

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

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

DATE: WEDNESDAY, OCTOBER 16, 2024

TIME: 4:00 P.M.

PLACE: HYBRID REGULAR MEETING VIA ZOOM AND IN-PERSON

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

For Zoom Participation:

www.zoom.us/join
Meeting ID: 865 5633 4158
Passcode: 257024

For Zoom Call-in Only:

Call: (669) 900-9128
Meeting ID: 865 5633 4158
Passcode: 257024

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

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

1. CALL TO ORDER
2. PLEDGE OF ALLEGIANCE
3. ROLL CALL
4. DETERMINATION OF A QUORUM
5. ADOPTION OF AGENDA
6. PERSONAL APPEARANCES AND PUBLIC COMMENTS

7. PRESENTATION OF AWARDS AND HONORABLE MENTIONS

Service Awards, Promotions and Honorable Mentions

* Steve Weddle – Engineering Services Supervisor – 5 years

8. CONSIDER APPROVAL OF THE MINUTES OF THE SEPTEMBER 18, 2024, REGULAR BOARD OF DIRECTORS MEETING

9. CONSENT CALENDAR

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

C-a	CONSIDER ADOPTION OF A MOTION APPROVING THE PAYMENT OF LISTED WARRANTS FROM THE DISTRICT'S REVOLVING AND REGULAR ACCOUNTS; LISTED TRANSFERS OF FUNDS; REIMBURSEMENT OF EXPENSES TO BOARD MEMBERS AND STAFF
C-b	CONSIDER ACCEPTANCE OF THE VIA RANCHO MICHELLE PHASE 2 PIPELINE EXTENSION PROJECT (CHRISTMATT CORP.) INTO OMWD'S SYSTEM AND ORDER A NOTICE OF COMPLETION FILED
C-c	CONSIDER APPROVAL OF A NEW CAPITAL IMPROVEMENT PROJECT FOR THE FIREHOUSE SEWER PUMP STATION LINER REPLACEMENT AND TO APPROPRIATE \$160,000 TO THE PROJECT FROM WASTEWATER CAPITAL RESERVE FUND

10. AUTHORIZE THE GENERAL MANAGER TO ENTER INTO A JOINT USE AGREEMENT WITH SAN DIEGUITO RIVER VALLEY REGIONAL OPEN SPACE PARK JOINT POWERS AUTHORITY FOR THE OSUNA SEGMENT OF THE COAST TO CREST TRAIL

11. CONSIDER ACCESSIBILITY ENHANCEMENTS AT ELFIN FOREST RECREATIONAL RESERVE

12. CONSIDER INFORMATIONAL REPORT ON WATER SUPPLY CONDITIONS AND LONG-TERM WATER USE EFFICIENCY LEGISLATION

13. CONSIDER THE CALENDAR FOR THE 2025 OLIVENHAIN MUNICIPAL WATER DISTRICT'S BOARD MEETINGS

14. CONSIDER ANNUAL OBJECTIVES AND TIGER TEAM STATUS REPORT

15. CONSIDER AN INFORMATIONAL UPDATE TO THE RECYCLED WATER PROGRAM

16. PUBLIC HEARING TO CONSIDER PUBLIC COMMENTS REGARDING THE PROPOSED INCREASES TO OLIVENHAIN WATER DISTRICT (OMWD) CHARGES EFFECTIVE JANUARY 1, 2025 AND AN ORDINANCE THAT WOULD AUTHORIZE OMWD FOR THE FIVE-YEAR PERIOD COMMENCING JANUARY 1, 2025 TO DECEMBER 31, 2029 TO: (1) PASS THROUGH INCREASES TO OMWD WATER CHARGES AND SAN DIEGO COUNTY WATER AUTHORITY (SDCWA) INFRASTRUCTURE ACCESS CHARGE, NOT TO EXCEED 12 PERCENT EACH YEAR, (2) ADOPT DEMAND REDUCTIONS RATES FOR WATER CONSUMPTION CHARGE, AND (3) ADOPT FIRE METER CHARGE AS DESCRIBED IN THE NOTICE OF PUBLIC HEARING (5:30 PM)

17. INFORMATIONAL REPORTS

- A. PRESIDENT
- B. GENERAL MANAGER
- C. CONSULTING ENGINEER
- D. GENERAL COUNSEL
- E. SAN DIEGO COUNTY WATER AUTHORITY REPRESENTATIVE
- F. LEGISLATIVE
- G. TWELVE MONTH CALENDAR / OTHER MEETINGS / REPORTS BY BOARD MEMBERS PER AB 1234
- H. BOARD COMMENTS

18. CORRESPONDENCE

19. AUTHORIZATION TO ATTEND UPCOMING MEETINGS / CONFERENCES / SEMINARS

20. FUTURE AGENDA ITEMS

21. CONSIDER PUBLIC COMMENTS

22. CONSIDER A RESOLUTION OF THE BOARD OF DIRECTORS OF THE OLIVENHAIN MUNICIPAL WATER DISTRICT DESIGNATING REAL PROPERTY NEGOTIATORS AS GENERAL MANAGER THORNER AND ASSISTANT GENERAL MANAGER RANDALL RELATING TO THE ACQUISITION OF REAL PROPERTY RELATED TO THE SAN DIEGUITO VALLEY GROUNDWATER PROJECT

23. CLOSED SESSION

- A) CONSIDER LITIGATION – OLIVENHAIN MUNICIPAL WATER DISTRICT v. COUNTY OF SAN DIEGO [PURSUANT TO GOVERNMENT CODE SECTION 54956.9]
- B) CONSIDER LITIGATION – STANLEY D. JONES ET AL. VS. OLIVENHAIN MUNICIPAL WATER DISTRICT [PURSUANT TO GOVERNMENT CODE SECTION 54956.9]
- C) CONFERENCE WITH REAL PROPERTY NEGOTIATORS [PURSUANT TO GOVERNMENT CODE SECTION 54956.8]
 - PROPERTIES UNDER NEGOTIATION: EASEMENT(S) THROUGH LA VALLE COASTAL CLUB AND RESORT APN: 302-082-21-00, APN: 302-120-36-00
 - NEGOTIATORS: GENERAL MANAGER THORNER AND ASSISTANT GENERAL MANAGER RANDALL, NEGOTIATING PARTIES: MR PROPCO, LLC
 - UNDER NEGOTIATION: PRICE AND TERMS
- D) CONSIDER GENERAL MANAGER PERFORMANCE EVALUATION [PURSUANT TO GOVERNMENT CODE SECTION 54957] • Additional Facts: Receive packet; full review and compensation discussion to be held on November 6, 2024.

24. OPEN SESSION

25. CONSIDER APPROVAL OF PRINCIPLES OF UNDERSTANDING WITH MR PROPCO, LLC, INCLUDING AUTHORIZING THE GENERAL MANAGER TO NEGOTIATE EASEMENT PURCHASES IN AN AMOUNT NOT TO EXCEED \$65,000 AND AFFIRM APPROVAL OF ITEMS 16 A, B, D, E FROM THE SEPTEMBER 18, 2024 BOARD MEETING
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 OMWD's website.

Memo

Date: October 16, 2024
To: Olivenhain Municipal Water District Board of Directors
From: Rainy Selamat, Finance Manager
Via: Kimberly Thorner, General Manager
Subject: **CONSIDER ADOPTION OF A MOTION APPROVING THE PAYMENT OF LISTED WARRANTS FROM THE DISTRICT'S REVOLVING AND REGULAR ACCOUNTS; LISTED TRANSFERS OF FUNDS; REIMBURSEMENT OF EXPENSES TO BOARD MEMBERS AND STAFF**

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

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

The District's June, July, and August Financial Statements (typically item C-b) and Monthly Investment Report will be available for review and approval by the Board after the fiscal year 2023/24 financial audit is completed in November 2024. As of the writing of this memo, Finance Staff is currently working on closing fiscal year 2023/24.

Olivenhain Municipal Water District
Proposed Motions for October 16, 2024 Board of Directors Meeting
September 2024 Activities
Consent Calendar Item # C-a

Proposed Motions:

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

Regular Account	Warrants - by check	035922 ✓	to	036034 ✓	\$	563,271.58
	Warrants - by EFT	EFT000000001617 ✓	to	EFT000000001707 ✓		1,103,548.61
						<u>1,666,820.19</u>

ACH Payments - Payroll	237,180.74
Wire - SDCWA - Monthly Purchased Water Payment	3,520,610.90
ACH Payments - Payroll	234,453.70

\$ 5,659,065.53 ✓

Major Category of Disbursements

Total warrants from the District's checking account:

\$ 1,666,820.19 ✓

Following is a breakdown of this total by major categories:

Category

Outside services	\$ 736,065.31
Inventory and supplies	535,877.32
Utilities	199,566.15
Repairs and maintenance	14,920.05
Other	5,534.44
Refunds	5,707.01
Insurance	168,546.91
Permit Fees	603.00

Total

\$ 1,666,820.19 ✓

Sincerely,


Rainy K. Selamat/Finance Manager

Olivenhain Municipal Water District
Proposed Motions for October 16, 2024 Board of Directors Meeting
September 2024 Activities

California Bank and Trust

Regular Account

Warrants - by check	035922	to	036034	\$	563,271.58
Warrants - by EFT	EFT000000001617	to	EFT000000001707		1,103,548.61
					<hr/> 1,666,820.19
9/12/2024 ACH Payments - Payroll					237,180.74
9/16/2024 Wire - SDCWA - Monthly Purchased Water Payment					3,520,610.90
9/26/2024 ACH Payments - Payroll					234,453.70
Total				\$	<hr/> <hr/> 5,659,065.53

ACH Payments - Payroll

For Board Consideration and Approval

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

Number	Date	Name	Amount	Inv Reference	Multiple Invoices?
035922	9/4/2024	American Messaging	65.98	L1-072035	
035923	9/4/2024	Brandon Barnick	400.00	EDUCATION INCENTIVE	
035924	9/4/2024	Bee Rescue LLC	2,000.00	BEE REMOVAL - VARIOUS LOCATIONS	Yes
035925	9/4/2024	Diana Spencer	50.00	CONGRATULATIONS FROM THE ERC	
035926	9/4/2024	Edco Waste & Recycling	303.22	WASTE DISPOSAL	
035927	9/4/2024	Fiserv	1,165.89	REFUND TO PAYMENT PROCESSOR	
035928	9/4/2024	Gabriel Hernandez	785.22	CWEA TRI-STATE CONF EXP REIMB	
035929	9/4/2024	Jeff Fuchs	105.00	D4 OPERATOR CERT EXP REIMB	
035930	9/4/2024	Pacific Coast Propane	1,957.00	PROPANE	
035931	9/4/2024	Pacific Pipeline Supply	9,264.99	Saddles (2) and couplings (20)	Yes
035932	9/4/2024	San Diego County Recorder	50.00	NOE FILING FEE- WATER CAP FEES	
035933	9/4/2024	San Diego County Recorder	50.00	NOE FILING FEE-HEADWORKS PJT	Yes
035934	9/4/2024	State Water Resources	150.00	WWTP GRADE 3 RENEW - J.BRISENO	
035935	9/4/2024	Sunbelt Rentals, Inc.	1,616.89	SKIDSTEER RENTAL	
035936	9/4/2024	ULINE	183.02	WTP SUPPLIES	
035937	9/4/2024	Water for People – CA-NV AWWA	1,000.00	WFP LUNCHEON SPONSORSHIP	
035938	9/4/2024	Lennar Communities	1,091.86	RM REFUND: DEBIT000000000592	
035939	9/11/2024	American Backflow Specialities	180.00	CALIBRATION SERVICES	Yes
035940	9/11/2024	AmeriGas	307.73	ACCT:202539985 PROPANE	
035941	9/11/2024	Arlene Stephenson	200.00	REF:1032167_198570	
035942	9/11/2024	AT & T	31.56	9391056562	
035943	9/11/2024	Austin Myatt	140.10	REF:1082417_158945	
035944	9/11/2024	Bee Rescue LLC	250.00	BEE REMOVAL	
035945	9/11/2024	Blue-White Industries	466.57	WTP SUPPLIES	
035946	9/11/2024	Boot World Inc	594.81	Safety Boots	Yes
035947	9/11/2024	Dominic Brunozi	275.00	EDUCATION INCENTIVE	
035948	9/11/2024	California State Disbursement Unit	123.23	GARNISHMENT	
035949	9/11/2024	Cori Cayton	132.96	REF:1093057_190740	
035950	9/11/2024	Disi Zhao	100.37	REF:1093188_163580	
035951	9/11/2024	Doggie Walk Bags Company	281.93	PARKS SUPPLIES	
035952	9/11/2024	Edco Waste & Recycling	356.87	25-4A 861816	
035953	9/11/2024	Ferguson Enterprises Inc. #1083	3,006.36	INVENTORY ITEMS - BALL VALVES, BRASS NIPPLES, ETC.	Yes
035954	9/11/2024	First Choice Technology	161.40	13001474	Yes
035955	9/11/2024	Gutermann Inc	422.00	LEAK LISTENING STICK REPAIRS	
035956	9/11/2024	Home Depot/Gecf	4,274.10	8/24 SUPPLIES	Yes
035957	9/11/2024	Infosend	3,999.86	7/24 WATER BILLING IVR FEES	
035958	9/11/2024	Infrastructure Engineering Corporation	14,466.28	Hydraulic model development, calibration and master planning. RW conversions.	Yes
035959	9/11/2024	Jared Graffam	340.00	CPA LICENSE RENEWAL REIMB	
035960	9/11/2024	Jordan Grant	111.81	REF:1089585_196000	
035961	9/11/2024	Kruer General Engineering Construction	1,600.03	REF:1091145_303385	
035962	9/11/2024	Melissa Connolly	113.87	REF:1093237_188070	
035963	9/11/2024	Milissa Burns	94.66	REF:1091777_158865	
035964	9/11/2024	Pacific Pipeline Supply	3,745.79	WTP SUPPLIES	Yes
035965	9/11/2024	Pam Andrews	126.93	REF:1000926_208505	
035966	9/11/2024	Republic Services	2,926.60	WASTE DISPOSAL	
035967	9/11/2024	Republic Services #661	4,259.31	WASTE DISPOSAL	Yes
035968	9/11/2024	San Diego Gas & Electric	37,972.17	Utilities	Yes
035969	9/11/2024	Shane Sullivan	24.00	8/24 GYM REIMBURSEMENT	
035970	9/11/2024	State Water Resources	105.00	D5 CERT FEE - M.SALAZAR	
035971	9/11/2024	Steve Weddle	50.00	5 YEAR SERVICE AWARD	
035972	9/11/2024	Tri Signal Integration Inc	387.25	WTP FIRE ALARM SYSTEM MAINT	
035973	9/11/2024	Utility Cost Management Llc	17,366.93	SDGE ELECTRICITY SERVICES	
035974	9/11/2024	Verizon Connect Fleet USA, LLC	924.85	100000112726	
035975	9/11/2024	Vivek Hegde	142.58	REF:1091323_157005	
035976	9/18/2024	4S Ranch Gasoline & Car Wash	2,261.33	WWTP GASOLINE/CAR WASH	Yes
035977	9/18/2024	Alfa Laval Inc.	17,001.24	Electric Motor for WTP	Yes
035978	9/18/2024	American Conservation & Billing Solutions, Inc.	6,502.00	9/24, 10/24 AQUAHAWK SERVICES	Yes
035979	9/18/2024	Andrea Scott	48.17	MILEAGE & EXPENSE REIMB.	
035980	9/18/2024	AT & T	1,238.49	9391056789	Yes
035981	9/18/2024	Boyd Fasteners	385.75	WWTP SUPPLIES	
035982	9/18/2024	City Treasurer	38,202.68	7/24 35.15 AF RECYCLED WATER	
035983	9/18/2024	Coast Waste Mgmt Inc	560.16	19-55615-83004 (WWTP)	
035984	9/18/2024	Corodata	421.99	RECORDS STORAGE	
035985	9/18/2024	Corodata Shredding, Inc	127.74	PAPER DESTRUCTION SERVICES	
035986	9/18/2024	Engineered Fluid Inc	146,775.20	Pressure Reducing Station Replacement for the Village Park PRS Station Project	Yes
035987	9/18/2024	Ferrellgas	69.99	TANK RENTAL	
035988	9/18/2024	Golden State Labor	850.00	Labor Compliance for the Recycled Water Pipeline Extension for CB, VP, & SH Project	Yes
035989	9/18/2024	Grangetto's Ag. Supply	106.43	WTP SUPPLIES	Yes
035990	9/18/2024	Hi-Line Electric Company, Inc.	295.93	SHOP SUPPLIES	
035991	9/18/2024	Infrastructure Engineering Corporation	1,218.75	NBHD SPS Rpl Design Support	Yes
035992	9/18/2024	Leonardo Fitness	640.00	WORKOUT CLASS - REIMB W/GRANT	
035993	9/18/2024	Liebert Cassidy Whitmore	116.50	CONSULTING SERVICES	Yes
035994	9/18/2024	Mission West Builders Inc.	1,308.09	REF:1094664_303745	
035995	9/18/2024	Nick Boess	200.00	EDUCATION INCENTIVE	
035996	9/18/2024	Pacific Pipeline Supply	9,797.20	Hydrant extensions, hydrant, gaskets, bolts, etc.	Yes
035997	9/18/2024	PWLC I, INC	17,078.00	LANDSCAPE MAINTENANCE	Yes
035998	9/18/2024	Rancho Santa Fe Community Svs	50,782.30	7/24 and 8/24 Recycled Water Purchases	Yes
035999	9/18/2024	Reliable Water Solutions, LLC	3,628.05	FLOW METER VERIFICATIONS	
036000	9/18/2024	Ryan Herco	95.55	WTP SUPPLIES	Yes
036001	9/18/2024	S D G & E	264.85	400000078	
036002	9/18/2024	San Diego Building Maintenance	5,396.00	8/24 JANITORIAL SERVICES	
036003	9/18/2024	San Diego Gas & Electric	82,728.03	Utilities	Yes
036004	9/18/2024	Santa Fe Irrigation Dist	141.12	008128-005	
036005	9/18/2024	SDRMA	4,248.35	WORKERS COMP INSURANCE	
036006	9/18/2024	State Water Resources	80.00	D2 RENEWAL - R.PETROVSKI	
036007	9/18/2024	Steel In The Air, Inc.	12,000.00	Fair Market Valuation Services Related to Cell Leases	Yes
036008	9/18/2024	Tia Philippart	138.41	REF:1091833_231620	
036009	9/18/2024	U.S. Bank	3,889.60	District Bond Services	Yes
036010	9/18/2024	UniFirst Aid Corp	465.88	FIRST AID SUPPLIES	
036011	9/18/2024	Victor Lara	76.77	REF:1092669_194435	
036012	9/18/2024	Xylem Water Solutions USA, Inc.	2,973.59	Replacement parts for 4S WRF Digester	Yes
036013	9/25/2024	Asbury Environmental Services	102.00	USED OIL DISPOSAL SERVICES	

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

Number	Date	Name	Amount	Inv Reference	Multiple Invoices?
036014	9/25/2024	AT & T	80.89	9391059578	
036015	9/25/2024	California State Disbursement Unit	123.23	Garnishment	
036016	9/25/2024	County Of San Diego	603.00	Permit fees	
036017	9/25/2024	D&H Water Systems	9,041.55	Santa Fe Valley PS replacement flow meter	Yes
036018	9/25/2024	Guardian	959.14	10/24 DENTAL ADMIN FEES	
036019	9/25/2024	Ixom Watercare Inc	1,603.90	SUPPLIES	
036020	9/25/2024	Jeffrey Burns	59.31	REF:1089426_196780	
036021	9/25/2024	Linda Hook	89.40	REF:1014991_195220	
036022	9/25/2024	Napa Auto Parts	1,440.21	08/24 SUPPLIES	
036023	9/25/2024	Naumann Hobbs - San Diego	1,202.39	WTP SERVICES	
036024	9/25/2024	Neal Meyers	40.20	CSDA MEETING MILEAGE REIMB	
036025	9/25/2024	Pacific Pipeline Supply	1,706.89	Marco 12" Coupling C213 EPOXY 13.15-14.40	Yes
036026	9/25/2024	PTS Communications	78.00	760-489-9971	
036027	9/25/2024	Rachel Tyler	78.56	REF:1034181_196740	
036028	9/25/2024	Republic Services	2,095.65	Waste Disposal	
036029	9/25/2024	Republic Services	913.48	Waste Disposal	Yes
036030	9/25/2024	San Diego Gas & Electric	9,848.86	Utilities	Yes
036031	9/25/2024	Sofia Lovqvist	60.52	REF:1086998_223780	
036032	9/25/2024	State Water Resources	110.00	WW GRADE 2 RENEW-BARLETT MAY	
036033	9/25/2024	Stephen Overlock	40.78	REF:1090754_240620	
036034	9/25/2024	TASC	577.50	9/24 VEBA ADMIN FEES	
EFT000000001617	9/4/2024	Vallecitos Water District	45,979.27	RECLAIMED WATER SALES	
EFT000000001618	9/4/2024	Hasa	8,144.61	WTP CHEMICALS	
EFT000000001619	9/4/2024	McMaster-Carr Supply Co.	82.82	WTP SUPPLIES	
EFT000000001620	9/4/2024	Fallbrook Printing Corp	24,239.70	AMI PROJECT POSTCARDS, ENVELOPES, PROP 218 NOTICE	Yes
EFT000000001621	9/4/2024	Transene Company, Inc.	320.16	WTP SUPPLIES	
EFT000000001622	9/4/2024	eCivis, Inc.	3,685.00	COST ALLOCATION SOFTWARE	
EFT000000001623	9/4/2024	Ascensus Holdings, Inc.	6,228.00	CALPERS INCENTIVE PAY CONSULTING	
EFT000000001624	9/4/2024	Rincon Consultants Inc.	3,463.25	NSDWRC GRANT ADMIN SUPPORT	Yes
EFT000000001625	9/4/2024	Huntington Beach Motorsports, Inc. dba	14,500.00	Honda Pioneer 700	Yes
EFT000000001626	9/4/2024	Gallade Chemical	6,290.36	WTP CHEMICALS	
EFT000000001627	9/4/2024	West Coast Sand & Gravel	3,237.13	YARD MATERIALS	Yes
EFT000000001628	9/4/2024	Patriot Environmental	828.00	WWTP ROLLOFF BIN SERVICES	
EFT000000001629	9/4/2024	CDW Government Inc	79.68	IT supplies	
EFT000000001630	9/4/2024	MGM Plastics Inc	2,370.50	BRINE PUMP SKID REPLACEMENT	Yes
EFT000000001631	9/4/2024	Bob Turner's Crane Service Inc	1,120.00	WWTP - CRANE SERVICES	
EFT000000001632	9/4/2024	Motion Industries	1,682.80	ZORRO RSVR IRRIG BOOSTER PUMP	
EFT000000001633	9/4/2024	Harrington Industrial Plastics Inc	718.09	WTP SUPPLIES	Yes
EFT000000001634	9/11/2024	ACWA - JPIA	156,947.79	10/24 GROUP INSURANCE PREM	
EFT000000001635	9/11/2024	TS Industrial Supply	44.95	SUPPLIES	
EFT000000001636	9/11/2024	Standard Insurance Co.	6,391.63	9/24 LIFE, LTD PREMIUM	
EFT000000001637	9/11/2024	Myers & Sons	254.67	PARKS SUPPLIES	
EFT000000001638	9/11/2024	Hasa	7,365.81	WTP CHEMICALS	
EFT000000001639	9/11/2024	Evoqua Water Technologies	6,273.78	WWTP CHEMICALS	
EFT000000001640	9/11/2024	Ninyo & Moore	10,819.00	GEOTECHNICAL SERVICES, N1SPS INSPECTION/TESTING	Yes
EFT000000001641	9/11/2024	Fallbrook Printing Corp	1,593.23	WATER MTR RPLCMNT DOOR HANGER, BUDGET BOOK DIVIDER TABS	Yes
EFT000000001642	9/11/2024	CyberlinkASP Technology	10,379.60	HOSTING SERVICES	
EFT000000001643	9/11/2024	G. Briest Consulting, Inc.	4,258.31	ENGINEER CONSULTING SERVICES	Yes
EFT000000001644	9/11/2024	Mission Electric Supply, Inc.	1,714.17	WWTP SUPPLIES	
EFT000000001645	9/11/2024	Barrett Engineered Pumps	559.18	WWTP SUPPLIES	
EFT000000001646	9/11/2024	Martin Marietta Materials Inc	820.00	DUMP CONCRETE/ASPHALT	
EFT000000001647	9/11/2024	Ignacio Tool Supply Inc.	84.63	SHOP TOOLS	
EFT000000001648	9/11/2024	Ascensus Holdings, Inc.	1,850.00	GASB 68 CALPERS COST SHARING	
EFT000000001649	9/11/2024	BreakAway Promo	1,742.86	UNIFORMS	
EFT000000001650	9/11/2024	Aqua Metric	53,275.70	METER STOCK UP - VARIOUS SIZES (QTY 235)	Yes
EFT000000001651	9/11/2024	USA Blue Book	174.50	WWTP SUPPLIES	
EFT000000001652	9/11/2024	Express Services Inc	3,287.84	TEMP LABOR PPE 090124	Yes
EFT000000001653	9/11/2024	Polydyne Inc	8,464.71	WWTP CHEMICALS	
EFT000000001654	9/11/2024	Bob Turner's Crane Service Inc	1,344.00	WWTP POND PUMP SERVICES	
EFT000000001655	9/11/2024	Rockwell Construction	3,135.00	Construction Mgmt Services PLC Replacement Project (Potable/Recycled)	Yes
EFT000000001656	9/11/2024	Harrington Industrial Plastics Inc	2,966.29	WTP SUPPLIES	Yes
EFT000000001657	9/11/2024	Water for People	63.00	WTRPL 9/12/2024	
EFT000000001658	9/18/2024	Underground Service Alert	331.90	DIG ALERT TICKETS	
EFT000000001659	9/18/2024	Escondido Metal Supply	53.49	TX01 SUPPLIES	Yes
EFT000000001660	9/18/2024	Peterson Structural Engineers, Inc.	7,934.70	Engineering Services During Construction - Chlorine Gen Room Floor Repair	Yes
EFT000000001661	9/18/2024	Vallecitos Water District	45,979.27	RECLAIMED WATER SALES	
EFT000000001662	9/18/2024	Southern Counties Lubricants, LLC.	5,958.12	FUEL SUPPLIES	
EFT000000001663	9/18/2024	DLM Engineering Inc	2,711.62	ENGINEER CONSULTING SERVICES	Yes
EFT000000001664	9/18/2024	Interface Automation Inc.	11,643.75	WTP SERVICES, PEAY/DENK OPERATION DOCS, SCADA UPGRADE	Yes
EFT000000001665	9/18/2024	Mesa Products	5,573.12	Purchase (2) Two Mobiltex Remote Monitor Units	Yes
EFT000000001666	9/18/2024	AG Tech Llc	1,860.60	BIOSOLIDS WASTE DISPOSAL SVCS	
EFT000000001667	9/18/2024	B. Weber Consulting LLC	3,690.00	IT CONSULTING SERVICES	Yes
EFT000000001668	9/18/2024	Hasa	14,962.09	WTP CHEMICALS	Yes
EFT000000001669	9/18/2024	Wageworks	556.00	8/24 FSA ADMIN FEES	Yes
EFT000000001670	9/18/2024	Controlled Entry Specialists	226.00	HQ GATE SERVICES	
EFT000000001671	9/18/2024	Evoqua Water Technologies	560.27	WWTP SERVICES	Yes
EFT000000001672	9/18/2024	San Elijo Joint Powers Auth.	79,306.50	8/24 RECYCLED WATER	
EFT000000001673	9/18/2024	Steven L. Sherman DBA	3,960.00	Conservation landscape services-evaluation	Yes
EFT000000001674	9/18/2024	Hazen and Sawyer	8,652.00	Engineering Services During Construction of the DCMWTP Stage 4 Upgrades	Yes
EFT000000001675	9/18/2024	Volt Management Corp DBA	2,671.58	INTERNS W/E 8/30/2024	Yes
EFT000000001676	9/18/2024	Alpha Mechanical, Inc	1,286.03	WTP HVAC SERVICES	Yes
EFT000000001677	9/18/2024	WREGIS	1.26	RENEW ENERGY FEE	
EFT000000001678	9/18/2024	Parkhouse Tire Inc	801.00	PU66 SUPPLIES	Yes
EFT000000001679	9/18/2024	Orion Construction Corporation	316,288.78	Construction Services - N1SPS	Yes
EFT000000001680	9/18/2024	Martin Marietta Materials Inc	185.00	DUMP - USED CONCRETE	
EFT000000001681	9/18/2024	Be Gone Graffiti	450.00	CONNEMARA PUMP STATION SVCS	
EFT000000001682	9/18/2024	KDC Inc. dba	8,753.06	PLC Replacement Project Construction (Potable/Recycled)	Yes
EFT000000001683	9/18/2024	TerraVerde Energy, LLC	2,037.50	Vehicle Fleet Electrification Feasibility Study & Conceptual Plan Phase 1	Yes
EFT000000001684	9/18/2024	Aqua Metric	11,292.16	2" OMNI R2 Meter & Chamber	Yes
EFT000000001685	9/18/2024	Patriot Environmental	1,338.60	WWTP SLUDGE DISPOSAL	
EFT000000001686	9/18/2024	Samba Holdings Inc	196.27	DRIVER RECORD MONITORING	
EFT000000001687	9/18/2024	Rafelies Financial Consultant	9,247.50	2024 WATER COST OF SERVICE STUDY	

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

Number	Date	Name	Amount	Inv Reference	Multiple Invoices?
EFT000000001688	9/18/2024	Whitson CM	300.00	8/24 OMQD HQ SITE INSPECTIONS	
EFT000000001689	9/18/2024	Univar Solutions Usa Inc	3,268.55	WWTP CHEMICALS	
EFT000000001690	9/18/2024	Insight Public Sector, Inc.	5,576.20	Adobe Acrobat Pro/Standard for enterprise - Subscription Renewal	Yes
EFT000000001691	9/18/2024	Dell Computers	2,944.72	SUPPLIES	
EFT000000001692	9/18/2024	County of San Diego, RCS	177.00	8/24 RADIO SERVICES	
EFT000000001693	9/18/2024	Integrity Municipal Systems	4,840.00	ODOR CNTL SYSTEM SERVICES	Yes
EFT000000001694	9/18/2024	Harrington Industrial Plastics Inc	211.06	WTP SUPPLIES	Yes
EFT000000001695	9/25/2024	Boot World Inc	772.93	Safety Boots	Yes
EFT000000001696	9/25/2024	West Coast Safety Supply Co	15,409.38	Gutermann Leak Detection Equipment	Yes
EFT000000001697	9/25/2024	Hasa	9,862.25	WTP CHEMICALS	
EFT000000001698	9/25/2024	Volt Management Corp DBA	805.95	WTP & FS INTERN W/E 9/6/24	
EFT000000001699	9/25/2024	Traffic Safety Solutions	1,100.00	CHANGEABLE SIGN BOARD	
EFT000000001700	9/25/2024	Transnet Investigative Group Inc.	152.50	PRE-EMPLOYMENT BACKGROUND	
EFT000000001701	9/25/2024	Express Services Inc	4,931.49	TEMP LABOR	Yes
EFT000000001702	9/25/2024	Pacific Safety Center	195.00	9/10 TRENCHING/EXCAVATING	
EFT000000001703	9/25/2024	TK Elevator Corporation	1,057.47	WTP ELEVATOR SERVICES	
EFT000000001704	9/25/2024	Dell Computers	6,204.42	IT SUPPLIES - SSD	Yes
EFT000000001705	9/25/2024	Valley Construction Management	90,303.75	Construction Management Services- various projects	Yes
EFT000000001706	9/25/2024	Harrington Industrial Plastics Inc	84.75	WTP SUPPLIES	
EFT000000001707	9/25/2024	Water for People	63.00	WTRPL 9/26/2024	
			<u>1,666,820.19</u>		

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

<u>Name</u>	<u>Payment Date</u>	<u>Check#/ Credit Card</u>	<u>Meals & Lodging</u>	<u>Travel & Transport</u>	<u>Other</u>	<u>Total Reimbursed Expenses</u>	<u>Directors Fee*</u>
Director Guerin			0.00	0.00	0.00	0.00	600.00
			0.00	0.00	0.00	0.00	600.00
Director Hahn			0.00	0.00	0.00	0.00	150.00
			0.00	0.00	0.00	0.00	150.00
Director Meyers	9/25/2024	36024	0.00	40.20	0.00	40.20	900.00
			0.00	40.20	0.00	40.20	900.00
Director San Antonio			0.00	0.00	0.00	0.00	900.00
			0.00	0.00	0.00	0.00	900.00
Director Watt			0.00	0.00	0.00	0.00	600.00
			0.00	0.00	0.00	0.00	600.00
General Manager Thorner			0.00	0.00	0.00	0.00	
			0.00	0.00	0.00	0.00	
Human Resources Manager Joslin			0.00	0.00	0.00	0.00	
			0.00	0.00	0.00	0.00	
Finance Manager Selamat			0.00	0.00	0.00	0.00	
			0.00	0.00	0.00	0.00	
Operations Manager Bartlett-May			0.00	0.00	0.00	0.00	
			0.00	0.00	0.00	0.00	
Engineering Manager Stephenson			0.00	0.00	0.00	0.00	
			0.00	0.00	0.00	0.00	
Assistant General Manager Randall			0.00	0.00	0.00	0.00	
			0.00	0.00	0.00	0.00	
Customer Service Manager Carnegie			0.00	0.00	0.00	0.00	
			0.00	0.00	0.00	0.00	

*Includes August and September 2024 Per Diems.

Notes:

- (1) Reviewed and discussed with the Finance Committee (02/05/18).
- (2) Reimbursement of expenses are in compliance with Article 19 of the District's Administrative and Ethics Code.
- (3) Travel and other expenses charged to District's credit cards and paid by the District are recorded and maintained separately.

Memo

Date: October 16, 2024
To: Olivenhain Municipal Water District Board of Directors
From: Paul Martinez, Engineering Technician I
Via: Kimberly A. Thorner, General Manager
Subject: **CONSIDER ACCEPTANCE OF THE VIA RANCHO MICHELLE PHASE 2 PIPELINE
EXTENSION PROJECT (CHRISTMATT CORP.) INTO OMWD'S SYSTEM AND
ORDER A NOTICE OF COMPLETION FILED**

Purpose

The purpose of this agenda item is to consider acceptance of the transfer of the potable water facilities constructed by Christmatt Corp. (Developer) in the Via Rancho Michelle Phase 2 Pipeline Extension Project (Project) into OMWD's system and authorize the filing of a Notice of Completion with the San Diego County Recorder.

Recommendation

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

Alternative(s)

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

Background

The Project is located on Via Rancho Michelle, east of Rancho Summit Drive in Director Division 1 (Director San Antonio). The Project extended the potable water main approximately 170 linear feet.

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

Fiscal Impact

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

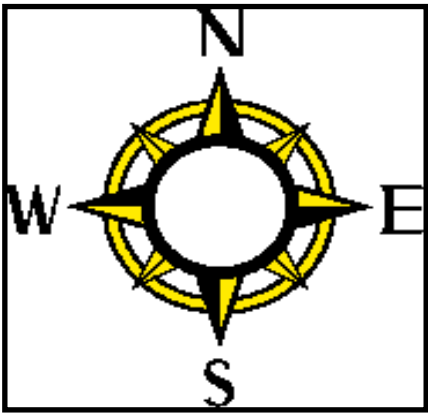
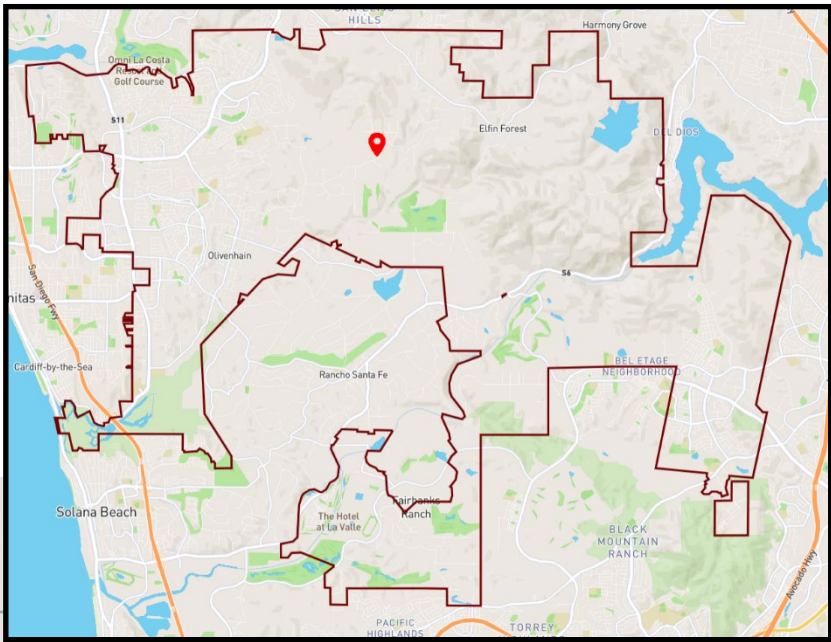
Discussion

Staff is available to answer questions.

Attachments:

Location Map

Notice of Completion



LOCATION MAP
VIA RANCHO MICHELLE PHASE 2 PIPELINE EXTENSION PROJECT
DISTRICT PROJECT NO. W590312

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

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

(This space for recorder's use)

NOTICE OF COMPLETION

NOTICE IS HEREBY GIVEN that the facilities shown on improvement plans for Parcel 264-450-11-00 of Map No. 12234, recorded on Date of Map Recording located in the County of San Diego, State of California for which CHRISTMATT CORP., ("Developer") contracted with the OLIVENHAIN MUNICIPAL WATER DISTRICT ("Owner," in fee, of the facilities), headquartered at 1966 Olivenhain Road, Encinitas, CA 92024, have been completed in accordance with the approved plans and standard specifications and drawings as of August 27th, 2024. The facilities have been accepted by the Board of Directors of the OLIVENHAIN MUNICIPAL WATER DISTRICT on this 16th day of October 2024.

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

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

OLIVENHAIN MUNICIPAL WATER DISTRICT

Date: _____, 20__

By: _____
Kimberly A. Thorner
General Manager

Memo

Date: October 16, 2024
To: Olivenhain Municipal Water District Board of Directors
From: John Onkka, Water Reclamation Facilities Supervisor
Via: Kimberly A. Thorner, General Manager
Subject: **CONSIDER APPROVAL OF A NEW CAPITAL IMPROVEMENT PROJECT FOR THE FIREHOUSE SEWER PUMP STATION LINER REPLACEMENT AND APPROPRIATE \$160,000 TO THE PROJECT FROM THE WASTEWATER CAPITAL RESERVE FUND**

Purpose

The purpose of this agenda item is to consider approval of a wet-well liner replacement project for the Firehouse Sewer Pump Station (Firehouse) including by-pass pumping services and appropriate \$160,000 to the project from the Wastewater Capital Reserve Fund.

Recommendation

Staff recommends approval of the FY '25 budget transfer from the Wastewater Capital Reserve Fund to the Wastewater Capital Budget in the amount of \$160,000 and creation of this new Capital Improvement Project to address an urgent need on the wastewater collection system.

Alternative(s)

The Board could elect to:

- Delay the Project until a future date; or
- Proceed in a manner as otherwise directed by the Board.

Background

OMWD owns and operates Firehouse, located in Director Division 4 (Hahn). The Firehouse collection area includes the 4S Ranch business park and the majority of the commercial properties in the 4S Ranch Collection System. Firehouse is the oldest pump station in the collection system, originally built by the County of San Diego in the early 1990s. Overhaul of Firehouse did occur in 2010 and at that time the wet-well liner was deemed to be in good shape and was not replaced. The wet-well is the receiving portal for all the wastewater flows of that portion of the collection system. The liner in the wet-well is subjected to high levels of hydrogen sulfide (H₂S) gases and degradation is inevitable. Upon a recent inspection, staff determined that the Firehouse liner has rapidly deteriorated to the point that portions are peeling off the walls. This peeling is interfering with the operation of one of the Firehouse pumps and thus replacing the liner is now urgent.

Fiscal Impact

This project is not included in OMWD's 10-year Capital Spending Plan for FY 2024 and 2025. Funds were not included in OMWD's Biennial FY 2024/2025 budget.

A new Capital Project would be created for the replacement of a new wet-well liner at Firehouse. The proposed Firehouse Wet-well Liner Replacement Project budget will consist of; 1) procurement and installation of the wet-well liner, 2) by-pass pumping services, 3) third-party inspection, and 4) staff time for project management. Staff is soliciting multiple bids and will comply with OMWD Administrative and Ethics Code, Article 6 procurement policies.

Staff estimates the total project cost to be approximately \$160,000, as further described above, with an estimated useful life at 20 years.

Is this a Multi Fiscal Year Project? **No**

In which FY did this capital project first appear in the CIP budget? **N/A**

Total Project Budget: **\$160,000**

Current Fiscal Year Appropriation: **\$0.00**

To Date Approved Appropriations: **\$0.00**

Target Project Completion Date: **December 31, 2024**

Expenditures and Encumbrances as of (10/16/2024): **\$0.00**

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 Funds: **Wastewater Capital Reserve Fund**

Wastewater Capital Reserve Fund Minimum Balance based on 10-year CIP: **\$7,208,000**

Wastewater Capital Reserve Fund Projected Ending Balance FY '25: **\$8,648,000**

Wastewater Capital Reserve Balance before going below minimum: **\$1,400,000**

Discussion

Due to the consequences of the failing wet-well liner at the Firehouse Sewer Pump Station (SPS), a new liner will need to be installed. This work will require a temporary pump by-pass system since the liner is in the active wet-well. The work will begin with the installation of the pump by-pass system and then the pump station wet-well will get an initial vacuuming so that any debris and rags will be cleared. The old liner will be extracted and the new liner, which is sprayed with polyurethane, will be applied. The new liner will need approximately three days to

cure. A third-party inspection will occur to verify the proper installation and coverage. The total project duration will be approximately two weeks, and the new liner is expected to have a 20-year life.

The cost for the temporary by-pass system is approximately \$60,000 and the cost for the new liner will be approximately \$80,000. Additional costs include staff and third-party inspection services. With Board approval, staff will create a new capital project to replace the damaged liner immediately.

Staff is available to answer questions.



Memo

Date: October 16, 2024
To: Olivenhain Municipal Water District Board of Directors
From: Lindsey Stephenson, Engineering Manager
Via: Kimberly A. Thorner, General Manager
Subject: **AUTHORIZE THE GENERAL MANAGER TO ENTER INTO A JOINT USE AGREEMENT WITH SAN DIEGUITO RIVER VALLEY REGIONAL OPEN SPACE PARK JOINT POWERS AUTHORITY FOR THE OSUNA SEGMENT OF THE COAST TO CREST TRAIL**

Purpose

The purpose of this agenda item is to consider authorizing the General Manager to enter into a Joint Use Agreement with the San Dieguito River Valley Regional Open Space Park Joint Powers Authority (JPA) for the Osuna Segment of the Coast to Crest Trail within two OMWD easements. The proposed Joint Use Agreement (JUA) has been reviewed by OMWD General Counsel and JPA General Counsel and was presented to the Facilities Committee on October 9, 2024 (Guerin and Watt).

Recommendation

Staff recommends authorizing the General Manager to enter into the JUA with the JPA for the Osuna Segment of the Coast to Crest Trail within OMWD Easements 859 and 1667.

Alternative(s)

The Board could elect to:

- Direct the General Manager not to enter into the JUA as currently written; or
- Direct staff to modify the JUA language as currently written; or
- Proceed in a manner as otherwise directed by the Board.

Background

The JPA plans to construct the Osuna Segment of the Coast to Crest Trail, a portion of which falls within OMWD Easement No. 1667 and Easement No. 859 in Director Division 1 (Director San Antonio). Easement 1667 was granted to OMWD by the City of San Diego (City) in 2019 for the Ext. 153A Recycled Water Pipeline Project, which was horizontally directionally drilled under the San Dieguito River. Easement No. 859 was granted to OMWD in 1991 for the original Ext. 153 recycled pipeline. The facilities proposed to be installed by the JUA within the OMWD easements are a 12-foot wide trail bridge and DG trail, as well as a temporary area to be used for the JPA's construction staging. The shared use area is depicted in the shared use exhibit provided as part of this agenda item, as well as proposed to be included as an exhibit to the JUA. This effort aligns with OMWD's Strategic Goal to cultivate supportive and positive relationships with local agencies.

The JPA began efforts on this Osuna Segment with the City to align this segment of the Coast to Crest Trail over property currently owned by the City and leased to Fairbanks Ranch Country Club. During the JPA's initial discussions with the City in 2019, the City informed the JPA that they were in the process of granting an easement to OMWD over a portion of the proposed trail alignment for OMWD's Ext. 153A – Recycled Water Pipeline Extension Project, recorded in August 2019. The City informed the JPA they should contact OMWD about their request to locate the trail in the same area.

OMWD staff and the JPA connected and began working through the process of jointly using the space. OMWD and the JPA worked through several potential issues during these initial discussions. OMWD's concerns included: the type of document required to allow the JPA to construct the trail bridge and a portion of the trail within the OMWD easements; the type of footings used to support the trail bridge that would not affect the Ext. 153A pipeline; and options should there be a failure of the Ext. 153A pipeline at some point in the future requiring replacement.

Regarding the type of document to allow this shared use, Easement No. 1667 includes the following language: *“Grantee’s (OMWD) Facilities shall not adversely affect or interfere with Grantor (City of San Diego) or public access or activities conducted on the Easement Area, the Property, or any of Grantor’s property.”* Based on this language, the two agencies, in consult with the City, agreed that a JUA would best handle the situation to allow public access to the trail. Additionally, the language in Easement No. 859 allows for conveying the easement to other public agencies.

Through these discussions, the JPA engineer, Kimley-Horn, was also working concurrently on preliminary plans for the trail alignment and type of trail bridge crossing the river. OMWD reviewed these initial plans and has also incorporated the requirement that OMWD have an opportunity to review and approve the final plans from Kimley-Horn before construction. During the initial review of the trail bridge plans, OMWD raised a concern regarding the placement of a portion of the bridge footings over the existing OMWD recycled water pipeline. The south half of the trail bridge footings fall directly over the Ext. 153A recycled pipeline. Although the recycled pipeline is approximately 50 feet below the bottom of the river channel at the bridge location, OMWD wanted assurances there would be no effect from the footings on the pipeline.

The preliminary spread footing load calculations provided in December 2021 by Kimley-Horn were reviewed by the OMWD Engineering Manager at the time of this discussion, and showed the effect of the spread footings on OMWD’s existing recycled water pipeline would be comparable to adding approximately 6-inches of cover over the pipeline and is acceptable for the pipe based on these preliminary calculations. OMWD has also included language in the JUA stating when new soil and boring data is obtained during the final design phase of the project, Kimley-Horn is to provide revised spread footing load calculations for OMWD review and approval at the time of the final plan review.

OMWD also had concerns regarding a potential failure of the Ext. 153A pipeline at some point in the future. If OMWD had to replace the portion of recycled water pipeline below the trail bridge, there would be no guarantee this replacement work would not affect the bridge, and the liability to OMWD would be significant. OMWD requested, and the JPA agreed, that Kimley-Horn design the bridge at current design criteria to allow for a pipeline to be suspended from the side or underneath the bridge structure. However, in the event of a future pipeline failure, OMWD would be responsible for verifying the structural stability of the bridge based on design standards at time of failure, and OMWD would be responsible for any bridge retrofits that would be required to allow for suspending a pipeline from the bridge in the future, should the pipe fail and the structural design criteria have changed. It should be noted that should the recycled water pipeline

fail in the future, attaching its replacement to the bridge would likely be a most cost effective solution than These conditions are incorporated into the JUA to protect OMWD.

In addition to the JUA between OMWD and the JPA, the JPA was required to enter into a License Agreement with the City for placement of the trail and trail bridge on City property. The License Agreement between the JPA and the City was approved by the City in May 2024. The License Agreement authorizes the JPA to construct, maintain, and operate the trail for a term of 25 years (with a 10-year renewal) precedent on the JPA obtaining a site development permit. A copy of the approved License Agreement is included as an exhibit to the proposed JUA.

Fiscal Impact

There is no fiscal impact to OMWD for the JPA's trail and trail bridge. All costs to construct, operate, and maintain the trail and trail bridge will be paid by the JPA. However, as stated in the Background section of this memo, should there be a future failure of the existing recycled water pipeline, OMWD would be responsible for relocating the pipeline to the bridge, which is designed to current standards. Should this scenario occur, relocating the new recycled water pipeline to the bridge would likely be a more cost effective option for installation. If design standards have changed at that time, OMWD would be responsible for verifying the structural integrity of the trail bridge for attaching a replacement pipeline on the bridge and retrofitting the bridge for that work if necessary due to any changes in design standards.

Discussion

During legal review, OMWD brought up the issue of increased risk to OMWD in the event a public user of the trail is injured due to regular operations and maintenance by OMWD. OMWD expressed these concerns to the JPA and additional language was added regarding protection under recreational trail immunity. This language was reviewed and approved by OWMD legal counsel.

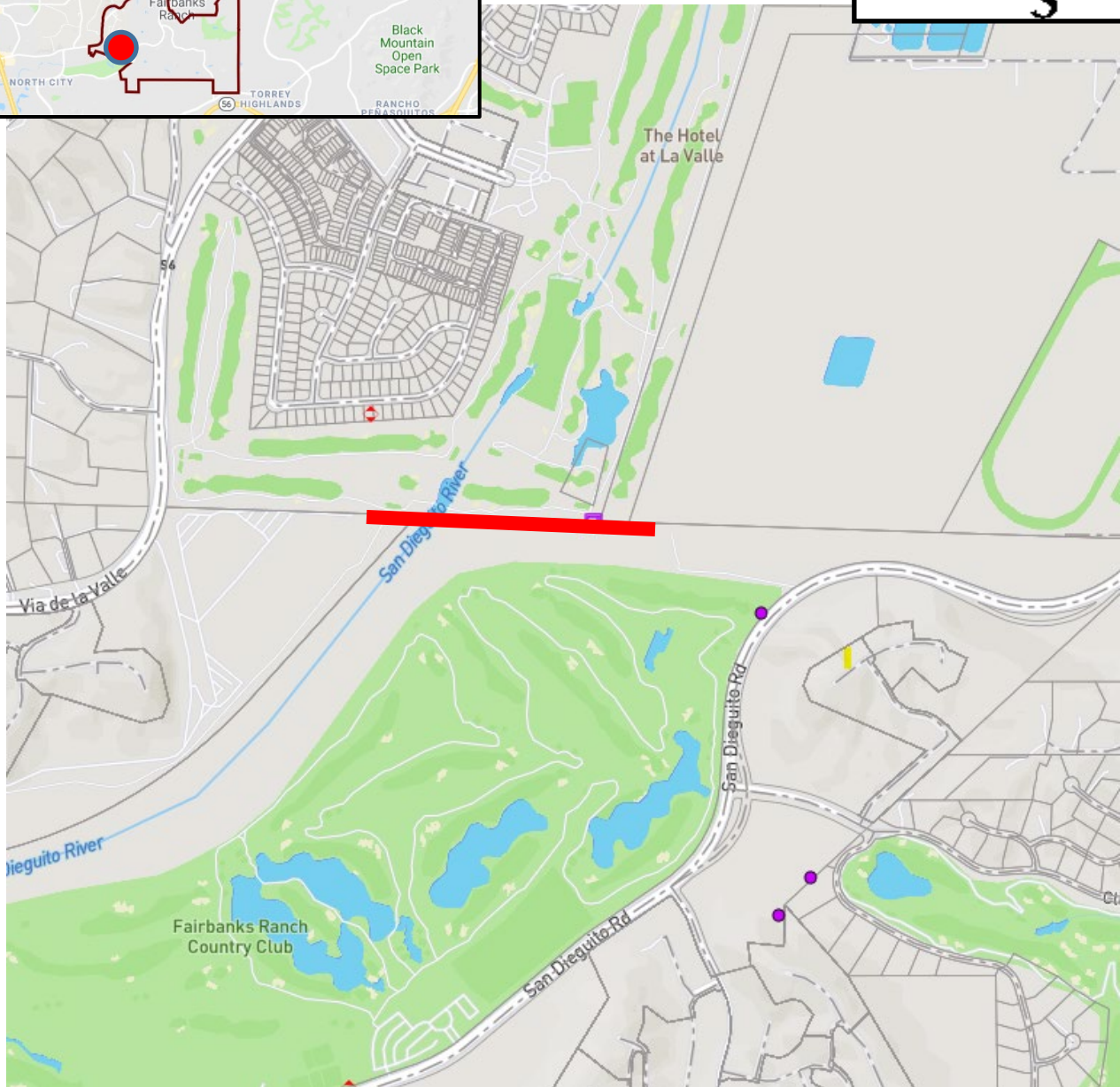
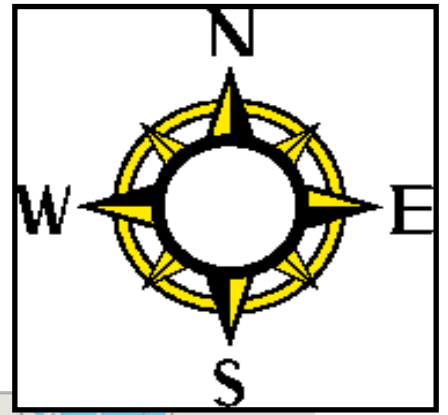
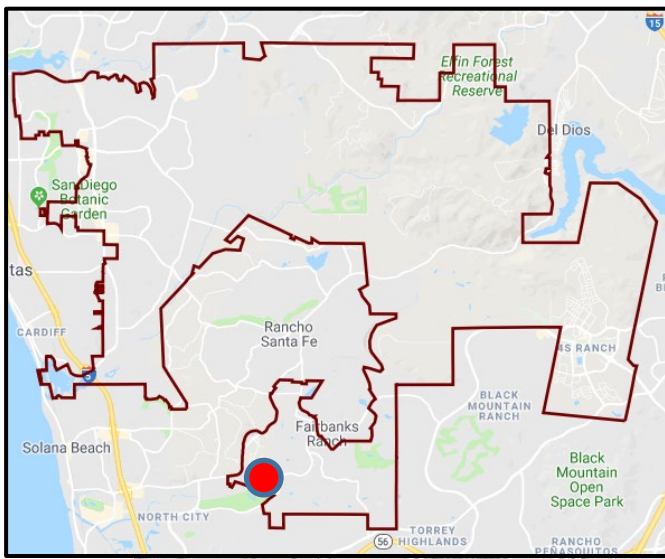
Staff is available to answer any questions.

Attachments:

Location Map

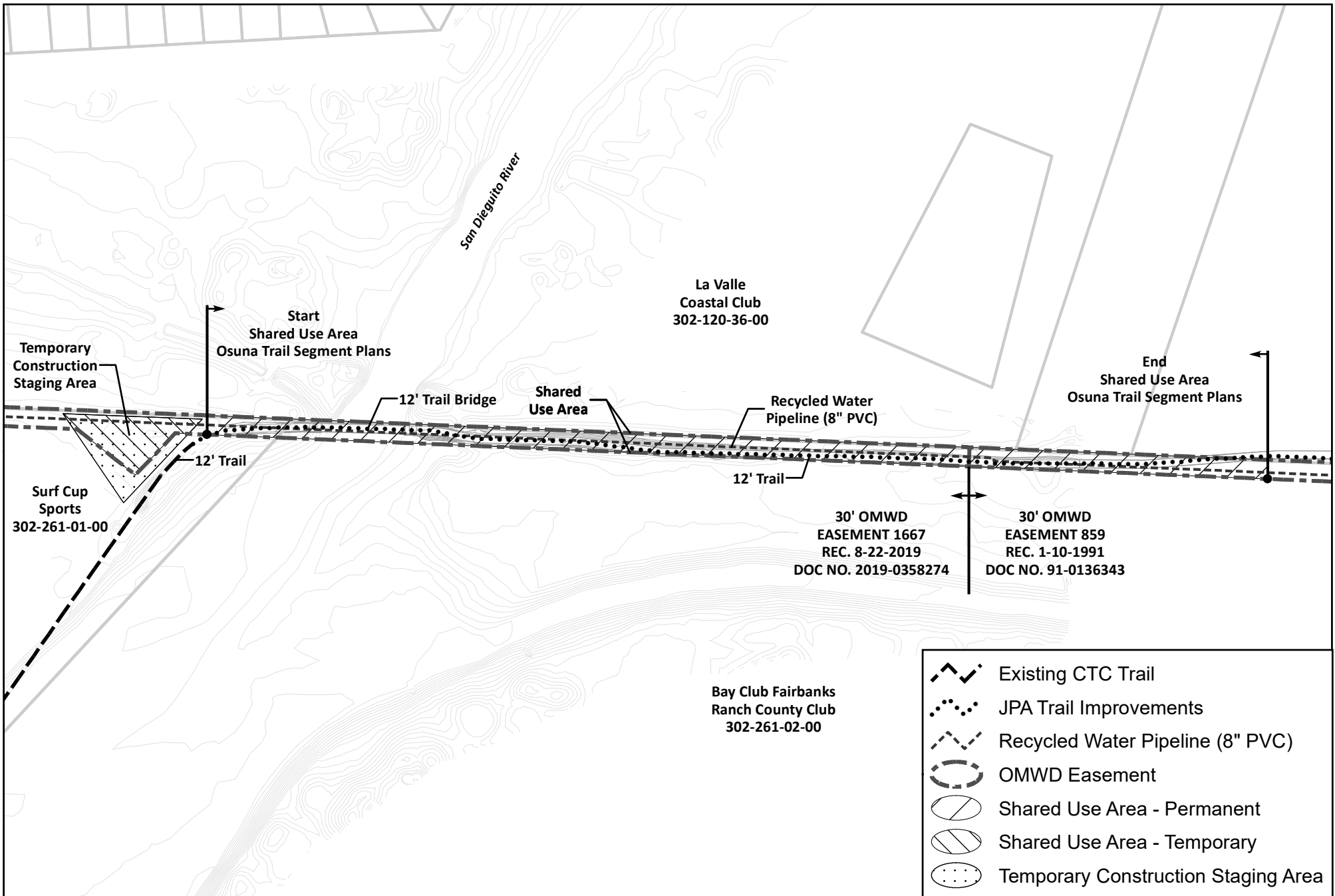
Shared Use Exhibit

Draft JUA with Exhibits



LOCATION MAP

**JOINT USE AGREEMENT WITH SAN DIEGUITO RIVER VALLEY
REGIONAL OPEN SPACE PARK JOINT POWERS AUTHORITY**



SAN DIEGUITO



RIVER PARK



Not to Scale

Source: Kimley-Horn

Joint Use Agreement with OMWD

OSUNA SEGMENT OF THE COAST TO CREST TRAIL

Exhibit C

Recording Requested by
San Dieguito River Park JPA

When recorded, mail to:
OMWD

APN: 302-261-01-00; 302-261-02-00

(SPACE ABOVE FOR RECORDER'S USE)

No Documentary Transfer Tax

(No Fee – Gov't Code §6103)

JOINT USE AGREEMENT

This Joint Use Agreement (“Agreement”) is made by and between OLIVENHAIN MUNICIPAL WATER DISTRICT, a Municipal Water District organized and operating pursuant to Water Code §§71000 et seq. (hereinafter “District”) and SAN DIEGUITO RIVER VALLEY REGIONAL OPEN SPACE PARK JOINT POWERS AUTHORITY, a local government agency created under California Government Code § 6500 et seq. (hereinafter “JPA”; District and JPA may also be referred to collectively as “the Parties” or individually as “Party”) with reference to the following facts:

RECITALS

A. City of San Diego (“City”) is the owner of that certain real property described on the Exhibit “A”, attached hereto and incorporated herein by reference (“City Property”).

B. The City property is subject to a lease agreement with Bay Club Fairbanks Ranch (“Bay Club”) under that certain Percentage Lease dated December 6, 1982, on file in the Office of the San Diego City Clerk as Document No. RR-257594-1, as assigned to Bay Club pursuant to that certain Consent to Assignment and Agreement, on file in the Office of the San Diego City Clerk as Document No. RR-310421-1, and as amended by that certain First Amendment to Percentage Lease, on file in the Office of the San Diego City Clerk as Document No. RR-310421-2

C. City granted an easement to District described as “Access and Underground Water Pipeline Easement Deed” recorded July 17, 2019 as Doc No. 2019-0178848 for an underground water pipeline easement; and a correction deed, “Correction Deed Access and Underground Water Pipeline Easement Deed,” was recorded August 22, 2019 as Doc No. 2019-0385274, which supersedes and replaces the July 17, 2019 document, said easement (hereafter “Access and Pipeline Easement”); is described on Exhibit “B-1”, attached hereto and incorporated herein by reference.

D. The City also granted an easement to District recorded March 27, 1991 as Doc No. 1991-0136343 for water pipelines and appurtenances, said easement (hereinafter “Water Pipelines and Appurtenances Easement”) is described on Exhibit “B-2”, attached hereto and incorporated herein by reference.

E. The Access and Pipeline Easement and Water Pipelines and Appurtenances Easement (collectively “District Easements”) allow for the installation of an underground recycled water pipeline with the right of ingress and egress along and across all that real property situated in the City of San Diego to construct and maintain said pipeline along with a groundwater well and related groundwater well infrastructure. The Access and Pipeline Easement also provides that District “Facilities shall not adversely affect . . . public access or activities conducted on the Easement Area.” The Water Pipelines and Appurtenances Easement also allows for conveyance to other public agencies.

F. JPA desires to install a 12-foot public trail made of decomposed granite with lodge pole fencing and a trail bridge (“Trail Bridge”) over the San Dieguito River, and vegetation restoration (collectively, “JPA Trail Improvements”) within the portion of the District Access and Pipeline Easement and the Water Pipelines and Appurtenances Easement as depicted on the Exhibit “C” (“Shared Use Area”), attached hereto and incorporated herein by reference.

G. District and JPA communicated during the planning phase for the JPA Trail Improvements including providing District staff with preliminary design plans of JPA Trail Improvements. District engineers provided JPA with pipeline location details to assist JPA in designing JPA’s Trail Improvements including bridge footings.

H. City granted a license agreement and site development permit to JPA for construction and operation of JPA Trail Improvements (“City Trail Approval”), attached as Exhibit “D”.

I. JPA desires to use a portion of the area encompassed by District Easements for a temporary construction staging area , as identified in Exhibit “C” (“Temporary Staging Area”).

J. JPA and District now wish to enter into this Agreement to allow for JPA’s limited use of the Temporary Staging Area and to memorialize how they will jointly use the Shared Use Area.

NOW, THEREFORE, the Parties hereby agree as follows:

1. JPA’s Use. JPA’s use of the Shared Use Area shall be limited to installation and maintenance of the JPA Trail Improvements for use by the public as part of its Coast to Crest Trail system.

2. No Unreasonable Interference. JPA’s use of the Shared Use Area and Temporary Staging Area is subject to all the conditions, restrictions, and rights contained in the District Easements referenced above. JPA’s use shall not unreasonably interfere with the free and complete effective exercise of District’s use of the District Easements. Likewise, the District shall not unreasonably interfere with the installation and maintenance of JPA Trail Improvements within the Shared Use Area, nor the JPA’s use of the Temporary Staging Area.

3. Trail Improvement Plan Approval. JPA shall submit final plans to District for review and approval in advance of any construction. Final plans will show all existing District facilities and easements located within the Shared Use Area. No construction shall occur within

the Shared Use Area until District has approved the plans in writing. District's approval of these plans will not be unreasonably withheld. However, District shall have no obligation to approve any plans that District determines, in District's reasonable discretion, will interfere with, damage, or impair any uses, facilities, or access to District facilities or improvements, located inside or outside the Shared Use Area.

4. The JPA shall also provide bridge footing load calculations with the final plan review submission. The District will review the load calculations to determine the effect, if any, of the bridge footings on the District's existing recycled water pipeline. The JPA engineer shall make these calculations using current Geotech data obtained from test borings taken at the proposed location of the Trail Bridge.

5. Construction and Maintenance of Trail Improvements.

a. JPA shall construct, operate, and maintain JPA Trail Improvements within the Shared Use Area and shall comply with all applicable permits and regulations governing such improvements. JPA agrees to pay all costs for the construction, installation, and maintenance of JPA Trail Improvements.

b. JPA shall be allowed to work within the limits of the Temporary Staging Area identified in Exhibit C during active construction. District may need to access portions of the Shared Use Area and/or Temporary Staging Area during this period, and will notify JPA and JPA will adjust their contractor if necessary. Active construction is anticipated to start in 2025 and last for approximately 24 months. Upon completion of construction of JPA Trail Improvements, the Temporary Staging Area shall no longer be used as a staging area by JPA and it shall be restored to existing conditions within 60 days of completion. District's approval of this Temporary Staging Area is dependent on these terms largely being followed and District reserves the right to modify permissions if construction does not proceed as anticipated.

c. JPA's maintenance activities shall include but not be limited to litter removal, trail repairs, plantings maintenance, ranger patrol, and bridge maintenance activities. The JPA Trail Improvements shall be maintained in a safe and sanitary condition.

6. Damage to JPA Trail Improvements and District Facilities.

a. JPA shall repair any damage to District Facilities resulting from the operation, construction, and maintenance of JPA's Trail Improvements.

b. District shall repair any damage to JPA Trail Improvements resulting from the operation, construction, and maintenance of District Facilities. Provided, however, that the District may remove trail fencing as required to repair or maintain the existing underground recycled water line, and the JPA shall be responsible for reconstruction of the fencing removed.

7. Potential Future Connection of District Pipeline to Trail Bridge. In the event the District's existing underground recycled water pipeline should fail at some future time frame, the District may desire to mount an 8-inch diameter recycled water pipeline on the JPA Trail Bridge of a similar size and type as currently located within the limits of the easement. The District's

right to install its pipeline on the Trail Bridge shall be subject to the following terms and conditions:

a. The JPA shall design and construct the Trail Bridge to accommodate the potential attachment of a future 8-inch diameter CMLC (steel) or ductile iron recycled water pipeline on or beneath the bridge using current industry design standards. The design criteria shall be documented in the plans. JPA shall submit final plans to District for review and approval in advance of any construction as outlined in Section 3 above.

b. If the need arises for the District to relocate the pipeline to the Trail Bridge, the District shall be responsible for:

- i. Designing a future pipeline to align with the existing Trail Bridge orientation and footprint; and
- ii. Verifying the structural design of the existing Trail Bridge, per Subsection a. above, meets design standards in place at that future time frame for attachment on or beneath the Trail Bridge of a recycled water pipeline. If it is determined the existing Trail Bridge does not meet those design standards for attachment, the District shall be responsible for all actions and costs to accommodate any upgrades to the Trail Bridge to comply with those industry design standards. Any necessary upgrades to the Trail Bridge shall be approved by the JPA. JPA's approval of these future upgrades will not be unreasonably withheld.

c. District shall be responsible for obtaining all permits and approvals required for the installation of its pipeline to the Trail Bridge, including among other things, any amendments to the permits and approvals for the Trail Bridge;

d. District shall repair all damage to JPA Trail Improvements caused by the installation and maintenance of the pipeline attached to the bridge;

e. District shall be solely responsible for ongoing maintenance and repair of the pipeline attached to the Trail Bridge; and

f. The JPA shall have no responsibility to repair any damage to the District's recycled water line that is attached to or underneath the Trail Bridge, unless such damage was caused by the active negligence or willful misconduct of the JPA or its contractors, officers, agents, or employees.

8. Hold Harmless and Indemnity.

a. Except for liability, claims or losses attributable to the active negligence or willful misconduct of District or its contractors, officers, agents, or employees, JPA shall defend, indemnify and hold the District and its directors, officers, employees and agents harmless from any and all liability, claims, causes of action, losses, costs, fees, and expenses (including reasonable attorney's fees and costs) of any kind or nature for death, bodily injury, property damage or any other loss caused by or resulting from the design, construction, operation,

maintenance, repair or replacement or use of any JPA Trail Improvements located within the Shared Use Area and from any and all liability, claims, losses, fees, costs, and expenses (including reasonable attorney's fees and costs) arising from any breach of this Agreement by JPA.

b. Except for liability, claims or losses attributable to the active negligence or willful misconduct of JPA or its contractors, officers, agents, or employees, District shall defend, indemnify and hold JPA and its officers, employees and agents harmless against all liability, claims, causes of action, losses, costs, fees, and expenses (including reasonable attorney's fees, expert fees, and court costs) of any kind or nature for death, bodily injury, property damage or any other loss caused by or resulting from the design, construction, operation, maintenance, repair or replacement or use of District facilities within the Shared Use Area and from any and all liability, claims, causes of action, losses, costs, fees, and expenses (including reasonable attorney's fees, expert fees, and costs) arising from any breach of this Agreement by District.

c. The parties agree that the JPA Trail Improvements, including any use of the Trail Bridge for District Pipelines, are part of a recreational trail entitled to the immunities provided by California Government Code section 831.4, as may be amended from time to time (commonly known as "recreational trail immunity"). The JPA shall cooperate and provide the District with information, documentation and testimony necessary to a defense based on a claim of recreational trail immunity.

d. In the event any claim, cause of action, action, loss, damage, fee, or expenses are claimed or asserted against both District and JPA and are not covered by the prior defense and indemnity provisions, District and JPA shall share all costs of the loss, damage, expenses, and fees in direct proportion to their degree of fault.

9. Insurance. The Parties shall each maintain, to protect the other against all insurable Claims arising from or relating to this Agreement, at their sole cost and expense, the insurance coverage identified in Exhibit "E" (Insurance Requirements).

10. Dispute Resolution. Before any Party to this Agreement may bring suit in any court concerning an issue relating to this Agreement, such Party must first seek in good faith to resolve the issue through mediation or other form of non-binding alternative dispute resolution mutually acceptable to the Parties. Either Party may initiate informal dispute resolution by written demand on the other. No lawsuit or other remedy may be pursued until at least one informal meeting session has occurred or until the passage of thirty (30) calendar days from the date of mailing of the demand for dispute resolution, whichever occurs first.

11. Attorney's Fees. Subject to compliance with the dispute resolution requirements of Section 109 if any party brings an action or proceeding against another party under this Agreement, the prevailing party shall be entitled to recover all reasonable costs and expenses thereof, including without limitation reasonable attorney fees and costs.

12. Jurisdiction and Venue. Jurisdiction and venue of all disputes arising from or related to this Agreement shall reside solely in the Superior Court located in the North County Judicial District, County of San Diego.

13. Authority to Contract. Each individual executing this Agreement represents and warrants that they are authorized to execute and deliver this Agreement on behalf of the entity they

represent in accordance with duly adopted resolutions, policies or other actions which are necessary and proper and under such legal entity's rules and regulations and that this Agreement is binding upon such entity in accordance with its terms.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed by their respective authorized representatives.

Olivenhain Municipal Water District,
a Municipal Water District

By: _____
Kimberly A, Thorner, General Manager

Date: _____

San Dieguito River Valley Regional Open
Space Park Joint Powers Authority,
a local government authority

By: _____
Shawna Anderson, Executive Director

Date: _____

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF SAN DIEGO)

On _____, before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF SAN DIEGO)

On _____, before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

Exhibit "A"
LEGAL DESCRIPTION OF CITY PROPERTY

EXHIBIT 'A'

LEGAL DESCRIPTION

APN 302-261-02-00

LOT 2 OF FAIRBANKS RANCH COUNTY CLUB UNIT NO. 1, IN THE CITY OF SAN DIEGO, COUNTY OF
SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 10730, FILED IN THE
OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, SEPTEMBER 29, 1983

Exhibit "B-1"
DISTRICT'S ACCESS AND UNDERGROUND WATER PIPELINE EASEMENT
Doc No. 2019-0385274



Aug 22, 2019 04:10 PM

OFFICIAL RECORDS

Ernest J. Dronenburg, Jr.,
SAN DIEGO COUNTY RECORDER
FEES: \$0.00 (SB2 Atkins: \$0.00)

PCOR: N/A

PAGES: 8

Recording Requested by:
City Real Estate Assets Dept.
After recording mail to:City of San Diego
Real Estate Assets Department
MS 51A
1200 Third Ave., Suite 1700
San Diego, CA 92011

302	261	01	PTN
302	261	02	PTN

SPACE ABOVE THIS LINE FOR RECORDER'S USE

**CORRECTION DEED
ACCESS AND UNDERGROUND WATER PIPELINE EASEMENT DEED**NO DOCUMENTARY TAX DUE – R & T 11922 (amended) -0-
Presented for record by the CITY OF SAN DIEGO

FOR GOOD AND VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,

THE CITY OF SAN DIEGO,
a California municipal corporation ("Grantor"),

HEREBY GRANTS to

OLIVENHAIN MUNICIPAL WATER DISTRICT,
a California public agency ("Grantee"),

in the County of San Diego, State of California, an access easement and underground water pipeline easement in, upon, over, under and across a portion of the lands hereinafter described ("Property"), with the right of ingress and egress, to construct, repair, operate, and maintain an underground recycled water pipeline, groundwater well and related groundwater well infrastructure ("Grantee's Facilities"), along and across all that real property situated in the City of San Diego, County of San Diego, State of California, described as follows (the "Easement Area"):

Exhibits "A" and "B" attached hereto, and by this reference incorporated herein.

Grantee's Facilities shall not adversely affect or interfere with Grantor or public access or activities conducted on the Easement Area, the Property, or any of Grantor's property.

Grantee shall protect, defend, indemnify, and hold Grantor and its elected officials, officers, employees, representatives, and agents harmless from and against any and all claims asserted or liability established for damages or injuries to any person or property, including injury to Grantee's officers, employees, invitees, guests, agents, or contractors, which arise out of or are in any manner directly or indirectly connected with the Easement Area and the rights granted herein, or Grantee's occupancy, use, development, maintenance or restoration of the Easement Area, and all expenses of investigating and defending against same, including without limitation attorney fees and costs;

provided, however, that Grantee's duty to indemnify and hold harmless shall not include any claims or liability arising from the established sole negligence or sole willful misconduct of Grantor and its elected officials, officers, employees, representatives, and agents. Grantee shall defend a claim subject to this indemnification with qualified counsel selected by the Grantee provided that such counsel is approved by the Grantor, which approval shall not be unreasonably withheld or delayed, and such counsel does not have a conflict of interest with the Grantor; provided, however that in the event Grantee engages counsel to defend such a claim that is (a) not approved by the Grantor and (b) that is unqualified or has a conflict of interest, Grantor may conduct its own defense or obtain independent legal counsel in defense of said claim and Grantee shall pay the reasonable attorney fees and costs of such defense.


This Access and Underground Water Pipeline Easement Deed will be governed by and construed in accordance with California law. Nothing in this Access and Underground Water Pipeline Easement Deed shall be construed as transferring any fee interest in the Easement Area to Grantee. Unless otherwise provided for under separate agreement, Grantee will maintain the Easement Area as required by and consistent with applicable law.

The rights and obligations contained herein shall inure to the benefit of and be binding upon the successors-in-interest, agents, employees, assigns, and transferees of the parties hereto.

This Correction Deed is intended to correct, supersede, and replace that certain Access and Underground Water Pipeline Easement Deed recorded on May 13, 2019, as Document No. 2019-0178848 of Official Records of San Diego County, wherein the legal description of the Easement Area was incorrect.


Grantor has executed this Correction Deed - Access and Underground Water Pipeline Easement Deed this 17th day of July 2019.

THE CITY OF SAN DIEGO,
a California Municipal Corporation

By: 
Cybele Thompson
Director, Real Estate Assets Department

Approved as to form:

MARA W. ELLIOTT, City Attorney

By: 
Name: Mara W. Elliott

Title: Deputy City Attorney

Date: July 17, 2019

OMWD Recycled Water Line/Job #931259

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

CIVIL CODE §1189

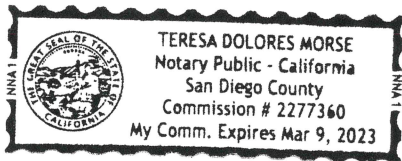
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy or validity of that document.

STATE OF CALIFORNIA)
) §
COUNTY OF San Diego)

On July 16, 2019 before me, Teresa Dolores Morse, Notary Public,
Date Insert Name and Title of Officer Here

personally appeared Cybele L. Thompson
Name of Signer

who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her authorized capacity, and that by her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

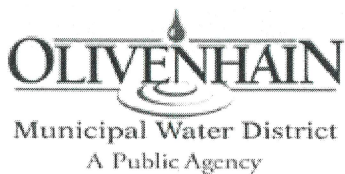


I certify under the PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Place Notary Seal Above

Signature Lisa Davis Morse



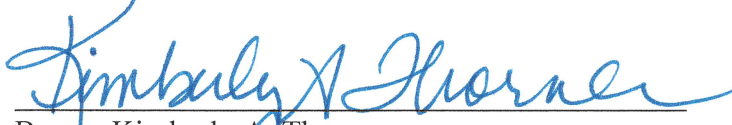
CERTIFICATE OF ACCEPTANCE

Re: Assessor's Parcel Numbers: 302-261-01 & 302-261-02

This is to certify that the interest in real property conveyed by the foregoing corrected deed or grant to the Olivenhain Municipal Water District, dated July 17, 2019, is hereby accepted by the order of the Board of Directors and the Grantee who consent to the recording of said conveyance.

Executed on this 14 day of August, 20 19.

OLIVENHAIN MUNICIPAL WATER DISTRICT


By: Kimberly A. Thorner
General Manager

JURAT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of San Diego

Subscribed and sworn to (or affirmed) before me on this 14 day of August,
2019 by Kimberly A. Thorner

proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

Stephanie Kaufmann
Signature

(Seal)



OPTIONAL INFORMATION

DESCRIPTION OF THE ATTACHED DOCUMENT

(Title or description of attached document)

(Title or description of attached document continued)

Number of Pages _____ Document Date _____

Additional information

INSTRUCTIONS

The wording of all Jurats completed in California after January 1, 2015 must be in the form as set forth within this Jurat. There are no exceptions. If a Jurat to be completed does not follow this form, the notary must correct the verbiage by using a jurat stamp containing the correct wording or attaching a separate jurat form such as this one which does contain the proper wording. In addition, the notary must require an oath or affirmation from the document signer regarding the truthfulness of the contents of the document. The document must be signed AFTER the oath or affirmation. If the document was previously signed, it must be re-signed in front of the notary public during the jurat process.

- State and county information must be the state and county where the document signer(s) personally appeared before the notary public.
- Date of notarization must be the date the signer(s) personally appeared which must also be the same date the jurat process is completed.
- Print the name(s) of the document signer(s) who personally appear at the time of notarization.
- Signature of the notary public must match the signature on file with the office of the county clerk.
- The notary seal impression must be clear and photographically reproducible. Impression must not cover text or lines. If seal impression smudges, re-seal if a sufficient area permits, otherwise complete a different jurat form.
 - ❖ Additional information is not required but could help to ensure this jurat is not misused or attached to a different document.
 - ❖ Indicate title or type of attached document, number of pages and date.
- Securely attach this document to the signed document with a staple.

EXHIBIT "A"
UTILITY EASEMENT

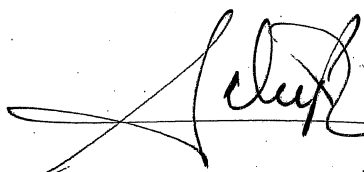
A 30 FEET WIDE STRIP OF LAND LYING OVER A PORTION OF LAND WITHIN LOTS 1 AND 2 OF FAIRBANKS COUNTRY CLUB UNIT NO. 1, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 10730, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, SEPTEMBER 29, 1983, AND IS MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE MOST NORTHEASTERLY CORNER OF SAID LOT 2, THENCE ALONG THE NORTHERLY LINE THEREOF NORTH 87°36'22" WEST 3469.97 FEET TO THE MOST NORTHWESTERLY CORNER OF A 30.00 FOOT WIDE EASEMENT GRANTED TO OLIVENHAIN MUNICIPAL WATER DISTRICT, RECORDED MARCH 27, 1991 AS DOC. NO. 1991-0136343 OF OFFICIAL RECORDS, SAID POINT BEING THE **POINT OF BEGINNING**; THENCE CONTINUING NORTH 87°36'22" WEST 2646.66 FEET TO A POINT ON A NON-TANGENT CURVE, CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 479.00 FEET AND A RADIAL BEARING THROUGH SAID POINT THAT BEARS SOUTH 77°44'11" EAST; THENCE SOUTHWESTERLY ALONG SAID CURVE 30.64 FEET THROUGH A CENTRAL ANGLE OF 3°39'55"; THENCE PARALLEL WITH THE NORTHERLY LINE OF SAID LOT, SOUTH 87°36'22" EAST 1224.75 FEET; THENCE SOUTH 52°02'43" EAST 115.42 FEET; THENCE NORTH 44°03'18" EAST 89.84 FEET TO AN INTERSECTION WITH A LINE 30.00 FEET SOUTHEASTERLY OF, AND PARALLEL WITH, THE NORTHERLY LINE OF SAID LOTS 1 AND 2; THENCE ALONG SAID PARALLEL LINE, SOUTH 87°36'22" EAST 1274.51 FEET TO THE WESTERLY LINE OF SAID OLIVENHAIN MUNICIPAL WATER DISTRICT EASEMENT; THENCE ALONG SAID WESTERLY LINE, NORTH 02°23'38" EAST 30.00 FEET TO THE POINT OF BEGINNING.

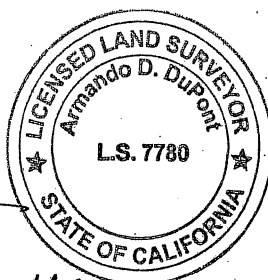
CONTAINING 84,643 SQUARE FEET OR 1.943 ACRES.

ATTACHED HERETO IS A DRAWING NO. 41271-B LABELED EXHIBIT "B" AND BY THIS REFERENCE MADE A PART HEREOF.

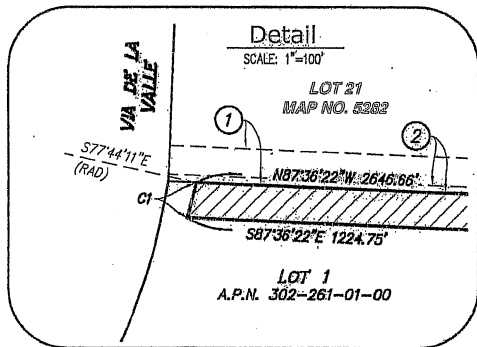
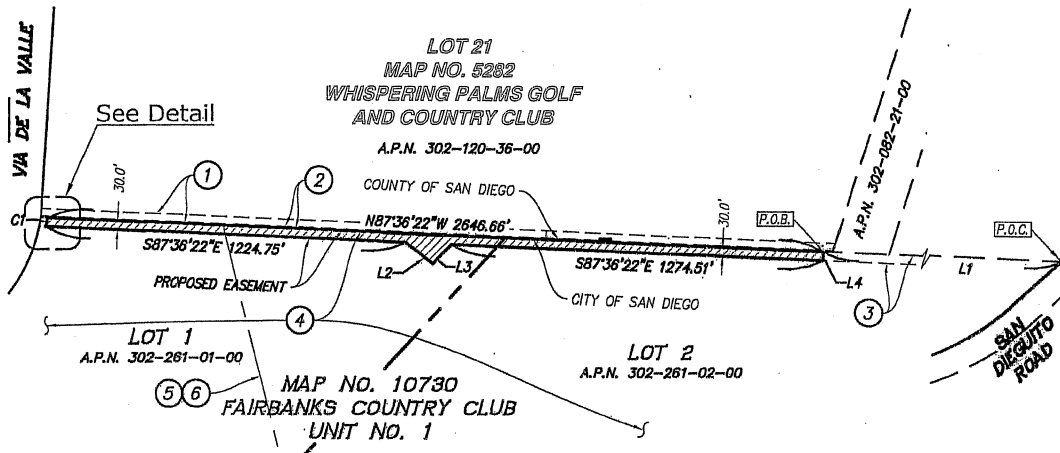
Prepared under my supervision:



Armando D. DuPont, L.S. 7780
My Registration Expires 12/31/19



6/19/19



LINE TABLE		
LINE#	DIRECTION	LENGTH
L1	N87°36'22"W	3188.97'
L2	S52°02'43"E	115.42'
L3	N44°03'18"E	88.84'
L4	N02°23'38"E	30.00'

CURVE TABLE			
CURVE #	RADIUS	DELTA	LENGTH
C1	479.00'	3°39'55"	30.64'

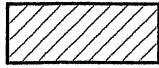
UTILITY EASEMENT

ACROSS A PORTION OF LOTS 1 AND 2 OF MAP NO. 10730
FAIRBANKS COUNTY CLUB UNIT NO. 1

DESCRIPTION	BY	APPROVED	DATE	FILMED	CITY OF SAN DIEGO, CALIFORNIA SHEET 2 OF 2 SHEETS		PTS 633021
ORIGINAL	CSI						I.O. N/A
							1939-6264
							CCS 83 COORDINATES
							298-1703
							NAD 27 COORDINATES
							41271-2-B
STATUS							

OWNERS:

THE CITY OF SAN DIEGO, A MUNICIPAL CORPORATION



INDICATES UTILITY EASEMENT GRANTED
AREA = 1.943 ACRES
AREA = 84,643 SQ. FT.

LEGEND:

P.O.C. POINT OF COMMENCEMENT
P.O.B. POINT OF BEGINNING

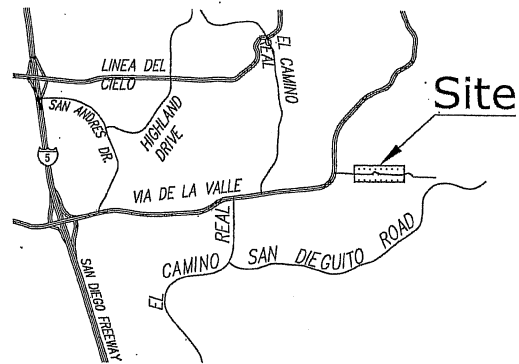
EASEMENTS

- ① 30' EASEMENT FOR FUTURE STREET, PER MAP NO. 5282.
- ② 6' WIDE POLE EASEMENT TO THE SAN DIEGO GAS & ELECTRIC CO. BOOK 4933, PAGE 591, O.R.
- ③ 30' EASEMENT FOR PIPELINE PURPOSES AND RIGHTS INCIDENTAL THERETO, GRANTED TO OLIVENHAIN MUNICIPAL WATER DISTRICT, A PUBLIC AGENCY IN DOC. RECORDED MARCH 27, 1991 AS INST. NO. 91-0136343 OF OFFICIAL RECORDS.
- ④ OPEN SPACE EASEMENT PER MAP NO. 10730.
- ⑤ CENTERLINE OF 10' WIDE EASEMENT TO CITY OF DEL MAR (SOUTH COAST LAND CO.) FOR PIPELINE PURPOSES RECORDED JULY 11, 1907 IN BOOK 420, PAGE 137 OF DEEDS.
- ⑥ CENTERLINE OF 10' WIDE EASEMENT TO DEL MAR WATER, LIGHT AND POWER COMPANY FOR PIPELINE PURPOSES, RECORDED SEPTEMBER 14, 1915 AS DOC. NO. 17566 IN BOOK 689, PAGE 354 OF DEEDS.

REFERENCES

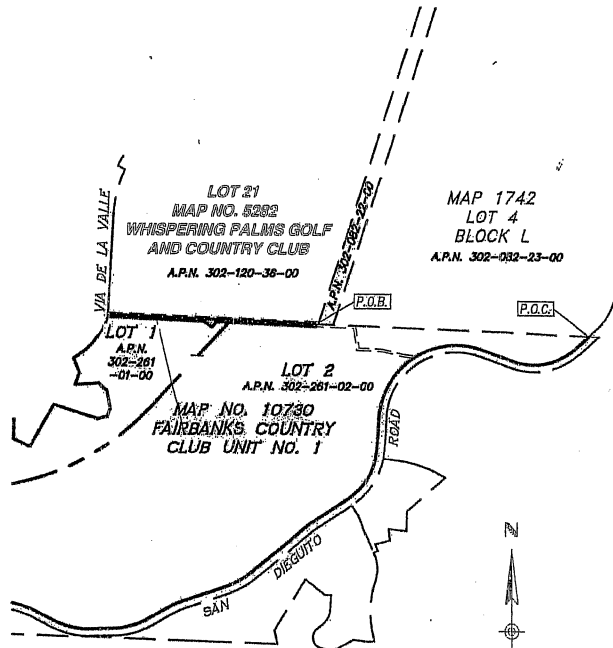
-MAP NO. 10730, FAIRBANKS COUNTRY CLUB NO. 1
-MAP NO. 5282, WHISPERING PALMS GOLF AND COUNTRY CLUB

A.P.N. 302-261-01-00 & 302-261-02-00



VICINITY MAP

NOT TO SCALE

**BASIS OF BEARINGS**

THE BEARINGS SHOWN HEREON ARE BASED UPON THE NORTHERLY LINE OF MAP NO. 10730 I.E. N87°36'22"W.

CALVADA SURVEYING, INC.
411 JENKS CIRCLE, SUITE 205
CORONA, CA 92880
(951)280-9960

ARMANDO DUPONT P.L.S. 12-31-19



RESOLUTION NO. R-312305

APPROVED APRIL 9, 2019

DOCUMENT NO.

RECORDED

UTILITY EASEMENT

ACROSS A PORTION OF LOTS 1 AND 2 OF MAP NO. 10730
FAIRBANKS COUNTY CLUB UNIT NO. 1

DESCRIPTION	BY	APPROVED	DATE	FILMED	CITY OF SAN DIEGO, CALIFORNIA	PTS 633021
ORIGINAL	CSI				SHEET 1 OF 2 SHEETS	I.O. N/A
					<i>Armando D. Dupont</i>	1939-6264
					FOR CITY LAND SURVEYOR	CCS 83 COORDINATES
					DATE 7/11/19	298-1703
						NAD 27 COORDINATES
						41271-1-B
STATUS						

Exhibit "B-2"
DISTRICT'S WATER PIPELINES AND APPURTENANCES EASEMENT
Doc No. 1991-0136343

2352

Exhibit B-2
Doc No. 1991-0136343
OMWD Easement 859

WHEN RECORDED, PLEASE MAIL
THIS INSTRUMENT TO:

~~Olivenhain Municipal Water District
1966 Olivenhain Road
Encinitas, California 92024-9761~~

NO TRANSFER TAX DUE

SPACE ABOVE FOR
RECORDER'S USE ONLY

NO FEE

EASEMENT

WATER PIPELINES AND APPURTENANCES

Assessor's Parcel
No. 302-261-02

THE CITY OF SAN DIEGO, A MUNICIPAL CORPORATION,

hereinafter designated Grantor(s), owner(s) of the hereinafter described lands, for a valuable consideration, do(es) hereby GRANT and CONVEY to OLIVENHAIN MUNICIPAL WATER DISTRICT, a Public Agency, herein designated Grantee, a perpetual easement and right-of-way upon, through, under, over and across the hereinafter described real property for the installation, construction, operation, maintenance, repair, replacement, and reconstruction of water pipelines and/or mains, lateral water pipelines, and all structures incidental thereto, together with the perpetual right to remove buildings, structures, trees, bushes, undergrowth, flowers, and any other obstructions interfering with the use of said easement and right-of-way by Grantee, its successors or assigns and in addition thereto, to remove soil and other materials within said right-of-way and to use the same in such manner and at such locations as said Grantee may deem proper, needful or necessary in the construction, reconstruction and maintenance of said water pipelines or structures incidental thereto.

To have and to hold said easement and right-of-way unto itself and unto its successors and assigns forever, together with the right to convey said easement, or any portion of said easement, to other public agencies.

The real property referred to herein and made subject to said easement and right-of-way by this grant is situated in the County of San Diego, State of California, and is particularly described as follows:

A PORTION OF LOT 2 OF FAIRBANKS COUNTRY CLUB, UNIT NO. 1, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 10730, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, SEPTEMBER 29, 1983.

See Exhibit "A," attached.

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2353

The Grantors may, at their own risk, use the surface of the above described real property in a manner that will not interfere with or be detrimental to the use of said easement and right-of-way by Grantee, its successors and assigns, including those interests conveyed to Whispering Palms Community Services District by document recorded 27 February 1990, File Page No. 90-105737, provided no trees shall be planted or grown thereon.

The Grantors hereby covenant and agree for themselves, their heirs, successors and assigns, that there shall not be constructed or maintained upon the above described real property or within said easement and right-of-way any building or structure of any nature or kind that will interfere with the use of said easement and right-of-way by Grantee, its successors or assigns, or that will interfere with the ingress or egress along said easement by said Grantee, its successors or assigns and prior easement rights.

The Grantee hereby covenants and agrees for itself, its successors and assigns, not to prevent the Grantors, their successors or assigns, not to prevent the Grantors, their successors or assigns, from crossing over said real property and agrees that the Grantors, their heirs, successors and assigns, may enjoy the continued use of the surface of said real property herein described, subject to the conditions above stated; and the Grantee hereby covenants and agrees that after the installation of any pipeline by it in any excavation made by it in the above described easement and right-of-way it will backfill any such excavation made by it so as to fill said excavation as nearly as practicable to the level of the surrounding ground, and will replace any oiled, asphalt or concrete surface with like material and will replace any fence removed by it.

Executed this 7th day of January, ~~1990~~ 1991.

CHARLES G. ABDELNOUR, Clerk of said City



~~MAUREEN O'CONNOR, Mayor of said City~~
Property Director

R-277029

E00859-2

2354

EXHIBIT "A"

ALL THAT PORTION OF SAID LOT 2 OF FAIRBANKS COUNTRY CLUB, UNIT NO. 1, IN THE CITY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 10730, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, SEPTEMBER 29, 1983, INCLUDED WITHIN A STRIP OF LAND 30.00 FEET OF EVEN WIDTH, SAID 30.00 FOOT WIDE STRIP OF LAND DESCRIBED AS FOLLOWS:

Commencing at the most Easterly corner of said Lot 2 of Fairbanks Country Club, Unit No. 1, according to Map thereof No. 10730, filed in the Office of the County Recorder of San Diego County, September 29, 1983, thence Southerly along the Easterly boundary of said Lot 2, said Easterly boundary also being the Westerly boundary of San Dieguito Road S 47°31'23" W 229.75 feet to the beginning of a tangent 806.00 foot radius curve, concave Northerly; thence Westerly along the arc of said curve through a central angle of 62°46'13", a distance of 883.01 feet, thence tangent to said curve N 69°42'24" W 400.00 feet to the beginning of a tangent 958.00 foot radius curve, concave Southerly; thence Westerly along said curve through a central angle of 51°04'00", a distance of 853.85 feet, to the TRUE POINT OF BEGINNING; a radial line to said point bears N 30°46'24" W; thence leaving said Easterly boundary of Lot 2 N 83°15'21" W 122.47 feet to the beginning tangent 785.00 foot radius curve, concave Northerly; thence Westerly along the arc of said curve through a central angle of 08°16'53" a distance of 113.46 feet; thence tangent to said curve N 74°58'28" W 100.96 feet to the beginning of a tangent 815.00 foot radius curve, concave Southerly; thence Westerly along the arc of said curve through a central angle of 12°37'54" a distance of 179.68 feet; thence tangent to said curve N 87°36'22" W 224.23 feet; thence N 08°51'22" W 282.23 feet to a point on the Northerly boundary of said Lot 2, said point bears N 87°36'22" W 2968.64 feet from the most Easterly corner of said Lot 2; thence Westerly along said Northerly line N 87°36'22" W 501.33 feet; thence leaving said Northerly boundary S 02°23'38" W 30.00 feet; thence S 87°36'22" E 476.72 feet; thence S 08°51'22" E 282.23 feet; thence S 87°36'22" E 248.84 feet to the beginning of a tangent 785.00 foot radius curve, concave Southerly; thence Easterly along the arc of said curve through a central angle of 12°37'54" a distance of 173.06 feet; thence tangent to said curve S 74°58'28" E 100.96 feet to the beginning of a tangent 815.00 foot radius curve, concave Northerly; thence Easterly along the arc of said curve through a central angle of 08°16'53" a distance of 117.80 feet; thence tangent to said curve S 83°15'21" E 85.35 feet to a point on the Easterly boundary of said Lot 2, said point being a point on a 958.00 foot radius curve, concave Southeasterly, a radial line to said point bears N 33°37'41" W; thence Northerly along the arc of said curve through a central angle of 2°51'17" a distance of 47.73 feet to the TRUE POINT OF BEGINNING.

R-277029

E00859-3

STATE OF CALIFORNIA)
) ss.

COUNTY OF SAN DIEGO)

On January 7, 1991 before me, the undersigned, a Notary Public in and for
 said State, personally appeared J. L. Spotts known to me
 to be the Property Director of
The City of San Diego and
 known to me to be the person who executed the within instrument on behalf of said public
 corporation, agency or political subdivision, and acknowledged to me that such public
 corporation, agency, or political subdivision executed the same.

WITNESS my hand and official seal.

Signature

Lorna M. Murt

LORNA M. MURT

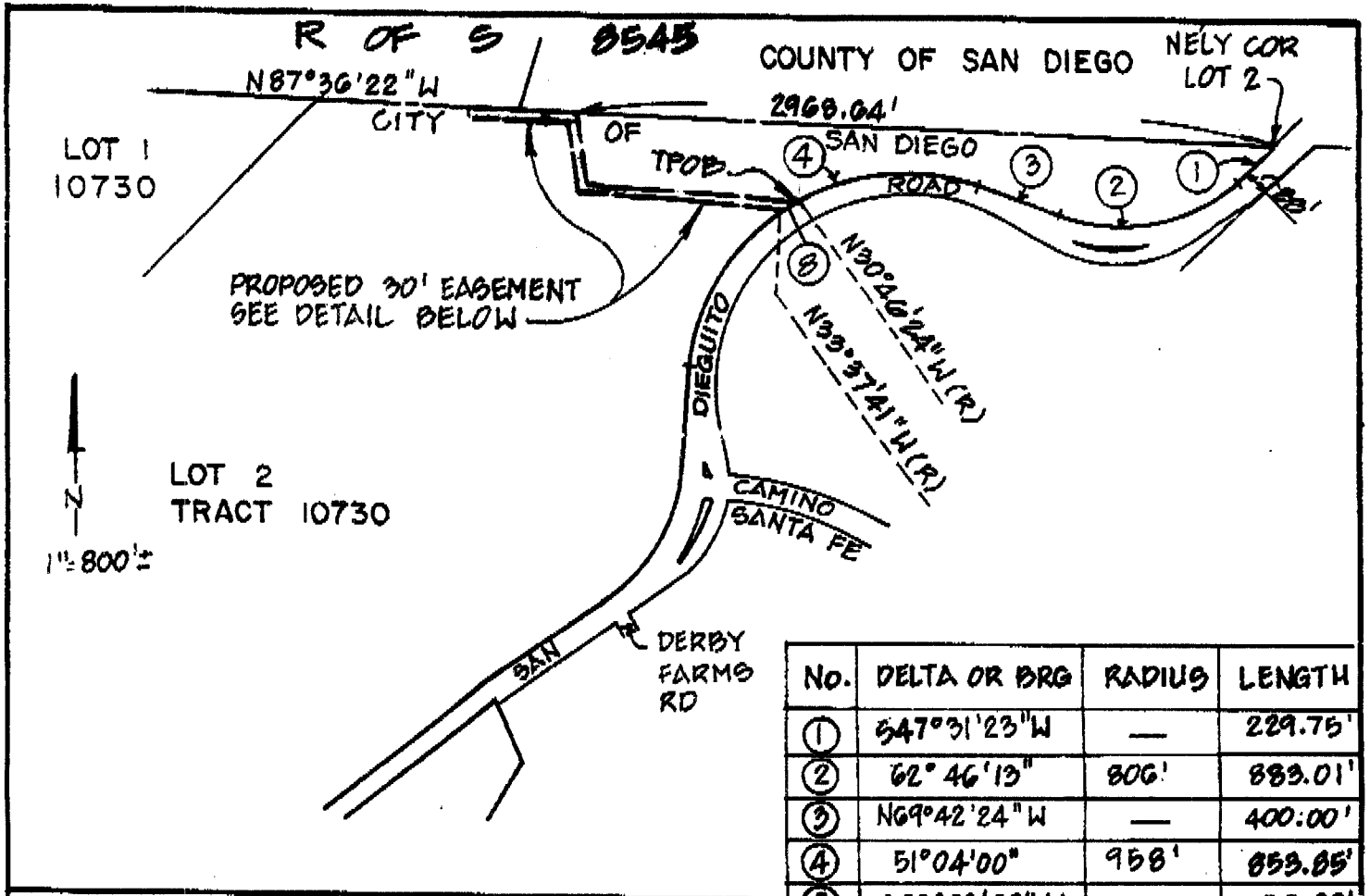
Name (Typed or Printed)



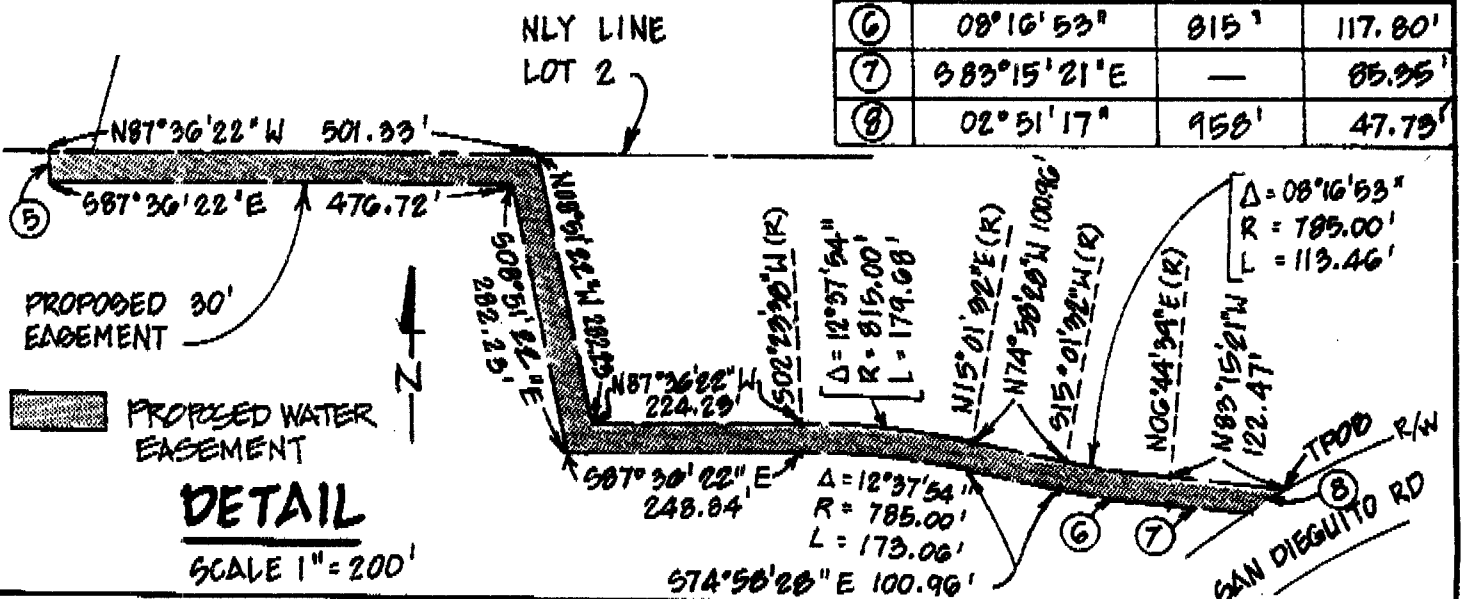
E00859-4



2357



NO.	DELTA OR BRG	RADIUS	LENGTH
①	S47°31'23"W	—	229.75'
②	S62°46'13"	806'	883.01'
③	N69°42'24"W	—	400.00'
④	S1°04'00"	958'	853.85'
⑤	S02°23'38"W	—	30.00'
⑥	S08°16'53"	815'	117.80'
⑦	S83°15'21"E	—	85.95'
⑧	S02°51'17"	958'	47.79'



PROJECT: EXTENSION NO 153

R-277029

REFERENCES

VALVE MAP F12

I.D. NO. 4

PLAT

OF EASEMENTS REQUIRED BY THE

OLIVENHAIN MUNICIPAL WATER DISTRICT

ACCT. NO. 30-001-315-08

R/W NO. 1004370

TAX PAR. 302-201-02

BASE MAP 10 E-11

DATE 24 JULY 1990

SCALE AS NOTED

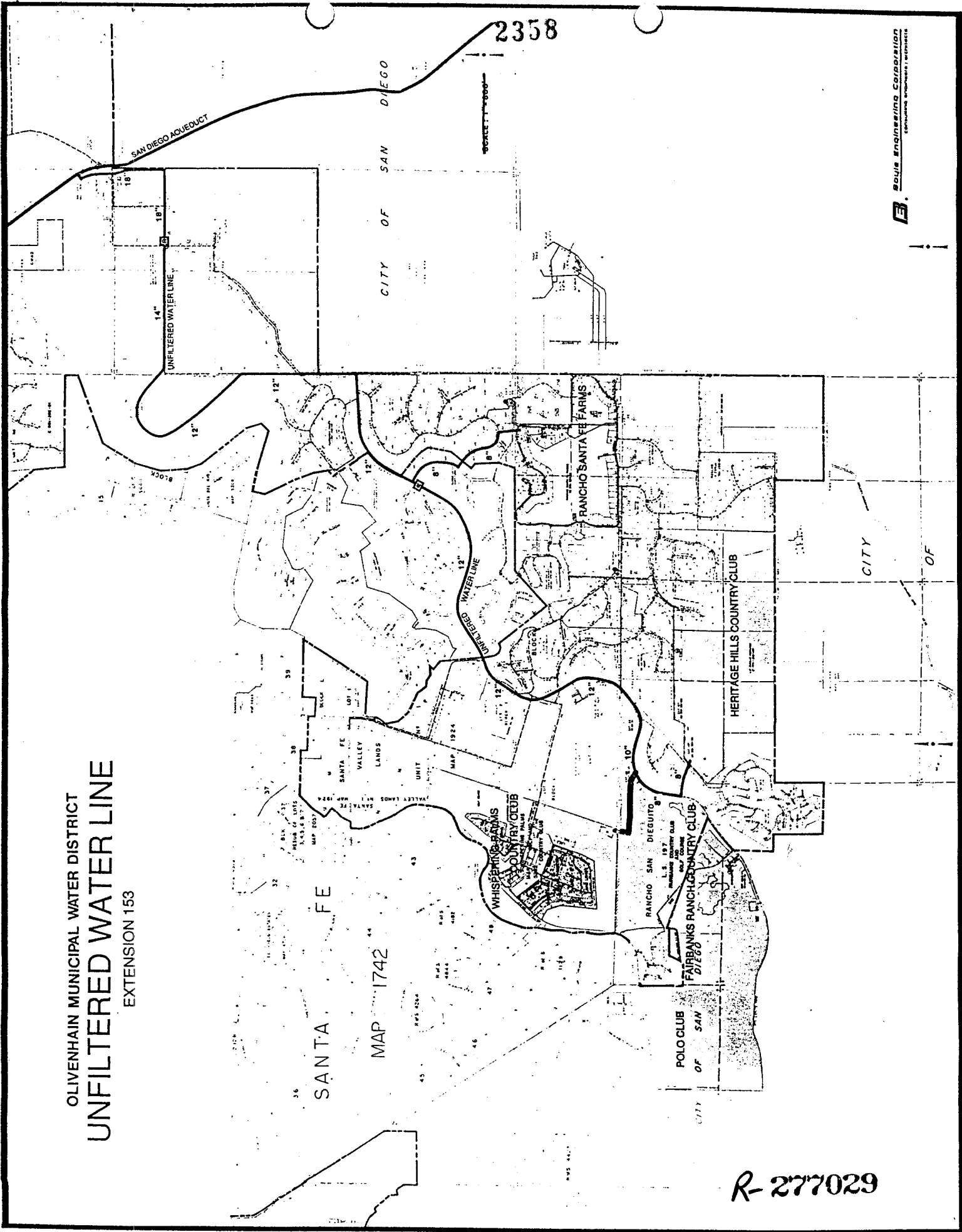
B. B. Engineering Corporation

CONSULTING ENGINEERS / SURVEYORS

E00859-6

E00859-7

OLIVENHAIN MUNICIPAL WATER DISTRICT
UNFILTERED WATER LINE
EXTENSION 153



R-277029

2349

AFTER RECORDING, MAIL TO:
 Olivenhain Municipal Water District,
 1966 Olivenhain Road
 Encinitas, CA 92024

RESOLUTION NUMBER R-

277029

ADOPTED ON

DEC 10 1990

DOC #: 1991-0136343

DOC #: (R-91-968)

27 MAR 1991

27 MAR 1991

11:35 AM

11:35 AM

SAN DIEGO COUNTY RECORDER'S OFFICE

ANGIE E. EVANS, COUNTY RECORDER

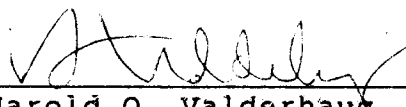
FEE:

BE IT RESOLVED, by the Council of The City of San Diego,
 that the City Manager or his designee, be and he is hereby
 authorized and empowered to execute, for and on behalf of The
 City of San Diego, a deed conveying to OLIVENHAIN MUNICIPAL WATER
 DISTRICT, a public agency, a pipeline easement in Lot 2,
 Fairbanks Country Club Unit No. 1, as more particularly described
 in said deed on file in the office of the City Clerk as Document
 No. RR- 277029.

APPROVED: JOHN W. WITT, City Attorney

Easement No. 8591

By


 Harold O. Valderhaug
 Deputy City Attorney

HOV:ps
 12/04/90
 Job:920945
 Or.Dept:Prop.
 R-91-968
 Form=r.esdge

2350

Passed and adopted by the Council of The City of San Diego on December 10, 1990 by the following vote:

YEAS: Wolfsheimer, Roberts, Hartley, Pratt, Bernhardt, Henderson, McCarty,
Filner, Mayor O'Connor.

NAYS: None.

NOT PRESENT: None.

AUTHENTICATED BY:

MAUREEN O'CONNOR

Mayor of The City of San Diego, California

CHARLES G. ABDELNOUR

City Clerk of The City of San Diego, California

(SEAL)

By: SUZANNE M. OLIVA, Deputy

I HEREBY CERTIFY that the above and foregoing is a full, true and correct copy of RESOLUTION
NO. R- 277029, passed and adopted by the Council of The City of San Diego, California
on DEC 10 1990.

CHARLES G. ABDELNOUR

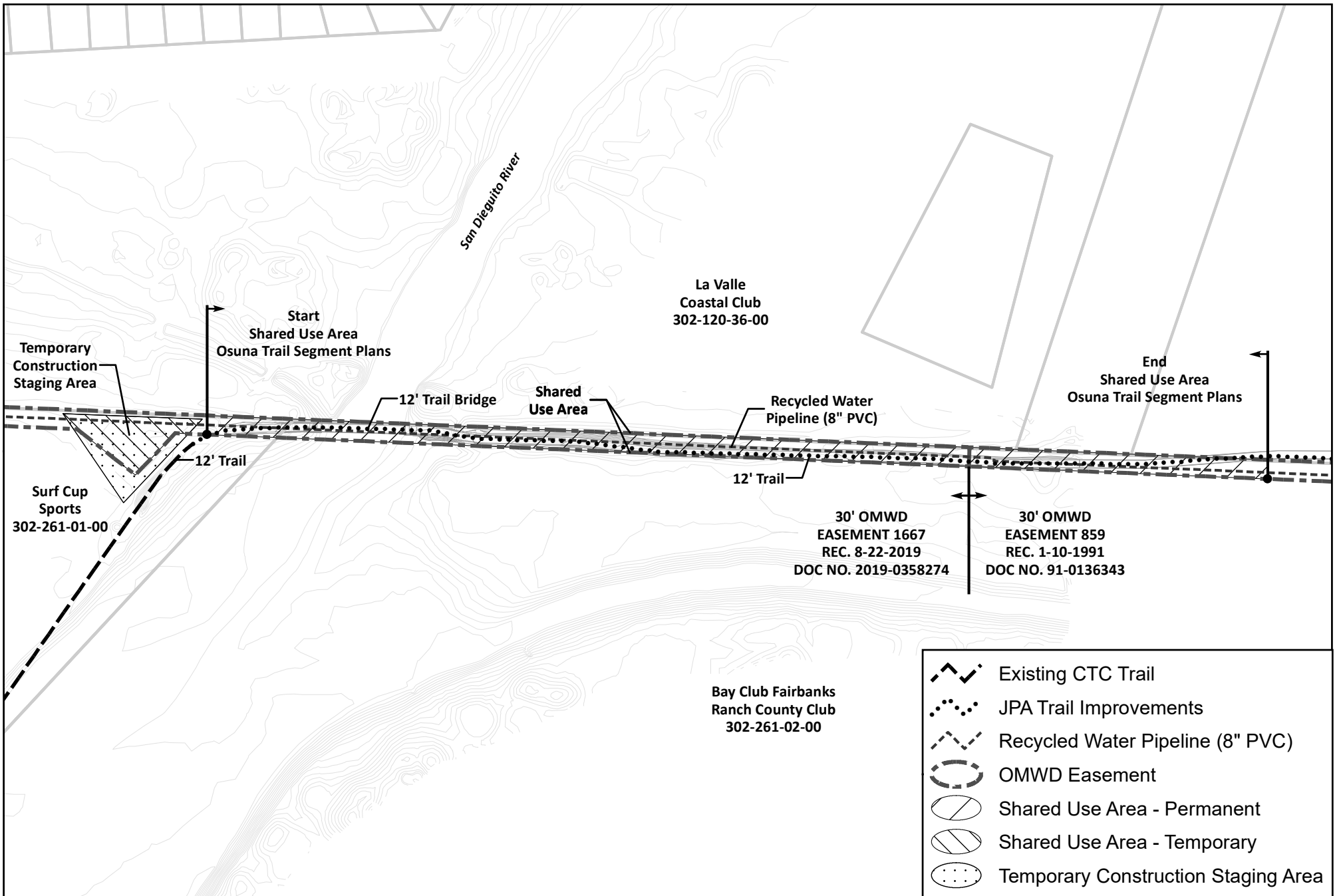
City Clerk of The City of San Diego, California

(SEAL)

By:  , Deputy

Exhibit “C”

DEPICTION OF SHARED USE AREA



SAN DIEGUITO



RIVER PARK



Not to Scale

Source: Kimley-Horn

Joint Use Agreement with OMWD

OSUNA SEGMENT OF THE COAST TO CREST TRAIL

Exhibit C

Exhibit “D”

CITY AND JPA LICENSE AGREEMENT AND SITE DEVELOPMENT PERMIT

CITY OF SAN DIEGO

LICENSE AGREEMENT

(Osuna Segment of Coast to Crest Trail Project – San Dieguito River Park Joint Powers Authority)

This LICENSE AGREEMENT (this “**Agreement**”) is entered into by and between the SAN DIEGUITO RIVER PARK JOINT POWERS AUTHORITY, a California joint powers authority (“**Licensee**”), and THE CITY OF SAN DIEGO, a California municipal corporation (“**City**”), as of the date this Agreement is approved as to form by an attorney from the Office of the San Diego City Attorney’s Office as shown on the signature page to this Agreement (“**Effective Date**”).

RECITALS

- A. City is a party to that certain Joint Exercise of Powers Agreement between the County of San Diego and the Cities of Del Mar, Escondido, Poway, San Diego and Solana Beach creating the San Dieguito River Valley Regional Open Space Park Joint Powers Authority, which was amended and restated on or about July 15, 2015 (as amended and restated, the “**JEPA**”). Any capitalized term used but not defined in this Agreement shall have the meaning ascribed to them in the JEPA, to the extent the term is defined in the JEPA.
- B. The JEPA created Licensee (referred to in the JEPA as the “**JPA**”), pursuant to Section 6507 of the California Government Code, an entity separate and apart from the public agencies that are party to the JEPA (together, the “**Public Agencies**”) but comprised of two or more member Public Agencies.
- C. Licensee’s purpose under the JEPA is to manifest the joint exercise of the Public Agencies’ powers “to coordinate, to acquire, plan, design, improve, manage, operate and maintain” the San Dieguito River Valley Regional Open Space Park (“**Park**”) for the benefit of the public. *See* JEPA § 1 (Purpose). More specifically, the Focused Planning Area (“**FPA**”), the regional park planning area for the Park, “is the area where planning and acquisition efforts for the Park are to be directed.” *See* JEPA, Recital ¶ B.
- D. Under the JEPA, the Public Agencies (including the City) have agreed that “[o]ne of the JPA’s goals is to create a multi-use trail system for hikers, bicyclists and horseback riders that will extend a distance of approximately 71 miles from the ocean at Del Mar to the San Dieguito River’s source on Volcan Mountain, just north of Julian” (“**Coast to Crest Trail**” or the “**Trail**”). *See* JEPA § 13(c). The JEPA recognizes that Public Agencies (including the City) “own lands ... within the [P]ark boundary that include Coast to Crest Trail segments” and that “the JPA may pursue grant funding to procure access permits, manage and maintain the trails located on Public Agencies’ lands.” *Id.* Finally, while the responsibility for securing public access permits for the Trail rests with the JPA, the Public Agencies (including the City) have agreed to “work cooperatively and in good faith with the JPA staff to issue public access permits [like this Agreement] acceptable to the Public Agencies as it applies to their property.” *Id.* Relevant to this Agreement, the JPA seeks City’s permission to construct, operate, and maintain a portion of the Trail known as the “Osuna Segment” which is on City-owned land.

- E. In October 2019, Licensee applied for and (in March 2021) was awarded a California Natural Resources Agency Recreational Trails and Greenways Grant to design and construct a portion of the Coast to Crest Trail commonly known as the "Osuna Segment." In September 2023, Licensee was awarded additional funding for project construction from the California state budget.
- F. In order to construct the Trail, besides this Agreement, Licensee must also obtain a Site Development Permit ("SDP") from City. Licensee has submitted an application to obtain the SDP ("Osuna Segment of the CTC, PRJ 1049410"), and it is anticipated by the parties that the effective date of the SDP ("SDP Effective Date") will be after the Effective Date of this Agreement. Between the Effective Date of this Agreement and the SDP Effective Date, Licensee acknowledges that it may enter the License Area but may not conduct any activities that are regulated by the SDP (e.g., grading), even if permitted by this Agreement.

IN CONSIDERATION OF THE RESPECTIVE PROMISES OF LICENSEE AND CITY SET FORTH IN THIS AGREEMENT AND OTHER GOOD AND VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH ARE ACKNOWLEDGED, LICENSEE AND CITY AGREE AS FOLLOWS:

1. **PURPOSE.** City owns certain real property in the City of San Diego specifically defined in Section 39 of **EXHIBIT A** attached to this Agreement, as the "Property." Licensee and City desire to enter into this Agreement to provide Licensee certain rights to construct, operate, and maintain the Osuna Segment of the Coast to Crest Trail within the Property (the "License Area" (defined in Section 24 of **EXHIBIT A**)), pursuant to the terms and conditions set forth below (the "Permitted Use" (further defined in Section 5.1 below)).

2. **DEFINITIONS.** All defined terms or words indicated by initial capitalization in this Agreement and not specifically defined in the main body of this Agreement are defined in **EXHIBIT A** attached to this Agreement.

3. **LICENSE.**

3.1 License Area. Subject to the terms and conditions of this Agreement, as of the Effective Date, City licenses, permits, and authorizes Licensee to use the License Area on a non-exclusive basis for the Permitted Use.

3.2 Property's Other Uses. The Property is leased to Bay Club Fairbanks Ranch (Bay Club) under that certain Percentage Lease dated December 6, 1982, on file in the Office of the San Diego City Clerk as Document No. RR-257594-1, as assigned to Bay Club pursuant to that certain Consent to Assignment and Agreement, on file in the Office of the San Diego City Clerk as Document No. RR-310421-1, and as amended by that certain First Amendment to Percentage Lease, on file in the Office of the San Diego City Clerk as Document No. RR-310421-2. The Permitted Use may not interfere with the Bay Club or City's use of the Property (collectively "**Other Uses**"). Throughout the Term, subject to the terms and conditions of this Agreement, the License Area shall accommodate the Permitted Use to the extent the Permitted Use does not interfere with the Other Uses, including any disruption of safe access to City facilities or adverse impact on the cost of maintaining City facilities. If City determines that the Permitted Use interferes with the Other Uses, City shall Notify Licensee and Licensee shall have forty-eight (48)

hours or some other mutually agreed upon reasonable amount of time, to eliminate the interference with the Other Uses.

3.3 Personal Rights; No Transfers. The licenses, permits and authorizations provided by this Agreement are personal to Licensee. Licensee shall not have any right to make or allow any Transfer without the prior written consent of City, which may be given or withheld in the City's sole and absolute discretion. Licensee acknowledges and agrees that, under the circumstances that this Agreement is entered into by City and Licensee and the public nature of the Property, the restrictions in this Agreement on Transfers are reasonable.

3.4 No Limitation on Other City Use. Nothing contained in this Agreement is intended to limit, restrict, or prohibit City from entering into future agreements with other Persons regarding use of the Property, as long as such other uses do not materially interfere with the Permitted Use on the License Area.

3.5 No Property Estate or Interest Conveyed. Notwithstanding any provision of this Agreement to the contrary, City and Licensee do not intend to convey any estate, easement, or irrevocable interest in real or personal property between them under this Agreement. Nothing in this Agreement shall be construed or interpreted as a conveyance of any estate, easement, or irrevocable interest in any real or personal property. If this Agreement or any provision of this Agreement is finally (after all appeals) construed or interpreted by a court of competent jurisdiction as conveying an estate, easement, or irrevocable interest in real or personal property between City and Licensee, then the provision(s) of this Agreement interpreted as conveying any estate, easement, or irrevocable interest in real or personal property between City and Licensee shall automatically be null and void, without further action by or Notice to City or Licensee.

3.6 Noise. Licensee shall not use or permit the use of the License Area in any manner that creates or maintains any noise or sound violating SDMC Chapter 5, Article 9.5.

3.7 Nuisance. Licensee shall not create or allow a nuisance, as defined in State Civil Code section 3479, or a violation of Law on the License Area.

3.8 **ACCEPTANCE OF PROPERTY IN AS-IS CONDITION.** LICENSEE ACCEPTS ALL PHYSICAL CONDITIONS OF THE PROPERTY, AS OF THE EFFECTIVE DATE, AND RELEASES CITY FROM ALL LIABILITY WHATSOEVER FOR ALL KNOWN OR UNKNOWN CONDITIONS OF THE PROPERTY. LICENSEE SHALL ENTER THE PROPERTY FOR THE PERMITTED USE UNDER THIS AGREEMENT, IN THE PROPERTY'S "AS IS," "WHERE IS" AND "SUBJECT TO ALL FAULTS" CONDITION, AS OF THE EFFECTIVE DATE. LICENSEE ACKNOWLEDGES AND AGREES THAT IT IS RELYING SOLELY UPON ITS OWN KNOWLEDGE OR INVESTIGATION OF THE PROPERTY, AS IT DEEMS APPROPRIATE. LICENSEE IS NOT RELYING ON ANY STATEMENT OR REPRESENTATION BY ANY CITY PARTY RELATING TO THE CONDITION OF THE PROPERTY. WITHOUT LIMITING THE FOREGOING PROVISIONS OF THIS SECTION 3.8, CITY MAKES NO REPRESENTATION OR WARRANTY AS TO THE PHYSICAL CONDITION OF THE PROPERTY OR WHETHER THE PROPERTY PRESENTLY COMPLIES WITH ANY LAW. WITHOUT LIMITING THE FOREGOING PROVISIONS OF THIS SECTION 3.8, LICENSEE, ON BEHALF OF ITSELF AND ITS SUCCESSORS AND ASSIGNS, WAIVES AND RELEASES CITY AND ITS SUCCESSORS AND ASSIGNS FROM ALL COSTS OR EXPENSES WHATSOEVER (INCLUDING LEGAL

COSTS), WHETHER DIRECT OR INDIRECT, KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, ARISING FROM OR RELATING TO THE PHYSICAL CONDITION OF THE PROPERTY OR COMPLIANCE OF THE PROPERTY WITH ANY LAW APPLICABLE TO THE PROPERTY. LICENSEE EXPRESSLY WAIVES ALL RIGHTS OR BENEFITS AVAILABLE TO IT WITH RESPECT TO THE RELEASES CONTAINED IN THIS SECTION 3.8 UNDER ANY PROVISION OF APPLICABLE LAW PROVIDING THAT A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY, INCLUDING STATE CIVIL CODE SECTION 1542. THE PROVISIONS OF THIS SECTION 3.8 SHALL SURVIVE THE TERMINATION DATE.

4. LICENSE FEE. License Fee is hereby waived because the Licensee's Permitted Use provides a public benefit.

5. PERMITTED USE.

5.1 Permitted Use. The construction, operation, and maintenance of a portion of the Coast to Crest Trail commonly known as the "Osuna Segment" within the Property as shown on **EXHIBIT C**. Construction includes formation and installation of a trail (the "Trail") and bridge (the "Bridge"); habitat restoration; and installation of associated signage and fencing. Operation includes managing and maintaining the Trail, the Bridge, and associated improvements for public use.

5.2 Approvals. Licensee shall not undertake the Permitted Use on the License Area without first obtaining all necessary Approvals for the Permitted Use, including but not limited to the SDP. In obtaining each necessary Approval for the Permitted Use on the License Area, Licensee shall inform the applicable Government in writing that the Property is City-owned. Licensee shall promptly deliver to City documentary evidence of all Approvals obtained by Licensee regarding the Permitted Use.

5.3 Protection Against Claims or Liens. IF A CLAIM OR LIEN IS RECORDED OR ASSERTED AGAINST THE PROPERTY OR THE CITY FOR MATERIAL OR EQUIPMENT SUPPLIED TO OR LABOR OR SERVICES PERFORMED, DIRECTLY OR INDIRECTLY, FOR LICENSEE OR A CONTRACTOR OF LICENSEE RELATING TO WORK ON THE PROPERTY, LICENSEE SHALL SATISFY AND DISCHARGE SUCH CLAIM OR LIEN, AT THE SOLE COST AND EXPENSE OF LICENSEE, WITHIN TEN (10) DAYS FOLLOWING NOTICE OF THE EXISTENCE OR ASSERTION OF SUCH CLAIM OR LIEN. CITY SHALL NOT BE LIABLE FOR ANY SERVICES, LABOR, MATERIAL, OR EQUIPMENT FURNISHED OR TO BE FURNISHED TO LICENSEE OR LICENSEE'S CONTRACTOR(S) UPON CREDIT AND NO MECHANIC'S OR OTHER LIEN FOR ANY SERVICES, LABOR, MATERIAL, OR EQUIPMENT SHALL ATTACH TO OR AFFECT THE PROPERTY. NOTHING IN THIS AGREEMENT SHALL BE DEEMED OR CONSTRUED IN ANY WAY TO CONSTITUTE CITY'S CONSENT OR REQUEST, EXPRESS OR IMPLIED, BY INFERENCE OR OTHERWISE, TO ANY CONTRACTOR, SUBCONTRACTOR, PROFESSIONAL, LABORER, EQUIPMENT, OR MATERIAL SUPPLIER FOR THE PERFORMANCE OF ANY SERVICE OR LABOR OR THE FURNISHING OF ANY MATERIAL OR EQUIPMENT FOR THE BENEFIT OF CITY OR THE PROPERTY, NOR AS

GIVING LICENSEE ANY RIGHT, POWER OR AUTHORITY TO CONTRACT FOR, OR PERMIT THE RENDERING OF, ANY SERVICES OR LABOR, OR THE FURNISHING OF ANY MATERIAL OR EQUIPMENT THAT WOULD GIVE RISE TO THE FILING OF ANY CLAIM OR LIEN AGAINST CITY OR THE PROPERTY.

5.4 No Liens Against Public Property. LICENSEE ACKNOWLEDGES AND AGREES THAT ON THE EFFECTIVE DATE THE PROPERTY IS OWNED BY CITY, WHICH IS A PUBLIC ENTITY, AND THE PROPERTY IS NOT SUBJECT TO THE IMPOSITION OF MECHANIC'S LIENS OR ANY OTHER LIENS IN FAVOR OF PROVIDERS OF SERVICES, LABOR, MATERIAL, OR EQUIPMENT ON OR TO THE PROPERTY. LICENSEE FURTHER AGREES TO INFORM EACH PROVIDER OF SERVICES, LABOR, MATERIAL, OR EQUIPMENT ON OR TO THE PROPERTY HIRED BY OR FOR THE BENEFIT OF ONE OR MORE LICENSEE PARTIES OF SUCH FACT AND THAT CITY AND THE PROPERTY ARE NOT RESPONSIBLE FOR PAYMENT OF ANY CLAIMS BY ANY SUCH PROVIDERS OF SERVICES, LABOR, MATERIAL, OR EQUIPMENT.

5.5 Signs. Any banner, pennant, flag, poster, sign, decoration, marquee, awning, or similar device or advertising (each, a "**Sign**") that Licensee installs or places on the License Area will be maintained by Licensee in good, clean, and operating condition during the Term. Licensee will, upon City's request, remove any Sign placed by Licensee from the License Area on or before the Termination Date and will repair all damage caused by placement, installation, or removal of Signs, all at Licensee's sole cost and expense. Licensee shall comply with all Laws requiring the posting of Signs on the License Area. If any unauthorized Sign is found on the License Area, Licensee shall remove the Sign at Licensee's sole cost and expense within twenty-four (24) hours after Notice from City requesting the removal. If Licensee does not remove an unauthorized Sign within twenty-four (24) hours after Notice from City requesting the removal, City may enter the License Area and remove the Sign at Licensee's sole cost and expense. If City performs work required of Licensee under this Section 5.4, Licensee shall reimburse City for all costs and expenses reasonably incurred by City in performing such work (including the costs of City's staff time, administrative overhead, and Legal Costs), within thirty (30) days after Notice to Licensee of such costs. All amounts reimbursable to City by Licensee under this Section 5.4 that are not paid within thirty (30) days after Notice to Licensee of the amount shall accrue Default Interest until paid.

5.6 Deliveries to City. If requested by City, Licensee shall provide City with a copy of all reports, analyses, findings, and conclusions resulting from the Permitted Use, which may be reasonably redacted for confidentiality purposes.

5.7 Costs. Licensee shall pay all costs and expenses related to the Permitted Use.

5.8 Security and Safety. Licensee shall be solely responsible for the security and safety of the License Area. Licensee shall be responsible for the cleanup and securing of the License Area disturbed by Licensee, as appropriate, immediately following each day's work to ensure the daily security and safety of the License Area. In conducting the Permitted Use, Licensee shall comply with all Laws, at Licensee's sole cost and expense, with respect to maintaining the License Area in a safe and secure manner during the Term.

5.9 City Work. City reserves the right to perform work on the License Area at any time. If City intends to perform work on the License Area, City shall give Licensee at least forty-eight (48) hours' Notice prior to commencing the work (except in the event of an emergency, in which case, no prior Notice is required). Licensee shall comply with all safety instructions issued by City to ensure the safety of City personnel or contractors performing work on the License Area.

5.10 Inspection. City may, at any time, for any reason or no reason, without any obligation to do so, enter the License Area for the purposes of inspecting the License Area and the Permitted Use conducted on the License Area for compliance with this Agreement. Licensee shall make a Licensee representative available to be present at any City inspection under this Section 5.10 on, at least, 48 hours' advance Notice from City; provided, however, the presence of a Licensee representative is not required for City to exercise its inspection rights under this Section 5.10.

5.11 Utilities. Licensee shall order, obtain, install, and pay for all utilities, including installation and service charges, required or desired for the Permitted Use. Utilities shall be temporary and constructed and located in accordance with plans approved by City, in City's sole and absolute discretion, before any utility construction or installation commences.

5.12 Superior Interests. This Agreement is subject to all liens, encumbrances, covenants, conditions, restrictions, reservations, contracts, leases, licenses, easements, or rights-of-way pertaining to the Property existing as of the Effective Date, whether or not of record. Licensee shall obtain all licenses, permits, or agreements required from Third Persons holding a superior interest to allow the Permitted Use on the License Area in compliance with all such superior interests. If the Permitted Use is or becomes inconsistent or incompatible with a preexisting, superior interest, Licensee shall take all action and pay all costs and expenses necessary to remove such inconsistency or incompatibility to the satisfaction of the holder of the superior interest.

5.13 Vehicular Traffic. All vehicular traffic shall be confined to concrete, asphalt or decomposed aggregate surfaces unless otherwise approved in writing by City, in City's sole and absolute discretion, prior to the commencement of the Permitted Use.

5.14 [RESERVED.].

5.15 Contractors. Licensee shall, upon City's written request, provide City with a list of all contractors and subcontractors that will perform any part of the Permitted Use, including name, address, email, fax, and phone number. All work requiring a licensed contractor under the State Contractors' State License Law (State Business & Professions Code sections 7000-7191) shall be done by contractors licensed by the State.

5.16 [Reserved].

6. LICENSEE INSURANCE. Licensee shall maintain, to protect the City Parties against all insurable Claims arising from or relating to this Agreement, the License Area, or the Permitted Use, at the sole cost and expense of Licensee, all the insurance coverage required in **EXHIBIT D** attached to this Agreement.

7. WASTE OR DAMAGE. Licensee shall immediately Notify City of any waste, casualty, or damage to the License Area or other areas of the Property of which Licensee becomes aware. Licensee shall not commit, or allow to be committed, any waste, casualty, or damage to property

or injury to person on or around the License Area or other parts of the Property. If waste, casualty, or damage to the Property arises from the Permitted Use, action by a Licensee Party, or failure to act by a Licensee Party that had a duty to act, at City's election, in City's sole and absolute discretion, Licensee shall make, or cause to be made, full repair of the waste, casualty, or damage and restore the Property to its condition existing immediately prior to the waste, casualty, or damage. Licensee shall commence preliminary steps toward restoration of the Property as soon as practicable, but no later than thirty (30) days after the date the waste, casualty, or damage occurs. Licensee shall complete all required repairs or restoration within ninety (90) days after the date the waste, casualty, or damage occurs. Licensee must obtain all Approvals required for repair or restoration of all waste, casualty, or damage to the Property. Following the occurrence of any casualty that materially restricts use of the License Area or access to the License Area for the Permitted Use for more than thirty (30) days, City or Licensee may terminate this Agreement by seven (7) days' Notice to the other Party. This Section 7 shall survive the Termination Date.

8. ENVIRONMENTAL CONDITIONS. Licensee shall not cause or permit any Environmental Condition. If Licensee discovers or becomes aware of an Environmental Condition, Licensee shall Notify City of such Environmental Condition as soon as possible, but in all cases within twenty-four (24) hours following the Licensee becoming aware of such Environmental Condition.

8.1 Remediation. If an Environmental Condition occurs, Licensee shall remediate the Environmental Condition in accordance with Law to allow all uses of the Property permitted by Law immediately before the Environmental Condition is discovered, at Licensee's sole cost and expense. If Licensee knows or has reasonable cause to believe that an Environmental Condition is an imminent danger to public health and safety, Licensee shall take all actions necessary to alleviate the imminent danger, at Licensee's sole cost and expense.

8.2 Removal. If a Licensee Party stores, utilizes, generates, or otherwise brings Hazardous Substances onto the Property in accordance with Law, Licensee shall remove all such Hazardous Substances from the Property prior to the Termination Date and provide City with documentation demonstrating the legal removal and disposal of the Hazardous Substances. Licensee shall be responsible for all costs incurred by City to remove or dispose of any Hazardous Substances not removed from the Property by Licensee in accordance with this Section 8.2.

8.3 Reports. Licensee shall deliver a written report describing the circumstances of each Environmental Condition in reasonable detail to City within three (3) days after Notifying City of the Environmental Condition. Licensee shall also submit all required reports relating to the Environmental Condition to other Governments as required by Law.

8.4 Environmental Assessment. Upon reasonable cause to believe that an Environmental Condition has occurred, City may cause an environmental assessment of the Property to be performed by a professional environmental consultant registered with the State as a Professional Engineer, Certified Engineering Geologist, or Registered Civil Engineer. The environmental assessment shall be performed at Licensee's sole cost and expense. Licensee shall reimburse City for all costs and expenses reasonably incurred by City in performing the environmental assessment within fifteen (15) days after Notice to Licensee of the amount of such costs and expenses. Any amount reimbursable to City by Licensee under this Section 8.4 that is not paid within fifteen (15) days after Notice to Licensee of such amount, shall accrue Default Interest until paid.

9. **COMPLIANCE WITH LAW.** The Permitted Use shall comply with all Laws, at Licensee's sole cost and expense. Licensee shall comply with all notices, orders, directives, or the like issued by City or any other Government under the authority of current or future Law.

10. **COMPLIANCE WITH CITY STANDARD CONTRACT PROVISIONS.** In entering the License Area or performing the Permitted Use, all under this Agreement, Licensee shall comply with all City standard contract provisions set forth in **EXHIBIT E** attached to this Agreement.

11. **INDEMNIFICATION.**

11.1 Licensee Indemnity Obligations. In addition to Licensee's obligations to Indemnify the City Parties under other provisions of this Agreement, Licensee shall Indemnify the City Parties against all Claims arising from: (a) Licensee's use of the License Area; (b) this Agreement; (c) personal injury (including death) or property damage (to property of Licensee or any other Person) occurring on the License Area or adjoining real property; (d) personal injury (including death) or property damage resulting from Licensee's use of the License Area; (e) a wrongful intentional act or negligence of one or more of the Licensee Parties; (f) strict liability relating to Licensee's use of the License Area; (g) all applications for Approvals made by or on behalf of one or more Licensee Parties; (h) all agreements that one or more Licensee Parties makes with a Third Person regarding this Agreement or the License Area; (i) services, labor, material, or equipment supplied to, for, on behalf of, or at the request of one or more Licensee Parties; (j) a workers' compensation claim by one or more employees or contractors of one or more Licensee Parties; or (k) an Environmental Condition occurring on or after the Effective Date. Notwithstanding anything to the contrary in this Agreement, Licensee's obligations to Indemnify the City Parties excludes Claims based upon the willful misconduct or sole negligence of a City Party.

11.2 Independence of Insurance and Indemnity Obligations. Licensee's obligations to Indemnify the City Parties under this Agreement shall not be construed or interpreted as in any way restricting, limiting, or modifying Licensee's insurance or other obligations under this Agreement. Licensee's obligations to Indemnify the City Parties under this Agreement are independent of Licensee's insurance and other obligations under this Agreement. Licensee's compliance with its insurance obligations and other obligations under this Agreement shall not in any way restrict, limit, or modify Licensee's obligations to Indemnify the City Parties under this Agreement and are independent of Licensee's obligations to Indemnify the City Parties and other obligations under this Agreement.

11.3 Survival of Indemnification Obligations. Licensee's obligations to Indemnify the City Parties under this Agreement shall survive the Termination Date, until all actual or prospective Claims subject to Licensee's obligations to Indemnify the City Parties under this Agreement are fully, finally, absolutely, and completely barred by applicable statutes of limitations.

11.4 Indemnification Procedures. Wherever this Agreement requires Licensee to Indemnify the City Parties:

11.4.1 *Notice.* The affected City Parties shall Notify Licensee of the Claim within a reasonable time.

11.4.2 *Selection of Counsel.* Licensee shall select counsel reasonably acceptable to City's City Council. Even though Licensee shall defend the Claim, the affected City Parties may, at their respective options, engage separate legal counsel, at Licensee's expense, to advise them regarding the Claim and their defense. The affected City Parties' separate legal counsel(s) may attend all proceedings and meetings. Licensee's legal counsel shall actively consult with the City Parties' separate legal counsel, subject to applicable conflict of interest and privileged communication limitations.

11.4.3 *Cooperation.* The affected City Parties shall reasonably cooperate with Licensee's defense of the City Parties.

11.4.4 *Settlement.* Licensee may only settle a Claim with the prior written consent of the affected City Parties, in their respective sole and absolute discretion.

11.5 Immediate Duty to Defend. The duty to defend that is within Licensee's obligations to Indemnify the City Parties under this Agreement includes Claims for which the City Parties may be liable without fault or strictly liable and applies regardless of whether the issues of negligence, liability, fault, default, or other obligation on the part of Licensee or the City Parties have been determined. The duty to defend applies immediately, regardless of whether the City Parties have paid any sums or incurred any detriment arising out of or relating (directly or indirectly) to any Claims. It is the express intention of the Parties that the City Parties be entitled to obtain summary adjudication or summary judgment regarding Licensee's duty to defend the City Parties at any stage of a Claim within the scope of Licensee's obligations to Indemnify the City Parties under this Agreement.

11.6 Savings Provision. Notwithstanding anything in this Agreement to the contrary, if the extent of Licensee's obligation to Indemnify the City Parties under this Agreement exceeds the indemnity obligation allowed by applicable Law, Licensee's obligation to Indemnify the City Parties shall be reduced to the extent required to comply with applicable Law.

12. [RESERVED.]

13. **TERM; TERMINATION.** The term of this Agreement shall be twenty-five (25) years from the Effective Date ("**Initial Term**"), with the understanding that Licensee may not conduct any activity permitted by this Agreement that must also be permitted by the SDP unless and until the City Council approves the SDP. Within one hundred twenty (120) days before the end of the Initial Term or a Renewal Term (as the case may be), Licensee may request in writing submitted to the Mayor renewal of the Agreement on the same terms (each, a "**Renewal Request**") for an additional ten (10) years (each, a "**Renewal Term**" and together with the Initial Term, the "**Term**"). If the Mayor approves a Renewal Request in writing or does not respond before the end of the applicable term, this Agreement shall automatically renew for an additional Renewal Term, effective from the day after the last day of the applicable term. During the Initial Term, either party may terminate this Agreement only for cause. For purposes of this Section 13, "cause" shall mean any event that is the basis for a Termination Event under Sections 14.6 to 14.11. During any Renewal Term, either party may terminate this Agreement with or without cause on one hundred twenty (120) days' notice. Upon termination of this Agreement for any reason, Licensee shall

vacate the License Area on or before the Termination Date, and all improvements thereon, including the Trail and Bridge, shall become property and the responsibility of the City.

14. TERMINATION EVENT AND DATE. This Agreement shall terminate upon the earliest to occur of the following events (each, a “**Termination Event**,” and the date of termination, the “**Termination Date**”):

14.1 Initial Term. On the last day of the Initial Term if not Extended

14.2 Renewal Term. On the last day of any Renewal Term not extended.

14.3 Termination for Cause. On the effective date of any termination for cause.

14.4 Licensee Notice During a Renewal Term. The one hundred and twentieth (120th) day after the date Licensee both gives City Notice of termination of this Agreement and performs all of Licensee’s obligations under Section 14;

14.5 City Notice During a Renewal Term. The one hundred and twentieth (120th) day after the date City gives Licensee Notice of termination of this Agreement;

14.6 Eminent Domain. Termination of this Agreement under Section 21;

14.7 Event of Default. Following the occurrence of an Event of Default, City giving Licensee Notice of termination of this Agreement;

14.8 Casualty. Termination of this Agreement under Section 7; or

14.9 Breach of Warranty. City termination of this Agreement under Section 29.

14.10 Termination of JEPA or Dissolution of Licensee. See JEPA § 20.

14.11 Licensee’s Failure to Obtain SDP or Termination of SDP.

15. HOLDOVER. Any continued use of the License Area by Licensee or receipt or acceptance of License Fees by City after the Termination Date shall not renew or extend the Term or this Agreement and all terms and conditions of this Agreement shall apply to such use except: (1) City may terminate this Agreement for any reason or no reason on seven (7) days’ Notice to Licensee; and (2) the License Fee shall be the fair market value of such use, as determined by City.

16. CITY CURE RIGHT. If Licensee fails to take any action this Agreement requires of Licensee, without waiving or releasing Licensee from any obligation, Default, or Event of Default and without waiving City’s right to take such action as this Agreement may permit as a result of a Default or Event of Default, City may (but need not) take such action. Licensee shall reimburse City for all reasonable costs and expenses (including the costs of City staff time, administrative overhead, and Legal Costs) incurred by City in exercising its cure rights under this Section 16 within thirty (30) days after Notice to Licensee of such costs. All amounts reimbursable to City by Licensee under this Section 16 that are not paid within thirty (30) days after Notice to Licensee of the amount shall accrue Default Interest until paid. Nothing in this Section 16 is intended to modify or restrict any other cure right provided to City in this Agreement.

17. REMEDIES. After the occurrence of an Event of Default by the other Party, the non-defaulting Party shall be entitled to take any or all action authorized by this Agreement after the occurrence of an Event of Default by the other Party, including legal proceedings to enforce any or all contractual rights or remedies, or pursue any or all other remedies or damages relating to such Event of Default available to the non-defaulting Party at law or in equity.

18. LEGAL ACTIONS. Either Party may institute legal action, at law or in equity, to enforce or interpret the rights or obligations of the Parties under this Agreement or recover damages.

19. CUMULATIVE RIGHTS AND REMEDIES. The rights and remedies of the Parties under this Agreement are cumulative with all other rights or remedies of the Parties under this Agreement, at law, or in equity. The exercise by either Party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or a different time, of any other right or remedy for the same Default or Event of Default by the other Party or the same right or remedy for any other Default or Event of Default by the other Party.

20. CITY'S RESERVATION OF RIGHTS.

20.1 Government Action. By entering into this Agreement, neither City nor the City Council is obligating itself or any other Government regarding any discretionary action relating to the development, occupancy, use, or maintenance of the License Area, including re-zonings, variances, environmental clearances, or any Approval required to conduct the Permitted Use.

20.2 Resources. City reserves all right, title, and interest in all natural resources relating to the Property, including subsurface natural gas, oil, minerals, and water, on or within the Property.

21. EMINENT DOMAIN. If all or part of the License Area or any other part of the Property is taken through eminent domain proceedings or under threat of the exercise of the power of eminent domain by any Government with the power of eminent domain, City may terminate this Agreement immediately by Notice to Licensee. City may transfer its title or interest in the Property in lieu of condemnation to any Person entitled to exercise the power of eminent domain over the Property. City's exercise of any right or power under this Agreement shall not be interpreted as an exercise of the power of eminent domain and shall not impose any liability upon City for inverse condemnation.

22. NO DISCRIMINATION OR SEGREGATION. Licensee covenants by and for itself, himself or herself, its, his or her heirs, executors, administrators, and assigns, and all Persons claiming under or through it, him or her, that neither Licensee nor any Person claiming under or through Licensee shall establish or allow any discrimination against or segregation of any Person or group of Persons on account of race, color, religion, gender, gender expression, gender identity, disability, sexual orientation, marital status, national origin, ancestry, familial status, or source of income in the use of the License Area.

23. NOTICES. All Notices submitted by a Party to the other Party under or as required by this Agreement shall be sent by messenger for immediate personal delivery, nationally recognized overnight (one Business Day) delivery service (i.e., United Parcel Service, Federal Express, etc.), registered or certified first-class mail, postage prepaid, return receipt requested through the United States Postal Service, or by e-mail, to the address of the recipient Party designated below in this Section 23. Notices may be sent in the same manner to such other addresses as either Party may

from time to time designate by Notice in accordance with this Section 23. Notice shall be considered received by the addressee, regardless of whether or when any return receipt is received by the sender or the date set forth on such return receipt, on the day the Notice is sent by messenger for immediate personal delivery, one (1) Business Day after delivery to a nationally recognized overnight delivery service, three (3) days after the Notice is deposited with the United States Postal Service in accordance with this Section 23, or on a Business Day sent by e-mail, if sent before 4:00 p.m. Pacific Time, otherwise on the next Business Day. Any attorney representing a Party may give any Notice on behalf of such Party. The Notice addresses for the Parties, as of the Effective Date, are as follows:

To City: City of San Diego
 Attn: Director, Department of Real Estate and Airport Management
 1200 Third Avenue, Suite 1700 (MS 51A)
 San Diego, CA 92101
 (619) 236-6020

 City of San Diego
 Attn: Senior Park Ranger, Open Space Div., Parks & Recreation Dept.
 202 C Street, 5th Floor (MS5D)
 San Diego, CA 92101
 (619) 685-1350

To Licensee: San Dieguito River Park Powers Authority
 Attn: Shawna Anderson, Executive Director
 18372 Sycamore Creek Road
 Escondido, CA 92025
 (858) 674-2275 ext. 13

24. TIME PERIOD CALCULATION. Unless otherwise specified, all references to time periods in this Agreement measured in days shall be to consecutive calendar days, all references to time periods in this Agreement measured in months shall be to consecutive calendar months, and all references to time periods in this Agreement measured in years shall be to consecutive calendar years. Any reference to Business Days in this Agreement shall mean consecutive Business Days.

25. INTERPRETATION PRINCIPLES. No inference in favor of or against any Party shall be drawn from the fact that such Party drafted any part of this Agreement. The Parties participated substantially in the negotiation, drafting, and revision of this Agreement, with advice from legal and other counsel and advisers of their own selection. A word, term, or phrase defined in the singular in this Agreement may be used in the plural, and vice versa, all in accordance with ordinary principles of English grammar, which shall govern all language in this Agreement. The words "include" and "including" in this Agreement shall be construed to be followed by the words: "without limitation." Each collective noun in this Agreement shall be interpreted as if followed by the words "(or any part of it)," except where the context clearly requires otherwise. Every reference to a document, including this Agreement, refers to such document, as modified from time to time (excepting any modification violating this Agreement), and includes all exhibits, schedules, addenda, and riders to such document. The word "or" in this Agreement includes the word "and," except where the context clearly requires otherwise. Every reference to a law, statute,

regulation, order, form, or similar Government requirement refers to each such requirement as amended, modified, renumbered, superseded, or succeeded, from time to time.

26. GOVERNING LAW. The procedural and substantive laws of the State shall govern the interpretation and enforcement of this Agreement, without application of conflicts of laws principles or statutes. The Parties acknowledge and agree that this Agreement is entered into, is to be fully performed in and relates to real property located in the County. All legal actions arising from this Agreement shall be filed in the Superior Court of the State in and for the County or in the United States District Court with jurisdiction in the County.

27. [RESERVED].

28. RELATIONSHIP OF PARTIES. The Parties each intend and agree that City and Licensee are independent contracting entities and do not intend by this Agreement to create any partnership, joint venture, or similar business arrangement, relationship, or association between them.

29. WARRANTY AGAINST PAYMENT OF CONSIDERATION FOR AGREEMENT. Licensee represents and warrants to City that: (a) Licensee has not employed or retained any Person to solicit or secure this Agreement upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees of Licensee; and (b) no gratuities, in the form of entertainment, gifts or otherwise have been or will be given by Licensee or any of Licensee's agents, employees, or representatives to any elected or appointed official or employee of City in an attempt to secure this Agreement or favorable terms or conditions for this Agreement. Breach of the representations or warranties in this Section 29 shall entitle City to terminate this Agreement immediately. Upon any termination of this Agreement under this Section 29, Licensee shall immediately repay to City all payments made to or on behalf of Licensee by City (if any) under this Agreement prior to the Termination Date.

30. UNAVOIDABLE DELAY; EXTENSION OF TIME FOR PERFORMANCE. Performance by either Party under this Agreement shall not be considered to be in Default, where any such Default is due to the occurrence of an Unavoidable Delay. Any Party claiming an Unavoidable Delay shall Notify the other Party: (a) within twenty (20) days after such Party knows of the Unavoidable Delay; and (b) within twenty (20) days after the Unavoidable Delay ceases to exist. To be effective, any Notice of an Unavoidable Delay must describe the Unavoidable Delay in reasonable detail. The Party claiming an extension of time to perform due to an Unavoidable Delay shall exercise commercially reasonable efforts to cure the condition causing the Unavoidable Delay, within a reasonable time. Notwithstanding anything to the contrary in this Agreement, no obligation of Licensee for payment of money under this Agreement may be delayed by the occurrence of an Unavoidable Delay, unless the delay in payment of money is due to an Unavoidable Delay that prevents or materially limits the ability to transfer funds by or between Federal or State chartered financial institutions.

31. NO OTHER REPRESENTATIONS OR WARRANTIES. Except as expressly set forth in this Agreement, no Party makes any representation or warranty material to this Agreement to the other Party.

32. NO THIRD-PARTY BENEFICIARIES. Nothing in this Agreement, express or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any Person

other than the Parties and their respective permitted successors and assigns (if any), nor is anything in this Agreement intended to relieve or discharge any obligation of any Third Person to any Party or give any Third Person any right of subrogation or action over or against any Party.

33. TIME OF THE ESSENCE. As to the performance of any obligation under this Agreement of which time is a component, the performance of such obligation within the time specified is of the essence of this Agreement.

34. WAIVERS AND AMENDMENTS. Each waiver of a term, provision, covenant, condition, restriction, or agreement contained in this Agreement must be in writing and signed by the authorized representative(s) of the Party making the waiver. Failure to insist on strict compliance with a term, provision, covenant, condition, restriction, or agreement contained in this Agreement at any time or times shall not constitute a waiver of such term, provision, covenant, condition, restriction, or agreement at any other time, nor shall any waiver or relinquishment of any right or power under this Agreement at any time or times constitute a waiver or relinquishment of such right or power at any other time. Each amendment to this Agreement must be in writing and signed by the authorized representative(s) of both City and Licensee.

35. ACCESSIBILITY ASSESSMENT. City discloses to Licensee that the Property has not been inspected by a Certified Access Specialist (CASp). City further states:

A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises.

36. SURVIVAL OF AGREEMENT. All the provisions of this Agreement shall be applicable to any dispute between the Parties arising from this Agreement, whether prior to or after the Termination Date, until any such dispute is finally and completely resolved between the Parties, either by written settlement, entry of a non-appealable judgment, or expiration of all applicable statutory limitations periods, and all terms and conditions of this Agreement relating to dispute resolution and remedies shall survive the Termination Date.

37. INTEGRATION. This Agreement includes eighteen (18) pages and four (4) exhibits (the exhibits are incorporated into this Agreement by reference) constituting the entire understanding and agreement of the Parties regarding the subject matter of this Agreement and supersedes all previous negotiations or agreements between the Parties relating to the subject matter of this Agreement.

38. TITLES AND HEADINGS FOR REFERENCE ONLY. The titles and headings of the articles, paragraphs, or sections of this Agreement are for convenience of reference only, are not to be considered a part of this Agreement, and shall not in any way interpret, modify, or restrict

the meaning of any term, provision, covenant, condition, restriction, reservation, or agreement in this Agreement.

39. SEVERABILITY. If a term, provision, covenant, condition, restriction, or agreement contained in this Agreement or its application to any Person or circumstance shall to any extent be invalid or unenforceable, then the remainder of this Agreement, or the application of such a term, provision, covenant, condition, restriction, or agreement to Persons or circumstances other than those as to which the term or provision is invalid or unenforceable, shall not be affected by such invalidity. All remaining terms, provisions, covenants, conditions, restrictions, or agreements contained in this Agreement shall be valid and enforced to the fullest extent Law allows.

40. COUNTERPARTS. This Agreement may be signed in multiple counterpart originals, each of which shall be considered an original, and all of which shall constitute one and the same agreement.

41. ELECTRONIC SIGNATURES. The Parties agree: (a) to deliver and accept signatures on or under this Agreement by e-mail or electronic means (including digital signatures); and (b) that signatures delivered by e-mail or electronic means (including digital signatures) shall be binding as originals upon the Party so signing and delivering.

42. EXHIBITS. All the exhibits attached to this Agreement are described as follows:

EXHIBIT A	Definitions
EXHIBIT B	Property Legal Description
EXHIBIT C	License Area
EXHIBIT D	Insurance Requirements
EXHIBIT E	City Standard Contract Provisions

[Remainder of page intentionally blank. Signatures appear on immediately following page.]

**SIGNATURE PAGE
TO
LICENSE AGREEMENT**

**(Osuna Segment of Coast to Crest Trail Project –
San Dieguito River Park Joint Powers Authority)**

Licensee and City sign and enter into this Agreement by and through the signatures of their respective authorized representatives, as follow:

CITY:

The City of San Diego,
a California municipal corporation

By: _____


Christina Bibler
Director
Economic Development Department

LICENSEE:

The San Dieguito River Park Joint Powers
Authority, a California joint powers authority

By: _____


Name: Shawna Anderson

Title: Executive Director

Approved as to form on

May 7, 2024 :

MARA W. ELLIOTT
City Attorney

By: _____


Brian Byun
Deputy City Attorney

**EXHIBIT A
TO
LICENSE AGREEMENT**

**(Osuna Segment of Coast to Crest Trail Project –
San Dieguito River Park Joint Powers Authority)**

DEFINITIONS

1. Approval. Excluding this Agreement, all licenses, permits (including building, grading, demolition, alteration, use and special permits), approvals, consents, certificates, rulings, variances, authorizations, conditional use permits, or amendments to any of the foregoing, necessary or appropriate under any Law to commence, perform, or complete the Permitted Use on the License Area.
2. Business Day. Any weekday on which City is open to conduct regular City functions with City personnel.
3. City. Defined in the first paragraph of this Agreement.
4. City Parties. Collectively, City, the City Council, and all City elected officials, employees, agents, and attorneys.
5. City Party. Individually, City, the City Council, and each City elected official, employee, agent, or attorney.
6. Claim. Any claim, loss, cost, damage, expense, liability, lien, action, cause of action (whether in tort, contract, under statute, at law, in equity, or otherwise, or foreseeable or unforeseeable), charge, award, assessment, fine or penalty of any kind (including consultant and expert fees, expenses and investigation costs of whatever kind or nature, and Legal Costs) and any judgment.
7. County. The County of San Diego, California.
8. Default. Any Monetary Default or Non-Monetary Default.
9. Default Interest. The lesser of eight percent (8%) annually or the maximum rate allowed by Law.
10. Effective Date. Defined in the first paragraph of this Agreement.
11. Environmental Claim. All Claims, directly or indirectly, relating to or arising from any actual or alleged violation of any Environmental Law relating to the Property, the Permitted Use, or any Hazardous Substance Discharge.
12. Environmental Condition. Any of the following events relating to the Property and arising from the Permitted Use, any action by a Licensee Party, or any failure to act by a Licensee Party that had a duty to act: (a) an actual or alleged violation of any Environmental Law; or (b) a Hazardous Substance Discharge.

13. Environmental Law. All Federal, State, local, or municipal laws, rules, orders, regulations, statutes, ordinances, codes, decrees or requirements of any Government, now in effect or enacted after the Effective Date, regulating, relating to, or imposing liability or standards of conduct concerning: (a) any Hazardous Substance; (b) occupational health or industrial hygiene (only to the extent that the occupational health or industrial hygiene laws, ordinances, or regulations relate to Hazardous Substances on, under or about the Property or relating to the Permitted Use); (c) occupational or environmental conditions on, under or about the Property or relating to the Permitted Use; (d) or the regulation or protection of the environment, including ambient air, soil, soil vapor, groundwater, surface water, or land use.

14. Equity Interest. Any equity or ownership interest(s) (whether stock, partnership interest, beneficial interest in a trust, membership interest, or other interest of an ownership or equity nature) in a Person.

15. Event of Default. The occurrence of any one or more of the following:

15.1 *Monetary Default*. A Monetary Default continuing for seven (7) days after Notice from the non-defaulting Party, specifying in reasonable detail the amount of money not paid, including the nature and calculation of each such amount, or the evidence of insurance not delivered;

15.2 *Sign Removal*. Licensee's failure to remove an unauthorized Sign in accordance with Section 5.5;

15.3 *Licensee Transfer*. The occurrence of a Transfer, whether voluntarily or involuntarily or by operation of Law, in violation of Section 3.3;

15.4 *Other Use Interference*. Licensee's failure to eliminate the interference with the Other Uses within forty-eight (48) hours or some other mutually agreed upon amount of time after Notice from City that the Permitted Use interferes with the Other Uses, all in accordance with Section 3.2;

15.5 *Non-Monetary Default*. Any Non-Monetary Default, other than those specifically addressed in Sections 15.2, 15.3, or 15.4, that is not cured within thirty (30) days after Notice to the Party in Default describing the Non-Monetary Default in reasonable detail. In the case of a Non-Monetary Default that cannot with reasonable diligence be cured within thirty (30) days after the date of Notice of the Non-Monetary Default to the Party in Default, the Party in Default shall not be in Default if it does all the following: (a) within thirty (30) days after the date of Notice of such Non-Monetary Default, Notify the other Party of the intention of the Party in Default to take all reasonable steps to cure such Non-Monetary Default; (b) within thirty (30) days after the date of Notice of such Non-Monetary Default, commence curing the Non-Monetary Default; and (c) complete the cure of the Non-Monetary Default within a reasonable time.

16. Federal. Relating to or under the authority of the federal government of the United States of America.

17. Government. Every governmental agency, authority, bureau, department, quasi-governmental body, utility, utility service provider, or other entity or instrumentality having or claiming jurisdiction over the Property or the Permitted Use, including the Federal, State, County, City (in City's governmental capacity) governments and their subdivisions and municipalities, including City, any planning commission, board of standards and appeals, building department,

zoning board of appeals, design review board or committee, the California Coastal Commission, and all other applicable governmental agencies, authorities, and subdivisions having or claiming jurisdiction over the Property or any activities on or at the Property.

18. [Reserved.].

19. Hazardous Substance. Any flammable substance, explosive, radioactive material, asbestos, asbestos-containing material, polychlorinated biphenyl, chemical known to the State to cause cancer or reproductive toxicity, pollutant, contaminant, hazardous waste, medical waste, toxic substance or related material, petroleum, petroleum product or any "hazardous" or "toxic" material, substance, or waste defined by those or similar terms or regulated as such under any Law, any matter, waste, or substance subject to any Law regulating, relating to, or imposing obligations, liability or standards of conduct concerning protection of human health, plant life, animal life, natural resources, property, or the enjoyment of life or property free from the presence in the environment of any solid, liquid, gas, odor, or any form of energy, from whatever source.

20. Hazardous Substance Discharge. Any deposit, discharge, generation, release, or spill of a Hazardous Substance occurring at, on, under, into, or from the Property, or during transportation of any Hazardous Substance to or from the Property, or arising at any time from activities conducted at, on, under, or from the Property, whether or not caused by a Party.

21. Indemnify. Indemnify, defend, and hold harmless the specified Person(s) from and against the Claim (alleged or otherwise), including Legal Costs and other costs incurred in enforcing the Party's indemnity obligation(s) relating to the Claim.

22. Law. Every law, ordinance, requirement, order, proclamation, directive, rule, or regulation of any Government applicable to a Party, the Property, or the Permitted Use, or otherwise relating to a Party, this Agreement, the Permitted Use, or any Party's rights, obligations, or remedies under this Agreement, whether in force on the Effective Date or passed, enacted, modified, amended, or imposed at some later time, subject in all cases, however, to any applicable waiver, variance, or exemption.

23. Legal Costs. In reference to any Person, all reasonable costs and expenses such Person incurs in any legal proceeding (or other matter for which such Person is entitled to be reimbursed for its Legal Costs), including reasonable attorneys' fees, court costs and expenses, and reasonable consultant and expert witness fees and expenses.

24. License Area. That part of the Property specifically described as the "License Area" in **EXHIBIT C** attached to this Agreement.

25. Licensee. Defined in the first paragraph of this Agreement.

26. License Fee. N/A.

27. Licensee Parties. Collectively, Licensee, its directors, officers, members, partners, employees, agents, contractors, attorneys, and all other Persons whom Licensee authorizes or allows to enter the License Area.

28. Licensee Party. Individually, Licensee, its directors, officers, members, partners, employees, agents, attorneys, or other Person whom Licensee authorizes or allows to enter the License Area.
29. Mayor. The Mayor of City or his or her designee or successor in function.
30. Monetary Default. Any failure by a Party to pay, deposit, or provide, when and as this Agreement requires, any amount of money or evidence of insurance coverage, whether to or with a Party or a Third Person.
31. Non-Monetary Default. The occurrence of any of the following events, except to the extent constituting a Monetary Default: (a) the failure of a Party to perform one of its obligations under this Agreement; (b) the failure of a Party to comply with a material restriction or prohibition in this Agreement; or (c) any other event or circumstance that, with passage of time or giving of Notice, or both, would constitute a breach of this Agreement.
32. Notice. Any consent, demand, designation, election, notice, or request relating to this Agreement. All Notices must be in writing.
33. Notify. To give a Notice.
34. Other Uses. Defined in Section 3.2.
35. Parties. Collectively, City and Licensee.
36. Party. Individually, either City or Licensee, as applicable.
37. Permitted Use. Defined in Section 5.1.
38. Person. Any association, corporation, Government, individual, joint venture, joint-stock company, limited liability company, partnership, trust, unincorporated organization, or other entity of any kind.
39. Property. That certain real property owned by City specifically described in **EXHIBIT B** attached to this Agreement.
40. SDMC. San Diego Municipal Code.
41. Sign. Defined in Section 5.5.
42. State. The State of California.
43. Term. Defined in Section 14.
44. Termination Date. Defined in Section 14.
45. Third Person. Any Person that is not a City Party, a Licensee Party, or an affiliate of a Party.

46. Transfer. Any of the following events, whether occurring by operation of law, voluntarily or involuntarily, or directly or indirectly: (a) any assignment, conveyance, grant, hypothecation, mortgage, pledge, sale, license, or other transfer, whether direct or indirect, of all or any part of Licensee's legal, beneficial, or equitable interest in this Agreement; (b) any conversion, exchange, issuance, modification, reallocation, sale, or other transfer of any direct or indirect Equity Interest(s) in Licensee by the owner(s) of such Equity Interest(s); (c) any transaction described in clause "(b)" affecting any Equity Interest(s) or any owner of Equity Interest(s) (or in any other direct or indirect owner at any higher tier of ownership) through any manner or means whatsoever; or (d) any transaction that is in substance equivalent to any of the transactions described in clauses "(a)" through "(c)" of this Section 46. A transaction affecting Equity Interests, as referred to in clauses "(b)" through "(d)" of this Section 46 shall be deemed a Transfer by Licensee even though Licensee is not technically the transferor. A "Transfer" shall not, however, include any transaction (provided that the other Party receives Notice of such transaction at least fifteen (15) days before the transaction is final) relating to any Equity Interest: (a) that constitutes a mere change in form of ownership with no material change in beneficial ownership and constitutes a tax-free transaction under federal income tax law and the State real estate transfer tax; or (b) to any Person that, as of the Effective Date, holds an Equity Interest in, or is under common control with, the Person whose Equity Interest is being transferred.

47. Unavoidable Delay. A delay in either Party performing any obligation under this Agreement arising from or on account of any cause whatsoever beyond the Party's reasonable control, including strike, labor trouble or other union activity, casualty, war, act of terrorism, riot, litigation, Government action, regional natural disaster, pandemic, or inability to obtain materials. Unavoidable Delay shall not include delay caused by a Party's financial condition, illiquidity, or insolvency.

**EXHIBIT B
TO
LICENSE AGREEMENT**

**(Osuna Segment of Coast to Crest Trail Project –
San Dieguito River Park Joint Powers Authority)**

PROPERTY LEGAL DESCRIPTION

That portion of Lot No. 1 of Fairbanks Ranch Country Club Unit No. 1, according to the Map thereof No. 10730, in the City of San Diego, filed in the Office of the County Recorder of the County of San Diego, State of California, described as follows:

Beginning at the Northerly terminus of the West line of said Lot 1; thence South 89°02'46" East along the boundary of Lot 1 a distance of 2,688.58 feet; thence North 00°36'06" East 20.00 feet; thence South 89°57'49" East 175.32 feet; thence 00°55'54" West 246.03 feet; thence South 65°34'37" East 227.34 feet; thence North 29°55'09" East 611.49 feet; thence South 72°03'30" East 587.57 feet; thence North 74°40'00" East 128.58 feet; thence North 23°11'55" East 106.62 feet; thence North 12°54'09" West 232.88 feet; thence North 46°58'30" West 143.63 feet; thence South 86°23'17" West 301.60 feet; thence North 19°19'23" East 163.19 feet; thence North 23°08'51" West 190.26 feet; thence North 29°08'26" East 12.54 feet to the beginning of a non-tangent 849.00-foot radius curve concave Northwesterly, a radial line to said point bears South 28°24'52" East; thence Northeasterly along the arc of said curve through a central angle of 23°43'57", a distance of 351.66 feet; thence leaving said curve along a non-tangent line North 41°16'49" East 63.42 feet to the beginning of a non-tangent 540.00-foot radius curve concave Northwesterly, a radial line to said point bears South 48°43'11" East; thence Northeasterly, along the arc of said curve through a central angle of 32°41'21", a distance of 308.09 feet; thence leaving said curve along a non-tangent line South 87°36'22" East 1,474.63 feet; thence leaving the boundary of said Lot 1 South 42°52'00" West 850.00 feet; thence South 41°20'34" West 522.34 feet to the beginning of a tangent 3,135.00-foot radius curve concave Northwesterly; thence Southwesterly along the arc of said curve through a central angle of 21°38'43", a distance of 1,184.34 feet; thence leaving the arc of said curve along a radial line to said curve North 27°00'43" West 154.26 feet; thence North 53°39'49" West 120.00 feet; thence South 80°40'46" West 96.25 feet; thence South 25°51'38" West 95.00 feet; thence South 59°28'51" West 105.00 feet; thence North 66°12'16" West 80.00 feet; thence South 82°40'21" West 275.00 feet to the beginning of a tangent 175.00-foot radius curve concave Easterly; thence Southerly along the arc of said curve through a central angle of 94°23'35", a distance of 288.31 feet; thence South 11°43'14" East 132.00 feet; thence South 78°16'46" West 1,186.00 feet to the beginning of a tangent 2,930.00-foot radius curve concave Northerly; thence Westerly along the arc of said curve through a central angle of 809°12'35", a distance of 470.97 feet, thence leaving the arc of said curve along a non-tangent line South 83°52'53" West 553.67 feet to a line which is parallel with and 10.00 feet North of the South line of said Lot 1; thence North 89°28'00" West a distance of 625.91 feet to the West line of said Lot 1; thence along said West line North 00°24'12" West 722.48 feet and North 01°31'23" East 404.64 feet to the Point of Beginning, except that portion of Lot 1 dedicated for Via De La Valle by City Council Resolution 262466.

**EXHIBIT C
TO
LICENSE AGREEMENT**

**(Osuna Segment of Coast to Crest Trail Project –
San Dieguito River Park Joint Powers Authority)**

LICENSE AREA

East boundary of that portion of Lot No. 1 of Fairbanks Ranch Country Club Unit No. 1, according to the Map thereof No. 10730, in the City of San Diego, filed in the Office of the County Recorder of the County of San Diego, State of California.

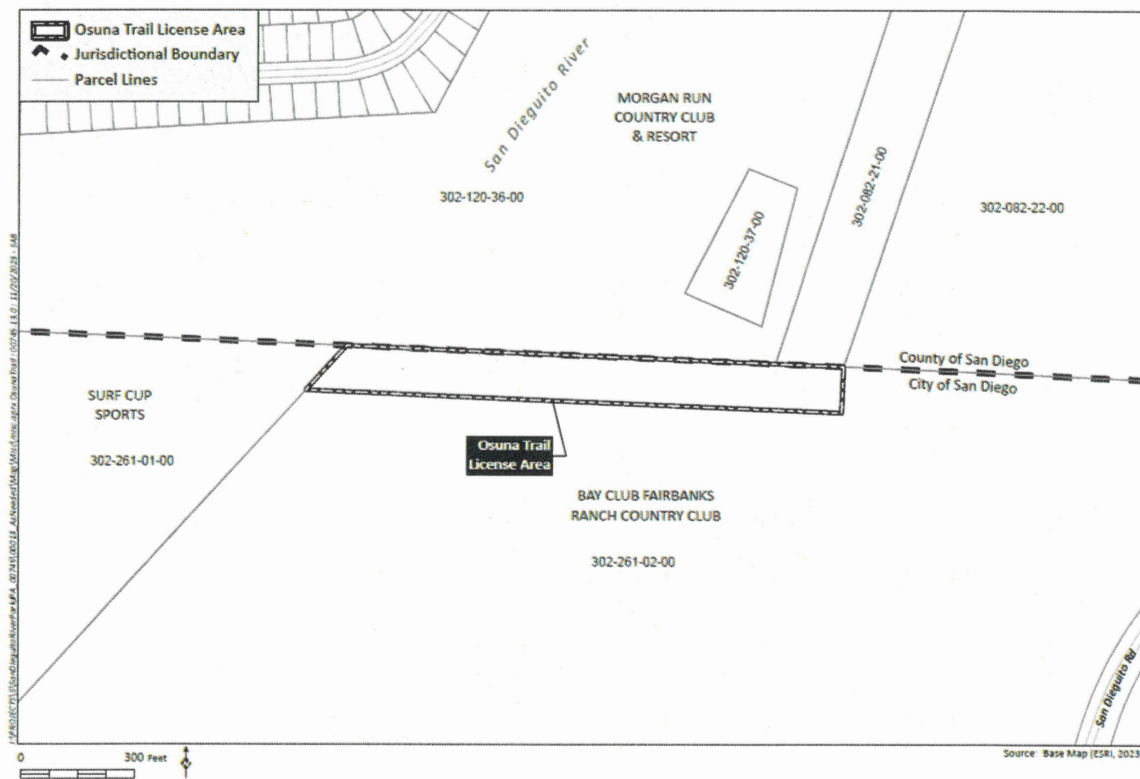


Exhibit C – Osuna Trail License Area

**EXHIBIT D
TO
LICENSE AGREEMENT**

**(Osuna Segment of Coast to Crest Trail Project –
San Dieguito River Park Joint Powers Authority)**

INSURANCE REQUIREMENTS

1. Required Insurance Coverage.

- 1.1. *Automobile Liability Insurance.* Insurance coverage against claims of personal injury (including bodily injury and death), and property damage covering all owned, leased, hired, and non-owned vehicles used by Licensee, with minimum limits for bodily injury and property damage of Two Million Dollars (\$2,000,000). Such insurance shall be provided by a business or commercial vehicle policy and may be provided through a combination of primary and excess or umbrella policies, all of which shall be subject to pre-approval by City, which pre-approval shall not be unreasonably withheld.
- 1.2. *Liability Insurance.* Commercial general liability insurance against claims for bodily injury, personal injury, death, or property damage occurring upon, in or about the License Area or adjoining streets or passageways, at least as broad as Insurance Services Office Occurrence Form CG0001, with a minimum liability limit of Two Million Dollars (\$2,000,000) for any one occurrence and Four Million Dollars (\$4,000,000) aggregate. Commercial general liability insurance coverage may be provided through a combination of primary and excess or umbrella insurance policies. If commercial general liability insurance or other form with a general aggregate limit is used, the general aggregate limit shall apply separately to the License Area.
- 1.3. *Property Insurance.* Insurance providing coverage for the License Area and all improvements on or to the License Area against loss, damage, or destruction by fire or other hazards encompassed under Cause of Loss – Special Form of property insurance coverage then customarily used for like properties in the County, in an amount equal to one hundred percent (100%) of the replacement value (without deduction for depreciation) of all improvements (excluding excavations and foundations), and in any event sufficient to avoid co-insurance and with no co-insurance penalty provision, with “ordinance or law” coverage. To the extent customary for like properties in the County at the time, such insurance shall include coverage for explosion of steam and pressure boilers and similar apparatus located in or associated with the License Area, an “increased cost of construction” endorsement and an endorsement covering demolition and cost of debris removal.
- 1.4. *Workers Compensation Insurance.* Workers compensation insurance complying with the provisions of State law and an employer’s liability insurance policy, with a minimum liability limit of One Million Dollars (\$1,000,000) per accident for bodily injury, or disease, covering all employees of Licensee.

2. **Nature of Insurance.** The contents of this **EXHIBIT D** are sometimes referred to as the “**Insurance Requirements.**” All Liability Insurance, Automobile Liability Insurance, Property Insurance, and Workers Compensation Insurance policies required by these Insurance Requirements shall be issued by carriers that: (a) are listed in the then current “Best’s Key Rating Guide—Property/Casualty—United States & Canada” publication (or its equivalent, if such publication ceases to be published) with a minimum financial strength rating of “A-” and a minimum financial size category of “VII” (exception may be made for the State Compensation Insurance Fund when not specifically rated); and (b) are authorized to do business in the State by the State Department of Insurance. Licensee may provide any insurance under a “blanket” or “umbrella” insurance policy, provided that: (i) such policy or a certificate of such policy shall specify the amount(s) of the total insurance allocated to the License Area, which amount(s) shall equal or exceed the amount(s) required by these Insurance Requirements; and (ii) such policy otherwise complies with the requirements of these Insurance Requirements.
3. **Policy Requirements and Endorsements.** All insurance policies required by these Insurance Requirements shall contain (by endorsement or otherwise) the following provisions:
 - 3.1. *Insured.* Liability Insurance policies shall name the City Parties as “additional insured.” The coverage afforded to the City Parties shall be at least as broad as that afforded to Licensee regarding the License Area and may not contain any terms, conditions, exclusions, or limitations applicable to the City Parties that do not apply to Licensee.
 - 3.2. *Primary Coverage.* Any insurance or self-insurance maintained by the City Parties shall be excess of all insurance required to be maintained by Licensee under these Insurance Requirements and shall not contribute with any insurance required to be maintained by Licensee under these Insurance Requirements.
 - 3.3. *Contractual Liability.* Liability Insurance policies shall contain contractual liability coverage for Licensee’s Indemnity obligations under this Agreement. Licensee’s obtaining or failing to obtain such contractual liability coverage shall not relieve Licensee from nor satisfy any Indemnity obligation of Licensee under this Agreement.
 - 3.4. *Deliveries to City.* Evidence of Licensee’s maintenance of all insurance policies required by these Insurance Requirements shall be delivered to City before the Effective Date. No later than ten (10) days before any insurance required by these Insurance Requirements expires, is cancelled or its liability limits are reduced or exhausted, Licensee shall deliver to City evidence of Licensee’s maintenance of all insurance required by these Insurance Requirements. Each insurance policy required by these Insurance Requirements shall be endorsed to state that coverage shall not be cancelled, suspended, voided, reduced in coverage or in limits, except after thirty (30) days’ advance Notice of such action to City. Phrases such as “endeavor to” and “but failure to mail such notice shall impose no obligation or liability of any kind upon the company” shall not be included in the cancellation

wording of any certificates or policies of insurance applicable to the City Parties under these Insurance Requirements.

- 3.5. *Waiver of Certain Claims.* Licensee shall cause each insurance carrier providing any Liability Insurance, Worker's Compensation Insurance, or Automobile Liability Insurance coverage under these Insurance Requirements to endorse their applicable policy(ies) with a Waiver of Subrogation (defined below) with respect to the City Parties, if not originally in the policy. To the extent Licensee obtains an insurance policy covering both the Licensee Parties and the City Parties and containing a Waiver of Subrogation, the Parties release each other from any Claims for damage to any Person or property to the extent such Claims are paid by the insurance carrier under such insurance policy. "**Waiver of Subrogation**" means and refers to a provision in, or endorsement to, any insurance policy, under which the carrier agrees to waive rights of recovery by way of subrogation against the City Parties for any loss such insurance policy covers.
- 3.6. *No Representation.* No Party makes any representation that the limits, scope, or forms of insurance coverage required by these Insurance Requirements are adequate or sufficient.
- 3.7. *No Claims Made Coverage.* None of the insurance coverage required by these Insurance Requirements may be written on a claims-made basis.
- 3.8. *Fully Paid and Non-Assessable.* All insurance obtained and maintained by Licensee in satisfaction of these Insurance Requirements shall be fully paid for and non-assessable.
- 3.9. *Separation of Insured.* All Liability Insurance and Automobile Liability Insurance shall provide for separation of insured for Licensee and the City Parties. Insurance policies obtained in satisfaction of these Insurance Requirements may provide a cross-suits exclusion for suits between named insured Persons but shall not exclude suits between named insured Persons and additional insured Persons.
- 3.10. *Deductibles and Self-Insured Retentions.* All deductibles or self-insured retentions under insurance policies required by these Insurance Requirements shall be declared to and approved by City. Licensee shall pay all such deductibles or self-insured retentions regarding the City Parties. Each insurance policy issued in satisfaction of these Insurance Requirements shall provide that, to the extent Licensee fails to pay all or any portion of a self-insured retention under such policy in reference to an otherwise insured loss, City may pay the unpaid portion of such self-insured retention, in City's sole and absolute discretion. All amounts paid by City toward self-insured retentions regarding insurance policies covering the City Parties under these Insurance Requirements shall be reimbursed to City by Licensee in the same manner that insurance costs are reimbursable to City from Licensee under Section 5 of these Insurance Requirements.
- 3.11. *No Separate Insurance.* Licensee shall not carry separate or additional insurance coverage concurrent in form or contributing in the event of loss with insurance

coverage required by these Insurance Requirements unless the City Parties are made additional insured under such insurance coverage.

4. **Insurance Independent of Indemnification.** These Insurance Requirements, are independent of the Parties' Indemnification and other obligations under this Agreement and shall not be construed or interpreted in any way to satisfy, restrict, limit or modify the Parties' Indemnification or other obligations or to limit the Parties' liability under this Agreement, whether within, outside or in excess of such coverage, and regardless of solvency or insolvency of the insurer issuing the coverage, nor shall the provision of such insurance preclude City from taking such other actions as are available to City under any other provision of this Agreement or otherwise at law or in equity.
5. **City Option to Obtain Coverage.** During the continuance of an Event of Default arising from the failure of Licensee to carry any insurance coverage required by these Insurance Requirements, City may, in City's sole and absolute discretion, purchase such required insurance coverage. City shall be entitled to immediate payment from Licensee of all premiums and associated reasonable costs paid by City to obtain such insurance coverage. Each amount becoming due and payable to City under this Section 5 that is not paid within fifteen (15) days after Notice from City with an explanation of the amounts owed, will accrue Default Interest from the date incurred until paid. Election by City to purchase or not to purchase insurance coverage otherwise required by these Insurance Requirements to be carried by Licensee shall not relieve Licensee of any Default or Event of Default or Licensee's obligation to obtain and maintain any insurance coverage required by these Insurance Requirements.

**EXHIBIT E
TO
LICENSE AGREEMENT**

**(Osuna Segment of Coast to Crest Trail Project –
San Dieguito River Park Joint Powers Authority)**

CITY STANDARD CONTRACT PROVISIONS

1. **Licensee Certifications of Compliance.** By signing this Agreement, Licensee agrees and certifies that Licensee is aware of, and will comply with, all the following requirements in performance of this Agreement:

1.1. Licensee Certification for Americans with Disabilities Act (“ADA”) and State Access Laws and Regulations. Licensee shall comply with all accessibility requirements under the ADA and under Title 24 of the California Code of Regulations (Title 24). When a conflict exists between the ADA and Title 24, Licensee shall comply with the most restrictive requirement (i.e., that which provides the most access). Licensee also shall comply with the City’s ADA Compliance/City Contractors requirements set forth in Council Policy 100-04, which is incorporated into this Agreement by reference. Licensee warrants and certifies compliance with all Federal and State access laws and regulations and further certifies that all subcontracts relating to this Agreement, or the License Area will contain the subcontractor’s agreement to abide by the provisions of Council Policy 100-04 and all applicable Federal and State access laws and regulations.

1.2. Compliance with City’s Equal Opportunity Contracting Program (“EOCP”). Licensee shall comply with all EOCP requirements. Licensee shall not discriminate against any employee or applicant for employment on any basis prohibited by law. Licensee shall provide equal opportunity in all employment practices. Licensee shall ensure that its subcontractors comply with the EOCP. Nothing in this Section 1.2 shall be interpreted to hold Licensee liable for any discriminatory practice of its subcontractors. Prior to commencing the Permitted Use on the License Area, Licensee shall contact the EOCP staff to determine compliance with all applicable rules and regulations.

1.3. Equal Benefits Ordinance Certification. Unless an exception applies, Licensee shall comply with the “Equal Benefits Ordinance” codified in San Diego Municipal Code (“SDMC”) section 22.4308.

1.4. Equal Pay Ordinance. Unless an exception applies, Licensee shall comply with the “Equal Pay Ordinance” codified in SDMC sections 22.4801 through 22.4809. Licensee shall certify in writing that it will comply with the requirements of the Equal Pay Ordinance. The Equal Pay Ordinance applies to any subcontractor who performs work on behalf of Licensee to the same extent as it would apply to Licensee. Licensee shall require all its subcontractors to certify compliance with the Equal Pay Ordinance in written subcontracts.

1.5. Product Endorsement. Licensee shall comply with Council Policy 000-41 concerning product endorsement requiring that any advertisement referring to City as a user of a good or service must have the prior written approval of the Mayor.

RESOLUTION NUMBER R- 315465DATE OF FINAL PASSAGE APR 22 2024

A RESOLUTION OF THE COUNCIL OF THE CITY OF
SAN DIEGO APPROVING A 25-YEAR LICENSE
AGREEMENT, INCLUDING RECURRING 10-YEAR
OPTIONS TO EXTEND THE TERM, WITH THE SAN
DIEGUITO RIVER PARK JOINT POWERS AUTHORITY FOR
THE OSUNA SEGMENT OF THE COAST TO CREST TRAIL
IN THE FAIRBANKS RANCH COMMUNITY.

WHEREAS, the City of San Diego (City) is a party to that certain Joint Exercise of Powers Agreement (as amended, JEPA) between the County of San Diego and the Cities of Del Mar, Escondido, Poway, San Diego, and Solana Beach, creating the San Dieguito River Valley Regional Open Space Park Joint Powers Authority (JPA); and

WHEREAS, under the authority of the JEPA, the JPA is constructing the Coast to Crest Trail, a 71-mile-long, non-vehicular, and multi-use regional trail that will ultimately extend from the Pacific Ocean in Del Mar to Volcan Mountain just north of Julian (CTC Trail); and

WHEREAS, the JPA proposes to construct a one-mile long segment of the CTC Trail on a portion of City-owned property (APN 302-261-02-00) in the Fairbanks Ranch community, which the City currently leases to the Bay Club Fairbanks Ranch Country Club (Osuna Segment); and

WHEREAS, the JPA seeks the City's permission to construct, operate, and maintain the Osuna Segment under the terms and conditions of a long-term license agreement (License); and

WHEREAS, in light of the public benefit to be provided, the City has not required the JPA to pay any monetary consideration to the City for the License; and

WHEREAS, the Office of the City Attorney has drafted this Resolution based on the information provided by City staff, with the understanding that this information is complete, true, and accurate; NOW, THEREFORE,

BE IT RESOLVED, by the City Council of the City of San Diego, as follows:

1. The Council approves the License, permitting the JPA to construct, operate, and maintain the Osuna Segment of the CTC Trail under the terms and conditions of the License.
2. The Mayor or designee is authorized, on behalf of the City, to sign and deliver the License and all documents necessary or appropriate to perform the City's obligations under the License. A copy of the License, when fully signed, shall be placed on file in the Office of the City Clerk as Document No. RR- 315465.

APPROVED: MARA W. ELLIOTT, City Attorney

By Kevin Reich / for
Brian W. Byun
Deputy City Attorney

BWB:nja
04/15/2024
Or. Dept: READ
Doc. No. 3565016

I certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of APR 09 2024

DIANA J.S. FUENTES
City Clerk

By Kristell Medina
Deputy City Clerk

Approved: 4/22/24
(date)

Todd Gloria
TODD GLORIA, Mayor

Vetoed: _____
(date)

TODD GLORIA, Mayor

Passed by the Council of The City of San Diego on APR 09 2024, by the following vote:

Councilmembers	Yeas	Nays	Not Present	Recused
Joe LaCava	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jennifer Campbell	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Stephen Whitburn	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Henry L. Foster III	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Marni von Wilpert	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Kent Lee	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Raul A. Campillo	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Vivian Moreno	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sean Elo-Rivera	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Date of final passage APR 22 2024

(Please note: When a resolution is approved by the Mayor, the date of final passage is the date the approved resolution was returned to the Office of the City Clerk.)

AUTHENTICATED BY:

TODD GLORIA
Mayor of The City of San Diego, California.

(Seal)

DIANA J.S. FUENTES
City Clerk of The City of San Diego, California.

By Kristine Medina Deputy

Office of the City Clerk, San Diego, California

Resolution Number R- 315465

Exhibit “E”

INSURANCE REQUIREMENTS

1. Required Insurance Coverage

- a. **Automobile Liability Insurance.** Insurance coverage against claims of personal injury (including bodily injury and death), and property damage covering all owned, leased, hired, and non-owned vehicles used by a Party, with minimum limits for bodily injury and property damage of One Million Dollars (\$1,000,000). Such insurance shall be provided by a business or commercial vehicle policy and may be provided through a combination of primary and excess or umbrella policies.
- b. **Liability Insurance.** Commercial general liability insurance against claims for bodily injury, personal injury, death, or property damage occurring upon, in or about the Shared Use Area or adjoining District easement limits with a minimum liability limit of One Million Dollars (\$1,000,000) for any one occurrence and Two Million Dollars (\$2,000,000) aggregate. Commercial general liability insurance coverage may be provided through a combination of primary and excess or umbrella insurance policies.
- c. **Property Insurance.** Insurance providing coverage for the Shared Use Area and all improvements on or to the Shared Use Area against loss, damage, or destruction by fire or other hazards encompassed under Cause of Loss – Special Form of property insurance coverage then customarily used for like properties in the County, in an amount equal to one hundred percent (100%) of the replacement value (without deduction for depreciation) of all improvements (excluding excavations and foundations), and in any event sufficient to avoid co-insurance and with no co-insurance penalty provision, with “ordinance or law” coverage. To the extent customary for like properties in the County at the time, such insurance shall include coverage for explosion of steam and pressure boilers and similar apparatus located in or associated with the Shared Use Area, an “increased cost of construction” endorsement and an endorsement covering demolition and cost of debris removal.
- d. **Workers Compensation Insurance.** Workers compensation insurance complying with the provisions of State law and an employer’s liability insurance policy, with a minimum liability limit of One Million Dollars (\$1,000,000) per accident for bodily injury, or disease, covering all employees.

2. **Nature of Insurance.** The contents of this Exhibit “E” are sometimes referred to as “Insurance Requirements.” All Liability Insurance, Automobile Insurance, and Workers Compensation Insurance policies required by these Insurance Requirements shall be issued by carriers that: (a) are listed in the then current “Best’s Key Rating Guide-Property/Casualty-United States & Canada” publication with a minimum financial strength rating of “A-“ and a minimum financial size category of “VII” and (b) are

authorized to do business in the State by the State Department of Insurance. Licensee may provide any insurance under a “blanket” or “umbrella” insurance policy, provided that: (i) such policy or a certificate of such policy shall specify the amount(s) of the total insurance allocated to the Shared Use Area, which amount(s) shall equal or exceed the amount(s) required by these Insurance Requirements; and (II) such policy otherwise complies with the requirements of these Insurance Requirements.

3. Policy Requirements and Endorsements. All insurance policies required by these Insurance Requirements shall contain (by endorsement or otherwise) the following provisions:
 - a. Insured. Liability Insurance policies shall name the other Party, including their directors, officers, employees and agents, as “additional insured.” The “additional insured” coverage afforded shall be at least as broad as that afforded to the primarily insured Party regarding the Shared Use Area and may not contain any terms, conditions, exclusions, or limitations applicable to additional insured that do not apply to the primary insured party.
 - b. Primary Coverage. Any insurance or self-insurance maintained by the additionally insured Party shall be excess of all insurance required to be maintained by this Agreement and shall not contribute with any insurance required to be maintained by these Insurance Requirements.
 - c. Contractual Liability. Liability Insurance policies shall contain contractual liability coverage the Indemnity obligations under this Agreement. Failure to obtain such contractual liability coverage shall not relieve a party from nor satisfy any Indemnity obligation of this Agreement.
 - d. Evidence of Insurance.. Evidence of all insurance policies required by these Insurance Requirements shall be delivered to each Party before the Effective Date. Not later than ten (10) days before any insurance required by these Insurance Requirements expires, is cancelled or its liability limits are reduced or exhausted, the insured Party shall deliver to the other Party evidence of the maintenance of all insurance required by these Insurance Requirements. Each insurance policy required by these Insurance Requirements shall be endorsed to state that coverage shall not be cancelled, suspended, voided, reduced in coverage or in limits, except after thirty (30) days’ advance Notice of such action to the additionally insured Party. Phrases such as “endeavor to” and “but failure to mail such notice shall impose no obligation or liability of any kind upon the company” shall not be included in the cancellation wording of any certificates or policies of insurance under these Insurance Requirements.
 - e. Waiver of Certain Claims. Each Party shall cause each insurance carrier providing Liability Insurance, Worker’s Compensation Insurance, or Automobile Liability Insurance coverage under these Insurance Requirements to endorse their applicable policy(ies) with a Waiver of Subrogation with respect to the additionally insured Party, if not originally in the policy. To the extent a Party

obtains an insurance policy covering both Parties and containing a Waiver of Subrogation, the Parties release each other from any Claims for damage to any to the extent such Claims are paid by the insurance carrier under such insurance policy. **“Waiver of Subrogation”** means and refers to a provision in, or endorsement to, any insurance policy, under which the carrier agrees to waive rights of recovery by way of subrogation against a Party for any loss such insurance policy covers.

- f. No Representation. No Party makes any representation that the limits, scope, or forms of insurance coverage required by these Insurance Requirements are adequate or sufficient.
 - g. No Claims Made Coverage. None of the insurance coverage required by these Insurance Requirements may be written on a claims-made basis.
 - h. Fully Paid and Non-Assessable. All insurance obtained and maintained by a Party in satisfaction of these Insurance Requirements shall be fully paid for and non-assessable.
 - i. Separation of Insured. All Liability Insurance and Automobile Liability Insurance shall provide for separation of insured for each Party. Insurance policies obtained in satisfaction of these Insurance Requirements may provide a cross-suits exclusion for suits between named insured Persons but shall not exclude suits between named insured Persons and additional insured Persons.
 - j. Deductibles and Self-Insured Retentions. All deductibles or self-insured retentions under insurance policies required these Insurance Requirements shall be declared to and approved by Parties. Each Party shall pay all such deductibles or self-insured retentions regarding the additionally insured Party. Each insurance policy issued in satisfaction of these Insurance Requirements shall provide that, to the extent a Party fails to pay all or any portion of a self-insured retention under such policy in reference to an otherwise insured loss, the additionally insured Party may pay the unpaid portions of such self-insured retention, in the Party's sole and absolute discretion. All amounts paid by the additionally insured Party toward self-insured retentions regarding insurance policies covering the shall be reimbursed by the insured Party in the same manner that insurance costs are reimbursable under Section 5 of these Insurance Requirements.
 - k. No Separate Insurance. Neither Party shall carry separate or additional insurance coverage concurrent in form or contributing in the event of loss with insurance coverage required by these Insurance Requirements unless the other Party is made an additional insured under such insurance coverage.
4. Insurance Independent of Indemnification. These Insurance Requirements, are independent of the Parties' Indemnification and other obligations under this Agreement and shall not be construed or interpreted in any way to satisfy, restrict, limit, or modify the Parties' Indemnification or other obligations or to limit the Parties' liability under this

Agreement, whether within, outside or in excess of such coverage, and regardless of solvency or insolvency of the insurer issuing the coverage, nor shall the provision of such insurance preclude and indemnified Party from taking such other actions as are available to the Party under any other provision of this Agreement or otherwise at law or in equity.

5. Option to Obtain Coverage. During the continuance of an Event of Default arising from the failure of a Party to carry any insurance coverage required by these Insurance Requirements, the other Party may, in its sole and absolute discretion, purchase such required insurance coverage. Such Party shall be entitled to immediate payment from the Party that failed to carry required insurance of all premiums and associated reasonable costs paid by the other Party to obtain such insurance coverage. Each amount becoming due and payable to other Party under this Section 5 is not paid within fifteen (15) days after Notice from District with an explanation of amounts owed, will accrue Default Interest from the date incurred until paid. Election by the other Party to purchase or not to purchase insurance coverage otherwise required by these Insurance Requirements to purchase or not purchase insurance coverage otherwise required by these Insurance Requirements shall not relieve the Party that failed to carry required insurance of any Default or Event of default or the Party's obligation to obtain and maintain any insurance coverage required by these Insurance Requirements.

Memo

Date: October 16, 2024
To: Olivenhain Municipal Water District Board of Directors
From: Jeff Anderson, Park Supervisor
John Carnegie, Customer Services Manager
Via: Kimberly A. Thorner, General Manager
Subject: **CONSIDER ACCESSIBILITY ENHANCEMENTS AT ELFIN FOREST
RECREATIONAL RESERVE**

Purpose

The purpose of this agenda item is to review accessibility at Elfin Forest Recreational Reserve with the board. This will satisfy annual objective number 16: “Revisit with EFRR Executive Committee the 2023 Nossaman memorandum on accessibility at EFRR; present results to full board.”

Recommendation

The EFRR Executive Committee—consisting of Directors San Antonio and Watt—recommend enhancing accessibility at EFRR by adding a water bottle fill station at the Staging Area bathroom area and exploring the idea of adding QR codes to Botanical Trail interpretive signs.

Alternative(s)

The board could choose against installation of a water bottle fill station and/or exploration of adding QR codes to Botanical Trail signage, or provide other direction.

Background

In February 2023, the board adopted annual objectives for 2023. These included number 23, “Investigate legal obligations for providing access for disabled persons at EFRR; report findings to EFRR Executive Committee.” Staff worked with Nossaman to develop the attached memo dated August 28, 2023. Among its findings were that EFRR is generally compliant with the Americans with Disabilities Act. The memo offered some optional opportunities to enhance accessibility should OMWD wish to explore them. These opportunities include:

- To the extent EFRR offers visitor tours or guided hikes, consider auxiliary aids and services to individuals with disabilities who may require such aids and services. For example, can the content of self-guided tours be made available in alternate formats to accommodate varying abilities of visitors (e.g., Braille, large print format, audio description of visual content, captioning, etc.)?
- To the extent EFRR provides drinking fountains, consider whether at least one drinking fountain at each location is/can be made accessible.
- To the extent EFRR has recreational amenities available to visitors, are these amenities accessible to the disabled?

These findings regarding accessibility were presented to the EFRR Executive Committee in August 2023. No action was recommended at that time.

In February 2024, the board adopted annual objectives for 2024 which included number 16: “Revisit with EFRR Executive Committee the 2023 Nossaman memorandum on accessibility at EFRR; present results to full board.”

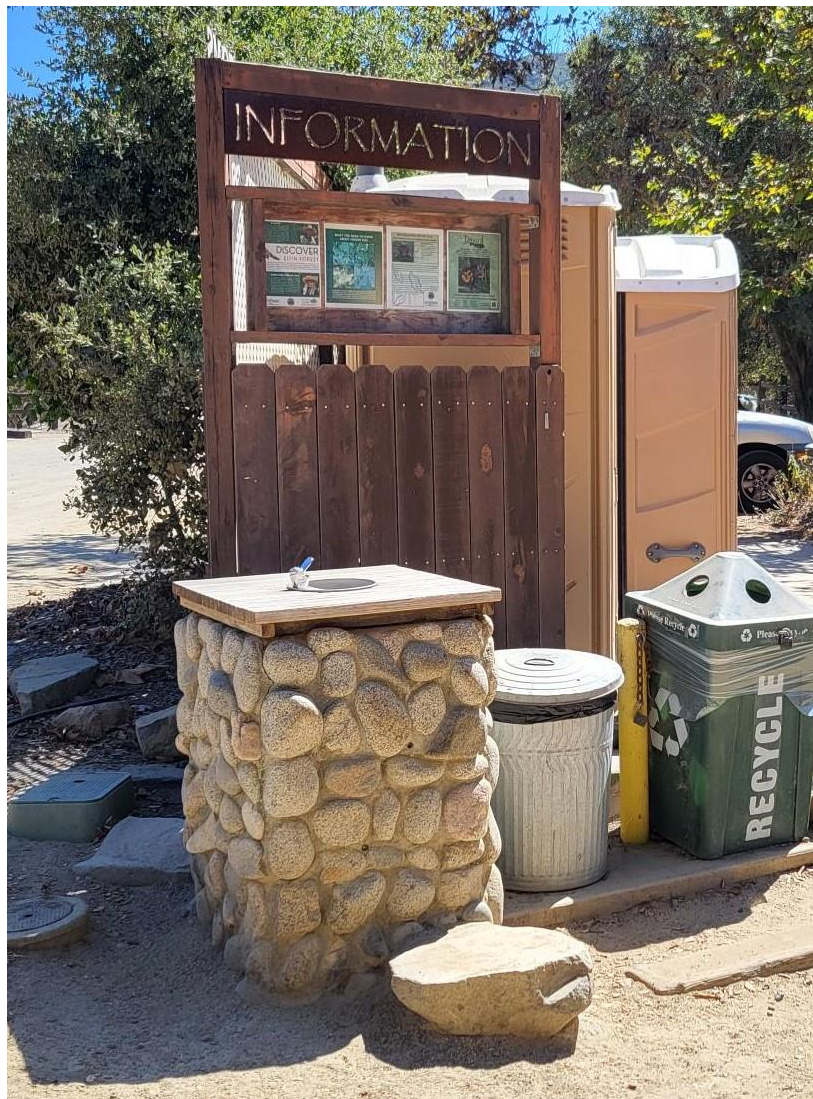
Fiscal Impact

The fiscal impact of the committee’s recommendation is approximately \$2,000 (plus park ranger labor) to purchase and install a water bottle fill station at the EFRR Staging Area. There is no direct cost associated with further exploring the use of QR codes in EFRR signage; however, should staff move forward with adding QR codes, costs to reprint the 27 Botanical Trail signs is approximately \$1,400 (plus park ranger labor for installation).

Discussion

The EFRR Executive Committee met on August 26, 2024, and discussed the additional opportunities mentioned in the Nossaman memo (attached). After discussing several specific options, the committee recommended adding a water bottle fill station at the EFRR Staging Area. A water bottle fill station will allow visitors to access water without

the need to orient their body over a traditional drinking fountain structure, such that as one that currently exists at EFRR's trailhead (see Figure 1 below). The committee also recommended exploring the idea of adding QR codes to Botanical Trail signage that would link to an audible narration of the information on each sign. Other options reviewed and discussed by the committee were not recommended for consideration by the full board. The EFRR Executive Committee's recommendation could further enhance accessibility which Nossaman already deemed adequate from a legal perspective.



(Fig. 1. Photo of existing drinking fountain at EFRR Staging Area)

Attachment(s):

2023 Nossaman memo: Olivenhain Municipal Water District's ADA Obligations at Elfin Forest Recreational Reserve



TO: Jeff Anderson Park Supervisor
Elfin Forest Recreation Reserve
John Carnegie, Customer Services Manager
Olivenhain Municipal Water District

FROM: John T. Kennedy
Julia Botezatu

DATE: August 28, 2023

RE: Olivenhain Municipal Water District's ADA Obligations at Elfin Forest
Recreational Reserve

I. Brief Statement of Facts

Olivenhain Municipal Water District ("OMWD") seeks to better understand its legal obligations, if any, to provide access for disabled persons to Elfin Forest Recreational Reserve ("EFRR"). OMWD previously has operated with the general understanding that wilderness areas are exempt from certain ADA requirements by the Wilderness Act of 1964 and seeks clarity regarding the applicability of any such exemption to EFRR.

Notwithstanding its potential exemption as a wilderness area from certain ADA requirements, consistent with the Mt. Israel Recreation Master Plan, dated September 1995, and the inclusive intent of the ADA, OMWD consistently has endeavored to make EFRR as accessible as reasonably possible to all individuals including, but not limited to, individuals with disabilities. By way of example, EFRR's Interpretive Center is accessible to disabled individuals, EFRR has one handicap-accessible restroom and two handicap-accessible parking spaces, and OMWD permits wheelchairs on any of EFRR's trails (though, practically, the Escondido Creek trail is the only trail that is somewhat wheelchair accessible).

In over 30 years of management, although OMWD has received and addressed disabled access inquiries, it has never received a complaint from any disabled person regarding accessibility at EFRR.

Nevertheless, OMWD wants to understand what opportunities for increased accessibility may be required and may exist even if not required. Irrespective of any legal obligations (or lack thereof), OMWD seeks to implement reasonably practicable measures that may result in increased accessibility and enjoyment of EFRR by all members of the public, regardless of ability.

II. Questions Presented

- As a public entity, what are OMWD's ADA obligations, if any, to visitors of EFRR?

- What, if any, exemption to the ADA exists for wilderness areas and, to the extent there is an exemption, does it apply to EFRR?
- What, if any, additional efforts could OMWD reasonably undertake to fulfill its objective of making EFRR as accessible to individuals with disabilities as reasonably possible?

III. Legal Analysis

a. Application of the ADA to Public Entities

The ADA was enacted to ensure that all qualified individuals with disabilities enjoy the same access and opportunities available to persons without disabilities in employment, state and local government services, public transit, and businesses that are open to the public.

Title II of the ADA specifically protects qualified individuals with disabilities from discrimination on the basis of disability in services, programs, and activities provided by State and local government entities. (42 U.S.C. § 12131 *et seq.*) Title II further provides that public entities must not exclude individuals with qualified disabilities from participation in, or deny them the benefits of, services, programs, and activities. (*Id.*)

The ADA defines a qualified individual as “an individual with a disability who with or without reasonable modifications...meets the essential eligibility requirements for the receipt of services or the participation in programs or activities provided by a public entity.” (42 U.S.C. § 12131(2).)

In this context reasonable modification means:

- Modifications of rules, policies, or practices;
- Removal of architectural, communication, or transportation barriers; or
- Provision of auxiliary aids and services needed for a person with a disability to obtain a public service. (*Id.*)

Public entities have an obligation to comply with Title II and ensure equal access for people with disabilities. (42 U.S.C. § 12132.)

b. Public Entities’ ADA Obligations

i. Eligibility Criteria

Among a public entity’s ADA obligations is the obligation to ensure that any eligibility criteria for participation in programs, activities, and services does not screen out or tend to screen out persons with disabilities, unless the entity can establish that the requirements are necessary for the provision of the service, program, or activity. (28 CFR § 35.130(b)(8).)

The Title II Technical Assistance Manual (“Manual”), issued by the U.S. Department of Justice to help public entities comply with Title II of the ADA¹, provides the following example of improper eligibility criteria that may run afoul of the ADA:

The director of a county recreation program prohibits persons who use wheelchairs from participating in county-sponsored scuba diving classes because he believes that persons who use wheelchairs probably cannot swim well enough to participate. An unnecessary blanket exclusion of this nature would violate the ADA.

(ADA Title II Technical Assistance Manual, II-3.5100.)

Public entities may, however, adopt legitimate safety requirements necessary for safe operation if they are based on real risks, not on stereotypes or generalizations about individuals with disabilities. (28 CFR § 35.130(h).) The Manual provides the following example of legitimate safety requirements:

A county recreation program may require that all participants in its scuba program pass a swimming test, if it can demonstrate that being able to swim is necessary for safe participation in the class. This is permitted even if requiring such a test would tend to screen out people with certain kinds of disabilities.

(ADA Title II Technical Assistance Manual, II-3.5200.)

ii. Modification of Policies, Practices, and Procedures

Public entities are also required to reasonably modify their policies, practices, or procedures to avoid discrimination, unless they can demonstrate that a particular modification would fundamentally alter the nature of their service, program, or activity. (28 CFR § 35.130(b)(7)(i).)

The Manual provides the following example of a required, reasonable modification to policies, practices, and/or procedures:

A county ordinance prohibits the use of golf carts on public highways. An individual with a mobility impairment uses a golf cart as a mobility device. Allowing use of the golf cart as a mobility device on the shoulders of public highways where pedestrians are permitted, in limited circumstances that do not involve a significant risk to the health or safety of others, is a reasonable modification of the county policy.

(ADA Title II Technical Assistance Manual, II-3.6100.)

iii. Furnishing Auxiliary Aids

Public entities are also required to furnish appropriate auxiliary aids and services where necessary to afford qualified individuals with disabilities including applicants, participants, companions, and members of the public an equal opportunity to participate in and enjoy the benefits of a service, program, or activity of the public entity. (28 CFR § 35.160(b)(1).)

¹ The Manual may be accessed here: [ADA Title II Technical Assistance Manual](#).

By way of example, auxiliary aids and services for persons with a speech disability, might include a word or letter board, writing materials, spelling to communicate, a qualified sign language interpreter, taped texts, a computer, a portable device that writes and/or produces speech, and telecommunications services. (ADA Title II Technical Assistance Manual, II-7.1000.)

Examples of auxiliary aids and services for persons with vision impairments might include taped texts, audio recordings, Brailled materials, large print materials, and assistance in locating items. (ADA Title II Technical Assistance Manual, II-7.1000.)

Examples of auxiliary aids for persons who are deaf or hard of hearing include qualified interpreters, notetakers, computer-aided transcription services, written materials, telephone handset amplifiers, assistive listening systems, telephones compatible with hearing aids, closed caption decoders, open and closed captioning, telecommunications devices for deaf persons (TDD's), videotext displays, and exchange of written notes. (ADA Title II Technical Assistance Manual, II-7.1000.)

iv. Accessibility to Existing Facilities

A public entity must ensure that individuals with disabilities are not denied the benefits of its services, programs, and activities because existing facilities are inaccessible. (ADA Title II Technical Assistance Manual, II-5.1000.) A public entity's programs, services, or activities, when viewed in their entirety, must be readily accessible to and usable by individuals with disabilities. (28 C.F.R. § 35.150(a); ADA Title II Technical Assistance Manual, II-5.1000.) This standard, known as "program accessibility," applies to existing facilities of a public entity. (ADA Title II Technical Assistance Manual, II-5.1000.)

Public entities may provide program accessibility by a number of methods including alteration of existing facilities, acquisition or construction of additional facilities, relocation of a service or program to an accessible facility, or provision of services at alternate accessible sites. (28 C.F.R. § 35.150(b)(1); ADA Title II Technical Assistance Manual, II-5.2000.)

Public entities do not necessarily have to make each of their existing facilities accessible. (28 C.F.R. § 35.150(a)(1).) Nor are they required to make structural changes to existing facilities, if "other methods, such as relocating services to different buildings, would be effective." (28 C.F.R. § 35.150(b)(1).)

c. Undue Burden

There are additional limits to a public entity's obligations to make its programs accessible. Specifically, under Title II of the ADA, public entities are not required to take any action that would result in undue financial or administrative burdens; the burden is on the public entity to prove the existence of undue financial or administrative burdens. (28 C.F.R. § 35.150(a)(3).)

Undue burden is assessed on a case-by-case basis.

d. Specific Regulations Relating to the Use of Mobility Devices

Recognizing that people with mobility, circulatory, respiratory, or neurological disabilities use many kinds of devices for mobility (e.g., walkers, canes, crutches, wheelchairs, electric scooters, etc.), Title II of the ADA specifically requires public entities to make reasonable modifications to their policies, practices, or procedures to allow the use of mobility devices by individuals with mobility disabilities. (28 C.F.R. § 35.137.)

Under the ADA, mobility devices generally fall into two main categories: (1) wheelchairs (manual or power-driven) and manually powered devices; and (2) other powered options.

Public entities are required to allow a person with a disability who uses a wheelchair or other *manually* powered mobility aid into all areas where members of the public are allowed to go. (28 C.F.R. § 35.137(a).)

Public entities are also required to allow a person with a disability to use other power-driven mobility devices (“OPDMD”) (e.g., golf carts, personal assistance mobility devices such as Segways, etc.), unless an entity can demonstrate that the class of OPDMDs cannot be operated in accordance with legitimate safety requirements. (28 C.F.R. § 35.137(b)(1).)

Public entities are required to consider the following factors when determining whether a particular type of OPDMD can be accommodated:

- Type, size, weight, dimensions, and speed of the device
- Pedestrian traffic in the facility
- Design and operational characteristics of the facility, which can include:
 - Indoor or outdoor facility
 - Square footage
 - Furniture placement and density
 - Storage availability
- Whether legitimate safety requirements (such as limiting speed to the pace of pedestrian traffic or prohibiting use on escalators) can be established to permit the safe operation of the OPDMD in the specific facility
- Risk of serious harm to environmental, natural, or cultural resources
- Conflicts with federal land management requirements

(28 C.F.R. § 35.137(b)(2).)

e. ADA Exception Applying to *Federal* Wilderness Areas

In 1964, the Wilderness Act was established with an express purpose “to secure for the American people of present and future generations the benefits of an enduring resource of wilderness.” (16 U.S.C. § 1131(a).) In furtherance of this purpose, Congress established a National Wilderness Preservation System to be composed of federally owned areas designated by Congress as “wilderness areas” and mandated that such wilderness areas would be “administered for the use and enjoyment of the American people in such manner as will leave them unimpaired for future use and enjoyment as wilderness and so as to provide for the protection of these areas, the preservation of their wilderness character....” (*Id.*)

The Wilderness Act defines “wilderness” as follows:

(c) Definition of wilderness. A wilderness, in contrast with those areas where man and his own works dominate the landscape, is hereby recognized as an area where the earth and its community of life are untrammelled by man, where man himself is a visitor who does not remain. An area of wilderness is further defined to mean in this Act [16 USCS §§ 1131 et seq.] an area of undeveloped Federal land retaining its primeval character and influence, without permanent improvements or human habitation, which is protected and managed so as to preserve its natural conditions and which (1) generally appears to have been affected primarily by the forces of nature, with the imprint of man's work substantially unnoticeable; (2) has outstanding opportunities for solitude or a primitive and unconfined type of recreation; (3) has at least five thousand acres of land or is of sufficient size as to make practicable its preservation and use in an unimpaired condition; and (4) may also contain ecological, geological, or other features of scientific, educational, scenic, or historical value.

(16 U.S.C. § 1131(c).)

The Wilderness Act does not address people with disabilities and/or any accommodations for disabled persons. It does, however, prohibit the use of motorized vehicles and mechanized transport within federally designated wilderness areas. (See 16 U.S.C.S. § 1133(c).)

In an effort to reconcile the ADA with the Wilderness Act, Congress enacted 42 U.S.C. § 12207 ("Federal wilderness areas"), which provides, in relevant part, as follows"

(c) Specific wilderness access. -

(1) In general. - Congress reaffirms that nothing in the Wilderness Act [16 U.S.C. 1131 et seq.] is to be construed as prohibiting the use of a wheelchair in a wilderness area by an individual whose disability requires use of a wheelchair, and consistent with the Wilderness Act no agency is required to provide any form of special treatment or accommodation, or to construct any facilities or modify any conditions of lands within a wilderness area in order to facilitate such use.

Section 12207 goes on to define "wheelchair" as "a device designed solely for use by a mobility-impaired person for locomotion that is suitable for use in an indoor pedestrian area."

In short, Section 12207 affirms that disabled persons are entitled to use wheelchairs, as defined, in wilderness areas, but relieves federal land managers of responsibility for making federal wilderness areas practically accessible to those with mobility impairments that require the use of assistive devices such as wheelchairs.

Notably, the Wilderness Act and Section 12207 apply only to **federally designated wilderness**, as defined above.

IV. DISCUSSION

The above outlines the intent of Title II of the ADA to ensure that individuals with disabilities are not denied or excluded from activities, including outdoor recreation. Public park

and recreation organizations operating outdoor recreation areas are thus required to provide meaningful access to qualified individuals.

There is a limited exemption from some of the ADA's mandates for federal wilderness areas designated by Congress as such. We are not aware of and could not locate a specific Congressional designation of EFRR as a federal wilderness area. Therefore, it is unclear whether EFRR qualifies as a wilderness area, however, it is unlikely that it does because 1) no Congressional designation was located; 2) the land is not federally owned, and 3) it does not appear to meet the minimum acreage requirement.

Although the Bureau of Land Management ("BLM") previously owned EFRR, OMWD acquired EFRR pursuant to an agreement between the BLM and OMWD, dated April 11, 1994. It is unclear from the documents OMWD provided whether Congress, either before or after the transfer of the land, designated the EFRR as a wilderness area. Moreover, the definition of "wilderness" set forth in the Wilderness Act identifies vague criteria making it difficult to ascertain whether the EFRR qualifies as wilderness.

Given the ambiguity regarding the applicability of the Wilderness Act exemption to EFRR, it appears that OMWD has already identified opportunities for potential disabled access and provided for such access when reasonable to do so while maintaining commitment to the EFRR's Recreation Master Plan document, which calls for a balance between recreation and conservation within EFRR. Below, we identify both opportunities for access already provided within EFRR and opportunities for potential increased disabled access for OMWD's consideration.

Common areas/services requiring accessibility within outdoor recreation spaces include: parking, visitor center, restrooms, drinking fountains, picnic areas; visitor tours/guided hikes, and trails.

We understand that EFRR already offers an accessible visitor center (i.e., the Interpretive Center), handicapped parking, and a handicapped restroom. We further understand that, to the extent practicable, EFRR permits manual wheelchair access in any areas within the reserve that have wheelchair accessible trails. EFRR also permits service animals in the reserve. Based on the foregoing, it appears that EFRR is generally compliant with the ADA, to the extent that is currently reasonably practicable.

With respect to the use of OPDMD's, OMWD previously evaluated whether electric bicycles could be accommodated within EFRR and concluded that such devices could *not* be operated in accordance with legitimate safety, wildlife, and conservation requirements. For the purposes of that evaluation, OMWD considered all of the assessment factors outlined in 28 C.F.R. § 35.137(b)(2) and concluded that the following precluded the safe use of electric bicycles within the reserve: the speed and weight of electric bicycles; the increased congestion on EFRR's trails, the damage to trails and disruption to wildlife that electric bicycles would cause, and the increased risk of wildfires within the reserve (due to lithium batteries powering electric bicycles).

Given OMWD's determination with respect to electric bicycles, it is probable that other motorized vehicles would likewise be precluded based on the assessment factors identified in 28 C.F.R. § 35.137(b)(2). Certain motorized vehicles—e.g., cars, ATVs, dirt bikes—would likely

pose an even greater threat to legitimate safety requirements, wildlife, and the environment than that posed by electric bicycles.

Notwithstanding the foregoing regarding continued restriction of OPDMDs from EFRR and, in light of disabled access accommodations already provided within EFRR, we recommend looking into the following additional areas where accessibility might be increased:

- To the extent EFRR offers visitor tours or guided hikes, consider auxiliary aids and services to individuals with disabilities who may require such aids and services. For example, can the content of self-guided tours be made available in alternate formats to accommodate varying abilities of visitors (e.g., Braille, large print format, audio description of visual content, captioning, etc.)?
- To the extent EFRR provides drinking fountains, consider whether at least one drinking fountain at each location is/can be made accessible.
- To the extent EFRR has recreational amenities available to visitors, are these amenities accessible to the disabled?

Memo

Date: October 16, 2024
To: Olivenhain Municipal Water District Board of Directors
From: Joe Jansen, Administrative Analyst
Via: Kimberly A. Thorner, General Manager
Subject: **CONSIDER INFORMATIONAL REPORT ON WATER SUPPLY CONDITIONS AND
LONG-TERM WATER USE EFFICIENCY LEGISLATION**

Purpose

The purpose of this agenda item is to provide the board with updates on water supply conditions, OMWD's customer notification and enforcement activities, and water use legislation affecting OMWD customers.

Recommendation

This is an informational item; no action is required.

Alternative(s)

Not applicable; informational item only.

Background

Since June 2015, staff presents at the board's request a quarterly report on statewide water supply conditions, recent and near-term events pertaining to drought, and/or a summary of activity taken by staff.

Fiscal Impact

There are no costs directly associated with this informational report.

Discussion

Staff will review the attached presentation with the board at the October 16 meeting and further discuss water supply related developments.

Attachments: PowerPoint presentation

WATER SUPPLY AND LONG-TERM WATER USE EFFICIENCY LEGISLATION

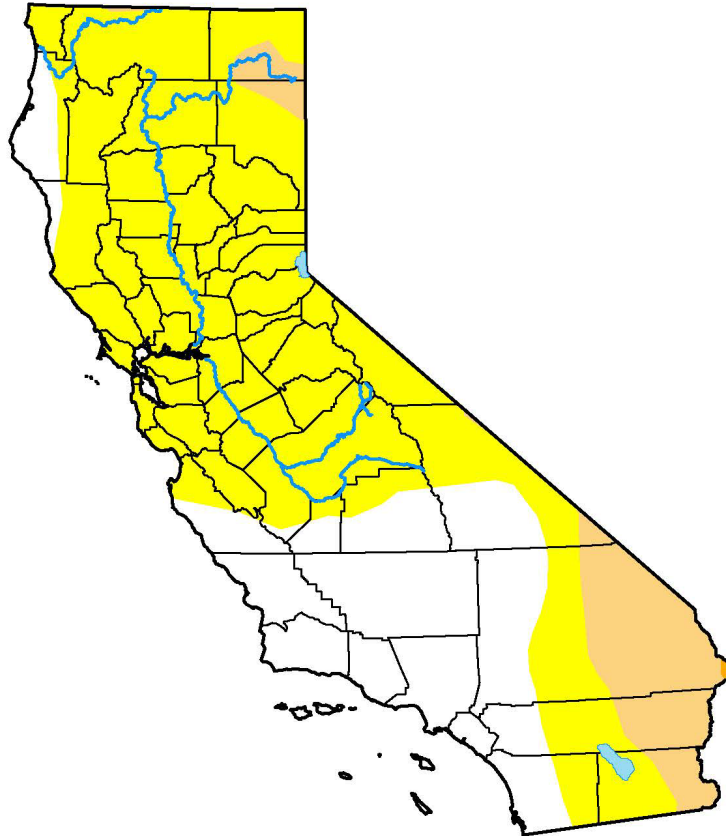
October 16, 2024



Water Supply Conditions

U.S. Drought Monitor California

October 1, 2024
(Released Thursday, Oct. 3, 2024)
Valid 8 a.m. EDT



Drought Conditions (Percent Area)

	None	D0-D4	D1-D4	D2-D4	D3-D4	D4
Current	28.40	71.60	10.67	0.08	0.00	0.00
Last Week 09-24-2024	28.59	71.41	10.67	0.08	0.00	0.00
3 Months Ago 07-02-2024	94.25	5.75	0.00	0.00	0.00	0.00
Start of Calendar Year 01-02-2024	96.65	3.35	0.00	0.00	0.00	0.00
Start of Water Year 09-26-2023	94.01	5.99	0.07	0.00	0.00	0.00
One Year Ago 10-03-2023	94.01	5.99	0.07	0.00	0.00	0.00

Intensity:

None	D2 Severe Drought
D0 Abnormally Dry	D3 Extreme Drought
D1 Moderate Drought	D4 Exceptional Drought

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. For more information on the Drought Monitor, go to <https://droughtmonitor.unl.edu/About.aspx>

Author:

Richard Tinker
CPC/NOAA/NWS/NCEP



droughtmonitor.unl.edu

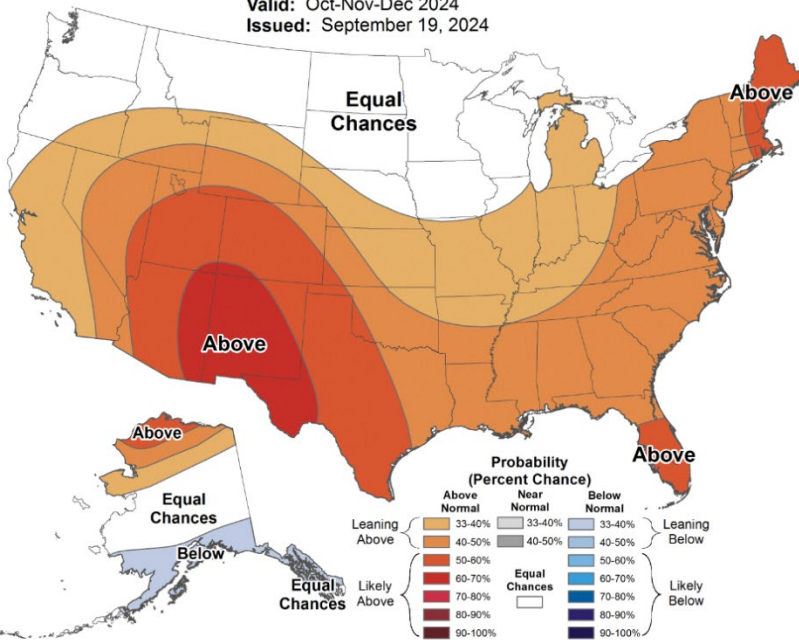
National Weather Service Outlook

October 2024 – December 2024



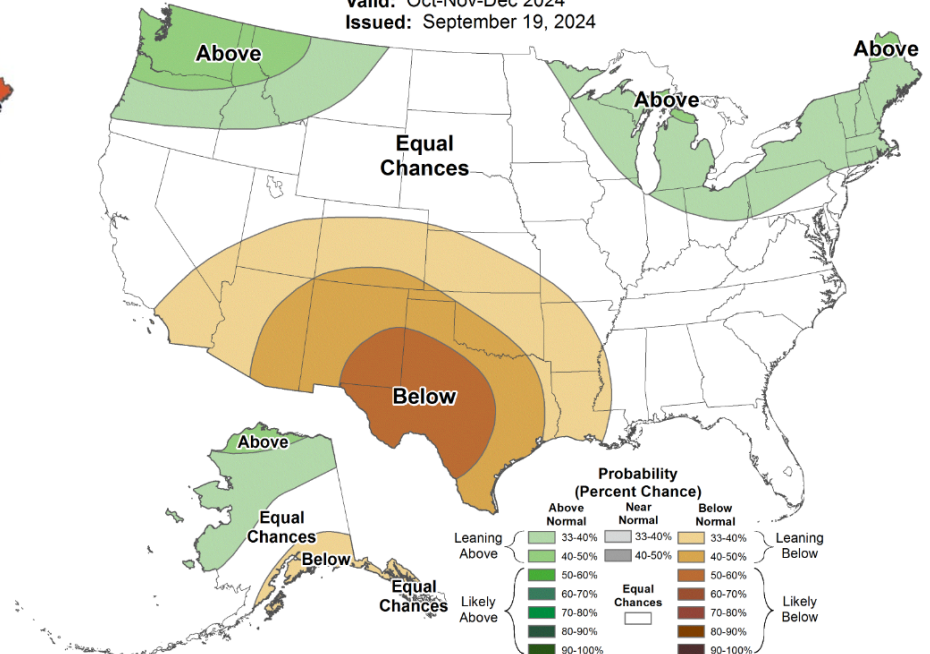
Seasonal Temperature Outlook

Valid: Oct-Nov-Dec 2024
Issued: September 19, 2024

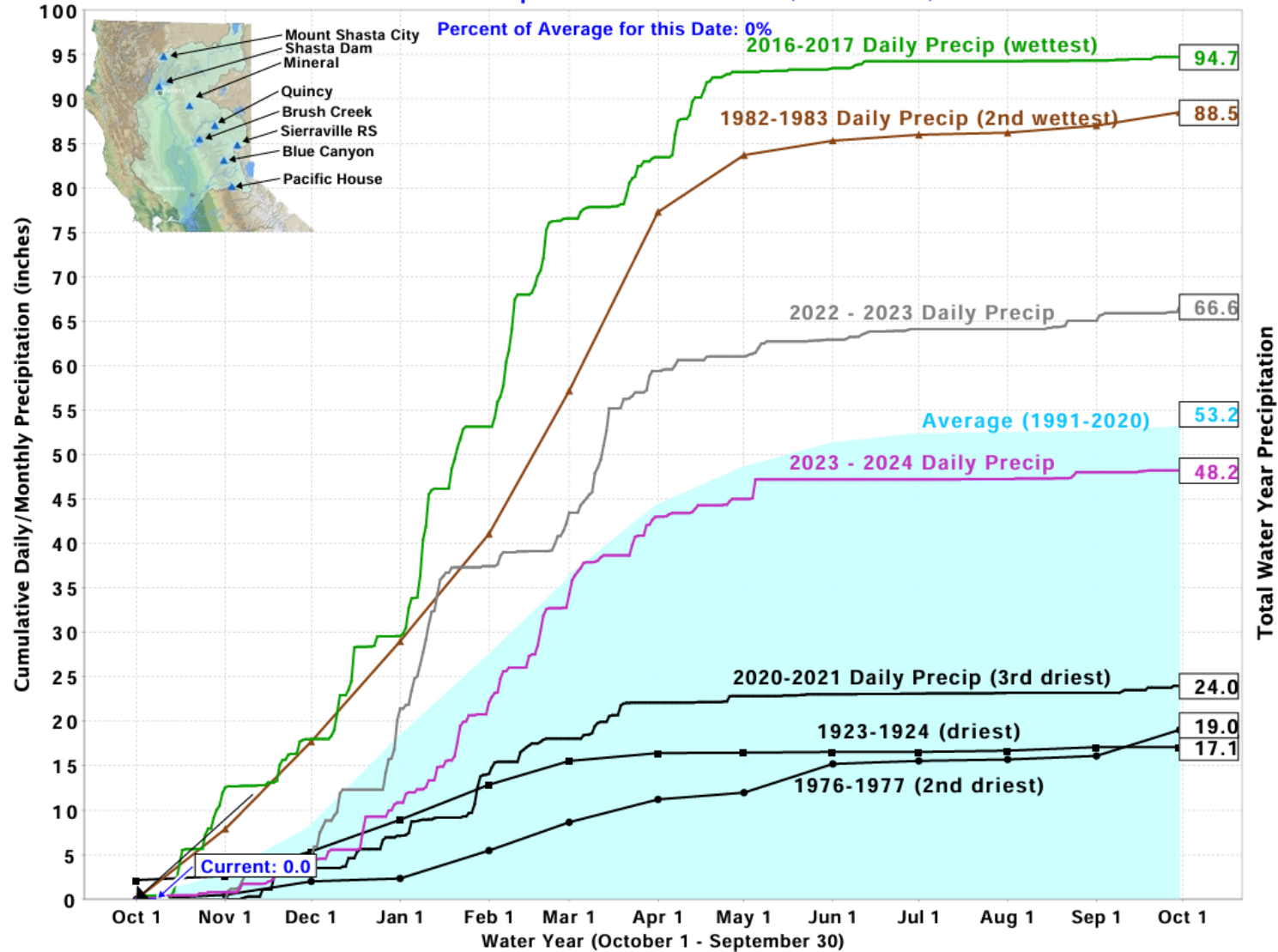


Seasonal Precipitation Outlook

Valid: Oct-Nov-Dec 2024
Issued: September 19, 2024

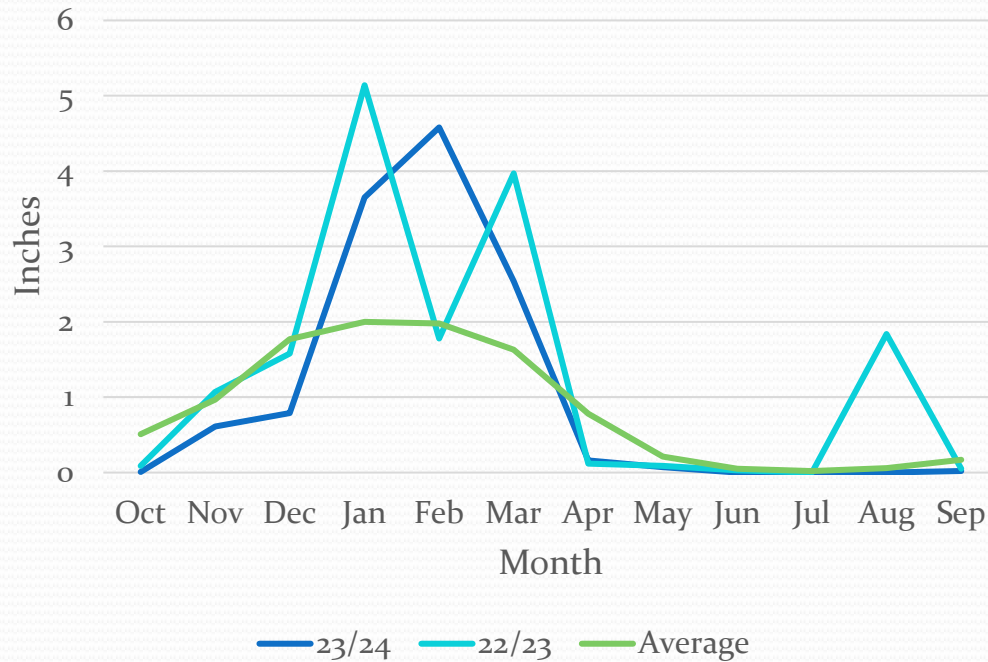


Northern Sierra Precipitation: 8-Station Index, October 08, 2024



Percent of Average Precipitation (%)
10/1/2024 – 10/8/2024

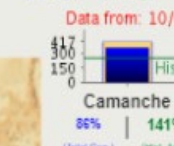
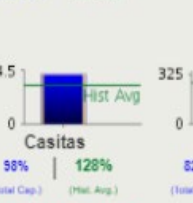
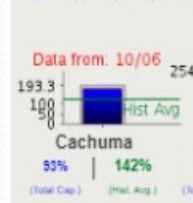
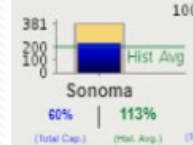
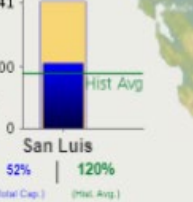
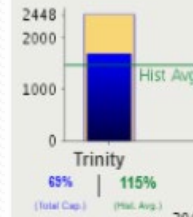
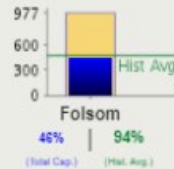
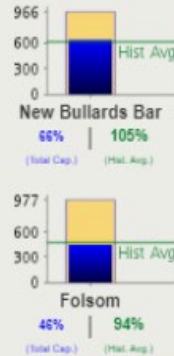
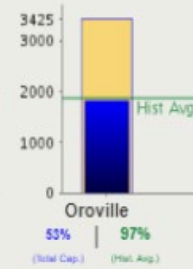
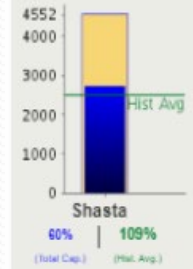
San Diego Rainfall



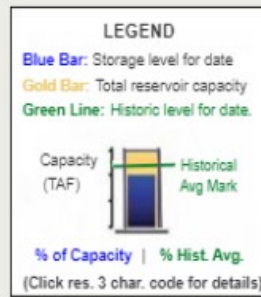
Generated 10/ 9/2024 at WRCC using provisional data.
NOAA Regional Climate Centers

CURRENT CONDITIONS: MAJOR WATER SUPPLY RESERVOIRS:08-OCT-2024

Data as of Midnight: 08-Oct-2024



Change Date: 08-Oct-2024



**Oroville down from 91% in July*



The Metropolitan Water District of Southern California's

WATER SUPPLY CONDITIONS REPORT

<https://www.mwdh2o.com/WSCR>

Wrap-Up Water Year
2023-2024

State Water Project

DEC
2023

- Dry fall
- Initial SWP allocation is 10% Table A

JAN
2024

- 4 atmospheric rivers reach the West Coast
- Highest 10-day precipitation totals over Northern Sierra

FEB
2024

- SWP allocation increases to 15%

MAR
2024

- 43 atmospheric rivers reached California from Oct to Mar – only 2 strong
- SWP allocation increases to 30%

APR
2024

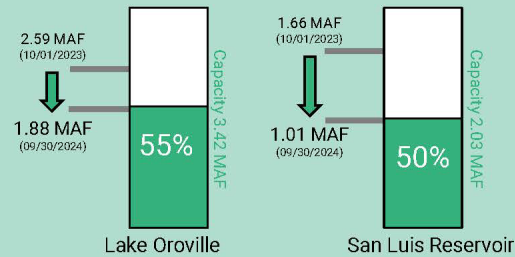
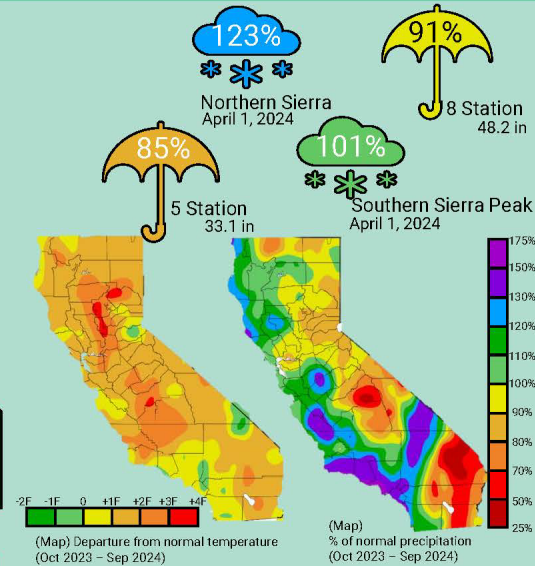
- Endangered fish impacted SWP exports in spring
- SWP allocation increases to 40%

AUG
2024

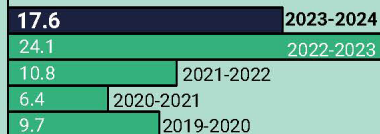
- 2nd wettest Aug at 8 Station since 2004

OCT
2024

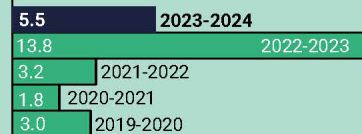
- Fish & Wildlife approved amendment to off-ramp X2 requirement for Oct 2024



Sacramento River Index Runoff (MAF)
Average (1991-2020) – 17.7 MAF



San Joaquin Valley Runoff (MAF)
Average (1991-2020) – 5.9 MAF



All data are preliminary and may be subjected to change.
Questions? Email mferreira@mwdh2o.com

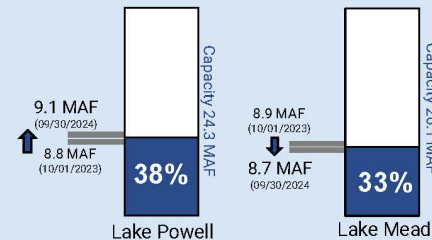
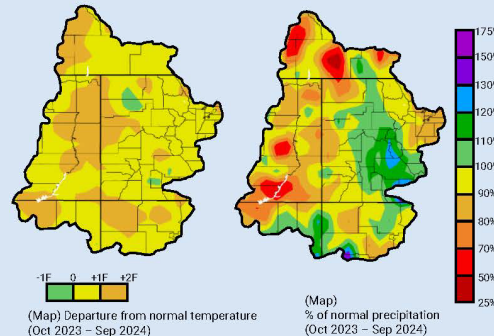


Colorado River

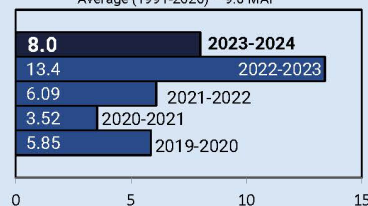
- DEC 2023**
 - Dry fall
 - 17.5 million acre-feet stored in Powell and Mead – same as May 2021
- JAN 2024**
 - Precipitation as rain and snow above normal for the first time this water year
- MAY 2024**
 - Secretary of Interior signed the Record of Decision for the Colorado River Interim Guidelines covering 2023-2026
 - Reclamation indicates creation of 1.18 million acre-feet of reservoir protection volume in 2023
- AUG 2024**
 - Level 1 shortage for Arizona, Nevada and Mexico set for calendar year 2025
 - Imperial Irrigation District implemented a new Deficit Irrigation Program to conserve additional water for system conservation in California

114%
Basin-wide
April 1, 2024

99%
Basin-wide
29.6 in



Powell Unregulated Inflow (MAF)
Average (1991-2020) – 9.6 MAF



Lake Mead – Operating Condition
(August 2024 CRMSS ESP Projections)

		2025	2026	2027*	2028*	2029*
Shortage	Surplus (above 1,145 ft)	0%	0%	0%	0%	3%
	Normal Year (between 1,075 and 1,145 ft)	0%	7%	17%	20%	23%
	1st Level (between 1,050 and 1,075 ft)	100%	93%	57%	53%	50%
	2nd Level (between 1,025 and 1,050 ft)	0%	0%	27%	13%	13%
	3rd Level (below 1,025 ft)	0%	0%	0%	13%	10%

*Years beyond 2026 assume continuation of 2007 Interim Guidelines

All data are preliminary and may be subjected to change.
Questions? Email mferreira@mwdh2o.com

**Mead remains at 33%, Powell down slightly from 40%*

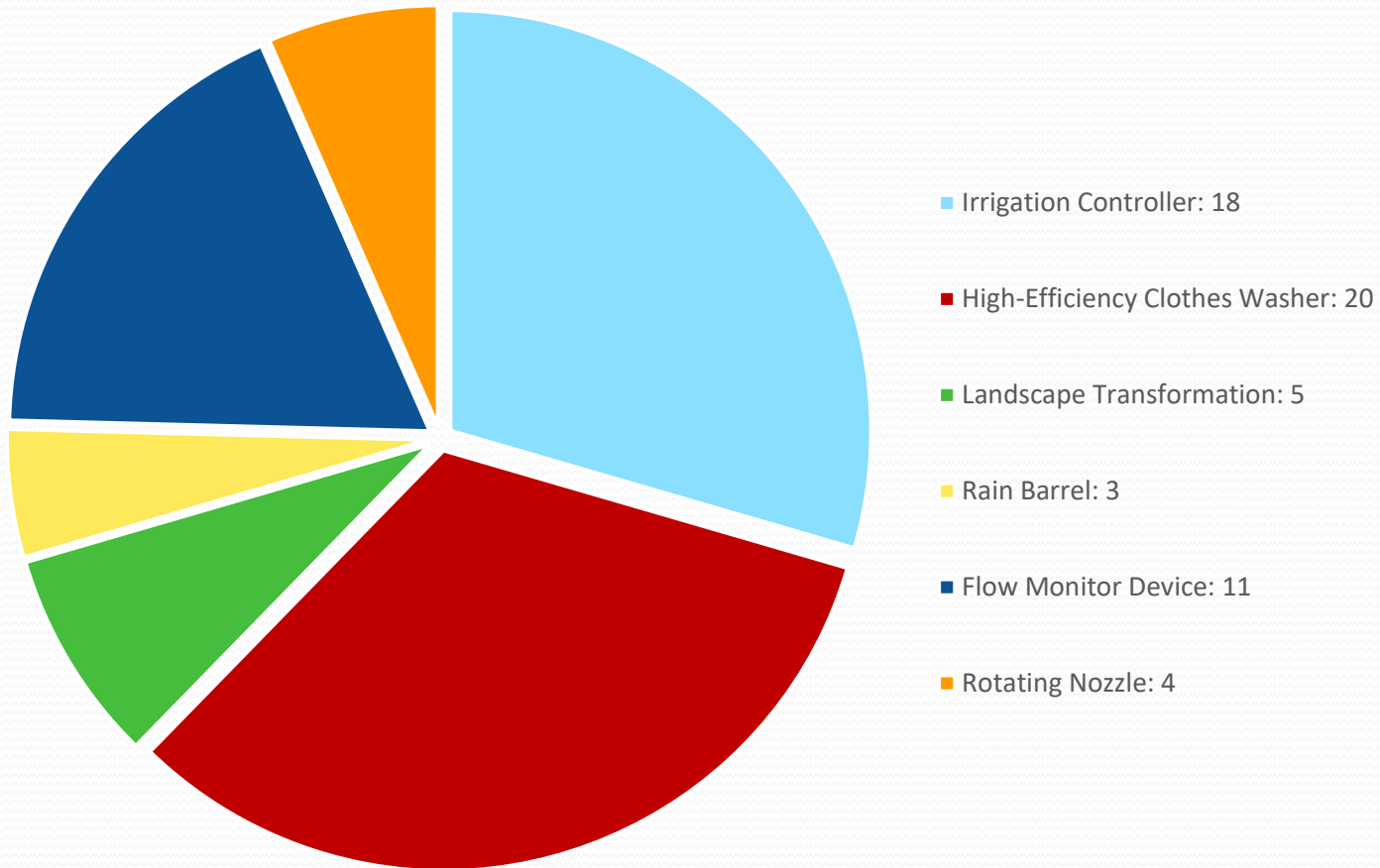
OMWD Activity

Restrictions Enforcement

Month/Year	Reports	Actions	Fines
May '23	2	2	0
June '23	0	0	0
July '23	1	1	0
August '23	5	5	0
September '23	5	5	0
October '23	5	5	0
November '23	2	2	0
December '23	0	0	0
January '24	0	0	0
February '24	5	5	0
March '24	2	2	0
April '24	0	0	0
May '24	2	2	0
June '24	1	1	0
July '24	2	2	0
August '24	2	2	0
September '24	2	2	0
Totals	36	36	0

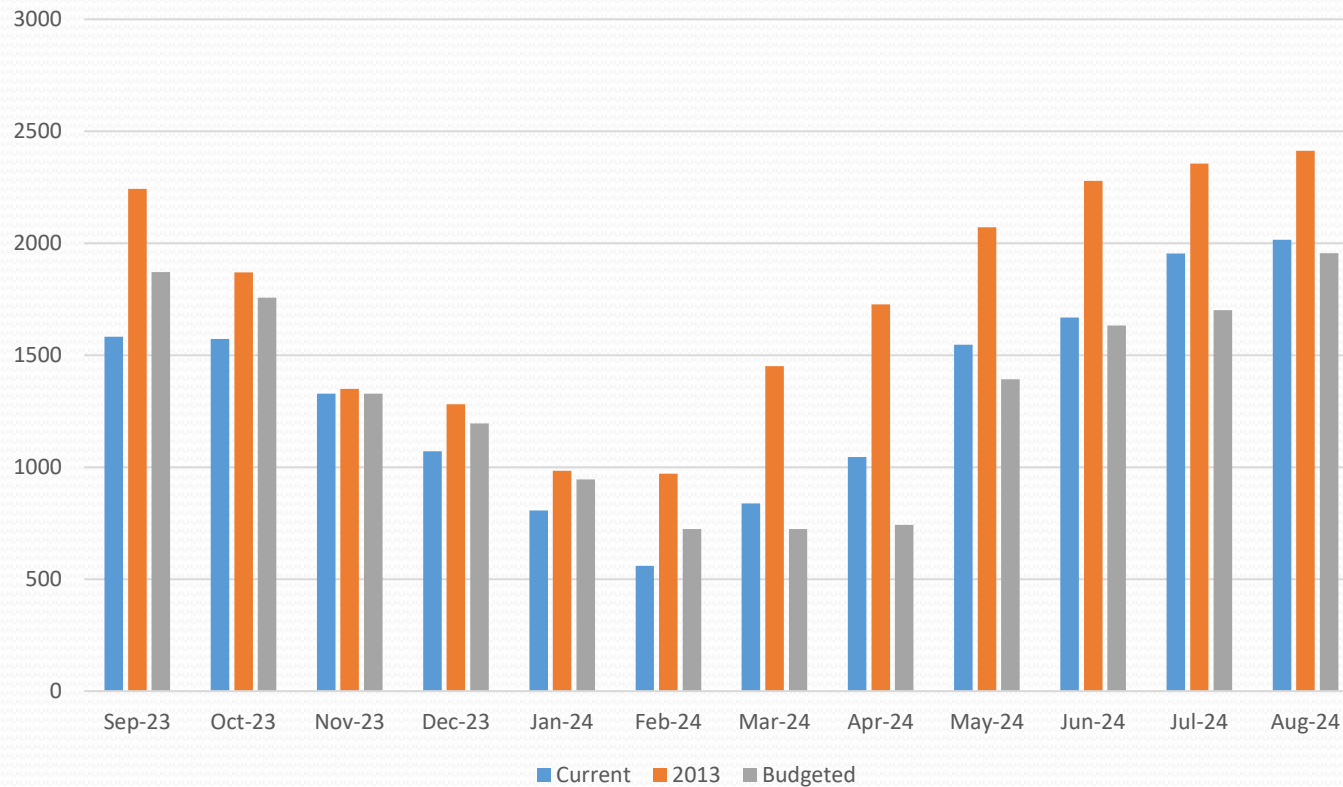


July - September Rebate Application Activity



Figures are based on applications received

Potable Monthly Demand



Water Consumption Compared to 2013

Aug-23	-32%
Sep-23	-29%
Oct-23	-16%
Nov-23	-2%
Dec-23	-16%
Jan-24	-18%
Feb-24	-42%
Mar-24	-42%
Apr-24	-39%
May-24	-25%
Jun-24	-27%
Jul-24	-17%
Aug-24	-16%

Legislation & Regulations

Legislative and Regulatory Update

- September 4- Governor Newsom issued a proclamation officially terminating the drought state of emergency
 - In effect since 2021
 - Lifted for 19 coastal and desert counties including San Diego and Los Angeles
 - 39 counties remain under state of emergency
- Staff engaging Sacramento:
 - SB 366 (The California Water Plan: long term water supply targets)
 - Vetoed by Governor
 - SB 399 (Employer communications: intimidation)
 - Signed by Governor
 - AB 2257 (Local government: property-related water and sewer fees and assessments: remedies)
 - Signed by Governor
 - AB 1827 (Local government: fees and charges: water: higher consumptive water parcels)
 - Signed by Governor

Recent Updates



CALIFORNIA
Water Boards
STATE WATER RESOURCES CONTROL BOARD
REGIONAL WATER QUALITY CONTROL BOARDS

**Save
Our
Water**



Memo

Date: October 16, 2024
To: Olivenhain Municipal Water District Board of Directors
From: Kimberly Thorner, General Manager
Subject: **CONSIDER THE CALENDAR FOR THE 2025 OLIVENHAIN MUNICIPAL WATER DISTRICT'S BOARD MEETINGS**

Purpose

The purpose of this item is to consider the board meeting dates for the 2025 calendar year. The proposed calendar complies with the District's Administrative and Ethics Code and takes into consideration various annual conferences as well as the San Diego County Water Authority's board meetings.

Recommendation

Staff recommends approving the attached calendar of dates that includes a total of 11 Board Meetings that are being proposed for 2025. The proposed Board Meeting dates have been scheduled around conferences and the San Diego County Water Authority Board Meetings per the Administrative and Ethics Code requirement. Having 11 Board Meetings in 2025 would allow for a summer recess during the month of August. The month of August was selected as the recess month since there are no deadlines, requirements, or legal/regulatory obligations that must occur during the month of August.

Alternative(s)

- The Board may wish to change the day of the week on which Board Meetings are held; however, the Administrative and Ethics Code would need to be changed via

notice and an ordinance.

- The Board may wish to change the scheduled times of the District's Board Meetings; however, the Administrative and Ethics Code would need to be changed via notice and an ordinance.
- The Board may wish to hold 12 Board Meetings during 2025 and forgo a summer recess during the month of August.

Staff is available to answer any questions.

Attachment: Proposed 2025 Board Meeting Calendar



2025 Board Meeting Calendar

(All meetings are at 4:00 p.m.)

January 2025							February 2025							March 2025						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
			1	2	3	4							1							1
5	6	7	8	9	10	11	2	3	4	5	6	7	8	2	3	4	5	6	7	8
12	13	14	15	16	17	18	9	10	11	12	13	14	15	9	10	11	12	13	14	15
19	20	21	22	23	24	25	16	17	18	19	20	21	22	16	17	18	19	20	21	22
26	27	28	29	30	31		23	24	25	26	27	28		23	24	25	26	27	28	29
														30	31					

April 2025							May 2025							June 2025						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
		1	2	3	4	5					1	2	3	1	2	3	4	5	6	7
6	7	8	9	10	11	12	4	5	6	7	8	9	10	8	9	10	11	12	13	14
13	14	15	16	17	18	19	11	12	13	14	15	16	17	15	16	17	18	19	20	21
20	21	22	23	24	25	26	18	19	20	21	22	23	24	22	23	24	25	26	27	28
27	28	29	30				25	26	27	28	29	30	31	29	30					

July 2025							August 2025							September 2025						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
		1	2	3	4	5						1	2		1	2	3	4	5	6
6	7	8	9	10	11	12	3	4	5	6	7	8	9	7	8	9	10	11	12	13
13	14	15	16	17	18	19	10	11	12	13	14	15	16	14	15	16	17	18	19	20
20	21	22	23	24	25	26	17	18	19	20	21	22	23	21	22	23	24	25	26	27
27	28	29	30	31			24	25	26	27	28	29	30	28	29	30				

October 2025							November 2025							December 2025						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
			1	2	3	4							1			1	2	3	4	5
5	6	7	8	9	10	11	2	3	4	5	6	7	8	7	8	9	10	11	12	13
12	13	14	15	16	17	18	9	10	11	12	13	14	15	14	15	16	17	18	19	20
19	20	21	22	23	24	25	16	17	18	19	20	21	22	21	22	23	24	25	26	27
26	27	28	29	30	31		23	24	25	26	27	28	29	28	29	30	31			

2025 Conferences

February 26-28	Urban Water Institute Spring Conference, Palm Springs
February 25-27	ACWA DC Conference
March 16-19	WateReuse Symposium, Tampa, FL
May 13-15	ACWA Spring Conference, Monterey, CA
August 25-27	CSDA Annual Conference, Monterey, CA
September 7-9	WateReuse Annual Conference, San Diego, CA
December 2-4	ACWA Fall Conference, San Diego, CA

The annual calendar is considered in compliance with the standing policy of the Board of Directors that the regular Board Meetings shall be scheduled so as not to conflict with ACWA/CSDA conferences or holidays. One regular monthly Board meeting shall be held prior to the monthly San Diego County Water Authority Board Meeting. All District-observed holidays (offices closed) are shown in red.

Memo

Date: October 16, 2024
To: Olivenhain Municipal Water District Board of Directors
From: Teresa L. Chase, Administrative Analyst
Via: Kimberly A. Thorner, General Manager
Subject: **CONSIDER ANNUAL OBJECTIVES AND TIGER TEAM STATUS REPORT**

Purpose

The purpose of this agenda item is to provide the Board of Directors with a status update on the 2024 annual objectives, stretch objectives, and the Tiger Team program for the calendar year beginning January 1, 2024.

Recommendation

This is an informational item; no action is required.

Alternative(s)

Not applicable.

Background

The annual objectives for 2024 were approved at the February 21, 2024 board meeting. Full status updates on the 2024 annual objectives, stretch objectives, and Tiger Team program were presented to the board at the April 17 and July 17 board meetings.

Fiscal Impact

There are no costs associated with this item.

Discussion

This item is presented to the Board of Directors to provide an update on staff's progress toward completion of the 2024 annual objectives and stretch objectives. The status of the Tiger Team program is also included to update the board on funds saved or produced through grant funding, cost savings, and alternative revenue generation.

The objectives featured herein are to be completed by December 31, 2024. Staff will be available at the board meeting to answer any questions.

Annual objective highlights over the course of the year include:

- Completed Potable Water and Recycled Water Master Plan update and Wastewater Master Plan update
- Continued efforts with San Diego County Water Authority on the development, implementation, and phase-in of a new equitable fixed rate component to SDCWA rates
- Completed update of potable and recycled water cost of service study and wastewater cost of service study, and provided public notice of increases in water rates and charges per Proposition 218
- Commenced construction on the Unit A North Rancho Santa Fe Road Potable Water Pipeline Replacement Project and two pressure reducing station replacements to minimize water loss and control replacement of aging infrastructure
- Completed construction on the Neighborhood 1 Sewer Pump Station Replacement Project
- Completed Customer Side Lead Service Line Inventory and reported results to California State Water Resources Control Board's Division of Drinking Water
- Completed Phase 9 of the Advanced Metering Infrastructure Expansion Project
- Installed flow monitoring equipment in Rancho Cielo collection system to assist in inflow and infiltration detection
- Completed district-wide supervisory control and data acquisition upgrades for distribution system, David C McCollom Water Treatment Plant, and 4S Ranch Water Reclamation Facility

- Commemorated OMWD's 65th anniversary and the 15th anniversary of Elfin Forest Interpretive Center Honoring Susan J. Varty
- Won several awards:
 - California Special Districts Association's Exceptional Public Outreach & Advocacy Award for "Engage and Influence" legislative outreach program
 - American Public Works Association's Project of the Year for the Manchester Recycled Water Pipeline Project
 - Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting
- Received several grants:
 - \$6,100,000 from WaterSMART: Title XVI Water Reclamation and Reuse Projects program for Regional Recycled Water Program: 2020 Project (OMWD's portion TBD)
 - \$49,213.60 from Federal Emergency Management Agency for COVID funding
 - \$3,000 from MWD's Community Partnering Program to pay for a mobile watershed science lab at the May 7 Ecoliteracy Showcase Event
 - \$3,000 from MWD's Community Partnering Program for informational signage at DCMWTP
 - \$2,000 from ACWA JPIA for OMWD's Safety and Wellness Program
 - \$1,375 from Resource Conservation District of Greater San Diego County for Goldspotted Oak Borer treatment at EFRR

The following objectives will not be completed by year end:

- **31. Conduct review of staff turnover in fall as negotiated in the MOU to evaluate if moving to the 65th percentile in compensation has reduced employee turnover; present to Personnel Committee then to board**

Per board action at its April 17 meeting, objective 31 was postponed until next year in order to have sufficient data for evaluation; anticipate presenting to full board in July 2025

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

Postponed - Provided update at May 15 board meeting that OMWD had been removed from the Encinitas MSR, and that SD LAFCO had delayed the Carlsbad MSR until next year; will add as an objective again in 2025

- **70. Work with legislators and member agencies to pursue equitable voting structure at SDCWA**

Postponed - Efforts on hold with legislators as MSR process continues and is likely delayed to 2025

Staff anticipates that this is the final status update presented to the board in calendar year 2024. However, should there be significant changes to this status update impacting the completion of any objective, a final status report on each annual objective as of December 31, 2024 will be included on the consent calendar of the January 2025 board meeting.

Attachment:

- *Annual Objectives and Tiger Team Program PowerPoint Presentation*

2024 Annual Objectives

October 16, 2024

Board of Directors Meeting



2024 Annual Objectives

- A total of 70 objectives and eight stretch objectives were adopted for calendar year 2024

1. Providing safe, reliable, high-quality drinking water to each customer in a cost-effective manner.

Objective

1. Commence construction on the Unit A North Rancho Santa Fe Road Potable Water Pipeline Replacement Project pursuant to the recently completed condition assessment
2. Commence construction of two pressure reducing station replacements to minimize water loss and control replacement of aging infrastructure
3. Complete Train 5 membrane replacement at David C. McCollom Water Treatment Plant (DCMWTP)

Progress Toward Completion

1. 100% - Notice to Proceed issued to contractor on February 7
2. 100% - Board approved contract at its August 14 meeting; anticipate issuing Notice to Proceed by end of year
3. 100% - Replacement complete; Train 5 back online as of June 4

1. Providing safe, reliable, high-quality drinking water to each customer in a cost-effective manner.

Objective	Progress Toward Completion
4. Commence construction of Stage 4 upgrades, including second centrifuge, at DCMWTP	4. 100% - Notice to Proceed issued to contractor on February 5
5. Complete Phase 1A of systemwide programmable logic controller upgrades	5. 100% - Phase 1A field installations are underway and on track for completion in December
6. Complete Customer Side Lead Service Line Inventory and report results to State Water Resources Control Board's (SWRCB) Division of Drinking Water (DDW)	6. 100% - Completed physical inventory and reported results to DDW

1. Providing safe, reliable, high-quality drinking water to each customer in a cost-effective manner.

Objective

7. Enhance experience of in-house staff by completing the replacement of 25 valves in support of the Valve Replacement Project
8. Outside of bird breeding season, complete maintenance of five impacted easements

Progress Toward Completion

7. 100% - In-house staff has replaced 25 valves
8. 100% - Completed maintenance of three impacted easements; on track to complete remaining two easements by December 31

1. Providing safe, reliable, high-quality drinking water to each customer in a cost-effective manner.

Objective

Progress Toward Completion

Stretch

Complete replacement of five additional valves beyond Objective 7

100% - Staff completed seven valve replacements in addition to Objective 7

Complete maintenance of three additional impacted easements beyond Objective 8

100% - On track to complete three additional easements beyond Objective 8 by end of year

2. Providing wastewater collection and treatment services in an environmentally responsible manner, and producing and supplying high-quality recycled water to irrigation customers in support of regional water conservation efforts.

Objective	Progress Toward Completion
9. Complete construction at two of three sites for the Calle Barcelona, Village Park, and Summerhill recycled water pipelines	9. 100% - On track to complete two sites by year end
10. Complete construction on the Neighborhood 1 Sewer Pump Station Replacement Project	10. 100% - Construction continues; on track to complete construction by December 31
11. Make three new connections to the recycled water distribution system; provide to the board a comprehensive presentation on OMWD's recycled water program, including current project status, grant funding, and plans for system expansion	11. 100% - Added three new connections in Encinitas (Medical Offices on El Camino Real, Belmont Village, and Grauer School); presentation of OMWD's recycled water program provided to board at its October 16 meeting

2. Providing wastewater collection and treatment services in an environmentally responsible manner, and producing and supplying high-quality recycled water to irrigation customers in support of regional water conservation efforts.

Objective

12. Procure and install flow monitoring equipment in Rancho Cielo collection system to assist in inflow and infiltration detection
13. Complete design of headworks rehabilitation at 4S Ranch Water Reclamation Facility (4S WRF)
14. Complete district-wide supervisory control and data acquisition (SCADA) upgrades for distribution system and 4S WRF

Progress Toward Completion

12. 100% - Completed installation of SmartCover flow monitoring equipment in Rancho Cielo in June
13. 100% - Consultant is finalizing design; on track to complete design by end of the year
14. 100% - Completed 4S WRF upgrades; work was reprioritized based on need and DCMWTP upgrades pushed back distribution system upgrades; all three SCADA upgrades will be complete by December 31

2. Providing wastewater collection and treatment services in an environmentally responsible manner, and producing and supplying high-quality recycled water to irrigation customers in support of regional water conservation efforts.

Objective

Progress Toward Completion

Stretch

Complete two additional meter connections to the recycled water distribution beyond Objective 11

100% - Two additional sites include MiraCosta College and The Lakes

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

Objective

Progress Toward Completion

15. Provide update to Elfin Forest Recreational Reserve Executive Committee on status of the EFRR overflow parking lot expansion project, including design, environmental process, and grant funding
16. Revisit with EFRR Executive Committee the 2023 Nossaman memorandum on accessibility at EFRR; present results to full board

15. 100% - Update provided to EFRR Executive Committee on August 26
16. 100% - Nossaman memo reviewed with EFRR Executive Committee on August 26 and recommendations presented to full board on October 16

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

Objective	Progress Toward Completion
17. Continue education program for elementary schools in partnership with the Escondido Creek Conservancy, providing at least 2,000 students with in-person field trips to EFRR	17. 100% - Approximately 2,200 students attended in-person field trips to EFRR in 2024
18. Utilize volunteer groups such as San Diego Mountain Biking Association and EFRR trail patrol for two trail maintenance/repair projects	18. 100% - Volunteer cleanup events were held at EFRR on February 15 and April 21
19. Participate in I Love a Clean San Diego Creek to Bay Cleanup event	19. 100% - Creek to Bay Cleanup took place at EFRR on April 20 with 33 participants

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

Objective	Progress Toward Completion
20. Launch 18th annual photo contest	20. 100% - 18th annual EFRR photo contest will launch on November 23
21. Submit grant proposal to fund trail rehabilitation	21. 100% - Grant application will be submitted to County of San Diego's Community Enhancement Grant program in November
22. Utilize past Gold Spotted Oak Borer monitoring data to identify and treat problem areas, focusing on "high value" trees for treatment (e.g., 12"+ diameter, in aesthetically valuable area, etc.); target treatment of at least 150 trees	22. 100% - Over 200 trees were treated for GSOB on May 14

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

Objective	Progress Toward Completion
23. Host water conservation workshop at Elfin Forest Interpretive Center Honoring Susan J. Varty	23. 100% - Sustainable landscape and wildfire safety workshop took place on August 15
24. Demonstrate appreciation to EFRR volunteers by providing two educational field trips	24. 100% - Hosted field trip to Pechanga's Great Oak Tree on January 11; scheduled second field trip to 4S WRF and DCMWTP for November 7
25. Commemorate 15th anniversary of Elfin Forest Interpretive Center Honoring Susan J. Varty	25. 100% - 15th anniversary celebrated at the May 11 volunteer appreciation BBQ; commemorative pens available at Interpretive Center

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

Objective

Progress Toward Completion

Stretch

Utilize volunteer groups for two additional maintenance or cleanup events at EFRR

100% - Additional volunteer non-native vegetation removal events scheduled for November 1, 2, 15, 23, and December 6 and 7

4. Pursuing alternative and renewable energy sources as a means of offsetting costs and energy charges, providing sustainability.

Objective

Progress Toward Completion

26. Develop strategy to address new California Air Resources Board zero-emission vehicle requirements, including timeline, compliance, phasing, budgets, financing options, and exemption request; provide report to Facilities Committee

26. 100% - Ongoing; report, including timelines, compliance, phasing, exemption requests, and financing options, provided to Facilities Committee on October 9

27. Continue partnerships with energy providers and third-party consultants to optimize energy costs, including amending agreement with 3 Phases Renewables to extend term of service

27. 100% - Utility Cost Management services continue; on track to execute agreement amendment with 3 Phases Renewables by December 31

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

Objective	Progress Toward Completion
28. Complete the comprehensive salary survey in spring as negotiated in OMWD's Memorandum of Understanding (MOU); present to Personnel Committee then to board	28. 100% - Completed salary survey; presented to Personnel Committee on March 18; presented to full board on April 17
29. Prepare the five-year staffing analysis succession planning document; present to Personnel Committee then to board	29. 100% - Completed staffing analysis; presented to Personnel Committee on March 18; presented to full board on April 17
30. Conduct training on effective workplace verbal communication skills for all employees	30. 100% - Conducted effective communication skills training in April

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

Objective

Progress Toward Completion

31. Conduct review of staff turnover in fall as negotiated in the MOU to evaluate if moving to the 65th percentile in compensation has reduced employee turnover; present to Personnel Committee then to board

31. Postponed - Per board action at its April 17 meeting, objective 31 was postponed until next year in order to have sufficient data for evaluation; anticipate presenting to full board in July 2025

32. Implement a new online employment application system on OMWD website to improve data security

32. 100% - Online employment application system on OMWD website now hosted through [NEOGOV/GovernmentJobs.com](https://neogov.com/GovernmentJobs.com)

33. Enhance employee health and wellness by hosting a voluntary wellness challenge for staff

33. 100% - Completed voluntary staff wellness challenge in August

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

Objective

34. Prepare a SWRCB DDW request for treatment operator staff to receive partial distribution credit towards advanced certification

Progress Toward Completion

34. 100% - DDW approved request; treatment operator received D3 certification

6. Exceeding all federal, state, and local regulatory requirements for providing potable water, wastewater treatment, and recycled water.

Objective

- 35. Upon adoption of SWRCB water use efficiency regulations, perform analysis and report to Customer Outreach and Conservation Committee
- 36. Commence United States Environmental Protection Agency Unregulated Contaminant Monitoring Rule 5 sampling and approve certified lab results
- 37. Continue interdepartmental Stormwater Pollution Prevention Plan committee to provide greater oversight for stormwater issues at headquarters; conduct four quarterly meetings

Progress Toward Completion

- 35. 100% - SWRCB adopted regulations on July 3; analysis was presented to Ad Hoc Customer Outreach and Conservation Committee on August 20 and to full board on September 18
- 36. 100% - Sampling event three of four in progress, with full completion by December 31
- 37. 100% - Held four quarterly Stormwater Pollution Prevention Plan committee meetings

7. Minimizing all of OMWD's operational costs while maintaining a high level of customer service.

Objective

38. Continue to pursue local, state, federal, and private grant funding to offset costs

Progress Toward Completion

38. 100% - Submitted application for \$14.57 million to Representative Peters' office for Water Resources Development Act funding for OMWD's Building Reliable and Climate Resilient Infrastructure for Tomorrow Project and received \$959,752 in FY 24 Community Project Funding through US Environmental Protection Agency for San Dieguito Groundwater Project

7. Minimizing all of OMWD's operational costs while maintaining a high level of customer service.

Objective	Progress Toward Completion
39. Develop and implement process to increase customer communication by email, including sending new customer welcome letters electronically, reducing printing and postage costs	39. 100% - New customer welcome letters are now sent electronically; disconnection notices are also being sent via email in addition to regular notification methods
40. Increase customer use of online billing services, targeting 500 accounts newly enrolled in online payments	40. 100% - As of September 4, over 1,700 accounts have newly enrolled in autopay

7. Minimizing all of OMWD's operational costs while maintaining a high level of customer service.

Objective	Progress Toward Completion
41. Complete Phase 9 of the Advanced Metering Infrastructure Expansion Project, upgrading over 1,800 meters to AMI technology	41. 100% - Completed Phase 9 in February, upgrading the planned 1,857 meters; staff also accelerated an additional 788 meters originally scheduled for Phase 10
42. If grant funding is available, partner with Asterra on satellite leak detection program and present cost-benefit analysis to Facilities Committee	42. 100% - Received information from MWD; no grant funding will be made available this fiscal year

7. Minimizing all of OMWD's operational costs while maintaining a high level of customer service.

Objective

Stretch

Achieve one or more new grant awards

Progress Toward Completion

100% - Notice of award received for \$6.1 million USBR Title XVI funding for North San Diego Water Reuse Coalition 2020 project; received \$3,000 in funding from Metropolitan Water District's Community Partnering Program to pay for a mobile watershed science lab at the May 7 Ecoliteracy Showcase Event; received \$2,000 from ACWA JPIA for wellness grant funding for OMWD's Safety and Wellness Program; and received \$1,375 from Resource Conservation District of Greater San Diego County's Goldspotted Oak Borer Treatment pilot program

7. Minimizing all of OMWD's operational costs while maintaining a high level of customer service.

Objective

Progress Toward Completion

Stretch

Add 500 new subscribers to the MyWaterUse by AquaHawk digital dashboard

100% - As of September 4, over 1,000 additional customers have enrolled in the MyWaterUse dashboard; over 8,000 accounts are currently enrolled

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.

Objective

Progress Toward Completion

43. Commemorate OMWD's 65th anniversary

43. 100% - Letterhead features anniversary logo; commemorative event held April 24; featured in CSDA San Diego Chapter's newsletter

44. Install informational signage at David C. McCollom Water Treatment Plant to improve guest experience

44. 100% - Informational signs have been installed

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.

Objective	Progress Toward Completion
45. Partner with local businesses, vendors, and community organizations on a public service announcement and/or event about water use efficiency	45. 100% - Partnered with SDWD, SFID, and Solana Center on rain barrel distribution event; partnered with SDWD and SFID on landscape design workshop; partnered with EUSD, BCK Programs, and the Escondido Creek Conservancy on Ecoliteracy Showcase; partnered with Rancho Santa Fe Fire Protection District and Ecology Artisans on August 15 landscape workshop
46. Continue to develop messaging to protect customers' interests and ensure customer awareness of SWRCB water use efficiency regulations and new legislative requirements	46. 100% - SWRCB's development of water use regulations featured in May and July e-newsletters and June and August newsletters

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.

Objective

47. Achieve Special District Leadership Foundation's Transparency Certificate of Excellence and District of Distinction re-accreditation

Stretch

Win award from California Special Districts Association, Association of California Water Agencies, California Water Environment Association, or other industry group

Progress Toward Completion

47. 100% - OMWD District of Distinction accreditation valid through Sept 2025

100% - Won American Public Works Association's San Diego and Imperial County Chapter's Project of the Year Honor Award for Manchester Avenue Recycled Water Pipeline Project, won CSDA's Exceptional Public Outreach & Advocacy Award for "Engage and Influence" legislative outreach program, and received Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting

9. Ensuring that financial plans, policies, and practices maintain the ability of OMWD to construct, operate, and maintain all approved facilities including replacement funds for future needs.

Objective

Progress Toward Completion

48. Complete update of wastewater cost of service study

48. 100% - Completed study update; held public hearing on proposed wastewater rates and charges on May 15; at its June 19 meeting, board adopted wastewater rates and charges

49. Complete potable and recycled water cost of service study, including review of the Rate Reimbursement Credit Program

49. 100% - At its July 17 meeting, board reviewed potable and recycled water cost of service study and Rate Reimbursement Credit Program, and set a new credit amount per unit of water used

9. Ensuring that financial plans, policies, and practices maintain the ability of OMWD to construct, operate, and maintain all approved facilities including replacement funds for future needs.

Objective

- 50. Complete public notice of increases in wastewater rates and charges per Proposition 218
- 51. Complete public notice of increases in potable water and recycled water rates and charges per Proposition 218
- 52. Complete annual review of water-related service charges

Progress Toward Completion

- 50. 100% - Public hearing was held on May 15 with no comments received at the hearing
- 51. 100% - OMWD Proposition 218 notices were delivered to the post office on August 26
- 52. 100% - Annual review of water-related charges for 2024 was completed; proposed increases to certain water-related charges were approved by the board at its September 18 meeting

9. Ensuring that financial plans, policies, and practices maintain the ability of OMWD to construct, operate, and maintain all approved facilities including replacement funds for future needs.

Objective

53. Implement second phase of water capacity fee increases

54. Complete Biennial Operating and Capital Budget for fiscal years 2025 and 2026

Progress Toward Completion

53. 100% - Conducted a hearing on water capacity fees at the August 14 board meeting with no comments received at the hearing; an ordinance to implement second phase of the five-year phase-in program for water capacity fees was adopted by board at its September 18 meeting

54. 100% - Recommended budget for fiscal years 2025 and 2026 was adopted by board at its June 19 meeting

9. Ensuring that financial plans, policies, and practices maintain the ability of OMWD to construct, operate, and maintain all approved facilities including replacement funds for future needs.

Objective

Progress Toward Completion

- 55. Continue to explore potential expense reduction options as part of the annual budget process
- 56. Complete Annual Comprehensive Financial Report and single audit report for fiscal year 2024

- 55. 100% - Completed as part of the budget process; presented to full board for consideration and acceptance at its April budget workshop
- 56. 100% - Financial audit was completed in September; draft FY 2024 ACFR and single audit report will be presented to Finance Committee in November and to full board at its December 11 meeting

9. Ensuring that financial plans, policies, and practices maintain the ability of OMWD to construct, operate, and maintain all approved facilities including replacement funds for future needs.

Objective

57. As part of the budget process for 2024, address and mitigate any extraordinary CY 2025 wholesale rate increases above those contemplated in prior financial planning, including potential expense reduction options relative to San Diego County Water Authority's (SDCWA) CY 2025 rate

Progress Toward Completion

57. 100% - Cost-cutting measures and expense reduction options—including a 2.6% reduction in FY 2025 O&M expenses from the original proposed budget, a reprioritization of non-critical CIPs, a delay in hiring and position freezes, and a delay in capital spending on several large CIPs such as less critical pipeline replacements—were presented to Finance Committee and full board at its April budget workshop; board approved biennial operating and capital budget for FY 25 and FY 26, including pass through of SDCWA's supply cost increases for 2025, at its June 19 meeting

9. Ensuring that financial plans, policies, and practices maintain the ability of OMWD to construct, operate, and maintain all approved facilities including replacement funds for future needs.

Objective

Stretch

Assess feasibility for Pinnacles Community Facilities District financing with California Statewide Communities Development Authority and Pinnacles developer; review with Finance Committee

Progress Toward Completion

100% - Completed feasibility assessment for Pinnacles Community Facilities District financing with the Pinnacles developer and California Statewide Communities Development Authority, including an updated tax spread analysis; staff will provide update to Finance Committee at its November meeting

10. Planning and constructing the Master Plan of Facilities to meet the long-term water storage, treatment, transmission, and distribution needs of OMWD.

Objective	Progress Toward Completion
58. Update the 10-year Capital Improvement Plan	58. 100% - Approved by board at its June 19 meeting
59. Complete Potable Water and Recycled Water Master Plan update	59. 100% - Presented informational report to board at its August 14 meeting; completed update; anticipate presenting to board for final approval at its November 6 meeting
60. Complete update to Wastewater Master Plan	60. 100% - Approved by board at its April 17 meeting

10. Planning and constructing the Master Plan of Facilities to meet the long-term water storage, treatment, transmission, and distribution needs of OMWD.

Objective

61. Incorporate 2023 condition assessment results for DCMWTP, 4S WRF, wastewater system, and pipeline replacement into 2024 budget process, cost of service update, and Proposition 218 notices per the recommendation of the Facilities Committee

Progress Toward Completion

61. 100% - Condition assessment results were incorporated into FY 25 and 26 budget adopted by board at its June 19 meeting; condition assessment results for water also included in the 2024 water cost of service updates and Proposition 218 notification processes

11. Establishing programs and policies to develop alternative water supplies to serve existing and future customers.

Objective

62. Continue to advance San Dieguito Valley Groundwater Project, including conducting additional hydrogeologic studies, conducting independent risk evaluation workshop, updating/refining economic analysis, and developing a water rate impact strategy; present progress reports, including project schedule and decision points, to board at least twice during the calendar year

Progress Toward Completion

62. 100% - Ongoing; overall project schedule decelerated, with new schedule approved as part of budget process; in September, staff presented an opportunity to take advantage of nearly \$1 million in federal grant funding to continue hydrogeologic investigations in San Dieguito Groundwater Basin and will return with a Closed Session item at the October 16 board meeting

12. Cultivating supportive and positive relationships with the federal, state, and local agencies which may impact OMWD's operations.

Objective

63. Engage and influence SWRCB regulations and water use efficiency legislation utilizing OMWD's advocate in Sacramento

Progress Toward Completion

63. 100% - OMWD and Nossaman staff participated in multiple SWRCB workshops, submitted several comment letters, provided testimony, and met with SWRCB staff and SWRCB board members to discuss concerns with the proposed regulations; OMWD's recommendations to permanently include irrigable, non-irrigated landscape, to include a variance for recycled water with high TDS, and to include a variance for indoor use that impacts wastewater operations were included in the adopted regulations

12. Cultivating supportive and positive relationships with the federal, state, and local agencies which may impact OMWD's operations.

Objective	Progress Toward Completion
64. Coordinate with County of San Diego on board filings for the 2024 election	64. 100% - Submitted to County of San Diego the necessary paperwork for 2024 board election in November
65. Work with San Diego Local Agency Formation Commission (SD LAFCO) on the preparation of municipal service reviews (MSR) for the Encinitas and Carlsbad areas; in conjunction with MSR completion, perform analysis of organizational efficiencies between OMWD and Leucadia Wastewater District, and provide report to board	65. Postponed - Provided update at May 15 board meeting that OMWD has been removed from the Encinitas MSR, and that SD LAFCO has delayed the Carlsbad MSR until next year; will add as an objective again in 2025 (July update)

12. Cultivating supportive and positive relationships with the federal, state, and local agencies which may impact OMWD's operations.

Objective

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

Progress Toward Completion

66. 100% - Provided update at May 15 board meeting that SD LAFCO's “out of agency service agreements policy” was approved, and included several automatic exemptions advocated for by OMWD's General Manager; General Manager continues to serve on the wholesale water MSR Stakeholder Working Group; anticipate that LAFCO will push completion of the wholesale water providers MSR until 2025

12. Cultivating supportive and positive relationships with the federal, state, and local agencies which may impact OMWD's operations.

Objective	Progress Toward Completion
67. Work with SDCWA to advance OMWD's legislative proposal to amend Public Contract Code to raise the limit for public works bidding requirements to match other public agencies throughout California	67. 100% - Efforts continue with SDCWA and OMWD's own advocacy team to overcome organized labor's concerns about the proposal; aiming to advance proposal in 2025-2026 legislative session
68. Continue work and active advocacy with Water for All statewide coalition (formerly Solve the Water Crisis) to advance Senate Bill 366 through the legislature, which sets specific targets for new water supply development and adequate funding for these projects; make presentation to board	68. 100% - OMWD met with several local legislators to advance SB 366 through legislature, but bill was ultimately vetoed by governor; coalition considering approach for 2025-2026 legislative session; a summit of general managers from water agencies across the state will be held in October

12. Cultivating supportive and positive relationships with the federal, state, and local agencies which may impact OMWD's operations.

Objective

69. Continue efforts with SDCWA on the development, implementation, and phase-in of a new equitable fixed rate component to SDCWA rates via the Member Agency Workgroup, the Financial Strategy Workgroup, and OMWD's SDCWA board representative
70. Work with legislators and member agencies to pursue equitable voting structure at SDCWA

Progress Toward Completion

69. 100% - A review of rate structure and the need to shift revenue recovery to fixed costs, as well as a review of take-or-pay contracts and potential alternative uses, are being studied as part of SDCWA's Municipal Service Review; the Member Agency Workgroup commenced meetings again in September on the ongoing phase in of an equitable fixed rate component; a property tax component is an alternative being explored
70. Postponed - Efforts on hold with legislators as MSR process continues and is likely delayed to 2025

Tiger Team Report



Grants and Alternative Funding Under Pursuit

- \$959,752—FY 24 Community Project Funding through US Environmental Protection Agency for San Dieguito Groundwater Project
- \$14,570,000—2024 Water Resources Development Act: Energy and Water Development Appropriations funding for OMWD's Building Reliable and Climate Resilient Infrastructure for Tomorrow Project

Total Under Pursuit
\$15,529,752



Tiger Team Report

Grants and Alternative Funding Achieved in Fourth Quarter FY 2024

- \$2,000—ACWA JPIA wellness grant for OMWD's Safety and Wellness Program
- \$TBD—WaterSMART: Title XVI Water Reclamation and Reuse Projects funding for OMWD's portion of \$6,100,000 award for Regional Recycled Water Program: 2020 Project

**Total Awarded
\$2,000**

Cost Savings Achieved in Fourth Quarter FY 2024

- None this quarter

**Total Cost Savings
\$0**



Tiger Team Report

Alternative Revenue

**OLIVENHAIN MUNICIPAL WATER DISTRICT
SCHEDULE OF OTHER BUSINESS (NON-WATER RELATED) REVENUES
FOR THE THREE MONTHS ENDED JUNE 30, 2024 (UNAUDITED)**

	ACTUAL	SIX MONTH BUDGET
REVENUES:		
CELL SITE LEASES + RENTAL	176,031	196,300
MISCELLANEOUS INCOME	4,313	
ROGER MILLER HYDROELECTRIC REVENUES	23,965	25,000
CB&T VISA CASH INCENTIVE*	4,272	N/A
ESTIMATED DCMWTP ENERGY OFFSETS**	95,154	N/A
	<u>303,735</u>	221,300
 TOTAL REVENUE FOR THE THREE MONTHS ENDED JUNE 30, 2024	 <u>303,735</u>	

Notes:

*This amount is neither recorded nor budgeted until fully realized.

** This is an unrealized revenue. This amount is calculated for internal reporting only.

Total alternative revenue in fourth quarter of FY 2024: \$303,735

Tiger Team Report



Summary

Total fourth quarter FY 2024 grant and alternative funding, alternative revenue, and cost savings: \$305,735

Total grant funding and potential alternative funding sources under pursuit: \$15,529,752

Since Inception of the Program (2005)

Total grant funding and cost savings to date: \$50,550,140

Total alternative revenue generated to date: \$19,658,940

Memo

Date: October 16, 2024
To: Olivenhain Municipal Water District Board of Directors
From: John Onkka, Water Reclamation Facilities Supervisor
Via: Kimberly A. Thorner, General Manager
Subject: **CONSIDER AN INFORMATIONAL UPDATE TO THE RECYCLED WATER PROGRAM**

Purpose

The purpose of this agenda item is to provide the Board of Directors with an update on the recycled water program per the request of the Board in Annual Objective Number 11.

Recommendation

No recommendations as this is an informational update requested by the Board on the recycled water program, current project status, grant funding and plans for system expansion.

Alternative(s)

No alternatives as this is an informational update.

Background

OMWD's recycled water system was developed for several reasons including offset of potable water demand, increased reliability, beneficial use, and for regulatory compliance. OMWD's recycled water history began in 1998 with the annexation of the 4S Ranch and Rancho Cielo Sanitation Districts, in which OMWD took ownership of the 4S

Ranch Water Reclamation Treatment Facility (4S WRF). After taking ownership OMWD subsequently added tertiary treatment and began distributing recycled water to communities in and around 4S Ranch in 2003. Along with the 4S WRF, OMWD entered into agreements to procure recycled water from the City of San Diego allowing OMWD to distribute to a larger portion of the Southeast Quadrant. Other supplies to the Southeast Quadrant include 100% production from the Rancho Santa Fe CSD's Santa Fe Valley WRF.

In addition to the Southeast Quadrant, in 2009 OMWD began supplying recycled water to the Northwest Quadrant by purchasing recycled water from Vallecito's Meadowlark WRF and in 2013 an interconnection was completed with San Elijo Joint Powers Authority (SEJPA). Further expansion in the Northwest Quadrant took place in 2016, involving conversion of Wiegand Reservoir from potable to recycled water, new connection to SEJPA, new pump station, and construction of nearly seven miles of recycled distribution pipelines in the Village Park area.

Most recently 1.4 miles of six-inch diameter recycled water pipeline was completed along Manchester Avenue/South El Camino Real.

Fiscal Impact

There are no fiscal impacts related to this item as this is an informational item only.

Discussion

All of this information and the future of recycled water throughout OMWD will be discussed in this presentation.

Staff is available to answer questions.

Attachments

Recycled Water Update Power Point



Municipal Water District

Recycled Water Program Update

October 16, 2024

Why Develop Recycled Water

- **Offset potable demand**
- **Increased reliability**
 - Drought-proof supply
 - Revenue reliability
- **Beneficial reuse of most precious resource**
- **Regulatory compliance**

Why Develop Recycled Water

Offset Potable Demand

- Every drop of recycled water used is a drop of potable water saved

Increased Reliability

- Drought-proof supply
 - Locally derived
 - People do not stop flushing toilets during a supply shortage
 - Recycled water has been exempt from supply shortage restrictions
- Increased revenue reliability
 - Users not required to react to supply shortage messaging
 - Cost-effective supply for customers



Why Develop Recycled Water

Beneficial Reuse / Sustainability



- Provides an energy offset by avoiding the energy demands associated with importing water thereby reducing greenhouse gas emissions
- Increases water supply availability and reliability should imported water supplies be reduced due to climate change
- May reduce the amount of treated wastewater that would otherwise be discharged into the Pacific Ocean, instead allowing for a beneficial use

Why Develop Recycled Water

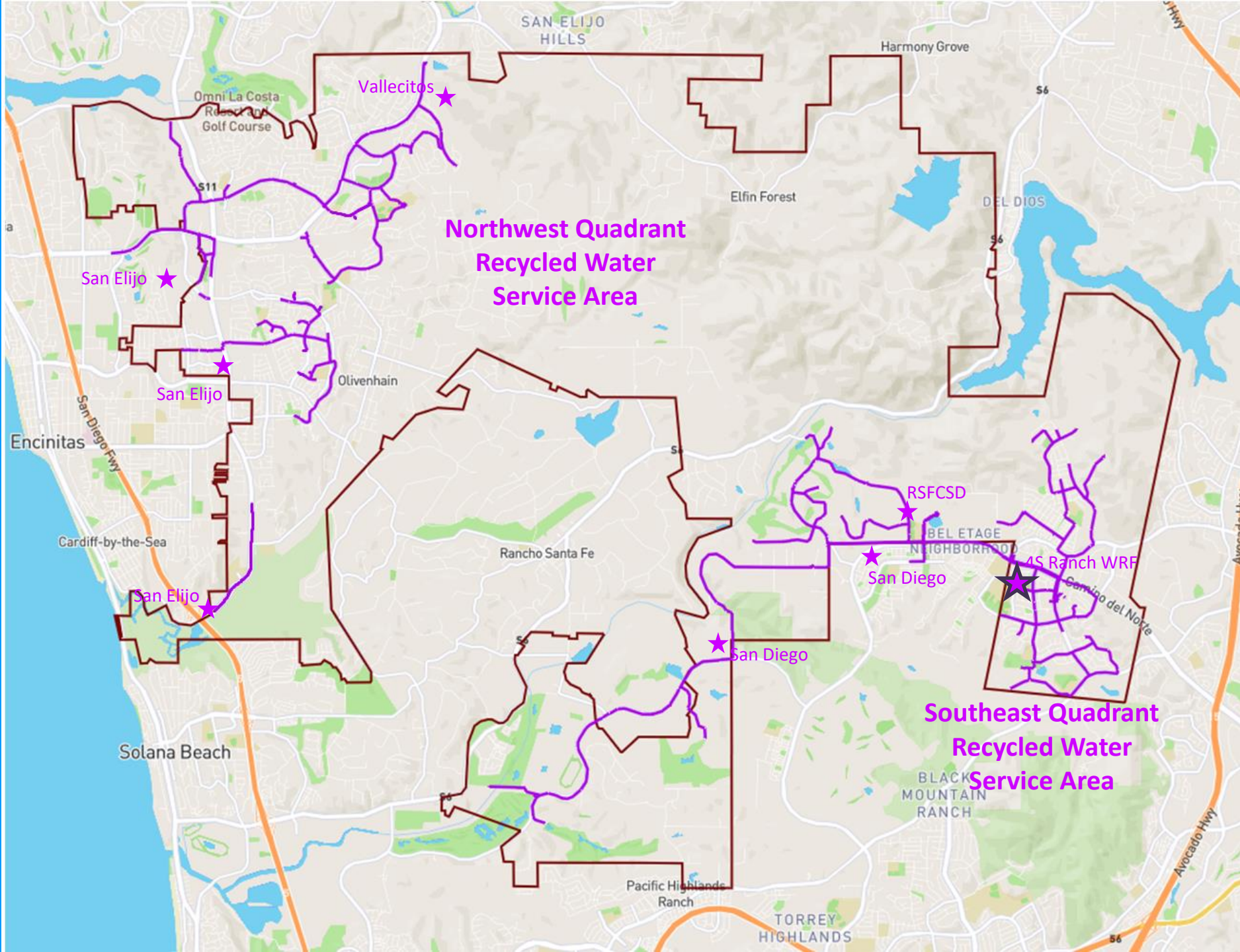
Regulatory Compliance



- Supports water use efficiency goals
 - Offsetting potable use was OMWD's primary means to achieve 20% reduction in per capita potable water use by 2020, as required by SB X7-7 (2009), allowing continued eligibility for state grant funding
 - OMWD's water use objective that is under development in response to AB 1668/SB 606 (2018) will allow variance for recycled water
- Supports California's greenhouse gas emission goals
 - Helped to achieve statewide goal of 20% reduction in greenhouse gas emissions by 2020 by reducing energy demands associated with potable water imports (AB 32)(2006)
 - Will help to meet new standards currently being evaluated by CARB & CPUC that will further limit greenhouse gas and target achievement of carbon neutrality by 2035

OMWD's Recycled Water History

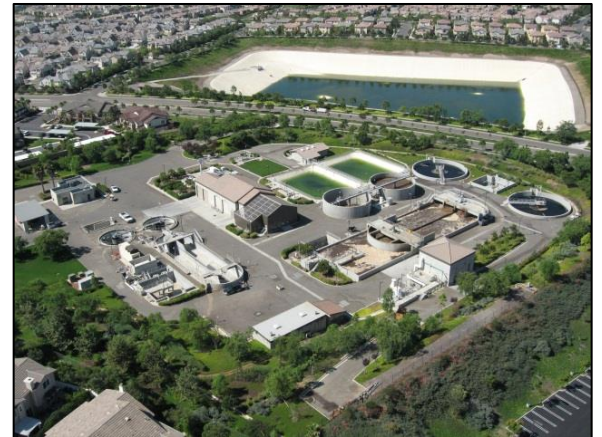
- **Southeast Quadrant**
 - 4S Ranch Water Reclamation Facility
 - City of San Diego Connections
 - Rancho Santa Fe CSD
- **Northwest Quadrant**
 - Phase I – Vallecitos Connection
 - SEJPA Connection
 - Village Park Recycled Water Project
 - Manchester Ave & South El Camino Real



OMWD's Recycled Water History

Southeast Quadrant

- Annexed 4S Ranch and Rancho Cielo Sanitation Districts in 1998
 - Took ownership of 4S Ranch Wastewater Treatment Facility
 - Subsequently added tertiary treatment capability creating the 4S Ranch Water Reclamation Facility as we know it today
 - Began distributing recycled water to communities in and around 4S Ranch in 2003
- Two connections to the City of San Diego's recycled water distribution system allow OMWD to procure recycled water and distribute it to a larger area. One connection is on demand, and the other is via a "take-or-pay" contract which ends in December 2024
- Will be reducing our take or pay amount in subsequent agreement



OMWD's Recycled Water History

Southeast Quadrant

- OMWD also purchases recycled water from Rancho Santa Fe CSD's Santa Fe Valley WRF via contract
 - Prior to construction of the Santa Fe Valley blending reservoir, RSFCSD disposed of the recycled water on an adjacent field
- Southeast Quadrant improvements were funded in part by the first North County Recycled Water Project, a \$133M cooperative effort between OMWD, Carlsbad MWD, Leucadia WD, and San Elijo JPA, which was awarded \$20 million in Title XVI funding



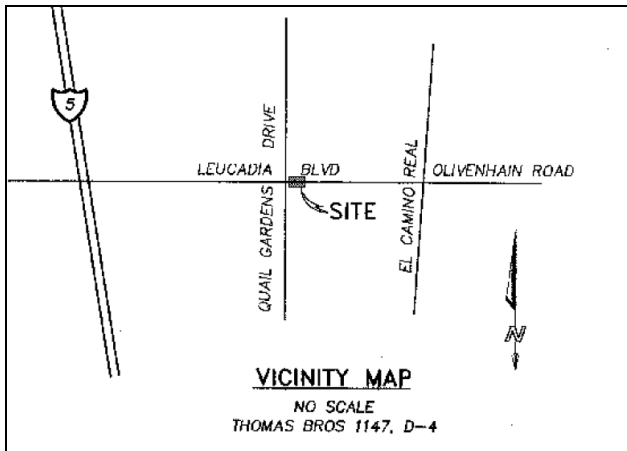
OMWD's Recycled Water History



Northwest Quadrant

- Title XVI funding also provided funding for expansion of Vallecitos Water District's Meadowlark Water Reclamation Facility
- Northwest Quadrant's Phase I was completed in 2009, allowing recycled water purchased from Vallecitos' Mahr Reservoir to be distributed to OMWD customers in Encinitas/Carlsbad
- This contract is currently being re-negotiated to a three agency agreement between OMWD, Carlsbad and Vallecitos

OMWD's Recycled Water History



Northwest Quadrant

- An interconnection with San Elijo Joint Powers Authority's recycled water system was completed in 2013, adding a second source of recycled water to the Northwest Quadrant

OMWD's Recycled Water History



Village Park Recycled Water Project

- Major expansion of the Northwest Quadrant was completed in 2016, involving conversion of Wiegand Reservoir to recycled water, new connection to SEJPA, new pump station, and construction of nearly seven miles of recycled water distribution pipelines
- Offsets up to 350 acre-feet per year of potable water
- Project was funded in part by \$340k Prop 84 grant

OMWD's Recycled Water History

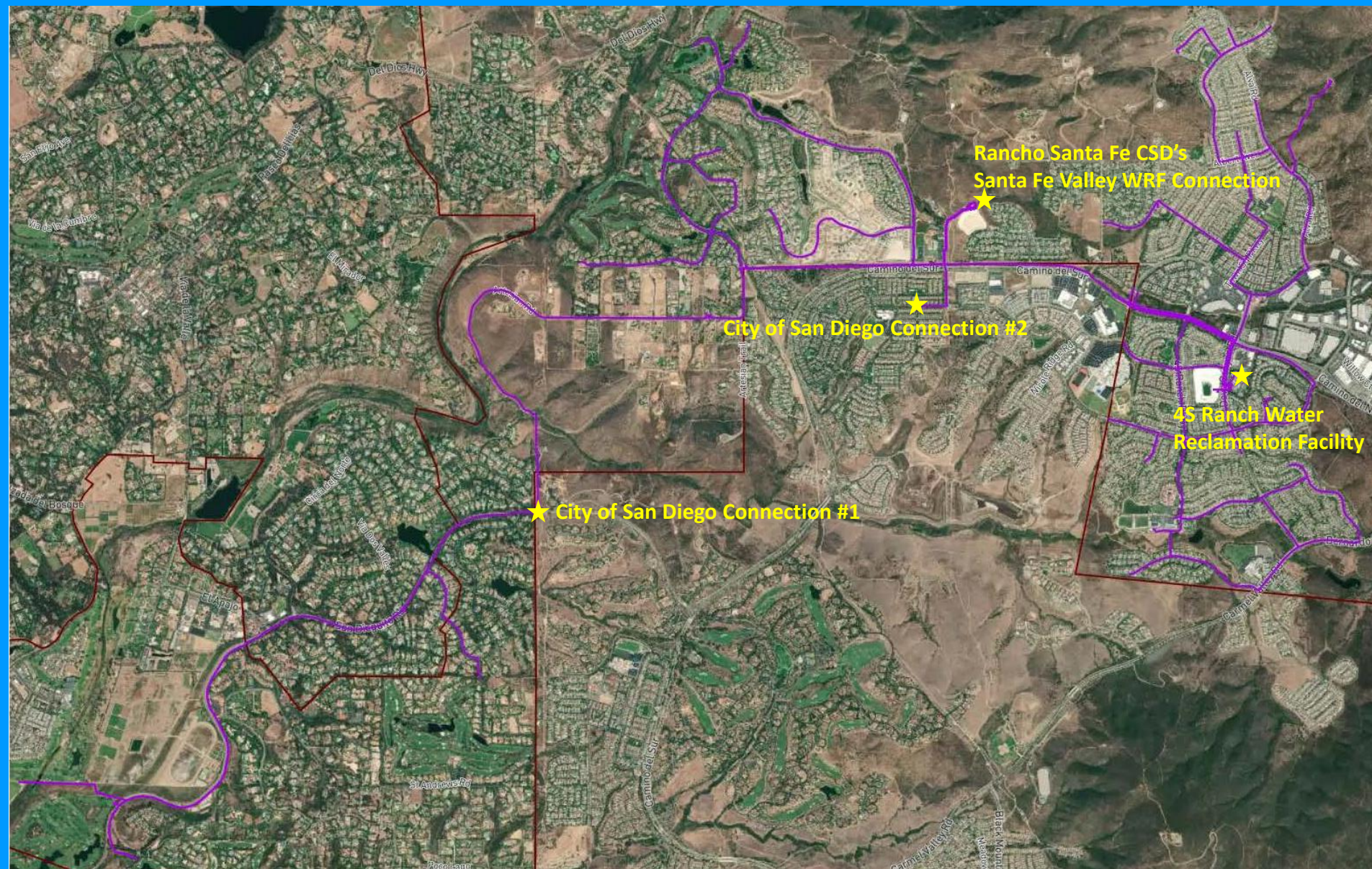


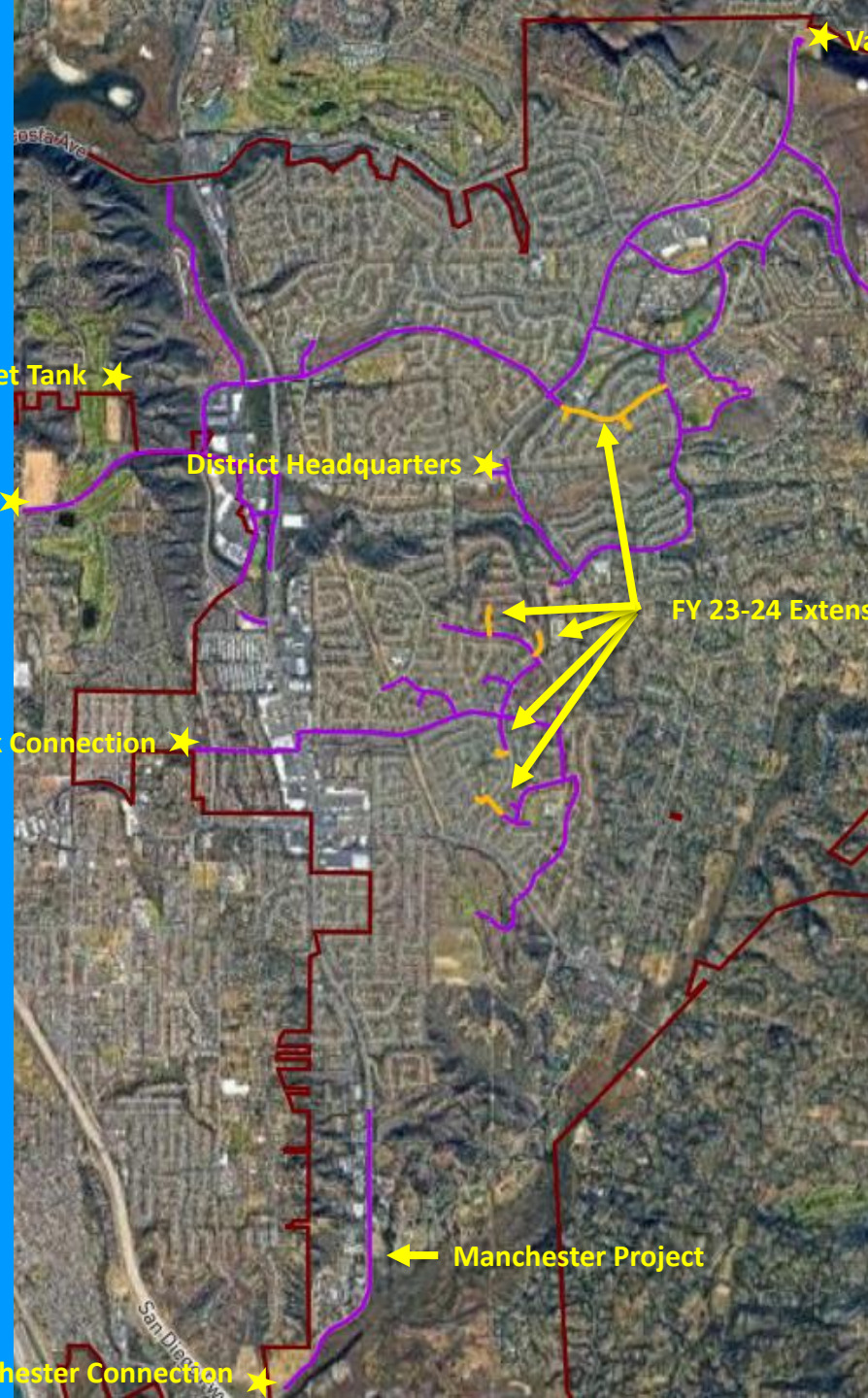
Manchester Avenue Recycled Water Project

- 1.4 miles of six-inch diameter recycled water pipeline was completed along Manchester Avenue/South El Camino Real from Via Poco to Tennis Club Drive
- Funded in part by \$650k Prop 84 grant & \$750k Prop 1 grant
- Also part of the suite of projects funded in part (25%) by the \$23M Title XVI awards from the US Bureau of Reclamation to the North San Diego Water Reuse Coalition

Where We Are Today

- **Recycled Water Service Areas**
- **Recycled Water Statistics**
- **Recycled Water Rates**





★ Vallecitos Meadowlark Connection

Wanket Tank ★

District Headquarters ★

SEJPA North Connection ★

FY 23-24 Extension Projects

SEJPA Village Park Connection ★

← Manchester Project

SEJPA Manchester Connection ★

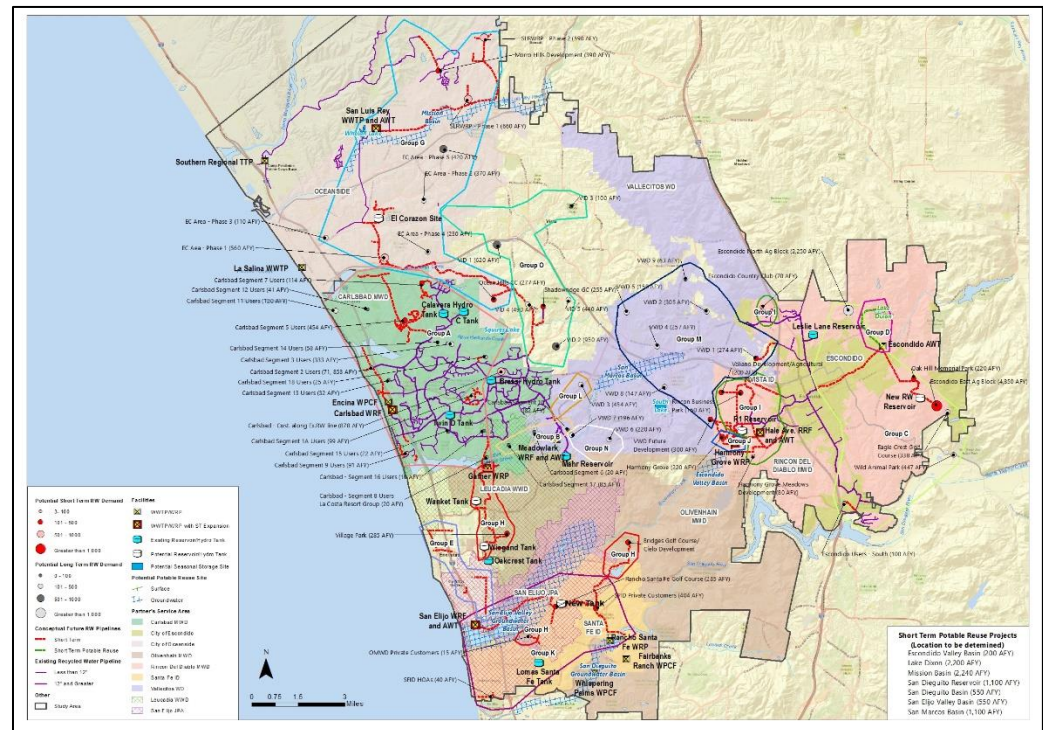
Future of Recycled Water at OMWD

- **North San Diego County Regional Recycled Water Project**
- **Projects Currently Underway**
- **Converting Potable Customers to Recycled Water**
- **Recycled Water Loan Program**
- **Potential for IPR/DPR**

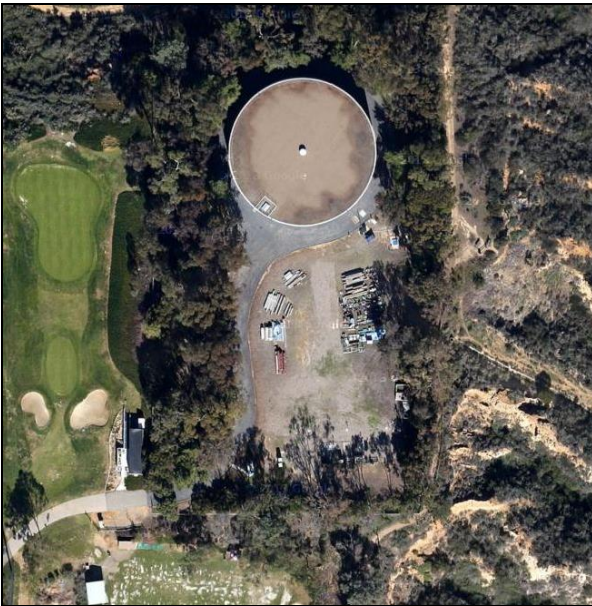
Future of Recycled Water at OMWD

North San Diego Water Reuse Coalition

- OMWD continues participation with its partners in the Coalition, reaching across jurisdictional boundaries to more efficiently link recycled water supplies to areas of demand
- Recent grant awards secured by the Coalition include a \$6.1M Title XVI award from USBR (2022), a \$17.8M Title XVI award from USBR (2023), and a \$3.7M IRWM Prop 1 Round 2 award from DWR (2023)



Future of Recycled Water at OMWD



Conversion of Wanket Tank

- Plans are underway to cooperate with San Elijo Joint Powers Authority to convert Wanket Reservoir to recycled water
- Also part of the suite of projects funded in part (25%) by the \$23M Title XVI awards from the US Bureau of Reclamation to the North San Diego Water Reuse Coalition

Future of Recycled Water at OMWD

Converting Potable Customers to Recycled Water

- Increasing the number of recycled water customers requires
 - (a) proximity to OMWD's recycled water distribution system, and
 - (b) that properties receiving recycled water are properly plumbed and managed
- Admin Code §25.3, introduced by Ordinance 173, mandates that customers use recycled water when it is available; to date, OMWD has taken a cooperative approach to converting eligible customers rather than strictly implementing this section
- There are several customers using potable water that are eligible to receive recycled water
- OMWD works closely with each customer, customer contractors, and San Diego County DEHQ to make the conversion from potable to recycled water
- The conversion process requires DEHQ-approved plans, connecting to the recycled water system, and making on-site modifications (signs, above-ground purple appurtenances, separation of potable and recycled pipes, etc.)
- The board approved a Recycled Water Retrofit Loan Program to assist end-users with the costs of retrofits

Future of Recycled Water at OMWD

Customers in the process of converting/building

- Bernardo Point HOA
- Salviati HOA
- Manchester Senior Living
- MiraCosta College San Elijo
- St. Constantine & Helen Greek Orthodox
- Temple Solel
- North Coast Presbyterian Church
- El Camino Kingdom Hall
- Pacific Pines Racquet Club HOA
- Carlos Floral Co
- Lux Art Institute
- Sage Canyon Home Owners Assoc
- Summerfield of Encinitas
- Calle Ryan HOA (Spyglass)
- Pacific Ranch HOA
- Encinitas Enclave/Berryman Canyon
- Diegueno Middle School
- Santa Fe Sonata HOA
- Woodside Homes
- Colinas de Oro HOA
- La Cresta HOA
- The Lakes - Unit4B
- The Lakes - Unit 6 Wellington
- Belmont Village Rancho Santa Fe
- Northview HOA
- Shady Tree HOA
- Summerhill HOA
- Village Park Recreation Club 1
- Village Park Townhomes 1
- VP Townhome Corp No 3 Phase 1

Estimated irrigation demands for these customers total approximately 285 AFY

Future of Recycled Water at OMWD

Potential recycled water customers that do not yet have recycled water available

- The Beacon La Costa
- Northview POA Curtis Mgmt
- UCSD Garden View LLC
- Calif Inst For Human Science
- Garden View Ct Maint Assoc
- US Postal Service - Encinitas
- City of Encinitas - 1150 Garden View Rd
- Four Gee County Park
- Bel Etage-Savenna Homeowners Assn
- Country View Collections HOA
- Horizon Christian Fellowship
- Park Encinitas Mobile Home HOA
- Cambria at Encinitas Ranch
- Mendocino Encinitas Ranch HOA
- EOS Fitness
- Ctrh LLC
- Generation Properties LP
- Olivenhain Partners
- Qmed Development LLC
- Horizon Christian Fellowship
- VP Townhome Corp No 3 Phase 2

Estimated irrigation demands for these customers total approximately 115 AFY

Recycled Water Retrofit Loan Program

- The Recycled Water Retrofit Loan Program was established to help HOAs finance the retrofit process.
- The average retrofit site cost is around \$50,000 and is variable depending on the size of the site, separation requirements, whether plans exist of the irrigation system, and other factors.
- Terms of a loan include:
 - Typically, a 7-year payback period at a rate equal to 15 basis points above the 7-year swap mid interest rate on the date of the actual loan. The additional 15 basis points is to cover OMWD's administration costs.
 - Repayment of each loan over the course of the initial 7-year period utilizes the difference between the potable irrigation water rate and the recycled water rate (i.e., the loan customer continues to pay the potable irrigation water rate and the difference between the two rates is used to pay down the loan balance).
 - At the end of the initial 7-year period, the customer would be required to pay the remainder of any outstanding loan balance with a balloon payment.

Recycled Water Retrofit Loan Program

- Below is a summary of the recycled water retrofit loan agreements established to date:

Customer	Loan Amount	Loan Interest Rate	Term (Years)	Loan Funding Date	Balance	Note
Rancho Santa Fe Farms HOA	\$ 71,970.50	1.46%	7	7/27/2016	\$ -	<i>paid in full September 2022</i>
Sandalwood HOA	\$ 60,000.00	1.90%	7	11/26/2016	\$ -	<i>paid in full September 2022</i>
VP Recreation Club #2 HOA	\$ 15,600.00	2.74%	3	3/28/2018	\$ -	<i>paid in full December 2019</i>
Del Rayo Downs HOA	\$ 50,600.00	2.99%	7	6/30/2018	\$ 4,120.10	<i>Estimated payoff November 2022</i>

Future of Recycled Water at OMWD

North San Diego Water Reuse Coalition

- OMWD's portion of these awards will offset costs associated with:
 - Extension 153A (Surf Cup) (150 AFY)
 - Manchester Avenue/South El Camino Real Recycled Pipeline (50 AFY)
 - New recycled main extensions at Calle Barcelona, VP Rec Club #1, VP Townhomes #1, and Summerhill HOA (39 AFY)
 - Rancho Paseana (up to 300 AFY)
 - Extension 153 flow meter
 - Recycled water conversions at Fair Oaks Valley Southern Preserve, Del Rayo Downs HOA, Seagate Village, Vida Pacifica HOA, Village Creek HOA, VP Townhomes #2, VP Rec Club #2, VP Rec Club #3 Golf Course, Villanitas HOA park, Bernardo Point HOA, Westmont of Encinitas Assisted Living, Leucadia Wastewater fill stations, Batiquitos Bluffs mitigation site, 777 N El Camino Real, the Lakes, and VP Condo Corp (264 AFY)

Future of Recycled Water at OMWD

Potential for IPR/DPR

- OMWD signed on as an advocacy Agency for Encina Wastewater Authority Potable Reuse Project with the Board's approval at the January 18, 2023 Board meeting





Recycled Water Program Update



Memo

Date: October 16, 2024

To: Olivenhain Municipal Water District Board of Directors

From: Rainy Selamat, Finance Manager

Via: Kimberly Thorner, General Manager

Subject: **PUBLIC HEARING TO CONSIDER PUBLIC COMMENTS REGARDING THE PROPOSED INCREASES TO OLIVENHAIN WATER DISTRICT (OMWD) CHARGES EFFECTIVE JANUARY 1, 2025 AND AN ORDINANCE THAT WOULD AUTHORIZE OMWD FOR THE FIVE-YEAR PERIOD COMMENCING JANUARY 1, 2025 TO DECEMBER 31, 2029 TO: (1) PASS THROUGH INCREASES TO OMWD WATER CHARGES AND SAN DIEGO COUNTY WATER AUTHORITY (SDCWA) INFRASTRUCTURE ACCESS CHARGE, NOT TO EXCEED 12 PERCENT EACH YEAR, (2) ADOPT DEMAND REDUCTIONS RATES FOR WATER CONSUMPTION CHARGE, AND (3) ADOPT FIRE METER CHARGE AS DESCRIBED IN THE NOTICE OF PUBLIC HEARING (5:30 PM)**

Purpose

This is an agenda item to consider public comments regarding the proposed increases to OMWD Water Charges as described in the Notice of Public Hearing (Notice). A copy of the Notice is attached.

The proposed increases to OMWD Water Charges are shown in detail in the Notice. The summary of the proposed increases are as follows:

1. Increases to OMWD Water Consumption Charge, OMWD System Access Charge, San Diego County Water Authority (SDCWA) Infrastructure Access Charge, OMWD Fire Meter Charge beginning on January 1, 2025; and

2. increase the Rate Reimbursement Credit to OMWD customers from 11 cents to 22 cents per unit of water billed to help offset the 14% increase in purchased water wholesale costs from SDCWA effective January 1, 2025; and
3. increase OMWD Fire Meter Charge for the next five years commencing January 1, 2025 through December 31, 2029; and
4. adopt an ordinance that would authorize OMWD to set Demand Reductions Rates for OMWD Water Consumption Charge to be implemented in the event of mandatory water cutback and by Board of Directors' action for the next five years commencing January 1, 2025 through December 31, 2029; and
5. adopt an ordinance to pass through (a) any future increases imposed by SDCWA to SDCWA Infrastructure Access Charge that will only impact the SDCWA Infrastructure Access Charge, (b) any future increases in purchased water wholesale charges from SDCWA and Recycled Water Wholesalers imposed on OMWD, and (c) increases to OMWD's costs of water operation based on June end to June end percent change in San Diego-Carlsbad Consumer Price Index for All Urban Customers (CPI). All Pass-Through increases shall not exceed 12% per year commencing January 1, 2026 through December 31, 2029, and in no event shall any Pass-Through increases result in rates exceeding OMWD's cost of providing water services to its customers.

These proposed increases will be brought forward to the Board for approval and adoption at the next meeting (November 6, 2024).

If approved, OMWD Staff will still be required to bring any changes to OMWD water rates and service charges to the Board for consideration each year. A public hearing, however, will not be required each subsequent year if an ordinance is adopted by the Board. A written notice of future proposed changes through December 31, 2029, if approved by the Board, will be provided to OMWD customers no less than 30 days prior to implementing any pass-through increases.

Recommendation

Staff is recommending that the Board receive public comments on the proposed rate increases during the Public Hearing.

Raftelis Financial Consultants (Raftelis) completed an independent review and cost of service study of OMWD water rates and service charges. The proposed increases are recommended by Raftelis. The proposed increases are consistent with Board defined policies, industry standards, and applicable legal standards to achieve OMWD's financial stability over the study period (5 years).

Alternatives

N/A. A Public Hearing is required as part of the Proposition 218 requirements.

Background

OMWD has been successful in managing its costs through conservative financial planning and optimal utilization of its assets to avoid rate spikes. Over the last two years, OMWD has faced significant cost pressures including record high inflation, purchased water wholesale charges from San Diego County Water Authority (SDCWA) and Metropolitan Water District of Southern California (MWD), and increases in power/utility costs to operate the David C. McCollom Water Treatment Plant and 4S Water Reclamation Facility to provide water services and meet OMWD customers' water demand. These increases are external and uncontrollable expenses to OMWD's water operating budget.

Revenues collected from existing rates and charges and available reserves will not generate sufficient revenues to recover external and uncontrollable expenses and costs of maintaining and replacing its aging water infrastructure to meet new water quality standards and safety requirements for the next five years as indicated in the Status Quo Financial Plan in the attached Report.

OMWD Water Charges (Water Consumption Charge, System Access Charge, SDCWA Infrastructure Access Charge, and Fire Meter Charge) are updated every 5 years as part of water cost of service study for cost recovery and financial stability. The results of this

year's water rate study (2024), including the basis for allocating costs of service, calculating the proposed increases, and Demand Reductions Rates for the next five years, were presented to the Board at the Board water rate workshop at the July meeting.

The proposed Rate Reimbursement Credit (RRC) program per unit of water billed was also reviewed with the Board in July. The Board approved increasing the per unit credit amount to OMWD customers, to refund rebate payments received from SDCWA, from the current 11 cents per unit to 22 cents per unit of water billed. Additional information on RRC program can also be found in the Fiscal Impact section below.

Section 53756 of the Government Code allows agencies, such as OMWD, that provide water and sewer services, to pass through increases in wholesale charges for water and annual inflationary adjustments for water and sewer operations as long as these increases do not exceed the actual cost of providing the service.

The last pass-through ordinance was adopted by Board in 2019 for a maximum not to exceed 9% for the five-year period. OMWD's revenue adjustment, on average, was 4.8% each year, including pass-through increases in wholesale charges and annual inflationary adjustments from 2020-2024. Any increases to OMWD's water rates and charges were considered and approved by the Board at a publicly noticed meeting each year prior to implementation.

Fiscal Impact

OMWD's cost of service recovered from rates and charges is based on OMWD's fiscal year 2025 budget approved by the Board in June 2024. Purchased water wholesale costs from SDCWA and other recycled water suppliers is OMWD's largest expenditure at approximately 60% of the total operating budget.

OMWD's Long-Term Finance Plan was also reviewed by the Board as part of OMWD's budget process. The Financial Plan includes projected water operating and maintenance costs, water capital infrastructure needs, and debt service obligations over the next five years using annual inflationary adjustments. The proposed and estimated 5-year Revenue Adjustments based on OMWD's Financial Plan and included in the Water Rate Study Report are estimated and summarized in the table below. The estimated Total Revenue Adjustment shown below includes a 39% increase in projected purchased water wholesale costs from SDCWA which were used as the basis for the proposed maximum Pass-Through Increases of 12% included in the Notice.

	FY 2025 Proposed	FY 2026 Estimated	FY 2027 Estimated	FY 2028 Estimated	FY 2029 Estimated
System Access Charges (Inflation/Wholesale Pass-Through)	8.0%	8.0%	8.0%	5.0%	4.0%
Fire Meter Charges	5.0%	6.0%	6.0%	5.0%	4.0%
Commodity Charges including Inflation/Wholesale Pass-Through	7.9%	7.9%	8.0%	5.0%	4.0%
Infrastructure Access Charges SDCWA IAC Pass-Through*	3.2%	8.5%	11.5%	4.0%	4.0%
TOTAL REVENUE ADJUSTMENT	7.8%	7.9%	8.1%	5.0%	4.0%

*Based on projected increases from SDCWA

The Rate Reimbursement Credit (RRC) is proposed to be increased from the current 11 cents per unit to 22 cents per unit of water billed to help offset the impact of purchased water wholesale cost increases from SDCWA on OMWD's customers in 2025. This is a refund approved by the Board to pass through rebate payments received from SDCWA for prior years' overcharges on purchased water wholesale costs. The RRC program is funded by rebate payments received from SDCWA from lawsuits filed against MWD challenging the legality of certain MWD rates and charges.

Discussion

About 90% of potable and recycled water sold by OMWD is purchased from San Diego County Water Authority (SDCWA) and Recycled Water Wholesalers (City of San Diego, Vallecitos Water District, San Elijo Joint Powers Authority, and Rancho Santa Fe Community Services District). OMWD buys 100% of its untreated water from SDCWA to meet potable water demand. Purchased Water Cost is OMWD's largest operating cost at approximately 60% of OMWD's water operating costs. Purchased water wholesale costs from SDCWA are anticipated to be as high as 39% over the next three years based on the best information available at this time from SDCWA.

In addition to anticipated increases in purchased water wholesale costs from SDCWA in upcoming years, OMWD is paying more to complete its water capital replacement projects. Project bids came in at higher than previous engineering estimates due to historically high inflation rates. OMWD needs to continue maintaining, replacing, and upgrading its aging water infrastructure in the years to come.

If the ordinance is approved, revenue adjustments in each fiscal year will not exceed 12% each year for all pass-through increases and will not exceed the cost of providing water services to customers. A total revenue adjustment between 4-8% each year

over the five-year period, depending on purchased water wholesale costs, is estimated and shown in the Fiscal Impact Section above for the Board's consideration and approval.

The proposed Demand Reduction Rate Adjustments are the maximum increases allowable to OMWD Commodity Rate if OMWD activates its Demand Reduction Rate Adjustments. Demand Reduction Rate Adjustments could only be implemented by the Board's action under the terms of OMWD's Demand Reduction Condition Ordinance. Such action by OMWD is generally triggered by SDCWA and/or Metropolitan Water District of Southern California (MWD) declaration of a specific level of water shortage.

Fire Meter Charge is a monthly fixed charge assessed per meter as a condition of extending or initiating water service by installation of a fire suppression system and upon request of the property owner for the delivery of water to the property for the purpose of fire protection.

The proposed OMWD Water Rates and Charges, if approved, remain below the County's average monthly water for a median residential customer. More information on the proposed increases to OMWD Water Charges are included in the presentation (attached).

To comply with the Proposition 218 requirements, the attached Notice of Public Hearing was delivered to the U.S. Postal Service on August 27, 2024. The rate hearing notice was posted in the Union Tribune on October 4 and October 11. An electronic copy of the rate hearing notice and a copy of the 2024 Water Rate Study Report were made available for public review and comments at www.olivenhain.com/rates.

As of the writing of this memo, the District has received 7 written protests on the proposed rate increases from property owners/tenants. Staff will update the Board on the final count of written protests received by the District at the conclusion of the public hearing on October 16, 2024.

Attachments:

1. A copy of written protests received to date (7)
2. OMWD responses to questions in protest letters (2)
3. Power Point Presentation
4. Notice of Public Hearing
5. A copy of 2024 Water Rate Study Report (Final Draft)

Attachment 1 - Protest Letter #1

September 23, 2024

Board Secretary, OMWD

Attn: Written Protest for Oct 16 Rate Hearing

To whom it may concern,

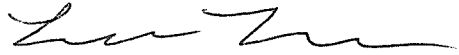
I am writing to formally state the I am opposed to the proposed water rate adjustments and pass-through increases. While I understand that some increases are necessary to maintain the quality of service and ensure that adequate water is provided, I feel that this increase is too high and other cost cutting measures should be considered. I disagree with the demand deduction rates. As a public utility you should not be punishing the public for using less water. I feel this will discourage customers from conserving water due the rate increase negating the water savings. I feel that the board should rethink this decision and find a better solution. Thank you.

Luke Baker,

Homeowner:

[REDACTED]

Encinitas, CA 92024

 9/23/24



Municipal Water District

A Public Agency

1966 Olivenhain Road

Encinitas, CA 92024

www.olivenhain.com

PRESRT STD
U. S. POSTAGE
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ESCONDIDO, CA
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1

FROM:



Stan Hayduk

Carlsbad CA 92009-8227

2199

To: Board Secretary

This letter is to oppose the proposed water rate adjustments and pass thru increases.

Thank you

PROTESTING THE PROPOSED WATER CHARGES



Any property owner of a parcel upon which the water service charges are proposed for imposition or any tenant directly liable for the payment of water service charges (i.e., a water customer who is not a property owner) may submit a written protest to the water rates and rate structure shown and described in this notice; provided, however, only one protest will be counted per identified parcel subject to the water rates. To be used in determining whether there is a majority protest, each protest must: (1) be in writing; (2) state that the identified property owner or tenant is opposed to the proposed water rate adjustments and pass-through increases; (3) provide the location of the identified parcel for which the protest is submitted (by assessor's parcel number or water service address); and (4) include the printed full name and signature of the property owner or tenant submitting the protest. Written protests may be submitted by mail or in person to the Board Secretary at 1966 Olivenhain Road, Encinitas, CA 92024, or at the public hearing on October 16, 2024, so long as they are received by the Board Secretary prior to the close of the public comment portion of the Public Hearing. Any protest submitted via e-mail or other electronic means will not be accepted as a valid written protest. Please indicate "Attn: Rate Hearing" on the outside of any envelope mailed to OMWD.

The Board of Directors will accept and consider all written protests and hear and consider all public comments made at the public hearing. Oral comments at the public hearing will not qualify as the written protests to be used in determining whether there is a majority protest. At the conclusion of the public hearing, the Board of Directors will consider adoption of the proposed rates and rate structure. If written protests against the proposed water rates and rate structure included in this notice are not presented by owners or tenants of a majority of the identified parcels subject to the water service charges, the Board of Directors will be authorized to adopt the rates. If approved, the Board of Directors will be able to impose the rates, which may include Pass-Through Increases and the Demand Reduction Rates described in this notice, for a five-year period commencing January 1, 2025, through December 31, 2029.

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

Attachment 1 - Protest Letter #3

September 5, 2024

Board Secretary
1966 Olivenhain Road
Encinitas, CA 92024

Protest of Proposed Water Charges - October 16 hearing

Dear OMWD:

Please register my opposition to the proposed water rate adjustments and pass-through increases as owner of a parcel served by OMWD. Here is the required information:

Service address [REDACTED] Carlsbad CA 92009
Property owner (signatory): Joakim Parker

I am opposed for the following reasons. First, it seems inappropriate to base increases on the CPI, which is a broader basket's measure of inflation than water service alone. It also doesn't predict the future. Second, the proposed demand deduction rates scheme seems an abdication of OMWD responsibility to anticipate reduced demand and plan for and make adjustments, rather than simply increase the cost per unit of a lower amount of water delivered. Our geography and climate change make water use reduction/conservation a necessity. OMWD must change if demand drops - not avoid restructuring.

Thank you,



Joakim Parker

Attachment 1 - Protest Letter #4

TO: OLIVENHAIN MUNICIPAL WATER DISTRICT

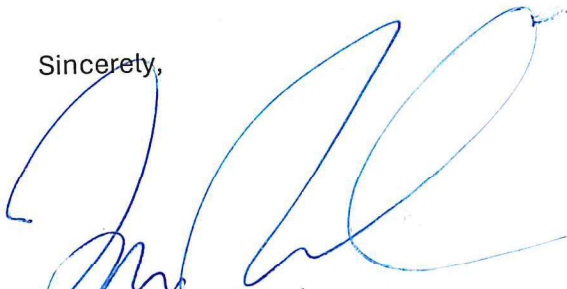
RE: PROTEST TO PROPOSED WATER RATE INCREASES

FROM: TOMMY J. DUNEHEW and MARISELA PEREZ-DUNEHEW

September 30, 2024

We, Tommy J. Dunehew and Marisela Perez-Dunehew, owners of property located at [REDACTED] Carlsbad Ca 92009, hereby formally oppose the proposed water charges and rate increases set for 2025 to 2029. More specifically, in addition to the disagreement in rate increases, we strongly disagree with the Demand Reduction Rates and the Pass-Through Increases. If you should have any questions, please contact us at [REDACTED]

Sincerely,



Tommy J. Dunehew-Jr



Marisela Perez-Dunehew

Attachment #1 - Protest Letter #5

September 12, 2024

Board of Directors
Olivenhain Municipal Water District
1966 Olivenhain Road
Encinitas, CA 92024

RE: Protest of Proposed Water Rate Increase

Service Address: [REDACTED]
Carlsbad, CA 92009-6978

Dear BOD:

My name is Scott Vigil and I am the owner of [REDACTED] in Carlsbad.

In short, I strongly oppose the proposed water rate adjustments and pass-through increases.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read 'Scott Vigil', with a large, stylized loop at the end.

Scott Vigil

Michael V. Swanson

• Encinitas, California 92024

September 14, 2024

Board Secretary
Olivenhain Municipal Water District
1966 Olivenhain Road
Encinitas, CA 92024

RE: Protest of Proposed Increases to Olivenhain Municipal Water District Water Charges

This letter is being provided in opposition to the proposed water rate adjustments and pass-increases (the "Proposal") as delineated in the Olivenhain Municipal Water District's ("OMWD") Notice of Public Hearing (the "Notice") to be held on October 16, 2024. The address of our service is [REDACTED] Encinitas, CA 92024 (assessor's parcel number [REDACTED]). The owner of this property is the [REDACTED] Revocable Trust (the "Trust"). Michael V. Swanson and Judith E. Swanson are the Trustees of the Trust.

Specifically, without further information, we take exception to the following components of OMWD's Proposal (note: capitalized terms are used as defined in the Notice or herein):

- The proposal would allow OMWD to automatically pass through to customers certain cost increases experienced by OMWD ("Pass-Through Increases") to include increases in purchased water wholesale charges from SDCWA, and any other purchased water wholesale water charge increases imposed on OMWD, including by Recycled Water; and increases imposed by SDCWA to the SDCWA Infrastructure Access Charge.

Although it may be unlikely and to clarify, the proposal should also pass through any decreases in these charges? This may already be the result based on the statement "All Pass-Through Increases shall not exceed 12% per year, and in no event shall any Pass-Through Increases result in rates exceeding OMWD's cost of providing water services to its customers." However, it not clear from the information provided when or how often any such true-up of charges to costs would be performed or how or when any excess charges would be refunded.

- Under the Proposal, Pass-Through Increases include inflationary cost increases based on June end to June end percent change in CPI (“Inflationary Pass-Through”). It is not clear from the Proposal to what costs the inflationary cost increases should be applied. Is it all other charges other than SDCWA and any other purchased water wholesale water charge increases imposed on OMWD (i.e., the Water Consumption Charge and the System Access Charge, the Fire Meter Charge)?

What is the cost basis on which the Inflationary Pass-Through will be calculated? For example, it should not be applied to the Purchased Water Wholesale Pass-Through or to the SDCWA Infrastructure Access Charge as this would result in compounding inflation adjustments. In addition, an inflation adjustment should be applied only to variable costs and not be applied to fixed costs such as debt costs, leases, etc.

- As described above, OMWD is proposing to pass through to customers inflationary adjustments based on CPI as a part of the proposed increases to its charges based on changes in the San Diego-Carlsbad Consumer Price Index for All Urban Customers (“CPI”). The CPI is based on prices of food, clothing, shelter, and fuels, transportation fares, charges for doctors' and dentists' services, drugs, and the other goods and services that people buy for day-to-day living. This does not appear to be a reasonable estimate of the inflation OMWD might experience in its variable costs. In fact, it does not seem appropriate that OMWD should use an inflation adjustment at all.

It does not appear to make sense that OMWD would use an inflation adjustment to project its costs and thereby increase its rates. Why would OMWD not prepare an annual budget projecting its costs like most all private companies as a basis for determining its rates? Increases and decreases in costs should be determined using actual projections based on factors that could affect those costs. This would be even more important for large capital projects and borrowing costs. Simply using CPI may be convenient, but it is unlikely to be accurate or reality. In addition, as discussed further below, costs could and, in some cases, should decline.

- In the case of future losses in revenue from reduced water sales, OMWD is proposing to authorize adjustments (“Demand Reduction Rates”) to the potable Water Consumption Charge that would only be implemented by OMWD’s Board of Directors’ action under the terms of OMWD’s Water Demand Reduction Condition Ordinance. Per Section 5.9, “Proposed Potable Water Demand Reduction Rates” of OMWD’s Water Rate Study dated August 16, 2024 (the “Water Rate Study”), the Demand Reduction Rates only appear to take into account the reduction in purchased water costs in determining the rate increases to be passed on to customers. However, if OMWD does implement Demand Reduction Rates, there should be related reductions in variable costs other purchased water which should go into the determination of the Demand Reduction Rates? OMWD should not just raise rates to maintain its revenues without considering related cost reductions?

There have to be reductions in various costs when OMWD supplies less water to its customers? There should reductions in chemicals and other supplies used? Preventive

maintenance costs should be less due to longer periods between scheduled repairs just like when you drive your car fewer miles? There should be fewer non-scheduled repairs? Capital outlays could be deferred or even become unnecessary? Reserve funds would be lower? Less likely, but maybe even personnel could be reduced? In addition, even with the water demand reduction, does the Inflationary Pass-Through just continue to march on based on the prior expenses, all the while compounding those prior higher costs?

- Based on OMWD's concern for fluctuating and decreasing water usage, and from a fiduciary standpoint, OMWD should not raise its rates automatically using an inflationary pass-through for costs which likely will not reflect reality. This could lead costs to increase to meet the projections just because the revenues are available. OMWD should base its annual rates using a zero-based budget projection every year. Costs should be projected only on real needs and expectations as required to maintain acceptable levels of water quality and availability.
- With respect to OMWD water rate tiers, on page 22 of the Water Rate Study it states, "As stated in AWWA's M1 Manual, 'water rates and charges should be recovered from classes of customers in proportion to the cost of serving those customers.' Raftelis follows industry standard rate setting methodologies set forth by the AWWA M1 Manual to ensure this Study meets Proposition 218 requirements and creates rates that do not exceed the proportionate cost of providing water services on a parcel basis. The methodology in the M1 Manual is a nationally recognized industry ratemaking standard that courts have recognized is consistent with Proposition 218." It further states, "'Inclining' tier rate structures (which are synonymous with 'increasing' tier rate structures and 'tiered' rates) when properly designed and differentiated by customer class meet the requirements of Proposition 218 as long as the tiered rates reasonably reflect the proportionate cost of providing service in each tier." The report compares the various tiers, but provides no basis for determining the cut-offs and, therefore, the basis for the tiers.

Can the basis and rationale for the tiers and the rates be provided? Have they changed over the years? If not, should changes be evaluated, and, if so, what was the basis for the changes?

Please advise whether this letter will be available to other customers or whether the public hearing the only formal way to get these concerns known to other customers? Also, would it be possible to get a written response to my questions by the end of the September, since there is little time before the hearing?

Thank you,



Michael V. Swanson

Attachment 1 - Protest Letter #7

Thomas Hoff

Carlsbad CA 92009

OMWD Board Secretary
1966 Olivenhain Road
Encinitas CA 92024

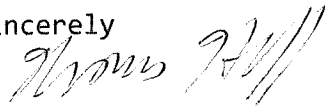
Dear Sir/Madam

I live at [REDACTED] Carlsbad CA and am OPPOSED to the proposed water rate adjustments and pass-through increases.

I cite the following reasons:

- We have not been provided any information on other costs (income statement) that could be reduced by the agency to offset any future wholesale water purchase.
- It is not a certainty that demand will decrease and that wholesale costs will increase in the future
- Why does this have to be locked in for the next five years akin to a blank check when costs could be assessed each year?
- what kind of message does the "demand rate adjustment" increase send to water users that are constantly pushed to reduce usage for supposed drought reasons.
- What other capital.
- What capital projects are in the plan and can these be delayed are reduced in scope?
- What is the agency's financial position
- What due diligence has the board performed?

Sincerely



Thomas Hoff

Board of Directors

Christy Guerin, President
Matthew R. Hahn, Vice President
Neal Meyers, Treasurer
Lawrence A. Watt, Secretary
Marco San Antonio, Director



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

September 26, 2024

Michael V. Swanson

Encinitas, CA 92024

RE: Responses to Your Protest of Proposed Increases to Olivenhain Municipal Water District Water Charges

Dear Mr. Swanson,

Olivenhain Municipal Water District (OMWD) received your letter dated September 14, 2024 in opposition to the proposed water rate adjustments and pass through increases described in the OMWD's rate hearing notice.

First, we thank you for your comments and feedback on the proposed increases to OMWD water charges. A copy of your letter will be provided to OMWD's Board of Directors prior to the October 16th public hearing at which all comments on the proposed increases to OMWD water charges will be considered by the Board. A copy of your letter will also be published in the October 16th board meeting packet which is available for public review at www.olivenhain.com

Our responses to your questions/comments are in blue below:

No. 1 - Questions/Comments:

The proposal would allow OMWD to automatically pass through to customers certain cost increases experienced by OMWD ("Pass-Through Increases") to include increases in purchased water wholesale charges from SDCWA, and any other purchased water wholesale water charge increases imposed on OMWD, including by Recycled Water; and increases imposed by SDCWA to the SDCWA Infrastructure Access Charge.

Although it may be unlikely and to clarify, the proposal should also pass through any decreases in these charges? This may already be the result based on the statement "All Pass-Through Increases shall not exceed 12% per year, and in no event shall any Pass-Through Increases result in rates exceeding OMWD's cost of providing water services to its customers." However, it not clear from the information provided when or how often any such true-up of charges to costs would be performed or how or when any excess charges would be refunded.



Response:

OMWD is proposing to adjust and increase the rates for its water charges. If approved, the proposed OMWD Water Charges as shown on the Notice of Public Hearing will be the rates for Water Charges effective January 1, 2025. The proposed Water Charges for January 1, 2025 are calculated based on a 14% increase in purchased water wholesale costs from San Diego County Water Authority (SDCWA) effective January 1, 2025 and an annual inflationary adjustment to pay for increases in water operating and maintenance costs and to pay for planned replacement of OMWD's critical water infrastructure.

If approved, OMWD's Board of Directors would be authorized to implement up to a maximum not to exceed 12% increase to OMWD Water Charges each year through December 31, 2029 to pass through increases in purchased water wholesale costs, increases in SDCWA Infrastructure Access Charge, and inflation cost increases based on June end to June end percent change in San Diego-Carlsbad Consumer Price Index for All Urban Customers. However, approval from OMWD Board of Directors would still be required at a publicly noticed meeting for any pass-through increases collected on water charges to be implemented each year.

The not to exceed 12% pass-through increases each year were proposed based on SDCWA's announcement to hike its prices as much as 39% over the next three years. SDCWA is the potable water wholesaler from which OMWD receives water. This is based on the best information available from SDCWA at this time. Wholesale water purchases make up approximately 60% of OMWD's operating costs.

A true-up of OMWD costs of providing water services is reviewed with the Board as part of the budget process. OMWD's operating and capital budget was used when calculating the proposed water charges effective January 1, 2025, if approved. To help control costs, OMWD froze hiring unfilled positions, delayed previously planned large capital project, and reprioritized non-critical capital expenditures in its most recent budget.

OMWD customers currently receive a credit of 11 cents per unit of water billed shown as a Rate Reimbursement Credit (RRC) on their monthly water bill, which is a refund approved by OMWD's Board of Directors to pass through rebate payments received from SDCWA for prior year's overcharges on purchased water wholesale costs. The RRC program uses money refunded to OMWD from SDCWA from lawsuits filed against Metropolitan Water District of Southern California (MWD) by SDCWA for successfully challenging the legality of certain MWD rates and charges. If approved, the RRC will be increased from the current 11 cents per unit to 22 cents per unit of water billed to help offset the impact of the 14% increase in purchased water wholesale costs on OMWD's customers.

No.2 - Questions/Comments:

Under the Proposal, Pass-Through Increases include inflationary cost increases based on June end to June end percent change in CPI (Inflationary Pass-Through"). It is not clear from the Proposal to what costs the inflationary cost increases should be applied. Is it all other charges other than SDCWA and any other purchased water wholesale water charge increases imposed on OMWD (i.e., the Water Consumption Charge and the System Access Charge, the Fire Meter Charge)?

What is the cost basis on which the Inflationary Pass-Through will be calculated? For example, it should not be applied to the Purchased Water Wholesale Pass-Through or to the SDCWA Infrastructure Access Charge as this would result in compounding inflation adjustments. In addition, an inflation adjustment should be applied only to variable costs and not be applied to fixed costs such as debt costs, leases, etc.

Response:

The CPI Inflation Pass-Through is **not** applied to the water purchase costs and other costs from SDCWA, including the SDCWA infrastructure Access Charge, which are direct pass-throughs. It is applied to OMWD Consumption Charge, excluding the water purchase component, OMWD System Access Charge and Fire Meter Charge to adequately fund OMWD's various expenses (revenue requirements) and to recover cost of providing water services in the subsequent years. Included in OMWD's revenue requirements are water operations and maintenance expenses, capital improvement plan expenditures, and reserve requirements to pay for cost of providing water services over the study period (5 years). As noted earlier, the Board will be approving the proposed increases each year at a publicly noticed meeting.

No. 3 - Questions/Comments:

As described above, OMWD is proposing to pass through to customers inflationary adjustments based on CPI as a part of the proposed increases to its charges based on changes in the San Diego-Carlsbad Consumer Price Index for All Urban Customers "CPI"). The CPI is based on prices of food, clothing, shelter, and fuels, transportation fares, charges for doctors' and dentists' services, drugs, and the other goods and services that people buy for day-to-day living. This does not appear to be a reasonable estimate of the inflation OMWD might experience in its variable costs. In fact, it does not seem appropriate that OMWD should use an inflation adjustment at all.

It does not appear to make sense that OMWD would use an inflation adjustment to project its costs and thereby increase its rates. Why would OMWD not prepare an annual budget projecting its costs like most all private companies as a basis for determining its rates? Increases and decreases in costs should be determined using actual projections based on factors that could affect those costs. This would be even more important for large capital projects and borrowing costs. Simply using CPI may be

convenient, but it is unlikely to be accurate or reality. In addition, as discussed further below, costs could and, in some cases, should decline.

Response:

CPI is used to measure inflation value from rising costs of goods and services and to set the maximum rate increase that may be imposed by OMWD each year for the next five years (January 1, 2025 to December 31, 2029). Using CPI as the benchmark for year-to-year increases in the cost of providing water services is consistent with Government Code Section 53756, which states that a formula for inflation should be clearly defined.

Inflation Pass-Through based on June end to June end percent changes in San Diego-Carlsbad Consumer Price Index (CPI) for Inflationary Pass-Through is clearly defined and a less expensive process than having to calculate and adjust water charges each year, which entails updating a water rate study report and sending a Notice of Public Hearing Notice to 25,740 property owners within OMWD service area. It also saves OMWD's staff time to support the rate study process and consulting fees for a rate consultant. It is standard method used by water agencies to do inflation pass-through.

Several of OMWD's costs have outpaced San Diego-Carlsbad CPI. For example, utility/power costs to operate the two treatment plants (David McCollom Water Treatment Plant and the 4S Ranch Water Reclamation Facility), averaging 6.98% each year for the last five years, outpaced San Diego-Carlsbad CPI. Utility costs are significant expenditures in OMWD's operating costs. Utility costs to operate OMWD's treatment plants and pumping stations are expected to continue to rise in the future. Using the CPI understates the actual increase in utility costs. Therefore, OMWD conducts rate studies every five years to reset rates and recover revenues adequately for financial stability.

No. 4- Questions/Comments:

In the case of future losses in revenue from reduced water sales, OMWD is proposing to authorize adjustments ("Demand Reduction Rates") to the potable Water Consumption Charge that would only be implemented by OMWD's Board of Directors' action under the terms of OMWD's Water Demand Reduction Condition Ordinance. Per Section 5.9, "Proposed Potable Water Demand Reduction Rates" of OMWD's Water Rate Study dated August 16, 2024 (the "Water Rate Study"), the Demand Reduction Rates only appear to take into account the reduction in purchased water costs in determining the rate increases to be passed on to customers. However, if OMWD does implement Demand Reduction Rates, there should be related reductions in variable costs other purchased water which should go into the determination of the Demand Reduction Rates? OMWD should not just raise rates to maintain its revenues without considering related cost reductions?

There have to be reductions in various costs when OMWD supplies less water to its customers? There should reductions in chemicals and other supplies used? Preventive maintenance costs should be less due to longer periods between scheduled repairs just like when you drive your car fewer miles? There should be fewer non-scheduled repairs? Capital outlays could be deferred or even become unnecessary? Reserve funds would be lower? Less likely, but maybe even personnel could be reduced? In addition, even with the water demand reduction, does the Inflationary Pass-Through just continue to march on based on the prior expenses, all the while compounding those prior higher costs?

Response:

The proposed Demand Reduction Rate Adjustments are the maximum adjustments in the rates of OMWD's potable Commodity that could only be implemented by OMWD Board of Directors' action under the terms of OMWD's Water Demand Reduction Condition Ordinance depending on demand reduction levels required during an emergency or drought declaration. If approved and implemented, OMWD potable Commodity Charge during various levels of Demand Reduction Levels, may be lower than the proposed maximum due to lower costs of purchased potable water from SDCWA and/or a reduction in OMWD's operating costs, such as supplies, that are directly related to water demand.

SDCWA is collecting more fixed revenues from its member agencies, including OMWD, to overcome the agency's fiscal challenges and to sustain operations while meeting its current and future legal debt covenant. Water wholesalers, such as SDCWA, began to develop a fixed cost recovery program through their water pricing. Effective January 1, 2025, SDCWA is collecting higher fixed charges from OMWD to reduce its revenue volatility from water sales. OMWD relies on imported water from SDCWA and Metropolitan Water District of Southern California (MWD) for potable water supply and must pay more in fixed costs for purchased water from its wholesalers to meet demands.

The Demand Reduction Rate Adjustments could only be implemented by OMWD in a situation that cause OMWD to experience decreased water sales due to water supply emergency. OMWD would still be required to pay other fixed expenses, such as purchased water fixed costs from SDCWA and MWD, capital costs, debt service payments, and costs of maintaining and replacing aging water infrastructure to meet new regulations, water quality standards, and safety requirements. Reserves are utilized to cover temporary budget shortfalls. OMWD's fixed operating costs remain constant irrespective of reductions in demand.

No.5 - Questions/Comments:

Based on OMWD's concern for fluctuating and decreasing water usage, and from a fiduciary standpoint, OMWD should not raise its rates automatically using an inflationary pass-through for costs which likely will not reflect reality. This could lead costs to

increase to meet the projections just because the revenues are available. OMWD should base its annual rates using a zero-based budget projection every year. Costs should be projected only on real needs and expectations as required to maintain acceptable levels of water quality and availability.

Response:

San Diego-Carlsbad CPI has been used for inflation pass-through for the last ten years. The Board reviews and considers the proposed operating and capital budget as part of our budget process each year. Water charges are reviewed annually with the Board prior to considering and implementing any pass-through adjustments. The Board reviews and approves OMWD's operating and capital budget each fiscal year. The approved budget is used when calculating increases to OMWD's water charges. A copy of OMWD's operating and budget document and financial policies approved by the Board is available at www.olivenhain.com/about-us/administration/government-transparency/.

Reserves were used this year (2024) to cover temporary revenue shortfalls when purchased water wholesale cost increases were higher than the maximum pass-through allowed in the rate ordinance. Reserves are reviewed regularly as part of OMWD's budget process to ensure adequate funding of planned and critical water infrastructure and replacement projects.

No. 6 - Questions/Comments:

With respect to OMWD water rate tiers, on page 22 of the Water Rate Study it states, "As stated in AWWA's MI Manual, 'water rates and charges should be recovered from classes of customers in proportion to the cost of serving those customers.' Raftelis follows industry standard rate setting methodologies set forth by the AWWA MI Manual to ensure this Study meets Proposition 218 requirements and creates rates that do not exceed the proportionate cost of providing water services on a parcel basis. The methodology in the M 1 Manual is a nationally recognized industry ratemaking standard that courts have recognized is consistent with Proposition 218." It further states, "'Inclining' tier rate structures (which are synonymous with 'increasing' tier rate structures and 'tiered' rates) when properly designed and differentiated by customer class meet the requirements of Proposition 218 as long as the tiered rates reasonably reflect the proportionate cost of providing service in each tier." The report compares the various tiers, but provides no basis for determining the cut offs and, therefore, the basis for the tiers.

Can the basis and rationale for the tiers and the rates be provided? Have they changed over the years? If not, should changes be evaluated, and, if so, what was the basis for the changes?

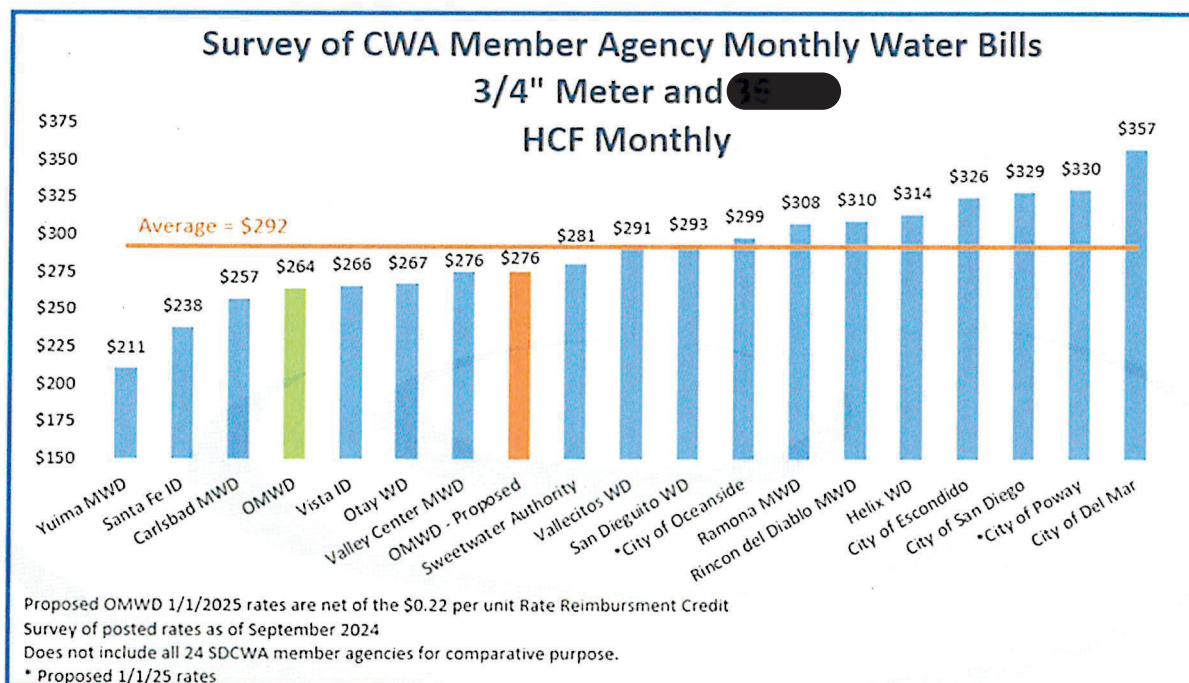
Response:

A normal year of customers' monthly water consumption data was provided to Raftelis as part of the 2024 Water Rate Study and used by Raftelis to analyze OMWD's four-tier volumetric rate structure. Raftelis recommended that OMWD maintain the same water rate structure since there were no significant changes to OMWD customers' water consumption based on this year's study compared to the prior study to modify the current water structure, i.e. changing tiers.

We hope our responses address your questions/comments on the proposed increases described in the Notice of Public Hearing. Prior to implementing any increases to water charges, OMWD will provide written notice of proposed changes to customers for consideration by OMWD's Board of Directors not less than 30 days prior to the effective date of rate changes.

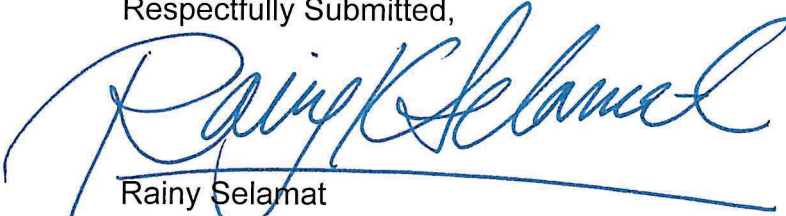
We are also including a monthly water bill comparison graph (below) for a residential customer using [REDACTED] of water with 3/4" meter. This graph is comparing OMWD's monthly water bill with other water districts' water bills in San Diego County at their current rates. Most of these agencies will also be increasing their rates due to the increases in SDCWA costs. [REDACTED] of water use a month was selected for this survey based on the average monthly water usage for [REDACTED] Encinitas, CA 92024 over the last three years.

The graph shows that the proposed OMWD Water Charges for January 1, 2025 of \$276/month (including the proposed Rate Reimbursement Credit of 22 cents per unit of water billed) is below the County's current average water bill of \$292/month for the same [REDACTED] of water.



If you have any other comments/questions, please do not hesitate to contact the undersigned at 760-632-4218 or email to: rselamat@olivenhain.com.

Respectfully Submitted,



Rainy Selamat
Finance Manager

Copy to : Kimberly Thorner, General Manager

Board of Directors

Christy Guerin, President
Matthew R. Hahn, Vice President
Neal Meyers, Treasurer
Lawrence A. Watt, Secretary
Marco San Antonio, Director



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

October 7, 2024

Thomas Hoff

[REDACTED]
Carlsbad, CA 92009

RE: Responses to Your Opposing Letter to the proposed water rate adjustments and pass-through increases

Dear Mr. Hoff,

Olivenhain Municipal Water District (OMWD) received your letter in opposition to the proposed water rate adjustments and pass-through increases described in the OMWD's rate hearing notice.

First, we thank you for your comments and feedback on the proposed increases to OMWD water charges. A copy of your letter will be provided to OMWD's Board of Directors prior to the October 16th public hearing at which all comments on the proposed increases to OMWD water charges will be considered by the Board. A copy of your letter will also be published in the October 16th board meeting packet which is available for public review at www.olivenhain.com.

Our responses to your questions are in blue below:

No.1 - We have not been provided any information on other costs (income statement) that could be reduced by the agency to offset wholesale water purchase.

Based on direction from OMWD's Board of Directors during the budget development process this year (2024), OMWD implemented several cost cutting measures, such as decelerating the San Dieguito Basin Groundwater Desalination project, delaying purchases of equipment procurement, postponed filling two vacant positions, and deferred filling one new position to help offset a 14% increase in purchased water wholesale costs from San Diego County Water Authority (SDCWA) effective January 1, 2025. Reserves were also used last year to cover temporary revenue shortfalls from actual water sales being lower than projected due to cold and wet weather conditions during the first half of 2024, combined with significant increases in purchased water wholesale costs that exceeded the maximum pass-through set by Board for 2024.



No. 2 – It is not a certainty that demand will decrease and that wholesale costs will increase in the future.

Water demand fluctuates from year to year depending on weather conditions. OMWD's costs to provide water services to customers, including purchased water wholesale costs, will be reviewed with the Board each year as part of OMWD's budget process. OMWD's annual budget will be considered by the Board prior to implementing any pass-through increases for the subsequent year. More information about OMWD's budget process can be found in the General Manager's Recommended Operating and Capital Budget Fiscal Years 2025 and 2026 and a copy of the Budget document is available at www.olivenhain.com/about-us/administration/government-transparency/. Regarding the wholesale water increases, the San Diego County Water Authority has advised its member agencies that wholesale water costs will increase close to 39% over the next three years starting in 2025.

No. 3 – Why does this have to be locked in for the next five years akin to a blank check when costs could be assessed each year?

OMWD needs to comply with Proposition 218, which requires OMWD to inform property owners and water customers when making changes to water rates and charges that will affect OMWD customers' water bill. Conducting a public hearing to comply with Proposition 218 is a time consuming and costly process because it requires OMWD to update its water rate study every year and to print and send a Notice of Public Hearing to 25,740 property owners and customers within OMWD's service area. The process takes staff time to support the rate study process as well as consulting fees for a rate consultant. California Government Code Section 53756 allows an agency providing water and wastewater service to adopt a schedule of fees or charges authorizing adjustments that pass-through increases in wholesale charges for water or wastewater treatments and adjustments for inflation, not to exceed a five-year period. For cost savings, over the last ten years, OMWD has updated its water rate study every five years and conducted a rate hearing notice every five years pursuant to Section 53756.

It is a proposal to set the maximum increases to OMWD water rates and charges for the next five years as described in the Notice of Public Hearing. If approved, OMWD Board of Directors' approval will still be required for increases to OMWD rates and charges to be implemented each year, the proposed increases, however, will not be more than 12% each year for the next five years and will not exceed the cost of providing services. A written notice of proposed changes to customers will be mailed to OMWD customers for consideration by OMWD's Board of Directors not less than 30 days prior to the effective date of rate changes.

No. 4- What kind of message does the "demand rate adjustment" increase send to water users that are constantly pushed to reduce usage for supposed drought reasons.

The proposed Demand Reduction Rate Adjustments are the maximum adjustments in the rates of OMWD's potable Commodity that could only be implemented by OMWD

Board of Directors' action under the terms of OMWD's Water Demand Reduction Condition Ordinance in a situation that causes OMWD to experience decreased water sales in the event of a water supply emergency. Demand Rate Adjustments are generally triggered by SDCWA and/or Metropolitan Water District of Southern California (MWD). OMWD is a member of SDCWA and relies on imported water from SDCWA and MWD for potable water supply to meet potable water demand. As Demand Reduction Rate Adjustments are only triggered during a water supply emergency, OMWD has not implemented them since 2016.

OMWD also has other fixed expenses, such as purchased water wholesale fixed charges from SDCWA and MWD, capital costs, and financial obligations (annual debt service payments). OMWD's Board of Directors may consider utilizing reserves to cover temporary budget shortfalls in the event of water supply emergency. These fixed expenses will be incurred irrespective of reductions in demand.

No. 5 – What other capital.

OMWD has a ten-year planned capital improvement program. Detailed information on OMWD's Capital Improvement and Replacement Projects, including the Ten-Year Capital Spending Plan, can be found in the Long-Term Financial Plan section of the General Manager's Recommended Operating and Capital Budget for Fiscal Years 2025 and 2026. A copy of OMWD's Budget document is available at www.olivenhain.com/about-us/administration/government-transparency/.

No. 6 – What capital projects are in the plan and can these be delayed are reduced in scope?

To help minimize future rate increases and in anticipation of a double digit increase in purchased water wholesale costs imposed by SDCWA on OMWD starting January 1, 2025, OMWD's Board of Directors provided direction to staff during the budget process to reprioritize certain planned capital replacement and improvement projects. Deferral of several non-critical water infrastructure replacement and improvement projects have been implemented, such as deceleration of San Dieguito Groundwater Basin Desalination Project progress, delaying capital expenditures on several non-critical pipeline replacement projects and pressure reducing stations. Furthermore, OMWD has been aggressive in pursuing federal and state grant monies to offset increased capital project costs due to historically high inflation rates and supply chain issues since covid. These cost control actions are what allowed OMWD to mitigate the impact of the 14% wholesale water rate increase this year.

No. 7 – What is the agency's financial position?

OMWD must buy water from its water wholesalers: San Diego County Water Authority (SDCWA) and Recycled Water Suppliers to meet demand. SDCWA will continue to increase purchased water wholesale costs each year. Purchased water wholesale costs from SDCWA will increase by 14% effective January 1, 2025. SDCWA has advised

OMWD it is planning to continue increasing its costs (as high as 39%) in the upcoming years. Purchased water wholesale cost is OMWD's largest operating expense, at about 60% of OMWD's total water operating budget. The 39% increase in purchased water wholesale costs from SDCWA for the next three years is based on the most current information available at this time.

OMWD strives to continually maintain a strong financial position which is exemplified by its AAA bond rating which was recently affirmed by Fitch Ratings. The AAA rating is the highest possible grade and has been awarded to only a handful of agencies in Southern California.

More information on OMWD's financial position is available at www.olivenhain.com/about-us/administration/government-transparency/

More information on the AAA bond rating is available at: <https://www.olivenhain.com/news/omwds-aaa-bond-rating-affirmed/>

No. 8 – What due diligence has the board performed?

The Board directed staff to implement cost cutting measures during the budget process in anticipation of higher purchased water wholesale costs in the upcoming years combined with anticipated increases in other costs such as power/utility which have outpaced CPI in recent years. At the direction of the Board, staff postponed filling two vacant positions, delayed filling one new position, and reduced capital spending by reprioritizing capital projects to reduce pressure on OMWD's water rates and charges. OMWD will continue replacing and upgrading its water system to minimize water service interruptions and to fulfill its mission statement to customers.

The Board also reviewed the Rate Reimbursement Credit Program in conjunction with the proposed rate increase to help mitigate the impact on customer bills. OMWD customers currently receive a credit of 11 cents per unit of water billed shown as a Rate Reimbursement Credit (RRC) on their monthly water bill, which is a refund approved by OMWD's Board of Directors to pass through rebate payments received from SDCWA for prior year's overcharges on purchased water wholesale costs. The RRC program uses money refunded to OMWD from SDCWA from lawsuits filed against Metropolitan Water District of Southern California (MWD) by SDCWA for successfully challenging the legality of certain MWD rates and charges. The RRC will be increased from the current 11 cents per unit to 22 cents per unit of water billed to help offset the impact of the 14% increase in purchased water wholesale costs on OMWD's customers mentioned above. After the cost cutting measures noted above and the increase in the RRC, the impact on the average water customer's bill will be about 5% next year.

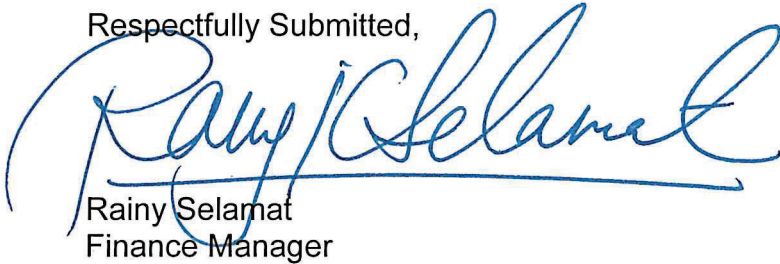
The Board will review and consider approving the proposed pass-through increases each year prior to implementation at a publicly noticed meeting. A 30-day written notice of proposed changes to OMWD water rates and charges will be provided to customers for consideration prior to implementation by the Board.

We hope our responses address your questions/comments on the proposed increases described in the Notice of Public Hearing.

The average monthly water usage for [REDACTED] Carlsbad, CA 92009 over the last three years was [REDACTED] of water. If approved, for the same [REDACTED] of water and 3/4" meter, the new bill for 2025 would increase by approximately \$5 or 5.45%.

If you have any other comments/questions, please do not hesitate to contact the undersigned at 760-632-4218 or email to: rselamat@olivenhain.com.

Respectfully Submitted,

A handwritten signature in blue ink, reading "Rainy Selamat". The signature is fluid and cursive, with a horizontal line drawn across the middle of the name.

Rainy Selamat
Finance Manager

Copy to : Kimberly Thorner, General Manager

Public Hearing Proposed Increases to OMWD Water Charges

October 16, 2024



Agenda

- Introduction
- Rate Study Overview by Raftelis
- Water Rates and Charges
- Next Steps

About OMWD

- Serve 87,000 customers in portion of Encinitas, Carlsbad, Solana Beach, Rancho Santa Fe, San Marcos, Elfin Forest, 4S Ranch, San Diego, and the Olivenhain Valley, about 31,100
- 29,000 service connections
- 1 water treatment plant
- 1 reclamation plant
- Over 500 miles of potable and recycled pipes



4S Reclamation Facility and Recycled Water Pond



Inside David C. McCollom Water Treatment Plant

About OMWD, con't

- 10 pump stations
- 17 storage reservoirs
- Elfin Forest RR



Elfin Forest Interpretive Center Honoring Susan J. Varty

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.

Goals of 2024 Water Rate Study

- Develop a five-year financial plan through fiscal year 2029 to generate sufficient revenues from water rates and charges to sustain operations, pay debt service obligations, and necessary capital expenditures.
- Review and revise as necessary existing water rate structure
- Perform a cost-of-service analysis to equitably allocate costs across customer classes in compliance with Proposition 218
- Propose equitable water rates for fiscal year 2025 and for the subsequent four years subject to pass-through increases for water costs and inflation

What has OMWD done to lower rates?

- **Property tax revenue and rental income**
 - › Used as an offset to minimize bill impacts and increase affordability
- **Rate Reimbursement Credit (Temporary)**
 - › SDCWA's refund is given back to ratepayers in the form of a credit on the cost per hcf of water used
 - › Increase RRC from 11 cents to 22 cents per unit billed to customers
- **Delayed Capital Expenditures**
 - › San Dieguito Valley Groundwater Desalination Project
 - › Reprioritized Non-Critical Capital Projects
- **FY 2025 Water O&M Cost Reductions**
 - › Unfilled 2 positions and delayed 1 new position
- **Cost Reduction Opportunities**
 - › Pre-buy untreated water from SDCWA
 - › Renegotiating recycled water purchase agreements
 - › Projected revenues from Grants of \$1.78 million in FY 2025
 - › Selling of OMWD's Weigand parcels of about \$1.15 million

Prior Rate Discussions with the Board

- July 17, 2024 – Board Water Rate Workshop
- August 7, 2024 – Draft 2024 Water Rate Study Report and Proposition 218 notice were presented to the Board for setting a time and place for a public hearing to be held on October 16th at 5:30 p.m.
- August 27, 2024 – Notice of Public Hearing to comply with Proposition 218 were delivered to post office for mailing to 25,740 property owners and customers

Proposition 218 Process Recap

- Proposition 218 approved by CA voters in 1996.
- Specifies required process for customer input to rate setting.
- Customers must be notified 45 days before OMWD Board takes action on proposed rate adjustments and increases.
- OMWD's Prop 218 Notice was delivered to the post office on August 27, 2024 to 25,740 property owners and tenants
- Minimum 45 day "protest period" allows customers to protest the rates in writing to the Board Secretary at the District's Office.
- Per Prop 218, if the majority of customers (50%+1) submit written protest letters, the proposed rate adjustments and increases is denied.
- OMWD received 7 protests (10/08/24)
- At the close of the Public Hearing, Staff will count all protest letters received prior to the Board's consideration of the proposed water rate adjustments and increases

Rate Study Overview

Rate Study Steps

1



2



3



4

Rate Setting Framework

- Pricing objectives
- Reserve Targets
- Debt

Financial Plan

- Revenue sufficient?
- Evaluation of CIP and financing options

Cost of Service & Rate Design

- Cost allocations
- Rate design
 - Rate calculations
 - Customer impact analyses

Final Rate Adoption

- Report
- Prop 218 Notice
- Public Hearing

Rate Drivers

- Large increases in SDCWA rates from CY 24 to CY 25, overall 14%
- Reduced revenues from lower water use in last two wet winters (15% lower in FY23, 9% lower in FY 24 compared to FY 22)
- Recovery of revenue from 9% cap on last pass-through rates (OMWD absorbed a portion of the last increase from CWA)

Water Financial Plan



Financial Plan Assumptions

Inflation	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029
General	3.0%	3.0%	2.0%	2.0%	2.0%
Salary	6.0%	6.0%	4.5%	4.5%	4.5%
Benefits	5.0%	5.0%	4.0%	4.0%	4.0%
Chemicals	6.0%	6.0%	5.0%	5.0%	5.0%
Utilities	5.0%	5.0%	5.0%	5.0%	5.0%
Other Operating Revenues	2.0%	2.0%	2.0%	2.0%	2.0%
Property Tax	2.0%	2.0%	2.0%	2.0%	2.0%
Interest Earnings					
Reserve Interest Rate	3.00%	2.00%	2.00%	1.50%	1.50%
Supply Costs					
SDCWA	Alternative 9	8.5%	11.5%	4.0%	4.0%

OMWD Operating and Capital assumptions are consistent with FYs 2025 and 2026 adopted budget and MOU

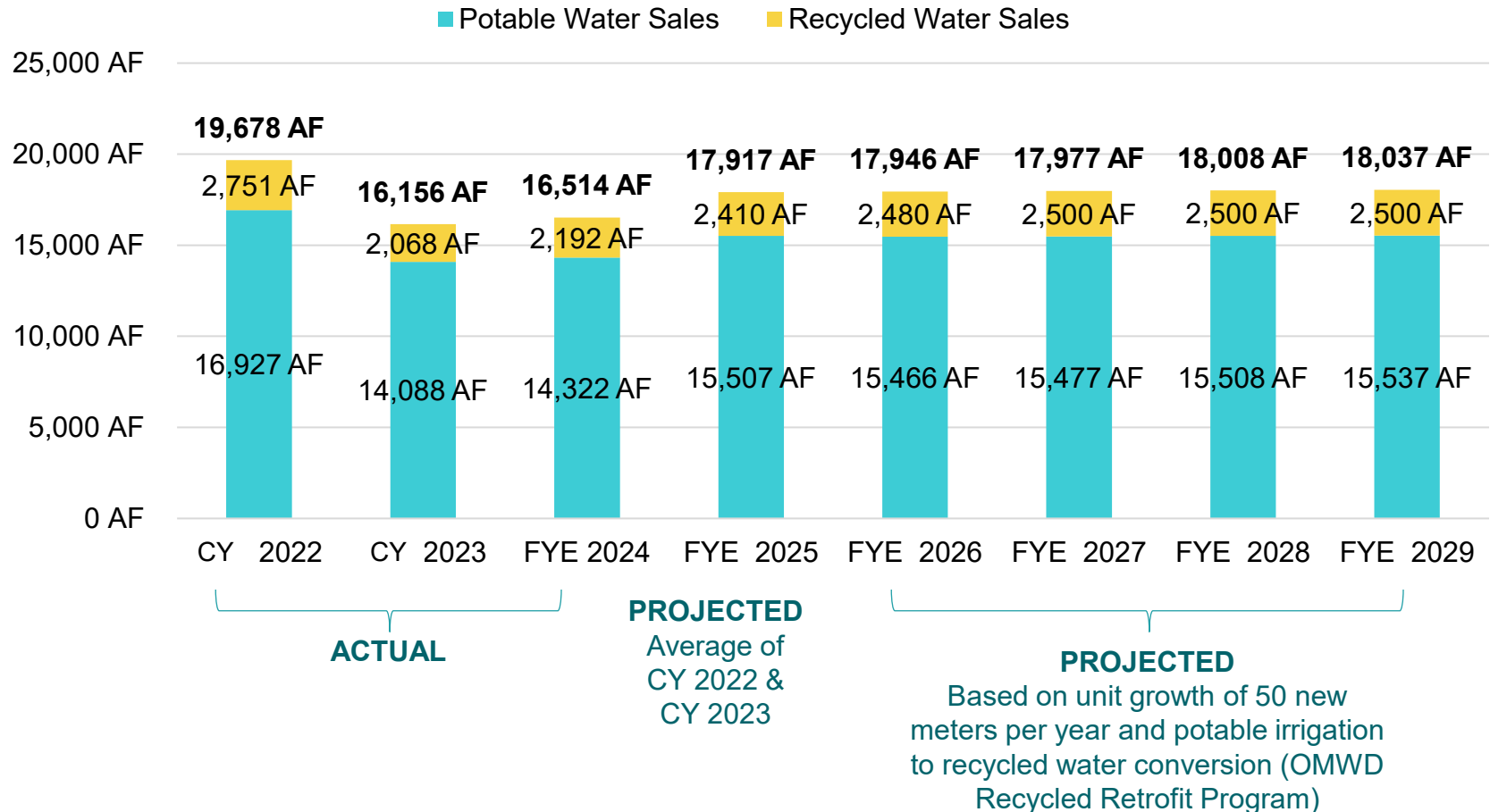
Account Growth

- Average of 50 new ¾" meters assumed each year.
- In FY 2027 and 2028 there is growth in larger meters to account for anticipated development

Retain Current Reserve Policies

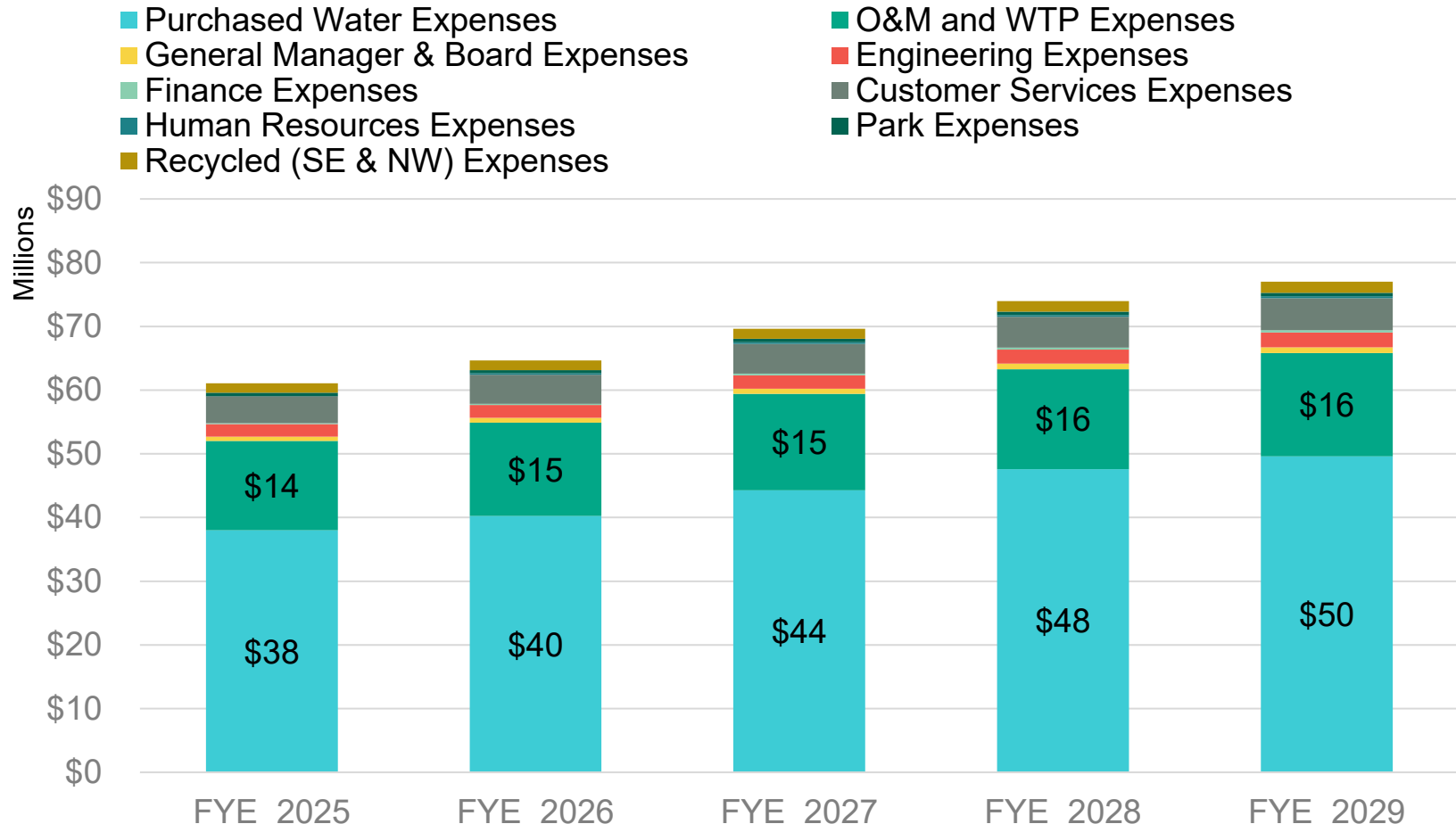
- Operating Fund Target:
 - › Min: 60 days cash on hand
 - › Max: 120 days cash on hand
- Capital and Equipment Fund Target:
 - › Min: 1 year of approved CIP
 - › Max: 5 years of approved CIP
- Rate Stabilization Fund Target:
 - › Min: 25% of average estimated net water sales for current fiscal year
 - › Max: 50% of average estimated net water sales for next two fiscal years
- Pension Stabilization Fund Target:
 - › Min: 1 year of projected employee retirement (ER) contribution for unfunded accrued liability (UAL) over the next 5 years
 - › Max: 2 years of projected ER contribution for UAL over the next 5 years

Actual & Projected Water Usage

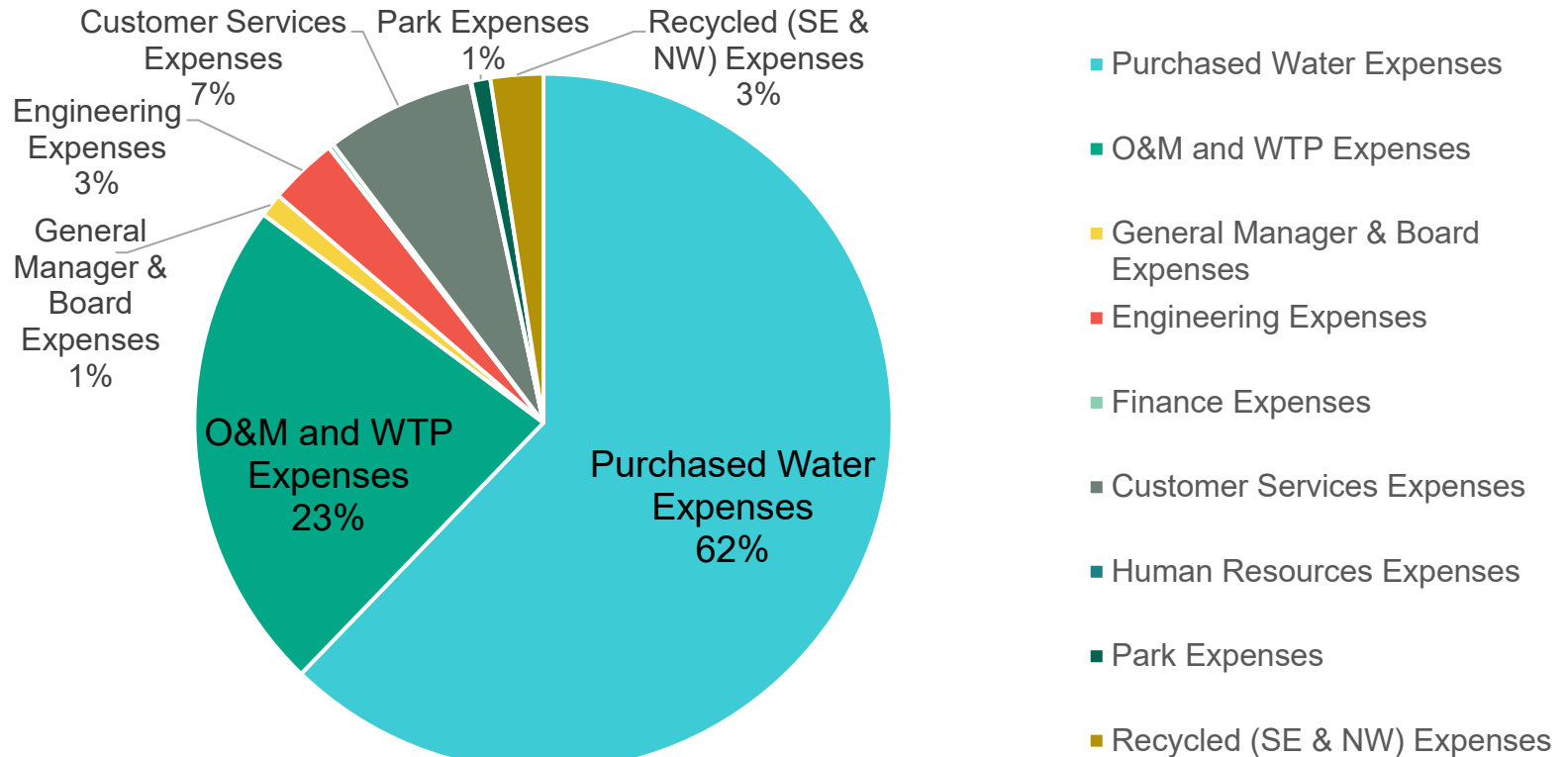


Projected O&M Expenses

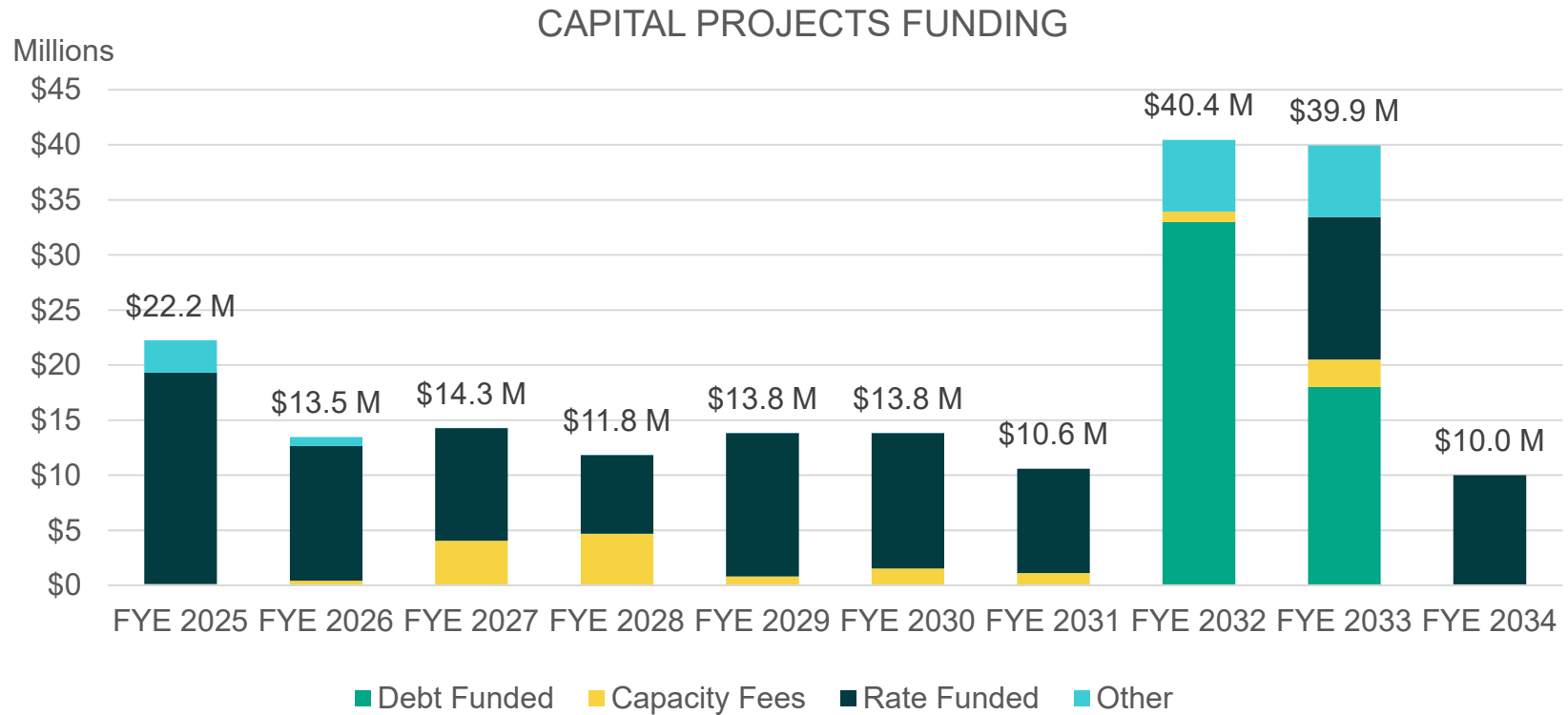
O&M EXPENSES



FY 2025 O&M Expense Breakdown



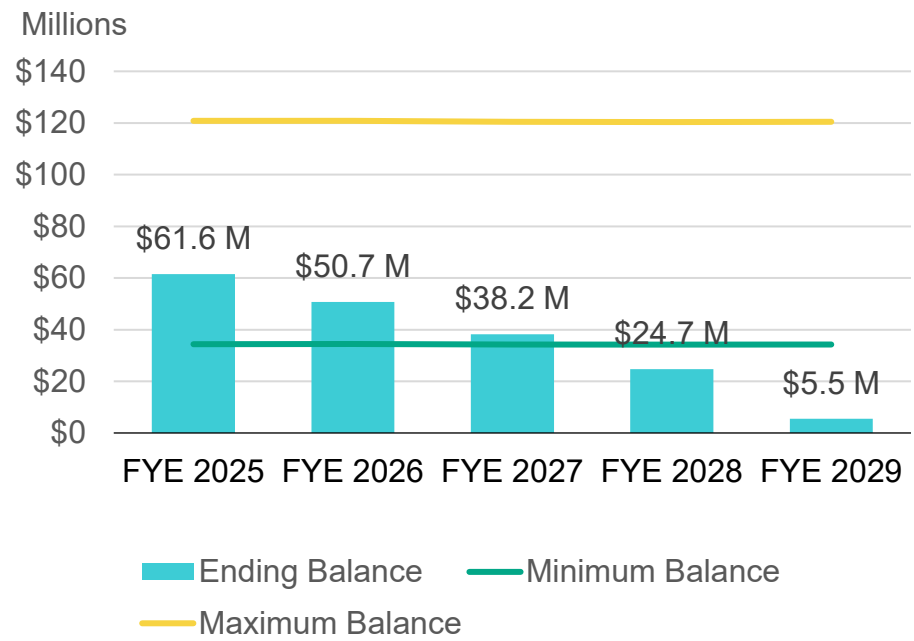
Planned 10-yr CIP and Funding Sources



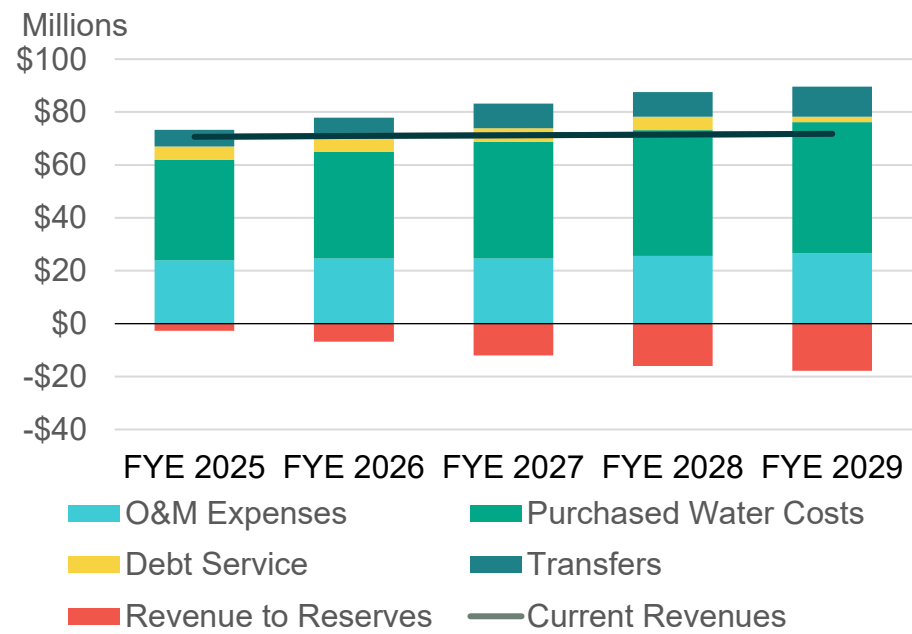
Source: OMWD FYs: 2025 and 2026 Budget and Water Master Plan

Financial Outlook without Revenue Increases

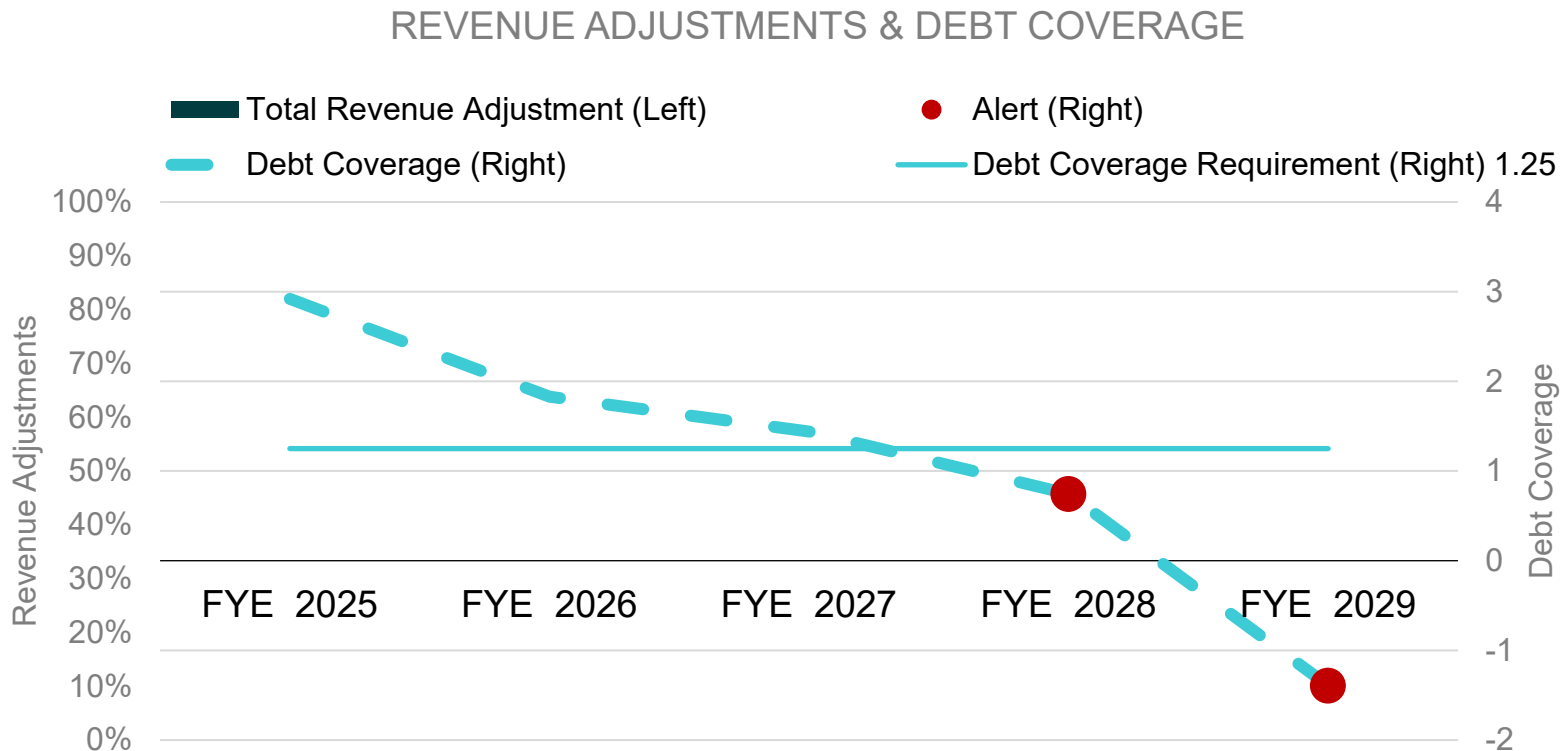
TOTAL FUNDS BALANCE



OPERATING FINANCIAL PLAN



Debt Coverage without Revenue Increases



Financial Plan – Revenue Adjustments

	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029
System Access Charges (Inflation/Wholesale Pass-Through)	8.0%	8.0%	8.0%	5.0%	4.0%
Fire Meter Charges	5.0%	6.0%	6.0%	5.0%	4.0%
Commodity Charges including Inflation/Wholesale Pass-Through	7.9%	7.9%	8.0%	5.0%	4.0%
Infrastructure Access Charges SDCWA IAC Pass-Through*	3.2%	8.5%	11.5%	4.0%	4.0%
TOTAL REVENUE ADJUSTMENT	7.8%	7.9%	8.1%	5.0%	4.0%

% Change in Rate Revenue Requirements from FY 2024 to FY 2025

💧 Water Supply Costs (7.1%)

- 💧 Increases in potable and recycled purchased water cost from SDCWA and other water suppliers

💧 Operating Department Budget (1.9%)

- 💧 Salaries, Benefits, Supplies, Chemicals, Treatment, Outside Services, Consultants, and Property Insurance

💧 Other, Net Offsets (-0.3%)

- 💧 Adopted Board Financial Policies
- 💧 Transfers to fund capital reserves, Pension Stabilization Fund
- 💧 Debt Service, IAC, Non-Operating Expenses

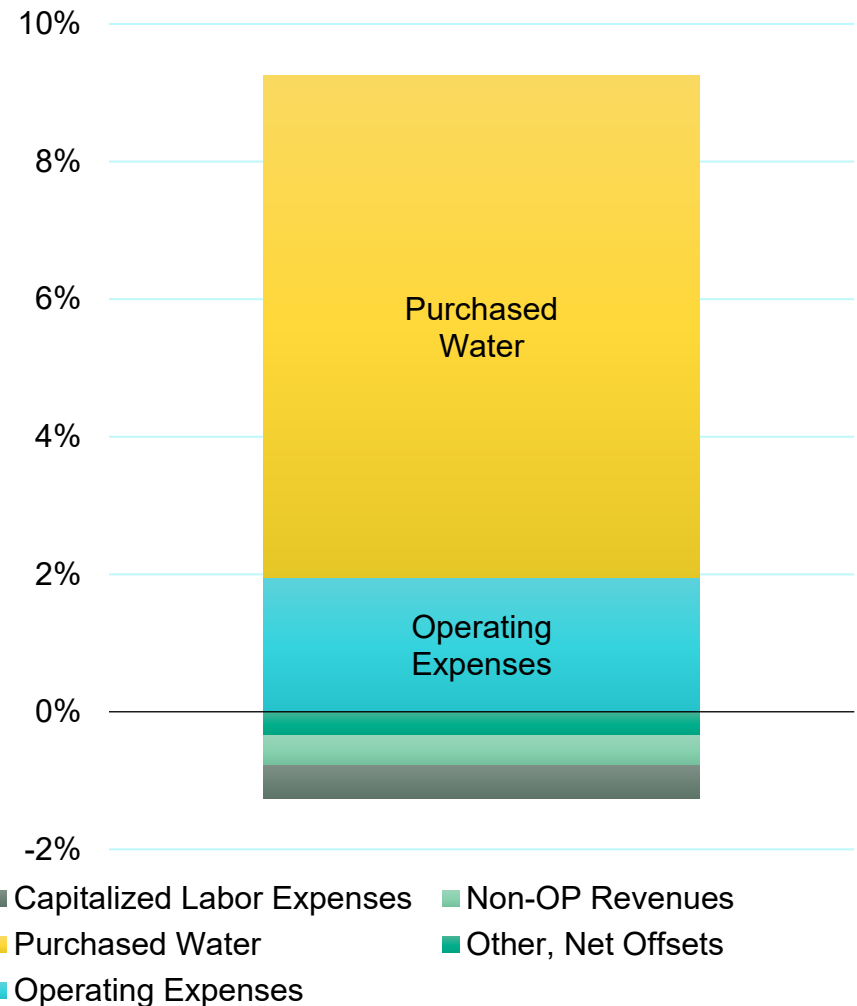
💧 Non-Operating Revenues (-0.4%)

- 💧 Property Tax Revenue

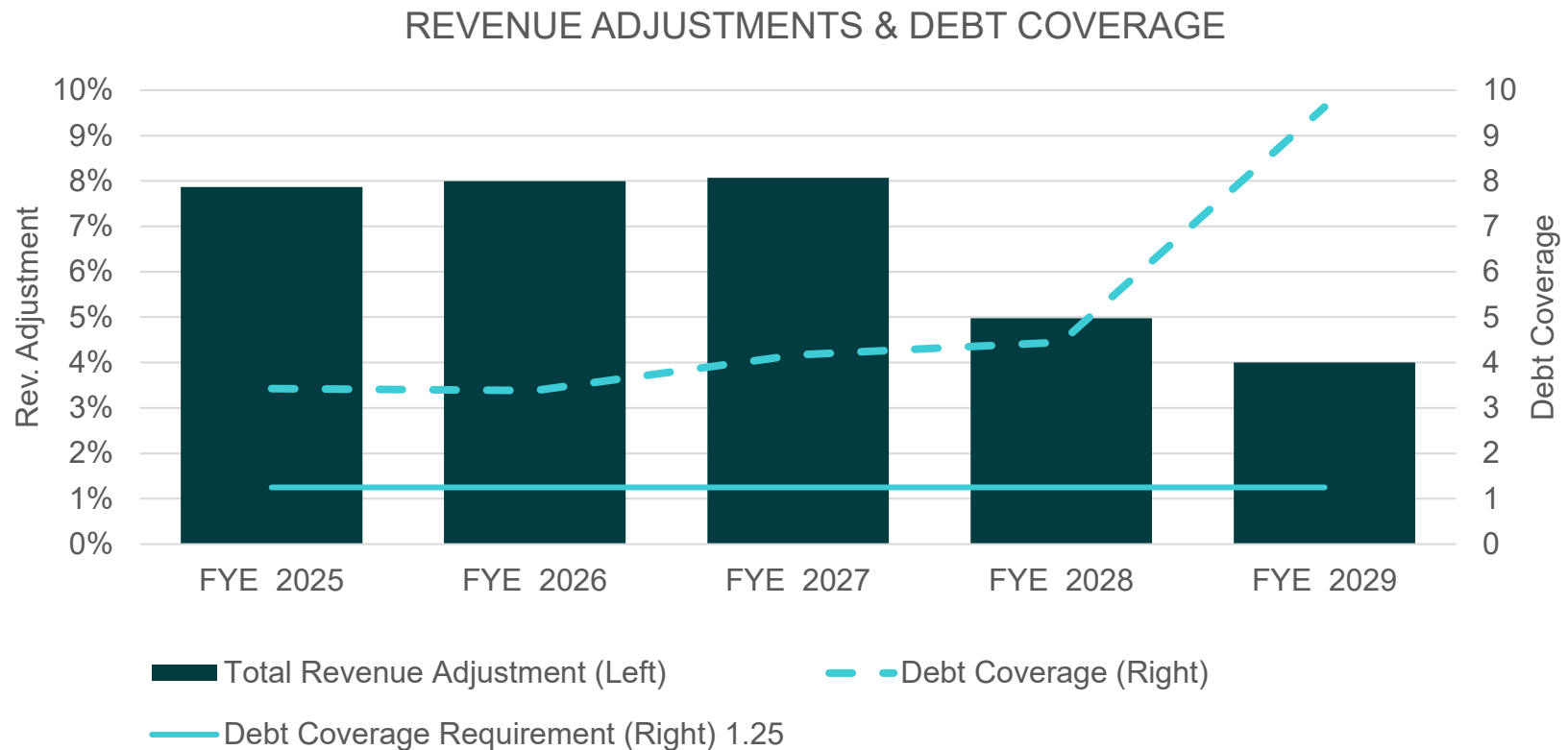
💧 Capitalized Labor Expenses (-0.5%)

- 💧 Reduce operating department budget
- 💧 Amortize over assets' life

Total Change in Revenue Requirements 7.8%

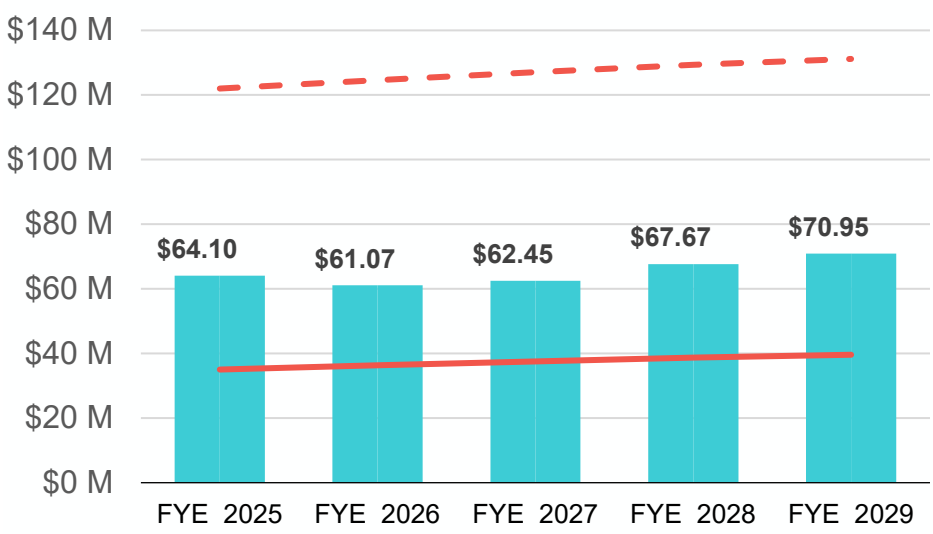


Net Revenue Adjustment & Debt Coverage

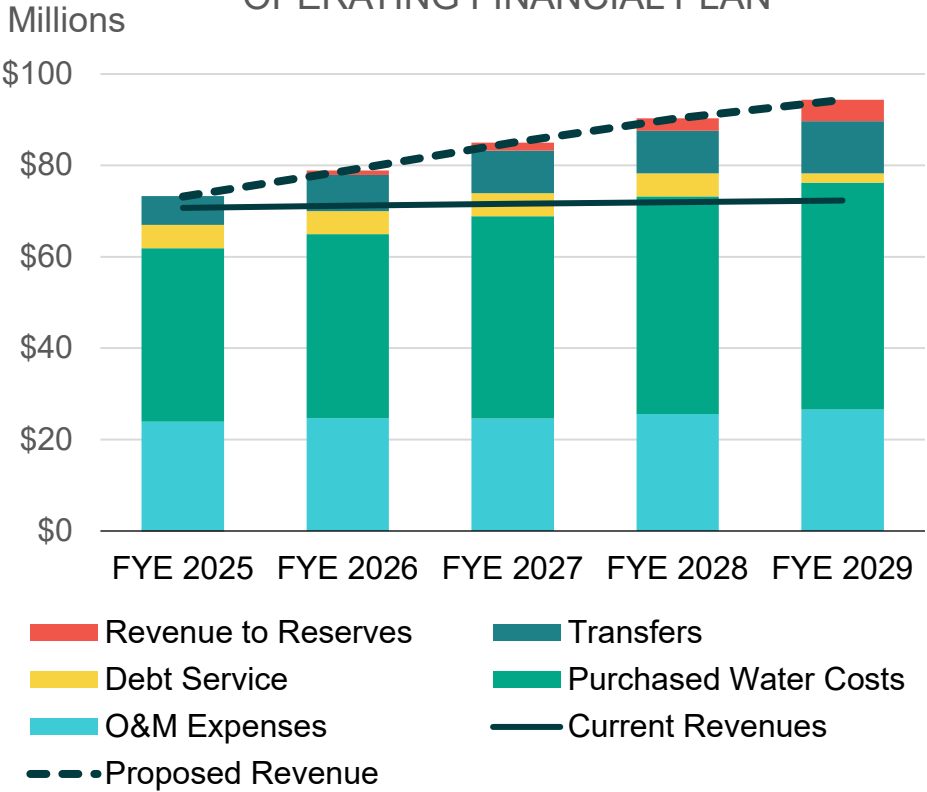


Financial Outlook

TOTAL FUNDS BALANCE



OPERATING FINANCIAL PLAN



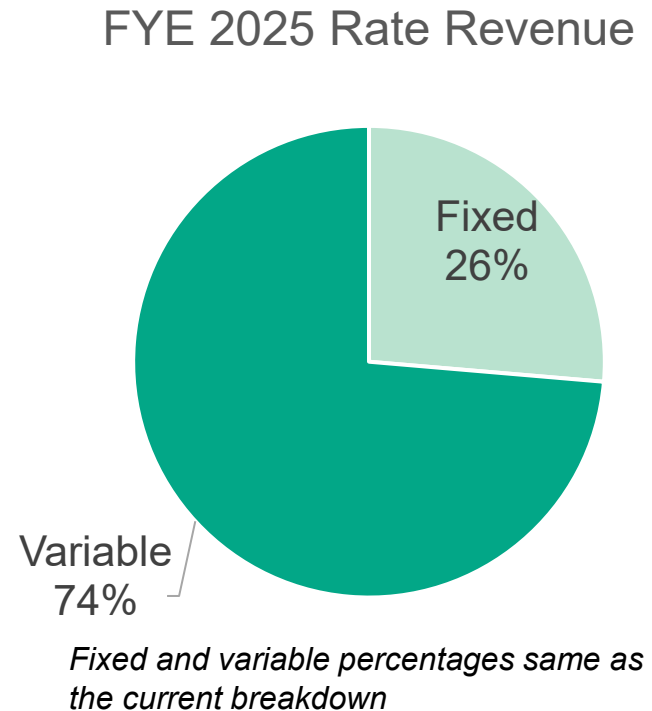
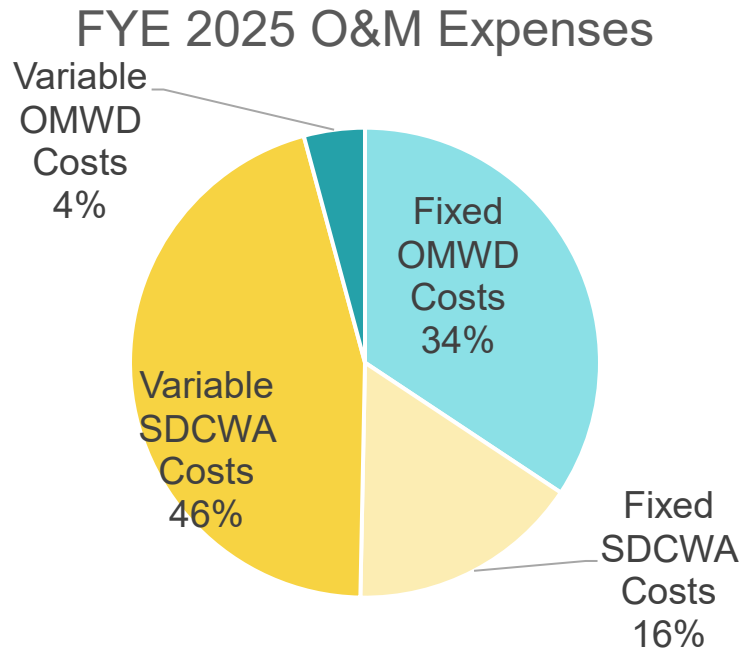
Water Cost of Service



Cost Of Service Allocation

- Kept consistent cost of service allocation methodology from 2019 rate study
 - › Fixed transportation costs allocated to meters
 - › Included lost revenue from pass-through rate cap in CY 2024
- Peaking factors were calculated based on FY 2022 data
 - › Domestic Tier 4 decreased from 2.08 → 1.94
 - › Irrigation 2 increased 1.73 → 2.02
- Retained current customer classifications and tiers based on FY 2022 data

Cost & Revenue Structure



Proposed Water Rates

Proposed Maximum Water Rates beginning January 1, 2025

CUSTOMER TYPE	COMMODITY CHARGE BASE RATES - \$/HCF		WATER SUPPLY SHORTAGE RATES		
			10% DEMAND REDUCTION - \$/HCF	20% DEMAND REDUCTION - \$/HCF	30% DEMAND REDUCTION - \$/HCF
	Current	Proposed 1/1/2025	Proposed 1/1/2025	Proposed 1/1/2025	Proposed 1/1/2025
Potable:					
Domestic					
Tier 1: 0-6 Units	\$4.24	\$4.43	\$4.73	\$5.11	\$5.55
Tier 2: 7-23 Units	\$6.14	\$6.47	\$6.77	\$7.15	\$7.59
Tier 3: 24-80 Units	\$6.85	\$7.25	\$7.55	\$7.93	\$8.37
Tier 4: 80+ Units	\$8.14	\$8.20	\$8.50	\$8.88	\$9.32
Agricultural	\$6.75	\$6.90	\$7.20	\$7.58	\$8.02
Combined Agricultural/Domestic					
First 23 Units per month: Follow Domestic rate structure.					
Over 23 Units per month: Follow Agricultural rate structure.					
Commercial	\$5.78	\$6.14	\$6.44	\$6.82	\$7.26
Irrigation					
Tier 1	\$6.50	\$6.91	\$7.21	\$7.59	\$8.03
Tier 2	\$6.94	\$7.80	\$8.10	\$8.48	\$8.92
<u>Rate Reimbursement Credit (RRC)</u>	<u>(\$0.11)</u>	<u>(\$0.22)</u>	<u>(\$0.22)</u>	<u>(\$0.22)</u>	<u>(\$0.22)</u>
Construction	\$8.21	\$8.60	\$8.90	\$9.28	\$9.72
Recycled:					
Recycled Water	\$4.29	\$4.68	\$4.68	\$4.68	\$4.68

Proposed Maximum Water Charges – January 1, 2025

OMWD System Access Charge (\$/Meter Size)		
Meter Size	Current	Proposed 1/1/2025
5/8"	\$34.25	\$37.16
3/4"	\$44.79	\$48.53
1"	\$76.41	\$82.64
1-1/2"	\$118.54	\$128.11
2"	\$185.30	\$200.11
2-1/2"	\$336.33	\$363.05
3"	\$367.94	\$397.16
4"	\$610.30	\$658.63
6"	\$1,274.14	\$1,374.83
8"	\$2,292.73	\$2,473.76

SDCWA Infrastructure Access Charge (\$/Meter Size)		
Meter Size	Current	Proposed 1/1/2025
5/8"	\$4.41	\$4.55
3/4"	\$4.41	\$4.55
1"	\$8.39	\$8.65
1-1/2"	\$13.70	\$14.11
2"	\$22.09	\$22.75
2-1/2"	\$41.10	\$42.32
3"	\$45.08	\$46.41
4"	\$75.58	\$77.81
6"	\$159.10	\$163.80
8"	\$287.29	\$295.75

Irrigation Unit Allotments		
Tier 1 Allotment / Based upon water use by meter size		
Meter Size	Winter (Nov 1-April 30)	Summer (May 1-Oct 31)
5/8"	10	15
3/4"	20	30
1"	35	50
1-1/2"	50	110
2"	100	200
3"	200	500
4"	600	3500
6"	3100	11800
8"	5600	21300

Proposed Maximum OMWD Fire Meter Charge January 1, 2025 – December 31, 2029

OMWD Fire Meter Charge (\$/Meter Size)						
Meter Size	Current	Proposed 1/1/2025	Proposed 1/1/2026	Proposed 1/1/2027	Proposed 1/1/2028	Proposed 1/1/2029
5/8"	\$5.85	\$6.13	\$6.50	\$6.89	\$7.24	\$7.53
3/4"	\$5.85	\$6.13	\$6.50	\$6.89	\$7.24	\$7.53
1"	\$6.57	\$6.87	\$7.29	\$7.73	\$8.12	\$8.45
1-1/2"	\$7.54	\$7.84	\$8.32	\$8.82	\$9.27	\$9.65
2"	\$9.08	\$9.39	\$9.96	\$10.56	\$11.09	\$11.54
2-1/2"	\$12.55	\$12.89	\$13.67	\$14.50	\$15.23	\$15.84
3"	\$13.27	\$13.62	\$14.44	\$15.31	\$16.08	\$16.73
4"	\$18.85	\$19.24	\$20.40	\$21.63	\$22.72	\$23.63
6"	\$34.13	\$34.63	\$36.71	\$38.92	\$40.87	\$42.51
8"	\$57.56	\$58.23	\$61.73	\$65.44	\$68.72	\$71.47

Demand Reductions Rates

- Proposed Maximum Increases to OMWD Commodity Charges
- Would only be implemented by OMWD's Board of Directors' action under the terms of OMWD's Water Demand Reduction Condition Ordinance in the event of drought, water supply emergencies, mandatory water cutbacks.

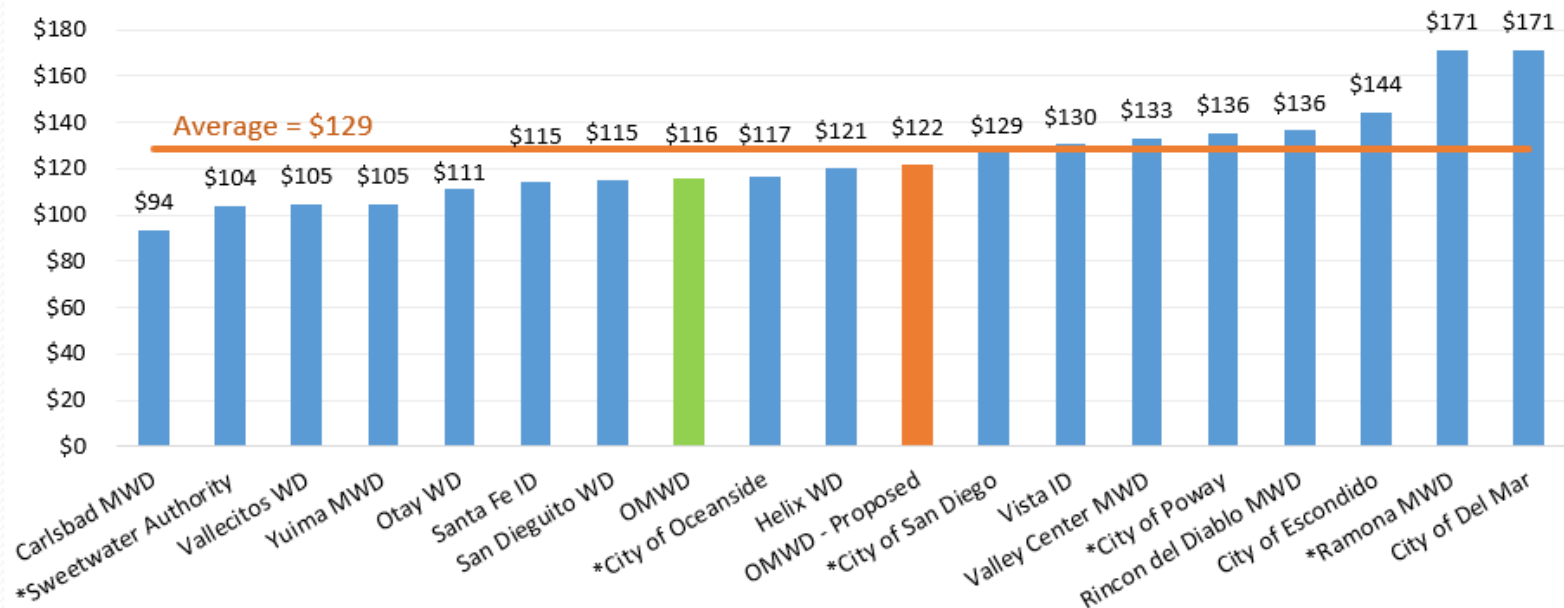
Demand Reduction Rate Adjustments - \$/HCF For Potable Water Commodity Charges	
Demand Reduction Levels	Increase in Commodity Charges
10%	\$0.30
20%	\$0.68
30%	\$1.12

Pass-Through Increases

- Proposed maximum not to exceed 12% each year commencing January 1, 2026 to December 31, 2029
 - Government Code Section 53756
- To pass through:
 - Increases in purchased water wholesale charges imposed on OMWD from San Diego County Water Authority (SDCWA) and any other purchased water wholesale charge increase imposed on OMWD, including by Recycled Water Wholesalers
 - Inflation cost increases based on June end to June end percent change in San Diego-Carlsbad Consumer Price Index
 - Increases imposed by SDCWA to the SDCWA Infrastructure Access Charge
- In no event shall any Pass-Through increases result in rates exceeding OMWD's cost of providing water services to its customers

OMWD's Proposed Water Charges below the County's Average Water Bills for the same amount of Water (13 units=OMWD Median)

**Survey of CWA Member Agency Monthly Water Bills
3/4" Meter and 13 HCF Monthly**



Proposed OMWD 1/1/2025 rates are net of the \$0.22 per unit Rate Reimbursement Credit

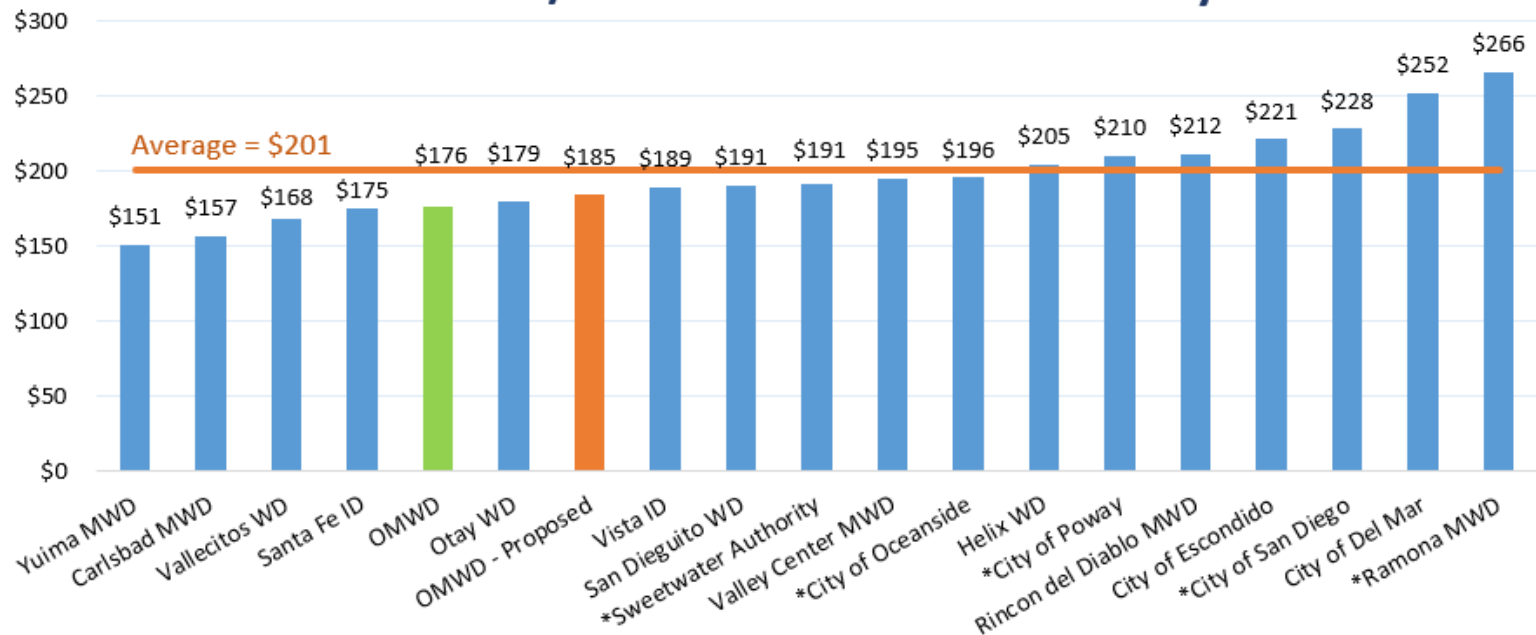
Survey of posted rates as of October 2024 – any subsequent changes are note reflected

Does not include all 24 SDCWA member agencies for comparative purpose

**Proposed 1/1/25 rates – Ramona includes a per unit pumping charge for all customers except construction*

OMWD's Proposed Water Charges are below the County's Average Water Bills for the same amount of Water (23 units=OMWD Average)

**Survey of CWA Member Agency Monthly Water Bills
3/4" Meter and 23 HCF Monthly**



Proposed OMWD 1/1/2025 rates are net of the \$0.22 per unit Rate Reimbursement Credit

Survey of posted rates as of October 2024 – any subsequent changes are not reflected

Does not include all 24 SDCWA member agencies for comparative purpose

**Proposed 1/1/25 rates – Ramona includes a per unit pumping charge for all customers except construction*

Next Steps:

- 10/16/24: Public comments on the proposed increases
- 11/6/24: Consideration and adoption of ordinance
- 01/01/2025: Water Rates Effective Date
- If approved, future Pass-Through Increases, Fire Meter Charge, and Demand Reduction Rates Adjustments for Commodity Charge are subject to Board of Directors' approval each year
- Notice of changes to OMWD Water Rates and Charges will be considered by the Board 30 days prior to implementation

Questions?



NOTICE OF PUBLIC HEARING

Regarding proposed increases to
Olivenhain Municipal Water District water charges.
OMWD is proposing changes that will affect charges on your water bill.

October 16, 2024 at 5:30 p.m.

Boardroom of OMWD's Administrative Office

1966 Olivenhain Road
Encinitas, California 92024

NOTICE OF PUBLIC HEARING

Regarding Proposed Increases to Olivenhain Municipal Water District Water Charges

OMWD is proposing changes that will affect charges on your water bill.

Olivenhain Municipal Water District ("OMWD") will conduct a public hearing on October 16, 2024, at 5:30 p.m., in the Boardroom of OMWD's administrative office, located at 1966 Olivenhain Road, Encinitas, California 92024. The purpose of the hearing is to receive public comment regarding OMWD staff's proposal to adopt increases to OMWD's water service charges and other water charges (collectively, "Water Charges") beginning on January 1, 2025, and an ordinance that would authorize OMWD to pass through to customers certain increases in purchased water wholesale costs, inflationary costs, and other costs as described in this notice.

For Zoom Participation:

www.zoom.us/join
Meeting ID: 865 5633 4158
Passcode: 257024

For Zoom Call-in Only:

Call: (669) 900-9128
Meeting ID: 865 5633 4158
Passcode: 257024

The public hearing may continue in person even if Zoom access is disrupted or unavailable.

You are receiving this notice in compliance with Proposition 218, which requires OMWD to inform property owners and water customers that OMWD is proposing changes to its Water Charges that will affect your water bill.

This notice includes information about 1) the water system, 2) reasons for the proposed increases, 3) basis upon which the proposed Water Charges are calculated, 4) the proposed Water Charges, 5) pass-through increases, and 6) procedures for protesting the proposed Water Charges.

The basis for allocating costs and calculating the proposed increases to OMWD's Water Charges shown and described in this notice is a comprehensive cost of service water rate study ("Water Rate Study Report") conducted in 2024 by an independent financial consulting firm. A copy of OMWD's Water Rate Study Report is available at www.olivenhain.com/rates or at our administrative office.

WATER SYSTEM

OMWD provides water services to approximately 87,000 customers in portions of Encinitas, Carlsbad, Solana Beach, Rancho Santa Fe, San Marcos, Elfin Forest, 4S Ranch, San Diego and the Olivenhain Valley. OMWD's water service area spans about 31,100 acres. OMWD owns and operates two water treatment plants, the David McCollom Water Treatment Plant and the 4S Ranch Water Reclamation Facility. Water is delivered from OMWD's water treatment plants to approximately 29,000 connections through approximately 500 miles of potable and recycled pipes, 10 pump stations, and 17 storage reservoirs.

OMWD purchases all of its potable water supply from 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"). MWD imports water from two sources: the Colorado River via the Colorado River Aqueduct and the Sacramento-San Joaquin Delta via the California Aqueduct. Water from SDCWA is treated at OMWD's David C. McCollom Water Treatment Plant and distributed to OMWD customers to meet their potable water demand.

The 4S Ranch Water Reclamation Facility produces recycled water to meet irrigation demand in a portion of OMWD's recycled water system. OMWD also purchases recycled water from the following public agencies: Vallecitos Water District, San Elijo Joint Powers Authority, Rancho Santa Fe Community Services District, and City of San Diego (collectively referred to as "Recycled Water Wholesalers") to meet OMWD customers' recycled water demand.

REASONS FOR THE PROPOSED INCREASE

OMWD is committed to providing high-quality and professional water services to its customers while meeting or exceeding all regulatory requirements in a cost-effective and environmentally responsive manner. OMWD charges its customers for these services. Revenues collected from Water Charges are used to fund safe and reliable water service. The costs include purchasing water, operating and maintaining the water system, reinvesting in water system infrastructure, and paying off debt used to finance the David C. McCollom Water Treatment Plant.

The proposed increases to Water Charges are necessary to pay for higher purchased water wholesale costs imposed on OMWD by SDCWA and by Recycled Water Wholesalers and to pay for cost increases to OMWD's water operations, maintenance, and capital infrastructure resulting from inflation.

Purchased Water Wholesale Costs

The potable water wholesalers from which OMWD receives water, MWD and SDCWA, have both recently implemented dramatic increases in their water rates. While OMWD continues to keep the costs of its water operations as low as possible, purchased water wholesale costs are external and non-controllable. Purchased water wholesale costs imposed on OMWD by SDCWA and by Recycled Water Wholesalers (collectively, "Purchased Water Wholesale Costs") make up approximately 60% of OMWD's water operating costs.

Purchased Water Wholesale Costs could increase by as much as 39% over the next five years starting on January 1, 2025. Absorbing these significant increases in Purchased Water Wholesale Costs would negatively impact OMWD's financial stability. Therefore, to avoid these impacts, OMWD is proposing to pass through to customers increases in the Purchased Water Wholesale Costs as a part of the proposed Water Charges.

Rate Reimbursement Credit

OMWD used funds available in its reserves to partially offset increases in purchased water wholesale costs from SDCWA. A rate relief program was approved by OMWD's Board of Directors in 2021. The resulting credit to customers (referred to as "Rate Reimbursement Credit") is a result of money refunded from lawsuits filed by SDCWA that successfully challenged the legality of certain MWD rates and charges, and it helps to offset increases in purchased water wholesale costs from SDCWA.

Inflation

OMWD has been able to control cost increases in its water operations, maintenance, and infrastructure needs through re-evaluation of internal business processes and optimal utilization of its assets for cost savings. OMWD also received grant funds to complete some of its capital infrastructure program, which has helped offset increases in costs that resulted from higher inflation and post-pandemic supply chain issues. However, costs have risen more than 18% due to inflation from January 2021 to June 2024 based on changes in the San Diego-Carlsbad Consumer Price Index for All Urban Customers ("CPI").

OMWD is proposing to increase Water Charges for the next five years to keep pace with inflation in order to operate and maintain its water operations and to replace its aging water infrastructure; many parts of OMWD's Water System are over 50 years old. OMWD needs to continue maintaining and upgrading its water system to minimize water service interruptions. Therefore, OMWD is proposing to pass through to customers inflationary adjustments based on CPI as a part of the proposed increases to its Water Charges.

BASIS UPON WHICH THE PROPOSED WATER CHARGES ARE CALCULATED

OMWD provides both potable (i.e. treated) water and recycled water service. The proposed rate structure for OMWD's Water Charges has seven customer classes: (1) Domestic (single-family and multi-family residential); (2) Agricultural; (3) Permanent Special Agriculture Water Rate ("PSAWR"); (4) Commercial; (5) Irrigation; (6) Construction; and (7) Recycled Water.

The rate structure for all customer classes consists of (1) a volumetric charge known as the Water Consumption Charge, and (2) fixed monthly service charges consisting of the System Access Charge, SDCWA Infrastructure Access Charge, and Fire Meter Charge. OMWD bills monthly for water service.

The basis used to calculate all components of the proposed Water Charges included in this notice are structured to proportionally allocate the costs of providing water service to all customer classes and tiers based on their respective proportion of usage and burden on the water system. The Water Rate Study Report describes the methodology used in calculating the proposed rates, adjustments, and increases to OMWD's Water Charges shown and described in this notice. The Rate Study Report is available at www.olivenhain.com/rates or at our administrative office.

Water Consumption Charge

OMWD assesses a Water Consumption Charge on each unit of water delivered each month. One unit of water equals one hundred (100) cubic feet (HCF) or 748 gallons. Volumetric water rate structures vary by customer class. Domestic customers

are subject to a four-tier volumetric rate structure, while irrigation customers are subject to a two-tier volumetric rate structure. Agricultural, commercial, construction, and recycled water customers are subject to distinct uniform rates.

The Water Consumption Charge for potable water is calculated based on the cost of providing potable water service to each customer and customer class, including the costs of treating water and purchasing water from SDCWA and MWD, and it recovers a portion of OMWD’s fixed costs.

The Water Consumption Charge assessed to recycled water customers is calculated based on the cost of providing recycled water service to recycled water customers, including the costs of treating at 4S Ranch Water Reclamation Facility and purchasing recycled water from the Recycled Water Wholesalers, and it recovers a portion of OMWD’s fixed costs.

System Access Charge

The System Access Charge is a fixed monthly charge that varies by water meter size and is assessed per water meter, potable and recycled, to recover a portion of OMWD’s costs. These costs include, among others, meter reading, billing and collections, customer service, water facilities repairs and maintenance, and certain other costs imposed on OMWD by SDCWA and MWD.

SDCWA Infrastructure Access Charge

All meters, excluding construction, fire, and recycled water meters are subject to a monthly SDCWA Infrastructure Access Charge which varies by water meter size. The SDCWA Infrastructure Access Charge is assessed by SDCWA to recover a portion of costs associated with the construction of county-wide water infrastructure projects. The SDCWA Infrastructure Access Charge is a monthly fixed water meter charge that is passed through by OMWD directly to its customers.

Fire Meter Charge

For customers with a dedicated fire line, the Fire Meter Charge is a monthly fixed charge assessed per meter to recover their proportionate share of OMWD’s costs attributable to the system’s fire flow demand. It varies by water meter size on certain properties as a condition of extending or initiating water service by (1) the installation of a fire suppression system, and (2) upon the request of the property owner for the delivery of water to the property for the purpose of fire service protection.

Demand Reductions Rates for the Water Consumption Charge

Fluctuating availability of water resulting from drought, water supply emergencies, or other reasons will cause OMWD to experience decreased water sales, and therefore, less water revenue. To help mitigate future losses in revenue from reduced water sales and to ensure that OMWD is able to continue to provide and deliver safe drinking water to its customers, OMWD is proposing to authorize adjustments (“Demand Reduction Rates”) to the potable Water Consumption Charge that would only be implemented by OMWD’s Board of Directors’ action under the terms of OMWD’s Water Demand Reduction Condition Ordinance.

OMWD will implement Demand Reduction Rates for the potable Water Consumption Charge, as necessary, depending on the level of potable water use cutbacks, to ensure that OMWD is able to provide safe, reliable drinking water to its customers while meeting or exceeding regulatory requirements and recovering sufficient revenues to meet its expenses, including financial obligations.

OMWD’s Water Rate Study Report considered the effects of decreased water sales and developed rates that may be implemented so that OMWD could still maintain safe and reliable water service during decreased sales during the next five years from January 1, 2025, through December 31, 2029. In the event that OMWD activates its Demand Reduction Rates, OMWD will notify its customers in advance of implementation.

The table to the right shows the proposed maximum increases that could be implemented by OMWD during various levels of mandatory reductions in water usage and added to the potable Water Consumption Charge. Water Demand Reduction Rates for reductions in usage that are in between those shown to the right may be prorated.

Demand Reduction Rate Adjustments - \$/HCF For Potable Water Commodity Charges	
Demand Reduction Levels	Increase in Commodity Charges
10%	\$0.30
20%	\$0.68
30%	\$1.12

PROPOSED WATER SERVICE CHARGES

The proposed maximum Water Charges beginning with January 1, 2025 water consumption for potable water customers and recycled water customers are set forth in the tables below:

CUSTOMER TYPE	CONSUMPTION CHARGE BASE RATES - \$/HCF		DEMAND REDUCTION RATES (6)		
	Current (2)(3)	Proposed 1/1/2025 (5)	10% DEMAND REDUCTION - \$/HCF Proposed 1/1/2025 (5)	20% DEMAND REDUCTION - \$/HCF Proposed 1/1/2025 (5)	30% DEMAND REDUCTION - \$/HCF Proposed 1/1/2025 (5)
Potable: Domestic					
Tier 1: 0-6 Units (1)	\$4.24	\$4.43	\$4.73	\$5.11	\$5.55
Tier 2: 7-23 Units	\$6.14	\$6.47	\$6.77	\$7.15	\$7.59
Tier 3: 24-80 Units	\$6.85	\$7.25	\$7.55	\$7.93	\$8.37
Tier 4: 80+ Units	\$8.14	\$8.20	\$8.50	\$8.88	\$9.32
Agricultural (4)	\$6.75	\$6.90	\$7.20	\$7.58	\$8.02
Combined Agricultural/Domestic					
First 23 Units per month: Follow Domestic rate structure.					
Over 23 Units per month: Follow Agricultural rate structure.					
Commercial Irrigation	\$5.78	\$6.14	\$6.44	\$6.82	\$7.26
Tier 1	\$6.50	\$6.91	\$7.21	\$7.59	\$8.03
Tier 2	\$6.94	\$7.80	\$8.10	\$8.48	\$8.92
Rate Reimbursement Credit (RRC) (7)	(\$0.11)	(\$0.22)	(\$0.22)	(\$0.22)	(\$0.22)
Construction	\$8.21	\$8.60	\$8.90	\$9.28	\$9.72
Recycled: Recycled Water	\$4.29	\$4.68	\$4.68	\$4.68	\$4.68

OMWD System Access Charge (\$/Meter Size)		
Meter Size	Current (2)	Proposed 1/1/2025 (5)
5/8"	\$34.25	\$37.16
3/4" (*)	\$44.79	\$48.53
1"	\$76.41	\$82.64
1-1/2"	\$118.54	\$128.11
2"	\$185.30	\$200.11
2-1/2"	\$336.33	\$363.05
3"	\$367.94	\$397.16
4"	\$610.30	\$658.63
6"	\$1,274.14	\$1,374.83
8"	\$2,292.73	\$2,473.76

SDCWA Infrastructure Access Charge (\$/Meter Size)		
Meter Size	Current (2)	Proposed 1/1/2025 (5)
5/8"	\$4.41	\$4.55
3/4" (*)	\$4.41	\$4.55
1"	\$8.39	\$8.65
1-1/2"	\$13.70	\$14.11
2"	\$22.09	\$22.75
2-1/2"	\$41.10	\$42.32
3"	\$45.08	\$46.41
4"	\$75.58	\$77.81
6"	\$159.10	\$163.80
8"	\$287.29	\$295.75

OMWD Fire Meter Charge (\$/Meter Size)						
Meter Size	Current (2)	Proposed 1/1/2025 (5)	Proposed 1/1/2026	Proposed 1/1/2027	Proposed 3/1/2028	Proposed 3/1/2029
5/8"	\$5.85	\$6.13	\$6.50	\$6.89	\$7.24	\$7.53
3/4" (*)	\$5.85	\$6.13	\$6.50	\$6.89	\$7.24	\$7.53
1"	\$6.57	\$6.87	\$7.29	\$7.73	\$8.12	\$8.45
1-1/2"	\$7.54	\$7.84	\$8.32	\$8.82	\$9.27	\$9.65
2"	\$9.08	\$9.39	\$9.96	\$10.56	\$11.09	\$11.54
2-1/2"	\$12.55	\$12.89	\$13.67	\$14.50	\$15.23	\$15.84
3"	\$13.27	\$13.62	\$14.44	\$15.31	\$16.08	\$16.73
4"	\$18.85	\$19.24	\$20.40	\$21.63	\$22.72	\$23.63
6"	\$34.13	\$34.63	\$36.71	\$38.92	\$40.87	\$42.51
8"	\$57.56	\$58.23	\$61.73	\$65.44	\$68.72	\$71.47

Irrigation Unit Allotments Tier 1 Allotment / Based upon water use by meter size		
Meter Size	Winter (Nov 1-Apr 30)	Summer (May 1-Oct 31)
5/8"	10	15
3/4" (*)	20	30
1"	35	50
1-1/2"	50	110
2"	100	200
3"	200	500
4"	600	3500
6"	3100	11800
8"	5600	21300

Notes to the Rate Table

*Typical residential meter size

- (1) One (1) unit of water is equal to one hundred cubic feet (HCF) or 748 gallons.
- (2) These rates and charges are currently used to calculate OMWD's monthly water bills in 2024.
- (3) Domestic Tier 2 rate currently applies to consumption between 7 and 23 units. Domestic Tier 3 rate currently applies to consumption between 24 units and 80 units. For combined Agricultural/Domestic, Domestic rate structure currently applies to the first 23 units. Over 23 units per month follows Agricultural rate structure. For Irrigation customers, all monthly water usage in excess of Tier 1 allotment shown in the Irrigation Unit Allotments table is charged at the Irrigation Tier 2 rate.
- (4) The Agricultural water rate is available only to those who meet the program criteria. Visit www.olivenhain.com/ag for details.
- (5) The proposed Water Consumption Charges and fixed monthly service fees, if approved, will be effective beginning on January 1, 2025.

- (6) Demand Reduction Rates would only be implemented by OMWD's Board of Directors' action under the terms of OMWD's Water Demand Reduction Condition Ordinance.
- (7) Rate Reimbursement Credit (RRC) is a temporary rate relief program approved by OMWD's Board of Directors to reduce the impact of increased SDCWA Purchased Water Wholesale costs on OMWD customer water bills.

Below are examples of the bill impact from the Proposed Water Service Charges to be effective January 1, 2025 for Domestic customers.

Low Residential Water Bill Based on 6 HCF per Month - 3/4" Meter 1 unit=1 HCF			Average Residential Water Bill Based on 23 HCF per Month - 3/4" Meter 1 unit=1 HCF		
Water Service Charges	Current	Proposed 1/1/2025	Water Serviced Charges	Current	Proposed 1/1/2025
Base Rates			Base Rates		
Tier 1 Water	\$25.44	\$26.58	Tier 1 Water	\$25.44	\$26.58
SDCWA Infrastructure Access Charge	\$4.41	\$4.55	Tier 2 Water	\$104.38	\$109.99
System Access Charge	\$44.79	\$48.53	SDCWA Infrastructure Access Charge	\$4.41	\$4.55
Rate Reimbursement Credit (RRC)	(\$0.66)	(\$1.32)	System Access Charge	\$44.79	\$48.53
Monthly Total	\$73.98	\$78.34	Rate Reimbursement Credit (RRC)	(\$2.53)	(\$5.06)
			Monthly Total	\$176.49	\$184.59

Customers that wish to determine the impact to their monthly bill statement of the proposed rates, increases, and adjustments may visit www.olivenhain.com/estimator for an estimate.

PASS-THROUGH INCREASES

To avoid operational deficits, depletion of reserves, and inability to address water capital infrastructure needs for the next five years, OMWD is proposing to adopt an ordinance that would authorize OMWD, commencing January 1, 2025 and at any time through and including December 31, 2029, to automatically pass through to customers certain cost increases experienced by OMWD ("Pass-Through Increases"). The Pass-Through Increases include: increases in purchased water wholesale charges from SDCWA, and any other purchased water wholesale water charge increases imposed on OMWD, including by Recycled Water Wholesalers (collectively referred to as "Purchased Water Wholesale Pass-Through"); increases imposed by SDCWA to the SDCWA Infrastructure Access Charge; inflationary cost increases based on June end to June end percent change in CPI ("Inflationary Pass-Through").

Any future increases in the SDCWA Infrastructure Access Charge will only impact the SDCWA Infrastructure Access Charge. Any Purchased Water Wholesale Pass-Through and any Inflationary Pass-Through will impact the OMWD Water Consumption Charges and System Access Charge.

If approved by the Board of Directors, Pass-Through Increases will be automatically implemented annually after giving notice to customers and be effective for the five-year period commencing January 1, 2025, through December 31, 2029. All Pass-Through Increases shall not exceed 12% per year, and in no event shall any Pass-Through Increases result in rates exceeding OMWD's cost of providing water services to its customers.

Prior to implementing any Pass-Through Increases, OMWD will provide written notice of proposed changes to customers not less than 30 days prior to the effective date of the Pass-Through Increases.

PROTESTING THE PROPOSED WATER CHARGES

Any property owner of a parcel upon which the water service charges are proposed for imposition or any tenant directly liable for the payment of water service charges (i.e., a water customer who is not a property owner) may submit a written protest to the water rates and rate structure shown and described in this notice; provided, however, only one protest will be counted per identified parcel subject to the water rates. To be used in determining whether there is a majority protest, each protest must: (1) be in writing; (2) state that the identified property owner or tenant is opposed to the proposed water rate adjustments and pass-through increases; (3) provide the location of the identified parcel for which the protest is submitted (by assessor's parcel number or water service address); and (4) include the printed full name and signature of the property owner or tenant submitting the protest. Written protests may be submitted by mail or in person to the Board Secretary at 1966 Olivenhain Road, Encinitas, CA 92024, or at the public hearing on October 16, 2024, so long as they are received by the Board Secretary prior to the close of the public comment portion of the Public Hearing. Any protest submitted via e-mail or other electronic means will not be accepted as a valid written protest. Please indicate "Attn: Rate Hearing" on the outside of any envelope mailed to OMWD.

The Board of Directors will accept and consider all written protests and hear and consider all public comments made at the public hearing. Oral comments at the public hearing will not qualify as the written protests to be used in determining whether there is a majority protest. At the conclusion of the public hearing, the Board of Directors will consider adoption of the proposed rates and rate structure. If written protests against the proposed water rates and rate structure included in this notice are not presented by owners or tenants of a majority of the identified parcels subject to the water service charges, the Board of Directors will be authorized to adopt the rates. If approved, the Board of Directors will be able to impose the rates, which may include Pass-Through Increases and the Demand Reduction Rates described in this notice, for a five-year period commencing January 1, 2025, through December 31, 2029.

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

**OLIVENHAIN MUNICIPAL WATER
DISTRICT**

Water Rate Study

FINAL DRAFT / AUGUST 16, 2024



August 16, 2024

Ms. Kimberly A. Thorner
General Manager
Olivenhain Municipal Water District
1966 Olivenhain Road
Encinitas, CA 92029

Subject: 2025 Water Rate Study Report

Dear Ms. Thorner,

Raftelis is pleased to provide this 2025 Water Rate Study Report (Report) to the Olivenhain Municipal Water District (District). The overall goal of the study was to develop updated water rates for the District for FY 2025 that are fair and equitable and in compliance with Proposition 218 requirements.

The major objectives of the study include the following:

- Develop a five-year financial plan through FY 2029 that sufficiently funds the District's operating costs, debt obligations, and necessary capital expenditures
- Review and revise as necessary the current water rate structure
- Perform a cost-of-service analysis to equitably allocate costs across customer classes
- Propose equitable water rates for FY 2025 and rates for the subsequent four years subject to pass-through of water costs and inflation

This Report summarizes the key findings and recommendations related to the development of the financial plan and proposed water rates. It has been a pleasure working with you and we would like to thank Ms. Rainy Selamat, Mr. Jared Graffam, and Ms. Georgeanna Clark for the support provided to Raftelis during this study.

Sincerely,

A blue ink signature of Sudhir Pardiwala, written in a cursive style.

Sudhir Pardiwala
Executive Vice President

A blue ink signature of Katelyn Milius, written in a cursive style.

Katelyn Milius
Senior Consultant

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Appendix C: Proposed Financial Plan Cash Flow

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1. Executive Summary

1.1. Study Overview

Olivenhain Municipal Water District (District) provides water service to a population of approximately 86,000 across a 48 square mile service area in northern San Diego County. The District's potable water supply is provided by the San Diego County Water Authority (SDCWA), of which the District has been a member since 1960. The District's potable water system consists of a water treatment plant with 34 MGD of capacity, 13 storage reservoirs, 7 pump stations, and over 400 miles of water pipelines. Additionally, the District operates a water reclamation facility that produces up to 2 MGD of recycled water. The District also purchases recycled water from the City of San Diego, Vallecitos Water District, San Elijo Joint Powers Authority, and Rancho Santa Fe Community Services District. The District's recycled water distribution system includes 5 storage reservoirs, 3 pump stations, and 46 miles of recycled water pipelines that are used to deliver recycled water to non-potable landscape/irrigation water users.

The District engaged Raftelis in 2024 to conduct a comprehensive cost of service water rate study to establish proposed water rates for fiscal years (FY) 2025 to 2029. The District's existing water rate structure consists of the following charges:

1. **OMWD System Access Charge:** This fixed monthly meter charge varies by water meter size and recovers a portion of the District's fixed costs.
2. **SDCWA Infrastructure Access Charge:** All water meters, excluding construction, fire, and recycled water meters, are subject to a monthly SDCWA Infrastructure Access Charge, which varies by water meter size. SDCWA assesses the Infrastructure Access Charge to recover a portion of debt service costs associated with the construction of county-wide water infrastructure projects. The SDCWA Infrastructure Access Charge is treated as a pass-through charge by the District, as charges paid by the District to SDCWA are directly recouped from the District's customers.
3. **Volumetric Rate:** The District assesses volumetric rates per unit (1 unit = 1 hundred cubic feet (HCF)) of water delivered each month. Volumetric water rates vary by customer class and by Water Demand Reduction level. Domestic customers, including single family and multi-family have a four-tier volumetric rate structure, while irrigation customers have a two-tier structure. Agricultural, commercial, construction, and recycled water customers have unique uniform rates.
4. **Fire Meter Charge:** Meters dedicated to automatic fire sprinkler service are not subject to the three charges listed above but are assessed a fixed monthly Fire Service Charge, which varies by meter size. Customers are only assessed this charge if they have a dedicated water meter for automatic fire sprinkler service.

The major objectives of the water rate study include the following:

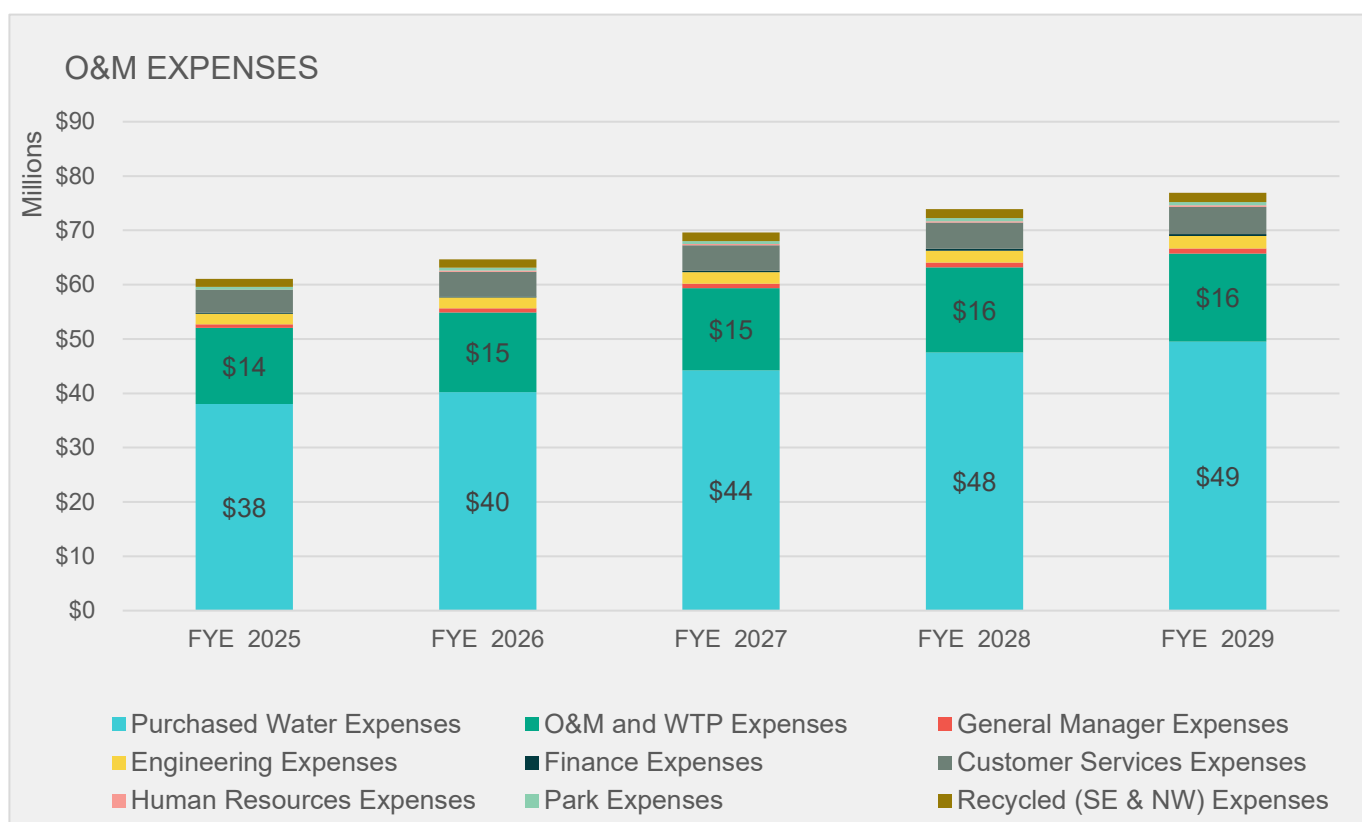
- Develop a five-year financial plan through FY 2029 that generates sufficient revenues to fund the District's operating costs, debt obligations, and necessary capital expenditures
- Review and revise as necessary the current water rate structure
- Perform a cost of service analysis to equitably allocate costs across customer classes in compliance with Proposition 218
- Propose equitable water rates for FY 2025 and for the subsequent four years subject to pass-through increases for water costs and inflation.

1.2. Financial Plan

Before beginning the rate design process, Raftelis first determined the revenue adjustments needed to adequately fund the District's various expenses and to provide fiscal stability over the five-year study period. Raftelis projected the revenue requirements, including operations and maintenance (O&M) expenses, capital improvement plan (CIP) expenditures, debt service costs, and reserve requirements over the study period.

O&M expenses include the cost of purchasing water, operating and maintaining facilities, staff-related costs, and other administrative costs. The O&M projections are based on the District's fiscal year (FY) 2025 budget and are escalated in subsequent years by corresponding inflation factors (except water supply costs which are calculated separately). Water supply costs, which constitute over 60 percent of total O&M expenses, are projected to increase based on anticipated increases in SDCWA rates. A summary of projected O&M expenses is shown below in **Figure 1-1**.

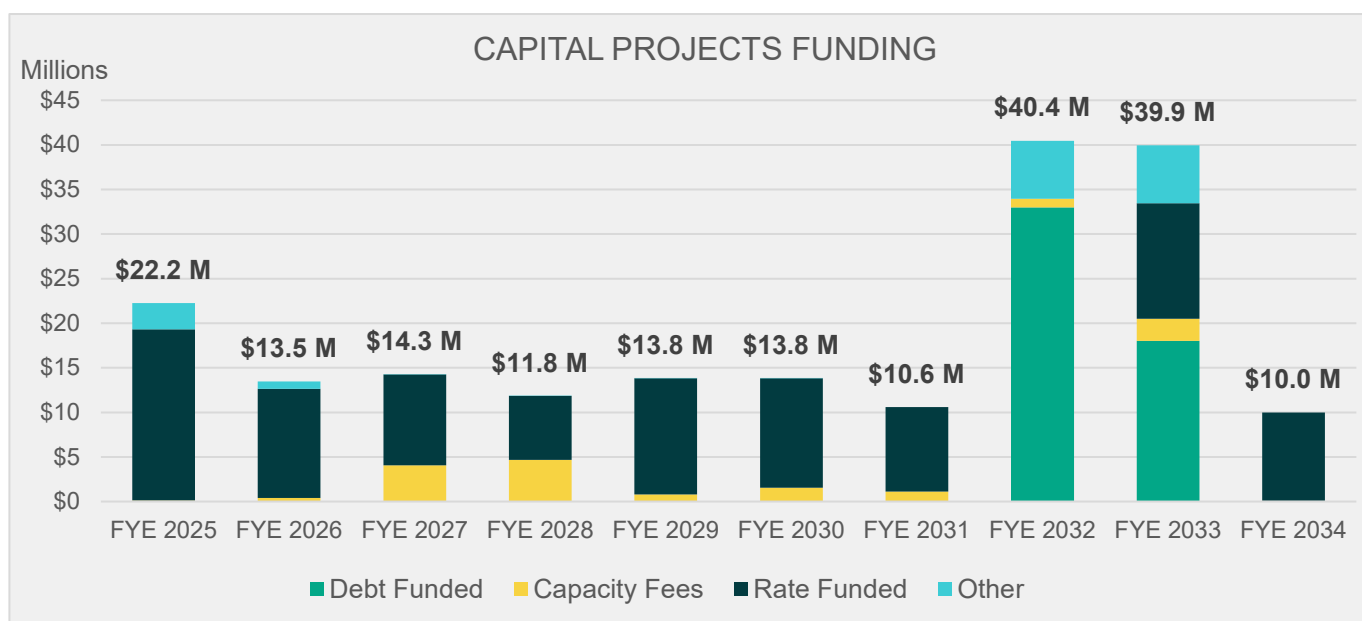
Figure 1-1: Projected O&M Expenses



The District has developed a comprehensive water Capital Improvement Program (CIP) to address current water system needs. The total estimated water CIP for the study period of FY 2025 to FY 2029 is \$76.66 million. This study included a 10-year view of the debt and capital project funding, including a \$51 million revenue bond issue projected in FY 2032 for the San Dieguito Valley Groundwater Desalination Plant. However, the five-year CIP plan is projected to be funded from rate revenues and capacity fees. The District's existing debt service payments are approximately \$5 million annually and are projected to decrease to approximately \$2 million in FY 2029. The 10-year CIP by funding source is shown in **Figure 1-2**. Other

revenues include anticipated grant funds, a portion of the property tax revenues, recycled water capacity fee revenues, and proceeds from the sale of the District's parcels.

Figure 1-2: 10-year CIP by Funding Source



The proposed financial plan assumes minimal growth throughout the study period of 50 domestic accounts per year (assumed to be 3/4-inch water meters) and a few larger meters corresponding with planned development in the service area. Per account, water usage is assumed to remain constant over the study period. Under such assumptions, Raftelis proposes the following revenue adjustments¹ over the study period in order to ensure that District exceeds required debt coverage and minimum reserve levels. The proposed revenue adjustment will be effective with water consumption beginning on January 1, 2025. Subsequent years of the study period are estimated revenue adjustments based on expected pass-through rate increases. Actual rate adjustments for FY 2026-2029 will be based on San Diego-Carlsbad Consumer Price Index for All Urban Consumers (CPI) and potable and recycled water supply cost pass-throughs.

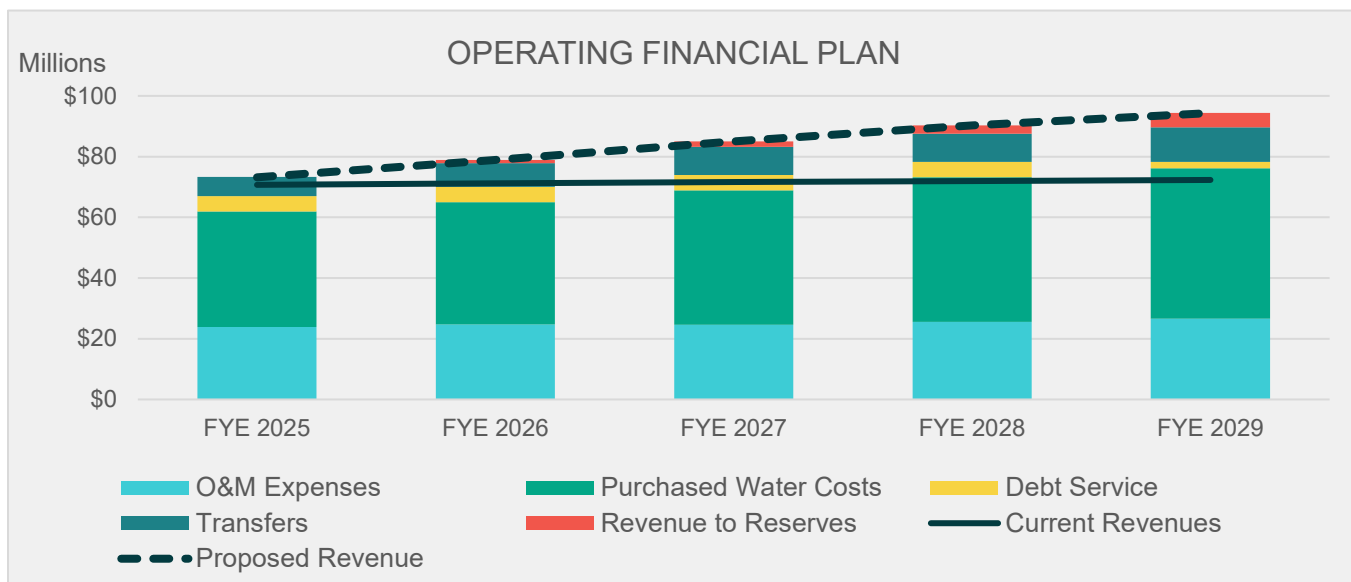
¹ A revenue adjustment represents the percent increase in total water rate revenues resulting from a water rate increase.

Table 1-1: 5-Year Revenue Adjustments

	FY 2025 Proposed	FY 2026 Estimated	FY 2027 Estimated	FY 2028 Estimated	FY 2029 Estimated
System Access Charges (Inflation/Wholesale Pass-Through)	8.0%	8.0%	8.0%	5.0%	4.0%
Fire Meter Charges	5.0%	6.0%	6.0%	5.0%	4.0%
Commodity Charges including Inflation/Wholesale Pass-Through	8.0%	8.0%	8.0%	5.0%	4.0%
Infrastructure Access Charges SDCWA IAC Pass-Through*	3.2%	8.5%	11.5%	4.0%	4.0%
TOTAL REVENUE ADJUSTMENT	7.9%	8.0%	8.1%	5.0%	4.0%

*Based on projected increases from SDCWA

Figure 1-3 shows the proposed financial plan that incorporates the proposed revenue adjustments above. Operating Fund revenue requirements are represented by stacked bars. Projected revenues in the absence of any rate increase are represented by the solid line, while projected revenues under the proposed revenue adjustments are represented by the dashed line. **Figure 1-3** demonstrates the need for revenue adjustments, as current rates will not generate sufficient revenues to cover the District's operating revenue requirements.

Figure 1-3: Proposed Financial Plan

1.3. Proposed Water Rates

To calculate fair and equitable rates so that customers pay in proportion to the cost of providing service, Raftelis performed a cost of service analysis in accordance with industry standard principles outlined by the American Water Works Association (AWWA) in its *Principles of Water Rates, Fees, and Charges: Manual of Water Supply Practices M1 Sixth Edition* (M1 Manual). The cost of service analysis considers water usage characteristics of each customer class and tier in order to allocate costs in proportion to the burden each customer class places on the water system.

Raftelis recommends that the District maintains its existing water rate structure. Proposed and estimated system access charges, also called fixed charges, are shown below in **Table 1-2** and proposed volumetric rates are shown in **Table 1-3**. FY 2025 proposed rates were established based on the cost of service analysis. Estimated rates from FY 2026 to FY 2029 were established by increasing the prior fiscal year's proposed or estimated rates by the corresponding revenue adjustment from **Table 1-1**. FY 2026 through FY 2029 are not proposed but estimated because they will ultimately be based on potable and recycled water supply pass-through costs and pass-through costs based on CPI. Fire Meter charges are not dependent on pass-through rates; therefore, they are set from the proposed revenue adjustment. All rates are proposed to become effective with water consumption beginning on January 1 of each year.

Table 1-2: Proposed Monthly Fixed Charges

Effective Date/ Meter Size	Current	January 1, 2025 Proposed	January 1, 2026 Estimated	January 1, 2027 Estimated	January 1, 2028 Estimated	January 1, 2029 Estimated
Monthly OMWD System Access Charge						
5/8"	\$34.25	\$37.16	\$40.14	\$43.36	\$45.53	\$47.36
3/4"	\$44.79	\$48.53	\$52.42	\$56.62	\$59.46	\$61.84
1"	\$76.41	\$82.64	\$89.26	\$96.41	\$101.24	\$105.29
1-1/2"	\$118.54	\$128.11	\$138.36	\$149.43	\$156.91	\$163.19
2"	\$185.30	\$200.11	\$216.12	\$233.41	\$245.09	\$254.90
2-1/2"	\$336.33	\$363.05	\$392.10	\$423.47	\$444.65	\$462.44
3"	\$367.94	\$397.16	\$428.94	\$463.26	\$486.43	\$505.89
4"	\$610.30	\$658.63	\$711.33	\$768.24	\$806.66	\$838.93
6"	\$1,274.14	\$1,374.83	\$1,484.82	\$1,603.61	\$1,683.80	\$1,751.16
8"	\$2,292.73	\$2,473.76	\$2,671.67	\$2,885.41	\$3,029.69	\$3,150.88
Monthly SDCWA Infrastructure Access Charge*						
5/8"	\$4.41	\$4.55	TBD	TBD	TBD	TBD
3/4"	\$4.41	\$4.55	TBD	TBD	TBD	TBD
1"	\$8.39	\$8.65	TBD	TBD	TBD	TBD
1-1/2"	\$13.70	\$14.11	TBD	TBD	TBD	TBD
2"	\$22.09	\$22.75	TBD	TBD	TBD	TBD
2-1/2"	\$41.10	\$42.32	TBD	TBD	TBD	TBD
3"	\$45.08	\$46.41	TBD	TBD	TBD	TBD
4"	\$75.58	\$77.81	TBD	TBD	TBD	TBD
6"	\$159.10	\$163.80	TBD	TBD	TBD	TBD
8"	\$287.29	\$295.75	TBD	TBD	TBD	TBD
*Note: A fixed charge imposed by SDCWA. Subject to change every year.						
Effective Date	Current	January 1, 2025 Proposed	January 1, 2026 Proposed	January 1, 2027 Proposed	January 1, 2028 Proposed	January 1, 2029 Proposed
Monthly Fire Meter Charges						
5/8"	\$5.85	\$6.13	\$6.50	\$6.89	\$7.24	\$7.53
3/4"	\$5.85	\$6.13	\$6.50	\$6.89	\$7.24	\$7.53
1"	\$6.57	\$6.87	\$7.29	\$7.73	\$8.12	\$8.45
1-1/2"	\$7.54	\$7.84	\$8.32	\$8.82	\$9.27	\$9.65
2"	\$9.08	\$9.39	\$9.96	\$10.56	\$11.09	\$11.54
2-1/2"	\$12.55	\$12.89	\$13.67	\$14.50	\$15.23	\$15.84
3"	\$13.27	\$13.62	\$14.44	\$15.31	\$16.08	\$16.73
4"	\$18.85	\$19.24	\$20.40	\$21.63	\$22.72	\$23.63
6"	\$34.13	\$34.63	\$36.71	\$38.92	\$40.87	\$42.51
8"	\$57.56	\$58.23	\$61.73	\$65.44	\$68.72	\$71.47

Table 1-3: Proposed Volumetric Rates per Unit

Effective Date	Current	January 1, 2025 Proposed	January 1, 2026 Estimated	January 1, 2027 Estimated	January 1, 2028 Estimated	January 1, 2029 Estimated
Volumetric Rates (\$/unit¹)						
Domestic²						
Tier 1 (0-6 units)	\$4.24	\$4.49	\$4.85	\$5.24	\$5.51	\$5.74
Tier 2 (7-23 units)	\$6.14	\$6.53	\$7.06	\$7.63	\$8.02	\$8.35
Tier 3 (24-80 units)	\$6.85	\$7.32	\$7.91	\$8.55	\$8.98	\$9.34
Tier 4 (80 + units)	\$8.14	\$8.27	\$8.94	\$9.66	\$10.15	\$10.56
Agriculture	\$6.75	\$6.97	\$7.53	\$8.14	\$8.55	\$8.90
Agriculture w/ Credit³	\$5.41	\$5.62	TBD	TBD	TBD	TBD
Commercial	\$5.78	\$6.20	\$6.70	\$7.24	\$7.61	\$7.92
Irrigation						
Tier 1: "B" Base	\$6.50	\$6.98	\$7.54	\$8.15	\$8.56	\$8.91
Tier 2: "C" Over Base	\$6.94	\$7.87	\$8.50	\$9.18	\$9.64	\$10.03
Construction	\$8.21	\$8.67	\$9.37	\$10.12	\$10.63	\$11.06
Recycled Water	\$4.29	\$4.68	\$5.06	\$5.47	\$5.75	\$5.98

¹ Customers are billed on a per unit of water basis, 1 unit = 1 HCF

² Domestic includes single-family and multi-family customers. Multi-family tiers apply per dwelling unit.

³ Note: Agriculture w/ Credit rate is updated annually by District staff based on SDCWA charges

Combined Agricultural/Domestic customers

First 23 Units per month: Follow Domestic rate structure.

Over 23 Units per month: Follow Agricultural rate structure.

1.4. Water Demand Reduction Rates

Raftelis updated the District's water demand reduction rates as part of this study. Water demand reduction rates are intended to recover reductions in net water revenues resulting from decreased water sales during times of reduced water demand due to drought, water supply emergencies, or other reasons to ensure the District could still collect sufficient water revenues in order to sustain operations, including meeting its financial obligations. Raftelis developed water demand reduction rates for three distinct stages:

- **10 Percent Demand Reduction** below projected FY 2025 water usage
- **20 Percent Demand Reduction** below projected FY 2025 water usage
- **30 Percent Demand Reduction** below projected FY 2025 water usage

In the event that the District activates its Demand Reduction Rates, customers will be notified in advance of implementation. The District's Demand Reduction Rates would only be implemented by the District's Board of Directors' action under the terms of the District's Water Demand Reduction Condition Ordinance and Water Shortage Contingency Plan.

All customers, excluding Recycled Water customers, are subject to a uniform increase in volumetric rates during each of the demand reduction stages that effectively function as a surcharge. **Table 1-4** shows the proposed FY 2025 volumetric rates at each demand reduction stage.

Table 1-4: Proposed FY 2025 Water Demand Reduction Rates per Unit

CUSTOMER TYPE	BASE RATES	10% DEMAND REDUCTION	20% DEMAND REDUCTION	30% DEMAND REDUCTION
	1/1/2025	(\$0.30 Surcharge)	(\$0.69 Surcharge)	(\$1.14 Surcharge)
Domestic				
0-6 Units	\$4.49	\$4.79	\$5.18	\$5.63
7-23 Units	\$6.53	\$6.83	\$7.22	\$7.67
24-80 Units	\$7.32	\$7.62	\$8.01	\$8.46
80 + Units	\$8.27	\$8.57	\$8.96	\$9.41
Agricultural	\$6.97	\$7.27	\$7.66	\$8.11
Agriculture w/ Credit	\$5.62	\$5.92	\$6.31	\$6.76
Commercial	\$6.20	\$6.50	\$6.89	\$7.34
Irrigation				
Tier 1	\$6.98	\$7.28	\$7.67	\$8.12
Tier 2	\$7.87	\$8.17	\$8.56	\$9.01
Construction	\$8.67	\$8.97	\$9.36	\$9.81
Recycled Water	\$4.68	\$4.68	\$4.68	\$4.68

1.5. Rate Reimbursement Credit

A Rate Reimbursement Credit (RRC) has been proposed to directly offset the volumetric rates. SDCWA's refund is given back to ratepayers in the form of a credit on the cost per unit of water used. The current refund is \$0.11, but it is proposed to increase to \$0.22 to help offset the rate increases proposed. The \$0.22 increase would be applied for FY 2025 and decrease to \$0.11 in FY 2026. The funding is proposed to be used over the next two fiscal years. The effect on the proposed rates due to the RRC based on the average residential customer using 23 units of water monthly with $\frac{3}{4}$ " meter is shown in **Table 1-5**. The rates assume no changes in the IAC.

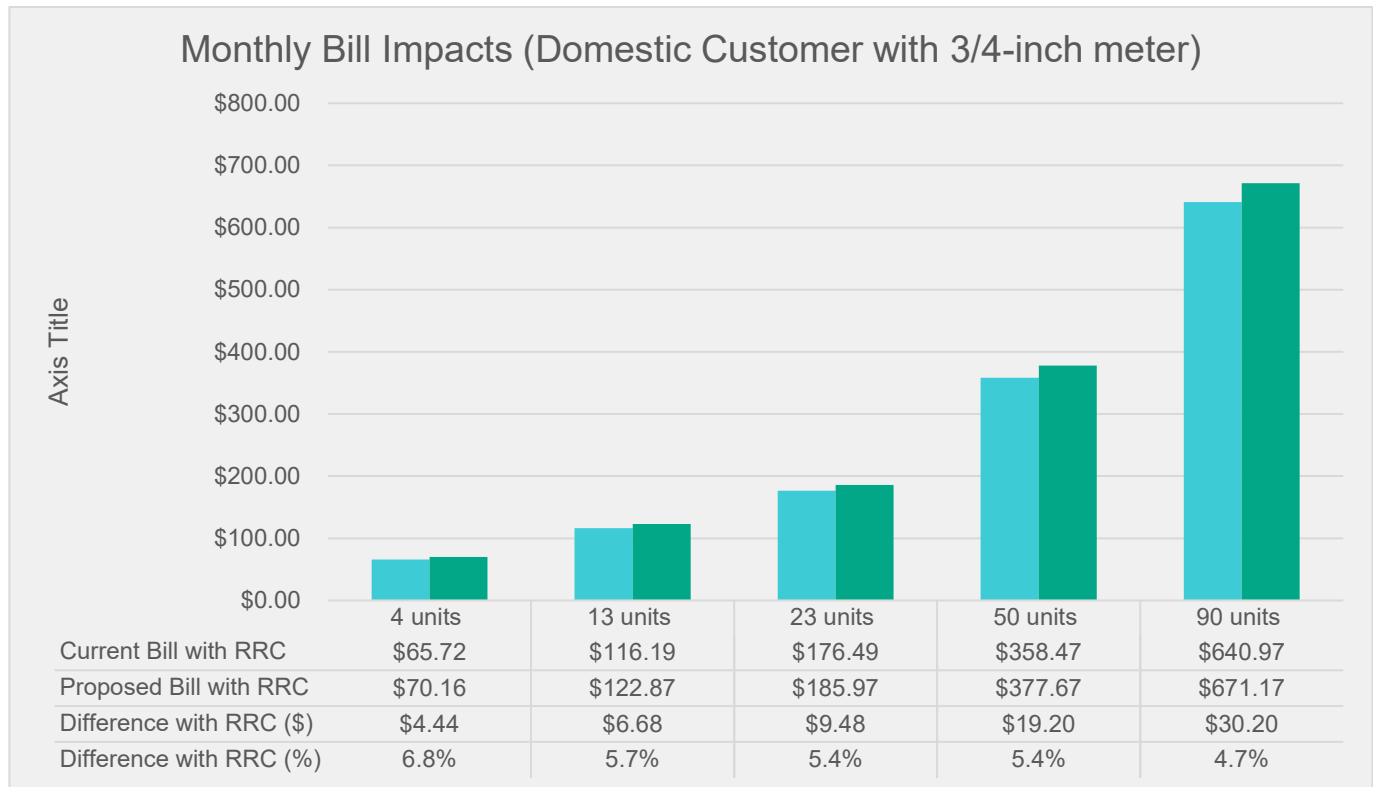
Table 1-5: Projected FY 2025- FY 2027 Average Domestic Bills with RRC

	Current Bill	2025	2026	2027
RRC (\$/unit)	\$0.11	\$0.22	\$0.11	\$0.00
Average Domestic Bill with RRC	\$176.49	\$185.97	\$203.93	\$223.09
Year over Year Difference (%)		5.4%	9.7%	9.4%

1.6. Customer Impacts

Figure 1-4 shows the impacts on a Domestic customer at varying levels of usage, assuming a 3/4" meter. Note that 13 units per month represents the median Domestic monthly usage for FY 2022 and 23 units is the average usage for FY 2022. The bill calculations are shown with the RRC included. The differences listed in the table at the bottom of **Figure 1-4** are between the current and proposed rates.

Figure 1-4: Domestic Bill Impacts at Varying Levels of Usage



2. Introduction

2.1. Water System Overview

Olivenhain Municipal Water District (OMWD or District) is a municipal water district organized and operating pursuant to Water Code Sections 71000 et seq., and was incorporated on April 9, 1959, to develop an adequate water supply for landowners and residents. On June 14, 1960, residents of the District voted to become a member of the San Diego County Water Authority (SDCWA), thus becoming eligible to purchase water transported into San Diego County via the massive aqueducts of SDCWA and its wholesaler, Metropolitan Water District of Southern California. With a service area of over 48 square miles, the District currently serves a population of approximately 86,000 residents in northern San Diego County.

The District treats up to 34 million gallons of water per day at its David C. McCollom Water Treatment Plant (DCMWTP), has a storage capacity of nearly 80 million gallons within 17 storage reservoirs, and maintains a water distribution system with over 400 miles of potable water pipelines. In addition, the District's 4S Ranch Water Reclamation Facility produces up to 2 million gallons per day of recycled water, which is distributed through 46 miles of recycled water pipelines throughout the District for non-potable uses such as irrigation.

The District's existing water rate structure consists of the following charges:

1. **OMWD System Access Charge:** This fixed monthly charge varies by water meter size and is assessed per meter to recover a portion of the District's fixed costs.
2. **SDCWA Infrastructure Access Charge:** All meters excluding construction, fire, and recycled water meters are subject to a monthly SDCWA Infrastructure Access Charge which varies by water meter size. SDCWA assesses the Infrastructure Access Charge to recover a portion of debt service costs associated with the construction of county-wide water infrastructure projects.
3. **Volumetric Rate:** The District assesses volumetric rates per unit (1 unit = one hundred cubic feet (hcf)) of water delivered each month. Volumetric water rates vary by customer class and by Water Demand Reduction level. Domestic customers are subject to a four-tier volumetric rate structure, while irrigation customers are subject to a two-tier volumetric rate structure. Agricultural, commercial, construction, and recycled water customers are subject to unique uniform rates.
4. **Fire Meter Charge:** Meters dedicated to automatic fire sprinkler service are not subject to the three charges listed above but are assessed a fixed monthly Fire Meter Charge, which varies by meter size. Customers are only assessed this charge if they have a dedicated water line for automatic fire sprinkler service.

2.2. Study Objectives

The District engaged Raftelis in 2024 to conduct a water rate study to establish proposed water rates that are compliant with Proposition 218 and consistent with Cost of Service principles. The major objectives of the study include the following:

- Develop a five-year financial plan through FY 2029 that sufficiently funds the District's operating costs, debt obligations, and necessary capital expenditures
- Review and revise as necessary the current water rate structure
- Perform a cost of service analysis to equitably allocate costs across customer classes
- Propose fair and equitable water rates for FY 2025 that are in compliance with Proposition 218

This Report provides a detailed description of the financial plan development, the cost of service analysis, and the development of the proposed FY 2025 rate schedule and estimated rate schedule for FY 2026 through FY 2029. Assumptions, inputs, and calculations are clearly shown in order to provide a thorough and transparent description of how the proposed water rates were determined.

2.3. Legal Requirements and Rate-Setting Methodology

This water rate study was conducted using industry-standard principles outlined by the American Water Works Association’s (AWWA) *Principles of Water Rates, Fees, and Charges: Manual of Water Supply Practices M1 Sixth Edition* (M1 Manual). The general principles of rate structure design and the objectives of the Study are described below.

According to the M1 Manual, the first step in the ratemaking process is to determine the adequate and appropriate level of funding for a given utility. This is referred to as determining the “revenue requirement.” This analysis considers the short-term and long-term service objectives of the utility over a given planning horizon, including capital facilities, system operations and maintenance, and financial reserve policies, to determine the adequacy of a utility’s existing rates to recover its costs. Several factors may affect these projections, including the number of customers served, water-use trends, extraordinary gains or expenses, weather, conservation, use restrictions, inflation, interest rates, capital finance needs, and other changes in operating and economic conditions.

After determining a utility’s revenue requirements, the next step is determining the cost of service. Utilizing a public agency’s approved budget, financial reports, operating data, and capital improvement plans, a cost of service study generally categorizes the operating system costs by function (e.g. supply, treatment, storage, pumping, distribution/collection, etc.). Asset costs are similarly functionalized to determine the cost of service of the CIP.

After the assets and the costs of operating those assets are properly categorized by function, these “functionalized costs” are allocated first to cost causation components, and then to the various customer classes (e.g., single-family residential, multi-family residential, and commercial) by determining the service characteristics of those classes and the contribution of each to incurred costs such as supply costs, base delivery costs, peaking costs.

Rate design is the final part of the rate-making procedure and uses the revenue requirement and cost of service analysis to determine appropriate rates for each customer class. Rates utilize “rate components” that build-up to rates for commodity charges, and fixed charges, for the various customer classes and meter sizes servicing customers. In the case of inclining tier water rates, the rate components define the cost of service *within* each class of customer, effectively treating each tier as a sub-class and determining the cost to serve each tier.

2.3.1. California Constitution - Article XIII D, Section 6 (Proposition 218)

Proposition 218, reflected in the California Constitution as Article XIII D, was enacted in 1996 to ensure that rates and fees are reasonable and proportional to the cost of providing service. The principal requirements, as they relate to public water service are as follows:

1. A property-related charge (such as water rates) imposed by a public agency on a parcel shall not exceed the costs required to provide the property related service.
2. Revenues derived by the charge shall not be used for any purpose other than that for which the charge was imposed.
3. The amount of the charge imposed upon any parcel shall not exceed the proportional cost of service attributable to the parcel.
4. No charge may be imposed for a service unless that service is actually used or immediately available to the owner of property.
5. A written notice of the proposed charge shall be mailed to the record owner of each parcel at least 45 days prior to the public hearing when the agency considers all written protests against the charge.

As stated in AWWA's *M1 Manual*, "water rates and charges should be recovered from classes of customers in proportion to the cost of serving those customers." Raftelis follows industry standard rate setting methodologies set forth by the AWWA *M1 Manual* to ensure this Study meets Proposition 218 requirements and creates rates that do not exceed the proportionate cost of providing water services on a parcel basis. The methodology in the M1 Manual is a nationally recognized industry ratemaking standard that courts have recognized is consistent with Proposition 218.

Tiered Rates – "Inclining" tier rate structures (which are synonymous with "increasing" tier rate structures and "tiered" rates) when properly designed and differentiated by customer class meet the requirements of Proposition 218 as long as the tiered rates reasonably reflect the proportionate cost of providing service in each tier.

3. Financial Plan

Section 3 details the development of the five-year financial plan for the District's water utility. This includes the determination of annual revenues required from water rates based on annual cash flow projections. Assumptions and inputs related to projected revenues, operating expenses, and capital expenditures are clearly outlined in the following subsections.

3.1. Existing Water Rates

Currently, District customers pay two types of monthly fixed charges: the OMWD System Access Charge and the SDCWA Infrastructure Access Charge. The OMWD System Access Charge is designed to recover a portion of fixed costs incurred by the District to provide water service. Based on SDCWA's IAC ordinance, the SDCWA Infrastructure Access Charge is assessed by SDCWA to recover a portion of debt service costs associated with the construction of county-wide water infrastructure projects, 80% of SDCWA's operations and maintenance expenses established by SDCWA's Board of Director in the annual budget, and payments to member agencies for generation of reclaimed water. Fixed monthly Fire Meter Charges are levied on water meters dedicated for automatic fire sprinkler service. **Table 3-1** below shows the District's existing monthly rates for each type of fixed charge discussed above.

Table 3-1: Existing Monthly Fixed Charges

Meter Size	OMWD System Access Charge	SDCWA Infrastructure Access Charge	Fire Meter Charge
5/8-inch	\$34.25	\$4.41	\$5.85
3/4-inch	\$44.79	\$4.41	\$5.85
1-inch	\$76.41	\$8.39	\$6.57
1.5-inch	\$118.54	\$13.70	\$7.54
2-inch	\$185.30	\$22.09	\$9.08
2.5-inch	\$336.33	\$41.10	\$12.55
3-inch	\$367.94	\$45.08	\$13.27
4-inch	\$610.30	\$75.58	\$18.85
6-inch	\$1,274.14	\$159.10	\$34.13
8-inch	\$2,292.73	\$287.29	\$57.56

The District recovers its variable costs as well as its remaining fixed costs through Volumetric Rates. Volumetric rates vary by customer class and declared Water Demand Reduction level, and are assessed per unit of water delivered. Domestic customers are charged according to a four-tiered inclining block rate structure, under which the volumetric rate increases as monthly water usage exceeds defined thresholds. Irrigation customers are subject to a two-tiered inclining block rate structure, in which Tier 1 allotments increase with meter size. Agricultural, Commercial, Construction and Recycled customers are subject to distinct uniform volumetric rates. Combined Agricultural/Domestic customers are charged based on the Domestic volumetric rate schedule for the first 23 units of water usage per month and the Agricultural rate

schedule for monthly usage above 23 units. **Table 3-2** below shows the District's existing volumetric rates under the five various Water Demand Reduction levels.

Table 3-2: Existing Volumetric Rates per Unit

Customer Class	Base Rates	Watch/ Level 1 Voluntary	Alert/ Level 2 Mandatory	Critical/ Level 3 Mandatory
Domestic				
Tier 1 (0-6 Units)	\$4.24	\$4.47	\$4.74	\$5.09
Tier 2 (7-23 Units)	\$6.14	\$6.37	\$6.64	\$6.99
Tier 3 (24-80 units)	\$6.85	\$7.08	\$7.35	\$7.70
Tier 4 (80 + units)	\$8.14	\$8.37	\$8.64	\$8.99
Agricultural	\$6.75	\$6.98	\$7.25	\$7.60
Commercial	\$5.78	\$6.01	\$6.28	\$6.63
Irrigation				
Tier 1 (See Table 3-3)	\$6.50	\$6.73	\$7.00	\$7.35
Tier 2 (See Table 3-3)	\$6.94	\$7.17	\$7.44	\$7.79
Construction				
Recycled	\$4.29	\$4.29	\$4.29	\$4.29

Tier 1 monthly allotments vary by meter size for Irrigation customers and are shown below in **Table 3-3**. Any monthly usage by Irrigation customers above the Tier 1 allotment is billed at the Tier 2 Irrigation rate.

Table 3-3: Tier 1 Monthly Allotments for Irrigation Customers in Units

Meter Size	Winter (Nov 1-Apr 30)	Summer (May 1-Oct 31)
5/8-inch	10	15
3/4-inch	20	30
1-inch	35	50
1.5-inch	50	110
2-inch	100	200
3-inch	200	500
4-inch	600	3,500
6-inch	3,100	11,800
8-inch	5,600	21,300

3.2. Assumptions

Various assumptions are used to project future revenues and expenses. They can be divided into two major groups: (i) assumptions related to economic factors, such as inflation, capital cost, and interest rates and (ii) core business assumptions, such as water sale projections and capital replacement costs.

3.2.1. Inflationary Assumptions

The inflationary assumptions are summarized in **Table 3-4**. General inflation reflects longer-term CPI average inflation. The District provided inflated capital costs by year, so an additional inflation factor was not included.

Table 3-4: Expense and Revenue Escalation Assumptions

Inflation	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
O&M Expenses					
General	3.0%	3.0%	2.0%	2.0%	2.0%
Salary	6.0%	6.0%	4.5%	4.5%	4.5%
Benefits	5.0%	5.0%	4.0%	4.0%	4.0%
Chemicals	6.0%	6.0%	5.0%	5.0%	5.0%
Utilities	5.0%	5.0%	5.0%	5.0%	5.0%
Revenue					
Other Operating Revenues	2.0%	2.0%	2.0%	2.0%	2.0%
Property Tax	2.0%	2.0%	2.0%	2.0%	2.0%
Reserve Interest Rate	3.0%	2.0%	2.0%	1.5%	1.5%

3.2.2. Water Account and Usage Assumptions

District staff provided Raftelis with the number of existing water meters differentiated by customer class as of February of FY 2024 (shown below in **Table 3-5**). Over 93 percent of water meters (excluding Fire Meters) served by the District are classified as Domestic.

Table 3-5: Number of Water Meters by Customer Class (FY 2024)

Meter Size	Domestic	Agri-cultural	Combined Ag/Domestic	Com-mercial	Irrigation	Con-struction	Recycled	Fire
5/8-inch	1,880	0	0	24	9	0	1	401
3/4-inch	16,280	0	7	76	26	0	1	18
1-inch	2,796	2	21	118	105	17	30	5,464
1.5-inch	497	4	11	140	244	1	116	67
2-inch	149	3	9	70	138	0	162	0
2.5-inch	0	0	0	0	0	38	1	1
3-inch	13	1	0	8	2	0	6	0
4-inch	9	0	1	7	1	0	5	0
6-inch	1	0	0	1	1	0	4	1
8-inch	0	0	0	1	0	0	0	0
Total	21,625	10	49	445	526	56	326	5,952

Over the five-year study period from FY 2025-FY 2029, the District projects 50 new 3/4-inch Domestic water meters per fiscal year to come online. Other growth accounted for in the model, based on the capacity fee schedule, includes one 1-1/2 inch, 2-inch, and 4-inch meter in FY 2027 and one 2-inch and three 6-inch meters in FY 2028. Based on FY 2024 meter counts and assumed growth, Raftelis projected the number of water meters by fixed charge type (shown below in **Table 3-6**). Note that the OMWD System Access Charge is assessed to all water meters excluding Fire lines, while the SDCWA Infrastructure Access Charge is assessed to all water meters except Construction meters, Recycled Water meters, and Fire lines.

Table 3-6: Number of Water Meters

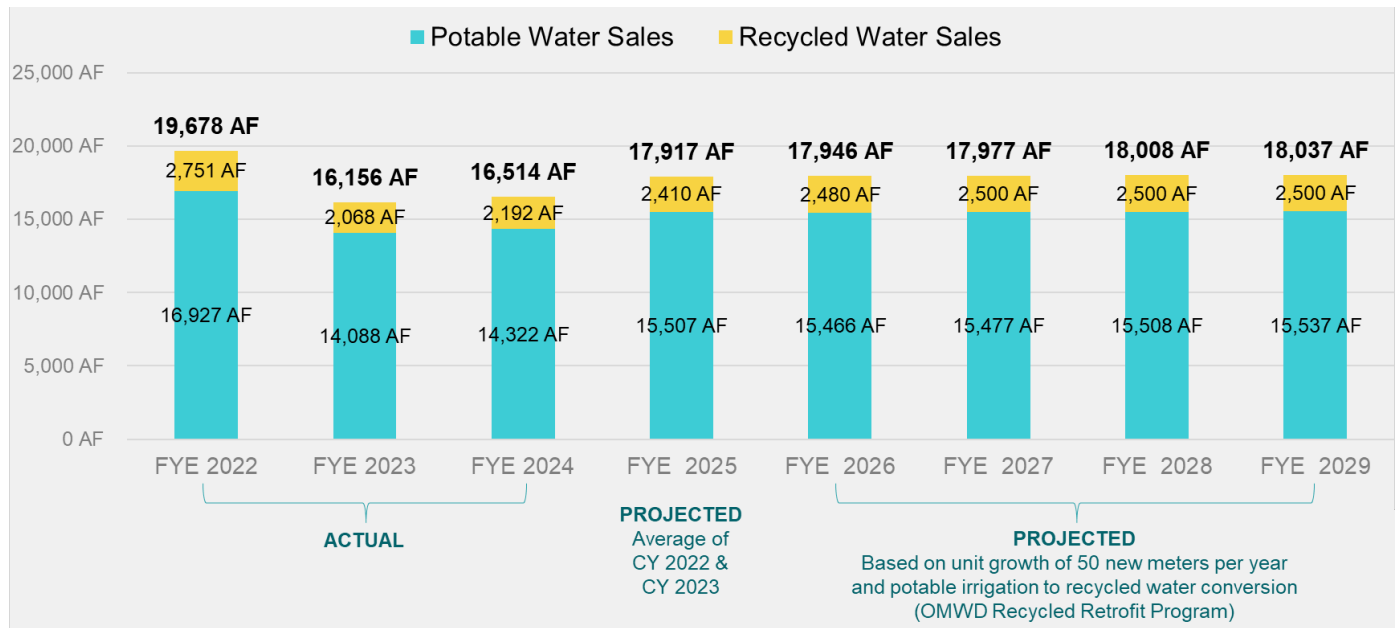
Meter Size	FY 2024 Actual	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
Meters subject to OMWD System Access Charge						
5/8-inch	1,914	1,914	1,914	1,914	1,914	1,914
3/4-inch	16,390	16,440	16,490	16,540	16,590	16,640
1-inch	3,089	3,089	3,089	3,089	3,089	3,089
1.5-inch	1,013	1,013	1,013	1,014	1,014	1,014
2-inch	531	531	531	532	533	533
2.5-inch	39	39	39	39	39	39
3-inch	30	30	30	30	30	30
4-inch	23	23	23	24	24	24
6-inch	7	7	7	7	10	10
8-inch	1	1	1	1	1	1
Total	23,037	23,087	23,137	23,190	23,244	23,294
Meters subject to SDCWA Infrastructure Access Charge						
5/8-inch	1,913	1,913	1,913	1,913	1,913	1,913
3/4-inch	16,389	16,439	16,489	16,539	16,589	16,639
1-inch	3,042	3,042	3,042	3,042	3,042	3,042
1.5-inch	896	896	896	897	897	897
2-inch	369	369	369	370	371	371

Meter Size	FY 2024 Actual	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
2.5-inch	0	0	0	0	0	0
3-inch	24	24	24	24	24	24
4-inch	18	18	18	19	19	19
6-inch	3	3	3	3	6	6
8-inch	1	1	1	1	1	1
Total	22,655	22,705	22,755	22,808	22,862	22,912

Meters subject to Fire Meter Charge						
5/8-inch	401	401	401	401	401	401
3/4-inch	18	18	18	18	18	18
1-inch	5,464	5,464	5,464	5,464	5,464	5,464
1.5-inch	67	67	67	67	67	67
2-inch	0	0	0	0	0	0
2.5-inch	1	1	1	1	1	1
3-inch	0	0	0	0	0	0
4-inch	0	0	0	0	0	0
6-inch	1	1	1	1	1	1
8-inch	0	0	0	0	0	0
Total	5,952	5,952	5,952	5,952	5,952	5,952

Water usage by customer class and tier was projected over the study period based on actual water usage data provided by District staff for FY 2022 and FY 2023. Since 2023 was an unusually wet year, water usage was low. Therefore FY 2025 water usage by customer class was estimated using an average of calendar year (CY) 2022 and CY 2023 consumption data. At the end of the study, FY 2024 actual water usage was available and recorded as a comparison. **Figure 3-1** shows a yearly comparison of water usage. For the purposes of the financial plan, no change in per account water consumption is assumed over the five-year study period. Annual increases in projected water usage shown below in **Table 3-7** are solely due to growth in 3/4-inch Domestic accounts (see **Table 3-6** above). The increase in Domestic water usage over the study period is directly proportional to the increase in total number of Domestic water meters, which is approximately 0.2 percent per fiscal year. Note that any reduction in water sales that might occur over the study period due to a water supply shortage will be accompanied by the activation of Water Demand Reduction rates. This will ensure that any loss in rate revenue resulting from reduced water sales will be offset by higher volumetric rates that increase with each Water Demand Reduction level. Therefore, the water usage projections shown below in **Table 3-7** represent an appropriate baseline scenario for the purposes of the five-year financial plan.

Figure 3-1: Actual and Projected Water Usage in AF

Table 3-7: Projected Water Usage in Units by Customer Class and Accounts²

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Customer Class	Projected	Projected	Projected	Projected	Projected
Domestic					
Tier 1 (0-6 units/month)	1,664,738	1,668,570	1,672,632	1,676,771	1,680,603
Tier 2 (7-25 units/month)	1,989,260	1,993,828	1,998,671	2,003,605	2,008,173
Tier 3 (26-80 units/month)	1,344,352	1,347,453	1,350,740	1,354,089	1,357,190
Tier 4 (Over 80 units/month)	489,308	490,436	491,633	492,852	493,980
Agricultural					
Agricultural	59,071	59,071	59,071	59,071	59,071
Agricultural with Credit	23,332	23,332	23,332	23,332	23,332
Commercial	296,027	296,027	296,027	296,027	296,027
Irrigation					
Tier 1 (See Table 3-3)	456,070	440,824	436,468	436,468	436,468
Tier 2 (See Table 3-3)	391,191	375,945	371,589	371,589	371,589
Construction					
Construction	41,669	41,669	41,669	41,669	41,669
Recycled	1,049,621	1,080,113	1,088,825	1,088,825	1,088,825
Total	7,804,637	7,817,267	7,830,655	7,844,296	7,856,927

3.3. Revenues

The District's water revenues consist of operating revenues (i.e. water rate revenues), other operating revenues, non-operating revenues, and capital revenues (from capacity fees assessed to new water connections). Projected water rate revenues under existing rates are calculated for the years FY 2025-FY 2029 by multiplying current rates (from **Table 3-1** and **Table 3-2**) by the corresponding units of service (from **Table 3-6** and **Table 3-7**).³ Projecting water rate revenues under existing rates is necessary to evaluate the District's projected baseline financial position in the absence of any proposed rate increases. Note that for FY 2024, operating revenues were calculated based on FY 2023 rates for nine months and FY 2024 rates for three months. This is because FY 2024 rates were implemented in March 2024.⁴ Revenues under current rates are shown in Table 3-8 and exclude SDCWA Infrastructure Access Charges.

Table 3-8: Projected Operating Revenues Under Existing Water Rates

Operating Revenues	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
Fixed Charges:						
OMWD System Access Charge (Potable)	\$14,326,302	\$14,987,748	\$15,014,622	\$15,052,465	\$15,127,432	\$15,154,306
OMWD System Access Charge (Recycled)	\$653,069	\$681,991	\$681,991	\$681,991	\$681,991	\$681,991
Fire Meter Charges	\$452,181	\$467,006	\$467,006	\$467,006	\$467,006	\$467,006
Volumetric Charges:						
Domestic	\$32,447,706	\$32,464,313	\$32,539,043	\$32,618,256	\$32,698,964	\$32,773,694
Agricultural	\$387,924	\$398,729	\$398,729	\$398,729	\$398,729	\$398,729
Agricultural w/ Credit	\$129,963	\$126,226	\$126,226	\$126,226	\$126,226	\$126,226
Commercial	\$1,527,180	\$1,711,033	\$1,711,033	\$1,711,033	\$1,711,033	\$1,711,033
Irrigation	\$5,671,829	\$5,679,317	\$5,474,411	\$5,415,866	\$5,415,866	\$5,415,866
Construction	\$291,851	\$342,102	\$342,102	\$342,102	\$342,102	\$342,102
Recycled Water	\$3,937,754	\$4,502,874	\$4,633,685	\$4,671,059	\$4,671,059	\$4,671,059
Total	\$59,825,759	\$61,361,341	\$61,388,849	\$61,484,736	\$61,640,410	\$61,742,014

Table 3-9 shows a summary of other operating, non-operating, and capital revenues. SDCWA Infrastructure Access Charges were calculated in the same manner as described previously for operating revenues. Revenues from selling excess treated water to Vallecitos were projected in FY 2025 assuming 2,750 acre-feet per year (AFY) in sales, which is the minimum due to the DCMWTP shutdown. In FY 2026 and after, 3,648 AFY is used, which is the average of FY 2020 and 2021. Investment income was calculated based on projected ending cash balances and an assumed 3 percent annual rate of return in FY 2025, 2 percent annual rate of return FYs 2026-2027 and 1.5 percent annual rate of return in FYs 2028-2029. The majority of other operating and non-operating expenses were projected beyond FY 2025 budgeted amounts by either holding

² Note that in all report tables, totals may not add up precisely due to rounding.

³ Fixed charge revenues = [number of meters assessed] x [monthly rate] x [12 months].

Volumetric charge revenues = [annual usage in CCF] x [volumetric rate per CCF].

⁴ The District's fiscal year is from July 1 through June 30. For example, fiscal year 2024 spanned from July 1, 2023 through June 30, 2024.

constant through FY 2029 or by escalating by 2 percent per year. District staff provided five-year estimates for all capital revenues over the study period.

Table 3-9: Projected Other Operating Revenues, Non-Operating Revenues, and Capital Revenues

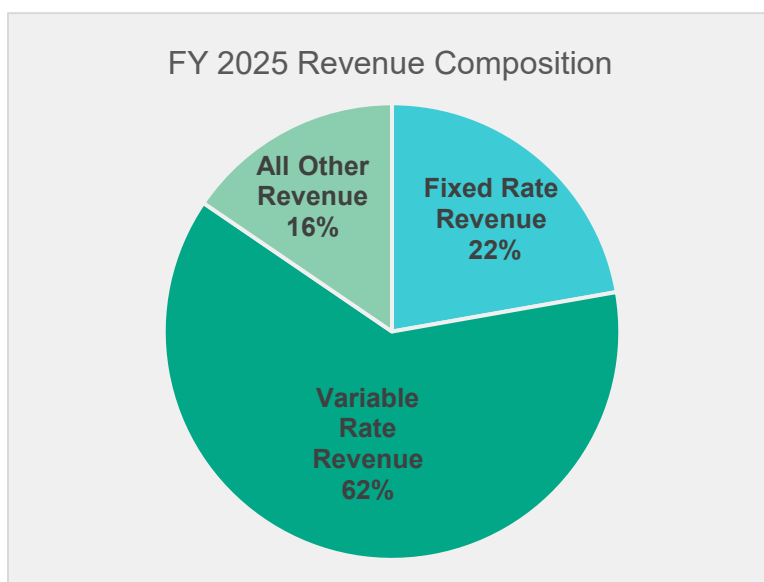
Description	FY 2024 Estimated	FY 2025 Budget	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
Other Operating Revenues						
SDCWA Infrastructure Access Charge	\$1,467,000	\$1,561,057	\$1,563,703	\$1,567,685	\$1,576,324	\$1,578,970
Selling Excess Treated Water to Vallecitos	\$1,194,000	\$918,300	\$1,449,308	\$1,602,357	\$1,728,670	\$1,800,671
Other	\$510,000	\$530,200	\$530,404	\$530,612	\$530,824	\$531,041
Subtotal	\$3,171,000	\$3,009,557	\$3,543,414	\$3,700,654	\$3,835,818	\$3,910,682
Non-Operating Revenues						
Property Tax Revenue	\$4,800,000	\$4,896,000	\$4,993,920	\$5,093,798	\$5,195,674	\$5,299,588
Rental Income	\$775,200	\$790,704	\$806,518	\$806,518	\$806,518	\$806,518
Investment Income	\$0	\$322,108	\$225,238	\$228,624	\$171,035	\$200,728
Other	\$0	\$320,892	\$256,762	\$316,376	\$279,965	\$350,272
Subtotal	\$5,575,200	\$6,329,704	\$6,283,438	\$6,445,316	\$6,453,192	\$6,658,106
Capital Revenues						
Potable Capacity Fee	\$115,000	\$118,000	\$412,000	\$4,047,000	\$4,687,000	\$803,000
Anticipated Grants	\$3,404,000	\$1,772,000	\$817,000	\$0	\$0	\$0
Recycled Capacity Fee	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Subtotal	\$3,524,000	\$1,895,000	\$1,234,000	\$4,052,000	\$4,692,000	\$808,000

Table 3-10 shows a revenue summary for the study period based on revenues shown previously in Table 3-8 and Table 3-9. Once again, operating revenues shown in this section reflect projected water rate revenues under existing rates in the absence of any rate increases over the study period.

Table 3-10: Revenue Summary

Revenues	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Operating	\$59,825,759	\$61,361,341	\$61,388,849	\$61,484,736	\$61,640,410	\$61,742,014
Other Operating	\$3,171,000	\$3,009,557	\$3,543,414	\$3,700,654	\$3,835,818	\$3,910,682
Non-Operating	\$5,575,200	\$6,329,704	\$6,283,438	\$6,445,316	\$6,453,192	\$6,658,106
Capital	\$3,524,000	\$1,895,000	\$1,234,000	\$4,052,000	\$4,692,000	\$808,000
Total	\$72,095,959	\$72,595,601	\$72,449,701	\$75,682,706	\$76,621,420	\$73,118,802

Figure 3-2 shows FY 2025 revenues broken down into fixed rate revenue (from OMWD System Access Charges and Fire Meter Charges), variable rate revenues (from Volumetric Charges), and all other revenues (including the SDCWA Infrastructure Access Charge). Approximately two-thirds of total revenues are generated by the District's Volumetric Charges.

Figure 3-2: FY 2025 Revenue Composition

3.4. Operations and Maintenance Expenses

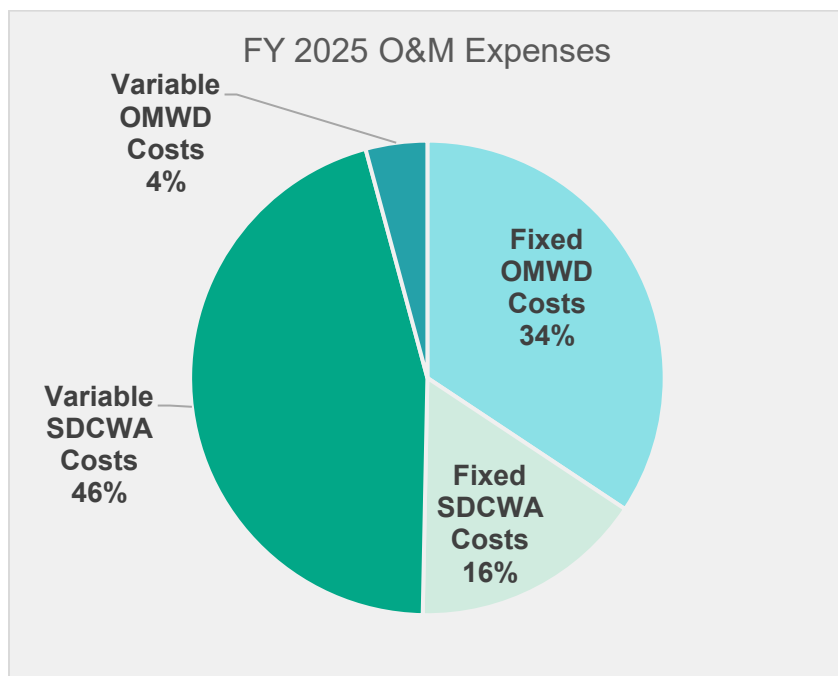
The District's operations and maintenance (O&M) expenses are based on the FY 2025 District budget and projected out through FY 2029. The District's projected purchased water and recycled water expenses were calculated over the study period based on the projected water supply mix and anticipated supply rates from SDCWA and MWD. See Appendix A for detailed calculations of water and recycled water purchase costs over the study period. All other O&M expenses were projected beyond FY 2025 by increasing FY 2025 budgeted expenses by the escalation factors shown in **Table 3-4**. The projected O&M expenses are shown in **Table 3-11**.

Table 3-11: Projected O&M Expenses

O&M Expenses	FY 2024 Estimated	FY 2025 Budget	FY 2021 Projected	FY 2022 Projected	FY 2023 Projected	FY 2029 Projected
Purchased Water Expenses	\$33,390,550	\$38,004,962	\$40,258,159	\$44,264,056	\$47,602,676	\$49,578,639
O&M and WTP Expenses	\$13,035,000	\$14,028,000	\$14,616,000	\$15,129,650	\$15,663,513	\$16,218,444
General Manager Expenses	\$485,000	\$672,000	\$780,000	\$828,970	\$880,355	\$934,265
Engineering Expenses	\$2,133,000	\$1,944,000	\$2,019,000	\$2,107,850	\$2,200,590	\$2,297,391
Finance Expenses	\$53,000	\$149,000	\$190,000	\$245,518	\$304,316	\$366,553
Customer Services Expenses	\$4,363,000	\$4,232,500	\$4,531,000	\$4,682,640	\$4,839,932	\$5,003,101
Human Resources Expenses	\$81,300	\$30,000	\$225,000	\$252,205	\$280,934	\$311,260
Park Expenses	\$451,000	\$538,000	\$510,000	\$532,035	\$555,020	\$578,997
Recycled (SE & NW) Expenses	\$1,568,000	\$1,490,500	\$1,541,000	\$1,595,405	\$1,651,996	\$1,710,867
Total O&M Expenses	\$55,559,850	\$61,088,962	\$64,670,159	\$69,638,328	\$73,979,333	\$76,999,517
Less Depreciation	\$802,000	\$815,000	\$815,000	\$831,300	\$847,926	\$864,885
Total O&M Excluding Depreciation	\$54,757,850	\$60,273,962	\$63,855,159	\$68,807,028	\$73,131,407	\$76,134,632

Figure 3-3 shows FY 2025 O&M expenses broken down as fixed versus variable and District-related (OMWD) versus SDCWA-related. Approximately 62 percent of FY 2025 O&M expenses are projected to be associated with water supply costs from SDCWA, some of which are fixed. Approximately 50 percent of FY 2025 O&M expenses are projected to be fixed in nature. This demonstrates a common challenge faced by municipal water suppliers, in which the majority of O&M expenses are fixed while a majority of revenues are variable (see **Figure 3-2**). This results in susceptibility to revenue instability during periods of reduced water supply/demand.

Figure 3-3: FY 2025 O&M Expenses Composition



3.5. Debt Service

Debt service requirements consist of principal and interest payments on existing and proposed debt. The District currently has debt service obligations associated with the outstanding 2015A Water Revenue Bonds, 2016A Water Revenue Bonds, 2013 State Revolving Fund Loan, and 2021B Wastewater (Sewer) Revenue Bonds. The debt service payments shown for the 2021B Wastewater (Sewer) Revenue Bonds represent the water system's allocated portion of the debt issue. Principal and interest payments associated with each existing debt issue for the water utility are shown below in **Table 3-12**.

Table 3-12: Existing Debt Service Payments

Description	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
2015A Water Revenue Bonds	\$2,410,375	\$2,413,625	\$2,406,875	\$2,405,375	\$2,403,625	\$0
2016A Water Revenue Bonds	\$977,000	\$978,000	\$977,000	\$975,000	\$978,000	\$974,000
2013 State Revolving Fund Loan	\$1,070,000	\$1,070,000	\$1,070,000	\$1,070,000	\$1,070,000	\$1,070,000
2021B Wastewater (Sewer) Revenue Bonds	\$610,000	\$609,000	\$609,000	\$609,000	\$609,000	\$0

The 2015A Water Revenue Bonds and the 2021B Wastewater (Sewer) Revenue Bonds will be paid off in FY 2028. There are no new proposed debt issues in the five-year plan period. Total existing and proposed debt service payments in each year throughout the study period (from **Table 3-12**) are summarized below in **Table 3-13**.

Table 3-13: Total Debt Service

Debt Service	FY 2025	FY 2021	FY 2022	FY 2023	FY 2029
Existing Debt	\$5,070,625	\$5,062,875	\$5,059,375	\$5,060,625	\$2,044,000
Proposed Debt	\$0	\$0	\$0	\$0	\$0
Total Debt Service	\$5,070,625	\$5,062,875	\$5,059,375	\$5,060,625	\$2,044,000

3.6. Capital Improvement Plan

The District has developed a capital improvement plan (CIP) to address ongoing water system needs in each year throughout the study period. Detailed CIP expenditures in each year are shown at the individual project level for the potable water system in **Table 3-14** and the recycled water system in **Table 3-15**. Inflated project costs in all years throughout the study period were provided by District Engineering staff from the results of the District's Condition Assessment and Pipeline Replacement Assessment studies.

Table 3-14: Potable Water CIP Projects

#	Potable Water CIP	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
1	San Dieguito Valley Groundwater Desalination Plant	\$417,000	\$344,000	\$1,146,000	\$1,921,000	\$3,098,000
2	PW and RCW Master Plan Update	\$117,000	\$0	\$0	\$0	\$0
3	EFRR Parking Lot Expansion	\$381,000	\$909,000	\$0	\$0	\$0
4	Site Asphalt Improvements	\$60,000	\$50,000	\$30,000	\$30,000	\$30,000
5	Advanced Metering Infrastructure (AMI)	\$715,000	\$0	\$0	\$0	\$0
6	CIS Infinity System Upgrade	\$213,000	\$184,000	\$0	\$0	\$0
7	District Wide Scada Upgrades	\$127,000	\$0	\$0	\$0	\$0
8	District-Wide PLC Replacements (PW/RCW)	\$1,237,000	\$0	\$0	\$0	\$0
9	District Wide Physical Security Improvements	\$52,000	\$0	\$0	\$0	\$0
10	Fleet Electrification Project (PW/RCW)	\$165,000	\$750,000	\$1,490,000	\$0	\$0
11	RSF Unit A North PL Repl	\$1,428,000	\$0	\$0	\$0	\$0
12	Golem 14" Pipeline Inspection and Rehab	\$133,000	\$0	\$0	\$0	\$0
13	Dusty Trail PL Replacement	\$120,000	\$710,000	\$350,000	\$0	\$0
14	Rancho La Cima/Aliso Canyon PL Relocation	\$102,000	\$150,000	\$0	\$0	\$0
15	Harris Ranch Right-of-Way Acquisition	\$0	\$150,000	\$0	\$0	\$0
16	Unit B & K Rehab	\$327,000	\$1,000,000	\$580,000	\$0	\$0
17	Unit B & K EM CCTV Inspect & Rehab Phase 2	\$0	\$0	\$0	\$412,000	\$1,838,000
18	Encinitas Blvd Pipeline Inspection and Rehab	\$271,000	\$403,000	\$0	\$0	\$0
19	RSF Rd Pipeline Inspection	\$0	\$164,000	\$524,000	\$0	\$0
20	Access improvements to pipe below Gano to San Dieguito Road	\$20,000	\$55,000	\$0	\$0	\$0
21	Tank Safety Improvements	\$516,000	\$0	\$0	\$0	\$0
22	Palms I and II Reservoirs Replacemt	\$194,000	\$303,000	\$1,212,000	\$0	\$0
23	Gaty I Reservoir Decommissioning	\$0	\$0	\$0	\$398,000	\$0
24	Village Park PRS Replacement	\$969,000	\$0	\$0	\$0	\$0
25	Gardendale PRS Replacement	\$984,000	\$0	\$0	\$0	\$0
26	Del Lago PRS Replacement	\$0	\$123,000	\$846,000	\$0	\$0
27	SE #1 PRS Replacement	\$0	\$0	\$0	\$0	\$135,000
28	DCMWTP 4th Stage Centrifuge Addition	\$2,956,000	\$0	\$0	\$0	\$0
29	DCMWTP Chlorine Gen Rm Lining Rehab	\$123,000	\$0	\$0	\$0	\$0
30	DCMWTP 2nd Stage Membrane Train Overhaul	\$126,000	\$100,000	\$100,000	\$0	\$0
31	DCMWTP 2nd Stage Basin Rehab and Beam Replacement	\$577,000	\$1,207,000	\$0	\$0	\$0
32	DCMWTP 1st Stage Beam Replacement	\$560,000	\$980,000	\$666,000	\$0	\$0
33	DCMWTP Inlet Strainer MOV Actuator Replacement	\$63,000	\$0	\$0	\$0	\$0

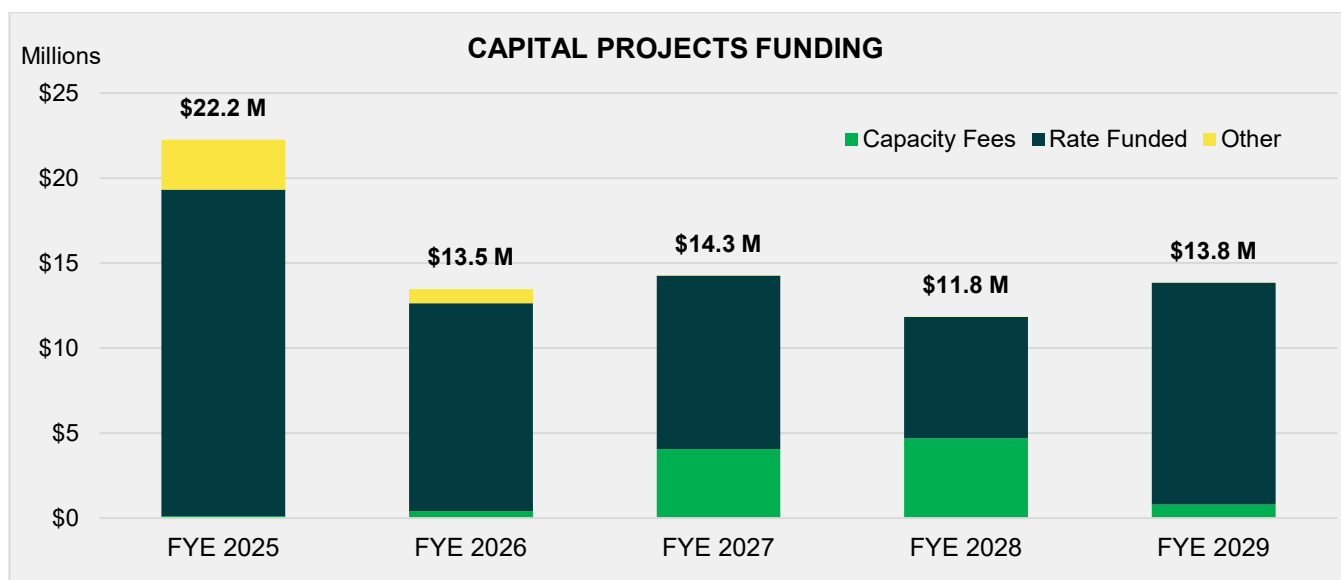
34	DCMWTP Combined Filter Influent & Backwash Pipe Replacement	\$180,000	\$528,000	\$0	\$0	\$0
35	DCMWTP Raw Water Equal (RWEQ) Tanks Rehab	\$668,000	\$0	\$0	\$0	\$0
36	DCMWTP Fluoride Room, Permeate Pump Stanchion, Bldg Rehab	\$0	\$142,000	\$0	\$0	\$0
37	DCMWTP 1st Stage Basins Rehab	\$0	\$0	\$1,295,000	\$1,295,000	\$1,295,000
38	DCMWTP FCV Actuators Replacement	\$0	\$0	\$310,000	\$0	\$0
39	DCMWTP BWWEQ Tank Rehab	\$0	\$0	\$596,000	\$0	\$0
40	DCMWTP Plate Settler Coating Rehab	\$0	\$0	\$0	\$123,000	\$0
41	DCMWTP Brine Area Rehab	\$0	\$0	\$0	\$192,000	\$0
42	DCMWTP Sodium Hypochlorite Room Rehab	\$0	\$0	\$0	\$0	\$98,000
43	DCMWTP HVAC Replacement	\$0	\$0	\$0	\$0	\$46,000
44	Bridge Crane Rehabilitation and Mods	\$65,000	\$0	\$0	\$0	\$0
45	Network Security	\$100,000	\$104,000	\$109,000	\$114,000	\$119,000
46	Replace Pumps and Motors	\$175,000	\$180,000	\$185,000	\$191,000	\$197,000
47	Replace Potable Meters	\$830,000	\$927,000	\$849,000	\$874,000	\$900,000
48	Replace Pipelines	\$500,000	\$515,000	\$530,000	\$546,000	\$562,000
49	Replace Valves	\$750,000	\$773,000	\$796,000	\$820,000	\$845,000
50	Steel Mains Protection	\$304,000	\$313,000	\$322,000	\$332,000	\$342,000
51	Replace Meter Anodes	\$158,000	\$163,000	\$168,000	\$173,000	\$178,000
52	Rehab Concrete Tanks	\$25,000	\$26,000	\$27,000	\$28,000	\$29,000
53	Replace PRS Valves	\$54,000	\$56,000	\$58,000	\$60,000	\$62,000
54	Replace DCM WTP Membranes	\$936,000	\$973,000	\$1,012,000	\$1,052,000	\$1,094,000
55	WTP Misc Equipment and Instrumentation Replacement	\$100,000	\$106,000	\$115,000	\$124,000	\$134,000
56	WTP Membrane Train Control Wiring Replacement	\$35,000	\$36,000	\$37,000	\$38,000	\$39,000
57	Impressed current system protection	\$0	\$0	\$74,000	\$63,000	\$50,000
Total Potable Water CIP		\$17,833,000	\$12,424,000	\$13,427,000	\$8,786,000	\$11,091,000

Table 3-15: Recycled Water CIP Projects

#	Recycled Water CIP	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
1	Manchester Recycled Pipeline Ext.	\$3,298,000	\$0	\$0	\$0	\$0
2	Calle Barcelona, VP, & Summerhill HOA Exten	\$244,000	\$0	\$0	\$0	\$0
3	Wanket RW Reservoir Rehabilitation	\$157,000	\$0	\$0	\$0	\$0
4	Santa Fe Valley RW Reservoir Improvements	\$150,000	\$0	\$0	\$0	\$0
5	Off-Spec and High Flow Diversion Pipeline	\$129,000	\$0	\$0	\$0	\$0
6	Upgrade Filter Electrical	\$75,000	\$439,000	\$0	\$0	\$0
7	Upgrade Flow Equalization Basins	\$22,000	\$125,000	\$0	\$0	\$0
8	Recycled Water Storage Pond Upgrades	\$17,000	\$101,000	\$0	\$0	\$0
9	Replace Existing Recycled Water Pump Station VFDs	\$0	\$0	\$37,000	\$0	\$0
10	Site Paving Improvements	\$0	\$0	\$8,000	\$0	\$0
11	Replace Main Switchboard S (MSB-S) and Automatic Transfer Switch	\$0	\$0	\$382,000	\$2,227,000	\$0
12	Replace WRF Electrical Conduits, Enclosures, and Lighting	\$0	\$0	\$0	\$390,000	\$2,278,000
13	Chemical Area Upgrades	\$65,000	\$80,000	\$100,000	\$73,000	\$76,000
14	Replace Roll-up doors	\$30,000	\$41,000	\$52,000	\$54,000	\$56,000
15	Recycled Conversions (formerly Retrofit Potable to Recycled)	\$50,000	\$52,000	\$54,000	\$56,000	\$58,000
16	Replace Recycled Meters	\$75,000	\$77,000	\$79,000	\$81,000	\$83,000
17	Replace Recycled Pipeline	\$12,000	\$12,000	\$6,000	\$6,000	\$6,000
18	Replace Recycled Valves	\$80,000	\$85,000	\$90,000	\$96,000	\$101,000
19	4S WRF Physical Security Upgrades	\$12,000	\$12,000	\$14,000	\$16,000	\$18,000
20	Plant A Rehabilitation	\$0	\$10,000	\$20,000	\$30,000	\$40,000
21	Valve and Gate Replacement Program	\$0	\$0	\$0	\$10,000	\$16,000
22	Small Pump and Motor Replacement Program	\$0	\$0	\$0	\$16,000	\$20,000
Total Recycled Water CIP		\$4,416,000	\$1,034,000	\$842,000	\$3,055,000	\$2,752,000

Total CIP expenditures over the study period are shown below in **Figure 3-4**. Potable water capacity fee revenues are anticipated to be available to fund the District's CIP and range from \$118,000 in FY 2025 to over \$4 million in FY 2028. "Other" funds include anticipated grant funds, recycled water capacity fee revenues, and land sale proceeds. All other CIP during the study period is projected to be funded by water rate revenues, there is no proposed debt funding.

Figure 3-4: CIP by Funding Source



3.7. Financial Policies

3.7.1. Debt Coverage

The District must meet its debt service coverage requirements on its outstanding bond issues. The District's required debt coverage is 125 percent, meaning that the District's net revenues must amount to at least 125 percent of annual debt service. The District is currently rated "AAA" by Fitch Ratings. To get a lower borrowing cost for any debt issuance in the future, it has been the District's goal to maintain at least 2.5 net water system revenue to debt service coverage ratio. The proposed financial plan, therefore, incorporates a debt coverage target of 250 percent. Net revenues include funds from water rates and charges, miscellaneous service charges, revenues received from contracts, and interest income. Annual debt service includes annual principal and interest payments on outstanding debt.

3.7.2. Reserve Policies

The District maintains four separate funds. The Operating Fund is designed to provide working capital and mitigate the impact of fluctuations in O&M expenditures. The Capital Improvement Fund is designed to ensure adequate construction funds are maintained to approve construction contracts. The Rate Stabilization Fund is designed to mitigate the impact of reduced water sales on the District's financial condition and, lastly, the Pension Stabilization Fund is designed to help stabilize pension costs by making additional contributions to its pension plan to minimize fluctuations in District's Unfunded Accrued Liability (UAL). Raftelis recommends that the District maintains its current reserve policies, which define the minimum and maximum reserve balances for each of the three funds. The existing reserve policies are appropriate given industry norms as well as the District's unique attributes. The current reserve targets are:

1. Operating Fund

- Minimum Level: 60 days of annual O&M expenditures (\$9.91 million in FY 2025)
- Maximum Level: 120 days of annual O&M expenditures (\$19.82 million in FY 2025)

2. Capital Improvement Fund

- Minimum Level: average annual CIP expenditures over the next 10 years (\$17.32 million in FY 2025)
- Maximum Level: five years of average annual 10-year CIP expenditures (\$86.59 million in FY 2025)

3. Rate Stabilization Fund

- Minimum Level: 25 percent of estimated net water sales⁵ in the current fiscal year (\$6.84 million in FY 2025)
- Maximum Level: 50 percent of estimated net water sales for the next two fiscal years (\$13.68 million in FY 2025)

4. Pension Stabilization Fund

- Minimum Level: 1 year of projected employee retirement (ER) contribution for unfunded accrued liability (UAL) over the next 5 years (\$0.96 million in FY 2025)
- Maximum Level: 2 years of projected ER contribution for UAL over the next 5 years (\$1.91 million in FY 2025)

3.8. Status Quo Financial Plan

The status quo financial plan illustrates what would occur in the absence of any water rate increases over the study period. Current water rates in effect as of FY 2024 are assumed to remain unchanged over the study period under the status quo. Raftelis and District staff first evaluated the District's cash flow and fund balance over the study period under the status quo before considering any revenue adjustments.

Figure 3-5 shows the projected ending cash balance in each year over the study period under the status quo for all three funds combined (Operating, Capital Improvement, and Rate Stabilization). Under the status quo financial plan, the District's reserves are steadily drawn down over the five-year study period until the minimum reserve balance is no longer met in FY 2028. Furthermore, **Figure 3-6** shows that the District is projected to fail to meet minimum required debt coverage beginning in FY 2028 under the status quo. This clearly demonstrates the need for rate revenue increases over the study period to ensure that the District meets its debt coverage obligations and exceeds the minimum reserve balance as established by District policy. For detailed cash flow and fund balance projections under the status quo, please refer to **Appendix B**.

⁵ Net water sales are defined as total annual revenues from rates and charges less annual water purchase expenses.

Figure 3-5: Total Fund Balance Under Status Quo Financial Plan

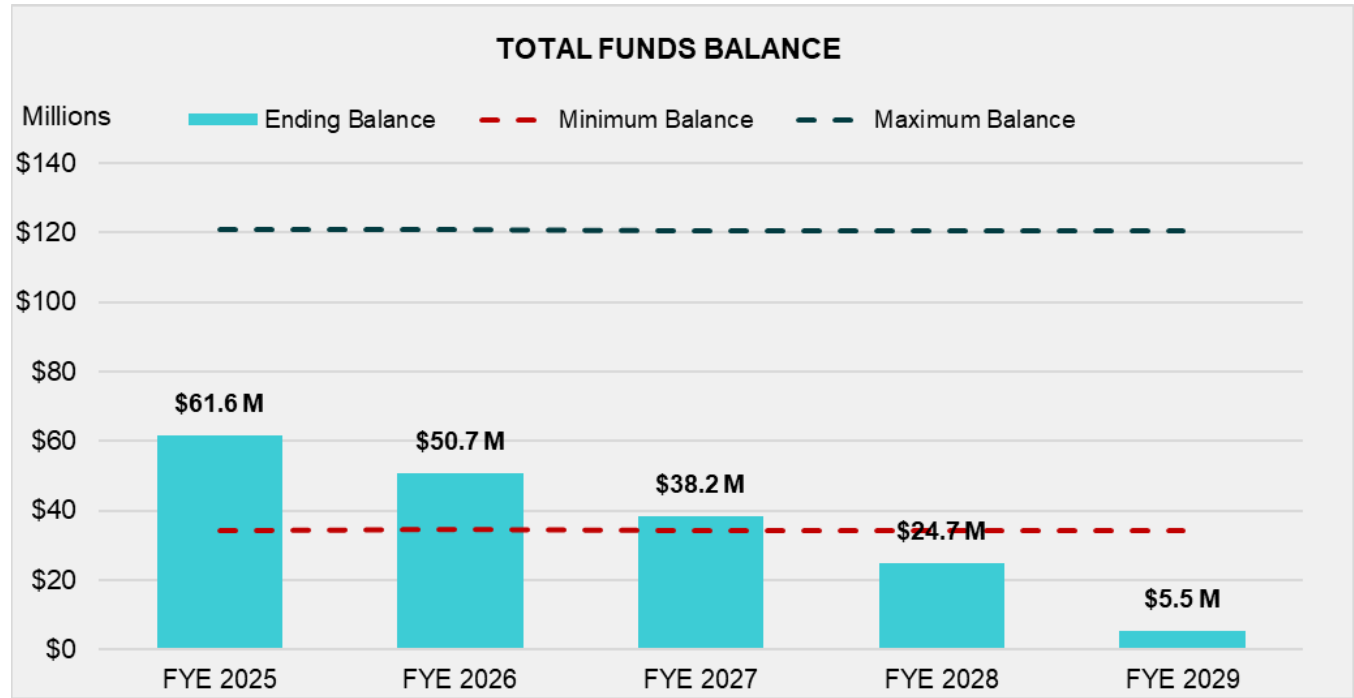
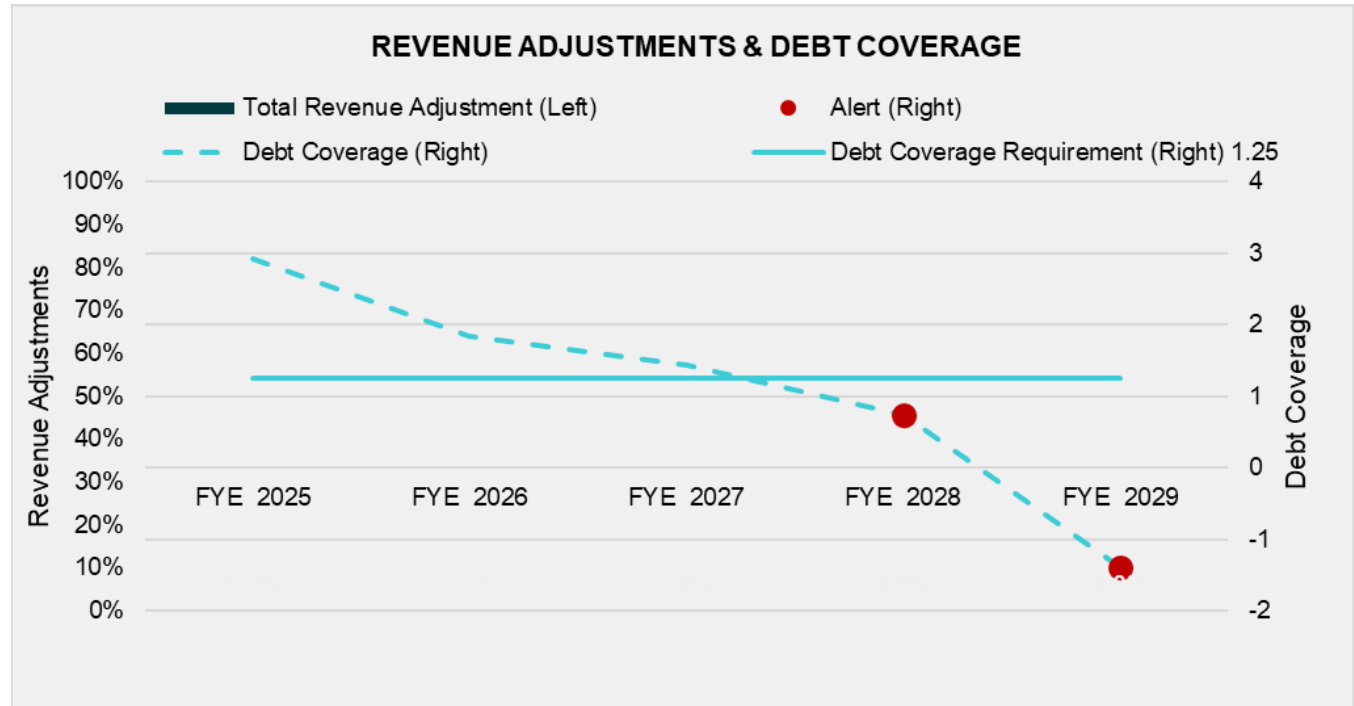


Figure 3-6: Projected Debt Coverage Under Status Quo Financial Plan



3.9. Proposed Financial Plan

The status quo financial plan demonstrates that the District must increase its revenues from water rates over the five-year study period in order to meet required debt coverage and minimum reserve levels. Raftelis therefore proposed annual revenue adjustments in each year through FY 2029 to ensure that the District meets its debt obligations and maintains healthy reserve levels in accordance with District policy. The term “revenue adjustment” specifically refers to a percent increase in water revenues (from Volumetric Charges, OMWD System Access Charges, and Fire Meter Charges) relative to the amount of water rate revenues that would be collected under the prior year’s rates. Note that revenue adjustments are used only to project total water rate revenues. Allocation of the total water rate revenue requirement across the various water charges is included in the cost of service analysis in **Section 4**. District staff and the Board of Directors approved the recommendations of the proposed revenue adjustments each year developed by Raftelis. **Table 3-16** shows the proposed revenue adjustments over the study period.

Table 3-16: Proposed 5-Year Revenue Adjustments

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
System Access Charges including Inflation/Wholesale Pass-Through	8.0%	8.0%	8.0%	5.0%	4.0%
Fire Meter Charges	5.0%	6.0%	6.0%	5.0%	4.0%
Commodity Charges including Inflation/Wholesale Pass-Through	8.0%	8.0%	8.0%	5.0%	4.0%
Infrastructure Access Charges SDCWA IAC Pass-Through	3.2%	8.5%	11.5%	4.0%	4.0%
TOTAL REVENUE ADJUSTMENT	7.9%	8.0%	8.1%	5.0%	4.0%

Table 3-17 shows the proposed five-year financial plan in proforma format. Revenues and expenses were shown previously in **Section 3**. Rate revenue under existing rates is shown in Line 2, while Line 3 represents additional revenue resulting from the proposed revenue adjustments. Other operating revenues in Line 4 include the SDCWA Infrastructure Access Charge, excess treated water sales to Vallecitos, rental income, and other miscellaneous revenues. Non-operating revenue in Line 6 includes property tax and other miscellaneous revenues. Capital Revenues from **Table 3-9** are excluded from the operating cash flow in **Table 3-17** (which excludes capital expenditures and revenues), but are accounted for when projecting total ending balances (**Figure 3-9**). Transfers from the Operating Fund were initiated to ensure that each fund met at least the minimum required reserve level. Net annual cash balance (Line 28) is calculated by subtracting total expenses (Line 15) and total transfers (Line 26) from total revenues (Line 7). Calculated debt coverage is shown in Line 30 and is outlined in greater detail in Appendix C. More detailed cash flow and ending balance projections are also included in Appendix C. The net annual cash balance in FY 2025 is slightly negative, indicating that the District will draw from reserves to meet the Operating Fund revenue requirement. Beginning in FY 2026, the net annual cash balance becomes positive again through the end of the study period.

Table 3-17: Proposed Financial Plan

	Description	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
1	REVENUES					
2	Revenues from Current Rates (excludes IAC)	\$61,361,341	\$61,388,849	\$61,484,736	\$61,640,410	\$61,742,014
3	Revenue Adjustments (excludes IAC)	\$2,449,784	\$7,548,442	\$13,073,657	\$17,917,100	\$21,522,961
4	Other Operating Revenue	\$3,034,335	\$3,661,623	\$3,988,814	\$4,266,381	\$4,422,378
5	Investment & Interest Income	\$643,000	\$483,000	\$545,000	\$451,000	\$552,000
6	Non-Operating Revenue	\$5,686,704	\$5,800,438	\$5,900,316	\$6,002,192	\$6,106,106
7	TOTAL REVENUES	\$73,175,164	\$78,882,352	\$84,992,523	\$90,277,084	\$94,345,459
8						
9	EXPENSES					
10	O&M Expenses without Depreciation	\$22,269,000	\$23,597,000	\$24,542,973	\$25,528,731	\$26,555,994
11	Purchased Water (potable & recycled)	\$38,004,962	\$40,258,159	\$44,264,056	\$47,602,676	\$49,578,639
12	Other Operating Expenses (potable & recycled)	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
13	Non-Operating Expenses (potable & recycled)	\$1,570,927	\$1,043,507	\$12,000	\$10,000	\$10,000
14	Existing Debt Service	\$5,070,625	\$5,062,875	\$5,059,375	\$5,060,625	\$2,044,000
15	TOTAL EXPENSES	\$66,965,515	\$70,011,541	\$73,928,403	\$78,252,032	\$78,238,632
16						
17	TRANSFERS					
18	Transfer Potable Operating to Potable Capital - PAYGO	\$6,000,000	\$7,000,000	\$7,500,000	\$7,500,000	\$9,500,000
19	Transfer to Wastewater (Sewer) Fund - 2018/2021B Bonds	(\$121,800)	(\$121,800)	(\$121,800)	(\$121,800)	\$0
20	Transfer to 2012 SRF Reserve	\$107,000	\$107,000	\$0	\$0	\$0
21	Transfer to/(from) Rate Stabilization Fund	(\$1,560,927)	(\$1,033,507)	(\$2,000)	\$0	\$0
22	Transfer to/(from) Pension Stabilization Fund	\$220,000	\$220,000	\$220,000	\$220,000	\$220,000
23	Potable OMWD Option 2 (reduce to CPI)	\$0	\$0	\$0	\$0	\$0
24	Transfer Recycled Oper. to Recycled Capital	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
25	Transfer Recycled Oper. to Potable Capital	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000
26	TOTAL TRANSFERS	\$6,344,273	\$7,871,693	\$9,296,200	\$9,298,200	\$11,420,000
27						
28	Net Annual Cash Balance	(\$134,624)	\$999,118	\$1,767,920	\$2,726,852	\$4,686,827
29						
30	Calculated Debt Coverage	342%	338%	417%	445%	963%
31	Target Debt Coverage	125%	125%	125%	125%	125%

Figure 3-7 summarizes the tabular results from **Table 3-17** in graphical format. O&M expenses, purchased water costs, debt service, transfers, and revenues to (or from) reserves are represented by stacked bars. Revenues under current rates are represented by the solid line, while revenues inclusive of the proposed revenue adjustments are represented by the dashed line. **Figure 3-7** clearly demonstrates although current rates are sufficient to cover operating costs, the proposed revenue adjustments are necessary to provide sufficient funding for transfers from the Operating Fund to cover CIP expenditures and other needs.

Figure 3-7: Proposed Operating Financial Plan

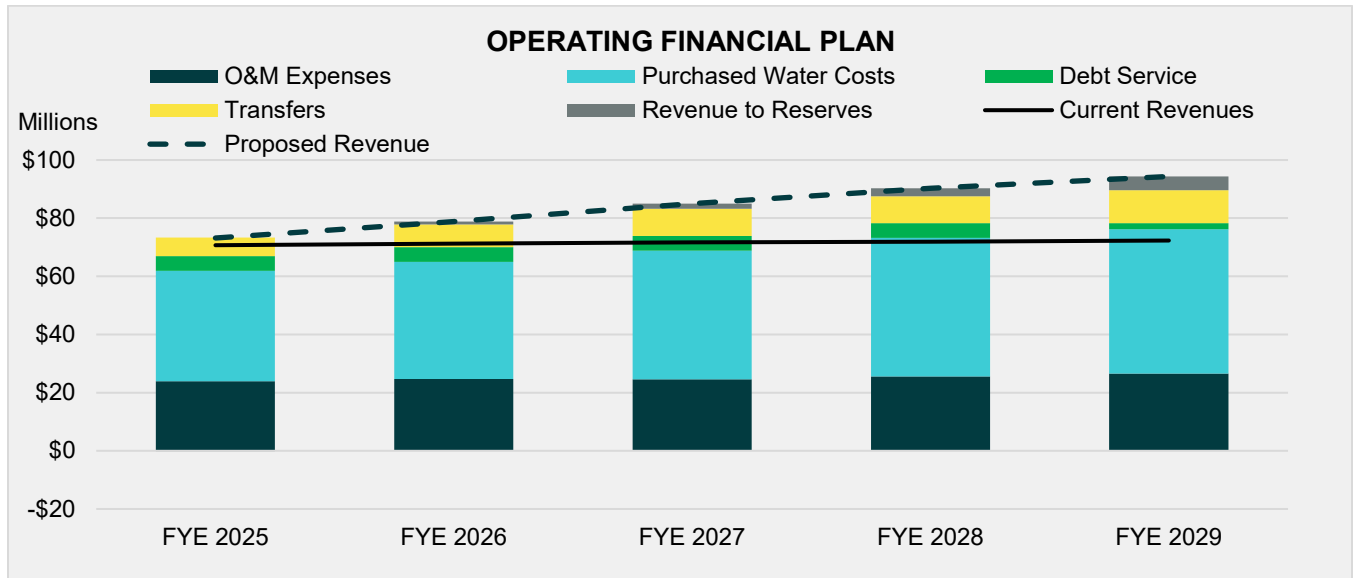


Figure 3-8 illustrates how the proposed revenue adjustments, represented by the bars (left axis), will ensure that the District's projected debt coverage (dashed line) (right axis) exceeds its 125% debt coverage requirement (solid blue line). The District targets robust debt coverage of at least 250 percent to help the District maintain its AAA credit rating by Fitch, which can minimize the costs associated with any future debt issues.

Figure 3-8: Projected Debt Coverage Ratios under Proposed Revenue Adjustments

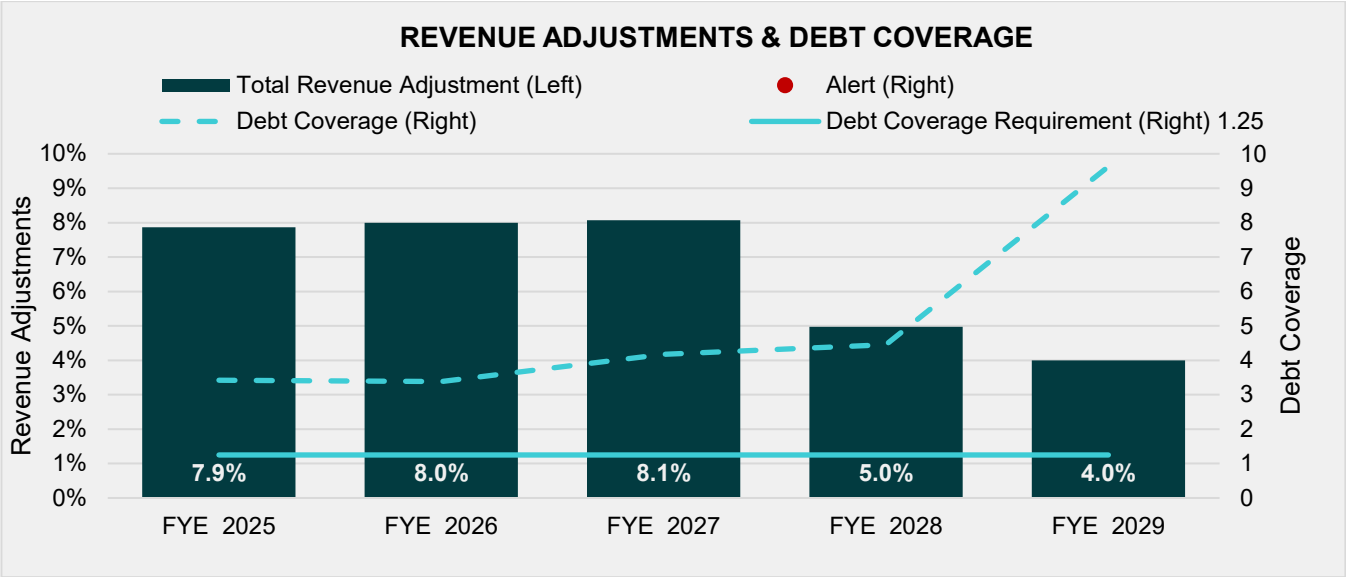
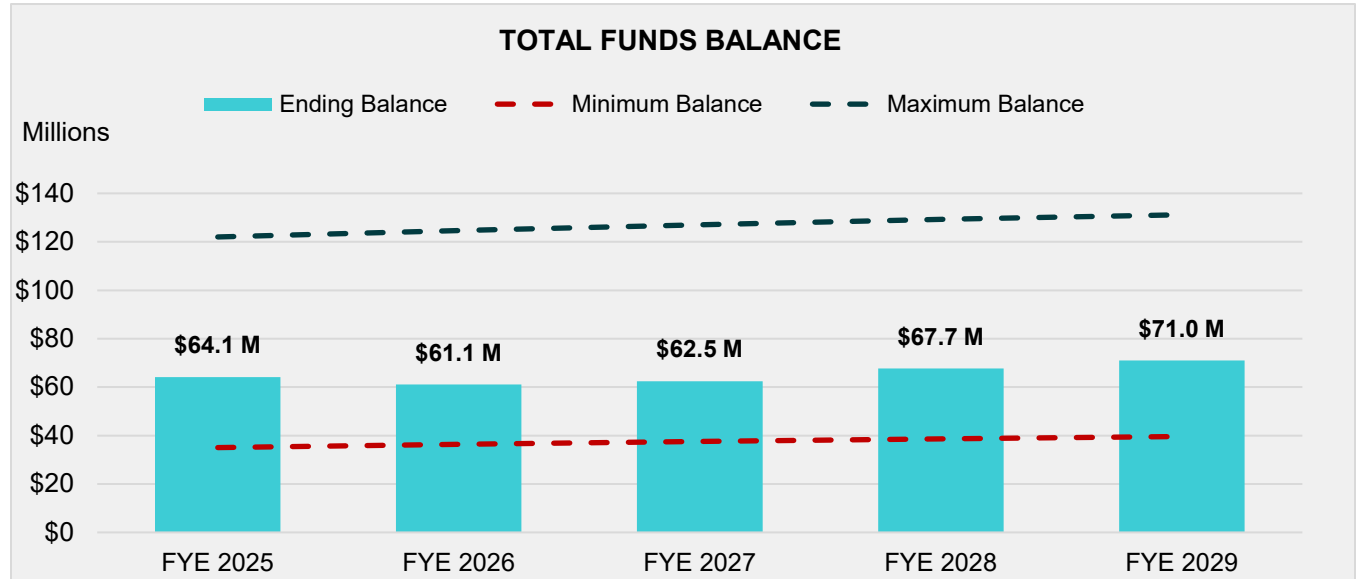


Figure 3-9 demonstrates that the District will exceed the minimum reserve target in all years under the proposed financial plan. Ending Balances and minimum/maximum targets shown below include all three funds combined (Operating, Capital Improvement, and Rate Stabilization). The projected total ending funds balance shown in Figure 3-9 remain steady over the study period between minimum and maximum reserve targets.

Figure 3-9: Projected Ending Balances Under Proposed Financial Plan



4. Cost of Service

Section 4 of the report provides a detailed description of the cost-of-service (COS) analysis performed for the District's water system. The goal of a COS analysis is to allocate the overall rate revenue requirement to all customer classes and tiers based on their proportion of usage and burden on the system. The numbers shown in this section of the report are rounded. Therefore, hand calculations based on the displayed numbers, such as summing or multiplying, may not equal the exact results shown in this report.

4.1. Process and Approach

The first step in the COS analysis process is to determine the revenue requirement, which is based on the results of the financial plan and the proposed revenue adjustments. The framework and methodology utilized to develop the COS analysis and to apportion the revenue requirement to each customer class and tier is informed by the processes outlined in the M1 Manual.

COS analyses are tailored specifically to meet the unique needs of each water system. However, there are four distinct steps in every analysis to recover costs from customer classes in an accurate, equitable, and defensible manner:

1. **Cost functionalization:** O&M expenses and capital assets are categorized by their system function. Functions include supply, treatment, storage, distribution, customer service, etc.
2. **Cost causation component allocation:** The functionalized costs are then allocated to cost causation components based on their burden on the system. The cost causation components include supply, base delivery, peaking, meter, customer, etc. The revenue requirement is allocated accordingly to the cost causation components, resulting in the total revenue requirement for each cost causation component.
3. **Unit cost development:** the revenue requirement for each cost causation component is divided by the appropriate units of service of each customer class and tier to determine the unit cost for each cost causation component.
4. **Revenue requirement distribution:** the unit cost is utilized to distribute the revenue requirement for each cost causation component to customer classes and tiers based on their individual service units. The District's customer classes include Domestic, Agricultural, Commercial, Irrigation, Construction, and Recycled.

4.2. Revenue Requirement

Table 4-1 shows the revenue requirement, which is equal to the total revenue required from rates for FY 2025 (also referred to as the test year or rate-setting year). The revenue requirement is divided into the Operating and Capital categories (Columns C and D), which are to be later allocated based on O&M expenses and capital assets respectively.

The revenue requirement is calculated using the FY 2025 expenses (Lines 2-6), which includes O&M expenses, purchased water costs, other operating expenses, non-operating expenses, and existing debt service. The revenue offsets (Lines 10-24) include the various miscellaneous, non-rate revenues that are applied as offsets to the revenue requirement. The cash balance adjustment (Line 28) is determined by calculating the negative sum of total transfers (**Table 3-17**, Line 24) and net annual cash balance (**Table 3-17**, Line 26). The final revenue requirement (Line 31) is calculated as follows:

Total revenue required from rates (Line 31) = Revenue requirements (Line 7) - Revenue offsets (Line 25) - Adjustments (Line 30)

Table 4-1: Proposed Revenue Requirement

A Line	B Revenue Requirement (FY 2025)	C Operating Revenue Requirements	D Capital Revenue Requirements	E Total Revenue Requirements
1	Revenue Requirements			
2	O&M Expenses without Depreciation	\$22,269,000	\$0	\$22,269,000
3	Purchased Water (potable & recycled)	\$38,004,962	\$0	\$38,004,962
4	Other Operating Expenses (potable & recycled)	\$0	\$50,000	\$50,000
5	Non-Operating Expenses (potable & recycled)	\$0	\$1,570,927	\$1,570,927
6	Existing Debt Service	\$0	\$5,070,625	\$5,070,625
7	Total Revenue Requirements	\$60,273,962	\$6,691,552	\$66,965,515
8				
9	Revenue Offsets			
10	CWA Infrastructure Access Charge	\$1,585,835		\$1,585,835
11	Selling Excess Treated Water to Vallecitos	\$918,300	\$0	\$918,300
12	Misc. Water Sales	\$10,000	\$0	\$10,000
13	Meter Installations	\$15,000	\$0	\$15,000
14	Hydro-electric Plant Revenues	\$110,000	\$0	\$110,000
15	Turn Off/On Fees and NSF Charges	\$20,000	\$0	\$20,000
16	Delinquency Charges	\$120,000	\$0	\$120,000
17	Transfer Fee	\$30,000	\$0	\$30,000
18	Cross Connection/Inspection	\$205,000	\$0	\$205,000
19	Outside District Boundary Charges	\$10,000	\$0	\$10,000
20	Other operating	\$10,200	\$0	\$10,200
21	Investment Income (Potable)	\$0	\$322,108	\$322,108
22	Property Tax Revenue	\$3,056,000	\$1,840,000	\$4,896,000
23	Rental Income	\$0	\$790,704	\$790,704
24	Investment Income (Recycled)	\$0	\$320,892	\$320,892
25	Total Revenue Offsets	\$6,090,335	\$3,273,704	\$9,364,039
26				
27	Less Adjustments			
28	Adjustment for Cash Balance	\$0	(\$6,209,649)	(\$6,209,649)
29	Adjustment for Mid-year Increase	(\$2,449,784)	\$0	(\$2,449,784)
30	Total Less Adjustments	(\$2,449,784)	(\$6,209,649)	(\$8,659,432)
31	Cost of Service to be Recovered from Rates	\$56,633,411	\$9,627,497	\$66,260,908

4.3. Functionalization and Allocation of Expenses

After determining the revenue requirement, the next step of the COS analysis is to allocate the O&M expenses and capital assets to the following functions:

- **Supply** – represents costs of procuring water supplies from SDCWA
- **Treatment** – represents costs of water treatment
- **Reservoir** – represents costs of storing water
- **Distribution** – represents costs pertaining to the District’s water distribution system
- **Pump Stations** – represents costs of pumping water to customers
- **Meters** – represents costs relating to maintenance and capital costs of water meters as well as a portion of costs related to water system capacity
- **Hydrants** – represents costs of providing capacity for public fire protection
- **Customer** – represents costs of meter reading, billing, and other customer services
- **Recycled Water** – represents costs related to the District’s recycled water system
- **General** - represents costs for general operational expenses which cannot be categorized under any of the above

The functionalization of costs allows for the allocation of costs to the cost causation components, which include:

- **Supply** – costs associated with procuring water supplies from SDCWA
- **Base Delivery** – costs associated with providing water under average conditions
- **Peaking (Max Day and Max Hour)** – costs associated with providing water under peak demand conditions
- **Recycled Water** – costs associated with the District’s recycled water system
- **Fire Protection** – costs associated with providing capacity for fire protection
- **Meters** – costs associated with purchasing, maintaining, and servicing water meters as well as some costs related to system capacity
- **Customer** – costs associated with customer service and billing
- **General** – costs that do not have any direct cost causation
- **Revenue Offsets** – non-rate revenues (such as property taxes and interest income) with no direct association with specific expenses or services

4.4. Peaking Factors

Peaking costs are divided into maximum day (Max Day) and maximum hour (Max Hour) demand. The Max Day demand is the maximum amount of water used in a single day in a year, and the Max Hour demand is the maximum usage in an hour on the Max Day. Different facilities, such as distribution and storage facilities, are designed to meet customers' peaking demands. Therefore, peaking costs, also known as extra capacity costs, are associated with meeting peak customer demand.

Table 4-2 shows the system-wide peaking factors used to derive the cost component allocation bases for Base Delivery, Max Day, and Max Hour costs. The Base Delivery, or Base use is considered average daily demand over one year, which has been normalized to a factor of 1.00 (Column C, Line 1). The Max Day peaking factor (Column C, Line 2) indicates that the Max Day demand is 1.88 times greater than the average daily demand based on average usage. Similarly, the Max Hour peaking factor (Column C, Line 3) shows that the Max Hour demand is 2.82 times greater than average demand.

The allocation bases (Columns D to F) are calculated using the equations outlined below. Columns are represented in these equations as letters, and rows are represented as numbers. For example, Column D, Line 2 is shown as D2.

The Max Day allocations are calculated as follows:

- » Base Delivery: $C1 / C2 \times 100\% = D2$
- » Max Day: $(C2 - C1) / C2 \times 100\% = E2$

The Max Hour allocations are calculated as follows:

- » Base Delivery: $C1 / C3 \times 100\% = D3$
- » Max Day: $(C2 - C1) / C3 \times 100\% = E3$
- » Max Hour: $(C3 - C2) / C3 \times 100\% = F3$

Table 4-2: System Peaking Factor Allocations

A Line	B Allocation Factor	C Peaking Factor	D Base	E Max Day	F Max Hour	G Total
1	Base	1.00	100.0%	0.0%	0.0%	100.0%
2	Max Day	1.88	53.1%	46.9%	0.0%	100.0%
3	Max Hour	2.82	35.4%	31.2%	33.3%	100.0%

Table 4-3 shows the peaking factors by customer class. Raftelis used the fiscal year (FY) 2022 water usage data to determine peaking factors, as 2023 was an unusually wet year, driving down usage. Each Max Month factor (Column E) is calculated by dividing FY 2022 maximum monthly usage by FY 2022 average monthly usage. Max Day factors (Column F) peaking factors are estimated by multiplying each tier-specific Max Month factor (Column C) by 1.42, which is the ratio of the system-wide Max Day factor to the system-wide Max Month factor. Max Hour factors (Column E) are calculated by multiplying each tier-specific Max Day factor (Column D) by 1.5, which represents the ratio of the system-wide Max Hour factor to the system-wide Max Day factor. It is noted that the peaking factors relative to each other are important and not the values themselves; therefore, the Max Month factors are a proxy for the Max day and Max Hour peaks. Note that recycled water volumetric rates do not incorporate peaking costs because the recycled water supply and distribution system is separate from the potable water system. Therefore, recycled water usage is excluded from **Table 4-3**.

Table 4-3: Peaking Factors by Customer Class

A Line	B Customer Class	C Max Month Factor	D Max Day Factor	E Max Hour Factor
1	Domestic			
2	Tier 1	1.03	1.46	2.19
3	Tier 2	1.26	1.77	2.66
4	Tier 3	1.54	2.17	3.26
5	Tier 4	1.94	2.75	4.13
6	Agricultural	1.60	2.27	3.40
7	Commercial	1.19	1.69	2.53
8	Irrigation			
9	Tier 1	1.60	2.27	3.40
10	Tier 2	2.02	2.87	4.30
11	Construction⁶	N/A	3.00	4.50

4.5. Allocation of Functional Categories to Cost Causation Components

Table 4-4 shows the allocation of functional categories to each cost causation component. The percentages shown for each functional category are to be used in the following subsections to allocate O&M expenses and capital assets to the various cost causation components.

Some functional categories are simply allocated 100 percent to the corresponding cost causation component or allocated evenly between two corresponding cost causation components. Others are based on the system peaking factor allocations shown previously in **Table 4-2**. Below is a verbal description of the allocation of functional categories shown in **Table 4-4**:

1. The **Supply** functional category is fully allocated to the **Supply** cost causation component, which is to be applied to the volumetric rates (excluding recycled water) to recover costs associated with procuring water from SDCWA.
2. The **Treatment** functional category is allocated to the cost causation components based on the Max Day allocation in Line 2 of **Table 4-2** (as treatment facilities are generally designed for Max Day demands).
3. The **Reservoir** is designed to meet max day demands plus fire flow, and 10 percent of the reservoir functional category is allocated to the **Fire Protection** cost causation component based on ISO standards with the remaining 90 percent allocated to the cost causation components based on the Max Day allocation in Line 2 of **Table 4-2**.
4. The **Distribution** system is designed to meet peak hour demands plus fire flow, and this functional category is allocated 10 percent to the **Fire Protection** cost causation component, with the remaining 90 percent allocated to the cost causation components based on the Max Hour allocation in Line 3 of **Table 4-2**.

⁶ Due to the temporary and variable nature of Construction water usage, the Max Month factor is estimated at 3.00, which is consistent with the value used in the prior water COS study.

5. The **Pump Stations** functional category is allocated to the cost causation components based on the Max Hour allocation in Line 3 of **Table 4-2** (as pumping facilities are generally designed to withstand Max Hour demands).
6. The **Meters** functional category is fully allocated to the **Meters** cost causation component, which is to be recovered by the OMWD System Access Charge.
7. The **Hydrants** functional category is fully allocated to the **Fire Protection** cost causation component, which is to be recovered by the OMWD System Access.
8. The SDCWA **Customer** functional category is fully allocated to the **Customer** cost causation component, which is to be recovered by the OMWD System Access Charge.
9. The **Recycled Water** functional category is fully allocated to the **Recycled Water** cost causation component, which is to be recovered by the recycled water volumetric rate.
10. The District **Customer** functional category is allocated 45 percent to the **Customer** cost causation component and 55 percent to the **Meters** cost causation component to recognize the costs associated with meters and customer service.
11. The **General** functional category is fully allocated to the **General** cost causation component, which will later be distributed proportionally to the other cost causation components.

Table 4-4: Allocation of Functional Categories to Cost Causation Components

A	B	C	D	E	F	G	H	I	J	K	L
Line	Functional Category	Supply	Base	Max Day	Max Hour	Recycled Water	Fire Protection	Meters	Customer	General	Total
1	Supply	100%									100%
2	Treatment		53%	47%							100%
3	Transmission		53%	47%							100%
4	Reservoir		48%	42%			10%				100%
5	Distribution		32%	28%	30%		10%				100%
6	Pump Stations		35%	31%	33%						100%
7	Meters							100%			100%
8	Hydrants						100%				100%
9	Customer								100%		100%
10	Recycled Water					100%					100%
11	Customer/Meter							55%	45%		100%
12	General									100%	100%

4.6. O&M Allocation

Table 4-5 shows the allocation of O&M expenses to each cost causation component. O&M expenses are used in subsequent steps of the COS analysis to allocate the Operating revenue requirement. The percentages in Columns D-L of **Table 4-5** are determined by the assigned functional category in Column C and associated allocations shown above in **Table 4-4**. FY 2025 O&M expenses are shown in Column M, Lines 1-20 in millions of dollars. Purchased water expenses are broken down in Lines 1-10 to provide for more precise functionalization in Column C. The remaining O&M expenses less depreciation in Lines 11-20 are based on totals shown for FY 2025 in **Table 3-11**. Note that total O&M expenses in Column M, Line 21 of **Table 4-5** equals total FY 2025 O&M expenses excluding depreciation from **Table 3-11**.

The percentages for each cost causation component (Columns D-L) are multiplied by the FY 2025 O&M costs in Column for each individual line and then summed in Columns D-L of Line 21 to determine the total allocation of O&M expenses to each cost causation component. The proportion of total FY 2025 O&M expenses allocated to each cost causation component in Line 21 is shown in percentages in Line 23. The percentages in Line 23 represent the O&M allocation basis to be used in subsequent steps of the COS analysis. Note that the total O&M cost is equal to the sum of O&M expenses (excluding depreciation) and purchased water expenses from the revenue requirement determination (**Table 4-1**, Column E, Lines 2-3).

Table 4-5: O&M Cost Allocation

A	B	C	D	E	F	G	H	I	J	K	L	M
	O&M Expenses	Functional Category	Supply	Base Delivery	Max Day	Max Hour	Recycled Water	Fire Protection	Meters	Customer	General	Total (\$M)
1	Purchased Water - Potable	Supply	100%	0%	0%	0%	0%	0%	0%	0%	0%	\$21.4 M
2	Treatment Rate	Treatment	0%	53%	47%	0%	0%	0%	0%	0%	0%	\$1.1 M
3	Capacity Reservation Charge	Meters	0%	0%	0%	0%	0%	0%	100%	0%	0%	\$0.4 M
4	Readiness to Serve Charge	Meters	0%	0%	0%	0%	0%	0%	100%	0%	0%	\$0.7 M
5	Infrastructure Access Charge	Meters	0%	0%	0%	0%	0%	0%	100%	0%	0%	\$1.5 M
6	Customer Service Charge	Customer	0%	0%	0%	0%	0%	0%	0%	100%	0%	\$1.4 M
7	Transportation Volumetric Charge	Trans-mission	0%	53%	47%	0%	0%	0%	0%	0%	0%	\$2.7 M
8	Transportation Fixed Charge	Meters	0%	0%	0%	0%	0%	0%	100%	0%	0%	\$0.7 M
9	Storage Charge	Meters	0%	0%	0%	0%	0%	0%	100%	0%	0%	\$3.2 M
10	Supply Reliability Charge	Meters	0%	0%	0%	0%	0%	0%	100%	0%	0%	\$2.4 M
11	Purchased Water - Recycled	Recycled Water	0%	0%	0%	0%	100%	0%	0%	0%	0%	\$2.0 M
12	Operations and Maintenance	Distribution	0%	32%	28%	30%	0%	10%	0%	0%	0%	\$13.7 M
13	General Manager	General	0%	0%	0%	0%	0%	0%	0%	0%	100%	\$0.6 M
14	Engineering	Capital	0%	30%	26%	13%	12%	6%	2%	0%	11%	\$1.9 M
15	Finance	General	0%	0%	0%	0%	0%	0%	0%	0%	100%	\$0.0 M
16	Customer Services	Customer+Meter	0%	0%	0%	0%	0%	0%	55%	45%	0%	\$4.1 M
17	Human Resources	General	0%	0%	0%	0%	0%	0%	0%	0%	100%	\$0.0 M
18	Park	General	0%	0%	0%	0%	0%	0%	0%	0%	100%	\$0.5 M
19	Recycled	Recycled Water	0%	0%	0%	0%	100%	0%	0%	0%	0%	\$1.5 M
20	Lost Revenue (Pass-through)	Supply	100%	0%	0%	0%	0%	0%	0%	0%	0%	\$0.4 M
21	Total O&M		\$21.9 M	\$7.0 M	\$6.1 M	\$4.4 M	\$3.7 M	\$1.5 M	\$11.2 M	\$3.2 M	\$1.4 M	\$60.3 M
22												
23	O&M Allocation		36.3%	11.6%	10.1%	7.2%	6.1%	2.4%	18.6%	5.3%	2.3%	100.0%

4.7. Capital Allocation

Table 4-6 shows the allocation of capital assets to each cost component. Capital assets are utilized in COS analyses to allocate capital costs because annual capital project costs can fluctuate greatly from year to year. Capital assets remain relatively stable and are more representative of the District's investments in its water system. District staff provided Raftelis with a detailed asset listing that included the Original Cost of each individual fixed asset. Raftelis calculated the Replacement Cost Less Depreciation (RCLD) of each asset based on Original Cost, year purchased, and useful life using the Engineering News-Record's 20-City Average Cost Construction Index (CCI) to account for capital cost inflation. RCLD is often utilized in capital asset analyses because it takes into consideration inflation and depreciation when valuing assets. As part of the capital asset analysis, Raftelis also assigned each individual asset to a functional category. Total asset value (RCLD) by functional category is shown in Column J, Lines 2-15 of **Table 4-6**.

Table 4-6 shows the capital assets allocated to the various cost causation components in a similar manner to the O&M expenses: asset value by functional category (Column J) is allocated to each cost causation component (Columns C-I) based on percentages from **Table 4-4**. Allocation percentages for each cost causation component are multiplied by the capital asset value for each functional category and summed to determine the capital asset value allocated to each cost causation component (Columns C-I, Line 17). The capital allocation in Line 19 represents the proportion of total asset value within each cost causation component and is to be used subsequently in the COS analysis to allocate capital revenue requirements.

Table 4-6: Capital Cost Allocation

A	B	C	D	E	F	G	H	I	J
Line	Functional Category	Base Delivery	Max Day	Max Hour	Recycled Water	Fire Protection	Meters	General	Total
1	Potable Water Assets								
2	Treatment	53%	47%	0%	0%	0%	0%	0%	\$85,831,940
3	Reservoir	48%	42%	0%	0%	10%	0%	0%	\$62,400,509
4	Distribution	32%	28%	30%	0%	10%	0%	0%	\$202,488,983
5	Pump Stations	35%	31%	33%	0%	0%	0%	0%	\$11,394,004
6	Meters	0%	0%	0%	0%	0%	100%	0%	\$7,901,335
7	General	0%	0%	0%	0%	0%	0%	100%	\$51,606,503
8									
9	Recycled Water Assets								
10	Treatment	0%	0%	0%	0%	100%	0%	0%	\$2,148,771
11	Reservoir	0%	0%	0%	0%	100%	0%	0%	\$8,074,121
12	Distribution	0%	0%	0%	0%	100%	0%	0%	\$36,851,765
13	Pump Stations	0%	0%	0%	0%	100%	0%	0%	\$3,550,980
14	Meters	0%	0%	0%	0%	100%	0%	0%	\$4,726,955
15	General	0%	0%	0%	0%	100%	0%	0%	\$3,869,826
16									
17	Total Assets	\$144,822,420	\$126,259,371	\$64,544,696	\$59,222,418	\$26,488,949	\$7,901,335	\$51,606,503	\$480,845,693
18									
19	Capital Allocation	30.1%	26.3%	13.4%	12.3%	5.5%	1.6%	10.7%	100.0%

4.8. Revenue Offset Allocation

Table 4-7 shows the revenue offset allocation to each cost causation component. Revenue offsets are miscellaneous, non-rate revenues that are used to offset the revenue requirement. Rather than assigning a functional category to each individual revenue offset, revenue offsets are allocated directly to cost causation components by either the O&M allocation (**Table 4-5**, Line 21), capital allocation (**Table 4-6**, Line 19), or full allocation to the most closely associated cost causation component. The methodology as described previously for the O&M and capital allocations was utilized to determine the amount of revenue offsets allocated to each cost causation component (**Table 4-7**, Line 27) and the final revenue offset allocation percentages to be utilized in the next step of the COS analysis (**Table 4-7**, Line 29).

Some revenues, including investment income and a portion of property taxes, are not directly linked to any service that the District provides to its water customers. These revenues can therefore be allocated to the Revenue Offsets cost causation component (Column M), which can be utilized at the District's discretion to provide offsets to specific customer classes and tiers. The Revenue Offsets cost causation component was not included in the O&M or capital allocations, as it only applies to revenues.

Table 4-7: Revenue Offset Allocation

A	B	C	D	E	F	G	H	I	J	K	L	M	N
	Revenue Offsets	Rationale	Supply	Base Delivery	Max Day	Max Hour	Recycle-d Water	Fire Protection	Meters	Customer	General	Revenue Offsets	Total
1	CWA Infrastructure Access Charge	100% Meters	0%	0%	0%	0%	0%	0%	100%	0%	0%	0%	\$1,585,835
2	Selling Excess Treated Water to Vallecitos	100% Base	0%	100%	0%	0%	0%	0%	0%	0%	0%	0%	\$918,300
3	Misc. Water Sales	100% Base	0%	100%	0%	0%	0%	0%	0%	0%	0%	0%	\$10,000
4	Meter Installations	100% Meters	0%	0%	0%	0%	0%	0%	100%	0%	0%	0%	\$15,000
5	Hydro-electric Plant Revenues	100% Base	0%	100%	0%	0%	0%	0%	0%	0%	0%	0%	\$110,000
6	Turn Off/On Fees and NSF Charges	100% Customer	0%	0%	0%	0%	0%	0%	0%	100%	0%	0%	\$20,000
7	Delinquency Charges	100% Customer	0%	0%	0%	0%	0%	0%	0%	100%	0%	0%	\$120,000
8	Transfer Fee	Capital Allocation	0%	30%	26%	13%	12%	6%	2%	0%	11%	0%	\$30,000
9	Cross Connection/Inspection	Capital Allocation	0%	30%	26%	13%	12%	6%	2%	0%	11%	0%	\$205,000
10	Outside District Boundary Charges	Capital Allocation	0%	30%	26%	13%	12%	6%	2%	0%	11%	0%	\$10,000
11	Rental Income	Capital Allocation	0%	30%	26%	13%	12%	6%	2%	0%	11%	0%	\$790,704
12	Other operating Investment	O&M Allocation	36%	12%	10%	7%	6%	2%	19%	5%	2%	0%	\$10,200
13	Income (Potable)	100% Offsets	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	\$322,108
14	Property Tax Revenue	Capital Allocation	0%	11%	10%	5%	5%	2%	1%	0%	4%	62%	\$4,896,000

A	B	C	D	E	F	G	H	I	J	K	L	M	N
	Revenue Offsets	Rationale	Supply	Base Delivery	Max Day	Max Hour	Recycle-d Water	Fire Protection	Meters	Custom-er	General	Revenue Offsets	Total
15	Gain on Sale of Fixed Assets	Capital Allocation	0%	30%	26%	13%	12%	6%	2%	0%	11%	0%	\$0
16	Other Non-Operating	Capital Allocation	0%	30%	26%	13%	12%	6%	2%	0%	11%	0%	\$0
17	Investment Income (Recycled)	100% Recycled	0%	0%	0%	0%	100%	0%	0%	0%	0%	0%	\$320,892
18	Interest income rec loans	100% Recycled	0%	0%	0%	0%	100%	0%	0%	0%	0%	0%	\$0
19	Total Revenue Offsets		\$3,703	\$1,905,599	\$756,130	\$386,747	\$675,694	\$158,666	\$1,649,984	\$140,544	\$308,864	\$3,378,108	\$9,364,039
20													
21	Revenue Offset Allocation		30%	15%	13%	8%	7%	3%	16%	4%	4%	0%	100.00%

4.9. Allocation of Revenue Requirements to Cost Causation Components

Table 4-8 shows the allocation of revenue requirements from **Table 4-1**. The total operating revenue requirement in Column M, Line 1 of **Table 4-8** is equal to the operating revenue requirement (Column C, Line 7) less adjustments (Column C, Line 33) from **Table 4-1**.

The total operating revenue requirement is allocated among the various cost causation components in Columns C-L, Line 1 of **Table 4-8** based on the O&M allocation percentages from Line 23 of **Table 4-5**. The total Capital revenue requirement in Column M, Line 2 of **Table 4-8** is equal to the capital revenue requirement (Column D, Line 7) less operating adjustments (Column D, Line 33) from **Table 4-1**. The total capital revenue requirement is allocated among the various cost causation components in Columns C-L, Line 2 of **Table 4-8** based on the capital allocation percentages from Line 19 of **Table 4-6**. Total revenue offsets in Column M, Line 3 of **Table 4-8** is equal to the revenue offsets in Column E, Line 28 of **Table 4-1**. Total revenue offsets are allocated among the various cost causation components in Columns C-L, Line 3 of **Table 4-8** based on the revenue offset allocation percentages from Line 21 of **Table 4-7**.

Lines 1-3 in **Table 4-8** are summed to determine the preliminary COS allocation to each cost causation component in Line 4. General costs are then proportionally reallocated to all other cost causation components (excluding Revenue Offsets) in Line 6. Line 7 shows the reallocation of 95 percent of Fire Protection costs (Column H, Line 7) to the Meters cost causation component (Column I, Line 7) to account for public fire protection capacity costs. The purpose is to equitably allocate fire protection capacity costs between private fire meters and public fire hydrants proportional to the capacity of each.

Line 10 in **Table 4-8** shows a final adjustment to the cost causation component allocations, in which 5 percent of Max Day costs (Column E, Line 10) and Max Hour costs (Column F, Line 10) are reallocated to the Meters cost causation component (Column I, Line 10). Peaking costs represent the additional costs incurred to provide capacity to meet peak demands and based on the meters therefore, the final adjustment is intended to allocate some of those costs to meter capacity and provide revenue stability for the District by ensuring that approximately 26 percent of rate revenues are from fixed charges (OMWD System Access charges and Fire Meter Charges). This retains the existing fixed versus variable revenue split under current water rates. Line 12 shows the final adjusted COS by cost causation component, which is to be used to develop unit costs in the following subsections.

Table 4-8: Allocation of Revenue Requirement to Cost Causation Components

A	B Description	C Supply	D Base Delivery	E Max Day	F Max Hour	G Recycled Water	H Fire Protection	I Meters	J Customer	K General	L Revenue Offsets	M Total
1	Operating	\$22,773,669	\$7,295,126	\$6,357,996	\$4,529,128	\$3,820,239	\$1,530,098	\$11,650,250	\$3,346,477	\$1,420,763	\$0	\$62.7M
2	Capital	\$0	\$3,885,619	\$3,387,568	\$1,731,749	\$1,588,951	\$710,705	\$211,995	\$0	\$1,384,614	\$0	\$12.9M
3	Revenue Offsets	(\$3,703)	(\$1,905,599)	(\$756,130)	(\$386,747)	(\$675,694)	(\$158,666)	(\$1,649,984)	(\$140,544)	(\$308,864)	(\$3,378,108)	(\$9.4M)
4	Preliminary COS	\$22,769,966	\$9,275,147	\$8,989,434	\$5,874,130	\$4,733,496	\$2,082,136	\$10,212,261	\$3,205,933	\$2,496,513	(\$3,378,108)	\$66.3M
5												
6	Allocation of General Cost	\$846,640	\$344,871	\$334,248	\$218,414	\$176,002	\$77,419	\$379,715	\$119,204	(\$2,496,513)	\$0	\$0
7	Allocation of Public Fire Costs	\$0	\$0	\$0	\$0	\$0	(\$2,051,577)	\$2,051,577	\$0	\$0	\$0	\$0
8	Allocated COS	\$23,616,605	\$9,620,018	\$9,323,682	\$6,092,543	\$4,909,499	\$107,978	\$12,643,553	\$3,325,137	\$0	(\$3,378,108)	\$66.3M
9												
10	Final Adjustment – Peaking to Mtrs	\$0	\$0	(\$932,368)	(\$609,254)	\$0	\$0	\$1,372,717	\$0	\$0	\$168,905	\$0
11												
12	Final Adjusted COS	\$23,616,605	\$9,620,018	\$8,391,314	\$5,483,289	\$4,909,499	\$107,978	\$14,016,270	\$3,325,137	\$0	(\$3,209,202)	\$66.3M

4.10. Units of Service

This subsection describes the next step in the COS analysis, which is to determine the appropriate units of service to be used to calculate the unit costs for each cost causation component.

4.10.1. Equivalent Meters

Equivalent meter units are used to allocate meter and capacity-related costs appropriately and equitably. Larger meters impose larger demands, are more expensive to install, maintain, and replace than smaller meters, and require greater capacity in the water system.

Equivalent meter units are based on meter hydraulic capacity and are calculated to represent the potential demand on the water system compared to a base meter size. A ratio of hydraulic capacity is calculated by dividing larger meter capacities by the base meter capacity. The base meter in this study is the 3/4" meters.

Table 4-9 shows the equivalent potable and recycled water meters for the test year FY 2025. The number of meters (Column D) is equal to the projected number of meters subject to the OMWD System Access Charge from (**Table 3-6**). Meter capacity ratios (Column C) were provided by the District's Engineering Department and are consistent with ratios used in the prior water COS study conducted in 2019 and consistent with the demand of each meter size on the water system. The number of meters (Column D) is multiplied by the meter capacity ratios (Column C) to determine the number of equivalent meters (Column E).

Table 4-9: Equivalent Meter Units (FY 2025)

A Line	B Meter Size	C Meter Capacity Ratio	D Number of Water Meters	E = C X D Equivalent Meter Units
1	5/8"	0.7	1,914	1,340
2	3/4"	1	16,440	16,440
3	1"	1.9	3,089	5,869
4	1-1/2"	3.1	1,013	3,140
5	2"	5	531	2,655
6	2-1/2"	9.3	39	363
7	3"	10.2	30	306
8	4"	17.1	23	393
9	6"	36	7	252
10	8"	65	1	65
11	Total		23,087	30,823

Table 4-10 shows the determination of equivalent meter units in FY 2025 for fire meters. The number of projected fire meters in FY 2025 was determined previously in **Table 3-5**. Meter capacity ratios match the values used above in **Table 4-9** for potable and recycled water meters with the exception of the 5/8-inch fire meter, which is set equal to 1.00. The actual number of fire meters (Column D) is multiplied by the meter capacity ratios (Column C) to determine the number of equivalent fire meters (Column E).

Table 4-10: Equivalent Fire Meter Units (FY 2025)

A	B	C	D	E = C X D
Line	Meter Size	Meter Capacity Ratio	Number of Fire Meters	Equivalent Fire Meter Units
1	5/8"	1	401	401
2	3/4"	1	18	18
3	1"	1.9	5,464	10,382
4	1-1/2"	3.1	67	208
5	2"	5	0	0
6	2-1/2"	9.3	1	9
7	3"	10.2	0	0
8	4"	17.1	0	0
9	6"	36	1	36
10	8"	65	0	0
11	Total		5,952	11,054

4.10.2. Customer Bills

The number of total projected customer bills in FY 2025 is used as the unit of service for the Customer cost causation component. The sum of total water meters (**Table 4-9**, Column D, Line 11) and total fire meters (**Table 4-10**, Column D, Line 11) is multiplied by twelve monthly billing periods per year to determine total bills in **Table 4-11** Column C, Line 7.

Table 4-11: Projected Annual Customer Bills (FY 2025)

A	B	C	D
Line	Description	Value	Notes
1	Number of Water Meters	23,087	
2	Number of Fire Meters	5,952	
3	Total Meters	29,039	
4			
5	Billing Periods per Year	12	
6			
7	Total Bills	348,468	= [Line 3] x [Line 5]

Peaking Units of Service

Peaking units of service in units per day are used to develop Max Day and Max Hour unit costs. **Table 4-12** shows the development of total Max Day units (Column G, Line 13). Projected usage by tier and customer class in Column C is divided by 365 days to determine average daily usage in Column D. Average daily usage in Column D is then multiplied by the Max Day factor in Column E (from **Table 4-3**, Column F) to determine Max Day units. Max Day requirements (Column G) in units per day, which is the unit of service for Max Day costs, is determined by subtracting average daily usage in Column D from Max Day units in Column F. Max Hour requirements are similarly calculated in **Table 4-13**. Please note, however, that Max Hour requirements (Column G) are calculated by subtracting Max Day units (**Table 4-12**, Column F) from Max Hour units (**Table 4-13**, Column F).

Table 4-12: Max Day Units of Service

A	B	C	D	E	F	G
	Customer Class	FY 2025 Projected Annual Usage (units)	FY 2025 Average Daily Usage (units)	Max Day Factor	Max Day Units (units/day)	Max Day Requirements (units/day)
1	Domestic					
2	Tier 1	1,511,998	4,142	1.46	6,031	1,888
3	Tier 2	1,986,076	5,441	1.79	9,719	4,277
4	Tier 3	1,433,314	3,927	2.19	8,589	4,662
5	Tier 4	556,269	1,524	2.76	4,201	2,677
7	Agricultural	82,403	226	2.27	512	286
8	Commercial	296,027	811	1.69	1,369	558
9	Irrigation					
10	Tier 1	411,926	1,129	2.27	2,561	1,433
11	Tier 2	435,335	1,193	2.87	3,418	2,225
12	Construction	41,669	114	3.00	342	228
13	Total	6,755,016	18,507			18,235

Table 4-13: Max Hour Units of Service

A	B	C	D	E	F	G
Line	Customer Class	FY 2025 Projected Usage (units)	FY 2025 Average Daily Usage (units)	Max Hour Factor	Max Hour Units (units/day)	Max Hour Requirements (units/day)
1	Domestic					
2	Tier 1	1,511,998	4,142	2.18	9,046	3,015
3	Tier 2	1,986,076	5,441	2.68	14,578	4,859
4	Tier 3	1,433,314	3,927	3.28	12,883	4,294
5	Tier 4	556,269	1,524	4.13	6,302	2,101
7	Agricultural	82,403	226	3.40	768	256
8	Commercial	296,027	811	2.53	2,054	685
9	Irrigation					
10	Tier 1	411,926	1,129	3.40	3,842	1,281
11	Tier 2	435,335	1,193	4.30	5,126	1,709
12	Construction	41,669	114	4.50	514	171
13	Total	6,755,016	18,507			18,371

Table 4-14 shows a summary of the relevant units of service for each cost causation component. Total revenue requirements by cost causation components are divided by the relevant units of service to determine a unit cost for each cost causation component in the following subsection. Fire Protection, Meters, and Customer unit costs are used to develop fixed monthly charges (OMWD System Access Charges and Fire Meter Charges), and are therefore based off number of equivalent meter units or customer bills from Table 4-9 through Table 4-11. Supply, Base Delivery, Max Day, Max Hour, Recycled Water, and Revenue Offsets unit costs are used to develop proposed volumetric rates and, therefore, are based on projected annual water usage or peaking requirements in units per day from Table 4-12 and Table 4-13.

Table 4-14: Summary of Units of Service by Cost Causation Component

A Line	B Cost Causation Component	C Units of Service		D Basis
1	Supply	6,755,016	units	Total projected FY 2025 usage excluding recycled water
2	Base Delivery	6,755,016	units	Total projected FY 2025 usage excluding recycled water
3	Max Day	18,235	units/day	Projected Max Day requirements in FY 2025
4	Max Hour	18,371	units/day	Projected Max Hour requirements in FY 2025
5	Recycled Water	1,049,621	units	Projected recycled water usage in FY 2025
7	Fire Protection	11,054	EMUs	Equivalent fire meter units
8	Meters	30,823	EMUs	Equivalent potable and recycled water meter units
9	Customer	312,756	bills	Total annual customer bills
10	Revenue Offsets	6,755,016	units	Total projected FY 2025 usage excluding recycled and construction water

4.11. Units Cost Development

Table 4-15 shows the calculation of unit costs for each cost causation component. Unit costs are used in Section 5 to derive the proposed rates for FY 2025. The unit cost in Column E for each cost causation component is calculated by dividing the FY 2025 revenue requirement in Column C (from Table 4-8, Line 12) by the units of service in Column D (from Table 4-14, Column C).

Table 4-15: Calculation of Unit Costs by Cost Causation Component

A Line	B Cost Causation Component	C FY 2025 Revenue Requirement	D FY 2025 Units of Service		E = C / D Unit Cost
1	Supply	\$23,616,605	6,755,016	units	\$3.50
2	Base Delivery	\$9,620,018	6,755,016	units	\$1.42
3	Max Day	\$8,391,314	18,235	units/day	\$460.18
4	Max Hour	\$5,483,289	18,371	units/day	\$298.48
5	Recycled Water	\$4,909,499	1,049,621	units	\$4.68
7	Fire Protection	\$107,978	11,054	EMUs (Monthly)	\$0.81
8	Meters	\$14,016,270	30,823	EMUs (Monthly)	\$37.89
9	Customer	\$3,325,137	312,756	bills	\$10.63
10	Revenue Offsets	(\$3,209,202)	6,755,016	units	(\$0.48)

4.12. Cost of Service by Customer Class

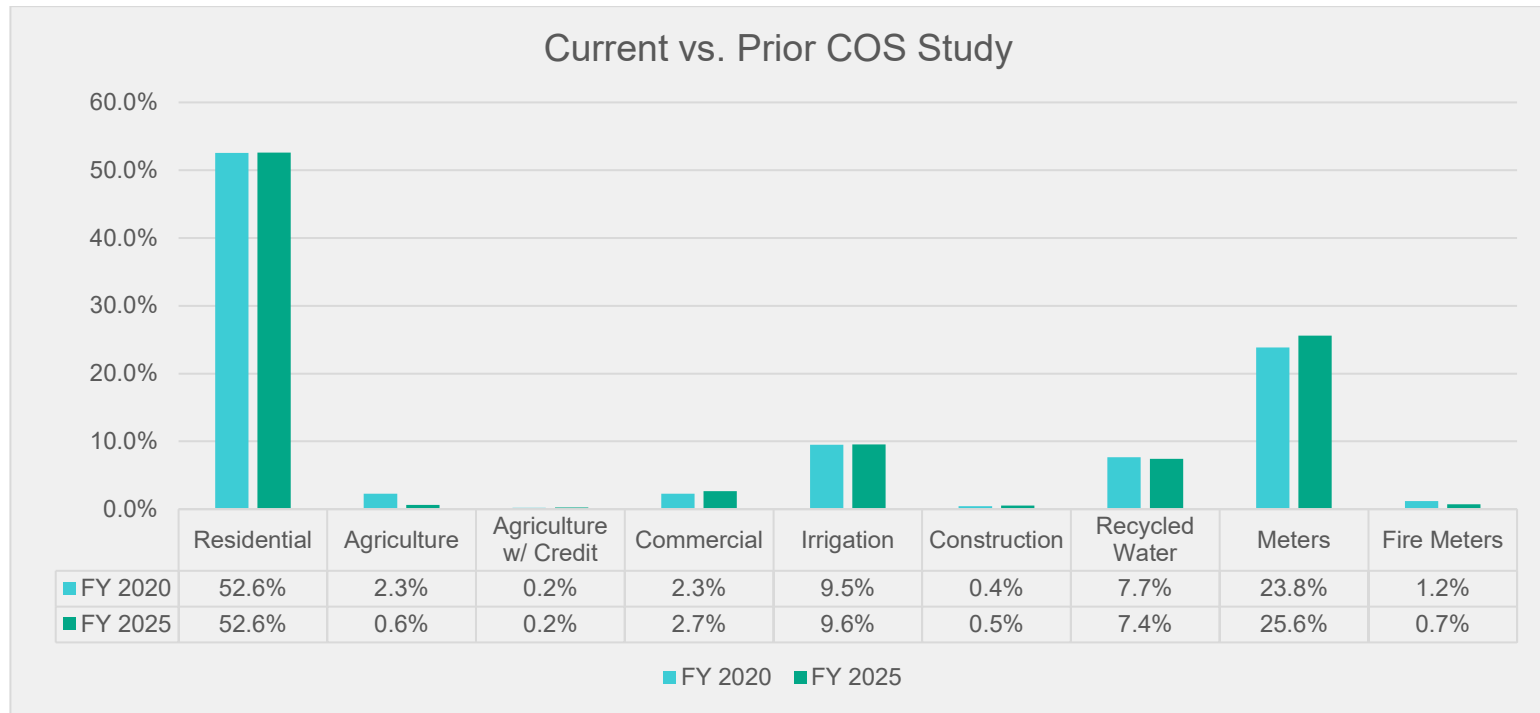
Table 4-16 shows the distribution of each cost causation component's revenue requirement to volumetric rates by customer class and to each fixed charge. The dollar amount attributed to each customer class for each cost causation component is determined by multiplying the unit costs (from Table 4-15) by the relevant units of service for each customer class (from Table 4-9 through Table 4-13). Figure 4-1 shows a comparison of the distribution of costs to each customer class from the current COS analysis presented in this study and the prior

COS analysis conducted in 2019. The changes shown are a result of changes in water usage patterns by customer class, O&M cost structure, capital needs, and other factors.

Table 4-16: Proposed Cost of Service by Customer Class

A	B	C	D	E	F	G	H	I	J	K	L
	Description	Supply	Base	Max Day	Max Hour	Recycled Water	Fire Protection	Meters	Customer	Revenue Offsets	Total
1	Volumetric Rates										
2	Domestic	\$19,185,717	\$7,815,134	\$6,214,564	\$4,259,170	\$0	\$0	\$0	\$0	(\$2,623,282)	\$34,851,304
3	Agriculture	\$288,094	\$117,353	\$131,632	\$76,381	\$0	\$0	\$0	\$0	(\$39,391)	\$574,069
4	Commercial	\$1,034,956	\$421,580	\$256,797	\$204,318	\$0	\$0	\$0	\$0	(\$141,510)	\$1,776,141
5	Irrigation	\$2,962,157	\$1,206,609	\$1,683,249	\$892,308	\$0	\$0	\$0	\$0	(\$405,019)	\$6,339,304
6	Construction	\$145,681	\$59,342	\$105,070	\$51,112	\$0	\$0	\$0	\$0	\$0	\$361,206
7	Recycled Water	\$0	\$0	\$0	\$0	\$4,909,499	\$0	\$0	\$0	\$0	\$4,909,499
8											
9	Fixed Charges OMWD										
10	System Access Charges	\$0	\$0	\$0	\$0	\$0	\$0	\$14,016,270	\$2,945,457	\$0	\$16,961,727
11	Fire Meter Charges	\$0	\$0	\$0	\$0	\$0	\$107,978	\$0	\$379,680	\$0	\$487,658
12											
13	Total	\$23,616,605	\$9,620,018	\$8,391,314	\$5,483,289	\$4,909,499	\$107,978	\$14,016,270	\$3,325,137	(\$3,209,202)	\$66,260,908

Figure 4-1: Cost of Service Comparison: Current and Prior Studies



5. Rate Design

This section of the report details the calculation of the proposed water rates for FY 2025. All rates shown in this section are rounded up to the nearest cent. Other numbers shown in the tables in this section of the report are also rounded. Therefore, hand calculations based on the displayed numbers, such as summing or multiplying, may not equal the exact results shown. Note that the SDCWA Infrastructure Access Charge shown in this section was not developed by Raftelis but rather represents a direct pass-through of the CY 2025 rate established by SDCWA.

5.1. Rate Structure Overview

Based on discussions with District staff as well as evaluation of water usage characteristics by customer class, Raftelis recommends that the District maintain its existing water rate structure. Below is a summary of the District's existing rate structure by charge and customer class:

- » **Monthly Fixed Charges:**
 - » **OMWD System Access Charge** which varies by meter size
 - » **Fire Meter Charge** which varies by fire meter size
 - » **SDCWA Infrastructure Access Charge** which varies by meter size
- » **Volumetric Rates** per unit of water delivered, which varies by the following customer classes/tiers
 - » **Domestic:** four tier structure with defined monthly tier allotments
 - » **Agricultural:** uniform rate per unit
 - » **Combined Agricultural/Domestic:** follows the Domestic rate structure for monthly usage up to the Domestic Tier 2 limit and the Agricultural rate structure for monthly usage in excess of the Domestic Tier 2 limit.
 - » **Commercial:** uniform rate per unit
 - » **Irrigation:** two tier structure with defined monthly tier allotments that vary by both meter size and season (November 1-April 30 and May 1-October 31)
 - » **Construction:** uniform rate per unit
 - » **Recycled:** uniform rate per unit

Raftelis proposes to maintain the current Irrigation tier definitions, which vary by meter size and season. For Irrigation customers, all monthly water usage more than the Tier 1 allotment is charged at the Irrigation Tier 2 rate, as shown in **Table 5-1**.

Table 5-1: Irrigation Tier Definitions

Meter Size	Winter Tier 1 Allotment (Nov 1-Apr 30)	Summer Tier 1 Allotment (May 1-Oct 31)
5/8"	10 Units	15 Units
3/4"	20 Units	30 Units
1"	35 Units	50 Units
1-1/2"	50 Units	110 Units
2"	100 Units	200 Units
3"	200 Units	500 Units
4"	600 Units	3,500 Units
6"	3,100 Units	11,800 Units
8"	5,600 Units	21,300 Units

5.2. OMWD System Access Charge Calculation

Table 5-2 shows the calculation of proposed FY 2025 monthly OMWD System Access Charges, which are comprised of the Meters and Customer unit costs previously developed in **Table 4-15**. The Meter unit cost (**Table 4-15**, Column E, Line 8) is multiplied by the capacity ratio for each meter size (Column C) to determine the Meter component of the OMWD System Access Charge for each meter size (Column D). The Customer component of the charge is equal to the Customer unit cost (**Table 4-15**, Column E, Line 9) and is the same for all meter sizes, as customer service-related costs are not dependent on meter size. The proposed OMWD System Access Charge (Column F) is equal to the sum of the Meter and Customer components of the charge (Columns D and E) for each meter size.

Table 5-2: Monthly OMWD System Access Charge Calculation

A	B	C	D = C x \$37.89	E	F = D + E	G	H = F - G
Line	Meter Size	Capacity Ratio	Meter	Customer	Proposed Charge	Current Charge	Difference
1	5/8"	0.7	\$26.53	\$10.63	\$37.16	\$34.25	\$2.91
2	3/4"	1.0	\$37.89	\$10.63	\$48.53	\$44.79	\$3.74
3	1"	1.9	\$72.00	\$10.63	\$82.64	\$76.41	\$6.23
4	1-1/2"	3.1	\$117.47	\$10.63	\$128.11	\$118.54	\$9.57
5	2"	5.0	\$189.47	\$10.63	\$200.11	\$185.30	\$14.81
6	2-1/2"	9.3	\$352.42	\$10.63	\$363.05	\$336.33	\$26.72
7	3"	10.2	\$386.52	\$10.63	\$397.16	\$367.94	\$29.22
8	4"	17.1	\$647.99	\$10.63	\$658.63	\$610.30	\$48.33
9	6"	36.0	\$1,364.19	\$10.63	\$1,374.83	\$1,274.14	\$100.69
10	8"	65.0	\$2,463.13	\$10.63	\$2,473.76	\$2,292.73	\$181.03

5.3. Fire Meter Charge Calculation

Table 5-3 shows the calculation of proposed FY 2025 Fire Meter Charges, which are comprised of the Fire Protection and Customer unit costs previously developed in **Table 4-15**. The Fire Protection unit cost (**Table 4-15**, Column E, Line 7) is multiplied by the capacity ratio for each meter size (Column C) to determine the

Fire Protection component for each meter size (Column D). The Customer component of the charge is equal to one-half of the Customer unit cost (**Table 4-15**, Column E, Line 9) and is the same for all meter sizes, as customer service-related costs are not dependent on meter size. Based on feedback from District staff, Raftelis recommends that Fire Meter Charges are subject to half of the Customer unit cost since these charges are billed on the same water bill and require significantly less customer service support than regular meters. The proposed Fire Meter Charge (Column F) is equal to the sum of the Fire Protection and Customer components (Columns D and E) for each meter size.

Table 5-3: Monthly Fire Meter Charge Calculation

A	B	C	D = C x \$0.81	E	F = D + E	G	H = F - G
Line	Meter Size	Capacity Ratio	Fire Protection	Customer	Proposed Charge	Current Charge	Difference
1	5/8"	1.0	\$0.81	\$5.32	\$6.13	\$5.85	\$0.28
2	3/4"	1.0	\$0.81	\$5.32	\$6.13	\$5.85	\$0.28
3	1"	1.9	\$1.55	\$5.32	\$6.87	\$6.57	\$0.30
4	1-1/2"	3.1	\$2.52	\$5.32	\$7.84	\$7.54	\$0.30
5	2"	5.0	\$4.07	\$5.32	\$9.39	\$9.08	\$0.31
6	2-1/2"	9.3	\$7.57	\$5.32	\$12.89	\$12.55	\$0.34
7	3"	10.2	\$8.30	\$5.32	\$13.62	\$13.27	\$0.35
8	4"	17.1	\$13.92	\$5.32	\$19.24	\$18.85	\$0.39
9	6"	36.0	\$29.31	\$5.32	\$34.63	\$34.13	\$0.50
10	8"	65.0	\$52.91	\$5.32	\$58.23	\$57.56	\$0.67

5.4. SDCWA Infrastructure Access Charges

Table 5-4 shows the SDCWA Infrastructure Access Charges that will go into effect on January 1, 2025. The SDCWA Infrastructure Access Charge per meter equivalent is developed by SDCWA and passed through by the District to its customers. SDCWA has proposed to increase the SDCWA Infrastructure Access Charge from \$4.41 to \$4.55 per meter equivalent for CY 2025. **Table 5-4** shows the calculation of CY 2025 SDCWA Infrastructure Access Charges, which are determined by multiplying the \$4.55 rate per meter equivalent by the capacity ratio (Column C) for each meter size.

Table 5-4: Monthly SDCWA Infrastructure Access Charge

A	B	C	D	E = C x D	F	G
Line	Meter Size	Capacity Ratio	Charge per Meter Equivalent	Proposed Charge	Current Charge	Difference
1	5/8"	1.0	\$4.55	\$4.55	\$4.41	\$0.14
2	3/4"	1.0	\$4.55	\$4.55	\$4.41	\$0.14
3	1"	1.9	\$4.55	\$8.65	\$8.39	\$0.26
4	1-1/2"	3.1	\$4.55	\$14.11	\$13.70	\$0.41
5	2"	5.0	\$4.55	\$22.75	\$22.09	\$0.66
6	2-1/2"	9.3	\$4.55	\$42.32	\$41.10	\$1.22
7	3"	10.2	\$4.55	\$46.41	\$45.08	\$1.33
8	4"	17.1	\$4.55	\$77.81	\$75.58	\$2.23
9	6"	36.0	\$4.55	\$163.80	\$159.10	\$4.70
10	8"	65.0	\$4.55	\$295.75	\$287.29	\$8.46

5.5. Volumetric Rate Calculations

Proposed volumetric rates are comprised of unit costs for the Supply, Base Delivery, Max Day, Max Hour, Recycled Water, and Revenue Offsets cost causation components. The Recycled volumetric rate is comprised solely of the Recycled Water unit cost, while all other volumetric rates are comprised of the other cost causation component unit costs listed above. Unit costs from **Table 4-15** are used to provide the basis for the calculation of volumetric rates. However, peaking unit rates and Revenue Offset unit rates must first be differentiated by customer class, as these unit costs are not applied uniformly to each customer class and tier.

5.5.1. Peaking Unit Rates

Peaking unit costs, which vary by customer class and tier, must first be converted from units per day peaking requirements into unit rates per unit. The Max Day unit rate calculations are shown in **Table 5-5**. Max Day requirements in Column C (from **Table 4-12**, Column G) are multiplied by the Max Day unit cost in units per day in Column D (from **Table 4-15**, Column E, Line 3) to determine the Max Day revenue requirement by customer class and tier. This result in Column E is then divided by projected FY 2025 usage by class and tier in Column F (from **Table 4-12**, Column C) to determine the Max Day unit rate by customer class in Column G.

The Max Day unit rates are utilized to differentiate volumetric rates for each customer class and tier based on specific water usage characteristics.

Table 5-5: Max Day Unit Rates by Customer Class

A Line	B Customer Class	C Max Day Requirements (Units/day)	D Max Day Unit Cost (Units/day)	E = C x D Max Day Revenue Requirement	F FY 2025 Projected Usage (Units)	G = E / F Max Day Unit Rate (\$/unit)
1	Domestic					
2	Tier 1	1,888	\$460.18	\$868,934	1,511,998	\$0.57
3	Tier 2	4,277	\$460.18	\$1,968,429	1,986,076	\$0.99
4	Tier 3	4,662	\$460.18	\$2,145,204	1,433,314	\$1.50
5	Tier 4	2,677	\$460.18	\$1,231,997	556,269	\$2.21
7	Agricultural	286	\$460.18	\$131,632	82,403	\$1.60
8	Commercial	558	\$460.18	\$256,797	296,027	\$0.87
9	Irrigation					
10	Tier 1	1,433	\$460.18	\$659,388	411,926	\$1.60
11	Tier 2	2,225	\$460.18	\$1,023,862	435,335	\$2.35
12	Construction	228	\$460.18	\$105,070	41,669	\$2.52
13	Total	18,235		\$8,391,314	6,755,016	

Max Hour unit rates by customer class are calculated in **Table 5-6** in the same manner as described above for Max Day unit rates. Max Hour requirements in Column C (from **Table 4-13**, Column G) are multiplied by the Max Hour unit cost in units per day in Column D (from **Table 4-15**, Column E, Line 4) to determine the Max Hour revenue requirement by customer class and tier. This result in Column E is then divided by projected FY 2025 usage by class and tier in Column F (from **Table 4-13**, Column C) to determine the Max Hour unit rate by customer class in Column G.

Table 5-6: Max Hour Unit Rates by Customer Class

A Line	B Customer Class	C Max Hour Requirements (Units/day)	D Max Hour Unit Cost (Units/day)	E = C x D Max Hour Revenue Requirement	F FY 2025 Projected Usage (Units)	G = E / F Max Hour Unit Rate (\$/unit)
1	Domestic					
2	Tier 1	3,015	\$298.48	\$900,016	1,511,998	\$0.60
3	Tier 2	4,859	\$298.48	\$1,450,425	1,986,076	\$0.73
4	Tier 3	4,294	\$298.48	\$1,281,744	1,433,314	\$0.89
5	Tier 4	2,101	\$298.48	\$626,986	556,269	\$1.13
7	Agricultural	256	\$298.48	\$76,381	82,403	\$0.93
8	Commercial	685	\$298.48	\$204,318	296,027	\$0.69
9	Irrigation					
10	Tier 1	1,281	\$298.48	\$382,268	411,926	\$0.93
11	Tier 2	1,709	\$298.48	\$510,040	435,335	\$1.17
12	Construction	171	\$298.48	\$51,112	41,669	\$1.23
13	Total	18,371		5,483,289	6,755,016	

5.5.2. Revenue Offsets

Non-rate revenue sources that are not directly related to any specific District function or expense may be utilized at the District's discretion to offset various rates. These revenues are included within the Revenue Offsets cost causation component. **Table 4-15** shows the Revenue Offsets unit rate of \$0.48 if applied evenly to each unit of water usage (excluding Construction and Recycled usage). To provide for affordability for essential water use by Domestic customers, Raftelis recommends that the majority (\$1.60) of revenue offsets allocated to the Domestic customer class (**Table 4-16**, Column K, Line 2) be applied to Domestic Tier 1 water usage (**Table 4-12**, Column C, Line 2), and \$0.11 of revenue offsets be allocated to Tier 2 to minimize customer impacts from the large increases in SDCWA water rates. All residential users will benefit from the Tier 1 rates since they all have to use water in Tier 1.

Table 5-7 shows a summary of Revenue Offset unit rates per unit by customer class and tier. In an effort to have equitable rate increases across classes, some of the revenue offset from classes with little increase were redirected to classes that had a disproportional increase. Irrigation Tier 2 had additional revenue offset applied and volumetric rates are still increasing by 13 percent, the most of any class. **Table 4-15** shows the revenue offsets applied by class and **Table 5-8** shows the resulting differences between the proposed and current rates.

Table 5-7: Revenue Offsets by Customer Class and Tier

A	B	C
Line	Customer Class	Revenue Offset Unit Rate (\$/unit)
1	Domestic	
2	Tier 1	(\$1.60)
3	Tier 2	(\$0.11)
4	Tier 3	\$0.00
5	Tier 4	\$0.00
7	Agricultural	(\$0.48)
8	Agricultural with Credit	(\$0.24)
9	Commercial	(\$0.28)
10	Irrigation	
11	Tier 1	(\$0.48)
12	Tier 2	(\$0.58)

5.5.3. Proposed FY 2025 Volumetric Rates

Table 5-8 shows the calculation of proposed FY 2025 volumetric rates per unit by customer class and tier. Supply (Column C), Base Delivery (Column D), and Recycled Water (Column G) unit rates are directly from **Table 4-15**. Max Day (Column E), Max Hour (Column F), and Revenue Offset (Column H) unit rates were established in **Table 5-5**, **Table 5-6**, and **Table 5-7** respectively. The Recycled Water volumetric rate consists solely of the Recycled Water unit rate in Column G. The difference between the proposed FY 2025 and current volumetric rates is shown in Column L.

Table 5-8: Calculation of Proposed FY 2025 Volumetric Rates per Unit

A	B	C	D	E	F	G	H	I	J	K	L
Line	Customer Class	Supply Unit Rate	Base Unit Rate	Max Day Unit Rate	Max Hour Unit Rate	Recycled Water Unit Rate	Revenue Offsets Unit Rate	Ag Credit Unit Rate	Proposed Base Rate	Current Base Rate	Difference (\$)
1	Domestic										
2	Tier 1 (0-6 units)	\$3.50	\$1.42	\$0.57	\$0.60	N/A	(\$1.60)	N/A	\$4.49	\$4.24	\$0.25
3	Tier 2 (7-23 units)	\$3.50	\$1.42	\$0.99	\$0.73	N/A	(\$0.11)	N/A	\$6.53	\$6.14	\$0.39
4	Tier 3 (24-80 units)	\$3.50	\$1.42	\$1.50	\$0.89	N/A	\$0.00	N/A	\$7.32	\$6.85	\$0.47
5	Tier 4 (80 + units)	\$3.50	\$1.42	\$2.21	\$1.13	N/A	\$0.00	N/A	\$8.27	\$8.14	\$0.13
6											
7	Agriculture	\$3.50	\$1.42	\$1.60	\$0.93	N/A	(\$0.48)	N/A	\$6.97	\$6.75	\$0.22
8	Agriculture w/ Credit	\$3.50	\$1.42	\$1.60	\$0.93	N/A	(\$0.24)	(\$1.59)	\$5.62	\$5.41	\$0.21
9	Commercial	\$3.50	\$1.42	\$0.87	\$0.69	N/A	(\$0.28)	N/A	\$6.20	\$5.78	\$0.42
10	Irrigation										
11	Tier 1: "B" Base	\$3.50	\$1.42	\$1.60	\$0.93	N/A	(\$0.48)	N/A	\$6.98	\$6.50	\$0.48
12	Tier 2: "C" Over Base	\$3.50	\$1.42	\$2.35	\$1.17	N/A	(\$0.58)	N/A	\$7.87	\$6.94	\$0.93
13											
14	Construction	\$3.50	\$1.42	\$2.52	\$1.23	N/A	N/A	N/A	\$8.67	\$8.21	\$0.46
15	Recycled Water	N/A	N/A	N/A	N/A	\$4.68	N/A	N/A	\$4.68	\$4.29	\$0.39

5.6. Proposed Water Rates

Proposed monthly fixed charges and volumetric rates through FY 2029 are shown in **Table 5-9** and **Table 5-10** respectively. Proposed FY 2025 rates proposed to become effective on January 1, 2025, were developed previously in **Table 5-2**, **Table 5-3**, and **Table 5-8**. All rates and charges shown beyond FY 2025 are increased by the percentages of the estimated revenue adjustments shown in **Table 3-16**, and are rounded up to the nearest cent. The charges shown from January 1, 2026, through January 1, 2029, are estimated and will ultimately be determined by pass-through adjustments to the rates based on increases in, among other things, wholesale water supply costs and CPI.

Table 5-9: Proposed Monthly Fixed Charges

Effective Date/ Meter Size	Current	January 1, 2025 Proposed	January 1, 2026 Estimated	January 1, 2027 Estimated	January 1, 2028 Estimated	January 1, 2029 Estimated
Monthly OMWD System Access Charge						
5/8"	\$34.25	\$37.16	\$40.14	\$43.36	\$45.53	\$47.36
3/4"	\$44.79	\$48.53	\$52.42	\$56.62	\$59.46	\$61.84
1"	\$76.41	\$82.64	\$89.26	\$96.41	\$101.24	\$105.29
1-1/2"	\$118.54	\$128.11	\$138.36	\$149.43	\$156.91	\$163.19
2"	\$185.30	\$200.11	\$216.12	\$233.41	\$245.09	\$254.90
2-1/2"	\$336.33	\$363.05	\$392.10	\$423.47	\$444.65	\$462.44
3"	\$367.94	\$397.16	\$428.94	\$463.26	\$486.43	\$505.89
4"	\$610.30	\$658.63	\$711.33	\$768.24	\$806.66	\$838.93
6"	\$1,274.14	\$1,374.83	\$1,484.82	\$1,603.61	\$1,683.80	\$1,751.16
8"	\$2,292.73	\$2,473.76	\$2,671.67	\$2,885.41	\$3,029.69	\$3,150.88
Monthly SDCWA Infrastructure Access Charge*						
5/8"	\$4.41	\$4.55	TBD	TBD	TBD	TBD
3/4"	\$4.41	\$4.55	TBD	TBD	TBD	TBD
1"	\$8.39	\$8.65	TBD	TBD	TBD	TBD
1-1/2"	\$13.70	\$14.11	TBD	TBD	TBD	TBD
2"	\$22.09	\$22.75	TBD	TBD	TBD	TBD
2-1/2"	\$41.10	\$42.32	TBD	TBD	TBD	TBD
3"	\$45.08	\$46.41	TBD	TBD	TBD	TBD
4"	\$75.58	\$77.81	TBD	TBD	TBD	TBD
6"	\$159.10	\$163.80	TBD	TBD	TBD	TBD
8"	\$287.29	\$295.75	TBD	TBD	TBD	TBD
Effective Date	Current	January 1, 2025 Proposed	January 1, 2026 Proposed	January 1, 2027 Proposed	January 1, 2028 Proposed	January 1, 2029 Proposed
Monthly Fire Meter Charges						
5/8"	\$5.85	\$6.13	\$6.50	\$6.89	\$7.24	\$7.53
3/4"	\$5.85	\$6.13	\$6.50	\$6.89	\$7.24	\$7.53
1"	\$6.57	\$6.87	\$7.29	\$7.73	\$8.12	\$8.45
1-1/2"	\$7.54	\$7.84	\$8.32	\$8.82	\$9.27	\$9.65
2"	\$9.08	\$9.39	\$9.96	\$10.56	\$11.09	\$11.54
2-1/2"	\$12.55	\$12.89	\$13.67	\$14.50	\$15.23	\$15.84
3"	\$13.27	\$13.62	\$14.44	\$15.31	\$16.08	\$16.73
4"	\$18.85	\$19.24	\$20.40	\$21.63	\$22.72	\$23.63
6"	\$34.13	\$34.63	\$36.71	\$38.92	\$40.87	\$42.51
8"	\$57.56	\$58.23	\$61.73	\$65.44	\$68.72	\$71.47
*Note: A fixed charge imposed by SDCWA. Subject to change every year.						

Table 5-10: Proposed Volumetric Rates per Unit

Effective Date	Current	January 1, 2025 Proposed	January 1, 2026 Estimated	January 1, 2027 Estimated	January 1, 2028 Estimated	January 1, 2029 Estimated
Volumetric Rates (\$/unit¹)						
Domestic²						
Tier 1 (0-6 units)	\$4.24	\$4.49	\$4.85	\$5.24	\$5.51	\$5.74
Tier 2 (7-23 units)	\$6.14	\$6.53	\$7.06	\$7.63	\$8.02	\$8.35
Tier 3 (24-80 units)	\$6.85	\$7.32	\$7.91	\$8.55	\$8.98	\$9.34
Tier 4 (80 + units)	\$8.14	\$8.27	\$8.94	\$9.66	\$10.15	\$10.56
Agriculture	\$6.75	\$6.97	\$7.53	\$8.14	\$8.55	\$8.90
Agriculture w/ Credit³	\$5.41	\$5.62	TBD	TBD	TBD	TBD
Commercial	\$5.78	\$6.20	\$6.70	\$7.24	\$7.61	\$7.92
Irrigation						
Tier 1: "B" Base	\$6.50	\$6.98	\$7.54	\$8.15	\$8.56	\$8.91
Tier 2: "C" Over Base	\$6.94	\$7.87	\$8.50	\$9.18	\$9.64	\$10.03
Construction	\$8.21	\$8.67	\$9.37	\$10.12	\$10.63	\$11.06
Recycled Water	\$4.29	\$4.68	\$5.06	\$5.47	\$5.75	\$5.98

¹ Customers are billed on a per unit of water basis, 1 unit = 1 HCF

² Domestic includes single-family and multi-family customers. Multi-family tiers apply per dwelling unit.

³ Note: Agriculture w/ Credit rate is updated annually by District staff based on SDCWA charges

Combined Agricultural/Domestic customers

First 23 Units per month: Follow Domestic rate structure.

Over 23 Units per month: Follow Agricultural rate structure.

5.7. Rate Reimbursement Credit

To minimize rate impacts on customers due to large increases in water purchase costs from SDCWA, a rate reimbursement credit (RRC) has been proposed to offset volumetric rates directly. SDCWA credited its member agencies for the funds it received from litigation with MWD. SDCWA's refund is given back to ratepayers in the form of a credit per unit of water used. The current refund is \$0.11, but is proposed to increase to \$0.22 to help offset the rate increases proposed by SDCWA. The \$0.22 increase would be applied for FY 2025 and decrease to \$0.11 in FY 2026. The funding is proposed to be used over the next two fiscal years. The effect on the proposed rates due to the RRC is shown in **Table 5-11** for an average customer with a ¾" meter using 23 units monthly.

Table 5-11: Projected FY 2025- FY 2027 Average Domestic Bills with RRC

	Current Bill	2025	2026	2027
RRC (\$/unit)	\$0.11	\$0.22	\$0.11	\$0.00
Average Domestic Bill with RRC	\$176.49	\$185.97	\$203.93	\$223.09
Year over Year Difference (%)		5.4%	9.7%	9.4%

5.8. Water Rates for Largest Users

Recent regulatory changes detailed in AB 755 passed in 2023 and codified in Water Code, §§ 390 & 390.1 require us to identify the costs to serve the largest 10 percent of the users in the District. Proposition 218 requires rates that allocate costs of service proportionately, not special rates for the top 10% of consumers regardless of other factors.

The District currently has 22,761 accounts; the top 10% of users represent 2,276 accounts and 45% of total water use. These large users are primarily domestic and irrigation customers. The District sells water purchased from SDCWA. These large customers all have higher peaking factors, and their rates reflect the cost they impose on the system. Based on the preceding factors, it is our professional judgment that the rates proposed in **Table 5-10** are the most efficient and fairest way to allocate the District's costs among those who create those costs, consistent with Proposition 218.

5.9. Proposed Potable Water Demand Reduction Rates

Raftelis updated the District's water demand reduction rates as part of this study. Water demand reduction rates are intended to recover reductions in net revenues resulting from decreased water sales during times of reduced water demand due to drought or demand reduction emergencies, or other reasons. Raftelis developed water demand reduction rates for three distinct stages:

- » **10 Percent Demand Reduction** below projected FY 2025 water usage
- » **20 Percent Demand Reduction** below projected FY 2025 water usage
- » **30 Percent Demand Reduction** below projected FY 2025 water usage

In the event that the District activates its water demand reduction rates, the District would notify customers before implementation. The District's water demand reduction rates would only be implemented by General Manager after District Board action under the terms of the District's Water Demand Reduction Condition Ordinance. Such action by the District is generally triggered by SDCWA and/or Metropolitan Water District of Southern California's (MWD) declaration of a specific level of water shortage.

Table 5-12 shows the estimated water usage (excluding Recycled customers) for each demand reduction stage. To estimate water usage at the customer class and tiered level, Raftelis assumed that not all customer classes reduce their usage equally. Typically, customers have greater flexibility to cut irrigation use, which is considered nonessential. Therefore, single family residential use and irrigation use bear higher burdens to cut back use during drought phases. For customer classes with uniform rates, this results in a percentage reduction equal to the overall reduction (i.e. 10%/20%/30%). For Domestic and Agricultural customers with

tiered rates however, a disproportional amount of the overall customer class water usage reduction typically occurs within the higher tiers. Raftelis analyzed FY 2022 account level water usage data by billing period to estimate the percent reduction by tier for Domestic (Lines 1-4) and Irrigation customers (Lines 8-9) if total customer class water usage was to decrease by 10 percent, 20 percent, and 30 percent.

Table 5-12: Percent Reduction in Water Usage by Customer Class and Tier

A Line	B Description	C 10% Demand Reduction	D 20% Demand Reduction	E 30% Demand Reduction
1	Domestic Tier 1	2.5%	2.7%	6.9%
2	Domestic Tier 2	10.0%	19.0%	29.7%
3	Domestic Tier 3	15.8%	29.9%	42.3%
4	Domestic Tier 4	26.3%	49.1%	63.4%
5	Agriculture	5.0%	8.0%	25.0%
6	Agriculture w/ Credit	4.0%	8.0%	25.0%
7	Commercial	3.5%	8.0%	15.0%
8	Irrigation Tier 1	2.0%	8.2%	10.1%
9	Irrigation Tier 2	9.7%	36.7%	57.8%
10	Construction	0.0%	10.0%	30.0%
11	Total Reduction	10.0%	20.0%	30.0%

Table 5-13 shows FY 2025 volumetric base rates (previously determined in **Table 5-10**) in Column C and assumed FY 2025 water usage at each demand reduction stage in Columns D-G. Projected usage by customer class and tier in Columns E-G, Lines 1-10 is determined by reducing the base demand in Column D by the percentage reduction at each stage from **Table 5-12**, Columns C-E, Lines 1-10.

Table 5-13: Projected Water Usage by Stage

	B	C	D	E	F	G
Line	Description	FY 2025 Proposed Base Rates	FY 2025 Base Demand	10% Demand Reduction	20% Demand Reduction	30% Demand Reduction
1	Domestic Tier 1	\$4.49	1,511,998 hcf	1,474,707 hcf	1,471,692 hcf	1,407,297 hcf
2	Domestic Tier 2	\$6.53	1,986,076 hcf	1,786,790 hcf	1,608,193 hcf	1,397,015 hcf
3	Domestic Tier 3	\$7.32	1,433,314 hcf	1,206,372 hcf	1,004,124 hcf	827,420 hcf
4	Domestic Tier 4	\$8.27	556,269 hcf	409,776 hcf	283,014 hcf	203,700 hcf
5	Agriculture	\$6.97	59,071 hcf	56,117 hcf	54,345 hcf	44,303 hcf
6	Agriculture w/ Credit	\$5.62	23,332 hcf	22,399 hcf	21,465 hcf	17,499 hcf
7	Commercial	\$6.20	296,027 hcf	285,666 hcf	272,344 hcf	251,623 hcf
8	Irrigation Tier 1	\$6.98	411,926 hcf	403,497 hcf	378,306 hcf	370,231 hcf
9	Irrigation Tier 2	\$7.87	435,335 hcf	392,928 hcf	275,612 hcf	183,557 hcf
10	Construction	\$8.67	41,669 hcf	41,668 hcf	37,502 hcf	29,168 hcf
11	Total		6,755,016 hcf	6,079,920 hcf	5,406,599 hcf	4,731,813 hcf

Table 5-14 shows the determination of the uniform surcharge to be added to all potable volumetric rates (excluding Recycled Water) during each demand reduction stage for FY 2025. Projected volumetric rate revenues at each demand reduction stage (Line 2) is determined by multiplying projected water usage for each customer class and tier (**Table 5-13**, Columns D-G, Lines 1-10) by the FY 2025 proposed base rates (**Table**

5-13, Column C, Lines 1-10), and then summing across all customer classes and tiers. Line 3 shows the reduction in rate revenues relative to baseline (Column C, Line 2). Avoided water supply costs at each demand reduction stage are then calculated in Lines 5-12. Projected water usage (excluding Recycled) at each stage in Line 6 was determined previously in **Table 5-13**, Columns D-G, Line 11. The required water supply in units is shown in Line 8, assuming a 6.5 percent water loss (Line 7). Required water supply is shown in Line 9 by converting Line 8 to AF⁷. Line 10 shows the reduction in required water purchases relative to baseline (Column C, Line 9), which is then multiplied by the FY 2025 Untreated M&I rate per AF (Line 11) to estimate avoided water supply costs (Line 12). Net revenue loss in Line 14 is calculated by subtracting avoided water supply costs (Line 12) from the total rate revenue reduction (Line 3). The net revenue loss is then divided by projected potable water demand at each demand reduction level (Line 6) to determine the uniform surcharges at each stage (Line 16).

Table 5-14: Calculation of Water Demand Reduction Rate Surcharges

A	B	C	D	E	F
	Description	Base Demand	10% Demand Reduction	20% Demand Reduction	30% Demand Reduction
1	Reduction in Rate Revenues				
2	Projected Volumetric Rate Revenue	\$43,890,959	\$39,066,822	\$34,122,859	\$29,431,477
3	Total Rate Revenue Reduction	N/A	\$4,824,136	\$9,768,100	\$14,459,482
4					
5	Avoided Water Supply Costs				
6	Projected FY 2025 Water Usage	6,755,016	6,079,920	5,406,599	4,731,813
7	Assumed Water Loss	6.50%	6.50%	6.50%	6.50%
8	Required Water Purchases (units)	7,224,616	6,502,588	5,782,459	5,060,762
9	Required Water Purchases (AF)	16,585	14,928	13,275	11,618
10	Reduction in Required Water Purchases (AF)	N/A	1,658	3,311	4,968
11	FY 2025 Untreated M&I Rate (\$/AF)	\$1,834	\$1,834	\$1,834	\$1,834
12	Total Avoided Water Supply Costs	N/A	\$3,040,423	\$6,072,852	\$9,111,881
13					
14	Net Revenue Loss	N/A	\$1,783,713	\$3,695,248	\$5,347,601
15					
16	\$/Unit Surcharge	N/A	\$0.30	\$0.69	\$1.14

Table 5-15 shows FY 2025 volumetric rates under each demand reduction stage. Base volumetric rates were determined previously in **Table 5-11**. The effective rate at each of the three demand reduction stages is determined by simply adding the corresponding surcharge (**Table 5-14**, Line 16) to the FY 2025 base rate for customer class and tier. Note that Recycled Water customers are not subject to any rate increases during the three demand reduction stages which are targeted to potable water and there is little impact on wastewater generated and recycled water production. Water demand reduction rates for reductions in usage that are in between those shown above may be prorated. For example, the demand reduction rate for a 14% reduction in use would be $0.30 + 0.4 \times (0.69 - 0.30) = \0.46 per unit.

⁷ One AF = 435.6 Units.

Table 5-15: Proposed FY 2025 Water Demand Reduction Rates

CUSTOMER TYPE	BASE RATES	10% DEMAND REDUCTION	20% DEMAND REDUCTION	30% DEMAND REDUCTION
	1/1/2025	(\$0.30 Surcharge)	(\$0.69 Surcharge)	(\$1.14 Surcharge)
Domestic				
0-6 Units	\$4.49	\$4.79	\$5.18	\$5.63
7-23 Units	\$6.53	\$6.83	\$7.22	\$7.67
24-80 Units	\$7.32	\$7.62	\$8.01	\$8.46
80 + Units	\$8.27	\$8.57	\$8.96	\$9.41
Agricultural				
Agriculture w/ Credit	\$5.62	\$5.92	\$6.31	\$6.76
Commercial	\$6.20	\$6.50	\$6.89	\$7.34
Irrigation				
Tier 1	\$6.98	\$7.28	\$7.67	\$8.12
Tier 2	\$7.87	\$8.17	\$8.56	\$9.01
Construction	\$8.67	\$8.97	\$9.36	\$9.81
Recycled Water	\$4.68	\$4.68	\$4.68	\$4.68

6. Customer Impacts

6.1. Monthly Bill Impacts

Figure 6-1 shows estimated monthly bills under current rates and proposed FY 2025 rates for Domestic customers with a ¾-inch water meter at varying levels of monthly water usage. **Table 6-1** shows the bill impacts both with and without the RRC included. The base rate comparison with no RRC applied is shown in Columns A-D. The current RRC of \$0.11 is applied to the bills in Column E and the proposed RRC of \$0.22 is applied in Column F. Note that 13 units and 23 units per month, respectively, represent the median and average Domestic monthly water usage in FY 2022. High-use customers see a smaller percentage increase in monthly bills under the proposed FY 2025 rates due to the decreased differentiation in peaking costs between lower and higher Domestic tiers relative to the prior water rate study in 2019. The monthly bill impacts **with the RRC** included are shown graphically in **Figure 6-1**.

Figure 6-1: Domestic Bill Impacts at Varying Levels of Usage

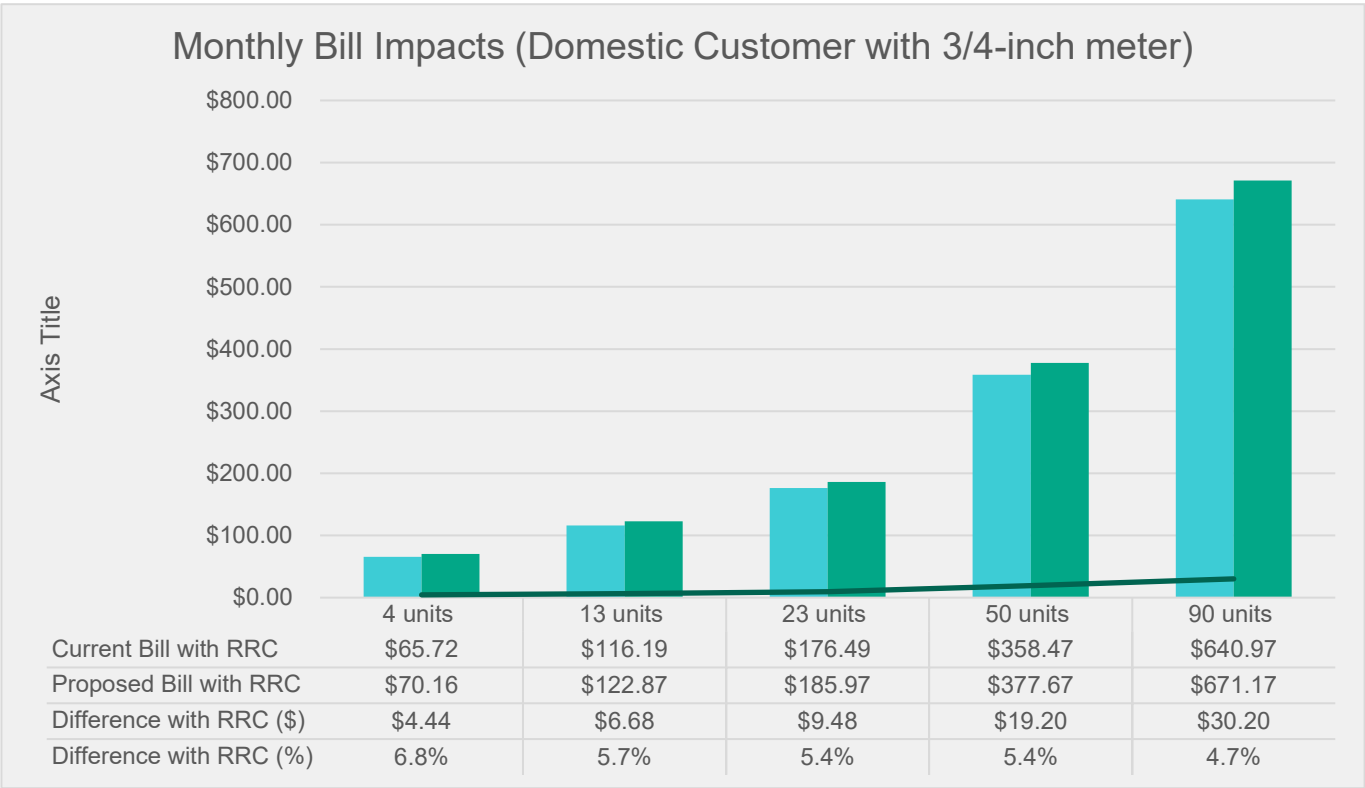


Table 6-1: Domestic Monthly Bill Impacts at Varying Levels of Usage

Usage Level	Monthly Usage (Units)	A Current Bill: Base Rate	B Difference (\$)	C Difference (%)	D Current Bill with RRC	E Proposed Bill with RRC	F Difference with RRC (\$)	G Difference with RRC (%)
Very Low	4	\$66.16	\$4.88	7.4%	\$65.72	\$70.16	\$4.44	6.8%
Low	13	\$117.62	\$8.11	6.9%	\$116.19	\$122.87	\$6.68	5.7%
Average	23	\$179.02	\$12.01	6.7%	\$176.49	\$185.97	\$9.48	5.4%
High	50	\$363.97	\$24.70	6.8%	\$358.47	\$377.67	\$19.20	5.4%
Very High	90	\$650.87	\$40.10	6.2%	\$640.97	\$671.17	\$30.20	4.7%

Table 6-2 This table shows estimated monthly bills under current rates and proposed FY 2025 rates for Commercial customers with a 1-inch water meter and varying monthly water usage. **Table 6-3** shows estimated monthly bills under current rates and proposed FY 2025 rates for Irrigation customers with a 1.5-inch water meter at varying levels of monthly water usage during the winter and summer (due to different tier allotment definitions and usage patterns during the winter and summer periods for Irrigation customers).

Table 6-2: Commercial Monthly Bill Impacts at Varying Levels of Usage (1" Meter Size)

Usage Level	Monthly Usage (Units)	Current Bill: with RRC	Proposed Bill: with RRC	Difference (\$)	Difference (%)
Low	30	\$254.90	\$270.69	\$15.79	6.2%
Average	60	\$425.00	\$450.09	\$25.09	5.9%
High	90	\$595.10	\$629.49	\$34.39	5.8%

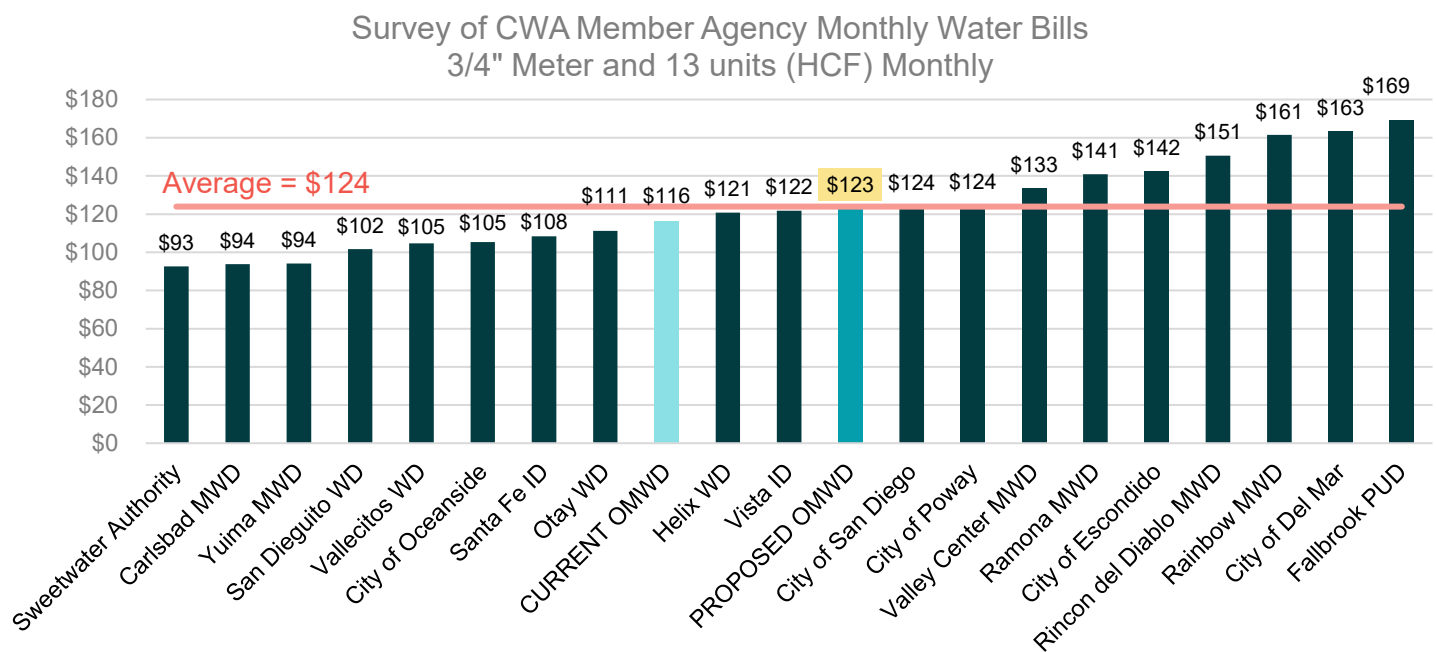
Table 6-3: Irrigation Monthly Bill Impacts at Varying Levels of Usage (1-1/2" Meter Size)

Usage Level	Monthly Usage (Units)	Current Bill: with RRC	Proposed Bill: with RRC	Difference (\$)	Difference (%)
Low - Winter	51	\$458.57	\$487.87	\$29.30	6.4%
Avg - Winter	102	\$806.90	\$878.02	\$71.12	8.8%
High - Winter	153	\$1,155.23	\$1,268.17	\$112.94	9.8%
Low - Summer	89	\$700.95	\$743.86	\$42.91	6.1%
Avg - Summer	178	\$1,299.58	\$1,406.02	\$106.44	8.2%
High - Summer	266	\$1,907.45	\$2,086.87	\$179.42	9.4%

6.2. Monthly Bill Comparison

Figure 6-2 shows a comparison of the District's current and FY 2025 proposed Domestic bills to neighboring water utilities assuming a $\frac{3}{4}$ -inch water meter and median Domestic monthly water usage (13 units). A District customer's bill under current rates is represented by the light blue bar and under proposed FY 2025 rates by the teal bar. The current and proposed bills include the RRC. The District's proposed FY 2025 rates result in a monthly bill that is approximately equal to the overall average across all agencies shown. While such comparisons can provide insights into a water utility's pricing policies, please also note that differences in water rates and bills are heavily influenced by factors such as geographic location, customer usage characteristics, source of water supply, water treatment, grant funding, and the age of system infrastructure.

Figure 6-2: Domestic Monthly Bill Comparison



Survey of posted rates as of May 2024

Does not include all 24 SDCWA member agencies for comparative purpose.

APPENDIX A:

Water Purchase Expenses



Table A-1: Recycled Water Purchase Expenses

Calculated Recycled Water Purchases Expenses	FYE 2024	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029
Recycled Water from Vallecitos	\$705,979	\$557,100.00	\$585,000	\$614,250	\$644,963	\$677,211
Recycled Water from SEJPA	\$291,690	\$333,225	\$354,825	\$369,018	\$383,779	\$399,130
Recycled Water from City of SD	\$337,089	\$328,967	\$342,126	\$355,811	\$370,043	\$384,845
Recycled Water from RSFCSD	\$192,107	\$207,873	\$225,481	\$243,520	\$259,208	\$270,904
Recycled Water from SEJPA - Take or Pay	\$0	\$500,000	\$0	\$0	\$0	\$0
Total Calculated Recycled Water Purchases Expenses	\$1,526,865	\$1,927,165	\$1,507,432	\$1,582,598	\$1,657,992	\$1,732,089

Table A-2: Potable Water Purchase Expenses

Purchased Potable Water Expenses	FYE 2024	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029
Tier 1 Melded Untreated M&I Supply Rate	\$19,657,805	\$21,436,675	\$23,883,767	\$26,304,995	\$28,347,236	\$29,536,245
Tier 2 Untreated Supply Rate Surcharge	\$0	\$0	\$0	\$0	\$0	\$0
Treatment Rate	\$258,089	\$1,119,517	\$344,892	\$379,856	\$409,346	\$426,516
Capacity Reservation Charge	\$360,000	\$441,000	\$510,000	\$561,000	\$604,000	\$628,000
Readiness to Serve Charge (FY Basis)	\$617,000	\$664,382	\$720,854	\$803,753	\$835,903	\$869,339
Infrastructure Access Charge	\$1,475,000	\$1,530,000	\$1,647,161	\$1,816,992	\$1,958,693	\$2,041,680
Customer Service Charge	\$1,265,000	\$1,380,000	\$1,498,000	\$1,648,000	\$1,773,000	\$1,843,000
Transportation Charge (Volume)	\$3,114,278	\$2,736,597	\$2,431,488	\$2,677,981	\$2,885,892	\$3,006,939
Transportation Charge (Fixed)	\$0	\$718,000	\$1,498,000	\$1,648,000	\$1,773,000	\$1,843,000
Storage Charge	\$3,033,000	\$3,176,000	\$3,395,000	\$3,736,000	\$4,018,000	\$4,179,000
Supply Reliability Charge	\$2,050,000	\$2,391,000	\$2,777,000	\$3,056,000	\$3,287,000	\$3,418,000
IAPW/SAWR Credit	\$33,512	\$37,098	\$44,564	\$48,881	\$52,614	\$54,830
Recycled Water	\$1,526,865	\$1,927,165	\$1,507,432	\$1,582,598	\$1,657,992	\$1,732,089
Recycled Credit	\$0	\$0	\$0	\$0	\$0	\$0
Lost Revenue From >9% Increase	\$0	\$447,530	\$0	\$0	\$0	\$0
Total Purchased Water Expenses	\$33,390,550	\$38,004,962	\$40,258,159	\$44,264,056	\$47,602,676	\$49,578,639

APPENDIX B:

Status Quo Financial Plan Cash Flow



Operating Cash Flow									
Description					FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029
REVENUE									
<u>Revenue Under Existing Rates</u>									
System Access Charge Revenue Under Existing Rates					\$15,669,739	\$15,696,613	\$15,734,457	\$15,809,423	\$15,836,297
Fire Meter Charge Under Existing Rates					\$467,006	\$467,006	\$467,006	\$467,006	\$467,006
Commodity Charge Revenue Under Existing Rates					\$45,224,595	\$45,225,230	\$45,283,273	\$45,363,981	\$45,438,710
Infrastructure Access Charge Revenue Under Existing Rates					\$1,561,057	\$1,563,703	\$1,567,685	\$1,576,324	\$1,578,970
Total Rate Revenue Under Existing Rates					\$62,922,397	\$62,952,551	\$63,052,421	\$63,216,734	\$63,320,984
Revenue Summary									
Total Rate Revenue (incl. revenue adjustments)					\$61,361,341	\$61,388,849	\$61,484,736	\$61,640,410	\$61,742,014
Other Operating Revenue					\$3,009,557	\$3,543,414	\$3,700,654	\$3,835,818	\$3,910,682
Investment & Interest Income					\$569,000	\$278,000	\$70,000	\$0	\$0
Non-Operating Revenue					\$5,686,704	\$5,800,438	\$5,900,316	\$6,002,192	\$6,106,106
TOTAL REVENUE					\$70,626,601	\$71,010,701	\$71,155,706	\$71,478,420	\$71,758,802
EXPENSES									
O&M Expenses without Depreciation					\$22,269,000	\$23,597,000	\$24,542,973	\$25,528,731	\$26,555,994
Purchased Water (potable & recycled)					\$38,004,962	\$40,249,486	\$44,237,344	\$47,560,276	\$49,524,543
Other Operating Expenses (potable & recycled)					\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Non-Operating Expenses (potable & recycled)					\$1,570,927	\$1,043,507	\$12,000	\$10,000	\$10,000
Existing Debt Service					\$5,070,625	\$5,062,875	\$5,059,375	\$5,060,625	\$2,044,000
Proposed SRF Loan Payment					\$0	\$0	\$0	\$0	\$0
Proposed Debt Service					\$0	\$0	\$0	\$0	\$0
TOTAL EXPENSES					\$66,965,515	\$70,002,867	\$73,901,692	\$78,209,632	\$78,184,536

TRANSFERS									
Transfer Potable Oper. to Potable Capital - PAYGO					\$6,000,000	\$7,000,000	\$7,500,000	\$7,500,000	\$9,500,000
Transfer for Equipment Replc.					\$500,000	\$500,000	\$500,000	\$500,000	\$500,000
Transfer for Future Infrastructure Replc.					\$5,500,000	\$6,500,000	\$7,000,000	\$7,000,000	\$9,000,000
Transfer from Wastewater (Sewer) Fund - 2018/2021B Bonds					(\$121,800)	(\$121,800)	(\$121,800)	(\$121,800)	\$0
Transfer to 2012 SRF Reserve					\$107,000	\$107,000	\$0	\$0	\$0
Transfer to/(from) Rate Stabilization Fund					(\$1,560,927)	(\$1,033,507)	(\$2,000)	\$0	\$0
Transfer to/(from) Pension Stabilization Fund					\$220,000	\$220,000	\$220,000	\$220,000	\$220,000
Potable OMWD Option 2 (reduce to CPI)					\$0	\$0	\$0	\$0	\$0
Transfer Recycled Oper. to Recycled Capital					\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Transfer Recycled Oper. to Potable Capital					\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000
LESS TRANSFERS					\$6,344,273	\$7,871,693	\$9,296,200	\$9,298,200	\$11,420,000
Net Annual Cash Balance					(\$2,683,186)	(\$6,863,860)	(\$12,042,186)	(\$16,029,411)	(\$17,845,735)
Calculated Debt Coverage					292.0%	183.1%	144.1%	74.5%	-139.3%
Required Debt Coverage					125.0%	125.0%	125.0%	125.0%	125.0%
Fund Balances									
Reserve Interest Rate					3.0%	2.0%	2.0%	1.5%	1.5%
Operating Fund (Potable & Recycled)					FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029
Beginning Balance					\$15,874,000	\$13,190,814	\$6,326,954	(\$5,715,232)	(\$21,744,643)
Net Annual Cash Balance					(\$2,683,186)	(\$6,863,860)	(\$12,042,186)	(\$16,029,411)	(\$17,845,735)
Ending Balance - Operating Fund (Potable & Recycled)					\$13,190,814	\$6,326,954	(\$5,715,232)	(\$21,744,643)	(\$39,590,378)
<i>Minimum Target Balance</i>					<i>\$9,908,049</i>	<i>\$10,495,313</i>	<i>\$11,306,353</i>	<i>\$12,014,631</i>	<i>\$12,506,390</i>
<i>Maximum Target Balance</i>					<i>\$19,816,097</i>	<i>\$20,990,626</i>	<i>\$22,612,707</i>	<i>\$24,029,263</i>	<i>\$25,012,779</i>
<i>Interest Income</i>					<i>\$569,000</i>	<i>\$278,000</i>	<i>\$70,000</i>	<i>\$0</i>	<i>\$0</i>

Capital Improvement Fund (Potable & Recycled)					FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029
Beginning Balance					\$47,736,000	\$36,854,000	\$33,434,000	\$32,601,000	\$34,710,000
Plus:									
Interest Income					\$1,073,000	\$656,000	\$639,000	\$513,000	\$486,000
Transfer from Potable Operating Fund to Potable Capital					\$6,000,000	\$7,000,000	\$7,500,000	\$7,500,000	\$9,500,000
Transfer from Recycled Operating Fund to Recycled Capital					\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Transfer from Recycled Capital Fund to Potable Capital					\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000
Capacity Fee Revenues					\$118,000	\$412,000	\$4,047,000	\$4,687,000	\$803,000
Anticipated Grant Funds					\$1,772,000	\$817,000	\$0	\$0	\$0
Recycled Capacity Fee Revenues					\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Land Sales Proceeds					\$1,150,000	\$0	\$0	\$0	\$0
New Loan - State Revolving Fund (SRF) Proceeds					\$0	\$0	\$0	\$0	\$0
New Bond Proceeds					\$0	\$0	\$0	\$0	\$0
Less:									
Capital Item Purchases - Water Potable					\$372,000	\$473,000	\$400,000	\$400,000	\$400,000
Capital Item Purchases - Water Recycled					\$49,000	\$49,000	\$25,000	\$25,000	\$25,000
Capital Projects					\$22,249,000	\$13,458,000	\$14,269,000	\$11,841,000	\$13,843,000
Other Expenditures - Water Potable					\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
Other Expenditures - Water Recycled					\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Ending Balance - Capital Improvement Fund (Potable & Recycled)					\$36,854,000	\$33,434,000	\$32,601,000	\$34,710,000	\$32,906,000
Minimum Target Balance					\$17,317,818	\$17,317,818	\$17,317,818	\$17,317,818	\$17,317,818
Maximum Target Balance					\$86,589,091	\$86,589,091	\$86,589,091	\$86,589,091	\$86,589,091
Net capital Expense					\$10,882,000				
Rate Stabilization Fund (Potable)					FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029
Beginning Balance					\$11,840,000	\$10,587,073	\$9,744,566	\$9,937,418	\$10,086,479
Interest Income					\$308,000	\$191,000	\$194,851	\$149,061	\$151,297
Transfer (to)/from Operating Fund					(\$1,560,927)	(\$1,033,507)	(\$2,000)	\$0	\$0
Ending Balance - Rate Stabilization Fund (Potable)					\$10,587,073	\$9,744,566	\$9,937,418	\$10,086,479	\$10,237,776
Minimum Target Balance					\$6,229,359	\$5,675,766	\$4,703,769	\$3,914,114	\$3,449,110
Maximum Target Balance					\$12,458,717	\$11,351,533	\$9,407,538	\$7,828,229	\$6,898,221
Pension Stabilization Fund (Potable)					FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029
Beginning Balance					\$676,055	\$923,055	\$1,166,055	\$1,413,776	\$1,658,283
Interest Income					\$27,000	\$23,000	\$27,721	\$24,507	\$28,174
Transfer (to)/from Operating Fund					\$220,000	\$220,000	\$220,000	\$220,000	\$220,000
Ending Balance - Pension Stabilization Fund (Potable)					\$923,055	\$1,166,055	\$1,413,776	\$1,658,283	\$1,906,457
Minimum Target Balance					\$956,562	\$956,562	\$956,562	\$956,562	\$956,562
Maximum Target Balance					\$1,913,124	\$1,913,124	\$1,913,124	\$1,913,124	\$1,913,124

Debt Coverage Calculation

Description	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029
Revenue Applicable for Debt Coverage Calculation					
Total Service Charge Revenue	\$61,361,341	\$61,388,849	\$61,484,736	\$61,640,410	\$61,742,014
Other Operating Revenue	\$3,009,557	\$3,543,414	\$3,700,654	\$3,835,818	\$3,910,682
Interest Income	\$1,977,000	\$1,148,000	\$931,572	\$686,568	\$665,471
Non-Operating Revenue	\$5,686,704	\$5,800,438	\$5,900,316	\$6,002,192	\$6,106,106
Capacity Fee Revenues	\$118,000	\$412,000	\$4,047,000	\$4,687,000	\$803,000
Anticipated Grant Funds	\$1,772,000	\$817,000	\$0	\$0	\$0
Recycled Capacity Fee Revenues	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Land Sales Proceeds	\$1,150,000	\$0	\$0	\$0	\$0
Total Revenue	\$75,079,601	\$73,114,701	\$76,069,278	\$76,856,988	\$73,232,273
Expenses					
O&M Expenses	\$22,269,000	\$23,597,000	\$24,542,973	\$25,528,731	\$26,555,994
Purchased Water Expenses (potable & recycled)	\$38,004,962	\$40,249,486	\$44,237,344	\$47,560,276	\$49,524,543
Total Expenses	\$60,273,962	\$63,846,486	\$68,780,317	\$73,089,007	\$76,080,536
Total Funds Available for Debt Service	\$14,805,639	\$9,268,215	\$7,288,962	\$3,767,981	(\$2,848,263)
Total Debt Service	\$5,070,625	\$5,062,875	\$5,059,375	\$5,060,625	\$2,044,000
Revenue to Debt Service Coverage Ratio	292.0%	183.1%	144.1%	74.5%	-139.3%

Recycled Water Operating Cash Flow

Description	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029
Recycled Water Revenue	\$5,184,865	\$5,315,676	\$5,353,051	\$5,353,051	\$5,353,051
Recycled Water Additional Revenue	(\$128,633)	(\$132,038)	(\$133,094)	(\$133,480)	(\$133,483)
Recycled Water Interest Income	\$283,962	\$171,648	\$70,000	\$0	\$0
Recycled Water Expenses	\$3,417,665	\$3,039,759	\$3,151,292	\$3,267,588	\$3,388,861
Recycled Water Transfers	\$1,700,000	\$1,700,000	\$1,700,000	\$1,700,000	\$1,700,000
Net Cash Flow	\$222,531	\$615,528	\$438,665	\$251,983	\$130,706
Beginning Balance	\$7,922,000	\$8,144,531	\$8,760,058	\$9,198,723	\$9,450,706
Net Cash Flow	\$222,531	\$615,528	\$438,665	\$251,983	\$130,706
Ending Balance	\$8,144,531	\$8,760,058	\$9,198,723	\$9,450,706	\$9,581,412
Interest Income	\$287,000	\$205,768	\$216,574	\$167,261	\$169,221

Interest Allocation between Potable Water and Recycled Water operations								
Description			FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029	
Beginning Fund Balance								
Potable Water Operations			50.1%	38.3%	0.0%	261.0%	143.5%	
Recycled Water Operations			49.9%	61.7%	100.0%	-161.0%	-43.5%	
Total Beginning Fund Balance			100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Interest Allocation								
Potable Water Operations			\$285,038	\$106,352	\$0	\$0	\$0	
Recycled Water Operations			\$283,962	\$171,648	\$70,000	\$0	\$0	
Total Interest Allocation			\$569,000	\$278,000	\$70,000	\$0	\$0	\$0

APPENDIX C:

Proposed Financial Plan Cash Flow



Operating Cash Flow

Description	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029
REVENUE					
Revenue Under Existing Rates					
System Access Charge Revenue Under Existing Rates	\$15,669,739	\$15,696,613	\$15,734,457	\$15,809,423	\$15,836,297
Fire Meter Charge Under Existing Rates	\$467,006	\$467,006	\$467,006	\$467,006	\$467,006
Commodity Charge Revenue Under Existing Rates	\$45,224,595	\$45,225,230	\$45,283,273	\$45,363,981	\$45,438,710
Infrastructure Access Charge Revenue Under Existing Rates	\$1,561,057	\$1,563,703	\$1,567,685	\$1,576,324	\$1,578,970
Total Rate Revenue Under Existing Rates	\$62,922,397	\$62,952,551	\$63,052,421	\$63,216,734	\$63,320,984
Revenue Adjustments					
System Access Charge Revenue Adjustment	\$626,790	\$1,933,823	\$3,352,320	\$4,603,780	\$5,529,268
Fire Meter Charge Revenue Adjustments	\$14,010	\$42,871	\$73,464	\$103,111	\$128,697
Commodity Charge Revenue Adjustments	\$1,808,984	\$5,571,748	\$9,647,873	\$13,210,209	\$15,864,996
Infrastructure Access Charge Revenue Adjustments	\$24,779	\$118,208	\$288,160	\$430,564	\$511,697
Total Revenue Adjustments	\$2,474,562	\$7,666,651	\$13,361,817	\$18,347,664	\$22,034,657
Revenue Summary					
Total Rate Revenue (incl. revenue adjustments)	\$63,811,124	\$68,937,291	\$74,558,393	\$79,557,510	\$83,264,975
Other Operating Revenue	\$3,034,335	\$3,661,623	\$3,988,814	\$4,266,381	\$4,422,378
Investment & Interest Income	\$643,000	\$483,000	\$545,000	\$451,000	\$552,000
Non-Operating Revenue	\$5,686,704	\$5,800,438	\$5,900,316	\$6,002,192	\$6,106,106
TOTAL REVENUE	\$73,175,164	\$78,882,352	\$84,992,523	\$90,277,084	\$94,345,459
EXPENSES					
O&M Expenses without Depreciation	\$22,269,000	\$23,597,000	\$24,542,973	\$25,528,731	\$26,555,994
Purchased Water (potable & recycled)	\$38,004,962	\$40,258,159	\$44,264,056	\$47,602,676	\$49,578,639
Other Operating Expenses (potable & recycled)	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Non-Operating Expenses (potable & recycled)	\$1,570,927	\$1,043,507	\$12,000	\$10,000	\$10,000
Existing Debt Service	\$5,070,625	\$5,062,875	\$5,059,375	\$5,060,625	\$2,044,000
Proposed SRF Loan Payment	\$0	\$0	\$0	\$0	\$0
Proposed Debt Service	\$0	\$0	\$0	\$0	\$0
TOTAL EXPENSES	\$66,965,515	\$70,011,541	\$73,928,403	\$78,252,032	\$78,238,632

TRANSFERS								
Transfer Potable Oper. to Potable Capital - PAYGO				\$6,000,000	\$7,000,000	\$7,500,000	\$7,500,000	\$9,500,000
Transfer for Equipment Replc.				\$500,000	\$500,000	\$500,000	\$500,000	\$500,000
Transfer for Future Infrastructure Replc.				\$5,500,000	\$6,500,000	\$7,000,000	\$7,000,000	\$9,000,000
Transfer from Wastewater (Sewer) Fund - 2018/2021B Bonds				(\$121,800)	(\$121,800)	(\$121,800)	(\$121,800)	\$0
Transfer to 2012 SRF Reserve				\$107,000	\$107,000	\$0	\$0	\$0
Transfer to/(from) Rate Stabilization Fund				(\$1,560,927)	(\$1,033,507)	(\$2,000)	\$0	\$0
Transfer to/(from) Pension Stabilization Fund				\$220,000	\$220,000	\$220,000	\$220,000	\$220,000
Potable OMWD Option 2 (reduce to CPI)				\$0	\$0	\$0	\$0	\$0
Transfer Recycled Oper. to Recycled Capital				\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Transfer Recycled Oper. to Potable Capital				\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000
LESS TRANSFERS				\$6,344,273	\$7,871,693	\$9,296,200	\$9,298,200	\$11,420,000
Net Annual Cash Balance				(\$134,624)	\$999,118	\$1,767,920	\$2,726,852	\$4,686,827
Calculated Debt Coverage				342.2%	338.4%	417.0%	445.1%	963.0%
Required Debt Coverage				125.0%	125.0%	125.0%	125.0%	125.0%

Fund Balances									
	Reserve Interest Rate				3.0%	2.0%	2.0%	1.5%	1.5%
	Operating Fund (Potable & Recycled)				FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029
	Beginning Balance				\$15,874,000	\$15,739,376	\$16,738,494	\$18,506,414	\$21,233,266
	Net Annual Cash Balance				(\$134,624)	\$999,118	\$1,767,920	\$2,726,852	\$4,686,827
	Ending Balance - Operating Fund (Potable & Recycled)				\$15,739,376	\$16,738,494	\$18,506,414	\$21,233,266	\$25,920,092
	Minimum Target Balance				\$9,908,049	\$10,496,738	\$11,310,744	\$12,021,601	\$12,515,282
	Maximum Target Balance				\$19,816,097	\$20,993,477	\$22,621,489	\$24,043,202	\$25,030,564
	Interest Income				\$643,000	\$483,000	\$545,000	\$451,000	\$552,000
	Capital Improvement Fund (Potable & Recycled)				FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029
	Beginning Balance				\$47,736,000	\$36,854,000	\$33,434,000	\$32,601,000	\$34,710,000
	Plus:								
	Interest Income				\$1,073,000	\$656,000	\$639,000	\$513,000	\$486,000
	Transfer from Potable Operating Fund to Potable Capital				\$6,000,000	\$7,000,000	\$7,500,000	\$7,500,000	\$9,500,000
	Transfer from Recycled Operating Fund to Recycled Capital				\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
	Transfer from Recycled Capital Fund to Potable Capital				\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000
	Capacity Fee Revenues				\$118,000	\$412,000	\$4,047,000	\$4,687,000	\$803,000
	Anticipated Grant Funds				\$1,772,000	\$817,000	\$0	\$0	\$0
	Recycled Capacity Fee Revenues				\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
	Land Sales Proceeds				\$1,150,000	\$0	\$0	\$0	\$0
	New Loan - State Revolving Fund (SRF) Proceeds				\$0	\$0	\$0	\$0	\$0
	New Bond Proceeds				\$0	\$0	\$0	\$0	\$0
	Less:								
	Capital Item Purchases - Water Potable				\$372,000	\$473,000	\$400,000	\$400,000	\$400,000
	Capital Item Purchases - Water Recycled				\$49,000	\$49,000	\$25,000	\$25,000	\$25,000
	Capital Projects				\$22,249,000	\$13,458,000	\$14,269,000	\$11,841,000	\$13,843,000
	Other Expenditures - Water Potable				\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
	Other Expenditures - Water Recycled				\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
	Ending Balance - Capital Improvement Fund (Potable & Recycled)				\$36,854,000	\$33,434,000	\$32,601,000	\$34,710,000	\$32,906,000
	Minimum Target Balance				\$17,317,818	\$17,317,818	\$17,317,818	\$17,317,818	\$17,317,818
	Maximum Target Balance				\$86,589,091	\$86,589,091	\$86,589,091	\$86,589,091	\$86,589,091

Pension Stabilization Fund (Potable)					FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029
Beginning Balance					\$676,055	\$923,055	\$1,166,055	\$1,413,776	\$1,658,283
Interest Income					\$27,000	\$23,000	\$27,721	\$24,507	\$28,174
Transfer (to)/from Operating Fund					\$220,000	\$220,000	\$220,000	\$220,000	\$220,000
Ending Balance - Pension Stabilization Fund (Potable)					\$923,055	\$1,166,055	\$1,413,776	\$1,658,283	\$1,906,457
Minimum Target Balance					\$956,562	\$956,562	\$956,562	\$956,562	\$956,562
Maximum Target Balance					\$1,913,124	\$1,913,124	\$1,913,124	\$1,913,124	\$1,913,124
Debt Coverage Calculation									
Description					FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029
Revenue Applicable for Debt Coverage Calculation									
Total Service Charge Revenue					\$63,811,124	\$68,937,291	\$74,558,393	\$79,557,510	\$83,264,975
Other Operating Revenue					\$3,034,335	\$3,661,623	\$3,988,814	\$4,266,381	\$4,422,378
Interest Income					\$2,051,000	\$1,353,000	\$1,406,572	\$1,137,568	\$1,217,471
Non-Operating Revenue					\$5,686,704	\$5,800,438	\$5,900,316	\$6,002,192	\$6,106,106
Capacity Fee Revenues					\$118,000	\$412,000	\$4,047,000	\$4,687,000	\$803,000
Anticipated Grant Funds					\$1,772,000	\$817,000	\$0	\$0	\$0
Recycled Capacity Fee Revenues					\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Land Sales Proceeds					\$1,150,000	\$0	\$0	\$0	\$0
Total Revenue					\$77,628,164	\$80,986,352	\$89,906,096	\$95,655,652	\$95,818,931
Expenses									
O&M Expenses					\$22,269,000	\$23,597,000	\$24,542,973	\$25,528,731	\$26,555,994
Purchased Water Expenses (potable & recycled)					\$38,004,962	\$40,258,159	\$44,264,056	\$47,602,676	\$49,578,639
Total Expenses					\$60,273,962	\$63,855,159	\$68,807,028	\$73,131,407	\$76,134,632
Total Funds Available for Debt Service					\$17,354,201	\$17,131,193	\$21,099,067	\$22,524,245	\$19,684,298
Total Debt Service					\$5,070,625	\$5,062,875	\$5,059,375	\$5,060,625	\$2,044,000
Revenue to Debt Service Coverage Ratio					342.2%	338.4%	417.0%	445.1%	963.0%

Recycled Water Operating Cash Flow

Description	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029
Recycled Water Revenue	\$5,184,865	\$5,315,676	\$5,353,051	\$5,353,051	\$5,353,051
Recycled Water Additional Revenue	\$73,232	\$505,348	\$976,839	\$1,383,700	\$1,686,032
Recycled Water Interest Income	\$320,892	\$257,262	\$316,258	\$279,799	\$350,644
Recycled Water Expenses	\$3,417,665	\$3,048,432	\$3,178,003	\$3,309,988	\$3,442,957
Recycled Water Transfers	\$1,700,000	\$1,700,000	\$1,700,000	\$1,700,000	\$1,700,000
Net Cash Flow	\$461,325	\$1,329,854	\$1,768,144	\$2,006,562	\$2,246,769
Beginning Balance	\$7,922,000	\$8,383,325	\$9,713,180	\$11,481,324	\$13,487,885
Net Cash Flow	\$461,325	\$1,329,854	\$1,768,144	\$2,006,562	\$2,246,769
Ending Balance	\$8,383,325	\$9,713,180	\$11,481,324	\$13,487,885	\$15,734,654
<i>Interest Income</i>	<i>\$293,000</i>	<i>\$223,118</i>	<i>\$257,301</i>	<i>\$223,621</i>	<i>\$256,260</i>

Interest Allocation between Potable Water and Recycled Water operations

Description	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029
Beginning Fund Balance					
Potable Water Operations	50.1%	46.7%	42.0%	38.0%	36.5%
Recycled Water Operations	49.9%	53.3%	58.0%	62.0%	63.5%
Total Beginning Fund Balance	100.0%	100.0%	100.0%	100.0%	100.0%
Interest Allocation					
Potable Water Operations	\$322,108	\$225,738	\$228,742	\$171,201	\$201,356
Recycled Water Operations	\$320,892	\$257,262	\$316,258	\$279,799	\$350,644
Total Interest Allocation	\$643,000	\$483,000	\$545,000	\$451,000	\$552,000

APPENDIX D:

**Revised Water Consumption
Charge with Adopted SDCWA
Rates**



Revised Water Consumption Charge

The water supply component has been updated to reflect the CY 2025 rates and charges adopted by SDCWA at their board meeting that occurred after completion of this Study.

The Melded Supply Rate in the model was set to the original rate of \$1,385 per AF based on the best information available at the time. The SDCWA Board instead adopted a Melded Supply Rate of \$1,355 per AF, which is \$30 per AF less than what was modeled. To account for this decrease, the \$30 per AF decrease was converted to units, and that discount was applied directly to the cost per unit of water for potable water customers. The full breakdown is shown in **Table D-1**. The reduction of \$0.07 per unit of water is shown in Column C.

The revised rate table is shown in **Table D-2**.

With the change in supply cost, the drought rates also had to be adjusted to properly reflect costs and revenue loss during drought. **Table D-3** shows the calculation for the surcharge in commodity rates at each drought stage, and **Table D-4** shows the corresponding demand reduction shortage rates at each stage.

Table D-1. Breakdown of the Volumetric Charge Components

A	B	C	D	E	F	G	H	I	J	K	L
Customer Class	Supply Unit Rate	Change in Supply based on Adopted SDCWA Rates	Base Unit Rate	Max Day Unit Rate	Max Hour Unit Rate	Recycled Water Unit Rate	Revenue Offsets Unit Rate	Ag Credit Unit Rate	Revised Proposed Base Rate	Current FY 2024 Base Rate	Difference (\$)
Domestic											
Tier 1 (0-6 units)	\$3.50	(\$0.07)	\$1.42	\$0.57	\$0.60	N/A	(\$1.60)	N/A	\$4.43	\$4.24	\$0.19
Tier 2 (7-23 units)	\$3.50	(\$0.07)	\$1.42	\$0.99	\$0.73	N/A	(\$0.11)	N/A	\$6.47	\$6.14	\$0.33
Tier 3 (24-80 units)	\$3.50	(\$0.07)	\$1.42	\$1.50	\$0.89	N/A	\$0.00	N/A	\$7.25	\$6.85	\$0.40
Tier 4 (80 + units)	\$3.50	(\$0.07)	\$1.42	\$2.21	\$1.13	N/A	\$0.00	N/A	\$8.20	\$8.14	\$0.06
Agriculture											
Agriculture	\$3.50	(\$0.07)	\$1.42	\$1.60	\$0.93	N/A	(\$0.48)	N/A	\$6.90	\$6.75	\$0.15
Agriculture w/ Credit	\$3.50	(\$0.07)	\$1.42	\$1.60	\$0.93	N/A	(\$0.24)	(\$1.59)	\$5.55	\$5.41	\$0.14
Commercial	\$3.50	(\$0.07)	\$1.42	\$0.87	\$0.69	N/A	(\$0.28)	N/A	\$6.14	\$5.78	\$0.36
Irrigation											
Tier 1: "B" Base	\$3.50	(\$0.07)	\$1.42	\$1.60	\$0.93	N/A	(\$0.48)	N/A	\$6.91	\$6.50	\$0.41
Tier 2: "C" Over Base	\$3.50	(\$0.07)	\$1.42	\$2.35	\$1.17	N/A	(\$0.58)	N/A	\$7.80	\$6.94	\$0.86
Construction											
Construction	\$3.50	(\$0.07)	\$1.42	\$2.52	\$1.23	N/A	N/A	N/A	\$8.60	\$8.21	\$0.39
Recycled Water	N/A	N/A	N/A	N/A	N/A	\$4.68	N/A	N/A	\$4.68	\$4.29	\$0.39

Table D-2: Revised Proposed Volumetric Rates

Effective Date	Current FY 2024	January 1, 2025 Proposed	January 1, 2026 Estimated	January 1, 2027 Estimated	January 1, 2028 Estimated	January 1, 2029 Estimated
Volumetric Rates (\$/unit¹)						
Domestic²						
Tier 1 (0-6 units)	\$4.24	\$4.43	\$4.79	\$5.18	\$5.44	\$5.66
Tier 2 (7-23 units)	\$6.14	\$6.47	\$6.99	\$7.55	\$7.93	\$8.25
Tier 3 (24-80 units)	\$6.85	\$7.25	\$7.83	\$8.46	\$8.89	\$9.25
Tier 4 (80 + units)	\$8.14	\$8.20	\$8.86	\$9.57	\$10.05	\$10.46
Agriculture	\$6.75	\$6.90	\$7.46	\$8.06	\$8.47	\$8.81
Agriculture w/ Credit³	\$5.41	\$5.55	TBD	TBD	TBD	TBD
Commercial	\$5.78	\$6.14	\$6.64	\$7.18	\$7.54	\$7.85
Irrigation						
Tier 1: "B" Base	\$6.50	\$6.91	\$7.47	\$8.07	\$8.48	\$8.82
Tier 2: "C" Over Base	\$6.94	\$7.80	\$8.43	\$9.11	\$9.57	\$9.96
Construction	\$8.21	\$8.60	\$9.29	\$10.04	\$10.55	\$10.98
Recycled Water	\$4.29	\$4.68	\$5.06	\$5.47	\$5.75	\$5.98

¹ Customers are billed on a per unit of water basis, 1 unit = 1 HCF

² Domestic includes single-family and multi-family customers. Multi-family tiers apply per dwelling unit.

³ Note: Agriculture w/ Credit rate is updated annually by District staff based on SDCWA charges

Combined Agricultural/Domestic customers

First 23 Units per month: Follow Domestic rate structure.

Over 23 Units per month: Follow Agricultural rate structure.

Table D-3: FY 2025 Water Demand Reduction Rates Calculation

A	B	C	D	E	F
Line	Description	Base Demand	10% Demand Reduction	20% Demand Reduction	30% Demand Reduction
1	Reduction in Rate Revenues				
2	Projected Volumetric Rate Revenue	\$43,456,049	\$38,676,700	\$33,777,920	\$29,130,810
3	Total Rate Revenue Reduction	N/A	\$4,779,349	\$9,678,129	\$14,325,239
4	Avoided Water Supply Costs				
5	Projected FY 2025 Water Usage	6,755,016	6,079,920	5,406,599	4,731,813
6	Assumed Water Loss	6.50%	6.50%	6.50%	6.50%
7	Required Water Purchases (units)	7,224,616	6,502,588	5,782,459	5,060,762
8	Required Water Purchases (AF)	16,585	14,928	13,275	11,618
9	Reduction in Required Water Purchases (AF)	N/A	1,658	3,311	4,968
10	FY 2025 Untreated M&I Rate (\$/AF)	\$1,819	\$1,819	\$1,819	\$1,819
11	Total Avoided Water Supply Costs	N/A	\$3,015,560	\$6,023,191	\$9,037,368
12	Net Revenue Loss	N/A	\$1,763,789	\$3,654,939	\$5,287,872
13	\$/Unit Surcharge	N/A	\$0.30	\$0.68	\$1.12

Table D-4: Revised Proposed FY 2025 Water Demand Reduction Rates

Volumetric Rates (\$/Unit)	FY 2025 Proposed Base Rate	10% Demand Reduction (\$0.30 Surcharge)	20% Demand Reduction (\$0.68 Surcharge)	30% Demand Reduction (\$1.12 Surcharge)
Domestic				
Tier 1 (0-6 units)	\$4.43	\$4.73	\$5.11	\$5.55
Tier 2 (7-23 units)	\$6.47	\$6.77	\$7.15	\$7.59
Tier 3 (24-80 units)	\$7.25	\$7.55	\$7.93	\$8.37
Tier 4 (80+ units)	\$8.20	\$8.50	\$8.88	\$9.32
Agriculture				
Agriculture w/ Credit	\$5.55	\$5.85	\$6.23	\$6.67
Commercial	\$6.14	\$6.44	\$6.82	\$7.26
Irrigation				
Tier 1 ("B" Base)	\$6.91	\$7.21	\$7.59	\$8.03
Tier 2 ("C" Over Base)	\$7.80	\$8.10	\$8.48	\$8.92
Construction				
Construction	\$8.60	\$8.90	\$9.28	\$9.72
Recycled Water	\$4.68	\$4.68	\$4.68	\$4.68

Memo

A

To: Olivenhain Municipal Water District Board of Directors

Subject: INFORMATIONAL REPORTS
PRESIDENT

Any report will be oral at the time of the Board meeting.

Memo

B

To: Olivenhain Municipal Water District Board of Directors

Subject: INFORMATIONAL REPORTS
GENERAL MANAGER

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

October 16, 2024

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
September 2024:

Operations & Maintenance	September 2024	August 2024
David C. McCollom Water Treatment Plant (DCMWTP) Total Production	653.8 million gallons	649.1 million gallons
DCMWTP Average Daily Production	21.8 million gallons	20.9 millions gallons
DCMWTP Peak Day Production	30.3 million gallons	28.9 million gallons
Source Water Blend (% State Project Water)	23%	23%
Total Deliveries to Vallecitos Water District	312.21 acre feet 101.73 million gallons	283.90 acre feet 92.51 million gallons
4S and Rancho Cielo Sewer Systems Total Inflow	38.92 million gallons	45.38 million gallons
4S and Rancho Cielo Sewer Systems Average Daily Inflow	1,297,257 gallons	1,464,043 gallons
4S and Rancho Cielo Sewer Systems Peak Day Inflow	1,349,301 gallons	1,711,835 gallons
4S and Rancho Cielo Sewer Systems Low Day Inflow	1,225,638 gallons	1,237,833 gallons
4S Water Reclamation Facility (4SWRF) Average Daily Production	963,216 gallons	1,028,027 gallons
4SWRF Peak Day Production	1,299,214 gallons	1,300,557 gallons
4SWRF Total to Recycled Water Distribution System	28.9 million gallons	31.8 million gallons
4S Recycled Water Storage Pond Volume	5 acre feet	0 acre feet
Repaired Potable Water Main Leak(s)	0	0
Repaired Potable Water Service Lateral Assembly Leak(s)	2	2
Repaired Recycled Water Main Leak(s)	0	0
Repaired Recycled Water Service Lateral Leak(s)	0	0
Repaired Hit Fire Hydrant Lateral Assembly Leak(s)	1	0
Replaced Valve(s) Monthly Total	1	2
Replaced Valve(s) Calendar Year to Date	19	18
Recycled Water Use Site Inspections & Visits	29	24
Recycled Water Use Site Cross Connection Tests	8	3
Cross Connection Site Surveys	3	2
Backflow Inspections & Testing (New)	2	7
IT Help Requests	22	27
Customer Services	September 2024	August 2024
Customer Calls and Inquiries	1,881	2,317
Total Monthly Bills Issued	23,004	22,994
Service Orders	773	953
New Potable Meters	1	1
New Fire Meters	0	1
New Recycled Water Meters	0	0

Advanced Metering Infrastructure (AMI) Troubleshooting Investigations	71	72
Customer Services - Continued	September 2024	August 2024
Automated Meter Reading (AMR) Troubleshooting	32	36
Stopped/Underperforming Meters Replaced	136	130
Meter Transceiver Units (MXU) Upgraded to AMI	223	278
Meter Accuracy Tests Performed	0	0
Water Use Evaluations	18	14
Water Use Violation Reports	2	2
Workshops, Events, and Tours	0	1
High-Efficiency Clothes Washer Rebate Applications	9	10
Weather-Based Irrigation Controller Rebate Applications	6	7
Hose Irrigation Controller Rebate Applications	0	0
High-Efficiency Rotating Nozzle Rebate Applications	0	1
High-Efficiency Toilet Rebate Applications	0	0
Rain Barrel Rebate Applications	0	2
Flow Monitor Device Rebate Applications	2	5
Turf Removal Project Rebate Applications	2	1
Social Media Posts	24	19
News Releases/Media Advisories	3	0
EFRR	September 2024	August 2024
Special Use/Event Permits	3	2
Parking Notices	41	60
Incident Reports	7	7
Vehicle Count	3,349	2,911
Trail Use Count	7,783	4,756
Days Closed Due to Rain/Red Flag	0	0
Days Interpretive Center (IC) Open	14	17
Number of IC Visitors	202	256
Volunteer Trail Patrol Shifts	4	8
Volunteer Docent Hours	69	61
Total Number of Docents	66	66
Finance	September 2024	August 2024
Infosend Payments (ACH and Credit Card)	12,987	14,802
California Bank & Trust Lockbox Payments	2,199	2,297
Over the Counter Payments	433	583
Check-free, Metavante and Chase	3,944	4,190
Finance Calls and Walk-ins	65	124
Service Orders/New Meters Processed	13	14
Service Orders Closed Out	0	2
Purchase Orders	11	14
Inventory Items Received	586	542
Invoices Processed	352	494
Payroll Direct Deposits Processed	244	246
Payments to Vendors	255	212

ENGINEERING DEPARTMENT

Engineering Manager Lindsey Stephenson Highlights for September 2024:

4S Ranch Neighborhood 1 Sewer Pump Station Replacement Project continued to progress through construction and is working towards completion in startup phase. The Recycled Water Pipeline Extensions Project continues to progress with pipeline installations underway in Carlsbad and Encinitas. Unit A Potable Water Pipeline Replacement Project continues pipeline replacement on RSF road. Activities related to the construction of the David C. McCollom Water Treatment Plant (DCMWTP) 4th Stage Plant Improvement Project continue to progress. Work for the DCMWTP Chlorine Generation Room Floor Repair Project continues. Construction of the Gardendale and Village Park West Pressure Reducing Stations Replacement Project continues through contracting phase. Staff continued planning and design efforts on multiple CIP projects, including the Potable and Recycled Water Master Plan Update. Staff also continued to handle developer requests, continued to assist other departments with engineering-related work, and continued to manage OMWD's facilities, cell sites, and right of ways, including the sale of additional surplus land.

HUMAN RESOURCES DEPARTMENT

Human Resources Manager Jennifer Joslin Highlights for September 2024:

Human Resources staff conducted interviews for the vacant Utility I, II, and III positions. Coordinated the recruitment for the vacant Instrument Control Technician I position. Participated in interagency planning meetings for the Water Career Day event. Participated in the Manager and Supervisor teambuilding training event. Met with Lincoln Financial representatives regarding 401(a) plan options. Hosted the September Safety Committee meeting. Safety staff completed the San Diego Air Pollution Control District Emissions inventory for San Puentes Pumpstation and Department of Transportation Federal Motor Carrier Safety Administration Biennial Report. Attended a CalOSHA seminar on indoor heat illness prevention.

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

<u>Requestor</u>	<u>Documents Requested</u>
Garrett Brady	Current scrap metal recycling contracts or most recent one-time sale of scrap metal or water meters.
SmartProcure	Quarterly Purchasing Records.

OPERATIONS & MAINTENANCE

Operations Manager Jesse Bartlett-May Highlights for September 2024:

Staff collected the third round of Fifth Unregulated Contaminant Monitoring Rule (UCMR 5) sampling and annual Title-22 compliance sampling. Source water transitioned to 100% canal bypass for copper sulfate treatment of Lake Skinner and source water transition has resulted in treatment challenges such as higher influent turbidity and algae fouling on the plant influent strainers. WTP has switched liquid and solid waste hauling service providers, which will help save

on annual hauling costs. Staff received membranes and refurbishment kits for upcoming first stage and second stage membrane train overhauls this winter. Inspection, cleaning, and repairs to the 4S Recycled Water Storage Reservoir (Pond) liner were performed in September. Wastewater staff, Instrument Control Technicians (ICT) and Pump & Motor Technicians (PMT) dedicated time to the start-up phase of the Neighborhood #1 Sewer Pump Station Replacement Project. IT staff have been upgrading hard drives in SCADA servers and the IT coordinator has been supporting staff changes and onboarding new staff. System Operators are finalizing the Lead Service Line Inventory and assisted in replacing the defective discharge meter at Santa Fe Valley Pump Station. System Operators made a 1-in repair on a transmission line in the Southeast #1 Pressure Reducing Station. Construction procured a new mini excavator, assisted WTP staff with strainer cleaning and maintenance, completed leak repairs on a 4-inch service lateral on Del Dios Highway and performed valve can replacement preventative maintenance work in Carlsbad.

CUSTOMER SERVICES DEPARTMENT

Customer Services Manager John Carnegie Highlights for September 2024:

Mailed 664 postcards notifying customers affected by the next Advanced Metering Infrastructure Expansion Project phase of upcoming work and the My Water Use dashboard; participated in SDCWA's Water Loss Control Group Meeting and Department of Water Resource's Water Loss and Leak Detection Webinar; sent e-newsletters on September 2 and September 23; mailed 249 postcards notifying customers affected by the Summerhill phase of OMWD's Recycled Water Pipeline Extensions Project; submitted to Governor Newsom a comment letter requesting a veto on SB 399, and signed on to a WaterReuse Association comment letter urging Congress to fund the Title XVI Water Reclamation and Reuse Program at no less than \$30 million; submitted to US EPA a grant application for San Dieguito Valley Brackish Groundwater Desalination Project Hydrogeologic Investigation in the amount of \$959,752; and submitted to Hans Doe Charitable Trust an application for My Water Use dashboard outreach campaign funding in the amount of \$5,000.

At EFRR, installed a 3D watershed model inside the interpretive center and a Great Horned Owl sculpture on its roof; prepared site for delivery of new park trailer; and cross trained a ranger on Public Affairs tasks.

FINANCE DEPARTMENT

Finance Manager Rainy Selamat Highlights for September 2024:

Staff submitted OMWD's Adopted Biennial Budget Document for fiscal years 2025 and 2026 to Government Finance Officers Association and California Society of Municipal Finance Officers for their annual budget award program; staff finalized year-end reconciliations and completed auditors' requested items for OMWD's financial and single audits; staff responded to auditors' inquiries and provided additional items requested by auditors for audit selections; reviewed drafts of audited financial statements and footnotes; completed water capacity fee adjustments for calendar year 2024 and implemented phase 2 of the 5 year phase-in program approved by the Board; completed annual review of OMWD's water related service fees (2024 goals); drafted staff's responses to rate protest letters; worked in progress with respect to getting \$795 thousand

in grant funds from title XVI; staff provided recycled water purchase data to GM Thorner for renegotiating recycled water purchase agreement with Vallecitos Water District; worked with GM Thorner on payment terms for the pre-buying water with SDCWA; held meetings with GM Thorner/Lincoln Financial Representatives/HR Manager Joslin to amend OMWD's 401(a) plan document; obtained Board's approval to authorize GM to amend OMWD's 401(a) plan document; attended OMWD Teambuilding event; attended safety committee meeting; and attended all hands OMWD's CIP progress meeting with Engineering and Operations.

ASSISTANT GENERAL MANAGER:

The Assistant General Manager reports the following for September 2024:

Hosted OMWD Manager and Supervisor Teambuilding event, attended San Diego River Park JPA Meeting, North San Diego Water Reuse Coalition (NSDWRC) Meeting, Safety Committee Meeting and CIP Meeting. Engaged in meetings with consultants and continued project management efforts on San Dieguito Valley Groundwater Project, dedicated significant time to work with Customer Services on Community Project Funding (CFP) grants, personnel matters including recruitment and participation in interview for vacant Utility position, public records requests, review and preparation of upcoming projects including EV Fleet Migration and attended several meetings to prepare for jointly-hosted Water Career Day, NSDWRC coordination and claims management.

GENERAL MANAGER:

The General Manager reports the following for September 2024:

General Manager Thorner met with Vallecitos on our recycled water agreement, attended the California Special Districts Association Annual Conference in Indian Wells as well as served as a presenter on the "So you want to be a GM" panel and speed coaching session, held a Managers/Supervisors teambuilding event, attended the Member Agency Managers meeting, held a staff leadership meeting, coordinated with Finance on rate response letters, attended the North County Managers Meeting, hosted and chaired the LAFCO Special Districts Advisory Committee Meeting, attended a San Diego Women in Water meeting, held a Safety Committee Meeting, met with Lincoln Financial Representatives to amend OMWD's 401(a) plan document, attended the Member Agency Managers/Finance Officers Rate Workgroup meeting, attended the September CIP meeting, attended a Manager's lunch with Director Watt, and dedicated significant time to negotiating OMWD's recycled water agreements, reviewing records requests, personnel matters, legal matters including Neighborhood 1, Jones et al., CalPERS, subpoena responses, and coordinating the Water for People Annual Luncheon.

Memo

C

To: Olivenhain Municipal Water District Board of Directors

Subject: INFORMATIONAL REPORTS

CONSULTING ENGINEER

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

MEMORANDUM

To: Kimberly Thorner, Esq., Olivenhain MWD Board of Directors

From: Don MacFarlane, Consulting Engineer

Subject: Metropolitan Water District of Southern California (MWD)
Committee Meetings

Date: October 8, 2024

This is a report on the One Water and Stewardship Committee, the Engineering, Operations, and Technology Committee, and the Finance and Asset Management Committee meetings held on October 7th and 8th, 2024. This report is based on Board presentations and reports, and the webcast.

Finance and Asset Management Committee – Through August 2024, cumulative water transactions for FY 2025 were 73 TAF and \$75 million less than budget.

One Water and Stewardship Committee –

1. Storage of 50 TAF of CWA Conserved Water in Lake Mead – CWA, MWD, and IID signed an implementing agreement for joint participation in a USBR program that allows the storage.
2. State Water Project Risks and Supply Reliability – To prepare for a December 2024 Committee consideration of MWD providing \$142 million in funding for the Delta Conveyance Project (DCP), staff presented a discussion of risks and costs. Approximately half of the funding will be for engineering and geotechnical investigations. If this funding is not approved, the DCP will probably not move forward. In 2020, MWD provided \$161 million in funding for the DCP planning and permitting. This was the second of four presentations to help the Committee make a decision.
 - a. The risks include seismic impacts to levees, climate change and the seasonal shift in runoff patterns, and increased regulatory constraints. Staff described the actions that the DCP program is taking.
 - b. A recent DWR report estimated that, with no improvements, there will be a 22 percent reduction in SWP deliveries over the next 50 years. The DCP will cover about two-thirds of that reduction, but other projects and programs will be needed for the remaining one-third.
 - c. Several SWP contractors have already approved their share of the funding, but the final tally won't be available until sometime in December. The beneficiaries have to

MEMORANDUM

Metropolitan Water District of Southern California

October 7&8, 2024 Committee Meetings

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10/8/2024

pay for the costs of the DCP. If there is a shortage (gap) of funding, other agencies may have the opportunity to participate. The Committee generally had no appetite for MWD filling the gap (as was previously proposed). MWD staff will request that DWR address filling any gap.

- d. The MWD finance department is developing a plan for the source of the funding.
- e. In their annual audits of the SWP, MWD has identified approximately \$200 million that DWR may owe MWD. This amount will likely be reduced through negotiation. Staff will suggest to DWR that this could be used for their share of funding.
- f. Some Committee members expressed concern about DWR's management of the program, costs, rate impacts, and permitting. An alternative of just fixing the levees was suggested. Other Committee members suggested that it was ridiculous to consider not supporting the DCP program, and that the long-term water supply benefits will justify the cost. An individual asked that outside groups stop stating that local projects can replace the SWP, or come forward with project details and costs that prove it is possible. He stated that MWD is very good at developing local sources and has several large projects in progress.
- g. Staff said that all of MWD's investment could be reimbursed once the bonding is in place. Staff will also ask DWR for their commitment to SWP reliability in the 15 years while the project is being built.

Engineering, Operations, and Technology Committee –

- 1. September 2024 Demands - 138 TAF, approximately 12 TAF more than in 2023.
- 2. Target Percentage of SWP Water Delivered to the Skinner Water Treatment Plant (and OMWD Raw Water Supply) – 25 percent.

CWA – San Diego County Water Authority

DCP – Delta Conveyance Project

EIR – Environmental Impact Statement

EIS – Environmental Impact Statement

IID - Imperial Irrigation District

MCL – Maximum Contaminant Level

MGD – Million Gallons per Day

MWD – Metropolitan Water District of Southern California

PFAS – Per- and Polyfluoroalkyl Substances

SWP – State Water Project

DWR – California Department of Water Resources

MAF – Million acre-feet

TAF – Thousand acre-feet

Memo

D

To: Olivenhain Municipal Water District Board of Directors

Subject: INFORMATIONAL REPORTS

GENERAL COUNSEL

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



TO: Olivenhain Municipal Water District

FROM: Alfred Smith

DATE: October 16, 2024

RE: Attorney Report: Water Quality Update
150152-0005

I. INTRODUCTION.

This attorney report provides an update on a recent federal court ruling directing the United States Environmental Protection Agency (“EPA”) to initiate a rulemaking regarding the fluoridation of drinking water in the United States. Specifically, Judge Edward Chen of the United States District Court for the Northern District of California issued the ruling on September 24, 2024 in the case *Food and Water Watch, Inc. v. U.S. Environmental Protection Agency*, Case No. 17-cv-02162-EMC.

Judge Chen’s ruling holds that the plaintiffs established by a preponderance of the evidence that the fluoridation of drinking water at levels typical in the United States poses an unreasonable risk of injury to health of the public within the meaning of the federal Toxic Substances Control Act (“TSCA”). In accordance with that provision of the TSCA, the federal court directed EPA to engage with a regulatory response. The court’s ruling does not dictate precisely what EPA’s response must be. However, Judge Chen noted that regulatory actions could range from requiring a warning label to banning the chemical.

This federal court ruling does not have an immediate direct impact for OMWD’s operations, but instead only directs EPA to initiate what is likely to be a lengthy rulemaking process that may result in changes to warning label requirements, acceptable fluoride uses, or the recommended level of fluoridation of drinking water at a later point in time. Nonetheless, the federal court’s ruling and the anticipated EPA rulemaking process directed by the court are likely to increase public interest in this topic.

II. BACKGROUND ON FLUORIDATION IN THE UNITED STATES AND CALIFORNIA.

The EPA has long-supported adding fluoride to drinking water in the United States, with EPA and other federal agencies currently recommending an optimal level of 0.7 mg/L since 2006. In California, the Department of Drinking Water with the State Water Resources Control Board has adopted regulations reflecting this recommended

level of fluoridation, and State law generally requires public water systems with at least 10,000 service connections to fluoridate their water. (See Health and Safety Code §§ 116409-116415.) Accordingly, for decades, many local agencies across the United States have added fluoride to public water supplies to boost dental health and prevent tooth decay.

III. COURT'S ANALYSIS.

Amendments to the TSCA adopted in 2016 allow citizens to petition the EPA to consider whether various chemicals pose an unreasonable risk to the health of the public. (15 U.S.C. § 2620.) Where EPA declines to grant the petition, the petitioner is able to file a lawsuit asking the federal court to consider the petition in a *de novo* proceeding (i.e., the court reviews all of evidence without deference to the EPA's previously determinations). Where the court finds there is an unreasonable risk, TSCA requires the EPA to initiate a rulemaking to consider that issue. While the range of regulatory outcomes can range from requiring a mere warning label to banning the chemical, the TSCA does not dictate a specific outcome of the rulemaking process.

The plaintiffs in this case included Food and Water Watch, Inc., Fluoride Action Network, Moms Against Fluoridation and several individual plaintiffs. These plaintiffs petitioned EPA in 2016 to regulate the fluoridation of drinking water supplies under the TSCA. EPA denied that petition. Plaintiffs filed a lawsuit in 2017 seeking judicial review of EPA's decision and requesting that the court find that the current recommended level of fluoride in drinking water posed an unreasonable risk to the health of the public.

After a very lengthy and procedurally complex case, and a two-week bench trial in San Francisco, the court issued its ruling which spans 80 pages. The lengthy ruling summarizes the scientific evidence presented in the case regarding fluoridation of drinking water. In particular, the court's decision focuses on the National Institute of Health's toxicology program finalized last month, which concluded that "higher levels" of fluoride is now linked to lowered IQ in children. Based on such evidence, the court concluded:

"Plaintiffs have proven, by a preponderance of the evidence, that water fluoridation at the level of 0.7 mg/L – the prescribed optimal level of fluoridation in the United States – presents an unreasonable risk of injury to health or the environment, without consideration of costs or other non-risk factors, including an unreasonable risk to a potentially exposed or susceptible subpopulation under the conditions of use."

The court accordingly ordered EPA to initiate a rulemaking to analyze fluoride in drinking water pursuant to the TSCA. However, the Ruling does not dictate precisely what EPA's regulatory response must be. In addition, the court cautioned:

"It should be noted that this finding does not conclude with certainty that fluoridated water is injurious to public health; rather, as required by the Amended TSCA, the Court finds there is an unreasonable risk of such injury, a risk sufficient to require the EPA to engage with a regulatory response."

Judge Chen further stated that under the TSCA's standards of review, he owed no deference to the EPA's position that the level of the chemical is safe. Judge Chen's opinion provides that EPA improperly ignored "the growing and robust body of evidence indicating an association between fluoride intake and cognitive impairment in children" when it denied the groups' petition to ban fluoride in drinking water. Judge Chen stated that the TSCA only requires that a risk to human health be established to prompt action by the EPA, not that it be proven that exposure definitely causes injury.

Judge Chen also rejected the EPA's argument that new regulations aren't warranted because the level at which fluoride is hazardous to humans and the precise relationship between dosage and response at lower exposure levels are not entirely clear. Pointing to the U.S. National Toxicology Program's conclusion that fluoride is associated with reduced IQ in children at exposure levels at or above 1.5 mg/L, Judge Chen concluded:

"The trial evidence in this case establishes that even if there is some uncertainty as to the precise level at which fluoride becomes hazardous (hazard level), under even the most conservative estimates of this level, there is not enough of a margin between the accepted hazard level and the actual human exposure levels to find that fluoride is safe...

And notwithstanding inherent difficulties in observing effects at lower exposure levels ... scientists have observed a statistically significant association between fluoride and adverse effects in children even at such 'lower' exposure levels."

IV. CONCLUSION.

As outlined above, the Ruling does not directly result in any changes to the EPA's current recommendations on fluoridation, but merely directs EPA to begin a rulemaking process to examine the issue. EPA has not yet indicated whether it will appeal the District Court's ruling to the Ninth Circuit Court of Appeals. If EPA does

proceed with opening a rulemaking as required under the TSCA and the court's ruling, then it is likely to be a lengthy, years-long process before the EPA makes any final determinations regarding the recommended level of fluoridation in drinking water.

As the State guidelines for fluoridation are based on the federal recommendations, there accordingly may not be any changes to the State guidelines for many years until the EPA completes its rulemaking process. However, there is the possibility that various advocacy groups may seek changes from the State Water Resources Control Board directly on the State's fluoridation requirements.

Thus, the court's ruling does not require any direct or immediate changes to OMWD's operations relating to fluoridation. Currently, OMWD is compliant with the State's requirements for fluoridation consistent with the existing EPA guidelines. If there are changes to those regulations, then there may need to be operational changes to comply. Notwithstanding the lack of immediate changes to the fluoridation requirements, the federal court's ruling and the anticipated EPA rulemaking process may generate greater public interest on this topic. Fluoridation comes up frequently as a topic of great interest all over the State and that is likely to increase now.

AES

Memo

E

To: Olivenhain Municipal Water District Board of Directors

Subject: INFORMATIONAL REPORTS

SAN DIEGO COUNTY WATER AUTHORITY REPRESENTATIVE

Any report will be oral at the time of the Board meeting.



SUMMARY OF FORMAL BOARD OF DIRECTORS' MEETING SEPTEMBER 19, 2024

1. Monthly Treasurer's Report on Investments and Cash Flow.
The Board noted and filed the Treasurer's report.
2. Professional services contract with Chandler Asset Management to provide External Investment Management Services to Manage the Water Authority's Short Term and Long-Term Investment Portfolios.
The Board authorized the General Manager to award a professional services contract to Chandler Asset Management (Chandler) for non-discretionary investment management services for a period of three years with an option to extend for an additional two years, for a not-to-exceed amount of \$550,000.
3. Consideration to Approve State Advocacy Contract.
The Board awarded a professional service contract, with such non-material modifications as approved by the General Manager or General Counsel, to Resolute for 24-month contract (from November 1, 2024 through October 31, 2026) with the option to renew for an additional 24-months for Sacramento advocacy services for a total compensable contract amount of \$495,000 (inclusive of reimbursable expense allowance) over the contract term.
4. Future Supply Actions Funding Program Agreement.
The Board approved the Future Supply Actions (FSA) Funding Program Agreement (Agreement) with Metropolitan Water District of Southern California (MWD) for the Lake Henshaw Oxygenation Pilot Study (Pilot Study), and the Memorandum of Agreement (MOA) between the Water Authority and Vista Irrigation District (VID) to implement the Pilot Study.
5. Approval of Minutes
The Board approved the minutes of the Formal Board of Directors' meeting of August 22, 2024.
6. Amendment of General Manager's Contract.
The Board extended the term of the contract by one year to August 24, 2027; approved a salary increase of 8 percent for August 24, 2024 through August 23, 2025, consisting of 5 percent COLA and 3 percent merit; and approved a change to the annual deferred compensation contribution to 457(b) account to the annual allowable IRS limit, prorated for the remainder of CY 2024.
7. Election of Board Officers for October 1, 2024 – September 30, 2026.
The Board elected the following Board Members as Officers: Nick Serrano, Chair; Frank Hilliker, Vice Chair; and Joy Lydnes, Secretary.

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.



NOSSAMAN^{LLP} | Memorandum

TO: Olivenhain Municipal Water District
FROM: Ashley Walker, Senior Policy Advisor, Nossaman LLP
Jennifer Capitolo, Jennifer M. Capitolo and Associates LLC
DATE: October 1, 2024
RE: October 2024 Public Policy Report

State Legislative Updates:

Status of the Legislature: The 2023-2024 legislative session came to an end on September 1 early in the morning. The governor had until September 30 to sign or veto all bills. The governor was slow to act on Senate bills, and some have speculated that the governor was holding Senate bills to try and pressure the Senate into participating in the special session he called. The governor called the special session just hours before lawmakers were supposed to adjourn for the year so he could push an energy bill package that failed to pass in the regular session. The Assembly has been fully engaged in the special session as evidenced by the nine bills introduced thus far. After the last policy hearing of the Assembly Petroleum and Gas Committee, two bills passed the committee and moved to the Assembly floor for a vote.

- ABX2 1 (Hart) Energy: transportation fuels: inventories: turnaround and maintenance.
- ABX2 9 (Petrie-Norris) Transportation fuels: specifications: production enhancement strategies.

The Senate is expected to reconvene to hear these bills on October 8 or 9, but the final date has not been confirmed yet.

The November election will bring changes in both houses and could spark adjustments in committee leadership. We will monitor new leadership announcements that may influence voting on OMWD's initiatives and will promptly establish relationships.

Public Contract Code: Nossaman is assisting OMWD by engaging statewide organizations to gather feedback and gauging interest in the public contract code legislation proposed by OMWD to SDCWA for 2024. The organizations consulted include Association of California Water Agencies, League of California Cities, Rural County Representatives of California, California State Association of Counties, and California Special Districts Association to raise awareness and secure support for the proposal. This legislation seeks to amend Section 20642 of the State of California Public Contract Code, by increasing the monetary threshold from \$35,000 to \$70,000, where it states: "When work is not to be done by the district itself by force account, and the amount involved is thirty-five thousand

dollars (\$35,000), or more, any contract for the doing of the work shall be let to the lowest responsible bidder...”. This proposal would also amend the State of California Public Contract Code by increasing the dollar amount from “\$35,000” to “\$70,000” in Section 10108 where it states: “In no event shall the amount of work performed by day labor under this section exceed the sum of fifty thousand dollars (\$50,000) in the case of district agricultural association fair projects, or thirty-five thousand dollars (\$35,000) in other cases.”

Nossaman will continue to assist OMWD by helping refine the potential strategy for introducing this legislative bill in 2025, by incorporating feedback to ensure stronger support in the upcoming session.

Legislation: Nossaman has been monitoring legislation that OMWD has current positions on throughout the legislative session. For each bill noted below, Nossaman submitted all relevant position letters at each stage of the process, provided testimony during all policy and appropriation committees hearings, and advised delegate leadership of OMWD’s position. Additionally, we submitted letters to the governor requesting his signature or veto.

Support Positions:

- **AB 1827 (Papan): Local government: fees and charges: water: higher-consumptive water parcels.** This bill would provide that the fees or charges for property-related water service imposed or increased, as specified, may include the incrementally higher costs of water service due to specified factors, including the higher water usage demand of parcels. The bill would provide that the costs associated with higher water usage demands, the maximum potential water use, or a projected peak water usage demand may be allocated using any method that reasonably assesses the water service provider’s cost of serving those parcels that are increasing potential water usage demand, maximum potential water use, or project peak water use demand.
OMWD Position: Support.
ACWA Position: Support.
Status: Signed by the governor.
- **AB 2257 (Wilson): Local government: property-related water and sewer fees and assessments: remedies.** This bill would prohibit, if a local agency complies with specified procedures, a person or entity from bringing a judicial action or proceeding alleging noncompliance with the constitutional provisions of Proposition 218 for any new, increased, or extended fee or assessment, unless that person or entity has timely submitted to the local agency a written objection to that fee or assessment that specifies the grounds for alleging noncompliance.
OMWD Position: Support.
ACWA Position: Sponsor.
Status: Signed by the governor.

- **SB 366 (Caballero): The California Water Plan: long-term supply targets.** This bill would revise and recast certain provisions regarding The California Water Plan to require the department to instead establish a stakeholder advisory committee and to expand the membership of the committee to include tribes, labor, and environmental justice interests. The bill would require the department to coordinate with California Water Commission, State Water Resources Control Board, other state and federal agencies as appropriate, and the stakeholder advisory committee to develop a comprehensive plan for addressing the state's water needs and meeting specified long-term water supply targets established by the bill for purposes of The California Water Plan. The bill would require the plan to provide recommendations and strategies to ensure enough water supply for all designated beneficial uses.

OMWD Position: Support.

ACWA Position: Support.

Status: Vetoed by the governor.

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

OMWD Position: Support.

ACWA Position: Support.

Status: Signed by the governor.

Oppose Position:

- **SB 399 (Wahab): Employer communications: intimidation.** The Alatorre-Zenovich-Dunlap-Berman Agricultural Labor Relations Act of 1975 protects agricultural employees' rights to associate, self-organize, choose their representatives for negotiating employment terms, and be free from employer interference or coercion in these activities. Other laws prevent employers from banning employees' political participation or candidacies and from controlling employees' political activities or affiliations. The new bill proposes to prohibit employers from disciplining or retaliating against employees who decline to attend employer-sponsored meetings or communications about religious or political matters. It mandates that such employees continue to receive payment and imposes a \$500 civil penalty on non-compliant employers. The Labor Commissioner would enforce these provisions, and employees could take civil action or seek injunctive relief for violations.

OMWD Position: Oppose.

ACWA Position: No position.

Status: Signed by the governor.

Other Legislation:

- Although **SB 1255 (Durazo): Public water systems: needs analysis: water rate assistance program**, did not advance out of Assembly Appropriations Committee, we have been informed that Senator Durazo is expected to reintroduce this legislation again next year. In response, we have initiated outreach to several other water districts and statewide organizations to begin discussions on the most effective approach for engaging actively to shape any new legislative terms rather than seeking amendments after the bill's introduction. OMWD had an oppose position on this bill.

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

- September 24 - Governor Newsom announced the deployment of California firefighters to Florida ahead of Tropical Storm Helene. The team of seven firefighters from California's Urban Search and Rescue Task Force Incident Support Team will assist in staffing a Federal Emergency Management Agency Incident Support Team to Orlando.
- September 23 - Governor Newsom announced a new state initiative to mobilize one million Californians to take climate action. The campaign highlights 10 priority actions participants can pledge to take at home and in their neighborhoods to help build resilient communities.
- September 11 - As the state continues to mobilize personnel and resources in the ongoing response to Southern California wildfires, Governor Newsom traveled to Southern California and proclaimed a state of emergency in Los Angeles and San Bernardino counties in response to the Bridge Fire and in Orange and Riverside counties in response to the Airport Fire.
- September 11 - Governor Newsom announced that California has secured a Fire Management Assistance Grant from the Federal Emergency Management Agency to help ensure the availability of vital resources to Riverside County to assist with the costs of suppressing the Airport Fire.
- September 10 - Governor Newsom announced that California has secured a Fire Management Assistance Grant from the Federal Emergency Management Agency to help ensure the availability of vital resources to Los Angeles and San Bernardino counties to suppress the Bridge Fire.
- September 9 - Governor Newsom announced that the California National Guard will support the state's ongoing response to the Line Fire in San Bernardino County.
- September 8 - Governor Newsom announced that California has secured a Fire Management Assistance Grant from the Federal Emergency Management Agency to help ensure the availability of vital resources to suppress the Boyles Fire in Lake County.
- September 7 - Moving quickly to support the state's response to the Line Fire, Governor Newsom proclaimed a state of emergency in San Bernardino County and announced that California has secured a Fire Management Assistance Grant from the Federal Emergency Management Agency

- September 6 – Governor Newsom ended the drought state of emergency in 19 counties where conditions have improved significantly, and maintained it in the remaining 39 counties to address continued impacts to local water supplies and facilitate ongoing recovery. San Diego County is not currently in a drought-related state of emergency. Additional action rolls back certain provisions of prior drought- and flood-related executive orders that are no longer necessary under current conditions.

Regulatory Updates:

Hydrologic Conditions: Department of Water Resources [California Water Watch](#) for September 18 reported continued normal or above normal reservoir storage. Major reservoirs are still at 114 percent of average levels for this time of the year. Currently, precipitation statewide is averaging 23.75 inches, which is still slightly above average for the water year to date. The first two weeks in September were exceptionally hot across southern California and much of the west. Monsoonal moisture also caused mountain and desert thunderstorms in southern California, which resulted in localized flash flooding. That rain was not sufficient to mitigate three significant wildfires that have been burning in southern California mountain areas. The current [US Drought Monitor](#) map now shows abnormally dry conditions have developed over 60 percent of the northern and southeastern part of the state, and moderate conditions in about 11 percent of the southeastern deserts and northeastern corner of California . The [Climate Prediction Center](#) still expects a La Niña climate condition to develop in the September to November period (increased now to a 71 percent chance).

Water Use Efficiency/Conservation:

Long-term Water Conservation Standards Rulemaking and Implementation: On August 16 the State Water Resources Control Board submitted the final adopted conservation regulation for review by the state Office of Administrative Law. OAL completed its rulemaking review to ensure compliance with the Administrative Procedure Act. Next, OAL will approve the regulation and file it with the Secretary of State through the adoption process. The regulation will become effective on January 1, 2025. The California Water Efficiency Partnership is developing water supplier compliance tools and providing technical assistance. State Water Resources Control Board staff is working with a pilot group of water suppliers to develop a reporting template and tools for wider use this fall. Nossaman is engaged in the template review process.

Water Quality:

PFHxA: On September 18, 2024, the Office of Environmental Health Hazard Assessment sent a member to the State Water Resources Control Board recommending they establish the notification level (NL) for perfluorohexanoic acid (PFHxA) at 1 part per billion.

Electronic Annual Report: On September 3, 2024, the State Water Resources Control Board held a workshop on the next Electronic Annual Report (eAR). The State Water Resources Control Board staff discussed expected changes for 2024, customer service improvements for 2024, and they accepted feedback from interested parties. A second workshop is scheduled for October 9, 2024.

Olivenhain Legislative Report 2023-24

Report as of 10/1/2024

Oppose

[SB 399](#) **(Wahab D) Employer communications: intimidation.**

Last Amend: 8/19/2024

Location: 9/27/24 Chaptered and Signed by Governor

Summary: The Alatorre-Zenovich-Dunlap-Berman Agricultural Labor Relations Act of 1975 provides that it is the policy of the state to encourage and protect the right of agricultural employees to full freedom of association, self-organization, and designation of representatives of their own choosing to negotiate the terms and conditions of their employment, and to be free from the interference, restraint, or coercion of employers of labor, or their agents, in the designation of such representatives, self-organization, or other concerted activities for the purpose of collective bargaining or other mutual aid or protection. Other existing law relating to employment prohibits employers from making, adopting, or enforcing rules, regulations, or policies that forbid or prevent employees from engaging or participating in politics or from becoming candidates for public office, and from controlling or directing, or tending to control or direct, the political activities or affiliations of employees. This bill, except as specified, would prohibit an employer from subjecting, or threatening to subject, an employee to discharge, discrimination, retaliation, or any other adverse action because the employee declines to attend an employer-sponsored meeting or affirmatively declines to participate in, receive, or listen to any communications with the employer or its agents or representatives, the purpose of which is to communicate the employer's opinion about religious or political matters and would require an employee who refuses to attend a meeting as described to continue to be paid, as specified. The bill would impose a civil penalty of \$500 on an employer who violates these provisions.

Position

Oppose

Notes: 9-12-24 Letter to the Governor requesting a veto. Letter requesting veto sent to Governor 9/13/24.

Support

[AB 1827](#) **(Papan D) Local government: fees and charges: water: higher consumptive water parcels.**

Last Amend: 4/4/2024

Location: 9/22/24 Chaptered and Signed by Governor

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

Position

Support

Notes: ACWA position- support. Olivenhain support letter 5/2/24. Olivenhain support letter sent to Governor 8/26/24.

[AB 2257](#) **(Wilson D) Local government: property-related water and sewer fees and assessments: remedies.**

Last Amend: 8/5/2024

Location: 9/25/24 Chaptered and Signed by Governor

Summary: The California Constitution specifies various requirements with respect to the levying of assessments and property-related fees and charges by a local agency, including notice, hearing, and protest procedures, depending on the character of the assessment, fee, or charge. Current law, known as the Proposition 218 Omnibus Implementation Act, prescribes specific procedures and parameters for local jurisdictions to comply with these requirements. This bill would prohibit, if a local agency complies with specified procedures, a person or entity from bringing a judicial action or proceeding alleging noncompliance with the constitutional provisions for any new, increased, or extended fee or assessment, as defined, unless that person or entity has timely submitted to the local agency a written objection to that fee or assessment that specifies the grounds for alleging noncompliance, as specified. This bill would provide that local agency responses to the timely submitted written objections shall go to the weight of the evidence supporting the agency's compliance with the substantive limitations on fees and assessments imposed by the constitutional provisions. The bill would also prohibit an independent cause of action as to the adequacy of the local agency's responses.

Position

Support

Notes: ACWA position- sponsor/ support 3.13.24. Olivenhain & Padre Dam on coalition support letter 4/24/24. Olivenhain on coalition support ASM floor alert 5/13/24. Olivenhain & Padre Dam on coalition support SEN Judiciary letter 6/4/24. Coalition Senate Floor Alert - Support to all Senators- 8/5/24

SB 366

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

Last Amend: 8/22/2024

Status: Vetoes

Summary: Current law requires the Department of Water Resources to update every 5 years the plan for the orderly and coordinated control, protection, conservation, development, and use of the water resources of the state, which is known as "The California Water Plan." Current law requires the department to include a discussion of various strategies in the plan update, including, but not limited to, strategies relating to the development of new water storage facilities, water conservation, water recycling, desalination, conjunctive use, water transfers, and alternative pricing policies that may be pursued in order to meet the future needs of the state. Current law requires the department to establish an advisory committee to assist the department in updating the plan. This bill would revise and recast certain provisions regarding The California Water Plan to, among other things, require the department to expand the membership of the advisory committee to include tribes, labor, and environmental justice interests. The bill would require the department, as part of the 2033 update to the plan, to update the interim planning target for 2050, as provided. The bill would require the target to consider the identified and future water needs for all beneficial uses and ensure safe drinking water for all Californians, among other things.

Position

Support

Notes: Coalition support letter 4/17/24. Olivenhain support letter to ASM Water, Parks and Wildlife committee 5/8/24. Support letter to Assembly Appropriations 8/1/24. Support letter sent to Assemblymembers Boerner and Maienschein 8/23/24. 8/30/24 letter sent to Governor requesting signature.

SB 1072

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

Last Amend: 6/17/2024

Location: 9/20/24 Chaptered and Signed by Governor

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

Position

Support

Notes: ACWA position- support 3.13.24. Olivenhain signed on to the CSDA Coalition letter of support for SB 1072 on 5/17/24.

[AB 460](#) ([Bauer-Kahan D](#)) State Water Resources Control Board: water rights and usage: civil penalties.**Last Amend:** 8/15/2024**Location:** 9/22/24 Chaptered and Signed by Governor

Summary: Under current law, the diversion or use of water other than as authorized by specified provisions of law is a trespass, subject to specified civil liability. This bill would require the State Water Resources Control Board to adjust for inflation, by January 1 of each year, beginning in 2026, the amounts of civil and administrative liabilities or penalties imposed by the board or in water right actions brought at the request of the board, as specified.

Position

Watch

[AB 828](#) ([Connolly D](#)) Sustainable groundwater management: managed wetlands.**Last Amend:** 8/20/2024**Status:** Vetoed

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

Position

Watch

Notes: ACWA position: oppose 1/19/24.**[AB 1820](#) ([Schiavo D](#)) Housing development projects: applications: fees and exactions.****Last Amend:** 8/20/2024**Location:** 9/22/24 Chaptered and Signed by Governor

Summary: Current law requires a city or county to deem an applicant for a housing development project to have submitted a preliminary application upon providing specified information about the proposed project to the city or county from which approval for the project is being sought. Current law requires a housing development project be subject only to the ordinances, policies, and standards adopted and in effect when the preliminary application was submitted. This bill would authorize a development proponent that submits a preliminary application for a housing development project to request a preliminary fee and exaction estimate, as defined, and would require a city, county, or city and county to provide the estimate within 30 business days of the submission of the preliminary application. For development fees imposed by an agency other than a city, county, or city and county, the bill would require the development proponent to request the fee schedule from the agency that imposes the fee and would require the agency that imposes the fee to provide the fee schedule to the development proponent without delay.

Position

Watch

Notes: ACWA position- watch.**[AB 2454](#) ([Lee D](#)) Drinking water: rental property: domestic well testing.****Last Amend:** 8/22/2024**Location:** 9/24/24 Chaptered and Signed by Governor

Summary: The California Safe Drinking Water Act provides for the operation of public water systems and imposes on the State Water Resources Control Board various duties and responsibilities for the regulation and control of drinking water in the State of California. The act requires the state board to adopt primary drinking water standards for contaminants in drinking water based upon specified criteria. Current law makes certain violations of the act a crime. This bill would require an owner of a domestic well that serves a rental property within the boundaries of a testing program, as defined, to participate in the testing program, as specified. The bill would require the state board to post certain information regarding applicable testing programs on its internet website. The bill would require the owner of a domestic well that serves a rental property to ensure that the test results, and information on how to read and understand the test results, are provided to current residents of the rental property within 10 days of receiving the test results. If the test results demonstrate an exceedance of any primary drinking water standard, and the owner of the domestic well or a resident served by the domestic well is eligible for a program for the provision of safe drinking water, the bill would require the

domestic well owner to provide safe drinking water to the residents.

Position

Watch

SB 597

(Glazer D) Building standards: rainwater catchment systems.

Last Amend: 8/22/2024

Location: 9/28/24 Chaptered and Signed by Governor

Summary: The California Building Standards Law requires a state agency that adopts or proposes adoption of a building standard to submit the building standard to the California Building Standards Commission for approval and adoption. Current law makes the commission responsible for the publication of an updated edition of the California Building Standards Code every 3 years. Current law requires the Department of Housing and Community Development to propose to the commission the adoption, amendment, or repeal of building standards for, among other things, the installation of recycled water systems for newly constructed single-family residential and multifamily residential buildings, as specified. This bill would require the department to review current building standards, conduct research, and develop recommendations regarding building standards for the installation of rainwater catchment systems for nonpotable uses in newly constructed residential dwellings and would authorize the department to propose related building standards to the commission for consideration, as specified. The bill would authorize the department to expend moneys from the Building Standards Administration Special Revolving Fund for the above-described purposes, upon appropriation by the Legislature, as specified.

Position

Watch

SB 1147

(Portantino D) Drinking water: microplastics levels.

Last Amend: 8/22/2024

Location: 9/28/24 Chaptered and Signed by Governor

Summary: Would require the Office of Environmental Health Hazard Assessment (OEHHA) to study the health effects of microplastics in drinking and bottled water to evaluate toxicity characteristics and levels of microplastics in water that are not anticipated to cause or contribute to adverse health effects, or to identify data gaps that would need to be addressed to establish those levels. The bill would require OEHHA to provide biennial status updates, and post a final report on its internet website. The bill would authorize the State Water Resources Control Board, after taking into consideration the findings of the report, to request that OEHHA prepare and publish a public health goal for microplastics in drinking water, as specified.

Position

Watch

Notes: ACWA position: oppose unless amended 3/1/24.

SB 1156

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

Last Amend: 6/18/2024

Location: 9/22/24 Chaptered and Signed by Governor

Summary: The Political Reform Act of 1974 prohibits a public official from making, participating in making, or attempting to use their official position to influence a governmental decision in which they know or have reason to know that they have a financial interest, as defined. The act requires specified public officials, including elected state officers, judges and court commissioners, members of certain boards and commissions, other state and local public officials, and candidates for these positions to file statements of economic interests, annually and at other specified times, that disclose their investments, interests in real property, income, and business positions. The Fair Political Practices Commission is the filing officer for such statements filed by statewide elected officers and candidates and other specified public officials. This bill would require members of the board of directors and the executive, as defined, of a groundwater sustainability agency to file statements of economic interests, according to the filing requirements described above, with the Fair Political Practices Commission using the Commission's online system for filing statements of economic interests.

Position

Watch

Notes: ACWA position: watch/amend 3/22/24.

SB 1210

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

Last Amend: 6/24/2024

Location: 9/27/24 Chaptered and Signed by Governor

Summary: Current law vests the Public Utilities Commission with regulatory authority over public utilities, including electrical corporations, gas corporations, sewer system corporations, and water corporations, while local publicly owned utilities, including municipal utility districts, public utility districts, and irrigation districts, are under the direction of their governing boards. This bill would, for new housing construction, require the above-described utilities, on or before January 1, 2026, to publicly post on their internet websites (1) the schedule of estimated fees for typical service connections for each housing development type, including, but not limited to, accessory dwelling unit, mixed-use, multifamily, and single-family developments, except as specified, and (2) the estimated timeframes for completing typical service connections needed for each housing

development type, as specified. The bill would exempt from its provisions a utility with fewer than 4,000 service connections that does not establish or maintain an internet website due to a hardship and would authorize the utility to establish that a hardship exists by annually adopting a resolution that includes detailed findings, as provided.

Position

Watch

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

Total Measures: 13

Total Tracking Forms: 13

Memo

G, H

To: Olivenhain Municipal Water District Board of Directors

Subject: INFORMATIONAL REPORTS

TWELVE MONTH CALENDAR / OTHER MEETINGS /

REPORTS / BOARD COMMENTS

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

TWELVE MONTH CALENDAR OF EVENTS (AS OF 10/8/24)

Date(s)	Event	Time	Location	Attending Board Member(s)	Additional Information (Speakers' Topic, Cohosts, etc.)
<u>SEPTEMBER 2024</u>					
19-Sep	Document Signing			Watt	
25-Sep	Safety Committee Meeting	2:30 PM	Boardroom	Hahn, Meyers	
26-Sep	ACWA Webinar - Regulated Drinking Water Contaminants in California: Protecting Public Health & Financial Resilience	11:00 AM		San Antonio	
<u>OCTOBER 2024</u>					
2-Oct	Health & Wellness Expo	11:30 AM	Jack's Shack		
8-Oct	VIP Facilities Tour	8:30 AM -2:30 PM		Meyers	
9-Oct	Facilities Committee Meeting		Boardroom	Guerin, Watt	
10-Oct	Water Career Day	9:00 AM - 3:00 PM	San Elijo JPA	Meyers, San Antonio	
15-Oct	COWU Lunch Meeting	11:30 AM - 1:00 PM	The Butcher Shop Steakhouse		
15-Oct	ACWA Region 10 Event	8:30 AM	Yorba Linda Water District	Meyers	
15-Oct	Board Meeting Pre-Briefing	1:30 PM	OMWD	Guerin	

Memo

To: Olivenhain Municipal Water District Board of Directors

Subject: INFORMATIONAL REPORTS

CORRESPONDENCE

Any correspondence is attached.

Board of Directors

Christy Guerin, President
Matthew R. Hahn, Vice President
Neal Meyers, Treasurer
Lawrence A. Watt, Secretary
Marco San Antonio, Director



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

September 12, 2024

Governor Gavin Newsom
1303 10th Street, Suite 1173
Sacramento, CA 95814

RE: SB 399 (Wahab)-Employer communications: intimidation (As amended August 19, 2024) – REQUEST FOR VETO

Dear Governor Newsom:

On behalf of Olivenhain Municipal Water District, I am writing to respectfully request your VETO of SB 399 (Wahab), which would prohibit an employer from subjecting, or threatening to subject, an employee to any adverse action because the employee declines to attend an employer-sponsored meeting or affirmatively declines to participate in, receive, or listen to any communications with the employer, the purpose of which is to communicate the employer's opinion about religious or political matters. OMWD provides 87,000 customers in northern San Diego County with water, wastewater, recycled water, hydroelectric, and recreational services.

This bill applies to all employers, including private employers, and public employers, such as local governments, schools, and the state of California. Public employers do not appear to be the primary focus of SB 399. However, cities, counties, special districts, schools, and all other local government employers are swept up in the bill's provisions, despite existing laws already ensuring protection for their employees and the complications SB 399 creates with local government duties to serve the public.

Senate Bill 399 is Inconsistent with Routine Government Operations

SB 399 is overly broad and could pose serious challenges for local jurisdictions. The bill defines "political matters" as "...matters relating to elections for political office, political parties, legislation, regulation, and the decision to join or support any political party or political or labor organization." By this definition, it could be reasonably argued that many of the issues before a city council, county board of supervisors, or a special district board would fall under "legislation" or "regulation."

If enacted, SB 399 would treat many routine government functions, including holding meetings to discuss pending legislation, as political matters and interfere with government operations. SB 399 may apply to employees required to be present where legislation or regulations are debated, such as board meetings, and even to such mundane tasks as seeking input or analysis from



employees as to the implementation of proposed or enacted legislation, regulations, or ballot measures. Because government agencies develop and implement policy, any activity could potentially be argued to be political, leading to costly disputes.

Recent Amendments do not Address Public Employer Concerns

The August 19 amendments to SB 399 created a narrow public entity communications exception by providing that the bill does not prohibit:

An employer that is a public entity from communicating to its employees any information related to a policy of the public entity or any law or regulation that the public entity is responsible for administering.

This narrow exception, found in the proposed Labor Code Section 1137(g)(4), does not address the broad concerns with the bill consistently put forward by public employers. The exception's inadequacy is clear when comparing it to the bill's restrictions:

- The exception is limited to "communicating to" employees and does not address employer-sponsored meetings which are also regulated by the bill. Further, the exception also refers only to communicating "to" employees, not communicating "with" employees, implying that employees need only receive information and not actively participate. This is fundamentally at odds with the work of public employers, which frequently involves the development or implementation of public policy and requires the active participation of employees in that effort. Take, for example, the need to meet with a public works director to seek information concerning a pending law or regulation of the local agency or the state, or to take a position on such laws or regulations. SB 399 sets up a scenario where an employee's refusal to perform their basic job functions in this regard could result in disputes and litigation.
- The exception is limited to a policy of the public entity or any law or regulation the public entity is responsible for administering, leaving out significant amounts of routine responsibilities of public employers. First, the exception is limited to a law or regulation, which is just a subset of the items included within the definition of "political matters" subject to the bill. For example, the political matters definition includes elections for political office, generally, without a limitation that the employer expresses an opinion about how to vote in an election. Moreover, the exception contemplates an existing policy of the public entity, not the development of policy, and laws or regulations a public entity is responsible for administering, omitting reference to pending legislation, proposed regulations, ballot measures; or laws or regulations imposed upon a public entity which the public entity does not administer.

Finally, the generally applicable "information that is necessary for those employees to perform their job duties" exception in proposed Labor Code Section 1137(g)(2) is too narrow and insufficient for similar reasons. It is similarly limited to communication with employees, omitting meetings and communications with employees. Further, the exception is likely to give rise to disputes over whether hearing certain information is "necessary" to the performance of job duties.

Existing Law Already Restricts Local Governments' Communications with Employees

The bill's sponsors have pointed to no examples of local agencies forcing their religious or political beliefs on their employees. Additionally, SB 399 is not appropriately applied to local government and schools because existing law already provides significant protections for public employees. For example, Government Code Section 3550 provides that a public employer shall not deter or discourage public employees or applicants to be public employees from becoming or remaining members of an employee organization. Section 3551.5 imposes significant penalties for violations of Section 3550 and grants employee organizations standing to bring the claims.

Senate Bill 399 Exposes Local Governments to Risk of Significant Litigation Expenses

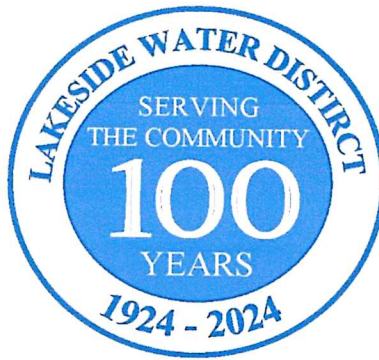
The uncertainty created because of the vague and overly broad provisions of this bill would make it incredibly difficult to comply with and would certainly be litigated. SB 399 would also create a private right of action in court for damages caused by adverse actions on account of the employee's refusal to attend an employer-sponsored meeting.

For these reasons, OMWD respectfully requests your VETO of SB 399. Should you have any questions or need additional information, please feel free to contact me at 760-753-6466 or kthorner@olivenhain.com.

Regards,


Kimberly A. Thorner
General Manager

CC: Senator Aisha Wahab
Mary Hernandez, Chief Deputy Legislative Secretary, Office of Governor Newsom



The Lakeside Water District Board of Director's would like to thank the Olivenhain Municipal Water District Board of Directors for recognizing our 100 Year Anniversary. It means a lot to us and our community who we represent to have received your support and participation. The District strives to manage and control the resources in the best interests of the community and it is gratifying that we were able to have a successful 100-year anniversary celebration with your attendance and support.

We plan to display the proclamations and resolutions that we have received in our Board Room for others to see and enjoy for years to come. This will highlight the endurance of the Boards decisions and the importance of the support of the community and other governing agencies in the stewardship of such an important service.

Sincerely,

The Lakeside Board of Directors

A blue ink signature of Frank Hilliker, consisting of a stylized 'F' and 'H' followed by a long horizontal stroke.

Frank Hilliker Div. 3 President

A blue ink signature of Eileen Neumeister, written in a cursive style.

Eileen Neumeister Div. 1 Vice-President

A blue ink signature of Pete Jenkins, featuring a large, bold 'P' and 'J' followed by a horizontal line.

Pete Jenkins Div. 2

A blue ink signature of Steve Johnson, written in a cursive style.

Steve Johnson Div. 5

A blue ink signature of Steve Robak, featuring a stylized 'S' and 'R' followed by a horizontal line.

Steve Robak Div. 4

September 19, 2024

The Honorable Patty Murray
Chair, Subcommittee on Energy
and Water Development
Committee on Appropriations
U.S. Senate

The Honorable John Kennedy
Ranking Member, Subcommittee on Energy
and Water Development
Committee on Appropriations
U.S. Senate

The Honorable Chuck Fleischmann
Chair, Subcommittee on Energy
and Water Development
Committee on Appropriations
U.S. House of Representatives

The Honorable Marcy Kaptur
Ranking Member, Subcommittee on Energy
and Water Development
Committee on Appropriations
U.S. House of Representatives

Dear Chair Murray, Chairman Fleischmann, Ranking Member Kennedy and Ranking Member Kaptur:

On behalf of the undersigned communities, utilities, businesses, and organizations, we urge you to support forward-looking investments in America's water future by funding the Title XVI Water Reclamation and Reuse Grants Program at no less than \$30 million, of which at least \$20 million should be provided for projects as authorized by section 4009(c) of Public Law 114-322.

Water reuse, also known as water recycling, is the process of intentionally capturing wastewater, stormwater, or graywater and cleaning it as needed for a designated beneficial freshwater purpose, such as drinking, industrial processes, irrigation, groundwater replenishment, and watershed restoration. The fundamental principle of water reuse is using the right water for the right purpose, everywhere and all the time. Across the country, water, wastewater, and stormwater managers have shown that water recycling can be a central feature in innovative, integrated approaches to solving water management challenges.

The Title XVI Water Reuse Grants Program provides federal cost share for water recycling projects in 17 Western states and Hawaii. The program has helped communities across the West build drought resilience, keep nutrients and other pollutants out of sensitive waterways, save billions of dollars relative to importing water, and grow sustainable economies. It is a key economic and climate resiliency tool.

As you know, the Title XVI program has two components—a competitive grants component known as WIIN Title XVI, and a congressionally directed spending component whereby projects are individually authorized and funded by Congress. While Title XVI competitive grants have become the core of the program since the enactment of the WIIN Act in 2016,

both components continue to provide critical funding for water recycling programs across the West. Among eligible projects that have received WIIN-Title XVI funding in recent years, the remaining federal cost-share backlog exceeds \$562 million. As we approach the expiration of the Infrastructure Investment and Jobs Act (IIJA), Congress must begin to increase rather than decrease annual appropriations for the Title XVI-WIIN program. Previous years have shown that \$20 million per year is woefully insufficient to meet the annual demand for Title XVI-WIIN funding from eligible entities.

With respect to individually authorized Title XVI projects, colloquially known as the “legacy program,” seven congressionally authorized projects have requested funding in the last five years. Five of these have yet to meet their funding caps, for a total of \$51,380,927 in remaining federal cost-share. These communities have plans in place with work being done to design, build, test and deploy important water recycling projects. Congress must not leave them high and dry as they request funding to complete their projects in the coming years.

The drivers for water reuse are many. In recent years, droughts have brought severe conditions including wildfires, heat waves, severely depleted water sources, and reduced crop production across the country. Despite last year’s snowpack and rain events, conditions in the West were recently at their driest point in 1,200 years and are expected to worsen. In addition to combatting supply constraints, communities and industries are also turning to water reuse to meet stringent discharge regulations and reduce pollutant loads to receiving waters.

By investing in the Title XVI Water Reuse Grants Program, Congress can give communities the tools and resources they need to protect public health and the environment, support economic development, and create long-term solutions for future generations. Thank you for considering our views.

Sincerely,

Arizona

City of Cottonwood

City of Flagstaff

City of Phoenix Water Services
Department

Town of Gilbert

Tucson Water

WaterReuse Arizona

California

Association of California Water Agencies

California Association of Sanitation
Agencies

Camrosa Water District

Carpinteria Sanitary District

Central Contra Costa Sanitary District

City of Oceanside

City of Santa Rosa
Cucamonga Valley Water District
Diablo Water District
Eastern Municipal Water District
Elsinore Valley Municipal Water District
Grace Environmental Services
Inland Empire Utilities Agency
Irvine Ranch Water District
Jurupa Community Services District
Long Beach Utilities
Los Angeles County Sanitation Districts
Monterey One Water
Olivenhain Municipal Water District
Orange County Water District
Padre Dam Municipal Water District
Palmdale Water District
Sacramento Area Sewer District
San Diego County Water Authority
Santa Margarita Water District
Town of Windsor
Valley Water
Water Replenishment District
WateReuse California
West Basin Municipal Water District
Western Municipal Water District

Colorado

Burns & McDonnell

Denver Water
Donala Water and Sanitation District
Metro Water Recovery
Plum Creek Water Reclamation District
WateReuse Colorado

Hawaii

County of Maui
Honolulu Board of Water Supply

Kansas

City of Garden City

Nevada

Clark County Water Reclamation District
Truckee Meadows Water Authority
WateReuse Nevada

New Mexico

Albuquerque Bernalillo County Water
Utility Authority
City of Santa Fe Water
WateReuse New Mexico

Oklahoma

Central Oklahoma Master Conservancy
District
City of Guymon
City of Norman
Oklahoma Water Resources Board

Oregon

Clean Water Services

Metropolitan Wastewater Management
Commission, City of Springfield

South Suburban Sanitary District,
Klamath Falls

Texas

City of Denton

El Paso Water

Gulf Coast Authority

Mustang Special Utility District

Upper Trinity Regional Water District

WaterReuse Texas

Utah

South Jordan City

Washington County Water Conservancy
District

Washington

City of Arlington

Esvelt Environmental Engineering, LLC

King County Wastewater Treatment
Division

WaterReuse Pacific Northwest

National

American Water Works Association

Association of Metropolitan Water
Agencies

Black & Veatch

Grundfos

Hazen and Sawyer

International Association of Plumbing and
Mechanical Officials

National Association of Clean Water
Agencies

National Association of Water Companies

National Water Resources Association

Pacific Institute

Rural Community Assistance Partnership

Trojan Technologies

U.S. Water Alliance

Veolia North America

Veralto

Water Environment Federation

Water Finance Exchange

WaterNow Alliance

WaterReuse Association

Xylem

Memo

To: Olivenhain Municipal Water District Board of Directors

Subject: AUTHORIZATION TO ATTEND UPCOMING MEETINGS /
CONFERENCES / SEMINARS

The Board may desire to attend a meeting that requires Board approval.

Memo

To: Olivenhain Municipal Water District Board of Directors

Subject: FUTURE AGENDA ITEMS

The Board may have items to be considered at a Future Board meeting.

Memo

To: Olivenhain Municipal Water District Board of Directors

Subject: CONSIDER PUBLIC COMMENTS

There may be public comments before the Board meeting is adjourned.

Memo

Date: October 16, 2024

To: Olivenhain Municipal Water District Board of Directors

From: Joey Randall, Assistant General Manager

Via: Kimberly A. Thorner, General Manager

Subject: **CONSIDER A RESOLUTION OF THE BOARD OF DIRECTORS OF THE OLIVENHAIN MUNICIPAL WATER DISTRICT DESIGNATING REAL PROPERTY NEGOTIATORS AS GENERAL MANAGER THORNER AND ASSISTANT GENERAL MANAGER RANDALL RELATING TO THE ACQUISITION OF REAL PROPERTY RELATED TO THE SAN DIEGUITO VALLEY GROUNDWATER PROJECT**

Purpose

The purpose of this agenda item is to designate General Manager Thorner and Assistant General Manager Randall as real property negotiators on behalf of OMWD. Approval would designate General Manager Thorner and Assistant General Manager Randall to negotiate terms for the potential purchase of privately owned property in the form of easements to advance the San Dieguito Valley Groundwater Project. Real property negotiators must be declared prior to going into Closed Session, which is item 23-C on this agenda.

Recommendation

Staff recommends the Board authorize General Manager Kimberly Thorner and Assistant General Manager Joseph Randall as real property negotiators for the acquisition of the easements.

Alternatives

The Board could make a determination that it does not want to consider the purchase of the proposed easement(s), but then would not be able to go into Closed Session to discuss the negotiations.

Background

The District desires to acquire an easement via MR Propco, LLC, at the La Valle Coastal Club to advance the San Dieguito Valley Groundwater Project. An evaluation of these properties was conducted by staff to determine their capacity and relevance for necessary exploratory boring and pump well testing. From this evaluation, the proposed easement adjacent to the La Valle Coastal Club golf course was determined by OMWD's hydrogeologic expert Geoscience Support Services, Inc. to be a strong option for the necessary work. Staff has determined that due to renovations scheduled to the East Golf Course, disruptions to La Valle Coastal Club operations and revenues can be avoided if the boring and testing work is conducted during this scheduled closure. The procurement of easements will allow OMWD legal access for the test boring and existing well pump test included in the conditionally approved [Item 16 from the September 18 Board meeting.](#)

Fiscal Impact

There are no fiscal impacts to the designation of real property negotiators.

Discussion

Discussion and direction to real property negotiators on behalf of OMWD is to be held in Closed Session. Designation of the real property negotiators does not commit the Board to the purchase, development, or other transactional requirement. California Government Code § 54956.8 states:

Notwithstanding any other provision of this chapter, a legislative body of a local agency may hold a closed session with its negotiator prior to the purchase, sale, exchange, or lease of real property by or for the local agency to grant authority to its negotiator regarding the price and terms of payment for the purchase, sale, exchange, or lease.

However, prior to the closed session, the legislative body of the local agency shall hold an open and public session in which it identifies its negotiators, the real property or real properties which the negotiations may concern, and the person or persons with whom its negotiators may negotiate.

Attachments:

Resolution No. 2024-xx

RESOLUTION NO. 2024-XX

RESOLUTION OF THE OLIVENHAIN MUNICIPAL WATER DISTRICT DESIGNATING REAL PROPERTY NEGOTIATORS FOR EASEMENT PROCUREMENT

WHEREAS, the Olivenhain Municipal Water District (District), a municipal water district duly organized and existing under and pursuant to the Constitution and laws of the State of California (State), desires to conduct hydrogeologic investigations and monitoring in the San Dieguito Groundwater Basin; and

WHEREAS, Staff and consultants have identified preferred locations to conduct additional hydrogeologic investigations; and

WHEREAS, OMWD must designate real property negotiators in accordance with Section 54956.8 of the California Government Code; and

NOW, THEREFORE, the Board of Directors of the Olivenhain Municipal Water District does hereby resolve as follows:

Section 1. The Board designates General Manager Kimberly A. Thorner and Assistant General Manager Joseph Randall as real property negotiators.

Section 2. The Board hereby authorizes compliance with the provisions of California Government Code Section 54956.8 et seq. in which “a legislative body of a local agency may hold a closed session with its negotiator prior to the purchase, sale, exchange, or lease of real property by or for the local agency to grant authority to its negotiator regarding the price and terms of payment for the purchase, sale, exchange, or lease. However, prior to the closed session, the legislative body of the local agency shall hold an open and public session in which it identifies its negotiators, the real property or real properties which the negotiations may concern.”

Section 3. This resolution shall take effect immediately.

PASSED, ADOPTED AND APPROVED at a regular Board meeting of the Board of Directors of the Olivenhain Municipal Water District held on October 16, 2024.

Christy Guerin, President
Board of Directors
Olivenhain Municipal Water District

Attest:

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

Memo

To: Olivenhain Municipal Water District Board of Directors

Subject: CLOSED SESSION

It may be necessary to go into Closed Session.

Memo

To: Olivenhain Municipal Water District Board of Directors

Subject: OPEN SESSION

Memo

Date: October 16, 2024

To: Olivenhain Municipal Water District Board of Directors

From: Joey Randall, Assistant General Manager

Via: Kimberly A. Thorner, General Manager

Subject: **CONSIDER APPROVAL OF PRINCIPLES OF UNDERSTANDING WITH MR PROPCO, LLC, INCLUDING AUTHORIZING THE GENERAL MANAGER TO NEGOTIATE EASEMENT PURCHASES IN AN AMOUNT NOT TO EXCEED \$65,000 AND AFFIRM APPROVAL OF ITEMS 16 A, B, D, E FROM THE SEPTEMBER 18, 2024 BOARD MEETING**

Purpose

The purpose of this agenda item is to request Board approval to advance the San Dieguito Valley Groundwater Project, which will allow OMWD to take advantage of a Community Project Funding (CPF) grant from the US Environmental Protection Agency in the amount of \$959,752 by affirming approval of Items 16 A, B, D, E from the September 18, 2024 Board meeting and consider approval of this revised Draft Principles of Understanding (POU) with MR PropCo, LLC (MRP) for water resources development. This POU would allow OMWD to conduct exploratory borings, pump tests, construction of monitoring wells, and provide the necessary easements and rights of entry for the work. To avoid disruptions of the East Golf Course operations and revenues, the boring and testing work would be completed while the course is shut down for renovations. The POU was reviewed by Rutan & Tucker, and by Nossaman, and is conceptually approved by MRP. The Board identified potential indemnity and insurance concerns with the POU at the September Board meeting and Staff has incorporated Board comments into this draft to

address these concerns. The procurement of easements will allow OMWD legal access for the test boring and existing well pump test included in the proposed Geoscience agreement conditionally approved by the Board at the September Board meeting.

Recommendation

Staff recommends affirming the approval of Items 16 A, B, D & E from the September 18, 2024 Board meeting and approve the updated POU with MR PropCo, LLC, including authorizing the General Manager to negotiate purchasing easements necessary for the pump testing and exploratory boring in a not to exceed amount of \$65,000.

Alternative(s)

The Board could direct additional changes to be made to the POU.

The Board could also decide against approval of moving this work forward at this time. However, there are lost opportunities associated with this alternative. Most importantly, the \$959,752 CPF Grant that was secured in order to conduct the pump testing and boring work may no longer be available to OMWD if the work is indefinitely postponed.

Background

The Board moved to conditionally approve an increase to the fiscal year 2025 appropriation for the San Dieguito Valley Groundwater Desalination Project in the amount of \$1,100,000, to conditionally authorize the General Manager to enter into a professional services agreement with Geoscience Support Services, Inc. in the amount of \$1,209,022, to conditionally adopt Resolution 2024-17 making CEQA findings and order a Notice of Exemption be filed, contingent upon bringing back the Draft Principles of Understanding with MR Propco, LLC as a Closed Session item at the October board meeting for consideration.

Fiscal Impact

Approval of the Draft Principles of Understanding with MR PropCo, LLC and authorization of easement acquisition will have a fiscal impact not to exceed \$65,000.

Additional costs that could be incurred that relate to this POU include OMWD conducting a Recycled Water Engineering Study to determine conceptual level understanding of converting the remainder of the golf course to recycled water (est. \$10k - \$20k) and potential to assist La Valle in using all pump test water for irrigation (~\$10k), if necessary.

Approval of this item and affirmation of Items 16 A, B, D & E of the September 18, 2024 Board meeting will not cause any additional fiscal impact beyond those presented by Staff and conditionally approved at the September Board meeting.

Discussion

In preparing for the 2019 year-long pump test, OMWD's hydrogeologic consultant, Geoscience, recommended the test well be located on the Morgan Run (now LVCCR) property. The owner at the time was unresponsive to requests for OMWD to locate a well on their property; however, Morgan Run staff did allow OMWD to monitor wells on their property. Surf Cup Sports was willing to work with OMWD at that time and, ultimately, the pilot test well was drilled on their leased property.

OMWD staff learned that MRP had purchased Morgan Run in 2023, and due to the groundwater aquifer existing almost directly under the property, contact was initiated. After three in-person meetings and numerous other communications, a draft POU was developed in coordination with Rutan & Tucker and Nossaman and presented to MRP. OMWD, MRP, and their attorneys worked together to finalize the draft POU and it is now conceptually acceptable to both parties.

The proposed POU is attached for Board consideration. The purpose of the POU is to provide general terms and conditions for reciprocal cooperation not only on OMWD's San Dieguito Valley Groundwater Project, but also on improvements to MRP's water facilities. As a part of its renovation of the golf course, MRP is interested in improvements to its recycled water storage and irrigation system. OMWD is working with its recycled water engineering consultant to potentially prepare a planning study of the improvements.

The intent of the POU is to balance the value to each party. The POU applies to the exploratory borings, pump tests (Phase 1), and monitoring wells and subsequent agreements would be needed for production wells, if the Project progresses.

One particular area addressed by the POU is OMWD's need for easements from MRP to perform this work. Easements are required for the two well sites so that OMWD can help manage the area around the wells, and access them for operation and maintenance. Long term, the OMWD test well may become a production well, if the Project moves forward. Easements are also required for access from the nearest public right of way, or existing OMWD easement, to the wells. These access easements would also be utilized for pipelines to convey groundwater to a treatment plant, and provide a route for power cables to run the well pumps in the future should the project progress.

OMWD entered into an agreement for appraisal of the easement with Jones, Roach, and Caringella (JRC). OMWD staff has developed a scope of work for JRC to estimate easement and access values, for use in determining compensation to MRP. The work has been provided to MRP for review and independent confirmation. OMWD and MRP have now conceptually agreed on a per square-foot cost for the easements based on the valuation report. OMWD will work with MRP to locate the final easements. OMWD will then retain a surveying consultant to survey the easements and prepare plat maps and legal descriptions to support the acquisition. OMWD will work with legal counsel to prepare and negotiate an agreement with MRP for the acquisition.

Another key term commits both parties to balance the value of the easements provided by MRP and recycled water planning study provided by OMWD, acknowledging that cash payments between the parties will be required.

The POU also describes details of:

- The drilling sites and easements
- Restoration after construction
- The drilling and pump test process, and the monitoring well construction
- Working hours and noise
- MRP's acceptance and use of the pump test water
- CEQA/NEPA requirements and responsibilities
- Community outreach

Construction of future production wells has not been approved or scheduled, but this POU would be the basis of a longer-term partnership and would provide a framework for more detailed agreements with MRP in the future.

The POU has undergone additional review by Nossaman to address Board concerns particularly identifying potential indemnity and insurance obligations.

Staff is available to answer questions.

The previous item from the September 18 Board meeting is available via the link below (Item 16 – Page 229).

[September 18 Board Item 16](#)

Attachments:

- *Principles of Understanding*

PRINCIPLES OF UNDERSTANDING

Water Resources Development Agreement Between Olivenhain Municipal Water District and MR PropCo, LLC

DRAFT October 16, 2024

Overview

These Principles of Understanding (POU) establish the general terms and conditions for reciprocal cooperation between the Olivenhain Municipal Water District (OMWD) and MR PropCo, LLC (La Valle), and any of their successors, in support of OMWD's proposed San Dieguito Valley Brackish Groundwater Desalination Project (Project). Under the terms established, La Valle would grant to OMWD property easements for the construction of monitoring and production wells and associated facilities, and OMWD would provide a recycled water engineering study and/or cash payment to La Valle.

This POU applies to early project planning and exploratory drilling operations of the Project. Should OMWD subsequently elect to proceed with Project construction and operation, the Parties agree to work in good faith to enter into additional agreements as needed.

Introduction / Project Overview

OMWD is investigating a project known as the San Dieguito Valley Brackish Groundwater Desalination Project. The Project could develop a reliable local supply of potable water, as a benefit to its customers, while reducing the demand on the Sacramento-San Joaquin Bay Delta and the Colorado River. Recent studies indicate that, in the long term, the cost of the Project water would be less than the cost of purchasing imported water from the San Diego County Water Authority.

As a part of its hydrogeologic investigations, OMWD needs to complete further exploration of the groundwater basin geology, and further pump testing of the aquifer, through the drilling and pump testing of a new borehole and pump testing at an existing OMWD well (Phase 1). The property known as the La Valle Club and Resort (La Valle Property, as depicted in Exhibit 1), owned by La Valle, has locations that could be beneficial for these investigations. If the investigations are successful, the exploratory borehole could be finished as a monitoring well.

In the longer term, depending on the results of Phase 1, OMWD may want to drill and construct two or three production wells that could potentially supply a brackish groundwater desalination water treatment plant (Phase 2). Phase 2, if undertaken, will also include pipelines to convey groundwater to a water treatment

plant and permanent power for the production well pumps. Again, the La Valle Property could provide mutually beneficial opportunities for locating the production wells, if undertaken by OMWD.

OMWD is committed to a sustainable Project while respecting the water rights and production of other agencies and companies in the San Dieguito Valley (Valley) to the extent feasible. If necessary, OMWD will, at OMWD's sole expense and sole discretion, reasonably mitigate impacts from the test wells and production wells in Phase 1 of the work on the Project to existing facilities at the La Valle Property, including to the existing LaValle wells.

This POU document addresses and documents the respective responsibilities of the Parties for Phase 1 of the work, which includes permanent easements for OMWD water facilities. Currently there is not enough information available to develop an agreement for the Phase 2 work. However, as entities with common interests in water resource development within the Valley, OMWD and La Valle agree to work together in the future, and to enter into a POU, or other agreement for Phase 2, should the Project move forward.

La Valle, an OMWD potable and recycled water customer, has development plans for the La Valle Property. The La Valle golf course currently consists of three 9-hole courses known as South, East, and North. Over 2024 and 2025, La Valle plans to improve the South and East nines. The South nine renovation is expected to take several months while the East nine renovation may take one year.

OMWD will work with La Valle to reasonably locate the exploratory well drilling and monitoring well construction work so as to be compatible with planned renovations. La Valle may propose alternative locations based upon better compatibility with La Valle's development plans, which will be reviewed by OMWD and its hydrogeologist for accomplishing the exploration and testing objectives of Phase 1 of the Project. The Parties agree to work in good faith in selecting a reasonable location for the exploratory well drilling and monitoring well construction work that best meets the respective objectives of each Party.

Terms – Overview

1. OMWD Easements: As part of Phase 1, La Valle will grant to OMWD permanent easements, and also a temporary construction easement, to access the existing OMWD well for aquifer zone test, and drill a new exploratory borehole, conduct a pump test, and potentially construct a monitoring well. Results of the pump test could potentially result in OMWD's desire to construct production wells on the La Valle Property, or other nearby locations, a pipeline from the production well to public right of way, and a power supply for the well pump. Phase 2, should it go forward, may include La Valle's grant to OMWD of permanent easements needed for Phase 2 of the OMWD Project. The Parties agree that any permanent easements granted to OMWD shall be subject to reversion upon Project abandonment or following a ten-year period of non-use, subject to the terms of State and Federal Financing.

2. La Valle Water Facilities: In compensation for the easements and other property interests granted, OMWD will complete for La Valle a recycled water engineering study, as follows:
 - a. In Phase 1, La Valle will receive a recycled water engineering planning study from OMWD for a project to demolish their existing recycled water tank, convert/reconstruct an existing irrigation pump station for recycled water use, and rehabilitate an existing pond for recycled water storage. OMWD or their consultant will meet with La Valle staff who will explain the recycled water Project, its different phases, and its objectives. The study will describe the regulatory requirements, needed improvements, provide a schematic plan view of the improvements, and estimate construction costs. Subject to these requirements, OMWD will control the scope of the study and oversee its completion and delivery to La Valle.
3. OMWD Costs Applied to Reduce or Offset Easement Value: The OMWD costs that will be applied to reduce or offset the easement values include the engineering planning study of the recycled water system, and the reasonable costs to upgrade and operate the existing La Valle pumps to enable the storage of the water coming from the Phase 1 pump tests, if necessary. While paying these costs and the reimbursement, OMWD is not retaining any liability or responsibility for the recycled water facilities.
4. Equitable Reciprocity: The Phase 1 goal of this POU agreement is to balance the value to OMWD of easements for constructing groundwater facilities and conducting testing, with the payment of the cost of a recycled water engineering study (currently estimated to cost approximately \$10,000 - \$20,000), and the reimbursement of La Valle's costs to assist with the pump testing. This POU will terminate at the end of Phase 1. If the Parties each determine to do so, they will work together to produce a mutually acceptable solution for Phase 2.
 - a. The payment for the cost of a recycled water engineering study shall not exceed [\$20k] without the written consent of both Parties.
 - b. Should the OMWD easement values exceed the cost of the La Valle improvements listed, OMWD will pay La Valle the difference via cash payment. If the Parties cannot reach agreement on easement values, improvement costs or the balance, this POU is terminated.

A summary of possible Phase 1 benefits include

Summary of Phase 1 Benefits	
OMWD	La Valle
<ul style="list-style-type: none"> Sites for Exploratory Drilling - Monitoring Well Construction Easements and Access for existing OMWD Well 	<ul style="list-style-type: none"> Recycled Water Engineering Planning Study and Construction Cost Estimate
<ul style="list-style-type: none"> Place to Discharge Pump Test Water 	<ul style="list-style-type: none"> Upgrade pumps to enable storage and use of pump test water, if necessary. Cash payment for value of the easement granted.

Terms – Details

The details in this POU cover exploratory borehole drilling, aquifer testing, and the possible construction of monitoring wells. Prior to the construction of production wells, should Phase 2 of the Project proceed, OMWD and La Valle agree to work together to develop mutually agreeable additional agreements and easements.

1. Drilling Sites, Permanent Well Easement and Temporary Construction Easement.
 - a. The proposed exploratory drilling site is shown on a revised **Figure 1**. La Valle may propose alternative locations based upon better compatibility with their development plans. Alternative sites will be reviewed by OMWD and its hydrogeologist for accomplishing the exploration and testing objectives of Phase 1 of the OMWD Project.
 - b. The site should be approximately 200 feet by 50 feet, approximately 10,000 square feet (sf), or one quarter acre.
 - c. For Phase 1, La Valle will grant a permanent well easement to OMWD that will be approximately 100 by 50 feet. La Valle will also grant an area of 200 by 50 feet to OMWD for a temporary construction easement. This easement will be used for the exploratory bore hole drilling and monitoring well construction, and potentially, at a later date, the drilling and construction of production wells. OMWD will plan to make Phase 1 easements usable for Phase 2, if OMWD decides to proceed with Phase 2, although additional easements and property transfers may be necessary at a future time.
 - d. OMWD will pay for easement documents to be prepared by a civil engineer or surveyor licensed to practice in the State of California, for

review by La Valle. OMWD will process and file the executed documents with the County of San Diego. OMWD will pay La Valle's reasonable legal fees associated with review of the easement documents.

- e. OMWD will complete the exploratory drilling and monitoring well construction within 60 calendar days of starting work, unless this period is extended by mutual consent of the Parties.
- f. The easement for the existing well will be a minimum of 50 feet by 50 feet.

The Parties agree that any easements granted to OMWD shall be subject to reversion upon Project abandonment or following a 10 year period of non-use, subject to the terms of State and Federal financing.

2. Well Access and Pipeline Easements

- a. For Phase 1 work, La Valle will also grant easements and/or licenses to OMWD sufficient for the purpose of accessing the well sites for drilling construction, monitoring, and maintenance. The easements are anticipated to be 30 feet in width. OMWD and La Valle would coordinate on plans for power, and other requirements, for the projects of both Parties.
- b. The access easements will cross La Valle property to public rights of way. OMWD and La Valle will work together to develop mutually acceptable easement alignments and locations.

3. Easement Restoration after Exploratory Borehole and Monitoring Well Construction

After the drilling of the exploratory borehole, aquifer zone testing at the borehole and construction of the monitoring well, and pump testing at the existing well, OMWD, at its sole cost, will restore the easement lands to the extent they were impacted by the performance of the actions covered in this POU. OMWD will work together with La Valle to prepare a mutually acceptable restoration plan using a vendor acceptable to La Valle. The restoration requirement will apply regardless of whether a monitoring well is ultimately installed at the potential monitoring well site.

4. Drilling Procedure and Monitoring Well Construction

This is a conceptual summary of the work likely to be involved in Phase 1 of the Project, and can be modified as needed to meet the needs of both Parties. OMWD can provide more details upon request. This phase of work covers an

exploratory borehole and possibly the construction of a monitoring well. OMWD will own all water facilities it constructs; thus, a permanent easement providing access will be needed. If the easements revert based on Project abandonment or a period of 10 years of non- use, ownership of any facilities located therein will similarly transfer to La Valle along with all liability.

- a. Exploratory Borehole – The boreholes will be drilled to approximately 300 feet below ground surface (bgs). Sampling and testing will be completed. Should the geology prove unsuitable for the testing and a well, the borehole could be abandoned in accordance with applicable County and State requirements.
- b. Isolated Zone Aquifer Testing – The pump testing will be completed with measurements and testing, including water quality. Maximum pumping rates will be 200 gallons per minute (gpm).
- c. Nested Monitoring Well – With favorable geology and testing results, the boreholes will be finished as monitoring wells including the installation of a casing, screen filter pack, and annular seal.

5. Working Hours, Noise Control, and Construction Duration

- a. Working hours will generally be 7 AM to 4 PM unless modified by mutual consent of the Parties.
- b. During aquifer zone testing, working hours will be 7 AM to 9 PM unless modified by mutual consent of the Parties. If water turbidity targets are not reached, the testing may extend longer.
- c. OMWD will provide 9-foot free standing sound walls for the monitoring well sites.
- d. Exploratory borings are estimated to require 10 working days per site.
- e. Completion of monitoring wells are estimated to require 25 working days.
- f. The maximum anticipated period of work is 35 working days, approximately 60 calendar days.

6. Pump Test of Existing OMWD Well

Pump testing of the existing OMWD well will include installation of a test pump, maintenance of the pump, and filter development and pump testing. The pump testing includes an 8-hour step test, a 24-hour constant rate test, and a 4-hour recovery test. The work will be completed within 5 working days over one or two weeks, approximately 12 calendar days. Equipment will be

brought to the site using a light duty truck(s).

7. Pump Test Water Discharge Water

- a. La Valle will provide a method to discharge the pump test water and their staff will assist. Discharge options include, but are not limited to irrigation ponds, and spray or flood irrigation. The water from pump tests cannot be discharged into the San Dieguito River, absent applicable regulatory permissions, which are not anticipated. OMWD will provide water quality data to La Valle within 10 days of sampling during the exploratory boring work, prior to starting the pump test. All reasonable costs, both direct and indirect, as identified prior to the commencement of construction, associated with managing the pump test discharge water shall be reimbursed to La Valle, as described in “Terms – Overview” Section 4, including the costs of pumping and power.

The estimated pump test quantities for the new exploratory borehole are shown on the following table:

Task/Discharge Event	Duration	Discharge Rate	Discharge Volume
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	Work Days	Work Hours	(gpm)	(gallons)
Isolated Aquifer Zone Test				
	1	4	100	24,000
	2	14	200	168,000
	3	4	100	24,000
	4	14	200	168,000
			Total	384,000
Swab and Airlift Development (If Monitoring Wells)				
	5	8	20	9,600
Task/Discharge Event	Duration		Discharge Rate	Discharge Volume
	Work Days	Work Hours	(gpm)	(gallons)
	6	8	20	9,600
	7	8	20	9,600
	8	8	20	9,600
	9	8	20	9,600
	10	2	20	2,400
			Total	50,400
Pumping Development (If Monitoring Wells)				
	11	8	20	9,600
	12	8	20	9,600
	13	8	20	9,600
	14	8	20	9,600
	15	8	20	9,600
	16	8	20	9,600
			Total	57,600
Total (1 Nested Monitoring Well)	16	126		492,000

The estimated pump test quantities for the existing OMWD well are shown on the following table:

Task/Discharge Event	Duration		Discharge Rate	Discharge Volume
	Work Days	Work Hours	(gpm)	(gallons)
	6	8	20	9,600
	7	8	20	9,600
	8	8	20	9,600
	9	8	20	9,600
	10	2	20	2,400

			Total	50,400
Pumping Development (If Monitoring Wells)				
	11	8	20	9,600
	12	8	20	9,600
	13	8	20	9,600
	14	8	20	9,600
	15	8	20	9,600
	16	8	20	9,600
			Total	57,600
Total (1 Nested Monitoring Well)	16	126		492,000

The estimated pump test quantities for the existing OMWD well are shown below:

Task/Discharge Event	Duration		Discharge Rate	Discharge Volume
	Work Days	Work Hours	(gpm)	(gallons)
Initial Pumping (as needed)				
Day 1	1	8	250	120,000
Day 2	2	8	300	144,000
Step Drawdown Testing				
Day 1	3	1	200	12,000
		2	400	48,000
		3	600	108,000
Constant Rate Test				
Day 1	4	24	500	720,000
TOTAL	4	46		1,152,000

Additional Terms

1. California Environmental Quality Act (CEQA), National Environmental Policy Act (NEPA)
 - a. OMWD will prepare appropriate CEQA or NEPA documents for the well-drilling, testing, and monitoring well activities included in Phase 1 of the Project detailed herein. OMWD expects that a categorical exemption will

be sufficient for this work. Should OMWD decide to proceed with Phase 2, appropriate CEQA or NEPA documentation acceptable to both Parties will need to be prepared and managed by OMWD, prior to either Party approving Phase 2 of the Project.

2. Community Outreach

OMWD and La Valle will work together to determine and identify appropriate community outreach.

3. Exchange of Insurance Information

- a. Upon execution of this Agreement, each Party shall provide proof of liability insurance coverage with an insurance company licensed to do business in the State of California, and acceptable to the other Party. The policy shall include contractual coverage sufficiently broad to insure the matters set forth in the section entitled "Mutual Indemnification" in this POU.

4. Mutual Indemnification

- a. Each Party hereby agrees to hold harmless, defend and indemnify the other Party and its agents, employees, directors, 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 indemnifying Party relating to the willful misconduct, recklessness, or negligence of the indemnifying Party and its agents, employees, directors, consultants, and officers in the performance of the actions covered in this POU, except claims caused by the sole active negligence or intentional misconduct of the indemnified Party or its agents, employees, directors, consultants, and officers. This indemnity shall include all attorney's fees, expert fees and costs, and court costs if the indemnified Party is named as a Party in any litigation related to this POU.

5. Counterparts

- a. This POU may be executed in separate counterparts, each of which when so executed and delivered will be an original. All such counterparts will together constitute but one and the same instrument.

Attachment:

-Figure 1 (Proposed Easement Overview)

IN WITNESS WHEREOF, the Parties have caused these Principles of Understanding to be executed as of the date of the last signature below.

OLIVENHAIN MUNICIPAL WATER DISTRICT

By: _____
Kimberly A. Thorner, General Manager

Date: _____

Approved as to Form:

By: _____
Alfred E. Smith, General Counsel

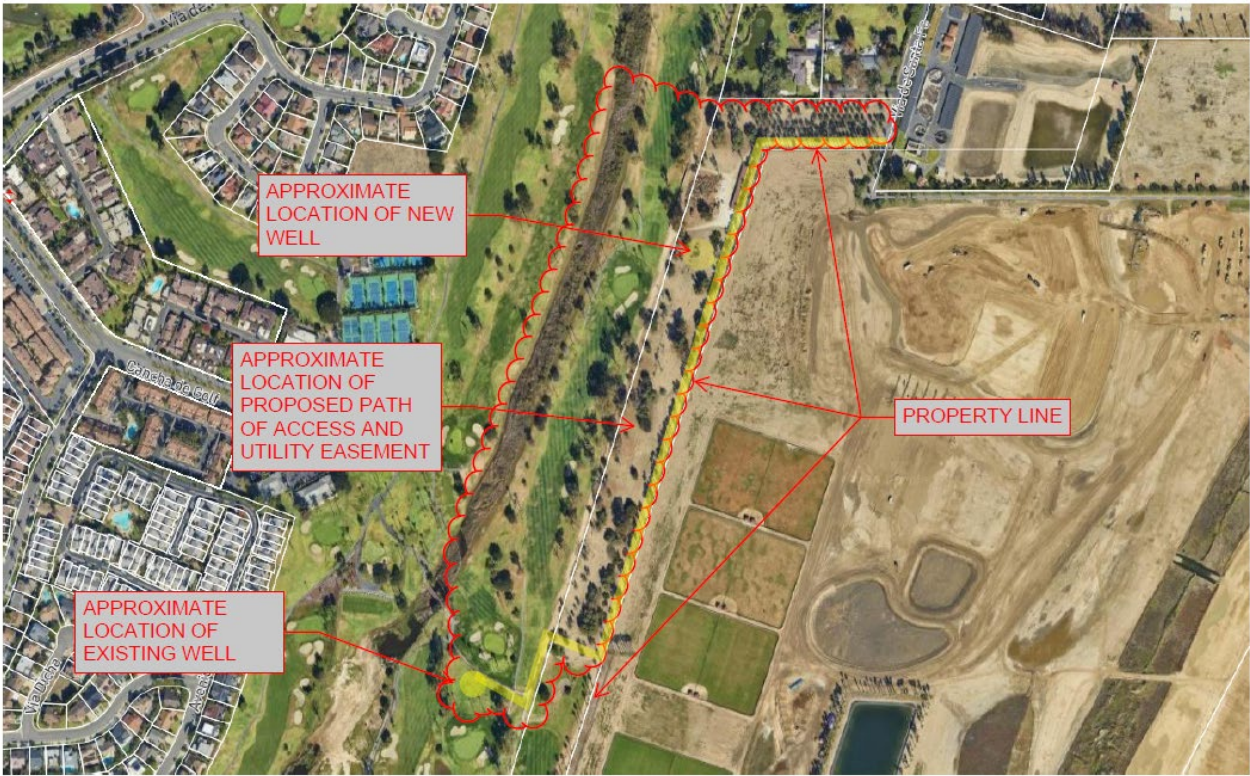
Date: _____


MR PROPCO, LLC

By: _____
[name]

Date: _____

Proposed Easement Overview



1" = 500 ft	Sub Title	08/15/2024	
This map may represents a visual display of related geographic information. Data provided here on is not guarantee of actual field conditions. To be sure of complete accuracy, please contact the responsible staff for most up-to-date information.			


Memo

To: Olivenhain Municipal Water District Board of Directors

Subject: ADJOURNMENT

We are adjourned.

Nossaman Congratulates OMWD On Receiving CSDA Exceptional Outreach And Advocacy Award

 mondaq.com/pressrelease/147350/nossaman-congratulates-omwd-on-receiving-csda-exceptional-outreach-and-advocacy-award

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Nossaman LLP

Contributor



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Each year, CSDA presents the Exceptional Outreach and Advocacy Award to one public agency in California with an annual budget of more than \$10 million.

United States

To print this article, all you need is to be registered or login on Mondaq.com.

Nossaman congratulates the Olivenhain Municipal Water District (OMWD) for receiving the Exceptional Outreach and Advocacy Award from the California Special Districts Association (CSDA) for OMWD's engagement with legislators and policymakers.

Each year, CSDA presents the Exceptional Outreach and Advocacy Award to one public agency in California with an annual budget of more than \$10 million. The award recognizes OMWD for effective communication with legislators and policymakers on topics such as water affordability, water use efficiency regulations and reliable water supplies.

For example, OMWD provided testimony opposing legislation that could increase costs for its ratepayers. OMWD also educated state and federal policymakers on the need to invest in water infrastructure and the development of water supplies. Specifically, OMWD worked successfully with Congress to include grant funding in the federal budget for water

infrastructure projects. CSDA also celebrated OMWD's ongoing advocacy efforts with eight other water and wastewater agencies that make up the North San Diego Water Reuse Coalition.

As the lead agency of the Coalition, OMWD developed strong relationships with legislators and state and federal agencies, successfully securing \$30 million in grants from US Bureau of Reclamation for a regional water recycling project. In addition, the Coalition achieved an additional \$5 million in grant funding through California Department of Water Resources' Integrated Regional Water Management Program. The Coalition's project will deliver up to three billion additional gallons of recycled water each year after its completion.

Ashley Walker serves as Nossaman's lead policy advisor for OMWD.

Contributor




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Construction to begin in Encinitas on final phase of new recycled water pipelines

 [sandiegouniontribune.com/2024/09/20/construction-to-begin-in-encinitas-on-final-phase-of-new-recycled-water-pipelines/](https://www.sandiegouniontribune.com/2024/09/20/construction-to-begin-in-encinitas-on-final-phase-of-new-recycled-water-pipelines/)

News Release

September 20, 2024

By News Release

PUBLISHED: September 20, 2024 at 4:54 p.m.

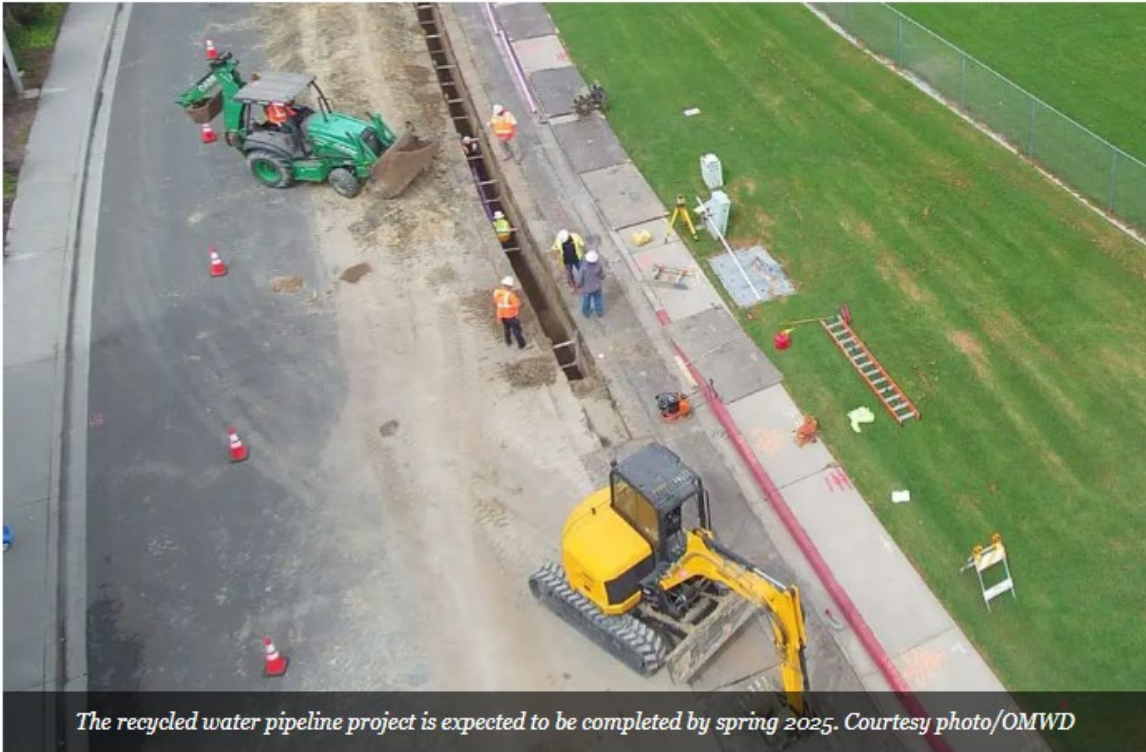
Olivenhain Municipal Water District is beginning construction on new recycled water pipelines in Encinitas. The pipelines are part of a larger expansion of OMWD's recycled water distribution system that will result in the savings of more than 12.5 million gallons of imported drinking water each year, according to a news release.

This phase of the project involves installing pipelines in Summerhill Drive and Village Center Drive in Encinitas. Work is scheduled to take place Monday through Friday, 8:30 a.m. to 3:30 p.m. Additionally, restricted work hours of 9 a.m. to 2 p.m., Monday through Thursday, and 9 a.m. to 12 p.m. on Friday, will be in effect for any work directly impacting Diegueño Middle School.

Other phases of the project involved construction of recycled water pipelines around Park Dale Lane and Gatepost Road in Encinitas, which are now complete, and along Calle Barcelona in Carlsbad, on which work continues. This project is anticipated to be completed in spring 2025. No impacts to customers' drinking water supplies are anticipated, the news release stated.

OMWD was successful in achieving approximately \$900,000 in grant funding to make this project cost-effective for ratepayers. Specifically, both the US Bureau of Reclamation and the California Department of Water Resources are contributing grant funds to offset project costs, according to the news release.

Project updates will be posted to www.olivenhain.com/projects.



The recycled water pipeline project is expected to be completed by spring 2025. Courtesy photo/OMWD

Construction begins on new phase of recycled water pipeline in Encinitas

by Walker Armstrong | September 23, 2024 | 62

ENCINITAS — The Olivenhain Municipal Water District has launched a new phase of its recycled water pipeline project, aiming to save over 12.5 million gallons of imported drinking water annually in Encinitas.

According to a statement, this latest effort is part of a broader initiative to expand the Olivenhain Municipal Water District's recycled water distribution system.

Construction in this phase will focus on installing pipelines along Summerhill Drive and Village Center Drive. Work will take place between 8:30 a.m. and 3:30 p.m. on weekdays. To limit disruptions at Diegueño Middle School, the district has set restricted construction hours around the school, working from 9 a.m. to 2 p.m. Monday through Thursday and 9 a.m. to noon on Fridays.

Previous phases have included the installation of pipelines near Park Dale Lane and Gatepost Road in Encinitas, with ongoing work continuing along Calle Barcelona in Carlsbad. The entire project is scheduled for completion by spring 2025.

The district noted that customers' drinking water supplies will not be affected during construction.

The Olivenhain Municipal Water District has secured approximately \$900,000 in grant funding from the U.S. Bureau of Reclamation and the California Department of Water Resources, which will help reduce costs for local ratepayers.

For more information and to track project updates, visit [olivenhain.com/projects](https://www.olivenhain.com/projects).

Recycled Water Pipeline Projects Ensure Reliable Water Supplies for Olivenhain Municipal Water District

waternewsnetwork.com/recycled-water-pipeline-projects-ensure-reliable-water-supplies-for-olivenhain-municipal-water-district/

Gayle Falkenthal

September 24, 2024



Olivenhain Municipal Water District is beginning construction on new recycled water pipelines in Encinitas. The pipelines are part of a larger expansion of OMWD's recycled water distribution system that will result in the savings of more than 12.5 million gallons of imported drinking water each year.

This phase of the project involves installing pipelines on Summerhill Drive and Village Center Drive in Encinitas. Work is scheduled to take place Monday through Friday, 8:30 a.m. to 3:30 p.m. Additionally, restricted work hours of 9 a.m. to 2 p.m., Monday through Thursday, and 9 a.m. to noon on Friday, will be in effect for any work directly impacting Diegueño Middle School.

Other project phases involved the construction of recycled water pipelines around Park Dale Lane and Gatepost Road in Encinitas, which are now complete, and along Calle Barcelona in Carlsbad, on which work continues. This project is anticipated to be completed in spring 2025. No impacts to customers' drinking water supplies are anticipated.

Minimizing Traffic Disruptions for Customers

OMWD is coordinating with the cities of Carlsbad and Encinitas on a traffic management plan to minimize traffic disruptions for residents and businesses during construction. **Learn more in the video presentation below.**



Watch Video At: <https://youtu.be/ZP4RQpJomBk>

OMWD successfully secured approximately \$900,000 in grant funding to make this project cost-effective for ratepayers. Specifically, both the US Bureau of Reclamation and the California Department of Water Resources are contributing grant funds to offset project costs.

Ensuring Safe, Reliable Water Supplies



By expanding the recycled water distribution system, OMWD will cut costs by replacing important drinking water with recycled water. Photo: Olivenhain Municipal Water District

OMWD receives 100 percent of its drinking water supply from the Sacramento-San Joaquin Delta and the Colorado River. These sources have become unreliable due to droughts and overuse.

Recycled water is locally produced, disinfected wastewater used for irrigation. It is a drought-resilient supply and costs less than potable water. In addition, using recycled water reduces the amount of treated wastewater discharged to the ocean and reduces our dependence on imported water from faraway sources.

OMWD has identified opportunities in Encinitas and Carlsbad to connect more customers to its recycled water distribution system. The completion of the pipeline extensions will result in the conversion of 28 water meters from potable to recycled water, saving more than 12.5 million gallons of imported drinking water every year.



OMWD serves up to 15% of its overall demand from recycled water treated through its award-winning 4S Ranch facility. Photo: Olivenhain Municipal Water District

OMWD produces up to two million gallons of recycled water daily at its 4S Ranch Water Reclamation Facility. Additionally, OMWD is the lead agency of the North San Diego Water Reuse Coalition, a group of nine North County agencies that coordinate across jurisdictional boundaries to expand the reach of the recycled water.

As a result, OMWD now serves up to 15 percent of its overall demand from recycled water and continues to identify additional ways to make recycled water available to eligible customers.

Get the latest updates on OMWD's dedicated projects page on its website:
www.olivenhain.com/projects



The 4-C's of Success for Award-Winning Olivenhain Municipal Water District

By Kristin Withrow, CSDA Communications Specialist

Olivenhain Municipal Water District (OMWD) was awarded the CSDA 2024 Exceptional Public Outreach & Advocacy award for a large district for their extensive efforts shaping water policy, advocating for their community and collaborating with regional partners. Over the past several years, the district counts among its accomplishments ongoing work with the nine water and wastewater agencies that make up the North San Diego Water Reuse Coalition that will result in an estimated regional water reuse of 11 billion gallons annually when all components of the projects are complete. Under the umbrella of the coalition, OMWD has successfully secured grants for the region from the U.S Bureau of Reclamation totaling \$30 million, in addition to funding secured from the California Department of Water Resources' Integrated Regional Water Management Program in support of collaborative water management to increase self-reliance totaling \$4.95

million. They've expanded recycled water infrastructure, participated in a feasibility study of brackish groundwater desalination, developed strong relationships with legislators and policymakers along multiple government levels, participated in a legislative proposal to amend the California public contracting system to modernize the Public Contract Code for water agencies and infrastructure development, served as educators to inform policymakers on the need to invest in water infrastructure improvements and development of water supplies, and responded to calls for action from statewide agencies including those from CSDA's advocacy team and the Association of California Water Agencies (ACWA). Their list of projects and accomplishments extends beyond that which we have space for in this magazine.

The district does not have a dedicated public relations staff member. Nor do they have a dedicated legislative affairs

continued >>>>>

position. How can a local water district that relies on a dedicated team of administrative staff accomplish so much?

Coordination

OMWD General Manager Kimberly Thorner says the secret sauce starts with coordination between the staff and the Board of Directors through annual guidance and feedback reports to establish goals and objectives along with clear policy directives and strategic planning. In addition, an ad hoc board committee is available for guidance throughout the year as needed.

“Every year, our board updates and approves our legislative guidelines for the next full year,” explained Thorner. “It shows us, for example, Olivenhain will oppose any legislation or regulation that increases the cost of service, or it will show us which things the district will support. It’s a very hefty document, but it gives us critical direction in December of every year.”

With guidance from the top down, the staff can respond nimbly to action items and legislative trends as well as ensuring they are advocating at the appropriate levels for priority items on behalf of their district and the region. The feedback circle is complete when the staff presents their annual report highlighting progress and accomplishments to the board.

Collaboration

One of the key ways OMWD stretches the reach of their seven-person team is to collaborate regionally and statewide. They collaborate with the statewide California Water for All Coalition, they rely on ACWA and CSDA’s advocacy calls to action to determine issue alignment and to guide the amount of time they devote to issue areas. Taking advantage of opportunities to sign on to support or oppose letters eases the burden on district staff because they know the association is representing their opinion when providing legislative testimony.

In addition, OMWD utilizes the services of Nossaman LLC to provide specific legal counsel and represent the district in legislative affairs that are most important to the district.

“We have found we can access so much more with many different minds focused on an issue, and that helps us

decide what we are going to narrowly tailor and spend our energy on,” explained Thorner.

They also maintain close relationships with legislators, most recently on their water loss minimization strategies. Through that work, the relationships evolve into being able to provide subject matter expertise when legislators need to learn more about issues coming before them.

“Once we’ve established a rapport with local legislators, it’s easy to keep those relationships going,” Thorner said. “They tend to come back to us to seek opinions or even advice on future water issues.”

Communication

The glue that holds it all together is communication between all the people, issues, collaborators, coalitions and partners involved throughout the year. That begins with the direction and guidelines from the board, continues in the stated goals and objectives designed to keep activities on track, is ongoing to guide and monitor legislative outreach, and rounds out in an annual report back to the board.

Thorner credits OMWD Customer Services Manager John Carnegie’s efforts to keep things smoothly on track with weekly meetings with the team who are primary communicators in areas of public relations, conservation, education, outreach and grants in addition to responding to customer needs. The staff wears many hats as they accomplish their objectives, and Carnegie is the conduit through which much of the communication flows.

Culture

OMWD celebrates its 65th year of service to the community this year. It’s clear the district has developed a culture of service, teamwork, collaboration and engagement with their community, their regional partners and policymakers. High-functioning team members who have a ‘can-do’ attitude and a desire to learn, create and grow are what make the difference at Olivenhain Municipal Water District.

CSDA congratulates Olivenhain Municipal Water District on receiving the 2024 Exceptional Public Outreach & Advocacy Award for a Large District.



We are honored to be recognized by CSDA with the
2024 Exceptional Public Outreach & Advocacy Award
on our 65th Anniversary. Thank you to our employees
and board for 65 years of dedication and service
to our ratepayers!

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OMWD board to hold public hearing on proposed water charges

PUBLISHED: October 1, 2024 at 2:20 p.m.

Olivenhain Municipal Water District will hold a public hearing at 5:30 p.m. on Wednesday, Oct. 16 to receive comments on proposed water charges. The proposed charges would increase a residential customer's bill with average usage by less than five percent, beginning Jan. 1, 2025, according to a news release.

OMWD buys all of its drinking water supply from its wholesaler, San Diego County Water Authority. Buying wholesale water makes up approximately 60 percent of OMWD's operating costs. Effective Jan. 1, 2025, SDCWA will increase the price OMWD pays for water by 14 percent.

The increase under consideration at OMWD is necessary to keep pace with the dramatic increases in SDCWA's water costs. To reduce the impact of SDCWA's increases to OMWD customers, OMWD has frozen hiring for vacant positions, delayed previously planned positions, and reprioritized capital projects.

"Our board unanimously voted to increase our rate reimbursement credit to customers, which helped keep the impact to the average residential customer's bill to less than five percent," said OMWD Board President Christy Guerin in the news release. "It also helps keep the cost of OMWD water at about a penny per gallon for all ratepayers."

OMWD's rate reimbursement credit was established in 2021 to help offset increases in wholesale water costs. This program uses money refunded from lawsuits filed by SDCWA that successfully

challenged the legality of certain rates and charges by its wholesaler Metropolitan Water District of Southern California.

OMWD is a not-for-profit agency that only charges for the actual cost of providing water services. Water rates and charges are designed to fund operations, maintenance, and infrastructure needs to allow OMWD to continue providing customers with safe, reliable water supplies.

OMWD mailed a public hearing notice to all water customers and landowners in OMWD's service area to comply with California's Proposition 218. A copy of the 2024 Water Rate Study is available at www.olivenhain.com/rates. The website also features a water bill estimator, where customers can see the impact based on their own usage, the news release stated.

The meeting will be held at the Olivenhain Municipal Water District's office, located at 1966 Olivenhain Road, Encinitas.