

**NOTICE OF A REGULAR MEETING  
OF THE OLIVENHAIN MUNICIPAL WATER  
DISTRICT'S FINANCE COMMITTEE  
1966 Olivenhain Road, Encinitas, CA 92024  
Tel: (760) 753-6466 • Fax: (760) 753-1578  
VIA TELECONFERENCE ONLY**

**Pursuant to AB 3035, 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 the District for immediate consideration.**

**DATE:** TUESDAY, MAY 25, 2021

**TIME:** 10:00 A.M.

**PLACE:** Remote Regular Meeting

Pursuant to the State of California Executive Order N-29-20, and in the interest of public health, OMWD is temporarily taking actions to mitigate the COVID-19 pandemic by holding Committee Meetings electronically or by teleconference. The Boardroom will not be open to the public for this meeting.

**To join this meeting via phone, please dial:**

(669) 900-9128 or (253) 215 8782

Meeting ID: 828 3727 2938 and Password: 649326

*Note: Items On The Agenda May Be Taken Out Of Sequential Order As Their Priority Is Determined By The Committee*

1. CALL TO ORDER
2. ROLL CALL (BOARD MEMBERS)
3. ADOPTION OF THE AGENDA
4. PUBLIC COMMENTS

5. CONSIDER APPROVAL OF THE MINUTES OF THE MARCH 23, 2021 SPECIAL FINANCE COMMITTEE MEETING
6. CONSIDER QUARTERLY INVESTMENTS AND CASH REPORTS (1<sup>ST</sup>QTR 2021)
7. REVIEW AND DISCUSS CONTRACT EXTENSION BETWEEN OMWD AND THE PUN GROUP, LLP FOR PROFESSIONAL AUDITING SERVICES FOR TWO YEARS ENDING JUNE 30, 2022 AND JUNE 30, 2023
8. CONSIDER AND APPROVE PROPOSED MID-TERM ADJUSTMENTS (FISCAL YEAR 2021/22) TO THE GENERAL MANAGER'S RECOMMENDED BIENNIAL OPERATING AND CAPITAL BUDGET AND UPDATE ON THE DISTRICT'S FIRST TWO-YEAR BUDGET PROCESS
9. CONSIDER FUTURE AGENDA ITEMS
10. ADJOURNMENT

**MINUTES OF A SPECIAL MEETING  
OF THE FINANCE COMMITTEE  
OF OLIVENHAIN MUNICIPAL WATER DISTRICT**

**March 23, 2021**

A special meeting of the Finance Committee of Olivenhain Municipal Water District was held on Tuesday, March 23, 2021, at the District office, 1966 Olivenhain Road, Encinitas, California via video conference.

President Watt called the meeting to order at 3:32 p.m. In attendance via video conference were Lawrence A. Watt, Board President; Christy Guerin, Board Treasurer; Kimberly Thorner, General Manager; Joseph Randall, Assistant General Manager; Rainy Selamat, Finance Manager; John Carnegie, Customer Service Manager; Leo Mendez, Accounting Supervisor; and Jared Graffam, Financial Analyst. Director Watt announced that Director Bruce-Lane was also in attendance via teleconference to audit the Finance Committee Meeting, but will not participate per the Brown Act.

1. CALL TO ORDER

2. ROLL CALL (BOARD MEMBERS)

3. ADOPTION OF THE AGENDA

Director Watt moved to adopt the agenda, seconded by Director Guerin and carried unanimously.

4. PUBLIC COMMENTS

There were no public comments.

5. CONSIDER APPROVAL OF THE MINUTES OF THE FEBRUARY 2, 2021 REGULAR FINANCE COMMITTEE MEETING

Director Watt moved to approve the February 2, 2021 meeting minutes, seconded by Finance Manager Selamat and carried unanimously. Finance Manager Selamat acted as Deputy Treasurer for the February 2<sup>nd</sup> committee meeting in Director Guerin's absence.

6. DISCUSS AND RECOMMEND TREATMENT OF A ONE-TIME PAYMENT RECEIVED FROM SAN DIEGO COUNTY WATER AUTHORITY IN THE AMOUNT OF \$2,039,332.40 FOR METROPOLITAN WATER DISTRICT (MWD) RATE CASE REBATE

Finance Manager Selamat reported that the District was awarded a one-time rebate in the amount of \$2,039,332.40 from the San Diego County Water Authority (SDCWA). The amount received is the District's share of \$44.4 million in damages awarded to SDCWA from a lawsuit filed against Municipal Water District of Southern California (MWD) for illegal fees charged between 2011 and 2014.

Director Watt asked if there is any chance for recourse from MWD on the funds paid out from the lawsuit. General Manager Thorner responded that based on SDCWA general counsel's comments at the meeting, any recourse action by MWD is considered unlikely at this point.

Director Guerin inquired if interest is included in the amount awarded. General Manager Thorner responded that the rebate payment does include interest that was accrued in an escrow account. However, it does not include legal fees paid by SDCWA related to the lawsuit so there may be potential for an additional rebate in the future.

Director Watt further inquired if Staff is satisfied with the amount awarded specifically to our District and if any other district has disputed the amounts allocated. General Manager Thorner responded that the percentage allocated to our District is consistent with the percentage of water the District purchased during 2011-2014 and she is not aware of any other district disputing the allocated amounts.

Finance Manager Selamat presented three options for use of rebate payment along with the District's Revenue policy to start the discussion. Option 1 is to place the funds in a rate stabilization fund to offset future rate increases, option 2 is to place the funds in the water capital reserve to fund District local water supply projects, or option 3 is to issue a one-time credit to customers. Challenges on how to fairly issue a one-time credit were discussed. The staff-recommended option is use the rebate to minimize future rate increases over the next four years in order to keep the District's rate increases at or below the planned rate increase of 5% included in the District's Proposition 218 water rate notice.

Director Watt and Director Guerin agreed that using the rebate to offset future water increases seems to be the best approach, especially coming out of the COVID pandemic where many customers have been financially affected. Both Director Watt and Director Guerin agreed to bring the staff-proposed option before the full board for consideration at the April 14<sup>th</sup> board meeting.

7. DISCUSS AND APPROVE A CUSTOMER ASSISTANCE PROGRAM TO PROVIDE FINANCIAL ASSISTANCE, FROM NON-WATER REVENUE, TO OMWD RESIDENTIAL CUSTOMERS WHO HAVE UNPAID, PAST DUE WATER BILLS AS A RESULT OF FINANCIAL IMPACTS ASSOCIATED WITH THE COVID-19 PANDEMIC

Finance Manager Selamat presented the District's plan for implementing a customer

assistance program to provide financial assistance to residential customers with unpaid water bills as a result of financial impacts associated with the COVID-19 pandemic. Finance Manager Selamat reported that Proposition 2018 does not allow agencies to use water bill revenue to create financial assistance, low-income, or other programs that discount water bills for certain customers. Therefore, Staff is proposing to use non-water revenue from the sale of the District's Gaty parcels to fund this program. Finance Manager Selamat noted the COVID relief program is proposed at not to exceed \$250,000 and would provide financial assistance up to \$300 per customer. The all-inclusive program cost of \$250,000 includes utilizing a not-for-profit agency to screen customer eligibility for approximately \$50,000 based on program length and applications received.

Director Guerin commented she liked the idea of providing financial assistance to customers impacted by the COVID-19 pandemic and that effective screening would be critical to ensure the District is truly helping customers who need it most. Direct Watt expressed concern over using funds from the sale of the Gaty parcels as the initial use for those funds were intended to offset costs of remodeling the District's headquarters. General Manager Thorner commented that only about 7% of the proceeds from the sale of the Gaty parcels would be used for the covid relief program, the remaining 93% would go toward the building remodel.

Director Watt and Direct Guerin agreed to bring the covid relief program to the full Board for discussion and consideration at the April 14<sup>th</sup> Board meeting.

## 8. ADJOURNMENT

The meeting was adjourned at 4:23 p.m.

# Memo

Date: May 25, 2021  
To: Finance Committee  
From: Rainy Selamat, Finance Manager  
Via: Kimberly Thorner, General Manager  
Subject: QUARTERLY REVIEW OF INVESTMENTS AND CASH REPORT (1<sup>st</sup> QTR 2021)

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## **Purpose**

The purpose of this agenda is to provide a verbal report on the District's investment activities and cash information to the Finance Committee to comply with the annual investment policy approved by the Board.

## **Recommendation**

It is recommended that the Committee review and receive the attached report as presented.

## **Background**

The attached reports are presented to provide information to the Finance Committee as required by the District's Annual Investment Policy, which was adopted by the Board at the December 2020 board meeting.

The purpose of the District's Investment Policy is to identify policies and procedures that shall govern the investment of all District funds. The ultimate goal of the policy is to enhance the economic position of the District while protecting its funds. These policies have been followed in making all investment decisions on behalf of the District.

The Annual Investment Policy also states that at least once each quarter, the District's Finance Manager shall provide an oral report on the District's investments for review and discussion.

## **Discussion**

Staff will be available for discussion with the Committee during the meeting.

Attachment: Monthly Cash and Investment Summary Report as of April 30, 2021.

**Olivenhain Municipal Water District**  
**MONTHLY CASH AND INVESTMENT SUMMARY**  
**As of April 30, 2021**

**Active Deposits**

	<b><u>Book Value</u></b>
Checking Accounts	\$ 10,230,621
Cash Restricted for Specific Use	362,482
Petty Cash/Disaster Preparedness	1,468
Total Active Deposits	<u>\$ 10,594,570</u>

**Deposits Not Covered by Investment Policy**

Cash with Fiscal Agents	3,842,851
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<b><u>Investments</u></b>	<b><u>Face Value</u></b>	<b><u>Market Value</u></b>	<b><u>Current Yield</u></b>	
LAIF	\$ 25,146,357	25,269,895	0.34%	\$ 25,146,357
CAMP	8,032,236	8,032,236	0.06%	8,032,236
Money Market Funds	145,880	145,880	0.01%	145,880
Municipal Bonds	2,371,071	2,554,431	3.20%	2,620,094
U.S. Treasury Securities	2,000,000	2,020,080	0.63%	2,021,162
U.S. Agency Securities	30,401,111	30,203,758	0.49%	30,397,931
Total Investments	<u>\$ 68,096,655</u>	<u>\$ 68,226,281</u>	0.49%	<u>\$ 68,363,660</u>

**Total - All Deposits/Investments**

**\$ 82,801,082**

**Maturity Analysis of Investments**

	<b><u>Percent</u></b>	<b><u>Balance</u></b>
Demand Deposits	48.7%	\$ 33,324,473
Maturity within the next two months	2.1%	1,403,334
Maturity within three months and one year	1.5%	1,036,684
Maturity beyond one year	47.7%	32,599,169
Total Investments	<u>100.0%</u>	<u>\$ 68,363,660</u>

**Weighted Average Days to Maturity**

**740**

**Other Required Disclosures:**

Accrued interest receivable as of 04/30/2021 \$ 56,436

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

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

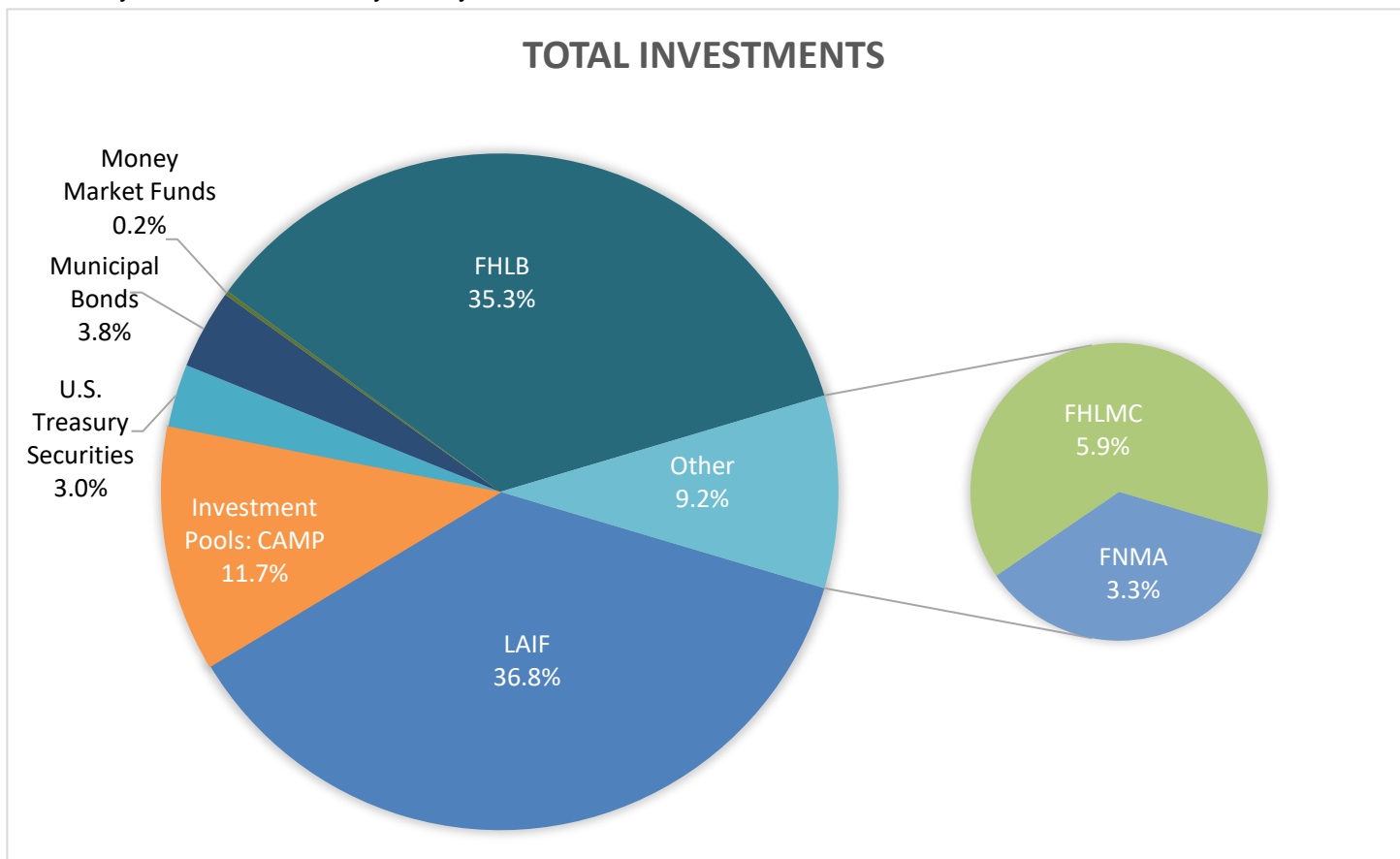


**Olivenhain Municipal Water District**  
**PORTFOLIO LIMITATIONS ANALYSIS PER INVESTMENT POLICY**  
**April 30, 2021**

	<u>Book Value</u>	<u>Percent</u>	<u>Permitted Percent</u>	<u>In Compliance?</u>
LAIF	\$ 25,146,357	36.8%	40.0% <sup>(1)</sup>	Yes
Investment Pools: CAMP	8,032,236	11.7%	30.0%	Yes
U.S. Treasury Securities	2,021,162	3.0%	100.0% <sup>(2)</sup>	Yes
Municipal Bonds	2,620,094	3.8%	30.0%	Yes
Money Market Funds	145,880	0.2%	20.0% <sup>(3)</sup>	Yes
U.S. Agency Securities	30,397,931	44.5%	50.0%	Yes
<i>FHLB</i> <i>Federal Home Loan Bank</i>	24,148,111	35.3%		
<i>FNMA</i> <i>Fannie Mae</i>	2,250,000	3.3%		
<i>FHLMC</i> <i>Freddie Mac</i>	3,999,820	5.9%		
<b>Total Investments</b>	<b>\$ 68,363,660</b>	<b>100%</b>		

Note:

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



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

Olivenhain Municipal Water District  
MONTHLY INVESTMENTS DETAIL  
April 30, 2021

ACTIVE DEPOSIT										Book Value
Checking A/C California Bank and Trust for General Purpose										10,230,621
California Bank and Trust for Specific Purpose										362,482
Petty Cash/Disaster Preparedness										1,468
Total - Active Deposits										10,594,570

DEPOSITS NOT COVERED BY INVESTMENT POLICY

Cash with Fiscal Agents:										
Union Bank - RAD 96-1 Refunding Bond										712,058
Union Bank - 2015A Refunding Bond										1,462,983
SRF Loan										750,381
Union Bank - 2016A Refunding Bond										499,023
Union Bank - 2018 Revenue Bond										418,407

Total Deposits Not Covered by Investment Policy												3,842,851
RATING		DATE				Weighted Average Days to Maturity	Call	Stated Coupon	Current Yield	Market Value	Face Value	Book Value
Moody's	S&P	Purchase	Maturity	Next Call	Next S-U							

Invest. Pools Calif. Asset Mgmt Prgm (CAMP)												
State Local Agency Investment Fund (LAIF)												
JP Morgan US Gov't Money Market Fund Premier Class SHS												

U.S. Treasury Notes/Bills												
912828YH7	U.S.Treasury Notes	Aaa	-	03/09/21	02/28/26	1,766		0.46%	0.44%	1,035,470	1,000,000	1,036,684
91282CBQ3	U.S.Treasury Notes	Aaa	-	03/09/21	09/30/24	1,250		0.82%	0.83%	984,610	1,000,000	984,478
						101		0.64%	0.63%	\$ 2,020,080	\$ 2,000,000	\$ 2,021,162

U.S. Agency Securities														
3134GXKH6	FHLMC Callable	Aaa	AA+	01/27/21	01/27/23	10/27/21		638	181	0.13%	0.13%	998,400	1,000,000	999,820
3134GW2F2	FHLMC Callable	Aaa	AA+	08/25/20	05/25/23	08/25/21		756	118	0.30%	0.30%	2,000,620	2,000,000	2,000,000
3130AJZJ1	FHLB Callable	Aaa	AA+	09/02/20	08/25/23	Anytime		848	1	0.32%	0.32%	1,151,128	1,151,111	1,151,111
3136G4P56	FNMA Callable	Aaa	AA+	08/26/20	02/26/24	08/26/22		1,033	484	0.40%	0.40%	1,250,150	1,250,000	1,250,000
3130ALHM9	FHLB Callable	Aaa	AA+	03/10/21	06/10/24	03/10/22		1,138	315	0.33%	0.33%	997,180	1,000,000	999,000
3136G4A29	FNMA Callable	Aaa	AA+	07/30/20	07/30/24	07/30/21		1,188	92	0.55%	0.55%	1,000,520	1,000,000	1,000,000
3130AKEW2	FHLB Callable	Aaa	AA+	11/04/20	11/04/24	05/04/21		1,285	5	0.43%	0.43%	1,993,700	2,000,000	2,000,000
3130ALPC2	FHLB Callable	Aaa	AA+	03/29/21	11/29/24	06/29/21		1,310	61	0.65%	0.65%	1,000,030	1,000,000	1,000,000
3134GWAQ9	FHLMC Callable	Aaa	AA+	07/28/20	07/28/25	07/28/21		1,551	90	0.65%	0.65%	995,250	1,000,000	1,000,000
3130AKGX8	FHLB Step-up Callable	Aaa	AA+	12/15/20	12/15/25	06/15/21	06/15/21	1,691	47	0.20%	0.20%	1,987,180	2,000,000	2,000,000
3130AKMD5	FHLB Callable	Aaa	AA+	01/26/21	01/26/26	07/26/21		1,733	88	0.51%	0.52%	983,740	1,000,000	999,500
3130AKU53	FHLB Callable	Aaa	AA+	01/28/21	01/28/26	07/28/21		1,735	90	0.52%	0.53%	982,710	1,000,000	1,000,000
3130AKN69	FHLB Callable	Aaa	AA+	01/28/21	01/28/26	01/28/22		1,735	274	0.50%	0.51%	983,760	1,000,000	1,000,000
3130AKVN3	FHLB Callable	Aaa	AA+	01/29/21	01/29/26	07/29/21		1,736	91	0.52%	0.53%	982,550	1,000,000	1,000,000
3130AKWK8	FHLB Callable	Aaa	AA+	02/12/21	02/12/26	11/12/21		1,750	197	0.51%	0.52%	981,840	1,000,000	1,000,000
3130AKX43	FHLB Step-up Callable	Aaa	AA+	02/24/21	02/24/26	11/24/21	11/24/21	1,762	209	0.30%	0.30%	1,984,520	2,000,000	2,000,000
3130AL7M0	FHLB Callable	Aaa	AA+	02/24/21	02/24/26	08/24/21		1,762	117	0.63%	0.63%	989,360	1,000,000	1,000,000
3130AKYR1	FHLB Callable	Aaa	AA+	02/25/21	02/25/26	02/25/22		1,763	302	0.55%	0.56%	985,800	1,000,000	1,000,000
3130AL6K5	FHLB Callable	Aaa	AA+	02/25/21	02/25/26	02/25/22		1,763	302	0.58%	0.59%	984,570	1,000,000	1,000,000
3130ALD76	FHLB Callable	Aaa	AA+	02/25/21	02/25/26	05/25/21		1,763	26	0.70%	0.71%	987,910	1,000,000	1,000,000
3130ALCW2	FHLB Callable	Aaa	AA+	02/25/21	02/25/26	02/25/22		1,763	302	0.66%	0.66%	988,120	1,000,000	998,500
3130AL6Q2	FHLB Callable	Aaa	AA+	02/26/21	02/26/26	05/26/21		1,764	27	0.22%	0.22%	997,150	1,000,000	1,000,000
3130ALGJ7	FHLB Callable	Aaa	AA+	03/23/21	03/23/26	10/23/21		1,789	177	1.00%	1.00%	999,210	1,000,000	1,000,000
3130ALNN0	FHLB Callable	Aaa	AA+	03/30/21	03/30/26	06/30/21		1,796	62	1.05%	1.05%	1,000,020	1,000,000	1,000,000
3130ALPQ1	FHLB Step-up Callable	Aaa	AA+	03/30/21	03/30/26	09/30/21		1,796	154	0.50%	0.50%	998,730	1,000,000	1,000,000
3130ALVC5	FHLB Step-up Callable	Aaa	AA+	04/14/21	04/14/26	10/14/21		1,811	168	0.60%	0.60%	999,610	1,000,000	1,000,000
								1,498	4,480	0.48%	0.49%	\$ 30,203,758	\$ 30,401,111	\$ 30,397,931

Municipal Bonds												
13066YTY5	CALIF ST DEPT REV	AA1	AA	12/02/16	05/01/21	2		1.71%	1.71%	371,071	371,071	366,874
052476N79	AUSTIN TEX WTR REV	AA2	AA	11/15/16	05/15/21	16		2.54%	2.54%	1,000,700	1,000,000	1,036,460
882724RA7	TEXAS ST PUB FIN AUTH	Aaa	AAA	10/30/20	10/01/25	1,616		5.00%	4.23%	1,182,660	1,000,000	1,216,760
						757		3.45%	3.20%	\$ 2,554,431	\$ 2,371,071	\$ 2,620,094
Total Investments						740		0.49%	0.49%	\$ 68,226,281	\$ 68,096,655	\$ 68,363,660

TOTAL - ALL DEPOSITS AND INVESTMENTS										\$	82,801,082	
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Olivenhain Municipal Water District

INVESTMENTS TRANSACTION

April 30, 2021

PURCHASED

DATE				Investment Description	<i>Stated</i>	<i>Current</i>	Face Value	Book Value
Purchase	Maturity	Call	Step-Up		<i>Coupon</i>	<i>Yield</i>		
04/14/21	04/14/26	10/14/21		FHLB Step-up Callable	0.600%	0.600%	1,000,000	1,000,000

MATURED / REDEEMED / CALLED

DATE				Investment Description	<i>Stated</i>	<i>Current</i>	Face Value	Book Value
Redemption	Maturity	Call	Step-Up		<i>Coupon</i>	<i>Yield</i>		
04/01/21	04/01/21			CALIFORNIA ST GO	2.625%	2.625%	1,000,000	999,620

**Olivenhain Municipal Water District**  
**UNAUDITED CASH POSITION BY FUNDING SOURCES**  
**As of April 30, 2021**

<b><u>Water Funds (Potable &amp; Recycled)</u></b>		<b><u>Balance</u></b>
10050-100	Cash - Petty Cash Fund	\$ 1,468
10030-100	Cash - Capital and Equipment Fund	33,098,259
10010-100	Cash - Operating Fund	16,265,788
10060-100	Cash - Deposit Work for Other	426,470
10040-100	Cash - Rate Stabilization	10,487,810
14000-500	Restricted Cash - Capacity Fee Fund	4,714,757
<b>Total Water Funds (Potable &amp; Recycled)</b>		<b><u>\$ 64,994,551</u></b>
 <b><u>Wastewater Funds</u></b>		
10010-110	Wastewater - Operating Fund	2,024,515
10030-110	Wastewater - Capital Replacement Fund	8,976,371
10040-110	Wastewater - Rate Stabilization Fund	2,600,312
<b>Total Wastewater Funds</b>		<b><u>\$ 13,601,198</u></b>
 <b><u>Non Fiscal Agent Debt Service Cash</u></b>		
14020-570	Cash non-agent - RAD 96-1	349,671
10070-561	Cash non-agent - Bond 2015A	621
10070-581	Cash non-agent - Bond 2016A	10,580
14020-512	Cash non-agent - Bond 2018	1,610
<b>Total Non Fiscal Agent Debt Service Cash</b>		<b><u>\$ 362,482</u></b>
 <b><u>Debt Service Funds</u></b>		
14030-510	SRF Loan - Fiscal Agent	750,381
14105-570	Redemption fund - RAD 96-1	651,444
14110-570	Reserve fund - RAD 96-1	60,614
14100-561	Redemption fund - Bond 2015A	1,462,983
14100-581	Redemption fund - Bond 2016A	499,023
14100-512	Redemption fund - CB&T 2018	418,407
<b>Total Debt Service Funds</b>		<b><u>\$ 3,842,851</u></b>
<b>TOTAL FUND BALANCES</b>		<b><u>\$ 82,801,082</u></b>

# Memo

Date: May 25, 2021  
To: Finance Committee  
From: Leo Mendez, Accounting Supervisor  
Via: Kimberly Thorner, General Manager  
Subject: **REVIEW AND DISCUSS CONTRACT EXTENSION BETWEEN OMWD AND  
THE PUN GROUP, LLP FOR PROFESSIONAL AUDITING SERVICES FOR TWO  
YEARS ENDING JUNE 30, 2022 AND JUNE 30, 2023**

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## Purpose

Staff is requesting that the committee review and discuss an extension to the existing audit services agreement with the Pun Group, LLP. The contract extension for professional auditing services is for the two fiscal years ending June 30, 2022 and June 30, 2023 and for a total cost of \$52,000, or \$26,000 per fiscal year.

## Recommendation

Staff recommends that the committee approve the attached contract extension. If the extension is approved by the committee, it will be presented to the board at the July 14, 2021 meeting for consideration and approval. The current agreement with The Pun Group, LLP is set to expire following the District's fiscal year 2021 audit (December 2021.)

### **Alternative**

The District could solicit proposals from other Certified Public Accountant (CPA) firms via the Request for Proposal (RFP) process where the committee would review qualified firm proposals, interview finalist firms, and recommend their selection to the Board.

### **Background**

The District's Board of Directors approved an agreement between OMWD and The Pun Group, LLP in the amount of \$76,500 for professional auditing services for fiscal years 2019, 2020, and 2021 at its April 17, 2019 Board meeting following the District's RFP (Request for Proposal) process to select new auditors.

The Finance Committee recommended The Pun Group LLP, one of the three firms interviewed by the committee at its March 13, 2019 meeting, and following a review of six proposals received from qualified CPA firms. All six proposals received were distributed to the Finance Committee (Director Watt and Director Sprague) at its January 30, 2019 meeting, where firm qualifications, experience, audit approach, bid amounts, and reference check findings were discussed as part of the selection process.

The Pun Group, LLP has served as the District's auditors for fiscal years 2019 and 2020. Prior to the District's selection of The Pun Group, LLP, the District was audited by White Nelson Diehl Evans CPAs from fiscal years 2009 through 2018. Caporicci & Larson CPAs served as the District's auditors from fiscal years 2004 through 2008.

### **Fiscal Impact**

The total cost of auditing services for fiscal years 2022 and 2023 would be \$52,000, or \$26,000 per fiscal year. This represents a \$500 increase per fiscal year over the annual amount of \$25,500 per the District's existing contract with the Pun Group, LLP for fiscal years 2019 through 2021.

### **Discussion**

Following the aforementioned RFP process, The Pun Group, LLC was recommended by the committee for their qualifications, expertise in auditing special districts and cities, their approach, use of technology, and for their competitive price. Staff at the Pun

Group, LLP have also developed an understanding of the District's operations which has aided them in providing quality auditing services to the District.

Per Section 3.4 of the District's Administrative and Ethics Code, the Board shall give consideration to the employment of a different auditor every 4 to 5 years. Staff's proposal for a two-year extension of the existing professional auditing services agreement with the Pun Group is consistent with Section 3.4 of the District's Administrative and Ethics Code.

District staff will be available during the meeting for further discussion.

Attachment: A copy of the Audit Services Contract Extension with the Pun Group, LLP – Fiscal Years Ending June 30, 2022 and June 30, 2023



April 6, 2021

Olivenhain Municipal Water District  
Ms. Rainy Selamat  
1966 Olivenhain Rd,  
Encinitas, CA 92024

RE: Audit Services Contract Extension – Fiscal Years Ending June 30, 2022, and June 30, 2023

Dear Ms. Selamat:

I would like to take this opportunity to thank you for the confidence and support the Olivenhain Municipal Water District (the “District”) have provided to us over the past years, and present this letter for your consideration regarding extending The Pun Group, LLP’s audit contract with the District.

We have developed an understanding of the District’s operations that has aided us in providing quality audit services. With that knowledge, we have been able to expand our audit efforts and provide observations that have assisted the District’s staff. We have also demonstrated our ability to respond to requests of the District and our ability to deliver quality services. It is our understanding the Olivenhain Municipal Water District has been satisfied with our efforts.

We would like to propose an extension of our Audit Services contract to include Fiscal Years Ending June 30, 2022, and June 30, 2023. The objective of our audits is to issue an opinion regarding the fairness of the presentation of the District’s financial statements in accordance with generally accepted accounting principles. The proposed fees will be as follows:

Services Provided:	Optional Years	
	2021-22	2022-23
Financial Audit of the District	\$ 22,000	\$ 22,000
Single Audit - if needed (1 Major Program)	\$ 4,000	\$ 4,000
<b>Grand Total:</b>	<b>\$ 26,000</b>	<b>\$ 26,000</b>

- (1) If Single Audit is required, fees to audit major programs will be \$4,000 each. The number of programs determined to be “major” will be based on OMB Uniform Guidance. The Engagement Team will discuss this with the District’s Management before starting Single Audit work.
- (2) Supplemental reports, audits, or agreed-upon procedures must be added in a written agreement prior to commencing audit work. The Firm and the District will discuss and approve the scope and associated costs of these tasks.

If the District agrees with the foregoing, please sign the copy of this letter in the space provided and return it to us.

We would very much like to continue our relationship with the Olivenhain Municipal Water District and stand ready to provide the level of service and commitment to which the District has become accustomed.

If you have any questions, please feel free to call me at (949) 777-8801.

Sincerely,  
The Pun Group, LLP

Kenneth H. Pun, CPA, CGMA  
Managing Partner

200 E. Sandpointe Ave., Suite 600, Santa Ana, California 92707  
Tel: 949-777-8800 Fax: 949-777-8850  
www.pungroup.cpa



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This letter correctly sets forth the understanding of the Olivenhain Municipal Water District as described.

**Acknowledged by:**

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Olivenhain Municipal Water District

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Signature

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Name and Title

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Date

# Memo

Date: May 25, 2021  
To: Finance Committee  
From: Rainy Selamat, Finance Manager  
Via: Kimberly Thorner, General Manager  
Subject: **CONSIDER AND APPROVE PROPOSED MID-TERM BUDGET ADJUSTMENTS  
(FISCAL YEAR 2021/22) TO THE GENERAL MANAGER'S RECOMMENDED  
BIENNIAL OPERATING AND CAPITAL BUDGET AND UPDATE ON THE  
DISTRICT'S FIRST TWO-YEAR BUDGET PROCESS**

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Staff will present to the committee staff's proposed adjustments to the District's Biennial Operating and Capital Budget (fiscal year 2022) for consideration and approval. Staff will also provide an oral report to the committee on the District's first two-year budget process.

Following the committee review and approval, the proposed budget adjustments will be brought forward to the full Board on June 16, 2021 for consideration and approval.

Attachment: Mid-term Budget Adjustments Presentation

# Fiscal Years 2021 & 2022

## Mid-Term Review

### Operating and Capital

OMWD Finance Committee Meeting  
May 25, 2021

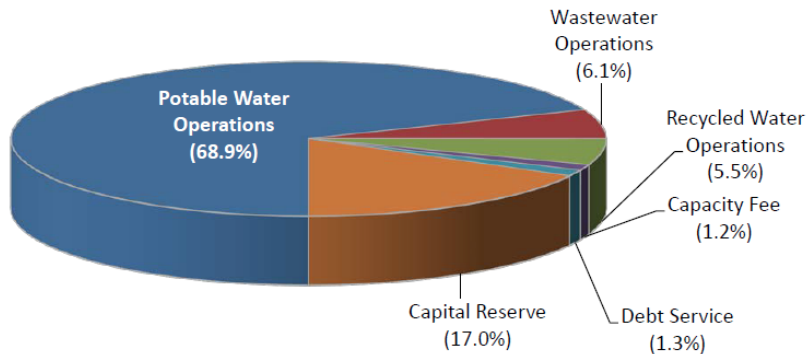
# Background

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- OMWD's First Biennial Operating and Capital Budget was adopted by the Board in June 2020 for fiscal years 2021 and 2022.
- Planned budget increase: less than 3% per fiscal year.
- FY 2021 Budget was reduced due to COVID-19.
  - Option 1 – keep the original (pre COVID-19) staff-proposed budget
  - **Option 2 – adopt a 0% increase in Operating (Non-Payroll) from FYE 2020 budget – a \$433k reduction in operating costs from Option 1 (approved by the Board)**
  - Option 3 – adopt a 5% reduction in Operating (Non-Payroll) from FYE 2020 – a \$895k reduction in operating costs from Option 1
- Staff informed the Board at the May 2020 Budget workshop meeting with the Board that FY 2022 budget will be reviewed and adjusted at Midterm (June 2021).

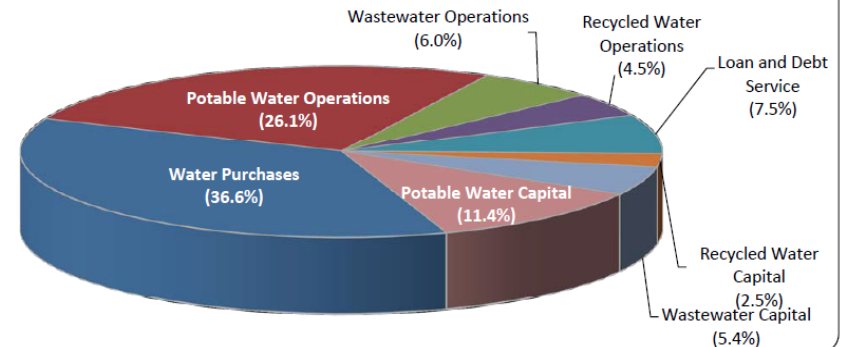
# Fiscal Years 2021 and 2022 Revenues and Expenditures

Fiscal Years 2021 & 2022  
Revenues by Fund (\$163.7 million)\*



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

Fiscal Years 2021 & 2022 Expenditures  
(\$163.7 million)\*



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

# Fiscal Years 2021 and 2022

## Mid-Term Budget Update

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### **Water Sales:**

- FY 2021 sales are expected to be 9.5% higher than budgeted

### **Cost of Water:**

- Actual FY 2021 are expected to be 9.8% higher than the budgeted

### **Operating Expenses :**

- Actual Departmental Expenses are less than the budget due to COVID-19

### **Other Revenues:**

- Property Tax – approximately \$3.5 mil received, \$400k over budget
- Capacity Fee – approximately \$2.5 mil received, \$2 mil over budget
- SDCWA reimbursement - \$2.03 mil transferred to rate stabilization fund
- Proceeds from selling of District's properties - \$2 mil for Gaty
- Investment Income – approximately \$240k, \$60k over budget

### **Transfer of Funds:**

- WATER- Transfer additional \$1 million from Operating to Capital to pay for future CIP's Capital Improvement Program – timing of expenditures
- WASTEWATER – Transfer \$750,000 from Capital to Operating due to timing of capital spending in FY 2021

# Consolidated Actual vs Budget Summary

## Operating through 3/31/2021

	Approved Budget	Actual YTD	Budget YTD	Variance Amt	Variance %
<b>Operating Revenues</b>					
Commodity Water Sales	\$39,013,000.00	\$31,051,263.43	\$28,372,200.00	\$2,679,063.43	9.4%
Water Fees and Services	17,276,000.00	12,740,766.42	12,958,380.00	(217,613.58)	(1.7%)
Sewer Revenue	4,865,000.00	3,282,289.39	2,923,000.00	359,289.39	12.3%
<b>Total Operating Revenues</b>	<b>61,154,000.00</b>	<b>47,074,319.24</b>	<b>44,253,580.00</b>	<b>2,820,739.24</b>	<b>6.4%</b>
<b>Operating Expenses</b>					
Purchased Water - Variable	20,573,000.00	16,309,387.27	14,854,780.00	(1,454,607.27)	(9.8%)
Purchased Water - Fixed	8,100,000.00	6,074,006.76	6,061,797.00	(12,209.76)	(0.2%)
General Manager Dept	1,961,000.00	1,219,866.33	1,471,590.00	251,723.67	17.1%
Engineering Dept	2,088,500.00	1,380,642.67	1,567,980.00	187,337.33	11.9%
Finance Dept	1,558,000.00	1,108,292.43	1,168,920.00	60,627.57	5.2%
Customer Service Dept	2,710,000.00	1,753,136.97	2,034,846.00	281,709.03	13.8%
Human Resources Dept	834,700.00	480,067.33	626,193.00	146,125.67	23.3%
Water Operations and Maintenance Dept	9,959,000.00	7,290,010.75	7,465,932.00	175,921.25	2.4%
Parks Dept	458,500.00	317,417.53	345,096.00	27,678.47	8.0%
Other Operating Expenses	50,000.00		37,800.00	37,800.00	100.0%
Sewer Operations and Maintenance Dept	2,773,000.00	2,083,682.61	2,078,478.00	(5,204.61)	(0.3%)
Recycled Water Operations Dept	1,168,000.00	838,361.81	876,330.00	37,968.19	4.3%
Paygo Transfers					
Water Operations	3,800,000.00	2,853,000.00	2,853,000.00		0.0%
Sanitation Operations	1,400,000.00	700,000.00	700,000.00		0.0%
Recycled Operations	2,200,000.00	1,647,000.00	1,647,000.00		0.0%
Capitalized Operations Expenditures	(1,323,000.00)	(957,420.58)	(991,800.00)	(34,379.42)	3.5%
<b>Total Operating Expenses</b>	<b>58,310,700.00</b>	<b>43,097,451.88</b>	<b>42,797,942.00</b>	<b>(299,509.88)</b>	<b>(0.7%)</b>
<b>Net Operating Income (Loss)</b>	<b>2,843,300.00</b>	<b>3,976,867.36</b>	<b>1,455,638.00</b>	<b>2,521,229.36</b>	

# Consolidated Actual vs Budget Summary

## Non-Operating through 3/31/2021

	Approved Budget	Actual YTD	Budget YTD	Variance Amt	Variance %
<b>Nonoperating Revenues</b>					
Water Funds	3,379,000.00	4,870,554.13	2,077,180.00	2,793,374.13	134.5%
Debt Service Funds	1,049,000.00	819,798.89	675,180.00	144,618.89	21.4%
Sewer Funds	27,000.00	18,635.47	20,520.00	(1,884.53)	(9.2%)
Recycled Water Funds	61,000.00	40,112.98	45,720.00	(5,607.02)	(12.3%)
<b>Total Nonoperating Revenue</b>	<b>4,516,000.00</b>	<b>5,749,101.47</b>	<b>2,818,600.00</b>	<b>2,930,501.47</b>	<b>104.0%</b>
<b>Nonoperating Expense</b>					
Capacity Fee Funds	30,000.00	11,169.65	22,320.00	11,150.35	50.0%
Debt Service Funds	1,517,385.22	1,140,093.24	1,143,572.04	3,478.80	0.3%
Potable Water Funds	10,000.00	4,782.72	7,200.00	2,417.28	33.6%
<b>Total Nonoperating Expense</b>	<b>1,557,385.22</b>	<b>1,156,045.61</b>	<b>1,173,092.04</b>	<b>17,046.43</b>	<b>1.5%</b>
 <b>Inc before Cap Fees and Capital Contributions</b>	 <b>5,801,914.78</b>	 <b>8,569,923.22</b>	 <b>3,101,145.96</b>	 <b>5,468,777.26</b>	
 Capacity Fee Funds	 515,000.00	 2,748,991.66			
 Capital contributions	 400,000.00	 90,492.65			
 <b>Change in Net Position</b>		 <b>11,409,407.53</b>			



# Mid-Term Budget Update

## FY 2021 Completed Capital Improvement Projects (CIP)

Fund	Project Name	Budget	Projected Total Spend	(Over) Under Approved Total Budget
Potable	New and Remodeled Facilities	16,821,000	16,821,000	-
Potable	Morning Sun PRS	640,000	599,464	40,536
Potable	DCMWTP Chem. Sys. Upgrade	525,000	507,312	17,688
Potable	Golem PS Replacement	365,000	357,606	7,394
Potable	Lusardi Canyon CP	294,000	300,156	(6,156)
Potable	Network User Enhancements	200,000	150,000	50,000
Potable	GP Upgrade	54,000	54,000	-
Potable	DCMWTP Trains 9 & 10 Valves	45,000	46,912	(1,912)
Potable	HQ Facilities Enhancements	45,000	45,000	-
Potable	Replace EFRR Interpretive Roof	22,000	22,000	-
Potable	Cielo Generator Switch (Emergency)	-	12,970	(12,970)
Recycled	Storage Pond - Landscape	380,000	380,000	-
Wastewater	Rehab UV Disinfect. Sys.	3,420,000	3,420,000	-
Wastewater	Replace 4S Clarifier Drives	271,000	218,994	52,006
		23,082,000	22,935,414	146,586

# Mid-Term Budget Process

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- Compared FY 2021 budget adopted by the Board to projected actuals for FY 2021
- Revised budget assumptions
- Received input from each department manager on their departmental needs for the amended Fiscal Year 2022 budget
- Reviewed proposed changes to departmental operating budgets with each manager and capital expenditures with each project manager for proposed changes based for FY 2022
- Proposed mid-term budget adjustments for consideration and approval

# Fiscal Years 2021 and 2022

## Mid-Term Biennial Budget Update

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- For the biennial budget midterm review Staff reviewed the departmental operating costs and amended the FY 2022 budget
- The chart below illustrates the Adopted FY 2021 budget, Projected Actual for FY 2021, Forecasted FY 2022 (board adopted budget), the Amended FY 2022 (reduced) budget proposed by Staff, and the change from the FY 2022 adopted budget

### Departmental Operating Costs, Net of Capitalized Operating Expenses

Operating Departments	Adopted FY 2021	Projected Actual FY 2021	Forecasted FY 2022	Amended FY 2022	\$ Variance Amended vs. Forecasted	% Variance Amended vs. Forecasted
	\$ 22,187,700	\$ 20,998,000	\$ 23,523,000	\$ 22,849,900	\$ (673,100)	-2.86%

# Mid-Term Revised **Key** Assumptions Water and Wastewater Operations

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## Operating Revenues:

- Potable and recycled water sales
  - Volume: match actuals for prior 12 months (Apr '20 – Mar '21)
  - Assume 3% revenue adjustment for 2022 – subject to Board's approval
- Selling of excess treated water to VWD
  - Historical 2 years average of actual recycled water deliveries
- Sewer service revenue:
  - Revenue adjustment: 2% effective 7/1/21

## Operating Expenditures:

- Pass-through Purchased Water Wholesale Cost Increases:
  - SDCWA and MWD: rates as of 1/1/21 and projected cost increases on 1/1/22
  - Vallecitos, City of San Diego, San Elijo JPA, RSF CSD: projected cost increases for FY 2022
- Start with FY 2021 projected actuals, includes allowance for increases in power, labor, supply, and other O&M costs.

## Non-operating Revenues:

- Property tax: assume based on FY 2021 projected actual receipts
- Investment Income: @ 0.50%
- Capacity Fees: \$500,000 for FY 2022 (difficult to estimate)

# Mid-Term Revised **Key** Assumptions

## Water and Wastewater Operations Cont'd

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### Labor:

- Personnel Costs:
  - Includes 4.5% anticipated increase in salary and wages based on the District's current MOU
    - the minimum for SDCPI: 2%, actual:1.7%, and Merit Pool: 2.5%
  - Staffing Analysis:
    - One new FTE for IT Systems Administrator
    - Temporary Freeze on 2 (two) vacant utility positions

### Benefits:

- SDRMA – based on estimated payroll for fiscal year 2020/21 and 109% mod factor
- Kaiser: estimated at 8% increase effective 1/1/22
- ACWA- JPIA – estimated at 8% increase effective 1/1/22
- PERS:
  - Classic - Employer Annual Contribution @11.6% and an additional \$1,139,402 for annual unfunded liability payment
  - PEPR - Employer Annual Contribution @7.6% and an additional \$5,024 for annual unfunded liability payment
- Annual Additional Discretionary Payment to CalPERS approved by the Board @ no more than 50% of the District's minimum Unfunded Accrued Liability payment (FY 2021-\$1.139 million) or \$550,000 in 2021.

### Others:

- Transfer from RSF to Operating will be brought back for Board's approval in November 2021 to offset 2022 water rate increases
- Proceeds from selling of District's assets will be used to offset capital and equipment costs

# Mid-Term Proposed Operating Budget Adjustments (FY 2022)

Description	Forecasted Budget	Proposed Adjustments	Amended Budget	% Change From Forecasted
<b><u>Operating Revenues</u></b>				
Water Sales and Service Revenue	53,938,000	865,000	\$54,803,000	1.60%
Sewer Service Revenue	5,121,000	314,000	5,435,000	6.13%
Recycled Water Sales	4,406,000	173,000	4,579,000	3.93%
<b>Total Operating Revenues</b>	<b>63,465,000</b>	<b>1,352,000</b>	<b>64,817,000</b>	<b>2.13%</b>
<b><u>Non-operating Revenues</u></b>				
Water - Property Tax and Other Income	3,682,000	227,000	3,909,000	6.17%
Debt Service	1,049,000	-	1,049,000	0.00%
Wastewater - Standby and Other Income	39,000	-	39,000	0.00%
Recycled Water Operations	76,000	(15,000)	61,000	-19.74%
Capacity Fee Revenues	705,000	40,000	745,000	5.67%
Anticipated Grant Revenue	300,000	1,355,000	1,655,000	451.67%
Sale of District Land	1,800,000	-	1,800,000	0.00%
<b>Total Revenues</b>	<b>71,116,000</b>	<b>2,959,000</b>	<b>74,075,000</b>	<b>4.16%</b>
<b><u>Operating Expenses</u></b>				
Cost of water	31,267,000	(604,000)	30,663,000	-1.93%
Water Operations	20,447,000	(477,600)	19,969,400	-2.34%
Wastewater Operations	2,871,000	(97,000)	2,774,000	-3.38%
EFRR (Parks) Operations	474,000	(40,000)	434,000	-8.44%
Recycled Water Operations	1,214,000	275,500	1,489,500	22.69%
Capital PAYGO Transfers	6,529,000	3,571,000	10,100,000	54.69%
Less: Capitalized Expenditures	(1,463,000)	(87,000)	(1,550,000)	5.95%
<b>Total Operating Expenses</b>	<b>61,339,000</b>	<b>2,540,900</b>	<b>63,879,900</b>	<b>4.14%</b>
<b><u>Non-operating Expenses</u></b>				
Debt Service (principal and interest payments)*	6,131,000	-	6,131,000	0.00%
Capacity Fee Expenses	-	-	-	0.00%
Potable Water System	40,000	-	40,000	0.00%
Recycled Water System	-	-	-	0.00%
<b>Total Expenses</b>	<b>67,510,000</b>	<b>2,540,900</b>	<b>70,050,900</b>	<b>3.76%</b>
<b>Net Revenue (Expense)</b>	<b>3,606,000</b>	<b>418,100</b>	<b>4,024,100</b>	<b>11.59%</b>

# Capital Budget - Highlights

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- **Small Equipment Purchases**

- A \$9k proposed increase in shop and field equipment
  - A new line locating equipment for Engineering

- **Water and Wastewater Capital Infrastructure Needs**

- A net \$476,000 decrease in the water, sewer, and recycled overall appropriations for fiscal year 2022
  - Proposed appropriation adjustments mainly due to timing of capital expenditures on several active construction Projects
  - 5 new CIP to start in FY 2022, if approved:
    - Hydropower Turbine Refurbishment
    - Landscape – HQ Courtyards
    - Calle Barcelona, VP, & Summerhill HOA RCW Extension
    - Extension 153 RCW Flowmeter
    - WRF Phone System Upgrades

# Summary of Board Approved Small Capital Item Purchases for FYE 2022

Asset Class	Qty.	Item Description	Budget Amount	Source of Funds *		
				Potable Water	Wastewater	Recycled Water
<b>Shop and Field Equipment</b> Project # D139820 - Potable Water Project # D739820 - Wastewater Project # D839820- Recycled Water	1	Add - Line Locator Equipment	9,000	6,000	1,500	1,500
<b>Subtotal Shop and Field Equipment</b>			\$ 9,000	\$ 6,000	\$ 1,500	\$ 1,500
<b>Automotive Equipment</b> Project # D139830 - Potable Water Project # D739830 - Wastewater Project # D839830- Recycled Water	1	New Vehicle for Ops Const Crew Truck / Ford F-550 S/C V-8 Engine	150,000	120,000	15,000	15,000
	1	New Vehicle for Engineering / Inspection / Ford F-150 Extra Cab	36,000	25,000	5,000	6,000
	1	New Vehicle for Sys Ops / Ford F-250 Extra Cab w/Service Utility Bed	52,000	36,000	8,000	8,000
	1	New Vehicle for Sys Ops / Ford F-250 Extra Cab w/Service Utility Bed	52,000	36,000	8,000	8,000
	1	New Vehicle for WTP / Ford F-150 Extra Cab	36,000	25,000	5,000	6,000
<b>Subtotal Automotive Equipment</b>			\$ 326,000	\$ 242,000	\$ 41,000	\$ 43,000
<b>Computer Hardware/Software</b> Project # D139860- Potable Water Project # D739860 - Wastewater Project # D839860 - Recycled Water	41	34 PC/Laptops Replacements and 7 servers	104,000	83,000	16,000	5,000
<b>Subtotal Computer Hardware/Software</b>			\$ 104,000	\$ 83,000	\$ 16,000	\$ 5,000
<b>TOTAL</b>			\$ 439,000	\$ 331,000	\$ 59,000	\$ 50,000

\* Capital item funding sources are allocated based on percentage of use of each asset.

Update: Surplus from selling District's vehicles and equipment: \$91,427 through competitive bids process.



# Fiscal Years 2021 and 2022 Planned Capital Spending

	<i>a</i>	<i>b</i>	<i>c</i>	<i>= a+b+c</i>
	FY 2021	FY 2022	FY 2021	FY 2022
	Board Approved Appropriation	Board Approved Appropriation	Unspent Carryover	Proposed Appropriation Adjustment <sup>1</sup> Amended Appropriation
Potable	11,671,000	6,347,000	3,936,000	2,482,000
Recycled	3,590,000	466,000	3,300,000	1,148,000
Wastewater	2,107,000	6,617,000	495,000	(4,106,000)
	17,368,000	13,430,000	7,731,000	(476,000)
				20,685,000

1. See graph on slides 16 & 17 for more details
2. Amount does not reflect anticipated \$300k in grant funding (\$250k for AMI, \$50k for Desal)
3. Amount does not reflect anticipated \$1.35 million in grant funding for Manchester Recycled Pipeline project

# Capital Improvement Project (CIP) Budget Review Summary

## Fiscal Year 2022 Appropriation Adjustments

Budget Increase (Decrease)		Appropriation Increase (Decrease)	Fund	Comments
<u>Projects with Accelerated/Decelerated Schedule</u>				
\$ -	Parking & Access Improvements	\$ 150,000	C&E	Additional paving items identified and added to FY 2022
12,000	Lone Jack PRS	12,000	C&E	Construction and design cost escalation for FY 2022
-	Replace Headworks Manual Sys	(1,694,000)	C&E/WW	Construction deferred - capacity tied up in El Camino & Manchester Pipeline projects
-	Replace Overflow Pond Strainer	(80,000)	C&E/WW	Construction deferred - capacity tied up in El Camino & Manchester Pipeline projects
-	Replace Neighborhood 1 SPS	(2,348,000)	C&E/WW	Construction deferred - capacity tied up in El Camino & Manchester Pipeline projects
\$ 12,000	<b>Total, (Decrease) due to Decelerated Schedules</b>	\$ (3,960,000)		
<u>Projects with Changes in Cost Estimates</u>				
\$ (40,000)	PRS Replacements	\$ (40,000)	C&E	Allocate \$20k each to Village Park and Gardendale PRS projects
20,000	Village Park PRS	20,000	C&E	\$20k reallocated from PRS Project
20,000	Gardendale PRS	20,000	C&E	\$20k reallocated from PRS Project
-	Rehab Concrete Tanks	67,000	C&E	Updated proposal for inspection of remaining 4 tanks + staff time
728,000	Manchester Recyc PL Exten.	728,000	C&E	Coordination with Caltrans and City of Encinitas expanded scope of project
1,908,000	Manchester Potable Pipeline	1,908,000	C&E	Increase due to changes in scope, escalated costs, change in engineering estimate
\$ 2,636,000	<b>Total, Increase in Estimated Costs</b>	\$ 2,703,000		
<u>New Projects</u>				
\$ 600,000	Hydropower Turbine Refurbishment	\$ 300,000	C&E	First turbine to be refurbished in FY 22 and the second one in FY 23
2,415,000	Calle Barcelona, VP, & Summerhill HOA RCW Exten	315,000	C&E	Dependent on Title XVI-WIIN grant application
200,000	Extension 153 RCW Flowmeter	105,000	C&E	Dependent on Title XVI-WIIN grant application
45,000	Landscape - HQ Courtyards	45,000	C&E	Complete landscape installation at HQ courtyards
16,000	WRF Phone System Upgrades	16,000	C&E/WW	Upgrade phone system to VOIP
\$ 3,215,000	<b>Total, New Projects</b>	\$ 781,000		
\$ 5,863,000	<b>Total</b>	\$ (476,000)		

# Fiscal Years 2021 and 2022 CWIP

## Potable

Project Name	FY 21 & FY 22 Approved Appropriation	FY 22 Appropriation Adjustment	FY 21 & FY 22 Amended Appropriation
Replace El Camino Real PL	2,505,000	-	2,505,000
Manchester Potable Pipeline	2,008,000	1,908,000	3,916,000
<sup>1</sup> Fixed Base AMI	1,241,000	-	1,241,000
DCMWTP PH Control System	737,000	-	737,000
<sup>2</sup> San Dieguito Desalination	700,000	-	700,000
Residuals Handling Bldg Canopy	442,000	-	442,000
Pot & Recycled Master Plan	228,000	-	228,000
Lone Jack PRS	208,000	12,000	220,000
District-Wide PLC Replacements	166,000	-	166,000
Network Security	154,000	-	154,000
DCMWTP Analyzer Replace.	130,000	-	130,000
Vault Upgrades	105,000	-	105,000
DCMWTP Centrifuge Unit 2	104,000	-	104,000
RSF Rd Unit A North PL Replacement	97,000	-	97,000
Village Park PRS	60,000	20,000	80,000
Gardendale PRS	60,000	20,000	80,000
Parking & Access Improvements	41,000	150,000	191,000
Phone System - Admin Bldg.	21,000	-	21,000
<sup>3</sup> Hydropower Turbine Refurbishment	-	300,000	300,000
<sup>3</sup> Landscape – HQ Courtyards	-	45,000	45,000
<sup>4</sup> Replace Valves	1,794,000	-	1,794,000
<sup>4</sup> Replace DCMWTP Membranes	1,450,000	-	1,450,000
<sup>4</sup> Replace Pipelines	1,061,000	-	1,061,000
<sup>4</sup> Replace Potable Meters	530,000	-	530,000
<sup>4</sup> Steel Mains Protection	530,000	-	530,000
<sup>4</sup> PRS Replacements	513,000	(40,000)	473,000
<sup>4</sup> Rehab Concrete Tanks	239,000	67,000	306,000
<sup>4</sup> Replace Pot. Pumps and Motors	159,000	-	159,000
<sup>4</sup> Replace Meter Anodes	150,000	-	150,000
	15,433,000	2,482,000	17,915,000

<sup>1</sup> Anticipated \$250k in grant funding to be received in FY 2022

<sup>2</sup> Anticipated \$50k in grant funding to be received in FY 2022

<sup>3</sup> New project for FY 2022 pending board approval

<sup>4</sup> Recurring CIP

# Fiscal Years 2021 and 2022 CWIP Recycled and Wastewater (Sewer)

Project Name	FY 21 & FY 22 Approved Appropriation	FY 22 Appropriation Adjustment	FY 21 & FY 22 Amended Appropriation
<sup>1</sup> Manchester Recyc PL Exten.	3,522,000	728,000	4,250,000
Retrofit Pot. Service to Recyc	336,000	-	336,000
Meter Replacement, Recycled	28,000	-	28,000
<sup>2</sup> Extension 153 RCW Flowmeter	-	105,000	105,000
<sup>2</sup> Calle Barcelona, VP, & Summerhill HOA RCW Extension	-	315,000	315,000
	3,886,000	1,148,000	5,034,000

<sup>1</sup> Anticipated \$1.3 mil in grant funding to be received in FY 2022

<sup>2</sup> New project for FY 2022 pending board approval - project dependent on Title XVI WIIN grant funding

Project Name	FY 21 & FY 22 Approved Appropriation	FY 22 Appropriation Adjustment	FY 21 & FY 22 Amended Appropriation
Replace Neighborhood 1 SPS	4,391,000	(2,348,000)	2,043,000
Replace Headworks Manual Sys	2,173,000	(1,694,000)	479,000
Rancho Cielo Manhole Lining	92,000	-	92,000
Replace Overflow Pond Strainer	80,000	(80,000)	-
WW Biological Process Optimiz	42,000	-	42,000
4S Physical Security Upgrades	35,000	-	35,000
4S System Manhole Lining	32,000	-	32,000
Wastewater Master Plan	2,000	-	2,000
<sup>1</sup> WRF Phone System Upgrades	-	16,000	16,000
<sup>2</sup> Replace WW Pumps/ Motors/Equip	318,000	-	318,000
	7,165,000	(4,106,000)	3,059,000

<sup>1</sup> New project for FY 2022 pending board approval

<sup>2</sup> Recurring CIP

# Action Item

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- Consider and approve the proposed midterm biennial operating and capital budget adjustments as presented
  - Staff will bring forward these budget adjustments to the Board for formal approval at the June 2021 meeting.

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# Questions?