

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

**Pursuant to AB 3035, effective January 1, 2003, any person who requires a disability related modification or accommodation in order to participate in a public meeting shall make such a request in writing to the District for immediate consideration.**

**DATE:** WEDNESDAY, SEPTEMBER 22, 2021

**TIME:** 2:00 P.M.

**PLACE:** Remote Special Meeting via Teleconference

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

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

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

Meeting ID: 873 4958 9046 and Password: 443177

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

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

5. CONSIDER APPROVAL OF THE MINUTES OF THE AUGUST 3, 2021 REGULAR FINANCE COMMITTEE MEETING
6. REVIEW AND APPROVE BID RESULTS FOR THE PROPOSED PRIVATE PLACEMENT FINANCING PLAN FOR NEW WASTEWATER CAPITAL IMPROVEMENT PROJECTS (2021A) AND REFUNDING OF 2018 SEWER REVENUE BONDS (2021B) AND AUTHORIZE THE GENERAL MANAGER TO ACCEPT BIDS ON BEHALF OF THE DISTRICT
7. REVIEW AND DISCUSS PASS-THROUGH INCREASES AND ADJUSTMENTS TO OMWD WATER RATES AND CHARGES FOR 2022
8. CONSIDER FUTURE AGENDA ITEMS
9. ADJOURNMENT

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

**August 3, 2021**

A regular meeting of the Finance Committee of Olivenhain Municipal Water District was held on Tuesday, August 3, 2021, at the District office, 1966 Olivenhain Road, Encinitas, California via a hybrid schedule of in person and teleconference.

President Watt called the meeting to order at 1:00 p.m. In attendance were Lawrence A. Watt, Board President; Christy Guerin, Board Treasurer; Kimberly Thorner, General Manager; Joseph Randall, Assistant General Manager; Rainy Selamat, Finance Manager; Jason Hubbard, Engineering Manager; Leo Mendez, Accounting Supervisor; Jared Graffam, Financial Analyst II; Lora Carpenter from Fieldman, Rolapp & Associates, Inc; Lawrence Chan with Stradling Law; and Mike Cavanaugh with Hilltop Securities.

Director Watt announced that Director Bruce-Lane was also in attendance via teleconference to audit the Finance Committee Meeting, but will not participate per the Brown Act. Also in attendance via teleconference were Geoff Fulks, Operations Manager, and Robert Porr from Fieldman, Rolapp & Associates, Inc.

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

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

4. PUBLIC COMMENTS

There were no public comments.

5. CONSIDER APPROVAL OF THE MINUTES OF THE MAY 25, 2021 REGULAR FINANCE COMMITTEE MEETING

Director Watt moved to approve the May 25, 2021 meeting minutes, seconded by Director Guerin and carried unanimously.

6. REVIEW AND DISCUSS A PROPOSED RESOLUTION OF INTENT TO ISSUE TAX-EXEMPT

OBLIGATIONS FOR WASTEWATER (SEWER) REPLACEMENT PROJECTS IN ORDER TO FACILITATE THE ISSUANCE AND REFUNDING OF THE DISTRICT'S DEBT CONSIDER

Finance Manager Selamat opened the discussion with an overview of the agenda item stating the purpose is to review and discuss a proposed resolution of intention to issue tax-exempt bonds and to get reimbursement from the bond proceeds for the District's sewer capital needs. Finance Manager Selamat stated the District has approximately \$6.5 million in sewer capital projects over the next two fiscal years without adequate funds in reserves to finance these projects. Finance Manager Selamat also noted that debt issuance of approximately \$5 million was included the midterm budget adopted by the board in June 2021.

Staff recommended a Finance Team for the 2021 sewer bonds issuance based on each firm's qualification, experience, expertise, and prior familiarity of the District for consideration by the Committee.

Lora Carpenter from Fieldman, Rolapp & Associates, Inc, who is acting as the District's existing financial advisor, presented an overview of the bond issuance process and timeline to the Committee. Ms. Carpenter reported to the Committee that the District identified approximately \$5 million in critical capital projects for the sewer system that can be financed through debt. The 2021 sewer financing plan includes issuance of tax-exempt bonds to finance the \$5 million sewer capital improvement projects through private placement, and refinance an existing 2018 sewer revenue bond with outstanding principal of approximately \$4 million.

Ms. Carpenter then added that the proposed resolution of intent, which was prepared by the District's Bond Counsel, would allow the District to get reimbursement for project costs incurred through the proceeds of the tax-exempt bonds.

Mike Cavanaugh with Hilltop Securities presented on the role the placement agency plays in the debt issuance process. Mr. Cavanaugh stated his firm would be responsible for sending out requests for bids to many banks and coordinating with the banks directly to get the lowest borrowing rate, negotiate loan terms, and assist in closing the deal. Mr. Cavanaugh presented a history of rates over the last ten years noting current rates are very low, indicating now is a good to issue debt and/or refinance.

Director Watt asked how much of a rate reduction the District will receive by refinancing the current sewer bond. Ms. Carpenter responded the District is currently paying 3.1% which could be reduced to 2.75% or even 2.50% by refinancing.

Director Guerin inquired if now is the right time to issue debt and refinance. Ms. Carpenter responded that current rates are still very low but are starting to climb, so now does appear to be the right time to take advantage of the lower rates.

Finance Manager Selamat stated the District will receive multiple bids from different banks and select the lowest option. Finance Manager Selamat commented that Fieldman, Rolapp & Associates, Inc reviewed the District's 2015 and 2016 bonds but it did not make financial sense to refinance at this time.

Director Guerin stated a lot of agencies are issuing debt or refinancing right now and recommended bringing the topic to the full board for discussion at the September 8<sup>th</sup> meeting. Director Watt agreed.

7. CONSIDER QUARTERLY INVESTMENTS AND CASH REPORTS (2ND QTR 2021)

Finance Manager Selamat reviewed the investment report as of June 30, 2021 with the committee. Cash and investments were discussed. Finance Manager Selamat reported that the District's investments are in compliance with the investment policy and that the District has sufficient funds to meet its financial obligations for the next 120 days.

8. REVIEW AND DISCUSS STAFF PROPOSED CHANGES TO ARTICLE 6 OF THE ADMINISTRATIVE AND ETHICS CODE

Operations Manager Fulks provided an overview on the proposed changes to District's Article 6 Administrative and Ethics code, noting that updating Article 6 is an annual objective for 2021 to bring the policy in-line with industry standards. With the updates in place staff expects process improvements, flexibility of critical operational needs, and improved efficiencies and transparency to the procurement process.

Director Watt inquired if there is a distinction between single-source vs sole-source as defined in the administrative code. General Manager Thorner responded that sole-source is defined in section 6.1C. Director Guerin asked staff to further define single-source versus sole-source within the document since there is a distinction between the two.

Director Watt inquired if the District's in-house counsel has reviewed the changes. General Manager Thorner responded that in-house counsel will review the proposed changes before being presented to the full board for approval.

General Manager Thorner stated the next steps will be to have staff make the changes discussed during the meeting, have in-house counsel review the document, then bring before the full board for consideration and approval. Director Watt and Director Guerin agreed.

9. CONSIDER FUTURE AGENDA ITEMS

There were no future agenda items requested.

10. ADJOURNMENT

The meeting was adjourned at 2:05 p.m.

# Memo

Date: September 22, 2022  
To: Finance Committee  
From: Rainy Selamat, Finance Manager  
Via: Kimberly Thorner, General Manager  
Subject: **REVIEW AND APPROVE BID RESULTS FOR THE PROPOSED PRIVATE PLACEMENT FINANCING PLAN FOR NEW WASTEWATER CAPITAL IMPROVEMENT PROJECTS (2021A) AND REFUNDING OF 2018 SEWER REVENUE BONDS (2021B) AND AUTHORIZE THE GENERAL MANAGER TO ACCEPT BIDS ON BEHALF OF THE DISTRICT**

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## Purpose

The purpose of this agenda item is to review and discuss bid results and authorize the General Manager to accept bids in order to lock the rates and direct the District's Financing Team (Team) to proceed with the issuance of 2021A and 2021B sewer bonds as discussed.

## Recommendation

Staff recommends that the Committee approve and accept the bid received from Sterling National Bank, who provided the lowest bid for the 2021A and the 2021B bonds. Following the Committee's review and approval, Staff and the Team will bring the 2021A Bond and 2021B legal documents and forms forward for consideration and approval by the Board at the October 13, 2021 meeting.

### **Alternative**

The Committee may direct staff and the Team to do otherwise based on the other options in the attached presentation, which will be presented and discussed at the committee meeting.

### **Background**

The Committee approved Staff's recommended financing team for the 2021 Sewer Financing Plan at the August 3, 2021 meeting. On August 20, 2021, the District's Placement Agent, Hilltop Securities Inc. prepared and distributed a request for bid to 18 banks. The District received nine (9) bids. A copy of the bid results is attached for the Committee's review.

At the September 8<sup>th</sup> meeting, the Board adopted the resolution of intent to issue tax-exempt obligations to pay for sewer capital improvement projects and to refinance the existing 2018 Sewer Revenue Bonds. This resolution allowed costs to be retroactively included as reimbursable to the date of the resolution.

Reviewing and accepting bids to lock the rates would be the next step in the 2021 Sewer Financing Plan.

### **Discussion**

The 2021A Bonds and the 2021B Bonds will be issued by the OMWD Financing Authority. The 2021A Bonds (approximately \$5.04 million par) will be used to finance the rehabilitation of the existing Neighborhood One Sewer Pump Station and the Headworks Screening System improvements at the 4S Ranch Wastewater Treatment Plant. The 2021B Bonds (approximately \$4.09 million par) will be used to refinance the District's 2018 Sewer Revenue Bonds.

Sterling National Bank ("Sterling") provided the lowest bid for the 2021B Bonds (refinancing the 2018 Sewer Revenue Bonds) at an interest rate of 1.14% which results in estimated net present value savings of \$243,000 (or 6% of refunded par). Sterling also provided a 20 year fixed interest rate for the 2021A Bonds (new debt issuance) of 2.14% resulting in average annual debt service cost of approximately \$310,000.

Following the Committee's approval on bid results, the District's bond counsel, Lawrence Chan with Stradling, Yocca, Carlson, & Rauth, will prepare the drafts of 2021A and 2021B Bonds legal documents for review by the District's General Counsel. Staff will also take these documents for consideration, and approval by the Board at the October 13<sup>th</sup> meeting.



Staff and Ms. Lora Carpenter (the District's Financial Advisor) will be available for discussion at the meeting.

Attachments: Bid Results and Power Point Presentation

# 2021 SEWER FINANCING PLAN

Finance Committee  
September 22, 2021



# Overview

- Identified \$5 million in critical capital projects for the sewer system at the 4S Wastewater Treatment Plant that can be financed with debt
  - New money to pay for rehab neighborhood 1 pump station and the Headworks Screening projects (sewer) and refinancing of 2018 sewer bonds
- Sewer system has existing 2018 Sewer Revenue Bonds with CB&T/ZB
  - Approximately \$4 million outstanding with a final maturity in 2028
  - The loan can be called at par on any date
- Conclusion: Financial Plan is to finance needed sewer capital projects through a private placement and refinance the existing 2018 Sewer Revenue Bonds
  - Estimated NPV Savings: about \$243,000 after cost of issuance
  - Estimated Cost of Issuance: Total of ~\$75,000 for new money and refunding if District finances with one bank

# Update

- Municipal Advisor: Fieldman Rolapp and Associate
- Bond Counsel: Stradling Yocca Carlson & Rauth
- Placement Agent: Hilltop Securities
- Trustee: US Bank
- Bank: Sterling National Bank (Recommended)
- Progress:
  - Finalized Bid Forms
  - Distributed Bid Terms with Bid Forms to 18 financial institutions on August 20, 2021 and received nine competitive responses on September 3, 2021
  - Review bank selection on September 22, 2021
  - Substantially final legal documents will be brought before the Board in October

# Summary of Recommended Bids

- Sterling provided competitive bids for 2021A and 2021B Bonds
  - 2021A Bonds provides funding for \$5 million in sewer capital projects over a 20-year term
    - Average annual debt service costs of ~\$310,000
  - 2021B Bonds provides funds to refinance ~\$4.06 million outstanding on the 2018 IPA
    - Results in NPV savings of ~\$243,000 or 6.07% of refunded bonds

2018 Refunding Summary				
Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value
6/1/2022	646,403	609,365	37,038	37,167
6/1/2023	647,221	610,188	37,034	36,244
6/1/2024	646,512	609,478	37,034	35,515
6/1/2025	646,307	609,273	37,034	34,799
6/1/2026	646,575	609,545	37,030	34,092
6/1/2027	646,285	609,249	37,036	33,406
6/1/2028	646,437	609,409	37,028	32,719
<b>TOTAL</b>	<b>4,525,740</b>	<b>4,266,507</b>	<b>259,233</b>	<b>243,942</b>

Sterling	2021A New Money	2021B Refunding
Final Maturity	2041	2028
Fixed Interest Rate	2.14%	1.14%
Call Provisions	Years 1-4 at 102% premium; 5-10 at 101%; and 100% thereafter	Years 1-2 at 102% premium; Years 3-4 at 101%; and 100% thereafter

# Alternative Bids for Consideration

- CB&T's bid for Series 2021B is higher than Sterling's offer at 1.14%
- CB&T offered a fixed fee of 1.90% through 2036 and the interest rate would adjust annually thereafter through final maturity in 2041
- Going to two different banks would result in higher fees of approximately \$12,000 - \$13,000
  - Total NPV savings drops to \$239,000 or 5.97% of refunded bonds as a result of the higher fees
  - Annual debt service for the new money is ~\$303,000 until FY 2036
  - Requires annual administration fee of \$1,000
- Recommend pursuing Sterling's bid to receive the higher NPV savings and fixed debt service cost of 20 years

# Proposed Debt Financing Timeline

Date	Description
Tuesday, August 3, 2021	Finance Committee Meeting to review and approve: a) Financing plan and process b) Financing team selection c) Resolution of Intent to Issue Tax-exempt obligations
Friday, August 20, 2021	Distribute Private Placement Bank RFP
Friday, September 3, 2021	Received Private Placement Bids
Wednesday, September 8, 2021	Board Meeting to approve to provide update on financing and number of bids
Wednesday, September 22, 2021	Finance Committee Meeting: a) Review of Bank selection and bid results
Wednesday, October 13, 2021	Board Meeting to approve and adopt: a) Resolution approving issuance of 2021 Installment Purchase Agreement(s) and forms of the legal documents
Tuesday, October 26, 2021	Pre-closing
Wednesday, October 27, 2021	Closing and receipt of funds Prepayment of prior CB&T 2018 Loan

# Action Item and Next Steps

- Approve selection of Sterling National Bank to provide financing for the new money and 2018 loan refinancing
- The District's Financing Team will proceed to the next step on the timeline
- Staff will return to the Board on October 13<sup>th</sup> to provide documents for consideration and approval



## Olivenhain Municipal Water District Series 2021A and Series 2021B

### Summary of Bid Results

	Bank	Bid	Rate Lock	Call Feature	Legal Fees	Other Fees	Reporting Requirements
1	<b>Sterling Bank</b>	2.14% for 2021A and 1.14% for 2021B	Yes. Locked until 9.22.21. If accepted, extended to 10.27.21	Series A: Years 1-4 at 102; 5-10 at 101; and 100% thereafter. Series B: Years 1-2 at 102; Years 3-4 at 101; and 100 thereafter	\$ -	\$ -	Not provided
2	<b>California Bank &amp; Trust</b>	1.90% with rate reset in 2036 and 1.41% for 2021B	Yes. 60 day rate lock from 9.3.21.	Callable at anytime with 30 days notice.	\$ -	\$1,000 annual loan administration fee	Audited financial statements within 270 days of fiscal year end
3	<b>Truist</b>	1.15% for 2021B	Rate locked until 10.27.21	Callable on any payment date at 100	\$ 5,000	N/A	Audited financial statements within 270 days of fiscal year end
4	<b>First Foundation</b>	2.45% for 2021A	Yes. Rate locked for 60 days prior to closing.	Callable at 103 in years 1-2, 102 in years 3-4, 101, in years 5-6, and par thereafter	\$ 10,000	N/A	Periodic financial and collateral reporting
5	<b>Capital One Public Funding</b>	2.47% for 2021A and 1.39% for 2021B	Yes. Rate locked until 10.27.21	Callable 6.1.31 at 100 on any interest payment date for 2021A and 6.1.25 for 2021B	\$ -	N/A	Audited financial statements
6	<b>Umpqua Bank</b>	2.72% for 2021A and 1.94% for 2021B	Not stated	2021A Callable at 103 DTP by Year 10: 2021B Callable at 103 DTP by Year 5	\$ 10,000	N/A	Audits and Continuing Disclosure within 270 days of fiscal year end
7	<b>Municipal Finance Corporation</b>	2.50% 2021A: 1.40% Non-Callable 2021B and 1.47% Callable 2021B	Yes. Rate locked until 10.27.21	2021A: Callable 6.1.28 at 100: 2021B: Non-Callable or Callable 6.1.25 at 100	N/A	7,500 Fee for 2021A and 7,500 for 2021B	Not provided
8	<b>JPMorgan Chase</b>	1.61% Non-Callable Series 2021B and 1.67% Callable Series 2021B	No. Rate locked when term sheet signed.	Non-callable or callable 6.1.24 at 100	\$ 10,000	NA/	Audited financial statements within 270 days of fiscal year end
9	<b>Western Alliance</b>	2.83% for 2021A	Yes. Rate locked through 10.29.21	Callable 6.1.29 at 100 or with Excess Cash Reserves 6.1.24 at 100	\$ 8,500	N/A	Audit within 9 months after fiscal year end: budget within 2 months after adoption

# Questions?

# Memo

Date: September 22, 2021  
To: Finance Committee  
From: Rainy Selamat, Finance Manager  
Via: Kimberly Thorner, General Manager  
Subject: **REVIEW AND DISCUSS PASS-THROUGH INCREASES AND ADJUSTMENTS TO  
OMWD WATER RATES AND CHARGES FOR 2022**

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## Purpose

The purpose of this agenda item is to review and discuss proposed water rates and charges for 2022 with the Finance Committee.

## Recommendation

On an annual basis, Staff develops proposed water rates and charges for discussion and approval by the Committee prior to bringing the item forward for Board's approval. Staff would like to take the Committee's recommended water rates and charges for 2022 to the Board for consideration and approval at the November 17, 2021 meeting.

## **Background**

### San Diego County Water Authority (SDCWA) Water Rate Increases

On June 24, 2021, SDCWA's Board of Directors adopted a 3.3% increase to the County's "All-In" untreated and treated water cost per acre foot for calendar year 2022. However, the actual impact of SDCWA water rate increases varies by each member agency since SDCWA water rate increases to each member agency are both fixed and variable. This translated into a **7.3%** per acre foot increase to the District's untreated supply rate from SDCWA, a **15.3%** increase to the District's transportation rate, and a **2.9%** increase in fixed charges from SDCWA effective January 1, 2022.

### Recycled Water Suppliers Water Rate Increases

On July 1, 2021, Vallecitos Water District, San Elijo Joint Power Association, and City of San Diego increased their recycled water costs. Actions by the District's recycled water suppliers and an increase in recycled water purchases are anticipated to result in an increase of 10.4% to the District's blended recycled wholesale rate per acre foot.

### Receipt of one-time payment from SDCWA

SDCWA filed lawsuits between 2010 and 2018 challenging the Metropolitan Water District's (MWD) rates and charges to SDCWA. After a favorable ruling, a judgment payment was made by MWD for damages and interest as a result of the Water Stewardship Rate charges that had been unlawfully assessed by MWD against SDCWA's Exchange Agreement for rate payment years 2011-2014. The MWD Water Stewardship Rate was included in SDCWA's purchased water wholesale costs that were passed on to all of its member agencies, including OMWD, from 2011-2014.

As directed by the Board at the April 2021 meeting, Staff placed the rebate payment received from SDCWA in the amount of \$2,039,332.40 into the District's Rate Stabilization Fund-Water to minimize the impact of increased costs in OMWD's water operations on rates and charges.

### Inflationary Pass-Through

To avoid operational deficits, depletion of reserves, and inability to address water capital infrastructure needs, the Board adopted an ordinance that would authorize the District to pass through increases to the District's water operations and maintenance costs based on over-the-year percent change San Diego County CPI-U.

### Pass- Through Increases Reviewed by Raftelis

Staff engaged Raftelis to review the proposed 2022 water rates and charges to ensure 2022 pass-through increases and adjustments are in compliance with the Board's Pass-Through Ordinance and the proposed increases are not exceeding the District's cost of providing water services to the District's customers.

### **Discussion**

These are the pass-through increases included in the proposed 2022 rate and charge increases:

- SDCWA Rate and Charge Increases – The cost of purchasing untreated water from SDCWA will be increased by 7.3% effective January 1, 2022, including a 15.3% increase in SDCWA and Metropolitan Water District's cost to transport water.
- SDCWA's Infrastructure Access Charge – a 6.53% increase or 26 cents per  $\frac{3}{4}$ " meter equivalent for 2022. Maximum pass-through Increase (per the Ordinance) is 9%. The District could only pass-through 9% of SDCWA's IAC increase in 2021 when it was an increase of 15% to SDCWA-IAC effective January 1, 2021. 2022 Pass-Through to SDCWA-IAC will bring this meter fee collected from customers on behalf of SDCWA to the actual meter charge from SDCWA.
- Recycled Water Rate increases – The cost of purchasing recycled water from the District's recycled water suppliers is anticipated to increase by 10.4% for Fiscal Year 2022. Per the District's Ordinance, the maximum increase for any pass-through cost is 9%.
- SDCWA's Rebate Credit of approximately \$2.039 million. Approved by the Board at the April 14, 2021 meeting, Staff is proposing to refund the SDCWA's rebate payment to customers as a credit on customers' monthly water bill at 6.9 cents per unit of water over the next four years. This would help the District maintain its future revenue adjustments from water rates and charges through 2025 at or below the planned rate adjustment of 5%. Staff is proposing a 4.27% revenue adjustment for 2022 utilizing  $\frac{1}{4}$ <sup>th</sup> of the rebate (the first of four) this year.

The SDCWA Rebate Payment Credit will expire when the \$2.039 million is fully exhausted. This is consistent with the District's Revenue Policy for revenue diversification and stabilization for treatment of one-time revenue, such as wholesaler rebates/refunds. The credit will reduce the impact of purchased water wholesale cost pass-through increases on customer water bills until the full rebate amount is depleted.

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

Attachment: Presentation

# **Proposed 2022 Pass-Through Increases and Adjustments (Potable and Recycled)**

Special Finance Committee Meeting  
September 22, 2021

# OMWD Water Rate Pass-Through Ordinance

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- The 2019 ordinance authorized the board to:
  - Pass through any increases in purchased water wholesale costs from SDCWA and any other wholesale water charge increases imposed on the District by its public agency water suppliers – Purchased Water Wholesale Pass-Through
  - Pass-through increases to SDCWA fixed monthly meter fees collected on water meters – SDCWA Infrastructure Access Charge
  - Pass-through increases to the District's Costs of Operations and Maintenance and Capital Facilities based on SDCPI-U – Inflationary Pass Through
  - Pass-through increases in water rates or any other charges mandated by the State of California and imposed on the District – CA Pass-Through
- All and all Pass-Through Increases and Adjustments of the above shall not exceed 9% per year from March 1, 2020 to December 31, 2024.
- In no event, will rates and charges be increased by more than the cost of providing water services
- Rate payers will be notified (written notice) at least 30 days prior to rate changes
- Board will set and approve rate increases each year



# What have we done to Minimize Rate Increases?

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- A 4.27% revenue adjustment for 2022; planned revenue adjustment for 2022: 5%.
- Reduced OMWD's Operations and Maintenance Costs by \$673k or 2.86% for FY 2022.
- Include a 6.9 cents per unit as a credit on customer's monthly water bill from SDCWA rebate check (1<sup>st</sup> of 4 credits).
- Delayed non-critical water infrastructure projects to future years to reduce near-term capital expenditures;
- Pursued funding opportunities from state and federal programs for reimbursement of COVID-19 supply costs and water infrastructure projects.

# Reasons for 2022 water rate increases

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- Purchased Water Wholesale Pass-Through
  - SDCWA Rate Increases effective January 1, 2022
  - Recycled water suppliers' rate increases effective July 1, 2021
- SDCWA Infrastructure Access Charge Pass-Through
  - SDCWA's IAC increased by 15.8% effective January 1, 2021.
  - OMWD could only pass through 9% of the 15.8% increase per the Board's ordinance.
- Inflationary Pass-Through:
  - Based on over-the-year SDCPI-U increase for 2020: 1.70%
- Fire Meter Charge
  - Based on the 2019 Water Cost of Service Study and Prop 218 Notice

# SDCWA and MWD Water Rate Increases

Rates and Charges Faced by OMWD	CY 2021 Rates	CY 2022 Rates	\$ Increase	% Increase
<b>Variable costs (per AF)</b>				
Melded Supply Rate	\$ 940	\$ 1,009	\$ 69	7.3%
Transportation	150	173	23	15.3%
<b>Untreated cost/AF</b>	<b>\$ 1,090</b>	<b>\$ 1,182</b>	<b>\$ 92</b>	<b>8.4%</b>
<b>Fixed costs (per calendar year)</b>				
Storage	\$ 2,850,228	\$ 2,935,570	\$ 85,342	3.0%
Customer Service	1,130,028	1,168,482	38,454	3.4%
Supply Reliability Charge	1,769,782	1,849,508	79,726	4.5%
Infrastructure Access Charge	1,438,176	1,443,780	5,604	0.4%
MWD Capacity Charge	374,688	441,451	66,763	17.8%
MWD Readiness to Serve Charge (est) <sup>1</sup>	655,081	615,316	-39,765	-6.1%
<b>Total Fixed Costs</b>	<b>\$ 8,217,983</b>	<b>\$ 8,454,107</b>	<b>\$ 236,124</b>	<b>2.9%</b>

<sup>1</sup> Readiness to Serve charge is based on fiscal year

# Purchased Water Wholesale Pass-Through from SDCWA for 2022

Rates and Charges Faced by OMWD	FY 2021 Rates	CY 2022 Rates	\$ Increase	% Increase
<b>Variable costs (per AF)</b>				
Melded Supply Rate	\$ 933	\$ 1,009	\$ 77	8.2%
Transportation	141	173	32	22.7%
<b>Untreated cost/AF</b>	<b>\$ 1,074</b>	<b>\$ 1,182</b>	<b>\$ 109</b>	<b>10.1%</b>
<b>Fixed costs</b>				
Storage	\$ 2,930,520	\$ 2,935,570	\$ 5,051	0.2%
Customer Service	1,113,241	1,168,482	55,241	5.0%
Supply Reliability Charge	1,736,777	1,849,508	112,732	6.5%
MWD Capacity Charge	353,038	441,451	88,413	25.0%
MWD Readiness to Serve Charge (est) <sup>1</sup>	655,081	615,316	-39,765	-6.1%
<b>Total Fixed Costs</b>	<b>\$ 6,788,656</b>	<b>\$ 7,010,327</b>	<b>\$ 221,671</b>	<b>3.3%</b>

<sup>1</sup> Readiness to Serve charge is based on fiscal year

FY 2021 Rates is an average of SDCWA CY 2020 and SDCWA CY 2021 water rates and charges

# SDCWA LRFP High/Low Untreated Projected Percentage Increases

## ANNUAL "ALL-IN" RATE IMPACT

High Low

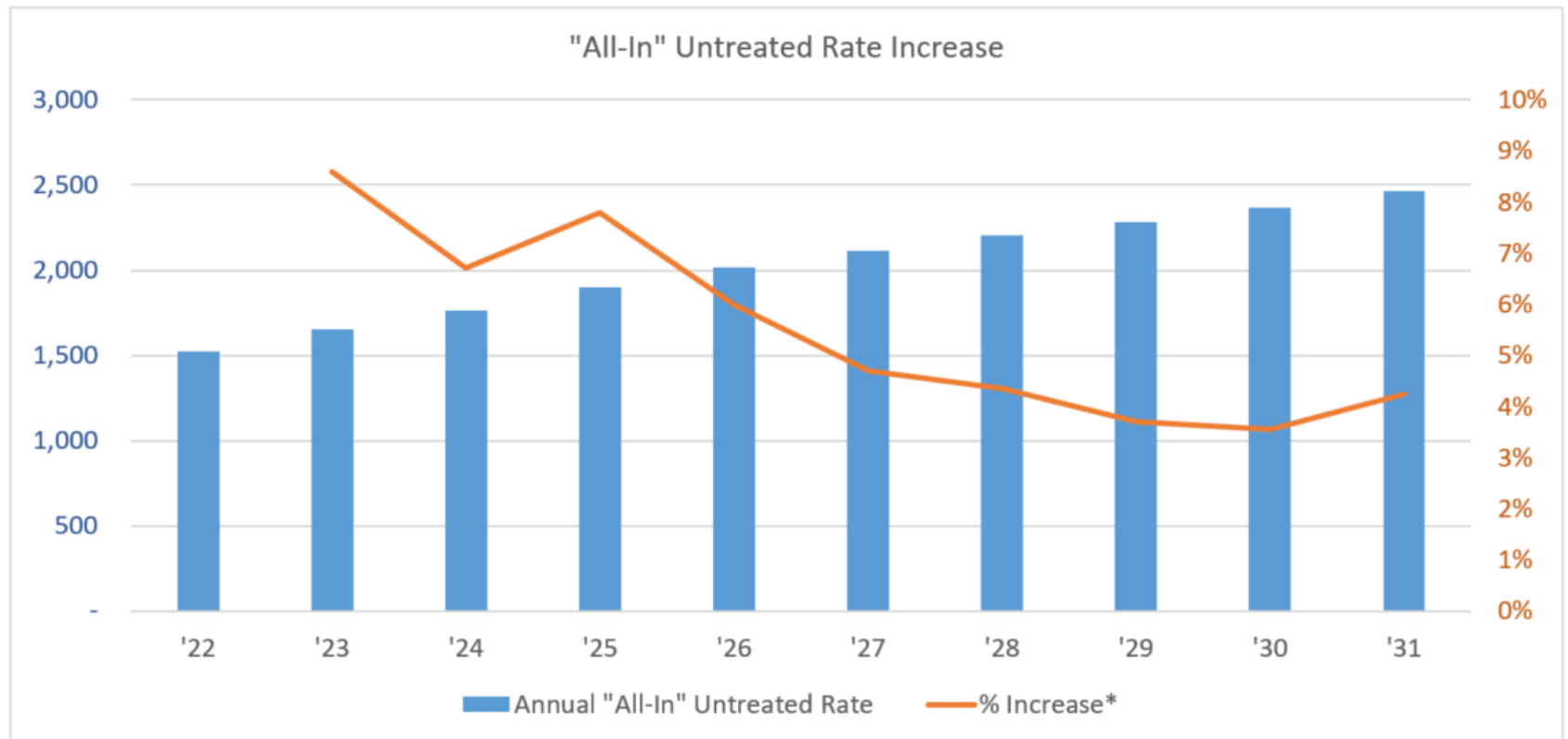


# SDCWA LRFP High/Low Untreated Projected Rate and Percentage Increases

## Untreated rate forecast

Calendar Year	'22	'23	'24	'25	'26	'27	'28	'29	'30	'31
Annual "All-In" Untreated Rate	1,523.00	1,653.98	1,764.79	1,902.45	2,016.60	2,111.38	2,203.22	2,284.74	2,365.85	2,466.40
% Increase*		8.60%	6.70%	7.80%	6.00%	4.70%	4.35%	3.70%	3.55%	4.25%

\* % increase is average of bar chart source in the previous slide which represents the high and low estimate for the 2 debt Issued scenario



# Purchased Water Wholesale Pass-Through from Recycled Water Suppliers

Recycled Water Rates					
Agency					
	Apr-20	Increase	Apr-21	Increase <sup>1</sup>	Apr-22
RSFCSD	\$ 786.26	1.1%	\$ 794.97	3.8%	\$ 825.46
	Jul-20	Increase	Jul-21	Increase <sup>2</sup>	Jul-22
City of SD	\$ 755.33	0.0%	\$ 755.33	2.5%	\$ 774.21
	Jul-20	Increase	Jul-21	Increase <sup>3</sup>	Jul-22
SEJPA <sup>3</sup>	\$ 1,190.00	5.4%	\$ 1,254.00	5.3%	\$ 1,320.00
	FY '20	Increase <sup>4</sup>	FY '21	Increase <sup>5</sup>	FY '22
VWD	\$ 1,296.00	0.2%	\$ 1,298.00	6.5%	\$ 1,382.00

1 - Anticipated increase based on OMWD proposed recycled rate adjustment

2 - Proposed increase of 5% effective 1/1/2022 equaling a 2.5% increase for FY '23

3 - SEJPA amounts are net of \$450 credit

4 - Anticipated increase for FY '21 based on VWD agreement

5 - Anticipated increase for FY '22 based on VWD budget

# Current and Proposed Commodity Rates:

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Current Commodity Charge Effective April 1, 2021 ( 1 unit=748 gallons ) <sup>(1)</sup>				
	NON-SHORTAGE	WATER SUPPLY SHORTAGE RATES		
Customer Type	(Base) Rates	10% Demand Reduction Rates <sup>(4)</sup>	20% Demand Reduction Rates <sup>(4)</sup>	30% Demand Reduction Rates <sup>(4)</sup>
Domestic				
0-6 Units	\$3.39	\$3.62	\$3.89	\$4.24
7-23 Units	\$5.02	\$5.25	\$5.52	\$5.87
23-80 Units	\$5.63	\$5.86	\$6.13	\$6.48
Over 80 Units	\$6.74	\$6.97	\$7.24	\$7.59
Agricultural <sup>(5)</sup>	\$5.55	\$5.78	\$6.05	\$6.40
Combined Agricultural/ Domestic <sup>(6)</sup>	First 23 units per month: Follow Domestic Rate Structure. Over 23 units per month: Follow Agricultural Rate Structure.			
Commercial	\$4.71	\$4.94	\$5.21	\$5.56
Irrigation <sup>(7)</sup>				
Tier 1	\$5.33	\$5.56	\$5.83	\$6.18
Tier 2	\$5.71	\$5.94	\$6.21	\$6.56
Construction	\$6.81	\$7.04	\$7.31	\$7.66
Recycled	\$3.65	Shortage rates do not apply		

WE ARE  
HERE

Proposed Commodity Charge Effective March 1, 2022 ( 1 unit=748 gallons ) <sup>(2)</sup>				
	NON-SHORTAGE	WATER SUPPLY SHORTAGE RATES		
Customer Type	(Base) Rates	10% Demand Reduction Rates <sup>(4)</sup>	20% Demand Reduction Rates <sup>(4)</sup>	30% Demand Reduction Rates <sup>(4)</sup>
Domestic				
0-6 Units	\$3.61	\$3.84	\$4.11	\$4.46
7-23 Units	\$5.27	\$5.50	\$5.77	\$6.12
23-80 Units	\$5.89	\$6.12	\$6.39	\$6.74
Over 80 Units	\$7.02	\$7.25	\$7.52	\$7.87
Agricultural <sup>(5)</sup>	\$5.81	\$6.04	\$6.31	\$6.66
Combined Agricultural/ Domestic <sup>(6)</sup>	First 23 units per month: Follow Domestic Rate Structure. Over 23 units per month: Follow Agricultural Rate Structure.			
Commercial	\$4.95	\$5.18	\$5.45	\$5.80
Irrigation <sup>(7)</sup>				
Tier 1	\$5.58	\$5.81	\$6.08	\$6.43
Tier 2	\$5.97	\$6.20	\$6.47	\$6.82
Construction	\$7.09	\$7.32	\$7.59	\$7.94
Recycled	\$3.79	Shortage rates do not apply		



# Current and Proposed Irrigation Unit Allotments

## Tier 1 Allotment / Based upon water use by meter size

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Current Irrigation Unit Allotments Tier 1 Allotment / Based upon water use by meter size		
Meter Size	Winter (Dec-May)	Summer (Jun-Nov)
5/8"	10	15
3/4"	20	30
1"	35	50
1-1/2"	50	110
2"	100	200
3"	200	500
4"	600	3,500
6"	3,100	11,800
8"	5,600	21,300

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

*Please contact the District for allotments for larger meter size*

# OMWD System Access Charge – Current and Proposed

OMWD System Access Charge (\$/Meter Size)

Meter Size	Current (1)	Proposed 3/1/2020 (4)	Proposed 3/1/2021	Proposed 3/1/2022	Proposed 3/1/2023	Proposed 3/1/2024
5/8"	\$28.43	\$29.41	\$30.89	\$32.44	\$34.07	\$35.78
3/4" (*)	\$37.70	\$38.46	\$40.39	\$42.41	\$44.54	\$46.77
1"	\$65.55	\$65.60	\$68.88	\$72.33	\$75.95	\$79.75
1-1/2"	\$102.68	\$101.79	\$106.88	\$112.23	\$117.85	\$123.75
2"	\$161.47	\$159.10	\$167.06	\$175.42	\$184.20	\$193.41
2-1/2"	\$294.50	\$288.78	\$303.22	\$318.39	\$334.31	\$351.03
3"	\$322.34	\$315.93	\$331.73	\$348.32	\$365.74	\$384.03
4"	\$535.82	\$524.03	\$550.24	\$577.76	\$606.65	\$636.99
6"	\$1,120.55	\$1,094.04	\$1,148.75	\$1,206.19	\$1,265.58	\$1,328.03
8"	\$2,017.75	\$1,968.66	\$2,067.10	\$2,170.46	\$2,280.00	\$2,395.00



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Current and Proposed OMWD System Access Charge (SAC)

Meter Size	Current	Pass-Through Increases & Adjustments		Proposed Effective March 1, 2022
		\$	%	
5/8"	\$30.16	\$0.74	2.45%	\$30.90
3/4"(*)	\$39.44	\$0.97	2.46%	\$40.41
1"	\$67.27	\$1.66	2.47%	\$68.93
1-1/2"	\$104.37	\$2.57	2.46%	\$106.94
2"	\$163.13	\$4.03	2.47%	\$167.16
2-1/2"	\$296.10	\$7.31	2.47%	\$303.41
3"	\$323.93	\$8.00	2.47%	\$331.93
4"	\$537.30	\$13.27	2.47%	\$550.57
6"	\$1,121.74	\$27.71	2.47%	\$1,149.45
8"	\$2,018.50	\$49.86	2.47%	\$2,068.36

# Current and Proposed System Access Charges

Current and Proposed OMWD System Access Charge (SAC)				
Meter Size	Current	Pass-Through Increases & Adjustments		Proposed Effective March 1, 2022
		\$	%	
5/8"	\$30.16	\$0.74	2.45%	\$30.90
3/4"(*)	\$39.44	\$0.97	2.46%	\$40.41
1"	\$67.27	\$1.66	2.47%	\$68.93
1-1/2"	\$104.37	\$2.57	2.46%	\$106.94
2"	\$163.13	\$4.03	2.47%	\$167.16
2-1/2"	\$296.10	\$7.31	2.47%	\$303.41
3"	\$323.93	\$8.00	2.47%	\$331.93
4"	\$537.30	\$13.27	2.47%	\$550.57
6"	\$1,121.74	\$27.71	2.47%	\$1,149.45
8"	\$2,018.50	\$49.86	2.47%	\$2,068.36

*Proposed OMWD System Access Charge shown above include pass-through increases and adjustments from SDCWA effective January 1, 2022 and over-the-year percent change in the San Diego County Consumer Price Index for All Urban Consumers (CPI-U).*

# Current and Proposed SDCWA Infrastructure Access Charge (IAC)

Current and Proposed SDCWA Infrastructure Access Charge (IAC)				
Meter Size	Current	Pass-Through Increases & Adjustments		Proposed Effective March 1, 2022
		\$	%	
5/8"	\$3.98	\$0.26	6.5%	\$4.24
3/4"(*)	\$3.98	\$0.26	6.5%	\$4.24
1"	\$7.58	\$0.50	6.6%	\$8.08
1-1/2"	\$12.37	\$0.81	6.5%	\$13.18
2"	\$19.94	\$1.31	6.6%	\$21.25
2-1/2"	\$37.10	\$2.43	6.5%	\$39.53
3"	\$40.70	\$2.66	6.5%	\$43.36
4"	\$68.22	\$4.46	6.5%	\$72.68
6"	\$143.61	\$9.39	6.5%	\$153.00
8"	\$259.31	\$16.94	6.5%	\$276.25

*Proposed SDCWA Infrastructure Access Charge (IAC) increases shown above are to catch-up on the 2021 increase of 15.8% charged by SDCWA. OMWD could only increase the SDCWA IAC by 9% in 2021 pursuant to the Proposition 218 notice for Pass-Through Increases and Adjustments.*

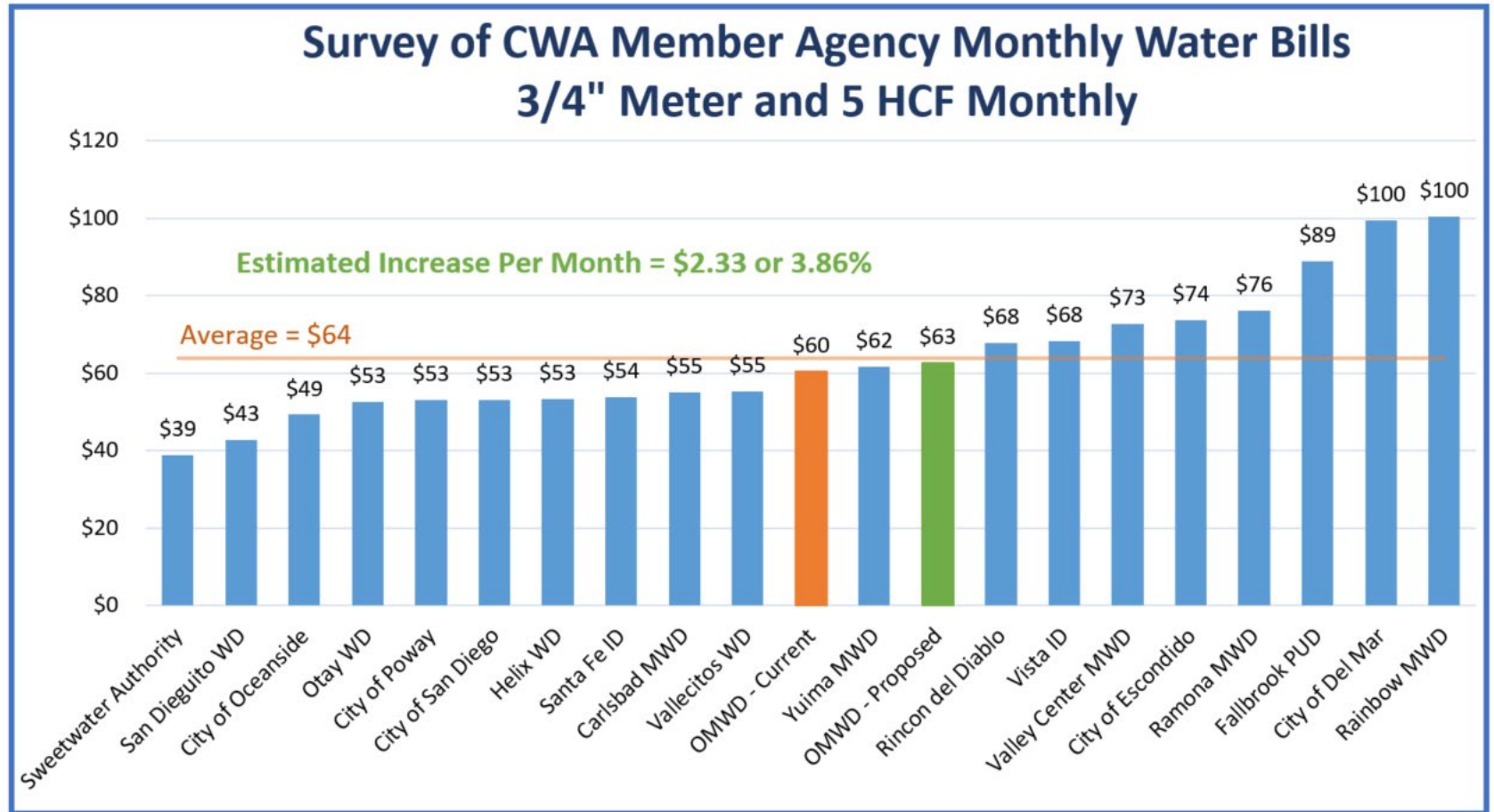
# Fire Meter Charges – Current and Proposed

OMWD Fire Meter Charge (\$/Meter Size)						
Meter Size	Current (1)	Proposed 3/1/2020 (4)	Proposed 3/1/2021	Proposed 3/1/2022	Proposed 3/1/2023	Proposed 3/1/2024
5/8"	\$3.82	\$4.82	\$5.07	\$5.33	\$5.60	\$5.88
3/4" (*)	\$3.82	\$4.82	\$5.07	\$5.33	\$5.60	\$5.88
1"	\$4.50	\$5.42	\$5.70	\$5.99	\$6.29	\$6.61
1-1/2"	\$5.42	\$6.21	\$6.53	\$6.86	\$7.21	\$7.58
2"	\$6.88	\$7.48	\$7.86	\$8.26	\$8.68	\$9.12
2-1/2"	\$10.15	\$10.34	\$10.86	\$11.41	\$11.99	\$12.59
3"	\$10.84	\$10.93	\$11.48	\$12.06	\$12.67	\$13.31
4"	\$16.10	\$15.52	\$16.30	\$17.12	\$17.98	\$18.88
6"	\$30.51	\$28.09	\$29.50	\$30.98	\$32.53	\$34.16
8"	\$52.64	\$47.37	\$49.74	\$52.23	\$54.85	\$57.60

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Current and Proposed OMWD Fire Meter Charge Rates (\$/Meter Size)				
Meter Size	Current	Change	% Change CPI	Proposed Effective March 1, 2022
5/8"	\$5.06	\$0.25	4.94%	\$5.31
3/4"	\$5.06	\$0.25	4.94%	\$5.31
1"	\$5.69	\$0.28	4.92%	\$5.97
1-1/2"	\$6.52	\$0.32	4.91%	\$6.84
2"	\$7.85	\$0.39	4.97%	\$8.24
2-1/2"	\$10.85	\$0.54	4.98%	\$11.39
3"	\$11.47	\$0.57	4.97%	\$12.04
4"	\$16.29	\$0.81	4.97%	\$17.10
6"	\$29.49	\$1.47	4.98%	\$30.96
8"	\$49.73	\$2.48	4.99%	\$52.21

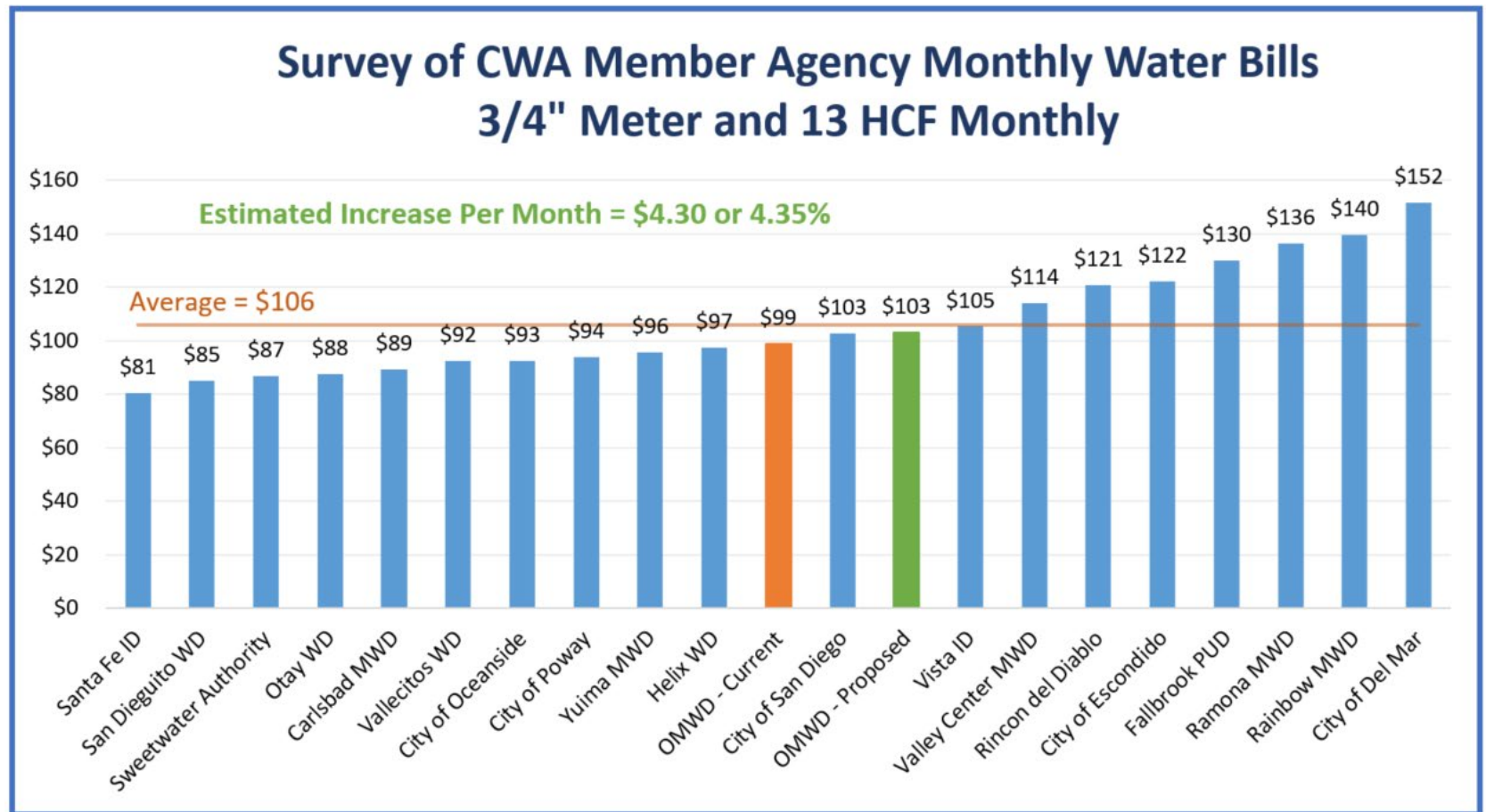
# Monthly Water Bills for Single Family Residential (5 units)



OMWD estimated monthly total includes SDCWA Rebate Credit. Rates for other agencies last updated in July 2021. Any subsequent changes are not reflected in this graph.

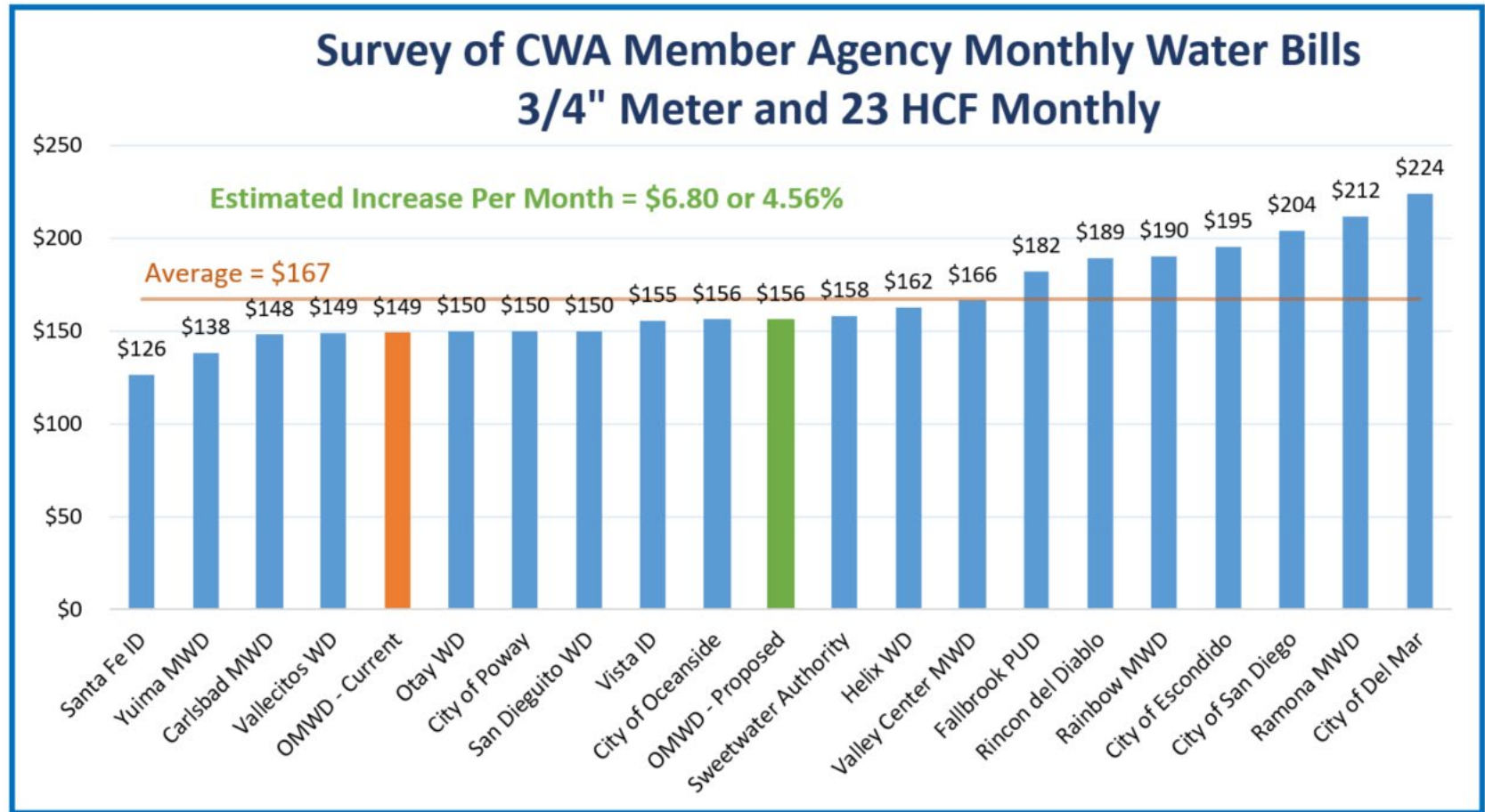


# Monthly Water Bills for Single Family Residential (13 units)



OMWD estimated monthly total includes SDCWA Rebate Credit. Rates for other agencies last updated in July 2021. Any subsequent changes are not reflected in this graph.

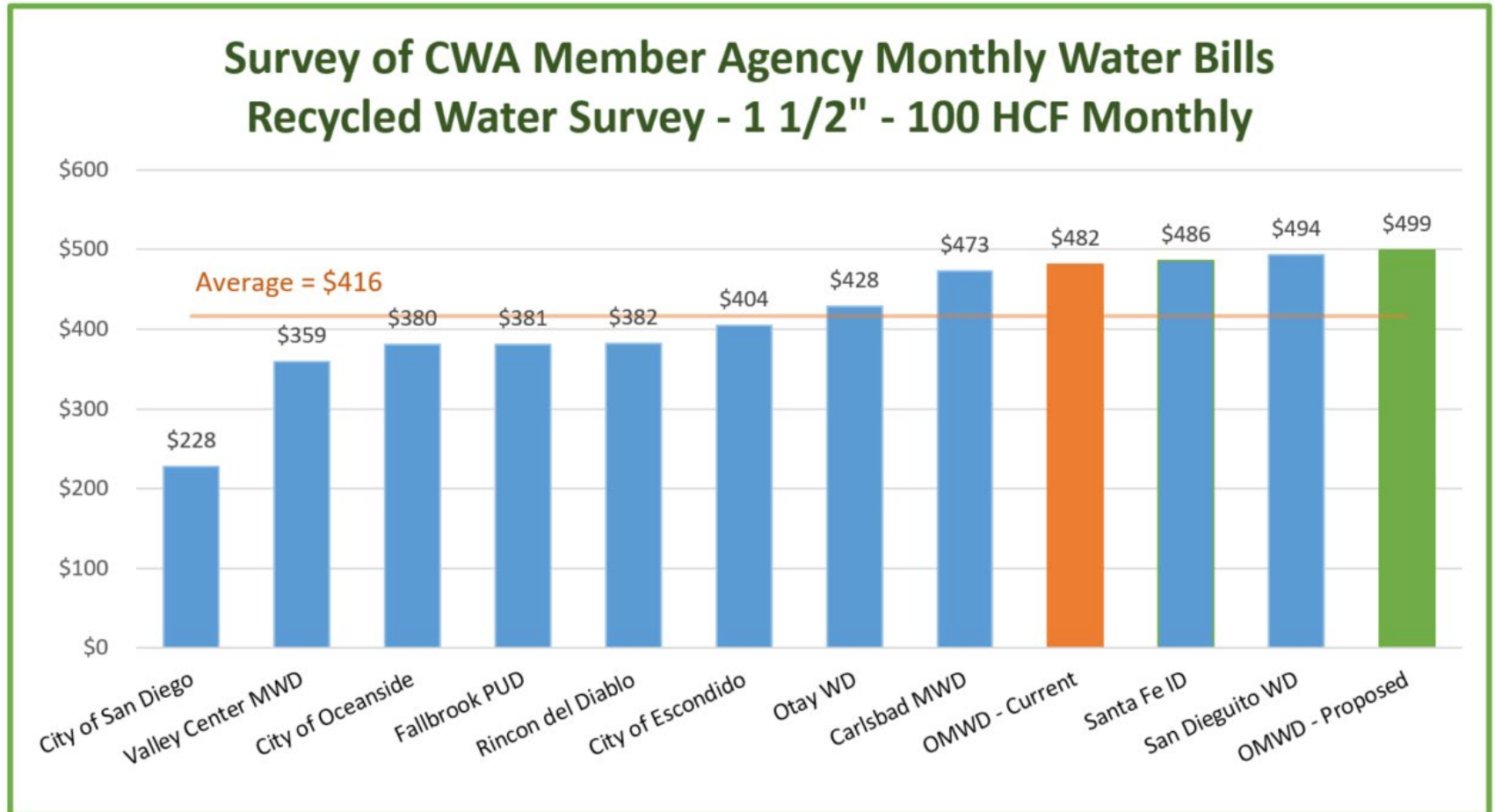
# Monthly Water Bills for Single Family Residential (23 units)



OMWD estimated monthly total includes SDCWA Rebate Credit. Rates for other agencies last updated in July 2021. Any subsequent changes are not reflected in this graph.



# OMWD Recycled Customer's Monthly Average Water Bill



Estimated monthly total includes fixed monthly fees as well as variable commodity charges. Rates for other agencies last updated in July 2021. Any subsequent changes are not reflected in this graph.