

**AMENDED - 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 ONLY**

**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, MARCH 17, 2021

TIME: 4:00 P.M.

PLACE: Remote Regular Meeting VIA TELECONFERENCE ONLY

Pursuant to the State of California Executive Order N-35-20, and in the interest of public health, OMWD is temporarily taking actions to mitigate the COVID-19 pandemic by holding Board Meetings electronically or by teleconference. The Boardroom will not be open to the public for this meeting.

To join this meeting via phone, please dial:

(669) 900-9128 or (346) 248-7799

Meeting ID: 849 2072 8288 and Password: 235767

Public Participation/Comment: Members of the public can participate in the meeting by emailing your speaker slip on an agenda item to the Board Secretary at skaufmann@olivenhain.com by 3:00 P.M. the day of the meeting. If you do not receive a confirmation email that your comment has been received, please call (760) 632-4648. The subject line of your email should clearly state the item number you are commenting on and should include your name and phone number to ensure you are called on and have the opportunity to comment. 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 and Promotions from 2020

- * Marcus Barard – Cathodic Protection Technician – Promotion – March 2020
- * Justin Fichtelman – Valve Maintenance Technician I – 5 years – March 2020
- * Jeff Herrmann – Field Services Technician I – Lateral Transfer – March 2020
- * Tim Sheppard – Backflow and Cross Connection Coordinator I – Rehire – March 2020

Current Service Awards, Promotions and Honorable Mentions

- * Colette Barrow – Operations Coordinator – Promotion – February 2021
- * George Lomeli – Field Services Technician I – New Hire – February 2021
- * Giovanni Santana – Utility I – New Hire – March 2021
- * Cathy Collier – Project Accountant II – Retirement – 25 Years of Service
- * GFOA Distinguished Budget Presentation Award

8. CONSIDER APPROVAL OF THE MINUTES OF THE FEBRUARY 10, 2021 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; AND REIMBURSEMENT OF EXPENSES TO BOARD MEMBERS AND STAFF
C-b	CONSIDER ADOPTION OF A MOTION APPROVING THE DISTRICT'S CONSOLIDATED STATEMENT OF NET POSITION, CONSOLIDATED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION, CONSOLIDATED STATEMENT OF CASH FLOWS, CONSOLIDATED ACTUAL VS BUDGET SUMMARY, AND CONSTRUCTION IN PROGRESS REPORT
C-c	CONSIDER NOMINATIONS FOR THE CALIFORNIA SPECIAL DISTRICTS ASSOCIATION BOARD OF DIRECTORS
C-d	CONSIDER APPROVAL OF THE TENTH AMENDMENT TO THE AGREEMENT FOR JOINT COST SHARING BETWEEN OLIVENHAIN MUNICIPAL WATER DISTRICT, CARLSBAD MUNICIPAL WATER DISTRICT, VALLECITOS WATER DISTRICT, CITY OF OCEANSIDE, LEUCADIA WASTEWATER DISTRICT, SAN ELIJO JOINT POWERS AUTHORITY, RINCON DEL DIABLO MUNICIPAL WATER DISTRICT, SANTA FE IRRIGATION DISTRICT, AND CITY OF ESCONDIDO FOR JOINT FEDERAL LEGISLATIVE OUTREACH EFFORTS PERTAINING TO THE NORTH SAN DIEGO COUNTY REGIONAL RECYCLED WATER PROJECT
C-e	CONSIDER APPROVAL OF THE TENTH AMENDMENT TO THE CONSULTING PROFESSIONAL SERVICES AGREEMENT WITH BLUEWATER STRATEGIES LLC FOR LEGISLATIVE OUTREACH SERVICES PERTAINING TO THE NORTH SAN DIEGO COUNTY REGIONAL RECYCLED WATER PROJECT

C-f	CONSIDER ACCEPTANCE OF THE ELFIN VISTA LANE LOT 1 WATER SERVICE RELOCATION AND ABANDON EXISTING WATER SERVICE PROJECT (BAUMGARTNER FAMILY SURVIVORS 1992 TRUST) INTO THE DISTRICT’S SYSTEM AND ORDER A NOTICE OF COMPLETION FILED
C-g	CONSIDER ACCEPTANCE OF THE 1170 VIA DI FELICITA ROAD WATER SERVICE INSTALL PROJECT (AMANDA GOODMAN PAPAY) INTO THE DISTRICT’S SYSTEM AND ORDER A NOTICE OF COMPLETION FILED
C-h	CONSIDER ACCEPTANCE OF THE 4S RANCH WATER RECLAMATION FACILITY CLARIFIER DRIVE REPLACEMENT PROJECT (REBUILD-IT SERVICES GROUP, LLC) INTO THE DISTRICT’S SYSTEM AND ORDER A NOTICE OF COMPLETION FILED
C-i	CONSIDER A RESOLUTION CONCURRING THE NOMINATION OF MELODY MCDONALD TO THE EXECUTIVE COMMITTEE OF THE ASSOCIATION OF CALIFORNIA WATER AGENCIES JOINT POWERS INSURANCE AUTHORITY
C-j	CONSIDER APPROVAL OF A FIFTH AMENDMENT TO THE ORIGINAL PURCHASE AGREEMENT WITH THE ESCONDIDO CREEK CONSERVANCY FOR THE PURCHASE OF APN 223-081-04-00, 223-081-05-00, 223-082-23-00, AND 223-082-04-00 (GATY PARCELS) AND AUTHORIZE THE GENERAL MANAGER TO SIGN ON BEHALF OF THE DISTRICT
C-k	CONSIDER APPROVAL OF AGREEMENTS WITH KYOCERA DOCUMENT SOLUTIONS AND US BANK FOR MANAGED PRINT SERVICES IN THE AMOUNT OF \$1,876.50 PER MONTH FOR 60 MONTHS AND AUTHORIZE THE GENERAL MANAGER TO SIGN ON BEHALF OF THE DISTRICT

10. CONSIDER SETTING A TIME AND PLACE FOR A PUBLIC HEARING TO CONSIDER ADOPTING INCREASES IN THE RATES FOR OLIVENHAIN MUNICIPAL WATER DISTRICT WASTEWATER SERVICE FEES EFFECTIVE JULY 1, 2021 AND AN ORDINANCE AUTHORIZING THE DISTRICT TO PASS THROUGH INCREASES TO THE DISTRICT’S COST OF OPERATIONS AND MAINTENANCE AND CAPITAL FACILITIES (Public Hearing tentatively scheduled for May 19, 2021 – 5:30 p.m.)
11. CONSIDER ADOPTION OF AN ORDINANCE AMENDING THE DISTRICT’S ADMINISTRATIVE AND ETHICS CODE (Article 8 – Water Rates and Charges) TO TAKE EFFECT ON APRIL 1, 2021
12. CONSIDER ADOPTION OF A RESOLUTION MAKING CEQA EXEMPTION FINDINGS FOR THE WATER RATE INCREASES AND DEMAND REDUCTION RATE ADJUSTMENTS AND ORDERING A NOTICE OF EXEMPTION BE FILED WITH THE COUNTY CLERK OF THE COUNTY OF SAN DIEGO
13. CONSIDER APPROVAL OF A THREE-YEAR AGREEMENT WITH NOBEL SYSTEMS, INC. FOR CONTINUED SERVICE ON THE DISTRICT’S GEOGRAPHIC INFORMATION SYSTEM AND ENTERPRISE ASSET MANAGEMENT INTEGRATION SUPPORT IN THE AMOUNT OF \$447,480 AND AUTHORIZE THE GENERAL MANAGER TO SIGN ON BEHALF OF THE DISTRICT
14. CONSIDER APPROVAL OF CHANGE ORDER NO. 6 WITH C.E. WILSON CORPORATION IN THE AMOUNT OF \$28,400, APPROPRIATE \$50,000 TO THE VALVE REPLACEMENT PROJECT BUDGET, AND AUTHORIZE THE GENERAL MANAGER TO SIGN ON BEHALF OF THE DISTRICT
15. CONSIDER AGREEMENT WITH AQUAI TECHNOLOGIES FOR PARTICIPATION IN INDOOR WATER CONSUMPTION PILOT STUDY

16. CONSIDER REPORT ON EQUALIZED AND LEVELIZED BILLING (INFORMATIONAL ITEM)
17. CONSIDER APPROVAL OF 2021 ANNUAL OBJECTIVE GOAL No. 1 STRETCH OBJECTIVE No. 11 – REVISIONS TO THE EXISTING DEVELOPER AGREEMENT
18. CONSIDER UPDATE ON THE COVID-19 EMERGENCY DECLARATION
19. INFORMATIONAL REPORTS
 - A. PRESIDENT
 - B. GENERAL MANAGER
 - C. CONSULTING ENGINEER
 - D. GENERAL COUNSEL
 - E. SAN DIEGO COUNTY WATER AUTHORITY REPRESENTATIVE
 - F. LEGISLATIVE
 - G. TWELVE MONTH CALENDAR / OTHER MEETINGS / REPORTS BY BOARD MEMBERS PER AB 1234
20. CORRESPONDENCE
21. AUTHORIZATION TO ATTEND UPCOMING MEETINGS / CONFERENCES / SEMINARS
22. FUTURE AGENDA ITEMS
23. CONSIDER PUBLIC COMMENTS
24. CLOSED SESSION
 - A) CONSIDER CLAIM – HILLSIDE PATIO HOMES HOA [PURSUANT TO GOVERNMENT CODE SECTION 54956.9] • Additional Facts: Claim received on August 17, 2020. Claim rejected on September 9, 2020.
 - B) CONSIDER LITIGATION – LYNXT ENTERPRISES, LLC VS. PARS SORRENTO VALLEY SCIENCE PARK 1, LP [PURSUANT TO GOVERNMENT CODE SECTION 54956.9] • Additional Facts: OMWD was served a complaint as a nominal defendant.
 - C) CONSIDER POTENTIAL LITIGATION – ONE CASE [PURSUANT TO GOVERNMENT CODE SECTION 54956.9]
 - D) CONSIDER POTENTIAL LITIGATION – GEOMAT TESTING LABORATORIES, INC. [PURSUANT TO GOVERNMENT CODE SECTION 54956.9] • Additional Facts: Submitted claim on December 4, 2019.
25. OPEN SESSION
26. ADJOURNMENT



Memo

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

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

Memo

Date: March 17, 2021
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; AND REIMBURSEMENT OF EXPENSES TO BOARD MEMBERS AND STAFF**

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

- February 2021 Summary of payment of listed warrants from the District's checking account and listed transfer of funds.
- February 2021 Monthly Summary of Reimbursement Expenses to Board Members and Staff.
- January 2020 Monthly Investment Report

Olivenhain Municipal Water District
Proposed Motions for March 17, 2021 Board of Directors Meeting
February 2021 Activities
Consent Calendar Item # C-a

Proposed Motions:

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

Regular Account	warrants	027634 ✓	to	027846 ✓	\$	2,358,792.31 ✓
	ACH Payments - Payroll					186,423.32
	Wire - SDCWA - Monthly Purchased Water Payment					2,198,705.62
	ACH Payments - Payroll					185,839.39
	ACH Payments - RAD 96-1 Payment					651,991.40
	ACH Payments - ACWA JPIA - Health Insurance					128,551.98
						<hr/>
					\$	5,710,304.02 ✓

Major Category of Disbursements

Total disbursements from the District's checking account:

\$ 2,358,792.31

Following is a breakdown of this total by major categories:

Category

Outside services	\$	1,593,590.71
Inventory and supplies		346,333.70
Utilities		117,775.76
Repairs and maintenance		262,181.76
Other		3,702.28
Refunds		13,609.56
Permit Fees		11,394.70
Insurance		10,203.84

Total \$ 2,358,792.31 ✓

Sincerely,



Rainy K. Selamat/Finance Manager

Olivenhain Municipal Water District
Proposed Motions for March 17, 2021 Board of Directors Meeting
February 2021 Activities

California Bank and Trust

Regular Account

warrants	027634	to	027846	\$	2,358,792.31
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2/4/2021 ACH Payments - Payroll	186,423.32
2/16/2021 Wire - SDCWA - Monthly Purchased Water Payment	2,198,705.62
2/18/2021 ACH Payments - Payroll	185,839.39
2/23/2021 ACH Payments - RAD 96-1 Payment	651,991.40
2/25/2021 ACH Payments - ACWA JPIA - Health Insurance	128,551.98
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	\$ 5,710,304.02

Approved:

For Board Consideration and Approval

Olivenhain Olivenhain Municipal Water District
February 2021 Warrant List

Number	Date	Name	Amount	Inv Reference	Multiple Invoices?
027634	2/3/2021	Aflac	1,691.22	FS005, 1/10/2021	
027635	2/3/2021	AG Tech Llc	1,533.96	BIOSOLIDS WASTE DISPOSAL	
027636	2/3/2021	AToM Engineering Constr. Inc	158,181.89	Construction Morning Sun PRS Abandon	Yes
027637	2/3/2021	Aztec Landscaping, Inc.	11,323.00	LANDSCAPE MAINTENANCE	Yes
027638	2/3/2021	Boyd Fasteners	1,090.51	SUPPLIES	Yes
027639	2/3/2021	California State Disbursement Unit	123.23	ED100514-2/4/2021	
027640	2/3/2021	City Treasurer	10,663.30	AED SERVICES	Yes
027641	2/3/2021	Marvin Cohen	120.00	D3 CERT RENEWAL REIMB	
027642	2/3/2021	CV Automotive Group	37,849.71	2021 Ford F-250 C/C 4X2 Truck V-8 Eng.	Yes
027643	2/3/2021	Dudek	3,534.90	4SWRF Biological Process Opt. Engineering Services	Yes
027644	2/3/2021	Edco Waste & Recycling	146.81	25-4A 706676	
027645	2/3/2021	Encina Wastewater Authority	9,295.00	WATER SAMPLES	
027646	2/3/2021	Gallade Chemical	2,874.96	WTP CHEMICALS	
027647	2/3/2021	Harrington Industrial	307.24	WTP SUPPLIES	
027648	2/3/2021	IKG Environmental	8,972.76	Groundwater monitoring, data reduction, and reporting	Yes
027649	2/3/2021	Ingersoll-Rand Company	5,624.07	4 year Ingersoll Rand Package Care Agreement	Yes
027650	2/3/2021	Mike Lloyd Excavating Inc	1,711.22	REF:1022597_302055	
027651	2/3/2021	Mission Electric Supply, Inc.	60.30	SUPPLIES	
027652	2/3/2021	Nobel Systems	3,167.00	GIS UPDATES	Yes
027653	2/3/2021	Pacific Pipeline Supply	1,977.19	2"CI300 90 Fip X Fip Angle Vlv	Yes
027654	2/3/2021	Palomar Health	50.00	DOT SERVICES	
027655	2/3/2021	Republic Services	1,060.37	4-45301-0333405	
027656	2/3/2021	Rush Truck Center, San Diego	388.43	D652 SUPPLIES	Yes
027657	2/3/2021	Safety io, LLC	182.00	GAS MONITORING SYSTEM	
027658	2/3/2021	San Diego Gas & Electric	22.79	44471250047	
027659	2/3/2021	Sanna Rosengren	141.38	REF:1028720_206090	
027660	2/3/2021	Standard Insurance Co.	5,299.88	2/21 LTD & LIFE INSURANCE PREM	
027661	2/3/2021	Univar Solutions Usa Inc	25,278.15	WTP CHEMICALS	Yes
027662	2/3/2021	Utility Service Co. Inc	196,687.99	QTRLY TANK MAINTENANCE	Yes
027663	2/3/2021	Water for People	37.00	WTRPL 2/4/2021	
027664	2/3/2021	Whitson CM	3,350.00	WWTP SITE INSPECTIONS	Yes
027665	2/10/2021	4S Ranch Gasoline & Car Wash	551.39	WWTP GASOLINE	
027666	2/10/2021	Allied Electronics	211.88	SUPPLIES	
027667	2/10/2021	American Conservation & Billing Solutions, I	46,763.00	AQUAHAWK 1/1/21-2/1/21	Yes
027668	2/10/2021	American Messaging	98.91	L1-072035	
027669	2/10/2021	AT & T	23.81	9391056562	
027670	2/10/2021	Aztec Landscaping, Inc.	765.86	AFIF IRRIGATION SERVICES	
027671	2/10/2021	Bill Howe Plumbing Inc	520.14	WTP SERVICES	
027672	2/10/2021	Boyd Fasteners	1,362.55	SUPPLIES	Yes
027673	2/10/2021	Carollo Engineers	24,894.51	Engineering Construction Support Services	Yes
027674	2/10/2021	CBIONE	275.00	SUPPLIES	
027675	2/10/2021	CDW Government Inc	64.13	SUPPLIES	
027676	2/10/2021	Cintas First Aid & Safety	161.17	WWTP FIRST AID SUPPLIES	
027677	2/10/2021	City Treasurer	9,188.93	620000109372	Yes
027678	2/10/2021	Clayton Controls, Inc.	8,180.35	Eductor rebuild kits	Yes
027679	2/10/2021	County Of San Diego	484.00	14177 RANCHO SANTA FE FARMS	
027680	2/10/2021	D-Max Engineering, Inc.	382.50	FOG inspection services (food service)	Yes
027681	2/10/2021	Dell Computers	6,645.04	ProSupport, 24x7, NBD, Dell/Compellent Series SC4020	Yes
027682	2/10/2021	Devin Wheeler	106.36	REF:1083895_191165	
027683	2/10/2021	Dexter Rodillo	3.00	REF:1058128_126865	
027684	2/10/2021	Diane Fortune	123.96	REF:1083654_193465	
027685	2/10/2021	Doggie Walk Bags Company	282.49	PARKS SUPPLIES	
027686	2/10/2021	Edco Waste & Recycling	231.57	25-4A 861816	
027687	2/10/2021	Jason Emerick	234.82	TUITION REIMBURSEMENT	
027688	2/10/2021	Encinitas Ford	3,288.80	PU89 SUPPLIES	Yes
027689	2/10/2021	Fallbrook Printing Corp	172.40	Printing Services FY 2021	Yes
027690	2/10/2021	Federal Express Corp	272.47	SHIPPING	Yes
027691	2/10/2021	G. Briest Consulting, Inc.	1,226.07	CONSULTING SERVICES	Yes
027692	2/10/2021	Geoscience Support Svcs, Inc.	8,392.50	Conduct long term pumping test, verify water quality, & evaluate impacts to water levels in wells	Yes
027693	2/10/2021	Global Power Group Inc	674.66	FIRE HOUSE PS SERVICES	
027694	2/10/2021	Good & Roberts, LLC	1,663.09	REF:1086601_301995	
027695	2/10/2021	Graeme Rae	48.12	REF:1059551_212770	
027696	2/10/2021	Hadronex Llc	994.75	WWTP SUPPLIES	

Olivenhain Olivenhain Municipal Water District
February 2021 Warrant List

Number	Date	Name	Amount	Inv Reference	Multiple Invoices?
027697	2/10/2021	Hanson Aggregates Inc	191.26	MATERIALS	Yes
027698	2/10/2021	Harrington Industrial	773.21	WTP SUPPLIES	
027699	2/10/2021	Interstate Battery Of San Diego Inc	142.26	PU101 SUPPLIES	Yes
027700	2/10/2021	J.M.D. Landscape Inc	2,957.46	Change Orders No. 1& 2	Yes
027701	2/10/2021	Jana Iddings	43.30	REF:1086880_115670	
027702	2/10/2021	Jones, Roach & Caringella, Inc.	3,250.00	Remainder of Peay Parcel	Yes
027703	2/10/2021	Julia Mellusi	86.98	REF:1037996_221265	
027704	2/10/2021	Lawnmowers Plus Inc.	48.06	SUPPLIES	
027705	2/10/2021	Mark Williams	118.65	REF:1086874_160660	
027706	2/10/2021	Meredith Dale Huntington dba	4,154.84	Crd Disc Retainer S/S	Yes
027707	2/10/2021	Mor Engineers, Inc.	1,800.00	Building Commissioning Services	Yes
027708	2/10/2021	Nat'l Water Resources Assoc.	525.00	MEMBERSHIP DUES	
027709	2/10/2021	Ninyo & Moore	1,982.50	MORNING SUN PROJECT	Yes
027710	2/10/2021	Otay Landfill	393.69	4-4531-0018538	
027711	2/10/2021	Parkhouse Tire Inc	2,167.99	FB49 SUPPLIES	Yes
027712	2/10/2021	Patriot Environmental	493.50	WWTP ROLLOFF BIN SERVICES	
027713	2/10/2021	Powers Bros. Machine	500.00	WWTP SERVICES	
027714	2/10/2021	Rain For Rent	1,339.86	WWTP GENERATOR FUEL	
027715	2/10/2021	REM Mechanical	135.00	MID POINT SPS SERVICES	
027716	2/10/2021	Republic Services	914.05	4-4530-0333405	
027717	2/10/2021	Robert Stanley	25.92	REF:1058207_221670	
027718	2/10/2021	Ryan Herco	2,440.72	WTP SUPPLIES	Yes
027719	2/10/2021	San Diego County	750.00	SPLASH LAB - FLORA VISTA	
027720	2/10/2021	San Diego Gas & Electric	1,373.61	92081023809	Yes
027721	2/10/2021	Sloan Electric	4,568.29	Motor Replacement for one of the 4S WRF Blowers	Yes
027722	2/10/2021	Solar-Care	275.00	PU111	Yes
027723	2/10/2021	Southern Counties Lubricants, LLC.	4,839.61	FUEL	
027724	2/10/2021	Specialty Seals & Accessories	118.58	SUPPLIES	
027725	2/10/2021	State Water Resources	120.00	D3 RENEWAL - E.RODRIGUEZ	
027726	2/10/2021	Stephen Gentry	26.42	REF:1086014_187425	
027727	2/10/2021	Sunbelt Rentals, Inc.	430.65	DRUM ROLLER RENTAL	
027728	2/10/2021	Teichert Energy & Utilities Group, Inc.	436,383.92	Construction ECR Pipeline & Green Bike Lane	Yes
027729	2/10/2021	Traffic Safety Solutions	1,650.00	EL APAJO & SAN DIEGUITO RD	
027730	2/10/2021	Transnet Investigative	140.00	PRE-EMPLOYMENT BACKGROUND	
027731	2/10/2021	Trebor Shoring Rentals	2,224.67	SHORING EQUIPMENT	Yes
027732	2/10/2021	TS Industrial Supply	162.13	SUPPLIES	
027733	2/10/2021	UniFirst Aid Corp	271.22	FIRST AID SUPPLIES	
027734	2/10/2021	Univar Solutions Usa Inc	80,395.19	WTP CHEMICALS	Yes
027735	2/10/2021	West Coast Sand & Gravel	2,581.53	CLASS 2 BASE MATERIAL	
027736	2/10/2021	Yvonne Hutton	42.97	REF:1015488_103935	
027737	2/17/2021	4S Ranch Gasoline & Car Wash	307.41	WWTP GASOLINE	
027738	2/17/2021	Aflac	1,691.22	FS005	
027739	2/17/2021	Alien Vault, Inc.	9,369.00	USM Appliance, All-in-One UA (1TB) - Virtual - 10x5 Support & Maintenance	Yes
027740	2/17/2021	Aqua Metric	35,889.90	3/4" Iperl Tr/PI Meter 9"	Yes
027741	2/17/2021	AT & T	871.61	9391056789	Yes
027742	2/17/2021	Aztec Landscaping, Inc.	250.00	OMWD HQ IRRIGATION REPAIRS	
027743	2/17/2021	BNT Title Company of California	2,250.00	CANYON DE ORO RD PARCEL - PTR	Yes
027744	2/17/2021	Bridgestone Hosepower LLC	179.71	D652 SUPPLIES	Yes
027745	2/17/2021	California State Disbursement Unit	123.23	ED100514-2/18/2021	
027746	2/17/2021	CDW Government Inc	45.50	ZOOM MTGS BUS LICENSE	
027747	2/17/2021	Charles Mattera	51.66	REF:1049973_208220	
027748	2/17/2021	City Treasurer	57,081.14	UNUSED RECYCLED WTR 73.15 AF	
027749	2/17/2021	Core & Main LP	1,521.22	SUPPLIES	
027750	2/17/2021	Corodata Shredding, Inc	83.87	PAPER SHREDDING SERVICES	
027751	2/17/2021	County Of San Diego	122.40	BATIKUITOS BLUFFS	
027752	2/17/2021	Dan Sachs	155.50	REF:1060713_226450	
027753	2/17/2021	DCL Enterprise Inc DbA	633.89	DEL DIOS SPS DOOR SERVICES	
027754	2/17/2021	Edco Waste & Recycling	1,084.20	25-4R 912759	Yes
027755	2/17/2021	Eric Norrvell	118.45	REF:1059330_193055	
027756	2/17/2021	Evoqua Water Technologies	3,655.18	DEL DIOS SPS SERVICES	Yes
027757	2/17/2021	Fallbrook Printing Corp	5,575.76	Printing Services FY 2021	Yes
027758	2/17/2021	Federal Express Corp	117.88	SHIPPING	
027759	2/17/2021	First Choice Technology	166.32	13001474	Yes

**Olivenhain Olivenhain Municipal Water District
February 2021 Warrant List**

Number	Date	Name	Amount	Inv Reference	Multiple Invoices?
027760	2/17/2021	Global Power Group Inc	2,694.03	Neighborhood #1 SPS Generator Repairs	Yes
027761	2/17/2021	Grangetto's Ag. Supply	61.79	SUPPLIES	
027762	2/17/2021	Grant General Contractors	1,454.29	REF:1012533_302000	
027763	2/17/2021	Harrington Industrial	235.96	SUPPLIES	Yes
027764	2/17/2021	Hasa	4,347.10	CHEMICALS	
027765	2/17/2021	Hub Construction Specialties Inc	598.64	SUPPLIES	
027766	2/17/2021	Integrity Municipal Services	1,303.00	WWTP SERVICES	
027767	2/17/2021	Jason Hilsenroth	100.00	REF:1048185_223295	
027768	2/17/2021	Keeton Construction Company, Inc.	680,702.60	RETENTION	
027769	2/17/2021	Lawnmowers Plus Inc.	336.59	EU2200 SUPPLIES	Yes
027770	2/17/2021	Line X Of Escondido	1,830.77	PU111	Yes
027771	2/17/2021	Loganathan Doraisamy	108.16	REF:1081441_130870	
027772	2/17/2021	Marie Berkuti	934.75	REF:1045313_238300	
027773	2/17/2021	Melinda Davis	32.94	REF:1082057_224115	
027774	2/17/2021	Melissa Spooner	19.80	REF:1085794_130270	
027775	2/17/2021	Morton Salt Inc	4,429.75	WTP CHEMICALS	
027776	2/17/2021	Murrieta Development Inc.	1,150.67	REF:1085851_301415	
027777	2/17/2021	Omni Financial	645.72	REF:1059020_299005	
027778	2/17/2021	Pacific Pipeline Supply	2,210.35	1" U-Branch Twinsetter	Yes
027779	2/17/2021	Patriot Environmental	493.50	ROLLOFF BIN SERVICES	
027780	2/17/2021	Raftelis Financial Consultant	8,897.50	COST OF SERVICE STUDY	Yes
027781	2/17/2021	Roy Allen Slurry Seal, Inc.	408.48	REF:1088028_302505	
027782	2/17/2021	San Diego County Recorder	125.00	SEWER 218 NOTICE	
027783	2/17/2021	San Diego Gas & Electric	33,548.27	98000669143	Yes
027784	2/17/2021	San Elijo Joint Powers Auth.	21,484.00	1/21 13.10 AF RECYCLED WATER	
027785	2/17/2021	Santa Fe Irrigation Dist	2,231.18	008128-009	Yes
027786	2/17/2021	Sherry M Hodges	63.90	REF:1014753_205900	
027787	2/17/2021	Sloan Electric	1,155.00	WRF BLOWER #1	Yes
027788	2/17/2021	Southern Counties Lubricants, LLC.	5,858.45	FUEL	
027789	2/17/2021	Stanek Constructors, Inc.	9,428.75	4S WRF UV REPLACEMENT PJT	Yes
027790	2/17/2021	Tanya Johnson	123.96	REF:1087497_100165	
027791	2/17/2021	TASC	585.20	1/21 VEBA CLAIMS PROCESSING	
027792	2/17/2021	The Water Research Foundation	2,014.00	ANNUAL MEMBERSHIP	
027793	2/17/2021	Trebor Shoring Rentals	1,934.17	SUPPLIES	
027794	2/17/2021	Two Oaks Sweeping LLC	1,085.00	WWTP SERVICES	Yes
027795	2/17/2021	United Parcel Service	132.00	SHIPPING	
027796	2/17/2021	Univar Solutions Usa Inc	6,949.77	WTP CHEMICALS	
027797	2/17/2021	US Bank	5,311.70	777321	
027798	2/17/2021	Walters Wholesale Electric Co	7.53	SUPPLIES	
027799	2/17/2021	Water for People	37.00	WTRPL 2/18/2021	
027800	2/17/2021	West Coast Sand & Gravel	667.36	3/4" CRUSHED ROCK	
027801	2/17/2021	West Yost & Associates, Inc	5,354.52	Inspections/as-needed services NW Quadrant	Yes
027802	2/17/2021	Yujoo Margaret Ito	97.44	REF:1048488_176365	
027803	2/24/2021	Aqua Metric	1,717.55	SHIPPING - HANDHELD REPAIRS	Yes
027804	2/24/2021	AT & T	86.41	9391059578	
027805	2/24/2021	Aztec Landscaping, Inc.	11,323.00	LANDSCAPE MAINTENANCE	Yes
027806	2/24/2021	Bee Rescue LLC	700.00	LONE HILL LANE	Yes
027807	2/24/2021	Brightview Landscape Services	16,320.00	Easement Clearing	Yes
027808	2/24/2021	C E Wilson Corporation	1,833.50	VALVE REPLACEMENT PROJECT	Yes
027809	2/24/2021	City Treasurer	3,768.99	1/21 4.83 AF RECYCLED WATER	
027810	2/24/2021	Core & Main LP	3,609.63	1" F.I.P Ball Angle Stop	Yes
027811	2/24/2021	Corodata	394.27	OFFSITE RECORDS STORAGE	
027812	2/24/2021	County of San Diego, RCS	171.00	1/21 RADIO SERVICES	
027813	2/24/2021	DCL Enterprise Inc DbA	208.60	BUE LANDSCAPE PADLOCKS	
027814	2/24/2021	Dig Safe Board	149.09	CA STATE REGULATORY FEE	
027815	2/24/2021	DLM Engineering Inc	21,983.75	ENGINEER CONSULTING SERVICES	Yes
027816	2/24/2021	Encinitas Senior Living LP	607.80	REF:1081134_301035	
027817	2/24/2021	Environmental Water Solutions, Inc.	5,912.87	CIP pump replacement	Yes
027818	2/24/2021	G. Briest Consulting, Inc.	2,220.00	ENGINEER CONSULTING SERVICES	Yes

Olivenhain Olivenhain Municipal Water District
February 2021 Warrant List

Number	Date	Name	Amount	Inv Reference	Multiple Invoices?
027819	2/24/2021	Glenn Davis	142.72	REF:1085858_100100	
027820	2/24/2021	Guardian	936.32	3/2021 ADMIN FEES	
027821	2/24/2021	Harrington Industrial	8,610.55	WTP SUPPLIES	Yes
027822	2/24/2021	Home Depot/Gecf	5,491.75	SUPPLIES	Yes
027823	2/24/2021	IKG Environmental	3,459.70	SAN DIEGUITO GW PJT	Yes
027824	2/24/2021	Infrastructure Engineering Corporation	14,500.00	I&I flow monitoring study	Yes
027825	2/24/2021	John Altenbern	49.18	REF:1044834_114270	
027826	2/24/2021	Kaman Industrial	313.50	SUPPLIES	Yes
027827	2/24/2021	Kirsten Cooper	23.84	REF:1046286_208505	
027828	2/24/2021	Lennar Homes	3,178.93	REF:1049409_300755	Yes
027829	2/24/2021	NexusTek Phoenix	3,245.50	Monthly service fee	Yes
027830	2/24/2021	Pacific Pipeline Supply	5,565.38	SUPPLIES	Yes
027831	2/24/2021	Jaroth Inc., dba	78.00	760-489-9971	
027832	2/24/2021	Christopher C Petersen	145.46	TOOL REPAIRS	
027833	2/24/2021	Purchase Power	1,005.00	8000-9090-0674-5785	
027834	2/24/2021	Rain For Rent	6,843.74	By-pass system for 4S WRF Clarifier Replacement Project	Yes
027835	2/24/2021	Republic Services	448.77	4-4530-0333405	
027836	2/24/2021	San Diego Gas & Electric	7,966.69	98253875124	Yes
027837	2/24/2021	SiteOne Landscape Supply, LLC	216.38	SUPPLIES	
027838	2/24/2021	Sunbelt Rentals, Inc.	272.72	CONCRETE MIXER RENTAL	
027839	2/24/2021	Underground Service Alert	478.70	DIG ALERT TICKETS	Yes
027840	2/24/2021	Univar Solutions Usa Inc	7,555.98	WTP CHEMICALS	Yes
027841	2/24/2021	Vallecitos Water District	49,349.03	RECLAIMED WATER SALES	
027842	2/24/2021	Valley Construction Management	59,879.00	ECR Pipeline Replacement CM/Inspection Services	Yes
027843	2/24/2021	Verizon Connect NWF, Inc.	1,469.35	VEHICLE TRACKING SERVICE	
027844	2/24/2021	VWR International LLC	196.84	WTP SUPPLIES	Yes
027845	2/24/2021	Wageworks	236.00	1/21 ADMIN FEES	
027846	2/24/2021	Whitson CM	1,718.65	WWTP SITE INSPECTIONS	Yes
			<u><u>2,358,792.31</u></u>		

Olivenhain Municipal Water District
Monthly Directors Fee and Reimbursed Expenses for Directors and Staff
February 2021

<u>Name</u>	<u>Payment Date</u>	<u>Check#/ Credit Card</u>	<u>Meals & Lodging</u>	<u>Travel & Transport</u>	<u>Other</u>	<u>Reimbursed Expenses</u>	<u>Directors Fee</u>
Director Bruce-Lance			0.00	0.00	0.00	0.00	600.00
			0.00	0.00	0.00	0.00	600.00
Director Guerin			0.00	0.00	0.00	0.00	300.00
			0.00	0.00	0.00	0.00	300.00
Director Sprague			0.00	0.00	0.00	0.00	150.00
			0.00	0.00	0.00	0.00	150.00
Director Topolovac			0.00	0.00	0.00	0.00	150.00
			0.00	0.00	0.00	0.00	150.00
Director Watt			0.00	0.00	0.00	0.00	600.00
			0.00	0.00	0.00	0.00	600.00
General Manager Thorner			0.00	0.00	0.00	0.00	
			0.00	0.00	0.00	0.00	
Human Resources Manager Joslin			0.00	0.00	0.00	0.00	
			0.00	0.00	0.00	0.00	
Engineering Manager Hubbard			0.00	0.00	0.00	0.00	
			0.00	0.00	0.00	0.00	
Finance Manager Selamat			0.00	0.00	0.00	0.00	
			0.00	0.00	0.00	0.00	
Operations Manager Fulks			0.00	0.00	0.00	0.00	
			0.00	0.00	0.00	0.00	
Assistant General Manager Randall			0.00	0.00	0.00	0.00	
			0.00	0.00	0.00	0.00	
Customer Service Manager Carnegie			0.00	0.00	0.00	0.00	
			0.00	0.00	0.00	0.00	

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 January 31, 2021

Active Deposits

	<u>Book Value</u>
Checking Accounts	\$ 14,568,797
Cash Restricted for Specific Use	779,058
Petty Cash/Disaster Preparedness	1,468
Total Active Deposits	<u>\$ 15,349,322</u>

Deposits Not Covered by Investment Policy

Cash with Fiscal Agents	2,774,760
-------------------------	-----------

<u>Investments</u>	<u>Face Value</u>	<u>Market Value</u>	<u>Current Yield</u>	
LAIF	\$ 25,118,914	25,242,319	0.46%	\$ 25,118,914
CAMP	12,830,255	12,830,255	0.12%	12,830,255
Money Market Funds	3,154,294	3,154,294	0.01%	3,154,294
Municipal Bonds	3,371,071	3,591,580	3.01%	3,619,714
U.S. Agency Securities	19,545,000	19,518,724	0.52%	19,544,320
Total Investments	<u>\$ 64,019,535</u>	<u>\$ 64,337,173</u>	<u>0.53%</u>	<u>\$ 64,267,498</u>

Total - All Deposits/Investments

\$ 82,391,581

Maturity Analysis of Investments

	<u>Percent</u>	<u>Balance</u>
Demand Deposits	64.0%	\$ 41,103,464
Maturity within the next two months	0.0%	-
Maturity within three months and one year	3.7%	2,402,954
Maturity beyond one year	32.3%	20,761,080
Total Investments	<u>100.0%</u>	<u>\$ 64,267,498</u>

Weighted Average Days to Maturity

423

Other Required Disclosures:

Accrued interest receivable as of 01/31/2021 \$ 67,523

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

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

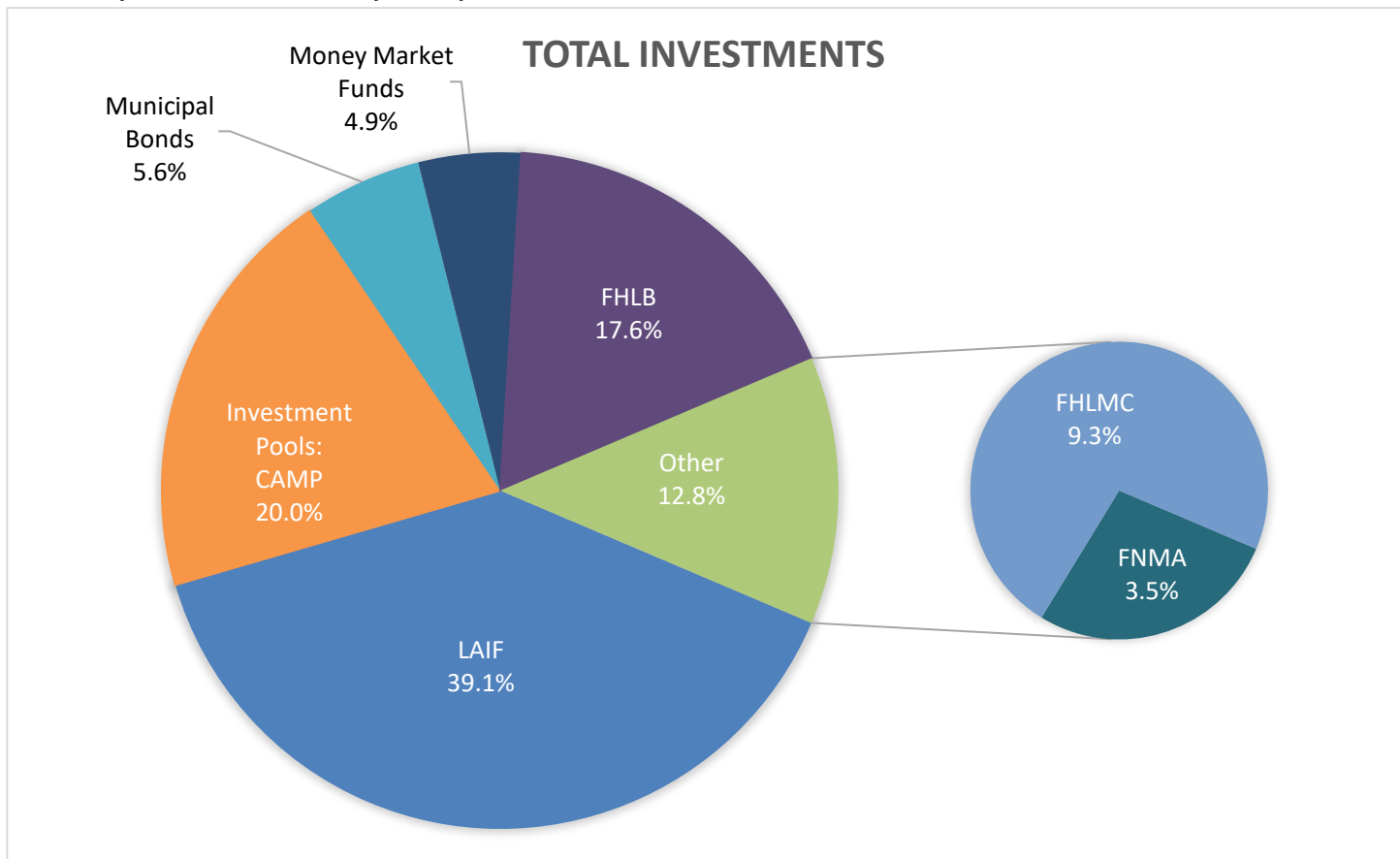
Olivenhain Municipal Water District
PORTFOLIO LIMITATIONS ANALYSIS PER INVESTMENT POLICY
January 31, 2021

	<u>Book Value</u>	<u>Percent</u>	<u>Permitted Percent</u>	<u>In Compliance?</u>
LAIF	\$ 25,118,914	39.1%	40.0% ⁽¹⁾	Yes
Investment Pools: CAMP	12,830,255	20.0%	30.0%	Yes
Municipal Bonds	3,619,714	5.6%	30.0%	Yes
Money Market Funds	3,154,294	4.9%	20.0% ⁽²⁾	Yes
U.S. Agency Securities	19,544,320	30.4%	50.0%	Yes
<i>FHLB</i> <i>Federal Home Loan Bank</i>	11,294,500	17.6%		
<i>FNMA</i> <i>Fannie Mae</i>	2,250,000	3.5%		
<i>FHLMC</i> <i>Freddie Mac</i>	5,999,820	9.3%		
Total Investments	\$ 64,267,498	100%		

Note:

⁽¹⁾ New limit of 40% approved by the board in May 2020.

⁽²⁾ May not exceed 5% in any money market fund.



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

Olivenhain Municipal Water District

MONTHLY INVESTMENTS DETAIL

ACTIVE DEPOSIT

Checking A/C California Bank and Trust for General Purpose	14,568,797
California Bank and Trust for Specific Purpose	779,058
Petty Cash/Disaster Preparedness	1,468
Total - Active Deposits	15,349,322

DEPOSITS NOT COVERED BY INVESTMENT POLICY

Cash with Fiscal Agents:

Union Bank - RAD 96-1 Refunding Bond	126,054
Union Bank - 2015A Refunding Bond	847,924
SRF Loan	1,285,375
Union Bank - 2016A Refunding Bond	257,005
Union Bank - 2018 Revenue Bond	258,403

Total Deposits Not Covered by Investment Policy

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 Calif. Asset Mgmt Prgm (CAMP)	Demand	1	0.12%	\$ 12,830,255	\$ 12,830,255	12,830,255
State Local Agency Investment Fund (LAIF)	Demand	1	0.46%	25,242,319	25,118,914	25,118,914
JP Morgan US Gov't Money Market Fund Premier Class SHS	Demand	1	0.01%	3,154,294	3,154,294	\$ 3,154,294

U.S. Agency Securities

3134GWGL4	FHLMC Callable	Aaa	AA+	08/03/20	02/03/23	02/03/21		734	4	0.33%	0.33%	2,000,000	2,000,000	2,000,000
3130AJ3M9	FHLB Callable	Aaa	AA+	02/18/20	08/18/23	02/18/21		930	19	1.63%	1.62%	2,001,440	2,000,000	2,000,000
3130AJZJ1	FHLB Callable	Aaa	AA+	09/02/20	08/25/23	02/25/21		937	26	0.32%	0.32%	1,294,184	1,295,000	1,295,000
3130AKEW2	FHLB Callable	Aaa	AA+	11/04/20	11/04/24	05/04/21		1,374	94	0.43%	0.43%	1,995,160	2,000,000	2,000,000
3130AKGX8	FHLB Step-up Callable	Aaa	AA+	12/15/20	12/15/25	06/15/21	06/15/21	1,780	136	0.20%	0.20%	1,999,680	2,000,000	2,000,000
3134GWAQ9	FHLMC Callable	Aaa	AA+	07/28/20	07/28/25	07/28/21		1,640	179	0.65%	0.65%	992,770	1,000,000	1,000,000
3136G4A29	FNMA Callable	Aaa	AA+	07/30/20	07/30/24	07/30/21		1,277	181	0.55%	0.55%	997,930	1,000,000	1,000,000
3134GW2F2	FHLMC Callable	Aaa	AA+	08/25/20	05/25/23	08/25/21		845	207	0.30%	0.30%	1,999,320	2,000,000	2,000,000
3136G4P56	FNMA Callable	Aaa	AA+	08/26/20	02/26/24	08/26/22		1,122	573	0.40%	0.40%	1,246,900	1,250,000	1,250,000
3130AKMD5	FHLB Callable	Aaa	AA+	01/26/21	01/26/26	07/26/21		1,822	177	0.51%	0.51%	997,810	1,000,000	999,500
3134GXKH6	FHLMC Callable	Aaa	AA+	01/27/21	01/27/23	04/27/21		727	87	0.13%	0.13%	999,070	1,000,000	999,820
3130AKU53	FHLB Callable	Aaa	AA+	01/28/21	01/28/26	07/28/21		1,824	179	0.52%	0.52%	997,840	1,000,000	1,000,000
3130AKN69	FHLB Callable	Aaa	AA+	01/28/21	01/28/26	01/28/22		1,824	363	0.50%	0.50%	997,760	1,000,000	1,000,000
3130AKVN3	FHLB Callable	Aaa	AA+	01/29/21	01/29/26	07/29/21		1,825	180	0.52%	0.52%	998,860	1,000,000	1,000,000

1,273	1,508	0.51%	0.52%	\$ 19,518,724	\$ 19,545,000	\$ 19,544,320
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Municipal Bonds

13063DAC2	CALIFORNIA ST GO	AA3	AA-	04/09/18	04/01/21	61	2.63%	2.61%	1,004,010	1,000,000	999,620
13066YTY5	CALIF ST DEPT REV	AA1	AA	12/02/16	05/01/21	91	1.71%	1.71%	372,440	371,071	366,874
052476N79	AUSTIN TEX WTR REV	AA2	AA	11/15/16	05/15/21	105	2.54%	2.53%	1,006,460	1,000,000	1,036,460
882724RA7	TEXAS ST PUB FIN AUTH	Aaa	AAA	10/30/20	10/01/25	1,705	5.00%	4.14%	1,208,670	1,000,000	1,216,760

629	3.21%	3.01%	\$ 3,591,580	\$ 3,371,071	\$ 3,619,714
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<u>423</u>	<u>0.53%</u>	<u>0.53%</u>	<u>\$ 64,337,173</u>	<u>\$ 64,019,535</u>	<u>\$ 64,267,498</u>
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TOTAL - ALL DEPOSITS AND INVESTMENTS

82,391,581

Olivenhain Municipal Water District
INVESTMENTS TRANSACTION
January 31, 2021

PURCHASED

DATE				Investment Description	<i>Stated</i>	<i>Current</i>	Face Value	Book Value
Purchase	Maturity	Call	Step-Up		<i>Coupon</i>	<i>Yield</i>		
01/26/21	01/26/26	07/26/21		FHLB Callable	0.510%	0.511%	1,000,000	999,500
01/27/21	01/27/23	04/27/21		FHLMC Callable	0.134%	0.134%	1,000,000	999,820
01/28/21	01/28/26	07/28/21		FHLB Callable	0.520%	0.521%	1,000,000	1,000,000
01/28/21	01/28/26	01/28/22		FHLB Callable	0.500%	0.501%	1,000,000	1,000,000
01/29/21	01/29/26	07/29/21		FHLB Callable	0.520%	0.521%	1,000,000	1,000,000

MATURED / REDEEMED / CALLED

DATE				Investment Description	<i>Stated</i>	<i>Current</i>	Face Value	Book Value
Redemption	Maturity	Call	Step-Up		<i>Coupon</i>	<i>Yield</i>		
01/13/21	01/13/23	01/13/21		FHLB Callable	1.700%	1.699%	1,000,000	1,000,000
01/22/21	01/22/24	01/22/21		FHLB Callable	1.780%	1.779%	2,000,000	2,000,000
01/27/21	01/27/23	01/27/21		FHLMC Callable	1.670%	1.668%	1,000,000	1,000,000
01/29/21	01/29/25	01/29/21		FHLB Callable	1.870%	1.868%	2,000,000	2,000,000

Olivenhain Municipal Water District
UNAUDITED CASH POSITION BY FUNDING SOURCES
As of January 31, 2021

<u>Water Funds (Potable & Recycled)</u>		<u>Balance</u>
10050-100	Cash - Petty Cash Fund	\$ 1,468
10030-100	Cash - Capital and Equipment Fund	34,186,857
10010-100	Cash - Operating Fund	16,739,493
10060-100	Cash - Deposit Work for Other	500,404
10040-100	Cash - Rate Stabilization	8,440,341
14000-500	Restricted Cash - Capacity Fee Fund	5,188,355
Total Water Funds (Potable & Recycled)		<u>\$ 65,056,917</u>
 <u>Wastewater Funds</u>		
10010-110	Wastewater - Operating Fund	1,911,167
10030-110	Wastewater - Capital Replacement Fund	9,271,760
10040-110	Wastewater - Rate Stabilization Fund	2,597,920
Total Wastewater Funds		<u>\$ 13,780,846</u>
 <u>Non Fiscal Agent Debt Service Cash</u>		
14020-570	Cash non-agent - RAD 96-1	766,021
10070-561	Cash non-agent - Bond 2015A	621
10070-581	Cash non-agent - Bond 2016A	10,580
14020-512	Cash non-agent - Bond 2018	1,836
Total Non Fiscal Agent Debt Service Cash		<u>\$ 779,058</u>
 <u>Debt Service Funds</u>		
14030-510	SRF Loan - Fiscal Agent	1,285,375
14105-570	Redemption fund - RAD 96-1	40,787
14110-570	Reserve fund - RAD 96-1	85,267
14100-561	Redemption fund - Bond 2015A	847,924
14100-581	Redemption fund - Bond 2016A	257,005
14100-512	Redemption fund - CB&T 2018	258,403
Total Debt Service Funds		<u>\$ 2,774,760</u>
TOTAL FUND BALANCES		<u>\$ 82,391,581</u>

Memo

Date: March 17, 2021
To: Olivenhain Municipal Water District Board of Directors
From: Rainy K. Selamat, Finance Manager
Via: Kimberly Thorner, General Manager
Subject: **CONSIDER ADOPTION OF A MOTION APPROVING THE DISTRICT'S
CONSOLIDATED STATEMENT OF NET POSITION, CONSOLIDATED STATEMENT
OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION, CONSOLIDATED
STATEMENT OF CASH FLOWS, CONSOLIDATED ACTUAL VS BUDGET
SUMMARY, AND CONSTRUCTION IN PROGRESS REPORT**

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

- December 2020 Monthly Statement of Net Position Reports.
- December 2020 Monthly Statement of Revenues, Expenses, and Changes in Net Position Reports.
- December 2020 Consolidated Statement of Cash Flows.
- December 2020 Monthly Consolidated Actual VS Budget Summary and explanation of significant variance reports.
- December 2020 Construction In Progress Reports.

OLIVENHAIN MUNICIPAL WATER DISTRICT
Statement of Net Position (Unaudited)
All Funds
12/31/2020

Assets

Current assets:

Unrestricted assets:

Cash and cash equivalents	\$73,017,074
Accounts receivable - water and sewer, net	8,244,744
Interest Receivable	128,897
Taxes receivable	164,205
Other receivables	267,774
Inventories	1,433,152
Prepaid expenses and deposits	1,052,616
Total unrestricted assets	<u>84,308,463</u>

Restricted assets:

Cash and cash equivalents	7,537,015
Assesments receivable	49,631
Grants receivable	1,062,220
Total restricted assets	<u>8,648,866</u>
Total current assets	<u>92,957,329</u>

Noncurrent assets:

Capital assets, nondepreciable	63,249,333
Capital assets, depreciable/amortizable, net	326,024,638
Capital assets, net	<u>389,273,971</u>
Prepaid bond insurance	25,974
Other long-term receivables	73,588
Total noncurrent assets	<u>389,373,534</u>
Total assets	<u>482,330,862</u>

Deferred Outflows of Resources

Deferred amount on refunding	(1,286,378)
Deferred amount from pension	(3,368,573)
Total deferred outflows of resources	<u>(4,654,951)</u>

Liabilities

Current Liabilities

Liabilities payable from unrestricted assets:

Accounts payable	5,568,281
Accrued payroll	344,239
Customer deposits	430,762
Payable related to work in progress	495,800
Compensated absences, current portion	799,000
Current portion of long-term debt:	
Wastewater Revenue Bonds 2018A	507,000
Water Revenue Refunding Bonds 2016A	505,000
Water Revenue Refunding Bonds 2015A	1,665,000
Special Assessment Debt with Government Commi...	845,000
Notes Payable	780,979
Total liabilities payable from unrestricted assets	<u>11,941,060</u>

Liabilities payable from restricted assets:

Accounts payable	860,047
Interest payable	303,275
Total liabilities payable from restricted assets	<u>1,163,322</u>
Total current liabilities	<u>13,104,382</u>

Noncurrent liabilities

Compensated absences	821,640
Net pension liability	13,760,679
Long-term debt, excluding current portion:	
Wastewater Revenue Bonds 2018A	4,013,000
Water Revenue Refunding Bonds 2016A	14,367,418
Water Revenue Refunding Bonds 2015A	15,940,849
Special Assessment Debt with Government Commi...	5,470,000
Notes Payable	11,961,998
Total noncurrent liabilities	<u>66,335,583</u>
Total liabilities	<u>79,439,965</u>

Deferred Inflows of Resources

OLIVENHAIN MUNICIPAL WATER DISTRICT
Statement of Net Position (Unaudited)

All Funds
12/31/2020

Deferred amounts on pension	722,696
Total deferred inflows of resources	<u>722,696</u>

Net Position

Investment in Capital Assets, net of related debt	334,504,106
Restricted Net Position	7,485,544
Unrestricted Net Position	<u>64,833,502</u>
Total Net Position	<u>406,823,152</u>

OLIVENHAIN MUNICIPAL WATER DISTRICT
Statement of Revenues, Expenses and Changes in Net Position (Unaudited)
All Funds
For the Six Months Ending 12/31/2020

	<u>2021</u>
Operating Revenues:	
Water Sales	\$31,979,410
Sewer Charges	1,483,187
Other Water Operating revenues	<u>1,071,254</u>
Total Operating Revenues	34,533,851
Operating Expenses	
Cost of Purchased Water Sold	16,406,651
Pumping and Water Treatment	1,952,611
Transmission and Distribution	1,838,071
Sewer Collection and Treatment	897,417
Elfin Forest Recreation Operations	192,035
Facilities Maintenance	552,717
Customer Service	1,103,062
General and Administrative	3,311,258
Depreciation and Amortization	<u>3,389,280</u>
Total Operating Expenses	29,643,102
Operating Income (Loss)	4,890,749
Nonoperating Revenues (Expenses)	
Investment income	302,373
Property taxes	1,738,273
Capacity charges	2,120,383
Benefit assessments	396,768
Other nonoperating revenues	6,275
Interest expense, net	(724,223)
Other nonoperating expenses	<u>(44,903)</u>
Total nonoperating revenues (expenses)	3,794,948
Income before capital contributions	8,685,697
Capital contributions	<u>65,698</u>
Change in net position	8,751,395
Net Position, Beginning of year	<u>398,071,758</u>
Net Position, End of year	<u><u>406,823,152</u></u>

OLIVENHAIN MUNICIPAL WATER DISTRICT
CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
AS OF December 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from water and sewer customers	\$ 36,447,181
Payments for water	(17,276,957)
Payments for services and supplies	(6,825,760)
Payments for employee wages, benefits and related costs	(6,902,155)
Net cash provided by operating activities	<u>5,442,308</u>

CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:

Property taxes and benefit assessments received	2,130,710
Net cash provided by noncapital and related financing activities	<u>2,130,710</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Acquisition and construction of capital assets	(6,125,438)
Proceeds from Grants	716,020
Principal paid on bonds and certificates of participation	(1,076,744)
Interest paid on bonds and certificates of participation	(583,133)
Capacity charges received	2,120,384
Other capital financing receipts (expenses)	58,403
Net cash used by capital and related financing activities	<u>(4,890,508)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Net change in investments	-
Investment income received	433,102
Net cash provided (used) by investing activities	<u>433,102</u>

Net increase (decrease) in cash and cash equivalents	3,115,612
-------------------------------------------------------------	-----------

Cash and cash equivalents, beginning of year	<u>55,698,515</u>
----------------------------------------------	-------------------

Cash and cash equivalents, end of period	<u>\$ 58,814,127</u>
------------------------------------------	----------------------

FINANCIAL STATEMENT PRESENTATION:

Cash and cash equivalents - current assets	52,599,128
Cash and cash equivalents - restricted assets	6,214,999
Total cash and cash equivalents	<u>\$ 58,814,127</u>

CASH AND CASH EQUIVALENTS RECONCILIATION

		Balance Includes Mkt Securities	Without Mkt Securities
Unrestricted cash	12/31/2020	73,017,074	52,599,128
Restricted cash	12/31/2020	7,537,015	6,214,999
Total cash and cash equivalents			<u>58,814,127</u>

OLIVENHAIN MUNICIPAL WATER DISTRICT
Consolidated Actual vs Budget Summary
For the Six Months Ending 12/31/2020

	Approved Budget	Actual YTD	Budget YTD	Variance Amt	Variance %	Notes
Operating Revenues						
Commodity Water Sales	\$39,013,000.00	\$24,440,227.96	\$24,210,800.00	\$229,427.96	0.9%	1
Water Fees and Services	17,276,000.00	8,610,436.46	8,638,920.00	(28,483.54)	(0.3%)	
Sewer Revenue	4,865,000.00	1,483,186.72	980,000.00	503,186.72	51.3%	2
Total Operating Revenues	61,154,000.00	34,533,851.14	33,829,720.00	704,131.14	2.1%	
Operating Expenses						
Purchased Water - Variable	20,573,000.00	12,387,140.26	11,218,520.00	(1,168,620.26)	(10.4%)	1
Purchased Water - Fixed	8,100,000.00	4,019,510.52	4,019,508.00	(2.52)	(0.0%)	
General Manager Dept	1,961,000.00	816,765.86	981,060.00	164,294.14	16.7%	3
Engineering Dept	2,088,500.00	939,806.27	1,045,320.00	105,513.73	10.1%	3
Finance Dept	1,558,000.00	764,512.86	779,280.00	14,767.14	1.9%	3
Customer Service Dept	2,710,000.00	1,187,296.38	1,356,564.00	169,267.62	12.5%	3
Human Resources Dept	834,700.00	326,794.93	417,462.00	90,667.07	21.7%	3
Water Operations and Maintenance Dept	9,959,000.00	4,798,951.56	4,977,288.00	178,336.44	3.6%	3
Parks Dept	458,500.00	219,379.82	230,064.00	10,684.18	4.6%	3
Other Operating Expenses	50,000.00		25,200.00	25,200.00	100.0%	3
Sewer Operations and Maintenance Dept	2,773,000.00	1,334,248.90	1,385,652.00	51,403.10	3.7%	3
Recycled Water Operations Dept	1,168,000.00	582,924.85	584,220.00	1,295.15	0.2%	3
Paygo Transfers						
Water Operations	3,800,000.00	1,902,000.00	1,902,000.00		0.0%	
Sanitation Operations	1,400,000.00				0.0%	
Recycled Operations	2,200,000.00	1,098,000.00	1,098,000.00		0.0%	
Capitalized Operations Expenditures	(1,323,000.00)	(734,230.49)	(661,200.00)	73,030.49	(11.0%)	4
Total Operating Expenses	58,310,700.00	29,643,101.72	29,358,938.00	(284,163.72)	(1.0%)	
Net Operating Income (Loss)	2,843,300.00	4,890,749.42	4,470,782.00	419,967.42		
Nonoperating Revenues						
Water Funds	3,379,000.00	1,923,336.44	1,469,120.00	454,216.44	30.9%	5
Debt Service Funds	1,049,000.00	397,063.38	315,120.00	81,943.38	26.0%	6
Sewer Funds	27,000.00	14,305.31	13,680.00	625.31	4.6%	
Recycled Water Funds	61,000.00	32,239.40	30,480.00	1,759.40	5.8%	
Total Nonoperating Revenue	4,516,000.00	2,366,944.53	1,828,400.00	538,544.53	29.5%	
Nonoperating Expense						
Capacity Fee Funds	30,000.00	7,446.20	14,880.00	7,433.80	50.0%	
Debt Service Funds	1,517,385.22	757,268.43	762,381.36	5,112.93	0.7%	
Potable Water Funds	10,000.00	4,410.89	4,800.00	389.11	8.1%	
Total Nonoperating Expense	1,557,385.22	769,125.52	782,061.36	12,935.84	1.7%	
Inc before Cap Fees and Capital Contributions	5,801,914.78	6,488,568.43	5,517,120.64	971,447.79		
Capacity Fee Funds	515,000.00	2,197,128.85				
Capital contributions	400,000.00	65,697.59				
Change in Net Position		8,751,394.87				

OLIVENHAIN MUNICIPAL WATER DISTRICT
Actual vs Budget Variance
For the Six Months Ending 12/31/2020

1. Water Sales revenue was higher than Budget YTD by approximately \$230 thousand resulting in a favorable variance of 0.9%. The positive variance is primarily due increased water consumption over budgeted, reduced by adjustments for unbilled water estimates. Actual water consumption through the end of December is 467 acre feet more than budgeted, resulting in an unfavorable variance of approximately \$1.17 million or 10.4% for purchased water – variable costs. Budget YTD purchased water variable costs are anticipated to be more in line with actual costs as the year progresses.
2. Sewer Revenue was higher than Budget YTD for a favorable variance due to timing of receipts. 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 Budget YTD amount as the year progresses.
3. Actual departmental expenses varied from the Budget YTD amounts due to the timing of actual operating expenses. The Budget YTD amounts assume expenditures are incurred evenly throughout the year.
4. Actual Capitalized Operating Expenses were higher than the Budget YTD due to increased capitalized labor from staff time spent on large Capital Improvement Projects (CIP), such as the Valve Replacement project, El Camino Real Pipeline Replacement project, and the Rehabilitation of the Ultra-Violet Disinfection System.
5. Actual Non-operating Revenues – Water Funds were greater than Budget YTD for a favorable variance due to the timing of property tax revenues received from the County. Actual revenues are expected to align with Budget YTD as the year progresses.
6. Actual Non-operating Revenues – Debt Service Funds were greater than Budget YTD for a favorable variance due to the timing of benefit assessment funds received from the County, and impact charge revenue received from property owners for the development of additional equivalent dwelling units. Actual revenues are expected to align with Budget YTD as the year progresses.

Construction Work In Progress Report as of 12/31/2020

Project Name	Budget	Appropriation to Date	Expenditures & Encumbrance	(Over) / Under
New and Remodeled Facilities	\$16,821,000	\$16,821,000	\$16,601,278	\$219,722
Replace El Camino Real PL	\$4,960,000	\$4,960,000	\$4,450,410	\$509,590
San Dieguito Desalination	\$42,837,000	\$3,962,000	\$3,411,190	\$550,810
Manchester Recyc PL Exten.	\$3,906,000	\$3,551,000	\$458,903	\$3,092,097
Rehab UV Disinfect. Sys.	\$3,420,000	\$3,420,000	\$3,205,498	\$214,502
Manchester Potable Pipeline	\$2,290,000	\$2,290,000	\$281,613	\$2,008,387
Replace Valves	\$9,121,000	\$1,250,000	\$1,232,752	\$17,248
Retrofit Pot to Recycled	\$740,000	\$740,000	(\$2,000)	\$742,000
Replace DCMWTP Membranes	\$8,336,000	\$725,000	\$632,869	\$92,131
Fixed Base AMI	\$3,278,000	\$673,733	\$249,448	\$424,285
Morning Sun PRS	\$640,000	\$640,000	\$546,571	\$93,429
Pipeline Replace. Assessment	\$590,000	\$590,000	\$587,707	\$2,293
Replace Neighborhood 1 SPS	\$4,832,000	\$557,000	\$456,263	\$100,737
DCMWTP Chem. Sys. Upgrade	\$525,000	\$525,000	\$301,786	\$223,214
Replace Pipelines	\$8,233,000	\$520,000	\$1,914	\$518,086
Storage Pond - Landscape	\$380,000	\$380,000	\$370,261	\$9,739
Golem PS Replacement	\$365,000	\$365,000	\$307,606	\$57,394
Lone Jack PRS	\$328,000	\$328,000	\$108,014	\$219,986
DCMWTP Valve Actuator	\$320,000	\$320,000	\$23,064	\$296,936
DCMWTP Analyzer Replace.	\$727,000	\$305,000	\$175,567	\$129,433
Lusardi Canyon CP	\$294,000	\$294,000	\$299,576	(\$5,576) #
Replace 4S Clarifier Drives	\$271,000	\$271,000	\$203,951	\$67,049
Steel Mains Protection	\$3,120,000	\$260,000	\$64,489	\$195,511
Replace Potable Meters	\$4,042,000	\$260,000	\$101,046	\$158,954
Retrofit Pot. Service to Recyc	\$1,267,000	\$239,000	\$4,888	\$234,112
Network Security	\$1,126,000	\$220,000	\$166,708	\$53,292
Replace Headworks Manual Sys	\$3,160,000	\$212,000	\$31,436	\$180,564
Network User Enhancements	\$200,000	\$200,000	-	\$200,000
WW Biological Process Optimiz	\$196,000	\$196,000	\$170,734	\$25,266
Rancho La Cima/Aliso Canyon PL	\$165,000	\$165,000	\$62,787	\$102,213
Replace WW Pumps/ Motors/Equip	\$1,799,000	\$156,000	\$10,822	\$145,178
RSFe Rd PL Cond Assess	\$155,000	\$155,000	(\$519)	\$155,519
Pot & Recycled Master Plan	\$524,000	\$115,000	-	\$115,000
DCMWTP PH Control System	\$737,000	\$88,000	\$78,673	\$9,327
Phone System - Admin Bldg.	\$79,000	\$79,000	\$54,539	\$24,461
Replace Pot. Pumps and Motors	\$1,026,000	\$78,000	-	\$78,000
Palms I and II Reservoirs	\$1,307,000	\$72,000	\$72,785	(\$785) ^
District-Wide Facility Securit	\$70,000	\$70,000	-	\$70,000
Gardendale PRS	\$60,000	\$60,000	\$130	\$59,870
Village Park PRS	\$60,000	\$60,000	\$130	\$59,870
Rehab Concrete Tanks	\$727,000	\$53,000	\$61,292	(\$8,292) *
Replace Meter Anodes	\$1,496,000	\$50,000	\$465	\$49,535
DCMWTP Trains 9 & 10 Valves	\$45,000	\$45,000	\$46,912	(\$1,912) *
HQ Facilities Enhancements	\$45,000	\$45,000	\$29,373	\$15,627
Rancho Cielo Manhole Lining	\$539,000	\$45,000	\$26,800	\$18,200
Parking & Access Improvements	\$265,000	\$41,000	-	\$41,000
Residuals Handling Bldg Canopy	\$482,000	\$40,000	\$39,529	\$471
Lower Yard Improvements	\$37,000	\$37,000	\$36,972	\$28
4S Physical Security Upgrades	\$35,000	\$35,000	-	\$35,000
Replace EFRR Interpretive Roof	\$22,000	\$22,000	-	\$22,000
4S System Manhole Lining	\$189,000	\$16,000	-	\$16,000
Meter Replacement, Recycled	\$164,000	\$14,000	-	\$14,000
Total:	\$136,353,000	\$46,615,733	\$34,964,234	\$11,651,499

* Project is complete

Project is substantially complete

^ Misc. work done within budget but over appropriation

Memo

Date: March 17, 2021
To: Olivenhain Municipal Water District Board of Directors
From: Kimberly Thorner, General Manager
Subject: **CONSIDER NOMINATIONS FOR THE CALIFORNIA SPECIAL DISTRICTS
ASSOCIATION BOARD OF DIRECTORS**

Purpose

This item is to nominate a candidate to fill the Southern Network's Seat A on the California Special Districts Association (CSDA) Board of Directors for the 2022-2024 term.

Recommendation

Though staff would support any board member interested in running for election to CSDA's Board of Directors, staff does not recommend a specific candidate at this time.

Alternative(s)

The board may choose against nominating a candidate for this year's CSDA election.

Background

Each of CSDA's six geographical networks has three seats on the Board of Directors, holding staggered three-year terms. Any independent special district with "Regular Member" status in CSDA is eligible to designate one of its board members or General Manager for election as a director of CSDA.

Fiscal Impact

There are no costs associated with drafting or adopting a nomination resolution. If an OMWD representative is elected to the CSDA Board of Directors, there are two conferences annually as well as four modules of the Special District Leadership Academy for which OMWD is responsible for the cost of attendance. There are also four to five board meetings and three to five committee meetings annually for which CSDA will reimburse the cost of travel.

Discussion

Should the board wish to nominate a candidate from OMWD, a copy of the minutes showing the nominating vote along with the candidate information sheet will be submitted to CSDA by the March 29, 2021 deadline. CSDA will begin electronic voting on May 28, 2021 and will close at 5:00 p.m. on July 16, 2021. All selected Board Members will be introduced at the Annual Conference in Monterey in August 2021.

Attachments:

- *Memorandum from CSDA to member agencies, dated January 28, 2021*
- *2021 Board Appointment for Seat A Southern Network Nomination Form and Candidate Information Sheet*



**California Special
Districts Association**
Districts Stronger Together

DATE: January 28, 2021
TO: CSDA Voting Member Presidents and General Managers
FROM: CSDA Elections and Bylaws Committee
SUBJECT: **CSDA BOARD OF DIRECTORS CALL FOR NOMINATIONS
SEAT A**

The Elections and Bylaws Committee is looking for Independent Special District Board Members or their General Managers who are interested in leading the direction of the California Special Districts Association for the 2022 - 2024 term.

The leadership of CSDA is elected from its six geographical networks. Each of the six networks has three seats on the Board with staggered 3-year terms. Candidates must be affiliated with an independent special district that is a CSDA Regular Member in good standing and located within the geographic network that they seek to represent.
(See attached CSDA Network Map)

The CSDA Board of Directors is the governing body responsible for all policy decisions related to CSDA's member services, legislative advocacy, education and resources. The Board of Directors is crucial to the operation of the Association and to the representation of the common interests of all California's special districts before the Legislature and the State Administration. Serving on the Board requires one's interest in the issues confronting special districts statewide.

Commitment and Expectations:

- Attend all Board meetings, usually 4-5 meetings annually, at the CSDA office in Sacramento.
- Participate on at least one committee, meets 3-5 times a year at the CSDA office in Sacramento.
(CSDA reimburses Directors for their related expenses for Board and committee meetings as outlined in Board policy).
- Attend, at minimum, the following CSDA annual events: Special Districts Legislative Days - held in the spring, and the CSDA Annual Conference - held in the fall.
(CSDA does **not** reimburse expenses for the two conferences even if a Board or committee meeting is held in conjunction with the event)
- Complete all four modules of CSDA's Special District Leadership Academy within 2 years of being elected.
(CSDA does **not** reimburse expenses for the Academy classes even if a Board or committee meeting is held in conjunction with the event).

Nomination Procedures: Any Regular Member in good standing is eligible to nominate one person, a board member or managerial employee (as defined by that district's Board of Directors), for election to the CSDA Board of Directors. **A copy of the member district's resolution or minute action and Candidate Information Sheet must accompany the nomination. The deadline for receiving nominations is March 29, 2021. Nominations and supporting documentation may be mailed or emailed.**

Mail: 1112 I Street, Suite 200, Sacramento, CA 95814
Fax: 916.442.7889
E-mail: amberp@csda.net

Once received, nominees will receive a candidate's letter. The letter will serve as confirmation that CSDA has received the nomination and will also include campaign guidelines.

CSDA will begin electronic voting on May 28, 2021. All votes must be received through the system no later than 5:00 p.m. July 16, 2021. The successful candidates will be notified no later than July 20, 2021. All selected Board Members will be introduced at the Annual Conference in Monterey, CA in August 2021.

Expiring Terms

(See enclosed map for Network breakdown)

Northern Network Seat A – Ralph Emerson, GM, Garberville Sanitary District*
Sierra Network Seat A – Noelle Mattock, Director, El Dorado Hills Community Services District*
Bay Area Network Seat A – Chad Davisson, GM, Ironhouse Sanitary District*
Central Network Seat A – Vacant
Coastal Network Seat A – Elaine Magner, Director, Pleasant Valley Recreation and Park District*
Southern Network Seat A – Jo MacKenzie, Director, Vista Irrigation District*

This year we will be using a web-based online voting system, allowing your district to cast your vote easily and securely. Electronic Ballots will be emailed to the main contact in your district May 28, 2021. All votes must be received through the system no later than 5:00 p.m. July 16, 2021.

*Districts can opt to cast a paper ballot instead; but you must contact Amber Phelen by e-mail Amberp@csda.net by **March 29, 2021** in order to ensure that you will receive a paper ballot on time.*

CSDA will mail paper ballots on May 28, 2021 per district request only. ALL ballots must be received by CSDA no later than 5:00 p.m. July 16, 2021.

The successful candidates will be notified no later than July 20, 2021. All selected Board Members will be introduced at the Annual Conference in Monterey, CA in August 2021.

(* = Incumbent is running for re-election)

If you have any questions, please contact Amber Phelen at amberp@csda.net.



**California Special
Districts Association**
Districts Stronger Together

2021 BOARD OF DIRECTORS NOMINATION FORM

Name of Candidate: _____

District: _____

Mailing Address: _____

Network: _____ (see map)

Telephone: _____

(PLEASE BE SURE THE PHONE NUMBER IS ONE WHERE WE CAN REACH THE CANDIDATE)

Fax: _____

E-mail: _____

Nominated by (optional): _____

**Return this form and a Board resolution/minute action supporting the candidate
and Candidate Information Sheet by mail or email to:**

CSDA
Attn: Amber Phelen
1112 I Street, Suite 200
Sacramento, CA 95814
(877) 924-2732

amberp@csda.net

DEADLINE FOR RECEIVING NOMINATIONS – March 29, 2021



**California Special
Districts Association**
Districts Stronger Together

2021 CSDA BOARD CANDIDATE INFORMATION SHEET

The following information **MUST** accompany your nomination form and Resolution/minute order:

Name: _____

District/Company: _____

Title: _____

Elected/Appointed/Staff: _____

Length of Service with District: _____

1. Do you have current involvement with CSDA (such as committees, events, workshops, conferences, Governance Academy, etc.):

2. Have you ever been associated with any other state-wide associations (CSAC, ACWA, League, etc.):

3. List local government involvement (such as LAFCo, Association of Governments, etc.):

4. List civic organization involvement:

****Candidate Statement** – Although it is not required, each candidate is requested to submit a candidate statement of no more than 300 words in length. **Any statements received in the CSDA office after March 29, 2021 will not be included with the ballot.**



California Special Districts Association

DISTRICT NETWORKS



Memo

Date: March 17, 2021

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 TENTH AMENDMENT TO THE AGREEMENT FOR JOINT COST SHARING BETWEEN OLIVENHAIN MUNICIPAL WATER DISTRICT, CARLSBAD MUNICIPAL WATER DISTRICT, VALLECITOS WATER DISTRICT, CITY OF OCEANSIDE, LEUCADIA WASTEWATER DISTRICT, SAN ELIJO JOINT POWERS AUTHORITY, RINCON DEL DIABLO MUNICIPAL WATER DISTRICT, SANTA FE IRRIGATION DISTRICT, AND CITY OF ESCONDIDO FOR JOINT FEDERAL LEGISLATIVE OUTREACH EFFORTS PERTAINING TO THE NORTH SAN DIEGO COUNTY REGIONAL RECYCLED WATER PROJECT**

Purpose

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

Should the board approve the amendment, staff will proceed with Agenda Item C-e, which requests approval of an extension to the existing agreement retaining BlueWater Strategies llc for federal legislative outreach services. Though OMWD would continue to

serve as the lead agency in dealing 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. However, this may render OMWD solely responsible for costs, if any, approved by the board in Agenda Item C-e.
- The board could direct staff to discontinue the pursuit of federal funds in support of the NSDCRRWP.

Background

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

As water supplies dwindled and state regulations on water efficiency were implemented, the importance of expanding recycled water supplies for outdoor irrigation increased. The Coalition grew and the NSDCRRWP was conceived to connect recycled water sources and markets irrespective of agency boundaries and to maximize the recycled water facilities of all agency partners. 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/IRWM, and (3) Metropolitan Water District of Southern California via its Local Resources Program.

At the federal level, on behalf of NSDCRRWP partner agencies, OMWD entered into an agreement with BlueWater Strategies, previously The Furman Group, in 2011 for legislative outreach efforts in pursuit of federal funds for the NSDCRRWP. Participating agencies also entered into an agreement through which costs for the legislative outreach effort would be evenly shared. The term for each of these agreements was one year, and both agreements were renewed each year since 2012 for additional one-year periods. Partner agency representatives traditionally travel to Washington, DC annually to pursue a federal authorization for the NSDCRRWP in the Water Resources Reform and Development Act. However, a planned spring 2020 visit was canceled due to the COVID-19 pandemic.

To date, the achievement of state grant funds by partner agencies for the NSDCRRWP has been successful. The NSDCRRWP was awarded \$1.455 million in Proposition 84/IRWM Round 1 funding for design, engineering, and environmental work on its recycled water projects, including a Programmatic Environmental Impact Report and a US Bureau of Reclamation-compliant feasibility study. Additionally, in 2014, the NSDCRRWP was awarded \$3.452 million in Proposition 84/IRWM Round 2 funding to be used for the construction of NSDCRRWP subprojects, including OMWD's Village Park Recycled Water Project and SEJPA's pipeline that connects its distribution system to Wiegand Reservoir to supply Village Park communities. Other agency subprojects included pipeline extensions and lift station improvements.

In 2015, Santa Fe Irrigation District and City of Escondido, both of which are members of the Coalition, but neither of which had participated in the original federal legislative outreach effort, signed onto the agreement with a buy-in to the joint cost-sharing agreement through October 2020. The buy-in ensured that their ultimate investment in the agreement was equal to that of the existing partners in the cost-sharing agreement. OMWD and the other seven original partners benefited from the cost offset provided by these buy-in fees, effectively offering each a reduced rate for services provided by BlueWater Strategies. In March 2017, Vista Irrigation District elected to withdraw participation in the cost-sharing agreement with no consideration or refund provided for past payments, leaving only seven original partners. All buy-in payments by Santa Fe Irrigation District and City of Escondido have been received.

On December 16, 2016, President Barack Obama signed the Water Resources Reform Development Act, which was renamed the Water Infrastructure Improvements for the Nation Act and included the reform and revitalization of the Title XVI program to a competitive grant program. The bill also provided important amendments to national water policies of years past; notably, the California drought section provides both short-term and long-term drought relief. The California drought language was the result of

years of negotiations between Senator Dianne Feinstein and California House Republicans led by Majority Leader Kevin McCarthy. BlueWater Strategies worked very closely with the Senator, the House Leader, and House Republicans on behalf of partner agencies to include the revitalized Title XVI language into the bill. This enabled partner agencies to apply in August 2017 for federal funding for the North San Diego County Regional Recycled Water Program 2020 Project, a phase of the NSDCRRWP. BlueWater Strategies assisted with this application by facilitating a congressional support letter for the 2020 Project, led by Representative Scott Peters and also signed by Representatives Hunter, Davis, and Vargas.

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

Following the completion of the fiscal year 2017 grant competition, BlueWater Strategies coordinated a debriefing meeting on January 30, 2018 between Reclamation and OMWD's General Manager to discuss the partner agencies' Title XVI grant application and determine specific evaluation criteria categories where the 2020 Project grant application could be improved for the FY 2018 Title XVI competition. Reclamations' recommendations were addressed in the Title XVI grant application submitted in August 2018.

Throughout 2018, BlueWater Strategies worked with Reclamation staff and the northern San Diego congressional delegation to advance the grant application. In September, Reclamation sent a list of proposed Title XVI grant recipients to the Office of Management and Budget for review and sign off. Reclamation divided these applicants into two groups, those previously authorized by Congress and new applicants. BlueWater Strategies believes that bifurcation of funding is not called for by the Title XVI reform that passed in 2018. Bifurcation results in less money available for projects not previously authorized by Congress, and BlueWater Strategies initiated discussions with Congressman Levin's office and Reclamation for the need to remove bifurcation from future reauthorizations.

On February 15, 2019, OMWD received notification from Reclamation that the 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 Reclamation officials and partner agency representatives in order to develop an application in FY 2020. In addition, BlueWater Strategies facilitated meetings with legislative staff for Representatives Levin, Vargas, Davis, and Peters to advise them on the outcome of this funding round and the impact on their constituents. BlueWater Strategies also facilitated support letters for the NSDCRRWP 2020 Project from Senator Harris and Representative Levin.

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

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

Beyond the Title XVI application itself, BlueWater Strategies also focused attention in 2020 on emergency spending measures considered by Congress, which contained support for water utilities in the form of grants or payments for water bills to individual customers. BlueWater Strategies conveyed the Coalition's objections to the exclusion of state and local government entities in these measures.

Additionally, BlueWater Strategies was successful in working with key members of the House Ways and Means Committee and the California congressional delegation to ensure that the tax-exempt status on municipal bonds was protected. Efforts on this issue included submitting letters on behalf of the Coalition, urging House and Senate leadership to protect the tax exemption on municipal bonds, as well as a similar letter sent to the President of the United States.

Fiscal Impact

If the board approves the amendments to the joint cost-sharing agreement and the agreement with BlueWater Strategies, the fiscal year 2022 impact to OMWD is estimated to be \$17,333.33.

The cumulative fiscal impact to OMWD of the agreement with BlueWater Strategies, excluding the maximum out-of-pocket expenses of \$889 for the 2021-2022 contract term, would be \$165,211.22.

Original agreement (2011):	\$15,216.88
First amendment (2012):	\$15,239.99
Second amendment (2013):	\$15,462.30
Third amendment (2014):	\$15,750.26
Fourth amendment (2015):	\$13,141.87
Fifth amendment (2016):	\$13,141.87
Sixth amendment (2017):	\$14,981.18
Seventh amendment (2018):	\$14,981.18
Eighth amendment (2019):	\$14,981.18
Ninth amendment (2020):	\$14,981.18
Tenth amendment, proposed (2021):	\$17,333.33
Total over eleven years:	\$165,211.22

Travel or labor costs for individual partner agency representatives in support of federal legislative outreach efforts would continue to be borne by the respective agency.

If successful in obtaining federal funds, partner agencies will share an award that is expected to be \$20 million. OMWD's share of such an award would be \$2.2 million. There is also a chance of zero funding; in the past, however, partner agencies have received \$25 million resulting from legislative outreach efforts with BlueWater Strategies and anticipate similar success.

Discussion

Pending approval of the agreement by the board, BlueWater Strategies has declared its intention to continue working with partner agencies as well as the San Diego congressional delegation to help obtain federal funds for the NSDCRRWP. Specifically, BlueWater Strategies will coordinate support letters from congressional representatives on behalf of partner agencies. In addition, BlueWater Strategies will organize project briefings between high-level Reclamation officials and partner agency representatives in order to develop a successful FY 2022 application.

After a grant review call with Reclamation staff and partner agencies, BlueWater Strategies is confident that Reclamation is eager to rectify injustices made during the 2019/2020 process, and legislative outreach efforts will prove successful for a spring 2021 application submittal. In preparation, BlueWater Strategies is reaching out to

nominees and potential nominees to the Biden Administration who will assume senior positions at DOI and Reclamation.

Congress passed H.R. 133, the Consolidated Appropriations Act, which contained a version of a Senate-passed Water Resources Development Act. Consequently, the Title XVI WINN grant program was reauthorized and Congress remains on track in passing a WRDA bill every two years. BlueWater Strategies is dedicated to renewing efforts to win support from the San Diego delegation and distinguish the NSDCRRWP from other California projects for these funds.

BlueWater Strategies has declared its commitment to pursuing grant funding opportunities for the NSDCRRWP partner agencies, within Title XVI or any other program that might develop through the impending Administration changes. President Biden announced that his infrastructure plan would double federal investment in clean drinking water. When a major infrastructure bill does materialize, BlueWater Strategies recommends that partner agencies focus on a refurbishment and modernization of the Title XVI grant program. Given the Administration's emphasis on resiliency and environmental quality, recycled water should be at the forefront of the water infrastructure agenda. BlueWater Strategies has had encouraging discussions with Congressman Levin's office and Reclamation on this subject.

Still active in 2021, the Water Recycling Investment and Improvement Act introduced in the House would extend the authorization of Reclamation's Title XVI competitive grants program, and increase the authorized funding level from \$50 million to \$500 million. The bill would also expand the geographic scope of the program by removing a requirement that projects be located in sustained drought or disaster areas, make the program truly competitive by removing a requirement that Congress sign off on each selected project, and modernize the individual program funding cap from \$20 million to \$30 million.

BlueWater Strategies reports that there are strong indications from the House Appropriations Chair Rosa DeLauro that earmarks will return to the appropriations process. In the event of the return of earmarks in this spending cycle or the next, BlueWater Strategies will work with the Coalition and WaterReuse Association to identify an earmark strategy for specific projects.

All nine partner agencies have agreed that BlueWater Strategies would once again be a suitable firm with which to enter an agreement for legislative outreach services based on its knowledge of the NSDCRRWP and past successful efforts.

Attachments: Tenth amendment to the Joint Cost-Sharing Agreement

TENTH AMENDMENT TO THE JOINT COST SHARING AGREEMENT

WHEREAS, Olivenhain Municipal Water District, Carlsbad Municipal Water District, Vallecitos Water District, City of Oceanside, Leucadia Wastewater District, San Elijo Joint Powers Authority, Rincon del Diablo Municipal Water District, Santa Fe Irrigation District, and City of Escondido have cooperated in order to develop a recycled water project for northern San Diego County generally known as the North San Diego County Regional Recycled Water Project (NSDCRRWP);

WHEREAS, Olivenhain Municipal Water District, Carlsbad Municipal Water District, Vallecitos Water District, Vista Irrigation District, City of Oceanside, Leucadia Wastewater District, San Elijo Joint Powers Authority, and Rincon del Diablo Municipal Water District entered into a one-year Joint Lobbying and Cost Sharing Agreement on March 1, 2011. The purpose of the 2011 Joint Lobbying and Cost Sharing Agreement was to retain BlueWater Strategies llc (BlueWater Strategies), previously The Furman Group, to perform legislative outreach to secure federal funding for the NSDCRRWP, including Water Resources Reform and Development Act (WRRDA), now referred to as Water Infrastructure Improvements for the Nation Act (WIIN), and Title XVI funding, and to specify the time and manner in which payment will be made to BlueWater Strategies;

WHEREAS, the parties agreed in 2012 to amend and extend the 2011 Joint Lobbying and Cost Sharing Agreement for a period of one year and have since agreed annually to amend and extend the 2011 Joint Lobbying and Cost Sharing Agreement for a period of one year;

WHEREAS, the NSDCRRWP partners and BlueWater Strategies successfully communicated with legislators over the past year, enabling the coalition of water and wastewater agencies to be eligible to apply for WIIN Title XVI program federal funding for the NSDCRRWP;

WHEREAS, as established in the fourth amendment, the original parties agreed to include Santa Fe Irrigation District and City of Escondido as parties to the agreement;

WHEREAS, Vista Irrigation District elected to withdraw participation as a party in March 2017 to the 2011 Joint Lobbying and Cost Sharing Agreement, with no consideration or refund provided to Vista Irrigation District for past payments;

WHEREAS, through this amendment, it is the intent of all remaining parties to extend the 2011 Joint Lobbying and Cost Sharing Agreement, as amended, for an additional one-year period, to retain BlueWater Strategies for an additional year to continue federal legislative outreach, and to specify the time and manner in which payment will be made.

NOW, THEREFORE, the parties hereto agree as follows:

1. Parties. The original parties to the 2011 Joint Lobbying and Cost Sharing Agreement are Olivenhain Municipal Water District, Carlsbad Municipal Water District, Vallecitos Water District, Vista Irrigation District, City of Oceanside, Leucadia Wastewater District, San Elijo Joint Powers Authority, and Rincon del Diablo Municipal Water District. Santa Fe Irrigation District and City of Escondido became parties to the 2011 Joint Lobbying and Cost Sharing Agreement through the fourth amendment, and Vista Irrigation District withdrew participation as a party to the 2011 Joint Lobbying and Cost Sharing Agreement in March

2017.

2. **Term.** The foregoing recitals are true and correct. The parties hereby agree to amend and extend the 2011 Joint Lobbying and Cost Sharing Agreement, as amended, by one year until March 31, 2022. 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 agreement with BlueWater Strategies for this tenth 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 2021, the remaining original seven partner agencies, Santa Fe Irrigation District, and City of Escondido shall make semi-annual payments of \$8,666.67, excluding out-of-pocket expenses. Each party shall make semi-annual payments to OMWD according to the following schedule, and OMWD shall add its semi-annual payment to the rest of the payments, making one (1) full payment to BlueWater Strategies twice per year as described below:

PAYMENT	DUE TO OMWD	DUE TO BLUEWATER STRATEGIES
First Payment	May 1, 2021	May 15, 2021
Second Payment	October 1, 2021	October 15, 2021

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, 2021.

DATED: _____

OLIVENHAIN MUNICIPAL WATER DISTRICT

By: _____
Kimberly A. Thorner, General Manager

DATED: _____

CARLSBAD MUNICIPAL WATER DISTRICT

By: _____
Vicki Quiram, General Manager

DATED: _____

VALLECITOS WATER DISTRICT

By: _____
Glenn Pruim, General Manager

DATED: _____

CITY OF OCEANSIDE

By: _____
Cari Dale, Water Utilities Director

DATED: _____

LEUCADIA WASTEWATER DISTRICT

By: _____
Paul Bushee, General Manager

DATED: _____

SAN ELIJO JOINT POWERS AUTHORITY

By: _____
Michael Thornton, General Manager

DATED: _____

RINCON DEL DIABLO MUNICIPAL WATER DISTRICT

By: _____
Clint Baze, General Manager

DATED: _____

CITY OF ESCONDIDO

By: _____
Christopher W. McKinney, Director of Utilities

DATED: _____

SANTA FE IRRIGATION DISTRICT

By: _____
Albert Lau, General Manager

Memo

Date: March 17, 2021
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 TENTH AMENDMENT TO THE CONSULTING PROFESSIONAL SERVICES AGREEMENT WITH BLUEWATER STRATEGIES LLC FOR LEGISLATIVE OUTREACH SERVICES PERTAINING TO THE NORTH SAN DIEGO COUNTY REGIONAL RECYCLED WATER PROJECT**

Purpose

The purpose of this item is to consider approval of an amendment to the existing professional services agreement with BlueWater Strategies llc, for federal legislative outreach services for the North San Diego County Regional Recycled Water Project. The amendment will extend the existing agreement for a term of one year. Approval of this amendment is contingent upon board approval of Agenda Item C-d, which provides for cost sharing of the BlueWater Strategies agreement among the nine partner agencies of the NSDCRRWP.

Recommendation

Staff recommends approval of this amendment to the existing agreement with BlueWater Strategies.

Alternative(s)

- The board could direct staff to discontinue the pursuit of federal funds in support of the NSDCRRWP.
- The board may direct staff as otherwise deemed appropriate.

Background

As outlined in Agenda Item C-d, in the 1990s, OMWD, Leucadia Wastewater District, San Elijo Joint Powers Authority, and Carlsbad Municipal Water District were successful in jointly pursuing federal grant funding under a North San Diego Water Reuse Coalition cooperative recycled water project. As water supplies dwindled and state regulations on water efficiency were implemented, the importance of expanding recycled water supplies for outdoor irrigation increased. The Coalition grew and the NSDCRRWP was conceived to connect recycled water sources and markets irrespective of agency boundaries and to maximize the current recycled water facilities of all agency partners.

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

In 2011, on behalf of partner agencies, OMWD entered into an agreement with BlueWater Strategies, previously The Furman Group, for legislative outreach efforts in pursuit of federal funds for the NSDCRRWP. Participating agencies also entered into an agreement through which costs for the legislative outreach effort would be evenly shared. The term for each of these agreements was one year, and both agreements were renewed each year since 2012 for additional one-year periods. OMWD continues its leadership role in the Coalition by facilitating the execution of the cost-sharing agreement on behalf of partner agencies, executing the Consulting Professional Services Agreement with BlueWater Strategies, and coordinating payment arrangements.

Fiscal Impact

The cost for the attached one-year agreement is \$156,000, plus up to \$8,000 for out-of-pocket expenses, to be invoiced monthly and split between partner agencies, for a total cost of up to \$164,000. The total cost will be shared among the NSDCRRWP partner agencies pursuant to Agenda Item C-d. If approved, OMWD's share of the agreement costs will be \$17,333.33 plus expenses.

The cumulative fiscal impact to OMWD of the agreement with BlueWater Strategies for the 2021-2022 contract term, excluding out-of-pocket expenses, would be no more than \$165,211.22 over eleven years:

Original agreement (2011):	\$15,216.88
First amendment (2012):	\$15,239.99
Second amendment (2013):	\$15,462.30
Third amendment (2014):	\$15,750.26
Fourth amendment (2015):	\$13,141.87
Fifth amendment (2016):	\$13,141.87
Sixth amendment (2017):	\$14,981.18
Seventh amendment (2018):	\$14,981.18
Eighth amendment (2019):	\$14,981.18
Ninth amendment (2020):	\$14,981.18
Tenth amendment, proposed (2021):	\$17,333.33
Total over eleven years	\$165,211.22

If successful in obtaining federal funds, the NSDCRRWP partner agencies will share an award that is expected to total \$20 million.

Discussion

Should the board approve Agenda Item C-d and the tenth agreement amendment, the General Manager will execute an extension to the existing agreement retaining BlueWater Strategies or federal legislative outreach services. BlueWater Strategies will continue to monitor federal legislative and regulatory initiatives that may impact the Coalition and its activities, as well as monitor new federal funding opportunities, provide detailed updates and analysis of congressional and administration activities, and advocate for the Coalition in Washington, DC.

Continuing to share costs with Coalition partner agencies allows OMWD to leverage its dollars and partnerships in seeking potentially sizable federal participation in the NSDCRRWP. The likelihood of achieving grant funding or federal involvement is greater for cooperative projects like the NSDCRRWP, as granting agencies favor projects which establish integration and regional benefit.

The agreement anticipates that there will be additional amendments in the future if the group is successful in the achievement of an authorization and movement into the

appropriation phase. At that time, costs may be allocated between agencies based on the benefits proportionally received from the appropriation.

Attachments:

- *Tenth amendment to the Professional Services Agreement with BlueWater Strategies Ilc*
- *BlueWater Strategies Ilc Scope of Work*

TENTH AMENDMENT TO THE
CONSULTING PROFESSIONAL SERVICES AGREEMENT
WITH BLUEWATER STRATEGIES LLC

This Agreement is entered into by and between Olivenhain Municipal Water District, a Municipal Water District organized and operating pursuant to Water Code Section 71000 *et seq.* (hereinafter “OMWD”) and BlueWater Strategies llc, a lobbying/consulting firm organized and operating in Washington, DC (hereinafter “BWS”).

RECITALS

1. Effective February 15, 2011, OMWD entered into a one-year Consulting Professional Services Agreement with The Furman Group, under the terms of which The Furman Group (which merged with BWS in 2018) assisted OMWD and its partners with legislative outreach and government relations services in the pursuit of federal funds for the North San Diego County Regional Recycled Water Project (NSDCRRWP).

2. Upon expiration of the initial agreement, OMWD and BWS amended the agreement, effective April 1, 2012, to extend the term of the agreement for a period of one year. OMWD and BWS amended the agreement a second time, effective April 1, 2013, to extend the term of the agreement for one additional year. OMWD and BWS amended the agreement a third time, effective April 1, 2014, to extend the term of the agreement for one additional year. OMWD and BWS amended the agreement a fourth time, effective April 1, 2015, to extend the term of the agreement for one additional year. OMWD and BWS amended the agreement a fifth time, effective April 1, 2016, to extend the term of the agreement for one additional year. OMWD and BWS amended the agreement a sixth time, effective April 1, 2017, to extend the term of the agreement for one additional year. OMWD and BWS amended the agreement a seventh time, effective April 1, 2018, to extend the term of the agreement for one additional year. OMWD and BWS amended the agreement an eighth time, effective April 1, 2019, to extend the term of the agreement for one additional year. OMWD and BWS amended the agreement a ninth time, effective April 1, 2020, to extend the term of the agreement for one additional year.

3. OMWD and its NSDCRRWP partner agencies—Carlsbad Municipal Water District, Vallecitos Water District, City of Oceanside, Leucadia Wastewater District, San Elijo Joint Powers Authority, Rincon del Diablo Municipal Water District, Santa Fe Irrigation District, and City of Escondido—have entered into an agreement through which costs for BWS’s services will be shared jointly among each agency.

4. On behalf of the NSDCRRWP partner agencies, OMWD desires to retain BWS for one additional year.

COVENANTS

1. Services to be Performed. BWS agrees to perform all work and services in strict accordance with the work described in the cost proposal attached hereto as Exhibit A and incorporated herein by reference. BWS will be representing all the partner agencies. All work performed by BWS shall be subject to review and approval by OMWD. OMWD will coordinate with the other NSDCRRWP partner agencies on approval of BWS’s work.

2. Price for Work. BWS agrees to perform all work described in Exhibit A for a monthly retainer amount of \$13,000, plus out-of-pocket expenses not exceeding \$8,000, for the duration of the one-year agreement. Out-of-pocket expenses include travel, taxi fares, computer-aided research, courier, and related charges directly attributable to BWS's representation of the NSDCRRWP. Once the project is authorized to receive federal funds by both the House and Senate, OMWD and the other partner agencies may enter into an additional amendment to this agreement. No increase in the price shall be allowed without the express written consent of OMWD. OMWD shall have no obligation to grant this consent and may deny consent to any price increase in its sole discretion.

3. Payment for Work. Each partner agency shall make its semi-annual payments to OMWD according to the following schedule, and OMWD shall add its semi-annual payment to the rest of the payments, making one (1) full payment twice per year to BWS as described below:

PAYMENT	DUE TO OMWD	DUE TO BWS
First Payment	May 1, 2021	May 15, 2021
Second Payment	October 1, 2021	October 15, 2021

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, 2021.

Dated: _____

Olivenhain Municipal Water District

By: _____

Kimberly A. Thorner
General Manager

Dated: _____

BlueWater Strategies llc

By: _____

McKie S. Campbell
Managing Partner



February 5, 2021

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 honored to have had the opportunity to continue our fruitful working relationship with the Coalition and are enthused about the prospect for significant achievements in 2021.

Our current contract expires on March 31, 2021, and we believe that there is a great deal of support and work that BlueWater can provide to the Coalition this coming year. If it would be helpful, we are always happy to meet with the board to discuss our initiatives and provide an overview of our work plan for the coming year. Outlined below are the activities undertaken over the past year on behalf of the Coalition as well as the proposed scope of work going forward.

2020 IN REVIEW

As has become a little trite to say, 2020 was an unprecedented year from beginning to end. The waning months of the Trump Administration did not provide a great deal of certitude or stability for a transition to a new Administration. The basic operation of the Federal government remained disrupted and uneven. As we approached the end of the Administration, there was a growing rash of vacancies. Because of Covid, most staff were working from home, and the leadership of the Department of Interior itself, came under a legal cloud.

BlueWater’s primary focus for the Coalition has been in support of North San Diego’s application to the Bureau of Reclamation’s Title XVI WIIN Water Recycling Grant Program. The process for 2020 was disrupted when the Bureau did not put out a separate solicitation for the year. We had worked with the Coalition to plan a Spring trip and round of Hill visits with Coalition members. That initiative had to be postponed due to Covid-19 related travel problems, and the general inaccessibility of members and staff for in-person meetings. Instead, we focused

our attention to the raft of large emergency spending measures that the Congress considered to sustain the economy. Some of these measures contained support for water utilities in the form of grants to state or payments for water bills to individual customers. Unfortunately, the Republican majorities remained very hostile to direct support to state and local government entities. We conveyed the Coalition's objections to their exclusion to the members of the North San Diego delegation, the House and Senate leadership and to the White House itself.

Throughout the crisis, we also maintained our close working relationship with the Bureau of Reclamation staff (primarily Amanda Erath, Marybeth Menendez, Matt Reichert, and Dr. Tim Petty, Assistant Secretary for Water and Science). Erath, Menendez, and Reichert remain in their positions, and we have continued to work with them since the election. Erath and others provided us with the intelligence that the Coalition's application had been recommended for funding and would have been if not for the unprecedented interference in the Bureau's recommendations at the end of the Trump Administration.

We passed on that information to the Coalition and arranged a grant review call to discuss the status of their application and the path forward. We believe that the Bureau is eager to rectify the injustice done in the 2019/2020 process and that 2021 has all the ingredients lined up for our success. Another piece of encouraging news is that Camille Touton, Water Policy Advisor from Rep. Grace F. Napolitano (CA-32) has been named Deputy Commissioner of the Bureau of Reclamation. We have a good relationship with Ms. Touton.

As you are aware, the Fiscal Year 2021 appropriations process was compressed, with most of the bills not receiving any floor time in the Senate. The entire process then got immersed into the broader debate about a third large Covid relief package. At the last minute, the Senate passed version of the Water Resources Development Act (WRDA) was added to the omnibus bill along with many other unrelated provisions. While the Senate bill was bipartisan, and essentially non-controversial, it also was not in any way an ambitious roadmap for water infrastructure. The primary positive development is that the WINN grant program was reauthorized. This means there will not be any limbo in 2021 while the program waits on Congress to reauthorize the program so that they can then begin their work.

Key Agenda Items for 2021	Policy Maker	Deadlines
Reestablish relationships, meet key staff Congressman Darrell Issa	Congressman Issa	Late February Early March
Develop Relationships, meet key staff Senator Alex Padilla	Senator Padilla	Late February Early March
Establish or strengthen relationships with new political appointees at the Bureau of Reclamation (Tanya Trujillo, Dep. Sec Water & Science/ Camille Touton Dep. Commissioner BoR), Department of Interior (Secretary Designee Haaland) and Office of Management and Budget.	Biden Administration/Dept. of Interior	Spring 2021
Review Federal Appropriations priorities for 2021 bill	Senators Feinstein/Padilla & Cong. Levin	Late March/ Early April
Submit Appropriations Request forms for Coalition's priorities to San Diego Delegation	Entire San Diego Congressional Delegation	Late April
Review of first drafts and hearings on House and Senate water Appropriation bills	House and Senate Energy and Water Appropriations Subcommittee	May/June
Review provisions of Biden Administration Infrastructure bill. Solicit priorities from Coalition.	Senators Feinstein/Harris & San Diego Delegation	March/April 2021
Educate Members of Delegation on Coalition Priorities in Infrastructure Bill	Entire San Diego Congressional Delegation	April 2021
Submit Title XVI grant application for 2021	Bureau of Reclamation	Spring 2021
Organize Coalition Hill visit	Entire San Diego Congressional Delegation	Fall 2021

PROSPECTS FOR 2021

Water Infrastructure Legislation: Late in 2020, the Congress passed H.R. 133, the Consolidated Appropriations Act. Included in that bill was a slimmed-down version of the Senate passed Water Resources Development Act (WRDA). That bill's inclusion means that Congress remained on track for passing a WRDA bill every two years – a rather surprising accomplishment given the general progress of legislation in the last decade or so. However, that is assuredly not the last word on water infrastructure. President Biden announced that his infrastructure plan would double federal investment in clean drinking water and provide new funding for low-income areas that are struggling to replace distribution pipes and treatment facilities. There will be a particular emphasis, connected to the Flint Michigan water crisis, on removing lead and PFAS (polyfluoroalkyl substances) from aging drinking water infrastructure. While exact figures for the Biden plan are not yet available, \$2 trillion dollars in infrastructure investment has been floated.

When a major infrastructure bill does materialize, one area that we could focus on for the Coalition is a refurbishment and modernization of the Title XVI grant program. Given the Administration's emphasis on resiliency and environmental quality, recycled water should be at the forefront of the water infrastructure agenda. We have had discussions with Congressman Levin's office and the Bureau about this subject. The incoming Biden Administration allows for a more expansive approach.

Title XVI Grant: Unfortunately 2020 resulted in a huge disruption to the Title XVI grant program. First, the Bureau was unable to issue a solicitation. Secondly, despite the Coalition making the cut for the unified 2019/2020 award, the Bureau's recommendations were discarded in favor of uncompetitive choices at the Secretary/OMB level. We are aware that the Bureau intends to rectify this problem in FY 2021. We also anticipate with a Democratic Administration and a Vice President and Speaker who hail from California, we will no longer encounter an anti-California bias with Federal grant-making. We will renew our efforts to win support from the San Diego delegation and distinguish the Coalition from the many California applicants for these funds. We feel strongly that this is the year our efforts will bear fruit. We do know that the Department will place a renewed emphasis on Native American rights, and this is likely to be particularly acute in water resources. San Diego County is home to more registered tribes than any other county in the United States, so we suggest that new partnerships with tribes and reservation lands (which are rather small in San Diego) be explored in the upcoming year.

Appropriations: While the appropriations process in the first year of a new Administration is likely to be slow, there is good reason to believe it will go forward. There are also strong

indications from the House Appropriations Chair, Rosa DeLauro (D-CT) that earmarks will return in some fashion to the Appropriations process. At BlueWater, we have always believed that the appropriations process functioned a great deal better, and appropriations bills proceeded under regular order far more often, when members of Congress had more political incentive to say “yes” to a bill, rather than grandstand on spending. In the event of the return of earmarks in this spending cycle or the next, we should look to the Coalition as well as the Water Reuse Association to identify an earmark strategy for specific projects. BlueWater would then undertake to meet with the Committees, perhaps in conjunction with the Water Reuse Association, throughout the year to ensure these priorities are reflected in the final product adopted by the Congress. While this is likely her last term, Senator Feinstein remains the state’s key member of the Appropriations Committee and working with that office will be particularly important in this process.

Change Management: Despite the lengthy and contentious period between Election Day and President Biden’s inauguration, we now have a new President, a new administration to get to know, and several new faces and returning faces in Congress.

As we anticipated last year, with Duncan Hunter’s resignation, Republican chances greatly increased in California’s 50th District at the far southern end of the state. Former Congressman Darrell Issa beat out Democratic candidate Ammar Campa Najjar. Having a Republican member from the region could prove beneficial in providing a bipartisan feel to any of the Coalition’s initiatives or grant requests. We will undertake an outreach plan to bring Congressman Issa’s new staff up to speed on the work of the Coalition and our ongoing projects and priorities.

We also know that former state senator and California Secretary of State Alex Padilla will finish the remainder of Vice President Kamala Harris’ U.S. Senate term. He is up for reelection in two short years, so predictably, his focus will be on earning a full Senate term in his own right. His most obvious difficulty will come in the form of Democratic primary challenges, with a number of potential challengers already rumored. On a positive note, the Senator has received a seat on the Budget and Environment and Public Works Committees, both of which will be important in the development of new infrastructure legislation.

We are in the several-month-long process of the replacement of the entire senior leadership of the Department of Interior. With a narrowly Democratically controlled US Senate, several moderate Democrats and Republicans will have an oversized voice in the confirmation of officials, and what bills will make it through the legislative process. BlueWater is already reaching out to nominees, and potential nominees to the Biden Administration who will assume

senior positions at Interior and the Bureau of Reclamation.

Maintaining Relationships: The election did not result in a shakeup of any of the existing members of the San Diego Delegation, so those existing contacts and relationships remain in place – though there will always be churn with the legislative staff. BlueWater Strategies will continue our work as a liaison with the San Diego Congressional Delegation to ensure continued support for North San Diego County Regional Recycled Water Project. Specifically, BlueWater will maintain our outreach with Reps. Peters (D-CA), Davis (D-CA), and Vargas (D-CA). and Rep. Mike Levin (D-CA). We expect Representative Levin to remain our legislative champion during consideration of the Coalitions agenda. The Congressman’s legislative director has been an active advocate for North San Diego’s initiatives, and the Congressman’s chief of staff was a former mentee of BlueWater’s Jason Matthews. We will work in 2021 to develop a similar relationship with Senator Padilla.

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

BlueWater staff members will continue to meet regularly with North San Diego officials to provide the most up-to-date information and to liaise between the Coalition and the Administration. BlueWater will continue to ensure that key stakeholders in the Department and Bureau are well aware of the importance of the Coalition’s project and will facilitate meetings between the Coalition and relevant decision makers at the Bureau and within Interior. In conclusion, BlueWater will continue to advocate vigorously 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

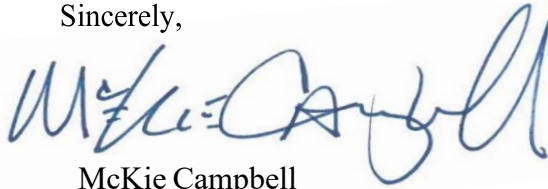
BlueWater Strategies provides professional Federal government relations services to its clients based upon an annual retainer that may be paid semi-annually (in advance) plus preapproved travel expenses at our client’s request. Our retainers are based, in part, upon the time that we estimate the representation 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, 2022.

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 blue ink, appearing to read "McKie Campbell", is positioned above the printed name and title.

McKie Campbell
Managing Partner

Memo

Date: March 17, 2021
To: Olivenhain Municipal Water District Board of Directors
From: Cindy Pecile, Engineering & Right of Way Coordinator
Via: Kimberly A. Thorner, General Manager
Subject: **CONSIDER ACCEPTANCE OF THE ELFIN VISTA LANE LOT 1 WATER SERVICE RELOCATION AND ABANDON EXISTING WATER SERVICE PROJECT (BAUMGARTNER SURVIVORS 1992 TRUST) INTO THE DISTRICT'S SYSTEM AND ORDER A NOTICE OF COMPLETION FILED**

Purpose

The purpose of this agenda item is to consider acceptance of the transfer of the potable water facilities constructed by the Baumgartner Survivors 1992 Trust 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 OWMD's system.

Alternative(s)

None. The water service was relocated and the existing water service abandoned to alleviate the conflict between a public water line and a private service line.

Background

The Elfin Vista Lane Lot 1 Water Service Relocation and Abandon Existing Water Service Project is located in Director Division 4 (Bruce-Lane). The project consists of the installation of a new 1-inch water service and related appurtenances and the abandonment of the existing water service. During construction of another project on Elfin Vista Lane, it was found that the existing private service for Lot 1 interfered with a proposed pipeline extension. At that point, the owner of Lot 1 decided to relocate the existing water service from the intersection of Elfin Forest Lane and Elfin Vista Lane to in front of the property on Elfin Vista Lane.

OMWD entered into an agreement with the Baumgartner Family Survivors 1992 Trust in October 2020 to construct the facilities and dedicate said facilities to OMWD. The facilities are now complete and have been built in accordance with the plans and specifications of OMWD. The warranty period will terminate one (1) year following the acceptance of the facilities by the OMWD's Board.

Fiscal Impact

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

Discussion

OMWD staff is available to answer questions.

*Attachment(s):
Notice of Completion
Location map*

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

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

(This space for recorder's use)

NOTICE OF COMPLETION

NOTICE IS HEREBY GIVEN that the facilities for the Elfin Vista Lane Lot 1 Water Service Relocation and Abandon Existing Water Service project, located on Elfin Vista Lane, and also known as Tax Assessor Parcel No. APN 264-042-29-00, in the County of San Diego, State of California for which the BAUMGARTNER FAMILY SURVIVORS 1992 TRUST ("Developer") contracted with the OLIVENHAIN MUNICIPAL WATER DISTRICT ("Owner," in fee, of the facilities), headquartered at 1966 Olivenhain Road, Encinitas, CA 92024 and constructed by C.E. Wilson Corporation, 662 Grand Avenue, Spring Valley, CA 91977, have been completed in accordance with the plans and specifications as of January 25, 2021. The facilities have been accepted by the Board of Directors of the OLIVENHAIN MUNICIPAL WATER DISTRICT on this 17th day of March, 2021.

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.

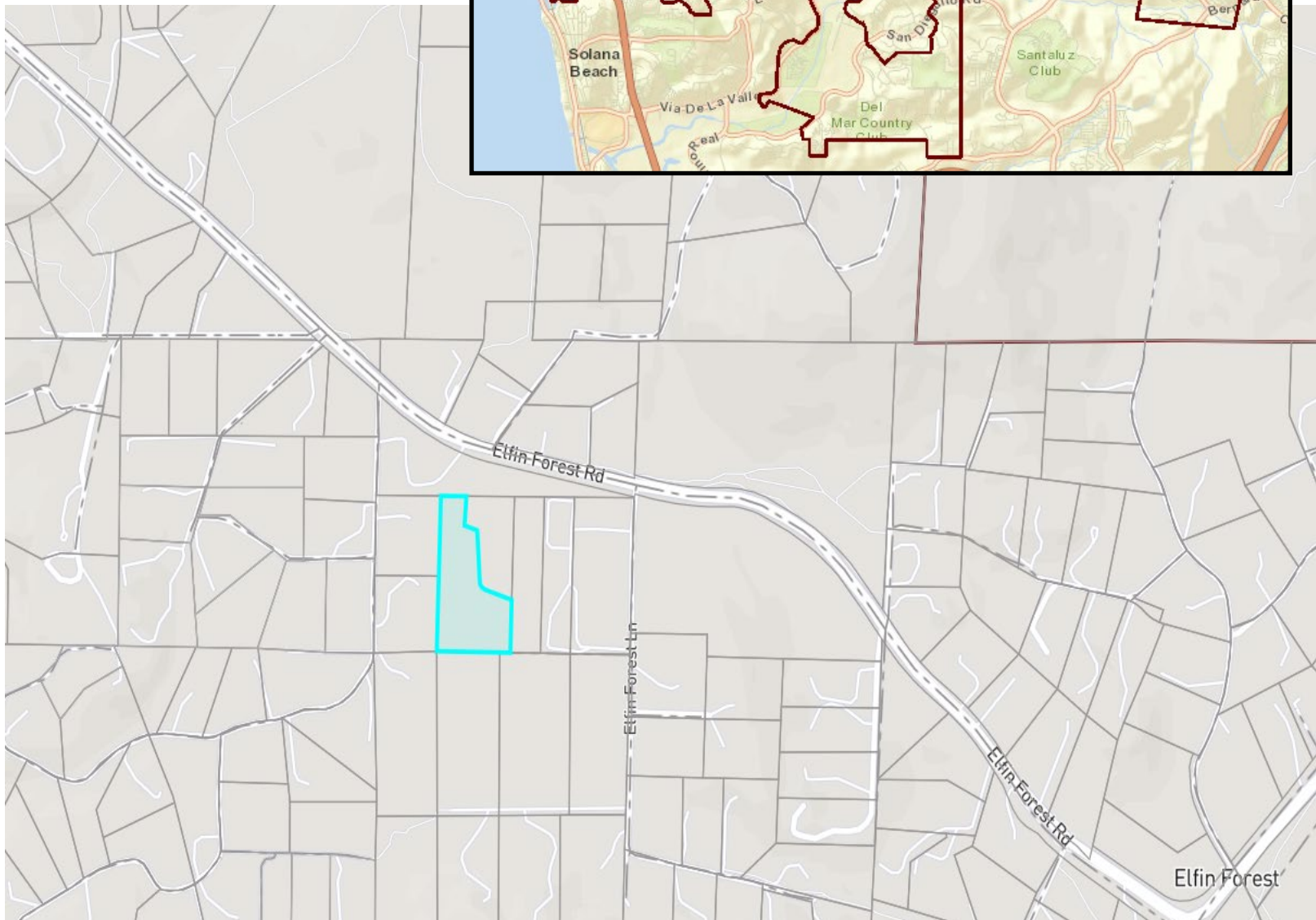
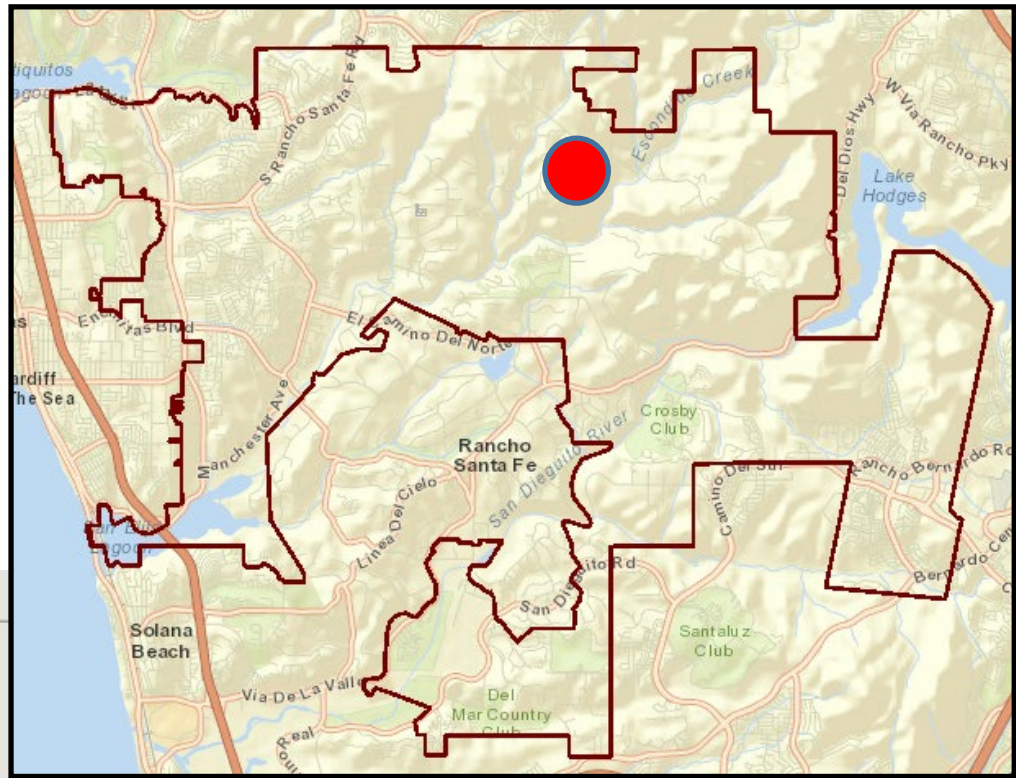
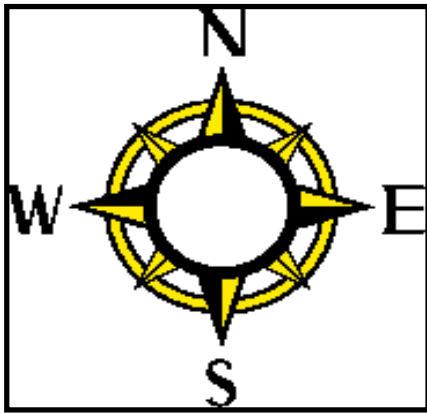
KIMBERLY A. THORNER, being first duly sworn, deposes and says that she is General Manager of the OLIVENHAIN MUNICIPAL WATER DISTRICT and is familiar with the facts stated in the foregoing Notice of Completion executed for and on behalf of said Agency, that she has read the foregoing Notice of Completion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

OLIVENHAIN MUNICIPAL WATER DISTRICT

Date: _____, 20__

By: _____
Kimberly A. Thorner
General Manager

District Project No. W590283 – Elfin Vista Ln WS Relocation & Abandon Exist. WS



**ELFIN VISTA LANE LOT 1 WATER SERVICE RELOCATION
AND ABANDON EXISTING WATER SERVICE PROJECT
DISTRICT PROJECT NO. W590283**

Memo

Date: March 17, 2021
To: Olivenhain Municipal Water District Board of Directors
From: Cindy Pecile, Engineering & Right of Way Coordinator
Via: Kimberly A. Thorner, General Manager
Subject: **CONSIDER ACCEPTANCE OF THE 1170 VIA DI FELICITA ROAD WATER SERVICE INSTALL PROJECT (AMANDA GOODMAN PAPAY) INTO THE DISTRICT'S SYSTEM AND ORDER A NOTICE OF COMPLETION FILED**

Purpose

The purpose of this agenda item is to consider acceptance of the transfer of the potable water facilities constructed by Amanda Goodman Papay 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 water service was required to accommodate a new single family residence being constructed at this location.

Background

The 1170 Via Di Felicita Road Water Service Install project is located in Director Division 3 (Guerin). The project consists of the installation of a 1-inch water service and related appurtenances.

OMWD entered into an agreement with Amanda Goodman Papay in October 2020 to construct the facilities and dedicate said facilities to OMWD. The facilities are now complete and have been built in accordance with the plans and specifications of OMWD. The warranty period will terminate one (1) year following the acceptance of the facilities by the OMWD Board.

Fiscal Impact

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

Discussion

OMWD staff is available to answer questions.

*Attachment(s):
Notice of Completion
Location map*

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

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

(This space for recorder's use)

NOTICE OF COMPLETION

NOTICE IS HEREBY GIVEN that the facilities for the 1170 Via Di Felicita Road Water Service Install Project, located at 1170 Via Di Felicita Road, Encinitas, CA 92024, in the City of Encinitas, County of San Diego, State of California for which AMANDA GOODMAN PAPAY ("Developer") contracted with the OLIVENHAIN MUNICIPAL WATER DISTRICT ("Owner," in fee, of the facilities), headquartered at 1966 Olivenhain Road, Encinitas, CA 92024 and constructed by Draves Pipeline, 727 Burma Road, Fallbrook, CA 92028, have been completed in accordance with the plans and specifications as of January 26, 2021. The facilities have been accepted by the Board of Directors of the OLIVENHAIN MUNICIPAL WATER DISTRICT on this 17th day of March, 2021.

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.

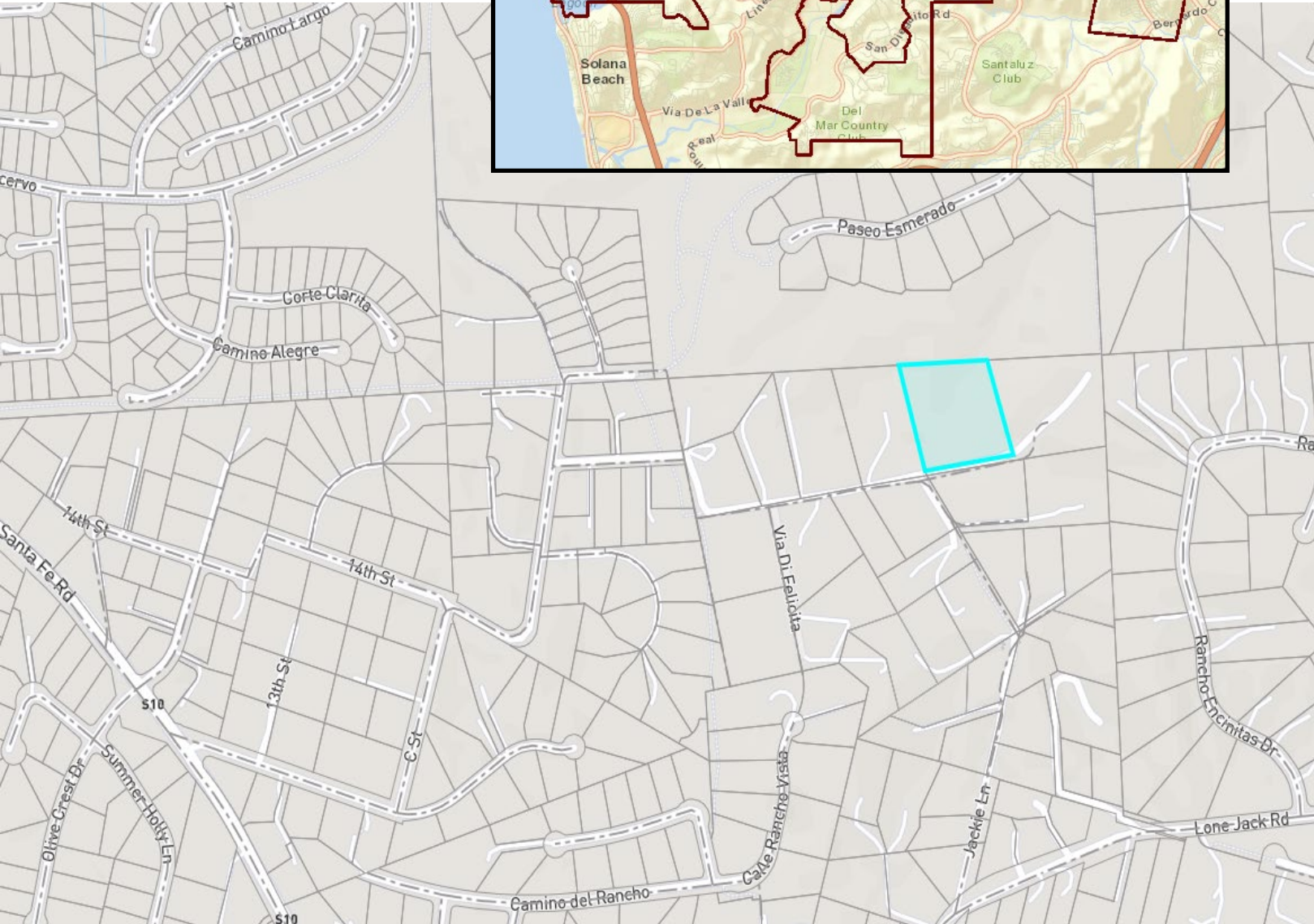
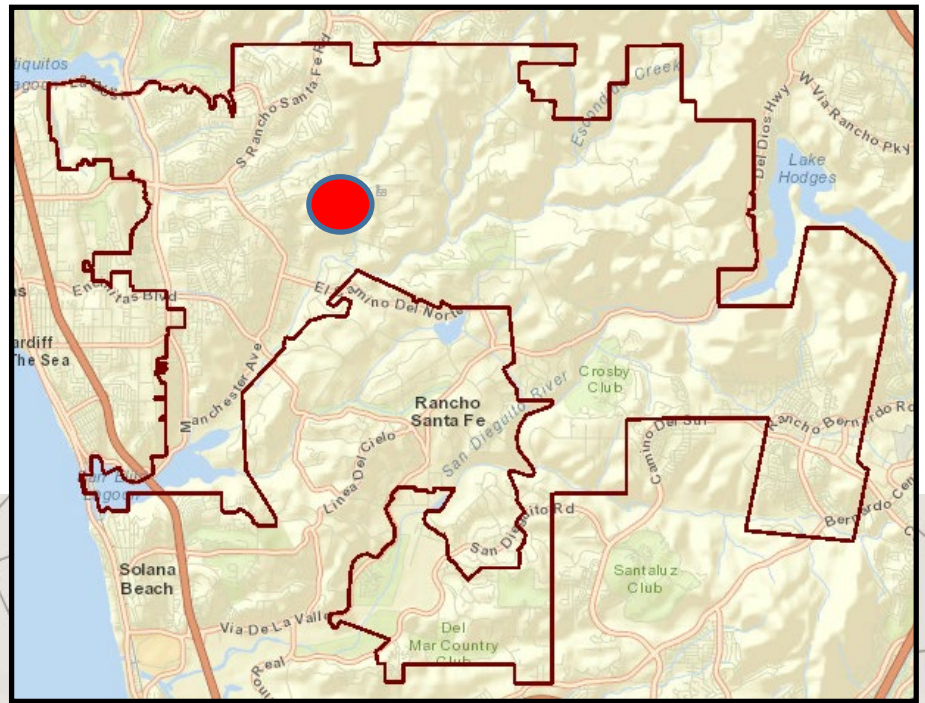
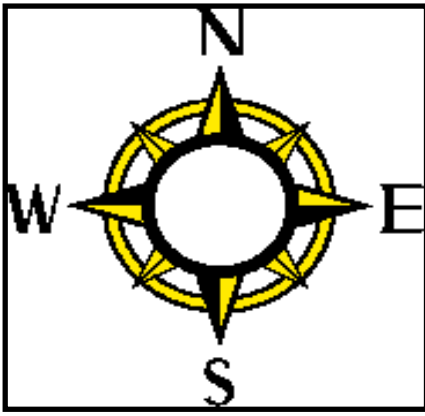
KIMBERLY A. THORNER, being first duly sworn, deposes and says that she is General Manager of the OLIVENHAIN MUNICIPAL WATER DISTRICT and is familiar with the facts stated in the foregoing Notice of Completion executed for and on behalf of said Agency, that she has read the foregoing Notice of Completion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

OLIVENHAIN MUNICIPAL WATER DISTRICT

Date: _____, 20__

By: _____
Kimberly A. Thorner
General Manager

District Project No. W590282 – 1170 Via De Felicita Road WS Install



1170 VIA DI FELICITA ROAD WATER SERVICE INSTALL PROJECT

DISTRICT PROJECT NO. W590282

Memo

Date: March 17, 2021
To: Olivenhain Municipal Water District Board of Directors
From: Steven Weddle, Engineering Services Supervisor
Via: Kimberly A. Thorner, General Manager
Subject: **CONSIDER ACCEPTANCE OF THE 4S RANCH WATER RECLAMATION FACILITY CLARIFIER DRIVE REPLACEMENT PROJECT (REBUILD-IT SERVICES GROUP, LLC) INTO THE DISTRICT'S SYSTEM AND ORDER A NOTICE OF COMPLETION FILED**

Purpose

The purpose of this agenda item is to consider acceptance of the 4S Ranch Water Reclamation Facility (4S WRF) Clarifier Drives Replacement project (Clarifier Drives) constructed by Rebuild-it Services Group, LLC. (Rebuild-it) 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 Clarifier Drives project into OMWD's system

Alternative(s)

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

Background

OMWD owns and operates the 4S WRF, located in Director Division 4 (Bruce-Lane), which treats wastewater flows from the 4S Ranch and Rancho Cielo developments. These flows are treated and disinfected for use as tertiary treated recycled water throughout the Southeastern portion of OMWD. The clarifiers are an essential component of the secondary treatment process at the 4S WRF. Influent from the oxidation ditches is conveyed to two (2) 65-foot diameter circular clarifiers, settling out the solids into secondary treated recycled water. This secondary effluent is conveyed via gravity to the equalization basins and further on into the treatment process. OMWD currently operates both clarifiers at all times. The original clarifier drives were installed in 2003 and were at the end of their useful life. After a public bid process, the Board awarded the construction contract to Rebuild-it at the October 2020 meeting. Construction for the project began in late January 2021 and was completed in two weeks.

Fiscal Impact

The project is now complete and within budget. No change orders were issued for the project.

Discussion

The new clarifier drives have been installed per OMWD's plans and specifications and construction is complete. The drives are fully operational and are now in service. Staff recommends acceptance of the project and filing of a Notice of Completion, and release of retention funds to the contractor following the 60-day notice period, provided no claims are filed.

Staff is available to answer any questions you may have.

Attachment(s):

Notice of Completion;

Project Location Map

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

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

(This space for recorder's use)

NOTICE OF COMPLETION

NOTICE IS HEREBY GIVEN that the facilities for the 4S Water Reclamation Facility Clarifier Drives Replacement Project located at 16595 Dove Canyon Road, San Diego, CA 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 Rebuild-it Services Group, LLC. ("Contractor"), located at P.O. Box 9178 Midvale, UT 84047 have been completed in accordance with District specifications as of February 8, 2021. The facilities have been accepted by the Board of Directors of the OLIVENHAIN MUNICIPAL WATER DISTRICT on this 17th day of March, 2021.

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.

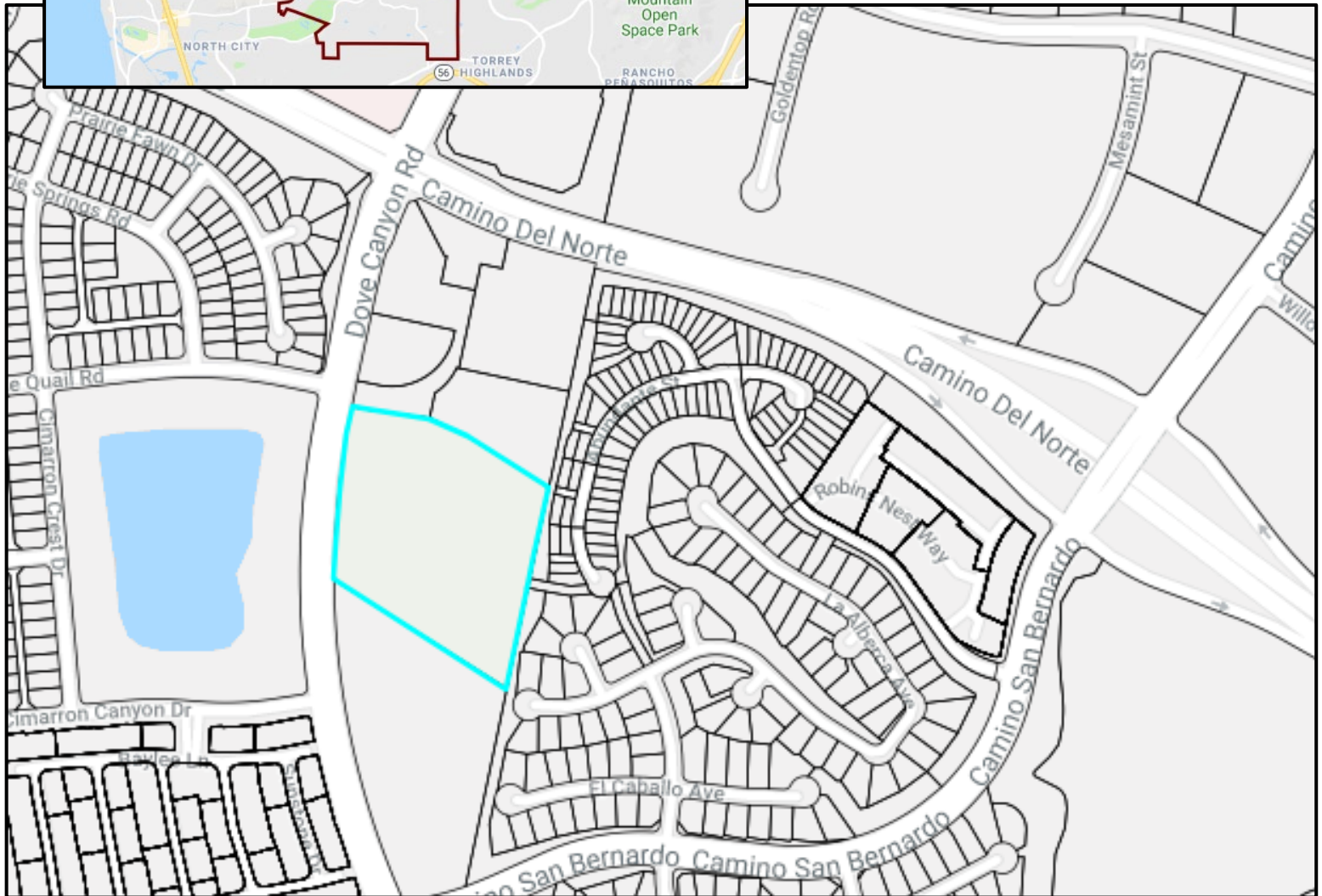
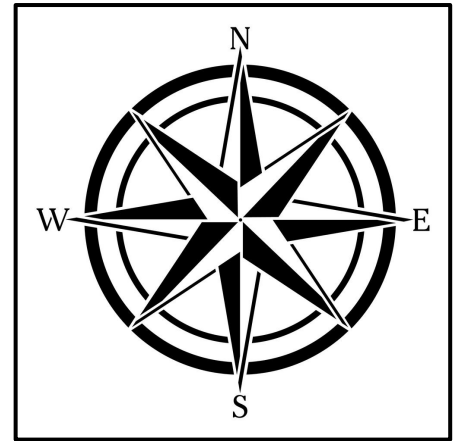
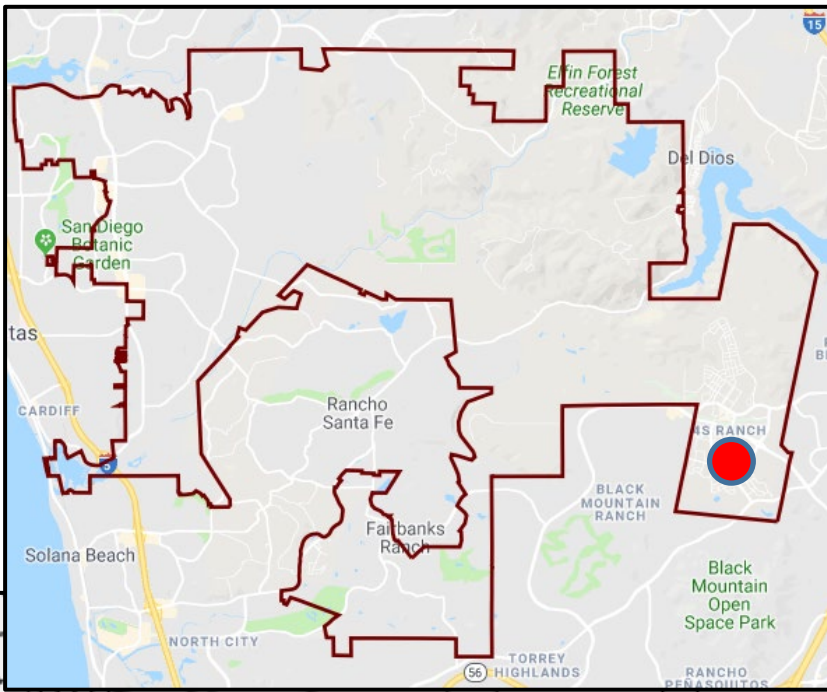
KIMBERLY A. THORNER, being first duly sworn, deposes and says that she is General Manager of the OLIVENHAIN MUNICIPAL WATER DISTRICT and is familiar with the facts stated in the foregoing Notice of Completion executed for and on behalf of said Agency, that she has read the foregoing Notice of Completion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

OLIVENHAIN MUNICIPAL WATER DISTRICT

Date: _____, 20__

By: _____
Kimberly A. Thorner
General Manager

District Project No. D700019 – 4S WRF Clarifier Drives Replacement Project



**4S RANCH WATER RECLAMATION FACILITY
CLARIFIER DRIVES REPLACEMENT PROJECT**

DISTRICT PROJECT NO. D700019

Memo

Date: March 17, 2021
To: Olivenhain Municipal Water District Board of Directors
From: Kimberly Thorner, General Manager
Subject: **CONSIDER A RESOLUTION CONCURRING THE NOMINATION OF MELODY MCDONALD TO THE EXECUTIVE COMMITTEE OF THE ASSOCIATION OF CALIFORNIA WATER AGENCIES JOINT POWERS INSURANCE AUTHORITY**

Purpose

This resolution would support the nomination of Melody McDonald of San Bernardino Valley Water Conservation District as a candidate for re-election on the Executive Committee of the Association of California Water Agencies Joint Powers Insurance Authority (ACWA JPIA).

Recommendation

Staff recommends approval of the resolution.

Alternative(s)

The board may choose against approval of the resolution.

Background

ACWA JPIA's Executive Committee consists of eight members elected by the Board of Directors from its voting members, and the ninth position is held by ACWA's Vice President as an ex officio member.

The terms for four members of the Executive Committee, including Melody McDonald, expire in May 2021. San Bernardino Valley Water Conservation District seeks to nominate Ms. McDonald to serve an additional term. The ACWA JPIA bylaws provide that in order for a nomination to be made to its Executive Committee, three member districts must concur with the nominating district.

Fiscal Impact

There are no costs associated with adoption of a nomination resolution.

Discussion

In order to comply with nomination procedures established in the ACWA JPIA bylaws, San Bernardino Valley Water Conservation District has requested OMWD's concurrence via the attached resolution with the nomination of Melody McDonald.

Ms. McDonald is a member of the ACWA JPIA Board of Directors, member of the Executive Committee, chairperson of the JPIA Liability Program Committee, and Vice Chair of the JPIA Employees Benefits Committee. Additionally, she is a member of the ACWA Federal Affairs Committee, and is a former director of ACWA's Region 9.

Attachments:

- *Letter from San Bernadino Valley Water Conservation District, Resolution, and Resume of Melody McDonald*
- *Resolution 2021-XX*



San Bernardino Valley Water Conservation District

Helping Nature Store Our Water

February 10, 2021

Lawrence Watt
Olivenhain Municipal Water District
1966 Olivenhain Road
Encinitas, CA 92024

Dear Lawrence Watt,

The Board of Directors of the San Bernardino Valley Water Conservation District has nominated its President, Melody A. McDonald, to continue in her position on the ACWA/JPIA Executive Committee. Enclosed is a certified copy of SBVWCD Resolution No. 581 nominating Mrs. McDonald for ACWA/JPIA Executive Committee.

Melody currently serves on the ACWA/JPIA Executive Committee, Personnel Committee, Chairs the Liability Program Subcommittee, served on the Building & Property Ad Hoc Committee, and was past chair of the Property & Workers Compensation Program Subcommittees. Melody has an institutional knowledge of all of JPIA's programs, their history, how coverage's evolved for the JPIA membership and has helped the organization grow to 188 Million in assets. Melody participates in training at various JPIA members facilities; she has personally visited and presented rate stabilization fund refund checks back to JPIA members totaling over 45 Million, since the inception of the fund. This year, JPIA has held nearly over 600 training classes resulting in more than 4,000 employees receiving training. Melody believes the best claim is the one that never happened, and that there is a direct correlation between risk management, training, and minimizing losses. She pursues all her duties with a strong sense of commitment and dedication. Enclosed is her Statement of Qualifications.

The District respectfully requests your organization consider adopting a concurring resolution of nomination in support of Mrs. McDonald. Enclosed is a sample concurring resolution for your consideration in support of her nomination or it can be found at <https://www.acwajpia.com/election/>. Since time is of the essence, and that this will require Board action, please include this on your agenda for your next Board meeting. Please send a certified copy to:

ACWA/JPIA **and**
Attention: Sylvia
Robinson
P.O. Box 619082
Roseville, CA 95661

**San Bernardino Valley Water
Conservation District**
Attention: Athena Lokelani
1630 W. Redlands Blvd. Ste "A"
Redlands, CA 92374

This resolution must be received by ACWA/JPIA no later than 4:30 pm Friday March 19, 2021.

Sincerely,

Daniel B. Cozad
General Manager

1630 W. Redlands Blvd, Suite A
Redlands, CA 92373
Phone: 909.793.2503
Fax: 909.793.0188
www.sbvwcd.org Email: info@sbvwcd.org

BOARD OF DIRECTORS

Division 1:
Richard Corneille

Division 2:
David E. Raley

Division 3:
Robert Stewart

Division 4:
John Longville

Division 5:
Melody McDonald

GENERAL MANAGER

Daniel B. Cozad

RESOLUTION NO. 581

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT
NOMINATING ITS ACWA/JPIA BOARD
MEMBER TO THE EXECUTIVE COMMITTEE
OF THE ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY ("ACWA/JPIA")**

WHEREAS, this District is a member district of the ACWA/JPIA that participates in all four of its Programs: Liability, Property, and Workers' Compensation; and Employee Benefits; and

WHEREAS, the Bylaws of the ACWA/JPIA provide that in order for a nomination to be made to ACWA/JPIA's **Executive Committee**, the member district must place into nomination its member of the ACWA/JPIA Board of Directors for such open position; and

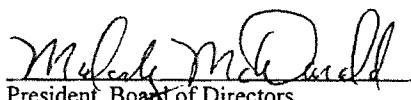
WHEREAS, President McDonald has served District and the ACWA/JPIA Executive Committee for many years and brings leadership experience and perspective.

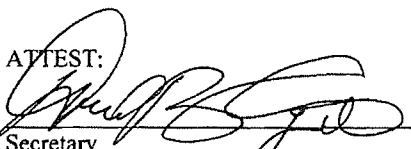
NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the San Bernardino Valley Water Conservation District that its member of the ACWA/JPIA Board of Directors, Melody McDonald, be nominated as a candidate for the **Executive Committee** for the election to be held at JPIA's Spring 2021 Conference.

BE IT FURTHER RESOLVED that the ACWA/JPIA staff is hereby requested, upon receipt of the formal concurrence of three other member districts to affect such nomination.

BE IT FURTHER RESOLVED that the District Secretary is hereby directed to transmit a certified copy of this resolution to the ACWA/JPIA at P.O. Box 619082, Roseville, California 95661-9082, forthwith.

ADOPTED this 13th day of January 2021.


President, Board of Directors

ATTEST:

Secretary



Melody.sbvwd@gmail.com

**Melody
Henriques-McDonald**

P.O. BOX 30197
SAN BERNARDINO, CA 92413

*(909) 793-2503 District
(909) 499-5175 cell
(909) 867-9821 fax*

Like @ <https://www.facebook.com/Melody4Water>

Candidate for:

**ACWA JPIA
EXECUTIVE COMMITTEE**
(Incumbent, seeking re-election)



*Melody & Board receiving, District of
Distinction Award, the highest governance
and best practices accreditation possible.*

Kathleen Tiegs, former Special Districts Board
Member & ACWA President presenting. 2017

ASSOCIATIONS

Member, Board of Directors of the San Bernardino Valley Water
Conservation District (Elected), Currently President, originally
appointed in 1991, and first woman on the board.

Member, Executive Committee ACWA/JPIA

Chair, JPIA Liability Program Committee

Vice-Chair, Employee Benefits Committee

Director, ACWA/Joint Powers Insurance Authority

Member ACWA Federal Affairs Committee

Board Member, Association of the San Bernardino County Special
Districts

Over 28 + Years, Experience in the Water Industry includes:

Past Member, (CWA) California Women for Agriculture

Past Member, ACWA Water Management Committee

Past Member, ACWA State Legislative Committee

Past Chair & Vice-Chair, JPIA Property & Workers
Compensation Programs

Past Member, Board of Directors ACWA, Region 9 Chair

Past Chair, Water Management Certification Subcommittee

Chair, California Water Quality Control Board, Santa Ana Region
8 Years of service, Gubernatorial Appointment 1993-2000

CURRENT EMPLOYMENT

Southwest Lift & Equipment, Inc. (Heavy Duty Vehicle Lifts)
Broker/Associate, Century 21 Lois Lauer Realty

PROFESSIONAL ASSOCIATIONS & LICENSES

Redlands Association of Realtors
California Real Estate Broker's License
Arizona Real Estate Broker's License

ORGANIZATIONS AND SOCIETIES

Highland Chamber of Commerce
San Bernardino Chamber of Commerce
Immanuel Baptist Church Highland, CA
BSF International

EDUCATION

San Geronio High School, 1976
Western Real Estate School, 1989
Graduate, Special Districts Board Management Institute, 1997
Studied at Crafton Hills College

RESOLUTION NO. 2021-XX

RESOLUTION OF THE OLIVENHAIN MUNICIPAL WATER DISTRICT
BOARD OF DIRECTORS CONCURRING IN THE NOMINATION OF
MELODY MCDONALD TO THE EXECUTIVE COMMITTEE OF THE
ASSOCIATION OF CALIFORNIA WATER AGENCIES JOINT POWERS
INSURANCE AUTHORITY ("ACWA JPIA")

WHEREAS, Olivenhain Municipal Water District is a member district of the Association of California Water Agencies Joint Powers Insurance Authority; and

WHEREAS, the ACWA JPIA bylaws provide that in order for a nomination to be made to ACWA JPIA's Executive Committee, three member districts must concur with the nominating district; and

WHEREAS, another ACWA JPIA member district, San Bernardino Valley Water Conservation District, has requested that Olivenhain Municipal Water District concur in its nomination of its member of the ACWA JPIA Board of Directors to the ACWA JPIA Executive Committee.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Olivenhain Municipal Water District that this district concurs with the nomination of Melody McDonald of San Bernardino Valley Water Conservation District to the Executive Committee of ACWA JPIA; and

BE IT FURTHER RESOLVED that the Assistant Secretary is hereby directed to transmit a certified copy of this resolution to ACWA JPIA at PO Box 619082, Roseville, California 95661-9082 forthwith.

PASSED, ADOPTED AND APPROVED at a regular meeting of the Board of Directors of Olivenhain Municipal Water District held on March 17, 2021.

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

ATTEST:

Kimberly A. Thorner, Assistant Secretary
General Manager
Olivenhain Municipal Water District

Memo

Date: March 17, 2021
To: Olivenhain Municipal Water District Board of Directors
From: Jason P. Hubbard, Engineering Manager
Via: Kimberly A. Thorner, General Manager
Subject: **CONSIDER APPROVAL OF A FIFTH AMENDMENT TO THE ORIGINAL PURCHASE AGREEMENT WITH THE ESCONDIDO CREEK CONSERVANCY FOR THE PURCHASE OF APN 223-081-04-00, 223-081-05-00, 223-082-23-00, AND 223-082-04-00 (GATY PARCELS) AND AUTHORIZE THE GENERAL MANAGER TO SIGN ON BEHALF OF THE DISTRICT**

Purpose

The purpose of this agenda item is to consider approval of a fifth amendment to the original Purchase Agreement with The Escondido Creek Conservancy (TECC) in the revised amount of \$2.054 million for purchase of the following OMWD owned parcels: APN 223-081-04-00, 223-081-05-00, 223-082-23-00, and 223-082-04-00 (Gaty Parcels).

Recommendation

Staff recommends approval of the fifth amendment to the original Purchase Agreement.

Alternative(s)

The Board could choose to not approve the fifth amendment to the original Purchase Agreement. The property would then fall out of escrow and could be placed back on the market.

Background

OMWD and TECC entered into a Purchase Agreement for the sale of the Gaty Parcels in September 2019 in the amount of \$1,975,000 with a close of escrow date of January 15, 2020 with the caveat if closing did not occur at that time, the parties could agree in writing to an extension of the escrow period. Due to issues related with access to the Gaty Parcels, two (2) amendments were approved by the Board, January 2020 and July 2020, which ultimately extended the close of escrow date to December 31, 2020.

A third amendment to the original purchase agreement was brought to the Board in October 2020 to reflect a change in the purchase price of the Gaty Parcels from \$1,975,000 to \$2,054,000, based on an updated MAI (Yellow Book) Appraisal required by Federal Funding Agencies. The close of escrow date remained at December 31, 2020.

In December 2020, TECC's title company, Stewart Title, reached out to staff with a request to extend close of escrow to facilitate processing of necessary documents related to the sale and the Board approved a fourth amendment to the agreement to extend the close of escrow to February 28, 2021.

Fiscal Impact

Funds for the sale of all the Wiegand, Gaty, and Peay parcels in the amount of \$330,000 were allocated as part of the FY 2018 mid-year budget adjustment at the February 2018 Board meeting. There are no additional costs to OMWD by extending the close of escrow date.

PROPERTY SALES BUDGET	\$330,000
BOUNDARY ADJUSTMENT, CERTIFICATE OF COMPLIANCE, EASEMENT LEGAL DESCRIPTIONS AND PLATS, AND LEGAL SUPPORT SERVICES (Current Encumbered Remaining Wiegand, Gaty, and Peay)	(\$11,007)
OMWD STAFF TIME TO DATE (All Properties)	(\$75,946)
BUDGET USED FOR PROPERTY SALE ACTIVITY AS OF 2/25/2021	(\$210,924)
NET REMAINING IN PROPERTY SALES BUDGET	\$32,123

Discussion

Recently, a fence line encroachment was discovered on one of the Gaty Parcels being sold to TECC. The property line fence for 20442 Fortuna Del Sur was found to extend onto OMWD Parcel APN 223-082-04-00. OMWD was informed by TECC that the funding agency for the project, Wildlife Conservation Board, would not approve close of escrow

until the encroachment was resolved. A property line survey was quickly arranged by TECC and has completed laying out the correct property line. OMWD will reimburse TECC \$1,795.50 for this work. OMWD and TECC staff are currently working with the property owner to establish a time line for relocation of the existing fence, landscape material, and irrigation lines from OMWD's portion of the property. In order to allow the property owner to make arrangements for moving the encroaching facilities, the close of escrow will be extended to May 15, 2021.

Staff recommends approval of this fifth amendment to the original Purchase Agreement.

Attachment(s): *5th Amendment to the original Purchase Agreement*

Board of Directors

Lawrence A. Watt, President
Kristie Bruce-Lane, Vice President
Christy Guerin, Treasurer
Edmund K. Sprague, Secretary
Robert F. Topolovac, Director



General Manager
Kimberly A. Thorner, Esq.
General Counsel
Alfred Smith, Esq.

March 17, 2021

Subject: 5th Amendment to the Purchase Agreement between the Olivenhain Municipal Water District and The Escondido Creek Conservancy dated September 25, 2019

In September 2019 the Olivenhain Municipal Water District and The Escondido Creek Conservancy entered into a Purchase Agreement for the sale of the District-owned Gaty Parcels in the amount of \$1,975,000 with a closing date of January 15, 2020, and;

In January 2020, the Olivenhain Municipal Water District and The Escondido Creek Conservancy entered into a 1st Amendment to the Purchase Agreement to modify the close of escrow date from January 15, 2020 to July 31, 2020 per Section 8.2 of said agreement, and;

In July 2020, the Olivenhain Municipal Water District and The Escondido Creek Conservancy entered into a 2nd Amendment to the Purchase Agreement to modify the close of escrow date from July 31, 2020 to December 31, 2020 per Section 8.2 of said agreement, and;

In November 2020, the Olivenhain Municipal Water District and The Escondido Creek Conservancy entered into a 3rd Amendment to the Purchase Agreement to modify the purchase amount to \$2,054,000 based on the most recent MAI appraisal dated September 16, 2020, and:

In December 2020, the Olivenhain Municipal Water District and The Escondido Creek Conservancy entered into a 4th Amendment to the Purchase Agreement to modify the close of escrow date from December 31, 2020 to February 28, 2021 per Section 8.2 of said agreement, and;

The Olivenhain Municipal Water District and The Escondido Creek Conservancy now agree to further amend the Purchase Agreement as follows:

1. Per Section 8.2 of the original Purchase Agreement, "If an extended closing date is agreed to by all parties the agreed upon extension date shall be extended in writing and signed by both the Seller and Purchaser." The parties now agree that close of escrow shall be extended from February 28, 2021 to May 15, 2021.
2. The earnest money deposit of \$20,000 and the purchase price of \$2,054,000 shall remain in escrow with Stewart Title Company.



3. The District agrees to reimburse The Escondido Creek Conservancy in the amount of \$1,795.50 to cover the surveying cost incurred by The Escondido Creek Conservancy to survey the property line at 20442 Fortuna Del Sur
4. All other terms of the original Purchase Agreement shall remain in full force and effect.

PURCHASER:

The Escondido Creek Conservancy

By: _____

Name: Richard Murphy

Title: President of the Board

SELLER:

Olivenhain Municipal Water District,
a California Public Agency

By: _____

Name: Kimberly A. Thorner, Esq.

Title: General Manager

Memo

Date: March 17, 2021
To: Olivenhain Municipal Water District Board of Directors
From: Erik Harp, IT and Telemetry Supervisor
Via: Kimberly A. Thorner, General Manager
Subject: **CONSIDER APPROVAL OF AGREEMENTS WITH KYOCERA DOCUMENT SOLUTIONS AND US BANK FOR MANAGED PRINT SERVICES IN THE AMOUNT OF \$1,876.50 PER MONTH FOR 60 MONTHS AND AUTHORIZE THE GENERAL MANAGER TO SIGN ON BEHALF OF THE DISTRICT**

Purpose

The purpose of this agenda item is to consider approval of agreements with Kyocera Document Solutions (Kyocera) and US Bank in the amount of \$1,876.50 per month for 60 months of district wide managed print services.

Recommendation

Staff recommends approval of the agreements with Kyocera and US Bank in the amount of \$1,876.50 per month for 60 months and authorization for the General Manager to sign on behalf of OMWD.

Alternative(s)

In lieu of awarding the agreements to Kyocera and US Bank, the Board could direct staff to consider other vendors for the services.

Background

At the March 28, 2012 Board meeting, OMWD was approved to migrate from a “purchase and own” system of operating copiers and printers to a Managed Print Services (also called Cost per Copy) system. In the Managed Print Services (MPS) system, OMWD leases hardware from a hardware vendor (Kyocera) through a financing company (US Bank). The hardware vendor is bound under the agreement to cover all maintenance and service on the equipment and provide toner as needed. OMWD makes its payments through the leasing firm who sends a portion of the lease payment to the hardware vendor in consideration of the maintenance services.

With the MPS operating model, if a copier or printer fails OMWD staff contacts Kyocera, a support request is made, and a service technician is dispatched to site. This relieves OMWD IT staff from the vast majority of maintenance and troubleshooting tasks on our fleet of copiers and printers. This program has helped OMWD meet its business needs and allowed IT staff to devote more time to other duties.

The MPS program has been a success since 2012 and in 2017 as the original agreement was set to expire, Kyocera approached OMWD with an offer to enter a new three year agreement. The new agreement included replacement of equipment at several locations and a no cost increase to the monthly services. The Board approved a new three year agreement with Kyocera and US Bank at the February 15, 2017 meeting. The agreement expired in March 2020, but due to the COVID-19 pandemic, Kyocera and US Bank agreed to continue providing services on a month to month basis.

Fiscal Impact

The newly proposed monthly payments are approximately \$2,831 less than the current agreement as the existing equipment leased from Kyocera is new and did not require replacements. The monthly payment will be shared district wide.

Discussion

In December 2020, A Request For Proposals for Managed Print Services was issued via OMWD’s website per OMWD’s Administrative Code, Article 6.9 A,

“For professional service contract that are anticipated to be less than \$200, 000, staff shall provide written or oral Requests for Proposals (RFPs) to at least two firms. A short form RFP is acceptable. No rating/interview panel is required.”

A total of six (6) proposals were received from:

- Business Complete Solution
- Copy Link
- ImageSource
- Kyocera Business Solution
- Pacific Office Automation
- Xerox

IT staff reviewed the proposals and selected Kyocera and US Bank based on the strength of the proposal and their experience. Staff recommends approval of a new agreement with Kyocera and US Bank for 60 months at a total cost of \$112,590. Staff is available for questions. General Council has reviewed and approved of the attached agreements.

Attachment(s):

Professional Services Agreement

US Bank Lease Agreement

PROFESSIONAL SERVICES AGREEMENT
MANAGED PRINT SERVICES
FOR THE OLIVENHAIN MUNICIPAL WATER DISTRICT

21AGR004

This Agreement is entered into by and between the Olivenhain Municipal Water District, a Municipal Water District organized and operating pursuant to Water Code Sections 71000 *et seq.* (hereinafter the District) and Kyocera Document Solutions, a California corporation organized and operating in the State of California (hereinafter “KYOCERA”).

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

1. The District is a public agency organized and operating pursuant to Water Code Sections 71000 *et seq.*, which provides water, recycled water, and sewer service within certain areas of Northern San Diego County.
2. The District requires the services of a company to provide printer and copier maintenance with in the District boundaries.
3. KYOCERA is a ceramic technology company licensed to do business in the State of California with printer and copier maintenance services.
4. The District desires to retain KYOCERA to provide printer and copier maintenance services.

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

1. Services to Be Performed. KYOCERA agrees to perform printer and copier maintenance services. The services to be provided by KYOCERA are more particularly described in the Scope and Cost Proposal attached hereto as Exhibit “A” and incorporated herein by reference. All work performed by KYOCERA shall be subject to review and approval by the District. The District shall have no obligation to approve any work found defective by the District, in its sole discretion.

2. Correction of Defective Work. KYOCERA agrees to correct all labor or materials found defective by the District at its sole cost and expense. All work found defective by the District shall be corrected in the time specified by the District by written notice to KYOCERA.

3. Price for Work. KYOCERA agrees to perform all work described in Exhibit "A" for a total price not to exceed \$112,590. No increase in this price shall be allowed without the express written consent of the District. The District shall have no obligation to grant this consent and may deny consent to any price increase, in its sole discretion.

4. Payment for Work. KYOCERA shall bill the District monthly for all labor and materials provided during the previous month. All billings shall include a complete description of all work completed during the previous month, including hours and costs of each person performing the work and shall also include a detailed description of progress to date on each task of work described in Exhibit "A". All bills shall be subject to review and approval by the District. Invoices approved by the District will be paid on a monthly basis thirty (30) days after the invoice has been approved by the District. The District shall have no obligation to pay for any work not expressly approved by the District. The District's approval shall not be unreasonably withheld. KYOCERA shall provide the District with any additional information requested by the District from time to time to support any item contained on an invoice no later than seven (7) days after a written request for this information from the District.

5. Extra Work. The District may request additional work or services from KYOCERA from time to time, as the District shall determine, in its sole discretion. KYOCERA shall not commence any extra work without a written change order expressly approved by the District, in writing. Work performed by KYOCERA without an approved change order signed by the District will not be paid for by the District. In the event the District determines that additional work is justified, the parties shall agree on the additional work to be performed and the price to be paid for this additional work prior to commencement of any additional work by KYOCERA. It is understood by the parties that KYOCERA shall not be entitled to any payment for extra work unless the District determines that it desires extra work to be performed and a written change order has been executed by the parties. Attached as Exhibit "B" is the Request

for Additional Work Form required by the District for all requests for additional work or task transfers.

6. Standard of Care. In performing all work and services required by this Agreement, KYOCERA agrees to use the highest degree of skill and expertise ordinarily exercised, under similar circumstances, by a document solutions company with expertise in printer and copier maintenance and the other services described in the Scope and Cost Proposal attached as Exhibit "A". As a material term of this Agreement, KYOCERA warrants and represents that it has secured all licenses required by federal or California law to perform all work and services required by this Agreement. KYOCERA agrees to perform all work required by this Agreement at all times in strict accordance with all applicable federal, state, and local laws and regulations which apply to the labor or materials being provided.

7. Work Performance Standards. KYOCERA agrees to perform all work and services required by this Agreement in a manner which complies with all federal and state health and safety standards and in a manner which avoids damage or injury to any real or personal property of any person or entity, including any real or personal property of the District. KYOCERA agrees to perform the work at all times in a manner which avoids the creation of any trespass or private or public nuisance during conduct of the work.

8. Liability for Work of Agents, Independent Contractors, and Subcontractors. KYOCERA shall be solely liable and responsible for all labor and materials provided by any director, officer, agent, employee, subcontractor, supplier, or independent contractor hired or retained by KYOCERA to perform any work or to provide any materials or supplies. The District shall have no liability whatsoever for any work or services performed or any materials or supplies provided by KYOCERA or its directors, officers, agents, employees, subcontractors, suppliers, or independent contractors.

9. Time for Completion of Services. As a material term of this Agreement, KYOCERA agrees to complete all work and services required by this agreement by no later than April 1, 2024. The breach of this paragraph shall constitute a material breach of this Agreement.

10. District Termination Right. The District shall have the express right to terminate this Agreement at any time without cause by giving seven (7) consecutive days advance written notice to KYOCERA. This Agreement shall be automatically terminated without further action of any party upon expiration of the seven (7) day period. Promptly upon receipt of any termination notice from the District, KYOCERA shall cease all further work and services, except as otherwise expressly directed by the District in the written termination notice. In the event the District exercises its termination right, KYOCERA shall be paid only for work and services performed and approved by the District to the date this Agreement terminates. The District shall have the express right to withhold any payment otherwise due KYOCERA to correct any labor or materials determined to be defective by the District at the time of termination. All plans, maps, drawings, reports, designs, or other writings of any type or nature prepared by KYOCERA as a result of this Agreement shall become and remain the sole property of the District. All such writings shall be provided to the District not later than seven (7) consecutive days after termination of this Agreement for any reason. All labor, supplies, work and materials provided by KYOCERA in conjunction with this Agreement shall become and remain the sole property of the District.

11. Hazardous and Toxic Waste. For purposes of this section, the term “hazardous or toxic waste” means any solid, liquid, or gaseous product classified as a hazardous or toxic waste under any federal, state, or local laws, rules, regulations, or ordinances, and all gas and oil products and by-products of every kind or nature. KYOCERA shall be solely liable and responsible for the proper clean-up and removal of all hazardous or toxic waste used, handled, stored, or spilled by KYOCERA or any director, officer, agent, employee, subcontractor, independent contractor or representative of KYOCERA. KYOCERA shall pay all fees, costs, expenses and fines necessary to clean-up or remediate any hazardous or toxic waste for which KYOCERA is liable under this paragraph in strict accordance with all federal, state and local laws, rules and regulations at KYOCERA’s sole cost and expense. KYOCERA shall not be liable for any hazardous or toxic waste used, handled, stored or spilled by the District or its directors, officers, employees or contractors.

In the event any third party, including any regulatory agency, brings any claim or cause of action against the District to clean-up or remediate any hazardous or toxic waste for which

KYOCERA is liable under this section, KYOCERA shall also indemnify and hold harmless the District and its directors, officers, agents, and employees from all claims, actions, losses, costs, fees, expenses, fines, and penalties, of whatever type or nature, including all costs of defense and attorneys fees, upon written demand for indemnity from the District.

12. Independent Contractor. As a material term of this Agreement, it is expressly agreed between the parties that KYOCERA is performing all work and services for the District pursuant to this Agreement as an independent contractor and not as an agent or employee of the District. The parties further agree and acknowledge that the District expects KYOCERA to make its own independent determination of the means and methods to perform all work required by this Agreement, and will not be directed as to any of these means or methods by the District.

13. Conflicts of Interest Prohibited. As a material term of this Agreement, KYOCERA shall not in any way attempt to use its position to influence any decision of the District in which it knows, or has reason to know, its has a financial interest other than the compensation provided in this agreement. As a material term of this Agreement, KYOCERA warrants and represents that it does not, to the best of its knowledge, have any economic interests which would conflict with any of its duties under this Agreement. KYOCERA agrees not to secure any economic interest during the performance of this Agreement which conflicts with its duties to the District under this Agreement.

14. Breach. The breach of any term or provision of this Agreement by KYOCERA shall constitute a material breach of this Agreement.

15. District Remedies for Breach. In the event KYOCERA breaches any term, covenant, or condition of this Agreement or fails to perform any work or services required by this Agreement, the District shall be entitled to elect all or any of the following remedies at the District's sole option:

15.1 Unilateral Termination. Unilaterally terminate this Agreement by written notice to KYOCERA. Upon election of this remedy by the District, Paragraph 10 governing District Termination Right shall apply; or

15.2 Specific Enforcement. Enforce any provision of this Agreement by specific performance. If this remedy is elected by the District, KYOCERA agrees that specific performance is appropriate and reasonable given the unique and special services being performed by KYOCERA and expressly waives the right to contest the right of the District to seek specific performance in any subsequent action or proceeding between the parties; or

15.3 File suit against KYOCERA for damages arising from breach of this Agreement. In the event the District elects this remedy, it shall be entitled to recover all damages authorized by law; and/or

15.4 The District shall be entitled to withhold such amounts as the District determines are appropriate, in its sole discretion, to complete the work or services required by this Agreement, or to correct any labor or materials resulting from KYOCERA's negligence.

In the event the District is required to pay any sum or amount to complete any labor or materials services required by this Agreement, or to correct any labor or materials resulting from KYOCERA's negligence, amounts paid by the District shall earn interest at the rate of one percent (1%) per month from the date of payment until the District is repaid in full.

16. Insurance. At all times during the term of this Agreement, KYOCERA must maintain a commercial liability insurance policy, workers' compensation insurance, and professional liability insurance in strict accordance with all terms of this paragraph. The insurance required by this paragraph shall be provided as follows:

16.1 Liability Insurance. Following execution of this Agreement, and prior to commencement of any work, KYOCERA shall provide the District with proof of liability insurance coverage with an insurance company licensed to do business in the State of California and acceptable to the District, providing \$1,000,000 of coverage per occurrence and \$2,000,000 minimum aggregate. The liability insurance coverage shall include each of the following types of insurance:

A. General Liability:

- | | |
|----------------------------------|------------------------------------------|
| 1. Comprehensive Form | 6. Contractual Insurance |
| 2. Premises-Operations | 7. Broad form Property Damage, Including |
| 3. Explosion and Collapse Hazard | Completed Operations |

- | | |
|-----------------------------------------|----------------------------|
| 4. Underground Hazard | 8. Independent Contractors |
| 5. Projects/Completed Operations Hazard | 9. Personal Liability |

B. Auto Liability

1. Comprehensive Form
2. Owned
3. Hired

The policy shall include contractual coverage sufficiently broad to insure the matters set forth in the section entitled “Indemnity” in this Agreement. The deductible amount shall not exceed \$5,000.00. Also included in such insurance shall be a “cross-liability” or “severability of interest” clause.

16.2 Workers’ Compensation Insurance. Following execution of this Agreement and prior to commencement of any work, KYOCERA shall submit proof of insurance showing they have obtained, for the period of the agreement, full workers’ compensation insurance coverage for no less than the statutory limits covering all persons whom KYOCERA employs or may employ in carrying out the work under this agreement.

16.3 Professional Liability Insurance. Following execution of this Agreement, and prior to commencement of any work, KYOCERA shall provide the District with proof of professional liability insurance with an insurance provider licensed to do business in the State of California, providing \$1,000,000 of coverage per occurrence and \$2,000,000 minimum aggregate. This insurance shall have a deductible not to exceed \$5,000.

16.4 ACORD Certificate of Liability Insurance and Additional Insured Endorsements. All insurance required by Paragraph 16.1, 16.2, and 16.3 of this agreement shall be submitted on an ACORD Certificate of Liability Insurance. Insurers must be authorized to do business and have an agent for service of process in the State of California and have an ‘A’ financial strength rating and a financial size rating of at least Class VI in accordance with the most current A.M. Best’s Rating Guide. Additional Insured Endorsements must be provided for the Liability Insurance called out in Paragraph 16.1 with the **Olivenhain Municipal Water District (District), the District’s Engineer/Architect, the District’s Representatives, KYOCERA s, and each of the District’s Directors, Officers, Agents, and Employees** named

as additional insureds. The insurance must include a Waiver of Subrogation and must be Primary and non-Contributory. The additional insured endorsements must be provided on Form CG 20 10 10 01. The insurance certificate and endorsements shall be cancelable with notice delivered to the District in accordance with the policy provisions.

17. Job Site Safety. KYOCERA shall be solely liable and responsible for complying with all federal, state and local laws, rules and regulations pertaining to job safety for all agents, employees, subcontractors, suppliers, and independent contractors retained by KYOCERA to perform any work or services or to provide any materials required by this Agreement. However, KYOCERA shall not be liable or responsible for overall job site safety or the job site safety for any workers or agents employed by any construction contractor performing any work for the District on any construction project.

18. Indemnity. As a material term of this Agreement, KYOCERA agrees to hold harmless, indemnify, and defend the District and its directors, officers, employees, agents, and representatives from and against any and all demands, liability, claims, suits, actions, damages, costs, fees, expenses, fines, and penalties, of whatever type or nature, including, but not limited to, reasonable attorney fees, to the extent arising out of, pertaining to, or relating to the willful misconduct, recklessness, or negligence of KYOCERA , including its directors, officers, employees, agents, subcontractors, sub-consultants, suppliers, independent contractors, or other persons and entities employed or utilized by KYOCERA in the performance of this Agreement. In the event that any administrative proceeding, litigation or arbitration is instituted naming the District or any other indemnified parties as a defendant, the District and such other indemnified parties shall be entitled to appoint their own independent counsel to represent them, and KYOCERA agrees to pay all reasonable attorneys fees, expert fees and costs, and litigation costs associated with this defense within thirty (30) days of any billing; provided however, that the KYOCERA's obligation shall be limited as provided by Civil Code Section 2782.8 to the extent that the KYOCERA establishes its proportionate percentage of fault by stipulation of all the parties to the proceeding or a final adjudicatory determination.

19. Miscellaneous Provisions.

19.1 California Law Governs. This Agreement shall be governed by California law.

19.2 Jurisdiction and Venue. In the event of any legal or equitable proceeding to enforce or interpret the terms and conditions of this Agreement, the parties agree that jurisdiction and venue shall lie only in the federal or state courts in or nearest to the North County Judicial District, County of San Diego, State of California.

19.3 Modification. This Agreement may not be altered in whole or in part except by a written modification approved by the Board of Directors of the District and executed by all the parties to this Agreement.

19.4 Attorneys' Fees. In the event any arbitration, action or proceeding is initiated to challenge, invalidate, enforce or interpret any of the terms of this Agreement, the prevailing party shall be entitled to all attorneys' fees, all expert fees and costs, and all litigation fees, costs, and expenses in addition to any other relief granted by law. This provision shall apply to the entire Agreement.

19.5 Entire Agreement. This Agreement, together with all exhibits attached hereto, contains all representations and the entire understanding between the parties with respect to the subject matter of this Agreement. Any prior correspondence, memoranda, or agreements, whether or not such correspondence, memoranda or agreements are in conflict with this Agreement, are intended to be replaced in total by this Agreement and its exhibits. KYOCERA warrants and represents that no District representative has made any oral representations or oral agreements not contained in this Agreement. KYOCERA further warrants and represents that KYOCERA has not relied upon any oral statements or promises made by any District representative or agent in executing this Agreement. The parties mutually declare that this Agreement and its exhibits constitute a final, complete and integrated agreement between the parties.

19.6 Prohibition on Assignment. KYOCERA shall not be entitled to assign or transfer all or any portion of its rights or obligations in this Agreement without obtaining the

express prior written consent of the District. The District shall have no obligation to give its consent to any assignment and may deny any requested assignment, in its sole discretion.

19.7 Binding Effect. This Agreement shall inure to the benefit of and be binding upon the parties and on their respective purchasers, successors, heirs and assigns.

19.8 Unenforceable Provisions. The terms, conditions, and covenants of this Agreement shall be construed whenever possible as consistent with all applicable laws and regulations. To the extent that any provision of this Agreement, as so interpreted, is held to violate any applicable law or regulation, the remaining provisions shall nevertheless be carried into full force and effect and remain enforceable.

19.9 Representation of Capacity to Contract. Each party to this Agreement represents and warrants that he or she has the authority to execute this Agreement on behalf of the entity represented by that individual. This representation is a material term of this Agreement.

19.10 Opportunity to be Represented by Independent Counsel. Each of the parties to this Agreement warrants and represents that it has been advised to consult independent counsel of its own choosing and has had a reasonable opportunity to do so prior to executing this Agreement.

19.11 No Waiver. The failure of either party to enforce any term, covenant or condition of this Agreement on the date it is to be performed shall not be construed as a waiver of that party's right to enforce this, or any other, term, covenant, or condition of this Agreement at any later date or as a waiver of any term, covenant, or condition of this Agreement. No waiver shall occur unless the waiver is expressly stated in writing and signed by the person for the party having the authority to expressly waive the benefit or provision, in writing. No oral waivers shall be effective against either party.

19.12 No Joint Venture and No Third Party Beneficiaries. Nothing in this Agreement is intended to create a joint venture, partnership or common enterprise relationship of

any kind between the District and KYOCERA. No third parties shall be construed as beneficiaries of any term, covenant or provision of this Agreement.

19.13 Time of Essence. The parties agree that time is of the essence as to all matters specified in this Agreement. The parties mutually declare that this is a material term of this Agreement.

19.14 Notices. All letters, statements, or notices required pursuant to this Agreement shall be deemed effective upon receipt when personally served, transmitted by facsimile machine, or sent certified mail, return receipt requested, to the following addresses or facsimile numbers:

To: "KYOCERA"
Kyocera Document Solutions
Attn: Michael Graves
14101 Alton Parkway
Irvine, California 92618

To: "District"

Olivenhain Municipal Water District
Attn: General Manager
1966 Olivenhain Road
Encinitas, California 92024

19.15 Effective Date. The effective date of this Agreement executed in counterparts in Olivenhain, California, within the North County Judicial District, County of San Diego, State of California, is _____, 2021.

Dated: _____, 2021

Olivenhain Municipal Water District,
a public agency

By: _____
Kimberly A. Thorner
General Manager

Dated: _____, 2021

Kyocera Document Solutions

By: _____
Michael Graves
President



EQUIPMENT FINANCE

APPLICATION NO.

AGREEMENT NO.



Document Solutions

Value Lease Agreement

Send Account Inquiries to: 1310 Madrid Street, Suite 101 • Marshall, MN 56258 • Phone: (800) 328-5371 • Fax: (800) 328-9092
Send Payments to: P.O. Box 790448 • St. Louis, MO 63179-0448

The words "Lessee," "you" and "your" refer to Customer. The words "Lessor," "we," "us" and "our" refer to U.S. Bank Equipment Finance, a division of U.S. Bank National Association ("U.S. Bank Equipment Finance").

CUSTOMER INFORMATION

FULL LEGAL NAME

STREET ADDRESS

CITY

STATE

ZIP

PHONE

FAX

BILLING NAME (IF DIFFERENT FROM ABOVE)

BILLING STREET ADDRESS

CITY

STATE

ZIP

E-MAIL

EQUIPMENT LOCATION (IF DIFFERENT FROM ABOVE)

SUPPLIER INFORMATION

FULL LEGAL NAME

STREET ADDRESS

CITY

STATE

ZIP

PHONE

FAX

EQUIPMENT DESCRIPTION

MAKE/MODEL/ACCESSORIES

SERIAL NO.

STARTING METER

NOT FINANCED
UNDER THIS
AGREEMENT☐☐☐☐☐

together with all replacements, parts, repairs, additions, and accessions incorporated therein or attached thereto and any and all proceeds of the foregoing, including, without limitation, insurance recoveries.

☐ See attached Schedule A☐ See attached Billing Schedule**TERM AND PAYMENT INFORMATION**

Payments* of \$

If you are exempt from sales tax, attach your certificate.

*plus applicable taxes

The payment ("Payment") period is monthly unless otherwise indicated.

Payment includes B&W pages per month

Overages billed monthly at \$ per B&W page*

Payment includes Color pages per month

Overages billed monthly at \$ per Color page*

END OF TERM OPTIONS

You may choose one of the following options, which you may exercise at the end of the term, provided that no event of default under this Agreement has occurred and is continuing. If no box is checked and initialed, Fair Market Value will be your end of term option. Fair Market Value means the value of the Equipment in continued use.

☐ Purchase all of the Equipment for its Fair Market Value, renew this Agreement, or return the Equipment.☐ Purchase all of the Equipment for \$1.00. At the end of the term, title to the Equipment will automatically transfer to you, AS IS, WHERE IS, with no warranties of any kind.

Customer's Initials

Customer's Initials

Upon acceptance of the Equipment, THIS AGREEMENT IS NONCANCELABLE, IRREVOCABLE AND CANNOT BE TERMINATED.

LESSOR ACCEPTANCE

U.S. Bank Equipment Finance

LESSOR

SIGNATURE

TITLE

DATED

CUSTOMER ACCEPTANCE

BY SIGNING BELOW OR AUTHENTICATING AN ELECTRONIC RECORD HEREOF, YOU CERTIFY THAT YOU HAVE REVIEWED AND DO AGREE TO ALL TERMS AND CONDITIONS OF THIS AGREEMENT ON THIS PAGE AND ON PAGE 2 ATTACHED HERETO.

X

CUSTOMER (as referenced above)

SIGNATURE

TITLE

DATED

FEDERAL TAX I.D. #

PRINT NAME

DELIVERY & ACCEPTANCE CERTIFICATE

You certify and acknowledge that all of the Equipment listed above: 1) has been received, installed and inspected; and 2) is fully operational and unconditionally accepted. Upon you signing below, your promises in this Agreement will be irrevocable and unconditional in all respects. You understand and agree that we have paid for the purchase of the Equipment from Supplier and you may contact Supplier for any warranty rights, which we transfer to you for the term of this Agreement (or until you default).

X

CUSTOMER (as referenced above)

SIGNATURE

TITLE

ACCEPTANCE DATE

1. **AGREEMENT:** You agree to lease from us the goods ("Equipment") and, if applicable, finance certain software, software license(s), software components and/or professional services in connection with software (collectively, the "Financed Items," which are included in the word "Equipment" unless separately stated) from software licensor(s) and/or supplier(s) (collectively, the "Supplier"), all as described in this Agreement and in any attached schedule, addendum or amendment hereto ("Agreement"). You represent and warrant that you will use the Equipment for business purposes only. You agree to all of the terms and conditions contained in this Agreement, which, with the acceptance certification, is the entire agreement between you and us regarding the Equipment and which supersedes any purchase order, invoice, request for proposal, response or other related document. This Agreement becomes valid upon execution by us. If any provision of this Agreement is declared unenforceable, the other provisions herein shall remain in full force and effect to the fullest extent permitted by law.

2. **OWNERSHIP; PAYMENTS; TAXES AND FEES:** We own the Equipment, excluding any Financed Items. Ownership of any Financed Items shall remain with Supplier thereof. You will pay all Payments, as adjusted, when due, without notice or demand and without abatement, set-off, counterclaim or deduction of any amount whatsoever. If any part of a Payment is more than 5 days late, you agree to pay a late charge of 10% of the Payment which is late or, if less, the maximum charge allowed by law. The Payment may be adjusted proportionately upward or downward: (i) if the shipping charges or taxes differ from the estimate given to you; and/or (ii) to comply with the tax laws of the state in which the Equipment is located. You shall pay all applicable taxes, assessments and penalties related to this Agreement, whether levied or assessed on this Agreement, on us (except on our income) or you, or on the Equipment, its lease, sale, ownership, possession, use or operation. If we pay any taxes or other expenses that are owed hereunder, you agree to reimburse us when we request. You agree to pay us a yearly processing fee of up to \$50 for personal property taxes we pay related to the Equipment. You agree to pay us a fee of up to \$50 for filing and/or searching costs required under the Uniform Commercial Code ("UCC") or other laws. You agree to pay us an origination fee of up to \$125 for all closing costs. We may apply all sums received from you to any amounts due and owed to us under the terms of this Agreement. If for any reason your check is returned for insufficient funds, you will pay us a service charge of \$30 or, if less, the maximum charge allowed by law. We may make a profit on any fees, estimated tax payments and other charges paid under this Agreement.

3. **EQUIPMENT; SECURITY INTEREST:** At your expense, you shall keep the Equipment: (i) in good repair, condition and working order, in compliance with applicable laws, ordinances and manufacturers' and regulatory standards; (ii) free and clear of all liens and claims; and (iii) at your address shown on page 1, and you agree not to move it unless we agree in writing. You grant us a security interest in the Equipment to secure all amounts you owe us under this Agreement or any other agreement with us ("Other Agreements"), except amounts under Other Agreements which are secured by land and/or buildings. You authorize and ratify our filing of any financing statement(s) to show our interest. You will not change your name, state of organization, headquarters or residence without providing prior written notice to us. You will notify us within 30 days if your state of organization revokes or terminates your existence.

4. **INSURANCE; COLLATERAL PROTECTION; INDEMNITY; LOSS OR DAMAGE:** You agree to keep the Equipment fully insured against all risk, with us named as lender's loss payee, in an amount not less than the full replacement value of the Equipment until this Agreement is terminated. You also agree to maintain commercial general liability insurance with such coverage and from such insurance carrier as shall be satisfactory to us and to include us as an additional insured on the policy. You will provide written notice to us within 10 days of any modification or cancellation of your insurance policy(s). You agree to provide us certificates or other evidence of insurance acceptable to us. If you do not provide us with acceptable evidence of property insurance within 30 days after the start of this Agreement, we may, at our sole discretion, charge you a monthly property damage surcharge of up to .0035 of the Equipment cost as a result of our credit risk and administrative and other costs, as would be further described on a letter from us to you. We may make a profit on this program. NOTHING IN THIS PARAGRAPH WILL RELIEVE YOU OF RESPONSIBILITY FOR LIABILITY INSURANCE ON THE EQUIPMENT. We are not responsible for, and you agree to hold us harmless and reimburse us for and to defend on our behalf against, any claim for any loss, expense, liability or injury caused by or in any way related to delivery, installation, possession, ownership, leasing, manufacture, use, condition, inspection, removal, return or storage of the Equipment. All indemnities will survive the expiration or termination of this Agreement. You are responsible for any loss, theft, destruction or damage to the Equipment ("Loss"), regardless of cause, whether or not insured. You agree to promptly notify us in writing of any Loss. If a Loss occurs and we have not otherwise agreed in writing, you will promptly pay to us the unpaid balance of this Agreement, including any future Payments to the end of the term plus the anticipated residual value of the Equipment, both discounted to present value at 2%. Any proceeds of insurance will be paid to us and credited against the Loss. You authorize us to sign on your behalf and appoint us as your attorney-in-fact to endorse in your name any insurance drafts or checks issued due to a Loss.

5. **ASSIGNMENT: YOU SHALL NOT SELL, TRANSFER, ASSIGN, ENCUMBER, PLEDGE OR SUBLEASE THE EQUIPMENT OR THIS AGREEMENT, without our prior written consent.** You shall not consolidate or merge with or into any other entity, distribute, sell or dispose of all or any substantial portion of your assets other than in the ordinary course of business, without our prior written consent, and the surviving, or successor entity or the transferee of such assets, as the case may be, shall assume all of your obligations under this Agreement by a written instrument acceptable to us. No event shall occur which causes or results in a transfer of majority ownership of you while any obligations are outstanding hereunder. We may sell, assign, or transfer this Agreement without notice to or consent from you. You agree that if we sell, assign or transfer this Agreement, our assignee will have the same rights and benefits that we have now and will not have to perform any of our obligations. **You agree that our assignee will not be subject to any claims, defenses, or offsets that you may have against us.** This Agreement shall be binding on and inure to the benefit of the parties hereto and their respective successors and assigns.

6. **DEFAULT AND REMEDIES:** You will be in default if: (i) you do not pay any Payment or other sum due to us or you fail to perform in accordance with the covenants, terms and conditions of this Agreement or any other agreement with us or any of our affiliates or fail to perform or pay under any material agreement with any other entity; (ii) you make or have made any false statement or misrepresentation to us; (iii) you or any guarantor dies, dissolves, liquidates, terminates existence or is in bankruptcy; (iv) you or any guarantor suffers a material adverse change in its financial, business or operating condition; or (v) any guarantor defaults under any guaranty for this Agreement. If you are ever in default, at our option, we can cancel this Agreement and require that you pay the unpaid balance of this Agreement, including any future Payments to the end of term plus the anticipated residual value of the Equipment, both discounted to present value at 2%. We may recover default interest on any unpaid amount at the rate of 12% per year. Concurrently and cumulatively, we may also use any remedies available to us under the UCC and any other law and we may require that you immediately stop using any Financed Items. If we take possession of the Equipment, you agree to pay the costs of repossession, moving, storage, repair and sale. The net proceeds of the sale of any Equipment will be credited against what you owe us under this Agreement and you will be responsible for any deficiency. In the event of any dispute or enforcement of our rights under this Agreement or any related agreement, you agree to pay our reasonable attorneys' fees (including any incurred before or at trial, on appeal or in any other proceeding), actual court costs and any other collection costs, including any collection agency fee. **WE SHALL NOT BE RESPONSIBLE TO PAY YOU ANY CONSEQUENTIAL, INDIRECT OR INCIDENTAL DAMAGES FOR ANY DEFAULT, ACT OR OMISSION BY ANYONE.** Any delay or failure to enforce our rights under this Agreement will not prevent us from enforcing any rights at a later time. You agree that this Agreement is a "Finance Lease" as defined by Article 2A of the UCC and your rights and remedies are governed exclusively by this Agreement. You waive all rights under sections 2A-508 through 522 of the UCC. If interest is charged or collected in excess of the maximum lawful rate, we will refund such excess to you, which will be your sole remedy.

7. **INSPECTIONS AND REPORTS:** We have the right, at any reasonable time, to inspect the Equipment and any documents relating to its installation, use, maintenance and repair. Within 30 days after our request (or such longer period as provided herein), you will deliver all requested information (including tax returns) which we deem reasonably necessary to determine your current financial condition and faithful performance of the terms hereof. This may include: (i) compiled, reviewed or audited annual financial statements (including, without limitation, a balance sheet, a statement of income, a statement of cash flow, a statement of changes in equity and notes to financial statements) within 120 days after your fiscal year end, and (ii) management-prepared interim financial statements within 45 days after the requested reporting period(s). Annual statements shall set forth the corresponding figures for the prior fiscal year in comparative form, all in reasonable detail without any qualification or exception deemed material by us. Unless otherwise accepted by us, each financial statement shall be prepared in accordance with generally accepted accounting principles consistently applied and shall fairly and accurately present your financial condition and results of operations for the period to which it pertains. You authorize us to obtain credit bureau reports for credit and collection purposes and to share them with our affiliates and agents.

8. **END OF TERM:** Unless the purchase option is \$1.00, at the end of the initial term, this Agreement shall renew for successive 12-month renewal term(s) under the same terms hereof unless you send us written notice between 90 and 150 days before the end of the initial term or at least 30 days before the end of any renewal term that you want to purchase or return the Equipment, and you timely purchase or return the Equipment. You shall continue making Payments and paying all other amounts due until the Equipment is purchased or returned. As long as you have given us the required written notice, if you do not purchase the Equipment, you will return all of the Equipment to a location we specify, at your expense, in retail re-saleable condition, full working order and complete repair. **YOU ARE SOLELY RESPONSIBLE FOR REMOVING ANY DATA THAT MAY RESIDE IN THE EQUIPMENT, INCLUDING BUT NOT LIMITED TO HARD DRIVES, DISK DRIVES OR ANY OTHER FORM OF MEMORY.**

9. **USA PATRIOT ACT NOTICE; ANTI-TERRORISM AND ANTI-CORRUPTION COMPLIANCE:** To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify, and record information that identifies each customer who opens an account. When you enter into a transaction with us, we ask for your business name, address and other information that will allow us to identify you. We may also ask to see other documents that substantiate your business identity. You and any other person who you control, own a controlling interest in, or who owns a controlling interest in or otherwise controls you in any manner ("Representatives") are and will remain in full compliance with all laws, regulations and government guidance concerning foreign asset control, trade sanctions, embargoes, and the prevention and detection of money laundering, bribery, corruption, and terrorism, and neither you nor any of your Representatives is or will be listed in any Sanctions-related list of designated persons maintained by the U.S. Department of Treasury's Office of Foreign Assets Control or successor or the U.S. Department of State. You shall, and shall cause any Representative to, provide such information and take such actions as are reasonably requested by us in order to assist us in maintaining compliance with anti-money laundering laws and regulations.

10. **MISCELLANEOUS:** Unless otherwise stated in an addendum hereto, the parties agree that: (i) this Agreement and any related documents hereto may be authenticated by electronic means; (ii) the "original" of this Agreement shall be the copy that bears your manual, facsimile, scanned or electronic signature and that also bears our manually or electronically signed signature and is held or controlled by us; and (iii) to the extent this Agreement constitutes chattel paper (as defined by the UCC), a security interest may only be created in the original. You agree not to raise as a defense to the enforcement of this Agreement or any related documents that you or we executed or authenticated such documents by electronic or digital means or that you used facsimile or other electronic means to transmit your signature on such documents. Notwithstanding anything to the contrary herein, we reserve the right to require you to sign this Agreement or any related documents hereto manually and to send to us the manually signed, duly executed documents via overnight courier on the same day that you send us the facsimile, scanned or electronic transmission of the documents. You agree to execute any further documents that we may request to carry out the intents and purposes of this Agreement. Whenever our consent is required, we may withhold or condition such consent in our sole discretion, except as otherwise expressly stated herein. From time to time, Supplier may extend to us payment terms for Equipment financed under this Agreement that are more favorable than what has been quoted to you or the general public, and we may provide Supplier information regarding this Agreement if Supplier has assigned or referred it to us. All notices shall be mailed or delivered by facsimile transmission or overnight courier to the respective parties at the addresses shown on this Agreement or such other address as a party may provide in writing from time to time. By providing us with a telephone number for a cellular phone or other wireless device, including a number that you later convert to a cellular number, you are expressly consenting to receiving communications, including but not limited to prerecorded or artificial voice message calls, text messages, and calls made by an automatic telephone dialing system, from us and our affiliates and agents at that number. This express consent applies to each such telephone number that you provide to us now or in the future and permits such calls for non-marketing purposes. Calls and messages may incur access fees from your cellular provider. You authorize us to make non-material amendments (including completing and conforming the description of the Equipment) on any document in connection with this Agreement. Unless stated otherwise herein, all other modifications to this Agreement must be in writing and signed by each party or in a duly authenticated electronic record. This Agreement may not be modified by course of performance.

11. **WARRANTY DISCLAIMERS:** WE ARE LEASING THE EQUIPMENT TO YOU "AS-IS." YOU HAVE SELECTED SUPPLIER AND THE EQUIPMENT BASED UPON YOUR OWN JUDGMENT. WE DO NOT TAKE RESPONSIBILITY FOR THE INSTALLATION OR PERFORMANCE OF THE EQUIPMENT. SUPPLIER IS NOT AN AGENT OF OURS AND WE ARE NOT AN AGENT OF SUPPLIER, AND NOTHING SUPPLIER STATES OR DOES CAN AFFECT YOUR OBLIGATIONS HEREUNDER. **YOU WILL MAKE ALL PAYMENTS UNDER THIS AGREEMENT REGARDLESS OF ANY CLAIM OR COMPLAINT AGAINST ANY SUPPLIER, LICENSOR OR MANUFACTURER, AND ANY FAILURE OF A SERVICE PROVIDER TO PROVIDE SERVICES WILL NOT EXCUSE YOUR OBLIGATIONS TO US UNDER THIS AGREEMENT. WE MAKE NO WARRANTIES, EXPRESS OR IMPLIED, OF, AND TAKE ABSOLUTELY NO RESPONSIBILITY FOR, MERCHANTABILITY, FITNESS FOR ANY PARTICULAR PURPOSE, CONDITION, QUALITY, ADEQUACY, TITLE, DATA ACCURACY, SYSTEM INTEGRATION, FUNCTION, DEFECTS, INFRINGEMENT OR ANY OTHER ISSUE IN REGARD TO THE EQUIPMENT, ANY ASSOCIATED SOFTWARE AND ANY FINANCED ITEMS.** SO LONG AS YOU ARE NOT IN DEFAULT UNDER THIS AGREEMENT, WE ASSIGN TO YOU ANY WARRANTIES IN THE EQUIPMENT GIVEN TO US.

12. **LAW; JURY WAIVER:** This Agreement will be governed by and construed in accordance with Minnesota law. You consent to jurisdiction and venue of any state or federal court in Minnesota and waive the defense of inconvenient forum. For any action arising out of or relating to this Agreement or the Equipment, **BOTH PARTIES WAIVE ALL RIGHTS TO A TRIAL BY JURY.**

13. **MAINTENANCE AND SUPPLIES:** You have elected to enter into a separate arrangement with Supplier for maintenance, inspection, adjustment, parts replacement, drums, cleaning material required for proper operation and toner and developer ("Arrangement"). You agree to pay all amounts owing under this Agreement regardless of any claim you have against Supplier relating to the Arrangement. Supplier will be solely responsible for performing all services and providing all supplies under the Arrangement. You agree not to hold Lessor (if different from Supplier) or any assignee of this Agreement responsible for Supplier's obligations under the Arrangement. As a convenience to you, we will provide you with one invoice covering amounts owing under this Agreement and the Arrangement. If necessary, Supplier's obligations to you under the Arrangement may be assigned by us. You agree to pay a monthly supply freight fee to cover the costs of shipping supplies to you. Each month, you are entitled to produce the minimum number of pages shown on page 1 for each applicable page type. Regardless of the number of pages made, you will never pay less than the minimum Payment. You agree to provide periodic meter readings on the Equipment. You agree to pay the applicable overage charge for each metered page that exceeds the applicable minimum number of pages. Pages made on equipment marked as not financed under this Agreement will be included in determining your page and overage charges. At the end of the first year of this Agreement, and once each successive 12-month period thereafter, the maintenance and supplies portion of the Payment and the overage charges may be increased by a maximum of 15% of the existing payment or charge. In order to facilitate an orderly transition, the start date of this Agreement will be the date the Equipment is delivered to you or a date designated by us, as shown on the first invoice. If a later start date is designated, in addition to all Payments and other amounts due hereunder, you agree to pay us a transitional payment equal to 1/30th of the Payment, multiplied by the number of days between the date the Equipment is delivered to you and the designated start date. The first Payment is due 30 days after the start of this Agreement and each Payment thereafter shall be due on the same day of each month.



EQUIPMENT FINANCE

TERMS AND CONDITIONS ADDENDUM

AGREEMENT #
2734657

Addendum to Agreement # 2734657 and any future supplements/schedules thereto, between **OLIVENHAIN MUNICIPAL WATER DISTRICT**, as Customer and U.S. Bank Equipment Finance, a division of U.S. Bank National Association ("U.S. Bank Equipment Finance"), as Lessor/Secured Party ("Agreement"). The words "you" and "your" refer to Customer. The words "we," "us" and "our" refer to Lessor/Secured Party.

The parties wish to amend the above-referenced Agreement as follows:

Allocation of Monthly Payment Amount:

- a. The combined monthly Payment listed in this Agreement is \$X,XXX, plus applicable taxes. The parties agree to the following allocation of the monthly Payment:
- i.) The Equipment Portion of the Payment owed to Lessor pursuant to this Agreement: \$X,XXX, plus applicable taxes.
 - ii.) The Maintenance and Supplies Portion of the Payment owed to Kyocera/Supplier pursuant to the Arrangement: \$X,XXX, plus applicable taxes.

As a convenience to Customer, Lessor will provide Customer with one invoice covering amounts owing under this Agreement and the Arrangement/Kyocera Agreement.

b. The Equipment portion (\$X,XXX, plus applicable taxes) of the Payment is subject to the terms and conditions of Agreement # 2734657. Except as stated in the State & Local Government Addendum, the Equipment portion of the Payment cannot be cancelled or terminated. If Customer/Lessee decides to payoff this Agreement early, Customer must remit to Lessor the remaining stream of Payments for the Equipment portion, plus any outstanding taxes or fees that are due and then return the leased Equipment to Lessor as more fully set forth in Paragraph 8 of this Agreement. Lessor makes no warranties to the Equipment according to paragraph 11 of this Agreement.

c. The Maintenance and Supplies portion (\$X,XXX, plus applicable taxes) of the Payment, as further outlined in Paragraph 13, is subject to the terms and conditions of the separate agreements between Customer/Lessee and Kyocera/Supplier (hereinafter referenced jointly as "Arrangement") with respect to delivery, installation, and maintenance of the leased Equipment. The Maintenance and Supplies portion of the Payment may be cancelled or adjusted according to the Arrangement and Kyocera/Supplier's obligations thereunder may be transferred to another service provider. Any warranties on the leased Equipment should be addressed in the Arrangement.

The terms and conditions of this Agreement are separate and stand-alone from the Arrangement, and apply to the corresponding Payment portion that is combined on page 1 of the Value Lease Agreement # 2734657, as a convenience to Customer.

Paragraph 2. OWNERSHIP; PAYMENTS; TAXES AND FEES:

Sentences 9 and 10, as stated below, have been removed in their entirety:

"You agree to pay us a fee of up to \$50 for filing and/or searching costs required under the Uniform Commercial Code ("UCC") or other laws."

"You agree to pay us an origination fee of up to \$125 for all closing costs."

Paragraph 13. MAINTENANCE AND SUPPLIES:

Sentence 13, as stated below, has been removed in its entirety:

"At the end of the first year of this Agreement, and once each successive 12-month period thereafter, the maintenance and supplies portion of the Payment and the overage charges may be increased by a maximum of 15% of the existing payment or charge."

By signing this Addendum, Customer acknowledges the above changes to the Agreement and authorizes Lessor/Secured Party to make such changes. In the event of any conflict between this Addendum and the Agreement, this Addendum shall prevail. In all other respects, the terms and conditions of the Agreement remain in full force and effect and remain binding on Customer.

U.S. Bank Equipment Finance

Lessor/Secured Party

Signature

Title

Date

OLIVENHAIN MUNICIPAL WATER DISTRICT

Customer

X

Signature

Title

Date

NOTE: CAPITALIZED TERMS IN THIS DOCUMENT ARE DEFINED AS IN THE AGREEMENT, UNLESS SPECIFICALLY STATED OTHERWISE.

DRAFT

NOTE: CAPITALIZED TERMS IN THIS DOCUMENT ARE DEFINED AS IN THE AGREEMENT, UNLESS SPECIFICALLY STATED OTHERWISE.



EQUIPMENT FINANCE

CALIFORNIA JUDICIAL REFERENCE ADDENDUM

AGREEMENT #
2734657

Addendum to Agreement # 2734657 and any future supplements/schedules thereto, between OLIVENHAIN MUNICIPAL WATER DISTRICT, as Customer and U.S. Bank Equipment Finance, a division of U.S. Bank National Association ("U.S. Bank Equipment Finance"), as Lessor/Secured Party ("Agreement"). The words "you" and "your" refer to Customer. The words "we," "us" and "our" refer to Lessor/Secured Party.

The parties wish to amend the above-referenced Agreement by adding the following language:

1. Any and all disputes, claims and controversies arising out of, connected with or relating to the Agreement or the transactions contemplated thereby (individually, a "Dispute") that are brought before a forum in which pre-dispute waivers of the right to trial by jury are invalid under applicable law shall be subject to the terms contained in this Addendum in lieu of the jury trial waiver otherwise provided in the Agreement. Disputes may include, without limitation, tort claims, counterclaims, claims brought as class actions, claims arising from schedules, supplements, exhibits or other documents to the Agreement executed in the future, disputes as to whether a matter is subject to judicial reference, or claims concerning any aspect of the past, present or future relationships arising out of or connected with the Agreement.
2. Any and all Disputes shall be heard by a referee and resolved by judicial reference pursuant to California Code of Civil Procedure ("CCCP") §§ 638 et seq. The referee shall be a retired California state court judge or an attorney licensed to practice law in the State of California with at least 10 years' experience practicing commercial law. The parties shall not seek to appoint a referee that may be disqualified pursuant to CCCP §641 or 641.2 without the prior written consent of all parties. If the parties are unable to agree upon a referee within 10 calendar days after one party serves a written notice of intent for judicial reference upon the other parties, then the referee will be selected by the court in accordance with CCCP § 640(b).
3. The referee shall render a written statement of decision and shall conduct the proceedings in accordance with the CCCP, the Rules of Court, and the California Evidence Code, except as otherwise specifically agreed by the parties and approved by the referee. The referee's statement of decision shall set forth findings of fact and conclusions of law. The decision of the referee shall be entered as a judgment in the court in accordance with the provisions of CCCP §§644 and 645. The decision of the referee shall be appealable to the same extent and in the same manner that such decision would be appealable if rendered by a judge of the superior court.
4. Notwithstanding the preceding agreement to submit Disputes to a judicial referee, the parties preserve, without diminution, certain rights and remedies at law or equity and under the Agreement that such parties may employ or exercise freely, either alone or in conjunction with or during a Dispute. Each party shall have and hereby reserves the right to proceed in any court of proper jurisdiction or by self-help to exercise or prosecute the following remedies, as applicable: (A) all rights to foreclose against any real or personal property or other security by exercising a power of sale granted in the Agreement or under applicable law or by judicial foreclosure and sale, including a proceeding to confirm the sale, (B) all rights of self-help including peaceful occupation of property and collection of rents, setoff, and peaceful possession of property, (C) obtaining provisional or ancillary remedies including injunctive relief, sequestration, garnishment, attachment, appointment of receiver and in filing an involuntary bankruptcy proceeding, and (D) when applicable, a judgment by confession of judgment. Preservation of these remedies does not limit the power of a judicial referee to grant similar remedies that may be requested by a party in a Dispute. No provision in the Agreement regarding submission to jurisdiction and/or venue in any court is intended or shall be construed to be in derogation of the provisions in this Addendum for judicial reference of any Dispute. The parties do not waive any applicable federal or state substantive law except as provided herein.
5. If a Dispute includes multiple claims, some of which are found not subject to this Addendum, the parties shall stay the proceedings of the claims not subject to this Addendum until all other claims are resolved in accordance with this Addendum. If there are Disputes by or against multiple parties, some of which are not subject to this Addendum, the parties shall sever the Disputes subject to this Addendum and resolve them in accordance with this Addendum.
6. During the pendency of any Dispute that is submitted to judicial reference in accordance with this Addendum, each of the parties to such Dispute shall bear equal shares of the fees charged and costs incurred by the referee in performing the services described in this Addendum. The compensation of the referee shall not exceed the prevailing rate for like services. The prevailing party shall be entitled to reasonable court costs and legal fees, including customary attorneys' fees, expert witness fees, paralegal fees, the fees of the referee and other reasonable costs and disbursements charged to the party by its counsel, in such amount as is determined by the referee.
7. In the event of any challenge to the legality or enforceability of this Addendum, the prevailing party shall be entitled to recover the costs and expenses from the non-prevailing party, including reasonable attorneys' fees, incurred by it in connection therewith.
8. THIS ADDENDUM CONSTITUTES A "REFERENCE AGREEMENT" BETWEEN THE PARTIES WITHIN THE MEANING OF AND FOR PURPOSES OF CCCP § 638.

By signing this Addendum, Customer acknowledges the above changes to the Agreement and authorizes Lessor/Secured Party to make such changes. In the event of any conflict between this Addendum and the Agreement, this Addendum shall prevail. In all other respects, the terms and conditions of the Agreement remain in full force and effect and remain binding on Customer. This Addendum may be executed in multiple counterparts, each of which shall constitute an original, but all of which, when taken together, shall constitute one and the same agreement.

U.S. Bank Equipment Finance

Lessor/Secured Party

Signature

Title

Date

OLIVENHAIN MUNICIPAL WATER DISTRICT

Customer

X

Signature

Title

Date

NOTE: CAPITALIZED TERMS IN THIS DOCUMENT ARE DEFINED AS IN THE AGREEMENT, UNLESS SPECIFICALLY STATED OTHERWISE.



EQUIPMENT FINANCE

STATE AND LOCAL GOVERNMENT ADDENDUM

AGREEMENT #
2734657

Addendum to Agreement # 2734657 and any future supplements/schedules thereto, between OLIVENHAIN MUNICIPAL WATER DISTRICT, as Customer and U.S. Bank Equipment Finance, a division of U.S. Bank National Association ("U.S. Bank Equipment Finance"), as Lessor ("Agreement"). The words "you" and "your" refer to Customer. The words "we," "us" and "our" refer to Lessor.

The parties wish to amend the above-referenced Agreement by adding the following language:

REPRESENTATIONS AND WARRANTIES OF CUSTOMER: You hereby represent and warrant to us that: (i) you have been duly authorized under the Constitution and laws of the applicable jurisdiction and by a resolution or other authority of your governing body to execute and deliver this Agreement and to carry out your obligations hereunder; (ii) all legal requirements have been met, and procedures have been followed, including public bidding, in order to ensure the enforceability of this Agreement; (iii) this Agreement is in compliance with all laws applicable to you, including any debt limitations or limitations on interest rates or finance charges; (iv) the Equipment will be used by you only for essential governmental or proprietary functions of you consistent with the scope of your authority, will not be used in a trade or business of any person or entity, by the federal government or for any personal, family or household use, and your need for the Equipment is not expected to diminish during the term of this Agreement; (v) you have funds available to pay Payments until the end of your current appropriation period, and you intend to request funds to make Payments in each appropriation period, from now until the end of the term of this Agreement; and (vi) your exact legal name is as set forth on page one of this Agreement.

NON-APPROPRIATION OR RENEWAL: If either sufficient funds are not appropriated to make Payments or any other amounts due under this Agreement or (to the extent required by applicable law) this Agreement is not renewed either automatically or by mutual ratification, this Agreement shall terminate and you shall not be obligated to make Payments under this Agreement beyond the then-current fiscal year for which funds have been appropriated. Upon such an event, you shall, no later than the end of the fiscal year for which Payments have been appropriated or the term of this Agreement has been renewed, deliver possession of the Equipment to us. If you fail to deliver possession of the Equipment to us, the termination shall nevertheless be effective but you shall be responsible, to the extent permitted by law and legally available funds, for the payment of damages in an amount equal to the portion of Payments thereafter coming due that is attributable to the number of days after the termination during which you fail to deliver possession and for any other loss suffered by us as a result of your failure to deliver possession as required. You shall notify us in writing within seven days after (i) your failure to appropriate funds sufficient for the payment of the Payments or (ii) to the extent required by applicable law, (a) this Agreement is not renewed or (b) this Agreement is renewed by you (in which event this Agreement shall be mutually ratified and renewed), provided that your failure to give any such notice under clause (i) or (ii) of this sentence shall not operate to extend this Agreement or result in any liability to you.

TITLE TO THE EQUIPMENT: If the selected purchase option for this Agreement is \$1.00 or \$101.00, unless otherwise required by law, upon your acceptance of the Equipment, title to the Equipment shall be in your name, subject to our interest under this Agreement.

The parties wish to amend the above-referenced Agreement by restating the following language:

Any provision in the Agreement stating this Agreement supersedes any invoice and/or purchase order is hereby amended and restated as follows: "You agree that the terms and conditions contained in this Agreement, which, with the acceptance certification, is the entire agreement between you and us regarding the Equipment and which supersedes any purchase order, invoice, request for proposal, response or other related document."

Any provision in the Agreement stating that this Agreement shall automatically renew unless the Equipment is purchased, returned or a notice requirement is satisfied is hereby amended and restated as follows: "Unless the purchase option is \$1.00 or \$101.00, at the end of the initial term, this Agreement shall renew on a month-to-month basis under the same terms hereof unless you send us written notice at least 30 days before the end of any term that you want to purchase or return the Equipment, and you timely purchase or return the Equipment."

Any provision in the Agreement stating that we may assign this Agreement is hereby amended and restated as follows: "We may sell, assign, or transfer this Agreement without notice to or consent from you, and you waive any right you may have to such notice or consent."

Any provision in the Agreement stating that you grant us a security interest in the Equipment to secure all amounts owed to us under any agreement is hereby amended and restated as follows: "To the extent permitted by law, you grant us a security interest in the Equipment

to secure all amounts you owe us under this Agreement and any supplements hereto. You authorize and ratify our filing of any financing statement(s) and the naming of us on any vehicle title(s) to show our interest.”

Any provision in the Agreement stating that you shall indemnify and hold us harmless is hereby amended and restated as follows: “You shall not be required to indemnify or hold us harmless against liabilities arising from this Agreement. However, as between you and us, and to the extent permitted by law and legally available funds, you are responsible for and shall bear the risk of loss for, shall pay directly, and shall defend against any and all claims, liabilities, proceedings, actions, expenses, damages or losses arising under or related to the Equipment, including, but not limited to, the possession, ownership, lease, use or operation thereof, except that you shall not bear the risk of loss of, nor pay for, any claims, liabilities, proceedings, actions, expenses, damages or losses that arise directly from events occurring after you have surrendered possession of the Equipment in accordance with the terms of this Agreement to us or that arise directly from our gross negligence or willful misconduct.”

Any provision in the Agreement stating that a default by you under any agreement with our affiliates or other lenders shall be an event of default under the Agreement is hereby amended and restated as follows: “You will be in default if: (i) you do not pay any Payment or other sum due to us under this Agreement when due or you fail to perform in accordance with the covenants, terms and conditions of this Agreement; (ii) you make or have made any false statement or misrepresentation to us; or (iii) you dissolve, liquidate, terminate your existence or are in bankruptcy.”

Any provision in the Agreement stating that you shall pay our attorneys’ fees is hereby amended and restated as follows: “In the event of any dispute or enforcement of rights under this Agreement or any related agreement, the non-prevailing party shall pay, to the extent permitted by law and to the extent of legally available funds, the prevailing party’s reasonable attorney’s fees (including any incurred before or at trial, on appeal or in any other proceeding), actual court costs and any other collection costs, including any collection agency fee.”

Any provision in the Agreement requiring you to pay amounts due under the Agreement upon the occurrence of a default, failure to appropriate funds or failure to renew the Agreement is hereby amended to limit such requirement to the extent permitted by law and legally available funds.

Any provision in the Agreement stating that the Agreement is governed by a particular state’s laws and you consent to such jurisdiction and venue is hereby amended and restated as follows: “This Agreement will be governed by and construed in accordance with the laws of the state where you are located. You consent to jurisdiction and venue of any state or federal court in such state and waive the defense of inconvenient forum.”

By signing this Addendum, Customer acknowledges the above changes to the Agreement and authorizes Lessor to make such changes. In the event of any conflict between this Addendum and the Agreement, this Addendum shall prevail. In all other respects, the terms and conditions of the Agreement remain in full force and effect and remain binding on Customer.

U.S. Bank Equipment Finance

Lessor

Signature

Title

Date

OLIVENHAIN MUNICIPAL WATER DISTRICT

Customer

X

Signature

Title

Date

NOTE: CAPITALIZED TERMS IN THIS DOCUMENT ARE DEFINED AS IN THE AGREEMENT, UNLESS SPECIFICALLY STATED OTHERWISE.

Memo

Date: March 17, 2021

To: Olivenhain Municipal Water District Board of Directors

From: Rainy Selamat, Finance Manager

Via: Kimberly Thorner, General Manager

Subject: **CONSIDER SETTING A TIME AND PLACE FOR A PUBLIC HEARING TO CONSIDER ADOPTING INCREASES IN THE RATES FOR OLIVENHAIN MUNICIPAL WATER DISTRICT WASTEWATER SERVICE FEES EFFECTIVE JULY 1, 2021 AND AN ORDINANCE AUTHORIZING THE DISTRICT TO PASS THROUGH INCREASES TO THE DISTRICT'S WASTEWATER COST OF OPERATIONS AND MAINTENANCE AND CAPITAL FACILITIES (Public Hearing tentatively scheduled for May 19, 2021 – 5:30 p.m.)**

Purpose

Staff is requesting that the Board consider setting a time and place for a public hearing to receive and hear public comments on:

1. The proposed wastewater service fees to become effective July 1, 2021 as shown in the attached Notice of Public Hearing.
2. The adoption of an ordinance that would authorize the Board to increase Wastewater System Access Charge and Commodity Rates effective July 1, 2021 (Fiscal Year 2022) and on July 1st of each year for the next four fiscal years, Fiscal Years 2023, 2024, 2025, and 2026 to pay for increases in the cost of operations, maintenance, and capital facilities of the 4S Ranch Water Reclamation Facility (4S WRF) as shown in the attached Notice of Public Hearing.

The Board would still be required to approve future annual wastewater service fee increase; however, a public hearing will not be required each subsequent year if the ordinance is adopted on May 19, 2021.

The attached Notice of Public Hearing (Notice) has been reviewed by District General Counsel, Mr. Alfred Smith, for compliance with proposition 218 requirements.

Recommendation

Staff recommends that the Board approve the release of the Notice to set the wastewater rate hearing and to receive public comment. Staff also recommends that the District continues to collect its wastewater service fees through the San Diego County's Tax Assessor Office. The District's Wastewater Service Fees are currently collected on each property owner's tax bill on an annual basis through the San Diego County Tax Assessor's Office.

A copy of the 2020 Wastewater Rate Study Report (Report) will be available for public review on the District's website following the release of the Notice. The Report was prepared by Raftelis Financial Consultants, Inc. (Raftelis) and is used as a referenced document for the proposed Wastewater Service Fees included in the Notice.

Proposition 218 requires that the Notice be mailed out to all customers at least 45 days (no later than April 2, 2021) before the rate hearing (May 19, 2021).

Alternatives

The Board may choose not to set a time and place for a public hearing, thereby not considering increases in wastewater service fees. The Board could also choose to do an annual Proposition 218 public hearing, with increased costs for printing, mailing, and postings.

Background

The District retained Raftelis, an independent financial consulting firm, to conduct a Wastewater Rate Study. The District's Wastewater Rate Study was completed by Raftelis in November 2020. The Study determines the necessary wastewater revenue adjustments based on the District's wastewater operating and maintenance costs and capital infrastructure needs of the 4S Ranch Sanitation District and Rancho Cielo Sanitation District. The District is planning to execute over \$20.5 million in necessary wastewater capital replacement and rehabilitation projects over the next ten years.

Raftelis presented its findings and recommendations, based on the wastewater rate study, to the Finance Committee on February 2, 2021 and to the Board at the February 10, 2021 meeting.

Raftelis' recommendations, included in the Report, and presented to the Board are as follows:

- a 2% revenue increase adjustment effective July 1, 2021 (fiscal year 2022) and 3% revenue increase adjustment on July 1st of each fiscal year for fiscal years 2023, 2024, 2025, and 2026.
- a new debt issuance of \$5 million to pay for future wastewater replacement projects to avoid rate spikes to wastewater customers while remaining compliant with the Board's Designated Fund Balances Policy for wastewater reserves.
- The Equivalent Dwelling Unit (EDU) for multi-family dwelling units be revised from 1 to 0.79 to reflect the multi-family wastewater flow, which will result in a reduction in fixed wastewater service charge for multi-family.

The new debt issuance would occur in fiscal year 2022. In addition to preventing a rate spike and ensuring compliance with reserve policies, issuing debt would allow the District to take advantage of its high bond ratings by securing a favorable interest rate on the debt.

Fiscal Impact

The District's wastewater service fees are comprised of two components, System Access Charges and Commodity Rates. The System Access Charges and Commodity Rates shown in the Notice are being proposed to be increased annually for a five-year period to recover the cost to collect, treat, and dispose of sewage, as well as to maintain the 4S Water Reclamation Facility within the 4S Ranch Sanitation District and Rancho Cielo Sanitation District.

These proposed increases to wastewater service fees are necessary to enable the District to: (1) recover current and projected increases in the cost of operating and maintaining the District's wastewater collection and treatment facilities to comply with state and federal regulatory wastewater and disposal requirements; (2) construct wastewater capital infrastructure improvements needed to replace and refurbish the aging wastewater facilities; (3) maintain the operational and financial stability of the District's wastewater operations in order to avoid operational deficits and depletion of reserves.

Current and Five-Year Proposed System Access Charges (per EDU*)

Customer Class	Current	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Single -Family Residential						
4S Ranch, Santa Luz	\$ 181.09	\$ 186.17	\$ 191.76	\$ 197.52	\$ 203.45	\$ 209.56
Rancho Cielo	\$ 181.09	\$ 186.17	\$ 191.76	\$ 197.52	\$ 203.45	\$ 209.56
Other						
Multi-Family**	\$ 181.09	\$ 147.33	\$ 151.75	\$ 156.31	\$ 161.00	\$ 165.83
Commercial - Group I	\$ 181.09	\$ 186.17	\$ 191.76	\$ 197.52	\$ 203.45	\$ 209.56
Commercial - Group II	\$ 181.09	\$ 186.17	\$ 191.76	\$ 197.52	\$ 203.45	\$ 209.56

The current and proposed wastewater service fee increases are shown on the tables below:

Current and Five-Year Proposed Commodity Rates (per hundred cubic foot)

Customer Class	Current	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Single-Family Residential						
4S Ranch, Santa Luz	\$ 6.59	\$ 6.81	\$ 7.02	\$ 7.24	\$ 7.46	\$ 7.69
Rancho Cielo	\$ 6.59	\$ 6.81	\$ 7.02	\$ 7.24	\$ 7.46	\$ 7.69
Other						
Multi-Family	\$ 6.59	\$ 6.81	\$ 7.02	\$ 7.24	\$ 7.46	\$ 7.69
Commercial - Group I	\$ 6.59	\$ 6.81	\$ 7.02	\$ 7.24	\$ 7.46	\$ 7.69
Commercial - Group II	\$ 10.16	\$ 9.43	\$ 9.72	\$ 10.02	\$ 10.33	\$ 10.64

The impact of proposed increases for the next five years on the average single-family residential and multi-family residential customers are shown below:

Average Annual Single Family Residential Wastewater Bill*						
Annual Wastewater Bill	Current	Proposed 7/1/2021	Proposed 7/1/2022	Proposed 7/1/2023	Proposed 7/1/2024	Proposed 7/1/2025
System Access Charge	\$ 181.09	\$ 186.17	\$ 191.76	\$ 197.52	\$ 203.45	\$ 209.56
Commodity Rate Charge	\$ 553.56	\$ 572.04	\$ 589.68	\$ 608.16	\$ 626.64	\$ 645.96
Annual Total Bill	\$ 734.65	\$ 758.21	\$ 781.44	\$ 805.68	\$ 830.09	\$ 855.52
Monthly Total Bill	\$ 61.22	\$ 63.18	\$ 65.12	\$ 67.14	\$ 69.17	\$ 71.29
Monthly Rate Increase Impact		\$ 1.96	\$ 1.94	\$ 2.02	\$ 2.03	\$ 2.12

Average Annual Multi-Family Residential Wastewater Bill**						
Annual Wastewater Bill	Current	Proposed 7/1/2021	Proposed 7/1/2022	Proposed 7/1/2023	Proposed 7/1/2024	Proposed 7/1/2025
System Access Charge	\$ 181.09	\$ 147.33	\$ 151.75	\$ 156.31	\$ 161.00	\$ 165.83
Commodity Rate Charge	\$ 474.48	\$ 490.32	\$ 505.44	\$ 521.28	\$ 537.12	\$ 553.68
Annual Total Bill	\$ 655.57	\$ 637.65	\$ 657.19	\$ 677.59	\$ 698.12	\$ 719.51
Monthly Total Bill	\$ 54.63	\$ 53.14	\$ 54.77	\$ 56.47	\$ 58.18	\$ 59.96
Monthly Rate Increase Impact		\$ (1.49)	\$ 1.63	\$ 1.70	\$ 1.71	\$ 1.78

*Based on the District's average Single Family Residential wastewater customer with 7 hcf lowest winter month usage

**Based on the District's average Multi-Family Residential wastewater dwelling unit with 72 hcf water usage per year.

Discussion

The District's last wastewater service fees increase of three (3) percent went into effect July 1, 2019. The District's wastewater customers were originally expecting to see a three (3) percent increase in their wastewater service fees effective July 1, 2020 based on the wastewater ordinance adopted by the Board in 2016; however, the District did not raise its wastewater service fees in an effort to help customers that were impacted financially as a result of the COVID-19 pandemic.

The 2020 Wastewater Rate Study Report clearly demonstrates that the District needs to implement revenue adjustments as current rates will not generate sufficient revenues to cover the District's wastewater operating costs and capital infrastructure needs over the next five years. The District is planning to execute over \$20.5 million in wastewater capital replacement and rehabilitation projects during that time.

A copy of the 2020 Wastewater Rate Study Report prepared by Raftelis Financial Consultants, Inc. will be made available for public review on the District's website following the release of the notice. Proposition 218 requires that the Notice of Public Hearing be mailed out to all customers at least 45 days before the rate hearing.

If the rate hearing is set by the Board for May 19, 2021, a copy of the attached public hearing notice will be mailed out to property owners within the 4S Ranch and Rancho Cielo Sanitation Districts that are included in the parcel data from the County of San Diego to comply with Proposition 218 requirements (no later than April 1, 2021.)

Attachments: Wastewater Proposition 218 Notice (FINAL DRAFT)
2020 Wastewater Rate Study Report (FINAL DRAFT)



NOTICE OF PUBLIC HEARING

May 19, 2021 at 5:30 p.m.
Boardroom of the District's Administrative Office*
1966 Olivenhain Road
Encinitas, California 92024

Olivenhain Municipal Water District is considering sewer service charge adjustments that will affect your property tax bill. This notice explains the public hearing and protest process, the reasoning behind the proposed wastewater rate adjustments, and the fee increases being proposed.

*See Public Hearing Information Section for information.



NOTICE OF PUBLIC HEARING

Concerning Proposed Rate Increases for Olivenhain Municipal Water District ("District") Wastewater Service Fees

PUBLIC HEARING INFORMATION

A public hearing will be held on the proposed increases to the Wastewater Annual Service Access Charge and the Commodity Rates commencing on July 1, 2021 and on July 1 of each of the next four years thereafter, as described in this notice. The public hearing will be held on Wednesday, May 19, 2021, at 5:30 p.m. Pursuant to the State of California Executive Order N-35-20, and in the interest of public health, the District is temporarily taking actions to mitigate the COVID-19 pandemic by holding meetings, including this hearing, via teleconference. The Boardroom will not be open to the public for this meeting.

To join this meeting via teleconference, please dial:

(669) 900-9128 or (346) 248-7799

Meeting ID: 833 9123 7389 and Password: 284592

Members of the public can provide oral testimony at the meeting by e-mailing written protests to the Board Secretary at skaufmann@olivenhain.com by 3:00 p.m. the day of the hearing. Please use "Rate Hearing" as the subject line of your e-mail and include your name and phone number to ensure you are called on and have the opportunity to provide oral comment. If you do not receive a confirmation email that your written protest has been received, please call (760) 632-4648.

The Board of Directors will hear and consider oral testimony and written protests regarding the proposed rate increases at the hearing. Any written protest must: (1) be in writing; (2) state that the identified property owner or tenant is opposed to the proposed wastewater service charge increases; (3) provide the location of the identified parcel for which the protest is submitted (by assessor's parcel number or wastewater service address); and (4) include the printed full name and signature of the property owner or tenant submitting the protest. One written protest per parcel will be counted in calculating a majority protest to the proposed increase.

Written protests can be mailed to the District's administrative office at 1966 Olivenhain Road, Encinitas, CA, 92024, Attn. Board Secretary. Written protests may also be e-mailed to skaufmann@olivenhain.com. Written protests must be sent to the attention of and received by the Board Secretary prior to the close of the public hearing. At the close of the public hearing, the Board of Directors will consider and may approve the rate increases. **Oral comments at the public hearing will not qualify as formal protests unless accompanied by a written protest.** If by the close of the public hearing, written protests against the proposed wastewater service charge increases included in this notice are not presented by owners or tenants of a majority of the identified parcels subject to the wastewater service charges, the Board of Directors will be authorized to adopt an ordinance to increase the wastewater service charge effective July 1, 2021 and on July 1st of each year for the next four fiscal years, Fiscal Years 2023-2026, as shown in this notice.

A 2020 Wastewater Rate Study, conducted by an independent financial consulting firm, is the basis for allocating costs and calculating the proposed increases to the District's wastewater service fees as shown and described in this notice. A copy of the District's Wastewater Rate Study Report can be found on the District's website at www.olivenhain.com or is available for inspection at the District's administrative office.

REASONS FOR THE PROPOSED RATE INCREASES

The District's Wastewater System is an interconnect system comprised of two sub-districts, 4S Ranch Sanitation District and Rancho Cielo Sanitation District. The District continually strives to provide wastewater treatment and collection services in the most cost-effective and environmentally responsive manner. While the District continually strives to achieve its goals, the District also needs to be proactive in its plans to keep pace with inflation and increases in costs associated with the operations, maintenance, and replacement of aging wastewater infrastructure.

Over the next five years, the District is planning to execute over \$20.5 million in wastewater capital replacement and rehabilitation projects. The District used an engineering firm to develop a ten-year wastewater capital spending plan to determine when replacement projects will need to start construction and the cost to complete replacement of aging wastewater capital facilities in 4S Ranch Sanitation District and Rancho Cielo Sanitation District.

The District engaged an independent financial consulting firm to conduct a Wastewater Rate Study in 2020. The Wastewater Rate Study projects the District's wastewater revenues and expenditures over the next ten years, conducts a cost of service analysis, and recommends increases in wastewater rates for the next five years. These increases are based on the District's wastewater revenue requirements to be collected from wastewater rates and charges and wastewater infrastructure needs of the 4S Ranch Sanitation District and Rancho Cielo Sanitation District.

The District's last wastewater service fees increase of three (3) percent went into effect July 1, 2019. The District's wastewater customers were originally expected to see a three (3) percent increase in their wastewater service fees effective July 1, 2020; however, the District did not raise its wastewater service fees in an effort to help customers that were impacted financially as a result of the COVID-19 pandemic. During this time, the District complied with regulations governing the treatment and disposal of wastewater and inspected its sewer lines and pump stations and has maintained them in excellent working condition.

BASIS UPON WHICH THE RATES ARE CALCULATED

The District's wastewater service fees are calculated to recover the cost to collect, treat, dispose of sewage, and maintain the 4S Ranch Water Reclamation Facility (4SWRF) within the 4S Ranch Sanitation District and Rancho Cielo Sanitation District.

Based on sewage flows and strengths, the rate structure for the District's wastewater service fees are comprised of four customer classes:

Single-Family Residential (4S Ranch and Rancho Cielo), Multi-Family (Condominiums, RV/Trailer Parks), Commercial – Group I (office buildings, small retail stores, schools, storage facilities, pools, government agencies, churches, sports parks); Commercial – Group II (shopping centers, strip malls, medical office buildings, healthcare facilities, supermarket and/or restaurants).

The District's wastewater service fees for all customer classes are comprised of at least two components:

- (1) A System Access Charge (SAC) is a uniform flat charge across all customer classes based on one Equivalent Dwelling Unit (EDU) to recover a portion of the fixed costs. The SAC is calculated on the basis of recovering certain fixed costs of the District to operate and maintain wastewater facilities including repairs and maintenance of the 4SWRF and customer services such as billing and collections.

The SAC is determined on an equivalent dwelling unit ("EDU") basis. EDU is a term used to compare flows from non-residential customers in terms of flows generated by a single-family residential unit. The number of EDU's assigned to an account is therefore based on the estimated potential quality and flow of wastewater generated by that account. A single-family residential unit, for example, is assigned one EDU. Based on the 2020 Wastewater Rate Study's recommendation, the EDU for multi-family dwelling units is revised from 1 to 0.79 to reflect the multi-family wastewater flow, which has resulted in a reduction to the FY 22 Proposed System Access Charge for Multi-Family for FY 2022.

- (2) A Commodity Rate is a charge based on the estimated quality and amount of sewage generated by each user in hundred cubic feet ("hcf"). For each Single-Family Residential user, the commodity charge is determined based on the minimum amount of water used by that user in the winter months of December to March, since water use during winter months reflects mainly indoor water use. For the Single-Family Residential user, the winter time water use is capped at a maximum of 10 hcf per month to account for irrigation usage during the winter months. For Multi-Family and Commercial customers, the commodity charge is determined based on the actual monthly metered water use, which represents the amount each user discharges to the wastewater system in hcf.

The rates for all components of the District's wastewater service fees are structured in such a way to proportionately allocate cost of collecting, treating, and disposing of sewage generated by each customer group in 4S Ranch and Rancho Cielo Sanitation Districts.

The District's Wastewater Service Fees are collected on each property owner's property tax bill on an annual basis. Wastewater bills are due and payable at the same time when a property owner's tax bill is due to the San Diego County Tax Assessor's Office, April and December of each year.

CURRENT AND PROPOSED RATES AND CHARGES

To cover the aforementioned increases in costs, the District is proposing a revenue increase of two (2) percent effective July 1, 2021 (fiscal year 2022), and three (3) percent on July 1st of each fiscal year for fiscal years 2023, 2024, 2025, and 2026. The current and proposed System Access Charges and Commodity Rates are shown on the tables below.

Current and Five-Year Proposed System Access Charges (per EDU*)						
Customer Class	Current	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Single -Family Residential						
4S Ranch, Santa Luz	\$ 181.09	\$ 186.17	\$ 191.76	\$ 197.52	\$ 203.45	\$ 209.56
Rancho Cielo	\$ 181.09	\$ 186.17	\$ 191.76	\$ 197.52	\$ 203.45	\$ 209.56
Other						
Multi-Family**	\$ 181.09	\$ 147.33	\$ 151.75	\$ 156.31	\$ 161.00	\$ 165.83
Commercial - Group I	\$ 181.09	\$ 186.17	\$ 191.76	\$ 197.52	\$ 203.45	\$ 209.56
Commercial - Group II	\$ 181.09	\$ 186.17	\$ 191.76	\$ 197.52	\$ 203.45	\$ 209.56

*EDU=Equivalent Dwelling Unit

** The 2020 Wastewater Rate Study's recommended that EDU for multi-family be revised to 0.79 from 1, which resulted in a reduction in the proposed annual System Access Charges for the multi-family customer class commencing July 1, 2021 (FY 2022.)

Current and Five-Year Proposed Commodity Rates (per hundred cubic foot)						
Customer Class	Current	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Single-Family Residential						
4S Ranch, Santa Luz	\$ 6.59	\$ 6.81	\$ 7.02	\$ 7.24	\$ 7.46	\$ 7.69
Rancho Cielo	\$ 6.59	\$ 6.81	\$ 7.02	\$ 7.24	\$ 7.46	\$ 7.69
Other						
Multi-Family	\$ 6.59	\$ 6.81	\$ 7.02	\$ 7.24	\$ 7.46	\$ 7.69
Commercial - Group I	\$ 6.59	\$ 6.81	\$ 7.02	\$ 7.24	\$ 7.46	\$ 7.69
Commercial - Group II	\$ 10.16	\$ 9.43	\$ 9.72	\$ 10.02	\$ 10.33	\$ 10.64

INFORMATION ON HOW YOUR WASTEWATER BILL IS CALCULATED

The annual Single-Family Residential Wastewater Bill is the sum of the annual System Access Charge per EDU plus an annualized commodity charge based on the minimum amount of water used by the user in the winter months of December to March (of the prior year) up to a maximum of 10 hundred cubic feet (hcf). For example, a typical single-family residential wastewater customer with 7 hcf of minimum water use based on this customer's December to March water bills (of the prior year) would be charged as follows for FY 2022:

(Service EDUs of 1 x annual System Access Charge of \$186.17) + (7 hcf water usage x 12 months x the Commodity Rate of \$6.81).

The annual Multi-Family user wastewater service charge is the sum of annual System Access Charge plus a commodity charge based on a share of actual water use (prior year) for the dwelling unit complex. For example, a condominium with four dwelling units totaling 288 hcf in annual usage would be charged as follows for FY 2022:

(Dwelling units of 4 x annual System Access Charge of \$147.33) + (288 hcf water usage x the Commodity Rate of \$6.81).

The annual Commercial wastewater service charge is the sum of the annual System Access Charge plus a commodity charge based on a share of actual water use (prior year) for the Commercial account. For example, an office building (Commercial - Group I) with 408 hcf in annual water usage would be charged as follows for FY 2022:

(Service EDUs x annual System Access Charge of \$186.17) + (408 hcf water usage x the Commodity Rate of \$6.81).

PROPOSED WASTEWATER BILL INFORMATION

Below are examples of the impact of proposed rates on the average single-family residential and multi-family residential customers. The rates/charges below are proposed to be effective starting July 1, 2021.

Average Annual Wastewater Bill Impacts for Single-Family and Multi-Family Customer Classes Over the Next Five Fiscal Years

Average Annual Single Family Residential Wastewater Bill*						
Annual Wastewater Bill	Current	Proposed 7/1/2021	Proposed 7/1/2022	Proposed 7/1/2023	Proposed 7/1/2024	Proposed 7/1/2025
System Access Charge	\$ 181.09	\$ 186.17	\$ 191.76	\$ 197.52	\$ 203.45	\$ 209.56
Commodity Rate Charge	<u>\$ 553.56</u>	<u>\$ 572.04</u>	<u>\$ 589.68</u>	<u>\$ 608.16</u>	<u>\$ 626.64</u>	<u>\$ 645.96</u>
Annual Total Bill	\$ 734.65	\$ 758.21	\$ 781.44	\$ 805.68	\$ 830.09	\$ 855.52
Monthly Total Bill	\$ 61.22	\$ 63.18	\$ 65.12	\$ 67.14	\$ 69.17	\$ 71.29
Monthly Rate Increase Impact		\$ 1.96	\$ 1.94	\$ 2.02	\$ 2.03	\$ 2.12

Average Annual Multi- Family Residential Wastewater Bill**						
Annual Wastewater Bill	Current	Proposed 7/1/2021	Proposed 7/1/2022	Proposed 7/1/2023	Proposed 7/1/2024	Proposed 7/1/2025
System Access Charge	\$ 181.09	\$ 147.33	\$ 151.75	\$ 156.31	\$ 161.00	\$ 165.83
Commodity Rate Charge	<u>\$ 474.48</u>	<u>\$ 490.32</u>	<u>\$ 505.44</u>	<u>\$ 521.28</u>	<u>\$ 537.12</u>	<u>\$ 553.68</u>
Annual Total Bill	\$ 655.57	\$ 637.65	\$ 657.19	\$ 677.59	\$ 698.12	\$ 719.51
Monthly Total Bill	\$ 54.63	\$ 53.14	\$ 54.77	\$ 56.47	\$ 58.18	\$ 59.96
Monthly Rate Increase Impact		\$ (1.49)	\$ 1.63	\$ 1.70	\$ 1.71	\$ 1.78

*Based on the District's average Single Family Residential wastewater customer with 7 hcf lowest winter month usage.

**Based on the District's average Multi-Family Residential wastewater dwelling unit with 72 hcf water usage per year.

Olivenhain

MUNICIPAL WATER DISTRICT

Wastewater Rate Study Report

January 8, 2021

January 8, 2021

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

Subject: Wastewater Rate Study Report

Dear Ms. Thorner:

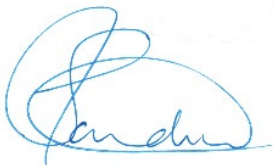
Raftelis is pleased to provide this 2020 Wastewater Rate Study Report (Report) to the Olivenhain Municipal Water District (District).

The major objectives of the study include the following:

- Develop a financial plan for the District Wastewater (WW) utility to ensure financial sufficiency, meet operation and maintenance (O&M) costs, and help ensure sufficient funding for capital refurbishment and replacement needs;
- Conduct a cost-of-service (COS) analysis;
- Develop fair and equitable 5-year WW rates which conform to Proposition 218 requirements based on the analysis and methodology set out in this Report

This Report summarizes our key findings and recommendations. It has been a pleasure working with you and we appreciate your help and the support provided by Ms. Rainy Selamat and Mr. Jared Graffam during the course of the study.

Sincerely,
RAFTELIS FINANCIAL CONSULTANTS, INC.



Sudhir Pardiwala, PE
Executive Vice President



Arisha Ashraf, PhD
Lead Consultant

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Abbreviations

Terms	Descriptions
4S	4S Ranch (Sanitation District)
4SWRF	4S Water Reclamation Facility
AF	Acre foot / Acre feet
AWWA	American Water Works Association
BOD	Biochemical oxygen demand
COS	Cost of Service
CIP	Capital Improvement Plan
EDU	Equivalent dwelling unit
FY	Fiscal Year ending (July 1 – June 30)
GPCD	Gallons per capita per day
GPM	Gallons per minute
HCF	Hundred cubic feet = 100 cubic feet = 748 gallons
Manual of Practice No. 27	Water Environment Federation’s (WEF) Financing and Charges for Wastewater Systems (Manual of Practice No. 27)
MFR	Multi-family residential
MGD	Million gallons per day
O&M	Operations and maintenance
PAYGO	Literally “pay as you go” to refer to capital funded through rate revenues
RC	Rancho Cielo (Sanitation District)
R&R	Refurbishment and Replacement
SCADA	Supervisory control and data acquisition (system)
SFR	Single-family residential
SL	Santa Luz
TSS	Total suspended solids
WEF	Water Environment Federation
WW	Wastewater

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1. Executive Summary

1.1. Background of the Study

In June 2020, Olivenhain Municipal Water District (District) engaged Raftelis Financial Consultants (Raftelis) to conduct a Wastewater Rate Study (Study). The District last increased wastewater rates in July 2019. This Study included the preparation of a ten-year financial plan, cost of service analysis, and five-year implementation of wastewater rates.

This Report summarizes the key findings and recommendations of the Study. For purposes of the analysis set out in this Report, the terms “Rate(s)” and “Charge(s)” may be used interchangeably. Additionally, the terms “wastewater” and “sewer” may be used interchangeably.

The District’s Wastewater System is an interconnected system comprised of two sub-districts with a wide variety of commercial, industrial, and residential uses:

- Rancho Cielo Sanitation District – This includes the Rancho Cielo Estates development and adjacent areas. It is located just east of the covenant area of Rancho Santa Fe and north of Del Dios Highway. The District provides sewer service to approximately 310 single family homes in the Cielo Sanitation District.
- 4S Ranch Sanitation District – This area consists of the 4S Ranch master planned community and other minor surrounding areas in the City of San Diego. It is located just west of Rancho Bernardo. The District provides sewer service to approximately 3,680 single family homes in the 4S Ranch Sanitation District and 1,540 multi-family and non-residential accounts. Santa Luz Housing Development and Black Mountain East Clusters were annexed to the 4S Ranch Sanitation District for sewer service only. Both are outside District boundaries.

The District’s wastewater service area spans approximately 4,000 acres. Wastewater is collected through approximately 65 miles of gravity sewers and 13 miles of force mains, and ultimately pumped to the 4S Ranch Water Reclamation Facility (4SWRF). There are 14 sewer lift stations monitored by the District’s supervisory control and data acquisition (SCADA) system.

The District is expecting to annex the Avion Development (also called Debevoise) in the near future. This development will consist of about 84 single family homes with their own collection system and discharge into the treatment plant through District mains. Since this annexation has not taken place the resultant impacts have not been factored into the rates.

1.2. Objectives of the Study

The major objectives of the study include the following:

- Develop financial plans for the Wastewater (WW) utility to ensure financial sufficiency, meet operation and maintenance (O&M) costs, ensure sufficient funding for capital replacement and refurbishment (R&R) needs, and provide for the financial health of the enterprises;
- Conduct a cost-of-service (COS) analysis;

- Develop fair and equitable 5-year WW rates which conform with Proposition 218 requirements based on the analysis and methodology set out in this Report.

1.3. Legal Requirements and Rate Setting Methodology

1.3.1. LEGAL REQUIREMENTS

In November 1996, California voters approved Proposition 218, which amended the California Constitution by adding Articles XIII C and Article XIII D. Article XIII D placed certain limitations on the use of revenue collected from property-related fees and charges and on the amount of the fee or charge that may be imposed on each parcel by governmental agencies. Additionally, it established procedural requirements for imposing new, or increasing existing, property-related fees and charges.

The substantive requirements in Article XIII D place limitations on (1) the use of the revenue collected from property-related fees and charges and (2) the allocation of costs recovered by such fees or charges to ensure that they are proportionate to the cost of providing the service(s) attributable to each parcel.

1.3.2. RATE SETTING METHODOLOGY

The wastewater rates were prepared using the principles established by the Water Environment Federation's (WEF) *Financing and Charges for Wastewater Systems* (Manual of Practice No. 27) which establishes commonly accepted professional standards for wastewater cost of service (COS) studies. The WEF Manual's general principles and the objectives of the Report are described below.

The first step in ratemaking is to determine the adequate funding of a utility. This is referred to as the "revenue requirement" analysis. This analysis considers the utility's short-term and long-term service requirements and objectives over a given planning horizon, including capital facilities and system operations and maintenance, 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, nonrecurring sales, conservation, inflation, interest rates, capital finance needs, and other changes in operating and economic conditions.

After determining a utility's revenue requirement, the next step is a cost of service (COS) analysis. Utilizing a public agency's approved expense and revenue budgets and capital improvement plans, the rate analyst first functionalizes a utility's costs and assets among major operating functions (collection, treatment, etc.). After cost functionalization, the rate analyst allocates the "functionalized costs" to cost causation components. For wastewater these cost components include wastewater flow, strength, and general admin costs. Wastewater strength is further defined as the Biochemical Oxygen Demand (BOD) and Total Suspended Solid (TSS) loads contributed by each class. The analyst further distributes these cost causation components to each customer class (e.g., single-family residential, multi-family residential and commercial) by determining the loadings of flow and strength of each class.

Once the cost of service analysis is complete, the rate analyst designs rates to collect the cost to serve each customer class calculated as part of the cost of service analysis.

1.4. Wastewater Utility Financial Plan

Raftelis has projected the operating and capital expenses over the planning period and is recommending a revenue increase of two percent for FY 2022, starting July 1, 2021, followed by annual increases of three percent for the

next four years. The two percent increase is an increase in total revenue requirement from rates. The rate increases for different customer classes will be different based on the cost of service analysis.

The proposed financial plan is shown graphically in **Figure 1-1** with the columns representing the operating expense, debt, and capital expenses. The red line shows the revenues with no revenue adjustments and the green line shows the revenues with the proposed revenue adjustments. **Figure 1-2** shows graphically the financing plan for the capital improvement plan CIP). The large capital expenditure in FY 2022 is partially funded by a debt issue of \$5 million.

Figure 1-1: Wastewater Utility Proposed Financial Plan

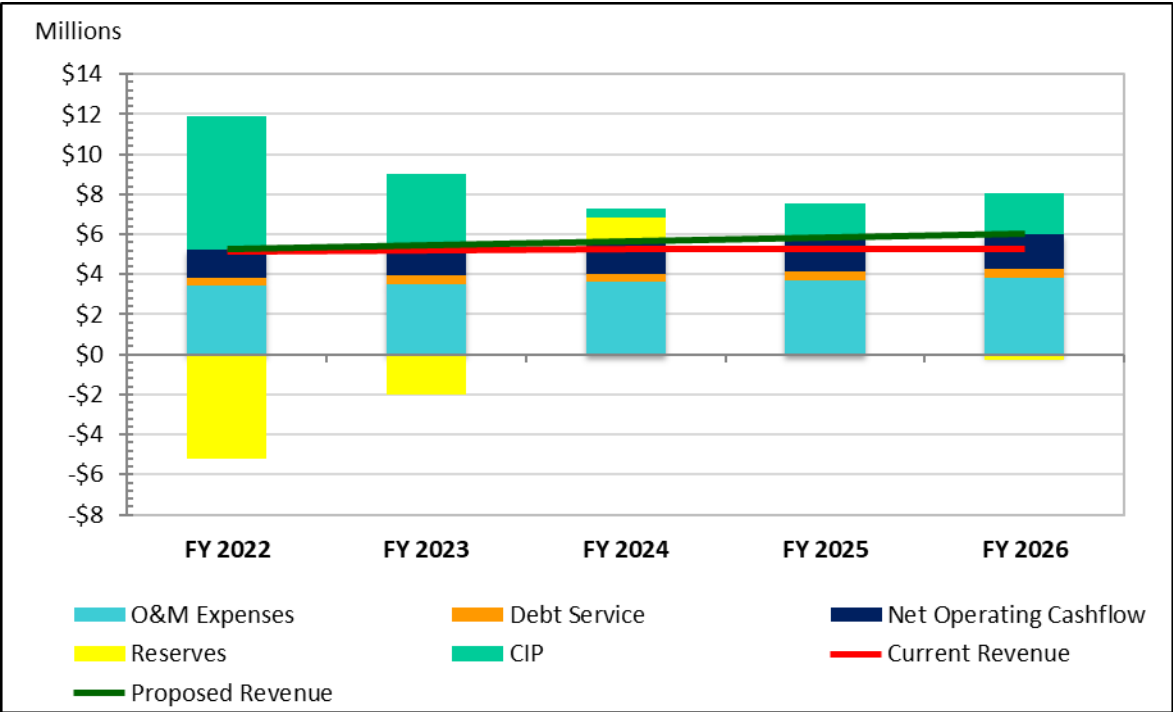
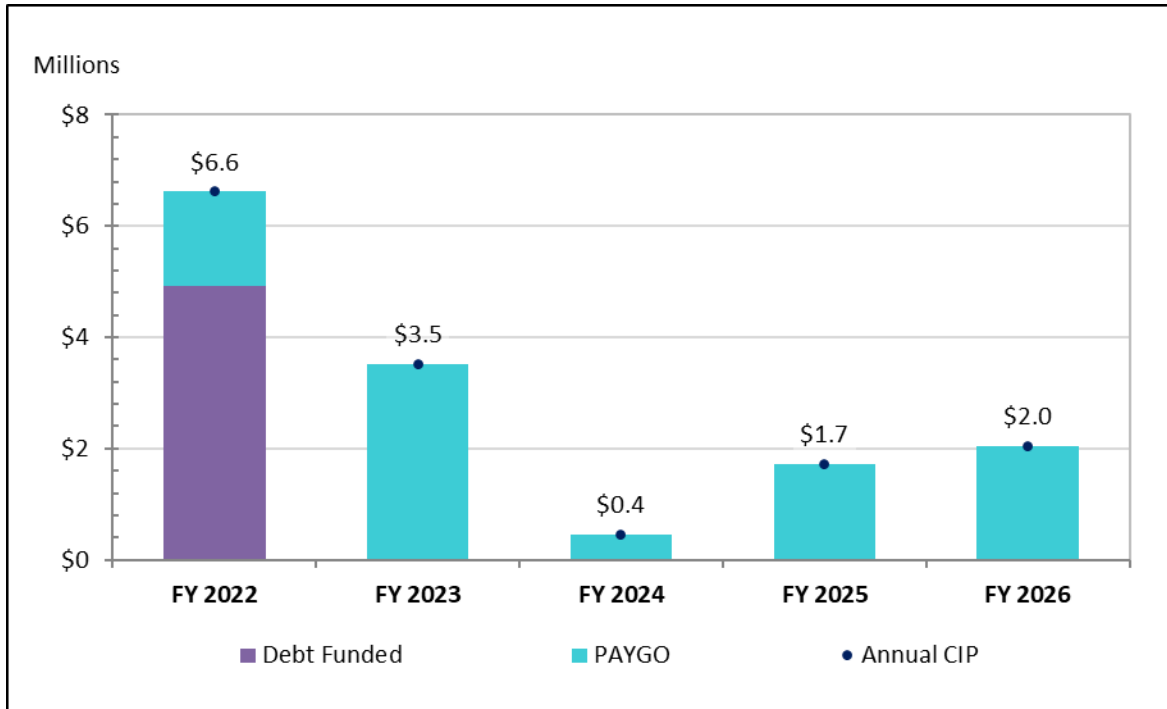


Figure 1-2: Capital Funding Sources



1.5. Proposed Wastewater Rates

The proposed rates across five years are presented for the annual system service charge in **Table 1-1** and the volumetric rate (\$/hcf) in **Table 1-2**. One Multi-Family Residential (MFR) dwelling unit was revised to be equivalent to 0.79 EDU. This was estimated as the ratio of Single Family Residential (SFR) to MFR flow per EDU using FY 2020 billing data. The annual fixed charge for MFR customers is adjusted to 79 percent of the SFR fixed charge to account for their lower sewer flow.

$$FY\ 2022\ MFR\ Fixed\ Charge = \$186.17 \times 0.79^1 = \$147.33$$

Table 1-1: Five-Year Proposed Annual Fixed Charges

Customer Class	Current	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Single Family Residential						
4S, SL	\$181.09	\$186.17	\$191.76	\$197.52	\$203.45	\$209.56
RC	\$181.09	\$186.17	\$191.76	\$197.52	\$203.45	\$209.56
Other						
Multi-Family	\$181.09	\$147.33	\$151.75	\$156.31	\$161.00	\$165.83
Commercial - Group I	\$181.09	\$186.17	\$191.76	\$197.52	\$203.45	\$209.56
Commercial - Group II	\$181.09	\$186.17	\$191.76	\$197.52	\$203.45	\$209.56

¹ Note the exact value differs slightly due to rounding.

Table 1-2: Five-Year Proposed Volumetric Rates (\$/hcf)

Customer Class	Current	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Single Family Residential						
4S, SL	\$6.59	\$6.81	\$7.02	\$7.24	\$7.46	\$7.69
RC	\$6.59	\$6.81	\$7.02	\$7.24	\$7.46	\$7.69
Other						
Multi-Family	\$6.59	\$6.81	\$7.02	\$7.24	\$7.46	\$7.69
Commercial - Group I	\$6.59	\$6.81	\$7.02	\$7.24	\$7.46	\$7.69
Commercial - Group II	\$10.16	\$9.43	\$9.72	\$10.02	\$10.33	\$10.64

2. Assumptions

This section summarizes the principal assumptions in this Study. Unless otherwise stated herein, these assumptions are used consistently in the Study.

2.1. Inflation

To develop a multi-year plan, we make projections of expenses and non-rate revenues. The Study Period spans Fiscal Years (FY) 2021 to FY 2030. The inflationary assumptions to make projection for future years are based on input from District staff and/or long-term averages. The inflationary assumptions are presented in **Table 2-1**. Note that the Study incorporates the District's FY 2021 budget and projections for future years are based on these inflationary factors.

- General inflation is based on the change in the annual Consumer Price Index for all Urban Consumers for the San Diego-Carlsbad Region.
- Increases in certain wastewater Operations and Maintenance costs were supplied by the District based on discussions with District staff. Salaries, Benefits, and Utilities are projected to be higher than General inflation factor
- The District is using 4% inflation adjustment for future wastewater CIP Projects.
- The reserve interest rate is assumed net of the District's projected investment income based on current market conditions.

Table 2-1: Inflationary Assumptions

Category	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
General	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Salaries	4.5%	4.5%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Benefits	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
CIP Projects*	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Other Capital	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%
Utilities	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Reserve Interest Rate	0.3%	0.5%	0.8%	1.0%	1.0%	1.0%	1.0%	1.5%	1.5%	1.5%

2.2. Account and EDU Growth Assumptions

Table 2-2 shows account growth assumptions developed in cooperation with District staff. SFR customer accounts are expected to increase, particularly in the Rancho Cielo service area. No increase in MFR or commercial customers is expected. Commercial Group I customers include office buildings, small retail stores, schools, etc. Commercial Group II customers represent shopping centers, strip malls, medical office buildings and/or restaurants, and large buildings that may have manufacturing facilities.²

² Note that Commercial III customers have been merged with Commercial II. These are large buildings that may have manufacturing facilities.

Table 2-2: Account Growth Assumptions

Customer Class	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Single Family Residential										
4S, SL	1.0%	1.0%	1.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
RC	3.0%	3.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Other										
Multi-Family	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Commercial - Group I	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Commercial - Group II	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Table 2-3 shows the projected Equivalent Dwelling Units (EDUs) reflecting the growth assumptions in **Table 2-2**. The EDU definition for MFR has been revised in this study based on the actual flow ratio between MFR and SFR wastewater (sewer) customers. One MFR dwelling unit is equivalent to 0.79 EDU.

Table 2-3: Projected Wastewater EDUs

Customer Class	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Single Family Residential										
4S, SL	3,687	3,724	3,761	3,761	3,761	3,761	3,761	3,761	3,761	3,761
RC	326	336	343	350	357	364	371	378	386	394
Other										
Multi-Family	1,203	1,203	1,203	1,203	1,203	1,203	1,203	1,203	1,203	1,203
Commercial - Group I	1,310	1,310	1,310	1,310	1,310	1,310	1,310	1,310	1,310	1,310
Commercial - Group II	400	400	400	400	400	400	400	400	400	400
Total EDUs	6,926	6,973	7,017	7,024	7,031	7,038	7,045	7,052	7,060	7,068

Table 2-4 shows the projected wastewater flow expressed in hundred cubic feet (hcf). Flow is a function of the return factor as shown in **Table 2-4** and account growth factors in **Table 2-2**. The return factor represents the amount of water use returned to 4SWRF. The Study assumes that the return factor will not change for any customer class throughout the Study Period. SFR flows increase due to the growth in those accounts, as reflected in **Table 2-3**.

Note that the SFR class flow is based on *annualized lowest winter water use* from the previous fiscal year. SFR properties tend to have a substantial portion of outdoor water use, which does not flow back into the sewer system as wastewater. Wastewater flow equal to lowest month winter water use is a reasonable estimate of indoor water use as outdoor watering is limited in winter months. Other customer classes (e.g., MFR and Commercial) tend to have less outdoor water use. Thus, their flow is based on *actual* water use from the previous year.

Table 2-4: Projected Wastewater Flow (hcf)

Customer Class	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Return Factor (all classes)	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Single Family Residential (lowest winter use)										
4S, SL	310,668	313,775	316,913	316,913	316,913	316,913	316,913	316,913	316,913	316,913
Single Family - RC	30,012	30,912	31,530	32,161	32,804	33,460	34,129	34,812	35,508	36,218
Other (actual use)										
Multi-Family	92,092	92,092	92,092	92,092	92,092	92,092	92,092	92,092	92,092	92,092
Commercial - Group I	61,729	61,729	61,729	61,729	61,729	61,729	61,729	61,729	61,729	61,729
Commercial - Group II	53,435	53,435	53,435	53,435	53,435	53,435	53,435	53,435	53,435	53,435
Total Annual Flow (hcf)	547,936	551,943	555,699	556,330	556,973	557,629	558,298	558,981	559,677	560,387

2.3. Reserve Assumptions

2.3.1. RESERVE POLICY BACKGROUND

A reserve policy is a written document that provides a basis for a public agency's financial reserves. The Board has adopted a Reserve Policy for the District, which was used to develop the financial plan. Wastewater reserves enable the District to meet working capital requirements, address revenue shortfalls due to economic recessions, and provide funds in case of an asset failure and/or natural disaster. Reserve policies provide guidelines for sound financial management with an overall long-range perspective to maintain financial solvency. Reserves also set aside funds for capital asset replacement as they age (and need to be replaced) and for new capital projects. Adhering to a sustainable reserve policy enhances financial management transparency and achieves or maintains favorable credit rating(s) for future District debt issues.

The appropriate amount of reserves and reserve types are determined by a variety of factors, such as the size of the operating budget, the amount of debt, the type of rate structure, frequency of customer billing and risk of natural disaster. While reserves vary by agency, most reserves tend to fall into the following categories: operating, rate stabilization, capital, and emergency. These are each further discussed below.

Operating Reserve

The purpose of an operating reserve is to provide working capital to support the operation, maintenance, and administration. The District's wastewater service charges are collected through the County Tax Collector's office at the same time that property tax bills are paid by wastewater (sewer) customers (the majority of which are collected on December 15 and April 15.) Due to the timing of these receipts for sewer services, the operating reserve supports the District's cash flow needs during normal operations and ensures that operations can continue should there be significant events that impact cash flows. As it is unlikely for a utility to precisely predict the revenues and revenue requirements for each billing period, a reserve set aside to hedge the risk of monthly negative cash positions is part of prudent financial planning and fiscal management.

Rate Stabilization

Rate stabilization reserves are used to minimize the need for abrupt rate increases that may be needed during times of decreased wastewater flow, economic recessions, or emergencies. The rate stabilization reserve would be used to offset the District's fixed costs. A rate stabilization reserve acts as a buffer to protect customers from experiencing large rate increases.

Capital Reserve

Capital reserves fund the replacement and renewal of a utility's infrastructure. Because utilities are highly capital-intensive enterprises, it is important to accurately estimate long-term capital costs and develop a reserve to fund the

eventual replacement of the system and new capital projects. Capital reserves vary the most (amongst all reserve targets) by agency. There are three accepted industry standard methods used to establish capital reserves:

- » One to five times the average capital expense over 5 to 10 years;
- » Given percentage of asset value, normally valued at replacement cost, of two to five percent; and
- » Asset depreciation normally calculated using replacement cost.

Emergency

An emergency reserve seeks to minimize disruptions in service during a natural disaster or asset/facility failure. An emergency reserve decreases risk by setting aside adequate funds to rebuild/replace an essential facility or pipeline after failure/disaster. Normally, a local public agency performs a critical asset analysis as the basis for the target level of emergency reserve. The District does not currently have an emergency reserve – however the rate stabilization fund has a dual purpose as an emergency fund.

2.3.2. CURRENT RESERVES

The District's current reserve policy follows:

- » **Operating Reserve:** A minimum of 180 days of annual wastewater (sewer) operations and maintenance expenditures approved by the Board. The maximum shall not exceed 365 days of annual sewer operations and maintenance expenditures approved by the Board in District's budget. In FY 2021, the minimum and maximum targets were \$1.7 million and \$3.4 million, respectively.
- » **Rate Stabilization:** The rate stabilization reserve minimum is 25% of annual wastewater (sewer) operating and maintenance expenditures approved by the Board and the maximum is 100 percent of annual Board approved operating budget. The minimum and maximum target for FY 2021 were \$0.9 million and \$3.4 million, respectively.
- » **Capital Reserve:** The capital reserve minimum is two years' average of planned capital expenditures of the approved 10-year Wastewater (sewer) Capital Spending Plan. The maximum shall not exceed five years' average of the approved (ten-year) capital improvement plan. In FY 2021 the minimum and maximum targets were \$4.1 and \$10.2 million, respectively.

Table 2-5 lists the District's FY 2021 audited beginning fund balances for the Operating, Rate Stabilization, and Capital reserves as well as the minimum and maximum targets. Total reserves balance is between the total minimum and maximum targets.

Table 2-5: FY 2021 Beginning Fund Balances¹

Reserve	FY 2021	Min Target	Max Target
Operating ²	\$1,413,450	\$1,714,870	\$3,429,740
Rate Stabilization	\$2,586,000	\$857,435	\$3,429,740
Capital	\$10,547,319	\$4,097,000	\$10,242,500
Total Beginning Balance	\$14,546,769	\$6,669,305	\$17,101,980

¹ As of 7/1/2020 (audited)

² Due to timing of County sewer service receipts, beginning operating reserve balance was below reserve target minimum.

2.4. Data Sources

The District provided the following data to aid in preparing this report:

- » Revenues and expenses for FY 2020 (actuals) and FY 2021 budgeted, FY 2022 budgeted
- » Ten-year Wastewater Capital Improvement Plan
- » Debt service payment schedules
- » Estimated beginning and ending balances for FY 2021

- » Wastewater billing data (with identifying information removed) for FY 2020
- » Customer growth projections
- » Wastewater asset information
- » Total plant influent flow, BOD, and TSS
- » Sewer debt and reserve policies

3. Financial Plan

As the first step in the rate study process, Raftelis reviewed the District’s revenue requirements. Raftelis analyzed the District’s wastewater (WW) annual operating revenues, operation and maintenance (O&M) expenses, transfers between funds, and reserve requirements. This Section of the Report discusses projected revenues, O&M expenses, other reserve funding and revenue adjustments to ensure the Wastewater Utility’s fiscal solvency.

3.1. Revenues from Current Wastewater Rates

The total annual SFR customer charge is the sum of the annual system access charge assessed per equivalent dwelling unit (EDU) plus a commodity charge assessed per hundred cubic feet (hcf). The current FY 2021 wastewater charges and rates are presented in **Table 3-1**.

The annual system access charge is a uniform flat charge across all customer classes. The commodity charge is based on an SFR customer’s annualized minimum prior year winter water use with a maximum (or cap) use of 10 hcf.³ For example, a customer with a minimum winter water use of 7 hcf would be charged the following:

$$\text{Total Annual SFR Bill} = \text{Annual System Access Charge} + (7 \text{ hcf} \times \text{Flow Charge per hcf} \times 12 \text{ months}) = \$734.65$$

An SFR using more than 10 hcf will only be assessed the flow charge at 10 hcf monthly (or 120 hcf annually). For example, a customer with a minimum winter water use of 25 hcf would be charged the following:

$$\text{Total Annual SFR Bill} = \text{Annual System Access Charge} + (10 \text{ hcf} \times \text{Flow Charge per hcf} \times 12 \text{ months}) = \$971.89$$

Table 3-1: FY 2021 (Current) Wastewater Charges and Rates

Customer Class	Annual System Access Charge	Commodity Rate
Single Family Residential	per EDU	\$/hcf
4S, SL	\$181.09	\$6.59
RC	\$181.09	\$6.59
Other	per EDU	\$/hcf
Multi-Family	\$181.09	\$6.59
Commercial - Group I	\$181.09	\$6.59
Commercial - Group II	\$181.09	\$10.16

Non-SFR customers are charged similarly except the commodity portion of their charge is based on their actual water use. Additionally, non-SFR customers do not have a water use cap.

Raftelis calculated projected revenue under existing rates by multiplying the number of EDUs for each user class by the existing annual system access charge and added to that the revenue from the commodity rate which is the wastewater use for each class multiplied by the commodity rates shown in **Table 3-1**. The resulting revenue under existing rates is shown in line 3 of **Table 3-4**.

³ For the purposes of determining the sewer use, the District defines winter months as December, January, February, and March of the prior fiscal year.

3.2. Operation and Maintenance Expenses

Using the District's FY 2022 Operation and Maintenance (O&M) budgeted values, future expenses were projected by using the inflation factors in **Table 2-1**. **Table 3-2** summarizes budgeted and projected O&M expenses.

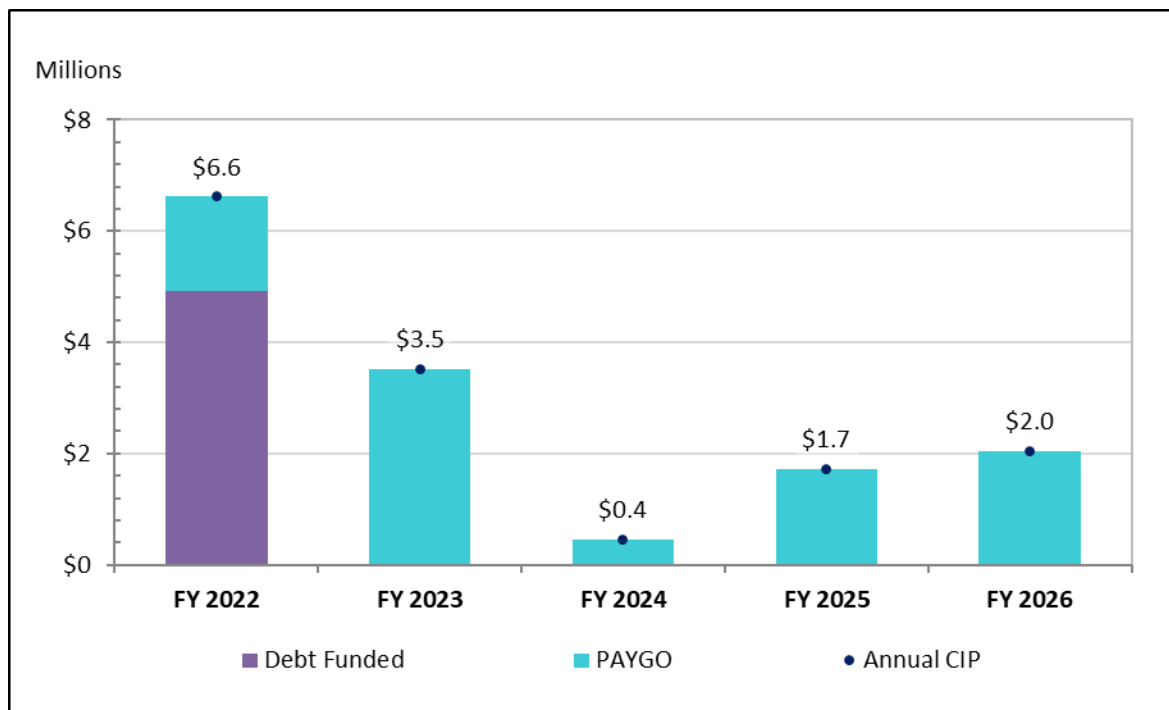
Table 3-2: Projected O&M Expenses

Budget Item	FY 2021 <i>Budgeted</i>	FY 2022 <i>Budgeted</i>	FY 2023 <i>Projected</i>	FY 2024 <i>Projected</i>	FY 2025 <i>Projected</i>	FY 2026 <i>Projected</i>	FY 2027 <i>Projected</i>	FY 2028 <i>Projected</i>	FY 2029 <i>Projected</i>	FY 2030 <i>Projected</i>
Personnel	\$1,279,000	\$1,350,000	\$1,390,500	\$1,432,215	\$1,475,181	\$1,519,437	\$1,565,020	\$1,611,971	\$1,660,330	\$1,710,140
Operations	\$1,494,000	\$1,521,000	\$1,560,327	\$1,597,615	\$1,635,843	\$1,675,038	\$1,715,225	\$1,756,433	\$1,798,687	\$1,842,017
Other	\$542,000	\$558,740	\$575,997	\$593,788	\$612,127	\$631,033	\$650,524	\$670,616	\$691,328	\$712,680
Total O&M	\$3,315,000	\$3,429,740	\$3,526,825	\$3,623,618	\$3,723,152	\$3,825,508	\$3,930,769	\$4,039,019	\$4,150,345	\$4,264,837

3.3. Projected Capital Replacement Projects

The District plans to execute approximately \$20.5 million for the WW capital improvement plan (CIP) during the Study Period, as shown in **Figure 3-1**. This is an average of \$2.0 million in annual CIP costs inflated across the Study Period. The District assumes a 4% annual inflation adjustment for its future wastewater CIP projects. The purple bar represents CIP that will be funded by debt. The light blue bars in Figure 3-1 below represent future wastewater CIP projects funded by sewer revenue and reserves (PAYGO).

Figure 3-1: Projected Replacement CIP and Funding Sources



3.4. Existing and Proposed Debt

The Wastewater Fund has been allocated 20% of the debt service payment for the District's 2018 Bond Issue. The debt service amounts to just over \$129,000 per year each year until FY 2028.

The District plans to issue \$5 million in new debt in FY 2022 to fund critical capital projects and reduce the impact on rates.

3.5. Proposed Financial Plan

The District did not implement approved rate increases for FY 2020; the District's WW utility needs revenue adjustments to cover O&M expenses, to fund capital improvement projects and meet target reserves. The proposed sewer revenue adjustments for the next five years are shown in **Table 3-3**. Per Raftelis recommendation, the District will implement a two percent revenue adjustment for FY 2022 and 3% thereafter. It is also recommended that the District issue \$5 million in debt in FY 2022.

Table 3-3: Proposed Five-Year Revenue Adjustments

Fiscal Year	Effective Date	Revenue Adjustment
FY 2022	July 1, 2021	2%
FY 2023	July 1, 2022	3%
FY 2024	July 1, 2023	3%
FY 2025	July 1, 2024	3%
FY 2026	July 1, 2025	3%

Table 3-4 shows the operating fund cash flow under the proposed WW revenue adjustments shown in **Table 3-3**. As shown in **Table 3-4** by the net cashflow (line 22), with the proposed revenue adjustment, revenues are sufficient to meet O&M expenses and debt service.

The District has significant capital expenses in FY 2022 and FY 2023 that will be funded through wastewater service charges, cash available in capital reserves, and a new debt issue. The District will exceed its debt coverage target as shown by the projected debt service coverage ratios in **Table 3-4** under the proposed five-year revenue adjustments in **Table 3-3**.

Table 3-4: Proposed Wastewater Financial Plan

Line No.	Description	FY 2021 <i>Budgeted</i>	FY 2022 <i>Budgeted</i>	FY 2023 <i>Projected</i>	FY 2024 <i>Projected</i>	FY 2025 <i>Projected</i>	FY 2026 <i>Projected</i>	FY 2027 <i>Projected</i>	FY 2028 <i>Projected</i>	FY 2029 <i>Projected</i>	FY 2030 <i>Projected</i>
1	REVENUES										
2	Operating Revenues										
3	Revenues from Current Rates	\$5,055,858	\$5,090,808	\$5,123,528	\$5,128,954	\$5,134,459	\$5,140,049	\$5,145,726	\$5,151,494	\$5,157,530	\$5,163,657
4	Proposed Revenue Adjustments	\$0	\$101,816	\$259,251	\$421,179	\$588,314	\$760,825	\$761,665	\$762,519	\$763,412	\$764,319
5	Total Operating Revenues	\$5,055,858	\$5,192,624	\$5,382,778	\$5,550,133	\$5,722,773	\$5,900,874	\$5,907,391	\$5,914,013	\$5,920,942	\$5,927,977
6	Non-Operating Revenues										
7	Interest Income	\$35,604	\$56,537	\$94,084	\$120,521	\$125,630	\$123,559	\$121,982	\$187,130	\$195,436	\$208,166
8	Total Non-Operating Revenues	\$35,604	\$56,537	\$94,084	\$120,521	\$125,630	\$123,559	\$121,982	\$187,130	\$195,436	\$208,166
9	TOTAL REVENUES	\$5,091,462	\$5,249,161	\$5,476,863	\$5,670,654	\$5,848,403	\$6,024,433	\$6,029,373	\$6,101,143	\$6,116,378	\$6,136,142
10											
11	EXPENSES										
12	Operating Expenses										
13	Personnel	\$1,279,000	\$1,350,000	\$1,390,500	\$1,432,215	\$1,475,181	\$1,519,437	\$1,565,020	\$1,611,971	\$1,660,330	\$1,710,140
14	Operations	\$1,494,000	\$1,521,000	\$1,560,327	\$1,597,615	\$1,635,843	\$1,675,038	\$1,715,225	\$1,756,433	\$1,798,687	\$1,842,017
15	Other	\$542,000	\$558,740	\$575,997	\$593,788	\$612,127	\$631,033	\$650,524	\$670,616	\$691,328	\$712,680
16	Subtotal Operating Expenses	\$3,315,000	\$3,429,740	\$3,526,825	\$3,623,618	\$3,723,152	\$3,825,508	\$3,930,769	\$4,039,019	\$4,150,345	\$4,264,837
17	Debt Service										
18	Series 2018 Bond Issue	\$129,174	\$129,037	\$129,207	\$129,071	\$129,037	\$129,096	\$129,045	\$129,081	\$0	\$0
	New Debt Service	\$0	\$289,150	\$289,150	\$289,150	\$289,150	\$289,150	\$289,150	\$289,150	\$289,150	\$289,150
19	Subtotal Debt Service	\$129,174	\$418,188	\$418,357	\$418,222	\$418,187	\$418,247	\$418,195	\$418,232	\$289,150	\$289,150
20	TOTAL EXPENSES	\$3,444,174	\$3,847,928	\$3,945,182	\$4,041,840	\$4,141,339	\$4,243,755	\$4,348,964	\$4,457,250	\$4,439,495	\$4,553,987
21											
22	NET CASHFLOW	\$1,647,288	\$1,401,233	\$1,531,681	\$1,628,815	\$1,707,064	\$1,780,678	\$1,680,410	\$1,643,893	\$1,676,883	\$1,582,155
23											
24	<i>Debt Service Coverage Ratio</i>	<i>1375%</i>	<i>435%</i>	<i>466%</i>	<i>489%</i>	<i>508%</i>	<i>526%</i>	<i>502%</i>	<i>493%</i>	<i>680%</i>	<i>647%</i>
25	<i>Target Debt Service Coverage Ratio</i>	<i>115%</i>	<i>115%</i>	<i>115%</i>	<i>115%</i>	<i>115%</i>	<i>115%</i>	<i>115%</i>	<i>115%</i>	<i>115%</i>	<i>115%</i>

Projected reserve balances are shown below in **Table 3-5** and fall between the minimum and maximum targets for the five-year period of proposed rates (FY 2022 to FY 2026), as shown in **Figure 3-3**.

Table 3-5: Projected Ending Reserve Balances

Reserve	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Operating ¹	\$3,810,738	\$2,347,222	\$3,495,975	\$3,022,333	\$3,373,564	\$3,319,032	\$3,558,807	\$3,624,167	\$3,746,731	\$3,732,813
Rate Stabilization	\$2,586,000	\$2,586,000	\$2,586,000	\$2,586,000	\$2,586,000	\$2,586,000	\$2,586,000	\$2,586,000	\$2,586,000	\$2,586,000
Capital	\$7,575,319	\$8,691,068	\$5,476,996	\$7,057,453	\$6,626,286	\$6,344,496	\$6,124,130	\$6,658,664	\$7,051,983	\$8,260,055
Total Ending Balance	\$13,972,057	\$13,624,290	\$11,558,971	\$12,665,786	\$12,585,850	\$12,249,528	\$12,268,938	\$12,868,830	\$13,384,713	\$14,578,868

¹ Does not include PAYGO transfer to Capital reserve for FY 2021.

Figure 3-2 shows the District’s five -year financial plan, with the operating expenses including debt service and the capital expenses shown as stacked bars and the revenues under current and proposed rates shown by the lines. The proposed rate revenue (dark green line) is adequate to cover operating expenses (turquoise bar) and debt service (orange bar). However, when capital expenses are included the reserves have to be drawn down. This is represented by the yellow bars under the x-axis.

Figure 3-2: Proposed Wastewater Financial Plan

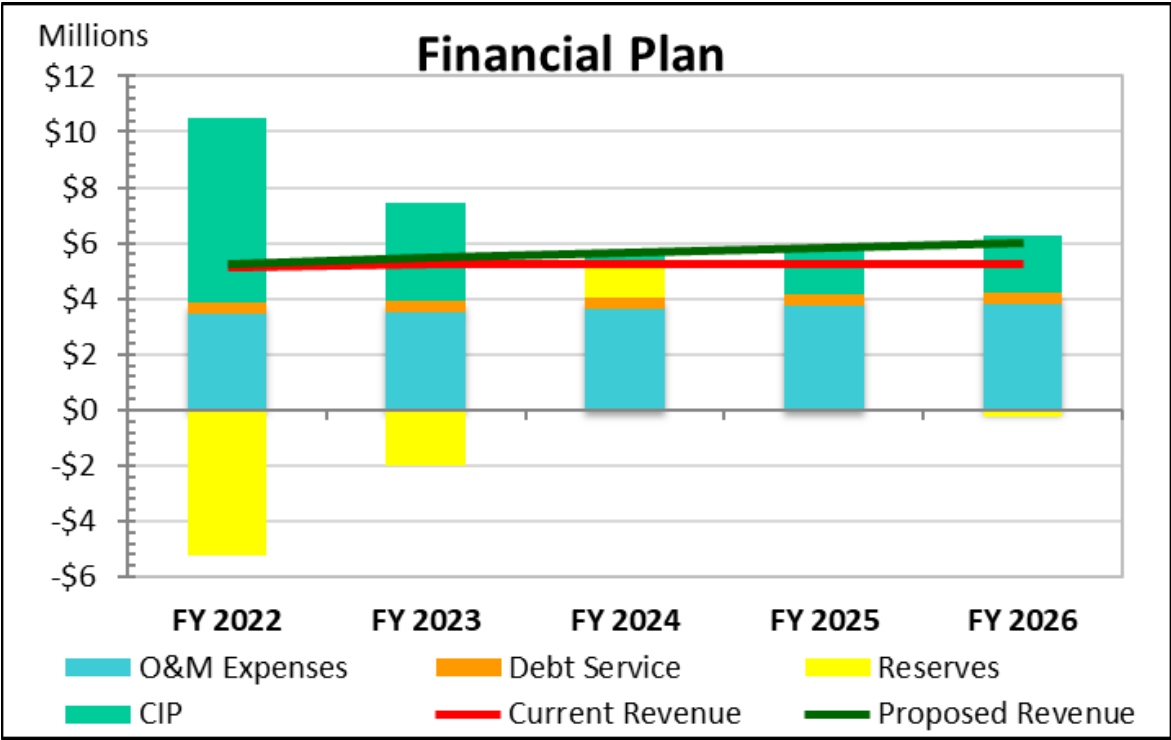
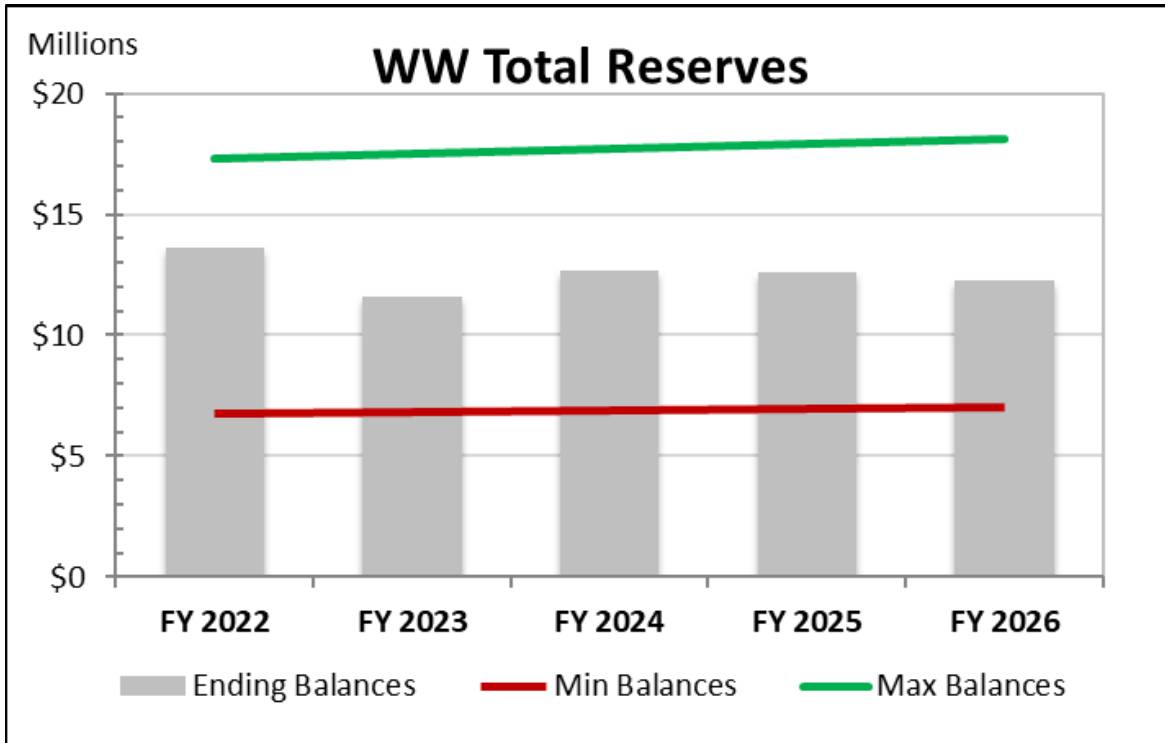


Figure 3-3 shows the total ending reserve balances (including operating reserve, rate stabilization reserve, and capital reserve) under the proposed WW revenue adjustments. The ending balances for each reserve are shown in **Table 3-5**. With the proposed adjustments and debt issue, the total reserve falls between the minimum and maximum target balances for the five-year period during which these changes are proposed.

Figure 3-3: Projected WW Fund Ending Balances



4. Cost of Service Analysis

This Section discusses the allocation of O&M expenses and capital costs to wastewater functions, cost causation components, and subsequently the determination of unit costs and rate calculation by customer class. The proposed WW utility cost of service was developed consistent with guidelines detailed in the Water Environment Federation (WEF) Manual of Practice No. 27, *Financing and Charges for Wastewater Systems*, 2018.

A summary of the COS analysis Raftelis performed is as follows:

1. First, Raftelis used residential and non-residential wastewater strengths consistent with industry standards. Strengths are defined as the concentration of biochemical oxygen demand (BOD⁴) and total suspended solids (TSS)⁵ in milligrams per liter (mg/L) in wastewater.
2. Next Raftelis incorporated the estimated flows from each customer class. These were obtained from District provided water use data.
3. The District functionalized the O&M and capital costs into functions: Collection, Treatment, Disposal, Billing and Customer Service and General (Administration).
4. Raftelis allocated O&M costs in each function (from step 3) to cost causation components: Flow, BOD, TSS, Administrative and General. This was subsequently used to allocate the total revenue requirement to each cost causation component.
5. Raftelis calculated unit cost causation component rates by dividing the total cost allocated to each cost causation component in step 4 by the total flow and strength loadings (in pounds of BOD or SS) and equivalent dwelling units (EDU) of the customers.
6. Lastly, Raftelis calculated the cost by customer class by multiplying the unit cost components in step 5 by the flow and strength loading and EDUs from each class.

4.1. Flow and Strength Loadings

The class strengths are shown in **Table 4-1**. The strengths are representative of typical strengths from each class based on industry standards and the strengths used in the prior rate study. To simplify rates and minimize impacts, customers are grouped into three classes based on their strength: residential, low strength commercial and medium-high strength commercial. Residential and Commercial Group I customers, which include office buildings, small retail stores, schools, etc., have the lowest strength since their sewage is typical household wastewater. Commercial Group II customers represent shopping centers, strip malls, medical office buildings, supermarkets and/or restaurants which typically have a higher strength sewage due to the BOD associated with food wastes. Group II also includes one industrial customer previously classified as Group III.

⁴ BOD is a measure of oxygen utilization by the microorganisms in wastewater. The more waste matter in a wastewater stream the higher the BOD which in turn incurs higher treatment costs since the wastewater treatment plant must oxygenate the wastewater.

⁵ TSS is a measure of the dry-weight of suspended particles in wastewater that have not been dissolved. Filtration processes during treatment remove TSS. As with BOD, the treatment costs increase as the solid matter increases.

Table 4-1: Customer Class Strength Classifications

Customer Class	BOD (mg/L)	TSS (mg/L)
Single Family Residential		
4S, SL	275	275
RC	275	275
Other		
Multi-Family	275	275
Commercial - Group I	225	225
Commercial - Group II	725	725

Raftelis determined the wastewater flow, BOD and TSS plant loadings generated by each customer class as shown in **Table 4-2**. The flow is based on lowest winter water usage for SFR customers and strengths shown in **Table 4-1**. The flow, loadings, and EDUs from each class were used to develop unit costs to distribute the total revenue requirement to each customer class so that each customer class is assigned costs proportionally to its customer characteristics.

Table 4-2: FY 2020 Flow and Strength Loadings

Customer Class	FY 2020 Flow (MG / yr) (1)	BOD (lbs / yr) (2)	TSS (lbs / yr) (3)	FY 2020 Flow (hcf / yr) (4)	BOD (mg / L) (5)	TSS (mg / L) (6)
Single Family Residential						
4S, SL	205.7	472,147	472,147	275,040	275	275
RC	19.8	45,464	45,464	26,484	275	275
Total SFR	226	517,611	517,611	301,524	275	275
Other						
Multi-Family	66.8	153,348	153,348	89,330	275	275
Commercial - Group I	51.3	96,305	96,305	68,567	225	225
Commercial - Group II	43.6	263,740	263,740	58,276	725	725
Total Other	162	513,393	513,393	216,173	380	380

4.2. Allocation of O&M and Capital to Cost Causation Components

In the Cost of Service analysis, our goal is to allocate the District revenue requirement to each cost causation component. To do so we first functionalize and then allocate each line item in the District's O&M costs. The actual costs for FY 2020 are used to define costs for the different functions. The total expenses (shown in line 9, column 5 of **Table 4-3**) are allocated to each cost causation component as shown in **Table 4-3**. The allocation for each O&M functional cost is determined by multiplying the total in column 5 by the respective percentages for each cost causation component shown in lines 1 through 3. The resulting allocation (line 10) is calculated by dividing the total amount allocated to each cost causation component by the total O&M budget in line 9, column 5. Line 10 shows the resulting percentage allocation of O&M costs to each cost causation component and is used to allocate the FY 2022 costs.

Approximately 39% of O&M costs are allocated to flow and 9% each to BOD and SS and the remaining 42% to Customer/Capacity.⁶ The resulting allocation in line 10 is used in a subsequent step in **Table 4-7**. Raftelis also calculated the percent distribution of each functionalized cost category (e.g., Collection, Treatment, and General), which will be used to allocate the FY 2022 Capital Revenue Requirement to each function as shown in the last column of **Table 4-3** lines 6 through 8.

Table 4-3: O&M Allocation

Line No	O&M Category	Flow	BOD	TSS	Customer / Capacity	TOTAL	
		(1)	(2)	(3)	(4)	(5)	
1	Collection	100%	0%	0%	0%	100%	
2	Treatment	50%	25%	25%	0%	100%	
3	General	0%	0%	0%	100%	100%	
4							
5	O&M Category	Flow	BOD	TSS	Customer / Capacity	TOTAL	Percent Total
6	Collection	\$610,032	\$0	\$0	\$0	\$610,032	20%
7	Treatment	\$576,693	\$288,346	\$288,346	\$0	\$1,153,386	38%
8	General	\$0	\$0	\$0	\$1,282,769	\$1,282,769	42%
9	TOTAL	\$1,186,725	\$288,346	\$288,346	\$1,282,769	\$3,046,187	100%
10	% Allocation	39%	9%	9%	42%	100%	

Similar to the District's O&M expenses, Raftelis functionalized District assets and allocated the functionalized asset value to the cost causation components. Raftelis used the replacement cost to value District assets.⁷ **Table 4-4** shows the functionalization and allocation of assets to cost causation components. The allocation of assets is developed in the same manner as that of O&M costs in **Table 4-3**. According to industry standards, collection assets are allocated 100% to flow and treatment is allocated to flow, BOD and SS to reflect the cost of treating the strength component of sewage. Line 11 of **Table 4-4** shows the overall wastewater asset percentage allocation to the cost causation components.

The overall asset allocation, in line 11, is used in a subsequent step, in **Table 4-7**, to allocate capital related expenses to the cost causation components. Since capital expense projects can vary from year to year, it is standard industry practice to use the basis for asset allocation to allocate capital costs to preclude sharp changes to rates from year to year because over the long term all assets need to be replaced and using the total asset allocation serves the purpose of assigning capital costs to the appropriate cost causation centers. Raftelis allocated each functionalized category (e.g., Land, Treatment, Collection, and General) to cost causation components to allocate the FY 2022 Capital Revenue Requirement. Note that the capital costs in the "Land" category in **Table 4-4** are combined with the capital costs in the "General" category.

⁶ Due to rounding, the percentages do not add up to exactly 100%.

⁷ Replacement cost refers to the amount that the District would pay if they were to replace a given asset today. The 20-City Engineering News-Record Construction Cost Index is used to calculate replacement cost of capital assets.

Table 4-4: Capital Allocation using Replacement Costs

Line No	Asset Category	Flow	BOD	TSS	Customer / Capacity	TOTAL	
		(1)	(2)	(3)	(4)	(5)	
1	Land	0%	0%	0%	100%	100%	
2	Treatment	50%	25%	25%	0%	100%	
3	Collection	100%	0%	0%	0%	100%	
4	General	0%	0%	0%	100%	100%	
5	Asset Category	Flow	BOD	TSS	Customer / Capacity	TOTAL	Percent Total
6	Land	\$0	\$0	\$0	\$535,485	\$535,485	0.5%
7	Treatment	\$16,665,535	\$8,332,768	\$8,332,768	\$0	\$33,331,071	31.6%
8	Collection	\$63,719,006	\$0	\$0	\$0	\$63,719,006	60.4%
9	General	\$0	\$0	\$0	\$7,962,710	\$7,962,710	7.5%
10	TOTAL	\$80,384,542	\$8,332,768	\$8,332,768	\$8,498,194	\$105,548,271	100%
11	% Allocation	76%	8%	8%	8%	100%	

4.3. Revenue Requirement Determination

Next Raftelis determined the wastewater revenue requirement, which includes funds to cover yearly operating expenses, capital expenses and reserve funding. **Table 4-5** shows the determination of the rate revenue requirement. To determine the current revenue requirement, Raftelis added operating, debt service, and capital expenses as shown in line 5 column 3, subtracted other non-rate revenues as shown in line 9, and subtracted the annual cash balance (drawdown of the reserves, in this case) in line 13 to yield the net revenue requirement shown in line 15, column 3. This is the total amount of revenue to be recovered from rates. This is also known as the test year rate revenue requirement.

Table 4-5: Revenue Requirement

Line No	Description	Operating (1)	Capital (2)	Total (3)
1	Revenue Requirement			
2	O&M	\$3,429,740	\$0	\$3,429,740
3	Debt Service	\$0	\$418,188	\$418,188
4	Rate Funded Capital Projects	\$0	\$1,692,000	\$1,692,000
5	Total Revenue Requirement	\$3,429,740	\$2,110,188	\$5,539,928
6				
7	Revenue Offsets			
8	Interest Income	\$56,537	\$0	\$56,537
9	Total Revenue Offsets	\$56,537	\$0	\$56,537
10				
11	Less Adjustments			
12	Transfer from (to) Reserves	\$0	\$290,767	\$290,767
13	Total Less Adjustments	\$0	\$290,767	\$290,767
14				
15	Rate Revenue Requirement	\$3,373,203	\$1,819,421	\$5,192,624

4.4. Determine Units of Service

To develop unit costs by cost causation component, Raftelis first determined the units of service for each cost causation component. The units of service by cost causation component and by class are shown in **Table 4-6**. Line 10 shows the total units of service for each cost causation component in hcf, pounds per year for BOD⁸ and TSS⁹ or equivalent dwelling units (EDUs) respectively. The flows and loadings represent FY 2022 projections.

Table 4-6: FY 2022 Units of Service Determination

Line No.	Customer Class	FY 2022 Billed Sewer Use (hcf) (1)	BOD (lbs / yr) (2)	TSS (lbs / yr) (3)	EDUs (4)
1	Single Family Residential				
2	4S, SL	313,775	538,642	538,642	3,724
3	RC	30,912	53,065	53,065	336
4	Total SFR	344,687	591,707	591,707	4,060
5	Other				
6	Multi-Family	92,092	158,090	158,090	1,203
7	Commercial - Group I	61,729	86,700	86,700	1,310
8	Commercial - Group II	53,435	241,831	241,831	400
9	Total Other	207,256	486,621	486,621	2,913
10	TOTAL	551,943	1,078,328	1,078,328	6,973

4.5. Determine Unit Costs by Cost Component

In **Table 4-7**, each functional category (e.g., Collection, Treatment, and General) in O&M and Capital Revenue Requirements (**Table 4-5**, columns 1&2, line 15) is allocated to the cost causation components determined in **Table 4-3** and **Table 4-4**, respectively.

To cover the fixed costs of operations which are independent of the flows and loadings, a portion of the general Customer/Capacity costs are allocated to EDUs. Line 15 in **Table 4-7** makes an adjustment so that the District can maintain 25% fixed revenue collection similar to its prior rate structure. This provides the District with reasonable revenue stability in the case of drought and conservation and ensures that all customers share in the cost of the system. The resulting allocation of the revenue requirement to cost components is shown on line 16. To determine the unit cost (by cost causation component), Raftelis divided the revenue requirement for each cost causation component in line 16 by the units of service in line 18 (which were derived in **Table 4-6**, line 10) to yield the unit costs shown in line 20.

⁸ For BOD: Yearly load in lbs = flow (hcf)*748 gal/1,000,000* strength (mg/L)* 8.34

⁹ For TSS: Same as BOD

8.34 is a conversion factor to convert MGD*mg/L into lbs. per day

Table 4-7: Determination of Units of Service by Cost Component

Line No.	Description	Flow (1)	BOD (2)	TSS (3)	Customer / Capacity (4)	Total (5)
1	Collection					
2	Operating Expenses	\$675,521	\$0	\$0	\$0	\$675,521
3	Capital Expenses	\$1,098,376	\$0	\$0	\$0	\$1,098,376
4	Subtotal Collection	\$1,773,897	\$0	\$0	\$0	\$1,773,897
5	Treatment					
6	Operating Expenses	\$638,602	\$319,301	\$319,301	\$0	\$1,277,205
7	Capital Expenses	\$287,277	\$143,639	\$143,639	\$0	\$574,555
8	Subtotal Treatment	\$925,880	\$462,940	\$462,940	\$0	\$1,851,759
9	General					
10	Operating Expenses	\$0	\$0	\$0	\$1,420,478	\$1,420,478
11	Capital Expenses	\$0	\$0	\$0	\$146,490	\$146,490
12	Subtotal General	\$0	\$0	\$0	\$1,566,968	\$1,566,968
13						
14	Total Operating & Capital Costs	\$2,699,776	\$462,940	\$462,940	\$1,566,968	\$5,192,624
15	Adjustments to Fixed Charges	\$200,166	\$34,323	\$34,323	(\$268,812)	\$0
16	Adjusted Revenue Requirement	\$2,899,942	\$497,263	\$497,263	\$1,298,156	\$5,192,624
17						
18	Unit of Service	551,943	1,078,328	1,078,328	6,973	
19	Units	<i>hcf</i>	<i>lbs/yr</i>	<i>lbs/yr</i>	<i>EDUs</i>	
20	Unit Cost	\$5.25	\$0.46	\$0.46	\$186.17	

4.6. Determine the Costs of Service

The final and ultimate step is to determine the cost of service for each customer class. Raftelis calculated the cost to serve each class by multiplying the unit costs in **Table 4-7** (line 20) by the respective units of service in **Table 4-6** (lines 2-8). The general calculation for the customer class cost of service is as follows:

$$\sum_{n=1}^4 \text{unit of service}_n \times \text{unit cost}_n$$

where n represents the four cost components (e.g., Flow, BOD, TSS, Customer/Capacity), the *unit of service* is from **Table 4-6**, and *unit cost* is from **Table 4-7**. For example, the total calculation for Commercial Group I is:

$$(61,729 \times \$5.25) + (86,700 \times \$0.46) + (86,700 \times \$0.46) + (1,310 \times \$186.17) = \$648,277$$

Because of rounding errors, the calculations shown above will not add exactly to \$648,277. Note that the total cost of service shown in line 8, column 5 equals the net revenue requirement shown in **Table 4-5** (line 15, column 3). This is the amount of revenue that needs to be collected from each class through a fixed and volumetric rate structure.

The results of the calculation of costs to each customer class are presented in **Table 4-8**

Table 4-8: Cost of Service Derivation

Line No.	Description	Flow (1)	BOD (2)	TSS (3)	Customer / Capacity (4)	Total (5)
1	Single Family Residential					
2	4S, SL	\$1,648,593	\$248,391	\$248,391	\$693,293	\$2,838,667
3	RC	\$162,414	\$24,471	\$24,471	\$62,553	\$273,907
4	Other					
5	Multi-Family	\$483,857	\$72,902	\$72,902	\$223,961	\$853,622
6	Commercial - Group I	\$324,328	\$39,981	\$39,981	\$243,881	\$648,172
7	Commercial - Group II	\$280,751	\$111,519	\$111,519	\$74,468	\$578,256
8	TOTAL COST	\$2,899,942	\$497,263	\$497,263	\$1,298,156	\$5,192,624

5. Wastewater Rates

Wastewater rates and charges are derived based on the cost to serve each class. The annual system access charge is calculated in **Table 4-7**. This is a uniform rate for all customer classes that is assessed annually.

Table 5-1: Proposed FY 2022 Annual System Access Charge

Line No.	Customer Class	System Access Charge (\$ / EDU)	System Access Charge (\$ / dwelling unit)
1	Single Family Residential		
2	4S, SL	\$186.17	\$186.17
3	RC	\$186.17	\$186.17
4	Other		
5	Multi-Family	\$186.17	\$147.32
6	Commercial - Group I	\$186.17	
7	Commercial - Group II	\$186.17	

For simplicity, ease of administration, and consistency with the current rate structure the District will continue charging the same commodity rate to SFR, MFR, and Group 1 Commercial customers. **Table 5-2** presents the calculation of the commodity rates for these customers. **Table 5-2** shows the sum of the commodity rate revenue requirement (line 7, column 1) for SFR, MFR, and Group I Commercial customers and sum of their water (wastewater) use (line 7, column 2). **Table 5-2** also presents Group II Commercial commodity rate revenue requirement and water use in line 8.

Table 5-2: Commodity Rate Revenue Requirement and Water Use

Line No.	Customer Class	Commodity Rate Revenue Requirement (1)	Water Use (hcf) (2)
1	SFR		
2	4S & SL	\$2,145,374	313,775
3	RC	\$211,355	30,912
4	Other		
5	Multi-Family	\$629,661	92,092
6	Commercial - Group I	\$404,290	61,729
7	SUBTOTAL	\$3,390,680	498,508
8	Commercial - Group II	\$503,788	53,435

Table 5-3 consolidates the data in **Table 5-2** for all customer classes. The commodity rate (\$/hcf) in column 3 is calculated by dividing the commodity rate revenue requirement (column 1) by the water use (column 2).

Table 5-3: Proposed FY 2022 Commodity Rate (\$/hcf)

Customer Class	Commodity Rate Revenue Requirement (1)	Water Use (hcf) (2)	Commodity Rate (\$/hcf) (3)
SFR, Multi-Family, Com. Group I	\$3,390,680	498,508	\$6.81
Commercial - Group II	\$503,788	\$53,435	\$9.43

Note: The exact value of the final commodity rates may differ +/- \$0.01 due to rounding.

Based on the proposed revenue adjustments in **Table 3-3**, Raftelis calculated rates from FY 2022 to FY 2026 for the annual system access charge (**Table 5-4**) and commodity rates (**Table 5-5**).

Table 5-4: Proposed Five-Year Annual System Access Charge

Customer Class	Current	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Single Family Residential						
4S, SL	\$181.09	\$186.17	\$191.76	\$197.52	\$203.45	\$209.56
RC	\$181.09	\$186.17	\$191.76	\$197.52	\$203.45	\$209.56
Other						
Multi-Family	\$181.09	\$147.33	\$151.75	\$156.31	\$161.00	\$165.83
Commercial - Group I	\$181.09	\$186.17	\$191.76	\$197.52	\$203.45	\$209.56
Commercial - Group II	\$181.09	\$186.17	\$191.76	\$197.52	\$203.45	\$209.56

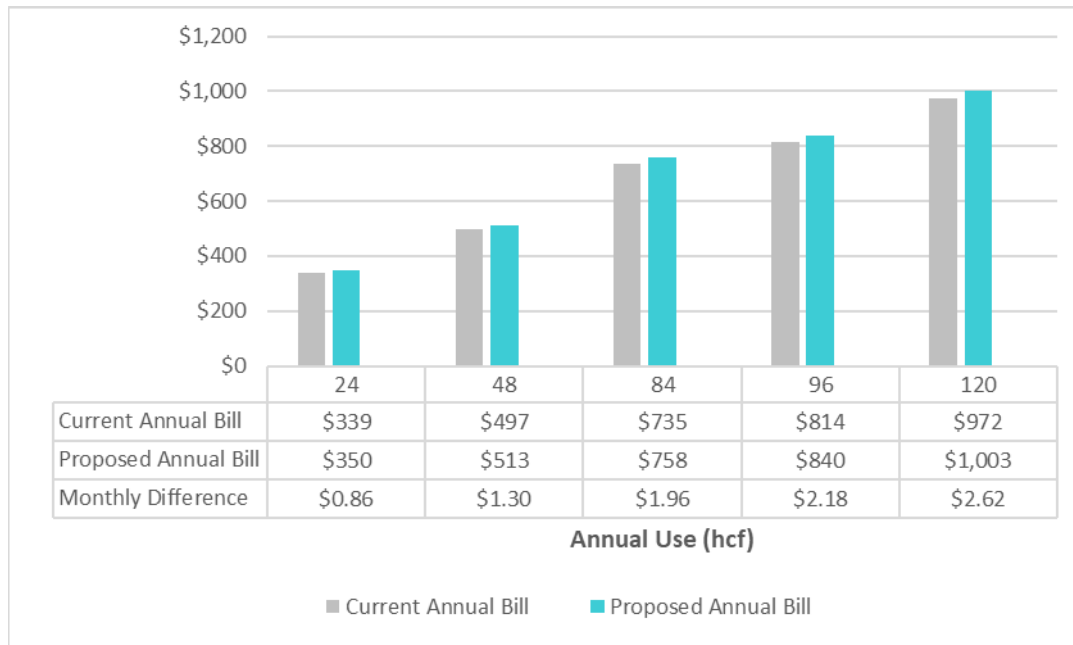
Table 5-5: Proposed Five-Year Commodity Rates (\$/hcf)

Customer Class	Current	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Single Family Residential						
4S, SL	\$6.59	\$6.81	\$7.02	\$7.24	\$7.46	\$7.69
RC	\$6.59	\$6.81	\$7.02	\$7.24	\$7.46	\$7.69
Other						
Multi-Family	\$6.59	\$6.81	\$7.02	\$7.24	\$7.46	\$7.69
Commercial - Group I	\$6.59	\$6.81	\$7.02	\$7.24	\$7.46	\$7.69
Commercial - Group II	\$10.16	\$9.43	\$9.72	\$10.02	\$10.33	\$10.64

6. Customer Bill Impact Analysis

Figure 6-1 shows the customer bill impacts for SFR customers assuming different water use points. SFR customers are billed based on their minimum winter monthly (prior year) usage up to a cap of 10 hcf per month (120 hcf annually). The average SFR winter monthly use is 7 hcf, which is annualized to 84 hcf.

Figure 6-1: SFR Annual Bill Impacts



MFR customers are billed based on actual water use without a cap. Bill impacts are shown in **Figure 6-2** for a four unit MFR account. Similar to SFR customers, each dwelling unit is assessed the annual system access charge plus their share of water use for the dwelling unit complex. For example, assuming a condo with 4 dwelling units, the charge per dwelling unit would be \$147.33 plus $\frac{1}{4}$ of the water use for the complex multiplied by the commodity rate of \$6.81/hcf. The average MFR monthly use is 6 hcf, annualized to 72 hcf and for a four-unit account the average annual use is 288 hcf.

Figure 6-2: MFR Annual Bill Impacts

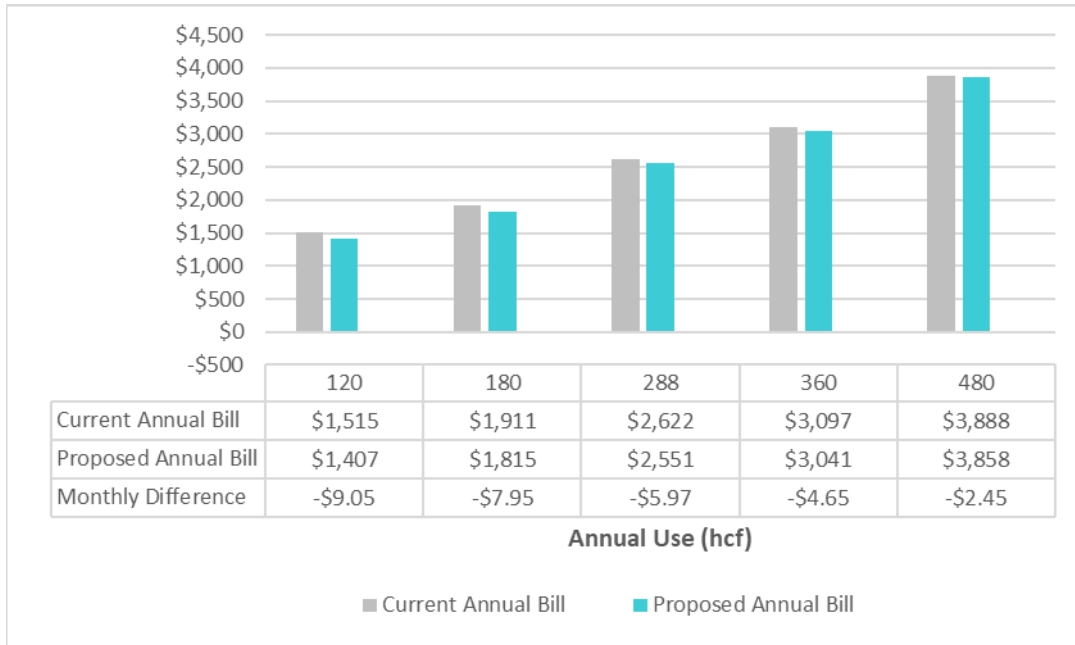


Figure 6-3 shows the bill impacts for Group I Commercial customers. Each commercial account is assessed a charge which is the sum of the number of EDUs times the annual system access charge and *actual water use* multiplied by the commodity rate. The average Group I Commercial monthly use is 34 hcf, annualized to 408 hcf. Group II Commercial customers are charged in an analogous manner, with bill impacts illustrated in **Figure 6-4**. The average Group II Commercial monthly use is 144 hcf, annualized to 1,728 hcf.

Figure 6-3: Commercial Group I Annual Bill Impacts

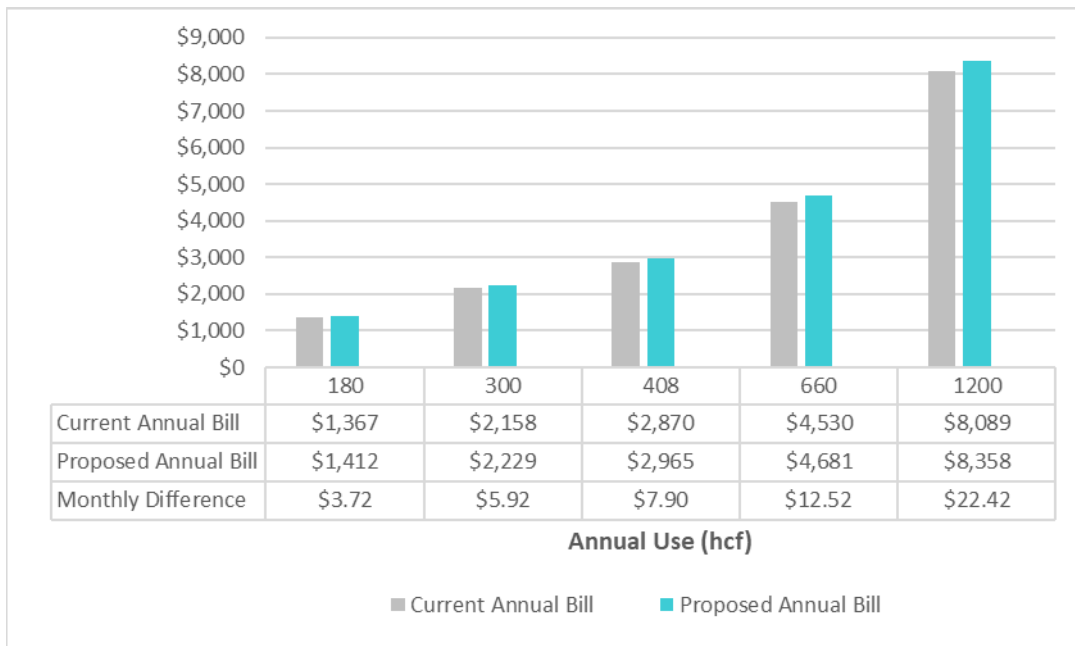
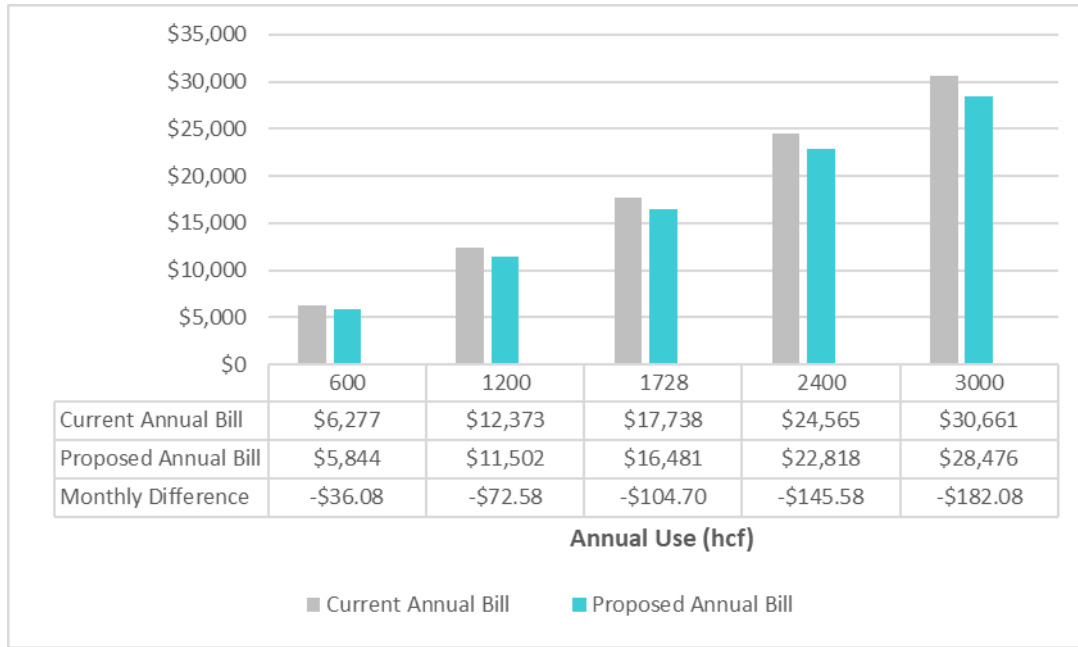


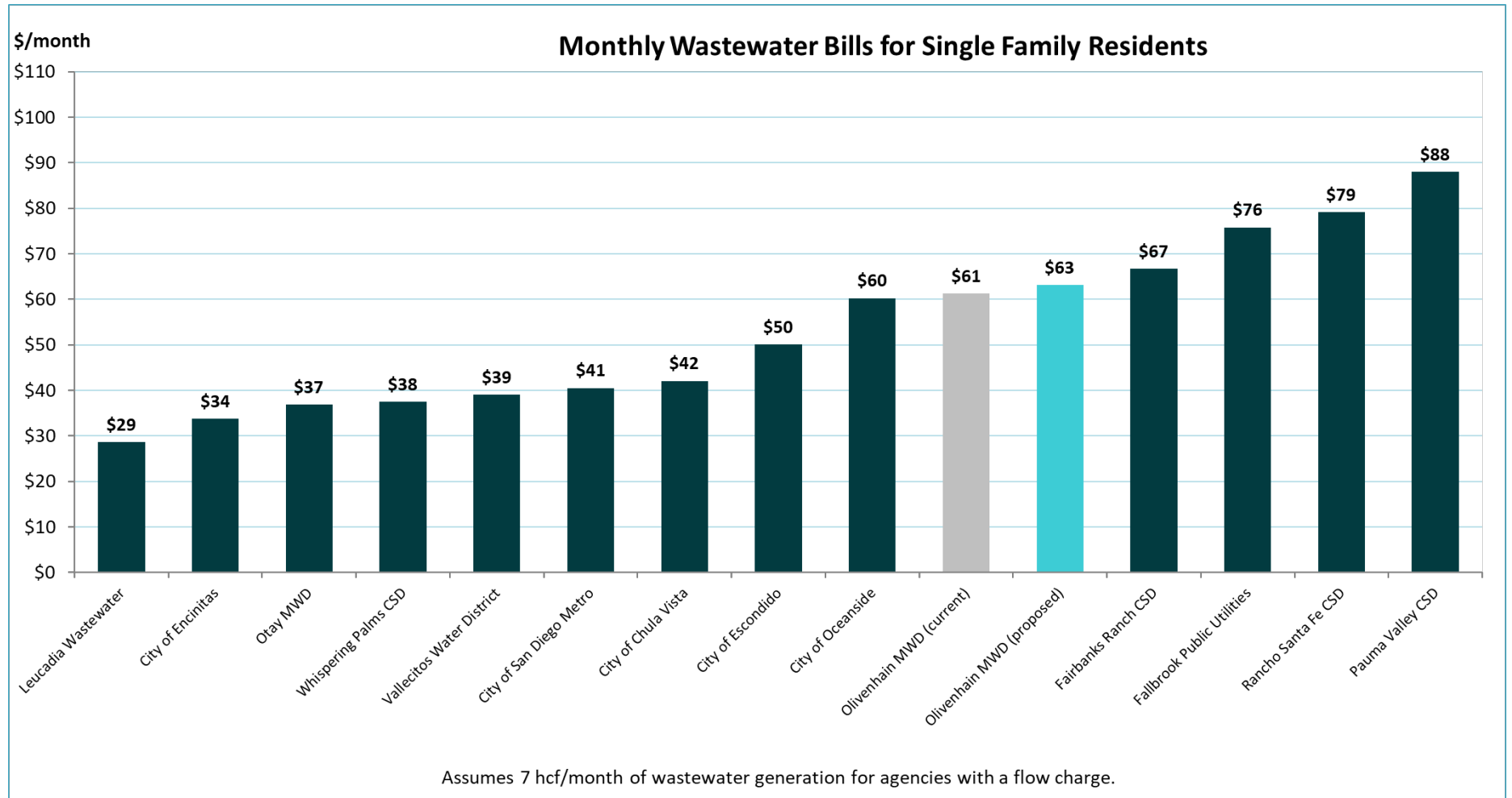
Figure 6-4: Commercial Group II Annual Bill Impacts



7. Rate Survey

Raftelis conducted a survey of surrounding agencies in San Diego County in November of 2020. The sewer service charges for SFR customers using 7 hcf per month are shown below. Care should be taken however, in drawing conclusions from such a comparison as some factors including geographic location, demand, customer constituency, level of treatment, level of grant funding, age of system, level of capital funding and debt, and rate-setting methodology can affect the cost of providing service.

Figure 7-1: Single-Family Residential Wastewater Bill Comparison



Memo

Date: March 17, 2021
To: Olivenhain Municipal Water District Board of Directors
From: Rainy Selamat, Finance Manager
Via: Kimberly Thorner, General Manager
Subject: **CONSIDER ADOPTION OF AN ORDINANCE AMENDING THE DISTRICT'S ADMINISTRATIVE AND ETHICS CODE (*Article 8 – Water Rates and Charges*) TO TAKE EFFECT ON APRIL 1, 2021**

Purpose

This item will amend the District's Administrative and Ethics Code and formally adopt water rates and charges and Demand Reduction Rate Adjustments effective April 1, 2021, if approved and adopted by the Board. Proposed changes to certain sections of Article 8 are in compliance with the pass-through ordinance adopted by the Board.

Recommendation

Staff is recommending the Board consider and adopt amendments to Article 8 – Water Rates and Charges. Proposed changes to the District's water rates and charges and Demand Reduction Rate Adjustments effective April 1, 2021 were sent to water customers with the January 30th water bills to comply with OMWD's proposition 218 notice.

Alternative

The Board could decide not to adopt amendments to the rate ordinance. The proposed amendments to Article 8 includes a 4.8% pass-through increase in District's purchased water wholesale costs from San Diego County Water Authority (SDCWA) effective January 1, 2021 and a 9% pass-through increase to the SDCWA- Infrastructure Access Charge on District customer's water meters per meter equivalent effective January 1, 2021. A one-month delay in adoption of the ordinance would result in a revenue loss of approximately \$116,000. The actual increase on SDCWA-Infrastructure Access Charge imposed by SDCWA on all District customer's water meter is 15.8% per month per meter equivalent.

Background

The Board adopted a pass-through ordinance at the December 11, 2019 meeting to avoid operational deficits from increased purchased water wholesale costs from SDCWA and other recycled water suppliers and to keep pace with inflation while continually striving to keep the District's operating costs as low as possible for maximum level of service. Any and all pass-through increases and adjustments shall not exceed 9% per year, and in no event shall any pass-through increase result in rates exceeding the District's cost of providing water services to the District's customers. The 2019 Water Rate Study Report is the basis for allocating cost of service for calculating the District's water rates and charges.

The change in OMWD Commodity Charge and OMWD System Access Charge for 2021 includes: (1) a 4.8% pass-through increase in San Diego County Water Authority (SDCWA) untreated water costs starting January 1, 2021 and a 1.9% pass-through increase for inflation, based on 2019 actual San Diego Consumer Price Index for All Urban Customers (SDCPI-U), which is consistent with the methodology used in the 2019 Water Cost of Service Study for calculating annual inflation adjustment.

The change in SDCWA Infrastructure Access Charge (IAC) for 2021 would only include a 9% increase to SDCWA-IAC. 9% is the maximum threshold for any pass-through that can be imposed by OMWD to comply with the Board's Pass-Through Ordinance (December 2019.) Actual SDCWA-IAC infrastructure Access Charge increase from SDCWA to OMWD effective January 1, 2021 is 15.8% per meter equivalent. OMWD is absorbing 6.8% of the SDCWA rate increase in excess of the 9% threshold for pass throughs.

The 5% change in monthly OMWD Fire Meter Charges for 2021 is included in the District's Proposition 218 Notice and the 2019 Water Cost of Service Study Report.

Proposed changes to the District's water rates and charges for 2021 have been discussed with the Finance Committee members (Director Watt and (formerly) Director Sprague) at their special meeting on January 7, 2021 and presented and reviewed with the full Board at the January 13, 2021 meeting.

Fiscal Impact

The proposed adjustments will result in an increase in the District's revenue projection from water rates and charges by 2.6% or \$1.320 million annually based on actual meter counts and water sales in fiscal year 2020. **The 2.6% proposed revenue adjustment for 2021 is approximately 50% less than the planned rate increase of 5% included in the 2019 Water Rate Study Report, or \$1.339 million less.**

The impact of a 2.6% revenue adjustments on water rates and charges for 2021 will vary for each OMWD customer's water bill depending on customer type, meter, and consumption. An average OMWD residential customer with a 3/4" meter, with no fire meter, using 23 units of water per month, will see an increase of \$3.88 or 2.67% on their monthly water bill. A small residential customer, who has 3/4" meter and uses 6 units of water per month, with no fire meter, will see an increase of \$1.84 or 2.97% on their monthly water bill. A large residential customer, who has 1" water meter, 5/8" fire meter, and uses 80 units of water per month, will see an increase of \$13.10 or 2.65% on their monthly water bill.

Discussion

The District is required to provide a written notice to customers of any increases in its water rates and charges at least 30 days prior to implementation. Information on proposed water rates and charges for 2021 is included in the District's Watching Water February 2021 edition. The Watching Water newsletter was mailed out to water customers with the January 30th water bills to save mailing and postage costs.

As of the writing of this memo, the District received 2 comment and inquiry on the water rate increases.

Attachments: Ordinance and Exhibit
February 2021 Watching Water

From: [Alan Benner](#)
To: [Stephanie Kaufmann](#)
Subject: Water use and rates
Date: Thursday, March 4, 2021 7:14:38 PM

I have received and read the report on our water district.

While I understand that we are relying on Metropolitan to provide much of our water I can't help but wonder how all of California water districts are planning for the future.

We are obviously at a critical point and must begin serious measures if there will be enough water for the next generation.

I know that We have one desalinization plant that will provide some but are we looking far enough into the future and doing all the conservation necessary.

Some countries recycle all but toilet waste and There are places where even toilet waste is reprocessed for reuse.

I hope that the district is doing its job.

Regards,

Alan Benner

Solana Beach.

Rainy Selamat

To: Rainy Selamat (rsalamat@olivenhain.com)
Subject: RE: Water use and rates

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

From: Stephanie Kaufmann
Sent: Friday, March 5, 2021 8:31 AM
To: 'Alan Benner' <ambenner17@gmail.com>
Subject: RE: Water use and rates

Hello Mr. Benner,

Thank you for your comments on OMWD's water use and rates. OMWD is committed to protecting its water sources, and continually looks for ways to increase its local supply. Programs include groundwater basin studies, recycled water, watershed outreach and education, and joint projects such as the Olivenhain Water Storage Project and the North San Diego County Regional Recycled Water Project. In the links from our website below, you will find additional information on OMWD's water supplies.

<https://www.olivenhain.com/your-water-supplies/recycled/>

<https://www.olivenhain.com/your-water-supplies/wastewater/>

<https://www.olivenhain.com/your-water-supplies/san-elijosan-dieguito-valley-groundwater-project/>

<https://www.olivenhain.com/customer-services/drought/>

Thank you,

Stephanie Kaufmann
Board Secretary and Executive Secretary to Kimberly A. Thorner, General Manager D 760-632-4648 O 760.753.6466

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

From: Alan Benner [mailto:ambenner17@gmail.com]
Sent: Thursday, March 4, 2021 7:15 PM
To: Stephanie Kaufmann <skaufmann@olivenhain.com>
Subject: Water use and rates

I have received and read the report on our water district.

While I understand that we are relying on Metropolitan to provide much of our water I can't help but wonder how all of California water districts are planning for the future.

We are obviously at a critical point and must begin serious measures if there will be enough water for the next generation.

I know that We have one desalinization plant that will provide some but are we looking far enough into the future and doing all the conservation necessary.

Some countries recycle all but toilet waste and There are places where even toilet waste is reprocessed for reuse.
I hope that the district is doing its job.

Regards,

Alan Benner

Solana Beach.

From: [John Walsh](#)
To: [John Walsh](#); [Stephanie Kaufmann](#)
Subject: Rate Comment
Date: Tuesday, February 2, 2021 4:54:16 PM

I just received my January bill and read the insert. Not sure if you make an extra effort to make rate increases as confusing as possible but you do a great job. My question - is this newest rate increase in addition to the last increase you approved or does it include the last increase?

Also, a suggestion - given the outrageous compensation you award yourselves (and your Board members), I'm confident (despite what you say) that you would save substantial customer costs and redundancy by combining with another water district.

You should also update Transparent California with your most current pay/benefits cost as the attached is now two years old.

Look forward to hearing from you,

John Walsh

Carlsbad

2018 salaries for Olivenhain Municipal Water District | Transparent California

<https://transparentcalifornia.com/salaries/2018/olivenhain-municipal-water-district/?page=1>

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John H. Walsh

From: [Rainy Selamat](#)
To: [John Walsh](#)
Cc: [Stephanie Kaufmann](#); [Rainy Selamat](#)
Subject: FW: Rate Comment
Date: Wednesday, February 3, 2021 1:36:36 PM

Hi Mr. Walsh,

I received your comments on rate from Stephanie. Our responses to your rate comment are in-line below. If you have other questions, please contact me.

Rainy Selamat

From: John Walsh
Sent: Tuesday, February 2, 2021 4:54 PM
To: John Walsh [Stephanie Kaufmann <skaufmann@olivenhain.com>](mailto:Stephanie.Kaufmann@skaufmann@olivenhain.com) **Subject:** Rate Comment

I just received my January bill and read the insert. Not sure if you make an extra effort to make rate increases as confusing as possible but you do a great job. My question - is this newest rate increase in addition to the last increase you approved or does it include the last increase?

If "the last increase" you referred to above were the rate increases shown on the 2019 Water Rate Hearing Notice, then "this newest rate increase" for 2021 includes it. Actually, the 2021 rates (included in the insert) are less than the rate increases forecasted in the 2019 Water Rate Hearing Notice. The Proposition 218 legal requirements mandate that we show the highest rate increase that could be implemented in each year in a multi-year notice. The only rate increase being proposed for 2021 is the 2.6%. The 2019 notice showed the highest rates that could have been adopted. Our Board was clear to OMWD staff that OMWD needs to be sensitive with the economic impact of COVID to our rate payers and as such, the Board directed staff to reduce fiscal year 2021 operating budget last summer of 2020 due to COVID pressures on our customers, which has led to the resulting proposed 2.6% increase for 2020. The main driver for the increase in 2021 is the cost of imported water from our wholesaler.

OMWD is required to let our customers know of any changes to OMWD's water rates and charges prior to implementing new rates. The 2021 proposed water rates included in the insert would be the only changes to OMWD rates and charges for 2021, if approved and adopted by the Board.

Also, a suggestion - given the outrageous compensation you award yourselves (and your Board members), I'm confident (despite what you say) that you would save substantial customer costs and redundancy by combining with another water district.

At 36%, OMWD's Capital Condition Ratio is pretty low compared to other water districts (about 40%

or more on average). Combining with another water district with a higher Capital Condition Ratio than OMWD could result in a higher water rates for our existing rate payers to maintain the combined water infrastructure.

The OMWD Board has visited consolidation many times in the past with surrounding agencies and have chosen to go the route of sharing services where there are cost efficiencies. We have implemented sharing services, such as joint safety services, joint training, sharing certified employees, co-locating facilities, etc. with other water districts to reduce OMWD's water operation and maintenance costs.

You should also update Transparent California with your most current pay/benefits cost as the attached is now two years old.

OMWD has not received a records request from Transparent California in 2020. The last request was received in 2019 to submit our 2018 and 2017 data. OMWD submits our compensation data to State of California Controller's Office (SCO) each year. We believe that Transparent California gets our data from the SCO.

Look forward to hearing from you,

John Walsh

Carlsbad

2018 salaries for Olivenhain Municipal Water District | Transparent California

<https://transparentcalifornia.com/salaries/2018/olivenhain-municipal-water-district/?page=1>

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John H. Walsh

ORDINANCE NO. 4xx

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

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

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

PASSED, APPROVED AND ADOPTED at a regular meeting of Olivenhain Municipal Water District's Board of Directors held this 17th day of March 2021.

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

ATTEST:

Edmund K. Sprague, Secretary
Board of Directors
Olivenhain Municipal Water District

EXHIBIT A

Sec. 8.1. Treated Water Rates.

A. Domestic Rates.

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

Base Rates effective ~~March-April 1, 2020~~2021:

<u>No. of Units</u>	<u>Rate</u>
0-6 Units	\$3.30 3.39
7-23 units	\$4.90 5.02
24-80 Units	\$5.49 5.63
Over 80 units	\$6.58 6.74

10% Demand Reduction Rates effective ~~March-April 1, 2020~~2021:

<u>No. of Units</u>	<u>Rate</u>
0-6 Units	\$3.53 3.62
7-23 units	\$5.13 5.25
24-80 Units	\$5.72 5.86
Over 80 units	\$6.84 6.97

20% Demand Reduction Rates effective ~~March-April 1, 2020~~2021:

<u>No. of Units</u>	<u>Rate</u>
0-6 Units	\$3.80 3.89
7-23 units	\$5.40 5.52
24-80 Units	\$5.99 6.13
Over 80 units	\$7.08 7.24

30% Demand Reduction Rates effective ~~March-April 1, 2020~~2021:

<u>No. of Units</u>	<u>Rate</u>
0-6 Units	\$4.15 4.24
7-23 units	\$5.75 5.87
24-80 Units	\$6.34 6.48
Over 80 units	\$7.43 7.59

1 Unit = 748 gallons = 100 cubic feet

B. Agricultural Treated Water Rate.

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

Base Rate effective ~~March-April 1, 2020~~2021:

~~\$5.425.55~~ per Unit

10% Demand Reduction Rate effective ~~March-April 1, 2020~~2021: ~~\$5.655.78~~ per Unit

20% Demand Reduction Rate effective ~~March-April 1, 2020~~2021: ~~\$5.926.05~~ per Unit

30% Demand Reduction Rate effective ~~March-April 1, 2020~~2021: ~~\$6.276.40~~ per Unit

SDCWA offers a Permanent Special Agricultural Water Rate (PSAWR) program. A contract must be signed between the District and the property owner providing that the owner will participate in the PSAWR and voluntarily agree to a mandatory water supply reduction in the event of a water supply shortage. When such a contract is approved by the District, a credit of ~~\$0.99~~ 97 per Unit, of agricultural water used shall be applied to each qualified customer's bill. Customers participating in this program are subject to unannounced inspections by the District to ensure they continue to meet the requirements of the program. Any accounts determined to be ineligible for the PSAWR program will be reclassified to a residential, commercial, or irrigation rate and charged accordingly. SDCWA reserves the right to cancel the PSAWR program at any time.

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

C. Combination Agricultural/Domestic Accounts Water Rate.

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

RATES PER UNIT

- a. Same rates as Domestic for first 23 units of water consumed.

- b. Same rates as Agricultural for consumption greater than 23 units.

D. Commercial and Industrial Water Rates.

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

Base Rate effective ~~March-April~~ 1, 2020: ~~\$4.594.71~~ per Unit

10% Demand Reduction Rate effective ~~March-April~~ 1, ~~2020~~2021: ~~\$4.824.94~~ per Unit

20% Demand Reduction Rate effective ~~March-April~~ 1, ~~2020~~2021: ~~\$5.095.21~~ per Unit

30% Demand Reduction Rate effective ~~March-April~~ 1, ~~2020~~2021: ~~\$5.445.56~~ per Unit

E. Irrigation Water Rates.

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

Base Rates effective ~~March-April~~ 1, ~~2020~~2021:

<u>Winter</u>	<u>Summer</u>		<u>(Dec-May)</u>	<u>(June-Nov)</u>
<u>Tier 1</u>	<u>Tier 2</u>	<u>Meter Size</u>	<u>Unit Allotment</u>	<u>Unit Allotment</u>
\$5.205.33	\$5.575.71	5/8"	10	15
Per Unit	Per Unit	3/4"	20	30
		1"	35	50
		1-1/2"	50	110
		2"	100	200
		3"	200	500
		4"	600	3,500
		6"	3,100	11,800
		8"	5,600	21,300

10% Demand Reduction Rates effective ~~March-April~~ 1, ~~2020~~2021:

Tier 1	\$5.435.56
Tier 2	\$5.805.94

20% Demand Reduction Rates effective ~~March-April 1, 2020~~2021:

Tier 1 ~~\$5.705.83~~

Tier 2 ~~\$6.076.21~~

30% Demand Reduction Rates effective ~~March-April 1, 2020~~2021:

Tier 1 ~~\$6.056.18~~

Tier 2 ~~\$6.426.56~~

F. Construction Water Rates.

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

Base Rate effective ~~March-April 1, 2020~~2021:

~~\$6.656.81~~ per Unit

10% Demand Reduction Rate effective ~~March-April 1, 2020~~2021: ~~\$6.887.04~~ per Unit

20% Demand Reduction Rate effective ~~March-April 1, 2020~~2021: ~~\$7.157.31~~ per Unit

30% Demand Reduction Rate effective ~~March-April 1, 2020~~2021: ~~\$7.507.66~~ per Unit

Sec. 8.1.1 Recycled and Non-imported Water Rates.

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

RATES PER UNIT

Rates Effective with ~~March-April 1, 2020~~2021, water bills:

Base rate

~~\$3.613.65~~ per Unit

Sec. 8.2. System Access Charges.

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

Rates effective ~~March-April 1, 2020~~2021:

5/8"	\$29.41 <u>30.16</u>	2 1/2"	\$288.78 <u>296.10</u>
3/4"	\$38.46 <u>39.44</u>	3"	\$315.93 <u>323.93</u>
1"	\$65.60 <u>67.27</u>	4"	\$524.03 <u>537.30</u>
1 1/2"	\$101.79 <u>104.37</u>	6"	\$1094.04 <u>1,121.74</u>
2"	\$159.10 <u>163.13</u>	8"	\$1968.66 <u>2,018.50</u>

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

Rates effective ~~March-April 1, 2020~~2021:

5/8"	\$4.82 <u>5.06</u>	2 1/2"	\$10.34 <u>10.85</u>
3/4"	\$4.82 <u>5.06</u>	3"	\$10.93 <u>11.47</u>
1"	\$5.42 <u>5.69</u>	4"	\$15.52 <u>16.29</u>
1 1/2"	\$6.21 <u>6.52</u>	6"	\$28.09 <u>29.49</u>
2"	\$7.48 <u>7.85</u>	8"	\$47.37 <u>49.73</u>

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

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

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

Rates effective ~~March-April 1, 2020~~2021:

5/8"	\$3.66 <u>3.98</u>	2 1/2"	\$34.04 <u>37.10</u>
3/4"	\$3.66 <u>3.98</u>	3"	\$37.34 <u>40.70</u>
1"	\$6.96 <u>7.58</u>	4"	\$62.59 <u>68.22</u>
1 1/2"	\$11.35 <u>12.37</u>	6"	\$131.76 <u>143.61</u>
2"	\$18.30 <u>19.94</u>	8"	\$237.90 <u>259.31</u>

Facing Significant Increases in Purchased Water Wholesale Cost, OMWD Board to Consider a 2.6% Revenue Adjustment on Water Rates and Charges for 2021

OMWD works to maintain water rates that are fair and equitable to all customers, and in compliance with state law. These rates must also adequately fund operations, maintenance, and capital needs to allow us to continue delivering high-quality water you can count on every time you turn on your tap. Our rates continue to be in the lower half of San Diego County water agencies.

Our largest expense is the cost of water that we purchase from San Diego County Water Authority. SDCWA, in turn, purchases a substantial portion of its water supplies from Metropolitan Water District of Southern California. OMWD also supplements our own recycled water supplies with those purchased from other public agency water suppliers.

On June 25, 2020, SDCWA adopted purchased water wholesale cost increases for calendar year 2021. Effective January 1, 2021, SDCWA increased by 4.8% the cost of untreated water that OMWD purchases. Additionally, SDCWA increased by 15.8% its Infrastructure Access Charge.

According to SDCWA, the 2021 increases are due to increases in SDCWA's water supply costs from MWD and Imperial Irrigation District, additional costs to treat desalinated water from the Claude "Bud" Lewis Carlsbad Desalination Plant, and debt service payments.

Board to Consider... continued on page 2



Impact to Average Customer's Monthly Bill

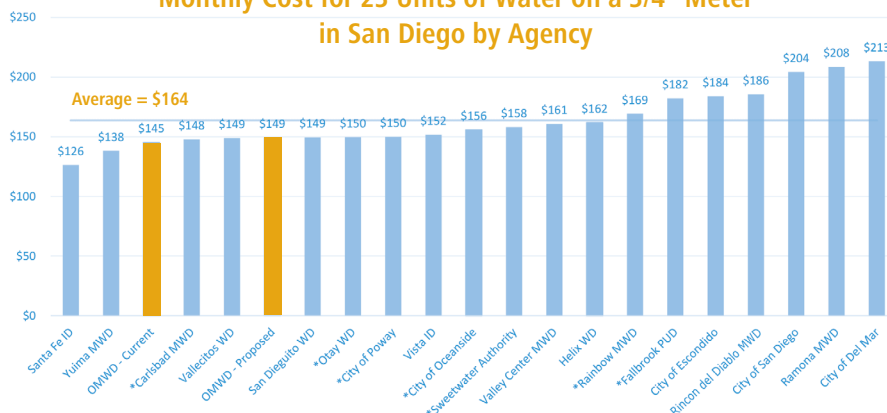
- The average residential customer using 23 units will see an increase of approximately of \$3.88
- A residential customer who uses 6 units will see an estimated \$1.84 increase



How Will This Affect My Water Bill?

A typical OMWD customer's water bill includes an OMWD System Access Charge, a SDCWA Infrastructure Access Charge, and a Commodity Charge for each unit of water. Residential water rates are charged based on a four-tiered structure designed to encourage water conservation. A unit of water is 748 gallons.

Monthly Cost for 23 Units of Water on a 3/4" Meter in San Diego by Agency



Note: Rates for other agencies last updated in December 2020 and are based on either approved 2020 rates, or approved/proposed 2021 rates if marked with an *. Any subsequent increases are not reflected above.

OMWD's average residential customer will still pay less than the average water bill in the county for the same amount of water used.



BOARD OF DIRECTORS

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Kristie Bruce-Lane, Vice President
Christy Guerin, Treasurer
Edmund K. Sprague, Secretary
Robert F. Topolovac, 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 Elfin Forest Recreational Reserve and providing all users with a unique recreational, educational, and environmental experience.

Emergency Management

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

Sustainable Operations

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

Board to Consider... *continued from page 1*

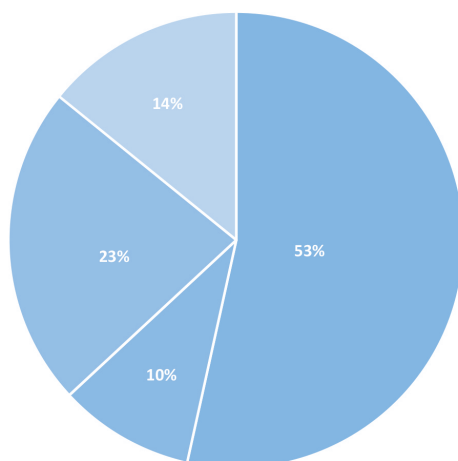
In response to these cost increases, OMWD's Board of Directors will consider Pass-Through Increases and Adjustments to OMWD's potable and recycled commodity rates and fixed monthly charges at **5:30 p.m. during its March 17, 2021 board meeting**. If approved by the board, OMWD customers will see these adjusted rates and charges effective April 1, 2021.

Comments may be submitted via email at skaufmann@olivenhain.com or mail at 1966 Olivenhain Road, Encinitas, CA 92024. Additionally, the board will consider all public comments made at the March 17 board meeting. Please use "Rate Comment" as the subject line in any correspondence.

About half of an OMWD customer's water bill goes to SDCWA for untreated water costs. The remaining funds are used to:

- Cover costs of operations and maintenance;
- Support capital infrastructure improvements needed to repair, replace, and update aging infrastructure;
- Keep all financial commitments through compliance with debt service requirements; and
- Achieve financial stability in order to sustain operations.

How Customer Payments Collected From OMWD Water Rates and Charges are Used



- Purchased Water Cost - 53%
- Debt Service Obligation - 10%
- OMWD's Operation and Maintenance - 23%
- Water Capital Infrastructure Replacement and Improvements - 14%

2021 Pass-Through Increases and Adjustments

The proposed Pass-Through Increases and Adjustments include:

- A 4.8% increase to untreated water and recycled water costs;
- A 1.93% increase in the costs of operating and maintaining the water system and capital facilities based on year-over-year percent change in the San Diego County Consumer Price Index for All Urban Consumers (CPI); and
- A 9% increase in SDCWA's Infrastructure Access Charge. (SDCWA's Infrastructure Access Charge was increased by 15.8% per ¾" meter equivalent effective January 1, 2021.)

The proposed Commodity Charge and OMWD System Access Charge increases shown in the tables on page 3 are less than OMWD's planned increases of 5% per year.





Current Commodity Charge Effective March 1, 2020 (1 unit = 748 gallons) ¹				
NON-SHORTAGE		WATER SUPPLY SHORTAGE RATES		
CUSTOMER TYPE	COMMODITY CHARGE BASE RATES	10% DEMAND REDUCTION RATES ²	20% DEMAND REDUCTION RATES ²	30% DEMAND REDUCTION RATES ²
Domestic				
Tier 1: 0-6 Units	\$3.30	\$3.53	\$3.80	\$4.15
Tier 2: 7-23 Units	\$4.90	\$5.13	\$5.40	\$5.75
Tier 3: 24-80 Units	\$5.49	\$5.72	\$5.99	\$6.34
Tier 4: 80+ Units	\$6.58	\$6.81	\$7.08	\$7.43
Agricultural³	\$5.42	\$5.65	\$5.92	\$6.27
Combined Agricultural/Domestic				
First 23 Units per month: Follow Domestic rate structure.				
Over 23 Units per month: Follow Agricultural rate structure.				
Commercial Irrigation⁴	\$4.59	\$4.82	\$5.09	\$5.44
Tier 1	\$5.20	\$5.43	\$5.70	\$6.05
Tier 2	\$5.57	\$5.80	\$6.07	\$6.42
Construction	\$6.65	\$6.88	\$7.15	\$7.50
Recycled	\$3.61	Shortage rates do not apply		

Current and Proposed OMWD System Access Charge (SAC) ^{1,5}				
Meter Size	Current	Pass-Through Increases and Adjustments		Proposed (Effective April 1, 2021, if approved)
		\$	%	
5/8"	\$29.41	\$0.75	2.55%	\$30.16
3/4" *	\$38.46	\$0.98	2.55%	\$39.44
1"	\$65.60	\$1.67	2.55%	\$67.27
1-1/2"	\$101.79	\$2.58	2.53%	\$104.37
2"	\$159.10	\$4.03	2.53%	\$163.13
2-1/2"	\$288.78	\$7.32	2.53%	\$296.10
3"	\$315.93	\$8.00	2.53%	\$323.93
4"	\$524.03	\$13.27	2.53%	\$537.30
6"	\$1,094.04	\$27.70	2.53%	\$1,121.74
8"	\$1,968.66	\$49.84	2.53%	\$2,018.50

Proposed Commodity Charge (Effective April 1, 2021, if approved)				
NON-SHORTAGE		WATER SUPPLY SHORTAGE RATES		
CUSTOMER TYPE	COMMODITY CHARGE BASE RATES	10% DEMAND REDUCTION RATES ²	20% DEMAND REDUCTION RATES ²	30% DEMAND REDUCTION RATES ²
Domestic				
Tier 1: 0-6 Units	\$3.39	\$3.62	\$3.89	\$4.24
Tier 2: 7-23 Units	\$5.02	\$5.25	\$5.52	\$5.87
Tier 3: 24-80 Units	\$5.63	\$5.86	\$6.13	\$6.48
Tier 4: 80+ Units	\$6.74	\$6.97	\$7.24	\$7.59
Agricultural³	\$5.55	\$5.78	\$6.05	\$6.40
Combined Agricultural/Domestic				
First 23 Units per month: Follow Domestic rate structure.				
Over 23 Units per month: Follow Agricultural rate structure.				
Commercial Irrigation⁴	\$4.71	\$4.94	\$5.21	\$5.56
Tier 1	\$5.33	\$5.56	\$5.83	\$6.18
Tier 2	\$5.71	\$5.94	\$6.21	\$6.56
Construction	\$6.81	\$7.04	\$7.31	\$7.66
Recycled	\$3.65	Shortage rates do not apply		

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

Notes to the tables above

* Typical residential meter size

- (1) The Current Commodity Charge, OMWD System Access Charge, and Irrigation Unit Allotments were approved and adopted by OMWD's Board of Directors. These rates and charges are currently used to calculate OMWD's monthly water bill.
- (2) Demand Reduction Rates would only be implemented by General Manager or board action under the terms of OMWD's Water Supply Shortage Condition Ordinance. Such action is generally triggered by SDCWA's and/or MWD's declaration of a specific level of water shortage.
- (3) The Agricultural water rate is available only to those who meet program criteria. Visit www.olivenhain.com/ag for details.
- (4) For irrigation, all monthly water usage in excess of Tier 1 allotment shown in the table is charged at Irrigation Tier 2 rate.
- (5) OMWD's System Access Charge is designed to cover a portion of the fixed costs of OMWD's operation. These costs include maintenance of meters and water infrastructure, debt service, depreciation, and customer service costs for meter reading and billing.

At the March 17, 2021 meeting, OMWD's board will also consider implementing an increase to OMWD's fixed monthly fire service charge shown in the table below.

Current and Proposed OMWD Fire Meter Charge Rates (\$/Meter Size) ¹				
Meter Size	Current	Change	% Change Option	Proposed ² (Effective April 1, 2021, if approved)
5/8"	\$4.82	\$0.24	5.0%	\$5.06
3/4"	\$4.82	\$0.24	5.0%	\$5.06
1"	\$5.42	\$0.27	5.0%	\$5.69
1-1/2"	\$6.21	\$0.31	5.0%	\$6.52
2"	\$7.48	\$0.37	4.9%	\$7.85
2-1/2"	\$10.34	\$0.51	4.9%	\$10.85
3"	\$10.93	\$0.54	4.9%	\$11.47
4"	\$15.52	\$0.77	5.0%	\$16.29
6"	\$28.09	\$1.40	5.0%	\$29.49
8"	\$47.37	\$2.36	5.0%	\$49.73

- (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 (1) the installation of a private fire suppression system, and (2) upon request from an OMWD customer for the delivery of water to the property for the purpose of fire service protection.
- (2) As shown on OMWD's Proposition 218 notice.

Current and Proposed SDCWA Infrastructure Access Charge (IAC) ²				
Meter Size	Current	Change	% Change Option	Proposed ¹ (Effective April 1, 2021, if approved)
5/8"	\$3.66	\$0.32	8.7%	\$3.98
3/4" *	\$3.66	\$0.32	8.7%	\$3.98
1"	\$6.96	\$0.62	8.9%	\$7.58
1-1/2"	\$11.35	\$1.02	9.0%	\$12.37
2"	\$18.30	\$1.64	9.0%	\$19.94
2-1/2"	\$34.04	\$3.06	9.0%	\$37.10
3"	\$37.34	\$3.36	9.0%	\$40.70
4"	\$62.59	\$5.63	9.0%	\$68.22
6"	\$131.76	\$11.85	9.0%	\$143.61
8"	\$237.90	\$21.41	9.0%	\$259.31

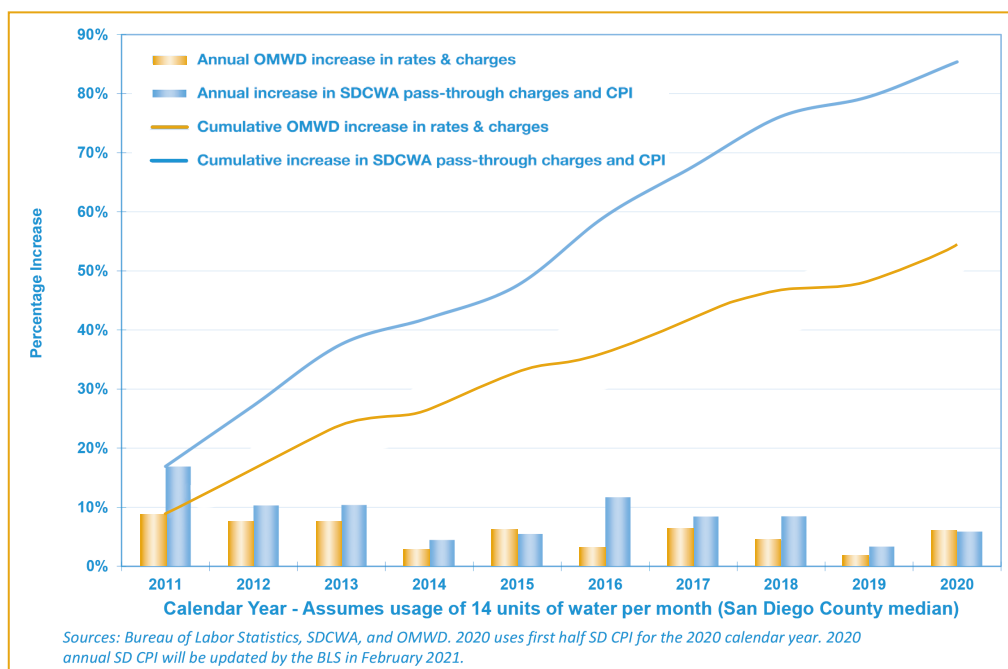
* Typical residential meter size

- (1) SDCWA IAC increases shown above are the maximum charges that could be imposed by OMWD pursuant to the Proposition 218 notice for Pass-Through Increases and Adjustments. The SDCWA IAC Pass-Through Increases and Adjustments shown above are less than the actual increases from SDCWA effective January 1, 2021.
- (2) SDCWA IAC is a pass-through monthly fixed charge imposed by SDCWA on all OMWD water meters and is designed to cover a portion of SDCWA's costs for constructing water supply, transportation, and storage projects over a 30-year forecast horizon to ensure SDCWA meets the projected water supply needs for the region. OMWD collects the monthly SDCWA IAC on OMWD's customers' water bills on SDCWA's behalf.

OMWD Increases in Rates and Charges vs. Cost Increases Incurred by OMWD

Considering the challenges that our customers are facing as a result of COVID-19, OMWD has taken many steps to keep rate increases to a minimum. First, OMWD has been successful in managing costs through conservative financial planning. Leveraging our AAA/AA+ credit ratings by Fitch and Standard and Poor's, OMWD has access to low borrowing costs and uses cash or debt financing, when appropriate, to finance capital replacement and improvement needs in order to avoid rate spikes. Ongoing repairs, replacement, and betterment of water infrastructure remain a key element for reliable and dependable water service.

OMWD has delayed non-critical water infrastructure projects to future years to reduce near-term capital expenditures. Cost-containment efforts in fiscal year 2021 have reduced water operation and maintenance costs despite increases in chemical, supply, and other COVID-19 related costs since COVID-19 began. Additionally, OMWD actively pursues funding opportunities from state and federal programs for reimbursement of COVID-19 supply costs as well as water infrastructure projects. Finally, we continue efforts to expand our recycled water systems to be less dependent on SDCWA.



Memo

Date: March 17, 2021
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 AND DEMAND REDUCTION RATE ADJUSTMENTS AND ORDERING A NOTICE OF EXEMPTION BE FILED WITH THE COUNTY CLERK OF THE COUNTY OF SAN DIEGO**

Purpose

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

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

Recommendation

Staff is recommending the Board consider and approve water rate increases and Demand Reduction Rate Adjustments for 2021 to cover costs of water operations and maintenance and adopt the Resolution to file the Notice of Exemption.

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

Alternatives

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

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

Background

At the January 13, 2021 board meeting, Staff made a presentation on proposed 2021 potable and recycled water rates and charges for consideration and approval by the Board. During the discussion, Staff also informed the Board that these changes to the District's rates and charges will be brought back to the Board for approval and adoption at the March 17th meeting.

Fiscal Impact

The proposed water rate increases with Demand Reduction Rate Adjustments will increase the District's revenue projection by 2.6% annually to pay for increased purchased water wholesale costs and to pay for OMWD's costs of water operations and maintenance and water capital infrastructure needs.

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

Discussion

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

The District is required to provide written notice of rate changes to its customers not less than 30 days prior to implementing new rates. A written notice on the proposed changes to the District's 2021 water rates and charges was mailed to water customers with the January 30th 2021 water bill. The new rates will be effective on April 1, 2021, if approved and adopted by the Board.

As of the writing of this memo, there were 2 comments/inquiries received on the water rate increases and demand rate adjustments.

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

RESOLUTION NO. 2021-

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

WHEREAS, the Olivenhain Municipal Water District Board of Directors intends, by ordinance, to modify and increase water rates and charges, and implement Demand Reduction Rate Adjustments for calendar year 2021; and

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

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

WHEREAS, the 2019 Water Rate Study Report (Report) prepared by the District's rate consultant, Raftelis Financial Consultants, Inc., attached hereto and incorporated herein as Exhibit "A," recommended the needs for increasing water rates and charges and implementing Demand Reduction Rate Adjustments for calendar year 2021; and

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

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

WHEREAS, having heard, considered, and reviewed the Report, protest letters received, and comments from property owners who expressed their views to the Board of Directors, and being fully advised regarding the consequences of the proposed increases in water rates and charges, and implementation of Demand Reduction Rate Adjustments, it is in the interest of the

Olivenhain Municipal Water District and the people it serves to order a Notice of Exemption be filed with the County Clerk of the County of San Diego, and approve the appropriate modifications by ordinance.

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

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

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

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

- 1) The increases of water rates and charges, and implementation of Demand Reduction Rate Adjustments 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, and implementation of Demand Reduction Rate Adjustments 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, and implementation of Demand Reduction Rate Adjustments 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, and implementation of Demand Reduction Rate Adjustments 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 and implementation of Demand Reduction Rate Adjustments being exempt as set forth in the Notice of Exemption attached hereto and incorporated herein as Exhibit "B."

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

PASSED, ADOPTED AND APPROVED at a regular meeting of the Board of Directors of the Olivenhain Municipal Water District held on Wednesday, March 17, 2021 by the following roll call vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

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

ATTEST:

Edmund K. Sprague, Secretary
Board of Directors
Olivenhain Municipal Water District

EXHIBIT A

OLIVENHAIN

MUNICIPAL WATER DISTRICT

2019 Water Rate Study

Final Report / September 11, 2019





September 11, 2019

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

Subject: 2019 Water Rate Study Report

Dear Ms. Thorner,

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

The major objectives of the study include the following:

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

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

Sincerely,

RAFTELIS FINANCIAL CONSULTANTS, INC.

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

Sudhir Pardiwala
Executive Vice President

A 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

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1. Executive Summary

1.1. Study Overview

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

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

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

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

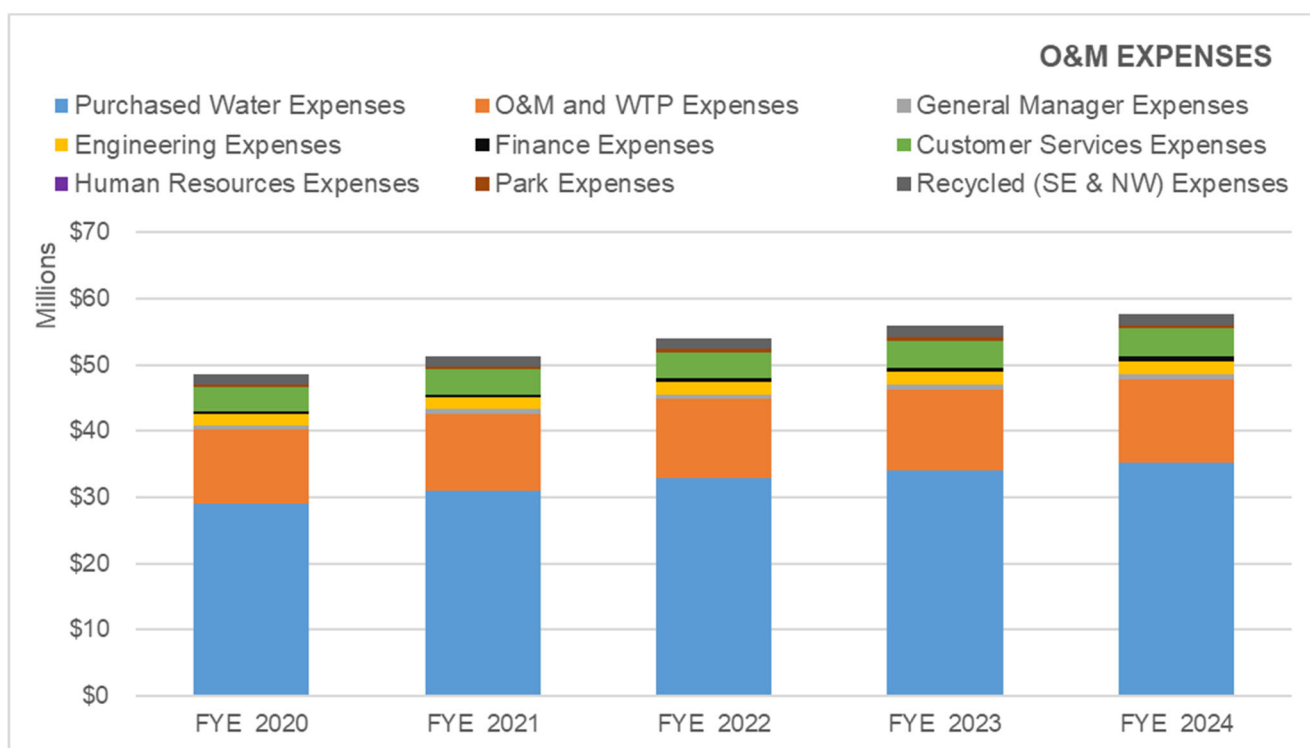
- » Develop a five-year financial plan through FY 2024 that generates sufficient revenues to fund the District's operating costs, debt obligations, and necessary capital expenditures
- » Review and revise as necessary the current water rate structure
- » Perform a cost of service analysis to equitably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

1.2. Financial Plan

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

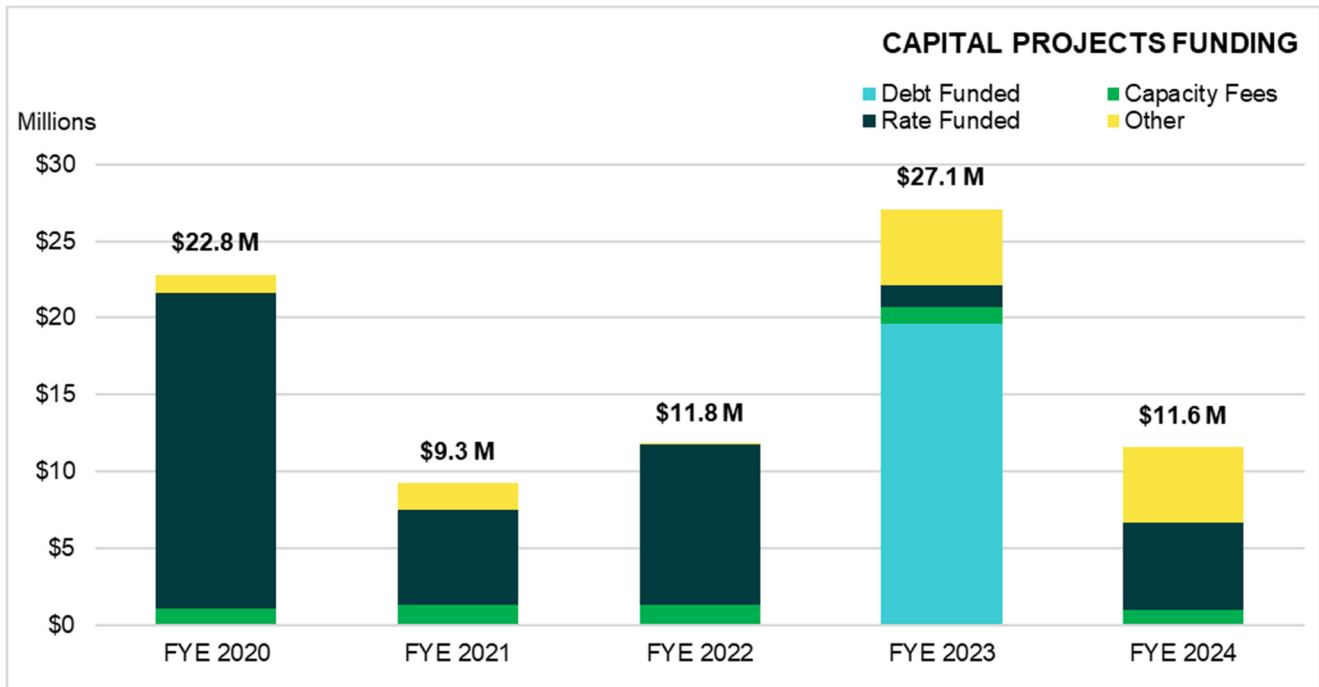
O&M expenses include the cost of purchasing water, operating and maintaining facilities, staff-related costs, and other administrative costs. The O&M projections are based on the District's fiscal year (FY) 2020 budget and are escalated in subsequent years by three percent per year (except water supply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

Figure 1-1: Projected O&M Expenses



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

Figure 1-2: CIP by Funding Source



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

Table 1-1: Proposed 5-Year Revenue Adjustments

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

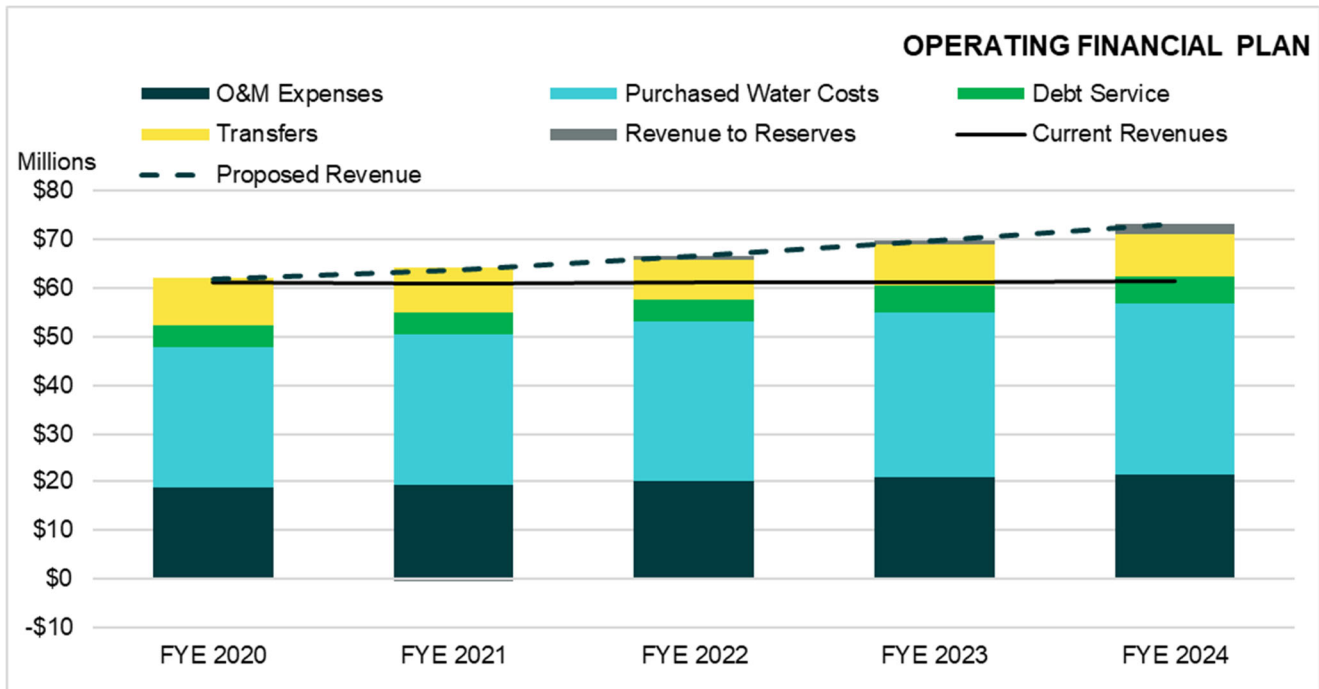
Figure 1-3 shows the proposed financial plan that incorporates the proposed revenue adjustments above. Operating Fund revenue requirements are represented by stacked bars. Projected revenues in the absence of any rate increase are represented by the solid line, while projected revenues under the proposed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

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

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

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

Figure 1-3: Proposed Financial Plan



1.3. Proposed Water Rates

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

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

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

Table 1-2: Proposed Monthly Fixed Charges

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

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

Table 1-3: Proposed Volumetric Rates per HCF

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

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

1.4. Water Supply Shortage Rates

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

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

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

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

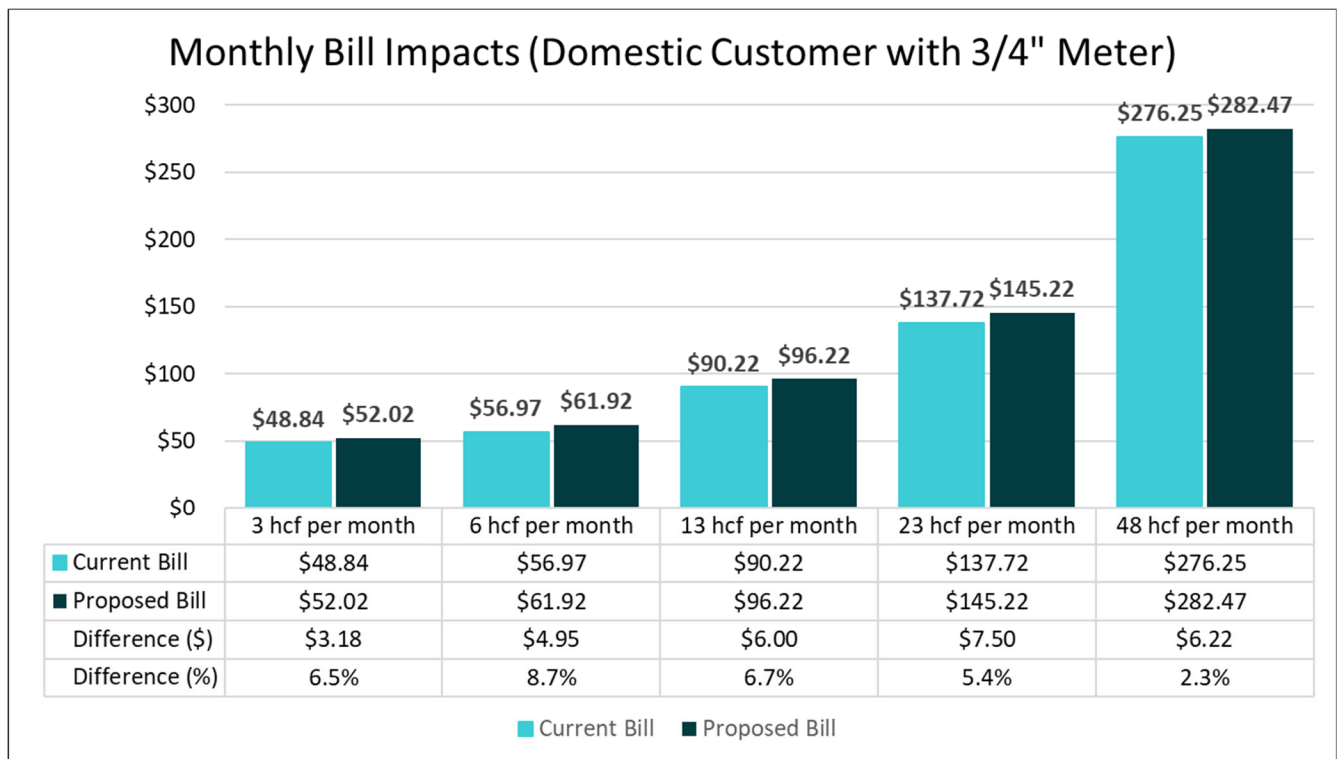
Table 1-4: Proposed FY 2020 Water Supply Shortage Rates per HCF

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

1.5. Customer Impacts

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

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



2. Introduction

2.1. Water System Overview

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

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

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

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

2.2. Study Objectives

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

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

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

2.3. Legal Requirements and Rate-Setting Methodology

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

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

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

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

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

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

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

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

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

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

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

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

3. Financial Plan

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

3.1. Existing Water Rates

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

Table 3-1: Existing Monthly Fixed Charges

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

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

Table 3-2: Existing Volumetric Rates per HCF

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

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

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

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

3.2. Water Account and Usage Assumptions

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

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

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

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

Table 3-5: Number of Water Meters

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

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

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

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

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

3.3. Revenues

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

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

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

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

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

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

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

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

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

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

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

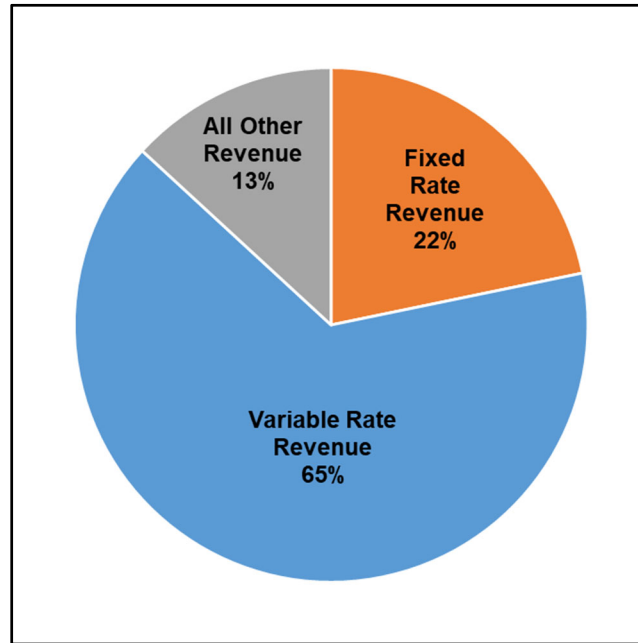
Table 3-9: Revenue Summary

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

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

⁷ Anticipated Title XVI grant funding

Figure 3-1: FY 2020 Revenue Composition



3.4. Operations and Maintenance Expenses

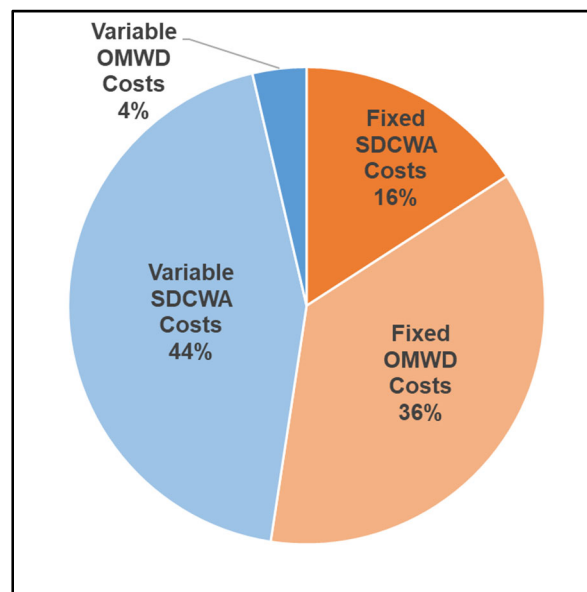
The District's operations and maintenance (O&M) expenses are based on the FY 2020 District budget and projected out through FY 2024. The District's projected purchased water and recycled water expenses were calculated over the study period based on the projected water supply mix and anticipated supply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

Table 3-10: Projected O&M Expenses

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

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

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



3.5. Debt Service

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

Table 3-11: Existing Debt Service

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

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

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

Table 3-12: Proposed FY 2023 Bond Issuance Assumptions

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

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

Table 3-13: Total Debt Service

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

3.6. Capital Improvement Plan

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

Table 3-14: Potable Water CIP Projects

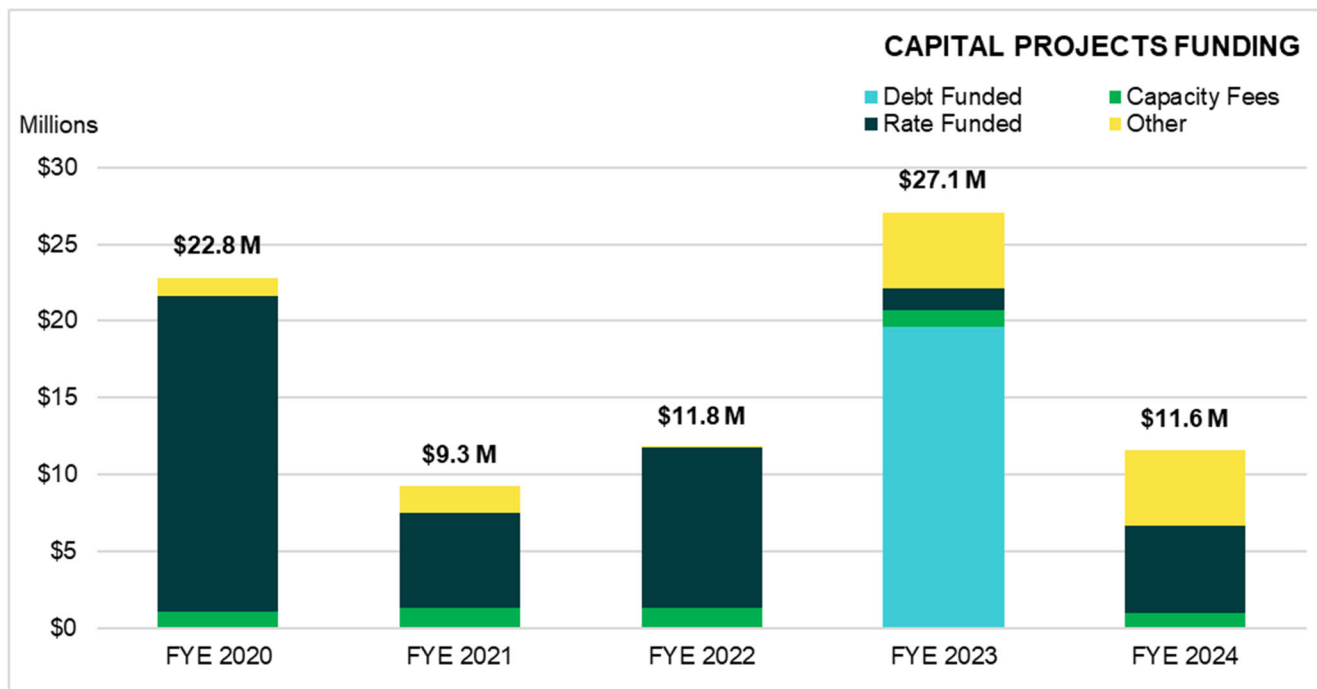
#	Potable Water CIP	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
1	San Elijo Valley Groundwater	\$1,282,000	\$1,764,000	\$6,232,000	\$20,214,000	\$3,989,000
2	Building D - Schedules A and B	\$8,800,000	\$358,000	\$0	\$0	\$0
3	Replace El Camino Real Pipeline	\$3,115,000	\$546,000	\$0	\$0	\$0
4	Pressure Zone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

Table 3-15: Recycled Water CIP Projects

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

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

Figure 3-3: CIP by Funding Source



3.7. Financial Policies

Debt Coverage

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

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

Reserve Policies

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

1. Operating Fund

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

2. Capital Improvement Fund

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

3. Rate Stabilization Fund

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

3.8. Status Quo Financial Plan

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

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

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

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

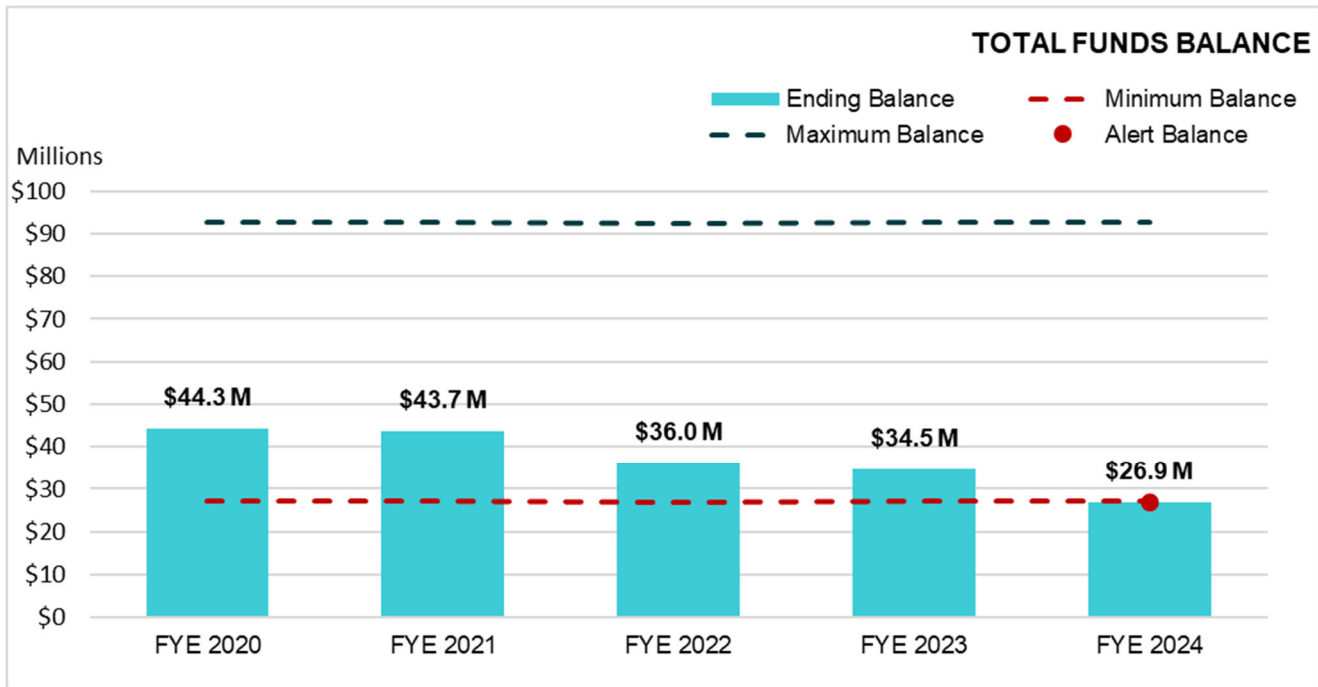
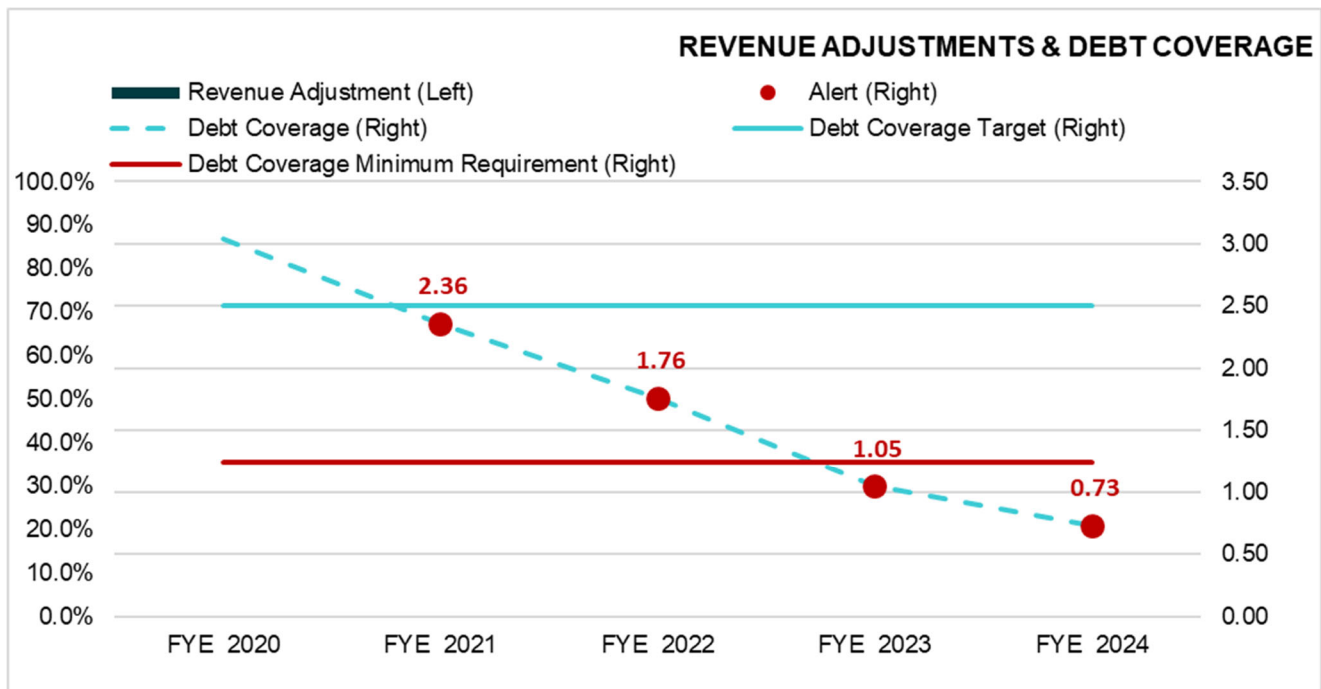


Figure 3-5: Projected Debt Coverage Under Status Quo Financial Plan



3.9. Proposed Financial Plan

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

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

Table 3-16: Proposed 5-Year Revenue Adjustments

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

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

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

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

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

Table 3-17: Proposed Financial Plan

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

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

Figure 3-6: Proposed Operating Financial Plan

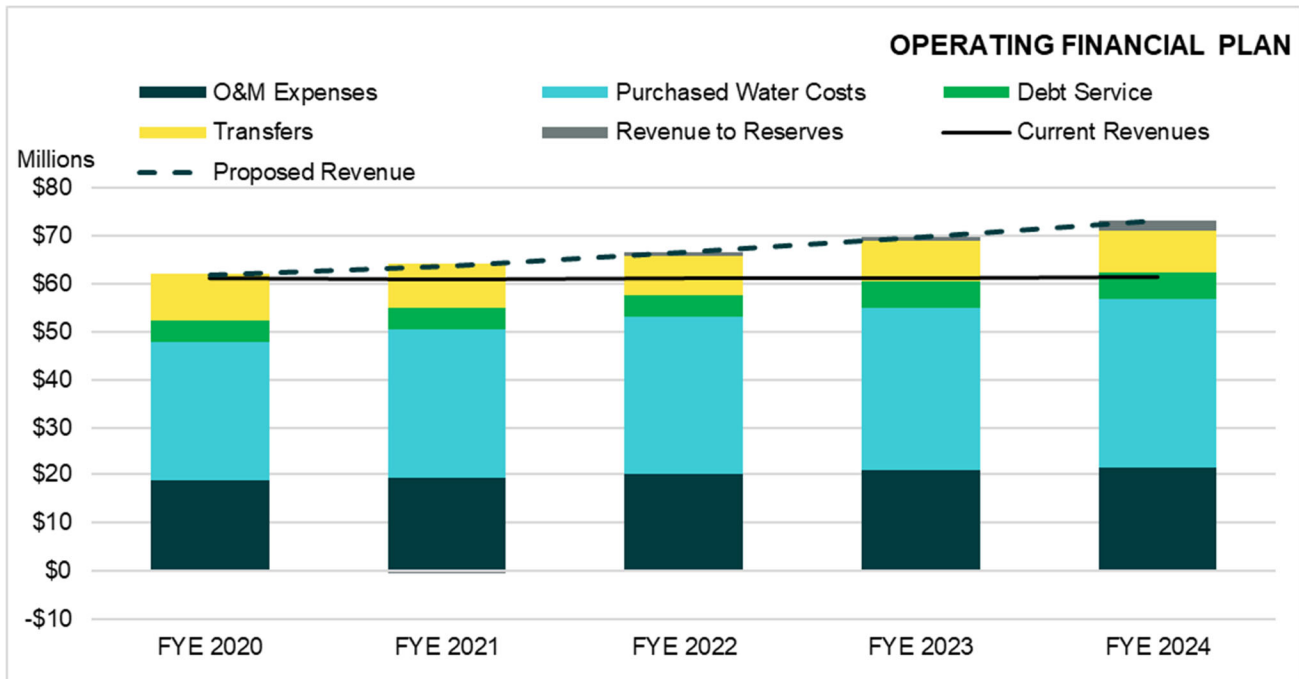


Figure 3-7 illustrates how the proposed revenue adjustments will ensure that the District's projected debt coverage (dashed line) exceeds its 250% debt coverage target (solid blue line). Robust debt coverage of at least 250 percent will help the District maintain its AAA credit rating by Fitch, which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

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

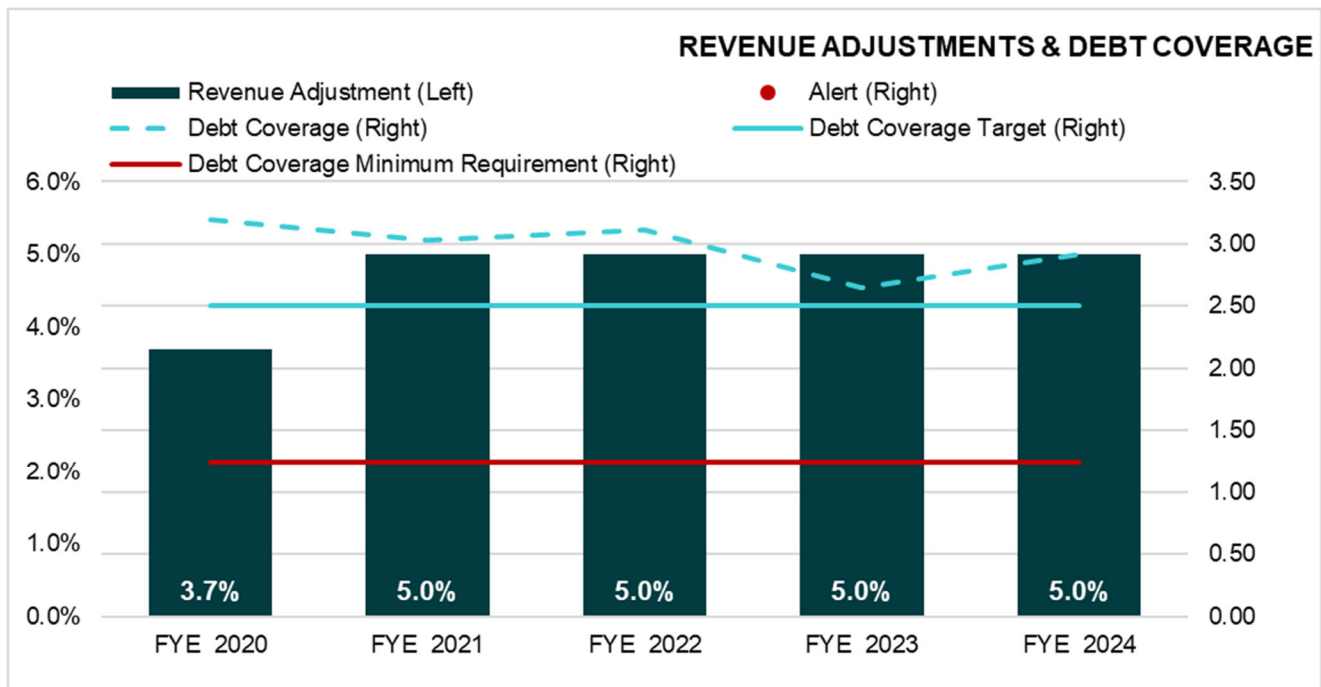
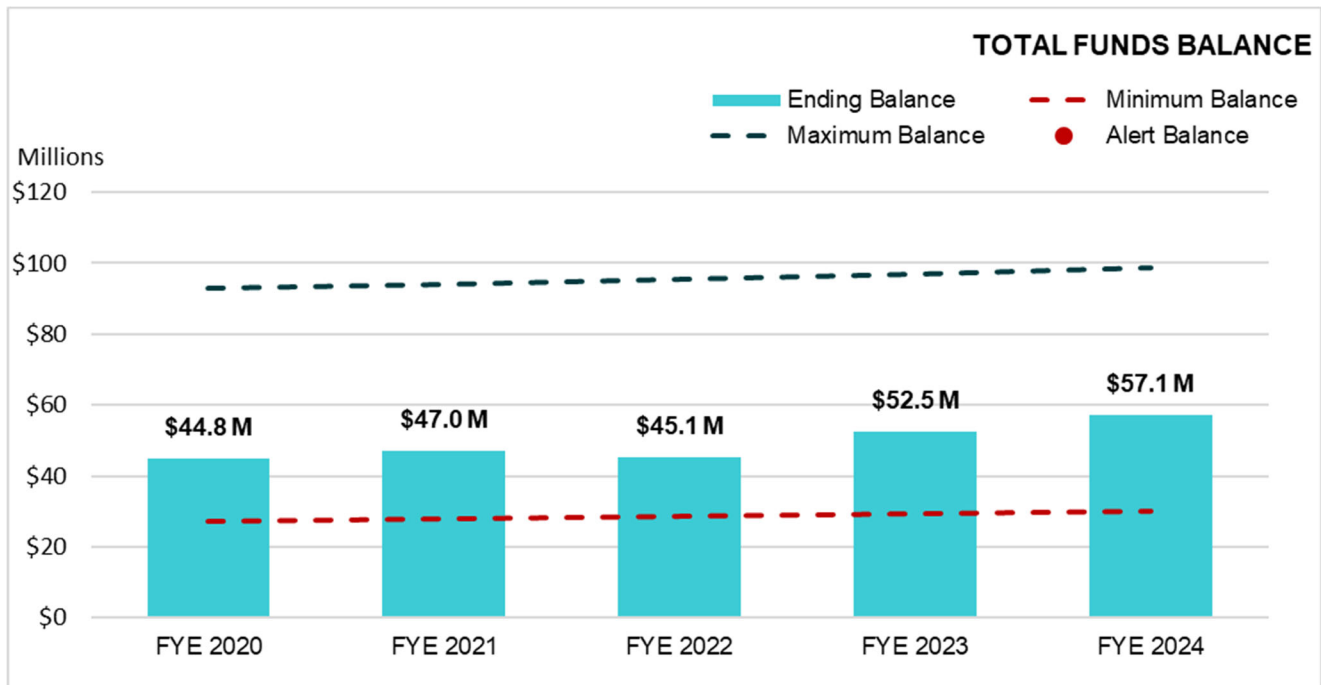


Figure 3-8 demonstrates that the District will exceed the minimum reserve target in all years under the proposed financial plan. Ending Balances and minimum/maximum targets shown below include all three funds combined (Operating, Capital Improvement, and Rate Stabilization). Projected total ending funds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

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



4. Cost of Service

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

4.1. Process and Approach

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

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

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

4.2. Revenue Requirement

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

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

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

Table 4-1: Proposed Revenue Requirement

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

4.3. Functionalization and Allocation of Expenses

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

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

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

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

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

4.4. Peaking Factors

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

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

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

The Max Day allocations are calculated as follows:

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

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

The Max Hour allocations are calculated as follows:

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

Table 4-2: System Peaking Factor Allocations

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

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

Table 4-3: Peaking Factors by Customer Class

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

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

4.5. Allocation of Functional Categories to Cost Causation Components

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

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

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

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

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

4.6. O&M Allocation

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

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

Table 4-5: O&M Cost Allocation

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

4.7. Capital Allocation

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

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

Table 4-6: Capital Cost Allocation

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

4.8. Revenue Offset Allocation

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

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

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

Table 4-7: Revenue Offset Allocation

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

4.9. Allocation of Revenue Requirements to Cost Causation Components

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

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

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

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

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

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

4.10. Units of Service

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

Equivalent Meters

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

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

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

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

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

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

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

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

Customer Bills

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

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

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

Peaking Units of Service

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

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

Table 4-12: Max Day Units of Service

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

Table 4-13: Max Hour Units of Service

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

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

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

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

4.11. Units Cost Development

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

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

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

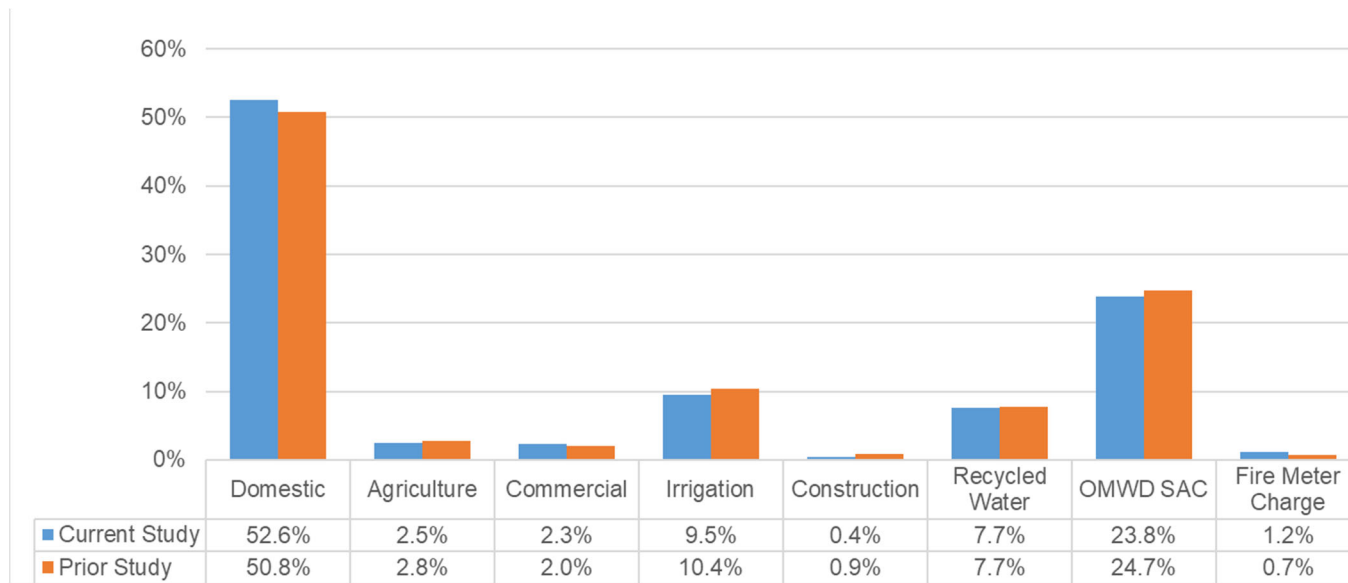
4.12. Cost of Service by Customer Class

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

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

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

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



5. Rate Design

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

5.1. Rate Structure Overview

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

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

Revisions to Tier Definitions

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

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

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

Table 5-1: Revised Domestic Tier Definitions

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

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

Table 5-2: Irrigation Tier Definitions

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

5.2. OMWD System Access Charge Calculation

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

Table 5-3: Monthly OMWD System Access Charge Calculation

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

5.3. Fire Meter Charge Calculation

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

Table 5-4: Monthly Fire Meter Charge Calculation

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

5.4. SDCWA Infrastructure Access Charges

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

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

Table 5-5: Monthly SDCWA Infrastructure Access Charge

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

5.5. Volumetric Rate Calculations

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

Peaking Unit Rates

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

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

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

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

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

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

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

Domestic Revenue Offsets

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

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

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

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

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

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

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

Proposed FY 2020 Volumetric Rates

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

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

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

5.6. Proposed Water Rates

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

Table 5-10: Proposed Monthly Fixed Charges

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

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

Table 5-11: Proposed Volumetric Rates per HCF

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

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

5.7. Proposed Water Supply Shortage Rates

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

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

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

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

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

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

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

Table 5-13: Projected Water Usage by Stage

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

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

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

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

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

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

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

¹⁸ One AF = 435.6 HCF.

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

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

6. Customer Impacts

6.1. Monthly Bill Impacts

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

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

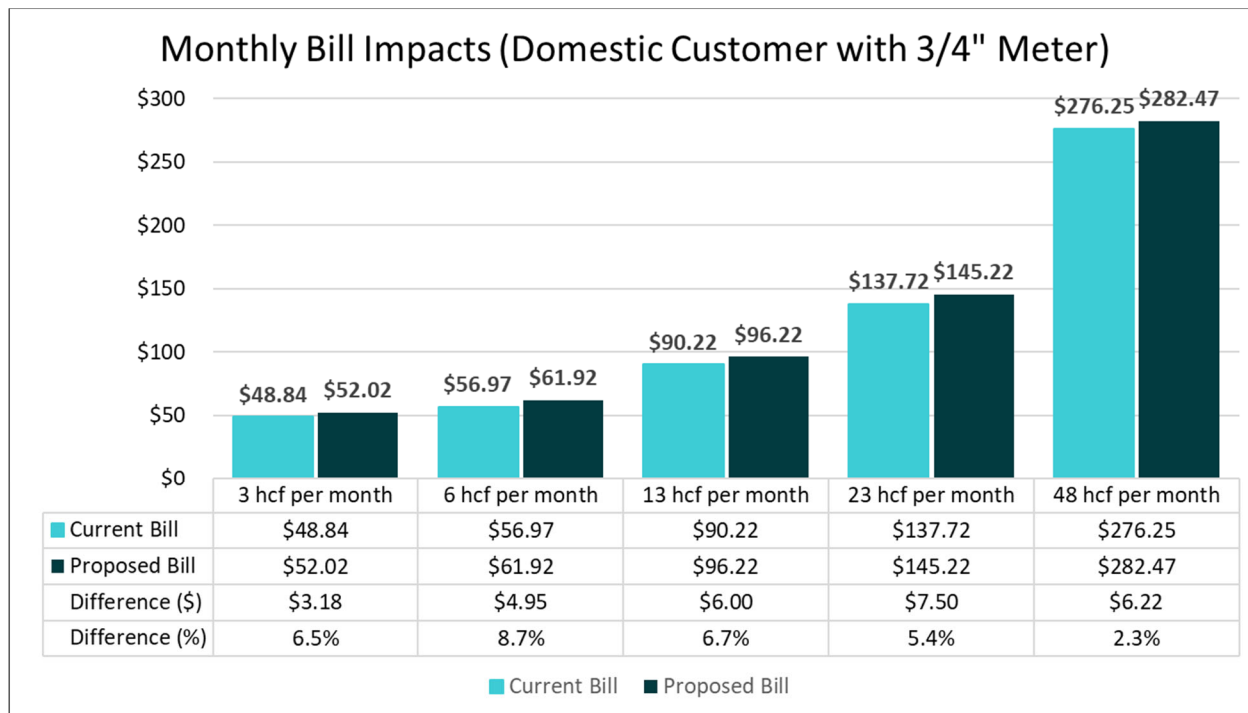


Table 6-1 shows estimated monthly bills under current rates and proposed FY 2020 rates for Commercial customers with a 1-inch water meter at varying levels of monthly water usage. **Table 6-2** shows estimated monthly bills under current rates and proposed FY 2020 rates for Irrigation customers with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

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

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

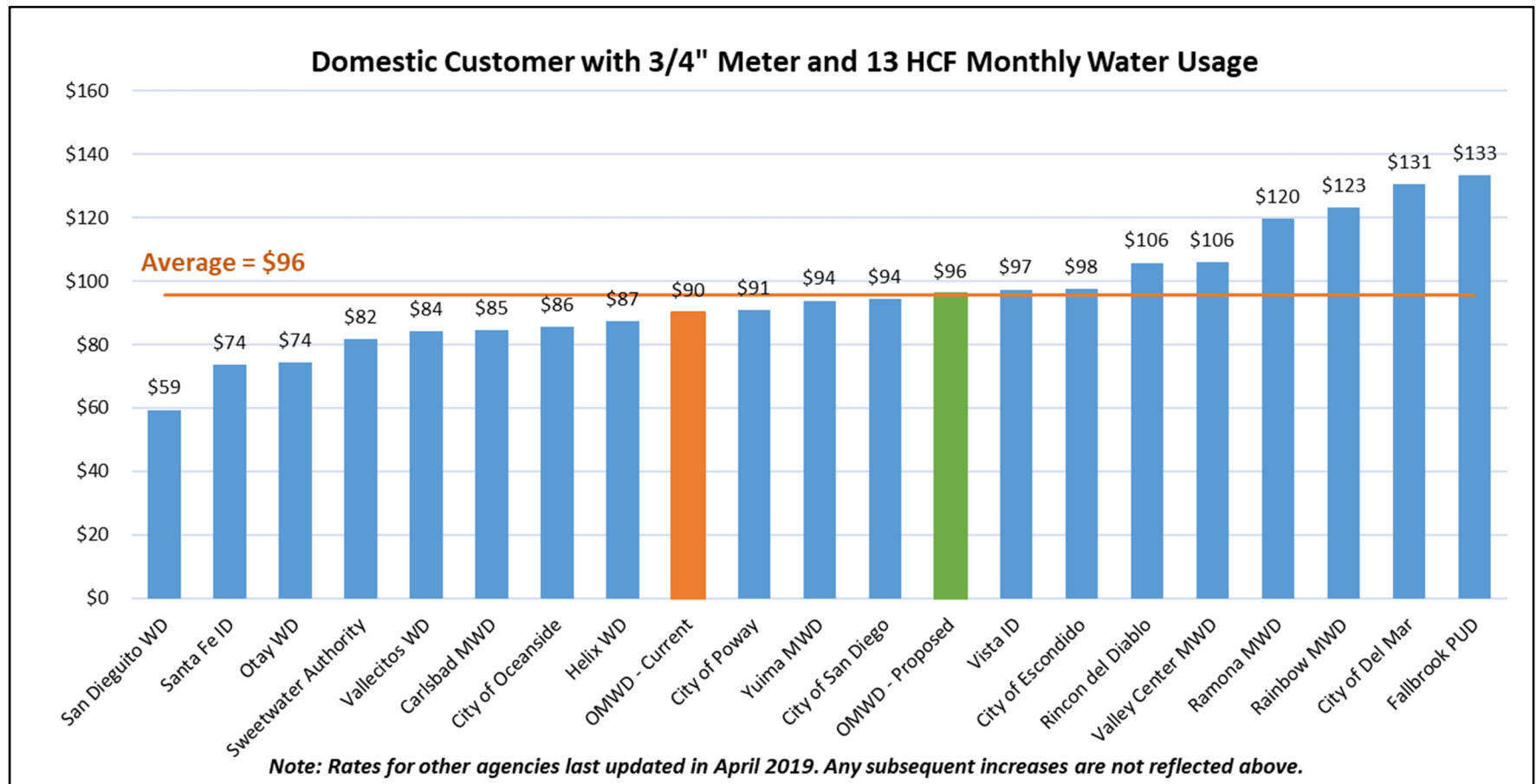
Table 6-2: Irrigation Monthly Bill Impacts at Varying Levels of Usage (1-1/2" Meter Size)

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

6.2. Monthly Bill Comparison

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

Figure 6-2: Domestic Monthly Bill Comparison



APPENDICES

APPENDIX A: DETAILED WATER PURCHASE COST PROJECTIONS

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

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

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

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

APPENDIX B: STATUS QUO FINANCIAL PLAN CASH FLOW

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

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

Debt Coverage Calculation

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

APPENDIX C: PROPOSED FINANCIAL PLAN CASH FLOW

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

Recycled Water Operating Cash Flow

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

Debt Coverage Calculation

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

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

APPENDIX D: ALLOCATION OF FIRE PROTECTION COSTS

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

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

EXHIBIT B

Notice of Exemption

Appendix E

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

County Clerk

County of: _____

From: (Public Agency): _____

(Address)

Project Title: _____

Project Applicant: _____

Project Location - Specific:

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

Description of Nature, Purpose and Beneficiaries of Project:

Name of Public Agency Approving Project: _____

Name of Person or Agency Carrying Out Project: _____

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

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

Reasons why project is exempt:

Lead Agency _____

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

If filed by applicant:

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

Signature: _____ Date: _____ Title: _____

Signed by Lead Agency Signed by Applicant

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

Date Received for filing at OPR: _____

Memo

Date: March 17, 2021
To: Olivenhain Municipal Water District Board of Directors
From: Jason P. Hubbard, Engineering Manager
Via: Kimberly A. Thorner, General Manager
Subject: **CONSIDER APPROVAL OF A THREE-YEAR AGREEMENT WITH NOBEL SYSTEMS, INC. FOR CONTINUED SERVICE ON THE DISTRICT'S GEOGRAPHIC INFORMATION SYSTEM AND ENTERPRISE ASSET MANAGEMENT INTEGRATION SUPPORT IN THE AMOUNT OF \$447,480 AND AUTHORIZE THE GENERAL MANAGER TO SIGN ON BEHALF OF THE DISTRICT**

Purpose

The purpose of this agenda item is to consider approval of a three-year Professional Services Agreement (PSA) with three (3) one-year option extensions with Nobel Systems, Inc. (Nobel) for geographic information system (GIS) and Enterprise Asset Management (EAM) integration support in the amount of \$447,480, and authorize the General Manager to sign on behalf of the District.

Recommendation

Staff recommends approval of the three-year PSA with Nobel in the amount of \$447,480 and authorization for the General Manager to sign on behalf of the District.

Alternative(s)

In lieu of approving the PSA with Nobel, the Board could direct staff to do the following:

- reduce the scope of the PSA
- lengthen or reduce the terms of the three-year PSA
- research other programs

Background

In 2000, OMWD entered into a \$125,000 agreement with Nobel for the conversion of as-built improvement plans, right-of-way documents, and parcel and land base maps from paper to an ESRI-based GIS database and the development of a Windows-based GIS viewing and query software application, which became GeoViewer Online. GIS technologies use digital information to create spatial and non-spatial database maps that are able to link to other non-related databases such as pipeline assets, customer accounts, and right-of-way maps (sample pictures attached). OMWD owns the digital database and outsources the database management to Nobel.

Following the success of the initial conversion, in 2008 OMWD entered into an agreement with Nobel to synchronize the Enterprise Asset Management (EAM) software with GeoViewer Online to allow staff to view asset information through the GeoViewer interface. Information can range from historical to material data points for the particular asset selected. The following year Nobel began developing a hydraulic model module for OMWD to perform system analysis such as fire flow studies. In 2013, OMWD retained Nobel to migrate the GIS database as well as additional system applications such as DigAlert, valve exercising, and the EAM link to a mobile platform using a proprietary software application, GeoViewer Mobile. The new application allowed field staff to view, analyze, and query data, online or offline, and extended the smart map technology of GeoViewer Online to any iOS mobile device. Following Nobel's successful integration of multiple programs in 2013, the Board approved an extension of the \$114,360/year agreement through the year 2017 with three one-year options.

With the implementation of the CIS Infinity software for customer accounts, OMWD's Customer Services department identified customer service order management as an area that would benefit from the functionalities of the GeoViewer Mobile application. In 2015, OMWD entered into a separate agreement with Nobel to convert the paper-based customer service order system into an automated system where the customer service orders are transmitted from CIS Infinity to the mobile device in the field. Information related to the customer service order is entered through a field form in GeoViewer Mobile and transmitted directly back to CIS Infinity in real time. This has

eliminated the need for field staff to return to the office to both receive customer service orders and input the required information to close out the customer service order. Since the CIS Infinity Customer Service Order integration was completed, staff is responding to an average of over 500 customer service orders a month via GeoViewer Mobile. The efficiency of the CIS Infinity Customer Service Order integration via GeoViewer Mobile was displayed to the Facilities Committee at its September 2019 meeting, and to the full Board at its December 2019 meeting.

GeoViewer provides robust security for data in transit with the use of SSL/TLS encryption. The technologies Nobel Systems uses for its services are current and in continuous development, which greatly improves response time in the event of a discovered vulnerability. The cloud environments hosting Nobel's servers (Amazon Web Services and Google Cloud Platform) encrypt data at rest. Both providers meet stringent U.S. Department of Defense standards. In addition, a Security Role has been defined in the CIS database to limit Nobel's access to only the custom data views and interface tables required to support the mobile service order processing.

Per the terms of the 2013 agreement and the success of the implemented programs, OMWD exercised the three (3) one-year extensions for \$114,360, with the agreement set to expire on April 30, 2021.

Summary of current costs/agreements as follows:

Description	Fee
GeoViewer Online (Enterprise License)	\$50,000
As-built plan and ROW hosting	\$23,200
Data management & maintenance	\$ 2,400
CIS Customer Service Order module	\$20,000
GeoViewer Mobile (Enterprise License)	\$18,760
Total Annual Costs	\$114,360*

* - The above services are covered under three different agreements

Fiscal Impact

Funds for the renewal of the base subscriptions for GeoViewer Online and GeoViewer Mobile, the CIS Customer Service Order module, as-built plan hosting, DigAlert module, and hydrant flushing as well as the additional Field Forms and EAM Work Order integration are accounted for and included in the current Operating and Capital Budget Fiscal Years 2021-2022.

The EAM work order integration has a set-up fee of \$15,000 and an annual subscription fee of \$20,000, which is the same as the CIS customer service order subscription fee currently in use. The cost of the multiple existing agreements will be consolidated under one new agreement with a more descriptive breakdown of costs/services. The breakdown for the annual subscription is:

Description	Fee
GeoViewer Online (Enterprise License)	\$50,000
GeoViewer Mobile (Enterprise License)	\$18,760
CIS Customer Service Order module	\$20,000
As-built plan and ROW hosting	\$12,000
USA DigAlert module	\$ 2,400
Wachs Valve Exercising module	\$ 2,400
Network Car hosting	\$,2,400
Hydrant Flushing module	\$ 2,400
GIS Data Synch to EAM/System book support	\$ 4,000
Subtotal Annual Costs	\$114,360
Field Forms module (new)	\$ 9,800
EAM Work Order module (new)	\$20,000
Total Annual Costs	\$144,160

Note: licensing for GeoViewer Online is a requirement for the use of GeoViewer Mobile. GeoViewer Mobile is not a standalone component.

The costs will be shared among Operations, Engineering and Customer Service department operating budgets.

Additional costs are incurred when new as-built improvement plans or right-of-way documentation is converted and added to the database. There is a set fee structure included in Exhibit "D" to cover this periodic work. This is the first price increase to the conversion fees in 11 years. The price increase is less than 1% for each service and these are billed on a monthly basis as the District submits documents for conversion. As an example, in the current fiscal year (July 1, 2020 to date), an additional \$1,545 has been charged for these conversion services.

Discussion

Nobel has focused on creating an easy-to-use interface to GIS that provides the casual user with access to data with little formal training. The existing software services are used by a majority of OMWD staff on a daily basis. The software has been successfully implemented and utilized since 2000. Continuance of this resource investment and renewal of this contract is in accordance with Section 6.9.D of OMWD's Administrative and Ethics Code:

"Where it is apparent that an RFP process would be incongruous and would not result in any advantage to the District, an exception to the Professional Services Contracts Selection Policy may be granted. Exceptions may include where staff is looking for a particular skill or ability, or where a consultant is already providing current services for the District and there would be economies and efficiencies of scale by continuing with the consultant. Staff shall consult with the General Manager and his/her designee prior to commencing the selection procedures is warranted."

In addition to the continuance of existing services, and in an effort to increase interdepartmental efficiencies, staff requested Nobel to develop integrated field forms for field inspection and data collection purposes in areas such as leak data collection, manhole inspections, pipeline cathodic protection assessment, blow-off, and dead end inspections. Mobile field form capability has been successfully utilized by other water districts, municipalities, and private companies for many years. The Field Forms module is proposed to be added to the annual subscription at a cost of \$9,800/year. Following Nobel's successful integration of GIS and CIS Infinity programs, staff also requested the same functionality of the customer service order mobile application be integrated with the EAM module, to allow the opening and closing of work orders from the field. Allowing work orders to be received and edited in the field increases productivity while reducing travel time to complete tasks. In the new era of COVID-19, access to smart technology that can remotely leverage OMWD's growing database to make decisions and complete tasks in the field is becoming increasingly important. The EAM Work Order module is proposed to be added to the annual subscription at a cost of \$20,000/year. Nobel has submitted a proposal to seamlessly integrate all of OMWD's current systems with the additional modules described for \$144,160 annually for the next three (3) years with a one-time \$15,000 set-up fee.

Summary of PSA implementation:

Year one	\$15,000 one-time set up fee + \$144,160 annual subscription = \$159,160
Year two	\$144,160 annual subscription
Year three	\$144,160 annual subscription

In lieu of entering into a new consolidated PSA with Nobel, the Board could direct staff to explore other options such as moving toward an alternate third-party ESRI hosting service or developing these services in-house. Integrating OMWD's database into another third party's software would be a complex, costly, and lengthy process and would have to be done in parallel to the current Nobel service to maintain existing workflow. Similarly costly and lengthy is developing in-house services requiring the hiring of multiple staff to manage and integrate an ESRI software to provide the same level of service. OMWD has made a significant investment in Nobel services since 2000, and more recently with the integration of the GeoViewer application to synchronize with OMWD's EAM and the CIS system. Staff recommends approval of the three-year PSA to continue service with Nobel in the amount of \$447,480.

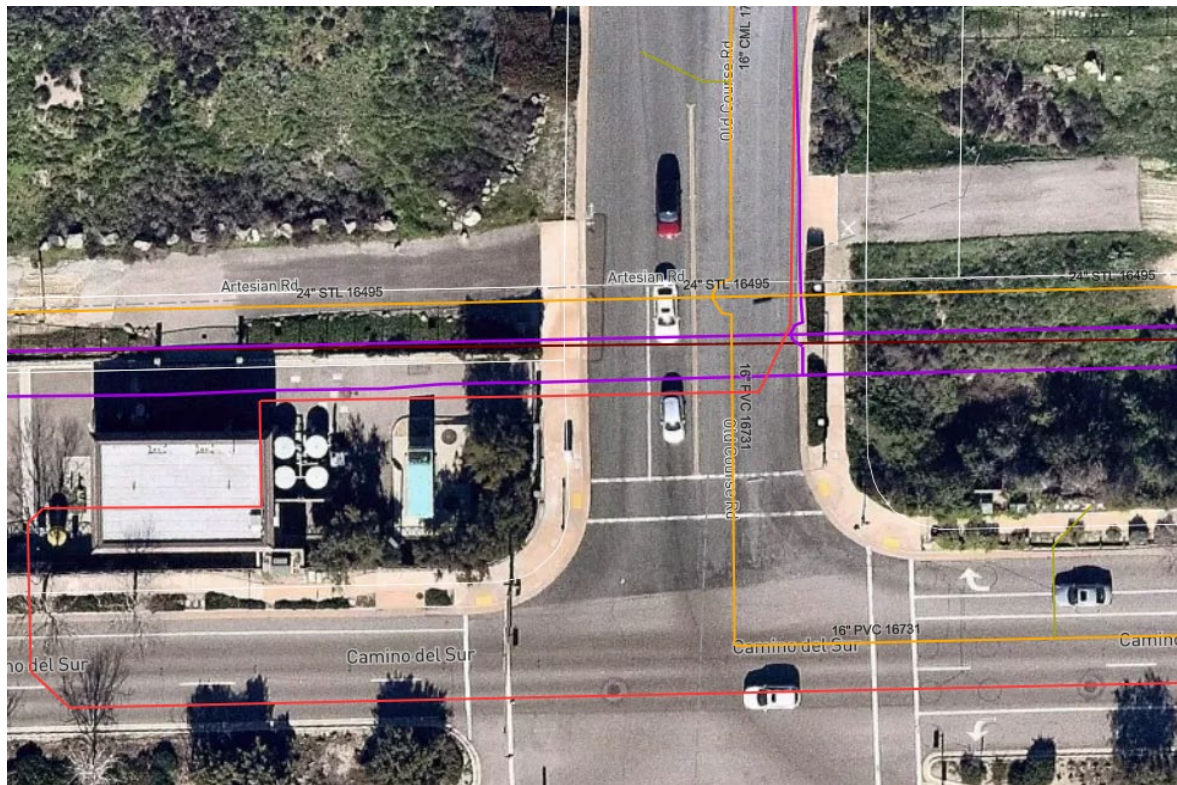
Staff is available to answer questions.

Attachment(s):

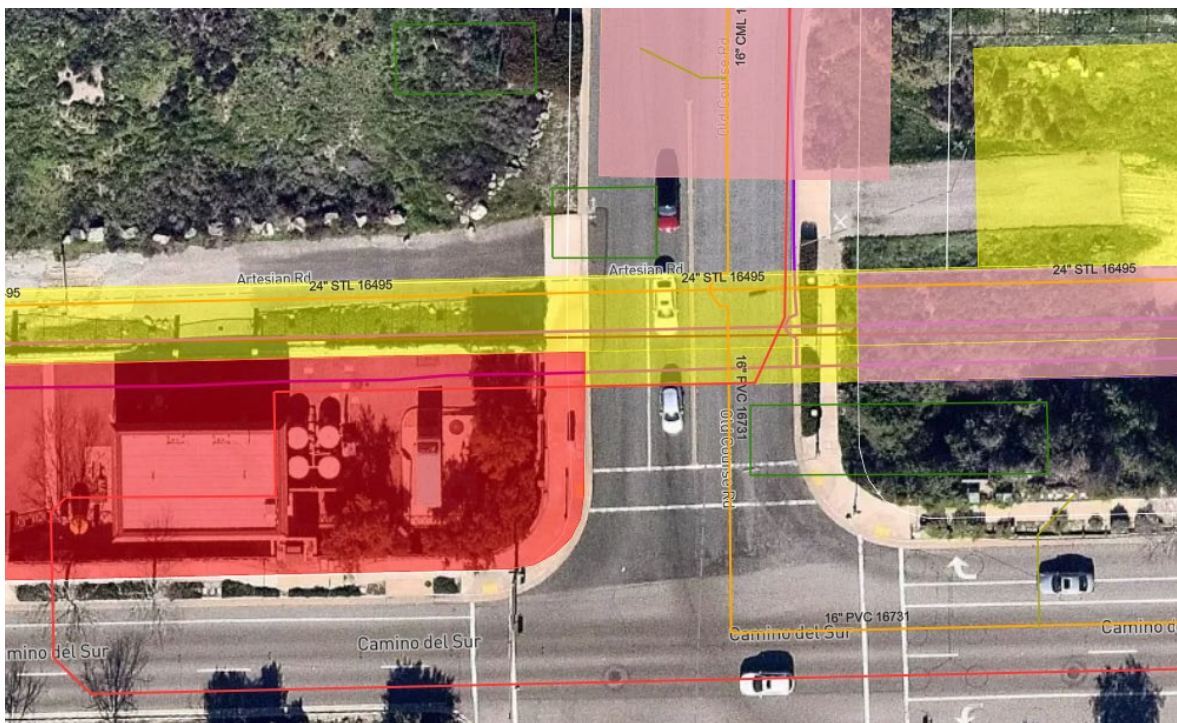
Sample GIS Maps, EAM Report, and proposed applications for new modules

Professional Services Agreement

Presentation/Live Demo of service applications

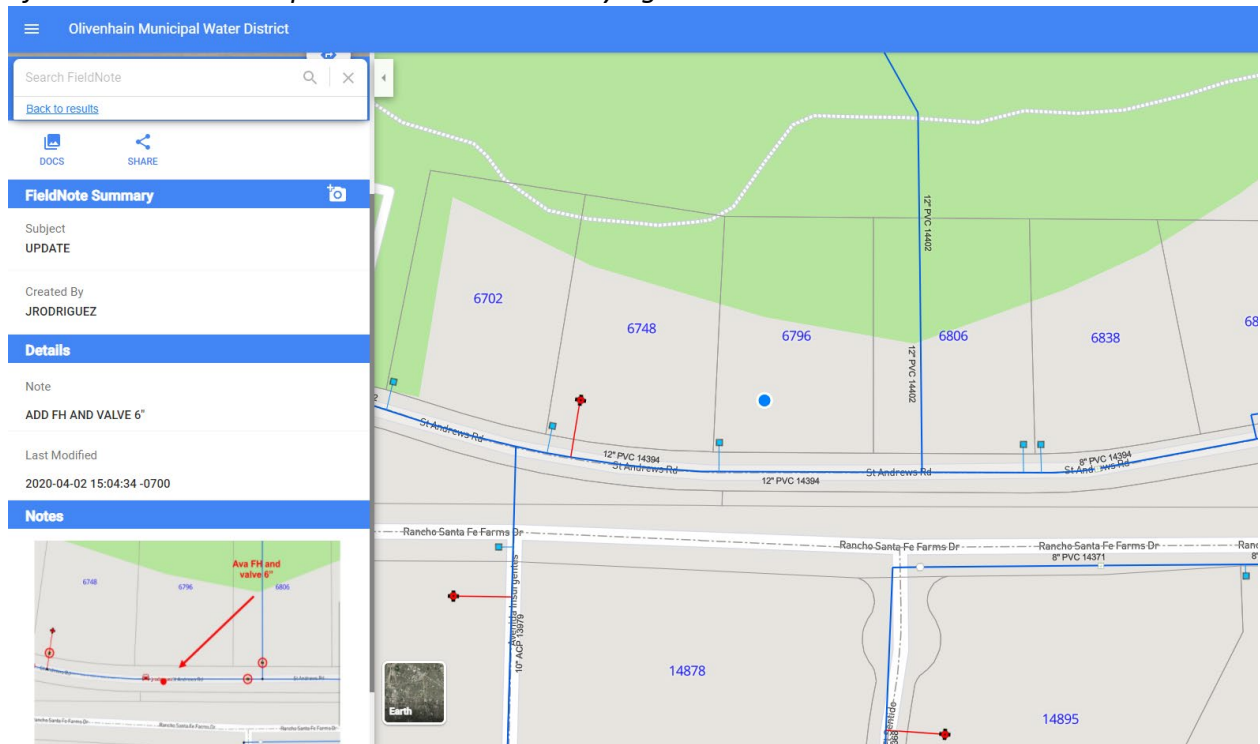


Screenshot showing water, recycled water and sewer main pipelines in Camino Del Sur. Clicking on any of the pipeline opens a link to the improvement plan set for that pipeline.

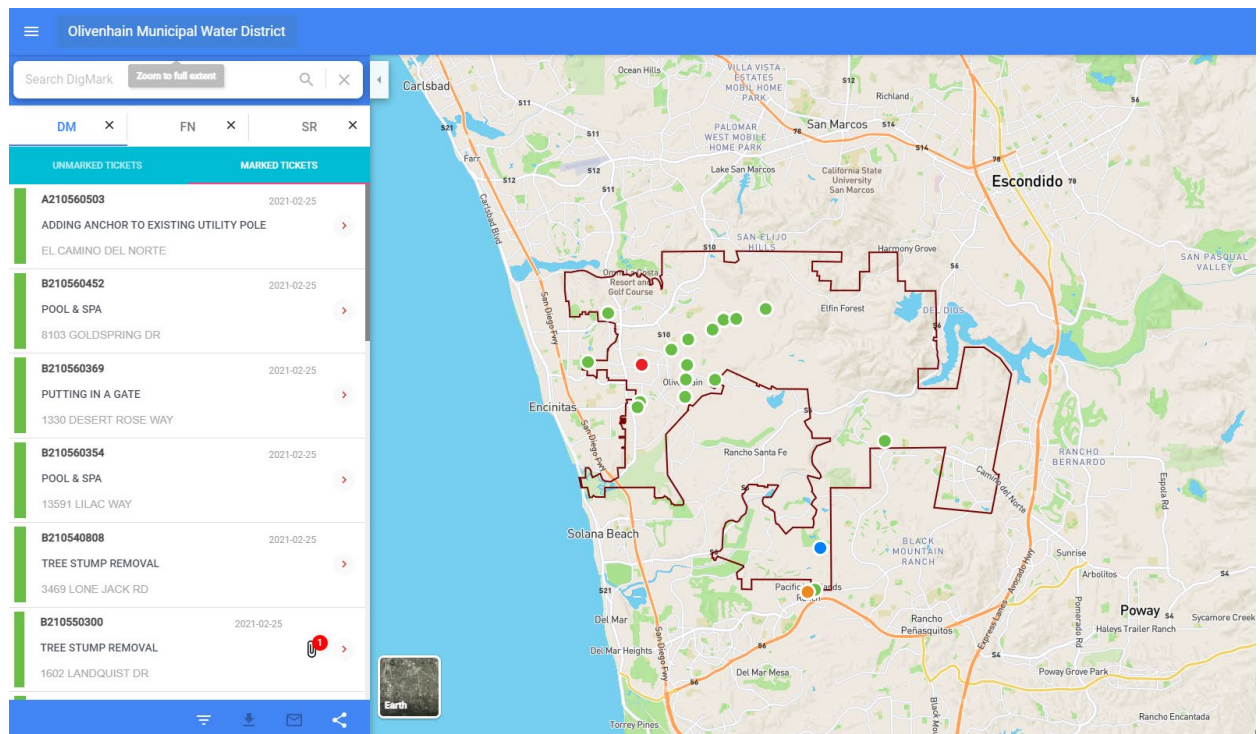


Screenshot showing District easements and fee sites overlaid on the aerial. Clicking on any

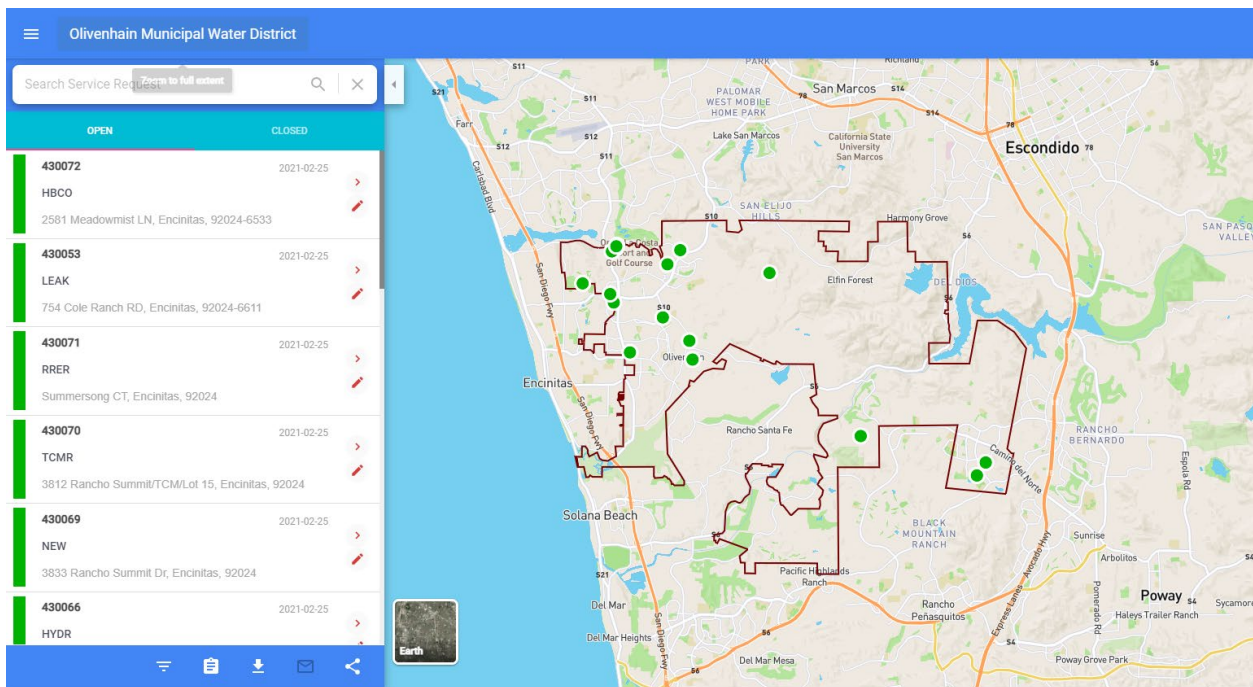
of the colored areas opens a link to the underlying document.



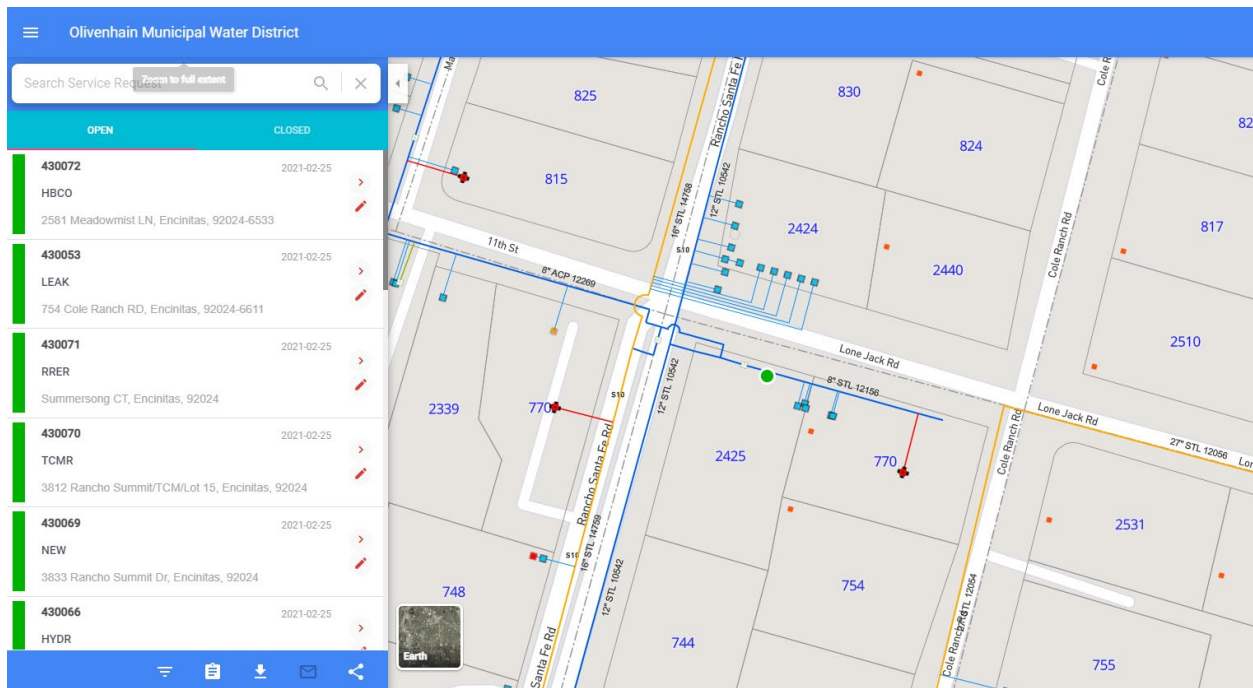
Screenshot of Field Note with attached correction ready for review by Engineering for approval to send to Nobel for update.



Screenshot of Dig-Alert mark-out requests, color-coded for priority.



Screenshot of the Customer Service Order module. The green dots show the locations of the Service Orders to allow staff to be routed more efficiently.



Screenshot of map drill-down when Service Order is selected.

Olivenhain Municipal Water District

Search Service Request

Back to results

430053

CHECK FOR LEAK

Directions

REPORT

DOCS

SHARE

Service Request Problem

Request Type

CHECK FOR LEAK

Service Message

CUSTOMER HAD A LEAK WITH A USAGE OF 4 CUBIC AND GOT IT REPAIRED AS OF THE 15TH, I AM UNABLE TO SEE ANY DATA UPDATE SINCE THEN. CUSTOMER IS REQUESTING SOME ASSISTANTS ON VERIFYING THE LEAK/METER READING

Duty Service Order?

FALSE

Status

OPEN

Department

Last Modified

2021-02-26 00:27:40

Assigned To

MFERGUSON

Completed By

Customer Info

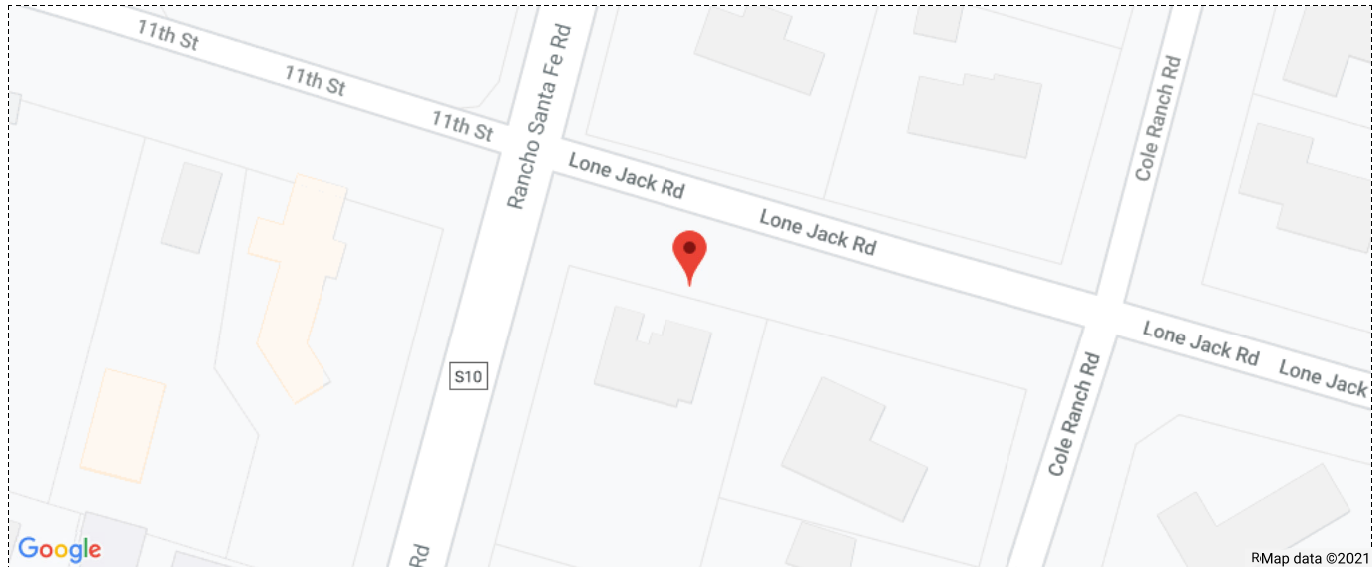
Account Number

Service Address

COLE RANCH RD, ENCINITAS, 92024-6611

Olivenhain Municipal Water District

CIS Service Order



Details

Service Order Number: 430053

Account Number: [REDACTED]

Service Order Type: LEAK

Created Date: 2021-02-25 04:27 PM

Service Address: [REDACTED] Cole Ranch RD, Encinitas, 92024-6611

Problem: Customer had a leak with a usage of 4 cubic and got it repaired as of the 15th, i am unable to see any data update since then. Customer is requesting some assistants on verifying the leak/Meter reading

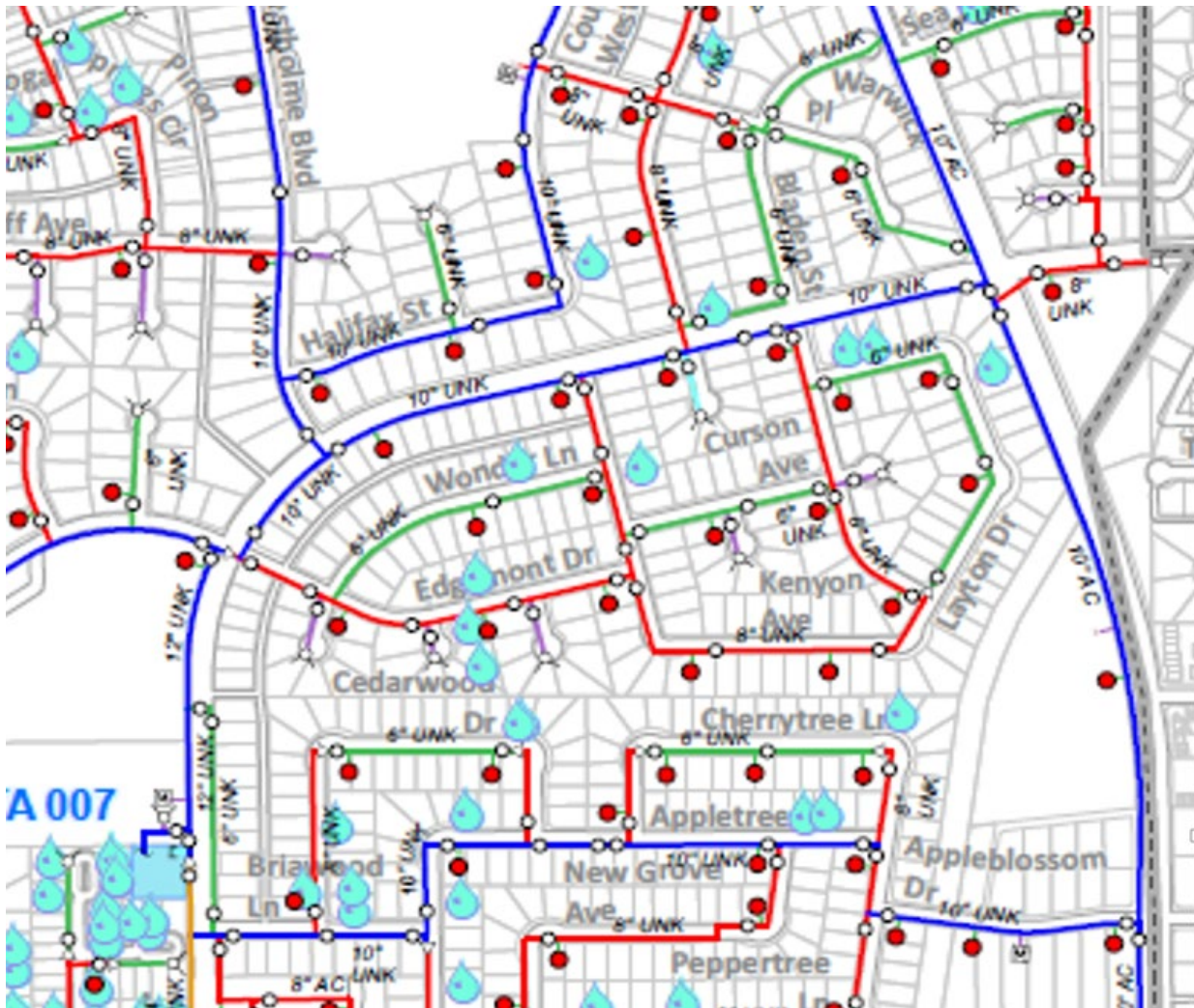
Status: Open

Completed Date:

Completed by:

CompletionComments:

Screenshot of Service Order detail from GeoViewer Mobile



A sample report for leaks in a particular area over a selected period of time. Proposed application under the new Field Forms module.

PROFESSIONAL SERVICES AGREEMENT
GEOVIEWER SOFTWARE SUBSCRIPTION AND SUPPORT SERVICES
FOR THE OLIVENHAIN MUNICIPAL WATER DISTRICT

21AGRXXX
PROJECT NUMBER

This Agreement is entered into by and between the Olivenhain Municipal Water District, a Municipal Water District organized and operating pursuant to Water Code Sections 71000 *et seq.* (hereinafter the District) and Nobel Systems, Inc., a California corporation organized and operating in the State of California (hereinafter “CONSULTANT”).

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

1. The District is a public agency organized and operating pursuant to Water Code Sections 71000 *et seq.*, which provides water, recycled water, and sewer service within certain areas of Northern San Diego County.

2. The District requires the services of an ESRI geographic information system (GIS) third party interface to provide maintenance and management of the District’s GIS and update other databases that have been integrated with the GIS database.

3. CONSULTANT is a GIS applications company providing enterprise level access to the District’s GIS database hosted by CONSULTANT. CONSULTANT is licensed to do business in the State of California.

4. The District desires to retain CONSULTANT to provide maintain and manage the GeoViewer application and other databases that have been integrated with the GIS data, and provide technical support to the District.

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

1. Services to Be Performed. CONSULTANT agrees to perform all work and services in strict accordance with the work described here below and are more particularly

described in the Scope and Cost Proposal attached hereto as Exhibits “A” through “H” and incorporated herein by reference. All work performed by CONSULTANT shall be subject to review and approval by the District. The District shall have no obligation to approve any work found defective by the District, in its sole discretion.

1.1 Hardware. CONSULTANT shall procure and maintain all necessary computer hardware to provide the District with access to all District data on the GeoViewer cloud applications at all times during the Agreement, except during the mutually agreed-upon time frame for system maintenance as described in Exhibit “F”.

At all times during this Agreement, CONSULTANT shall provide the District with complete redundancy for all hardware being provided by CONSULTANT, including a secure tier 4 colocation facility with an application hardware uptime of 99.99%.

1.2 Software. CONSULTANT shall provide the appropriate licenses to the District to access all District data in the GeoViewer cloud applications for GeoViewer Online and GeoViewer Mobile twenty-four (24) hours a day and seven (7) days a week with the exception of the mutually agreed-upon time frame for system maintenance as described in Exhibit “F”; and

As a material term of this Agreement, CONSULTANT agrees that the software and applications provided to the District will meet all of the functionality of all of the features contained in Exhibit “B”; and

1.3 Technical Support and Training. CONSULTANT shall provide the District with all required technical support and training on the use of all GeoViewer applications in accordance with the requirements contained in Exhibit “C”; and

1.4 Map Updates and Data Conversion Services. CONSULTANT agrees to provide map updates and data conversion services in accordance with all of the terms and requirements contained in Exhibit “D”; and

1.5 Data Updates. CONSULTANT agrees to provide the District with data updates in accordance with all of the requirements contained in Exhibit “E”; and

1.6 Performance Requirements. CONSULTANT shall maintain the GeoViewer system at all times to meet the performance specification contained in Exhibit “F”.

2. Correction of Defective Work. CONSULTANT agrees to correct all labor or materials found defective by the District at its sole cost and expense. All work found defective by the District shall be corrected in the time specified by the District by written notice to CONSULTANT.

3. Subscription Fees and Price for Work. CONSULTANT agrees to perform all work described in Exhibits “A” through “H” for an annual subscription fee per the following schedule: \$144,160 per year effective May 1, 2021

In addition to the standard GeoViewer subscription fee, CONSULTANT will charge a one-time setup fee of \$15,000 for Infor EAM integration.

No increase in this price shall be allowed without the express written consent of the District. The District shall have no obligation to grant this consent and may deny consent to any price increase, in its sole discretion.

4. Payment for Work. Other than the annual subscription fee, which will be invoiced in April for payment in May, CONSULTANT shall bill the District monthly for all labor and materials provided during the previous month. All billings shall include a complete description of all work completed during the previous month, including hours and costs of each person performing time and materials work and shall also include a detailed description of progress to date on each task of work described in Exhibits “D” and “H”. All bills shall be subject to review and approval by the District. Invoices approved by the District will be paid on a monthly basis thirty (30) days after the invoice has been approved by the District. The District shall have no obligation to pay for any work not expressly approved by the District. The District’s approval shall not be unreasonably withheld. CONSULTANT shall provide the District with any additional information requested by the District from time to time to support any item contained on an invoice no later than seven (7) days after a written request for this information from the District.

5. Extra Work. The District may request additional work or services from CONSULTANT from time to time, as the District shall determine, in its sole discretion. CONSULTANT shall not commence any extra work without a written change order expressly approved by the District, in writing. Work performed by CONSULTANT without an approved change order signed by the District will not be paid for by the District. In the event the District determines that additional work is justified, the parties shall agree on the additional work to be performed and the price to be paid for this additional work prior to commencement of any additional work by CONSULTANT. It is understood by the parties that CONSULTANT shall not be entitled to any payment for extra work unless the District determines that it desires extra work to be performed and a written change order has been executed by the parties. Attached as Exhibit "I" is the Request for Additional Work Form required by the District for all requests for additional work or task transfers.

6. Software Licenses. It shall be the sole responsibility of CONSULTANT to ensure that all appropriate hardware and software licenses have been obtained by CONSULTANT for the GeoViewer system at CONSULTANT's sole cost and expense with the exception of the Infor API, which shall be the responsibility of the District to obtain. CONSULTANT agrees to hold harmless, indemnify, and defend the District and its directors, officers, employees, agents, and independent contractors from and against any and all liability, claims, causes of action, suits, actions, damages, losses, costs, fees, expenses, fines, and penalties, of whatever type or nature, including all costs of defense and attorney fees, based upon any claim that CONSULTANT has misappropriated or engaged in the unlawful use of any intellectual property, trade secret, patent, trademark, hardware, or software for the GeoViewer system belonging to any other person or entity, except claims and causes of action caused by the sole active negligence or intentional misconduct of the District or its directors, officers, employees or agents. In the event that any administrative proceeding, litigation or arbitration is instituted naming the District or any other indemnified parties as a defendant, the District and such other indemnified party shall be entitled to appoint their own independent counsel to represent them, and CONSULTANT agrees to pay all reasonable attorney's fees, expert fees and costs, District staff time and litigation costs associated with this defense within thirty (30) days of any billing.

7. Use of CONSULTANT's Software by the District. As part of this Agreement, CONSULTANT may create software applications that are specifically designed by CONSULTANT for the District's use. Except in the case of any breach of this contract by CONSULTANT, CONSULTANT shall retain all proprietary rights to this software. However, in the event that CONSULTANT, its successors or assigns breaches any terms, covenant, or condition of this Agreement, all proprietary software created by CONSULTANT, its successors or assigns for the District in accessing any District data on the GeoViewer system shall become the sole property of the District and the District shall have the express right to the use and transfer of all such proprietary software as determined appropriate by the District in its sole discretion.

If the District exercises its right of unilateral termination as provided in Paragraph 14 of this Agreement and CONSULTANT is not in breach of any provision of this Agreement, CONSULTANT, its successors or assigns hereby grant an unrestricted license to the District and its employees, consultants and agents to use all software that has been developed by CONSULTANT, its successors or assigns for use by the District in accessing all District data on the GeoViewer system for an unlimited term. Following termination of this agreement by the District in accordance with Paragraph 14 of this Agreement, if CONSULTANT has not breached this Agreement, the District will pay CONSULTANT, its successors or assigns the total sum of \$5000.00 per month commencing with the first day of the first month following delivery of written notice of termination of this Agreement by the District, and continuing on the first day of the month thereafter, as a license fee to CONSULTANT, its successors or assigns for the District's unrestricted use of all software developed for the District for an unlimited term. If CONSULTANT, its successors or assigns has breached any provision of the Agreement and the District terminates, CONSULTANT, its successors or assigns shall not be entitled to any license fee for use or transfer of the software.

8. Database Backup Copies and Updates to be Provided to the District. As a material term of this Agreement, CONSULTANT shall provide a complete set of up to date data for mapping, imaging, and database systems on a quarterly basis. CONSULTANT shall provide at least one license of the viewing application or applications required to use the data. In addition to the data updates, CONSULTANT shall annually provide an updated PDF of the Potable,

Recycled and Sewer System books in a printable format and a spreadsheet listing all sheets that have been changed since the last submittal and the number of the transmittal(s) that caused the change.

9. Product Updates and New Releases. CONSULTANT, its successors or assigns shall promptly notify the District, in writing or via e-mail, of any new updates or releases pertaining to the GeoViewer system that has been developed by CONSULTANT, its successors or assigns.

10. Standard of Care. In performing all work and services required by this Agreement, CONSULTANT agrees to use the highest degree of skill and expertise ordinarily exercised, under similar circumstances, by a by GIS design, integration, and data conversion experts with expertise in design, operation, integration, and maintenance of a GIS system and the other services described in the Scope and Cost Proposal attached as Exhibits “A” through “H” including project management and administration. As a material term of this Agreement, CONSULTANT warrants and represents that it has secured all licenses required by federal or California law to perform all work and services required by this Agreement. CONSULTANT agrees to perform all work required by this Agreement at all times in strict accordance with all applicable federal, state, and local laws and regulations which apply to the labor or materials being provided.

11. Work Performance Standards. CONSULTANT agrees to perform all work and services required by this Agreement in a manner which complies with all federal and state health and safety standards and in a manner which avoids damage or injury to any real or personal property of any person or entity, including any real or personal property of the District. CONSULTANT agrees to perform the work at all times in a manner which avoids the creation of any trespass or private or public nuisance during conduct of the work.

12. Liability for Work of Agents, Independent Contractors, and Subcontractors. CONSULTANT shall be solely liable and responsible for all labor and materials provided by any director, officer, agent, employee, subcontractor, supplier, or independent contractor hired or retained by CONSULTANT to perform any work or to provide any materials or supplies. The

District shall have no liability whatsoever for any work or services performed or any materials or supplies provided by CONSULTANT or its directors, officers, agents, employees, subcontractors, suppliers, or independent contractors.

13. Terms of Agreements. This agreement shall commence on May 1, 2021 and shall continue for a term of three (3) years from the date of commencement.

The District shall have the right to extend the contract term by exercising up to three (3) one-year options to extend the term of this Agreement. The District election to extend the Agreement shall be via written notice to CONSULTANT of its election to extend the term of the Agreement on or before the expiration of the prior term.

14. District Termination Right. The District shall have the express right to terminate this Agreement at any time without cause by giving seven (7) consecutive days advance written notice to CONSULTANT. This Agreement shall be automatically terminated without further action of any party upon expiration of the seven (7) day period. Promptly upon receipt of any termination notice from the District, CONSULTANT shall cease all further work and services, except as otherwise expressly directed by the District in the written termination notice. In the event the District exercises its termination right, CONSULTANT shall be paid only for work and services performed and approved by the District to the date this Agreement terminates. The District shall have the express right to withhold any payment otherwise due CONSULTANT to correct any labor or materials determined to be defective by the District at the time of termination. All plans, maps, drawings, reports, designs, or other writings of any type or nature prepared by CONSULTANT as a result of this Agreement shall become and remain the sole property of the District. All such writings shall be provided to the District not later than seven (7) consecutive days after termination of this Agreement for any reason. All labor, supplies, work and materials provided by CONSULTANT in conjunction with this Agreement shall become and remain the sole property of the District.

15. Independent Contractor. As a material term of this Agreement, it is expressly agreed between the parties that CONSULTANT is performing all work and services for the District pursuant to this Agreement as an independent contractor and not as an agent or

employee of the District. The parties further agree and acknowledge that the District expects CONSULTANT to make its own independent determination of the means and methods to perform all work required by this Agreement, and will not be directed as to any of these means or methods by the District.

16. Conflicts of Interest Prohibited. As a material term of this Agreement, CONSULTANT shall not in any way attempt to use its position to influence any decision of the District in which it knows, or has reason to know, its has a financial interest other than the compensation provided in this agreement. As a material term of this Agreement, CONSULTANT warrants and represents that it does not, to the best of its knowledge, have any economic interests which would conflict with any of its duties under this Agreement. CONSULTANT agrees not to secure any economic interest during the performance of this Agreement which conflicts with its duties to the District under this Agreement.

17. Breach. The breach of any term or provision of this Agreement by CONSULTANT shall constitute a material breach of this Agreement.

18. District Remedies for Breach. In the event CONSULTANT breaches any term, covenant, or condition of this Agreement or fails to perform any work or services required by this Agreement, the District shall be entitled to elect all or any of the following remedies at the District's sole option:

18.1 Unilateral Termination. Unilaterally terminate this Agreement by written notice to CONSULTANT. Upon election of this remedy by the District, Paragraph 10 governing District Termination Right shall apply; or

18.2 Specific Enforcement. Enforce any provision of this Agreement by specific performance. If this remedy is elected by the District, CONSULTANT agrees that specific performance is appropriate and reasonable given the unique and special services being performed by CONSULTANT and expressly waives the right to contest the right of the District to seek specific performance in any subsequent action or proceeding between the parties; or

18.3 File suit against CONSULTANT for damages arising from breach of this Agreement. In the event the District elects this remedy, it shall be entitled to recover all damages authorized by law; and/or

18.4 The District shall be entitled to withhold such amounts as the District determines are appropriate, in its sole discretion, to complete the work or services required by this Agreement, or to correct any labor or materials resulting from CONSULTANT's negligence.

In the event the District is required to pay any sum or amount to complete any labor or materials services required by this Agreement, or to correct any labor or materials resulting from CONSULTANT's negligence, amounts paid by the District shall earn interest at the rate of one percent (1%) per month from the date of payment until the District is repaid in full.

19. Insurance. At all times during the term of this Agreement, CONSULTANT must maintain a commercial liability insurance policy, workers' compensation insurance, and professional liability insurance in strict accordance with all terms of this paragraph. The insurance required by this paragraph shall be provided as follows:

19.1 Liability Insurance. Following execution of this Agreement, and prior to commencement of any work, CONSULTANT shall provide the District with proof of liability insurance coverage with an insurance company licensed to do business in the State of California and acceptable to the District, providing \$1,000,000 of coverage per occurrence and \$2,000,000 minimum aggregate. The liability insurance coverage shall include each of the following types of insurance:

A. General Liability:

- | | |
|-----------------------------------------|---------------------------------------------------------------|
| 1. Comprehensive Form | 6. Contractual Insurance |
| 2. Premises-Operations | 7. Broad form Property Damage, Including Completed Operations |
| 3. Explosion and Collapse Hazard | 8. Independent Contractors |
| 4. Underground Hazard | 9. Personal Liability |
| 5. Projects/Completed Operations Hazard | |

B. Auto Liability

1. Comprehensive Form
2. Owned
3. Hired

The policy shall include contractual coverage sufficiently broad to insure the matters set forth in the section entitled “Indemnity” in this Agreement. The deductible amount shall not exceed \$5,000.00. Also included in such insurance shall be a “cross-liability” or “severability of interest” clause.

19.2 Workers’ Compensation Insurance. Following execution of this Agreement and prior to commencement of any work, CONSULTANT shall submit proof of insurance showing they have obtained, for the period of the agreement, full workers’ compensation insurance coverage for no less than the statutory limits covering all persons whom CONSULTANT employs or may employ in carrying out the work under this agreement.

19.3 Professional Liability Insurance. Following execution of this Agreement, and prior to commencement of any work, CONSULTANT shall provide the District with proof of professional liability insurance with an insurance provider licensed to do business in the State of California, providing \$1,000,000 of coverage per occurrence and \$2,000,000 minimum aggregate. This insurance shall have a deductible not to exceed \$5,000.

19.4 ACORD Certificate of Liability Insurance and Additional Insured Endorsements. All insurance required by Paragraph 16.1, 16.2, and 16.3 of this agreement shall be submitted on an ACORD Certificate of Liability Insurance. Insurers must be authorized to do business and have an agent for service of process in the State of California and have an ‘A’ financial strength rating and a financial size rating of at least Class VI in accordance with the most current A.M. Best’s Rating Guide. Additional Insured Endorsements must be provided for the Liability Insurance called out in Paragraph 16.1 with the **Olivenhain Municipal Water District (District), the District’s Engineer/Architect, the District’s Representatives, CONSULTANT s, and each of the District’s Directors, Officers, Agents, and Employees** named as additional insureds. The insurance must include a Waiver of Subrogation and must be Primary and non-Contributory. The additional insured endorsements must be provided on Form CG 20 10 10 01. The insurance certificate and endorsements shall be cancelable with notice delivered to the District in accordance with the policy provisions.

20. Job Site Safety. CONSULTANT shall be solely liable and responsible for complying with all federal, state and local laws, rules and regulations pertaining to job safety for all agents, employees, subcontractors, suppliers, and independent contractors retained by CONSULTANT to perform any work or services or to provide any materials required by this Agreement. However, CONSULTANT shall not be liable or responsible for overall job site safety or the job site safety for any workers or agents employed by any construction contractor performing any work for the District on any construction project.

21. Indemnity. As a material term of this Agreement, CONSULTANT agrees to hold harmless, indemnify, and defend the District and its directors, officers, employees, agents, and representatives from and against any and all demands, liability, claims, suits, actions, damages, costs, fees, expenses, fines, and penalties, of whatever type or nature, including, but not limited to, reasonable attorney fees, to the extent arising out of, pertaining to, or relating to the willful misconduct, recklessness, or negligence of CONSULTANT, including its directors, officers, employees, agents, subcontractors, sub-consultants, suppliers, independent contractors, or other persons and entities employed or utilized by CONSULTANT in the performance of this Agreement. In the event that any administrative proceeding, litigation or arbitration is instituted naming the District or any other indemnified parties as a defendant, the District and such other indemnified parties shall be entitled to appoint their own independent counsel to represent them, and CONSULTANT agrees to pay all reasonable attorneys fees, expert fees and costs, and litigation costs associated with this defense within thirty (30) days of any billing; provided however, that the CONSULTANT's obligation shall be limited as provided by Civil Code Section 2782.8 to the extent that the CONSULTANT establishes its proportionate percentage of fault by stipulation of all the parties to the proceeding or a final adjudicatory determination.

22. Miscellaneous Provisions.

22.1 California Law Governs. This Agreement shall be governed by California law.

22.2 Jurisdiction and Venue. In the event of any legal or equitable proceeding to enforce or interpret the terms and conditions of this Agreement, the parties agree that

jurisdiction and venue shall lie only in the federal or state courts in or nearest to the North County Judicial District, County of San Diego, State of California.

22.3 Modification. This Agreement may not be altered in whole or in part except by a written modification approved by the Board of Directors of the District and executed by all the parties to this Agreement.

22.4 Attorneys' Fees. In the event any arbitration, action or proceeding is initiated to challenge, invalidate, enforce or interpret any of the terms of this Agreement, the prevailing party shall be entitled to all attorneys' fees, all expert fees and costs, and all litigation fees, costs, and expenses in addition to any other relief granted by law. This provision shall apply to the entire Agreement.

22.5 Entire Agreement. This Agreement, together with all exhibits attached hereto, contains all representations and the entire understanding between the parties with respect to the subject matter of this Agreement. Any prior correspondence, memoranda, or agreements, whether or not such correspondence, memoranda or agreements are in conflict with this Agreement, are intended to be replaced in total by this Agreement and its exhibits. CONSULTANT warrants and represents that no District representative has made any oral representations or oral agreements not contained in this Agreement. CONSULTANT further warrants and represents that CONSULTANT has not relied upon any oral statements or promises made by any District representative or agent in executing this Agreement. The parties mutually declare that this Agreement and its exhibits constitute a final, complete and integrated agreement between the parties.

22.6 Prohibition on Assignment. CONSULTANT shall not be entitled to assign or transfer all or any portion of its rights or obligations in this Agreement without obtaining the express prior written consent of the District. The District shall have no obligation to give its consent to any assignment and may deny any requested assignment, in its sole discretion.

22.7 Binding Effect. This Agreement shall inure to the benefit of and be binding upon the parties and on their respective purchasers, successors, heirs and assigns.

22.8 Unenforceable Provisions. The terms, conditions, and covenants of this Agreement shall be construed whenever possible as consistent with all applicable laws and regulations. To the extent that any provision of this Agreement, as so interpreted, is held to violate any applicable law or regulation, the remaining provisions shall nevertheless be carried into full force and effect and remain enforceable.

22.9 Representation of Capacity to Contract. Each party to this Agreement represents and warrants that he or she has the authority to execute this Agreement on behalf of the entity represented by that individual. This representation is a material term of this Agreement.

22.10 Opportunity to be Represented by Independent Counsel. Each of the parties to this Agreement warrants and represents that it has been advised to consult independent counsel of its own choosing and has had a reasonable opportunity to do so prior to executing this Agreement.

22.11 No Waiver. The failure of either party to enforce any term, covenant or condition of this Agreement on the date it is to be performed shall not be construed as a waiver of that party's right to enforce this, or any other, term, covenant, or condition of this Agreement at any later date or as a waiver of any term, covenant, or condition of this Agreement. No waiver shall occur unless the waiver is expressly stated in writing and signed by the person for the party having the authority to expressly waive the benefit or provision, in writing. No oral waivers shall be effective against either party.

22.12 No Joint Venture and No Third Party Beneficiaries. Nothing in this Agreement is intended to create a joint venture, partnership or common enterprise relationship of any kind between the District and CONSULTANT. No third parties shall be construed as beneficiaries of any term, covenant or provision of this Agreement.

22.13 Time of Essence. The parties agree that time is of the essence as to all matters specified in this Agreement. The parties mutually declare that this is a material term of this Agreement.

22.14 Notices. All letters, statements, or notices required pursuant to this Agreement shall be deemed effective upon receipt when personally served, transmitted by facsimile machine, or sent certified mail, return receipt requested, to the following addresses or facsimile numbers:

To: "CONSULTANT"
Nobel Systems, Inc.
Attn: Michael Samuel, President
436 E. Vanderbilt Way
San Bernardino, CA 92408

To: "District"
Olivenhain Municipal Water District
Attn: General Manager
1966 Olivenhain Road
Encinitas, California 92024

22.15 Effective Date. The effective date of this Agreement executed in counterparts in Olivenhain, California, within the North County Judicial District, County of San Diego, State of California, is _____, 2021.

Dated: _____, 2021

Olivenhain Municipal Water District,
a public agency

By: _____
Kimberly A. Thorner
General Manager

Dated: _____, 2021

Nobel Systems, Inc.

By: _____
Michael Samuel, President

Exhibit A

Minimum Hardware:

The GeoViewer cloud applications do not require any server infrastructure. Since the GeoViewer Mobile application only works on iOS at this time, field crews will require Apple iPhones or iPads. GeoViewer Desktop application will require Internet Explorer version 11+ at the minimum, and will work on all major browsers, including IE Edge, Google Chrome, Mozilla Firefox.

Nobel has always researched and sought to use the latest and greatest technologies to provide better service to our customers. For this reason, Nobel Systems set out on an extensive R&D effort and decided to shift to the MapBox to host the data. Nobel Systems uses powerful NodeJS servers, and utilizes the technologies of top cloud service providers (AWS and Google), and has branched out into the new Internet of Things Space. All these efforts resulted in a dramatic improvement of speed, performance, and overall efficiency of our applications. We are constantly researching and will develop newer tools every month.

The District will have unlimited licenses/users to access GeoViewer Online and GeoViewer Mobile applications as a part of this agreement.

Exhibit B

Nobel will provide the appropriate licenses to District to access its data using the following software:

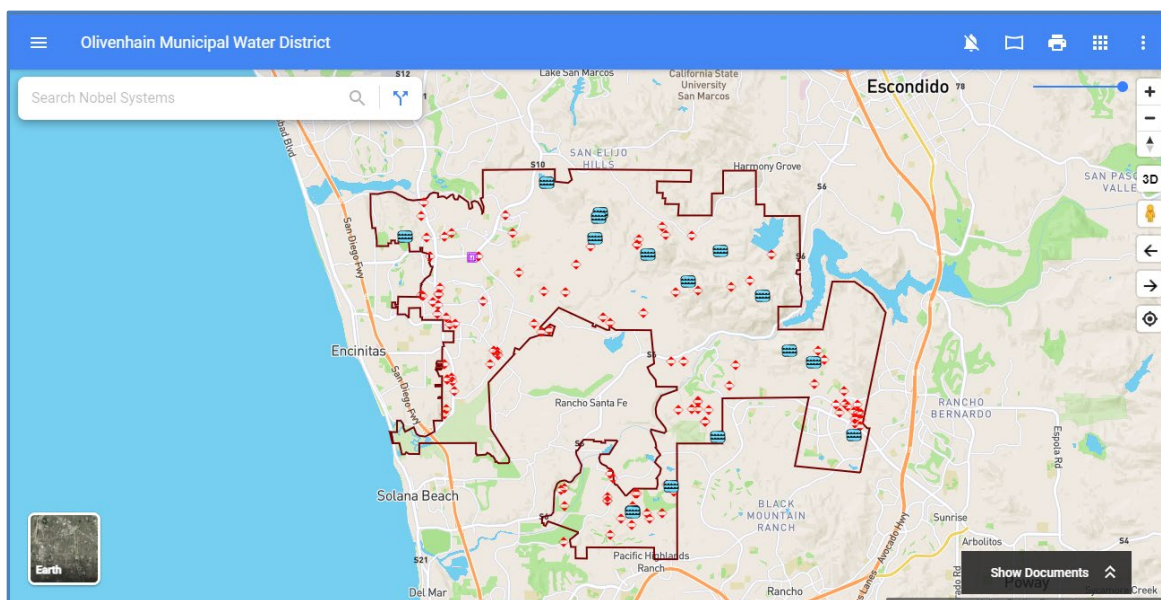
Base GIS application (GeoViewer Online and GeoViewer Mobile) – See description below

The GeoViewer cloud platform utilizes NoSQL as its primary data store to manage big data quickly and efficiently. Most utilities have changing needs as they grow with their enterprise software. They need to add new fields to run reports, modify their business intelligence dashboards, etc. Our NoSQL database allows for these changes to be made quickly and easily. The system shall be capable of allowing public access but shall not allow public access except as directed by the District.

GeoViewer Online:

Nobel's cloud solution, GeoViewer Online, is hosted on servers in a secure tier-4 colocation data facility with an application availability uptime rating of 99.99%. GeoViewer supports the use of several browsers including Google Chrome, Internet Explorer (Version 11+), Firefox, and Safari.

Nobel will provide enterprise level access to the District with individual secure user ID's to manage and distribute to department employees for accessing the GeoViewer Online service. Based upon user ID and associated Groups the end-users will have access to departmental spatial datasets, Google imagery, Google street view and other local government geospatial data through a user-friendly interface. Each user will have unlimited use of GeoViewer Online for as long as the contract remains in force.



- **Interface:** The system is intuitive, user friendly and graphically oriented so that it could be used by anyone without prior training in GIS
- **Performance:** Quick load of data that averages to less than 5 seconds load and/or refresh time for large datasets such as aerial photographs
- **Flexibility & Scalability:** The system could be easily customized to accommodate the present and future needs of any client
- **Reliability:** Our hosting services and application (GeoViewer Online) are available 24 hours a day and seven days a week (24/7)
- **Accessibility Control:** Access to the application and user rights are protected by password; public (password-free) access to selected or all GIS data layers could be provided, if desirable
- **IT Friendly:** Our GeoViewer Online requires basic IT knowledge and computer technical specifications to install, maintain and update –if hosted in client’s servers
- **Free of Proprietary or Third-Party Software:** It does not require any third party or proprietary software on the client–end (user).

Industry Best practices and platform:

The GeoViewer approach to this objective is quite simple. GeoViewer offer an easy-to-use, intuitive interface to Geographic Information Systems that provides the casual user with the ability to access the information they need with little or no formal training.

The main objectives of the system include,

- Ability for non-GIS staff to use the system effectively with less than four hours of training.
- Provide access to interactive water atlas maps from staff desktops through web browser.
- Locate and view an area of interest anywhere within the service area.
- Provide secured access to only authorized users.
- Map updates are seamlessly delivered to system users without any lag time.
- Provide an extensible system that can be enhanced to provide broader functionality and adapt to future software and functionality enhancements.
- Enable direct integration with geographic data repositories, asset management information, linked image libraries, and other information associated with water system infrastructures.

The GeoViewer was designed with the following assumptions in mind:

- Casual GIS users want fast, easy access to relevant information.
- Casual GIS users do not have the time or desire to learn about topology, Shapefiles, ARC/INFO, theories of GIS, etc.
- Casual GIS users do not want to have to add themes, assign colors, change theme properties, etc.

- Casual GIS users do not want to be bothered with the task of doing map composition. They would much rather print their maps with a standardized template.
- Casual GIS users do not typically need to make large maps themselves and are perfectly happy printing an 8 1/2 by 11 map on a laser or ink jet printer. For the more advanced users, GeoViewer Online Supports multiple paper sizes that is only restriction is the clients printing device.
- Casual GIS users' needs are simple -- They need GeoViewer
- The GeoViewer is a robust and easy to use Enterprise Geographic Information Interface. The GeoViewer is extremely flexible and can be tailored to any dataset.

We at Nobel Systems strongly believe that the functionality provided by GeoViewer will satisfy the needs of the City. The list of features provided by GeoViewer includes but not limited to:

Standard GeoViewer Features:

- Standard map navigation including pan, zoom in and zoom out, full extent
- Layer Display
- Creation of Spatial Bookmark
- Google Street View
- Vicinity map that can be used to set the extent of main map, pan the main map, and display the current extent of the main map.
- Property Search. Search by parcel number, situs address, or owner name.
- Supports ESRI Shapefiles, Coverages, Geodatabases, and CAD Drawings
- Also supports a wide variety of images including MrSid.
- Intuitive Select Toolbar. Select multiple features in multiple themes and:
- Find features within a specified distance and generate mailing labels.
- Measure area and length
- Display contents of the selected set in a table format.
- Print map with a title, scale, and neat line.
- Link any number of layers to unlimited number of external databases
- Hyperlink scanned documents to features for easy retrieval.
- GPS location
- Legend and Search Option for Parcels, Valve Number etc.

Nobel Systems has customized the application to include the following:

- Water facilities
- Sewer facilities
- Reclaimed water facilities
- Parcel and street landbase
- Easement GIS database
- Other OMWD GIS layers
- Scanned easement document images, linked to the easement GIS layer

GeoViewer Mobile:

By leveraging the latest smart-map and synchronization technology, Nobel's GeoViewer Mobile' is easy to use and was designed to streamline field workflow processes to help manage day-to-day operations. GeoViewer Mobile's advanced technology allows field staff to view, analyze and collect data, online or offline without ever having to worry about impractical syncing procedures. GeoViewer Mobile extends smart map technology beyond the office and provides staff with real-time data to make accurate decisions and collaborate in both office and field environments. Nobel understands the value of mobile mapping to organizations needing immediate access to real-time information, regardless of location, and offers a range of tools that help your staff make informed decisions in the field. GeoViewer is accessible on any device, providing unparalleled service to staff on the go or working in the field. GeoViewer Mobile integrates with existing ERP business systems, SCADA, CMMS, CIS, GPS, LIMS, CCTV, and other enterprise systems. Manage information ranging from open work orders from CMMS to viewing latest SCADA measurements on telemetry equipment.



Powerful Functionality:

- Online/Offline Work Modes
- Search, Display, Redlining, Bookmarks, Pan, Zoom
- Identify & View Object Locations & Asset Data
- View Customer Data, Work History, Service Calls, As-Built De-sign Drawings, and more
- Process Driven Modules for Daily Field Work Order, Inspections and Condition Assessment data collection
- Integrated GPS & Camera for Field Data Collection & Stream-lined GIS Updates
- Custom GeoViewer Modules available for USA Dig Alert, Work/Service Order Management, Valve Isolation Analysis, Leak Data Collection and Hydrant Flushing data collection
- City can view the data that were collected in the field through iPad and generate the reports by using GeoViewer online application.

Exhibit C

Nobel will provide tech support in accordance with Exhibit C

- 1) Types of support
 - a) Phone – From 6.30 AM to 7 PM Monday through Friday
 - b) On-Site – upon request, up to one visit per month at no charge.
 - c) Fax - Nobel shall respond to fax requests for information within 24 hours.
 - d) Email - Nobel shall respond to email requests for information within 24 hours.
 - e) Problem Resolution System - Nobel shall provide a problem and resolution (PAR) tracking mechanism, which documents issues or data content anomalies, which require review and resolution by Nobel. Typically, PAR forms are generated as needed, reviewed by the project manager, and then forwarded to Nobel.
 - f) Error correction – Any errors found by the District that are due to Nobel's miscoding the data will be fixed at no charge to the District. Should the errors be due to the source being in error, these will be fixed on a time and materials basis at \$50 per hour.
- 2) Amount of support shall be unlimited.
- 3) Communication support and configuration - Nobel, while not strictly liable for communication system performance, shall provide a good faith effort to assist the District in configuring a communication system that will interface with Nobel's system and achieve maximum speed of data transfers.
- 4) Training – Annually, Nobel will provide a one-day training seminar once a year at the District's office at no extra charge.

Exhibit D

Nobel will provide map update and data conversion services in accordance with the following:

- 1) Annual base map update – Nobel will integrate the base map data provided by SanGIS within 60 days of receipt of this data on an annual basis. All required database adjustments shall be included in this update process. This annual update shall be performed at no cost to the District.
- 2) Periodic development related data conversion:
 - a) Single services or hydrants - Nobel shall add individual services, laterals, hydrants, blowoffs, or similar features that can be drawn on an 8 1/2 x 11 sheet for the price of \$75 per sheet and an 11 X 17 sheet for the price of \$120. This shall include any required database modifications and imaging of document.
 - b) Multi home plans – Subdivision plan and profile drawings on large-scale sheets shall be imaged and drawn into the system and database for the sum of \$ 185 per sheet. Revisions to the as-builts will cost \$75 per sheet.
 - c) Reservoirs, pump stations or other features shall be added to the system as needed and the cost will be determined based on the size of the project.
 - d) Easements shall be added to the system, imaged, and added to the databases for \$50 per easement. This is based on 5 (five) 8 1/2 x 11 sheets total. Each additional sheet above five and less than 20 per easement will cost \$10. Each sheet over 20 per easement shall cost \$5.
- 3) Hourly Costs for time & materials-based work
 - a) Project Director - \$150 per hour
 - b) Project Manager - \$120 per hour
 - c) Systems Architect - \$120 per hour
 - d) Senior Applications Developer - \$100 per hour
 - e) Senior GIS Analyst - \$100 per hour
 - f) Bangalore support services - \$50 per hour

All direct costs are included.

Exhibit E

Nobel will provide Data updates in accordance with the following:

- 1) Service Order Integration –
 - a) Nobel Systems has integrated to CIS to allow service orders to be sent to GeoViewer Mobile on the field and once completed post back to CIS
 - b) Nobel Systems will also link the meter data to GeoViewer in real time allowing District staff to search any account in GeoViewer and pull the data from CIS
- 2) Maintenance database updates - Nobel shall access the data on the District's various maintenance databases at least once per week and insert the data residing in those files in appropriately linked databases on the GIS server. These databases are yet to be defined but shall be designed to meet the database design standards. These databases could include, but are not limited to the following:
 - a) Valve turning
 - b) Hydrant/BO/easement maintenance
 - c) System Operator Inspection logs
 - d) Inspection Notes
- 3) Digital Images - Nobel will provide a system that District staff can use to link digital images to various features in the GIS system. We would expect that approximately 250 JPEG images of 5 MB size per each would be uploaded to the system. An indexing system shall be devised so that these images can be retrieved in an orderly manner. The images will be emailed to Nobel Systems, to a predetermined email address, dedicated to receiving image files.
- 4) Database copies - Nobel shall provide a complete set of up-to-date data for mapping, imaging, and database systems on a quarterly basis. These data shall be provided on **Box.com** or any other shared link and shall be labeled with the nature of the data and the date. In addition, Nobel shall provide an updated PDF of Potable Water, Recycled Water and Sewer valve books and changes.

Exhibit F

Performance Requirements:

- 1) System Uptime – the District shall have access to the GIS data at all times except during allowable maintenance time periods set forth below:
 - a) Weekdays – 12:00 AM to 2:00 AM
 - b) Weekends, holidays – 10:00 PM to 2:00 AM
- 2) Emergency restart – If the District has an emergency need for data during one of the allowable maintenance periods, Nobel shall restart the system and provide access within 30 minutes of notification by telephone.
- 3) Liquidated damages – Nobel shall not be held liable for any liquidated damages caused by the system being out of service.

EXHIBIT G

1. SUBSCRIPTION FEES:

YEARLY SUBSCRIPTION FEES: \$144,160.000 per year with effect from May 1, 2021. The details are below:

Description	Costs
GeoViewer Online (Enterprise License)	\$50,000.00
GeoViewer Mobile (Enterprise License)	\$18,760.00
CIS Service Order Integration Hosting Subscription	\$20,000.00
Asbuilt Plans Hosting (Fixed Fee)	\$12,000.00
USA DigAlert Module Hosting subscription	\$2,400.00
Valve Exercise Module Hosting subscription	\$2,400.00
Network Car Integration with GeoViewer Hosting Subscription	\$2,400.00
Hydrant Flushing Module Hosting subscription	\$2,400.00
Field forms development**	\$9,800.00
Infor Work Order Integration	\$20,000.00
GIS Data Sync to Infor Support and Atlas Book PDF file creation	\$4,000.00
Total Costs	\$144,160.00

Notes:

1. The above subscription fees include the unlimited number of Asbuilt plans hosting.
2. Field forms development subscription includes the following modules plus any new data collection forms that will be requested by the District throughout the year.
 - Sewer Line Cleaning Module
 - Manhole Inspection Module
 - Backflow Inspection Module
 - Leak Data Collection Module
 - CCTV Inspection Module
 - Leak Data Collection Module
 - Recycled Valves Inspection Module
 - Blow-off Inspection Module
 - Dead-End Inspection Module
 - Cathodic Protection Annual Pipeline Assessment Module
 - Service Line Module

3. Infor Work Order Integration Subscription Includes all the modules listed below plus any new data collection module that will be added in later date.

- Valve Exercise Module
- Hydrant Flushing Module
- Blow Off Inspection Module
- Dead End Inspection Module
- Sewer Line Cleaning Module
- Manhole Inspection Module
- Backflow Inspection Module
- Leak Data Collection Module
- CCTV Inspection Module
- Leak Data Collection Module
- Recycled Valves Inspection Module
- Blow-off Inspection Module
- Cathodic Protection Annual Pipeline Assessment Module
- Service Line Module

Optional Costs:

Hydraulic Modeling Development / Setup Costs	-	\$10,000 (Onetime fee)
Hydraulic Modeling Support / Hosting Costs	-	\$15,000 (Annual Costs)

EXHIBIT H

Infor Integration with GeoViewer Mobile application Setup Costs - \$15,000 (Onetime fee)

Costs Breakdown details:

Team Member	Hourly Rate	Total Hours	Costs
Project Manager	\$120	8	\$960
System Architect / IT Manager	\$120	22	\$2,640
Senior Application Developer	\$100	114	\$11,400
Total Costs			\$15,000

EXHIBIT "I"

Olivenhain Municipal Water District
Request for Additional Work
(Includes Authorization to Perform Additional Services and Inter-Task Transfers)

Consultant name _____ Request # _____

Project name _____ Date Required _____

Project Task	Current Budget	Change	Revised Budget
			\$0.00
			\$0.00
			\$0.00
Total Contract Change Amount		\$0.00	\$0.00

Original Project Budget	_____
Prior requests approved	_____
This request	\$0.00
Revised Project Budget	_____

Reason for requested change(s), please attach supporting documentation

Signature of consultant representative _____ Date _____
e-mail _____

Email the completed form to cbarrow@olivenhain.com or mail to 1966 Olivenhain Rd., Encinitas, CA. 92024

OMWD use only below this line

Approved by _____ Date _____

N/A _____ 18AGR002
Workorder number(s) to charge _____ OMWD Record No.

Original to General Manager

☐

Copies to

Originating Dept. ☐

Consultant ☐

Project Acct ☐

Nobel System GeoViewer / GeoMobile Information and Demo

OMWD Board Meeting
March 17, 2021



USA DigAlert Notification/Management

Facility Locating response requirements:

- Within 2 working days of initial notification, not including day of notification
- Required to utilize the DigAlert Positive response system
- Required to accurately mark facilities within delineated work zones (2-ft tolerance)
- Required to maintain records within parameters of record retention policy
- The Nobel platform is the key tool that allows us to get the job done right

USA DigAlert Notification/Management

Summary of Features:

- Dig Alert notification tracking
- Real time updates for Dig alert ticket's
- Data management system for logging and recording facility mark-out information, photos, and notes
- Integration to CA positive customer response system
- As-Built availability across multiple device platforms
- System information and layout mapping
- Allows for increased efficiency and is a essential tool to protecting District assets.

USA DigAlert Notification/Management



As-Built Plan/Right-of-Way (ROW) Data Management

Summary of Features:

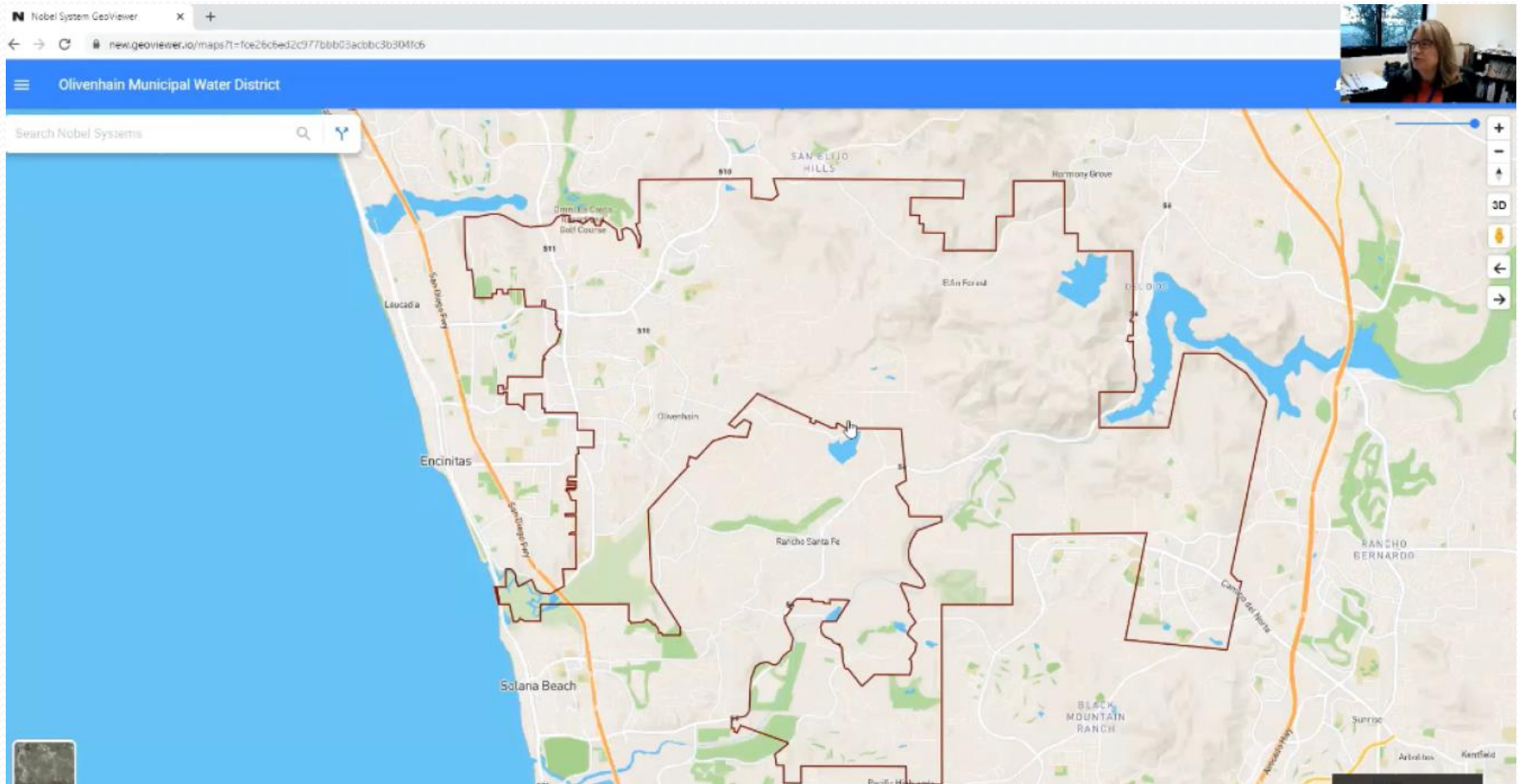
As-Built Plans -

- As-Built pipeline & facility drawings stored in Geoviewer
- Drawings searchable by assigned Barcode number
- Pipelines & facilities shown diagrammatic in Geoviewer

Right-of-Way -

- Recorded District Right-of-Way documents, including easements, quitclaims, joint use agreements, encroachment permits, and grant deeds stored in Geoviewer
- Documents searchable by assigned easement number
- Right-of-ways shown diagrammatic in Geoviewer

Data Management



Valve Isolation (Shutdown) Management

Summary of Features:

- Faster response time during emergencies
- Better communication between field and office crews
- Critical valve information
 - Historical data
 - Technical data, i.e. type, max torque, max number of turns
- Coordination with impacted customers
- Visual tracking of valve status
- Integration with EAM = efficiency; less paperwork and saves time

Valve Isolation (Shutdown) Management

VALVE ISOLATION MANAGEMENT

When time is of the essence...



CIS Customer Service Order

CIS Infinity/GeoViewer Mobile Integration

Summary of Features:

- Replaces paper-based service order processing
- Service orders opened by office staff are now transmitted immediately to Field Services Technician (FST) tablets in the field.
- GIS allows for the closest FST to respond, improving speed of service.
- FSTs can now open, update, and close service orders without returning to headquarters
- Details about the service order are immediately transmitted back to office staff, equipping them with the info necessary to effectively respond to customer inquiries
- Efficiency, speed of response to customers, and completeness of records have all improved dramatically

CIS Customer Service Order CIS Infinity/GeoViewer Mobile Integration



Questions?

Memo

Date: March 17, 2021
To: Olivenhain Municipal Water District Board of Directors
From: Geoff Fulks, Operations Manager
Via: Kimberly A. Thorner, General Manager
Subject: **CONSIDER APPROVAL OF CHANGE ORDER NO. 6 WITH C.E. WILSON CORPORATION IN THE AMOUNT OF \$28,400, APPROPRIATE \$50,000 TO THE VALVE REPLACEMENT PROJECT BUDGET AND AUTHORIZE THE GENERAL MANAGER TO SIGN ON BEHALF OF THE DISTRICT**

Purpose

The purpose of this agenda item is to consider approval of Change Order No.6 (CO#6) with C.E. Wilson Corporation (C.E. Wilson), appropriating funds in the amount of \$50,000 to the Valve Replacement project (VRP) and authorize the General Manager to sign on behalf of the District (OMWD). Change Order No.6 provides for additional rubberized asphalt per City of Carlsbad requirements, associated support contracts, and staff time.

Recommendation

Staff recommends approval of CO#6, appropriation of \$50,000 to the project budget and authorization for the General Manager to sign on behalf of OMWD.

Alternatives

The Board could choose to deny this change order or request staff to negotiate different terms.

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 the inconvenience to OMWD customers. The VRP has been identified as a District Annual Objective to reduce the broken valve backlog and keep pace with the anticipated valve failure rate.

For FY 20/21, staff developed a project with a scope of 80 valves in the Encinitas and Carlsbad areas. For the 80 valves to be replaced, approximately 45 different shutdowns took place. Staff from Construction, System Operations, and Field Services departments handle coordination and execution of each shutdown. Following a pre-qualification process, a contract in the amount of \$803,350 was awarded to C.E. Wilson Corporation at the January 15, 2020 board meeting. C.E. Wilson was issued a Notice to Proceed in February with a scheduled time for completion of no later than June 30. However, shortly after work commenced, the project was suspended for health and safety reasons due to COVID-19 restrictions.

The VRP resumed in June 2020 and staff issued contract change order #1 for the inclusion of an additional valve for \$19,540 and added 185 calendar days to the contract. CO#1 resulted in a revised contract completion date of December 31, 2020. The General Manager approved CO#1 in June 2020. In July 2020, the City of Carlsbad performed an asphalt overlay that required OMWD to raise our valve boxes to grade. Change Order No.2 for \$19,710 was approved by the General Manager in July 2020. Change Orders No.3 & No.4 were approved by the General Manager in August and October 2020 respectively. The change orders were issued to document valve location changes from the original contract with no cost increase.

Due to COVID-19 delays, new requirements from the City of Carlsbad and the addition of 8 in-house valve repairs, an additional \$500,000 was requested to be appropriated to the project budget. The Board approved the requested project appropriation at the November 18, 2020 meeting. Following the project appropriation, the City of Carlsbad changed their work day requirements which resulted in a change to weekend work. C.E. Wilson was able to comply with the new schedule for a \$9,707 contract increase. Change Order No.5 was approved by the General Manager on November 23, 2020.

Fiscal Impact

Funds for this project in the amount of \$750,000 were approved with the FY20/21 Capital and Operating Budget at the June 17, 2020 board meeting. An additional appropriation for \$500,000 was requested and approved by the Board at the November 2020 meeting. CO#6 also contains a request for an additional 180 calendar days.

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

In which Fiscal Year did this project begin? **Ongoing since FY 2006**

Total Project Budget: **\$9,121,000 (10-Year Capital Spending Plan FY 2020-2030)**

Original Approved Fiscal Year Appropriation : **\$750,000**

Additional Approved Fiscal Year Appropriations: **\$500,000**

Total Approved Current Fiscal Year Appropriations: **\$1,250,000**

Target Project Completion Date: **06/30/2021**

Expenditures and Encumbrances as of (February 22, 2021): **\$1,268,183**

Is this change order within the appropriation of this fiscal year? **No**

If this change order is outside of the appropriation, Source of Fund: **Capital and Equipment Fund**

Discussion

Staff has completed an additional eight valves as discussed at the November 2020 board meeting. Two of the valves were larger diameter 12" valves in high traffic areas that were multi-day projects requiring traffic control. Staff is pleased to report that the in-house replacements were completed efficiently with minimal disruption to customers.

During the course of the VRP, an important branch valve was replaced on La Costa Avenue and Dehesa Court within the City of Carlsbad's rubberized paving moratorium area. Staff negotiated with the City of Carlsbad to reduce the size and cost of the large moratorium patch, but unfortunately, the type of rubberized asphalt to match the La Costa Avenue paving is produced infrequently and could not be procured until later in the year. C.E. Wilson is available to install the rubberized asphalt per the City of Carlsbad requirements in late March 2021 for \$28,400. The installation of the rubberized asphalt also requires material and backfill testing by a Geo-Technical consultant. OMWD has an As-Needed Agreement with Ninyo & Moore who can provide the requested testing for \$1,000. The addition of 180 calendar days to the project will allow C.E. Wilson to procure the specified asphalt and will revise the project end date from December 31, 2020 to June 30, 2021. The additional appropriated funds will cover CO#6, geo-technical testing, and any staff time required to complete the project.

Staff is available to respond to questions.

Attachment(s):
Change Order No.6

CONTRACT CHANGE ORDER

Owner: **OLIVENHAIN MUNICIPAL WATER DISTRICT**

OMWD PROJECT NO.
D120075

Project: Valve Replacement Project Excavation and Paving Support Services
Contract FY 2019-2020

Contractor: C.E. Wilson
Corporation

CONTRACT CHANGE ORDER NO. 6

Date: February 23, 2021

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	Cost Impact	Schedule Impact
1. Schedule modification	N/A	180 (One Hundred Eighty) Calendar Days
2. Grind 2" of Existing AC (1,920 SF), Export Soils, Tack Place 2" PMAC PG64-28 Rubberized AC. Includes Traffic Control	\$28,400	
TOTAL	<u>N/A</u>	<u>90 (Ninety) Calendar Days</u>

Original Contract Amount: \$803,350

Total Previous Change Orders (Through CCO #5): \$48,957.51

Total this Change Order #6: \$28,400

Revised Contract Amount: \$880,707.51

Original Contract Completion Date: June 30, 2020

Total Calendar Days Added from Previous Change Orders (Through CCO #5): 185 (One Hundred Eighty Five)

Total Calendar Days Added with this Change Order #6: 180 (One Hundred Eighty)

Revised Contract Completion Date: June 30, 2021

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.

☐ IF ACCEPTABLE TO THE CONTRACTOR, THIS CHANGE ORDER IS EFFECTIVE IMMEDIATELY.

Prepared by Construction Manager

Geoff Fulks, Operations Manager

Date

Accepted by CONTRACTOR

Approved by OWNER

C.E. Wilson Corporation

Date

Kimberly A. Thorner, General Manager

Date

Memo

Date: March 17, 2021
To: Olivenhain Municipal Water District Board of Directors
From: Joseph Randall, Assistant General Manager
John Carnegie, Customer Services Manager
Via: Kimberly A. Thorner, General Manager
Subject: **CONSIDER AGREEMENT WITH AQUAI TECHNOLOGIES FOR PARTICIPATION
IN INDOOR WATER CONSUMPTION PILOT STUDY**

Purpose

This item presents for the board's consideration an agreement through which OMWD would partner in a water conservation pilot study led by Aquai Technologies and Dr. Wesley Schultz.

Recommendation

Staff recommends approval of the agreement with Aquai Technologies by which to conduct the water conservation pilot study.

Alternative(s)

- The board may choose not to participate in the conservation study.
- The board may direct staff as otherwise deems appropriate.

Background

OMWD has a history of working with outside researchers and firms in order to better inform water industry conservation programs.

Two of these past efforts have been led by Dr. Wesley Schultz. In 2009, OMWD partnered with Dr. Schultz, California State University San Marcos, and green technology firm Aquacue, Inc. on a study that examined the effectiveness of positive and negative reinforcement of customers' water-related behaviors. This study also assisted in securing technical data by which to improve interfaces between water meters and internet-based customer information portals. In 2015, the board approved an agreement with CSUSM by which Dr. Schultz led a behavioral study of residential commitment-making as a strategy to reduce residential irrigation. Messaging conducted during the study was helpful in allowing OMWD to surpass throughout the summer the water use reduction target of 32 percent imposed by the State Water Resources Control Board.

Fiscal Impact

There is no direct fiscal impact to OMWD as a result of staff's recommendation but for the dedication of staff time. This staff time is necessary for such activities as review of recruitment materials and preparing and transmitting water consumption data, and its estimated value is not expected to exceed \$3,000.

Discussion

Aquai Technologies is a local firm that has developed appliance micro meter hardware and reporting infrastructure that can provide water customers with a more granular view of their water use, such as length of showers, water used during those showers, and water lost to leaks in toilets. Aquai's micro meters are installed in line with the actual toilet or shower. They have been engineered to accurately measure water flow, detect leaks, and report water use patterns. Each sensor is battery-operated and can run for over two years. Each sensor has also been tested under very rigorous conditions, including water pressures in excess of 300 PSI, far exceeding the typical pressures found in households (60 PSI). The Aquai application and data infrastructure associated with this hardware is built on Amazon Web Services, providing a secure and reliable data management and reporting infrastructure.

Aquai has teamed with Dr. Wesley Schultz and Action Research to build a study to determine how the detailed consumption data made available through the new

hardware will impact customer behavioral changes. Dr. Schultz believes that the level of data provided by this hardware and self-reported conservation actions will lead to a reduction in indoor water use of 8 to 12 percent.

To conduct the study, Aquai requires willingness to participate among approximately 300 water users in AMI-equipped, owner-occupied, single-family homes. To this end, Aquai approached OMWD for assistance recruiting participants into the study.

Attached for the board's consideration is an agreement proposed by Aquai. If approved, the agreement details the approach Aquai will take to conducting the study and the responsibilities of each party.

For recruitment purposes, it is anticipated that postcards would be sent to random samples of eligible homes until the desired number of participants have opted in. Postcard recipients would be under no obligation to respond to the postcard; participation in the study is optional. Customers that choose to opt in would take a short online intake survey which would include authorizing disclosure of meter data by OMWD to the project team for the course of the study.

Recruitment would take place in April and early May, with the pilot study beginning in early summer. Micro meters would be installed at participating customer properties by a licensed and specially trained plumber at Aquai's expense. Data collected through the pilot study would be collected and analyzed through late summer, and made available to OMWD in the fall.

Staff has worked with Aquai to ensure that the agreement offers adequate protections to OMWD and its customers. The agreement proposes to thoroughly indemnify OMWD against all claims and damages. The agreement also reasonably assures the protection of customer data against unauthorized disclosure, and requires that OMWD staff provide final authorization prior to distribution of any public-facing recruitment materials. General Counsel has reviewed and approved the agreement.

Benefits to OMWD include increased water use efficiency among those customers participating the program, access to the study data to help guide device-based conservation programs, and more granular data about water loss that OMWD customers experience at indoor fixtures. Participation in the study will demonstrate that OMWD is continuing to take every opportunity to assist customers in managing their water use. Additionally, participation is likely to be well-received by the State Water Resources Control Board when OMWD reports its demand management measures and efforts to meet water use targets.

Aquai's Mike Enkerlin and Dr. Wesley Schultz will be present at the board meeting to provide an overview of the proposed study.

Attachments:

Proposed agreement with Aquai Technologies

**AGREEMENT FOR PARTICIPATION IN INDOOR WATER CONSUMPTION PILOT STUDY
BETWEEN AQUAI TECHNOLOGIES AND OLIVENHAIN MUNICIPAL WATER DISTRICT**

This Agreement (this “Agreement”) is entered into by and between Olivenhain Municipal Water District, a Municipal Water District organized and operating pursuant to Water Code Sections 71000 *et seq.* (hereinafter the District) (the “District”), and Aquai Technologies, Inc., a California corporation organized and operating in the State of California (hereinafter “Aquai”).

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

1. The District is a public agency organized and operating pursuant to Water Code Sections 71000 *et seq.*, which provides water, recycled water, and sewer service within certain areas of northern San Diego County.
2. Aquai is a technology company that develops, manufactures, and distributes products that detect and stop water leaks and water waste, licensed to do business in the State of California.
3. Aquai desires to perform a pilot project for testing the efficacy of its water measurement products at preventing lost water due to leaky toilets, reducing shower length and reducing household water usage through real-time feedback within the District boundaries, as further set forth on Exhibit A hereto (the “Pilot”), using the District data set forth on Exhibit B hereto (the “Data”).
4. The District desires to permit Aquai to perform the Pilot within the District’s boundaries and to provide to Aquai access to the households within the District’s boundaries and the Data, on the terms and subject to the conditions set forth in this Agreement.

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

1. Data Access. The District agrees to provide to Aquai the Data associated with the households selected by Aquai to participate in the Pilot within the District’s boundaries for the purposes of the Pilot. All currently available Data will be provided to Aquai prior to the

beginning of the Pilot, on the schedule requested by Aquai. The District agrees to provide to Aquai any future Data as it becomes available, on an hourly basis. The households to participate in the Pilot shall be selected by Aquai and randomly assigned into treatment and control groups. The District will provide such Data in instances where the Data currently exists, will exist, or is expected to exist. The District is not required by this Agreement to obtain Data beyond what it collects or has collected for its own business uses during the course of normal business. Data provided to Aquai shall be encrypted when in motion and when at rest (i.e., disk storage), using industry standard encryption methods and procedures. Aquai shall configure and maintain appropriate access controls to the data, and shall provide audit logs to the District upon request. The District will share Data with Aquai only for those customers that have expressly authorized the District in writing to share with Aquai the Data specified in this Agreement. Under no circumstance will the District provide Aquai with any Data for which the water customer has not provided its express written authorization to share with Aquai. The District must review and approve in writing all public-facing recruitment material prior to its distribution and is under no obligation to grant its approval (though its approval may not be unreasonably withheld). The parties acknowledge and agree that the District shall not incur any costs on Aquai's behalf in connection with the Pilot or this Agreement, except as specifically set forth in this Agreement.

2. Compliance with Law. Aquai represents and warrants that it has secured all licenses required by federal or California law necessary for the Pilot. Aquai agrees to perform all work required by the Pilot in accordance with all applicable federal, state, and local laws and regulations which apply to the labor or materials being provided.

3. Work Performance Standards. Aquai agrees to perform all work and services for the Pilot in a manner which complies with all federal and state health and safety standards and in a manner which avoids damage or injury to any real or personal property of any person or entity, including any real or personal property of the District. Aquai agrees to perform the work at all times in a manner which avoids the creation of any trespass or private or public nuisance during conduct of the work.

4. Liability for Work of Agents, Independent Contractors and Subcontractors.

Aquai shall be solely liable and responsible for all labor and materials provided by any director, officer, agent, employee, subcontractor, supplier or independent contractor hired or retained by Aquai to perform any work or to provide any materials or supplies. The District shall have no liability whatsoever for any work or services performed or any materials or supplies provided by Aquai or its directors, officers, agents, employees, subcontractors, suppliers or independent contractors.

5. Termination; Pause of Pilot. In the event of any material breach by either party of any obligation under this Agreement, the other party, at its sole discretion, may terminate this Agreement by giving to the other party at least thirty (30) days prior written notice, provided that the other party does not cure the breach or default (if it is curable) during such thirty (30) days; provided, that during such thirty (30) day notice period, the parties shall attempt to resolve the claim underlying such breach informally by meeting as often as the parties or their appointed representatives deem necessary to discuss and attempt to mutually resolve the claim in good faith. Those provisions of this Agreement that by their nature are intended to survive termination or expiration of this Agreement shall so survive. In addition, in the event of any technical or other operational or business issues related to the Pilot, Aquai reserves the right to pause the Pilot and work with the District to determine the best path forward, including restarting the Pilot at a later date. In the event Aquai pauses the Pilot without the District's prior written consent, the District in its sole discretion reserves the right to terminate this Agreement by giving Aquai thirty (30) days prior written notice.

6. Confidential Information. Each party (the "Receiving Party") hereby agrees that, except with the prior written permission of the disclosing party (the "Disclosing Party"), it shall at all times hold in confidence and trust and not use or disclose any confidential information of the Disclosing Party provided to or learned by the Receiving Party in connection with this Agreement, except to the minimum extent necessary: (i) as required by any court or other governmental body, provided that the Receiving Party provides the Disclosing Party with prompt notice of such court order or requirement to enable the Disclosing Party to seek a

protective order or otherwise to prevent or restrict such disclosure; (ii) to the Receiving Party's legal or financial counsel; (iii) in connection with the enforcement of this Agreement or rights under this Agreement; or (iv) to comply with applicable law. The parties agree that confidential information of the Disclosing Party shall not include information that (a) was lawfully in the Receiving Party's possession prior to disclosure of such information by the Disclosing Party; (b) was, or at any time becomes, available in the public domain other than through a violation of this Agreement; (c) is documented by the Receiving Party as having been independently developed by the Receiving Party outside the scope of this Agreement; or (d) is furnished to the Receiving Party by a third party not under an obligation of confidentiality to the Disclosing Party. Each party understands and agrees that there may be no adequate remedy at law for the Disclosing Party under this paragraph in the event of any breach, or threatened breach, and the Disclosing Party, in addition to any other remedies available, shall be entitled to seek injunctive relief to prevent any breach of this paragraph or to minimize the consequences thereof, without the requirement of having to post a bond. Aquai is permitted to share any Data with Action Research and Dr. Wesley Schultz to the extent necessary to execute the Pilot, provided that Aquai shall remain responsible for the handling and disclosure of any Data by Action Research and Dr. Schultz. Aquai acknowledges and agrees that Action Research and Dr. Schultz may not use any Data for any other purpose outside of the Pilot, except as otherwise permitted by the District. Aquai acknowledges and agrees that the District is a local public agency subject to the Public Records Act, California Government Code sections 6250 *et seq.*

7. Independent Contractor. It is expressly agreed between the parties that Aquai is performing all work and services in connection with this Agreement as an independent contractor and not as an agent or employee of the District. The parties further agree and acknowledge that the District expects Aquai to make its own independent determination of the means and methods to perform all work pursuant to this Agreement, and Aquai will not be directed as to any of these means or methods by the District. Aquai represents and warrants that it customarily engages in the independently established trade and business of the same nature as the work to be performed under this Agreement.

8. Conflicts of Interest Prohibited. Aquai shall not in any way attempt to use its position to influence any decision of the District in which it knows, or has reason to know, it has a financial interest other than as provided in this Agreement. As a material term of this Agreement, Aquai represents and warrants that it does not, to the best of its knowledge, have any economic interests which would conflict with any of its duties under this Agreement. Aquai agrees not to secure any economic interest during the performance of this Agreement which conflicts with its duties to the District under this Agreement.

9. Insurance. At all times during the term of this Agreement, Aquai must maintain a commercial liability insurance policy, workers' compensation insurance and professional liability insurance in strict accordance with all terms of this paragraph. The insurance required by this paragraph shall be provided as follows:

9.1 Liability Insurance. Following execution of this Agreement, and prior to commencement of any work, Aquai shall provide the District with proof of liability insurance coverage with an insurance company licensed to do business in the State of California and acceptable to the District, providing \$1,000,000 of coverage per occurrence and \$2,000,000 minimum aggregate. The liability insurance coverage shall include each of the following types of insurance:

A. General Liability:

- | | |
|-----------------------------------------|---------------------------------------------------------------|
| 1. Comprehensive Form | 6. Contractual Insurance |
| 2. Premises-Operations | 7. Broad form Property Damage, Including Completed Operations |
| 3. Explosion and Collapse Hazard | 8. Independent Contractors |
| 4. Underground Hazard | 9. Personal Liability |
| 5. Projects/Completed Operations Hazard | |

B. Auto Liability

1. Comprehensive Form
2. Owned
3. Hired

The policy shall include contractual coverage sufficiently broad to insure the matters set forth in the paragraph entitled "Indemnity" in this Agreement. The deductible amount shall not

exceed \$5,000.00. Also included in such insurance shall be a “cross-liability” or “severability of interest” clause.

9.2 Workers’ Compensation Insurance. Following execution of this Agreement and prior to commencement of any work, Aquai shall submit proof of insurance showing they have obtained, for the period of the agreement, full workers’ compensation insurance coverage for no less than the statutory limits covering all persons whom Aquai employs or may employ in carrying out the work under this agreement.

9.3 Professional Liability Insurance. Following execution of this Agreement, and prior to commencement of any work, Aquai shall provide the District with proof of professional liability insurance with an insurance provider licensed to do business in the State of California, providing \$1,000,000 of coverage per occurrence and \$2,000,000 minimum aggregate. This insurance shall have a deductible not to exceed \$5,000.

9.4 ACORD Certificate of Liability Insurance and Additional Insured Endorsements. All insurance required by Paragraph 9.1, 9.2, and 9.3 of this agreement shall be submitted on an ACORD Certificate of Liability Insurance. Insurers must be authorized to do business and have an agent for service of process in the State of California and have an ‘A’ financial strength rating and a financial size rating of at least Class VI in accordance with the most current A.M. Best’s Rating Guide. Additional Insured Endorsements must be provided for the Liability Insurance called out in paragraph 9.1 with the “Olivenhain Municipal Water District (District), the District’s Engineer/Architect, the District’s Representatives, Aquai, and each of the District’s Directors, Officers, Agents, and Employees” named as additional insureds. The insurance must include a Waiver of Subrogation and must be Primary and non-Contributory. The additional insured endorsements must be provided on Form CG 20 10 10 01. The insurance certificate and endorsements shall be cancelable with notice delivered to the District in accordance with the policy provisions.

10. Job Site Safety. Aquai shall be solely liable and responsible for complying with all federal, state and local laws, rules and regulations pertaining to job safety for all agents,

employees, subcontractors, suppliers and independent contractors retained by Aquai to perform any work or services or to provide any materials pursuant to this Agreement. However, Aquai shall not be liable or responsible for overall job site safety or the job site safety for any workers or agents employed by any construction contractor performing any work for the District on any construction project.

11. Indemnity. As a material term of this Agreement, Aquai agrees to hold harmless, indemnify and defend the District and its directors, officers, employees, agents and representatives from and against any and all demands, liability, claims, suits, actions, damages, costs, fees, expenses, fines and penalties of whatever type or nature, including, but not limited to, reasonable attorney fees, to the extent arising out of, pertaining to or relating to the willful misconduct, recklessness or negligence of Aquai, including its directors, officers, employees, agents, subcontractors, sub-consultants, suppliers, independent contractors or other persons and entities employed or utilized by Aquai in the performance of this Agreement. In the event that any administrative proceeding, litigation or arbitration is instituted naming the District or any other indemnified parties as a defendant, the District and such other indemnified parties shall be entitled to appoint their own independent counsel to represent them, and Aquai agrees to pay all reasonable attorney's fees, expert fees and costs, and litigation costs associated with this defense within thirty (30) days of any billing; provided however, that Aquai's obligation shall be limited as provided by Civil Code Section 2782.8 to the extent that Aquai establishes its proportionate percentage of fault by stipulation of all the parties to the proceeding or a final adjudicatory determination.

12. Miscellaneous Provisions.

12.1 California Law Governs. This Agreement shall be governed by California law.

12.2 Modification. This Agreement may not be altered in whole or in part except by a written modification approved by the Board of Directors of the District and executed by all the parties to this Agreement.

12.3 Disputes. Except as specifically set forth in this Agreement, prior to the initiation of a formal litigation complaint with a court of competent jurisdiction, the parties shall attempt to resolve any controversy, question, claim or other dispute arising out of or relating to this Agreement (a "Dispute") informally by meeting as often as the parties or their appointed representatives deem necessary, for a period not to exceed thirty (30) days from date of written notice from one party to the other regarding a Dispute (the "Discussion Period") to discuss and attempt to mutually resolve the Dispute. To the extent the parties are unable to resolve a Dispute pursuant to the previous sentence during the Discussion Period, either party can file litigation to resolve the Dispute with the state and federal courts located in the North County Judicial District, County of San Diego, State of California, which will be the exclusive venue for any Dispute.

12.4 Attorneys' Fees. In the event any arbitration, action or proceeding is initiated to challenge, invalidate, enforce or interpret any of the terms of this Agreement, the prevailing party shall be entitled to all reasonable outside attorneys' fees, all expert fees and costs, and all litigation fees, costs, and expenses in addition to any other relief granted by law. This provision shall apply to the entire Agreement.

12.5 Entire Agreement. This Agreement, together with all exhibits attached hereto, contains all representations and the entire understanding between the parties with respect to the subject matter of this Agreement. Any prior correspondence, memoranda, or agreements, whether or not such correspondence, memoranda or agreements are in conflict with this Agreement, are intended to be replaced in total by this Agreement and its exhibits. Aquai represents and warrants that no District representative has made any oral representations or oral agreements not contained in this Agreement. Aquai further represents and warrants that Aquai has not relied upon any oral statements or promises made by any District representative or agent in executing this Agreement. The parties mutually declare that this Agreement and its exhibits constitute a final, complete and integrated agreement between the parties.

12.6 Assignment. Aquai shall not be entitled to assign or transfer all or any portion of its rights or obligations in this Agreement without obtaining the express prior written consent of the District, except Aquai shall have the right to assign or transfer any rights or obligations hereunder only to a successor entity in the event of a merger, consolidation, or transfer or sale of all or substantially all the assets or business, of Aquai.

12.7 Binding Effect. This Agreement shall inure to the benefit of and be binding upon the parties and on their respective purchasers, successors, heirs and assigns.

12.8 Unenforceable Provisions. The terms, conditions, and covenants of this Agreement shall be construed whenever possible as consistent with all applicable laws and regulations. To the extent that any provision of this Agreement, as so interpreted, is held to violate any applicable law or regulation, the remaining provisions shall nevertheless be carried into full force and effect and remain enforceable.

12.9 Representation of Capacity to Contract. Each party to this Agreement represents and warrants that he or she has the authority to execute this Agreement on behalf of the entity represented by that individual.

12.10 Opportunity to be Represented by Independent Counsel. Each of the parties to this Agreement represents and warrants that it has been advised to consult independent counsel of its own choosing and has had a reasonable opportunity to do so prior to executing this Agreement.

12.11 No Waiver. The failure of either party to enforce any term, covenant or condition of this Agreement on the date it is to be performed shall not be construed as a waiver of that party's right to enforce this, or any other, term, covenant or condition of this Agreement at any later date or as a waiver of any term, covenant or condition of this Agreement. No waiver shall occur unless the waiver is expressly stated in writing and signed by the person for the party having the authority to expressly waive the benefit or provision, in writing. No oral waivers shall be effective against either party.

12.12 No Joint Venture and No Third-Party Beneficiaries. Nothing in this Agreement is intended to create a joint venture, partnership or common enterprise relationship of any kind between the District and Aquai. No third parties shall be construed as beneficiaries of any term, covenant or provision of this Agreement.

12.13 Notices. All letters, statements, or notices required pursuant to this Agreement shall be deemed effective upon receipt when personally served, transmitted by facsimile machine, or sent certified mail, return receipt requested, to the following addresses:

If to Aquai:

Aquai Technologies, Inc.
Attn: Mike Enkerlin
11251 Rancho Carmel Dr.
Unit #501042
San Diego, CA 92150

If to the District:

Olivenhain Municipal Water District
Attn: Kimberly A. Thorner, General Manager
1966 Olivenhain Road
Encinitas, California 92024

12.14 Effective Date. The effective date of this Agreement executed in counterparts in Encinitas, California, within the North County Judicial District, County of San Diego, State of California, is _____, 2021.

Dated: _____, 2021

Olivenhain Municipal Water District,
a public agency

By: _____
Kimberly A. Thorner
General Manager

Dated: _____, 2021

Aquai Technologies, Inc.

By: _____

Title: _____

EXHIBIT A

Pilot Description

Task 1: Implementation and Evaluation Methodology and Recruitment

Aquai will design the methodology for the entire project, including recruitment, deployment, data collection and analysis. Aquai will aim to implement the program in a way that will provide meaningful results that can be attributed to the installed water devices. The final research design will likely include a waitlist control, where recruited households are randomly assigned to either receive the program immediately (treatment) or receive the program after a set period of time (waitlist control). A randomly assigned waitlist control ensures that the participants in both groups can be assumed to be the same, which is a critical factor in making meaningful comparisons. Therefore, if the treatment group's water usage decreases, it can be attributed to the devices. All groups will have the devices installed, but the control group will not receive the app or feedback lights for duration of the Pilot.

Aquai and the District will coordinate recruitment activities.

Task 2: Intake Survey, Random Assignment and Implementation

Task 2a. Design Intake Survey: Aquai will create an intake survey, expected to be a short survey to collect pre-treatment water conservation attitudes and behaviors, demographics and contact information for enrollment. The survey is expected to be hosted on survey monkey and Aquai expects to process data from at least 300 households. This will allow for 45 treatment households, 45 waitlist control households and 100 or more no-contact control households. Aquai expects four devices to be installed per household in the treatment and waitlist control households: two toilet and two showers.

Task 2b. Random Assignment and Implementation: Aquai will analyze the intake survey results and randomly assign the participants to either the treatment or the control. Aquai and the District coordinate regarding final recruitment and implementation. Aquai expects that the treatment group will have full access to the data for three months prior to the control group gaining access to the app and device feedback. Aquai then expects that the waitlist control gain access and be monitored for three months.

Task 3: Satisfaction and Assessment Survey Design and Implementation

Task 3a. Design Satisfaction and Assessment Survey: Aquai will create a customer satisfaction and behavioral change assessment survey. This survey will collect the same water conservation attitudes and behaviors as completed on the intake survey to assess changes. For those in the treatment group, the survey will also assess their satisfaction with the installed water device, the user interface and their knowledge of household water usage.

Task 3b. Survey Implementation: Aquai will conduct a mixed mode survey to achieve a higher response rate for a lower cost. The survey will be created in both a physical and digital format. Aquai expects to

use a 4-touch survey method called Dillman Tailored Design. The first contact will be a pre-notification postcard, followed by a postcard that has a link and QR code to the digital survey. For non-responders, Aquai expects to send a reminder postcard with a link and QR code, followed by a physical survey with an addressed and stamped return envelope. The survey will be sent to all treatment and control households, for a total population of 90.

Task 4: Data Analysis

Task 4a. Data Analysis and Reporting: Aquai will review the three data sources: (1) Household water utility consumption data; (2) Installed water device data; and (3) Survey data (intake and satisfaction surveys). These data sources will be analyzed separately, and where appropriate, combined. This data integration will include the data from the District (daily water usage for ~300 households), daily flow data from Aquai for 360 devices, Aquai data on usage analytics and data from two surveys. Aquai may also review any customer questions or comments sent to Aquai during implementation to assess any patterns or inform the customer experience results.

Task 5: Sharing Findings

Task 5. Sharing Findings: Aquai and the District will coordinate on sharing information about the study results with the public. As part of this effort, Aquai will provide the District with a clearly written summary of the study's findings that is fit for disclosure to the public.

Data Needs and Assumptions

1. Device water consumption data from the treatment and the control.
2. High resolution daily water consumption from the water utility for 1 year prior and through the duration of the pilot for all households, including treatment, waitlist control, and no-treatment control.
3. App data for all households with installed devices (behavioral, device settings).
4. Pre- and post-pilot survey data.
5. Devices should be installed across the 90 households in the two treatment groups within 4 weeks of enrollment.
6. The program will run with the treatment group for 3 months after initial installation. After three months, the delayed control will be given access to their app data and device feedback. Data collection will run for another 3 months on both groups.

Research Questions

With the design as outlined in this proposal, Aquai expects to be able to answer the following research questions:

1. Do Aquai's devices lead to water conservation?
2. Does Aquai's shower device cause residents to reduce their shower times?
3. Does Aquai's toilet device reduce the amount of water lost to leaks?

4. What is incidence of toilet leaks over the course of the pilot time? How much water is lost on average?
5. Do Aquai's devices lead to more self-reported conservation actions?
6. What is the average shower length? How much water is used on average per shower? What is the typical flow rate per showerhead, and how much water could be saved through targeted outreach promoting low-flow showerheads?
7. What is the distribution of toilet sizes, and how much water could be saved through targeted outreach promoting low-flow toilets?
8. How satisfied are residents with their experience with the devices? With the app?
9. App usage analytics: How often do residents look at the app data? What percentage of the households change the default settings on the device?

EXHIBIT B

District Data to be Provided to Aquai

High resolution daily water consumption for the period beginning one year prior to the Pilot start date through the date that is one year after the end date of the Pilot for all households in the District selected by Aquai to participate in the Pilot, including address and daily gallons consumed per household, provided on an hourly basis.

Memo

Date: March 17, 2021
To: Olivenhain Municipal Water District Board of Directors
From: John Carnegie, Customer Services Manager
Rainy Selamat, Finance Manager
Via: Kimberly A. Thorner, General Manager
Subject: **CONSIDER REPORT ON EQUALIZED AND LEVELIZED BILLING
(INFORMATIONAL ITEM)**

Purpose

The purpose of this agenda item is to provide the board with the results of staff's investigation into the advantages and disadvantages of offering an equalized or levelized billing option to customers. This report was requested by Director Bruce-Lane at the February 10, 2021 board meeting.

Recommendation

Staff does not recommend any specific action beyond consideration of this informational report.

Alternative(s)

- Upon considering this informational report, the board may direct staff to develop an equalized/levelized billing program for board consideration.
- The board may direct staff as it otherwise deems appropriate.

Background

Equalized and levelized billing are programs through which a utility customer is not immediately billed for the actual cost of their utility consumption, but instead for a fixed monthly amount or a rolling average amount. These programs are intended to assist customers by providing greater predictability in the amount of their utility bills, as the billing impact of seasonal variation or one-time spikes in consumption are smoothed and/or deferred until year end.

In an *equalized* billing program, the customer pays the exact same amount in months 1 through 11. A “true-up” occurs in month 12, at which point the customer is billed or credited for the difference between the total of those payments submitted throughout the year and the actual cost of service during this same time period. The monthly payment amount for the subsequent year is also calculated in month 12.

In a *levelized* billing program, the monthly payment is based on a rolling average of consumption over a specified duration. There is no need for a periodic true-up as with equalized billing, as the true-up occurs on a rolling monthly basis. Reconciliation is only necessary if a customer leaves the program or closes their account.

OMWD customers may be familiar with such programs through San Diego Gas and Electric’s “Level Pay” program. Customers newly enrolled in the Level Pay program are billed for the average dollar amount on their last 12 energy bills. Customers are billed this same amount for the first three months. After that, their payment amount is adjusted once every three months, based upon actual energy use.

Despite pronounced seasonal variation in water consumption (e.g., OMWD’s deliveries in June have been more than double deliveries in December, with a two-year average of 1684 AF versus 705 AF), there is no correlation in ability or willingness of OMWD customers to pay their water bill. In fact, the number of past due notices sent for water used in December is slightly higher than the number of past due notices sent for water used in June (two-year average of 853 versus 841). Under normal circumstances (i.e., absent the statewide prohibition on disconnections for non-payment that Governor Newsom implemented in March 2020 at the outset of the COVID-related state of emergency), OMWD disconnects approximately 10 customers for non-payment in the average month, an average of zero of which remain disconnected beyond one day.

Fiscal Impact

Fiscal impacts directly associated with implementing an equalized/levelized billing program are expected to total \$25,000 or more, exclusive of staff time. Advanced Utility Systems, vendor for OMWD's billing and customer database software, estimates that it would need to dedicate at least 80 hours to configuring an equalized/levelized billing program, with additional time needed for testing and training; staff anticipates that this would also require a similar commitment of time from OMWD database consultant Beverly Weber; Infosend, OMWD's bill presentment vendor, would also need to make programming changes to accommodate updates to OMWD bill statements.

Ongoing revenue impacts to OMWD are unknown, but would be affected by the following:

- Staff anticipates a small increase in water revenue associated with higher water consumption. For customers participating in the program, unexpected spikes in consumption would not lead directly to a substantially higher bill as they currently do, thereby reducing the impetus for customers participating in the program to promptly investigate and correct leaks or other issues on their property. This increase in revenue may be mitigated in part by increased utilization of water leak adjustments provided for in Section 9.16 of the Administrative and Ethics Code, assuming this section were revised to extend the amount of time a customer has to submit a request.
- There could be a small decrease in water revenue associated with higher final bills that go unpaid. Collecting balances owed on a final bill statement (issued upon closure of an account) is more demanding than when the account is open, as OMWD has fewer options (e.g., disconnection, imposition of a lien) to compel payment after the customer has left the property. Water account closures are more prevalent in the summer months when families are likelier to move between properties; as this is also the time of year associated with the highest level of water consumption, final bills issued to participating customers would be higher.
- Additionally, staff anticipates a minor increase in staff time to address and troubleshoot customer inquiries about the program and to verify that monthly equalized/levelized bill statements are calculated correctly.

Discussion

Staff's investigation into equalized/levelized bill programs yielded the following general findings:

- **Equalized/levelized bill programs are not typically offered by water agencies.** Staff conducted a survey of other San Diego County water agencies to determine which offer an equalized/levelized bill program, and to gauge the experience of those that do; however, none of the other 23 agencies currently offer equalized/levelized billing. Staff also engaged Advanced Utility Systems to see which of its water customers offer an equalized/levelized bill program. Though AUS reported that several of its energy customers offer these programs, none of the approximately 169 water agencies AUS works with offers an equalized/levelized program.
- **Equalized/levelized bill programs are prevalent among gas and electrical utilities.** Per AUS, the reason that equalized/levelized bill programs are utilized more by energy utilities is simply that there is much greater seasonal variation in energy consumption patterns as opposed to water. An SDG&E representative confirmed this, noting that it experiences dramatically higher usage during the three summer months. Per SDG&E, its Level Pay program gained prominence as a result of the California Public Utilities Commission-mandated implementation in November 2017 of a High Usage Charge which was followed in 2018 by the hottest summer on record, leading to customer bills that were up to 10 times higher than normal. The High Usage Charge was implemented by the CPUC in order to effect energy conservation. Separately, staff has identified that the fixed component of energy bills is lower than on water bills such that energy utilities may benefit from the revenue predictability associated with equalized/levelized billing during seasonal dips in energy consumption. Further, investor-owned utilities such as SDG&E that are regulated by the CPUC are mandated to offer low-income assistance programs such as California Alternate Rates for Energy and the Family Electric Rate Assistance Program, such that energy utilities have the billing infrastructure in place to offer a variety of alternative payment plans.
- **Equalized/levelized bill programs are customizable.** OMWD would have the ability to shape some aspects of its equalized/levelized plan. For example, it would need to select the duration of historical data to be considered when providing a newly enrolled customer with its monthly billing amount. For an equalized plan, it could choose that the true-up month would occur in the same month for all customers, or at the anniversary of each customer's enrollment.
- **Customers must meet certain conditions to enroll.** Agencies currently offering equalized/levelized billing plans do so only if customers are able to meet certain conditions. For example, SDG&E limits enrollment to customers with at least one month of usage data; those customers may not be enrolled in Net Energy Metering, use more than 250,000 therms/year of gas, or have more than 500 kW of electrical demand per month. For OMWD's protection, AUS recommended that if OMWD were to pursue an equalized/levelized plan, it should consider

offering them only to those customers that meet such criteria as having at least 12 months of consumption history (for an equalized bill plan), a satisfactory on-time payment history, and a zero balance at the time of enrollment (such that partially paid balances do not impact bill calculation).

- **Careful consideration is necessary to avoid conflict with Proposition 218.**

Proposition 218 is becoming more and more of an issue for water agencies. In a recent lawsuit, Kessner et al v. City of Santa Clara et al., a contingency plaintiff's firm sued 81 agencies across the state for Proposition 218 violations based upon water charges for fire protection services. The plaintiff's groups were advertising on Facebook and NextDoor to recruit potential litigants, demonstrating that there is an increasing number of people looking for ways to monetize relatively minor Proposition 218 issues by bringing class action lawsuits.

Staff engaged General Counsel to verify that an equalized/levelized program would not introduce conflicts with Proposition 218. General Counsel advised that Proposition 218 compliance, including notice and hearing, would be required if OMWD changed its rate structure in a manner that would increase the amount owed by any individual customer for the same service. Ideally, an equalized/levelized plan should not cause any customer to pay more for the same service. However, timing issues could cause customers to "overpay" or "underpay" for short periods of time. The key to avoiding issues regarding Proposition 218 is constructing the true-up in a manner that ultimately corrects all instances of temporary under/overpayment. Careful consideration would need to be given to addressing all potential instances of when a true-up may be necessary—whether seasonally, annually, when customers close their accounts, when accounts are shutoff and/or sent to collections, etc. It would be important not to miss any systemic issues that would over/undercharge certain customers or customer classes.

Because of the risk of lawsuits like Kessner, if there's any concern about the ability to identify all potential instances when a true-up may be needed, OMWD may ask customers to explicitly opt in to these specialized billing arrangements. By making the programs voluntary, arguably any rate variations would not be "imposed" by OMWD and therefore would not be subject to Proposition 218. In addition to making the program voluntary on an opt-in basis, customers could be asked to opt in by signing a form containing a waiver of Proposition 218 issues. Additionally, a small fund could be set up using revenues not subject to Proposition 218 (like property taxes), which could be used to cover any program shortfalls that may exist at the end of an accounting period. This is an option to provide multiple layers of protection against Proposition 218 claims.

Advantages of offering an equalized/levelized bill plan include the following:

- **Help customers budget for their water bill.** Customers participating in an equalized/levelized billing plan may find it easier to budget for their water bill if monthly variation were reduced.
- **Potential for increase in revenue.** As noted in the Fiscal Impact section, the potential may exist for an increase in water revenue given that, for customers participating in the program, unexpected spikes in consumption would not lead directly to a substantially higher bill as they currently do, thereby reducing the impetus for customers participating in the program to promptly investigate leaks or other issues on their property. The dollar value of these increases is unknown and may be offset in whole or in part by other factors.

Disadvantages of offering an equalized/levelized bill plan include the following:

- **Potential for increases in water consumption.** The water rate structure adopted by the board in December 2019, which is based on the 2019 Water Rate Study, features inclining tiered water rates to incentivize customers to conserve water. Inclining tier rate structures allow a water utility to send conservation price signals to customers. Inclining tier water rates have gained widespread use, especially in relatively water-scarce regions like Southern California. Typically, when a customer paying inclining tier rates reduces their use, they can see the effect when their next month's bill goes down. Similarly, when they ramp up their irrigation, their bill goes up. The cause/effect relationship is typically encouraged to promote conservation and an understanding of the impact of watering habits on consumption. Equalized/levelized bills may make it more challenging for customers to identify the nexus between water consumption and the amount they are billed, such that rate-based conservation signals are dampened.
- **Potential for more unintentional water consumption.** Especially until AMI implementation has been completed and all customers have access to the customer portal, equalized/levelized bills will make it more challenging for customers to identify from the amount they are billed that a leak or other plumbing/landscaping issue requires their near-term attention. OMWD staff would still intend to reach out to customers whenever identifying ongoing consumption indicative of a leak, but a customer on an equalized bill plan that doesn't promptly respond to OMWD's notifications could potentially face an extraordinary bill at the time of true-up. Customers in this situation would likely wish to take advantage of the water leak adjustments provided for in Section 9.16 of the Administrative and Ethics Code, such that further exploration of an

equalized/levelized bill program may also include possible amendments to this section to allow customers greater time to submit their request.

- **Conflict with Water Supply Shortage rate design.** The water rate structure adopted by the board in December 2019 also features Water Supply Shortage rates which 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. If implemented, these higher rates are designed to correspond with a decrease in overall water consumption of 10 percent, 20 percent, or 30 percent. Smoothing or deferring the impact of these higher rates not only reduces OMWD's ability to use its rates as a mechanism to minimize consumption when necessary, but the pricing signals to the customer intended to limit their consumption will not be immediately experienced, thus leading to no conservation and higher future bills.
- **Biggest beneficiary will be customers with significant discretionary irrigation.** Landscape irrigation is the main driver of seasonal fluctuation in consumption, such that equalized/levelized billing essentially promotes discretionary irrigation. In times of water supply shortage, this may conflict with Section 106 of the Water Code, which declares that the highest priority use of water is for domestic purposes, with irrigation secondary.
- **Auditor comments on levelized billing with financial reporting.** The Pun Group LLP, OMWD's auditor, commented on monthly bill statements that are not based on actual water use. For both equalized and levelized billing, the Pun Group foresees significant complications in internal control over financial reporting unless all true-ups coincide with the end of OMWD's fiscal year on June 30, meaning that true-ups must occur at the point where seasonal consumption has already begun to rise, burdening customers with true-up at a disadvantageous time of year.
- **Increased demands upon landlords.** Per Administrative and Ethics Code 9.13(a)(3), property owners are ultimately financially responsible for any fees and charges left unpaid by their tenant/lessee. The Pun Group identified a possible increase in the number of landlords that are ultimately financially responsible for their tenant's unpaid water bill if true-up and payment does not occur timely.
- **Low demand and need for the program.** Customer inquiries about equalized/levelized billing options are very rare such that staff had not given any consideration to these programs prior to January 2021. Additionally, as noted in the Background section, staff has not identified a correlation between seasonal demand changes and the ability or willingness of OMWD customers to pay their water bill.
- **Increased demands on staff.** As noted in the Fiscal Impact section, staff anticipates additional demand on Customer Service Representatives to address

and troubleshoot customer inquiries about the program and to verify that monthly equalized/levelized bill statements are calculated correctly. The Pun Group also expressed concerns about increased administrative burdens for reconciliation of accounts when a customer leaves an equalized/levelized program or closes their account.

Memo

Date: March 17, 2021
To: Olivenhain Municipal Water District Board of Directors
From: Steven Weddle, Engineering Services Supervisor
Via: Kimberly A. Thorner, General Manager
Subject: **CONSIDER APPROVAL OF 2021 ANNUAL OBJECTIVE GOAL No. 1 STRETCH
OBJECTIVE No. 11 – REVISIONS TO THE EXISTING WORK FOR OTHERS
CONSTRUCTION AGREEMENT**

Purpose

The purpose of this agenda item is to consider approval of revisions to the existing Work For Others (WFO) construction agreement.

Recommendation

Staff recommends approval of the revisions to the WFO construction agreement.

Alternative(s)

The Board could choose not to accept the proposed language revisions to the WFO construction agreement and have staff reword the proposed language.

Background

The existing WFO construction agreement has been in use since approximately 2005 and defines the contractual relationship between OMWD and a developer/owner during the construction of developer initiated facilities, such as pipelines, services, and

appurtenances. The agreement includes standard covenants ranging from fees and charges, insurance requirements, construction standards, prevailing wage requirements, indemnity, conditions of services, etc. At the conclusion of all work under the agreement by the developer's contractor, the Board considers whether to accept the transfer of these facilities into OMWD's system.

In 2019 and 2020 issues arose during two separate WFO projects where shutdowns for the existing waterline were unexpectedly delayed by OMWD due to operational concerns. These delays caused additional costs to the developer's contractor, and resulted in claims against OMWD. In a separate incident in 2020, a contractor continued work in the public right-of-way during the weekend, unbeknownst to staff, hitting an unknown line, and triggering a response. This incident also resulted in a claim against OMWD. All claims in these incidents are pending.

These incidents triggered a review of the existing WFO construction agreement, resulting in the proposed language revisions for consideration by the Board, to better protect OMWD.

Fiscal Impact

There is no fiscal impact to approving the revisions to the WFO construction agreement.

Discussion

Staff reviewed the existing WFO construction agreement to clarify language to better protect OMWD and prevent misinterpretation by developers/owners. Covenants 1.2-Planned Excavations, 1.3–Underground Service Alert, and 1.4-Work Hours were added to clarify responsibilities of the developer or developer's contractor prior to start of work. Covenant 6 was added to address Temporary Service Outages (Shutdowns) along with modifications to Covenant 7 due to the addition of Covenant 6. Also in Covenant 7, a sentence was added to cover trench paving after installation of new service laterals. Finally, Covenant 16 was modified to clarify the need and process for additional deposit fees by the developer should the scope of work change.

The above revisions have been incorporated into the attached revised WFO construction agreement and reviewed and approved by OMWD General Counsel. This item was added as a stretch objective under the 2021 Annual Objective Goal No. 1. Staff is available to answer questions.

Attachment(s):

Revised WFO Construction Agreement

AGREEMENT FOR THE CONSTRUCTION OF WATER FACILITIES TO BE DEDICATED TO THE OLIVENHAIN MUNICIPAL WATER DISTRICT

PROJECT TITLE

District Project No. WNUMBER; Agreement No. XXAGRXXX

THIS AGREEMENT is entered into by and between the OLIVENHAIN MUNICIPAL WATER DISTRICT (hereinafter “District”), a municipal water district organized and operating pursuant to California Water Code Section §71000 et seq., and DEVELOPER, (hereinafter “Developer”).

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

1. Developer desires to improve certain real property located at (PROJECT SITE) in the County of San Diego consisting of approximately (ACRES) acres commonly described as Tax Assessor Parcel No. (APN) (the “Project”). The real property is legally described on Exhibit “A” attached hereto and incorporated herein by reference (hereinafter “Property”).

2. The Project is within the water service jurisdiction of the District.

3. Developer understands that all water received by the District is imported from other agencies. Accordingly, Developer understands there is no guarantee that water will be available when service is requested.

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

1. **Conditions Precedent.** Each of the following items is an express condition precedent to the obligation of the District to provide any water service to the Project.

1.1. **Fees and Charges.** Developer agrees to pay all fees and charges at the time they are due as established by the District, in its sole discretion, from time to time.

1.2. **Planned Excavation.** Developer or Developer’s Contractor shall be responsible for scheduling an onsite meeting with the District inspector prior to any planned excavation related to verification of facility locations. Also, Developer or Developer’s Contractor shall provide any necessary traffic control related to location of the aforementioned facilities.

1.3. **Underground Service Alert.** Developer or Developer's Contractor must comply with the Underground Service Alert of Southern California (Digalert) procedures when performing any excavation and comply with California Government Code Section 4216 governing excavation in California. In addition, District approval must be given for excavation around facilities designated as "Standby Required" as located in the proposed work area.

1.4. **Work Hours.** Work on and around District facilities shall only occur Monday through Friday, excluding District Holidays, unless advanced written permission has been given by the District.

2. **Water Facilities.** Developer agrees to design and construct the water facilities required by this Agreement in strict accordance with the plans and specifications which have been approved by the District. All fees and costs of whatever type or nature necessary to design, build, and dedicate the required water facilities to the District shall be borne by Developer.

3. **Liability Insurance.** Upon execution of this Agreement, Developer or Developer's contractor shall provide proof of liability insurance coverage with an insurance company licensed to do business in the State of California, and acceptable to the District. The liability insurance coverage shall include each of the following types of insurance:

- A. General Liability: Provide \$1,000,000 of coverage per occurrence and \$2,000,000 minimum aggregate
 - (1) Comprehensive Form
 - (2) Premises-Operations
 - (3) Explosion and Collapse Hazard
 - (4) Underground Hazard
 - (5) Products/Completed Operations Hazard
 - (6) Contractual Insurance
 - (7) Broad-form Property Damage, Including Completed Operations
 - (8) Independent Contractors
 - (9) Personal Liability
- B. Automobile Liability: Provide \$1,000,000 of coverage for combined single limit (each accident)
 - (1) Comprehensive Form, Including Loading and Unloading
 - (2) Owned
 - (3) Hired
 - (4) Non-owned

The policy shall include contractual coverage sufficiently broad to insure the matters set forth in the section entitled “Indemnity” in this Agreement. All liability insurance shall include occurrence coverage with a deductible amount not exceeding \$5,000.00. Also included in such insurance shall be a “cross-liability” or “severability of interest” clause. All such insurance coverage shall name the Olivenhain Municipal Water District (District), the District’s Engineer/Architect, the District’s Representatives, Consultants, and each of the District’s Directors, Officers, Agents, and Employees as additional insureds and must include a Waiver of Subrogation and must be Primary and Non-Contributory. The insurance certificate and endorsement shall be non-cancelable without thirty (30) days prior written notice to the District. Insurers must be authorized to do business and have an agent for service of process in the State of California and have an “A” financial strength rating and a financial size rating of at least Class VI in accordance with the most current A.M. Best’s Rating Guide.

4. **Workers’ Compensation Insurance.** Prior to commencement of construction of the water facilities, the Developer or the Developer’s Contractor shall submit proof of insurance showing that the Developer’s Contractor has obtained, for the period of the contract, full workers’ compensation insurance coverage for no less than the statutory limits covering all persons whom Developer’s contractor employs or may employ in carrying out the work under this agreement. Upon execution of this Agreement, Developer’s contractor shall also execute the “**Certificate Regarding Workers’ Compensation**” which is attached hereto and incorporated herein by reference.

5. **Fee Sites and Easements.** At the appropriate time, if applicable, the District shall order a preliminary title report covering all properties in which fee interests and easements are to be granted to the District. The costs of the preliminary title report shall be borne solely by Developer. Developer agrees to provide the District with such fee sites and easements as the District may require, as determined by the District, in its sole discretion. Easements may be required extending the full length of Developer’s property for looping of water facilities or to tie Developer’s water lines to the District’s system. The width and length of such easements shall be determined by District staff, in its sole discretion. All fee sites shall be free and clear of all liens, loans, and encumbrances which could affect title to the fee interest. All easements shall have recorded subordination agreements for all trust deeds or other liens to insure that the District has prior rights in any easements being conveyed to the District. Developer shall procure a policy of title insurance in favor of the District covering the fee sites and easements to be granted in amounts determined acceptable by the District, in its sole discretion, subject only to those conditions of record acceptable to the District. All fees and costs to procure fee

sites and easements required by the District shall be borne solely by Developer. Nothing in this Agreement shall obligate the District to exercise its condemnation authority to acquire any fee site or easement determined necessary by the District. All fee sites and easements required by the District in accordance with this section shall be in recordable form, acceptable to the District, prior to acceptance of the work by the Board of Directors.

6. **Temporary Service Outages (Shutdowns).** In the event District facilities require a temporary outage to facilitate the work described herein, a shutdown shall be scheduled with the appropriate District staff at least 10 days prior to commencement of construction. Planned shutdowns are not guaranteed and may be subject to cancellation by the District at any time due to system operational status, including but not limited to, shutdowns already initiated and in progress.

7. **Construction of Water Facilities.** Developer shall not commence construction of any water facilities required by this Agreement until Developer has received authorization from the District to proceed as determined at the mandatory pre-construction meeting. In addition, any project requiring shutdown of District facilities resulting in service outages, shall be scheduled as stated in Section 6. All work performed on the water facilities to be constructed shall be: (1) done in strict compliance with the approved plans and specifications; (2) in a good and workmanlike manner as determined by the District; and (3) in accordance with the District's current published standards and criteria for projects and standards and criteria which may be required by the District as a result of unique conditions discovered during construction, in the District's sole discretion. All work performed on the water facilities by Developer shall be subject to inspection by the District's designated representatives and Developer agrees to comply with all instructions given by the District's representatives during construction of the work including repaving of a construction trench if work is performed in an existing roadway. All fees and costs to construct, inspect, and administer the construction of the water facilities shall be borne solely Developer.

8. **Time for Commencement and Completion of Water Facilities.** Developer agrees to commence construction of the water facilities required by this Agreement by no later than (START DATE) and to complete all construction work by no later than (END DATE). The failure of Developer to commence or complete construction of the water facilities by the dates specified in this section regardless of cause shall constitute a material breach of this Agreement, entitling the District to pursue the remedies specified in Section 18.

9. **Compliance With Applicable Law.** Developer shall ensure that all work performed on the Project is performed in a manner which complies with all applicable federal, state, county, and local government rules and regulations, including all rules and regulations of the District as these rules and regulations may be modified or changed from time to time. Developer shall be solely responsible for obtaining and paying for all permits, licenses, and approvals necessary to construct the water facilities. Developer shall provide verification that permits, licenses, and approvals have been obtained promptly upon demand from the District. Developer shall comply with the contractor license requirements as provided by California Business and Professions Code section 7059 as amended.

10. **Prevailing Wages.** Developer has been alerted to the requirements of California Labor Code section 1770 et seq., which would require the payment of prevailing wage rates and the performance of other requirements if it were determined that this Agreement constitutes a public works contract. Developer has also been advised and understands that the Office of the Attorney General of the State of California has rendered an Opinion (No. 86-803) concluding that prevailing wages must be paid by a private developer where a public agency retains control over construction of the project and the facilities are ultimately dedicated to the public agency. Developer has further been advised that the California Department of Industrial Relations presently disagrees with the position taken by the Office of the Attorney General in Opinion No. 86-803.

10.1. It shall be the sole responsibility of Developer to determine whether to pay prevailing wages for any or all work required by this Agreement. As a material part of this Agreement, Developer agrees to assume all risk and liability arising from any decision not to pay prevailing wages for work required by this Agreement.

10.2. As a further material part of this Agreement, Developer agrees to hold harmless and indemnify the District and its officers, employees, consultants, and agents from any and all claims, liability, loss, costs, damages, expenses, fines, and penalties of whatever type or nature, including all costs of defense and attorney's fees, arising from any alleged failure of the Developer, or Developer's contractors or subcontractors, to comply with the prevailing wage laws of the State of California. If the District or any of the indemnified parties are named as a party in any dispute arising from the failure of Developer or Developer's contractors or subcontractors to pay prevailing wages, Developer agrees that the District and the other indemnified parties may appoint their own independent counsel, and Developer agrees to pay all attorney's fees and defense costs of the District and the other indemnified parties as billed, in addition to all

other damages, fines, penalties, and losses incurred by the District and the other indemnified parties as a result of the action.

11. **Acceptance of Work.** Upon completion of the water facilities required by this Agreement to the District's satisfaction, the water facilities which have been constructed shall be presented to the Board of Directors of the District for acceptance and the filing of a notice of completion. The District shall have no obligation to accept the water facilities or file a notice of completion if the design and construction of the work is not satisfactory to the District, in the District's sole discretion. No notice of completion will be filed without "record mylar drawing." Developer understands and agrees that by recordation of the notice of completion, all right, title, ownership, and interest in said facilities constructed under this Agreement are granted, conveyed, transferred, assigned, and delivered to the District, its successors, and assigns. Developer agrees to promptly execute all documents requested by the District to reflect sole title and ownership to the water facilities in the District.

12. **Liability for Work Prior to Formal Acceptance.** Until the Board of Directors of the District has formally accepted all work performed in accordance with this Agreement, Developer shall be solely responsible for all damages or injuries to any person or property from any cause.

13. **Liability After Acceptance of Work:** After the Board of Directors has accepted any of the water facilities required by this Agreement, Developer and its successors or assigns shall remain liable for all injury or damage to persons or property of every kind and description, including damage to the work itself, caused in whole or in part by any breach of this Agreement, caused in whole or in part by the active or passive negligence of Developer or its directors, officers, employees, agents, subcontractors, independent contractors, suppliers or consultants in designing or constructing any of the water facilities, or caused in whole or in part by the active or passive negligence or intentional misconduct of the Developer or the Developer's directors, officers, employees, agents subcontractors, independent contractors, suppliers or consultants. No assignment or transfer of all or any of the Project or the Property shall relieve Developer or its successors' interest from any liability covered by this paragraph and the District shall be free to pursue any claim or action against the Developer, its successors in interest, or any of them as the District may determine, in its sole discretion.

14. **Guarantee.** Developer shall and hereby does guarantee all work and materials for the water facilities to be free from all defects due to faulty materials or workmanship for a period of one (1) year after the date of formal acceptance of the work by the Board of Directors of the District. De-

veloper or Developer's contractor shall maintain insurance coverage for the project during the one-year warranty period. Developer shall repair or remove and replace any and all such work, together with any other work which may be displaced in so doing, that is found to be defective in workmanship and/or materials within said one-year period, without expense whatsoever to the District, ordinary wear and tear and unusual abuse or neglect by the District excepted. In the event Developer fails to comply with the above mentioned conditions within two (2) weeks after being notified in writing, the District is hereby authorized to proceed to have the defects remedied and made good at the expense of Developer, who hereby agrees to pay the cost and charges therefor, immediately upon demand. Such action by the District will not relieve Developer of the guarantee required by this section. This section does not in any way limit the liability of Developer for any design defects or any defects in the work subsequently discovered by the District.

15. **Indemnity.** Developer or Developer's directors, officers, agents, employees, subcontractors, independent contractors, suppliers and consultants shall be jointly or severally responsible and liable for any and all design defects and for any and all defects in work performed by Developer or its consultants, engineers, contractors, subcontractors, independent contractors, or suppliers. This shall include liability and responsibility for injury or damage to the work itself or to any District property or facilities, whether real or personal. As a material term of this Agreement, Developer and its successors or assigns hereby agree to hold harmless, indemnify and defend the District and its directors officers, employees, agents, consulting engineers, and representatives from any and all claims, suits, causes of action, losses, costs, fees, expenses, damages, fines, taxes and penalties, of every kind and description, including all attorney's fees and court costs incurred by the District, caused in whole or in part by the active or passive negligence or the intentional misconduct of the Developer or the Developer's directors, officers, agents, employees, independent contractors, subcontractors, suppliers or consultants except claims and causes of action caused by the sole active negligence or intentional misconduct of the District or its directors, officers, employees, or agents. This indemnity shall include claims by the District for damage arising from any improper design or workmanship of the water facilities except to the extent the injury or damage has been caused by the sole active negligence or intentional misconduct of the District or its directors, officers, employees, or agents. In the event that any suit is instituted naming the District or any other indemnified parties as a defendant, the District and such other indemnified parties shall be entitled to appoint their own independent counsel to represent them, and Developer and its successors and assigns agree to pay all attorney's fees, all expert fees and costs, and all litigation costs associated with this defense with thirty (30) days of receipt of the bill.

16. **Project Deposit.** Developer shall provide the District with an initial deposit in the amount of \$X,XXX to cover all District fees and costs including, but not limited to, full reimbursement for all staff time and attorney's fees incurred by the District related to the Project. When the project deposit has been drawn down to \$X,XXX, Developer agrees to deposit such additional sums as the District may determine from time to time to cover all fees and costs of the District. In addition, if the scope of work changes after the initial project deposit is made, District will provide a revised estimate to Developer and request an additional project deposit amount to cover the work. The additional project deposit shall be received within ten (10) calendar days from date of notification; adequate project deposit funds must be in place in order for work on District facilities to continue.

17. **Personal Liability.** No director, officer, employee, agent, consultant, engineer, or architect of the District shall be personally responsible for any liability arising under or by virtue of this Agreement.

18. **District Remedies for Breach.** In the event Developer fails to strictly comply with any term, covenant, or condition of this Agreement or fails to complete performance of any matter specified in this Agreement on the date it is due, including payment of all fees and charges when due, then, following notification to Developer providing Developer ten (10) days in which to effect a cure to the District's satisfaction, the District shall be entitled to **elect** all or any of the following remedies, at the District's option:

18.1. Unilaterally terminate this Agreement and all rights of Developer to water service for the Project. The termination shall be effective as of the date the District mails notice of termination to Developer, or

18.2. Enforce any provision of this Agreement by specific performance. If this remedy is elected by the District, Developer agrees that specific performance is appropriate and expressly waives the right to contest the right of the District to seek specific performance in any subsequent action or proceeding between the parties; or

18.3. File suit against Developer for damages arising from breach of this Agreement. If these damages include amounts payable to the District as specified in this Agreement, including all District fees and charges, then these amounts shall earn interest at the rate of one and one-half percent (1½%) per month until paid in full.

18.4. Apply any fees previously paid by Developer to the District, including any development fees, to any damages and/or interest incurred by the District and unilaterally terminate water service and this Agreement.

19. **Cumulative Rights and Remedies.** The rights and remedies granted to the District pursuant to this Agreement shall be in addition to any rights or remedies granted to the District as a result of other agreements with Developer. All such other agreements shall remain valid and enforceable as written and all such agreements shall be interpreted in a manner so as to be consistent with each other and in a manner which provides the greatest rights and remedies to the District. In the event of a conflict between this Agreement and any other agreement between the parties, whether oral or written, the terms of this Agreement shall be applied.

20. **Decisions Concerning Water Service.** All decisions concerning water service for the Project shall be determined by the District, in its sole discretion.

21. **No Guarantee of Water.** Developer has been advised, and understands, that this Agreement does not guarantee that water will be available when service is requested or that meters will be allowed upon completion of the Project and that the District has made no commitment whatsoever to serve water to any portion of the Project until the District approves meters for the Project and Developer has paid all development fees and other fees and charges of the District.

22. **Not a Grant of Water Rights.** Developer understands that this Agreement does not grant Developer or Developer's heirs, successors, or assigns any water rights and that no such water rights exist. The District shall authorize installation of the meter(s) for the Project when all fees and charges have been paid. Water service may commence upon installation of the meters.

23. **Availability of Water.** Developer has been advised, and understands, that all water provided by the District is imported and that the ability of the District to provide water service to the Project is contingent upon the amount of water available to the District at the time the District considers issuance of meters for the Project. The amount of water which the Developer may receive for the Project at the time the District is considering installation of meters shall be determined by District staff, in its sole discretion, based upon District staffs' determination of the amount of water available to serve the Project at the time the meters are to be installed. Developer further agrees to comply with all provisions of the District's water conservation ordinance as that ordinance may be modified from time to time and that all water usage limitations imposed by the District from time to time. Nothing in

this Agreement is intended to limit the powers of the District to restrict the use of any water for the Project or any part of the District as provided in Water Code sections 71640 to 71644 or the right of the District to adopt future ordinances restricting the use of water within the Project or within any service area of the District. The District shall not be liable to Developer or any subsequent owner of all or any portion of the Project for any losses, costs, fees, or expenses of any kind caused by any curtailment or termination of water service determined necessary by the District as a result of a water shortage or a threatened water shortage.

24. **No Liability of District for Water Pressure Changes or Quality of Water.** As a material term of this Agreement, Developer has been informed, and understands all water provided to the District is imported from other agencies. Developer has been further advised that the pressure and quality of this water may change due to circumstances beyond the control of the District. As a material term of this Agreement, the Developer for itself and its successors and assigns hereby agrees that the District shall have no liability whatsoever to the Developer or any future owner of all or any portion of the Property for any claims, causes of action, actions, fees, costs expenses, losses or damages, of any kind or nature, arising from or due to changes in water pressure or the quality of any water being provided by the District. The Developer, for itself and all future assignees, transferees and owners of all or any part of the Property, hereby expressly waives the right to pursue any claim or cause of action against the District for changes in water pressure or water quality at any time in the future. By executing this Agreement, Developer acknowledges that this waiver has been made voluntarily with full knowledge of the Developer's legal rights.

25. **Miscellaneous Provisions.**

25.1. **Venue.** In the event of any legal or equitable proceeding to enforce or interpret the terms and conditions of this Agreement, the parties agree that venue shall lie only in the federal or state courts in or nearest to the North County Judicial District, County of San Diego, State of California.

25.2. **Modification.** This Agreement may not be altered in whole or in part except by a written modification approved by the Board of Directors of the District and executed by all parties to this Agreement.

25.3. **Attorney's Fees.** In the event any action or proceeding is initiated to challenge, invalidate, enforce, or interpret any of the terms of this Agreement, the prevailing party shall be

entitled to all attorney's fees and litigation fees, costs, and expenses in addition to any other relief granted by law. This provision shall apply to the entire Agreement.

25.4. Entire Agreement. This Agreement, together with all exhibits attached hereto, contains all representations and the entire understanding between the parties with respect to the subject matter of this Agreement. Any prior correspondence, memoranda, or agreements, whether or not such correspondence, memoranda, or agreements are in conflict with this Agreement, are intended to be replaced in total by this Agreement and its exhibits. Developer warrants and represents that no District representative has made any oral representations or oral agreements not contained in this Agreement. Developer further warrants and represents that Developer has not relied upon any oral statement or promises made by any District representative in executing this Agreement.

25.5. Assignment. Developer shall not be entitled to assign or transfer all or any portion of its rights or obligations contained in this Agreement without obtaining the prior written consent of the District, which consent shall not be unreasonably withheld. Any purported assignment without the District's prior written consent shall be void. In the event Developer sells or transfers the Property or the Project without obtaining the prior written consent of the District, the District shall have the unilateral right to terminate all further water service to the Property and the Project.

25.6. Binding Effect. This Agreement shall inure to the benefit of and be binding upon the parties and their respective purchasers, successors, heirs, and assigns.

25.7. Unenforceable Provisions. The terms, conditions, and covenants of this Agreement shall be construed whenever possible as consistent with all applicable laws and regulations. To the extent that any provision of this Agreement, as so interpreted, is held to violate any applicable law or regulation, the remaining provisions shall nevertheless be carried into full force and effect and remain enforceable.

25.8. Representation of Capacity to Contract. Each party to this Agreement represents and warrants that he/she has the authority to execute this Agreement on behalf of the entity represented by that individual.

25.9. Opportunity to be Represented by Independent Counsel. Each of the parties to this Agreement warrant and represent that they have been advised to consult independent legal counsel of their own choosing and have had a reasonable opportunity to do so prior to executing this Agreement.

25.10. No Waiver. The failure of either party to enforce any terminate, covenant, or condition of this Agreement on the date it is to be performed shall not be construed as a waiver of that party's right to enforce this, or any other, term, covenant, or condition of this Agreement at any later date or as a waiver of any term, covenant, or condition of this Agreement.

25.11. Notices. All letters, statements, or notices required pursuant to this Agreement shall be deemed effective upon receipt when personally served, transmitted by facsimile machine, or sent certified mail, return receipt requested, to the following addresses:

To: "Developer":
(DEVELOPER)
(COMPANY NAME/ AND OR ADDRESS)
(CITY/STATE/ZIP)
Phone:
Email:

To: "District":
Olivenhain Municipal Water District
Attn: Kimberly A. Thorner, General Manager
1966 Olivenhain Road
Encinitas, CA, 92024
Fax: 760-753-1578

26. Effective Date. The effective date of this Agreement executed in counterparts in the North County Judicial District, County of San Diego, State of California, is date ____, 20XX.

“DEVELOPER”:

(DEVELOPER NAME)

Dated: _____

By: _____
(DEVELOPER NAME/TITLE)

“DISTRICT”:

OLIVENHAIN MUNICIPAL WATER DISTRICT

Dated: _____

By: _____
Kimberly A. Thorner
General Manager

(LEGAL DESCRIPTION)

Memo

Date: March 17, 2021
To: Olivenhain Municipal Water District Board of Directors
From: Kimberly A. Thorner, General Manager
Subject: **CONSIDER UPDATE ON THE COVID-19 EMERGENCY DECLARATION**

Purpose

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

Recommendation

This is an informational update pursuant to the Administrative and Ethics Code §3.2.1. No Board action is required. To date, no OMWD employee had been diagnosed with COVID-19.

Background

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

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

CORONAVIRUS (COVID-19) ACTIONS

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

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

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

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

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

March 2, 2021	Contacted the County of San Diego and determined vaccine eligibility for emergency operations center (EOC) employees, duty operators, and those on call to respond.
March 4, 2021	Distributed individual approval letters to employees as emergency service workers to schedule vaccine appointment.

Fiscal Impact

Staff has reviewed all mission critical chemicals, supplies, parts, and inventory on hand and was instructed to order 120 days of mission critical supplies and chemicals to store here at OMWD. OMWD is using funds from Water and Wastewater Operating Reserves to pay for these expenditures, as water sales have been lower than projected through March 2020 due to weather conditions. Total expenditures in the categories of information technology, inventory, supplies, and customer service total \$316,010.69 as of the publishing of this memo. Of this amount, only \$118,123.50 represents special expenditures that would not have otherwise been incurred but for the COVID-19 pandemic. The remaining \$197,887.17 of expenditures represents parts, supplies, chemicals and materials that were ordered earlier than normal in order to have 5 to 6 months of supplies, materials, chemicals and parts on hand in case of lack of availability. The chart below reflects the COVID-19 expenditures incurred since March 12, 2020. OMWD will also submit a Request for Public Assistant (RPA) to FEMA on before April 17, 2020, as it must be filed within 30 days of our area being designated in the emergency declaration. OMWD anticipates submitting for costs that were incurred outside of normal business practices to respond to the emergency, including additional overtime paid due to the isolation of employees in shifts

COVID-19 Expenditures Incurred Since March 12, 2020

Item	Cost	Category	Note
Laptops	30,605.96	Information Technology	15 laptops
Laptop backpacks	486.33	Information Technology	15 laptops
Zoom meetings	2,398.80	Information Technology	
Duo 2 FA	980.00	Information Technology	
Mitel IP Phone Licenses	1,290.00	Information Technology	

Jabra headsets	645.24	Information Technology	
Sonim phones	611.55	Information Technology	
Samsung phones w/ Case and Hotspot	2,171.00	Information Technology	
Wireless mice & misc. supplies	528.47	Information Technology	
Bluetooth keyboards & mice, headsets, and phone chargers	440.47	Information Technology	
Spray bottles for sanitizer	940.00	Supplies	
Hand soap	817.00	Supplies	
Gloves, Glycerol, Hydrogen Peroxide, Distilled Water, batteries, safety glasses, and stock up of other warehouse supplies	7,957.06	Supplies	Warehouse supplies for the next 5-6 months.
Pinesol disinfectant	459.00	Supplies	
Janitorial supplies – hand wipes, paper towels, trash bags, cleaner, hand soap, facial tissue, bleach, toilet paper, hand sanitizer, etc.	9,352.33	Supplies	Janitorial supplies for the next 5-6 months.
Dust masks (not N95)	322.71	Supplies	
Hand sanitizer packets	397.33	Supplies	
Propanol	515.23	Supplies	
Pacific Pipeline Supply- hydrants, gate valves, copper pipe, repair couplings, and various other inventory items	100,714.07	Inventory	Inventory restock for the next 5-6 months.
AquaMetric - meters	68,954.48	Inventory	Inventory restock for the next 5-6 months.
Hach - Laboratory supplies - reagents and other supplies (WTP)	4,738.00	Supplies	6 month supply
IDEXX - Laboratory supplies - BAC-T bottles (WTP)	315.08	Supplies	120 day supply

Nalco - Water treatment chemicals - 7768 polymer barrels, four 55 gallon drums (WTP)	5,053.83	Supplies	
Sterling Water Technologies - Water treatment chemicals - ACH coagulant 2,000 gallons to top off tank (WTP)	8,759.40	Supplies	
Traffic cones to block off street parking (EFRR)	385.21	Supplies	
Custom COVID-19 park closure signs (EFRR)	221.10	Supplies	
COVID-19 Safety of Your Water Postcard - printing and mailing	9,559.69	Customer Service	Quantity sent: 25,584 postcards
Hair Trigger LLC - Hand Sanitizer	15,015.63	Supplies	Qty. 55 - 5 gallon buckets
Masks, disinfectants, hand soap, DIY hand sanitizer supplies	1,921.24	Supplies	
Barricades (EFRR)	56.01	Supplies	
Hydrogen peroxide, propanol for DIY cleaners	922.48	Supplies	
Disposable gloves	556.19	Supplies	
N95 Masks	242.44	Supplies	
Masks for employees	1,293.50	Supplies	
Containers for hand sanitizer	53.17	Supplies	
Propanol	412.19	Supplies	
Disposable gloves	1,559.72	Supplies	
Reusable masks	118.01	Supplies	
Hydrogen peroxide for DIY cleaners	161.85	Supplies	
Disinfectants, hand sanitizer packets, reusable masks, spray bottles, disposable gloves	2,019.92	Supplies	
Fork/Spoon/knife dispensers	47.97	Supplies	

Hydrogen peroxide for DIY cleaners	107.90	Supplies	
Cleaning wipes	2,248.56	Supplies	
Reusable masks	1,787.86	Supplies	
Thermometers, batteries for thermometers, bins to hold thermometers, bottles for hand sanitizer.	2,940.38	Supplies	
Disinfecting wipes, hand sanitizer, cleaning supplies	1,694.39	Supplies	
Custom COVID-19 park signs (EFRR)	738.24	Supplies	
Disinfecting wipes, alcohol wipes	467.61	Supplies	
Washable Masks (Qty. 400)	1,869.61	Supplies	
N95 masks (Qty. 1,000)	5,710.75	Supplies	
N95 masks (Qty. 130), spray bottles, utensil dispensers, thermometers, touchless soap dispensers, reusable masks (Qty. 250), hand soap	6,959.25	Supplies	
Customer COVID-19 courtesy letters for past due accounts	1,546.51	Customer Service	
Touchless items for Building D including: touchless soap dispensers, touchless paper towel dispensers, hands-free trash cans,	1,656.20	Supplies	
Wall-mounted forehead thermometer (touchless)	109.90	Supplies	
Disposable masks (Qty. 950)	292.82	Supplies	
Disposable masks (Qty. 1,000), alcohol wipes (24 packs)	672.32	Supplies	
Thermometers (5), Surface disinfectant spray (49), alcohol wipes (24 packs).	704.70		
Surface disinfectant, alcohol wipes, disposable face masks	628.42	Supplies	

Materials for temporary walls to divide Building D into pods.	658.29	Supplies	
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Category	Total
Information Technology	40,990.12
Inventory	169,668.55
Supplies	94,245.82
Customer Service	11,106.20
Grand Total	316,010.69

Discussion

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

Memo

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.

March 17, 2021

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
February 2021:

Operations & Maintenance	Current Month	Last Month
DCMWTP Total Production	376.6 million gallons	444.3 million gallons
DCMWTP Average Daily Production	13.5 million gallons	14.3 million gallons
DCMWTP Peak Day Production	22.3 million gallons	20.5 million gallons
Source Water Blend (% State Project Water)	10%	0%
Total Deliveries to VWD	141.6 acre feet 46.1 million gallons	228.4 acre feet 74.4 million gallons
4S and Rancho Cielo Sewer Systems Total Inflow	22.07 million gallons	24.89 million gallons
4S and Rancho Cielo Sewer Systems Average Daily Inflow	788,322 gallons	802,938 gallons
4S and Rancho Cielo Sewer Systems Peak Day Inflow	852,558 gallons	888,217 gallons
4S and Rancho Cielo Sewer Systems Low Day Inflow	731,724 gallons	694,322 gallons
4SWRF Average Daily Production	531,402 gallons	480,215 gallons
4SWRF Peak Day Production	996,415 gallons	1,151,858 gallons
4SWRF Total to Recycled Water Distribution System	14.87 million gallons	14.88 million gallons
4S Recycled Water Storage Pond Volume	215 acre feet	177 acre feet
Repaired Potable Water Main Leak(s)	0	0
Repaired Potable Water Service Lateral Assembly Leak(s)	4	5
Repaired Recycled Water Main Leak(s)	0	0
Repaired Recycled Water Service Lateral Leak(s)	0	0
Repaired Hit Fire Hydrant Lateral Assembly Leak(s)	1	0
Replaced Valve(s) Monthly Total	1	1
Replaced Valve(s) Calendar Year To Date	2	1
Recycled Water Use Site Inspections & Visits	15	9
Recycled Water Use Site Cross Connection Tests	1	2
Cross Connection Site Surveys	4	1
Backflow Inspections & Testing (New)	3	1
IT Help Requests	38	36
Customer Services	Current Month	Last Month
Customer Calls and Inquiries	976	837
Total Monthly Bills Issued	21,900	22,491
Service Orders	576	613
New Potable Meters	8	7
New Fire Meters	0	1

New Recycled Water Meters	1	0
AMI Troubleshooting Investigations	78	61
AMR Troubleshooting Investigations	92	68
Stopped/Underperforming Meters Replaced	33	41
MXUs Upgraded to AMI	208	321
Meter Accuracy Tests Performed	0	0
Water Use Evaluations	12	8
Water Use Violation Reports	7	7
Workshops, Events, and Tours	0	0
High-Efficiency Clothes Washer Rebates	14	12
Weather-Based Irrigation Controller Rebates	4	4
Hose Irrigation Controller Rebates	0	0
High-Efficiency Rotating Nozzle Rebates	0	0
High-Efficiency Toilet Rebates	0	0
Rain Barrel Rebates	11	9
Turf Removal Project Rebates	1	1
Social Media Posts	25	19
News Releases/Media Advisories	1	2
EFRR	Current Month	Last Month
Special Use/Event Permits	2	1
Parking Notices	192	129
Incident Reports	11	6
Vehicle Count	6,743	6,219
Trail Use Count	15,600	17,327
Days Closed Due to Rain/Red Flag/COVID-19	0	2.5
Days IC Open	0	0
Number of IC Visitors	0	0
Volunteer Trail Patrol Shifts	0	0
Volunteer Docent Hours	0	0
Total Number of Docents	68	68
Finance	Current Month	Last Month
Infosend Payments	9,181	9,142
OMWD Auto Debit Payments	2,697	2,710
CB&T Lockbox Payments	3,322	3,333
Over the Counter Payments	215	284
Check-free, Metavante and Chase	5,084	5,024
Paymentus (Credit Card) Payments	990	992
Finance Calls and walk-ins	61	36
Service Orders Processed	30	31
Service Orders Closed Out	3	5
Purchase Orders	5	17
Inventory Items Received	244	275
Payroll Direct Deposits Processed	226	226
Accounts Payable Checks	213	236

ENGINEERING DEPARTMENT

Engineering Manager Jason Hubbard Highlights for February 2021:

The New and Remodeled Operations and Administration Facilities project was accepted by the Board in December. Warranty items and City of Carlsbad final sign-off will extend for the next several months. The 4SWRF UV System Replacement project has been completed and the new system is online and functioning. The operational test period ended February 22, 2021 and the project will move to a warranty phase. The El Camino Real Pipeline Replacement and Green Bike Lane project contractor completed all remaining water line tie-ins on the project. Paving and restoration operations have begun, and are projected to continue into March. The 4S WRF Overflow Pond Landscape project contractor continued the extended maintenance period which will end June 30, 2021. The Morning Sun PRS Abandonment project completed all remaining work, and the City of Encinitas has resumed their street improvement project in the same vicinity. The 4SWRF Clarifier Replacement project completed all remaining work and the 4SWRF has resumed normal use and operation. Staff is coordinating with Caltrans and their contractor on work occurring at I-5 and Manchester Avenue which will have impacts to the OMWD's upcoming Manchester Avenue Recycled Water Pipeline project, currently nearing design completion. Staff continues to handle developer and other minor projects including fire hydrants, detector checks, water service laterals, etc. Work is ongoing related to the sale of the Gaty II parcel and the upcoming sale of the Peay parcel.

HUMAN RESOURCES DEPARTMENT

Human Resources Manager Jennifer Joslin Highlights for February 2021:

Human Resources staff conducted a new hire orientation for a new Field Services Technician I and conducted interviews for two temporary project-support staff at the DCMWTP. Coordinated the Healthy Heart Breakfast event for all interested employees. HR staff created the individualized Benefits Cost Statements for FY 2020-2021 for all employees. Records staff processed multiple public records requests. Staff participated in CSDA's Annual Employment Law Update, Conflict of Interest Form 700 training, and attended the Laserfiche Empower 2021 virtual conference. Safety staff hosted the Safety Committee meeting, attended OMWD's COVID Task Force meeting, CalOSHA COVID-19 Regulations Update webinar, and Center for Disease Control's Update on COVID-19 Vaccination for Essential Workers training.

OPERATIONS & MAINTENANCE

Operations Manager Geoff Fulks Highlights for February 2021:

At the DCMWTP, temporary labor completed the Clean in Place chemical containment upgrades and replacements. Jennette Company began concrete work for the Sodium Bisulfite chemical feed system upgrades. Suez is scheduled to deliver membranes for Train 6 by the end of February/early March. SWRCB approval was received for the amended permit to switch from Aqua Ammonia to Liquid Ammonium Sulfate for chlorination. The 4S WRF Clarifier Drives Replacement project was completed at the beginning of February. Both clarifiers in Plant B

received new motor drives. One new recycled water connection was made at Santa Fe Heights HOA. Vault Upgrade project continues with the completion of Unit M Flow Control Facility floor lining. Extensive involvement with El Camino Real Pipeline Replacement project and completion of the 25+ shutdown and connection transfers to new pipeline. Construction replaced one broken water valve at Via Molena (Encinitas), repaired a hit fire hydrant lateral (Elfin Forest), replaced and upgraded four valve boxes to current OMWD specifications at Morning Sun Dr (Encinitas). IT staff continue to support remote staff. IT deployed five new workstations and procured two new servers for installation in March. Instrument Control Technicians and Pump & Motor Technicians are assisting the DCMWTP with the planning and preparation for the integration of the chemical upgrade projects.

CUSTOMER SERVICES DEPARTMENT

Customer Services Manager John Carnegie Highlights for February 2021:

Met with SDCWA on San Diego Regional Water Quality Control Board General Agricultural Order requirements for Permanent Special Agricultural Water Rate Program customers; presented OMWD's landscape area measurement validation strategy and findings at SDCWA-hosted landscape area measurement workshop; participated in Department of Water Resources Standards, Methodologies, and Performance Measures working group meeting; signed on to regional letter submitted to County of San Diego Chief Administrative Officer Robbins-Meyer and 18 city managers on the need for COVID-19 financial relief to assist residents with water debt repayments; submitted to OMWD's congressional delegation multiple letters in strong support of the Special Districts Provide Essential Services Act, which directs federal relief funds to special districts, and one letter requesting assistance in distributing COVID-19 relief funds from the Low-Income Household Drinking Water and Wastewater Emergency Assistance Program; submitted to Assemblymember Rivas a letter supporting Assembly Bill 361, which codifies many of the modified open meeting rules found in Governor Newsom's COVID-19 executive orders; mailed 484 postcards notifying customers affected by the next AMI Expansion Project phase; submitted three applications to American Public Works Association for its Project of the Year awards program; and published 2021 update to OMWD's Strategic Plan.

At EFRR, conducted daily sanitation of all restrooms and drinking fountains; completed police report on interpretive center burglary; in preparation for surveying activities, participated in Goldspotted Oak Borer field training via Zoom; completed soil removal for interpretive center roof membrane replacement project; removed all eucalyptus and palm trees within EFRR riparian corridor; met with County of San Diego staff regarding additional funding opportunities for parking lot expansion; and canceled approximately 30 volunteer shifts due to COVID-19.

FINANCE DEPARTMENT

Finance Manager Rainy Selamat Highlights for February 2021:

Finalized 2020 Wastewater Rate Study Report for presentation and discussion with Finance Committee; discussed 2020 Wastewater Cost of Service Study recommendations with the Board and obtained approval to proceed; completed draft of the District's Wastewater Public Hearing Notice for presentation to the Board; submitted FY 2022 payroll projections to SDRMA for FY 2022

workers compensation insurance premium; submitted financial information to CSDA for survey on COVID-19 relief funding; training continues on Project Accountant II duties and responsibilities; attended Wet Weather Incentive Credit meeting with GM Thorner; participated in Microsoft Great Plains 2018 Upgrade meeting with the District's IT group; participated in various meetings and discussions such as: DocuSign project with Operations Manager Faulk, proposed changes to purchasing policies and procedures (Article 6) with GM Thorner, Northwest Quadrant Recycled Water expansion with District's Engineers, levelized billing analysis with Customer Services Manager Carnegie; held the District's semi-annual Construction in Progress Meeting with all project managers in preparation for the mid-term biennial budget adjustments; prepared and submitted OMWD's list of data requests to Vallecitos Water District for inspections on their Fiscal Year 2020 true-up recycled water costs; and staff participated in COVID task force meetings.

ASSISTANT GENERAL MANAGER:

The Assistant General Manager reports the following:

Attended a North San Diego Water Reuse Coalition meeting; participated in a SDIRWM Regional Advisory Committee meeting; contributed to a Urban Water Management Plan demand forecast workshop; engaged in a kick-off meeting with San Diego Community Power; participated in a San Diego North Economic Development Council Board Meeting; contributed to a meeting regarding providing recycled water to Rancho Paseana; engaged in a meeting regarding the Elfin Forest Recreational Reserve with County Supervisor Terra Lawson-Remer and obtaining additional grant funding; hosted several meetings regarding the San Dieguito Valley Groundwater Project test pump completion and replacement phase and plan for outreach to the local community; served on multiple interview panels; trained and developed new staff; dedicated significant time to personnel matters, employee recruitment, claims management, and reviewing public records requests.

GENERAL MANAGER:

The General Manager reports the following:

General Manager Thorner participated in a Member Agency Managers Only Meeting, the Member Agency Managers Meeting, attended the virtual COWU Meeting, participated in the Rainbow-Fallbrook Ad-Hoc Committee Meeting, held a Finance Committee Meeting, participated in the WRCA Board of Trustees Meeting, attended the SDCWA MWD Delegates Meeting, held a COVID Task Force Meeting, participated in a meeting with Representative Levin's office, attended the UWI Virtual Conference, held a Safety Committee Meeting, participated in the SDCWA Board Meeting, hosted a NSDWRC Meeting, and dedicated significant time to personnel matters, overseeing the district's COVID-19 response, reviewing legal issues, reviewing public records requests, and preparing presentations.

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: March 8, 2021

This is a report on the Water Planning and Stewardship, and Engineering and Operations Committee meetings held on March 8, 2021. There was not a Finance and Insurance Committee meeting. All MWD meetings are now virtual. The report is based on the webcast and Board reports and memorandums. Note that Committee approvals may be changed by the full Board at their meeting on March 9, 2021.

Finance and Insurance Committee – No Meeting

1. Water Transactions (February) –

Variation	Budget Month	Budget YTD	Prior Year YTD
Transactions (TAF)	Not Available	Not Available	Not Available
Transactions \$MM	Not Available	Not Available	Not Available
	Actual Month		Prior Year
January Delivery TAF	98		91

Water Planning and Stewardship Committee –

1. WSDM –

- a. To date, including the most recent storms, the snowpack in northern California is 62 percent of normal and the precipitation is 53 percent of normal. The snowpack in the Upper Colorado River Basin is 82 percent of normal. However, because of warmer than normal conditions, runoff is forecast at only 47 percent of normal.
- b. The SWP allocation remains at 10 percent, although it could increase in April/May as more precipitation is forecast.
- c. With a 10 percent SWP allocation, supplies could be approximately 375 TAF short of demands. The difference could be made up by an increased allocation, transfers, or MWD's dry-year storage, which is currently at historically high levels. MWD is

MEMORANDUM

Metropolitan Water District of Southern California

March 8, 2020 Committee Meetings

Page 2

3/9/2021

considering possible SWP transfers and is planning to take water from its groundwater banks in the Central Valley.

2. Conservation – MWD’s average GPCD has decreased from approximately:
 - a. 200 in the 1980s, to
 - b. 170/180 in the 1990s to early 2000s, to
 - c. 150 between 2010 and 2015, and to
 - d. 125 between 2016 to 2020.
3. Colorado River –
 - a. Lake Mead is at its highest point of the year and is forecast to drop significantly for 18 months as demands increase and releases from Lake Powell decrease.
 - b. Mead is currently at 1,087 feet, 12 feet above the shortage trigger.
 - c. Mead is forecast to drop 30 feet by the end of the summer of 2022. Should this happen, USBR would likely declare a first ever shortage for the Lower Basin States.
 - d. This would impact Nevada, Arizona, and Mexico, but initially, not California because of its higher priority status.
 - e. If Mead were to drop an additional 12 feet, California and Metropolitan would be required to contribute water to Mead.
 - f. New allocations of supply must be completed in 2026. Negotiations will start this summer and are expected to be difficult.

Engineering and Operations Committee

1. State Water Project Allocation – 10 percent.
2. Percent State Water Project Water at Lake Skinner – 0 percent.

CIP – Capital Improvement Program

DWR – Department of Water Resources

ICS – Intentionally Created Surplus

MWD – Metropolitan Water District of Southern California

MAF – Million acre-feet

SWP – State Water Project

PFAS – Polyfluoroalkyl Substances

TAF – Thousand acre-feet

WSDM – Water Surplus Drought Management

CWA – San Diego County Water Authority

IRP – Integrated Resources Plan

MGD – Million gallons per day

CWA – San Diego County Water Authority

USBR – Bureau of Reclamation

Memo

D

To: Olivenhain Municipal Water District Board of Directors

Subject: INFORMATIONAL REPORTS

GENERAL COUNSEL

Any written report will be attached; any oral report will be provided at the time of the Board Meeting.



TO: Olivenhain Municipal Water District
FROM: Alfred Smith
DATE: March 17, 2021
RE: Attorney Report: Clean Water Act Update
150152-0005

I. INTRODUCTION.

This attorney report provides an update on Clean Water Act regulations proposed by the United States Environmental Protection Agency (“EPA”). The EPA recently issued draft guidance intended to clarify when a National Pollutant Discharge Elimination System (“NPDES”) permit is required under the Clean Water Act. The EPA’s new guidance is based upon the recent United States Supreme Court ruling in *County of Maui v. Hawaii Wildlife Fund* (“*Maui*”).

EPA’s new guidance is important for public agencies that discharge to groundwater and public agencies that are considering groundwater recharge or supply projects to lower imported water costs, increase supply reliability and increase access to local water supplies. If the draft guidance is finalized, it will serve as administrative guidance to local agencies adopting the less stringent “functional equivalent” test instead of the “fairly traceable” test for determining compliance requirements under the Clean Water Act.

II. BACKGROUND.

A. The Clean Water Act.

The Clean Water Act confers federal jurisdiction over “navigable” waters, defined in the Act as “Waters of the United States, including the territorial seas.” The Clean

Water Act grants the EPA and the Army Corps of Engineers regulatory authority to protect the quality of the “Waters of the United States.”

The scope of Clean Water Act jurisdiction impacts the number of projects and activities subject to the Clean Water Act’s permitting requirements. These permitting requirements apply to discharges of pollutants as well as fill material and potentially involve the imposition of discharge limitations, mitigation and reporting requirements, and penalties. Additionally, because Clean Water Act permits are enforceable by members of the public, any person or group who can establish standing can file a lawsuit to enforce the Act.

The stated goal of the Clean Water Act is to “restore and maintain the chemical, physical, and biological integrity of the Nation’s waters.” However, the Clean Water Act leaves it to the regulatory agencies and the courts to define which “Waters of the United States” are subject to regulation.

As a result of this regulatory ambiguity, the EPA and the Army Corps of Engineers have tried multiple times to bring clarity to the scope of Clean Water Act jurisdiction, resulting in multiple amendments and an enormous body of litigation, including several Supreme Court cases.

B. The *Maui* Decision.

In the *Maui* decision, the United States Supreme Court held that the Clean Water Act’s permitting requirements may be used to regulate the discharge of pollutants traveling through groundwater, and the Supreme Court created a new test for when an NPDES permit may be required. Until this decision, federal courts were divided on the issue of whether pollutants discharged from point sources could be regulated under the Clean Water Act if they traveled through groundwater.

The *Maui* case arose when environmental groups filed citizen suits under the Clean Water Act alleging that the County discharged effluent from its wastewater treatment system into groundwater injection wells, with traces that ultimately reached the ocean without a permit under the Clean Water Act’s NPDES program. The County

disagreed, arguing that the Clean Water Act covers only point sources that directly convey pollutants into navigable waters; that groundwater is not a navigable water; and that the injection wells discharge directly into groundwater with only indirect traces reaching the ocean miles away.

The test established by the United States Supreme Court in *Maui* rejected the “fairly traceable” test, requiring a permit for a discharge of pollutants from a point source if: (1) after traveling through groundwater, that discharge reaches “waters of the United States;” and (2) that discharge is a “functional equivalent of a direct discharge from the point source into navigable waters.”

The Supreme Court also identified a non-exclusive set of seven factors to consider to determine whether a discharge from a point source is a “functional equivalent” of a direct discharge. These factors include:

- (1) transit time;
- (2) distance traveled;
- (3) the nature of the material through which the pollutant travels;
- (4) the extent to which the pollutant is diluted or chemically changed as it travels;
- (5) the amount of pollutant entering the navigable waters relative to the amount of the pollutant that leaves the point source;
- (6) the manner by or area in which the pollutant enters the navigable waters; and
- (7) the degree to which the pollution (at that point) has maintained its specific identity.

III. EPA’s DRAFT GUIDANCE.

EPA stated that its draft guidance aims to clarify the United States Supreme Court’s decision in *Maui* by applying the “functional equivalent” test to the EPA’s NPDES permit program, and by identifying additional factors that local public agencies should consider when evaluating the need for an NPDES permit for pollutant discharges.

EPA further stated that the threshold conditions requiring an NPDES permit are not modified by the *Maui* decision. Those necessary conditions are:

- (1) a discharge of pollutants from a point source; and
- (2) a showing that the discharge reaches a water of the United States.

IV. **CONCLUSION.**

EPA's guidance is important because it clarifies the conflicting standards that have been applied by appellate courts across the country. EPA's guidance explains that the *Maui* decision imposes NPDES requirements on an additional subset of discharges that travel through groundwater, but only those discharges that are the "functional equivalent" of direct discharges.

The "functional equivalent" standard is less stringent than the "fairly traceable" standard. In its legal briefing, the County of Maui stated the "fairly traceable" standard is inconsistent with the Clean Water Act and exposes government agencies and property owners to new Clean Water Act liability and "crippling" fines, where groundwater disposal and groundwater recharge has been historically viewed as outside the Clean Water Act. The County also argued that the "fairly traceable" test is vague and fails to provide regulators and the public with sufficient clarity of whether an activity will require an NPDES permit.

EPA's guidance further provides that, if there are indications that a discharge traveling through groundwater may reach waters of the United States, local agencies should conduct a technical analysis examining hydraulic conductivity based on soil and pollutant type. EPA stated that this technical analysis should consider the seven factors listed above in drawing a conclusion as to whether the discharge is the "functional equivalent" of a direct discharge.

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 FORMAL BOARD OF DIRECTORS' MEETING February 25, 2021

1. Retirement of Directors.
The Board adopted Resolution No. 2021-04 honoring Kathleen Hedberg upon her retirement from the Board of Directors and Resolution No. 2021-05 honoring Almis Udrys upon his retirement from the Board of Directors.
2. Approve the Recommended Debt Management Activities.
The Board adopted a resolution authorizing (i) the issuance of Subordinate Lien Water Revenue Refunding Bonds, Series 2021S-1 to refund the maturing Subordinate Lien Water Revenue Refunding Bonds, Series 2016S-1 and the outstanding Series 1 Extendable Commercial Paper; (ii) a negotiated method of sale; (iii) the execution and delivery of financing documents including the Indenture, Continuing Disclosure Agreements, Purchase Contract and Official Statement; (iv) the distribution of the Preliminary Official Statement; and (v) designation of the underwriting team and the Trustee and adopted a resolution authorizing (i) the issuance of Water Revenue Refunding Bonds, Series 2021B&C to refund a portion of bonds outstanding from Series 2016A&B to achieve debt service savings; (ii) a negotiated method of sale; (iii) the execution and delivery of financing documents, including the Indenture, Escrow Agreement, Continuing Disclosure Agreement, Purchase Contract and Official Statement; (iv) the distribution of the Preliminary Official Statement; and (v) the designation of the underwriting team and the trustee.
3. Agreement with Dell EMC for Datacenter Replacement Project.
The Board authorized the General Manager to enter into an agreement with Dell EMC in the amount of \$921,513.74 to replace and upgrade the Water Authority's datacenter and provide related warranty and support services for a five-year period ending July 1, 2026.
4. Reaffirmation of Water Authority Support for Potable Reuse Projects and Initiatives.
The Board adopted a Resolution in Support of Regional Potable Reuse Project, Programs, and Initiatives, a position of Support on H.R. 587 (Peters), relating to permitting requirements associated with discharge from the Point Loma Wastewater Treatment Plant, and adopted a position of Support if Amended on SB 45 (Portantino), relating to the Wildfire Prevention, Safe Drinking Water, Drought Preparation, and Flood Protection Bond Act of 2022.
5. Monthly Treasurer's Report on Investments and Cash Flow.
The Board noted and filed the Treasurer's report.
6. Amendment to Professional Services Contract with On-Site Technical Services, Inc. for continued as-needed in-plant inspection services for CIP construction projects.
The Board accepted Amendments 1 through 4 for an increase of \$250,000 and authorized the General Manager to execute Amendment 5 to the professional services contract with On-Site Technical Services, Inc. in the amount of \$536,166 increasing the contract amount from \$3,000,000 to \$3,786,166.



7. Notice of Completion for the San Diego 28 Flow Control Facility Project.
The Board authorized the General Manager to accept the San Diego 28 Flow Control Facility project as complete, record the Notice of Completion, and release all funds held in retention to J.F. Shea Construction, Co., following the expiration of Notice of Completion period.
8. Amendment 1 to the professional services contract with Power Engineering Services, Inc., for specialty field support, analysis, and engineering services.
The Board authorized the General Manager to execute Amendment 1 to the contract with Power Engineering Services, Inc., in the amount of \$400,000 for as-needed specialty field support, analysis and engineering services, increasing the authorized cumulative contract amount from \$140,000 to \$540,000.
9. Accept the Padre Dam 7 Flow Control Facility.
The Board accepted the Padre Dam 7 Flow Control Facility as complete from Padre Dam Municipal Water District.
10. Adopt positions on various state bills.
The Board adopted a position of Oppose on AB 59 (Gabriel), relating to connection fees and capacity charges, a position of Support on ACR 17 (Voepel), relating to the declaration of Special Districts' Week, a position of Oppose Unless Amended on SB 223 (Dodd), relating to discontinuation of water service policies and practices, a position of Support on SB 323 (Caballero), relating to water and sewer rate validation actions, a position of Support on H.R. 535 (Garamendi), relating to COVID financial assistance for special districts, and a position of Support on S. 91 (Sinema), relating to COVID financial assistance for special districts.
11. Closed Session.
The Board approved to take the \$44,373,872.29 judgment payment from Metropolitan Water District of Southern California in the 2010-12 rate cases and to immediately issue payment pro rata to its member agencies of the full amount of the MWD judgment payment per the attached schedule.
12. Approval of Minutes.
The Board approved the minutes of the Formal Board of Directors' meeting of January 28, 2021.

\$44,373,872 Judgment Proceeds (2011-14 Only)

<u>Agency</u>	<u>Percentage</u>	<u>Amount</u>
Carlsbad MWD	3.81%	\$1,692,236.88
Del Mar, City of	0.24%	\$108,025.65
Escondido, City of	3.95%	\$1,754,022.94
Fallbrook PUD	2.05%	\$909,412.67
Helix WD	6.42%	\$2,847,389.34
Lakeside WD	0.78%	\$348,005.17
Oceanside, City of	5.30%	\$2,351,413.99
Olivenhain MWD	4.60%	\$2,039,332.40
Otay WD	7.13%	\$3,162,939.58
Padre Dam MWD	2.61%	\$1,157,551.53
Pendleton Military Reserve	0.01%	\$4,958.08
Poway, City of	2.63%	\$1,167,915.01
Rainbow MWD	3.03%	\$1,343,382.03
Ramona MWD	1.34%	\$596,663.83
Rincon Del Diablo MWD	1.42%	\$630,780.62
San Diego, City of	39.84%	\$17,676,521.64
San Dieguito WD	0.83%	\$368,002.42
Santa Fe ID	1.69%	\$748,699.93
Sweetwater Authority	1.97%	\$874,367.74
Vallecitos WD	3.58%	\$1,590,623.74
Valley Center MWD	3.00%	\$1,332,471.26
Vista ID	3.54%	\$1,571,006.35
Yuima MWD	0.22%	\$98,149.47



Memo

F

To: Olivenhain Municipal Water District Board of Directors

Subject: INFORMATIONAL REPORTS
LEGISLATIVE REPORT

Any written report will be attached; any oral report will be provided at the time of the Board Meeting.

TO: Olivenhain Municipal Water District
FROM: Ashley Walker, Senior Policy Advisor, Nossaman LLP
Jennifer Capitolo, Jennifer M. Capitolo and Associates LLC
DATE: February 23, 2021
RE: January/February Public Policy Report

State Legislative Update:

Status of the Legislative Session: The 2021-22 Legislative Session continues to focus on the Governor's proposed immediate and early action budget items, and COVID-19 related impacts. Members continue to introduce bills outside of the pandemic; however it is yet to be determined how much they will be able to accomplish this year. Policy committee hearings will start to ramp up in March.

State Budget: The Governor's 2020-21 January Budget proposal was released on Friday, January 10. The budget calls for the legislature to act on \$12.8 billion in immediate and early budget proposals in the current fiscal year, as well as proposes a fiscal year 21-22 spending plan. The Legislature has been most focused on immediate and early action proposals, as outlined below.

- **Immediate Action Items:**

- Safe re-opening of K-12 schools
- Low-income tax refund
- Small business aid
- Fee waivers for heavily impacted services industries

- **Early Action Items:**

- Student Support:
 - K-12 Extended Learning Time
 - Higher Education Emergency Financial Assistance
 - Community College Retention Rates and Enrollment
- Jobs and Workforce Training:
 - Jobs and Regional Development – Cal Competes
 - Wildfire and Forest Resilience
 - Jobs through Jump Starting Housing Development Locally
 - Small Businesses – California Dream Start-up Grants
 - Workforce Development – High Roads Apprenticeship Program
- Environmental Sustainability
 - Cap & Trade Expenditure Plan
 - Sustainable Agriculture
 - Bottle Bill
- Housing and Homelessness
 - Homekey Housing
 - Trial Court Workload for Eviction Protections
- Other Items

- County Probation Departments
- California Creative Corps
- Go-Biz Staffing Resources

Legislative Proposals:

- **AB 1434 (Friedman):** The bill would establish, beginning January 1, 2023, until January 1, 2025, the standard for indoor residential water use as 48 gallons per capita daily. The bill would establish, beginning January 1, 2025, the standard as 44 gallons per capita daily and, beginning January 1, 2030, 40 gallons per capita daily. The bill would eliminate the requirement that the department, in coordination with the state board, conduct necessary studies and investigations and jointly recommend to the Legislature a standard for indoor residential water use.
Recommended position: Watch.
- **SB 222 (Dodd): Water Affordability Assistance Program.** This bill would establish the Water Affordability Assistance Fund (Fund) in the State Treasury. The Fund would provide water affordability assistance for drinking water and wastewater services to low-income ratepayers and ratepayers who are experiencing economic hardship. Money in the Fund would be made available upon appropriation by the Legislature to the State Water Board for six purposes:
 1. Direct water bill assistance;
 2. Water bill credits to renters, individuals, or households that pay other amounts, fees, or charges related to residential water and wastewater service;
 3. Water crisis assistance;
 4. Affordability assistance to low-income households served by domestic wells;
 5. Water efficiency measures for low-income households;
 6. Short-term assistance to public water systems to administer program components, including startup costs.Recommended position: Oppose, or Oppose Unless Amended.
- **SB 223 (Dodd): Discontinuation of residential water service.** The bill would require the written policy on discontinuation of residential service for nonpayment to include an arrearage management plan, and, for those systems that provide water audits or have the capacity to do so, to include a free water audit offered to low-income households with water usage that is above the annual average volume usage of their customer class.

The bill would require the State Water Board to provide technical assistance to very small community water systems, to assist with compliance with these requirements and to establish a bridge loan program to assist very small community water systems that may suffer revenue loss or delayed collection while complying with these requirements. The bill would also require the State Water Board to develop a template for a written policy on discontinuation of residential service for nonpayment, on or before September 1, 2022, to aid very small community water systems in complying with the requirement to have a written policy on discontinuation of residential service for nonpayment.

This bill would revise the conditions under which urban and community water systems and very small community water systems are prohibited from discontinuing residential service for nonpayment. The bill would prohibit these systems from discontinuing residential service for nonpayment during a state or local emergency. The bill would prohibit these systems from discontinuing residential water service for nonpayment until a payment by a customer has been delinquent for at least 120, rather than 60, days and the total amount of the delinquency, exclusive of late charges and interest, is at least \$400. The bill would also prohibit these

systems from discontinuing residential water service for nonpayment to a master-metered multifamily residence with at least 4 units or to a master-metered mobilehome park.

Existing law requires an urban and community water system to impose specified fees for reconnection of service for customers with a household income below 200% of the federal poverty line. This bill would instead require an urban and community water system and very small community water system to waive fees for disconnection and reconnection of service for those customers. Recommended position: Oppose, or Oppose Unless Amended.

- **SB 323 (Caballero): Local government: water or sewer service: legal actions.** The bill provides public agency water and sewer service rates the same protections already afforded to fees and charges that fund other essential government services. It would allow water agencies more financial certainty by helping to prevent costly and time-consuming litigation challenging rates and charges years after they have been adopted and collected, while still ensuring that adopted rates and charges comply with Proposition 218 and other existing laws. Recommended position: Support. Sponsored by ACWA.

COVID-19 Pandemic Response: The following actions were taken by the Governor and Administration in January, related to addressing the pandemic. This list was provided by the California State Association of Counties. We are happy to provide the details of any item listed below, should the District desire.

- February 19 CDPH released updated guidance for youth and recreational adult sports. Governor Newsom announced effective March 1st, 10% of first doses would be set aside for educators and childcare workers.
- February 17 Governor Gavin Newsom, Senate President pro Tempore Toni G. Atkins and Assembly Speaker Anthony Rendon announced that they reached agreement on a package of immediate actions that will speed needed relief to individuals, families and businesses suffering the most significant economic hardship from the COVID-19 Recession.
- February 16 California Governor Gavin Newsom and the Biden-Harris Administration today announced the opening of the nation's first community vaccination sites in Oakland and Los Angeles.
- February 12 The CDC released the Operational Strategy for Reopening Schools.
- February 11 The California Department Consumer Affairs waived restrictions on administering COVID-19 Vaccines for: Dental Hygienists, Optometrists, Podiatrists, and Post Graduates.
- January 29 Governor Gavin Newsom signed legislation to extend the state's eviction moratorium through June 30, 2021, as a result of the economic hardships brought on by the COVID-19 pandemic.
- January 27 Governor Gavin Newsom signed an executive order to bolster the state's efforts to vaccinate as many Californians as possible, as quickly as possible.
- January 26 The Newsom Administration announces creation of a statewide vaccine delivery network to simplify and standardize the vaccination process with equity as a core focus.
- January 25 Officials with the California Department of Public Health (CDPH) ended the Regional Stay at Home Order, lifting the order for all regions statewide, including the three regions that had still been under the order. Additionally, Governor Gavin Newsom announced a series of improvements to the state's vaccination plan. Incorporating lessons learned from efforts to increase the pace of vaccination. Finally, he along with legislative leadership issued a joint statement on the extension of the eviction moratorium to protect Californians impacted by COVID-19.
- January 13 The Governor announced a new system to let people know if they are eligible to receive a vaccine, and if not yet eligible, to register for a notification via email or text when they are eligible. That system is expected to launch next week. This comes on the heels of the CDC's decision to expand the pool of those eligible to receive the vaccine to individuals 65 and older.

- January 11 Governor Gavin Newsom submitted his 2021-22 State Budget proposal to the Legislature – a \$227.2 billion fiscal blueprint that provides funding for immediate COVID-19 response and relief efforts where Californians need it most while making investments for an equitable, inclusive and broad-based economic recovery.
- January 6 Governor Newsom Announces Golden State Stimulus, a budget proposal to help low-income Californians through \$600 rapid cash payments, and calls for extension of eviction moratorium.
- January 5 Governor Gavin Newsom previewed his Equitable Recovery for California's Businesses and Jobs plan, the business and workforce recovery elements of his 2021-22 State Budget that will help California through the COVID-19 pandemic and advance an equitable, broad-based recovery. The state issued a public health order ensuring distribution of health care resources across the state to ensure patients get life-saving care as ICU capacity is strained.

Water Quality Update:

COVID Reporting: On January 19, 2021, the SWRCB held their regular Board Meeting and DDW presented an update on the two surveys that were conducted in 2020 with regards to COVID impacts on water utility customers and small water systems. To gauge the magnitude of household debt and related financial impacts on water systems, the State Water Resources Control Board surveyed water systems between November 9 and December 4, 2020. This SWRCB states that they completed this data effort to support policymakers exploring response/assistance options and to help inform policy decisions to stay ahead of potential crises. The SWRCB estimates \$1 billion in household debt across the state as of January 2021 for non-payment of water bills. Since some water systems bill for other services such as wastewater and stormwater on a water bill, the drinking water specific debt may be closer to \$600 million. The SWRCB estimates that at least 1.6 million households have water debt or 12% of households in the state. The average debt around is roughly \$500 per household. Over 155,000 households have more than \$1,000 in water debt and these households account for over half of the total water debt. The top 10 Zip Codes with the highest levels of water debt are in Los Angeles, Santa Maria, Rancho Cordova, Colton, Bell Gardens, Norwalk, and Cypress. The water-debt crisis is most acute in Southern California, particularly in Los Angeles. The Board estimates that up to 25 small/medium water systems are at extreme risk and may require emergency assistance within 180 days. Some smaller systems lack financial and operational capacity to withstand prolonged revenue loss. The data show a strong correlation between median household income and level of financial risk, indicating that communities that were already disadvantaged have experienced disproportionate impacts during the COVID-19 pandemic.

Electronic Annual Report (eAR): The SWRCB was supposed to release the 2020 eAR questions in January 2021. Staff is now advising a March 15, 2021 roll out for the 2020 eAR with a due date of May 15, 2021. The water utilities have requested a timely release of the questions so they will have time to review and gather information before the reporting begins and DDW has agreed to release the questions in advance of the release.

SAFER Program: The SAFER program continues to host regular meetings to complete the statewide needs assessment. The State Water Board's Needs Assessment consists of three core components: The Affordability Assessment, Risk Assessment, and Cost Assessment. The results of the Needs Assessment will be used to prioritize public water systems, tribal water systems, state small water systems, and domestic wells for funding in the Safe and Affordable Drinking Water Fund Expenditure Plan; direct State Water Board technical assistance; and to develop strategies for implementing interim and long-term solutions. The SWRCB will be hosting two upcoming public webinars on the SAFER program.

- SAFER: Cost Assessment Model Preliminary Results and Gap Analysis: February 26, 2021, 9am

- SAFER: Needs Assessment Results: March 25, 2021, 9am

Revised Total Coliform Rule: The SWRCB is finalizing the Proposed Regulations regarding Revised Total Coliform Rule. A public hearing was held on December 17 at 9:30am and there was very little participation in the public discussion, as many of the outstanding issues had already been resolved and included in the proposed regulation. The board will likely adopt the new regulatory proposal in Q1 of 2021.

Chromium VI: The SWRCB held two public workshops on the Hexavalent Chromium Maximum Contaminant Level Estimates of Costs in December 2020 and there was significant public participation. As you may recall, the CrVI MCL was invalidated by the Courts due to a weak analysis of the economic feasibility and it was therefore withdrawn by the SWRCB. The formal procedure for adopting this regulation under the Administrative Procedures Act has not yet begun, however, input provided at the workshop may be used to further develop the regulation.

PFBS: The SWRCB, Division of Drinking Water is proposing a notification level of 0.5 parts per billion (ppb) and a response level of 5 ppb for perfluorobutane sulfonic acid (PFBS). These levels are based on a recommendation from the Office of Environmental Health Hazard Assessment, which included review of more than one peer reviewed study. An informational item on the proposed PFBS notification and response levels is planned for the State Water Board's March 2, 2021 meeting.

Water Use Efficiency/Conservation Update:

Water Loss Performance Standards: On December 3 the State Water Resources Control Board (SWRCB) staff posted draft water loss regulations and the supporting economic model, and noticed a public workshop webinar for December 16. This regulation will establish volumetric water loss standards for urban water suppliers (serving potable water to 3,000 or more connections or serving 3,000 or more acre feet of water). At the workshop, staff indicated that a peer review of the economic model is underway and is expected to be released in mid-January. Depending on the results of the peer review, staff may initiate the formal rulemaking as early as February. The rulemaking process is expected to extend into mid-2021. At the workshop, staff presented the proposal and addressed questions and comments by many urban water suppliers, which focused on troubling model assumptions and concerns about many aspects of the proposal. After the workshop, the water supplier Coalition circulated a scathing technical analysis of the economic model, which casts significant doubt upon its validity.

DEPARTMENT OF WATER RESOURCES

The Department of Water Resources (DWR) and SWRCB continue to implement the comprehensive water conservation and drought planning legislation of 2018, AB 1668 (Friedman) and SB 606 (Hertzberg).

Residential Landscape Area Measurement (LAM) and Indoor Water Use Studies: DWR is continuing its rollout to urban water suppliers of its estimates of "classified landscape areas". Urban water suppliers have 6 months to resolve "disputed parcels" and review and validate the estimates. Later in 2021 the validated data is to be used to develop an outdoor irrigation budget for each water supplier. DWR has scheduled the second meeting of the technical workgroup on Standards, Methodologies and Performance Measures to inform the development of the outdoor water use standards recommendation. That meeting is scheduled for Wednesday, February 24, 2021, 9-12pm. In an email from DWR, they stated that they are in the planning stage to hold another stakeholder meeting on LAM in April and extend the review period. They will be providing more guidance at the April stakeholder meeting and they will notify interested parties as soon as the date is set.

DWR also now poised to complete a report addressing results of several indoor residential water use studies and conveying recommendations to the Legislature regarding the 55 gallons per capita per day single-family residential water use standard. A final recommendations report was due to the Legislature by January 1, but may not be released by DWR until April 1. Separately, the indoor residential water use standard will be subject to rulemaking by SWRCB in Fall of 2021. The indoor water use standard is to be used to calculate the overall water use objective for urban water suppliers. There is still disagreement on where the recommend is set. A new legislative proposal, AB 1434 (Friedman), may derail this process.

Urban Water Management Plan Final Guidance Document and Training Webinar: DWR is poised to release the final Urban Water Management Plan Guidance Document, possibly before the end of January. This guidebook is intended for use by urban water suppliers and provides a helpful overview of current UWMP requirements and offers useful suggestions and technical resources. DWR has been conducting training webinars on UWMP requirements.

Recordings of the past and future UWMP trainings webinars are posted here:
https://www.youtube.com/playlist?list=PLeod6x87Tu6e-Fi-louoKF2BagN-Bz_mA

Urban water suppliers must submit their 2020 UWMPs to DWR by July 1, 2021.



Olivenhain Legislative Report 2020 Report as of 3/10/2021

Support

AB 361 (Rivas, Robert D) Open meetings: local agencies: teleconferences.

Status: 2/12/2021-Referred to Com. on L. GOV.

Location: 2/12/2021-A. L. GOV.

Summary: Would authorize a local agency to use teleconferencing without complying with the teleconferencing requirements imposed by the Ralph M. Brown Act when a legislative body of a local agency holds a meeting for the purpose of declaring or ratifying a local emergency, during a declared state or local emergency, as those terms are defined, when state or local health officials have imposed or recommended measures to promote social distancing, and during a declared local emergency provided the legislative body makes certain determinations by majority vote.

Position

Support

Notes: 2/18/21 Letter to author

SB 323 (Caballero D) Local government: water or sewer service: legal actions.

Status: 3/8/2021-March 11 hearing postponed by committee.

Location: 2/17/2021-S. GOV. & F.

Summary: Current law prohibits a local agency from imposing fees for specified purposes, including fees for water or sewer connections, as defined, that exceed the estimated reasonable cost of providing the service for which the fee is charged, unless voter approval is obtained. Current law provides that a local agency levying a new a water or sewer connection fee or increasing a fee must do so by ordinance or resolution. Current law requires, for specified fees, including water or sewer connection fees, any judicial action or proceeding to attack, review, set aside, void, or annul an ordinance, resolution, or motion adopting a new fee or service charge or modifying an existing fee or service charge to be commenced within 120 days of the effective date of the ordinance, resolution, or motion according to specified procedures for validation proceedings. This bill would apply the same judicial action procedure and timelines, as stated above, to ordinances, resolutions, or motions adopting, modifying, or amending water or sewer service fees or charges, except as provided.

Position

Support

Notes:

AB 1 (Garcia, Cristina D) Hazardous waste.

Status: 1/11/2021-Referred to Com. on E.S. & T.M.

Location: 1/11/2021-A. E.S. & T.M.

Calendar: 4/7/2021 9 a.m. - State Capitol, Room 4202 ASSEMBLY ENVIRONMENTAL SAFETY AND TOXIC MATERIALS, QUIRK, Chair

Summary: Would create the Board of Environmental Safety in the California Environmental Protection Agency. The bill would provide requirements for the membership of the board and would require the board to conduct no less than 6 public meetings per year. The bill would provide for the duties of the board, which would include, among others, reviewing specified policies, processes, and programs within the hazardous waste control laws; proposing statutory, regulatory, and policy changes; and hearing and deciding appeals of hazardous waste facility permit decisions and certain financial assurance decisions.

Position

AB 8 (Smith R) Unemployment benefits: direct deposit.

Status: 1/11/2021-Referred to Com. on INS.

Location: 1/11/2021-A. INS.

Summary: Current law requires unemployment compensation benefits that are directly deposited to an account of the recipient's choice to be deposited to a qualifying account. Current law defines "qualifying account" for these purposes to mean a demand deposit or savings account at an insured financial institution in the name of the person entitled to receipt of public assistance payments or a prepaid card account that meets certain requirements, including that the prepaid card account may not be attached to any credit or overdraft feature that is automatically repaid from the account after delivery of the payment. This bill would, by July 1, 2021, provide that the recipient of the unemployment compensation benefits has the right to choose whether the benefits payments are directly deposited into a qualifying account or applied to a prepaid debit card.

Position

AB 9 (Wood D) Wildfires.

Status: 12/8/2020-From printer. May be heard in committee January 7.

Location: 12/7/2020-A. PRINT

Summary: Current law establishes various programs for the prevention and reduction of wildfires. This bill would state the intent of the Legislature to enact subsequent legislation that would increase California's capacity to prevent and reduce the impact of wildfires, and would make related findings and declarations.

Position

AB 11 (Ward D) Climate change: regional climate change authorities.

Last Amend: 1/21/2021

Status: 1/25/2021-Re-referred to Com. on NAT. RES.

Location: 1/11/2021-A. NAT. RES.

Summary: Would require the Strategic Growth Council, by January 1, 2023, to establish up to 12 regional climate change authorities to coordinate climate adaptation and mitigation activities in their regions, and coordinate with other regional climate adaptation authorities, state agencies, and other relevant stakeholders.

Position

AB 19 (Santiago D) Unemployment insurance compensation: COVID-19 pandemic: temporary benefits.

Status: 1/11/2021-Referred to Com. on INS.

Location: 1/11/2021-A. INS.

Summary: The federal Coronavirus Aid, Relief, and Economic Security Act (CARES Act) temporarily provides for expanded unemployment benefits through the federal Pandemic Unemployment Assistance (PUA) and Pandemic Emergency Unemployment Compensation (PEUC) provisions of the CARES Act. This bill would require the Employment Development Department to provide, until July 1, 2022, following the termination of assistance pursuant to PUA and PEUC or any other federal or state supplemental unemployment compensation payments for unemployment due to the COVID-19 pandemic, in addition to an individual's weekly benefit amount as otherwise provided for by existing unemployment compensation law, unemployment compensation benefits equivalent to the terminated federal or state supplemental unemployment compensation payments for the remainder of the duration of time the individual is unemployed due to the COVID-19 pandemic, notwithstanding the weekly benefit cap. The bill would prohibit any unemployment compensation benefits authorized by the bill from being charged against the reserve account of any employer.

Position

AB 21 (Bauer-Kahan D) Forestry: electrical transmission and distribution lines: clearance: penalties.

Status: 1/11/2021-Referred to Coms. on NAT. RES. and JUD.

Location: 1/11/2021-A. NAT. RES.

Summary: Current law requires a person that owns, controls, operates, or maintains any electrical transmission or distribution line upon any mountainous land or forest-covered land, brush-covered land, or grass-covered land to maintain around and adjacent to any pole or tower that supports a switch, fuse, transformer, lightning arrester, line junction, or dead-end or corner pole a firebreak, as specified. Current law requires a person that owns, controls, operates, or maintains any electrical transmission or distribution line upon any mountainous land or in forest-covered land, brush-covered land, or grass-covered land to maintain a clearance between all vegetation and all conductors that are carrying electric current, as specified. This bill would impose a civil penalty of up to \$100,000 for each violation of the above-described provisions. The bill would impose an additional civil penalty of up to \$1,000 for each acre burned by a fire resulting from a violation of the above-described provisions.

Position

AB 24 (Waldron R) Unemployment insurance: benefit determination deadlines.

Status: 1/11/2021-Referred to Com. on INS.

Location: 1/11/2021-A. INS.

Summary: Current law establishes procedures for the filing, determination, and payment of benefit claims, and those benefits are payable from the Unemployment Fund. Current law requires the department to promptly pay benefits if it finds the claimant is eligible and to promptly deny benefits if it finds the claimant is ineligible for benefits. Current law requires the department to consider facts submitted by an employer in making this determination and also provides for the department to audit claims, as specified. Existing law provides a procedure for a claimant or a base employer to challenge a determination of the computation or recomputation of the benefits. This bill would require the department to provide a claimant with a notification of the computation used to determine their benefits within 30 days of the receipt of the claim and to respond to a challenge by the claimant or the base employer based on the computation or recomputation of benefits within 15 days of the receipt of the protest, except as specified.

Position

AB 25 (Kiley R) Worker classification: employees and independent contractors.

Status: 1/11/2021-Referred to Com. on L. & E.

Location: 1/11/2021-A. L. & E.

Summary: Current law exempts specified occupations and business relationships from the application of the ABC test as specified. Current law, instead, provides that these exempt relationships are governed by the multifactor test previously adopted in the case of *S. G. Borello & Sons, Inc. v. Department of Industrial Relations* (1989) 48 Cal.3d 341 (Borello). This bill would generally repeal provisions relating to the "ABC" test for various specified occupations and business relationships. The bill would, instead, require the determination of whether a person is an employee or an independent contractor to be based on the specific multifactor test set forth in Borello, including whether the person to whom service is rendered has the right to control the manner and means of accomplishing the result desired, and other identified factors.

Position

AB 30 (Kalra D) Parks: access to nature.

Status: 12/8/2020-From printer. May be heard in committee January 7.

Location: 12/7/2020-A. PRINT

Summary: Current law establishes in state government the Natural Resources Agency, consisting of various entities, including the Department of Parks and Recreation, the California Coastal Commission, and the State Coastal Conservancy. This bill would express the intent of the Legislature to subsequently enact legislation that would improve access to nature for all people in the state and provide for recreational and educational opportunities, with a specific emphasis on increasing access for economically disadvantaged communities.

Position

AB 36 (Gallagher R) Design-build contracting: Town of Paradise

Status: 1/11/2021-Referred to Com. on L. GOV.

Location: 1/11/2021-A. L. GOV.

Summary: Would authorize the Paradise Irrigation District to use the design-build contracting process to award a contract for a water conveyance pipeline from the Town of Paradise to the City of Chico. The bill would authorize the Town of Paradise to use the design-build contracting process to provide for the provision of sewer treatment to the Town of Paradise, including for infrastructure connecting the Town of Paradise to an existing treatment facility.

Position

AB 50 (Boerner Horvath D) Climate change: Climate Adaptation Center and Regional Support Network: sea level rise.

Status: 1/11/2021-Referred to Com. on NAT. RES.

Location: 1/11/2021-A. NAT. RES.

Summary: Current law requires the Natural Resources Agency, in collaboration with the Ocean Protection Council, to create, and update biannually, a Planning for Sea Level Rise Database describing steps being taken throughout the state to prepare for, and adapt to, sea level rise. This bill would establish the Climate Adaptation Center and Regional Support Network in the Ocean Protection Council to provide local governments facing sea level rise challenges with information and scientific expertise necessary to proceed with sea level rise mitigation.

Position

AB 51 (Quirk D) Climate change: adaptation: regional climate adaptation planning groups: regional climate adaptation plans.

Status: 1/11/2021-Referred to Com. on NAT. RES.

Location: 1/11/2021-A. NAT. RES.

Summary: Would require the Strategic Growth Council, by July 1, 2022, to establish guidelines for the formation of regional climate adaptation planning groups. The bill would require the council, by July 1, 2023, and in consultation with certain state entities, to develop criteria for the development of regional climate adaptation plans.

Position

AB 52 (Frazier D) California Global Warming Solutions Act of 2006: scoping plan updates: wildfires.

Status: 1/11/2021-Referred to Com. on NAT. RES.

Location: 1/11/2021-A. NAT. RES.

Summary: The California Global Warming Solutions Act of 2006 authorizes the State Air Resources Board to include in its regulation of emissions of greenhouse gases the use of market-based compliance mechanisms. Current law requires all moneys, except for fines and penalties, collected by the state board from a market-based compliance mechanism to be deposited in the Greenhouse Gas Reduction Fund (fund) and to be available upon appropriation by the Legislature. Current law continuously appropriates 35% of the annual proceeds of the fund for transit, affordable housing, and sustainable communities programs and 25% of the annual proceeds of the fund for certain components of a specified high-speed rail project. This bill would require the state board, in each scoping plan update prepared by the state board after January 1, 2022, to include, consistent with the act, recommendations for achieving the maximum technologically feasible and cost-effective reductions of emissions of greenhouse gases and black carbon from wildfires.

Position

AB 55 (Boerner Horvath D) Employment: telecommuting.

Status: 12/8/2020-From printer. May be heard in committee January 7.

Location: 12/7/2020-A. PRINT

Summary: Current law promotes and develops the welfare of workers in California to improve working conditions and advance opportunities for profitable employment. Current law regulates the wages, hours, and working conditions of any worker employed in any occupation, trade, or industry. This bill would declare the intent of the Legislature to enact future legislation to ensure certain rights and benefits for telecommuting employees.

Position

AB 59 (Gabriel D) Mitigation Fee Act: fees: notice and timelines.

Status: 1/11/2021-Referred to Coms. on L. GOV. and H. & C.D.

Location: 1/11/2021-A. L. GOV.

Summary: Current law authorizes any party to protest the imposition of a fee, dedication, reservation, or other exactions imposed on a development project within 90 or 120 days of the imposition of the fee, as applicable, and specifies procedures for those protests and actions. The Mitigation Fee Act imposes the same requirements on a local agency for a new or increased fee for public facilities. Current law, for specified fees, requires any judicial action or proceeding to attack, review, set aside, void, or annul an ordinance, resolution, or motion adopting a new fee or service

charge or modifying an existing fee or service charge to be commenced within 120 days of the effective date of the ordinance, resolution, or motion. Current law also provides that, if an ordinance, resolution, or motion provides for an automatic adjustment in a fee or service charge and the adjustment results in an increase in the fee or service charge, that any action to attack, review, set aside, void, or annul the increase to be commenced within 120 days of the increase. This bill would increase, for fees and service charges and for fees for specified public facilities, the time for mailing the notice of the time and place of the meeting to at least 45 days before the meeting.

Position

AB 64 (Quirk D) Electricity: renewable energy and zero-carbon resources: state policy: strategy.

Status: 1/11/2021-Referred to Coms. on U. & E. and NAT. RES.

Location: 1/11/2021-A. U. & E.

Summary: Current requires the PUC, the State Energy Resources Conservation and Development Commission (Energy Commission), and the State Air Resources Board (state board) to, in consultation with all California balancing authorities, issue a joint report to the Legislature by January 1, 2021, and at least every 4 years thereafter, that includes specified matters. The bill would require the PUC, Energy Commission, and state board, in consultation with all balancing authorities, to additionally develop a strategy, by an unspecified date, on how to achieve the above-described state policy in a cost-effective and environmentally beneficial manner. The bill would require the strategy to include, among other things, a plan to promote the development of technologies that can help achieve that state policy.

Position

AB 78 (O'Donnell D) San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy: territory: Dominguez Channel watershed and Santa Catalina Island.

Status: 1/11/2021-Referred to Com. on NAT. RES.

Location: 1/11/2021-A. NAT. RES.

Summary: Current law establishes the San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy in the Natural Resources Agency and prescribes the functions and duties of the conservancy with regard to the protection, preservation, and enhancement of specified areas of the Counties of Los Angeles and Orange located along the San Gabriel River and the lower Los Angeles River and tributaries along those rivers. Current law, for purposes of those provisions, defines "territory" to mean the territory of the conservancy that consists of those portions of the Counties of Los Angeles and Orange located within the San Gabriel River and its tributaries, the lower Los Angeles River and its tributaries, and the San Gabriel Mountains, as described. This bill would additionally include the Dominguez Channel watershed and Santa Catalina Island, as described, within that definition of territory, and would make various related changes to the boundaries of that territory.

Position

AB 79 (Ting D) Budget Act of 2020.

Last Amend: 1/25/2021

Status: 2/18/2021-In committee: Hearing postponed by committee.

Location: 2/2/2021-S. BUDGET & F.R.

Summary: The Budget Act of 2020 made appropriations for the support of state government for the 2020-21 fiscal year. This bill would amend the Budget Act of 2020

by adding items of appropriation and making other changes. This bill would declare that it is to take effect immediately as a Budget Bill.

Position

AB 80 (Burke D) Taxation: Coronavirus Aid, Relief, and Economic Security Act: Federal Consolidated Appropriations Act, 2021.

Last Amend: 2/17/2021

Status: 3/3/2021-In committee: Hearing postponed by committee.

Location: 2/22/2021-S. BUDGET & F.R.

Summary: Would adopt, except as provided, the provisions of the Consolidated Appropriations Act, 2021, prohibiting any reduction in tax deductions, denials of basis adjustments, and reductions in tax attributes based on the exclusion from gross income provided for any loan amount forgiven in modified conformity with the federal CARES Act and its subsequent amendments.

Position

AB 83 (Committee on Budget) Alcoholic beverage control: license renewal fees: waiver.

Last Amend: 3/1/2021

Status: 3/3/2021-In committee: Hearing postponed by committee.

Location: 2/24/2021-S. BUDGET & F.R.

Summary: Current law, under the Alcoholic Beverage Control Act, for the purpose of providing economic relief to licensees most severely impacted by the COVID-19 pandemic, authorizes the Department of Alcoholic Beverage Control to waive license renewal fees, as defined, for licenses that expire between March 1, 2021, and February 28, 2023, inclusive. Current law provides that the waiver of license renewal fees applies only to specified license types that were active, as defined by the department in its guidelines, between March 1, 2020, and December 31, 2020, inclusive. Current law requires a licensee who requests a fee waiver to certify under penalty of perjury that they qualify for the waiver. This bill would renumber that provision and expand the license types eligible for the above-described waiver of license renewal fees.

Position

AB 84 (Ting D) Employment: COVID-19: supplemental paid sick leave.

Last Amend: 2/22/2021

Status: 3/3/2021-In committee: Hearing postponed by committee.

Location: 1/25/2021-S. BUDGET & F.R.

Summary: Would, beginning January 1, 2021, extend the COVID-19 food sector supplemental paid sick leave for food sector workers, and the COVID-19 supplemental paid sick leave for covered workers, if those workers are unable to work or telework due to certain reasons related to COVID-19 and meet specified conditions. The bill would expand the definition of a covered worker for COVID-19 supplemental paid sick leave to any employees at any public or private entity and to transportation network company drivers, as defined. The bill would additionally entitle a food sector worker or a covered worker to leave if, among other reasons, the worker is experiencing symptoms related to a COVID-19 vaccine that prevents the worker from being able to work, or is caring for an individual whose school or place of care is closed or otherwise unavailable for reasons related to COVID-19.

Position

AB 87 (Ting D) Budget Act of 2021.

Status: 2/18/2021-In committee: Hearing postponed by committee.

Location: 1/25/2021-S. BUDGET & F.R.

Summary: This bill would express the intent of the Legislature to enact statutory changes relating to the Budget Act of 2021.

Position

AB 88 (Committee on Budget) One-time stimulus and grant payments: garnishment: exclusion from gross income.

Last Amend: 3/3/2021

Status: 3/3/2021-In committee: Hearing postponed by committee. From committee chair, with author's amendments: Amend, and re-refer to committee. Read second time, amended, and re-referred to Com. on B. & F.R.

Location: 2/24/2021-S. BUDGET & F.R.

Summary: Current law requires the Controller to make a one-time Golden State Stimulus payment to each qualified recipient, as defined, of an applicable amount, as specified, and authorizes the Controller to make the payment in a form and manner determined by the Franchise Tax Board, as specified. Current law also requires the State Department of Social Services to make a one-time grant payment (Golden State Grant payment) to qualified grant recipients, as defined, of \$600, as specified. This bill would, except as provided, make both payments automatically exempt from a garnishment order, as defined, and would require a financial institution to employ a certain procedure to identify a deposit exempt pursuant to that provision. The bill would prohibit a financial institution that attempts to comply with those provisions in good faith from being subject to liability, as specified. The bill would also further clarify the definition of "qualified recipient" for purposes of the Golden State Stimulus payment and a "grant recipient" eligible to receive a Golden State Grant payment.

Position

AB 100 (Holden D) Drinking water: pipes and fittings: lead content.

Status: 1/11/2021-Read first time. Referred to Com. on E.S. & T.M.

Location: 1/11/2021-A. E.S. & T.M.

Calendar: 4/7/2021 9 a.m. - State Capitol, Room 4202 ASSEMBLY ENVIRONMENTAL SAFETY AND TOXIC MATERIALS, QUIRK, Chair

Summary: The California Safe Drinking Water Act prohibits, with certain exceptions, the use of any pipe, pipe or plumbing fitting or fixture, solder, or flux that is not lead free in the installation or repair of any public water system or any plumbing in a facility providing water for human consumption. The act defines "lead free" for purposes of conveying or dispensing water for human consumption to mean not more than 0.2% lead when used with respect to solder and flux and not more than a weighted average of 0.25% lead when used with respect to the wetted surfaces of pipes and pipe fittings, plumbing fittings, and fixtures. This bill would additionally define "lead free," with respect to endpoint devices, as defined, to mean that the devices do not leach more than one microgram of lead under certain tests and meeting a specified certification.

Position

AB 119 (Salas D) County auditor: direct levies.

Last Amend: 1/26/2021

Status: 1/27/2021-Re-referred to Com. on L. GOV.

Location: 1/11/2021-A. L. GOV.

Summary: Current law requires each county to have certain offices, including the office of auditor who is designated to perform certain duties, including apportioning property tax revenue to each jurisdiction according to tax rate area. Current law defines tax rate areas for the purpose of property tax allocation. This bill would require the county auditor, or other county officer designated by the county, to make publicly available on their internet website information about direct levies, as defined, including the range of combined direct levies assessed on real property. The bill would require a website posting that identifies contact information for each direct levy assessed within their jurisdiction, to also include the range of fees assessed on individual parcels of real property subject to the special district's assessment.

Position

AB 125 (Rivas, Robert D) Food and agriculture: climate crisis: COVID-19 recovery.

Status: 1/11/2021-Read first time.

Location: 12/18/2020-A. PRINT

Summary: Would state the intent of the Legislature to enact subsequent legislation to issue a bond to support solutions to the climate crisis and recovery from the COVID-19 pandemic that would create a more equitable and resilient food and farming system.

Position

AB 131 (Committee on Budget) Budget Act of 2021.

Last Amend: 2/18/2021

Status: 2/25/2021-Read third time. Passed. Ordered to the Senate. In Senate. Read first time. To Com. on RLS. for assignment.

Location: 2/25/2021-S. RLS.

Summary: This bill would express the intent of the Legislature to enact statutory changes, relating to the Budget Act of 2021.

Position

AB 132 (Committee on Budget) Budget Act of 2021.

Last Amend: 2/18/2021

Status: 2/25/2021-Read third time. Passed. Ordered to the Senate. In Senate. Read first time. To Com. on RLS. for assignment.

Location: 2/25/2021-S. RLS.

Summary: This bill would express the intent of the Legislature to enact statutory changes, relating to the Budget Act of 2021.

Position

AB 133 (Committee on Budget) Budget Act of 2021.

Last Amend: 2/18/2021

Status: 2/25/2021-Read third time. Passed. Ordered to the Senate. In Senate. Read first time. To Com. on RLS. for assignment.

Location: 2/25/2021-S. RLS.

Summary: This bill would express the intent of the Legislature to enact statutory changes, relating to the Budget Act of 2021.

Position

AB 252 (Rivas, Robert D) Department of Conservation: Multibenefit Land Repurposing Incentive Program: administration.

Status: 1/28/2021-Referred to Com. on W.,P., & W.

Location: 1/28/2021-A. W.,P. & W.

Calendar: 4/8/2021 2:30 p.m. - State Capitol, Room 4202 ASSEMBLY WATER, PARKS AND WILDLIFE, GARCIA, EDUARDO, Chair

Summary: Would require the Department of Conservation to establish and administer a program named the Multibenefit Land Repurposing Incentive Program for purposes of providing grants to groundwater sustainability agencies or counties, or other specified entities designated by groundwater sustainability agencies or counties, for the development or implementation of local programs supporting or facilitating multibenefit land repurposing at the basin scale. The bill would establish procedures for the department's administration of the program and would require the department to develop guidelines to implement the program and to exercise its expertise and discretion in awarding program funds to eligible applicants.

Position

AB 267 (Valladares R) California Environmental Quality Act: exemption: prescribed fire, thinning, and fuel reduction projects.

Status: 1/28/2021-Referred to Com. on NAT. RES.

Location: 1/28/2021-A. NAT. RES.

Summary: Current law, until January 1, 2023, exempts from the requirements of CEQA prescribed fire, thinning, or fuel reduction projects undertaken on federal lands to reduce the risk of high-severity wildfire that have been reviewed under the federal National Environmental Policy Act of 1969, as provided. Current law requires the Department of Forestry and Fire Protection, beginning December 31, 2019, and annually thereafter until January 1, 2023, to report to the relevant policy committees of the Legislature the number of times the exemption was used. This bill would extend the exemption from CEQA and the requirement on the department to report to the relevant policy committees of the Legislature indefinitely.

Position

AB 271 (Rivas, Robert D) Santa Clara Valley Water District: contracts: best value procurement.

Last Amend: 3/9/2021

Status: 3/9/2021-From committee chair, with author's amendments: Amend, and re-refer to Com. on L. GOV. Read second time and amended.

Location: 1/28/2021-A. L. GOV.

Summary: Current law authorizes certain local entities to select a bidder for a contract on the basis of "best value," as defined. Existing law governs various types of contract procedures applicable to the Santa Clara Valley Water District and prescribes competitive bidding procedures for any improvement or unit of work over \$50,000. This bill would authorize the district, upon approval by the board of directors of the district, to award contracts on a best value basis for any work of the Anderson Dam project, defined to include prescribed activities and works of construction with regard to the Leroy Anderson Dam and Reservoir and certain fish and aquatic habitat measures described in a federal-state settlement agreement. The bill would require the district, if the board elects to award contracts on a best value basis, to comply with specified requirements governing the documents prepared, setting forth the scope and estimated price of the project and the request for qualifications, with bids evaluated using only the criteria and selection procedures identified in the procurement process documents.

Position

AB 280 (Rivas, Robert D) Electrical corporations: wildfire mitigation plans.

Status: 1/28/2021-Referred to Com. on U. & E.

Location: 1/28/2021-A. U. & E.

Summary: Under current law, the Public Utilities Commission has jurisdiction over electrical corporations. Current law requires each electrical corporation to annually prepare and submit a wildfire mitigation plan to the Wildfire Safety Division of the commission for review and approval. This bill would require each electrical corporation to also submit its wildfire mitigation plan to the appropriate policy committees of the Legislature.

Position

AB 297 (Gallagher R) Fire prevention.

Status: 2/12/2021-Referred to Coms. on NAT. RES. and REV. & TAX.

Location: 2/12/2021-A. NAT. RES.

Summary: Would continuously appropriate \$480,000,000 and \$20,000,000 to the Department of Forestry and Fire Prevention and the California Conservation Corps, respectively, for fire prevention activities, as provided.

Position

AB 304 (Quirk D) Contaminated sites: waste releases or surface or groundwater contamination: local oversight: remedial actions.

Status: 2/12/2021-Referred to Com. on E.S. & T.M.

Location: 2/12/2021-A. E.S. & T.M.

Calendar: 4/7/2021 9 a.m. - State Capitol, Room 4202 ASSEMBLY ENVIRONMENTAL SAFETY AND TOXIC MATERIALS, QUIRK, Chair

Summary: Whenever a release of waste occurs and remedial action is required, current law authorizes a person, as defined, to request that a local officer supervise the remedial action. Current law authorizes a local officer to agree to supervise the remedial action if the local officer determines that certain conditions have been met. Current law requires that remedial action to be carried out only pursuant to a remedial action agreement, which includes specified elements, entered into by the local officer and the responsible party, and authorizes the local officer to withdraw from the agreement, after giving the responsible party adequate notice, at any time after making any of specified findings. This bill would authorize a person to request the local officer to oversee the remedial action only if the release of waste is not being overseen by the department or a regional water quality control board. The bill would authorize the local officer to agree to oversee the remedial action only if the local officer determines that the same conditions referenced above have been met, the local officer has submitted specified information to the department and the regional water quality control board within the past 12 months, and the local officer has complied with specified notification requirements.

Position

AB 315 (Stone D) Voluntary stream restoration landowner liability: indemnification.

Status: 2/12/2021-Referred to Com. on W., P., & W.

Location: 2/12/2021-A. W., P. & W.

Calendar: 4/8/2021 2:30 p.m. - State Capitol, Room 4202 ASSEMBLY WATER, PARKS AND WILDLIFE, GARCIA, EDUARDO, Chair

Summary: Current law authorizes a habitat restoration or enhancement project proponent to submit a written request for approval of the project to the Director of Fish and Wildlife. Current law requires the director to approve the project if the written request includes certain information, as specified, and provides for an

alternate authorization process by the State Water Resources Control Board. This bill would require the state to indemnify and hold harmless a landowner who voluntarily allows land to be used for such a project to restore fish and wildlife habitat from civil liability for property damage or personal injury resulting from the project if the project meets specified requirements, including that the project is funded, at least in part, by a state or federal agency, and the liability arises from the construction, design specifications, surveying, planning, supervision, testing, or observation of construction related to the project to restore fish and wildlife habitat.

Position

AB 322 (Salas D) Energy: Electric Program Investment Charge program: biomass.

Status: 2/12/2021-Referred to Coms. on U. & E. and NAT. RES.

Location: 2/12/2021-A. U. & E.

Summary: Current law requires the Energy Commission, in administering moneys in the Electric Program Investment Charge Fund for research, development, and demonstration programs, to develop and implement the EPIC program for the purpose of awarding funds to projects that may lead to technological advancement and breakthroughs to overcome barriers that prevent the achievement of the state's statutory energy goals and that may result in a portfolio of projects that are strategically focused and sufficiently narrow to make advancement on the most significant technological challenges. Current law, until January 1, 2023, requires the Energy Commission to expend certain percentages of the moneys appropriated from the fund for technology demonstration and deployment at sites that benefit certain communities. This bill would require the Energy Commission to allocate not less than 20% of the funds appropriated for the EPIC program to bioenergy projects for biomass conversion, as defined.

Position

AB 339 (Lee D) State and local government: open meetings.

Status: 1/29/2021-From printer. May be heard in committee February 28.

Location: 1/28/2021-A. PRINT

Summary: Current law requires all meetings, as defined, of a house of the Legislature or a committee thereof to be open and public, and requires all persons to be permitted to attend the meetings, except as specified. This bill would require all meetings, including gatherings using teleconference technology, to include an opportunity for all persons to attend via a call-in option or an internet-based service option that provides closed captioning services and requires both a call-in and an internet-based service option to be provided to the public.

Position

AB 350 (Villapudua D) Agriculture: Cannella Environmental Farming Act of 1995: technical assistance grant program: groundwater conservation planning.

Status: 2/12/2021-Referred to Coms. on AGRI. and W., P., & W.

Location: 2/12/2021-A. AGRI.

Summary: Would require, upon an appropriation of funds, the Department of Food and Agriculture to establish and administer a 3-year grant program to fund technical assistance to support landowners located in critically overdrafted basins, as defined, in the San Joaquin Valley in reaching water use reduction goals established pursuant to the Sustainable Groundwater Management Act. The bill would require the department, in its development of the grant program, to establish various criteria, guidelines, restrictions, processes and regulations for the qualification and administration of grants to technical assistance providers, as specified. The bill would require the department to ensure that at least 25% of the grant program funds are

used to provide technical assistance to socially disadvantaged farmers and ranchers, as defined.

Position

AB 373 (Seyarto R) State Emergency Plan: update.

Last Amend: 3/3/2021

Status: 3/4/2021-Re-referred to Com. on E.M.

Location: 2/25/2021-A. EMERGENCY MANAGEMENT

Summary: Current law, the California Emergency Services Act, establishes the Office of Emergency Services (Cal OES) within the office of the Governor, and requires Cal OES to update the State Emergency Plan on or before January 1, 2019, and requires Cal OES to update it every 5 years thereafter. This bill, instead, would require Cal OES to update the State Emergency Plan every three years commencing January 1, 2024.

Position

AB 377 (Rivas, Robert D) Water quality: impaired waters.

Last Amend: 3/8/2021

Status: 3/8/2021-From committee chair, with author's amendments: Amend, and re-refer to Com. on E.S. & T.M. Read second time and amended.

Location: 2/12/2021-A. E.S. & T.M.

Calendar: 4/7/2021 9 a.m. - State Capitol, Room

4202 ASSEMBLY ENVIRONMENTAL SAFETY AND TOXIC MATERIALS, QUIRK, Chair

Summary: Would require all California surface waters to be fishable, swimmable, and drinkable by January 1, 2050, as prescribed. The bill would prohibit the state board and regional boards from authorizing an NPDES discharge, or a waste discharge requirement or waiver of a waste discharge requirement for a discharge, to surface water that causes or contributes to an exceedance of an applicable water quality standard in receiving waters, or from authorizing a best management practice permit term to authorize a discharge to surface water that causes or contributes to an exceedance of an applicable water quality standard in receiving waters.

Position

AB 394 (Arambula D) Fresno Metropolitan Flood Control District: contracts.

Status: 2/12/2021-Referred to Com. on L. GOV.

Location: 2/12/2021-A. L. GOV.

Summary: The Fresno Metropolitan Flood Control Act establishes the Fresno Metropolitan Flood Control District and grants the district authority relating to flood control. The act requires that a contract entered into by the district for materials, supplies, or for the construction or repair of works or improvements that has a contract price exceeding \$10,000 be let to the lowest responsible bidder in accordance with specified public bidding requirements, except as provided. The act authorizes the district to enter into a contract without public bidding if the contract price does not exceed \$10,000. This bill would increase the contract price amount set forth in those provisions for a contract for materials or supplies from \$10,000 to \$25,000.

Position

AB 418 (Valladares R) Emergency services: grant program.

Status: 2/12/2021-Referred to Coms. on E.M. and U. & E.

Location: 2/12/2021-A. EMERGENCY MANAGEMENT

Summary: Would establish the Community Power Resiliency Program (program), to be administered by the Office of Emergency Services, to support local governments in priority areas including schools, elections offices, food storage reserves, COVID-19 testing sites, and traffic signals and street lamps. The bill would authorize the office to allocate specified sums, pursuant to an appropriation by the Legislature, to local governments, special districts, and tribes for various purposes relating to power resiliency, and would require those entities applying for funding to either describe the portion of their emergency plan that includes power outages or provide an attestation that power outages will be included when the entity revises any portion of their emergency plan.

Position

AB 442 (Mayes I) Surface Mining and Reclamation Act of 1975: exemption: Metropolitan Water District of Southern California: single master reclamation plan.

Status: 2/12/2021-Referred to Coms. on NAT. RES. and W.,P., & W.

Location: 2/12/2021-A. NAT. RES.

Summary: The Surface Mining and Reclamation Act of 1975 exempts certain activities from the provisions of the act, including, among others, emergency excavations or grading conducted by the Department of Water Resources or the Central Valley Flood Protection Board for the specified purposes; surface mining operations conducted on lands owned or leased, or upon which easements or rights-of-way have been obtained, by the Department of Water Resources for the purpose of the State Water Resources Development System or flood control; and surface mining operations on lands owned or leased, or upon which easements or rights-of-way have been obtained, by the Central Valley Flood Protection Board for the purpose of flood control. This bill would additionally exempt from the provisions of the act emergency excavations or grading conducted by the Metropolitan Water District of Southern California (MWD) for its own operations and infrastructure for specified purposes.

Position

AB 464 (Mullin D) Enhanced Infrastructure Financing Districts: allowable facilities, projects, and costs.

Status: 2/18/2021-Referred to Com. on L. GOV.

Location: 2/18/2021-A. L. GOV.

Summary: Current law authorizes the legislative body of a city or a county to establish an enhanced infrastructure financing district to finance public capital facilities or other specified projects of communitywide significance that provide significant benefits to the district or the surrounding community, including, but not limited to, the acquisition, construction, or repair of industrial structures for private use. Current law authorizes a district to finance the ongoing or capitalized costs to maintain facilities financed in whole or in part by the district, but prohibits the use of proceeds of bonds issued to finance maintenance of any kind. This bill would remove the prohibition on the use of proceeds of bonds issued to finance maintenance of any kind. The bill would remove, from the list of facilities and projects the district may fund, the acquisition, construction, or repair of industrial structures for private use.

Position

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

Status: 2/18/2021-Referred to Com. on NAT. RES.

Location: 2/18/2021-A. NAT. RES.

Summary: The Z'berg-Nejedly Forest Practice Act of 1973 prohibits a person from conducting timber operations, as defined, unless a timber harvesting plan prepared

by a registered professional forester has been submitted to the Department of Forestry and Fire Protection. The act authorizes the State Board of Forestry and Fire Protection to exempt from some or all of those provisions of the act a person engaging in specified forest management activities, as prescribed, including the harvesting of trees for the purpose of reducing the rate of fire spread, duration and intensity, fuel ignitability, or ignition of tree crowns, as provided, known as the Forest Fire Prevention Exemption. This bill would extend the operation of the Forest Fire Prevention Exemption indefinitely. The bill would delete the requirement that the tree harvesting area not exceed 300 acres and the requirement that temporary road construction or reconstruction be limited to no more than 2 miles of road per ownership in a planning watershed per any 5-year period.

Position

AB 564 (Gonzalez, Lorena D) Biodiversity Protection and Restoration Act.

Status: 2/18/2021-Referred to Coms. on A. & A.R. and W.,P., & W.

Location: 2/18/2021-A. A. & A.R.

Summary: Would establish the Biodiversity Protection and Restoration Act and would provide that it is the policy of the state that all state agencies, boards, and commissions shall utilize their authorities in furtherance of the biodiversity conservation purposes and goals of certain executive orders. The bill would require all state agencies, boards, and commissions to consider and prioritize the protection of biodiversity in carrying out their statutory mandates. The bill would require strategies related to the goal of the state to conserve at least 30% of California's land and coastal waters by 2030 to be made available to the public and provided to certain legislative committees by no later than June 30, 2022.

Position

AB 622 (Friedman D) Washing machines: microfiber filtration.

Status: 2/25/2021-Referred to Com. on E.S. & T.M.

Location: 2/25/2021-A. E.S. & T.M.

Calendar: 4/7/2021 9 a.m. - State Capitol, Room 4202 ASSEMBLY ENVIRONMENTAL SAFETY AND TOXIC MATERIALS, QUIRK, Chair

Summary: Current law, to protect public health and water quality, regulates a broad range of consumer products and processes, including water softeners, water treatment devices, and backflow prevention devices, among others. This bill would require, on or before January 1, 2024, that all washing machines sold as new in California contain a microfiber filtration system with a mesh size of 100 microns or smaller.

Position

AB 642 (Friedman D) Wildfires.

Status: 2/25/2021-Referred to Com. on NAT. RES.

Location: 2/25/2021-A. NAT. RES.

Summary: Would require the Director of Forestry and Fire Protection to identify areas in the state as moderate and high fire hazard severity zones. The bill would additionally require the director classify areas into fire hazard severity zones based on additional factors including possible lightning caused ignition. The bill would require a local agency, within 30 days of receiving a transmittal from the director that identifies fire hazard severity zones, to make the information available for public comment.

Position

AB 648 (Fong R) Greenhouse Gas Reduction Fund: healthy forest and fire prevention: appropriation.

Status: 2/25/2021-Referred to Com. on NAT. RES.

Location: 2/25/2021-A. NAT. RES.

Summary: Would continuously appropriate, beginning in the 2021–22 fiscal year and ending in the 2028–29 fiscal year, \$200,000,000 of the annual proceeds from the Greenhouse Gas Reduction Fund to the Department of Forestry and Fire Protection for (1) healthy forest and fire prevention programs and projects that improve forest health and reduce greenhouse gas emissions caused by uncontrolled wildfires and (2) prescribed fire and other fuel reduction projects through proven forestry practices consistent with the recommendations of the California Forest Carbon Plan, including the operation of year-round prescribed fire crews and implementation of a research and monitoring program for climate change adaptation.

Position

AB 652 (Friedman D) Product safety: juvenile products: chemicals: perfluoroalkyl and polyfluoroalkyl substances.

Status: 2/25/2021-Referred to Com. on E.S. & T.M.

Location: 2/25/2021-A. E.S. & T.M.

Calendar: 4/7/2021 9 a.m. - State Capitol, Room 4202 ASSEMBLY ENVIRONMENTAL SAFETY AND TOXIC MATERIALS, QUIRK, Chair

Summary: Would, on and after July 1, 2023, prohibit a person, including a manufacturer, from selling or distributing in commerce in this state any new, not previously owned, juvenile product, as defined, that contains perfluoroalkyl and polyfluoroalkyl substances (PFAS) at a detectable level above an unspecified amount. The bill would establish requirements for manufacturers when replacing PFAS in juvenile products.

Position

AB 697 (Chau D) Forest resources: national forest lands: Good Neighbor Authority Fund: ecological restoration and fire resiliency projects.

Status: 2/25/2021-Referred to Com. on NAT. RES.

Location: 2/25/2021-A. NAT. RES.

Summary: Would reorganize the law relating to the State Treasury the Good Neighbor Authority Fund. The bill would require the Department of Forestry and Fire Protection, under an agreement between the state and the federal government, to establish a program for purposes of conducting ecological restoration and fire resiliency projects on national forest lands, with priority given to forest restoration and fuels reduction projects that are landscape scale, focused on ecological restoration and based on the best available science, emphasize the use of prescribed fire, and include community fire protection and protection of water infrastructure and other infrastructure as important goals, as provided.

Position

AB 703 (Rubio, Blanca D) Open meetings: local agencies: teleconferences.

Status: 2/25/2021-Referred to Com. on L. GOV.

Location: 2/25/2021-A. L. GOV.

Summary: Current law, by Executive Order N-29-20, suspends the Ralph M. Brown Act's requirements for teleconferencing during the COVID-19 pandemic, provided that notice requirements are met, the ability of the public to observe and comment is preserved, as specified, and that a local agency permitting teleconferencing have a procedure for receiving and swiftly resolving requests for reasonable accommodation

for individuals with disabilities, as specified. This bill would remove the requirements of the act particular to teleconferencing and allow for teleconferencing subject to existing provisions regarding the posting of notice of an agenda and the ability of the public to observe the meeting and provide public comment. The bill would require that, in each instance in which notice of the time of the teleconferenced meeting is otherwise given or the agenda for the meeting is otherwise posted, the local agency also give notice of the means by which members of the public may observe the meeting and offer public comment and that the legislative body have and implement a procedure for receiving and swiftly resolving requests for reasonable accommodation for individuals with disabilities, consistent with the federal Americans with Disabilities Act, as provided.

Position

AB 712 (Calderon D) Local Agency Public Construction Act: change orders.

Status: 2/25/2021-Referred to Com. on L. GOV.

Location: 2/25/2021-A. L. GOV.

Summary: The Local Agency Public Construction Act regulates contracting by local agencies, including counties and special districts. The act, for a county, imposes a \$5,000 cap when the total amount of the original contract does not exceed \$50,000. For any original contract that exceeds \$50,000, but does not exceed \$250,000, the cap is 10% of the amount of the original contract. For contracts whose original cost exceeds \$250,000, the cap is \$25,000 plus 5% of the amount of the original contract cost in excess of \$250,000, and prohibits a change or alteration cost from exceeding \$210,000. This bill would require that the existing caps be adjusted annually to reflect the percentage change in the California Consumer Price Index. The bill would modify the cap applicable to contracts exceeding \$250,000 to apply only to contracts exceeding that amount but not exceeding \$25,000,000. The bill would add a new change order cap of \$500,000 for contracts whose original cost exceeds \$25,000,000 and of \$1,000,000 for contracts whose original cost exceeds \$50,000,000, both of which would be adjusted annually to reflect the percentage change in the California Consumer Price Index.

Position

AB 736 (Mathis R) Safe Drinking Water State Revolving Fund: internet website information: updates.

Status: 2/25/2021-Referred to Com. on E.S. & T.M.

Location: 2/25/2021-A. E.S. & T.M.

Calendar: 4/7/2021 9 a.m. - State Capitol, Room 4202 ASSEMBLY ENVIRONMENTAL SAFETY AND TOXIC MATERIALS, QUIRK, Chair

Summary: The Safe Drinking Water State Revolving Fund Law of 1997, administered by the State Water Resources Control Board, establishes the Safe Drinking Water State Revolving Fund to provide grants or revolving fund loans for the design and construction of projects for public water systems that will enable those systems to meet safe drinking water standards. The law requires the board, at least once every 2 years, to post information on its internet website and send a link of the internet website to the Legislature regarding implementation of the law and expenditures from the fund, as specified. This bill would require the board to post that information and send that link at least annually instead of at least once every 2 years.

Position

AB 754 (Mathis R) Sustainable Groundwater Management Act.

Status: 2/17/2021-From printer. May be heard in committee March 19.

Location: 2/16/2021-A. PRINT

Summary: The Sustainable Groundwater Management Act requires all groundwater basins designated as high- or medium-priority basins by the Department of Water Resources that are designated as basins subject to critical conditions of overdraft to be managed under a groundwater sustainability plan or coordinated groundwater sustainability plans by January 31, 2020, and requires all other groundwater basins designated as high- or medium-priority basins to be managed under a groundwater sustainability plan or coordinated groundwater sustainability plans by January 31, 2022, except as specified. This bill would state the intent of the Legislature to enact statutory changes relating to the Sustainable Groundwater Management Act.

Position

AB 781 (Daly D) Flood control projects: County of Orange: subvention funds.

Last Amend: 3/4/2021

Status: 3/8/2021-Re-referred to Com. on W.,P., & W.

Location: 3/4/2021-A. W.,P. & W.

Summary: Would authorize the state to provide subvention funds, as prescribed, to the County of Orange for a specified flood control project at an estimated cost to the state of the sum that may be appropriated for state cooperation by the Legislature and upon a determination by the Department of Water Resources that the project meets specified requirements. The bill would provide that the state assumes no liability for damages that may result from the project by authorizing the provision of subvention funds, or by the appropriation of those subvention funds.

Position

AB 792 (Flora R) Forestry: prescribed burning agreements.

Status: 2/25/2021-Referred to Com. on NAT. RES.

Location: 2/25/2021-A. NAT. RES.

Summary: Current law authorizes the Director of Forestry and Fire Protection to enter into an agreement for prescribed burning or other hazardous fuel reduction for specified purposes, such as vegetation management and forest improvement. Current law requires an agreement that is entered into pursuant to that authorization to, among other requirements, provide that the Department of Forestry and Fire Protection be fully responsible for prescribed burns initiated at the department's request, with the consent of the landowner, for training or other purposes on lands owned by a nonprofit organization or other public agencies. This bill would delete the qualification that those prescribed burns initiated at the department's request be on lands owned by a nonprofit organization or other public agencies.

Position

AB 800 (Gabriel D) Wildfires: mitigation and prevention.

Status: 2/17/2021-From printer. May be heard in committee March 19.

Location: 2/16/2021-A. PRINT

Summary: Current law establishes various programs for the prevention, detection, and mitigation of wildfires. Current law requires the Director of Forestry and Fire Protection to classify lands within state responsibility areas into fire hazard severity zones and, by regulation, to designate fire hazard severity zones and assign each zone a rating reflecting the degree of severity of fire hazard that is expected to prevail in the zone. This bill would express the intent of the Legislature to enact subsequent legislation to improve wildfire mitigation and prevention.

Position

AB 819 (Levine D) California Environmental Quality Act: notices and documents: electronic filing and posting.

Status: 2/25/2021-Referred to Com. on NAT. RES.

Location: 2/25/2021-A. NAT. RES.

Summary: The California Environmental Quality Act (CEQA) requires a lead agency, as defined, to prepare, or cause to be prepared, and certify the completion of an environmental impact report on a project that it proposes to carry out or approve that may have a significant effect on the environment or to adopt a negative declaration if it finds that the project will not have that effect. CEQA also requires a lead agency to prepare a mitigated negative declaration for a project that may have a significant effect on the environment if revisions in the project would avoid or mitigate that effect and there is no substantial evidence that the project, as revised, would have a significant effect on the environment. The act requires the lead agency to mail certain notices to persons who have filed a written request for notices. This bill would require the lead agency and the project applicant to post those notices on their internet website.

Position

AB 821 (Cooper D) Local government: open meetings.

Status: 2/17/2021-From printer. May be heard in committee March 19.

Location: 2/16/2021-A. PRINT

Summary: Current law, the Ralph M. Brown Act, requires each legislative body of a local agency to provide notice of the time and place for its regular meetings and an agenda containing a brief general description of each item of business to be transacted. The act also requires that all meetings of a legislative body be open and public, and that all persons be permitted to attend unless a closed session is authorized. This bill would make nonsubstantive changes to a provision of the Ralph M. Brown Act.

Position

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

Status: 12/8/2020-From printer. May be heard in committee January 7.

Location: 12/7/2020-A. PRINT

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

Position

AJR 4 (Garcia, Cristina D) Basel Convention: ratification.

Status: 1/28/2021-Referred to Com. on NAT. RES.

Location: 1/28/2021-A. NAT. RES.

Summary: This measure would declare California to be in favor of the United States' ratification of the Basel Convention at the earliest opportunity and would request the Biden Administration to accomplish this ratification as a matter of urgency.

Position

[SB 5](#)

(Atkins D) Housing: bond act.

Status: 1/28/2021-Referred to Com. on RLS.

Location: 12/7/2020-S. RLS.

Summary: Would state the intent of the Legislature to enact legislation that would authorize the issuance of bonds and would require the proceeds from the sale of those bonds to be used to finance housing-related programs that serve the homeless and extremely low income and very low income Californians.

Position

[SB 12](#)

(McGuire D) Local government: planning and zoning: wildfires.

Status: 1/28/2021-Referred to Coms. on GOV. & F., HOUSING, and N.R. & W. Referral to Com. on N.R. & W. rescinded because of the limitations placed on committee hearings due to ongoing health and safety risks of the COVID-19 virus.

Location: 1/28/2021-S. GOV. & F.

Summary: Current law requires that the Office of Planning and Research, among other things, coordinate with appropriate entities, including state, regional, or local agencies, to establish a clearinghouse for climate adaptation information for use by state, regional, and local entities, as provided. This bill would require the safety element, upon the next revision of the housing element or the hazard mitigation plan, on or after July 1, 2024, whichever occurs first, to be reviewed and updated as necessary to include a comprehensive retrofit strategy to reduce the risk of property loss and damage during wildfires, as specified, and would require the planning agency to submit the adopted strategy to the Office of Planning and Research for inclusion into the above-described clearinghouse.

Position

[SB 27](#)

(Skinner D) Carbon sequestration: state goals: natural and working lands: registry of projects.

Last Amend: 3/1/2021

Status: 3/3/2021-Set for hearing March 15.

Location: 1/28/2021-S. E.Q.

Calendar: 3/15/2021 9 a.m. - John L. Burton Hearing Room
(4203) SENATE ENVIRONMENTAL QUALITY, ALLEN, Chair

Summary: Would require, no later than July 1, 2022, the Natural Resources Agency, in coordination with the California Environmental Protection Agency, the State Air Resources Board, and the Department of Food and Agriculture, to establish carbon sequestration goals for natural and working lands, as provided. The bill would require the state board, as part of its scoping plan, to establish specified carbon dioxide removal targets for 2030 and beyond.

Position

[SB 33](#)

(Cortese D) Apprenticeship: annual report.

Last Amend: 3/9/2021

Status: 3/9/2021-From committee with author's amendments. Read second time and amended. Re-referred to Com. on RLS.

Location: 12/7/2020-S. RLS.

Summary: Current law requires the Chief of the Division of Apprenticeship Standards, the California Apprenticeship Council, and the Interagency Advisory Committee on Apprenticeship to annually report separately through the Director of

Industrial Relations to the Legislature and the public on their activities. Current law requires the report to include specified information, including information on the number of individuals, including numbers of women and minorities, in apprenticeship, preapprenticeship, and other specified programs for the current year and in each of the previous 5 years. This bill would expand the required information in the report to include information regarding outreach activities to recruit and retain apprentices from disadvantaged communities and underserved subgroups.

Position

SB 37 (Cortese D) Contaminated sites: the Hazardous Waste Site Cleanup and Safety Act.

Last Amend: 3/1/2021

Status: 3/1/2021-From committee with author's amendments. Read second time and amended. Re-referred to Com. on RLS.

Location: 12/7/2020-S. RLS.

Summary: Current law requires the State Department of Health Care Services to compile a list of all public drinking water wells that contain detectable levels of organic contaminants and that are subject to water analysis by local health officers. Current law also requires the State Water Resources Control Board to compile a list of specified information, including, but not limited to, all cease and desist orders and cleanup and abatement orders issued under the Water Code that concern the discharge of wastes that are hazardous materials. Current law requires these agencies to update the information as appropriate, but at least annually, and to submit the information to the Secretary of Environmental Protection. Under current law, the Secretary for Environmental Protection is required to consolidate the information provided by these state agencies and distribute the information in a timely fashion to each city and county in which sites on the lists are located and to any other person upon request. This bill would enact the Hazardous Waste Site Cleanup and Safety Act and would recodify the above-described provisions with certain revisions.

Position

SB 45 (Portantino D) Wildfire Prevention, Safe Drinking Water, Drought Preparation, and Flood Protection Bond Act of 2022.

Status: 2/17/2021-Set for hearing March 16.

Location: 1/28/2021-S. N.R. & W.

Calendar: 3/16/2021 9 a.m. - John L. Burton Hearing Room (4203) SENATE NATURAL RESOURCES AND WATER, STERN, Chair

Summary: Would enact the Wildfire Prevention, Safe Drinking Water, Drought Preparation, and Flood Protection Bond Act of 2022, which, if approved by the voters, would authorize the issuance of bonds in the amount of \$5,510,000,000 pursuant to the State General Obligation Bond Law to finance projects for a wildfire prevention, safe drinking water, drought preparation, and flood protection program.

Position

SB 52 (Dodd D) State of emergency: local emergency: sudden and severe energy shortage: planned power outage.

Status: 3/9/2021-From committee: Do pass and re-refer to Com. on APPR. (Ayes 13. Noes 0.) (March 9). Re-referred to Com. on APPR.

Location: 3/9/2021-S. APPR.

Summary: Current law defines the terms "state of emergency" and "local emergency" to mean a duly proclaimed existence of conditions of disaster or of extreme peril to the safety of persons and property within the state or the territorial limits of a local government caused by, among other things, a sudden and severe

energy shortage. Current law defines a "sudden and severe energy shortage" as a rapid, unforeseen shortage of energy, resulting from, but not limited to, events such as an embargo, sabotage, or natural disasters, and that has statewide, regional, or local impact. This bill would expand the definition of "sudden and severe energy shortage" to include a "deenergization event," defined as a planned power outage, as specified, and would make a deenergization event one of those conditions constituting a state of emergency and a local emergency.

Position

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

Last Amend: 2/25/2021

Status: 2/25/2021-From committee with author's amendments. Read second time and amended. Re-referred to Com. on RLS.

Location: 12/7/2020-S. RLS.

Summary: Would establish the Plastic Pollution Producer Responsibility Act, which would prohibit producers of single-use, disposable packaging or single-use, disposable food service ware products from offering for sale, selling, distributing, or importing in or into the state such packaging or products that are manufactured on or after January 1, 2032, unless they are recyclable or compostable.

Position

SB 63 (Stern D) Fire prevention: vegetation management: public education: grants: defensible space: fire hazard severity zones: forest management.

Status: 2/17/2021-Set for hearing March 16.

Location: 1/28/2021-S. N.R. & W.

Calendar: 3/16/2021 9 a.m. - John L. Burton Hearing Room
(4203) SENATE NATURAL RESOURCES AND WATER, STERN, Chair

Summary: Would, among other things, require the Director of Forestry and Fire Protection to identify areas of the state as moderate and high fire hazard severity zones and would require a local agency to make this information available for public review and comment, as provided. By expanding the responsibility of a local agency, the bill would impose a state-mandated local program.

Position

SB 208 (Dahle R) Sierra Nevada Conservancy: Sierra Nevada Region: subregion: definitions: annual report.

Status: 2/17/2021-Set for hearing March 16.

Location: 1/28/2021-S. N.R. & W.

Calendar: 3/16/2021 9 a.m. - John L. Burton Hearing Room
(4203) SENATE NATURAL RESOURCES AND WATER, STERN, Chair

Summary: Current law requires the Sierra Nevada Conservancy to make an annual report to the Legislature and to the Secretary of the Natural Resources Agency regarding expenditures, land management costs, and administrative costs. This bill would modify areas listed under the definitions of the "Sierra Nevada Region" and its "subregions," as specified, for these purposes. The bill would require the conservancy to include, in its report regarding expenditures, land management costs, and administrative costs for the year 2022, recommendations to the Legislature for legislation to change the name of the conservancy and the governing board of the Sierra Nevada Conservancy, and to change the structure of the regions, subregions, and board, to align the conservancy with its recent expansion in the Counties of Shasta, Siskiyou, and Trinity.

Position

SB 209 (Dahle R) State of emergency: termination after 45 days: extension by the Legislature.

Last Amend: 3/4/2021

Status: 3/4/2021-From committee with author's amendments. Read second time and amended. Re-referred to Com. on G.O.

Location: 2/10/2021-S. G.O.

Summary: Would require a state of emergency to terminate 45 days after the Governor's proclamation of the state of emergency unless the Legislature extends it by a concurrent resolution.

Position

SB 222 (Dodd D) Water Affordability Assistance Program.

Status: 3/2/2021-Set for hearing March 15.

Location: 2/8/2021-S. E. U., & C.

Calendar: 3/15/2021 Upon adjournment of Session - Senate Chamber SENATE ENERGY, UTILITIES AND COMMUNICATIONS, HUESO, Chair

Summary: Would establish the Water Affordability Assistance Fund in the State Treasury to help provide water affordability assistance, for both drinking water and wastewater services, to low-income ratepayers and ratepayers experiencing economic hardship in California. The bill would make moneys in the fund available upon appropriation by the Legislature to the state board to provide, as part of the Water Affordability Assistance Program established by the bill, direct water bill assistance, water bill credits, water crisis assistance, affordability assistance, and short-term assistance to public water systems to administer program components.

Position

SB 223 (Dodd D) Discontinuation of residential water service.

Status: 3/2/2021-Set for hearing March 15.

Location: 1/28/2021-S. E. U., & C.

Calendar: 3/15/2021 Upon adjournment of Session - Senate Chamber SENATE ENERGY, UTILITIES AND COMMUNICATIONS, HUESO, Chair

Summary: Current law prohibits an urban and community water system, defined as a public water system that supplies water to more than 200 service connections, from discontinuing residential water service for nonpayment until a payment by a customer has been delinquent for at least 60 days. Current law requires an urban and community water system to have a written policy on discontinuation of residential service for nonpayment, including, among other things, specified options for addressing the nonpayment. Current law requires an urban and community water system to provide notice of that policy to customers, as provided. This bill would apply those provisions, on and after July 1, 2022, to a very small community water system, defined as a public water system that supplies water to 200 or fewer service connections used by year-long residents.

Position

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

Status: 3/3/2021-Set for hearing March 15.

Location: 1/28/2021-S. E.Q.

Calendar: 3/15/2021 9 a.m. - John L. Burton Hearing Room (4203) SENATE ENVIRONMENTAL QUALITY, ALLEN, Chair

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

Position

SB 259 (Wilk R) Public Utilities Commission: oversight of electrical corporations.

Status: 2/22/2021-Art. IV. Sec. 8(a) of the Constitution dispensed with. (Ayes 32. Noes 4.) Joint Rule 55 suspended. (Ayes 32. Noes 4.)

Location: 1/26/2021-S. RLS.

Summary: Would state the intent of the Legislature to enact legislation to strengthen the Public Utilities Commission's oversight of electrical corporations' efforts to reduce their fire risk and use of deenergization events.

Position

SB 260 (Wiener D) Climate Corporate Accountability Act.

Status: 2/22/2021-Art. IV. Sec. 8(a) of the Constitution dispensed with. (Ayes 32. Noes 4.) Joint Rule 55 suspended. (Ayes 32. Noes 4.)

Location: 2/3/2021-S. E.Q.

Summary: Would require the State Air Resources Board, on or before January 1, 2023, to develop and adopt regulations requiring publicly traded domestic and foreign corporations with annual revenues in excess of \$1,000,000,000 that do business in California, defined as "covered entities," to publicly disclose their greenhouse gas emissions, categorized as scope 1, 2, and 3 emissions, as defined, from the prior calendar year. The bill would require the state board, on or before January 1, 2024, to develop and adopt regulations requiring covered entities to set science-based emissions targets, as defined, based on the covered entity's emissions that have been reported to the state board.

Position

SB 267 (Hertzberg D) Property taxation: active solar energy systems: partnership flip transactions.

Status: 3/2/2021-Set for hearing March 11.

Location: 2/10/2021-S. GOV. & F.

Calendar: 3/11/2021 Upon adjournment of Session - John L. Burton Hearing Room (4203) SENATE GOVERNANCE AND FINANCE, MCGUIRE, Chair

Summary: Would provide that for a legal entity that owns an active solar energy system pursuant to a partnership flip transaction, as defined, neither an initial transfer of a capital and profits interest in the legal entity, nor any subsequent change in the allocation of the capital and profits of the legal entity among the members, shall be deemed to constitute a transfer of control of, or of a majority interest in, the legal entity. The bill would make related findings and declarations. By adding to the duties of county assessors in applying this exclusion, the bill would impose a state-mandated local program.

Position

SB 273 (Hertzberg D) Water quality: municipal wastewater agencies.

Status: 3/2/2021-Set for hearing March 11.

Location: 2/10/2021-S. GOV. & F.

Calendar: 3/11/2021 Upon adjournment of Session - John L. Burton Hearing Room (4203) SENATE GOVERNANCE AND FINANCE, MCGUIRE, Chair

Summary: Would authorize a municipal wastewater agency, as defined, to enter into agreements with entities responsible for stormwater management for the purpose of managing stormwater and dry weather runoff, to acquire, construct, expand, operate, maintain, and provide facilities for specified purposes relating to managing stormwater and dry weather runoff, and to levy taxes, fees, and charges consistent with the municipal wastewater agency's existing authority in order to fund projects undertaken pursuant to the bill. The bill would require the exercise of any new authority granted under the bill to comply with the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. To the extent this requirement would impose new duties on local agency formation commissions, the bill would impose a state-mandated local program.

Position

SB 274 (Wieckowski D) Local government meetings: agenda and documents.

Status: 2/22/2021-Art. IV. Sec. 8(a) of the Constitution dispensed with. (Ayes 32. Noes 4.) Joint Rule 55 suspended. (Ayes 32. Noes 4.)

Location: 2/10/2021-S. GOV. & F.

Summary: The Ralph M. Brown Act, requires meetings of the legislative body of a local agency to be open and public and also requires regular and special meetings of the legislative body to be held within the boundaries of the territory over which the local agency exercises jurisdiction, with specified exceptions. Current law authorizes a person to request that a copy of an agenda, or a copy of all the documents constituting the agenda packet, of any meeting of a legislative body be mailed to that person. This bill would require a local agency with an internet website, or its designee, to email a copy of, or website link to, the agenda or a copy of all the documents constituting the agenda packet if the person requests that the items be delivered by email. If a local agency determines it to be technologically infeasible to send a copy of the documents or a link to a website that contains the documents by mail or by other electronic means, the bill would require the legislative body or its designee to send by mail a copy of the agenda or a website link to the agenda and to mail a copy of all other documents constituting the agenda packet, as specified.

Position

SB 282 (Dahle R) State Water Resources Control Board.

Status: 2/22/2021-Art. IV. Sec. 8(a) of the Constitution dispensed with. (Ayes 32. Noes 4.) Joint Rule 55 suspended. (Ayes 32. Noes 4.)

Location: 2/1/2021-S. RLS.

Summary: Current law establishes the State Water Resources Control Board, consisting of 5 members, in the California Environmental Protection Agency to exercise certain powers relating to water rights, water quality, and safe and reliable drinking water. This bill would make a nonsubstantive change in these provisions.

Position

SB 284 (Stern D) Workers' compensation: firefighters and peace officers: post-traumatic stress.

Status: 3/9/2021-From committee: Do pass and re-refer to Com. on APPR. (Ayes 4. Noes 0.) (March 8). Re-referred to Com. on APPR.

Location: 3/8/2021-S. APPR.

Summary: Current law, under the workers' compensation system, provides, only until January 1, 2025, that, for certain state and local firefighting personnel and peace officers, the term "injury" includes post-traumatic stress that develops or manifests during a period in which the injured person is in the service of the department or unit, but applies only to injuries occurring on or after January 1, 2020. Existing law requires the compensation awarded pursuant to this provision to include full hospital, surgical, medical treatment, disability indemnity, and death benefits. This bill would make that provision applicable to active firefighting members of the State Department of State Hospitals, the State Department of Developmental Services, and the Military Department, and to additional peace officers, including security officers of the Department of Justice when performing assigned duties as security officers and the officers of a state hospital under the jurisdiction of the State Department of State Hospitals or the State Department of Developmental Services, among other officers.

Position

SB 318 (Melendez R) Land use: development fee or charge: audit: auditor standards.

Status: 2/22/2021-Art. IV. Sec. 8(a) of the Constitution dispensed with. (Ayes 32. Noes 4.) Joint Rule 55 suspended. (Ayes 32. Noes 4.)

Location: 2/17/2021-S. GOV. & F.

Summary: The Mitigation Fee Act authorizes a local agency to retain an independent auditor if requested to conduct an audit to determine whether a fee or charge is reasonable, provided, among other conditions, that the person who requests the audit deposits with the local agency the amount of the local agency's reasonable estimate of the cost of that audit, except as provided. This bill would require that the independent auditor be a certified public accountant, as defined, or a firm, as defined, of certified public accountants. The bill would prohibit the local agency from retaining an independent auditor that the local agency contracted with for any reason during the preceding 10 years, as provided. The bill would also prohibit an independent auditor that is retained by a local agency to conduct the audit from soliciting or accepting employment from the local agency for 5 years following the completion of the audit and all subsequent challenges related to the audit.

Position

SB 319 (Melendez R) Land use: development fees: audit.

Status: 2/22/2021-Art. IV. Sec. 8(a) of the Constitution dispensed with. (Ayes 32. Noes 4.) Joint Rule 55 suspended. (Ayes 32. Noes 4.)

Location: 2/17/2021-S. GOV. & F.

Summary: Current law authorizes a person to request an audit to determine whether a fee or charge levied by a local agency exceeds the amount reasonably necessary to cover the cost of any product, public facility, or service provided by the local agency. If a local agency does not comply with the above-described disclosure requirement for 3 consecutive years, existing law prohibits the local agency from requiring that person to make a specified deposit and requires the local agency to pay the cost of the audit. This bill, additionally, would require that audit to include each consecutive year the local agency did not comply with the disclosure requirement. The bill would make clarifying changes to that provision.

Position

SB 347 (Caballero D) Urban forestry: California Community and Neighborhood Tree Voluntary Tax Contribution Fund.

Last Amend: 3/7/2021

Status: 3/7/2021-From committee with author's amendments. Read second time and amended. Re-referred to Com. on N.R. & W.

Location: 2/17/2021-S. N.R. & W.

Calendar: 3/16/2021 9 a.m. - John L. Burton Hearing Room
(4203) SENATE NATURAL RESOURCES AND WATER, STERN, Chair

Summary: Would allow a taxpayer to designate an amount in excess of personal income tax liability to be transferred into the California Community and Neighborhood TreeVoluntary Tax Contribution Fund, which the bill would create. The bill would require the Franchise Tax Board to revise the tax return to include a space for this fund for taxable years beginning on or after January 1, 2021, and until January 1, 2028, unless the fund fails to meet an annual minimum contribution amount of \$250,000, in which case these provisions would be repealed on December 1 of that year. T

Position

SB 351 (Caballero D) Water Innovation Act of 2021.

Status: 2/22/2021-Art. IV. Sec. 8(a) of the Constitution dispensed with. (Ayes 32. Noes 4.) Joint Rule 55 suspended. (Ayes 32. Noes 4.)

Location: 2/17/2021-S. N.R. & W.

Summary: Current law establishes the State Water Resources Control Board for the purposes of providing for the orderly and efficient administration of the water resources of the state. This bill, the Water Innovation Act of 2021, would create the Office of Water Innovation at the California Water Commission for the furtherance of new technologies and other innovative approaches in the water sector. The bill would require the office, by December 31, 2023, to take specified measures to advance innovation in the water sector. The bill would make findings and declarations regarding the need for water innovation.

Position

SB 369 (Pan D) Flood control: Yolo Bypass Cache Slough Partnership Multibenefit Program.

Status: 3/1/2021-Set for hearing March 16.

Location: 2/17/2021-S. N.R. & W.

Calendar: 3/16/2021 9 a.m. - John L. Burton Hearing Room
(4203) SENATE NATURAL RESOURCES AND WATER, STERN, Chair

Summary: Would establish the Yolo Bypass Cache Slough Partnership Multibenefit Program to support the development and implementation of projects within the Yolo Bypass and Cache Slough region. The bill would define "Yolo Bypass Cache Slough Partnership" to mean the multiagency partnership established pursuant to a memorandum of understanding signed in May 2016 by a total of 15 participating federal, state, and local agencies. The bill would require the participating state agencies, including the Natural Resources Agency, the Department of Water Resources, the Department of Fish and Wildlife, the Central Valley Flood Protection Board, the State Water Resources Control Board, and the Central Valley Regional Water Quality Control Board, to work in collaboration with the participating federal and local agencies to promote the discussion, prioritization, and resolution of policy and other issues critical to the successful implementation of projects to advance specified objectives in the Yolo Bypass and Cache Slough region.

Position

SB 372 (Leyva D) Medium- and heavy-duty fleet purchasing assistance program: zero-emission vehicles.

Last Amend: 3/4/2021

Status: 3/4/2021-From committee with author's amendments. Read second time and amended. Re-referred to Com. on RLS.

Location: 2/10/2021-S. RLS.

Summary: Would require the California Pollution Control Financing Authority to establish a program to make financing tools and nonfinancial supports available to the operators of medium- and heavy-duty vehicle fleets to enable those operators to transition their fleets to zero-emission vehicles. The bill would require the authority to consult with various state agencies and stakeholders in the development and implementation of the program.

Position

SB 391 (Min D) Common interest developments: emergency powers and procedures.

Status: 3/2/2021-Set for hearing March 18.

Location: 2/25/2021-S. HOUSING

Calendar: 3/18/2021 Upon adjournment of Agriculture Committee - John L. Burton Hearing Room (4203) SENATE HOUSING, WIENER, Chair

Summary: The Davis-Stirling Common Interest Development Act governs the management and operation of common interest developments. Current law defines a board meeting as a congregation, as provided, or a teleconference, as provided. Current law requires, among other things, a board meeting held by teleconference to identify at least one physical location so that members of the association may attend, except as provided. This bill would establish alternative teleconferencing procedures for a board meeting or a meeting of the members if the common interest development is in an area affected by a federal, state, or local emergency. The bill would also make a conforming change.

Position

SB 396 (Dahle R) Forestry: internal combustion engines: industrial operations: fire toolbox.

Status: 2/25/2021-Referred to Com. on N.R. & W.

Location: 2/25/2021-S. N.R. & W.

Summary: Current law prohibits any person, except as specified, from using or operating any vehicle, machine, tool, or equipment powered by an internal combustion engine operated on hydrocarbon fuels, in any industrial operation located on or near any forest, brush, or grass-covered land between April 1 and December 1 of any year, or at any other time when ground litter and vegetation will sustain combustion permitting the spread of fire, without providing and maintaining, for firefighting purposes only, suitable and serviceable tools, as prescribed. Current law requires a sealed box of tools to be located within the operating area and accessible in the event of a fire, which fire toolbox shall contain: one backpack pump-type fire extinguisher filled with water, 2 axes, 2 McLeod fire tools, and a sufficient number of shovels so that each employee at the operation can be equipped to fight fire. This bill would require a dedicated set of tools to be located within the operating area and accessible in the event of a fire, which fire toolbox shall contain: a sufficient number of fire extinguishers, axes, 2 McLeod fire tools, and shovels so that, when added to any other tools on the industrial operation, each employee at the operation can be equipped to fight fire.

Position

SB 403 (Gonzalez D) Drinking water: consolidation.

Status: 3/3/2021-Set for hearing March 15.

Location: 2/25/2021-S. E.Q.

Calendar: 3/15/2021 9 a.m. - John L. Burton Hearing Room
(4203) SENATE ENVIRONMENTAL QUALITY, ALLEN, Chair

Summary: The California Safe Drinking Water Act authorizes the State Water Resources Control Board to order consolidation with a receiving water system where a public water system or a state small water system, serving a disadvantaged community, consistently fails to provide an adequate supply of safe drinking water or where a disadvantaged community is substantially reliant on domestic wells that consistently fail to provide an adequate supply of safe drinking water. This bill would authorize the state board to also order consolidation where a water system serving a disadvantaged community is at risk of failing to provide an adequate supply of safe drinking water or where a disadvantaged community is substantially reliant on domestic wells that are at risk of failing to provide an adequate supply of safe drinking water.

Position

SB 412 (Ochoa Bogh R) California Environmental Quality Act: emergency definition.

Last Amend: 3/9/2021

Status: 3/9/2021-From committee with author's amendments. Read second time and amended. Re-referred to Com. on RLS.

Location: 2/12/2021-S. RLS.

Summary: Would expand the definition of "emergency" provided in CEQA to include proactive efforts by a state or local agency to prevent, minimize, or mitigate loss of, or damage to, life, health, property, natural resources, or essential public services, resulting from fire, flood, or earthquake or other soil or geologic movements, in areas of the state that a lead agency determines, based on substantial evidence, are at a heightened risk of the occurrence of those events. The bill would also specify that "emergency" includes, but is not limited to, man-made or natural occurrences, as specified, and would make other nonsubstantive changes.

Position

SB 423 (Stern D) Energy: renewable and zero-carbon resources.

Status: 2/25/2021-Referred to Coms. on E., U. & C. and E.Q.

Location: 2/25/2021-S. E. U., & C.

Summary: The 100 Percent Clean Energy Act of 2018 established as a policy of the state that eligible renewable energy resources and zero-carbon resources supply 100% of retail sales of electricity to California end-use customers and 100% of electricity procured to serve all state agencies by December 31, 2045. Existing law requires the Public Utilities Commission and State Energy Resources Conservation and Development Commission, in consultation with the State Air Resources Board, to take steps to ensure that a transition to a zero-carbon electric system for the State of California does not cause or contribute to greenhouse gas emissions increases elsewhere in the western grid. This bill would require the state board and Energy Commission to timely incorporate emerging renewable energy and firm zero-carbon resources, as defined, into its energy and resource planning processes, as specified.

Position

SB 426 (Rubio D) Municipal separate storm sewer systems: financial capability analysis.

Last Amend: 3/1/2021

Status: 3/5/2021-Set for hearing March 15.

Location: 2/25/2021-S. E.Q.

Calendar: 3/15/2021 9 a.m. - John L. Burton Hearing Room
(4203) SENATE ENVIRONMENTAL QUALITY, ALLEN, Chair

Summary: Would require the State Water Resources Control Board, by July 1, 2022, to establish financial capability assessment guidelines for municipal separate storm sewer system permittees that are adequate and consistent when considering the costs to local jurisdictions. The bill would require the state board and the regional boards to continue using available regulatory tools and other approaches to foster collaboration with permittees to implement permit requirements in light of the costs of implementation.

Position

SB 427 (Eggman D) Water theft: enhanced penalties.

Status: 2/25/2021-Referred to Coms. on GOV. & F. and PUB. S.

Location: 2/25/2021-S. GOV. & F.

Summary: Would authorize the legislative body of a city or a county to make, by ordinance, any violation of an ordinance regarding water theft, as defined, subject to an administrative fine or penalty in excess of the limitations above, as specified.

Position

SB 429 (Bradford D) California Renewables Portfolio Standard Program

Status: 2/25/2021-Referred to Com. on RLS.

Location: 2/12/2021-S. RLS.

Summary: The California Renewables Portfolio Standard Program, within the Public Utilities Act, requires retail sellers, including electrical corporations, and local publicly owned electric utilities to purchase specified minimum quantities of electricity products from eligible renewable energy resources, as defined, for specified compliance periods. The program requires the commission to direct each electrical corporation to annually prepare a renewable energy procurement plan to satisfy its procurement requirements pursuant to the program. To the extent feasible, the renewable energy procurement plan is to be proposed, reviewed, and adopted, as part of, and pursuant to, the general procurement plan process applicable to electrical corporations. This bill would make nonsubstantive changes to the provisions relating to renewable energy procurement plans.

Position

SB 462 (Borgeas R) Disaster relief: Creek Fire: allocation to local agencies.

Status: 3/9/2021-From committee: Do pass and re-refer to Com. on APPR. (Ayes 14. Noes 0.) (March 9). Re-referred to Com. on APPR.

Location: 3/9/2021-S. APPR.

Summary: The California Disaster Assistance Act requires the Director of Emergency Services to provide financial assistance to local agencies for their personnel costs, equipment costs, and the cost of supplies and materials used during disaster response activities, incurred as a result of a state of emergency proclaimed by the Governor, subject to specified criteria. Under the act, the state share for eligible project costs is generally 75% of total eligible costs, and for specified incidents, the state share is up to 100% of total eligible costs. The act continuously appropriates moneys in the Disaster Assistance Fund and its subsidiary account, the Earthquake Emergency Investigations Account, without regard to fiscal year, for purposes of the act. This bill would allow for a state share of up to 100% of total eligible costs related to the Creek Fire that started on September 4, 2020, in the Counties of Fresno and Madera.

Position

SB 463 (Dahle R) Water: landowner right to modify, repair, or replace jointly used conduits.

Last Amend: 3/8/2021

Status: 3/8/2021-From committee with author's amendments. Read second time and amended. Re-referred to Com. on RLS.

Location: 2/16/2021-S. RLS.

Summary: Would authorize a landowner to, where a conduit is constructed across or buried beneath the lands of 2 or more landowners, modify, repair, or replace, as defined, the conduit on or beneath their land if the modification, repair, or replacement is made in a manner that does not impede the flow of the water to any other property receiving a benefit of the conduit or, otherwise injure any person using or interested in the conduit.

Position

Memo

G

To: Olivenhain Municipal Water District Board of Directors

Subject: INFORMATIONAL REPORTS

TWELVE MONTH CALENDAR/OTHER MEETINGS / REPORTS

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 3/8/21)

Date(s)	Event	Time	Location	Attending Board Member(s)	Additional Information (Speakers' Topic, Cohosts, etc.)
<u>FEBRUARY 2021</u>					
11-Feb	Teleconference with the GM	9:30 AM	Call	Watt	
16-Feb	Document Signing			Sprague, Watt	
Feb 17-18	Urban Water Institute Virtual Conference		Virtual	Bruce-Lane	
18-Feb	CSDA Virtual Quarterly Dinner	5:30 PM	Zoom	Bruce-Lane	
23-Feb	Meeting with the GM		Zoom	Topolovac	
24-Feb	ACWA's Congressional Speech Program - ACWA DC Conference	9:00 AM	Virtual	Bruce-Lane	
25-Feb	Safety Committee Meeting	8:00 AM	Zoom	Topolovac	
<u>MARCH 2021</u>					
1-Mar	WateReuse Symposium	10:00 AM	Virtual	Bruce-Lane	
3-Mar	Public Policy Committee Meeting	9:30 AM	Zoom	Guerin, Topolovac	
9-Mar	Document Signing			Guerin	
10-Mar	Individual Conference Call with the GM - CWA Issues		Call	Guerin, Watt	
15-Mar	WateReuse Symposium - Water Reuse 101	11:00 AM - 1:30 PM	Virtual	Bruce-Lane	
16-Mar	WateReuse Symposium - Water Recycling and Public Health	9:00-11:30 AM	Virtual	Bruce-Lane	

Memo

To: Olivenhain Municipal Water District Board of Directors

Subject: INFORMATIONAL REPORTS

CORRESPONDENCE

Any correspondence is attached.



water for people
EVERYONE • FOREVER

February 4, 2021

Ms. Kim Thorner
Olivenhain Municipal Water District
1966 Olivenhain Rd
Encinitas, CA 92024

Dear Ms. Thorner and Friends at Olivenhain Municipal Water District,

Thank you for helping Water For People permanently end the cycle of water and sanitation poverty. Your generosity is helping create a world where people can live better lives through better access to safe water and dignified sanitation.

Allan is one of the people who is being positively impacted by your contribution. After becoming more aware of the positive impacts that proper sanitation would have on his community, he started a hardware store in La Concordia, Nicaragua. The store supplies plumbing and construction materials so people can build their own bathrooms.



Compared to last year, Allan has observed a 25% increase in pipe demand. This is because the municipality is partnering with Water For People on an initiative that supports families investing in bathrooms that use biodigester technology.

"Few families have a safe bathroom or sanitation station, and this type of initiative creates opportunities for people. With more people buying materials, I sell more. And community members get jobs constructing the bathrooms, while all the money is spent locally," he explains. "When people look at the success of their neighbors with bathrooms and see the benefits they get, they are encouraged to invest as well."

Enclosed is your annual giving summary. We are thankful that you are as committed as we are to achieving *Everyone Forever*.

In partnership,

Eleanor Allen

Eleanor Allen
Chief Executive Officer

*Wishing all
the best in 2021!
Thank you for your
ongoing support!*

Water For People

2020 Annual Giving Statement

Constituent Name	Date	Gift Type	Gift Amount	Receipt Amount
Olivenhain Municipal Water District 1966 Olivenhain Rd Encinitas, CA 92024	1/8/2020	Cash	\$214.00	\$214.00
	1/29/2020	Cash	\$64.00	\$64.00
	2/5/2020	Cash	\$64.00	\$64.00
	2/20/2020	Cash	\$64.00	\$64.00
	3/4/2020	Cash	\$64.00	\$64.00
	3/18/2020	Cash	\$64.00	\$64.00
	3/31/2020	Cash	\$64.00	\$64.00
	4/15/2020	Cash	\$64.00	\$64.00
	4/29/2020	Cash	\$64.00	\$64.00
	5/13/2020	Cash	\$64.00	\$64.00
	5/28/2020	Cash	\$64.00	\$64.00
	6/10/2020	Cash	\$64.00	\$64.00
	6/24/2020	Cash	\$64.00	\$64.00
	7/8/2020	Cash	\$64.00	\$64.00
	7/22/2020	Cash	\$64.00	\$64.00
	8/5/2020	Cash	\$64.00	\$64.00
	8/19/2020	Cash	\$64.00	\$64.00
	9/2/2020	Cash	\$64.00	\$64.00
	9/16/2020	Cash	\$64.00	\$64.00
	9/30/2020	Cash	\$64.00	\$64.00
	10/14/2020	Cash	\$64.00	\$64.00
	10/28/2020	Cash	\$64.00	\$64.00
	11/12/2020	Cash	\$64.00	\$64.00
	11/25/2020	Cash	\$64.00	\$64.00
	12/9/2020	Cash	\$64.00	\$64.00
	12/23/2020	Cash	\$64.00	\$64.00
Total:				\$1,814.00

No goods or services were provided in exchange for Receipt Amounts listed above. Water For People is a 501(c)3 organization;
Tax ID 84-1166148.



February 12, 2021

Ms. Helen M. Robbins-Meyer
 Chief Administrative Officer
 County of San Diego
 1600 Pacific Highway, Suite 335
 San Diego, CA 92101

RE: COVID Financial Relief to Offset Growing Water Bill Delinquencies within the San Diego region

Dear Ms. Robbins-Meyer:

While the COVID-19 pandemic has resulted in challenging and difficult times for our residents, our communities, our ability to provide reliable local government services, and our regional economy, it has also provided new and renewed opportunities to forge partnerships and relationships among local government colleagues throughout San Diego County. It is in the spirit of partnership and collaboration that the San Diego County water suppliers identified above write **to seek active and meaningful engagement with you to provide near-term and essential COVID relief within our communities.** The water suppliers would commit to see that any resources received are allocated directly to offset water bill delinquencies that have accumulated since the beginning of the COVID pandemic, or that have materially increased over the past 10 months.

Just last week, the State Water Resources Control Board released the results of a statewide survey of water systems which found that California residents owe an estimated \$1 billion in unpaid water bills that have accumulated since the Governor issued COVID-related emergency orders in early April 2020. According to recent reports, nearly 70,000 households in San Diego County have accumulated COVID-related water bill debt, and it is estimated that San Diego County customers alone owe as much as \$50 million in water bill payments that are currently delinquent and in arrears as a direct result of the COVID pandemic. This accumulation of debt – along with other utility, rent, and unpaid bill debt – threatens to create a long-term and enveloping household economic crisis for thousands of San Diegans.

While the water supplier community has worked closely with our Congressional partners and the Newsom Administration, there has not been COVID financial relief forthcoming directly to water suppliers to help customers with the growing crisis of household water debt. Among the Congressional actions over the past 10

months to provide COVID relief opportunities, all of the relevant funding has been directed to the State or to larger municipalities. In fact, more than \$15 billion was allocated to the State and to California's largest cities and counties (those with greater than 500,000 population) for COVID relief from the CARES Act. The recently-enacted Consolidated Appropriations Act of 2021 also provided approximately \$2.6 billion in emergency rental assistance funds to the state and municipalities with greater than 200,000 population. The guidance for use of **the rental assistance funds also provides authority for allocation of funding to provide water bill debt relief** for renters.

While cities throughout San Diego County and the County have received either direct COVID relief funding from the federal government or as a pass-through from the State or larger municipalities, your local water suppliers have not received any COVID-related funding assistance to help address the substantial water debt held by residents of our communities that would help to provide much-needed relief to water ratepayers. As you may know, the California Constitution – as a result of Proposition 218 from 1996 – significantly restricts the ability of water suppliers to utilize rate revenue for delinquency forgiveness or relief. As a result, an independent source of funds, separate and apart from rate revenue, is necessary to provide the types of rate offsets and relief that are so desperately needed by our customers.

We are very excited to reaffirm and solidify our partnerships and relationships that we enjoy every single day with our civic partners. We all serve and represent the same constituencies, and it makes tremendous sense to look for opportunities to provide the most benefit to the largest group when it comes to prioritizing COVID funding relief allocations. It's very important to prioritize helping those San Diegans first who are at greatest risk of serious economic harm as a result of the pandemic so they can avoid exacerbating their dire financial conditions as the pandemic lingers. We believe that helping residents with water debt repayment should be one of those high priorities, and we look forward to working with you in the coming weeks to ensure that COVID relief funds that you receive from the State or through direct federal allocation are shared in the same spirit of partnership that we reach out to you today.

Tish Berge, General Manager
Sweetwater Authority

Jose Martinez, General Manager
Otay Water District

Sandra L. Kerl, General Manager
San Diego County Water Authority

Carlos Lugo, General Manager
Helix Water District

Robert Becerra, SD County Operations Manager
California American Water

Clint R. Baze, General Manager
Rincon del Diablo Municipal Water District

Joe Bride, Public Works Director
City of Del Mar

Chris W. McKinney, Director of Utilities
City of Escondido

Cari Dale, Water Utilities Director
City of Oceanside

Allen Carlisle, CEO/General Manager
Padre Dam Municipal Water District

February 12, 2021

Page 3

Kim Thorner, General Manager
Olivenhain Municipal Water District

Brett Hodgkiss, General Manager
Vista Irrigation District

Glenn Pruim, General Manager
Vallecitos Water District

Gary Arant, General Manager
Valley Center Municipal Water District

cc: San Diego County Board of Supervisors

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General Manager
Kimberly A. Thorner, Esq.
General Counsel
Alfred Smith, Esq.

February 16, 2021

Assemblymember Robert Rivas
California State Assembly
State Capitol, Room 5158
Sacramento, CA 95814

RE: Assembly Bill 361 (Rivas) – Support as Introduced

Dear Assembly Member Rivas,

On behalf of Olivenhain Municipal Water District, I am pleased to support Assembly Bill 361, related to the Ralph M. Brown Act. OMWD provides over 86,000 customers in northern San Diego County with water, wastewater, recycled water, hydroelectric, and recreational services.

On March 4, 2020, Governor Newsom declared a state of emergency in response to the COVID-19 pandemic. The governor's state of emergency declaration was followed-up with numerous executive actions, of which Executive Orders N-25-20, N-29-20, and N-35-20 modified the requirements of the Brown Act. OMWD is supportive of AB 361 codifying several provisions within these executive orders.

AB 361 would ensure that local agencies, such as OMWD, can safely meet remotely during an emergency. The changes to law included in AB 361 are what have allowed OMWD to continue to operate while also complying with public health directives issued by officials during the COVID-19 pandemic. By enshrining these provisions in statute, this bill ensures that OMWD would continue providing essential services while remaining safe in future emergencies.

AB 361 will include important safeguards that ensure public agency transparency and public access. For a public agency to utilize these provisions to meet remotely, a local agency must meet subsequent or concurrent to a proclaimed state of emergency or declared local emergency, and declare that the nature of the emergency would prevent them from safely meeting in-person. This bill would specifically prohibit local agencies from requiring members of the public to submit their comments in advance, guaranteeing that the public has the opportunity to observe and offer comment during the meeting.

OMWD has quickly responded to the challenges posed by COVID-19 through proactive measures to ensure timely information to the public, continuity of operations, safety of our employees, and safety of the water supply. While the Brown Act is an important mechanism safeguarding the open governing process, public health emergencies such as COVID-19 have demonstrated the need for additional tools ensuring continuity of operations during times of crisis. While there is collective hope that the changes proposed in AB 361 won't need to be utilized, OMWD appreciates your leadership in providing these tools for future emergencies.



1966 Olivenhain Road • Encinitas, CA 92024
Phone (760) 753-6466 • Fax (760) 753-1578 • www.olivenhain.com



A Public Agency Providing Water Wastewater Services Recycled Water Hydroelectricity Elfin Forest Recreational Reserve

OMWD is pleased to support AB 361 as introduced. If you or your staff should need any additional information, please do not hesitate to contact me at 760-753-6466 or kthorner@olivenhain.com.

Regards,



Kimberly A. Thorner
General Manager

CC: Senator Brian Jones
Senator Patricia Bates
Senator Toni G. Atkins
Assemblymember Christopher Ward
Assemblymember Marie Waldron
Assemblymember Brian Maienschein
Assemblymember Tasha Boerner Horvath
California Special Districts Association [advocacy@cda.net]

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Robert F. Topolovac, Director



General Manager
Kimberly A. Thorner, Esq.
General Counsel
Alfred Smith, Esq.

February 16, 2021

The Honorable Scott Peters
United States House of Representatives
1201 Rayburn Office Building
Washington, DC 20515

RE: Support H.R. 535, the Special Districts Provide Essential Services Act

Dear Representative Peters,

On behalf of Olivenhain Municipal Water District, I am writing in support of H.R. 535, the Special Districts Provide Essential Services Act, of which you are a listed cosponsor. Your leadership on this bill is appreciated and OMWD has urged other members of its congressional delegation to support its inclusion in any potential pandemic relief package. OMWD provides over 86,000 customers in northern San Diego County with water, wastewater, recycled water, hydroelectric, and recreational services.

OMWD has quickly responded to the challenges posed by COVID-19 by taking numerous proactive steps to ensure timely information to our customers, continuity of operations, safety of our employees, and safety of the water supply. OMWD has suspended late fee collection and water service shutoffs for non-payment, and is assisting customers facing financial hardship through deferred payment plans. All of these actions affect revenue collection. As an essential service, OMWD has continued to provide high quality water to our customers while making numerous operational changes to minimize hazards to our employees.

OMWD employees are on the front lines, yet public agencies such as OMWD have yet to receive the direct access to funding that other government agencies, as well as businesses and non-profits, have received. OMWD is just one of 2,000 agencies across California that, altogether, anticipate a \$1.26 billion impact due to COVID-19 through the end of Fiscal Year 2021. Furthermore, 46 percent are unlikely to maintain current staffing of essential workers or are uncertain that they can, and 54 percent are unlikely to maintain or are uncertain about the level of essential services they can provide through this fiscal year.

H.R. 535, along with its accompanying Senate bill, S. 91, would allow the vital services provided by OMWD to continue unhindered, while also providing greater certainty that essential workers can be retained. Specifically, the legislation would establish a federal definition of "special district," allow special districts' access to future Coronavirus Relief Fund allocations, and designate special districts as "eligible issuers" of the Federal Reserve Board's Municipal Liquidity Facility.

Without ready access to pandemic relief available to other forms of local government, the risk of special districts' inability to continue providing uninterrupted, vital services to their communities will continue



to grow. We appreciate your work in cosponsoring this important piece of legislation that ensures all essential workers, and the vulnerable communities they serve, receive equitable access to these important relief funds.

If you have any questions or would like to further discuss our support of the bill, please feel free to contact me at 760-753-6466 or kthorner@olivenhain.com.

Sincerely,



Kimberly A. Thorner
General Manager

cc: Representative Garamendi
Cole Karr, California Special Districts Association (advocacy@cda.net)

Board of Directors

Lawrence A. Watt, President
Kristie Bruce-Lane, Vice President
Christy Guerin, Treasurer
Edmund K. Sprague, Secretary
Robert F. Topolovac, Director



General Manager
Kimberly A. Thorner, Esq.
General Counsel
Alfred Smith, Esq.

February 16, 2021

The Honorable Mike Levin
United States House of Representatives
1030 Longworth House Office Building
Washington, DC 20515

The Honorable Darrell Issa
United States House of Representatives
2300 Rayburn House Office Building
Washington, DC 20515

RE: Support H.R. 535, the Special Districts Provide Essential Services Act

Dear Representative Levin and Representative Issa,

On behalf of Olivenhain Municipal Water District, I respectfully request your support of H.R. 535, the Special Districts Provide Essential Services Act, and its inclusion in any potential pandemic relief package. OMWD provides over 86,000 customers in northern San Diego County with water, wastewater, recycled water, hydroelectric, and recreational services.

OMWD has quickly responded to the challenges posed by COVID-19 by taking numerous proactive steps to ensure timely information to our customers, continuity of operations, safety of our employees, and safety of the water supply. OMWD has suspended late fee collection and water service shutoffs for non-payment, and is assisting customers facing financial hardship through deferred payment plans. All of these actions affect revenue collection. As an essential service, OMWD has continued to provide high quality water to our customers while making numerous operational changes to minimize hazards to our employees.

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This bill is identical to the bipartisan S. 4308 from the 116th Congress. H.R. 535, along with its accompanying Senate bill, S. 91, would allow the vital services provided by OMWD to continue unhindered, while also providing greater certainty that essential workers can be retained. Specifically, the legislation would establish a federal definition of "special district," allow special districts' access to future Coronavirus Relief Fund allocations, and designate special districts as "eligible issuers" of the Federal Reserve Board's Municipal Liquidity Facility.



Without ready access to pandemic relief available to other forms of local government, the risk of special districts' inability to continue providing uninterrupted, vital services to their communities will continue to grow. We look forward to working with you to ensure all essential workers, and the vulnerable communities they serve, receive equitable access to these important relief funds.

If you have any questions or would like to further discuss our support of the bill, please feel free to contact me at 760-753-6466 or kthorner@olivenhain.com.

Sincerely,



Kimberly A. Thorner
General Manager

cc: Representative Garamendi
Representative Peters
Cole Karr, California Special Districts Association (advocacy@cda.net)

Board of Directors

Lawrence A. Watt, President
Kristie Bruce-Lane, Vice President
Christy Guerin, Treasurer
Edmund K. Sprague, Secretary
Robert F. Topolovac, Director



General Manager
Kimberly A. Thorner, Esq.
General Counsel
Alfred Smith, Esq.

February 16, 2021

The Honorable Dianne Feinstein
United States Senate
331 Hart Senate Office Building
Washington, DC 20510

RE: Support S. 91, the Special Districts Provide Essential Services Act

Dear Senator Feinstein,

On behalf of Olivenhain Municipal Water District, I am writing in support of S. 91, the Special Districts Provide Essential Services Act, of which you are a listed cosponsor. Your leadership on this bill is appreciated and OMWD has urged other members of its congressional delegation to support its inclusion in any potential pandemic relief package. OMWD provides over 86,000 customers in northern San Diego County with water, wastewater, recycled water, hydroelectric, and recreational services.

OMWD has quickly responded to the challenges posed by COVID-19 through numerous proactive steps to ensure timely information to our customers, continuity of operations, safety of our employees, and safety of the water supply. OMWD has suspended late fee collection and water service shutoffs for non-payment, and is assisting customers facing financial hardship through deferred payment plans. All of these actions affect revenue collection. As an essential service, OMWD has continued to provide high quality water to our customers while making numerous operational changes to minimize hazards to our employees.

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S. 91, along with its accompanying House bill, H.R. 535, would allow the vital services provided by OMWD to continue unhindered, while also providing greater certainty that essential workers can be retained. Specifically, the legislation would establish a federal definition of "special district," allow special districts' access to future Coronavirus Relief Fund allocations, and designate special districts as "eligible issuers" of the Federal Reserve Board's Municipal Liquidity Facility.



Without ready access to pandemic relief available to other forms of local government, the risk of special districts' inability to continue providing uninterrupted, vital services to their communities will continue to grow. We appreciate your work in cosponsoring this important piece of legislation that ensures all essential workers, and the vulnerable communities they serve, receive equitable access to these important relief funds.

If you have any questions or would like to further discuss our support of the bill, please feel free to contact me at 760-753-6466 or kthorner@olivenhain.com.

Sincerely,



Kimberly A. Thorner
General Manager

cc: Senator Kyrsten Sinema
Cole Karr, California Special Districts Association (advocacy@cdda.net)

Board of Directors

Lawrence A. Watt, President
Kristie Bruce-Lane, Vice President
Christy Guerin, Treasurer
Edmund K. Sprague, Secretary
Robert F. Topolovac, Director



General Manager
Kimberly A. Thorner, Esq.
General Counsel
Alfred Smith, Esq.

February 16, 2021

The Honorable Alex Padilla
United States Senate
B03 Russell Senate Office Building
Washington, DC 20510

RE: Support S. 91, the Special Districts Provide Essential Services Act

Dear Senator Padilla,

On behalf of Olivenhain Municipal Water District, I respectfully request your support of S. 91, the Special Districts Provide Essential Services Act, and its inclusion in any potential pandemic relief package. OMWD provides over 86,000 customers in northern San Diego County with water, wastewater, recycled water, hydroelectric, and recreational services.

OMWD has quickly responded to the challenges posed by COVID-19 through numerous proactive steps to ensure timely information to our customers, continuity of operations, safety of our employees, and safety of the water supply. OMWD has suspended late fee collection and water service shutoffs for non-payment, and is assisting customers facing financial hardship through deferred payment plans. All of these actions affect revenue collection. As an essential service, OMWD has continued to provide high quality water to our customers while making numerous operational changes to minimize hazards to our employees.

OMWD employees are on the front-lines, yet public agencies such as OMWD have yet to receive the direct access to funding that other government agencies, as well as businesses and non-profits, have received. OMWD is just one of 2,000 agencies across California that, altogether, anticipate a \$1.26 billion impact due to COVID-19 through the end of Fiscal Year 2021. Furthermore, 46 percent are unlikely to maintain current staffing of essential workers or are uncertain that they can, and 54 percent are unlikely to maintain or are uncertain about the level of essential services they can provide through this fiscal year.

This bill is identical to the bipartisan S. 4308 from the 116th Congress. S. 91, along with its accompanying House bill, H.R. 535, would allow the vital services provided by OMWD to continue unhindered, while also providing greater certainty that essential workers can be retained. Specifically, the legislation would establish a federal definition of "special district," allow special districts' access to future Coronavirus Relief Fund allocations, and designate special districts as "eligible issuers" of the Federal Reserve Board's Municipal Liquidity Facility.

Without ready access to pandemic relief available to other forms of local government, the risk of special districts' inability to continue providing uninterrupted, vital services to their communities will continue



to grow. We look forward to working with you to ensure all essential workers, and the vulnerable communities they serve, receive equitable access to these important relief funds.

If you have any questions or would like to further discuss our support of the bill, please feel free to contact me at 760-753-6466 or kthorner@olivenhain.com.

Sincerely,



Kimberly A. Thorner
General Manager

cc: Senator Kyrsten Sinema
Senator Dianne Feinstein
Cole Karr, California Special Districts Association (advocacy@csla.net)

Board of Directors

Lawrence A. Watt, President
Kristie Bruce-Lane, Vice President
Christy Guerin, Treasurer
Edmund K. Sprague, Secretary
Robert F. Topolovac, Director



General Manager
Kimberly A. Thorner, Esq.
General Counsel
Alfred Smith, Esq.

February 17, 2021

The Honorable Dianne Feinstein
United States Senate
331 Hart Senate Office Building
Washington, DC 20510

The Honorable Alex Padilla
United States Senate
B03 Russell Senate Office Building
Washington, DC 20510

The Honorable Mike Levin
United States House of Representatives
1030 Longworth House Office Building
Washington, DC 20515

The Honorable Scott Peters
United States House of Representatives
1201 Rayburn Office Building
Washington, DC 20515

The Honorable Darrell Issa
United States House of Representatives
2300 Rayburn House Office Building
Washington, DC 20515

RE: Request for Assistance in the Prompt Distribution of H.R. 133 COVID-19 Relief Funds

Dear Senator Feinstein, Senator Padilla, Representative Levin, Representative Peters, and Representative Issa,

On behalf of Olivenhain Municipal Water District, I respectfully request your assistance in the prompt and fair distribution of H.R. 133 COVID-19 relief funds that are specifically intended for water and wastewater treatment agencies. Moreover, I urge your support in ensuring that any future COVID-19 relief packages include additional rate assistance in the same manner as H.R. 133. OMWD provides 87,000 customers in northern San Diego County with water, wastewater, recycled water, hydroelectric, and recreational services.

OMWD has quickly responded to the challenges posed by COVID-19 by taking numerous proactive steps to ensure timely information to our customers, continuity of operations, safety of our employees, and safety of the water supply. OMWD suspended late fee collection and water service shutoffs for non-payment, and is assisting customers facing financial hardship through deferred payment plans. All of these actions affect revenue collection. As an essential service, OMWD has continued to provide high-quality water to our customers while making numerous operational changes to minimize hazards to our employees.



Low-Income Household Drinking Water and Wastewater Emergency Assistance Program

The FY 2021 Omnibus and COVID Relief and Response Act, H.R. 133, was enacted into law in late December. Congress wisely included the Low-Income Household Drinking Water and Wastewater Emergency Assistance Program to provide \$638 million for ratepayer assistance “to prevent, prepare for, and respond to coronavirus.” H.R. 133 contains explicit language to make it clear that this “emergency” funding is for the payment of “funds to owners or operators of public water systems or treatment works to reduce arrearages of and rates charged...”.

OMWD urges you to communicate to the Biden Administration that the appropriated H.R. 133 funding needs to be allocated without further delay and in accordance with H.R. 133’s provisions that call for the state to provide assistance directly to owners and operators of water and wastewater services. A fair, proportional distribution of funds to all water and wastewater agencies with impacted customers is critical to ensure benefits will accrue to those in need in every region of the state.

Future COVID-19 Relief Packages

OMWD respectfully requests that any future COVID-19 relief packages, including the one currently being negotiated in congress, provide additional rate assistance relief in the same manner as H.R. 133. A recent California State Water Resources Control Board survey revealed that water service arrearages as of last October exceed \$600 million due to the pandemic. OMWD expects this figure will only increase in the coming months. It is clear more assistance is needed to provide meaningful relief to the many Americans impacted by this pandemic.

OMWD appreciates your leadership on this matter. This is an unprecedented time of public health and economic adversity and time is of the essence. We encourage you to seek the administration’s commitment for prompt allocation of H.R. 133 funding so that agencies like OMWD can start providing arrearage relief to their customers. We also urge you to include additional arrearage relief funding in any future COVID-19 relief packages.

OMWD looks forward to working with you to make this and future COVID-19 related legislation a success. If you or your staff should need any additional information, please feel free to contact me at 760-753-6466 or kthorner@olivenhain.com.

Sincerely,



Kimberly A. Thorner
General Manager

cc: Jay Tanner, ACWA Federal Relations Specialist (outreach@acwa.com & jtanner@sso.org)
Charles LaSalle, Regulatory and Legislative Affairs Manager (clasalle@watereuse.org)

John Carnegie

From: Sandra Rodriguez
Sent: Wednesday, March 3, 2021 2:44 PM
To: Jay Turman; John Carnegie; Brian Sodeman; Brandon Barnick
Subject: FW: Contact Form: Thank you for the great service!

From: Joanne Mickelson
Sent: Wednesday, March 3, 2021 2:37 PM
To: CSReps <CSReps@olivenhain.com>
Subject: Contact Form: Thank you for the great service!

Name: Joanne Mickelson
Email:

Message:

My husband called OMWD the other day to have someone check on the pooling water around a fire hydrant in front of our house. The service tech (from the message, it sounded like "Jay Kern," but I didn't hear it clearly) did the inspection and left a detailed message about his findings. We've had great experiences with OWMD's customer and tech service and wanted to express our gratitude.

Keep up the good work!

Joanne and Jim Mickelson

March 3, 2021

MEMBER AGENCIES

Carlsbad
Municipal Water District

City of Del Mar

City of Escondido

City of National City

City of Oceanside

City of Poway

City of San Diego

Fallbrook
Public Utility District

Helix Water District

Lakeside Water District

Olivenhain
Municipal Water District

Otay Water District

Padre Dam
Municipal Water District

Camp Pendleton
Marine Corps Base

Rainbow
Municipal Water District

Ramona
Municipal Water District

Rincon del Diablo
Municipal Water District

San Dieguito Water District

Santa Fe Irrigation District

South Bay Irrigation District

Vallecitos Water District

Valley Center
Municipal Water District

Vista Irrigation District

Yuima
Municipal Water District

**OTHER
REPRESENTATIVE**

County of San Diego

Lawrence A. Watt, Board President
Olivenhain Municipal Water District
1966 Olivenhain Road
Encinitas, CA 92024

Dear Board President Watt,

These are challenging times for public agencies, particularly given the economic headwinds created by the COVID-19 pandemic. That's why I am so pleased to advise you that the Water Authority's Board of Directors has decided to distribute a rebate of \$44.4 million to its 24 member agencies across the region after receiving a check for that amount from the Los Angeles-based Metropolitan Water District of Southern California to pay legal damages and interest.

For the Olivenhain MWD, this refund totals \$2,039,332.40. Our finance team is making electronic transfers and cutting checks this week, in coordination with each member agency. For your information, I have attached a chart showing how much each member agency will receive.

One of my priorities as chair is to ensure that we are looking out for ratepayers in every way. That's why we continue to assess long-term opportunities to save money on water deliveries to San Diego County. It's also why we strategically invest in operations and maintenance repairs before they become disruptive problems.

Of course, ratepayer protection is also at the heart of our rate case litigation in state Superior Court seeking to compel MWD to set legal rates and repay overcharges. The Water Authority won several critical issues in cases covering 2011-2014 and was deemed the prevailing party, which means the agency is also owed legal fees and charges in addition to the recent damages and interest payment from MWD.

The court rulings will also help avoid future overcharges and thereby minimize future disputes over MWD's unlawful Water Stewardship Rate for transporting the Water Authority's independent water supplies through MWD facilities. Those charges – if they had continued – would have cost San Diego County residents more than \$500 million over the life of the Water Authority's water delivery contract with MWD.

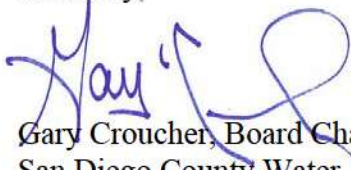
This day has been a long time coming. We never wanted to litigate these issues – but if we had not had the courage to do so, MWD would still be collecting the illegal fees and we would not have money to give back to local retail water agencies across the region.

Finally, I assure you that we are making prudent efforts to conclude the litigation while continuing to protect local ratepayers in hopes of a more collaborative future with MWD. As

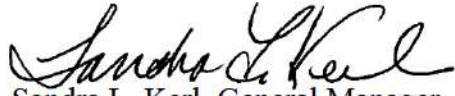
you can imagine, there are numerous complexities, but the \$44.4 million is great step toward resolution.

Thank you for your continued support.

Sincerely,



Gary Croucher, Board Chair
San Diego County Water Authority



Sandra L. Kerl, General Manager
San Diego County Water Authority

MWD Rate Case Rebates of \$44,373,872 for Local Water Agencies

<u>Agency</u>	<u>Rebate Amount</u>
Carlsbad MWD	\$1,692,236.88
Del Mar, City of	\$108,025.65
Escondido, City of	\$1,754,022.94
Fallbrook PUD	\$909,412.67
Helix WD	\$2,847,389.34
Lakeside WD	\$348,005.17
Oceanside, City of	\$2,351,413.99
Olivenhain MWD	\$2,039,332.40
Otay WD	\$3,162,939.58
Padre Dam MWD	\$1,157,551.53
Pendleton Military Reserve	\$4,958.08
Poway, City of	\$1,167,915.01
Rainbow MWD	\$1,343,382.03
Ramona MWD	\$596,663.83
Rincon Del Diablo MWD	\$630,780.62
San Diego, City of	\$17,676,521.64
San Dieguito WD	\$368,002.42
Santa Fe ID	\$748,699.93
Sweetwater Authority	\$874,367.74
Vallecitos WD	\$1,590,623.74
Valley Center MWD	\$1,332,471.26
Vista ID	\$1,571,006.35
Yuima MWD	\$98,149.47



Memo

To: Olivenhain Municipal Water District Board of Directors

Subject: AUTHORIZATION TO ATTEND UPCOMING MEETINGS /
CONFERENCES / SEMINARS

The Board may desire to attend a meeting that requires Board approval.

Memo

To: Olivenhain Municipal Water District Board of Directors

Subject: FUTURE AGENDA ITEMS

The Board may have items to be considered at a Future Board meeting.

Memo

To: Olivenhain Municipal Water District Board of Directors

Subject: CONSIDER PUBLIC COMMENTS

There may be public comments before the Board meeting is adjourned.

Memo

To: Olivenhain Municipal Water District Board of Directors

Subject: CLOSED SESSION

It may be necessary to go into Closed Session.

Memo

To: Olivenhain Municipal Water District Board of Directors

Subject: ADJOURNMENT

We are adjourned.

North County Coastal Water Agencies Sustain Regional Economy

thecoastnews.com/faces-of-north-county-2021-water/

Coast News advertiser

January 29, 2021



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County Water Authority
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waternewsnetwork.com



The San Diego County Water Authority and its 24 member agencies work together to ensure a safe, reliable and plentiful water supply for the region's 3.3 million residents and its \$245 billion economy. This successful partnership supports San Diego County's quality of life from our coastal cities to our inland communities, while protecting the county from water shortages in times of drought and emergencies.

While our region has many wonderful attributes, it isn't blessed with abundant rainfall or snowmelt. Your local and regional water agencies collaborate to meet our water needs through innovative and strategic actions, such as developing new supplies like seawater desalination; securing favorable contracts like the low-cost Colorado River water we receive from Imperial Valley; and expanding local resources like recycled water.

Since its creation in 1944, the Water Authority and its member agencies have overcome many obstacles to support a vibrant region which today is one of the nation's largest business hubs. Each day, we make sure that San Diego County continues to thrive – and that it can do so for generations to come.

Water Agencies Disagree on How Much Water San Diego Needs

voiceofsandiego.org/topics/government/water-agencies-disagree-on-how-much-water-san-diego-needs/

February 15, 2021



Marisela Monroy Ramirez waters plants at Atkins Nursery. / Photo by Adriana Heldiz

The San Diego Water Authority thinks the region is going to need way more water over the next few decades, but the smaller agencies that buy water from them aren't so sure.

They think the Water Authority is projecting too much growth in future water demand, and they're worried that if they're right, residents are going to end up paying for it, even as they curtail their own water usage.

"If demand is inaccurate, we underset rates and then we have a deficit," said Sarah Davis, a management analyst for Oceanside's Water Utilities Department. "But if we overestimate, we can get into a situation where rates are set too high."

Predicting water needs is a delicate exercise. The Water Authority makes a high-level forecast for the region every five years under its Urban Water Management Plan. Many of its 24 member agencies write their own plans using granular data on their populations' water usage

that comes from household meters. The Water Authority declined to share its draft plan with Voice of San Diego before its Feb. 25 board meeting.

For some water agencies interviewed by Voice of San Diego the problem is that the Water Authority predicts the region will demand 10 to 20 percent more water over than their residents actually need in the next 25 years. But that's not what smaller agencies expect, based on recent experience.

"If you look at past projections, we've always overestimated future water demands because of population growth," said Kim Thorner, general manager of the Olivenhein Municipal Water District which serves 87,000 people from Encinitas to Solana Beach and parts of eastern San Diego. "Then multiple realities hit over time."

Thorner's talking about drought, and the changes in behavior and water usage it brings. Gov. Jerry Brown mandated Californians cut water use by 25 percent during the 2015 drought. People converted lawns to desert landscaping, got smarter water meters and learned to live with less. Those behavior changes have stuck, said Thorner.

Thorner said Tuesday preliminary data from her staff showed near-term water demand is 10 percent lower than Water Authority's projections. And future demand, out to 2045, is 20 percent lower.

"You see this downward trend in water use in the last 12 years, and a lot of that has been messaging from water agencies saying: conserve," Thorner said. "My agency does not believe there will be this uptick (in water use) again."

The same is true for smaller, rural Rainbow Municipal Water District. Its general manager, Tom Kennedy, said demand has dropped an average of 5.75 percent every year since 2005 amid the area's declining agricultural economy. But the Water Authority told Rainbow its customers would buy 10 to 20 percent more over the next few decades, Kennedy said.

"It would be great if sales went that high. But when I try to forecast the future of ratepayers' money, I don't want to use unrealistic numbers," Kennedy said.

Davis, in Oceanside, similarly said the Water Authority's initial predictions were 10 percent higher than what its own staff calculated.

The Water Authority disputes this. In an email, spokesman Mike Lee wrote that the data the Water Authority has received so far from those member agencies doesn't show a 10 to 20 percent disparity in demand projections.

"Where there are differences in projections, we are working with our member agencies to understand the reasons and adjust accordingly," Lee wrote.

San Diego County Water Authority controls the connection the rest of the region has to its main drinking water source: the Colorado River. It also sets the cost of water its member agencies then have to either absorb or pass on to their residents. Last year, the Water Authority approved a 5 percent increase in water rates despite cries from elected officials to freeze costs during the pandemic.

The Water Authority's last comprehensive annual financial report shows the amount of water it's sold dropped by about 22 percent between 2013 and 2019. But the money it made from sales rose 11 percent. That means people are using less water, but paying more for it.

That's because most of what you're paying for is called a "fixed" cost to cover the maintenance of the water system, which is a ballooning source of debt for utilities across the country.

"We used to have the philosophy of just building supply (pipes, pumps and reservoirs) to meet demand," said Ellen Hanak, vice president and director of the water policy center at the Public Policy Institute of California. "But demand has come down every year (in Southern California) since 2000 despite population growth."

Southern Californians already pay some of the highest water prices in the country. But what eases the burden on an individual household is a growing region where there's more people to spread out the costs, especially of an aging water system that owes \$1.77 billion in principal debt.

Before the awful droughts of the 1990s, the relationship between water sales and population growth was complementary. But after each drought, more regulations encouraged (or even forced) people to use less. Now that relationship is on the inverse, or so water agencies thought until they saw the Water Authority's numbers.

"If the Water Authority over-projects on demand, that might lead to some future infrastructure decisions like the (Regional Conveyance System) that may not be justified," said Gary Arant, general manager at Valley Center Water District.

The Regional Conveyance System is a proposal to build a parallel pipeline to the Colorado River. The project would cost billions but wouldn't bring a drop of new water to the region – it's mostly about San Diego gaining autonomy over setting its own water rates on Colorado River water.

Arant and representatives from many of the other member water agencies almost had enough votes to kill further study of the project back in November. Kennedy, the Rainbow representative who also voted against the project, said he's worried about saddling ratepayers with more debt than the Water Authority already has.

“People make rosy demand forecasts to make rosy rate predictions,” Kennedy said.

“Politically, you don’t get projects approved with big rate increases. So there’s an incentive to show the best possible outcome when there’s an equally possible worse outcome that’s not being described.”

Jeff Stephenson, the Water Authority’s water supply resources manager, acknowledged in a January interview that demand is falling due to water efficiency habits people adopted since the last rounds of drought. Droughts are the reason Urban Water Management Plans were invented by the state, to ensure jurisdictions are prepared for years when suddenly the rain or snow doesn’t fall.

The Water Authority uses an economic modeling tool developed by the Army Corps of Engineers to forecast its water demands, Stephenson said. Smaller agencies have their own way of doing it, he said.

“We’re not using the exact same models so we probably won’t have the exact same numbers,” Stephenson said.

But the 10 to 20 percent difference is a much larger disagreement than the past, representatives of the smaller water agencies told Voice of San Diego.

Davis, from Oceanside, said they’ve adjusted their calculations to try and more closely match the Water Authority’s. Shauna Lorange, director of the Public Utilities Department for the city of San Diego, asked the Water Authority to share the math behind its model in a Dec. 1 email so the city could better understand its approach.

Stephenson, from the Water Authority, said the agency shoots for a 2 to 3 percent disparity between their forecasts and smaller agencies. But there’s no requirement on how close they should be, he said.

It’s worse to underestimate future demand than to overestimate, said Hanak, of the Public Policy Institute of California. There’s always tension around projections and what the right investment mix is between wholesalers (the Water Authority) and retailers (like the city of San Diego), she said.

“But the Water Authority is the supplier of last resort when times get tough,” Hanak said.

Santa Fe Heights neighborhood now connected to recycled water

 californiawaternewsdaily.com/conservation/santa-fe-heights-neighborhood-now-connected-to-recycled-water/

Olivenhain Municipal Water District recently announced that it has connected the newly developing Santa Fe Heights neighborhood to its recycled water system, supplying the community with locally produced recycled water.

“We are excited to see another neighborhood begin using recycled water for irrigation,” said OMWD Board Secretary Ed Sprague. “Using recycled water is key for long-term sustainability of our water supply.”

The Santa Fe Heights neighborhood is expected to offset future potable water demand with recycled water by over 325,000 gallons per year. The recycled water will primarily be used to irrigate over 26,000 square feet of bioretention basins and vegetative swales that serve to control stormwater runoff.

Santa Fe Heights is located south of the Crosby Estates and west of the Del Sur communities of San Diego. The recycled water used in Santa Fe Heights is a product of OMWD’s 4S Ranch Water Reclamation Facility and OMWD’s partnership with neighboring agencies.

OMWD produces up to two million gallons of recycled water daily at its 4S Ranch Water Reclamation Facility. Additionally, recycled water is also provided in the 4S Ranch area through OMWD’s partnership with the City of San Diego and Rancho Santa Fe Community Services District. In total, OMWD pursues a sustainable and renewable approach to its water portfolio by meeting approximately 14 percent of its demands with recycled water.

LAFCO approves municipal service review

thealpinesun.com/laftco-approves-municipal-service-review/

February 19, 2021



San Diego County's Local Agency Formation Commission approved municipal service reviews for the county's three resource conservation districts while also updating the sphere of influence for each RCD.

Separate 8-0 LAFCO board votes Feb. 1 approved the municipal service reviews for the Resource Conservation District of Greater San Diego, the Mission Resource Conservation District, and the Upper San Luis Rey Resource Conservation District while approving a sphere of influence update for each RCD which does not alter the sphere boundaries. LAFCO also had a presentation and discussion on the Sustainable Groundwater Management Act that morning, although no board action was taken.

"This is our opportunity every five years to do a check-in and to look at the world of resource conservation services," said LAFCO executive officer Keene Simonds.

LAFCO undertakes periodic municipal service reviews for all special districts. A municipal service review evaluates services and anticipated needs. A sphere of influence study determines the boundaries best served by a particular agency.

"The commission determines what are the community needs," Simonds said.

“This is the first-ever MSR in final draft form,” said LAFCO analyst Linda Heckenkamp.

A resource conservation district does not have regulatory power but is classified as a special district and is thus subject to LAFCO governance. “RCDs are very special and unique,” Heckenkamp said.

Draft MSRs for the three RCDs in San Diego County were discussed at the December 7 LAFCO board meeting. The board did not take a formal vote that day but instead addressed the content of the draft MSRs before encouraging LAFCO staff to send the drafts to the public review and comment process.

“We really appreciate all the feedback on this first-ever MSR,” Heckenkamp said.

The MSRs recommend deferring any evaluation of functional or political consolidation to the next MSR cycle.

The recommendations also include clarifying the involvement of the Upper San Luis Rey Resource Conservation District in a Groundwater Sustainability Agency. LAFCO’s Special Districts Advisory Committee has created a working group on that which consists of Fallbrook Public Utility District general manager Jack Bebee, Leucadia Wastewater District general manager Paul Bushee, and Olivenhain Municipal Water District general manager Kimberly Thorner.

“The reason they’ve been carved out is because they’re very complicated,” Bebee said. “It’s a complicated answer that I don’t think is appropriate for LAFCO to finalize within the next couple of weeks.”

“The LAFCO staff recommendation to propose an addendum is not a signal or a sign that we have reached a conclusion,” Simonds said. “Whether the addendum produces a strike or a ball, that’s up to the commission to decide.”

Resource conservation districts were formed to control water runoff and prevent soil erosion. They are now also involved in watershed management, recreational area management, urban and agricultural irrigation and water use, water quality, forest land productivity, and public education for children and adults.

OMWD's 2021 fourth-grade poster contest now accepting entries

Ranchosantafereview.com/news/events/story/2021-03-06/omwds-2021-fourth-grade-poster-contest-now-accepting-entries

Del Mar Times March 6, 2021 12:24 PM PT Facebook Twitter Show more sharing options Share Close extra sharing options Facebook Twitter Email Copy Link URLCopied! Print

March 6, 2021



The banner features the Olivenhain Municipal Water District logo at the top center. To the left is a blue cloud with raindrops, and to the right is a smiling rainbow. The main title "Fourth-Grade Poster Contest" is in large, bold, black letters. Below the title are three sample posters: one with a globe and the text "I love water to drink", one with a rainbow and the text "Our water is like a treasure", and one with a heart and the text "I love water". At the bottom, a blue banner with a grid pattern contains the text "Winners will be featured in our 2022 calendar and win great prizes! Enter by April 5, 2021 www.olivenhain.com/school". To the left of this text is a cartoon cat with musical notes, and to the right is a drawing of "I ♥ water" with a red heart and a blue water drop.

OLIVENHAIN
Municipal Water District

Fourth-Grade Poster Contest

Winners will be featured in our 2022 calendar and win great prizes!
Enter by April 5, 2021
www.olivenhain.com/school

Fourth-grade students living or attending school in Olivenhain Municipal Water District's service area are invited to enter its 28th annual poster contest. The contest is held in participation with other North County water agencies, and will accept entries until April 5.

For nearly 30 years, this contest has taught students the value of water and the importance of using it efficiently. This year's theme is "Love Water, Save Water." Students can create a drawing showing how to be good stewards of the world's most precious resource by reducing

pollution, recycling water, or using water efficiently.

Entries will be judged on best expression of the theme, poster design, creativity, and artistic skill.

The students' entries provide OMWD with locally-produced artwork to reinforce water efficiency and conservation messages to customers, while students earn prizes and recognition. OMWD will also present a classroom grant in the form of a \$50 Lakeshore Learning Store gift card to the teacher of the first-place winner.

The 2022 water awareness calendar will feature OMWD's top three winners, who will each receive a prize and certificate of excellence. Deadline for entries is April 5, 2021. Winners will be notified by May 14.

The contest application and additional information is available at www.olivenhain.com/school.
