposing water agencies to the potential for substantial financial loss. In addition, obtaining affordable insurance premiums has become more challenging for water agencies in recent years due to wildfire and flood damage across the US. Further increasing exposure may put agencies at risk of being unable to maintain adequate coverage to protect public property and assets.

Gaining access to thousands of people's properties would require the cooperation of the homeowners, be extremely time consuming for staff, present legal hurdles, and further increase an agency's liability. While a water agency may make reasonable attempts to inform customers of the presence of lead service lines within their home, it ultimately should be the responsibility of the customer to hire a qualified contractor to perform any replacement work on private property. As public records of service lines installed on private property are very limited, incomplete, or inaccurate, it would be extremely difficult to assess the costs of replacing said service lines and source the needed replacement materials in an effective manner. It is, and should remain, the job of private contractors or other plumbing experts familiar with residential systems to conduct this analysis.

Additionally, customer lines are typically installed before driveways, sidewalks, and landscaping. Replacing private lines will likely require replacement and repair of the private property damaged in the process. If a water agency that provides only drinking water is required to disturb the infrastructure owned/maintained by another entity, they could be held responsible for replacing the damaged property.

We appreciate the funding that has already been allocated to service line replacement programs in disadvantaged communities. EPA should continue to advocate for additional federal funding for grants or tax rebates that can be accessed by households with varying income levels to correct issues on their own properties.

Additionally, we suggest that EPA consider proposing a national policy that lead service line replacements become a requirement for closing or transferring real estate, as a part of the home inspection, and that lead service lines must be replaced by the seller prior to completing the sale. This would put the onus on the property owner to remove lead service lines.

Water agencies have expended significant capital and staff hours inventorying their water systems and replacing public service lines. Let us not further burden ratepayers by opening the door for added liability and increased operational costs that will further exacerbate the water affordability issues already facing communities across the nation. Removing the requirement for water agencies to remove lead

from private plumbing can help avoid setting a dangerous precedent for future rulemaking, setting up agencies for liability exposure for leaks and damage for decades to come. Once local agencies become accountable for replacing service lines on the customer side, what else might they be required to be responsible for in a private home or business moving forward? Anything further will need to be paid for through water rate increases.

While we do not support the proposal to require water agencies to offer service line replacement, OMWD is grateful for EPA's acknowledgment that some customers will not be receptive to water agency outreach, or able or willing to replace their service lines. EPA is proposing that "where customer consent is required by State or local law or water tariff agreement, the system would be required to make a reasonable effort to obtain property owner consent." As proposed, reasonable effort would include at least four customer outreach attempts using at least two different communication methods. Requiring four outreach attempts by an agency would increase the burden on the agency without adding known public health benefits. Therefore, OMWD suggests the outreach attempts are reduced to two, as under the existing Lead and Copper Rule Revisions.

Additionally, EPA is soliciting feedback on how to handle lines on properties where the customer has objected to their service line being replaced. Previous stakeholders emphasized the safety concerns for utility staff in dealing with this potentially hostile situation. If the replacement requirements proceed as proposed, we suggest that the lines on properties where customers object to their replacement be deemed as not "under the control of" the water system and forego replacement of the lines.

Through Assembly Bill 746 (2017) and Assembly Bill 2370 (2018), California created separate requirements for testing of licensed childcare facilities and K-12 Schools, which differ from the LCRR. The testing that California water agencies have already completed to comply with the California requirement is adequate to comply with the provisions of the Lead and Copper Rule Improvements. OMWD believes that EPA should recognize the importance of these efforts in California and not invalidate or duplicate the state's ongoing programs to address lead in schools and childcare facilities. Waiver requirements should be revised to allow for sampling that was done in accordance with AB 746 and AB 2370 to qualify for a waiver for the first five-year cycle of sampling in schools and childcare facilities.

EPA also requested comment on the proposed determination that water systems can provide consumer notices of individual tap sampling results within three calendar days, or if a longer time frame is needed. OMWD is concerned that three calendar days will not be sufficient time to notify customers of their results in some situations. For example, a water agency could receive sampling results on the eve of a three-day holiday weekend which limits the feasibility of meeting the notification requirement. We request that the tap sampling result notification requirements be revised to require water agencies to deliver results that indicate a lead or copper action level exceedance within three business days. Agencies should deliver tap sampling results that do not indicate an action level exceedance to consumers within seven calendar days.

Extending the LCRR compliance date past October 16, 2024 would allow additional time for water agencies to better prepare to implement the numerous requirements of the LCRR and LCRI. OMWD supports EPA's proposal for a three-year compliance deadline for the LCRI as well as extending the time allowed for the majority of LCRR requirements.

As detailed above, OMWD urges EPA to make additional changes to the LCRI to improve the ability of water agencies to implement the rule without increasing liability exposure, and without shifting costs to the communities and citizens they serve. If you or your staff should need any additional details pertaining to this assessment, please do not hesitate to contact me at 760-753-6466 or kthorner@olivenhain.com.

Regards,

A handwritten signature in blue ink, reading "Kimberly A. Thorner". The signature is fluid and cursive, with the first name being the most prominent.

Kimberly A. Thorner
General Manager



DEAR OMWD BOARD OF DIRECTORS,

THE INTERPRETIVE CENTER ADVISORY COMMITTEE WOULD LIKE TO EXTEND OUR GREAT APPRECIATION FOR ALL OF THE TIME, HARD WORK, AND MONEY NEEDED TO REPAIR THE SOLAR PANEL PARTS TO ENSURE COMMUNITY MEMBERS AND BLONDIDO UNION SCHOOL DISTRICT STUDENTS ARE ABLE TO UTILIZE AND APPRECIATE THE WONDERFUL RESOURCES THAT THE INTERPRETIVE CENTER HAS TO OFFER. YOUR HARD WORK DOESN'T GO UNNOTICED!

Kelli Kelly

*Rich Riemer
Melody Colombo*

Ariel Reed

Jeff Swenerton

Ja Shu

*On behalf of all the Docents
& IC visitors... Thank-Yw!*

*Adeua
Becker-Capitano*



January 31, 2024

Olivenhain Municipal Water District and Employees
Olivenhain Municipal Water District
1966 Olivenhain Road
Encinitas, CA 92024-5699

Dear Friends,

As we greet the New Year, please accept our sincerest appreciation for your unwavering support from the entire Water For People team.

We're pleased to provide you with a summary of your giving for tax purposes. Thank you for your donations of \$1,776.00 in calendar year 2023. We've accomplished so much together because of your generous support:

- 248,388 people reached with new or improved water services.
- 492,561 people reached with new or improved sanitation services.
- 163 schools with access to improved water, sanitation and hygiene.
- 21 health clinics with access to improved water, sanitation and hygiene, and more!

This progress means that more kids stay in school, fewer people get sick from waterborne diseases, and those who walked for hours for water each day can now work, play, and be with their families.

Here's what your support means to Anita, a mother who lives in a rural mountain community in Sapuc, northern Peru, home to 80 families.

"We walked two hours every morning to the river to wash clothes and bring water so our families could drink. Women would climb hills, cross narrow bridges, and hike down to the base of mountains daily. I've been carrying water jugs over my head since I was a child. When I got to school, I was exhausted."



Anita with her daughter

Supporters like you helped make it possible to install a tank connected to a water system, which now pipes water from the top of the mountains to the town. Anita now has water in her home for the first time in her life and no longer must make the long walk for water.

With your continued partnership, we will help change more lives like Anita's in the year ahead as we scale and strengthen our work to accelerate progress toward universal water and sanitation services for all.

With gratitude,

Samson Hailu Bekele
Co-Chief Executive Officer

Mark Duey
Co-Chief Executive Officer

No goods or services were provided in exchange for the donations indicated above. Water For People is a charitable 501(c)3 organization with Tax ID 84-1166148. All gifts are tax-deductible within the extent of the law.

Memo

To: Olivenhain Municipal Water District Board of Directors

Subject: AUTHORIZATION TO ATTEND UPCOMING MEETINGS /
CONFERENCES / SEMINARS

The Board may desire to attend a meeting that requires Board approval.

Memo

To: Olivenhain Municipal Water District Board of Directors

Subject: FUTURE AGENDA ITEMS

The Board may have items to be considered at a Future Board meeting.

Memo

To: Olivenhain Municipal Water District Board of Directors

Subject: CONSIDER PUBLIC COMMENTS

There may be public comments before the Board meeting is adjourned.

Memo

To: Olivenhain Municipal Water District Board of Directors

Subject: CLOSED SESSION

It may be necessary to go into Closed Session.

Memo

To: Olivenhain Municipal Water District Board of Directors

Subject: OPEN SESSION

Memo

To: Olivenhain Municipal Water District Board of Directors

Subject: ADJOURNMENT

We are adjourned.

The Elfin Forest Is A California Wonder You've Probably Never Heard Of

california.com/the-elfin-forest-is-a-california-wonder-youve-probably-never-heard-of/



Nestled within [San Diego County](#) lies a remarkable natural oasis known as Elfin Forest. This 784-acre reserve, a testament to nature's splendor, offers a unique blend of recreational activities and serene beauty. Elfin Forest is not just a haven for outdoor enthusiasts, but a vital component in the region's water management and environmental conservation efforts.

A Natural Haven for Outdoor Activities

Opened to the public in 1992, Elfin Forest provides a diverse range of outdoor activities. With approximately 11 miles of trails, it is a paradise for hikers, mountain bikers, and equestrian riders. These trails meander through various natural landscapes, including oak riparian, oak woodland, coastal sage scrub, and chaparral, each offering its unique flora and fauna. The trails are well-maintained and cater to different skill levels, ensuring that everyone from beginners to seasoned adventurers can enjoy the beauty of the reserve.



Elfin Forest lives up to its name by being a majestic location within southern California.

Scenic Views and Picnic Spots

One of the highlights of Elfin Forest is its scenic beauty. The reserve boasts six designated overlooks, each providing breathtaking views. Visitors can gaze upon the vast Pacific Ocean, the distant [Channel](#) and [Coronado Islands](#), and the majestic Laguna and San Bernardino mountain ranges. The overlooks, equipped with shade structures and picnic tables, are perfect spots to relax and soak in the natural beauty or enjoy a picnic with friends and family. The Olivenhain Dam and Reservoir, also visible from these points, remind visitors of the critical role this reserve plays in the region's water management.

Rich Ecosystem and Protected Wildlife

Elfin Forest is more than just a recreational area; it's a sanctuary for diverse wildlife and native plant communities. The reserve's management places a strong emphasis on protecting its natural resources. This commitment ensures that future generations can also experience and appreciate the wonders of this ecological treasure. The diverse habitats within the reserve support a variety of wildlife, offering visitors a chance to connect with nature in a meaningful way.



We highly suggest checking out Elfin Forest while going on your southern California nature trips.

The Escondido Creek Watershed

Another unique aspect of Elfin Forest is its location within the Escondido Creek watershed. This year-round flowing creek runs adjacent to the reserve's staging area, providing a serene backdrop for visitors as they embark on their journey from the trailhead. The presence of the creek adds to the ecological diversity of the area, supporting various aquatic and riparian species.

Understanding the needs of its visitors, Elfin Forest is equipped with several amenities to enhance the outdoor experience. Portable restrooms and drinking fountains are available, ensuring comfort during your exploration. The reserve's thoughtful design and facilities make it an ideal destination for day-long excursions, whether you're hiking, biking, horseback riding, or simply seeking a peaceful retreat from the urban hustle.

Recomended businesses

Show me California.com
Recommended Businesses near

Discover the best of California. Our recommended businesses are top-quality and are committed to their communities.

Elfin Forest represents one of the few remaining rural areas in North County [San Diego](#). Its combination of natural beauty, recreational opportunities, and commitment to environmental stewardship makes it a must-visit location. Whether you're an avid outdoor enthusiast or just someone looking to spend a day surrounded by nature's beauty, Elfin Forest offers an experience that is both enriching and unforgettable.

In conclusion, Elfin Forest is not just a reserve; it's a vibrant, living ecosystem that invites visitors to explore, relax, and connect with the natural world. Its trails, scenic views, and protected habitats make it a jewel in the crown of San Diego County's natural resources, a place where the harmony between recreational use and environmental conservation is beautifully exemplified.