

2018 Achievements: Another Challenging Yet Successful Year Comes to a Close

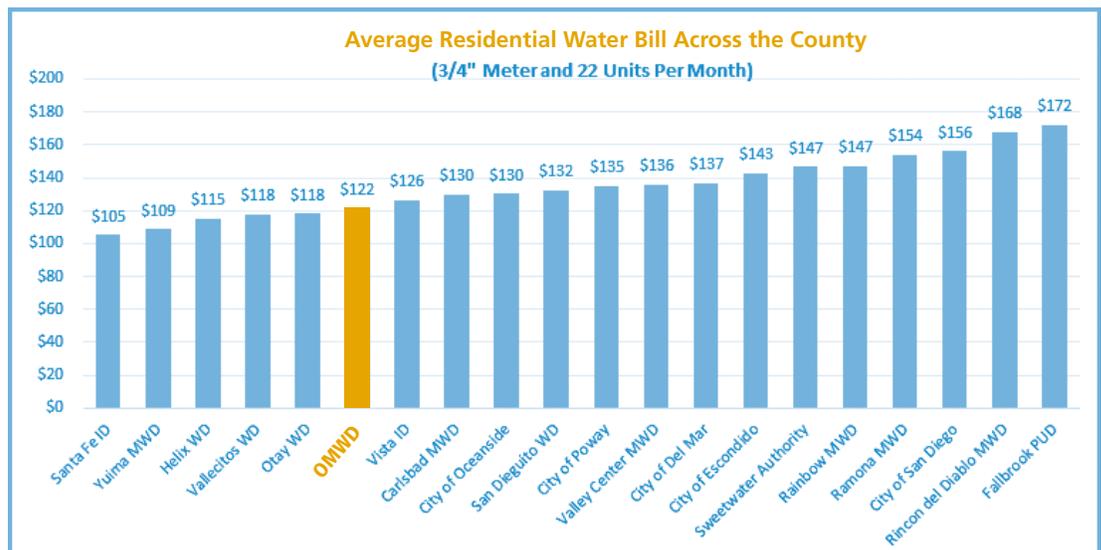
Years come and go, but one thing has never changed – OMWD’s commitment to providing high-quality water to present and future customers in the most cost-effective manner. We are pleased to provide you with an overview of all that we have been able to accomplish over the past year, as well as a sneak peek at what 2019 may bring.

Maintaining Fiscal Responsibility

Fitch Ratings acknowledged our conservative fiscal policies by reaffirming OMWD’s AAA bond rating with a stable outlook. OMWD remains in a select group of water agencies with this rating. Fitch noted that OMWD’s financial performance remains strong even in a challenging operating environment, including revenue reductions due to state-mandated conservation. Despite sharp increases in wholesale water costs, OMWD maintains adequate cash reserves and debt coverage, which Fitch expects to continue.

Fitch also noted that OMWD rates remain affordable. Our rates are continually in the lower half of the spectrum for median and average water users in the county. Over the past 13 years, OMWD is one of only a few agencies that have kept rate increases in single digits each year by continuing to exercise sound management, controlling costs, and operating on a lean, yet highly productive workforce.

Minimizing all operational costs while maintaining a high level of customer service is a goal of OMWD’s Board of Directors. In 2005, OMWD initiated a program to encourage all employees to actively seek out ways to reduce operational costs through grant funding, create economies of scale through partnerships with other agencies, and generate alternative revenue. The program has offset over 50 million dollars since inception. Currently, OMWD is awaiting award decisions on an additional four grant proposals that would offset nearly \$1.5 million in costs in 2019.



Source: February 2018 OMWD Internal Rate Survey

OMWD has minimized the impact of wholesale rate increases and reduced revenues to ratepayers; our water rates are in the bottom third of the spectrum countywide.

Going to Bat for Our Ratepayers

OMWD was influential in working with state legislators to advocate against a new water tax. To protect ratepayer investment in recycled water, OMWD also led the charge to safeguard its use, even in drought conditions. Our data, included in a National Water Research Institute study, demonstrated the need for



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Please visit our website at www.olivenhain.com for dates.

MISSION STATEMENT

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

Water

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

Recycled Water

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

Parks

Safely operating the 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.

2018 Achievements... *continued from front page*

specific considerations for recycled water use, which California's Department of Water Resources will consider as it implements state-mandated water use efficiency standards.



Reaping the Benefits of Sound Business Practices

OMWD is proud to be the recipient of the following 2018 recognition for our efforts on your behalf:

- Certificate of Achievement for Excellence in Financial Reporting for the 2017 Comprehensive Annual Report from the Government Finance Officers Association
- Government Finance Officers Association Distinguished Budget Presentation Award
- California Society of Municipal Finance Officers Operating Budget Excellence Award
- California Water Environment Association's "Safety Small Plant of the Year" award for the 4S Ranch Water Reclamation Facility
- Water Environment Federation's George W. Burke Award for OMWD's active, efficient, and well-organized safety programs
- 2018 Engineering Excellence Merit Award for the Village Park Recycled Water Project from the American Council of Engineering Companies California



OMWD continues to expand the use of alternative water supplies, and nine homeowner associations have converted to recycled water in the Village Park community.

2018 Achievements... *continued on page 3*



Making Progress with Critical Projects

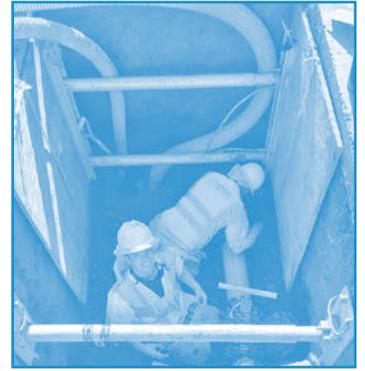
OMWD remains focused on preventative maintenance to avoid costly unplanned outages that disrupt service to our customers. Valves throughout the water distribution system allow for the isolation of sections of pipeline in the event of leaks, hit hydrants, or other damage. Older valves may not work properly in these situations, potentially requiring costly, unplanned replacements during which customers receive little or no notice of a service interruption. OMWD continually exercises valves throughout the system and broke records this year by replacing 130 underperforming valves.

Just as pipes and equipment such as pressure regulators require periodic evaluation and maintenance at our homes, OMWD consistently monitors infrastructure, evaluating system integrity and prioritizing system projects. In 2019, planned efforts include an expanded service line cathodic protection maintenance program,

which controls pipeline corrosion.

OMWD completed Phase III of the Advanced Metering Infrastructure Retrofit Project this year. Nearly half our service area is read via AMI, which can electronically transmit meter reads to our system at any time. Since AMI reduces costs like labor

and fuel associated with meter reading, OMWD will be better able to control our costs while reducing our carbon footprint. AMI also provides timely feedback to assist customers in detecting leaks and identifying ways to reduce monthly water usage.



2019

Looking Ahead as the Sun Sets on 2018

San Diego is coming off the second-driest year (3.34 inches) in city history, but 2019 may be another story. The US National Weather Service predicts that conditions will become increasingly favorable for an El Niño during the coming months. El Niño winters can result in an increased chance for above-average precipitation for California, especially in the southern part of the state.

Though there is not a declaration of water shortage on the Colorado River for 2019, US Bureau of Reclamation projects a 57 percent chance of a never-before-experienced shortage declaration in 2020, should dry conditions continue. The seven Colorado River Basin states—California, Nevada, Arizona, Colorado, New Mexico, Utah, and Wyoming—have responded by developing drought contingency plans and are working to address the risk. To address water supply concerns at the local level, OMWD continues alternative water supply development efforts.

- OMWD will continue to expand recycled water service. This water irrigates sports fields, parks, golf courses, and more, increasing our quality of life while reducing imported potable water

demand. Construction will begin on a Manchester Avenue Recycled Water Main Extension Project, which will allow additional irrigation customers along southern Manchester Avenue in Encinitas to convert to recycled water. California's Department of Water Resources awarded OMWD \$600,000 for this critical recycled water project.

- 2019 should also see the installation of a pilot test well in San Dieguito Valley as OMWD continues to study the feasibility of using groundwater as a municipal supply. This pilot will indicate the viability of constructing a 1 million gallons per day brackish water desalination facility to provide ratepayers enhanced water supply reliability. The potential project would extract groundwater beyond that already being utilized by existing users and deliver it to a nearby desalination facility for uses like drinking and fire protection.

2019 is shaping up to be another significant year that is likely to include a water tax resurgence by legislators. OMWD is prepared to re-engage state representatives on behalf of our ratepayers to support or oppose measures accordingly.

Looking Ahead... continued on back page

Looking Ahead... *continued from page 3*

As always, OMWD encourages public participation in decisions affecting our community's drinking water and any other water issues. Dates and times of public board meetings vary, so please check www.olivenhain.com/meetings for current information.

We appreciate the opportunity to continue to provide wastewater services, recycled water, hydroelectricity, the operation of Elfin Forest Recreational Reserve, and a reliable, high-quality drinking water supply. Best wishes in the coming year from all of us at OMWD.



\$2.00 - \$2.50
per gallon

Did You Know?
If water cost
as much as soda,
your water bill would be
over 200 times higher.



\$0.01
per gallon



Start the New Year Off with Smart Water Habits

The start of a new year is a good time to inspect water devices around your house and perform any necessary maintenance. Identifying potential leaks and repairs saves you money and protects one of your most important investments—your home.

Water pressure varies throughout our service area due to differences in elevation and other factors. OMWD is responsible for the water pressure leading up to your water meter, and property owners are responsible for the water pressure after the meter. High water pressure can result in damage to irrigation and plumbing equipment as well as water loss due to misting. Installing pressure regulators are often necessary to mitigate the effects of high water pressure.

As houses age, pressure regulators need to be inspected and replaced. A video on water pressure, and how to locate and adjust your pressure regulator, is available at www.olivenhain.com/leak.

Additionally, refer to your manufacturer's instructions for annual maintenance for your water heater and water softener. Routine cleaning will aid in prolonging each device's life and prevent malfunctions, including leaks.

Give your irrigation system a tune-up each year. Over time, foot traffic or lawn mowers can damage valves and sprinklers, and trapped dirt and debris can prevent devices from working properly and waste water. Test your water shutoff valve, make sure your controller has a backup battery, and use your meter to check for household leaks. Visit www.olivenhain.com/leak for information and short tutorial videos on reading your meter. Also, keeping the area around meter boxes clear is crucial during an emergency so that crews can quickly identify its location and work swiftly to provide continuous water service.

Consider scheduling a free home water use evaluation to develop a custom checklist to save water and money at your home or business. For more information visit www.olivenhain.com/evaluation.

December 4 – Community Meeting

Learn about a potential brackish groundwater desalination facility planned to increase water supply reliability. A test well in San Dieguito Valley will be discussed at Solana Santa Fe Elementary at 5:30 p.m. Visit www.olivenhain.com/mnd for more information.

January 10 – OMWD Public Tour

Safe and reliable water and wastewater management is essential for a healthy population and a strong economy. OMWD is proud to provide both in addition to recycled water and recreation services.



Learn firsthand how OMWD delivers these services on our public tour Thursday, January 10. Guests will visit the David C. McCollom Water Treatment Plant, Elfin Forest Recreational Reserve, and 4S Ranch Water Reclamation Facility. Register at www.olivenhain.com/tour.