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

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

DATE: WEDNESDAY, MAY 15, 2024

TIME: 4:00 P.M.

PLACE: HYBRID REGULAR MEETING VIA ZOOM AND IN-PERSON

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

For Zoom Participation:

www.zoom.us/join
Meeting ID: 842 3513 4766
Passcode: 505397

For Zoom Call-in Only:

Call: (669) 900-9128 Meeting ID: 842 3513 4766 Passcode: 505397

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

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

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

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

Service Awards, Promotions and Honorable Mentions

- * Annual Fourth Grade Poster Contest Winners Clara Brigden, Olivenhain Pioneer Elementary Aria Drelich, Stone Ranch Elementary Maia McAllum, La Costa Heights Elementary
- 8. CONSIDER APPROVAL OF THE MINUTES OF THE APRIL 17, 2024, REGULAR BOARD OF DIRECTORS MEETING
- CONSENT CALENDAR

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

C-a	CONSIDER ADOPTION OF A MOTION APPROVING THE PAYMENT OF LISTED WARRANTS FROM THE DISTRICT'S REVOLVING AND REGULAR ACCOUNTS; LISTED TRANSFERS OF FUNDS; REIMBURSEMENT OF EXPENSES TO BOARD MEMBERS AND STAFF; AND MONTHLY INVESTMENT REPORTS
C-b	CONSIDER ADOPTION OF A MOTION APPROVING THE DISTRICT'S CONSOLIDATED STATEMENT OF NET POSITION, CONSOLIDATED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION, CONSOLIDATED STATEMENT OF CASH FLOWS, CONSOLIDATED ACTUAL VS BUDGET SUMMARY, AND CONSTRUCTION IN PROGRESS REPORTS
C-c	CONSIDER ACCEPTANCE OF THE CAMINO DE ARRIBA FIRE HYDRANT INSTALLATION (CALSHAH CONSTRUCTION) INTO OMWD'S SYSTEM AND ORDER A NOTICE OF COMPLETION FILED

- 10. CONSIDER APPROVAL OF AN ADDITIONAL WATER SERVICE REQUEST FOR AN ACCESSORY DWELLING UNIT AT 14740 LAS QUINTAS AND DIRECT STAFF ON WHETHER TO BRING BACK CHANGES TO THE ADMINISTRATIVE AND ETHICS CODE TO ADDRESS SIMILAR SITUATIONS IN THE FUTURE
- 11. CONSIDER ADOPTION OF AN ORDINANCE AMENDING THE DISTRICT'S ADMINISTRATIVE AND ETHICS CODE (Article 3 Organization of Staff, Article 4 Classified Positions, and Article 27 Conflict of Interest)
- 12. CONSIDER ESTABLISHING PRIORITIES FOR A STATE CLIMATE BOND AND REVISING THE 2024 LEGISLATIVE GUIDELINES
- 13. CONSIDER STATUS UPDATE ON SEVERAL SAN DIEGO LOCAL AGENCY FORMATION COMMISSION RELATED ITEMS PER THE OLIVENHAIN MUNICIPAL WATER DISTRICT 2024 ANNUAL OBJECTIVES #65 AND #66

- 14. CONSIDER DISCUSSION AND INPUT TO STAFF ON PRE-BUYING 3,449 ACRE FEET OF WATER AND PLACING IT INTO STORAGE IN DECEMBER 2024
- 15. PUBLIC HEARING TO CONSIDER WASTEWATER SERVICE FEE INCREASES FOR 4S RANCH AND RANCHO CIELO SANITATION DISTRICTS OVER A FIVE-YEAR PERIOD STARTING IN FISCAL YEAR 2025 (5:30 p.m.)
- 16. INFORMATIONAL REPORTS
 - A. PRESIDENT
 - B. GENERAL MANAGER
 - C. CONSULTING ENGINEER
 - D. GENERAL COUNSEL
 - E. SAN DIEGO COUNTY WATER AUTHORITY REPRESENTATIVE
 - F. LEGISLATIVE
 - G. TWELVE MONTH CALENDAR / OTHER MEETINGS / REPORTS BY BOARD MEMBERS PER AB 1234
 - H. BOARD COMMENTS
- 17. CORRESPONDENCE
- 18. AUTHORIZATION TO ATTEND UPCOMING MEETINGS / CONFERENCES / SEMINARS
- 19. FUTURE AGENDA ITEMS
- 20. CONSIDER PUBLIC COMMENTS
- 21. CLOSED SESSION
 - A) CONSIDER LITIGATION OLIVENHAIN MUNICIPAL WATER DISTRICT v. COUNTY OF SAN DIEGO [PURSUANT TO GOVERNMENT CODE SECTION 54956.9]
 - B) CONSIDER GENERAL COUNSEL REVIEW [PURSUANT TO GOVERNMENT CODE SECTION 54957] Additional Facts: Preliminary input provided on May 15, 2024; full review to be held on June 19, 2024.
- 22. OPEN SESSION
- 23. ADJOURNMENT



ANNUAL FOURTH GRADE POSTER CONTEST WINNERS





Congratulations to 2024 "Love Water, Save Water" Winner Clara Brigden!





Congratulations to 2024 "Love Water, Save Water" Winner Aria Drelich!





Congratulations to 2024 "Love Water, Save Water" Winner Maia McAllum!





Congratulations to this year's winners!





Memo

To: Board of Directors

From: Stephanie Kaufmann, Executive Secretary

Via: Kimberly A. Thorner, General Manager

Subject: BOARD MEETING MINUTES

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



Memo

Date: May 15, 2024

To: Olivenhain Municipal Water District Board of Directors

From: Rainy Selamat, Finance Manager

Via: Kimberly Thorner, General Manager

Subject: CONSIDER ADOPTION OF A MOTION APPROVING THE PAYMENT OF LISTED

WARRANTS FROM THE DISTRICT'S REVOLVING AND REGULAR ACCOUNTS; LISTED TRANSFERS OF FUNDS; REIMBURSEMENT OF EXPENSES TO BOARD

MEMBERS AND STAFF; AND MONTHLY INVESTMENT REPORT

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

- April 2024 Summary of payment of listed warrants from the District's checking account and listed transfer of funds.
- April 2024 Monthly Summary of Reimbursement Expenses to Board Members and Staff.
- March 2024 Monthly Investment Report.

Olivenhain Municipal Water District Proposed Motions for May 15, 2024 Board of Directors Meeting April 2024 Activities Consent Calendar Item # C-a

Proposed Motions:

l.	That the following warrants and	transfers be approved:
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Regular A	Account	Warrants - by check Warrants - by EFT	035195 EFT000000001173	to to	035326 EFT000000001255	\$	593,296.17 761,873.85
							1,355,170.02
		ACH Payments - Payroll Wire - SDCWA - Monthly Purc Wire - SDCWA - Quarterly Cap ACH Payments - Payroll					216,657.79 1,569,639.90 18,748.00 220,253.77
Major Category o	of Disbursem	ents_				\$ -	3,380,469.48
Total war	rants from th	ne District's checking account:					
Following	is a breakdo	wn of this total by major catego	ories:			\$	1,355,170.02
Utilities	and supplies				\$ 582,866.74 399,660.44 139,198.82 32,892.66 14,806.45 6,255.27 166,850.64 12,639.00		
			Total		\$ 1,355,170.02		

Olivenhain Municipal Water District Proposed Motions for May 15, 2024 Board of Directors Meeting April 2024 Activities

California Bank and Trust

Regular Account

Warrants - by check Warrants - by EFT	035195 EFT000000001173	to to	035326 EFT000000001255	\$ 593,296.17 761,873.85
				1,355,170.02
• •	024 ACH Payments - Payroll			216,657.79
4/15/2	:024 Wire - SDCWA - Monthly I	Purchased W	/ater Payment	1,569,639.90
4/24/2	024 Wire - SDCWA - Quarterly	Capacity Fe	es	18,748.00
4/25/2	024 ACH Payments - Payroll			220,253.77
			Total	\$ 3,380,469.48

Approved:

For Board Consideration and Approval

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

Number	Date	Name	Amount	Inv Reference	Multiple
035195	4/3/2024	American Messaging	60.75	L1-072035	Invoices?
035196	4/3/2024	Angel Sedgwick		REF:1092771_233095	
035197 035198		Blue-White Industries Brenner Fiedler & Assoc Inc		WTP SERVICES WTP SUPPLIES	Yes
035199	4/3/2024	Celso Baldo		REF:1001737_154015	
035200 035201		County Of San Diego Dept Of Water Resources		7813 CAMINO SIN PUENTE FY 24/25 4SR ANNUAL DAM FEE	Yes
035202		DXP Enterprises, Inc.		P-36-2 Overhaul Labor	Yes
035203		Edco Waste & Recycling		25-4A 861816	Yes
035204 035205		Encinitas Ford Escondido Cycle Centre		PU110 SUPPLIES 2023 Honda ATV model TRX520FM6LP	Yes Yes
035206	4/3/2024	Fallbrook Printing Corp	1,896.54	MY WATER USE POSTCARD MAILING	
035207 035208	4/3/2024 I	Ferguson Enterprises Inc. #1083	4,942.49	10" Disc CUSTOMER NUMBER 0000010621	Yes
035209	., .,	G.A. Abell, Inc. dba		OMWD HQ-ADD'L OUTLETS INSTALL	
035210 035211	4/3/2024 I 4/3/2024 I	Infrastructure Engineering Corporation		Hydraulic Model/Master Plan REF:1093401_177215	Yes
035211		Michael Swavely		REF:1088001_165850	
035213		Olivia Weber		REF:1093304_203185	
035214 035215		Pacific Pipeline Supply Paula Fraser		SUPPLIES REF:1010889_192710	Yes
035216		Pranab Pati	122.38	REF:1090379_159120	
035217 035218		Republic Services Republic Services #661		4-4530-0333405 3-0661-1001776	
035219		Roland Sosa		REF:1083625_190080	
035220		Rosemount Inc.		TURBIDITY SENSOR	V
035221 035222		San Diego County Recorder Sonsray Machinery LLC		EP #426 RECORDING FEE BA07 SUPPLIES	Yes Yes
035223		Streakwave Wireless Inc		SUPPLIES	
035224 035225	4/3/2024	US Bank Utility Cost Management Llc	2,190.51 20.667.64	777321 SDGE ELECTRICTY SERVICE	
035226	4/3/2024	Virgilio Zulueta	211.62	REF:1037441_161500	
035227 035228		Water Education Foundation American Backflow Specialities		2024 MEMBERSHIP CALIBRATION SERVICES	Yes
035229		Astro Pak Corporation		Pickle and passivating SS hardware	Yes
035230	4/10/2024			9391056562	
035231 035232	4/10/2024 / 4/10/2024	AT&T Bee Rescue LLC		SETTLEMENT AGREEMENT 797 MAYS HOLLOW LANE	Yes Yes
035233	4/10/2024	Bob Turner's Crane Service Inc	1,075.20	DEL DIOS SPS CRANE SERVICES	
035234 035235		Brenner Fiedler & Assoc Inc California State Disbursement Unit		WTP SUPPLIES ED100514-4/11/2024	
035236		Core & Main LP		Zinc Anode (30-lb)	Yes
035237		County Of San Diego		9541 OLD COURSE RD	Yes
035238 035239		Daria Pavlova Diana Spencer		REF:1092229_191850 MILEAGE REIMBURSEMENT	
035240	4/10/2024	Edco Waste & Recycling		25-4R 912759	Yes
035241 035242		Fallbrook Printing Corp Federal Express Corp		RECYCLED WATER P/L POSTCARDS SHIPPING	
035243	4/10/2024	Ferguson Enterprises Inc. #1083	30,773.40	Vita- D Chlor Tablets	Yes
035244 035245	4/10/2024 I 4/10/2024 I	First Choice Technology		13001474 WATER BILLING	Yes Yes
035246		Infrastructure Engineering Corporation		Recycled water hydraulic model development, calibration and master planning	Yes
035247		Interstate Battery Of San Diego Inc		SHOP SUPPLIES	
035248 035249	4/10/2024 . 4/10/2024 .	Joe's Paving Inc		REF:1057686_160340 Asphalt Restoration Work	Yes
035250		Mark Hannon		REF:1013497_230960	
035251 035252		McCullough Design & Development Morton Salt Inc		REF:1081467_303660 WTP CHEMICALS	
035253	4/10/2024	Napa Auto Parts	116.77	3/24 SUPPLIES	
035254 035255		Pacific Pipeline Supply Pitney Bowes Global Fin Srvcs		SUPPLIES POSTAGE MACHINE	Yes
035256	4/10/2024			ALDER TREE REPLACEMENTS	
035257		Quality Chevrolet		FB74 SERVICES	Yes
035258 035259		Rockwell Construction San Diego Gas & Electric	4,180.00 29,134.94	Construction Mgmt Services PLC Replacement Project (Potable/Recycled) Utilities	Yes Yes
035260	4/10/2024	Santa Fe Irrigation Dist	1,631.72	008128-009	Yes
035261 035262		Sara Smerillo Serpentix Conveyor Corp		REF:1089117_225645 Maintenance for 4S WRF Solids Conveyer Belt System	Yes
035263		Shane Sullivan		3/24 GYM REIMBURSEMENT	ies
035264	4/10/2024	Sunbelt Rentals, Inc.		CONCRETE MIXER RENTAL	Yes
035265	4/10/2024			3/24 VEBA ADMIN FEES	
035266 035267		The Amergroup Inc. Verizon Connect Fleet USA, LLC		Security System Installation 100000112726	Yes
035268	4/17/2024			9391056789	Yes
035269		CA-NV AWWA		JAZZ ON TAP SILVER SPONSOR	
035270		Corodata Shredding, Inc		PAPER SHREDDING SERVICES	
035271 035272		CSDA San Diego Chapter Encinitas Ford		4/24 MEETING - N.MEYERS PU94 SUPPLIES	Yes
035272		Erica Da Silveira		REF:1085159_197205	ies
035274	4/17/2024	Fallbrook Printing Corp	5,893.12	PROP 218 NOTICES	
035275		Federal Express Corp		SHIPPING CHARGES - WTP	
035276 035277		Ford Hall Company George & Denise Callas		CLARIFIER BRUSH SYS CLEANING REF:1059037_303120	
035277		George & Denise Callas George & Krogh Welding. Inc.		WTP BEAM REFURBISHMENTS	Yes
035279		Grangetto's Ag. Supply		SUPPLIES	Yes
035280		Home Depot/Gecf		3/24 SUPPLIES	Yes
035281 035282	4/17/2024	ICM, Inc. Infrastructure Engineering Corporation		METAL SHOP SUPPLIES FIRE FLOW TEST - QUESTHAVEN	Yes
035282		Josh Westbrook		T2 CERT RENEWAL REIMB	763
035284	4/17/2024	Pacific Pipeline Supply	1,409.43	SUPPLIES	Yes
035285		PTS Communications		760-489-9971	
035286	4/17/2024	F VVEC 1, IIVC	1,575.00	HQ TREE SPRAY TREATMENT	

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

Number	Date	Name	Amount	Inv Reference	Multiple
					Invoices?
035287 035288	4/17/2024 Rej 4/17/2024 Rhi	oublic Services #661 onda Debaan		3-0661-2000037 REF:1062386_169210	Yes
035289	4/17/2024 S D			40000078	
035290	4/17/2024 Sar	Diego Gas & Electric	68,617.07	0097824248183	Yes
035291		eOne Landscape Supply, LLC		STRAW WATTLE ROLLS	
035292 035293		nsray Machinery LLC		BA07 SUPPLIES REF:1046360_214000	Yes
035293		phanie Cravens em Water Solutions USA, Inc.		WWTP SUPPLIES	Yes
035295	4/24/2024 Alie			REF:1028180_205425	
035296	4/24/2024 Am	erican Conservation & Billing Solutions, In	nc. 3,251.00	5/24 AQUAHAWK SERIVCES	
035297	4/24/2024 AT			9391059578	
035298 035299	4/24/2024 Cal 4/24/2024 Chi	ifornia State Disbursement Unit		Garnishment REF:1086933_124105	
035300	4/24/2024 Cit			620000109372	
035301	4/24/2024 Co			OFFSITE RECORDS STORAGE	
035302	4/24/2024 Co	unty Of San Diego	1,017.00	777 N EL CAMINO REAL	Yes
035303		P Enterprises, Inc.		SERVICE REPAIR KIT	Yes
035304 035305		lbrook Printing Corp Ieral Express Corp		WATER SAMPLE LABELS SHIPPING	Yes Yes
035305		eway Truck and Vans, Inc		FB04/FB05 CAT CONVERTER SHIELD	Yes
035307		Line Electric Company, Inc.		SUPPLIES	
035308	4/24/2024 Jef	Smith	617.43	REF:1090543_303055	
035309	4/24/2024 Jes			REF:1062099_194430	
035310 035311	4/24/2024 Jim 4/24/2024 Kel			REF:1081952_241245 REF:1092892_218650	
035311		rco San Antonio		ACWA & SPECIAL DIST MTG REIMB	
035313	4/24/2024 Ma			MILEAGE & PARKING EXP REIMB	
035314	4/24/2024 Nic	holas Brookins	116.86	REF:1057689_189155	
035315		cific Pipeline Supply		SUPPLIES	Yes
035316	4/24/2024 PW			LANDSCAPE MAINTENANCE	Yes
035317 035318		P Block & Brick Inc CON Environmental, Inc.		SAND BAGS RANCHO PASEANA REVEGETATION	Yes
035318	4/24/2024 Rej			4-4530-0333405	ies
035320		elite Fulfillment Inc	336.35	PU105 SERVICES	Yes
035321	4/24/2024 Sar	Diego Building Maintenance	5,396.00	3/24 JANITORIAL SERVICES	
035322		Diego Gas & Electric		0099818500413	Yes
035323	4/24/2024 She			REF:1055330_193095	
035324 035325		versity Communications, Inc. st Yost & Associates, Inc		EDUCATION AWARENESS INSPECTION SERVICES	
035326		land Foundation		MLE RENTAL 5/7 EVENT	
EFT00000000117		Veber Consulting LLC	5,001.75	CONSULTING SERVICES	Yes
EFT00000000117		ntrolled Entry Specialists		HQ GATE SERVICES	
EFT00000000117				RSF RD PAVING INSPECTION SVCS	Yes
EFT00000000117 EFT00000000117		odard & Curran Consultants, Inc		NSDWRC GRANT ADMIN SUPPORT AS NEEDED WATER QUALITY SVCS	Yes
EFT00000000117		w Science Incorporated		Surge Analysis Services for the Manchester RW Project	Yes
EFT00000000117		biltex Technologies Inc.		SUPPLIES	Yes
EFT00000000118		ua Metric		Sensus R100 Flexnet Outdoor Collector	Yes
EFT0000000118		st Coast Sand & Gravel		YARD MATERIALS	
EFT00000000118 EFT00000000118		bal Power Group Inc W Government Inc		WWTP PREVENT MAINT SERVICES SUPPLIES	Yes
EFT00000000118				LEGAL SERVICES - NBHD #1	Yes
EFT00000000118		mond Environmental		PARKS DEPT	Yes
EFT0000000118		ley Construction Management	6,732.50	For Construction Management Services for the DCMWTP Stage 4 Upgrades (Centrifuge, 24AGR001)	Yes
EFT0000000118				Crane/Hoist PM Service & Inspections at Multiple OMWD Sites	Yes
EFT00000000118 EFT00000000118				5/24 GROUP INSURANCE PREM SUPPLIES	
EFT00000000118		Industrial Supply ndard Insurance Co.		4/24 LIFE & LTD PREMIUM	
EFT00000000119		uthern Counties Lubricants, LLC.		FUEL SUPPLIES	Yes
EFT00000000119	92 4/10/2024 Tra	ffic Supply Inc	54.91	SUPPLIES	
EFT0000000119		stamerica Communications, Inc.		POSTAGE DEPOSIT	Yes
EFT00000000119				3/24 ADMIN FEES	Yes
EFT00000000119 EFT00000000119		rth County Powder Coating Elijo Joint Powers Auth.		COATING SERVCES FOR WTP PARTS 3/24 4.3 AF RECYCLED WATER	Yes
EFT00000000119		Master-Carr Supply Co.		WWTP SUPPLIES	Yes
EFT00000000119	98 4/10/2024 Slo	an Electric	7,930.96	Motor overhaul labor	Yes
EFT00000000119		dwell International, Inc.		SUPPLIES	
EFT00000000120 EFT00000000120	, , ,	if. Surveying & Drafting Supply t Management Corp DBA		BLUEPAINT/STAKE CHASERS WTP INTERN W/E 3/8 & 3/15	Yes
EFT00000000120				ESIGNATURE ACCESS MGMT	103
EFT00000000120		rtin Marietta Materials Inc		DUMP MATERIALS	Yes
EFT00000000120 EFT00000000120		W Government Inc mond Environmental		CROWDSTRIKE FALCON COMPLETE FLEX WTP SERVICES	Yes Yes
EFT00000000120		ght Public Sector, Inc.		SOLARWINDS MAINT RENEWAL	
EFT00000000120		stern Hose & Gasket		Continental 21053485 Clearwater Flextra 3" Hose	Yes
EFT00000000120 EFT00000000120				COMPUTERS EQUIPMENT WWTP ALARM MONITORING	Yes Yes
EFT00000000120				WTRPL 4/5/2024	Yes
EFT00000000121				Engineering Services for the Wastewater Master Plan Update	Yes
EFT00000000121 EFT00000000121				SUPPLIES 65TH ANNIVERSARY MUGS	Yes
EFT00000000121		M Engineering Inc		ENGINEER CONSULTING SERVICES	Yes
EFT00000000121				WWTP CHEMICALS	
EFT00000000121 EFT00000000121		ntrolled Entry Specialists t Management Corp DBA		VIA AMBIENTE GATE SERVICE WTP INTERN W/E 3/22/24	
EFT00000000121				RENEW ENERGY FEE	
EFT00000000121	9 4/17/2024 RS	AMERICAS INC.	988.48	MICROSWITCH	

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

Number	Date	Name	Amount	Inv Reference	Multiple Invoices?
EFT000000001220	4/17/2024 Rusty Wallis Inc.		4,290.00	WTP CHEMICALS	
EFT000000001221	4/17/2024 Gallade Chemica	al	6,290.36	WTP CHEMICALS	
EFT000000001222	4/17/2024 Raftelis Financia	al Consultant	1,566.25	Raftelis Financial Consultant	Yes
EFT000000001223	4/17/2024 Univar Solutions	s Usa Inc	3,596.92	WWTP CHEMICALS	
EFT000000001224	4/17/2024 Dell Computers		849.23	SUPPLIES	
EFT000000001225	4/17/2024 ESS		285.00	MAIN OFFICE DOOR SVCS	
EFT000000001226	4/17/2024 Harrington Indu	strial Plastics Inc	188.05	WWTP SUPPLIES	
EFT000000001227	4/24/2024 TS Industrial Sup	pply	111.84	FB08 SUPPLIES	Yes
EFT000000001228	4/24/2024 Underground Se	ervice Alert	377.50	DIG ALERT TICKETS	
EFT000000001229	4/24/2024 Ababa Bolt Inc		271.53	SUPPLIES	Yes
EFT000000001230	4/24/2024 Encina Wastewa	ater Authority	10,969.00	LAB SERVICES	Yes
EFT000000001231	4/24/2024 Vallecitos Water	r District	40,468.69	RECLAIMED WATER SALES	
EFT000000001232	4/24/2024 AG Tech Llc		3,381.40	BIOSOLIDS WASTE DISPOSAL	
EFT000000001233	4/24/2024 Westamerica Co	ommunications, Inc.	4,821.05	3/24 WATCHING WATER	
EFT000000001234	4/24/2024 Controlled Entry	y Specialists	390.00	VIA AMBIENTE GATE SERVICES	
EFT000000001235	4/24/2024 North County Po	owder Coating	186.47	WTP SUPPLIES	
EFT000000001236	4/24/2024 Evoqua Water To	echnologies	7,010.89	WWTP SERVICES	Yes
EFT000000001237	4/24/2024 Sloan Electric		635.27	COOLING FAN	
EFT000000001238	4/24/2024 Calif. Surveying	& Drafting Supply	147.47	PURPLE PAINT	
EFT000000001239	4/24/2024 NexusTek Phoer	nix	3,478.30	CLOUD STORAGE	
EFT000000001240	4/24/2024 Zoho Corporatio	on	3,558.00	MANAGE ENGINE SUBSCRIPTION	
EFT000000001241	4/24/2024 D-Max Engineer	ring, Inc.	3,149.00	FOG Inspections for the 4S and Cielo Collection Systems	Yes
EFT000000001242	4/24/2024 Industrial Solution	on Services, Inc.	7,081.17	WTP CHEMICALS	
EFT000000001243	4/24/2024 Martin Marietta	Materials Inc	410.00	DUMP YARD MATERIALS	
EFT000000001244	4/24/2024 Ignacio Tool Sup	pply Inc.	91.59	SHOP SUPPLIES	
EFT000000001245	4/24/2024 PlanetBids, LLC		11,175.00	VENDOR & BID MGMT SYSTEM	
EFT000000001246	4/24/2024 Aqua Metric		20,651.15	1 1/2" Omni R2 Meter	Yes
EFT000000001247	4/24/2024 Nobel Systems		144,160.00	GEOVIEWER ANNUAL SUBSCRIPTION	
EFT000000001248	4/24/2024 West Coast Sand	d & Gravel	-,	YARD MATERIALS	Yes
EFT000000001249	4/24/2024 Whitson CM			3/24 SITE INSPECTIONS/REPORTS	
EFT000000001250	4/24/2024 Polydyne Inc			WWTP CHEMICALS	
EFT000000001251	4/24/2024 Nossaman LLP			LOBBYING SERVICES	
EFT000000001252	4/24/2024 County of San D			3/24 RADIO SERVICES	V
EFT00000001253 EFT000000001254	4/24/2024 Integrity Munici 4/24/2024 Harrington Indu			ODOR CONTROL SCRUBBER SYS SVC WWTP SUPPLIES	Yes
EFT000000001254 EFT0000000001255	4/24/2024 Harrington Indu 4/24/2024 Water for People			WTRPL 4/25/2024	
21 1000000001233	,, E ,, EGE : Water for reoph		1,355,170.02		
			1,222,170.02	•	

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

<u>Name</u>	Payment <u>Date</u>	Check#/ Credit Card	Meals & Lodging	Travel & Transport	<u>Other</u>	Total Reimbursed <u>Expenses</u>	<u>Directors Fee*</u>
Director Guerin		-	0.00	0.00	0.00	0.00	600.00
Director Hahn	4/24/2024	35313	0.00	176.98 176.98	0.00	0.00	750.00 750.00
Director Meyers		-	0.00	0.00	0.00	0.00	900.00
Director San Antonio	4/24/2024	35312	78.80 78.80	364.29 364.29	0.00	443.09 443.09	900.00
Director Watt		-	0.00	0.00	0.00	0.00	450.00 450.00
General Manager Thorner		-	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	
Finance Manager Selamat		- -	0.00	0.00	0.00	0.00	
Operations Manager Bartlett-May		-	0.00	0.00 0.00	0.00	0.00	
Engineering Manager Stephenson		-	0.00	0.00	0.00	0.00 0.00	
Assistant General Manager Randall		-	0.00	0.00	0.00	0.00	
Customer Service Manager Carnegie		-	0.00	0.00	0.00	0.00	

^{*}Includes March and April Per Diems.

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 March 31, 2024

Active Deposits				_ <u>F</u>	Book Value
Checking Accounts Cash Restricted for Specific Use Petty Cash/Disaster Preparedness				\$	2,988,205 1,608,082 1,496
Total Active Deposits				\$	4,597,783
Deposits Not Covered by Investment	ent Policy				
Cash with Fiscal Agents					1,924,768
<u>Investments</u>	Face <u>Value</u>	Market <u>Value</u>	Current <u>Yield</u>		
LAIF	\$ 7,560,897	7,512,077	4.23%	\$	7,560,897
CAMP - US Bank	24,433,645	24,433,645	5.48%		24,433,645
Money Market Funds	4,814,866	4,814,866	4.83%		4,814,866
Municipal Bonds	1,000,000	1,001,260	4.99%		1,216,760
U.S. Treasury Securities	22,600,000	22,319,067	4.99%		22,301,914
U.S. Agency Securities	27,475,000	25,860,288	0.74%		27,472,000
Total Investments	\$ 87,884,408	\$ 85,941,203	3.78%	\$	87,800,082
Total - All Deposits/Investments				\$	94,322,633
Maturity Analysis of Investments					
Damand Damanita			Percent	Φ	Balance
Demand Deposits			41.9% 14.6%	\$	36,809,408 12,783,897
Maturity within the next two months Maturity within three months and one	a vear		18.2%		15,980,333
Maturity within three months and one Maturity beyond one year	e year		25.3%		22,226,444
Total Investments		-	100.0%	\$	87,800,082
Weighted Average Days t	o Maturity		211		

Other Required Disclosures:

Accrued interest receivable as of 03/31/2024

\$ 279,766

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

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

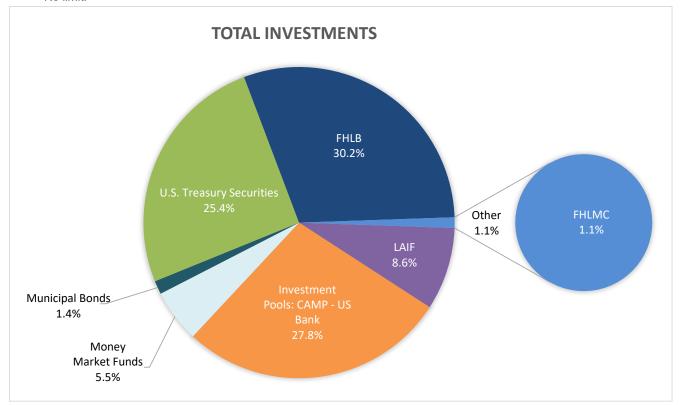
Olivenhain Municipal Water District PORTFOLIO LIMITATIONS ANALYSIS PER INVESTMENT POLICY March 31, 2024

	Book <u>Value</u>	<u>Percent</u>	Permitted <u>Percent</u>		In <u>Compliance?</u>
LAIF	\$ 7,560,897	8.6%	50.0%	(1)	Yes
Investment Pools: CAMP - US Bank	24,433,645	27.8%	30.0%		Yes
Money Market Funds	4,814,866	5.5%	20.0%	(2)	Yes
Municipal Bonds	1,216,760	1.4%	30.0%		Yes
U.S. Treasury Securities	22,301,914	25.4%	100.0%	(3)	Yes
U.S. Agency Securities	27,472,000	31.3%	50.0%		Yes
FHLB Federal Home Loan Bank	26,472,000	30.2%			
FHLMC Freddie Mac	1,000,000	1.1%			

Total Investments \$ 87,800,082 100%

Note:

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



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

Olivenhain Municipal Water District MONTHLY INVESTMENTS DETAIL March 31, 2024

Checking A/C	: California Bank and Trust	for Gener	al Puro	nse										В	2,988,2
Onecking A/C	California Bank and Trust														2,988,2
CAMP 2021A		ог орооп	ю . ш.р.	,,,,											1,444,7
	saster Preparedness														1,4
	Total - Active Deposits														4,597,7
EPOSITS NO	T COVERED BY INVESTM		OLICY												
		//LIVI I C	LIOI												
Cash with Fi															
	Union Bank - RAD 96-1 Re														818,
	Union Bank - 2015A Refur SRF Loan	nding Bon	d												12,3
	Union Bank - 2016A Refur	nding Bon	d												8,4
	Union Bank - 2021A WW														1,
	Union Bank - 2021B Refur														3,
														-	
	Total Deposits Not Cov	ered by	Invest	ment Policy	1			Weighted							1,924,
		RATI	NG		D	ATE		Average Days to		Stated	Current				
	i	Moody's	S&P	Purchase	Maturity	Next Call	Next S-U	Maturity	Call	Coupon	Yield	Market Value	Face Value	В	ook Value
VESTMENTS															
		4 D /2			D '						F 400/	A 04 100 01=	e 04 100 07=	•	04.400
	US Bank Calif. Asset Mgm		AMP)		Demand			1			5.48%	\$ 24,433,645 7.512.077	\$ 24,433,645	\$	24,433,
	gency Investment Fund (LAIF Government 31846V567	,			Demand Demand			1			4.23% 5.20%	7,512,077 781,499	7,560,897 781,499		7,560 781
	Market Account				Demand			1			4.76%	4,033,368	4,033,368		4,033
											0,0	.,000,000	.,000,000		.,,,,,,,
U.S. Treasur	v Notes/Bills														
912797GZ4	U.S. Treasury Bills	Aaa	-	01/04/24	04/04/24			5		5.30%	5.31%	1,199,484	1,200,000		1,184
912797HF7	U.S. Treasury Bills	Aaa	-	01/11/24	04/11/24			12		5.32%	5.32%	3,494,925	3,500,000		3,454
912797JP3	U.S. Treasury Bills	Aaa	-	01/19/24	04/23/24			24		5.32%	5.34%	996,780	1,000,000		986
912797HG5	U.S. Treasury Bills	Aaa	-	01/25/24	04/25/24			26		5.29%	5.31%	996,500	1,000,000		987
912797HH3	U.S. Treasury Bills	Aaa	-	02/08/24	05/02/24			33		5.30%	5.33%	995,450	1,000,000		988
912797HQ3	U.S. Treasury Bills	Aaa	-	02/13/24	05/09/24			40		5.32%	5.35%	994,440	1,000,000		987
912797JX6	U.S. Treasury Bills	Aaa	-	02/21/24	05/21/24			52		5.31%	5.34%	992,690	1,000,000		987
912797HR1	U.S. Treasury Bills	Aaa	-	02/23/24	05/23/24			54		5.32%	5.36%	3,225,365	3,250,000		3,208
912797FS1	U.S. Treasury Bills	Aaa	-	03/19/24	06/13/24			75		5.32%	5.37%	989,420	1,000,000		987
912796ZW2	U.S. Treasury Bills	Aaa	-	03/21/24	06/20/24			82		5.34%	5.40%	1,976,820	2,000,000		1,973
912797KC0	U.S. Treasury Bills	Aaa	-	02/29/24	08/22/24			145		5.29%	5.40%	2,595,993	2,650,000		2,584
912797GL5	U.S. Treasury Bills	Aaa	-	03/14/24	09/05/24			159		5.27%	5.39%	1,955,360	2,000,000		1,950,
91282CBQ3	U.S. Treasury Notes	Aaa	-	03/09/21	09/30/24			184		0.50%	0.54%	924,260	1,000,000		984,
912828YH7	U.S. Treasury Notes	Aaa	-	03/09/21	02/28/26			700		1.50%	1.53%	981,580	1,000,000		1,036,
								81		4.93%	4.99%	\$ 22,319,067	\$ 22,600,000	\$	22,301,
U.S. Agency			A A .	00/00/0:	00/00/0			25		0.400/	0.4007	105.000	500.000		500
3130AMMV1	FHLB Callable	Aaa	AA+	06/03/21	06/03/24			65		0.40%	0.40%	495,800	500,000		500
3130ALHM9	FHLB Callable	Aaa	AA+	03/10/21	06/10/24	00/40/04		72	70	0.30%	0.30%	990,500	1,000,000		999
3130ANTP5	FHLB Callable	Aaa	AA+	09/16/21	09/16/24	06/16/24		170	78	0.50%	0.51%	977,040	1,000,000		1,000
3130ANSP6 3130AKEW2	FHLB Callable FHLB Callable	Aaa	AA+	09/17/21 11/04/20	10/17/24 11/04/24	09/17/24		201	171	0.50% 0.43%	0.51%	974,140 1,944,400	1,000,000 2,000,000		1,000 2,000
	FHLB Step-up Callable	Aaa Aaa	AA+	08/18/21	02/18/25	Anytime 05/18/24	08/18/24	325	49	1.00%	1.03%		1,000,000		
3130ANGN4 3130AMKE1	FHLB Callable	Aaa	AA+	05/27/21	02/16/25	05/16/24	00/10/24	334	58	0.66%	0.69%	966,600 960,460	1,000,000		1,000
3134GWAQ9	FHLMC Callable	Aaa	AA+	07/28/20	07/28/25	03/27/24		485	120	0.65%	0.69%	945,460	1,000,000		1,000
3130AKGX8	FHLB Step-up Callable	Aaa	AA+	12/15/20	12/15/25	06/15/24	06/15/24	625	77	0.75%	0.79%	1,893,840	2,000,000		2,000
3130AKMD5	FHLB Callable	Aaa	AA+	01/26/21	01/26/26	04/26/24		667	27	0.50%	0.54%	924,740	1,000,000		999
3130AKU53	FHLB Callable	Aaa	AA+	01/28/21	01/28/26	04/28/24		669	29	0.52%	0.56%	924,900	1,000,000		1,000
3130AKN69	FHLB Callable	Aaa	AA+	01/28/21	01/28/26	01/28/25		669	304	0.50%	0.54%	924,550	1,000,000		1,000
3130AKVN3	FHLB Callable	Aaa	AA+	01/29/21	01/29/26	04/29/24		670	30	0.52%	0.56%	924,800	1,000,000		1,000
3130AKWK8	FHLB Callable	Aaa	AA+	02/12/21	02/12/26	05/12/24		684	43	0.51%	0.55%	923,010	1,000,000		1,000
3130AKX43	FHLB Step-up Callable	Aaa	AA+	02/24/21	02/24/26	05/24/24	None	696	55	0.70%	0.76%	1,849,820	2,000,000		2,000
3130AL7M0	FHLB Callable	Aaa	AA+	02/24/21	02/24/26	05/24/24		696	55	0.63%	0.68%	923,900	1,000,000		1,000
3130AKYR1	FHLB Callable	Aaa	AA+	02/25/21	02/25/26	02/25/25		697	332	0.55%	0.60%	922,450	1,000,000		1,000
3130AL6K5	FHLB Callable	Aaa	AA+	02/25/21	02/25/26	02/25/25		697	332	0.58%	0.63%	922,990	1,000,000		1,000
3130ALD76	FHLB Callable	Aaa	AA+	02/25/21	02/25/26	05/25/24		697	56	0.70%	0.76%	925,150	1,000,000		1,000
3130ALCW2	FHLB Callable	Aaa	AA+	02/25/21	02/25/26	02/25/25		697	332	0.63%	0.68%	923,800	1,000,000		998
3130ALGJ7	FHLB Callable	Aaa	AA+	03/23/21	03/23/26	04/23/24	02/20/05	723	24	1.00%	1.08%	904,898	975,000		975
3130ALPQ1	FHLB Step-up Callable FHLB Step-up Callable	Aaa	AA+	03/30/21	03/30/26	06/30/24	03/30/25	730	92	1.50%	1.59%	941,150	1,000,000		1,000
3130ALVC5 3130APAY1	FHLB Step-up Callable FHLB Callable	Aaa Aaa	AA+	04/14/21 10/21/21	04/14/26 10/21/26	04/14/24 04/21/24	04/14/24	745 935	15 22	1.00% 1.10%	1.06%	939,980 914,610	1,000,000		1,000
3130APL78	FHLB Callable	Aaa	AA+	10/28/21	10/21/20	04/21/24		942	29	1.38%	1.49%	921,300	1,000,000		1,000
								568	95	0.70%	0.74%	\$ 25,860,288	\$ 27,475,000	\$	27,472
Municipal Bo	onds														
882724RA7	TEXAS ST PUB FIN AUTH	H Aaa	AAA	10/30/20	10/01/25			550		5.00%	4.99%	1,001,260	1,000,000		1,216
								24		5.00%	4.99%	\$ 1,001,260	\$ 1,000,000	\$	1,216
	Total Investments							211		3.69%	3.78%	\$ 85,941,203	\$ 87,884,408	\$	87,800,

Olivenhain Municipal Water District INVESTMENTS TRANSACTION March 31, 2024

PURCHASED

	DATE				Stated	Current		
Purchase	Maturity	Call	Step-Up	Investment Description	Coupon	Yield	Face Value	Book Value
03/14/24	09/05/24			U.S. Treasury Bills	5.274%	5.394%	2,000,000	1,950,809
03/19/24	06/13/24			U.S. Treasury Bills	5.317%	5.374%	1,000,000	987,660
03/21/24	06/20/24			U.S. Treasury Bills	5.336%	5.399%	2,000,000	1,973,815

MATURED / REDEEMED / CALLED

DATE				Stated	Current			
Redemption	Maturity	Call	Step-Up	Investment Description	Coupon	Yield	Face Value	Book Value
03/14/24	03/14/24			U.S. Treasury Bills	5.318%	5.328%	2,000,000	1,974,464
03/19/24	03/19/24			U.S. Treasury Bills	5.338%	5.352%	1,000,000	984,070
03/21/24	03/21/24			U.S. Treasury Bills	5.311%	5.327%	2,000,000	1,973,934

Olivenhain Municipal Water District UNAUDITED CASH POSITION BY FUNDING SOURCES As of March 31, 2024

Water Funds (Pota	able & Recycled)	<u>Balance</u>
10050-100	Cash - Petty Cash Fund	1,496
10010-100	Cash - Operating Fund	17,242,867
10030-100	Cash - Capital and Equipment Fund	38,524,397
10040-100	Cash - Rate Stabilization Fund	11,779,941
10080-100	Cash - Pension Stabilization Fund	671,712
10060-100	Cash - Deposit Work for Other	169,899
14000-500	Restricted Cash - Capacity Fee Fund	6,434,037
Total Wate	er Funds (Potable & Recycled)	74,824,350
Wastewater Funds	<u>s</u>	
10010-110	Wastewater - Operating Fund	3,849,092
10030-110	Wastewater - Capital Replacement Fund	9,323,006
10040-110	Wastewater - Rate Stabilization Fund	2,733,165
10080-110	Cash - Pension Stabilization Fund	60,170
Total Wast	tewater Funds	15,965,433
Non Fiscal Agent	Debt Service Cash	
14020-570	Cash non-agent - RAD 96-1	152,605
10070-561	Cash non-agent - Bond 2015A	395
10070-581	<u> </u>	10,354
14020-521	Cash non-agent - Bond 2021A	1,444,727
Total Non	Fiscal Agent Debt Service Cash	1,608,082
Debt Service Fund	<u>ds</u>	
14030-510	SRF Loan - Fiscal Agent	1,080,920
14105-570	Redemption fund - RAD 96-1	767,542
14110-570	Reserve fund - RAD 96-1	50,576
14100-561	Redemption fund - Bond 2015A	12,252
14100-581	Redemption fund - Bond 2016A	8,406
14100-521	Redemption fund - Bond 2021A	1,656
14100-522	Redemption fund - Bond 2021B	3,416
Total Debt	Service Funds	1,924,768
TOTAL FUND BAL	94,322,633	



Memo

Date: May 15, 2024

To: Olivenhain Municipal Water District Board of Directors

From: Rainy K. Selamat, Finance Manager

Via: Kimberly Thorner, General Manager

Subject: CONSIDER ADOPTION OF A MOTION APPROVING THE DISTRICT'S

CONSOLIDATED STATEMENT OF NET POSITION, CONSOLIDATED

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION, CONSOLIDATED STATEMENT OF CASH FLOWS, CONSOLIDATED ACTUAL VS

BUDGET SUMMARY, AND CONSTRUCTION IN PROGRESS REPORTS

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

- March 2024 Monthly Statement of Net Position Report.
- March 2024 Statement of Revenues, Expenses, and Changes in Net Position Report.
- March 2024 Consolidated Statement of Cash Flows.
- March 2024 Monthly Consolidated Actual VS Budget Summary and explanation of significant variance report.
- March 2024 Construction In Progress Report.

OLIVENHAIN MUNICIPAL WATER DISTRICT Statement of Net Position (Unaudited) All Funds 3/31/2024

Assets

Current assets: Unrestricted assets:	
Cash and cash equivalents Accounts receivable - water and sewer, net	\$81,745,562 4,647,657
Interest Receivable	279,766
Taxes receivable	210,021
Other receivables	229,165
Lease receivable	403,389
Inventories Prepaid expenses and deposits	1,742,962 980,295
Total unrestricted assets	90,238,817
Restricted assets:	0.047.000
Cash and cash equivalents Assesments receivable	9,617,063 48,257
Grants receivable	818,447
Total restricted assets	10,483,767
Total current assets	100,722,584
Noncurrent assets:	,. ==,
Capital assets, nondepreciable	50,385,155
Capital assets, depreciable/amortizable, net	325,848,592
Capital assets, net	376,233,747
Prepaid bond insurance	14,593
Lease receivable	9,355,778
Total noncurrent assets Total assets	385,604,117 486,326,701
Total assets	460,320,701
Deferred Outflows of Resources	
Deferred amount on refunding	(752,194)
Deferred amount from pension	(7,296,286)
Total deferred outflows of resources	(8,048,480)
Liabilities	
Current Liabilities	
Liabilities payable from unrestricted assets:	
Accounts payable	4,636,867
Accrued payroll	217,886
Customer deposits Payable related to work in progress	393,598 161,163
Compensated absences, current portion	961,315
Current portion of long-term debt:	001,010
Wastewater Revenue Bonds 2021A	211,680
Wastewater Refunding Revenue Bonds 2021B	575,630
Water Revenue Refunding Bonds 2016A Water Revenue Refunding Bonds 2015A	585,000
Special Assessment Debt with Government Commi	1,935,000 892,931
Notes Payable	846,161
Subscription Liability	67,952
Total liabilities payable from unrestricted assets	11,485,183
Liabilities payable from restricted assets:	
Interest payable	477,326
Total liabilities payable from restricted assets	477,326
Total current liabilities	11,962,508
	75 5 2 , 5 0 0
Noncurrent liabilities	1 100 011
Compensated absences	1,103,641

OLIVENHAIN MUNICIPAL WATER DISTRICT Statement of Net Position (Unaudited) All Funds 3/31/2024

	3/31/2024
Net pension liability	16,832,760
Long-term debt, excluding current portion:	. ,
Wastewater Revenue Bonds 2021A	4,377,480
Wastewater Refunding Revenue Bonds 2021B	2,368,430
Water Revenue Refunding Bonds 2016A	12,389,524
Water Revenue Refunding Bonds 2015A	9,303,272
Special Assessment Debt with Government Commi	2,797,851
Notes Payable	9,083,311
Subscription Liability	47,800
Total noncurrent liabilities	58,304,069
Total liabilities	70,266,578
Deferred Inflows of Resources	
Deferred amounts on pension	720,171
Deferred amounts on leases	8,953,346
	2,222,212
Total deferred inflows of resources	9,673,517
Net Position	
Investment in Capital Assets, net of related debt	332,948,647
Restricted Net Position	8,561,714
Unrestricted Net Position	72,924,727
Total Net Position	414,435,087

OLIVENHAIN MUNICIPAL WATER DISTRICT Statement of Revenues, Expenses and Changes in Net Position (Unaudited) All Funds For the Nine Months Ending 3/31/2024

	2024
On and the December	
Operating Revenues: Water Sales	\$40,435,313
Sewer Charges	3,427,611
Other Water Operating revenues	822,531
Total Operating Revenues	44,685,455
Total Operating November	11,000,100
Operating Expenses	
Cost of Purchased Water Sold	22,110,189
Pumping and Water Treatment	3,867,249
Transmission and Distribution	3,544,538
Sewer Collection and Treatment	1,380,134
Elfin Forest Recreation Operations	347,799
Facilities Maintenance	971,272
Customer Service	1,667,214
General and Administrative	6,104,442
Depreciation and Amortization	7,166,070
Total Operating Expenses	47,158,908
Operating Income (Loss)	(2,473,453)
Nonoperating Revenues (Expenses)	
Investment income	2,263,227
Property taxes	3,022,497
Capacity charges	158,589
Benefit assessments	672,724
Other nonoperating revenues	764,193
Interest expense, net	(907,541)
Other nonoperating expenses	(425,463)
Total nonoperating revenues (expenses)	5,548,227
Income before capital contributions	3,074,774
Capital contributions	127,190
Change in net position	3,201,964
Net Position, Beginning of year	411,233,123
Net Position, End of year	414,435,087

OLIVENHAIN MUNICIPAL WATER DISTRICT CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED) AS OF MARCH 31, 2024

CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from water and sewer customers	\$ 48,564,350
Payments for water	(23,792,640)
Payments for services and supplies	(7,848,554)
Payments for employee wages, benefits and related costs	 (12,394,051)
Net cash provided by operating activities	 4,529,105
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:	
Property taxes and benefit assessments received	 3,700,170
Net cash provided by noncapital and related financing activities	 3,700,170
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition and construction of capital assets	(8,557,484)
Proceeds from Grants	1,260,341
Principal paid on long-term debt	(1,544,499)
Interest paid on long-term debt	(586,235)
Capacity charges received	158,589
Other capital financing receipts (expenses)	 447,050
Net cash used by capital and related financing activities	 (8,822,238)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investment income received	 2,320,988
Net cash provided (used) by investing activities	 2,320,988
Net increase (decrease) in cash and cash equivalents	1,728,025
Cash and cash equivalents, beginning of year	 53,421,745
Cash and cash equivalents, end of period	\$ 55,149,770
FINANCIAL STATEMENT PRESENTATION:	
Cash and cash equivalents - current assets	48,294,108
Cash and cash equivalents - restricted assets	 6,855,662
Total cash and cash equivalents	\$ 55,149,770

		Balance Includes Mkt Securities	Without Mkt Securities
Unrestricted cash	3/31/2024	81,745,562	48,294,108
Restricted cash	3/31/2024	9,617,063	6,855,662
Total cash and cash equivalents	• •		55,149,770

	Approved Budget	Actual YTD	Budget YTD	Variance Amt	Variance %	Notes
			Ĭ			
Operating Revenues						
Commodity Water Sales	\$45,715,000.00	\$27,894,866.98	\$32,468,600.00	(\$4,573,733.02)	(14.1%)	1
Water Fees and Services	18,651,000.00	13,362,977.18	13,993,650.00	(630,672.82)	(4.5%)	2
Sewer Revenue	5,390,000.00	3,427,611.28	3,459,500.00	(31,888.72)	(0.9%)	
Total Operating Revenues	69,756,000.00	44,685,455.44	49,921,750.00	(5,236,294.56)	(10.5%)	
Operating Expenses						
Purchased Water - Variable	24,514,000.00	15,570,939.22	18,514,220.00	2,943,280.78	15.9%	1
Purchased Water - Fixed	8,731,000.00	6,539,250.00	6,504,800.00	(34,450.00)	(0.5%)	
General Manager Dept	2,102,000.00	1,591,543.11	1,576,890.00	(14,653.11)	(0.9%)	3
Engineering Dept	2,497,000.00	1,740,236.61	1,872,270.00	132,033.39	7.1%	3
Finance Dept	1,713,000.00	1,209,540.97	1,284,300.00	74,759.03	5.8%	3
Customer Service Dept	3,104,000.00	2,030,673.92	2,329,434.00	298,760.08	12.8%	3
Human Resources Dept	860,300.00	620,381.71	645,822.00	25,440.29	3.9%	3
Water Operations and Maintenance Dept	12,339,000.00	9,041,306.78	9,292,501.00	251,194.22	2.7%	3
Parks Dept	451,000.00	380,173.44	339,624.00	(40,549.44)	(11.9%)	3
Other Operating Expenses	50,000.00	,	37,800.00	37,800.00	100.0%	
Sewer Operations and Maintenance Dept	3,269,000.00	2,259,872.09	2,451,447.00	191,574.91	7.8%	
Recycled Water Operations Dept	1,293,000.00	788,706.36	969,840.00	181,133.64	18.7%	
Paygo Transfers	,,	,	,	,		
Water Operations	5,400,000.00	4,050,000.00	4,050,000.00		0.0%	
Sanitation Operations	1,100,000.00	828,000.00	828,000.00		0.0%	
Recycled Operations	2,200,000.00	1,647,000.00	1,647,000.00		0.0%	
Capitalized Operations Expenditures	(1,619,000.00)	(1,138,716.06)	(1,217,430.00)	(78,713.94)	6.5%	4
Total Operating Expenses	68,004,300.00	47,158,908.15	51,126,518.00	3,967,609.85	7.8%	
Net Operating Income (Loss)	1,751,700.00	(2,473,452.71)	(1,204,768.00)	(1,268,684.71)		
Nonoperating Revenues						
Water Funds	6,571,200.00	5,194,324.55	3,684,630.00	1,509,694.55	41.0%	5
Debt Service Funds	1,044,000.00	804,311.90	693,420.00	110,891.90	16.0%	5
Sewer Funds	29,000.00	147,687.82	21,600.00	126,087.82	583.7%	5
Recycled Water Funds	225,000.00	182,604.88	169,020.00	13,584.88	8.0%	-
Total Nonoperating Revenue	7,869,200.00	6,328,929.15	4,568,670.00	1,760,259.15	38.5%	
Nonoperating Expense						
Capacity Fee Funds	30,000.00	19,758.30	22,320.00	2,561.70	11.5%	
Debt Service Funds	1,400,000.00	978,924.40	1,051,650.00	72.725.60	6.9%	6
Potable Water Funds	493,000.00	334,320.68	369,450.00	35,129.32	9.5%	7
Total Nonoperating Expense	1,923,000.00	1,333,003.38	1,443,420.00	110,416.62	7.6%	·
Inc before Cap Fees and Capital Contributions	7,697,900.00	2,522,473.06	1,920,482.00	601,991.06		
Capacity Fee Funds	798,000.00	552,300.81				
Capital contributions	2,429,000.00	127,190.47				
Change in Net Position		3,201,964.34	-			

OLIVENHAIN MUNICIPAL WATER DISTRICT Actual vs Budget Variance For the Nine Months Ending 3/31/2024

- 1. Water Sales revenue was lower than Budget YTD by approximately \$4.6 million resulting in an unfavorable variance of 14.1%. The negative variance is primarily due to lower water consumption than budgeted. Consumption has remained lower than expected coming out of a particularly wet season last year which has continued into this current winter with El Niño weather conditions. Consequently, purchased water variable expenses were also lower than the Budget YTD for a favorable variance of \$2.9 million or 15.9%.
- Water Fees and Services revenue were lower than Budget YTD primarily due the
 amount of water treatment services provided to Vallecitos Water District (VWD) being
 lower than anticipated in the budget. Water supply from the District's treatment plant was
 limited in July and August due to water quality issues from San Diego County Water
 Authority which reduced the amount of water being supplied to VWD.
- 3. Actual departmental expenses varied from the Budget YTD amounts due to the timing of actual operating expenses. The Budget YTD amounts assume expenditures are incurred evenly throughout the year. General Manager actual departmental expenses exceed Budget YTD primarily due to legal costs. Parks actual departmental expenses exceed Budget YTD due to an increase in their allocation of support costs from other departments based on the most recent cost allocation plan. Additionally, Parks actual expenses also includes \$25,000 in trail maintenance costs for which the District received grant funding for 100% of the cost.
- 4. Actual Capitalized Operating Expenses were lower than the Budget YTD amount due to the timing of capitalized labor spent on District projects. The Budget YTD amount assumes expenditures are incurred evenly throughout the year.
- 5. Actual Non-operating Revenues Water Funds, Debt Service Funds, and Sewer Funds were greater than Budget YTD for a positive variance due to higher interest income earned on investments from increased yields on short-term investments and the timing of property tax revenues received from the County. Additionally, the Water Fund also includes revenue from the sale of fixed assets from the auction that took place in October.
- Actual Non-operating Expenses Debt Service Funds were lower than the Budget YTD
 amount for a positive variance because amortization of the issuance premium is not
 included in the 2015A Bonds interest expense.
- 7. Actual Non-operating Expenses Potable Water Funds were lower than the Budget YTD amount for a positive variance due to the cumulative amount of rate reimbursement credits issued to customers through March. Actual water sales are less than budgeted through March, as described in note 1 above, resulting in a lower amount of total credits

OLIVENHAIN MUNICIPAL WATER DISTRICT Actual vs Budget Variance For the Nine Months Ending 3/31/2024

being issued to customers. Additionally, the Budget YTD amounts assume credits are issued evenly throughout the year.

Construction Work In Progress Report as of 3/31/2024

Project Name	Budget	Appropriation to Date	Expenditures & Encumbrance	(Over) / Under
Replace Neighborhood 1 SPS	\$8,132,000	\$8,132,000	\$7,997,526	\$134,474
San Dieguito Desalination	\$42,837,000		\$6,265,018	\$396,982
HOA Pipeline Ext - CB, VP, SH	\$4,145,000		\$3,583,724	\$561,276
DCMWTP 4th Stage Centrifuge	\$3,340,000	\$3,340,000	\$2,892,419	\$447,581
RSFe Rd Unit A North PL	\$2,094,000	\$2,094,000	\$1,579,837	\$514,163
District-Wide PLC replacements	\$1,466,000	\$1,466,000	\$1,363,934	\$102,066
District-Wide PLC Repl (WW)	\$1,456,000		\$1,328,985	\$127,015
Replace Valves	\$8,856,000	\$1,106,000	\$200,897	\$905,103
Replace Pipelines	\$8,983,000	\$965,000	\$334,090	\$630,910
Village Park PRS	\$960,000	\$960,000	\$143,298	\$816,702
Gardendale PRS	\$960,000		\$143,298 \$130,633	\$829,367
Replace DCMWTP Membranes	\$8,970,000	\$900,000	\$862,572	
				\$37,428
Fixed Base AMI	\$2,416,000	\$739,000	\$584,085	\$154,915
DCMWTP Condition Assessment	\$690,000	\$690,000	\$686,702	\$3,298
Replace Headworks Manual Sys	\$3,160,000	\$619,000	\$453,829	\$165,171 \$470,004
Gaty II Safety Improvements	\$590,000	\$590,000	\$110,006	\$479,994
Pot & Recycled Master Plan	\$583,000	\$583,000	\$515,440	\$67,560
Units B & K Rehabilitation	\$2,095,000	\$562,000	\$235,080	\$326,920
Hydropower Turbine Refurb	\$850,000	\$450,000	\$413,036	\$36,964
Replace Potable Meters	\$4,921,000		\$329,078	\$85,922
Residuals Handling Bldg Canopy	\$400,500	\$400,500	\$51,453	\$349,047
Steel Mains Protection	\$3,455,000	\$393,000	\$378,309	\$14,691
Ext. 153 Flow Meter	\$385,000	\$285,000	\$119,147	\$165,853
District-Wide Scada Upgrades	\$256,000		\$242,364	\$13,636
Raw Water Equalizer Tank Rehab	\$250,000	\$250,000	\$2,712	\$247,288
DCMWTP 2nd Stage Memb. Train	\$807,500	\$232,500	\$131,855	\$100,645
Palms I and II Reservoirs	\$1,307,000	\$223,000	\$76,633	\$146,367
EFRR Parking Lot Repair	\$990,000	\$218,000	\$91,353	\$126,647
Replace WW Pumps/ Motors/Equip	\$2,024,000	\$215,000	\$168,590	\$46,410
4SWRF Digester Blower Replmnt	\$200,000	\$200,000	\$207,677	(\$7,677)
Collection System SPS Rehab	\$912,000	\$169,000	\$168,916	\$84
Rancho La Cima/Aliso Canyon PL	\$300,000	\$165,000	\$63,359	\$101,641
Replace Meter Anodes	\$1,754,000	\$152,000	\$33,308	\$118,692
Manchester Recyc PL Exten.	\$5,225,000	\$150,000	\$18,311	\$131,689
District-Wide Facility Securit	\$240,000	\$150,000	\$74,596	\$75,404
Golem 14" Pipeln Cond. Assess.	\$150,000	\$150,000	\$17,082	\$132,918
Fleet Electrification Plan	\$150,000	\$150,000	\$30,836	\$119,164
Wanket RW Reservoir Rehab	\$150,000	\$150,000	\$12,981	\$137,019
Encinitas Blvd Insp. & Repair	\$682,000	\$145,000	\$2,992	\$142,008
Chlorine Gen Rm Lining Rehab	\$145,000	\$145,000	\$22,191	\$122,809
Replace Pot. Pumps and Motors	\$1,022,000		\$74,591	\$48,409
Network Security	\$1,175,000	\$115,000	\$10,197	\$104,803
4S WRF Scada Upgrades	\$64,000	\$64,000	\$59,847	\$4,153
Recycled Conversions	\$719,000	\$62,000	\$20,939	\$41,061
Replace PRS Valves	\$602,600		_	\$52,000
CIS System Upgrade	\$305,000		\$2,591	\$35,909
Catalytic Converter Theft Prev	\$38,000	\$38,000	\$10,525	\$27,475
4S Physical Security Upgrades	\$210,000	\$30,000	\$525	\$29,475
4S System Manhole Lining	\$206,000		,,,,,	\$28,000
Physical Security Upgrades	\$250,000		\$6,021	\$18,979
Replace Overflow Pond Strainer	\$231,000	\$25,000	\$12,665	\$12,335
Meter Replacement, Recycled	\$231,000 \$241,000	\$18,000	\$7,678	\$10,322
Automotive Equipment Purchases (Small Cap)	\$241,000 \$581,000	\$18,000 \$581,000	\$7,676 \$531,581	\$10,322 \$49,419
				\$49,419 \$924
Shop & Field Equipment Purchases (Small Cap)	\$46,000 \$87,500		\$45,076 \$5,580	
Computer Hardware/Software Purchases (Small Cap)	\$87,500	\$87,500 \$35,000	\$5,589 \$48,045	\$81,911
Pot. Office Furniture/Equip.	\$35,000 Tatal: \$433,400,400	\$35,000	\$18,915	\$16,085
	Total: \$133,100,100	\$42,401,000	\$32,731,590	\$9,669,410

^{1.} Project is complete. The District filed an insurance claim for the digester blower fire and received \$116,156.27 in compensation from its insurance carrier. Project overage is due to \$4,200 in shipping costs not included in the quote and more staff time than anticipated to complete the work.



Memo

Date: May 15, 2024

To: Olivenhain Municipal Water District Board of Directors

From: Paul Martinez, Engineering Technician I

Via: Kimberly A. Thorner, General Manager

Subject: CONSIDER ACCEPTANCE OF THE CAMINO DE ARRIBA FIRE HYDRANT

INSTALLATION PROJECT (CALSHAH CONSTRUCTION) INTO OMWD'S SYSTEM

AND ORDER A NOTICE OF COMPLETION FILED

Purpose

The purpose of this agenda item is to consider acceptance of the transfer of facilities constructed by Calshah Construction (Developer) into OMWD's system and authorize the filing of a Notice of Completion with the San Diego County Recorder.

Recommendation

Staff recommends acceptance of the potable water facilities into OMWD's system.

Alternative(s)

None; the Project is complete, and facilities were constructed according to the approved plans to OMWD's Standard Specifications and Drawings per the Development Construction Agreement.

Background

The Camino de Arriba Fire Hydrant Installation Project (Project) is located on Camino de Arriba, west of Via Ambiente in Director Division 1 (Director San Antonio). The project consisted of the installation of a fire hydrant.

OMWD entered into an agreement with the Developer in November of 2023 to construct the facilities and dedicate said facilities to OMWD. The facilities are now complete and have been built in accordance with the approved plans and OMWD Standard Specifications and Drawings. The warranty period will terminate one (1) year following the acceptance of the facilities by OMWD's Board.

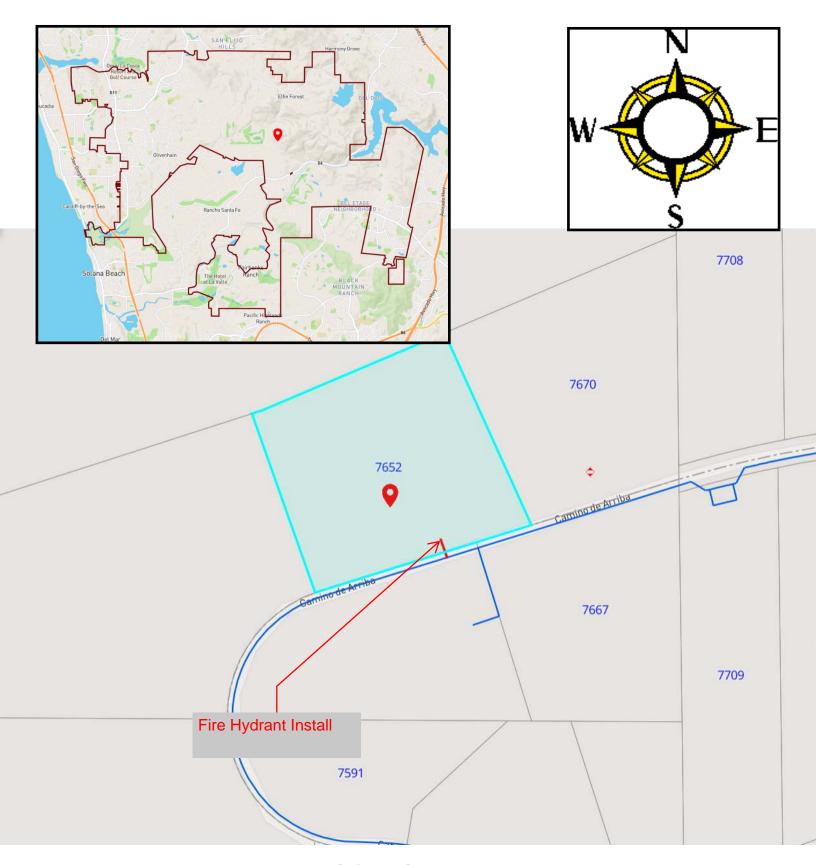
Fiscal Impact

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

Discussion

Staff is available to answer questions.

Attachments: Location Map Notice of Completion



LOCATION MAP
CAMINO DE ARRIBA
DISTRICT PROJECT NO. W590330

RECORDING REQUESTED BY & WHEN RECORDED RETURN TO:

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

(This space for recorder's use)

NOTICE OF COMPLETION

NOTICE IS HEREBY GIVEN that the facilities shown on improvement plans for Parcel 264-660-02-00 of Map No. 14489, recorded on November 15th, 2002, located in the County of San Diego, State of California for which Calshah Construction, ("Developer") contracted with the OLIVENHAIN MUNICIPAL WATER DISTRICT ("Owner," in fee, of the facilities), head-quartered at 1966 Olivenhain Road, Encinitas, CA 92024, have been completed in accordance with the approved plans and standard specifications and drawings as of April 22nd of 2024. The facilities have been accepted by the Board of Directors of the OLIVENHAIN MUNICIPAL WATER DISTRICT on this 15th day of May 2024.

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

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

OLIVENHAIN MUNICIPAL WATER DISTRICT

Date: May	, 2024	By:	
·		Kimberly A. Thorner	
		General Manager	



Memo

Date: May 15, 2024

To: Olivenhain Municipal Water District Board of Directors

From: Steve Weddle, Engineering Services Supervisor

Via: Kimberly A. Thorner, General Manager

Subject: CONSIDER APPROVAL OF AN ADDITIONAL WATER SERVICE REQUEST FOR AN

ACCESSORY DWELLING UNIT AT 14740 LAS QUINTAS AND DIRECT STAFF ON WHETHER TO BRING BACK CHANGES TO THE ADMINISTRATIVE AND ETHICS

CODE TO ADDRESS SIMILAR SITUATIONS IN THE FUTURE

Purpose

The purpose of this agenda item is to consider an additional water service for an Accessory Dwelling Unit (ADU) at 14740 Las Quintas and request Board input and guidance on potential changes to the OMWD Administrative and Ethics Code for similar situations in the future.

Recommendation

Staff recommends granting the parcel an additional water service, provided the parcel owner completes the OMWD project submittal process, places a deposit for all associated development fees, and pays the appropriate capacity fees for the new associated meter. Staff also requests Board input on changes to the Administrative and Ethics Code to specifically address this issue in the future.

Alternative(s)

The Board could decide not to allow the additional water service at the parcel for the new ADU. This would require the owner make a point of connection to their already existing private side system.

Background

The parcel owner for 14740 Las Quintas, located within Director Division 1 (San Antonio), requested an additional water meter be installed to serve an ADU. Typically, staff would direct the parcel owner to make their connection to the already existing private side lateral, as historically separate water services have not been obtained for ADU expansions. However, a dedicated open space area crosses the parcel, so extending the existing service to the proposed ADU would likely require environmental compliance to cross the open space. Given the constraints associated with the lot, the owner has requested a second domestic service be installed to the property for the ADU.

The parcel owner indicated that the parcel was originally one lot with an existing single-family dwelling, and has a single existing water service by OMWD. The original lot was then split into two to construct another single family dwelling on the new lot, with an open space easement dividing the two newly formed parcels. More recently, the HOA did not allow the second single family dwelling to be constructed on the second parcel, so the owners completed a lot line adjustment to return the lot to the original configuration, with the open space easement still crossing the parcel.

Fiscal Impact

If the Board of Directors grants permission for an additional water service, the parcel owner would be responsible for paying a deposit for OMWD's services to include construction inspection, project administration, and capacity fees.

Discussion

As of August 2023, single lots under the California H.O.M.E. Act, are allowed to construct an ADU. A brief history on the situation has been provided by the parcel owner and is attached for reference. Currently, Article 9 of the Administrative and Ethics Code does not specifically address the eligibility of ADUs to receive separate meters on the same parcel.

In June 2019, staff presented a recommendation to the Board on how to process water meter applications for ADUs. Historically, when ADUs have come to OMWD for

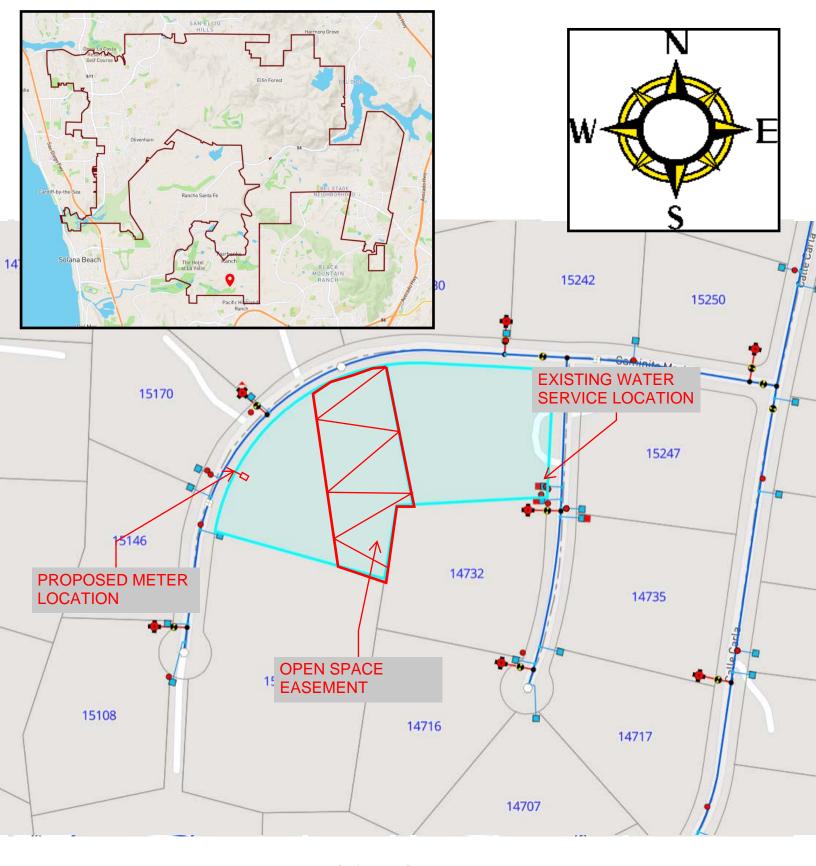
processing, the customer would be instructed to connect to the existing private side service if the meter was determined to be the correct and adequate size for its total usage for the property. Conversely, if deemed inadequate for the proposed new demands, the customer would be advised to upsize the existing meter to an appropriate size. While this practice continues, staff has continued to see an increase in ADU development in recent months.

The parcel at 14740 Las Quintas has a unique case where the owner would likely trigger CEQA processes related to the adjacent dedicated open space if the owner connected on the existing private side, with the underlying land use agency likely serving as lead agency. Environmental agencies could also deny their request to go through the open space easement to preserve the wildlife and habitat that has established itself in the area.

The OMWD Administrative and Ethics Code currently does not address ADUs in this situation. Based on increased ADU development in the services area, staff is currently incorporating the 2019 ADU practices previously reviewed with the Board to develop new language to better address ADU requests, and give OMWD discretion on appropriate meter sizes and quantities in the future. If the Board agrees with this approach, staff will return to the Board to consider incorporating clarifying language into the Administrative and Ethics Code related to ADUs at a future board meeting, which would allow more than one meter on a single piece of property.

Staff is available to answer any questions.

Attachments: Location Map 14740 Las Quintas History as provided by the Parcel Owner



LOCATION MAP

14740 LAS QUINTAS

DISTRICT PROJECT NO. W590339

14740 Las Quintas History as provided by the Parcel Owner

Request for separate water service and meter 15147 Caminito Maria

Dear Administrators;

We are in the process of working to construct an ADU on a portion of our property located at 14740 Las Quintas, Rancho Santa Fe. Preliminary plans have been submitted to the County and as a result we were assigned a separate address due to the configuration of our lot.

We purchased our 3.5-acre lot during 1999 and proceeded to construct our home during 2000 on a portion of the lot. The lot is shaped like a boomerang and is divide by an open space easement. Following completion of our construction my wife asked what we could do with the portion of the property that was on the westerly side of an open space easement which bisected our lot. I initiated an investigation with San Dieguito Engineering and found that our lot, in addition to a lot bordering our lot, were originally supposed to be 2 separate lots but due to the development being on septic systems there was not enough percolation to service these 4 lots, so the developer was forced to modify the preliminary parcel map and combine the 4 lots into 2 lots.

In 1990 Sewer was installed throughout the neighborhood which opened up the possibility we could permit a lot split which would match the original intent of the development. We informed the HOA of our process and initially they expressed a favorable position.

We employed San Dieguito Engineering to see if it the lot split was feasible and would meet the requirements of the County. During the processing of our map one home owner complained that if we were successful with our lot split his neighbor, who was in the same situation as us, could theoretically have his lot split, and if he was to build on his portion of the property there would be a possible direct view into his master bedroom. We were asked to stop processing our map even though we were very far along and had spent thousands of dollars to complete the mapping process. The CC&R's did not prevent lot splits nor did they have a maximum number of lots included in the CC&R's so we continued with our processing.

The HOA formed a secret group of residents to induce homeowners in our development to modify the CC&R's and record an amendment to change the language in the CC&R's to prevent any lot splits and have a maximum number of lots. It required 75% of the property owners to sign the amendment. One night 10 members of the secret committee went door to door to gather signatures and were able to convince 75% of property owners to sign the amendment. We had no knowledge of this so ended up suing the HOA. We were unsuccessful with our legal endeavors but were able to complete the lot split with the County. The HOA refused to recognize the lot and the courts prohibited us from developing the lot as a single-family residence.

When the State initiated the ADU program it opened the possibility for us to finally utilize our property if we merged our 2 lots back together which then would permit us to develop an ADU. We completed the merger August 7th, 2023.

We have gained approval of the HOA architectural committee and are currently processing plans through the county.

Water service is a need and requirement of the County. There is a water valve approximately 3' from the curb adjacent to our property so I assumed we could utilize that valve to tie into the OMWD water service. I contacted the agency and discussed our desire to have a new meter and service supply our ADU and was told only one meter is permitted on a property and the water service to the ADU would have to come from our existing meter. Unfortunately, it couldn't be any farther away, (715') which you will see on the attached exhibit. If we are required to use our existing meter, we are not permitted to encroach into the open space easement without some long process with one or more agencies. There would be an enormous cost to run a line from our existing meter. We therefore request your approval to utilize the existing valve location adjacent to the ADU curb for our domestic water service and fire sprinklers.

Thank you for your consideration.

Charles J Sher

Donna S Sher



Memo

Date: May 15, 2024

To: Olivenhain Municipal Water District Board of Directors

From: Jennifer Joslin, Human Resources Manager

Via: Kimberly A. Thorner, General Manager

Subject: CONSIDER ADOPTION OF AN ORDINANCE AMENDING THE DISTRICT'S

ADMINISTRATIVE AND ETHICS CODE (Article 3 – Organization of Staff, Article 4 – Classified Positions, and Article 27 – Conflict of Interest Code)

Purpose

The purpose of this item is to consider adoption of the attached Ordinance amending the District's Administrative and Ethics Code to revise Article 3 – Section 3.1 Organizational Chart of District Personnel, Article 4 – Section 4.4 Salary Schedule and Job Classification, and Article 27 – Section 27.3 Filing of Statements of Economic Interest.

Recommendation

Adoption of this Ordinance is a housekeeping item to update the District's Administrative and Ethics Code. Staff recommends the Board adopt the Ordinance updating the Organizational Chart for FY 2024-25 in Section 3.1, increasing the salary ranges in Section 4.4 by the amount agreed to in the Salary Survey item from the April 2024 Board meeting (4.8%), and updating the filing procedures in Section 27.3 to match the previously approved District's Conflict of Interest Code.

Alternative(s)

The Board could choose not to adopt the Ordinance and direct staff to make further revisions.

Background

The Article 3 Organizational Chart of District Personnel and Article 4 Salary Schedule and Job Classification updates reflect the staffing recommendations presented in the five-year Staffing Analysis and 2024 Salary Survey that were previously approved by the Board at its April 17, 2024 meeting. There are no staffing changes reflected in the 2024-25 Organizational Chart and only the year designation is being updated. The 4.8% increase to the salary ranges is based on the San Diego Consumer Price Index for all urban consumers (SD CPI-U) and is an adjustment to maintain the 65th percentile in compensation and remain competitive within our labor market into the new fiscal year. This is an adjustment to the ranges only, not an increase to actual employee pay rates. Note, the General Manager's salary is not being adjusted as her salary is set separately by the Board at the end of each calendar year.

As the survey results showed it was under market, the Valve Maintenance Technician Level II job classification is moving up from a salary grade 4 to 5 to bring it within 10% of market per the Memorandum of Understanding (MOU) agreement, however the position is vacant.

The Article 27 Conflict of Interest Code update is to maintain consistency with the District's Conflict of Interest Code that was approved by the Board at its June 21, 2023 meeting.

Fiscal Impact

All costs related to the Ordinance update of Articles 3 and 4 have been included in the budget. There is no fiscal impact to the Article 27 update.

Discussion

Staff will be available to answer any quest	ions.
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Attachment: Ordinance

ORDINANCE NO. 5xx

AN ORDINANCE OF THE BOARD OF DIRECTORS OF OLIVENHAIN MUNICIPAL WATER DISTRICT AMENDING THE DISTRICT'S ADMINISTRATIVE AND ETHICS CODE (Article 3 – Organization of Staff, Article 4 – Classified Positions, and Article 27 – Conflict of Interest Code)

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

<u>SECTION 1</u>: Article 3, Organization of Staff, Organizational Chart of District Personnel is hereby amended (*see attached*).

<u>SECTION 2</u>: Article 4, Classified Positions, Section 4.4 of the District's Administrative and Ethics Code is hereby amended to read as follows:

Sec. 4.4. Salary Schedule and Job Classification

OLIVENHAIN MUNICIPAL WATER DISTRICT RANGES FROM <u>1/1/20246/29/2024</u> THROUGH <u>6/28/20246/27/2025</u> (revised <u>12/13/20235/15/2024</u>)

NO.	JOB CLASSIFICATION	GRADE	RANGE	
	EXEMPT CLASSIFICATION		BI-WEEKLY SALARY	
1	GENERAL MANAGER	N/A	Actual Effective 1/1/24	11,447.61
1	ASSISTANT GENERAL MANAGER	19	7,512.80 <u>7,873.41</u>	10,517.93 <u>11,022.79</u>
1	ENGINEERING MANAGER	18	5,782.40 6,059.96	9,222.87 <u>9,665.57</u>
1	FINANCE MANAGER	18	5,782.40 6,059.96	9,222.87 <u>9,665.57</u>
1	OPERATIONS MANAGER	18	5,782.40 6,059.96	9,222.87 <u>9,665.57</u>
1	HUMAN RESOURCES MANAGER	17	5,366.13 <u>5,623.70</u>	8,578.46 <u>8,990.23</u>
1	CUSTOMER SERVICES MANAGER	17	5,366.13 <u>5,623.70</u>	8,578.46 <u>8,990.23</u>
0	NO INCUMBENT	16	4 ,993.38 <u>5,233.06</u>	7,976.68 <u>8,359.56</u>
0	NO INCUMBENT	15	4 ,512.34<u>4</u>,728.93	6,762.61 <u>7,087.22</u>
1	WATER TREATMENT FACILITIES SUPERVISOR	14	4,199.29<u>4,400.86</u>	6,292.73 <u>6,594.78</u>
1	INFORMATION TECHNOLOGY SUPERVISOR	14	4,199.29 <u>4,400.86</u>	6,292.73 <u>6,594.78</u>
1	CUSTOMER SERVICE AND PUBLIC AFF_AIRS SUPERVISOR	13	3,903.99 <u>4,091.38</u>	5,853.06 <u>6,134.01</u>
1	SAFETY/RISK COMPLIANCE ADMINISTRATOR	13	3,903.99 <u>4,091.38</u>	5,853.06 <u>6,134.01</u>
1	ACCOUNTING SUPERVISOR	12	3,627.73 <u>3,801.86</u>	5,444.20 <u>5,705.52</u>
1	ENGINEERING SERVICES SUPERVISOR	12	3,627.73 <u>3,801.86</u>	5,444.20 <u>5,705.52</u>
2	OPERATIONS SUPERVISOR	12	3,627.73 <u>3,801.86</u>	5,444.20 <u>5,705.52</u>
1	FIELD SERVICES SUPERVISOR	12	3,627.73 <u>3,801.86</u>	5,444.20 <u>5,705.52</u>
0	ENGINEERING PROJECT ADMINISTRATOR	12	3,627.73 <u>3,801.86</u>	5,444.20 <u>5,705.52</u>
1	WATER RECLAMATION FACILITIES SUPERVISOR	12	3,627.73 <u>3,801.86</u>	5,444.20 <u>5,705.52</u>
1	SENIOR SYSTEMS ADMINISTRATOR	12	3,627.73 <u>3,801.86</u>	5,444.20 <u>5,705.52</u>
2	SYSTEMS ADMINISTRATOR	11	3,375.07 <u>3,537.07</u>	5,059.67 <u>5,302.53</u>
1	PARK SUPERVISOR	11	3,375.07 <u>3,537.07</u>	5,059.67 <u>5,302.53</u>

21

NON-EXEMPT CLASSIFICATION

HOURLY WAGE

1	WATER TREATMENT PLANT OPERATOR LEVEL IV	6	42.82 <u>44.88</u>	59.94 <u>62.82</u>
2	INSTRUMENT CONTROL TECHNICIAN II	6	42.82 <u>44.88</u>	59.94 <u>62.82</u>
1	WATER RECLAMATION OPERATOR LEVEL IV	6	4 2.82 44.88	59.94 <u>62.82</u>
2	PUMP/MOTOR TECHNICIAN II	6	42.82 44.88	59.94 <u>62.82</u>
1	HUMAN RESOURCES ANALYST	6	42.82 <u>44.88</u>	59.94 <u>62.82</u>
1	EXECUTIVE SECRETARY	6	42.82 <u>44.88</u>	59.94 <u>62.82</u>
1	FACILITIES COORDINATOR	6	42.82 <u>44.88</u>	59.94 <u>62.82</u>
1	SYSTEMS OPERATOR III	6	42.82 <u>44.88</u>	59.94 <u>62.82</u>
1	INSPECTOR III	6	42.82 <u>44.88</u>	59.94 <u>62.82</u>
1	FINANCIAL ANALYST II	6	42.82 <u>44.88</u>	59.94 <u>62.82</u>
1	ENGINEERING TECHNICIAN III	6	42.82 <u>44.88</u>	59.94 <u>62.82</u>
1	INSPECTOR II	5	36.92 38.69	51.68 <u>54.16</u>
0	PROJECT ACCOUNTANT II	5	36.92 38.69	51.68 <u>54.16</u>
3	ADMINISTRATIVE ANALYST	5	36.92 38.69	51.68 <u>54.16</u>
2	SYSTEMS OPERATOR II	5	36.92 38.69	51.68 <u>54.16</u>
4	WATER TREATMENT PLANT OPERATOR LEVEL III	5	36.92 <u>38.69</u>	51.68 <u>54.16</u>
4	WATER RECLAMATION OPERATOR LEVEL III	5	36.92 38.69	51.68 <u>54.16</u>
1	BACKFLOW AND CROSS CONNECTION COORDINATOR II	5	36.92 38.69	51.68 <u>54.16</u>
1	INFORMATION TECHNOLOGY COORDINATOR	5	36.92 38.69	51.68 54.16
0	GENERAL LEDGER ACCOUNTANT II	5	36.92 38.69	51.68 54.16
1	ENGINEERING TECHNICIAN II	5	36.92 <u>38.69</u>	51.68 54.16
1	COLLECTION SYSTEM OPERATOR LEVEL III	5	36.92 <u>38.69</u>	51.68 <u>54.16</u>
0	VALVE MAINTENANCE TECHNICIAN LEVEL II	<u>5</u>	38.69	54.16
1	FINANCIAL ANALYST I	<u>5</u> 4	32.10 33.64	44.90 <u>47.06</u>
0	PUMP/MOTOR TECHNICIAN I	4	32.10 <u>33.64</u>	44.90 <u>47.06</u>
1	CATHODIC PROTECTION TECHNICIAN	4	32.10 33.64	44.9047.06
0	ENGINEERING TECHNICIAN I	4	32.10 <u>33.64</u>	44.90 <u>47.06</u>
2	FIELD SERVICES TECHNICIAN III	4		44.9047.06
2	INSTRUMENT CONTROL TECHNICIAN I	4	32.10 <u>33.64</u>	44.90 <u>47.06</u>
			32.10 33.64	
1	INSPECTOR I	4	32.10 <u>33.64</u>	44.90 <u>47.06</u>
1	OPERATIONS COORDINATOR	4	32.10 33.64	44.9047.06
1	RECORDS AND CONTRACTS COORDINATOR	4	32.10 33.64	44.90 <u>47.06</u>
1	SYSTEMS OPERATOR I	4	32.10 33.64	44.90 <u>47.06</u>
3	UTILITY III	4	32.10 33.64	44.90 <u>47.06</u>
1	EQUIPMENT TECHNICIAN	4	32.10 33.64	44.9047.06
1	WATER TREATMENT PLANT OPERATOR LEVEL II	4	32.10 <u>33.64</u>	44.90 <u>47.06</u>
0	WATER RECLAMATION OPERATOR LEVEL II	4	32.10 <u>33.64</u>	44.90 <u>47.06</u>
0	VALVE MAINTENANCE TECHNICIAN LEVEL II	4	-32.10	-44.90
1	BACKFLOW AND CROSS CONNECTION COORDINATOR I	4	32.10 <u>33.64</u>	44.90 <u>47.06</u>
3	ACCOUNTANT I	4	32.10 <u>33.64</u>	44.90<u>4</u>7.06
0	COLLECTION SYSTEM OPERATOR LEVEL II	4	32.10 <u>33.64</u>	44.90 <u>47.06</u>
0	DEPARTMENT ASSISTANT II	3	28.18 <u>29.53</u>	39.43 41.32
1	CUSTOMER SERVICE REPRESENTATIVE II	3	28.18 <u>29.53</u>	39.43 41.32
2	FIELD SERVICES TECHNICIAN II	3	28.18 <u>29.53</u>	39.43 <u>41.32</u>
1	PARK RANGER II	3	28.18 <u>29.53</u>	39.43 41.32
1	PURCHASING/WAREHOUSE CLERK	3	28.18 <u>29.53</u>	39.43 <u>41.32</u>
2	VALVE MAINTENANCE TECHNICIAN LEVEL I	3	28.18 <u>29.53</u>	39.43 <u>41.32</u>
3	UTILITY II	3	28.18 <u>29.53</u>	39.43 41.32
0	WATER TREATMENT PLANT OPERATOR LEVEL I	3	28.18 <u>29.53</u>	39.43 <u>41.32</u>
0	WATER RECLAMATION OPERATOR LEVEL I	3	28.18 <u>29.53</u>	39.43 <u>41.32</u>
0	COLLECTION SYSTEM OPERATOR LEVEL I	3	28.18 29.53	39.43 41.32
2	DEPARTMENT ASSISTANT I	2	24.94 <u>26.14</u>	34.87 <u>36.54</u>
3	CUSTOMER SERVICE REPRESENTATIVE I	2	24.94 <u>26.14</u>	34.87 <u>36.54</u>

3	FIELD SERVICES TECHNICIAN I	2	24.94 <u>26.14</u>	34.87 <u>36.54</u>
1	PARK RANGER I	2	24.94 <u>26.14</u>	34.87 <u>36.54</u>
5*	UTILITY I (*2 FROZEN DUE TO COVID-19)	2	24.94 <u>26.14</u>	34.87 <u>36.54</u>
0	UTILITY I - Limited term	2	24.94 <u>26.14</u>	34.87 <u>36.54</u>
0	NO INCUMBENT	1	22.23 23.30	31.12 <u>32.61</u>
74	74 NON-EXEMPT (current approved headcount)			
95	TOTAL EXEMPT AND NON-EXEMPT (current approved headcount)			

⁹⁵ TOTAL APPROVED POSITIONS

With approval of the General Manager, classifications may be flexibly staffed according to the "Grow Your Own" (GYO) program and department need. GYO does not add to the employee total headcount; it is an in-house promotional opportunity.

SECTION 3: Article 27, Conflict of Interest Code, Section 27.3 of the District's Administrative and Ethics Code is hereby amended to read as follows:

<u>Sec. 27.1</u>. <u>Filing of Statements of Economic Interests</u>.

Pursuant to Section 4 of the Standard Code, designated filing candidates, District officials, consultants and employees, as set forth in the appendix to the District's adopted Conflict of Interest Code shall file statements of economic interests with the Human Resources Manager of the Olivenhain Municipal Water District. Upon receipt of the statements of the members of the Board of Directors, Consultants, and of the General Manager, the Human Resources Manager shall make and retain copies and forward the originals of file these statements to with the Clerk of the San Diego County Board of Supervisors. The Olivenhain Municipal Water District shall retain copies of these statements. Statements for all other designated employees shall be retained by the Human Resources Manager for the Olivenhain Municipal Water District. The Olivenhain Municipal Water District will make the statements available for public inspection and reproduction (Government Code Section 81008).

PASSED, APPROVED AND ADOPTED at a regular meeting of Olivenhain Municipal Water District's Board of Directors held this 15th day of May 2024 by the following roll call vote:

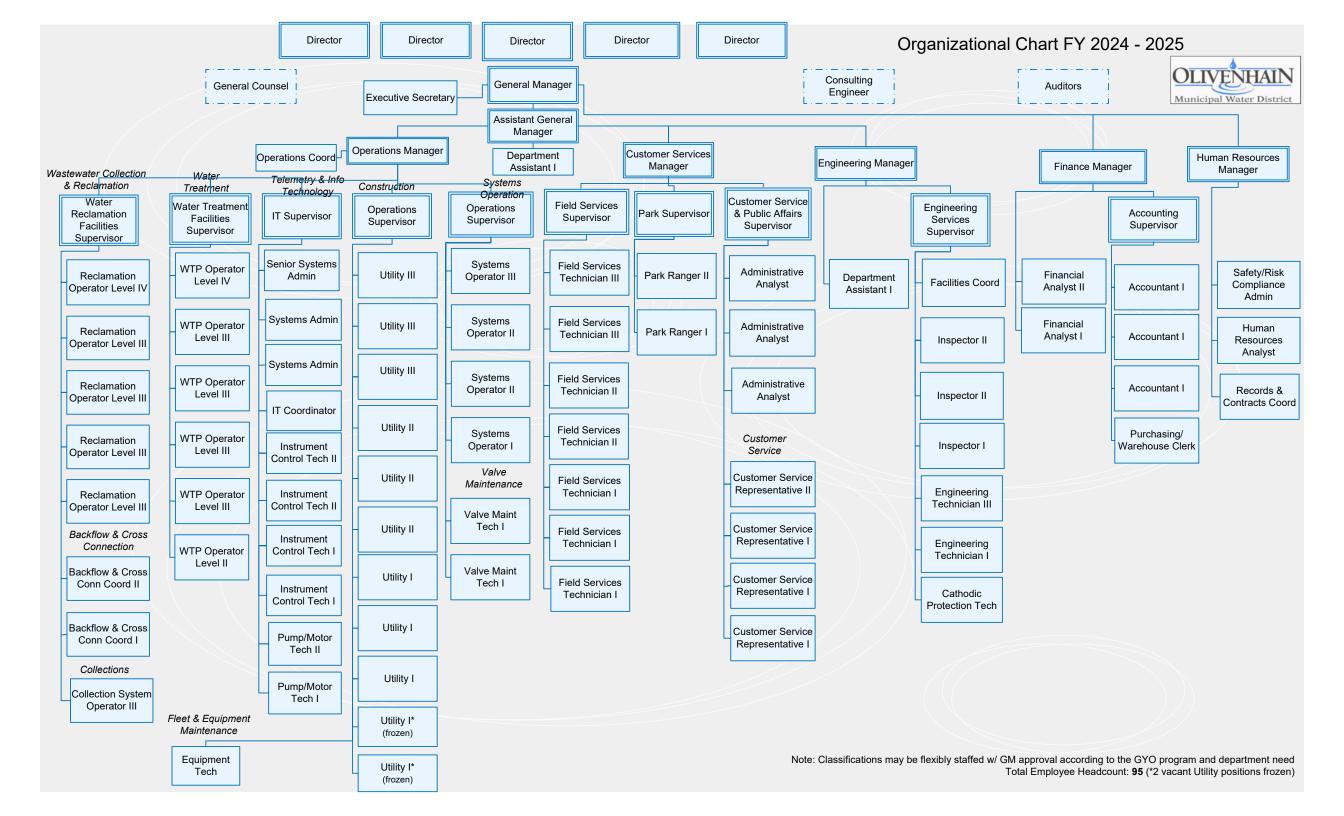
AYES:
NOES:
ABSTAIN:
ABSENT:

Christy Guerin, President Board of Directors Olivenhain Municipal Water District

^{*}Two Utility positions (Utility I / II / III) will remain frozen for FY 23/2424/25.

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





Memo

Date: May 15, 2024

To: Olivenhain Municipal Water District Board of Directors

From: Melody Colombo, Administrative Analyst

Via: Kimberly A. Thorner, General Manager

Subject: CONSIDER ESTABLISHING PRIORITIES FOR A STATE CLIMATE BOND AND

REVISING THE 2024 LEGISLATIVE GUIDELINES

Purpose

The purpose of this agenda item is to establish OMWD's priorities for a state climate bond and to incorporate these priorities into OMWD's Legislative Guidelines for 2024. The board requested this item at its March 20, 2024 meeting.

Recommendation

Staff recommends the board provide input and approve OMWD's priorities for a state climate bond, and then approve the proposed revisions to the Legislative Guidelines concerning water bonds.

Alternative(s)

- The board should provide input to the priorities.
- The board could choose against approval of the proposed climate bond priorities and/or the proposed revisions to OMWD's Legislative Guidelines.

Background

Historically, OMWD has considered bonds on a case-by-case basis. OMWD has not supported water bonds that don't have a narrow enough focus on water projects, such as The Safe Drinking, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 (Proposition 84). This water bond only allocated 28 percent of total funding for water-related projects but was marketed as a measure that would provide all Californians with a reliable water supply. In November 2009, OMWD's board voted to oppose another bond called the Safe, Clean, and Reliable Drinking Water Supply Act of 2010. This was due to the bond's large scope and billions of dollars in pet projects with no beneficial effect to water supply. By 2014, this bond was amended and provided greater funding for recycled water, which gained board support. Nevertheless, OMWD has been successful in securing funding through water bonds, including Proposition 84 (despite not supporting the measure), as well as funding from other board-supported bonds such as Proposition 50, and Proposition 1, particularly through its cooperation with the North San Diego Water Reuse Coalition.

Legislators in the Assembly and Senate have introduced climate bonds which, as currently written, include billions of dollars in funding for water infrastructure projects. They are among the many large general obligation bonds currently being considered by the legislature that are also seeking to fund school facilities and increased housing. The legislature and the governor are cognizant that there will be limitations on how much bond funding they will be able to place on the ballot. The state is facing a significant state budget deficit and is projected to do so in future years. This makes general obligation bonds both attractive and challenging since they avoid a significant hit to the state's General Fund in a budget year, but result in significant ongoing expenses in future years.

Below is a breakdown of proposed bonds:

 AB 1567 would enact the Safe Drinking Water, Wildfire Prevention, Drought Preparation, Flood Protection, Extreme Heat Mitigation, Clean Energy, and Workforce Development Bond Act of 2024. (\$15.955 billion)

- SB 638 would enact the Climate Resiliency and Flood Protection Bond Act of 2024. (\$6 billion)
- SB 867 would enact the Drought, Flood, and Water Resilience, Wildfire and Forest Resilience, Coastal Resilience, Extreme Heat Mitigation, Biodiversity and Nature-Based Climate Solutions, Climate Smart Agriculture, Park Creation and Outdoor Access, and Clean Energy Bond Act of 2024. (\$15.5 billion)

In June 2023, OMWD was a signatory to WateReuse's letter supporting funding for recycled water being included in AB 1567 and SB 867. OMWD has not taken a position on SB 638.

All general obligation bonds must be approved by voters. Some voters may have a limited appetite for the state taking on additional debt. For these reasons, the governor insisted that his mental health bond, Proposition 1, appear on the March Primary ballot by itself so that voters weren't tempted to choose one bond while rejecting another. The governor struggled to obtain the votes necessary to pass Proposition 1. While the race has been called and the bond has passed now, in the days and weeks following the election, the bond appeared in real jeopardy of failing. To qualify for the November ballot, per election guidelines, the legislature and the governor must approve a climate bond measure by the end of June.

At the March 2024 board meeting, Ashley Walker of Nossaman, LLP presented an informational report regarding the potential November 2024 climate bond. While Ms. Walker acknowledged that the details of the bond have yet to be determined in the legislature, she stated that the bond could fund improvements to water supply reliability, water quality, water infrastructure, drought preparation, open spaces, and climate resilience. The board directed staff to return and present the board with OMWD's climate bond priorities for consideration.

In December 2023, the board approved revisions to the OMWD Legislative Guidelines for 2024. Legislative guidelines provide direction to staff as to how to respond to state and federal legislation that may impact OMWD. The guidelines have not historically addressed bond measures themselves.

Fiscal Impact

There is no direct fiscal impact associated with this report. Should a measure be passed by voters in November, that bond could contain substantial competitive funding

opportunities through which OMWD may achieve funding to offset costs associated with OMWD capital projects.

Discussion

If a state climate bond is approved by voters in November 2024, OMWD may choose to apply for general obligation bond funding that will become available via competitive grant opportunities. The board directed staff to return and present the board with OMWD's climate bond priorities for consideration. Although historically OMWD's Legislative Guidelines have provided staff with general direction regarding water bonds, staff is proposing that the board consider climate bond priorities be included in the 2024 OMWD Legislative Guidelines. The addition of water bond priorities in the guidelines will streamline the administrative process to provide direction and allows staff to respond to the 2024 water bond measure expeditiously.

Staff conducted research into broader public sector water bond priorities adopted by San Diego County Water Authority and the Association of California Water Agencies. These agencies have released their respective bond priorities, outlining key areas of focus.

SDCWA's priorities include:

- Dam safety and water infrastructure
- Water reuse and desalination (to maximize limited resources through additional supply)
- Water delivery and conveyance (for safe, cost-effective, and efficient delivery of supply)
- Surface and groundwater storage (to capture and store rainfall for use during dry period)

ACWA's priorities include:

- Recycling and desalination (to enhance water supply)
- Groundwater basins (to increase stored water)
- Flood protection
- Dam safety and reservoir operations (to increase storage capacity)
- Surface water storage facilities (to capture and store rainfall)
- Water quality (including issues caused by perfluoroalkyl and polyfluoroalkyl substances (PFAS))
- Regional watershed resilience
- State Water Project resilience
- Water conservation efforts

Staff has considered relevant SDCWA and ACWA priorities into the the following proposed OMWD legislative climate bond priorities:

It shall be OMWD's policy to support water bond (legislation and/or an initiative) that:

- Water Storage: Allocates funds to developing water storage infrastructure that will bolster resilience against droughts and ensure reliable supplies. This aligns with the governor's Water Supply Strategy which identifies the need to develop over 4 million acre-feet of new storage facilities to capture and store rainfall for utilization during dry periods.
- 2. Controlling Wholesale Rates: Provides OMWD's wholesalers with funding that protects local ratepayers from rising costs while offering solutions that benefit the region. For example, the Memorandum of Understanding between SDCWA and the Moulton Niguel Water District centered on SDCWA transferring water supplies to Moulton Niguel to combat increasing water rates for San Diegans while providing great supply reliability for the broader Southern California region. Connecting suppliers with supply sources that transfer water among water users efficiently can maximize and control wholesale rates and support water affordability.
- 3. **Aging Infrastructure**: Allocates resources for the rehabilitation and modernization of aging water and wastewater (recycled) infrastructure that improves operational efficiency and minimizes water loss. Upgrading aging infrastructure (owned by the state, SDCWA, or OMWD), will enhance our ability to manage water resources effectively, mitigate the risk of infrastructure damage, and ensure uninterrupted access to water and wastewater services to the communities served.
- 4. **Cyber Infrastructure Protection**: Finances robust cybersecurity measures that are necessary to safeguard water infrastructure against cyber threats, protect sensitive data, and ensure uninterrupted service delivery. Investments to safeguard digital infrastructure are crucial for preventing potential breaches or disruptions caused by external threats. As an example, FBI Director Christopher Wray warned in October 2023, that if the conflict in Israel further expands, "the cyber targeting of American interests and critical infrastructure that we already see conducted by Iran and nonstate actors (will) get worse."
- 5. **Dam Safety**: Provides funding for the Lake Hodges Dam which serves OMWD in an emergency capacity, and helps to control wholesale rates given the costs SDCWA is contending with for the Lake Hodges Dam repairs.
- 6. **Regulatory Compliance**: Dedicates funds towards regulatory compliance efforts, with a specific focus on addressing emerging contaminants such as per- and

- polyfluoroalkyl substances (PFAS) to ensure water quality and public health protection. This ensures compliance with evolving regulatory standards and investment in research, testing, and treatment technologies.
- 7. **Development of New Supplies:** Advances investment in new water supply projects that maximize and diversify limited water resources (such as brackish groundwater desalination, recycled water, and Encina One Water).
- 8. Maintenance and Improvement of Open Spaces Surrounding Water Reservoirs: Prioritizes the allocation of funds for open spaces surrounding water reservoirs. OMWD's mission is unique among water agencies in the management and safe operation of Elfin Forest Recreational Reserve.
- 9. **Efficient Procedures:** Ensures that the application process for funding is not unnecessarily burdensome and costly, with an emphasis on auditing and streamlining the process. (This item has been incorporated from SDCWA's Legislative Policy Guidelines for 2024.)
- 10. **Centralized Management and Consistent Allocation of Funding:** Consolidates administration of all voter-approved water-related bond funding in one place, preserves existing expertise within the state bureaucracy to manage bond funding processes, and provides consistent application and evaluation of bond funding applications. This is also consistent with support for SB 366, which develops a statewide target for water supply development in a centralized management.

It shall be OMWD's policy to oppose water bond legislation and/or an initiative that:

- 1. **Inequitable Water Bond Repayment Structure:** Imposes a fee on water users to repay the principal and interest on a statewide general obligation bond. (This item is an existing OMWD legislative guideline that is a general housekeeping item which (if approved) will be relocated to the proposed water bond section of OMWD's 2024 Legislative Guidelines.)
- 2. **Inadequate Water Infrastructure Investment Criteria:** Prioritizes hydroelectric generation, or is laden with investment criteria that do not adequately bolster water infrastructure.
- 3. **Disproportionate Water Funding:** Prioritizes funds disproportionately to non-water or wastewater related priorities.

The proposed water bond priorities (if approved) will be updated in the 2024 Legislative Guidelines as reflected in the attached redlined version of the document. The proposed revisions to the 2024 Legislative Guidelines have been reviewed by Nossaman, LLP.

Attachments:

- PowerPoint Presentation
- OMWD Legislative Guidelines Redline Version
- ACWA Climate Bond Priorities
- SDCWA Climate Bond Priorities

ESTABLISHING PRIORITIES FOR A STATE CLIMATE BOND & REVISING THE 2024

REVISING THE 2024
LEGISLATIVE GUIDELINES

MAY 15, 2024



PURPOSE & RECOMMENDATION



Purpose

- Establish OMWD's priorities for a state climate bond
- Incorporate climate bond priorities into OMWD's 2024 Legislative Guidelines

Staff recommends the board provide input and approve OMWD's priorities for a state climate bond, and then approve the proposed revisions to the Legislative Guidelines concerning water bonds



BACKGROUND



OMWD bond positions

- Considered on a case-by-case basis
- Opposed The Safe Drinking, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 (Proposition 84)
 - Only 28 percent of funding for water-related projects
- Opposed the Safe, Clean, and Reliable Drinking Water Supply Act of 2010 in November 2009
 - By 2014, bond amended providing greater funding for water and gained board support
- Supported Proposition 50
- Supported Proposition 1
 - Through cooperation with North San Diego Water Reuse Coalition

Successfully secured bond funding including Proposition 84 (Despite not supporting the measure)



February 2023

Proposed climate bond bills:

AB 1567 – OMWD position of support

- Climate resilience general obligation bond: \$15.955 billion
 SB 638 OMWD position not taken
- General obligation bonds for flood protection and climate resiliency projects: \$6 billion

SB 867 – OMWD position of support

 Climate resilience bond to be placed before voters at an unspecified election: \$15.5 billion

Deadline for the governor to sign the climate bond bill is June 27



March 2024

Nossaman, LLP presented informational report

- Climate bond details have yet to be determined
- Fund improvements could include:
 - Water supply reliability
 - Water quality
 - Water infrastructure
 - Drought preparation
 - Open spaces
 - Climate resilience
- Board directed staff to return and present OMWD's climate bond priorities for consideration



Fiscal Impact

- No direct fiscal impact associated with this report
- Should a measure pass by voters in November:
 - Bond could contain substantial competitive funding opportunities
 - Securing funding through a bond could offset costs associated with OMWD capital projects



CLIMATE BOND PRIORITIES



Climate Bond Priorities: Support

1	WATER STORAGE
2	CONTROLLING WHOLESALE RATES
3	AGING INFRASTRUCTURE
4	CYBER INFRASTRUCTURE PROTECTION
5	DAM SAFETY
6	REGULATORY COMPLIANCE
7	DEVELOPMENT OF NEW SUPPLIES
8	MAINTENANCE & IMPROVEMENT OF OPEN SPACES SURROUNDING WATER RESERVOIRS
9	EFFICIENT PROCEDURES
10	CENTRALIZED MANAGEMENT & CONSISTENT ALLOCATION OF FUNDING

1

WATER STORAGE



Allocates funds toward water storage infrastructure

- Bolstering drought resilience
- Ensuring supply reliability
- Aligning with the Governor's Water Supply Strategy



Supports OMWD's wholesalers with funding that protects local ratepayers from rising costs while offering solutions that benefit the region

 For example, MOU between SDCWA and Moulton Niguel Water District centered on SDCWA transferring water supplies to Moulton Niguel Water District to combat increasing water rates for San Diegans

AGING INFRASTRUCTURE



Allocates resources for the rehabilitation and modernization of water and wastewater (recycled) infrastructure

- Improving operational efficiency and minimizing water loss
- Enhancing management of resources and mitigating risk of damage
- Ensuring uninterrupted access to water services

CYBER INFRASTRUCTURE PROTECTION



Finances robust cybersecurity measures that safeguard against cyber threats

- Protecting sensitive data
- Ensuring uninterrupted service delivery and operational continuity
- Preventing breaches caused by external nonstate actors and threats

DAM SAFETY



Supports investments for Lake Hodges Dam which serves OMWD in an emergency capacity

 Helping control wholesale rates given the costs SDCWA is contending with Lake Hodges Dam repairs

REGULATORY COMPLIANCE



Dedicates funds towards regulatory compliance efforts

- Addressing emerging contaminants such as PFAS
- Ensuring water quality and public health protection
- Complying with evolving regulatory standards and investing in research, testing, and treatment technologies

DEVELOPMENT OF NEW SUPPLIES



Advances investment in new water supply projects that maximize and diversify limited water resources

 Examples include brackish groundwater desalination, recycled water, and Encina One Water

MAINTENANCE & IMPROVEMENT OF OPEN SPACES SURROUNDING WATER RESERVOIRS



Prioritizes the allocation of funds for open spaces surrounding water reservoirs

 OMWD's mission is unique among water agencies in the management and safe operation of EFRR

EFFICIENT PROCEDURES



- Ensures the application process for funding is not unnecessarily burdensome and costly, with an emphasis on auditing and streamlining the process
- This item has been incorporated from SDCWA's Legislative Policy Guidelines for 2024

CENTRALIZED MANAGEMENT & CONSISTENT ALLOCATION OF FUNDING

- Consolidates administration of all voter-approved water-related bond funding in one place, preserves existing expertise within the state bureaucracy to manage bond funding processes, and provides consistent application and evaluation of bond funding applications
- This is consistent with support for SB 366 which develops a statewide water supply development target in a centralized management

Climate Bond Priorities: Oppose

1 INEQUITABLE WATER BOND REPAYMENT STRUCTURE
2 INADEQUATE WATER INFRASTRUCTURE INVESTMENT CRITERIA
3 DISPROPORTIONATE WATER FUNDING

INEQUITABLE WATER BOND REPAYMENT STRUCTURE

- Imposes a fee on water users to repay the principal and interest on a statewide general obligation bond
- This item is an existing OMWD legislative guideline that is a general housekeeping item which (if approved) will be relocated to the proposed water bond section of OMWD's 2024 Legislative Guidelines

INADEQUATE WATER INFRASTRUCTURE INVESTMENT CRITERIA

 Prioritizes hydroelectric generation or is laden with investment criteria that do not adequately bolster water infrastructure

DISPROPORTIONATE WATER FUNDING

 Prioritizes funds disproportionately to non-water or wastewater related priorities (ie: Christmas tree!)

Legislative Guidelines





OMWD's 2024 Legislative Guidelines

- Last revised and approved by the board in December 2023
- Provides direction to staff as to how to respond to state and federal legislation that may impact OMWD
- Guidelines may be applied as appropriate to administrative or regulatory issues of concern



Proposed water bond section to guidelines

- Streamlining the administrative process to provide staff direction on the 2024 water bond measure
- Allowing staff to respond expeditiously between board meetings that fall within guidelines

Proposed revisions have been reviewed by Nossaman, LLP



Questions?





Legislative Guidelines	
OMWD Guidelines & Procedures	
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Introduction

Olivenhain Municipal Water District is a multi-purpose public agency established in 1959. OMWD provides water, wastewater, recycled water, and recreation management services to its customers in northern San Diego County.

OMWD faces growth necessitating the acquisition and development of water treatment and supply opportunities, infrastructure expansion and improvements, and enhanced customer services. OMWD also operates in an environment of escalating costs, increased regulatory compliance, customer demands for continuously improving services, and competition for resources.

In this dynamic environment, OMWD strives to accomplish its mission of providing safe, reliable water, wastewater, and recycled water services to its customers in a cost-efficient and environmentally responsible manner. To support the accomplishment of this objective, OMWD has developed a legislative program to represent its interests and those of its customers in Sacramento and Washington, DC. OMWD is fully committed to proactive legislative action in a rapidly changing water supply environment.

These guidelines provide direction to staff as to how to respond to state and federal legislation that may impact OMWD. The guidelines may also be applied as appropriate to administrative or regulatory issues of concern. Legislation that meets or fails to meet the principles set forth in these guidelines may be supported or opposed accordingly. These guidelines permit staff to act expeditiously between board meetings on issues that fall within the guidelines; such actions are then reported to the board at their next meeting. Staff will not act upon legislation with potentially complicated, cost-prohibitive, or indeterminate implications without guidance from the board. Concepts for new legislation may be presented to the board for action in the event that OMWD seeks sponsorship of a bill.

OMWD will also use the monthly Legislative Report to inform the board and generate discussion of legislative, regulatory, or administrative items of significance.

Legislative Program

- Staff will maintain a current list of bills or proposed legislation that may affect OMWD and its customers.
- Staff will prepare regular updates accessible to the Board of Directors, the General Manager, and the executive team.
- Staff will represent OMWD before state and federal legislative and administrative bodies.
- Staff will defend, sponsor, or promote legislation that serves OMWD and its customers.



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Legislative Advocate

OMWD's current state legislative advocate is Nossaman LLP. The firm's scope of work includes but is not limited to reporting to the board and staff on legislation, budget action, and regulatory action that may affect OMWD; making recommendations to OMWD regarding strategy on when to engage on issues impacting OMWD; conveying the positions of OMWD through direct advocacy with Sacramento decision-makers; ensuring that OMWD is part of all discussion and negotiation before legislation and regulatory issues are finalized; facilitating meetings for OMWD with legislators/regulatory decision makers; and assisting OMWD in educating local and state policymakers/regulators on the development of local water supply projects within OMWD's service territory.

In the role of state legislative advocate, Nossaman LLP's scope also includes identifying grant opportunities for the priority projects of OMWD; drafting and coordinating the preparation of grant applications for state funding and/or Integrated Regional Water Management opportunities; meeting with relevant state agency staff to review the scope of projects and review the components necessary to submit successful grant applications; coordinating support for grant applications from local government partners, local organizations, political leaders, and community groups; providing direct advocacy for grant projects with SWRCB members and/or executive staff; providing availability to meet with regional partners, district leadership, board members, or the community to educate and advocate for grant projects; and providing other services as determined by mutual agreement that will lead to OMWD receiving state financial assistance for construction of a project.

Guidelines for Policy on Legislation

OMWD's Legislative Guidelines for the current legislative session shall be applied at the direction of the General Manager as relevant legislation arises. Actions taken by staff shall be reported to the board, citing the guideline(s) with which the action complies.

I. Imported Water Supply - It shall be OMWD's policy to <u>support</u> legislation that:

- Provides for development of a comprehensive state water plan that balances
 California's competing water needs in an equitable "fair share" approach that balances
 costs amongst regions and results in a reliable and affordable supply of high-quality
 water for the San Diego region.
- 2. Provides conveyance and storage facilities that are cost-effective, improve the reliability and quality of the San Diego region's water supplies, and protect the Sacramento-San Joaquin Delta's ecosystem.
- 3. Investigates and provides financial support to projects designed to mitigate potential negative impacts of climate change on water supply reliability.



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- 4. Authorizes and appropriates the federal share of funding for the long-term Sacramento-San Joaquin Delta solution.
- 5. Provides the ongoing state share of funding for the long-term Sacramento-San Joaquin Delta solution.
- 6. Provides state funding for aquatic toxicity monitoring in the Sacramento-San Joaquin Delta. Such legislation should not place a surcharge on water supply exports nor should it substantively reduce funding for other measures that protect the environment and public health.
- 7. Supports implementation and funding of the California Colorado River Water Use Plan, including the Lower Colorado River Multi-Species Conservation Program.
- 8. Provides funding for Colorado River salinity control projects and other water quality management efforts.
- 9. Encourages and facilitates voluntary water transfers consistent with other OMWD policies and agreements.
- 10. Provides appropriate protection or mitigation for the environment, groundwater basins, water-rights holders, and third-party impacts within the district transferring water.
- 11. Streamlines the permitting and approval process for implementing transfers that will improve water management.
- 12. Encourages efficient use of existing facilities to advance voluntary transfers of water.
- 13. Provides an appropriate level of accountability and cost control over Metropolitan Water District of Southern California and San Diego County Water Authority spending. When time permits, legislation on this issue is to be brought to the board before any action is taken.
- 14. Requires Metropolitan Water District of Southern California and the San Diego County Water Authority to refund or credit to their member agencies revenues collected from them that result in reserve balances greater than the maximum reserve levels established pursuant to state legislation.
- 15. Promotes the sustainability of the Colorado River through the development of water supply storage in order to provide flexibility with annual transfer volumes and support drought contingency planning.



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Provides federal and/or state authorization, resources to manage, and appropriations of funding to implement, Salton Sea mitigation efforts, and the state's phased approach to restoration consistent with the Salton Sea Management Program.

- 16. Supports the State's Salton Sea Management Program adopted by the State Water Resources Control Board in November 2017.
- 17. Supports a more equitable voting structure at the San Diego County Water Authority.

II. Imported Water Supply - It shall be OMWD's policy to oppose legislation that:

- 1. Establishes a broad-based user fee that does not support a specific Sacramento-San Joaquin Delta conveyance option; any fee must provide a clear nexus to the benefit the fee would provide.
- 2. Makes urban water supplies less reliable or substantially increases the cost of imported water without also improving the reliability and/or quality of the water.
- 3. Adversely affects water management efforts by granting property rights status for the right to use or receive water and requires compensation for federal actions that impact users of water from federal projects.
- 4. Creates a water transfer clearinghouse that is anything other than a neutral information resource.
- 5. Increases regulatory or procedural impediments to water transfers at the local or state level.

III. Local Water Resources - It shall be OMWD's policy to support legislation that:

- Provides funding to the San Diego County Water Authority and/or its member agencies
 for conservation, peak management programs, water recycling (including potable
 reuse), groundwater recovery and recharge, surface water and groundwater
 development and management projects, including reservoir management, source water
 protection and watershed planning studies, and facilities that sustain long-term, costeffective, and reliable water resources.
- 2. Provides funding to the San Diego County Water Authority and/or its member agencies for cost-effective seawater and brackish groundwater desalination studies and facilities.
- 3. Recognizes and supports the development of seawater desalination as a critical new water supply for the state, including San Diego County.



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- Preserves and protects potential cost-effective seawater desalination sites and existing
 coastal facilities including intake and discharge infrastructure that could be used or
 reused by a seawater desalination facility.
- 5. Ensures that desalination intake and discharge regulations are science-based, considering site-specific conditions, and recognizing that all technologies or mitigation strategies are feasible or cost-effective at every site.
- 6. Recognizes and supports the development of potable water reuse as critical water sources for San Diego County and the State of California.
- Authorizes and/or facilitates expanded use of cost-effective local water resources including water recycling, potable reuse, graywater, and rainwater harvesting, and brackish groundwater.
- 8. Facilitates and encourages the use of rainwater capture systems (e.g., barrels and cisterns) and alternative water sources (e.g., air conditioner condensate) for use in irrigation.
- 9. Authorizes local governmental agencies to regulate the discharge of contaminants to the sewer collection system that may adversely affect water recycling and reuse.
- 10. Facilitates and encourages the use of recycled water in commercial, industrial, institutional, and residential settings.
- 11. Encourages dual-plumbing in all new development to enable utilization of recycled water when available.
- 12. Provides financial incentives to assist in the disposal of concentrate, sludge, and other byproducts created in the water treatment process and supports the appropriate degree of regulation commensurate with the effect on the environment.
- 13. Ensures OMWD receives the dry-year water supply benefits of its investment in local water supply sources.
- 14. Provides for the interchangeability of funding for groundwater and surface water enhancements to best fit the hydrogeological attributes of a particular region.
- 15. Provides for watershed planning, watershed signage, and actions to protect source water (including reservoirs), such as land acquisition around reservoirs, limited land use, and increased buffer areas.
- 16. Promotes uniform regulatory interpretation of state recycled water system standards.



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- 17. Supports beneficial revisions to the California Plumbing Code that address recycled water systems.
- 18. Authorizes, promotes, and/or provides incentives or credits for development of local drought-resilient water supply projects such as desalination, non-potable recycling, and potable reuse projects.
- 19. Streamlines regulatory processes and requirements to encourage and support the development of potable reuse as a municipal water supply.
- 20. Defines purified recycled water as a source of water supply and not as waste.
- 21. Ensures that decision-making with regard to stormwater management and recapture is kept at the local or regional level through local water agencies, stormwater districts, cities, counties, and regional water management groups.
- 22. Recognizes that stormwater management and recapture are important tools in a diversified water portfolio that can help to achieve improved water quality in local surface and groundwater supplies, augment surface and groundwater supplies for local water agencies, and promote landscape conservation from a water runoff perspective.
- 23. Promotes and encourages the use of stormwater best management practices to reduce pollutant loading, increase local municipal water supplies, and improve water quality through low-impact development and watershed-based stormwater treatment systems.
- 24. Provides incentives for the local or regional use of stormwater management, nutrient management, and/or recapture.
- 25. Reduces or removes regulatory hurdles that hinder the use of stormwater management and recapture.
- 26. Preserves local water agencies' ability to establish local priorities for water resources planning decisions.

IV. Local Water Resources - It shall be OMWD's policy to oppose legislation that:

- Limits the ability of local governmental agencies to regulate the discharge of contaminants to the sewer collection system that may adversely affect water recycling and reuse.
- Establishes unreasonable regulatory requirements or fees relative to the safe use of recycled water, which may unreasonably impede or create a disincentive to its further development.



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- 3. Contributes to the degradation of source water quality in and around reservoirs and groundwater basins.
- 4. Promotes unreasonable and burdensome restrictions on reporting requirements on the effective operation of OMWD facilities, such as the classification of a water treatment plant as a chemical facility under Homeland Security reporting provisions.
- 5. Restricts OMWD's ability to manage, store, or distribute water supplied through actions to manage or recapture stormwater.
- 6. Diminishes the water rights of downstream water users through actions to manage or recapture stormwater.
- Imposes unnecessary regulations or costs upon local retail agencies developing alternative water supplies such as recycled water, desalination, brackish groundwater desalination, etc.
- 8. Limits local water agencies' ability to establish local priorities for water resources planning decisions.
- 9. Mandates the reduction of wastewater discharges to the ocean absent the inclusion of funding to offset the significant costs of implementation.

V. Water Affordability – It shall be OMWD's policy to <u>support</u> legislation that:

- 1. Is consistent with, and does not conflict in any way with, the standard of Proposition 218 regarding proportionality of water rates and cost-of-service provisions.
- 2. Requires data-driven analysis to be included in California's Water Plan, including water affordability analysis.
- Creates a low-income water rate assistance program that provides financial relief to ratepayers by utilizing existing resources within the State's General Fund, or by allocating cap-and-trade funding.
- 4. Does not include burdensome or prescriptive mandates, including collecting water taxes or water rate and water district boundary data.

VI. Water Affordability – It shall be OMWD's policy to <u>oppose</u> legislation that:

- 1. Is not targeted in scope to low-income households and individuals.
- 2. Does not have a sustainable funding source, or relies on a water tax or water surcharge.



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- 3. Does not use an existing benefit distribution method, and requires water agencies to create a new method.
- 4. Imposes unfair financial and legal leverage to other parties for damages to water infrastructure.

VII. Water Quality Issues - It shall be OMWD's policy to support legislation that:

- 1. Assists in achieving a year-round blend of imported water supplies that achieves board-adopted water quality objectives, which allow OMWD and the region to maximize the development of recycled water and reduce financial costs to the customer due to high levels of total dissolved solids in imported water supplies.
- 2. Assures cost-effective remediation and cleanup of contaminants of concern that have impacted groundwater and surface water.
- 3. Provides the necessary funding for research on the occurrence, treatment, health effects, and environmental clean-up related to contamination of drinking water sources.
- 4. Incorporates sound scientific principles in adopting drinking water standards for drinking water contaminants.
- 5. Provides for the protection of source water such as reservoirs and groundwater basins so that the waters can be beneficially used for consumptive purposes.
- 6. Implements and funds the San Diego Regional Water Quality Control Board's triennial review of water quality standards.
- 7. Supports enhancements to treatment technology beneficial to the water industry.
- 8. Provides funds for water treatment facility upgrades in order to comply with future regulations.
- 9. Exempts the conveyance, storage, or release of water supplies from regulation as a discharge under the Clean Water Act and other water quality control laws.
- 10. Appropriately protects drinking source water reservoirs as special-purpose, man-made water bodies different in nature than natural waterways, rivers, lakes, and coastal waters, while allowing maximum flexibility for operations as part of a managed water supply system.
- 11. Establishes appropriate quality standards, testing procedures, and treatment processes for emerging contaminants.



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- 12. Directs the state's participation or assistance in water quality issues related to or threatening the Colorado River water source.
- 13. Provides funding and support for Colorado River salinity control projects and other water quality management efforts.
- 14. Alters the definition of "lead free" to reduce the permissible amount of lead in fixtures, plumbing, and pipe fittings to be installed for the delivery of drinking water.
- 15. Exempts purified wastewater from regulation as a discharge under the Clean Water Act.
- 16. Streamlines permitting of facilities constructed for the purpose of improving water quality.
- 17. Implements source control for management and prevention of contamination by constituents of emerging concern.

VIII. Water Quality Issues - It shall be OMWD's policy to oppose legislation that:

- 1. Creates unreasonable and costly restrictions on water treatment facilities.
- 2. Makes water suppliers financially and legally responsible for mitigation of pollution and/or contamination caused by third parties.
- Makes water suppliers financially and legally responsible for testing or correcting any water quality-related issues associated with private property or on-site plumbing systems

IX. Integrated Regional Water Management Planning - It shall be OMWD's policy to <u>support</u> legislation that:

- 1. Defines the "San Diego sub-region" and "San Diego county watersheds" as those portions of the westward-flowing watersheds of the South Coast hydrologic region situated within the boundaries of San Diego County.
- Requires the state agencies responsible for preparing the integrated regional water management grant program guidelines to conduct a comprehensive public outreach process that ensures stakeholders have an opportunity to provide adequate input on preparation of the guidelines and that the state agencies consider and respond to comments received through the outreach process.
- 3. Provides for population-based distribution of funds to ensure adequate distribution of grant funding throughout the state.



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- 4. Allows for creation of sub-area plans that enhance, but do not duplicate, or replace, a larger recognized integrated regional water management plan.
- 5. Establishes a task force to provide recommendations to the state on improving the integrated regional water management planning process in California.
- 6. Provides for the use of state funds for binational projects where projects benefit water supply or water quality in the San Diego region.
- 7. Improves and streamlines the state's reimbursement process to ensure timely remittance of IRWM funds.
- 8. Promotes the ability of the Regional Water Management Group to more directly administer state grant funds specifically identified for IRWM programs.
- 9. Promotes cost sharing amongst regions for regional conveyance.

X. Integrated Regional Water Management Planning - It shall be OMWD's policy to <u>oppose</u> legislation that:

- 1. Dilutes public water agency participation in the Regional Water Management Group.
- 2. Establishes funding criteria that limit local discretion in project selection.

XI. Water Facilities/Facility Improvement - It shall be OMWD's policy to <u>support</u> legislation that:

- 1. Funds or otherwise facilitates planning, design, construction, and/or maintenance of public water storage, watershed areas, and treatment and delivery facilities and facilitates maintenance and/or enhancement of groundwater recharge spreading areas and groundwater basin rehabilitation that benefit OMWD and/or San Diego County.
- 2. Provides funding for water infrastructure development, security, rehabilitation, and/or replacement projects that benefit OMWD and/or San Diego County.
- 3. Funds enhancements to water treatment, recycling, and potable reuse facilities to meet more stringent regulations.
- 4. Funds improvements to water treatment facilities that allow greater use of State Project water.
- 5. Provides funding for the preservation of cultural resources affected by construction or operation of water conveyance and storage facilities.



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- 6. Provides funding for habitat preservation programs that address impacts resulting from construction or operation of water system facilities.
- 7. Provides OMWD with greater flexibility in the management of environmental mitigation parcels.
- 8. Provides funding for the control, prevention, or eradication of non-indigenous aquatic species, including dreissenid mussels.
- Authorizes state and federal wildlife agencies to provide assistance to local water agencies in the control, prevention, and eradication of non-indigenous aquatic species, including dreissenid mussels.
- Exempts owners and operators of water supply facilities from criminal and civil liabilities
 associated with dreissenid mussel infestations if due diligence requirements are being
 met.
- 11. Provides incentives that encourage the optimization, expansion, and cooperative use of existing surface reservoirs.
- 12. Provides funding for projects that improve the security of OMWD facilities and operations.
- 13. Provides funding to water agencies for the voluntary retrofit of facilities for on-site generation of chlorine.
- 14. Permits the use of grant funding for projects implemented under public-private partnerships where the grant provides funding for a public benefit.

XII. Water Facilities/Facility Improvement - It shall be OMWD's policy to <u>oppose</u> legislation that:

- 1. Impairs OMWD's ability to provide and operate the necessary facilities for a safe, reliable, and operationally flexible water system.
- 2. Limits OMWD's sole jurisdiction over the bidding, planning, design, routing, approval, procurement, construction, operation, or maintenance of its water facilities.
- 3. Limits OMWD's discretion over protecting the security and privacy of comprehensive inventories of all assets, which includes infrastructure location, condition, performance, and useful life.
- 4. Shifts the risks of indemnity for damages and defense of claims from contractors to OMWD.



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- 5. Impairs OMWD's ability to execute the planning, design, and construction of projects using its own employees.
- 6. Authorizes state and federal wildlife agencies to control, prevent, or eradicate invasive species in a way that excessively interferes with the operations or water supplies of local water agencies.
- 7. Requires prior to the construction of new facilities any consultation, mitigation, or restitution to the Native American Heritage Commission and/or local tribal authorities additional to the existing requirements of the California Environmental Quality Act.
- 8. Prohibits or in any way limits the ability of water agencies from making full beneficial use of any water, wastewater, or recycling facility and resource investments.
- 9. Impedes individual water agency discretion for achieving water loss efficiency objectives or any state-mandated water use efficiency goals, targets, or standards.
- 10. Establishes meter testing requirements that fail to consider industry standards and cost-effectiveness.
- 11. Limits the autonomy or discretion of water suppliers to develop and execute asset management inspection programs that include visual inspections, internal/external inspections, asset condition assessments, and corrosion mitigation in a manner that recognizes the individuality and uniqueness of each water supplier and its systems.

XIII. Water Use Efficiency - It shall be OMWD's policy to <u>support</u> legislation that:

- Preserves individual water agency discretion and options for achieving water use efficiency objectives or any state-mandated water use efficiency goals, targets, or standards.
- Establishes multiple compliance options for urban retail water suppliers for achieving water use efficiency objectives or any state-mandated water use efficiency goals, targets, or standards.
- 3. Establishes an appropriate existing "baseline" and recognizes unique hydrology, weather, and land-use patterns, as well as past conservation efforts, within a particular water supplier's jurisdiction for achieving water use efficiency objectives or any statementated water use efficiency goals, targets, or standards.
- 4. Provides full credit for past and future distribution of recycled water for non-potable uses and indirect potable groundwater recharge and reservoir augmentation where advanced treatment is part of the full treatment.



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- 5. Allows for individual water agencies to collaborate, if so desired, to establish integrated regional water conservation goals.
- 6. Allows for local agencies to account for all water supplies available during droughts or other events when calculating a water supply shortage level.
- 7. Recognizes the variations among communities, regions, and counties with respect to their abilities to withstand the impacts and effects of droughts, and assurance that any temporary or permanent statutory or regulatory direction for improving water use efficiency to meet statutory or regulatory goals, targets, or standards is focused on regional achievement of objectives rather than a one-size-fits-all approach.
- 8. Assists OMWD's ability to provide and operate the necessary facilities for a safe, reliable, and operationally flexible water storage, treatment, and delivery system.
- 9. Requires installation and use of retail water meters.
- 10. Sets cost-effective efficiency standards for water-using devices.
- 11. Provides loans and grants to fund incentives for water-efficient devices or practices, and demonstration projects and studies.
- 12. Ensures accurate and meaningful reporting of implementation of water conservation measures.
- 13. Encourages implementation of effective water management practices for urban landscape and agricultural irrigation.
- 14. Recognizes local control in determining water use efficiency criteria, such as the impact of recycled water salinity on irrigation use and efficiency for the application of non-potable recycled water
- 15. Encourages the use of decentralized non-potable water systems and graywater where it complies with local guidelines and regulations and is cost-effective.
- 16. Establishes standards for the utilization of high-efficiency commercial and residential clothes washers.
- 17. Requires sub-metering connections to be built in new construction of multiple commercial or residential buildings.
- 18. Encourages plumbing fixture retrofit upon real property resale.



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- 19. Encourages stakeholders to investigate and develop statewide landscape water conservation standards and regulations.
- 20. Restricts Property Owner Associations from forbidding the use of California native plants, other low-water-use plants, or artificial turf in well-maintained landscapes.
- 21. Restricts Property Owner Associations from forbidding retrofits of multiple unit facilities for the purpose of sub-metering, if feasible.
- 22. Ensures plumbing codes and standards facilitate the installation and/or retrofit of water-efficient devices.
- 23. Encourages and/or supports programs that promote a sustainable approach to landscape design, construction, and maintenance.
- 24. Provides for federal tax-exempt status for water use efficiency rebates, consistent with income tax treatment at the state level.
- 25. Recognizes local control in determining how to meet an overall efficient water use goal, based on the combined efficient indoor use, outdoor use, and leak loss, as established under the criteria provided for in any applicable statute.
- 26. Facilitates and encourages the development and use of new agricultural technologies (e.g., vertical farming, integrated remote soil moisture monitoring, hydroponics) resulting in irrigation water savings and other "Agtech" irrigation water savings technologies.

XIV. Water Use Efficiency - It shall be OMWD's policy to oppose legislation that:

- 1. Repeals cost-effective efficiency standards for water-using devices.
- 2. Prescribes mandatory urban water conservation management practices that override the authority of the board of directors of local water agencies to adopt management practices that are most appropriate for the specific needs of their water agencies.
- 3. Prescribes mandatory conservation-based rate structures that override the authority of the boards of directors of local water agencies to set rate structures and management practices according to the specific needs of the water agencies.
- Creates a disincentive or impedes water agencies from making investments to maximize
 the potential for recycled water, potable reuse, desalination, and other drought-resilient
 water supplies.



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- 5. Mandates regulation of the commercial sector in a manner that is discriminatory, sets unachievable compliance targets, or would otherwise impair economic activity or the viability of the commercial sector.
- 6. Requires redundant reporting of water conservation-related information.

XV. Biological and Habitat Preservation - It shall be OMWD's policy to support legislation that:

- Supports development of comprehensive multi-species habitat conservation plans that anticipate and mitigate project development impacts while preserving representative ecosystems, rather than individual species.
- 2. Exempts operation, maintenance, and repair of water system facilities from endangered species and other habitat conservation regulations because they provide beneficial cyclical habitat values to declining species and foster biological diversity in California.
- 3. Provides environmental regulatory certainty for implementation of existing and proposed long-term water supply programs.
- 4. Authorizes federal and state funding to develop and implement regional or sub-regional wildlife and habitat conservation programs, including but not limited to property acquisition, re-vegetation programs, and watershed plans.
- 5. Incorporates an emergency exemption for "take" of a listed species listed under the state or federal Endangered Species Acts when necessary to mitigate or prevent loss of or damage to life, health, property, or essential public services.
- 6. Encourages species listings, critical habitat designation, and recovery plans developed pursuant to the state or federal Endangered Species Acts to be consistent with existing interstate compacts, tribal treaties, and other state and federal agreements.
- 7. Provides federal and/or state funding to implement actions that address the ecological and water supply management issues of the Sacramento-San Joaquin Bay-Delta.
- 8. Provides federal and/or state funding for restoration of the Salton Sea.
- 9. Consolidates wetland regulations to alleviate multi-agency jurisdiction over the same environmental resource.

XVI. Biological and Habitat Preservation - It shall be OMWD's policy to oppose legislation that:

1. Provides for after-the-fact reduction in quantity or quality of a public water supply due to new restrictions on the operation or use of water supply facilities unless, funding for alternate sources of water is provided.



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- Imposes endangered species or habitat conservation requirements that restrict the operation, maintenance, or repair of public water supply, conveyance, treatment, or storage facilities.
- 3. Imposes a "user utility fee" or "surcharge" on water for the purposes of financing open space/habitat preservation, restoration, or creation.

XVII. Fiscal Policy and Water Rates - It shall be OMWD's policy to support legislation that:

- 1. Requires the federal and state governments to provide a subvention to reimburse local governments for all mandated costs or regulatory actions.
- 2. Provides OMWD with additional forms of cost-effective financing for public facilities.
- 3. Provides OMWD with grant funding for public facilities.
- 4. Provides OMWD with additional investment opportunities.
- 5. Maintains the authority of water agencies to establish water rates locally.
- 6. Maximizes the ability of water agencies to design rate structures to meet local water supply goals.
- 7. Protects or enhances OMWD's ability to receive/collect funds it is owed.
- 8. Provides OMWD and water ratepayers with financial relief during economic downturns and/or economic shocks such as pandemics through a variety of means, including but not limited to, direct financial assistance and flexibility in debt management.

XVIII. Fiscal Policy and Water Rates - It shall be OMWD's policy to oppose legislation that:

- 1. Imposes mandated costs or regulatory constraints on local governments without providing subventions to reimburse local governments for such costs.
- 2. Is inconsistent with OMWD's current investment policies and practices.
- 3. Makes any unilateral reallocation of OMWD's revenues by the state.
- 4. Impairs OMWD's ability to provide reliable service at reasonable costs or to charge the same or similar rate for each class of service consistent with cost-of-service requirements of the law.
- 5. Pre-empts OMWD's ability to impose or change rate charges, fees, or assessments.



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- 6. Impairs OMWD's ability to maintain reasonable reserve funds and obtain and retain reasonable rates of return on its reserve accounts.
- 7. Imposes additional administrative requirements and/or restricts OMWD or its ability to finance public facilities through the issuance of long-term debt.
- 8. Reduces OMWD's revenues without giving OMWD a commensurate public benefit that is clearly identifiable and separate from a general statewide benefit.
- 9. Restructures OMWD's responsibilities without also providing the commensurate restructuring of revenues.
- 10. Requires the expenditure of OMWD or member agency funds to accomplish federal water supply commitments such as may be required in national treaties.
- 11. Weakens the protections afforded OMWD under California's Proposition 1A (2004).
- 12. Mandates a specific rate structure for retail water agencies.
- 13. Imposes a water user fee on water agencies or water users that do not provide a commensurate and directly linked local benefit in the local area or region from which the water user fee is collected.
- 14. Imposes a water user fee for statewide projects or programs for which the projects or programs are not clearly defined, the beneficiaries identified, and the reasonable cost identified.
- 15. Imposes a water user fee in order to create a state fund that can be used to finance undefined future projects and programs.
- 16. Imposes a "public goods charge" on public water agencies or their ratepayers.
- Imposes a fee on water users to repay the principal and interest on a statewide general obligation bond.
- 18. Interferes with the responsibility of a region, operating under an Integrated Regional Water Management Plan, for setting priorities and generating projects to be paid from any IRWM accounts and grants.
- 19. Interferes with the control exercised by the San Diego funding sub-region over the use and expenditure of any water user fee revenues that may be dedicated to the region.
- Reduces or eliminates the tax-exempt status of municipal financing.



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XIX. <u>Water Bond Legislation or Initiative – It shall be OMWD's policy to support water bond</u> (legislation and/or an initiative) that:

- 1. <u>Allocates funds to developing water storage infrastructure that will bolster resilience against droughts and ensures reliable supplies.</u>
- 2. <u>Provides OMWD's wholesalers with funding that protects local ratepayers from rising costs while offering solutions that benefit the region.</u>
- 3. <u>Allocates resources for the rehabilitation and modernization of aging water and wastewater (recycled) infrastructure that improves operational efficiency and minimizes water loss.</u>
- 4. Finances robust cybersecurity measures that are necessary to safeguard water infrastructure against cyber threats, protect sensitive data, and ensure uninterrupted service delivery.
- 5. <u>Provides funding for the Lake Hodges Dam which serves OMWD in an emergency capacity and helps to control wholesale rates.</u>
- 6. <u>Dedicates funds towards regulatory compliance efforts, with a specific focus on</u> addressing emerging contaminants such as per- and polyfluoroalkyl substances (PFAS) to ensure water quality and public health protection.
- 7. Advances investment in new water supply projects that maximize and diversify limited water resources.
- 8. Prioritizes the allocation of funds for open spaces surrounding water reservoirs.
- 9. Ensures that the application process for funding is not unnecessarily burdensome and costly, with an emphasis on auditing and streamlining the process.
- 10. Consolidates administration of all voter-approved water-related bond funding in one place, preserves existing expertise within the state bureaucracy to manage bond funding processes, and provides consistent application and evaluation of bond funding applications.
- XX. <u>Water Bond Legislation or Initiative It shall be OMWD's policy to oppose water bond</u> (legislation and/or an initiative) that:
 - 1. <u>Imposes a fee on water users to repay the principal and interest on a statewide general obligation bond.</u>



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- 2. <u>Prioritizes hydroelectric generation, or is laden with investment criteria that do not adequately bolster water infrastructure.</u>
- 3. <u>Disproportionately funds non-water or wastewater related priorities.</u>

XXI. Right of Way and Property - It shall be OMWD's policy to <u>support</u> legislation that:

- 1. Improves OMWD's efforts to maintain and protect its property, rights of way, easements, pipelines, and related facilities and minimizes liability to OMWD.
- 2. Protects OMWD's properties from restriction when surrounding properties are incorporated into preservation areas.

XXII. Right of Way and Property - It shall be OMWD's policy to oppose legislation that:

- 1. Impairs OMWD's efforts to acquire property or property interests required for essential capital improvement projects.
- 2. Increases the cost of property and right of way acquisition.
- 3. Restricts OMWD's use of public rights of way or increases the cost of using public rights of way.
- 4. Restricts the transfer of property acquired for purposes of environmental mitigation credits to other public entities for long-term management.

XXIII. Energy - It shall be OMWD's policy to <u>support</u> legislation that:

- 1. Provides opportunities for reduced energy rates for OMWD.
- 2. Provides greater flexibility in the utilization of OMWD facilities for generation and acquisition of electrical power.
- 3. Provides OMWD with greater flexibility in the licensing, permitting, interconnection, construction, and operation of its existing and potential in-line hydroelectric, solar, or other renewable energy generation or energy storage projects.
- 4. Provides protection from energy rate increases and provides rate relief.
- 5. Makes State Water Project power available for seawater and brackish groundwater desalination.
- 6. Promotes the classification of electricity generated by in-line hydroelectric and offstream pumped storage facilities as environmentally sound.



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- 7. Provides state and federal grants for the construction of in-line hydroelectric, solar, wind, biogas cogeneration, and off-stream pumped storage facilities as a means of reducing greenhouse gas emissions and energy costs.
- 8. Promotes funding for use of renewable energy in the operation of OMWD facilities.
- 9. Provides for restrictions on price gouging during public safety power shutoff events and for at least 72 hours following restoration of power.
- 10. Provides that de-energization or public safety power shutoff events may be included as a condition constituting a state emergency or local emergency.
- 11. Provides a tax exemption for the sale of, or the storage, use, or consumption of, a backup electrical resource, that is purchased for exclusive use by a city, county, special district, or other entity of local government, during a de-energization or public safety power shutoff event.
- 12. Establishes the use of alternative power sources, such as generators, by essential public services during de-energization or public safety power shutoff events shall not be limited by state or local regulations or rules.

XXIV. Energy - It shall be OMWD's policy to oppose legislation that:

- 1. Adversely affects the cost of energy needed to move, treat, or deliver water.
- 2. Adversely affects OMWD's ability to own, operate, and/or contract work for supplying its own facilities with natural gas and electricity.
- 3. Impedes OMWD's ability to contract for the purchase of gas and electricity from the United States, the State of California, and any other public agency or private entity and sell the gas and electricity to any public agency or private entity engaged in retail sales of electricity and gas.
- 4. Restricts or caps future energy demands needed for possible expansion of recycled water, potable reuse, and desalination projects.
- 5. Adversely affects OMWD's ability to expand cogeneration at planned or existing facilities.
- 6. Prevents OMWD from enhancing energy reliability and independence for its facilities.
- 7. Imposes greenhouse gas reduction obligations on public water agencies for energy purchased or produced for the sole purpose of operating its system.



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- 8. Does not count or credit qualified renewable energy projects toward accomplishment and satisfaction of the California Renewables Portfolio Standard objectives.
- Mandates that water agencies include an embedded energy calculation for their water supply sources in the Urban Water Management Plan or any other water resource planning or master planning document.
- 10. Results in a lengthy, more complicated, or more costly interconnection of energy loads and resources such as solar, in-line hydroelectricity, pumped storage, and other renewable energy generation or storage technologies to the electric distribution and transmission grid.
- 11. Authorizes air quality management districts or other regulatory bodies to adopt or maintain rules that would limit or prohibit a local government entity's use of a state and/or federally compliant power generator during a de-energization or public safety power shutoff event.

XXV. Local Autonomy - It shall be OMWD's policy to oppose legislation that:

- 1. Diminishes the power of OMWD's Board of Directors to govern OMWD's affairs.
- 2. Diminishes OMWD's power or rights to govern relations with its employees.
- 3. Limits or restricts the ability of OMWD, or professional associations, trade groups, or regional coalitions it is a part of, to engage in public outreach, educational activities, legislative advocacy, training seminars, regional coordination, and similar activities that promote OMWD's mission.

XXVI. Land Use and Water Management Planning - It shall be OMWD's policy to <u>support</u> legislation that:

- 1. Promotes enhanced coordination and linkage of general plans and water management plans.
- 2. Discourages piecemeal or uncoordinated land use and water management planning.
- 3. Requires that projected population and other demographic factors utilized in forecasting future water demands in accordance with the Urban Water Management Planning Act and state law be consistent with the regional growth management plans and general plans applicable to the territory within the service area of the supplier.



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- 4. Allows and funds land exchanges between local public agencies and federal or state agencies when mutually beneficial to all agencies and enhances water resources for the region.
- 5. Designates public lands that are tributary to drinking source water reservoirs as wilderness, habitat preserve, open space, or other protected status, provided such designation does not impede current or reasonable future use of those water resources.
- 6. Provides funding for, or otherwise facilitates, development of groundwater management plans pursuant to the sustainability efforts under the Sustainable Groundwater Management Act.
- 7. Protects floodplains and lands over prime groundwater recharge zones for stormwater catchment and bioremediation.
- 8. Considers the multiple local variables and priorities that are associated with water supply planning and the selection of water resources for implementation.

XXVII. Land Use and Water Management Planning - It shall be OMWD's policy to <u>oppose</u> legislation that:

- 1. Restricts OMWD's ability to utilize a demand forecasting methodology that is best suited for the region.
- 2. Imposes land use designations that preclude the use of such lands for public water infrastructure determined necessary to ensure a cost-effective, safe, and reliable water supply.
- 3. Requires the use of specific evaluation criteria in water supply planning and selection of potential water supply projects that fail to take into account or conflict with existing local and regional planning policies and implementation priorities.
- 4. Imposes mandates requiring specific water resources to be developed by water agencies that fail to take into account local factors such as water reliability, hydrologic and geographic characteristics, and the economic, political, public acceptance, and social environment, which can influence selection of resources, and/or fails to take into account or conflicts with existing local and regional planning policies and implementation priorities.

XXVIII. Safety & Security - It shall be OMWD's policy to support legislation that:

 Provides funding for water infrastructure development, infrastructure security, cybersecurity, and replacement projects that benefit OMWD.



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- 2. Provides funding for projects that provide security against terrorist acts or other criminal threats to water operations, facilities, or supplies.
- 3. Provides funding for security and cybersecurity vulnerability assessments.
- 4. Recognizes water agencies as emergency responders in the event of a sudden, 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 due to natural disasters (e.g., wildfires, earthquakes), power outages, and terrorist or other criminal activities.
- 5. Provides or expands protections of utility workers and vehicles by creating criminal penalty enhancements for violence or harassment against a worker and adding utility vehicles to the list of stationary vehicles drivers must treat with caution.

XXIX. Safety & Security - It shall be OMWD's policy to oppose legislation that:

- 1. Restricts OMWD's ability to respond swiftly and decisively to an emergency that threatens to disrupt water deliveries or restricts the draining of pipelines or other facilities in emergencies or for repairs or preventive maintenance.
- XXX. Jurisdictional Authority It shall be OMWD's policy to refer all such legislation to the Board of Directors.

XXXI. Climate Change - It shall be OMWD's policy to support legislation that:

- Incorporates state-provided climate change information into statewide, regional, and local water management planning, and provides funding for projects that assist in adapting to the effects of climate change on the water supply portfolios across the state.
- 2. Provides financial support to local projects designed to mitigate or adapt to potential negative impacts of climate change on water supply reliability.
- 3. Promotes continued development and deployment of more sophisticated and integrated hydrological, water quality, and meteorological water monitoring for the purpose of assessing water supply conditions resulting from climate change.

XXXII. Climate Change - It shall be OMWD's policy to oppose legislation that:

1. Places an undue burden or compromises OMWD's ability to implement its primary mission.

XXXIII. Employment Matters - It shall be OMWD's policy to <u>support</u> legislation that:



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- 1. Continues to reform workers' compensation.
- 2. Results in predictable costs and benefits for employees.
- 3. Provides a pathway for military veterans to apply their advanced skills and experience toward state and industry-supplied certifications in the water and wastewater treatment and distribution operator fields.

XXXIV. Employment Matters - It shall be OMWD's policy to oppose legislation that:

- 1. Creates unrealistic ergonomic protocol.
- 2. Interferes with OMWD's efficient operation.
- 3. Results in unreasonable costs associated with unnecessary requirements such as providing 24 hours' notice for overtime work.

XXXV. Governance - It shall be OMWD's policy to <u>support</u> legislation that:

- 1. Promotes transparent government processes when burdens upon OMWD are reasonable and cost-neutral.
- 2. Ensures an open and transparent process for adoption of regulations, policies, and guidelines by state agencies.

XXXVI. Governance - It shall be OMWD's policy to <u>oppose</u> legislation that:

1. Does not provide resources, while requiring additional burdensome governance-related requirements.

DROUGHT AND FLOOD

Climate Resilience Bond – Water Infrastructure Priorities



Adapting to climate change requires California to urgently and significantly rehabilitate and modify existing water facilities, improve operational flexibility, and make generational investments in new water infrastructure. The State is currently underprepared to manage a water system with a decreasing snowpack, less frequent precipitation, and weather extremes. Additional above- and below-ground storage capacity must be developed to capture precipitation. In addition, new and enhanced conveyance facilities are essential for moving collected and stored water, connecting suppliers with different supply sources, transferring water among water users, and recharging groundwater for multi-beneficial purposes. State investment in water infrastructure is crucial to providing the reliable delivery of safe water to California residents, businesses, and agriculture. In addition, climate resilience projects have also been shown to stimulate local economies and create jobs.

Recycling and Desalination: (\$1.35 billion)

The State has set a target of 1.8 million acre-feet of new recycled water by the year 2040. In order to meet this goal the State Water Resources Control Board (State Water Board) estimates that the cost to State, local, and federal agencies will total approximately \$27 billion. In addition, the State has set a target of expanding brackish groundwater desalination by 84,000 acre-feet per year by 2040. Both ocean and brackish groundwater and surface water desalination play an important role in local communities' water supply planning process to enhance California's drought resilience.

Groundwater: (\$1 billion)

Historic droughts over the last several decades have placed extreme strain on California's groundwater basins. In response to the Sustainable Groundwater Management Act (SGMA), local agencies have proposed more than 340 new recharge projects that, if built, could result in as much as 2.2 million acre-feet of additional stored water in a single wet year by 2030.

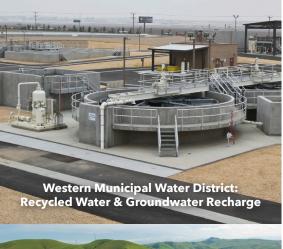
Flood Protection: (\$1 billion)

Levees, weirs, bypasses, and other flood protection facilities reduce the risk of major flooding. Projects that repair, expand, or replace these facilities are essential to flood management and public safety. As recent atmospheric rivers have shown, California must invest significant resources in flood protection including new infrastructure to capture flood flows and divert them to groundwater recharge facilities.

Dam Safety/Reservoir Operations: (\$850 million)

In 2022, 112 California dams were rated "less than satisfactory" by State dam inspectors, resulting in many of the reservoirs being filled under full storage capacity. Dam safety projects would help protect public safety and increase storage capacity. In addition, Forecast-Informed Reservoir Operations (FIRO) increase the efficiency of water infrastructure through the use of data from watershed monitoring and weather forecasting to optimize water releases from reservoirs to increase resilience to droughts and floods.









Regional Water Conveyance: (\$800 million)

New regional water conveyance systems and repairs of existing facilities will be essential to create a more resilient water infrastructure system. The Bureau of Reclamation estimates that repairing arterial canals in the central valley that have been damaged due to subsidence will cost over \$500 million. In addition, there are new regional conveyance projects planned in communities throughout the State that would create access to new water sources or provide emergency backup conveyance.

Surface Water Storage: (\$750 million)

As climate change continues to reduce California's snowpack, which serves as a natural storage reservoir, the State must invest in additional water storage infrastructure to capture and store rainfall for utilization during dry periods. The Governor's Water Supply Strategy identifies the need to develop over 4-million-acre feet of new storage facilities with other estimates placing the need much higher.

Safe Drinking Water/Water Quality: (\$600 million)

ACWA strongly supported the creation of California's Safe and Affordable Drinking Water Fund and recognizes the need to continue to direct resources to disadvantaged communities dealing with water quality issues. In addition, there are a number of communities throughout California dealing with water quality issues, including those caused by perfluoroalkyl and polyfluoroalkyl substances (PFAS) and other contamination that will result in millions of dollars in treatment costs to ratepayers.

Regional Watershed Resilience: (\$500 million)

Regional and inter-regional scale watershed resilience projects are essential to maximize investments that increase water infrastructure resilience to climate change. These projects include Integrated Regional Water Management (IRWM) projects and other regional collaborations that focus on managing the region's water resources, setting regional priorities for water infrastructure, improving regional water self-reliance, or reducing reliance on the Sacramento-San Joaquin Delta.

State Water Project Climate Change Resilience: (\$500 million)

The California State Water Project (SWP) is a multi-purpose water storage and delivery system that delivers clean water to 27 million Californians and many farms and businesses throughout the state. In order to continue to provide safe and reliable drinking water and to meet the renewable energy goals established for the SWP, California should provide funding to enhance the SWP delivery of water and increase its energy resilience.

Water Conservation: (\$500 million)

From 2013 to 2016, statewide per capita residential water use declined 21 percent and has remained 16 percent below (on average) 2013 levels. Public water agencies continue to invest in water conservation projects and programs that increase conservation efforts, such as turf replacement programs, water loss projects, and other wateruse efficiency upgrades. Similarly, there are significant infrastructure projects at agricultural irrigation districts that would yield water savings.

April 2024 www.acwa.com

SAN DIEGO COUNTY WATER AUTHORITY 2024 BOND PRIORITIES



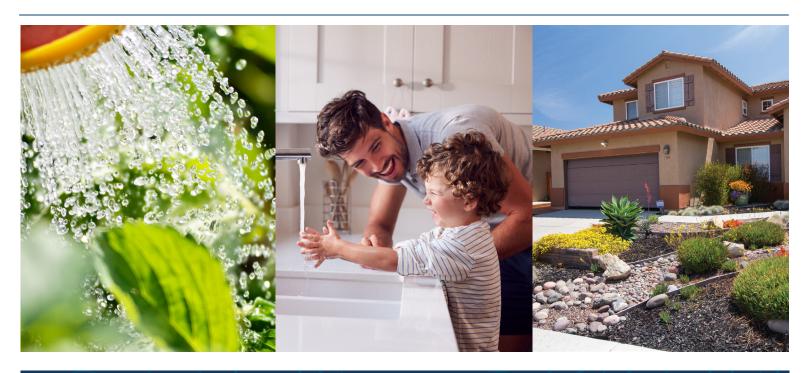
Adapting to climate change requires California to urgently upgrade existing water facilities, improve operational flexibility, and make generational investments in water infrastructure.

The Water Authority generally supports water bond legislation that provides an equitable share to the San Diego region, focuses on statewide priorities that achieve the coequal goals of improving water supply reliability and restoring ecosystems in the Delta. State investment in water infrastructure is crucial to providing the reliable delivery of safe water to California residents, businesses, and agriculture. In addition, climate resilience projects have been shown to stimulate local economies and create jobs.

DAM SAFETY/RESILIENT WATER INFRASTRUCTURE

In 2012, 112 California dams were rated "less than satisfactory" by state dam inspectors, resulting in many of the reservoirs being kept below full storage capacity. Ten of the San Diego region's 53 dams need critical repairs and have received state Division of Safety of Dams condition assessments that warrant immediate attention. It is critical that the state invest in these infrastructure projects to ensure these dams realize their full design potential so they can protect public health and make the region less vulnerable to the impacts of drought and climate change. The cost for the region's dam upgrades exceeds \$1.7 billion.

"The San Diego County Water Authority and its 23 member agencies stand ready to put investments to work. Together, they sustain a nearly \$300billion regional economy and the quality of life for more than 3 million residents through a multi-decade water supply diversification plan and forward-thinking policies that promote fiscal and environmental responsibility."











WATER REUSE AND DESALINATION

The State of California has set a target of 1.8 million acre-feet of new recycled water by the year 2040. In addition, the State has set a target of expanding brackish groundwater desalination by 84,000 acre-feet per year by 2040. Both ocean and brackish groundwater and surface water desalination play an important role in local communities' water supply planning process to enhance California's drought resilience.

In light of the changing climate and recurring droughts, it is imperative that the state make significant investments in water reuse and recycling projects and technologies that maximize limited resources. In the San Diego region alone, there are more than \$1.9 billion in water reuse and recycling projects that are priorities for water infrastructure funding. Potable reuse projects are strategic investments that support both water production and wastewater reduction. In the San Diego region, these projects are expected to meet half of the City of San Diego's drinking water needs by 2035, up to 30% of demands in East County, and up to 30% of Oceanside's drinking water demands.

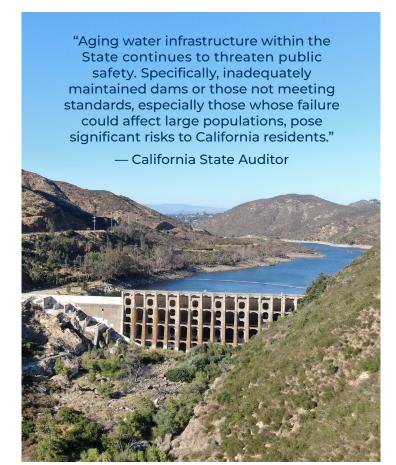
WATER DELIVERY/CONVEYANCE

Clean drinking water is only beneficial to residents and businesses if it can be safely and efficiently delivered. Water agencies in San Diego County must invest in local delivery systems and replace antiquated pipeline and conveyance infrastructure that can pose both health and safety risks. In addition, unexpected urgent repairs can be very costly.

SURFACE AND GROUNDWATER STORAGE

As climate change continues to threaten California's snowpack — which serves as a the state's largest water storage reservoir — the State must invest in additional water storage infrastructure to capture and store rainfall for use during dry periods. The Governor's Water Supply Strategy identifies the need to develop more than 4 million acre-feet of new storage facilities; other estimates place the need much higher.

Historic droughts over the past several decades have placed extreme strain on California's groundwater basins. If more recharge projects are built, it could result in as much as 2.2 million acre-feet of additional stored water in a single wet year by 2030.











Memo

Date: May 15, 2024

To: Olivenhain Municipal Water District Board of Directors

From: Kimberly A. Thorner, General Manager

Subject: CONSIDER STATUS UPDATE ON SEVERAL SAN DIEGO LOCAL AGENCY

FORMATION COMMISSION RELATED ITEMS PER THE OLIVENHAIN MUNCIPAL WATER DISTRICT 2024 ANNUAL OBJECTIVES #65 AND #66

Purpose

The purpose of this agenda item is to receive a report on the progress on Olivenhain Municipal Water District Annual Objectives #65 and #66 per the request of the board. This is an initial status update and at least one more presentation is contemplated in 2024 to update the board on any future developments on both Annual Objectives, which are all related to the San Diego Local Agency Formation Commission.

Recommendation

None. This is an informational update only.

Alternative(s)

N/A

Background

OMWD has established 2024 Annual Objectives, which include the two following objectives:

#65 - Work with San Diego Local Agency Formation Commission (SDLAFCO) on the preparation of municipal service reviews (MSR) for the Encinitas and Carlsbad areas; in conjunction with MSR completion, perform analysis of organizational efficiencies between OMWD and Leucadia Wastewater District, and provide report to board.

#66 - Actively participate and advocate for OMWD interests on SDLAFCO key initiative areas for 2024, including but not limited to development of the "out of agency service agreements policy" and the MSRs of wholesale water providers in San Diego County; make presentation to board.

Discussion

As a reminder, an MSR is:

"...a centerpiece to the comprehensive rewrite to LAFCO law in 2001 and represent comprehensive studies of the level, range, and performance of governmental services provided within defined geographic areas. LAFCOs generally prepare municipal service reviews to explicitly inform subsequent sphere determinations. All municipal service reviews – regardless of their intended purpose – culminate with LAFCOs preparing written statements addressing seven specific service factors listed under Government Code Section 56430."

Under Government Code Section §56430, LAFCO shall prepare a written statement of its determinations with respect to each of the following for the agency being reviewed in an MSR:

- (1) Growth and population projections.
- (2) The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.
- (3) Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.
- (4) Financial ability of agencies to provide services.
- (5) Status of, and opportunities for, shared facilities.
- (6) Accountability for community service needs, including governmental structure and operational efficiencies.
- (7) Any other matter related to effective or efficient service delivery, as required by commission policy.

(b) In conducting a service review, the commission shall comprehensively review all the agencies that provide the identified service or services within the designated geographic area. The commission may assess various alternatives for improving efficiency and affordability of infrastructure and service delivery within and contiguous to the sphere of influence, including, but not limited to, the consolidation of governmental agencies.

MSRs are commonplace across the entire state and happen every 2 to 5 years for all public agencies. OMWD was notified by SDLAFCO in 2023 that it would be involved in two separate MSRs for geographic areas that overlap OMWD's service area, the Encinitas Area MSR and the Carlsbad Area MSR. At the same time, OMWD had initiated conversations with the General Manager of Leucadia Wastewater District (LWWD) about organizational efficiencies between the two agencies. Since the MSRs of Carlsbad and Encinitas overlap with the geographic services areas in the Encinitas and Carlsbad MSRs, the decision (through the OMWD Annual Objectives) was made to look at organizational efficiencies with LWWD in conjunction with the completion of the MSRs, as efficiency is one of the corresponding foundations of an MSR.

Carlsbad Area MSR — OMWD received notification in 2023 that the MSR for the Carlsbad Region would commence and that OMWD was included in this MSR. Staff worked with the consultant for SDLAFCO, Brian Brady, in 2023 to provide background data requested including detailed water, wastewater and recycled water information, and financial reports for the past 5 years. As of January of 2024, OMWD anticipated that the Carlsbad Area MSR would be completed in the calendar year 2024. OMWD received word from SDLAFCO in late April 2024 that OMWD had been removed from the Carlsbad Area MSR by SDLAFCO and would rather only be included in the Encinitas Area MSR. (In the past, OMWD had only been included in one MSR, so this is not inconsistent with past practice.)

Encinitas Area MSR — OMWD received notification in 2023 that the MSR for the Encinitas Region would also commence in 2023-2024 and that the other agencies included in the MSR were the City of Encinitas, Leucadia Wastewater District, and San Dieguito Water District. The same data OMWD had already provided for the contemplated Carlsbad Area MSR was used to commence Encinitas Area MSR. OMWD received an update in late April of 2024 from SDLAFCO that due to the prioritization of the San Diego County Water Authority MSR (wholesale water agencies) that the Encinitas MSR would now be delayed and will not be completed by SDLAFCO until the

end of FY 2025. The organizational efficiencies with LWWD were contemplated to be addressed in this Encinitas Area MSR. OMWD already has agreements in place with LWWD, such as sharing the vactor truck and valve turning equipment and the regional recycled water agreement. The MSR could address other opportunities that may be available between the two agencies.

As OMWD is no longer included in one MSR and the second one is delayed until 2025, we will need to amend the Annual Objectives on these two MSRs.

The MSR on wholesale water agencies will include a comprehensive review of the San Diego County Water Authority and a proportional review of the Metropolitan Water District of Southern California. Your General Manager is serving on a workgroup of stakeholders from across San Diego County. The first workgroup meeting was in March of 2024. Thus far, the only item reviewed was the feedback from member agencies in 2023 that the MSR should evaluate, as follows:

- The CWA voting structure
- A review of rate structure and need to shift revenue recovery to fixed costs
- A review of take or pay contracts and potential alternative uses
- A review of operational facilities
- Respective future needs and ensuring alignment of future demand projections

The working group acknowledged that many of these items were concurrently underway and/or being addressed by SDCWA and should be reflected in the MSR. It is anticipated that there will be three more meetings of the workgroup in 2024.

The out of agency service policy has appeared several times in the last two years at SDLAFCO. Each time, the policy was opposed by the Special Districts Advisory Committee, who requested significant changes.

By way of background, California Government Code §56133 imposes a requirement for cities and districts to seek and receive Local Agency Formation Commission (LAFCO) approval for the provision of new or extended services outside of territorial boundaries. That same code section also contains several exemptions where this requirement does not apply, including one exemption which applies to situations where the new or extended out-of-boundary service is between *"Two or more public agencies where the*

public service to be provided is an alternative to, or substitute for, public services already being provided by an existing public service provider and where the level of service to be provided is consistent with the level of service contemplated by the existing service provider."

Many agencies have agreements between themselves to provide services to save money and increase efficiency for the ratepayers under the exemption provided in Government Code §56133. Adding a level of bureaucratic review by SDLAFCO would hinder the development of these beneficial inter-agency agreements. By way of examples: Shared AMI tower sites with other agencies, shared vactor trucks, joint training, interagency recycled water sales, water treatment services agreements, fire hydrant painting, etc. OMWD has dozens of these agreements in place with our neighboring agencies to improve service delivery and reduce costs.

SDLAFCO staff had proposed a local rule in 2022 that specified that all out of agency services needed to be run through and approved by SDLAFCO, and all exemptions also needed to be run through SDLAFCO as well. There was a lengthy discussion at the Special District's Advisory Committee (SDAC) meetings in 2022 and 2023, wherein members voiced concerns of an explicit provision directing local agencies to confirm with SDLAFCO on exemption eligibility that would create process burdens and stymie cost-sharing arrangements.

OMWD's position, and that of the members of the SDAC, was that SDLAFCO should be the authority that resolves disputes on the efficient and effective implementation of local government when they arise but should not burden nor stymie effective mutual agreements between agencies that fall within the exemptions already written into Government Code section 56133. OMWD further noted that Municipal Service Reviews and Spheres of Influences with LAFCO occur at regular intervals wherein agreements between agencies can be reviewed and addressed, as they have in the past. (This letter was included in October 2023 OMWD Board Packet.)

OMWD and many other local agencies joined together to provide comments and feedback over the past year and a half to amend the proposed policy so that it did not interfere with effective management of local government agencies. The local agencies specifically asked that many new automatic exemptions be included in this policy.

At their May 6^{th,} 2024, SDLAFCO meeting, the SDLAFCO Commissioners approved the new out of agency services agreement policy, which is attached, with some minor edits about appeals of rulings on the rule. Significant amendments were included in the

approved final version by the group of local agencies who were opposed to the policy when it was first introduced as follows:

Agreements established by local agencies prior to 2001 are not subject to the policy. In addition, the revised policy establishes local exemptions in which Commission review and approval is **not** required for the following activities:

- Advisory or automatic aid services provided by a city and/or special district where no monetary compensation is provided other than reimbursements.
- Temporary access to a city and/or special district's potable water or wastewater collection, treatment, and discharge facilities.
- Shared services between two or more agencies for any of the following:
 - Abandoned Vehicle Abatement
 - Accounting, Billing, and Payroll
 - Animal Care and Control
 - Building and Code Enforcement
 - Customer Service
 - Dispatch
 - Grant Writing
 - Heavy Equipment Exchange and/or operation
 - Human Resources
 - Information Technology
 - Laboratory Services
 - Legal
 - Pooled Equipment Purchasing and Use
 - Pooled Materials Purchasing and Use
 - Pooled Services Purchasing and Use
 - Public Affairs/Outreach
 - Training
 - Water, Wastewater, Recycled Water, Stormwater, and Advanced Purification Plant Operations

Additionally, the policy was amended to allow the delegation to the Executive Officer of SDLAFCO to approve out-of-agency service requests tied to public health or safety threats to only water and wastewater functions. All other requests are redirected to the full Commission. Finally, the Commission will review out-of-agency service agreements not previously considered by the Commission in conjunction with future applications for related changes to organization and not unilaterally seek out and review out-of-agency service agreements for compliance with Government Code Section 56133.

While the preference by local agencies was originally to not have a new policy it became clear that SDLAFCO was going to adopt a new policy after the difficulties encountered with the disputes among hospital districts and resource conservation districts providing services outside of their service areas. The final adopted policy was a compromise between SDLAFCO and the local agencies that will allow SDLAFCO to exercise jurisdiction over services provided outside of an agency's boundaries but allows local agencies to assist each other and share services for cost saving and enhanced benefits to the ratepayers without additional bureaucratic burden.

Attachments:

SDLAFCO Out of Agency Service Agreement Policy Approved May 6, 2024

Proposed PolicyDraft as of December 15, 2023

Subject:

OUT-OF-AGENCY SERVICES (Exclusive of Fire Protection Services)

Purpose:

Serve as a guide to the Commission in receiving, evaluating, and acting on requests by cities and special districts to provide new or extended services other than fire protection outside their jurisdictional boundaries.

Background:

State law requires cities and special districts to request and receive Commission approval before providing new or extended outside services by contracts or agreements with limited exemptions (Government Code Section 56133).¹

Policy:

It is the policy of the Commission:

- 1. Goals and Priorities:
 - a) The Commission will consider out-of-agency service requests whenever otherwise merited new or extended services cannot be reasonably accommodated through annexations or other jurisdictional changes.
 - b) The Commission will review out-of-agency service agreements not previously considered by the Commission in conjunction with future applications for related changes to organization and not unilaterally seek out and review out-of-agency service agreements for compliance with Government Code Section 56133.
 - b) The Commission shall only approve out-of-agency service requests for cities and special districts involving territory within their spheres of influence in anticipation of future jurisdictional changes.
 - i. The Commission will exercise independent discretion in potentially prescribing the timing of future jurisdictional changes through its authority to condition out-of-agency service approvals.
 - c) The Commission shall only approve out-of-agency service requests for cities and special districts involving territory outside their spheres of influence in

Ontracts involving fire protection services are separately addressed under Government Code Section 56134 and are not covered under this policy.

response to efficient utilization of regional government resources and existing or impending public health and safety threats.

i. The Commission will exercise its independent discretion in determining efficient utilization of government resources and when existing or impending public health and safety threats exist with consideration of State Water Resources Control Board Division of Drinking Water, Regional Water Quality Control Board, California Department of Public Health and San Diego County Department of Public Health regulatory guidance and based on available documentation and analysis provided by LAFCO staff.

2. Definitions:

- a) "Agreement" and/or "contract" shall mean a formal written arrangement contemplated under Section 56133.
- b) "Service" shall mean any authorized municipal service functions and/or classes provided by cities and special districts other than fire protection as well as those exempted by the Commission within Section 4 of this policy.
- c) "New service" shall mean the actual provision of municipal service functions or classes to previously unserved non-jurisdictional lands.
 - i. New service shall also mean the re-commencement of actual services after a discontinuous period of 12 or more months.
- d) "Extended service" shall mean the intensification of municipal service functions and/or classes to served (actual) non-jurisdictional lands that require a zoning change by the land use authority.

3. Applicability:

- a) The Commission determines exemption eligibility of all statutory exemptions under 56133(e) as well as local exemptions provided under this policy.
- b) The Commission shall emphasize the "point of delivery" in assessing the applicability of Section 56133.
- c) Cities and special districts may request a no-cost determination from the Commission as to whether any proposed out-of-agency services are eligible for exemption under 56133 (e) and/or Section 4 of this policy.

- i. The Commission delegates all inquiries for exemption eligibility under 56133(e) and/or Section 3 of this policy to the Executive Officer. The Executive Officer shall provide written notice of their determination to the city or special district to either accept, deny, or deny pending additional information all exemption inquiries within five business days.
- ii. Should the Executive Officer determine an inquiry does not qualify for exemption, the city or special district may appeal directly to the full Commission. The appeal request must be made in writing and signed by the city manager or special district manager.

4. Exemptions

- a) In addition to those provided by the Legislature under Section 56133(e), which includes agreements established prior to 2001, the Commission establishes the following local exemptions in which approvals are not required:
 - i. Advisory or automatic aid services provided by a city and/or special district where no monetary compensation other than reimbursements are exchanged.
 - ii. Agreements solely involving two or more public agencies where the public service to be provided (by Agency A) is an alternative to, or substitute for, public services already being provided by an existing public service provider (by Agency B) and where the level of service to be provided by (Agency A) is consistent with the level of service contemplated by the existing service provider (Agency B).
 - a. For the purposes of this section, "already being provided" means the services are within the agency's (Agency B) jurisdictional boundary and an established service area wherein services are being actively provided by the agency (Agency B).
 - b. For the purposes if this section, "contemplated" means:
 - i. The service level is anticipated in a master plan or some long-range planning document of Agency B.
 - ii. Sufficient infrastructure and capacity exists (by Agency A) to provide the service.
- iii. Service agreements between cities and or special districts for the use, installations, and maintenance of meter or operational technology (OT)

- communications infrastructure similar to wireless ethernet, cellular towers, fiber optic, etc.
- iv. Agreements involving Cathodic protection of pipelines.
- v. Temporary access to cities and/or special districts' potable water supplies due to an interruption planned or otherwise.
- vi. Temporary access to cities and/or special districts' wastewater collection, treatment, or discharge facilities.
- vii. Temporary access to cities and/or special districts' potable, raw, or recycled water when deemed the best and most efficient use of resources.
- viii. Shared services between cities and/or special districts where monetary compensation is exchanged beyond reimbursements for any of the following activities:
 - Abandoned Vehicle Abatement
 - Accounting, Billing, and Payroll
 - Animal Care and Control
 - Building and Code Enforcement
 - Customer Service
 - Dispatch
 - Grant Writing
 - Heavy Equipment Exchange and/or operation
 - Human Resources
 - Information Technology
 - Laboratory Services
 - Legal
 - Pooled Equipment Purchasing and Use
 - Pooled Materials Purchasing and Use
 - Pooled Services Purchasing and Use
 - Public Affairs/Outreach
 - Trainina
 - Water, Wastewater, Recycled Water, Stormwater and Advanced Purification Plant Operations

5. Request Procedures:

 All approval requests for out-of-agency services shall be made in writing by cities and special districts and filed with the Executive Officer. Requests shall be made in letter form by the city or special district manager and include all of the following information:

- i. Identification of the affected territory by parcel number or another appropriate geographic marker.
- ii. Description of the ability of the agency to provide the contract service and relationship including impacts on existing and/or planned infrastructure and resources.
- iii. Application fee.
- iv. Any other information required by the Executive Officer.

6. Consideration Procedures:

- a) The Commission shall consider all requests for out-of-agency service approvals at a public meeting unless otherwise provided in this policy.
- b) The Executive Officer shall ensure all procedures under Section 56133 are completed and responsible for placing the request on the first available meeting agenda thereafter. The Executive Officer shall include his or her written recommendation on the request to the Commission.
- c) Should requests involve purported public health or safety threats, the Commission delegates approval authority to the Executive Officer under the following circumstances.
 - i. The request involves water and/or wastewater services only. If approved, the Executive Officer shall provide notice to the Commission at the next public meeting for information only.
- d) All other requests involving purported public health or safety threats shall be considered by the Commission at the earliest time possible including the scheduling of a special meeting with no less than 24-hour notice.

7. Reconsideration:

a) Should an out-of-agency service request be approved with conditions or denied, the applicant may request reconsideration.

8. CEQA

- a) All out-of-agency service request approvals shall be subject to concurrent review under the California Environmental Quality Act (CEQA).
- b) The Commission assigns all functions and related responsibilities provided under CEQA Guidelines Section 15025 to the Executive Officer including, but limited to, making exemption findings and related fillings.

Updated on Objectives 65 and 66 May 15, 2024 OMWD Board Presentation



Objectives 65 and 66



#65 - Work with San Diego Local Agency Formation Commission (SDLAFCO) on the preparation of municipal service reviews (MSR) for the Encinitas and Carlsbad areas; in conjunction with MSR completion, perform analysis of organizational efficiencies between OMWD and Leucadia Wastewater District, and provide report to board.



#66 - Actively participate and advocate for OMWD interests on SDLAFCO key initiative areas for 2024, including but not limited to development of the "out of agency service agreements policy" and the MSRs of wholesale water providers in San Diego County; make presentation to board.



Carlsbad Area MSR

- Started in 2023 and was to be finished in 2024
- In April 2024, informed that OMWD had been removed from the Carlsbad Area MSR
- OMWD will only be included in the Encinitas Area MSR

Encinitas Area MSR

- Started in 2023
- Also includes City of Encinitas, Leucadia Wastewater District, and San Dieguito Water District
- The same data OMWD had already provided for the Carlsbad Area MSR was used
- Now delayed until 2025 because of wholesale MSR
- Organizational efficiencies with LWWD will be addressed in this Encinitas Area MSR.
- As OMWD is no longer included in one MSR and the second one is delayed until 2025, we will need to amond the Annual Objectives on these two MSRs.

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Municipal Water District

- The MSR on wholesale water agencies (SDCWA and proportional review of MWD)
 - The first workgroup meeting March of 2024.
 - Evaluation will include all items requested by OMWD Board:
 - The CWA voting structure
 - A review of rate structure and need to shift revenue recovery to fixed costs
 - A review of take or pay contracts and potential alternative uses
 - A review of operational facilities
 - Respective future needs and ensuring alignment of future demand projections 3 more meetings in 2024



- Out of Agency Service Agreements
- California Government Code §56133 imposes a requirement...to seek and receive LAFCO approval for the
 provision of new or extended services outside of territorial boundaries. That same code section also contains
 several exemptions where this requirement does not apply, including one exemption which applies to
 situations where the new or extended out-of-boundary service is between "Two or more public agencies
 where the public service to be provided is an alternative to, or substitute for, public services already being
 provided by an existing public service provider and where the level of service to be provided is consistent
 with the level of service contemplated by the existing service provider."
- Bottom line was that SDLAFCO wanted local rule that they determine the exemption, not the agencies
 - Disputes with hospital districts and resource conservation districts
- Fought on this for past year and a half because local agencies did not want the extra bureaucracy, time and money to run agreements that make sense through SDLAFCO



• End Result - Policy approved on May 6th and includes a list of automatic exemptions

Advisory or automatic aid services provided where no monetary compensation is provided other than reimbursements.

Temporary access to potable water or wastewater collection, treatment, and discharge facilities.

Shared services between two or more agencies for any of the following:

- Abandoned Vehicle Abatement
- Accounting, Billing, and Payroll
- Animal Care and Control
- Building and Code Enforcement
- Customer Service
- Dispatch
- Grant Writing
- Heavy Equipment Exchange and/or operation
- Human Resources
- Information Technology
- Laboratory Services
- Legal
- Pooled Equipment Purchasing and Use
- Pooled Materials Purchasing and Use
- Pooled Services Purchasing and Use
- Public Affairs/Outreach
- Training
- Water, Wastewater, Recycled Water, Stormwater, and Advanced Purification Plant Operations

Next Steps

Will update 2024 Annual Objectives for Carlsbad and Encinitas Area MSRs Will report back to the OMWD Board Wholesale Water MSR progress Out of Agency Service Agreement is completed; no further updates





Memo

Date: May 15, 2024

To: Olivenhain Municipal Water District Board of Directors

From: Kimberly Thorner, General Manager

Subject: CONSIDER DISCUSSION AND INPUT TO STAFF ON PRE-BUYING 3,449 ACRE

FEET OF WATER AND PLACING IT INTO STORAGE IN DECEMBER 2024

Purpose

The purpose of this agenda item is to brief the Board on the possibility of buying 3,449-acre feet of water in one lump purchase in December 2024. Today's item is a briefing to explore this idea with the board. If the board is generally supportive, staff will be back in July with a formal proposal for action and approval.

Recommendation

Staff recommends that the board consider this item and provide input to staff. No formal recommendation or action is being requested today.

Background

In 2010, OMWD, the San Diego County Water Authority (SDCWA) and the City of San Diego settled their disputes on the Olivenhain Reservoir and the introduction of Lake Hodges water to Olivenhain Reservoir. There were many elements of the settlement agreement, including SDCWA paying for a new connection and pipeline (Unit AA) so that the David McCollom Water Treatment Plant would receive its routine water from the

imported water aqueduct, but OMWD would remain connected to the Olivenhain Reservoir for true emergency declarations and treatment.

Another element of the settlement agreement was that OMWD has the right to store up to 3,449-acre feet of water in the SDCWA system until December of 2026, which coincided with the end of the assessment district for the project. OMWD would have the right to place water in storage at the current cost of the water to SDCWA and could remove the stored water when it wanted to, however the water would be in SDCWA storage and drawn from Unit AA. The stored water would also be subject to evaporation and seepage losses as identified in the Olivenhain Reservoir Regulating Plan adopted in 2006 by both boards.

Since the settlement agreement was signed in 2010, OMWD has not purchased nor placed water into storage. It did not make financial sense in years that the SDCWA rate increases were in single digits, due to lost interest revenues on the upfront cash to buy the water and water lost to evaporation and seepage. Buying water requires an advanced lump sum of cash, which would be earning interest if it were in OMWD's usual investment accounts. Further, the water would be subject to evaporation and seepage losses. Olivenhain Reservoir has a very small surface area, so credits to stored water due to precipitation are minimal by way of comparison to most reservoirs in the county that have expansive watersheds that catch rainfall.

Fiscal Impact

A significant one-time savings to OMWD for FY 25, which will vary depending on the ultimate rate increase adopted by the SDCWA Board in June of 2024.

Discussion

At their April 2024 SDCWA Board meeting, the options presented by staff for rate increases over the next two years total almost 40%, with staff suggesting that a 20% rate increase on January 1, 2025, is necessary to maintain the financial viability of SDCWA.

Considering this unprecedented increase, the OMWD General Manager would like to start the discussion with our board of pre-buying water in late 2024 at the current SDCWA water rates and placing it in storage in the SDCWA system and then drawing it out over the first 5 to 6 months in 2025.

The current idea would be to buy 3,449-acre feet of water from SDCWA in December of 2024. At \$1766 per acre foot current all-in untreated cost, this would mean that OMWD would send SDCWA a check for \$6,090,934 to pre-buy the water in December of 2024. That amount of cash is currently available and is earning interest of approximately 5.3% in OMWD's accounts, so the interest needs to be deducted from any savings as staff had planned on this interest in the budget presentation to the board for FY 25. The money would come from the Water Operating Fund, and we would need to explain our reasoning to the rating agencies next year for this movement of cash from our reserves.

The water could not be pulled out of storage in January and February of 2025, as OMWD has a planned shutdown of our water treatment plant for construction improvements in these two low demand months. Water can start to be taken out of storage starting in March of 2025 and the full 3,449-acre feet should be out of storage no later than June of 2025. This is based on the last 3-year average of water sales during the March to June timeframe being 6,630-acre feet.

The Olivenhain Reservoir Regulating Manual provides that water in storage is subject to evaporation, seepage, and a credit for precipitation. The agreement provides that the losses are shared based on anticipated percentages, which puts OMWD at about 14% of the losses and credits. To assume worst case scenario of loss in the months the water is in storage, the assumption would be that the losses existed on the full amount of water for evaporation and seepage and that there were no credits for precipitation. The worst case would then assume a loss of .22% of water per month. This would equate to a loss of 1.32% of the water, which would translate to a loss of 45.52-acre feet of water from January to June of 2025 and a financial loss of approximately \$80,000 based on SDCWA's current rate, which would also need to be deducted from any savings. The sooner the water is taken out of storage, the lower the amount lost to evaporation and seepage will be.

The savings to OMWD comes in the difference in the 2024 rates to the 2025 rates. If SDCWA passes a 20% rate increase for CY 2025 that has an effect of 20% on OMWD (depending on which rate categories they place the increases on), it is a differential in rates on the 3,449-acre feet of water of \$1,218,187. The lost estimated interest on the \$6,090,934 to buy the water over the 6-month period (based on a 6-month Treasury Bill) plus the amount lost to evaporation and seepage would be \$404,438, which would net OMWD a potential one-time savings of \$813,749 in FY 25 to offset the substantial SDCWA rate increase.

Likewise, a SDCWA rate increase for CY 2025 of 16% would net OMWD a potential one-time savings of \$570,111.

The details of the SDCWA rate increase and which of their rate categories the increase will be placed in will not be known until June of 2024.

In anticipation of the discussion with the Board, the General Manager discussed this proposal with the General Manager of SDCWA. Overall, there was no resistance to OMWD undertaking this action by SDCWA. An earlier cash inflow than previously anticipated from OMWD would be a favorable offset to this transaction for them as well.

If OMWD proceeds with this pre-buying transaction, the Finance Department would create a Stored Water Account for the cash invested in the pre-buying of the water to specifically track the investment. Also, of note from a financial perspective, this transaction would not drop OMWD below our required debt-service coverage ratios.

If the OMWD board is generally agreeable to this idea, staff will continue to work on this proposal and come back in July with more specific details on the mechanics and cost savings of implementation.

Water Pre-buy May 15, 2024 OMWD Board Presentation



The Issue

- Was listening to the April 2024 SDCWA Board Meeting
 - SDCWA proposing @40% rate increase over next two years
 - Likely 16 to 20% on January 1, 2025
 - Vote in June of 2024



The Resource

- The 2010 Settlement Agreement on Hodges
 - OMWD has 3449-acre feet of storage rights until December 2026
 - Terms:
 - Buy at the rates when water goes in, no cost to pull out
 - Virtual in SDCWA system
 - Pull out of Unit AA off of aqueduct, not actual Olivenhain Reservoir
 - Subject to evaporation, seepage and precipitation losses/credits



The Analysis













Buying water to store does not make financial sense in years that SDCWA has implemented single digit increases, because there is a loss of interest revenue on the money invested and there is an actual loss of water due to seepage and evaporation However, double digit rate increases would yield one time savings if the water was taken out in a relatively short time-period

Current 6 month treasury bill is about 5.3%

The Reservoir Regulating Manual assumes that with the credit of precipitation and the loss from seepage and evaporation, 640 acre feet per year would be lost on the total storage pool of 24,000 acre feet, of which 14.15% would be allocated to OMWD based on percentage storage.

This means that over the course of one full year, OMWD would lose approximately 90 acre feet of water in storage of 3449 AF

Evaporation is greater in hot months, so a conservative estimate for water stored in wet months as proposed is that OMWD would be that OMWD loses .22% of its water each month in the January to June timeframe (1.32%)

The Analysis



Propose – Pre-buy 3449 AF in December of 2024 at CY 24 rates



Take out in first 6 months of 2025

Can't take out in January and February due to planned DCMWTP shutdown for construction during low water demand months



3-year OMWD average potable demand for March to June is 6,630 AF

The Analysis, continued



CWA current All-In Untreated Water Rates

\$1766 x 3449 AF =\$6,090,934



20% rate increase in CY 25

\$2119.20 x 3449 AF = \$7,309,120



Difference of \$1,218, 187 on 3449 AF



Minus interest investment lost (5.32%) and evaporation water lost (1.32%) value of \$404,438 over the 6 months



Net potential savings of \$813,749



A 16% rate increase would be a net potential savings of \$570,111

Conclusion

OMWD has the funds available in Water Operating Fund

- Would need to explain this investment to the rating agencies next year
- Would incur the expense and the benefit in the same FY
- Would create a Stored Water Fund Account to track
- Would not negatively impact debt service coverage ratios

SDCWA has been informed that OMWD Board will be considering this transaction

Will not know the actual benefits to OMWD until SDCWA approves rates in June

- The actual impact to OMWD will depend on what rate category CWA places the increases in
- EG A higher rate increase on treatment costs will lower the benefit gap to OMWD as we do not buy treatment services

Request OMWD Board discussion and input today

Will come back with plan in July once we know the CWA rates if board is generally agreeable today



Memo

Date: May 15, 2024

To: Olivenhain Municipal Water District Board of Directors

From: Rainy Selamat, Finance Manager

Via: Kimberly Thorner, General Manager

Subject: PUBLIC HEARING TO CONSIDER WASTEWATER SERVICE FEE INCREASES FOR

4S RANCH AND RANCHO CIELO SANITATION DISTRICTS OVER A FIVE-YEAR

PERIOD STARTING IN FISCAL YEAR 2025 (5:30 p.m.)

Purpose

The purpose of this agenda item is to receive and consider public comments regarding the proposed changes to the District's wastewater service fees. If by the close of the public hearing, written protests against the proposed wastewater service charge increases are not protested by owners or tenants of a majority of the identified parcels subject to the wastewater service charges, the Board will be authorized to adopt an ordinance to increase the wastewater service charges effective July 1, 2025 (Fiscal Year 2025) and on July 1st of each year for the next four fiscal years (Fiscal Years 2026-2029), as shown in the attached Proposition 218 Notice.

Recommendation

This item is to receive public comments. The Board would still be required to approve future annual wastewater service fee increases; however, a public hearing will not be required each subsequent year if a wastewater rate ordinance is considered and adopted.

Alternative

This is a publicly noticed hearing to consider all written protests and to hear and consider all public comments on the proposed increases to the District's wastewater service fees for the next five years as shown in the Notice of Public Hearing (attached). The reasons for the proposed increases and basis for allocating costs and calculating the proposed increases are included in the Wastewater Rate Study Report (attached). A wastewater rate ordinance, with the proposed wastewater service increases for the next five years, will be considered for adoption by the Board in June following the close of the hearing.

Background

The District provides wastewater treatment and collection services in the southeast quadrant of the District's service area, 4S Ranch and Rancho Cielo. The District also collects and treats wastewater from other wastewater service areas annexed to the District. The wastewater is ultimately pumped and treated at the 4S Ranch Water Reclamation Facility.

The last wastewater service fees increase of three (3) percent took effect on July 1, 2023. Raftelis Financial Consultants (Raftelis) was retained to update the 2020 wastewater rate study. The driver of the 2024 Wastewater Rate Study was higher capital expenditures than estimated from historic high inflation rates. The 2024 Wastewater Rate Study was completed and the study's results with recommended revenue adjustments were presented to the Board for discussion at the February 2024 meeting.

The goals of the 2024 Wastewater Rate Study are to recover current and projected increases in the cost of operating and maintaining the 4S Wastewater Collection and Treatment facilities, and to fund wastewater capital projects needed to replace and refurbish the aging wastewater collection and treatment facilities, through planned and regular increases. This is an important step to avoid "rate spikes" to the District's wastewater customers.

The 2024 Wastewater Rate Study 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 plans to execute approximately \$26.8 million for the wastewater capital improvement plan (CIP) during the 10-year study period.

Fiscal Impact

The District collects approximately \$5.6 million in wastewater service fees each year.

Raftelis recommends a 5.5% revenue increase adjustment effective July 1, 2024 (fiscal year 2025) and 5.5% revenue increase adjustments on July 1st of each fiscal year for fiscal years 2026, 2027, 2028, and 2029. The five-year proposed wastewater services recommended by Raftelis is shown in the District's Notice of Public Hearing (attached). The recommended 5.5% revenue adjustment is estimated to generate about \$345 thousand in additional wastewater service fee revenue each year beginning July 1, 2024.

The District is planning to execute approximately \$15.5 million for replacing and refurbishment of its wastewater capital facilities over the next five years. The planned capital improvement projects will be funded from cash available in the District's Wastewater Capital Reserve Fund and \$6.5 million in new monies from debt issuance in 2026. A \$1 million transfer from the wastewater rate stabilization reserve fund to the operating fund in fiscal 2025 is also part of the 2024 Wastewater Rate Study's plan to help mitigate the need for annual revenue adjustments higher than the recommended 5.5% and is included in the Report. The operating fund will then replenish the wastewater rate stabilization reserve fund the full \$1 million over a three-year period beginning in fiscal year 2026.

Discussion

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.

The District will continue collecting wastewater service fees on each property owner's property tax bill on annual basis through the San Diego County's Tax Assessor Office to reduce billing and administration costs.

The District delivered 5,796 notifications of the May 15, 2024 public hearing to the post office on March 25, 2024 to comply with the Proposition 218 requirements. Staff also published the rate hearing notice in the Union Tribune on May 3, 2024 and on May 10, 2024.

A final draft copy of the 2024 Wastewater Rate Study and a Notice of Public Hearing (attached) have been made available for public review and comments at the District's office as well as on the District's website as of March 25, 2024.

As of May 7, 2024, the District received one (1) written comment in support of the proposed sewer rate increase (attached) and zero protests on the proposed wastewater service fees.

Attachments: PowerPoint Presentation

Public Comment

Notice of Public Hearing

2024 Wastewater Rate Study Report (FINAL DRAFT)

OMWD Wastewater (Sewer) Rate Hearing Proposed 5 Year Wastewater Service Charges effective July 1 of 2024, 2025, 2026, 2027, and 2028

May 15, 2024



OMWD Wastewater Rate Development Process

- Completed 2024 Wastewater Rate Study for allocating costs and calculating the proposed wastewater rates and charges
 - February 7, 2024 wastewater rate workshop with the Finance Committee (Director Meyers and Director Watt)
 - February 21, 2024 wastewater rate workshop with the Board
 - March 1, 2024 DRAFT 2024 Wastewater Rate Study Report completed by the District's independent financial consulting firm, Raftelis Financial Consultants, Inc.
 - March 20, 2024- 2020 Wastewater Rate Study's recommendation and proposed
 5-Year Rate Increases were presented to the Board
- Met Proposition 218 requirements
 - March 25, 2024 Notice of Public Hearing were delivered to the post office for mailing to sewer customers within the 4S Ranch Sanitation District and Rancho Cielo Sanitation District (more than 45 days before the public hearing)
- Published the Notice of Public Hearing on Union Tribune
 - May 3 and May 10
- Received one (1) comment and zero protests as of May 7th

Proposition 218

- Proposition 218 approved by CA voters in 1996.
- Specifies required process for customer input to rate setting.
- Customers must be notified 45 days before OMWD Board takes action on proposed rate adjustments and increases.
- OMWD's Prop 218 Notice was mailed to all owners and tenants within the 4S Ranch Sanitation District and Rancho Cielo Sanitation on 3/25/24.
- Minimum 45 day "protest period" allows customers to protest the rates in writing to the Board Secretary at the District's Office.
- Per Prop 218, if the majority of customers (50%+1) submit written protest letters, the proposed rate adjustments and increases are denied.

Reasons for the Proposed Wastewater Rate Increases

- Annual Inflation adjustments moved up quicker than OMWD revenue adjustment by about 7% since 2016
 - Increased the overall 4S WRF's cost of operations and maintenance
- Provide funding for capital infrastructure program to repair, replace, and update the District's aging sewer system
 - OMWD plans to execute approximately \$26.8 million for wastewater capital improvement plan in 10 years
- Provide for financial health of OMWD's Wastewater Enterprise
- Maintain prudent reserves levels set by the Board

Measures to control OMWD Wastewater Rates (2025-2029)

- Reprioritized capital expenditures
 - pushing out noncritical CIP
- A \$1 million transfer from RSF
 - help mitigate the need for annual revenue adjustments higher than the proposed 5.5% each year for the next five years
- A new debt issuance of \$6.5 million
 - avoid a rate spike from increased CIP over the next 10 years

Proposed Five Year Rates

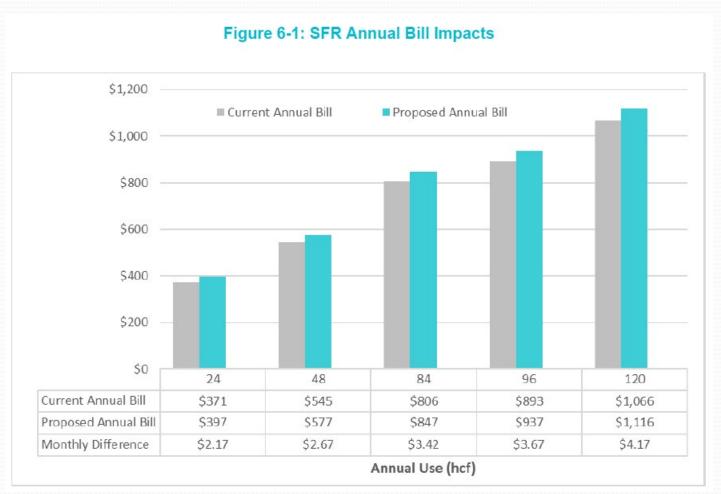
Table 1-1: Five-Year	Proposed	Annual F	ixed Charges
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Customer Class	Current	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Single Family Residential	\$197.52	\$217.59	\$229.56	\$242.19	\$255.52	\$269.58
Other						
Multi-Family	\$156.31	\$172.19	\$181.67	\$191.67	\$202.22	\$213.35
Commercial - Group I	\$197.52	\$217.59	\$229.56	\$242.19	\$255.52	\$269.58
Commercial - Group II	\$197.52	\$217.59	\$229.56	\$242.19	\$255.52	\$269.58

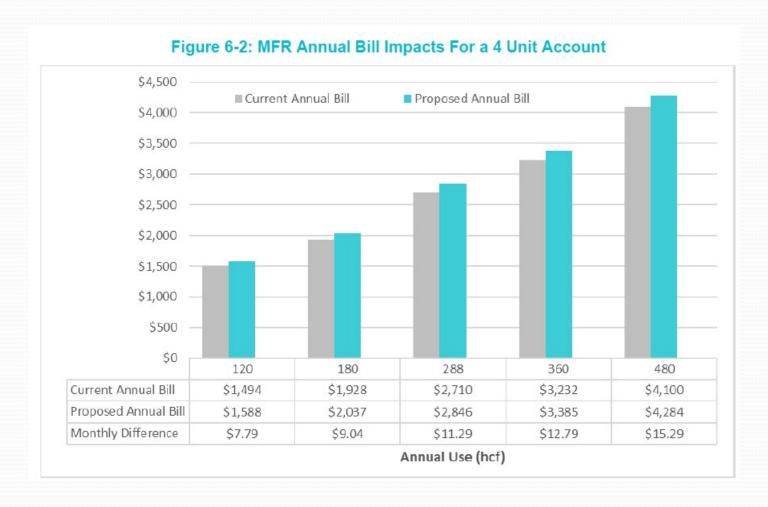
Table 1-2: Five-Year Proposed Volumetric Rates (\$/hcf)

Customer Class	Current	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Single Family Residential	\$7.24	\$7.49	\$7.91	\$8.35	\$8.81	\$9.30
Other						
Multi-Family	\$7.24	\$7.49	\$7.91	\$8.35	\$8.81	\$9.30
Commercial - Group I	\$7.24	\$7.49	\$7.91	\$8.35	\$8.81	\$9.30
Commercial - Group II	\$10.02	\$10.72	\$11.31	\$11.94	\$12.60	\$13.30

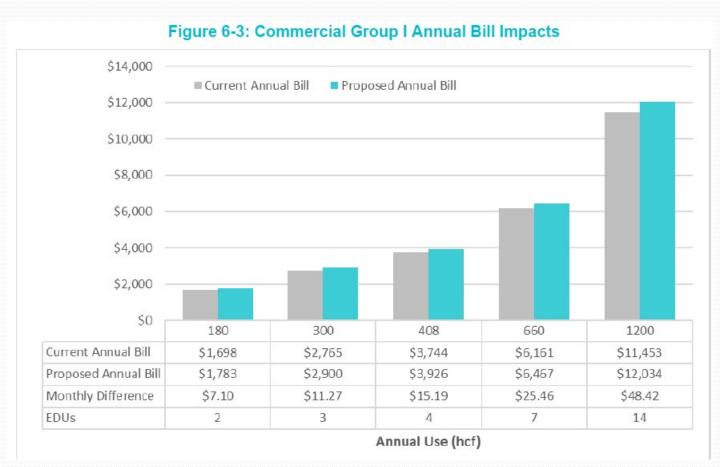
Single Family Customer Impact



Multi-Family Customer Impact



Commercial Group I Customer Impact



Commercial Group I includes: office buildings, small retail stores, schools, storage facilities, pools, government agencies, churches, and sports parks.

Commercial Group II Customer Impact

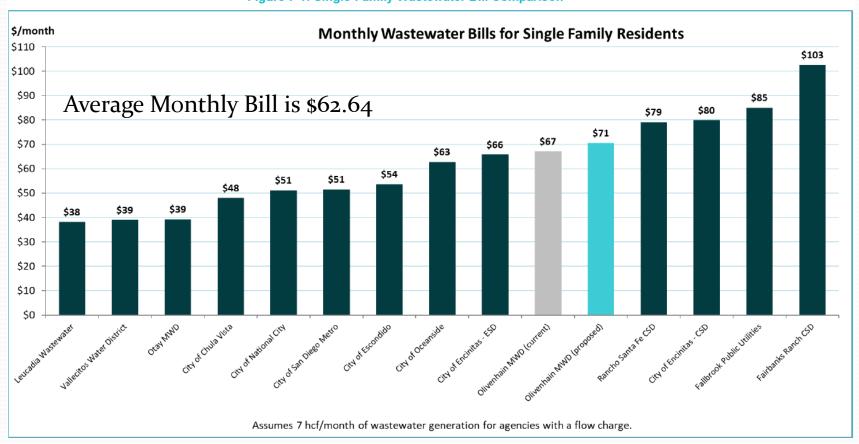




Commercial Group I includes: Shopping centers, strip malls, medical office buildings, healthcare facilities, supermarkets, and restaurants.

Monthly Sewer Bill Comparison

Figure 7-1: Single-Family Wastewater Bill Comparison



Questions?



From: Craig Forman < <u>customerservice@olivenhain.com</u>>

Sent: Tuesday, April 2, 2024 10:27 AM

To: Stephanie Kaufmann < skaufmann@olivenhain.com > **Subject:** Contact Form: Increase in Wastewater Service Fees

Name: Craig Forman

Email:

Message:

So as not to alarm you, I will vote for the proposed increases in OMWD wastewater services fees.

Please note that on the November 5, 2024 ballot may be a measure called the "California Taxpayer Protection Initiative" which will reverse some already passed taxes and fees and prohibit certain future taxes and fees.

To assure passage of the proposed increase of OMWD wastewater service fees, please make sure that is excluded from the proposed ballot "California Taxpayer Protection Initiative" as an "exempt charge". The text of the initiative can be found at the California Secretary of State website.

https://oag.ca.gov/system/files/initiatives/pdfs/21-0042A1%20%28Taxes%29.pdf



www.olivenhain.com



NOTICE OF PUBLIC HEARING

May 15, 2024 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

REGARDING PROPOSED INCREASES TO OLIVENHAIN MUNICIPAL WATER DISTRICT WASTEWATER SERVICE FEES

Olivenhain Municipal Water District ("OMWD") will conduct a public hearing on May 15, 2024 at 5:30 p.m., in the Boardroom of OMWD's administrative office, located at 1966 Olivenhain Road, Encinitas, California 92024, to consider adopting increases to the Wastewater Annual Service Access Charge and Commodity Rates beginning on July 1, 2024 and over the next four years, as described in this notice.

For Zoom Participation:

www.zoom.us/join

Meeting ID: 842 3513 4766 and Passcode: 505397

For Zoom Call-in Only:

Call: (669) 900-9218

Meeting ID: 842 3513 4766 and Passcode: 505397

You are receiving this notice because you are an OMWD wastewater customer or property owner. OMWD is proposing wastewater service fee increases that will affect your annual wastewater bill. OMWD's wastewater service fees are collected on each property owner's property tax bill on an annual basis.

This notice includes information about 1) the wastewater system, 2) why the proposed fee increases are necessary, 3) what wastewater fees pay for, 4) how your wastewater bill is calculated, 5) the proposed wastewater service fees, 6) impact of the proposed wastewater service fees on an average single-family and an average multi-family residential customer, and 7) procedures for protesting the proposed wastewater service fees.

A 2024 Wastewater Rate Study, conducted by an independent financial consulting firm, is the basis for allocating costs and calculating the proposed increases to OMWD's Wastewater Annual Service Access Charge and the Commodity Rates shown and described in this notice. A copy of OMWD's Wastewater Rate Study Report is available at www.olivenhain.com/rates or at our administrative office.

WASTEWATER SYSTEM

OMWD collects and treats sewage from the 4S Ranch and Rancho Cielo communities as well as other wastewater service areas annexed to OMWD. OMWD's wastewater service area spans approximately 5,500 acres. Wastewater is collected through approximately 65 miles of sewer pipes that rely on gravity to move the wastewater, and 13 miles of pipes that are pressurized via pumps. The wastewater is ultimately pumped to OMWD's 4S Ranch Water Reclamation Facility through 14 sewer lift stations.

Currently, OMWD bills approximately 7,334 equivalent dwelling units (EDUs) for wastewater discharged from single-family residential homes, multi-family residential units, commercial properties, and industrial accounts. OMWD's wastewater service fees are collected on each property owner's property tax bill and 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 in April and December of each year.

WHY ARE WASTEWATER SERVICE FEE INCREASES NECESSARY?

The proposed increases to the wastewater service fees are necessary to continue to provide wastewater collection and treatment services to the 4S Ranch and Rancho Cielo wastewater service areas. OMWD conducted a detailed review of its system and estimated the capital costs of maintaining the system, which is one of the main drivers of rate increases. The proposed increases to wastewater fees over the five-year period, as shown in this notice, were calculated by OMWD's independent financial consultant, and included in the 2024 Wastewater Rate Study Report. The proposed increases are based on the costs of providing wastewater collection and treatment services to our wastewater customers.

Wastewater fees that are collected by OMWD from wastewater customers reflect the full costs of providing wastewater services, including costs related to operations, maintenance, and wastewater infrastructure needs. OMWD strives to keep the costs of its wastewater operations as low as possible; however, costs continue to rise because of high inflation. These costs primarily include:

- (1) Increases in utility and chemical costs to treat wastewater;
- (2) Ongoing repair and maintenance needs; and
- (3) Anticipated increases in construction costs based on recent construction bids.

WHAT DO WASTEWATER FEES PAY FOR?

Each of OMWD's wastewater customers pay their fair share of the cost for wastewater treatment and disposal, which includes utilities, chemicals, supplies, outside services, administration, and labor and benefits. Wastewater customers also pay for OMWD's wastewater capital improvement program, which includes ongoing repairs, replacements, and betterments of wastewater infrastructure.

OMWD utilizes its reserves to provide working capital for operations and finance its wastewater capital improvement program. OMWD also issues debt to pay for wastewater capital replacement and betterment expenditures so that the cost of these projects is paid by sewer customers over the useful life of the infrastructure. Utilizing reserves and issuing debt helps maintain rate stability and avoids rate spikes while ensuring that OMWD can meet its wastewater system financial obligations for years to come.

HOW YOUR WASTEWATER BILL IS CALCULATED

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

Customer Class	Includes
Single-Family Residential	Single-family homes
Multi-Family Residential	Condominiums, apartments, RV/mobile home 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, supermarkets, restaurants

OMWD's wastewater service fees for all customer classes are comprised of two components:

- 1. **A Service Access Charge (SAC)**, which is an annual flat charge based on one Equivalent Dwelling Unit (EDU). The SAC is calculated on the basis of recovering certain fixed costs of OMWD to operate and maintain wastewater facilities including repairs, maintenance, and customer services such as billing and collections.
 - The SAC is determined on an EDU basis. EDU is a term used to compare the amount and type of waste produced from a non-residential customer to the waste produced by a single-family home. The number of EDUs assigned to an account is based on the estimated potential amount and type of wastewater generated by that account. A single-family residential home, for example, is assigned one EDU.
- 2. **A Commodity Rate**, which is a charge based on the estimated type and amount of sewage generated by each user in hundred cubic feet (1 HCF is approximately 748 gallons). For each Single-Family Residential user, the commodity charge is determined based on the lowest monthly amount of potable water billed to that user in the winter months of December to March (i.e., the lowest number of units on your water bill on any of these winter months). The lowest winter month's water billed is used to represent the monthly amount of wastewater generated, since potable water use during winter months reflects mainly indoor water use. For the Single-Family Residential user, billed water use is capped at a maximum of 10 HCF per month to account for irrigation usage. The lowest monthly usage is multiplied by 12 to determine the yearly use and yearly charge. For Multi-Family and Commercial customers, the commodity charge is determined based on the actual billed water use of the prior year, which represents the amount each user discharges to the wastewater system in HCF.

All components of OMWD's wastewater service fees are structured in such a way to proportionately allocate the cost of collecting, treating, and disposing of sewage generated by each customer class in OMWD's wastewater service areas.

		How Your Annual Wastewater Bill is Calculated – Examples
SINGLE-FAMILY	How it's calculated	The Service Access Charge, plus 12 times the monthly commodity charge. The monthly commodity charge is determined by multiplying the Commodity Rate by the lowest units billed in the winter months of the previous year, up to a maximum of 10 hundred cubic feet (HCF) per month.
RESIDENTIAL	Example	A single-family residential wastewater customer with 7 HCF of minimum water use based on December to March water bills (of the prior year). Example charge for 2025 property tax bill: (System Access Charge of \$217.59) + (7 HCF water usage x 12 months x the Commodity Rate of \$7.49) = a total annual bill of \$846.75.
How it's calculated		The Service Access Charge for each dwelling unit plus a commodity charge based on actual water use (prior year) for the dwelling unit complex.
MULTI-FAMILY RESIDENTIAL	Example	A condominium with four dwelling units totaling 288 HCF in annual usage. Example charge for 2025 property tax bill: (Dwelling units of 4 x annual Service Access Charge of \$172.19) + (288 HCF water usage x the Commodity Rate of \$7.49) = a total of \$2,845.88. The total of \$2,845.88 divided by four dwelling units = a total annual bill of \$711.47 per dwelling unit.
COMMERCIAL -	How it's calculated	The Service Access Charge per EDU plus a commodity charge based on the customer's actual water use (prior year) for the Commercial account.
GROUP I & II	Example	An office building (Commercial - Group I) with 408 HCF in annual water usage and Number of Service EDUs of 10. Example charge for 2025 property tax bill: (Number of Service EDUs of 10 x annual Service Access Charge of \$217.59) + (408 HCF water usage x the Commodity Rate of \$7.49) = a total annual bill of \$5,231.82.

PROPOSED WASTEWATER SERVICE FEES

OMWD is proposing to increase wastewater service fees annually over a five-year period. If approved, the proposed Wastewater Annual Service Access Charge and Commodity Rates will become effective July 1, 2024 and will increase on July 1 of each of the next four years thereafter, as included below.

Current and Five-Year Proposed System Access Charges (per EDU*)						
Customer Class	Current	July 1, 2024	July 1, 2025	July 1, 2026	July 1, 2027	July 1, 2028
Single -Family Residential	\$ 197.52	\$ 217.59	\$ 229.56	\$ 242.19	\$ 255.52	\$ 269.58
Multi-Family Residential**	\$ 156.31	\$ 172.19	\$ 181.67	\$ 191.67	\$ 202.22	\$ 213.35
Commercial - Group I	\$ 197.52	\$ 217.59	\$ 229.56	\$ 242.19	\$ 255.52	\$ 269.58
Commercial - Group II	\$ 197.52	\$ 217.59	\$ 229.56	\$ 242.19	\$ 255.52	\$ 269.58

^{*}EDU=Equivalent Dwelling Unit

Current and Five-Year Proposed Commodity Rates (per hundred cubic foot of wastewater - 1 HCF is approximately 748 gallons)						
Customer Class	Current	July 1, 2024	July 1, 2025	July 1, 2026	July 1, 2027	July 1, 2028
Single -Family Residential	\$ 7.24	\$ 7.49	\$ 7.91	\$ 8.35	\$ 8.81	\$ 9.30
Multi-Family Residential**	\$ 7.24	\$ 7.49	\$ 7.91	\$ 8.35	\$ 8.81	\$ 9.30
Commercial - Group I	\$ 7.24	\$ 7.49	\$ 7.91	\$ 8.35	\$ 8.81	\$ 9.30
Commercial - Group II	\$ 10.02	\$ 10.72	\$ 11.31	\$ 11.94	\$ 12.60	\$ 13.30

IMPACT OF PROPOSED WASTEWATER SERVICE FEES: AVERAGE SINGLE-FAMILY AND MULTI-FAMILY RESIDENTIAL CUSTOMERS

Below are examples of the impact to the average single-family residential and multi-family residential customer of the proposed wastewater service fees. The actual impact to each single-family and multi-family residential wastewater customer will vary depending on water used. Information on how to calculate your annual wastewater bill is included in the "How Your Wastewater Bill is Calculated" section of this notice.

Average Annual Single Family Residential Wastewater Bill*						
Annual Wastewater Bill	Current	Proposed 7/1/2024	Proposed 7/1/2025	Proposed 7/1/2026	Proposed 7/1/2027	Proposed 7/1/2028
Service Access Charge	\$ 197.52	\$ 217.59	\$ 229.56	\$ 242.19	\$ 255.52	\$ 269.58
Commodity Rate	\$ 608.16	\$ 629.16	\$ 664.44	\$ 701.40	\$ 740.04	\$ 781.20
Annual Total Bill	\$ 805.68	\$ 846.75	\$ 894.00	\$ 943.59	\$ 995.56	\$ 1,050.78
Monthly Total Bill	\$ 67.14	\$ 70.56	\$ 74.50	\$ 78.63	\$ 82.96	\$ 87.57
Monthly Rate Incr	ease Impact	\$ 3.42	\$ 3.94	\$ 4.13	\$ 4.33	\$ 4.61

Average Annual Multi- Family Residential Wastewater Bill**							
Annual Wastewater Bill	Current	Proposed 7/1/2024	Proposed 7/1/2025	Proposed 7/1/2026	Proposed 7/1/2027	Proposed 7/1/2028	
Service Access Charge	\$ 156.31	\$ 172.19	\$ 181.67	\$ 191.67	\$ 202.22	\$ 213.35	
Commodity Rate	<u>\$ 521.28</u>	\$ 539.28	\$ 569.52	\$ 601.20	\$ 634.32	\$ 669.60	
Annual Total Bill	\$ 677.59	\$ 711.47	\$ 751.19	\$ 792.87	\$ 836.54	\$ 882.95	
Monthly Total Bill	\$ 56.47	\$ 59.29	\$ 62.60	\$ 66.07	\$ 69.71	\$ 73.58	
Monthly Rate Incr	ease Impact	\$ 2.82	\$ 3.31	\$ 3.47	\$ 3.64	\$ 3.87	

^{*}Based on OMWD's average Single Family Residential wastewater customer with 7 HCF lowest winter month usage.

PROTESTING THE PROPOSED WASTEWATER SERVICE FEES

Any property owner of a parcel upon which the wastewater service fees are proposed for imposition or any tenant directly liable for the payment of wastewater service charges (i.e., a wastewater customer of the District who is not a property owner) may submit a written protest to the proposed wastewater fees and rate structure shown and described in this notice; however, only one protest will be counted per parcel subject to the wastewater fees. To be used in determining whether there is a majority protest, each protest must: (1) be in writing; (2) state that the identified property owner or tenant is opposed to the proposed wastewater fee 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 for the identified parcel. Written protests may be submitted by mail or in person to the Board Secretary at OMWD's administrative office at 1966 Olivenhain Road, Encinitas, CA 92024, or at the public hearing, if they are received by the Board Secretary prior to the close of the public hearing. Any protest received after the close of the public hearing will not be accepted. Any protest submitted via e-mail or other electronic means will not be accepted.

The Board of Directors will consider all written protests and will hear and consider all public comments made at the public hearing. Oral comments at the public hearing will not qualify as written protests to be used in determining whether there is a majority protest. At the conclusion of the public hearing, the Board of Directors will consider adoption of the proposed fees and rate structure. If written protests are not presented by owners or tenants of a majority of the parcels subject to the wastewater service fees, the Board of Directors will be authorized to adopt the fees. If approved, the Board of Directors will be authorized to adopt the proposed increases to the Service Access Charge and the Commodity Rate described in this notice, for a five-year period commencing July 1, 2024, through June 30, 2029.

California law (Government Code section 53759) provides a 120-day statute of limitations for judicially challenging any new, increased, or extended fee or charge such as these rates.

Questions? www.olivenhain.com/customer-services 760-753-6466

^{**} The Multi-Family Service Access Charge is based on 0.79 EDU due to lower estimated flow of wastewater generated by this customer class.

^{**}Based on OMWD's average Multi-Family Residential wastewater dwelling unit with 72 HCF water usage per year.

Olivenhain MUNICIPAL WATER DISTRICT

Wastewater Rate Study Report

March 12, 2024







March 12, 2024

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 2024 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 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 wastewater 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, Ms. Lindsey Stephenson, and Mr. Jared Graffam during the course of the study.

Sincerely,

RAFTELIS FINANCIAL CONSULTANTS, INC.

Sudhir Pardiwala, PE

Executive Vice President

Lindsay RothConsultant

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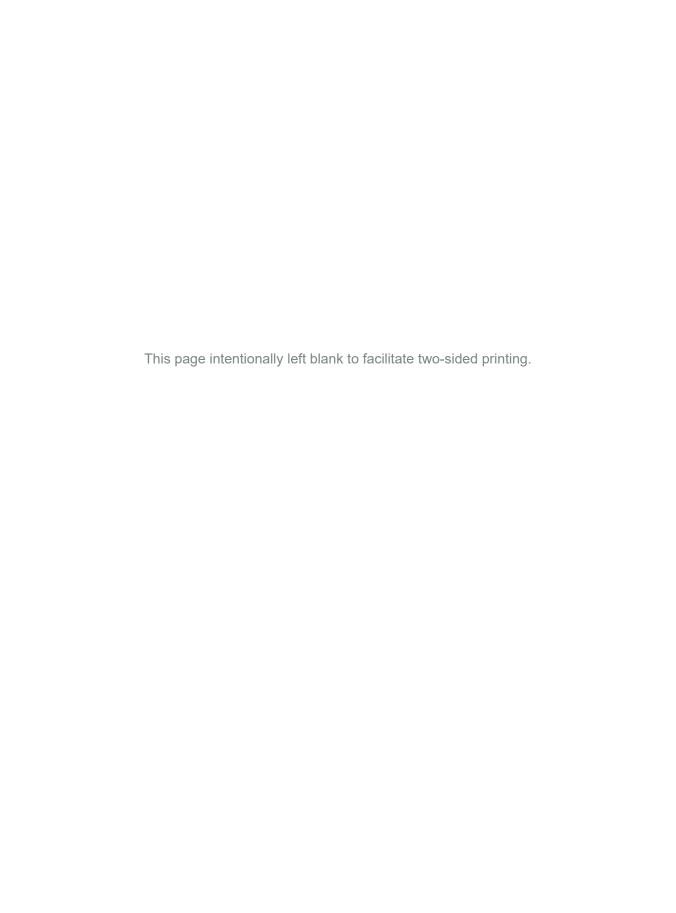
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Abbreviations

Terms	Descriptions
48	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
0&M	Operations and maintenance
PAYGO	"Pay as you go" refers to capital improvements funded through rate revenues [and reserves?]
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



1. Executive Summary

1.1. Background of the Study

In September 2023, Olivenhain Municipal Water District (District) engaged Raftelis Financial Consultants (Raftelis) to update the District's last wastewater rate study based on increased costs to recover the full cost of providing wastewater collection services. The last wastewater rate study was completed in 2020. The District last increased its wastewater rates in July 2023. This Wastewater Rate Study (Study) includes the preparation of a tenyear 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.

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 wastewater service area spans approximately 5,550 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.

1.2. Objectives of the Study

The major objectives of the study include the following:

- Develop financial plans for the Wastewater 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 wastewater 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 approved expense and revenue budgets and capital improvement plans, we first functionalize a utility's costs and assets among major operating functions (collection, treatment, etc.). After cost functionalization, we allocate 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. We then distribute 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, we design 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 expenditures over the planning period and is recommending a revenue increase of 5.5 percent for FY 2025, starting July 1, 2024, followed by annual revenue increases of 5.5 percent for the next four years. The 5.5 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 expenditures. The red line shows the revenues with no revenue adjustments and the green line shows the revenues with the proposed revenue adjustments. Expenditures in excess of the proposed revenues in each year are funded from reserves shown by the yellow bars below the horizontal axis. **Figure 1-2** shows graphically the financing plan for the capital improvement plan (CIP). Capital expenditures in FY 2026 through FY 2028 will be funded by a debt issue of \$6.5 million in FY 2026. To ensure the capital reserve meets its minimum target there is a one-time withdrawal of \$1 million in FY 2025 from the rate stabilization reserve and that will be returned over the following three years.

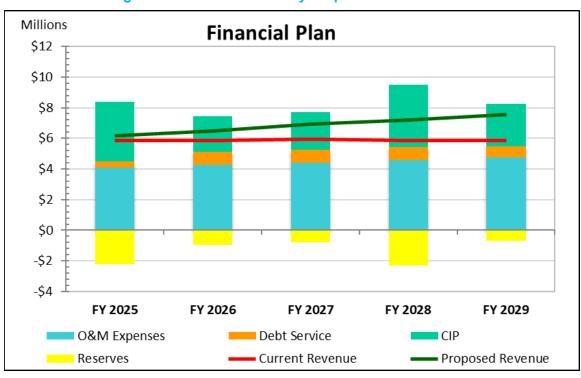


Figure 1-1: Wastewater Utility Proposed Financial Plan

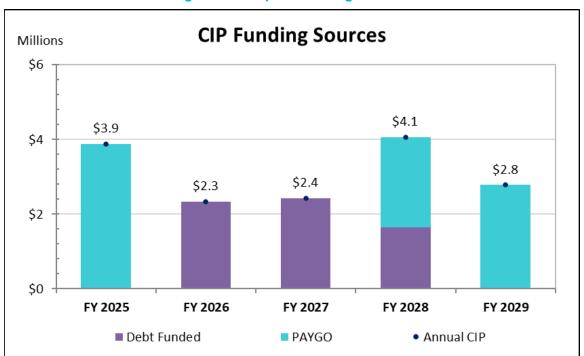


Figure 1-2: Capital Funding Sources

1.5. Proposed Wastewater Rates

The proposed rates across five years are presented for the annual service access charge in **Table 1-1** and the volumetric rate (\$/hcf) in **Table 1-2**.

Table 1-1: F	ive-Year Pro	posed Annual	l Fixed Charges	S
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Customer Class	Current	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Single Family Residential	\$197.52	\$217.59	\$229.56	\$242.19	\$255.52	\$269.58
Other						
Multi-Family	\$156.31	\$172.19	\$181.67	\$191.67	\$202.22	\$213.35
Commercial - Group I	\$197.52	\$217.59	\$229.56	\$242.19	\$255.52	\$269.58
Commercial - Group II	\$197.52	\$217.59	\$229.56	\$242.19	\$255.52	\$269.58

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

Customer Class	Current	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Single Family Residential	\$7.24	\$7.49	\$7.91	\$8.35	\$8.81	\$9.30
Other						
Multi-Family	\$7.24	\$7.49	\$7.91	\$8.35	\$8.81	\$9.30
Commercial - Group I	\$7.24	\$7.49	\$7.91	\$8.35	\$8.81	\$9.30
Commercial - Group II	\$10.02	\$10.72	\$11.31	\$11.94	\$12.60	\$13.30

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 forecast future operating and capital expenditures and non-rate revenues. The Study Period includes cost projections from Fiscal Years (FY) 2025 to FY 2034. The inflationary assumptions to make projections for future years are based on input from District staff and averages of long-term expenditures. The inflationary assumptions are presented in **Table 2-1**. Note that the Study uses the District's FY 2024 projected expenditures as the basis for future years' projections 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 the General inflation factor.
- The District is using a 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.

Category	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
General	3.0%	3.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Salaries	6.0%	6.0%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
Benefits	5.0%	5.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
CIP Projects	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%
Utilities	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Reserve Interest Rate	2.0%	2.0%	2.0%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%

Table 2-1: Inflationary Assumptions

2.2. Account and EDU Growth Assumptions

Table 2-2 shows account growth assumptions developed in cooperation with District staff. Single family customer accounts are expected to increase by less than 0.2 percent or about 7 new units annually. No increase in multifamily 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 manufacturing facilities.

Table 2-2: Account Growth Assumptions

Customer Class	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
Single Family Residential	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
Other											
Multi-Family	0.0%	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%	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%	0.0%

Table 2-3 shows the projected Equivalent Dwelling Units (EDUs) reflecting the growth assumptions in **Table 2-2**. Actual EDUs for FY 2023 were provided by District Staff and were used to project future EDUs (FY 2024 through FY 2034.) The EDU definition for Multi-Family, consistent with the last study, is based on the actual flow ratio between Multi-Family and Single-Family Residential wastewater (sewer) customers. One Multi-Family dwelling unit is equivalent to 0.79 EDU.

Table 2-3: Projected Wastewater EDUs

Customer Class	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
Single Family Residential	4,025	4,032	4,039	4,046	4,053	4,060	4,067	4,075	4,083	4,091	4,099	4,107
Other												
Multi-Family	1,604	1,604	1,604	1,604	1,604	1,604	1,604	1,604	1,604	1,604	1,604	1,604
Commercial - Group I	1,310	1,310	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	400	400
Total EDUs	7,339	7,346	7,353	7,360	7,367	7,374	7,381	7,389	7,397	7,405	7,413	7,421

Table 2-4 shows the projected wastewater flow expressed in hundred cubic feet (hcf). FY 2023 actual flows, which are used to charge FY 2024 rates, are used to project flows from FY 2025 through FY 2034. 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 the sewer. The Study assumes that the return factor will not change for any customer class throughout the Study Period. SFR flows increase due to more normal winter water use and the growth in those accounts shown in **Table 2-3**.

Note that the Single Family Residential (SFR) class flow is based on *annualized lowest winter water use* from December through March of the previous fiscal year and is capped at 10 hcf per month. 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 in limited in winter months. Other customer classes (e.g., Multi-Family Residential 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 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029		FY 2031	FY 2032	FY 2033	FY 2034
Return Factor (all classes)	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Single Family Residential (lowest winter use) Other (actual use)	322,140	338,834	339,421	340,008	340,595	341,182	341,853	342,524	343,195	343,866	344,537
Multi-Family	92,892	92,892	92,892	92,892	92,892	92,892	92,892	92,892	92,892	92,892	92,892
Commercial - Group I	61,892	61,892	61,892	61,892	61,892	61,892	61,892	61,892	61,892	61,892	61,892
Commercial - Group II	58,941	58,941	58,941	58,941	58,941	58,941	58,941	58,941	58,941	58,941	58,941
Total Annual Flow (hcf)	535.865	552.559	553.146	553.733	554.320	554.907	555.578	556.249	556.920	557.591	558.262

2.3. Reserve Assumptions

2.3.1. RESERVE POLICY BACKGROUND

A reserve policy is a Board approved written document that defines the risk management policy for a public agency's financial reserves. The Board's Reserve Policy for the District is 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, pension stabilization, 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 10 and April 10.) 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 until the County forwards the rate revenues. 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 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.

Pension Stabilization

The purpose of the pension stabilization reserve is to secure the District's ability to have a consistent annual Unfunded Accrued Liability (UAL) payment to California Public Employee's Retirement System (CalPERS), including Additional Discretionary Payment(s) while achieving its pension funding goal as outlined in the

District's Pension Funding Policy. The funding goal of a defined benefit pension plan is 100%, which is to fund the long-term cost of benefits provided to the plan members.

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 2024, the minimum and maximum targets were \$2.0 million and \$4.1 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 2024 were \$1.0 million and \$1.4 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 2024 the minimum and maximum targets were \$6.2 and \$15.5 million, respectively.
- Pension Stabilization: The pension stabilization minimum balance is the one-year average of Projected Future Employer Contributions for UAL Payment over the next 5 fiscal years based on the most current CalPERS annual actuarial report for Classic and PEPRA plans. The maximum balance is two times the one-year average noted in the minimum balance. In FY 2024 the minimum and maximum targets were \$106,000 and \$212,000, respectively.

Table 2-5 lists the District's FY 2024 beginning fund balances for the Operating, Rate Stabilization, and Capital reserves as well as the minimum and maximum targets. The Operating Reserve is above its maximum target while the Capital Reserve is below its maximum but above its minimum. The Pension Stabilization fund is below the minimum target as the fund was only added in FY 2023 and will continue to be funded from the Operating Reserve to meet the minimum balance in future years. The total beginning balance is between the total minimum and maximum targets.

Table 2-5: FY 2024 Beginning Fund Balances

Total Beginning Balance	\$19,936,198	\$9,247,646	\$23,628,989
Pension Stabilization	\$40,576	\$106,285	\$212,569
Capital	\$13,072,117	\$6,188,400	\$15,471,000
Rate Stabilization	\$2,667,189	\$1,019,749	\$4,078,995
Operating	\$4,196,892	\$2,039,497	\$4,078,995
Reserve	FY 2024	Min Target	Max Target

2.4. Data Sources

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

- » Revenues and expenditures for FY 2023 (actuals) and FY 2024 budgeted
- » Ten-year Wastewater Capital Improvement Plan, based on:
 - Rancho Cielo and 4S Rancho Wastewater Collection System Sewer Pump Stations Condition Assessment (Dudek, 2024)
 - o 4S Ranch Water Reclamation Facility Consequence of Failure Analysis (Dudek, 2024)
 - o Wastewater System Electrical System Evaluation (Dudek, 2024)
- » Debt service payment schedules
- » Estimated beginning balances for FY 2024
- » Wastewater billing data (with identifying information removed) for FY 2023
- » 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 annual operating revenues, operation and maintenance (O&M) expenses, transfers between funds, and reserve requirements. This Section of the Report discusses projected revenues at current rates, 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 Single Family Residential (SFR) customer charge is the sum of the annual service access charge assessed per equivalent dwelling unit (EDU) plus a commodity charge assessed per hundred cubic feet (hcf) of water use. The current FY 2024 wastewater charges and rates are presented in **Table 3-1**.

The annual service 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 monthly (or cap) use of 10 hcf.¹ For example, a customer with a minimum winter water use of 7 hcf would be charged the following:

 $Total\ Annual\ SFR\ Bill = Annual\ Service\ Access\ Charge + (7\ hcfx\ Flow\ Charge\ per\ hcfx\ 12\ months) = \805.68

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:

Total Annual SFR Bill = Annual Service Access Charge + (10 hcfx Flow Charge per hcf x 12 months) = \$1,066.32

Table 3-1: FY 2024 (Current) Wastewater Charges and Rates

Customer Class	Annual Service Access Charge (per EDU)	Commodity Rate (\$/hcf)
Single Family Residential	\$197.52	\$7.24
Other		
Multi-Family	\$156.31	\$7.24
Commercial - Group I	\$197.52	\$7.24
Commercial - Group II	\$197.52	\$10.02

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.

One Multi-Family (MFR) dwelling unit was revised to be equivalent to 0.79 EDU in the previous study. This was estimated as the ratio of SFR to MFR flow per EDU using housing density 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.

¹ For the purposes of determining the sewer use, the District defines winter months as December, January, February, and March of the prior fiscal year.

Raftelis calculated projected revenue under existing rates by multiplying the number of EDUs for each user class by the existing annual service 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**.

3.2. Operation and Maintenance Expenses

Using the District's FY 2024 detailed 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.

Personnel \$1,620,000 \$1,709,660 \$1,804,323 \$1,881,361 \$1,961,699 \$2,045,480 \$2,132,851 \$2,223,967 \$2,318,989 \$2,418,084 \$2,521,428 \$1,939,655 \$1,724,137 \$1,811,067 \$1,879,622 \$2,002,013 \$2,066,798 \$2,134,264 \$2,204,393 \$2,277,304 \$2,353,125 \$2,431,986 Operations Other \$540,000 \$558,268 \$577,154 \$596,678 \$616,864 \$637,732 \$659,306 \$681,610 \$704,668 \$728,507 \$753,152 Total O&M \$3,884,137 \$4,078,995 \$4,417,694 \$4,580,576 \$5,706,566 \$4,261,099 \$4,750,010 \$4,926,421 \$5,109,970 \$5,300,961 \$5,499,716

Table 3-2: Projected O&M Expenses

3.3. Projected Capital Improvement and Replacement Projects

The District plans to execute approximately \$26.8 million for the wastewater capital improvement plan (CIP) during the 10-year Study Period. The first five years of the CIP are shown in **Figure 3-1**. This is an average of \$2.7 million in annual CIP costs across the Study Period. Future CIP costs are inflated costs provided by District Engineering.³ Raftelis recommends use of rate revenue and reserves (PAYGO) and issue of new debt to help pay the remaining wastewater CIP to minimize the impact of increased CIP expenditures on future wastewater rate increases. **Figure 3-1** below shows District PAYGO funding by the light blue bars in and the purple bars indicate debt funding in FY 2026 – FY 2028

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² Note the exact value differs slightly due to rounding.

³ Note that CIP projects were inflated 3.4% annually by the District prior to submitting to Raftelis based on a 20-year average inflation of the 20-City ENR Construction Cost Index.

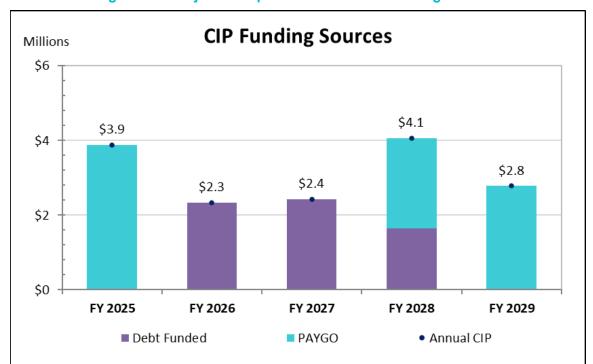


Figure 3-1: Projected Replacement CIP and Funding Sources

3.4. Existing and Proposed Debt

The District currently has two outstanding debts, the 2021A Wastewater Revenue Bonds and the 2021B Wastewater Revenue Bonds. The 2021A Wastewater Revenue Bonds were issued on October 27, 2021, in the amount of \$5,042,140 to finance wastewater (sewer) improvements at the 4S Wastewater Treatment Plant, including rehabilitations, replacements, and modifications to the existing Neighborhood One Sewer Pump Station and the Headworks Screening System at the 4S Wastewater Treatment Plant. The Series 2021A bonds mature on June 1, 2041, and carry an interest rate of 2.14%. The District's annual debt service cost for the 2021A bonds is approximately \$310,000 paid 100% from the Wastewater Fund. The 2021B Sewer Revenue Bonds were also issued on October 27, 2021, in the amount of \$3,932,970 to refund and refinance the existing 2018A Sewer Revenue Bonds, which were issued in fiscal year 2018 to finance improvements to the District's administrative and operations building at 1966 Olivenhain Road, Encinitas, CA. The 2021B bonds mature on June 1, 2028, and carry an interest rate of 1.14%. The Wastewater Fund has been allocated 20% of the debt service payment for the 2021B bond issuance which equals approximately \$121,000 annually through FY 2028.

Raftelis recommends the District issue new debt in the amount of \$6.5 million in FY 2026 to pay for the wastewater capital improvement program resulting in approximately \$423,000 in annual debt service payment each year starting in FY 2026 for 30 years.

3.5. Proposed Financial Plan

The District's wastewater utility needs revenue adjustments to cover O&M expenses, to fund capital improvement projects and meet target reserves per the Board's reserves policy. The proposed sewer revenue adjustments for the next five years are shown in **Table 3-3**. Raftelis recommends the District implement a 5.5 percent annual revenue adjustment for FY 2025 and thereafter. It is also recommended that the District issue \$6.5 million in debt in FY 2026. The debt helps mitigate the need for higher revenue adjustments and meet the required minimum reserves.

To ensure the capital reserve meets its minimum target there is a one-time withdrawal of \$1 million in FY 2025 from the rate stabilization reserve and that will be returned over the following three years.

Table 3-3: Proposed Five-Year Revenue Adjustments

Fiscal Year	Effective Date	Revenue Adjustment
FY 2025	July 1, 2024	5.5%
FY 2026	July 1, 2025	5.5%
FY 2027	July 1, 2026	5.5%
FY 2028	July 1, 2027	5.5%
FY 2029	July 1, 2028	5.5%

Table 3-4 shows the operating fund cash flow under the proposed wastewater revenue adjustments shown in **Table 3-3**. From FY 2030 to FY 2034, the Cashflow assumes five percent annual revenue adjustments. 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 will exceed its debt coverage target as shown by the projected debt service coverage ratios in **Table 3-4**, **line 24**, under the proposed five-year revenue adjustments in **Table 3-3**.

Table 3-4: Proposed Wastewater Financial Plan

Line	Description	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
No.		Projected	Forecast									
1	REVENUES											
2	Operating Revenues											
3	Revenues from Current Rates	\$5,494,513	\$5,616,761	\$5,622,393	\$5,628,026	\$5,633,658	\$5,639,291	\$5,645,729	\$5,652,167	\$5,658,605	\$5,665,044	\$5,671,482
4	Proposed Revenue Adjustments	\$0	\$308,922	\$635,471	\$980,635	\$1,345,456	\$1,731,037	\$2,101,950	\$2,492,173	\$2,902,692	\$3,334,547	\$3,338,337
5	Total Operating Revenues	\$5,494,513	\$5,925,683	\$6,257,864	\$6,608,661	\$6,979,115	\$7,370,327	\$7,747,679	\$8,144,340	\$8,561,298	\$8,999,590	\$9,009,818
6	Non-Operating Revenues											
7	Interest Income	\$80,000	\$251,457	\$218,528	\$326,625	\$221,694	\$198,361	\$182,138	\$173,051	\$182,294	\$198,332	\$211,114
8	Total Non-Operating Revenues	\$80,000	\$251,457	\$218,528	\$326,625	\$221,694	\$198,361	\$182,138	\$173,051	\$182,294	\$198,332	\$211,114
9	TOTAL REVENUES	\$5,574,513	\$6,177,140	\$6,476,392	\$6,935,286	\$7,200,809	\$7,568,689	\$7,929,817	\$8,317,391	\$8,743,592	\$9,197,922	\$9,220,933
10												
11	EXPENSES											
12	Operating Expenses											
13	Personnel	\$1,620,000	\$1,709,660	\$1,804,323	\$1,881,361	\$1,961,699	\$2,045,480	\$2,132,851	\$2,223,967	\$2,318,989	\$2,418,084	\$2,521,428
14	Operations	\$1,724,137	\$1,811,067	\$1,879,622	\$1,939,655	\$2,002,013	\$2,066,798	\$2,134,264	\$2,204,393	\$2,277,304	\$2,353,125	\$2,431,986
15	Other	\$540,000	\$558,268	\$577,154	\$596,678	\$616,864	\$637,732	\$659,306	\$681,610	\$704,668	\$728,507	\$753,152
16	Subtotal Operating Expenses	\$3,884,137	\$4,078,995	\$4,261,099	\$4,417,694	\$4,580,576	\$4,750,010	\$4,926,421	\$5,109,970	\$5,300,961	\$5,499,716	\$5,706,566
17	Debt Service											
18	Series 2018 Bond Issue	\$431,726	\$431,684	\$431,742	\$431,678	\$431,711	\$309,888	\$309,882	\$309,889	\$309,885	\$309,889	\$309,888
	New Debt Service	\$0	\$0	\$422,834	\$422,834	\$422,834	\$422,834	\$422,834	\$422,834	\$422,834	\$422,834	\$422,834
19	Subtotal Debt Service	\$431,726	\$431,684	\$854,577	\$854,512	\$854,546	\$732,722	\$732,716	\$732,723	\$732,719	\$732,723	\$732,722
20	TOTAL EXPENSES	\$4,315,864	\$4,510,679	\$5,115,675	\$5,272,206	\$5,435,121	\$5,482,732	\$5,659,137	\$5,842,692	\$6,033,681	\$6,232,439	\$6,439,288
21												
22	NET CASHFLOW	\$1,258,650	\$1,666,461	\$1,360,717	\$1,663,079	\$1,765,687	\$2,085,956	\$2,270,679	\$2,474,699	\$2,709,911	\$2,965,483	\$2,781,644
23												
24	Debt Service Coverage Ratio	392%	486%	259%	295%	307%	385%	410%	438%	470%	505%	480%
25	Target Debt Service Coverage Ratio	125%	125%	125%	125%	125%	125%	125%	125%	125%	125%	125%

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**. The table shows the total ending balance of all four reserves and the total unrestricted balance of the operating, rate stabilization, and capital reserves, which are shown in **Figure 3-3**.

Table 3-5: Ending Reserve Balances

Reserve	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
Operating	\$2,039,542	\$2,131,002	\$2,208,719	\$2,289,799	\$2,375,486	\$2,463,442	\$2,463,122	\$2,554,821	\$2,650,732	\$2,750,215	\$2,852,859
Rate Stabilization	\$2,667,189	\$1,667,189	\$2,017,189	\$2,367,189	\$2,667,189	\$2,667,189	\$2,667,189	\$2,667,189	\$2,667,189	\$2,667,189	\$2,667,189
Capital	\$9,083,117	\$7,659,117	\$12,540,617	\$11,215,617	\$8,415,617	\$7,507,617	\$6,048,617	\$6,095,617	\$7,002,617	\$7,954,619	\$8,417,623
Pension Stabilization	\$59,576	\$78,576	\$97,576	\$116,576	\$135,576	\$154,576	\$173,576	\$192,576	\$211,576	\$230,576	\$249,576
Total Ending Balance <i>Total Unrestricted</i>	\$13,849,423	\$11,535,884	\$16,864,101	\$15,989,181	\$13,593,868	\$12,792,824	\$11,352,504	\$11,510,202	\$12,532,114	\$13,602,599	\$14,187,247
Ending Balance	\$13,789,848	\$11,457,308	\$16,766,525	\$15,872,605	\$13,458,292	\$12,638,248	\$11,178,928	\$11,317,627	\$12,320,538	\$13,372,023	\$13,937,671

Figure 3-2 shows the District's five-year financial plan, with the operating expenses including debt service and the capital expenditures 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 expenditures are included, the reserves have to be drawn down. This is represented by the yellow bars under the horizontal axis, which equals the size of the bar above the green line.

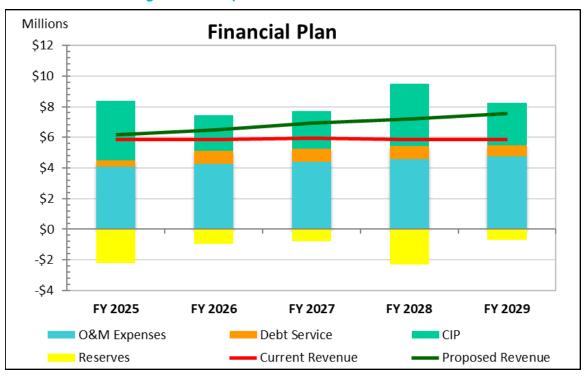


Figure 3-2: Proposed Wastewater Financial Plan

Figure 3-3 shows the total ending reserve balances (including operating reserve, rate stabilization reserve, and capital reserve) under the proposed wastewater revenue adjustments. The ending balances for each reserve are shown in **Table 3-5**. It should be noted that to ensure the capital reserve meets its minimum target there is a one-time withdrawal of \$1 million in FY 2025 from the rate stabilization reserve and that will be returned over the following three years. 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. Additionally, the District is setting aside funds to build up the Pension Stabilization Fund which will have a minimum target of the average 5-year unfunded accrued liability (UAL) and a maximum target of 2 times the average 5-year UAL.

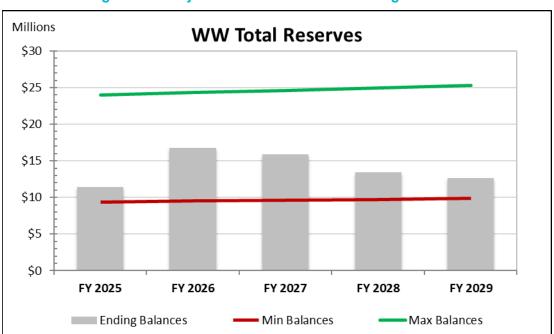


Figure 3-3: Projected Wastewater Fund Ending Balances

4. Cost-of-Service Analysis

This Section discusses the allocation of Operating and Maintenance (O&M) costs and capital costs to wastewater functions, cost causation components, and subsequently the determination of unit costs and rate calculation by customer class. The proposed wastewater utility cost of service (COS) 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 flow and strength loadings from each customer class. The wastewater flows were obtained from District provided water use data.
- 3. District wastewater expenses are categorized by functions. These functions are: 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, industrial customers, supermarkets and/or restaurants which typically have a higher strength sewage due to the BOD associated with food wastes.

OLIVENHAIN MUNICIPAL WATER DISTRICT

⁴ BOD is a measure of oxygen utilization by the microorganisms in wastewater. The more waste matter in a wastewater streams 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 and sedimentation 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	250	275
Other		
Multi-Family	250	275
Commercial - Group I	225	225
Commercial - Group II	725	725

Raftelis estimated the wastewater flow, BOD and TSS plant loadings generated by each customer class as shown in **Table 4-2** based on the prior year wastewater billings. Flows in FY 2025 were estimated to be 5% higher than FY 2023 and FY 2024 flows because of the wet winter in FY 2023. The flow is based on lowest winter water usage for single family 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.

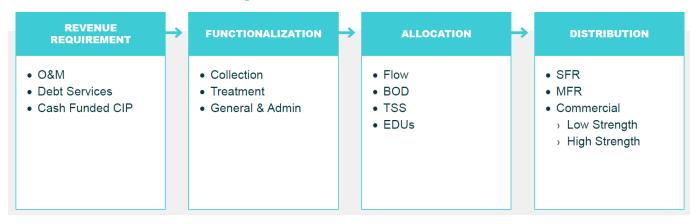
Table 4-2: FY 2025 Flow and Strength Loadings

Customer Class	FY 2025 Flow (MG / yr) (1)	BOD (lbs / yr) (2)	TSS (lbs / yr) (3)	FY 2025 Flow (hcf / yr) (4)	BOD (mg / L) (5)	TSS (mg / L) (6)
Single Family Residential	241.0	502,729	553,002	322,140	250	275
Other						
Multi-Family	69.5	144,966	159,463	92,892	250	275
Commercial - Group I	46.3	86,929	86,929	61,892	225	225
Commercial - Group II	44.1	266,750	266,750	58,941	725	725
	401	1,001,374	1,066,144	535,865	265	282

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

In the Cost-of-Service analysis, the goal of this study is to allocate the District's yearly revenue requirement to each cost causation component (Flow, BOD, TSS, & EDUs). To do so we first functionalize each cost (determine whether its Collection, Treatment, or General & Admin) which is then allocated to the cost causation components of flow, BOD, TSS and Customer. The cost-of-service analysis process is displayed in **Figure 4-1**. The forecasted costs for FY 2025 are used to categorize the costs to the different functions. The total O&M Category expenses (shown in line 6 through 8, 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 2025 O&M revenue requirements in **Table 4-7**.

Figure 4-1: Cost-of-Service Process



Approximately 38.3% of O&M costs are allocated to flow and 10.2% each to BOD and TSS and the remaining 41.3% to Customer/Capacity. The resulting allocation in line 10 is used in a subsequent step in **Table 4-7**.

Table 4-3: O&M Allocation

Line No.	O&M Category	Flow (1)	BOD (2)	TSS	Customer / Capacity (4)	TOTAL (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	\$731,960	\$0	\$0	\$0	\$731,960	18%
7	Treatment	\$830,619	\$415,309	\$415,309	\$0	\$1,661,238	41%
8	General	\$0	\$0	\$0	\$1,685,797	\$1,685,797	41%
9	TOTAL	\$1,562,579	\$415,309	\$415,309	\$1,685,797	\$4,078,995	100%
10	% Allocation	38.3%	10.2%	10.2%	41.3%	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 TSS to reflect the cost of treating the

⁶ Due to rounding, the percentages may 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.

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 revenue requirements 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 2025 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.

Table 4-4: Capital Allocation using Replacement Costs

Line No.	Asset Category	Flow (1)	BOD	TSS (3)	Customer / Capacity (4)	TOTAL (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	\$625,802	\$625,802	0.5%
7	Treatment	\$22,256,543	\$11,128,272	\$11,128,272	\$0	\$44,513,087	32.6%
8	Collection	\$77,912,398	\$0	\$0	\$0	\$77,912,398	57.1%
9	General	\$0	\$0	\$0	\$13,414,907	\$13,414,907	9.8%
10	TOTAL	\$100,168,941	\$11,128,272	\$11,128,272	\$14,040,708	\$136,466,193	100%
11	% Allocation	73.4%	8.2%	8.2%	10.3%	100%	

4.3. Revenue Requirement Determination

Next Raftelis determined the wastewater revenue requirement, which includes funds to cover yearly operating expenses, capital expenditures 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 expenditures 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 arrive at 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	Capital	Total
		(1)	(2)	(3)
1	Revenue Requirement			
2	O&M	\$4,078,995	\$0	\$4,078,995
3	Debt Service	\$0	\$431,684	\$431,684
4	Rate Funded Capital Projects	\$0	\$3,874,000	\$3,874,000
5	Total Revenue Requirement	\$4,078,995	\$4,305,684	\$8,384,679
6				
7	Revenue Offsets			
8	Interest Income	\$251,457	\$0	\$251,457
9	Total Revenue Offsets	\$251,457	\$0	\$251,457
10				
11	Less Adjustments			
12	Transfer from (to) Reserves	\$0	\$2,207,539	\$2,207,539
13	Total Less Adjustments	\$0	\$2,207,539	\$2,207,539
14				
15	Rate Revenue Requirement	\$3,827,538	\$2,098,145	\$5,925,683

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 from **Table 4-2**. The units of service by cost causation component and by class are shown in **Table 4-6**. Line 6 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 2025 projections.

Table 4-6: FY 2025 Units of Service Determination

Line No.	Customer Class	FY 2025 Billed Sewer Use (hcf)	BOD (lbs / yr)	TSS (lbs / yr)	EDUs
		(1)	(2)	(3)	(4)
1	Single Family Residential	338,834	528,781	581,659	4,039
2	Other				
3	Multi-Family	92,892	144,966	159,463	1,604
4	Commercial - Group I	61,892	86,929	86,929	1,310
5	Commercial - Group II	58,941	266,750	266,750	400
6	TOTAL	552,559	1,027,427	1,094,802	7,353

 $^{^8}$ For BOD: Yearly load in 1bs = 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

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 16) is allocated to the cost causation components determined in **Table 4-3** and **Table 4-4**, respectively. The operating revenue requirement (Column 5, Line 2) is allocated to each function by the operating allocation percentages in line 1 from **Table 4-3**. The capital revenue requirement (Column 5, Line 5) is allocated to each function by the asset allocation percentages in Line 4 from **Table 4-4**. The operating and capital revenue requirements for each function are summed up in Line 7.

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 8 in **Table 4-7** makes an adjustment so that the District can maintain 27% fixed revenue collection consistent with prior rate structure in the 2020 sewer rate study. 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 9. To determine the unit cost (by cost causation component), Raftelis divided the revenue requirement for each cost causation component in line 9 by the units of service in line 11 (which were derived in **Table 4-6**, line 6) to yield the unit costs shown in line 13.

Customer Flow **BOD** Capacity (1) 38% **Operating Allocation** 10% 10% 41% 100% 1 2 \$389,707 Operating Revenue Requirement \$1,466,251 \$389,707 \$1,581,873 \$3,827,538 3 **Capital Allocation** 73% 8% 8% 10% 100% 4 Capital Revenue Requirement \$1,540,081 \$171,095 \$171,095 \$215,874 \$2,098,145 5 6 7 **Total Operating and Capital Costs** \$3,006,331 \$560,802 \$560,802 \$1,797,747 \$5,925,683 Adjustments to Fixed Charges \$144,065 \$26,874 (\$197,812) 8 \$26,874 \$0 \$5,925,683 **Adjusted Revenue Requirement** \$3,150,396 \$587,676 \$587,676 \$1,599,934 9 10 Units of Service 1,027,427 1,094,802 7,353 11 552,559 **EDUs** 12 Units hcf lbs/yr lbs/yr 13 **Unit Cost** \$5.70 \$0.57 \$0.54 \$217.59

Table 4-7: Determination of Unit Costs of Service by Cost Component

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 1-5). The general calculation for the customer class cost of service is as follows:

$$\sum_{n=1}^{4} unit \ of \ service_n \times unit \ cost_n$$

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:

$$(61,892 \times 55.70) + (86,929 \times 50.57) + (86,929 \times 50.54) + (1,310 \times 5217.59) = $734,302$$

Note that the total cost of service shown in line 6, 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	BOD	TSS (3)	Customer / Capacity (4)	Total (5)
1	Single Family Residential	\$1,931,850	\$302,457	\$312,228	\$878,843	\$3,425,378
2	Other	. , .	, ,	, ,	, ,	
3	Multi-Family	\$529,621	\$82,919	\$85,598	\$349,013	\$1,047,151
4	Commercial - Group I	\$352,875	\$49,723	\$46,663	\$285,042	\$734,302
5	Commercial - Group II	\$336,050	\$152,578	\$143,188	\$87,036	\$718,852
6	TOTAL COST	\$3,150,396	\$587,676	\$587,676	\$1,599,934	\$5,925,683

5. Wastewater Rates

Wastewater rates and charges are derived based on the cost to serve each class. The annual service access charge is calculated in **Table 4-7**. This is a uniform rate for all customer classes that is assessed annually. **Table 5-1** shows the proposed annual service access charges for FY 2025. One Multi-Family (MFR) dwelling unit was revised to be equivalent to 0.79 EDU in the previous study. This was estimated as the ratio of SFR to MFR flow per dwelling unit based on residential density per household from Census data. The annual fixed charge for MFR customers is 79 percent of the SFR fixed charge to account for their lower sewer flow.

FY 2025 MFR Fixed Charge = $$217.59 \times 0.79^{10} = 172.19

Table 5-1: Proposed FY 2025 Annual Service Access Charge

Line No.	Customer Class	Service Access Charge (\$ / EDU)	Service Access Charge (\$ / dwelling unit)
1	Single Family Residential	\$217.59	\$217.59
2	Other		
3	Multi-Family	\$172.19	\$172.19
4	Commercial - Group I	\$217.59	
5	Commercial - Group II	\$217.59	

The differences and strengths of the residential and Group I commercial customer classes are narrow and within the margin of error. Therefore, for simplicity, and ease of administration, the District will continue charging the same commodity rate to SFR, Multi-family, and Group I Commercial customers. **Table 5-2** shows the sum of the commodity rate revenue requirement (line 5, column 1) for SFR, Multi-family, and Group I Commercial customers and sum of their water (wastewater) use (line 5, column 2). **Table 5-2** also presents Group II Commercial commodity rate revenue requirement and water use in line 6.

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

Line No.	Customer Class	Commodity Rate Revenue Requirement	Water Use (hcf)
		(1)	(2)
1	SFR	\$2,546,535	338,834
2	Other		
3	Multi-Family	\$698,137	92,892
4	Commercial - Group I	\$449,260	61,892
5	SUBTOTAL	\$3,693,932	493,618
6	Commercial - Group II	\$631,816	58,941

¹⁰ Note the exact value differs slightly due to rounding.

Table 5-3 shows the commodity rates for customers 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 2025 Commodity Rate (\$/hcf)

Customer Class	Commodity Rate ner Class Revenue Requirement		Commodity Rate (\$/hcf)	
	(1)	(2)	(3)	
SFR, Multi-Family, Com. Group I	\$3,693,932	493,618	\$7.49	
Commercial - Group II	\$631,816	58,941	\$10.72	

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 2025 to FY 2029 for the annual service access charge (**Table 5-4**) and commodity rates (**Table 5-5**). Rates for FY 2025 are based on cost of service and rates for subsequent years are increased by the revenue adjustments.

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

Customer Class	Current	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Single Family Residential	\$197.52	\$217.59	\$229.56	\$242.19	\$255.52	\$269.58
Other						
Multi-Family	\$156.31	\$172.19	\$181.67	\$191.67	\$202.22	\$213.35
Commercial - Group I	\$197.52	\$217.59	\$229.56	\$242.19	\$255.52	\$269.58
Commercial - Group II	\$197.52	\$217.59	\$229.56	\$242.19	\$255.52	\$269.58

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

Customer Class	Current	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Single Family Residential	\$7.24	\$7.49	\$7.91	\$8.35	\$8.81	\$9.30
Other						
Multi-Family	\$7.24	\$7.49	\$7.91	\$8.35	\$8.81	\$9.30
Commercial - Group I	\$7.24	\$7.49	\$7.91	\$8.35	\$8.81	\$9.30
Commercial - Group II	\$10.02	\$10.72	\$11.31	\$11.94	\$12.60	\$13.30

6. Customer Bill Impact Analysis

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 Collector Office.

Figure 6-1 shows the customer bill impacts for Single Family customers assuming different winter water use points. Single Family 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

Multi-family customers are billed based on prior year's actual water use. Bill impacts are shown in **Figure 6-2** for a four-unit MFR account. Similar to Single Family customers, each dwelling unit is assessed the annual service access charge plus their share of water use for the dwelling unit complex. For example, assuming a condominium with 4 dwelling units, the charge per dwelling unit would be \$172.19 plus ¼ of the water use for the complex multiplied by the commodity rate of \$7.49/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. The commodity portion of the MFR customer charge is based on their actual water use.



Figure 6-2: MFR Annual Bill Impacts For a 4 Unit Account

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 service 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.

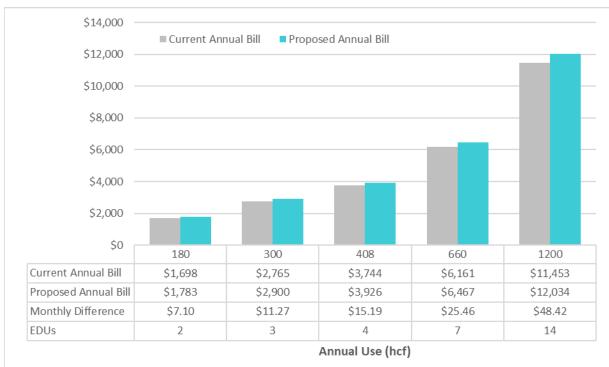


Figure 6-3: Commercial Group I Annual Bill Impacts

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.

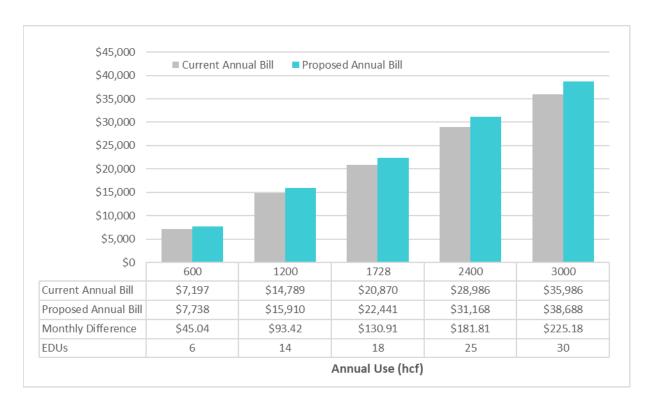


Figure 6-4: Commercial Group II Annual Bill Impacts

7. Rate Survey

Raftelis conducted a survey of surrounding agencies in San Diego County in January of 2024. The sewer service charges for single family 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.

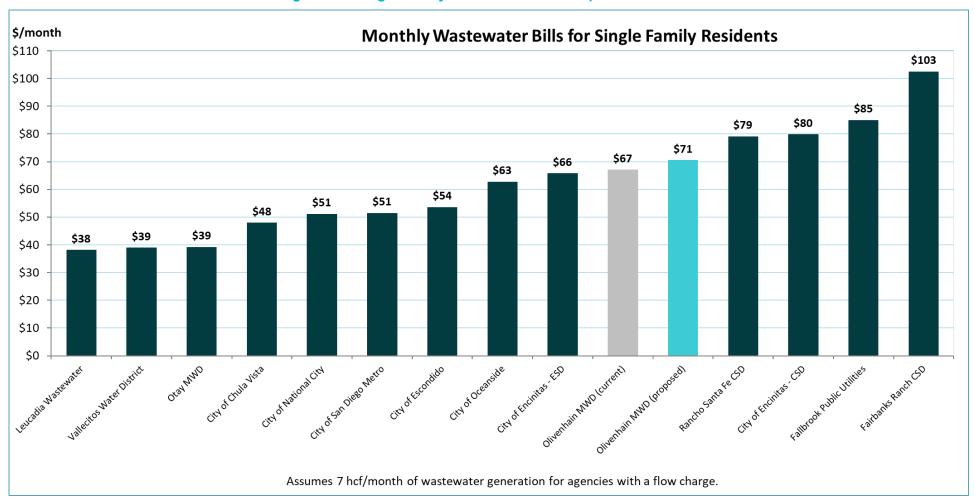


Figure 7-1: Single-Family Wastewater Bill Comparison

Memo

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

В

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.

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 **April 2024:**

Operations & Maintenance	April 2024	March 2024
David C. McCollom Water Treatment Plant (DCMWTP)	417.9 million gallons	333.5 million gallons
Total Production		
DCMWTP Average Daily Production	13.9 million gallons	11.1 million gallons
DCMWTP Peak Day Production	22.1 million gallons	16.7 million gallons
Source Water Blend (% State Project Water)	37%	28%
	261.75 acre feet	198.04 acre feet
Total Deliveries to Vallecitos Water District	85.29 million gallons	64.53 million gallons
4S and Rancho Cielo Sewer Systems Total Inflow	36.27 million gallons	40.14 million gallons
4S and Rancho Cielo Sewer Systems Average Daily Inflow	1,209,243 gallons	1,294,976 gallons
4S and Rancho Cielo Sewer Systems Peak Day Inflow	1,325,007 gallons	1,420,439 gallons
4S and Rancho Cielo Sewer Systems Low Day Inflow	1,017,237 gallons	1,191,894 gallons
4S Water Reclamation Facility (4SWRF) Average Daily	588,943 gallons	324,027 gallons
Production		
4SWRF Peak Day Production	1,020,176 gallons	835,899 gallons
4SWRF Total to Recycled Water Distribution System	17.61 million gallons	10.04 million gallons
4S Recycled Water Storage Pond Volume	309 acre feet	335 acre feet
Repaired Potable Water Main Leak(s)	0	0
Repaired Potable Water Service Lateral Assembly Leak(s)	3	2
Repaired Recycled Water Main Leak(s)	0	0
Repaired Recycled Water Service Lateral Leak(s)	0	1
Repaired Hit Fire Hydrant Lateral Assembly Leak(s)	1	0
Replaced Valve(s) Monthly Total	2	0
Replaced Valve(s) Calendar Year to Date	3	1
Recycled Water Use Site Inspections & Visits	13	17
Recycled Water Use Site Cross Connection Tests	1	4
Cross Connection Site Surveys	1	1
Backflow Inspections & Testing (New)	2	7
IT Help Requests	28	30
Customer Services	April 2024	March 2024
Customer Calls and Inquiries	1,714	1,638
Total Monthly Bills Issued	22,996	22,991
Service Orders	913	711
New Potable Meters	3	1
New Fire Meters	1	1
New Recycled Water Meters	0	0

Advanced Metering Infrastructure (AMI) Troubleshooting Investigations	81	74
Customer Services - Continued	April 2024	March 2024
Automated Meter Reading (AMR) Troubleshooting	39	48
Stopped/Underperforming Meters Replaced		79
Meter Transceiver Units (MXU) Upgraded to AMI	344	210
Meter Accuracy Tests Performed	8	0
Water Use Evaluations	5	6
Water Use Violation Reports	0	2
Workshops, Events, and Tours	1	2
High-Efficiency Clothes Washer Rebate Applications	2	3
Weather-Based Irrigation Controller Rebate Applications	2	8
Hose Irrigation Controller Rebate Applications	0	0
High-Efficiency Rotating Nozzle Rebate Applications	0	0
High-Efficiency Toilet Rebate Applications	2	1
Rain Barrel Rebate Applications	3	0
Flow Monitor Device Rebate Applications	1	1
Turf Removal Project Rebate Applications	0	3
Social Media Posts	21	24
News Releases/Media Advisories	1	3
EFRR	April 2024	March 2024
Special Use/Event Permits	5	4
Parking Notices	160	125
Incident Reports	3	4
Vehicle Count	5,432	4,628
Trail Use Count	10,360	9,296
Days Closed Due to Rain/Red Flag	1	3
Days Interpretive Center (IC) Open	15	16
Number of IC Visitors	161	288
Volunteer Trail Patrol Shifts	2	5
Volunteer Docent Hours	54	72
Total Number of Docents	66	66
Finance	April 2024	March 2024
Infosend Payments (ACH and Credit Card)	14,863	14,562
California Bank & Trust Lockbox Payments	2,703	2,710
Over the Counter Payments	513	456
Check-free, Metavante and Chase	4,307	4,040
Finance Calls and Walk-ins	36	63
Service Orders/New Meters Processed	10	19
Service Orders Closed Out	0	0
Purchase Orders	10	15
Inventory Items Received	107	948
Invoices Processed	482	545
Payroll Direct Deposits Processed	246	246
Accounts Payable Checks and Electronic Fund Transfers	215	325

ENGINEERING DEPARTMENT

Engineering Highlights for April 2024:

4S Ranch Neighborhood 1 Sewer Pump Station Replacement Project continued to progress through construction. The Recycled Water Pipeline Extensions Project has progressed into construction with potholing phase underway. Activities related to the construction of the DCMWTP 4th Stage Plant Improvement Project continue to progress, including reviewing submittals. Activities related to the construction of the Unit A Potable Water Pipeline Replacement Project continue to progress through initial permitting and procurement phase. The executive summary for the Wastewater Master Plan Update was reviewed by the Board. The Vehicle Fleet Electrification Feasibility Study and Conceptual Plan is progressing under the selected consultant. Staff continued to handle developer requests, continued to assist other departments with engineering-related work, and continued to manage OMWD's right of ways and cell sites.

HUMAN RESOURCES DEPARTMENT

Human Resources Manager Jennifer Joslin Highlights for April 2024:

Human Resources staff conducted new hire and safety orientation for the new Water Reclamation Operator III. Coordinated the recruitment for the vacant Accountant I and Utility I positions. Distributed the employee pre-evaluation and goal setting forms, supervisor/manager confidential performance feedback survey, and created performance review forms for all staff in preparation for the annual review process. Hosted an on-site Strategies and Tools for Effective Communication training class for all employees. Attended Liebert Cassidy Whitmore's (LCW) training consortium planning meeting for the new fiscal year. Safety staff participated in the ACWA JPIA site visit to the EFRR. Assisted with property and liability claims resolution. Facilitated trench and shoring competent person training, traffic control and flagger safety training, and rattlesnake relocation and safety training for required staff. Hosted a Department of Environmental Health site inspection at Neighborhood 3 and Firehouse Pumpstations.

Requests Received Pursuant to the Public Records Act (April 1-30):

Requestor Documents Requested

John Regan Records pertaining to Kristie Bruce-Lane while serving on the Board

of Directors.

SmartProcure Quarterly purchasing records.

Jordan Graham List of properties that have received a water shut off order in the

past three years.

OPERATIONS & MAINTENANCE

Operations Manager Jesse Bartlett-May Highlights for April 2024:

DCMWTP Staff faced rapid changes in source water due to SDCWA's pipeline repairs causing shifts in State Project Water from 38% to 0% and a Lake Skinner bypass blend change from 0% to 100% Colorado River Water in a 48-hour period. This resulted in up to a 40% change to some chemical feed systems, multiple plant process adjustments and additional membrane cleanings. Staff

completed and received results from the first quarter fifth Unregulated Contaminant Monitoring Rule (UCMR 5) sampling and coordinated leak repairs and acid cleaning of the onsite sodium hypochlorite generation system. Work continued on the first stage membrane train 5 and second stage membrane train 3 as part of the Membrane Replacement Project, which is expected to be completed in May. The 4S Wet Weather Storage Pond level peaked at 59 feet (115 million gallons) earlier this spring and is now starting to drain. System Operations are continuing to provide extensive support to Ardurra on the Potable Water/Recycled Water Updated Master Plan and performed reservoir cleaning and inspection on 4S-2, Denk and Wiegand Reservoirs. System Operators installed pressure recorders throughout the Manchester Recycled Pipeline. Construction assisted with improvements and upgrades at OMWD Headquarters in preparation for the annual SWPP inspection and installed a new 8"in-line valve ahead of the Gardendale Pressure Reducing Station CIP Project. The Catalytic Converter Theft Prevention Project continues with the installation of shields on two more district trucks.

CUSTOMER SERVICES DEPARTMENT

Customer Services Manager John Carnegie Highlights for April 2024:

Published April issue of Watching Water newsletter; submitted final report for San Diego County Community Enhancement Program grant for Equine Incline Trail Rehabilitation Project; attended SDCWA's water use efficiency program workshop to provide feedback on proposed FY 25 changes; mailed 308 postcards notifying customers affected by the next AMI Expansion Project phase of upcoming work and the My Water Use dashboard; participated in DWR workshop to discuss updates for FY 25 Annual Water Supply Demand Assessment; engaged San Diego delegation staff at SDCWA's Water Use Efficiency Guidelines Briefing regarding proposed regulations; notified by American Public Works Association's San Diego and Imperial County Chapter that it has selected the Manchester Avenue Recycled Water Pipeline as a 2024 Project of the Year Honor Award winner; hosted interagency customer service managers meeting with 12 local agencies to discuss standards and practices; and signed on to coalition letters supporting AB 2257, relating to property-related fees and assessments, and SB 1218, relating to emergency water supplies, led by ACWA and Irvine Ranch Water District respectively.

At EFRR, held three "Habitat" field trips for Escondido Unified School District students; hosted ACWA JPIA representative for assessment of risk control measures at EFRR; hosted annual Earth Day cleanup in partnership with I Love a Clean San Diego and a second cleanup in partnership with San Marcos Rotary Club; and provided an EFRR information booth at Escondido Creek Conservancy's fundraising event.

FINANCE DEPARTMENT

Finance Manager Rainy Selamat Highlights for April 2024:

Presented the Draft Biennial Operating and Capital Budget for Fiscal Years 2025 and 2026 to Finance Committee members and the Board; staff completed quarterly payroll tax returns; staff continued to provide same level of service with one less staff accountant due to vacancy; reviewed 49 applications received from the Accountant I position for the May 1st interview; staff worked on completing the District's Title XVI grant claim for reimbursement of \$2.8 million in project expenditures; staff submitted Calendar Year 2023 State Controller's Compensation

Report; staff reviewed and tested FY 24/25 sewer billing batch; continued working on The General Manager's Recommended Operating and Capital Budget for fiscal years 2025 and 2026; continued working on 2024 Water Cost of Service Study with Raftelis; staff provided recycled water sales information to United States Bureau of Reclamation; attended OMWD budget meetings to finalize capital expenditures for fiscal years 2025 and 2026; continued discussion with Pinnacle LLC on the proposed California Statewide Communities Development Authority's Pinnacle Community Facilities District formation process; attended effective communication skills training; presented and discussed the proposed 401(a) plan amendments with managers and supervisors; attended investment webinar hosted by Raymond James; attended OMWD's 65th anniversary event; and compiled pay information included in the CalPERS compensation review letter.

ASSISTANT GENERAL MANAGER:

The Assistant General Manager reports the following for April 2024:

Attended the North San Diego Economic Development Council Board Meeting, Effective Communication Skills Training Seminar at OMWD, and OMWD 65th Anniversary Celebration. Engaged in meetings with consultants and continued project management efforts on San Dieguito Valley Brackish Groundwater Project, dedicated significant time to Customer Services, Engineering and Operations budget development, 10-year Capital Spending Plan, personnel matters including employee reviews and recruitment, review and preparation of upcoming projects including EV Fleet Migration, NSDWRC coordination and claims management.

GENERAL MANAGER:

The General Manager reports the following for April 2024:

General Manager Thorner hosted a Finance Committee Meeting, met with the Vallecitos General Manager to discuss recycled water, hosted a VIP Tour, met with Congressman Peters' office, attended the Finance Planning Work Group - Meeting #8, hosted an effective communication skills training, served on the Carlsbad General Manager interview panel, attended the California Special Districts Association Special District Leadership Academy, attended the SDCWA Member Agency Managers meeting, attended the Council of Water Utilities meeting, attended the North County Managers meeting, participated in the WateReuse California Executive Committee Board Prep meeting, hosted a Staff Leadership meeting, participated in the North County Work Group meeting, held 65th anniversary commemorative event, worked with Finance on budget for OMWD and CIP restructuring, and dedicated significant time to reviewing records requests, legal matters, interviews, reviewing legislation, and drafting an Al Policy.

Memo

C

To: Olivenhain Municipal Water District Board of Directors

Subject: INFORMATIONAL REPORTS

CONSULTING ENGINEER

Any written report will be attached; any oral report will be provided at the time of the Board Meeting.

Memo

D

To: Olivenhain Municipal Water District Board of Directors

Subject: INFORMATIONAL REPORTS

GENERAL COUNSEL

Any written report will be attached; any oral report will be provided at the time of the Board Meeting.

TO: Olivenhain Municipal Water District

FROM: Alfred Smith

DATE: May 15, 2024

RE: Attorney Report: Corrosion and Class Action Claims

150152-0005

I. INTRODUCTION.

This attorney report provides an update on a recent appellate court decision involving claims against a water purveyor for home plumbing system damage due to allegedly corrosive water. In *Malquist v. City of Folsom,* homeowners filed a class action lawsuit against the City alleging they suffered damages to their homes and plumbing systems due to the City's failure to maintain proper corrosion control measures. Both the trial court and the Third District Court of Appeal ruled in favor of the City, rejecting the plaintiffs' claims.

II. BACKGROUND.

The City of Folsom treats water from Folsom Lake in its water treatment plant, and distributes potable water to approximately 23,600 homes and businesses. The City began receiving complaints from residents that their copper pipes were experiencing pinhole leaks, which allegedly caused damage to their homes and plumbing systems.

The plaintiffs filed a lawsuit against the City and also moved to certify a class action against the City. The complaint alleged that the City failed to maintain proper corrosion control measures at its water treatment plan, allowing the pH level of the City's water to rise to unacceptable levels, causing the City's water to become corrosive and harmful. The complaint further alleged that the "aggressive, corrosive, and substandard water" supplied by the water treatment plant created a "nuisance by causing pinhole leaks in copper pipes receiving the water, thereby damaging persons and property."

The City opposed the lawsuit, arguing that the plaintiffs failed to allege the City violated any statutory duties, and that the plaintiffs failed to prove the alleged leaks would not have occurred if the City had complied with its statutory duties. The City further provided declarations, discovery responses, and laboratory tests performed on 12 pipe specimens showing that the pinhole leaks in those pipes were caused by poor workmanship rather than water chemistry. The City also opposed the plaintiffs attempt to certify a class action. The City ultimately added phosphate to its drinking water to

prevent corrosion, which was recommended by consultants the City hired to identify potential contributing factors that might explain the increased complaints.

The trial court ruled in favor of the City. The plaintiffs appealed.

III. COURT'S ANALYSIS.

The Third District Court of Appeal ruled in favor of the City, affirming the trial court's decision. The Court of Appeal reasoned that the homeowners did not meet their burden of establishing the water conditions were the cause of corrosion, leaks or damage to the homes. Nor did the homeowners establish the requirements for class certification, including the well-defined community of interest requirement.

The Court of Appeal also found that common questions of law and/or fact for class action purposes did not predominate over individual questions because the existence, cause, and extent of damage to copper piping required individual proof. In upholding the trial court's decision, the Court of Appeal stated:

"It is not enough merely to assume, as Plaintiff has done, that the City's water condition amounted to a nuisance as to all putative Class members. Even if Plaintiff is correct that the City provided corrosive water, it does not follow that the water conditions necessarily caused corrosion and/or pinhole leaks in copper piping throughout the City, let alone to the same degree across members of the Class. It also is not clear that each putative class member actually received water from the City's plant with the same water chemistry given their distance from the plant and related change in residual levels.

The issue is much more nuanced than that. It may be, for example, some residents of Folsom experienced pinhole leaks because of poor workmanship during the installation of their plumbing systems. Others may have experienced corrosion because of the age of the property and the use of thinner copper piping, which was common at the time. Some may have experienced corrosion because of impurities in their copper pipes or settled particulates. Others still may have experienced no corrosion or pinhole leaks at all.

Because the material submitted by the parties did not demonstrate even a causal connection between the City's water and the leaks, the court observed that proving a *nuisance* claim as pleaded would require each putative class member to submit evidence that, among other things, the alleged conduct by the City in failing to properly oversee its plant's water

delivery substantially interfered with their use and enjoyment of their property.

In other words, even if plaintiff could demonstrate a certain level of offense or interference as to all putative class members, whether such offense or interference rose to the level of a private nuisance cannot be determined on a group basis. Instead, Numerous and substantial legal and factual questions remain to be resolved, on an individualized basis, about the substantial factor causing harm to the potential class members and their properties. Any harm suffered could potentially be attributable to the water conditions, but also attributable to many concurrently operating factors over which the City has no control, causing different harm.

The court concluded that common issues of law and fact on liability did not predominate because, even if Plaintiff could prove Defendant provided corrosive water and that water caused damage to copper pipes within the City, there would have to be individual trials as to each class member because a nuisance cause of action requires individual showings. A finding of causation at any degree is not equivalent to causing each class member's damages.

The court also concluded that a class action would not be a superior method of adjudicating the proposed nuisance class claims because the individual issues required individual proof. It recognized that some common issues of fact and law existed as to the chemistry of the water provided by the City but concluded that those common issues do not clearly address or resolve other essential elements of the class's nuisance causes of action. Instead, the root cause of damage to pipes may well be different for each individual putative class member, and therefore determining defendant's liability would require individualized inquiry into each putative class member's circumstances. Defending a class action requiring such an individualized inquiry could prejudice the City."

IV. CONCLUSION.

The appellate court's decision is helpful to water agencies opposing claims regarding improper water control procedures, claims alleging corrosion or other water conditions caused damage, and attempts by plaintiffs to obtain class certification to pursue such claims.

The appellate court's decision is currently unpublished. Given the favorable nature of this decision to water districts and other public agencies, the California Special

Memorandum May 15, 2024 Page 4

Districts Association ("CSDA") and the League of California Cities are filing a joint letter requesting publication of this case.

AES

Memo

Ε

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 APRIL 25, 2024

- 1. Adopt positions on various state bills:
 - The Board adopted a position of Support on S 2514, Colorado River Salinity Control Fix Act (Senator Bennet)
 - The Board adopted a position of Support on AB 2501 (Alvarez), relating to cutting the green tape.
 - The Board adopted a position of Support on AB 2610 (Garcia), relating to extended environmental coverage.
- 2. <u>Design professional services contract with Hazen and Sawyer for design and engineering support services for the Moosa Canyon Pipeline Replacement project.</u>

The Board awarded a design professional services contract, as attached, with such non-material modifications as approved by the General Manager or General Counsel, to Hazen and Sawyer for a not-to-exceed amount of \$5,644,936, to provide design and engineering support services for the Moosa Canyon Pipeline Replacement project, and authorized the General Manager, or designee, to execute the contract.

- 3. <u>Monthly Treasurer's Report on Investments and Cash Flow.</u>
 The Board noted and filed the Treasurer's report.
- 4. Ordinance making amendments to Chapter 2.00.

The Board adopted Ordinance No. 2024-02, an ordinance of the Board of Directors of the San Diego County Water Authority making amendments to Chapter 2.00, Section 2.00.080(a) of the Administrative Code.

5. Designations for Emergency Assistance and Relief.

The Board adopted Resolution No. 2024-06, a Resolution of the Board of Directors of the San Diego County Water Authority to designate officers and employees authorized to execute certain disaster relief or emergency assistance documents.

6. Approval of Minutes.

The Board approved the minutes of the Formal Board of Directors' meeting of March 28, 2024.

Memo

F

To: Olivenhain Municipal Water District Board of Directors

Subject: INFORMATIONAL REPORTS

LEGISLATIVE REPORT

Any written report will be attached; any oral report will be provided at the time of the Board Meeting.



TO: Olivenhain Municipal Water District (OMWD)

FROM: Ashley Walker, Senior Policy Advisor, Nossaman LLP

Jennifer Capitolo, Jennifer M. Capitolo and Associates LLC

DATE: May 1, 2024

RE: May 2024 Public Policy Report

State Legislative Update:

Status of the Legislature: The first policy committee deadline for fiscal bills was on April 26. The policy committee deadline for nonfiscal bills is May 3. Appropriations Committees will meet in May and take up measures to meet the May 17 fiscal committee deadline. Bills will then move to the floor and passed over to the second house. The legislature will take a summer recess from July 3 through August 5. The final day of the legislative session is August 31. The governor has 30 days to take action on all bills presented to him.

State Budget: The May Revise will be released around May 10 and budget negotiations will be ongoing until the end of June. The budget must be passed by June 15 and signed by the governor by June 30. However, there are budget trailer bills that can continue to be worked on until the end of session. The legislature already passed, and the governor signed, the Early Action Budget plan that was announced and agreed upon to address some of the state budget deficit — about \$17 billion. The LAO is still predicting a massive state budget shortfall, while the governor's office and Department of Finance believe it is slightly less. Either way, there will need to be significant budget adjustments to account for the deficit.

Legislation: Nossaman has outlined legislation of interest to OMWD, with suggested or current positions below.

 AB 1820 (Pilar): Housing development projects: applications: fees and exactions. Establishes a process through which development proponents can request preliminary project fee and exaction estimates when submitting a preliminary application and receive a final list of all fees and exactions related to the project after final approval, within a specified timeframe.

<u>Current position: Watch.</u> ACWA Position: Watch.

• AB 1827 (Papan): Local government: fees and charges: water: higher-consumptive water parcels. This bill would provide that the fees or charges for property-related water service imposed or increased, as specified, may include the incrementally higher costs of water

service due to specified factors, including the higher water usage demand of parcels. The bill would provide that the costs associated with higher water usage demands, the maximum potential water use, or a projected peak water usage demand may be allocated using any method that reasonably assesses the water service provider's cost of serving those parcels that are increasing potential water usage demand, maximum potential water use, or project peak water use demand.

<u>Current position: Support.</u> <u>ACWA Position: Support.</u>

• AB 2257 (Wilson): Local government: property-related water and sewer fees and assessments: remedies. This bill would prohibit, if a local agency complies with specified procedures, a person or entity from bringing a judicial action or proceeding alleging noncompliance with the constitutional provisions of Proposition 218 for any new, increased, or extended fee or assessment, unless that person or entity has timely submitted to the local agency a written objection to that fee or assessment that specifies the grounds for alleging noncompliance.

<u>Current position: Support.</u> ACWA Position: Sponsor.

• SB 937 (Wiener): Development projects: permits and other entitlements: fees and charges. This bill would extend by 24 months the period for the expiration, effectuation, or utilization of a housing entitlement that was issued before January 1, 2024, and that will expire before December 31, 2025. The bill would toll this 24-month extension during any time that the housing entitlement is the subject of a legal challenge.

<u>Current position: Watch.</u> ACWA Position: Watch.

• SB 1072 (Padilla): Local government: Proposition 218: remedies. Senate Bill 1072 provides that, if a court determines that fee or charge for a property related service, including water, sewer, and refuse collections violates Proposition 218, then the local agency must, in the next procedure to impose or increase the fee or charge, credit that amount against the cost of providing the property related service, unless statute explicitly provides a refund remedy. The measure also states it does not apply to claims related to billing errors.

<u>Current position: Watch.</u> ACWA Position: Support.

• SB 1210 (Skinner): New housing construction: electrical, gas, sewer, and water service connections: charges. This bill would, for new housing construction, require utilities, on or before January 1, 2026, to publicly post on their internet websites (1) the schedule of fees for a service connection, capacity, or other point of connection charge for each housing development type, including, but not limited to, accessory dwelling unit, mixed-use, multifamily, and single-family developments, except as specified, and (2) the estimated timeframes for completing typical service connections needed for each housing

development type, as specified. The bill would exempt from its provisions an independent special district that does not maintain an internet website due to a hardship, as provided.

<u>Current position: Watch.</u> <u>ACWA Position: Oppose.</u>

• SB 1218 (Newman): Water emergency Supplies. This bill would declare that it is the established policy of the state to encourage and incentivize, but not mandate, the development of emergency water supplies, and to support their use during times of water shortage. It would declare the established state policy to encourage and incentivize, but not mandate, the development of emergency water supplies and to support their use during times of water shortage, as provided. It would also define emergency water supplies to mean water supplies identified in a water shortage contingency plan developed to increase water supply reliability during times of shortage, as specified.

<u>Current position: Support.</u> <u>ACWA Position: Support.</u>

Climate Change / Water Bond Negotiations: Climate bond negotiations have begun, and working groups in the Senate and Assembly have been formed. The current debt capacity for the state is around \$20 billion, with several statewide bonds being negotiated and discussed. In order for any legislative bond to qualify for the November ballot, the legislature would need to swiftly pass an agreed upon bond bill, and it would need to be signed by the governor no later than June 27.

The members on the working groups are as follows:

Senate SB 867 Climate Bond Working Group Members

- Senator Allen (SD 24, including Los Angeles) Author
- Senator Caballero (SD 14, including Monterey County, Salinas, San Benito County)
- Senator Skinner (SD 9, including Alameda County, Contra Costa County, Alameda, Oakland, Piedmont, Emeryville, Berkeley, El Cerrito, Richmond)
- Senator Limon (SD 19, including Santa Barbara County, Ventura County)
- Senator Gonzalez (SD 33, including Southeast Los Angeles)
- Senator Becker (SD 13, including San Mateo County, Santa Clara County)

Assembly AB 1567 Climate Bond Working Group Members

- Assemblymember Garcia (AD 56, including Los Angeles county and San Gabriel Valley) –
 Author
- Assemblymember Addis (AD 30, including Monterey, San Luis Obispo, Santa Cruz counties)
- Assemblymember Hart (AD 37, including San Luis Obispo, Santa Barbara counties)
- Assemblymember Wilson (AD 11, including Solano, Contra Costa, Sacramento counties)
- Assemblymember Petrie-Norris (AD 73, including Orange county)
- Assemblymember Papan (AD 21, including San Mateo county)
- Assemblymember Connolly (AD 12, including San Joaquin, Stanislaus counties)
- Assemblymember Bryan (AD 55, including Los Angeles, Orange, San Bernardino counties)

- Assemblymember Soria (AD 27, including Fresno, Madera, Merced counties)
- Assemblymember Zbur (AD 51, including Los Angeles)

Governor's Actions and Executive Orders: The following actions have been taken by the governor since the last report. This list is compiled from Cal OES, California Health and Human Services, California Department of Public Health, and FEMA.

- April 29 FEMA is reducing the hours of its helpline -- 800-621-3362 -- the number people can call to update their FEMA application or check its status as they continue their recovery from the Jan. 21-23 flooding in San Diego. FEMA specialists will be available daily 7 a.m. 8 p.m. PT moving forward.
- April 26 Governor Newsom announced a partnership between the California Highway Patrol and Bakersfield to target crime in the Central Valley.
- April 23 Governor Newsom announced the seizure of 1.1 million fentanyl pills in the last week through the California National Guard's Counterdrug Task Force, in support of the San Diego County Sheriff's Department and the US Department of Homeland Security.
- April 21 President Biden issued a Major Disaster Declaration for the Morongo Band of Mission Indians and the Hoopa Valley Tribe to support recovery efforts following the severe storms of late January and early February.
- April 14 President Biden approved Governor Newsom's request for a Presidential Major Disaster Declaration to support ongoing recovery efforts following widespread flooding, mudslides and debris flows during early February storms.
- April 12 The Internal Revenue Service (IRS) approved a request from Governor Newsom, Cal OES and the California Franchise Tax Board (FTB) to extend tax deadlines for California taxpayers in San Diego County to June 17, 2024.
- April 10 Cal OES today announced awarding \$39 million to 193 community groups across the state. This announcement follows Governor Newsom's additional \$20 million investment in the program last October to further the state's efforts to bolster safety and security at nonprofit organizations.
- April 2 Governor Newsom released the state's updated Water Plan to protect California's water supplies from the climate crisis while boosting our ability to capture and store water for when dry conditions return.

Water Quality:

Hexavalent Chromium: On April 17, 2024, the State Water Resources Control Board adopted a new Maximum Contaminant Level (MCL) of 10 parts per billion (ppb) for Hexavalent Chromium (Chromium-6) in drinking water. The regulation applies to all water suppliers, including small public water systems (PWS). It is expected that the regulation will take effect by October. Water suppliers will be required to comply with the regulation in accordance with the following specified timelines:

- PWS with 10,000 or more connections will be required to comply within two years after the MCL takes effect;
- PWS with 1,000-9,999 connections will be required to comply within three years after the MCL takes effect; and
- PWS with less than 1,000 connections will be required to comply within four years after the MCL takes effect.

Conservation/Water Use Efficiency:

Hydrologic Conditions: On April 1, 2024, the Department of Water Resources conducted its final snow survey and reported the results of electronic readings from 130 snow measurement stations placed throughout the state, which indicate that the statewide snowpack's snow water equivalent is 28.6 inches, or 110 percent of the April 1 average. This significant improvement from just 28 percent of average on January 1. Seasonal precipitation statewide is also now comfortably above normal and spring rains are continuing in significant parts of the state. Runoff also remains normal for this time of year as moderate temperatures are preserving the snowpack. Reservoirs statewide are expected to fill with snowmelt as the spring transitions into summer.

State Water Board:

Long-term Water Conservation Standards Rulemaking: On March 27, 2024, the ACWA coalition submitted its comment letter on the "Making Water Conservation a California Way of Life" proposed regulation. The coalition continues to meet to identify key remaining issues shared by the coalition members and determine advocacy next steps. The State Water Board staff is now expected to further revise the proposed regulation in response to stakeholder comments in coming weeks. A final revised draft regulation will likely be released for a final 15-day comment period by June or July, to ensure final board action in August.

Other:

CARB Advanced Clean Fleets Regulation: On March 25, CARB held the first workshop to address amendments to the Advanced Clean Fleets regulation (ACF) as required by AB 1594 (Garcia, 2023) to more fully consider public agency utility fleet needs. CARB proposes to affirm which "traditional utility-specialized vehicles" are eligible for consideration under AB 1594, re-evaluate the 13-year minimum useful life threshold used to determine exemption eligibility under ACF, and expand the existing daily use exemption to allow for more comprehensive usage data plans. Informal comments were due April 30.



Olivenhain Legislative Report as of 5/2/2024

Support

AB 1567 (Garcia D) Safe Drinking Water, Wildfire Prevention, Drought Preparation, Flood
Protection, Extreme Heat Mitigation, Clean Energy, and Workforce Development Bond Act

of 2024.

Last Amend: 5/26/2023

Status: 6/14/2023-Referred to Coms. on N.R. & W. and GOV. & F.

Location: 6/14/2023-S. N.R. & W.

Summary: Would enact the Safe Drinking Water, Wildfire Prevention, Drought Preparation, Flood Protection, Extreme Heat Mitigation, Clean Energy, and Workforce Development Bond Act of 2024, which, if approved by the voters, would authorize the issuance of bonds in the amount of \$15,995,000,000 pursuant to the State General Obligation Bond Law to finance projects for safe drinking water, wildfire prevention, drought preparation, flood protection, extreme heat mitigation, clean energy, and workforce development programs.

OMWD Position

Support

AB 1827 (Papan D) Local government: fees and charges: water: higher consumptive water

parcels.

Last Amend: 4/4/2024

Status: 4/29/2024-Read second time. Ordered to third reading.

Location: 4/29/2024-A. THIRD READING

Calendar: 5/2/2024 #156 ASSEMBLY THIRD READING FILE - ASSEMBLY BILLS

Summary: The California Constitution specifies various requirements with respect to the levying of assessments and property-related fees and charges by a local agency, including requiring that the local agency provide public notice and a majority protest procedure in the case of assessments and submit property-related fees and charges for approval by property owners subject to the fee or charge or the electorate residing in the affected area following a public hearing. Current law, known as the Proposition 218 Omnibus Implementation Act, prescribes specific procedures and parameters for local jurisdictions to comply with these requirements and, among other things, authorizes an agency providing water, wastewater, sewer, or refuse collection services to adopt a schedule of fees or charges authorizing automatic adjustments that pass through increases in wholesale charges for water, sewage treatment, or wastewater treatment or adjustments for inflation under certain circumstances. Current law defines, among other terms, the term "water" for these purposes to mean any system of public improvements intended to provide for the production, storage, supply, treatment, or distribution of water from any source. This bill would provide that the fees or charges for property-related water service imposed or increased, as specified, may include the incrementally higher costs of water service due to specified factors, including the higher water usage demand of parcels.

OMWD Position

Support

Notes: ACWA position- support. Olivenhain support letter 5/2/24.

AB 2257 (Wilson D) Local government: property-related water and sewer fees and assessments:

remedies.

Last Amend: 4/23/2024

Status: 5/1/2024-From committee: Do pass. (Ayes 7. Noes 2.) (May 1).

Location: 3/19/2024-A. L. GOV.

Calendar: 5/2/2024 #86 ASSEMBLY SECOND READING FILE -- ASSEMBLY BILLS

Summary: The California Constitution specifies various requirements with respect to the levying of assessments and property-related fees and charges by a local agency, including notice, hearing, and protest procedures, depending on the character of the assessment, fee, or charge. Current

law, known as the Proposition 218 Omnibus Implementation Act, prescribes specific procedures and parameters for local jurisdictions to comply with these requirements. This bill would prohibit, if a local agency complies with specified procedures, a person or entity from bringing a judicial action or proceeding alleging noncompliance with the constitutional provisions for any new, increased, or extended fee or assessment, as defined, unless that person or entity has timely submitted to the local agency a written objection to that fee or assessment that specifies the grounds for alleging noncompliance, as specified. This bill would provide that local agency responses to the timely submitted written objections shall go to the weight of the evidence supporting the agency's compliance with the substantive limitations on fees and assessments imposed by the constitutional provisions.

OMWD Position

Support

Notes: ACWA position- sponsor/ support 3.13.24. Olivenhain on coalition support letter 4/24/24.

SB 366 (Caballero D) The California Water Plan: long-term supply targets.

Last Amend: 4/8/2024

Status: 4/8/2024-From committee with author's amendments. Read second time and amended.

Re-referred to Com. on W., P., & W. **Location:** 6/8/2023-A. W.,P. & W.

Summary: Current law requires the Department of Water Resources to update every 5 years the plan for the orderly and coordinated control, protection, conservation, development, and use of the water resources of the state, which is known as "The California Water Plan." Current law requires the department to include a discussion of various strategies in the plan update, including, but not limited to, strategies relating to the development of new water storage facilities, water conservation, water recycling, desalination, conjunctive use, water transfers, and alternative pricing policies that may be pursued in order to meet the future needs of the state. Current law requires the department to establish an advisory committee to assist the department in updating the plan. This bill would revise and recast certain provisions regarding The California Water Plan to, among other things, require the department to instead establish a stakeholder advisory committee and to expand the membership of the committee to include tribes, labor, and environmental justice interests. The bill would require the department to coordinate with the California Water Commission, the State Water Resources Control Board, other state and federal agencies as appropriate, and the stakeholder advisory committee to develop a comprehensive plan for addressing the state's water needs and meeting specified long-term water supply targets established by the bill for purposes of The California Water Plan. The bill would require the plan to provide recommendations and strategies to ensure enough water supply for all designated beneficial uses.

OMWD Position

Support

Notes: Coalition support letter 4/17/24.

(Allen D) Drought, Flood, and Water Resilience, Wildfire and Forest Resilience, Coastal Resilience, Extreme Heat Mitigation, Biodiversity and Nature-Based Climate Solutions, Climate Smart Agriculture, Park Creation and Outdoor Access, and Clean Energy Bond Act of 2024.

Last Amend: 6/22/2023

Status: 7/6/2023-July 10 hearing postponed by committee.

Location: 6/20/2023-A. NAT. RES.

Summary: Would enact the Drought, Flood, and Water Resilience, Wildfire and Forest Resilience, Coastal Resilience, Extreme Heat Mitigation, Biodiversity and Nature-Based Climate Solutions, Climate Smart Agriculture, Park Creation and Outdoor Access, and Clean Energy Bond Act of 2024, which, if approved by the voters, would authorize the issuance of bonds in the amount of \$15,500,000,000 pursuant to the State General Obligation Bond Law to finance projects for drought, flood, and water resilience, wildfire and forest resilience, coastal resilience, extreme heat mitigation, biodiversity and nature-based climate solutions, climate smart agriculture, park creation and outdoor access, and clean energy programs.

OMWD Position

Support

SB 1218 (Newman D) Water: emergency water supplies.

Status: 4/26/2024-Set for hearing May 6.

Location: 4/23/2024-S. APPR.

Calendar: 5/6/2024 10 a.m. - 1021 O Street, Room 2200 SENATE APPROPRIATIONS, CABALLERO, ANNA, Chair

Summary: Would declare that it is the established policy of the state to encourage and incentivize, but not mandate, the development of emergency water supplies, and to support their use during

times of water shortage.

OMWD Position

Support

Notes: Coalition sign on letter 3/11/24. Coalition letter 4/9/24 to committee.

SB 1330 (Archuleta D) Urban retail water supplier: water use.

Last Amend: 4/24/2024

Status: 4/24/2024-Read second time and amended. Re-referred to Com. on APPR.

Location: 4/23/2024-S. APPR.

Summary: Current law requires an urban retail water supplier to calculate its urban water use objective no later than January 1, 2024, and by January 1 every year thereafter. Current law requires each urban retail water supplier's water use objective to be composed of the sum of specified aggregate estimates, including efficient outdoor irrigation of landscape areas with dedicated irrigation meters or equivalent technology in connection with water used by commercial water users, industrial water users, institutional water users, and large landscape water users (CII). Existing law requires an urban retail water supplier to submit reports to the Department of Water Resources, as provided, by the same dates. This bill would require the department to collect and update data for outdoor residential landscapes and CII landscapes at least once every 10 years and post the data on its internet website.

OMWD Position

Support

Oppose Unless Amended

SB 1147 (Portantino D) Drinking water: bottled water: microplastics levels.

Last Amend: 4/10/2024

Status: 4/25/2024-From committee: Do pass and re-refer to Com. on APPR. (Ayes 9. Noes 0.)

(April 24). Re-referred to Com. on APPR.

Location: 4/25/2024-S. APPR.

Summary: The Sherman Food, Drug, and Cosmetic Law regulates, among other things, the manufacture, production, processing, and packing of any food, drug, device, or cosmetic, and is administered by the State Department of Public Health. The law prescribes various quality and labeling standards for bottled water and vended water, and limits the levels of certain contaminants that may be contained in those water products. Current law makes a violation of the law or regulation adopted pursuant to the law a crime. Current law requires, as a condition of licensure, a water-bottling plant, as defined, to annually prepare a water-bottling plant report, as specified, and to make the report available to each customer, upon request. This bill would require, upon adoption by the State Water Resources Control Board of a primary drinking water standard for microplastics, any water-bottling plant that produces bottled water that is sold in this state to provide the State Department of Public Health's Food and Drug Branch an annual report on the levels of microplastics found in the source water used for bottling and in the final bottled water product that is offered for sale, as provided. The bill would require this report to be included with the annual water-bottling plant report and, upon request, be made available to each consumer.

OMWD Position

Oppose Unless Amended

Close Watch

AB 828 (Connolly D) Sustainable groundwater management: managed wetlands.

Last Amend: 1/11/2024

Status: 5/1/2024-Referred to Com. on N.R. & W.

Location: 5/1/2024-S. N.R. & W.

Summary: The Sustainable Groundwater Management Act requires all groundwater basins designated as high- or medium-priority basins by the Department of Water Resources to be managed under a groundwater sustainability plan or coordinated groundwater sustainability plans, except as specified. Current law defines various terms for purposes of the act. This bill would add various defined terms for purposes of the act, including the terms "managed wetland" and "small community water system."

OMWD Position

Close Watch

AB 1879 (Gipson D) Electronic signatures.

Last Amend: 3/7/2024

Status: 5/1/2024-Referred to Coms. on JUD. and REV. & TAX.

Location: 5/1/2024-S. JUD.

Summary: Current law authorizes, in any written communication with a public entity, the use of a digital signature, which is defined, in part, as a type of electronic signature, as defined. Under current law, a digital signature has the same force and effect as the use of a manual signature if it complies with specified requirements and the public entity elects to use a digital signature. Current law requires, at the option of the parties, the use or acceptance of a digital signature. This bill would require, at the option of the parties, the use or acceptance of an electronic signature, including a digital signature, unless otherwise provided. Under the bill, a digital signature would also have the same force and effect as the use of a manual signature if it complies with the above-referenced requirements and the public entity's use of a digital signature is mandated.

OMWD Position

Close Watch

<u>AB 2079</u> (<u>Bennett</u> D) Groundwater extraction: large-diameter, high-capacity water wells:

permits.

Last Amend: 4/25/2024

Status: 4/29/2024-Re-referred to Com. on APPR.

Location: 4/23/2024-A. APPR.

Summary: Current law requires the State Water Resources Control Board to adopt a model water well, cathodic protection well, and monitoring well drilling and abandonment ordinance implementing certain standards for water well construction, maintenance, and abandonment and requires each county, city, or water agency, where appropriate, to adopt a water well, cathodic protection well, and monitoring well drilling and abandonment ordinance that meets or exceeds certain standards. Under current law, if a county, city, or water agency, where appropriate, fails to adopt an ordinance establishing water well, cathodic protection well, and monitoring well drilling and abandonment standards, the model ordinance adopted by the state board is required to take effect, and is required to be enforced by the county or city and have the same force and effect as if adopted as a county or city ordinance. This bill would require a local enforcement agency, as defined, to perform specified activities at least 30 days before determining whether to approve a permit for a new large-diameter, high-capacity well, as defined. By imposing additional requirements on a local enforcement agency, the bill would impose a state-mandated local program. The bill would require, if the proposed large-diameter, high-capacity well is to be located in an area subject to management by a groundwater sustainability agency, the applicable groundwater sustainability agency, upon notice of a permit application, to provide specified information to the local enforcement agency, including, but not limited to, the name of the applicable groundwater sustainability agency, the agency manager and contact information, and the applicable sustainable management criteria related to groundwater levels, including the groundwater level measurable objectives and minimum thresholds. The bill would require a local enforcement agency, before approving a permit for a large-diameter, high capacity well, to provide specified information to the applicant. The bill would prescribe certain standards a local enforcement agency would be required to follow in the approval or denial of the permit, including the location of the proposed large-diameter, high capacity well and specified geological and water supply considerations. The bill would provide exemptions for its provisions for specified water wells. The bill would provide that its provisions apply only to applications for permits for the construction,

maintenance, abandonment, or destruction of water wells in basins identified in the Department of Water Resources Bulletin 118.

OMWD Position

Close Watch

AB 2454 (Lee D) Drinking water: rental property: domestic well testing.

Last Amend: 4/15/2024

Status: 4/24/2024-From committee: Do pass and re-refer to Com. on APPR. (Ayes 5. Noes 0.)

(April 23). Re-referred to Com. on APPR.

Location: 4/23/2024-A. APPR.

Summary: The California Safe Drinking Water Act provides for the operation of public water systems and imposes on the State Water Resources Control Board various duties and responsibilities for the regulation and control of drinking water in the State of California. The act requires the state board to adopt primary drinking water standards for contaminants in drinking water based upon specified criteria. Current law makes certain violations of the act a crime. This bill would require an owner of a domestic well that serves a rental property who is provided written notice of a free domestic well testing program, as defined, to participate in the program and its related requirements, as specified. The bill would require an owner of the rental property to provide testing results to all current residents of the rental property, as specified. The bill would require, if the testing demonstrates a violation of any primary drinking water standards, the domestic well owner to ensure that, within 14 days of receiving test results, tenants of rental properties served solely by that domestic well have access to an adequate supply of safe drinking water. The bill would prohibit an owner of a domestic well from imposing any charge, or increasing any fee, rent, or other charge imposed, on any tenant solely as a result of the requirements of these provisions.

OMWD Position

Close Watch

SB 638 (Eggman D) Climate Resiliency and Flood Protection Bond Act of 2024.

Last Amend: 6/28/2023

Status: 7/6/2023-July 11 hearing postponed by committee.

Location: 6/15/2023-A. W., P. & W.

Summary: Would enact the Climate Resiliency and Flood Protection Bond Act of 2024 which, if approved by the voters, would authorize the issuance of bonds in the amount of \$6,000,000,000 pursuant to the State General Obligation Bond Law, for flood protection and climate resiliency projects.

OMWD Position

Close Watch

Watch

AB 305 (Villapudua D) California Flood Protection Bond Act of 2024.

Last Amend: 4/25/2023

Status: 6/14/2023-Referred to Coms. on N.R. & W. and GOV. & F.

Location: 6/14/2023-S. N.R. & W.

Summary: Would enact the California Flood Protection Bond Act of 2024 which, if approved by the voters, would authorize the issuance of bonds in the amount of \$4,500,000,000 pursuant to the State General Obligation Bond Law for flood protection projects, as specified. The bill would provide for the submission of these provisions to the voters at the November 5, 2024, statewide general election.

OMWD Position

Watch

AB 1272 (Wood D) State Water Resources Control Board: drought planning.

Last Amend: 9/1/2023

Status: 9/14/2023-Withdrawn from Engrossing and Enrolling. Ordered to the Senate. In Senate. Held at Desk.

Location: 9/14/2023-S. DESK

Summary: Would require the State Water Resources Control Board, in consultation with the Department of Fish and Wildlife, to adopt principles and guidelines for diversion and use of water in coastal watersheds, as specified, during times of water shortage for drought preparedness and climate resiliency. The bill would require that the principles and guidelines allow for the development of locally generated watershed-level plans to support public trust uses, public health and safety, and the human right to water in times of water shortage, among other things. The bill also would require the state board, prior to adopting those principles and guidelines, to allow for public comment and hearing, as provided. The bill would make the implementation of these provisions contingent upon an appropriation of funds by the Legislature for this purpose.

OMWD Position

Watch

AB 1820 (Schiavo D) Housing development projects: applications: fees and exactions.

Last Amend: 4/29/2024

Status: 4/30/2024-Re-referred to Com. on APPR.

Location: 4/25/2024-A. APPR.

Summary: Current law requires a city or county to deem an applicant for a housing development project to have submitted a preliminary application upon providing specified information about the proposed project to the city or county from which approval for the project is being sought. Current law requires a housing development project be subject only to the ordinances, policies, and standards adopted and in effect when the preliminary application was submitted. This bill would authorize a development proponent that submits a preliminary application for a housing development project to request a preliminary fee and exaction estimate, as defined, and would require the local agency to provide the estimate within 30 business days of the submission of the preliminary application. For development fees imposed by an agency other than a city or county, the bill would require the development proponent to request the fee schedule from the agency that imposes the fee.

OMWD Position

Watch

Notes: ACWA position- watch.

AB 1851 (Holden D) Drinking water: schoolsites: lead testing pilot program.

Last Amend: 4/8/2024

Status: 4/24/2024-In committee: Set, first hearing. Referred to suspense file.

Location: 4/24/2024-A. APPR. SUSPENSE FILE

Summary: Would require the Superintendent of Public Instruction, if an appropriation is made for this purpose, to establish a pilot program to test for and remediate lead contamination in drinking water at participating local educational agency facilities with plumbing that was installed before January 1, 2010. The bill would require the Superintendent to select no fewer than 6 and no more than 10 local educational agencies for participation in the pilot program and, if a selected local educational agency consents to participate in the pilot program, the bill would require the Superintendent to provide grants to the participating local educational agencies for testing and remediating drinking water lead levels at eligible facilities. If sampling results show lead levels in excess of 5 parts per billion for any potable water system outlet, the bill would require a participating local educational agency to notify the parents and guardians of pupils who attend the school of the elevated lead levels, as provided, to take immediate steps to shut down all potable water system outlets where excess lead levels may exist, and to ensure that a lead-free source of drinking water is provided for pupils at each potable water system outlet that has been shut down.

OMWD Position

Watch

AB 2000 (Mathis R) State Water Project: permit and license conditions.

Status: 1/31/2024-From printer. May be heard in committee March 1.

Location: 1/30/2024-A. PRINT

Summary: Under current law, the State Water Resources Control Board administers a water rights program pursuant to which the State Water Resources Control Board grants permits and licenses to appropriate water. Current law requires the director of the department, in collaboration with the Secretary of the Interior, to prepare a plan, on or before January 1, 2006, to meet the existing permit and license conditions for which the department has an obligation, and to submit copies of

the plan to the state board and the California Bay-Delta Authority prior to increasing the existing permitted diversion rate at the State Water Project's Harvey O. Banks Pumping Plant. This bill would make a nonsubstantive change to the latter provision.

OMWD Position

Watch

AB 2171 (Bennett D) Water: Department of Water Resources.

Status: 2/8/2024-From printer. May be heard in committee March 9.

Location: 2/7/2024-A. PRINT

Summary: Current law establishes in the Natural Resources Agency the Department of Water Resources, which is under the control of the Director of Water Resources. Current law provides for the appointment of the director by the Governor, subject to confirmation by the Senate. This bill would make nonsubstantive changes to that provision.

OMWD Position

Watch

AB 2517 (Fong, Vince R) Water: irrigation districts: long-term maintenance agreements.

Last Amend: 4/17/2024

Status: 4/18/2024-Re-referred to Com. on APPR.

Location: 4/16/2024-A. APPR.

Summary: The Irrigation District Law provides for the formation of irrigation districts with prescribed powers. The law authorizes an irrigation district to control, distribute, store, spread, sink, treat, purify, recapture, and salvage any water, as specified. Current law requires the Department of Water Resources to give information so far as it may be practicable to persons contemplating the formation of districts. This bill would require the department to respond to a request to enter into a long-term maintenance agreement, as defined, with an irrigation district within 120 days and to prioritize responding to long-term maintenance agreement requests for waterways that already have existing regular-term maintenance agreements, as defined.

OMWD Position

Watch

AB 2894 (Gallagher R) Urban water use targets: indoor residential water use.

Status: 2/16/2024-From printer. May be heard in committee March 17.

Location: 2/15/2024-A. PRINT

Summary: Existing law requires the state to achieve a 20% reduction in urban per capita water use in California. Existing law requires each urban retail water supplier to develop urban water use targets and an interim urban water use target, as specified, and states the intent of the Legislature that the urban water use targets cumulatively result in a 20% reduction from the baseline daily per capita water use. Existing law requires the Department of Water Resources to develop technical methodologies and criteria, as provided, for purposes of these provisions. This bill would make a nonsubstantive change to the provision requiring the department to develop technical methodologies and criteria.

OMWD Position

Watch

AB 2947 (Lackey R) Water: turfgrass conversion.

Last Amend: 4/8/2024

Status: 5/1/2024-In committee: Set, first hearing. Referred to suspense file.

Location: 5/1/2024-A. APPR. SUSPENSE FILE

Summary: Would prohibit the Department of Water Resources, when it allocates funding for turf replacement programs, from excluding urban water suppliers' turfgrass conversion rebate programs if the rebate program requires the recipient of a rebate to achieve a net water savings and to use the most efficient turfgrass irrigation equipment, as provided. The bill would require an urban water supplier that offers a turfgrass conversion rebate program using funds awarded by the department after January 1, 2025, to report annually to the department on the number of turfgrass conversions that are funded through the program and the estimated water savings from the program until the funds are exhausted.

OMWD Position

AB 3073 (Haney D) Wastewater testing: illicit substances.

Last Amend: 3/21/2024

Status: 4/24/2024-In committee: Set, first hearing. Referred to suspense file.

Location: 4/24/2024-A. APPR. SUSPENSE FILE

Summary: Would require the State Department of Public Health, in consultation with participating wastewater treatment facilities, local public health agencies, and other subject matter experts, to create a pilot program to test for high-risk substances and related treatment medications in wastewater. Under the bill, the goal of the program would be to determine how wastewater data can be used by state and local public health programs to address substance abuse in California. The bill would require the department to develop a list of target substances to be analyzed during the program that may include cocaine, fentanyl, methamphetamine, xylazine, methadone, buprenorphine, and naloxone. The bill would require the department, on or before July 1, 2025, to solicit voluntary participation from local public health agencies and wastewater treatment facilities, as specified. The bill would require the department to work with the participating agencies and facilities to collect samples and to arrange for those samples to be tested by qualified laboratories. The bill would require the department, in consultation with public health agencies and subject matter experts, to analyze test results to determine possible public health interventions.

OMWD Position

Watch

AB 3090 (Maienschein D) Drinking water standards: emergency notification plan.

Last Amend: 4/18/2024

Status: 4/29/2024-Read third time. Passed. Ordered to the Senate. (Ayes 73. Noes 0.) In Senate.

Read first time. To Com. on RLS. for assignment.

Location: 4/29/2024-S. RLS.

Summary: Would authorize and encourage a public water system, when updating an emergency notification plan, to provide notification to water users by means of other communications

technology, including, but not limited to, text messages, email, or social media.

OMWD Position

Watch

AB 3121 (Hart D) Urban retail water suppliers: written notice: conservation order: dates.

Status: 4/29/2024-Read third time. Passed. Ordered to the Senate. (Ayes 74. Noes 0.) In Senate.

Read first time. To Com. on RLS. for assignment.

Location: 4/29/2024-S. RLS.

Summary: Current law authorizes the State Water Resources Control Board, on and after January 1, 2025, to issue a written notice to an urban retail water supplier that does not meet its urban water use objective. Current law authorizes the board, on and after January 1, 2026, to issue a conservation order to an urban retail water supplier that does not meet its urban water use objective. This bill would instead provide that the date the board is authorized to issue a written notice to January 1, 2026 and a conservation order to January 1, 2027.

OMWD Position

Watch

AB 3157 (Papan D) California Water District Law.

Status: 2/17/2024-From printer. May be heard in committee March 18.

Location: 2/16/2024-A. PRINT

Summary: The California Water District Law (CWDL) authorizes a water district, by using any water or water supplies furnished to the district or used by the district, to construct, maintain, and operate plants for the generation of hydroelectric power from those water and transmission lines for the conveyance of that power. The CWDL authorizes a water district to join with any other district engaged in distributing water in exercising the powers granted to the district pursuant to that authorization, as described, or to execute joint power agreements with any agency formed for that purpose. This bill would make a nonsubstantive change to the latter authorization.

OMWD Position

Watch

AB 3187 (Carrillo, Juan D) Safe Drinking Water Plan.

Status: 2/17/2024-From printer. May be heard in committee March 18.

Location: 2/16/2024-A. PRINT

Summary: The California Safe Drinking Water Act requires the State Water Resources Control Board to maintain a drinking water program and carry out various duties, responsibilities, and functions relating to drinking water, including submission to the Legislature, every 5 years, of a comprehensive Safe Drinking Water Plan for California. This bill would make nonsubstantive changes to the provision requiring submission of a Safe Drinking Water Plan.

OMWD Position

Watch

ACA 2 (Alanis R) Water Resiliency Act of 2024.

Last Amend: 3/6/2024

Status: 3/19/2024-In committee: Set, first hearing. Hearing canceled at the request of author.

Location: 4/20/2023-A. W., P. & W.

Summary: The California Constitution declares that the general welfare requires that the water resources of the state be put to beneficial use to the fullest extent of which they are capable, and that the right to the use of water does not extend to the waste or unreasonable use, method of use, or method of diversion of water. This measure would require the Treasurer to annually transfer an amount equal to 1.5% of all state revenues from the General Fund to the California Water Resiliency Trust Fund, which the measure would create. The measure would continuously appropriate moneys in the fund to the California Water Commission for its actual costs of implementing these provisions and for specified water infrastructure projects.

OMWD Position

Watch

SB 937 (Wiener D) Development projects: permits and other entitlements: fees and charges.

Last Amend: 4/8/2024

Status: 4/30/2024-Read second time. Ordered to third reading.

Location: 4/30/2024-S. THIRD READING

Calendar: 5/2/2024 #77 SENATE SENATE BILLS -THIRD READING FILE

Summary: The Permit Streamlining Act, among other things, requires a public agency that is the lead agency for a development project to approve or disapprove that project within specified time periods. Current law extended by 18 months the period for the expiration, effectuation, or utilization of a housing entitlement, as defined, that was issued before, and was in effect on, March 4, 2020, and that would expire before December 31, 2021, except as specified. Current law provides that if the state or a local agency extended the otherwise applicable time for the expiration, effectuation, or utilization of a housing entitlement for not less than 18 months, as specified, that housing entitlement would not be extended an additional 18 months pursuant to these provisions. This bill would extend by 24 months the period for the expiration, effectuation, or utilization of a housing entitlement, entitlement for a priority residential development project, as those terms are defined, that was issued before January 1, 2024, and that will expire before December 31, 2025, except as specified. The bill would toll this 24-month extension during any time that the housing entitlement is the subject of a legal challenge. By adding to the duties of local officials with respect to housing entitlements, this bill would impose a state-mandated local program. The bill would include findings that changes proposed by this bill address a matter of statewide concern rather than a municipal affair and, therefore, apply to all cities, including charter cities.

OMWD Position

Watch

Notes: ACWA position- OUA 3.13.24. Amendments, ACWA analysis suggested a watch/ neutral position 4/28/24, position changed on 4/20/24 per Melody.

SB 1072 (Padilla D) Local government: Proposition 218: remedies.

Last Amend: 4/24/2024

Status: 5/1/2024-From committee: Do pass. (Ayes 4. Noes 1.) (May 1).

Location: 2/21/2024-S. L. GOV.

Calendar: 5/2/2024 #10 SENATE SENATE BILLS - SECOND READING FILE

Summary: The California Constitution sets forth various requirements for the imposition of local taxes. The California Constitution excludes from classification as a tax assessments and property-related fees imposed in accordance with provisions of the California Constitution that establish requirements for those assessments and property-related fees. Under these requirements, an assessment is prohibited from being imposed on any parcel if it exceeds the reasonable cost of the proportional special benefit conferred on that parcel, and a fee or charge imposed on any parcel or person as an incident of property ownership is prohibited from exceeding the proportional cost of the service attributable to the parcel. Current law, known as the Proposition 218 Omnibus Implementation Act, prescribes specific procedures and parameters for local compliance with the requirements of the California Constitution for assessments and property-related fees. This bill would require a local agency, if a court determines that a fee or charge for a property-related service, as specified, violates the above-described provisions of the California Constitution relating to fees and charges, to credit the amount of the fee or charge attributable to the violation against the amount of the revenues required to provide the property-related service, unless a refund is explicitly provided for by statute.

OMWD Position

Watch

Notes: ACWA position- support 3.13.24

SB 1110 (Ashby D) Urban retail water suppliers: informational order: conservation order.

Last Amend: 4/24/2024

Status: 4/24/2024-Read second time and amended. Re-referred to Com. on APPR.

Location: 4/23/2024-S. APPR.

Summary: Current law authorizes the State Water Resources Control Board, on and after January 1, 2024, to issue informational orders pertaining to water production, water use, and water conservation to an urban retail water supplier that does not meet its urban water use objective, as provided. This bill would instead authorize the board to issue the informational orders on and after January 1, 2026.

OMWD Position

Watch

SB 1156 (Hurtado D) Groundwater sustainability agencies: conflicts of interest: financial interest disclosures.

Last Amend: 4/29/2024

Status: 4/30/2024-Set for hearing May 6.

Location: 4/16/2024-S. APPR.

Calendar: 5/6/2024 10 a.m. - 1021 O Street, Room 2200 SENATE APPROPRIATIONS, CABALLERO, ANNA, Chair

Summary: Current law requires a groundwater sustainability plan to be developed and implemented for each medium- or high-priority basin by a groundwater sustainability agency. Current law authorizes any local agency or combination of local agencies overlying a groundwater basin to decide to become a groundwater sustainability agency for that basin, as provided. The Political Reform Act of 1974 prohibits a public official from making, participating in making, or attempting to use their official position to influence a governmental decision in which they know or have reason to know that they have a financial interest, as defined. The act requires specified public officials, including elected state officers, judges and court commissioners, members of certain boards and commissions, other state and local public officials, and candidates for these positions to file statements of economic interests, annually and at other specified times, that disclose their investments, interests in real property, income, and business positions. The Fair Political Practices Commission is the filing officer for such statements filed by statewide elected officers and candidates and other specified public officials. This bill would require members of the executive team, board of directors, and other groundwater management decision makers of groundwater sustainability agencies to file statements of economic interests according to the filing requirements described above. The bill would require that these statements be filed with the Fair Political Practices Commission, and would require the commission to establish guidelines and procedures for the submission and review of the statements.

OMWD Position

Watch

SB 1178 (Padilla D) California Water Quality and Public Health Protection Act.

Last Amend: 4/29/2024

Status: 4/29/2024-Read second time and amended. Re-referred to Com. on REV. & TAX.

Withdrawn from committee. Re-referred to Com. on APPR.

Location: 4/29/2024-S. APPR.

Summary: The State Water Resources Control Board and the 9 California regional water quality control boards regulate water quality and prescribe waste discharge requirements in accordance with the federal national pollutant discharge elimination system permit program established by the federal Clean Water Act and the Porter-Cologne Water Quality Control Act. This bill would require the board to, on or before August 1, 2025, establish regulations governing annual reporting by compliance entities, as defined, regarding waste discharges, as provided. The bill would require compliance entities to submit a report to the board by June 1, 2026, and annually thereafter on waste discharges and their locations, as provided. The bill would require the board to quantify the cost of mitigating contamination, if any, caused by those reported waste discharges and would require the board to notify the compliance entities of the cost of mitigating their contamination. The bill would authorize the compliance entity to elect to mitigate the contamination caused by the entity's reported waste discharges, or to have the board impose a surcharge for the cost of mitigating the compliance entity's contamination. The bill would create the California Water Quality and Public Health Impact Fund for receipt of revenue from the surcharge. The bill would require the moneys in the fund to be used exclusively to mitigate the impacts of the contamination on waters of the state caused by the reported waste discharges.

OMWD Position

Watch

SB 1210 (Skinner D) New housing construction: electrical, gas, sewer, and water service: service connection information.

Last Amend: 4/22/2024

Status: 4/26/2024-Set for hearing May 6.

Location: 4/17/2024-S. APPR.

Calendar: 5/6/2024 10 a.m. - 1021 O Street, Room 2200 SENATE APPROPRIATIONS, CABALLERO, ANNA, Chair

Summary: Existing law vests the Public Utilities Commission with regulatory authority over public utilities, including electrical corporations, gas corporations, sewer system corporations, and water corporations, while local publicly owned utilities, including municipal utility districts, public utility districts, and irrigation districts, are under the direction of their governing boards. This bill would, for new housing construction, require the above-described utilities, on or before January 1, 2026, to publicly post on their internet websites (1) the schedule of fees for a service connection, capacity, or other point of connection charge for each housing development type, including, but not limited to, accessory dwelling unit, mixed-use, multifamily, and single-family developments, except as specified, and (2) the estimated timeframes for completing typical service connections needed for each housing development type, as specified. The bill would exempt from its provisions an independent special district that does not maintain an internet website due to a hardship, as provided. To the extent that this bill imposes new requirements on certain local agencies, the bill would impose a state-mandated local program. This bill contains other related provisions and other existing laws.

OMWD Position

Watch

Notes: ACWA position- oppose 3.13.24; removed opposition on 4/20/24.

SB 1255 (**Durazo** D) Public water systems: needs analysis.

Last Amend: 4/1/2024

Status: 4/29/2024-April 29 hearing: Placed on APPR suspense file.

Location: 4/29/2024-S. APPR. SUSPENSE FILE

Summary: The California Safe Drinking Water Act provides for the operation of public water systems and imposes on the State Water Resources Control Board various responsibilities and duties relating to the regulation of drinking water to protect public health. Existing law establishes the Safe and Affordable Drinking Water Fund in the State Treasury to help water systems provide an adequate and affordable supply of safe drinking water in both the near and long terms. Existing law requires the state board to annually adopt a fund expenditure plan, as provided, and requires expenditures from the fund to be consistent with the fund expenditure plan. Existing law requires the state board to base the fund expenditure plan on data and analysis drawn from a specified

drinking water needs assessment. This bill would require the state board to update a needs analysis of the state's public water systems to include an assessment, as specified, of the funds necessary to provide a 20% discount for low-income households served by community water systems with fewer than 3,000 service connections and for community water systems with fewer than 3,000 service connections to meet a specified affordability threshold on or before July 1, 2026, and on or before July 1 of every 3 years thereafter.

OMWD Position

Watch

SB 1360 (Alvarado-Gil D) Water quality: state board certification.

Last Amend: 3/18/2024

Status: 3/18/2024-From committee with author's amendments. Read second time and amended.

Re-referred to Com. on RLS. **Location:** 2/16/2024-S. RLS.

Summary: The Porter-Cologne Water Quality Control Act authorizes the State Water Resources Control Board to certify or provide a statement to a federal agency, as required pursuant to federal law, that there is reasonable assurance that an activity of any person subject to the jurisdiction of the state board will not reduce water quality below applicable standards. The federal act provides that if a state fails or refuses to act on a request for this certification within a reasonable period of time, which shall not exceed one year after receipt of the request, then the state certification requirements are waived with respect to the federal application. Current law authorizes the state board to issue the certificate or statement before completion of the required environmental review if the state board determines that waiting until completion of that environmental review to issue the certificate or statement poses a substantial risk of waiver of the state board's certification authority under the Federal Water Pollution Control Act or any other federal water quality control law, as provided. This bill would require the state board to issue the certificate or statement before completion of the required environmental review if the state board and Governor's Office of Business and Economic Development, in consultation with an applicant, jointly determine that the applicant's project will help the state meet its clean energy goals and increase electric reliability and waiting until completion of that environmental review to issue the certificate or statement poses a risk to the applicant of not being eligible for federal tax credits or incentives, as provided.

OMWD Position

Watch

SB 1373 (Cortese D) Water data dashboard.

Last Amend: 4/11/2024

Status: 4/26/2024-Set for hearing May 6.

Location: 4/23/2024-S. APPR.

Calendar: 5/6/2024 10 a.m. - 1021 O Street, Room 2200 SENATE APPROPRIATIONS, CABALLERO, ANNA, Chair

Summary: The Open and Transparent Water Data Act requires the Department of Water Resources, in consultation with the California Water Quality Monitoring Council, the State Water Resources Control Board, and the Department of Fish and Wildlife, to create, operate, and maintain a statewide integrated water data platform that, among other things, integrates existing water and ecological data information from multiple databases and provides data on completed water transfers and exchanges. This bill would require the department, while seeking input from the California Water Data Consortium, as defined, to create a water data dashboard that is accessible through its internet website, as specified. The bill would include related findings and declarations.

OWMD Position

Watch

SB 1387 (Newman D) California Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project: vehicle eligibility.

Last Amend: 4/25/2024

Status: 4/25/2024-Read second time and amended. Re-referred to Com. on APPR.

Location: 4/24/2024-S. APPR.

Summary: Current law establishes the State Air Resources Board as the state agency responsible for monitoring and regulating sources emitting greenhouse gases. The state board, in this capacity, administers the California Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project under which the agency issues a limited number of vouchers to incentivize the purchase and use of zero-

emission commercial vehicles. This bill would require the state board to authorize a voucher issued under the program to be used for the acquisition of any zero-emission vehicle that meets specified requirements, including that the vehicle has a gross vehicle weight rating that exceeds 8,500 pounds and the vehicle is purchased for fleet operations by a public or private fleet or for personal and commercial use by an individual. If the voucher is provided to an individual to acquire a vehicle for personal and commercial use, the bill would require that individual to attest under penalty of perjury that the vehicle will primarily be used in furtherance of a valid commercial or business purpose, including, but not limited to, hauling or towing.

OMWD Position

Watch

SB 1467 (Rubio D) California Water District Law.

Status: 2/29/2024-Referred to Com. on RLS.

Location: 2/16/2024-S. RLS.

Summary: The California Water District Law (CWDL) provides for the establishment of water districts, and grants a district the power to acquire, plan, construct, maintain, improve, operate, and keep in repair the necessary works for the production, storage, transmission, and distribution of water for irrigation, domestic, industrial, and municipal purposes. This bill would make a nonsubstantive change to the latter authorization.

OMWD Position

Watch

Total Measures: 39 Total Tracking Forms: 39

G, H



To: Olivenhain Municipal Water District Board of Directors

Subject: INFORMATIONAL REPORTS

TWELVE MONTH CALENDAR / OTHER MEETINGS /

REPORTS / BOARD COMMENTS

Any report will be oral at the time of the Board meeting. Please refer to the TWELVE MONTH Calendar (attached) for meetings attended.

TWELVE MONTH CALENDAR OF EVENTS (AS OF 5/8/24)

Date(s)	Event	Time	Location	Attending Board	Additional Information
Date(3)	Event	Time	Location	_	(Speakers' Topic, Cohosts
				Wiember (5)	etc.)
APRIL 2024					(10.7)
20-Apr	I Love a Clean San Diego Earth Day Clean Up	8:00 - 11:00 AM	EFRR	San Antonio	
24-Apr	65th Anniversary Celebration	2:00 PM	Boardroom	Guerin, Hahn,	
24-Αμι	ostii Ailiiversal y Celebration	2.00 PW	Boardroom	Meyers, San	
				Antonio, Watt	
25-Apr	2 Conference Calls with the General Manager RE: CWA Rates Issues			Meyers	
MAY 2024					
2 Mari	Conference Call with the Constal Manager PC: CDCMA			Marraga	
2-May	Conference Call with the General Manager RE: SDCWA			Meyers	
2-May	Meeting with the General Manager RE: De La Valle Test Well			Guerin	
,					
May 5-7	ACWA JPIA Meeting		Sheraton Grand Sacramento Hotel	San Antonio	
May 7-9	ACWA Spring Conference		SAFE Convention Center Sacramento	Meyers	
13-May	Finance Committee Meeting	2:30 PM	Boardroom	Meyers, Watt	
13-May	Meeting with the General Manager RE: Board Meeting Pre-Briefing	1		Guerin	

Memo

To: Olivenhain Municipal Water District Board of Directors

Subject: INFORMATIONAL REPORTS

CORRESPONDENCE

Any correspondence is attached.







































































SOUTH SAN JOAQUIN























April 24, 2024

The Honorable Juan Carrillo Chair, Assembly Committee on Local Government 1020 N Street, Room 157 Sacramento, CA 95814

RE: AB 2257 (Wilson) - Local government: property-related water and sewer fees and

assessments: remedies

Position: SUPPORT

Dear Chair Carrillo:

The Association of California Water Agencies (ACWA) and undersigned organizations write to express our strong support for AB 2257, which would authorize public agencies to adopt procedures for the submittal and consideration of public comments regarding proposed water and sewer rates and assessments. This optional process proposed in this bill would facilitate dialogue and transparency and give public agencies an opportunity to resolve concerns during the ratemaking process.

Public water and sewer agencies provide essential government services for the benefit of communities, agriculture, industries, and the environment. These agencies are responsible for ensuring a consistent and reliable water supply, safeguarding the quality of drinking water, planning, constructing, and maintaining critical infrastructure, and much more. With climate change presenting unprecedented challenges, these agencies also must adapt and enhance aging infrastructure to mitigate the impacts of increasingly frequent and severe climate-related events. Public agencies throughout California are making generational investments to build 21st Century infrastructure for a 21st Century climate.

The revenue necessary for public agencies to fulfill their essential government functions and adapt to a changing climate predominantly comes from service rates and assessments. While these agencies require financial stability to meet ever increasing demands, a rise in Proposition 218 litigation is making it increasingly difficult to ensure agencies can pass fair and reasonable rates to cover the costs of operations and investments.

Oftentimes, these suits are filed without first having raised concerns with the public agency during the public notice-and-comment process leading up to the decision to adopt rates or assessment. When litigants avoid raising concerns with proposed rates or assessments during the ratemaking process, the public agencies cannot endeavor to resolve the dispute and avoid litigation. The financial consequences of these lawsuits can be severe, as it is not uncommon for litigants to seek tens of millions of dollars in damages. Surprise lawsuits have the potential to undermine an agency's ability to maintain stable budgets necessary to operate effectively.

AB 2257 would build upon Proposition 218's existing procedural requirements by creating an exhaustion of administrative remedies procedure, that if a public agency elected to follow, would require the timely submittal of written objections during an agency's ratemaking process. Ratepayers would be required to state the particular Proposition 218 compliance concern, and public agencies would be required to provide to their board and the public with written responses to each comment received prior to acting on the proposed rate or assessment. Ratepayers would be required to participate in this process in order to challenge the agency's adopted rates or assessments in court.

With a greater understanding of potential concerns and the agency's responses, the agency's board would have the opportunity to abandon its ratemaking/assessment proposal, change it (reduce it), or to better explain why it complies with Proposition 218's substantive limitations, before having to defend it in litigation. Additionally, if a public agency complies with the exhaustion procedures, the bill would specify documents that could be included in the administrative record, subject to certain exceptions, in the event of litigation.

AB 2257 would bolster the financial stability of public water and sewer agencies by creating a clear and robust public process that facilitates dialogue, transparency, and the opportunity to resolve issues and avoid costly litigation. Codifying a procedure that requires issue exhaustion in Proposition 218 litigation would protect both legislative and adjudicative functions by allowing a legislative body to hear the evidence, apply its reasoned discretion and expertise, and create an administrative record to facilitate

The Honorable Juan Carrillo April 24, 2024 • Page 3

judicial review. This would also foster better-informed administrative decisions, which benefit the objector, the public agency, and members of the public within the public agency's jurisdiction. This is especially valuable in ratemaking cases in which evidence and policies are highly technical. It would also help agencies develop more defensible rates and build rapport and trust with their ratepayers.

For the reasons above, ACWA and undersigned organizations strongly support AB 2257 and respectfully request your "AYE" vote when the bill is heard in the Assembly Local Government Committee. If you have any questions about our position or this bill, please contact ACWA Senior State Relations Advocate, Kristopher Anderson, at KrisA@acwa.com or (916) 441-4545.

Sincerely,

Kristopher M. Anderson, Esq. Senior State Relations Advocate

Association of California Water Agencies

Chad Wegley General Manager Alta Irrigation District

David J. Coxey General Manager

Bella Vista Water District

Tina Tyler-O'Shea Board President

Brooktrails Township Community Services

District

Michael Quigley Executive Director

California Alliance For Jobs

Danielle Blacet-Hyden
Deputy Executive Director

California Municipal Utilities Association

Kristine McCaffrey General Manager

Calleguas Municipal Water District

Norman Huff General Manager Camrosa Water District

Natalie Rogers

Mayor

City of Santa Rosa

Mary Rogren General Manager

Coastside County Water District

Ernesto A. Avila Board President

Contra Costa Water District

James Lee

General Manager

Crescenta Valley Water District

Jennifer A. Spindler General Manager

Crestline-Lake Arrowhead Water Agency

John Bosler

General Manager/CEO

Cucamonga Valley Water District

Daniel Muelrath General Manager Diablo Water District

Jan Lee

General Manager

Dublin San Ramon Services District

Joe Mouawad, P.E. General Manager

Eastern Municipal Water District

Mike Myatt

Senior Director, Climate Resilient Water

Systems

Environmental Defense Fund

The Honorable Juan Carrillo April 24, 2024 • Page 4

Jack Bebee General Manager

Fallbrook Public Utility District

Bruce Kamilos, P.E. General Manager

Florin Resource Conservation District/Elk Grove

Water District

Nicholas Schneider General Manager

Georgetown Divide Public Utility District

Brian M. Olney General Manager Helix Water District

Hannah Davidson

Water Resources Specialist II

Hidden Valley Lake Community Services District

Paul A. Cook General Manager

Irvine Ranch Water District

Jeremy Wolf

Legislative Program Manager

Las Virgenes Municipal Water District

Pat Kaspari General Manager

McKinleyville Community Services District

Matt Hurley General Manager

McMullin Area Groundwater Sustainability

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Mendocino County Russian River Flood Control

& Water Conservation Improvement

Kathryn Wuelfing General Manager

Mid-Peninsula Water District

Justin Scott-Coe General Manager

Monte Vista Water District

Nick Turner General Manager

Montecito Water District

Jennifer Hanson General Manager

Nevada Irrigation District

Kimberly A. Thorner General Manager

Olivenhain Municipal Water District

Kyle Swanson

CEO/General Manager

Padre Dam Municipal Water District

Anthony L. Firenzi

Director of Strategic Affairs Placer County Water Agency

Trent Taylor

Water Resources Manager

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Betsy Miller

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San Bernardino Valley Water Conservation

District

Paul Helliker General Manager

San Juan Water District

Matt Stone

General Manager

Santa Clarita Valley Water Agency

Peter M. Rietkerk

General Manager

South San Joaquin Irrigation District

Justin Hopkins

General Manager

Stockton East Water District

The Honorable Juan Carrillo April 24, 2024 • Page 5

Carlos Quintero General Manager Sweetwater Authority

Sean Barclay General Manager Tahoe City Public Utility District

Matthew Litchfield General Manager Three Valleys Municipal Water District Deanna Jackson Executive Director Tri-County Water Authority

Gary Arant General Manager Valley Center Municipal Water District

Erik Hitchman General Manager Walnut Valley Water District

Craig D. Miller, P.E. General Manager Western Municipal Water District

cc: The Honorable Lori Wilson
Honorable Members, Assembly Committee on Local Government
Jimmy MacDonald, Principal Consultant, Assembly Committee on Local Government
William Weber, Consultant, Assembly Republican Caucus















California Building Industry Association



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SB 366 Coalition Support Page 2



























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Mammoth Lakes

Agricultural Council

of California



































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GREATER RIVERSIDE

jurupa

COMMUNITY SERVICES DISTRICT











BUILDING WATER SELF-RELIANCE























SB 366 Coalition Support Page 3

















April 17, 2024

The Honorable Diane Papan Assembly Water, Parks and Wildlife Committee 1020 N Street, Room 160 Sacramento, CA 95814

Re: SB 366 (Caballero) The California Water Plan: long term water supply targets – SUPPORT

Dear Chair Papan,

The co-sponsors of SB 366, California Municipal Utilities Association, California State Association of Counties and California Council for Environmental and Economic Balance, and the coalition of organizations above, are pleased to support SB 366.

There is an urgent need for California to develop aspirational targets that will complement and amplify Governor Newsom's Water Supply Strategy and extend beyond any single Administration. Given the extreme climate impacts of the 21st century, an expanding economy, a growing population, the anticipated reductions from existing water resources, and the controls on the use of groundwater, California needs to align the state's water supply strategy and policies with a target that will result in an adequate and reliable water supply for all beneficial uses including the environment, agriculture, the economy and all Californians.

SB 366 will bring the fundamental changes that are necessary to ensure a sustainable water future. SB 366 will do the following:

- Transform water management in California taking us from a perpetual state of supply vulnerability to a reliable and sufficient water supply that is adequate for all beneficial uses.
- Create a new "North Star" water supply planning target for 2040 that the state will need to work toward along with a process to develop a target for 2050.
- Preserve the California way of life, supplying water to our homes and communities, habitat and environment, recreation and tourism, and business and economic success.
- Support economic vitality for all businesses, from restaurants to technology companies, and employers that depend on a reliable water supply.
- Fulfill the generational responsibility to develop a water system that will adapt to changes in the environment and allow the state to thrive now and for future generations.

SB 366 works within the structure of the current California Water Plan, which hasn't been meaningfully updated for decades, and updates it for a 21st century climate.

For these reasons we urge your support for SB 366. If you have any questions about our position, please contact Danielle Blacet-Hyden with CMUA at dblacet@cmua.org or 916-847-8444.

Sincerely,

Debbie Murdock Dan Dunmoyer Executive Director President and CEO

Association of California Egg Farmers California Building Industry Association

Julia Bishop HallBrenda BassSenior Legislative AdvocatePolicy Advocate

Association of California Water Agencies California Chamber of Commerce

Adrian Covert Roger Isom
Senior VP, Public Policy President/CEO

Bay Area Council California Cotton Ginners and Growers Assoc.

Steve Lenton Alex Biering

General Manager Senior Policy Advocate
Bellflower Somerset Mutual Water Company California Farm Bureau

Nicole Helms Ian LeMay Executive Director President

California Alfalfa and Forage Association California Fresh Fruit Association

Todd W. Sanders Chris Zanobini Executive Director President/CEO

California Apple Commission California Grain and Feed Association

Claudia Carter Lance Hastings Executive Director President & CEO

California Association of Wheat Growers California Manufacturers & Technology Assoc.

John Aguirre Danielle Blacet-Hyden
President Deputy Executive Director

California Association of Winegrape Growers California Municipal Utilities Association

Jane TownsendChris ZanobiniExecutive DirectorExecutive Director

California Bean Shippers Association California Pear Growers Association

Todd Sanders Chris Zanobini

Executive Director Executive Vice-President
California Blueberry Association California Seed Association

Todd Sanders Neil McCormick

Executive Director CEO

California Blueberry Commission California Special Districts Association

Graham Knaus Executive Director

California State Association of Counties

Ann Quinn

Executive Vice President

California State Floral Association

Robert Verloop

Executive Director/CEO California Walnuts

Ann Quinn

Executive Vice President

California Warehouse Association

Sharron Zoller President

California Women for Agriculture

Dan Drugan

Manager of Resources and Public Affairs Calleguas Municipal Water District

Tom Moody General Manager City of Corona

Patricia Lock Dawson

Mayor

City of Riverside

Elizabeth Espinosa County of Riverside

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Coachella Valley Water District

John Bosler, P.E.

General Manager and CEO

Cucamonga Valley Water District

Mark Orcutt
President & CEO

East Bay Leadership Council

Joe Mouawad, P.E. General Manager

Eastern Municipal Water District

Jim Abercrombie General Manager

El Dorado Irrigation District

Greg Thomas General Manager

Elsinore Valley Municipal Water District

Joani Woelfel President & CEO

Farwest Equipment Dealers Association

Joe Gagliardi

Chief Executive Officer

Folsom Chamber of Commerce

Jason Phillips

CEO

Friant Water Authority

Christopher Valdez

President

Grower-Shipper Association

Shivaji Deshmukh, P.E.

General Manager

Inland Empire Utilities Agency

Paul Cook

General Manager

Irvine Ranch Water District

David Pedersen General Manager

Las Virgenes Municipal Water District

Matt Hurley General Manager

McMullin Area Groundwater Sustainability

Agency

Paul Schoenberger, P.E. General Manager

Mesa Water District

Kevin Abernathy Manager

Milk Producers Council

Ed Franciosa, P.E. General Manager

Modesto Irrigation District

Justin Scott-Coe General Manager

Monte Vista Water District

Patrick Ellis

ACE/ President/CEO

Murrieta/Wildomar Chamber of Commerce

John Kabateck State Director

National Federation of Independent Business

Cynthia Murray
Chief Executive Officer

North Bay Leadership Council

David Guy

Executive Director

Northern California Water Association

Todd Sanders Executive Director

Olive Growers Council of California

Kim Thorner General Manager

Olivenhain Municipal Water District

Chris Zanobini Executive Officer

Pacific Coast Renderers Association

Debbie Murdock Executive Director

Pacific Egg and Poultry Association

Dennis LaMoreaux General Manager

Palmdale Water District

Robert S. Grantham General Manager

Rancho California Water District

Jon Switalski

Executive Director

Rebuild So-Cal Partnership

Tom Coleman General Manager

Rowland Water District

Lisa Yamashita-Lopez

General Manager

Rubio Cañon Land and Water Association

Amanda Blackwood

President & CEO

Sacramento Metropolitan Chamber of

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Miguel J. Guerrero P.E. General Manager

San Bernardino Municipal Water Department

Heather Dyer

General Manager

San Bernardino Valley Municipal Water District

Paul Helliker

General Manager

San Juan Water District

Matt Stone

General Manager

Santa Clarita Valley Water District

Roland Sanford

General Manager

Solano County Water Agency

Peter M. Rietkerk

General Manager

South San Joaquin Irrigation District

Eric McLeod

Chair

Southwest California Legislative Council

SB 366 Coalition Support

Page 7

Justin M. Hopkins General Manager

Stockton East Water District

Jeff R. Pape General Manager

Temescal Valley Water District

Matthew Litchfield General Manager

Three Valleys Municipal Water District

Fernando Paludi General Manager

Trabuco Canyon Water District

Michelle Reimers General Manager

Turlock Irrigation District

Kirti Mutatkar President & CEO United Ag

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Walnut Valley Water District

E.J. Caldwell

Acting General Manager

West Basin Municipal Water District

Roger Isom
President/CEO

Western Agricultural Processors Association

Dave Puglia
President & CEO
Western Growers

Sharon Haligan

Director, Administrative Services

Western Plant Health

Craig Miller General Manager Western Water

Norman Huff General Manager Camrosa Water District

Michael Moore

General Manager/CEO
East Valley Water District

Chris Berch General Manager

Jurupa Community Services District

Brian R. Laddusaw General Manager

Rubidoux Community Services District

James Prior General Manager

San Gabriel County Water District

Jeff Mosher General Manager

Santa Ana Watershed Project Authority

Jose Martinez General Manager

Valley County Water District

John Thiel

General Manager

West Valley Water District

SB 366 Coalition Support

Page 8

Sarah Wiltfong Director of Advocacy BizFed Los Angeles County

Amber Bolden

Director of Communications

Black Voice News

Jeff Montejano

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Building Industry Assoc. of Southern CA

Joseph Lillio

Interim General Manager Burbank Water and Power

Melanie Barker President

California Association of Realtors

Robert C. Lapsley

President

California Business Roundtable

Greg Johnson President

California Farm Water Coalition

Julian Canete
President and CEO

California Hispanic Chambers of Commerce

Jennifer Capitolo Executive Director

California Water Association

Sheri Merrick Executive Director

Citrus Heights Chamber of Commerce

Tom Moody Director of Utilities City of Corona

Jeremy Smith Council Member City of Canyon Lake Joe Males Mayor

City of Hemet

Natasha Johnson Council Member City of Lake Elsinore

Chris Barajas Council Member City of Jurupa Valley

Dr. Lisa DeForest Mayor Pro Tem City of Murrieta

Paul Leon Mayor

City of Ontario

Daniel E. Garcia

Interim General Manager
City of Riverside Public Utilities

Dominick Casey City Manager City of Roseville

Connie Stopher Executive Director

Economic Development Coalition

Ana Martin

Governmental Affairs Manager

Greater Riverside Chambers of Commerce

Eric Keen

Chairman of Board of Directors

HDR Engineering

Jack Monger

CEO

Industrial Environmental Association

Wes Andree Executive Director

Jurupa Mountain Discovery Center

Ana Martin Staff Liaison

Monday Morning Group of Riverside

Judi Penman President & CEO

San Bernardino Area Chamber of Commerce

Luis Portillo
President & CEO

San Gabriel Valley Economic Partnership

Aziz Amiri CEO

San Gabriel Valley Regional Chamber of Commerce

Adam Ruiz

Governmental Affairs Director

SRCAR

Molly Kirkland

Director of Public Affairs

Southern CA Rental Housing Association

Stephan Tucker General Manager

Water Replenishment District

Steve Johnson

General Manager Desert Water Agency

Erik Hitchman

Administrative Office

Puente Basin Water Agency

Melissa Sparks-Kranz, MPP Legislative Affairs Lobbyist

League of California Cities

David M. Merritt General Manager

Kings River Conservation District

Steven Haugen Watermaster

Kings River Water Association

Jennifer Pierre General Manager

State Water Contractors

Nicole Stanfield

Public Information Officer Santa Margarita Water District

Harvey De La Torre General Manager

Municipal Water District of Orange County

Charles Wilson

Executive Director

Southern California Water Coalition

Glenn Farrel

Executive Director

CalDesal

Casey Creamer

President

California Citrus Mutual

Tricia Geringer

Vice President of Government Affairs Agricultural Council of California

John Urdi

Executive Director

Mammoth Lakes Tourism

Lacy Schoen
President/CEO

Brea Chamber of Commerce

Gina Molinaro-Cardera Board Supervisor

Dublin Chamber of Commerce

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

65 Years of Pure Excellence

May 8, 2024

The Honorable Diane Papan, Chair Water, Parks, and Wildlife Committee 1021 O Street, Suite 4220 Sacramento, CA 95814

RE: SB 366 (Caballero)- The California Water Plan: long-term supply target- SUPPORT

Dear Chair Papan:

On behalf of Olivenhain Municipal Water District, I am writing in support of measure SB 366 (Caballero). OMWD provides 87,000 customers in northern San Diego County with water, wastewater, recycled water, hydroelectric, and recreational services.

This bill would establish long-term water supply targets for the state to achieve and would update the requirement that state agencies develop a plan to achieve those targets. The measure would also ensure that these targets are developed in consultation with local water agencies, wastewater service providers, and other stakeholders.

While this year has been marked by flooding and historic snowpack levels, these types of wet years are not reliable, and we need to adapt to hotter, drier conditions. Action is essential to ensure we are not managing scarcity but rather working toward a future where there is enough water for all. California needs to align the state's water supply strategy and policies with a target that will result in an adequate and reliable water supply for the environment, agriculture, the economy, and all Californians. SB 366 will bring the fundamental changes that are necessary to achieve these goals.

SB 366 will ensure the following:

- Transform water management in California taking us from a perpetual state of supply vulnerability to a reliable and sufficient water supply that is adequate for all Californians.
- Create a new "North Star" water supply planning target for 2040 that the state will need
 to work toward along with a process to develop a target for 2050. This will complement
 and amplify Governor Newsom's Water Supply Strategy and extend beyond any single
 administration.
- Preserve the California way of life, supplying water to our homes and communities, habitat and environment, recreation and tourism, business, and economic success.





- Support economic vitality for all businesses, from restaurants to technology companies, and employers that depend on a reliable water supply.
- Fulfill the generational responsibility to develop a water system that will adapt to changes in the environment and allow the state to thrive now and for future generations.

For the reasons stated above, OMWD urges the Assembly Water, Parks, and Wildlife Committee to advance SB 366 and take this important step toward securing the state's water supply future. If you or your staff should need any additional details, please do not hesitate to contact me at 760-753-6466 or kthorner@olivenhain.com.

Regards,

Kimberly A. Thorner

General Manager

cc: Assembly Water, Parks, and Wildlife Committee Members

Assembly Water, Parks, and Wildlife Committee Consultant

Assemblymember Brian Maienschein

Assemblymember Tasha Boerner

Ashley Walker, Nossaman, LLP (awalker@nossaman.com)

Board of Directors

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



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

65 Years of Pure Excellence

May 2, 2024

The Honorable Juan Carrillo, Chair Assembly Local Government Committee 1020 N Street, Room 157 Sacramento, CA 95814

RE: AB 1827 (Papan)- Local government: fees and charges: water: higher-consumptive water parcels- SUPPORT

Dear Chairman Carrillo:

On behalf of Olivenhain Municipal Water District, I am writing in support of measure AB 1827 (Papan). OMWD provides 87,000 customers in northern San Diego County with water, wastewater, recycled water, hydroelectric, and recreational services.

This bill will clarify that existing law allows a water supplier to impose fees or charges for property-related water services that include the incrementally higher costs of water service due to higher water usage demand, maximum potential water use, and projected peak water usage parcels.

Proposition 218 established the rules related to fees and charges assessed for property-related services. Proposition 218 requires that the water rates—a property-related fee or charge—charged to a customer not exceed the proportional cost to serve that customer as per Art. XIII D, Sec. 6(2)(b)(3).

When setting water rates, water agencies must account for all expenses associated with water services including the costs for water supplies, water efficiency, the distribution system's maintenance, and replacement. To meet demands driven by high water users, a water agency often has higher costs associated with building, operating, and maintaining a larger water system that can meet those larger water demands. Water agencies also have further costs for the additional water supplies needed to serve those uses.

Therefore, water customers that use more water than other similarly situated customers increase a water agency's overall cost of providing water service. Consequently, Proposition 218 allows water agencies to charge higher rates to customers with higher water usage demands to recoup legitimate costs attributable to those higher water users.





Recently, however, lawsuits have been filed against several water suppliers across California calling into question their ability to lawfully and appropriately charge their customers that use more water for the additional cost of that higher use.

Trial courts have sought to impose new and increasingly granular requirements, beyond those required by Proposition 218, on water agencies who seek to justify charging higher water users for the costs associated with their higher water use. For example, some courts have found that water suppliers must justify their rate structure using minute-by-minute water use data, which is challenging, costly, and in many cases unavailable. Agencies should be afforded flexibility in the ratemaking process to reasonably apportion costs among customers. If tiered rates are required to be determined through precise data, many agencies would need to restructure to uniform rates and spread the cost associated with serving these higher-water-use customers across their entire customer base. This would force low-water use customers to pay more for water, undermines Proposition 218, and exacerbates water affordability problems across the state.

Further, existing law also supports AB 1827. Water agencies are mandated by SB 814 (2016) to identify and restrict excessive water use during drought conditions. This law lists the use of higher charges on higher water use to achieve this requirement, in line with AB 1827.

AB 1827 will affirm that existing law allows water suppliers to use reasonable and well-accepted methods of assessing the incremental costs associated with higher water usage demands to high water users; thereby, confirming what Proposition 218 requires for water rates and charges.

For the reasons stated above, OMWD supports AB 1827. If you or your staff should need any additional details, please do not hesitate to contact me at 760-753-6466 or kthorner@olivenhain.com.

Regards

Himberly A. Thorner

General Manager

cc: Assembly Water, Parks and Wildlife Committee Members

Assembly Water, Parks and Wildlife Committee Consultant

Assemblymember Brian Maienschein

Assemblymember Tasha Boerner

Ashley Walker, Nossaman, LLP (awalker@nossaman.com)

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.

To:	Olivenhain Munici	pal Water	District Board	of Directors

Subject: FUTURE AGENDA ITEMS

The Board may have items to be considered at a Future Board meeting.

To:	Olivophoin	Municipal	Matar Di	strict Board	of Directors
10.	Oliverinalii	Municipal	water Di	Suici board	of Directors

Subject: CONSIDER PUBLIC COMMENTS

There may be public comments before the Board meeting is adjourned.

To: Olivenhain Municipal Water District Board of Directors

Subject: CLOSED SESSION

It may be necessary to go into Closed Session.

To: Olivenhain Municipal Water District Board of Directors

Subject: OPEN SESSION

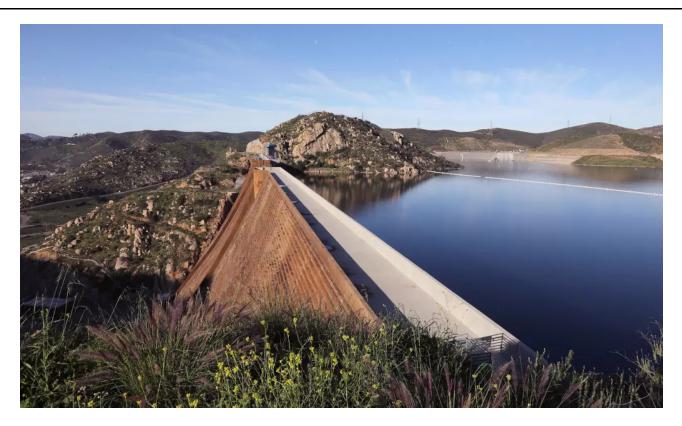
To: Olivenhain Municipal Water District Board of Directors

Subject: ADJOURNMENT

We are adjourned.

Local water agencies facing 39 percent hike in costs for wholesale water

David Garrick :: 4/26/2024



The San Vicente Reservoir

(Business Wire)

Hike is expected to be passed on to customers, but amounts likely to vary by agency; increase slated to be somewhere between 16 percent and 22 percent in 2025

By David Garrick
SAN DIEGO —

County water officials say the amount they charge local agencies for wholesale water must increase 39 percent over the next three years, including a hike between 16 percent and 22 percent during 2025.

The enormous increases will force local agencies to also raise rates, but how much of the hikes they pass on to customers will vary widely among the roughly two dozen agencies that buy from the County Water

Authority.

Some agencies have large local supplies, like Sweetwater with its groundwater basin, that allow them to buy less from the county authority. But others, like the city of San Diego, rely on the authority for as much as 90 percent of their water.

Water authority officials said the fundamental problem is that they borrowed money to build and maintain a significantly larger water storage and delivery system than is needed.

Officials expected demand to continually grow as population increased and development expanded, but member agencies have been buying steadily less wholesale water during the last two decades.

While that has allowed the water authority to buy less imported water from outside the region, it hasn't shrunk the fixed costs the authority faces to pay off construction bonds and maintain the system.

Lower demand for water is primarily the result of widespread conservation, replacement of grass with zeroscape yards and a shrinking farm industry, officials said.

And the problem is only expected to get worse over the next few years when three large agencies — San Diego, Oceanside and El Cajon — start recycling sewage into drinking water they can use instead of wholesale water.

The authority also faces short-term problems, including two consecutive remarkably wet winters that have sharply reduced the need for outdoor irrigation.

Water sales to local agencies were 36 percent below projections during January, February and March of this year. That comes after sales were 27 percent below estimates during 2023.

Another short-term problem is the departure from the water authority of agencies serving Fallbrook and Rainbow, which opted to get water from nearby Riverside County instead.

The authority is receiving exit fees from Fallbrook, which detached Jan. 1, and Rainbow, which is slated to detach this fall. But officials said those fees don't cover the authority's costs related to Fallbrook and Rainbow.

"Those agencies are no longer paying their fair share," Pierce Rossum, the authority's rate and debt manager, told the authority board Thursday afternoon in Kearny Mesa.

In addition, the Metropolitan Water District of Southern California has approved rate hikes of 8.5 percent each for both 2025 and 2026 that will increase the county authority's costs.

The Los Angeles-based agency sells wholesale supplies to San Diego and transports the region's Colorado River water.

And the county authority is also facing higher charges to store water desalinated in Carlsbad, and other storage and supply costs officials say are outside their control.

The costs outside the authority's control, which officials call external costs, make up about two-thirds of the 39 percent in total hikes officials say are required during 2025, 2026 and 2027.

Of the 16 percent to 22 percent hikes required in 2025, external costs account for 11 percent.

Authority officials are asking the 36-member board to decide whether they want to tack on either 5 percent, 9 percent or 11 percent to that external 11 percent.

Board members said Thursday that whether the increase next year ends up being 16 percent or 20 percent or 22 percent, it's upsetting.

"Less than a year ago we had a rate chart of alternatives with a forecast increase of no more than 6 or 8 percent," said Neal Meyers, a board member representing the Olivenhain Municipal Water District. "To be here and hearing 20 percent, that's very frustrating."

The 22 percent increase in 2025 would allow the authority to keep its cash flow at recommended levels and continue to make infrastructure investments that will keep water facilities reliable, officials said.

Shrinking the increase to 16 percent in 2025 would lower cash flow, possibly jeopardizing the authority's credit rating, and force postponement of some infrastructure projects.

Gary Hurst, a board member representing the Ramona Municipal Water District, said he was not enthusiastic about delaying projects.

"What you're really doing is creating a backlog of repair and replacement projects," Hurst said. "You're creating a giant hurdle for future financing."

If the board opts for 16 percent in 2025, the increases in 2026 and 2027 would have to be sharper to get to the 39 percent total.

Joy Lyndes, a board member representing the San Dieguito Water District, said the sharp increases make sense if they are viewed as the first step of a long-term stabilization plan.

"There's a lot that's happened to us in the last few years that we're responding to now," Lyndes said. "We have to really make some corrections and it may take us five to 10 years."

Authority officials said they expect the board to decide on the 2025 rate increase in May and finalize it in June.

= Newsletter

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OMWD hosts Ecoliteracy Showcase featuring local students' environmental projects

encinitasadvocate.com/lifestyle/events/story/2024-04-29/omwd-hosts-ecoliteracy-showcase-featuring-local-students-environmental-projects

Olivenhain Municipal Water District, the Encinitas Union School District, and BCK Programs invite members of the public to attend a free Ecoliteracy Showcase on May 7 at 5 p.m. at the Encinitas Farm Lab, located at 441 Quail Gardens Drive in Encinitas. The showcase celebrates local students' year-long efforts in promoting environmental awareness and action, with a special emphasis on water conservation during Water Awareness Month in May.

"As we observe Water Awareness Month, it's crucial to emphasize the significance of water conservation and environmental stewardship," said OMWD Board Director Marco San Antonio in a news release. "The Ecoliteracy Showcase provides a platform for youth in our community to come together, learn, and take action towards a more sustainable future."

In addition to viewing student projects, attendees will have the opportunity to experience a watershed awareness mobile museum unit, sponsored by Olivenhain Municipal Water District through a grant from Metropolitan Water District of Southern California. This interactive exhibit educates the public on the importance of water conservation and watershed protection

For more information, visit www.olivenhain.com/events.

MAY 2024

San Diego Chapter News

California Special Districts Association



OLIVENHAIN MUNICIPAL WATER DISTRICT CELEBRATES 65 YEARS OF PURE EXCELLENCE

Congratulations to Olivenhain Municipal Water District (OMWD) on celebrating 65 years of service! On April 9, 1959, Olivenhain ranchers banded together to create a municipal water district to gain access to water provided by San Diego County Water Authority (SDCWA) in order to meet the water needs of the long-established farming community in the area. On June 14, 1960, residents of OMWD voted to become a member of SDCWA. During OMWD's first year of water service in 1961, the district only sold twelve acre-feet of water. In 2023, OMWD sold 17,111 acre-feet.

Over the years, Olivenhain has transformed from a farming community into the vibrant residential community it is today. OMWD has expanded to over 48 square miles and now serves approximately 87,000 customers.



CSDA

Quarterly Dinner Meeting

Thursday, May 16

6:00 pm - 9:00 pm Dinner served at 6:45 pm

The Butcher Shop 5255 Kearny Villa Rd. San Diego, CA 92123

Click here for Agenda & Registration Form

2024 Executive Board Meeting Schedule

- July 15, 2024
- October 21, 2024

2024 Quarterly Dinner Meeting Schedule

- August 15, 2024
- November 21, 2024