# 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

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, JUNE 20, 2018

TIME: 4:00 P.M.

PLACE: DISTRICT OFFICE

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
- PLEDGE OF ALLEGIANCE
- 3. ROLL CALL
- 4. DETERMINATION OF A QUORUM
- 5. ADOPTION OF AGENDA
- 6. PERSONAL APPEARANCES AND PUBLIC COMMENTS
- 7. PRESENTATION OF AWARDS AND HONORABLE MENTIONS
  - \* 2018 Watersmart Landscape Contest Winner, David and Munira Coomber
  - \* Joey Randall Assistant General Manager 15 years
  - \* Gabriela Saffiote Operations Coordinator New Hire
  - \* Certificate of Achievement for Excellence in Financial Reporting for the 2017 CAFR from the Government Finance Officers Association (GFOA)
- 8. CONSIDER APPROVAL OF THE MINUTES OF THE MAY 16, 2018 REGULAR BOARD OF DIRECTORS MEETING

#### 9. CONSENT CALENDAR

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

C-f	CONSIDER A STATUS UPDATE ON THE CADENCIA STREET EMERGENCY VALVE REPLACEMENT PROJECT
C-e	CONSIDER ADOPTION OF A RESOLUTION ESTABLISHING THE APPROPRIATION LIMIT AND AUTHORIZING THE APPLICATION OF PROCEEDS OF TAXES FOR FISCAL YEAR 2018-2019
C-d	CONSIDER APPROVAL OF INFORMATION TECHNOLOGY (IT) SUPPORT SERVICES AGREEMENT WITH BEVERLY WEBER FOR THE FINANCIAL ENTERPRISE RESOURCE PLANNING (ERP) AND UTILITY BILLING SYSTEMS ON AN AS-NEEDED BASIS NOT TO EXCEED \$120,000 AND AUTHORIZE THE GENERAL MANAGER TO SIGN ON BEHALF OF THE DISTRICT
C-c	CONSIDER APPROVAL OF CHANGE ORDER #4 WITH PIPERIN CORPORATION IN THE AMOUNT OF \$38,211.45 AND AN ALLOCATION OF \$90,000 TO THE PROJECT BUDGET FOR THE VALES I PRESSURE REDUCING STATION RELOCATION PROJECT AND AUTHORIZE THE GENERAL MANAGER TO SIGN THE CHANGE ORDER ON BEHALF OF THE DISTRICT
C-b	CONSIDER APPROVAL OF PRIVATE ENCROACHMENT PERMIT NO. 392 FOR 3203 BROOKSIDE LANE (KEVIN R. DALZELL AND CHRISTINA M. DALZELL) AND ORDER THE PERMIT BE RECORDED
C-a	CONSIDER ADOPTION OF A MOTION APPROVING THE PAYMENT OF LISTED WARRANTS FROM THE DISTRICT'S REVOLVING AND REGULAR ACCOUNTS; LISTED TRANSFERS OF FUNDS; AND REIMBURSEMENT OF EXPENSES TO BOARD MEMBERS AND STAFF

- 10. CONSIDER ADOPTION OF A RESOLUTION OF THE BOARD OF DIRECTORS OF THE OLIVENHAIN MUNICIPAL WATER DISTRICT APPROVING THE OPERATIONS, MAINTENANCE, AND CAPITAL IMPROVEMENT BUDGET FOR FISCAL YEAR 2018-19
- 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 5 Working Hours, Employee Benefits)
- 12. CONSIDER AWARD OF A CONTRACT TO RHINO LININGS OF SAN DIEGO FOR THE VAULT UPGRADES PROJECT IN THE AMOUNT OF \$74,110 AND AUTHORIZE THE GENERAL MANAGER TO SIGN ON BEHALF OF THE DISTRICT
- 13. CONSIDER APPROVAL OF AN AGREEMENT WITH AZTEC LANDSCAPING INC. FOR DISTRICT-WIDE LANDSCAPE MAINTENANCE SERVICES IN THE AMOUNT OF \$135,876 PER YEAR AND AUTHORIZE THE GENERAL MANAGER TO SIGN ON BEHALF OF THE DISTRICT
- 14. CONSIDER APPROVAL OF THE THIRD AMENDMENT TO THE CONSULTING PROFESSIONAL SERVICES AGREEMENT WITH NOSSAMAN FOR GOVERNMENT RELATIONS AND GRANT WRITING SERVICES

- 15. CONSIDER AN AGREEMENT WITH WOODARD & CURRAN FOR ENVIRONMENTAL AND DESIGN SERVICES FOR THE MAIN EXTENSION 153A RECYCLED WATER PIPELINE IN THE AMOUNT OF \$121,962, APPROPRIATE \$300,000 TO THE PROJECT, AND AUTHORIZE THE GENERAL MANAGER TO SIGN ON BEHALF OF THE DISTRICT
- 16. CONSIDER ADOPTION OF A RESOLUTION ELECTING TO HAVE SEWER SERVICE FEES WITHIN THE 4S RANCH SANITATION DISTRICT COLLECTED ON THE COUNTY TAX ROLLS FOR THE FISCAL YEAR JULY 1, 2018 TO JUNE 30, 2019 AND TO CERTIFY SAID FEES WITH THE SAN DIEGO COUNTY ASSESSOR
- 17. CONSIDER ADOPTION OF A RESOLUTION ELECTING TO HAVE SEWER SERVICE FEES WITHIN THE RANCHO CIELO SANITATION DISTRICT COLLECTED ON THE COUNTY TAX ROLLS FOR THE FISCAL YEAR JULY 1, 2018 TO JUNE 30, 2019 AND TO CERTIFY SAID FEES WITH THE SAN DIEGO COUNTY ASSESSOR
- 18. CONSIDER ADOPTION OF A RESOLUTION ELECTING TO HAVE SEWER SERVICE FEES FOR THE SANTALUZ AFFORDABLE HOUSING AREA AND BLACK MOUNTAIN RANCH EAST CLUSTERS PROJECT WITHIN THE 4S RANCH SANITIATION DISTRICT COLLECTED ON THE COUNTY TAX ROLLS FOR THE FISCAL YEAR JULY 1, 2018 TO JUNE 30, 2019 AND TO CERTIFY SAID FEES WITH THE SAN DIEGO COUNTY ASSESSOR
- 19. CONSIDER INFORMATIONAL REPORT ON LONG-TERM WATER USE EFFICIENCY LEGISLATION
- 20. CONSIDER ADOPTION OF A RESOLUTION OF THE BOARD OF DIRECTORS OF THE OLIVENHAIN MUNICIPAL WATER DISTRICT REGARDING ITS INTENT TO DISPOSE OF SURPLUS LANDS OWNED BY THE DISTRICT AT THE WIEGAND, GATY, AND ANN PEAY RESERVOIR SITES
- 21. INFORMATIONAL REPORTS
  - A. PRESIDENT
  - B. GENERAL MANAGER
  - C. CONSULTING ENGINEER
  - D. GENERAL COUNSEL
  - E. SAN DIEGO COUNTY WATER AUTHORITY REPRESENTATIVE
  - F. LEGISLATIVE
  - G. LAFCO
  - H. TWELVE MONTH CALENDAR / OTHER MEETINGS / REPORTS BY BOARD MEMBERS PER AB 1234
- 22. CORRESPONDENCE
- 23. AUTHORIZATION TO ATTEND UPCOMING MEETINGS / CONFERENCES / SEMINARS
- 24. FUTURE AGENDA ITEMS
- 25. CONSIDER PUBLIC COMMENTS
- 26. ADJOURNMENT



## Memo

To: Board of Directors

From: Stephanie Kaufmann, Executive Secretary

Via: Kimberly A. Thorner, General Manager

Subject: BOARD MEETING MINUTES

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



## Memo

Date: June 20, 2018

To: Olivenhain Municipal Water District Board of Directors

From: Rainy Selamat, Finance Manager

Via: Kimberly Thorner, General Manager

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

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

**BOARD MEMBERS AND STAFF** 

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

- May 2018 Summary of payment of listed warrants from the District's checking accounts (regular and revolving) and listed transfer of funds.
- May 2018 Monthly Summary of Reimbursement Expenses to Board Members and Staff.

# Olivenhain Municipal Water District Proposed Motions for June 20, 2018 Board of Directors Meeting May 2018 Activities Consent Calendar Item # C-a

#### **Proposed Motions:**

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

Regular Account	warrants	18201	to	18558	1,673,259.55
	Wire - SDCV	VA - Monthly P	urchased Wa	ater Payment	1,574,455.76

OLIVENHAIN WATER 2015A Bond Payment
OLIVENHAIN WATER 2016A Bond Payment

\$1,300.00 \$ 3,529,315.31

200,300.00

#### **Major Category of Disbursements**

Total disbursements from the District's checking account: \$ 1,673,259.55

Following is a breakdown of this total by major categories:

<u>Category</u>		
Outside services		711,600.09
Inventory and supplies		534,809.63
Repair and maintenance		179,561.45
Insurance		154,564.00
Utilities		49,730.05
Refunds		15,623.32
Other		27,371.01
	Total	\$ 1,673,259.55

1 JUNY I WILLIAM

Rainy K. Selamat/Finance Manager

Sincerely,

## Olivenhain Municipal Water District Proposed Motions for June 20, 2018 Board of Directors Meeting May 2018 Activities

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Regu	ar	Acc	OH	nt

warrants	18201	to	18558	\$ 1,673,259.55
	- SDCWA - Monthly I			1,574,455.76
5/30/2018 OLIVE	ENHAIN WATER 2015	A Bond Payn	nent	200,300.00
5/30/2018 OLIVE	ENHAIN WATER 2016	A Bond Payn	nent	81,300.00
				\$ 3,529,315.31

Approved:

For Board Consideration and Approval

Check					Multiple
Number	Date	Vendor Name	Check Amount		invoice
18201	5/2/2018	4S Ranch Gasoline & Car Wash		WWTP GASOLINE & CAR WASH	
18202	5/2/2018	Affordable Drain Service		AVENIDA APICE	
18203	5/2/2018	AG Tech Llc	,	WWTP BIOSOLIDS DISPOSAL	.,
18204	5/2/2018	Allied Refrigeration		SUPPLIES	Yes
18205	5/2/2018	Applied Ind. Tech.		SUPPLIES	Yes
18206	5/2/2018	Tom Arellano		15 YEAR SERVICE AWARD	
18207	5/2/2018	AT & T		9391056158	
18208	5/2/2018	AWWA		MEMBERSHIP RENEWAL - BRUNOZZI	
18209	5/2/2018	Barrett Engineered Pumps	•	SUPPLIES	
18210	5/2/2018	BJ'S Rental Store	195.80	SCISSOR LIFT RENTAL	
18211	5/2/2018	BlueWater Strategies Ilc	78,000.00	GOV'T RELATIONS SERVICES	Yes
18212	5/2/2018	Brian Rochelli	10.88	REF:1062402_225710	
18213	5/2/2018	CDW Government Inc	336.97	SUPPLIES	Yes
18214	5/2/2018	City Treasurer	225.45	620000109372	
18215	5/2/2018	Cogsdale	855.00	SELF SERVICE LICENSES	
18216	5/2/2018	Cogsdale	1,440.00	PARAMOUNT ADD'L USERS	Yes
18217	5/2/2018	Core & Main LP	2,259.38	SUPPLIES	Yes
18218	5/2/2018	County Of San Diego	3,295.00	9541 CAMINO DEL SUR	Yes
18219	5/2/2018	County Of San Diego	50.00	NOE FILING - 4S NBHD #1 SPS	Yes
18220	5/2/2018	CWEA	180.00	MEMBERSHIP RENWAL - BRUNOZZI	
18221	5/2/2018	Dell Computers	365.94	SUPPLIES	
18222	5/2/2018	DIR - Electrician Certification Fund	100.00	CERTIFICATION FEE - PETROVSKI	
18223	5/2/2018	Dish Network		8255707084415780	
18224	5/2/2018	El Camino Rental	1.332.15	5 YARD DUMP TRUCK RENTAL	
18225	5/2/2018	Electrical Sales Inc	•	WTP SUPPLIES	
18226	5/2/2018	Encinitas Ford		PU65 SERVICES	Yes
18227	5/2/2018	Enviromatrix Analytical Inc		WATER SAMPLES	Yes
18228	5/2/2018	Fallbrook Printing Corp	•	WATER PRESSURE SIMPLE SOLUTION	Yes
18229	5/2/2018	Genesis Employee Benefits		3/18 ADMIN FEES	103
18230	5/2/2018	Grainger		WWTP MISC TOOLS	Yes
18231	5/2/2018	Grangetto's Ag. Supply	•	SUPPLIES	163
18232					Yes
	5/2/2018	Hach Company	•	WTP SUPPLIES	
18233 18234	5/2/2018	Hanson Aggregates Inc Hoch Consulting		JOLINA WAY & TZENA	Yes
	5/2/2018	S	•	AMI GRANT	
18235	5/2/2018	Hub Construction Specialties Inc		JACK HAMMER REPAIRS	V
18236	5/2/2018	Infrastructure Engineering Corporation		LUSARDI CANYON CATHODIC	Yes
18237	5/2/2018	Ricardo Enrique Torres dba	•	INTEGRATE THM ANALYZER	Yes
18238	5/2/2018	Konecranes Inc	•	RECYCLED WTR CRANE SERVICES	.,
18239	5/2/2018	Lloyd Pest Control		PARKS PEST CONTROL SVCS	Yes
18240	5/2/2018	Joseph Mackey		CWEA CONF EXPENSE REIMB.	
18241	5/2/2018	Mallory Safety and Supply, LLC	•	SUPPLIES	Yes
18242	5/2/2018	Morton Salt Inc	•	WTP CHEMICALS	
18243	5/2/2018	NCB Reprographics		VILLAGE PARK	
18244	5/2/2018	NEWest Construction Co	•	WWTP - HANDLING VALVE INSTALL	
18245	5/2/2018	Ninyo & Moore	6,334.00	VALES #1 PRS RPLCMNT PJT	Yes
18246	5/2/2018	Nossaman LLP	22,606.00	3/18 LEGAL SERVICES	Yes
18247	5/2/2018	Otay Landfill	•	4-4531-0018538	
18248	5/2/2018	Jaroth Inc., dba	78.00	760-489-9971	
18249	5/2/2018	Patriot Environmental	340.00	WWTP ROLLOFF BIN DISPOSAL	
18250	5/2/2018	Christopher C Petersen	2,028.77	MISC. TOOLS	Yes
18251	5/2/2018	Peterson, Sean	139.02	WATEREUSE CONF EXP REIMB.	
18252	5/2/2018	Radwell International, Inc.	1,491.50	WTP SUPPLIES	
18253	5/2/2018	Raftelis Financial Consultant	828.75	3/18 CONSULTING SERVICES	
18254	5/2/2018	San Diego Building Maintenance		3/18 JANITORIAL SERVICES	
18255	5/2/2018	San Diego Gas & Electric		10387381812	
18256	5/2/2018	Sloan Electric		WTP SUPPLIES	Yes
	, ,		- ,=33		

Check	D-4-	Van dan Nama	Charle America	In Defense	Multiple 
Number	Date	Vendor Name	Check Amount		invoice
18257	5/2/2018	Southern Counties Lubricants, LLC.	•	GASOLINE & DIESEL	.,
18258	5/2/2018	Staples		MISC OFFICE SUPPLIES	Yes
18259	5/2/2018	Sterling Water Technologies	•	WTP CHEMICALS	.,
18260	5/2/2018	Streakwave Wireless Inc	·	SUPPLIES	Yes
18261	5/2/2018	Test America		WATER SAMPLES	
18262	5/2/2018	Traffic Safety Solutions	·	OAKBRANCH DRIVE	Yes
18263	5/2/2018	Traffic Supply Inc		SUPPLIES	
18264	5/2/2018	Transene Company, Inc.		WTP SUPPLIES	
18265	5/2/2018	Trebor Shoring Rentals		VIA MOLINA& VIA MORELLA	Yes
18266	5/2/2018	TS Industrial Supply	2,772.68	SUPPLIES	Yes
18267	5/2/2018	UniMeasure, Inc.	95.54	WTP SERVICES	
18268	5/2/2018	United Way-CHAD	160.00	UNITED 5/3/2018	
18269	5/2/2018	Univar Usa Inc	10,472.99	WTP CHEMICALS	Yes
18270	5/2/2018	Urban Corps of San Diego	11,166.70	LANDSCAPE MAINTENANCE	Yes
18271	5/2/2018	US Internet	184.40	EMAIL SCANNING SERVICES	
18272	5/2/2018	USA Blue Book	273.72	WTP SUPPLIES	
18273	5/2/2018	Walters Wholesale Electric Co	258.60	SUPPLIES	
18274	5/2/2018	Water for People	151.00	WTRPL 5/3/2018	
18275	5/2/2018	VOID	-	VOID	
18276	5/2/2018	County Of San Diego	50.00	NOE FEE - LA COSTA VALVE PJT	Yes
18277	5/2/2018	County Of San Diego	50.00	NOE FEE - RSF RD/MANCHESTER	Yes
18279	5/9/2018	4S Ranch Gasoline & Car Wash		WWTP GASOLINE/CAR WASH	
18280	5/9/2018	ACWA - JPIA		5/18 GROUP INSURANCE PREMIUM	
18281	5/9/2018	Allied Refrigeration	•	SUPPLIES	Yes
18282	5/9/2018	American Messaging	,	11-072035	
18283	5/9/2018	AT & T		9391056562	
18284	5/9/2018	Bradley Gotto		REF:1062248_190740	
18285	5/9/2018	California Bank & Trust		6202, 4/26/2018	Yes
18286	5/9/2018	California Commercial Asphalt		MATERIALS	Yes
18287		· ·		EXPENSE REIMBURSEMENT	163
18288	5/9/2018	John Carnegie			Yes
	5/9/2018	CDW Government Inc	•	SUPPLIES	162
18289	5/9/2018	Controlled Entry Specialists		OMWD GATE SERVICES	V
18290	5/9/2018	Core & Main LP		Purchasing Invoice Entry	Yes
18291	5/9/2018	Core-Rosion Products	,	405 GAL SODIUM BISULFITE TANK	Yes
18292	5/9/2018	DCL Enterprise Inc Dba	23.78		
18293	5/9/2018	Dept Of Water Resources	•	4S RANCH RECLAIMATION RSVR	
18294	5/9/2018	Development Solutions Enclave LLC		REF:1060992_298795	
18295	5/9/2018	Dish Network		8255 7070 8252 7974	Yes
18296	5/9/2018	Dorothy Meanley		REF:1061390_207860	
18297	5/9/2018	Edco Waste & Recycling		25-4A 861816	
18298	5/9/2018	Electrical Sales Inc		WTP SUPPLIES	
18299	5/9/2018	Encinitas Ford	185.00	SHOP SUPPLIES	Yes
18300	5/9/2018	Enviromatrix Analytical Inc	1,185.00	WATER SAMPLES	Yes
18301	5/9/2018	Eurofins Eaton Analytical	1,285.00	WATER SAMPLES	
18302	5/9/2018	Fedex Kinko'S National A/R	64.65	PARKS PRINTING	
18303	5/9/2018	First Choice Technology	149.82	13001474	Yes
18304	5/9/2018	Fulin Zhou	107.49	REF:1061289_159740	
18305	5/9/2018	Genesis Employee Benefits	500.00	ANNUAL FIXED TRUSTEE FEES	
18306	5/9/2018	Global Power Group Inc	3,562.03	WWTP SERVICES	Yes
18307	5/9/2018	Grainger	2,699.71	WWTP SUPPLIES	Yes
18308	5/9/2018	Hach Company	1,009.07	WTP SUPPLIES	
18309	5/9/2018	Hanson Aggregates Inc	•	OVERLAND & GENTLE BREEZE LN	Yes
18310	5/9/2018	Hongrui Wang		REF:1058267_159610	
18311	5/9/2018	Hydrotex		SUPPLIES	
18312	5/9/2018	Jeffrey Noblet		REF:1054686_198300	
18313	5/9/2018	Jessica Austin		REF:1061878_211810	
	5,5,2010		, 1.50		

Check Number	Date	Vendor Name	Check Amount	Inv Reference	Multiple invoice
18314	5/9/2018	Johnstone Supply		SUPPLIES	Yes
18315	5/9/2018	Konecranes Inc		WTP SERVICES	
18316	5/9/2018	Leonardo Fitness	•	FITNESS DUES REIMB THRU PR DED	
18317	5/9/2018	Lindsay Roa		REF:1060431_130245	
18318	5/9/2018	Lisa Chapman		REF:1063330_300110	
18319	5/9/2018	Print & Copy House		SUPPLIES	
18320	5/9/2018	Matt Aga		REF:1056320_218110	
18321	5/9/2018	Melissa Shahmoradian		REF:1061841_197730	
18322	5/9/2018	Mission Janitorial Sply		SUPPLIES	
18323	5/9/2018	Napa Auto Parts		4/18 SUPPLIES	
18324	5/9/2018	Nicole Giordani		REF:1058594_241030	
18325	5/9/2018	Nossaman LLP		3/18 LOBBYING SERVICES	
18326	5/9/2018	Parkhouse Tire Inc	•	PU87 SUPPLIES	Yes
18327	5/9/2018	RAMONA PAVING & CONSTRUCTION		BROOKSID LANE PAVING RETENTION	
18328	5/9/2018	Randi Foy	•	REF:1061709_119295	
18329	5/9/2018	Robert Amonn		REF:1058377_170545	
18330	5/9/2018	Ryan Herco		WTP SUPPLIES	
18331	5/9/2018	Safelite Fulfillment Inc		PU79 SERVICES	Yes
18332	5/9/2018	San Diego Gas & Electric		92081023809	Yes
18333	5/9/2018	San Dieguito Trophy	•	SAFETY COMMITTEE AWARDS	1.63
18334	5/9/2018	San Elijo Joint Powers Auth.		4/17 22.16 AC/FT RECYCLED WTR	
18335	5/9/2018	SDG&E	•	COPPER CREEK CULVERT	
18336	5/9/2018	SHPP Fund I	•	REF:1062462_238190	
18337	5/9/2018	Streakwave Wireless Inc		SUPPLIES	Yes
18338	5/9/2018	The Dumbell Man Fitness	•	FITNESS EQUIPMENT MAINT SVCS	103
18339	5/9/2018	The Furman Group Inc		5/17-3/18 DIRECT EXPENSES	
18340	5/9/2018	Toby Myatt		REF:1058761_187855	
18341	5/9/2018	Todd Makie		REF:1056904_114020	
18342	5/9/2018	Trane		TAX 7.75%	Yes
			•	SUPPLIES	res
18343 18344	5/9/2018 5/9/2018	TS Industrial Supply Univar Usa Inc		WTP CHEMICALS	Yes
		Vernon Francis	•		res
18345 18346	5/9/2018 5/8/2018		62.99	REF:1040579_101015	
10540	5/8/2018	American Express \$166,399.36 Cintas Corporation #055	201.72	Uniform Service-OPs	
		•		Uniform service-WWTP	
	5/8/2018	Cintas Corporation #055	•	Uniform service-WWTP	
	5/8/2018	Cintas Corporation #055			
	5/8/2018	Eversoft Nalsa Campany	·	WTP supplies	
	5/8/2018	Nalco Company		WTP Supplies correct inv amt	
	5/8/2018	Nalco Company		WTP Supplies	
	5/8/2018	Nalco Company		WTP Supplies	
	5/8/2018	Prudential Overall Supply		CLEANROOM SVCS	
	5/8/2018	West Coast Sand & Gravel		west coast	
	5/8/2018	West Coast Sand & Gravel		917721 Many vouchers	
	5/8/2018	Diamond Environmental	•	DUMP FEES/VIA AMBIENTE	
	5/8/2018	Atlas Pumping Service	,	ROLLOFF SVC	
	5/8/2018	Diamond Environmental		Restroom service/Cm San Thomas	
	5/8/2018	Diamond Environmental	•	Restroom Service-Main	
	5/8/2018	Diamond Environmental	•	HAUL FEE/ROLLOFF WTP	
	5/8/2018	Diamond Environmental	,	DUMP FEES/VIA AMBIENTE	
	5/8/2018	Diamond Environmental	,	HAUL FEE/VIA AMBIENTE	
	5/8/2018	Diamond Environmental		Restroom svc/Cmno San Thomas	
	5/8/2018	Express Services, Inc		Temp Labor PPE 4/1/18	
	5/8/2018	Express Services, Inc	•	Temp Labor PPE 4/15/18	
	5/8/2018	Express Services, Inc		TEMP LABOR PPE 3/25/18	
	5/8/2018	Express Services, Inc	•	Temp Labor PPE 4/8/18	
	5/8/2018	Firehawk Fire & Safety	621.98	INSPECTION WWTP	

Check Number	Date	Vendor Name	Check Amount	Inv Reference	Multiple invoice
ivaninei	5/8/2018	Firehawk Fire & Safety		INSPECTION SVC-MAIN YARD	ilivoice
	5/8/2018	Firehawk Fire & Safety	,	INSPECTION SVC-WIAIN TARD	
	5/8/2018	Express Services, Inc		EXPRESS	
	5/8/2018	Express Services, Inc		EXPRESS	
	5/8/2018	Express Services, Inc		921791 0000000000033105	
	5/8/2018	Coast Waste Mgnt Inc		Dumpster service Main office	
	5/8/2018	Coast Waste Mgnt Inc		3-46666-55001 STORAGE BOX	
	5/8/2018	Coast Waste Mgnt Inc		Dumpster service-WWTP	
	5/8/2018	Coast Waste Mgnt Inc		WASTE MGMT	
	5/8/2018	Furgerson's Garage	•	FURGERSONS	
	5/8/2018	Pacific Pipeline Supply	·	PACIFIC PIPELINE	
	5/8/2018	Pacific Pipeline Supply		PACIFIC PIPELINE	
	5/8/2018	Pacific Pipeline Supply	•	PACIFIC PIPELINE	
	5/8/2018	Pacific Pipeline Supply	•	PACIFIC PIPELINE	
	5/8/2018	Pacific Pipeline Supply		PACIFIC PIPELINE	
	5/8/2018	Pacific Pipeline Supply		271000 Many vouchers	
	5/8/2018	Verizon Wireless - Sd		District router	
18347	5/16/2018	4S Ranch Gasoline & Car Wash		WWTP GASOLINE	
18348	5/16/2018	Adam Coggshall		REF:1056514 195045	
18349	5/16/2018	AGIS		4/18 THE LAKES	Yes
18350	5/16/2018			SUPPLIES	163
18351	5/16/2018	Airgas Allied Refrigeration		SUPPLIES	Yes
18352	5/16/2018	American Express			Yes
			·	8-21009, 4/29/2018	
18353 18354	5/16/2018	Aqua Metric		Purchasing Invoice Entry	Yes
18355	5/16/2018	Armorcast Products Co Colette Barrow	·	Purchasing Invoice Entry MILEAGE & EXPENSE REIMB	Yes
	5/16/2018				Voc
18356	5/16/2018	Boot World Inc		STEEL TOE BOOTS	Yes
18357 18358	5/16/2018	Budget Courier		POST OFFICE PICKUP SERVICES	
	5/16/2018	Cable, Pipe & Leak Detection, Inc.		SHADY TREE LN & GLENN ARBOR	
18359	5/16/2018	Calif. Surveying & Drafting Supply	·	GPS IMAGER (3)	Vas
18360	5/16/2018	CDW Government Inc		SUPPLIES	Yes
18361	5/16/2018	Christina Dalzell		REF:1007464_299130	
18362	5/16/2018	City Transvers		WWTP SAFETY SUPPLIES	
18363	5/16/2018	City Treasurer		620000109372	
18364	5/16/2018	City Treasurer Colleen Kahl	•	3/18 12.47 AF RECYCLED WATER REF:1061984 188195	
18365	5/16/2018			_	
18366	5/16/2018	Corodata Shredding, Inc		PAPER DESTRUCTION SERVICES	
18367	5/16/2018	Council Of Water Utilities		5/15 BKFST MTG - JERRY VARTY	V
18368	5/16/2018	County Of San Diego	459.00	CHURCH OF LATTER DAY SAINTS	Yes
18369	5/16/2018	VOID	-	5/17 DINNER MTG - JV,KT,JR,RS	V
18370	5/16/2018	Dell Computers	•	SALES TAX	Yes
18371	5/16/2018	Diana Hanson		REF:1047942_236965	
18372	5/16/2018	Dudek		WWTP OPERATION SUPPORT	
18373	5/16/2018	Edco Waste & Recycling		25-4R 912759	Yes
18374	5/16/2018	Encinitas Ford		PU95 SUPPLIES	Yes
18375	5/16/2018	Enviromatrix Analytical Inc		WATER SAMPLES	Yes
18376	5/16/2018	Fallbrook Printing Corp		BUSINESS CARDS	.,
18377	5/16/2018	Ferguson Enterprises Inc. #1083	·	WAX TAPE	Yes
18378	5/16/2018	Grainger		SUPPLIES	Yes
18379	5/16/2018	Hach Company		WTP SUPPLIES	
18380	5/16/2018	Harrington Industrial		WTP SUPPLIES	
18381	5/16/2018	HB&A Architects, Inc.		DCMWTP DESIGN SERVICES	Yes
18382	5/16/2018	Joel Holt		4/18 GYM DUES REIMBURSEMENT	
18383	5/16/2018	Home Depot/Gecf	·	4/18 SUPPLIES	Yes
18384	5/16/2018	Johnstone Supply		SUPPLIES	Yes
18385	5/16/2018	Karn Engineering and Surveying	1,700.00	LUSARDI EASEMENT	

Check Number	Date	Vendor Name	Charle Amazount	In Defense	Multiple
18386	5/16/2018	Kathleen Margiotta	Check Amount	REF:1058664_218260	invoice
18387	5/16/2018			TONER	
18388	5/16/2018	Kyocera Larry Ainsworth		REF:1000382_233710	
18389	5/16/2018	Linzie Wood		REF:1000382_233710 REF:1053807 193460	
18390	5/16/2018	Lloyd Pest Control		4/18 AFIF PEST CONTROL SVCS	
18391	5/16/2018	Mitchell Instrument Co., Inc.		MISC TOOLS	
18392	5/16/2018	· ·			
	5/16/2018	Morton Salt Inc	•	WTP CHEMICALS	
18393 18394		Raymond Motas Nadia Tolba		ADV WASTE TREATMENT CLASS REF:1061752 235015	
	5/16/2018			<del>-</del>	
18395	5/16/2018	Otay Landfill	•	4-4531-0018538 CPR TRAINING - S.RODRIGUEZ	Vaa
18396	5/16/2018	Pacific Safety Center			Yes
18397	5/16/2018	Pauley Equipment Co.		PARKS - EQUIPMENT RENTAL	
18398	5/16/2018	Christopher C Petersen		MISC TOOLS	
18399	5/16/2018	Pump Engineering Co.	·	WWTP SUPPLIES	
18400	5/16/2018	Richard Kors		WATER ACCT OVERPAY REFUND	
18401	5/16/2018	Safe Hearing America Inc	,	MOBILE HEARING TESTS	
18402	5/16/2018	VOID	-	VOID	.,
18403	5/16/2018	San Diego Gas & Electric	•	99949341729	Yes
18404	5/16/2018	San Elijo Joint Powers Auth.		3/18 6.30 AC/FT RECYCLED WATER	
18405	5/16/2018	Santa Fe Irrigation Dist		008128-005, 5/1/2018	
18406	5/16/2018	SiteOne Landscape Supply, LLC	•	SOIL TESTING SERVICES	Yes
18407	5/16/2018	Sloan Electric		WWTP - RMV/INSTALL VFD	
18408	5/16/2018	Sonsray Machinery LLC	•	BA09 SERVICES	Yes
18409	5/16/2018	Southern Counties Lubricants, LLC.	•	UNLEADED & DIESEL	
18410	5/16/2018	Staples		MISC OFFICE SUPPLIES	Yes
18411	5/16/2018	State Water Resources		D1 CERT RENEWAL - T.WOOD	
18412	5/16/2018	Stephanie Hordejuk		REF:1037836_237805	
18413	5/16/2018	Steven L. Sherman DBA	·	4/18 WATER SURVEYS	Yes
18414	5/16/2018	Stoney-Miller Consultants Inc	7,871.33	WATER DESALINATION PROJECT	Yes
18415	5/16/2018	T-Mobile	174.74	957854587	
18416	5/16/2018	Thyssenkrupp Elevator	2,305.00	WTP ELEVATOR SERVICE	
18417	5/16/2018	Traffic Safety Solutions	3,632.50	RSF RD & MORNING SUN	Yes
18418	5/16/2018	Trebor Shoring Rentals	528.00	SHORING EQUIPMENT	Yes
18419	5/16/2018	Tri Signal Integration Inc	896.08	WTP ELEVATOR SERVICES	
18420	5/16/2018	Univar Usa Inc	•	WTP CHEMICALS	
18421	5/16/2018	US Bank	5,311.37	777321, 5/3/2018	
18422	5/16/2018	Vallecitos Water District	32,960.49	RECALIMED WATER SALES	
18423	5/16/2018	Walters Wholesale Electric Co	258.60	SUPPLIES	Yes
18424	5/16/2018	Beverly Weber	15,333.16	4/18 CONSULTING SERVICES	Yes
18425	5/24/2018	4S Ranch Gasoline & Car Wash	99.19	WWTP GASOLINE	
18426	5/24/2018	Airgas	763.70	SUPPLIES	Yes
18427	5/24/2018	All American First Aid & Safety	564.72	SAFETY SUPPLIES	Yes
18428	5/24/2018	American Express	600.25	0-01005, 4/29/2018	
18429	5/24/2018	American Public Works Assoc.	380.00	ANNUAL MEMBERSHIP	
18430	5/24/2018	AT & T	839.07	9391059578	Yes
18431	5/24/2018	Balboa Engineering Inc.	6,500.00	EL CAMINO P/L REPLACEMENT	Yes
18432	5/24/2018	Barrett Engineered Pumps	1,185.25	SEALING FLAGE ASSY	
18433	5/24/2018	C E Wilson Corporation	131,480.00	2017-02 VALVE REPLACEMENTS	Yes
18434	5/24/2018	California Commercial Asphalt		DOVE HOLLOW	
18435	5/24/2018	California Nevada	80.00	CROSS CONNECTION RENEW	
18436	5/24/2018	CDW Government Inc		SUPPLIES	
18437	5/24/2018	Core & Main LP		SUPPLIES	Yes
18438	5/24/2018	Core-Rosion Products		CITRIC ACID BULK TANK REPLACEM	Yes
18439	5/24/2018	Corodata	·	RECORDS STORAGE	
18440	5/24/2018	County of San Diego, RCS		4/18 RADIO SERVICES	
18441	5/24/2018	Cox Communications		001 3410 038189801	

Number   Date	Check					Multiple
18444   574/7018   CyberlinASP Technology   8,449.00 HOSTING SERVICES	Number	Date	Vendor Name			invoice
18444   57,47/2018   Dak Water Systems					·	
129.84 REF-1061356_158435	18443		CyberlinkASP Technology	8,449.00	HOSTING SERVICES	
18444   57/4/2018   DUL Enterprise inc Dba   3.02 Ker's			•	316.50	WTP SERVICES	
19447   57/24/2018   Dum Engineering Inc   0.250.44 4/13 ENGINEERING CONSULTING   Yes	18445		David Carey	129.84	REF:1061556_158435	
18449   5/24/2018   Clamino Rental   99.11   ACK HAMMER RENTAL	18446	5/24/2018	DCL Enterprise Inc Dba			
1848-9    \$7,24/2018   El Camino Rental   99.18 JACK HAMMER RENTAL   \$18451   \$7,24/2018   Encirial Sales inc   16.65 WTP SUPPLIES   Yes   \$18451   \$7,24/2018   Enciritas Ford   440.44   PU44 SUPPLIES   Yes   \$18452   \$7,24/2018   Enciritas Ford   440.44   PU44 SUPPLIES   Yes   \$18454   \$7,24/2018   Federal Express Corp   \$32.22 SHIPPING CHARGES   Yes   \$18454   \$7,24/2018   Federal Express Corp   \$32.22 SHIPPING CHARGES   Yes   \$18454   \$7,24/2018   Genesis Employee Benefits   \$46.70   4/18 ADMINI FEES   \$18455   \$7,24/2018   Grainger   447.07   WWTP SUPPLIES   Yes   \$18455   \$7,24/2018   Grainger   447.07   WWTP SUPPLIES   Yes   \$18455   \$7,24/2018   Grainger   447.07   WWTP SUPPLIES   Yes   \$18457   \$7,24/2018   Hash Company   781.89   SUPPLIES   \$18459   \$7,24/2018   Hollywood Delivery Service Inc.   74.64   METER LID DELIVERY CHARGE   \$18461   \$7,24/2018   Hollywood Delivery Service Inc.   14,746.79   WATER BILLING STATEMENTS   Yes   \$18464   \$7,24/2018   Allos   \$1,000   WATER SERVICES   \$1,000   WATER SERVIC	18447	5/24/2018	DLM Engineering Inc	6,250.44	4/18 ENGINEERING CONSULTING	Yes
1845    5/24/2018   Entrical Sales Inc   16.65   WTP SUPPLIES   Yes	18448	5/24/2018	Duo Security	2,520.00	DUO SOFTWARE SUBSCRIPTION	
18451   5/24/2018   Encinitas Ford   440,44 PUA4 SUPPUES   Yes	18449	5/24/2018	El Camino Rental	99.18	JACK HAMMER RENTAL	
18452   5/24/2018    Environantrix Analytical Inc   3,383.50   WATER SAMPLES   Yes   18453   5/24/2018    Federal Express Corp   532.12 SHIPPING CHARGES   Yes   18454   5/24/2018    Ferguson Enterprises Inc. #1083   5,082.02   Purchasing invoice Entry   Yes   18455   5/24/2018    Genesis Employee Benefits   546.70   4/18 ADMIN FEES   18456   5/24/2018    Genesis Employee Benefits   546.70   4/18 ADMIN FEES   18457   5/24/2018    Genesis Employee Benefits   546.70   4/18 ADMIN FEES   18458   5/24/2018    Hach Company   781.89 SUPPLIES   18458   5/24/2018    Hach Company   781.89 SUPPLIES   18460   5/24/2018    Hach Company   74.64   METER LID DELIVERY CHARGE   18461   5/24/2018    Infosend   14,746.79   WATER BILLING STATEMENTS   Yes   18462   5/24/2018    Integrity Municipal Services   1,000.00   WWTP SERVICES   18463   5/24/2018    Jake Butler   181.36   REF-1045733 1.79650   18464   5/24/2018    Sake Butler   181.36   REF-1045733 1.79650   18465   5/24/2018    KEH & Associates, Inc.   9,403.00   45 RANCH WRF CLARIFIER   Yes   18466   5/24/2018    Keh & Associates, Inc.   1,007.00   CRANE AND HOIST INSPECT/MAINT.   Yes   18469   5/24/2018    Company   Sake Butler   1,007.00   CRANE AND HOIST INSPECT/MAINT.   Yes   18469   5/24/2018    Company   Sake Butler   1,007.00   CRANE AND HOIST INSPECT/MAINT.   Yes   18471   5/24/2018    Company   Sake Butler   1,007.00   CRANE AND HOIST INSPECT/MAINT.   Yes   18472   5/24/2018    Company   Sake Butler   1,007.00   CRANE AND HOIST INSPECT/MAINT.   Yes   18473   5/24/2018    Company   Sake Butler   1,007.00   CRANE AND HOIST INSPECT/MAINT.   Yes   18474   5/24/2018    Company   Sake Butler   1,007.00   CRANE AND HOIST INSPECT/MAINT.   Yes   18475   5/24/2018    Company   Sake Butler   Sake Butl	18450	5/24/2018	Electrical Sales Inc	16.65	WTP SUPPLIES	Yes
18454   5/24/2018   Federal Express Corp   532.12   SHIPPING CHARGES   Yes     18455   5/24/2018   Genesis Employee Benefits   546.70   4/18 ADMINI FEES     18456   5/24/2018   Genesis Employee Benefits   546.70   4/18 ADMINI FEES     18457   5/24/2018   Genesis Employee Benefits   546.70   4/18 ADMINI FEES     18458   5/24/2018   Grainger   447.07   WWTP SUPPLIES   Yes     18458   5/24/2018   Hash   Genesis Employee Benefits   78.18   SUPPLIES     18459   5/24/2018   Hash   Genesis Employee Benefits   447.07   WWTP SUPPLIES     18460   5/24/2018   Hollywood Delivery Service Inc.   74.64   METER LID DELIVERY CHARGE     18461   5/24/2018   Infosend   14,746.79   WATER BILLING STATEMENTS   Yes     18462   5/24/2018   Infosend   14,746.79   WATER BILLING STATEMENTS   Yes     18463   5/24/2018   J.M.D. Landscape Inc   45,439.09   ROGER MILLER RESERVOIR   Yes     18464   5/24/2018   Ask Butter   181.36   REFLOWED STATEMENTS   Yes     18465   5/24/2018   Kaiser Foundation Health   23,888.92   6/18 GROUP INSURANCE PREM     18466   5/24/2018   KEH & Associates, Inc.   9,403.00   45 RANCH WRF CLARIFIER   Yes     18468   5/24/2018   KEH & Associates, Inc.   9,403.00   45 RANCH WRF CLARIFIER   Yes     18469   5/24/2018   Memorar State   14.19   3/15-55/17/18 MILLEGE RELIMB     18471   5/24/2018   Memorar State   14.19   3/15-55/17/18 MILLEGE RELIMB     18471   5/24/2018   Memorar State   14.19   3/15-55/17/18 MILLEGE RELIMB     18473   5/24/2018   Memorar State   14.19   3/15-55/17/18 MILLEGE RELIMB     18474   5/24/2018   Memorar State   14.19   3/15-51/17/18 MILLEGE RELIMB     18475   5/24/2018   Memorar State   14.19   3/15-51/17/18 MILLEGE RELIMB     18476   5/24/2018   Memorar State   14.19   3/15-51/17/18 MILLEGE RELIMB     18477   5/24/2018   Memorar State   14.19   3/15-51/17/18 MILLEGE RELIMB     18478   5/24/2018   Memorar State   14.19   3/15-51/17/18 MILLEGE RELIMB     18479   5/24/2018   Memorar State   14.19   3/15-51/17/18 MILLEGE RELIMB     18480   5/24/2018   San Diego Bas Electric   23,246.92   3823857	18451		Encinitas Ford	440.44	PU44 SUPPLIES	Yes
18454   5/24/2018   Ferguson Enterprises Inc. #1083   6,082.02   Purchasing Invoice Entry   Yes   18455   5/24/2018   Grenesis Employee Benefits   546.70   4/18 ADMIN FEES   18456   5/24/2018   Grainger   447.07   WWTP SUPPLIES   Yes   18457   5/24/2018   Hach Company   781.89   SUPPLIES   18458   5/24/2018   Hasa   4,354.45   WWTP CHEMICALS   18460   5/24/2018   Hasa   4,354.45   WWTP CHEMICALS   18461   5/24/2018   Integrity Municipal Services   1,000.00   WWTP SERVICES   18462   5/24/2018   Integrity Municipal Services   1,000.00   WWTP SERVICES   18463   5/24/2018   Integrity Municipal Services   1,000.00   WWTP SERVICES   18464   5/24/2018   Jack Butler   181.36   REF:1045733_179650   18465   5/24/2018   KEH & Associates, Inc.   9,403.00   45 RANCH WRF CLARIFIER   Yes   18466   5/24/2018   KEH & Associates, Inc.   9,403.00   45 RANCH WRF CLARIFIER   Yes   18468   5/24/2018   KEH & Associates, Inc.   9,403.00   45 RANCH WRF CLARIFIER   Yes   18469   5/24/2018   KOmerames Inc   1,007.00   CRANE AND HOIST INSPECT/MAINT.   Yes   18470   5/24/2018   Meredith Dale Huntington dba   992.45   SUPPLIES   Yes   18471   5/24/2018   Meredith Dale Huntington dba   992.45   SUPPLIES   Yes   18473   5/24/2018   Networkfleet Inc   1,413.45   VEHICLE RACKING SERVICES   Yes   18474   5/24/2018   Networkfleet Inc   1,413.45   VEHICLE RACKING SERVICES   Yes   18473   5/24/2018   Networkfleet Inc   1,413.45   VEHICLE RACKING SERVICES   Yes   18474   5/24/2018   Networkfleet Inc   1,413.45   VEHICLE RACKING SERVICES   Yes   18487   5/24/2018   Networkfleet Inc   1,413.45   VEHICLE RACKING SERVICES   Yes   18488   5/24/2018   Networkfleet Inc   1,413.45   VEHICLE RACKING SERVICES   Yes   18488   5/24/2018   Networkfleet Inc   1,413.45   VEHICLE RACKING SERVICES   Yes   18489   5/24/2018   Networkfleet Inc   1,413.60   VEHICLE RACKING SERVICES   Yes   18481   5/24/2018   Networkfleet Inc   1,413.60   VEHICLE RACKING SERVICES   Yes   18482   5/24/2018   Networkfleet Inc   1,413.60   VEHICLE RACKING SERVICES   Yes   18483   5/24/2	18452	5/24/2018	Enviromatrix Analytical Inc	3,383.50	WATER SAMPLES	Yes
18455   \$7,24/2018   Genesis Employee Benefits   \$46,70   4/18 ADMIN FEES   \$7	18453	5/24/2018	Federal Express Corp	532.12	SHIPPING CHARGES	Yes
18455   5/24/2018   Grainger   447.07   WWTP SUPPLES   Yes	18454	5/24/2018	Ferguson Enterprises Inc. #1083	6,082.02	Purchasing Invoice Entry	Yes
18457   \$724/2018   Guardian   929.11   6/18 DENTAL PREM.	18455	5/24/2018	Genesis Employee Benefits	546.70	4/18 ADMIN FEES	
18458   \$/24/2018   Hack Company   781.89   SUPPLIES	18456	5/24/2018	Grainger	447.07	WWTP SUPPLIES	Yes
18459   \$724/2018   Hasa	18457	5/24/2018	Guardian	929.11	6/18 DENTAL PREM.	
18460   \$/24/2018   Hollywood Delivery Service Inc.   74,64   METER ILD DELIVERY CHARGE   18461   5/24/2018   Integrity Municipal Services   1,000.00   WVTP SERVICES   WVTP SERVICES   1,000.00   WVTP SERVICES   WVTP	18458	5/24/2018	Hach Company	781.89	SUPPLIES	
18461	18459	5/24/2018	Hasa	4,354.45	WWTP CHEMICALS	
18462   \$7/24/2018	18460	5/24/2018	Hollywood Delivery Service Inc.	74.64	METER LID DELIVERY CHARGE	
18463   5/24/2018   J.M.D. Landscape Inc   45,439.09   ROGER MILLER RESERVOIR   Yes	18461	5/24/2018	Infosend	14,746.79	WATER BILLING STATEMENTS	Yes
18463   5/24/2018	18462	5/24/2018	Integrity Municipal Services	1,000.00	WWTP SERVICES	
18464   5/24/2018	18463	5/24/2018		45,439.09	ROGER MILLER RESERVOIR	Yes
18465   5/24/2018	18464		·	181.36	REF:1045733 179650	
18466         5/24/2018         KEH & Associates, Inc.         9,403.00         4S RANCH WRF CLARIFIER         Yes           18467         5/24/2018         Konecranes Inc         1,067.00         CRANE AND HOIST INSPECT/MAINT.         Yes           18468         5/24/2018         Tammi Lile         41.97         3/15-5/17/18 MILEAGE REIMB.         18469         5/24/2018         Ick McMaster-Carr Supply Co.         189.11         WWTP POND PEST CONTROL         Yes           18470         5/24/2018         Meredith Dale Huntington dba         992.45         SUPPLIES         Yes           18471         5/24/2018         Meredith Dale Huntington dba         992.45         SUPPLIES         Yes           18472         5/24/2018         Meredith Dale Huntington dba         992.45         SUPPLIES         Yes           18473         5/24/2018         Meredith Dale Huntington dba         992.45         SUPPLIES         Yes           18473         5/24/2018         Raymond Motas         172.54         TUITION REIMBURSEMENT         Yes           18474         5/24/2018         Networkfleet Inc         1,413.45         YetHICLE TRACKING SERVICES         Yes           18475         5/24/2018         Rancho Santa Fe Community Svs         10,609.58         4/18 12.29.9 AC/FT RECYCLED WTR						
18467         \$/24/2018         Konecranes Inc         1,067.00         CRANE AND HOIST INSPECT/MAINT.         Yes           18468         \$/24/2018         Tammi Lile         41.97         3/15-5/17/18 MILEAGE REIMB.         41.84           18470         \$/24/2018         Lloyd Pest Control         616.00         4/18 WWTP POND PEST CONTROL         Yes           18471         \$/24/2018         McMaster-Carr Supply Co.         189.11         WWTP SUPPLIES         Yes           18472         \$/24/2018         Mission Janitorial Sply         56.89         SUPPLIES         Yes           18473         \$/24/2018         Mission Janitorial Sply         56.89         SUPPLIES         Yes           18474         \$/24/2018         Nat'L Safety Compliance         69.95         D.O.T. DRUG TEST         VERITION TEST           18475         \$/24/2018         Networkfleet Inc         1,413.45         VEHICLE TRACKING SERVICES         Yes           18476         \$/24/2018         Purchase Power         500.00         8000-990-0674-5785         Yes           18477         \$/24/2018         Rancho Santa Fe Community Svs         10,609.58         4/18 12.99 AC/FT RECYCLED WTR         Yes           18478         \$/24/2018         REM Mechanical         1,442.00         WTP S		*. *.		•	·	Yes
18468         5/24/2018         Tammi Lile         41.97         3/15-5/17/18 MILEAGE REIMB.           18469         5/24/2018         Lloyd Pest Control         616.00         4/18 WWTP POND PEST CONTROL         Yes           18470         5/24/2018         McMaster-Carr Supply Co.         189.11         WWTP SUPPLIES         Yes           18471         5/24/2018         Meredith Dale Huntington dba         992.45         SUPPLIES         Yes           18472         5/24/2018         Mission Janitorial Sply         561.89         SUPPLIES         Yes           18473         5/24/2018         Raymond Motas         172.5         TUITION REIMBURSEMENT         TUITION REIMBURSEMENT           18474         5/24/2018         Nat'L Safety Compliance         69.95         D.O.T. DRUG TEST           18475         5/24/2018         Networkfleet Inc         1,413.45         VEHICLE TRACKING SERVICES           18476         5/24/2018         Rancho Santa Fe Community Svs         10,609.58         4/18 12.99 AC/FT RECYCLED WTR           18477         5/24/2018         Rancho Santa Fe Community Svs         10,609.58         4/18 12.99 AC/FT RECYCLED WTR           18479         5/24/2018         RMC Water & Environment         22,652.25         NSDWRC PUBLIC OUTREACH         Yes			·	•		
18469   \$ 5/24/2018				·	•	
18470         \$/24/2018         McMaster-Carr Supply Co.         189.11         WWTP SUPPLIES         Yes           18471         \$/24/2018         Meredith Dale Huntington dba         99.24         SUPPLIES         Yes           18472         \$/24/2018         Mission Janitorial Sply         561.89         SUPPLIES         Yes           18473         \$/24/2018         Nat'L Safety Compliance         69.95         D.O.T. DRUG TEST         18475         \$/24/2018         Networkfleet Inc         1,413.45         VEHICLE TRACKING SERVICES         Yes         18476         \$/24/2018         Networkfleet Inc         1,413.45         VEHICLE TRACKING SERVICES         Yes         18476         \$/24/2018         Networkfleet Inc         1,413.45         VEHICLE TRACKING SERVICES         Yes         18476         \$/24/2018         Networkfleet Inc         1,413.45         VEHICLE TRACKING SERVICES         Yes         18476         \$/24/2018         Networkfleet Inc         1,413.45         VEHICLE TRACKING SERVICES         Yes         18476         \$/24/2018         Rencho Santa Fe Community Svs         10,609.58         4/38 12.99 AC/FT RECYCLED WTR         18481         \$/24/2018         ReM Mechanical         1,442.00         WTP SERVICES         Yes         18479         \$/24/2018         ReM Mc Water & Environment         22,652.25         N						Yes
18471         \$7/24/2018         Meredith Dale Huntington dba         992.45         SUPPLIES         Yes           18472         \$7/24/2018         Mission Janitorial Sply         \$61.89         SUPPLIES         ***           18473         \$7/24/2018         Raymond Motas         172.54         ***UITION REIMBURSEMENT         ***           18474         \$7/24/2018         Nat'L Safety Compliance         69.95         D.O.T. DRUG TEST         ***           18475         \$7/24/2018         Networkfleet Inc         1,413.45         VEHICLE TRACKING SERVICES         ***           18476         \$7/24/2018         Rancho Santa Fe Community Svs         10,609.58         #**         ***         ***           18477         \$7/24/2018         Rancho Santa Fe Community Svs         10,609.58         #**         ***			•		•	. 00
18472         5/24/2018         Mission Janitorial Sply         561.89         SUPPLIES           18473         5/24/2018         Raymond Motas         172.54         TUITION REIMBURSEMENT           18474         5/24/2018         Nat'L Safety Compliance         69.95         D.O.T. DRUG TEST           18475         5/24/2018         Networkfleet Inc         1,413.45         VEHICLE TRACKING SERVICES           18476         5/24/2018         Purchase Power         500.00         8000-9090-0674-5785           18477         5/24/2018         Rancho Santa Fe Community Svs         10,609.58         4/18 12.99 AC/FT RECYCLED WTR           18478         5/24/2018         RRM Mechanical         1,442.00         WTP SERVICES         Yes           18479         5/24/2018         RMC Water & Environment         22,652.25         NSDWRC PUBLIC OUTREACH         Yes           18480         5/24/2018         San Diego Building Maintenance         4,560.00         5/18 JANITORIAL SERVICES         Yes           18481         5/24/2018         San Diego Gas & Electric         23,246.92         98253875124         Yes           18482         5/24/2018         Sarah Sargeant         47.48         REF:1052026_237530         Yes           18483         5/24/2018         Stchneid						Yes
18473   5/24/2018   Raymond Motas   172.54   TUITION REIMBURSEMENT   18474   5/24/2018   Nat'L Safety Compliance   69.95   D.O.T. DRUG TEST   18475   5/24/2018   Networkfleet Inc   1,413.45   VEHICLE TRACKING SERVICES   18476   5/24/2018   Purchase Power   500.00   8000-9090-0674-5785   18477   5/24/2018   Rancho Santa Fe Community Svs   10,609.58   4/18 12.99 AC/FT RECYCLED WTR   18478   5/24/2018   REM Mechanical   1,442.00   WTP SERVICES   Yes   18479   5/24/2018   RMC Water & Environment   22,652.25   NSDWRC PUBLIC OUTREACH   Yes   18480   5/24/2018   San Diego Building Maintenance   4,560.00   5/18 JANITORIAL SERVICES   18481   5/24/2018   San Diego Gas & Electric   23,246.92   98253875124   Yes   18482   5/24/2018   Sarah Sargeant   47.48   REF:1052026_237530   Yes   18483   5/24/2018   Schneider CM, Inc.   14,500.00   OMWD HQ BLDG D PROJECT   Yes   18484   5/24/2018   Staples   63.68   MISC OFFICE SUPPLIES   Staples   63.68   MISC OFFICE SUPPLIES   State Water Resources   60.00   D2 CERT RENEWAL - S.PETERSON   18487   5/24/2018   State Water Resources   60.00   D2 CERT RENEWAL - S.PETERSON   18488   5/24/2018   Kevin W Burton dba   53.88   WTP LABELS   18489   5/24/2018   Thyssenkrupp Elevator   847.13   WTP ELEVATOR SERVICE   18490   5/24/2018   Trebor Shoring Rentals   1,386.00   SHORING EQUIPMENT   Yes   18492   5/24/2018   Trebor Shoring Rentals   1,386.00   SHORING EQUIPMENT   Yes   18493   5/24/2018   United Parcel Service   108.00   SHIPPING CHARGES   18495   5/24/2018   United Parcel Service   108.00   SHIPPING CHARGES   18496   5/24/2018   United Parcel Service   108.00   SHIPPING CHARGES   18496   5/24/2018   United Parcel Service   108.00   SHIPPING CHARGES   18496   5/24/2018   United Way-CHAD   160.00   UNITED 5/17/2018   18496   5/24/2018   Univer Usa Inc   6,561.29   WTP CHEMICALS   TEMPLOY HARD   160.00   UNITED 5/17/2018   18496   5/24/2018   Univer Usa Inc   6,561.29   WTP CHEMICALS   TEMPLOY HARD   160.00   UNITED 5/17/2018   18496   5/24/2018   Univer Usa Inc   18496   5/24/2018   U			_			. 00
18474   5/24/2018   Nat'L Safety Compliance   69.95   D.O.T. DRUG TEST     18475   5/24/2018   Networkfleet Inc   1,413.45   VEHICLE TRACKING SERVICES     18476   5/24/2018   Purchase Power   500.00   8000-9090-0674-5785     18477   5/24/2018   Rancho Santa Fe Community Svs   10,609.58   4/18 12.99 AC/FT RECYCLED WTR     18478   5/24/2018   REM Mechanical   1,442.00   WTP SERVICES   Yes     18479   5/24/2018   RMC Water & Environment   22,652.25   NSDWRC PUBLIC OUTREACH   Yes     18480   5/24/2018   San Diego Building Maintenance   4,560.00   5/18 JANITORIAL SERVICES     18481   5/24/2018   San Diego Gas & Electric   23,246.92   98253875124   Yes     18482   5/24/2018   Sarah Sargeant   47.48   REF:1052026_237530     18483   5/24/2018   Schneider CM, Inc.   14,500.00   OMWD HQ BLDG D PROJECT   Yes     18484   5/24/2018   Staples   63.68   MISC OFFICE SUPPLIES     18485   5/24/2018   State Water Resources   60.00   D2 CERT RENEWAL - S.PETERSON     18488   5/24/2018   State Water Resources   60.00   D2 CERT RENEWAL - S.PETERSON     18488   5/24/2018   Sun Life Financial   5,908.28   6/18 LTD & LIFE INSURANCE PREM     18488   5/24/2018   Kevin W Burton dba   53.88   WTP LABELS     18489   5/24/2018   Transnet Investigative   164.90   PRE EMPLOYMENT BACKGROUND     18491   5/24/2018   Trebor Shoring Rentals   1,386.00   SHORING EQUIPMENT   Yes     18492   5/24/2018   United Parcel Service   108.00   SHIPPING CHARGES     18493   5/24/2018   United Parcel Service   108.00   SHIPPING CHARGES     18496   5/24/2018   United Way-CHAD   160.00   UNITED S/17/2018			• •			
18475         5/24/2018         Networkfleet Inc         1,413.45         VEHICLE TRACKING SERVICES           18476         5/24/2018         Purchase Power         500.00         8000-9090-0674-5785           18477         5/24/2018         Rancho Santa Fe Community Svs         10,609-58         4/18 12.99 AC/FT RECYCLED WTR           18478         5/24/2018         REM Mechanical         1,442.00         WTP SERVICES         Yes           18479         5/24/2018         RMC Water & Environment         22,652.25         NSDWRC PUBLIC OUTREACH         Yes           18480         5/24/2018         San Diego Building Maintenance         4,560.00         5/18 JANITORIAL SERVICES           18481         5/24/2018         San Diego Gas & Electric         23,246.92         98253875124         Yes           18482         5/24/2018         Sarah Sargeant         47.48         REF:1052026_237530         Yes           18483         5/24/2018         Schneider CM, Inc.         14,500.00         OMWD HQ BLDG D PROJECT         Yes           184845         5/24/2018         SiteOne Landscape Supply, LLC         206.00         GATY RESERVOIR SUPPLIES           18485         5/24/2018         State Water Resources         60.00         D2 CERT RENEWAL - S.PETERSON           18486			•			
18476         5/24/2018         Purchase Power         500.00         8000-9090-0674-5785           18477         5/24/2018         Rancho Santa Fe Community Svs         10,609.58         4/18 12.99 AC/FT RECYCLED WTR           18478         5/24/2018         REM Mechanical         1,442.00         WTP SERVICES         Yes           184879         5/24/2018         RMC Water & Environment         22,652.25         NSDWRC PUBLIC OUTREACH         Yes           18480         5/24/2018         San Diego Building Maintenance         4,560.00         5/18 JANITORIAL SERVICES           18481         5/24/2018         San Diego Gas & Electric         23,246.02         98253875124         Yes           18482         5/24/2018         Sarah Sargeant         47.48         REF:1052006_237530         Yes           18483         5/24/2018         Schneider CM, Inc.         14,500.00         OMWD HQ BLDG D PROJECT         Yes           18484         5/24/2018         SiteOne Landscape Supply, LLC         206.00         GATY RESERVOIR SUPPLIES           18485         5/24/2018         Staples         63.68         MISC OFFICE SUPPLIES           18486         5/24/2018         State Water Resources         60.00         D2 CERT RENEWAL - S.PETERSON           18487         5/24/2018 </td <td></td> <td></td> <td>• •</td> <td></td> <td></td> <td></td>			• •			
18477         5/24/2018         Rancho Santa Fe Community Svs         10,609.58         4/18 12.99 AC/FT RECYCLED WTR           18478         5/24/2018         REM Mechanical         1,442.00         WTP SERVICES         Yes           18479         5/24/2018         RMC Water & Environment         22,652.25         NSDWRC PUBLIC OUTREACH         Yes           18480         5/24/2018         San Diego Building Maintenance         4,560.00         5/18 JANITORIAL SERVICES           18481         5/24/2018         San Diego Gas & Electric         23,246.92         98253875124         Yes           18482         5/24/2018         Sarah Sargeant         47.48         REF:1052026_237530         Yes           18483         5/24/2018         Schneider CM, Inc.         14,500.00         OMWD HQ BLDG D PROJECT         Yes           18484         5/24/2018         SiteOne Landscape Supply, LLC         206.00         GATY RESERVOIR SUPPLIES           18485         5/24/2018         Staples         63.68         MISC OFFICE SUPPLIES           18486         5/24/2018         State Water Resources         60.00         D2 CERT RENEWAL - S. PETERSON           18487         5/24/2018         Kevin W Burton dba         53.88         WTP LABELS           18489         5/24/2018				•		
18478         5/24/2018         REM Mechanical         1,442.00         WTP SERVICES         Yes           18479         5/24/2018         RMC Water & Environment         22,652.25         NSDWRC PUBLIC OUTREACH         Yes           18480         5/24/2018         San Diego Building Maintenance         4,560.00         5/18 JANITORIAL SERVICES           18481         5/24/2018         San Diego Gas & Electric         23,246.92         98253875124         Yes           18482         5/24/2018         Sarah Sargeant         47.48         REF:1052026_237530         Yes           18483         5/24/2018         Schneider CM, Inc.         14,500.00         OMWD HQ BLDG D PROJECT         Yes           18484         5/24/2018         SiteOne Landscape Supply, LLC         206.00         GATY RESERVOIR SUPPLIES           18485         5/24/2018         Staples         63.68         MISC OFFICE SUPPLIES           18486         5/24/2018         State Water Resources         60.00         D2 CERT RENEWAL - S. PETERSON           18487         5/24/2018         Sun Life Financial         5,908.28         6/18 LTD & LIFE INSURANCE PREM           18488         5/24/2018         Kevin W Burton dba         53.88         WTP LABELS           18490         5/24/2018         T						
18479         5/24/2018         RMC Water & Environment         22,652.25         NSDWRC PUBLIC OUTREACH         Yes           18480         5/24/2018         San Diego Building Maintenance         4,560.00         5/18 JANITORIAL SERVICES           18481         5/24/2018         San Diego Gas & Electric         23,246.92         98253875124         Yes           18482         5/24/2018         Sarah Sargeant         47.48         REF:1052026_237530         Yes           18483         5/24/2018         Schneider CM, Inc.         14,500.00         OMWD HQ BLDG D PROJECT         Yes           18484         5/24/2018         SiteOne Landscape Supply, LLC         206.00         GATY RESERVOIR SUPPLIES           18485         5/24/2018         Staples         63.68         MISC OFFICE SUPPLIES           18486         5/24/2018         State Water Resources         60.00         D2 CERT RENEWAL - S.PETERSON           18487         5/24/2018         State Water Resources         60.00         D2 CERT RENEWAL - S.PETERSON           18488         5/24/2018         Kevin W Burton dba         53.88         WTP LABELS           18489         5/24/2018         Thyssenkrupp Elevator         847.13         WTP ELEVATOR SERVICE           18490         5/24/2018         Trebor Shori			•			Voc
18480         5/24/2018         San Diego Building Maintenance         4,560.00         5/18 JANITORIAL SERVICES           18481         5/24/2018         San Diego Gas & Electric         23,246.92         98253875124         Yes           18482         5/24/2018         Sarah Sargeant         47.48         REF:1052026_237530         Yes           18483         5/24/2018         Schneider CM, Inc.         14,500.00         OMWD HQ BLDG D PROJECT         Yes           18484         5/24/2018         SiteOne Landscape Supply, LLC         206.00         GATY RESERVOIR SUPPLIES           18485         5/24/2018         Staples         63.68         MISC OFFICE SUPPLIES           18486         5/24/2018         State Water Resources         60.00         D2 CERT RENEWAL - S.PETERSON           18487         5/24/2018         Sun Life Financial         5,908.28         6/18 LTD & LIFE INSURANCE PREM           18488         5/24/2018         Kevin W Burton dba         53.88         WTP LABELS           18489         5/24/2018         Thyssenkrupp Elevator         847.13         WTP ELEVATOR SERVICE           18490         5/24/2018         Trebor Shoring Rentals         1,386.00         SHORING EQUIPMENT         Yes           18492         5/24/2018         Tidustrial Supply				•		
18481       5/24/2018       San Diego Gas & Electric       23,246.92       98253875124       Yes         18482       5/24/2018       Sarah Sargeant       47.48       REF:1052026_237530       Yes         18483       5/24/2018       Schneider CM, Inc.       14,500.00       OMWD HQ BLDG D PROJECT       Yes         18484       5/24/2018       SiteOne Landscape Supply, LLC       206.00       GATY RESERVOIR SUPPLIES         18485       5/24/2018       Staples       63.68       MISC OFFICE SUPPLIES         18486       5/24/2018       State Water Resources       60.00       D2 CERT RENEWAL - S.PETERSON         18487       5/24/2018       Sun Life Financial       5,908.28       6/18 LTD & LIFE INSURANCE PREM         18488       5/24/2018       Kevin W Burton dba       53.88       WTP LABELS         18489       5/24/2018       Thyssenkrupp Elevator       847.13       WTP ELEVATOR SERVICE         18490       5/24/2018       Transnet Investigative       164.90       PRE EMPLOYMENT BACKGROUND         18491       5/24/2018       Trebor Shoring Rentals       1,386.00       SHORING EQUIPMENT       Yes         18492       5/24/2018       Underground Service Alert       272.35       DIG ALERT TICKETS         18494       5/24				•		103
18482       5/24/2018       Sarah Sargeant       47.48       REF:1052026_237530         18483       5/24/2018       Schneider CM, Inc.       14,500.00       OMWD HQ BLDG D PROJECT       Yes         18484       5/24/2018       SiteOne Landscape Supply, LLC       206.00       GATY RESERVOIR SUPPLIES         18485       5/24/2018       Staples       63.68       MISC OFFICE SUPPLIES         18486       5/24/2018       State Water Resources       60.00       D2 CERT RENEWAL - S.PETERSON         18487       5/24/2018       Sun Life Financial       5,908.28       6/18 LTD & LIFE INSURANCE PREM         18488       5/24/2018       Kevin W Burton dba       53.88       WTP LABELS         18489       5/24/2018       Thyssenkrupp Elevator       847.13       WTP ELEVATOR SERVICE         18490       5/24/2018       Transnet Investigative       164.90       PRE EMPLOYMENT BACKGROUND         18491       5/24/2018       Trebor Shoring Rentals       1,386.00       SHORING EQUIPMENT       Yes         18492       5/24/2018       TS Industrial Supply       354.98       WTP SUPPLIES         18493       5/24/2018       Unided Parcel Service       108.00       SHIPPING CHARGES         18494       5/24/2018       United Way-CHAD       <						Voc
18483         5/24/2018         Schneider CM, Inc.         14,500.00         OMWD HQ BLDG D PROJECT         Yes           18484         5/24/2018         SiteOne Landscape Supply, LLC         206.00         GATY RESERVOIR SUPPLIES           18485         5/24/2018         Staples         63.68         MISC OFFICE SUPPLIES           18486         5/24/2018         State Water Resources         60.00         D2 CERT RENEWAL - S.PETERSON           18487         5/24/2018         Sun Life Financial         5,908.28         6/18 LTD & LIFE INSURANCE PREM           18488         5/24/2018         Kevin W Burton dba         53.88         WTP LABELS           18489         5/24/2018         Thyssenkrupp Elevator         847.13         WTP ELEVATOR SERVICE           18490         5/24/2018         Transnet Investigative         164.90         PRE EMPLOYMENT BACKGROUND           18491         5/24/2018         Trebor Shoring Rentals         1,386.00         SHORING EQUIPMENT         Yes           18492         5/24/2018         TS Industrial Supply         354.98         WTP SUPPLIES           18493         5/24/2018         United Parcel Service         108.00         SHIPPING CHARGES           18494         5/24/2018         United Way-CHAD         160.00         UNITED 5/17						163
18484         5/24/2018         SiteOne Landscape Supply, LLC         206.00         GATY RESERVOIR SUPPLIES           18485         5/24/2018         Staples         63.68         MISC OFFICE SUPPLIES           18486         5/24/2018         State Water Resources         60.00         D2 CERT RENEWAL - S.PETERSON           18487         5/24/2018         Sun Life Financial         5,908.28         6/18 LTD & LIFE INSURANCE PREM           18488         5/24/2018         Kevin W Burton dba         53.88         WTP LABELS           18489         5/24/2018         Thyssenkrupp Elevator         847.13         WTP ELEVATOR SERVICE           18490         5/24/2018         Transnet Investigative         164.90         PRE EMPLOYMENT BACKGROUND           18491         5/24/2018         Trebor Shoring Rentals         1,386.00         SHORING EQUIPMENT         Yes           18492         5/24/2018         TS Industrial Supply         354.98         WTP SUPPLIES           18493         5/24/2018         United Parcel Service         108.00         SHIPPING CHARGES           18494         5/24/2018         United Way-CHAD         160.00         UNITED 5/17/2018           18496         5/24/2018         Univar Usa Inc         6,561.29         WTP CHEMICALS			•		<del>_</del>	Vos
18485         5/24/2018         Staples         63.68         MISC OFFICE SUPPLIES           18486         5/24/2018         State Water Resources         60.00         D2 CERT RENEWAL - S.PETERSON           18487         5/24/2018         Sun Life Financial         5,908.28         6/18 LTD & LIFE INSURANCE PREM           18488         5/24/2018         Kevin W Burton dba         53.88         WTP LABELS           18489         5/24/2018         Thyssenkrupp Elevator         847.13         WTP ELEVATOR SERVICE           18490         5/24/2018         Transnet Investigative         164.90         PRE EMPLOYMENT BACKGROUND           18491         5/24/2018         Trebor Shoring Rentals         1,386.00         SHORING EQUIPMENT         Yes           18492         5/24/2018         TS Industrial Supply         354.98         WTP SUPPLIES           18493         5/24/2018         Uniderground Service Alert         272.35         DIG ALERT TICKETS           18494         5/24/2018         United Parcel Service         108.00         SHIPPING CHARGES           18495         5/24/2018         United Way-CHAD         160.00         UNITED 5/17/2018           18496         5/24/2018         Univar Usa Inc         6,561.29         WTP CHEMICALS						162
18486       5/24/2018       State Water Resources       60.00       D2 CERT RENEWAL - S.PETERSON         18487       5/24/2018       Sun Life Financial       5,908.28       6/18 LTD & LIFE INSURANCE PREM         18488       5/24/2018       Kevin W Burton dba       53.88       WTP LABELS         18489       5/24/2018       Thyssenkrupp Elevator       847.13       WTP ELEVATOR SERVICE         18490       5/24/2018       Transnet Investigative       164.90       PRE EMPLOYMENT BACKGROUND         18491       5/24/2018       Trebor Shoring Rentals       1,386.00       SHORING EQUIPMENT       Yes         18492       5/24/2018       TS Industrial Supply       354.98       WTP SUPPLIES         18493       5/24/2018       Unideground Service Alert       272.35       DIG ALERT TICKETS         18494       5/24/2018       United Parcel Service       108.00       SHIPPING CHARGES         18495       5/24/2018       United Way-CHAD       160.00       UNITED 5/17/2018         18496       5/24/2018       Univar Usa Inc       6,561.29       WTP CHEMICALS						
18487         5/24/2018         Sun Life Financial         5,908.28         6/18 LTD & LIFE INSURANCE PREM           18488         5/24/2018         Kevin W Burton dba         53.88         WTP LABELS           18489         5/24/2018         Thyssenkrupp Elevator         847.13         WTP ELEVATOR SERVICE           18490         5/24/2018         Transnet Investigative         164.90         PRE EMPLOYMENT BACKGROUND           18491         5/24/2018         Trebor Shoring Rentals         1,386.00         SHORING EQUIPMENT         Yes           18492         5/24/2018         TS Industrial Supply         354.98         WTP SUPPLIES           18493         5/24/2018         Underground Service Alert         272.35         DIG ALERT TICKETS           18494         5/24/2018         United Parcel Service         108.00         SHIPPING CHARGES           18495         5/24/2018         United Way-CHAD         160.00         UNITED 5/17/2018           18496         5/24/2018         Univar Usa Inc         6,561.29         WTP CHEMICALS			•			
18488       5/24/2018       Kevin W Burton dba       53.88       WTP LABELS         18489       5/24/2018       Thyssenkrupp Elevator       847.13       WTP ELEVATOR SERVICE         18490       5/24/2018       Transnet Investigative       164.90       PRE EMPLOYMENT BACKGROUND         18491       5/24/2018       Trebor Shoring Rentals       1,386.00       SHORING EQUIPMENT       Yes         18492       5/24/2018       TS Industrial Supply       354.98       WTP SUPPLIES         18493       5/24/2018       Underground Service Alert       272.35       DIG ALERT TICKETS         18494       5/24/2018       United Parcel Service       108.00       SHIPPING CHARGES         18495       5/24/2018       United Way-CHAD       160.00       UNITED 5/17/2018         18496       5/24/2018       Univar Usa Inc       6,561.29       WTP CHEMICALS						
18489       5/24/2018       Thyssenkrupp Elevator       847.13       WTP ELEVATOR SERVICE         18490       5/24/2018       Transnet Investigative       164.90       PRE EMPLOYMENT BACKGROUND         18491       5/24/2018       Trebor Shoring Rentals       1,386.00       SHORING EQUIPMENT       Yes         18492       5/24/2018       TS Industrial Supply       354.98       WTP SUPPLIES         18493       5/24/2018       Underground Service Alert       272.35       DIG ALERT TICKETS         18494       5/24/2018       United Parcel Service       108.00       SHIPPING CHARGES         18495       5/24/2018       United Way-CHAD       160.00       UNITED 5/17/2018         18496       5/24/2018       Univar Usa Inc       6,561.29       WTP CHEMICALS				,	•	
18490       5/24/2018       Transnet Investigative       164.90       PRE EMPLOYMENT BACKGROUND         18491       5/24/2018       Trebor Shoring Rentals       1,386.00       SHORING EQUIPMENT       Yes         18492       5/24/2018       TS Industrial Supply       354.98       WTP SUPPLIES         18493       5/24/2018       Underground Service Alert       272.35       DIG ALERT TICKETS         18494       5/24/2018       United Parcel Service       108.00       SHIPPING CHARGES         18495       5/24/2018       United Way-CHAD       160.00       UNITED 5/17/2018         18496       5/24/2018       Univar Usa Inc       6,561.29       WTP CHEMICALS						
18491       5/24/2018       Trebor Shoring Rentals       1,386.00       SHORING EQUIPMENT       Yes         18492       5/24/2018       TS Industrial Supply       354.98       WTP SUPPLIES         18493       5/24/2018       Underground Service Alert       272.35       DIG ALERT TICKETS         18494       5/24/2018       United Parcel Service       108.00       SHIPPING CHARGES         18495       5/24/2018       United Way-CHAD       160.00       UNITED 5/17/2018         18496       5/24/2018       Univar Usa Inc       6,561.29       WTP CHEMICALS			,			
18492       5/24/2018       TS Industrial Supply       354.98       WTP SUPPLIES         18493       5/24/2018       Underground Service Alert       272.35       DIG ALERT TICKETS         18494       5/24/2018       United Parcel Service       108.00       SHIPPING CHARGES         18495       5/24/2018       United Way-CHAD       160.00       UNITED 5/17/2018         18496       5/24/2018       Univar Usa Inc       6,561.29       WTP CHEMICALS			_			
18493       5/24/2018       Underground Service Alert       272.35       DIG ALERT TICKETS         18494       5/24/2018       United Parcel Service       108.00       SHIPPING CHARGES         18495       5/24/2018       United Way-CHAD       160.00       UNITED 5/17/2018         18496       5/24/2018       Univar Usa Inc       6,561.29       WTP CHEMICALS			3	,	•	Yes
18494       5/24/2018       United Parcel Service       108.00       SHIPPING CHARGES         18495       5/24/2018       United Way-CHAD       160.00       UNITED 5/17/2018         18496       5/24/2018       Univar Usa Inc       6,561.29       WTP CHEMICALS						
18495 5/24/2018 United Way-CHAD 160.00 UNITED 5/17/2018 18496 5/24/2018 Univar Usa Inc 6,561.29 WTP CHEMICALS						
18496 5/24/2018 Univar Usa Inc 6,561.29 WTP CHEMICALS						
· ·	18495		United Way-CHAD	160.00	UNITED 5/17/2018	
18497 5/24/2018 Gerald Varty 555.41 ACWA MTG MILEAGE & EXP REIMB	18496	5/24/2018		6,561.29	WTP CHEMICALS	
	18497	5/24/2018	Gerald Varty	555.41	ACWA MTG MILEAGE & EXP REIMB	

Check					Multiple
Number	Date	Vendor Name	Check Amount		invoice
18498	5/24/2018	Water for People		WTRPL 5/17/2018	
18499	5/24/2018	Lawrence A Watt		ACWA MTG MILEAGE & EXP REIMB	
18500	5/24/2018	Western Pump Inc	•	RETENTION	
18501	5/24/2018	Whitson CM		OMWD HQ SITE INSPECTION SVCS	Yes
18502	5/30/2018	4S Ranch Gasoline & Car Wash		WWTP GASOLINE & CAR WASH	
18503	5/30/2018	Affordable Drain Service		VIA RANCHO CIELO JETT/VAC SVCS	
18504	5/30/2018	Aflac	1,215.20		
18505	5/30/2018	AG Tech Llc	•	BIOSOLIDS WASTE DISPOSAL	
18506	5/30/2018	Airgas		SUPPLIES	
18507	5/30/2018	Allen Instruments & Supplies		LINE LOCATING SUPPLIES	
18508	5/30/2018	Aqua Metric		Purchasing Invoice Entry	Yes
18509	5/30/2018	Bay City Electric Works	173.23	WTP SERVICES	
18510	5/30/2018	Jymy Briseno	395.00	SEMINAR REIMBURSEMENT	
18511	5/30/2018	William Broadhead	165.00	COLLECTIONS TEST REIMBURSEMENT	
18512	5/30/2018	California Commercial Asphalt	150.94	MATERIALS	Yes
18513	5/30/2018	Adam Calm	27.03	MILEAGE REIMBURSEMENT	
18514	5/30/2018	Colorado Lining International, Inc.	7,447.70	RETENTION - 4S WRF EQ BASIN	
18515	5/30/2018	Craneworks Southwest, Inc	27.45	SHOP SUPPLIES	
18516	5/30/2018	D&H Water Systems	353.42	SUPPLIES	
18517	5/30/2018	Datel Systems Inc	8,703.75	SMARTNET RENWAL ASA5525	Yes
18518	5/30/2018	DCL Enterprise Inc Dba	145.50	WTP SERVICES	
18519	5/30/2018	Dish Network	50.73	8255 7070 8441 5780	
18520	5/30/2018	Jason Emerick	1,051.89	CWEA CONF EXPENSE REIMB.	
18521	5/30/2018	Encinitas Ford	15.26	PU44 SUPPLIES	Yes
18522	5/30/2018	Enviromatrix Analytical Inc	640.00	WATER SAMPLES	Yes
18523	5/30/2018	Eurofins Eaton Analytical		WATER SAMPLES	
18524	5/30/2018	Evoqua Water Technologies		PREVENTATIVE MAINTENANCE RENEW	Yes
18525	5/30/2018	Fallbrook Printing Corp		AMI PJT EXPANSION POSTCARDS	Yes
18526	5/30/2018	Fastpath Solutions Inc		ANNUAL SUBSCRIPTION	
18527	5/30/2018	Fiber Saver Coatings	•	SUPPLIES	
18528	5/30/2018	Grainger		WWTP SUPPLOES	Yes
18529	5/30/2018	Hach Company	•	WTP SUPPLIES	Yes
18530	5/30/2018	Hanson Aggregates Inc	•	DUMP BOBTAIL	Yes
18530	5/30/2018	HB&A Architects, Inc.		BLDG D - SCHEDULE B	Yes
18532	5/30/2018	Hill Brothers Chemical Company	•	WWTP CHEMICALS	103
18533	5/30/2018	Joel Holt	•	TUITION REIMBURSEMENT	
18533	5/30/2018	Infrastructure Engineering Corporation		LUSARDI CANYON CATHODIC	Yes
		Integra Chemical Company	•		162
18535	5/30/2018		•	WWTP SERVICES	
18536	5/30/2018	Mission Janitorial Sply		SUPPLIES	Vas
18537	5/30/2018	Motorola Solutions, Inc.	15,702.09		Yes
18538	5/30/2018	Nobel Systems	•	GIS UPDATES	Yes
18539	5/30/2018	Otay Landfill	•	4-4531-0018538	
18540	5/30/2018	Jaroth Inc., dba		760-489-9971	.,
18541	5/30/2018	Christopher C Petersen		SHOP TOOLS	Yes
18542	5/30/2018	Piperin Corporation	•	PRS REPLACEMENT	Yes
18543	5/30/2018	Productive Computing Inc		PPR SYSTEM SERVICES	
18544	5/30/2018	Rancho Auto Body	•	PU31 REPAIRS	Yes
18545	5/30/2018	Samba Holdings Inc		DMV RECORD MONITORING SVCS	
18546	5/30/2018	San Diego Gas & Electric	•	103873818132	
18547	5/30/2018	Softchoice	,	KACE SYSTEMS MGMT APPLIANCE AD	Yes
18548	5/30/2018	Southern Counties Lubricants, LLC.	3,513.05	GASOLINE & DIESEL	
18549	5/30/2018	Staples		MISC OFFICE SUPPLIES	
18550	5/30/2018	TS Industrial Supply	788.06	MISC. TOOLS	Yes
18551	5/30/2018	Urban Corps of San Diego	11,166.70	LANDSCAPE MAINTENANCE	Yes
18552	5/30/2018	US Internet	184.40	EMAIL SCANNING SERVICES	
18553	5/30/2018	Walters Wholesale Electric Co	113.14	WTP SUPPLIES	

Check						Multiple
Number	Date	Vendor Name		Check Amount	Inv Reference	invoice
18554	5/30/2018	Excel La Costa		9,045.85	RM REFUND: DEBIT000000000456	
18555	5/30/2018	Wexhler, David & Lisa		48.72	RM REFUND: DEBIT000000000457	
18556	5/30/2018	Telfer Pavement Technologies LLC		2,317.50	SUPPLIES	
18557	5/30/2018	United Way-CHAD		160.00	UNITED 5/31/2018	
18558	5/30/2018	Water for People		151.00	WTRPL 5/31/2018	
			Total	1,673,259.55	-	

## Olivenhain Municipal Water District Monthly Directors Fee and Reimbursed Expenses for Directors and Staff May 2018

<u>Name</u>	Payment <u>Date</u>	Check#/ Credit Card	Meals & Lodging	Travel & Transport	<u>Other</u>	Reimbursed <u>Expenses</u>	<u>Directors Fee</u>	
Director Guerin		_		0.00		0.00	600.00	_
		=	0.00	0.00	0.00	0.00	600.00	=
Director Sprague		-	0.00	0.00	0.00	0.00	600.00	_
Director Topolovac		=		0.00		0.00	750.00	-
		=	0.00	0.00	0.00	0.00	750.00	=
Director Varty	5/24/2018	18497	472.74	82.67	0.00	555.41	1,950.00	**
		=	472.74	82.67	0.00	555.41	1,950.00	=
Director Watt	5/24/2018	18499	725.93 725.93	229.80 229.80	0.00	955.73 955.73	1,800.00 1,800.00	**
		=	723.33	223.00	0.00	333.73	1,000.00	=
General Manager Thorner						0.00		
		=	0.00	0.00	0.00	0.00		
Human Resources Manager Wood						0.00		
numan Resources Manager Wood		-	0.00	0.00	0.00	0.00		
		=	0.00		0.00	0.00		
Engineering Manager Briest					0.00	0.00		
		=	0.00	0.00	0.00	0.00		
Finance Manager Colomot			0.00		0.00	0.00		
Finance Manager Selamat		-	0.00	0.00	0.00	0.00		
		=	0.00	0.00	0.00	0.00		
Operations Manager Smith			0.00			0.00		
		- =	0.00	0.00	0.00	0.00		
Assistant General Manager Randall						0.00		
		-	0.00	0.00	0.00	0.00		
		=						
Customer Service Manager Carnegie		-	0.00	0.00	0.00	0.00		
		=	0.00	0.00	0.00	0.00		

<sup>\*\*</sup>included April 2018 and May 2018 meetings attended.

#### Notes:

<sup>(1)</sup> Reviewed and discussed with the Finance Committee (02/15/18)

<sup>(2)</sup> Reimbursement of expenses are in compliance with Article 19 of the District's Administrative and Ethics Code.

<sup>(3)</sup> Travel and other expenses charged to District's credit cards and paid by the District are recorded and maintained separately.



## Memo

Date: June 20, 2018

To: Olivenhain Municipal Water District Board of Directors

From: George Briest, Engineering Manager

Via: Kimberly Thorner, General Manager

Subject: CONSIDER APPROVAL OF PRIVATE ENCROACHMENT PERMIT NO. 392 FOR

3203 BROOKSIDE LANE (KEVIN R. DALZELL AND CHRISTINA M. DALZELL) AND

ORDER THE PERMIT BE RECORDED

#### **Purpose**

The purpose of this item is to consider approval of an Encroachment Permit Agreement with Kevin R. Dalzell and Christina M. Dalzell for encroaching facilities to be installed at 3203 Brookside Lane. The facilities encroach upon the District's 30-foot easement No. 830. Approval would additionally authorize the General Manager to sign the Encroachment Permit on behalf of the District for recordation by the County of San Diego Recorder's Office.

#### Recommendation

Staff recommends approval of Encroachment Permit No. 392 and authorization for the General Manager to sign the permit on behalf of the District. The proposed encroaching facilities have been reviewed and approved by District Staff.

#### Alternative(s)

The Board could direct Staff to not allow encroachments to be placed within the easement area.

#### **Background**

The encroaching facilities will be installed on the east side of the proposed residence located at 3203 Brookside Lane, Director Division 3 (Guerin). The property at 3203 Brookside Lane contains the Districts 30-foot easement No. 830.

The encroaching facilities consist of a reinforced concrete driveway and approach, lodge pole fencing, drainage swales and inlet, decomposed granite pathway, irrigation lines, and landscaping.

#### **Fiscal Impact**

There is no fiscal impact to the District in approving Encroachment Permit No. 392. All costs to prepare the permit and install the encroaching facilities have been or will be paid for by Kevin R. Dalzell and Christina M. Dalzell. The Encroachment Permit Agreement stipulates that the permittee is responsible for all costs incurred to remove and rebuild the encroaching facilities should the District need access to the facilities within the easement. The permit also sets forth the District's limitations of liability for any damage to the encroaching facilities which may be caused by the District's use of the easement.

#### Discussion

The encroaching facilities will be constructed in a manner that will not unduly affect the District's daily operations or maintenance of District facilities located in the easement. Staff recommends approval and will be available to answer any questions. A copy of the Encroachment Permit is attached for review.

Attachments: Encroachment Permit No. 392, location map

#### RECORDING REQUESTED BY &

#### WHEN RECORDED RETURN TO:

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

> (This space for recorder's use) A.P.N. No. 264-160-22-00

# OLIVENHAIN MUNICIPAL WATER DISTRICT PRIVATE ENCROACHMENT PERMIT NO. 392

THIS ENCROACHMENT PERMIT No. Permit No. (hereinafter "Agreement") entered into by and between the OLIVENHAIN MUNICIPAL WATER DISTRICT organized and existing pursuant to the Municipal Water District Act of 1911, California Water Code §71000, et seq. (hereinafter "DISTRICT"), and the 2017 KEVIN R. DALZELL AND CHRISTINA M. DALZELL REVOCABLE TRUST DATED AUGUST 14, 2017 (hereinafter "PERMITTEE").

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

- 1. The DISTRICT presently holds title to an easement as more particularly described in the DISTRICT's Document No. 830, recorded March 1, 1990 as File/Page 90-111405, Official Records, San Diego County, not attached hereto, but incorporated herein by reference.
  - **2.** PERMITTEE desires to encroach upon this easement.
  - **3.** PERMITTEE is the owner of property described in Exhibit "A" attached hereto.
- **4.** The parties agree that PERMITTEE shall be entitled to encroach upon this easement only to the extent and in the manner specified in this Agreement. No other encroachments shall be allowed without the express prior written consent of the DISTRICT.

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

- 1. <u>Permission to Encroach on Easement</u>: PERMITTEE is hereby granted permission to encroach upon the easement referred to above in the manner specified in Exhibit "B" subject to all conditions specified in Exhibit "B" and subject to all terms of this Agreement.
- **2.** <u>Limitations of Rights Granted to PERMITTEE</u>: Rights being granted to PERMITTEE in accordance with this Agreement shall extend only to such rights as the DISTRICT may grant to PERMITTEE in accordance with the terms of the easement presently held by DISTRICT. PERMITTEE shall be solely responsible for verifying that the rights being granted by DISTRICT may be granted to PERMITTEE in accordance with the terms of the DISTRICT's easement.
- 3. <u>Construction of Encroachment</u>: PERMITTEE shall be solely responsible for all fees, costs, and expenses of whatever type or nature associated with construction of the encroachment. The DISTRICT shall be notified at least forty-eight (48) hours prior to commencement of construction of the encroachment and shall be permitted to inspect and approve all encroachment construction. All encroachment construction shall be carried out as specified by the DISTRICT, in its sole discretion.
- 3.1. PERMITTEE shall pay all costs of the DISTRICT's, including, but not limited to, the costs of inspection, administration, legal fees, and engineering relating to the construction and exercise of permission granted to PERMITTEE by this Agreement.
- 4. <u>Maintenance of Encroachment Facilities and Area</u>: PERMITTEE shall maintain the encroachment facilities and encroachment area at all times in a safe, sanitary, and good condition at PERMITTEE's sole cost and expense. PERMITTEE shall promptly perform all maintenance and repair of the facilities and encroachment area requested by the DISTRICT from time to time, in its sole discretion.
- 5. <u>Protection of DISTRICT Facilities in Encroachment Area</u>: All facilities of the DISTRICT in the encroachment area shall be protected by PERMITTEE as directed by the DISTRICT from time to time, in its sole discretion.

- 6. Payment for all Damages and Expenses Caused by Encroachment: PERMITTEE shall pay for all damages, of whatever type or nature, which may occur to the DISTRICT'S easement or facilities within the easement as a result of construction, maintenance, use, repair, removal, or relocation of PERMITTEE's facilities.
- 6.1. PERMITTEE shall also pay for all fees and costs incurred by the DISTRICT to remove, demolish, or relocate PERMITTEE's facilities in order to repair, maintain, replace, relocate, or remove DISTRICT's facilities in the easement or to install new facilities in the easement as the DISTRICT may determine in its sole discretion.
- 6.2. Should the DISTRICT determine that PERMITTEE's facilities must be relocated, as the DISTRICT may determine in its sole discretion, PERMITTEE shall pay all fees and costs to remove and relocate these facilities.
- 6.3. All such payments shall be made within thirty (30) consecutive days following receipt of a written demand from the DISTRICT. The written demand shall specify the amount due and the type of losses or expenses incurred. Any amounts not received by the DISTRICT within this thirty (30) consecutive day period shall earn interest at the maximum rate authorized by California law.
- 7. <u>Indemnity</u>: PERMITTEE hereby agrees to hold harmless, defend and indemnify the DISTRICT and its agents, servants, employees, consultants, and officers from any and all claims, actions, liability, losses, costs, damage, or expense of whatever type or nature to any persons, entities, or property caused by, or claimed to be caused, in whole or in part, by the construction, maintenance, repair, replacement or use of the encroachment facilities or encroachment areas except claims caused by the sole active negligence or intentional misconduct of the DISTRICT or its agents or employees. This indemnity shall include all DISTRICT's attorney's fees, expert fees and costs, and court costs if the DISTRICT is named as a party in any litigation related to the encroachment.
- 8. <u>DISTRICT not Liable for Damage to Encroachment or Encroachment Area</u>: The DISTRICT shall not be liable for any damages whatsoever to the encroachment facilities or encroachment area related in any way to the DISTRICT's continued use of the easement or as a result of the DISTRICT's construction, use, repair, replacement, or relocation of any DISTRICT facilities within the easement.

- **9.** Other Uses Forbidden: PERMITTEE is limited to the specific encroachment area and facilities granted by this Agreement. No other encroachment is permitted without the express prior written consent of the DISTRICT.
- 10. <u>Prior Rights</u>: This Agreement shall not alter, modify, or terminate, in any way, any of the prior rights of DISTRICT to use of the easement in accordance with its terms. PERMITTEE shall not be considered as acquiring any permanent interest of any kind or nature in the easement which is inconsistent with the rights of the DISTRICT.
- **11. General Conditions**: The encroachment shall be subject to each of the following general conditions (where applicable):
  - 11.1. A minimum vertical clearance of four (4) feet shall be maintained between the DISTRICT's facilities and the approved encroachment facilities.
  - 11.2. A minimum horizontal clearance cover of fifteen (15) feet shall be maintained between the DISTRICT's facilities and the approved encroachment facilities.
  - 11.3. The existing ground level over the DISTRICT's facilities shall not be changed without the prior written consent of the DISTRICT.
  - 11.4. No blasting shall be permitted without the prior inspection and approval of the DISTRICT.
  - 11.5. Heavy equipment is not permitted on the easement without DISTRICT notification and approval.
- 12. <u>Termination</u>: Violation of any of the terms of this Agreement by PERMITTEE shall constitute a material breach of this Agreement entitling the DISTRICT to unilaterally terminate this Agreement by written notice to PERMITTEE, in addition to all other relief afforded by applicable law. Upon receipt of notice of termination from the DISTRICT, PERMITTEE shall promptly remove all encroachment facilities and restore the encroachment area in the manner directed by the DISTRICT, in its sole discretion. All fees, costs, and expenses of removal and restoration shall be paid solely by PERMITTEE.

- 13. Agreement as Covenant Running with Land and Binding on Successors: The parties expressly agree that this Agreement shall be construed as a valid and binding equitable servitude and covenant running with the land which shall be binding upon the heirs, personal representatives, successors, assigns, or transferees of the parties hereto. The parties expressly waive the right to challenge the enforceability of this Agreement as a legal and binding equitable servitude and covenant running with the land in any subsequent arbitration or litigation between the parties or their successors.
- **14.** Attorney's Fees: In the event of any legal or equitable proceeding to enforce or interpret the terms or conditions of this Agreement, the prevailing party shall be entitled to all reasonable attorney fees and court costs in addition to such other relief as may be afforded by applicable law.
- **15.** <u>Law Applied</u>: The validity, interpretation, construction, and performance of this Agreement shall be construed under the laws of the State of California and the applicable rules and regulations of the DISTRICT.
- **16.** <u>Venue</u>: In the event of any arbitration or litigation to interpret or enforce the terms of this Agreement, venue shall lie only in the state or federal courts in or nearest to the North County Judicial District, County of San Diego, State of California.
  - 17. No Warranties: There are no warranties or representations of any kind being made.
- **18.** <u>Modification</u>: This Agreement shall not be altered in whole or in part except by a modification in writing executed by both parties to this Agreement.
- **19.** <u>Meaning of "PERMITTEE":</u> The word PERMITTEE as used in this Agreement shall mean the PERMITTEE or any person or entity deriving any interest in this encroachment permit from PERMITTEE or its successors-in-interest.
- **20.** Attorney Representation: The PERMITTEE acknowledges that this Agreement has been prepared by the Law Offices of Nossaman LLP, who represents only the DISTRICT. The PERMITTEE is hereby notified to seek the advice of independent counsel concerning this Agreement and its terms. PERMITTEE acknowledges that PERMITTEE has had the opportunity to do so prior to executing this Agreement.

21.	Effective Date	: The effective dat	e of this pe	ermit is	, 20		
22.	Board of Director's Approval: This Agreement is executed by the DISTRICT pursuant						
to Board action	on of						
				"DISTRICT	,,,		
		OL	IVENHAI	N MUNICIPAL WAT	TER DISTRICT		
Dated:	, 20	By	:	Kimberly A.	Thorner		
				General Man			
				"PERMITT	EE"*		
				KEVIN R. DALZEL A LZELL REVOCABL AUGUST 14			
Dated:	, 20		By:	Kevin R. Dalzell, Tr	ustee		
Dated:	, 20		By:	Christina M. Dalzell	, Trustee		

\*PERMITTEE'S SIGNATURE MUST BE NOTARIZED WITH NOTARY SEAL.

## EXHIBIT "A" Sheet 1 of 1

#### **Legal Description**

THE NORTHERLY 2.00 ACRES OF THAT PORTION OF COLONY OLIVENHAIN, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO THE MAP THEREOF NO. 326, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, JULY 8, 1885, DESCRIBED IN FULL AS FOLLOWS:

LOT 91 AS SHOWN ON SAID MAP, TOGETHER WITH THAT PORTION OF THE EASTERLY HALF OF 'N' STREET AS SHOWN ON SAID MAP, WHICH ADJOINS SAID LOT 91 ON THE WEST, TOGETHER WITH THAT PORTION OF THE WESTERLY HALF OF 'O' STREET, AS SHOWN ON SAID MAP, WHICH DOES NOT LIE WITHIN LOT 17 OF RANCHO LAS ENCINITAS, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 848, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, JULY 27, 1898, AND WHICH ADJOINS SAID LOT 91 AND SAID PORTION OF 13<sup>TH</sup> STREET ON THE EAST

#### EXHIBIT "B" Sheet 1 of 2

#### 1. Encroachment Facilities:

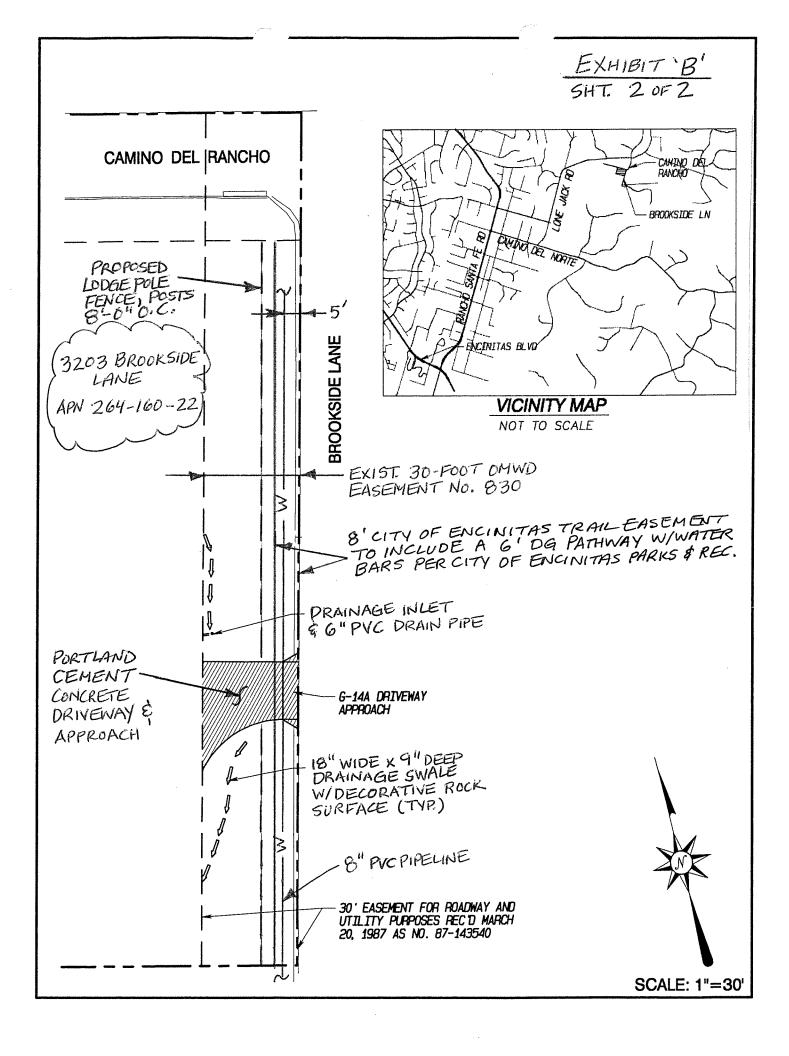
- A. Portland cement concrete driveway and approach
- B. 6-inch PVC inlet and drain pipe
- C. 18-inch wide x 9-inch deep drainage swale with decorative rock surface
- D. 6-foot DG path with water bars spaced per City of Encinitas Parks & Recreation Detail
- E. Lodge pole fencing with posts 8-foot O.C.
- F. Irrigation and landscape material

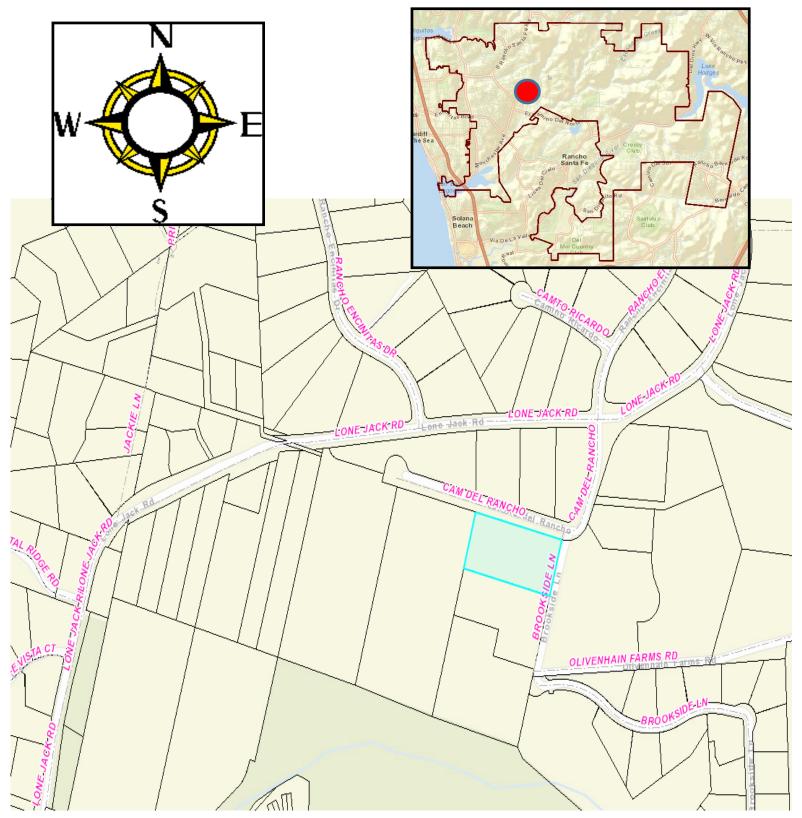
#### 2. Encroachment Area:

The encroachment facilities encroach upon District Easement No. 830 as shown on Exhibit 'B' Sheet 2 of 2

#### 3. **Special Conditions of Encroachment**:

- A. Reinforced Concrete Driveway shall have cold joints every 10 feet within the easement.
- B. No facilities other than those identified in this encroachment permit shall be placed within the DISTRICT's easement without the DISTRICT's prior written approval.
- C. The DISTRICT shall not be responsible for the replacement of encroaching facilities placed within the easement area should they be required to be removed for installation, construction, repair, relocation or maintenance of DISTRICT facilities or any other work undertaken at the sole discretion of the DISTRICT.
- D. No irrigation control valves shall be placed within the limits of the DISTRICT's easement.
- E. Any landscape material placed within the limits of the DISTRICT's easement must be maintained to a height not to exceed 3-feet. No trees are permitted to be planted within the limits of the easement.





PRIVATE ENCROACHMENT PERMIT NO. 392
3023 BROOKSIDE LANE
DISTRICT PROJECT NO. W430033



## Memo

Date: June 20, 2018

To: Olivenhain Municipal Water District Board of Directors

From: George Briest, Engineering Manager

Via: Kimberly Thorner, General Manager

Subject: CONSIDER APPROVAL OF CHANGE ORDER #4 WITH PIPERIN

CORPORATION IN THE AMOUNT OF \$38,211.45 AND AN ALLOCATION OF \$90,000 TO THE PROJECT BUDGET FOR THE VALES I PRESSURE REDUCING STATION RELOCATION PROJECT AND AUTHORIZE THE GENERAL MANAGER TO SIGN THE CHANGE ORDER ON BEHALF OF THE DISTRICT

#### **Purpose**

The purpose of this agenda item is to consider approval of Change Order #4 with Piperin Corporation (Piperin) in the amount of \$38,211.45 and an allocation of \$90,000 to the project budget and authorize the General Manager to sign the change order on behalf of the District.

#### Recommendation

Staff recommends the approval of Change Order #4 in the amount of \$38,211.45 and an allocation of \$90,000 to the project budget to cover the change order, new paving requirements from the City of Carlsbad, staff costs, close out, and authorization for the General Manager to sign the change order on behalf of the District.

#### Alternative(s)

The Board of Directors has the ability to deny this request. However, the additional work was caused by changed site conditions that were unknown to all parties at the time the project was bid. All work associated with Change Order #4 is necessary to complete the project, protect District facilities and remedy excess groundwater, failing trenches and roadways due to saturated soil; all of which have caused the contractor to expand the area of impact and spend additional time completing the work.

#### Background

The La Costa Vales Pressure Reducing Station (PRS) was originally built in 1972 as part of the La Costa Vales development in Carlsbad. High levels of groundwater in La Costa Ave around the existing PRS have caused ongoing corrosion issues within the vault. Past inspections indicated that the facilities have deteriorated to the point where replacement and relocation of the PRS was recommended.

The existing PRS is located in the westbound lanes of La Costa Avenue with access inside the PRS also in La Costa Avenue. In addition to the replacement of the PRS, the design included the relocation of the PRS to Cadencia Street with access through a sidewalk hatch. By relocating the PRS to Cadencia Street, entry into the PRS will be safer and will reduce disruptions in the volume and speed of traffic along La Costa Ave.

#### **Fiscal Impact**

Funds for the construction of the project in the amount of \$300,000 were allocated for project expenditure in FY 2018. An additional allocation of \$200,000 from the Capital and Equipment Replacement Fund was approved at the November 8, 2017 Board of Directors meeting when the contract was awarded to Piperin. An additional allocation of \$150,000 from the Capital Equipment Replacement Fund was approved at the April 18, 2018 Board of Directors meeting when Change Order #2 was approved.

Is this a Multi Fiscal Year Project? NO

In which FY did this capital project first appear in the CIP budget? 2018

Total Project Budget: \$500,000

Current Fiscal Year Appropriation: \$450,000

To Date Approved Appropriations: \$650,000

Target Project Completion Date: 6/8/18

Expenditures and Encumbrances as of (April 30, 2018): \$526,611.00

Is this change order within the appropriation of this fiscal year? **No** 

If this change order is outside of the appropriation, Source of Fund: **Capital** 

**Equipment Replacement Fund.** 

#### Discussion

During construction of the new PRS, operational improvements to the system such as new isolation valves and the elimination of dead end piping were identified by staff and were able to be incorporated into the contractor's ongoing work. These operational improvements will help to minimize future routine maintenance. The above work was incorporated into Change Order #1 and was approved by the General Manager on February 8, 2018 in the amount of \$32,000 and was within her signing authority. Throughout construction for the new PRS, the contractor encountered high ground water and saturated soils, which resulted in trench cave-ins and failing sections of roadway. These trench cave-ins required the contractor to over-excavate, utilize imported backfill, and perform dewatering operations and trench stabilization methods throughout the excavation efforts. This work was incorporated into Change Order #2, in the amount of \$92,065 and was approved at the April 18, 2018 Board of Directors meeting along with an additional allocation of \$150,000 to the project. Critical valves that were required to shut down the existing water system, allowing the multi-phased sequence of tie-ins for the new PRS to occur, were identified by staff as needing immediate replacement and were included in Change Order #3 due to Piperin's ability to

perform the work and they were mobilized in the vicinity. (Please note: Change Order #3 was charged to a separate project, the Emergency Valve Replacement on Cadencia St., and therefore not included in the fiscal impact box above.)

A retaining wall was required at the new PRS to protect District improvements and additional slurry seal and hot mix asphalt paving was required by the City of Carlsbad due to the extensive work in La Costa Ave. and Cadencia St. The contractor continued to encounter high ground water and saturated soils during the contract work in La Costa Ave. and Cadencia Street, which resulted in trench cave-ins and failing sections of roadway. These trench cave-ins required the contractor to over-excavate, utilize imported backfill, perform dewatering and trench stabilization methods throughout the excavation efforts. All of the above changes are described in the attached Change Order #4. Staff recommends approval of Change Order #4 in the amount of \$38,211.45 and an allocation of \$90,000.00 to the project budget to cover the work described in Change Order #4, additional staff time, project management, and geotechnical oversight resulting from the additional work and unanticipated site conditions, and authorization for the General Manager to sign the change order on behalf of the District.

Attachments: Construction Change Order #4 and all corresponding Potential Change Orders

#### CONTRACT CHANGE ORDER

Owner:

**OLIVENHAIN MUNICIPAL WATER DISTRICT** 

OMWD File No. D-120046

Project:

Vales 1 PRS Replacement Project

Contractor:

Piperin Corporation

CONTRACT CHANGE ORDER NO.

04

Date\_ 6/4/18

The Contractor is hereby authorized and directed to make the herein described changes from the Plans and Specifications or do the following work not included in the Plans and Specifications for the construction of this project. Payment to the contractor for these change order items shall provide full compensation for all equipment, materials, labor, field and home office overhead, indirect and consequential costs, mark-ups and profit necessary to complete the work. By executing this contract change order, the contractor agrees to proceed with this work as a change order per the contract documents and waives any rights to additional compensation arising out of work listed in this change order, including without limitation, any claims relating to any cumulative effect of change orders, delays, productivity impact or interruption.

#### **DESCRIPTION OF CHANGE**

- The retaining wall behind the sidewalk at the PRS location was extended approximately 15 LF to
  protect the PRS air vents and cathodic test station from the adjacent slope. The cost of this work is
  \$3,500.00. Three (3) calendar days will be added to the contract for this work. See PCO #20 for
  details.
- 2. Groundwater was removed from the pipeline excavation at various locations on a time and material basis and pumped in a water truck. Daily extra work reports were verified and signed by the project inspector. The cost of this work is \$2,212.76. Two (2) calendar days will be added to the contract for this work. See PCO #21 for details.
- 3. Excavations that were damaged due to saturated soil required repairs at tie-in locations 1-4. This work was performed on a time and material basis. Daily extra work reports were verified and signed by the project inspector. The cost of this work is \$25,698.69. Nine (9) calendar day(s) will be added to the contract for this work. See PCO #22 for details.
- 4. The City of Carlsbad required a slurry seal be placed over the trench pavement at tie-in location #1. This work was not in the original contract. The cost of this work is \$6,800.00. Three (3) calendar day(s) will be added to the contract for this work. See PCO #23 for details.

Original Contract Amount: \$257,000.00

Total Previous Change Orders (Through CCO #3): \$221,354.36

Total This Change Order: \$38,211.45 Revised Contract Amount: \$516,565.81

Original Contract Duration: 90 Calendar Days Original Contract Completion Date: April 8, 2018

Total Calendar Days Added from Previous Change Orders (Through CCO #3): 61

Total Calendar Days Added This Change Order: 17 Revised Contract Duration: 168 Calendar Days Revised Contract Completion Date: June 25, 2018

TOTAL COST for this CHANGE ORDER is Thirty-Eight Thousand Two Hundred Eleven Dollars and

Forty-Five Cents INCREASE.

	nsion of time will be allowed by reason of this change. ne revised completion date is June 25, 2018 (including				
Prepared by Construction Manager	1				
Paul Mochel, Valley Construction Management					
Accepted by CONTRACTOR	Approved by OWNER				
By: By:					
Date: 6/4/18 Date:					
NOTE: Attention is called to the sections in the General Provisions on Scope of Work and Estimates and Payments.					
☐THIS CHANGE ORDER IS NOT EFFECTIVE UNTIL APPROVED BY OWNER.					
☐IF ACCEPTABLE TO THE CONTRACTOR, THIS IMMEDIATELY.	CHANGE ORDER IS EFFECTIVE				
Distribution: ☐ Owner ☐ Contract	tor □ Engineer □ Finance				
L					

#### PROPOSED CHANGE ORDER

Owner:

**OLIVENHAIN MUNICIPAL WATER DISTRICT** 

OMWD File No. D-120046

Project: Vales 1 Pressure Reducing Station

Replacement Project

Contractor: Piperin Corporation

PROPOSED CHANGE ORDER NO. 20

Date: 4/25/18

DESCRIPTION OF CHANGE / PCO's

**Cost Impact** 

Schedule Impact

 Extend the retaining wall around the PRS above ground discharge piping approximately
 LF North per the attached sketch.

\$3,500

1 Work Day(s)

TOTAL

\$3,500.00

1 Work Day(s)

NOTE: Attention is called to the sections in the General Provisions on Scope of Work and Estimates and Payments.

THIS PROPOSED CHANGE ORDER IS NOT EFFECTIVE UNTIL A CONTRACT CHANGE ORDER HAS BEEN APPROVED BY OWNER.

This PCO was initiated by: Chad Williams, Engineering

Services Supervisor, OMWD

On: 4/25/13

Submitted: Piperin Corporation

On: 4/25 18

#### PROPOSED CHANGE ORDER

Owner:

**OLIVENHAIN MUNICIPAL WATER DISTRICT** 

OMWD File No. D-120046

Project: Vales 1 Pressure Reducing Station

Replacement Project

Contractor: Piperin Corporation

PROPOSED CHANGE ORDER NO. 21

Date: 5/1/18

DESCRIPTION OF CHANGE / PCO's

Cost Impact

Schedule Impact

1. Remove groundwater from excavation on T&M basis for various locations.

\$2,212.76

2 Work Day(s)

TOTAL

\$2,212.76

2 Work Day(s)

NOTE: Attention is called to the sections in the General Provisions on Scope of Work and Estimates and Payments.

THIS PROPOSED CHANGE ORDER IS NOT EFFECTIVE UNTIL A CONTRACT CHANGE ORDER HAS BEEN APPROVED BY OWNER.

This PCO was initiated by: Chad Williams, Engineering

Services Supervisor, OMWD

Submitted: Piperin Corporation

On: <u>5/1/18</u>

ceag Berry on: 6/4/18

#### PROPOSED CHANGE ORDER

Owner:

**OLIVENHAIN MUNICIPAL WATER DISTRICT** 

OMWD File No. D-120046

Project: Vales 1 Pressure Reducing Station

Replacement Project

Contractor: Piperin Corporation

PROPOSED CHANGE ORDER NO. 22

Date: 5/9/18

DESCRIPTION OF CHANGE / PCO's

Cost Impact

Schedule Impact

1. Remove groundwater from excavation on T&M basis for tie-in locations #1-#4 and repair damaged excavations due to groundwater.

\$25,698.69

7 Work Day(s)

TOTAL

\$25,698.69

7 Work Day(s)

NOTE: Attention is called to the sections in the General Provisions on Scope of Work and Estimates and Payments.

THIS PROPOSED CHANGE ORDER IS NOT EFFECTIVE UNTIL A CONTRACT CHANGE ORDER HAS BEEN APPROVED BY OWNER.

This PCO was initiated by: Chad Williams, Engineering

Services Supervisor, OMWD

Submitted: Piperin Corporation

On: 5/1/18

On: 6/4/16

#### PROPOSED CHANGE ORDER

Owner:

**OLIVENHAIN MUNICIPAL WATER DISTRICT** 

OMWD File No. D-120046

Project: Vales 1 Pressure Reducing Station

Replacement Project

Contractor: Piperin Corporation

PROPOSED CHANGE ORDER NO. 23

Date: 5/25/18

**DESCRIPTION OF CHANGE / PCO's** 

**Cost Impact** 

Schedule Impact

1. Provide slurry seal per City of Carlsbad Permit requirements at tie-in location #1

\$6,800.00

1 Work Day(s)

TOTAL

\$6,800.00

1 Work Day(s)

NOTE: Attention is called to the sections in the General Provisions on Scope of Work and Estimates and Payments.

THIS PROPOSED CHANGE ORDER IS NOT EFFECTIVE UNTIL A CONTRACT CHANGE ORDER HAS BEEN APPROVED BY OWNER.

This PCO was initiated by: Chad Williams, Engineering

Services Supervisor, OMWD

On: 5/25/18

Submitted: Piperin Corporation

On: 6/4/18



## Memo

Date: June 20, 2018

To: Olivenhain Municipal Water District Board of Directors

From: Rainy Selamat, Finance Manager

John Carnegie, Customer Services Manager

Via: Kimberly Thorner, General Manager

Subject: CONSIDER APPROVAL OF INFORMATION TECHNOLOGY (IT) SUPPORT

SERVICES AGREEMENT WITH BEVERLY WEBER FOR THE FINANCIAL

ENTERPRISE RESOURCE PLANNING (ERP) AND UTILITY BILLING SYSTEMS ON

AN AS-NEEDED BASIS NOT TO EXCEED \$120,000 AND AUTHORIZE THE

**GENERAL MANAGER TO SIGN ON BEHALF OF THE DISTRICT** 

#### **Purpose**

The purpose of this item is to consider approval of an amended IT Support Services Agreement with Beverly Weber for Finance ERP and billing systems technical support and services on an as-needed basis, not to exceed \$120,000, and authorize the General Manager to sign the amendment on behalf of the District.

#### Recommendation

Staff is recommending the Board approve the attached IT Support Services Agreement.

#### Alternatives

The District may choose to retain a consulting firm or to hire a part-time temporary IT support employee in lieu of this agreement. Staff, however, does not recommend this option due to substantial overhead costs versus the recommended alternative. An hourly rate for similar IT support and consulting services typically runs between \$165 and \$205 per hour.

#### **Background**

Beverly Weber was retained to provide additional IT support required during the Finance ERP and Utility Billing systems implementation and conversion. The District went live with Microsoft Dynamics GP as its Finance ERP system in January 2014 and since January 2016, the District has been using CIS Infinity as its utility billing system. Staff is of the opinion that the software conversion to CIS Infinity was completed relatively smoothly, though work continues on a variety of punch list items and third-party integrations yet to be completed. To date, Beverly Weber has provided invaluable support to District Staff when software issues and reportable incidents arise.

Because of her intimate involvement during the implementation of both systems, Beverly has gained extensive experience in the District's business processes as well as experience and knowledge in Microsoft Dynamics GP, CIS Infinity, and other third-party software applications installed by Cyberlink ASP and used by the District. Consequently, her familiarity and understanding in these systems has given Beverly a superior level of understanding over others, including OMWD IT Staff. There are still interfaces remaining to be completed in CIS Infinity. Beverly's services are anticipated to be needed at least until the remaining third-party software applications are connected to CIS Infinity and all aspects of Microsoft Dynamics GP, particularly the Project Accounting module, are online and functional.

#### **Fiscal Impact**

At \$86 per hour, Beverly's current rate is very reasonable. The District would have to pay about \$195 per hour for comparable Information Technology support and consulting services.

Approximately 30% of Beverly's time will be spent on integration of CIS Infinity to third-party software applications including Microsoft Dynamics GP, Nobel's Geoviewer Mobile service order system for field customer service requests and Paymentus for interactive voice response and automated broadcast telephone calls.

The remaining hours of Beverly's time will be funded from the Water Operating Fund under the Customer Services, Finance and IT Departmental Operating Budgets to provide ongoing technical IT support services to District Staff. This includes assisting staff with special reports, fixing payroll and billing system errors, and acting as a liaison with the District's webhosting service provider, Cyberlink ASP, and other software vendors for system updates.

#### Discussion

Although the District has been using CIS Infinity for water billing and payment processing since January 2016, there are still significant software integrations and enhancements to be done that will require system validation and testing by the District.

Open punch list items such as water user reports, the Geoviewer Mobile/CIS Infinity interface, Dynamics GP/CIS Infinity interfaces, and Paymentus/CIS infinity interface for general customer service balance inquiries are still required to be completed.

The District currently does not have in-house IT staff that has the same in-depth knowledge as Beverly in CIS Infinity and Dynamics GP to support the Finance ERP and utility billing systems. Training is underway to shift more responsibilities onto in-house IT staff to handle day-to-day system performance issues. Staff believes that since Beverly has been intimately involved with all components of the conversions to date and the software challenges that have come up as a result of these conversions, her experience and knowledge will expedite completion of the remaining portions of the project and would allow Staff to maximize the capacity of the tools in which the District has invested.

It is important to note that even though the punch list for CIS Infinity is not complete and the integration with all third-party software has not yet been completed, the implementation process has been seamless to OMWD customers due to Beverly's support to OMWD through the conversion. This contract is in accordance with Section 6.9 of the Administrative and Ethics Code relative to the Professional Service Contracts Selection Policy wherein the consultant is already providing current services for the District and there would be economies and efficiencies of scale by continuing with the consultant.

Attachment: Agreement

### INFORMATION TECHNOLOGY SUPPORT SERVICES AGREEMENT BETWEEN OLIVENHAIN MUNICIPAL WATER DISTRICT AND BEVERLY WEBER FOR FINANCE ENTERPRISE RESOURCE PLANNING (ERP) AND UTILITY BILLING SYSTEMS

This Agreement is entered into by and between the Olivenhain Municipal Water District, a municipal water district organized and operating pursuant to California Water Code §71000 et seq, (hereinafter "District"), and Beverly Weber, an individual acting as an independent contractor (hereinafter "Beverly").

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

- 1. The District is a public agency organized and operating pursuant to California Water Code § 71000, *et seq.*
- 2. The District currently utilizes Microsoft Dynamics Great Plains (Microsoft Dynamics GP) and Customer Information System (CIS) Infinity by Harris' Advanced Utility Systems and Harris' Cogsdale for Finance ERP and Water/Sewer Utility Billing.
- 3. Microsoft Dynamics GP and CIS Infinity have modules and sub-modules that are connected to third party software applications used by the District, including Paramount for purchase orders, Mekorma for printing checks, Greenshade for payroll taxes, Panatracker for inventory barcoding, Sensus FlexNet for meter reading, Paymentus for interactive voice response, and Nobel for service orders.
- 4. Cyberlink ASP is an application service provider which provides the District with access to Microsoft Dynamics GP, CIS Infinity, and third party software applications. The District's finance ERP, utility billing systems and other software applications are hosted by CyberlinkASP through a Shared Hosting and Services Agreement between the District and Cyberlink ASP.
- 5. Beverly provided invaluable consulting and support services to the District Staff during conversion and implementation of the District's Finance Enterprise Resources and Utility Billing systems.
- 6. Beverly has the background, experience, and needed skills to provide information technology support for the District related to Microsoft Dynamics GP, CIS Infinity, and third party software applications as well as coordination with Cyberlink ASP and District's vendors.
- 7. Based on the above experience, the District is contracting with Beverly to:
  - (a) Provide information technology support and services for the District's Microsoft Dynamics GP, CIS Infinity, and other third party software applications;

- (b) Act as a liaison and help desk support for the District when incidents are reported by District Staff related to Microsoft Dynamics GP, CIS Infinity, and third party software applications;
- (c) Perform training, troubleshooting, reports writing, and account configurations;
- (d) Active participation in functional testing sessions during system upgrades; and
- (e) Other related Finance ERP and Utility Billing performance issues as assigned.

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

- 1. <u>Services to Be Performed & Time for Completion:</u> Beverly will perform the following support functions for the District:
  - See attached "Exhibit A" for scope of functions.
- 2. Payment for Services. The District agrees to pay Beverly \$86 per hour on as needed basis, not to exceed 1300 hours or July 31, 2019, whichever comes first. The duration of the assignment may only be extended by written amendment to this agreement between both parties. If approved by the District's General Manager, the independent contractor rate may be revised from time to time, but rate increases shall not exceed 5% per year.
  - Work will be paid for on a monthly basis as costs are billed. The costs shall be paid by the District within thirty (30) days after the invoice date. All billings shall include a description of work completed, number of hours expended, mileage reimbursement, and progress to date on each identified task of work.
- 3. <u>Additional Services</u>. The District may request additional services from Beverly, from time to time, as the District shall determine in its sole discretion. The parties shall agree on the scope and price to be paid for these additional service(s) prior to commencement of any additional work and the written agreements for such services shall be approved in advance by the General Manager.
- 4. <u>Supplies Provided by District</u>. The District will supply any items necessary for the execution of the above named work, with prior approval of the General Manager or her designate.
- 5. <u>Reimbursement for Mileage</u>. The District will reimburse Beverly for mileage at the current federal published rate for travel to and from the District while performing work under the scope of this agreement.
- 6. <u>Standard of Care</u>. In performing services in accordance with this Agreement, Beverly shall use that degree of care and skill ordinarily exercised, under similar circumstances, by Administrative Professionals in California.

- 7. <u>Status of Consultant</u>. Beverly shall perform the services provided for herein as an independent contractor and not as an employee of the District. Beverly shall be under control of the District only as to the result to be accomplished, but not as to the means. However, Beverly shall consult with the District as requested by the staff.
- 8. Conflict of Interest. Beverly shall not in any way attempt to use her position to influence a governmental decision in which she knows or has reason to know she has a financial interest other than the compensation promised by this agreement. Beverly represents that she does not, to the best of her knowledge, have an economic interest, which would conflict with its duties under this agreement. Beverly will not have such interest during the term of this agreement.
- 9. <u>Termination of Agreement</u>. Either party may terminate this Agreement by giving the other party ninety (90) days advance written notice. Beverly shall be paid for professional fees incurred up to and including the effective date of termination as indicated in a written notice of termination. All work done by Beverly shall become the property of the District and shall be provided to the District in the event the agreement is terminated.

#### 10. Miscellaneous Provisions:

- 10.1 Law and Venue: This Agreement shall be governed by California law. In the event of any legal or equitable proceeding to enforce or interpret the terms or conditions of this Agreement, the parties agree that venue shall lie only in the federal or state courts in or nearest to the North County Judicial District, County of San Diego, State of California.
- 10.2 Modification: This Agreement may not be altered in whole or in part except by a written modification by the District, executed by all the parties to this Agreement.
- 10.3 Attorney's Fees: In the event any action or proceeding is initiated to challenge, invalidate, enforce, or interpret any of the terms of this Agreement, the prevailing party shall be entitled to all attorney's fees and litigation fees, costs, and expenses in addition to any other relief granted by law. This provision shall apply to the entire Agreement.
- 10.4 Entire Agreement: This Agreement, together with all exhibits attached hereto, contains all representations and the entire understanding between the parties with respect to the subject matter of this Agreement. Any prior correspondence, memoranda, or agreements, whether or not such correspondence, memoranda, or agreements are in conflict with this Agreement, are intended to be replaced in total by this Agreement and its exhibits. Beverly represents and warrants that no District representative has made any oral representations or oral agreements not contained in this Agreement. Beverly further warrants and represents that Beverly has not relied upon any oral statements or promises made by any District representative in executing this Agreement.

- 10.5 Assignment: Neither party shall be entitled to assign or transfer all or any portion of its rights or obligations as contained in this Agreement without obtaining the prior written consent of the other party. This consent shall not be unreasonably withheld. Any purported assignment without the other party's prior written consent shall be void.
- 10.6 Binding Effect: This Agreement shall inure to the benefit of and be binding upon the parties and their respective purchasers, successors, heirs, and assigns.
- 10.7 Unenforceable Provisions: The terms, conditions and covenants of this Agreement shall be construed whenever possible as consistent with all applicable laws and regulations. To the extent that any provision of this Agreement, as so interpreted, is held to violate any applicable law or regulation, the remaining provisions shall nevertheless be carried into full force and effect and remain enforceable.
- 10.8 Representation of Capacity to Contract: Each party to this Agreement represents and warrants that he/she has the authority to execute this Agreement on behalf of the entity represented by that individual.
- 10.9 Opportunity to be Represented by Independent Counsel: Each of the parties to this Agreement warrant and represent that they have been advised to consult independent counsel of their own choosing and have had a reasonable opportunity to do so prior to executing this Agreement.
- 10.10 No Waiver: The failure of either party to enforce any term, covenant, or condition of this Agreement on the date it is to be performed shall not be construed as a waiver of that party's right to enforce this, or any other, term, covenant, or condition of this Agreement.
- 10.11 Notices: All letters, statements, or notices required pursuant to this Agreement shall be deemed effective upon receipt when personally served, transmitted by facsimile machine, or sent certified mail, return receipt requested, to the following addresses:

To: "Beverly"

Beverly Weber 2909 Harris Drive Vista, CA 92084

### To: "District"

Olivenhain Municipal Water District Attn: Kimberly Thorner, General Manager 1966 Olivenhain Road Encinitas, CA 92024

Effective Date: The effective date of this Agreement executed in counterparts in the North County Judicial District, County of San Diego, State of California, is \_\_\_\_\_\_.

"Beverly Weber"	"Olivenhain Municipal Water District"	
Date:	Date:	
BY: Beverly Weber Independent Contractor	BY: Kimberly A. Thorner General Manager Olivenhain Municipal Water District	

# Exhibit A – Scope of Functions Implementation and Support Services by Beverly Weber of the Finance Enterprise Resource Planning and Utility Billing Systems

Provide consulting and support services to the District on an as-needed basis in CyberlinkASP products included in the Shared and Hosting Services Agreement between the District and Cyberlink ASP.

Provide Help Desk support for District Staff. This support can be remotely or on-site depending on severity of a support incident. A support incident is an issue or question which focuses on one specific problem or error message while performing a task within Cyberlink ASP products.

Assist with coordination with external resources including Cyberlink ASP, Nobel System, Harris' Cogsdale support team, Harris' Advanced support team to identify and solve a reported incident.

Enter support tickets and follow-up on support tickets in Cyberlink ASP, Harris' Cogsdale and Harris' CIS Infinity selected system to use for system support and maintenance.

Train District staff on appropriately configuring Cyberlink ASP, Microsoft Dynamics GP, CIS Infinity, third party software applications, including, when necessary, training on troubleshooting and entering support tickets to report incidents.

Attend the District's IT meetings, when requested, to provide updates on Cyberlink ASP, Microsoft Dynamics GP, CIS Infinity, and third party software applications.

Coordinate system upgrades between the District's vendors and Cyberlink ASP.

Provide documented confirmation of configuration and process decisions made (related to software), including status, results, and next steps; assist staff in developing and revising process documentation based on outcome of configuration decisions.

Keep track of users and licenses based on District vendor contract requirements.

Provide recommendations in identification of potential benefits or drawbacks, including long-term effects, of selecting one process over another.

Act as a liaison between the District, Cyberlink ASP, and all vendors involved in the District's Finance ERP and utility billing systems.

Provide assistance in the development of the core team/leads training plan.

Related duties as assigned by the District's management team to support IT issues.



## Memo

Date: June 20, 2018

To: Olivenhain Municipal Water District Board of Directors

From: Rainy Selamat, Finance Manager

Via: Kimberly Thorner, General Manager

Subject: CONSIDER ADOPTION OF A RESOLUTION ESTABLISHING THE

APPROPRIATION LIMIT AND AUTHORIZING THE APPLICATION OF PROCEEDS

**OF TAXES FOR FISCAL YEAR 2018-2019** 

#### **Purpose**

The purpose of this item is to request for Board's consideration and adoption of a resolution for establishing the appropriation limit for fiscal year 2018-2019 and authorization for Staff to apply all proceeds of taxes for approved debt service payments and the District's Capital Improvement Program in accordance with Article XIIIB of the California constitution.

Adoption of this resolution allows the District to get the maximum amount of taxes it is allowed under the law, so long as they are spent on qualified capital projects.

Government code section 7910 states that, fifteen days prior to the board meeting, documentation used in the determination of the appropriations limit and other necessary determinations shall be available for public to review. Such notice has been posted in the District's front office for public review and on the District's website, along with the supporting documentation used in the determination of the appropriation limit for the year, including a special population calculation completed by the Department of Finance for the District.

#### Recommendation

Staff requests the Board to adopt this resolution to comply with Government Code Sections 7900-7914.

#### Alternative(s)

We need to complete this process to receive our property tax revenues to build projects that benefit our customers.

#### **Background**

Effective July 1, 1990, Article XIIIB of the California Constitution took effect, limiting the appropriations of certain State and Local agencies. The legislature has adopted Government Code sections 7900 through 7914, which sets forth procedures to be followed by local agencies including a recorded vote of the governing body of the special district in determining its appropriation limit.

The State Department of Finance has supplied the District with the required data to calculate its appropriation limit each fiscal year. The District's finance staff calculates the appropriation limit, and the District's auditor performs an agreed upon procedure to verify and confirm staff's calculation as part of their financial audit process.

#### **Fiscal Impact**

The District's appropriation limit for fiscal year 2018-2019 is \$2,298,839. This amount is calculated by District staff based on percentage changes in the California per capita personal income and population increases calculated and supplied by the State Department of Finance.

The remaining proceeds of taxes for fiscal year 2018-2019 will be used to finance the District's fixed assets with estimated useful lives of ten years or more and a value equal to greater than \$100,000 (including land and construction).

#### Discussion

This is the Board's declaration of intention to appropriate fiscal year 2018-2019 property tax revenues to help offset the District's outstanding annual debt service payments and to finance the District's capital improvement projects that will benefit the local community.

Attachment: Resolution

#### RESOLUTION NO. 2018-xx

RESOLUTION OF THE BOARD OF DIRECTORS OF THE OLIVENHAIN MUNICIPAL WATER DISTRICT ESTABLISHING AN APPROPRIATION LIMIT AND AUTHORIZING THE APPLICATION OF PROCEEDS OF TAXES FOR THE 2018-2019 FISCAL YEAR

WHEREAS, effective July, 1980 Article XIIIB of the California Constitution took effect limiting the appropriations of certain state and local agencies; and

WHEREAS, effective July 1, 1990, Article XIIIB of the California Constitution was amended; and

WHEREAS, the Legislature has adopted Government Code Sections 7900 through 7914 setting forth procedures to be followed by affected local agencies in fixing and determining their appropriation limit; and

WHEREAS, the District had a tax rate in excess of 12.5 cents per \$100 of assessed valuation during the 1977-78 fiscal year, and therefore, is subject to the provisions of Article XIII B and implementing legislation; and

WHEREAS, pursuant to said Government code sections, the Board is required to select the method of determining a "change in population" which is defined as either a change in population within the District's jurisdiction estimated by the State Department of Finance, or a change in population within the county in which the District is located as provided by the State Department of Finance in determining its appropriation limit; and

WHEREAS, Section 8 (e)(2) of Article XIIIB of the Constitution of California requires the Board to select the method of determining "change in the cost of living" which can be either the percentage change in California per capita personal income from the preceding year as provided by the State Department of Finance, or the percentage change in the local assessment roll from the preceding year for the jurisdiction due to the addition of local nonresidential construction supplied by the County of San Diego in determining its appropriation limit; and

WHEREAS, Government Code section 7910 requires that each year the governing body of the District, by resolution, establish its appropriation limit for the following fiscal year; and

WHEREAS, the Government Code further states that any revenue from "proceeds of taxes" in excess of that amount which is appropriated by the District in compliance with the Article during a fiscal year shall be returned to taxpayers within the next two fiscal years; or such revenues may instead be appropriated to reduce bonded and unbonded debt of the District existing on or before January 1, 1979, or voter approved bonded debt incurred after January 1, 1979; and

WHEREAS, Government Code § 7914 defines a "qualified capital outlay project" as an appropriation for a fixed asset (including land and construction) with a useful life of ten or more years, and a value which equals or exceeds one hundred thousand dollars (\$100,000). Section 9 of Article XIIIB provides that "appropriations subject to limitation" do not include appropriations for all qualified capital outlay projects, as defined by the Legislature. Therefore, appropriations by the Board of Directors of the Olivenhain Municipal Water District for fixed assets (including land and construction) with a useful life of ten years or more and a value which equals or exceeds \$100,000 is not an appropriation subject to the limitation contained in Article XIIIB and;

WHEREAS, appropriations for fixed assets (including land and construction) expended by the Olivenhain Municipal Water District on or after November 1979 with a useful life of at least 10 years, and a value equal to or exceeding \$100,000, shall not be included in the appropriation limit of the Olivenhain Municipal Water District; and

WHEREAS, Section 3 of Article XIIIB permits adjustments to the appropriation limits for transfers of financial responsibility from one entity of government to another that did not exist when Article XIIIB was passed by the voters in November 1979; and

WHEREAS, after November 1979 the District annexed and assumed financial responsibility for providing sewer services for the 4S Ranch and Rancho Cielo service areas; and

WHEREAS, at least 15 days prior to the meeting at which this resolution was adopted, the documentation used in the determination of the appropriation limit was made available to the public at the offices of the District; and

WHEREAS, the Board has fully considered said laws, the revenues and expenditures of the District during the relevant years, the data received from the State Department of Finance, the reports and recommendations of Staff, and the opinions of its General Counsel.

NOW, THEREFORE, IT IS HEREBY RESOLVED, DETERMINED AND ORDERED by the Board of Directors of the Olivenhain Municipal Water District as follows:

- 1. That the foregoing facts are true and correct.
- 2. That all additional revenues from proceeds of taxes for the fiscal year ended June 30, 2019 be appropriated and applied to reduce bonded and unbonded debt of the District existing on or before January 1, 1979, or voter approved bonded debt incurred after January 1, 1979.
- 3. That in determining the appropriation limit for fiscal year 2018-2019, that all appropriations by the District Board of Directors for fixed assets (including land and construction) with a useful life of ten or more years, and a value which equals or exceeds \$100,000 expended on and after November 1979, shall not be included in the appropriation limit of the

#### RESOLUTION NO. 2018-xx continued

Olivenhain Municipal Water District as provided in Government Code Section 7914.

- 4. That the appropriation limit of the District be adjusted in years in which it assumes financial responsibility for providing services transferred from another entity of government as provided in Section 3 of Article XIIIB.
- 5. That in determining the appropriation limit for fiscal year 2018-2019, the District shall use the percentage change in the California per capita personal income and population increases, as provided by the State of California, Department of Finance.
- 6. That pursuant to Article XIIIB and Section 7910 of the Government Code, the appropriation limit for Olivenhain Municipal Water District for the 2018-2019 fiscal year is established as \$2,298,839.

PASSED, ADOPTED AND APPROVED at a regular meeting of the Board of Directors of the Olivenhain Municipal Water District held on June 20, 2018.

ATTEST:	Lawrence A. Watt, President Board of Directors Olivenhain Municipal Water District
Gerald E. Varty, Secretary Board of Directors Olivenhain Municipal Water District	



# Memo

Date: June 20, 2018

To: Olivenhain Municipal Water District Board of Directors

From: George Briest, Engineering Manager

Via: Kimberly Thorner, General Manager

Subject: CONSIDER A STATUS UPDATE ON THE CADENCIA STREET EMERGENCY VALVE

REPLACEMENT PROJECT

#### **Purpose**

This is a monthly status update on the Cadencia Street Emergency Valve Replacement Project as required by Section 22050 of the California Public Contract Code as a monthly update is required to be given during the duration of the Emergency Work. No Board action is required.

#### Recommendation

Status update only.

#### Alternative(s)

No action is required.

#### **Background**

The District is in the process of constructing a replacement for the La Costa Vales I Pressure Reducing Station (circa 1972). During a shutdown for the final pipeline

connections in La Costa Avenue, it was discovered that several critical isolation valves leaked or were not operable and did not provide sufficient shutdown to allow the connections to be completed. At the May 16, 2018 meeting, the Board of Directors approved an emergency project for the replacement of the valves and allocated funding for the project.

#### **Fiscal Impact**

A change order in the amount of \$97,289 was approved by the Board to Piperin Corporation (Piperin) for the valve replacement/repair at the May 16, 2018 Board meeting. The work has been completed and no new funds for this emergency project are required.

#### Discussion

Work on the project commenced on Tuesday, May 15<sup>th</sup> and was complete on Thursday, May 24<sup>th</sup>. The leaking valves as well as high groundwater issues make the valve replacements tedious however the project went as expected. Staff expects to provide a final status report at the July 25<sup>th</sup> Board meeting and recommend filing a Notice of Completion.



# Memo

Date: June 20, 2018

To: Olivenhain Municipal Water District Board of Directors

From: Rainy Selamat, Finance Manager

Via: Kimberly Thorner, General Manager

Subject: CONSIDER ADOPTION OF A RESOLUTION OF THE BOARD OF DIRECTORS OF

THE OLIVENHAIN MUNICIPAL WATER DISTRICT APPROVING THE

OPERATIONS, MAINTENANCE, AND CAPITAL IMPROVEMENT BUDGET FOR

**FISCAL YEAR 2018-19** 

#### **Purpose**

The purpose of this item is to consider adoption of a resolution approving the fiscal year 2018-19 General Manager's Recommended Operating and Capital Budget as presented by staff. A hard copy of the proposed budget has been provided for convenience in reviewing the document.

Adopting an approved budget resolution is recommended by the Government Finance Officers Association and California Municipal Society of Finance Officers when submitting the District's budget for their award program each year.

#### Recommendation

Staff is recommending the Board consider and adopt the resolution and approve the fiscal year 2018-19 operating and capital budget as presented. The budget is regarded as a business operating plan by the District's Staff and employees.

#### **Alternative**

The Board may choose not to adopt the budget or to adopt the budget with certain modifications.

#### Background

On May 16, 2018 staff presented the proposed budget to the board for consideration and tentative approval as recommended by the Finance Committee. During the budget presentation, the Board was informed that staff will need to finalize the District's capital improvement projects with the Facilities Committee and will seek consideration and approval from the Board for changes which exceed \$50,000.

Significant changes (over \$50,000) to the tentatively approved fiscal year 2018-2019 General Manager's Recommended Budget are itemized below.

#### Fiscal Impact

Total operating and capital expenditures for fiscal year 2018-2019 are projected to be \$93.1 million, consisting of \$50.1 million in operating expenditures (potable, recycled and wastewater), \$6.2 million in debt service and \$25.4 million in capital expenditures. The District is planning to transfer \$11.4 million from sewer and water revenues to PAYGO capital reserves to pay for planned water and sewer facilities replacement and maintenance costs.

Total projected revenue for fiscal year 2018-2019 is \$93.1million.

#### Discussion

#### **Operating Budget**

Staff would like to report that there are no significant changes (over \$50,000) made to the proposed fiscal year 2018-2019 Operating Budget since the Board budget workshop meeting (May 16, 2018).

#### Capital Budget

There were some adjustments made to proposed District capital expenditures for fiscal year 2018/19. These changes are as follows:

- A \$300,000 increase for Main Extension 153A Recycled project to expand recycled water use in the Southeast Quadrant. The District anticipates 50% of this recycled project will be paid by grant funds. Project design is starting in June 2017. The project will be completed in fiscal year 2018-19.
- A \$48,000 increase to David C. McCollom Water Treatment Plant (DCMWTP) Sewer Manhole Project due to project delay from fiscal year 2017-18.
- A \$60,000 increase to DCMWTP Membrane Replacements (on-going) due to project delay from fiscal year 2017-18.
- A \$135,000 increase for DCMWTP Chemical System Upgrade due to equipment procurement delays from fiscal year 2017-18.

The District has been the recipient of the Government Finance Officers Association (GFOA) Distinguished Budget Presentation award and the California Society of Municipal Finance Officers (CSMFO) Award of Excellence in Operational Budgeting every year since 2001. Both the GFOA and CSFMO awards are valid for a one year period. To obtain the awards, the District must demonstrate that its budget document meets GFOA and CSMFO criteria and provide improvements each year to satisfy the budget reviewers' comments from the previous year.

More informational material (cosmetic changes) to satisfy the GFOA reviewer's suggestions for improvement will be added to this budget document for submission to the GFOA Distinguished Budget Presentation Program after the Board adoption date.

Attachments: Budget Resolution

The General Manager's Recommended Budget for fiscal year 2018-19

#### RESOLUTION NO. 2018-

RESOLUTION OF THE BOARD OF DIRECTORS OF THE OLIVENHAIN MUNICIPAL WATER DISTRICT APPROVING THE OPERATIONS, MAINTENANCE, AND CAPITAL IMPROVEMENT BUDGET FOR FISCAL YEAR 2018-2019

WHEREAS, the Board of Directors has reviewed and considered the Budget as presented for fiscal year 2018-2019, hereinafter referred to as the "Budget;" and

WHEREAS, the Budget provides a comprehensive plan of financial operations for the District including an estimate of revenues and the anticipated requirements for expenditures, appropriations, and reserves for the forthcoming fiscal year; and

WHEREAS, the Budget establishes the basis for incurring liability and making expenditures on behalf of the District.

NOW THEREFORE, IT IS HEREBY FOUND, DETERMINED AND RESOLVED by the Board of Directors of the Olivenhain Municipal Water District that the Budget, and each and every part thereof, is hereby approved and adopted for the fiscal year 2018-2019.

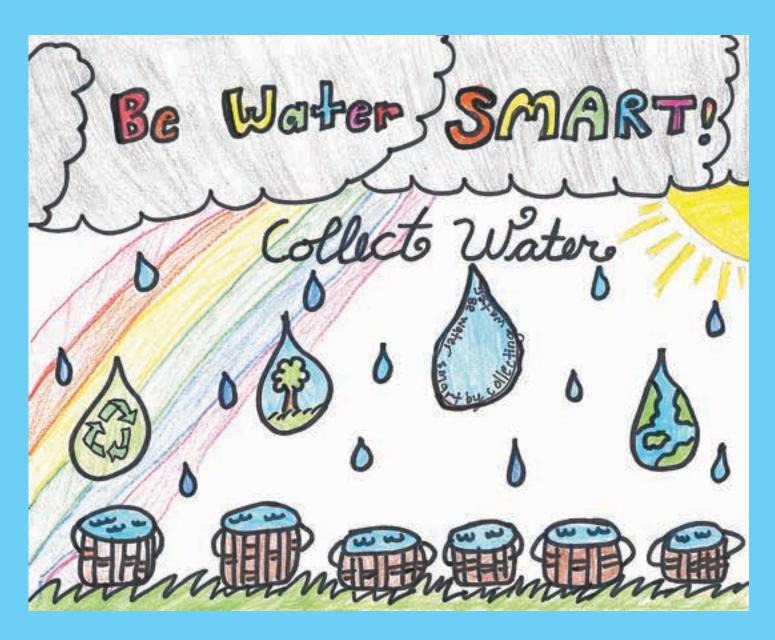
PASSED, ADOPTED AND APPROVED at a regular meeting of the Board of Directors of the Olivenhain Municipal Water District held on June 20, 2018.

	Lauranaa A. Watt. Draaidant
	Lawrence A. Watt, President Board of Directors
ATTEST:	Olivenhain Municipal Water District
Gerald E. Varty, Secretary Board of Directors	
Olivenhain Municipal Water District	



# GENERAL MANAGER'S RECOMMENDED OPERATING AND CAPITAL BUDGET

JULY 1, 2018 TO JUNE 30, 2019





GENERAL MANAGER'S RECOMMENDED OPERATING AND CAPITAL BUDGET JULY 1, 2018 TO JUNE 30, 2019

COVER



First Place

2017 Fourth Grade Water Awareness Poster Contest Submitted by a student of Santa Fe Christian School

### **Our Mission**

Olivenhain Municipal Water District is committed to serving present and future customers with safe, reliable, high quality water while exceeding all regulatory requirements in a cost effective and environmentally responsive manner.

The District is dedicated to providing recycled water, wastewater treatment and hydroelectricity in the most cost effective, environmentally responsive and service oriented manner.

The District is devoted to the safe operation of the Elfin Forest Recreational Reserve and providing all users with a unique recreational, educational, and environmental experience.



L-R: Alfred Smith, Edmund K. Sprague, Gerald E. Varty, Christy Guerin, Lawrence A. Watt, Robert F. Topolovac, Kimberly A. Thorner

#### **Board of Directors**

Lawrence A. Watt, President Christy Guerin, Vice President Edmund K. Sprague, Treasurer Gerald E. Varty, Secretary Robert F. Topolovac, Director

### General Manager

Kimberly A. Thorner, Esq.

#### **General Counsel**

Alfred Smith, Esq., Nossaman LLP



Olivenhain Municipal Water District is a public agency proudly serving portions of Encinitas, Carlsbad, Solana Beach, Rancho Santa Fe, San Marcos, Elfin Forest, 4S Ranch, San Diego and the Olivenhain Valley.

#### **Board of Directors**

Lawrence A. Watt, President Christy Guerin, Vice President Edmund K. Sprague, Treasurer Gerald E. Varty, Secretary Robert F. Topolovac, Director



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

**Board of Directors** Olivenhain Municipal Water District

#### Board of Directors,

I am pleased to present the Board with the Recommended Budget for fiscal year 2018-2019. Olivenhain Municipal Water District (District) continues to focus on the Board of Directors' critical mission, which is to provide a reliable water supply and sewer collection and treatment services in a cost-effective and environmentally responsive manner.

This budget document is also a reflection of the District's commitment through continued replacement of its aging infrastructure and maintenance of its capital facilities in order to serve our water and sewer customers while staying in compliance with the State of California's evolving regulations.

#### **Challenges and Risks**

The unprecedented amount of precipitation experienced in California in 2017 resulted in a significant shift in the source water profile delivered to District, with the highest percentage ever of water from the State Water Project supplied to District. The abrupt shift in source water manifested several issues and challenges in treatment processes at the David C. McCollom Water Treatment Plant. The District temporarily purchased treated water from SDCWA while the treatment processes were optimized for the new source water composition. Additional procedures, including additional adjustments to source water pH, were implemented in order to effectively counteract the increase in biological constituents, resulting in increased staffing demands and treatment costs. In spring 2018, the District's wholesalers began a shift back to source water from the Colorado River.

Proposed legislation continues to provide uncertainty related to water sales. Recently passed Long-Term Water Use efficiency/Conservation bills, Assembly Bill 1668 (Friedman) and Senate Bill 606 (Hertzberg), aim to limit the amount of water a supplier is allowed to sell its customers irrespective of available supply. Senate Bill 998 aims to establish new criteria for the discontinuation of water service due to nonpayment, and, if passed, would limit OMWD's ability to collect on past due amounts.



Pure Excellence

Additionally, Assembly Bill 2070 seeks to require lead testing of copper pipes in daycare center facilities but does not specify who is responsible for the cost of the test. If this responsibility is ultimately assigned to water agencies as they were with K-12 schools, the District estimates that the testing would cost \$2,500 per site.

Cumulatively, the aforementioned legislation will cause simultaneous increased costs and reduced water sales for the District to navigate in the coming five year horizon.

#### **Water Supply Diversification**

To be less reliant on imported water, the District continues to focus on diversifying its water supply through recycled water and other local water sources. The District's goal is to obtain a minimum of twenty (20) percent of its total supply from recycled water and other local water sources by fiscal year 2020-2021. The District currently meets approximately twelve (12) percent of its demands with local water supplies. The District will continue to explore funding opportunities, such as state and federal grants, to help achieve this goal. The District's recycled water demand is expected to increase annually from conversion of potable water use for irrigation to recycled water as part of the District's Recycled Retrofit Loan Program approved by the Board.

The District's strategy to develop additional local water supplies has largely been channeled through interagency coordination with the North San Diego Water Reuse Coalition, a group of water and wastewater agencies for which the District provides leadership. To date, the Coalition has received approximately \$5.0 million in Proposition 84 funding, which was used to finance qualified Coalition partner projects. Additionally, the District is working with legislators and the US Bureau of Reclamation to secure federal funding for Coalition projects via the Title XVI Water Reclamation and Reuse Program.

The District is also exploring groundwater as a potable water source, having completed a brackish groundwater desalination feasibility study in the San Dieguito Valley Basin. The goal of this facility would be to produce at least one million gallons per day of potable water. The District was awarded \$650,000 in grant funding from California's Department of Water Resources to facilitate the design and construction of a test well in San Dieguito Valley and field testing of treatment technologies, which is included in this year's capital budget.

#### **Fixed Purchased Water Wholesale Costs**

The District purchases 100 percent of its untreated water supply from the San Diego County Water Authority (SDCWA). The effects of rising fixed purchased water wholesale costs from SDCWA continues to be a challenge to the District's tiered rate structure. The District will be updating its Water Financial Plan and Cost of Service Water Rates in 2019 to review its water net revenue requirement and to consider pricing structure alternatives that are fair, equitable, and legal for the Board's consideration.

SDCWA's supply diversification goals have resulted in increased reliance on alternative water supplies, such as desalinated water from the Claude "Bud" Lewis Carlsbad Desalination Plant and Imperial Irrigation District transfers, in order to reduce dependence on imported water from Metropolitan Water District of Southern California (MWD). Alternative water supplies are more expensive from imported water due to treatment costs. Consequently, SDCWA's cost of water to the District and its member agencies are expected to continue rising in the future.

The outcome of the California WaterFix project will have an impact on purchased water costs from MWD and SDCWA in the future. The actual impact of WaterFix costs to the District, as a retail agency, would depend on methodologies used and approved by MWD's and SDCWA's Board of Directors for allocating these costs to their member agencies. The District will continue to monitor the progress as it develops. The project has the potential to improve water supply reliability, and will also result in an associated cost to secure that reliability.

#### **Fiscal Stability**

Maintaining the District's financial stability and balanced operations are important considerations to address challenges that lie ahead. The District's long-term financial and capital plan have been identified and updated as part of the District's budget process. The effects of the District's future capital needs and other financial commitments, such as rising pension costs and debt service obligations, and impacts on the District's rate increases were included and forecasted as part of the District's Long-Term Finance Plan. This budget represents the District's commitment to achieving structural balance as well as a reflection of the Board of Directors' support for fiscal stability.

On the same note, the District has been proactive in the maintenance of potable water, recycled water, and wastewater capital facilities in order to protect the capital investments made to date by ratepayers. The ten-year Capital Spending Plan attached, includes the District's on-going capital maintenance programs to address aging infrastructure, such as pipeline replacement and meter and valve replacement programs. Details of the District's Capital Improvement Program for replacement and refurbishment of its capital facilities can be found in the Long Range Financial Plan and Capital Budget sections of this document.

#### **PRIORITIES FOR FISCAL YEAR 2018-2019**

#### **Water Supply**

Water Supply priorities are identified so that the District will be less reliant on imported water to improve water supply reliability and sustainability while staying compliant with State and Federal requirements and regulations.

The budget provides resources to accomplish the following goals and objectives:

Install pilot test well in San Dieguito Valley.

- Continue to lead the North San Diego Water Reuse Coalition to maximize recycled water use in North County, including pursuing state and federal funding with agency partners.
- Negotiate recycled water purchase agreements with San Elijo Joint Powers Authority,
   City of San Diego, and other adjacent agencies to bring in additional recycled water to offset potable irrigation demand with recycled water.

#### Water and Wastewater (Sewer) Facility Priorities

The District's water and sewer facility priorities are comprised of the expansion, replacement, and betterment of existing facilities to serve current and future customers with reliable water and wastewater services in the most cost-effective manner possible.

The budget provides resources to address critical potable water, recycled water, and wastewater facilities:

- Complete the design and construction of Main Extension 153A to provide recycled water to an additional customer in the San Dieguito Valley area.
- Complete design of Manchester Avenue Recycled Water Pipeline.
- Complete rehabilitation of the 4S Ranch Water Reclamation Facility Belt Filter Presses and Solids Process Conveyor.
- Complete replacement of eighty (80) valves as part of the District's ongoing valve replacement program.
- Commence service line cathodic protection maintenance program.
- Complete Train 7 membrane replacement at the David McCollom Water Treatment Plant.
- Complete the final design of the UV disinfection system replacement at 4S Water Reclamation Facility and commence construction.
- Complete construction of the tertiary filters rehabilitation at the 4S Water Reclamation Facility.
- Complete the design and permitting for the construction of Building "D" as envisioned by the District's long-term Capital Improvement Plan and the approved Carlsbad Conditional Use Permit.

 Complete rehabilitation of Roger Miller Potable Water Reservoir to enhance water quality.

#### **Core Business Plans**

Core business plans include the operation and maintenance of water, recycled water, and wastewater infrastructure and facilities in a cost-effective manner to protect OMWD's investments, reflecting its dedication to providing high-quality customer service.

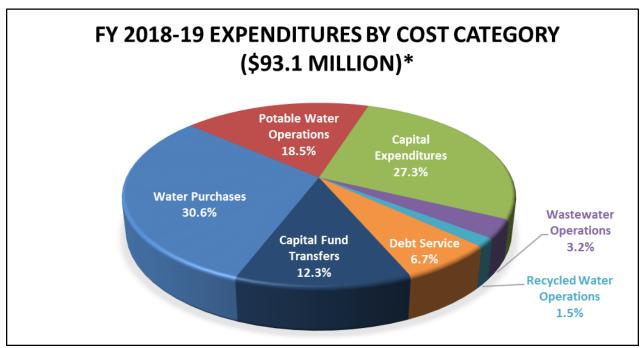
The budget provides resources to achieve the following goals:

- Operate the David C. McCollom Water Treatment Plant to optimize plant production and achieve the lowest treatment cost per unit possible through the sale of surplus treated water capacity to other agencies.
- Operate the 4S Ranch Water Reclamation Facility in the most cost-effective, environmentally responsive, and service-oriented manner to meet recycled water demand in the Southeast Quadrant recycled water service area.
- Operate Elfin Forest Recreational Reserve (EFRR) in the most cost-effective, safe, environmentally responsive, and service-oriented manner.
- Continue OMWD conservation programs with a focus on water use efficiency education and conservation demonstration sites.
- Monitor water use per Senate Bill X7-7 (2009) and State Water Resources Control Board to ensure compliance.
- Continue implementation of the EFRR Strategic Plan, including revenue generation opportunities.
- Continue implementation of revenue-generating and cost-saving programs such as the Tiger Team and Better Way programs.
- Continue public outreach efforts including water conservation programs and information to comply with State Water Resources Control Board's regulations.
- Complete implementation and conversion of mobile service order processing system to increase work efficiency.
- Commence the expansion of Advanced Metering Infrastructure throughout OMWD to aid in monitoring conservation and to improve work efficiency and customer service.

- Continue partnership with third party energy provider, 3 Phases Renewables, through the Direct Access program to optimize energy cost savings.
- Pursue local, state, federal, and private grant funding to reduce capital expenditures collected from fees and charges.
- Maintain favorable credit rating.
- Mitigate financial risks through planning.
- Conduct all-employee training on cybersecurity throughout the year to ensure safety and technical competence.

#### THE RECOMMENDED BUDGET

The District's Long-Range Financial Plan provides the framework for establishing the rates and charges to support the budget.



<sup>\*</sup> Total may not add up to 100% due to rounding

#### **Summary of Major Expenditures**

The District's expenditures are derived from three operations: water, wastewater, and recycled water. For the fiscal year 2018-19 budget, total expenditures are projected to be \$93.1 million, consisting of \$50.1 million in operating expenditures, \$6.2 million in debt service, \$25.4 million in capital expenditures, and \$11.4 million in Pay-As-You-Go (PAYGO) transfers from rates and charges to finance planned capital improvement programs.

**Water Purchases (30.6%)**: The District buys 100% of its untreated water supply from SDCWA to meet potable water demand. Starting January 1, 2019, untreated purchased water wholesale cost is expected to increase from \$1,303 to \$1,341 per acre-foot or 2.9%. The actual impact of purchased water wholesale cost increases will vary each year for each SDCWA member agency depending on the agency's historical rolling average deliveries and allocation of SDCWA's fixed charges to its member agencies.

The SDCWA rates and charges are currently broken down into two cost components: variable rates and fixed charges. The variable rates consist of the Melded M&I Supply Rate, Melded M&I Treatment Rate, and the Transportation Rate. The fixed charges include the Storage Charge,

Infrastructure Access Charge, Supply Reliability Charge, Customer Service Charge, Readiness to Serve Charge, and Capacity Charge (the last two being pass-through charges from Metropolitan Water District of Southern California). The variable rate is a commodity charge based on actual volume of water purchases. SDCWA fixed charges are billed and collected monthly by SDCWA from all member agencies irrespective of the actual amount of water purchased by each member agency during the month.

More information about historic purchased water wholesale cost increases can be found in the Expenditures section of this document.

**Potable Water Operations (18.5%)**: The fiscal year 2018-19 recommended budget includes a 3.1% increase in operating expenditures, net of capitalized labor and indirect costs, as compared to the previous budget. The main reasons for the increased potable water operating expenditures are the increase in salaries and benefits based on the 2013 Memorandum of Understanding between the District and its Employee Association and Bargaining Unit Members Association and an increase in water costs due to higher supply, chemical, and utility costs keeping up with annual inflation adjustments. The District does not offer Other Post-Employment Benefits to its employees other than pension.

Capital Expenditures and Fund Transfers (39.6%): Approximately \$25.4 million of capital and equipment spending is anticipated in fiscal year 2018-19 and \$11.4 million of fund transfers to capital reserves are contemplated from water and sewer rates and charges to pay for planned capital spending in future years ( PAYGO). Actual fund transfers will be proposed by Staff for the Board's approval following completion of the District's financial audit by the auditors.

Large capital projects such as the San Elijo Valley Groundwater project, the Pipeline and Valve Replacement projects, the District's Administrative building (Building D), and construction of the Manchester Avenue Recycled Water Pipeline Extension are included in fiscal year 2018-19. Detailed information about the District's capital improvement projects can be found in the Capital Section of this document.

**Debt Service and Other Long-Term Obligations (6.7%):** These items are budgeted at \$6.2 million. The District has five outstanding long-term debt obligations: the 2015A Water Refunding Bonds, 2016A Water System Revenue Refunding Bonds, the Reassessment District 96-1, 2018 Wastewater System Revenue Bonds, and the 2012 State of California Revolving Fund Loan. The District pledged water and sewer system revenues to pay for its debt service obligations. Detailed information can be found in the Debt Service Section of this document.

**Wastewater (3.2%):** The District provides wastewater collection and treatment services to its customers located within the 4S Ranch and Rancho Cielo service areas. Through an extensive

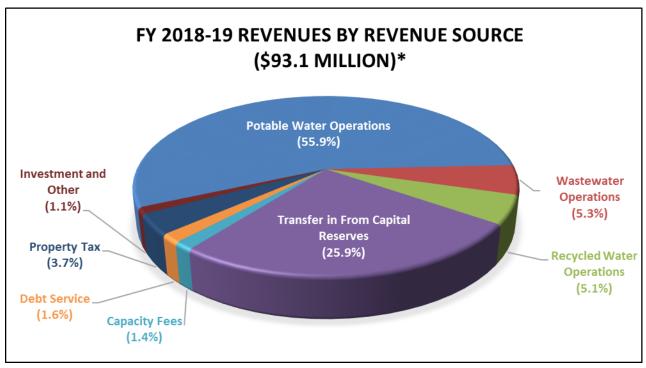
sewage collection system and a series of sewage pump stations, the 4S Ranch Water Reclamation Facility (4S WRF) collects and treats wastewater from 4S Ranch and Rancho Cielo sewer customers. 4S WRF produces tertiary recycled water to meet irrigation demands in the Southeast Quadrant recycled water system. 4S WRF is a 2 million gallons per day (MGD) plant when operating at maximum capacity.

**Recycled Water Operations (1.5%):** The District has two separate recycled water systems, the Northwest Quadrant and the Southeast Quadrant.

The District owns, operates, and delivers, its recycled water to certain portions of the Southeast Quadrant recycled water system, including Santa Fe Valley, Crosby Estates, Fairbanks Ranch, the Farms Golf Club, the Del Mar Country Club, and Morgan Run golf courses.

The Northwest Quadrant recycled water system serves large irrigation areas such as La Costa Oaks Association, La Costa Valley Master Associations, and Continuing Life Communities.

To meet its total recycled water demand, the District executed recycled water purchase agreements with Rancho Santa Fe Community Services District, Vallecitos Water District, City of San Diego, and San Elijo Joint Powers Authority. Recycled water purchased from these agencies is transported through interagency service connections for distribution to all of the District's recycled water customers.



<sup>\*</sup> Total may not add up to 100% due to rounding

#### **Summary of Major Revenues**

The District's major funding sources are rates and charges (potable water, recycled water, and wastewater), property tax revenues, capacity fees, and investment income. The District is approximately at 90% build-out based on an ultimate projection of approximately 34,400 equivalent dwelling units.

**Potable Water Operations (55.9%)**: The majority of the District's water customer base is municipal and industrial (M&I) use. Within this customer base, residential customers account for about 79% of total potable water deliveries, irrigation for 14%, commercial and industrial for 4%, and agricultural for 3%. Potable water sales are the District's primary source of revenues. At roughly 90% developed, the District projects water sales volume to remain relatively flat over the next 10 years, and consequently, new developments and population growth are expected to be negligible. Water sales are sensitive to external factors such as variation in weather conditions and economic conditions.

In February 2015 the District's Board of Directors adopted an ordinance to pass through SDCWA's cost increases and annual inflation for a five-year period commencing April 1, 2015, through December 31, 2019, not to exceed 15% per year, but rates cannot be increased by more than the cost of providing water services. In March 2018, the District raised its commodity rates and monthly system access charge by 4.5% to pass through increased costs in wholesale purchased water and increases to the District's cost of operations and maintenance. This budget also includes a 3% staff proposed adjustment to the District's water revenue to pass through purchased water wholesale costs increases for 2019 and an annual inflation adjustment. Water demand is expected to remain unchanged compared to fiscal year 2017-18 projections. The District is currently at Level 1 of its conservation-based pricing structure. Under Level 1 rates, the District will achieve revenue neutral status for periods of voluntary conservation. The District's rate structure stabilizes revenues while promoting conservation by pushing water usage into progressively higher tiers, increasing the average price of water sold.

**Recycled Water Operations (5.1%)**: The District sells recycled water for irrigation use in golf courses, parks, landscaped medians, schools, and homeowners associations' common areas. The District's top five water consumers are country clubs and golf courses. The District is expected to sell about 2,700 acre-feet of recycled water, or approximately 13% of total projected water sales, during fiscal year 2018-19.

**Wastewater (sewer) Operations (5.3%)**: Revenue is projected at approximately \$4.9 million from sewer service fees. The District currently collects and treats sewage from approximately 7,100 sewer connections. An additional 350 wastewater service connections are anticipated in future years from nearby housing developments, bringing the District's wastewater (sewer) service area to a complete build-out of 7,450 EDUs.

The District's Board of Directors adopted an ordinance to allow Staff to adjust sewer service fees each year by 3% through fiscal year 2020-21. Wastewater (sewer) fees are set to increase by 3% effective July 1, 2018.

The District's wastewater (sewer) service fees are collected on each property owner's property tax bill on an annual basis. Wastewater service (sewer) bills are due and payable at the same time when a property owner's tax bill is due to the San Diego County Assessor's office, in April and December of each year. The District's annual single-family residential service charge is the sum of Annual System Access Charge plus a commodity charge based on the customer's minimum winter monthly (prior year) usage up to a maximum of 10 hundred cubic feet (hcf). The District's wastewater service fees were calculated as part of the 2016 Wastewater Cost of Service Study and approved and adopted by the Board of Directors at a 3% increase per year for the five year period ending fiscal year 2020-21.

**Transfer-In from Capital Reserves (25.9%)**: The District funds the majority of its capital projects using the PAYGO method. The District annually transfers a fixed amount of monies collected from rates and charges to pay for its long-term capital expenditures as well as reimbursement for existing facilities. The PAYGO method of using current revenues to pay for long-term infrastructure and other projects is the preferred method of financing when sufficient revenues and reserves are available and when long-term borrowing rates are higher than expected cash reserve fund earnings. Debt will be used to finance projects when it is fiscally prudent under the prevailing economic conditions.

Capacity Fees (1.4%): The District's capacity fees are developed based on facilities included in the District's Water Capital Improvement Program and past capitalized projects. Capacity fee revenue is used to finance projects that meet the District's goal of equitable treatment of all customers, current, and future. Projected capacity fee revenue is estimated by the Engineering Department and calculated based on the remaining Equivalent Dwelling Units (EDUs) in each zone of benefit. The District is estimated to be at 90% build-out.

**Debt Service (1.6%)**: The District collects annual benefit assessments on properties within Reassessment District 96-1 to pay the annual debt service. Reassessment District 96-1 consists substantially of all land within the District.

**Property Tax (3.7%):** The District will receive approximately \$3.4 million during fiscal year 2018-19 from property tax revenues. Property tax revenue is used to pay for the District's Refunding Revenue Bonds and Capital Improvement Projects. Loss of property tax revenue would have a dramatic impact on the District's ability to balance its budget.

**Investment Income and Other revenues (1.1%):** The District receives investment income from operating, capital, and rate stabilization fund balances. Investment income is restricted by the Board's investment policy. Investment income received in the PAYGO fund is restricted to pay

for capital expenditures or debt service. Investment Income is estimated at 1.5% for fiscal year 2018-19.

#### **CONCLUSION**

This budget reflects the Board of Directors' priorities and strategic plans. The goal of this budget document is to provide the District with a roadmap for prioritizing major capital improvement and replacement programs and fulfill the District's mission statement. The overall purpose is to produce guidelines to address the District's short-term and long-term goals and objectives. This document also demonstrates the District's ability to use its capital resources for completing ambitious capital projects for current and future customers as well as the District's commitment to meet its financial obligations.

### **ACKNOWLEDGMENTS**

I would like to thank the Board of Directors for their leadership and continued interest in, and support of, the highest level of prudent fiscal management the District can offer. I would also like to extend my appreciation to all of the District's employees and to the department managers for presenting goals and objectives for this year's budget that will support the District's mission statement, and for their dedication to providing the highest level of customer service. Our goals and objectives cannot be met without your outstanding contributions. Most importantly, on behalf of our Board of Directors and all of the District's employees, thank you to our valued customers, whom we are honored and privileged to serve.

Respectfully submitted,

Kimberly A. Thorner, Esq.

Limberly A. Shorner

General Manager

# **GFOA Distinguished Budget Presentation Award**

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to Olivenhain Municipal Water District for its annual budget for the fiscal year 2017-18. In order to achieve this distinction, the District's budget must be rated proficient as a policy document, financial plan, operations guide, and communications device by a panel of public finance professionals.



This award is the highest form of recognition in governmental budgeting, and its attainment represents a significant achievement by OMWD.

This is the seventeenth consecutive year the District has received this award from the GFOA. This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to the GFOA to determine its eligibility for another award.

# **CSMFO Operating Budget Excellence Award**

The California Society of Municipal Finance Officers (CSMFO) presented their Award for Operating Budget Excellence to Olivenhain Municipal Water District for the District's fiscal year 2017-18 budget.

This is the fourteenth consecutive operating budget Award the District has received from the CSMFO. This award is valid for a period of one year.



#### **HOW TO USE THIS BUDGET DOCUMENT**

In the water industry, actual revenues and expenditures are expected to vary from the approved budget. Projecting future water demands with complete precision is understandably impractical due to uncontrollable variables such as economic conditions, customers' conservation efforts, and varying weather conditions. As such, this budget is viewed as a tool for estimating and planning District revenues and expenditures and is used primarily for comparative purposes to identify unusual or unexpected trends.

As a comprehensive management and financial plan, this document also describes the services and resources provided by the District to its customers as well as District policies and Board guidelines for achieving immediate and long-term objectives.

The budget document is divided into several sections, as follows:

- Introduction This section contains a description of the District and its organizational structure, budget policies, budget basis, budget process, and financial policies as well as an explanation of all District fund balances.
- History and Community Profile This section provides various national, regional, and local
  economic indicators, and shows population and employment trends within the San Diego area.
- Strategic Plan The Strategic Plan was initially developed by the Board of Directors in 2008, and is updated as new annual objectives and performance indicators are developed. This section describes the 2018 plan for the District.
- Long-Term Financial Plan This section details the District's ten-year financial plan and projected cash position after fulfilling its commitments. It also includes explanations about major assumptions used in forecasting the District's operating and capital planned expenditures, as well as information about the District's reserves levels and debt service obligations over ten years.

### **SECTION I – OPERATING BUDGET**

- **Summary** Contains a consolidated budget summary for all fund balances as well as budget summaries by fund and operations.
- Revenues Contains information on the District's operating and non-operating revenues by operation and by fund.
- **Expenditures** Contains information on the District's operating and non-operating expenditures (with purchased water cost shown separately) by operation and by department within each operation.

### **SECTION II – CAPITAL BUDGET**

- Capital Expenditures Summary Contains a discussion on capital item purchases, capital facilities, and capital improvement funds. It also contains a capital project summary for the current fiscal year, and project summary sheets for non-recurring projects with budgets in excess of \$1 million.
- Capital Expenditures by Fund Contains a list of capital projects by funding source and a brief description of each project.
- **Glossary** Contains a list of terms used in this document and their definitions, as well as a chart with water unit equivalencies.

#### ABOUT THE DISTRICT

Olivenhain Municipal Water District (District) is a governmental organization governed by an elected five-member Board of Directors. The District was incorporated in 1959 under the provisions of the California Municipal Water District Act of 1911, section 71000 et seq. of the California Water Code as amended. The District provides potable water, wastewater, and recycled water services, hydroelectricity, and operation of the Elfin Forest Recreational Reserve.

#### **Service Area**

## **Potable Water Operations**

The District's is located in San Diego County, about 30 miles north of Downtown San Diego on the California coast. The District's service area is approximately 48 square miles, lies within the northern region of San Diego County and serves portions of the cities of Encinitas, Carlsbad, San Diego, Solana Beach, and San Marcos, as well as the communities of Elfin Forest, Rancho Santa Fe, Fairbanks Ranch, Santa Fe Valley, and 4S Ranch.

The District is primarily a retail agency which sells water to end users. The District delivered roughly 16,500 acre feet (AF) of potable water and 2,300 AF of recycled water during 2017. The District currently provides water services to approximately 28,900 potable and recycled water meters, and has a population of about 85,800.

Based upon the most recent Comprehensive Water Master Plan, it is estimated that the District is approximately 90% built out from an ultimate 34,400 equivalent dwelling units (EDUs). The District customer base is primarily residential and very diverse. The District's service area is an economically vibrant suburban service area in northern San Diego County.

The District purchases 100% of its untreated water supply from the San Diego County Water Authority (SDCWA), which gets its water supply from the Metropolitan Water District of Southern California, the Imperial Irrigation District, and the Claude "Bud" Lewis Carlsbad Desalination Plant.

The District owns and operates a potable water treatment facility, the David C. McCollom Water Treatment Plant (DCMWTP). The DCMWTP produces treated water to meet the District's potable water demand. Through utilization of the DCMWTP and its transmission and distribution system of 466 miles of potable pipeline, pump stations, and storage facilities, the District is presently meeting its customers' potable water demand and has the capacity to treat additional water for sale to other agencies. The District has 466 miles potable pipeline



David C. McCollom Water Treatment Plant and the Olivenhain Dam

Imagery © Google, Map data © Google

# **Wastewater Operations**

On July 1, 1998, the District assumed responsibility for wastewater collection, treatment, and disposal from the County of San Diego for two specific areas within its boundaries. These areas include 4S Ranch, Rancho Cielo, and the unincorporated area surrounding them.



The District expanded the existing wastewater treatment plant into the 4S Ranch Water Reclamation Facility (4S WRF) in 2003. The 4S WRF currently operates at approximately 1 million gallons per day (mgd), but has capacity to treat up to 2 mgd.

Olivenhain Municipal Water District provides wastewater collection and treatment services to roughly 7,100 EDUs. The number of serviced EDUs is expected to remain relatively unchanged in future years, reaching approximately 7,450 EDUs by 2030.

The expanded and upgraded 4S WRF is capable of providing California Title 22 tertiary treated recycled water which can be used for unrestricted irrigation purposes.

## **Recycled Water Operations**

Diversification of water supply sources reduces the District's operational risks and reliance on SDCWA as its only water supplier. The District serves two areas in its recycled water system: the Northwest Quadrant and Southeast Quadrant.

The District executed recycled water purchase agreements with Vallecitos Water District and San Elijo Joint Powers Authority to meet recycled water demand in the Northwest Quadrant recycled water system. The Southeast Quadrant recycled water demands are met with recycled water treated at the District's recycled water facility, and recycled water purchase agreements with the City of San Diego and Rancho Santa Fe Community Services District.



Recycled water use at a golf course

A number of facilities, including a 1.0 million gallon recycled water reservoir, several pump stations, a 250,000 gallon recycled water blending tank, and over 48 miles of recycled water lines deliver recycled water from the system to major irrigation users such as golf courses, large landscape areas, parks, and school grounds within the Southeast Quadrant recycled water system.

## Elfin Forest Recreational Reserve

The 784-acre Elfin Forest Recreational Reserve (EFFR) was developed by the District in partnership with SDCWA and the U.S. Department of the Interior - Bureau of Land Management as an element of the

Olivenhain Water Storage Project and SDCWA's Emergency Storage Project. The EFFR first opened in 1992.



Elfin Forest Interpretive Center Honoring Susan J. Varty

The EFFR offers approximately 11 miles of hiking, mountain biking, and equestrian trails as well as picnic areas and scenic mountain-viewing points. In addition, the natural beauty of the EFFR includes such native plant communities as oak riparian, oak woodland, coastal sage scrub, and chaparral.

Owned by SDCWA and managed by the District, the EFFR has been designed to unify the interests of domestic water supply development, natural resources management, and recreational opportunities. The EFFR's rangers conduct guided group tours and student exploration programs to

help promote environmental awareness and preservation of local watersheds. SDCWA reimburses the District for a significant portion of the EFFR's operating costs, based on an EFFR cost sharing agreement between SDCWA and the District.

#### Governance

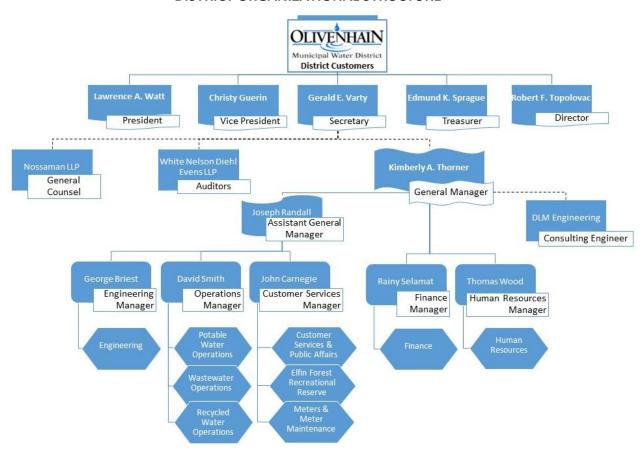
The District is governed by an elected, five-member Board of Directors. Board members are elected to four-year terms by the voting constituents of the division in which each director resides.

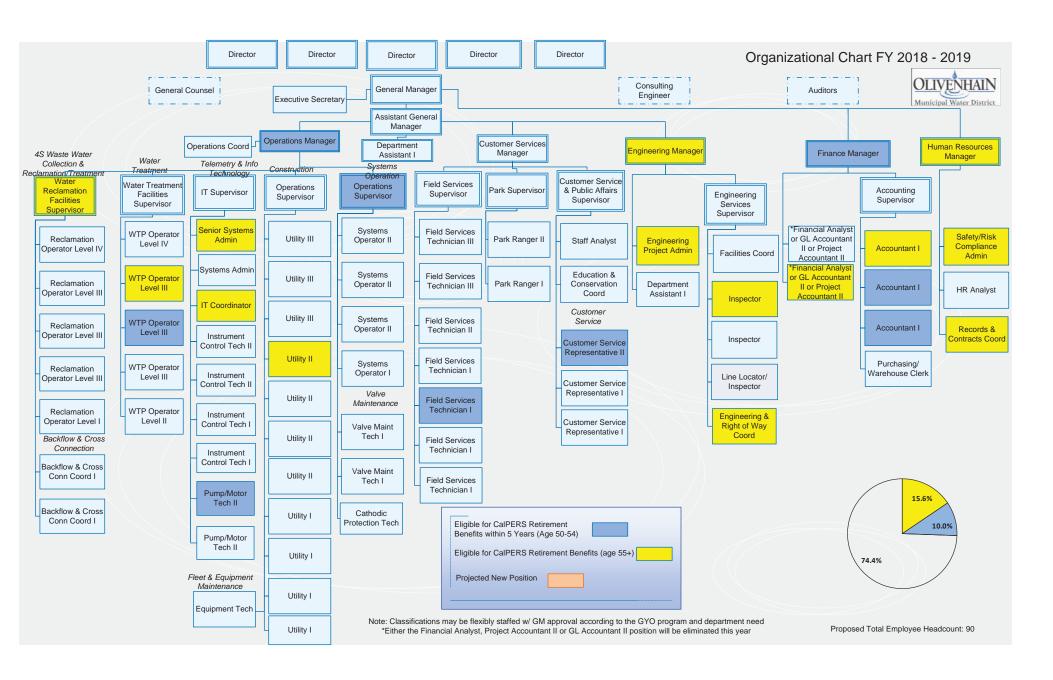
## **Organizational Structure**

The elected Board members delegate management responsibility of the day-to-day operations of the District to an appointed General Manager who, in turn, employs all employees at the District, including an assistant general manager, consulting engineer, and five department managers. The District's General Manager, General Counsel, and external Auditor report directly to the Board of Directors. The District does not anticipate changes in its staffing levels for fiscal year 2018-19. Planned staffing levels for the next five years were developed in the District's five-year staffing analysis and reviewed with the Board prior to adoption of the District's annual budget by the Board of Directors.

The District has 6 departments: General Manager, Operations and Maintenance (water, sewer, and parks), Finance, Customer Service and Public Affairs, Engineering, and Human Resources. More detailed information on the District's organizational structure can be found in the organizational chart below, as well as in the expenditures section of this budget document.

### DISTRICT ORGANIZATIONAL STRUCTURE





#### **BUDGET GUIDELINES**

The Board approved the following guidelines with respect to developing its budget:

- The budget should support the District's mission statement, strategic goals, and major objectives.
- There should be no deferment of critical maintenance.
- The budget should be regarded as a business operating plan.
- The budget should be balanced to pay for the District's cost of providing services, debt service obligations, and capital needs.
- From time to time, upon recommendation of staff and authorization by the Board, the District shall transfer funds from its Rate Stabilization Fund into the Operating Fund to make all payments required by the bond covenant, including the District's operating costs, and to satisfy the debt service requirement (minimum 125% of debt service on senior obligations and 100% of debt service on all obligations in the potable water fund, and 200% of debt service on all obligations in the wastewater fund).
- Expenses should be budgeted by appropriate departments to correctly identify the cost of providing various District functions and services.

#### **BUDGET BASIS**

The budget and accounting for the District is kept on an accrual basis. Revenues are recognized when earned, and expenses are recognized when incurred.

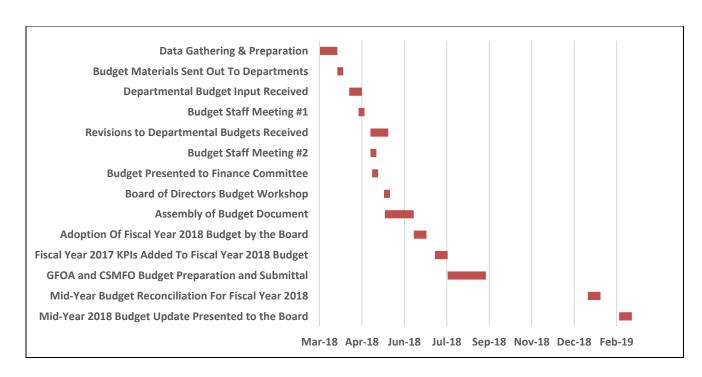
The District is operated as an enterprise fund, which is an accounting entity with a self-balancing set of accounts established to record the financial position and results that pertain to a specific governmental activity. The activities of enterprise funds closely resemble those of ongoing businesses in which the purpose is to conserve and add to resources while meeting operating expenses from current revenues. Enterprise funds account for operations that provide services on a continuous basis and are substantially financed by revenues derived from user charges.

#### **BUDGET PROCESS**

The District's budget process was developed with a series of goals and objectives in mind. These goals and objectives are communicated throughout the organization through budget staff workshops. The Board of Directors set the annual goals and objectives for the General Manager. The General Manager will then communicate Board priorities, issues and concerns with managers and supervisors. The District's annual goals and objectives are used as a tool to develop the District's budget.

An increase in the operating and capital budget may result in water rate increases. In order to minimize the impact on District rates, revenue requirements are scrutinized to achieve operating efficiencies and concurrently maintain or increase customer service. Rate stabilization funds are also used to cover temporary budget shortfalls.

### **BUDGET PROCESS FLOWCHART**



# **BUDGET CALENDAR**

March 22, 2018	Distributed budget folders to all department managers. Included in each folder is the prior year's budget with supporting data and actual departmental expenses from March 1, 2017 through February 28, 2018.
April 5, 2018	Budget inputs were received from various departments and linked to the District's master budget files for further discussion.
April 12, 2018	Departmental Goals and Objectives were received from all the departments.
April 16, 2018	Staff Budget Meeting 1 — General questions about the budget process were answered. Management had the opportunity to clarify any questions and ask for more detailed information about specific departmental expenses.
April 30, 2018	Staff Budget Meeting 2 — Discussed the District's short and long term goals and objectives; reviewed the District's water and sewer operations; discussed budget proposals to improve operational efficiencies, strategic plans, and planned capital spending based on priorities and objectives set by the Board; reviewed key assumptions used in developing the budget including water sales and purchases; reviewed the District's financial model with staff's proposed 10 year operating and capital spending plan and financial targets. Each department manager provided explanations for proposed budget increases to the General Manager using last year's budget and projected actuals. Finance Department presented the proposed fiscal year 2018-19 budget to the General Manager for consideration and approval.
May 2, 2018	Finance department presented the proposed fiscal year 2018-19 operating and capital budget to the Ad Hoc Board Finance Committee for consideration and approval prior to the Board budget workshop.
May 16, 2018	Board Budget Workshop — Staff presented the General Manager's recommended budget previously discussed with the Finance Committee to the Board at the budget workshop for Board consideration and tentative approval. Important underlying assumptions used in the budget were presented and discussed with the Board. Proposed capital spending plans were also reviewed by the Board. The Board accepted budget information presented by General Manager and Staff.
June 20, 2018	Adoption of the fiscal year 2018-19 Operating and Capital Budget by the Board.

#### **BUDGET ADJUSTMENT PROCESS**

Following The District Board's approval and adoption of the annual operating and capital budget in June of each year, budgeted amounts are appropriated and expended within each department.

In January 2019, the Finance department and other department managers will conduct a meeting to review actual results of operating expenditures through December 31, 2018 as compared to budgeted amounts approved by the Board in June 2018. Each department may propose to transfer appropriations within the District's operating budget after variances are carefully analyzed. The purpose of the mid-year budget review is to present to the Board amended budget amounts that net to a zero-effect on the District's operating budget, unless an overall budget increase is necessary due to changed circumstances that were not anticipated at the time the budget was developed.

Adjustments to capital budget appropriations are also recommended during the mid-year capital budget review process. Project managers find that many projects that were contemplated at the beginning of the fiscal year have been delayed or accelerated due to changes in conditions, and new projects may have been added to meet future demands as a result of these changes. Proposed changes and reasons for the adjustments are presented to the Board.

Operating and capital budget proposed adjustments are presented to the Board no later than February of each year. As an example, proposed budget adjustments to the fiscal year 2018-19 adopted budget will be presented to the Board at the February 2019 board meeting for consideration. Based on staff recommendations, a vote will be taken by the Board to approve or deny the proposed adjustments. Actual adjustments are documented and tracked in the District's financial management system.

Subject to approval of the annual budget by the Board, the General Manager has full charge and control over the District's expenditures to ensure that operating and capital expenditures in each fiscal year are within the budgetary guidelines and to ensure that District goals and objectives are met.

In the event the General Manager determines that an emergency situation, as defined by the District's Administrative & Ethics Code Section 3.2.1., exists and requires immediate action, the General Manager shall have the power, without Board action, to enter into contracts or agreements and expend funds beyond the final approved fiscal year budget of an amount not to exceed \$1 million.

#### FINANCIAL POLICY

## **Introduction**

The financial policy document, comprised of individual yet cohesive policies, incorporates many of the District's financial management practices that are used by District staff as guidelines for operational and strategic decision making related to current and future financial matters.

The purpose of establishing these policies is to identify acceptable and unacceptable courses of action, thus establishing parameters in which the District can operate as well as providing a standard against which the District's fiscal performance can be reviewed. Some policies are flexible when they are utilized by District staff as performance measurement tools to monitor the District's finances; others are restrictive to emphasize accountability.

Due to the above reasons, these policies are drafted as a living document to maintain their effectiveness in order to accommodate changes. District staff and Board members review these policies on an annual basis to accommodate minor changes to the existing financial policy or major shifts in financial priorities, as approved by the District's Board of Directors at its sole discretion.

The District's financial policies encompass the following functional areas:

- Operating Budget Policy
- Revenues and Expenditures Policy
- Board Designated Fund Balances Policy: Restricted and Designated Funds
- Debt Management Policy
- Investment Policy

## **Operating Budget Policy**

The operating budget policy answers some basic questions such as: How is the budget developed? Who is involved in the budget process? What does the budget include?

## **Budget Development**

The District's budget is developed in accordance with the priorities which are linked to the District's financial and strategic plans set forth in the District's mission and long-term goals and objectives. These are found in the District's comprehensive master plans, the long-term financial plan, the needs of the community, and federal and state laws. Current priorities/service levels are established and included in each department's goals and objectives.

Board guidelines with respect to the District's budget are as follows:

- The budget should support the District's mission statement, strategic goals, and critical priorities.
- There should be no deferment of critical maintenance.
- The budget should be regarded as a business operating plan.
- The budget should be balanced to pay for the District's cost of providing services, debt service obligation, and capital needs of the District.
- From time to time upon recommendation of staff and authorization by the Board, the
  District shall transfer funds from its Rate Stabilization Fund into the Operating Fund to make
  all payments required by the bond covenant, including the District's operating costs, and to
  satisfy its debt service requirement (minimum 125% of debt service on senior obligations
  and 100% of debt service on all obligations).
- Expenses should be budgeted by appropriate departments to correctly identify the cost of providing various District functions and services.

## **Budget Form**

The District operating and capital budget is developed on an annual basis. Operating and capital appropriations are approved annually by the District's Board of Directors. Proposed revenues and expenditures, including debt service expenditures, are presented to the Board along with comparisons to projected expenditures for the current year and actual expenditures of the prior year.

## **Budget Calendar**

The District projects its resources on a fiscal year basis which begins July 1 and ends on the following June 30. Folders for annual budget preparations, which include forms and instructions, are prepared by the Finance department and distributed to each department manager no later than April 1 of each year. Included in each budget folder is the prior year's budget with supporting documentation, actual departmental operating expenditures, and labor analysis from March 1 of the prior year to the last day of February of the current year for better estimates. Each department head must return their budget proposals no later than 15 working days after the budget folders are distributed by the Finance department.

## **Basis of Budgeting**

The budget and accounting for the District is kept on an accrual basis. Revenues are recognized when earned, and expenses are recognized when incurred.

The District is operated as an enterprise fund, which is an accounting entity with a self-balancing set of accounts established to record the financial position and results that pertain to a specific governmental activity. The activities of enterprise funds closely resemble those of ongoing businesses in which the purpose is to conserve and add to resources while meeting operating expenses from current revenues. Enterprise funds account for operations that provide services on a continuous basis and are substantially financed by revenues derived from user charges.

## **Budget Process**

The District's budget process was developed with a series of goals and objectives in mind. These goals and objectives are communicated throughout the organization through several meetings. During the process, the Board of Directors provides priorities and guidelines to the General Manager. The General Manager will then discuss Board priorities and other future issues and concerns with department managers during staff meetings. Once goals and objectives for the upcoming year are identified, the General Manager and staff begin developing the District's budget. Where practical, the District integrates performance measurements, service levels, and productivity indicators into its adopted budget document. The General Manager continues to emphasize the importance of meeting each department's goals and objectives in order to facilitate the achievement thereof.

An increase in the operating and capital budget may result in water rate increases. In order to minimize the impact on District rates, revenue requirements are scrutinized to achieve operating efficiencies and concurrently maintain or increase customer service. Rate stabilization funds are also used to cover temporary budget shortfalls. As part of the District's cost containment efforts, staff revisits operating priorities and reviews internal procedures, including the utilization of outside services when these can offer greater competitive advantages versus internal services, and/or investing in technology to increase productivity and reduce the need for additional staff.

### **Revenues and Expenditures Policies**

Revenues and expenditures are the key drivers of the District's operations. As such, this policy is used as an aid to enable the consistent provision of essential public services. The goal of this policy is to help ensure financial stability regardless of the economic situation and to confirm for the Board that revenue and expenditure practices are consistent with the District's mission and goals.

## **Revenues Policy**

District staff is allowed to estimate the District's revenues. Revenues are estimated conservatively using an objective and analytical approach. Techniques such as historical trends, current information, and economic indicators are utilized to maintain consistency, reliability, and reasonableness. District revenues are projected ten years into the future and are updated annually to reflect emerging issues as well as ensure that the plan reflects the current fiscal environment. The District's long-term financial plan is developed to assess long-term financial implications of current and proposed policies and programs. It also serves as a financial tool for early detection of budgetary issues, allowing District staff to deal with these issues proactively.

The District's revenue policies cover two basic areas: (1) diversification and stabilization, and (2) rates and charges.

## Diversification and Stabilization

The District's revenue policy for revenue diversification and stabilization is as follows:

- Prevention of Fluctuations Maintain a diversified and stable revenue stream over time as a protection from short-run fluctuations and to reduce reliance on revenues that are not under the District's control (e.g., ad valorem taxes).
- The Use of One Time Revenues Limit use of these to the purpose for which they were intended as determined by the Board of Directors (e.g., wholesaler rebates/refunds).
- Development of New Revenue Sources Encourage development of new revenue sources, when practical, which meet the following criteria: community acceptability, competitiveness, diversity, efficiency, and fairness.

## Rates and Charges

Rates and Charges are the most important component of the District's revenue portfolio. The District utilizes user charges to fund the provision of services to its customers. The District also utilizes a cost recovery concept to determine how much in costs must be recovered from various customers. The full cost of providing various services is used as the basis for setting rates and fees to the various types of customers served. Full costs incorporate direct and indirect costs, including operations and maintenance, overhead, and charges for the use of capital facilities. Examples of the District's overhead costs include: payroll processing, accounting and administrative services, computer usage, office supplies, and other central administrative charges.

The District's Board of Directors established the following guidelines for the user rate and charge setting process:

- Rates and charges are established utilizing a generally accepted cost recovery
  methodology that is consistent and legally defensible using the following approaches:
  revenue requirement analysis, cost of service analysis, and rate design analysis.
- Rate designs shall be reflective of the District's Board of Directors' rate setting objectives.
- Rates shall be set at a level so that the District will increasingly collect more reliable revenues through a combination of system access charges and low to medium user commodity rates. It is the District's goal to collect no more than 30% of net water system revenues from fixed charges in order to promote conservation.
- Rates and charges will be reviewed and updated annually based on factors such as the impact of inflation, other cost increases, the adequacy of the coverage of costs, and current competitive rates.
- The District may make adjustments to rates and charges as the Board deems necessary, but shall adjust rates and charges so that net system revenues from such adjusted rates and charges will be sufficient at all times to meet the requirements of the debt rate covenant.

## **Expenditures Policy**

The District's expenditures reflect the Board and staff's commitment to serve present and future customers with reliable public services and their firm belief that prudent expenditure planning and accountability will ensure fiscal stability.

Expenditures are projected conservatively using an objective and analytical approach along with certain techniques such as historical trends, current information, and economic indicators in order to maintain consistency, reliability, and reasonableness. The District's capital and operating expenditures are projected ten years into the future; this projection is referred to as the Long-Term Financial Plan (LTFP). The LTFP is developed based on the District's Water and Sewer Capital Improvement Programs. The LTFP is revised annually during the budget process to reflect changes in construction costs, economic conditions, project estimates, and/or key financial assumptions. The District uses the LTFP as a tool for early detection of project financing issues, enabling staff to deal with these issues proactively.

The basic components of the District's expenditure policies are broken down into two functional areas: Maintenance of Capital Assets and Review of Services.

## **Maintenance of Capital Assets**

Maintaining a reliable transmission and distribution system as well as a sustained capital program is simply not possible without reliable funding sources. For this reason, prudent financial planning is imperative to an effective capital improvement program. The District uses the "pay as you go" (PAYGO) method to fund the District's capital improvement program and maintenance of its capital assets. A fixed annual amount, called the annual capital funding requirement, is projected by staff and is included in the District's annual revenue requirement to be collected from rates and charges. The annual contributions are then accumulated and kept in the District's capital fund to be spent and withdrawn for District betterment and replacement projects over the 10-year period.

The following elements of the Expenditures Policy reflect the District's philosophy to perform ongoing maintenance of capital investments once they are purchased and capitalized:

- Financial Consistency with the Board-approved 10-year Capital Spending Plan.
- Maintain consistency of allocation of resources for programs to carry out the District's mission and goals on behalf of its customers.
- Within available resources each fiscal year, the District shall maintain capital assets and infrastructure at a satisfactory level to protect the District's investments, to minimize future replacement and maintenance costs, and to continue service levels.

## **Review of Services**

The Expenditure Policy is used by staff to prompt a review of services in order to confirm that the services are being provided as effectively and efficiently as possible. The District's Review of Services policies include the following elements:

- Encourage greater efficiency and effectiveness of the delivery of services by sharing resources and coordinating with other public and private organizations.
- Utilize technology and productivity advancements that will help reduce or avoid increasing personnel costs, when feasible.
- Control personnel costs as a proportion of total budget to use available resources more creatively and productively.

## **Board Designated Fund Balances Policy**

This policy represents public affirmation of the Board's commitment to financial prudence and careful stewardship of community assets. This policy shall cover only the District's Non-Restricted Funds: Operating Fund, Capital and Equipment Fund, and Rate Stabilization Fund. These funds are designated by the District's Board to carry out specific purposes, ensuring prudent management of the District's financial resources, and are used by District staff as parameters within which the Board expects staff to operate.

The Board Designated Fund Balances policy has three primary goals:

- To provide adequate funding to meet the District's short-term and long-term plans and commitments to its customers.
- To minimize adverse annual and multi-year budgetary impacts from anticipated and unanticipated expenditures, thus avoiding future rate fluctuations.
- To preserve the financial stability of the District against present and future uncertainties in an ever-changing environment.

All fund balances will be subject to review by the Board when the District's annual financial audit is completed. At that time, staff will present to the Board a recommendation on the handling of these funds.

## Water - Operating (Revenue) Fund

Purpose: To ensure cash resources are available to pay for day-to-day operations,

including water purchases, to pay annual debt service, and to provide funding in case of operating emergencies and unforeseen circumstances.

Target Balance: A minimum balance of 60 days of the current fiscal year's projected potable

water operating expenditures shall be maintained in this fund. The maximum amount in this fund shall not exceed 120 days of the current fiscal year's projected potable water operating expenditures. Monies in the Operating Fund in excess of the 120-day maximum balance will be transferred from the Operating Fund into the Rate Stabilization Fund, with Board approval, as long as the Rate Stabilization Fund is below its maximum. Any excess over the maximum amount in the Rate Stabilization Fund shall be reported to the Board at the first monthly regular Board meeting with a staff recommendation as to the handling of the excess funds. A cash balance

below the minimum target balance shall also be reported with specific notes  $% \left( 1\right) =\left( 1\right) \left( 1\right$ 

to the Board on a regular basis.

Methodology: Due to the timing difference between the dates when cash is collected and

spent, the District is required to maintain sufficient cash on hand to meet its day-to-day cash disbursements, such as payroll and water purchases, and to provide funding for emergency operating expenditures due to unforeseen situations, such as natural disasters or any other unanticipated expenses that

will result in an unexpected increase in the District's expenditures.

Use of Funds: These funds will be used to pay for day-to-day projected water operations

expenditures and any unexpected expenses or emergencies due to the

timing difference between cash being collected and spent.

Contributions: Additions to this fund come from any excess in water operations (revenues

over expenses) after annual cash contributions to both the Capital and Equipment and Rate Stabilization funds. When revenue in the Operating

Fund is not sufficient to meet the District's debt service coverage

requirements, funds will be transferred from the Rate Stabilization Fund into

the Operating Fund. The adequacy of this fund will be reviewed on a yearly

basis after the annual financial audit is completed.

## Water - Capital and Equipment Fund

Purpose: To provide funding for the District's long-term capital betterment and

replacement program as listed in the Water Master Plan. The District funds

its capital needs for maintaining and replacing its potable water

infrastructure on a PAYGO basis by transferring funds collected from water

charges annually.

Target Balance: A minimum balance equal to one fiscal year of approved capital expenditures

> based on the District's Long-Term Capital Spending Plan shall be maintained in this fund. The maximum in this fund shall not exceed five fiscal years of approved capital expenditures based on the District's Long-Term Capital Spending Plan. Any excess over the maximum amount in this fund shall be reported to the Board at the first regular monthly Board meeting after the excess occurs. Staff will provide a recommendation on the handling of these excess funds. Any cash balance below the minimum target balance shall also

be reported with specific notes to the Board on a regular basis.

Methodology: The District follows a Water Master Plan which outlines capital betterment

and replacement needs for the next twenty years based on anticipated

growth within the District's service area.

Use of Funds: The funds will be used to improve, acquire, and replace water infrastructure,

> reservoirs, and to make small capital purchases including trucks, office and field equipment, and computers as identified in the annual capital budget and long-term capital plan approved by the Board. For water capacity

> expansion projects, a combination of funds from the connection fee reserves (to pay for the expansion portion) and capital improvement funds (to

> enhance existing water service) will be used depending upon the appropriate

cost allocations.

Contribution: Cash transfers from the Operating Fund based on the annual capital funding

> requirement to finance identified capital projects in the Water Master Plan. Any excess over the maximum amount in this fund shall be reported to the Board at the first regular monthly Board meeting after the excess occurs.

> Staff will provide a recommendation on the handling of these excess funds.

## Water - Rate Stabilization Fund

Purpose: To protect the District's financial condition and its ability to pay debt service

installment payments when revenue shortfalls occur due to weather conditions, economic shortfalls, changes in state and federal legislation, or other future uncertainties, enabling the District to avoid the need for rate

spikes.

Target Balance: A minimum of 25% of the average estimated net water sales for the current

year's water operating budget shall be maintained in the Rate Stabilization Fund. The maximum amount in the Rate Stabilization Fund shall not exceed 50% of the average estimated net water sales for the next two fiscal years. Any excess over the maximum amount in this fund shall be reported at the next regular Board Meeting with staff's recommendation on the handling of

these excess funds.

Methodology: The District relies on water commodity revenues to pay for costs to deliver

water and provide service to its customers. This fund allows for financial flexibility to manage water sales fluctuations due to uncontrollable conditions such as prolonged wet or dry weather, enabling the District to

stabilize rates from year to year.

Use of Funds: These funds are used to mitigate the immediate need to raise water rates in

the event of cash flow reductions from operations so that the District has the ability to meet its debt service coverage ratio and so as to minimize the need

to raise water rates.

Contributions: Any excess from the Water Operating Fund after annual contributions to the

Capital and Equipment Fund. Contributions to this fund can only be made with Board approval and are reviewed by District staff during the annual budget process. By maintaining an adequate balance in this fund, the District can experience years when revenues fluctuate (e.g., due to drought or wet weather) without the need to raise rates. By decreasing this fund, the District becomes less stable and, therefore, more vulnerable to future rate increases. The Board must determine the level of risk it is willing to assume

for the Rate Stabilization Fund as part of the annual budget process.

## Wastewater - Operating (Revenue) Fund

Purpose: The District receives the majority of its sewer revenues in December and

April when customers pay their property tax bills. Because of the timing difference between sewer fee collections and expenditures, the District must have cash resources available to pay for day-to-day Wastewater operations

and possible operating emergencies.

Target Balance: A minimum of 180 days of the next fiscal year's Wastewater operating

budget shall be maintained in this fund. The maximum in this account shall not exceed 365 days of the next fiscal year's operating budget. When the annual financial audit is completed, net wastewater income from the prior year will be transferred from the Operating Fund to the Wastewater Rate Stabilization Fund as long as the Wastewater Rate Stabilization Fund is below

its allowed maximum. Any excess over the maximum amount in the

Wastewater Rate Stabilization Fund shall be reported to the Board at the first regular Board Meeting with staff's recommendation on the handling of these excess funds. Any cash balance below the minimum target balance shall also

be reported with specific notes to the Board on a regular basis.

Methodology: Wastewater revenues are collected through the County Tax Collector's office

at the same time that property tax bills are paid by District customers (the majority of which are collected on December 10 and April 10). Due to the timing of these receipts, the District needs to have sufficient cash on hand to

pay for day-to-day Wastewater operating expenses.

Use of Funds: These funds will be used to pay for operating expenditures according to the

Board-approved operating budget and for any operating emergencies or

unanticipated expenditures.

Contributions: Additions to this fund are a result of net income from Wastewater operations

(revenue over expenses) after annual cash transfers to the Capital

Improvement Fund and Wastewater Rate Stabilization Fund.

## **Wastewater - Rate Stabilization Fund**

Purpose: To protect the District's financial resources against economic shortfalls or an

unexpected increase in expenditures, including sewage spill clean-up costs, a penalty imposed by the Regional Water Quality Control Board when sewage spills occur, or an emergency repair to damaged sewer facilities following natural disasters or other unforeseen emergencies. These conditions can

lead the District to operating deficits.

Target Balance: A minimum of 25 percent of the current year's approved Wastewater

operating budget shall be maintained in this fund. A maximum of 100 percent of the average of the next four (4) years' Board-approved

Wastewater operating budget is permitted. Any excess over the maximum amount in this fund shall be reported at the next regular Board meeting with

staff's recommendation on the handling of these excess funds.

Methodology: This fund will be available to minimize the need for sewer rate increases as

well as for spending changes during the fiscal year. It can also be used to

stabilize rates from year to year.

Use of Funds: These funds will be transferred to the Wastewater Operating Fund when the

Operating Fund cash level is below the minimum target in order to mitigate

the immediate need to raise Wastewater charges.

Contributions: Contributions to this fund can only be made with Board approval and are

reviewed by District staff during the annual budget process. By maintaining an adequate balance in this fund, the District can avoid operating deficits due

to major unexpected expenditures without the need to raise rates. By decreasing this fund, the District becomes less stable and, therefore, more vulnerable to risk. The Board must determine the level of risk that it is willing

to assume for the Rate Stabilization Fund as part of the annual budget

process.

## **Wastewater - Capital and Equipment Fund**

Purpose: To fund the improvement, acquisition, and replacement of Wastewater

plants and infrastructure.

Target Balance: A minimum balance of two years' average present value of the approved 10-

year Wastewater capital improvement spending shall be maintained in the Capital and Equipment Fund. The maximum in this fund shall not exceed five years' average present value of the approved 10-year Wastewater capital improvement spending plan. Any excess over the maximum amount in this fund shall be reported to the Board at its next regular Board meeting with staff's recommendation on the handling of these excess funds. Any cash balance below the minimum target balance shall also be reported with

specific notes to the Board on a regular basis.

Methodology: The District follows the Long-Term Financial Plan that outlines major

infrastructure/facility replacement and betterment project spending plans

for the next ten years within the District's sewer service area.

Use of Funds: The funds will be used to improve, acquire, and replace Wastewater facilities

as identified in the Wastewater Long-Term Capital Improvement Program. For Wastewater expansion and betterment projects, a combination of Connection (Capacity) Fee reserves and Capital Improvement Fund reserves may be used depending upon project cost allocations. The expansion portion of the project will be funded through Connection (Capacity) Fee reserves. The portion of the project to enhance existing sewer services will be funded

through the Capital Improvement Fund.

Contribution: Cash transfers from the Operating Fund based on the annual capital funding

requirement collected through Wastewater fees and charges. If the Operating Fund has monies in excess of the maximum balance after the annual financial audit is completed, funds may, with Board approval, be transferred from the Operating Fund to this fund as long as the Capital and

Equipment Fund is below its allowed maximum.

#### **DEBT MANAGEMENT POLICY**

### **INTRODUCTION**

The District's overriding goal in issuing debt is to respond to and provide for the infrastructure and capital project needs of its customers while ensuring that debt is issued and managed prudently in order to maintain a sound fiscal position and protect credit quality. The District issues debt instruments, administers District-held debt proceeds, and makes debt service payments, acting with prudence and diligence while giving attention to prevailing economic conditions. This policy documents the District's goals for the use of debt instruments and provides guidelines for the use of debt for financing the District's infrastructure and project needs.

The District believes that debt is an equitable means of financing projects and represents an important means of providing for the infrastructure and project needs of its customers. Debt will be used to finance projects (i) if it meets the District's goal of equitable treatment of all customers, both current and future, (ii) if it is the most cost-effective means available to the District, and (iii) if it is fiscally prudent, responsible, and diligent under the prevailing economic conditions. The PAYGO method of using current revenues to pay for long-term infrastructure and other projects is often considered the preferred means of financing when sufficient revenues and reserves are available and long-term borrowing rates are higher than the expected Cash Reserve Fund earnings. The District will endeavor to pay for all infrastructure and other projects from a combination of current revenues, available reserves, and prudently issued debt.

The District's debt management policy is designed to:

- Establish parameters for issuing debt;
- Provide guidance to decisions makers:
  - with respect to all options available to finance infrastructure and other capital projects;
  - o so that the most prudent, equitable, and cost-effective method of financing can be chosen;
- Document the objectives to be achieved by staff, both prior to issuance and subsequent to issuance;
- Promote objectivity in the decision-making process; and
- Facilitate the financing process by establishing important policy decisions in advance.

The District will adhere to the following legal requirements for the issuance of public debt:

- The state law which authorizes the issuance of the debt;
- The federal and state laws which govern the eligibility of the debt for tax-exempt status;
- The federal and state laws which govern the issuance of taxable debt;
- The federal and state laws which govern disclosure, sale, and trading of debt.

## I. GENERAL MANAGEMENT POLICIES

The District will provide for a periodic review of its financial performance relative to the financial policies outlined herein. These financial policies will be taken into account during the capital planning, budgeting, and rate setting processes.

In recognition of periodic changes in the cost of providing service to system users, service costs and fees will be reviewed annually and adjusted commensurately.

The District will present any proposed adjustments to existing rates, fees, and charges at public meetings and will consider recommendations and input from the public as it relates to such proposed changes.

All District funds will be invested according to the Annual Statement of Investment Policy of the District.

Necessary appropriations for annual debt service requirements will be routinely included in the District's annual budget.

The District will maintain proactive communication with the investment community, including rating agencies, credit enhancers, and investors, to ensure future capital market access at the lowest possible rates.

### II. FINANCIAL MANAGEMENT POLICIES

The District utilizes a Comprehensive Master Plan to determine its long-term infrastructure and other project needs for the next twenty years. The District's Master Plan is updated at least every five years, or more frequently when necessary. The District evaluates each project in relation to established levels of reserves, the current rate structure, expected asset life/replacement timelines, and available revenue sources to ensure that adequate financial resources are available to support the District's financial obligations.

The District's Debt Management Policies, Goals and Policies for Community Facilities Districts, Board Designated Fund Balance Policies, Revenue and Expenditure Policies, and Investment Policy are integrated into the decision-making framework utilized in the budgeting and capital improvement planning process. As such, these policies outline the District's approach to debt management.

The District will evaluate financing for each capital project on a case-by-case basis.

The District will seek to pay for all capital projects from current revenues and available reserves prior to or in combination with the use of debt.

The District will seek to issue debt only when there is an identified source of repayment. Debt will be issued to the extent that (i) projected fixed revenues are sufficient to pay for the proposed debt service, together with all existing debt service covered by such fixed revenues, or (ii) additional projected revenues have been identified as a source of repayment in an amount sufficient to pay for the proposed debt.

Debt issuance for a capital project will not be considered unless such issuance has been incorporated into the District Comprehensive Master Plan.

User fees and water rates will be set at adequate levels, which are fair and nondiscriminatory, to generate sufficient revenues to pay all operating and maintenance costs, maintain sufficient operating reserves, and pay debt service costs, if necessary.

Property assessment and connection fees will be maintained at a level sufficient to finance a portion of growth-related capital costs and cover related annual debt service requirements.

Property assessments will also be utilized to finance a portion of replacement costs and related annual debt service payments.

### **III. DEBT AND CAPITAL MANAGEMENT POLICIES**

The following policies formally establish parameters for evaluating, issuing, and managing the District's debt. The policies outlined below are not intended to serve as a list of rules to be applied to the District's debt issuance process; rather, these serve as a set of guidelines to promote sound financial management.

In issuing debt, the District's objective will be to:

- Achieve the lowest cost of capital.
- Ensure ratepayer equity.
- Maintain high credit ratings and access to credit enhancement.
- Preserve financial flexibility.

## Standards for Use of Debt Financing

When appropriate, the District will use long-term debt financing to: achieve an equitable allocation of capital costs/charges between current and future system users; to provide more manageable rates in the near and medium term; and to minimize rate volatility.

For growth-related projects, debt financing will be utilized, as needed, to better match the cost of anticipated facility needs with the timing of expected new connections to the system and spread the costs evenly over time.

The District shall not construct or acquire a facility if it is unable to adequately provide for the subsequent annual operation and maintenance costs of the facility throughout its expected life.

Capital projects financed through debt issuance will not be financed for a term longer than the expected useful life of the project.

Lease Agreements, Installment Sale Agreements, and Certificates of Participation shall be considered forms of long-term debt. Although these forms of alternative financing are subject to annual appropriation, they shall be treated as long-term fixed rate debt until maturity.

## **Financing Criteria**

Each debt issuance should be evaluated on an individual basis within the framework of the District's long-term financial plan as well as within the context of the District's overall financing objectives and current market conditions.

The District will evaluate alternative debt structures (and timing considerations) to ensure the most cost-efficient financing under prevailing market conditions.

Credit Enhancement – The District will consider the use of credit enhancement on a case-by-case basis. Only when clearly demonstrable savings can be realized shall credit enhancement be utilized.

Cash-Funded Reserve vs. Surety – The District may purchase a surety policy or replace an existing cash-funded Debt Service Reserve Fund when deemed prudent and advantageous. The District may permit the use of guaranteed investment agreements for the investment of reserve funds pledged to the repayment of any District debt when it is approved by the Board of Directors.

*Call Provisions* – In general, the District's securities should include optional call provisions. The District will avoid the sale of non-callable, long-term fixed rate bonds, absent careful evaluation of the value of the call option.

Additional Bonds Test/Rate Covenants – These are established to efficiently balance a strong credit rating and the cost of such covenants to ratepayers. The amount and timing of debt will be planned to comply with the additional bonds tests and rate covenants outlined in the appropriate legal and financing documents as well as these policies.

Short-Term Debt – The District may utilize short-term borrowing to serve as a bridge for anticipated revenues, construction financing, or future bonding capacity.

Use of Variable Rate Debt – The District will not issue variable interest rate debt unless: (i) the proposed debt (a) can be converted to a fixed rate, or (b) is hedged (the District has an offsetting position or investment to insulate itself from adverse interest rate changes, either for an interim period or to maturity) by use of a put-type mode, swap agreement, or hedging mechanism (e.g., interest rate cap); or (ii) all outstanding (unhedged) variable rate debt, including the proposed new variable debt, does not exceed 100% of the District's "hedge position" in aggregate. For this purpose, the District's hedge position will be calculated as the District's unrestricted cash reserves multiplied by 130%.

*Use of Swaps & Derivatives* – The use of any swap agreement in conjunction with the issuance or management of debt instruments will be governed by the District's Investment Policy.

Investment of Bond Proceeds - Bond proceeds will be invested in accordance with the permitted investment language outlined in the bond documents for each transaction, unless further restricted or limited in the District's Investment Policy. The District will seek to maximize investment earnings within the investment parameters set forth in the respective debt financing documentation. The reinvestment of bond proceeds will be incorporated into the evaluation of each financing decision, specifically addressing the arbitrage/rebate position and evaluating alternative debt structures and refunding savings on a "net" debt service basis, where appropriate.

## **Refinancing Outstanding Debt**

The District shall have the responsibility to evaluate potential refinancing opportunities presented by underwriting and/or financial advisory firms. The District will consider the following issues when analyzing potential refinancing opportunities:

Debt Service Savings – The District shall establish a target savings level equal to 3% of par refunded on a net present value (NPV) basis. This figure should serve only as a guideline. The District must evaluate each refinancing opportunity on a case-by-case basis and must take into consideration the following:

- Time to maturity
- Size of the issue
- Current interest rate environment
- Annual cash flow savings
- Value of the call option

The decision to take all savings upfront or on a deferred basis must be explicitly approved by the District's Ad Hoc Board Finance Committee, any District auditing committee, and the District's Board of Directors.

Restructuring – The District may seek to refinance a bond issue on a non-economic basis, e.g., in order to restructure debt, mitigate irregular debt service payments, accommodate revenue shortfalls, release reserve funds, comply with and/or eliminate rate/bond covenants, or terminate a swap.

Term/Final Maturity – The District may consider extending the final maturity of the refunding bonds in order to achieve a necessary outcome, provided that such extension is legal. The term of the bonds should not extend beyond the reasonably expected useful life of the asset being financed. The District may also consider shortening the final maturity of the bonds. The remaining useful life of the assets and the concept of inter-generational equity should guide these decisions.

Escrow Structuring – The District shall utilize the least costly securities available in structuring each escrow. A certificate will be required from a third party agent who is not acting as a broker-dealer, stating that the securities were purchased through an armslength, competitive bid process (in the case of open market securities), that such securities were more cost effective than State and Local Government Series Securities (SLGS), and that the price paid was reasonable and within Federal guidelines.

When evaluating the economic viability of an economic versus legal defeasance, the District shall take into consideration both the financial impact on a net present value basis as well as the rating/credit impact. The District shall take all necessary steps to optimize the yield on its refunding escrows investments and avoid negative arbitrage.

#### **Method of Issuance**

The District will determine, on a case-by-case basis, whether to sell its bonds competitively or through negotiation.

Competitive Sale – In a competitive sale, the District's bonds shall be awarded to the bidder providing the lowest true interest cost ("TIC"), as long as the bid adheres to requirements set forth in the official notice of sale.

*Negotiated Sale* – The District recognizes that some securities are best sold through negotiation. In consideration of a negotiated sale, the District shall assess the following circumstances:

- Issuance of variable rate or taxable bonds;
- Complex structures or credit considerations (such as non-rated bonds) which require a strong pre-marketing effort. Significant par value, which may limit the number of potential bidders' unique/proprietary financing mechanism (such as a financing pool) or specialized knowledge of financing mechanisms or processes;
- Market volatility, such that the District would be better served by flexibility in the timing of its sale in a changing interest rate environment;
- An underwriter's identification of new financing opportunities or presentation of alternative structures that financially benefit the District; and/or
- An underwriter's familiarity with the project/financing which enables the District to take advantage of efficiency and timing considerations.

Private Placement – From time to time the District may elect to issue debt on a private placement basis. Such method shall be considered if it is demonstrated to result in cost savings or provide further advantages relative to other methods of debt issuance, or if it is determined

that access to the public market is unavailable and timing considerations require that financing be completed.

#### Market Communication, Debt Administration and Reporting Requirements

Rating Agencies – The Finance Manager shall be responsible for maintaining the District's relationships with Standard & Poor's Ratings Services, Fitch Ratings, and Moody's Investment Service. The District may, from time to time, choose to deal with one, two, or all of these agencies as circumstances dictate.

In addition to general communication, the Finance Manager shall: (1) meet or confer with credit analysts at least once each fiscal year, and (2) prior to each competitive or negotiated sale, offer conference calls with agency analysts in connection with the planned sale.

Board Communication – The Finance Manager shall include in an annual report to the Board of Directors feedback from rating agencies and/or investors regarding the District's financial strengths and weaknesses and recommendations for addressing any weaknesses.

Continuing Disclosure – The District shall remain in compliance with Rule 15c2-12 by filing its annual financial statements and other financial and operating data for the benefit of its bondholders within 270 days of the close of the fiscal year. The inability to make timely filings must be disclosed and would be a negative reflection on the District. While also relying on a timely audit and preparation of the District's annual report, the Finance Manager will ensure the District's timely filing with each Nationally Recognized Municipal Securities Information Repository.

Record-Keeping – A copy of all debt-related records shall be retained at the District's offices. At a minimum, these records shall include all official statements, bid documents, bond documents/transcripts, resolutions, trustee statements, leases, and title reports for each District financing (to the extent available). To the extent possible, the District shall retain an electronic copy of each document, preferably in pdf or CD-ROM format.

Administration of Bond Proceeds – The Finance Manager shall review the balances of bond proceeds held either directly at the Agency or by the Bond Trustee at least twice annually. Any expenditure of bond proceeds shall be reviewed for conformance with intended uses. Timely expenditure of bond proceeds shall be monitored and ensured to the extent feasible. Any material delays, cost savings, or other issues which result in the bond proceeds being expended more than 5 years after the original issuance date shall be documented.

Arbitrage Rebate – The use of bond proceeds and their investments must be monitored to ensure compliance with all Internal Revenue Code Arbitrage Rebate Requirements. The Finance Manager shall ensure that all bond proceeds and investments are tracked in a manner which facilitates accurate calculation. If a rebate payment is due, such payment shall be made in a timely manner.

#### INVESTMENT POLICY

#### I. INTRODUCTION

The purpose of this document is to identify policies and procedures that shall govern the investment of all District funds. The ultimate goal of this policy is to enhance the economic status of the District while protecting its funds. These policies shall be followed by the Treasurer in making all investment decisions on behalf of the District.

The Board of Directors of the District has delegated authority to invest funds on behalf of the District to its Treasurer for one (1) year. The Treasurer is required to provide a monthly report of all District investments to the Board. The Treasurer's authority to make investments for the District under this policy is limited to a one (1) year term expiring on December 31, 2018. This authority may be renewed annually at the discretion of the Board of Directors of the District.

This investment policy is intended to guide the Treasurer in the investment of all District funds. These investment policies have four primary goals:

- 1. To ensure that all District investments comply with federal, state, and local laws governing the investment of all District funds;
- 2. To recognize that the primary objective of all District investments is to safeguard the principal invested;
- 3. To recognize that the second objective of all District investments is to meet the liquidity needs of the District; and
- 4. To maximize the return on all District investments keeping in mind that safeguarding the principal and providing liquidity are more important objectives than the return obtained.

#### II. SCOPE

This investment policy shall cover all funds and investment activities under the direct authority of the District, except for the employee's retirement and deferred compensation funds, bank checking accounts, and Bond Project and Reserve Funds.

#### III. OBJECTIVES

- A. <u>Safety.</u> It is the primary duty and responsibility of the Treasurer to protect and preserve the principal of all District funds and investments. Prior to investing any District funds, the investment shall be evaluated by the Treasurer to ensure that capital losses are avoided whether from institution default, broker-dealer default, or erosion of the market value of the securities. The Treasurer shall evaluate, or cause a qualified professional to evaluate, each potential investment of District funds to verify that the issuer is financially strong and there is adequate security as collateral for each investment sufficient to protect the principal being invested. The Treasurer shall diversify District investments so as to reduce the exposure to principal loss.
- B. <u>Liquidity.</u> An adequate percentage of all District investments shall be maintained at all times in liquid short-term securities which can be converted to cash if necessary to meet the District's financial obligations. The Treasurer should consider the District's liquidity needs over the next year in determining the amount that should be maintained in short-term instruments. Since all future cash requirements of the District cannot be anticipated, the Treasurer shall, at all times, invest a portion of all District investments in liquid short-term securities that are readily tradable so as to meet the ongoing liquidity needs of the District. These short-term securities shall be selected in a manner that minimizes market risk and provides for the anticipated needs of the District over the next year.
- C. Return on Investments. The Treasurer should invest all District funds in investments that maximize the return for the District keeping in mind that safeguarding the principal and providing liquidity are more important objectives than the return obtained. All investment decisions made by the Treasurer shall be, first, to ensure the protection of the principal of all District funds and investments, second, to provide adequate liquidity for the District's future needs, and third, to maximize return where possible without jeopardizing the principal or creating liquidity problems for the District.
- D. Market-Average Rate of Return. The investment portfolio shall be designed to attain a market-average rate of return throughout economic cycles, taking into account the District's risk and liquidity constraints, the cash flow characteristics of the portfolio, State laws limiting District investments, and ordinances or resolutions that restrict investments. To determine if the District is attaining its return objectives, the Treasurer will periodically review the portfolio's performance against an appropriate benchmark(s).
- E. <u>Diversification</u>. The investment portfolio shall be diversified to avoid incurring unreasonable and avoidable risks regarding specific security types or individual financial institutions. The amount invested by the Treasurer in a particular security at any time shall not exceed the limitations contained in Section VII of this Investment Policy.

F. Prudence. The District adheres to the guidance provided by the "Prudent Investor Rule," California Government Code (Sec. 53600.3), which obligates a fiduciary to ensure that investment decisions be made with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency.

The Treasurer and all other individuals assigned to manage the District's investment portfolio, acting within the intent and scope of the investment policy and other written procedures and exercising due diligence, shall be relieved of personal responsibility and liability for an individual security's credit risk or market price changes, provided deviations from expectations are reported monthly and appropriate action is taken to control adverse developments.

- G. <u>Public Trust.</u> All participants in the investment process shall act as custodians of the public trust. Investment officials shall recognize that the investment portfolio is subject to review and evaluation by the Board. The overall program shall be designed and managed with a degree of professionalism that is worthy of the public trust. In a diversified portfolio, it must be recognized that occasional measured losses are inevitable, and these losses must be considered within the context of the overall portfolio's investment return, provided that adequate diversification has been obtained.
- H. Risk Tolerance. The District recognizes that investment risks can result from issuer defaults, market price changes, or various technical complications leading to temporary illiquidity. Portfolio diversification is employed as a way to control risk. The Treasurer is expected to display prudence in diversifying the District's investments as a way to minimize default risk. No individual investment transaction that jeopardizes the total capital position of the overall portfolio or exceeds the investment limitations contained in Section VII of this policy shall be undertaken by the Treasurer. The Treasurer shall periodically establish guidelines and strategies to control risks of default, market price changes and illiquidity.

Risk will also be managed by subscribing to a portfolio management philosophy that helps to control market and interest rate risk by investing to ensure required liquidity and appropriate term. This philosophy also prohibits trading losses (for speculative purposes) unless there is a sudden need for liquidity and the need cannot be satisfied by any other means. Loss of principal will only be acceptable if economic gain can be conclusively demonstrated.

Controlling and managing risk is the foremost portfolio management objective. The District strives to maintain an efficient portfolio by providing for the lowest level of risk for a given level of return. This acceptable level of return has been quantified as a return that is consistent with the rolling average of the 2-year Constant Maturity Treasury yields. In addition to these general policy considerations, the following specific policies will be strictly observed:

- 1. All book-entry transactions will be executed on a delivery-versus-payment basis.
- 2. A competitive bid process, when practical, will be used to place all investment purchases and to minimize investment costs.

#### IV. DELEGATION OF AUTHORITY

The investment of District money is delegated to the Treasurer by the Board of Directors for one year ending December 31, 2018. The Treasurer may delegate the day-to-day operations of investing to his/her designee(s), but not the responsibility for the overall investment program. At least once each quarter, a sub-committee of the Board shall meet with the General Manager or his/her designee to review the District's portfolio and provide guidance for future investments. All transactions will be reviewed by the Treasurer on a regular basis to assure compliance with this Statement of Investment Policy and a monthly report shall be provided to the Board on all District investments.

#### V. REPORTING

Although it is no longer required for the Treasurer of a local agency to annually render a statement of investment policy to the legislative body and submit a quarterly investment report to the legislative body (Government Code Section 53646 (b)), the District Treasurer and General Manager shall submit a monthly investment report to the Board of Directors. This report shall include: type of investment, issuer, date of maturity, the par and dollar amount invested on all securities, the total amount of all investments and monies held by the District, a description of any District funds being held or managed by other persons or entities, the coupon and current yield of all securities, a statement that there are or are not sufficient funds to meet the District's obligations for the next six (6) months, and accrued interest receivable. The monthly statement shall also indicate the District's anticipated liquidity needs for the next six (6) months, the ability of the District's investments to meet these anticipated liquidity needs, and a monthly list of transactions, which is required under Government Code 53607 whenever investment authority is delegated by the Board. Additional items listed will also include average weighted average days to maturity, maturity date, purchase date, percentage distribution to each type of investment, and a statement indicating compliance or noncompliance of all District investments with this Statement of Investment Policy. All investments not complying with this investment policy shall be called to the attention of the Board and discussed as a separate agenda item during the first monthly meeting after an investment does not comply with this policy.

#### VI. AUTHORIZED INVESTMENT INSTRUMENTS

The District is governed by the California Government Code, Sections 53600 et seq. For all investment types, the purchase of zero coupon, inverse floaters, range notes, strips, mortgage derived interest-only strips, deep discount treasury bonds, or any security that could result in zero interest accrual if held to maturity is not permitted (Government Code Section 56301.6). Within the context of these limitations, the following investments are authorized:

A. <u>Local Agency Investment Fund:</u> The District may invest in the Local Agency Investment Fund established by the State Treasurer for the benefit of local agencies (Government Code Section 16429.1). The fund must have twenty-four-hour liquidity. No more than 30% of the total value of all District investments or \$20,000,000 (whichever is lesser) may be invested in Local Agency Investment Fund.

The District may also invest bond proceeds in the Local Agency Investment Fund. Liquidity for bond proceeds, per fund regulations, is thirty calendar day increments from the date of the initial deposit.

- B. <u>Treasury Securities:</u> United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest (Government Code Section 53601(b)). These investments are considered the safest possible investment available. There is no maximum portfolio limit. Maximum investment maturities in Treasury Securities shall be restricted to five years.
- C. Depository Accounts: The District may invest in insured or collateralized certificates of deposits, saving accounts, market rate accounts, or other bank deposits insured by commercial banks, savings and loans, and state or federal credit unions in California (Government Code Section 53630 et seq). A written depository contract is required with all institutions that hold District deposits. Securities placed in a collateral pool must provide coverage for at least 110 percent of all deposits that are placed in the institution. Acceptable pooled collateral is governed by California Government Code Section 53651. Real estate mortgages are not considered acceptable collateral by the District, even though they are permitted in Government Code Section 53651(m). All financial institutions are required to provide the District with a regular statement of pooled collateral. This report will state that they are meeting the 110 percent collateral rule (Government Code Section 53652(a)), a listing of all collateral with location and market value, plus an accountability of the total amount of deposits secured by the pool. Certificates of deposit, in combination with Placement Service Certificates of Deposit and Negotiable Certificates of Deposit shall not exceed 30% of the value of all District investments at any time.

Deposits, up to the federal deposit limit, are allowable in any institution that insures its deposits with the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Administration (NCUA), regardless of Moody's Investors Service or Standard & Poor's Corporation ratings. The Treasurer may waive collateral requirements for deposits of up to

the federal insurance limit. A maximum deposit of up to federal insurance limit may be deposited in any one institution without collateral. No bank shall receive District funds greater than the federal insurance limit if it has a Moody's Investor Service or Standard & Poor's Corporation rating lower than "A." Maximum investment maturity will be restricted to three (3) years.

In accordance with section 53638 of the California Government Code, any deposit shall not exceed the shareholder's equity of any depository bank, nor shall the deposit exceed the total net worth of any institution. No deposits shall be made at a state or federal credit union if a member of the Board of Directors or the General Manager or Treasurer serves on the Board of Directors or any committee appointed by the Board of Directors of the credit union.

- D. <u>Placement Service Deposit</u>: The District may invest in insured deposits placed with a private sector entity that assists in the placement of deposits with eligible financial institutions located in the United States (Government Code Section 53601.8). The full amount of the principal and the interest that may be accrued during the maximum term of each deposit shall at all times be insured by federal deposit insurance. Placement Service Deposits, in combination with Certificates of Deposit and Negotiable Certificates of Deposit shall not exceed 30% of the value of the District's investments at any time. The maximum investment maturity will be restricted to three (3) years.
- E. <u>Negotiable Certificates of Deposit:</u> Negotiable certificates of Deposit issued by a national or a state-chartered or a state or federal association or by a federally licensed or state-licensed branch of a foreign bank (Government Code Section 53601(i)). Maximum investment maturity is restricted to two years for notes rated "AA-" or higher and five years for "AAA" rated notes. Negotiable Certificates of Deposit, in combination with Certificates of Deposit and Placement Service Certificates of Deposit shall not exceed 30% of the value of all District investments at any time.
- F. <u>Commercial Paper:</u> Investment is limited to the highest grade of standalone or enhanced ("prime") commercial paper as rated by Moody's Investor Service, Standard & Poor's Corporation, or Fitch Financial Services (A1/P1/F1) issued only by a general corporation that is organized and operating within the United States, and having total assets in excess of \$500 million and has debt other than commercial paper that is rated "A" or higher by Moody's, S&P, or Fitch (Government Code Section 53601(h)). Purchases of commercial paper shall not exceed 10% of the outstanding paper of the issuing corporation. The maximum investment maturity for commercial paper shall be restricted to 270 days. Purchases of commercial paper shall not exceed 20% the total value of all District investments at any time and single-issuer holdings to no more than \$1,000,000 per issuer.
- G. <u>Medium-Term Notes:</u> Medium-term notes are corporate or bank notes with a maximum remaining maturity of 5 years or less. Investment is limited to "AA-" rated or higher notes, from a nationally recognized rating service like Moody's Investor Service or Standard and Poor's Corporation. All such notes shall be solely from corporations organized

and operating in the U.S. or banks licensed in the U.S. or any state and operating in the United States. Permissible types of notes include fixed rate and variable rate. Maximum investment maturity is restricted to two years for notes rated "AA-" or higher and five years for "AAA" rated notes. Medium term notes shall not exceed 15% of all District investments at any time.

- H. <u>Agencies:</u> The District is permitted to invest in a federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued and fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises (Government Code 53601(f)). Maximum maturity is limited to 5 years. The amount invested in agencies shall not exceed 50% of all District investments at any time.
- I. Money Market Funds: Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 and following) (Government Code 53601(I)(2)). Investments are limited to those money market funds that invest in U.S. Treasuries, Federal Agency obligations, and repurchase agreements relating to such obligations. Funds must have the highest ranking or the highest letter and numerical rating by not less than two nationally recognized rating services, or have an investment adviser registered with the Securities and Exchange Commission with not less than five years' experience managing money market funds with assets under management in excess of \$500,000,000. No more than 5% of the value of all District investments shall be invested in any fund and no more than 20% of the value of all District investments may be invested in all money market funds combined. Any fund shares purchased will not include any type of commission.
- J. <u>Banker's Acceptances:</u> Bankers' acceptances are bills of exchange or time drafts drawn on and accepted by a commercial bank (Government Code 53601(g)). Purchases of banker's acceptances may not exceed 180 days maturity as per Government Code Section 53601 (g). Maximum portfolio exposure will be limited to 20% of the total value of all District investments at any time and single issuer holdings to no more than 3% per issuer. Banker's acceptances shall <u>not</u> be purchased by the Treasurer without the prior approval of the Board.
- K. Repurchase Agreements and Reverse Repurchase Agreements: A Repurchase Agreement is a purchase of securities by the District under an agreement with another party who will repurchase these securities on or before a specified date and for a specified amount and the other party delivers the underlying securities to the District by book entry, physical delivery, or by third-party custodial account. A Reverse Repurchase Agreement means a sale of securities by the District under an agreement where the District will repurchase the securities on or before a specified date. While Repurchase Agreements and Reverse Repurchase Agreements are permitted by state law (Government Code 53601(j)), the Treasurer shall <u>not</u> purchase any securities under a Repurchase Agreement or a Reverse Repurchase Agreement unless it has first been approved by the Board of Directors of the

District. State law prohibits Repurchase Agreements unless the underlying value of the securities covering the Repurchase Agreement is valued at least 102% or greater of the funds borrowed against those securities and this value must be adjusted no less than quarterly. Collateral for repurchase agreements is limited to obligations of the United States government and its agencies. Reverse Repurchase Agreements are only permitted by state law where the security being sold by the District has been owned and fully paid for by the District for a minimum of thirty (30) days prior to sale. The agreement may not exceed a term of 90 days unless the agreement includes a provision guaranteeing a minimum earning or spread for the entire period between the sale of a security and the final maturity date.

The amount invested in repurchase agreements shall not exceed 20% of all District investments at any time. The amount invested in reverse repurchase agreements shall not exceed 10% of the base value of the District's portfolio at any time.

- L. <u>Local Government Investment Pool</u>: Shares of beneficial interest issued by a joint powers authority organized pursuant to Government Code Section 6509.7 that invests in the securities and obligations authorized in the Government Code (Government Code 53601(p)). Investments are limited to pools that seek to maintain a constant net asset value and which are rated "AA" or better. Local Government Investment Pools shall not exceed 30% of the value of all District investments at any time.
- M. <u>Municipal Bonds</u>: The Treasurer is authorized to invest in registered treasury notes or bonds of any of the 50 United States payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency or authority of any of the 50 United States. Such securities must have ratings from at least two of three ratings as follows: "A1" by Moody's Investors Service, or "A+" by Standard & Poor's, or "A+" by Fitch Ratings; or as otherwise approved by the Board; or

Registered general obligation treasury notes or bonds of any of the 50 United States. Such securities must have ratings from two or three rating agencies as follows: at least "A" by Moody's Investors Service, or "A-" by Standard & Poor's, or "A-" by Fitch Ratings; or as otherwise approved by the Board; or

Adjustable rate registered treasury notes or bonds of any of the 50 United States, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the 50 United States. Such securities must have ratings from at least two of three rating agencies as follows: "P-1" by Moody's Investors Service, or "A-1+" by Standard & Poor's, or "F-1+" by Fitch Ratings; or as otherwise approved by the Board; or

Adjustable rate notes or bonds warrants, or other evidences of indebtedness of any local agency within the State of California with a minimum rating of either "P-1" by Moody's Investors Service, or "A-1+" by Standard & Poor's, or "F-1+" by Fitch Ratings, including bonds, notes, warrants, or other evidences of indebtedness payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by either the

local agency, a department, board, agency, or authority of the local agency, or of any local agency within this state; or

Taxable or tax-exempt bonds, notes, warrants, or other evidences of indebtedness of any local agency within the State of California with a minimum rating of either "A1" by Moody's Investors Service, or "A+" by Standard & Poor's, or "A+" by Fitch Ratings (the minimum rating shall apply to the local agency, irrespective of any credit enhancement), including bonds, notes, warrants, or other evidences of indebtedness payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by either the local agency, a department, board, agency, or authority of the local agency, or of any local agency within this state.

The amount invested in municipal securities shall not exceed 30% of all District investments at any time.

N. <u>Permitted Investments without Board Approval</u>: The Treasurer is authorized to invest District funds in federally insured or collateralized depository accounts, the Local Agency Investment Fund, treasury securities, negotiable certificates of deposit, commercial paper, medium-term notes, agencies and money market funds meeting all requirements of this investment policy for the particular investment being purchased without prior Board approval. All other investments such as banker's acceptances, Repurchase Agreements, Reverse Repurchase Agreements, and investments in the San Diego County Investment Pool shall only occur with prior approval of the Board. The Treasurer shall ensure that all investments made on behalf of the District meet all of the minimum requirements contained in this Investment Policy.

#### VII. PORTFOLIO LIMITATIONS

Following is a listing of potential authorized investments with corresponding limitations on the amount of the District's portfolio that may be invested in each authorized investment at any given time:

Investment Description	Percentage	Dollar Limitation
	Limitation	
Local Agency Investment Fund	30%	\$20 million
Treasury Securities	None	-
Certificates of Deposit, Placement Service Deposits, and Negotiable Certificates of Deposit	30%	Placement Service Deposits may be made up to FDIC limit per financial institution
Local Government Investments Pools	30%	-
Commercial Paper	20%	No more than \$1 million per issuer

Medium Terms Notes	15%	-
Agencies	50%	-
Money Market Funds	20%	May not exceed 5% in any money market fund.
Investments Pools	30%	-
Municipal Bonds	30%	-
Bankers Acceptances	20%	No more than 3% per issuer
Repurchase Agreements	20%	-
Reverse Repurchase Agreements	10%	-

Banker's acceptances, Repurchase Agreements, Reverse Repurchase Agreements, and other investments other than those expressly permitted by subsection (L) above are permitted only with the prior approval of the Board.

The weighted average days to maturity of the total portfolio shall not exceed the liquidity requirements of the District for the next six months based on ongoing staff analyses.

In the event that the percentage limits attributable to each security type are violated due to a temporary imbalance in the portfolio, the Treasurer will make a determination as to the appropriate course of action. The appropriate course of action may be to liquidate securities to rebalance the portfolio or to hold the securities to maturity in order to avoid a market loss. Portfolio percentages are in place to ensure diversification of the investment portfolio and as such a small temporary imbalance would not violate this basic tenet. When a portfolio percentage is exceeded the Treasurer will report the violation in the Treasurer's Report at the next regularly scheduled Board meeting, with detail of the strategy determined to address the imbalance, for Board ratification. However, the Treasurer shall meet the portfolio percentages required by this investment policy at the end of each month, unless waived by the Board.

#### VIII. BOND PROCEEDS, BOND RESERVE FUNDS AND BOND SERVICE FUNDS

Investment of bond proceeds and amounts held in bond reserve and service funds are to be made in accordance with the related bond indentures.

#### IX. INTERNAL CONTROLS

Internal controls shall be designed to prevent losses of public funds arising from fraud, employee error, misrepresentation of third parties, unanticipated changes in financial markets or imprudent action by employees and officers of the District. Controls deemed most important include: control of collusion; separation of duties and administrative controls; custodial safekeeping; clear delegation of authority; management review and approval of investment transactions; specific limitations regarding securities losses and remedial action; written confirmation of telephone

transactions; minimizing the number of authorized investment officials; documentation of transactions and strategies; and code of ethical standards.

Existing procedures require all wire transfers initiated by the Finance Department be reconfirmed by the appropriate financial institution. In addition, the District's signatory resolution specifies authorized signers and number of required signatures for different disbursement transactions. Proper documentation obtained from confirmation and cash disbursement wire transfers is required for each investment transaction. Timely bank reconciliations are conducted to ensure proper handling of all transactions.

The investment portfolio and all related transactions are reviewed and balanced to appropriate general ledger accounts by the Finance Department on a monthly basis. A listing of all investment transactions is provided on a monthly basis to the Board of Directors for their approval. Current policy also requires that the Treasurer's approval is obtained for the purchase or sale of securities other than transfers to/from investment pools or money market funds.

An independent analysis by an external auditor shall be conducted annually to review internal controls, account activity and compliance with policies and procedures.

#### X. QUALIFIED BANKS AND SECURITIES DEALERS

The District shall conduct business only with nationally or state chartered banks, savings and loans or credit unions that are licensed and operating in the United States or a state of the United States, and registered investment securities dealers. The District's staff will investigate all institutions that wish to conduct business with the District prior to any District investment in the institution. All banks shall have a minimum rating of "A" by Moody's or Standard and Poor's. A list will be maintained by the Finance Manager of approved institutions and security broker/dealers. A bank rating service will be used by staff to verify financial information provided by a financial institution or dealer. Annually, the Treasurer shall transmit a copy of the current Statement of Investment Policy to all approved dealers. The dealer is required to return a signed statement indicating receipt and understanding of the District's Investment Policies. Primary dealers of the Federal Reserve may provide substitute certification language at the discretion of the Treasurer.

#### XI. ETHICS AND CONFLICTS OF INTEREST

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Additionally, the Treasurer and the Finance Manager are required to annually file applicable financial disclosures as required by the Fair Political Practices Commission (FPPC). All officers and employees involved in the investment of public funds are required to comply with the District's Conflict of Interest Code. The Treasurer and any District employees or agents evaluating any investment for the District shall disclose any interest owned or held in any institution or investment being considered by the District prior to the investment.

#### XII. BOARD DISCRETION

The District recognizes that this policy consists of guidelines designed to protect District funds and to provide liquidity for the on-going District operations. The Board of Directors may approve in a timely fashion, on an individual basis, investments which would otherwise not be in accordance with this policy, in the event of unforeseen circumstances, so long as the investment is permitted by state law.

#### XIII. SAFEKEEPING AND CUSTODY

To protect against potential losses caused by the collapse of a security dealer, all book-entry securities owned by the District, including repurchase agreement collateral previously approved by the Board, shall be kept in safekeeping with "perfected interest" by a third party bank trust department, acting as agent for the District under the terms of a custody agreement executed by the bank and by the District. All book-entry securities will be received and delivered using standard delivery-versus-payment procedures.

#### XIV. INTEREST EARNINGS

All monies earned and collected from investments authorized in this policy shall be allocated monthly to various fund accounts based on the cash balance in each fund as a percentage of the entire pooled portfolio.

#### XV. PROHIBITED INVESTMENTS

The Treasurer shall not invest any funds of the District in inverse floaters, range notes, or mortgage derived interest-only strips at any time. The Treasurer shall not invest any funds of the District in any security that could result in zero interest accrual if held to maturity (Government Code §53601.6).

#### XVI. INVESTMENT PURCHASES

Any investments that the Treasurer purchases for the District that are not purchased directly from the issuer shall be purchased either from an institution licensed by the State of California as a broker/dealer or from a member of a federally registered securities exchange, from a national or state-chartered bank, from a savings association or a federal association, or from a brokerage firm designated as a primary government dealer by the Federal Reserve Bank (Government Code §53601.5).

#### XVII. QUARTERLY REPORTS

At least once each quarter, the District's Finance Manager shall provide an oral report to the Ad Hoc Finance Committee, comprised of the District's Treasurer and one Board member, evaluating the safety of all District investments and advising the committee of any investments of the District that represent a credit risk.

#### XVIII. TREASURER'S AUTHORITY AND REVIEW OF INVESTMENT POLICY

The Authority of the Treasurer to make investment decisions on behalf of the District shall automatically expire on December 31, 2018 unless renewed or extended by formal action of the Board of Directors of the District. This Investment Policy shall be presented to the Board of Directors of the District by no later than December 31, 2018 and annually thereafter.

#### HISTORY AND COMMUNITY PROFILE



#### Map of the District's Service Area

SAN DIEGO

#### History

In the early 1800s, the area now known as Olivenhain was in Mexican territory. Through Mexican government land grants, a group of 67 German settlers, some 25 families in all, settled on a tract called Rancho Las Encinitas. On that land, the settlers established the farming colony of Olivenhain in 1884. The name "Olivenhain" (pronounced Oh-Lee-Ven-Hine) is of German origin, meaning "olive grove." Today, some area residents are descendants of the original colonists.

MAP NOT

The gradual decline of farming activity during the 1950s, combined with the importation of water to Southern California, slowly transformed the Olivenhain area into a residential community. Olivenhain Municipal Water District (District) was incorporated on April 9, 1959, for the purpose of developing an adequate water supply for the landowners and residents of the District.

The District was incorporated under the provisions of the California Municipal Water District Act of 1911, section 71000 et.seq. of the California Water Code as amended.

The District's service area is approximately 48 square miles and includes the unincorporated communities of Olivenhain, Whispering Palms, Fairbanks Ranch, Rancho Cielo, Rancho Santa Fe, and

Santa Fe Valley, and portions of the cities of Encinitas, Carlsbad, Solana Beach, San Marcos, and San Diego.

#### **Consumers**

The District provides potable water and recycled water services through approximately 28,900 meters. The majority of the District's customer meters are domestic or residential (93.0%). Other water customers include irrigation (2.6%), commercial/industrial (2.4%), recycled (1.3%), and agriculture (0.7%). Although residential customers consumed the most water provided by the District during 2017 (69.2%), the District's other customers shared more than 30% of all the water used, with irrigation and recycled customers each consuming 12.2%, commercial/industrial 3.8%, and agricultural customers 2.6% of all water consumed during the year.

The table below shows the District's top ten customers based on FY 2017 water sales.

District's principal water consumers for Fiscal Year ended 2017 <sup>1</sup>					
Customer Name	Usage (AF)	% of Water Sold			
4S Ranch Master HOA	422.43	2.32%			
The Bridges Club at RSF	367.67	2.02%			
Rancho Santa Fe Farms Golf Inc.	267.80	1.47%			
Del Mar Country Club	225.57	1.24%			
Fairbanks Country Club	202.91	1.11%			
Crosby Estates HOA	164.32	0.90%			
La Costa Oaks Association	157.83	0.87%			
Crosby National Golf Club	150.97	0.83%			
Cielo Homeowners Association	133.97	0.73%			
La Costa Glen Carlsbad CCRC LLC	131.92	0.72%			
Total top ten consumers	2,225.37	12.21%			
Other Consumers	16,003.08	87.79%			
Total water billed	18,228.45	100.00%			

Source: Olivenhain Municipal Water District

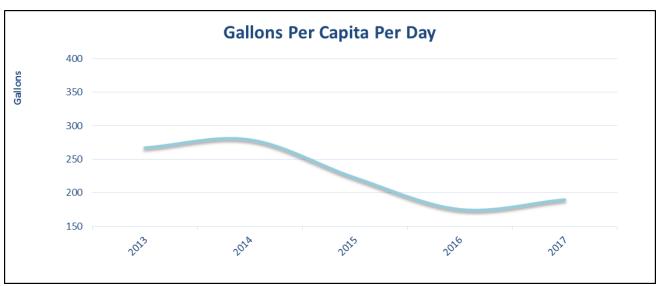
<sup>1</sup> Includes potable and recycled water

#### **Potable Water Use and Conservation**

Over the past decade, the District has followed guidelines and legislation from the state of California aimed at developing and implementing conservation strategies. The Water Conservation Act of 2009 (SB X7-7) requires the state to reduce urban water consumption by 20% by the year 2020, which led the District to begin monitoring and reporting to the California Department of

Water Resources (DWR) its gallons per capita per day (GPCD) usage. For the past five years, the District's GPCD has decreased from a high of more than 279 GPCD in 2014 to a low of 175 GPCD in 2016<sup>2</sup> (see graph below). While dry years might trigger small year to year increases in GPCD, a downward trend in potable water use is expected to continue as the District carries on its commitment to educate customers on water use efficiency, convert potable irrigation customers to recycled water, and pursue other methods of compliance to California's Executive Order B-40-17, which retains prohibitions on wasteful practices and takes measures to make water conservation way of life in the state.

On May 31, 2018, Governor Brown signed AB 1668 (2017) and SB 606 (2017), intending to build off SB X7-7 to achieve greater reduction in statewide water use. This legislation will result in a water use objective that dictates the amount of water the District will be allowed to sell, based off efficiency standards that are to be developed by 2022. The District's water use objective will be based off indoor standards, outdoor standards, and distribution system water loss. Commercial, industry, and institution (CII) water use standards will also be established, and may require separate irrigation meters and be included in the water use objective. The District will be required to calculate its water use objective and report its actual water use starting November 2023. The indoor standard has been set at 55 gallons per person per day, dropping to 50 gallons per person per day by 2030. The outdoor standard is expected to be determined based off landscape area and other data (e.g. evapotranspiration rates). The methods of determination for CII standards and system water loss standards have not been made available. The estimated cost to comply with the regulations without validation of the data is \$575,000 initially, and \$375,000 each year thereafter.



Source: District. 2014 and prior years are based on SANDAG estimates. 2015 and beyond are based on California DOF estimates.

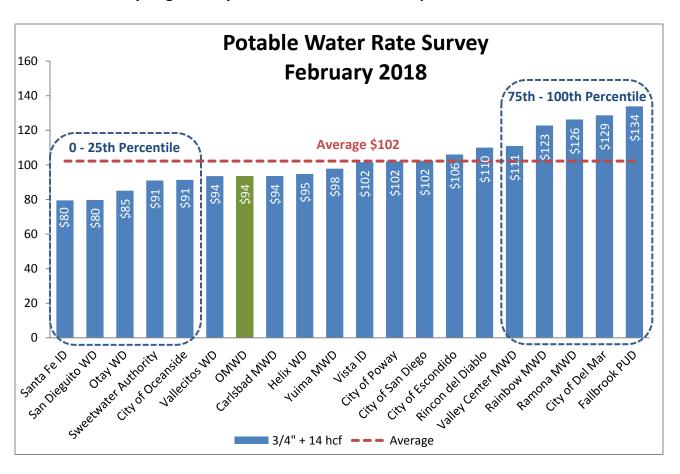
<sup>2</sup> Starting in 2015, GPCD was calculated based on California Department of Finance's adjusted population estimate.

#### **Residential Water Bill Comparison**

Although the District faces consistent increases to its wholesale water rates and charges imposed by the San Diego County Water Authority, the District's efforts to contain costs has afforded management the ability to keep rates at an affordable level and below the County average, as shown in the Potable Rate Water Survey graph below. These cost-containment efforts include investments in advanced technology equipment, preventive maintenance programs, as well as the utilization of alternative income-producing activities from the investment of cash reserves, rental of district facilities for cellular tower use, and selling of excess water treatment services to neighboring water agencies. All these activities are intended to increase work efficiency and minimize net costs while providing the best possible value to customers without impacting the quality of service.

The chart below shows a typical single-family residential water bill using 14 hundred cubic feet (HCF)<sup>3</sup> of water per month as of February 2018 at Olivenhain Municipal Water District versus other water agencies in San Diego County.

#### **Estimated Monthly Single Family Residential Water Bills Comparison**



65

 $<sup>^{3}</sup>$  1 HCF = 748 gallons = 1 unit of water

#### **United States Economy**

The U.S. economy has shown steady gains in consumer confidence and business spending. With a projected increase of 2.5% in real GDP for 2018 and 2.2% for 2019, the U.S. economy is expected to continue to grow at a healthy rate.

At 4.4%, the unemployment rate for 2017 is below what economists consider "full employment." Anticipated further declines in the unemployment rate, at 4.0% for 2018 and 2019, signal a tight labor market in which employers compete to recruit and retain talent. This employment recovery and the consequential tightening of the labor market is highlighted by gains in non-farm employment, averaging a growth of 1.7% between 2014 and 2018.

Selected U.S. Economic Indicators				
		Projected		
	2017	2018	2019	
Real GDP (% Change)	2.2%	2.5%	2.2%	
Federal funds rate	1.0%	1.6%	2.3%	
Personal income (change)	3.1%	3.9%	4.8%	
CPI (1982-84=100)	245.1	250.3	255.8	
CPI (% Change)	2.2%	2.1%	2.2%	
Nonfarm employment (in millions)	146.4	148.3	149.8	
Nonfarm employment (% Change)	1.5%	1.3%	1.0%	
Unemployment Rate	4.4%	4.0%	4.0%	
Housing starts (in thousands)	1,190	1,253	1,372	

Source: BLS, CA Governor's Budget 2018-19

Numbers are rounded

#### **California Economy**

California's economic growth and job creation continued to outperform that of the U.S. during 2017. California's economy recorded an approximate 1.8% growth in non-farm employment, outperforming the U.S. economy which added jobs at a rate of 1.5%. For 2018, California's gross state product (GSP) is expected to outpace that of the nation, expanding at 2.7% as compared to 2.2% for the gross domestic product (GDP) of the U.S.

The sectors spearheading California's employment over the past year were trade, transportation & utilities; education and health care; government; professional/business services; and leisure and hospitality. As of the end of 2017, these five sectors combined accounted for 75.7% of all non-farm employment in the state.

The fastest job growth in 2017, however, was observed in the information sector, which added jobs at a rate greater than any other sector (8.6%). It's worth noting that California observed growth in

all non-farm employment sectors, except professional and business services. Government employment continued to see growth in 2017, making it the fourth consecutive year of job growth in the public sector.

The unemployment rate is expected to remain above 4% throughout the end of 2019. While jobs are still being created, the pace at which these new jobs are added is diminishing, with the construction industry expected to contribute the largest share of jobs created through the end of the decade.

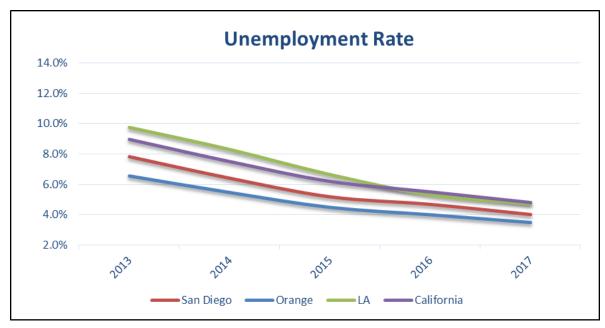
Selected California Economic Indicators					
		Projected			
			Percent		Percent
	2017	2018	change	2019	change
Personal Income (\$ billions)	2,304.0	2,424.0	5.2%	2,520.0	4.0%
Nonfarm employment (thousands)	16,800.0	17,000.0	1.2%	17,300.0	1.8%
Mining & Logging	16.8	17.0	1.2%	17.3	1.8%
Construction	840.0	901.0	7.3%	968.8	7.5%
Manufacturing	1,310.4	1,309.0	-0.1%	1,332.1	1.8%
Trade, Transportation & Utilities	3,024.0	3,026.0	0.1%	3,053.5	0.9%
Information	537.6	544.0	1.2%	536.3	-1.4%
Financial Activities	814.8	833.0	2.2%	847.7	1.8%
Professional/Business Services	2,545.2	2,550.0	0.2%	2,577.7	1.1%
Education and Health Care	2,620.8	2,669.0	1.8%	2,716.1	1.8%
Leisure and Hospitality	1,948.8	1,972.0	1.2%	2,006.8	1.8%
Other Services	571.2	578.0	1.2%	588.2	1.8%
Government	2,570.4	2,601.0	1.2%	2,655.6	2.1%
Unemployment Rate	4.8%	4.4%		4.2%	
Housing permits (thousands)	110	122	10.9%	139	13.9%

Source: CA Governor's Budget 2018-19

Numbers are rounded

#### San Diego County Economy

San Diego's unemployment rate, at 3.2% as of March 2018, continues its downward trend from a high of 10.8% in 2010. The San Diego County labor market has proven to be one of the state's centers for job creation. Employment growth has been broad across San Diego's industries, with the Construction sector leading the way with growth nearing 4% in 2017.



Sources: California Employment Development Department

While the Construction sector experienced the largest percentual increases in employment during 2017, the Professional and Business Service industry is projected to add the greatest number of jobs during 2018 with 6,700 new positions already added during the first quarter.

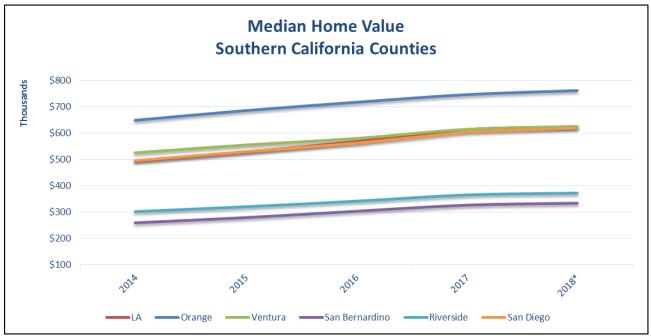
Selected San Diego Economic Indicators						
			Percent		*Percent	
_	2016	2017	change	2018	change	
Civilian Unemployment	74,100	63,900	-13.8%	55,200	-13.6%	
Civilian Unemployment Rate	4.7%	4.0%		3.2%		
Farm and Non-Farm Jobs by Industry						
Total Farm	8,900	8,600	-3.4%	8,600	0.0%	
Total Nonfarm	1,424,600	1,453,200	2.0%	1,470,100	1.2%	
Mining and Logging	300	300	0.0%	300	0.0%	
Construction	76,300	79,300	3.9%	82,100	3.5%	
Manufacturing	108,000	109,000	0.9%	112,600	3.3%	
Trade, Transportation & Utilities	224,800	228,800	1.8%	229,300	0.2%	
Information	24,100	24,400	1.2%	24,400	0.0%	
Financial Activities	72,700	74,100	1.9%	73,700	-0.5%	
Professional & Business Services	231,200	233,500	1.0%	240,200	2.9%	
Educational & Health Services	198,700	204,500	2.9%	207,600	1.5%	
Leisure & Hospitality	191,900	196,400	2.3%	194,400	-1.0%	
Other Services	54,400	54,900	0.9%	56,000	2.0%	
Government	242,200	248,100	2.4%	249,600	0.6%	
Building Permits (total units)	10,791	10,441	-3.2%	11,092	**6.2%	

Source: State of California Employment Development Department, US Census Bureau.

\* As of March 2018; \*\*Projected

#### San Diego County Residential Real Estate and Housing Prices

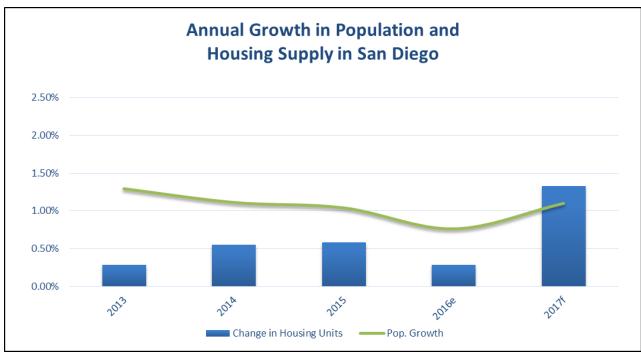
The residential real estate market in San Diego County continues to ride the vigorous price appreciation wave that began in 2012, which has surpassed the 5% yearly appreciation benchmark every year for the past six years. The median selling price for a single-family home as of the end of 2017 is \$604,100, representing a 7.4% increase over the previous year. The median home price in the county surpassed its pre-recession peak during 2017.



Source: Los Angeles Almanac

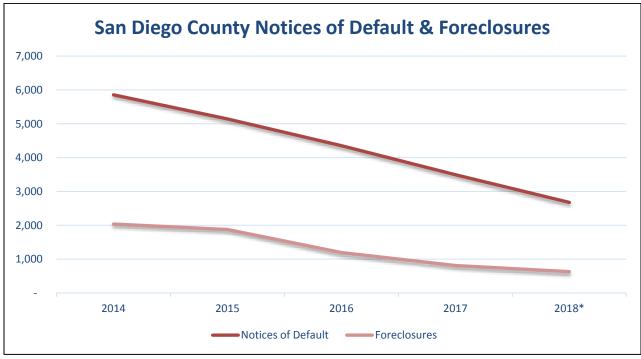
\*Prices are as of Feb.2018

Despite the fact that a greater than 5% year to year increase can be considered healthy, price appreciation has not been as vigorous as in the years immediately following the recession. The main reason sharper appreciation rates were observed after the recession was due to the amount of foreclosed homes purchased at a discount and re-sold at normal market rates, and due to demand for housing outpacing the supply.



Source: SANDAG, US Census Bureau. e = estimate; f = forecast

Further evidence of the San Diego real estate market recovery is the continued downward trend of notices of default and foreclosures issued in the county. The number of notices of default declined 19.7% in 2017, while the total number of foreclosed homes declined by 32.1% during the same period. A decline in the number of distressed properties on the market also has a supply-reducing effect, and since distressed properties typically sell at lower than market prices, these dynamics have put upward pressure on prices, and have helped strengthen the county's real estate market.



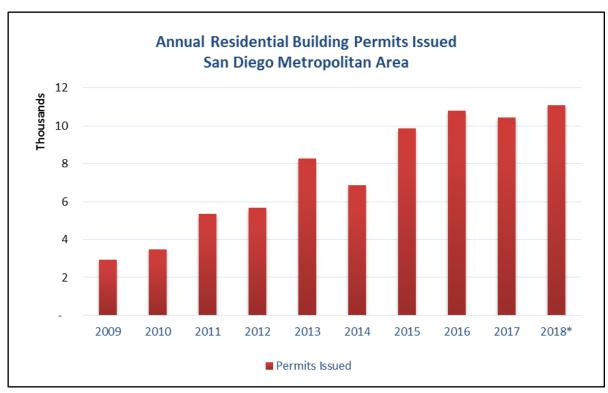
Source: Foreclosure Forum \*Forecasted Figures

Strong price appreciation and increasing home prices are beneficial for homeowners, potential sellers, and the real estate industry. However, it has a detrimental effect on prospective buyers, in particular, first-time home buyers. The California Association of Realtors' Traditional Housing Affordability Index (HAI) measures the percentage of households that can afford to purchase a median priced home in different regions of California. The HAI is the most fundamental measure of housing well-being for buyers in the state but has an inverse relation with increasing housing prices. As of the fourth quarter of 2017, approximately 26% of families in San Diego County can afford to purchase a median-priced home, down twenty percentage points from a high of 46% in 2011 and 2012.



Source: California Association of Realtors

A strong market demand for housing units in the county led the number of issued building permits to again surpass the ten thousand permit threshold during 2017. Local builders, taking notice of rising housing prices, are expected to apply for more than 11,000 building permits in San Diego in 2018.



Source: US Census Bureau \*Projected

Even though the number of permits issued is expected to be higher in 2018, the supply increases of single and multi-family housing units is expected to be inadequate to meet demand. Data from current county housing plans indicate that a supply of more than half a million homes will be required to keep up with population growth in the county through 2050. That translates into a shortfall of more than 150,000 homes based on 367,000 maximum planned permits from local municipalities for that same period. As a result, the county's housing market should continue to see steady median home price increases as long as San Diego's economy keeps expanding, and its population growing.

## Olivenhain Municipal Water District 2018 Strategic Plan





## introduction

Olivenhain Municipal Water District's Board of Directors first established a formal mission statement and goals in 1996. In 2002, the mission statement was updated and the goals were revised. OMWD also created objectives in 2002, since renewed on an annual basis, that have helped to achieve OMWD goals and uphold the mission. Objectives are developed at the start of each year and the progress toward achievement of these objectives is reviewed throughout the year. Performance indicators, measured on a fiscal year basis, were included in the annual budget to complement the objectives. In 2004, the mission statement and goals were updated to incorporate new OMWD facilities and functions.

The Strategic Plan was initially developed by the Board of Directors in 2008, incorporating a revised mission statement and goals, newly established values, and the annual objectives. Also included in the Strategic Plan were strategies by which to achieve each of OMWD's goals. The Strategic Plan is updated annually after new annual objectives are adopted.

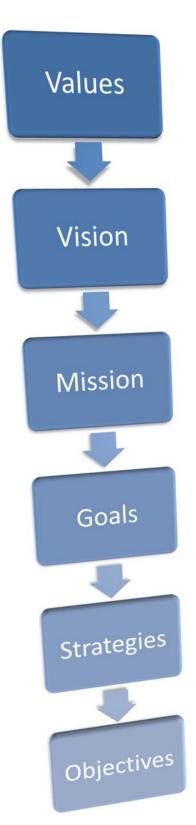


### our values

## Beliefs that set the tone and direction of the workforce

- Exercise responsible financial management
- Provide responsive customer service and open communication
- Promote ethical behavior in the conduct of district business
- Ensure fair and open processes involving the public
- Provide a healthy work environment
- Promote environmental responsibility and sustainability
- Ensure provisions for the future





## our vision

## What we aspire to be

Olivenhain Municipal Water District aspires to cost-effectively provide high-quality services garnering the trust and respect of its customers, employees, partners, and fellow water agencies.

#### our mission

## Why we do what we do

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

#### water

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

#### recycled water/wastewater treatment

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

#### parks

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

## emergency management

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

## sustainable operations

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

## our goals

#### What we strive to achieve

- 1. Providing safe, reliable, high-quality drinking water to each customer in a costeffective manner;
- 2. Providing wastewater collection services and reclamation in an environmentally responsible manner; and producing and supplying high-quality recycled water to irrigation customers in support of regional water conservation efforts;
- 3. Operating Elfin Forest Recreational Reserve in the most cost-effective, safe, environmentally responsive, and service-oriented manner;
- 4. Pursuing alternative and/or renewable resources as a means of offsetting costs and energy charges, providing sustainability;
- 5. Providing a safe, healthful, and rewarding work environment that encourages communication as well as values employee participation and personal achievement;
- 6. Exceeding all federal, state, and local regulatory requirements for providing potable water, water reclamation, and recycled water;
- 7. Minimizing all operational costs while maintaining a high level of customer service;
- 8. Maintaining open communication and participation with the public through active conservation and educational programs as well as continually seeking customer input for informed decision making;
- Ensuring that financial plans, policies, and practices maintain the ability to construct, operate, and maintain all approved facilities including replacement funds for future needs;
- 10. Planning and constructing the Master Plan of Facilities to meet long-term water storage, treatment, transmission, and distribution needs;
- 11. Establishing programs and policies to develop alternative water supplies to serve existing and future customers;
- 12. Cultivating supportive and positive relationships with the federal, state, and local agencies, which may impact Olivenhain Municipal Water District operations.

Recycled Water

Recreation

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## goal 1

# Provide safe, reliable, high-quality water to each customer in a cost-effective manner

Strategy: Preserve existing assets and facilities while planning for future needs and demands by way of the Comprehensive Facilities Master Plan, the Urban Water Management Plan, Annual Capacity Fee Studies, and the Annual Objectives

- Complete Train 7 membrane replacement at David C. McCollom Water Treatment Plant and commence membrane replacement on one additional train
- Complete design for the Encinitas Boulevard and Rancho Santa Fe Road Pipeline Project
- 3. Complete maintenance of five additional impacted easements
- 4. Commence and complete re-painting of Roger Miller Reservoir to enhance water quality
- Complete amendment of the State Water Resources Control Board drinking water permit

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## goal 2

Provide wastewater collection and treatment services in an environmentally responsible manner, and produce and supply high-quality recycled water to irrigation customers in support of regional water conservation efforts

Strategy: Expand development and implement widespread use of recycled water through the Sewer Facilities and Maintenance Plan and the Urban Water Management Plan

- Complete design and initiate construction for the 4S Ranch
   Water Reclamation Facility Ultraviolet Replacement Project
- 2. Complete design for the Neighborhood 1 Sewer Pump Station Replacement Project
- 3. Complete design for the 4S Ranch Water Reclamation Facility Tertiary Filter Rehabilitation Project
- 4. Commence design for the 4S Ranch Water Reclamation Facility
  Headworks Screening Replacement Project
- 5. Complete design of Proposition 84-funded Manchester Avenue Recycled Water Pipeline
- Negotiate new recycled water purchase agreement with San Eljio Joint Powers Authority to replace existing agreements; complete Village Park recycled water conversions in pursuit of meeting threshold in new agreement

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Government Relations goal 3

Operate Elfin Forest Recreational Reserve in the most cost-effective, safe, and environmentally responsive and service-oriented manner

Strategy: Work with community and local organizations to efficiently operate EFRR, utilizing grant funding and the Mount Israel Recreation Master Plan

- 1. Host annual Earth Day event
- 2. Host thirteenth annual photo contest
- Continue education program for elementary schools in partnership with the Escondido Creek Conservancy, San Elijo Lagoon Conservancy, and San Diego Zoo; target a minimum of 1,500 students
- 4. Host water conservation workshop at Elfin Forest Interpretive Center Honoring Susan J. Varty
- Utilize volunteer groups such as San Diego Mountain Bike
   Association and EFRR trail patrol for trail maintenance/repair projects
- 6. Conduct additional trainings for Rancho Santa Fe Fire Protection District to maintain appropriate emergency response readiness in and near EFRR
- Create signage standard to improve visual consistency throughout EFRR

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Government Relations goal 4

Pursue alternative and renewable energy sources as a means of offsetting costs and energy charges, providing sustainability

Strategy: Work with local utility companies and regional partners on regional alternative energy-generating programs

- 1. Continue partnership with University of California, Riverside, on the grant-funded energy optimization project; implement study recommendations determined to be feasible; report to board at year end on status of study
- Continue partnerships with third party energy resources to optimize energy costs
- 3. Incorporate energy efficiency measures in the design of new facilities

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# goal 5

Provide a safe, healthful, and rewarding work environment which encourages communication as well as values employee participation and personal achievement

Strategy: Develop and implement workforce plans—including the staffing analysis, annual performance reviews, and team pledge—that identify more efficient methods to perform work, ensure critical work is performed, meet future workforce needs, enhance the ability to recruit a highly qualified and diverse staff, and develop employees to meet workforce demands

- Complete Building D design and present to board for authorization to proceed
- Conduct annual staffing analysis including outlook on CalPERS costs
- 3. Conduct all-employee training on cybersecurity
- 4. Conduct all-employee training on improving communication
- 5. Conduct manager/supervisor training on human resources challenges and laws
- 6. Conduct employee appreciation event
- 7. Commence construction of the David C. McCollom Water Treatment Plant Office Renovation Project
- 8. Negotiate successor Memorandum of Understanding or extend existing MOU with employee bargaining units
- 9. Update OMWD's Employee Handbook

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# **OMWD Team Pledge**

### **Rules of Engagement**

Share information and skills;
There are no stupid questions;
Plan adequately; Have an
optimistic attitude; Acknowledge
each other's ideas yet ok to
disagree; Practice being openminded without judgment; Be part
of the solution, not the problem;
Work out personal issues
individually; Embrace change

#### Culture

Professional;
Customer service oriented;
Team operation;
Knowledgeable;
Innovative and experienced;
Progressive;
Supportive;
Enthusiastic and positive

#### **Meeting Ground Rules**

Be on time;
Set phones to silent or vibrate;
Prepare agenda;
Strong moderator to keep on track;
Close with summary and action plan;
Follow through

#### **Communication Efforts**

Practice active listening;
Acknowledge others for
contributions; Understand and
respect other departments'
responsibilities; Cross-train to
learn more about other
departmental roles; Respect
each other's time; Practice
emotional intelligence

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# goal 6

Exceed all federal, state, and local regulatory requirements for providing potable water, wastewater treatment, and recycled water

Strategy: Operate and maintain facilities to surpass regulations with a margin of safety to meet customer expectations

- Implement plan to conduct lead testing for all remaining public schools in OMWD's service area in accordance with AB 746 (2017)
- 2. Submit annual water loss audit to State Water Resources Control Board in accordance with SB 555 (2015)
- Complete installation of trihalomethane analyzer at David C.
   McCollom Water Treatment Plant
- 4. Conduct OMWD Storm Water Pollution Prevention Plan activities at headquarters and 4S Ranch Water Reclamation Facility for compliance with state and local requirements
- Complete and submit inundation map for 4S Wet Weather
   Storage Pond dam as required by Department of Safety of Dams
- 6. Commence water quality testing and reporting for fourth round of the Unites States Environmental Protection Agency's Unregulated Contaminant Monitoring Rule
- 7. Monitor State Water Resources Control Board rulemaking and provide comment on proposed changes impacting OMWD

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# goal 7

# Minimize OMWD operational costs while maintaining a high level of customer service

Strategy: Continually seek grant funding and create programs that will offset costs

- Complete Phase III of the Advanced Metering Infrastructure Retrofit Project
- Develop program by which to test meters for accuracy to assist with water loss audit data validity scores pursuant to SB 555 (2015); present program to Facilities Committee
- 3. Continue implementation of infrastructure improvements in support of network security program
- 4. Conduct pre-qualification for the Valve Replacement Project; complete replacement of 80 valves for Fiscal Year 2019
- 5. Review phone system menus and greetings to streamline customer experience
- 6. Continue to pursue local, state, federal, and private grant funding to offset costs, expand EFRR parking lot, potentially including funding via Proposition 1 and Water Infrastructure Improvements for the Nation Act
- 7. Analyze appurtenances hit over the last five years to identify opportunities to relocate or otherwise mitigate future water loss; present findings to Facilities Committee
- 8. Implement cost-effective recommendations from the 2017 Department of Homeland Security audits

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# goal 7

2018 Calendar Year Objectives (continued)

- 9. Complete business continuity plan and present to board after Safety Committee approval
- 10. Proceed with board direction on property analysis and present update to board at key milestones

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Government Relations goal 8

Maintain open communication and participation with the public through active conservation and educational programs, as well as continually seek customer input for informed decision-making

Strategy: Conduct community and customer outreach and provide opportunities for public input and participation, utilizing strategies outlined in the Urban Water Management Plan

- Continue to develop messaging to protect customers' interests and to ensure customer awareness of State Water Resources Control Board water use efficiency regulations and new legislative requirements
- 2. Host two workshops with City of Carlsbad and North San Diego Water Reuse Coalition targeting recycled water users and other stakeholders to promote/facilitate recycled water conversion
- 3. Partner with local businesses, vendors, and community organizations to promote water use efficiency through community events
- 4. Host sixth 4S Ranch Water Reclamation Facility open house event
- 5. Participate in a minimum of 27 community outreach events to include facility tours, workshops, community group presentations, and classroom visits
- 6. Launch a public outreach campaign explaining annual rate increase considerations and the value of water

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Government Relations goal 9

Ensure that financial plans, policies, and practices maintain the ability to construct, operate, and maintain all approved facilities including replacement funds for future needs

Strategy: Review plans and implement necessary updates and enhancements through the use of the Long-Range Financial Plan and annual budget

- Review financial threat analysis with the board prior to completion of annual budget, including revised water sales projections
- 2. Conduct annual review of water, recycled water, and sewer rates
- Submit Comprehensive Annual Financial Report and annual budget to Government Finance Officers Association for its award programs
- 4. Prepare a request for proposal for auditing services
- 5. Prepare a request for proposal for Potable and Recycled Cost of Service Study and comprehensive review of existing water supply shortage levels in preparation for 2019 Proposition 218 notice
- 6. Implement auditor recommendations for process improvement
- 7. Update OMWD's Administrative and Ethics Code for stale-dated vendor checks and customer refund checks

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Government Relations goal 10

Plan and construct the Master Plan of Facilities to meet long-term water storage, treatment, transmission, and distribution needs

Strategy: Maintain coordinated master plans for all facilities based on condition and performance assessments and anticipated future needs

- Commence service line cathodic protection maintenance program
- 2. Design and commence construction of cathodic protection system for Lusardi Canyon pipelines
- Implement feasible recommendations from the David C.
   McCollom Water Treatment Plant Optimization and Capacity Reliability Study
- 4. Complete design for the El Camino Real Pipeline Replacement Project

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# goal 11

# Establish programs and policies to develop alternative water supplies to serve existing and future customers

Strategy: Pursue recycled water, desalination, and conservation opportunities

- 1. Install pilot test well in San Dieguito Valley pending notice of grant award from Department of Water Resources
- 2. Complete Sub-region 3 Recycled Water Expansion Plan with Santa Fe Irrigation District, San Dieguito Water District, San Elijo Joint Powers Authority, and Leucadia Wastewater District to determine viability of a joint project to bring recycled water to the center of OMWD's service area

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goal 12

Cultivate supportive and positive relationships with the federal, state, and local agencies that may impact OMWD operations

Strategy: Continue involvement and participation with partner agencies and organizations

- Engage and influence State Water Resources Control Board regulations and water use efficiency legislation utilizing OMWD's advocate in Sacramento
- Continue pursuit of Title XVI funding for the North San Diego Water Reuse Coalition's North San Diego Water Reuse 2020 Project
- 3. Continue working with neighboring agencies to coordinate on advanced metering infrastructure systems
- 4. Continue working with City of San Diego to convert San Diego Recycled Water Connection No. 1 into a permanent connection

### LONG-TERM FINANCIAL PLAN (fiscal years 2019 to 2028)

The District has two separate Long-Term Financial Plans for its water and sewer operations. Each financial plan has a rate model built into the Plan that is projecting rate increases for the next ten years using certain financial assumptions and projections based on growth in operations and maintenance expenditures, capital needs, and reserve levels based on the cost of providing services to customers. The District's Financial Plan is used as a tool to assess the District's future financial health and to develop financial plans and strategies to achieve the District's capital needs and organizational goals and objectives to support its mission statement.

These plans are updated annually to reflect current conditions and challenges, such as rising purchased water wholesale costs, annual inflation adjustment, and compliance with federal and state mandates to address a potential structural imbalance in the District's finances. In today's environment of legislative uncertainties, having long-term financial and capital planning will help in identifying and addressing possible future obstacles. The District has been successful in mitigating its fiscal challenges proactively before they led to structural imbalance.

The District also has a comprehensive water and sewer Capital Improvement Program (CIP) to address current and future capital replacement and betterment needs. The District's Long-Term Financial Plan (LTFP), rate model, and CIP are updated regularly based on capital needs, timing, and reserve, levels. Financial assumptions used in the District's LTFP were gathered from the District's water and sewer historical and current data, long-term liabilities and financial commitment, and economy. Any external uncertainties or unknown variables that staff has no control of (such as increased water wholesale costs, the fluctuation in energy prices, and future changes in state and federal regulations) are excluded from these projections.

This section contains a ten-year financial projection for water and wastewater (sewer) operations, capital replacement and betterment needs, as well as a ten-year forecast of the District's forecasts of fund balances. The District's water and sewer CIP, which are listed in the District's 10 Year Capital Spending Plan of this document, are based on the most recent updates to the District's CIP plans. The District's planned capital expenditures are updated annually as part of the budget process to properly address the District's capital facility needs and its priorities.

Detailed information about the District water and sewer rate structures are available in the Olivenhain Municipal Water District Water Financial Plan (December 2014) and Cost of Service Rates Report and Olivenhain Municipal Water District Wastewater Rate Study, Capacity Fee and Annexation Fee Report (March 2016).

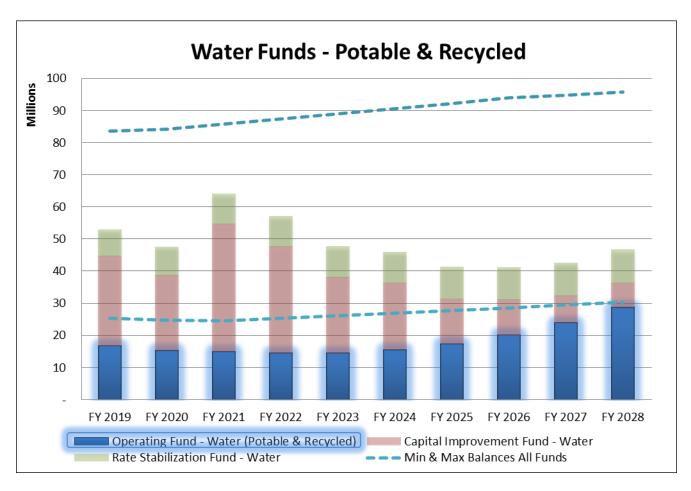
#### **Long-Term Goals:**

- Continue the District's commitment to serving present and future customers with safe and reliable water in a cost-effective and environmentally responsive manner.
- Remain dedicated to provide high-quality customer service and strive to improve service to customers.

- Secure the District's financial position by collecting sufficient revenues to pay for operating costs and capital expenditures without sacrificing quality of service to our customers.
- Operate the David C. McCollom Water Treatment Plant (DCMWTP) and 4S Ranch Water Reclamation Facility (4S WRF) at full capacity to optimize treatment costs per unit.
- Continue efforts to develop alternative water supplies, such as the North County Recycled Water Coalition, San Elijo Valley Ground Water Project, and the Recycled Retrofit Loan Program.
- Continue efforts to provide the organizational capacity to carry out the District's long-term
  planning efforts by providing a flexible and skilled workforce and the technology to support our
  business plan programs.
- Continue efforts to develop other alternative revenue sources, such as selling excess treated
  water services to other water agencies, renting of District-owned facilities, and pursuing more
  local, state, and federal grants.
- Continuously support positive relationships with other governmental agencies to address global issues, not limited to water.
- Provide a safe, rewarding, and healthy work environment for employees to carry out the District's mission to the community it serves.
- Maintain and safeguard the District's water system through implementation of various capital improvement programs based on the District's Capital Spending Plan in a cost-effective and environmentally safe manner.
- Continue compliance with the State Water Resources Control Board's conservation guidelines.
- Complete planned capital improvement projects to meet current and future water demands based on the District's Comprehensive Master Plan.

#### Operating Fund – Water (Potable and Recycled)

The District collects revenues primarily from its water operations. Potable water sales are the District's largest source of operating revenue, followed by recycled water operations and property (ad valorem) tax revenue. The District uses property taxes to pay for its planned capital spending and to offset its revenue requirements from rates and charges in order to minimize future years' rate increases.



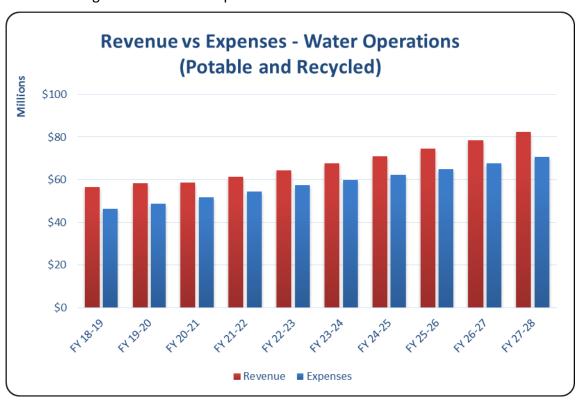
The District has a Revenues and Expenditures Policy and Board Designated Fund Balances Policy. A copy of these Board-adopted policies is included in the introduction section of this budget document. These policies are used as a guideline for the rate-setting process and for determining reserve levels. Amounts over the maximum limit set by the Board can only be transferred through board approval after the adequacy of each fund balance is thoroughly reviewed each year following completion of the District's financial audit.

Water rates and charges are collected to pay for costs of providing potable and recycled water to customers, replacement and betterment of water capital facilities, and long-term liabilities (debt service and pension obligations).

The District purchases its water from the San Diego County Water Authority (SDCWA). SDCWA, in turn, purchases a substantial portion of its water supplies from the Metropolitan Water District of Southern California (MWD). SDCWA's supply diversification goal increases reliance on alternative water supplies, for example, by purchasing water from the Imperial Irrigation District and the Carlsbad desalination

plant, as a method to reduce dependence on MWD water. Alternative water sources are more expensive than MWD water; therefore, purchased water wholesale costs are expected to rise in the future as long as the District's dependence on SDCWA water supply continues. Purchased water cost accounts for approximately 45% of the District's annual water operating budget.

The Board adopted a rate ordinance which allows the District to adjust its rates and charges as the Board deems necessary. The District has been adjusting its rates and charges consistently every year to make sure it collects sufficient net water system revenues to pay for the cost of providing water services while meeting its debt service requirements and other financial commitments.

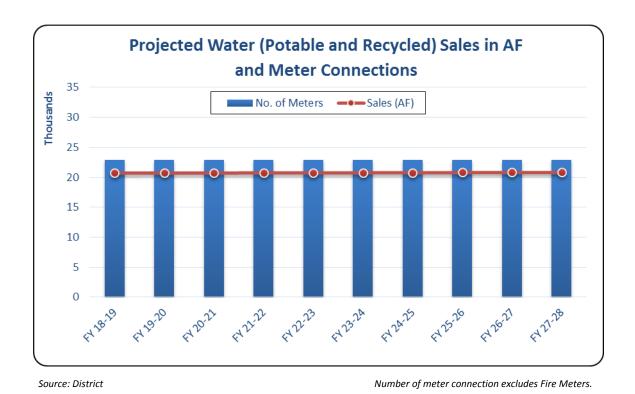


#### Key Financial Assumptions – Water (Potable and Recycled)

- The District has tiered water rate structures for residential (domestic) and potable irrigation customers. The residential (domestic) rate structure has four tiers of conservation-based pricing. Potable irrigation customers have two of tiers conservation-based pricing. Commercial, Recycled, and Construction customers have a flat commodity rate based on consumption.
- The District has Non-Shortage Rates (without considering the water supply shortage) and shortage Rates/Conservation Based Rates. The Water Shortage Rates would only be implemented by the General Manager or OMWD board action under the terms of the District's Water Supply Condition Ordinance to respond to a specific level of drought. Since the California State Water Resources Control Board continues with its urban water conservation regulations, the District is currently at level 1 rates. At the level 1 rates, conservation efforts are expected to continue but are not mandatory.
- The Board adopted a pass-through ordinance that would authorize the District to pass the following through to its customers each year until December 2019: (1) any future SDCWA

charges and any rate increases to any existing SDCWA charges that are imposed on the District (collectively "SDCWA pass through charges" or individually a "SDCWA pass through charge"); (2) annual cost of living increases to the District's rates for its water services fees for increased costs of operations and maintenance, and capital facilities ("inflationary adjustments"); and (3) to recover any revenue lost by the District in the event the state exercises its rights under Proposition 1A to borrow the District's real property tax revenue allocations ("Prop 1A adjustment"). The yearly pass-through increases are not to exceed 15% each year for the next five years.

- Water sales volume for fiscal year 2018/19 is estimated to be the same based on actual water sales for the last twelve months ended March 2018.
- Potable and Recycled rates and charges are adjusted and reviewed annually to pay for the cost
  of providing water services including increased purchased water wholesale costs and to pay for
  the District's planned capital needs.
- The District is at approximately 90% build-out. Growth is expected to be relatively small in the future. The District installed less than 25 new meters in fiscal year 2017/18.
- Recycled water sales are expected to grow in the future due to the conversion of several potable irrigation meters to recycled meters and expansion of the District's recycled water system.
   Increased recycled water volume will be offset by a decrease in potable irrigation water sales.
- The District's water sales revenue mix is projected at 87% potable and 13% recycled in fiscal year 2018-19.



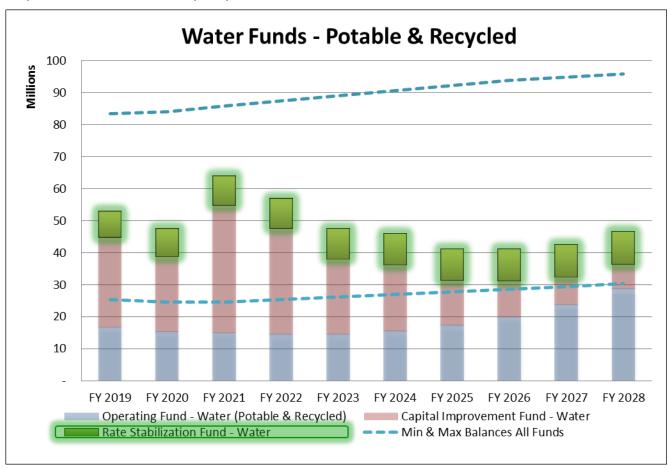
 The District has an agreement with Vallecitos Water District (VWD) to sell excess treatment services from the David C. McCollom Water Treatment Plant (DCMWTP) which reduces DCMWTP's fixed costs. Per the agreement, the District began selling a minimum water treatment capacity of 2,750 acre-feet per year to VWD in fiscal year 2015-16. The selling of excess treated services to VWD is projected to generate over \$6.5 million in water operating revenue over a 10 year period.

- The District also collects monthly rental income from cellular tower sites and other waterrelated service fees such as meter and inspection related service fees.
- The District relies on property tax revenues to pay for its water capital improvement projects.
   Property tax revenue is approximately \$3.4 million and is expected to increase slightly every
   year based on San Diego County's assessed property value and increased housing prices. More
   information about San Diego home prices can be found in the History and Community Profile
   section of this document.
- The Board approved and adopted a 4.5% rate adjustment effective March 2018 to pass through a 3.7% increase in untreated purchased water wholesale cost effective January 1, 2018, and to pass through a 3% annual inflation adjustment based on San Diego Consumer Price Index (SDCPI). The fiscal year 2018-19 budget also assumes a 3% rate adjustment effective March 2019 to pass through a 2.9% proposed increase in untreated purchased water wholesale and a 3% pass-through of annual inflation adjustment based on the SDCPI increase.
- Growth in the District's operation and maintenance expenditures is assumed at 3.1% for fiscal
  year 2018/19. Growth in operation and maintenance expenditures are anticipated to be at a
  higher percentage in future years to keep up with inflation, to pay for the District's long-term
  liabilities (such as pension costs) and to pay for future operations and maintenance
  expenditures associated with new water capital facilities.
- Increases in labor and benefits are budgeted based on the most recent Memorandum of Understanding (MOU) between the District and the District's employee association groups. The District has a full pay-for-performance system based on merit. Pay rate increases are given on July 1<sup>st</sup> of each year. For the duration of the MOU, the annual merit pool is determined based on San Diego County's CPI-U for the previous year, with a lower limit of 2% and an upper limit of 4%, added to 2.5% into one merit pool. The annual merit pool for fiscal year 2018-19 is 5.3%. Annual increases in District's labor costs are based on the MOU and subject to Board's consideration and approval in May of each year.
- Investment income is projected to be 1.5% for fiscal year 2018-19 and thereafter.
- The District continues with the expansion of its recycled water system to offset potable
  irrigation use to meet future demands as part of its water supply diversification strategy. More
  potable irrigation customers are expected to be converted to recycled water customers in the
  near future. The District projects an additional 500 acre-feet (AF) of recycled water sales per
  year.
- The District must meet debt service coverage requirements on its outstanding bond issues. The District's required debt coverage is 125 percent.

#### **Rate Stabilization Fund - Water**

The District has a Rate Stabilization Fund to protect its financial position and its ability to pay debt service installment payments when revenue shortfalls occur due to dry weather conditions, economic shortfalls, changes in state and federal legislation, or other future uncertainties, enabling the District to avoid the need for rate spikes.

The District will use funds available from the Rate Stabilization Fund, with the Board's approval, to cover temporary budget shortfalls. Actual fund transfers from/to the Rate Stabilization Fund are completed after the District's yearly financial audit is finalized.



#### **Operating Fund – Wastewater**

The District's wastewater system is comprised of two sanitation districts while also being an interconnected system:

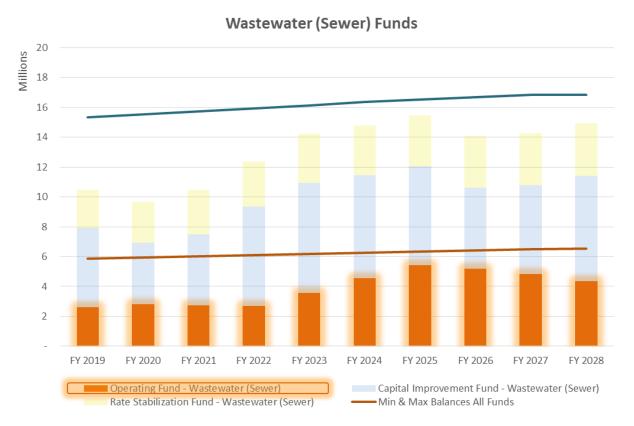
- Rancho Cielo Sanitation District This includes the Cielo development and adjacent areas. It is
  located just east of the covenant area of Rancho Santa Fe and north of Del Dios Highway in the
  Southeast Quadrant of the District's water service area.
- 4S Ranch Sanitation District This area consists of the 4S Ranch master-planned community, which is located west of Rancho Bernardo. The adjacent communities of Santaluz and Black Mountain Ranch are annexed to the 4S Ranch Sanitation District for sewer service only.

Wastewater from the Rancho Cielo Sanitation District is collected through a series of gravity sewers and pump stations and is ultimately pumped to the 4S Ranch Water Reclamation Facility (4S WRF). The 4S WRF produces recycled water to serve irrigation needs within this service area. With financial support from local developers such as 4S Kelwood and Rancho Cielo, the 4S WRF capacity was increased from a 0.25 million gallon per day (mgd) wastewater treatment plant to a 2.0 mgd reclamation facility. The purpose of this expansion was not only to increase sewer collection services in the 4S Ranch and Rancho Cielo areas but also to improve the existing plant by implementing a "tertiary" treatment process which allows the plant to treat wastewater effluent to a level suitable for irrigation use.

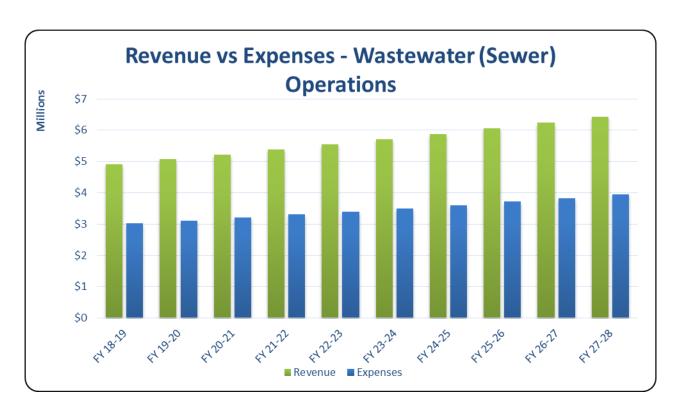
On June 15, 2016, the Board adopted Ordinance No. 437 increasing sewer rates and charges by 3% each year for a period of five years that started on July 2016 and will sunset in July 2020.

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

Due to the timing of receipts, the District needs to have adequate cash on hand to pay for operating expenditures (working capital). Wastewater (Sewer) Service fees are comprised of two components, a monthly system access charge (fixed revenue) and commodity rates based on an estimated amount of sewage generated by each user. Wastewater (Sewer) rates and projected revenues are calculated based on actual water use as well as the 4S Water Reclamation Facility projected operating and maintenance expenses needed to provide wastewater services in the 4S Ranch and Rancho Cielo areas.



Note: Wastewater (sewer) revenue requirements will be reviewed in 2020 as part of wastewater (sewer) cost of service study.



If the projected ending fund balance is in excess of the 365-day maximum, it will be transferred into the Rate Stabilization Fund, with Board approval, as long as the Rate Stabilization Fund is below its maximum. The adequacy of each fund balance will be reviewed on a yearly basis after the annual financial audit is completed

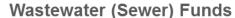
#### **Key Financial Assumptions**

- Wastewater (sewer) Service Fees are calculated based on (1) current cost and projected increases of operating and maintaining the 4S Wastewater Collection and Treatment Facilities; (2) capital infrastructure improvements needed to replace and maintain aging wastewater collection and treatment facilities and fund new capital infrastructure based on the 2015 Wastewater Master Plan; and (4) comply with state and federal regulatory wastewater and disposal requirements.
- The District has a comprehensive Wastewater Capital Improvement Program (CIP) for its wastewater (sewer) operations.
- The Board adopted a sewer rate ordinance that would allow the District to adjust its sewer rates and charges 3% on July 1<sup>st</sup> of each year, starting with fiscal year 2016-17 for the next five years. The District's Wastewater Rates and Fees will increase 3% each year until July 1, 2020.
- General inflation increases are based on the average annual change in the 15-year Consumer
   Price Index for San Diego region at 3% each year.
- Growth is projected to be relatively flat, less than 1% each year, until build-out (2030).

- Capital Inflation approximates the average annual change in the Engineering News Record Construction Index over the last 15 years, and it's currently estimated at 4%.
- Increases in labor and benefits are budgeted based on the recent Memorandum of Understanding (MOU) with the District's employee association groups. The District has a full pay-for-performance system based on merit. Pay rate increases are given on July 1st of each year. For the duration of the MOU, the annual merit pool is determined based on San Diego County's CPI-U for the previous year, with a lower limit of 2% and an upper limit of 4%, added to 2.5% into one merit pool. The annual merit pool for fiscal year 2018-19 is 5.3%. The annual increase in District's labor costs is based on the MOU and subject to Board's consideration and approval every May of each year.
- Labor expenses are projected to increase about 4.5% each year until 2021 based on the most recent Memorandum of Understanding between the District and the bargaining units.
- Utilities are projected to increase by 8% each year over the next ten years.
- Investment income is projected to be 1.5% in fiscal year 2018-19 and onward.
- The District must meet debt service coverage requirement on its outstanding bond issue. The sewer operations issued the 2018 Sewer Revenue bonds in June 2018. The debt service coverage is 125 percent.

#### Rate Stabilization Fund - Wastewater

The purpose of this fund is to protect the District's financial resources against an economic shortfall, an unexpected increase in expenditures from sewage spill clean-up costs, a penalty imposed by the Regional Water Quality Control Board when sewage spills occur, or an emergency repair to damaged sewer facilities.





### Capital Improvement Funds – Water (Potable and Recycled)

The District's Board of Directors has adopted a Reserve policy for the District, which was used to develop the financial plan. Board-adopted reserve policies provide guidelines for sound financial management with an overall long-range perspective to maintain District's financial solvency. Reserves also set aside funds for capital asset replacement as facilities age and need to be replaced, and new capital projects. The District believes adhering to a Board adopted reserve policy enhances financial management transparency and helps maintain the District's favorable credit rating for future District debt issues.

Capital reserves fund the replacement and renewal of the District's infrastructure. The District has developed a comprehensive potable and recycled Capital Improvement Program (CIP) to address its planned capital expenditures for replacement and betterment of its water capital facilities over the next several years until the District is fully built out. The District is currently working on developing a water infrastructure condition assessment program. This program is expected to be completed during fiscal year 2018-19.

Potable water and recycled water capital facilities are financed on a pay-as-you-go (PAYGO) basis through fees and charges and/or bond proceeds through debt issuance. The PAYGO method of using current revenues to pay for long-term infrastructure and other projects is often considered the preferred means of financing when sufficient revenues and reserves are available and long-term borrowing rates are higher than expected cash reserve fund earnings. These funds will be used to

improve, acquire, and replace water distribution facilities, reservoirs, and sites, as well as vehicles and equipment as identified in the annual budget and ten-year plan.

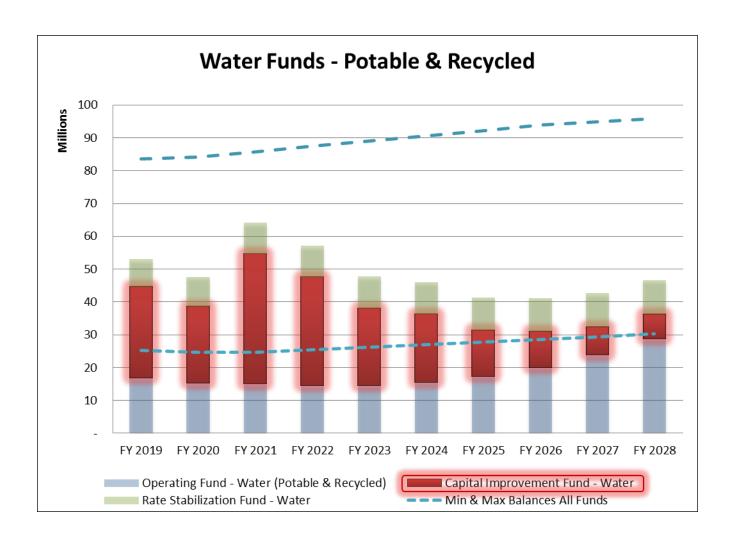
District staff evaluates and reviews the 10 Year Capital Spending Plan on an annual basis as part of the budget process. The purpose of this evaluation process is to review the prior year's plan and propose an update, when required, due to anticipated changes in circumstances. Some projects need to be accelerated to accommodate faster than expected growth or to support existing water operations in order to achieve optimum efficiency, thus reducing operating costs. Capital improvement projects included in the District's long-term financial plan are derived from the District's Comprehensive Master Plan.

The Long-Term Financial Plan is used by the Finance Department as a cash management tool to forecast the District's cash position and funding requirements over the next ten years. Each fund's current and future projected revenue (cash inflow) is reviewed in relation to the existing reserve levels and its projected cash outflow (operating and CIP expenditures) to ensure that the District has the ability to maintain a strong financial position while accomplishing ambitious programs.

Proposed projects included in the long-term financial plan reflect the District's short-term and long-term commitments to its mission and objectives and the District's Board of Directors' goals and objectives. The capital reserve minimum balance is one year of capital expenditures of the approved ten-year capital spending plan. The capital reserve maximum balance is not to exceed five years of capital expenditures of the approved ten-year capital spending plan. The target capital reserve balance and methodology used for each fund balance is set according to the District's Reserves Policy which is included in the Introduction section of this budget document. This Policy is approved and adopted by the District's Board of Directors. The timing of inflows and outflows from each fund is the biggest variable in this financial forecast.

Contributions to this fund to pay for replacement and renewal of District's capital facilities come from potable and recycled water rates and charges, property tax revenues, and capacity fees.

Estimated total capital costs for fiscal years 2018-19 to 2027-28 of planned potable and recycled water capital spending, based on based on the 10-year Capital Spending Plan for potable and recycled is approximately \$111.1 million. These planned expenditures are reassessed every year and the list of proposed projects is updated based on the priorities and changing conditions faced by the District.

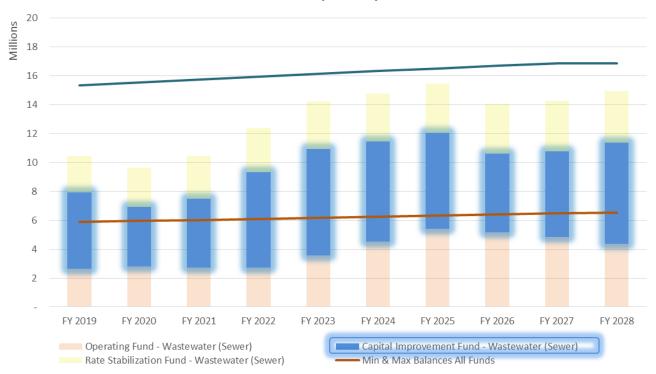


#### Capital Improvement Fund – Wastewater (Sewer)

The District's wastewater capital expenditures are financed from wastewater (sewer) rates and fees and debt service proceeds from the issuance of the 2018 Sewer Revenue Bonds. The District sets aside funds from its wastewater (sewer) revenues to pay for its wastewater planned capital expenditures based on the amount required in the Wastewater Long Term Financial Plan approved by the Board. 4S Ranch and Rancho Cielo Wastewater Systems Capital Improvement Program to be completed in the next 10 years can be found in the 10 year Capital Spending Plan – Wastewater page in this section and also in the Capital Budget section of this budget. The planned expenditures for the next ten fiscal years are updated annually during the budget process.

Estimated total capital costs for fiscal year 2018-19 to 2027-28 of planned wastewater (sewer) capital spending is approximately \$20.1 million.

#### Wastewater (Sewer) Funds



More detailed information about the District's wastewater capital reserves, cash inflow, and cash outflow can be found in the following pages of this section.

#### **Debt Service Fund**

The District currently has five long-term debt issuances: the Reassessment District 96-1 Limited Obligation Improvement Bonds, the 2015A Water Revenue Refunding Bonds, the 2016A Water Revenue Refunding Bonds, the 2012 State Revolving Fund Loan, and the 2018 Wastewater Revenue Bonds.

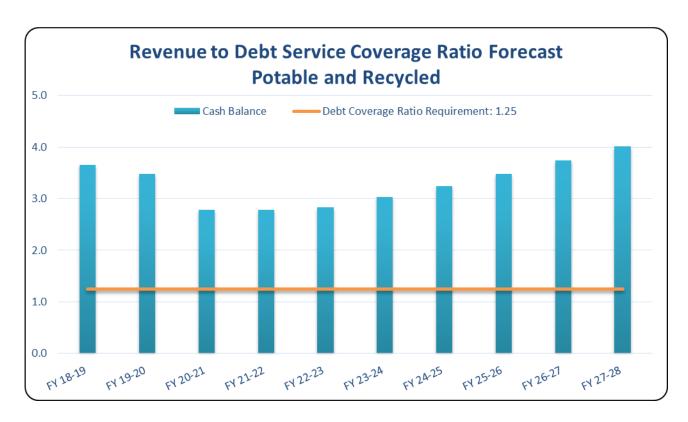
The Reassessment District 96-1 bonds were issued to refund the Assessment District 96-1 bonds. The Assessment District 96-1 bonds (\$22,530,000 original principal amount) were issued in August 1997 for the purpose of constructing the dam and reservoir portion of the Olivenhain Water Storage Project. The primary sources of repayment for these bonds are assessments levied on properties within reassessment District 96-1. These assessments are placed on the property tax rolls and are collected by the San Diego County Tax Assessor.

The 2015A Water System Refunding Revenue Bonds (2015A Bonds) were issued to refund the outstanding balance of the 2006A Water Revenue Refunding Bonds (2006A Bonds). The 2006A Bonds (\$38,940,000 original principal amount) were issued in March 2006 to refund the remaining balance of the 1997 Water Revenue Certificates of Participation. Net water system revenues provided the primary source of repayment for the 2006A Bonds. According to the 2015A Bonds' covenants, the District is

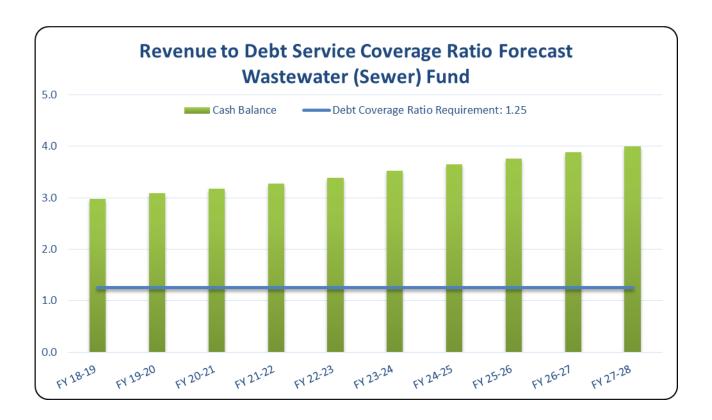
now required to maintain net system revenues of at least 125% of debt service on senior obligations and 100% of debt service on all obligations.

The 2016A Water System Refunding Revenue Bonds (2016A Bonds) were issued to refund the outstanding balance of the 2009 Water Revenue Bonds (2009 Bonds). The 2009 Bonds (\$19,175,000 original principal amount) were issued on November 5, 2009, to finance improvements at the David C. McCollom Water Treatment Plant. The primary sources of repayment for these bonds are net system revenues.

The 2012 State Revolving Fund (2012 SRF) was awarded by the California Department of Public Health on December 2011. The \$17,812,998 loan, at an interest rate of 2.3035% with a 20-year term, was used for the construction of LT2-related improvements at the David C. McCollom Water Treatment Plant. The primary sources of repayment for 2012 SRF are water rates and charges.



The 2018 Wastewater Revenue Bonds (2018 Bonds) were issued to pay for the construction of the District's new headquarters' site improvements and building. Wastewater system revenue was pledged as the 2018 Bonds primary source of repayment. Issuance of the 2018 Bonds requires the District to maintain net system revenues of 125% of debt service within the Wastewater Operating Fund only.



## Olivenhain Municipal Water District Projected Financial Water Operations (Potable and Recycled)

(\$1,000s - Fiscal Years Ending June 30)

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Water System Revenue										
Water Sales <sup>1</sup>	53,831	55,664	55,730	58,547	61,507	64,617	67,884	71,317	74,922	78,711
Other Operating Revenues	2,895	2,751	2,851	2,956	3,066	3,181	3,301	3,426	3,558	3,696
Capacity Fee, Net of Credit	733	786	786	786	786	786	786	786	786	786
Investment Income <sup>2</sup>	403	388	314	300	296	308	335	376	432	505
Property Taxes	3,400	3,400	3,400	3,400	3,400	3.400	3,400	3,400	3,400	3,400
Other Non-Operating Revenues	3,400	3,400 87	3,400 87	3,400	3,400	3,400	3,400	3,400	30	3,400
Total Water System Revenue										
Total Water System Revenue	61,349	63,076	63,169	66,018	69,085	72,322	75,736	79,335	83,129	87,128
Water System Expenditures										
Purchased Water Cost - Potable	27,360	28,571	30,360	31,880	33,474	35,146	36,901	38,742	40,676	42,705
Purchased Water Cost - Recycled	1,129	1,669	2,082	2,179	2,281	2,388	2,500	2,619	2,731	2,847
Operations and Maintenance	17,810	18,540	19,300	20,553	21,683	22,334	23,005	23,695	24,407	25,140
Total Water System Expenditures	46,299	48,779	51,742	54,613	57,437	59,868	62,406	65,057	67,813	70,692
Net System Revenues	15,050	14,297	11,427	11,405	11,648	12,454	13,330	14,278	15,315	16,436
Coverage Calculation										
2015A Refunding Bond Debt Services	2,121	2,120	2,115	2,117	2,125	2,122	2,126	2,119	2,117	2,116
2016A Refunding Bond Debt Services	921	918	919	918	922	919	920	919	917	920
2012 SRF Debt Services	1,070	1,069	1,070	1.070	1.070	1,070	1,070	1,070	1,070	1,070
Total Debt Services	4,112	4,107	4,104	4,105	4,117	4,111	4,116	4,108	4,104	4,106
REVENUE TO DEBT COVERAGE RATIO	3.66	3.48	2.78	2.78	2.83	3.03	3.24	3.48	3.73	4.00
	0.00	J.70	2.70	2.10	2.00	0.00	U.27	J.70	0.70	7.00
Debt Coverage Ratio Requirement: 1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25

<sup>&</sup>lt;sup>1</sup> Estimated based on projected increases in fund balances, assuming a 5% planned rate increase for the next 10 years at level 1 rates.

<sup>&</sup>lt;sup>2</sup> Investment income is calculated based on projected fund balances in the District's reserves.

# Olivenhain Municipal Water District Projected Financial Wastewater (Sewer) Operations

(\$1,000s - Fiscal Years Ending June 30)

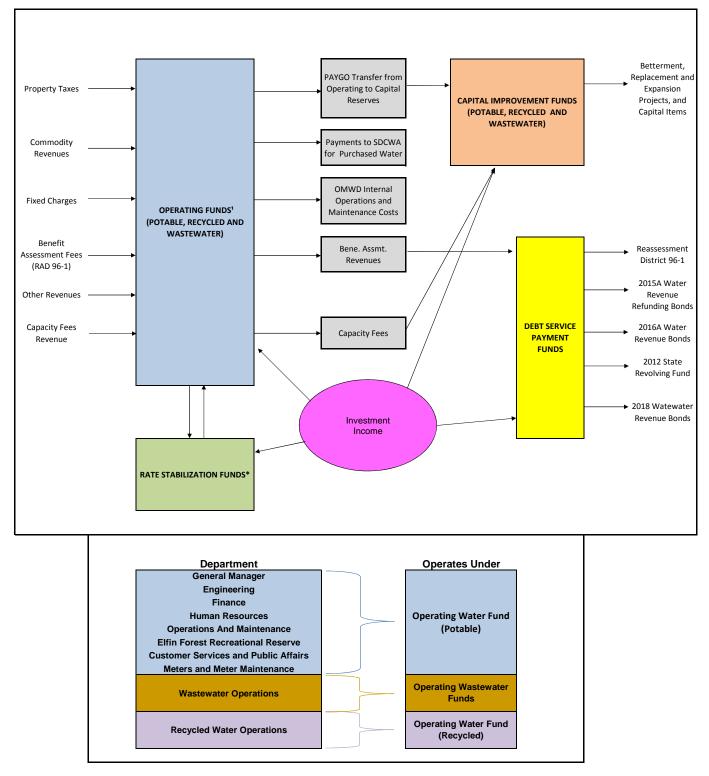
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Wastewater System Revenue										
Service Charges <sup>1</sup>	4,920	5,068	5,220	5,377	5,538	5,538	5,538	5,538	5,538	5,538
Investment Income <sup>2</sup>	24	41	40	40	53	67	80	77	71	65
Total Wastewater System Revenue	4,944	5,109	5,260	5,417	5,591	5,605	5,618	5,615	5,609	5,603
Water System Expenditures										
Operations and Maintenance	3,023	3,114	3,207	3,303	3,402	3,504	3,609	3,717	3,829	3,944
Total Water System Expenditures	3,023	3,114	3,207	3,303	3,402	3,504	3,609	3,717	3,829	3,944
Net System Revenues	1,921	1,995	2,053	2,114	2,189	2,101	2,009	1,898	1,780	1,659
Coverage Calculation										
2018 Sewer Bond Debt Services	646	646	646	645	646	645	645	645	645	646
Total Debt Services	646	646	646	645	646	645	645	645	645	646
REVENUE TO DEBT COVERAGE RATIO	2.97	3.09	3.18	3.28	3.39	3.26	3.11	2.94	2.76	2.57
Debt Coverage Ratio Requirement: 1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25

<sup>&</sup>lt;sup>1</sup> The Board adopted ordinance No. 437 in June 2016 to adjust the District's wastewater service fee by 3% on rates effective July 1st of each year for the next five years (July 1, 2016

<sup>-</sup> June 30, 2021). The District's wastewater (sewer)system requirement will be evaluated in 2020 as part of the wastewater rate study and financial plan update.

<sup>&</sup>lt;sup>2</sup> Investment income is calculated based on projected increases in fund balances.

# Olivenhain Municipal Water District Schematic of Fund Structure and Cash Flow Diagram



Notes: More information on these fund balances can be found in the Financial Policies section of this document.

- •¹ In keeping its books and records, the District has established various fund balances in order to enhance internal control and further attain other management objectives.
- Each operation ( potable, recycled and wastewater) has its own set of funds ( operating fund, rate stabilization fund and capital fund). Transactions are accounted and recorded separately within each fund.
- Operating and capital appropriations are approved annually by the District's Board of Directors. Proposed revenues and expenditures, including debt service expenditures, are
  presented to the Board along with comparisons to projected expenditures for the current year and actual expenditures of the prior year. The District operating and capital budget
  is developed on an annual basis.

#### Olivenhain Municipal Water District Ten Year Fund Balance Forecast Operating Fund - Water (Potable and Recycled)

Description	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27	FY 27-28
Operating Revenues										
Vater Volume Sales	40,464,000	42,294,941	42,357,997	45,171,236	48,128,581	51,235,035	54,498,596	57,928,266	61,531,045	65,315,935
System Access Charge	13,367,000	13,369,224	13,372,394	13,375,563	13,378,733	13,381,903	13,385,073	13,388,243	13,391,412	13,394,582
SDCWA IAC	1,010,000	1,102,049	1,157,151	1,215,009	1,275,759	1,339,547	1,406,525	1,476,851	1,550,693	1,628,22
Selling Treatment Services to Vallecitos	814,000	564,000	595,000	627,000	662,000	698,000	736,000	775,000	817,000	861,00
Other Water Operating Revenues	1,071,000	1,084,920	1,099,118	1,113,601	1,128,373	1,143,440	1,158,809	1,174,485	1,190,475	1,206,78
Total Operating Revenues	56,726,000	58,415,134	58,581,660	61,502,409	64,573,447	67,797,925	71,185,002	74,742,845	78,480,626	82,406,529
Operating Expenses										
Purchased Water	28,669,000	30,239,187	32,441,709	34,059,495	35,754,345	37,533,445	39,401,042	41,361,594	43,406,133	45,551,99
Recycled Water Credit	(180,000)	-	-	-	-	-	-	,00.,00.	-	.0,00.,00
Operating Expenses (exclude depreciation)	17,810,000	18,540,160	19,300,255	20,553,419	21,683,014	22,334,089	23,004,720	23,695,494	24,407,017	25,139,912
Total Operating Expenses	46,299,000	48,779,347	51,741,964	54,612,914	57,437,358	59,867,534	62,405,762	65,057,088	67,813,150	70,691,906
Net Operating Revenues	10,427,000	9,635,787	6,839,697	6,889,495	7,136,088	7,930,391	8,779,241	9,685,757	10,667,476	11,714,624
0.11 01. 1-11										
Other Cash Inflows	400.000	000 000	044.000	000 000	000 000	000 000	005 000	070 000	400.000	505.00
nvestment Income	403,000	388,000	314,000	300,000	296,000	308,000	335,000	376,000	432,000	505,000
Transfer from Rate Stabilization Fund Property Taxes	2 400 000	3,400,000	3,400,000	2 400 000	2 400 000	3,400,000	3,400,000	2 400 000	3,400,000	3,400,000
Sain on Sale of Fixed Assets	3,400,000	25,000		3,400,000 25,000	3,400,000		, ,	3,400,000		25,000
Other Non-Operating Revenues	25,000 62,000	62,000	25,000 62,000	25,000 5,000	25,000 5,000	25,000 5,000	25,000 5,000	25,000 5,000	25,000 5,000	25,000 5,000
Total Other Cash Inflows	3,890,000	3,875,000	3,801,000	3,730,000	3,726,000	3,738,000	3,765,000	3,806,000	3,862,000	3,935,000
	3,030,000	3,073,000	3,001,000	3,730,000	3,7 20,000	3,730,000	3,7 03,000	3,000,000	3,002,000	0,000,000
Other Cash Outflows										
ransfer to Capital Fund - PAYGO	8,300,000	8,800,000	4,000,000	4,000,000	3,700,000	3,700,000	3,700,000	3,700,000	3,700,000	3,700,000
ransfer to Capital Fund - Gann Limit	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
ransfer to Rate Stabilization Fund	400,000	400,000	400,000	-	-	-	-	-	-	
ransfer for 2015A Debt Service Payment	2,121,000	2,120,000	2,115,000	2,117,000	2,125,000	2,122,000	2,126,000	2,119,000	2,117,000	2,116,000
ransfer for 2016A Debt Service Payment	921,000	918,000	919,000	918,000	922,000	919,000	920,000	919,000	917,000	920,000
ransfer for 2012 SRF Debt Service Payment	1,070,000	1,069,000	1,070,000	1,070,000	1,070,000	1,070,000	1,070,000	1,070,000	1,070,000	1,070,000
ransfer for 2018 Sewer Revenue Bonds Debt Service	517,000	517,000	517,000	516,000	517,000	516,000	516,000	516,000	516,000	517,000
ransfer for 2021 Proposed Debt Service Payment	-	-	651,000	1,301,000	1,301,000	1,301,000	1,301,000	1,301,000	1,301,000	1,301,000
ransfer for 2012 SRF Reserve Fund Requirement	112,000	112,000	112,000	112,000	112,000	-	-	-	-	
Other Non-Operating Expenditures	60,000	-	-	-	-	-	-	-	-	
Total Other Cash Outflows	14,601,000	15,036,000	10,884,000	11,134,000	10,847,000	10,728,000	10,733,000	10,725,000	10,721,000	10,724,000
Net Other Cash Inflow (Outflow)	(10,711,000)	(11,161,000)	(7,083,000)	(7,404,000)	(7,121,000)	(6,990,000)	(6,968,000)	(6,919,000)	(6,859,000)	(6,789,000
Net Cash Flow	(284,000)	(1,525,213)	(243,303)	(514,505)	15,088	940,391	1,811,241	2,766,757	3,808,476	4,925,62
rojected Beginning Fund Balance	17.078.000	16,794,000	15.268.787	15.025.484	14.510.979	14.526.067	15.466.458	17.277.699	20.044.455	23,852,93
	,,	\$ 15,268,787					\$ 17,277,699			

#### Olivenhain Municipal Water District Ten Year Fund Balance Forecast Rate Stabilization Fund - Water

Description	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27	FY 27-28
Operating Revenues										
Total Operating Revenues	-	-	-	-	-	-	-	-	-	-
Operating Expenses										
Total Operating Expenses	-	-	-	-	-	-	-		-	
Net Operating Revenues	-	-	-	-	-	-	-	-	-	-
Other Cash Inflows Investment Income	121,000	129,195	137,133	139,190	141,278	143,397	145,548	147,731	149,947	152,196
Transfer from Operating Fund Total Other Cash Inflows	400,000 <b>521,000</b>	400,000 <b>529,195</b>	400,000 <b>537,133</b>	139,190	141,278	143,397	145,548	147,731	149,947	152,196
Other Cash Outflows Fransfer to Operating Fund <sup>1</sup>	-	-	_	-	_	-	_	_	-	
Total Other Cash Outflows	-	-	-	-	-	-	-	-	-	
Net Other Cash Inflow (Outflow)	521,000	529,195	537,133	139,190	141,278	143,397	145,548	147,731	149,947	152,196
Net Cash Flow	521,000	529,195	537,133	139,190	141,278	143,397	145,548	147,731	149,947	152,196
Projected Beginning Fund Balance Projected Cumulative Ending Fund Balance	7,692,000 \$ 8,213,000	8,213,000 \$ 8,742,195 \$	8,742,195 9,279,328 \$	9,279,328 9,418,518 \$	9,418,518 9,559,796	9,559,796 9,703,193 \$	9,703,193 9,848,740	9,848,740 9,996,472	9,996,472 \$ 10,146,419	10,146,419 \$ 10,298,615

<sup>1</sup> One time transfer from RSF to the operating fund to cover a shortfall of revenues due to the SWRCB mandatory cutbacks in potable urban water use

# Olivenhain Municipal Water District Ten Year Fund Balance Forecast (PAYGO) Capital Improvement Fund - Water (Potable and Recycled)

Description	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27	FY 27-28
Operating Revenues										
Total Operating Revenues	-	-	-	-	-	-	-	-	-	
Operating Expenses										
Total Operating Expenses	-	-	-	-	-	-	-		-	
Net Operating Revenues	-	-	-	-	-	-	-	-	-	
Other Cash Inflows										
nvestment Income	413,000	347,205	587,043	489,184	347,301	307,436	208,743	163,844	125,981	111,14
Ordinance 280 Revenue	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,00
Anticipated Grant Funds	600,000	-	-	-	-	-	-	-	-	
Transfer from Operating Fund - PAYGO	8,300,000	8,800,000	4,000,000	4,000,000	3,700,000	3,700,000	3,700,000	3,700,000	3,700,000	3,700,00
Transfer from Oper. Fund -Excess Prop. Tax - Gann Limit	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,00
Capacity Fee Revenues	733,000	786,000	786,000	786,000	786,000	786,000	786,000	786,000	786,000	786,00
Transfer from Sewer, 2018 Bond Proceeds	4,300,000	-	-	-	-	-	-	-	-	
Proposed Debt	-	-	19,600,000	-	-	-	-	-	-	
Total Other Cash Inflows	15,451,000	11,038,205	26,078,043	6,380,184	5,938,301	5,898,436	5,799,743	5,754,844	5,716,981	5,702,14
Other Cash Outflows										
Capital Item Purchases	409,000	496,000	496,000	496,000	496,000	496,000	496,000	496,000	496,000	496,00
Capital Projects (see next page for detail)	17,122,000	14,946,000	9,323,000	12,476,000	15,013,000	8,070,000	11,952,000	8,267,000	7,753,000	6,180,00
Other Expenditures	150,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,00
Total Other Cash Outflows	17,681,000	15,472,000	9,849,000	13,002,000	15,539,000	8,596,000	12,478,000	8,793,000	8,279,000	6,706,00
Net Other Cash Inflow (Outflow) $_{=}$	(2,230,000)	(4,433,795)	16,229,043	(6,621,816)	(9,600,699)	(2,697,564)	(6,678,257)	(3,038,156)	(2,562,019)	(1,003,854
Net Cash Flow	(2,230,000)	(4,433,795)	16,229,043	(6,621,816)	(9,600,699)	(2,697,564)	(6,678,257)	(3,038,156)	(2,562,019)	(1,003,854
Projected Beginning Fund Balance	30,158,000	27,928,000	23,494,205	39,723,248	33,101,432	23,500,733	20,803,169	14,124,912	11,086,755	8,524,73
Projected Cumulative Ending Fund Balance	\$ 27.928.000	\$ 23,494,205	\$ 39,723,248	\$ 33,101,432	\$ 23,500,733	\$ 20,803,169	\$ 14,124,912	\$ 11,086,755	\$ 8,524,737	\$ 7,520,883

#### Olivenhain Municipal Water District 10 Year Capital Spending Plan Capital Improvement Fund - Water (Potable and Recycled)

Project Description	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27	FY 27-28
San Elijo Valley Groundwater	1,777,000	468,000	2,434,000	3,431,000	10,002,000	1,399,000	-	-	-	-
Building D - Schedules A and B	5,312,000	4,921,000	-	-	-	-	-	-	-	-
Gaty 3 Reservoir	-	-	-	-	-	262,000	6,403,000	-	-	-
Replace El Camino Real Pipeline	160,000	3,671,000	-	-	-	-	-	-	-	-
DCMWTP Office Construction	-	-	1,460,000	1,125,000	-	-	-	-	-	-
Replace Rancho Santa Fe Road Pipeline	-	-	-	-	-	-	-	1,316,000	1,812,000	-
Morning Sun Pressure Reducing Station	215,000	854,000	-	-	-	-	-	-	-	-
Encinitas Blvd. at Rancho Santa Fe Rd.	980,000	-	-	-	-	-	-	-	-	-
Replace Lone Jack Road Pipeline	-	-	-	-	-	-	-	1,237,000	-	-
Palms I and II Reservoirs	-	-	108,000	900,000	-	-	-	-	-	-
Replace Dusty Trail Pipeline and Lone Jack PRS	155,000	-	612,000	-	-	-	-	-	-	-
Condition Assessment Program	455,000	-	-	-	-	-	-	-	-	-
Replace Maryloyd Pump Station	-	-	-	506,000	-	-	-	-	-	-
Lusardi Canyon CP Upgrade	397,000	-	-	-	-	-	-	-	-	-
DCMWTP Settler Units 2 and 3	120,000	125,000	-	-	-	-	-	-	-	-
Network Security	200,000	-	-	-	-	-	-	-	-	-
Harris Ranch Right-of-Way Acquisition	-	-	-	169,000	-	-	-	-	-	-
Replace Main DCMWTP Compressors	140,000	-	-	´ -	-	-	-	-	-	-
DCMWTP Chemical Systems Upgrade	135,000	-	_	_	_	-	-	-	-	_
Residuals Handling Building Canopy	125,000	-	-	-	-	-	-	-	-	_
Rancho La Cima/Aliso Canyon Pipeline	116,000	-	-	-	-	-	-	-	-	_
DCMWTP Sewer Manhole Project	85,000	-	-	-	-	_	-	-	-	-
Vault Upgrades	75,000	-	_	_	_	-	-	-	-	_
Replace Strainer Isolation Valves	65,000	-	-	-	-	_	-	-	-	-
Lower Yard Improvements	60,000	-	-	-	-	_	-	-	-	-
Ext. 153 Flow Meter	60,000	-	-	-	-	_	-	-	-	-
Integrate CIS and Third Parties	52,000	_	_	_	_	_	_	_	_	_
Security Upgrades	50,000	_	_	_	_	_	_	_	_	_
DCMWTP PH Control System	50,000	_	_	_	_	_	_	_	_	_
Streaming Current Monitor #2	40,000	_	_	_	_	_	_	_	_	_
DCMWTP Paint Equipment	30,000	_	_	_	_	_	_	_	_	_
CIS Infinity Bill Enhancements	22,000	_	_	_	_	_	_	_	_	_
SDCWA Transformer Replacement	21,000	_	_	_	_	_	_	_	_	_
Wide Area Network (WAN) Upgrades	20,000	_	_	_	_	_	_	_	_	_
Ongoing Projects	20,000									
Replace Pipelines	500,000	520,000	541,000	2,250,000	1,170,000	2,433,000	1,898,000	2,632,000	2,737,000	2,847,000
Replace Valves	1,500,000	1,560,000	1,622,000	1,687,000	1,316,000	1,369,000	949,000	987,000	1,026,000	1,067,000
Replace DCM WTP Membranes	655,000	619,000	644.000	669,000	696,000	724,000	753,000	783,000	814,000	847,000
Advanced Metering Infrastructure (AMI)	600,000	640,000	619,000	619,000	664,000	670,000	688,000		-	
Pressure Reducing Stations Rehab	-	312,000	324,000	337,000	351,000	365,000	380,000	395,000	411.000	427,000
Replace Potable Meters	266,000	260,000	270.000	281,000	292,000	304,000	316,000	329,000	342,000	356,000
Steel Mains Protection	250,000	260,000	270,000	281,000	292,000	304,000	316,000	329,000	342,000	356,000
Replace Meter Anodes	130,000	135,000	141,000	146,000	152,000	158,000	164,000	171,000	178,000	185,000
Replace Pumps and Motors	50,000	52,000	54,000	56,000	58,000	61,000	63,000	66,000	68,000	71,000
Recycled Projects	50,000	02,000	3 1,000	33,300	55,500	31,300	33,300	33,300	33,300	7 1,500
Manchester Recycled Pipeline Extension	1,082,000	260,000	_	_	_	_	-	-	_	-
Replace Recycled Meters	333,000	289,000	224,000	19,000	20,000	21,000	22,000	22,000	23,000	24,000
Main Ext. 153A Recycled Pipeline	300,000	200,000		10,000	20,000	21,000			20,000	21,500
Purchase Recycled Capacity, City of San Diego	250,000	-	-	-	-	-	-	-	-	-
Lusardi Creek Ext. 153	175,000	-	-	-	-	-	-	-	-	-
Mid-Quadrant Recycled Water Expansion	74,000	-	-	-	-	-	-	-	-	-
Storage Pond Improvements	40,000	-	-	-	-	-	-	-	-	-
Storage Fund Improvements			-					-		
	Total \$ 17,122,000	\$ 14,946,000	\$ 9,323,000	\$ 12,476,000	\$ 15,013,000	\$ 8,070,000	\$ 11,952,000	\$ 8,267,000	\$ 7,753,000	\$ 6,180,000

### Olivenhain Municipal Water District Ten Year Fund Balance Forecast Operating Fund - Wastewater

Description	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27	FY 27-28
Operating Revenues										
Service Charges(4S Ranch and Rancho Cielo)	4,920,000	5,068,000	5,220,000	5,377,000	5,538,000	5,538,000	5,538,000	5,538,000	5,538,000	5,538,000
Total Operating Revenues	4,920,000	5,068,000	5,220,000	5,377,000	5,538,000	5,538,000	5,538,000	5,538,000	5,538,000	5,538,000
Operating Expenses										
Operating Expenses	3,023,000	3,114,000	3,207,000	3,303,000	3,402,000	3,504,000	3,609,000	3,717,000	3,829,000	3,944,000
Total Operating Expenses	3,023,000	3,114,000	3,207,000	3,303,000	3,402,000	3,504,000	3,609,000	3,717,000	3,829,000	3,944,000
Net Operating Revenues	1,897,000	1,954,000	2,013,000	2,074,000	2,136,000	2,034,000	1,929,000	1,821,000	1,709,000	1,594,000
Other Cash Inflows										
Investment Income	24,000	41,000	40,000	40,000	53,000	67,000	80,000	77,000	71,000	65,000
Other Non-Operating Revenues/Annexation Fees	-	-	-	-	-	-	-	-	-	-
Proceeds 2018 Sewer Revenue Bonds	5,400,000	-	-	-	-	-	-	-	-	-
Transfer from Rate Stabilization Fund	-	-	-	-	-	=	-	-	-	-
Total Other Cash Inflows	5,424,000	41,000	40,000	40,000	53,000	67,000	80,000	77,000	71,000	65,000
Other Cash Outflows										
Annual Transfer to Capital Fund	1,500,000	1,500,000	1,800,000	2,000,000	1,000,000	1,000,000	1,000,000	2,000,000	2,000,000	2,000,000
Transfer to Pot. Capital Fund, bond proceeds	4,300,000	-	-	-	-	=	=	-	-	-
Transfer to Sewer Capital Fund, bond proceeds	1,100,000	-	-	-	-	-	-	-	-	-
Transfer for 2018 Sewer Revenue Bond Debt Service	129,000	129,000	129,000	129,000	129,000	129,000	129,000	129,000	129,000	129,000
Transfer to Rate Stabilization Fund	-	200,000	200,000	-	200,000	=	=	=	=	=
Other Non-Operating Expenditures  Total Other Cash Outflows	7,029,000	1,829,000	2,129,000	2,129,000	1,329,000	1,129,000	1,129,000	2,129,000	2,129,000	2,129,000
Total other dash outlions	7,029,000	1,029,000	2,129,000	2,123,000	1,323,000	1,129,000	1,129,000	2,129,000	2,123,000	2,129,000
Net Other Cash Inflow (Outflow)	(1,605,000)	(1,788,000)	(2,089,000)	(2,089,000)	(1,276,000)	(1,062,000)	(1,049,000)	(2,052,000)	(2,058,000)	(2,064,000)
Net Cash Flow	292,000	166,000	(76,000)	(15,000)	860,000	972,000	880,000	(231,000)	(349,000)	(470,000)
Projected Beginning Fund Balance	2,338,000	2,630,000	2,796,000	2,720,000	2,705,000	3,565,000	4,537,000	5,417,000	5,186,000	4,837,000
Projected Cumulative Ending Fund Balance	\$ 2,630,000	\$ 2,796,000	\$ 2,720,000	\$ 2,705,000	\$ 3,565,000	\$ 4,537,000	\$ 5,417,000	\$ 5,186,000	\$ 4,837,000	\$ 4,367,000

# Olivenhain Municipal Water District Ten Year Fund Balance Forecast Rate Stabilization Fund - Wastewater (4S Ranch and Rancho Cielo)

Description	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27	FY 27-28
Operating Revenues										
Total Operating Revenues	-	-	-	-	-	-	-	-	-	
Operating Expenses										
Total Operating Expenses		-	-	-	-	-	-	-	-	
Net Operating Revenues	-	-	-	-	-	-	-	-	-	-
Other Cash Inflows	40.000	44.000	44.000	45.000	40.000	40.000	50.000	54.000	50.000	50.000
Investment Income Transfer from Operating Fund	18,000 -	41,000 200,000	44,000 200,000	45,000 -	49,000 200,000	49,000	50,000	51,000 -	52,000	52,000
Total Other Cash Inflows	18,000	241,000	244,000	45,000	249,000	49,000	50,000	51,000	52,000	52,000
Other Cash Outflows										
Transfer to Operating Fund  Total Other Cash Outflows	-	<u>-</u>	-	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	-
Net Other Cash Inflow (Outflow) $_{=}$	18,000	241,000	244,000	45,000	249,000	49,000	50,000	51,000	52,000	52,000
Net Cash Flow	18,000	241,000	244,000	45,000	249,000	49,000	50,000	51,000	52,000	52,000
Projected Beginning Fund Balance	2,490,000	2,508,000	2,749,000	2,993,000	3,038,000	3,287,000	3,336,000	3,386,000	3,437,000	3,489,000
Projected Cumulative Ending Fund Balance	\$ 2,508,000	\$ 2,749,000	\$ 2,993,000	\$ 3,038,000	\$ 3,287,000	\$ 3,336,000	\$ 3,386,000	\$ 3,437,000	\$ 3,489,000	\$ 3,541,000

# Olivenhain Municipal Water District Ten Year Fund Balance Forecast Capital Improvement Fund - Wastewater (4S Ranch and Rancho Cielo)

Description	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27	FY 27-28
Operating Revenues										
Total Operating Revenues	-	-	-	-	-	-	-	-	-	-
Operating Expenses										
Total Operating Expenses		-	_		-		-	-		-
Net Operating Revenues	-	-	-	-	-	-	-	-	-	-
Other Cash Inflows										
nvestment Income Capacity Fees	46,000	70,000	79,000	107,000	118,000	111,000	108,000	90,000	97,000	114,000
Fransfer from Operating, 2018 Bond Proceeds	1,100,000	-	-	-	-	-	-	-	-	-
Required Transfer from Operations	1,500,000	1,500,000	1,800,000	2,000,000	1,000,000	1,000,000	1,000,000	2,000,000	2,000,000	2,000,000
Total Other Cash Inflows	2,646,000	1,570,000	1,879,000	2,107,000	1,118,000	1,111,000	1,108,000	2,090,000	2,097,000	2,114,000
Other Cash Outflows										
Capital Item Purchases	35,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Capital Projects (see next page for detail)	7,653,000	2,053,000	1,146,000	112,000	271,000	1,474,000	1,257,000	3,180,000	1,504,000	903,000
Other Non-Operating Expenses						<u> </u>				
Total Other Cash Outflows	7,688,000	2,153,000	1,246,000	212,000	371,000	1,574,000	1,357,000	3,280,000	1,604,000	1,003,000
Net Other Cash Inflow (Outflow) $_{=}$	(5,042,000)	(583,000)	633,000	1,895,000	747,000	(463,000)	(249,000)	(1,190,000)	493,000	1,111,000
Net Cash Flow	(5,042,000)	(583,000)	633,000	1,895,000	747,000	(463,000)	(249,000)	(1,190,000)	493,000	1,111,000
Projected Beginning Fund Balance	10,354,000	5,312,000	4,729,000	5,362,000	7,257,000	8,004,000	7,541,000	7,292,000	6,102,000	6,595,000
Projected Cumulative Ending Fund Balance	\$ 5,312,000	\$ 4,729,000	\$ 5,362,000	\$ 7,257,000	\$ 8,004,000	\$ 7,541,000	\$ 7,292,000	\$ 6,102,000	\$ 6,595,000	\$ 7,706,000

#### Olivenhain Municipal Water District 10 Year Capital Spending Plan Capital Improvement Fund - Wastewater (4S and Rancho Cielo)

Project Description	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27	FY 27-28
Rehab Neighborhood 1 Pump Station	2,615,000	-	-	-	_	-	-	-	-	
Building D - Schedules A and B	1,328,000	1,230,000	-	-	-	-	-	-	-	
Replace Ultra-Violet Disinfection System	2,100,000	593,000	-	-	-	-	-	-	-	
Biosolids Process and Handling Upgrades	-	-	-	-	-	-	190,000	2,324,000	-	
Replace Flow EQ Basins	-	-	-	-	-	124,000	801,000	724,000	-	
Del Dios SPS Improvements	-	-	-	-	154,000	-	-	-	1,159,000	
Upgrade Plant B Oxidation Ditch	-	-	1,038,000	-	-	-	-	-	-	
Headworks Screening System Replacement	110,000	520,000	-	-	-	-	-	-	-	
Rehab Tertiary Filters	480,000	-	-	-	-	-	-	-	-	
Neighborhood 3 SPS Pumps	-	-	-	-	-	-	-	-	-	562,000
Reline Manholes RC 3.1 and 3.2	-	-	-	-	-	185,000	-	-	208,000	
Line Manholes Subject to High H2S Exposure	-	-	-	-	-	365,000	-	-	-	
Reline Manholes Recommended by Inspection	-	-	-	-	-	170,000	-	-	-	199,000
Biological Process Optimization	196,000	-	-	-	-	-	-	-	-	
Replace Overflow Pond Strainer	-	199,000	-	-	-	-	-	-	-	
Mid-Point SPS Improvements	-	-	-	-	-	212,000	-	-	-	
Neighborhood 3 SPS Improvements	-	-	-	-	-	151,000	-	-	-	
Santa Luz SPS Improvements	-	-	-	-	-	145,000	-	-	-	
Recoat Pumps and Piping	-	-	-	-	-	-	139,000	-	-	
Solids Process Improvements	110,000	-	-	-	-	-	-	-	-	
Belt Press Rehab	220,000	-	-	-	-	-	-	-	-	
4S SPS Flow Meters	100,000	-	-	-	-	-	-	-	-	
Replace Clarifier Drives	100,000	-	-	-	-	-	-	-	-	
Covered Storage Area	50,000	-	-	-	-	-	-	-	-	
Caustic Tank and Piping	35,000	-	-	-	-	-	-	-	-	
Firehouse SPS Upgrades	29,000	-	-	-	-	-	-	-	-	
Solids Process Conveyor	80,000	-	-	-	-	-	-	-	-	
Ongoing Projects										
Replace Pumps, Motors & Equipment	100,000	104,000	108,000	112,000	117,000	122,000	127,000	132,000	137,000	142,000
Tota	1 \$ 7,653,000	\$ 2,646,000	\$ 1,146,000	\$ 112,000	\$ 271,000	\$ 1,474,000	\$ 1,257,000	\$ 3,180,000	\$ 1,504,000	\$ 903,000

#### Olivenhain Municipal Water District Ten Year Fund Balance Forecast Debt Service Funds (Restricted)

Description	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27	FY 27-28
Operating Revenues										
Total Operating Revenues	-	-	-	-	-	-	-	-	-	-
Operating Expenses										
Total Operating Expenses	_	-		<u>-</u>	-				_	-
Net Operating Revenues	-	-	-	-	-	-	-	-	-	-
Other Cash Inflows										
Investment Income	38,000	38,000	38,000	38,000	38,000	38,000	38,000	38,000	38,000	38,000
Benefit Assessment Revenues	1,389,000	1,375,000	1,369,000	1,371,000	1,370,000	1,369,000	1,363,000	1,359,000	1,358,000	1,358,000
Administrative Fee Revenues	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000
Debt Service Payments - 2015A Refunding Bond	2,121,000	2,120,000	2,115,000	2,117,000	2,125,000	2,122,000	2,126,000	2,119,000	2,117,000	2,116,000
Debt Service Payments - 2016A Refunding Bond	921,000	918,000	919,000	918,000	922,000	919,000	920,000	919,000	917,000	920,000
Transfer from Pot. Operating Fund for 2012 SRF	1,070,000	1,069,000	1,070,000	1,070,000	1,070,000	1,070,000	1,070,000	1,070,000	1,070,000	1,070,000
Transfer from Pot. Operating Fund for 2018 Bonds	517,000	517,000	517,000	516,000	517,000	516,000	516,000	516,000	516,000	517,000
Transfer from Sewer Operating Fund for 2018 Bonds	129,000	129,000	129,000	129,000	129,000	129,000	129,000	129,000	129,000	129,000
Transfer from Pot. Operating Fund for 2021 Proposed	-	<del>-</del>	651,000	1,301,000	1,301,000	1,301,000	1,301,000	1,301,000	1,301,000	1,301,000
Transfer from Pot. Operating Fund for 2012 SRF Reserv	112,000	112,000	112,000	112,000	112,000	-				
Impact Charge Rev and Post-Financing Payoff	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Total Other Cash Inflows	6,356,000	6,337,000	6,979,000	7,631,000	7,643,000	7,523,000	7,522,000	7,510,000	7,505,000	7,508,000
Other Cash Outflows										
Debt Service Payments - RAD 96-1	1,374,000	1,375,000	1,369,000	1,371,000	1,370,000	1,369,000	1,363,000	1,359,000	1,358,000	1,358,000
Debt Service Payments - 2015A Refunding Bond	2,121,000	2,120,000	2,115,000	2,117,000	2,125,000	2,122,000	2,126,000	2,119,000	2,117,000	2,116,000
Debt Service Payments - 2016A Refunding Bond	921,000	918,000	919,000	918,000	922,000	919,000	920,000	919,000	917,000	920,000
Debt Service Payments - 2012 SRF	1,070,000	1,069,000	1,070,000	1,070,000	1,070,000	1,070,000	1,070,000	1,070,000	1,070,000	1,070,000
Debt Service Payments - 2018 Sewer Revenue Bonds	646,000	646,000	646,000	645,000	646,000	645,000	645,000	645,000	645,000	646,000
Debt Service Payments - 2021 Proposed Debt	-	-	651,000	1,301,000	1,301,000	1,301,000	1,301,000	1,301,000	1,301,000	1,301,000
Closing RAD 96-1 Reserve Fund	-	-	-	-	-	-	-	-	-	1,397,000
Other Expenses	62,000	64,000	66,000	68,000	70,000	72,000	74,000	76,000	78,000	80,000
Total Other Cash Outflows	6,194,000	6,192,000	6,836,000	7,490,000	7,504,000	7,498,000	7,499,000	7,489,000	7,486,000	8,888,000
Net Other Cash Inflow (Outflow)	162,000	145,000	143,000	141,000	139,000	25,000	23,000	21,000	19,000	(1,380,000)
Net Cash Flow	162,000	145,000	143,000	141,000	139,000	25,000	23,000	21,000	19,000	(1,380,000)
Projected Beginning Fund Balance	4,024,000	4,186,000	4,331,000	4,474,000	4,615,000	4,754,000	4,779,000	4,802,000	4,823,000	4,842,000
Projected Cumulative Ending Fund Balance	\$ 4,186,000 \$	4,331,000 \$	4,474,000 \$	4,615,000 \$	4,754,000 \$	4,779,000 \$	4,802,000 \$	4,823,000 \$	4,842,000 \$	3,462,000

#### **OPERATING BUDGET OVERVIEW**

The District is operated as an enterprise fund, and the financial records are kept on an accrual basis. The budget uses cash basis.

The District currently provides potable water, wastewater, and recycled water services to its customers. The District also operates and maintains the Elfin Forest Recreational Reserve.

As an enterprise fund, the District maintains a self-balancing set of accounts established to record the financial position and results that pertain to each activity. A description of each fund balance, a schematic of the District's fund structure, and a cash flow diagram are provided in this document.

The activities of enterprise funds are similar to regular private businesses in that a public agency develops revenue projections to collect sufficient revenues through user charges to pay for its operating expenditures and to accumulate adequate funds in its reserves. Revenues are used to maintain existing infrastructure and to finance capital improvements and infrastructure replacement programs. These goals were communicated throughout the organization at the time the annual budget was developed.

#### Water (Potable) System

Fiscal year 2018-19 water sales volume are projected to remain relatively unchanged as compared to fiscal year 2017-18 projected actuals due to similar forecasted customer water usage and the continuation of voluntary water use restrictions. The District does not foresee a return to the pre-restriction water sales volume levels due to changes in customer water use behavior and the continuation of public outreach efforts aimed at educating the public about efficient indoor and landscape water use.

Water services include reading and billing water meters on a monthly basis, a backflow prevention program, a meter maintenance program, water quality services, and other on-site services as requested by customers such as testing meters for accuracy and checking for water leaks. More detailed information on financial assumptions used to forecast the District's water operating revenues and expenditures can be found in the Revenue by Fund and Expenses by Fund subsections of the operating budget section of this document.

The District is at approximately 90% of its ultimate build-out. All new facilities which were added and completed during the expansion period now need to be maintained to protect the investment as reflected in the District's planned capital improvement program.

The District's capital improvement program and long-term financial plan focus on water and sewer replacement and betterment projects and development of alternative water supplies such as recycled and brackish groundwater. These capital projects are included in the Long-Term Financial Plan and the CIP by Funding Source sections of this document.

#### **Wastewater System**

The District provides sewage collection and treatment services in the 4S Ranch and Rancho Cielo areas. The 4S Ranch area is comprised of a wide variety of commercial, industrial, and residential customers. The 4S Ranch and Rancho Cielo areas cover approximately 5,300 acres and will contain 7,450 equivalent dwelling units (EDUs) at build out. The District provides sewer collection and treatment services to approximately 7,100 EDUs in 4S Ranch and Rancho Cielo areas. The District is expected to begin providing sewer service to nearly 300 additional EDUs from annexed properties in the next few years.

Through an extensive sewage collection system, a series of sewage pump stations, the District is able to treat wastewater received from 4S Ranch and Rancho Cielo sewer customers and produce high-quality recycled water for non-potable irrigation use in the 4S Ranch Water Reclamation Facility.

#### **Recycled Water System**

The District's long-term goal is to convert all non-potable irrigation use to recycled water use. The District provides recycled water in two non-contiguous recycled service areas: the Southeast Quadrant and Northwest Quadrant.

#### **Southeast Quadrant:**

The 4S WRF supplies recycled water to golf courses, parks, schools, and greenbelts within the 4S Ranch, Santa Fe Valley, Crosby, and The Lakes areas. The construction of the 4S Ranch regional recycled water system was financed primarily through the issuance of \$13.95 million in taxable, variable rate bonds in July 2002. Federal and State grants from the U.S. Bureau of Reclamation and the State Water Resources Control Board were also received to finance the construction of this project. The 2002 variable rate taxable bonds were paid off in April 2011.

#### **Northwest Quadrant:**

Diversification of water supply sources reduces the District's operational risks and reliance on a limited imported water supply. In the northwest portion of the District's service area, the Northwest Quadrant recycled water system Phase I was completed in May 2009. This project allows the District to take delivery of recycled water from neighboring agencies to meet irrigation water demand, thus reducing potable water demand. The completion of phase 2 of the Village Park Recycled Water Project during fiscal year 2016-17 increased the District's capability of delivering up to 500 additional acre-feet of recycled water per year to its customers, further reducing reliance on potable water for irrigation purposes.

The District is pursuing a comprehensive recycled water program with several other agencies to expand its recycled water supply reliability. The District purchases recycled water from Vallecitos Water District and San Elijo Joint Powers Authority to meet recycled water demand in the Northwest Quadrant of the District's recycled water service area.

#### **Operating Budget**

The operating budget contains detailed information about the District's revenues and expenditures by fund with explanations of major budget variances in fiscal year 2018-19 compared to fiscal year 2017-18 revised budget. The District's budget is adjusted at mid-year. Proposed changes and reasons for budget adjustments are presented to the Board for consideration and approval at its February meeting each year.

The Operating Budget is divided into three sections as follows:

**Summary** – contains summaries of the District's budgeted revenues and expenditures for the fiscal year 2018-19 operating budget by fund type.

**Revenues** – contains summaries of, and supporting schedules for, the District's revenues for each fund with detailed explanations of major variances. Descriptions of each fund are included in the introduction section of this document.

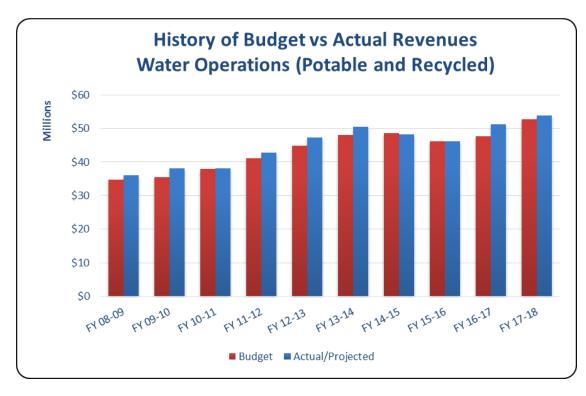
**Expenditures** – contains summaries and supporting schedules for the District's expenditures, broken down by fund type, with detailed explanations of major variances. Descriptions of each fund are included in the introduction section of this document. This section also includes operating expenditures broken down by water, wastewater, and recycled water operations as well as detailed schedules of departmental expenditures for each operation.

#### **Cost Allocation Plan**

The District has a cost allocation plan that is prepared by District's staff each year to calculate the District's indirect costs based on actual audited operating results from the previous fiscal year. The District also allocates costs to various programs and projects using the cost allocation methodology defined in the Office of Management and Budget Title 2 of the Code of Federal Regulations, Chapter I, Chapter II, Part 200, et al. (formerly OMB Circular A-87).

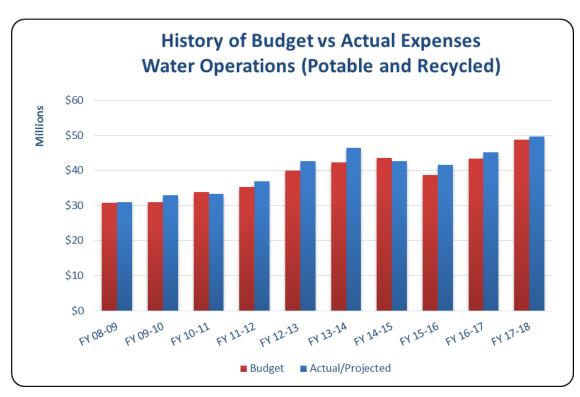
#### Ten-Year History of District's Actual VS Budget Operating Results

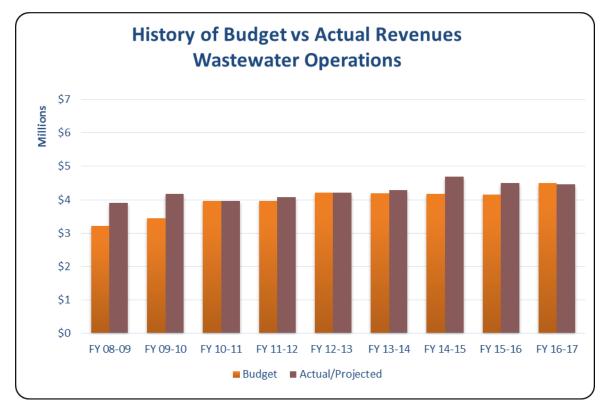
The District's last ten fiscal years of Budget vs Actual in water and sewer as well as other information about water sales and purchased water wholesale costs are depicted in the following bar graphs for historical data and comparison purposes.



This chart depicts a summary comparison of the District's historical operating revenues to the approved budgeted revenue projections for the Water Operating Funds.

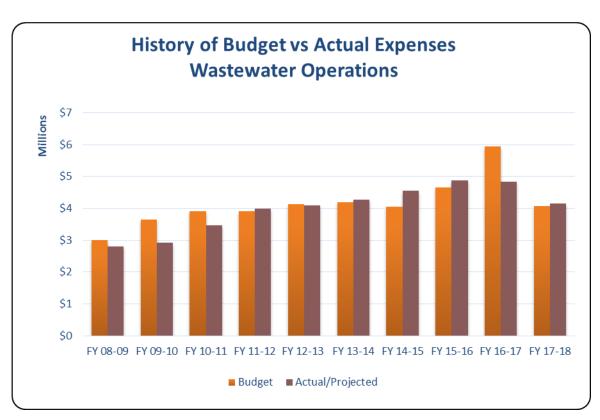
This chart depicts a summary comparison of the District's historical operating expenditures to the approved budgeted expenditure projections for the Water Operating Funds.

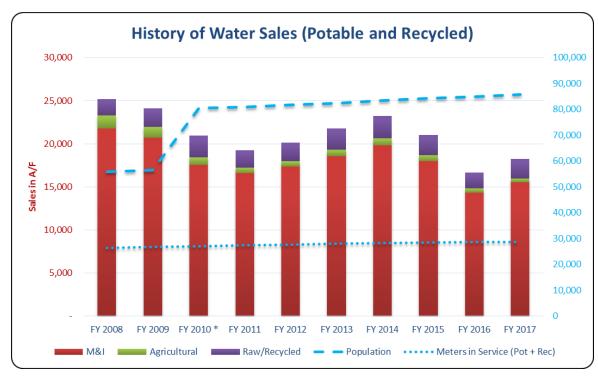




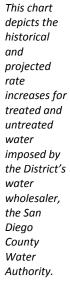
This chart depicts a summary comparison of the District's historical operating revenues to the approved budgeted revenue projections for the Wastewater Operating Funds.

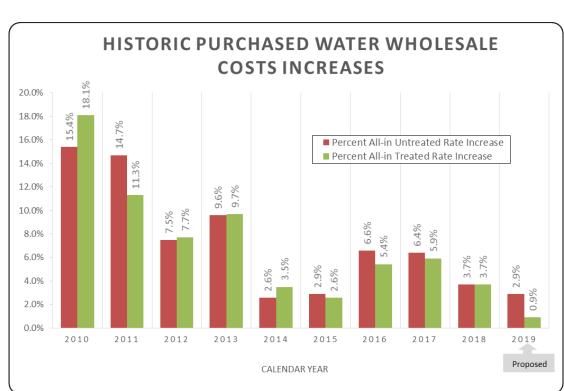
This chart depicts a summary comparison of the District's historical operating expenditures to budgeted expenditure projections for the Wastewater Operating Funds.





This chart depicts the District's historical changes in volumetric water sales (left vertical axis), as well as the population served and number of meters in service (right vertical axis).





<sup>\*</sup>Adjusted population estimate based on 2010 census data and California Department of Finance estimate.

	2016-2017	2017-2018	Budget	Proposed 2018-2019	% Change From 17-18	% Change From 17-18
Description	Actual	Adopted	Revised*	Budget	Budget	Revised
Operating Revenues						
Potable Water Operations	43,886,544	45,314,000	46,111,000	51,949,000	14.64%	12.66%
Wastewater Operations	4,447,426	4,477,000	4,336,000	4,920,000	9.90%	13.47%
Recycled Water Operations	3,764,549	3,906,000	4,115,000	4,777,000	22.30%	16.09%
Total Operating Revenues	52,098,518	53,697,000	54,562,000	61,646,000	14.80%	12.98%
Non-operating Revenues						
Fund Potable Water - Property Tax	3,414,858	3,200,000	3,200,000	3,400,000	6.25%	6.25%
Water - Investment and Other **	140,099	458,000	488,000	487,000	6.33%	-0.20%
Debt Service	1,457,613	1,443,000	1,443,000	1,486,000	2.98%	2.98%
Wastewater - Investment and Other **	21,327	42,000	44,000	42,000	0.00%	-4.55%
Recycled - Investment and Other	21,322	45,000	65,000	124,000	175.56%	90.77%
Capacity Fee Revenue***	5,698,925	1,264,000	1,264,000	1,797,000	42.17%	42.17%
Total Revenues	62,852,663	60,149,000	61,066,000	68,982,000	14.69%	12.96%
Operating Expenses						
Purchased Potable Water Cost	23,813,673	24,756,000	25,020,000	27,360,000	10.52%	9.35%
Purchased Recycled Water Cost, net of credit	755,058	852,000	870,000	1,129,000	32.51%	29.77%
Potable Water Operations	16,988,802	17,673,000	17,907,000	18,339,000	3.77%	2.41%
Wastewater Operations	2,378,151	2,438,000	2,487,000	2,554,000	4.76%	2.69%
Elfin Forest Recreational Reserve (Park) Operations	316,387	318,000	324,000	334,000	5.03%	3.09%
Recycled Water Operations	1,317,951	1,143,000	1,157,000	1,099,000	-3.85%	-5.01%
Less: Capitalized Operating Expenditures	(1,550,510)	(724,000)	(897,000)	(808,000)	11.60%	-9.92%
Transfer To (From) Other Fund Balances	6,000,000	6,400,000	6,900,000	11,429,000	78.58%	65.64%
Total Operating Expenses	50,019,512	52,856,000	53,768,000	61,436,000	16.23%	14.26%
Non-operating Expenses						
Loan and Debt Service Payments	5,927,633	5,887,000	5,722,000	6,194,000	5.21%	8.25%
Water Other Non-Operating Expense	324,912	75,000	75,000	75,000	0.00%	0.00%
Wastewater Other Non-Operating Expense	334,247	-	-	-	0.00%	0.00%
Total Expenses	56,606,305	58,818,000	59,565,000	67,705,000	15.11%	13.67%
Net Income	6,246,358	1,331,000	1,501,000	1,277,000	-4.06%	-14.92%
••						

<sup>\*</sup> Amended budget amounts approved by the Board.

\*\* includes investment income all reserve funds.

\*\*\* includes investment income and other developer's fees.

Fund: Operating - Water (Potable and Recycled)

runu. Operating - water (Fotable and Recycleu)	2016-2017	2017-2018	Rudgot	Proposed 2018-2019	% Change From 17-18	% Change From 17-18
Description	Actual	Adopted	Revised*	Budget	Budget	Revised
Operating Revenues						
Water Sales	32,160,957	34,205,000	34,850,000	40,464,000	18.30%	16.11%
Other Water Services and Charges	15,490,135	15,015,000	15,376,000	16,262,000	8.31%	5.76%
<b>Total Operating Revenues</b>	47,651,092	49,220,000	50,226,000	56,726,000	15.25%	12.94%
Operating Expenses						
Purchased Water	24,568,731	25,608,000	25,890,000	28,489,000	11.25%	10.04%
General Manager	1,526,742	1,647,000	1,649,000	1,705,000	3.52%	3.40%
Engineering	1,786,020	1,754,000	1,792,000	1,736,000	-1.03%	-3.13%
Finance	1,341,541	1,448,000	1,495,000	1,520,000	4.97%	1.67%
Human Resources	813,084	793,000	807,000	831,000	4.79%	2.97%
Operations and Maintenance	8,885,934	9,702,000	9,837,000	10,125,000	4.36%	2.93%
Elfin Forest Recreational Reserve (Park) Operations	316,387	318,000	324,000	334,000	5.03%	3.09%
Customer Services	2,246,486	2,329,000	2,327,000	2,372,000	1.85%	1.93%
Recycled Water Operations	1,317,951	1,143,000	1,157,000	1,099,000	-3.85%	-5.01%
Capitalized Operating Expenditures	(2,011,700)	(1,163,000)	(1,370,000)	(1,277,000)	9.80%	-6.79%
Other Operating Expenses	388,995	-	-	50,000	0.00%	0.00%
Fund Transfer**	4,000,000	5,200,000	5,700,000	9,800,000	88.46%	71.93%
Total Operating Expenses	45,180,172	48,779,000	49,608,000	56,784,000	16.41%	14.47%
Non-operating Revenues						
Investment Income	129,049	326,000	376,000	403,000	23.62%	7.18%
Property Tax Revenue	3,414,858	3,200,000	3,200,000	3,400,000	6.25%	6.25%
Other Non Operating Revenues	6,000	82,000	82,000	87,000	6.10%	6.10%
Total Non-operating Revenues	3,549,908	3,608,000	3,658,000	3,890,000	7.82%	6.34%
Non-operating Expenses						
Other Non-Operating Expenses	-	60,000	60,000	60,000	0.00%	0.00%
Loss disposal of Fixed Assets	286,707	-		-	0.00%	0.00%
Non-Operating Labor	-	-	-	-	0.00%	0.00%
Total Non-operating Expenses	286,707	60,000	60,000	60,000		
Net Income Before Debt Service	5,734,122	3,989,000	4,216,000	3,772,000	-5.44%	-10.53%

<sup>\*</sup> Amended budget amounts approved by the Board.

\*\* Transfer of funds from the Operating Fund to the Capital Fund Reserve to pay for future Capital Improvement Project.

Fund: Rate Stabilization - Water

Tunu. Nate Stabilization - Water	2016-2017	2017-2018	Budget	Proposed 2018-2019	% Change From 17-18	% Change From 17-18
Description	Actual	Adopted	Revised*	Budget	Budget	Revised
Operating Revenues						
Total Operating Revenues			<u> </u>		0.00%	0.00%
Operating Expenses						
Transfer to Operating Fund						
<b>Total Operating Expenses</b>		-	-		0.00%	0.00%
Non-operating Revenues						
Investment Income	26,372	95,000	95,000	121,000	27.37%	27.37%
Total Non-operating Revenues	26,372	95,000	95,000	121,000	27.37%	27.37%
Non-operating Expenses						
Total Non-operating Expenses						
Net Income	26,372	95,000	95,000	121,000	27.37%	27.37%

<sup>\*</sup> Amended budget amounts approved by the Board.

Fund: 110 & 111 Wastewater Operations

Fund: 110 & 111 Wastewater Operations				Proposed	% Change	% Change
Description	2016-2017 Actual	2017-2018 Adopted	Budget Revised*	2018-2019 Budget	From 17-18 Budget	From 17-18 Revised
Description	Actual	Adopted	Reviseu	Budget	Budget	Revised
Operating Revenues						
Wastewater Services	4,447,426	4,477,000	4,336,000	4,920,000	9.90%	13.47%
Total Operating Revenues	4,447,426	4,477,000	4,336,000	4,920,000	9.90%	13.47%
Operating Expenses						
Wastewater Operations	2,378,151	2,438,000	2,487,000	2,554,000	4.76%	2.69%
Capitalized Operating Expenditures	461,189	439,000	473,000	469,000	6.83%	-0.85%
Fund Transfer**	2,000,000	1,200,000	1,200,000	1,629,000	35.75%	35.75%
Total Operating Expenses	4,839,341	4,077,000	4,160,000	4,652,000	14.10%	11.83%
Non-operating Revenues						
Investment Income	13,191	24,000	26,000	24,000	0.00%	-7.69%
Standby Charges	(407)	-	-	-	0.00%	0.00%
Other Non-Operating Revenues		-	-	-	0.00%	0.00%
Total Non-operating Revenues	12,784	24,000	26,000	24,000	0.00%	-7.69%
Non-operating Expenses						
Other Non-Operating Expenses	-	-	-	-	0.00%	0.00%
Total Non-operating Expenses			-		0.00%	0.00%
Net Income	(379,131)	424,000	202,000	292,000	-45.21%	30.82%

<sup>\*</sup> Amended budget amounts approved by the Board.

\*\* Transfer of funds from the Operating Fund to the Capital Fund Reserve to pay for future Capital Improvement Project and/or Rate Stabilization Fund to avoid rate spikes

Fund: Rate Stabilization - Wastewater

Description	2016-2017 Actual	2017-2018 B Adopted F	Budget Revised*	Proposed 2018-2019 Budget	% Change From 17-18 Budget	% Change From 17-18 Revised
Operating Revenues						
Total Operating Revenues	<u> </u>	-	<u>-</u>	<u>=</u>	0.00%	0.00%
Operating Expenses						
Total Operating Expenses		-	<u> </u>		0.00%	0.00%
Non-operating Revenues						
Investment Income	8,543	18,000	18,000	18,000	0.00%	0.00%
Total Non-operating Revenues	8,543	18,000	18,000	18,000	0.00%	0.00%
Non-operating Expenses						
Total Non-operating Expenses				<u> </u>		
Net Income	8,543	18,000	18,000	18,000	0.00%	0.00%

<sup>\*</sup> Amended budget amounts approved by the Board.

Fund: Capital Improvement (All)**						
Description	2016-2017 Actual	2017-2018 Adopted	Budget Revised*	Proposed 2018-2019 Budget	% Change From 17-18 Budget	% Change From 17-18 Revised
Operating Revenues						
Total Operating Revenues			<u> </u>		0.00%	0.00%
Operating Expenses						
Total Operating Expenses			<u>-</u>		0.00%	0.00%
Non-operating Revenues						
Investment Income Capacity Fee Revenue Ordinance 280 Revenue Anticipated Grant Funds/Capital Cont.	58,296 2,756,837 867,589 2,016,203	336,000 923,000 5,000	336,000 923,000 5,000	459,000 733,000 5,000 600,000	36.61% -20.59% 0.00% 0.00%	36.61% -20.59% 0.00% 0.00%
Total Non-operating Revenues	5,698,925	1,264,000	1,264,000	1,797,000	42.17%	42.17%
Non-operating Expenses						
Engineering Salaries & Wages - Regular Employee Benefits Other Non-Operating Expenses	- 354 308 349,046	1,000 2,000 12,000	1,000 2,000 12,000	1,000 2,000 12,000	0.00% 0.00% 0.00%	0.00% 0.00% 0.00%
Total Non-operating Expenses	372,453	15,000	15,000	15,000	0.00%	0.00%
Net Income	5,326,472	1,249,000	1,249,000	1,782,000	42.67%	42.67%

<sup>\*</sup> Amended budget amounts approved by the Board.
\*\* Include Capital Improvement for Potable, Wastewater and Recycled.

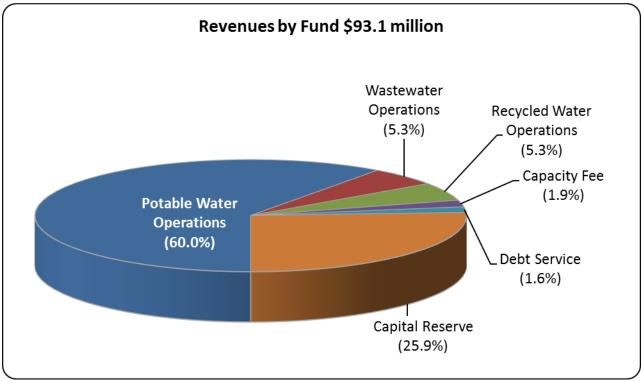
Fund: Debt Service (All)**						
	2016-2017	2017-2018	Budget	Proposed 2018-2019	% Change From 17-18	% Change From 17-18
Description	Actual	Adopted	Revised*	Budget	Budget	Revised
Operating Revenues						
Total Operating Revenues			<u> </u>		0.00%	0.00%
Operating Expenses						
Total Operating Expenses			<u> </u>		0.00%	0.00%
Non-operating Revenues						
Investment Income	(3,675)	14,000	14,000	38,000	171.43%	171.43%
RAD 96-1 Benefit Assessment Rev.	1,394,101	1,376,000	1,376,000	1,389,000	0.94%	0.94%
Administrative Fee Revenues	46,188	45,000	45,000	47,000	4.44%	4.44%
Post-Financing Payoffs	6,648	4,000	4,000	4,000	0.00%	0.00%
Impact Charge Revenues	14,350	4,000	4,000	8,000	100.00%	100.00%
Total Non-operating Revenues	1,457,613	1,443,000	1,443,000	1,486,000	2.98%	2.98%
Non-operating Expenses						
Consultants	1,700	1,000	1,000	1,000	0.00%	0.00%
Legal	-	-	-	-	0.00%	0.00%
Bank Svc Chgs	180	-	-	-	0.00%	0.00%
Outside Service	336,368	43,000	43,000	45,000	4.65%	4.65%
Salaries and Wages	916	1,000	1,000	1,000	0.00%	0.00%
Employee Benefits	893	1,000	1,000	1,000	0.00%	0.00%
Principal	3,234,207	3,441,000	3,441,000	4,089,000	18.83%	18.83%
Interest Expenses	2,339,675	2,386,000	2,221,000	2,043,000	-14.38%	-8.01%
Amortization	11,382	12,000	12,000	12,000	0.00%	0.00%
Fixed Charge County Assessment	2,313	2,000	2,000	2,000	0.00%	0.00%
Total Non-operating Expenses	5,927,633	5,887,000	5,722,000	6,194,000	5.21%	8.25%
Net Income ( Loss )	(4,470,021)	(4,444,000)	(4,279,000)	(4,708,000)	5.94%	10.03%

<sup>\*</sup> Amended budget amounts approved by the Board.

\*\* Include RAD 96-1, 2006A & 2015A Bonds, 2016A & 2009 Bonds, 2012 State Revolving Fund

#### Revenues

Total projected revenue for fiscal year 2018-19 from all funds is estimated at \$93.1 million. The Potable Water Fund has the largest portion of the District's revenues at approximately 60.0% or \$56 million. About 25.9% or \$24.1 million will be a fund transfer from the District's Capital Reserves (PAYGO) to pay for the District's planned capital expenditures for fiscal year 2018-19. The remaining 14.1% of revenues will come from Wastewater, Recycled Water, Capacity Fee, and Debt Service funds.

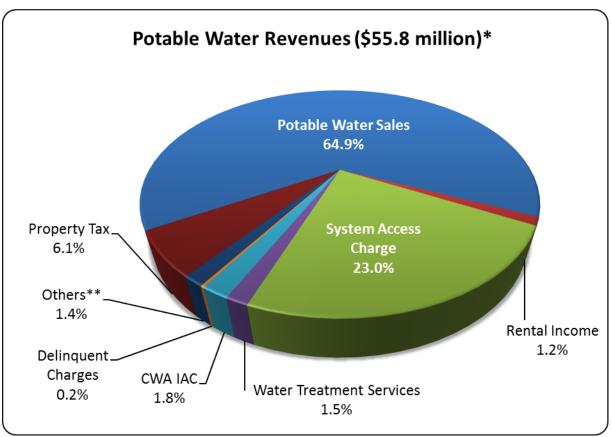


<sup>\*</sup> Total may not add up to 100% due to rounding.

#### **Potable Water Fund**

The District's Water Financial Plan and Cost of Service Rate study were completed in December 2014 for a 5-year period. The District is planning to update its financial plan in 2019. The objective of this study was to review and evaluate the District's planned water rate increases for the next 5 years. Based on the study, it was concluded that the District would need to adjust its revenue requirements by five percent per year in each year of the study period based on projected revenue requirements, capital needs, and debt service coverage over the next five years. This study also considered the District's operating, capital and rate stabilization reserve targets established in the District's financial policy.

Water services include potable water deliveries 24 hours per day/7 days per week/365 days per year, reading and billing water meters on a monthly basis, a back-flow prevention program, meter maintenance, water quality services, and other on-site services as requested by our customers, including testing meters for accuracy and checking for water leaks.



<sup>\*</sup> Total may not add up to 100% due to rounding.

#### Description and Summary of Major Budget Elements and Variances

Potable Water Sales — Approximately 69% of the District's volumetric water sales come from residential customers. For fiscal 2018-19 potable water sales are projected at actual water sales from the last twelve months ended March 2018 at the level 1 rate. Included in fiscal year 2018-19 potable water sales is a 4.5% rate increase approved and adopted by the Board in March 2018 and a staff-proposed rate increase of 3% for 2019 (if approved by the Board) to pass through untreated purchased water wholesale cost increases for 2019, and a 3% estimate of annual inflation adjustment to the District's operations and maintenance costs based on the annual SDCPI-U index.

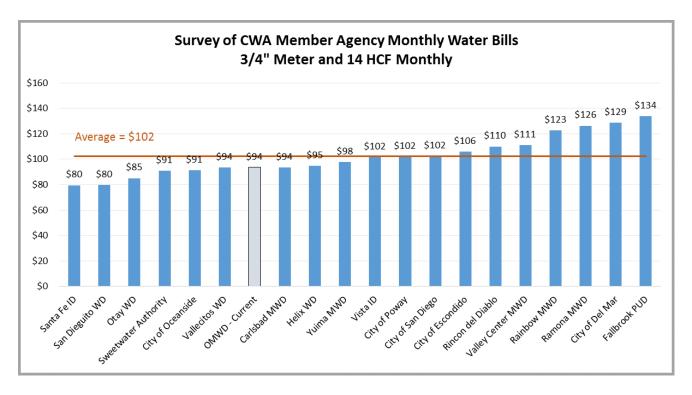
The District is currently on the fourth year of a five year ordinance that allows it to pass through increased costs in purchased wholesale water, increases to the District's Cost of Operations, Maintenance, Capital Facilities, or loss of local property tax revenue to the

<sup>\*\*</sup> Percentage includes investment income in Rate Stabilization Fund.

state, not to exceed 15% each year. The current Proposition 218 will sunset in December 2019.

- System Access Charge A system access charge is assessed on a monthly basis based on meter size. Monthly system access charge revenue is projected based on the number of water meters in service. The charge is designed to recover fixed charges of purchased water as well as the fixed costs of operating the District. These costs include maintenance of meters, storage facilities and water lines, and customer service costs for meter reading and billing. The District collects 25% of its water revenue requirements from System Access Charge per the Board's Revenue Policy. Included in the fiscal year 2018-19 budget is a 4.5% increase in the District's System Access Charge revenue as approved by the Board and a 3% staff proposed increase to be effective in March 2019.
- SDCWA Infrastructure Access Charge (IAC) This is a fixed charge imposed by SDCWA on all water meters in the County. The charge is designed to collect a portion of SDCWA's fixed costs and is assessed according to meter size. This charge will have the effect of reducing future water rate increases from SDCWA since having a significant source of fixed revenue reduces future reserve requirements. This is a pass-through that the District collects from its customers on behalf of SDCWA. Currently, SDCWA-IAC is set at \$3.01 per ¾" meter equivalent.
- Water Treatment Services The District has an agreement with Vallecitos Water District (VWD) to sell excess treatment services from the David C. McCollom Water Treatment Plant (DCMWTP). This additional revenue reduces DCMWTP fixed costs and increases plant efficiency. The selling of excess treated services to VWD is projected to exceed \$800,000 for the District during fiscal year 2018-19.
- <u>Rental Income</u> The District collects rent for the use of reservoir sites for the placement of cellular and paging transmission towers. The District expects to collect approximately \$645,000 annually from rental income activities.
- SDCWA Reimbursement of Parks Costs As a result of the approved Elfin Forest
  Recreational Reserve (EFRR) settlement agreement, the District's cost-sharing allocation is
  25% and SDCWA's portion is 75%. This allocation has been in effect since fiscal year 20102011. In fiscal year 2018-19, this reimbursement is projected to increase to approximately
  \$315,000. EFRR operating costs in excess of SDCWA's reimbursement is paid by the
  District's ratepayers.
- <u>Property Tax Revenue</u> Property tax revenue is expected to experience small year-to-year increases due to changes in assessed property values and increasing median home prices.
   The District has used this revenue to offset increased operation and maintenance costs, annual debt service expenses, and as an additional resource to fund its capital improvement projects to avoid higher rate increases in future years.

- <u>Investment Income</u> The District invests excess funds to earn interest according to the approved statement of investment policy. The policy emphasizes the safeguarding of principal over the earning of interest. Interest earned is allocated by the source of funds based upon the average cash balances within each fund from month to month. Investment income in all funds is estimated to provide an average yield of 1.5% for fiscal year 2018-19.
- Other Revenue This revenue includes Hydroelectric Revenue, Delinquency Charges, inspection fees, and other water-related fees. The District operates a hydroelectric generation plant and sells the electricity generated from the plant to San Diego Gas & Electric Company (SDG&E). The hydroelectric plant revenue is projected to be \$50,000 in fiscal year 2018-19. The district is also expected to receive roughly \$62,000 from the Self-Generation Incentive Program (SGIP) to help fund the capital costs of building the turbines at the David C. McCollom Water Treatment Plant (DCMWTP).

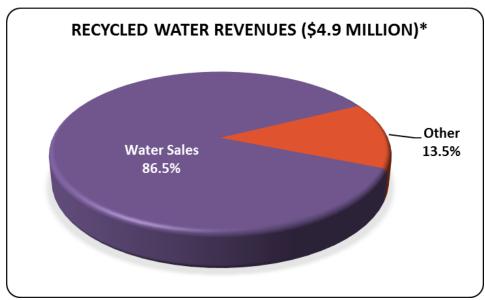


#### **Recycled Water Funds**

The District provides recycled water in the Northwest (NW) and Southeast (SE) Quadrants of its service area. To meet the Northwest service area recycled water demand, the District executed a recycled water purchase agreement with San Elijo Joint Powers Authority and Vallecitos Water District.

The District also purchases recycled water from the City of San Diego and the Rancho Santa Fe Community Services District to supplement recycled water demand in the SE Quadrant, which is predominately satisfied by recycled water generated at the District's 4S Water Reclamation Facility (WRF).

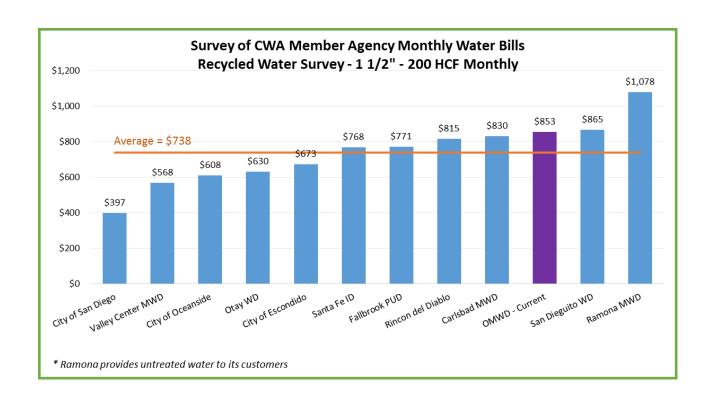
The District accounts for its recycled water operations in this fund.



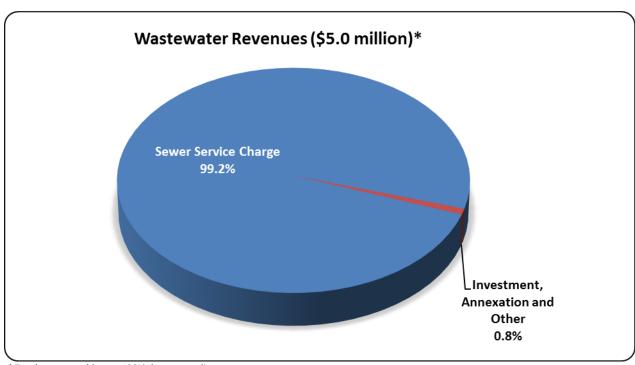
\* Total may not add up to 100% due to rounding.

#### <u>Description and Summary of Major Budget Elements and Variances</u>

- Recycled Water Sales Recycled water deliveries are expected to increase due to the
  conversion of large irrigation meters from potable to recycled water from the NW Quadrant
  of the District's recycled water area. Consequently, increases in recycled water sales are
  offset by a decrease in potable water sales. Included in the fiscal year 2018-19 budget for
  recycled water is a 4.5% approved increase in recycled rates effective March 2018 and a 3%
  staff-proposed recycled water rate increase to be effective in March 2019 to pass through
  growth in recycled water operations and capital costs due to inflation based on San Diego
  Consumer Price Index.
- Monthly System Access Charges A system access charge is assessed on a monthly basis based on meter size. Monthly System Access Charge (SAC) revenue is projected based on the number of water meters in service. The charge is designed to recover a portion of the fixed costs of operating the District. The costs include maintenance of meters, storage facilities, water lines, and customer service costs for meter reading and billing. In fiscal year 2018-19, SAC revenue growth includes the 4.5% increase to the District's SAC that went into effect on March 30, 2018.
- <u>Investment Income</u> The District invests excess funds to earn interest in accordance with the approved investment policy. This policy emphasizes the safeguarding of principal over the earning of interest. Interest earned is allocated by the source of funds based upon the average cash balances within each fund from month to month. Investment income is estimated based on an average yield of 1.5% for fiscal year 2018-19.



#### **Wastewater Funds**



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

The District provides sewer collection and treatment services in the 4S Ranch and Rancho Cielo areas. The 4S Ranch service area is comprised of a wide variety of commercial, industrial, and residential uses, including the annexed areas of Black Mountain Ranch and Santaluz. The 4S Ranch

and Rancho Cielo areas encompass a total of approximately 5,300 acres and will serve approximately 7,450 Equivalent Dwelling Units (EDUs) when they are fully built out. An EDU is the standard measurement of water discharged into the sewer collection and treatment system equal to the average discharge from a detached single-family unit.

Wastewater revenues are collected from service fees. Service fees are charged to each wastewater customer based on EDUs. Sewer fees and charges for single-family homes are in compliance with the California Urban Water Conservation Council's Best Management Practice No. 11 (BMP-11).

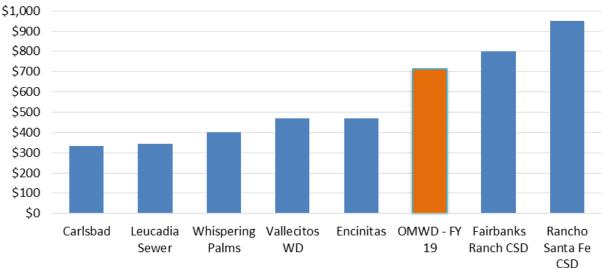
Wastewater (Sewer) service fees are billed through the County of San Diego property tax rolls and are collected by the County of San Diego Property Treasurer-Tax Collector's Office on behalf of the District. The Board adopted an ordinance to increase sewer service fees and charges by 3% for five years through fiscal year 2020-21.

Below is the annual wastewater (sewer) service fee comparison.

#### Description and Summary of Major Budget Elements and Variances

- Wastewater Service and Charges Wastewater rates and charges revenue for fiscal year 2018-19 is projected to increase due to a 3% increase in wastewater fees effective July 1, 2018, and the increased wastewater discharge from indoor water consumptions from residential customers. The commodity revenue portion of the District's wastewater revenue is budgeted based on the customer's minimum winter monthly usage up to a maximum of 7 units or 10 units depending on the sanitation district.
- Investment Income The District invests excess funds to earn interest in accordance with the approved statement of investment policy. This policy emphasizes the safeguarding of principal over the earning of interest. Interest earned is allocated by the source of funds based upon the average cash balances within each fund from month to month. Investment income is estimated based upon historical rates of return.





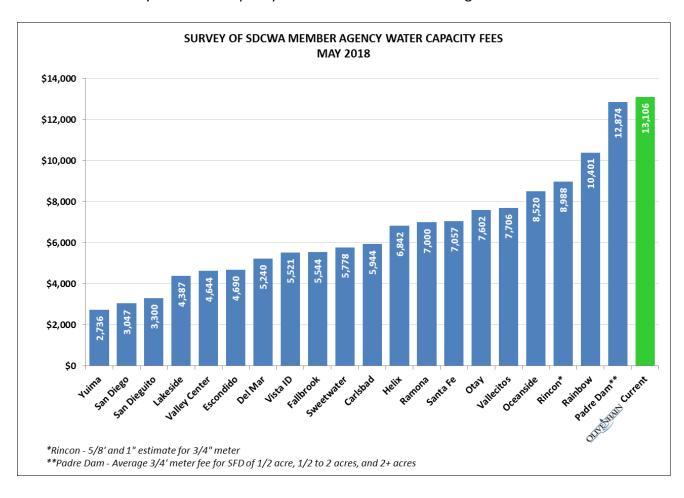
#### Capacity (Connection) Fee

These funds receive cash deposits from developers to pay for District facilities as is included in the District's capacity fee report and the Comprehensive Water Master Plan. These are restricted funds under Government Code section 66008. Capacity fees are intended to recover an equitable share of the value of the facilities that are needed to serve future customers. Therefore, these fees aim to minimize the burden imposed on current customers to pay for the future expansion, betterment, or reconditioning of District facilities intended to serve future customers.

#### <u>Description and Summary of Major Budget Elements and Variances</u>

<u>Capacity Fee Revenues</u> – Capacity fees are one-time payments assessed against new
development to cover its proportional share of facilities necessary to serve them. Capacity
Fees are restricted funds. The District uses a "hybrid" method for calculating its capacity
fee. Capacity fees are adjusted each year to keep up with annual inflation. Based on the
District's engineering estimate, capacity fee revenue for fiscal year 2018-19 is projected
conservatively at \$730,000. The District is estimated at 90% built-out.

Below is a survey of current capacity fees for SDCWA's member agencies.



- <u>Investment Income</u> The District invests excess funds to earn interest in accordance with
  the approved statement of investment policy which emphasizes the safeguarding of
  principal over the earning of interest. Interest earned is allocated by the source of funds
  based upon the average cash balances within each fund from month to month. Investment
  income is projected to be 1.5% for fiscal year 2018-19.
- Anticipated Grant Funds The District consistently pursues local, state, and federal grants
  to reduce the fiscal impact of projects on its ratepayers. For fiscal year 2018-19, the District
  is expecting to receive grant monies of approximately \$600,000 for the Advanced Metering
  Infrastructure (AMI) Expansion Project.

#### **Debt Service**

These funds are used to accumulate revenues and transfers necessary to make all required debt service payments and to account for funds as investment income received from investment activities of unexpended bond proceeds. These funds are considered restricted funds because they are restricted for specific uses as governed by the bond covenants.

#### Description and Summary of Major Budget Elements and Variances

- Benefit Assessment Revenues These are the assessments levied each year via the property tax rolls against properties located within Reassessment District 96-1 (which is contiguous with the water district's boundaries) and are utilized to make debt service payments on the Reassessment District 96-1 Limited Obligation Improvement Bonds. Benefit Assessment Revenue for fiscal year 2018-19 is projected to remain relatively unchanged at approximately \$1.4 million.
- <u>Investment Income</u> Investment of restricted cash held in bond reserve and service funds are to be made in accordance with the related bond indentures.
- Administrative Fees Revenue Administrative fees revenues are expected to increase by approximately 5% compared to the previous fiscal year's revised budget, based on staff's estimate of next year's costs to administer the Reassessment District 96-1 collection activities.
- Other Revenue Include Post-Financing Payoffs and Impact Charge Revenues. Post-financing payoffs are revenues collected when property owners pay their benefits assessment in advance. This revenue will be used to call a portion of the Reassessment District 96-1 bonds early. Impact charges are revenues collected due to property owners installing larger size of meters than originally planned and assessed. Both post-financing payoffs and impact charge revenues are insignificant to the overall budget.

Fund: 100 & 120 Operating - Water (Potable and Recycled)

Fund: 100 & 120	Operating - Water (Potable and Recycled)						
					Proposed	% Change	% Change
		2016-2017	2017-2018	B Budget	2018-2019	From 17-18	From 17-18
		Actual	Adopted	Revised*	Budget	Budget	Revised
	Operating Revenues						
41100-100-000-000	Potable Water Sales - Res/Comm/Irrig/Cons	28,261,397	29,872,000	30,298,000	35,097,000	17.49%	15.84%
41400-100-000-000	Potable Water Sales - Agriculture	589,445	907,000	937,000	1,111,000	22.49%	18.57%
41600-100-000-000	Potable Water Sales - Miscellaneous	1,761	10,000	10,000	15,000	50.00%	50.00%
41700-120-000-000	Recycled Water Sales	3,308,353	3,416,000	3,605,000	4,241,000	24.15%	17.64%
	Water Sales	32,160,957	34,205,000	34,850,000	40,464,000	18.30%	16.11%
41800-100-000-000	System Access Charge - Potable	11,850,352	11 040 000	12,013,000	12,831,000	8.30%	6.81%
41800-100-000-000	System Access Charge - Potable System Access Charge - Recycled	455,683	11,848,000 488,000	508,000	536,000	9.84%	5.51%
41900-100-000-000	SDCWA Infrastructure Access Charge	,	,	,	,		
	•	966,168	1,068,000	1,094,000	1,010,000	-5.43%	-7.68%
43210-100-000-000	Selling of Water Treatment Services	767,818	650,000	790,000	814,000	25.23%	3.04%
43170-100-000-000	Hydro-electric Plant Revenues	55,385	50,000	50,000	50,000	0.00%	0.00%
43001-100-000-000	Turn Off/On Fees/ NSF Charges - Potable	20,880	20,000	20,000	20,000	0.00%	0.00%
43001-120-000-000	Turn Off/On Fees/ NSF Charges - Recycled	400.040	1,000	1,000	405.000	-100.00%	-100.00%
43002-100-000-000	Delinquency Charges - Potable	130,342	100,000	100,000	125,000	25.00%	25.00%
43002-120-000-000	Delinquency Charges - Recycled	-	1,000	1,000	-	-100.00%	-100.00%
43003-100-000-000	Transfer Fees - Potable	38,120	37,000	37,000	38,000	2.70%	2.70%
43003-120-000-000	Transfer Fees - Recycled	-		-		0.00%	0.00%
43004-100-000-000	Meter Installations, net	8,590	7,000	17,000	5,000	-28.57%	-70.59%
43008-100-000-000	Cross Connection/Inspection - Potable	128,276	126,000	126,000	127,000	0.79%	0.79%
43008-120-000-000	Cross Connection Inspection - Recycled	-	-	-	-	0.00%	0.00%
43020-100-000-000	Outside District Boundary Charges	8,934	9,000	9,000	10,000	11.11%	11.11%
43123-100-000-000	Rental Income	652,867	600,000	600,000	645,000	7.50%	7.50%
43500-100-000-000	CWA Reimb of Park Costs	-	-	-	-	0.00%	0.00%
43100-100-000-000	Other Operating Revenues	406,719	10,000	10,000	51,000	410.00%	410.00%
	Other Water Services	15,490,135	15,015,000	15,376,000	16,262,000	8.31%	5.76%
	Operating Revenues	47,651,092	49,220,000	50,226,000	56,726,000	15.25%	12.94%
	Non-operating Revenues						
44100-100-000-000	Investment Income - Water	107,728	281,000	311.000	279,000	-0.71%	-10.29%
44100-120-000-000	Investment & Interest Income - Recycled	21,322	45,000	65,000	124,000	175.56%	90.77%
44200-100-000-000	Property Tax Revenue	3,414,858	3,200,000	3,200,000	3,400,000	6.25%	6.25%
47000-100-000-000	Gain on Sale of Fixed Assets	6,000	20,000	20,000	25,000	25.00%	25.00%
47100-100-000-000	Other Non-Operating Revenues	-	62,000	62,000	62,000	0.00%	0.00%
	Non-operating Revenues	3,549,908	3,608,000	3,658,000	3,890,000	7.82%	6.34%
	Total Revenue	51,201,000	52,828,000	53,884,000	60,616,000	14.74%	12.49%

 $<sup>^{\</sup>ast}$  Amended budget amounts approved by the Board.

Fund: 100	Rate Stabilization - Water				Proposed	% Change	% Change
		2016-2017	2017-2018	Budget	2018-2019	From 17-18	From 17-18
		Actual	Adopted	Revised*	Budget	Budget	Projected
	Operating Revenues						
	Total Operating Revenues			<u> </u>		0.00%	0.00%
	Non-operating Revenues						
44102-100-000-000	Investment Income	26,372	95,000	95,000	121,000	27.37%	27.37%
	Total Non-operating Revenues	26,372	95,000	95,000	121,000	27.37%	27.37%
	Total	26,372	95,000	95,000	121,000	27.37%	27.37%

<sup>\*</sup> Amended budget amounts approved by the Board.

Fund: 110 & 111 Wastewater Operations

ranar rro a rrr masteriator operano	2046 2047	2017 2019	Pudant	Proposed	% Change	% Change
	2016-2017 Actual	2017-2018 Adopted	Revised*	2018-2019 Budget	From 17-18 Budget	From 17-18 Projected
Operating Revenues						
Wastewater Services	4,447,426	4,477,000	4,336,000	4,920,000	9.90%	13.47%
Total Operating Revenues	4,447,426	4,477,000	4,336,000	4,920,000	9.90%	13.47%
Non-operating Revenues						
Investment Income	13,191	24,000	26,000	24,000	0.00%	-7.69%
Standby Charges	(407)	-	-	-	0.00%	0.00%
Other Non-Operating Revenue	-	-	-	-	0.00%	0.00%
Total Non-operating Revenues	12,784	24,000	26,000	24,000	0.00%	-7.69%
Total	4,460,210	4,501,000	4,362,000	4,944,000	9.84%	13.34%

<sup>\*</sup> Amended budget amounts approved by the Board.

Fund: 110 & 111 Rate Stabilization - Wastewater

Fund: 110 & 111	Rate Stabilization - Wastewater				Proposed	% Change	% Change
		2016-2017	2017-2018 Budget		2018-2019	From 17-18	From 17-18
		Actual	Adopted	Revised*	Budget	Budget	Projected
	Operating Revenues						
	<b>Total Operating Revenues</b>			-		0.00%	0.00%
	Non-operating Revenues						
44102-110-000-000	Investment Income	8,543	18,000	18,000	18,000	0.00%	0.00%
	Total Non-operating Revenues	8,543	18,000	18,000	18,000	0.00%	0.00%
	Total	8,543	18,000	18,000	18,000	0.00%	0.00%

<sup>\*</sup> Amended budget amounts approved by the Board.

% Change % Change **Proposed** 2017-2018 Budget 2018-2019 From 17-18 From 17-18 2016-2017 Adopted Budget Projected Actual Revised\* Budget **Operating Revenues** 0.00% **Total Operating Revenues** 0.00%

Non-operating Revenues						
Investment Income	58,296	336,000	336,000	459,000	36.61%	36.61%
Capacity Fee	2,756,837	923,000	923,000	733,000	-20.59%	-20.59%
Ordinance 280 Revenue	867,589	5,000	5,000	5,000	0.00%	0.00%
Anticipated Grant Funds	2,016,203	-	-	600,000	0.00%	0.00%
Total Non-operating Revenues	5,698,925	1,264,000	1,264,000	1,797,000	42.17%	42.17%
То	tal 5,698,925	1,264,000	1,264,000	1,797,000	42.17%	42.17%

<sup>\*</sup> Amended budget amounts approved by the Board.

Fund: Capital Improvement (All)\*\*

<sup>\*\*</sup> Include Capital Improvement for Potable, Wastewater and Recycled.

Fund: 120, 400, & 500 Capital Improvement - Water (Potable and Recycled) Proposed % Change % Change 2016-2017 2017-2018 Budget 2018-2019 From 17-18 From 17-18 Budget Budget Projected Actual Adopted Revised\* **Operating Revenues** 0.00% **Total Operating Revenues** 0.00% Non-operating Revenues 44100-500-000-000 Investment Income \*\* 36,897 278,000 278,000 359,000 29.14% 29.14% 44300-500-000-000 Capacity Fee 894,134 923,000 733,000 -20.59% -20.59% 923,000 44103-120-000-000 Investment Income 3,178 9,000 9,000 51,000 466.67% 466.67% 3,000 44100-400-000-000 Investment Income 5,179 3,000 3,000 0.00% 0.00% 44300-400-000-000 Ordinance 280 Revenue 867,589 5,000 5,000 5,000 0.00% 0.00% 49302-100-000-000 Contributed Revenue/Grants 2,014,156 600,000 0.00% 0.00% 1,218,000 **Total Non-operating Revenues** 3,821,134 1,218,000 1,751,000 43.76% 43.76%

1,218,000

1,218,000

1,751,000

43.76%

43.76%

3,821,134

Total

<sup>\*</sup> Amended budget amounts approved by the Board.

<sup>\*\*</sup> Income from investment in Capacity Fees

Fund: 110 & 111 Capital Improvement - Wastewater

Fund: 110 & 111	Capital Improvement - Wastewater	2016-2017 Actual	2017-2018 Adopted	Budget Revised*	Proposed 2018-2019 Budget	% Change From 17-18 Budget	% Change From 17-18 Projected
	Operating Revenues						
	Total Operating Revenues			<u> </u>		0.00%	0.00%
	Non-operating Revenues						
44103-110-000-000	Investment Income - Capital Replacement	13,041	46,000	46,000	46,000	0.00%	0.00%
44171-110-000-000	Investment Income - Capacity Fee	-	-	-	-	0.00%	0.00%
44300-110-000-000	Capacity Fee Revenue - 4S	1,862,703	-	-	-	0.00%	0.00%
44171-111-000-000	Capacity Fee Revenue - Rancho Cielo	-	-	-	-	0.00%	0.00%
49302-110-000-000	Contributed Revenue/Grants	2,047	-	-	-	0.00%	0.00%
	<b>Total Non-operating Revenues</b>	1,877,791	46,000	46,000	46,000	0.00%	0.00%
	Total	1,877,791	46,000	46,000	46,000	0.00%	0.00%

<sup>\*</sup> Amended budget amounts approved by the Board.

Fund: Debt Service (All)\*\*

Tulid. Desit del vice (All)	2016-2017			Proposed 2018-2019	% Change From 17-18	% Change From 17-18	
-	Actual	Adopted	Revised*	Budget	Budget	Projected	
Operating Revenues							
Total Operating Revenues	<u>=</u>		<u> </u>	<u> </u>	<u> </u>	<u> </u>	
Non-operating Revenues							
Investment Income	(3,675)	14,000	14,000	38,000	171.43%	171.43%	
RAD 96-1 Benefit Assessment Revenues	1,394,101	1,376,000	1,376,000	1,389,000	0.94%	0.94%	
Administrative Fee Revenues	46,188	45,000	45,000	47,000	4.44%	4.44%	
Post-Financing Payoffs	6,648	4,000	4,000	4,000	0.00%	0.00%	
Impact Charge Revenues	14,350	4,000	4,000	8,000	100.00%	100.00%	
Total Non-operating Revenues	1,457,613	1,443,000	1,443,000	1,486,000	2.98%	2.98%	
Total	1,457,613	1,443,000	1,443,000	1,486,000	2.98%	2.98%	

24,210

<sup>\*</sup> Amended budget amounts approved by the Board.
\*\* Include RAD 96-1, 2006A & 2015A Refunding Bonds, 2009 Water Revenue Bond, 2012 State Revolving Fund, 2012 California Bank and Trust Note.

Fund: 570	Debt Service - Reassessment District 96-1	2016-2017 Actual	2017-2018 Adopted	Budget Revised*	Proposed 2018-2019 Budget	% Change From 17-18 Budget	% Change From 17-18 Projected
	Operating Revenues						
	Total Operating Revenues		-			<del>-</del>	
	Non-operating Revenues						
44100-570-000-000	Investment Income	(11,132)	7,000	7,000	27,000	285.71%	285.71%
44400-570-000-000	RAD 96-1 Benefit Assessment Revenues	1,394,101	1,376,000	1,376,000	1,389,000	0.94%	0.94%
44410-570-000-000	Administrative Fee Revenues	46,188	45,000	45,000	47,000	4.44%	4.44%
44420-570-000-000	Post-Financing Payoffs	6,648	4,000	4,000	4,000	0.00%	0.00%
44430-570-000-000	Impact Charge Revenues	14,350	4,000	4,000	8,000	100.00%	100.00%
	Total Non-operating Revenues	1,450,156	1,436,000	1,436,000	1,475,000	2.72%	2.72%
	Total	1,450,156	1,436,000	1,436,000	1,475,000	2.72%	2.72%

<sup>\*</sup> Amended budget amounts approved by the Board.

Fund: 561	Debt Service - 2015A Water Revenue	Refunding Bonds	3				
		2016-2017	2017-2018 Budget		•	% Change From 17-18	% Change From 17-18
		Actual	Adopted	Revised*	Budget	Budget	Projected
	Operating Revenues						
	Total Operating Revenues			<u>-</u>			
	Non-operating Revenues						
44100-561-000-000	Investment Income	3,911	1,000	1,000	8,000	700.00%	700.00%
	Total Non-operating Revenues	3,911	1,000	1,000	8,000	700.00%	700.00%
	Total	3.911	1.000	1.000	8.000	700.00%	700.00%

<sup>\*</sup> Amended budget amounts approved by the Board.

Rond & 2016A Water Payonus Petunding Rond

Fund: 580 & 581	Debt Service - 2009 Water Revenue B	ond & 2016A Wat	er Revenue Re	funding Bond						
		2016-2017	2017-2018 Budget Adopted Revised*		Proposed % Change 2018-2019 From 17-18		% Change From 17-18			
		Actual	Adopted	Revised*	Budget	Budget	Projected			
	Operating Revenues									
	Total Operating Revenues			<u> </u>	<u> </u>	<u> </u>	<u> </u>			
	Non-operating Revenues									
44100-581-000-000	Investment Income	3,445	5,000	5,000	3,000	-40.00%	-40.00%			
	Total Non-operating Revenues	3,445	5,000	5,000	3,000	-40.00%	-40.00%			
	Total	3,445	5,000	5,000	3,000	-40.00%	-40.00%			

<sup>\*</sup> Amended budget amounts approved by the Board.

Fund: 510	Debt Service - 2012 State Revolving F	und				a. a.	o. 01
		2016-2017	2017-2018 Budget		Proposed 2018-2019	% Change From 17-18	% Change From 17-18
		Actual	Adopted	Revised*	Budget	Budget	Projected
	Operating Revenues						
	Total Operating Revenues		-	<u> </u>	<u> </u>		<u>-</u>
	Non-operating Revenues						
44100-510-000-000	Investment Income	100	1,000	1,000	-	-100.00%	-100.00%
	Total Non-operating Revenues	100	1,000	1,000		-100.00%	-100.00%
	Total	100	1,000	1,000		-100.00%	-100.00%

<sup>\*</sup> Amended budget amounts approved by the Board.

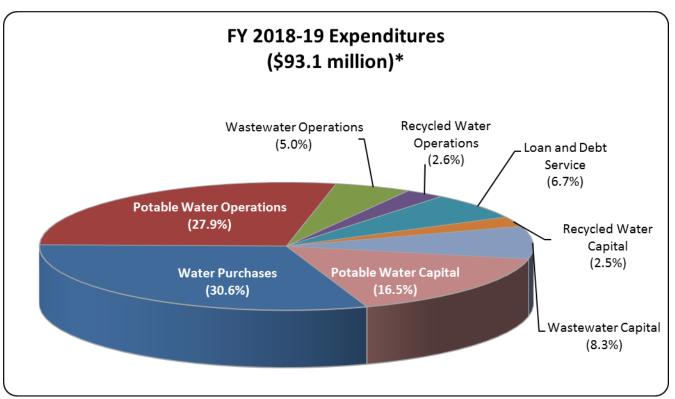
#### **Expenditures**

The District's projected expenditures for fiscal year 2018-19 are divided into three major categories:

- Operating Expenditures are potable and recycled water expenses (with purchased water cost shown separately), wastewater operations, maintenance expenses, and fund transfers to capital reserves (PAYGO) from rates and charges to pay for aging infrastructure.
- <u>Non-Operating Expenditures</u> are costs that are not directly attributable to day-to-day
  potable water, recycled water, and wastewater operations, such as loan and debt service
  payments, outside services and consulting expenditures to obtain grants.
- <u>Capital Project Expenditures</u> are defined as funds spent on the District's capital
  improvement program. These Funds are accumulated from rates and user charges as well as
  one-time payments of capacity and annexation fees. The District, as stated in its debt
  management policy, endeavors to pay for its capital improvement programs using the
  PAYGO method from its revenues and charges to avoid financing expenses when feasible.

Operating and non-operating expenditures are discussed as part of the operating budget section of this document. Detailed Information on the fiscal year 2018-19 Capital Expenditures can be found in "Section II - Capital Budget."

The District's total expenditures for fiscal year 2018-19 are projected to be \$93.1 million. The breakdown of these expenditures by category is depicted in the graph below.



<sup>\*</sup>Total may not add up to 100% due to rounding.

#### **Potable Water Purchases**

The District purchases 100% of its untreated water supply from the San Diego County Water Authority (SDCWA). SDCWA's water supplies come from imported water providers such as the Metropolitan Water District of Southern California (MWD), Imperial Irrigation District, American and Coachella Canal Lining and the Carlsbad Water Desalination Plant. It is then transported through MWD's water transmission and distribution system to 24 member agencies, including SDCWA, which distributes the water to retail agencies like the District throughout San Diego County.

For fiscal year 2018-19, untreated water purchases are estimated at 19,300 AF based on projected potable water sales volume and an allowance of 6.5% for unaccounted water loss.

SDCWA's untreated purchased wholesale water cost went up by 3.7% on January 1, 2018. It is expected to increase by another 2.9% starting January 1, 2019. The actual impact of purchased water wholesale costs increases for each retail agency varies depending on each member agency's share of SDCWA fixed charges. SDCWA fixed charges are allocated to its 24 member agencies based on rolling averages of each agency's historical water deliveries. The District's portion of SDCWA's fixed charges for fiscal year 2018-19 will be \$7.4 million.

Untreated water deliveries from SDCWA are processed at the District's David C. McCollom Water Treatment Plant to meet customer demand. The wholesale purchased water costs are broken down as follows:

#### <u>Purchased Water Wholesale Variable Charges per Acre-Foot (AF)</u>

- 1. **Melded Untreated Municipal and Industrial (M&I) Supply Rate** is a uniform volumetric rate set to recover the costs of purchasing Tier 1 water from MWD, water purchases from Imperial Irrigation District (IID), payments in connection with the All American and Coachella Canal lining projects, and other associated supply costs. The Melded Supply Rate is projected to increase from \$894 per AF to \$909 per AF, or 1.7%, on January 1, 2019.
- 2. Melded M&I Treatment Rate is a uniform volumetric rate that is set in order to recover costs related to the treatment of raw water. The District treats almost all of its customer's potable water demand at its David C. McCollom Water Treatment Plant. SDCWA's melded M&I Treatment Rate is projected to decrease by 8%, from \$300 per AF to \$276 per AF, on January 1, 2019, because SDCWA's treatment plant costs shifted to cost of goods sold and projected as part of the cost of water.
- 3. **Transportation Charge** is a uniform volumetric rate that is set in order to recover capital, operation, and maintenance costs of SDCWA's aqueduct system, including all facilities used to physically transport the water to member agency meters. The transportation rate is expected to increase by 4.3%, from \$115 to \$120 per AF, on January 1, 2019.
- 4. **SDCWA Transitional Special Agricultural Credit (SAWR):** This program exempts farmers and growers from paying storage charges in exchange for receiving a reduced level of water delivery during water shortages or emergencies. Per current SDCWA Board of Directors' policy, SAWR is set to end on December 31<sup>st</sup>, 2020. The current untreated and treated agricultural water rates under the SAWR program are \$695 and \$995 per AF and are estimated to increase to \$731 and \$1,007 respectively, on January 1, 2019.

#### Purchased Water Wholesale Fixed Charges

- 1. Customer Service Charge: This is a fixed charge to recover costs that are necessary to support the functions of SDCWA, to develop SDCWA policies, and to implement programs that benefit the San Diego region as a whole. It is charged monthly and allocated among member agencies based on each agency's three-year rolling average of water purchases. The SDCWA customer service charge allocated to the District for FY 2019 is \$1,053,401 based on the District's three-year rolling averages.
- 2. **SDCWA Emergency Storage Charge:** This is a fixed charge to recover costs associated with the Emergency and Carryover Storage Program. It is charged monthly and allocated among member agencies based on each agency's three-year rolling average non-agricultural water deliveries. The SDCWA storage charge allocated to the District for FY 2019 is \$2,856,421 based on the District's three-year rolling average.

- 3. **MWD Readiness-To-Serve Charge (RTS):** This is a fixed charge collected by MWD to recover costs associated with standby and peak conveyance activity and system emergency storage capacity. The RTS charge is allocated by SDCWA to all member agencies on the basis of each agency's ten-year rolling average of firm deliveries, including water transfers and exchanges conveyed through system capacity. The District's portion of MWD RTS for FY 2019 is \$798,296.
- 4. **MWD Capacity Charge (CRC)**: This is a fixed charge set by MWD on an agency's peak week deliveries over the previous five fiscal years. It recovers the cost of providing peak capacity within the distribution system and is designed to encourage member agencies to shift demands and avoid placing large daily peaks on the MWD system during the summer months. The District's allocation of MWD CRC for FY 2019 is \$386,716. SDCWA allocates this fixed charge to all of its member agencies based on a five-year rolling average of member agency deliveries during regional peak weeks.
- 5. **SDCWA Infrastructure Access Charge (IAC)**: This is a fixed monthly charge which is set by SDCWA based on meter size of all active potable water meters to cover a portion of debt service costs associated with the construction of county-wide water infrastructure projects. SDCWA's portion of the IAC allocated to the District will be \$1,017,822 in FY 2019.
- 6. **SDCWA Supply Reliability Charge:** This is a fixed monthly charge intended to recover a portion of the costs associated with the purchase and distribution of water from the Carlsbad Desalination Plant, IID, and the Canal Lining Project. SDCWA allocates this charge based on a five-year rolling average of firm, non-agricultural MWD deliveries. The District's share of the SDCWA supply reliability charge in FY 2019 will be \$1.33 million. This is an increase of about \$9,000 per month compared to fiscal year 2017-18.

#### **Recycled Water Purchases**

The District delivers recycled water to large irrigation customers, such as golf courses and homeowners associations, in the Northwest Quadrant and Southeast Quadrant of its service area. The Northwest (NW) and Southeast (SE) quadrants are each separate transmission and distribution systems.

In the Northwest Quadrant, the District purchases 100% of its recycled water from Vallecitos Water District and San Elijo Joint Powers Authority through water purchase agreements. The District has been working aggressively to increase its recycled water customer base and distribution system in an effort to reduce dependence on potable water for irrigation purposes within its service area.

In the Southeast Quadrant, the District purchases a portion of its recycled water from the City of San Diego and Rancho Santa Fe Community Service District (RSFCSD). Roughly 60% of the District's recycled water demand in the Southeast Quadrant is supplied through treated effluent from the 4S Water Reclamation Facility, owned and operated by the District.

#### The District purchases recycled water from the following suppliers:

- 1. City of San Diego (City): The District is contractually obligated to buy at least 400 AF of recycled water from the City. The purchase price for this recycled water is set based on an agreement between the District and the City for the purchase of recycled water from the North City Water Reclamation Plant. This agreement is a take-or-pay recycled water purchase arrangement for 20 years effective December 2004. The District agrees to pay the City the commodity rate adopted by the San Diego City Council. The District currently pays \$780.33 per AF for recycled water supplied by the City. The District is currently negotiating with the City to purchase additional recycled water to meet demand in the Southeast quadrant of the District's recycled water system.
- 2. Rancho Santa Fe Community Services District (RSFCSD): The District agrees to purchase available recycled water from the Santa Fe Valley Water Reclamation Facility (SFV WRF), which is owned by the RSFCSD. For fiscal year 2018-19, the District projects approximately 180 AF of recycled water will be available from SFV WRF. The purchase price for this recycled water is set at \$375 per AF, plus 50% of the difference between the District's projected recycled water rate and the District's actual fiscal year 2007-08 recycled water rate. Currently, the purchase price for recycled water from RSFCSD is \$816.75 per AF.
- 3. Vallecitos Water District (VWD): The District entered into an agreement to purchase up to 1.5 million gallons per day of recycled water from VWD and to use VWD's Mahr Reservoir for operational storage for the purchased recycled water. For fiscal year 2018-19, recycled water purchases from VWD are projected at approximately 485 AF. The ceiling price for recycled water purchased from VWD is not to exceed 75% of SDCWA's Treated M&I Rate, which includes the Tier 1 Melded Untreated M&I Supply Rate, Customer Service Charge, Transportation Rate, Storage Charges and Melded M&I Treatment Rate. For fiscal year 2018-19, the price for recycled water from VWD shall not exceed \$1,202 per AF.
- 4. **San Elijo Joint Powers Authority (SEJPA)**: The District has entered into an agreement with the SEJPA to purchase a minimum of 125 AF of recycled water during fiscal year 2018-19. The price for recycled water purchased from SEJPA is \$1,522 per AF. The District also gets an infrastructure credit of \$450 per AF for recycled water facilities contributed by the District under the agreement. SEJPA 's price for recycled water will increase 3.8% starting July 1, 2018, and another 3.8% increase starting July 1, 2019.

#### **Potable Water Operations**

The District is committed to providing safe, reliable, and high-quality water to each customer in a cost-effective manner. Potable water operations include not only water facilities operations but also maintenance of the District's transmission and distribution system, meter maintenance, reading and billing of water meters on a monthly basis, and other on-site services requested by customers. The District's service area is approximately 48 square miles, with 419 miles of water main lines, 66.9 million gallons of potable water storage capacity, and 12 treated water reservoirs.

The District provides potable water services to approximately 28,900 water meters. For fiscal year 2018-19, potable water operating expenditures are budgeted at \$25.9 million which includes \$17.1 million of operating expenditures net of capitalized labor and non-labor expenses, and \$8.8 million of fund transfers. A 3.1% growth in water operating expenditures for fiscal year 2018-19, net of capitalized expenditures is primarily due to an increase in salary and wages based on the current labor agreement between the District and its employee association groups and increases in the cost of supplies, power cost, and facilities repair and maintenance expenditures to keep up with annual inflation adjustments.

#### **Wastewater Operations**

The District owns and operates the 4S Ranch Water Reclamation Facility (4S WRF) to provide sewer collection and treatment services to two sanitation districts within its boundaries, namely 4S Ranch and Rancho Cielo, as well as other annexed areas. These service areas, comprised of a wide variety of commercial, industrial, and residential uses, encompass approximately 5,300 acres and provides sewer service to about 7,100 equivalent dwelling units (EDUs), from its ultimate build-out of 7,450 EDUs.

For fiscal year 2018-19, wastewater operating expenditures are expected to increase 2.1% compared to the revised fiscal year 2017-18 budget. The increase is mainly due to the projected cost increases in chemical, power, supplies, and outside services to maintain the 4S Wastewater Treatment Plant.

A \$1.5 million transfer of funds from the wastewater operating fund to the capital fund is anticipated for the budget year 2018-19 to pay for the wastewater capital improvement program. More information about the District's wastewater capital improvement program can be found in the District's 10-year spending plan as well as in the Capital Budget section of this document.

#### **Recycled Water Operations**

Recycled water operating expenditures for fiscal year 2018-19 are budgeted at \$1.4 million. This represents a 6.3% decrease as compared to the revised fiscal year 2017-18 budget. The decrease in the recycled water operating budget is due to a reduction in non-recurring maintenance expenditures of recycled water facilities.

#### **Capacity Fee Fund**

Capacity fee expenses include engineering, accounting, and general and administrative costs to support capacity fee projects administration. With the District no longer experiencing any significant growth, the capacity fee expense budget is expected to remain relatively flat in future years.

#### **Debt Service Fund**

Included in this category are amortization expenses, miscellaneous charges, and administrative costs. These costs are incurred by the District to administer current outstanding bonds and loans.

The District's financial goal is to keep the level of bond indebtedness within reasonable limits and legal limitations. To meet the bond indebtedness obligation and to avoid rate spikes, the District has a long-term financial plan and rate model that are used by staff as financial tools to forecast water rates. It has been the District's mission to keep water rates stable over time through utilization of rate stabilization funds whenever practicable.

Debt Service Payments for fiscal year 2018-19 are budgeted at \$6.2 million. The District currently has outstanding bond issues: These are the Reassessment District 96-1 (RAD 96-1), 2015A Water Revenue Refunding Bonds, 2016A Water Revenue Refunding Bonds, 2018 Wastewater Revenue Bonds, and the State Revolving of California Revolving Fund Loan Program (2012 SRF).

The Reassessment District 96-1 (RAD 96-1) bond was issued to refund Assessment District 96-1.AD 96-1 bond proceeds were used to pay for the District's storage capacity right of the Olivenhain Dam and Reservoir.

The 2015A Water Revenue Refunding bonds were issued to refund the 2006A Water Revenue Refunding Bonds, which refunded the 1997 Certificates of Participation (1997 COP). The District used the 1997 COP proceeds to pay for construction of the David C. McCollom Water Treatment Plant (DCMWTP). The District estimates it will save \$1.79 million over the life of the bonds due to the 2015 refunding. The District pledge its net water system revenues to pay for the 2015A annual debt service payment.

The 2016A Water System Refunding Revenue Bonds were issued to refund the outstanding balance of the 2009 Water Revenue Bonds. The 2009 Bonds were to finance the required improvements at the David C. McCollom Water Treatment Plant. The primary sources of repayment for these bonds are net system revenues.

The 2018 Wastewater Revenue Bonds were issued to pay for the construction of the District's new headquarters, site improvements, and building. The District pledged its wastewater (sewer) system revenue to pay for 2018 Wastewater Revenue Bonds debt service payments.

The 2012 SRF loan was awarded by the California Department of Public Health in December 2011 and was used to fund a portion of the LT2-related construction improvements at the DCMWTP.

#### **Debt Coverage Ratio**

The 2015A Water Revenue Refunding bonds require the District to maintain net system revenues equal to 125% of debt service on senior obligations for each fiscal year and 100% of debt service on all obligations. Net system revenues equal all income and revenue received by the District from the operation or ownership of the water system, including all rates and charges received by the District for water system services, investment income, property taxes, and connection fees less costs expended or incurred by the District for maintaining and operating the water system, excluding depreciation expenses.

The coverage ratio is defined as net system revenues divided by senior liens overall debt service. The District has been and will remain in compliance with all of its bond covenants, which include meeting its debt service ratio requirements.

The debt service coverage ratio forecast for the next ten years can be found in the Long-Term Financial Plan section of this document. The consolidated debt service schedule of principal and interest payments through maturity and a separate debt service schedule by fund type are shown in the Debt Service section.

#### Water and Wastewater Capital 1

Detailed information on the District's capital expenditures, including project description, estimated project costs, and funding sources can be found in "Section II – Capital Budget" of this document. Project costs are estimated based on an updated list of capital improvement projects to be completed within the next ten years.

<sup>1</sup> Information about the District's labor and employee benefit expenses for water operations, wastewater, and recycled operations, including an allocation of employee benefit expenses to various departments within these operations, an organizational chart, and total staffing graphs, can be found on the following pages. A summary by department of staffing, objectives, accomplishments, and line item expenditures is located behind each department tab included in this section and following the employee benefits information

Fund: 100 & 120 Water Operations (Potable and Recycled)

Tunu. 100 & 120 Water Operations (i otable an	a recoyclea,	oyolou,		Proposed	% Change	% Change
	2016-2017	2017-2018	2017-2018 Budget		From 16-17	From 16-17
	Actual	Adopted	Revised*	Budget	Budget	Revised
Operating Expenses						
Purchased Potable Water - Variable	16,138,344	17,274,000	17,538,000	19,878,000	15.07%	13.34%
Purchased Potable Water - Fixed	4,084,921	4,001,000	4,001,000	3,910,000	-2.27%	-2.27%
Purchased Potable Water - Agricultural Credits	14,037	-	-	-	0.00%	0.00%
MWD- Readiness-to-Serve	967,946	859,000	859,000	816,000	-5.01%	-5.01%
MWD- Capacity Reservation Charge	473,791	411,000	411,000	411,000	0.00%	0.00%
SDCWA - Infrastructure Access Charge	956,694	988,000	988,000	1,012,000	2.43%	2.43%
Purchased Recycled Water	941,658	1,032,000	1,050,000	1,309,000	26.84%	24.67%
Recycled Credit	(186,600)	(180,000)	(180,000)	(180,000)	0.00%	0.00%
Supply Reliability Charge	1,177,940	1,223,000	1,223,000	1,333,000	8.99%	8.99%
Purchased Water	24,568,731	25,608,000	25,890,000	28,489,000	11.25%	10.04%
Personnel	10,603,008	11,156,000	11,150,000	11,655,000	4.47%	4.53%
Operations	7,482,096	7,829,000	8,089,000	7,918,000	1.14%	-2.11%
Capitalized Operating Expenditures	(1,862,660)	(1,014,000)	(1,221,000)	(1,128,000)	11.24%	-7.62%
Other Operating Expenses - WFO	388,995	-	-	50,000	0.00%	0.00%
Other Operating Expenses	16,611,440	17,971,000	18,018,000	18,495,000	2.92%	2.65%
Total Operating Expenses	41,180,172	43,579,000	43,908,000	46,984,000	7.81%	7.01%
Non-operating Expenses						
Other Non-Operating Expenses - Potable	-	60,000	60,000	60,000	0.00%	0.00%
Loss disposal of Fixed Assets	286,707	-	-	-	0.00%	0.00%
Other Non-Operating Expenses - Recycled	-	-	-	-	0.00%	0.00%
Total Non-operating Expenses	286,707	60,000	60,000	60,000	0.00%	0.00%
Total Expenses	41,466,878	43,639,000	43,968,000	47,044,000	7.80%	7.00%

<sup>\*</sup> Amended budget amounts approved by the Board.

Note: Other District water operation expenditures can be found in the "Expenditures by Department" section of this document, broken down by department.

Fund: 110 & 111 Wastewater Operations

Tana. 110 a 111 Musicinatel Operations	2016-2017	2017-2018 Budget		Proposed 2018-2019	% Change From 16-17	% Change From 16-17
	Actual	Adopted	Revised*	Budget	Budget	Revised
Operating Expenses						
Personnel	1,049,153	1,046,000	1,100,000	1,109,000	6.02%	0.82%
Operations	1,328,998	1,392,000	1,387,000	1,445,000	3.81%	4.18%
Capitalized Operating Expenditures	461,189	439,000	473,000	469,000	6.83%	-0.85%
Total Operating Expenses	2,839,341	2,877,000	2,960,000	3,023,000	5.07%	2.13%
Non-operating Expenses						
Other Non-Operating Expenses	-	-	-	-	0.00%	0.00%
Loss disposal of Fixed Assets	-	-	-	-	0.00%	0.00%
Total Non-operating Expenses					0.00%	0.00%
Total	2,839,341	2,877,000	2,960,000	3,023,000	5.07%	2.13%

<sup>\*</sup> Amended budget amounts approved by the Board.

Note: More detailed information about each of the expenditures line items shown above can be found in the "Expenditures by Department - Wastewater Operations"

Fund: Capital Improvement (All)**				Drawagad	0/ Change	0/ Change
	2016-2017 Actual	2017-2018 Adopted	Budget Revised*	Proposed 2018-2019 Budget	% Change From 16-17 Budget	% Change From 16-17 Revised
Operating Expenses						
Total Operating Expenses			<u>-</u>		<u> </u>	
Non-operating Expenses						
Engineering	-	_	-	-		
Salaries & Wages - Regular	354	1,000	1,000	1,000	0.00%	0.00%
Employee Benefits	308	2,000	2,000	2,000	0.00%	0.00%
Other Non-Operating Expenses	349,046	12,000	12,000	12,000	0.00%	0.00%
Total Non-operating Expenses	372,453	15,000	15,000	15,000	0.00%	0.00%
Total	372,453	15,000	15,000	15,000	0.00%	0.00%

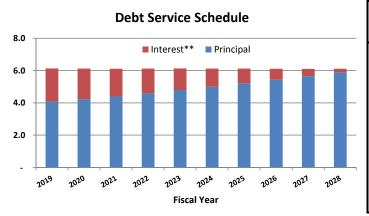
<sup>\*</sup> Amended budget amounts approved by the Board.
\*\* All operations include Potable water, Recycled water, and Wastewater.

Fund: Debt Service (All)\*\*\*

Fund: Debt Service (All)****	2016-2017	2017-2018	Budget	Proposed 2018-2019	% Change From 16-17	% Change From 16-17
	Actual	Adopted	Revised*	Budget	Budget	Revised
Operating Expenses	-	-	-	-	-	-
Total Operating Expenses			<u> </u>		<u> </u>	
Non-operating Expenses						
Consultants	1,700	1,000	1,000	1,000	0.00%	0.00%
Bank Svc Chgs	180	-	-	-	0.00%	0.00%
Outside Service	336,368	43,000	43,000	45,000	4.65%	4.65%
Salaries and Wages	916	1,000	1,000	1,000	0.00%	0.00%
Employee Benefits	893	1,000	1,000	1,000	0.00%	0.00%
Principal	3,234,207	3,441,000	3,441,000	4,089,000	18.83%	18.83%
Net Interest Expense**	2,339,675	2,386,000	2,221,000	2,043,000	-14.38%	-8.01%
Amortization	11,382	12,000	12,000	12,000	0.00%	0.00%
Fixed Charge County Assessment	2,313	2,000	2,000	2,000	0.00%	0.00%
Total Non-operating Expenses	5,927,633	5,887,000	5,722,000	6,194,000	5.21%	8.25%
Total	5,927,633	5,887,000	5,722,000	6,194,000	5.21%	8.25%

<sup>\*</sup> Amended budget amounts approved by the Board.

<sup>\*\*\*</sup> Include RAD 96-1, 2006A, 2015A & 2016A Refunding Bonds, 2009 Water Revenue Bond, 2012 State Revolving Fund, 2012 California Bank and Trust Note.



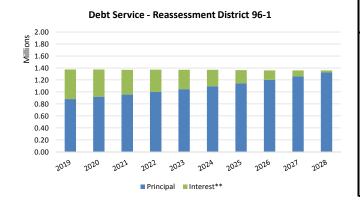
Schedule of Payments						
Fiscal Year	Principal	Interest**	Total			
2019 2020 2021 2022 2023 2024 2025 2026 2027 2028	4,089,000 4,235,000 4,403,000 4,591,000 4,796,000 4,996,000 5,212,000 5,430,000 5,663,000 5,907,000	2,043,000 1,893,000 1,716,000 1,530,000 1,337,000 1,129,000 912,000 682,000 444,000 203,000	6,132,000 6,128,000 6,119,000 6,121,000 6,133,000 6,125,000 6,124,000 6,112,000 6,107,000 6,110,000			
2029-39	15,532,000	2,150,000	17,682,000			
TOTAL	68,295,000	16,425,000	84,720,000			

<sup>\*\*</sup> Net interest expense is rounded to nearest thousand and includes amortization of the bond premium.

Fund: 570	Debt Service - Reassessment District 96-1

Acc	ount No. and Description	2016-2017 Actual	2017-2018 Adopted	Budget Revised*	Proposed 2018-2019 Budget	% Change From 16-17 Budget	% Change From 16-17 Revised
Operating Expenses							
	Total Operating Expenses			<u> </u>		0.00%	0.00%
Non-operating Expen	<u>ses</u>						
52250-570-000-000	Consultants	-	-	-	-	0.00%	0.00%
52800-570-000-000	Legal	-	-	-	-	0.00%	0.00%
53250-570-000-000	Outside Service	40,630	41,000	41,000	43,000	4.88%	4.88%
51100-570-000-000	Salaries and Wages	916	1,000	1,000	1,000	0.00%	0.00%
51150-570-000-000	Employee Benefits	893	1,000	1,000	1,000	0.00%	0.00%
22510-570-000-000	Principal	815,000	845,000	845,000	880,000	4.14%	4.14%
59750-570-000-000	Interest Expense**	551,790	531,000	531,000	494,000	-6.97%	-6.97%
59265-570-000-000	Amortization	7,880	8,000	8,000	8,000	0.00%	0.00%
59365-570-000-000	Fixed Charge County Assessment	2,313	2,000	2,000	2,000	0.00%	0.00%
	Total Non-operating Expenses	1,419,422	1,429,000	1,429,000	1,429,000	0.00%	0.00%
	Total	1,419,422	1,429,000	1,429,000	1,429,000	0.00%	0.00%

<sup>\*</sup> Amended budget amounts approved by the Board. \*\* Interest rounded to nearest thousand.



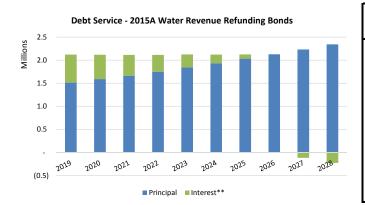
Schedule of Payments								
Fiscal Year	Principal	Interest**	Total					
2019	880,000	494,000	1,374,000					
2020	920,000	455,000	1,375,000					
2021	955,000	414,000	1,369,000					
2022	1,000,000	371,000	1,371,000					
2023	1,045,000	325,000	1,370,000					
2024	1,095,000	274,000	1,369,000					
2025	1,145,000	218,000	1,363,000					
2026	1,200,000	159,000	1,359,000					
2027	1,260,000	98,000	1,358,000					
2028	1,325,000	33,000	1,358,000					
TOTAL	11,670,000	3,372,000	15,042,000					
-								

Fund: 561 Debt Service - 2015A Water Revenue Refunding Bonds

		2016-2017	2017-2018	Budget	Proposed 2018-2019	% Change From 16-17	% Change From 16-17
Acc	ount No. and Description	Actual	Adopted	Revised*	Budget	Budget	Revised
	_						
Operating Expense							
	Total Operating Expenses		-	<u> </u>		0.00%	0.00%
Non-operating Expen	<u>ses</u>						
53250-561-000-000	Outside Services	1,906	2,000	2,000	2,000	0.00%	0.00%
22800-561-000-000	Principal	1,375,000	1,440,000	1,440,000	1,515,000	5.21%	5.21%
59750-561-000-000	Net Interest Expense**	802,357	966,000	801,000	606,000	-37.27%	-24.34%
59265-561-000-000	Amortization	3,502	4,000	4,000	4,000	0.00%	0.00%
52250-561-000-000	Consultants	850	-	-	-	0.00%	0.00%
	Total Non-operating Expenses	2,183,615	2,412,000	2,247,000	2,127,000	-11.82%	-5.34%
	Total	2,183,615	2,412,000	2,247,000	2,127,000	-11.82%	-5.34%

<sup>\*</sup> Amended budget amounts approved by the Board.

<sup>\*\*</sup> Net interest expense is rounded to nearest thousand and includes amortization of the bond premium.



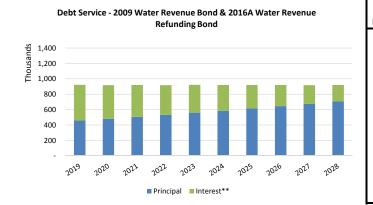
Schedule of Payments							
Fiscal Year	Principal	Interest**	Total				
2019	1,515,000	606,000	2,121,000				
2020	1,590,000	530,000	2,120,000				
2021	1,665,000	450,000	2,115,000				
2022	1,750,000	367,000	2,117,000				
2023	1,845,000	280,000	2,125,000				
2024	1,935,000	187,000	2,122,000				
2025	2,035,000	91,000	2,126,000				
2026	2,130,000	(11,000)	2,119,000				
2027	2,235,000	(118,000)	2,117,000				
2028	2,345,000	(229,000)	2,116,000				
TOTAL	20,485,000	3,119,000	23,604,000				
=							

Fund: 580 & 581 Debt Service - 2009 Water Revenue Bond & 2016A Water Revenue Refunding Bond

		2016-2017	2017-2018	•	Proposed 2018-2019	% Change From 16-17	% Change From 16-17
Acc	ount No. and Description	Actual	Adopted	Revised*	Budget	Budget	Revised
Operating Expense							
	Total Operating Expenses	<u> </u>				0.00%	0.00%
Non-operating Expen	<u>ses</u>						
52250-581-000-000	Consultants	850	1,000	1,000	1,000	0.00%	0.00%
53250-581-000-000	Outside Services	293,832	-	-	-	0.00%	0.00%
22800-581-000-000	Principal	690,000	435,000	435,000	460,000	5.75%	5.75%
59750-581-000-000	Interest Expense**	628,097	540,000	540,000	461,000	-14.63%	-14.63%
	Total Non-operating Expenses	1,612,779	976,000	976,000	922,000	-5.53%	-5.53%
	Total	1,612,779	976,000	976,000	922,000	-5.53%	-5.53%

<sup>\*</sup> Amended budget amounts approved by the Board.

<sup>\*\*</sup> Net interest expense is rounded to nearest thousand and includes amortization of the bond premium.

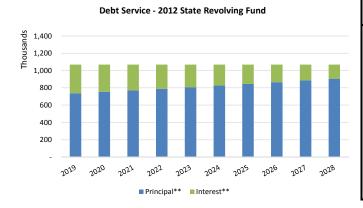


Schedule of Payments							
Fiscal Year	Principal	Interest**	Total				
2019	460,000	461,000	921,000				
2020	480,000	438,000	918,000				
2021	505,000	414,000	919,000				
2022	530,000	388,000	918,000				
2023	560,000	362,000	922,000				
2024	585,000	334,000	919,000				
2025	615,000	305,000	920,000				
2026	645,000	274,000	919,000				
2027	675,000	242,000	917,000				
2028	705,000	215,000	920,000				
2029-2039	9,105,000	1,620,000	10,725,000				
. <u>-</u>							
TOTAL	15,300,000	5,593,000	20,893,000				
-							

Fund: 510	Debt Service - 2012 State Revolving Fund
runa. 510	Debt Service - 2012 State Revolving Fund

Acc	ount No. and Description	2016-2017 Actual	2017-2018 Adopted	Budget Revised*	Proposed 2018-2019 Budget	% Change From 16-17 Budget	% Change From 16-17 Revised
	ount to: una Bosonphon	Notau	Adoptod	Novioca	Budgot	Baagot	Revised
Operating Expense							
	Total Operating Expenses	<del>-</del>	-	<u>-</u>	<u>-</u>	0.00%	0.00%
Non-operating Expen	<u>ses</u>						
53150-510-000-000	Bank Svc Chgs	180	-	-	_	0.00%	0.00%
29800-510-000-000	Principal**	354,207	721,000	721,000	737,000	2.22%	2.22%
59750-510-000-000	Interest Expense**	357,431	349,000	349,000	333,000	-4.58%	-4.58%
	Total Non-operating Expenses	711,817	1,070,000	1,070,000	1,070,000	0.00%	0.00%
	Total	711,817	1,070,000	1,070,000	1,070,000	0.00%	0.00%

<sup>\*</sup> Amended budget amounts approved by the Board. \*\* Based on estimated draw-down of loan proceeds.

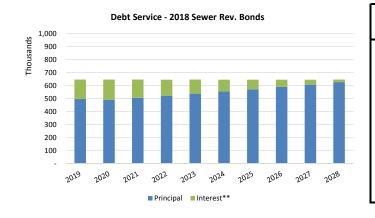


	Schedule of Payments Remaining							
Fiscal Year	Principal**	Interest**	Total					
2019	737,000	333,000	1,070,000					
2020	754,000	315,000	1,069,000					
2021	772,000	298,000	1,070,000					
2022	790,000	280,000	1,070,000					
2023	808,000	262,000	1,070,000					
2024	827,000	243,000	1,070,000					
2025	846,000	224,000	1,070,000					
2026	866,000	204,000	1,070,000					
2027	886,000	184,000	1,070,000					
2028	906,000	164,000	1,070,000					
2028-2035	6,427,000	530,000	6,957,000					
			·					
TOTAL	15,340,000	3,386,000	18,726,000					
,								

Fund: 512 Debt Service - 2018 Sewer Rev. Bonds

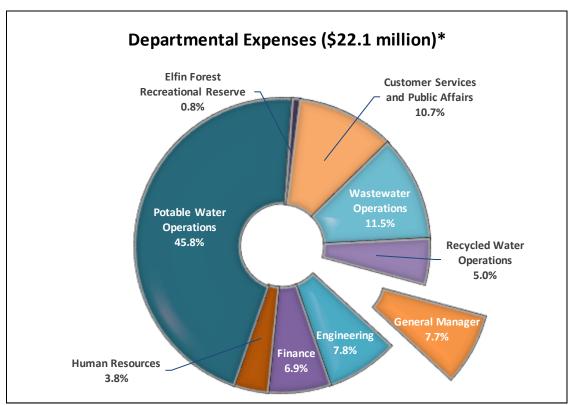
Acc	ount No. and Description	2016-2017 Actual	2017-201 Adopted	8 Budget Revised*	Proposed 2018-2019 Budget	% Change From 16-17 Budget	% Change From 16-17 Revised
Non-operating Expen	Total Operating Expenses	<u>-</u>				0.00%	0.00%
29800-512-000-000 59750-512-000-000	Principal Interest Expense Total Non-operating Expenses	<u> </u>	- - -	<u>-</u>	497,000 149,000 <b>646,000</b>	0.00% 0.00% <b>0.00%</b>	0.00% 0.00% <b>0.00%</b>
	Total				646,000	0.00%	0.00%

 $<sup>^{\</sup>ast}$  Amended budget amounts approved by the Board.



Schedule of Payments							
Fiscal Year	Total						
2019	497,000	149,000	646,000				
2020	491,000	155,000	646,000				
2021	506,000	140,000	646,000				
2022	521,000	124,000	645,000				
2023	538,000	108,000	646,000				
2024	554,000	91,000	645,000				
2025	571,000	74,000	645,000				
2026	589,000	56,000	645,000				
2027	607,000	38,000	645,000				
2028	626,000	20,000	646,000				
			·				
TOTAL	5,500,000	955,000	6,455,000				
-	, ,						

# General Manager



<sup>\*</sup> Total may not add up to 100% due to rounding

#### **Personnel Requirements:**

Description	2016-2017	2017-2018	2018-2019
Executive Secretary	1.00	1.00	1.00
General Manager	1.00	1.00	1.00
Department Assistant I	-	1.00	1.00
Assistant General Manager	-	1.00	1.00
Department Total	2.00	4.00	4.00

<sup>\*</sup> Departmental budgets without application of depreciation, support allocation and capitalization

#### Responsibilities

The General Manager Department is responsible for the day-to-day operations and oversight of the District. It ensures that all of the operations of the District, including legal, administrative, financial, operational, customer service, engineering, conservation, public relations, grant administration, compliance, and other responsibilities are exercised and carried out effectively to meet the needs of District customers in accordance with District policy.

The department manages and directs the day-to-day activities of the District and is responsible for preparation of Board packets, including agendas, reports, presentations, ordinances, resolutions, and minutes; approval of public outreach communications and initiatives; and any and all interviews with the local media. It also oversees the implementation of the District's Master Plan of Facilities and is responsible for negotiating developer agreements in support thereof.

#### Major Accomplishments – fiscal year 2017-2018

- OMWD Sponsored Assembly Bill 869 (Rubio), which would prevent limiting recycled water during drought conditions. While the bill did not pass in its second year, it moved the discussion on recycled water favorably for OMWD. (District goal 12 - engage and influence the SWRCB on emergency regulations and the legislation).
- Worked with state agencies to ensure California's Model Water Efficiency Landscape
   Ordinance contains variances for recycled water reflective of its salt content levels. (District goal 12 engage and influence the SWRCB on emergency regulations and the legislation).
- Continued to implement and comply with the Governor's Executive Order on conservation. (District goal 8 maintain open communication with public).
- Submitted application for the North County WateReuse Coalition 2020 Project to the US Bureau of Reclamation for WIIN funding. (District goal 11 - develop alternative water supplies).
- Completed the grant-funded San Dieguito Valley Brackish Groundwater Desalination Study
  to determine the groundwater basin's storage, recharge, and extraction capabilities and
  presented results the Board and the community. (District goal 11 develop alternative
  water supplies).
- Completed the conversion of three additional recycled water sites served by the Village Park Recycled Water Project. (District goal 2 producing and supplying high-quality recycled water).
- Completed a pipeline condition assessment and developed an action plan to replace the OMWD pipelines identified. (District goal 1 - providing safe, reliable, high-quality drinking water).

- Achieved numerous awards including (presented to OMWD Board in FY 2018):
  - American Public Works Association San Diego and Imperial Counties Chapter Honor Award for the Rancho Santa Fe Farms Road Realignment Project.
  - California Water Environment Association San Diego Section Award for Plant Safety
     Small (4SRWRF).
  - California Water Environment Association State Award and Water Environment Federation Award for Plant Safety Small (4SRWRF)
  - o Government Finance Officers Association Distinguished Budget Presentation.
  - Government Finance Officers Association Comprehensive Annual Financial Report Certificate of Achievement in Excellence
  - American Council of Engineering Companies Merit Award for the Village Park Recycled Water Project.
  - American Public Works Association San Diego and Imperial Counties Chapter Honor Award for the Village Park Recycled Water Project.
  - Special District Leadership Foundation District of Distinction Accreditation Certificate.
  - Special District Leadership Foundation District Transparency Certificate of Excellence Certificate.
  - o Exceptional Safety Record of over 4,400 days with no lost time.

#### **Objectives - fiscal year 2018-2019**

Departmental Objectives are listed in relation to District goals. Please see Strategic Plan section for complete list of District goals.

- Continue efforts to expand recycled water use in our service area as well as the regional recycled water network as part of the North San Diego Water Reuse Coalition, seeking grant funding wherever possible. (District goal 12 - cultivate relationships with other agencies; District Goal 2 - Provide high quality wastewater services and recycled water).
- Complete design for the Encinitas Boulevard and Rancho Santa Fe Road Pipeline Project. (District goal 1 provide safe, reliable, high-quality drinking water).
- Negotiate new recycled water purchase agreement with San Eljio Joint Powers Authority to replace existing agreements.

- Engage and influence the State Water Resources Control Board on emergency regulations and pending permanent regulations utilizing OMWD's advocate in Sacramento. (District goal 12 - cultivate relationships with other agencies).
- Complete Recycled Water Expansion Plan with Santa Fe Irrigation District, San Dieguito
  Water District, San Elijo Joint Power Authority, and Leucadia Wastewater District to
  determine viability of a joint project to bring recycled water to the center of OMWD's
  service area. (District goal 11 develop alternative water supplies to service existing and
  future customers).
- Work with regional and statewide agencies to stay engaged on the developments, financing, and cost allocation of the CA WaterFix to the advantage of OMWD customers. (District goal 12 cultivate relationships with other agencies).
- Remain fully engaged with State legislators on the pending implementation of the Water Use Efficiency Legislation, Water Tax Proposal, and other legislation and regulations affecting OMWD ratepayers. (District goal 12 cultivate relationships with other agencies).

#### Olivenhain Municipal Water District DEPARTMENTAL EXPENSES Fiscal Year 2018-2019

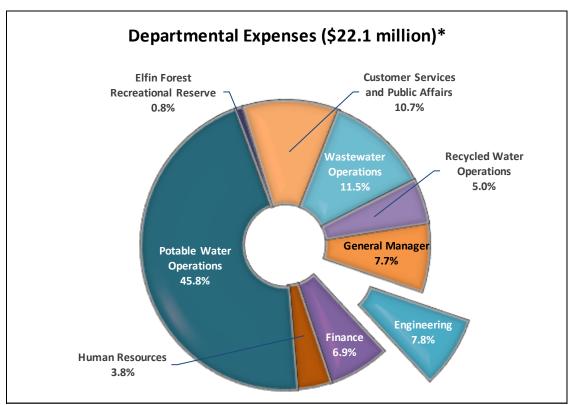
Fund: 100
Operating - Water

Department: 210 General Manager

General Ma	mayer	2016-2017	2017-201	8 Budget	Proposed 2018-2019	% Change From 17-18	% Change From 17-18
	Account No. and Description	Actual	Adopted	Revised*	Budget	Budget	Revised
	Personnel:						
51100	Salaries and Wages - Regular	364,476	487,000	487,000	494,000	1.44%	1.44%
51110	Salaries and Wages - Overtime	1,496	3,000	3,000	3,000	0.00%	0.00%
51120	Salaries and Wages - Training	1,997	2,000	3,000	3,000	50.00%	0.00%
51130	Salaries and Wages - Safety	2,328	2,000	2,000	3,000	50.00%	50.00%
51140	Salaries and Wages - Jury Duty	-	-	· -	-	0.00%	0.00%
52400	Directors' Fees	34,800	50,000	50,000	70,000	40.00%	40.00%
51150	Allocated Employee Benefits	357,076	382,000	406,000	421,000	10.21%	3.69%
	Subtotal	762,173	926,000	951,000	994,000	7.34%	4.52%
	Operations:						
52250	Consultants	95,412	75,000	90,000	98,000	30.67%	8.89%
52500	Engineering	6,857	12,000	14,000	14,000	16.67%	0.00%
52600	Equipment Rental	31,540	35,000	35,000	36,000	2.86%	2.86%
52800	Legal	302,750	360,000	310,000	310,000	-13.89%	0.00%
52900	Maintenance and Repairs - General	5,040	4,000	4,000	4,000	0.00%	0.00%
53000	Membership Dues and Subscriptions	83,604	55,000	65,000	65,000	18.18%	0.00%
53100	Office Supplies and Expenses	12,759	15,000	15,000	15,000	0.00%	0.00%
53200	Other Admin and General Expenses	5,997	8,000	8,000	6,000	-25.00%	-25.00%
53250	Outside Services	14,587	6,000	6,000	6,000	0.00%	0.00%
53300	Postage and Shipping	9,766	10,000	10,000	10,000	0.00%	0.00%
53400	Printing and Copying	1,492	1,000	1,000	2,000	100.00%	100.00%
53500	Property Insurance	83,874	90,000	90,000	90,000	0.00%	0.00%
53800	Seminars and Meetings	48,325	40,000	40,000	45,000	12.50%	12.50%
53900	Supplies - Operations	683	1,000	1,000	1,000	0.00%	0.00%
54000	Telephone and Communications	8,033	8,000	8,000	8,000	0.00%	0.00%
51160	Temporary Labor	-	1,000	1,000	1,000	0.00%	0.00%
54300	Utilities	53,849	-	-	-	0.00%	0.00%
	Subtotal	764,569	721,000	698,000	711,000	-1.39%	1.86%
	Capitalized Operating Expenditures:						
59009	Depreciation	-	17,000	17,000	17,000	0.00%	0.00%
59008	Support Allocation	(1,037,400)	(1,038,000)	(1,038,000)	(1,038,000)	0.00%	0.00%
59004	Capitalized Labor	(10,103)	-	(14,000)	(37,000)	0.00%	164.29%
59005	Capitalized Non-labor Expenses	(13,943)	-	(20,000)	(51,000)	0.00%	155.00%
	Subtotal	(1,061,446)	(1,021,000)	(1,055,000)	(1,109,000)	8.62%	5.12%
	Total, Net of Capitalized Expenses	465,296	626,000	594,000	596,000	-4.79%	0.34%

<sup>\*</sup> Amended budget amounts approved by the Board.

# Engineering



<sup>\*</sup> Total may not add up to 100% due to rounding

#### **Personnel Requirements:**

Description	Approved 2016-2017	Approved 2017-2018	Proposed 2018-2019
Backflow & Cross Conn Coord I	2.00	** -	-
Department Assistant I	1.00	1.00	1.00
Engineering Manager	1.00	1.00	1.00
Engineering Project Administrator	1.00	1.00	1.00
Engineering Right of Way Coordinator	1.00	1.00	1.00
Engineering Services Supervisor	1.00	1.00	1.00
Facilities Coordinator	1.00	1.00	1.00
Inspector	2.00	2.00	2.00
Line Locator/Inspector	1.00	1.00	1.00
Department Total	11.00	9.00	9.00

<sup>\*</sup> Moved to Recycled Water Operations

<sup>\*</sup> Departmental budgets w ithout application of depreciation, support allocation and capitalization

#### Responsibilities

The Engineering Department is responsible for providing planning, design, coordination, and inspection of all District CIP and developer-contributed projects within District boundaries, including potable water, sewer, and recycled water facilities. This includes the creation and maintenance of records and specifications necessary to process proposed development of these facilities. In addition, the Engineering Department maintains the GIS system through the use of an independent consultant; maintains rights-of-way, easements, and encroachments; oversees the cross-connection control program; and is responsible for the maintenance and repairs of all District-owned and operated facilities.

#### Major Accomplishments – fiscal year 2017-2018

- Commenced design of UV disinfection system replacement at 4S Water Reclamation Facility. (District goal 10 plan and construct facilities to meet needs).
- Commenced final design for the El Camino Real Pipeline Replacement Project. (District goal 1 provide safe, reliable drinking water).
- Completed construction of the Avenida La Posta and Wandering Drive recycled water line extensions in Village Park. (District goal 2 Provide high quality wastewater services and recycled water).
- Completed the design for rehabilitation of the tertiary filters at the 4S WRF. (District goal 2 Provide high quality wastewater services and recycled water).
- Commenced final design of the 4S Ranch Neighborhood 1 Sewer Pump Station replacement project. (District goal 2 Provide high quality wastewater services and recycled water).
- Completed the replacement of the 4G potable water reservoir while maintaining adequate water supply to customers. (District goal 6 exceed regulatory requirements).

#### Objectives – fiscal year 2018-2019

Departmental Objectives are listed in relation to District goals. Please see Strategic Plan section for complete list of District goals.

- Complete the final design of the UV disinfection system replacement at 4S Water Reclamation Facility and commence construction. (District goal 10 plan and construct facilities to meet needs).
- Complete construction of the tertiary filters rehabilitation at the 4S Water Reclamation Facility. (District goal 2 Provide high quality wastewater services and recycled water).
- Complete the design and permitting for the construction of Building "D" as envisioned by the District's long-term Capital Improvement Plan and the approved Carlsbad Conditional Use Permit. (District goal 10 plan and construct facilities to meet needs).

Note: Summary of all capital improvement projects for fiscal year 2018-2019 by funding sources and project details can be found in the CIP summary section of this budget. Lists of all District capital improvement and replacement projects for future years are included in both the Long-Term Financial and CIP by Funding Source sections.

#### **Performance Indicators**

Activity/ Criteria	fiscal year 2016-2017 Actual	fiscal year 2017-2018 Target	fiscal year 2017-2018 Actual	fiscal year 2017-2018 Target Met?	fiscal year 2018-2019 Target
Track Capital Projects Budgeted vs Completed	82%	80%	N/A	N/A	80%
Labor Capitalized or Billable to Projects	29%	35%	N/A	N/A	35%
Construction Cost Deviations: Final Construction Costs/Bid Amount	114%	110% or less	N/A	N/A	110% or less

Target met
 Target not met
 Target not available
 ■ Performance Measure Only
 N/A – Not Available, pending fiscal year 2017-2018

#### Olivenhain Municipal Water District DEPARTMENTAL EXPENSES Fiscal Year 2018-2019

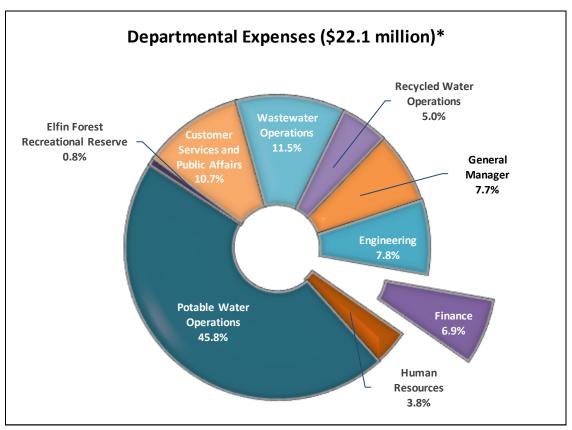
Fund: 100
Operating - Water

Department: 220 Engineering

gineering	•	2016-2017	2017-201	8 Budget	Proposed 2018-2019	% Change From 17-18	% Change From 17-18
	Account No. and Description	Actual	Adopted	Revised*	Budget	Budget	Revised
	Personnel:						
51100	Salaries and Wages - Regular	666,971	640,000	640,000	640,000	0.00%	0.00%
51110	Salaries and Wages - Overtime	6,694	8,000	8,000	9,000	12.50%	12.509
51120	Salaries and Wages - Training	3,193	4,000	4,000	6,000	50.00%	50.00
51130	Salaries and Wages - Safety	1,844	3,000	3,000	4,000	33.33%	33.33
51140	Salaries and Wages - Jury Duty	-	-	-	1,000	0.00%	0.00
51150	Allocated Employee Benefits	513,176	512,000	500,000	558,000	8.98%	11.60
	Subtotal	1,191,876	1,167,000	1,155,000	1,218,000	4.37%	5.45
	Operations:						
52200	Collection and Regulatory Fees	11,091	7,000.0	7,000	1,000	-85.71%	-85.71°
52250	Consultants	87,622	30,000	16,000	16,000	-46.67%	0.00
52500	Engineering	62,407	1,000	21,000	21,000	2000.00%	0.00
52600	Equipment Rental	488	1,000	1,000	1,000	0.00%	0.00
52900	Maintenance and Repairs - General	52,000	55,000	49,000	50,000	-9.09%	2.04
52970	Maint & repairs-non recurring	52,530	60,000	110,000	-	-100.00%	-100.00
3000	Membership Dues and Subscriptions	798	2,000	2,000	3,000	50.00%	50.00
53100	Office Supplies and Expenses	3,340	5,000	5,000	5,000	0.00%	0.00
53200	Other Admin and General Expenses	238	1,000	1,000	1,000	0.00%	0.00
3250	Outside Services	261,605	280,000	280,000	280,000	0.00%	0.00
53300	Postage and Shipping	153	1,000	1,000	1,000	0.00%	0.00
53400	Printing and Copying	319	1,000	1,000	1,000	0.00%	0.00
53500	Property insurance	-	-	-	-	0.00%	0.00
53800	Seminars and Meetings	3,442	8,000	8,000	13,000	62.50%	62.50
53900	Supplies	32,336	35,000	35,000	35,000	0.00%	0.00
53902	Supplies - Tools/Small Equip	235	1,000	1,000	1,000	0.00%	0.00
53903	Supplies - Safety	2,154	4,000	4,000	4,000	0.00%	0.00
54000	Telephone and Communications	8,864	8,000	8,000	10,000	25.00%	25.00
51160	Temporary Labor	-	10,000	10,000	-	-100.00%	-100.00
54200	Uncollectible Accounts	-	2,000	2,000	-	-100.00%	-100.00
54300	Utilities	14,523	75,000	75,000	75,000	0.00%	0.00
	Subtotal	594,144	587,000	637,000	518,000	-11.75%	-18.68
	Capitalized Operating Expenditures:						
59009	Depreciation	-	44,000	44,000	44,000	0.00%	0.00
59008	Support Allocation	393,600	394,000	394,000	394,000	0.00%	0.00
59004	Capitalized Labor	(198,399)	(180,000)	(169,000)	(167,000)	-7.22%	-1.18
59005	Capitalized Non-labor Expenses	(413,654)	(350,000)	(353,000)	(325,000)	-7.14%	-7.93
	Subtotal	(218,453)	(92,000)	(84,000)	(54,000)	-41.30%	-35.71
	Total, Net of Capitalized Expenses	1,567,567	1,662,000	1,708,000	1,682,000	1.20%	-1.52

<sup>\*</sup> Amended budget amounts approved by the Board.

# **Finance**



<sup>\*</sup> Total may not add up to 100% due to rounding

#### **Personnel Requirements:**

Description	Approved 2016-2017	Approved 2017-2018	Proposed 2018-2019
Accountant I	3.00	3.00	3.00
General Ledger Accountant II	1.00	1.00	1.00
Finance Manager	1.00	1.00	1.00
Financial Analyst	1.00	1.00	1.00
Project Accountant II	1.00	1.00	1.00
Purchasing/Warehouse Clerk	1.00	1.00	1.00
Department Total	8.00	8.00	8.00

 $<sup>^{\</sup>star}$  Departmental budgets w ithout application of depreciation, support allocation and capitalization

#### Responsibilities

The Finance Department performs comprehensive financial services for the District including day to day accounting, issuance of debt financing, treasury functions, and debt service administration of the District. The department is responsible for accounting, forecasting, budgeting, investments, debt service, taxing, rate setting, management and investment of District funds. Day to day accounting duties include payroll, accounts receivable, accounts payable, collection, inventory, purchasing, billing, and financial reporting.

#### Major Accomplishments – fiscal year 2017-2018

- Completed conversion and implementation of CIS Infinity Wastewater (sewer) billing module, CIS Infinity (District goal 7 - minimize costs while maintaining high level of service).
- Submitted fiscal year 2016-2017 operating and capital budget to GFOA and CSMFO for their budget award programs (District goal 9 ensure financial plans and practice).
- Submitted fiscal year 2015-2016 audited financial statement to GFOA for its certification program (District goal 9 ensure financial plans and practice).
- Continually updated the capital replacement and betterment spending plan to ensure adequate funding through quarterly CIP meetings (District goal 9 ensure financial plans and practice).
- Completed fiscal year 2016-2017 financial audit with no significant audit adjustments. (District goal 9 ensure financial plans and practice).
- Conducted the annual review of the District's water, wastewater, and recycled water rates and charges (District goal 9 ensure financial plans and practice).
- Completed evaluation of the District's commercial credit card program. (District goal 9 ensure financial plans and practice).
- Updated the District's Travel Expenses Policies and Procedures. (District goal 6 exceed regulatory requirements).
- Completed annual review of the District's Financial Assessment or Financial Threat Analysis (District goal 9 ensure financial plans and practice).
- Completed an analysis of Operating Efficiency Ratio as an overall District's performance indicator (District goal 9 ensure financial plans and practice).
- Completed the issuance of 2018 Sewer Revenue bonds with California Bank and Trust to pay expansion of the District's headquarters, site improvements, and building.

#### Objectives - fiscal year 2018-2019

Departmental Objectives are listed in relation to District goals. Please see Strategic Plan section for complete list of District goals.

- Monitor the District's long-term capital long-term plans while maintaining the District's AAA bond rating (District goal 9 - ensure financial plans and practice).
- Implement fiscal year 2017-18 auditors' recommendations for process improvement (District goal 9 ensure financial plans and practice).
- Develop 2019 potable and recycled water cost of service study for proposition 218 notice process (District goal 9 ensure financial plans and practice).
- Submit fiscal year 2018-2019 operating and capital budget to GFOA and CSMFO for their budget award programs (District goal 9 ensure financial plans and practice).
- Submit fiscal year 2017-2018 audited financial statement to GFOA for its certification program (District goal 9 ensure financial plans and practice).
- Complete the issuance of 2018 Sewer Revenue Bonds with California Bank and Trust to finance Building D project, if approved by the Board (District goal 9 - ensure financial plans and practice).
- Complete annual review of the District's Financial Assessment or Financial Threat Analysis (District goal 9 ensure financial plans and practice).
- Review and revise the District's polices and procedure to improve internal controls (District goal 9 ensure financial plans and practice).
- Continue to build, develop, and mentor a cohesive team (District goal 5 provide safe and rewarding work environment).

## **Performance Indicators**

Activity/ Criteria	fiscal year 2016-2017 Actual	fiscal year 2017-2018 Target	fiscal year 2017-2018 Actual	fiscal year 2017-2018 Target Met?	fiscal year 2018-2019 Target
Budgetary Management Variance: Operating Expenses To Budget	95.9%	102% or less	N/A	N/A	98%
Account Write-Offs: Total Amount of Accounts Written-off Each Year	\$13,819.89	\$25,000	N/A	N/A	Less than \$25,000
Year End Inventory Physical Count	2 working days: 6/23 (half day), 6/26 (half day), and 6/27	Complete in 2 working days or less	N/A	N/A	Complete in 2 working days for all facilities
Month End Closing	9.75 days average completion	Complete before the 10 <sup>th</sup> of each month	N/A	N/A	Complete within 7 working days after month ends
Amount of Payments Processed Within 24hrs	100%	100%	N/A	N/A	100%

Target met
 Target not met
 Target not available
 ■ Performance Measure Only
 N/A – Not Available, pending fiscal year 2017-2018

#### Olivenhain Municipal Water District **DEPARTMENTAL EXPENSES** Fiscal Year 2018-2019

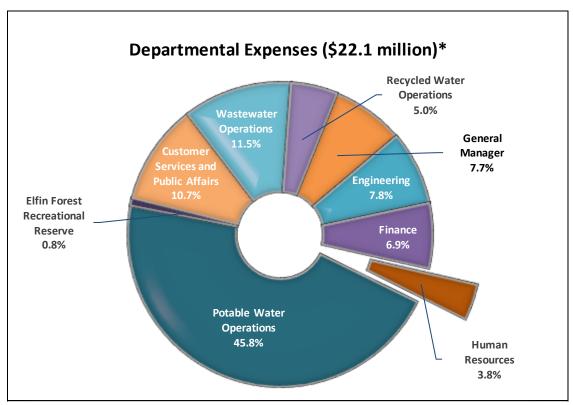
Fund: 100 Operating - Water

Department: 230 Finance

Finance		2016-2017	2017-201	8 Budget	Proposed 2018-2019	% Change From 17-18	% Change From 17-18
	Account No. and Description	Actual	Adopted	Revised*	Budget	Budget	Revised
	Personnel:						
51100	Salaries and Wages - Regular	572,117	603,000	603,000	610.000	1.16%	1.16%
51110	Salaries and Wages - Overtime	6,926	11,000	11,000	9,000	-18.18%	-18.18%
51120	Salaries and Wages - Training	3,963	8,000	8,000	8,000	0.00%	0.00%
51130	Salaries and Wages - Safety	731	2,000	2,000	2,000	0.00%	0.00%
51140	Salaries and Wages - Jury Duty	-	· -	· -	1,000	0.00%	0.00%
51150	Allocated Employee Benefits	537,283	485,000	512,000	532,000	9.69%	3.91%
	Subtotal	1,121,020	1,109,000	1,136,000	1,162,000	4.78%	2.29%
	Operations:						
52100	Auditing and Accounting	18,392	21,000	21,000	25,000	19.05%	19.05%
52200	Collection and Regulatory Fees	2,760	5,000	5,000	5,000	0.00%	0.00%
52230	Computer Supplies	-	1,000	1,000	1,000	0.00%	0.00%
52250	Consultants	68,860	65,000	65,000	122,000	87.69%	87.69%
52600	Equipment Rental	3,293	4,000	4,000	4,000	0.00%	0.00%
52900	Maintenance and Repairs - General	41,415	43,000	43,000	30,000	-30.23%	-30.23%
53000	Membership Dues and Subscriptions	1,348	2,000	2,000	2,000	0.00%	0.00%
53100	Office Supplies and Expenses	1,667	3,000	3,000	3,000	0.00%	0.00%
53150	LockBox and Bank Service Charge	-	-	36,000	20,000	0.00%	-44.44%
53200	Other Admin and General Expenses	5,536	25,000	25,000	10,000	-60.00%	-60.00%
53250	Outside Services	56,377	135,000	117,000	95,000	-29.63%	-18.80%
53300	Postage and Shipping	92	1,000	1,000	1,000	0.00%	0.00%
53400	Printing and Copying	5,230	6,000	8,000	8,000	33.33%	0.00%
53800	Seminars and Meetings	2,009	5,000	5,000	5,000	0.00%	0.00%
53900	Supplies - Operations	211	1,000	1,000	1,000	0.00%	0.00%
54000	Telephone and Communications	248	1,000	1,000	1,000	0.00%	0.00%
51160	Temporary Labor	-	-	-	-	0.00%	0.00%
54200	Uncollectible Accounts	13,084	21,000	21,000	25,000	19.05%	19.05%
	Subtotal	220,521	339,000	359,000	358,000	5.60%	-0.28%
	Capitalized Operating Expenditures:						
59009	Depreciation	-	110,000	110,000	110,000	0.00%	0.00%
59008	Support Allocation	(1,412,280)	(1,413,000)	(1,413,000)	(1,413,000)	0.00%	0.00%
59004	Capitalized Labor	(7,982)	(12,000)	(6,000)	(12,000)	0.00%	100.00%
59005	Capitalized non-labor Expenses	(10,996)	(17,000)	(9,000)	(17,000)	0.00%	88.89%
	Subtotal	(1,431,258)	(1,332,000)	(1,318,000)	(1,332,000)	0.00%	1.06%
	Total, Net of Capitalized Expenses	(89,717)	116,000	177,000	188,000	62.07%	6.21%
		<del></del>		<del></del>			

<sup>\*</sup> Amended budget amounts approved by the Board.

# **Human Resources**



<sup>\*</sup> Total may not add up to 100% due to rounding

#### **Personnel Requirements:**

Description	Approved 2016-2017	Approved 2017-2018	Proposed 2018-2019
Human Resources Analyst	1.00	1.00	1.00
Human Resources Manager	1.00	1.00	1.00
Records and Contracts Coordinator	1.00	1.00	1.00
Safety/Risk Compliance Administrator	1.00	1.00	1.00
Department Total	4.00	4.00	4.00

<sup>\*</sup> Departmental budgets without application of depreciation, support allocation and capitalization

#### Responsibilities

The Human Resources Department is responsible for providing leadership in employee and labor relations, classification and compensation, benefits administration, records administration, workers' compensation, and the District's risk and safety compliance programs.

The Department oversees coordination of recruitment and selection, employee training, leadership development, and performance planning.

#### Major Accomplishments - fiscal year 2017-2018

- Participated in the San Diego County Water Authority (SDCWA) regional water industry internship program by hosting interns during the year (District goal 12 - cultivate relationships with other agencies).
- Prepared the 2018 annual Staffing Analysis succession planning document (District goal 5 provide safe and rewarding work environment).
- Maintained the workers' compensation injury rate and lost work days to below industry standards (District goal 6 - exceed regulatory requirements).
- Conducted a Manager and Supervisor team building and learning event (District goal 5 provide safe and rewarding work environment).

#### Objectives - fiscal year 2018-2019

Departmental Objectives are listed in relation to District goals. Please see Strategic Plan section for complete list of District goals.

- Provide engaging and meaningful training for all employees as outlined in the 2018 annual objectives. (District goal 5 provide safe and rewarding work environment).
- Prepare the 2019 annual Staffing Analysis succession planning document (District goal 5 provide safe and rewarding work environment).
- Maintain the workers' compensation injury rate and lost work days to below industry standards (District goal 6 - exceed regulatory requirements).
- Conduct interdepartmental team building events to build relationships amongst all departments (District goal 5 provide safe and rewarding work environment).

# **Performance Indicators**

Activity/ Criteria	fiscal year 2016-2017 Actual	fiscal year 2017-2018 Target	fiscal year 2017-2018 Actual	fiscal year 2017-2018 Target Met?	fiscal year 2018-2019 Target
Interagency Cooperative agreements for training program efficiency	1 1. Dog Bite Training 3/3/17	2	N/A	N/A	2
Conduct all staff training on assigned topics	6 1. First Aid/CPR/AED 7/12/16, 7/19/16, 7/20/16 2. SWPP Training 10/4/16 3. Trench & Shoring 10/5/16 4. Traffic Control 10/5/16 5. Lockout/Tagout 10/5/16 1. EOC Tabletop Review 11/17/16	3	N/A	N/A	3
Total workdays away from work	0	<u>&lt;</u> 2	N/A	N/A	<2
Total modified workdays	7 Days (11/21- 11/28/16)	<u>&lt;</u> 20	N/A	N/A	<20
Total staff safety training hours	1,925 hours	1,400 hours	N/A	N/A	1,400 hours
Execute necessary analyses as required	1	1	N/A	N/A	1
Ensure on-time Employee Evaluation (PPR) rate (MID = Midyear, ANN = Annual)	MID = 94.7% (54 of 57) ANN = 100%	MID = 95% ANN = 100%	N/A	N/A	MID = 95%

<sup>•</sup> Target met • Target not met • Target not available ■ Performance Measure Only N/A – Not Available, pending fiscal year 2017-2018

#### Olivenhain Municipal Water District DEPARTMENTAL EXPENSES Fiscal Year 2018-2019

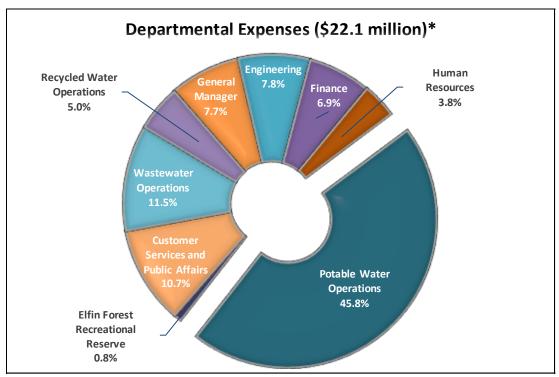
Fund: 100 Operating - Water

Department: 240 Human Resources

Human Kes	ources	2016-2017	2017-2018	Rudget	Proposed 2018-2019	% Change From 17-18	% Change From 17-18
	Account No. and Description	Actual	Adopted	Revised*	Budget	Budget	Revised
	Personnel:						
51100	Salaries and Wages - Regular	291,899	288,000	288,000	288,000	0.00%	0.00%
51110	Salaries and Wages - Overtime	158	1,000	1,000	-	-100.00%	-100.00%
51120	Salaries and Wages - Training	9,385	9,000	9,000	7,000	-22.22%	-22.22%
51130	Salaries and Wages - Safety	100,922	112,000	112,000	116,000	3.57%	3.57%
51140	Salaries and Wages - Jury Duty	3,033	-	-	1,000	0.00%	0.00%
51150	Allocated Employee Benefits	377,775	320,000	348,000	348,000	8.75%	0.00%
	Subtotal	783,172	730,000	758,000	760,000	4.11%	0.26%
	Operations:						
52250	Consultants	4,086	5,000	3,000	21,000	320.00%	600.00%
52800	Legal	-	1,000	1,000	1,000	0.00%	0.00%
52900	Maintenance and Repairs - General	842	23,000	13,000	19,000	-17.39%	46.15%
53000	Membership Dues and Subscriptions	3,705	4,000	4,000	5,000	25.00%	25.00%
53100	Office Supplies and Expenses	1,363	3,000	3,000	2,000	-33.33%	-33.33%
53200	Other Admin and General Expenses	434	1,000	1,000	-	-100.00%	-100.00%
53250	Outside Services	9,792	13,000	13,000	9,000	-30.77%	-30.77%
53300	Postage and Shipping	41	1,000	1,000	-	-100.00%	-100.00%
53800	Seminars and Meetings	4,420	8,000	5,000	8,000	0.00%	60.00%
53900	Supplies - Operations	228	3,000	3,000	3,000	0.00%	0.00%
53903	Supplies - Safety	3,583	1,000	1,000	3,000	200.00%	200.00%
54000	Telephone and Communications	1,419	-	1,000	-	0.00%	-100.00%
	Subtotal	29,912	63,000	49,000	71,000	12.70%	44.90%
	Capitalized Operating Expenditures:						
59009	Depreciation	_	18,000	18,000	18,000	0.00%	0.00%
59008	Support Allocation	(733,800)	(734,000)	(734,000)	(734,000)	0.00%	0.00%
59004	Capitalized Labor	-	-	-	-	0.00%	0.00%
59005	Capitalized Non-labor Expenses	-	-	-	-	0.00%	0.00%
	Subtotal	(733,800)	(716,000)	(716,000)	(716,000)	0.00%	0.00%
	Total, Net of Capitalized Expenses	79,284	77,000	91,000	115,000	49.35%	26.37%

<sup>\*</sup> Amended budget amounts approved by the Board.

# Water Operations and Maintenance



<sup>\*</sup> Total may not add up to 100% due to rounding

#### **Personnel Requirements:**

Description	Approved <u>2016-2017</u>	Approved 2017-2018	Proposed 2018-2019
Senior Systems Administrator*1	-	1.00	1.00
Operations Coordinator*	1.00	1.00	1.00
Equipment Technician	1.00	1.00	1.00
Information Technology Coord*	1.00	1.00	1.00
Information Technology Supervisor	1.00	1.00	1.00
Instrument Control Tech I	2.00	2.00	2.00
Instrument Control Tech II	2.00	2.00	2.00
Operations Manager*	1.00	1.00	1.00
Operations Supervisor	2.00	2.00	2.00
Pump/Motor Technician II*	2.00	2.00	2.00
Systems Administrator*	1.00	1.00	1.00
Systems Operator I	1.00	1.00	1.00
Systems Operator II	3.00	3.00	3.00
Utility I	4.00	4.00	4.00
Utility II	4.00	4.00	4.00
Utility III	3.00	3.00	3.00
Valve Maintenance Tech I	2.00	2.00	2.00
WT Facilities Supervisor	1.00	1.00	1.00
WTP Operator Level II	1.00	1.00	1.00
WTP Operator Level III	3.00	3.00	3.00
WTP Operator Level IV	1.00	1.00	1.00
Cathodic Protection <sup>1</sup>	-	1.00	1.00
Department Total	37.00	39.00	39.00

<sup>\*</sup>Positions also support other departments, but are budgeted under Water Ops and Maintenance

<sup>\*</sup> Departmental budgets without application of depreciation, support allocation and capitalization

<sup>&</sup>lt;sup>1</sup>New positions for FY 2017-2018

### Responsibilities

The Operations and Maintenance Department is responsible for providing customers with high-quality, safe drinking water 24 hours per day, 365 days per year. Operations personnel maintain and operate over 400 miles of pipeline, 105 pressure control vaults, 2 hydroelectric facilities, close to 29,000 customer meters, 16 treated water reservoirs, 6 pump stations, and nearly 9,000 valves. The department also supports a comprehensive cathodic protection program and is responsible for maintaining the District's fleet.

This department is also responsible for the planning and ordering of water supplies and the operation of the 34 MGD potable David C. McCollom Water Treatment Plant.

### <u>Major Accomplishments – fiscal year 2017-2018</u>

- Completed David C. McCollom Water Treatment Plant optimization study to identify opportunities to improve efficiency as well as their costs and benefits. (District goal 1 Provide safe, reliable drinking water).
- Completed Train 1 membrane replacement at David C. McCollom Water Treatment Plant and commenced replacements on Train 7. (District goal 1 - Provide safe, reliable drinking water).
- Reconfigured Denk Reservoir bypass vault as a fail-safe for deliveries to Vallecitos Water District. (District goal 1 Provide safe, reliable drinking water).
- Upgraded Cielo Pump Station motor controls and replaced variable frequency drives that have reached end-of-life. (District goal 1 Provide safe, reliable drinking water).
- Conducted electrical assessment at David C. McCollom Water Treatment Plant and presented results to Facilities Committee. (District goal 1 Provide safe, reliable drinking water).
- Through partnership with University of California, Riverside, implemented SCADA upgrades at the David C. McCollom Water Treatment Plant to monitor and generate alarms based on instantaneous energy demands. (District goal 1 Provide safe, reliable drinking water).
- Continued retrofitting existing light fixtures at David C. McCollom Water Treatment Plant with LEDs. (District goal 4 Pursue alternative resources/sustainability).
- Conducted cybersecurity training for all employees. (District goal 5 Provide safe and rewarding work environment).
- Completed second round of LT2 compliance monitoring, which ran through April 2017. (District goal 6 Exceed regulatory requirements).
- Implemented recommendations of Department of Homeland Security IT audit and presented to the board in closed session on progress. (District goal 7 Minimize costs while maintaining high level of service).

### Objectives - fiscal year 2018-2019

Departmental Objectives are listed in its relations to District goals. Please see Strategic Plan section for complete list of District goals.

- Complete Train 7 membrane replacement at David C. McCollom Water Treatment Plant and commence membrane replacement on one additional train. (District goal 1 – Provide safe, reliable drinking water).
- Commence and complete re-painting of Roger Miller Reservoir to enhance water quality.
   (District goal 1 Provide safe, reliable drinking water).
- Continue partnership with University of California, Riverside, on the grant-funded energy optimization project; implement study recommendations determined to be feasible; report to board at year end on status of study. (District goal 4 Pursue alternative resources/sustainability).
- Continue partnership with third party energy provider 3 Phases Renewables through the Direct Access program to optimize energy cost savings. (District goal 4 - Pursue alternative resources/sustainability).
- Conduct all-employee training on cybersecurity. (District goal 5 Provide safe and rewarding work environment).
- Commence water quality testing and reporting for fourth round of the Unites States Environmental Protection Agency's Unregulated Contaminant Monitoring Rule. (District goal 6 Exceed regulatory requirements).
- Continue implementation of infrastructure improvements in support of network security program. (District goal 7 Minimize costs while maintaining high level of service).
- Complete replacement of 80 valves for Fiscal Year 2019. (District goal 7 Minimize costs while maintaining high level of service).
- Commence service line cathodic protection maintenance program. (District goal 10 Planning and constructing the Master Plan of Facilities).
- Implement feasible recommendations from the David C. McCollom Water Treatment Plant Optimization and Capacity Reliability Study. (District goal 10 Planning and constructing the Master Plan of Facilities).

Note: Summary of all capital improvement projects for fiscal year 2018-2019 by funding sources and project details can be found in the CIP summary section of this budget. Lists of all District capital improvement and replacement projects for future years are included in both Long-Term Financial and CIP by Funding Source sections.

### **Performance Indicators**

Activity/ Criteria	fiscal year 2016-2017 Actual	fiscal year 2017-2018 Target	fiscal year 2017-2018 Actual	fiscal year 2017-2018 Target Met?	fiscal year 2018-2019 Target
Number of main valves replaced	97	70	N/A	N/A	80
Rebuild PR stations, per year	12	10	N/A	N/A	10
Lowest monthly percentage DCMWTP Combined Filter Effluent Turbidity ≤ 0.1 NTU	100%	>95%	N/A	N/A	>95%
Highest monthly percentage of Distribution System total coliform positive samples	1.09%	<5%	N/A	N/A	<5%
Minimum measured Distribution System total chlorine residual	100%	>0.2 100% of time	N/A	N/A	>0.2 100% of time
Percentage of customer demand met by DCMWTP	99.54%	>90%	N/A	N/A	>90%
Unaccounted water loss	4.80%	<5.00%	N/A	N/A	<5.00%
Number of reservoir spills	0	0	N/A	N/A	0
Track Capital Projects Budgeted vs Completed*	*	*	N/A	N/A	75%
Fix major leaks within 48 hours	100%	100%	N/A	N/A	100%
O&M Dept. Cost per MG processed	\$1,358.5	<\$1,575	N/A	N/A	<\$1,575

<sup>\*</sup> New performance indicator for fiscal year 2018-2019

<sup>•</sup> Target met • Target not met • Target not available ■ Performance Measure Only N/A – Not Available, pending fiscal year 2017-2018

### **Olivenhain Municipal Water District DEPARTMENTAL EXPENSES** Fiscal Year 2018-2019

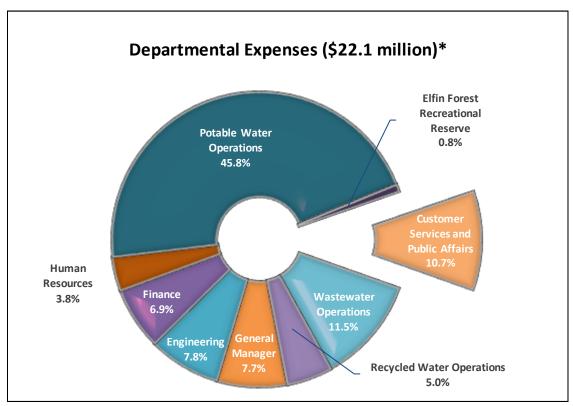
Fund: 100 Operating - Water

Departments: 250 to 258
Operations and Maintenance (Water O&M and Water Treatment Plant)

perations and Maintenance (Water O&M and Water Trea		2016-2017	2017-2018	8 Budget	Proposed 2018-2019	% Change From 17-18	% Change From 17-18
	Account No. and Description	Actual	Adopted	Revised*	Budget	Budget	Revised
	Personnel:						
51100	Salaries and Wages - Regular	2,008,832	2,398,000	2,358,000	2,346,000	-2.17%	-0.51%
51110	Salaries and Wages - Overtime	282,653	224,000	259,000	273,000	21.88%	5.41%
51120	Salaries and Wages - Training	36,037	37,000	37,000	42,000	13.51%	13.519
51130	Salaries and Wages - Safety	23,257	29,000	29,000	28,000	-3.45%	-3.459
51140	Salaries and Wages - Jury Duty	817	-	5,000	5,000	0.00%	0.009
51150	Allocated Employee Benefits	2,049,909	2,104,000	2,060,000	2,294,000	9.03%	11.36%
	Subtotal	4,401,506	4,792,000	4,748,000	4,988,000	4.09%	5.05%
	Operations:						
52200	Collection and Regulatory Fees	88,946	74,000	75,000	180,000	143.24%	140.00%
52230	Computer Supplies	35,261	24,000	24,000	22,000	-8.33%	-8.339
52250	Consultants	43,269	247,000	304,000	145,000	-41.30%	-52.309
52375	Dam- Operations and Maintenance	-	12,000	12,000	12,000	0.00%	0.009
52500	Engineering	3,000	7,000	7,000	16,000	128.57%	128.579
52600	Equipment Rental	38,963	40,000	50,000	39,000	-2.50%	-22.009
52800	Legal	-	-	-	-	0.00%	0.009
52900	Maintenance and Repairs - General	1,011,547	1,145,000	1,122,000	1,135,000	-0.87%	1.169
52950	Maintenance and Repairs - Roads	60,127	150,000	120,000	135,000	-10.00%	12.509
53000	Membership Dues and Subscriptions	4,685	8,000	10,000	11,000	37.50%	10.009
53100	Office Supplies and Expenses	7,930	11,000	11,000	6,000	-45.45%	-45.459
53200	Other Admin and General Expenses	377	2,000	6,000	6,000	200.00%	0.009
53250	Outside Services	676,329	690,000	675,000	713,000	3.33%	5.639
53260	Laboratory Services	109,149	100,000	110,000	130,000	30.00%	18.189
53300	Postage and Shipping	1,478	2,500	4,000	3,000	20.00%	-25.009
53400	Printing and Copying	956	3,500	4,000	3,000	-14.29%	-25.009
53500	Property Insurance	137,166	150,000	150,000	150,000	0.00%	0.009
53800	Seminars and Meetings	37,135	37,000	37,000	36,000	-2.70%	-2.70°
53900	Supplies - Operations	555,226	530,000	510,000	540,000	1.89%	5.889
53901	Supplies - Fuel	84,132	152,000	109,000	113,000	-25.66%	3.679
53902	Supplies - Tools/Small Equip	44,789	47,000	47,000	46,000	-2.13%	-2.139
53903	Supplies - Safety	33,694	33,000	47,000	25,000	-24.24%	-46.819
53904	Supplies - Chemical	738,806	600,000	900,000	800,000	33.33%	-11.119
54000	Telephone and Communications	81,581	80,000	70,000	79,000	-1.25%	12.869
51160	Temporary Labor	69,171	65,000	65,000	137,000	110.77%	110.779
54300	Utilities	620,713	700,000	620,000	655,000	-6.43%	5.65%
	Subtotal	4,484,428	4,910,000	5,089,000	5,137,000	4.62%	0.94%
	Capitalized Operating Expenditures:						
59009	Depreciation	_	401,000	401,000	401,000	0.00%	0.00%
59008	Support Allocation	911,640	912,000	912,000	912,000	0.00%	0.009
59004	Capitalized Labor	(197,611)	(193,000)	(227,000)	(206,000)	0.52%	-9.259
59005	Capitalized Non-labor Expenses	(408,536)	(375,000)	(480,000)	(400,000)	0.53%	-16.679
	Subtotal	305,493	745,000	606,000	707,000	-5.10%	16.67%
	2 3 12 12						

<sup>\*</sup> Amended budget amounts approved by the Board.

# **Customer Services & Public Affairs**



<sup>\*</sup> Total may not add up to 100% due to rounding

### **Personnel Requirements:**

Description	Approved 2016-2017	Approved 2017-2018	Proposed 2018-2019
Customer Service Public AF Sup	1.00	1.00	1.00
Customer Service Rep I	2.00	2.00	2.00
Customer Service Rep II	1.00	1.00	1.00
Customer Services Manager	1.00	1.00	1.00
Education & Conservation Coord	1.00	1.00	1.00
Field Services Technician I	2.00	4.00	4.00
Field Services Technician II	4.00	1.00	1.00
Field Services Technician III	1.00	2.00	2.00
Field Services Supervisor*	1.00	1.00	1.00
Staff Analyst	1.00	1.00	1.00
Department Total	15.00	15.00	15.00

<sup>\*</sup>Formerly Meters Supervisor

<sup>\*</sup> Departmental budgets without application of depreciation, support allocation and capitalization

### Responsibilities

The Customer Services Department is the lead department for all contact with OMWD customers. It is responsible for billing, account services, reading and maintaining customer meters, public outreach, customer conservation and education programs, and grant administration. The department also supports a comprehensive cathodic protection program.

The department was founded in October 2014 to consolidate all points of customer contact into one department, with the intent of ensuring that all staff members engaged in direct communication with customers are optimally engaged, trained, and educated on issues facing OMWD.

### Major Accomplishments – fiscal year 2017-2018

- Continued compliance with State Water Resources Control Board emergency regulations (District goal 6 exceed regulatory requirements).
- Completed Phase II of AMI retrofit project (District goal 7 minimize cost while maintaining high level of service).
- Continued to pursue local, state, federal, and private grant funding to offset costs: received \$650,000 from DWR awarded Proposition 1 funding (District goal 7 minimize cost while maintaining high level of service).
- Continued to develop messaging to ensure customer awareness of State Water Resources Control Board emergency regulations and long-term regulations (District goal 8 maintain open communication with public).
- Partnered with local businesses and vendors to promote water use efficiency through community events (District goal 8 maintain open communication with public).
- Achieved Special District Leadership Foundation's Transparency Certificate and Districts of Distinction re-accreditation (District goal 8 – maintain open communication with public).
- Conducted population study (District goal 8 maintain open communication with public).
- Completed grant-funded San Dieguito Valley Brackish Groundwater Desalination Study and presented recommendations to board (District goal 11 – develop alternative water supplies).
- Engaged and influenced the State Water Resources Control Board on emergency regulations and pending permanent regulations utilizing OMWD's advocate in Sacramento: sponsored AB 869 (District goal 12 cultivate relationships with other agencies).
- Executed a Local Project Participant agreement with San Elijo Joint Powers Authority for Proposition 84/IRWM Round 4 funding for the Manchester Avenue recycled water pipeline (District goal 12 cultivate relationships with other agencies).

### Objectives - fiscal year 2018-2019

Departmental Objectives are listed in relation to District goals. Please see Strategic Plan section for complete list of District goals.

- Submit annual water loss audit to State Water Resources Control Board in accordance with SB 555 (2015) (District goal 6 exceed regulatory requirements).
- Complete Phase III of the Advanced Metering Infrastructure Retrofit Project (District goal 7

   minimize cost while maintaining high level of service).
- Continue working with neighboring agencies to coordinate on advanced metering infrastructure systems (District goal 7 – minimize cost while maintaining high level of service).
- Develop program by which to test meters for accuracy to assist with water loss audit data validity scores pursuant to SB 555 (2015); present program to Facilities Committee (District goal 7 minimize cost while maintaining high level of service).
- Continue to pursue local, state, federal, and private grant funding to offset costs, expand EFRR parking lot, potentially including funding via Proposition 1 and Water Infrastructure Improvements for the Nation Act (District goal 7 – minimize cost while maintaining high level of service).
- Continue to develop messaging to protect customers' interests and to ensure customer awareness of State Water Resources Control Board water use efficiency regulations and new legislative requirements (District goal 8 maintain open communication with public).
- Host two workshops with City of Carlsbad and North San Diego Water Reuse Coalition targeting recycled water users and other stakeholders to promote/facilitate recycled water conversion (District goal 8 – maintain open communication with public).
- Partner with local businesses, vendors, and community organizations to promote water use efficiency through community events (District goal 8 – maintain open communication with public).
- Host sixth 4S Ranch Water Reclamation Facility open house event (District goal 8 maintain open communication with public).
- Participate in a minimum of 27 community outreach events to include facility tours, workshops, community group presentations, and classroom visits (District goal 8 – maintain open communication with public).
- Launch a public outreach campaign explaining annual rate increase considerations and the value of water (District goal 8 maintain open communication with public).

- Engage and influence State Water Resources Control Board regulations and water use efficiency legislation utilizing OMWD's advocate in Sacramento (District goal 12 cultivate relationships with other agencies).
- Continue pursuit of Title XVI funding for the North San Diego Water Reuse Coalition's North San Diego Water Reuse 2020 Project (District goal 12 cultivate relationships with other agencies).

### **Performance Indicators**

Activity/ Criteria	fiscal year 2016-2017 Actual	fiscal year 2017-2018 Target	fiscal year 2017-2018 Actual	fiscal year 2017-2018 Target Met?	fiscal year 2018-2019 Target
New grant applications per year	1	1	N/A	N/A	3
Education/Outreach - # of educational events per year	26	20	N/A	N/A	20
Public Outreach –Facility tours per year	10	7	N/A	N/A	7
Application for awards per year	7	4	N/A	N/A	4
Public Outreach – number of website hits per year	109,789	Maintain within 10% of existing traffic	N/A	N/A	Maintain within 10% of existing traffic
Water Use Evaluations (Commercial, Industrial and Residential)	152	150	N/A	N/A	150
Electronic bill accounts to total accounts	39%	38%	N/A	N/A	38%
Billing accuracy rate	100%	99%	N/A	N/A	99%
# of meters read per month	28,884	28,000	N/A	N/A	28,000
Number of meters replaced or retrofitted	606	160	N/A	N/A	160

Target met
 Target not met
 Target not available
 ■ Performance Measure Only
 N/A – Not Available, pending fiscal year 2017-2018

### Olivenhain Municipal Water District DEPARTMENTAL EXPENSES Fiscal Year 2018-2019

Fund: 100 Operating - Water

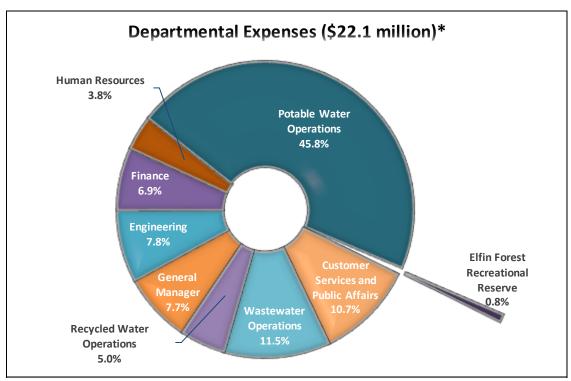
Departments: 290 to 292

**Customer Services & Public Affairs** 

		2016-2017	2017-2018	8 Budget	Proposed 2018-2019	% Change From 17-18	% Change From 17-18
	Account No. and Description			Revised*	Budget	Budget	Revised
	Personnel:						
51100	Salaries and Wages - Regular	812,395	888,000	885,000	868,000	-2.25%	-1.92%
51110	Salaries and Wages - Overtime	49,589	41,000	41,000	41,000	0.00%	0.00%
51120	Salaries and Wages - Training	3,699	6,000	6,000	5,000	-16.67%	-16.67%
51130	Salaries and Wages - Safety	3,696	5,000	5,000	6,000	20.00%	20.00%
51140	Salaries and Wages - Jury Duty	553	, -	3,000	2,000	0.00%	-33.33%
51150	Allocated Employee Benefits	781,707	734,000	728,000	800,000	8.99%	9.89%
	Subtotal	1,651,639	1,674,000	1,668,000	1,722,000	2.87%	3.24%
	Operations:						
52230	Computer Supplies	1,512	1,000	1,000	2,000	100.00%	100.00%
52350	Customer Outreach	15,801	31,000	23,000	23,000	-25.81%	0.00%
52250	Consultants	114,022	90,000	100,000	119,000	32.22%	19.00%
52500	Engineering	2,915	-	-	-	0.00%	0.00%
52600	Equipment Rental	1,409	2,000	2,000	2,000	0.00%	0.00%
52900	Maintenance and Repairs - General	52,410	50,000	68,000	79,000	58.00%	16.18%
53000	Membership Dues and Subscriptions	2,210	4,000	12,000	17,000	325.00%	41.67%
53100	Office Supplies and Expenses	2,653	3,000	3,000	5,000	66.67%	66.67%
53150	LockBox and Bank Service Charge	14,799	-	-	-	0.00%	0.00%
53200	Other Admin and General Expenses	510	-	-	-	0.00%	0.00%
53250	Outside Services	139,781	155,000	139,000	137,000	-11.61%	-1.44%
53300	Postage and Shipping	137,131	110,000	110,000	110,000	0.00%	0.00%
53400	Printing and Copying	51,874	47,000	47,000	47,000	0.00%	0.00%
53800	Seminars and Meetings	11,851	16,000	16,000	12,000	-25.00%	-25.00%
53900	Supplies - Operations	(77,055)	10,000	10,000	10,000	0.00%	0.00%
53902	Supplies - Tools/Small Equip	7,686	31,000	24,000	17,000	-45.16%	-29.17%
53903	Supplies safety	8,887	6,000	7,000	9,000	50.00%	28.57%
54000	Telephone and Communications	14,481	17,000	17,000	17,000	0.00%	0.00%
51160	Temporary Labor	92,346	82,000	80,000	44,000	-46.34%	-45.00%
54200	Uncollectible Accounts	(375)	-	-	-	0.00%	0.00%
	Subtotal	594,847	655,000	659,000	650,000	-0.76%	-1.37%
	Capitalized Operating Expenditures:						
59009	Depreciation	-	57,000	57,000	57,000	0.00%	0.00%
59008	Support Allocation	945,960	946,000	946,000	946,000	0.00%	0.00%
59004	Capitalized Labor	(43,458)	(19,000)	(43,000)	(24,000)	26.32%	-44.19%
59005	Capitalized Non-labor Expenses	(89,781)	(37,000)	(93,000)	(47,000)	27.03%	-49.46%
	Subtotal	812,721	947,000	867,000	932,000	-1.58%	7.50%
	Total, Net of Capitalized Expenses	3,059,208	3,276,000	3,194,000	3,304,000	0.85%	3.44%

<sup>\*</sup> Amended budget amounts approved by the Board.

## Elfin Forest Recreational Reserve



<sup>\*</sup>EFFR total is net of SDCWA reimbursement. Total may not add up to 100% due to rounding

### **Personnel Requirements:**

Description	Approved 2016-2017	Approved 2017-2018	Proposed 2018-2019
Park Ranger I	1.00	1.00	1.00
Park Ranger II	1.00	1.00	1.00
Park Ranger Supervisor	1.00	1.00	1.00
Department Total	3.00	3.00	3.00

<sup>\*</sup> Departmental budgets without application of depreciation, support allocation and capitalization

### Responsibilities

OMWD's park rangers are responsible for the operation and maintenance of Elfin Forest Recreational Reserve (EFRR), a 784-acre open space reserve. Through an agreement with the County of San Diego, the rangers also manage a county-owned 100-acre parcel located in the heart of EFRR. Responsibilities include trail and facility maintenance, visitor services, maintenance of the Elfin Forest Interpretive Center Honoring Susan J. Varty (IC), docent program, volunteer trail patrol program, education program, emergency management, and enforcement of reserve rules and regulations.

### Major Accomplishments – fiscal year 2017-20178

- Recruited and trained eight more docents to staff the IC and patrol EFRR trails, bringing the total number of volunteers to 68 docents. (District goal 3 operating EFRR in cost-effective and service oriented manner).
- Hosted water conservation workshop at Interpretive Center. (District goal 8 maintain open communication with public).
- Continued partnership with the San Elijo Lagoon Conservancy on standards-based watershed and adaptation programs that brought over 2,400 students to EFRR on field trips. These programs are facilitated by docents, zoo staff, and The Escondido Creek Conservancy's Education Manager. (District goal 3 - operating EFRR in cost-effective and service oriented manner).
- Provided 15 docent-led educational hikes/walks to the public, hosted 12 "Bill the Bug Guy" programs at the Interpretive Center, and hosted 48 school field trips throughout the year. (District goal 3 - operating EFRR in cost-effective and service oriented manner).
- Visited two peer recreational areas with ranger staff to compare and contrast park amenities, conditions, and programs with EFRR. (District goal 3 operating EFRR in cost-effective and service oriented manner).
- Held 14 Special Events and collected \$2,285 in fees through the Special Event Policy.
   (District goal 4 pursue alternative resources/sustainability).
- Hosted annual Earth Day and Habitat Restoration event jointly with I Love a Clean San Diego and the San Diego Zoo. (District goal 8 maintain open communication with public).
- Hosted the 12th annual photo contest and recognized winners at a board meeting. (District goal 8 maintain open communication with public).
- Continued work on EFRR Strategic Plan goals (including feasibility investigation of EFRR park host position) and held EFRR Executive Committee meeting. (District goal 3 operating EFRR in cost-effective and service oriented manner).
- Held two docent appreciation BBQs and two docent field trips. (District goal 3 operating EFRR in cost-effective and service oriented manner).

- Partnered with San Diego Mountain Bike Association to rehabilitate a section of the Equine Incline trail. (District goal 7 minimize costs while maintaining high level of service).
- Utilized volunteers to keep Interpretive Center open and/or conduct trail patrols for 328 days. (District goal 3 operating EFRR in cost-effective and service oriented manner).
- Completed installation of emergency trail markers on Way Up Trail, Cielo Trail, and Ridgeline Maintenance Road. (District goal 3 operating EFRR in cost-effective and service oriented manner).

### Objectives - fiscal year 2018-2019

Departmental Objectives are listed in relation to District goals. Please see Strategic Plan section for complete list of District goals.

- Continue education program for elementary schools in partnership with the Escondido Creek Conservancy, San Elijo Lagoon Conservancy, and San Diego Zoo; target a minimum of 1,500 students. (District goal 8 maintain open communication with public).
- Conduct EFRR awareness trainings for Rancho Santa Fe Fire Protection District to maintain appropriate emergency response readiness in and near EFRR (District goal 3 - operating EFRR in cost-effective and service oriented manner; District goal 12 - Cultivating supportive and positive relationships with the federal, state and local agencies which may impact the District's operations).
- Host EFRR photo contest, Earth Day, and OMWD water conservation workshop at IC.
   (District goal 8 maintain open communication with public).
- Continue working to accomplish EFRR Strategic Plan goals (currently in year 4). (District goal 3 operating EFRR in cost-effective and service oriented manner).
- Utilize volunteer groups such as San Diego Mountain Bike Association, I Loved a Clean San Diego, and EFRR trail patrol for EFRR maintenance, upkeep, and repairs. (District goal 7 minimize costs while maintaining high level of service).
- Create signage standard to improve visual consistency throughout EFRR (District goal 3 operating EFRR in cost-effective and service oriented manner; District goal 7 minimize
  costs while maintaining high level of service).

### **Performance Indicators**

Activity/ Criteria	fiscal year 2016-2017 Actual	fiscal year 2017-2018 Target	fiscal year 2017-2018 Actual	fiscal year 2017-2018 Target Met?	fiscal year 2018-2019 Target
Number of Educational/ Community Outreach Events per year	104	90	N/A	N/A	90
Number of days taken to repair damaged signs/vandalism	<12	<12	N/A	N/A	<12
Number of trails patrolled	70% weekly	70% weekly	N/A	N/A	70% weekly
Number of Ranger and docent- led hikes/interpretive orientations per month	29	25	N/A	N/A	25
Number of days/year Interpretive Center Open/ volunteer trail patrol	252	240	N/A	N/A	250

### Olivenhain Municipal Water District DEPARTMENTAL EXPENSES Fiscal Year 2018-2019

Fund: 100 Operating - Water

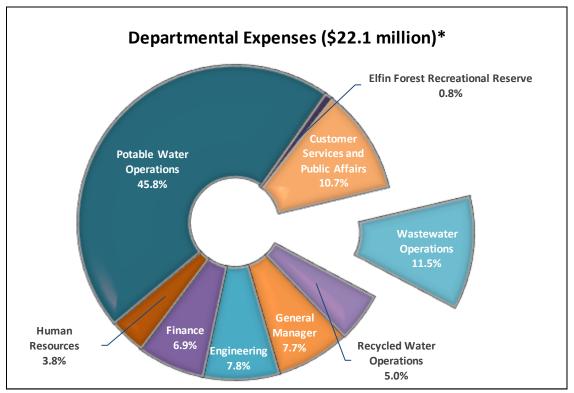
Department: 280

Elfin Forest Recreational Reserve

		2016-2017	2017-201	8 Budget	Proposed 2018-2019	% Change From 17-18	% Change
	Account No. and Description	Actual Adopted		Revised*	Budget	Budget	From 17-18 Revised
	Personnel:						
51100	Salaries and Wages - Regular	177,483	186,000	185,000	195,000	4.84%	5.41%
51110	Salaries and Wages - Overtime	11,126	9,000	9,000	11,000	22.22%	22.22%
51120	Salaries and Wages - Training	312	2,000	2,000	1,000	-50.00%	-50.00%
51130	Salaries and Wages - Safety	2.763	2,000	2,000	2,000	0.00%	0.00%
51140	Salaries and Wages - Jury Duty	-	-	1,000	-	0.00%	-100.00%
51150	Allocated Employee Benefits	180,576	157,000	163,000	172,000	9.55%	5.52%
	Subtotal	372,260	356,000	362,000	381,000	7.02%	5.25%
	Operations:						
52230	Computer Supplies	112	1,000	1,000	1,000	0.00%	0.00%
52250	Consultant	1,089	4,000	4,000	2,000	-50.00%	-50.00%
52600	Equipment Rental	3,550	1,000	2,000	1,500	50.00%	-25.00%
52900	Maintenance and Repairs - General	7,926	9,000	8,000	7,000	-22.22%	-12.50%
53000	Membership Dues and Subscription	30	-	-	-	0.00%	0.00%
53100	Office Supplies and Expenses	525	1,000	1,000	1,000	0.00%	0.00%
53200	Other Admin and General Expenses	(298,892)	(304,000)	(304,000)	(313,000)	2.96%	2.96%
53250	Outside Services	21,360	21,000	21,000	28,000	33.33%	33.33%
53300	Postage and Shipping	25	1,000	1,000	1,000	0.00%	0.00%
53400	Printing and Copying	1,974	4,000	4,000	4,000	0.00%	0.00%
53500	Property Insurance	9,234	8,000	8,000	10,000	25.00%	25.00%
53800	Seminars and Meetings	1,050	1,000	1,000	1,500	50.00%	50.00%
53900	Supplies	19,180	22,000	18,000	15,000	-31.82%	-16.67%
53901	Supplies - Fuel	5,172	5,000	5,000	4,000	-20.00%	-20.00%
53902	Supplies - Tools/Small Equipment	2,757	1,000	1,000	1,000	0.00%	0.00%
53903	Supplies - Safety	424	1,000	1,000	1,000	0.00%	0.00%
54000	Telephone and Communications	7,432	6,000	6,000	6,000	0.00%	0.00%
51160	Temporary Labor	7,742	6,000	8,000	8,000	33.33%	0.00%
54300	Utilities	4,395	2,000	4,000	2,000	0.00%	-50.00%
54500	Park Depreciation	-	23,000	23,000	23,000	0.00%	0.00%
	Subtotal	(204,914)	(187,000)	(187,000)	(196,000)	-4.81%	-4.81%
	Capitalized Operating Expenditures:						
54400	Support Allocation	149,040	149,000	149,000	149,000	0.00%	0.00%
59004	Capitalized Labor	-	-	· -	-	0.00%	0.00%
59005	Capitalized Employee Benefits	-	-	-	-	0.00%	0.00%
	Subtotal	149,040	149,000	149,000	149,000	0.00%	0.00%
	Total, Net of Capitalized Expenses	316,387	318,000	324,000	334,000	5.03%	3.09%
	,						

<sup>\*</sup> Amended budget amounts approved by the Board.

# **Wastewater System Operations**



<sup>\*</sup> Total may not add up to 100% due to rounding

### **Personnel Requirements:**

Description	Approved 2016-2017	Approved 2017-2018	Proposed <b>2018-2019</b>
WRF Operator Level I*	-	0.85	0.85
WRF Operator Level II*	0.85	-	-
WRF Operator Level III*	2.55	2.55	2.55
WRF Operator Level IV*	0.85	0.85	0.85
WRF Supervisor*	0.85	0.85	0.85
Department Total	5.10	5.10	5.10

<sup>\*</sup>Positions are shared with Recycled Water Operations and reflect approx. FTE split percentage

<sup>\*</sup> Departmental budgets without application of depreciation, support allocation and capitalization

### **Responsibilities**

The District provides wastewater collection and reclamation services within the District's southeast service area. This includes the 4S Ranch and Rancho Cielo communities. The plant currently recycles wastewater discharge from approximately 7,100 Equivalent Dwelling Units (EDUs) within this service area. By 2030, these two areas will have nearly 7,450 EDUs from a combination of residential, commercial, industrial, and public uses.

This department is responsible for operating and maintaining the sewer collection and treatment system of the 4S Ranch Water Reclamation Facility (4S WRF).

### <u>Major Accomplishments – fiscal year 2017-2018</u>

- Provided wastewater collection and treatment services in an environmentally responsible manner, and produced and supplied high-quality recycled water to irrigation customers in support of regional water conservation efforts. (District goal 2 - Provide high quality wastewater services and recycled water).
- Implemented several Sewer System Master Plan goals including performing an Inflow and Infiltration study and conducted an RFP for a 5-year cleaning and Closed Circuit TV inspection contract. (District goal 8 Maintain open communication with public).
- Continued to implement specific recommendations of the operations and condition
  assessment and capital improvement plan for the 4S Ranch and Rancho Cielo Sanitation
  Districts. Midpoint Sewer Pump Station Odor Control Upgrades were completed, in addition
  to the Firehouse Sewer Pump Station Wet Well Conditioning System project. (District goal 2
   Provide high quality wastewater services and recycled water).

### Objectives – fiscal year 2018-2019

Departmental Objectives are listed in relation to District goals. Please see Strategic Plan section for complete list of District goals.

- Complete design for the Neighborhood 1 Sewer Pump Station Replacement Project. (District goal 2 Provide high quality wastewater services and recycled water).
- Complete rehabilitation of the 4S Ranch Water Reclamation Facility Belt Filter Presses. (District goal 2 Provide high quality wastewater services and recycled water).
- Complete rehabilitation of the 4S Ranch Water Reclamation Facility Solids Process Conveyor System. (District goal 2 Provide high quality wastewater services and recycled water).
- Complete and submit inundation map for 4S Wet Weather Storage Pond dam as required by Department of Safety of Dams. (District goal 6 Exceed regulatory requirements).

### **Performance Indicators**

Activity/ Criteria	fiscal year 2016-2017 Actual	fiscal year 2017-2018 Target	fiscal year 2017-2018 Actual	fiscal year 2017-2018 Target Met?	fiscal year 2018-2019 Target
Actual vs. Budgeted Expenses	93.3%	102% or Less	N/A	N/A	102% or Less
Preventable Permit Violations	0	0	N/A	N/A	0
District Responsible Sewer Spills	0	0	N/A	N/A	0

Target met
 Target not met
 Target not available
 ■ Performance Measure Only
 N/A – Not Available, pending fiscal year 2017-2018

### Olivenhain Municipal Water District DEPARTMENTAL EXPENSES Fiscal Year 2018-2019

Fund: 110 + 111 Operating - Wastewater

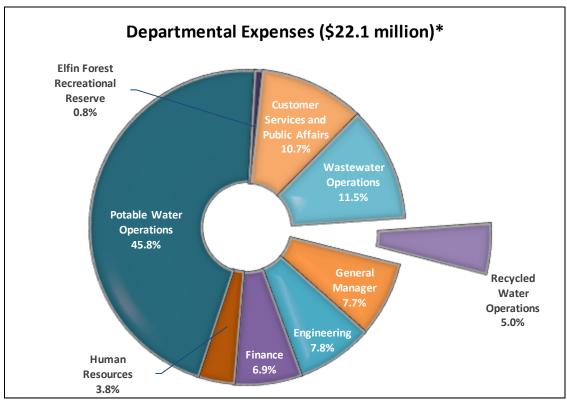
Department: 270 & 271

Wastewater (4S and RC Combined)

Wastewate	r (4S and RC Combined)						
	Account No. and Description		2017-2018	Budget	Proposed 2018-2019	% Change From 17-18	% Change From 17-18
			Adopted	Revised*	Budget	Budget	Revised
	Personnel:						
51100	Salaries and Wages - Regular	458,790	532,000	521,000	561,000	5.45%	7.68%
51110	Salaries and Wages - Overtime	78,616	46,000	71,000	75,000	63.04%	5.63%
51120	Salaries and Wages - Training	317	3,000	3,000	3,000	0.00%	0.00%
51130	Salaries and Wages - Safety	5,594	6,000	6,000	8,000	33.33%	33.33%
51140	Salaries and Wages - Jury Duty	-	-	1,000	1,000	0.00%	0.00%
51150	Allocated Employee Benefits	505,836	459,000	498,000	461,000	0.44%	-7.43%
	Subtotal	1,049,153	1,046,000	1,100,000	1,109,000	6.02%	0.82%
	Operations:						
52100	Auditing and Accounting	4,337	4,000	4,000	3,000	-25.00%	-25.00%
52200	Collection and Regulatory Fees	32,064	30,000	45,000	52,000	73.33%	15.56%
52230	Computer Supplies	-	2,000	2,000	-	-100.00%	-100.00%
52250	Consultants	21,984	60,000	45,000	50,000	-16.67%	11.11%
52500	Engineering	-	3,000	2,000	1,000	-66.67%	-50.00%
52600	Equipment Rental	2,952	4,000	4,000	3,000	-25.00%	-25.00%
52800	Legal	-	1,000	1,000	1,000	0.00%	0.00%
52900	Maintenance and Repairs - General	146,695	180,000	180,000	170,000	-5.56%	-5.56%
53000	Membership Dues and Subscriptions	8,204	7,000	7,000	7,000	0.00%	0.00%
53100	Office Supplies and Expenses	2,348	2,000	2,000	2,000	0.00%	0.00%
53200	Other Admin and General Expenses	270	-	1,000	-	0.00%	-100.00%
53250	Outside Services	414,148	439,000	439,000	460,000	4.78%	4.78%
53260	Laboratory Services	49,959	42,000	32,000	38,000	-9.52%	18.75%
53300	Postage and Shipping	71	1,000	1,000	-	-100.00%	-100.00%
53400	Printing and Copying	3,070	2,000	2,000	1,000	-50.00%	-50.00%
53500	Property Insurance	9,234	6,000	6,000	7,000	16.67%	16.67%
53800	Seminars and Meetings	5,316	6,000	6,000	5,000	-16.67%	-16.67%
53900	Supplies	90,152	77,000	102,000	115,000	49.35%	12.75%
53901	Supplies - Fuel	8,533	7,000	7,000	8,000	14.29%	14.29%
53902	Supplies - Tools/Small Equipment	3,003	4,000	4,000	1,000	-75.00%	-75.00%
53903	Supplies - Safety	4,178	5,000	6,000	6,000	20.00%	0.00%
53904	Supplies - Chemicals	86,963	105,000	80,000	90,000	-14.29%	12.50%
54000	Telephone and Communications	12,896	13,000	13,000	10,000	-23.08%	-23.08%
51160	Temporary Labor	3,207	6,000	10,000	20,000	233.33%	100.00%
54300	Utilities	418,890	385,000	385,000	395,000	2.60%	2.60%
58370	Fixed Charge County Collect Fee	524	1,000	1,000	-	-100.00%	-100.00%
	Subtotal	1,328,998	1,392,000	1,387,000	1,445,000	3.81%	4.18%
	Capitalized Operating Expenditures:						
59009	Depreciation	_	35,000	35,000	35,000	0.00%	0.00%
59008	Support Allocation	465,600	466,000	466,000	466,000	0.00%	0.00%
59004	Capitalized Labor	(1,433)	(21,000)	(9,000)	(11,000)	-47.62%	22.22%
59005	Capitalized Non-labor Expenses	(2,978)	(41,000)	(19,000)	(21,000)	-48.78%	10.53%
	Subtotal	461,189	439,000	473,000	469,000	6.83%	-0.85%
	Total, Net of Capitalized Expenses	2,839,341	2,877,000	2,960,000	3,023,000	5.07%	2.13%
			-				

<sup>\*</sup> Amended budget amounts approved by the Board.

# **Recycled Water Operations**



<sup>\*</sup> Total may not add up to 100% due to rounding

### **Personnel Requirements:**

Description	Approved 2016-2017	Approved 2017-2018	Proposed 2018-2019
Backflow & Cross Conn Coord I *	-	2.00	2.00
WRF Operator Level I **	-	0.15	0.15
WRF Operator Level II **	0.15	-	-
WRF Operator Level III **	0.45	0.45	0.45
WRF Operator Level IV **	0.15	0.15	0.15
WRF Supervisor **	0.15	0.15	0.15
Department Total	0.90	2.90	2.90

<sup>\*</sup> Positions were previously in Engineering Department.

<sup>\*</sup> Departmental budgets without application of depreciation, support allocation and capitalization

<sup>\*\*</sup>Positions are shared with Wastewater Operations and reflect approx. FTE split percentage

### Responsibilities

The Recycled Water System serves two areas of the District, the Northwest Quadrant, and Southeast Quadrant. The Northwest Quadrant's service area recycled water needs are supplied through purchase agreements with Vallecitos Water District and San Elijo Joint Powers Authority.

This department operates the District-owned 4S Ranch Water Reclamation Facility (4S WRF). Personnel responsible for operating the 4S WRF is also responsible for delivering tertiary-treated wastewater to the recycled water distribution system where it is then delivered to major irrigation users such as golf courses, large landscape areas, parks, and school grounds within the 4S Ranch and Santa Fe Valley (Southeast Quadrant) portions of the District.

### Major Accomplishments – fiscal year 2017-2018

- Operated the Recycled Water systems in full compliance with permits and regulatory requirements. (District goal 2 Provide high quality wastewater services and recycled water).
- Worked closely with the Customer Service Department to increase awareness and participation at the Recycled Water Fill Station. (District goal 8 - Maintain open communication with public).
- Continued to explore with adjacent agencies an additional Recycled Water Fill Station location. Staff provided support to Vallecitos Water District in their efforts to develop a fill station within their service area. (District goal 12 - Cultivate relationships with other agencies).
- Made nine (9) new recycled water connections to the District's recycled water system (District goal 11 Develop alternative water supplies).

### Objectives - fiscal year 2018-2019

Departmental Objectives are listed in its relations to District goals. Please see Strategic Plan section for complete list of District goals.

- Complete design of Proposition 84-funded Manchester Avenue Recycled Water Pipeline.
   (District goal 2 Provide wastewater collection and treatment services in a responsible manner).
- Complete a minimum of eight (8) Village Park recycled water connections in pursuit of meeting threshold in new agreement with San Elijo Joint Powers Authority. (District goal 2 – Provide wastewater collection and treatment services in a responsible manner).
- Complete the design and construction of Main Extension 153A to provide recycled water to an additional customer in the San Dieguito Valley area. (District goal 2 Provide high quality wastewater services and recycled water).

### **Performance Indicators**

Activity/ Criteria	fiscal year 2016-2017 Actual	fiscal year 2017-2018 Target	fiscal year 2017-2018 Actual	fiscal year 2017-2018 Target Met?	fiscal year 2018-2019 Target
Number of Recycled Water Meter Connections	290	284	N/A	N/A	300
Percentage of compliance with District Recycled Water Rules and Regulations	100%	100%	N/A	N/A	100%
Backflow Program					
Number of regulated Potable Water Backflow Assemblies	2,423	2,435	N/A	N/A	2,507
Number of District Owned Backflow Assemblies	57	58	N/A	N/A	66
Percent of Backflow Assemblies tested	100%	100%	N/A	N/A	100%

<sup>•</sup> Target met • Target not met • Target not available ■ Performance Measure Only N/A – Not Available, pending fiscal year 2017-2018

### Olivenhain Municipal Water District **DEPARTMENTAL EXPENSES** Fiscal Year 2018-2019

Fund: 120

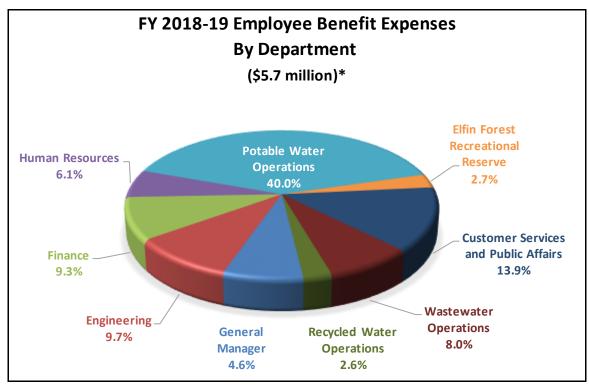
Operating - Recycled

Department: 260 to 262
Recycled Water Operations (4S, SE, and NW)

Personnel:   Per	Recycled Water Operations (4S, SE, and NW)				0047 0040 D. J. 4		% Change	% Change	
Personnel:		Assessment No. and Description	2016-2017			2018-2019	From 17-18	From 17-18	
51100         Salaries and Wages - Regular         151,998         214,000         212,000         282,000         -4.21%         2.3,58%           51110         Salaries and Wages - Vertime         10,493         9,000         11,000         12,000         222.2%         9,09%           51130         Salaries and Wages - Sarley         -         1,000         1,000         4,000         300.00%         300.00%           51140         Salaries and Wages - Jury Duty         -         -         -         0,00%         0,00%           51150         Allocated Employee Benefits         156,871         176,000         146,000         150,000         -34,09%         2,74%           5200         Auditing and Accounting         4,072         3,000         3,000         2,000         -33,33%         -33,33%         523,33%         52200         Collection and Regulatory Fees         7,594         8,000         9,000         12,50%         12,50%         52230         Computer Supplies         -         1,000         1,000         0,00%         0,00%         5,000         52,000         1,000         0,00%         0,00%         5,000         52,000         Engineering         4,778         6,000         6,000         6,000         0,00%         <		Account No. and Description	Actual	Adopted	Revisea*	Buaget	Budget	Kevisea	
Salaries and Wages - Overtime		Personnel:							
Salaries and Wages - Training   - 2,000   2,000   2,000   0,00%   0,00%   51130   Salaries and Wages - Safety   - 1,000   1,000   1,000   300,00%   0,00%   51140   Salaries and Wages - Safety   - 1,000   146,000   150,000   -34,09%   2,74%   2,74%   2,74%   319,362   402,000   372,000   430,000   6,97%   15,55%   34,000   3	51100	Salaries and Wages - Regular	151,998	214,000	212,000	262,000	-4.21%	23.58%	
Salaries and Wages - Salary Duty	51110	Salaries and Wages - Overtime	10,493	9,000	11,000	12,000	-22.22%	9.09%	
Salaries and Wages - Jury Duty   156,871   176,000   146,000   150,000   -34,09%   2.74%	51120	Salaries and Wages - Training	-	2,000	2,000	2,000	0.00%	0.00%	
Subtotal   156,871   176,000   146,000   150,000   -34.09%   2.74%	51130	Salaries and Wages - Safety	-	1,000	1,000	4,000	300.00%	300.00%	
Subtotal   319,362   402,000   372,000   430,000   6,97%   15,59%	51140	Salaries and Wages - Jury Duty	-	-	-	-	0.00%	0.00%	
Solid	51150	Allocated Employee Benefits	156,871	176,000	146,000	150,000	-34.09%	2.74%	
S2100   Auditing and Accounting   4,072   3,000   3,000   2,000   -33,33%   -33,33%   52200   Collection and Regulatory Fees   7,504   8,000   8,000   9,000   12,50%   12,50%   52230   Computer Supplies   - 1,000   1,000   1,000   1,000   0,00%   0,00%   52250   Consultants   5,339   7,000   27,000   45,000   542,86%   66,67%   52550   Engineering   4,778   6,000   6,000   6,000   0,00%   0,00%   52800   Equipment Rental   3,558   4,000   4,000   4,000   0,00%   0,00%   52800   Legal   620   4,000   4,000   1,000   -75,00%   -75,00%   52900   Maintenance and Repairs - General   12,412   22,000   22,000   26,000   18,18%   18,18%   52970   Maintenance and Repairs - nonrecurring   284,357   100,000   10,000   100,00%   - 100,00%   53000   Membership Dues and Subscriptions   263   2,000   9,000   10,000   400,00%   11,11%   53100   Office Supplies   1,083   1,000   1,000   1,000   400,00%   11,11%   53200   Other Admin and General Expenses   100     0,00%   0,00%   53200   Other Admin and General Expenses   18,232   220,000   240,000   215,000   -2,27%   -10,42%   53500   Property Insurance   2,309   3,000   3,000   3,000   0,00%   0,00%   53800   Supplies - Fuel   3,483   5,000   5,000   4,000   -20,00%   -20,00%   53900   Supplies - Foots/Small Equipment   - 1,000   1,000   100,00%   - 100,00%   53903   Supplies - Safety   1,260   1,000   1,000		Subtotal	319,362	402,000	372,000	430,000	6.97%	15.59%	
S2200   Collection and Regulatory Fees   7,504   8,000   8,000   9,000   12,50%   12,50%   52230   Computer Supplies   - 1,000   1,000   1,000   0,00%   0,00%   52250   Consultants   5,339   7,000   27,000   45,000   542,86%   66,67%   62500   Engineering   4,778   6,000   6,000   6,000   0,00%   0,00%   52800   Engineering   4,778   6,000   6,000   6,000   0,00%   0,00%   52800   Equipment Rental   3,558   4,000   4,000   4,000   4,000   0,00%   0,00%   52800   Legal   620   4,000   4,000   4,000   1,000   -75,00%   -75,00%   52900   Maintenance and Repairs - General   12,412   22,000   22,000   26,000   18,18%   18,18%   52970   Maintenance and Repairs - nonrecurring   284,357   100,000   100,000   - 100,000   - 100,00%   - 100,00%   53000   Membership Dues and Subscriptions   263   2,000   9,000   10,000   400,00%   11,11%   53100   Office Supplies   1,083   1,000   1,000   1,000   400,00%   11,11%   53200   Other Admin and General Expenses   100     0,00%   0,00%   53250   Other Admin and General Expenses   18,23   220,000   240,000   215,000   -2,27%   -10,42%   53500   Property Insurance   2,309   3,000   3,000   3,000   0,00%   0,00%   53800   Seminars and Meetings   3,816   4,000   4,000   4,000   -2,27%   -10,42%   53900   Supplies - Fuel   3,483   5,000   5,000   4,000   -2,000%   -2,000%   53900   Supplies - Fuel   3,483   5,000   5,000   4,000   -2,000%   -2,000%   53903   Supplies - Safety   1,260   1,000   1,000   - 1,000   - 1,000,0%   - 1,000,0%   53903   Supplies - Safety   1,260   1,000   1,000   1,000,0%   - 1,000,0%   1,000,0%		Operations:	<del></del>		<del>, , , , , , , , , , , , , , , , , , , </del>				
52230         Computer Supplies         -         1,000         1,000         1,000         0,00%         0,00%           52250         Consultants         5,339         7,000         27,000         45,000         542.86%         66.67%           52500         Equipment Rental         3,558         4,000         4,000         4,000         0.00%         0.00%           52800         Legal         620         4,000         4,000         1,000         -75,00%         -75,00%           52900         Maintenance and Repairs - General         12,412         22,000         22,000         26,000         18.18%         18.18%           52970         Maintenance and Repairs - nonrecurring         284,357         100,000         10,000         -100,00%         -100,00%           53000         Membership Dues and Subscriptions         263         2,000         9,000         10,000         0,00%         100,00%         11,11%           53100         Office Supplies         1,083         1,000         1,000         1,000         0,00%         0,00%           53200         Ottside Services         318,923         220,000         240,000         215,000         -2,27%         -10,42%           53800         S	52100	Auditing and Accounting	4,072	3,000	3,000	2,000	-33.33%	-33.33%	
52250         Consultants         5,339         7,000         27,000         45,000         542,88%         66,67%           52500         Engineering         4,778         6,000         6,000         6,000         0,00%         0,00%           52600         Equipment Rental         3,558         4,000         4,000         4,000         0,00%         0,00%           52800         Legal         620         4,000         4,000         1,000         75,00%         75,00%           52900         Maintenance and Repairs - General         12,412         22,000         22,000         26,000         18,18%         18,18%           52970         Maintenance and Repairs - nonrecurring         284,357         100,000         10,000         - 100,00%         - 100,00%           53000         Membership Dues and Subscriptions         263         2,000         9,000         10,000         40,000         40,000         410,000         410,000         410,000         410,000         410,000         410,000         40,000         410,000         410,000         410,000         410,000         410,000         410,000         410,000         410,000         410,000         410,000         410,000         410,000         410,000         410,000<			7,504	8,000					
S2500   Engineering		• • • • • • • • • • • • • • • • • • • •	-	1,000	1,000	1,000	0.00%	0.00%	
S2800   Equipment Rental   3,558   4,000   4,000   4,000   0.00%   0.00%   52800   Legal   620   4,000   4,000   1,000   -75.00%   -75.00%   52900   Maintenance and Repairs - General   12,412   22,000   22,000   26,000   18.18%   18.18%   52970   Maintenance and Repairs - nonrecurring   284,357   100,000   100,000     -100,00%   -100,00%   53000   Membership Dues and Subscriptions   263   2,000   9,000   10,000   400,00%   11.11%   53100   Office Supplies   1,083   1,000   1,000   1,000   0.00%   0.00%   53250   Outside Services   318,923   220,000   240,000   215,000   -2.27%   -10.42%   53500   Property Insurance   2,309   3,000   3,000   3,000   0.00%   0.00%   53800   Sumplies - Operations   61,884   44,000   44,000   44,000   42,000   -4.55%   -4.55%   53901   Supplies - Operations   61,884   44,000   44,000   42,000   -4.55%   -4.55%   53902   Supplies - Fuel   3,483   5,000   5,000   4,000   -20,00%   -20,00%   53902   Supplies - Safety   1,260   1,000   1,000   2,000   100,00%   -100,00%   53903   Supplies - Safety   1,260   1,000   1,000   2,000   100,00%   100,00%   53903   Supplies - Chemical   50,856   55,000   65,000   65,000   41,88%   0.00%   54000   Telephone and Communications   2,864   7,000   7,000   26,000   -5.14%   57.14%   51160   Temporary Labor   37,467   31,000   27,000   26,000   -9.72%   -14.78%   -7.14%		Consultants				,			
52800         Legal         620         4,000         4,000         1,000         -75,00%         -75,00%           52900         Maintenance and Repairs - General         12,412         22,000         22,000         26,000         18,18%         18,18%           52970         Maintenance and Repairs - nonrecurring         284,357         100,000         10,000         -100,00%         -100,00%           53000         Membership Dues and Subscriptions         263         2,000         9,000         10,000         400,00%         11,11%           53100         Office Supplies         1,083         1,000         1,000         0.00%         0.00%           53200         Other Admin and General Expenses         100         -         -         -         0.00%         0.00%           53500         Ottside Services         318,923         220,000         240,000         215,000         -2.27%         -10,42%           53500         Propertyl Insurance         2,309         3,000         3,000         3,000         0.00%           53900         Supplies - Operations         61,884         44,000         44,000         4,000         0.00%         -100         0.00%         -20.00%         -20.00%         -20.00% <td< td=""><td></td><td>0 0</td><td>,</td><td>,</td><td>,</td><td>,</td><td></td><td></td></td<>		0 0	,	,	,	,			
Maintenance and Repairs - General   12,412   22,000   22,000   26,000   18,18%   18,18%   52970   Maintenance and Repairs - nonrecurring   284,357   100,000   100,000   100.00%   - 100.00%   53000   Membership Dues and Subscriptions   263   2,000   9,000   10,000   400.00%   11,11%   53100   Office Supplies   1,083   1,000   1,000   1,000   0.00%   0.00%   53200   Other Admin and General Expenses   100         0.00%   0.00%   53250   Outside Services   318,923   220,000   240,000   215,000   -2.27%   -10.42%   53500   Property Insurance   2,309   3,000   3,000   3,000   0.00%   0.00%   53900   Seminars and Meetings   3,816   4,000   4,000   4,000   4,000   0.00%   53900   Seminars and Meetings   3,816   4,000   4,000   42,000   -4.55%   -4.55%   53901   Supplies - Operations   61,884   44,000   44,000   42,000   -4.55%   -4.55%   53901   Supplies - Tools/Small Equipment   -   1,000   1,000   -   - 100.00%   -100.00%   53903   Supplies - Safety   1,260   1,000   1,000   -   - 100.00%   - 100.00%   53903   Supplies - Safety   1,260   1,000   1,000   2,000   100.00%   100.00%   53904   Supplies - Chemical   50,856   55,000   65,000   65,000   18,18%   0.00%   54000   Telephone and Communications   2,864   7,000   7,000   3,000   -57,14%   57,14%   51160   Temporary Labor   37,467   31,000   27,000   26,000   -16,13%   -3.70%   54300   Utilities   189,900   212,000   202,000   200,000   -5,66%   -0.99%   Subtotal   998,589   741,000   785,000   669,000   -9,72%   -14,78%   59004   Capitalized Operating Expenditures:   Subtotal   315,042   306,000   330,000   295,000   -3.59%   -10.61%   50006		• •			,				
52970         Maintenance and Repairs - nonrecurring         284,357         100,000         100,000         - 100,00%         - 100,00%         - 100,00%         53000         Membership Dues and Subscriptions         263         2,000         9,000         10,000         400,00%         - 100,00%         53000         53000         Other Admin and General Expenses         1,083         1,000         1,000         1,000         1,000         1,000         0,00%         0,00%         53200         Other Admin and General Expenses         100         0,00%         0,00%         0,00%         53250         Outside Services         318,923         220,000         240,000         215,000         -2.27%         -10,42%         53500         Property Insurance         2,309         3,000         4,000         4,000         4,000         4,000         4,000         4,000         4,000         4,000         4,000		•	620		4,000	1,000	-75.00%	-75.00%	
53000         Membership Dues and Subscriptions         263         2,000         9,000         10,000         400.00%         11.11%           53100         Office Supplies         1,083         1,000         1,000         1,000         0.00%         0.00%           53200         Other Admin and General Expenses         100         -         -         -         0.00%         0.00%           53250         Outside Services         318,923         220,000         240,000         215,000         -2.27%         -10.42%           53500         Property Insurance         2,309         3,000         3,000         3,000         0.00%         0.00%           53800         Seminars and Meetings         3,816         4,000         4,000         4,000         -0.00%         53900         Supplies - Operations         61,884         44,000         44,000         42,000         -4.55%         53901         Supplies - Fuel         3,483         5,000         5,000         4,000         -20.00%         -20.00%         53903         Supplies - Fuel         3,483         5,000         5,000         4,000         -20.00%         -20.00%         53903         Supplies - Safety         1,260         1,000         1,000         2,000         100.00%	52900	Maintenance and Repairs - General	12,412	22,000	22,000	26,000	18.18%	18.18%	
53100         Office Supplies         1,083         1,000         1,000         1,000         0.00%         0.00%           53200         Other Admin and General Expenses         100         -         -         -         -         -         0.00%         0.00%           53250         Outside Services         318,923         220,000         240,000         215,000         2.27%         10.42%           53500         Property Insurance         2,309         3,000         3,000         3,000         0.00%         0.00%           53800         Seminars and Meetings         3,816         4,000         4,000         4,000         -4,000         -4,000         -4,000         -4,000         -4,000         -4,000         -4,000         -4,000         -4,000         -4,000         -4,000         -4,000         -4,000         -4,000         -2,000%         -55390         Supplies - Operations         61,884         44,000         44,000         44,000         -4,000         -2,000%         -20,00%         53901         Supplies - Fuel         3,483         5,000         5,000         4,000         -20,00%         -20,00%         53903         Supplies - Safety         1,260         1,000         1,000         1,000         1,000 <t< td=""><td></td><td></td><td>,</td><td>,</td><td>,</td><td>-</td><td></td><td></td></t<>			,	,	,	-			
53200         Other Admin and General Expenses         100         -         -         0.00%         0.00%           53250         Outside Services         318,923         220,000         240,000         215,000         -2.27%         -10.42%           53500         Property Insurance         2,309         3,000         3,000         3,000         0.00%         0.00%           53800         Seminars and Meetings         3,816         4,000         4,000         4,000         0.00%         0.00%           53900         Supplies - Operations         61,884         44,000         44,000         42,000         -4.55%         -4.55%           53901         Supplies - Fuel         3,483         5,000         5,000         4,000         -20.00%         -20.00%           53902         Supplies - Tools/Small Equipment         -         1,000         1,000         -         -100.00%         -30.00%         -100.00%         -53903         Supplies - Safety         1,260         1,000         1,000         2,000         100.00%         100.00%         -53904         Supplies - Chemical         50,856         55,000         65,000         65,000         18.18%         0.00%         -0.00%         -51,14%         -57,14%         -57,14% <td>53000</td> <td>Membership Dues and Subscriptions</td> <td>263</td> <td>2,000</td> <td>9,000</td> <td>10,000</td> <td>400.00%</td> <td>11.11%</td>	53000	Membership Dues and Subscriptions	263	2,000	9,000	10,000	400.00%	11.11%	
53250         Outside Services         318,923         220,000         240,000         215,000         -2.27%         -10.42%           53500         Property Insurance         2,309         3,000         3,000         3,000         0.00%         0.00%           53800         Seminars and Meetings         3,816         4,000         4,000         4,000         0.00%         0.00%           53901         Supplies - Operations         61,884         44,000         44,000         42,000         -4.55%         -4.55%           53901         Supplies - Fuel         3,483         5,000         5,000         4,000         -20.00%         -20.00%           53902         Supplies - Tools/Small Equipment         -         1,000         1,000         -         -100.00%         -100.00%           53903         Supplies - Safety         1,260         1,000         1,000         2.000         100.00%         100.00%           53904         Supplies - Chemical         50,856         55,000         65,000         65,000         18.18%         0.00%           54000         Telephone and Communications         2,864         7,000         7,000         3,000         -57.14%         -57.14%           54300 <td< td=""><td></td><td>• • • • • • • • • • • • • • • • • • • •</td><td>,</td><td>1,000</td><td>1,000</td><td>1,000</td><td></td><td></td></td<>		• • • • • • • • • • • • • • • • • • • •	,	1,000	1,000	1,000			
53500         Property Insurance         2,309         3,000         3,000         3,000         0.00%         0.00%           53800         Seminars and Meetings         3,816         4,000         4,000         4,000         0.00%         0.00%           53901         Supplies - Operations         61,884         44,000         44,000         42,000         -4.55%         -4.55%           53901         Supplies - Fuel         3,483         5,000         5,000         4,000         -20.00%         -20.00%           53902         Supplies - Tools/Small Equipment         -         1,000         1,000         -         -100.00%         -		•		-	-	-	0.00%		
53800         Seminars and Meetings         3,816         4,000         4,000         4,000         0.00%           53900         Supplies - Operations         61,884         44,000         44,000         42,000         -4.55%         -4.55%           53901         Supplies - Fuel         3,483         5,000         5,000         4,000         -20.00%         -20.00%           53902         Supplies - Tools/Small Equipment         -         1,000         1,000         -         -100.00%         -100.00%           53903         Supplies - Safety         1,260         1,000         1,000         2,000         100.00%         100.00%           53904         Supplies - Chemical         50,856         55,000         65,000         65,000         18.18%         0.00%           54000         Telephone and Communications         2,864         7,000         7,000         3,000         -57.14%         -57.14%           51160         Temporary Labor         37,467         31,000         27,000         26,000         -16.13%         -3.70%           54300         Utilities         189,900         212,000         202,000         200,000         -5.66%         -0.99%           Subtotal         317,640 <td></td> <td></td> <td>,</td> <td>,</td> <td>,</td> <td>215,000</td> <td></td> <td></td>			,	,	,	215,000			
53900         Supplies - Operations         61,884         44,000         44,000         42,000         -4.55%         -4.55%           53901         Supplies - Fuel         3,483         5,000         5,000         4,000         -20.00%         -20.00%           53902         Supplies - Tools/Small Equipment         -         1,000         1,000         1,000         -         -100.00%         -100.00%           53903         Supplies - Safety         1,260         1,000         1,000         2,000         100.00%         100.00%           53904         Supplies - Chemical         50,856         55,000         65,000         65,000         18.18%         0.00%           54000         Telephone and Communications         2,864         7,000         7,000         3,000         -57.14%         -57.14%           51160         Temporary Labor         37,467         31,000         27,000         26,000         -16.13%         -3.70%           54300         Utilities         189,900         212,000         202,000         200,000         -9.72%         -14.78%           Capitalized Operating Expenditures:           59009         Depreciation         -         15,000         15,000         318,0			,	,	,	,			
53901         Supplies - Fuel         3,483         5,000         5,000         4,000         -20.00%         -20.00%           53902         Supplies - Tools/Small Equipment         -         1,000         1,000         -         -100.00%         -100.00%           53903         Supplies - Safety         1,260         1,000         1,000         2,000         100.00%         100.00%           53904         Supplies - Chemical         50,856         55,000         65,000         65,000         18.18%         0.00%           54000         Telephone and Communications         2,864         7,000         7,000         3,000         -57.14%         -57.14%           51160         Temporary Labor         37,467         31,000         27,000         26,000         -16.13%         -3.70%           54300         Utilities         189,900         212,000         202,000         200,000         -5.66%         -0.99%           Capitalized Operating Expenditures:           Subtotal         998,589         741,000         785,000         669,000         -9.72%         -14.78%           Capitalized Operating Expenditures:           59009         Depreciation         -         15,000									
53902         Supplies - Tools/Small Equipment         -         1,000         1,000         -         -100.00%         -100.00%           53903         Supplies - Safety         1,260         1,000         1,000         2,000         100.00%         100.00%           53904         Supplies - Chemical         50,856         55,000         65,000         65,000         18.18%         0.00%           54000         Telephone and Communications         2,864         7,000         7,000         3,000         -57.14%         -57.14%           51160         Temporary Labor         37,467         31,000         27,000         26,000         -16.13%         -3.70%           54300         Utilities         189,900         212,000         202,000         200,000         -5.66%         -0.99%           Subtotal         998,589         741,000         785,000         669,000         -9.72%         -14.78%           Capitalized Operating Expenditures:									
53903         Supplies - Safety         1,260         1,000         1,000         2,000         100.00%         100.00%           53904         Supplies - Chemical         50,856         55,000         65,000         65,000         18.18%         0.00%           54000         Telephone and Communications         2,864         7,000         7,000         3,000         -57.14%         -57.14%           51160         Temporary Labor         37,467         31,000         27,000         26,000         -16.13%         -3.70%           54300         Utilities         189,900         212,000         202,000         200,000         -5.66%         -0.99%           Capitalized Operating Expenditures:           Capitalized Operating Expenditures:           59009         Depreciation         -         15,000         15,000         15,000         0.00%         0.00%           59008         Support Allocation         317,640         318,000         318,000         318,000         0.00%         0.00%           59004         Capitalized Labor         (846)         (9,000)         (1,000)         (13,000)         44.44%         1200.00%           59005         Capitalized Non-labor Expenses         (1,75		• •	3,483			4,000			
53904         Supplies - Chemical         50,856         55,000         65,000         65,000         18.18%         0.00%           54000         Telephone and Communications         2,864         7,000         7,000         3,000         -57.14%         -57.14%           51160         Temporary Labor         37,467         31,000         27,000         26,000         -16.13%         -3.70%           54300         Utilities         189,900         212,000         202,000         200,000         -5.66%         -0.99%           Capitalized Operating Expenditures:           Capitalized Operating Expenditures:           59009         Depreciation         -         15,000         15,000         15,000         0.00%         0.00%           59008         Support Allocation         317,640         318,000         318,000         318,000         0.00%         0.00%           59004         Capitalized Labor         (846)         (9,000)         (1,000)         (13,000)         44.44%         1200.00%           59005         Capitalized Non-labor Expenses         (1,751)         (18,000)         330,000         295,000         -3.59%         -10.61%			-		,	-			
54000         Telephone and Communications         2,864         7,000         7,000         3,000         -57.14%         -57.14%           51160         Temporary Labor         37,467         31,000         27,000         26,000         -16.13%         -3.70%           54300         Utilities         189,900         212,000         202,000         200,000         -5.66%         -0.99%           Subtotal         998,589         741,000         785,000         669,000         -9.72%         -14.78%           Capitalized Operating Expenditures:           59009         Depreciation         -         15,000         15,000         15,000         0.00%         0.00%           59008         Support Allocation         317,640         318,000         318,000         318,000         0.00%         0.00%           59004         Capitalized Labor         (846)         (9,000)         (1,000)         (13,000)         44.44%         1200.00%           59005         Capitalized Non-labor Expenses         (1,751)         (18,000)         330,000         295,000         -3.59%         -10.61%		11	,	,	,	,			
51160 Temporary Labor         37,467 189,900         31,000 27,000 202,000         26,000 200,000         -16.13% -3.70% 200,000           54300 Utilities         189,900 212,000 202,000         202,000 200,000         -5.66% -0.99%           Subtotal         998,589 98,589         741,000 785,000         669,000 -9.72%         -14.78%           Capitalized Operating Expenditures:           59009 Depreciation         - 15,000 15,000 15,000 0.00%         0.00%         0.00%           59008 Support Allocation         317,640 318,000 318,000 318,000 0.00%         0.00% 0.00%         0.00%           59004 Capitalized Labor         (846) (9,000) (1,000) (13,000) 44.44% 1200.00%         1200.00%         15,000 38.89% 1150.00%           59005 Capitalized Non-labor Expenses         (1,751) (18,000) (2,000) (25,000) 38.89% 1150.00%         -10.61%									
54300         Utilities         189,900         212,000         202,000         200,000         -5.66%         -0.99%           Subtotal         998,589         741,000         785,000         669,000         -9.72%         -14.78%           Capitalized Operating Expenditures:           59009         Depreciation         -         15,000         15,000         15,000         0.00%         0.00%           59008         Support Allocation         317,640         318,000         318,000         318,000         0.00%         0.00%           59004         Capitalized Labor         (846)         (9,000)         (1,000)         (13,000)         44.44%         1200.00%           59005         Capitalized Non-labor Expenses         (1,751)         (18,000)         (2,000)         (25,000)         38.89%         1150.00%           Subtotal         315,042         306,000         330,000         295,000         -3.59%         -10.61%		•							
Subtotal         998,589         741,000         785,000         669,000         -9.72%         -14.78%           Capitalized Operating Expenditures:           59009         Depreciation         -         15,000         15,000         15,000         0.00%         0.00%           59008         Support Allocation         317,640         318,000         318,000         318,000         0.00%         0.00%           59004         Capitalized Labor         (846)         (9,000)         (1,000)         (13,000)         44.44%         1200.00%           59005         Capitalized Non-labor Expenses         (1,751)         (18,000)         (2,000)         (25,000)         38.89%         1150.00%           Subtotal         315,042         306,000         330,000         295,000         -3.59%         -10.61%			37,467	31,000	27,000	26,000	-16.13%		
Capitalized Operating Expenditures:           59009         Depreciation         -         15,000         15,000         15,000         0.00%         0.00%           59008         Support Allocation         317,640         318,000         318,000         318,000         0.00%         0.00%           59004         Capitalized Labor         (846)         (9,000)         (1,000)         (13,000)         44.44%         1200.00%           59005         Capitalized Non-labor Expenses         (1,751)         (18,000)         (2,000)         (25,000)         38.89%         1150.00%           Subtotal         315,042         306,000         330,000         295,000         -3.59%         -10.61%	54300	Utilities	189,900	212,000	202,000	200,000	-5.66%	-0.99%	
59009         Depreciation         -         15,000         15,000         15,000         0.00%         0.00%           59008         Support Allocation         317,640         318,000         318,000         318,000         0.00%         0.00%           59004         Capitalized Labor         (846)         (9,000)         (1,000)         (13,000)         44.44%         1200.00%           59005         Capitalized Non-labor Expenses         (1,751)         (18,000)         (2,000)         (25,000)         38.89%         1150.00%           Subtotal         315,042         306,000         330,000         295,000         -3.59%         -10.61%		Subtotal	998,589	741,000	785,000	669,000	-9.72%	-14.78%	
59008         Support Allocation         317,640         318,000         318,000         318,000         0.00%         0.00%           59004         Capitalized Labor         (846)         (9,000)         (1,000)         (13,000)         44.44%         1200.00%           59005         Capitalized Non-labor Expenses         (1,751)         (18,000)         (2,000)         (25,000)         38.89%         1150.00%           Subtotal         315,042         306,000         330,000         295,000         -3.59%         -10.61%		Capitalized Operating Expenditures:							
59008         Support Allocation         317,640         318,000         318,000         318,000         0.00%         0.00%           59004         Capitalized Labor         (846)         (9,000)         (1,000)         (13,000)         44.44%         1200.00%           59005         Capitalized Non-labor Expenses         (1,751)         (18,000)         (2,000)         (25,000)         38.89%         1150.00%           Subtotal         315,042         306,000         330,000         295,000         -3.59%         -10.61%	59009	Depreciation	_	15.000	15.000	15.000	0.00%	0.00%	
59004         Capitalized Labor         (846)         (9,000)         (1,000)         (13,000)         44.44%         1200.00%           59005         Capitalized Non-labor Expenses         (1,751)         (18,000)         (2,000)         (25,000)         38.89%         1150.00%           Subtotal         315,042         306,000         330,000         295,000         -3.59%         -10.61%		•	317,640	,	,	,			
59005 Capitalized Non-labor Expenses (1,751) (18,000) (2,000) (25,000) 38.89% 1150.00% Subtotal 315,042 306,000 330,000 295,000 -3.59% -10.61%									
		•	, ,	,	,	, , ,			
Total, Net of Capitalized Expenses 1,632,993 1,449,000 1,487,000 1,394,000 -3.80% -6.25%		Subtotal	315,042	306,000	330,000	295,000	-3.59%	-10.61%	
		Total, Net of Capitalized Expenses	1,632,993	1,449,000	1,487,000	1,394,000	-3.80%	-6.25%	

<sup>\*</sup> Amended budget amounts approved by the Board.

# **Employee Benefits**



<sup>\*</sup> Total may not add up to 100% due to rounding.

### **TOTAL BENEFITS BY DEPARTMENT - FY 2018-19**

<u>Department</u>	Ве	enefit Expense <u>Percentage</u>	Ве	enefit Expense <u>Amount<sup>1</sup></u>
General Manager		7.3%	\$	421,000
Engineering		9.7%		558,000
Finance		9.3%		532,000
Human Resources		6.1%		348,000
Potable Water Operations		40.0%		2,294,000
Elfin Forest Recreational Reserve		3.0%		172,000
Customer Service		13.9%		800,000
Wastewater		8.0%		461,000
Recycled Water		2.6%		150,000
	TOTAL	100%	\$	5,736,000

Amounts are rounded to the nearest thousand, and thus are approximations

### **Labor and Employee Benefits**

The District reviews and studies organizational and personnel changes on an annual basis as part of the budgeting process. The result of this review is the District's annual staffing analysis report. The report analyzes and forecasts the organizational and personnel changes required to maintain a successful workforce plan for the next five years. The District's staffing analysis is submitted to the Board for review and consideration prior to the adoption of the District's budget by the Board.

Labor and Employee Benefits expenditures for fiscal year 2018-19 were estimated based on current staffing level needs included in the 2018 staffing analysis report. The objectives of the staffing analysis study were to increase department efficiencies, provide better business practices, and prepare our future leaders (including Grow Your Own "GYO" promotional opportunities). The analysis is also used as a reference tool for District succession planning purposes.

Labor and employee benefits costs were projected based on the 2013 Memorandum of Understanding (MOU) between the District and its employee associations. For fiscal year 2018-19, the District's recommended staffing level will remain at 90 total positions as no changes or new positions are being requested.

Employee benefit expenses are allocated proportionately to each department based on its total budgeted salaries and wages.

District employees pay 100% of their employee's share of District pension costs. The District does not offer Other Post-Employment Benefits to its employees other than pension.

For fiscal year 2018-19, the total projected costs for salaries, wages, and benefits is \$12.7 million, an increase of approximately 4.2% compared to the fiscal year 2017-18 revised budget. Employee benefits expenditures are expected to increase by approximately 7% compared to the fiscal year 2017-18 revised costs.

Increases in employee benefit costs are mainly due to continued increases in group health insurance premiums, additional payments to California Public Employees Retirement System (CALPERS) to reduce long-term pension liability, and an increase in compensated absences due to a 5.3% increase in salary and wages, based on the Memorandum of Understanding (MOU) between the District and its employee associations.

### Major Benefits Changes in the fiscal year 2018-19 Budget

• **Group Health Insurance** – Group health insurance expenditures are projected to increase based on estimated quotes received from Blue Cross of California and Kaiser Permanente. The District pays 100% of its employees, spouses, and dependents monthly group health insurance premiums.

- **PERS Contribution** Employer's contributions to CalPERS pension fund for all members including the additional one-time payment to reduce the District's unfunded liability is approximately 19.8% of estimated total payroll for fiscal year 2018-19.
- Workers Compensation Insurance In fiscal year 2018-19, Workers Compensation insurance is expected to increase by 30.0% due to an escalation of the District's Experience Modification Factor (EMOD) and increased claims. The District's outstanding safety records help reduce the overall worker's compensation premium every fiscal year.

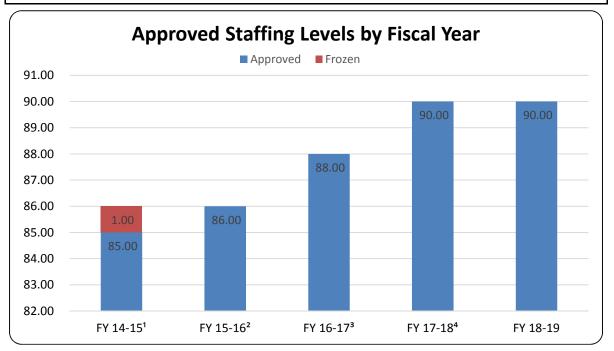
### Olivenhain Municipal Water District Employee Benefits Summary Fiscal Year 2018-2019

Fund: All

Account	Description	201	6-2017	2017-201	8 R	udaet	Proposed 2018-2019	% Change From 17-18	% Change From 17-18
Number	Description		ctual	Adopted		Revised*	 Budget	Budget	Revised
51200	Employee Programs	\$	39,871	\$ 59,000	\$	59,000	\$ 52,000	-11.86%	-11.86%
51205	Employee Recreation Club		6,370	8,000		8,000	8,000	0.00%	0.00%
51210	Employee Training and Education		8,084	15,000		28,000	44,000	193.33%	57.14%
51215	FICA - Employer's Share		523,732	537,000		537,000	554,000	3.17%	3.17%
51220	Insurance - Dental		82,255	103,000		103,000	99,000	-3.88%	-3.88%
51225	Insurance - Group Health	1,	,555,652	1,773,000		1,773,000	1,956,000	10.32%	10.32%
51230	Insurance - Long Term Disability		20,821	22,000		22,000	23,000	4.55%	4.55%
51235	Insurance - Unemployment		8,520	3,000		3,000	3,000	0.00%	0.00%
51240	Insurance - Vision		17,623	20,000		20,000	21,000	5.00%	5.00%
51245	Insurance - Worker's Compensation		172,461	178,000		178,000	232,000	30.34%	30.34%
51250	Leave - Employee Sick		351,579	323,000		323,000	332,000	2.79%	2.79%
51260	Leave - Holiday		346,709	377,000		377,000	392,000	3.98%	3.98%
51265	Leave - Vacation		439,702	435,000		435,000	472,000	8.51%	8.51%
51270	Others - Employer's share (457 and VEBA)		130,061	144,000		144,000	146,000	1.39%	1.39%
51275	PERS Contributions	1,	,727,872	1,310,000		1,310,000	1,375,000	4.96%	4.96%
51280	Uniforms		30,097	29,000		41,000	28,000	-3.45%	-31.71%
	Total Employee Benefit Cost	\$ 5,	,461,408	\$ 5,336,000	\$	5,361,000	\$ 5,737,000	7.51%	7.01%

<sup>\*</sup> Amended budget amounts approved by the Board.

TOTAL STAFFING ALL OPERATIONS									
<u>Department</u>	Approved Fiscal Year 2016-17	Approved Fiscal Year 2017-18	Proposed Fiscal Year 2018-19						
General Manager	4.00	4.00	4.00						
Engineering	11.00	9.00	9.00						
Finance	8.00	8.00	8.00						
Human Resources	4.00	4.00	4.00						
Potable Water Operations	37.00	39.00	39.00						
Elfin Forest Recreational Reserve	3.00	3.00	3.00						
Customer Service	15.00	15.00	15.00						
Wastewater and Recycled Water	6.00	8.00	8.00						
TOTAL	88.00	90.00	90.00						



<sup>&</sup>lt;sup>1</sup>Unfreeze 2 Utility I position and 1 new Financial System Administrator position.

<sup>&</sup>lt;sup>2</sup>Unfreeze 1 Inspector position

<sup>&</sup>lt;sup>3</sup>New Assistant General Manager (AGM) and AGM Assistant positions

<sup>&</sup>lt;sup>4</sup>New Senior System Administrator Position and Cathodic Protection position

### **Capital Budget Overview**

Long-term capital planning is a dynamic process and is part of the District's overall strategic plan. Because strategic planning is a process and its activities are continually changing, long-term capital planning must be subject to periodic review and revisions.

The capital planning process involves identifying current and future needs, and prioritizing them based on certain operating assumptions. The primary objective of planning effort for the District is to create a stable long-range financial plan to support an orderly, efficient program of improvement, expansion, and replacement. It is the goal of the capital plan to develop an independent, self-sustaining capital improvement program using a mixture of financial resources.

The District follows its Comprehensive Master Plan (CMP) which outlines future water capital improvement projects for the next twenty years based on projected future demands. The CMP is used by District staff as a guide to develop the District's long-range financial plan. Master plans help District staff answer the following questions:

- What facilities must be built or replaced?
- When must the facilities be built or replaced?
- How much will the facilities cost?
- How will we pay for the facilities?

The CMP is intended to serve as a "living document" that can be updated as the District grows and as the character of future development becomes more certain.

The District's CMP was finalized in April 2016. The study combines various planning efforts into one document that addresses the needs within two of the District's operations: potable and recycled water. In similar manner, during fiscal year 2015-16 the District completed an update to its wastewater Capital Improvement Plan, which includes all wastewater capital improvement projects.

### Capital Improvement Program – Long-Term Goals and Objectives

The following are the District's Capital Improvement Program Goals and Objectives for fiscal years 2019-2028:

- Within the resources available each fiscal year, in order to provide safe and reliable services to all customers, maintain and safeguard the District's capital assets and infrastructure through implementation of various replacement and betterment programs based on the District's Comprehensive Master Plan.
- Maintain a consistent allocation of resources for programs to carry out the District's mission to its customers.
- Complete expansion projects to meet current and future water and recycled customer demands.
- Continue efforts to develop alternative water supplies, including recycled water, through cooperative agreements with various agencies, to provide safe and reliable water to each customer in a cost-effective manner.
- Continue to operate the David C. McCollom Water Treatment Plant and the 4S Ranch Water Reclamation Facility in a cost-effective manner through implementation of various enhancements to the systems, as needed.
- Consider developing capital projects with the use of advanced technology in a costeffective manner.

### **Changes in CIP**

Projects listed in the CIP budget are reviewed annually to allow the District to be more responsive to changing priorities, particularly with respect to changes in demand projections and operational requirements. The changes sometimes result in the addition of new projects and the acceleration or delay of scheduled projects. Additionally, annual review of all active projects will provide ongoing updates on cost estimates as more information becomes available.

### **Summary of Capital Improvement Program Expenditures**

### **Capital Item Purchases and Expenditures**

The District's capital expenditures include capital item purchases and capital facilities. Total capital expenditures for fiscal year 2018-19 are projected to be \$25.2 million, consisting of \$444,000 in capital item purchases and \$24.8 million in capital facilities.

**Capital item purchases** are assets which are required for the District's operational needs, and cost at least \$5,000 each and have a life of more than one year. These purchases include vehicles, shop and field equipment, office furniture and equipment and computers and peripheral equipment. Summaries of capital item purchases for fiscal year 2018-19 can be found on the following pages.

**Capital facilities** are potable water, recycled water, and wastewater infrastructure-related projects that require a longer time to build and complete, and most include labor and material costs accumulated while under construction. Capital facilities include reservoirs, pipelines, and pump stations.

**Capital expenditures** are paid for with capital improvement, capacity fee, grant, and debt funds. Capital item purchases and capital facilities that are identified in the District's Capital Improvement Program are prioritized based on the following criteria:

- Safety, restoration of service, immediate need, Board-directed or critical system need.
- System upgrades or requirements to maintain water supply priorities, system facility priorities, and core business plans.
- Diversification of the water supply portfolio to improve system reliability

### **Capital Improvement Funds**

Capital improvement funds are used to account for capital program expenditures. The District's Capital Improvement Projects (CIP) are funded by user charges, developer's capacity fees, grants and proceeds from debt issuance when practicable. The cost of capital projects has been spread among various capital improvement funds:

Capacity Fee Funds – Capital facilities that are necessary in order to support
growth and to bring in local water supply. The District collects capacity and
other related fees, and occasionally grant funds, to cover the cost of expanding
water and recycled system capacity to serve new development within the
District's service area.

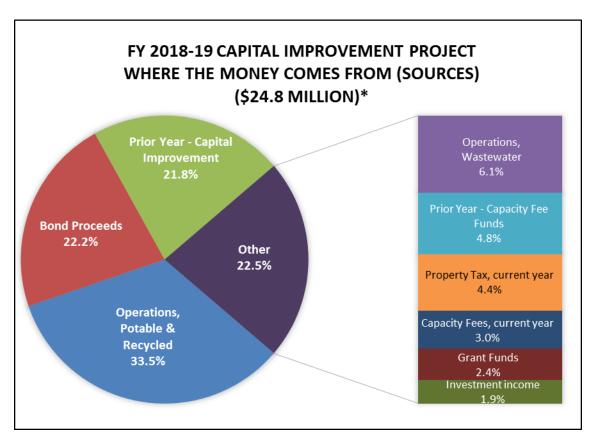
The District's potable capacity fees are calculated using a hybrid method based on growth (current and future CIP) and system buy-in (existing assets valued at replacement cost less depreciation.) The District is approximately 90% built out. Details on the District's capacity fees can be found in the District's Capacity Fee Study and 2015 Comprehensive Master Plans for water and sewer.

2. Capital (Replacement and Betterment) Funds – Capital facilities that are needed which benefit existing users, and projects to refurbish or to replace existing facilities that have deteriorated or have exceeded their useful life. These are funded from user rates and charges and excess property tax revenue. Capital fund monies are updated annually by transferring an amount equal to budgeted depreciation (PAYGO) and excess property tax revenue from the revenue fund to the capital fund.

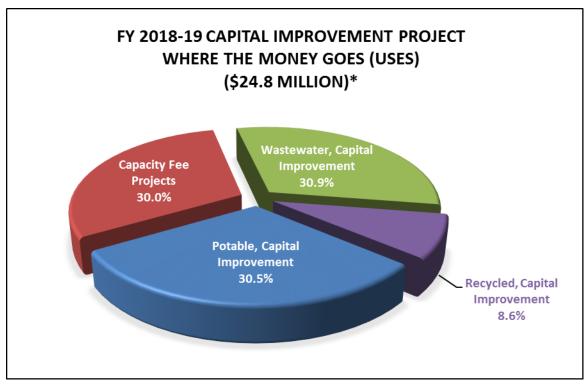
For fiscal year 2018-2019, capital improvement projects of \$24.8 million will be financed by these capital improvement funds.

Details for each CIP project can be found in the CIP Detail by Funding Source section of the budget document.

<sup>\*</sup> Total may not add up to 100% due to rounding.



st Total may not add up to 100% due to rounding. Includes capacity fee funds collected in prior years.



st Total may not add up to 100% due to rounding. Excludes capital item purchases

# Olivenhain Municipal Water District SUMMARY OF SMALL CAPITAL ITEM PURCHASES WATER, WASTEWATER AND RECYCLED OPERATIONS Fiscal Year 2018-19

Asset Class			Budget	Source of Funds *					
Asset Glass	Qty.	Item Description	Amount	Potable Water	Wastewater	Recycled Water			
Shop and Field Equipment	1	Confined Space Fall Retrieval System	10,000	10,000	-	-			
Project # D129820 - Potable Water Project # D709820 - Wastewater	1	Gantry Crane	7,000	7,000	-	-			
Project # D809820- Recycled Water	1	Strainer Candle Assembly	25,000	25,000	-	-			
	Subtotal Shop and Fi	ield Equipment	\$ 42,000	\$ 42,000	\$ -	\$ -			
	1	New Vehicle for Safety - HR / 2019 Ford F- 150 S/C V-6 Engine	30,000	23,000	3,000	4,000			
	1	New Vehicle for DCM-WTP Duty Truck / 2019 Ford F-150 S/C V-6 Engine	30,000	30,000	-	-			
Automotive Equipment Project # D129830 - Potable Water Project # D709830 - Wastewater	1	New Vehicle for Operations Duty Truck / 2019 Ford F-150 S/C V-6 Engine	30,000	26,000	2,000	2,000			
	1	New Vehicle for Field Services Supervisor / 2019 Ford F-150 C/C V-6 Engine	35,000	28,000	2,000	5,000			
Project # D809830- Recycled Water	1	New Vehicle for Operations Duty Truck / 2019 Ford F-150 S/C V-6 Engine	30,000	26,000	2,000	2,000			
	1	New Vehicle for Engineering / 2019 Ford F- 250 S/C V-8 Engine	40,000	30,000	4,000	6,000			
	1	New Vehicle for Ops Const Crew Truck / 2019 Ford F-550 S/C V-8 Engine	150,000	120,000	15,000	15,000			
	Subtotal Automotive	Equipment	\$ 345,000	\$ 283,000	\$ 28,000	\$ 34,000			
_	1	Mitel Phone Manager	7,000	6,000	1,000	-			
Computer Hardware/Software	13	PC Replacements	17,000	17,000	-	-			
Project # D129860 - Potable Water Project # D709860 - Wastewater Project # D809860 - Recycled Water	1	Plotter Replacement	22,000	22,000	-	-			
1 Tojest w Doodood - Nedysied Water	1	Server Replacements	11,000	-	6,000	5,000			
	Subtotal Computer H	lardware/Software	\$ 57,000	\$ 45,000	\$ 7,000	\$ 5,000			

		Potable Water	Wastewater	ı	Recycled Water
TOTAL	\$ 444,000	\$ 370,000	\$ 35,000	44	39,000

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

### Olivenhain Municipal Water District Capital Project Summary Fiscal Year 2017-18

	Total	Estimated Net	2018-2019	2018-2019 Budgeted Expenditures		
Project Name	Project	Expenditures		& Equipment Fund	2018-2019	
	Budget	at 6/30/18	Water	Wastewater Recycled	Budgeted Exp.	
On-Going Projects						
DCMWTP Office Construction	2,500,000	150,000	-		-	
Wide Area Network (WAN) Upgrades	20,000	-	20,000		20,000	
Residuals Handling Building Canopy	140,000	15,000	125,000		125,000	
DCMWTP Paint Equipment	30,000	-	30,000		30,000	
Vault Upgrades	75,000	-	75,000		75,000	
Advanced Metering Infrastructure (AMI)	4,000,000	600,000	600,000		600,000	
Replace El Camino Real Pipeline	4,000,000	312,000	160,000		160,000	
Lower Yard Improvements	100,000	40,000	60,000		60,000	
Steel Mains Protection	2,500,000	-	250,000		250,000	
Integrate CIS and Third Parties	61,000	9,000	52,000		52,000	
Encinitas Blvd. at Rancho Santa Fe Rd.	1,070,000	90,000	980,000		980,000	
Replace Morning Sun PRS	1,036,000	-	215,000		215,000	
Network Security	296,000	96,000	200,000		200,000	
Lusardi Canyon CP Upgrade	427,000	30,000	397,000		397,000	
DCMWTP Chemical Systems Upgrades	305,000	170,000	135,000		135,000	
DCMWTP Sewer Manhole	100,000	15,000	85,000		85,000	
SDCWA Transformer Replacement	55,000	34,000	21,000		21,000	
CIS Infinity Bill Enhancements	25,000	3,000	22,000		22,000	
Palms I and II Reservoirs	980,000	76,000	-		-	
Replace Valves	11,250,000	-	1,500,000		1,500,000	
Replace Meter Anodes	1,300,000	-	130,000		130,000	
Replace DCM WTP Membranes	5,950,000	608,000	655,000		655,000	
Replace Meters	2,516,000	-	266,000		266,000	
Replace Pumps and Motors	500,000	-	50,000		50,000	
Rancho La Cima/Aliso Canyon Pipeline	160,000	44,000	116,000		116,000	
Security Upgrades	50,000	-	50,000		50,000	
Replace Pipelines	14,000,000	-	500,000		500,000	
Replace Dusty Trail Pipeline and Lone Jack P	840,000	117,000	155,000		155,000	
Building D - Schedules A and B	14,000,000	1,445,000	4,648,000	1,328,000 664,000	6,640,000	
Purchase Recycled Capacity City of S.D.	250,000	-	250,000			
Storage Pond Improvements	40,000	-	-	40,000		
Condition Assessment Program	500,000	45,000	455,000		455,000	
San Elijo Valley Groundwater	19,000,000	1,773,000	1,777,000		1,777,000	
Manchester Recycled Pipeline Extension	1,420,000	88,000	-	- 1,082,000	1,082,000	
Ext. 153 Flow Meter	75,000	15,000	-	- 60,000	60,000	
Mid-Quadrant Recycled Water Expansion	74,000	-	-	- 74,000	74,000	
Covered Storage Area	100,000	50,000	-	50,000 -	50,000	
Replace Neighborhood 1 SPS	3,000,000	385,000	-	2,615,000 -	2,615,000	
Solids Process Conveyor	80,000			80,000 -	80,000	

### Olivenhain Municipal Water District Capital Project Summary Fiscal Year 2017-18

	Total	<b>Estimated Net</b>	2018-2019 Budgeted Expenditures			Total
Project Name	Project	Expenditures	•	& Equipment		2018-2019
	Budget	at 6/30/18	Water	Wastewater	Recycled	Budgeted Exp.
Caustic Tank and Piping	50,000	15,000	-	35,000	-	35,000
Firehouse SPS Upgrades	50,000	21,000	-	29,000	-	29,000
Replace Clarifier Drives	260,000	160,000	-	100,000	-	100,000
Replace UV Disinfection System	3,000,000	330,000	-	2,100,000	-	2,100,000
4S Pump Station Flow Meters	100,000	-	-	100,000	-	100,000
Rehab Tertiary Filters	600,000	120,000	-	480,000	-	480,000
Belt Press Rehab	220,000	-	-	220,000	-	220,000
Headworks Screening System Replacement	620,000	10,000	-	110,000	-	110,000
Replace Pumps/Motors/Equipment	1,000,000	160,000	-	100,000	-	100,000
Subtotal, On-Going Projects	98,725,000	7,026,000	13,979,000	7,347,000	1,920,000	22,956,000
Proposed Projects						
Recycled Retrofits and Meter Replacement	937,000	-	333,000	-	-	333,000
Lusardi Creek Ext. 153	225,000	-	175,000	-	-	175,000
Main Ext. 153A Recycled Pipeline	300,000	-	300,000	-	-	300,000
Replace Main DCMWTP Compressors	140,000	-	140,000	-	-	140,000
Replace Strainer Isolation Valves	65,000	-	65,000	-	-	65,000
DCMWTP PH Control System	50,000	-	50,000	-	-	50,000
Streaming Current Monitor #2	40,000	-	40,000			
DCMWTP Settler Units 2 and 3	240,000	-	120,000			
Solids Process Improvements	110,000	-	-	110,000	-	110,000
Biological Process Optimization	196,000	-	-	196,000	-	196,000
Subtotal, Proposed Projects	2,303,000	-	1,223,000	306,000	-	1,369,000
Total all projects	\$ 101,028,000	\$ 7,026,000	\$ 15,202,000	\$7,653,000	\$ 1,920,000	\$ 24,325,000

### **Impact of Capital Improvement Projects**

Please see the attached Project Summary sheets for detailed information on the District's capital improvement projects which are defined as those projects with budgets of at least \$1 million.

The following is a list of significant capital projects from the fiscal year 2018-19 capital spending plan. These projects represent 65% of total capital project expenses for the new fiscal year.

<u>Project</u>		FY 2018-19 Budgeted Expenditures	<u>Total</u> <u>Budgeted</u> <u>Expenditures</u>
1.	San Elijo Valley Groundwater	\$ 1,777,000	\$ 19,000,000
2.	Building D – Schedules A and B	\$ 6,640,000	\$ 14,000,000
3.	Advanced Metering Infrastructure (AMI)	\$ 600,000	\$ 4,000,000
4.	Replace El Camino Real Pipeline	\$ 160,000	\$4,000,000
5.	Replace Ultra-Violet (UV) Disinfection System	\$ 2,100,000	\$ 3,000,000
6.	Replace Neighborhood 1 Sewer Pump Station	\$ 2,615,000	\$ 3,000,000
7.	DCMWTP Office Construction	No expenses budgeted	\$2,500,000
8.	Manchester Recycled Pipeline Extension	\$ 1,082,000	\$ 1,420,000
9.	Encinitas Blvd. at Rancho Santa Fe Rd	\$980,000	\$1,070,000
10.	Replace Morning Sun PRS	\$ 215,000	\$ 1,036,000

Project 1.

**Building D - Schedules A and B** 

**Project Description** 

Pre-design, space planning for existing buildings A and B, and new building D, with final design for Building D and associated site improvements in accordance with the City of Carlsbad Conditional Use Permit (CUP.)

**Estimated Schedule and Costs** 

	Start	Finish	Cost
Planning	March 2014	Sept 2015	80,000
Design and Environmental	October 2015	September 2018	1,700,000
Construction	January 2019	June 2020	12,220,000
Total			\$ 14,000,000

**Funding Source** 

Labor and Benefits

Potable capacity fees, and potable and wastewater capital improvement funds and 2018 Bond proceeds.

### **Estimated Annual Impact on Operating Costs**

INC (DEC)	COMMENTS
-	None
	Additional costs associated with utilities and maintenance of
24,000	the building and landscape
\$ 24,000	

Other

Nor	1-FI	nancı	aı ım	pacts

# None

### Why is Project Necessary

Existing administrative facilities have insufficient capacity for board and employee meetings, staffing, work flow efficiency, and expansion. Building D will provide cost-effective capacity not possible through expansion of existing buildings.

Project 2.

Replace Ultra-Violet (UV) Disinfection System

#### **Project Description**

Replacement of the existing UV system is necessary in order to maintain production and delivery capabilities of recycled water. The project will include replacement of end of life UV system and associated equipment and controls. Newer technology systems are more energy efficient and reliable.

**Estimated Schedule and Costs** 

	Start	Finish	Cost
Planning	July 2016	September 2017	114,000
Design and Equipment	October 2017	May 2018	216,000
Construction	August 2018	January 2019	2,670,000
Total			\$ 3,000,000

**Funding Source** 

Wastewater capital improvement funds

**Estimated Annual Impact on Operating Costs** 

Littinated Annual Impact on Operating Oosts				
	INC (DEC)	COMMENTS		
		Reduced labor and extended service warranty requires less		
Labor and Benefits	(50,000)	frequent replacement of expendable materials.		
Other	-	None		
	\$ (50,000)			

### **Non-Financial Impacts**

Recycled water must be treated via an approved disinfection method to meet process performance and regulatory compliance standards.

### Why is Project Necessary

The existing UV disinfection system has become obsolete and the manufacturer is no longer offering material or technical support. Additionally, certain critical hardware and electrical components are no longer available. If the system fails, non-compliant recycled water cannot be delivered to customers. The entire UV system and controls package must be replaced.

Project 3.

San Elijo Valley Groundwater

### **Project Description**

The District is planning a brackish groundwater desalinization project to provide 1.0 million gallons per day local water supply to its customers. The supply will come from the San Elijo Valley Groundwater Basin and/or the San Dieguito Groundwater Basin. A pipeline would deliver the raw water to a reverse osmosis desalinization treatment plant. The product water would then be delivered directly into the District's existing system.

**Estimated Schedule and Costs** 

Planning & Land Acquisition

Design and Environmental

Construction

Start	Finish	Cost	
July 2011	December 2020	2,000,000	
October 2018	June 2021	2,000,000	
January 2022	June 2024	15,000,000	
		\$ 19,000,000	

**Funding Source** 

Total

Capacity fee funds, future debt to be issued, California Prop. 84 funds and a Watersmart grant.

#### Estimated Annual Impact on Operating Costs (to begin in 2024)

	INC (DEC)	COMMENTS
Labor and Benefits	-	Costs cannot be estimated at this time.
Other	-	Costs cannot be estimated at this time.
	\$ -	

**Non-Financial Impacts** 

None.

### Why is Project Necessary

This local product will help the District diversify its current water supply portfolio and improve reliability. Because the supply is local, it is less subject to reduction from water supply shortages, regulatory pumping restrictions, or wholesale conveyance infrastructure interruptions.

Project 4.

**Manchester Recycled Pipeline Extension** 

**Project Description** 

Construction of a San Elijo Joint Power Authority recycled connection at Poco Lago and extension of the District recycled water line north on Manchester Avenue to Tennis Club Drive.

**Estimated Schedule and Costs** 

	Start	Finish	Cost
Planning	September 2016	June 2018	90,000
Design and Environmental	July 2018	November 2018	120,000
Construction	January 2019	Dec 2019	1,210,000
Total			\$ 1,420,000

**Funding Source** 

Recycled capital improvement and grant funds

**Estimated Annual Impact on Operating Costs** 

INC (DEC)	COMMENTS
	None - expansion of system will be managed with existing
•	staff
1	None
\$ -	

Labor and Benefits

Other

## **Non-Financial Impacts**

Replacement of use of imported potable water for irrigation uses with local sustainable recycled water source.

### **Why is Project Necessary**

Expansion of the District's recycled water system will allow existing potable water irrigation uses to be switched to recycled water and reduce the District's demand on imported potable water.

Project 5.

Advanced Metering Infrastructure (AMI)

**Finish** 

June 2020

**Project Description** 

Replacement of the AMR (Automated Meter Reading) system with the AMI system. AMR uses the drive-by method to read meters, while AMI uses fixed-base receivers.

Cost

1,215,000

**Estimated Schedule and Costs** 

Construction - Phase I

June 2025 Construction - Phase II July 2020 2,785,000 Total \$ 4,000,000

Start

January 2017

**Funding Source** 

Potable capital improvement funds

## **Estimated Annual Impact on Operating Costs**

Labor and Benefits
Other

INC (DEC)	COMMENTS
-	The time spent driving to read AMR meters will be available for other work, such as meter maintenance, customer service, conservation, and meter testing.
-	None
\$ -	

### **Non-Financial Impacts**

Customers will be able to access real-time usage data from the AMI system, which will help them better manage their water use and reduce water loss.

### Why is Project Necessary

AMI will allow staff to continue providing a high level of customer service while reaping the benefits of the latest meter-reading technology. The AMR system provides meter data once per month, whereas the AMI system provides meter data up to several times per day. The AMI system will enable greater conservation efforts, help pinpoint leaks on a timely basis, allow customers access to read data to better manage their usage, and reduce water loss.

Project 6.

Rehab Neighborhood 1 Sewer Pump Station

**Project Description** 

Replacement of the SPS (except for certain structural components) to include new pumps, electrical systems, instrumentation and vault.

**Estimated Schedule and Costs** 

	Start	Finish	Cost
Planning	January 2014	November 2017	90,000
Design	December 2017	September 2018	510,000
Construction	November 2018	June 2019	2,400,000
Total			\$ 3,000,000

**Funding Source** 

Wastewater capital improvement funds and sewer capacity fees from new development

### **Estimated Annual Impact on Operating Costs**

·	INC (DEC)	COMMENTS
Labor and Benefits	-	None
Other	- \$	The new SPS will be more cost-effective due to more efficient motors and VFDs including elimination of submersible pumps which are susceptible to electrical shorting.

### **Non-Financial Impacts**

More reliable operation due to duplicity of equipment and elimination of submersible pumps will reduce likelihood of emergencies and spills.

## Why is Project Necessary

Redesign will eliminate maintenance and reliability issues which require significant staff time for correction. Replacement of the SPS will increase efficiency by resizing the new pumps, and replace/upgrade electrical equipment.

Project 7.

Replace El Camino Real Pipeline

**Project Description** 

Replace approximately 8,000 feet of the existing 12- inch steel pipeline between Encinitas Blvd and Gardenview Road.

**Estimated Schedule and Costs** 

	Start	Finish	Cost
Planning	July 2016	June 2017	140,000
Design and Environmental	July 2017	December 2018	360,000
Construction	January 2020	June 2020	3,500,000
Total			\$ 4,000,000

**Funding Source** 

Potable capital improvement funds

### **Estimated Annual Impact on Operating Costs**

INC (DEC)	COMMENTS
-	None - Replacement of existing pipeline due to end of life
-	None
\$ -	

Other

Labor and Benefits

**Non-Financial Impacts** 

This four-lane section of El Camino Real is congested with wall-to-wall commercial businesses. Replacing the pipeline before it fails will eliminate having a tremendous impact on the commercial customers along El Camino Real due to unplanned outages, not to mention the negative affect on the District's reputation.

### Why is Project Necessary

The existing pipeline, which was put into service in 1961, is nearing the end of its useful life and needs to be replaced before a major failure occurs. Due to the depth and location of the pipeline within the roadway, and the many businesses and commuters who rely on this roadway, starting the replacement now gives the District more control over scheduling the work and having the least impact possible on the surrounding area.

Project 8.

Replace Morning Sun Pressure Reducing Station (PRS)

**Project Description** 

Replacement and relocation of the existing PRS. Station has reached the end if its useful life and is severly corroded due to high groundwater level.

**Estimated Schedule and Costs** 

	Start	Finish	Cost
Planning			-
Design and Environmental	July 2018	June 2019	215,000
Construction	July 2019	March 2020	821,000
Total	-		\$ 1,036,000

**Funding Source** 

Potable capital improvement funds

**Estimated Annual Impact on Operating Costs** 

INC (DEC)	COMMENTS
1	None - Replacement of existing facility due to end of life
-	None
\$ -	

Labor and Benefits
Other

## **Non-Financial Impacts**

Improved reliabilty and longevity due to relocating the PRS.

### Why is Project Necessary

High groundwater levels have caused severe internal and external corrosion in vital infrastructure feeding the "457" pressure zone. Relocation of the PRS will increase the lifespan of the facility since it will be rebuilt above the groundwater level.

Project 9.

Encinitas Blvd. at Rancho Santa Fe Road

**Project Description** 

Replacement of existing steel pipeline at the intersection of Rancho Santa Fe Road, Encinitas Blvd. and Manchester Avenue

**Estimated Schedule and Costs** 

Planning and Design	
---------------------	--

Construction

Total

Start	Finish	Cost
May 2017	May 2018	80,000
June 2018	August 2018	990,000
		\$ 1,070,000

**Funding Source** 

Potable capital improvement funds

**Estimated Annual Impact on Operating Costs** 

INC (DEC)

Labor and Benefits

Other

	INC (DEC)	COMMEN 15
	-	None
	-	None
1	-	

**Non-Financial Impacts** 

Improve reliability for critical 12-inch pipeline providing potable water to residential and commercial customers. Recently there was a major failure that caused the closure of a commercial shopping center and flooding of an intersection, which produced a major headache for the Disctrict's customers.

Why is Project Necessary

Existing steel pipeline has experienced a number of failures due to corrosion and cannot be repaired.

Project 10.

**DCMWTP Office Construction** 

### **Project Description**

Construct facilities to increase the size of the operator control room, document library and work areas, and provide dedicated locker room space for female and male employees, which are currently undersized and do not sufficiently accommodate the plant operators.

**Estimated Schedule and Costs** 

Planning and Design
Construction

 Start
 Finish
 Cost

 July 2015
 June 2018
 150,000

 July 2020
 June 2022
 2,350,000

Total

\$ 2,500,000

**Funding Source** 

Potable capital improvement funds

### **Estimated Annual Impact on Operating Costs**

INC	(DEC)	COMMENTS
	(50,000)	Improvements to efficiency by maintaining ready access to critical plant documents for research purposes. Dedicated operator work stations will provide for seamless transition of tasks
	-	None
\$	(50,000)	

Labor and Benefits

Other

## **Non-Financial Impacts**

Dedicated locker room areas will provide for improved employee experience and morale.

### Why is Project Necessary

Staffing levels at the plant have increased considerably since the facility was originally constructed. The administrative work areas, document library and locker rooms are undersized and do not sufficiently accommodate the plant operators. By constructing these improvements, plant staff will realize improvements to morale and workflow efficiency.

# **Ongoing Capital Replacement Projects**

### Infrastructure Replacement Program

#### **Project Description**

This summarizes major replacement projects (budgets of \$1 million or more) which are included in the 10-Year Plan. Various infrastructure components will be replaced annually, based on historical information (year placed in service, etc.), maintenance records and prioritized need.

### **Projects**

Replace Valves

Replace DCMWTP Membranes

Replace Pipelines

Rehab PRSs

Replace Meter Anodes

Replace Meters

Steel Mains Protection

Replace Wastewater Equip.

Total

Other

FY 2019	FY 2020 - 2028	Total
1,500,000	9,750,000	11,250,000
595,000	5,355,000	5,950,000
500,000	13,500,000	14,000,000
-	2,700,000	2,700,000
130,000	1,170,000	1,300,000
266,000	2,250,000	2,516,000
250,000	2,250,000	2,500,000
100,000	900,000	1,000,000
\$ 3,341,000	\$ 37,875,000	\$ 41,216,000

#### **Funding Sources**

Potable & wastewater capital improvement, and capacity fee funds

### **Estimated Annual Impact on Operating Costs**

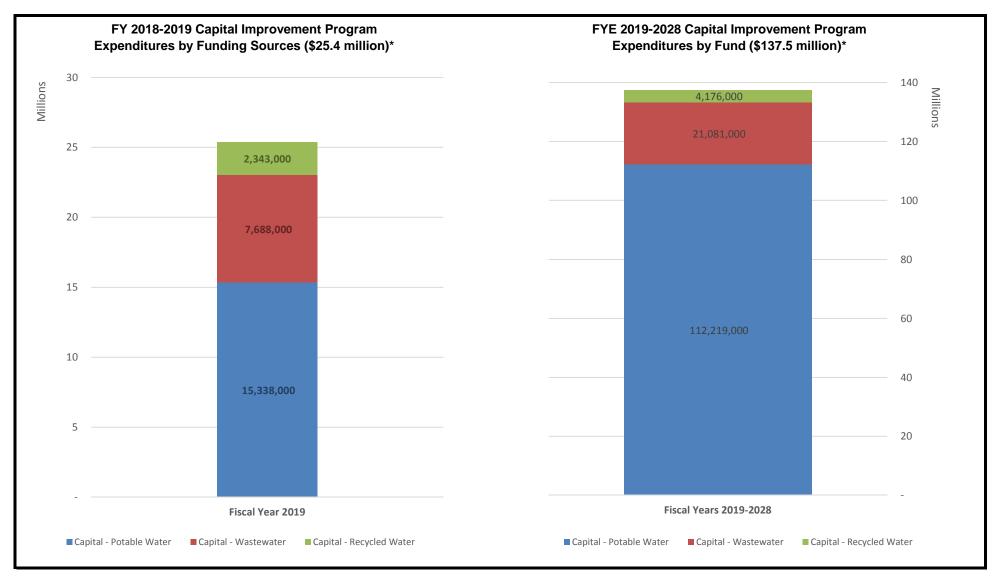
	INC (DEC)	COMMENTS
		Anticipate saving overtime costs (about 25% of current amount) due to a decrease in after-hours calls due to system
	(25,000)	leaks.
	-	None
,	\$ (25,000)	

### Non-Financial Impacts

Customer service is negatively impacted when the District has unanticipated service shut-downs from equipment or system failures. The District wants to assure ratepayers that we have a plan for the orderly replacement of major facilities.

### Why Projects are Necessary

The District is shifting it's focus from building new infrastructure, to replacing existing infrastructure. Planned replacement makes better use of District resources and allows the District to budget costs in a methodical manner, thereby avoiding spending spikes as well as having sufficient funds available.



<sup>\*</sup> Total amounts are rounded

#### Olivenhain Municipal Water District 2018-19 CIP Budget and Appropriation Review Capital Improvement Projects (CIP) - Capital Improvement Fund - Water (Potable and Recycled)

On-Going Projects	
DCMWTP Office Construction	
Wide Area Network (WAN) Up	grades
Residuals Handling Building Ca	anopy
DCMWTP Paint Equipment	
Vault Upgrades	
Advanced Metering Infrastructi	ure (AMI)
Replace El Camino Real Pipeli	ne
Lower Yard Improvements	
Steel Mains Protection	
Integrate CIS and Third Parties	5
Encinitas Blvd. at Rancho San	ta Fe Rd.
Replace Morning Sun PRS	
Network Security	
Lusardi Canyon CP Upgrade	
DCMWTP Chemical Systems I	Jpgrades
DCMWTP Sewer Manhole	
SDCWA Transformer Replace	ment
CIS Infinity Bill Enhancements	
Palms I and II Reservoirs	
Replace Valves	
Replace Meter Anodes	
Replace DCM WTP Membrane	es
Replace Meters	
Replace Pumps and Motors	
Rancho La Cima/Aliso Canyon	Pipeline
Security Upgrades	
Replace Pipelines	
Replace Dusty Trail Pipeline a	nd Lone Jack PRS
Building D - Schedules A and E	3
Purchase Recycled Capacity C	City of S.D.
Storage Pond Improvements	
Condition Assessment Program	n
San Elijo Valley Groundwater	
Manchester Recycled Pipeline	Extension
Ext. 153 Flow Meter	
Mid-Quadrant Recycled Water	Expansion

		CIP Budget									
		Project Budget 7/1/2017	Approved FY 2017/18	Increase (Decrease)	Project Budget 7/1/2018						
		7/1/2017	FT 2017/16	(Decrease)	7/1/2016						
		700,000	_	1,800,000	2,500,000						
		60,000	_	(40,000)	20,000						
		86,000	30,000	24,000	140,000						
		35,000	-	(5,000)	30,000						
		75,000	-	-	75,000						
		2,700,000	_	1,300,000	4,000,000						
		4,000,000	-	-	4,000,000						
		100,000	-	-	100,000						
		1,500,000	-	1,000,000	2,500,000						
		66,000	-	(5,000)	61,000						
		425,000	-	645,000	1,070,000						
		1,546,000	-	(510,000)	1,036,000						
		200,000	-	96,000	296,000						
		750,000	-	(323,000)	427,000						
		305,000	-	-	305,000						
		100,000	-	-	100,000						
		55,000	-	-	55,000						
		-	25,000	-	25,000						
		735,000	-	245,000	980,000						
		4,480,000	-	6,770,000	11,250,000						
		2,500,000	-	(1,200,000)	1,300,000						
		6,160,000	-	(210,000)	5,950,000						
		2,000,000	-	516,000	2,516,000						
		500,000	-	-	500,000						
		75,000	-	85,000	160,000						
		85,000	-	(35,000)	50,000						
		14,000,000	-	-	14,000,000						
ack PRS		400,000	-	440,000	840,000						
	(1)	7,200,000	-	4,000,000	11,200,000						
		250,000	-	-	250,000						
		40,000	-	-	40,000						
		2,000,000	-	(1,500,000)	500,000						
		19,000,000	-	-	19,000,000						
1		1,420,000	-	-	1,420,000						
		-	75,000	-	75,000						
n		-	74,000	-	74,000						
Subtotal		\$ 73,548,000	\$ 204,000	\$ 13,093,000	\$ 86,845,000						

	Projected Exp	penditures	
	Capitalize	Budgeted	
At 6/30/18	or Expense	FY 2018/19	At 6/30/19
150,000		_	150,000
40,000	(40,000)	20,000	20,000
15,000	(40,000)	125,000	140,000
26,000	(26,000)	30,000	30,000
20,000	(20,000)	75,000	75,000
600,000	(600,000)	600,000	600,000
312,000	(000,000)	160,000	472,000
40,000		60,000	100,000
40,000	_	250,000	250,000
9,000		52,000	61,000
90,000		980,000	1,070,000
-		215,000	215,000
96,000	_	200,000	296,000
30,000	_	397,000	427,00
170,000	-	135,000	305,00
15,000	_	85,000	100,00
34,000	_	21,000	55,00
3,000	_	22,000	25,000
76,000	_	-	76,000
1,500,000	(1,500,000)	1,500,000	1,500,00
-	-	130,000	130,00
608,000		655,000	1,263,00
300,000	(300,000)	266,000	266,000
		50,000	50,00
44,000	-	116,000	160,00
35,000	(35,000)	50,000	50,00
23,000	(23,000)	500,000	500,00
117,000	-	155,000	272,000
1,156,000	-	5,312,000	6,468,000
-	-	250,000	250,000
10,000	(10,000)	40,000	40,000
45,000	-	455,000	500,00
1,773,000	-	1,777,000	3,550,00
88,000	-	1,082,000	1,170,000
15,000	-	60,000	75,000
-	-	74,000	74,000

7,420,000 \$ (2,534,000) \$ 15,899,000 \$ 20,785,000

Appropriation   As of   Approved   Increase   7/1/2017   FY 2017/18   (Decrease)	As of 7/1/2018
	7/1/2018
700 000 (500 000) (50 000)	
	450.000
700,000 (500,000) (50,000)	150,000
60,000 - (40,000)	20,000
86,000 30,000 24,000	140,000
35,000 - (5,000)	30,000
75,000	75,000
600,000	600,000
500,000 - (28,000)	472,000
100,000	100,000
150,000 - 100,000	250,000
66,000 - (5,000)	61,000
325,000 - 745,000	1,070,000
300,000 (150,000) 65,000	215,000
200,000 - 96,000	296,000
75,000 - 352,000	427,000
305,000	305,000
100,000	100,000
55,000	55,000
- 25,000 -	25,000
75,000 - 1,000	76,000
1,300,000 200,000 -	1,500,000
250,000 (150,000) 30,000	130,000
595,000 55,000 613,000	1,263,000
200,000 85,000 (19,000)	266,000
50,000	50,000
33,000 - 127,000	160,000
85,000 - (35,000)	50,000
106,000 - 394,000	500,000
400,000 (280,000) 152,000	272,000
3,200,000 (1,700,000) 4,968,000	6,468,000
250,000	250,000
40,000	40,000
150,000 - 350,000	500,000
2,800,000 - 750,000	3,550,000
820,000 (570,000) 920,000	1,170,000
- 75,000 -	75,000
- 74,000 -	74,000
\$ 14,086,000 \$ (2,806,000) \$ 9,505,000 \$	20,785,000

## Olivenhain Municipal Water District 2018-19 CIP Budget and Appropriation Review Capital Improvement Projects (CIP) - Capital Improvement Fund - Water (Potable and Recycled)

	Project Budget	Approved	Increase	Project Budget
Project Name	7/1/2017	FY 2017/18	(Decrease)	7/1/2018
Proposed Projects				
Recycled Retrofits and Meter Replacement	-	-	937,000	937,000
Lusardi Creek Ext. 153	-	50,000	175,000	225,000
Main Ext. 153A Recycled Pipeline	-	-	300,000	300,000
Replace Main DCMWTP Compressors	-	-	140,000	140,000
Replace Strainer Isolation Valves	-	-	65,000	65,000
DCMWTP PH Control System	-	-	50,000	50,000
Streaming Current Monitor #2	-	-	40,000	40,000
DCMWTP Settler Units 2 and 3	-	-	240,000	240,000
Subtotal	\$ -	\$ 50,000	\$ 1,947,000	\$ 1,997,000
Completed, Postponed or Cancelled Projects				
Headquarters' Site Improvements	450,000	150,141	(600,141)	-
Vales #1 PRS	300,000	350,000	(650,000)	-
Palma de la Reina/Ext. 235A	84,000	146,000	(230,000)	-
La Costa Vales #2 and Ext. 250	320,000	-	(320,000)	-
Replace DCMWTP Hypochlorite Tank	55,000	-	(55,000)	-
Replace DCMWTP VFD Pump Motors	70,000	-	(70,000)	-
Replace DCMWTP HVAC System	190,000	-	(190,000)	-
Replace DCMWTP Ammonia System Equipment	80,000	-	(80,000)	-
Replace Cielo Pump Station Controls	180,000	-	(180,000)	-
Finance Dynamics GP Upgrade	45,000	17,000	(62,000)	-
FH/WS Relocations at Grangettos	40,000	12,000	(52,000)	
Gaty I Decommissioning	300,000	-	(300,000)	-
Irrigation Upgrades at Reservoirs	75,000	-	(75,000)	-
System Book Update	24,000	-	(24,000)	-
Rehab Pressure Reducing Stations	1,546,000	-	(1,546,000)	-
DCMWTP Settler Unit 1	120,000	-	(120,000)	-
DCMWTP THM Analyzer	-	85,000	(85,000)	
Cadencia Valve Replacement	-	125,000	(125,000)	-
Wandering Road Recycled Extension	250,000		(250,000)	
Avenida La Posta Recycled Water Extension	133,000	-	(133,000)	-
Recycled Water Quality Improvements	900,000	-	(900,000)	-
Subtotal	\$ 5,162,000	\$ 885,141		\$ -

		Capitalize	Budgeted	
1	At 6/30/18	or Expense	FY 2018/19	At 6/30/19
	40.000	(40,000)	200 200	000 000
	48,000	(48,000)	333,000	333,000
	50,000	-	175,000	225,000
	-	-	300,000	300,000
	-	-	140,000	140,000
	-	-	65,000	65,000
	-	-	50,000	50,000
	-	-	40,000	40,000
	-		120,000	120,000
\$	98,000	\$ (48,000)	1,223,000	\$ 1,273,000
	54,000	(54,000)		
	650,000	(650,000)	-	
			-	
	230,000 76,000	(230,000)		
		(76,000)		
	387,000	(387,000)	-	
	49,000	(49,000)	-	
	184,000	(184,000)	-	-
	86,000	(86,000)	-	-
	161,000	(161,000)	-	-
	60,000	(60,000)	-	-
	11,000	(11,000)	-	-
	5,000	(5,000)	-	-
	75,000	(75,000)	-	-
	41,000	(41,000)	-	-
	-	-	-	-
	95,000	(95,000)	-	-
	81,000	(81,000)	-	-
	125,000	(125,000)	-	-
	214,000	(214,000)	-	-
	90,000	(90,000)	-	-
	77,000	(77,000)	-	-
\$	2,751,000	\$ (2,751,000)		\$

\$ 10,269,000 \$ (5,333,000) \$ 17,122,000 \$ 22,058,000

			Appro	pri	ation		
	As of		Approved		Increase		As of
	7/1/2017	F	Y 2017/18		(Decrease)		7/1/2018
	-		-		333,000		333,000
	-		50,000		175,000		225,00
	-		-		300,000		300,00
	-		-		140,000		140,00
	-				65,000		65,000
	-		-		50,000		50,00
	-				40,000		40,000
	*				120,000		120,00
\$	-	\$	50,000	\$	1,223,000	\$	1,273,00
	450,000		150,141		(600,141)		
	300,000		350,000		(650,000)		
	84,000		146,000		(230,000)		
	77,000				(77,000)		
	55,000				(55,000)		
	70,000				(70,000)		
	190,000				(190,000)		
	80,000				(80,000)		
	180,000				(180,000)		
	45,000		17,000		(62,000)		
	40,000		12,000		(52,000)		
	5,000		-,		(5,000)		
	75,000				(75,000)		
	24,000				(24,000)		
	300,000		(150,000)		(150,000)		
	120,000		-		(120,000)		
			85,000		(85,000)		
			125,000		(125,000)		
	250,000				(250,000)		
	133,000				(133,000)		
	332,000				(332,000)		
\$	2,810,000	\$	735,141	\$	(3,545,141)	\$	
_	_,_,,,,,,,			_	(5,5 10,1 11)	Ť	
\$	16,896,000	\$	(2,020,859)	\$	7,182,859	\$	22,058,000

Total

<sup>\$ 78,710,000 \$ 1,139,141 \$ 8,992,859 \$ 88,842,000</sup> (1) This project is also funded by wastewater, only the costs funded through potable and recycled are shown here. Please see the separate Capital Project Summary for complete project costs.

## Olivenhain Municipal Water District 10 Year Capital Spending Plan Capital Improvement Fund - Water (Potable and Recycled)

Project Description	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27	FY 27-28
San Elijo Valley Groundwater	1,777,000	468,000	2,434,000	3,431,000	10,002,000	1,399,000	-	-	-	-
Building D - Schedules A and B	5,312,000	4,921,000	-	-	-	-	-	-	-	-
Gaty 3 Reservoir	-	-	-	-	-	262,000	6,403,000	-	-	-
Replace El Camino Real Pipeline	160,000	3,671,000	-	-	-	-	-	-	-	-
DCMWTP Office Construction	-	-	1,460,000	1,125,000	-	-	-	-	-	-
Replace Rancho Santa Fe Road Pipeline	-	-	-	-	-	-	-	1,316,000	1,812,000	-
Morning Sun Pressure Reducing Station	215,000	854,000	-	-	-	_	-	-	-	-
Encinitas Blvd. at Rancho Santa Fe Rd.	980,000	-	-	_	-	-	-	-	-	-
Replace Lone Jack Road Pipeline	, <u> </u>	_	_	_	-	-	_	1,237,000	_	-
Palms I and II Reservoirs	-	-	108,000	900,000	-	-	-	-	-	-
Replace Dusty Trail Pipeline and Lone Jack PRS	155,000	_	612,000	-	-	-	_	_	_	_
Condition Assessment Program	455,000	_	-	_	_	_	_	_	_	_
Replace Maryloyd Pump Station	-	_	_	506,000	_	_	_	_	_	_
Lusardi Canyon CP Upgrade	397,000	_	_	-	_	_	_	_	_	_
DCMWTP Settler Units 2 and 3	120,000	125,000	_	_	_	_	_	_	_	_
Network Security	200,000	123,000	_	_	_	_	_	_	_	_
Harris Ranch Right-of-Way Acquisition	200,000	-	-	169,000	-	-	-	-	-	-
Replace Main DCMWTP Compressors	140,000	-	-	109,000	-	-	-	-	-	-
1 .	,	-	-	-	-	-	-	-	-	-
DCMWTP Chemical Systems Upgrade	135,000	-	-	-	-	-	-	-	-	-
Residuals Handling Building Canopy	125,000	-	-	-	-	-	-	-	-	-
Rancho La Cima/Aliso Canyon Pipeline	116,000	-	-	-	-	-	-	-	-	-
DCMWTP Sewer Manhole Project	85,000	-	-	-	-	-	-	-	-	-
Vault Upgrades	75,000	-	-	-	-	-	-	-	-	-
Replace Strainer Isolation Valves	65,000	-	-	-	-	-	-	-	-	-
Lower Yard Improvements	60,000	-	-	-	-	-	-	-	-	-
Ext. 153 Flow Meter	60,000	-	-	-	-	-	-	-	-	-
Integrate CIS and Third Parties	52,000	-	-	-	-	-	-	-	-	-
Security Upgrades	50,000	-	-	-	-	-	-	-	-	-
DCMWTP PH Control System	50,000	-	-	-	-	-	-	-	-	-
Streaming Current Monitor #2	40,000	-	-	-	-	-	-	-	-	-
DCMWTP Paint Equipment	30,000	-	-	-	-	-	-	-	-	-
CIS Infinity Bill Enhancements	22,000	-	-	-	-	-	-	-	-	-
SDCWA Transformer Replacement	21,000	-	-	-	-	-	-	-	-	-
Wide Area Network (WAN) Upgrades	20,000	-	-	-	-	-	-	-	-	-
Ongoing Projects	-,									
Replace Pipelines	500,000	520,000	541,000	2,250,000	1,170,000	2,433,000	1,898,000	2,632,000	2,737,000	2,847,000
Replace Valves	1,500,000	1,560,000	1,622,000	1,687,000	1,316,000	1,369,000	949,000	987,000	1,026,000	1,067,000
Replace DCM WTP Membranes	655,000	619,000	644,000	669,000	696,000	724,000	753,000	783,000	814,000	847,000
Advanced Metering Infrastructure (AMI)	600,000	640,000	619,000	619,000	664,000	670,000	688,000	-	-	-
Pressure Reducing Stations Rehab	-	312,000	324,000	337,000	351,000	365,000	380,000	395,000	411,000	427,000
Replace Potable Meters	266,000	260,000	270,000	281,000	292,000	304,000	316,000	329,000	342,000	356,000
Steel Mains Protection	250,000	260,000	270,000	281,000	292,000	304,000	316,000	329,000	342,000	356,000
Replace Meter Anodes	130,000	135,000	141,000	146,000	152,000	158,000	164,000	171,000	178,000	185,000
Replace Pumps and Motors	50,000	52,000	54,000	56,000	58,000	61,000	63,000	66,000	68,000	71,000
Recycled Projects	50,000	32,000	54,000	30,000	30,000	01,000	03,000	00,000	00,000	7 1,000
Manchester Recycled Pipeline Extension	1,082,000	260,000								
Replace Recycled Meters	333,000	289,000	224,000	19,000	20,000	21,000	22,000	22,000	23,000	24,000
	,	209,000	224,000	19,000	20,000	21,000	22,000	22,000	23,000	24,000
Main Ext. 153A Recycled Pipeline	300,000	-	-	-	-	-	-	-	-	-
Purchase Recycled Capacity, City of San Diego	250,000	-	-	-	-	-	-	-	-	-
Lusardi Creek Ext. 153	175,000	-	-	-	-	-	-	-	-	-
Mid-Quadrant Recycled Water Expansion	74,000	-	-	-	-	-	-	-	-	-
Storage Pond Improvements	40,000	-	-	-	-	-	-	-	-	-
	Total \$ 17,122,000	\$ 14,946,000	\$ 9,323,000	\$ 12,476,000	\$ 15,013,000	\$ 8,070,000	\$ 11,952,000	\$ 8,267,000	\$ 7,753,000	\$ 6,180,000

Project Name	Cumulative Appropriation	Budget (Current Dollars)	<u>Fisca</u> Begin	I Year Complete	Project Description
San Elijo Valley Groundwater	\$ 3,550,000	,	11/12	23/24	This project is in the early planning stage. The District is looking to add a local source of water so that the need for imported water will be reduced.
Building D - Schedules A and B	\$ 6,468,000	\$ 11,200,000	14/15	19/20	This is the potable and recycled portion of a new building to accommodate the ultimate anticipated needs of the District. This project also involves the integration with the current buildings A and B, creating a campus-like arrangement.
Gaty 3 Reservoir	\$ -	\$ 5,275,000	23/24	24/25	New 5 MG reservoir to be constructed to replace the Gaty 1 reservoir. Will allow Gaty 2 to be taken off line for maintenance while maintaining service to customers within the Gaty zone.
Replace El Camino Real Pipeline	\$ 472,000	\$ 4,000,000	16/17	19/20	This 12-inch steel pipeline was installed in 1961 and is nearing the end of its estimated useful life. Replacement will go from Encinitas Blvd. north to Garden View Road.
DCMWTP Office Construction	\$ 150,000	\$ 2,500,000	15/16	21/22	Increase the size of the control room, storage and locker room, which are undersized and do not efficiently accommodate the plant operators.
Replace Rancho Santa Fe Road Pipeline	\$ -	\$ 2,324,000	25/26	26/27	This 12-inch steel pipeline was installed in 1961 and is nearing the end of its estimated useful life. Planned replacement is necessary to maintain a reliable distribution system.
Morning Sun Pressure Reducing Station (PRS)	\$ 215,000	\$ 1,036,000	18/19	19/20	This PRS has reached the end if it's useful life and requires replacement. This is a major pipeline feed in to the District's 457 zone.
Encinitas Blvd. at Rancho Santa Fe Road	\$ 1,070,000	\$ 1,070,000	17/18	18/19	As the result of a large leak that occurred this fiscal year, upgrades are needed. This is a busy intersection with thousands of daily car trips, lessons learned from the leak will be used in making the improvements.
Replace Lone Jack Road Pipeline	\$ -	\$ 940,000	25/26	25/26	This 12-inch steel pipeline was installed in 1961 and is nearing the end of its estimated useful life. Planned replacement is necessary to maintain a reliable distribution system.
Palms I and II Reservoirs	\$ 76,000	\$ 980,000	20/21	21/22	Operational changes are needed in the Palms zone to provide for the customers in the area, including a major rehab of Palms 1.
Replace Dusty Trail Pipeline and Lone Jack PRS	\$ 272,000	\$ 840,000	13/14	20/21	Replacement of existing steel pipeline which has failed numerous times over the past several years. Includes replacement of Lone Jack pressure reducing station.
Condition Assessment Program	\$ 500,000	\$ 500,000	12/13	18/19	Project will provide a blueprint of pressure reducing stations prioritized by level of degradation.
Replace Maryloyd Pump Station	\$ -	\$ 450,000	21/22	21/22	This pump station is reaching the end of it's useful life and requires the installation of new pump cans, higher efficiency motors and new impellers.
Lusardi Canyon CP Upgrade	\$ 427,000	\$ 427,000	17/18	18/19	This project upgrades cathodic protection from sacrificial to impressed current.
DCMWTP Settler Units 2 and 3	\$ 120,000	\$ 240,000	18/19	18/19	Work includes interior and exterior coating and installation of new incline plates and associated hardware. Unit 1 was rehabilitated in 2017/18.

	Cumulative	Budget	Fisc	al Year	
Project Name	Appropriation	(Current Dollars)	Begin	Complete	Project Description
Network Security	\$ 296,000	\$ 296,000	17/18	18/19	This project covers improvements suggested by the Department of Homeland Security after their detailed review of the District physical plant and overall policies.
Harris Ranch Right-of-Way Acquisition	\$ -	\$ 150,000	21/22	21/22	The District needs to acquire various easements within the Harris Ranch area.
Replace Main DCMWTP Compressors	\$ 140,000	\$ 140,000	18/19	18/19	Replace two 30 hp compressors with upsized compressors for a more efficient air dryer system.
DCMWTP Chemical Systems Upgrade	\$ 305,000	\$ 305,000	17/18	18/19	Replacement of 2002 chemical systems which are obsolete. Increased storage capacity for the 3rd stage coagulant will save approximately \$50,000 annually due to being able to take larger bulk deliveries.
Residuals Handling Building Canopy	\$ 140,000	\$ 140,000	16/17	18/19	Covered areas will protect exposed piping and storage tanks from ultra-violet exposure. Equipment has already shown premature deterioration due to exposure to the elements.
Rancho La Cima/Aliso Canyon Pipeline	\$ 160,000	\$ 160,000	16/17	18/19	The County of San Diego is constructing a 60-inch storm drain which will conflict with District pipeline. The District needs to relocate the pipeline as the county is senior in the road right-ofway.
DCMWTP Sewer Manhole	\$ 100,000	\$ 100,000	17/18	18/19	Rehabilitation of the existing sewer systems to include raising of all manholes from below ground level, stripping existing coating in manholes and septic tank and recoating with new epoxy.
Vault Upgrades	\$ 75,000	\$ 75,000	18/19	18/19	Line EFI vault floors with Rhino-line coating to prevent rust from forming and thereby extend the useful lives of the vaults.
Replace Strainer Isolation Valves	\$ 65,000	\$ 65,000	18/19	18/19	Replace the six inlet strainer butterfly valves which are failing due to corrosion from inferior quality valve installed during the LT2 upgrades made.
Lower Yard Improvements	\$ 100,000	\$ 100,000	16/17	18/19	There are insufficient paved areas to accommodate vehicles, equipment, trailers and temporary laydown areas. Grading will be necessary before additional paved area can be added.
Ext. 153 Flow Meter	\$ 75,000	\$ 75,000	17/18	18/19	A meter is needed on the extension to measure flows for use by the systems department.
Integrate CIS and Third Parties	\$ 61,000	\$ 61,000	16/17	18/19	This will link the CIS Infinity customer billing software to other applications such as the District's outside collection agency, and mobile devices, for processing service orders. This will reduce the amount of manual entry currently done, as well as entry input errors.
Security Upgrades	\$ 50,000	\$ 50,000	17/18	18/19	This item provides a placeholder for security improvements to District facilities.
DCMWTP PH Control System	\$ 50,000	\$ 50,000	18/19	18/19	The plant does not currently have a system to adjust the pH at the inlet. Due to recent changes in the source water coming into the plant, the operators need to make adjustents as need for quality and equipment issues.
Streaming Current Monitor #2	\$ 40,000	\$ 40,000	18/19	18/19	The new monitir will provide critical redundancy to support the 3rd stage clarification process, where source water can dramatically influence performance.

Project Name	Cumulative Appropriation	Budget (Current Dollars)	<u>Fisca</u> Begin	l Year Complete	Project Description
DCMWTP Paint Equipment	\$ 30,000	\$ 30,000	18/19	18/19	Various equipment needs to be painted due to degradation of the current coatings.
CIS Infinity Bill Enhancements	\$ 25,000	\$ 25,000	17/18	18/19	After CIS Infinity went online, over time it became clear that changes needed to be made to the physical bill to provide clearer information for customers.
SDCWA Transformer Replacement	\$ 55,000	\$ 55,000	17/18	18/19	The District needs to replace the existing transformer due to corrosion of the housing. The unit provides emergency switching from the SDCWA generator to the main DCM WTP switchgear.
Wide Area Network (WAN) Upgrades	\$ 20,000	\$ 20,000	18/19	18/19	Replace and upgrade critical radio communication equipment.
Replace Pipelines	\$ 500,000	\$ 14,000,000	18/19	27/28	The District is planning for the replacement of pipeline which is nearing the end of its estimated useful life.
Replace Valves	\$ 1,500,000	\$ 11,250,000	18/19	27/28	The goal of this project is to replace all inoperable valves in the distribution system for fiscal years 2017 and 2018, and then to replace failing valves during fiscal years 2019 to 2026.
Replace DCMWTP Membranes	\$ 1,263,000	\$ 5,950,000	17/18	27/28	The membranes need to be replaced at the end of their estimated useful life, in order to maintain a reliable treatment system.
Advanced Metering Infrastructure (AMI)	\$ 600,000	\$ 4,000,000	18/19	27/28	The District is planning to replace all meters which are read by the "drive-by" system, to meters which can be read by radio-read towers.
Pressure Reducing Stations Rehab	\$ -	\$ 2,700,000	19/20	27/28	This project will rehab/replace stations which are most at risk to fail. As more stations are identified, the scope of this project may increase.
Replace Potable Meters	\$ 266,000	\$ 2,516,000	18/19	27/28	Meters and related equipment at the end of their useful life are systematically replaced.
Steel Mains Protection	\$ 250,000	\$ 2,500,000	18/19	27/28	This ongoing project is needed to ensure pipelines are protected from corrosion, more protection means fewer pipeline failures. Project includes sacrificial and impressed current cathidic protection systems and stations.
Replace Meter Anodes	\$ 130,000	\$ 1,300,000	18/19	27/28	Methodically assess and replace meter anodes, to replace equipment which is no longer working properly, in order to maintain a reliable distribution system.
Replace Pumps and Motors	\$ 50,000	\$ 500,000	18/19	27/28	As part of the District's on-going maintenance program, equipment will be regularly and systematically replaced to maintain operational reliability.
Manchester Recycled Pipeline Extension	\$ 1,170,000	\$ 1,420,000	16/17	27/28	The District will install approximately 5,500 feet of pipeline to annually provide 15 acre feet of recycled water to the area. Grant funds of \$600,000 were secured for this project.
Recycled retrofits and meter replacement	\$ 333,000	\$ 937,000	18/19	27/28	In the Northwest Quadrant service area, there is more recycled water available due to the Village Park Recycled Project which was capitalized in 2016/17. More customers are connecting to the system and the District incurs costs to inspect the retrofit.

Project Name	Cumulative Appropriation		Budget		Fiscal Year		Project Description	
Project Name			(Current Dollars)		Begin	Complete	Project Description	
Main Ext. 153A Recycled Pipeline	\$	300,000	\$	300,000	18/19	18/19	This pipeline is needed for operational reliability.	
Purchase Recycled Capacity - City of San Diego	\$	250,000	\$	250,000	17/18	18/19	The District will purchase additional capacity from the City of San Diego recycled connection.	
Lusardi Creek Ext. 153	\$	427,000	\$	427,000	17/18		Rehabilitate the Extension 153 pipeline which has become a priority due to it's potential to fail. There was a costly issue with the pipe during 2017/18.	
Mid-Quadrant Recycled Water Expansion	\$	74,000	\$	74,000	18/19		The District is working with other agencies to bring recycled water to high-use customers in the mid-quadrant area. Tis project will provide a blueprint for how that can be done.	
Storage Pond Improvements	\$	40,000	\$	40,000	18/19	18/19	Includes chemical tank level sensors and chemical tank feed pumps.	

#### Olivenhain Municipal Water District 2018-19 CIP Budget and Appropriation Review Capital Improvement Projects (CIP) - Capital Improvement Fund - Wastewater

			CIP Bu	dget		Γ		Projected Ex	penditures				Appropriation				
Project Name	7 F	Project Budget	Approved FY 2017/18		Project Budget	Γ	At 6/30/18	Capitalize	Budgeted	A L 0/00/40		As of 7/1/2017	Approved FY 2017/18	Increase	As of		
On-Going Projects	→ ⊢	7/1/2017	F 1 2017/18	(Decrease)	7/1/2018	-	At 6/30/16	or Expense	FY 2018/19	At 6/30/19	-	7/1/2017	F1 2017/18	(Decrease)	7/1/2018		
Covered Storage Area		100.000	_		100,000		50.000	_	50.000	100,000		100,000	_		100,000		
Replace Neighborhood 1 SPS		3,000,000			3,000,000		385,000	_	2,615,000	3,000,000		500,000		2,500,000	3,000,000		
Solids Process Conveyor		50,000	30.000	-	80,000		365,000	-	80.000	80,000		50,000	30,000	2,500,000	80,000		
Caustic Tank and Piping		50,000	30,000	-	50,000		15,000	_	35,000	50,000		50,000	(20,000)	20,000	50,000		
Firehouse SPS Upgrades		50,000			50,000		21.000	_	29,000	50,000		50,000	(29,000)	29.000	50,000		
Building D - Schedules A and B		1,800,000	-	1.000.000	2,800,000		289.000	-	1,328,000	1,617,000		800,000	(430,000)	1,247,000	1,617,000		
Replace Clarifier Drives		200,000	-	60,000	260,000		160,000	-	1,328,000	260,000		200,000	(430,000)	60,000	260,000		
·			-							-							
Replace UV Disinfection System		1,800,000	-	1,200,000	3,000,000		330,000	-	2,100,000	2,430,000		1,800,000	(1,500,000)	2,130,000	2,430,000		
4S Pump Station Flow Meters		100,000	-	-	100,000		-	-	100,000	100,000		100,000	(100,000)	100,000	100,000		
Rehab Tertiary Filters		160,000	-	440,000	600,000		120,000	-	480,000	600,000		160,000	-	440,000	600,000		
Belt Press Rehab		-	220,000	-	220,000		-	•	220,000	220,000		-	220,000	-	220,000		
Headworks Screening System Replacement		600,000	-	20,000	620,000		10,000	-	110,000	120,000		80,000	-	40,000	120,000		
Replace Pumps/Motors/Equipment		1,000,000	-	-	1,000,000		160,000	-	100,000	260,000		100,000	30,000	-	130,000		
						F											
Subtot	a/ \$	8,910,000	\$ 250,000 \$	2,720,000 \$	11,880,000	;	\$ 1,540,000 \$	-	\$ 7,347,000 \$	8,887,000	\$	3,990,000	\$ (1,799,000) \$	6,566,000 \$	8,757,000		
Proposed Projects																	
Solids Process Improvements		-	-	110,000	110,000		-	-	110,000	110,000		-	-	110,000	110,000		
Biological Process Optimization		-	-	196,000	196,000		-	-	196,000	196,000		-	-	196,000	196,000		
Subtot	a/ \$	- :	\$ - \$	306,000 \$	306,000		\$ - \$	-	\$ 306,000 \$	306,000	\$	-	\$ - \$	306,000 \$	306,000		
Completed. Postponed or Cancelled Projects																	
Mid Point PS Odor Control		415,000	8,000	(423,000)	-		423,000	(423,000)	-	-		415,000	8,000	(423,000)	-		
Finance Utility Billing		200,000	-	(200,000)	-		134,000	(134,000)	-	-		125,000	9,000	(134,000)	-		
Firehouse SPS Upgrades		50,000	(29,000)	(21,000)	-		21,000	(21,000)		-		50,000	(29,000)	(21,000)			
Digester Enhancement Project		130,000	30,000	(160,000)	-		36,000	(36,000)		-		130,000	30,000		160,000		
Storage Pond Landscaping Upgrades		40,000		(40,000)	-	1	54,000	(54,000)		-		40,000		(40,000)	-		
Subtot	a/ \$	835,000	\$ 9,000 \$	(844,000) \$	-	:	\$ 668,000 \$	6 (668,000)	\$ - \$	-	\$	760,000	\$ 18,000 \$	(618,000) \$	160,000		
	- F	0.745.000	A 050.000 A	0.100.000 \$	10.100.000	Γ.		(000,000)	* 7.550.000 <b>*</b>	0.100.000	•	4.750.000	A (4.704.000) A	2.054.000. \$			
Total	\$	9,745,000	\$ 259,000 \$	2,182,000 \$	12,186,000	Ľ	\$ 2,208,000 \$	(668,000)	\$ 7,653,000 \$	9,193,000	\$	4,750,000	\$ (1,781,000) \$	6,254,000 \$	9,223,000		

<sup>(1)</sup> This project is also funded by wastewater, only the costs funded through potable and recycled are shown here. Please see the separate Capital Project Summary for complete project costs.

## Olivenhain Municipal Water District 10 Year Capital Spending Plan Capital Improvement Fund - Wastewater (4S and Rancho Cielo)

Project Description	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27	FY 27-28
Rehab Neighborhood 1 Pump Station	2,615,000	-	_	-	_	-	-	-	-	
Building D - Schedules A and B	1,328,000	1,230,000	-	-	-	-	-	-	-	
Replace Ultra-Violet Disinfection System	2,100,000	593,000	-	-	-	-	-	-	-	
Biosolids Process and Handling Upgrades	-	-	-	-	-	-	190,000	2,324,000	-	
Replace Flow EQ Basins	-	-	-	-	-	124,000	801,000	724,000	-	
Del Dios SPS Improvements	-	-	-	-	154,000	-	-	-	1,159,000	
Upgrade Plant B Oxidation Ditch	-	-	1,038,000	-	-	-	-	-	-	
Headworks Screening System Replacement	110,000	520,000	-	-	-	-	-	-	-	
Rehab Tertiary Filters	480,000	-	-	-	-	-	-	-	-	
Neighborhood 3 SPS Pumps	-	-	-	-	-	-	-	-	-	562,000
Reline Manholes RC 3.1 and 3.2	-	-	-	-	-	185,000	-	-	208,000	
Line Manholes Subject to High H2S Exposure	-	-	-	-	-	365,000	-	-	-	
Reline Manholes Recommended by Inspection	-	-	-	-	-	170,000	-	-	-	199,000
Biological Process Optimization	196,000	-	-	-	-	-	-	-	-	
Replace Overflow Pond Strainer	-	199,000	-	-	-	-	-	-	-	
Mid-Point SPS Improvements	-	-	-	-	-	212,000	-	-	-	
Neighborhood 3 SPS Improvements	-	-	-	-	-	151,000	-	-	-	
Santa Luz SPS Improvements	-	-	-	-	-	145,000	-	-	-	
Recoat Pumps and Piping	-	-	-	-	-	-	139,000	-	-	
Solids Process Improvements	110,000	-	-	-	-	-	-	-	-	
Belt Press Rehab	220,000	-	-	-	-	-	-	-	-	
4S SPS Flow Meters	100,000	-	-	-	-	-	-	-	-	
Replace Clarifier Drives	100,000	-	-	-	-	-	-	-	-	
Covered Storage Area	50,000	-	-	-	-	-	-	-	-	
Caustic Tank and Piping	35,000	-	-	-	-	-	-	-	-	
Firehouse SPS Upgrades	29,000	-	-	-	-	-	-	-	-	
Solids Process Conveyor	80,000	-	-	-	-	-	-	-	-	
Ongoing Projects										
Replace Pumps, Motors & Equipment	100,000	104,000	108,000	112,000	117,000	122,000	127,000	132,000	137,000	142,000
Tota	I \$ 7,653,000	\$ 2,646,000	\$ 1,146,000	\$ 112,000	\$ 271,000	\$ 1,474,000	\$ 1,257,000	\$ 3,180,000	\$ 1,504,000	\$ 903,000

Project Name	Cumulative	Budget	<u>Fiscal Year</u>		Project Description		
1 Tojock Name	Appropriation	(Current Dollars)	Begin	Complete	110,000, 2000, 1000		
Rehab Neighborhood 1 Pump Station	\$ 3,000,000	\$ 3,000,000	13/14	18/19	With the exception of certain structural components, will include new pumps, electrical systems, instrumentation and vault.		
Building D - Schedules A and B	\$ 1,617,000	\$ 2,800,000	14/15		This represents wastewater's portion of a new building to accommodate the ultimate anticipated needs of the District. This project also involves the integration with the current buildings A and B, creating a campus-like arrangement.		
Replace Ultra-Violet (UV) Disinfection System	\$ 2,430,000	\$ 3,000,000	17/18	19/20	This project will involve replacing the current UV disinfection system with an upgraded UV system, necessitated by the fact that certain parts and hardware are no longer available.		
Biosolids Process and Handling Upgrades	\$ -	\$ 1,916,000	24/25		Project will upgrade the District biosolids process from producing Grade B class solids to Grade A. This will allow the District to explore more local uses of biosolids, as opposed to hauling it to Yuma, AZ., for disposal.		
Replace Flow EQ Basins	\$ -	\$ 1,285,000	23/24	25/26	This project was identified in the September, 2015 Capital Improvement Plan which covers fiscal years 2016 - 2035 and was prepared by an outside consultant.		
Del Dios SPS Improvements - Phase 1	\$ -	\$ 132,000	22/23	22/23	This project was identified in the September, 2015 Capital Improvement Plan which covers fiscal years 2016 - 2035 and was prepared by an outside consultant.		
Del Dios SPS Improvements - Phase 2	\$	\$ 847,000	26/27	26/27	This project was identified in the September, 2015 Capital Improvement Plan which covers fiscal years 2016 - 2035 and was prepared by an outside consultant.		
Upgrade Plant B Oxidation Ditch	\$ -	\$ 960,000	19/20	19/20	This project was identified in the September, 2015 Capital Improvement Plan which covers fiscal years 2016 - 2035 and was prepared by an outside consultant.		
Headworks Screening System Replacement	\$ 120,000	\$ 620,000	17/18	19/20	The band screen and bar screen are approaching the end of their useful lives. The goal is to complete design in fiscal year 2018 and construction in fiscal year 2019.		
Rehab Tertiary Filters	\$ 600,000	\$ 600,000	16/17	18/19	Replace existing tertiary filter system due to physical degradation. This project is still in the development stage, the system will be either refurbished-to-new or completely replaced.		
Neighborhood 3 SPS Pumps	\$ -	\$ 395,000	27/28	27/28	This project was identified in the September, 2015 Capital Improvement Plan which covers fiscal years 2016 - 2035 and was prepared by an outside consultant.		
Reline Manholes RC 3.1	\$ -	\$ 152,000	23/24	23/24	This project was identified in the September, 2015 Capital Improvement Plan which covers fiscal years 2016 - 2035 and was prepared by an outside consultant.		
Reline Manholes RC 3.2	\$ -	\$ 152,000	26/27	26/27	This project was identified in the September, 2015 Capital Improvement Plan which covers fiscal years 2016 - 2035 and was prepared by an outside consultant.		

Project Name	Cumulative	Budget	Fiscal Year		Project Description
.,	Appropriation	(Current Dollars)	Begin Com	plete	4 p.
Line Manholes Subject to High H2S Exposure	\$ -	\$ 300,000	23/24 23/		This project was identified in the September, 2015 Capital Improvement Plan which covers fiscal years 2016 - 2035 and was prepared by an outside consultant.
Reline Manholes Recommended by Inspection - Phase 1	\$	\$ 140,000	23/24 23/		This project was identified in the September, 2015 Capital Improvement Plan which covers fiscal years 2016 - 2035 and was prepared by an outside consultant.
Reline Manholes Recommended by Inspection - Phase 2	\$	\$ 140,000	27/28 27/	'') Q	This project was identified in the September, 2015 Capital Improvement Plan which covers fiscal years 2016 - 2035 and was prepared by an outside consultant.
Biological Process Optimization	\$ 196,000	\$ 196,000	18/19 18	′19	Purchase and installation of instrumentation for the oxidation ditch.
Replace Overflow Pond Strainer	\$	\$ 191,000	19/20 19/		Upgrade the current passive strainer (must be physically cleaned) to a modern strainer with features such as redundancy and automated backwash functions.
Mid-Point SPS Improvements	\$ -	\$ 174,000	23/24 23		This project was identified in the September, 2015 Capital Improvement Plan which covers fiscal years 2016 - 2035 and was prepared by an outside consultant.
Neighborhood 3 SPS Improvements	\$ -	\$ 124,000	23/24 23/		This project was identified in the September, 2015 Capital Improvement Plan which covers fiscal years 2016 - 2035 and was prepared by an outside consultant.
Santa Luz SPS Improvements	\$ -	\$ 119,000	23/24 23/	'')/	This project was identified in the September, 2015 Capital Improvement Plan which covers fiscal years 2016 - 2035 and was prepared by an outside consultant.
Recoat Pumps and Piping	\$ -	\$ 110,000	24/25 24/	25	Approximately every five to seven years recoating these appurtenances is necessary to maintain the coating against the elements and degradation.
Solids Process Improvements	\$ 110,000	\$ 110,000	18/19 18		Project involves a process change to the operation of solids, which is expected to reduce energy consumption and chemical costs.
Belt Press Rehab	\$ 220,000	\$ 220,000	17/18 18	าน	This is a planned replacement which will be necessary due to the belt press belt having a limited useful life.
4S SPS Flow Meters	\$ 100,000	\$ 100,000	17/18 18	110	Various stations do not have flow meters and the District needs to be able to measure their flow. Meters to be installed by District personnel.
Replace Clarifier Drives	\$ 260,000	\$ 260,000	17/18 18		Both clarifier drive units are at the end of their useful lives and need to be replaced. The drives were purchased in 2017/18 and will be installed in 2018/19.

Project Name	Cumulative Appropriation		Budget (Current Dollars)	<u>Fiscal Year</u> Begin Complete		Project Description		
Covered Storage Area	\$ 100,0	00	\$ 100,000	14/15	18/19	Install carbon scrubbers and collection system air vent to prevent nuisance odors in the community.		
Caustic Tank and Piping	\$ 50,0	00	\$ 50,000	17/18	18/19	The sewer pump station needs a new fuel tank and wet well pump system.		
Firehouse SPS Upgrades	\$ 40,0	00	\$ 40,000	17/18	18/19	Includes relocating perimeter fencing		
Solids Process Conveyor	\$ 80,0	00	\$ 80,000	17/18	18/19	Replacement of conveyor belt, wash/press unit, grit classifier and blending system.		
Replace Pumps, Motors & Equipment	\$ 100,0	00	\$ 1,000,000	18/19	27/28	This is an annual placeholder, used to replace failing equipment so as to maintain operational reliability.		

#### 4S WRF

4S Ranch Water Reclamation Facility.

#### **AB 32**

Assembly Bill 32 – a bill requiring California to develop regulations that will reduce greenhouse gas emissions to 1990 levels by 2020.

#### **AB 1668**

Assembly Bill 1668 – a bill requiring the State Water Resources Control Board and the California Department of Water Resources to adopt water efficiency regulations, outlines reporting requirements for water suppliers, and specifies penalties for violations.

#### **ACWA**

Association of California Water Agencies. The largest statewide coalition of public water agencies in the country.

### **Accrual Basis of Accounting**

The basis of accounting under which revenue is recognized when earned and expense is recorded as incurred, resulting in a matching of income and expense, regardless of the timing of cash receipts and disbursements.

## Acre Foot (AF)

A unit of measure equivalent to 325,900 gallons of water, which meets the needs of two average families in and around the home for one year. Also the equivalent of an acre of land covered in one foot of water.

### **Activities**

The major programs and projects performed by an organizational unit.

#### Ad Valorem

A tax assessed "according to value" of a property.

### **Agricultural Credit**

Agricultural users of water receive a discounted rate on their water purchases. To qualify for this credit, the participant must grow or raise certain products for human consumption or for the market. The discount provided under this program is based upon the ability to reduce or interrupt water delivered to participating customers during a water shortage or other emergency.

### **Allocated Employee Benefits**

Calculated as a percentage of labor-related expenses, this account represents a department's proportional share of employee benefits. This amount will be calculated at the end of each month by the accounting system. Refer to the Employee Benefits section of the budget for a detailed listing of expenses included in the benefit calculation.

### **AMI**

Advanced Metering Infrastructure. Smart metering technologies to increase meter reading efficiency, reduce overhead costs and enhance customer service flexibility.

### **Amended Budget**

The original adopted budget plus any amendments passed as of a certain date.

### **Amortization**

Major outlays for intangible items are recorded as an asset, with the cost written off over the estimated useful life of the asset. This portion of the cost written off is amortization, and it is computed using the straight-line method (an equal amount written off each year.) Some examples of intangible assets are: large-scale studies which benefit multiple years; bond formation costs.

### **Annual Revenue Requirement**

The amount of money that must be generated through water revenues (fixed and commodity) to pay for the District's costs of service.

### **Appropriation**

Action taken by the legislative body of a government that permits officials to incur obligations against and to make expenditures of government resources. Appropriations usually are made for fixed amounts and granted for a one-year period.

### **Assessed Valuation**

An official government value placed upon real estate or other property as a basis for levying taxes.

## **Assessment District Bond**

Limited Obligation Improvement Bonds (LOIB's) issued pursuant to the provisions of the Municipal Improvement Act of 1913 and the Improvement Bond Act of 1915.

The obligations of the District under the bonds are not general obligations of the District, but are limited obligations, payable solely from the assessments and other assets pledged under the bond indenture.

#### **Assets**

Resources owned or held which have monetary and economic value.

### **Balanced Budget**

Anticipated operating expenditures do not exceed the sum of anticipated revenues.

#### **Benefit Assessment Revenues**

Assessments levied within the Assessment District, for the purpose of repaying principal and interest on the bonds, as well as to reimburse for administrative costs directly associated with the bonds.

#### **BMP**

Best Management Practices. Proven and reliable water conservation technologies and programs that address residential, commercial, industrial, and landscape water uses.

#### **Bond**

A written promise to pay a specified sum of money (called the principal) at a specified date in the future, together with periodic interest at a specified rate. In the budget document, these payments are identified as debt service.

### **Bond Covenant**

A contractual provision in a bond indenture.

## **Budget**

A balanced financial plan for a given period of time, which includes appropriations and revenues which finance the various funds. The budget is not only a financial plan; it also serves as a policy guide, as an operations guide, and as a communications medium.

### **Canal Lining Projects**

All-American and Coachella canal lining projects. These projects are a key component of the San Diego County Water Authority's supply diversification and improved water supply reliability goals.

## **Cathodic Protection (CP)**

A technique used to control the corrosion of metal surfaces in our water transmission pipelines.

### CB&T

California Bank and Trust, a financial institution.

#### **CEQA**

California Environmental Quality Act, a statute that requires state and local agencies to identify the significant environmental impacts of their actions and to avoid or mitigate those impacts, if feasible.

### **CMP**

Comprehensive Master Plan, a key component in the District's long-term planning process. The CMP is developed to help predict and plan for future facility needs and system planning issues, given the District's anticipated priorities.

#### **Conservation Mandate**

State of California Executive Order B-29-15 that mandates the State Water Resources Control Board to impose temporary restrictions to achieve a statewide 25% reduction in potable urban water usage through February 28, 2016.

#### **CSMFO**

California Society of Municipal Finance Officers.

## **Capital Items**

These are major equipment purchases which are used for District operations.

## **Capital Equipment**

Fixed assets such as vehicles, computers, furniture and technical instruments which have a life expectancy of more than three years and a value over \$5,000.

## **Capital Improvement Program**

A multi-year plan – identifying capital projects to be funded during the planning period.

### **Capital Budget**

A government's annual appropriation for capital spending that is legally adopted by the legislative body.

## **Capital Outlay**

Expenditures which result in the acquisition of, or addition to, fixed assets, including land, buildings, improvements, machinery and equipment. Most equipment or machinery is included in the Annual Operating Budget. Capital improvements such as acquisition of land, construction and engineering expenses are included in the Capital Budget.

## **Capital Projects**

Projects that result in the purchase or construction of capital assets.

## **Capitalized Non-labor Expenses**

A transfer of indirect administrative and employee benefit costs, (using a percentage of direct labor,) which are included in the Operating Budget and are for the benefit of projects in the Capital Improvement Program, to the Capital Budget.

# **Capitalized Interest**

Interest costs, less interest earned on long-term debt, are capitalized during the construction period of major capital asset additions.

### **Capitalized Labor**

A transfer of direct labor costs, which are included in the Operating Budget and are for the benefit of projects in the Capital Improvement Program, to the Capital Budget.

#### **Cash Basis**

A projection of cash receipts and disbursements anticipated during a fiscal year.

## **Cash Management**

A conscious effort to manage cash flows in such a way that interest and penalties paid are minimized and interest earned is maximized. Funds received are deposited on the day of receipt and invested as soon as the funds are available. The District maximizes the return on all funds available for investment without the sacrifice of safety or necessary liquidity.

### **CEQA**

California Environmental Quality Act.

## **Certificates of Participation Bond (COP)**

These Water Revenue Certificates of Participation are a special obligation of the District payable solely from net system revenues. The District is not required to levy or pledge any form of taxation in order to repay this debt if system revenues fail to cover the interest and principal payments.

## **Collection and Regulatory Fees**

Expenses incurred as a result of the need to obtain licenses or permits. This can include such things as health permits, vehicle registration, dumping fees or county recorder fees. Also included are expenses incurred as a result of assigning delinquent accounts receivable to an outside collection agency.

### **Capacity Fee**

Charges paid by new customers prior to connecting to the District's system. Such charges are periodically adjusted based upon changes in construction costs and other factors.

### **Construction Projects**

The cost to construct major additions and extensions to the District's system, including staff labor and benefits, design and engineering costs and construction costs among other cost elements.

#### **Consultants**

Expenses incurred as a result of retaining the services of individuals or businesses to perform various professional services. Examples would include computer programming, salary surveys, water rate consultants, and grant acquiring expertise.

### Consumer Price Index (CPI)

Measures the prices of consumer goods and services published by the Department of Labor on a monthly basis.

### **Customer Outreach Programs**

Expenses incurred for the purpose of meeting Best Management Practices, sponsoring conservation, education, and water awareness programs.

#### **DCMWTP**

David C. McCollom Water Treatment Plant.

### **Debt Service - Expense**

The current year portion of interest costs and current year principal payments incurred on long-term debt issued by the District.

### **Debt Service - Labor Expenses**

Labor costs, including fringe and overhead, directly related to bond administration.

## **Debt Service - Non-labor Expenses**

Costs other than labor directly related to bond administration.

### **Department**

A basic organizational unit of a jurisdiction which is functionally unique in its service delivery.

### Depreciation

Major improvements and equipment are recorded as assets, with the cost written off over the estimated useful life of the asset. This portion of the cost written off is depreciation, and it is computed using the straight-line method (an equal amount written off each year.)

### **Director's Fees**

Per diem fees paid to directors for attendance at District Board meetings or other meetings for which the directors serve as District representatives.

### **Disbursements**

Payments made on obligations.

#### DPH

Department of Public Health.

#### **EAM**

Enterprise Asset Management. Management of the physical assets of an organization to maximize value.

### **EDU**

Equivalent Dwelling Unit - the standard measurement of water discharged into the sewer collection and treatment system equal to the average discharge from a detached single-family unit.

### **Effluent**

Sewage discharged from the 4S Ranch Water Reclamation Facility.

#### **EFRR**

Elfin Forest Recreational Reserve.

#### **EIR**

Environmental Impact Report, a study of factors and results which land development or construction projects would have on the environment in the area.

### **Emergency Regulations for Urban Water Conservation**

See Conservation Mandate.

### **Employee Programs**

Expenses incurred for the purpose of District sponsorship of activities or programs that acknowledge the contributions of District employees. Examples may include plaques that recognize an employee's longevity with the District, reward an employee's suggestion for improving a District procedure, or support of employee health and wellness.

### **Employee Recreation Club**

Expenses incurred for the purpose of the District's annual funding of a recreation club that is administered by the employees for group recreational activities.

### **Employee Training and Education**

Expenses incurred for the purpose of sending employees to training classes or seminars. Also included are expenses incurred to reimburse employees for participation in classes in the pursuit of a college degree. Seminar fees for staff are not included in this account, and should be expensed to "seminars and meetings." Travel expenses incurred by employees while attending seminars and classes are also to be included in "seminars and meetings."

## **Engineering**

Expenses incurred as a result of services provided by the District's engineers or any other engineering firms retained by the District.

## **Enterprise Fund**

Fund that provides goods or services to the public for a fee that makes the entity self-supporting.

## **Equipment Purchases**

The purchase of office equipment, furniture, automobiles trucks, shop equipment, office furniture, and other items.

### **Equipment Rental**

Expenses incurred as a result of the one-time or monthly rental of equipment. This may include the rental of heavy machinery, computers, or any other type of equipment of which the District is not the owner.

### **Expansion Fund**

See Capacity Fee Fund.

### **Expenditure**

An amount of money disbursed or obligated. Expenditures include current operating disbursements requiring the present or future use of net current assets, debt service and capital improvements.

### FICA - Employer's Share

Expenses incurred by the District for the matching of social security and Medicare taxes withheld from employees' payroll as required by the federal government.

### **Fiduciary**

A person legally appointed and authorized to hold assets in trust for another person.

#### Firm Demands

Refers to actual water volume delivered by SDCWA, during any given year, to one of its member agencies.

### **Fiscal Year**

The time frame in which the budget applies. This is the period of July 1 through June 30.

### **Fixed Assets**

Long term tangible assets that have a normal use expectancy of more than three years and do not lose their individual identity through use. Fixed assets include buildings, equipment and improvements other than buildings and land.

### **Fixed Charge County Assessment**

A collection fee assessed by the County of San Diego Auditor and Controller to recover costs of placing fixed-charge assessments on the county property tax roll.

#### **Fund Balance**

The District segregates and reports revenue and expenses by various sources and/or activities. Each source or activity is identified as a fund, with the fund balance being the difference between the assets and liabilities for that fund.

#### FTE

Full Time Equivalent.

#### **Gann Limit:**

Government Code Section 7910 requires that each year the governing body of the District, by resolution, establish its appropriation limit for the following fiscal year. Any revenue from "proceeds of taxes" is appropriated by the Board of Directors of the District for fixed assets (including land and construction) with a useful life of ten years or more and a value which

equals or exceeds \$100,000. Per resolution number 2016-06 of the Board of Directors of the Olivenhain Municipal Water District, the appropriation limit for fiscal year 2017-18 is \$2,196,693.

### **GFOA**

Government Finance Officers Association of United States and Canada.

### Gain/Loss - Disposition of Assets

Income received or expenses incurred as a result of the voluntary (in the case of items sold by the District) or involuntary (in the case of theft or vandalism) disposition of District assets.

## **Generally Accepted Accounting Principles (GAAP)**

Uniform minimum standards of, and guidelines for, external financial accounting and reporting. They govern the form and content of the basic financial statements of an entity. GAAP encompasses the conventions, rules and procedures necessary to define accepted accounting practices at a particular time. They include not only broad guidelines of general application, but also detailed practices and procedures. The primary authoritative statement on the application of GAAP to state and local governments is Government Accounting Standards Board (GASB) pronouncements and Financial Accounting Standards Board (FASB) pronouncements. GAAP provides a standard by which to measure financial presentations.

#### GIS

Geographic Information System - an organized collection of computer hardware, software and geographic data designed to efficiently capture, store, update, manipulate, analyze, and display all forms of geographically referenced information.

### **Grow Your Own (GYO) Program**

Program to allow the District to better retain qualified and productive employees for the District's future succession plan. The program does not limit employee's opportunity for growth while maintaining the same headcount.

### **HCF**

Hundred Cubic Feet – equal to 748 gallons.

## **IAWP**

Interim Agricultural Water Program.

## **Impact Charge Revenues**

This charge resulted from an ordinance passed by the District's Board of Directors, and is intended to mitigate impacts to the District's water storage system caused by new development needing greater storage capacity than was originally assessed as part of Assessment District 96-1.

### **Implementing Policies**

Specific guiding principles that directly guide and support achievement of strategic goals and objectives.

## **Improvement District Bond**

Voters of select improvement districts authorize the issuance of these general obligation bonds in which principal and interest are repaid from operating revenues and ad valorem taxes levied upon taxable property located within the improvement district.

#### Infrastructure

Water, Recycled and Sewer backbone facilities, including collection, treatment and distribution systems, as well as office buildings.

### Insurance – Dental

Expenses incurred for the purpose of providing dental insurance for District Board members, employees, and their dependents.

## Insurance - Group Health

Expenses incurred for the purpose of providing health insurance for District Board members, employees, and their dependents.

## Insurance - Long Term Disability

Expenses incurred for the purpose of providing long-term disability insurance for District employees.

### Insurance - Unemployment

Expenses incurred for the purpose of providing unemployment insurance for former District employees.

#### Insurance – Vision

Expenses incurred for the purpose of providing vision care insurance for District Board members, employees, and their dependents.

### **Insurance – Workers' Compensation**

Expenses incurred for the purpose of providing workers' compensation insurance for District Board members and District employees.

### **IRWM**

Integrated Regional Water Management - a local water resources management approach preferred by the Governor, California Department of Water Resources, and State Water Resources Control Board aimed at securing long-term water supply reliability within California by first recognizing the inter-connectivity of water supplies and the environment, and then pursuing projects yielding multiple benefits for water supplies, water quality, and natural resources.

#### **LAFCO**

Local Agency Formation Commission.

## Leave - Employee Sick

Expenses incurred for the purpose of accruing time-off allowed for illnesses of employees as specified in the District's Administrative & Ethics Code.

### Leave - Holiday

Expenses incurred for the purpose of accruing time-off for District holidays as specified in the District's Administrative & Ethics Code.

#### Leave - Vacation

Expenses incurred for the purpose of accruing time-off for vacation as specified in the District's Administrative & Ethics Code.

## Legal

Expenses incurred for the purpose of obtaining legal services from the District's legal counsel, Nossaman, LLP, or any other legal services retained by the District.

### M&I

Municipal and Industrial.

### **Maintenance and Repairs**

General expenses incurred as a result of the need to maintain equipment in normal operating condition or to repair equipment to return it to its normal operating condition. This account should not be used for repairs that extend the life of the equipment. In situations where a major repair extends the life of a piece of equipment, a tank, or a pipeline, one of the District's annual fixed asset work orders should be utilized.

### Maintenance and Repairs – Roads

Expenses incurred to repair damages to roads caused by repairs to mains or service laterals. These costs include the charges from outside contractors to make the repairs, traffic control costs and materials.

### **Membership Dues and Subscriptions**

Expenses incurred as a result of the establishment or renewal of District membership in professional or trade associations or the establishment or renewal of subscriptions for professional or trade publications. Both memberships and subscriptions should be in support of District activities.

### Metropolitan Water District of Southern California (MWD)

MWD is one of the world's largest water agencies. It imports almost 60 percent of the water used by more than 19 million people in urban Southern California, including San Diego County. This water is wholesaled to Metropolitan's 27 member agencies, including SDCWA which

conveys this water to the District. Metropolitan is governed by a 51-member Board of Directors representing its member agencies. MWD receives its water from two main sources: the Colorado River via the Colorado River Aqueduct and Northern California via the California Aqueduct.

#### Mission

The District's fundamental core responsibility.

### MOU

Memorandum of Understanding.

#### Natural Decrease

Population decrease due to less births and more mortality.

### **Natural Increase**

Population increase due to more births and less mortality.

## **Net Migration**

Total of domestic and international migration.

#### NW

Northwest Quadrant, a recycled water service area located in the northwest quadrant of the District.

### **Objective**

The yearly organizational levels of achievement expected. A statement of purpose defined more specifically than a goal.

### Office Supplies and Expense

Expenses incurred as a result of the purchase of supplies necessary to perform day to day office work as well as other expenses that may be difficult to classify as office supplies. Examples of office supplies are paper, pencils, file folders, etc. and are characterized by their consumable nature. Examples of office expenses are items such as software (unless budgeted as a capital item), staplers, etc.

## **Operating Budget**

The normal, ongoing operating costs incurred to operate the District including salaries, employer expenses, professional and outside services, and other operating expenses.

### **Organizational Philosophy**

Formal, general guiding principles for the conduct of District business and the formulation of goals and objectives.

#### Other Administrative and General Expenses

Expenses incurred for general or administrative purposes that are not included in office supplies and expense. Examples of such expenses may be classified advertisements, plaques, expenses in recognition of ill employees, or application fees.

#### **Other Fringe Benefits**

Expenses incurred for fringe benefits not included in other specific fringe benefit accounts.

#### **Outside Services**

Services incurred as a result of retaining individuals or businesses to perform non-engineering services. Examples might include bee removal, laboratory testing of water samples, mailing services, couriers, and telephone message producers.

#### **Performance**

The measurable unit of types or work related to District activities and, where meaningful, the costs of operation that are used to develop the costs for each unit of activity.

#### **Performance Measurement**

A process for determining how a program is accomplishing its mission through the delivery of products, services, or processes.

#### **PERS Contributions**

Expenses incurred for the District's contributions to the California Public Employees' Retirement System as specified in the District's Administrative & Ethics Code.

#### **Post-Financing Payoffs**

Voluntary payments made by property owners within Assessment District 96-1 to completely pay off the bonded indebtedness on their property. The proceeds from these pay-offs are used to call bonds and reduce the outstanding bond debt.

#### **Postage and Shipping**

Expenses incurred for the purpose of mailing or delivering letters, packages, documents, or customer bills.

#### **Printing**

Expenses incurred for the purpose of reproducing documents or forms for distribution and use both within and outside of the District.

#### **Property Insurance**

Expenses incurred for the purpose of obtaining insurance coverage for District facilities and liability protection.

#### **Raw Water**

Water delivered to member agencies which has received only chlorination.

#### **Readiness to Serve Charge**

This charge is assessed by MWD on an annual basis, and is a cost of being connected to SDCWA's distribution system.

#### **Rentals**

This includes costs to rent equipment, copy machines, temporary easements and other items.

#### Reserves

Funds segregated by the District to be used for future contingencies. Reserve amounts are authorized by the Board of Directors.

#### Restricted

Funds shown as restricted have been restricted by debt agreements, by law or regulations, or by contractual obligations to be used for specific purposes, such as service of debt and construction of capital assets.

#### Revenue

Income generated by taxes, notes, bonds, investment income, land rental, and user charges.

#### Salaries and Wages - Jury Duty

Wages attributable to employee time spent performing jury duty service.

#### Salaries and Wages – Overtime

Wages incurred as a result of employees working in excess or nine hours per modified work day or forty hours per modified work week.

#### Salaries and Wages – Regular

All wages not attributable to overtime, time spent for general training, time spent on safety activities, or time spent on jury duty services.

#### Salaries and Wages – Safety

Wages attributable to employee time spent attending safety training or safety related activities.

#### Salaries and Wages – Training

Wages attributable to employee time spent attending classes or seminars for the purpose of increasing knowledge and skills.

#### San Diego CPI-U

A measure of the average change in prices over time in a fixed market basket of goods and services within San Diego County for a population comprised of all urban consumers. The CPI-U includes, in addition to wage earners and clerical workers, groups such as professional, managerial, and technical workers, the self-employed, short-term workers, the unemployed, retirees, and others not in the labor force.

#### **SANDAG**

San Diego Association of Governments.

#### **SB 606**

California Senate Bill 606 requires the State Water Board and DWR to adopt water efficiency regulations, outlines requirements for urban water suppliers, and specifies penalties for violations. The bill contains distinct provisions on water shortage planning and water loss reporting for urban wholesale water suppliers, and establishes a bonus incentive for potable reuse water.

#### **SB X7-7**

California Senate Bill 7, Seventh Extended Session (2009): Water Conservation Bill of 2009—Bill requiring urban water retailers to achieve 20% per capita water use reduction by 2020.

#### **SDCWA**

San Diego County Water Authority, the District's water wholesaler. SDCWA purchases a substantial portion of its water supply from Metropolitan Water District of Southern California (MWD).

#### **SDCWA Infrastructure Access Charges (IAC)**

This charge is imposed by the San Diego County Water Authority and is assessed based on meter size. The charge is designed to collect a portion of SDCWA's fixed costs. It is collected by the District and remitted to the SDCWA.

#### **SDMBA**

San Diego Mountain Bike Association – the association holds a volunteer trail maintenance event at EFRR every year.

#### **SDRMA**

Special District Risk Management Authority.

#### SE

Southeast Quadrant, a recycled water service area located in the southeast quadrant of the District.

#### **SRF**

State Revolving Fund.

#### **Seminars and Meetings**

Expenses incurred for the purpose of staff attendance at seminars and meetings. Examples may include seminar fees, meals or lodging. Also included in this account would be travel expenses incurred by non-staff employees for the purpose of attending training. In this case, the fees for the training class would be charged to the fringe benefit account, "employee training."

#### **State Revolving Fund**

A state program offering low interest financing agreements. The specific SRF related to the District is used to finance infrastructure improvements to ensure safe drinking water systems.

#### **Strategies**

The general approach taken to achieve strategic goals and objectives, inclusive of programs and activities within the programs.

#### **Supplies**

Expenses incurred for the purchase of items used to perform operating activities such as water treatment, meter installation, corrosion protection, telemetry, customer service, etc. Also included in this account are charges for auto fuel, small tools and safety supplies. Small tools are defined as tools that cost less than \$300. Small tools should not be charged to the annual work order for shop field and equipment.

#### **Supply Reliability Charge**

A new fee imposed by the San Diego County Water Authority to its member agencies intended to recover the cost of making system improvements to accept the desalinated seawater for distribution throughout the region from the Carlsbad desalination plant.

#### **Support Allocation**

Distribution of costs incurred by central service units (General Manager, Human Resource, Finance, Information Technology, Facilities Maintenance) for the benefit of operational departments (Engineering, EFRR, Wastewater, Project Team, Potable Water Operations, Recycled Water Operations, Customer Services).

#### **SSMP**

Sewer System Management Plan

#### **SWRCB**

State Water Resources Control Board - a five-member board in California that protects water quality by setting statewide policy, supporting Regional Water Quality Control Board efforts, and reviewing petitions that contest Regional Board actions.

#### TECC

The Escondido Creek Conservancy - a non-profit environmental steward of the Escondido Creek with which the District partnered to complete the Elfin Forest Interpretive Center Honoring Susan J. Varty.

#### **Telephone and Communications Expense**

Expenses incurred for the monthly service and charges for calls made from District landline and cellular telephones and for the monthly rental of pagers.

#### **Temporary Labor**

Expenses incurred for the purpose of obtaining temporary assistance for the completion of special tasks or projects.

#### Tertiary

A final treated water discharge from the 4S WRF.

#### **Tiger Team**

Program incorporating cost-saving efforts by District staff and pursuit of revenue enhancement programs such as energy saving programs to help offset cost increases.

#### Title XVI

US Bureau of Reclamation's Water Reclamation and Reuse Program - Infrastructure funding program authorized by Title XVI of Public Law 102-575, which directs the Secretary of the Interior to undertake a program to investigate and identify opportunities for water reclamation and reuse of municipal, industrial, domestic and agricultural wastewater, and naturally impaired ground and surface waters, and for design and construction of demonstration and permanent facilities to reclaim and reuse wastewater.

#### **Total Budget**

The sum of the total Operating Budget, Debt Service, Water Purchases, and Capital Budget.

#### **Total Capital Budget**

The total budget requests for equipment purchases and construction projects.

#### **Treated or Potable Water**

Water delivered to customers which has been treated by coagulation, sedimentation, filtration, and chlorination

#### **Uncollectible Accounts**

Expenses incurred as a result of the write-off of customer accounts receivable determined to be uncollectible.

#### Uniforms

Expenses incurred for the purchase of District tee-shirts, sweatshirts, and hats, and for the payment to employees for their applicable clothing allowances as specified in the District's Administrative & Ethics Code.

#### **Utilities**

Expenses incurred to provide electrical and gas utilities and waste disposal for District facilities.

#### **UWMP**

Urban Water Management Plan – a report that must be prepared and submitted to the Department of Water Resources every five years by urban water suppliers by which to adequately demonstrate water supply reliability in future years.

#### Variable Rate Debt

Debt issued with interest reset on a weekly basis. The rates applicable to variable rate certificates or bonds are to be determined by the remarketing agency.

#### **Water System Refunding Revenue Bonds**

These bonds are payable solely from new system revenues. The District is not required to levy or pledge any form of taxation in order to repay this debt if system revenues fail to cover the interest and principal payments.

#### **Water Purchases**

The cost of purchasing water from the Metropolitan Water District of Southern California and the San Diego County Water Authority.

#### **Wholesalers**

The District's treated and raw water suppliers, Metropolitan Water District of Southern California and the San Diego County Water Authority.

#### WATER UNIT EQUIVALENCIES

c.f.s. = cubic feet of water per second

A.F. = acre feet of water

g.p.m. = gallons of water per minute

g.p.h. = gallons of water per hour

g.p.d. = gallons of water per day

m.g.d = million gallons per day

Unit		is equal to		is equal to
1 cubic foot	=	7.48 gallons of water	III	62.4 pounds of water
1 h.c.f.	=	1 unit of water	Ш	748.5 gallons of water
1 A.F.	=	43,560 cubic feet of water	=	325,851 gallons of water
1 c.f.s.	=	448.8 g.p.m.	Ш	646,272 g.p.d
1 c.f.s. for 24 hours	=	1.98 A.F.		
1 c.f.s. for 30 days	=	59.5 A.F.		
1 c.f.s. for 1 year	=	724 A.F.		
1 g.p.m.	=	60 g.p.h.	=	1,440 g.p.d.
1,000 g.p.m.	=	4.42 A.F. per day	Ш	2.23 c.f.s.
1 million gallons of water	=	3.07 A.F.		
1 m.g.d	=	1,122 A.F. per year	=	694 g.p.m.



1966 Olivenhain Road • Encinitas, CA 92024-5699 Phone (760) 753-6466 • Fax (760) 753-5640 www.omwd.com



2017 Fourth Grade Water Awareness Poster Contest Submitted by a student of El Camino Creek Elementary School



## Memo

Date: June 20, 2018

To: Olivenhain Municipal Water District Board of Directors

From: Thomas Wood, Human Resources Manager

Via: Kimberly 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 5 – Working Hours, Employee

Benefits)

#### **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 Organization Chart of District Personnel; Article 4 - Section 4.4 Salary Schedule and Job Classifications; Article 5 – Section 5.25 Driver's Licenses; and Article 5 – Section 5.31 Vacation Leaves.

#### Recommendation

Staff recommends that the Board adopt the Ordinance updating the Organizational Chart to FY 2018/19 in Article 3; increasing the salary ranges by 2.8% (SD CPI-U) in Article 4, Section 4.4; revising Article 5, Section 5.25 to update compensation payout; and updating Article 5, Section 5.31 to reflect current practice.

#### Alternative(s)

Both Article 4 salary schedule and Article 3 organizational charts were previously approved by the Board.

The Board could choose not to accept the proposed changes in Article 5, Section 5.25 or could revise the changes proposed. Article 5, Section 5.31 reflects current practices and is a housekeeping item.

#### Background

The Board-approved MOU stipulates that the salary ranges will be adjusted by the San Diego CPI-U on an annual basis. This was previously agreed upon in order to keep the salary ranges in line with market in the years when a salary survey was not being conducted. These updates reflect the Board approved salary range adjustments per the current DEA/BUMA Memorandum of Understanding (MOU). The changes also reflect the staffing recommendations approved at the May 16, 2018 Board meeting in the five year Staffing Analysis. Note: The General Manager's salary is not adjusted with CPI-U as her salary is set by the Board at the end of each calendar year.

Language was added to Article 5 – Section 5.25 regarding the payment method for employees who hold a Class A or Class B driver's license; and Article 5 – Section 5.31(b) employees requesting payment for accumulated vacation shall provide the request in writing in June of the same year.

#### **Fiscal Impact**

All costs have been included in the annual budget for any CPI-U increases.

#### Discussion

Staff will be available to answer any questions.

Attachments: Ordinance

#### ORDINANCE NO. 4xx

# AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE OLIVENHAIN MUNICIPAL WATER DISTRICT AMENDING THE DISTRICT'S ADMINISTRATIVE AND ETHICS CODE (Article 3 – Organization of Staff; Article 4 – Classified Positions; Article 5 – Working Hours, Employee Benefits)

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</u> 2: 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 01/01/2018 6/23/2018 THROUGH 6/22/2018 01/01/2019 (revised 12/13/2017 6/20/2018)

NO.	JOB CLASSIFICATION	GRADE	RANGE	
	EXEMPT CLASSIFICATION		BI-WEEKLY SALARY	
1	GENERAL MANAGER	N/A	actual	9,451.35
1	ASSISTANT GENERAL MANAGER	19	<del>5,884.61</del> <u>6,049.38</u>	<del>8,238.46</del> <u>8,469.14</u>
1	ENGINEERING MANAGER	18	4, <del>529.23</del> 4,656.05	<del>7,224.08</del> <u>7,426.35</u>
1	FINANCE MANAGER	18	<del>4,529.23</del> <u>4,656.05</u>	<del>7,224.08</del> <u>7,426.35</u>
1	OPERATIONS MANAGER	18	<del>4,529.23</del> <u>4,656.05</u>	<del>7,224.08</del> <u>7,426.35</u>
1	HUMAN RESOURCES MANAGER	17	<del>4,203.18</del> <u>4,320.87</u>	<del>6,719.31</del> <u>6,907.45</u>
1	CUSTOMER SERVICES MANAGER	17	4,203.18 4,320.87	<del>6,719.31</del> <u>6,907.45</u>
0	NO INCUMBENT	16	<del>3,911.20</del> <u>4,020.71</u>	<del>6,247.95</del> <u>6,422.89</u>
0	NO INCUMBENT	15	<del>3,534.42</del> <u>3,633.38</u>	<del>5,297.00</del> <u>5,445.32</u>
1	WATER TREATMENT FACILITIES SUPERVISOR	14	<del>3,289.21</del> <u>3,381.31</u>	<del>4,928.96</del> <u>5,066.97</u>
1	INFORMATION TECHNOLOGY SUPERVISOR CUSTOMER SERVICE AND PUBLIC AFFAIRS	14	<del>3,289.21</del> <u>3,381.31</u>	4 <del>,928.96</del> 5,066.97
1	SUPERVISOR	13	<del>3,057.91</del> <u>3,143.53</u>	<del>4,584.57</del> <u>4,712.94</u>
1	SAFETY/RISK COMPLIANCE ADMINISTRATOR	13	<del>3,057.91</del> <u>3,143.53</u>	<del>4,584.57</del> <u>4,712.94</u>
1	ACCOUNTING SUPERVISOR	12	<del>2,841.53</del> <u>2,921.09</u>	<del>4,264.32</del> <u>4,383.72</u>
1	ENGINEERING SERVICES SUPERVISOR	12	<del>2,841.53</del> <u>2,921.09</u>	<del>4,264.32</del> <u>4,383.72</u>
2	OPERATIONS SUPERVISOR	12	<del>2,841.53</del> <u>2,921.09</u>	<del>4,264.32</del> <u>4,383.72</u>
1	FIELD SERVICES SUPERVISOR	12	<del>2,841.53</del> <u>2,921.09</u>	<del>4,264.32</del> <u>4,383.72</u>
1	ENGINEERING PROJECT ADMINISTRATOR	12	<del>2,841.53</del> <u>2,921.09</u>	<del>4,264.32</del> <u>4,383.72</u>
1	WATER RECLAMATION FACILITIES SUPERVISOR	12	<del>2,841.53</del> <u>2,921.09</u>	<del>4,264.32</del> <u>4,383.72</u>
1	SENIOR SYSTEMS ADMINISTRATOR	12	<del>2,841.53</del> <u>2,921.09</u>	<del>4,264.32</del> <u>4,383.72</u>
1	SYSTEMS ADMINISTRATOR	11	<del>2,643.62</del> <u>2,717.64</u>	<del>3,963.13</del> <u>4,074.10</u>
1	PARK SUPERVISOR	11	<del>2,643.62</del> <u>2,717.64</u>	<del>3,963.13</del> <u>4,074.10</u>
21	EXEMPT (current approved headcount)			

#### NON-EXEMPT CLASSIFICATION

#### **HOURLY WAGE**

1	WATER TREATMENT PLANT OPERATOR LEVEL IV	6	<del>33.53</del> 34.47	<del>46.95</del> 48.26
2	INSTRUMENT CONTROL TECHNICIAN II	6	33.53 <u>34.47</u>	<del>46.95</del> <u>48.26</u>
1	WATER RECLAMATION OPERATOR LEVEL IV		<del>33.53</del> <u>34.47</u>	<del>46.95</del> <u>48.26</u>
2	PUMP/MOTOR TECHNICIAN II		<del>33.53</del> <u>34.37</u>	4 <del>6.95</del> 48.26
1	HUMAN RESOURCES ANALYST	6	<del>33.53</del> <u>34.47</u>	4 <del>6.95</del> 48.26
1	EXECUTIVE SECRETARY	6	<del>33.53</del> <u>34.47</u>	<del>46.95</del> <u>48.26</u>
1	FACILITIES COORDINATOR	6	<del>33.53</del> <u>34.47</u>	<del>46.95</del> <u>48.26</u>
1 or 0	FINANCIAL ANALYST**	5	<del>28.91</del> <u>29.72</u>	<del>40.48</del> 41.61
2	INSPECTOR	5	<del>28.91</del> <u>29.72</u>	4 <del>0.48</del> 41.61
1 or 0	PROJECT ACCOUNTANT II**	5	<del>28.91</del> <u>29.72</u>	4 <del>0.48</del> 41.61
1	STAFF ANALYST	5	<del>28.91</del> <u>29.72</u>	<u>40.48</u> <u>41.61</u>
3	SYSTEMS OPERATOR II	5	<del>28.91</del> <u>29.72</u>	4 <del>0.48</del> 41.61
4	WATER TREATMENT PLANT OPERATOR LEVEL III	5	<del>28.91</del> <u>29.72</u>	4 <del>0.48</del> 41.61
3	WATER RECLAMATION OPERATOR LEVEL III	5	<del>28.91</del> <u>29.72</u>	40.48 <u>41.61</u>
0	BACKFLOW AND CROSS CONNECTION COORDINATOR II	5	<del>28.91</del> <u>29.72</u>	40.48 <u>41.61</u>
1	EDUCATION AND CONSERVATION COORDINATOR	5	<del>28.91</del> <u>29.72</u>	4 <del>0.48</del> 41.61
1	INFORMATION TECHNOLOGY COORDINATOR	5	<del>28.91</del> <u>29.72</u>	4 <del>0.48</del> 41.61
1 or 0	GENERAL LEDGER ACCOUNTANT II**	5	<del>28.91</del> <u>29.72</u>	40.48 <u>41.61</u>
0	PUMP/MOTOR TECHNICIAN I	4	<del>25.14</del> <u>25.84</u>	<del>35.18</del> <u>36.17</u>
1	CATHODIC PROTECTION TECHNICIAN	4	<del>25.14</del> <u>25.84</u>	<del>35.18</del> <u>36.17</u>
1	ENGINEERING AND RIGHT OF WAY COORDINATOR	4	<del>25.14</del> <u>25.84</u>	<del>35.18</del> <u>36.17</u>
2	FIELD SERVICES TECHNICIAN III	4	<del>25.14</del> <u>25.84</u>	<del>35.18</del> <u>36.17</u>
2	INSTRUMENT CONTROL TECHNICIAN I	4	<del>25.14</del> <u>25.84</u>	<del>35.18</del> <u>36.17</u>
1	LINE LOCATOR/INSPECTOR	4	<del>25.14</del> <u>25.84</u>	<del>35.18</del> <u>36.17</u>
1	OPERATIONS COORDINATOR	4	<del>25.14</del> <u>25.84</u>	<del>35.18</del> <u>36.17</u>
1	RECORDS AND CONTRACTS COORDINATOR	4	<del>25.14</del> <u>25.84</u>	<del>35.18</del> <u>36.17</u>
1	SYSTEMS OPERATOR I	4	<del>25.14</del> <u>25.84</u>	<del>35.18</del> <u>36.17</u>
3	UTILITY III	4	<del>25.14</del> <u>25.84</u>	<del>35.18</del> <u>36.17</u>
1	EQUIPMENT TECHNICIAN	4	<del>25.14</del> <u>25.84</u>	<del>35.18</del> <u>36.17</u>
0	WATER TREATMENT PLANT OPERATOR LEVEL II	4	<del>25.14</del> <u>25.84</u>	<del>35.18</del> <u>36.17</u>
1	WATER RECLAMATION OPERATOR LEVEL II	4	<del>25.14</del> <u>25.84</u>	<del>35.18</del> <u>36.17</u>
0	VALVE MAINTENANCE TECHNICIAN LEVEL II	4	<del>25.14</del> <u>25.84</u>	<del>35.18</del> <u>36.17</u>
2	BACKFLOW AND CROSS CONNECTION COORDINATOR I	4	<del>25.14</del> <u>25.84</u>	<del>35.18</del> <u>36.17</u>
3	ACCOUNTANT I**	4	<del>25.14</del> <u>25.84</u>	<del>35.18</del> <u>36.17</u>
0	DEPARTMENT ASSISTANT II	3	<del>22.06</del> <u>22.68</u>	<del>30.88</del> <u>31.74</u>
1	CUSTOMER SERVICE REPRESENTATIVE II	3	<del>22.06</del> <u>22.68</u>	<del>30.88</del> <u>31.74</u>
1	FIELD SERVICES TECHNICIAN II	3	<del>22.06</del> <u>22.68</u>	<del>30.88</del> <u>31.74</u>
1	PARK RANGER II	3	<del>22.06</del> <u>22.68</u>	<del>30.88</del> <u>31.74</u>
1	PURCHASING/WAREHOUSE CLERK	3	<del>22.06</del> <u>22.68</u>	<del>30.88</del> <u>31.74</u>
2	VALVE MAINTENANCE TECHNICIAN LEVEL I	3	<del>22.06</del> <u>22.68</u>	<del>30.88</del> <u>31.74</u>
4	UTILITY II	3	<del>22.06</del> <u>22.68</u>	<del>30.88</del> <u>31.74</u>
0	WATER TREATMENT PLANT OPERATOR LEVEL I	3	<del>22.06</del> <u>22.68</u>	30.88 <u>31.74</u>
0	WATER RECLAMATION OPERATOR LEVEL I	3	<del>22.06</del> <u>22.68</u>	30.88 <u>31.74</u>
2	DEPARTMENT ASSISTANT I	2	19.53 20.08	<del>27.32</del> <u>28.08</u>
2	CUSTOMER SERVICE REPRESENTATIVE I	2	19.53 20.08	<del>27.32</del> <u>28.08</u>
4	FIELD SERVICES TECHNICIAN I	2	<u>19.53</u> <u>20.08</u>	<del>27.32</del> <u>28.08</u>
1	PARK RANGER I	2	<u>19.53</u> <u>20.08</u>	<del>27.32</del> <u>28.08</u>
4	UTILITY I	2	<del>19.53</del> <u>20.08</u>	<del>27.32</del> <u>28.08</u>
0	UTILITY I - Limited term	2	19.53 20.08	<del>27.32</del> <u>28.08</u>
0	NO INCUMBENT	1	<del>17.42</del> <u>17.91</u>	<del>24.38</del> <u>25.06</u>
69	NON-EXEMPT (current approved headcount)			
90	TOTAL EXEMPT AND NON-EXEMPT (current approved headcount)			

\*\*Elimination of one of the following positions will result once the Accounting Supervisor position is filled; Financial Analyst, Project Accountant, General Ledger Accountant II. 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.

<u>SECTION</u> 2: Article 5, Working Hours, Employee Benefits, Section 5.25 of the District's Administrative and Ethics Code is hereby amended to read as follows:

<u>Sec. 5.25.</u> <u>Driver's Licenses.</u> In order to operate a District vehicle, all employees must obtain and maintain a valid State of California Driver's License, which must be confirmed by the General Manager.

The District will bear the cost of physical examinations required for a Class A License, when the need for such a license is required for District business. All physicals are subject to the approval of the General Manager.

The District will recognize employees obtaining and holding a Class A, Class B driver's license and/or special endorsement, where the District utilizes the services of those employees to operate District equipment. The District shall compensate each holder of these licenses \$550 lump sum payment annually in the first full pay period in January in accordance with the yearly amount negotiated in the most recent MOU. This amount shall be distributed in the employee's bi-weekly paycheck with the total amount evenly divided over 26 pay periods and will continue in that same calendar year as long as the employee retains a valid California commercial driver's license.

The employee must have a current Class A, B, or special endorsement and provide a copy to Human Resources each November to qualify for the January payment. This is applicable for all licenses held as of September 4, 2007. All future licenses employees eligible for this program must receive advanced approval of the General Manager in December to qualify for the upcoming calendar year compensation and will only be authorized depending on the need of the District.

- <u>Sec. 5.31</u>. <u>Vacation Leaves</u>. At the discretion of the General Manager as to setting the period of time to be taken for any vacation leave, all full-time employees will be granted such leave with pay under the following conditions:
  - (b) Vacation time accumulation will be permitted, depending on the number of years of continuous service, as follows:

Less than 5 years of service	= 192 hrs
5 or more but less than 15 years of service	= 288  hrs
15 or more but less than 20 years of service	= 320  hrs
20 or more years of service	= 352  hrs

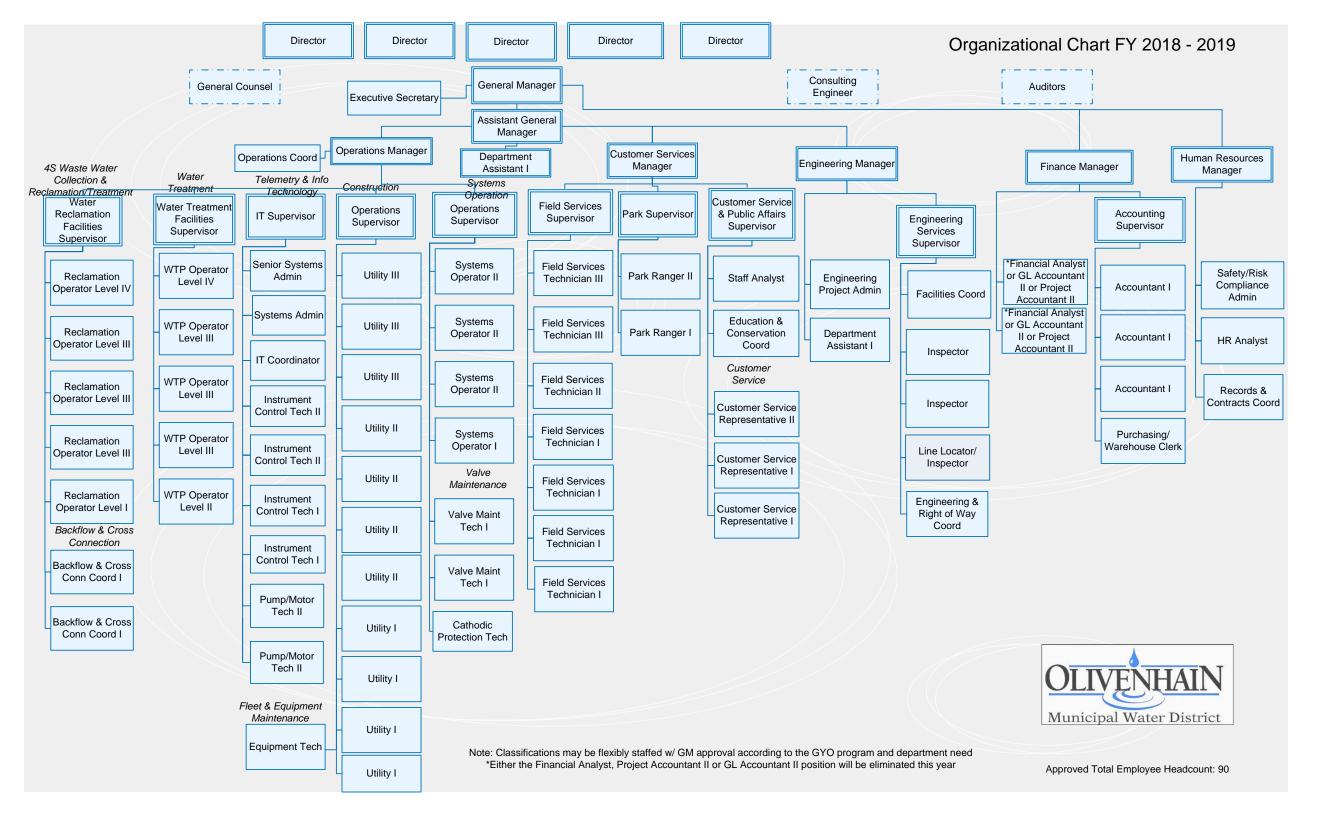
Vacation time in excess of the above-mentioned limits may, however, be accumulated with prior written approval of the Board of Directors.

Employees may choose to use accumulated vacation time in excess of a predetermined number of hours in one of the following ways:

 Employees having accumulated vacation hours in excess of the maximum limits above must receive payment for 100% of their accumulated vacation hours in excess of the above limits at 100% of their current rate of pay. 2) Notwithstanding the above, employees having accumulated vacation hours in excess of 256 hours are eligible to receive payment for 100% of their accumulated vacation hours in excess of 256 hours at 100% of their current rate of pay.

Employees requesting payment for accumulated vacation hours as outlined above shall provide their request in writing, with the exact hours requested, to the Finance Officer Manager for approval in May June of each year for reimbursement on or about the final pay period in June of each the same year.

	PASSED, ADOPTED AND APPROVED this 2	20th day of June 2018 by the following roll call
vote:	AYES:	
	NOES:	
	ABSTAIN:	
	ABSENT:	
		Lawrence A. Watt, President
		Board of Directors
		Olivenhain Municipal Water District
ATTES	T:	•
Gerald	d E. Varty, Secretary	
Board	of Directors	
Oliven	nhain Municipal Water District	





# Memo

Date: June 20, 2018

To: Olivenhain Municipal Water District Board of Directors

From: Dave Smith, Operations Manager

Via: Kimberly Thorner, General Manager

Subject: CONSIDER AWARD OF A CONTRACT TO RHINO LININGS OF SAN DIEGO

FOR THE VAULT UPGRADES PROJECT IN THE AMOUNT OF \$74,110 AND

AUTHORIZE THE GENERAL MANAGER TO SIGN ON BEHALF OF THE

**DISTRICT** 

#### **Purpose**

The purpose of this agenda item is to authorize the General Manager to enter into a contract with Rhino Linings of San Diego for the Vault Upgrades Project in the amount of \$74,110 and authorize the General Manager to sign on behalf of the District.

#### Recommendation

Staff recommends award of this contract.

#### **Alternative**

As an alternative to approval of the contract with Rhino Linings of San Diego, the Board of Directors may direct Staff to defer the upgrades to the pressure reducing and pump stations. However, deferring this work would increase the rate of corrosion occurring in these facilities, putting them at risk of further damage.

#### **Background**

The Vault Upgrades Project consists of pressure reducing and pump stations that were first-generation products designed and built by Engineered Fluid, Inc. (EFI). The District was the first agency in Southern California to purchase these stations and pump skids many years ago.

Although very well built of quality materials, a two-part epoxy coating system was used to protect the steel surfaces of the pump skids, vault walls and floors. It became very clear that this epoxy coating system was not the best product for the application as over time, the rate of corrosion was accelerating at a considerable rate. Over the years, District staff has been working diligently to keep the epoxy coating up to par by hand grinding and reapplying the epoxy. At this time, the rate of corrosion has become unmanageable.

District staff performed considerable research to identify the most suitable solution to ensure protection of these stations for their long term reliability and operation. In doing so, the District found that application of elastomeric polyurethane (EP) coating to the affected areas would be the best available option to protect and preserve these facilities.

In March 2016 the District installed the EP coating into an underground EFI vault. The coating worked so well that when EFI was notified, they updated their process at the factory to apply the EP coating to all new EFI systems. Also, EP coating is now District specification in pressure reducing stations.

The contract would provide for Rhino Linings of San Diego to install EP coating at five vault locations.

FY 2017-2018 Vault Upgrades Project D120023 Bid Results (5 locations)			
Contractor	Bid Amount	Average Cost Per Location	
Rhino Linings of San Diego	\$74,110	\$14,822	

#### **Fiscal Impact**

Funds for this project were approved with the FY 17-18 Capital and Operating Budget at the June 21, 2017 Board Meeting.

Is this a Multi Fiscal Year Project? Yes

In which Fiscal Year did this project begin? FY 2016

Cumulative Project Budget: \$174,000

Current Fiscal Year Appropriation: \$75,000

To Date Approved Appropriations: \$174,000

Target Project Completion Date: June 30, 2019

Expenditures as of 5/31/18: \$746

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

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

#### Discussion

Staff will be available to respond to questions.

Attachments:

Exhibit A: Vault Upgrades Project Bid Results

Exhibit B: 4S 1 Recycled PRS Before and After EP Coating Installation Pictures

#### Vault Upgrades Project Bid Results June 5, 2018 District Project D120023

	Bidder:	1	2	3
Bid Item No.	Bid Item	Rhino Linings of San Diego		
А	Mobilization, Demobilization, Bonds, Permits, Insurance, & Cleanup for all work required under this Bid Schedule:	\$40,560.00		
В	Preparation of cleaning of surfaces to be coated	\$17,150.00		
С	Application of elastomeric polyurethane coating	\$16,400.00		
	Total Amount of Bid Schedule A-C:	\$74,110.00	\$0.00	\$0.00
	Bid Form Checklist			
	Bid Bond	X		
	Addendum No. 1			

4S 1 Recycled PRS Before and After EP Coating Installation Pictures







### Memo

Date: June 20, 2018

To: Olivenhain Municipal Water District Board of Directors

From: George Briest, Engineering Manager

Via: Kimberly Thorner, General Manager

Subject: CONSIDER APPROVAL OF AN AGREEMENT WITH AZTEC LANDSCAPING INC.

FOR DISTRICT-WIDE LANDSCAPE MAINTENANCE SERVICES IN THE AMOUNT OF \$135,876 PER YEAR AND AUTHORIZE THE GENERAL MANAGER TO SIGN

ON BEHALF OF THE DISTRICT

#### **Purpose**

The purpose of this agenda item is to consider approval of an agreement with Aztec Landscaping Inc. (Aztec) for the provision of landscape maintenance services at various District facilities.

#### Recommendation

Staff recommends award of a contract to Aztec in the amount of \$135,876 per year and authorization for the General Manager to sign on behalf of the District.

#### Alternative(s)

As an alternative to approval of an agreement with Aztec, the Board of Directors has the option to direct Staff to pursue an agreement with another firm or evaluate different options for the provisions of these services.

#### **Background**

The District currently has an agreement with Urban Corps of San Diego County (UC) for landscape maintenance services. However, UC has failed to perform their contractual duties as outlined in the agreement and as such, the District has released them from the contract. UC is scheduled to continue performing landscape maintenance throughout the District through June 30, 2018.

Prior to awarding the contract to UC, District Staff developed a comprehensive request for proposals (RFP) that included site locations and detailed specifications on the nature and frequency of all landscape maintenance tasks. The scope of work included landscape maintenance services for all twenty-nine (29) District owned and maintained landscape sites.

The District received four (4) bids for this work and UC was the low bidder. Prior to releasing UC from the current contract, District Staff coordinated with Aztec to ensure that they would honor their original bid price and Aztec has agreed to do so.

#### **Fiscal Impact**

Funds for this ongoing maintenance were included in the FY 17-18 budget. Funds will also be included in the FY19 and FY20 budgets as this is a three (3) year contract. This operational cost is shared proportionally between water, recycled water, and wastewater funding sources.

#### Discussion

The request for proposals was advertised in the plan rooms. Four proposals were received. The bids received were:

Urban Corps of San Diego County	\$134,000.40 per year
Aztec Landscape Services, Inc.	\$135,876.00 per year
BrightView Landscape Services	\$139,764.00 per year
Western Gardens Landscaping, Inc.	\$394,800.00 per year

A copy of the proposed contract with Aztec is attached for review. Staff are available to answer any questions.

Attachment: Landscape Services Agreement

#### LANDSCAPE SERVICES AGREEMENT

#### 18AGR035

This Landscape Services Agreement is entered into by and between the Olivenhain Municipal Water District, a public agency (hereinafter "Owner") and Aztec Landscaping, Incorporated (hereinafter "Landscaper"). This Agreement shall become effective as of July 1, 2018.

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

1. The Work. The Landscaper shall provide all labor, materials, and equipment to provide the complete landscape maintenance of the Owner's Office facilities, field and shop facilities, including, but not limited to the OMWD Headquarters/Upper Yard and OMWD Headquarters Lower Yard/Building "J", 4-G Reservoir, 4-S I Reservoir, 4-S II Reservoir, 4-S Water Reclamation Facility, 4-S Water Reclamation Facility Overflow Pond, 520 Building, Cielo Reservoir and Pump Station, Denk Reservoir, Gaty I and II Reservoir Complex, Golem Reservoir, Maryloyd Reservoir Complex, Ammonia Feed Injection Facility, Palms I and II Reservoirs, Peay Reservoir, Roger Miller Reservoir, Rancho Lakes Pump Station, Firehouse Sewer Pump Station, Neighborhood I Sewer Pump Station, Berk Reservoir/Connemara Pump Station, Thelma Miller Recycled Water Reservoir, the Wanket Reservoir Complex, Thornton Pump Station, David C. McCollom Water Treatment Plant, Zorro Reservoir, the Gano Reservoir, Santa Fe Valley Reservoir and Recycled Water Pump, Rancho Cielo Midpoint Sewer Pump Station, Unit Z Pump Station and the Wiegand Recycled Water Reservoir, as identified on the attached Exhibit M (hereinafter collectively referred to as the "District Facilities"). The work shall include the complete landscape maintenance of all landscaping located on any of the District Facilities. Without limiting the foregoing, the work shall include, but not be limited to, shaping, trimming, and pruning of trees, shrubs, and groundcover plants; tree surgery; fertilization of all landscaping; cultivation of all landscaping; weed control of all landscaping; control of all plant diseases and pests; sweeping; maintenance and repair of all irrigation and drainage systems located on any of the District Facilities; maintenance and repair of all natural drainage features on any of the District Facilities; litter pickup; removal of illegal dumping; plant replacement; edging, trimming, testing, and maintenance of all irrigation systems; maintenance of all plant beds; shrub & hedge maintenance; debris removal; watering of all trees; a fall clean-up at all District Facilities; fertilization of all shrub and groundcover; application of herbicides as necessary; pest control as necessary; the proper watering of all landscaping; tree maintenance; tree staking; tree stake adjustments; tree pruning; tree fertilization; vegetation replacement as necessary; tree replacement as necessary; inspection of all natural areas; inspection of all fences and gates; monitoring of water use; hand weeding; sweeping and cleaning of the Owner's parking lot, office and shop; cleaning and blowing of asphalt areas at each reservoir site; the filling of all erosion holes and ruts: and the removal of all litter.

The Work shall also be performed in accordance with the special provisions attached hereto as Exhibit "A", and incorporated herein by reference. Services described in this section and in Exhibit "A" is hereinafter collectively referred to as the "Work". In addition to the Work as previously described, the Work shall include all maintenance required to maintain all plants and landscaping at all District Facilities in a safe, attractive, and usable condition, to maintain all plant materials in good condition at all times with horticulturally acceptable growth and color, and to maintain all irrigation and drainage systems.

2. <u>Change Orders.</u> No changes in the scope of the work or the amount payable to the Landscaper shall be effective unless a written Change Order changing the scope of the work or the price has been signed by the Owner. The Landscaper agrees not to change the scope of the work or the price of the work without first obtaining a written Change Order signed by the Owner. If the Owner directs or requests that additional work be done by Landscaper, the cost of the additional work will be added to the

contract price and paid by Owner on completion of the additional work. Any work done by the Landscaper without a written Change Order signed by the Owner shall not be effective and the Owner shall have no obligation to pay for any additional amounts incurred by Landscaper.

- 3. <u>Total Amount for Services</u>. Landscaper shall be paid for services performed pursuant to this Agreement in accordance with the payment schedule for each item shown on Exhibit "B", attached hereto and incorporated herein by reference. The parties mutually declare that the payment amounts shown on Exhibit "B" are intended to fully pay Landscaper for all maintenance services provided in accordance with this Agreement and Landscaper shall have no right to increase the payment amounts or terms unless the Owner approves a written Change Order increasing the price.
- 4. <u>Payment Terms.</u> Landscaper shall bill the Owner monthly for maintenance services performed during the preceding month based upon the payment amounts shown on Exhibit "B". Landscaper shall provide the Owner with two (2) copies of the monthly invoice. Each monthly invoice shall include all of the required certifications and reports specified in paragraph 57. The invoice shall be submitted on or before the first day of each month. Owner will pay the Landscaper within thirty (30) days following receipt of the invoice provided that all work performed during the preceding month has been inspected and approved by the Landscaper's representative and that applicable certifications have been submitted as required by paragraph 58.

The Owner shall have the right at any time to add maintenance services to the Agreement based upon a written change order approved by the Owner. The Owner shall also have the express right to add seasonal specialty or additional work functions determined necessary or appropriate by the Owner's Representative from time to time by written change order. The Landscaper shall promptly provide a written estimate to the Owner for any additional work requested by the Owner, from time to time. In no event shall this written estimate exceed: (1) the wholesale cost of materials and/or equipment rental plus a factor of up to fifteen percent (15%) for overhead and profit; and (2) the actual cost for labor. In the event that Owner does not approve any change order, Owner has the express right to have the work performed by other forces or by other private parties in Owner's sole discretion.

The Owner reserves the right at any time to transfer title or maintenance responsibilities of all or any part of the District Facilities. In the event the Owner transfers title or maintenance responsibility to all or any of the District Facilities, this Agreement shall remain in full force and effect except that Owner shall have the express right to delete the portion of any monthly maintenance bill attributable to the District Facilities for which title or maintenance responsibility has been transferred.

- 5. <u>Required Licenses.</u> At all times during performance of the Work, Landscaper shall maintain a C-27 Landscape License and an Agricultural Pest Control Operators License and fully comply with all licensing requirements. Landscaper shall promptly notify Owner if Landscaper loses any of these licenses for any reason. Revocation of either of these licenses shall be grounds for Owner to unilaterally terminate this Agreement on five (5) days advance written notice to Landscaper.
- 6. <u>Hazardous Waste</u>. Landscaper shall be solely liable and responsible for the handling, storage, and disposal of all Hazardous Waste brought to any of the District Facilities by Landscaper or any of Landscaper's directors, officers, agents, employees, subcontractors, suppliers, or independent contractors. For the purposes of this Agreement, the term "Hazardous Waste" shall mean all solid, liquid, and gaseous substances and materials which are treated as a hazardous or toxic waste under any federal, state, or local laws, rules, or regulations, and all oil and gas products and by-products. Landscaper hereby agrees to indemnify and hold harmless Owner and Owner's directors, officers, agents, and employees from and against any and all claims, causes of action, fines, penalties, losses, damages, fees, and expenses, including all of Owner's attorneys' fees, expert fees, and court costs and all clean-up costs,

arising from the use, storage, disposal, or spilling of any Hazardous Waste by Landscaper or Landscaper's directors, officers, agents, employees, subcontractors, suppliers, material, staff, or independent contractors.

- 7. <u>Landscaper's Standard of Care.</u> Landscaper has been advised, and understands, that Landscaper is acting as an agent for Owner and therefore owes Owner all fiduciary duties prescribed by California law. Landscaper agrees that all Work to be performed in accordance with this Agreement shall be performed at the highest level practiced by licensed landscapers in San Diego County with extensive experience in the maintenance of public landscaping, natural plants and habitat, and sprinklers and water systems, and consistent with all fiduciary duties owed by Landscaper to the Owner.
- 8. <u>Corrective Work.</u> Landscaper agrees to correct all Work found unacceptable by the Owner's representative within five (5) days following written notice of the Work to be corrected from the Owner's representative. In the event of an emergency, Landscaper agrees to perform all corrective work within two (2) hours following written notice from Owner's representative. All work found defective by Owner's Representative shall be corrected by the Landscaper at Landscaper's sole cost and expense.
- 9. <u>Subcontracting.</u> If Landscaper subcontracts any of the Work to be performed in accordance with this Agreement, Landscaper shall be fully responsible to Owner for the acts and omissions of Landscaper's subcontractors and for any persons either directly or indirectly employed by any subcontractors as Landscaper is for the acts and omissions of persons directly employed by Landscaper. Nothing in this Agreement shall create any contractual relationship between any subcontractor of Landscaper and the Owner. As a material part of this Agreement, Landscaper agrees to bind every subcontractor performing any Work required by this Agreement to all terms of this Agreement.
- 10. <u>Award of Contractor.</u> Landscaper understands and agrees that Owner reserves the right to award this Agreement to any bidder selected by Owner in Owner's sole discretion, whether or not this party represents the lowest monetary proposal. This Agreement shall not be binding upon Owner until approved by the Board of Directors of Owner, and signed by the Owner's General Manager.
- 11. Owner's Right to Withhold Amounts Due. The Owner shall be entitled to withhold a sufficient amount or amounts, in Owner's sole and exclusive discretion, from any payment otherwise due to the Landscaper determined necessary by Owner to cover all or any of the following:
  - (1) Payments which are due and payable for claims made against the Landscaper or any subcontractors for labor or materials furnished in or about the performance of the Work which have not been paid by the Landscaper; and
  - (2) The Owner's estimate of the costs for correcting all work found defective by Owner, in Owner's sole discretion; and
  - (3) All penalties or fines imposed for violation of the Labor Code, and other applicable state, federal and local laws or regulations; and
  - (4) All other damages the Owner has suffered and all damages the Owner estimates it will sustain in the future due to the breach of any term of this Agreement by Landscaper, including without limitation, all attorneys' fees, expert fees and costs, staff time at each staff member's normal hourly rates and all court costs estimated by the Owner in responding to any claim or cause of action; and

- (5) All amounts Owner's Representative determines appropriate to withhold for non-performance, delay or inadequate performance of the Work. The Owner may apply all or any portion of any such withheld amount or amounts to the payment of any claims in such amounts and at such times as are determined appropriate by Owner, in Owner's sole and exclusive discretion. In withholding any sums permitted by this section or in paying any claims, the Owner shall be deemed the agent of the Landscaper and any payments made by the Owner on any claim shall be considered as a payment made under this Agreement by the Owner to the Landscaper. The Owner shall not be liable to the Landscaper for Owner's withholding of any and all amounts permitted by this section or Owner's payment of any claims as permitted by this section. Such withholdings and payments may be made by Owner at any time without prior judicial determination of the merits of any claims or causes of action. The Owner will render to the Landscaper a proper account of any funds withheld or disbursed as permitted by this section.
- Morkers' Compensation and Employer's Liability Insurance. Within twenty (20) days following notice of the award and prior to performing any work, the Landscaper shall provide a certificate of insurance certifying that the Landscaper has obtained for the period of the Agreement full Workers' Compensation and Employer's Liability Insurance coverage for no less than the statutory limits for all persons whom the Landscaper employs or may employ in carrying out the Work under the Agreement. The Landscaper shall not permit any subcontractor to perform any work unless the Workers' Compensation Insurance requirements have been complied with by all such subcontractors. Landscaper shall provide a worker's compensation certificate and endorsement on the forms attached as Exhibits "D" and "E" within twenty (20) days following mailing of the notice of the award by Owner and shall deliver the certificate and endorsement to Owner. The Employer's Liability Insurance shall have the following limits:
  - (1) Bodily injury coverage by accident shall be for not less than \$1,000,000 for each employee and \$1,000,000 for each accident.
  - (2) Bodily injury coverage by disease shall be for not less than \$1,000,000 for each employee and \$1,000,000 for each disease
- 13. <u>Liability Insurance.</u> Within twenty (20) consecutive days following the notice of award and prior to performing any of the Work, the Landscaper shall provide certificates of insurance and endorsements on the forms attached as Exhibits "F" and "G" showing that the Landscaper has liability insurance coverage with an insurance company licensed to do business in the State of California, with an "A" policy holder's rating, and a financial rating of at least Class VI in accordance with the most recent rating by A.M. Best Company. The liability insurance coverage shall have the following limits:

#### A. General Liability:

Bodily injury, personal injury, and property damage coverage shall be in a combined single limit of not less than \$2,000,000 for each occurrence and \$2,000,000 aggregate.

#### B. Automotive Liability:

Bodily injury and property damage coverage shall be in a combined single limit of not less than \$2,000,000 for each occurrence

Specifics of Automobile Liability:

- (1) Comprehensive Form, including loading and unloading;
- (2) Owned;
- (3) Hired; and
- (4) Non-Owned.

Liability insurance shall include the Owner as an additional named insured including completed operations. The liability insurance shall be sufficiently broad to cover the indemnity contained in paragraph 30 of this Agreement. Any insurance afforded to the Owner shall be primary insurance and non-contributing. If the Owner has other insurance which might be applicable to any loss, the amount of the insurance provided under this section shall not be reduced or pro-rated by the existence of such other insurance. All liability insurance shall include occurrence coverage with a deductible amount not exceeding \$10,000. Also included in such insurance shall be a "cross-liability" or a "severability of interest" clause. The endorsement shall be signed and notarized by an authorized agent/representative of the carrier. The insurance certificate and endorsement shall be non-cancelable without thirty (30) days prior written notice to the Owner. The liability insurance shall remain in full force and effect during the entire term of this Agreement. The Landscaper shall ensure that all subcontractors performing any work shall have liability insurance meeting all requirements of this section. Landscaper shall provide the insurance certificate and endorsement on the forms attached as hereto and incorporated herein by reference no later than twenty (20) days following mailing of the notice of award by Owner.

- 14. <u>Obstructions.</u> The Landscaper shall remove and dispose of all obstructions, debris, litter or trash of any character necessary to accommodate the Work.
- 15. Owner's Facilities. The Landscaper shall make his own independent investigation, to determine the location and types of all facilities within the District Facilities when their presence can be inferred from the presence of other visible facilities, such as buildings, meter junction boxes, on or adjacent to the site of the Work. Landscaper shall promptly repair and replace any damage to Owner's improvements or any plants or landscaping caused by performance of the Work at Landscaper's sole cost and expense.
- 16. <u>Manufacturers' Instructions.</u> All materials and equipment shall be applied, installed, connected, erected, used, cleaned, and conditioned in accordance with the instructions of the applicable manufacturer, fabricator, supplier, or distributor, except as otherwise expressly approved in writing, by the Owner's representative.
- 17. <u>Supervision and Superintendents</u>. The Landscaper shall supervise and direct the work competently and efficiently, devoting such attention thereto and applying such skills and expertise as may be necessary to perform the Work in strict accordance with this Agreement and the special provisions contained in Exhibit "A" and consistent with the high duty of care contained in this Agreement. The Landscaper shall be solely responsible for the means, methods, techniques, sequences, and procedures of performing the Work. The Landscaper shall be responsible to ensure that the completed work fully complies with all requirements of this Agreement.

The Landscaper shall designate and keep on the work site at all times during its progress a competent superintendent approved in writing by Owner who speaks fluent English and who shall not be replaced without written notice to the Owner. The superintendent will be the Landscaper's representative at the site and shall have the authority to act on behalf of the Landscaper. All communications given to the superintendent shall be as binding as if given to the Landscaper. During periods when the work is

suspended, the Landscaper shall make appropriate arrangements for any emergency work which may be required.

#### Site Supervisor.

- A. A Site Supervisor must be designated by the Landscape Contractor and approved by the District in writing for every site where recycled water is used. Although the District retains ultimate responsibility for use of recycled water at all sites, the Site Supervisor is the primary means for ensuring safe use of recycled water at a given site.
- B. The following are some of the responsibilities of the Site Supervisor:

<u>Control over on-site uses of recycled water:</u> The Site Supervisor is required to be familiar with the entire on-site recycled water system, and with all applicable conditions governing recycled water use at the site. The Site Supervisor shall ensure that recycled water use complies with those conditions. The Site Supervisor shall also be responsible for proper operation and maintenance of the recycled water system and of all backflow prevention devices.

<u>Training:</u> Attended an approved 4-hour Site Supervisor training class, such as the San Diego County Water Authority Site Supervisor Training Class. Provide a copy of the certificate of attendance to the District. During its annual inspection of the facility, the District will discuss the customer's method of informing employees about recycled water use on the site.

Contact Information and Notification of Changes: The Site Supervisor shall provide the District with an address and phone number(s) where they can be contacted at all times. The Site Supervisor shall notify the District of any change in the individual designated to be Site Supervisor, any change in contact information, and any planned modifications or planned additions to the recycled water system. Written approval from the District shall be obtained before any modifications are made.

<u>Failures and Violations:</u> The Site Supervisor is responsible for notifying the District of any failure of the on-site recycled water system, any cross-connection between the recycled and potable water systems, or any inappropriate uses that occurs. For any condition which has the potential to endanger public health, the Site Supervisor shall immediately notify the District Water Operation Department.

<u>Monitoring:</u> The Site Supervisor shall be responsible for any monitoring specified in the customer's Recycled Water Agreement.

18. Quality and Safety of Materials and Equipment. All equipment, materials, and supplies to be incorporated in the work shall be new, unless otherwise specified. All equipment, materials, and supplies shall be produced in a good and workmanlike manner. If the quality of a material, process, or article is not specifically set forth in this Agreement, the best available quality of the material, process, or article shall be provided. All materials, equipment, and supplies provided shall, without additional charge to the Owner, fully conform with all applicable state and federal safety laws, rules, regulations, and orders, and it shall be the Landscaper's sole responsibility to provide only such materials, equipment, and supplies notwithstanding any omission in this Agreement or that a particular material, equipment, or supply was specified.

All machinery and equipment provided by the Landscaper for the work shall include locking mechanisms capable of locking any shut-down devices on the machinery and equipment before

commencement of any repairs or other work. The Landscaper shall ensure that all equipment and machinery complies with all federal, state, and local health and safety requirements at all times during performance of the Work.

19. Removal of Defective and Unauthorized Work. All Work which does not conform to this Agreement or which is not acceptable to the Owner's Representative shall be remedied or removed and replaced by the Landscaper, together with any other work which may be displaced in so doing, and no compensation will be allowed the Landscaper for such removal, replacement, or remedial work. All non-conforming materials shall be immediately removed from the site. All corrective work shall be completed within the time specified in paragraph 8 of this Agreement.

All defective Work done or any changes in, additions to, or deductions from the Work done without written authority from the Owner will be considered as unauthorized and will not be paid for. All work so done may be ordered remedied, removed, or replaced by the Owner at the Landscaper's sole expense.

- 20. One-Year Guaranty. The Landscaper shall and hereby does guaranty the Work and all materials, labor, and equipment to be free from all defects due to faulty materials or workmanship for a period of one-year after the termination of this Agreement or its expiration, whichever occurs first. The Landscaper shall repair or remove or replace any and all such work, together with any other work which may be displaced in so doing, that is found to be defective and/or materials within the one-year period, without expense whatsoever to the Owner, ordinary wear and tear, and unusual abuse or neglect excepted. In the event of failure to comply with the above-mentioned conditions within two (2) weeks after being notified in writing, the Owner is hereby authorized to proceed to have the defects remedied and made good at the expense of the Landscaper who hereby agrees to pay the costs and charges therefore immediately on demand. Such action by the Owner will not relieve the Landscaper of the guaranty required by this article. Nothing contained in this section shall be construed as limiting the rights or remedies of the Owner to pursue causes of action against the Landscaper for defective work for the maximum time, costs and charges authorized by California law.
- 21. <u>No Assignment.</u> The performance of the Agreement may not be assigned, except upon the prior written consent of the Owner. The Owner shall have the express right to refuse any assignment, in Owner's sole discretion. Consent will not be given to any proposed assignment which would relieve the original Landscaper or its sureties or insurers of their responsibilities under the Agreement, nor will the Owner consent to any assignment of a part of the work under the Agreement.
- 22. <u>Laws and Regulations.</u> The Landscaper shall keep themselves fully informed of all existing and future laws, ordinances, and regulations which in any manner effect those engaged or employed in the Work or the materials used in the Work or which in any way effect the conduct of the Work and of all such orders and decrees of bodies or tribunals having any jurisdiction or authority over the same. The Landscaper shall at all times observe and comply with and shall cause all its agents, employees, subcontractors, and suppliers to observe and comply with all such existing and future laws, ordinances, regulations, orders, and decrees, and shall hold harmless, indemnify, and defend the Owner and the Owner's directors, officers, employees, and agents against any claim or liability arising from or based on the violation of any such law, ordinance, regulation, order, or decree by the Landscaper, his employees, agents, subcontractors, or suppliers.
- 23. <u>Permits and Licenses.</u> The Landscaper shall procure and pay for all permits necessary to perform any of the Work at Landscaper's sole cost and expense.

- 24. <u>Public Convenience and Safety.</u> The Landscaper shall so conduct its operations as to offer the least possible obstruction and inconvenience to the public. Owner and Owner's employees, and Landscaper shall have under repair or maintenance no greater length or amount of Work than the Landscaper can prosecute properly with due regards to the rights of the public and Owner's employees. Convenient access to driveways, houses, buildings, and reservoirs shall be maintained at all times. The Landscaper shall provide and maintain such fences, barriers, directional signs, lights, and flag men and other safety devices as are necessary to give adequate warning to the public at all times of any dangerous conditions to be encountered as a result of the Work and to give directions to the public. The Landscaper shall comply with all orders and directions of any public agencies having control over any of the Work.
- 25. Responsibility for Loss, Damage, or Injuries. The Landscaper shall be solely responsible for all claims, demands, liability, and damages from any cause arising out of, resulting from, or in connection with the performance of the Work, excepting only those that may be caused by the sole and exclusive negligence or willful misconduct of the Owner or the Owner's directors, officers, employees, or agents. Such responsibility shall extend to claims, demands, or liability for loss, damage, or injuries occurring after completion of the Work as well as during the progress of the work. In the event any Hazardous Waste are to be utilized by the Landscaper as part of the work, the Landscaper shall be solely responsible for the protection of persons and property that could be affected by the Hazardous Waste.

As a material condition of this Agreement, Landscaper shall be liable for any and all damages caused by under or over irrigation. These damages include but are not limited to damage to plants, trees, erosion or slope failures, flooding, damage to hardscape or other structures, and personal injury. The Landscaper shall certify each month that all required testing of irrigation systems has been completed in accordance with the terms of this Agreement. Failure to perform irrigation testing and make adjustments to prevent over or under watering of plants and trees shall constitute a material breach of this Agreement and subject Landscaper to liability for damage caused by improper irrigation.

- 26. <u>Landscaper's Responsibility for the Work and Preservation of Property.</u> Until the acceptance of the work by the Owner's Representative, the Landscaper shall have the responsible charge and care of the Work and of the materials to be used and shall bear the risk of injury, loss, or damage to any part of the Work by the action of the elements or from any other cause, whether arising from the execution or from the non-execution of the Work. The Landscaper shall exercise due care to avoid injury to existing improvements or facilities, utility facilities, adjacent property, and trees and shrubbery that are not to be removed.
- 27. <u>Safety.</u> The Landscaper shall be solely and completely responsible for all conditions created by any maintenance work, including the safety of all persons and property during performance of the maintenance Work, and the Landscaper shall fully comply with all state, federal, and other laws, rules, regulations, and orders relating to the safety of the public and workers.
- 28. <u>Indemnity.</u> To the fullest extent permitted by law, the Landscaper hereby indemnifies and holds the Owner and its officers, directors, agents, and employees harmless from and against all claims, damages, losses, expenses, or other costs, including costs of defense, attorney's fees, and expert fees arising out of or resulting from performance of any of the Work and from any personal injury, death, or damage to any real or personal property caused by performance or non-performance of any of the Work unless caused by the sole and exclusive negligence or willful misconduct of the Owner or the Owner's directors, officers, agents, or employees. The Landscaper shall also indemnify and hold harmless the Owner and its directors, officers, employees and agents from and against all losses, expenses, damages (including damages to the Work itself), attorney's fees, expert fees, and other costs, including all costs of defense, which any of them may incur caused in whole or in part by the failure, neglect, or refusal

of the Landscaper to faithfully perform the Work and all of the Landscaper's obligations under this Agreement unless caused by the sole and exclusive negligence or willful misconduct of the Owner or its directors, officers, agents, or employees of the Owner.

- 29. <u>Warranty of Title.</u> No materials, supplies, or equipment for the maintenance Work under this Agreement shall be purchased subject to any lien, security interest, mortgage or under a conditional sale contract or other agreement by which an interest therein or any part thereof is retained by the seller or supplier. The Landscaper warrants clear and good title to all materials, supplies, and equipment installed and incorporated in the Work and agrees upon completion of all Work to deliver the premises together with all landscaping, fixtures, or improvements constructed or placed thereon by the Landscaper free from any claims, liens, encumbrances, or charges.
- 30. <u>Hours of Labor</u>. The Landscaper shall forfeit as a penalty to the Owner \$25.00 for each worker employed in the execution of the Agreement by the Landscaper, or any subcontractor under him, for each calendar day during which such worker is required or permitted to work more than eight (8) hours in any one calendar day and forty (40) hours in any one calendar week in violation of the provisions of the Labor Code and, in particular, §1810 to §1815 thereof, inclusive, except that Work performed by employees of the Landscaper in excess of eight hours per day and forty hours during any one week shall be permitted upon compensation for all hours worked in excess of eight hours per day at not less than 11/2 times the basic rate of pay as provided in §1815.
- 31. Prevailing Wage. The Landscaper shall comply with Labor Code §1775. In accordance with §1775, the Landscaper shall forfeit as a penalty to the Owner \$50.00 for each calendar day or portion thereof for each worker paid less than the stipulated prevailing rates for such work or craft in which such worker is employed for any work done under the Agreement by him or her or by any subcontractor under him or her in violation of the provisions of the Labor Code and in particular, Labor Code §1770 to 1780, inclusive. In addition to this penalty and pursuant to §1775, the difference between such stipulated prevailing wage rates and the amount paid to each worker for each calendar day or portion thereof for which each worker was paid less than the stipulated prevailing wage rate shall be paid to each worker by the Landscaper. Pursuant to Labor Code §1775, to the extent there is insufficient money due the Landscaper to cover all penalties forfeited and amounts due, the Division of Labor Standards Enforcement shall be notified of the violation and the Division of Labor Standards Enforcement shall be entitled to maintain an action in any court of competent jurisdiction to recover the penalties and the amounts due pursuant to Labor Code §1775.

The Landscaper further expressly agrees to comply with all terms of Labor Code §1770 through §1777.1. The Owner shall be entitled to withhold wages and penalties due as a result of any violation of the Labor Code for payments due the Landscaper in accordance with Labor Code §1726. These withheld amounts shall be paid to the Labor Commissioner for disbursement in accordance with Labor Code §1730. The Landscaper's right to recover these wages and penalties shall be limited as provided in the Labor Code.

Should the Landscaper believe that they are not subject to Labor Code Sections 1770 to 1780, Landscaper shall provide adequate information to the District showing that they are not subject to the relevant prevailing wage requirements. It shall be the Landscaper's sole responsibility to provide any information as requested by the District, in its sole discretion. Failure to provide the requested information shall be basis for breach of contract and shall subject Landscaper to cancellation of the contract.

32. <u>Travel Payments and Apprentices.</u> All workers needed to execute the Work must be paid travel and subsidence payments as defined in the applicable collective bargaining agreements filed in

accordance with Labor Code §1773.8. The Landscaper and any subcontractor under them agrees to comply with all of the requirements of §1770.5 through 1777.7 of the Labor Code in the employment of apprentices. If Landscaper violates §1775.5, they will forfeit as a civil penalty the sum of \$50.00 for each calendar day of non-compliance which shall be withheld from progress payments by Owner upon notice from the Department of Industrial Relations.

- 33. <u>Property Rights.</u> Nothing in this Agreement shall be construed as vesting in the Landscaper any property right or claim of any kind in any materials used after they have been attached or affixed to the Work or soil. All such materials shall become the sole property of the Owner upon being so attached or affixed.
- 34. <u>Term of Agreement.</u> The term of this Agreement shall be for a period of three (3) years commencing July 1, 2018 and ending June 30, 2021.
- 35. Option to Extend Term. The Owner shall have two (2) one-year renewal options to extend the term of the Agreement in the Owner's sole discretion. Owner has the right to exercise all or any of these options. Each option shall be exercisable at any time on or before the end of the prior Agreement term by giving written notice to Landscaper. Upon exercise of any of the options, the prices for the items as shown on Exhibit "B" shall be increased or decreased based upon the increase or decrease (if any) in the Consumer Price Index, All Urban Consumers for San Diego County published by the United States Department of Labor, Bureau of Labor Statistics. The first increase or decrease shall be determined by the percentage increase or decrease in the Consumer Price Index, All Urban Consumers for San Diego County for December 2019 compared to December 2020. If subsequent options are exercised by Owner, the comparison shall be based upon the month of April of the first option year compared to April of the next year. It shall be the responsibility of the Landscaper to initially provide this information to the Owner for review and approval. Failure of Landscaper to provide this consumer price increase information to Owner by no later than the end of the second month of each option year shall constitute a waiver of the right of Landscaper to obtain any increase for that particular option year.
- 36. Right to Change Scope of Work. The Owner shall have the right to change the scope of the Work or any of the terms or conditions upon which the Work will be performed at any time by a written change order. The price payable to Landscaper shall be adjusted accordingly. In the event the parties cannot agree on the price to be paid for any written change order, the price offered by Owner shall govern, Landscaper shall promptly perform the Work required by the change order, and Landscaper shall have the right to arbitrate the matter in accordance with the terms of this Agreement.
- 37. <u>Equal Employment Opportunity.</u> As a material part of this Agreement, Landscaper agrees not to discriminate against applicants or employees at any time on the basis of race, religion, color, national origin, political affiliation, marital status, sex, age, handicap, or disability. In the event Landscaper or any of Landscaper's subcontractors discriminate at any time, Owner shall have the unilateral right to terminate this Agreement upon ten (10) days advance written notice to Landscaper.
- 38. Records Inspection and Retention. Owner and any state and federal representatives shall have access to and the right to examine, audit, excerpt, copy, or transcribe at any time on forty-eight (48) hours advance written notice to Landscaper any transaction, activity, timecard, or other records pertaining to maintenance of any District Facilities or related to any amounts charged by Landscaper to Owner. All such records shall be retained by Landscaper for a period of not less than five (5) years after the term of this Agreement has expired unless Owner gives written permission to dispose of these records prior to the end of this period.

Owner also retains the right to conduct, at a reasonable time, an audit and re-audit of any books, records, and business conducted by Landscaper and to observe the operation of the business so that accuracy of the records and any of Landscaper's invoices for services can be confirmed. Owner has the right to require Landscaper to provide additional reports and record- keeping as Owner deems necessary or reasonable, in Owner's sole discretion. All information obtained by Owner as a result of any inspection or audit shall be treated as confidential information and exempt from public disclosure to the maximum extent permitted by law.

- 39. Termination for Breach of Agreement. In the event Landscaper fails to strictly comply with any term, covenant or condition of this Agreement, Owner shall have the unilateral right to terminate this Agreement at any time by giving five (5) days advance written notice to Landscaper. Promptly upon receipt of this letter, Landscaper shall cease the Work and within five (5) working days thereafter, Landscaper shall do each of the following: (1) assemble all documents pertaining to the Work and deliver these documents to Owner; and (2) place all work in progress in a safe and protected condition. Owner's Representative shall make a determination of the percentage of work which Landscaper has performed which is usable and of worth to Owner. Based upon this finding. Owner shall, in its sole and exclusive judgment, determine any final payment due to Landscaper. This finding shall be final and binding upon the Landscaper.
- 40. <u>Termination Without Cause.</u> This Agreement may be terminated at any time by either party, without cause, by giving thirty (30) days advance written notice to the other party. Prior to expiration of the thirtieth day following any termination notice, Landscaper shall: (1) assemble all documents pertaining to the Work and deliver these documents to Owner; and (2) place all work in progress in a safe and protected condition. Owner's Representative shall make a determination of the percentage of work which Landscaper has performed which is usable and of worth to Owner. Based upon this finding, Owner shall, in its sole and exclusive judgment, determine any final payment due to Landscaper. This finding shall be final and binding upon Landscaper.
- 41. <u>Prohibition Against Contingency Fees.</u> As a material part to this Agreement, Landscaper warrants and represents that it has not paid or agreed to pay any company or person, any fee, commission, percentage, brokerage fee, gift, or any other consideration contingent upon, or resulting from, the award or making of this Agreement. Any breach of this provision shall constitute a material breach of this Agreement.
- 42. Ownership of Documents. All plans, studies, sketches, drawings, reports, or other writings pertaining to the maintenance Work to be provided pursuant to this Agreement shall be and remain the property of Owner, whether or not Landscaper has actually prepared these documents. All maintenance records, reports or other writings required by or pertaining to this Agreement prepared by Landscaper shall be the sole property of Owner and shall be promptly delivered to Owner prior to the termination or expiration of this Agreement for any reason.
- 43. <u>Immigration Reform and Control Act of 1986.</u> Landscaper hereby represents and warrants that Landscaper is aware of all of the requirements of the Immigration Reform and Control Act of 1986 (8 USC §1101-1525) and has complied and will comply with all of these requirements. Landscaper further agrees to verify the eligibility for employment in the United States of all agents, employees, subcontractors and consultants utilized by Landscaper to perform any part of the Work. Landscaper will make available all proof of eligibility of all workers upon request by Owner or Owner's representative within five (5) days of request.

Mediation and Arbitration. In the event of a dispute relating to this Agreement, both 44. parties agree to use their best efforts to informally resolve the dispute without filing litigation. Accordingly, the parties agree to submit any claim, controversy or dispute arising out of or relating to this Agreement or the relationship created by this Agreement to non-binding mediation before bringing a claim, controversy or dispute in a court or before any other tribunal. The mediation is to be conducted by either an individual mediator or a mediator appointed by mediation services mutually agreeable to the parties. The mediation shall take place at a time and location which is also mutually agreeable; provided; however, in no event shall the mediation occur later than ninety (90) days after either party notifies the other of its desire to have a dispute placed before a mediator, unless the time period is extended by a written agreement of the Parties. The costs and expenses of mediation, including compensation and expenses of the mediator (and except for the attorney's fees incurred by either party), is to be shared by the parties equally. If the parties are unable to resolve the claim, controversy or dispute within ninety (90) days after the date either party provides the other notice of mediation, then either party may submit the matter to final and binding arbitration in accordance with the rules of the American Arbitration Association located in San Diego County, California. It is the declared intention of the parties that this arbitration shall include all disputes between the parties arising from this Agreement whether sounding in tort, contract, statute, or constitutional law. The rules of the American Arbitration Association shall govern the arbitration procedures. However, the parties shall be entitled to conduct discovery for a reasonable period fixed by the arbitrator. In no event shall this discovery period exceed four (4) months.

The decision of the arbitrator shall be final and binding on the parties and not subject to challenge in any forum or proceeding. The prevailing party shall be entitled to enforce the arbitration award by filing a petition to confirm the arbitration award in the Superior Court for the State of California, County of San Diego, and North County Branch. The Superior Court of the County of San Diego, North County Branch, shall retain jurisdiction to enforce this arbitration provision.

The prevailing party shall be awarded all attorneys' fees, all costs of the arbitration, all arbitrator's fees and all expert fees and costs. The arbitrator shall have the express right to grant equitable relief, award damages, and to award punitive damages. Violation of any arbitrator's award shall be enforceable by a contempt action filed in the Superior Court, North County.

The parties hereby expressly waive the right to a trial by jury, the right to contest this matter in any court of law, and all rights of appeal. The parties mutually declare that this waiver has been made voluntarily and with full knowledge of their legal rights after consultation with attorneys of their own choosing. By initialing below, each party expressly waives these rights.

- 45. <u>Staffing.</u> Upon commencement of Work under this Agreement, Landscaper shall be fully equipped and staffed, thoroughly familiar with all Agreement requirements, and prepared to provide all maintenance services required by this Agreement. The failure of Landscaper to provide full services from the first day of Work under this Agreement may result in deductions from payment in amounts determined appropriate by Owner's Representative in his sole discretion.
- 46. <u>Current Maintenance Deficiencies</u>. Landscaper shall be responsible to correct any and all maintenance deficiencies which exist in or on any of the District Facilities upon commencement of the Work under this Agreement. Any such maintenance deficiencies and the amount to be paid Landscaper for them have been noted on Exhibit "B" attached hereto and incorporated herein by reference. Landscaper shall not be entitled to any sums for these maintenance deficiencies beyond the amount shown on Exhibit "B".

- 47. Other Operations. Landscaper has been advised and understands that during the course of this Agreement, other activities and operations may be conducted by Owner or by other parties through contracts with Owner. These activities may include, but not be limited to, landscape refurbishment, irrigation system modification or repair, construction activities, maintenance or repair of Owner's facilities, construction of new facilities, and/or storm-related operations. Landscaper agrees to modify or curtail certain maintenance tasks and operations as requested by Owner, from time to time, to accommodate these other services and Landscaper shall not be entitled to any additional compensation for these delays.
- 48. <u>Monthly Maintenance Inspection.</u> Landscaper shall perform a monthly maintenance inspection during daylight hours of all areas included as part of the District Facilities. This inspection shall be both visual and operational. The inspection shall include operation of all irrigation, lighting, fencing, and other mechanical systems to check for proper condition and reliability. Landscaper agrees to take immediate steps to correct any observed irregularities, and to submit a written report regarding these circumstances to Owner's Representative. Failure to report any observed irregularity shall constitute a material breach of this Agreement.
- 49. <u>Identification of Landscaper Vehicles.</u> Landscaper shall be required to clearly identify and equip all vehicles used for maintenance facilities with decals on the exterior right and left front door panels identifying the Landscaper's name, address and telephone number.
- 50. Reports to Owner. At the end of each day, Landscaper shall report to the Owner all observations of graffiti and other vandalism, illegal activities, transient camps, missing or damaged equipment or signs, hazards all or potential hazards, and any plants or trees that are not fully healthy. These reports shall be submitted to the Owner's Representative by no later than the end of each day in which they are observed.
- 51. Acceptance of District Facilities As Is. Landscaper acknowledges a personal inspection of all District Facilities and the surrounding areas, and that Landscaper has fully evaluated the extent to which the physical condition of the District Facilities and the surrounding areas will adversely affect any of the maintenance services to be provided pursuant to this Agreement. Landscaper hereby agrees to accept the District Facilities in their present physical condition and waives any right to require Owner to repair, replace or improve any of these District Facilities as part of this Agreement.
- 52. Withholding By Owner. If in the judgment of the Owner's Representative, Landscaper is not in compliance with any of the terms or obligations of this Agreement, the Owner's Representative may, at his option and sole and exclusive discretion, withhold all or any portion of the monthly payment otherwise due the Landscaper until the non-performed or defective Work has been corrected by the Landscaper to the satisfaction of the Owner's Representative. The Owner shall have the right to withhold this sum until Landscaper has corrected all of the deficiencies to the satisfaction of the Owner's Representative.
- 53. <u>Liquidated Damages.</u> The parties agree that time is of the essence in Landscaper's performance of all maintenance obligations contained in this Agreement. The parties further agree that it will be impractical or extremely difficult to fix the extent of actual damages suffered by Owner as a result of the failure of Landscaper to correct a deficiency or to complete any of the Work required by this Agreement within the times specified. The parties further agree that under the current circumstances, a reasonable estimate of the damages suffered by Owner for such deficiencies and non-performance of Work is One Hundred Dollars (\$100.00) per day for each District Facility in which Landscaper has failed to perform maintenance services acceptable to the Owner's representative and that Landscaper shall be

liable to Owner for liquidated damages in this amount. These liquidated damages, if assessed by Owner, may be deducted by Owner from any monthly amounts due the Landscaper. Owner shall have the option, in its sole and exclusive discretion, to either impose liquidated damages as specified in this paragraph or to pursue all damages as authorized by law.

- 54. <u>Certifications and Reports.</u> Landscaper shall provide each of the following certifications and reports to Owner as part of any monthly invoice for services:
- 54.1 <u>Payroll and Prevailing Wage Report.</u> Landscaper shall complete a Payroll Reporting Form on a form approved by Owner's representative.
- 54.2 <u>Maintenance Function Report</u>. Landscaper shall maintain and keep a daily report form that records all ongoing, seasonal and additional Work, and all maintenance functions performed by Landscaper's personnel each day. This report shall be submitted on a form approved by the Owner's representative.
- 54.3 <u>Irrigation Management Report.</u> Landscaper shall also provide a monthly report form which records all irrigation repairs, control or station watering, times and dates, and status of the overall irrigation system. This report shall be in a form and content acceptable to the Owner's representative and shall be submitted to the Owner's representative concurrently with each monthly invoicing.
- 55.4 <u>Certification of Specialty Type Maintenance.</u> Where the Landscaper has also provided a specialty type maintenance during the month, the Landscaper shall provide the Owner with a monthly report documenting each specialty type maintenance item completed. This monthly report shall include the quantity and complete description of all commercial and/or organic fertilizers used, the quantity and complete description of all soil amendments used, and a licensed California Pest Control Advisors Recommendation and copies of corresponding pesticide use reports signed by a licensed California pest control operator for all chemical, disease, and pest control Work performed.

  The Owner shall have no obligation to make any monthly payment to Landscaper until each and every one of the foregoing reports have been completed and submitted to Owner in conjunction with the monthly invoice for services. The completion of all such reports to the satisfaction of the Owner's representative shall be an express condition precedent to the obligation of Owner to pay any amounts to Landscaper.
- 56. <u>Certificate of Non-Discrimination.</u> As a material part of this Agreement, Landscaper has executed the certificate of non-discrimination attached hereto as Exhibit "O" and incorporated herein by reference.

#### 57. <u>Miscellaneous Provisions.</u>

- 57.1 <u>Venue.</u> In the event of any legal or equitable proceeding to enforce or interpret the terms or conditions of this Agreement, the parties agree that venue shall lie only in the federal or state courts in or nearest to the North County Judicial District, County of San Diego, State of California.
- 57.2 <u>Modification</u>. This Agreement may not be altered in whole or in part except by a written modification signed by the Owner and executed by all the parties to this Agreement.
- 57.3 <u>Attorney's Fees</u>. In the event any arbitration, action, or proceeding is initiated to challenge, invalidate, enforce, or interpret any of the terms of this Agreement, the prevailing party shall be entitled to all attorney's fees and litigation fees, costs, and expenses in addition to any other relief granted by law. This provision shall apply to the entire Agreement.

- 57.4 Entire Agreement. This Agreement, together with all exhibits attached hereto, contains all representations and the entire understanding between the parties with respect to the subject matter of this Agreement. Any prior correspondence, memoranda, or agreements, whether or not such correspondence, memoranda, or agreements are in conflict with this Agreement, are intended to be replaced in total by this Agreement and its exhibits. Landscaper warrants and represents that the Owner and the Owner's agents and representatives have not made any oral representations or oral agreements not contained in this Agreement. Landscaper further warrants and represents that Landscaper has not relied upon any oral statements or promises made by the Owner or the Owner's agents or representatives in executing this Agreement.
- 57.5 <u>Assignment</u>. Landscaper shall not be entitled to assign or transfer all or any portion of its rights or obligations contained in this Agreement without obtaining the prior written consent of the Owner. The Owner shall have no obligation to consent to any assignment of this Agreement by the Landscaper. Any purported assignment without the Owner's prior written consent shall be void.
- 57.6 <u>Binding Effect.</u> This Agreement shall inure to the benefit of and be binding upon the parties and their respective purchasers, successors, heirs, and assigns.
- 57.7 <u>Unenforceable Provisions</u>. The terms, conditions, and covenants of this Agreement shall be construed whenever possible as consistent with all applicable laws and regulations. To the extent that any provision of this Agreement, as so interpreted, is held to violate any applicable law or regulation, the remaining provisions shall nevertheless be carried into full force and effect and remain enforceable.
- 57.8 <u>Representation of Capacity to Contract</u>. Each party to this Agreement represents and warrants that they have the authority to execute this Agreement on behalf of the entity represented by that individual.
- 57.9 Opportunity to be Represented by Independent Counsel. Each of the parties to this Agreement warrant and represent that they have been advised to consult independent legal counsel of their own choosing and have had a reasonable opportunity to do so prior to executing this Agreement.
- 57.10 No Waiver. The failure of either party to enforce any term, covenant, or condition of this Agreement on the date it is to be performed shall not be construed as a waiver of that party's right to enforce this, or any other, term, covenant, or condition of this Agreement at any later date or as a waiver of any other term, covenant, or condition of this Agreement. No waiver shall be deemed to occur unless the waiver is expressly stated in writing and the waiver is signed by an authorized representative of the party waiving the right.
- 57.11 <u>Notices</u>. All letters, statements, or notices required pursuant to this Agreement shall be deemed effective upon receipt when personally served, transmitted electronically, or sent certified mail, return receipt requested, to the following addresses:

To: "Landscaper":
Aztec Landscaping, Inc.
ATTN: Rafael A. Aguilar, Vice President of Operations
7980 Lemon Grove Way
Lemon Grove, CA 91945
Tel. No. (619) 235-6884

To: "Owner"
Olivenhain Municipal Water District
Attn: Kimberly Thorner, General Manager
1966 Olivenhain Road
Encinitas, California 92024
Tel. No. (760) 753-6466
kthorner@olivenhain.com

#### WITH A COPY TO:

Alfred E. Smith, II, Esq. Nossaman LLP 777 South Figueroa, 34th Floor Los Angeles, CA 90017 Tel. No. (213) 612-7831

57.12 <u>Effective Date.</u> The effective date of this Agreement executed in counterparts in Encinitas in the North County Judicial District, County of San Diego, State of California, is July 1st, 2018.

Dated:, 2018	OWNER: Olivenhain Municipal Water I a public agency	District
	By: Kimberly A. Thorner General Manager	
Dated:, 2018	LANDSCAPER: Aztec Landscaping, Inc.	
	By: Rafael Aguilar, Jr. Vice President of Operation	



### Memo

Date: June 20, 2018

To: Olivenhain Municipal Water District Board of Directors

From: Kimberly Thorner, General Manager

Subject: CONSIDER APPROVAL OF THE THIRD AMENDMENT TO THE CONSULTING

PROFESSIONAL SERVICES AGREEMENT WITH NOSSAMAN FOR GOVERNMENT RELATIONS AND GRANT WRITING SERVICES

#### **Purpose**

The purpose of this item is to consider extending the contract with Nossaman for legislative and regulatory government relations and grant writing support at the state level through Fiscal Year 2019. The services would be reevaluated at that time.

#### Recommendation

Staff recommends approval of this item as the number of proposed bills and regulations that seek to limit local control of public agencies is unprecedented and OMWD engagement has never been more critical. Additionally, engagement with California's Department of Water Resources may be required to assist OMWD in the acquisition of additional desalination funding.

#### Alternative(s)

- The board could direct staff to solicit proposals from other consultants.
- The board could elect not to extend the contract with Nossaman.

#### **Background**

At the September 2015 meeting, OMWD's board approved the initial agreement with Nossaman to provide representation at the state level in light of high-profile water issues and the flood of regulations and legislation continually being considered and developed. The past three years have been unprecedented for water in California in both legislative and regulatory spheres. Water agencies across the state and organizations such as the Association of California Water Agencies continue to scramble to have input incorporated into final regulations and allocation methodologies passed by the State Water Resources Control Board. Likewise, OMWD staff continues to contend with new water regulations, reporting requirements, and enforcement requirements.

A tremendous asset in legislative and regulatory efforts this past year, Nossaman engaged the governor's office, the state legislature, and the State Board regarding OMWD priorities such as recycled water, state efficiency targets, and the proposed state water tax. Nossaman provides support by drafting and distributing comment letters, arranging meetings with State Board and legislators, and representing OMWD at State Board workshops and hearings.

#### **Fiscal Impact**

The General Manager is very concerned about the fiscal impact of not being engaged on regulatory and legislative issues at the state level, as well as not having staff resources to dedicate to grant opportunities over the next year. The cost of this contract is \$7,000 per month for a total expense of \$84,000 for FY 2019.

#### Discussion

Historically, many of the major issues receive hearings and votes over the entire twoyear session of the California legislative calendar, with final actions happening late in the session. Advocacy representation is critical, as proposals can be amended or surface on little notice or public review. Nossaman's breadth of advocacy and coverage of many issue areas will serve OMWD's interests during these uncertain times.

The attached proposal from Nossaman would address these issues in FY 2019. The list meets the needs of OMWD and relieves some of the workload burden from OMWD staff, as well as ensures OMWD is at the table while regulations and legislation are being drafted. Specifically, Nossaman would continue to provide the following services:

- Provide monthly reports to the board on all legislation and state budget actions that affect OMWD, to OMWD staff 10 days prior to the date of the board meeting so that it can be included in the board packet.
- Provide monthly reports to the board on regulatory issues affecting OMWD, to OMWD staff 10 days prior to the date of the board meeting.
- Provide weekly reports to OMWD staff on legislation/regulatory issues that impact OMWD.
- Make recommendations to OMWD regarding strategy on when to engage on issues impacting OMWD.
- Convey the positions of OMWD through direct advocacy with Sacramento decision makers.
- Draft letters for OMWD to send on important topics affecting OMWD, both at the request of OMWD staff and as determined to be necessary by Nossaman.
- Ensure that OMWD is part of all discussion and negotiation before legislation and regulatory issues are finalized.
- Facilitate meetings for OMWD with legislators/regulatory decision makers.
- Assist OMWD in educating local and state policymakers/regulators on the development of local water supply projects within OMWD's service territory.
- Identify grant opportunities for OMWD's priority projects.
- Draft and coordinate the preparation of grant applications for state funding and/or Integrated Regional Water Management opportunities, together with OMWD staff and consultants.
- Meet with relevant state funding agency staff to review the scope of an OMWD priority project and review components necessary to submit a successful grant application.
- Provide availability to meet with regional partners, OMWD leadership, board members, or communities to educate and advocate for a project.
- As needed, coordinate support for the application from local government partners, local organizations, political leaders, and community groups.
- As needed, direct advocacy for OMWD projects with state board members and/or executive staff.
- Other services as determined by mutual agreement that will lead to OMWD receiving state assistance for construction of a project.

The existing relationship with Nossaman, their efforts to protect recycled water in state regulations, their lack of conflicts, their expertise in water issues, and their proven capabilities make extending the agreement an expedient and cost-effective solution through June 2019.

Staff will be available at the board meeting to discuss this item.

Attachment: Nossaman Proposal



#### ATTORNEYS AT LAW

621 Capitol Mall, 25th Floor Sacramento, CA 95814 T 916-442-8888 F 916-442-0382

Jennifer Capitolo D 916-930-7743 jcapitolo@nossaman.com

May 1, 2018

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

Dear Ms. Thorner:

Again, it has been a pleasure working with Olivenhain Municipal Water District (OMWD) in 2017-2018. In almost three years Nossaman and OMWD have accomplished many things, including but not limited to:

- Drafted and submitted multiple comment letters and provided testimony to the State Water Resources Control Board on the emergency drought regulations.
- Engaged with the Department of Water Resources to ensure that the Proposition 84 and Proposition 1 desalination grant move towards signing a letter to formally award the funds to OMWD.
- Testified on behalf of OMWD at the Department of Water Resources Proposition 1
   Desalination Proposal Solicitation Package Workshop to ensure eligibility in the most
   round of funding.
- Monitored and reported on the Little Hoover Commission ongoing activities related to special districts.
- Drafted and lobbied legislation sponsored by the District exempting recycled water from state efficiency targets and drought response reductions.
- Arranged a stakeholder meeting with several water districts to address common concerns with the ongoing State Water Resources Control Board's framework of conservation standards.
- Worked with Staff of OMWD to develop a legislative tracking system that works for the District and clearly identifies impacts of legislation on OMWD's operations.
- Drafted and submitted monthly reports that highlight the most important legislative and regulatory issues.
- Drafted and submitted legislative position letters.

- Testified in front of the State Legislature on legislative matters where OMWD took a formal position.
- Participated in the Association of California Water Agencies weekly meetings of the Monday Morning Lobby Group and monthly meetings of the State Legislative Committee.
- Coordinated with California Special Districts Association and as applicable, participated in calls regarding legislative priorities.
- Reviewed monthly legislative committee agendas from the San Diego County Water Authority to identify areas of agreement or concern for OMWD.
- Arranged meetings with State Board Members, Legislators, and Legislative Staff, and others regarding OMWD priorities.
- Engaged with the Governor's Office and other Statewide Water Leaders regarding OMWD's recycled water projects.
- Attended all regular meetings of the State Water Resources Control Board.
- Monitored the actions of the State Water Resources Control Board, California Water Commission, Department of Water Resources, and Natural Resources Agency.

On behalf of Nossaman LLP, we would be honored to extend our existing contract with OMWD in maintaining an ongoing program of governmental relations and securing necessary grant funding.

#### Cost Proposal

Nossaman proposes to provide services with an increase of our fees of \$500 a month, raising the set fee monthly retainer to \$7000 month. This reflects the ongoing time and resources we put forward to serve the District.

Thank you in advance for the opportunity to continue our work on your behalf.

Jennifer Capitolo

Senior Public Policy Advisor

for Nossaman LLP

JMC/bcv



### Memo

Date: June 20, 2018

To: Olivenhain Municipal Water District Board of Directors

From: George Briest, Engineering Manager

Via: Kimberly Thorner, General Manager

Subject: CONSIDER AN AGREEMENT WITH WOODARD AND CURRAN FOR

ENVIRONMENTAL AND DESIGN SERVICES FOR THE MAIN EXTENSION 153A RECYCLED WATER PIPELINE IN THE AMOUNT OF \$ 121,962, APPROPRIATE \$300,000 TO THE PROJECT, AND AUTHORIZE THE GENERAL MANAGER TO

SIGN ON BEHALF OF THE DISTRICT

#### **Purpose**

The purpose of this agenda item is to consider approval of an agreement with Woodard and Curran (Woodard) for environmental and final design services in the amount of \$121,962 for the Main Extension 153A Recycled Water Pipeline and appropriate funds for the project. Approval of this agenda item would authorize the General Manager to sign a professional services agreement with Woodard for the services required for construction of the pipeline.

#### Recommendation

Staff recommends approval of an agreement with Woodard in the amount of \$121,962, appropriation of funds to the project, and authorization for the General Manager to sign on behalf of the District.

#### Alternative(s)

In lieu of approving an agreement with Woodard, the District Board of Directors could direct staff to consider other consultants for the project. Per the District's Administrative and Ethics Code Section 6.9 D:

"Where it is apparent that an RFP process would be incongruous and would not result in an advantage to the District, an exception to the foregoing processes may be granted. Exceptions may include where the staff is looking for a particular skill or ability, or where a consultant is already proving current services for the District and there would be economies and efficiencies of scale by continuing with the consultant."

Woodard is currently under contract with the District for work related to the San Dieguito Valley Groundwater Project which is in the same area as the Main Ext. 153A project. Woodard has the ability to capitalize on their locational experience in order to expedite the environmental review and design of this pipeline. In lieu of proceeding with Woodard, staff would prepare and issue a Request for Proposals for the design and environmental work and return with a recommendation to the Board at a later date. Due to the limited scope of the project, staff does not believe this would result in an economic advantage to the District due to Woodard's current knowledge of the project.

#### Background

The District provides recycled water service to various portions of its service area including the southwestern portion of the District along San Dieguito Road. Recycled water is delivered to multiple customers in that area including 3 golf courses via the Main Extension 153 pipeline. The Surf Cup Sports fields (previously Del Mar Polo Grounds) has requested the District provide them with recycled water for irrigation of their turf. In order to do so, an extension of the District's Main Extension 153 pipeline is required.

#### **Fiscal Impact**

Funds for this design project were originally proposed for approval as part of the FY19 budget. Grant funds from IRWM in an amount not to exceed \$242,000 are available for a 50/50 match. In order to proceed with the design of the pipeline in FY18, a full appropriation in the amount \$300,000 is required. These funds would cover the design, environmental, and construction expenditures through FY19.

Is this a Multi Fiscal Year Project? No

In which FY did this capital project first appear in the CIP budget? 2018

Total Current Project Budget: <u>\$0</u>

Current Fiscal Year Appropriation: <u>\$0</u>

To Date Approved Appropriations: <u>\$0</u>

Target Project Completion Date (Design): 7/31/2018

Expenditures and Encumbrances as of (Sept 13, 2017): \$0

Is this change order/allocation within the appropriation of this fiscal year? No

If this change order/allocation is outside of the appropriation, Source of Fund: Recycled

Water Capital and Equipment Fund

#### **Discussion**

Woodard is currently working for the District on the San Dieguito Groundwater Basin project and has familiarity with the area and the environmental considerations where this pipeline extension would be constructed. Consequently, staff believes that no economic advantage would be gained by selecting a consultant through an RFP process and that selection of Woodard for this project would save time and money for the District. Staff recommends the Board appropriate \$300,000 for commencement of the project and authorize the General Manager to sign an agreement with Woodard in the amount of \$121,962 on behalf of the District. A copy of the proposed agreement with Woodard is attached. Staff is available to answer questions.

Attachment: Professional Services Agreement

# PROFESSIONAL SERVICES AGREEMENT FOR DESIGN AND ENVIRONMENTAL COMPLIANCE ON THE EXTENTION 153A RECYCLED WATER PIPELINE PROJECT FOR THE OLIVENHAIN MUNICIPAL WATER DISTRICT

#### 18AGR036

This Agreement is entered into by and between the Olivenhain Municipal Water District, a Municipal Water District organized and operating pursuant to Water Code Sections 71000 *et seq.* (hereinafter the District) and Woodard & Curran, Inc., a California corporation organized and operating in the State of California (hereinafter "Woodard & Curran").

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

- The District is a public agency organized and operating pursuant to Water Code Sections 71000 et seq., which provides water, recycled water, and sewer service within certain areas of Northern San Diego County.
- 2. The District requires the services of a design and environmental consulting firm to provide design and environmental compliance services within the District's service area.
- 3. Woodard & Curran is a water and environmental consulting firm licensed to do business in the State of California with expertise in planning, design, and environmental compliance consulting.
- 4. The District desires to retain WOODARD & CURRAN to provide design and environmental compliance for the extension 153A recycled water pipeline extension and connection to the San Diego Surf Cup site.

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

1. <u>Services to Be Performed</u>. Woodard & Curran agrees to perform design and environmental compliance services for the extension 153A recycled water extension and connection to the San Diego Surf Cup site. The services to be provided by Woodard & Curran

are more particularly described in the Scope and Cost Proposal attached hereto as Exhibit "A" and incorporated herein by reference. All work performed by Woodard & Curran shall be subject to review and approval by the District. The District shall have no obligation to approve any work found defective by the District, in its sole discretion.

- 2. <u>Correction of Defective Work.</u> Woodard & Curran agrees to correct all labor or materials found defective by the District at its sole cost and expense. All work found defective by the District shall be corrected in the time specified by the District by written notice to Woodard & Curran.
- 3. <u>Price for Work.</u> Woodard & Curran agrees to perform all work described in Exhibit "A" for a total price not to exceed \$121,962. No increase in this price shall be allowed without the express written consent of the District. The District shall have no obligation to grant this consent and may deny consent to any price increase, in its sole discretion.
- 4. Payment for Work. Woodard & Curran shall bill the District monthly for all labor and materials provided during the previous month. All billings shall include a complete description of all work completed during the previous month, including hours and costs of each person performing the work and shall also include a detailed description of progress to date on each task of work described in Exhibit "A". All bills shall be subject to review and approval by the District. Invoices approved by the District will be paid on a monthly basis thirty (30) days after the invoice has been approved by the District. The District shall have no obligation to pay for any work not expressly approved by the District. The District's approval shall not be unreasonably withheld. Woodard & Curran shall provide the District with any additional information requested by the District from time to time to support any item contained on an invoice no later than seven (7) days after a written request for this information from the District.
- 5. Extra Work. The District may request additional work or services from Woodard & Curran from time to time, as the District shall determine, in its sole discretion. Woodard & Curran shall not commence any extra work without a written change order expressly approved by the District, in writing. Work performed by Woodard & Curran without an approved change order signed by the District will not be paid for by the District. In the event the District

determines that additional work is justified, the parties shall agree on the additional work to be performed and the price to be paid for this additional work prior to commencement of any additional work by Woodard & Curran. It is understood by the parties that Woodard & Curran shall not be entitled to any payment for extra work unless the District determines that it desires extra work to be performed and a written change order has been executed by the parties. Attached as Exhibit "A" is the Request for Additional Work Form required by the District for all requests for additional work or task transfers.

- 6. <u>Standard of Care</u>. In performing all work and services required by this Agreement, Woodard & Curran agrees to use the highest degree of skill and expertise ordinarily exercised, under similar circumstances, by an environmental consulting firm with expertise in design and environmental compliance and the other services described in the Scope and Cost Proposal attached as Exhibit "A". As a material term of this Agreement, Woodard & Curran warrants and represents that it has secured all licenses required by federal or California law to perform all work and services required by this Agreement. Woodard & Curran agrees to perform all work required by this Agreement at all times in strict accordance with all applicable federal, state, and local laws and regulations which apply to the labor or materials being provided.
- 7. Work Performance Standards. Woodard & Curran agrees to perform all work and services required by this Agreement in a manner which complies with all federal and state health and safety standards and in a manner which avoids damage or injury to any real or personal property of any person or entity, including any real or personal property of the District. Woodard & Curran agrees to perform the work at all times in a manner which avoids the creation of any trespass or private or public nuisance during conduct of the work.
- 8. <u>Liability for Work of Agents, Independent Contractors, and Subcontractors.</u>
  Woodard & Curran shall be solely liable and responsible for all labor and materials provided by any director, officer, agent, employee, subcontractor, supplier, or independent contractor hired or retained by Woodard & Curran to perform any work or to provide any materials or supplies. The District shall have no liability whatsoever for any work or services performed or any materials or supplies provided by Woodard & Curran or its directors, officers, agents, employees, subcontractors, suppliers, or independent contractors.

- 9. <u>Time for Completion of Services</u>. As a material term of this Agreement, Woodard & Curran agrees to complete all work and services required by this agreement by no later than November 29, 2018. The breach of this paragraph shall constitute a material breach of this Agreement.
- 10. District Termination Right. The District shall have the express right to terminate this Agreement at any time without cause by giving seven (7) consecutive days advance written notice to Woodard & Curran. This Agreement shall be automatically terminated without further action of any party upon expiration of the seven (7) day period. Promptly upon receipt of any termination notice from the District, Woodard & Curran shall cease all further work and services, except as otherwise expressly directed by the District in the written termination notice. In the event the District exercises its termination right, Woodard & Curran shall be paid only for work and services performed and approved by the District to the date this Agreement terminates. The District shall have the express right to withhold any payment otherwise due Woodard & Curran to correct any labor or materials determined to be defective by the District at the time of termination. All plans, maps, drawings, reports, designs, or other writings of any type or nature prepared by Woodard & Curran as a result of this Agreement shall become and remain the sole property of the District. All such writings shall be provided to the District not later than seven (7) consecutive days after termination of this Agreement for any reason. All labor, supplies, work and materials provided by Woodard & Curran in conjunction with this Agreement shall become and remain the sole property of the District.
- 11. <u>Hazardous and Toxic Waste</u>. For purposes of this section, the term "hazardous or toxic waste" means any solid, liquid, or gaseous product classified as a hazardous or toxic waste under any federal, state, or local laws, rules, regulations, or ordinances, and all gas and oil products and by-products of every kind or nature. Woodard & Curran shall be solely liable and responsible for the proper clean-up and removal of all hazardous or toxic waste used, handled, stored, or spilled by Woodard & Curran or any director, officer, agent, employee, subcontractor, independent contractor or representative of Woodard & Curran. Woodard & Curran shall pay all fees, costs, expenses and fines necessary to clean-up or remediate any hazardous or toxic waste for which Woodard & Curran is liable under this paragraph in strict accordance with all federal,

state and local laws, rules and regulations at Woodard & Curran's sole cost and expense. WOODARD & CURRAN shall not be liable for any hazardous or toxic waste used, handled, stored or spilled by the District or its directors, officers, employees or contractors.

In the event any third party, including any regulatory agency, brings any claim or cause of action against the District to clean-up or remediate any hazardous or toxic waste for which Woodard & Curran is liable under this section, Woodard & Curran shall also indemnify and hold harmless the District and its directors, officers, agents, and employees from all claims, actions, losses, costs, fees, expenses, fines, and penalties, of whatever type or nature, including all costs of defense and attorneys fees, upon written demand for indemnity from the District.

- 12. <u>Independent Contractor</u>. As a material term of this Agreement, it is expressly agreed between the parties that Woodard & Curran is performing all work and services for the District pursuant to this Agreement as an independent contractor and not as an agent or employee of the District. The parties further agree and acknowledge that the District expects Woodard & Curran to make its own independent determination of the means and methods to perform all work required by this Agreement, and will not be directed as to any of these means or methods by the District.
- & Curran shall not in any way attempt to use its position to influence any decision of the District in which it knows, or has reason to know, its has a financial interest other than the compensation provided in this agreement. As a material term of this Agreement, Woodard & Curran warrants and represents that it does not, to the best of its knowledge, have any economic interests which would conflict with any of its duties under this Agreement. Woodard & Curran agrees not to secure any economic interest during the performance of this Agreement which conflicts with its duties to the District under this Agreement.
- 14. <u>Breach</u>. The breach of any term or provision of this Agreement by Woodard & Curran shall constitute a material breach of this Agreement.
- 15. <u>District Remedies for Breach</u>. In the event Woodard & Curran breaches any term, covenant, or condition of this Agreement or fails to perform any work or services required by this

Agreement, the District shall be entitled to elect all or any of the following remedies at the District's sole option:

- 15.1 <u>Unilateral Termination</u>. Unilaterally terminate this Agreement by written notice to Woodard & Curran. Upon election of this remedy by the District, Paragraph 10 governing District Termination Right shall apply; or
- 15.2 <u>Specific Enforcement</u>. Enforce any provision of this Agreement by specific performance. If this remedy is elected by the District, Woodard & Curran agrees that specific performance is appropriate and reasonable given the unique and special services being performed by Woodard & Curran and expressly waives the right to contest the right of the District to seek specific performance in any subsequent action or proceeding between the parties; or
- 15.3 File suit against Woodard & Curran for damages arising from breach of this Agreement. In the event the District elects this remedy, it shall be entitled to recover all damages authorized by law; and/or
- 15.4 The District shall be entitled to withhold such amounts as the District determines are appropriate, in its sole discretion, to complete the work or services required by this Agreement, or to correct any labor or materials resulting from Woodard & Curran negligence.

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

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

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

#### A. General Liability:

- 1. Comprehensive Form
- 2. Premises-Operations
- 3. Explosion and Collapse Hazard
- 4. Underground Hazard
- 5. Projects/Completed Operations Hazard
- 6. Contractual Insurance
- 7. Broad form Property Damage, Including Completed Operations
- 8. Independent Contractors
- 9. Personal Liability

#### **B.** Auto Liability

- 1. Comprehensive Form
- 2. Owned
- 3. Hired

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

- 16.2 <u>Workers' Compensation Insurance</u>. Following execution of this Agreement and prior to commencement of any work, Woodard & Curran shall submit proof of insurance showing they have obtained, for the period of the agreement, full workers' compensation insurance coverage for no less than the statutory limits covering all persons whom Woodard & Curran employs or may employ in carrying out the work under this agreement.
- 16.3 <u>Professional Liability Insurance</u>. Following execution of this Agreement, and prior to commencement of any work, Woodard & Curran shall provide the District with proof of professional liability insurance with an insurance provider licensed to do business in the State of California, providing \$1,000,000 of coverage per occurrence and \$2,000,000 minimum aggregate. This insurance shall have a deductible not to exceed \$5,000.

- Endorsements. All insurance required by Paragraph 16.1, 16.2, and 16.3 of this agreement shall be submitted on an ACORD Certificate of Liability Insurance. Insurers must be authorized to do business and have an agent for service of process in the State of California and have an 'A' financial strength rating and a financial size rating of at least Class VI in accordance with the most current A.M. Best's Rating Guide. Additional Insured Endorsements must be provided for the Liability Insurance called out in Paragraph 16.1 with the Olivenhain Municipal Water District (District), the District's Engineer/Architect, the District's Representatives, Woodard & Currans, and each of the District's Directors, Officers, Agents, and Employees named as additional insureds. The insurance must include a Waiver of Subrogation and must be Primary and non-Contributory. The additional insured endorsements must be provided on Form CG 20 10 10 01. The insurance certificate and endorsements shall be cancelable with notice delivered to the District in accordance with the policy provisions.
- 17. <u>Job Site Safety</u>. Woodard & Curran shall be solely liable and responsible for complying with all federal, state and local laws, rules and regulations pertaining to job safety for all agents, employees, subcontractors, suppliers, and independent contractors retained by Woodard & Curran to perform any work or services or to provide any materials required by this Agreement. However, Woodard & Curran shall not be liable or responsible for overall job site safety or the job site safety for any workers or agents employed by any construction contractor performing any work for the District on any construction project.
- 18. <u>Indemnity</u>. As a material term of this Agreement, Woodard & Curran agrees to hold harmless, indemnify, and defend the District and its directors, officers, employees, agents, and representatives from and against any and all demands, liability, claims, suits, actions, damages, costs, fees, expenses, fines, and penalties, of whatever type or nature, including, but not limited to, reasonable attorney fees, to the extent arising out of, pertaining to, or relating to the willful misconduct, recklessness, or negligence of Woodard & Curran, including its directors, officers, employees, agents, subcontractors, sub- Woodard & Currans, suppliers, independent contractors, or other persons and entities employed or utilized by Woodard & Curran in the performance of this Agreement. In the event that any administrative proceeding, litigation or

arbitration is instituted naming the District or any other indemnified parties as a defendant, the District and such other indemnified parties shall be entitled to appoint their own independent counsel to represent them, and Woodard & Curran agrees to pay all reasonable attorneys fees, expert fees and costs, and litigation costs associated with this defense within thirty (30) days of any billing; provided however, that the Woodard & Curran's obligation shall be limited as provided by Civil Code Section 2782.8 to the extent that the Woodard & Curran establishes its proportionate percentage of fault by stipulation of all the parties to the proceeding or a final adjudicatory determination.

#### 19. Miscellaneous Provisions.

- 19.1 <u>California Law Governs</u>. This Agreement shall by governed by California law.
- 19.2 <u>Jurisdiction and Venue</u>. In the event of any legal or equitable proceeding to enforce or interpret the terms and conditions of this Agreement, the parties agree that jurisdiction and venue shall lie only in the federal or state courts in or nearest to the North County Judicial District, County of San Diego, State of California.
- 19.3 <u>Modification</u>. This Agreement may not be altered in whole or in part except by a written modification approved by the Board of Directors of the District and executed by all the parties to this Agreement.
- 19.4 <u>Attorneys' Fees</u>. In the event any arbitration, action or proceeding is initiated to challenge, invalidate, enforce or interpret any of the terms of this Agreement, the prevailing party shall be entitled to all attorneys' fees, all expert fees and costs, and all litigation fees, costs, and expenses in addition to any other relief granted by law. This provision shall apply to the entire Agreement.
- 19.5 <u>Entire Agreement</u>. This Agreement, together with all exhibits attached hereto, contains all representations and the entire understanding between the parties with respect to the subject matter of this Agreement. Any prior correspondence, memoranda, or agreements, whether or not such correspondence, memoranda or agreements are in conflict with this

Agreement, are intended to be replaced in total by this Agreement and its exhibits. Woodard & Curran warrants and represents that no District representative has made any oral representations or oral agreements not contained in this Agreement. Woodard & Curran further warrants and represents that Woodard & Curran has not relied upon any oral statements or promises made by any District representative or agent in executing this Agreement. The parties mutually declare that this Agreement and its exhibits constitute a final, complete and integrated agreement between the parties.

- 19.6 <u>Prohibition on Assignment</u>. Woodard & Curran shall not be entitled to assign or transfer all or any portion of its rights or obligations in this Agreement without obtaining the express prior written consent of the District. The District shall have no obligation to give its consent to any assignment and may deny any requested assignment, in its sole discretion.
- 19.7 <u>Binding Effect</u>. This Agreement shall inure to the benefit of and be binding upon the parties and on their respective purchasers, successors, heirs and assigns.
- 19.8 <u>Unenforceable Provisions</u>. The terms, conditions, and covenants of this Agreement shall be construed whenever possible as consistent with all applicable laws and regulations. To the extent that any provision of this Agreement, as so interpreted, is held to violate any applicable law or regulation, the remaining provisions shall nevertheless be carried into full force and effect and remain enforceable.
- 19.9 <u>Representation of Capacity to Contract</u>. Each party to this Agreement represents and warrants that he or she has the authority to execute this Agreement on behalf of the entity represented by that individual. This representation is a material term of this Agreement.
- 19.10 Opportunity to be Represented by Independent Counsel. Each of the parties to this Agreement warrants and represents that it has been advised to consult independent counsel of its own choosing and has had a reasonable opportunity to do so prior to executing this Agreement.

19.11 No Waiver. The failure of either party to enforce any term, covenant or

condition of this Agreement on the date it is to be performed shall not be construed as a waiver

of that party's right to enforce this, or any other, term, covenant, or condition of this Agreement

at any later date or as a waiver of any term, covenant, or condition of this Agreement. No waiver

shall occur unless the waiver is expressly stated in writing and signed by the person for the party

having the authority to expressly waive the benefit or provision, in writing. No oral waivers shall

be effective against either party.

19.12 No Joint Venture and No Third Party Beneficiaries. Nothing in this

Agreement is intended to create a joint venture, partnership or common enterprise relationship of

any kind between the District and Woodard & Curran. No third parties shall be construed as

beneficiaries of any term, covenant or provision of this Agreement.

19.13 Time of Essence. The parties agree that time is of the essence as to all

matters specified in this Agreement. The parties mutually declare that this is a material term of

this Agreement.

19.14 Notices. All letters, statements, or notices required pursuant to this

Agreement shall be deemed effective upon receipt when personally served, transmitted by

facsimile machine, or sent certified mail, return receipt requested, to the following addresses:

To: "Woodard & Curran"

Woodard & Curran, Inc.

Attn: Rosalyn Prickett, Senior Water Resources Planner

10509 Vista Sorrento Parkway, Ste. 205

San Diego, CA 92121

To: "District"

Olivenhain Municipal Water District

11

#### Attn: Kimberly A. Thorner, General Manager 1966 Olivenhain Road Encinitas, California 92024

	19.15	Effective Date.	The effect	tive date of	of this	Agreement	executed in
counterparts in	n Olive	nhain, California,	within the N	orth Count	y Judici	al District, C	County of Sar
Diego, State o	f Califo	ornia, is		,	2018.		
Dated:		_, 2018		nain Munici agency	ipal Wa	ter District,	
			Kir	nberly A. T neral Mana	Chorner		
Dated:		_, 2018	Wooda	rd & Currar	1		
			Ву:				
			Title				

### COMMITMENT & INTEGRITY DRIVE RESULTS

10509 Vista Sorrento Parkway, Ste. 205 San Diego, CA 92121 www.woodardcurran.com

#### **EXHIBIT "A"**

Via Electronic Mail

June 1, 2018



Mr. George Briest Olivenhain Municipal Water District 1966 Olivenhain Road Encinitas, CA 92024

Re: Proposal for Recycled Water Service Extension to San Diego Surf Cup

Dear Mr. Briest:

Thank you for the opportunity to submit this letter proposal for preparation of design and environmental compliance for the Olivenhain Municipal Water District (OMWD) recycled water extension and connection to the San Diego Surf Cup site (Project). This would involve preparation of an Initial Study/Mitigated Negative Declaration (IS/MND) in accordance with the California Environmental Quality Act (CEQA) for the Project, engineering design for the pipeline extension, and submittal of notification under the Streambed Alteration Program to the California Department of Fish & Wildlife. Woodard & Curran appreciates the opportunity to continue working with OMWD to achieve its recycled water goals. We understand this is an urgent project and we have assembled a team of experienced Woodard & Curran environmental planning staff and engineers to perform the work within OMWD's goal of construction readiness by September/October 2018.

If you have any questions on our proposal or need any additional information, please do not hesitate to call me at (858) 875-7420 or Kraig Erickson at (949) 420-5314.

Sincerely,

Rosalyn Prickett, AICP

Senior Water Resources Planner

#### Attachments:

- 1. Scope of Work
- 2. Fee Estimate
- 3. Schedule

### Attachment 1 Olivenhain Municipal Water District Recycled Water Service Extension to San Diego Surf Cup



#### SCOPE OF WORK

#### **Project Understanding**

OMWD is proposing the construction of a recycled water pipeline from an existing recycled water meter to a new customer in the City of San Diego, California. The recycled water pipeline would provide recycled water service to the San Diego Surf Soccer Club (Surf Cup), a sports complex with extensive recreational fields approximately 1,600 ft from a current recycled water meter.

Expansion of the current OMWD recycled water distribution system would allow the Surf Cup property to utilize recycled water to irrigate roughly 60-acres or recreational fields. Expansion of the current system to the Surf Cup property would require a new 8-inch pipeline installed within an access road along the southern end of a golf course owned by the Morgan Run Club and Resort. The pipeline would also cross a small tributary of the San Dieguito River in one of two ways: 1) using an existing bridge owned by Morgan Run Club and Resort that is used for maintenance access, patron access, and utility transition across the tributary, or 2) via horizontal directional drilling (HDD) under the tributary from the Morgan Run property to the Surf Cup property. The bridge currently supports one pipeline for recycled water and one pipeline for well water. The Project would cross another small drainage (enclosed in culvert below cart path) west of the bridge before connecting to the Surf Cup property. If the bridge crossing option is selected, this drainage would likely be crossed via shallow open trench within the cart path (above the culvert); if the HDD crossing option is selected, this drainage would likely be included in the HDD span. The overall length of the pipeline is estimated to be 1,600 ft. Approximately 1,500 ft of the pipeline would be installed in unincorporated San Diego County east of the bridge, with approximately 50 ft installed in the City of San Diego west of the bridge.

#### **Project Approach**

Woodard & Curran anticipates several key challenges involved with design and environmental compliance associated with the Project. We have teamed with ECORP Consulting to provide assistance to OMWD in accomplishing this recycled water connection within the Project timeline goal of construction readiness by September/October 2018. Following are the key challenges of the Project:

- San Dieguito River Crossing
- Permitting & Easements
- Schedule to Implement

To address the key challenge of the **San Dieguito River Crossing**, Woodard & Curran recommends completing an Alternatives Evaluation Technical Memorandum (TM). Although this directly impacts the overall project implementation timeline, exploring the feasibility of HDD with its potential easement and permitting challenges may in fact expedite the construction schedule, as compared to utilizing the existing golf cart bridge for the crossing. Use of the existing bridge for the crossing would need to be evaluated for structural integrity and ability to support another 8-inch diameter pipeline. The TM would address both environmental and engineering considerations, and conclude on a recommendation for design implementation.



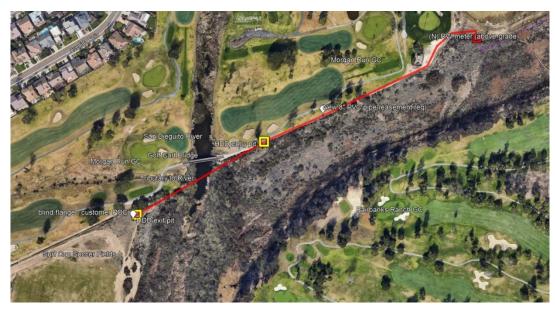


Figure 1 Proposed Alignment using single HDD crossing of San Dieguito River



Photo 1 Existing pipelines on south side of bridge



Photo 2 North side of bridge



Photo 3 HDD Exit Pit location on west side of San Dieguito River tributary



Photo 4 HDD Entry Pit location on east side of San Dieguito River tributary



To address the key challenge of **Permitting & Easements**, Woodard & Curran recommends early coordination activities with California Department of Fish & Wildlife (CDFW), Morgan Run Golf Club, and the City of San Diego for permits and easements. A streambed alteration agreement notification must be filed with CDFW regardless of trenchless or aerial crossing of the River. This notification process takes a minimum of 30 days for CDFW approval. Securing an easement with Morgan Run Golf Club and a right-of-entry permit with the City of San Diego can also commence early-on to facilitate project success.

To address the key challenge of **Schedule to Implement**, Woodard & Curran recommends a few items to expedite the schedule. The pipeline design will utilize OMWD standard details for trench and meter, and have no profile. The unpaved site conditions do not warrant a profile. As the pipeline is downstream of OMWD's meter, it will not be OMWD's pipeline to own and operate. To expedite the schedule further, this Project will utilize boring records that will be completed as part of ongoing work in the area for the Groundwater Desalination Pilot Project. Biological and cultural surveys and records searches will also be conducted concurrently with the Groundwater Desalination Pilot Project to reduce costs. Lastly, OMWD will need to shorten the bid process to 1 month to meet the September/October 2018 goal.

As described above, we have identified several solutions to help the team proceed quickly on this Project; however, Woodard & Curran is not responsible for project delays due to permitting, land acquisition, delays in work by other firms (geotech), or other delays beyond our control.

Woodard & Curran proposes the following tasks to complete this effort:

- Task 1: Alternatives Evaluation
- Task 2: Environmental Compliance
- Task 3: Recycled Water Service Design

#### Scope of Work

Woodard & Curran will undertake the following tasks:

#### Task 1: Alternatives Evaluation

#### Task 1.1: Alternatives Evaluation TM

Woodard & Curran will evaluate three alternative crossing options of the San Dieguito River, which have been identified based on easement requirements, permitting, and constructability issues, cost, and environmental considerations. Alternative crossings include:

- 1) trenchless crossing using HDD,
- 2) aerial crossing using existing bridge, and
- 3) aerial crossing using self-supported pipe.

Woodard & Curran has already identified agencies having jurisdiction (CDFW, City of San Diego, San Diego County, Morgan Run Golf Club) and will determine contact information, permit requirements, fees, and the overall review/approval process and schedule. Woodard & Curran's structural engineer will review available bridge drawings, documents, and site photos, and prepare a comparison of the proposed pipeline loads relative to the original design loads (if available) for the existing golf cart bridge over the San Dieguito River. This analysis intends to show that added live loading from the pipeline will be insignificant relative to the original design loads for the bridge. If plans are not available, details of the bridge construction will need to be developed to determine thickness and grade of steel and a cursory condition assessment of the bridge. Assessment will be limited to field scrapings and a hammer test to



determine if significant corrosion is apparent; no ultrasonic testing for metal thickness is proposed. Intent is to determine a reasonable live load for the bridge assuming pedestrian traffic with the added pipeline.

This alternatives evaluation will be used to validate the concept of installing the pipeline attached to the bridges and to support permitting. A full structural analysis, including seismic analysis, of the existing bridges is not anticipated to be required and is not included in this scope of work. Woodard & Curran will prepare an Alternatives Evaluation TM for discussion with OMWD. The TM will include evaluation of environmental considerations, including potential wildlife permitting requirements that may differ among the options. The TM will also include proposed design criteria, preliminary cost estimate, and schedule. This proposal assumes that the TM will include no more than 4 pages evaluating conceptual impact of utilizing the bridge crossing. Electronic copies draft TM will be submitted to OMWD for review and comments. Woodard & Curran will incorporate comments and submit a final TM to OMWD.

#### Task 1 Deliverables

Alternatives Evaluation TM (Microsoft Word and/or .pdf files)

#### Task 2: Environmental Compliance

#### Task 2.1: Project Description

Woodard & Curran will prepare an Introduction and Project Description suitable for the IS/MND based on the Project drawings for the selected alternative and information provided by OMWD and the Woodard & Curran engineering team. An electronic copy of the Project Description will be provided to OMWD for review. Once OMWD has approved the Project Description, Woodard & Curran's team will conduct a site reconnaissance to identify existing land uses and environmental conditions within the Project area.

#### Task 2.2: Special Studies

#### Cultural Resources Assessment (CRA)

Woodard & Curran's biological/cultural subconsultant (ECORP) will conduct a cultural resources site survey, a California Historical Resources Information System (CHRIS) records search, and a Sacred Lands File search request. Preparation of the CRA (submitted electronically) will be completed and be used to support CEQA compliance.

Woodard & Curran will assist OMWD in documenting consultation with California Native American tribes under Assembly Bill 52 (AB 52), if necessary.

#### Biological Resources Assessment (BRA)

Woodard & Curran's biological/cultural subconsultant (ECORP) will conduct a biological resources pedestrian survey of areas encompassing all anticipated project activities, including areas of proposed ground disturbance, construction, and ingress/egress of project-related equipment. Prior to the survey, a literature search/database review will be conducted to determine if there are any existing records of listed and/or sensitive plant and wildlife species occurring on or in the vicinity of the Project site. The limits of jurisdictional resources adjacent to the site (including streambed and any associated riparian/riverine habitat) will be determined and included in the BRA. The BRA will be submitted electronically and will be used to support CEQA compliance.

#### Task 2.3: Administrative Draft IS/MND



Woodard & Curran will prepare an Initial Study (IS) Checklist in compliance with Appendix G of the CEQA Guidelines that identifies the potential environmental impacts of the Project, including supplemental comments which clearly and concisely describe those impacts. The supplemental comments will identify mitigation measures as needed to reduce potential environmental impacts to less than significant levels. The IS Checklist is organized by CEQA resource category and impacts will be described for each Project component. This scope of work assumes that completion of an IS Checklist will result in the conclusion that a Mitigated Negative Declaration (MND) is the appropriate CEQA compliance document for the proposed Project. An MND may be prepared when, based upon substantial evidence in light of the whole record, the Project would potentially have a significant effect on the environment, but this impact can be reduced through implementation of mitigation measures.

The Administrative Draft IS/MND will be comprised of an introduction, the Project Description (see Task 1), and the IS Checklist. A mitigation monitoring and reporting plan (MMRP) will also be prepared and included as a deliverable. The MMRP would contain the measures that are required as conditions of Project approval to avoid or reduce potential environmental impacts to less than significant levels, including the tasks, schedule, and entity responsible for monitoring compliance. An electronic copy of the Administrative Draft IS/MND will be provided to OMWD for review.

#### Task 2.4: Public Draft IS/MND

Woodard & Curran will respond to comments received from OMWD staff and revise the Administrative Draft IS/MND accordingly for release as the Public Draft IS/MND. This proposal assumes that 32 hours of Woodard & Curran staff labor will be sufficient to respond to OMWD comments and publish a Public Draft IS/MND; additional effort will require additional scope and fee.

An electronic copy of the Public Draft IS/MND will be provided to OMWD. A public comment period of no less than 30 days, in accordance with CEQA Guidelines §15073, shall be conducted. As lead agency, OMWD will be responsible for reproduction and distribution of the Public Draft IS/MND to locations accessible to the public (e.g., OMWD front desk, local library).

Woodard & Curran will prepare a draft Notice of Intent (NOI) to adopt an IS/MND in accordance with CEQA Guidelines §15072. As lead agency, OMWD will finalize and publish the NOI in the newspaper and will be responsible for identification of the mailing addresses for any interested parties and responsible agencies. Woodard & Curran will transmit the NOI announcing the Public Draft IS/MND to the list of interested parties, the County Clerk, and State Clearinghouse.

#### Task 2.5: Final IS/MND

Following closure of the public comment period, Woodard & Curran will compile all public comment letters and develop a list of potential changes/revisions to the IS/MND. For public agency commenters, Woodard & Curran may develop response letters on behalf of OMWD. As necessary and directed by OMWD, Woodard & Curran will revise the Public Draft IS/MND based on comments received during the public review period. This proposal assumes that comments will be minimal, and 32 hours of Woodard & Curran staff labor will be adequate to prepare a Final IS/MND; additional effort will require additional scope and fee. An electronic copy of the Final IS/MND will be provided to OMWD.

Woodard & Curran will prepare a draft Notice of Determination (NOD) following approval of the Project, in accordance with CEQA Guidelines §15075. Woodard & Curran will finalize and transmit the NOD to the County Clerk and State Clearinghouse.



#### Task 2.6: Compile Streambed Program Notification

Woodard & Curran will complete the necessary forms and attachments required for notification under CDFW's Streambed Alteration Program for the selected San Dieguito River crossing option. ECORP biologists will support development of notification package materials, including mapping to delineate the jurisdictional areas of the San Dieguito River crossing.

Woodard & Curran will compile all application forms and materials into one submittal package and send to OMWD for review. Following receipt of comments from OMWD, Woodard & Curran will incorporate any necessary changes and finalize the submittal package for OMWD to convey to City of San Diego.

Following the submittal to City of San Diego, Woodard & Curran will be available to help address questions and requested changes associated with the notification package. This proposal assumes a total of 24 hours of W&C time and 15 hours of ECORP time available for supporting the CDFW process.

#### Task 2 Assumptions

- Final IS/MND revisions will not result in identification of significant and unavoidable environmental effects, and thus will not require recirculation of the document.
- OMWD will generate one consolidated set of comments on each review deliverable. All
  conflicting comments will be reconciled prior to submittal to Woodard & Curran.

#### Task 2 Deliverables

- Project Description (Microsoft Word and/or .pdf files)
- Administrative Draft IS/MND for review (Microsoft Word and/or .pdf files)
- Public Draft IS/MND and NOI for circulation (Microsoft Word and/or .pdf files)
- Final IS/MND and NOD for certification (Microsoft Word and/or .pdf files)
- Staff Meeting Agenda and Notes (Microsoft Word or .pdf files)
- OMWD Board Hearing Presentation (Microsoft PowerPoint file)

#### Task 3: Recycled Water Service Design

Task 3.1: Field Work and Investigations

#### **Utility Coordination**

Woodard & Curran will prepare and transmit a letter and map of the pipeline route requesting utility mapping from each utility agency identified through DigAlert. Woodard & Curran will obtain and catalog utility data and maintain a utility contact log. This proposal assumes Morgan Run Golf Club will provide accurate as-builts of onsite utilities including wells, electrical, and irrigation pipelines and no other public utilities are located along the pipeline route beyond OMWD facilities.

#### Topographic Survey and Mapping

Woodard & Curran's surveying subconsultant (Cal Vada) will prepare design-level topographic mapping at 1-foot contours for the project area. Survey limits will be 300 feet wide for approximately 1,600 lineal feet. Survey will use aerial photogrammetry and ground survey that will pick up all visible utility features, tree trunks, and obscured areas in the aerial mapping. Woodard & Curran will depict existing utilities over the mapping using data provided by utility agencies.



#### Easement Acquisition (optional task)

A permanent easement for the recycled water service along Morgan Run Golf Club's property to the end use at Surf Cup Sports Park is recommended. Easement will be deeded to OMWD. Surveying subconsultant will prepare a legal description and exhibit for the easement acquisition and complete a title report. This task includes researching and verifying properly line.

#### Geotechnical Investigation

No subsurface exploration borings or Geotechnical Investigative Report will be completed for this project. As part of a separate project, OMWD will be completing an exploratory boring at the proposed exit pit of the HDD operation as shown in the map. This boring is scheduled to be completed in early July. Woodard & Curran will work directly with the geotechnical engineer to obtain boring results for use in development of the HDD design. Exploratory boring will be to a depth of at least 150 feet to be completed by others.

#### Task 3.2: Final Design

Final design scope assumes approximately 1,600 lineal feet of 8-inch pipeline with a HDD crossing of the river, and a new meter. Additional geotechnical investigation, structural assessment/design, and engineering effort would be required for bridge or aerial crossings which is not part of this scope of work.

#### Design Drawings and Specifications

The design team will prepare 90% and Final (bid ready) design drawings and specifications for the project. Drawings at 90% will include preliminary plan sheets. It assumed no structural or electrical plans are required. Plans will be circulated for OMWD, Morgan Run Golf Club, Surf Cup, City of San Diego and permitting review. At Final design completion, the drawings and specifications will be complete, signed and sealed, and suitable for competitive bidding. A preliminary list of drawings is provided below.

Sheet #	DWG	Title
1	G-2	Title Sheet, General Notes, Abbreviations, and Legend
2	C-1	Plan View: 1:40 scale (no profile)
3	C-2	Meter Detail, Trench Detail, CAV
4	C-3	Trenchless Detail-1
5	C-4	Trenchless Detail-2

Technical specifications will be prepared and submitted in CSI Division 1 through 16 format. Standard front-end bidding specifications will be provided by the client for review and comment. At each stage of design, electronic copies and up to four hard copies of drawings and specifications will be submitted. The "front end" specification sections will be OMWD standard front end specifications.

#### Cost Estimate and Construction Schedule

An engineer's estimate of probable cost (Class 2, -5% to +15% level of accuracy) and an anticipated construction schedule will be developed and submitted at each design stage.

#### Utility Coordination

At completion of 90% Design, Woodard & Curran will deliver the design drawings to utility agencies identified within the project area. Woodard & Curran will request a review of the depiction of their utilities and specific information to fill gaps in data provided. Woodard & Curran will maintain a log of utility



contacts and catalog all comments received. On the design drawings, Woodard & Curran will characterize utility data within the bid documents in general accordance with ASCE 38-02 Standard Guideline for the Collection and Depiction of Existing Subsurface Utility Data. Specifications will include requirements for contractor potholing ahead of pipeline installation to decrease risk of large change orders in the field.

#### Task 3 Assumptions

- Proposal excludes 1) customer connection and controls with pond/pump and 2) engineering services during construction
- Morgan Run Golf Club will provide accurate as-builts of onsite utilities including wells, electrical, and irrigation pipelines and no other public utilities are located along the pipeline route beyond OMWD facilities.
- Exploratory boring(s) will be to a depth of at least 150 feet to be completed by others.
- Additional geotechnical investigation may be recommended by our team depending on the results of geotechnical work performed by others.
- Additional geotechnical investigation, structural assessment/design and engineering effort would be required for bridge or aerial crossings. This scope of work and the associated fee assumes an HDD crossing.
- Liquefaction evaluation is not proposed.
- Cathodic protection evaluation and design are not proposed.
- OMWD will obtain right of entry for access to the site for design development.
- Proposal does not include bid or construction period services.

#### Task 3 Deliverables

• 90% and 100% Design Plans and Specifications (Microsoft Word and/or .pdf files; CAD files)

#### Task 4: Project Management and Communications

Task 4.1: Project Management and Communications

Woodard & Curran will prepare for and attend up to four meetings with OMWD at key points throughout the Project. The meetings are anticipated to include the following:

- 1. To receive comments on the Alternatives Evaluation TM (conference call)
- 2. To receive OMWD comments on the Administrative Draft IS/MND (conference call)
- 3. To receive OMWD comments on the 90% Design Package (conference call)
- 4. To present the Final IS/MND to the OMWD Board of Directors (in person)

Woodard & Curran will prepare an agenda and meeting notes for the staff meetings, and a presentation for the OMWD Board hearing. Woodard & Curran's Project Manager will attend each meeting.

Woodard & Curran will prepare and submit progress reports with the monthly Project invoice. Woodard & Curran will provide regular Project coordination, communication and updates to OMWD and track the Project scope, budget and schedule. Woodard & Curran will implement its quality assurance program for the Project, which will include a senior level technical review of major Project deliverables.



#### Task 4 Assumptions

• Outside of the four recommended meetings, other Project coordination can occur via email and phone calls.

#### Task 4 Deliverables

Monthly Progress Reports (with invoice)



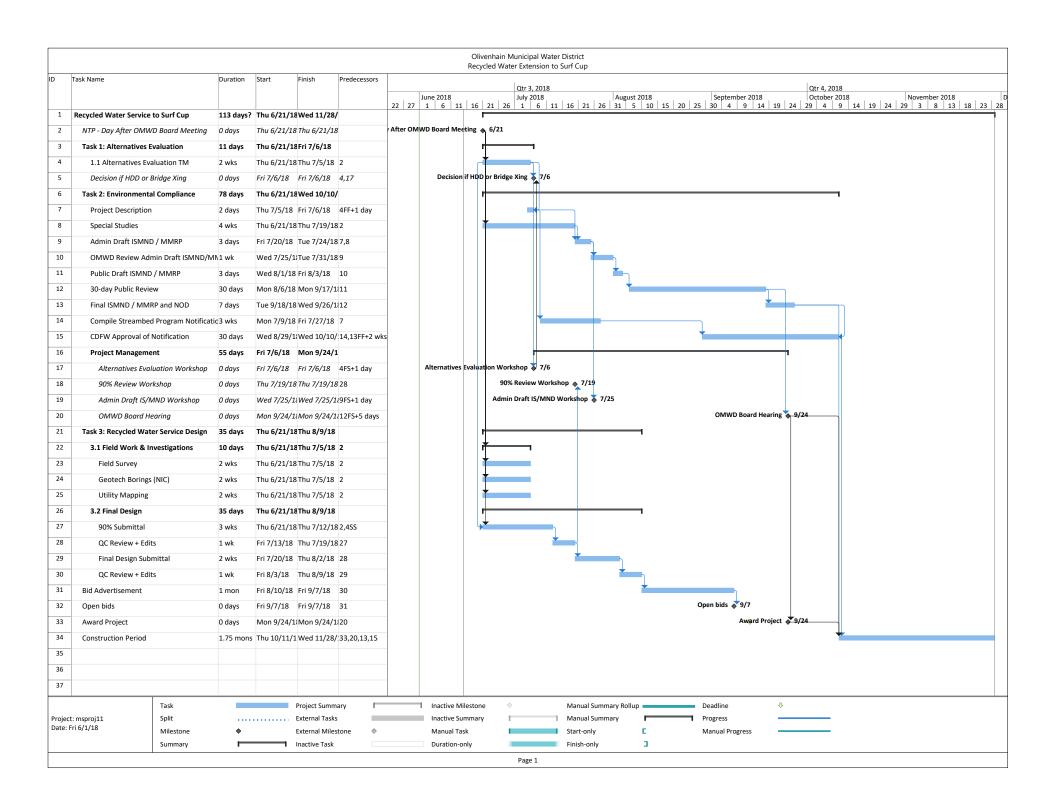
**Fee Estimate** Olivenhain Municipal Water District

June 1, 2018

### Recycled Water Service Extension to San Diego Surf Cup

Tasks	Labor							Outside Services		ODCs	Total							
	Scott Goldman	Rosalyn Prickett Sr PM / CEQA QA \$274	Haley Johnson	Nicole Poletto CEQA Planner \$157	Glenn Hermanson Design Sr PM	Kraig Erickson Design PM	Justin Kraestch  Project Engineer \$182	CAD Structural Engineer \$145 \$155		Michael Matson QA/QC \$315	on Designer	Project Admin Project Admin	Total Labor Costs (1)	ECORP Consulting  Cultural and Biological	Cal Vada Survey	Sub Consultant Total Cost (2)	Total ODCs (3)	Total Fee
	PIC		CEQA PM						Engineer									
	\$301		\$206		\$301	\$258					\$115	\$125						
ask 1: Alternatives Evaluation																		
1.1 Alternatives Evaluation TM	1	2			4	4	16		4	2			\$7,247			\$0	\$0	\$7,247
Site Condition Assessment of the Bridge						4							\$1,032			\$0	\$300	\$1,332
Bridge Capacity Analysis   Structural Load Determination								4	18				\$3,370			\$0	\$0	\$3,370
Environmental & Permitting Considerations			6										\$1,236			\$0	\$30	\$1,266
Subtotal Task 1:	1	2	6	0	4	8	16	4	22	2	0	0	\$12,885	\$0	\$0	\$0	\$330	\$13,215
ask 2: Enviornmental Compliance																		
2.1 Project Description	1	2	8		2	2							\$3,615			\$0	\$60	\$3,675
2.2 Special Studies		6											\$1,644	\$18,200		\$20,020	\$0	\$21,664
2.3 Administrative Draft IS/MND		6	32	48							6		\$16,462			\$0	\$0	\$16,462
2.4 Public Draft IS/MND		2	12	8							4	4	\$5,236			\$0	\$30	\$5,266
2.5 Final IS/MND		4	16	8								4	\$6,148			\$0	\$110	\$6,258
2.6 Compile Streambed Program Notification		8		16									\$4,704	\$2,050		\$0	\$0	\$4,704
Subtotal Task 2:	1	28	68	80	2	2	0	0	0	0	10	8	\$37,809	\$20,250	\$0	\$20,020	\$200	\$58,029
ask 3: Recycled Water Service Design																		
<ol> <li>3.1 Field Work &amp; Investigations (survey, geotech, utilities)</li> </ol>							4	4					\$1,308		\$6,000	\$6,600	\$300	\$8,208
Easement Acquisition (optional task)					2		2						\$966		\$2,800	\$3,080	\$0	\$4,046
3.2 Final Design					18	4	36	56		8			\$23,642			\$0	\$300	\$23,942
Specifications and Cost Estimate					8		16			2			\$5,950			\$0	\$0	\$5,950
Subtotal Task 3:	0	0	0	0	28	4	58	60	0	10	0	0	\$31,866	\$0	\$8,800	\$9,680	\$600	\$42,146
ask 4: Project Management and Communications																		
4.1 Project Management and Communications		12	16		2	2						6	\$8,452			\$0	\$120	\$8,572
Subtotal Task 4:	0	12	16	0	2	2	0	0	0	0	0	6	\$8,452	\$0	\$0	\$0	\$120	\$8,572
TOTAL	2	42	90	80	36	16	74	64	22	12	10	14	\$91,012	\$20,250	\$8,800	\$29,700	\$1.250	\$121,962

The individual hourly rates include salary, overhead and profit.
 Subconsultants will be billed at actual cost plus 10%.
 Other direct costs (ODS) such as reproduction, delivery, mileage (rates will be those allowed by current IRS guidelines), and travel expenses, will be billed at actual cost plus 10%.
 W&C reserves the right to adjust its hourly rate structure and ODC markup at the beginning of the calendar year for all ongoing contracts.



#### **EXHIBIT B**

# Olivenhain Municipal Water District Task Order Request Agreement #

	Agreem	ent #
Consultant name	WOODWARD & CURRAN	Task Order#
Project name	EXT. 153A	Date Required
	Project Task	Task Order
	Total Task Order Amount	\$
	Original Project Budget \$  Prior requests approved \$  This request \$  Total to Date Project Budget \$	
Description of reque	ested task order please attach supporting d	ocumentation
Signature of consult	ant representative	Date
		Email address <u>:</u>
Email to Colet	te Barrow at <u>cbarrow@olivenhain.com</u> ( OMWD use only	or mail to 1966 Olivenhain Rd., Encinitas, CA. 92024
Approved by		Date
Workorder number(	s) to charge	OMWD Record No.
	Original to General M Copie	
Originating		Project Acct



## Memo

Date: June 20, 2018

To: Olivenhain Municipal Water District Board of Directors

From: Rainy Selamat, Finance Manager

Via: Kimberly Thorner, General Manager

Subject: CONSIDER ADOPTION OF A RESOLUTION ELECTING TO HAVE SEWER SERVICE

FEES WITHIN THE 4S RANCH SANITATION DISTRICT COLLECTED ON THE COUNTY TAX ROLLS FOR THE FISCAL YEAR JULY 1, 2018 TO JUNE 30, 2019

AND TO CERTIFY SAID FEES WITH THE SAN DIEGO COUNTY ASSSESOR

#### **Purpose**

The purpose of this item is to consider adoption of a resolution to collect sewer service fees for the 4S Ranch Sanitation District on the San Diego County Tax rolls for administrative streamlining and as a cost containment effort and to certify said fees with the San Diego County Assessor.

In accordance with California Health and Safety Code, Section 5470-5474.10, a written report containing a description of each parcel of real property receiving sewer service and the proposed amount of sewer service fee for FY 2018-2019 has been filed with the General Manager.

#### Recommendation

Staff recommends the Board consider and adopt the Resolution as presented.

#### **Alternative**

The Board could choose to have District staff combine water and sewer services into one (1) monthly bill and bill customers monthly for services provided. The District would need to add one additional billing person, however, in order to accomplish this task.

# Background

The Board adopted Ordinance No. 437 of the District's Administrative and Ethics Code in June 2016 to adjust the District's wastewater service fee by 3% on rates effective July 1<sup>st</sup> of each year for the next five years (July 1, 2016 –July 30, 2021.) The reasons for the 3% adjustment to the District's wastewater service fee adjustment each year were included in the Wastewater Rate Cost of Service Study Report completed by Raftelis Financial Consultants (RFC) in March 2016. These fee increases are necessary to provide wastewater services to all sewer connections and to keep up with inflation and other cost increases, including, among others, the cost of complying with regulations governing the treatment and disposal of wastewater and repairing and replacing aging infrastructure.

# **Fiscal Impact**

Staff anticipates that 4S Ranch Sanitation District sewer service fee revenues to be collected from the San Diego County Property Tax Roll for FY 2018-2019 will be approximately \$4,576,534.

### Discussion

The District has historically billed and collected sewer service fees via the San Diego County Assessor's Office on the Property Tax Roll due to administrative convenience. The District's wastewater (sewer) bills are collected on each property owner's property tax bill on an annual basis and payment is due and payable at the same time when a property owner's tax bill is due to the San Diego County Tax Assessor Office in April and December of each year.

This methodology allows the District to collect sewer service fees without additional billing staff and secures the fees through a Tax Assessor's lien on the property if the fees are not paid.

Staff recommends that this method for collection of sewer service fees be continued.

Attachment: Resolution

### **RESOLUTION NO. 2018-xx**

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE OLIVENHAIN MUNICIPAL WATER DISTRICT ELECTING TO HAVE SEWER SERVICE FEES WITHIN THE 4S RANCH SANITATION DISTRICT COLLECTED ON THE COUNTY TAX ROLLS FOR THE FISCAL YEAR JULY 1, 2018 TO JUNE 30, 2019

WHEREAS, the Olivenhain Municipal Water District (District) operates a sewer district known as the 4S Ranch Sanitation District which provides sewer service to the 4S Ranch area of the District; and

WHEREAS, the District completed a study to evaluate the fees and costs that will be incurred during fiscal years July 1, 2018 to June 30, 2019 to adequately maintain and operate the 4S Ranch Sanitation District; and

WHEREAS, the study demonstrated that an annual increase in the sewer service fees of 3% per annum was necessary to adequately fund operational and maintenance costs for the 4S Ranch Sanitation District during the fiscal year from July 1, 2016 to June 30, 2020 and adopted by the District Board of Directors on June 15, 2016 as Ordinance No. 437; and

WHEREAS, the increased sewer service fees do not exceed the reasonable cost of providing sewer service for the 4S Ranch Sanitation District; and

WHEREAS, the Board of Directors of the Olivenhain Municipal Water District has elected to have sewer service fees for fiscal year July 1, 2018 to June 30, 2019 within the 4S Ranch Sanitation District collected on the San Diego County tax rolls in accordance with California Health and Safety Code Section 5470-5474.0; and

WHEREAS, in accordance with California Health and Safety Code, Section 5470-5474.10, a written report was prepared and filed with the General Manager of the District which contains a description of each parcel of real property receiving sewer service and the proposed amount of sewer service fee for each parcel for FY 2019; and

WHEREAS, the District conducted a public hearing on May 25, 2016, in full compliance with Section 6(a)(2) of Article XIII D of the California Constitution, on the increase in sewer service fees for the 4S Ranch Sanitation District during the fiscal years July 1, 2016 to June 30, 2021, and written protests did not include a majority of owners of the identified parcels affected by the increase in sewer service fees; and

- NOW THEREFORE, the Board of Directors of the Olivenhain Municipal Water District does hereby find, determine, resolve, and order as follows:
- SECTION 1. The Board of Directors of the District hereby finds and determines that the sewer service fees have been adopted and levied in full compliance with all of the requirements contained in Section 6 of Article XIIID of the California Constitution. The Board of Directors of the District further finds and determines that these sewer service fees fully comply with all the requirements contained in Article XIIID of the California Constitution.
- SECTION 2. The Board of Directors of the District hereby finds and determines that imposition of a sewer service fee for each parcel of land within the 4S Ranch Sanitation District for the fiscal year commencing July 1, 2018 and ending June 30, 2019 is necessary to adequately cover costs associated with ongoing operation and maintenance of the 4S Ranch Sanitation District.
- <u>SECTION 3.</u> The Board of Directors of the District hereby finds that imposition of a sewer service fee for the 4S Ranch Sanitation District for the fiscal year commencing July 1, 2018 and ending June 30, 2019 does not exceed the reasonable cost of providing sewer service to the 4S Ranch Sanitation District.
- <u>SECTION 4.</u> The Board of Directors hereby determines that the proposed amount of the sewer service fee for each property receiving sewer service in the 4S Ranch Sanitation District for the fiscal year commencing July 1, 2018 and ending June 30, 2019 is correctly described in the written report.
- <u>SECTION 5</u>. Pursuant to Water Code Sections 72094 and 72100, the Board of Supervisors and the San Diego County Tax Collector are hereby requested to collect on the tax rolls the sewer service fees for each property receiving sewer service listed in the written report.
- <u>SECTION 6.</u> Pursuant to Section 72094 of the California Water Code, the Secretary is hereby authorized and directed to send a certified copy of this Resolution to the Clerk of the Board of Supervisors and the County Auditor on or before September 1, 2018.

# RESOLUTION NO. 2018-xx continued

PASSED, ADOPTED AND APPROVI Directors of the Olivenhain Municipal V	ED at a regular meeting of the Board of Vater District held on June 20, 2018.
	Lawrence A. Watt, President Board of Directors Olivenhain Municipal Water District
ATTEST:	
Gerald E. Varty, Secretary Board of Directors	
Olivenhain Municipal Water District	



# Memo

Date: June 20, 2018

To: Olivenhain Municipal Water District Board of Directors

From: Rainy Selamat, Finance Manager

Via: Kimberly Thorner, General Manager

Subject: CONSIDER ADOPTION OF A RESOLUTION ELECTING TO HAVE SEWER SERVICE

FEES WITHIN THE RANCHO CIELO SANITATION DISTRICT COLLECTED ON THE COUNTY TAX ROLLS FOR THE FISCAL YEAR JULY 1, 2018 TO JUNE 30, 2019

AND TO CERTIFY SAID FEES WITH THE SAN DIEGO COUNTY ASSSESOR

### **Purpose**

The purpose of this item is to consider adoption of a resolution to collect sewer service fees for the Rancho Cielo Sanitation District on the San Diego County Tax rolls for administrative streamlining and as a cost containment effort and to certify said fees with the San Diego County Assessor.

In accordance with California Health and Safety Code, Section 5470-5474.10, a written report containing a description of each parcel of real property receiving sewer service and the proposed amount of sewer service fee for FY 2018-2019 has been filed with the General Manager.

#### Recommendation

Staff recommends the Board consider and adopt the Resolution as presented.

#### **Alternative**

The Board could choose to have District staff combine water and sewer services into one (1) monthly bill and bill customers monthly for services provided. The District would need to add one additional billing person, however, in order to accomplish this task.

# Background

The Board adopted Ordinance No. 437 of the District's Administrative and Ethics Code in June 2016 to adjust the District's wastewater service fee by 3% on rates effective July 1<sup>st</sup> of each year for the next five years (July 1, 2016 –June 30, 2021.) The reasons for the 3% adjustment to the District's wastewater service fee adjustment each year were included in the Wastewater Rate Cost of Service Study Report completed by Raftelis Financial Consultants (RFC) in March 2016. These fee increases are necessary to provide wastewater services to all sewer connections and to keep up with inflation and other cost increases, including, among others, the cost of complying with regulations governing the treatment and disposal of wastewater and repairing and replacing aging infrastructure.

# **Fiscal Impact**

Staff anticipates that Rancho Cielo Sanitation District sewer service fee revenues to be collected from the San Diego County Property Tax Roll for FY 2018-2019 will be approximately \$ 271,691.

### **Discussion**

The District has historically billed and collected sewer service fees via the San Diego County Assessor's Office on the Property Tax Roll due to administrative convenience. The District's wastewater (sewer) bills are collected on each property owner's property tax bill on an annual basis and payment is due and payable at the same time when a property owner's tax bill is due to the San Diego County Tax Assessor Office in April and December of each year.

This methodology allows the District to collect sewer service fees without additional billing staff and secures the fees through a Tax Assessor's lien on the property if the fees are not paid.

Staff recommends that this method for collection of sewer service fees be continued.

Attachment: Resolution

### **RESOLUTION NO. 2018-xx**

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE OLIVENHAIN MUNICIPAL WATER DISTRICT ELECTING TO HAVE SEWER SERVICE FEES WITHIN THE RANCHO CIELO SANITATION DISTRICT COLLECTED ON THE COUNTY TAX ROLLS FOR THE FISCAL YEAR JULY 1, 2018 TO JUNE 30, 2019

WHEREAS, the Olivenhain Municipal Water District (District) operates a sewer district known as the Rancho Cielo Sanitation District which provides sewer service to the Rancho Cielo area of the District; and

WHEREAS, the District completed a study to evaluate the fees and costs that will be incurred during fiscal year July 1, 2018 to June 30, 2019 to adequately maintain and operate the Rancho Cielo Sanitation District; and

WHEREAS, the study demonstrated that an annual increase in the sewer service fees of 3% per annum was necessary to adequately fund operational and maintenance costs for the Rancho Cielo Sanitation District during the fiscal years from July 1, 2016 to June 30, 2021 and adopted by the District Board of Directors on June 15, 2016 as Ordinance No. 437; and

WHEREAS, the increased sewer service fees do not exceed the reasonable cost of providing sewer service for the Rancho Cielo Sanitation District; and

WHEREAS, the Board of Directors of the Olivenhain Municipal Water District has elected to have sewer service fees for fiscal year July 1, 2018 to June 30, 2019 within the Rancho Cielo Sanitation District collected on the San Diego County tax rolls in accordance with California Health and Safety Code Section 5470-5474.0; and

WHEREAS, in accordance with California Health and Safety Code, Section 5470-5474.10, a written report was prepared and filed with the General Manager of the District which contains a description of each parcel of real property receiving sewer service and the proposed amount of sewer service fee for each parcel for FY 2019; and

WHEREAS, the District conducted a public hearing on May 25, 2016, in full compliance with Section 6(a)(2) of Article XIII D of the California Constitution, on the increase in sewer service fees for the 4S Ranch Sanitation District during the fiscal years July 1, 2016 to June 30, 2021, and written protests did not include a majority of owners of the identified parcels affected by the increase in sewer service fees; and

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

SECTION 1. The Board of Directors of the District hereby finds and determines that the sewer service fees have been adopted and levied in full compliance with all of the requirements contained in Section 6 of Article XIIID of the California Constitution. The Board of Directors of the District further finds and determines that these sewer service fees fully comply with all the requirements contained in Article XIIID of the California Constitution.

SECTION 2. The Board of Directors of the District hereby finds and determines that imposition of a sewer service charge for each parcel of land within the Rancho Cielo Sanitation District for the fiscal year commencing July 1, 2018 and ending June 30, 2019 is necessary to adequately cover costs associated with ongoing operation and maintenance of the Rancho Cielo Sanitation District.

<u>SECTION 3.</u> The Board of Directors of the District hereby finds that imposition of a sewer service fee for the Rancho Cielo Sanitation District for the fiscal year commencing July 1, 2018 and ending June 30, 2019 does not exceed the reasonable cost of providing sewer service to the Rancho Cielo Sanitation District.

<u>SECTION 4.</u> The Board of Directors hereby determines that the proposed amount of the sewer service fee for each property receiving sewer service in the Rancho Cielo Sanitation District for the fiscal year commencing July 1, 2018 and ending June 30, 2019 is correctly described in the written report.

<u>SECTION 5</u>. Pursuant to Water Code Sections 72094 and 72100, the Board of Supervisors and the San Diego County Tax Collector are hereby requested to collect on the tax rolls the sewer service fees for each property receiving sewer service listed in the written report.

<u>SECTION 6.</u> Pursuant to Section 72094 of the California Water Code, the Secretary is hereby authorized and directed to send a certified copy of this Resolution to the Clerk of the Board of Supervisors and the County Auditor on or before September 1, 2018.

# RESOLUTION NO. 2018-xx continued

PASSED, ADOPTED AND APPROV Directors of the Olivenhain Municipal V	ED at a regular meeting of the Board of Vater District held on June 20, 2018.
	Lawrence A. Watt, President Board of Directors
	Olivenhain Municipal Water District
ATTEST:	
Gerald E. Varty, Secretary Board of Directors Olivenhain Municipal Water District	



# Memo

Date: June 20, 2018

To: Olivenhain Municipal Water District Board of Directors

From: Rainy Selamat, Finance Manager

Via: Kimberly Thorner, General Manager

Subject: CONSIDER ADOPTION OF A RESOLUTION ELECTING TO HAVE SEWER SERVICE

FEES FOR THE SANTALUZ AFFORDABLE HOUSING AREA AND BLACK MOUNTAIN RANCH EAST CLUSTERS PROJECT WITHIN THE 4S RANCH SANITATION DISTRICT COLLECTED ON THE COUNTY TAX ROLLS FOR THE FISCAL YEAR JULY 1, 2018 TO JUNE 30, 2019 AND TO CERTIFY SAID FEES

WITH THE SAN DIEGO COUNTY ASSSESOR

# **Purpose**

The purpose of this item is to consider adoption of a resolution to collect sewer service fees for the Rancho Cielo Sanitation District on the San Diego County Tax rolls for administrative streamlining and as a cost containment effort and to certify said fees with the San Diego County Assessor.

In accordance with California Health and Safety Code, Section 5470-5474.10, a written report containing a description of each parcel of real property receiving sewer service and the proposed amount of sewer service fee for FY 2018-2019 has been filed with the General Manager.

### Recommendation

Staff recommends the Board consider and adopt the Resolution as presented.

#### **Alternative**

The Board could choose to have District staff combine water and sewer services into one (1) monthly bill and bill customers monthly for services provided. The District would need to add one additional billing person, however, in order to accomplish this task.

# **Background**

The Board adopted Ordinance No. 437 of the District's Administrative and Ethics Code in June 2016 to adjust the District's wastewater service fee by 3% on rates effective July 1<sup>st</sup> of each year for the next five years (July 1, 2016 –June 30, 2021.) The reasons for the 3% adjustment to the District's wastewater service fee adjustment each year were included in the Wastewater Rate Cost of Service Study Report completed by Raftelis Financial Consultants (RFC) in March 2016. These fee increases are necessary to provide wastewater services to all sewer connections and to keep up with inflation and other cost increases, including, among others, the cost of complying with regulations governing the treatment and disposal of wastewater and repairing and replacing aging infrastructure.

# Fiscal Impact

Staff anticipates that Rancho Cielo Sanitation District sewer service fee revenues to be collected from the San Diego County Property Tax Roll for fiscal year 2018-2019 will be approximately \$233,927.

#### Discussion

The District has historically billed and collected sewer service fees via the San Diego County Assessor's Office on the Property Tax Roll due to administrative convenience. The District's wastewater (sewer) bills are collected on each property owner's property tax bill on an annual basis and payment is due and payable at the same time when a property owner's tax bill is due to the San Diego County Tax Assessor Office in April and December of each year.

This methodology allows the District to collect sewer service fees without additional billing staff and secures the fees through a Tax Assessor's lien on the property if the fees are not paid.

Staff recommends that this method for collection of sewer service fees be continued.

Attachment: Resolution

### **RESOLUTION NO. 2018-xx**

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE OLIVENHAIN MUNICIPAL WATER DISTRICT ELECTING TO HAVE SEWER SERVICE FEES FOR THE SANTALUZ AFFORDABLE HOUSING AREA AND BLACK MOUNTAIN RANCH EAST CLUSTERS PROJECT WITHIN THE 4S RANCH SANITATION DISTRICT COLLECTED ON THE COUNTY TAX ROLLS FOR THE FISCAL YEAR JULY 1, 2018 TO JUNE 30, 2019

WHEREAS, the Olivenhain Municipal Water District (District) operates a sewer district known as the 4S Ranch Sanitation District which provides sewer service to the Santaluz Affordable Housing Area and Black Mountain Ranch East Clusters Project; and

WHEREAS, the District completed a study to evaluate the fees and costs that will be incurred during fiscal year July 1, 2018 to June 30, 2019 to adequately maintain and operate the Santaluz Affordable Housing Area and Black Mountain Ranch East Clusters Project within the 4S Ranch Sanitation District; and

WHEREAS, the study demonstrated that an annual increase in the sewer service fees of 3% per annum was necessary to adequately fund operational and maintenance costs for the Santaluz Affordable Housing Area and Black Mountain Ranch East Clusters Project within the 4S Ranch Sanitation District during the fiscal years from July 1, 2016 to June 30, 2021 and adopted by the District Board of Directors on June 15, 2016 as Ordinance No. 437; and

WHEREAS, the increased sewer service fees do not exceed the reasonable cost of providing sewer service for the Santaluz Affordable Housing Area and Black Mountain Ranch East Clusters Project within the 4S Ranch Sanitation District; and

WHEREAS, the Board of Directors of the Olivenhain Municipal Water District has elected to have sewer service fees for fiscal year July 1, 2018 to June 30, 2019 for the Santaluz Affordable Housing Area and Black Mountain Ranch East Clusters Project within the 4S Ranch Sanitation District collected on the San Diego County tax rolls in accordance with California Health and Safety Code, Section 5470-5474.10; and

WHEREAS, in accordance with California Health and Safety Code, Section 5470-5474.10, a written report was prepared and filed with the General Manager of the District which contains a description of each parcel of real property receiving sewer service and the proposed amount of sewer service fee for each parcel for FY 2019; and

WHEREAS, the District conducted a public hearing on May 25, 2016, in full compliance with Section 6(a)(2) of Article XIII D of the California Constitution, on the increase in sewer service fees for the Santaluz Affordable Housing Area and the Black Mountain Ranch East Clusters Project within the 4S Ranch Sanitation District during the fiscal years July 1, 2016 to June 30, 2021, and written protests did not include a majority of owners of the identified parcels affected by the increase in sewer service fees; and

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

SECTION 1. The Board of Directors of the District hereby finds and determines that the sewer service fees have been adopted and levied in full compliance with all of the requirements contained in Section 6 of Article XIIID of the California Constitution. The Board of Directors of the District further finds and determines that these sewer service fees fully comply with all the requirements contained in Article XIIID of the California Constitution.

SECTION 2. The Board of Directors of the District hereby finds and determines that imposition of a sewer service fee for each parcel of land within the Santaluz Affordable Housing Area and Black Mountain Ranch East Clusters Project within the 4S Ranch Sanitation District for the fiscal year commencing July 1, 2018 and ending June 30, 2019 is necessary to adequately cover costs associated with ongoing operation and maintenance of the Santaluz Affordable Housing Area and Black Mountain Ranch East Clusters Project within the 4S Ranch Sanitation District.

SECTION 3. The Board of Directors of the District hereby finds that imposition of a sewer service fee for the Santaluz Affordable Housing Area and Black Mountain Ranch East Clusters Project within the 4S Ranch Sanitation District for the fiscal year commencing July 1, 2018 and ending June 30, 2019 does not exceed the reasonable cost of providing sewer services to the Santaluz Affordable Housing Area and Black Mountain Ranch East Clusters Project within the 4S Ranch Sanitation District.

SECTION 4. The Board of Directors hereby determines that the proposed amount of the sewer service fee for each property receiving sewer service in the Santaluz Affordable Housing Area and Black Mountain Ranch East Clusters Project within the 4S Ranch Sanitation District for the fiscal year commencing July 1, 2018 and ending June 30, 2019 is correctly described in the written report.

<u>SECTION 5</u>. Pursuant to Water Code Sections 72094 and 72100, the Board of Supervisors and the San Diego County Tax Collector are hereby

# RESOLUTION NO. 2018-xx continued

requested to collect on the tax rolls the sewer service fees for each property receiving sewer service listed in the written report.

<u>SECTION 6.</u> Pursuant to Section 72094 of the California Water Code, the Secretary is hereby authorized and directed to send a certified copy of this Resolution to the Clerk of the Board of Supervisors and the County Auditor on or before September 1, 2018.

PASSED, ADOPTED AND APPROVED at a regular meeting of the Board of Directors of the Olivenhain Municipal Water District held on June 20, 2018.

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

ATTEST:

Gerald E. Varty, Secretary Board of Directors Olivenhain Municipal Water District



# Memo

Date: June 20, 2018

To: Olivenhain Municipal Water District Board of Directors

From: Jesica Cleaver, Education and Conservation Coordinator

Via: Kimberly Thorner, General Manager

Subject: CONSIDER INFORMATIONAL REPORT ON LONG-TERM WATER USE

**EFFICIENCY LEGISLATION** 

# **Purpose**

This item provides the board with an update on long-term water use efficiency legislation.

### Recommendation

This is an informational item; no action is required.

# Alternative(s)

Not applicable; informational item only.

# **Background**

AB 1668 (Friedman) and SB 606 (Hertzberg) were enrolled on May 22, 2018 and signed by Governor Brown on May 31, 2018. These bills, a response to Executive Order B-37-16 which called for the development of new urban water use targets, require State Water Resources Control Board and Department of Water Resources to adopt long-term standards for water use efficiency. The passage of AB 1668 and SB 606 is expected to result in significant impacts to OMWD.

# **Fiscal Impact**

There are no costs directly associated with this informational report.

### **Discussion**

Staff will review the attached presentation with the board at the June 20 meeting and further discuss developments in long-term water use efficiency legislation and their potential impacts to OMWD.

#### Attachments:

1. PowerPoint presentation

# LONG-TERM WATER USE EFFICIENCY LEGISLATION UPDATE

June 20, 2018



# Background

- Executive Order B-37-16 released May 9, 2016
  - Department of Water Resources and State Water Resources Control Board shall "develop new water use targets as part of a permanent framework for urban water agencies...based on strengthened standards for:
    - Indoor per capita water use;
    - Outdoor irrigation, in a manner that incorporates landscape area, local climate, and new satellite imagery data;
    - Commercial, industrial, and institutional water use; and
    - Water lost through leaks."
- AB 1668 (Friedman) and SB 606 (Hertzberg) introduced February 2017
  - Became two-year bills at end of 2017 legislative session
  - Final amendments May 7, 2018
  - Passed with concurrence by houses of origin along party lines May 17, 2018
  - Signed by Governor Brown May 31, 2018

# Amendments

# Amendments include:

- Potable reuse credit of 15% for "existing" projects, 10% for new
  - "Existing" projects defined as:
    - Facility has a certified EIR, mitigated negative declaration, or negative declaration by 1/1/19
    - Facility begins producing and delivering potable reuse water by 1/1/22
    - Facility uses microfiltration and reverse osmosis technologies to produce the water

# Variances

- Landscape areas irrigated with recycled water with high TDS
- Significant irrigation for fire protection
- Waiver for natural disasters
- Consideration of cost-effectiveness and feasibility of CII performance standards
- Indoor water use standard starting at 55 GPCD

# Not included:

- Protection for local use of drought resilient supplies
- 30% Potable reuse credit
- Enforcement
- Consideration of available water supply

# Water Use Objective (Target)

- Water use objective formula:
  - Objective = Efficient Indoor Use + Efficient Outdoor Use + Efficient CII Outdoor Use + Water Loss
  - Urban water supplier shall calculate objective for previous calendar or fiscal year by November 1, 2023, and November 1 every year after
    - First reporting period would be either calendar year 2022 or fiscal year 2023
- Water use objective is calculated at district level
  - Aggregate level
    - Increase rates to Water Shortage Level II pricing
    - Issue water use restrictions including days, times, and length of irrigation.
  - Parcel Level
    - More equitable
    - Possibly more effective at reducing water use
    - More challenging to implement and expensive

# Indoor Use

- Residential Indoor GPCD
  - From start of reporting period (January 2022 or June 2022) through January 1, 2025 55 GPCD
  - January 1, 2025 January 1, 2030 52.5 GPCD
  - Beginning January 1, 2030 50 GPCD

# Concerns

- Effects on wastewater collection facilities and recycled water operations
  - SWRCB and DWR to conduct studies and investigations to determine indoor standards and potential effects to wastewater and recycled water by January 1, 2021
  - GPCD targets are contingent upon study results
- How to verify household size (if calculating objective at parcel level)
  - Short-term guests, births, deaths, etc.
  - Owner/tenant changes

# **Outdoor Use**

- Outdoor targets/Measurements
  - DWR to recommend outdoor residential use standards no later than October 1, 2021
  - Standards apply to irrigable lands and incorporate model water efficient landscape standards
    - Includes variance for special landscape areas irrigated with high TDS water
  - Requires pilot studies first (currently underway in Santa Rosa and Padre Dam Municipal Water District)
  - Expected to be reevaluated by DWR every five years

# Concerns

- "Irrigable" not defined Existing irrigation required? Native plants excluded?
- DWR expected to propose allowing for 95% of irrigable area without a justification for that percentage
- Local level verification of DWR's data will be costly and time-consuming
  - Accounting for details that can't be determined by aerial imagery including home ages and whether potable vs. recycled is in use
- Targets lack flexibility in times of warmer or dryer than normal weather, regardless of current water supply condition

# CII and Water Loss

- Commercial, Industrial, and Institutional Standards
  - Recommend performance measures no later that October 1, 2021 including:
    - Minimum size thresholds for converting mixed use meters to dedicated irrigation meters
    - Water audits and management plans for CII customers exceeding size or usage thresholds
    - Shall be adopted by June 30, 2022
- Water Loss Standards
  - Feasibility of developing and enacting reporting requirements brought to legislature no later than January 1, 2020
  - Water loss quantification standards based on AWWA methodology and developed through a public process
- Concerns
  - Inadequate definition of commercial
    - Are multi-family or senior living properties commercial? Reclassification of such accounts would result in additional rate impacts
  - CII standards Extraordinary cost impacts to local businesses
    - Capacity fees for adding dedicated irrigation meters
  - Water loss cost/benefit analysis needs to be considered while standards are set

# Impacts to OMWD

- Extensive public outreach
- Changes to bills and customer accounts
  - Tracking household size, landscape measurements, allotments, etc.
- Increased enforcement demands
- Reporting requirements to SWRCB
- Changes to water sales and budget
- Costs to validate landscape measurements
- Penalties if objective not met
  - Information orders, conservation orders, civil liabilities of up to \$10,000 for each day the violation occurs
- Possible impacts
  - Effects on wastewater operations due to decreased influent; stranded assets
  - Potentially re-examine rate structure
    - Consider establishing parcel level water budgets
  - Possibility of moving to level 2, regardless of water supply conditions, in order to meet objective
    - Limiting irrigation days and times and other water uses
    - Consider issuing penalties after recurrent water waste violations
  - Increased workload/staffing to implement, monitor, and report (See next slide.)

# **Cost Studies**

- Statewide Agency Survey OMWD's estimated cost to validate DWR measurements and comply with reporting requirements
  - Validation \$4,744,699
  - Reporting **\$79,622**
  - Total \$4,824,322
- OMWD Study Estimated costs to comply with long-term regulations without data validation
  - First year **\$575,000**
  - Recurring annual cost \$375,000

# What's Next?

- OMWD will continue to stay engaged in this process, actively monitoring working groups and soliciting input as opportunities arise including:
  - DWR Landscape Measurement Workshop June 11, 2018
  - Investigation on effects of decreased GPCD on wastewater treatment
  - Development of water loss standards
  - Development of Long-term standards set to be adopted by June 30, 2022
- Continue to monitor similar legislation including AB 3206 (meter accuracy testing standards) for additional impacts



# Memo

Date: June 20, 2018

To: Olivenhain Municipal Water District Board of Directors

From: George Briest, Engineering Manager

Via: Kimberly Thorner, General Manager

Subject: CONSIDER ADOPTION OF A RESOLUTION OF THE BOARD OF DIRECTORS OF

THE OLIVENHAIN MUNICIPAL WATER DISTRICT REGARDING ITS INTENT TO DISPOSE OF SURPLUS LANDS OWNED BY THE DISTRICT AT THE WIEGAND,

**GATY, AND ANN PEAY RESERVOIR SITES** 

# **Purpose**

The purpose of this item is to consider adoption of a resolution of the Board of its intention to dispose of surplus lands owned by the District at the Wiegand, Gaty, and Ann Peay (Peay) Reservoir sites that have been determined to not be required for future District facilities or operations.

#### Recommendation

Staff recommends the Board adopt the attached resolution.

# Alternative(s)

Board could decide not to adopt the resolution or could delay adoption of this resolution to a later date.

# **Background**

Over the years, the District has accumulated through purchase or acquisition, various properties intended to be utilized for future District facilities. While many of these properties have been used for the purpose(s) originally intended, a number of them have not been developed as the facilities for which they were originally acquired for have been offset or replaced by other facilities. Many of these changes were directly related to the District's decision to develop the Olivenhain Dam and David C. McCollom Water Treatment Plant which eliminated the need for a large number of water reservoirs required to hold a minimum of 10 days of treated water storage.

In 2016, the District began a review of approximately fifty (50) District-owned parcels of land within the District's service area with the purpose of identifying those that the District no longer needed for current or anticipated future operations. A short list of five (5) sites was presented to the Board on March 8, 2017 and direction was given to staff to determine the costs versus proceeds if the parcels were offered for sale. At the October 2017 Board meeting, Staff was directed to proceed with evaluating the Wiegand, Gaty, and Peay Reservoir sites for sale.

# **Fiscal Impact**

There is no fiscal impact related to the adoption of this resolution. Funds for the project were approved as part of the FY 2018 budget in February 2018.

#### Discussion

Prior to the disposition of excess property, California Government Code Section 54420 et seq. requires the District to send a written offer to sell or lease the property to the following entities within whose jurisdiction the land is located:

- Any local public entity for the purpose of developing low- and moderate-income housing;
- Any park, recreation department in the City or County;
- Any regional park authority having jurisdiction within the area;
- Any school district for the purposes of school facilities construction;
- Any non-profit neighborhood enterprise association corporation for enterprise zone purposes; and
- Any redevelopment agency for infill development.

Any entity desiring to purchase or lease the surplus land for any of the purposes above are required to notify the District in writing within 60 days after receipt of the notification of intent to sell the land.

California Government Code Section 65402 also requires the District to report the location, purpose, and extent of the property to the planning agency having jurisdiction for comment as to conformity with the relevant adopted general plan. That agency has 40 days to respond or it is conclusively deemed that the proposed disposition is in conformity with the relevant general plan.

Adopting the proposed resolution would officially announce the Board's intent to move forward with the sale of District owned surplus properties at the Wiegand, Gaty, and Peay Reservoir sites and to comply with California Government Code Sections 54420 et seq. and 65402 related to this action.

Attachments: Resolution

# RESOLUTION NO. 2018-XX

RESOLUTION OF THE OLIVENHAIN MUNICIPAL WATER DISTRICT REGARDING DISTRICT'S INTENT TO DISPOSE OF SURPLUS LAND OWNED BY THE DISTRICT AT THE WIEGAND, GATY, AND ANN PEAY RESERVOIR SITE

WHEREAS, the Olivenhain Municipal Water District (the "District"), a municipal water district duly organized and existing under and pursuant to the Constitution and laws of the State of California (the "State"), owns or has rights to various parcels of surplus land within its service area; and

WHEREAS, the Board directed staff to evaluate various parcels of surplus land to determine their need for future District facilities and to prepare a list of sites to determine the viability for sale or other development; and

WHEREAS, the Board identified Kimberly Thorner, Joseph Randall, and George Briest as real property negotiators for the potential sale of District owned surplus land; and

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

- Section 1. The Board designates the following parcels as surplus land which are no longer required by the District.
  - a. Wiegand Reservoir Site (APN 257-401-11 and 257-401-12-00)
  - b. Gaty Reservoir Site (APN 223-081-04-00, 223-081-05-00, 223-082-04-00, and 223-082-23-00)
  - c. Ann Peay Reservoir Site (APN 264-041-27-00)
- <u>Section 2.</u> The Board hereby initiates the review of the disposition of the surplus parcels by the applicable planning agency per California Government Code Section 65402 et seq.
- <u>Section 3.</u> The Board hereby authorizes compliance with the provisions of California Government Code Section 54220 et seq. which addresses the disposition of surplus land owned by a local agency.
  - Section 4. This resolution shall take effect immediately.

PASSED, ADOPTED AND APPROVED at a regular Board meeting of the Boa	ard of
Directors of the Olivenhain Municipal Water District held on June 20, 2018.	

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

Attest:

Gerald E. Varty, Secretary Board of Directors Olivenhain Municipal Water District

# Memo

To: Olivenhain Municipal Water District Board of Directors

Subject: INFORMATIONAL REPORTS

A - 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

**B – 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 May 2018.

### **OPERATIONS & MAINTENANCE**

**Operations Manager Dave Smith Reports for May 2018:** 

# **Water Treatment:**

- WTP total production was approximately 696 million gallons; Average daily production was 22.5 MGD (66%); Peak daily production was 26.6 MG (78%). Total flow to VWD was 401 AF, and total deliveries are +1547 AF for FY 17-18.
- Transition from predominantly SPW source to near 100% CRA source into San Diego County has largely stabilized. The current SPW blend in Lake Skinner is 8%.
- DCMWTP Primary HVAC System Project: Project 100% complete; new system is operational.
- DCMWTP Chemical Systems Upgrades Project: Equipment purchase of the last remaining chemical feed pump skid in progress and the last bulk chemical tank with all associated hardware is due to be received by the end of June.
- DCMWTP Membrane Replacement Project: Membrane cassettes are expected to arrive on June 12th. Estimated completion date to install and commission the new cassettes is late July.
- DCMWTP Painting of Equipment: Contractor Parada Painting Inc. was selected on April 18. Estimated completion is late June.
- DCMWTP Residuals Handling Building Canopy Project: Structural design by MPA Architects Inc. is in progress.
- DCMWTP SDCWA Transformer Replacement Project: Equipment has been ordered, which has a 12-14 week lead time. Goal for project completion date is end of September.
- DCMWTP TTHM Analyzer was received and is currently being installed at the AFIF. Estimated date for commissioning of the new analyzer is June 7<sup>th</sup>.

# **Potable Distribution System Operations & Construction:**

- Repaired 8 water service lateral assembly leaks at different locations.
- Replaced 22 broken valves at different locations.
- Valve Replacement Project: The FY 2017-2018 project was awarded to C.E. Wilson at the November Board Meeting to replace 80 broken valves. Construction began in January 2018, with 80 valves separated into four (4) Bid Schedules. Bid schedules A thru C (56 valves) are complete. Bid Schedule D (24 valves) is underway with 19 valve replacements completed in May. The remaining 5 valve replacements are scheduled for June.
- Roger Miller tank recoating project is complete and has been accepted.
- Vault Upgrade Project: Bid submission deadline was June 5<sup>th</sup>.

### **Sewer Collection:**

• During the month of May, the 4S and Rancho Cielo Collection Systems inflow was approximately 23.4 million gallons; Average daily inflow was 755,750 gallons; Peak day inflow was 853,947 gallons; Low day inflow was 712,270 gallons.

### Water Reclamation:

- During the month of May, the 4S WRF recycled water total output was approximately 30.5 million gallons; Average daily output was 985,101 gallons; Peak day output was 1.3 million gallons; Low day output was 652,066 gallons.
- Tertiary filter operations are being impacted by advancing corrosion of the blower aeration piping (leaks), which is impacting backwash and filtration performance. A temporary solution has been identified in parallel with the design of the tertiary filter rehab project. Staff has received two bids and is moving forward with securing the services for the repairs.
- 4S WRF Caustic Tank and Piping Project: A purchase order has been issued for the tank. Staff is working on developing the scope of work for installation via public works contract.
- 4S WRF Covered Storage Area Project: Pascal Steel has been awarded the canopy supply and installation work. Proposals have been received for the project to install the footings, and a contract is in development.
- 4S WRF Tertiary Filter Rehab Project: Design is in progress by Dudek. Comments have been provided on the 75% plans & specs.
- 4S WRF UV Disinfection System Replacement Project: Design is in progress by Carollo Engineers (approx. 60% complete).

# **Recycled Distribution Systems:**

- Conducted 2 new recycled water use site inspections.
- Conducted 1 new recycled water use site cross-connection test.
- Conducted 13 annual recycled water use site inspections.
- Conducted 3 existing recycled water site cross-connection tests.
- Conducted 1 water use cross-connection survey.

# **Backflow/Cross-Connection:**

• Conducted 3 new backflow preventer inspections & tests.

# **Tech Services:**

- Supported over 39 IT "Help Requests."
- Staff working on contract with Singlehop for Tertiary backup.
- First Cyber Security Phishing Test complete. Online employee testing 85% complete.
- Staff continues to support the Building D remodel project.
- WTP HVAC Upgrade project complete.
- Continued with WAN Upgrades project.
- Continued support of the GP 2016 upgrade.
- Compellent network storage upgrade complete.
- Tech services supported Denk and Gaty AMI installations.
- IT Coordinator continues to provide payroll support.

# **Regulatory:**

- Lead testing was completed for EUSD at six (6) K-12 Public School locations per AB 746; laboratory results were processed and delivered to EUSD in May. OMWD has completed all Public School Lead Testing per AB 746.
- The Annual Consumer Confidence Report was submitted to DDW and accepted.
- Staff reviewed and provided comments to the new DPR regulations framework.

### **ENGINEERING DEPARTMENT**

# **Engineering Manager George Briest Reports for May 2018:**

- OMWD Administration Building Improvement Project (Building D): 100% construction specs and drawings for Schedules A and B were received from the architect and are being reviewed by staff. On April 18, 2018 the Board authorized staff to proceed with finalizing the plans and issuing them for bids. Staff continues to meet with the move management consultant to coordinate the logistics to move all affected employees from the main buildings to temporary buildings.
- El Camino Real Pipeline Realignment Project: Final design is underway and is anticipated to be complete in Q4 2018. This project will require coordination with the City of Encinitas for a Coastal Development Permit and development of a CEQA document.
- La Costa Vales Pressure Reducing Station No. 1 Replacement Project: Pipeline work is complete in both Cadencia St. and La Costa Ave with only final paving remaining for completion.
- Lusardi Creek Main Ext. 153 Recycled Water Pipeline Restoration Project: This project is the
  restoration of fill over the Recycled Water Main Ext. 153 pipeline at Lusardi Creek, which was
  damaged during the rains of 2017. Staff is working with the design engineer to re-evaluate the
  District's options on how best to proceed with this project and work with the regulatory
  agencies through the permitting process.
- 4S Neighborhood 1 Sewer Pump Station Replacement Project: Design for the replacement of the Neighborhood 1 Sewer Pump Station was started in December 2017. Staff has completed the review of the Basis of Design report as well as the 30% drawings. Staff has begun the review of the 60% drawings.
- Rancho Santa Fe Road/Encinitas Blvd. Pipeline Replacement Project: An RFP for design was
  issued in February and proposals were received in March. An agreement was awarded to Hoch
  Consulting at the May 16th Board meeting.
- Pipeline Condition Assessment Project: An agreement was awarded to HDR at the April 18, 2018 Board meeting. Several contractual issues have been resolved and a signed agreement is expected with work to begin in June of 2018.
- Ext. 235 Phase II: The Pre-Construction meeting was held and the contractor is in the process of obtaining the necessary County of SD permits to begin construction.
- DCMWTP Manhole Rehab Project: Plans and Specifications are finalized and the project is expected to be advertised for public bid in early June 2018.
- 4SWRF UV Replacement Project: 60% plans have been reviewed and returned to Carollo Engineering for correction. Staff is waiting on 90% drawings for review.

- 4SWRF Clarifier Drive Replacement Project: KEH submitted 90% drawings and staff is in the process of reviewing and commenting on the plans.
- 4SWRF Headworks Rehab Project: Staff is reviewing proposals received for development of an alternatives analysis. Selection of a consultant for the study and design is anticipated to occur in mid-June.
- 4SWRF Tertiary Filter Replacement Project: Dudek submitted 75% drawings and staff is in the process of reviewing and commenting the plans.
- Manchester Ave Recycled Water Main Extension Project: Aegis Engineering is conducting site studies for each potential RCW user. Once all site studies have been completed, an engineering firm will be selected for design of the pipeline.
- Lusardi Canyon Cathodic Protection Replacement Project: IEC Engineering is working on the final design for this project. 90% drawings are anticipated to be submitted in July.
- Ordinance 429 Single Check Backflow Replacement Project: District staff continues to work
  with customers whose backflow prevention devices do not meet current regulations and
  upgrade these devices as required by Ordinance 429. Approximately 20 out of the original 87
  backflows have not yet begun the conversion process.
- General Inspection Activities: Work on developer projects began picking up again and include projects to install fire hydrants, fire detector checks, water service laterals, etc. Construction to install new potable and recycled water lines for the Lakes Unit 4 is expected to begin in the next couple of months. Preliminary work on Del Dios Ranch and the Shaw Project is ongoing.
- General Engineering Activities: A number of small new developer projects are in the design and plan review process and staff is working with a number of individuals for water service and fire hydrant installations throughout the District. Staff is working on clearing various encumbered District easements and addressing other encroachment issues.

# **CUSTOMER SERVICES DEPARTMENT**

**Customer Services Manager John Carnegie Reports for May 2018:** 

## **Customer Service:**

- Handled approximately 1,279 customer calls and inquiries.
- Performed maintenance on 384 customer accounts, updating contact information and reviewing service orders.
- CIS Infinity Bill Enhancement Project: Programming is underway and expected to continue through summer.
- Third Party Integration with CIS Infinity Project: Work continues with Paymentus on activation
  of the interactive voice response system. Working on punch list items with Nobel Systems for
  mobile service order application.

## **Field Services:**

- Processed 400 service orders.
- Installed 2 new potable meters and 1 fire meter.
- Completed 28 AMI troubleshooting service orders.
- Completed 61 AMR troubleshooting service orders.

- Completed 64 check-for-leak service orders.
- Performed 8 shutdowns for valve replacement project on Wild Canary Lane, Calle Anacapa, Meadowmist Lane, White Owl Drive, Cole Ranch Road, Peppertree Lane, El Camino Court, Cadencia Street, and La Costa Avenue.
- Performed 3 highlines for Vales Pressure Reducing Station tie-in at La Costa Avenue and Cadencia Street.
- Meter Replacement Project: Replaced 20 stopped meters and 4 underperforming meters.
- AMI Expansion Project: Completed 5 MXU replacements.

# **Outreach/Education/Conservation:**

- Submitted monthly production and gallons per capita per day figures to State Water Resources Control Board.
- Continued customer notification and enforcement activities pertaining to Level 1 Water Supply Shortage, including responding to water use violation reports at 3 properties.
- Completed 20 residential water use evaluations for customers to assist them in reducing their water use.
- Hosted facilities tour for new employees on May 9.
- Provided tour of 4S Ranch Water Reclamation Facility for Reidy Creek Elementary School, winner of the inaugural CSDA San Diego Chapter field trip grant program, on May 17.
- Attended Storm Water Pollution Prevention Program event at San Dieguito High School Academy on May 23.
- Provided classroom presentations at Ada Harris Elementary School on May 8, Stone Ranch Elementary School on May 10, and Ocean Knoll Elementary on May 31.
- Facilitated OMWD customer reservations for MWD water conservation program rebate funding for the following:
  - 4 High-Efficiency Clothes Washers
  - o 2 Rain Barrels
  - 25 Weather-Based Irrigation Controllers

## Legislation/Regulations:

- Submitted a letter on May 21 to EPA's Office of Wastewater Management, providing comments on proposed changes to Clean Water Act regulation pertaining to groundwater.
- Submitted a comment letter on May 24 to Assemblywoman Gonzalez Fletcher opposing Assembly Bill 2065 (Ting), relating to restricting the land use of local agencies.
- Participated in May 30 regional letter providing comments on proposed revisions to 2017
   Electronic Annual Reporting data requirements.

## **Grants/Awards:**

- Continued work with DWR on funding agreements for the San Dieguito Valley Brackish Groundwater Desalination Feasibility Study and the San Dieguito Valley brackish water desalination test pilot.
- Continued administration of Prop 84/IRWM Round 2, Round 3, and Round 4 grant funding for the North San Diego County Regional Recycled Water Project.

- Submitted to SDCWA a Prop 50/IRWM Annual Post-Performance Report for Main Extension 252, which allowed Mission Estancia Elementary to retrofit their irrigation system and connect to recycled water.
- Continued work with state advocate identifying grant-funding opportunities for the expansion
  of EFRR's overflow parking lot; staff will submit an application in 2019 for Recreational Trails
  Program funding from the California Department of Parks and Recreation.

# **Elfin Forest Recreational Reserve:**

- Continued work to decommission illegal trails between EFRR and Del Dios Highlands County Preserve.
- Reprogrammed 800 megahertz radios.
- Continued advertising thirteenth annual photo contest.
- Hosted EFRR Advisory Committee meeting on May 8.
- Completed cleanup of May 14 graffiti vandalism along Escondido Creek.
- Attended Escondido Creek Land Managers meeting at Felicita Park on May 16.
- Coordinated release of 10 opossums by Fund for Animals Wildlife Center on May 22.
- Led 75 ranger-guided hikes.
- Issued 3 special use permits and 1 special event permit.
- Issued approximately 125 parking notices and 5 incident reports.
- Made approximately 125 verbal contacts with EFRR users regarding rules and regulations.
- Vehicle count: 5,102.
- Trail use count: 12,755.

## Elfin Forest Interpretive Center Honoring Susan J. Varty:

- Installed new Watershed in Bloom exhibition.
- Attended IC Advisory Committee on May 2.
- Installed Ecolife Aquaponics system upgrade on May 3.
- Held docent-led iNaturalist mobile application walk and discussion on May 5.
- Held "Bill the Bug Guy" presentation on May 12.
- Held docent-led naturalist walk on May 13.
- Held docent in-service meeting and BBQ on May 17.
- Held Trail Patrol orientation on May 24.
- Days IC open: 19.
- Number of IC visitors: 412.
- Total 2018 IC visitor count: 2,637.
- Number of volunteer trail patrol (VTP) shifts: 1.
- Number of volunteer docent hours: 79 (78 IC, 1 VTP).
- Total number of docents: 66.

## **HUMAN RESOURCES DEPARTMENT**

# HR/Labor Relations - Human Resources Manager, Thomas Wood reports:

- HR staff met with Lincoln Financial representatives for the annual review of the District 457(b) and 401(a) plans.
- Held a HEART Committee meeting in order to discuss the selection of District shirts.
- Distributed the employee pre-evaluation and goal setting forms, supervisor/manager confidential performance feedback survey, and created the annual performance review forms for all staff in preparation for the annual review process.
- HR staff attended the Liebert Cassidy annual training consortium planning meeting.
- Records staff hosted an on-site Laserfiche software training class.
- Coordinated the National Public Works Week (NPWW) recognition luncheon for all staff.
- Conducted HR and safety new hire orientations for the new Operations Coordinator.
- Safety staff coordinated on-site fit testing for relevant employees.

### **FINANCE DEPARTMENT**

# List of Significant Activities for the month of May 2018:

- Finalized the proposed fiscal year 2018-19 operating and capital budget with GM and managers for Finance Committee and Board budget workshop presentations.
- Discussed and reviewed 2018A Sewer Revenue Bond closing documents for execution.
- Attended CSDA's Proposition 218 and 26 training at Santa Margarita Water District.
- Continued working with Customer Service/Billing in collecting and recovering past due balances on closed water accounts (tenants and owners).
- Reviewed draft of fiscal year 2018-19 GM Recommended Budget Book.
- Staff is working on finalizing annual sewer bills for submittal to the County's tax roll for fiscal year 2018-19.
- Prepped for this year's water loss audit.
- Continued discussion on GASB 75 (Postemployment Benefits Other Than Pensions) continuing disclosure compliance with the District's auditors and the District's VEBA plan administrator (Genesis).
- Staff is working on Auditor's Prepared by Client List in preparation for the auditor's field interim audit visit scheduled in June 2018.
- Completed a comprehensive review of the District's General and Administrative costs for fiscal year 2017-18.
- Conducted training on auto-debit water payments training for back-up.
- Completed billing partner agencies to pay for BlueWater Strategies/Furman costs.

## Finance Monthly Statistics for the month of May:

- Processed 6,867 e-water payments from Infosend
- Processed 3,252 e-water payments from OMWD auto debit program

- Processed 3,130 payments from California Bank and Trust Lockbox
- Processed 350 over the counter water payments and other cash receipts
- Processed 2,765 e-water payments from bill payers (Check-free and Metavante)
- Processed 358 credit card payments from Paymentus
- Answered 59 calls and inquiries from customers/contractors about water payments, meter installs, billing, and water related fees.
- Accounts Receivable/meters: Processed 13 service orders and closed out 3 service orders for new meter installations.
- Purchasing: processed 20 purchase orders.
- Accounts Payable: processed and sent out 369 checks.

#### **ASSISTANT GENERAL MANAGER:**

# The Assistant General Manager reports the following:

- Participated in Operations Coordinator interviews.
- Attended the North San Diego WateReuse Coalition meeting.
- Hosted OMWD New Employee Tour.
- Participated in the San Diego North Economic Development Council Board of Directors meeting.
- Continued to analyze current after-hours Emergency dispatch contract and options.
- Attended SEJPA Board Meeting.
- Participated in a joint recycled water expansion progress meeting.
- Attended CSDA dinner.
- Attended the San Dieguito Reservoir Dam Centennial and Pump Station Dedication.
- Participated in Grant Funding Opportunities Discussion. (SFID)
- Hosted Tour of OMWD Facilities for City of Anaheim Council Member Faessel.
- San Dieguito Valley Brackish Groundwater Project: Hosted several San Dieguito Brackish Pilot Well planning meetings.
- Dedicated Significant time to:
  - Implementation of the Capital Improvement Project Program.
  - Personnel Matters.
  - Reviewing records request documents.
  - Main Extension 153A Recycled Water Project.
  - Completing and Approving Annual Reviews.

# **GENERAL MANAGER:**

## The General Manager reports the following:

- Participated in a CWA Member Agency Legislative Liaisons' Meeting.
- Participated in CWA's Member Agency Managers Meeting.
- Attended the CWA Board Meeting.

General Manager's Report June 20, 2018 Page 9

- Attended the ACWA Spring Conference.
- Attended the CSDA dinner.
- Attended a SWPPP Presentation at San Dieguito High School.
- Hosted a Finance Committee Meeting.
- Attended the SWPPP Presentation at the EUSD.
- Participated in the WateReuse Board Meeting.
- Attended the CWA Water Tax News Conference.
- Led an OMWD facilities tour for Anaheim Council Member Faessel.
- Attended the San Dieguito Reservoir Dam Centennial and Pump Station Dedication.
- Dedicated significant time to:
  - Reviewing Records Requests.
  - Reviewing the CWA Board Packet.
  - Annual Reviews.
  - Personnel matters.
  - Litigation matters.

Respectfully submitted,

Kimberly A. Thorner General Manager

# Memo

C

To: Olivenhain Municipal Water District Board of Directors

Subject: INFORMATIONAL REPORTS

**CONSULTING ENGINEER** 

Any report will be given orally at the meeting.



# **MEMORANDUM**

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

From: Don MacFarlane, Consulting Engineer

Subject: Metropolitan Water District of Southern California (MWD)

**Board of Directors and Committee Meetings** 

Date: June 11, 2018

This is a report on the Finance and Insurance, Water Planning and Stewardship, and Engineering and Operations Committee meetings held on June 11, 2018. The report is based on the webcast of the Committee meetings, Board reports and memorandums.

# Finance and Insurance Committee

1. Water Transactions Through May 2018 – Cumulative sales were approximately 75.0 TAF and \$53.0 million less than budget, 25.7 TAF and \$122.8 million greater than the prior year, and 178.6 TAF less than the five-year average. May sales were approximately 10 TAF less than budget. Expenditures are also less than budget by an equivalent amount that offsets the loss of sales. Total FY 2017-18 demands are forecast at 1.6 MAF.

# Water Planning and Stewardship Committee

# 1. <u>WSDM</u> –

- a. The SWP allocation has been increased to 35 percent.
- b. The upper Colorado River runoff is forecast to be 51 percent of the long-term average. There will be no impact to this year's water supply but the series of dry years is taking its toll on Lake Mead storage. In terms of inflow to Lake Powell, 2018 will be the 5<sup>th</sup> lowest year on record.
- c. The USBR 24-month forecast study of the Colorado River shows zero likelihood of a shortage condition in 2018 but a 50 percent chance by the end of 2019.
- d. Runoff for northern California is forecast at 72 percent of normal.
- e. For 2018, supplies and demands are roughly balanced so there will be little change in MWD's dry-year storage volumes.

#### **MEMORANDUM**

Metropolitan Water District of Southern California June 11, 2018 Committee Meetings Page 2 6/11/2018

2. Colorado River – USBR recently released their 2018 Annual report. Since 2002, California's agricultural and urban agencies have reduced their use by 1.3 MAF per year. MWD had a 45 percent reduction in use over this same time period. The lower basin states have reduced their use by 1.9 MAF per year, which is equivalent to 25 feet of water level in Lake Mead. Without these reductions, Lake Mead would have already been at shortage conditions.

# **Engineering and Operations Committee**

1. <u>May 2018 Deliveries</u> – 128 TAF, 13 TAF higher than 2017.

2. <u>Blend of SWP and CRA Water at Lake Skinner</u> – moving to 35 percent SWP.

DWR – Department of Water Resources ICS – Intentionally Created Storage (Mead)

IRP – Integrated Resources Plan MAF – Million acre-feet

MWD – Metropolitan Water District of Southern California

SWC – State Water Contractors SWRCB – State Water Resources Control Board

SWP – State Water Project

TAF – Thousand acre-feet USBR – Bureau of Reclamation

WSAP – Water Supply Allocation Plan WSDM – Water Surplus Drought Management

# Memo

D

To: Olivenhain Municipal Water District Board of Directors

Subject: INFORMATIONAL REPORTS

**GENERAL COUNSEL** 

Any report will be provided at the meeting.

**TO:** Olivenhain Municipal Water District

**FROM:** Alfred Smith

**DATE:** June 20, 2018

**RE:** Attorney Report: Independent Contractors

150152-0005

# I. <u>INTRODUCTION.</u>

On April 30, 2018, the California Supreme Court issued a landmark decision in *Dynamex Operations West v. Superior Court*, Case Number S222732 ("Dynamex"), in which the Court chose to essentially scrap the nearly 30-year old test for determining whether a worker is an employee or an independent contractor. In *Dynamex*, the California Supreme Court adopted an "ABC" test for determining whether an individual is an employee or independent contractor.

In replacing the decades-old *Borello* control test, which applied multiple factors to the determination of whether a worker qualifies as an independent contractor, the Court adopted the simplified "ABC" Test applied in various other jurisdictions around the country, including Massachusetts and New Jersey. The net effect is that it makes it significantly more difficult for California employers to show workers qualify as independent contractors.

# II. BACKGROUND.

Independent contractors are commonly used by both public and private employers throughout California and the nation as a whole. For nearly three decades, California employers relied on the test enunciated by the California Supreme Court in S.G. Borello & Sons, Inc. v. Dept. of Industrial Relations (1989) 48 Cal.3d 341 ("Borello") to determine the proper classification of its workers. The Borello test examined the total circumstances of the relationship between the principal and the person performing services. The most important factor was whether the principal had the right "to control the manner and means of accomplishing the desired result."

Other factors that aided this analysis were: (1) whether the person performing services was engaged in an occupation or business distinct from that of the principal; (2) whether the work is part of the regular business of the principal; (3) whether the principal or the worker supplies instruments, tools, and the place for the person doing the work; (4) skill required in the particular occupation; (5) type of occupation, and whether the work was usually done under the direction of the principal or by a specialist

without supervision; (6) length of time for which the services are to be performed; (7) whether payment is by the time worked or by the job; and (8) whether the parties believed they were creating an employer-employee relationship.

That *Borello* did not yield a bright-line test is an understatement; however, the *Borello* standard afforded employers an opportunity to defend against misclassification claims through the application of its specific set of circumstances against these numerous factors. It also created a zone in which entrepreneurial workers could create their own sole proprietorships if they so desired. Moreover, the intentions of the contracting parties are no longer a consideration. Consequently, employers may now face an uphill battle defending against misclassification claims in light of *Dynamex*.

The *Dynamex* case stemmed from a lawsuit by drivers against Dynamex, a package delivery company. The lawsuit alleged that Dynamex misclassified its drivers as independent contractors, and, therefore, violated the applicable Industrial Welfare Commission ("IWC") wage order and various sections of the Labor Code, including Section 2802 pertaining to the reimbursement of business expenses.

# III. COURT'S ANALYSIS.

In *Dynamex*, the Court held that, for purposes of California Wage Order claims, the definition of "employment" identified in California's Wage Orders governs, and articulated a new standard for what it means for an employer to "suffer or permit" an individual "to work." The "suffer or permit to work" definition of "employ" contained in the IWC wage orders is relied upon by courts to evaluate whether a worker is an employee, or instead, an independent contractor for purposes of the obligations imposed by wage orders. The new test presumes that *any* worker hired to perform services is an employee of the hiring business.

Under the new standard, the burden of proof is on the employer disputing employee status to prove *all* of the following elements (referred to as the "ABC" test):

- (A) the worker is free from the control and direction of the hirer in connection with performing the work, both under contract and in fact. As the Court explained, a business does not need to control the "precise manner or details of the work" in order to be found to have maintained "control and direction";
- (B) the worker performs work outside the usual course of the hiring entity's business. For example, a plumber providing plumbing services to a bakery is outside the usual course of the bakery's business; but a cake decorator hired to decorate the bakery's cakes is not outside the usual course of business; and
- (C) the worker customarily engages in an independently established trade, occupation, or business of the same nature as the work performed for the hiring

entity. This element focuses on whether the worker "independently made the decision to go into business for himself or herself."

Unlike in the past, where the courts balanced multiple factors to assess contractor status, under *Dynamex*, the hiring entity's failure to prove any one of the three prerequisites will be sufficient in itself to establish that the worker is an employee. The ABC Test is undoubtedly much simpler to apply than the now-replaced *Borello* control test, under which numerous factors had to be considered for the analysis, and the importance of any one factor was to be determined by courts or agencies on a case-by case basis.

However, the ABC Test is far broader in its reach than the *Borello* test, purposefully so the Supreme Court stated, and will likely result in many more workers being unable to meet the requisite test to be classified as an independent contractor.

Factor "A" of the ABC Test, which requires that the worker must be "free of the control of the hiring entity in the performance of the work," is more or less a restatement of part of the *Borello* control test, and can be based on a myriad of related factors evidencing control of the employer over the worker's performance of work -- including whether the worker supplies his own tools or controls the specific details of his work, without interference by the hiring entity.

The second factor, requirement "B" of the ABC Test, mandates that in order to be considered an independent contractor, a worker must "perform work that is outside the *usual course of the hiring entity's business.*" To illustrate the meaning of the "usual course of business," the Supreme Court gave the example that "when a retail store hires an outside plumber to repair a leak in a bathroom on its premises or hires an outside electrician to install a new electrical line, the services of the plumber or electrician are not part of the store's usual course of business and the store would not reasonably be seen as having "suffered or permitted" (the California law definition of employment) the plumber or electrician to be working as its employee.

"On the other hand," the Court said, "when a clothing manufacturing company hires work-at-home seamstresses to make dresses from cloth and patterns supplied by the company that will thereafter be sold by the company," or "when a bakery hires cake decorators to work on a regular basis on its custom-designed cakes," the workers are part of the hiring entity's *usual business operation* and the hiring business can reasonably be viewed as having "suffered or permitted the workers to provide services as employees" and not as independent contractors.

Factor "C" of the ABC Test, which requires that the workers "must be customarily engaged in an independently established trade, occupation or business of the same nature as the work performed," requires a showing that the worker has "independently made the decision to go into business for himself or herself." Such workers would be expected to have taken "the usual steps to establish and promote his or her independent business," for example through "incorporation, licensure, advertisements,"

routine offerings to provide the services of the independent business to the public or to a number of potential customers, and the like."

The Supreme Court justified its decision largely on policy grounds, stating that the ABC test was more fair to workers who wanted the "fundamental protections" of California's Wage Orders, and that using a less employee-friendly standard could create a "race to the bottom" where businesses implement substandard wages and unhealthy conditions by trying to avoid the protections of the Wage Orders.

Some commentators suggested that the Supreme Court is updating the law to address the so-called contemporary "gig economy" employers -- such as Uber and Lyft - who classify most of their workers as independent contractors. The *Dynamex* decision will have far reaching implications for such employers.

The Supreme Court also noted that the phrase "suffer or permit" could not be interpreted literally such that it would include workers such as plumbers or electricians, who have traditionally been viewed as "genuine" independent contractors who work in their own independent business.

The Court's ruling effectively now (1) makes anyone whom an agency "engage[s], suffer[s] or permit[s] to work" presumptively an employee; and (2) sets aside the *Borello* test's applicability to interpreting the IWC wage orders.

# IV. CONCLUSION.

Dynamex did not prohibit independent contractor relationships and, under the right circumstances, independent contractor business models can continue to survive in California. Nonetheless, *Dynamex* creates a presumption of an employee-employer relationship that must be disproven by the employer. Employers who classify any of their workers as independent contractors are now required to review the relationship utilizing the ABC test to determine whether the worker has been properly classified.

For agencies utilizing independent contractors, given the far-reaching changes from the *Dynamex* decision, consideration should be given to whether any worker classifications should be reassessed, and whether any workers should be reclassified as employees.

Misclassifying workers can have a potentially large impact on agencies, because if a worker should be classified as an employee, the agency bears responsibility for paying federal social security and payroll taxes, unemployment insurance taxes and state employment taxes as well as providing workers compensation insurance. Employees, unlike independent contractors, are protected by an extensive body of laws regulating the work place, including wage and hour, harassment and discrimination laws, among many others; and significant penalties exist for misclassifying employees as independent contractors, including the potential for costly tax audits by the EDD.

# 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.

# 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.

# Memorandum

TO: Olivenhain Municipal Water District

**FROM:** Richard Harris, Senior Policy Advisor

Jennifer Capitolo, Senior Policy Advisor

**DATE:** June 13, 2018

**RE:** June Public Policy Report

### PRIMARY ELECTION – JUNE 5, 2018

The June 5, 2018 primary election results have mostly been decided, with some mail-in ballots still being counted. The field has been narrowed in the races for statewide offices and four of the five measures on the June ballot have been approved. Here is a quick recap of the highlights:

Governor: Gavin Newsom (D) and John Cox (R) proceed to the general election.

Lieutenant Governor: Eleni Kounalakis (D), with 23% of the vote, and Ed Hernandez (D), with 21% of the vote, will proceed to the general election.

Attorney General: Xavier Becerra (D), with 45% of the vote, and Steven Bailey (R), will proceed to the general election.

SD 29 – With the recall of Senator Josh Newman (D), the Democrats have lost their supermajority in the state Senate. In his place, voters have elected former Assemblywoman Ling Ling Chang (R). Voters removed Senator Newman from office over his vote to raise gas taxes last year.

SD 32 - Tony Mendoza (D) failed to win back the seat he resigned earlier this year after an investigation found he made unwanted sexual advances toward several employees. Rita Topalian (R) is winning the special primary with 25% of the vote, while Vanessa Delgado (D) leads the crowded field of Democrats in the Democratic-leaning Los Angeles district with 16%. Meanwhile, for the general election in November, Topalian (25%) may instead face Bob Archuleta (D), who was running fourth in the special primary but second in a concurrent regular primary, with 18% and Delgado with 16%.

AD 39 – Luz Maria Rivas (D) was elected in a special general election and will proceed to the general election.

AD 45 – Jesse Gabriel (D) was elected in a special general election and will proceed to the general election.

AD 58 – The State Building and Construction Trades Council's attempt to unseat Assemblywoman Cristina Garcia (D) was not successful in the primary and she will proceed to the general election where she still faces opposition from those same groups.

AD 76 – The most interesting race in the State overlaps with the service area of OMWD, Republican Assemblyman Rocky Chavez may have turned over his San Diego seat to Democrats when he decided to run for Congress this year instead. The lead in the primary is currently held by Democrats Elizabeth Warren (26%) and Tasha Horvath (25%). The Republican Phil Graham sits in third with 21%.

Proposition 68 - The Natural Resource Bond passed with 56% of the vote in support. As a reminder, this proposition will provide \$4 billion in bonds for parks, natural resources projects, climate adaptation projects, water quality and supply projects, and flood protection projects.

Proposition 72 - The Property Tax: New Construction: Rain-Capture initiative passed with 83% of the vote in support. This proposition will amend the California Constitution to permit the Legislature to exempt the construction or addition of rain-capture systems from the type of construction that would require a property-tax reassessment.

# STATE LEGISLATURE

The Legislature continues to negotiate the State Budget, which must be passed by June 15, 2018. The May Revise was released on May 11, 2018. Budget committees in both Houses have closed out and the Budget Conference Committee closed out.

Two major legislative deadlines passed since the Legislative Committee last met and as a result of those deadlines, a number of bills are no longer moving through the process. Second house policy committee hearings are being held until the end of June.

Nossaman is currently tracking approximately 65 bills on behalf of OMWD.

# **STATE BUDGET**

The Legislature continues to negotiate the State Budget, which must be passed by June 15, 2018. The Assembly and Senate took different actions on the SB 623 Budget Trailer Bill (BTB), the Safe and Affordable Drinking Water Fund. The Senate Budget Committee approved the \$5 million proposal that was included in the January Budget, to implement the Safe Affordable Drinking Water Fund and the Assembly Budget Committee approved the BTB, as proposed by the Governor and then later rescinded the vote. The final action of this item was negotiated by the 2018 Budget Conference Committee and the Administration's proposal for Safe and Affordable Drinking Water was not adopted. The compromise includes \$23.5 million General Fund for allocation to safe drinking water actions later this legislative session and \$5 million in General Fund for the State Water Resources Control Board to provide lead testing, remediation, and technical assistance for child care centers. It's important to note that although the trailer bill is dead, SB 623 is still active and could move as currently drafted or as an amended version later this session.

# **LEGISLATIVE PROPOSALS**

**Long-Term Water Conservation/AB 1668 (Friedman) and SB 606 (Skinner/Hertzberg) - OPPOSE:** On May 17, the Senate and Assembly passed long-term conservation bills, AB 1668 by Assembly Member Friedman and SB 606 by Senator Hertzberg, sending them to Gov. Jerry Brown for consideration. On May 31, the Governor signed these two bills and in his press release he focused his comments the role these two bills will play in helping the state better prepare for droughts and climate change. Below please find a brief summary of the two bills.

**AB 1668** requires the State Water Resources Control Board (State Water Board) and the California Department of Water Resources (DWR) to adopt water-use efficiency standards, objectives (targets) and regulations, outlines reporting requirements for water suppliers, and specifies penalties for violations. The final version of AB 1668 includes the following key provisions:

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- Establishes water-use standards, objectives and reporting requirements for indoor and outdoor residential water use, commercial, industrial, and institutional (CII) landscape areas, water losses, and other unique local uses.
- Revises the Agricultural Water Management Planning Act to increase the efficiency of agricultural water use.
- Requires DWR, the State Water Board, and other relevant stakeholders to identify small water suppliers and rural communities that may be at risk of drought and water shortage vulnerability and provide recommendations for drought planning.

**SB 606** requires the State Water Board and DWR to adopt water-use efficiency objectives and regulations, outlines requirements for urban water suppliers, and specifies penalties for violations. The bill contains distinct provisions on water shortage planning and water loss reporting for urban wholesale water suppliers, and establishes a bonus incentive for potable reuse water. The final version of SB 606 includes the following key provisions:

- Establishes urban water use objectives and reporting requirements for urban water suppliers by requiring an urban water supplier to calculate an aggregate urban water use objective.
- Substantially revises the requirements under the Urban Water Management Planning Act.
   Specifically, requires urban water suppliers to conduct annual drought risk assessments and to submit an annual report to DWR.
- Requires the adoption of a water shortage contingency plan in the utility's urban water management plan, and must include certain elements, including annual drought risk assessment procedures, and standard water shortage levels.

**SB 623 (Monning) Safe and Affordable Drinking Water Fund – OPPOSE**: SB 623 (Monning) is a two-year bill. This bill is currently held in Assembly Rules. This bill may be a vehicle for the water tax, given the failure of the Budget Trailer Bill.

SB 998 (Dodd) Water shutoffs: urban and community water systems – OPPOSE, UNLESS AMENDED: SB 998 outlines steps that must be taken before discontinuing water service for lack of payment. The water industry has expressed significant concerns with this bill. Despite significant amendments to the bill, ACWA, CWA and CMUA have updated their coalition position to oppose. The bill is pending a referral in the Assembly and will likely be double referred to Water, Parks and Wildlife, as well as Utilities and Energy. ACWA is taking the lead on scheduling meetings with committee members to express our opposition to the bill and impress on them that this bill is not necessary. OMWD may want to consider moving to an oppose position, rather than oppose, unless amended.

AB 1944 (E. Garcia) Sustainable groundwater management: San Luis Rey Valley Groundwater Basin - WATCH: This bill would divide the San Luis Rey Valley Groundwater Basin into an upper and lower subbasin and would designate the subbasins as medium priority until the department reassesses basin prioritization. The bill would require water beneath the surface of the ground within the Upper San Luis Rey Valley Groundwater Subbasin to be included within the definition of groundwater for the purposes of the act by any groundwater sustainability agency developing or implementing a groundwater sustainability plan and would except from this requirement certain water beneath the surface of the ground extracted and used as authorized under an existing appropriative water right. This bill is co-sponsored by the Water Authority and regional Native American Tribes within the San Luis Rey Valley area. OMWD staff members have determined this bill has minimal impact on the district and have recommended a WATCH position. The bill passed out of the Senate policy committee with technical amendments on June 12.

AB 2050 (Caballero) Small System Water Authority Act of 2018: This bill would establish a governance and service delivery framework for providing safe drinking water to small communities 56491048.v1

with noncompliant, non-sustainable water systems. The bill is co-sponsored by the California Municipal Utilities Association and Eastern Municipal Water District. The bill is being presented as an alternative to the Budget Trailer bill/SB 623. The bill is pending referral in the Senate.

AB 2064 (Gloria) Integrated regional water management plans: grants: advance payment: This bill would improve cash flow challenges for disadvantaged community and non-profit organization participants in Integrated Regional Water Management program grant awards by ensuring accountable opportunities for advanced payment of grant funds for those participants. This bill is sponsored by the Water Authority. The bill is pending referral in the Senate.

**AB 2065 (Ting) Local agencies: surplus land:** This bill would require a local agency to prioritize an affordable housing project, when disposing of surplus land. Many statewide associations expressed concerns over the bill including the California Special Districts Association. This bill was held in the Assembly Appropriations Committee.

AB 2370 (Holden) Lead exposure: child day care facilities: family day care homes: Existing law requires community water systems to test for lead ion school sites. This bill would impose similar requirements for community water systems that serve a licensed child day care facility. Although the bill now places the responsibility on the day care facility to contact the community water system to arrange testing, the bill is still silent on the requirements of the community water system. This bill is pending referral in the Senate.

**AB 2371 (Carrillo) Water use sustainability: irrigation:** This bill would advance a series of DWR Independent Technical Panel consensus recommendations relating to improving outdoor landscape water use efficiency. The Water Authority is co-sponsoring the bill with the Natural Resources Defense Council (NRDC). The bill has not yet been set for hearing in the Senate.

# STATE WATER RESOURCES CONTROL BOARD

Electronic Annual Report: The water industry is concerned with the new revisions to the annual Electronic Annual Report (eAR) added by the staff of the State Water Board this spring. The eAR, an annual report on the state's Drinking Water Program, to which public water suppliers filed information on June 1, contained new questions on drinking water affordability, water loss from distribution systems, and climate change. A water industry coalition letter was submitted on May 30 and said that the eAR is not the best vehicle to gather relevant and informative data about water rates, low income rate assistance programs, water loss, and utility adaptation and resiliency strategies to mitigate climate change impacts. The letter spelled out the issues involved with each of these subject areas and concluded by requesting that the Water Board staff that work with utilities in a stakeholder-driven process to identify relevant and necessary information required for a clearly stated purpose and that will not be duplicative of other reporting efforts.

**DDW Advisory Group Meeting:** Division of Drinking Water Deputy Director Darrin Polhemus hosted a meeting of the Water Advisory Group May 29. The new DDWAG is the successor entity to the Transition Advisory Group, which met from 2015 through 2017. The agenda covered DDW's 2018 Priorities:

- 1. Economic Feasibility Criteria for the Hexavalent Chromium MCL (and other future standards)
- 2. Timetable for Revised Hexavalent Chromium MCL
- 3. Revisions to Lead and Copper Rule
- 4. Surface (Reservoir) Augmentation Regulation
- 5. Adoption of Direct Potable Reuse Framework (out for comment now)

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- 6. Revised Total Coliform Rule
- 7. Cross Connection Control Regulations (Cindy Forbes has been hired to lead this effort)
- 8. Environmental Laboratory Accreditation Program Regulations
- 9. Primacy Package Applications
- 10. Direct Potable Reuse Regulations
- 11. Detection Limit for Purposes of Reporting (DLR) Revision for Perchlorate

There was also discussion of small system issues. The next meeting will be in the second week of September.

# **DEPARTMENT OF WATER RESOURCES**

On Wednesday, June 13, the California Fire Science Consortium will present a webinar on lessons learned from the 2017 wildfires. In its announcement on the webinar, DWR noted that it will focus on defending homes and landscapes against wildfires. Online registration is requested at <a href="https://register.gotowebinar.com/register/3916195825997772033">https://register.gotowebinar.com/register/3916195825997772033</a>.

# **IMPORTANT LEGISLATIVE DEADLINES**

- June 1 Last day for each house to pass bills introduced in that house
- June 15 Budget bill must be passed by midnight
- June 29 Last day for policy committees to hear and report fiscal bills to fiscal committees
- July 6 Last day for policy committees to meet and report bills
- July 6 August 5 Summer Recess
- August 6 Legislature reconvenes



#### Olivenhain Legislative Report 2018

#### Report as of 6/13/2018



# AB 18 (Garcia, Eduardo D) California Clean Water, Climate, Coastal Protection, and Outdoor Access For All Act of 2018.

Current Text: Amended: 8/30/2017 html pdf

Status: 9/1/2017-From committee: Do pass and re-refer to Com. on APPR. (Ayes 4.

Noes 1.) (August 31). Re-referred to Com. on APPR.

Location: 9/1/2017-S. APPR.

**Summary:** Under current law, programs have been established pursuant to bond acts for, among other things, the development and enhancement of state and local parks and recreational facilities. This bill would enact the California Clean Water, Climate, Coastal Protection, and Outdoor Access For All Act of 2018, which, if approved by the voters, would authorize the issuance of bonds in an amount of \$3,470,000,000 pursuant to the State General Obligation Bond Law to finance a clean water, climate, coastal protection, and outdoor access for all program.

Position	Priority	Assigned
Recommend		
Support, if		
amended		

**Notes 1:** If approved by the voters, this measure would authorize the issuance of General Obligation (G.O.) bonds in an amount of \$3.005 billion to finance park, climate change preparedness, coastal protection, and outdoor access projects. The bill would provide for the proposal's submission to California voters at the June 5, 2018 statewide direct primary election. AB 18 is similar to a previous park and water bond proposal from the last legislative session, AB 2444 (E. Garcia, 2016) and AB 18 is similar to another park and water bond measure introduced this session, SB 5 (De León). Unlike SB 5, AB 18 does not provide funding for some of the Proposition 1 funding purposes.

# <u>AB 196</u> (<u>Bigelow</u> R) Greenhouse Gas Reduction Fund: water supply and wastewater systems.

Current Text: Amended: 3/6/2017 <a href="https://httml.gdf">httml\_pdf</a>

Status: 9/1/2017-Failed Deadline pursuant to Rule 61(a)(12). (Last location was APPR.

SUSPENSE FILE on 7/17/2017) (May be acted upon Jan 2018)

Location: 9/1/2017-S. 2 YEAR

**Summary:** Current law requires moneys from the Greenhouse Gas Reduction Fund to be allocated for the purpose of reducing greenhouse gas emissions in this state and satisfying other purposes. Current law authorizes specified investments, including water use and supply, if the investment furthers the regulatory purposes of the California Global Warming Solutions Act of 2006 and is consistent with law. This bill would authorize the use of the moneys in the fund for electric pump efficiency, water and wastewater systems, pump and pump motor efficiency improvements, and drinking water transmission and distribution systems' water loss if the investment furthers the regulatory purposes of the act and is consistent with law.

Position Priority Assigned
Recommend
Favor

**Notes 1:** 3/2/17 - This bill would expand the authorized uses of moneys in the GGRF to include water supply repairs. ACWA is developing a list of concrete examples of water supply repairs that could be eligible for funding under this legislation. ACWA member agencies that have ideas for types of eligible projects that further the regulatory purposes of AB 32 and should be specified within the bill could communicate them to ACWA staff to submit as amendment language to the Author's office.

#### AB 869 (Rubio D) Sustainable water use and demand reduction: recycled water.

Current Text: Amended: 8/24/2017 <a href="httml">httml</a> <a href="pdf">pdf</a>

Status: 9/1/2017-Failed Deadline pursuant to Rule 61(a)(12). (Last location was N.R. &

W. on 8/24/2017)(May be acted upon Jan 2018)

Location: 9/1/2017-S. 2 YEAR

**Summary:** Current law imposes various water use reduction requirements that apply to urban retail water suppliers, including a requirement that the state achieve a 20% reduction in urban per capita water use by December 31, 2020. This bill would require long-term standards for urban water conservation and water use to include a credit for recycled water, as specified.

**Position** Priority Assigned Sponsored

Notes 1:

#### AB 1000 (Friedman D) Water conveyance: use of facility with unused capacity.

Current Text: Amended: 7/3/2017 <a href="httml">httml</a> <a href="pdf">pdf</a>

Status: 9/1/2017-Failed Deadline pursuant to Rule 61(a)(12). (Last location was APPR.

SUSPENSE FILE on 8/28/2017) (May be acted upon Jan 2018)

Location: 9/1/2017-S. 2 YEAR

**Summary:** Current law prohibits the state or a regional or local public agency from denying a bona fide transferor of water from using a water conveyance facility that has unused capacity for the period of time for which that capacity is available, if fair compensation is paid for that use and other requirements are met. This bill would, notwithstanding that provision, prohibit a transferor of water from using a water conveyance facility that has unused capacity to transfer water from a groundwater basin underlying desert lands, as defined, that is in the vicinity of specified federal lands or state lands to outside of the groundwater basin unless the State Lands Commission, in

consultation with the Department of Fish and Wildlife, finds that the transfer of the water will not adversely affect the natural or cultural resources of those federal and state lands.

Position Priority Assigned Watch

Notes 1:

#### AB 1273 (Gallagher R) California Environmental Quality Act: exemption: levee repairs.

Current Text: Amended: 5/2/2017 html pdf

Status: 7/14/2017-Failed Deadline pursuant to Rule 61(a)(10). (Last location was N.R. &

W. on 7/6/2017)(May be acted upon Jan 2018)

Location: 7/14/2017-S. 2 YEAR

**Summary:** Would, until July 1, 2023, exempt from the requirements of CEQA repairs of critical levees of the State Plan of Flood Control within an existing levee footprint to meet standards of public health and safety, except as otherwise provided in a specified regulation. The bill would require the lead agency to take certain actions regarding the repairs. This bill contains other existing laws.

Position Priority Assigned Watch

Notes 1:

## AB 1323 (Weber D) Sustainable water use and demand reduction: stakeholder workgroup.

Current Text: Amended: 5/30/2017 <a href="https://doi.org/10.1007/jhtml">httml</a> <a href="pdf">pdf</a>

Status: 9/1/2017-Failed Deadline pursuant to Rule 61(a)(12). (Last location was APPR.

SUSPENSE FILE on 8/21/2017) (May be acted upon Jan 2018)

Location: 9/1/2017-S. 2 YEAR

**Summary:** Would, with a specified exception, require the Department of Water Resources to convene a stakeholder workgroup with prescribed representatives invited to participate, including, among others, representatives of the department and the State Water Resources Control Board, no later than February 1, 2019. The bill would require the stakeholder workgroup to develop, evaluate, and recommend proposals for establishing new water use targets for urban water suppliers and to examine and report to the Governor and the Legislature by December 31, 2019, as specified.

**Position Priority Assigned**Support

Notes 1:

#### AB 1654 (Rubio D) Water conservation.

Current Text: Amended: 7/12/2017 html pdf

**Status:** 7/17/2017-Withdrawn from committee. Re-referred to Com. on RLS. (Set for hearing) (1/23/2018 - Immune to Deadlines according to JR61(f). Deadlines do not apply to bills in a Rules committee.)

Location: 7/17/2017-S. RLS.

**Summary:** Would state the intent of the Legislature to enact legislation necessary to help make water conservation a California way of life.

# Position Priority Assigned

Recommend Support

#### Notes 1:

# AB 1667 (Friedman D) Water management planning.

Current Text: Amended: 7/3/2017 <a href="httml">httml</a> <a href="pdf">pdf</a>

Status: 7/14/2017-Failed Deadline pursuant to Rule 61(a)(10). (Last location was N.R. &

W. on 7/11/2017)(May be acted upon Jan 2018)

Location: 7/14/2017-S. 2 YEAR

**Summary:** Would require the State Water Resources Control Board, in consultation with the Department of Water Resources, to adopt long-term standards for urban water conservation and water use on or before May 20, 2021. The bill would also require the board, in consultation with the department, to adopt performance measures for commercial, industrial, and institutional water use on or before that date.

Position	Priority	Assigned
Watch		

#### Notes 1:

# AB 1944 (Garcia, Eduardo D) Sustainable groundwater management: San Luis Rey Valley

Groundwater Basin.

Current Text: Amended: 4/11/2018 <a href="https://https://html.ncb/html">httml</a> <a href="pdf">pdf</a>

Status: 6/12/2018-From committee: Amend, and do pass as amended and re-refer to

Com. on APPR. (Ayes 9. Noes 0.) (June 12).

Location: 6/12/2018-S. APPR.

Calendar: 6/14/2018 #12 SENATE SEN SECOND READING FILE - ASSEMBLY

**BILLS** 

**Summary:** Would divide the San Luis Rey Valley Groundwater Basin into an upper and lower subbasin, as prescribed, and would designate the subbasins as medium priority until the Department of Water Resources reassesses basin prioritization. The bill would require water beneath the surface of the ground within the Upper San Luis Rey Valley Groundwater Subbasin to be included within the definition of groundwater for the purposes of the act by any groundwater sustainability agency developing or implementing a groundwater sustainability plan and would except from this requirement certain water beneath the surface of the ground extracted and used as authorized under an existing appropriative water right.

Position	Priority	Assigned
Watch		RHarris,
		Capitolo

# Notes 1:

# AB 1989 (Mathis R) Water and Wastewater Loan and Grant Program.

Current Text: Amended: 3/15/2018 html pdf

**Status:** 5/25/2018-In committee: Held under submission. **Location:** 4/18/2018-A. APPR. SUSPENSE FILE

**Summary:** Current law authorizes the State Water Resources Control Board to establish the Water and Wastewater Loan and Grant Program, to the extent funding is made available, to provide funding to eligible applicants for specified purposes relating to drinking water and wastewater treatment. This bill would appropriate \$50,000,000 from the General Fund to the board for the program.

Position Priority Assigned Watch

Notes 1:

AB 2042 (Steinorth R) Personal income tax credits: residential graywater reuse systems.

Current Text: Amended: 5/1/2018 <a href="https://doi.org/10.100/journal.com/">httml pdf</a>

Status: 5/25/2018-In committee: Held under submission.

Location: 5/9/2018-A. APPR. SUSPENSE FILE

**Summary:** The Personal Income Tax Law allows various credits against the taxes imposed by that law. Existing law requires any bill authorizing a new tax credit to contain, among other things, specific goals, purposes, and objectives that the tax credit will achieve, detailed performance indicators, and data collection requirements. This bill, for taxable years beginning on or after January 1, 2019, and before January 1, 2024, would allow as a credit against the net tax imposed by that law equal to 25% of the cost of installing a residential graywater reuse system during the taxable year in the taxpayer's residence located in this state.

Position Priority Assigned Watch

Notes 1:

AB 2050 (Caballero D) Small System Water Authority Act of 2018.

Current Text: Amended: 6/11/2018 html pdf

**Status:** 6/11/2018-From committee chair, with author's amendments: Amend, and rerefer to committee. Read second time, amended, and re-referred to Com. on EQ.

Location: 6/7/2018-S. E.Q.

Calendar: 6/20/2018 8:30 a.m. - Room 3191 SENATE ENVIRONMENTAL

QUALITY, WIECKOWSKI, Chair

**Summary:** This bill would create the Small System Water Authority Act of 2018 and state legislative findings and declarations relating to authorizing the creation of small system water authorities that will have powers to absorb, improve, and competently operate noncompliant public water systems. The bill, no later than March 1, 2019, would require the state board to provide written notice to cure to all public agencies, private water companies, or mutual water companies that operate a public water system that has either less than 3,000 service connections or that serves less than 10,000 people, and are not in compliance with one or more state or federal primary drinking water standard maximum contaminant levels as of December 31, 2018, and for 4 consecutive quarters, as specified.

Position	Priority	Assigned
Watch		RHarris,
		Capitolo

Notes 1:

# AB 2060 (Garcia, Eduardo D) Water: grants: advanced payments.

Current Text: Amended: 5/25/2018 <a href="https://doi.org/10.1007/jhtml">httml</a> <a href="pdf">pdf</a>

**Status:** 6/4/2018-In Senate. Read first time. To Com. on RLS. for assignment.

Location: 6/4/2018-S. RLS.

**Summary:** Would require the State Water Resources Control Board, within 60 days of awarding a grant from the State Water Pollution Control Revolving Fund, to provide a project proponent that requests and demonstrates a need for advanced payment with advanced payment of \$500,000 or 50% of the grant award, whichever is less, for projects in which the project proponent is a nonprofit organization or a disadvantaged community, or the project benefits a disadvantaged community. The bill would require the advanced funds to be handled as prescribed.

Position	Priority	Assigned
Watch		RHarris,
		Capitolo

#### Notes 1:

#### AB 2062 (Maienschein R) State highways: landscaping.

Current Text: Amended: 4/30/2018 <a href="https://doi.org/10.1007/jhtml">httml</a> <a href="pdf">pdf</a>

**Status:** 5/15/2018-From committee: Do pass and re-refer to Com. on APPR. with recommendation: To Consent Calendar. (Ayes 11. Noes 0.) (May 15). Re-referred to

Com. on APPR.

Location: 5/15/2018-S. APPR.

**Summary:** Would require planting projects undertaken or approved by the Department of Transportation to include, when appropriate and consistent with integrated pest management strategies, California native wildflowers and native and climate-appropriate vegetation as an integral and permanent part of the planting design, with priority given to those species of wildflower and native and climate-appropriate vegetation that will help rebuild pollinator populations.

Position	Priority	Assigned
Watch		

#### Notes 1:

# AB 2064 (Gloria D) Integrated regional water management plans: grants: advanced payment.

Current Text: Amended: 5/25/2018 html pdf

Status: 6/12/2018-From committee: Amend, and do pass as amended and re-refer to

Com. on EQ. (Ayes 9. Noes 0.) (June 12).

Location: 6/12/2018-S. E.Q.

Calendar: 6/14/2018 #9 SENATE SEN SECOND READING FILE - ASSEMBLY BILLS

**Summary:** Current law, until January 1, 2025, requires a regional water management group, within 90 days of notice that a grant has been awarded, to provide the Department of Water Resources with a list of projects to be funded by the grant funds if the project proponent is a nonprofit organization or a disadvantaged community or the project benefits a disadvantaged community. Current law requires the department, within 60 days of receiving this project information, to provide advanced payment of 50% of the grant award for those projects that satisfy specified criteria. The bill, until January 1,

2025, would require the department to provide a project proponent that requests and demonstrates a need for advanced payment with advanced payment for those projects of \$500,000 or 50% of the grant award, whichever is less.

Position	Priority	Assigned
Watch		RHarris,
		Capitolo

#### Notes 1:

AB 2283 (Holden D) Income taxes: exclusion: turf removal water conservation program.

Current Text: Introduced: 2/13/2018 <a href="https://h

Status: 5/25/2018-In committee: Held under submission.

Location: 4/4/2018-A. APPR. SUSPENSE FILE

**Summary:** The Personal Income Tax Law and the Corporation Tax Law, for taxable years beginning on or after January 1, 2014, and before January 1, 2019, provide an exclusion from gross income for any amount received as a rebate, voucher, or other financial incentive issued by a local water agency or supplier for participation in a turf removal water conservation program. This bill would extend the operation of those provisions to January 1, 2024.

Position	Priority	Assigned
Watch		

#### Notes 1:

AB 2370 (Holden D) Lead exposure: child day care facilities: family day care homes.

Current Text: Amended: 5/25/2018 html pdf

Status: 6/4/2018-In Senate. Read first time. To Com. on RLS. for assignment.

Location: 6/4/2018-S. RLS.

**Summary:** The California Child Day Care Facilities Act requires that, as a condition of licensure and in addition to any other required training, at least one director or teacher at each day care center, and each family day care home licensee who provides care, have at least 15 hours of health and safety training, covering specifiedc components. This bill would require, as a condition of licensure, the health and safety training to include instruction in the prevention of lead exposure as a part of the preventive health practices course or courses component.

Position	Priority	Assigned
Oppose		RHarris,
Unless		Capitolo
Amended		-

Notes 1: 4/17/18 - Letter Asm. Appropriations Committee

<u>AB 2371</u> (<u>Carrillo</u> D) Water use efficiency: landscape irrigation.

Current Text: Amended: 5/29/2018 html pdf

Status: 6/4/2018-In Senate. Read first time. To Com. on RLS. for assignment.

Location: 6/4/2018-S. RLS.

**Summary:** Current law allows nursery stock on display for sale at retail to be labeled by a sign on any block of stock of the same kind and species and requires turf to be labeled

by a sign showing the required correct name of the stock on display. This bill would also require, upon delivery to a job site, as defined, each landscape plant or a representative number of each landscape plant, as determined by the Secretary of Food and Agriculture, to be individually labeled as to its correct name in order to correctly identify nursery stock installed in outdoor landscapes that are subject to inspection under the Model Water Efficient Landscape Ordinance or any local water efficient landscape ordinance.

Position	Priority	Assigned
Watch		RHarris,
		Capitolo

#### Notes 1:

AB 2447 (Reyes D) California Environmental Quality Act: land use: environmental justice.

**Current Text:** Amended: 5/25/2018 <a href="https://ht

Location: 6/7/2018-S. E.Q.

Calendar: 6/20/2018 8:30 a.m. - Room 3191 SENATE ENVIRONMENTAL

QUALITY, WIECKOWSKI, Chair

**Summary:** Would require the Office of Environmental Health Hazard Assessment, by June 30, 2019, to publish a list of subject land uses, as specified, and a map that identifies disadvantaged communities and areas within a 1/2 mile radius of the disadvantaged communities. The bill would require a lead agency that is preparing an EIR or a negative declaration to provide certain notices required by CEQA to owners and occupants of property located within one-half mile of any parcel or parcels, and to any schools located within one mile of any parcel or parcels, on which is located a project involving a subject land use. The bill would require the lead agency to call at least one scoping meeting for those projects, as provided.

Position	Priority	Assigned
Watch		RHarris,
		Capitolo

#### Notes 1:

AB 2501 (Chu D) Drinking water: consolidation and extension of service.

Current Text: Amended: 6/11/2018 <a href="https://http

**Status:** 6/11/2018-From committee chair, with author's amendments: Amend, and rerefer to committee. Read second time, amended, and re-referred to Com. on EQ.

Location: 6/7/2018-S. E.Q.

Calendar: 6/20/2018 8:30 a.m. - Room 3191 SENATE ENVIRONMENTAL

QUALITY, WIECKOWSKI, Chair

**Summary:** The California Safe Drinking Water Act authorizes the State Water Resources Control Board to order extension of service to an area within a disadvantaged community that does not have access to an adequate supply of safe drinking water so long as the extension of service is an interim extension of service in preparation of consolidation. The act defines "disadvantaged community" for these purposes to mean a disadvantaged community that is in an unincorporated area, is in a mobilehome park, or is served by a mutual water company or small public water system. This bill would redefine "disadvantaged community" for these purposes to also include a disadvantaged community that is served by a state small water system or domestic well.

# Position Priority Assigned

Watch

Notes 1:

AB 2516 (Eggman D) Dams: reservoir restrictions.

Current Text: Introduced: 2/14/2018 <a href="https://html.pdf">html</a> <a href="pdf">pdf</a>

Status: 6/12/2018-From committee: Amend, and do pass as amended and re-refer to

Com. on APPR. (Ayes 9. Noes 0.) (June 12).

Location: 6/12/2018-S. APPR.

Calendar: 6/14/2018 #13 SENATE SEN SECOND READING FILE - ASSEMBLY

**BILLS** 

**Summary:** Would require the Department of Water Resources to post, and update quarterly, on its Internet Web site a report containing the name of each reservoir subject to a restriction, the effective date of the reservoir restriction, the reason for the restriction, and actions that would allow the restriction to be removed. The bill, if no reservoir restrictions are in effect, would require the department to post this fact on its Internet Web site.

Position Priority Assigned Watch

Notes 1:

AB 2538 (Rubio D) Municipal separate storm sewer systems: financial capability analysis.

**Current Text:** Amended: 5/25/2018 <a href="https://ht

Location: 6/7/2018-S. E.Q.

Calendar: 6/20/2018 8:30 a.m. - Room 3191 SENATE ENVIRONMENTAL

QUALITY, WIECKOWSKI, Chair

**Summary:** Would require the State Water Resources Control Board, by July 1, 2019, to establish financial capability assessment guidelines for municipal separate storm sewer system permittees that are adequate and consistent when considering the costs to local jurisdictions.

Position Priority Assigned
Watch

Notes 1:

AB 2541 (Salas D) Safe Drinking Water State Revolving Fund: project financing: severely disadvantaged communities.

Current Text: Amended: 3/15/2018 <a href="https://http

**Status:** 6/6/2018-From committee: Do pass and re-refer to Com. on APPR. with recommendation: To Consent Calendar. (Ayes 5. Noes 0.) (June 6). Re-referred to Com.

on APPR.

Location: 6/6/2018-S. APPR.

**Summary:** Current law authorizes the State Water Resources Control Board, to the extent permitted by federal law, to provide grant funding, and principal forgiveness and

0% financing on loans, from the Safe Drinking Water State Revolving Fund to a project for a water system with a service area that qualifies as a severely disadvantaged community if the water system demonstrates that repaying a Safe Drinking Water State Revolving Fund loan with interest would result in unaffordable water rates, as defined. This bill would instead authorize the board, to the extent permitted by federal law, to provide up to 100% grant funding, and principal forgiveness and 0% financing on loans, from the Safe Drinking Water State Revolving Fund to a project for a water system that serves a severely disadvantaged community.

Position Priority Assigned Watch

Notes 1:

#### AB 2649 (Arambula D) Water rights: water management.

Current Text: Amended: 5/25/2018 <a href="httml">httml</a> <a href="pdf">pdf</a>

**Status:** 6/4/2018-In Senate. Read first time. To Com. on RLS. for assignment.

**Location:** 6/4/2018-S. RLS.

**Summary:** Would require the State Water Resources Control Board to prioritize a temporary permit for a project that enhances the ability of a local or state agency to capture water during high precipitation events for local storage or recharge, with certain conditions and consistent with water rights priorities and protections for fish and wildlife. The bill would exempt temporary permits for these projects from the California Environmental Quality Act. The bill would require the board to set a reduced application fee for an applicant for a temporary permit for these projects.

Position Priority Assigned Watch

Notes 1:

# AB 2764 (Chau D) State acquisition of information technology goods and services: exemptions.

Current Text: Amended: 3/22/2018 <a href="https://doi.org/10.2013/bj.10.2013/">httml pdf</a>

Status: 6/12/2018-From committee: Do pass and re-refer to Com. on APPR. (Ayes 9.

Noes 0.) (June 12). Re-referred to Com. on APPR.

Location: 6/12/2018-S. APPR.

**Summary:** Would make additional provisions of the law pertaining to state acquisition of goods and services applicable to the acquisition of information technology goods and services, including, among others, the Darfur Contracting Act of 2008 and specified provisions related to discrimination in the provision of benefits by contractors. The bill also would make a nonsubstantive change.

Position Priority Assigned
Watch

Notes 1:

# AB 2770 (Irwin D) Privileged communications: communications by former employer:

sexual harassment.

Current Text: Amended: 4/19/2018

**Current Text:** Amended: 4/19/2018 <a href="https://https://https://html.pdf">httml/pdf</a> **Status:** 5/17/2018-Referred to Com. on JUD.

Location: 5/17/2018-S. JUD.

**Summary:** Current law makes certain publications and communications privileged and therefore protected from civil action, including certain communications concerning the job performance or qualifications of an applicant for employment that are made without malice by a current or former employer to a prospective employer. This bill would include among those privileged communications complaints of sexual harassment by an employee, without malice, to an employer based on credible evidence and communications between the employer and interested persons regarding a complaint of sexual harassment and would authorize an employer to answer, without malice, whether the employer would rehire an employee and whether or not a decision to not rehire is based on the employer's determination that the former employee engaged in sexual harassment.

Position Priority Assigned

Watch

Notes 1:

AB 2782 (Friedman D) California Environmental Quality Act.

**Current Text:** Amended: 4/30/2018 <a href="https://html.pdf">html</a> <a href="pdf">pdf</a> **Status:** 6/7/2018-Referred to Com. on EQ.

Location: 6/7/2018-S. E.Q.

Calendar: 6/20/2018 8:30 a.m. - Room 3191 SENATE ENVIRONMENTAL

QUALITY, WIECKOWSKI, Chair

**Summary:** The California Environmental Quality Act (CEQA) requires a lead agency, as defined, to prepare, or cause to be prepared, and certify the completion of, an environmental impact report on a project that it proposes to carry out or approve that may have a significant effect on the environment or to adopt a negative declaration if it finds that the project will not have that effect. This bill would authorize lead agencies, in describing and evaluating projects, to consider the specific economic, legal, social, technological, or other benefits of, and the negative impacts of denying, the project.

Position Priority Assigned
Watch

Notes 1:

AB 2890 (Ting D) Land use: accessory dwelling units.

Current Text: Amended: 5/25/2018 html pdf

**Status:** 5/31/2018-In Senate. Read first time. To Com. on RLS. for assignment.

Location: 5/31/2018-S. RLS.

**Summary:** The Planning and Zoning Law authorizes a local agency to provide by ordinance for the creation of accessory dwelling units in single-family and multifamily residential zones and sets forth standards the ordinance is required to impose, including, among others, maximum unit size, parking, lot coverage, and height standards. Current law prohibits the ordinance from establishing size requirements for accessory dwelling units that do not permit at least an efficiency unit to be constructed. This bill would prohibit the imposition of lot coverage standards or requirements on minimum lot size, lot coverage, or floor area ratio, and would prohibit an ordinance from establishing size requirements for accessory dwelling units that do not permit at least an 800 square foot unit of at least 16 feet in height to be constructed.

Position Priority Assigned
Watch RHarris,
Capitolo

#### Notes 1:

# (Committee on Environmental Safety and Toxic Materials) Proposed new public water system: preliminary technical report.

Current Text: Introduced: 2/16/2018 html pdf

**Status:** 5/16/2018-From committee: Do pass and re-refer to Com. on APPR. with recommendation: To Consent Calendar. (Ayes 7. Noes 0.) (May 16). Re-referred to

Com. on APPR.

Location: 5/16/2018-S. APPR.

**Summary:** The California Safe Drinking Water Act requires a proposed new public water system to first submit a preliminary technical report to the state board at least 6 months before initiating construction of any water-related improvement that includes, among other things, the name of each public water system for which any service area boundary is within 3 miles of the proposed new public water system's service area and discussions of the feasibility of each of the adjacent public water systems supplying domestic water to the proposed new public water system's service area. This bill would authorize the state board to approve the preliminary technical report and allow construction to proceed before the end of the 6-month period.

Position	Priority	Assigned
Watch		RHarris,
		Capitolo

#### Notes 1:

# AB 3081 (Gonzalez Fletcher D) Employment: sexual harassment.

Current Text: Amended: 5/25/2018 html pdf

Status: 5/31/2018-Read third time. Passed. Ordered to the Senate.

Location: 5/31/2018-S. DESK

**Summary:** Current law prohibits an employer from discharging or in any manner discriminating or retaliating against an employee who is a victim of domestic violence, sexual assault, or stalking for taking time off work to obtain specified relief or because of the employee's status as a victim of domestic violence, sexual assault, or stalking, if the victim provides notice to the employer of the status or the employer has actual knowledge of the status. This bill would also prohibit an employer from discharging or in any manner discriminating or retaliating against an employee because of the employee's status as a victim of sexual harassment, as defined.

Position	Priority	Assigned
Watch		

#### Notes 1:

#### AB 3170 (Friedman D) Sales and use taxes: exemptions: water efficiency.

Current Text: Amended: 4/16/2018 html pdf

**Status:** 5/25/2018-In committee: Held under submission. **Location:** 4/25/2018-A. APPR. SUSPENSE FILE

**Summary:** Would, until January 1, 2024, exempt from sales and use taxes the gross receipts from the sale of, and the storage, use, or other consumption of, qualified water efficiency products sold or purchased during the 3-day period beginning at 12:01 a.m. on the Saturday preceding the last Monday in March, and ending at 11:59 p.m. on the following Monday in March, or for which a layaway agreement is entered into, a raincheck is issued, or other specified orders are placed, during this period, as specified.

Position Priority Assigned Watch

#### Notes 1:

# AB 3206 (Friedman D) Water conservation: water meters: accuracy and performance standards.

Current Text: Amended: 4/3/2018 html pdf

**Status:** 5/31/2018-In Senate. Read first time. To Com. on RLS. for assignment.

Location: 5/31/2018-S. RLS.

**Summary:** Would require the State Energy Resources Conservation and Development Commission, on or before January 1, 2020, to adopt regulations setting standards for the accuracy of water meters purchased on and after the effective date of those regulations, including water meters installed pursuant to the Water Measurement Law, as specified. The bill would allow a water purveyor to install a water meter possessed by that water purveyor before the effective date of the regulations for a time period deemed appropriate by the commission.

Position	Priority	Assigned
Watch		RHarris,
		Capitolo

#### Notes 1:

## ACA 21 (Mayes R) State infrastructure: funding: California Infrastructure Investment Fund.

**Current Text:** Amended: 4/30/2018 <a href="https://ht

Location: 4/26/2018-A. BUDGET

**Summary:** Would amend the California Constitution to create the California Infrastructure Investment Fund in the State Treasury. The measure would require the Controller, beginning in the 2019–20 fiscal year, to transfer from the General Fund to the California Infrastructure Investment Fund in each fiscal year an amount equal to up to 2.5% of the estimated General Fund revenues for that fiscal year, as provided. The measure would require, for the 2019–20 fiscal year and each fiscal year thereafter, the amounts in the fund to be allocated, upon appropriation by the Legislature, for specified infrastructure investments, including the funding of deferred maintenance projects.

Position	Priority	Assigned
Watch		

## Notes 1:

ACA 28 (Mathis R) Water: projects: funding.

Current Text: Introduced: 2/26/2018 <a href="https://doi.org/li>
</a>

**Status:** 2/27/2018-From printer. May be heard in committee March 29.

Location: 2/26/2018-A. PRINT

**Summary:** Would provide that, in addition, from specified state revenues, there shall be set apart, in unspecified percentages, moneys to be applied by the state for the payment of principal and interest on bonds authorized pursuant to the Water Quality, Supply, and Infrastructure Improvement Act of 2014 and, of the amount remaining, for specified water projects of the Department of Water Resources and the State Water Resources Control Board, as provided.

Position Priority Assigned Watch

Notes 1:

# SB 49 (De León D) California Environmental, Public Health, and Workers Defense Act of 2017

Current Text: Amended: 9/12/2017 html pdf

Status: 9/12/2017-From committee with author's amendments. Read second time and

amended. Re-referred to Com. on RLS.

Location: 9/11/2017-A. RLS.

**Summary:** Would require specified agencies to take prescribed actions to maintain and enforce certain requirements and standards pertaining to air, water, and protected species. By imposing new duties on local agencies, this bill would impose a statemandated local program. This bill contains other related provisions and other existing laws.

Position Priority Assigned
Watch

Notes 1:

# (De León D) California Renewables Portfolio Standard Program: emissions of greenhouse gases.

Current Text: Amended: 9/11/2017 html pdf

**Status:** 9/11/2017-September 11 hearing postponed by committee. From committee with author's amendments. Read second time and amended. Re-referred to Com. on U.

& E.

Location: 9/8/2017-A. U. & E.

**Summary:** The Legislature has found and declared that its intent in implementing the California Renewables Portfolio Standard Program requires the PUC is to attain, among other targets for sale of eligible renewable resources, the target of 50% of total retail sales of electricity by December 31, 2030. This bill would revise the above-described legislative findings and declarations to state that the goal of the program is to achieve that 50% renewable resources target by December 31, 2026, and to achieve a 60% target by December 31, 2030.

Position Priority Assigned
Watch

Notes 1:

#### SB 701 (Hueso D) Salton Sea Obligations Act of 2018.

Current Text: Amended: 7/3/2017 <a href="https://httml.gdf">httml</a> <a href="pdf">pdf</a>

**Status:** 9/1/2017-September 1 hearing: Held in committee and under submission.

Location: 8/23/2017-A. APPR.

**Summary:** Would enact the Salton Sea Obligations Act of 2018, which, if approved by the voters, would authorize the issuance of bonds in the amount of \$500,000,000 pursuant to the State General Obligation Bond Law to finance a program to comply with specified state obligations relating to the Salton Sea. This bill would provide for the submission of these provisions to the voters at the November 6, 2018, statewide general election.

iection.

Priority Assigned

Position Watch

#### Notes 1:

## **SB 831** (Wieckowski D) Land use: accessory dwelling units.

Current Text: Amended: 5/25/2018 html pdf

Status: 6/11/2018-Referred to Coms. on H. & C.D. and L. GOV.

Location: 6/11/2018-A. H. & C.D.

**Summary:** Would require the ordinance for the creation of accessory dwelling units to designate areas where accessory dwelling units may be excluded for health and safety purposes, as specified. The bill would revise the standards for the local ordinance to, among other things, delete the authority to include lot courage standards, include a prohibition on considering the square footage of a proposed accessory dwelling unit when calculating an allowable floor-to-area ratio or lot coverage ratio for the lot.

Position	Priority	Assigned
Watch		RHarris,
		Capitolo

#### Notes 1:

# **SB 929** (McGuire D) Special districts: Internet Web sites.

**Current Text:** Amended: 3/6/2018 <a href="https://htt

Location: 4/30/2018-A. L. GOV.

Calendar: 6/13/2018 1:30 p.m. - State Capitol, Room 447 ASSEMBLY LOCAL

GOVERNMENT, AGUIAR-CURRY, Chair

**Summary:** The California Public Records Act requires a local agency to make public records available for inspection and allows a local agency to comply by posting the record on its Internet Web site and directing a member of the public to the Web site, as specified. This bill would, beginning on January 1, 2020, require every independent special district to maintain an Internet Web site that clearly lists contact information for the special district, except as provided. Because this bill would require local agencies to provide a new service, the bill would impose a state-mandated local program.

Position	Priority	Assigned
Watch		

#### Notes 1:

#### **SB 952** (Anderson R) Water conservation: local water supplies.

**Current Text:** Introduced: 1/30/2018 <a href="https://html.pdf">html</a> <a href="pdf">pdf</a> **Status:** 2/8/2018-Referred to Com. on RLS.

Location: 1/30/2018-S. RLS.

**Summary:** Would state the intent of the Legislature to enact legislation that would require the State Water Resources Control Board to recognize local water agency investment in water supply and will ensure that local agencies receive sufficient credit for these investments in meeting any water conservation or efficiency mandates.

Position	Priority	Assigned
Watch		RHarris,
		Capitolo

#### Notes 1:

#### SB 979 (Cannella R) Water Quality, Supply, and Infrastructure Improvement Act of 2014.

Location: 2/1/2018-S. RLS.

**Summary:** The Water Quality, Supply, and Infrastructure Improvement Act of 2014 provides that the sum of \$810,000,000 is to be available, upon appropriation by the Legislature, for expenditures on, and competitive grants and loans to, projects that are included in and implemented in an adopted integrated regional water management plan and respond to climate change and contribute to regional water security. The bond act requires \$200,000,000 of that amount to be available for grants for multibenefit stormwater management projects. This bill would make a nonsubstantive change in those grant provisions.

Position	Priority	Assigned
Watch		

#### Notes 1:

### SB 998 (Dodd D) Discontinuation of residential water service: urban and community water systems.

Current Text: Amended: 5/7/2018 html pdf

Status: 5/29/2018-Read third time. Passed. (Ayes 25. Noes 10.) Ordered to the

Assembly. In Assembly. Read first time. Held at Desk.

Location: 5/29/2018-A. DESK

**Summary:** Would require an urban and community water system, defined as a public water system that supplies water to more than 200 service connections, to have a written policy on discontinuation of water service to certain types of residences for nonpayment available in prescribed languages. The bill would require the policy to include certain components, be available on the system's Internet Web site, and be provided to customers in writing, upon request. The bill would provide for enforcement of these provisions, including making a violation of these provisions punishable by a civil penalty issued by the board in an amount not to exceed \$1,000 for each day in which the violation occurs.

Position Priority Ass	signed
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Oppose

RHarris, Capitolo

Notes 1: 3/7/18 - Letter to Sen. Hueso, EU&C Committee - Oppose.

**SB** 1140 (Berryhill R) State Water Resources Control Board.

**Current Text:** Introduced: 2/13/2018 <a href="https://html.pdf">html</a> <a href="pdf">pdf</a> **Status:** 2/22/2018-Referred to Com. on RLS.

Location: 2/13/2018-S. RLS.

**Summary:** Current law declares that to provide for the orderly and efficient administration of the water resources in the state, it is necessary to establish the State Water Resources Control Board to exercise the adjudicatory and regulatory functions of the state in the field of water resources. Current law declares the intent of the Legislature to combine the water rights, water quality, and drinking water functions of the state government to provide for coordinated consideration of water rights, water quality, and safe and reliable drinking water. This bill would make nonsubstantive changes to these declarations.

Position Priority Assigned Watch

Notes 1:

SB 1215 (Hertzberg D) Provision of sewer service: disadvantaged communities.

Current Text: Amended: 4/30/2018 html pdf

Status: 6/11/2018-Referred to Coms. on E.S. & T.M. and L. GOV.

Location: 6/11/2018-A. E.S. & T.M.

Calendar: 6/26/2018 1:30 p.m. - State Capitol, Room

444 ASSEMBLY ENVIRONMENTAL SAFETY AND TOXIC MATERIALS, QUIRK, Chair

**Summary:** This bill would authorize the State Water Resources Control Board to order the provision of sewer service by a special district, city, or county to a disadvantaged community, as defined, under specified circumstances. By authorizing the state board to require a special district, city, or county to provide sewer service, this bill would impose a state-mandated local program.

Position Priority Assigned Watch

Notes 1:

SB 1244 (Wieckowski D) Public records: disclosure.

**Current Text:** Amended: 5/15/2018 <a href="https://html.pdf">html</a> <a href="pdf">pdf</a> **Status:** 6/11/2018-Referred to Com. on JUD.

Location: 6/11/2018-A. JUD.

**Summary:** The California Public Records Act makes specified records exempt from disclosure and provides that disclosure by a state or local agency of a public record that is otherwise exempt constitutes a waiver of the exemptions. The act, when it appears to a superior court that certain public records are being improperly withheld from a member of the public, requires the court to order the officer or person charged with withholding the records to disclose the public record or show cause why he or she should not do so.

The act requires the court to award court costs and reasonable attorney fees to the plaintiff if the plaintiff prevails in litigation filed pursuant to these provisions, and requires the court to award court costs and reasonable attorney fees to the public agency if the court finds that the plaintiff's case is clearly frivolous. This bill would replace "plaintiff" with "requester" in that provision.

Position	Priority	Assigned
Watch		RHarris,
		Capitolo

#### Notes 1:

#### **SB 1277** (Hueso D) Salton Sea: governance.

**Current Text:** Introduced: 2/16/2018 <a href="https://html.pdf">html</a> <a href="pdf">pdf</a> **Status:** 3/1/2018-Referred to Com. on RLS.

Location: 2/16/2018-S. RLS.

**Summary:** Would state the intent of the Legislature to enact legislation that would create a governance and administrative structure to manage the day-to-day implementation of the Salton Sea Management Program.

Position	Priority	Assigned
Watch		RHarris,
		Capitolo

#### Notes 1:

#### **SB** 1300 (Jackson D) Unlawful employment practices: discrimination and harassment.

Current Text: Amended: 5/25/2018 html pdf

Status: 5/31/2018-Read third time. Passed. (Ayes 22. Noes 11.) Ordered to the

Assembly. In Assembly. Read first time. Held at Desk.

Location: 5/31/2018-A. DESK

**Summary:** Would require a plaintiff in an action alleging that a defendant failed to take all reasonable steps necessary to prevent discrimination and harassment from occurring, as specified, to show that the employer knew that the conduct was unwelcome to the plaintiff, that the conduct would meet the legal standard for harassment or discrimination if it increased in severity or became pervasive, and that the defendant failed to take all reasonable steps to prevent the same or similar conduct from recurring.

Position	Priority	Assigned
Watch		

#### Notes 1:

### SB 1301 (Beall D) State permitting: environment: processing procedures: dam safety or flood risk reduction project.

Current Text: Amended: 5/25/2018 html pdf

Status: 6/11/2018-Referred to Coms. on W.,P., & W. and NAT. RES.

Location: 6/11/2018-A. W., P. & W.

Calendar: 6/26/2018 9 a.m. - State Capitol, Room 444 ASSEMBLY WATER, PARKS

AND WILDLIFE, GARCIA, Chair

**Summary:** Would require the Office of Planning and Research to develop a joint multiagency preapplication and a model fee-for-service agreement, in consultation with a state agency with the power to issue a permit that would authorize a dam safety project or authorize a flood risk reduction project and any interested potential project applicants. The bill would authorize a project applicant to complete a joint multiagency preapplication and submit the preapplication to each state agency named in the preapplication at any time.

Position Priority Assigned

Watch

#### Notes 1:

#### **SB** 1339 (Stern D) Electricity: microgrids: tariffs.

Current Text: Amended: 6/11/2018 html pdf

Status: 6/11/2018-From committee with author's amendments. Read second time and

amended. Re-referred to Com. on U. & E.

Location: 6/4/2018-A. U. & E.

Calendar: 6/27/2018 Upon adjournment of Communications and Conveyance

Committee - State Capitol, Room 437 ASSEMBLY UTILITIES AND

ENERGY, HOLDEN, Chair

**Summary:** Would require the Public Utilities Commission, as part of a specified rulemaking, to consider the role of microgrids in providing grid resiliency and to establish a tariff for each electrical corporation for the use of microgrids to provide electrical grid resiliency. The bill would require the commission (1) to direct each electrical corporation to file an advice letter implementing the tariff, (2) to approve an advice letter only if it minimizes costs and maximizes benefits to all ratepayers and meets the requirements of the rulemaking, and (3) to approve, reject, or modify each advice letter before January 1, 2020.

Position Priority Assigned
Watch

#### Notes 1:

#### SB 1343 (Mitchell D) Employers: sexual harassment training: requirements.

Current Text: Amended: 5/25/2018 html pdf

Status: 5/31/2018-In Assembly. Read first time. Held at Desk.

Location: 5/30/2018-A. DESK

**Summary:** Would require an employer who employs 5 or more employees, including temporary or seasonal employees, to provide at least 2 hours of sexual harassment training to all employees by January 1, 2020, and once every 2 years after that, as specified. The bill would require the Department of Fair Employment and Housing to develop or obtain a 2-hour online training course on the prevention of sexual harassment in the workplace, as specified, and to post it so that it is available for streaming or downloading on the department's Internet Web site.

Position Priority Assigned
Watch

#### Notes 1:

#### **SB** 1347 **(Stern D) Energy storage systems: procurement.**

Current Text: Amended: 5/10/2018 <a href="https://http

**Location:** 6/4/2018-A. U. & E.

Calendar: 6/27/2018 Upon adjournment of Communications and Conveyance

Committee - State Capitol, Room 437 ASSEMBLY UTILITIES AND

ENERGY, HOLDEN, Chair

**Summary:** Would, by January 1, 2020, require the Public Utilities Commission, in addition to the requirements described above, to direct electrical corporations, community choice aggregators, electric service providers, and certain electrical cooperatives (collectively, load-serving entities) to procure their proportionate share of a total of 2,000 megawatts, in aggregate, of energy storage systems and would authorize the commission to direct the load-serving entities to procure additional energy storage system capacity, as specified. The bill would authorize the electrical corporations to own and operate a certain percentage of these energy storage systems, measured by capacity, if certain conditions are met.

Position Priority Assigned Watch

Notes 1:

SB 1364 (Vidak R) Safe, Clean, Reliable Water Supply Act.

**Current Text:** Introduced: 2/16/2018 <a href="https://https:/

Location: 2/16/2018-S. RLS.

**Summary:** Current law, the Safe, Clean, Reliable Water Supply Act, approved by the voters as Proposition 204 at the November 5, 1996, statewide general election, authorizes the issuance of general obligation bonds in the amount of \$995,000,000 for the purposes of financing a safe, clean, reliable water supply program. The bond act states various legislative findings and declarations. This bill would make a nonsubstantive change in those findings and declarations.

Position Priority Assigned
Watch

Notes 1:

(Atkins D) San Diego River Conservancy: San Diego Rivers Watershed

Consortium Program.

Current Text: Amended: 4/17/2018 <a href="https://html.pdf">html</a> <a href="pdf">pdf</a>
Status: 6/11/2018-Referred to Com. on NAT. RES.

Location: 6/11/2018-A. NAT. RES.

**Summary:** Would require the San Diego River Conservancy to establish the San Diego Rivers Watershed Consortium Program to create advisory panels to work cooperatively with local public agencies and other entities to identify potential project funding, including grant funding, to be used to restore the watersheds of Otay River, the Sweetwater River, and the Tijuana River, and to improve access to public lands. The bill would require the conservancy, in administering the program, to create 3 advisory panels representing watersheds within the area, comprised of specified members, to offer advice, expertise, support, and service to the conservancy in those respective watershed areas.

Position Priority Assigned
Watch RHarris,
Capitolo

#### Notes 1:

#### **SB** 1422 (Portantino D) California Safe Drinking Water Act: microplastics.

**Current Text:** Amended: 4/26/2018 <a href="https://ht

Location: 6/11/2018-A. E.S. & T.M.

Calendar: 6/26/2018 1:30 p.m. - State Capitol, Room

444 ASSEMBLY ENVIRONMENTAL SAFETY AND TOXIC MATERIALS, QUIRK, Chair

**Summary:** Would require the State Water Resources Control Board to adopt requirements for the annual testing and reporting of the amount of microplastics in drinking water, including public disclosure of those results.

Position Priority Assigned

PositionPriorityAssignedWatchRHarris

#### Notes 1:

### (Stern D) California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access For All Act of 2018: water recycling.

Current Text: Amended: 4/3/2018 html pdf

Status: 4/19/2018-April 24 hearing postponed by committee.

Location: 4/12/2018-S. N.R. & W.

**Summary:** If approved by the voters at the June 5, 2018, statewide primary election as Proposition 68, the California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access for All Act of 2018 would authorize the issuance of bonds in the amount of \$4,100,000,000 for the purpose of financing a drought, water, parks, climate, coastal protection, and outdoor access program. This bill, operative only if Proposition 68 is approved by the voters at the June 5, 2018, statewide primary election, would add language to the provisions enacted by the proposition to eliminate this prohibition on using this \$100,000,000 in bond funds for the purpose of water recycling for projects that augment surface water reservoirs that supply water directly to treatment facilities that serve domestic uses.

Position	Priority	Assigned
Watch		RHarris,
		Capitolo

#### Notes 1:

#### SCA 4 (Hertzberg D) Water conservation.

**Current Text:** Introduced: 2/2/2017 <a href="https://

Location: 2/2/2017-S. RLS.

**Summary:** The California Constitution 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 waste or unreasonable use or unreasonable method of use of water be prevented. This measure

would declare the intent of the Legislature to amend the California Constitution to provide a program that would ensure that affordable water is available to all Californians and to ensure that water conservation is given a permanent role in California's future.

Position	Priority	Assigned
Watch		Capitolo

Notes 1:

G

To: Olivenhain Municipal Water District Board of Directors

Subject: INFORMATIONAL REPORTS

LAFCO REPORT

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

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To: Olivenhain Municipal Water District Board of Directors

Subject: INFORMATIONAL REPORTS

TWELVE MONTH CALENDAR/OTHER MEETINGS / REPORTS

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

#### TWELVE MONTH CALENDAR OF EVENTS (AS OF 06/11/18)

Date(s)	Event	Time	Location	Attending Board Member(s)	Additional Information (Speakers' Topic, Cohosts, etc.)
MAY 2018					
17-May	Reidy Creek Elementary CSDA Field Trip	9:45-11:45 AM	4SRWRF - 16595 Dove Canyon Rd. San Diego, CA 92127	Watt	
17-May	CSDA Quarterly Dinner	6:00 PM	The Butcher Shop Steakhouse 5255 Kearny Villa Road, SD	Varty	
18-May	San Dieguito High School AVID Class Presentation		San Dieguito High School	Watt	
21-May	CWA Comment Meeting	4:00 PM	Pacific Conference Room	Guerin	
23-May	SWPPP Presentation	8:30 AM	San Dieguito High School	Watt	
23-May	SDCWA News Conference	10:30 AM	County Administration Building	Watt	
23-May	National Public Works Week Luncheon	11:30 PM	Jack's Shack	Sprague, Varty, Watt	
25-May	Cybersecurity Training - Sprague completed 5/7, Topolovac completed 5/10, Guerin completed 5/22, Varty completed 5/24, and Watt completed 5/29		Online	Guerin, Sprague, Topolovac, Varty, Watt	
28-May	Holiday				
30-May	San Dieguito Reservoir Dam Centennial and Pump Station Dedication	10:00 AM - 12:00 PM	San Dieguito Reservoir	Topolovac, Varty	
31-May	OMWD Facilities Tour with CM Faessel	9:00 AM - 2:30 PM	OMWD Facilities	Topolovac, Varty, Watt	
JUNE 2018					
7-Jun	CWA Comment Meeting	11:30 AM	Casa de Bandini	Guerin	
13-Jun	Bond Document Signing	11:00 AM	Pacific Conference Room	Varty, Watt	
19-Jun	COWU Breakfast	7:15 - 8:45 AM	Hotel Karlan	Varty, Watt	

To: Olivenhain Municipal Water District Board of Directors

Subject: INFORMATIONAL REPORTS

CORRESPONDENCE

Any correspondence is attached.

Board of Directors Lawrence A. Watt, President Christy Guerin, Vice President Edmund K. Sprague, Treasurer Gerald E. Varty, Secretary Robert F. Topolovac, Director



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

May 21, 2018

Scott Wilson,
Office of Wastewater Management, Water Permits Division (MC4203M),
Environmental Protection Agency,
1200 Pennsylvania Ave. NW,
Washington, DC 20460.

RE: Docket ID No. EPA-HQ-OW-2018-0063\_NPDES permitting

Dear Mr. Scott Wilson,

On behalf of Olivenhain Municipal Water District, thank you for the opportunity to provide comments on the Environmental Protection Agency's previous statements regarding the Clean Water Act and whether point source pollutant discharges that reach jurisdictional surface waters via groundwater are subject to CWA regulation. While we appreciate the EPA's efforts to examine this issue, OMWD is concerned over the expansion of the CWA to groundwater projects.

OMWD provides 86,000 customers in northern San Diego County with water, wastewater, recycled water, hydroelectric, and recreational services. Currently, OMWD operates 17 water storage reservoirs with a capacity of nearly 80 million gallons of water; a water reclamation facility that produces nearly two million gallons of recycled water every day; and a water treatment plant that treats up to 34 million gallons of water a day. The development of alternative local water supplies, including groundwater recharge, is a key component of the nation's water supply portfolio.

OMWD is currently studying the possibility of developing a local water supply through a groundwater desalination project in coastal San Dieguito Valley utilizing grant funding from California's Department of Water Resources. One method of disposal for brine solution that is being evaluated is through injection wells. The broad definition of "fairly traceable standards" could negatively impact previously exempt groundwater disposal, recharge, and related operations. In turn, this definition may prevent the development of new water resources in drought-stricken areas of the United States to the detriment of our economy and the quality of life of millions of Americans.

OMWD agrees with the determination in the case *Kentucky Waterways Alliance v. Kentucky Utilities Co.,* 2017 WL 6628917 (E.D. Ky. Dec. 28, 2017), in which the district court determined that the CWA does not prohibit the discharge of a pollutant "through" groundwater, because "[a]dopting this theory would be inconsistent with the text and structure of the CWA," where nonpoint source pollution could be "reformulated as point-source pollution by going up the causal chain" to identify the point source.





OMWD appreciates the EPA soliciting comments on this formal rulemaking process. We hope that you review our concerns and address them in the final rule. If you or your staff should need any additional details pertaining to this assessment, please do not hesitate to contact me at 760-753-6466 or kthorner@olivenhain.com.

Sincerely,,

Kimberly A. Thorne

General Manager

#### **Board of Directors**

Lawrence A. Watt, President Christy Guerin, Vice President Edmund K. Sprague, Treasurer Gerald E. Varty, Secretary Robert F. Topolovac, Director



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

May 24, 2018

The Honorable Lorena S. Gonzalez Fletcher, Chair Assembly Appropriations Committee State Capitol, Room 2114 Sacramento, CA 95814

RE: Assembly Bill 2065 (Ting) - Oppose [As Amended April 16, 2018]

Dear Assemblywoman Gonzalez Fletcher,

On behalf of Olivenhain Municipal Water District, I am writing to express our opposition to Assembly Bill 2065 (Ting), related to restricting the land use of local agencies. OMWD provides 86,000 customers in northern San Diego County with water, wastewater, recycled water, hydroelectric, and recreational services.

AB 2065 requires special districts and other local agencies to offer the right of first refusal to affordable housing developers, schools, and parks before selling, leasing, or otherwise conveying their land. The new requirements in the bill would be very problematic for many public agencies that have valid reasons to lease or otherwise protect land they own, such as buffer land surrounding a wastewater treatment facility or property held for future water supply expansion projects.

Under AB 2065, attempting to lease land in support of a special district's primary function would trigger requirements for the disposal of surplus land, despite compatibility of the land to be used for housing, schools, or parks. AB 2065 would also make it more difficult to protect a district's land for future government use.

OMWD offsets water supply costs for its ratepayers by \$81,000 each year from the lease on just one section of property, which may be needed in future expansion efforts for district operations and emergency response. OMWD relies on alternative revenue generation like property leases to protect its ratepayers from large spikes in water rates that continue to be the trend in California.

Over the past decade, the effects of increased conservation, increasing water prices, drought restrictions, economic recession, and other factors have combined to produce a fundamental downward shift in per capita water use, affecting the long-term planning of all water agencies. OMWD's Potable and Recycled Water Master Plan projects these lower consumption patterns will endure, and that future demands will remain below historical highs despite continuing growth in population, ultimately delaying construction of new infrastructure that will sit on vacant land currently owned by the district.

Our opposition is not a challenge to the need for affordable housing, but a validation of the need for local flexibility when it comes to efficient governmental land use. Current law provides for the assessment and compared on the disposal of surplus land owned by special districts and we respectfully request on behalf

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

of our ratepayers that districts be allowed to manage their properties at the local level as each district is best equipped to identify any surplus land, outside its future water supply and rate stabilization planning.

For the reasons stated above, OMWD strongly opposes AB 2065, and respectfully requests a "no" vote when the bill is heard in the Assembly Appropriations Committee on May 25.

If you or your staff should need any additional details pertaining to this assessment, please do not hesitate to contact me at 760-753-6466 or kthorner@olivenhain.com.

Sincerely,

Kimberly A. Thorner

General Manager

CC: Honorable Members, Assembly Appropriations Committee

Assemblyman Phil Ting

Assemblywoman Marie Waldron

Assemblyman Rocky Chavez

Assemblyman Brian Maienschein

Assemblyman Todd Gloria

Senator Pat Bates

Senator Joel Anderson

Senator Toni Atkins

Ms. Jennifer Galehouse, Deputy Chief Consultant, Assembly Appropriations Committee

Mark Muir, Board Chairman, San Diego County Water Authority

Dave Bolland, Director of Regulatory Relations, Association of California Water Agencies

Allison Lim, Office of Assembly Member Phil Ting

Rylan Gervase, Legislative Representative, California Special Districts Association

May 30, 2018

via email: Felicia.Marcus@waterboards.ca.gov commentletters@waterboards.ca.gov

State Water Resource Control Board Felicia Marcus, Chair 1001 I Street Sacramento, CA 95814

**Subject: 2017 Electronic Annual Reporting** 

Dear Chair Marcus and Board Members:

We believe there is great opportunity for the State Water Resources Control Board (State Board) and water suppliers to work together to jointly improve water supply reliability, affordability, sustainability and water quality. Included in the effort, should be partnering together to collect and analyze relevant and reasonable data to inform and assist with sound water management decisions. On March 19, 2018, State Board staff held a webinar introducing new content to be added to the 2017 electronic Annual Report (2017 eAR). This new content was developed without an open and transparent stakeholder process, and requested without the appropriate advanced notice required to collect accurate information. This abrupt and one-sided approach to data collection limits the value of the data collected and is counterproductive to stakeholder processes currently in place. Below, we have compiled comments and concerns about the vehicle used to collect information, the timing of data requests, and the process used to determine the content of data request. Comments on specific concerns about the revised eAR content are also included in our 2017 report submittals. We respectfully ask you to consider our comments and take steps necessary to improved data collection efforts so that the State Board and water suppliers can partner together effectively to achieve mutually shared objectives.

#### **The electronic Annual Report**

The eAR is not currently the best vehicle to gather relevant and informative data about water rates, affordable drinking water, water loss from distribution systems, and climate change

adaptation strategies and resiliency for water utilities. The new content requested in the 2017 eAR lacks a nexus to the stated purpose of and the authority cited for the annual report. Water supplier staff and managers most familiar with the annual report from previous submittals may not be familiar with the issues and data being requested in the new content, and consequently may not be the best source for understanding and providing the relevant data. There is also a concern about the frequency of data collection. The annual collection and reporting of requested information on water loss and climate change serves no reasonable purpose, since much of the requested information does not change significantly from year to year. Therefore, the eAR is not the best tool to use for this type of data collection.

#### **Timing of Data Requests**

To improve accuracy and relevancy of data collected, adequate advanced notification is required prior to requesting new data. The timing of the current request limits the availability of accurate and useful data. The 2017 eAR asks for data that was not collected in 2017. Water suppliers need to know in advance what data will be required for a given year in order to collect accurate and relevant data. Any data collected for 2017 should not be used to inform policy or regulation. Accordingly, the same data request for 2018 will also not produce accurate data, since suppliers did not have the opportunity to start collecting information prior to April 2018. Even after learning of the new data requests, many agencies do not have systems or staff in place to collect requested data immediately. Any proposed changes in data requests should be communicated well in advance of the time period the State Board desires to request data to improve accuracy and availability.

#### **Data Request Process**

Using a stakeholder process will help improve the acquisition of relevant data, as well as improving data accuracy and availability. An open, transparent and meaningful two-way stakeholder process will help the water community understand the need, purpose, and level of significance of new data requests. The information gathered through the stakeholder process will be helpful in explaining to decision makers at the local level why the State Board is asking for more information. It will also help explain why increasing costs to local agencies and their customers is necessary to acquire that data. A stakeholder process will improve the value of information collected, reduce the possibility of misinterpretation and/or misunderstanding by both those providing the data and those interpreting the data.

There are currently stakeholder processes in place, with appropriate water supplier staff participating, addressing both water loss and affordable drinking water. There are also proposed changes to Urban Water Management Plans to address climate change. This latest data request in the eAR represents a potential duplication of effort. Stakeholder driven

processes should be utilized to improve the quality and quantity of data collected and to economize the staff time invested in data collection.

The entire water community should be working together jointly to improve water supply reliability, affordability, sustainability and water quality. Water suppliers have proved a willingness to provide reasonable and relevant information. This is demonstrated each month as the large majority of water suppliers voluntarily supply water use and efficiency information to the State Board. Moving forward, any data requests should be well-formulated and amply vetted through an open and transparent stakeholder process. The current one-sided closed process is unlikely to result in improved data quality or a better informed process. We ask that you work with us in a stakeholder driven process to identify relevant and necessary information required for a clearly stated purpose and that will not be duplicative of other reporting efforts.

Thank you for considering our comments.

c: Steven Moore, Vice Chair, State Water Resources Control Board
Tam Doduc, Board Member, State Water Resources Control Board
Dorene D'Adamo, Board Member, State Water Resources Control Board
Eileen Sobeck, Executive Director, State Water Resources Control Board
Eric Oppenheimer, Chief Deputy Director, State Water Resources Control Board
James Nachbaur, Director of Office Research, State Water Resources Control Board
Max Gomberg, Climate and Conservation Manager, State Water Resources Control
Board

Sincerely,

Paul D. Jones II, P.E. General Manager Eastern Municipal Water District

Ian Prichard
Water Resource Manager
Camrosa Water District

Timothy R. Shaw General Manager Rio Lina Elverta Community Water District David Pedersen
General Manager
Las Virgenes Municipal Water District

Greg Thomas General Manager Rincon del Diablo Municipal Water District

Susan Mulligan General Manager Calleguas Municipal Water District

David Hull

Paul Helliker General Manager San Juan Water District

General Manager Humboldt Community Services District

Gary T. Arant General Manager Valley Center Municipal Water District

Brian Gerving
Director of Public Works Chief Building
Official
City of Eureka

Jim Barrett General Manager Coachella Valley Water District

John Woodling Executive Director Regional Water Authority

Paul E. Shoenberger, P.E. General Manager Mesa Water District

Martin E. Zvirbulis General Manager, CEO Cucamonga Valley Water District

David Bolland
Director of State Regulatory Relations
Association of California Water Agencies

William C. Gedney
Vice President, Environmental Quality
Golden State Water Company

Dave Eggerton
General Manager

Calaveras County Water District

Kimberly A. Thorner General Manager

Olivenhain Municipal Water District

Allen Carlisle CEO/General Manager

Padre Dam Municipal Water District

Steve Palmisano

Director of Public Works and Utilities

City of Watsonville

Steven Palmer, PE General Manager

Georgetown Divide Public Utility District

Lan C. Wiborg

Deputy Director, Public Utilities Depart

City of San Diego

Jim Abercrombie General Manager

El Dorado Irrigation District

Richard Solbrig

General Manager/Engineer

South Tahoe Public Utility District

Maureen A. Stapleton General Manager

San Diego County Water Authority

Michael J. Bardin General Manager

Santa Fe Irrigation District

Marc Marcantonio General Manager

Yorba Linda Water District

Glenn Pruim, P.E. General Manager

Vallecitos Water District

Chuck Aukland

Director of Public Works

City of Redding

Justin Murphy

Public Works Director City of Menlo Park

Mark Watton

General Manager

**Otay Water District** 

Carlos Lugo

General Manager

Helix Water District

Jack Hawks

**Executive Director** 

California Water Association

Dan Mudrovich

Water Projects Manager

City of San Jacinto

Tom Kennedy General Manger

Rainbow Municipal Water District

Mike Grisso

Utilities Manager

City of Buena Park

Tish Berge, P.E.

General Manager

**Sweetwater Authority** 

Mitchell S. Dion

Assistant General Manager

Pasadena Water and Power

Erik Hitchman

General Manager/Chief Engineer

Walnut Valley Water District

Nicole Sandkulla

CEO/General Manager

Bay Area Water Supply and Conservation

Agency

**David Coxey** 

General Manager

Bella Vista Water District

Craig D. Miller

General Manager

Western Municipal Water District

Mike Gow

General Manager

Lake Hemet Municipal Water District

Cary Dahl

**Brian Hensley** 

Paul A. Cook, P.E. General Manager

Irvine Ranch Water District

Water Division Supervisor

Water Resources Supervisor

Citrus Heights Water District

Town of Hillsborough

John Friedenbach General Manager

**Humboldt Bay Municipal Water District** 

John Kingsbury
Executive Director

**Mountain Counties Water Resources** 

Association

Eldon Boone

General Manger Vista Irrigation District Rick Aragon

Assistant General Manager – CFO/Treasurer

Rancho California Water District

Brent Smith, P.E.

Director of Technical Services Placer County Water Agency Mark Krause

General Manager

**Desert Water Agency** 

Omar Castro

Water Division Manager

City of Oxnard

Michael Simi

Water Quality Supervisor

City of Santa Rosa

Thomas J. Haglund General Manager

Tuolumne Utilities District

**Todd Jorgenson** 

General Manager (Interim)
Riverside Public Utilities

Steven M. Glazer

President and General Manager Tahoe Swiss Village Utility, Inc.

Ed Shikada

General Manager of Utilities

City of Palo Alto

Larry Ostrom

Trustee, Ostrom Family Trust

R R Lewis Small Water Company

Susan Rohan

Mayor

City of Roseville

Mark Kinsey General Manager Monte Vista Water District Art Valenzuela Water Services Manager City of Tustin Public Works Water Division

John D. Vega General Manager Elsinore Valley Municipal Water District MICHAEL VU Registrar of Voters

#### **REGISTRAR OF VOTERS**

CYNTHIA L. PAES
Assistant Registrar of Voters

County Operations Center Campus 5600 Overland Avenue, Suite 100, San Diego, California 92123-1266

Telephone: (858) 565-5800 Toll-free: 1 (800) 696-0136 TDD: (858) 694-3441 Facsimile: (858) 505-7294 Web Address: <a href="https://www.sdvote.com">www.sdvote.com</a>

May 23, 2018

Dear Poll Owner.

Thank you!

By donating your facility as a poll site for the June 5, 2018 Gubernatorial Primary Election, you are not only providing a civic service, but also facilitating and promoting the democratic process.

Approximately **43%** of the **1,444** poll sites used for this election are being donated and we would like to recognize your contribution by providing you with the enclosed Certificate of Appreciation. It is a small gesture of our gratitude, but a concrete way to show you how much this means to us.

We hope you will proudly post it in the voting area on Election Day for all voters to see.

Once again, our office and the voters in your community are grateful for your selfless contribution and wish you all the best.

Sincerely,
Orlando Bermio
Election Processing Supervisor
Registrar of Voters
County of San Diego



### Gubernatorial Primary Election June 5, 2018

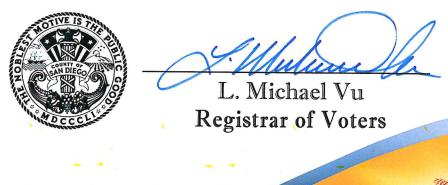


Polling Place Provided Courtesy of

Olivenhain Municipal Water District

409860

Thank you for your contribution to the election process.



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:	Olivenhain Munici	pal Water	District 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: ADJOURNMENT

We are adjourned.



## Stone Ranch students prove they are 'water smart'

\*\*sandiegouniontribune.com/pomerado-news/news/local-news/4s/sd-cm-pow-news-omwd-water-poster-contest-2018-story.html

ELIZABETH MARIE HIMCHAK

May 30, 2018, 11:00 AM

Two Stone Ranch Elementary students were among the three finalists in the 25th annual North County Water Agencies Water Awareness Poster Contest.

The competition was open to fourth graders living or attending school in the Olivenhain Municipal Water District, which sponsored the contest. The district serves 4S Ranch, where Stone Ranch Elementary School is located.

Contestants were asked to create images that raise awareness on water-related issues in order to teach everyone how to be water efficient, regardless of age, officials said. This year's theme was "Be Water Smart."

Prizes were awarded to the finalists during the district's May 16 board meeting. First place went to Taylor Whiting from Ocean Knoll Elementary in Encinitas for a poster promoting the capture of rainwater to water plants.

Miller Utech from Stone Ranch Elementary came in second for stressing the importance of using water beneficially rather than wasting it. Samantha Norris from Stone Ranch Elementary came in third for advising people to recycle water. Both are students in Wynne Love's class.

The finalists each received a prize and certificate. Their artwork will be featured in the North County Water Agencies' 2019 Water Awareness Calendar. It will be distributed by Olivenhain for free later this year. Their artwork will also be featured on Olivenhain publications and vehicles.

"We really enjoy seeing the creative posters that our talented local students submit each year," said Christy Guerin, OMWD board vice president. "Not only is it fun for us, but it gets students thinking about the value of water from a young age, and we hope that encourages them to use water efficiently into adulthood."

Email: <a href="mailto:rbnews@pomeradonews.com">rbnews@pomeradonews.com</a>