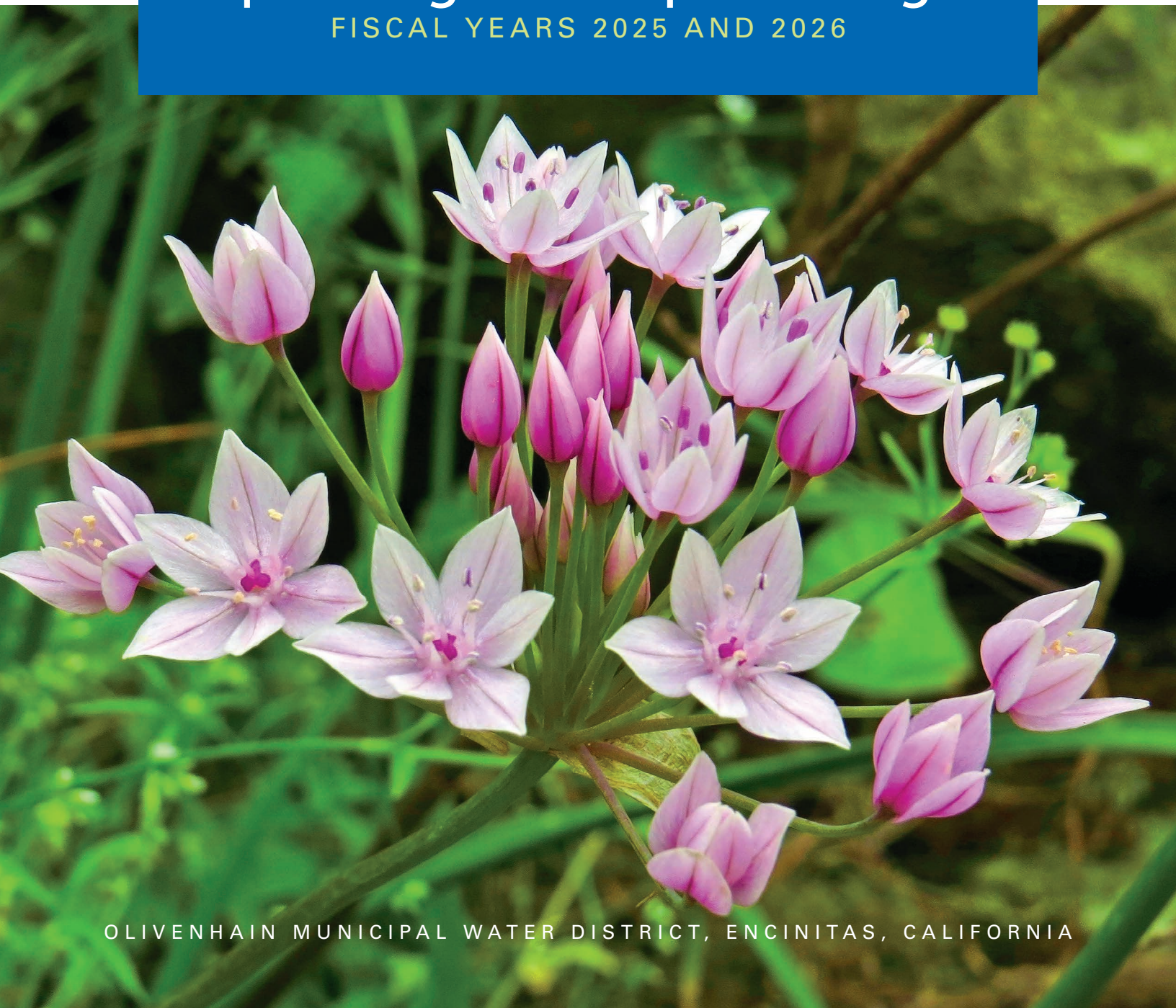




# General Manager's Recommended Biennial Operating and Capital Budget

FISCAL YEARS 2025 AND 2026



General Manager's Recommended  
Biennial Operating and Capital Budget  
Fiscal Years 2025 and 2026

C O V E R



**“Color Bloom”**

*Submitted by Jaena Reyes*  
2023 Elfin Forest Recreational Reserve Photo Contest  
Plants Winner



# Our Mission

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

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

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



*L-R: Kimberly A. Thorner, Marco San Antonio, Neal Meyers, Christy Guerin, Matthew R. Hahn, Lawrence A. Watt, Alfred Smith.*

## 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.**, Nossaman LLP



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

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RESOLUTION NO. 2024-09

RESOLUTION OF THE BOARD OF DIRECTORS OF THE OLIVENHAIN  
MUNICIPAL WATER DISTRICT APPROVING THE OPERATIONS,  
MAINTENANCE, AND CAPITAL IMPROVEMENT BUDGET FOR  
FISCAL YEARS 2025 AND 2026

WHEREAS, the Board of Directors has reviewed and considered the General Manager's Recommended Operating and Capital Budget for Fiscal Years 2025 and 2026 as presented, hereinafter referred to as the "Recommended Budget;" and

WHEREAS, the Recommended Budget provides a comprehensive plan of financial operations for the District including an estimate of revenues and the anticipated requirements for expenditures, appropriations, and reserves for fiscal year ending June 30, 2025 and for fiscal year ending June 30, 2026; and

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

NOW THEREFORE, IT IS HEREBY FOUND, DETERMINED AND RESOLVED by the Board of Directors of the Olivenhain Municipal Water District that the Recommended Budget, and each and every part thereof, is hereby approved and adopted for Fiscal Years 2025 and 2026.

PASSED, ADOPTED AND APPROVED at a regular meeting of the Board of Directors of the Olivenhain Municipal Water District held on June 19, 2024.



Christy Guerin, President  
Board of Directors  
Olivenhain Municipal Water District

ATTEST:

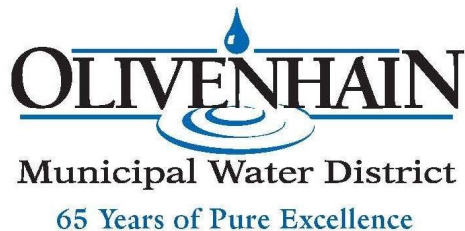


Lawrence A. Watt, Secretary  
Board of Directors  
Olivenhain Municipal Water District



#### 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.

## Board of Directors Olivenhain Municipal Water District

Board of Directors,

I am pleased to present the Board with the Recommended Biennial Operating and Capital Budget for Fiscal Years 2025 and 2026 (Budget). Olivenhain Municipal Water District (the District) continues to focus on the Board of Directors' critical mission, which is to provide a reliable water supply and wastewater collection and treatment services in a cost-effective and environmentally responsive manner.

The Budget document includes strategies to mitigate potential impacts of external factors such as inflation, increased cost in purchased water, and decreased water sales. In contrast to Fiscal Year 2024, this Budget reflects a shift in District priorities to implement cost-saving measures. The Budget continues to be a reflection of the District's commitment to long-term financial stability and exceptional customer service – these are achieved through continued replacement of aging infrastructure and maintenance of capital facilities in order to serve our water and wastewater customers while complying with the State of California's evolving regulations.

### Challenges and Risks

While anticipating the District's needs in future years, staff has considered the potential impact of many challenges and uncertainties which are reflected in the assumptions used in developing this budget.

As the COVID-19 pandemic started to show signs of improvement and global restrictions began to ease, consumer demand skyrocketed. This pent-up consumer demand, combined with supply chain disruptions, has had a continued impact on the rate of inflation. In tandem, in early 2022, Russia invaded Ukraine. The war is exacerbating disruptions to global supply chains and the stability of the energy, food, and semiconductor global markets, which is in turn driving up local costs of gas and energy production.

Current CPI reports indicate the biggest annualized growth since the early 1980s. The steep rates of inflation have triggered the Federal Reserve to raise interest rates for the first time since 2018; costs associated with construction have been similarly impacted and remain well above average. The California Construction Cost Index peaked at a 13.4% increase in 2021 and subsequent years have posted increases above 9% with no signs of easing. Project bids have



been higher than previous engineering estimates and will create uncertainty in the capital budgeting process for the foreseeable future.

The winter of 2022-2023 brought an end to a three-year dry period and helped improve water supplies in both California and the Colorado River basin. The exceptionally wet winter eased state-mandated water use restrictions and relieved pressures associated with the perennial drought. A second consecutive wet winter in 2023-2024 had similar impacts, eliminating drought conditions in California, and further drove down water demands for residents. The consecutive wet winters had a direct impact on water sales for both wholesale and retail providers putting pressure on revenue streams that support their operations.

New mandates from the State of California also continue to pose a challenge to the District. The most important ones are the Long-Term Water Use Efficiency/Conservation bills, Assembly Bill 1668 (2018) and Senate Bill 606 (2018), which will require retail water agencies, such as the District, to meet an annual water use objective based on residential indoor and outdoor consumption, commercial water use, and water loss. Though this objective is still to be determined, the state has passed SB 1157 (2022), further limiting indoor water use to 42 gallons per capita per day by 2030. Introduction of these stricter limitations could have substantial impacts to the District's revenue, recycled water operations, and reclamation facilities. These legislative and regulatory developments will lead to increased costs to the District.

### **Unprecedented Challenges - Rising Purchased Water Wholesale Costs**

The District purchases 100 percent of its untreated water supply from the San Diego County Water Authority which in turn purchases its water supply from Metropolitan Water District of Southern California. The effects of rising purchased water wholesale costs continues to impact District ratepayers. A rate increase of 8.5% for both CY 2025 and CY 2026 has been approved by the MWD board. SDCWA in turn proposed an increase up to 39% over the next three years and a double-digit rate increase effective January 1, 2025, for each of SDCWA's member agencies, such as OMWD, which will need to be passed through to rate payers to sustain operations.

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

### **Alternative Water Supply from Local Sources**

Water purchases from SDCWA are the District's largest expenditure, and SDCWA costs continue to increase. As a result, the District continues to take steps to be less reliant on imported water. It continues to diversify its water supply through recycled water and other local water sources.



The District currently meets up to 15 percent of its annual water demands with local water supplies. Recycled water demand will continue to grow to replace potable irrigation demands.

The District's strategy to develop additional local water supplies has largely been channeled through interagency coordination with the North San Diego Water Reuse Coalition, a group of water and wastewater agencies for which the District provides leadership. To date, the Coalition has received approximately \$5.0 million in Proposition 84 funding and \$23.8 million in funding from the US Bureau of Reclamation via the Title XVI Water Reclamation and Reuse Program, which has been used to finance qualified Coalition projects. Additionally, the District has secured funding from Proposition 1 in the amount of \$1.2 million to help fund the District's Manchester Avenue Recycled Water Project and Recycled Water Extensions Project. The Coalition has requested additional funding from USBR to support ongoing projects and, if awarded, could receive an additional \$6.1 million.

### **Fiscal Stability**

Maintaining the District's financial stability is an important consideration to address challenges that lie ahead. The District's AAA bond rating was reaffirmed in 2024 by Fitch Ratings; citing prudent rate-setting, low operation cost burden, adequate capital investment, and an exceptionally strong financial profile. The District's Long-Term Financial Plan and Capital Budget has been updated as part of the budget process. The effects of the District's future capital needs and other financial commitments, such as rising pension costs and debt service obligations, and impacts on the District's rate increases, were included and forecasted as part of the District's Long-Term Financial Plan. This budget represents the District's commitment to achieving structural balance as well as a reflection of the Board of Directors' support for fiscal stability.

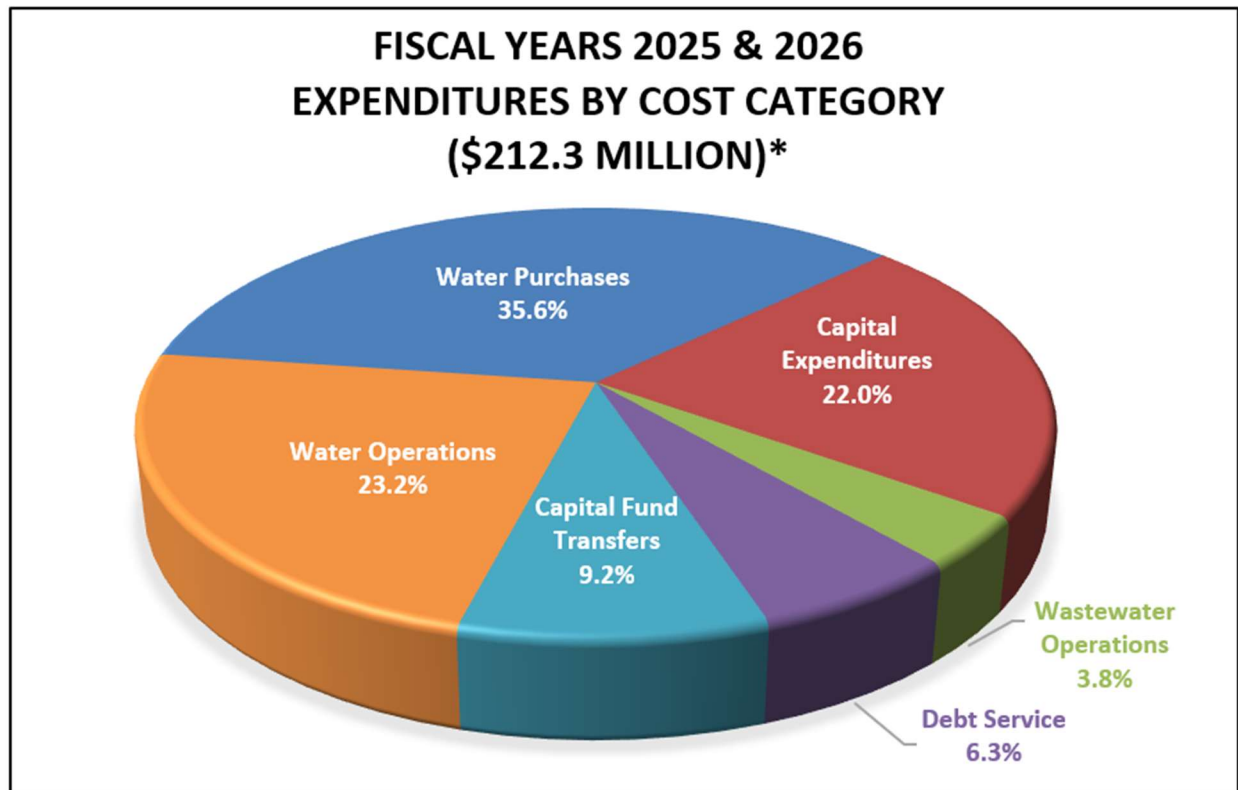
At the District's April 2024 Board Meeting, staff provided initial budget and rate impact presentations for Fiscal Year 2025 and Fiscal Year 2026. At that time, staff demonstrated the challenges brought by rising costs of untreated water supplies from MWD and SDCWA, combined with high inflation rates and decreased water sales, which will put upward pressure on future rate increases. To mitigate excess rate increases for Fiscal Year 2025 and Fiscal Year 2026, the Board directed staff to strategically delay select non-critical CIP projects to reduce operational expenses in the coming fiscal budget cycle. As a result, select projects, including the San Dieguito Valley Groundwater Desalination Project, have been intentionally decelerated.

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

## THE RECOMMENDED BUDGET

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

### Expenditures



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

### Summary of Major Expenditures

The District's expenditures are derived from three operations: potable water, wastewater, and recycled water. For Fiscal Years 2025 and 2026, total expenditures are projected to be \$212.3 million, consisting of \$132.8 million in operating expenditures including water supply costs from San Diego County Water Authority and the Metropolitan Water District, \$13.3 million in debt service, \$46.7 million in capital expenditures, and \$19.5 million in Pay-As-You-Go (PAYGO) transfers from rates and charges to finance planned capital improvement programs.

**Water Purchases (35.6%):** The District purchases 100% of its untreated water supply from SDCWA to meet potable water demand. Effective January 1<sup>st</sup>, 2024, SDCWA increased their All-In Untreated M&I rate by 11.8% per acre-foot. At the time of writing this document, SDCWA

has not finalized their Calendar Year 2025 rates. Therefore, the District used the “High” All-In Untreated M&I rate from the High/Low forecasts included in SDCWA’s 2021 long range financial plan for 2025 and 2026 purchased water costs included in this budget. The District is currently updating the Water Cost-of-Service study. The study is expected to be completed by October 2024. The first rate workshop with the Board will commence in July to set water rates and charges effective January 1, 2025, and thereafter based on the District’s five-year financial plan.

The SDCWA rates and charges are currently broken down into two cost components: variable rates and fixed charges. The variable rates consist of the Melded M&I Supply Rate and Melded M&I Treatment Rate. The Transportation Rate was previously a variable rate, however, in February 2024, SDCWA’s board approved bifurcating the Transportation Rate into a fixed and variable component. The SDCWA board adopted a new Transportation Fixed charge which will be an apportionment of 40% of the Transportation revenue requirement of SDCWA while the variable rate will recover the remaining 60% required, which will take effect in calendar year 2025. The other fixed charges include the Storage Charge, Infrastructure Access Charge, Supply Reliability Charge, Customer Service Charge, Readiness to Serve Charge, and Capacity Charge (the last two being pass-through charges from Metropolitan Water District of Southern California). The variable rate is a commodity charge based on actual volume of water purchases. SDCWA fixed charges are billed and collected monthly by SDCWA from all member agencies irrespective of the actual amount of water purchased by each member agency during the month.

For Recycled water deliveries in the Northwest Quadrant of the Districts service area, the District purchases 100% of its recycled water from Vallecitos Water District and San Elijo Joint Powers Authority through water purchase agreements. In the Southeast Quadrant of the Districts service area, the District meets approximately 65% of its recycled water demand from treated effluent produced by the 4S Water Reclamation Facility, owned and operated by the District. About 35% of Southeast Quadrant demand the District purchases its recycled water from the City of San Diego and Rancho Santa Fe Community Service District (RSFCSD).

More information about current and historical purchased water wholesale costs can be found in the Expenditures section of this document.

### **Water Operations Expenditures (Potable and Recycled) (23.2%)**

*Potable Water Operations (21.7%):* The Fiscal Year 2025 and 2026 budgets include a 4.8% and 5.9% increase, respectively, in operating expenditures, net of capitalized expenses, over the prior budget period. The main reasons for the increased potable water operating expenditures are increases in water treatment costs due to higher supply, chemical, and utility costs to operate the David C. McCollom Water Treatment Plant, and higher labor and benefits costs due

to rising health insurance costs and compensation adjustments per the District's Memorandum of Understanding (MOU) with its Employee Association and Bargaining Unit Members Association. The District's Fiscal Year 2025 budget includes increases in overall operating and maintenance costs from many of its suppliers as a result of current inflation rates and supply chain issues. Fiscal Year 2026 operating expenditures may need to be adjusted as part of the midterm budget review process in April 2025 if current economic conditions persist and external cost increases will be higher than assumptions used in the budget.

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

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

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

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

Recycled water operating expenditures is projected to increase approximately 18.7% in Fiscal Year 2025 and decrease 9.6% in Fiscal Year 2026. The large fluctuation is due to a one-time penalty payment of approximately \$500 thousand in Fiscal Year 2025, which will be due to the City of San Diego based on the recycled water agreement between the District and the City of San Diego. Due to a decrease in customer demand for recycled water resulting from wet weather conditions, the District did not meet the minimum purchase volume of recycled water in Calendar Years 2022 and 2023. Excluding this one-time payment, the increases over the two fiscal years are assumed at 2.3% and 5% for Fiscal Year 2025 and Fiscal Year 2026, respectively. The increases include projected increases in purchased recycled water wholesale costs, increases in labor and benefits costs based on the 2022 Memorandum of Understanding between the District and its Employee Association and Bargaining Unit Members Association, and increases in chemicals, supplies, power, and maintenance and repairs costs. The increase in costs is partially offset by a decrease in consultants and outside services costs.

***Capital Expenditures (22.0%) and Fund Transfers (9.2%):*** Approximately \$46.7 million of capital and equipment spending is anticipated in Fiscal Years 2025 and 2026, and \$19.5 million of fund

transfers to capital reserves are contemplated from water and wastewater rates and charges to pay for planned capital spending in future years (PAYGO). Actual fund transfers will be proposed by Staff for the Board's consideration and approval following completion of the District's financial audit by the auditors to conform with Board policy.

Large capital projects such as the David C. McCollom Water Treatment Plant (DCMWTP) 4<sup>th</sup> Stage Centrifuge Addition project, the DCMWTP 2<sup>nd</sup> Stage Basin Rehabilitation project, the Calle Barcelona, VP, & Summerhill HOA Extension project, the San Dieguito Groundwater Desalination project, and completion of the Neighborhood 1 Pump Station Rehabilitation project are included in Fiscal Years 2025 and 2026 appropriations. More detailed information on the District's planned capital spending can be found in the Capital Section of this document.

**Debt Service and Other Long-Term Obligations (6.3%):** These items are budgeted at \$13.3 million over Fiscal Years 2025 and 2026 combined. The District has six outstanding long-term debt obligations: 2015A Water Refunding Bonds, 2016A Water System Revenue Refunding Bonds, Reassessment District 96-1, 2021A Wastewater System Revenue Bonds, 2021B Wastewater System Revenue Bonds, and the 2012 State of California Revolving Fund Loan.

The District recently completed a 2024 Cost of Service study for Wastewater to help determine necessary rate adjustments over the next five years. In order to help smooth rate increases and avoid any spikes over the next five-year period, the District plans to issue approximately \$6.5 million in new debt in Fiscal Year 2026 to help fund construction costs of several of its wastewater capital improvement projects. The anticipated debt issuance has been accounted for in the Fiscal Year 2026 budget and will add approximately \$422 thousand in annual debt payments starting in FY 2026.

The District pledged water and wastewater system revenues to pay for its debt service obligations. Detailed information on the District's long-term financial obligations can be found in the Debt Service Section of this document.

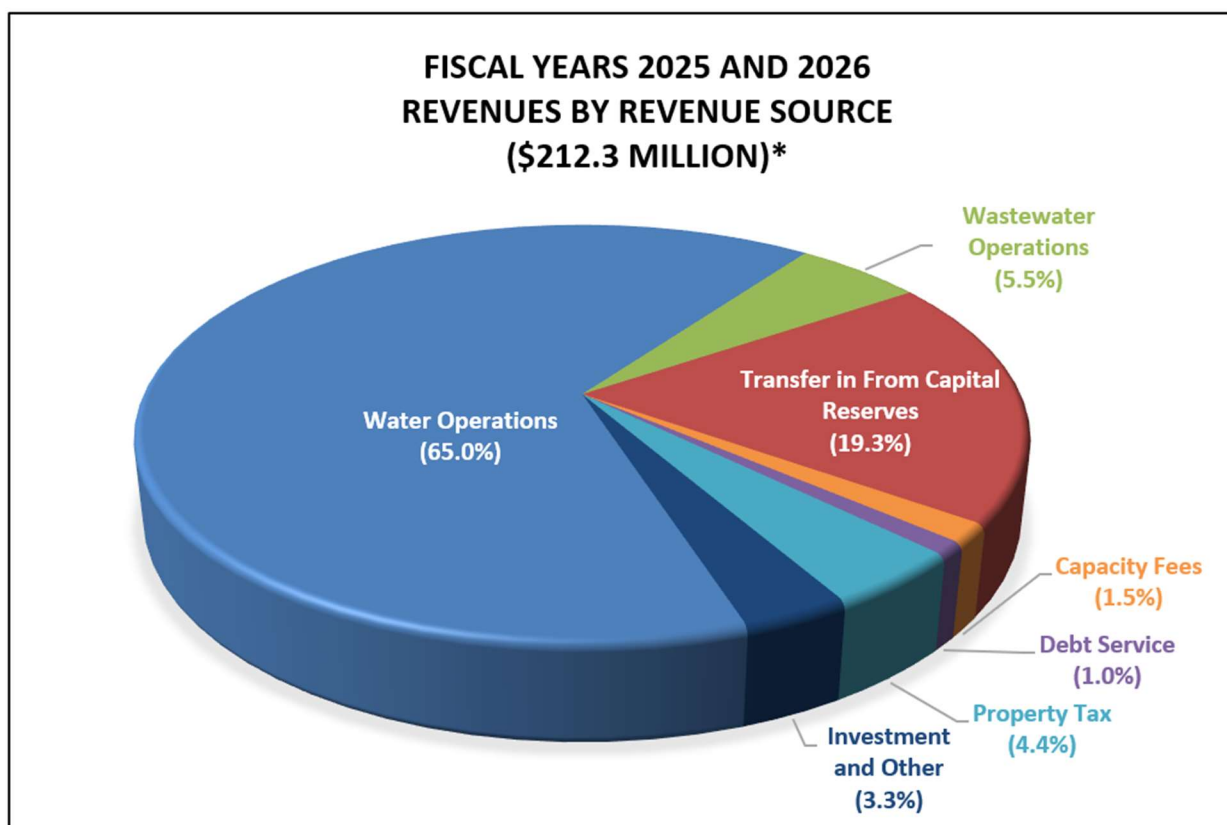
**Wastewater Operations Expenditures (3.8%):** The District provides wastewater collection and treatment services to its customers located within the 4S Ranch and Rancho Cielo service areas. Through an extensive sewage collection system and a series of sewage pump stations, the 4S Ranch Water Reclamation Facility (4S WRF) collects and treats wastewater from 4S Ranch and Rancho Cielo wastewater customers. 4S WRF produces tertiary recycled water to meet irrigation demands in the Southeast Quadrant recycled water system. 4S WRF is a 2 million gallons per day (MGD) capacity water reclamation plant.

Wastewater operating expenditures are budgeted to increase 2.4% and 3.7% in Fiscal Years 2025 and 2026, respectively. The year-over-year increases are primarily due to increases in labor and benefits costs based on the 2022 Memorandum of Understanding between the



District and its Employee Association and Bargaining Unit Members Association, and increases in chemical supplies and utility costs due to the current inflationary environment. The annual increases are slightly offset by increases in capitalized labor (which reduces operating costs) to complete significant wastewater projects included the 10-year capital spending plan.

## Revenues



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

### Summary of Major Revenues

The District's major funding sources are rates and charges (potable water, recycled water, and wastewater), property tax revenues, capacity fees, and investment income. The District is estimated to be at 95% build-out based on a full build-out projection of 33,000 equivalent dwelling units.

### Water Operations Revenues (Potable and Recycled) (65.0%)

*Potable Water Operations (59.8%):* The majority of the District's water customer base is municipal and industrial (M&I) use. Within the District's customer base, residential customers account for about 81.2% of total potable water sales, irrigation for 12.6%, commercial and

industrial for 5.0%, and agricultural for 1.2%, based on projected actual Fiscal Year 2024 potable water sales. Potable water sales are the District's primary source of revenues. At 95% developed, growth is expected to remain relatively flat (less than 1% annually) over the next 10 years, and consequently, new developments and population growth are expected to be minimal. Water consumption from year-to-year is expected to fluctuate mainly due to variation in weather conditions and the economy. The southern California region has experienced above average rainfall the past two years which resulted in an unprecedented decline in water sales due to lower demand from customers. The Budget assumes potable water sales of 15,500 acre-feet each fiscal year for Fiscal Years 2025 and 2026, which is a conservative estimate assuming the region returns to average rainfall weather conditions over the next two fiscal periods.

In December 2019, the District's Board of Directors adopted an ordinance to pass through SDCWA's cost increases and annual inflation for a five-year period commencing March 1, 2020 through December 31, 2024, not to exceed 9% per year, but rates cannot be increased by more than the cost of providing water services. In March 2024, the District raised its monthly commodity charge and fixed rates by 7.4% to pass through increased costs in wholesale purchased water and increases to the District's cost of operations and maintenance. The 7.4% increase is net of a Rate Reimbursement Credit that credits customers 11 cents per unit of potable water purchased effective March 1, 2024. In 2021 the District received approximately \$3.6 million in rebates from the San Diego County Water Authority for the District's share of awards from a lawsuit filed against the Metropolitan Water District of Southern California (MWD) for unlawful charges assessed by MWD. The District's board established the Rate Reimbursement Credit to refund the rebate amount to customers over a six-year period until the full rebate amount is refunded.

The District is currently updating its Water (Potable and Recycled) Cost-of-Service Rate Study and 5-Year Financial Plan to assess necessary rate adjustments over the next five-year period. The Rate Study will be completed in October 2024. Results of the Rate Study, including future adjustments to the District's water rates and charges will be discussed with the Board in July and August 2024. Fiscal Year 2025 and 2026 rate adjustments included in this Budget are assumed based on the District's current rate ordinance adopted by the Board in December 2019, which allows the District to pass-through 100% of its purchased water costs, not to exceed 9%, plus any inflationary adjustments from changes in the San Diego Consumer Price Index. Any adjustments to rates and charges will be brought to the Board for approval prior to implementation each year.

Water demand is assumed to remain relatively the same in Fiscal Year 2025 and Fiscal Year 2026, which are assumed based on the average of actual water demand in Calendar Year 2022 and Calendar Year 2023. The District is currently at Level 1 of its conservation-based pricing structure. Under Level 1 rates, the District will achieve revenue neutral status for periods of voluntary conservation.

*Recycled Water Operations (5.2%):* The District sells recycled water for irrigation use in golf courses, parks, landscaped medians, schools, and homeowners associations' common areas.

The District's top five water consumers are country clubs, HOAs, and golf courses. The District is expected to sell about 2,400 acre-feet of recycled water each year, or approximately 13% of total projected water sales, in Fiscal Year 2025 and Fiscal Year 2026. Recycled water deliveries are expected to increase in future years due to expansion of the District's recycled water system and conversion of large irrigation meters from potable to recycled water. Consequently, future increases in recycled water demand will be offset by decreases in potable water demand.

**Wastewater Operations Revenues (5.5%):** Revenue is projected at approximately \$5.7 million and \$6.0 million from wastewater service fees in Fiscal Year 2025 and Fiscal Year 2026, respectively. The District currently collects and treats sewage from approximately 7,330 equivalent dwelling units (EDUs) based on 2023 figures. An additional 120 wastewater EDUs are anticipated in future years from annexed properties to the District's wastewater system. The District's wastewater service area, the 4S Ranch and Rancho Cielo Sanitation Districts, is anticipated to be at 100% build-out at 7,450 EDUs.

This Budget assumes a 5.5% rate adjustment to the District's wastewater rates and charges effective July 1, 2024, and for the next four years. The District recently completed a Wastewater Cost-of-Service study, conducted by an independent financial consultant, to help determine necessary wastewater service fees over the next five-year period. A public hearing was held at the May 2024 Board meeting to allow the District's Board members to hear from the public and to consider the proposed rate adjustments. At the June 2024 Board meeting, the Board will consider approval of a wastewater rate ordinance to automatically adjust wastewater service fees by 5.5% on July 1, 2025, and by 5.5% on July 1 of the next four years thereafter through Fiscal Year 2029 to keep pace with inflation and increases in costs associated with the operations, maintenance, and replacement of aging wastewater infrastructure. The District's Wastewater Cost-of-Service report can be accessed at the following web address:

<https://www.olivenhain.com/wp-content/uploads/Sewer-Wastewater-Cost-of-Service-Study-Report-2024.pdf>

The District's wastewater service fees are collected on each property owner's property tax bill on an annual basis. Wastewater service bills are due and payable at the same time when a property owner's tax bill is due to the San Diego County Assessor's office, in April and December of each year. The District's annual single-family residential service charge is the sum of Annual System Access Charge plus a commodity charge based on the customer's minimum winter monthly usage (prior year) up to a maximum of 10 hundred cubic feet (hcf).

**Transfer-In from Capital Reserves (19.3%):** The District funds most of its capital projects using the pay as you go (PAYGO) method. The District annually transfers a fixed amount of revenues from its water and wastewater operations to pay for its planned capital spending for the next 10 years. The PAYGO method of using current revenues to pay for long-term infrastructure and other projects is the preferred method of financing when sufficient revenues and reserves are

available and when long-term borrowing rates are higher than expected cash reserve fund earnings. Debt will be used to finance projects when it is fiscally prudent under the prevailing economic conditions.

**Capacity Fees (1.5%):** Capacity fees are one-time fees assessed by the District to new users to pay their fair share of the costs of existing infrastructure required to serve them. The District completed a Water Capacity Fee Study in 2023 to 1) ensure the District's current capacity fees are adequate in keeping up with rising cost increases in construction and 2) ensure that the District's capacity fees are equitable across its zones of benefit. The study used the Capacity Buy-in methodology to calculate capacity fees, which calculates capacity fees by dividing the value of the District's water system by its capacity to arrive at build-out capacity per equivalent dwelling unit (EDU).

Revenue collected from capacity fees is used to pay for the District's planned capital expenditures as well as reimbursing the existing users for capital investment in the District's transmission and distribution system (via lower rates and charges).

As a result of the study, the Board approved capacity fee increases across all zones of benefit as follows, which will be phased-in over a 5-year period, along with annual ENR-CCI adjustments: Zone A – increase of 35%, Zone B – Increase of 9%, Zone C – increase of 19%, Zone D – increase of 1%, and Zone E – increase of 22%. In 2023, the District implemented the year-1 increases of the 5-year phase-in board-approved capacity fee increases.

The District has about 1,180 Equivalent Dwelling Units (EDUs) remaining until it is completely built-out in 2050. The District's capacity fee revenues fluctuate from year-to-year depending on developer plans for new construction in the District's service area.

The District's Water Capacity Fee Study report can be accessed at the following web address:

<https://www.olivenhain.com/wp-content/uploads/Water-Capacity-Fee-Study-2023.pdf>

**Debt Service (1.0%):** The District collects annual benefit assessments on properties within Reassessment District 96-1 to pay the annual debt service. Reassessment District 96-1 consists substantially of all land within the District.

**Property Tax (4.4%):** The District will receive approximately \$4.6 million in Fiscal Year 2025 and Fiscal Year 2026 from property tax revenues. Property tax is used as an offset to the District's revenue requirement to cover the cost of service. Excess proceeds from property tax revenue are used to help pay for the District's 10-year capital spending plan. Loss of property tax revenue would have a significant impact on the District's ability to sustain operations.

**Investment Income and Other revenues (3.3%):** The District receives investment income from operating, capital, and rate stabilization fund balances. Investment income is restricted by the Board's Investment Policy included in the Financial Policy section of this document. Investment

income received in the PAYGO fund is restricted to pay for capital expenditures or debt service. Investment Income is estimated each year based on market conditions.

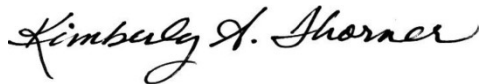
### **CONCLUSION**

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

### **ACKNOWLEDGMENTS**

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

Respectfully submitted,

A handwritten signature in black ink, reading "Kimberly A. Thorner". The signature is written in a cursive, flowing style.

Kimberly A. Thorner, Esq.  
General Manager



## GFOA Distinguished Budget Presentation Award

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to Olivenhain Municipal Water District for its Biennial budget for Fiscal Years 2023 and 2024. In order to achieve this distinction, the District's budget must be rated proficient as a policy document, financial plan, operations guide, and communications device by a panel of public finance professionals.



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

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

## CSMFO Operating Budget Excellence Award

The California Society of Municipal Finance Officers (CSMFO) presented their Award for Operating Budget Excellence to Olivenhain Municipal Water District for the District's Fiscal Year 2023 and 2024 biennial budget.

This is the **seventeenth** budget award the District has received from the CSMFO. This award is valid for a period of one year.



## HOW TO USE THIS BUDGET DOCUMENT

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

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

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

- **Introduction** – This section contains a description of the District and its organizational structure, budget policies, budget basis, budget process, and financial policies as well as an explanation of all District fund balances.
- **History and Community Profile** – This section provides various national, regional, and local economic indicators, and shows population and employment trends within the San Diego area.
- **Strategic Plan** – The Strategic Plan was initially developed by the Board of Directors in 2008 and is updated as new annual objectives and performance indicators are developed. This section describes the 2025 plan for the District.
- **Long-Term Financial Plan** – This section includes the District's ten-year financial plan and forecasted fund balances after fulfilling its commitments at the end of each fiscal year. It also includes significant assumptions used in forecasting the District's operating and capital planned expenditures, as well as information about the District's reserves level and debt service obligations over ten years.

## SECTION I – BIENNIAL OPERATING BUDGET

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

## SECTION II – BIENNIAL CAPITAL BUDGET

- **Capital Expenditures Summary** – Contains a discussion on planned capital spending. This section contains planned capital expenditures for Fiscal Year 2025 and Fiscal Year 2026, and a summary of each capital improvement project in excess of \$1 million.
- **Capital Expenditures by Fund** – Contains a list of capital projects by funding source and a brief description of each project.
- **Glossary** – Contains a list of terms used in this document and their definitions, as well as a chart with water unit equivalencies.

## ABOUT THE DISTRICT

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

### Service Area

#### Potable Water Operations

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

The District is primarily a retail agency which sells water to end users. The District is projected to deliver approximately 14,500 acre feet (AF) of potable water and 2,250 AF of recycled water during Fiscal Year 2024. Water sales were lower in Fiscal Year 2023 and Fiscal Year 2024 compared to prior years, and well below average, due to unprecedented wet weather conditions the last two years. The District currently provides water services to approximately 28,700 potable water meters and 320 recycled water meters, and has a population of about 86,500.

Based upon the most recent Comprehensive Water Master Plan, it is estimated that the District is approximately 95% built out from an ultimate 33,000 equivalent dwelling units (EDUs). The District customer base is primarily residential and very diverse. The District's service area is an economically vibrant suburban service area in northern San Diego County.

The District's David C. McCollom Water Treatment Plant has sufficient treatment capacity to meet District customers' potable water demand each year and to sell excess treatment services to Vallecitos Water District to optimize the plant's capacity. This includes at least 2,750 AF sold to Vallecitos Water District each year.

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

The District owns and operates a potable water treatment facility, the David C. McCollom Water Treatment Plant (DCMWTP). The DCMWTP produces treated water to meet the District's potable water demand. Through utilization of the DCMWTP and its transmission and distribution system of 466 miles of potable pipeline, pump stations, and storage facilities, the District provides high quality potable water to its customers.

The David C. McCollom Water Treatment Plant was built in 2002 and was the largest ultrafiltration membrane plant in the world at that time. For 22 years it has served the customers of the District with high quality drinking water that has always been ahead of drinking water standards.

*For more about our Potable Water operations go to:*  
<https://www.olivenhain.com/your-water-supplies/potable-water/>



*David C. McCollom Water Treatment Plant and the Olivenhain Dam*



## Wastewater Operations

On July 1, 1998, the District assumed ownership of the 4S Ranch Sanitation District and Rancho Cielo Sanitation District from the County of San Diego to provide wastewater collection, treatment, and disposal services for these areas.

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

Olivenhain Municipal Water District provides wastewater collection and treatment services to roughly 4,380 sewer connections, or about 7,330 EDUs. Build-out is estimated at 7,450 EDUs.



*4S Reclamation Facility and Recycled Water Pond*

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

*For more about our Wastewater Operations go to:*

*<https://www.olivenhain.com/your-water-supplies/wastewater/>*



## Recycled Water Operations

Diversification of water supply sources reduces the District's operational risks and reliance on San Diego County Water Authority to meet water demands for irrigation use. The District's recycled water system is divided into two non-contiguous recycled water systems, the Northwest Quadrant and the Southeast Quadrant.



The 4S Ranch Water Reclamation

*Recycled water use at a golf course*

Facility (4S WRF) is capable of treating wastewater effluent to California Administrative Code Title 22 levels so that treated water from this plant can be used for irrigation purposes in the southeast portion of the District's service area. The District executed recycled water purchase agreements with Vallecitos Water District and San Elijo Joint Powers Authority to meet recycled water demand in the Northwest Quadrant recycled water system. The Southeast Quadrant recycled water demands are met with recycled water produced from the District's 4S WRF, and recycled water purchase agreements with the City of San Diego and Rancho Santa Fe Community Services District.

A number of facilities, including a 1.0 million gallon recycled water reservoir, several pump stations, a 250,000 gallon recycled water blending tank, and over 67 miles of recycled water lines deliver recycled water from the system to major irrigation users such as golf courses, large landscape areas, parks, and school grounds within the Southeast Quadrant recycled water system.

The District continues to expand its recycled water system in the southeast and northwest recycled water service areas. The board approved the Recycled Water Retrofit Loan Program in 2017. This program offers financial assistance in the form of low-interest loans to qualified Home Owners' Associations' (HOA) that retrofit their potable water irrigation system to recycled water. The District currently has 320 active recycled water meters in service.

*For more information about our Recycled Water Operations go to:*  
<https://www.olivenhain.com/your-water-supplies/recycled/>

## Elfin Forest Recreational Reserve

The 784-acre Elfin Forest Recreational Reserve (EFRR) was developed by the District in partnership with SDCWA and the U.S. Department of the Interior - Bureau of Land Management as an element of the Olivenhain Water Storage Project and SDCWA's Emergency Storage Project. The EFRR first opened in 1992.



*Elfin Forest Interpretive Center Honoring Susan J. Varty*

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

Owned by SDCWA and managed by the District, the EFRR has been designed to unify the interests of domestic

water supply development, natural resources management, and recreational opportunities. The EFRR's rangers conduct guided group tours and student exploration programs to help promote environmental awareness and preservation of local watersheds. SDCWA reimburses the District for a significant portion of the EFRR's operating costs, based on an EFRR cost sharing agreement between SDCWA and the District.

*For more information about the Elfin Forest Recreation Reserve got to:  
<https://elfinforest.olivenhain.com/>*

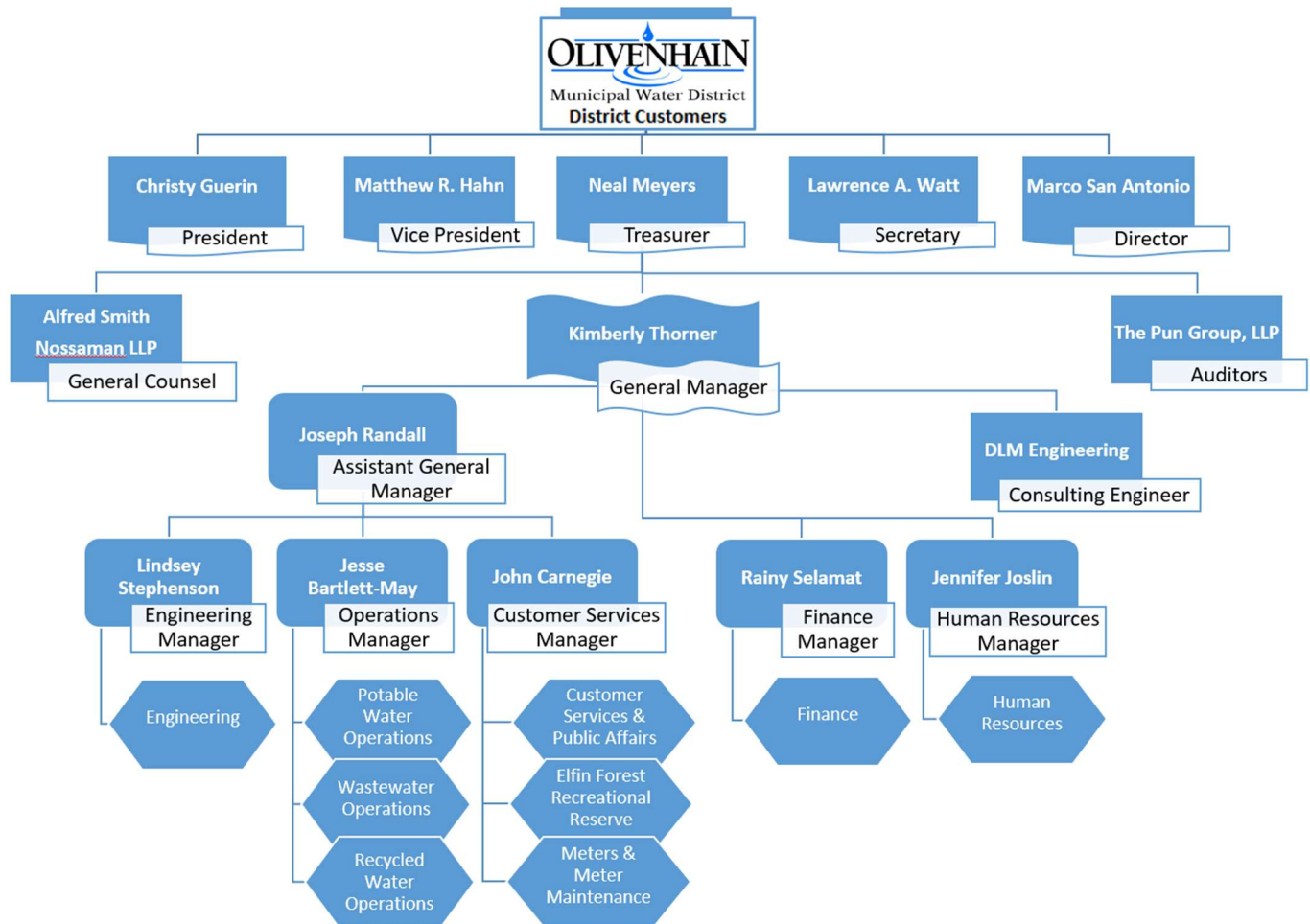
## **Governance**

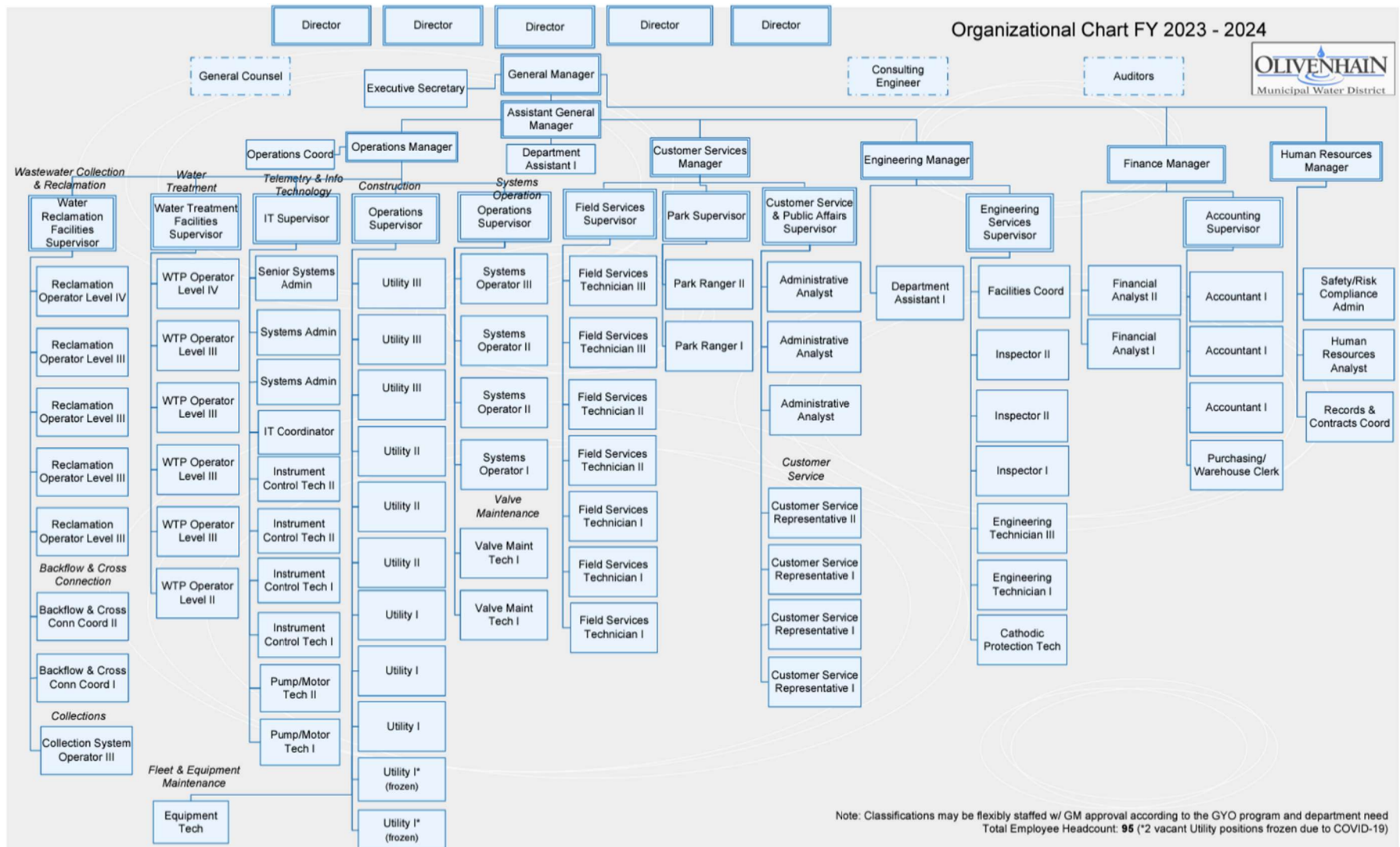
The District is governed by an elected, five-member Board of Directors. Board members are elected to four-year terms by the voting constituents of the division in which each director resides.

## **Organizational Structure**

The elected Board members delegate management responsibility of the day-to-day operations of the District to an appointed General Manager who, in turn, employs all employees at the District, including an Assistant General Manager, Consulting Engineer, and five department managers. The District's General Manager, General Counsel, and external Auditor report directly to the Board of Directors. The District updates its staffing needs and personnel requirements each year as part of the District Staffing Analysis. Planned staffing levels for the next five years were also included in the District's staffing analysis report which is reviewed with the Board for consideration and approval each year.

The District has 6 departments: General Manager, Operations and Maintenance (water, wastewater, and parks), Finance, Customer Service and Public Affairs, Engineering, and Human Resources. More information on the District's organizational structure and chart can be found on the following page of this section and in the Expenditures section of this document.





## **BUDGET GUIDELINES**

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

- The budget should support the District's mission statement, strategic goals, and major objectives.
- There should be no deferment of critical maintenance.
- The budget should be regarded as a business operating plan.
- The budget should be balanced to pay for the District's cost of providing services, debt service obligations, and capital needs.
- The District follows its financial policies to ensure fiscal stability in order to meet the District's mission statement, goals, and objectives set by the board. The District may use its Rate Stabilization funds to maintain the balance while leaving rates stable and covering temporary budget shortfalls.
- Expenses should be budgeted by appropriate departments to correctly identify the cost of providing various District functions and services.

## **BUDGET BASIS**

The budget uses a cash basis of accounting for budgeting purposes. However, the financial records and accounting for the District is kept on an accrual basis. Revenues are recognized when earned, and expenses are recognized when incurred.

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



## BIENNIAL BUDGET PROCESS

In January 2024, the finance team compiled data on the prior year's operating expenses by department and created individualized budget templates to distribute to department managers to assist in their budget development for the next biennial budget period. The department managers then had until early March to compile their departmental operating budgets, submit requests for capital items purchases, and revise the 10-year capital improvement plan. There was a staff workshops during this time, and a second staff workshop in mid march, lead by the finance team to gain feedback and approval from the General Manager, and to keep the Assistant General Manager and departmental managers up to date on the overall budget and long-term plan as it developed. In April 2024, the finance team met with the OMWD Board Finance Committee to present a preliminary draft of the biennial operating and capital budget for Fiscal Years 2025 and 2026 and get input from the committee and the public. The preliminary draft budget was later presented to the board at the April board meeting where it again received feedback from board members and the public. The finance team updated the budget with feedback from the board and a revised draft was presented to, and formally adopted by, the District's Board of Directors at the June 19<sup>th</sup>, 2024, meeting. A detailed overview of the budget process is described in the Budget Calendar section on the next page.

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

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

## BUDGET CALENDAR

The figure displays four calendar grids for the first four months of 2024. Each grid is color-coded to represent different events. The legend on the right identifies the colors:

- Department Managers Plan Budgets (Orange)
- Staff Workshops (Light Green)
- ACWA Spring Conference (Light Brown)
- Present to Finance Committee (Light Purple)
- Objectives, Accomplishments & KPIs Due (Light Blue)
- Present to Board of Directors (Pink)
- Budget Adopted by Board of Directors (Green)
- Board meetings (Dark Blue)
- Holidays (Grey)

**January 2024:** Shows events on Jan 1 (Staff Workshops), Jan 15 (Staff Workshops), Jan 22 (Department Managers Plan Budgets), Jan 23 (Department Managers Plan Budgets), Jan 24 (Department Managers Plan Budgets), Jan 25 (Department Managers Plan Budgets), Jan 26 (Department Managers Plan Budgets), Jan 27 (Department Managers Plan Budgets), Jan 28 (Department Managers Plan Budgets), Jan 29 (Department Managers Plan Budgets), Jan 30 (Department Managers Plan Budgets), Jan 31 (Department Managers Plan Budgets).

**February 2024:** Shows events on Feb 1 (Staff Workshops), Feb 2 (Staff Workshops), Feb 3 (Staff Workshops), Feb 4 (Staff Workshops), Feb 5 (Staff Workshops), Feb 6 (Staff Workshops), Feb 7 (Staff Workshops), Feb 8 (Staff Workshops), Feb 9 (Staff Workshops), Feb 10 (Staff Workshops), Feb 11 (Staff Workshops), Feb 12 (Staff Workshops), Feb 13 (Staff Workshops), Feb 14 (Staff Workshops), Feb 15 (Staff Workshops), Feb 16 (Staff Workshops), Feb 17 (Staff Workshops), Feb 18 (Staff Workshops), Feb 19 (Staff Workshops), Feb 20 (Staff Workshops), Feb 21 (Staff Workshops), Feb 22 (Staff Workshops), Feb 23 (Staff Workshops), Feb 24 (Staff Workshops), Feb 25 (Staff Workshops), Feb 26 (Staff Workshops), Feb 27 (Staff Workshops), Feb 28 (Staff Workshops), Feb 29 (Staff Workshops).

**March 2024:** Shows events on Mar 1 (Staff Workshops), Mar 2 (Staff Workshops), Mar 3 (Staff Workshops), Mar 4 (Staff Workshops), Mar 5 (Staff Workshops), Mar 6 (Staff Workshops), Mar 7 (Staff Workshops), Mar 8 (Staff Workshops), Mar 9 (Staff Workshops), Mar 10 (Staff Workshops), Mar 11 (Staff Workshops), Mar 12 (Staff Workshops), Mar 13 (Staff Workshops), Mar 14 (Staff Workshops), Mar 15 (Staff Workshops), Mar 16 (Staff Workshops), Mar 17 (Staff Workshops), Mar 18 (Staff Workshops), Mar 19 (Staff Workshops), Mar 20 (Staff Workshops), Mar 21 (Staff Workshops), Mar 22 (Staff Workshops), Mar 23 (Staff Workshops), Mar 24 (Staff Workshops), Mar 25 (Staff Workshops), Mar 26 (Staff Workshops), Mar 27 (Staff Workshops), Mar 28 (Staff Workshops), Mar 29 (Staff Workshops), Mar 30 (Staff Workshops), Mar 31 (Staff Workshops).

**April 2024:** Shows events on Apr 1 (Staff Workshops), Apr 2 (Staff Workshops), Apr 3 (Staff Workshops), Apr 4 (Staff Workshops), Apr 5 (Staff Workshops), Apr 6 (Staff Workshops), Apr 7 (Staff Workshops), Apr 8 (Staff Workshops), Apr 9 (Staff Workshops), Apr 10 (Staff Workshops), Apr 11 (Staff Workshops), Apr 12 (Staff Workshops), Apr 13 (Staff Workshops), Apr 14 (Staff Workshops), Apr 15 (Staff Workshops), Apr 16 (Staff Workshops), Apr 17 (Staff Workshops), Apr 18 (Staff Workshops), Apr 19 (Staff Workshops), Apr 20 (Staff Workshops), Apr 21 (Staff Workshops), Apr 22 (Staff Workshops), Apr 23 (Staff Workshops), Apr 24 (Staff Workshops), Apr 25 (Staff Workshops), Apr 26 (Staff Workshops), Apr 27 (Staff Workshops), Apr 28 (Staff Workshops), Apr 29 (Staff Workshops), Apr 30 (Staff Workshops).

**May 2024:** Shows events on May 1 (Staff Workshops), May 2 (Staff Workshops), May 3 (Staff Workshops), May 4 (Staff Workshops), May 5 (Staff Workshops), May 6 (Staff Workshops), May 7 (Staff Workshops), May 8 (Staff Workshops), May 9 (Staff Workshops), May 10 (Staff Workshops), May 11 (Staff Workshops), May 12 (Staff Workshops), May 13 (Staff Workshops), May 14 (Staff Workshops), May 15 (Staff Workshops), May 16 (Staff Workshops), May 17 (Staff Workshops), May 18 (Staff Workshops), May 19 (Staff Workshops), May 20 (Staff Workshops), May 21 (Staff Workshops), May 22 (Staff Workshops), May 23 (Staff Workshops), May 24 (Staff Workshops), May 25 (Staff Workshops), May 26 (Staff Workshops), May 27 (Staff Workshops), May 28 (Staff Workshops), May 29 (Staff Workshops), May 30 (Staff Workshops), May 31 (Staff Workshops).

**June 2024:** Shows events on Jun 1 (Staff Workshops), Jun 2 (Staff Workshops), Jun 3 (Staff Workshops), Jun 4 (Staff Workshops), Jun 5 (Staff Workshops), Jun 6 (Staff Workshops), Jun 7 (Staff Workshops), Jun 8 (Staff Workshops), Jun 9 (Staff Workshops), Jun 10 (Staff Workshops), Jun 11 (Staff Workshops), Jun 12 (Staff Workshops), Jun 13 (Staff Workshops), Jun 14 (Staff Workshops), Jun 15 (Staff Workshops), Jun 16 (Staff Workshops), Jun 17 (Staff Workshops), Jun 18 (Staff Workshops), Jun 19 (Staff Workshops), Jun 20 (Staff Workshops), Jun 21 (Staff Workshops), Jun 22 (Staff Workshops), Jun 23 (Staff Workshops), Jun 24 (Staff Workshops), Jun 25 (Staff Workshops), Jun 26 (Staff Workshops), Jun 27 (Staff Workshops), Jun 28 (Staff Workshops), Jun 29 (Staff Workshops), Jun 30 (Staff Workshops).

- |                  |   |
|------------------|---|
| January 22, 2024 | Distributed budget folders to all department managers. Included in each folder is the prior year's budget with supporting data and actual departmental expenses from January 1, 2023 through December 31, 2023.   |
| February 1, 2024 | Staff Budget Workshop 1 — General questions about the budget process were answered. Management had the opportunity to clarify any questions and ask for more detailed information about specific departmental expenses.   |
| March 6, 2024    | Proposed departmental operating budgets and capital expenditures submitted by department managers for discussion.   |
| March 14, 2024   | Staff Budget Workshop 2 — Discussed the District's short and long term goals and objectives; reviewed the District's water and sewer operations; discussed budget proposals to improve operational efficiencies, strategic plans, and planned capital spending based on priorities and objectives set by the Board; reviewed key assumptions used in developing the budget including water sales and purchases; reviewed the District's financial model with staff's proposed 10 year operating and capital spending plan and financial targets. Each department manager provided explanations for proposed budget increases to the General Manager using prior year's budget and projected actuals. Finance Department compiled and presented the proposed biennial budget for fiscal years 2025 and 2026 to the General Manager for consideration and approval. |
| April 1, 2024    | Finance department presented the preliminary draft biennial operating and capital budget for fiscal years 2025 and 2026 to the Finance Committee for consideration and approval prior to the Board budget workshop.   |
| April 17, 2024   | Board Budget Workshop — Staff presented the General Manager's recommended budget previously discussed with the Board Finance Committee to the Board at the budget workshop for Board consideration and tentative approval. Important underlying assumptions used in the budget were presented and discussed with the Board. Proposed capital expenditures for the next ten years were presented and reviewed with the Board.  |
| June 19, 2024    | Consideration and adoption of the biennial Operating and Capital Budget for Fiscal Years 2025 and 2026 by the Board.  |

## **BIENNIAL BUDGET MIDTERM REVIEW PROCESS**

Following the District Board's approval and adoption of the Biennial Operating and Capital Budget in June, budgeted amounts are appropriated and expended in each fiscal year starting on July 1 of that fiscal year.

In March 2025, the Finance department and other department managers will begin a midterm budget review process. The goal of the midterm budget review is to update the assumptions used in the second year of the District's Biennial Operating and Capital budget adopted by the Board. At the midterm budget review, District Staff will present proposed budget adjustments to the second fiscal year of a biennial budget for consideration and approval by the District's Finance Committee and full Board of Directors. The District's midterm biennial budget adjustments occurs in June of each year.

Adjustments to budgeted capital expenditures are also discussed with the Board during the midterm budget review process. Project Managers will review the progress of the District's Capital Improvement Program. Projects may be delayed or accelerated depending on changes in circumstances and/or schedule of completion. Proposed changes and reasons for adjustments are presented for review with the Board.

Based on staff recommendations, a vote will be taken by the Board to approve or deny the proposed adjustments. Actual adjustments are documented and tracked in the District's financial management system.

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

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

## FINANCIAL POLICY

### Introduction

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

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

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

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

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

## **Olivenhain Municipal Water District Operating Budget Policy**

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

### Budget Development

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

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

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

### Budget Form

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

### Budget Calendar

The District reviews and updates its resources on a fiscal year basis which begins July 1 and ends on the following June 30. The District has a two-year budget. The Biennial Budget is formally adopted by the Board in June every other year. A midterm budget review process is conducted in the middle of the District's two-year budget cycle to update budget assumptions for the second year.

### Basis of Budgeting

The budget for the District utilizes a cash basis of accounting for budgeting purposes. However, the financial records and accounting for the District is kept on an accrual basis. Revenues are recognized when earned, and expenses are recognized when incurred.

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

### Budget Process

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

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



## **Olivenhain Municipal Water District Revenues and Expenditures Policies**

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

### **Revenues Policy**

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

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

### Diversification and Stabilization

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

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

## Rates and Charges

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

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

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

## Expenditures Policy

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

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

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

### Maintenance of Capital Assets

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

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

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

## Review of Services

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

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

## **Olivenhain Municipal Water District Board Designated Fund Balances Policy**

This Policy represents public affirmation of the Board's commitment to financial prudence and careful stewardship of community assets. This Policy shall cover the District's Operating Fund, Capital and Equipment Fund, and Rate Stabilization Fund for water (potable and recycled) and wastewater operations. These Funds are designated by the District's Board to carry out specific purposes, ensuring prudent management of the District's financial resources, and are used by District staff as parameters within which the Board expects staff to operate.

This Policy has three primary goals:

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

Operating Fund, Capital and Equipment Fund, Rate Stabilization Fund, and Pension Stabilization Fund balances will be reviewed annually when the District's financial audit is completed. At that time, staff will present to the Board a recommendation on the handling of these Funds.

## Water - Operating Fund

Purpose:	To ensure cash resources are available to pay for day-to-day water operations, including payments for purchased water and debt service payments and to provide funding in case of operating emergencies and unforeseen circumstances.
Target Balance:	A minimum balance equal to 60 days of approved annual water operating and maintenance expenditures in the budget shall be maintained in this fund. The maximum amount in this fund shall not exceed 120 days of approved annual water operating and maintenance expenditures in the budget. Operating Fund balance in excess of the 120-day maximum balance will be transferred into other Fund(s), with Board approval, as long as fund balances are below their maximum amount stated in this Policy. Any excess over the maximum amount shall be reported to the Board at the first monthly regular Board meeting after the excess occurs with a staff recommendation as to the handling of the excess funds. A cash balance below the minimum target balance shall also be reported with specific notes to the Board on a regular basis.
Methodology:	Due to the timing difference between the dates when cash is collected and spent, the District is required to maintain sufficient cash on hand to meet its day-to-day cash disbursements, such as payroll, water purchases, debt service payments, and to provide funding for emergency operating expenditures due to unforeseen situations, such as natural disasters or any other unanticipated expenses that will result in an unexpected increase in the District's expenditures.
Use of Funds:	To pay for day-to-day water operating and maintenance expenditures and any unexpected expenses or emergencies due to the timing difference between cash being collected and spent.
Contributions:	Additions to this fund come from any excess in water operations (revenues over expenses.) When water revenue is not sufficient to meet the District's debt service coverage requirements, funds will be transferred from the Rate Stabilization Fund into the Operating Fund. The adequacy of this fund will be reviewed annually after the financial audit is completed.



## Water - Capital and Equipment Fund

Purpose:	To provide funding for the District's water capital infrastructure improvements and replacements approved by the Board and included in the 10 Year Capital Spending Plan. The District also has a Debt Management Policy that provides guidelines on how Capital Improvement Programs should be funded.
Target Balance:	A minimum balance equals to one (1) year of the average approved capital expenditures over the next ten years in the District's 10 Year Capital Spending Plan shall be maintained in this fund. A maximum balance equals to five (5) years of the average approved capital expenditures over the next ten years in the District's 10 Year Capital Spending Plan. Any excess over the maximum amount in this fund shall be reported to the Board at the first regular monthly Board meeting after the excess occurs. Staff will provide a recommendation on the handling of these excess funds. Any cash balance below the minimum target balance shall also be reported with specific notes to the Board on a regular basis.
Methodology:	The District follows a 10 Year Capital Spending Plan which outlines water infrastructure improvements and replacements planned for the next ten years.
Use of Funds:	To construct, improve, and replace water capital infrastructures and to purchase capital items approved by the Board and included in the District's Budget.
Contribution:	Water Rates and Capacity Fees. The District will make annual contributions from water rates and capacity fees to this fund to provide funding for District water capital infrastructure improvements and replacements included in the 10 Year Capital Spending Plan. Any excess over the maximum amount in this fund shall be reported to the Board at the first regular monthly Board meeting after the excess occurs. Staff will provide a recommendation on the handling of these excess funds.

## Water - Rate Stabilization Fund

Purpose:	To protect the District's financial stability and to secure the District's ability to pay for its financial obligations, including debt service installment payments when revenue shortfalls occur due to weather conditions, economic shortfalls, changes in state and federal legislation, or other future uncertainties, enabling the District to avoid the need for rate spikes.
Target Balance:	A minimum of 25% of the average estimated Net Water Sales over two (2) fiscal years approved in the District's budget shall be maintained in the Rate Stabilization Fund. The maximum amount in the Rate Stabilization Fund shall not exceed 50% of the average estimated Net Water Sales over two fiscal years approved in the District's budget. Net Water Sales are defined as total revenues from water operations less water purchase expenses. Any excess over the maximum amount in this fund shall be reported at the next regular Board Meeting with staff's recommendation on the handling of these excess funds.
Methodology:	The District relies on water commodity and fixed charge revenues to pay for costs to deliver water and provide service to its customers. This fund allows for financial flexibility to manage water sales fluctuations due to uncontrollable conditions such as prolonged wet or dry weather, enabling the District to stabilize rates from year to year.
Use of Funds:	To mitigate the immediate need to raise water rates in the event of cash flow reductions from operations so that the District has the ability to meet its debt service payments.
Contributions:	Any excess from the Water Operating Fund after annual contributions to the Capital and Equipment Fund is made for that year. Contributions to this fund can only be made with Board approval. Adequacy of this fund will be reviewed by District staff during the budget process. By maintaining an adequate balance in this fund, the District can experience years when revenues fluctuate (e.g., due to drought or wet weather) without the need to raise rates. By decreasing this fund, the District becomes less stable and, therefore, more vulnerable to unexpected rate increases. The Board must determine the level of risk it is willing to assume for the Rate Stabilization Fund as part of the budget process.

## Water - Pension Stabilization Fund

Purpose:	To secure the District's ability to have a consistent annual Unfunded Accrued Liability (UAL) payment to California Public Employee's Retirement System (CalPERS), including Additional Discretionary Payment(s) while achieving its pension funding goal with no rate spikes. The funding goal of a defined benefit pension plan is 100%, which is to fund the long-term cost of benefits provided to the plan members.
Target Balance:	A minimum of one (1) year average of Projected Future Employer Contributions for UAL Payment over the next 5 fiscal years based on the most current CalPERS annual actuarial report for Classic and PEPRAs plans shall be maintained in this fund. A maximum of two (2) years average of Projected Future Employer Contributions for UAL Payment over the next 5 fiscal years included in the most current CalPERS annual actuarial report for Classic and PEPRAs Miscellaneous Plans.
Methodology:	The funding goal of a defined benefit pension plan is 100%, which is to fund the long-term cost of benefits provided to plan members. The District relies on water revenues which are subject to external and uncontrollable factors such as weather conditions, federal and state mandates, and economic uncertainty to sustain operations. This fund allows the District to continue funding its pension liability during temporary budget shortfalls, such as prolonged wet or dry weather, thus avoiding rate spikes.
Use of Funds:	To mitigate the immediate need to use other available reserves to fund the District's pension obligations and to comply with the District's Pension Funding Policy. In the event that a District's pension plan achieves a "superfunded" status (funding level exceeds 100%), District staff will report to the Board and provide a recommendation to the Board on the handling of these excess funds after the most recent CalPERS actuarial report is released and the District's financial audit is completed.
Contributions:	Any excess from the Water Operating Fund after annual contributions to the Capital and Equipment Fund is made for that year. Contributions to this fund can only be made with Board approval. Maintaining an adequate balance in this fund reflects the Board's commitment to achieve a fully funded pension plan in a timely manner when revenues fluctuate from year to year. Adequacy of this fund will be reviewed by District staff annually, after the most current CalPERS actuarial report is released and the District's financial audit is completed.

### Wastewater - Operating (Revenue) Fund

Purpose:	The District receives the majority of its wastewater service revenues in December and April at the same time when customers pay their property tax bills. Because of the timing difference between revenues and expenditures, the District must have cash resources available to pay for day-to-day wastewater operations and maintenance, debt service, and operating emergencies.
Target Balance:	A minimum of 180 days of annual wastewater operations and maintenance expenditures approved by the Board in the District's budget shall be maintained in this fund. The maximum in this fund shall not exceed 365 days of annual wastewater operations and maintenance expenditures approved by the Board in the District's budget. After the annual financial audit is completed, any excess over the maximum amount, with Board approval, will be transferred to the Wastewater Capital and Equipment Fund and/or Rate Stabilization Fund as long as the fund balance is below their maximum amount. Any excess over the maximum amount shall be reported to the Board at the first regular Board Meeting with staff's recommendation on the handling of these excess funds. Any cash balance below the minimum target balance shall also be reported with specific notes to the Board on a regular basis.
Methodology:	Wastewater service charges are collected through the County Tax Collector's office at the same time that property tax bills are paid by wastewater customers (the majority of which are collected on December 15 and April 15). Due to the timing of these receipts, the District needs to have sufficient cash on hand to pay for day-to-day Wastewater operating and maintenance expenses.
Use of Funds:	These funds will be used to pay for wastewater operating and maintenance expenditures approved by the Board, wastewater debt service payments, and for any operating emergencies or unanticipated expenditures.
Contributions:	Additions to this fund are a result of net income from Wastewater operations (revenue over expenses) after annual cash transfers to the Wastewater Capital and Equipment Fund and Wastewater Rate Stabilization Fund.

## Wastewater - Capital and Equipment Fund

Purpose:	To provide funding for the District's Wastewater Capital Improvement Program as identified in the District's 10 Year Capital Spending Plan. The District follows its Debt Management Policy to fund its Wastewater Capital Improvement Program.
Target Balance:	A minimum balance of two years' average of planned capital expenditures of the approved 10-year Wastewater Capital Spending Plan spending shall be maintained in this fund. The maximum in this fund shall not exceed five years' average of planned capital expenditures of the approved 10-Year Wastewater Capital Spending Plan. Any excess over the maximum amount in this fund shall be reported to the Board at its next regular Board meeting with staff's recommendation on the handling of these excess funds. Any cash balance below the minimum target balance shall also be reported with specific notes to the Board on a regular basis.
Methodology:	The District follows a 10 Year Wastewater Capital Spending Plan which has a list of wastewater infrastructure improvements and replacements for the next ten years
Use of Funds:	The funds will be used to improve, acquire, and replace Wastewater infrastructures in the 10 Year Wastewater Capital Spending Plan.
Contribution:	Wastewater service charges, wastewater capacity fees, and wastewater annexation fees. Net operating income from wastewater operations collected from user charges will be transferred to Wastewater Capital and Equipment Fund annually to provide funds for Wastewater Capital Improvement Program.



## Wastewater - Rate Stabilization Fund

Purpose:	To protect the District's financial resources against economic shortfalls or an unexpected increase in expenditures, including sewage spill clean-up costs, a penalty imposed by the Regional Water Quality Control Board when sewage spills occur, or an emergency repair to damaged wastewater facilities following natural disasters or other unforeseen emergencies. These conditions can lead the District to operating deficits.
Target Balance:	A minimum of 25 percent of annual Wastewater operating and maintenance expenditures approved by the Board shall be maintained in this fund. A maximum equal to 100 percent of annual Wastewater operating and maintenance expenditures approved by the Board. Any excess over the maximum amount in this fund shall be reported at the next regular Board meeting with staff's recommendation on the handling of these excess funds.
Methodology:	This fund will be available to minimize the need for wastewater rate increases as well as for spending changes during the fiscal year. It can also be used to stabilize wastewater rates and charges from year to year.
Use of Funds:	These funds will be used to mitigate the immediate need to raise wastewater rates and charges in the event of cash flow reductions from wastewater service revenues so that the District has the ability to meet its wastewater debt service coverage ratio.
Contributions:	Contributions to this fund can only be made with Board approval and are reviewed by District staff during the budget process. By maintaining an adequate balance in this fund, the District can avoid operating deficits due to major unexpected expenditures without the need to raise wastewater rates and charges and to secure the District's ability to pay its wastewater debt service obligations. When revenues are not sufficient to meet the District's annual debt service payment, funds will be transferred from the Wastewater- Rate Stabilization Fund into this fund.

## Wastewater - Pension Stabilization Fund

Purpose:	To secure the District's ability to have a consistent annual Unfunded Accrued Liability (UAL) payment to California Public Employee's Retirement System (CalPERS), including Additional Discretionary Payment(s) while achieving its pension funding goal. The funding goal of a defined benefit pension plan is 100%, which is to fund the long-term cost of benefits provided to the plan members.
Target Balance:	A minimum of one (1) year average of Projected Future Employer Contributions for UAL Payment over the next 5 fiscal years based on the most current CalPERS annual actuarial report for Classic and PEPRAs plans shall be maintained in this fund. A maximum of two (2) years average of Projected Future Employer Contributions for UAL Payment over the next 5 fiscal years included in the most current CalPERS annual actuarial report for Classic and PEPRAs Miscellaneous Plans.
Methodology:	The funding goal of a defined benefit pension plan is 100%, which is to fund the long-term cost of benefits provided to plan members. The District relies on water revenues which are subject to external and uncontrollable factors such as weather conditions, federal and state mandates, and economic uncertainty to sustain operations. This fund allows the District to continue funding its pension liability during revenue shortfalls.
Use of Funds:	To mitigate the immediate need to use other available reserves to fund the District's pension obligations and to comply with the District's Pension Funding Policy. In the event that a District's pension plan achieves a "superfunded" status (funding level exceeds 100%), District staff will report to the Board and provide a recommendation to the Board on the handling of these excess funds after the most recent CalPERS actuarial report is released and the District's financial audit is completed.
Contributions:	Any excess from the Wastewater Operating (Revenue) Fund after annual contributions to the Capital and Equipment Fund is made for that year. Contributions to this fund can only be made with Board approval. Maintaining adequate balance in this fund reflects the Board's commitment to achieve a fully funded pension plan in a timely manner when revenues fluctuate from year to year. Adequacy of this fund will be reviewed by District staff annually, after the most current CalPERS actuarial report is released and the District's financial audit is completed.

## **Olivenhain Municipal Water District Debt Management Policy**

### **Introduction**

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

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

The District's debt management policy is designed to:

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

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

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

### **I. General Management Policies**

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

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

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

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

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

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

## **II. Financial Management Policies**

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

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

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

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

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

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

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

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

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



### **III. Debt And Capital Management Policies**

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

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

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

#### **Standards for Use of Debt Financing**

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

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

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

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

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

## Financing Criteria

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

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

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

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

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

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

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

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

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

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

### **Refinancing Outstanding Debt**

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

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

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

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

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

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

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

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

## **Method of Issuance**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Olivenhain Municipal Water District  
Annual Investment Policy  
Calendar Year 2024**

**I. INTRODUCTION**

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

The Board of Directors of the District has delegated authority to invest funds on behalf of the District to its Treasurer for one (1) year. The Treasurer is required to provide a monthly report of all District investments to the Board. The Treasurer's authority to make investments for the District under this policy is limited to a one (1) year term expiring on December 31, 2024. This authority may be renewed annually at the discretion of the Board of Directors of the District.

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

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

**II. SCOPE**

This investment policy shall cover all funds and investment activities under the direct authority of the District, except for the employee's retirement and deferred compensation funds, checking and payroll accounts, and debt service construction and reserve funds held by trustee in accordance with the District's bond documents.



### III. OBJECTIVES

*Safety* - It is the primary duty and responsibility of the Treasurer to protect and preserve the principal of all District funds and investments. Prior to investing any District funds, the investment shall be evaluated by the Treasurer to ensure that capital losses are avoided whether from institution default, broker-dealer default, or erosion of the market value of the securities. The Treasurer shall evaluate, or cause a qualified professional to evaluate, each potential investment of District funds to verify that the issuer is financially strong and there is adequate security as collateral for each investment sufficient to protect the principal being invested. The Treasurer shall diversify District investments so as to reduce the exposure to principal loss.

*Liquidity*. An adequate percentage of all District investments shall be maintained at all times in liquid short-term securities which can be converted to cash if necessary to meet the District's financial obligations. The Treasurer should consider the District's liquidity needs over the next year in determining the amount that should be maintained in short term instruments. Since all future cash requirements of the District cannot be anticipated, the Treasurer shall, at all times, invest a portion of all District investments in liquid short-term securities that are readily tradable so as to meet the ongoing liquidity needs of the District. These short-term securities shall be selected in a manner that minimizes market risk and provides for the anticipated needs of the District over the next year.

*Return on Investments*. The Treasurer should invest all District funds in investments that maximize the return for the District keeping in mind that safeguarding the principal and providing liquidity are more important objectives than the return obtained. All investment decisions made by the Treasurer shall be, first, to ensure protection of the principal of all District funds and investments, second, to provide adequate liquidity for the District's future needs, and third, to maximize return where possible without jeopardizing the principal or creating liquidity problems for the District.

*Market-Average Rate of Return*. The investment portfolio shall be designed to attain a market-average rate of return throughout economic cycles, taking into account the District's risk and liquidity constraints, the cash flow characteristics of the portfolio, State laws limiting District investments, and ordinances or resolutions that restrict investments. To determine if the District is attaining its return objectives, the Treasurer will periodically review the portfolio's performance against an appropriate benchmark(s).

*Diversification*. The investment portfolio shall be diversified to avoid incurring unreasonable and avoidable risks regarding specific security types or individual financial

institutions. The amount invested by the Treasurer in a particular security at any time shall not exceed the limitations contained in Section VII of this Investment Policy.

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

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

*Public Trust:* All participants in the investment process shall act as custodians of the public trust. Investment officials shall recognize that the investment portfolio is subject to review and evaluation by the Board. The overall program shall be designed and managed with a degree of professionalism that is worthy of the public trust. In a diversified portfolio it must be recognized that occasional measured losses are inevitable, and these losses must be considered within the context of the overall portfolio's investment return, provided that adequate diversification has been obtained.

*Risk Tolerance.* The District recognizes that investment risks can result from issuer defaults, market price changes or various technical complications leading to temporary illiquidity. Portfolio diversification is employed as a way to control risk. The Treasurer is expected to display prudence in diversifying the District’s investments as a way to minimize default risk. No individual investment transaction shall be undertaken by the Treasurer which jeopardizes the total capital position of the overall portfolio or which exceeds the investment limitations contained in Section VII of this policy. The Treasurer shall periodically establish guidelines and strategies to control risks of default, market price changes and illiquidity.

Risk will also be managed by subscribing to a portfolio management philosophy that helps to control market and interest rate risk by investing to ensure required liquidity and appropriate term. This philosophy also prohibits trading losses (for speculative purposes) unless there is a sudden need for liquidity and the need cannot be satisfied by any other

means. Loss of principal will only be acceptable if economic gain can be conclusively demonstrated.

Controlling and managing risk is the foremost portfolio management objective. The District strives to maintain an efficient portfolio by providing for the lowest level of risk for a given level of return. This acceptable level of return has been quantified as a return that is equal to an appropriate benchmark(s) based on the weighted average of the District's portfolio depending on investments and maturities. In addition to these general policy considerations, the following specific policies will be strictly observed:

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

#### **IV. DELEGATION OF AUTHORITY**

The investment of District money is delegated to the Treasurer by the Board of Directors for one year ending December 31, 2024. The Treasurer may delegate the day-to-day operations of investing to his/her designee(s), but not the responsibility for the overall investment program.

#### **V. REPORTING**

Although it is no longer required for the Treasurer of a local agency to annually render a statement of investment policy to the legislative body and submit a quarterly investment report to the legislative body (Government Code Section 53646 (b)), the District Treasurer and General Manager shall submit a monthly investment report to the Board of Directors. This report shall include: type of investment, issuer, date of maturity, the par and dollar amount invested on all securities, the total amount of all investments and monies held by the District, a description of any District funds being held or managed by other persons or entities, the coupon and current yield of all securities, a statement that there are or are not sufficient funds to meet the District's obligations for the next six (6) months, and accrued interest receivable. The monthly statement shall also indicate the District's anticipated liquidity needs for the next six (6) months, the ability of the District's investments to meet these anticipated liquidity needs, and a monthly list of transactions, which is required under Government Code 53607 whenever investment authority is delegated by the Board. Additional items listed will also include average weighted average days to maturity, maturity date, purchase date, percentage distribution to each type of investment, and a statement indicating compliance or noncompliance of all District investments with this Statement of Investment Policy. An investment's term or remaining maturity shall be measured from the settlement date to final maturity rather than the commonly interpreted trade date. Furthermore, the forward settlement date of an investment cannot exceed 45 days from the time of investment. All investments not

complying with this investment policy shall be called to the attention of the Board during the first monthly meeting after an investment does not comply with this policy.

## **VI. AUTHORIZED INVESTMENT INSTRUMENTS**

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

*Local Agency Investment Fund:* The District may invest in the Local Agency Investment Fund established by the State Treasurer for the benefit of local agencies (Government Code Section 16429.1). The fund must have twenty-four hour liquidity. No more than 50% of the total value of all District investments or \$40,000,000 (whichever is lesser) may be invested in Local Agency Investment Fund.

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

*Treasury Securities:* United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest (Government Code Section 53601(b)). These investments are considered the safest possible investment available. There is no maximum portfolio limit. Maximum investment maturities in Treasury Securities shall be restricted to five years.

*Depository Accounts and Certificates of Deposit:* The District may invest in insured or collateralized certificates of deposits, saving accounts, market rate accounts, or other bank deposits insured by commercial banks, savings and loans, state or federal credit union in California (Government Code Section 53630 et seq). A written depository contract is required with all institutions that hold District deposits. Securities placed in a collateral pool must provide coverage for at least 110 percent of all deposits that are placed in the institution. Acceptable pooled collateral is governed by California Government Code Section 53651. Real estate mortgages are not considered acceptable collateral by the District, even though they are permitted in Government Code Section 53651(m). All financial institutions are required to provide the District with a regular statement of pooled collateral. This report will state that they are meeting the 110 percent collateral rule

(Government Code Section 53652(a)), a listing of all collateral with location and market value, plus an accountability of the total amount of deposits secured by the pool. Certificates of deposit, shall not exceed 5% per issuer of the value of all District investments at any time.

Deposits, up to the federal deposit limit, are allowable in any institution that insures its deposits with the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Administration (NCUA), regardless of Moody's Investors Service or Standard & Poor's Corporation ratings. The Treasurer, for deposits of up to federal insurance limit may waive collateral requirements. A maximum deposit of up to federal insurance limit may be deposited in any one institution without collateral. No bank shall receive District funds of greater than federal insurance limit if it has a Moody's Investor Service or Standard & Poor's Corporation rating less than "A". Maximum investment maturity will be restricted to three (3) years.

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

*Placement Service Deposit:* The District may invest in insured deposit placed with a private sector entity that assists in the placement deposits with eligible financial institutions located in the United States (Government Code Section 53601.8). The full amount of the principal and the interest that may be accrued during the maximum term of each deposit shall at all times be insured by federal deposit insurance. Placement Service Deposit, shall not exceed 5% per issuer of the value of the District's investments at any time. The maximum investment maturity will be restricted to three years.

*Negotiable Certificates of Deposit:* Negotiable certificates of Deposits issued by a national or a State-chartered or a State or Federal association or by a federally licensed or State-licensed branch of a foreign bank (Government Code Section 53601(i)). Maximum investment maturity is restricted to two years for notes rated "AA-" or higher and five years for "AAA" rated notes. Negotiable Certificates of Deposit, shall not exceed 5% per issuer of the value of all District investments at any time.

*Commercial Paper:* Investment is limited to the highest grade of stand alone or enhanced ("prime") commercial paper as rated by Moody's Investor Service, Standard & Poor's Corporation, or Fitch Financial Services (A1/P1/F1) issued only by a general corporation that

is organized and operating within the United States, and having total assets in excess of \$500 million and has debt other than commercial paper that is rated "A" or higher by Moody's, S&P, or Fitch (Government Code Section 53601(h)). The maximum investment maturity for commercial paper shall be restricted to 270 days. Purchases of commercial paper shall not exceed 20% the total value of all District investments at any time and shall not exceed 5% per issuer of all District investments at any time.

*Medium Term Notes:* Medium term notes are corporate or bank notes with a maximum remaining maturity of 5 years or less. Investment is limited to "AA-" rated or higher notes, from a nationally recognized rating service like Moody's Investor Service or Standard and Poor's Corporation. All such notes shall be solely from corporations organized and operating in the U.S. or banks licensed in the U.S. or any state and operating in the United States. Permissible types of notes include fixed rate and variable rate. Maximum investment maturity is restricted to two years for notes rated "AA-", or higher and five years for "AAA" rated notes. Medium term notes shall not exceed 5% per issuer of all District investments at any time.

*Agencies:* The District is permitted to invest in federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued and fully guaranteed as to principal and interest by federal agencies or United States government sponsored enterprises (Government Code 53601(f)). Maximum maturity is limited to 5 years. The amount invested in agencies shall not exceed 50% of all District investments at any time.

*Money Market Funds:* Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 and following) (Government Code 53601(l)(2)). Investments are limited to those money market funds that invest in U.S. Treasuries, Federal Agency obligations, and repurchase agreements relating to such obligations. Funds must have the highest ranking or the highest letter and numerical rating by not less than two nationally recognized rating services, or have an investment adviser registered with the Securities and Exchange Commission with not less than five years' experience managing money market funds with assets under management in excess of \$500,000,000. No more than 5% of the value of all District investments shall be invested in any fund and no more than 20% of the value of all District investments may be invested in all money market funds combined. Any fund shares purchased will not include any type of commission.



*Banker's Acceptances:* Bankers' acceptances are bills of exchange or time drafts drawn on and accepted by a commercial bank (Government Code 53601(g)). Purchases of banker's acceptances may not exceed 180 days maturity as per Government Code Section 53601 (g). Maximum portfolio exposure will be limited to 20% of the total value of all District investments at any time and single issuer holdings to no more than 3% per issuer. Banker's acceptances shall not be purchased by the Treasurer without the prior approval of the Board.

*Repurchase Agreements and Reverse Repurchase Agreements:* A Repurchase Agreement is a purchase of securities by the District under an agreement with another party who will repurchase these securities on or before a specified date and for a specified amount and the other party delivers the underlying securities to the District by book entry, physical delivery, or by third-party custodial account. A Reverse Repurchase Agreement means a sale of securities by the District under an agreement where the District will repurchase the securities on or before a specified date. While Repurchase Agreements and Reverse Repurchase Agreements are permitted by state law (Government Code 53601(j)), the Treasurer shall not purchase any securities under a Repurchase Agreement or a Reverse Repurchase Agreement unless it has first been approved by the Board of Directors of the District. State law prohibits Repurchase Agreements unless the underlying value of the securities covering the Repurchase Agreement are valued at least 102% or greater of the funds borrowed against those securities and this value must be adjusted no less than quarterly. Collateral for repurchase agreements is limited to obligations of the United States government and its agencies. Reverse Repurchase Agreements are only permitted by state law where the security being sold by the District has been owned and fully paid for by the District for a minimum of thirty (30) days prior to sale, The agreement may not exceed a term of 90 days unless the agreement includes a provision guaranteeing a minimum earning or spread for the entire period between the sale of a security and the final maturity date.

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

*Local Government Investment Pool:* Shares of beneficial interest issued by a joint powers authority organized pursuant to Government Code Section 6509.7 that invests in the securities and obligations authorized in the Government Code(Government Code 53601(p)). Investments are limited to pools that seek to maintain a constant net asset value and which are rated "AA" or better. Local Government Investment Pools shall not exceed 30% of the value of all District investments at any time. The District shall conduct a thorough investigation of any pool prior to making an investment, and on a continual basis thereafter. Best efforts will be made to acquire the following information:

- A description of eligible investment securities, and a written statement of investment policy and objectives.
- A description of interest calculations and how it is distributed, and how gains and losses are treated.
- A description of how the securities are safeguarded (including the settlement processes), and how often the securities are priced and the program audited.
- A description of who may invest in the program, how often, what size deposit and withdrawal are allowed.
- A schedule for receiving statements and portfolio listings.
- Are reserves, retained earnings, etc. utilized by the pool/fund?
- A fee schedule, and when and how is it assessed.
- Is the pool/fund eligible for bond proceeds and/or will it accept such proceeds?

*Municipal Bonds:* The Treasurer is authorized to invest in registered treasury notes or bonds of any of the 50 United States payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency or authority of any of the 50 United States. Such securities must have ratings from at least two of three ratings as follows: "A1" by Moody's Investors Service, or "A+" by Standard & Poor's, or "A+" by Fitch Ratings; or as otherwise approved by the Board; or

Registered general obligation treasury notes or bonds of any of the 50 United States. Such securities must have ratings from two of three rating agencies as follows: at least "A3" by Moody's Investors Service, or "A-" by Standard & Poor's, or "A-" by Fitch Ratings; or as otherwise approved by the Board; or

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

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

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

The amount invested in municipal securities shall not exceed 5% per issuer of all District investments at any time.

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

## VII. PORTFOLIO LIMITATIONS

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

Investment Type	Maximum Maturity Remaining	Maximum % of Portfolio	% or \$ Limit per Issuer	Minimum Rating Category
Local Agency Investment Fund	N/A	50%	\$40,000,000	None
Treasury Securities	5 years	None	None	None

Certificates of Deposit	3 years	30% all CDs and Placement Deposits	5% or FDIC Limit for any institution that insures its deposits with FDIC	Minimum rating of A if investment is greater than FDIC limit
Placement Service Deposits	3 years	30% all CDs and Placement Deposits	5% and/or FDIC Limit	None
Negotiable Certificates of Deposit	2 years (AA- or greater) 5 years (AAA)	30% all CDs and Placement Deposits	5%	AA- if 2 years AAA if 5 years
Commercial Paper	270 days	20%	5%	A1/P1/F1
Medium Term Notes	2 years (AA- or greater) 5 years (AAA)	30%	5%	AA- if 2 years AAA if 5 years
Agencies	5 years	50%	None	None
Depository Accounts, Money Market Funds	None	20%	5% in any money market fund	None
Bankers Acceptances	180 days	20%	3% per issuer with prior approval of the Board	None
Repurchase Agreements	90 days	20%	With the prior approval of the Board	None
Reverse Repurchase Agreements	90 days	10%	With the prior approval of the Board	None
Local Government Investments Pools (such as CAMP)	None	30%	None	AA
Municipal Bonds	N/A	30%	5%	A1/A+

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

## **VIII. REVIEW OF INVESTMENT PORTFOLIO**

At least once each quarter, a sub-committee of the Board shall meet with the General Manager or his/her designee to review the District's portfolio and provide guidance for future investments. All transactions will be reviewed by the Treasurer on a regular basis to assure compliance with this Statement of Investment Policy and a monthly report shall be provided to the Board on all District investments.

In the event a security held by the District is subject to a rating change that brings it below the minimum credit ratings specified by the Policy, the Treasurer shall notify the Board at the next regularly scheduled Board meeting along with the Treasurer's recommended course of action. The course of action to be followed will be decided on a case-by-case basis by the Board, considering such factors as the reason for the rate drop, prognosis for recovery or further rate drops, and the market price of the security.

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

## **IX. BOND PROCEEDS, BOND RESERVE FUNDS AND BOND SERVICE FUNDS**

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

## **X. INTERNAL CONTROLS**

Internal controls shall be designed to prevent losses of public funds arising from fraud, employee error, misrepresentation of third parties, unanticipated changes in financial markets or imprudent action by employees and officers of the District. Controls deemed most important include: control of collusion; separation of duties and administrative controls; custodial safekeeping; clear

delegation of authority; management review and approval of investment transactions; specific limitations regarding securities losses and remedial action; written confirmation of telephone transactions; minimizing the number of authorized investment officials; documentation of transactions and strategies; and code of ethic standards.

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

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

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

## **XI. QUALIFIED BANKS AND SECURITIES DEALERS**

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

## **XII. ETHICS AND CONFLICTS OF INTEREST**

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Additionally, the Treasurer and the Finance Manager are required to annually file applicable financial disclosures as required by the Fair



Political Practices Commission (FPPC). All officers and employees involved in the investment of public funds are required to comply with the District's Conflict of Interest Code. The Treasurer and any District employees or agents evaluating any investment for the District shall disclose any interest owned or held in any institution or investment being considered by the District prior to the investment.

### **XIII. BOARD DISCRETION**

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

### **XIV. SAFEKEEPING AND CUSTODY**

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

### **XV. INTEREST EARNINGS**

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

### **XVI. PROHIBITED INVESTMENTS**

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

## **XVII. INVESTMENT PURCHASES**

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

## **XVIII. QUARTERLY REPORTS**

At least once each quarter, and within 45 days following the end of the quarter, the District's Finance Officer shall provide an oral report to the Finance Committee, comprised of the District's treasurer and one board member, evaluating the safety of all District investments and advising the committee of any investments of the District that represent a credit risk.

## **XIX. TREASURER'S AUTHORITY AND REVIEW OF INVESTMENT POLICY**

The Authority of the Treasurer to make investment decisions on behalf of the District shall automatically expire on December 31, 2024 unless renewed or extended by formal action of the Board of Directors of the District. This investment policy shall be presented to the Board of Directors of the District by no later than December 31, 2024 and annually thereafter.

## **XX. GLOSSARY OF INVESTMENT TERMS**

**AGENCIES:** Federal agency securities and/or Government Sponsored Enterprises (GSE) which include Federal Home Loan Bank (FHLB), Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC), Federal Farm Credit Bank (FFCB), and Federal Agricultural Mortgage Association (Farmer Mac).

**ASKED:** The price at which securities are offered by the seller.

**BANKERS' ACCEPTANCE:** A draft or bill or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

**BENCHMARK:** A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.

**BID:** The price at which a buyer offers to buy a security.

**BROKER:** A broker brings buyers and sellers together for a transaction for which the broker receives a commission.

**CERTIFICATE OF DEPOSIT (CD):** A time deposit with a specific maturity evidenced by a Certificate. Large-denomination CD's are typically negotiable.

**COLLATERAL:** Securities, evidence of deposit or other property, which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

**COUPON:** The rate of return at which interest is paid on a bond.

**CREDIT RISK:** The risk that principal and/or interest on an investment will not be paid in a timely manner due to changes in the condition of the issuer.

**CURRENT YIELD:** The annual income from an investment divided by the current market value. This measure examines the current price of a bond rather than the face value. Current yield represents the return an investor would expect to earn if the owner purchased the bond and held it for a year. However, current yield is not the actual return an investor receives if he holds a bond until maturity.

**DEALER:** A dealer acts as a principal in all transactions, buying and selling for his own account.

**DELIVERY VERSUS PAYMENT:** There are two methods of delivery of securities: delivery versus payment and delivery versus receipt. Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

**DERIVATIVES:** (1) Financial instruments whose return profile is linked to, or derived from, the movement of one or more underlying index or security, and may include a leveraging factor, or (2) financial contracts based upon notional amounts whose value is derived from an underlying index or security (interest rates, foreign exchange rates, equities or commodities).

**DISCOUNT:** The difference between the cost price of a security and its maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

**DISCOUNT SECURITIES:** Noninterest-bearing money market instruments that are issued at a discount and redeemed at maturity for full face value (*e.g., U.S. Treasury Bills.*)

**DIVERSIFICATION:** Dividing investment funds among a variety of securities offering independent returns.

**DURATION:** A measure of the sensitivity of the price (the value of principal) of a fixed-income investment to a change in interest rates. Duration is expressed as a number of years. Rising interest rates mean falling bond prices, while declining interest rates mean rising bond prices.

**FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC):** A federal agency that insures bank deposits, currently up to \$250,000 per entity.

**FEDERAL FUNDS RATE:** The rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

**LIQUIDITY:** A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

**LOCAL AGENCY INVESTMENT POOL (LAIF):** A voluntary investment fund open to government entities and certain non-profit organizations in California that is managed by the State Treasurer's Office,

**LOCAL GOVERNMENT INVESTMENT POOL (LGIP):** The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

**MARKET VALUE:** The price at which a security is trading and could presumably be purchased or sold.

**MATURITY:** The date upon which the principal or stated value of an investment becomes due and payable.

**MEDIUM TERM NOTES:** Corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States.

**MONEY MARKET:** The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

**MUNICIPAL BONDS:** Securities issued by state and local agencies to finance capital and operating expenses.

**NEGOTIABLE CD:** A short-term debt instrument that pays interest and is issued by a bank, savings or federal association, state or federal credit union, or state-licensed branch of foreign bank. Negotiable CDs are traded in a secondary market.

**OFFER:** The price asked by a seller of securities. (When you are buying securities, you ask for an offer.) See Asked and Bid.

**PORTFOLIO:** Collection of securities held by an investor.

**PRIMARY DEALER:** A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC)-registered securities broker-dealers, banks, and a few unregulated firms.

**PRUDENT PERSON (PRUDENT INVESTOR) RULE:** A standard of responsibility which obligates a fiduciary to insure that investment decisions be made with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency.

**RATE OF RETURN:** The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond the current income return.

**REPURCHASE AGREEMENT (REPO):** A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security “buyer” in effect lends the “seller” money for the period of the agreement, and the terms of the agreement are structured to compensate him for this.

**REVERSE REPURCHASE AGREEMENT (REVERSE REPO):** A reverse-repurchase agreement (reverse repo) involves an investor borrowing cash from a financial institution in exchange for securities. The investor agrees to repurchase the securities at a specified date for the same cash value plus an agreed upon interest rate. Although the transaction is similar to a repo, the purpose of entering into a reverse repo is quite different. While a repo is a straightforward investment of public funds, the reverse repo is a borrowing.

**SAFEKEEPING:** A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank’s vaults for protection.

**SECONDARY MARKET:** A market made for the purchase and sale of outstanding issues following the initial distribution.

**SECURITIES & EXCHANGE COMMISSION:** Agency created by Congress to protect investors in securities transactions by administering securities legislation.

**STRUCTURED NOTES:** Notes issued by Government Sponsored Enterprises (FHLB, FNMA, FHLMC, etc.) and Corporations, which have imbedded options (e.g., call features, step-up coupons, floating rate coupons, derivative-based returns) into their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options and shifts in the shape of the yield curve.

**TREASURY BILLS:** A noninterest-bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

**TREASURY BONDS:** Long-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities of more than 10 years.

**TREASURY NOTES:** Medium-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities from two to 10 years.



## **Olivenhain Municipal Water District Pension Funding Policy**

### **Purpose**

Olivenhain Municipal Water District (District) recognizes that a fully funded defined benefit pension plan requires fiscal discipline and financial commitment. The District also recognizes that an unfunded pension liability could potentially cause financial stress, impacts on operations, and pressure on customer rates and charges.

This policy reflects the Board of Directors' commitment to achieve a fully funded pension plan in a timely manner, including when and how the District's pension liability will be fully funded in the most cost-efficient manner possible.

The District has a history of being fiscally conservative and follows prudent financial management practices. Therefore, this policy was developed to:

- ensure that the District has the flexibility to respond to changes in future service priorities, revenue levels, and operating expenditures;
- provide fiscal protocols to address the District's Unfunded Accrued Liability (UAL) and guidance in developing long-range projections during the budget process;
- maintain the District's financial position;
- preserve the District's creditworthiness; and
- ensure that all pension funding decisions are made to protect ratepayers, retirees, and employees.

### **Background**

The District provides a defined benefit pension plan through the California Public Employees' Retirement System (CalPERS). All qualified full-time District employees are required to participate in CalPERS. CalPERS provides retirement, disability benefits, death benefits, and annual cost of living adjustments to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. A menu of benefit provisions and other requirements is established by State statutes within the Public Employee's Retirement Law.

The District has two (2) pension plans through CalPERS that employees currently have vested pension benefits in:

- Classic Plan (2.5% @ 55) - accounts for about 99% of the District's pension liability for employees hired prior to January 1, 2013.
- Public Employment Pension Reform Act (PEPRA) Plan (2.0% @ 62) – enacted by California Legislation for employees hired after January 1, 2013.

The District is statutorily required to make payments to CalPERS on an annual basis. The District's annual payments to CalPERS are comprised of two components: Normal Costs and UAL Payments.

Normal Cost – represents the cost of pension benefits earned by current employees for their current years of service. Normal Cost payments are made bi-weekly to CalPERS, and are based on a percentage of payroll.

UAL Payments – represents the shortfall in assets needed to fully fund prior benefits earned by employees and retirees. UAL payments are annual fixed dollar payments required to fund this shortfall.

The District's funded status and UAL for its Classic Plan and PEPRA Plan, based on CalPERS' most recent Annual Valuation Report as of June 30, 2020, was 72.4% (or \$15,984,782) and 90.3% (or \$126,803), respectively.

### CalPERS Annual Adjustments to UAL/Amortization Bases

Every August, CalPERS releases a new actuarial valuation report, based on values as of June 30th of the previous year. CalPERS calculates the District's UAL as of this new valuation date, which increases or decreases from year-to-year, due to changes in the following factors/assumptions:

- Investment Performance – adjustment for investment gains/losses relative to the stated CalPERS Discount Rate (currently 6.80%)
- Demographic Performance – adjustments made based on actual performance compared to actuarial assumptions, which includes early/late retirement, disability, mortality, promotions, terminations, etc.
- Actuarial Assumptions - changes in the discount rate, life expectancy, rate of inflation, rate of return, etc.)
- Payroll Changes - increase/decrease in number of employees or salary increases or adjustments

CalPERS accounts for these changes by adding new Amortization Bases each year; adjustments that lower the District's UAL take the form of a "credit". CalPERS amortizes these adjustments over 20 years or less. The District is establishing this policy to address the existing UAL and any new pension liabilities, or amortization bases, that may arise on an annual basis.

### Funding Plan and Goal

The goal of a defined benefit pension plan is to fund the long-term cost of benefits provided to the plan members. CalPERS is a defined benefit pension plan that pays retirees a benefit based on a formula (for example 2% @ 62). Given the fixed formula-based pay out associated with a defined benefit pension plan, the funding goal of a defined benefit plan is 100%. The minimum targeted funded ratio for the District's defined pension benefit plans shall not be below 85% (based on the most current CalPERS annual actuarial report.)

The District's funded status for its Classic Plan and PEPR plan, based on CalPERS' Annual Valuation Report as of June 30, 2020, was 72.4% and 90.3%, respectively. The District's goal is to reach a fully funded status (100%) over the next 10 to 20 years.

*The District is currently below the minimum targeted funded ratio set in this Policy but plans to continue to stay above the minimum targeted funded ratio once achieved.*

The District will utilize the following funding plan to meet its funding goal:

1. Implement a 13-year Fresh Start that would re-amortize the District's UAL over a shorter time, allowing for a quicker pay-off and long-term savings.
2. Make regular annual additional discretionary payments (ADPs) of approximately \$311,000 to CalPERS before December 31<sup>st</sup> of each year. These are optional payments that reduce the District's UAL and result in long-term savings.

The District may also implement additional funding strategies to accelerate the payoff of its Unfunded Accrued Liability (UAL). UAL pension funding decisions shall be made on a case-by-case basis by the General Manager and are subject to review and approval by the Board each year.

### **Funding Strategies**

The District has a number of different financing strategies available to address its UAL and will utilize one or more of the strategies outlined below. All pre-funding decisions will require detailed financial analysis to be performed; and shall include proper documentation of the analysis, methodology, and decision-making process and are subject to the Board's approval.

1. Pension Stabilization Fund - The District will create a Pension Stabilization Fund to stabilize pension costs and achieve its funding goal. The District will make annual contributions from excess funds available in the Water Operating Fund and Wastewater Operating Fund in a manner consistent with the Board Designated Fund Balances Policy (aka Reserve Policy) to the Pension Stabilization Fund, in addition to its annual regular UAL and regular annual additional discretionary payment (ADP) described above.

The Pension Stabilization Fund will be used to address additional amortization bases created by CalPERS due to changes in any of CalPERS' actuarial assumptions (included in Annual Adjustment to UAL/Amortization Bases section below), to make additional discretionary payments, or to be used as emergency source of funds to pay for the District's required UAL and regular ADP payments to CalPERS when the District's revenues are strained in difficult budgetary or economic times.

Funds deposited into the District's Pension Stabilization Fund shall be invested in accordance with applicable laws and regulations. Monies in the District's Pension Stabilization Fund will

be reported to the Board annually, with staff's recommendation on the handling of funds, to achieve a pension funding goal of 100%.

The District will create a consistent annual UAL contribution (Level UAL payments) going forward utilizing funds available in the Pension Stabilization Fund. Level UAL payments will provide stability to the District's required future UAL contributions to CalPERS, and thereby, will help reduce undue burden on user charges by not having to generate more revenues to pay for a higher UAL contribution.

2. Accelerated Pay-off of New Bases – When new Amortization Bases are added by CalPERS due to change to the District's UAL, the District may endeavor to accelerate the repayment of new bases and choose a shorter timeline (e.g, a 20-year base be repaid in 10 years) by implementing a Fresh Start. Analysis and discussion to accelerate payoff of new bases shall be reviewed with the Board.
3. Tax-Exempt Exchange – The District will continue to review the benefits of utilizing debt to achieve its pension funding plan and objective. Issuance of pension obligation bonds are not permitted. When it is fiscally prudent, responsible, diligent under the prevailing economic conditions, and in compliance with the District's debt management policy, the District may seek a tax-exempt exchange by utilizing debt proceeds from typical pay-go capital improvement projects to apply to the UAL. Analysis and discussion on any tax-exempt exchange contemplated by the District shall be reviewed with the Board.

### **Superfunded Status**

In the event that either of the District plans achieve "superfunded" status, where asset values exceed the accrued liability (i.e., funding level exceeds 100%), any excess amount shall be reported to the Board and staff will provide a recommendation on the handling of these excess funds.

### **Delegation of Authority**

The investment of District funds in the Pension Stabilization Fund is delegated to the Treasurer by the Board of Directors. The Treasurer may delegate day-to-day operations of investing to the Assistant Treasurer and/or General Manager. At least once each quarter, a sub-committee of the Board shall meet with the General Manager and the Assistant Treasurer to review District portfolio and investments.

### **Board Discretion**

The District recognizes that this policy consists of guidelines designed to achieve the District's pension funding goals. The Board of Directors may timely approve, on an individual basis, actions which would otherwise not be in accordance with this policy, in the event of unforeseen circumstances.

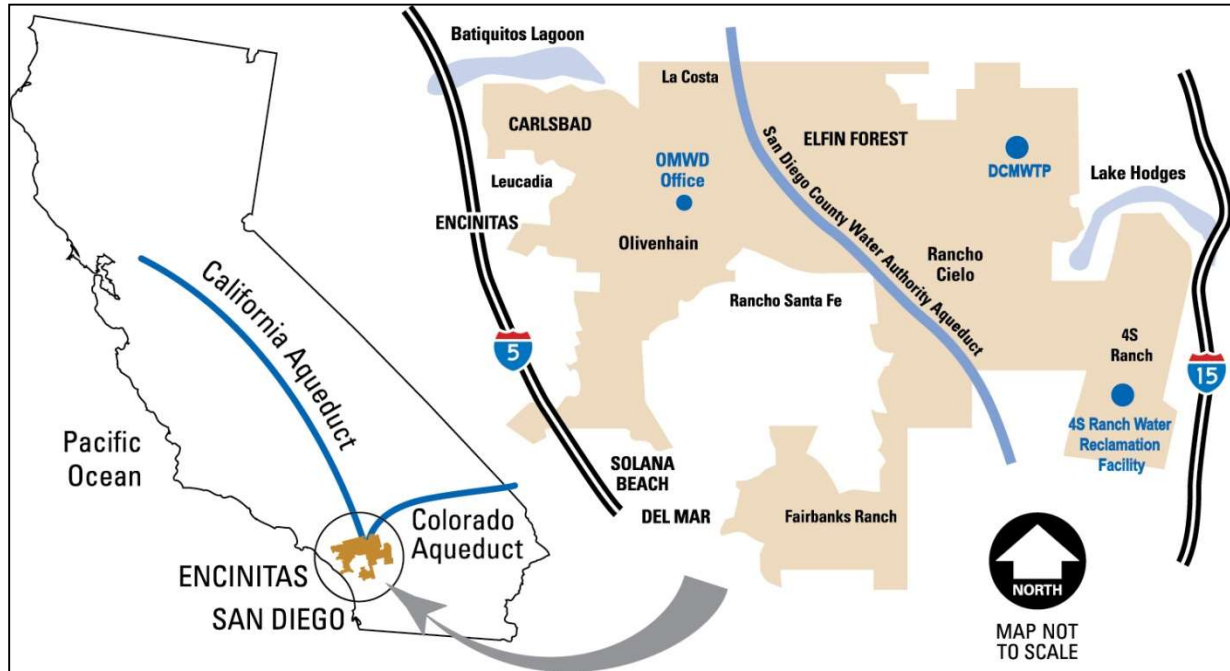
## Reporting

This policy will be reviewed by the Board at least every two years to determine if changes are needed to be made to achieve the funding goal of 100%.

District Staff shall review and report pension plans funding status to the Board in December each year after the most current CalPERS actuarial report is released and the District's financial audit is completed. This report shall include: a summary of funding status, funding progress compared to prior years, and recommendations.

## HISTORY AND COMMUNITY PROFILE

### Map of the District's Service Area



### History

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

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

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

The District's service area is approximately 48 square miles and includes the unincorporated communities of Whispering Palms, Fairbanks Ranch, Rancho Cielo, Rancho Santa Fe, and Santa Fe Valley, and portions of the cities of Encinitas, Carlsbad, Solana Beach, San Marcos, and San Diego.

## Consumers

The District provides potable water and recycled water services through approximately 29,000 meters. The District's water customers are primarily residential (93.4%). Other District water customers include potable irrigation (2.5%), commercial/industrial (2.4%), recycled (1.4%), and agriculture (0.3%). Residential customers consumed the most water provided by the District in Fiscal Year 2023, making up 71% of water deliveries. The District's other customers shared the remaining 29%, with recycled customers consuming 13%, potable irrigation 11%, commercial/industrial 4%, and agricultural customers 1% of all water consumed during the year.

The table below shows the District's top ten customers based on actual water sales for FY 2023.

District's principal water consumers for Fiscal Year ended 2023		
Customer Name	Usage (AF)	% of Water Sold
The Bridges Club at RSF Inc <sup>1</sup>	705.6	4.12%
4S Ranch Master HOA <sup>2</sup>	467.4	2.73%
Bando National Corporation <sup>2,3</sup>	265.8	1.55%
Cymer Inc. <sup>1</sup>	248.8	1.45%
La Costa Glen Carlsbad LLC <sup>1,4</sup>	228.4	1.34%
Rancho Santa Fe Farms Golf Inc <sup>2</sup>	222.3	1.30%
Crosby Estate HOA <sup>2</sup>	214.6	1.25%
4S Ranch Holdco LLC <sup>1</sup>	211.0	1.23%
La Costa Oaks Association <sup>2</sup>	202.2	1.18%
Del Mar Country Club <sup>2</sup>	190.0	1.11%
<b>Total top ten consumers</b>	<b>2,956.2</b>	<b>17.28%</b>
<b>Other Consumers</b>	<b>14,155.0</b>	<b>82.72%</b>
<b>Total water billed</b>	<b>17,111.2</b>	<b>100.00%</b>

Source: Olivenhain Municipal Water District

<sup>1</sup> Primarily potable water customer

<sup>2</sup> Primarily recycled water customer

<sup>3</sup> Previously named Crosby National Golf Club

<sup>4</sup> Previously named Continuing Life Communities

The District's 4S Ranch Water Reclamation Facility (4S WRF) collects and treats sewage effluent from two areas within its boundaries, 4S Ranch and Rancho Cielo. These service areas, comprised of a wide variety of commercial, industrial, and residential uses, encompass a total of approximately 5,500 acres. The District bills approximately 7,330 equivalent dwelling units (EDUs) for wastewater discharged from residential and commercial customers.

The table below shows the District's top ten sewer customers based on total billed amount for FY 2023.



District's principal sewer customers for Fiscal Year ended 2023		
Customer Name	Amount Billed	% of Total Sewer Billed
Cymer Inc	564,826	10.05%
4S Ranch Holdco LLC	537,888	9.57%
Amante and Ravenna at 4S Ranch	384,718	6.84%
Summit of Rancho Bernardo HOA	282,836	5.03%
Poway Unified School District	244,404	4.35%
Gianni at 4S Ranch	225,005	4.00%
Bridgeport 4S	202,883	3.61%
San Moritz at 4S Ranch HOA	160,692	2.86%
Dove Canyon Apartments	139,270	2.48%
4S Regency Partners LLC	134,123	2.39%
<b>Total top ten customers</b>	<b>2,876,645.78</b>	<b>51.17%</b>
<b>Other customers</b>	<b>2,745,339.22</b>	<b>48.83%</b>
<b>Total Sewer billed</b>	<b>5,621,985.00</b>	<b>100.00%</b>

Source: Olivenhain Municipal Water District

## Potable Water Use and Conservation

Over the past decade, the District has followed guidelines and legislation from the State of California aimed at developing and implementing conservation strategies. The Water Conservation Act of 2009, SB X7-7, required the state to reduce urban water consumption by 20% by the year 2020, which led the District to begin monitoring and reporting to the California Department of Water Resources (DWR) its gallons per capita per day (GPCD) usage. Actual per capita water use in Fiscal Year 2020 was 206 GPCD, well below the District's target of 282 GPCD, satisfying the requirements of SB X7-7. While dry years might trigger small year-to-year increases in GPCD, a downward trend in potable water use is expected to continue as the District carries on its commitment to educate customers on water use efficiency, convert potable irrigation customers to recycled water, and pursue other methods of compliance with California's Executive Order B-40-17, which prescribes measures to make water conservation way of life in the state.

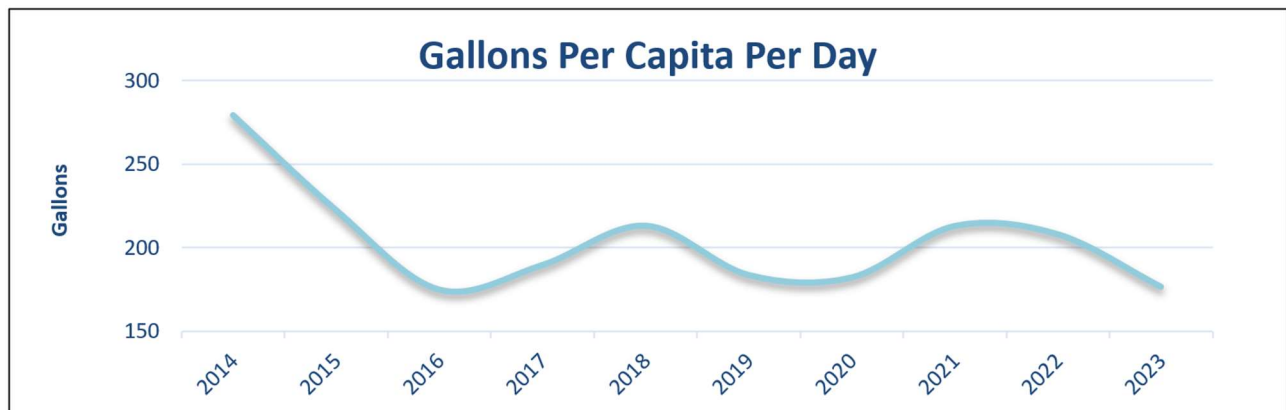
On May 31, 2018, Governor Brown signed AB 1668 (2018) and SB 606 (2018), intending to build off of SB X7-7 to achieve greater reduction in statewide water use. This legislation will result in a water use objective that dictates the amount of water the District will be allowed to sell, based on efficiency standards that are to be finalized in 2024. The District's water use objective will be based on indoor standards, outdoor standards, distribution system water loss, and commercial, industrial, and institutional (CII) water use, and the District started reporting to the State Water Resources Control Board (SWRCB) on these standards in 2024, as required.

SB 606 also prescribed several new additions to the 2020 Urban Water Management Plans prepared by California water agencies, including a Water Shortage Contingency Plan, additional water supply reliability factors, and new energy intensity data. The District's 2020 UMWP, adopted by the Board of Directors in June 2021, anticipates a gradually shrinking population and a drop in overall water demands by 2040, and also demonstrates that the District expects sufficient supplies to meet demands over a 25-year horizon.

The Water Shortage Contingency Plan adopted as part of the UWMP took the place of Ordinance 427, which previously governed the District's response to water supply shortages. The WSCP includes several prescriptive elements established in SB 606, such as identifying six levels of water supply shortage, locally appropriate shortage response actions, and procedures for conducting an annual water supply and demand assessment.

The District is currently at Level 1 of the WSCP, which calls for voluntary conservation. No shortages in supply are anticipated, and a move to Level 2 would require either a state mandate or board approval.

Based on the draft water use efficiency standards initially proposed by SWRCB, the District's demand, as projected by the 2020 UWMP, may exceed the District's 2035 mandated water use target. If the standards are approved by SWRCB as written, the District may be required to mandate water shortage response actions to reduce customer water usage, irrespective of available supply.



Source: California DOF population estimates.

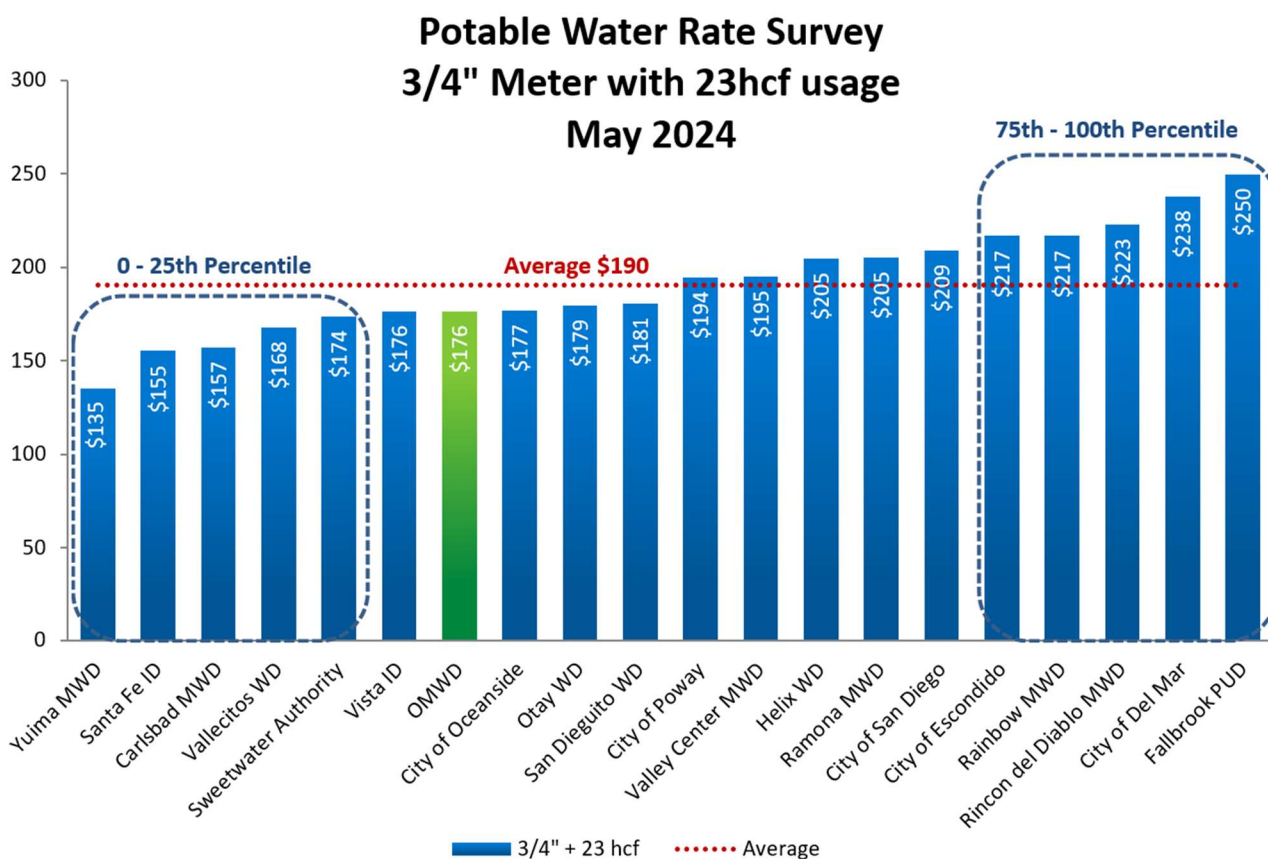
Source: Olivenhain Municipal Water District

## Residential Water Bill Comparison

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

The chart below shows a typical single-family residential water bill using 23 hundred cubic feet (HCF)<sup>3</sup> of water per month as of May 2024 at Olivenhain Municipal Water District compared to other local water agencies in San Diego County.

## Estimated Monthly Single Family Residential Water Bills Comparison



<sup>3</sup> 1 HCF = 748 gallons = 1 unit of water

## United States Economy

The US economy continues to rebound from the global and financial impact of the COVID-19 pandemic. U.S. government issued approximately \$4.6 trillion in stimulus packages throughout 2020 and 2021 aimed at supporting small businesses and individuals, and to government agencies to help respond to the pandemic. The influx of money into the US economy coupled with supply chain issues resulting from COVID-19 shutdowns led to significant increases in inflation rates throughout the nation over the past few years, reaching a high in 2022 with an annual rate of 9.1%, the highest increase in decades.

To control inflation, the Federal Reserve began increasing interest rates starting in 2022 and through 2023. As a result, inflation has begun to moderate, but interest rates have remained high, straining some sectors – namely manufacturing, freight, and real estate.

Despite higher inflation than usual, the overall US economy continues to grow at a strong rate driven by strong consumer spending, a strong labor market, and an increase in net consumer wealth over the last 4 years (due to a high stock market and home prices).

As of April of 2024, the unemployment rate ended at 3.9%, slightly increasing from 3.3% at the end of 2023, but down from a high of 13.2% in May 2020 (during COVID-19). While the slight decrease in the unemployment rate may seem like a negative, balance in the labor market is one of the markers that the Federal Reserve looks for when determining the right time to decrease interest rates, due to employers' pass-through of high employment costs creating upward price pressures in the economy.

The US inflation rate is currently at 3.4% as of April 2024, and the Federal Reserve appears to be making progress towards its inflation rate target of 2%. Interest rate cuts are anticipated to start in 2024 but will be gradual, as the Federal Reserve will look for enough confidence that the US economy is heading towards a "soft landing".

### Change in Selected U.S. Economic Indicators

	Forecast					
	2021	2022	2023	2024	2025	2026
Real GDP (% Change)	5.8%	1.9%	2.5%	1.6%	1.2%	1.6%
Unemployment Rate	5.4%	3.6%	3.6%	3.8%	4.4%	4.7%
Nonfarm employment (% Change)	2.9%	4.3%	2.4%	0.7%	-0.3%	0.0%
Federal funds rate*	0.1%	4.1%	5.3%	4.6%	3.6%	2.9%
Personal income (change)	9.1%	2.0%	4.2%	5.0%	4.8%	4.4%
CPI (% Change)	4.7%	8.0%	3.4%	2.6%	2.0%	2.1%

*Source: CA Governor's Budget 2024-25, Federal Reserve, SOFR Index*

## California Economy

California's economy experienced a rapid decline in 2020 from the effects of the COVID-19 pandemic. The unemployment rate was at its highest in April of 2020 at 16.1%, and California CPI was at its highest in June of 2022 at an 8.8% year over year increase.

The California economy has been recovering since the end of the pandemic. Unemployment is now at 5.1% and CPI inflation was 3.5% in 2023. The economic outlook shows steady recovery over the next few years with wages and personal income growing faster than inflation, and unemployment remaining around 5%. The economic outlook also shows steady growth in the labor force through 2026.

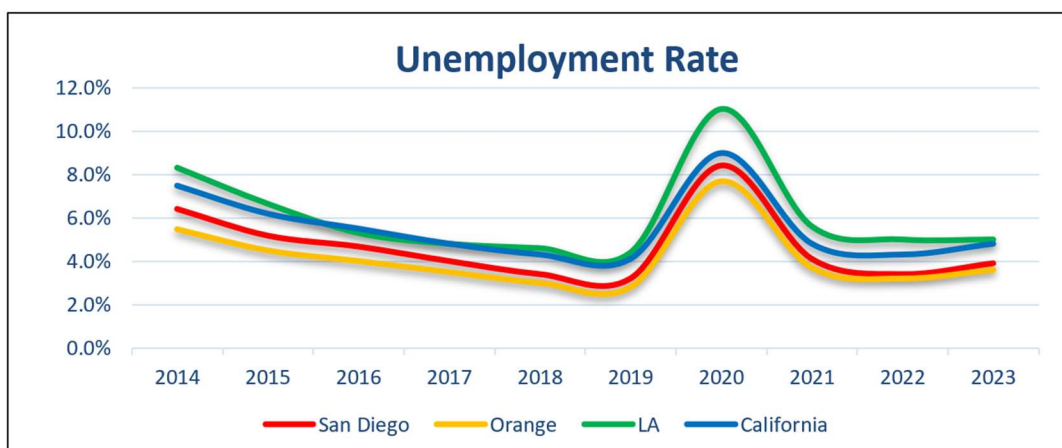
### Selected California Economic Indicators

				Forecast		
	2021	2022	2023	2024	2025	2026
Unemployment Rate (%)	7.3%	4.2%	5.1%	5.1%	5.2%	5.0%
Civilian Labor Force (% change)	0.1%	1.4%	0.9%	0.8%	0.6%	0.5%
Nonfarm employment (% change)	3.5%	5.6%	0.9%	1.0%	0.4%	0.5%
Housing permits (thousands)	119	114	114	118	123	129
Average Wages (% change)	7.7%	-1.0%	2.7%	3.4%	3.7%	3.7%
Personal Income (% change)	8.9%	-0.2%	4.2%	5.2%	5.0%	4.7%
CPI Inflation Rate (%)	4.3%	7.4%	3.5%	3.0%	2.4%	2.6%

Source: CA Governor's Budget 2024-25, U.S. BLS

## San Diego County Economy

San Diego's unemployment rate is 3.9% as of end of calendar year 2023, representing a significant decrease from its peak of 15.9% in April 2020, and has remained consistent over the last 3 years.



Sources: California Employment Development Department



San Diego has experienced the sharpest increases in employment in the Leisure and Hospitality, and Other Services sectors. Both of these sectors were hit the hardest by the pandemic lockdowns in 2020. Leisure and Hospitality has recovered to its pre-pandemic levels, and Other Services has now surpassed its pre-pandemic level of employment. All other sectors have recovered to their pre-pandemic employment levels except for Financial Activities, which is currently at its lowest level and declining.

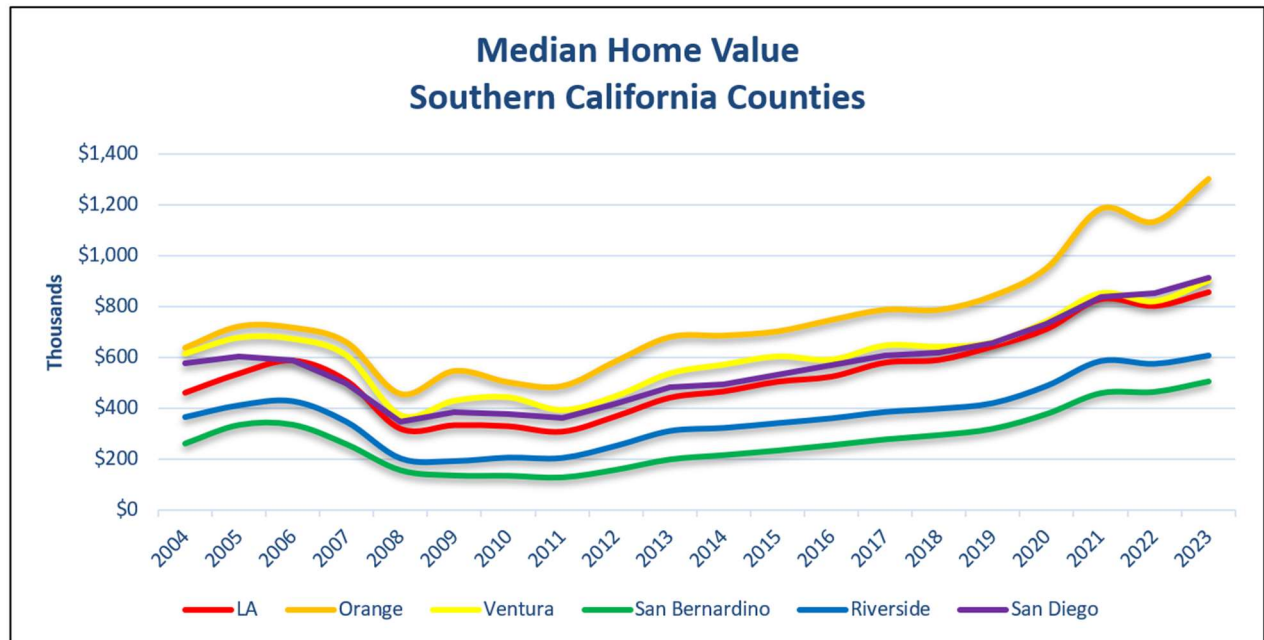
Selected San Diego Economic Indicators					
	2021	2022	Percent change	2023	Percent change
Civilian Unemployment	99,900	58,700	-41.2%	75,800	29.1%
Civilian Unemployment Rate	6.5%	3.7%		4.7%	
Total Farm	9,000	9,600	6.7%	9,500	-1.0%
Total Nonfarm	1,442,100	1,531,200	6.2%	1,552,100	1.4%
Mining and Logging	400	400	0.0%	300	-25.0%
Construction	83,800	87,600	4.5%	89,800	2.5%
Manufacturing	114,400	116,900	2.2%	115,100	-1.5%
Trade, Transportation & Utilities	216,800	222,400	2.6%	223,100	0.3%
Information	21,500	22,100	2.8%	21,900	-0.9%
Financial Activities	76,200	76,900	0.9%	72,700	-5.5%
Professional & Business Services	265,300	282,500	6.5%	276,000	-2.3%
Educational & Health Services	216,700	228,300	5.4%	243,200	6.5%
Leisure & Hospitality	161,600	193,100	19.5%	201,600	4.4%
Other Services	47,500	54,400	14.5%	57,100	5.0%
Government	237,900	246,600	3.7%	251,300	1.9%
Building Permits (total units)	9,429	9,346	-0.9%	11,468	22.7%

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

\* 2024 data not yet available

## San Diego County Residential Real Estate and Housing Prices

The residential real estate market in San Diego County has slowed slightly from its 2021 highs at a year-over-year increase of 14.6%, compared to a 2022 increase of 1.6% and 2023 increase of 7.2%. The median selling price for a single-family home in San Diego as of the end of 2019 was \$655,000, increasing to \$911,500 by end of 2023, or a 39% increase in 4 years.

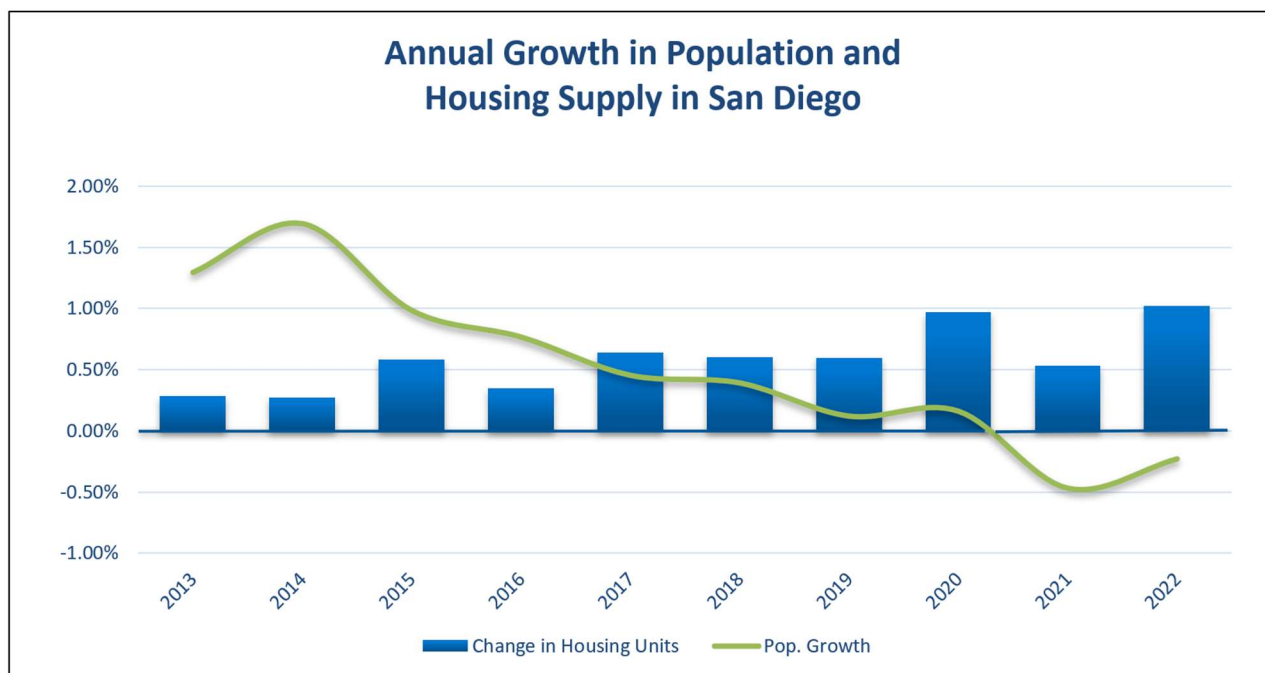


Source: Los Angeles Almanac

All values as of December

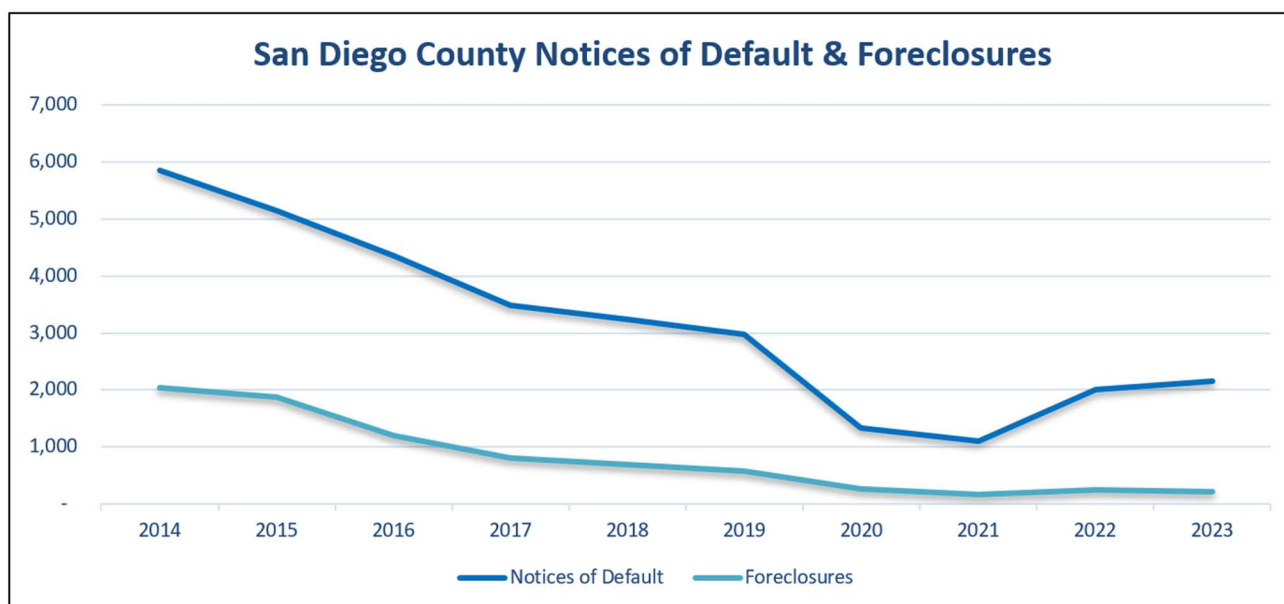
Although the housing market has been growing steadily since 2012, price appreciation has not been this vigorous since in the years immediately following the recession when there was a 16.2% increase between the years 2011 and 2012. The main reason sharper appreciation rates were observed after the recession was due to the number of foreclosed homes purchased at a discount and re-sold at normal market rates, and due to demand for housing outpacing the supply. The pandemic increased the cost of building supplies, reducing the number of new homes constructed, and caused already low mortgage rates to become exceptionally low when the Federal Reserve lowered the federal fund rate. This once again caused a shortage of homes but an increase in demand for them, causing the average price to skyrocket. As interest rates have increased demand has subsided slightly, leading to less drastic increase in home prices in 2022 and 2023 compared to 2021.





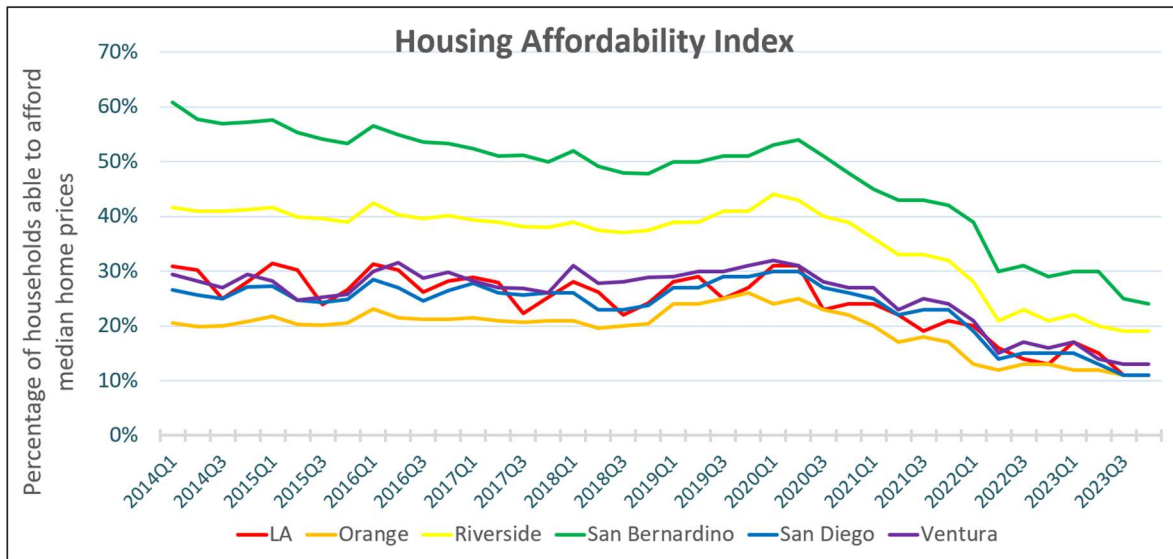
Source: SANDAG, US DoF

The number of notices of default and foreclosures issued in the county is trending upward. The sharp decline in foreclosures in 2020 and 2021 is due mostly to different pieces of legislation put in place during the pandemic that made evictions and foreclosures more difficult. The increases in 2022 in Foreclosures (43.5%) and Notices of Default (82.2%) reflect them returning to pre-pandemic legislation levels, and both are still below their 2019 levels.



Strong price appreciation and increasing home prices are beneficial for homeowners, potential sellers, and the real estate industry. However, it has a detrimental effect on prospective buyers, particularly first-time home buyers. The California Association of Realtors' Traditional Housing Affordability Index (HAI) measures the percentage of households that can afford to purchase a median-priced home in different regions of California. The HAI is the most fundamental measure of

housing well-being for buyers in the state but has an inverse relation with increasing housing prices. In the fourth quarter of 2023, approximately 11% of families in San Diego County were able to afford to purchase a median-priced home, down from a high of 46% in 2011 and 2012 when the housing market began its recovery from the crash in 2008.



Source: California Association of Realtors

A strong market demand for housing units in the county led to an increase in the number of issued building permits in 2023, reaching approximately 11,460. Local builders, taking notice of the continued demand, are expected to apply for the same amount or more of building permits in 2024.



Source: U.S. Census Bureau

\*preliminary numbers

Even though the number of permits issued is expected to be just as high or higher in 2024, the supply increases of single and multi-family housing units is expected to be inadequate to meet demand. Data from the City of San Diego's 2019 Housing Inventory Annual Report indicated San Diego was far behind in meeting the housing demands of the population, particularly in the low- to

moderate-income housing categories. According to the report, San Diego had met only 42% of the housing production needs set by Regional Housing Needs Allocation, with only two years remaining in the cycle at the time. As a result of the shortage, housing prices have continued to increase each year over the last decade.

Leading into the pandemic the US economy, as well as California and San Diego's economies, had strong economic indicators. As of now, economists continue to debate what comes next. Just last year, economists were predicting a recession but have now switched to a more optimistic outlook and predict a softer landing for the economy. Economists are keeping an eye on the slowing CPI inflation numbers and expected federal interest rate changes.

# Olivenhain Municipal Water District 2024 Strategic Plan



*First Board President Alwin "Pop" Wiegand turned on the valve that initiated water flows into OMWD pipelines in 1961*



*Reservoir Inspections in 1960s*



*First board meetings were held in the Olivenhain Town Hall*





## introduction

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

Initially developed by OMWD's board in 2008, the Strategic Plan incorporates the mission statement, established values, and strategies by which to achieve each of OMWD's goals and annual objectives. In 2019, OMWD's board established stretch objectives in addition to annual objectives. The Strategic Plan is updated annually after new objectives are adopted by the board.

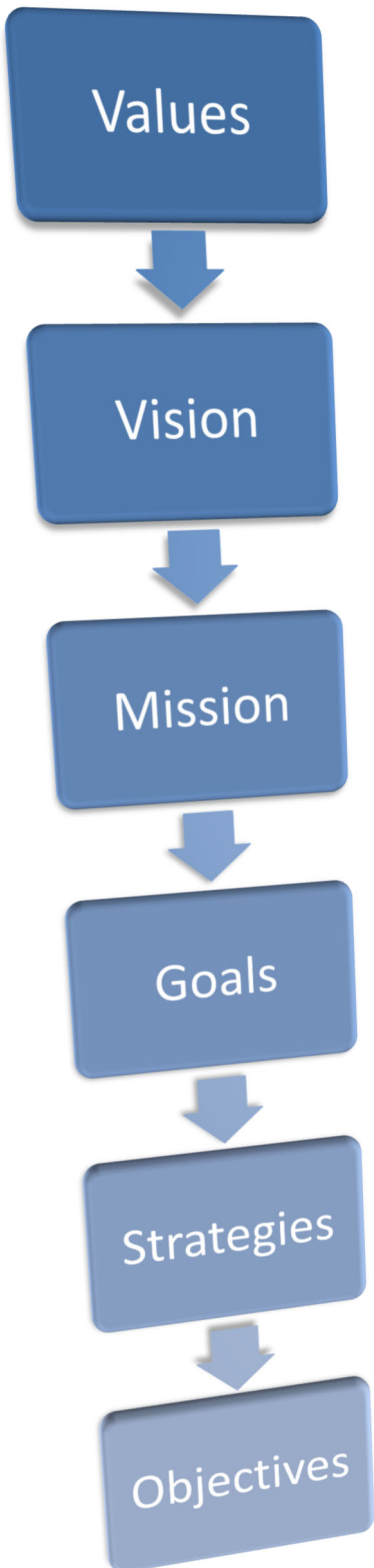


## our values

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

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





## our vision

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### *What we aspire to be*

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



## our mission

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### *Why we do what we do*

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

#### ***water***

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

#### ***recycled water/wastewater treatment***

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

#### ***parks***

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

#### ***emergency management***

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

#### ***sustainable operations***

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

## our goals

### *What we strive to achieve*

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

Potable  
Water

Recycled  
Water

Recreation

Sustainability

Employee  
Relations

Regulatory  
Requirements

Financial  
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Community  
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Financial  
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Water  
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## goal 1

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

Strategy: Preserve existing assets and facilities while planning for future needs and demands by way of the Comprehensive Facilities Master Plan, the Urban Water Management Plan, annual capacity fee studies, and annual objectives

#### 2024 Calendar Year Objectives

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)
4. Commence construction of Stage 4 upgrades, including second centrifuge, at DCMWTP
5. Complete Phase 1A of systemwide programmable logic controller upgrades
6. Complete Customer Side Lead Service Line Inventory and report results to State Water Resources Control Board's (SWRCB) Division of Drinking Water (DDW)
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

#### Stretch Objective

- Complete replacement of five additional valves beyond Objective 7
- Complete maintenance of three additional impacted easements beyond Objective 8

Potable  
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Relations

## goal 2

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

Strategy: Expand development and implement widespread use of recycled water through the Sewer System Master Plan, the Urban Water Management Plan, and annual objectives

### 2024 Calendar Year Objectives

9. Complete construction at two of three sites for the Calle Barcelona, Village Park, and Summerhill recycled water pipelines
10. Complete construction on the Neighborhood 1 Sewer Pump Station Replacement Project
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
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

### Stretch Objective

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

Potable  
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## goal 3

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

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

#### 2024 Calendar Year Objectives

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
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
18. Utilize volunteer groups such as San Diego Mountain Biking Association and EFRR trail patrol for two trail maintenance/repair projects
19. Participate in I Love a Clean San Diego Creek to Bay Cleanup event
20. Launch 18<sup>th</sup> annual photo contest
21. Submit grant proposal to fund trail rehabilitation
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
23. Host water conservation workshop at Elfin Forest Interpretive Center Honoring Susan J. Varty
24. Demonstrate appreciation to EFRR volunteers by providing two educational field trips
25. Commemorate 15<sup>th</sup> anniversary of Elfin Forest Interpretive Center Honoring Susan J. Varty

#### Stretch Objective

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

Potable  
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## goal 4

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

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

#### 2024 Calendar Year Objectives

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
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

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## goal 5

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

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

#### **2024 Calendar Year Objectives**

28. Complete the comprehensive salary survey in spring as negotiated in OMWD's Memorandum of Understanding (MOU); present to Personnel Committee then to board
29. Prepare the five-year staffing analysis succession planning document; present to Personnel Committee then to board
30. Conduct training on effective workplace verbal communication skills for all employees
31. Conduct review of staff turnover in fall as negotiated in the MOU to evaluate if moving to the 65<sup>th</sup> percentile in compensation has reduced employee turnover; present to Personnel Committee then to board
32. Implement a new online employment application system on OMWD website to improve data security
33. Enhance employee health and wellness by hosting a voluntary wellness challenge for staff
34. Prepare a SWRCB DDW request for treatment operator staff to receive partial distribution credit towards advanced certification



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## goal 6

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

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

#### 2024 Calendar Year Objectives

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

Potable  
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## goal 7

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

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

#### 2024 Calendar Year Objectives

38. Continue to pursue local, state, federal, and private grant funding to offset costs
39. Develop and implement process to increase customer communication by email, including sending new customer welcome letters electronically, reducing printing and postage costs
40. Increase customer use of online billing services, targeting 500 accounts newly enrolled in online payments
41. Complete Phase 9 of the Advanced Metering Infrastructure Expansion Project, upgrading over 1,800 meters to AMI technology
42. If grant funding is available, partner with Asterra on satellite leak detection program and present cost-benefit analysis to Facilities Committee

#### Stretch Objectives

- Achieve one or more new grant awards
- Add 500 new subscribers to the MyWaterUse by AquaHawk digital dashboard

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## goal 8

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

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

### 2024 Calendar Year Objectives

43. Commemorate OMWD's 65<sup>th</sup> anniversary
44. Install informational signage at DCMWTP to improve guest experience
45. Partner with local businesses, vendors, and community organizations on a public service announcement and/or event about water use efficiency
46. Continue to develop messaging to protect customers' interests and ensure customer awareness of SWRCB water use efficiency regulations and new legislative requirements
47. Achieve Special District Leadership Foundation's Transparency Certificate of Excellence and District of Distinction re-accreditation

### Stretch Objective

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

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## goal 9

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

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

### 2024 Calendar Year Objectives

48. Complete update of wastewater cost of service study
49. Complete potable and recycled water cost of service study, including review of the Rate Reimbursement Credit Program
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
53. Implement second phase of water capacity fee increases
54. Complete Biennial Operating and Capital Budget for fiscal years 2025 and 2026
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
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

### Stretch Objective

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

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## goal 10

### Plan and construct facilities to meet long-term water storage, treatment, transmission, and distribution needs

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

#### 2024 Calendar Year Objectives

58. Update the 10-year Capital Improvement Plan
59. Complete Potable Water and Recycled Water Master Plan update
60. Complete update to Wastewater Master Plan
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

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## goal 11

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

Strategy: Pursue recycled water, desalination, and conservation opportunities

#### 2024 Calendar Year Objectives

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

Potable  
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## goal 12

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

Strategy: Continue involvement and participation with partner agencies and organizations

#### 2024 Calendar Year Objectives

63. Engage and influence SWRCB regulations and water use efficiency legislation utilizing OMWD's advocate in Sacramento
64. Coordinate with County of San Diego on board filings for the 2024 election
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
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
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
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
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



## LONG-TERM FINANCIAL PLAN (Fiscal Years 2025 to 2034)

The District has two separate Long-Term Financial Plans (LTFP); Water and Wastewater. Each financial plan has a rate model built into the Plan that forecasts rate increases for the next ten years, focusing on the first five years, using financial assumptions and forecasts based on projected operating and maintenance expenditures, capital needs, and targeted reserve levels, set by the Board designated fund balance policy, to pay for the cost of provided services to customers. The District's LTFPs are used as tools to assess the District's future financial health and to develop financial objectives to achieve the District's capital needs and organizational goals in order to support its mission statement.

The LTFPs are updated regularly to reflect current conditions and challenges, such as rising purchased water wholesale costs from the District's suppliers, annual inflation adjustment, and compliance with federal and state mandates to avoid a potential structural imbalance in the District's finances. In today's economic uncertainties, the District's relies on its LTFPs to assess financial risks and address potential cash flow issues that could impact the District's ability to meet its annual debt service requirements and to maintain its credit rating. The District has been successful in mitigating its fiscal challenges proactively before they lead to structural imbalance.

The District has a 10-year Capital Improvement Program (CIP) spending plan for water and wastewater facilities to address current and future capital replacement and betterment needs. The District's 10-year CIPs spending plan, which are part of the LTFPs, for water and wastewater are adopted by the Board as part of the Biennial Budget review process.

The District's LTFPs were developed based on certain financial assumptions and escalation factors. These assumptions were developed by staff based on historical trends, current data, financial commitments, and economic conditions. Any external uncertainties or unknown variables of which staff has no control (such as increased water wholesale costs, the fluctuation in energy prices, future changes in state and federal regulations, and economic conditions) can only be estimated as part of the District's biennial budget process.

This section contains a ten-year financial projection for water and wastewater operations, capital replacement and betterment needs, as well as a ten-year forecast of the District's fund balances. The District's water and wastewater CIP, which are listed in the District's 10 Year Capital Spending Plan, are based on the most recent updates to the District's CIP plans. The District's planned capital expenditures are updated regularly to reflect changes in capital needs and priorities. Significant changes to the District's planned capital expenditures are reviewed with District's facilities committee.

Detailed information about current water and wastewater rate structures are available in the Olivenhain Municipal Water District 2019 Water Rate Study and the Olivenhain Municipal Water District Wastewater Rate Study (2024). The District is currently in the process of updating its 2019 Water Rate Study. The 2024 Water Rate Study will be completed in October 2024. The District completed an update to its Water Capacity Fee Study in 2023. More information on each study can be accessed at the web pages below:

2019 Water Rate Study:

[https://www.olivenhain.com/wp-content/uploads/OMWD\\_Water\\_Rate\\_Study\\_Report.pdf](https://www.olivenhain.com/wp-content/uploads/OMWD_Water_Rate_Study_Report.pdf)

2023 Water Capacity Fee Report:

<https://www.olivenhain.com/wp-content/uploads/Water-Capacity-Fee-Study-2023.pdf>

2024 Wastewater Rate Study:

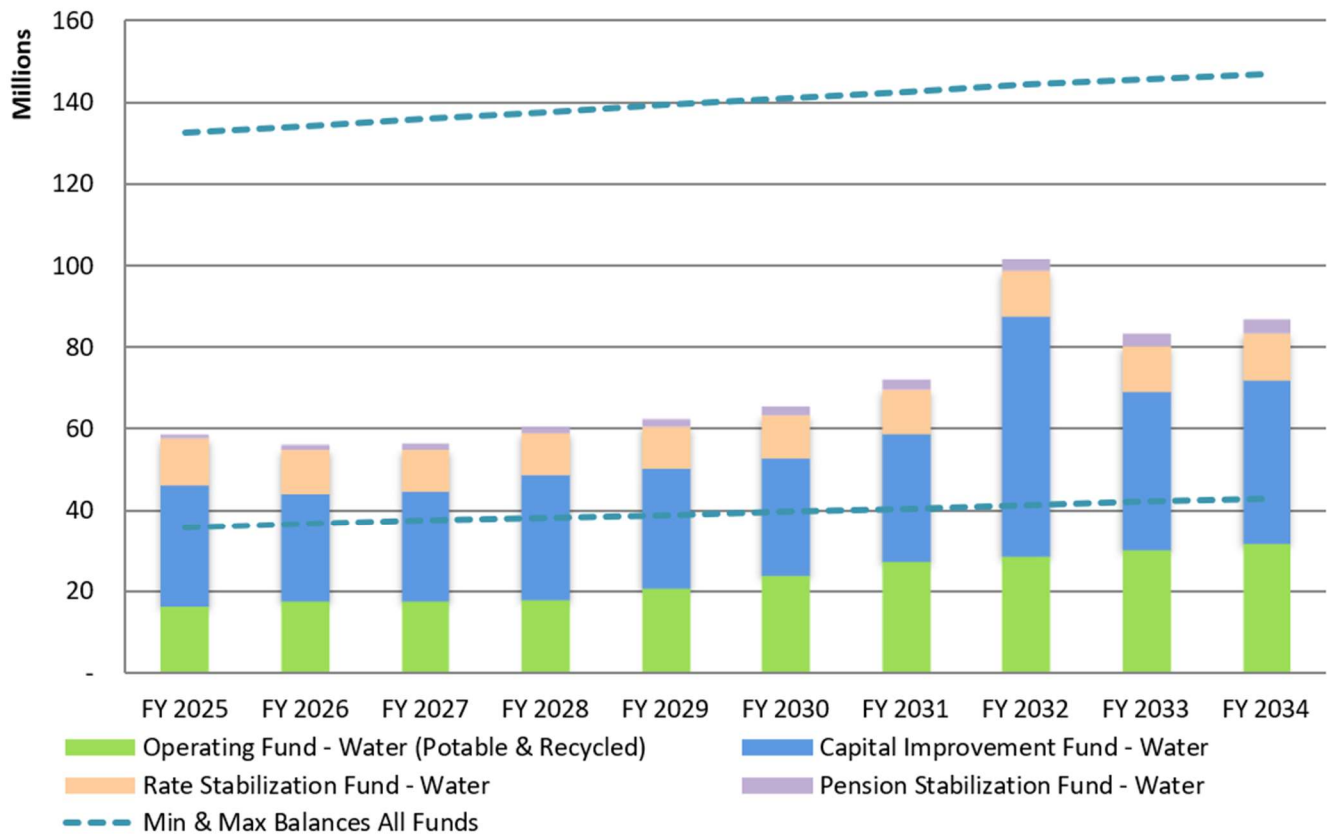
<https://www.olivenhain.com/wp-content/uploads/Sewer-Wastewater-Cost-of-Service-Study-Report-2024.pdf>

### Long-Term Goals:

- Continue the District's commitment to serving present and future customers with safe and reliable water in a cost-effective and environmentally responsive manner.
- Remain dedicated to providing high-quality customer service.
- Secure the District's financial position by collecting sufficient revenues to pay for operating costs and capital expenditures without sacrificing quality of service to our customers.
- Operate the David C. McCollom Water Treatment Plant (DCMWTP) and 4S Ranch Water Reclamation Facility (4S WRF) at maximum capacity to optimize treatment costs per unit.
- Complete planned capital improvement projects to meet current and future water demands based on the District's 20 year Capital Improvement Plan and the Board's goals and objectives.
- Continue efforts to develop alternative water supplies, such as the North County Recycled Water Coalition, San Dieguito Valley Ground Water Project, and the Recycled Retrofit Loan Program.
- Continue efforts to provide the organizational capacity to carry out the District's long-term planning efforts by providing a flexible and skilled workforce and the technology to support our business plan programs.
- Continue efforts to develop other alternative revenue sources, such as selling excess treated water services to other water agencies, renting of District-owned facilities, and pursuing more local, state, and federal grants.
- Continuously support positive relationships with other governmental agencies to address global issues, not limited to water, including inter-agency cooperative projects.
- Provide a safe, rewarding, and healthy work environment for employees to carry out the District's mission to the community it serves.

- Maintain and safeguard the District's water system through implementation of various capital improvement programs based on the District's Capital Spending Plan in a cost-effective and environmentally safe manner.
- Continued compliance with the State Water Resources Control Board's conservation guidelines.

## Water Funds - Potable & Recycled



Note: The Min and Max targets reflected above are a total of all potable and recycled funds combined. Each fund has its own Min and Max target set by the Board as defined in the Board Designated Fund Balances Policy section of the Budget.

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

The District's Operating Fund collects revenues from water rates and charges. Potable water sales is the District's largest source of operating revenue. Additionally, the District receives a significant amount of property tax revenue each year from the County. The District uses property tax revenues as an offset to its water revenue requirement to be collected from rates and charges to finance its capital improvement program.

The District's water rates and charges are set by the Board each year consistent with Board Revenues and Expenditures Policy and Designated Fund Balances Policy. A copy of these Board-adopted policies is included in the introduction section of this budget document. These policies are used as a guideline for the rate-setting process and for determining reserve levels. Amounts which exceed the maximum limit

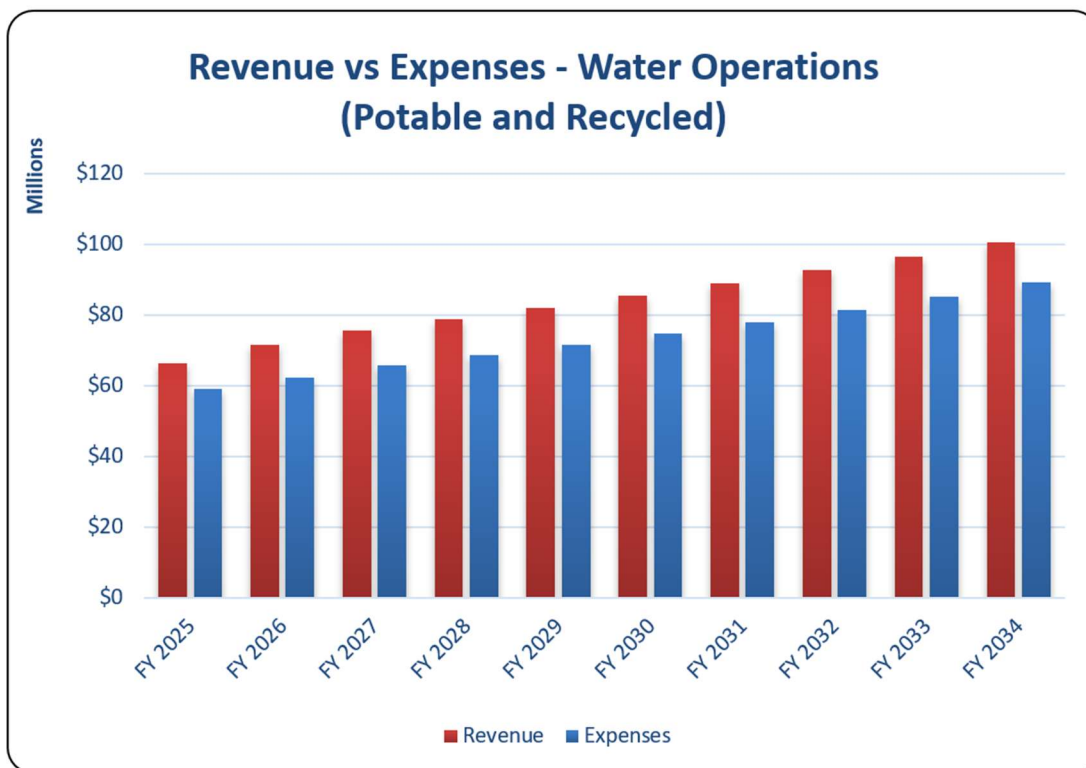
set by the Board can only be transferred through board approval after the adequacy of each fund balance is reviewed each year following completion of the District's financial audit.

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

The District purchases 100% of its untreated water from the San Diego County Water Authority (SDCWA). SDCWA, in turn, purchases a substantial portion of its water supplies from the Metropolitan Water District of Southern California (MWD). SDCWA's supply diversification goal increases reliance on alternative water supplies, for example, by purchasing water from the Imperial Irrigation District and the Carlsbad desalination plant, as a method to reduce dependence on MWD water. Alternative water sources are more expensive than MWD water; therefore, purchased water wholesale costs from SDCWA continue to rise in the future. Purchased water cost accounts for approximately 55% of the District's annual water operating budget.

The District delivers recycled water to large irrigation customers in the Northwest Quadrant and Southeast Quadrant of its service area. The Northwest (NW) and Southeast (SE) quadrants are each separate transmission and distribution systems. In the Northwest Quadrant, the District purchases 100% of its recycled water from Vallecitos Water District and San Elijo Joint Powers Authority through water purchase agreements. In the Southeast Quadrant, the District purchases a portion of its recycled water from the City of San Diego and Rancho Santa Fe Community Service District (RSFCSD). Roughly 65% of the District's recycled water demand in the Southeast Quadrant is supplied through treated effluent from the 4S Water Reclamation Facility, owned and operated by the District. More information on the District's recycled water purchases is located in the Expense section of the Budget.

In 2019 the Board adopted a pass-through ordinance which authorizes the Board to adjust water rates and charges as the Board deems necessary not to exceed 9% per a year, through 2024. The District is currently updating its Cost-of-Service study to determine required rate adjustments for the next five years. The update is expected to be finalized in October and November of 2024. Results of the 2024 Cost-of-Service study will be reviewed with the Board prior to this during July and August of 2024 for discussion. Assumptions used in developing this budget are based on the existing rate ordinance adopted by the Board in 2019.



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

- The District has tiered water rate structures for residential (domestic) and potable irrigation customers. The residential (domestic) rate structure has four tiers of conservation-based pricing. The potable irrigation rate structure has two tiers of conservation-based pricing. Commercial, Recycled, and Construction customers have a flat commodity rate based on consumption.
- The District has Base Rates (no water supply shortage) and Demand Reduction Rates (water supply shortage and conservation-based rates) increasing by 10%, 20%, and 30% over the Base Rates. The 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, water supply emergencies, or other reasons and would only be implemented by the General Manager or by OMWD board action under the terms of the District’s Water Supply Condition Ordinance to respond to a specific level of drought. Since the California State Water Resources Control Board continues with its urban water conservation regulations, the District is currently at Base Rates. At the Base Rates, conservation efforts are expected to continue but are not mandatory.
- The Board adopted a pass-through ordinance that would authorize the District to pass the following through to its customers each year through Fiscal Year 2024: (1) any future SDCWA charges and any rate increases to any existing SDCWA charges that are imposed on the District (collectively “SDCWA pass-through charges” or individually a “SDCWA pass-through charge”); (2) annual cost of living increases to the District’s rates for its water services fees for increased costs of operations and maintenance, and capital facilities (“Inflationary Pass-Through”); and (3) any increases in water rates or any other charges mandated by the State of California and imposed on the District (“CA Pass-Through”) (collectively the “Pass-Through Increases and

Adjustments”). The yearly pass-through increases and adjustments are not to exceed 9% each year for the next five years.

- The Board adopted a Rate Reimbursement Credit effective March 1, 2022 to pass-through approximately \$3.6 million in litigation refunds received from the San Diego County Water Authority (SDCWA), the District’s potable water wholesaler. The refunds were for damages and interest received by SDCWA from the Metropolitan Water District of Southern California (MWD) as a result of overcharges on MWD’s Water Stewardship Rate to SDCWA from 2011–2014, which were then passed on to all SDCWA member agencies, including the District. The Board elected to place the refunds in the Rate Stabilization fund and reimburse District customers 6.9 cents, later increased to 11 cents, for each unit of potable water purchased until the full rebate amount has been refunded.
- Water sales volume for Fiscal Years 2025 and 2026 is estimated to remain the same based on the average actual water sales for Calendar Years 2022 and 2023. Fiscal Year 2026 projected sales will be revised at the midterm budget review in March 2025, if necessary.
- Water rates and charges will be reviewed and approved by the Board in October of each year based on the annual revenue required to be collected from rates and charges included in the LTFP.
- The District is at approximately 95% build-out. Growth is expected to be relatively small in the future.
- Recycled water sales are expected to grow in the future due to the conversion of several potable irrigation meters to recycled meters and expansion of the District’s recycled water system. Increased recycled water volume will be offset by a decrease in potable irrigation water sales.
- The District’s water sales revenue mix is projected at 87% potable and 13% recycled in Fiscal Years 2025 and 2026.

## Projected Water (Potable and Recycled) Sales in AF and Meter Connections



- The District has an agreement with Vallecitos Water District (VWD) to sell excess treatment services from the David C. McCollom Water Treatment Plant (DCMWTP) which reduces DCMWTP's fixed costs. Per the agreement, the District began selling a minimum water treatment capacity of 2,750 acre-feet per year to VWD in Fiscal Year 2016. The selling of excess treated services to VWD is projected to generate over \$8 million in water operating revenue over a 10 year period. Fiscal Year 2025 revenue from treatment services is expected to be lower, around \$654 thousand, compared to the \$1,022,000 budgeted for FY 2026 due to planned shutdowns at the District's water treatment facility in Fiscal Year 2025 for necessary repair work.
- The District is currently renegotiating its recycled water purchase agreements with Vallecitos Water District and City of San Diego. Amendments to the current recycled water agreements will be used to update assumptions used in the budget during the midterm budget review process in April 2025.
- The District collects monthly rental income from cellular tower sites and other water-related service fees such as meter and inspection-related service fees. The District receives approximately \$790,000 in rental income a year.
- The District uses on property tax revenues as an offset to its water revenue requirement, and to pay for its water capital improvement projects. Property tax revenue is approximately \$4.6 million and is expected to increase slightly every year based on San Diego County's assessed property value and increased housing prices. More information about San Diego home prices which are used by the County to assess property value can be found in the History and Community Profile section of this document.



- The Board approved and adopted a 7.4% rate adjustment effective March 1, 2024, to pass through an 11.8% increase in untreated purchased water wholesale variable and fixed costs effective January 1, 2024, and to pass through a 7.3% annual inflation adjustment based on San Diego Consumer Price Index (SDCPI) for the second half of 2022 (over the second half of 2021 index). Fiscal Year 2025 and Fiscal Year 2026 assume a 7% projected revenue adjustment to pass-through a 9% increase in purchased water wholesale costs and annual inflationary adjustments based on SDCPI per the District's rate ordinance adopted by the Board in 2019.
- The District's operation and maintenance expenses are budgeted to increase by 6.4% for Fiscal Year 2025, compared to the Board-approved budget for Fiscal Year 2024, and a projected increase of 6.3% for Fiscal Year 2026. The increase in operation and maintenance is consistent with the half-year to half-year increase in San Diego Consumer Price Index – Carlsbad used in the Cost-of-Service study and 2019 Proposition 218 notice.
- Increase in General Liability, Property, Automobile, Equipment, Excess, and Cybersecurity insurance costs are based on quotes received. Future increases to the District's insurance costs will be included in the budget as part of the midterm budget review process.
- Increases in labor and benefits are budgeted based on the most recent Memorandum of Understanding (MOU) between the District and the District's employee association groups. The District has a full pay-for-performance system based on merit. Pay rate increases are given on July 1<sup>st</sup> of each year. For the duration of the MOU, the annual merit pool is determined based on San Diego County's CPI-U for the previous year, with a lower limit of 1% and an upper limit of 3.5% with the excess carrying forward to the next year, added to 2.5% into one merit pool. The annual merit pool for Fiscal Year 2025 is 6%, and estimated to be 6% for Fiscal Year 2026. Annual increases in District's labor costs are based on the MOU and subject to Board's consideration and approval in May of each year.
- The investment income rate is projected to be 3% for Fiscal Year 2025 and 2% thereafter.
- The District continues with the expansion of its recycled water system to offset potable irrigation use to meet future demands as part of its water supply diversification strategy. More potable irrigation customers are expected to be converted to recycled water customers in the near future.
- The District must meet debt service coverage requirements on its outstanding bond issues. The District's required debt coverage is 125 percent.

### **Rate Stabilization Fund - Water (Potable and Recycled)**

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

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

As detailed in the Key Assumptions section above, the Rate Stabilization Fund received a transfer-in of \$3.6 million that is to be refunded to District customers over several years in the form of a Rate Reimbursement Credit. District customers currently receive an 11-cent credit, originally a 6.9 cent credit, on their monthly water bill for each unit of potable water purchased with consumption beginning March 1, 2022. The credit amount was increased as part of the March 1, 2024, rate adjustment to help reduce the impact of increased purchased water costs on customers' bills. Customers will continue to receive the credit until the full \$3.6 million has been refunded, which is estimated to be over a six-year period. The District is currently making annual transfers from the Rate Stabilization Fund to Operating Fund – Water to reimburse for the credit given to customers for that year. The District will evaluate the Rate Reimbursement Credit as part of the 2024 Water Rate Study.

### **Pension Stabilization Fund - Water (Potable and Recycled)**

In June of 2022, the Board approved the addition of a Pension Funding Policy and the establishment of a Pension Stabilization Fund to help stabilize the District's pension costs and achieve its funding goal as outlined in the Pension Funding Policy. The District will make annual contributions from excess funds available in the Water Operating Fund in a manner consistent with the Board Designated Fund Balances Policy to the Pension Stabilization Fund, in addition to its annual regular unfunded accrued liability (UAL) and regular annual additional discretionary payments (ADP). The Pension Stabilization Fund will be used to address additional amortization bases created by CalPERS due to changes in any of CalPERS' actuarial assumptions, to make additional discretionary payments, or to be used as emergency source of funds to pay for the District's required UAL and regular ADP payments to CalPERS when the District's revenues are strained in difficult budgetary or economic times.

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

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

Capital reserves fund new construction and the replacement and renewal of the District's infrastructure. The District has developed a 10-year Capital Improvement Program (CIP) spending plan to assess the required funding to pay for planned capital replacement and refurbishment expenditures through rates and charges and/or issuing debts over the next ten years.

Potable water and recycled water capital facilities are financed on a pay-as-you-go (PAYGO) basis through fees and charges and/or bond proceeds through debt issuance. The PAYGO method of using current revenues to pay for long-term infrastructure and other projects is often considered the preferred means of financing when sufficient revenues and reserves are available and long-term borrowing rates are higher than projected cash reserve fund earnings as mentioned in the District's debt management policy. These funds will be used to improve, acquire, and replace water distribution facilities, and reservoirs, as well as vehicles and equipment identified in the biennial budget and ten-year plan.

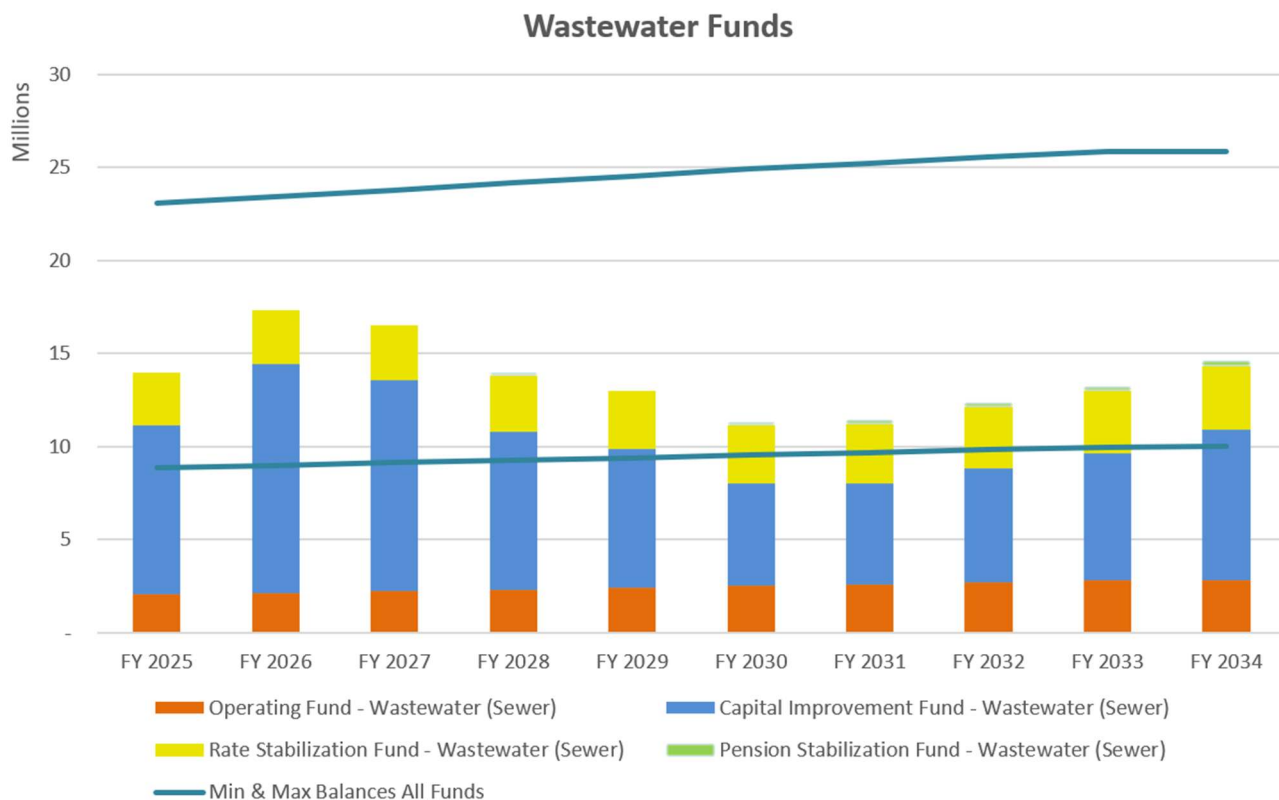
District staff evaluates and reviews the 10 Year Capital Spending Plan on an annual basis as part of the budget process. The purpose of this evaluation process is to review the prior year's plan and propose an update, when required, due to anticipated changes in circumstances. Some projects need to be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

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

Projects included in the 10-year Capital Spending Plan, which is included in the LTFP reflect the District's short-term and long-term commitments to its mission and objectives and the District's Board of Directors' goals and objectives. The capital reserve minimum balance is one year of capital expenditures of the approved ten-year capital spending plan. The capital reserve maximum balance is not to exceed five years of capital expenditures of the approved ten-year capital spending plan. The target capital reserve balance and methodology used for each fund balance is set according to the District's Reserves Policy which is included in the Introduction section of this budget document. This Policy is approved and adopted by the District's Board of Directors. The timing of inflows and outflows from each fund is the biggest variable in this financial forecast.

Contributions to this fund to pay for the District's capital facilities come from potable and recycled water rates and charges, property tax revenues, debt borrowing, grants, and capacity fees.

Estimated total capital costs for Fiscal Years 2025 to 2034 of planned potable and recycled water capital spending, based on based on the 10-year Capital Spending Plan for potable and recycled is approximately \$190.5 million. These planned expenditures are reviewed every year and the list of proposed projects is updated based on the priorities and changing conditions faced by the District.



Note: The Min and Max targets reflected above are a total of all wastewater funds combined. Each fund has its own Min and Max target set by the Board as defined in the Board Designated Fund Balances Policy section of the Budget. \*Additionally, the Capital Improvement Fund shortfalls shown in FY 2034 above will be addressed in the next cost of service study scheduled for 2029. Additional projects costs were added after the most recent study was completed leading to shortfalls in future years based on current rates and reserves.

## Operating Fund – Wastewater

The District’s wastewater system is comprised of two sanitation districts, which are also an interconnected system:

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

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

At its June 2024 meeting, the Board will consider adopting an ordinance to increase the Districts wastewater rates and charges by 5.5% effective July 1, 2024, and by 5.5% each July 1 thereafter for the next four years through Fiscal Year 2029. A 2024 Wastewater Rate Study, conducted by an independent financial consulting firm, is the basis for the rate increases to the District's wastewater services. The Wastewater Rate Study projects the District's wastewater revenues and expenditures over the next ten years, conducts a cost of service analysis, and recommends increases in wastewater rates for the next five years. These increases are based on the District's wastewater revenue requirements to be collected from wastewater rates and charges and wastewater infrastructure needs of the 4S Ranch Sanitation District and Rancho Cielo Sanitation District.

As recommended in the 2024 Wastewater Rate Study, the District is planning to : 1) issue a new debt of \$6.5 million in 2026 and 2) transfer \$1 million from the Rate Stabilization Fund to the Capital Reserve Fund in 2025, which will be repaid over the following three years, to avoid future rate spikes and to provide funding for the District's wastewater capital improvement projects.

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

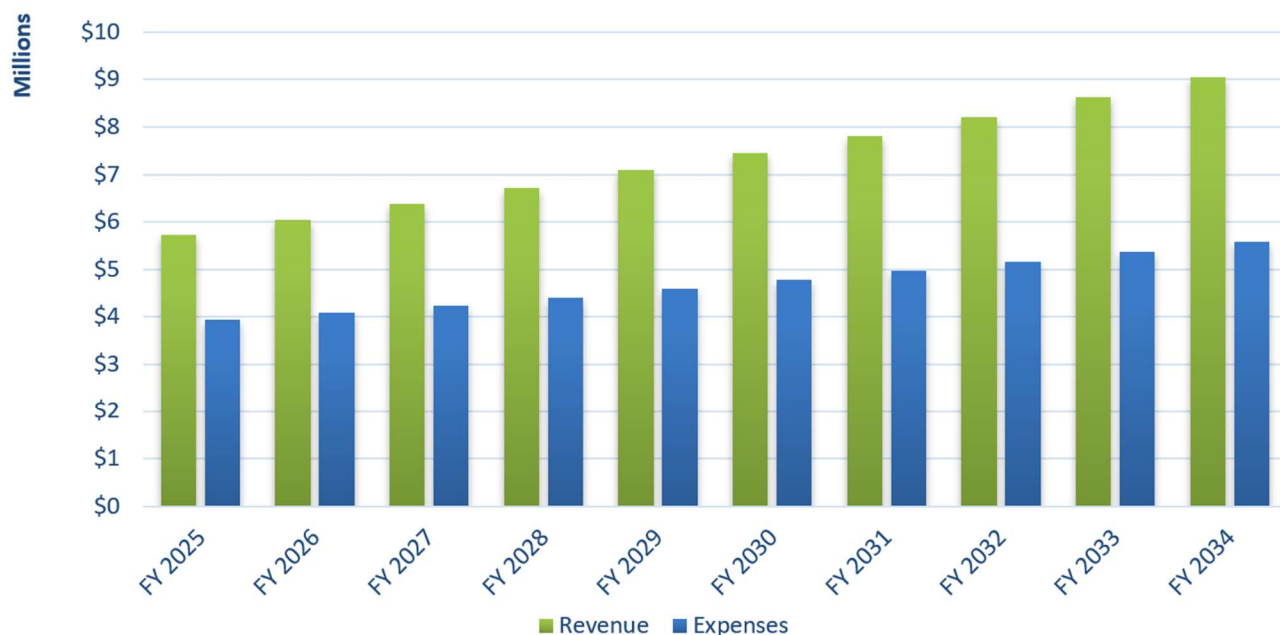
Due to the timing of receipts, the District needs to have adequate cash on hand to pay for operating expenditures (working capital). Wastewater Service fees are comprised of two components, a monthly system access charge (fixed revenue) and commodity rates based on an estimated amount of sewage generated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

More information on the District's Wastewater financial plan and rates can be found in the 2024 Wastewater Cost-of-Service Study report and Proposition 218 notice located at the following web pages:

<https://www.olivenhain.com/wp-content/uploads/Sewer-Wastewater-Cost-of-Service-Study-Report-2024.pdf>

<https://www.olivenhain.com/wp-content/uploads/Sewer-Wastewater-Proposition-218-Notice-2024.pdf>

## Revenue vs Expenses - Wastewater Operations



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

### Key Financial Assumptions

- Wastewater Service Fees for the next five years (covering fiscal years 2025 through 2029) are based on the 2024 Wastewater Cost of Service Study.
- Wastewater rates and charges are assumed to increase by 5.5% each year for the next five years effective July 1, 2025 (pending approval by the Board in June 2024).
- A new debt issuance of \$6.5 million is proposed in Fiscal Year 2026 to help pay for capital improvement projects.
- To ensure compliance with the Board's reserve policy, a transfer of \$1 million from the Wastewater Rate Stabilization Fund to the Wastewater Capital Reserve fund is proposed in 2025.
- The District has a 10-year Wastewater Capital Spending Plan developed by the District's Engineering department, which has been included in the 2024 Wastewater Cost of Service Study.

- General inflation increases are estimated at 3% for 2025 and 2026, then 2% each year after based on the average annual change in the 15-year Consumer Price Index for the San Diego region.
- Growth is projected to be relatively flat, less than 1% each year, until build-out (2030). In Fiscal Year 2024 the District added 84 sewer EDUs from the addition of the Avion development. The Board approved annexing the Avion development into the District's wastewater system which added approximately \$40,000 in additional wastewater revenue annually, based on Fiscal Year 2024 wastewater rates.
- Capital Inflation is estimated at 3%.
- Projected increases in labor and benefit costs are budgeted based on the 2022 Memorandum of Understanding (MOU) with the District's employee association groups for all water and wastewater operations. More information on the MOU is located in the Employee Benefit section.
- Utilities are forecasted to increase by 6% in Fiscal Years 2025 and 2026.
- Investment income is forecasted to be 3% for Fiscal Year 2025 and 2% thereafter.
- The District must meet debt service coverage requirements on its outstanding bond issues. The District's required debt coverage is 125 percent.

#### **Rate Stabilization Fund - Wastewater**

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

#### **Pension Stabilization Fund - Wastewater**

In June of 2022, the Board approved the addition of a Pension Funding Policy and the establishment of a Pension Stabilization Fund to help stabilize the District's pension costs and achieve its funding goal as outlined in the Pension Funding Policy. The District will make annual contributions from excess funds available in the Wastewater Operating Fund in a manner consistent with the Board Designated Fund Balances Policy to the Pension Stabilization Fund, in addition to its annual regular unfunded accrued liability (UAL) and regular annual additional discretionary payments (ADP). The Pension Stabilization Fund will be used to address additional amortization bases created by CalPERS due to changes in any of CalPERS' actuarial assumptions, to make additional discretionary payments, or to be used as emergency source of funds to pay for the District's required UAL and regular ADP payments to CalPERS when the District's revenues are strained in difficult budgetary or economic times.



## **Capital Improvement Fund – Wastewater**

The District's wastewater capital expenditures are paid by annual wastewater service charges and debt issuances. The District transfers a fixed amount each fiscal year from wastewater service revenue to wastewater capital reserves to help pay for the District's planned wastewater capital improvement program included in the 10-year Capital Spending Plan. 4S Ranch and Rancho Cielo Wastewater Capital Improvement Program to be completed in the next 10 years can be found in the 10 year Capital Spending Plan – Wastewater page in this section and also in the Capital Budget section of this budget. The planned expenditures for the next ten fiscal years are updated annually during the budget process.

Estimated total capital costs for Fiscal Years 2025 to 2034 of planned wastewater capital spending is approximately \$29.4 million.

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

## **Debt Service Fund**

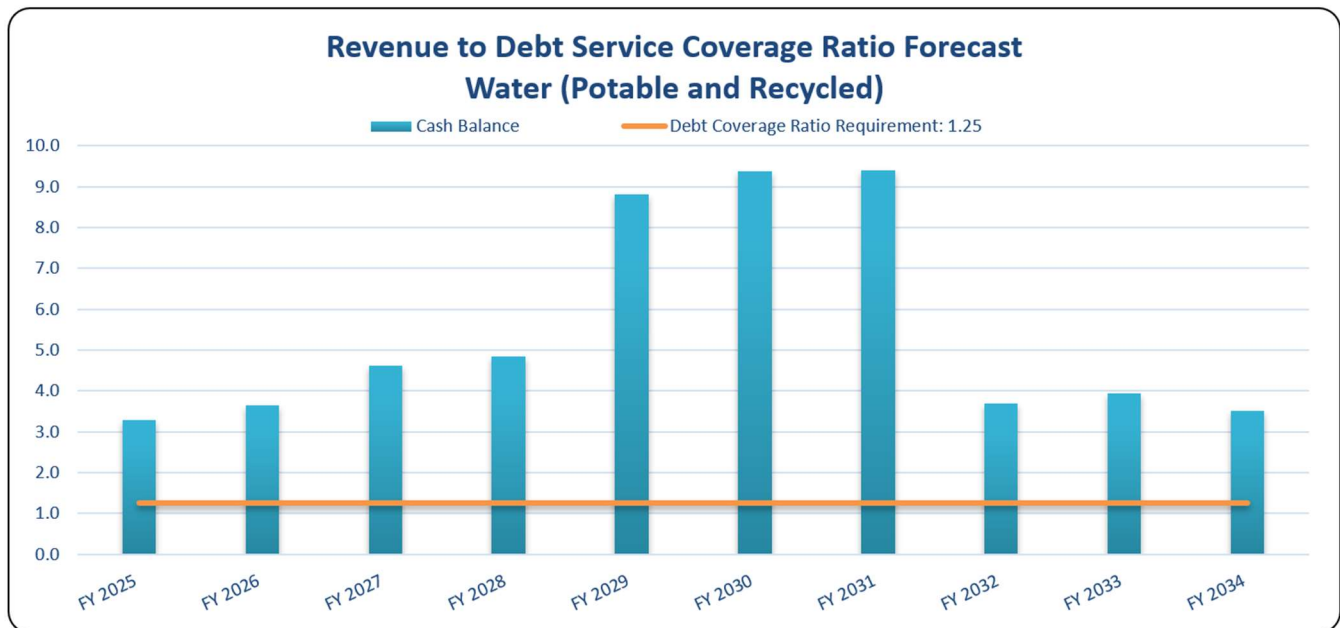
The District currently has six long-term debt issuances: the Reassessment District 96-1 Limited Obligation Improvement Bonds, the 2015A Water Revenue Refunding Bonds, the 2016A Water Revenue Refunding Bonds, the 2012 State Revolving Fund Loan, and the 2021A and 2021B Wastewater Revenue Bonds. The District was recently reaffirmed for a AAA rating on all bonds from Fitch Rating Agency in March of 2024.

The 2019 RAD 96-1 bonds were issued to refund the 2007 RAD 96-1 bonds. The 2007 RAD 96-1 bonds were issued to refund the Assessment District 96-1 bonds. The Assessment District 96-1 bonds (\$22,530,000 original principal amount) were issued in August 1997 for the purpose of constructing the dam and reservoir portion of the Olivenhain Water Storage Project. The source of repayment for these bonds are assessments levied on properties within Reassessment District 96-1. Annual levies are placed on the property tax rolls and are collected by the San Diego County Tax Assessor.

The 2015A Water System Refunding Revenue Bonds (2015A Bonds) were issued to refund the outstanding balance of the 2006A Water Revenue Refunding Bonds (2006A Bonds). The 2006A Bonds (\$38,940,000 original principal amount) were issued in March 2006 to refund the remaining balance of the 1997 Water Revenue Certificates of Participation. Net water system revenues provided the primary source of repayment for the 2006A Bonds. According to the 2015A Bonds' covenants, the District is now required to maintain net system revenues of at least 125% of debt service on senior obligations and 100% of debt service on all obligations.

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

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



*Note: Increase beginning in Fiscal Year 2029 is due to 2015A Revenue Bond debt expiring in Fiscal Year 2028, Decrease beginning in Fiscal Year 2032 is due to a projected issuance of new debt.*

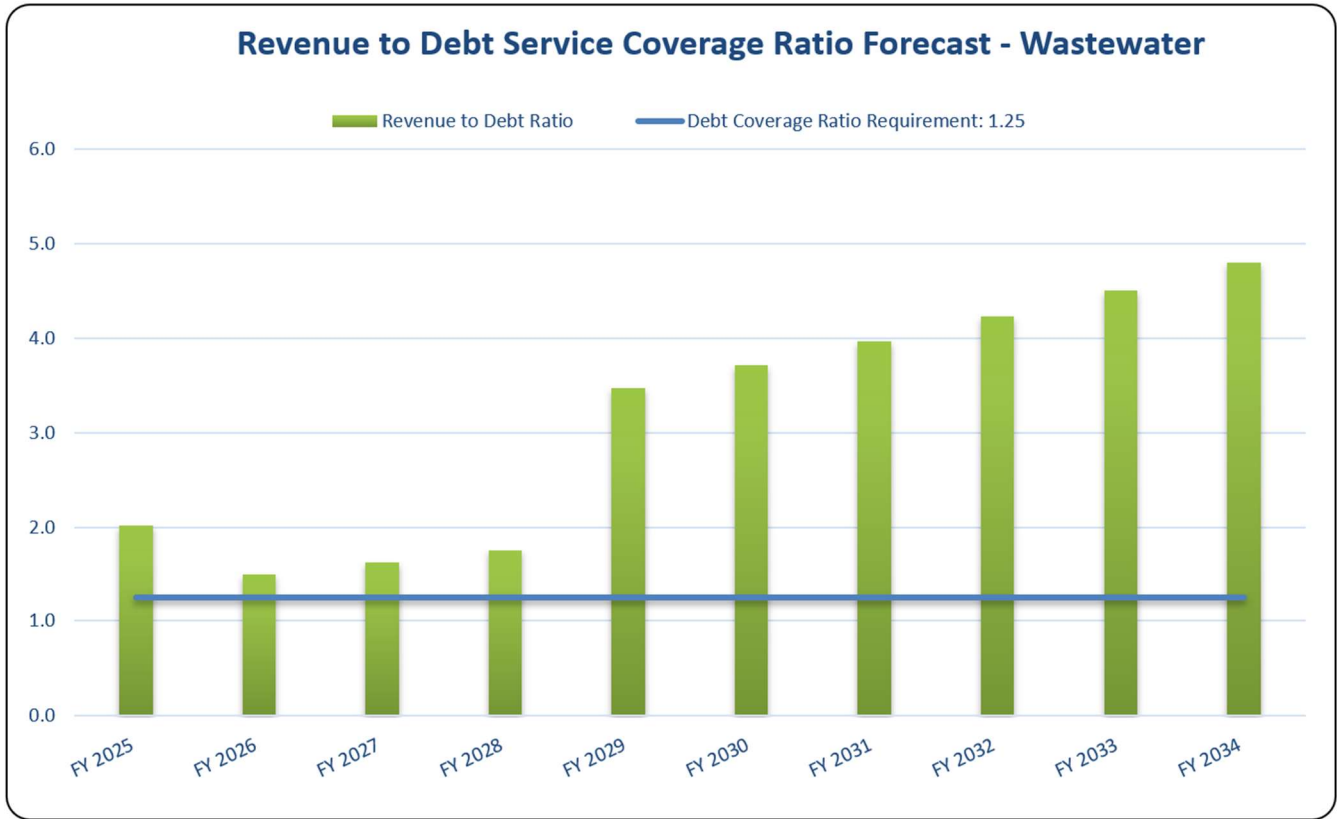
The 2021A Wastewater Revenue Bonds (2021A Bonds) in the amount of \$5,042,140 were issued through a private placement financing process to finance wastewater improvements at the 4S Wastewater Treatment Plant, including rehabilitations, replacements, and modifications to the existing Neighborhood One Sewer Pump Station and the Headworks Screening System at the 4S Wastewater Treatment Plant. The 2021A Bonds which were directly purchased by Sterling National Bank will mature on June 1, 2041 and carry an interest rate of 2.14%. The primary sources of repayment for these bonds are net system wastewater revenues. Issuance of the 2021A Bonds requires the District to maintain net system revenues of 125% of debt service within the Wastewater Operating Fund only.

The 2021B Wastewater Refunding Revenue Bonds (2021B Bonds) in the amount of \$3,932,970 were also issued through a private placement financing process to refund and refinance the existing 2018A Sewer Revenue Bonds, which were issued in fiscal year 2018 to finance improvements to the District's administrative and operations building at 1966 Olivenhain Road, Encinitas, CA. The District received an interest rate of 1.14% for the 2021B Bonds, which resulted in an estimated net present value savings of \$243,900 after the cost of issuance. The 2021B Bonds which were directly purchased by Sterling National Bank will mature on June 1, 2028. The primary sources of repayment for these bonds are net system wastewater revenues. Issuance of the 2021B Bonds requires the District to maintain net system revenues of 125% of debt service within the Wastewater Operating Fund only.

Additionally, as part of the 2024 Wastewater Cost-of-Service study conducted by an independent financial consultant, the District reviewed the need for a future debt issuance in order to help smooth

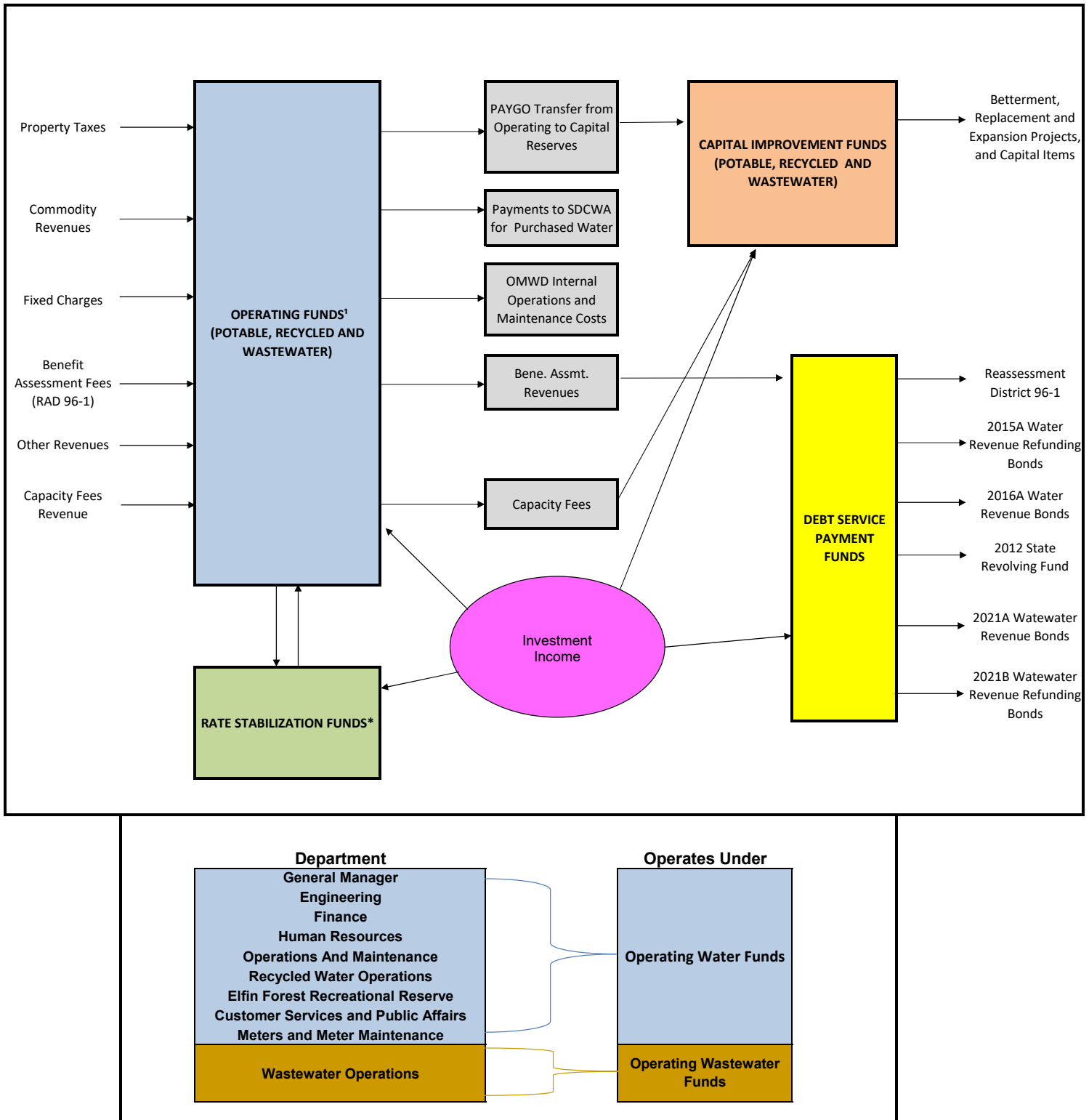
wastewater rate increases and still meet the financial obligation for the operating and capital needs of its Wastewater facilities. Per the study, the District intends to issue \$6.5 million in bonds in Fiscal Year 2026 which has been accounted for in the budget, with payments beginning in Fiscal Year 2026 of approximately \$423 thousand annually.

More information on the District’s policies is available in the Financial Policy section of the Budget.



*Note: Decrease beginning in Fiscal Year 2026 is due to a projected issuance of new debt., Increase beginning in Fiscal Year 2029 is due to 2011B Sewer Revenue Bond debt expiring in Fiscal Year 2028.*

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



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

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

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

Description	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
<b>Operating Revenues</b>										
Water Volume Sales	46,817,000	50,094,000	52,910,000	55,117,000	57,416,000	59,810,000	62,303,000	64,901,000	67,607,000	70,425,000
System Access Charge	16,702,000	17,900,000	18,910,000	19,704,000	20,532,000	21,395,000	22,294,000	23,230,000	24,206,000	25,224,000
SDCWA IAC	1,631,000	1,781,000	1,908,000	1,996,000	2,080,000	2,167,000	2,257,000	2,363,000	2,485,000	2,614,000
Selling Treatment Services to Vallecitos	848,000	1,258,000	1,350,000	1,414,000	1,473,000	1,535,000	1,599,000	1,674,000	1,762,000	1,853,000
Other Water Operating Revenues	520,000	520,000	521,000	521,000	521,000	521,000	521,000	522,000	522,000	522,000
<b>Total Operating Revenues</b>	<b>66,518,000</b>	<b>71,553,000</b>	<b>75,599,000</b>	<b>78,752,000</b>	<b>82,022,000</b>	<b>85,428,000</b>	<b>88,974,000</b>	<b>92,690,000</b>	<b>96,582,000</b>	<b>100,638,000</b>
<b>Operating Expenses</b>										
Purchased Water	36,857,000	38,756,000	41,252,000	43,199,000	45,090,000	47,065,000	49,125,000	51,462,000	54,089,000	56,850,000
Recycled Water Credit	-	-	-	-	-	-	-	-	-	-
Operating Expenses (exclude depreciation)	22,327,000	23,649,000	24,595,000	25,581,000	26,608,000	27,679,000	28,795,000	29,958,000	31,170,000	32,433,000
<b>Total Operating Expenses</b>	<b>59,184,000</b>	<b>62,405,000</b>	<b>65,847,000</b>	<b>68,780,000</b>	<b>71,698,000</b>	<b>74,744,000</b>	<b>77,920,000</b>	<b>81,420,000</b>	<b>85,259,000</b>	<b>89,283,000</b>
<b>Net Operating Revenues</b>	<b>7,334,000</b>	<b>9,148,000</b>	<b>9,752,000</b>	<b>9,972,000</b>	<b>10,324,000</b>	<b>10,684,000</b>	<b>11,054,000</b>	<b>11,270,000</b>	<b>11,323,000</b>	<b>11,355,000</b>
<b>Other Cash Inflows</b>										
Investment Income	685,000	506,000	544,000	557,000	639,000	699,000	767,000	775,000	804,000	835,000
Transfer from Rate Stabilization Fund	738,000	738,000	738,000	380,434	-	-	-	-	-	-
Transfer from Pension Stabilization Fund	-	-	-	-	-	-	-	-	-	-
Property Taxes	4,600,000	4,650,000	4,700,000	4,700,000	4,700,000	4,700,000	4,700,000	4,700,000	4,700,000	4,700,000
Gain on Sale of Fixed Assets	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Other Non-Operating Revenues	810,704	826,518	826,518	826,518	826,518	826,518	826,518	826,518	826,518	826,518
<b>Total Other Cash Inflows</b>	<b>6,858,704</b>	<b>6,745,518</b>	<b>6,833,518</b>	<b>6,488,952</b>	<b>6,190,518</b>	<b>6,250,518</b>	<b>6,318,518</b>	<b>6,326,518</b>	<b>6,355,518</b>	<b>6,386,518</b>
<b>Other Cash Outflows</b>										
Transfer to Capital Fund - PAYGO	6,000,000	6,950,000	8,900,000	8,900,000	9,900,000	9,900,000	9,900,000	8,900,000	8,900,000	8,900,000
Transfer to Capital Fund - Gann Limit	1,600,000	1,650,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000
Transfer to Rate Stabilization Fund	-	-	-	-	-	-	-	-	-	-
Transfer to Pension Stabilization Fund	220,000	220,000	220,000	220,000	220,000	220,000	220,000	220,000	220,000	220,000
Transfer for 2015A Debt Service Payment	2,414,000	2,407,000	2,405,000	2,404,000	-	-	-	-	-	-
Transfer for 2016A Debt Service Payment	978,000	977,000	975,000	978,000	974,000	974,000	977,000	975,000	975,000	975,000
Transfer for 2012 SRF Debt Service Payment	1,070,000	1,070,000	1,070,000	1,070,000	1,070,000	1,070,000	1,070,000	1,070,000	1,070,000	1,070,000
Transfer for 2021B Sewer Revenue Bonds Debt Service	487,000	487,000	487,000	487,000	-	-	-	-	-	-
Transfer for Proposed Debt Service Payment	-	-	-	-	-	-	-	3,318,000	3,318,000	3,318,000
Transfer for 2012 SRF Reserve Fund Requirement	107,000	107,000	-	-	-	-	-	-	-	-
Other Non-Operating Expenditures	748,000	748,000	748,000	390,000	10,000	10,000	10,000	10,000	10,000	10,000
<b>Total Other Cash Outflows</b>	<b>13,624,000</b>	<b>14,616,000</b>	<b>16,505,000</b>	<b>16,149,000</b>	<b>13,874,000</b>	<b>13,874,000</b>	<b>13,877,000</b>	<b>16,193,000</b>	<b>16,193,000</b>	<b>16,193,000</b>
<b>Net Other Cash Inflow (Outflow)</b>	<b>(6,765,296)</b>	<b>(7,870,482)</b>	<b>(9,671,482)</b>	<b>(9,660,048)</b>	<b>(7,683,482)</b>	<b>(7,623,482)</b>	<b>(7,558,482)</b>	<b>(9,866,482)</b>	<b>(9,837,482)</b>	<b>(9,806,482)</b>
<b>Net Cash Flow</b>	<b>568,704</b>	<b>1,277,518</b>	<b>80,518</b>	<b>311,952</b>	<b>2,640,518</b>	<b>3,060,518</b>	<b>3,495,518</b>	<b>1,403,518</b>	<b>1,485,518</b>	<b>1,548,518</b>
<b>Projected Beginning Fund Balance</b>	<b>15,874,000</b>	<b>16,442,704</b>	<b>17,720,222</b>	<b>17,800,740</b>	<b>18,112,692</b>	<b>20,753,210</b>	<b>23,813,728</b>	<b>27,309,246</b>	<b>28,712,764</b>	<b>30,198,282</b>
<b>Projected Cumulative Ending Fund Balance</b>	<b>\$ 16,442,704</b>	<b>\$ 17,720,222</b>	<b>\$ 17,800,740</b>	<b>\$ 18,112,692</b>	<b>\$ 20,753,210</b>	<b>\$ 23,813,728</b>	<b>\$ 27,309,246</b>	<b>\$ 28,712,764</b>	<b>\$ 30,198,282</b>	<b>\$ 31,746,801</b>

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

Description	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
<b>Operating Revenues</b>										
Total Operating Revenues	-	-	-	-	-	-	-	-	-	-
<b>Operating Expenses</b>										
Total Operating Expenses	-	-	-	-	-	-	-	-	-	-
Net Operating Revenues	-	-	-	-	-	-	-	-	-	-
<b>Other Cash Inflows</b>										
Investment Income	333,060	213,941	203,460	199,921	203,919	207,997	212,157	216,400	220,728	225,143
Transfer from Operating Fund	-	-	-	-	-	-	-	-	-	-
Total Other Cash Inflows	<b>333,060</b>	<b>213,941</b>	<b>203,460</b>	<b>199,921</b>	<b>203,919</b>	<b>207,997</b>	<b>212,157</b>	<b>216,400</b>	<b>220,728</b>	<b>225,143</b>
<b>Other Cash Outflows</b>										
Transfer to Operating Fund	738,000	738,000	738,000	380,434	-	-	-	-	-	-
Total Other Cash Outflows	<b>738,000</b>	<b>738,000</b>	<b>738,000</b>	<b>380,434</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Other Cash Inflow (Outflow)	<b>(404,940)</b>	<b>(524,059)</b>	<b>(534,540)</b>	<b>(180,513)</b>	<b>203,919</b>	<b>207,997</b>	<b>212,157</b>	<b>216,400</b>	<b>220,728</b>	<b>225,143</b>
Net Cash Flow	<b>(404,940)</b>	<b>(524,059)</b>	<b>(534,540)</b>	<b>(180,513)</b>	<b>203,919</b>	<b>207,997</b>	<b>212,157</b>	<b>216,400</b>	<b>220,728</b>	<b>225,143</b>
Projected Beginning Fund Balance	<b>\$ 11,840,000</b>	<b>11,435,060</b>	<b>10,911,001</b>	<b>10,376,461</b>	<b>10,195,948</b>	<b>10,399,867</b>	<b>10,607,864</b>	<b>10,820,022</b>	<b>11,036,422</b>	<b>11,257,150</b>
Projected Cumulative Ending Fund Balance	<b>\$ 11,435,060</b>	<b>\$ 10,911,001</b>	<b>\$ 10,376,461</b>	<b>\$ 10,195,948</b>	<b>\$ 10,399,867</b>	<b>\$ 10,607,864</b>	<b>\$ 10,820,022</b>	<b>\$ 11,036,422</b>	<b>\$ 11,257,150</b>	<b>\$ 11,482,293</b>

**Olivenhain Municipal Water District  
Ten Year Fund Balance Forecast  
Pension Stabilization Fund - Water**

Description	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
<b>Operating Revenues</b>										
Total Operating Revenues	-	-	-	-	-	-	-	-	-	-
<b>Operating Expenses</b>										
Total Operating Expenses	-	-	-	-	-	-	-	-	-	-
Net Operating Revenues	-	-	-	-	-	-	-	-	-	-
<b>Other Cash Inflows</b>										
Investment Income	26,882	22,859	27,716	32,670	37,724	42,878	48,136	53,498	58,968	64,548
Transfer from Operating Fund	220,000	220,000	220,000	220,000	220,000	220,000	220,000	220,000	220,000	220,000
Total Other Cash Inflows	<b>246,882</b>	<b>242,859</b>	<b>247,716</b>	<b>252,670</b>	<b>257,724</b>	<b>262,878</b>	<b>268,136</b>	<b>273,498</b>	<b>278,968</b>	<b>284,548</b>
<b>Other Cash Outflows</b>										
Transfer to Operating Fund	-	-	-	-	-	-	-	-	-	-
Total Other Cash Outflows	-	-	-	-	-	-	-	-	-	-
Net Other Cash Inflow (Outflow)	<b>246,882</b>	<b>242,859</b>	<b>247,716</b>	<b>252,670</b>	<b>257,724</b>	<b>262,878</b>	<b>268,136</b>	<b>273,498</b>	<b>278,968</b>	<b>284,548</b>
Net Cash Flow	<b>246,882</b>	<b>242,859</b>	<b>247,716</b>	<b>252,670</b>	<b>257,724</b>	<b>262,878</b>	<b>268,136</b>	<b>273,498</b>	<b>278,968</b>	<b>284,548</b>
Projected Beginning Fund Balance	\$ 676,055	922,937	1,165,795	1,413,511	1,666,182	1,923,905	2,186,783	2,454,919	2,728,417	3,007,386
Projected Cumulative Ending Fund Balance	<b>\$ 922,937</b>	<b>\$ 1,165,795</b>	<b>\$ 1,413,511</b>	<b>\$ 1,666,182</b>	<b>\$ 1,923,905</b>	<b>\$ 2,186,783</b>	<b>\$ 2,454,919</b>	<b>\$ 2,728,417</b>	<b>\$ 3,007,386</b>	<b>\$ 3,291,933</b>



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

Description	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
<b>Other Cash Inflows</b>										
Investment Income	1,070,000	652,000	663,000	736,000	713,000	704,000	752,000	1,289,000	899,000	923,000
Ordinance 280 Revenue	5,000	5,000	5,000	5,000	-	-	-	-	-	-
Anticipated Grant Funds	1,772,000	817,000	-	-	-	-	-	6,500,000	6,500,000	-
Transfer from Operating Fund - PAYGO	6,000,000	6,950,000	8,900,000	8,900,000	9,900,000	9,900,000	9,900,000	8,900,000	8,900,000	8,900,000
Transfer from Oper. Fund -Excess Prop. Tax - Gann Limit	1,600,000	1,650,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000
Capacity Fee Revenues	118,000	412,000	4,047,000	4,687,000	803,000	1,544,000	1,118,000	952,000	2,504,000	155,000
Proceeds from the sale of Surplus Property	1,150,000	-	-	-	-	-	-	-	-	-
Transfer from Sewer	-	-	-	-	-	-	-	-	-	-
Proposed Debt	-	-	-	-	-	-	-	48,960,000	-	-
<b>Total Other Cash Inflows</b>	<b>11,715,000</b>	<b>10,486,000</b>	<b>15,315,000</b>	<b>16,028,000</b>	<b>13,116,000</b>	<b>13,848,000</b>	<b>13,470,000</b>	<b>68,301,000</b>	<b>20,503,000</b>	<b>11,678,000</b>
<b>Other Cash Outflows</b>										
Capital Item Purchases	\$421,000	518,000	425,000	425,000	425,000	425,000	425,000	425,000	425,000	425,000
Capital Projects (see next page for detail)	22,249,000	13,458,000	14,269,000	11,841,000	13,843,000	13,846,000	10,602,000	40,447,000	39,942,000	9,999,000
Other Expenditures	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
<b>Total Other Cash Outflows</b>	<b>22,700,000</b>	<b>14,006,000</b>	<b>14,724,000</b>	<b>12,296,000</b>	<b>14,298,000</b>	<b>14,301,000</b>	<b>11,057,000</b>	<b>40,902,000</b>	<b>40,397,000</b>	<b>10,454,000</b>
<b>Net Other Cash Inflow (Outflow)</b>	<b>(10,985,000)</b>	<b>(3,520,000)</b>	<b>591,000</b>	<b>3,732,000</b>	<b>(1,182,000)</b>	<b>(453,000)</b>	<b>2,413,000</b>	<b>27,399,000</b>	<b>(19,894,000)</b>	<b>1,224,000</b>
<b>Net Cash Flow</b>	<b>(10,985,000)</b>	<b>(3,520,000)</b>	<b>591,000</b>	<b>3,732,000</b>	<b>(1,182,000)</b>	<b>(453,000)</b>	<b>2,413,000</b>	<b>27,399,000</b>	<b>(19,894,000)</b>	<b>1,224,000</b>
<b>Projected Beginning Fund Balance</b>	<b>40,934,978</b>	<b>29,949,978</b>	<b>26,429,978</b>	<b>27,020,978</b>	<b>30,752,978</b>	<b>29,570,978</b>	<b>29,117,978</b>	<b>31,530,978</b>	<b>58,929,978</b>	<b>39,035,978</b>
<b>Projected Cumulative Ending Fund Balance</b>	<b>\$ 29,949,978</b>	<b>\$ 26,429,978</b>	<b>\$ 27,020,978</b>	<b>\$ 30,752,978</b>	<b>\$ 29,570,978</b>	<b>\$ 29,117,978</b>	<b>\$ 31,530,978</b>	<b>\$ 58,929,978</b>	<b>\$ 39,035,978</b>	<b>\$ 40,259,978</b>

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

	Project Description	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
(1)(2)	San Dieguito Valley Groundwater Desalination Plant	417,000	344,000	1,146,000	1,921,000	3,098,000	2,922,000	1,814,000	28,010,000	29,153,000	-
(1)	DCMWTP 4th Stage Centrifuge Addition	2,956,000	-	-	-	-	-	-	-	-	-
	DCMWTP 2nd Stage Basin Rehab and Beam Replacement	577,000	1,207,000	-	-	-	-	-	-	-	-
(1)	RSF Unit A North PL Repl	1,428,000	-	-	-	-	-	-	-	-	-
(1)	District-Wide PLC Replacements (PW/RCW)	1,237,000	-	-	-	-	-	-	-	-	-
(1)	Gardendale PRS Replacement	984,000	-	-	-	-	-	-	-	-	-
(1)	Village Park PRS Replacement	969,000	-	-	-	-	-	-	-	-	-
(1)	Advanced Metering Infrastructure (AMI)	715,000	-	-	-	-	-	-	-	-	-
(1)	Encinitas Blvd Pipeline Inspection and Rehab	271,000	403,000	-	-	-	-	-	-	-	-
(1)	DCMWTP Raw Water Equal (RWEQ) Tanks Rehab	668,000	-	-	-	-	-	-	-	-	-
(1)	Rancho La Cima/Aliso Canyon PL Relocation	102,000	150,000	-	-	-	-	-	-	-	-
(1)	Golem 14" Pipeline Inspection and Rehab	133,000	-	-	-	-	-	-	-	-	-
(1)	PW and RCW Master Plan Update	117,000	-	-	-	-	550,000	-	-	-	-
(1)	Tank Safety Improvements	516,000	-	-	-	-	-	-	-	200,000	700,000
(1)	District Wide Scada Upgrades	127,000	-	-	-	-	-	-	-	-	-
(1)	District Wide Physical Security Improvements	52,000	-	-	-	-	-	-	-	-	-
(1)	DCMWTP Chlorine Gen Rm Lining Rehab	123,000	-	-	-	-	-	-	-	-	-
	DCMWTP Bridge Crane Rehab	65,000	-	-	-	-	-	-	-	-	-
	DCMWTP Inlet Strainer MOV Actuator Replacement	63,000	-	-	-	-	-	-	-	-	-
	DCMWTP 1st Stage Beam Replacement	560,000	980,000	666,000	-	-	-	-	-	-	-
(1)	Unit B & K Rehab	327,000	1,000,000	580,000	-	-	-	-	-	-	-
(1)	Palms I and II Reservoirs Replacemt	194,000	303,000	1,212,000	-	-	-	-	-	-	-
	Dusty Trail PL Replacement	120,000	710,000	350,000	-	-	-	-	-	-	-
(1)	EFRR Parking Lot Expansion	381,000	909,000	-	-	-	-	-	-	-	-
	DCMWTP Combined Filter Influent & Backwash Pipe Replacement	180,000	528,000	-	-	-	-	-	-	-	-
(1)	CIS Infinity System Upgrade	213,000	184,000	-	-	-	-	-	-	-	-
(1)	Fleet Electrification Project (PW/RCW)	165,000	750,000	1,490,000	-	-	-	-	-	-	-
(1)	DCMWTP 2nd Stage Membrane Train Overhaul	126,000	100,000	100,000	-	-	-	-	-	-	-
	Site Asphalt Improvements	60,000	50,000	30,000	30,000	30,000	-	-	-	-	-
	Access improvements to pipe below Gano to San Dieguito Road	20,000	55,000	-	-	-	-	-	-	-	-
	Harris Ranch Right-of-Way Acquisition	-	150,000	-	-	-	-	-	-	-	-
	DCMWTP Fluoride Room, Permeate Pump Stanchion, Bldg Rehab	-	142,000	-	-	-	-	-	-	-	-
	RSF Rd Pipeline Inspection	-	164,000	524,000	-	-	-	-	-	-	-
	Del Lago PRS Replacement	-	123,000	846,000	-	-	-	-	-	-	-
	DCMWTP BWWEQ Tank Rehab	-	-	596,000	-	-	-	-	-	-	-
	DCMWTP FCV Actuators Replacement	-	-	310,000	-	-	-	-	-	-	-
	DCMWTP 1st Stage Basins Rehab	-	-	1,295,000	1,295,000	1,295,000	1,295,000	-	-	-	-
	Gaty I Reservoir Decommissioning	-	-	-	398,000	-	-	-	-	-	-
	DCMWTP Brine Area Rehab	-	-	-	192,000	-	-	-	-	-	-
	DCMWTP Plate Settler Coating Rehab	-	-	-	123,000	-	-	-	-	-	-
	Unit B & K EM CCTV Inspect & Rehab Phase 2	-	-	-	412,000	1,838,000	-	-	-	-	-
	DCMWTP Sodium Hypochlorite Room Rehab	-	-	-	-	98,000	-	-	-	-	-
	DCMWTP HVAC Replacement	-	-	-	-	46,000	-	-	-	-	-
	SE #1 PRS Replacement	-	-	-	-	135,000	936,000	-	-	-	-
	DCMWTP RWEQ BFVs Replacement Project	-	-	-	-	-	525,000	-	-	-	-
	DCMWTP General WTP Inspect & Cond Assessment	-	-	-	-	-	500,000	-	-	-	-
	DCMWTP Septic Pipe Relining & Drain Pipe Cleaning	-	-	-	-	-	469,000	-	-	-	-
	Concrete Tank Condition Assessment	-	-	-	-	-	275,000	-	-	-	-
	OMWD Parking and Access Improvements	-	-	-	-	-	255,000	-	-	-	-
	DCMWTP WTP Repl Main Compressors	-	-	-	-	-	194,000	-	-	-	-
	DCMWTP WTP Replace Strainer Isolation Valves	-	-	-	-	-	90,000	-	-	-	-
	Long-term Pipeline Budget per HDR	-	-	-	-	-	50,000	-	-	-	-
	DCMWTP Replace Chemical Storage Systems	-	-	-	-	-	215,000	222,000	228,000	-	-
	DCMWTP Replace Chemical Feed Systems	-	-	-	-	-	100,000	103,000	106,000	-	-
	DCMWTP Backpulse Tanks Replacement Project	-	-	-	-	-	-	849,000	-	-	-
	DCMWTP Plate Settlers MOV Actuators Replacement	-	-	-	-	-	-	33,000	-	-	-
	Encinitas Blvd Pipeline Replacement	-	-	-	-	-	-	710,000	5,280,000	2,110,000	-

Project Description	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
DCMWTP Sodium Hypochlorite Generation System Rehab	-	-	-	-	-	-	-	959,000	-	-
DCMWTP Replace Strainers	-	-	-	-	-	-	-	-	1,073,000	-
Replace Maryloyd Pump Station	-	-	-	-	-	-	-	-	510,000	-
RSF Rd Pipeline Replacement	-	-	-	-	-	-	-	-	655,000	675,000
Quail Gardens PRS Replacement	-	-	-	-	-	-	-	-	152,000	1,075,000
Via Valle Verde PSR Replacement	-	-	-	-	-	-	-	-	152,000	1,075,000
Gano Reservoir Improvements	-	-	-	-	-	-	-	-	27,000	178,000
Berk Reservoir Improvements	-	-	-	-	-	-	-	-	9,000	53,000
DCMWTP Bridge Crane Coating Rehab	-	-	-	-	-	-	-	-	-	112,000
<b>Recurring Replacement Projects</b>										
Network Security	100,000	104,000	109,000	114,000	119,000	124,000	129,000	133,000	137,000	141,000
Replace Pumps and Motors	175,000	180,000	185,000	191,000	197,000	203,000	209,000	215,000	221,000	228,000
Replace Potable Meters	830,000	927,000	849,000	874,000	900,000	927,000	955,000	984,000	1,014,000	1,044,000
Replace Pipelines	500,000	515,000	530,000	546,000	562,000	579,000	596,000	614,000	632,000	651,000
Replace Valves	750,000	773,000	796,000	820,000	845,000	870,000	896,000	923,000	951,000	980,000
Steel Mains Protection	304,000	313,000	322,000	332,000	342,000	352,000	363,000	374,000	385,000	397,000
Replace Meter Anodes	158,000	163,000	168,000	173,000	178,000	183,000	188,000	194,000	200,000	206,000
Rehab Concrete Tanks	25,000	26,000	27,000	28,000	29,000	30,000	31,000	32,000	33,000	34,000
Replace PRS Valves	54,000	56,000	58,000	60,000	62,000	65,000	68,000	71,000	73,000	75,000
Replace DCM WTP Membranes	936,000	973,000	1,012,000	1,052,000	1,094,000	1,138,000	1,184,000	1,231,000	1,280,000	1,331,000
WTP Misc Equipment and Instrumentation Replacement	100,000	106,000	115,000	124,000	134,000	145,000	157,000	170,000	184,000	199,000
WTP Membrane Train Control Wiring Replacement	35,000	36,000	37,000	38,000	39,000	40,000	41,000	42,000	43,000	44,000
Impressed current system protection	-	-	74,000	63,000	50,000	135,000	152,000	-	-	-
<b>Recycled Projects</b>										
(1) Calle Barcelona, VP, & Summerhill HOA Exten	3,298,000	-	-	-	-	-	-	-	-	-
Off-Spec and High Flow Diversion Pipeline	244,000	-	-	-	-	-	-	10,000	40,000	-
(1) Wanket RW Reservoir Rehabilitation	157,000	-	-	-	-	-	-	-	-	-
Santa Fe Valley RW Reservoir Improvements	150,000	-	-	-	-	-	-	-	-	-
(1) Manchester Recycled Pipeline Ext.	129,000	-	-	-	-	-	-	-	-	-
Replace Main Switchboard S (MSB-S) and Automatic Transfer Switch	-	439,000	-	-	-	-	-	-	-	-
Replace WRF Electrical Conduits, Enclosures, and Lighting	22,000	125,000	-	-	-	-	-	-	-	-
Upgrade Filter Electrical	17,000	101,000	-	-	-	-	-	-	-	-
Chemical Area Upgrades	-	-	37,000	-	-	-	-	-	-	-
Rehabilitation of Generator Enclosure Top	-	-	8,000	-	-	-	-	-	-	-
Upgrade Flow Equalization Basins	-	-	382,000	2,227,000	-	-	-	-	-	-
Recycled Water Storage Pond Upgrades	-	-	-	390,000	2,278,000	-	-	-	-	-
Replace Roll-up doors	-	-	-	-	-	91,000	-	-	-	-
Replace Existing Recycled Water Pump Station VFDs	-	-	-	-	-	-	-	243,000	-	-
Site Paving Improvements	-	-	-	-	-	-	-	-	63,000	134,000
Recycled Conversions (formerly Retrofit Potable to Recycled)	65,000	80,000	100,000	73,000	76,000	79,000	82,000	85,000	88,000	91,000
Replace Recycled Meters	30,000	41,000	52,000	54,000	56,000	58,000	60,000	62,000	64,000	66,000
Replace Recycled Pipeline	50,000	52,000	54,000	56,000	58,000	60,000	62,000	64,000	66,000	68,000
Replace Recycled Valves	75,000	77,000	79,000	81,000	83,000	85,000	88,000	91,000	94,000	97,000
4S WRF Physical Security Upgrades	12,000	12,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Small Pump and Motor Replacement Program	80,000	85,000	90,000	96,000	101,000	106,000	109,000	113,000	116,000	120,000
Miscellaneous Equipment Replacement Program	12,000	12,000	14,000	16,000	18,000	7,000	7,000	7,000	7,000	8,000
Valve and Gate Replacement Program	-	10,000	20,000	30,000	40,000	52,000	53,000	55,000	56,000	58,000
Instrumentation Replacement Program	-	-	-	10,000	16,000	33,000	34,000	36,000	36,000	38,000
Mechanical and Yard Piping Replacement Program	-	-	-	16,000	20,000	77,000	80,000	84,000	84,000	87,000
Plant A Rehabilitation	-	-	-	-	-	25,000	26,000	27,000	28,000	28,000
<b>Total</b>	<b>\$ 22,249,000</b>	<b>\$13,458,000</b>	<b>\$ 14,269,000</b>	<b>\$11,841,000</b>	<b>\$13,843,000</b>	<b>\$13,846,000</b>	<b>\$10,602,000</b>	<b>\$40,447,000</b>	<b>\$39,942,000</b>	<b>\$ 9,999,000</b>

Source: Capital Projects Budget for Fiscal Year Ended June 30, 2025

(1) These projects are carried over from the prior year and have incurred costs prior to FYE 2025

(2) This project is still being considered by the Board. Construction costs have been deferred until FY 2032. More information on this project can be found with the on the applicable project summary sheet in the Capital section.

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

Description	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
<b>Operating Revenues</b>										
Service Charges(4S Ranch and Rancho Cielo)	5,725,000	6,040,000	6,372,000	6,722,000	7,092,000	7,447,000	7,819,000	8,210,000	8,621,000	9,052,000
<b>Total Operating Revenues</b>	<b>5,725,000</b>	<b>6,040,000</b>	<b>6,372,000</b>	<b>6,722,000</b>	<b>7,092,000</b>	<b>7,447,000</b>	<b>7,819,000</b>	<b>8,210,000</b>	<b>8,621,000</b>	<b>9,052,000</b>
<b>Operating Expenses</b>										
Operating Expenses	3,935,000	4,080,000	4,243,000	4,413,000	4,590,000	4,774,000	4,965,000	5,164,000	5,371,000	5,586,000
<b>Total Operating Expenses</b>	<b>3,935,000</b>	<b>4,080,000</b>	<b>4,243,000</b>	<b>4,413,000</b>	<b>4,590,000</b>	<b>4,774,000</b>	<b>4,965,000</b>	<b>5,164,000</b>	<b>5,371,000</b>	<b>5,586,000</b>
<b>Net Operating Revenues</b>	<b>1,790,000</b>	<b>1,960,000</b>	<b>2,129,000</b>	<b>2,309,000</b>	<b>2,502,000</b>	<b>2,673,000</b>	<b>2,854,000</b>	<b>3,046,000</b>	<b>3,250,000</b>	<b>3,466,000</b>
<b>Other Cash Inflows</b>										
Investment Income	60,000	42,000	44,000	45,000	47,000	49,000	51,000	53,000	55,000	55,000
Other Non-Operating Revenues/Annexation Fees	-	-	-	-	-	-	-	-	-	-
Proceeds New Sewer Revenue Bonds	-	6,402,500	-	-	-	-	-	-	-	-
Transfer from Capital Replacement Fund	-	-	-	-	-	-	-	-	-	-
Transfer From Rate Stabilization Fund	-	-	-	-	-	-	-	-	-	-
Transfer From Pension Stabilization Fund	31,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000
Other Non-Operating Revenues/Annexation Fees	-	-	-	-	-	-	-	-	-	-
<b>Total Other Cash Inflows</b>	<b>91,000</b>	<b>6,475,500</b>	<b>75,000</b>	<b>76,000</b>	<b>78,000</b>	<b>80,000</b>	<b>82,000</b>	<b>84,000</b>	<b>86,000</b>	<b>86,000</b>
<b>Other Cash Outflows</b>										
Annual Transfer to Capital Fund	3,226,000	1,066,000	1,213,000	1,392,000	1,705,000	1,874,000	2,052,000	2,243,000	2,445,000	2,769,000
Transfer to Pot. Capital Fund, bond proceeds	-	-	-	-	-	-	-	-	-	-
Transfer to Sewer Capital Fund, bond proceeds	-	6,402,500	-	-	-	-	-	-	-	-
Transfer to Rate Stabilization Fund	-	-	-	-	-	-	-	-	-	-
Transfer to Pension Stabilization Fund	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Transfer for 2021A Sewer Revenue Bond Debt Service	310,000	310,000	310,000	309,000	310,000	310,000	310,000	310,000	310,000	310,000
Transfer for 2021B Sewer Revenue Bond Debt Service	122,000	122,000	122,000	122,000	-	-	-	-	-	-
Transfer for New Sewer Revenue Bond Debt Service	-	423,000	423,000	423,000	423,000	423,000	423,000	423,000	423,000	423,000
Other Non-Operating Expenditures	-	-	-	-	-	-	-	-	-	-
<b>Total Other Cash Outflows</b>	<b>3,708,000</b>	<b>8,373,500</b>	<b>2,118,000</b>	<b>2,296,000</b>	<b>2,488,000</b>	<b>2,657,000</b>	<b>2,835,000</b>	<b>3,026,000</b>	<b>3,228,000</b>	<b>3,552,000</b>
<b>Net Other Cash Inflow (Outflow)</b>	<b>(3,617,000)</b>	<b>(1,898,000)</b>	<b>(2,043,000)</b>	<b>(2,220,000)</b>	<b>(2,410,000)</b>	<b>(2,577,000)</b>	<b>(2,753,000)</b>	<b>(2,942,000)</b>	<b>(3,142,000)</b>	<b>(3,466,000)</b>
<b>Net Cash Flow</b>	<b>(1,827,000)</b>	<b>62,000</b>	<b>86,000</b>	<b>89,000</b>	<b>92,000</b>	<b>96,000</b>	<b>101,000</b>	<b>104,000</b>	<b>108,000</b>	<b>-</b>
<b>Projected Beginning Fund Balance</b>	<b>3,899,000</b>	<b>2,072,000</b>	<b>2,134,000</b>	<b>2,220,000</b>	<b>2,309,000</b>	<b>2,401,000</b>	<b>2,497,000</b>	<b>2,598,000</b>	<b>2,702,000</b>	<b>2,810,000</b>
<b>Projected Cumulative Ending Fund Balance</b>	<b>\$ 2,072,000</b>	<b>\$ 2,134,000</b>	<b>\$ 2,220,000</b>	<b>\$ 2,309,000</b>	<b>\$ 2,401,000</b>	<b>\$ 2,497,000</b>	<b>\$ 2,598,000</b>	<b>\$ 2,702,000</b>	<b>\$ 2,810,000</b>	<b>\$ 2,810,000</b>

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

Description	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
<b>Other Cash Inflows</b>										
Investment Income	83,000	57,000	58,000	59,000	60,000	61,000	63,000	64,000	65,000	67,000
Transfer from Operating Fund	-	-	-	-	-	-	-	-	-	-
<b>Total Other Cash Inflows</b>	<b>83,000</b>	<b>57,000</b>	<b>58,000</b>	<b>59,000</b>	<b>60,000</b>	<b>61,000</b>	<b>63,000</b>	<b>64,000</b>	<b>65,000</b>	<b>67,000</b>
<b>Other Cash Outflows</b>										
Transfer to Operating Fund	-	-	-	-	-	-	-	-	-	-
<b>Total Other Cash Outflows</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Other Cash Inflow (Outflow)</b>	<b>83,000</b>	<b>57,000</b>	<b>58,000</b>	<b>59,000</b>	<b>60,000</b>	<b>61,000</b>	<b>63,000</b>	<b>64,000</b>	<b>65,000</b>	<b>67,000</b>
<b>Net Cash Flow</b>	<b>83,000</b>	<b>57,000</b>	<b>58,000</b>	<b>59,000</b>	<b>60,000</b>	<b>61,000</b>	<b>63,000</b>	<b>64,000</b>	<b>65,000</b>	<b>67,000</b>
<b>Projected Beginning Fund Balance</b>	<b>2,755,000</b>	<b>2,838,000</b>	<b>2,895,000</b>	<b>2,953,000</b>	<b>3,012,000</b>	<b>3,072,000</b>	<b>3,133,000</b>	<b>3,196,000</b>	<b>3,260,000</b>	<b>3,325,000</b>
<b>Projected Cumulative Ending Fund Balance</b>	<b>\$ 2,838,000</b>	<b>\$ 2,895,000</b>	<b>\$ 2,953,000</b>	<b>\$ 3,012,000</b>	<b>\$ 3,072,000</b>	<b>\$ 3,133,000</b>	<b>\$ 3,196,000</b>	<b>\$ 3,260,000</b>	<b>\$ 3,325,000</b>	<b>\$ 3,392,000</b>

**Olivenhain Municipal Water District  
Ten Year Fund Balance Forecast  
Pension Stabilization Fund - Wastewater**

Description	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
<b>Other Cash Inflows</b>										
Investment Income	2,000	2,000	2,000	3,000	3,000	4,000	4,000	5,000	5,000	6,000
Transfer from Operating Fund	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
<b>Total Other Cash Inflows</b>	<b>52,000</b>	<b>52,000</b>	<b>52,000</b>	<b>53,000</b>	<b>53,000</b>	<b>54,000</b>	<b>54,000</b>	<b>55,000</b>	<b>55,000</b>	<b>56,000</b>
<b>Other Cash Outflows</b>										
Transfer to OP for PERS ADP	31,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000
<b>Total Other Cash Outflows</b>	<b>31,000</b>	<b>31,000</b>	<b>31,000</b>	<b>31,000</b>	<b>31,000</b>	<b>31,000</b>	<b>31,000</b>	<b>31,000</b>	<b>31,000</b>	<b>31,000</b>
<b>Net Other Cash Inflow (Outflow)</b>	<b>21,000</b>	<b>21,000</b>	<b>21,000</b>	<b>22,000</b>	<b>22,000</b>	<b>23,000</b>	<b>23,000</b>	<b>24,000</b>	<b>24,000</b>	<b>25,000</b>
<b>Net Cash Flow</b>	<b>21,000</b>	<b>21,000</b>	<b>21,000</b>	<b>22,000</b>	<b>22,000</b>	<b>23,000</b>	<b>23,000</b>	<b>24,000</b>	<b>24,000</b>	<b>25,000</b>
<b>Projected Beginning Fund Balance</b>	<b>60,544</b>	<b>81,544</b>	<b>102,544</b>	<b>123,544</b>	<b>145,544</b>	<b>167,544</b>	<b>190,544</b>	<b>213,544</b>	<b>237,544</b>	<b>261,544</b>
<b>Projected Cumulative Ending Fund Balance</b>	<b>\$ 81,544</b>	<b>\$ 102,544</b>	<b>\$ 123,544</b>	<b>\$ 145,544</b>	<b>\$ 167,544</b>	<b>\$ 190,544</b>	<b>\$ 213,544</b>	<b>\$ 237,544</b>	<b>\$ 261,544</b>	<b>\$ 286,544</b>

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

Description	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
<b>Other Cash Inflows</b>										
Investment Income	264,000	242,000	222,000	166,000	147,000	108,000	106,000	120,000	134,000	159,000
Capacity Fees	-	-	-	-	-	-	-	-	-	-
Transfer from WW-Op, Bond Proceeds	-	6,402,500	-	-	-	-	-	-	-	-
Transfer From Rate Stabilization Fund	1,000,000	-	-	-	-	-	-	-	-	-
Required Transfer from Operations	3,226,000	1,066,000	1,213,000	1,392,000	1,705,000	1,874,000	2,052,000	2,243,000	2,445,000	2,769,000
<b>Total Other Cash Inflows</b>	<b>4,490,000</b>	<b>7,710,500</b>	<b>1,435,000</b>	<b>1,558,000</b>	<b>1,852,000</b>	<b>1,982,000</b>	<b>2,158,000</b>	<b>2,363,000</b>	<b>2,579,000</b>	<b>2,928,000</b>
<b>Other Cash Outflows</b>										
Capital Item Purchases	46,000	50,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Capital Projects (see next page for detail)	5,503,000	4,070,000	1,984,000	4,039,000	2,779,000	3,886,000	2,166,000	1,575,000	1,805,000	1,568,000
Transfer to Rate Stabilization Fund	-	350,000	350,000	300,000	-	-	-	-	-	-
Other Non-Operating Expenses	-	-	-	-	-	-	-	-	-	-
<b>Total Other Cash Outflows</b>	<b>5,549,000</b>	<b>4,470,000</b>	<b>2,409,000</b>	<b>4,414,000</b>	<b>2,854,000</b>	<b>3,961,000</b>	<b>2,241,000</b>	<b>1,650,000</b>	<b>1,880,000</b>	<b>1,643,000</b>
<b>Net Other Cash Inflow (Outflow)</b>	<b>(1,059,000)</b>	<b>3,240,500</b>	<b>(974,000)</b>	<b>(2,856,000)</b>	<b>(1,002,000)</b>	<b>(1,979,000)</b>	<b>(83,000)</b>	<b>713,000</b>	<b>699,000</b>	<b>1,285,000</b>
<b>Net Cash Flow</b>	<b>(1,059,000)</b>	<b>3,240,500</b>	<b>(974,000)</b>	<b>(2,856,000)</b>	<b>(1,002,000)</b>	<b>(1,979,000)</b>	<b>(83,000)</b>	<b>713,000</b>	<b>699,000</b>	<b>1,285,000</b>
<b>Projected Beginning Fund Balance</b>	<b>10,136,000</b>	<b>9,077,000</b>	<b>12,317,500</b>	<b>11,343,500</b>	<b>8,487,500</b>	<b>7,485,500</b>	<b>5,506,500</b>	<b>5,423,500</b>	<b>6,136,500</b>	<b>6,835,500</b>
<b>Projected Cumulative Ending Fund Balance</b>	<b>\$ 9,077,000</b>	<b>\$12,317,500</b>	<b>\$11,343,500</b>	<b>\$ 8,487,500</b>	<b>\$ 7,485,500</b>	<b>\$ 5,506,500</b>	<b>\$ 5,423,500</b>	<b>\$ 6,136,500</b>	<b>\$ 6,835,500</b>	<b>\$ 8,120,500</b>



**Olivenhain Municipal Water District**  
**10 Year Capital Spending Plan**  
**Capital Improvement Fund - Wastewater**

	Project Description	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
(1)	Headworks Screening System Improvements	1,034,000	1,890,000	-	-	-	-	-	-	-	-
(1)	District-Wide PLC Replacements (WW)	1,261,000	-	-	-	-	-	-	-	-	-
(1)	Rehab Neighborhood 1 Pump Station	1,903,000	-	-	-	-	-	-	-	-	-
(1)	Replace Existing 75 HP Digester Blower	263,000	-	-	-	-	-	-	-	-	-
(1)	Replace Overflow Pond Strainer	37,000	-	-	-	-	-	-	-	-	-
	4S WRF SCADA Upgrades (Inductive Automation)	16,000	-	-	-	-	-	-	-	-	-
	Off-Spec and High Flow Diversion Pipeline	366,000	25,000	-	-	-	-	-	-	-	-
	Del Dios SPS Structural Improvements	139,000	634,000	-	-	-	-	-	-	-	-
	Replace Main Switchboard S (MSB-S) and Automatic Transfer Switch	113,000	659,000	-	-	-	-	-	-	-	-
	Replace WRF Electrical Conduits, Enclosures, and Lighting	32,000	188,000	-	-	-	-	-	-	-	-
	Fleet Electrification (WW)	15,000	187,000	748,000	-	-	-	-	-	-	-
	Neighborhood #3 Liner Improvements	-	84,000	-	-	-	-	-	-	-	-
	Replace RAS Pump Station Suction Valves	-	-	68,000	-	-	-	-	-	-	-
	Chemical Area Upgrades	-	-	55,000	-	-	-	-	-	-	-
	Rehabilitation of Generator Enclosure Top	-	-	13,000	-	-	-	-	-	-	-
	Cielo SPS Flow Meters	-	-	120,000	-	-	130,000	-	-	-	-
	Del Dios SPS Improvements	-	-	552,000	3,223,000	-	-	-	-	-	-
	Midpoint SPS Improvements	-	-	-	319,000	1,860,000	-	-	-	-	-
	Neighborhood #3 SPS Improvements	-	-	-	-	373,000	2,179,000	-	-	-	-
	Wastewater Master Plan Update	-	-	-	-	-	500,000	-	-	-	-
	Replace Roll-up doors	-	-	-	-	-	136,000	-	-	-	-
	Upgrade Headworks Odor Control Scrubber	-	-	-	-	-	231,000	1,346,000	-	-	-
	Fire House Pump Station Replacements	-	-	-	-	-	-	87,000	509,000	-	-
	Biological Treatment Upgrade (Process Study & Pre-Design)	-	-	-	-	-	-	-	150,000	-	-
	Santaluz Pump Station Improvements	-	-	-	-	-	-	-	160,000	933,000	-
	Site Paving Improvements	-	-	-	-	-	-	-	-	94,000	201,000
	Upgrade Plant B Oxidation Ditch Aeration System	-	-	-	-	-	-	-	-	-	303,000
	Connect Plant B clarifier splitter box to Plant A Clarifiers	-	-	-	-	-	-	-	-	-	190,000
	Cerro Del Sol #1 and Cerro Del Sol #2 Pump Station Improvements	-	-	-	-	-	-	-	-	-	41,000
	Avenida Apice and Avenida Orilla Pump Station Improvements	-	-	-	-	-	-	-	-	-	33,000
	4S WRF Physical Security Upgrades	18,000	18,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000
	Small Pump and Motor Replacement Program	120,000	128,000	136,000	143,000	151,000	159,000	164,000	169,000	174,000	179,000
	Miscellaneous Equipment Replacement Program	18,000	18,000	21,000	24,000	27,000	10,000	10,000	11,000	11,000	11,000
	Collection System Pipeline Rehabilitation and Replacement	75,000	78,000	80,000	82,000	85,000	87,000	90,000	93,000	96,000	99,000
	Collection System Manhole Rehabilitation Program	43,000	71,000	74,000	76,000	78,000	80,000	83,000	86,000	88,000	91,000
	Pump Station Rehabilitation and Maintenance Program	50,000	75,000	78,000	80,000	82,000	84,000	87,000	90,000	92,000	95,000
	Valve and Gate Replacement Program	-	15,000	30,000	45,000	60,000	77,000	80,000	82,000	85,000	87,000
	Instrumentation Replacement Program	-	-	-	15,000	24,000	50,000	52,000	53,000	55,000	56,000
	Mechanical and Yard Piping Replacement Program	-	-	-	23,000	30,000	116,000	119,000	123,000	127,000	130,000
	Plant A Rehabilitation	-	-	-	-	-	38,000	39,000	40,000	41,000	43,000
	<b>Total</b>	<b>\$ 5,503,000</b>	<b>\$ 4,070,000</b>	<b>\$ 1,984,000</b>	<b>\$ 4,039,000</b>	<b>\$ 2,779,000</b>	<b>\$ 3,886,000</b>	<b>\$ 2,166,000</b>	<b>\$ 1,575,000</b>	<b>\$ 1,805,000</b>	<b>\$ 1,568,000</b>

Source: Capital Projects Budget for Fiscal Year Ended June 30, 2025

(1) These projects are carried over from the prior year and have incurred costs prior to FYE 2025

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

Description	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
<b>Other Cash Inflows</b>										
Investment Income	6,000	7,000	7,000	7,000	7,000	8,000	8,000	8,000	8,000	8,000
Benefit Assessment Revenues	977,000	977,000	961,000	962,000	963,000	962,000	-	-	-	-
Administrative Fee Revenues	62,000	62,000	62,000	62,000	62,000	62,000	62,000	62,000	62,000	62,000
Debt Service Payments - 2015A Refunding Bond	2,414,000	2,407,000	2,405,000	2,404,000	-	-	-	-	-	-
Debt Service Payments - 2016A Refunding Bond	978,000	977,000	975,000	978,000	974,000	974,000	977,000	975,000	975,000	975,000
Transfer from Pot. Operating Fund for 2012 SRF	1,070,000	1,070,000	1,070,000	1,070,000	1,070,000	1,070,000	1,070,000	1,070,000	1,070,000	1,070,000
Transfer from Pot. Operating Fund for 2021A Bonds	310,000	310,000	310,000	309,000	310,000	310,000	310,000	310,000	310,000	310,000
Transfer from Pot. Operating Fund for 2021B Bonds	487,000	487,000	487,000	487,000	-	-	-	-	-	-
Transfer from Sewer Operating Fund for 2021B Bonds	122,000	122,000	122,000	122,000	-	-	-	-	-	-
Transfer from Sewer Operating Fund for 2026 WW Bonds	-	423,000	423,000	423,000	423,000	423,000	423,000	423,000	423,000	423,000
Transfer from Pot. Operating Fund for 2027 WaterProposed	-	-	-	-	-	-	-	3,318,000	3,318,000	3,318,000
Transfer from Pot. Operating Fund for 2012 SRF Reserve	107,000	107,000	-	-	-	-	-	-	-	-
Impact Charge Rev and Post-Financing Payoff	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
<b>Total Other Cash Inflows</b>	<b>6,545,000</b>	<b>6,961,000</b>	<b>6,834,000</b>	<b>6,836,000</b>	<b>3,821,000</b>	<b>3,821,000</b>	<b>2,862,000</b>	<b>6,178,000</b>	<b>6,178,000</b>	<b>6,178,000</b>
<b>Other Cash Outflows</b>										
Debt Service Payments - RAD 96-1	970,000	972,000	961,000	962,000	963,000	962,000	-	-	-	-
Debt Service Payments - 2015A Refunding Bond	2,414,000	2,407,000	2,405,000	2,404,000	-	-	-	-	-	-
Debt Service Payments - 2016A Refunding Bond	978,000	977,000	975,000	978,000	974,000	974,000	977,000	975,000	975,000	975,000
Debt Service Payments - 2012 SRF	1,070,000	1,070,000	1,070,000	1,070,000	1,070,000	1,070,000	1,070,000	1,070,000	1,070,000	1,070,000
Debt Service Payments - 2021A Sewer Revenue Bonds	310,000	310,000	310,000	309,000	310,000	310,000	310,000	310,000	310,000	310,000
Debt Service Payments - 2021B Sewer Revenue Bonds	609,000	609,000	609,000	609,000	-	-	-	-	-	-
Debt Service Payments - 2026 Sewer Revenue Bonds	-	423,000	423,000	423,000	423,000	423,000	423,000	423,000	423,000	423,000
Debt Service Payments - 2030 Water Proposed Debt	-	-	-	-	-	-	-	3,318,000	3,318,000	3,318,000
Other Expenses	87,000	90,000	93,000	96,000	99,000	102,000	105,000	108,000	111,000	114,000
<b>Total Other Cash Outflows</b>	<b>6,438,000</b>	<b>6,858,000</b>	<b>6,846,000</b>	<b>6,851,000</b>	<b>3,839,000</b>	<b>3,841,000</b>	<b>2,885,000</b>	<b>6,204,000</b>	<b>6,207,000</b>	<b>6,210,000</b>
<b>Net Other Cash Inflow (Outflow)</b>	<b>107,000</b>	<b>103,000</b>	<b>(12,000)</b>	<b>(15,000)</b>	<b>(18,000)</b>	<b>(20,000)</b>	<b>(23,000)</b>	<b>(26,000)</b>	<b>(29,000)</b>	<b>(32,000)</b>
<b>Net Cash Flow</b>	<b>107,000</b>	<b>103,000</b>	<b>(12,000)</b>	<b>(15,000)</b>	<b>(18,000)</b>	<b>(20,000)</b>	<b>(23,000)</b>	<b>(26,000)</b>	<b>(29,000)</b>	<b>(32,000)</b>
<b>Projected Beginning Fund Balance</b>	<b>2,164,089</b>	<b>2,271,089</b>	<b>2,374,089</b>	<b>2,362,089</b>	<b>2,347,089</b>	<b>2,329,089</b>	<b>2,309,089</b>	<b>2,286,089</b>	<b>2,260,089</b>	<b>2,231,089</b>
<b>Projected Cumulative Ending Fund Balance</b>	<b>\$ 2,271,089</b>	<b>\$ 2,374,089</b>	<b>\$ 2,362,089</b>	<b>\$ 2,347,089</b>	<b>\$ 2,329,089</b>	<b>\$ 2,309,089</b>	<b>\$ 2,286,089</b>	<b>\$ 2,260,089</b>	<b>\$ 2,231,089</b>	<b>\$ 2,199,089</b>

## OPERATING BUDGET OVERVIEW

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

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

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

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

### Water (Potable) System

Fiscal Years 2025 and 2026 water sales volumes are projected conservatively, based on the average of Calendar Years 2022 and 2023 water consumption. The San Diego region has experienced significant rainfall over the last two fiscal periods due to El Nino' weather conditions which reduced water demand from OMWD customers. Weather conditions for the San Diego region is expected to return to more "normal" rainfall conditions as we transition out of the El Nino' weather pattern. Fiscal Year 2026 water sales projection will be updated at the midterm budget review process and reviewed with the Board in spring 2025.

The above average rainfall the last two years has brought the San Diego region out of previous drought conditions and filled the local and state reservoirs. However, a significant portion of the local water supply is provided from the Colorado river and State Water Project resources. Several of the major reservoirs fed by these two sources, such as Lake Mead and Lake Powell, remain critically low. Currently, no mandatory restrictions are in place for the state of California and there are no immediate concerns of water supply for the San Diego region. The SWRCB may require all agencies to mandatorily move to Level 2 in the future if water restrictions become necessary. When San Diego County Water Authority declares Level 2 demand reduction actions for the region followed by the State of California's issuance of mandatory cut back on water use, the District's Demand Reduction Rate Adjustments may be implemented at the Board's discretion to achieve the required level of water cutback. The District's Demand Reduction Rate Adjustments would increase the District's current commodity rates, depending on demand reduction levels, i.e. 10%, 20% or 30%, as necessary to achieve full cost recovery of the District's revenue requirement.

Water services include reading meters and billing water usage on a monthly basis, a backflow prevention program, a meter maintenance program, water quality services, and other on-site

services as requested by customers such as testing meters for accuracy and checking for water leaks. More detailed information on financial assumptions used to forecast the District's water operating revenues and expenditures can be found in the Revenue by Fund and Expenses by Fund subsections of the operating budget section of this document.

The District is at approximately 95% of its ultimate build-out. Several water facilities which were added and have been placed into service are now due for replacement and/or betterment to protect rate payers investment in the District's planned capital improvement program. These projects, which are considered critical, have been prioritized in the budget to start and be completed in the next 2-3 years.

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

### **Wastewater System**

The District provides wastewater collection and treatment services in the 4S Ranch and Rancho Cielo areas. The coverage areas are comprised of 5,465 residential customers and 89 commercial and industrial customers. The 4S Ranch and Rancho Cielo areas cover approximately 5,300 acres and will contain 7,450 equivalent dwelling units (EDUs) at build out. The District currently provides wastewater collection and treatment services to approximately 7,330 EDUs in 4S Ranch and Rancho Cielo areas. The District is expected to begin providing wastewater service to nearly 120 additional EDUs from annexed properties in the next few years.

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

### **Recycled Water System**

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

#### Southeast Quadrant:

About 30% of total District Recycled water demand, or 720 AF, is in the Southeast quadrant. The 4S WRF delivers approximately 500AF of recycled water demand in the Southeast quadrant to supply recycled water to golf courses, parks, schools, and greenbelts within the 4S Ranch, Santa Fe Valley, Crosby, and The Lakes areas. The District also purchases recycled water from Rancho Santa Fe CSD to meet demand in the quadrant. The construction of the 4S Ranch regional recycled water system was financed primarily through the issuance of \$13.95 million in taxable, variable rate bonds in July 2002. Federal and State grants from the U.S. Bureau of Reclamation and the State Water Resources

Control Board were also received to finance the construction of this project. The 2002 variable rate taxable bonds were paid off in April 2011.

### Northwest Quadrant:

About 70% of total recycled water sales, or approximately 1,690 AF, is in the Northwest Quadrant. The District purchases recycled water from SEJPA and Vallecitos Water District to meet recycled water demand in this quadrant. Renegotiation of the existing recycled water agreement is underway and is expected to be completed in Fiscal Year 2025.

In the northwest portion of the District's service area, the Northwest Quadrant recycled water system Phase I was completed in May 2009. This project allowed the District to take delivery of recycled water from neighboring agencies to meet irrigation water demand, thus reducing potable water demand. The completion of phase 2 of the Village Park Recycled Water Project during Fiscal Year 2017 increased the District's capability of delivering up to 500 additional acre-feet of recycled water per year to its customers. Additionally, the more recent completion of the Manchester Recycled Water Pipeline project and ongoing expansion projects to the extend the recycled water infrastructure into the Calle Barcelona and Village Park areas will allow the District to convert more customers to recycled water, further reducing reliance on potable water for irrigation purposes.

### **Operating Budget**

The operating budget contains information about the District's revenues and expenditures with descriptions and summaries of major budget elements and variances for Fiscal Years 2025 and 2026 compared to prior Fiscal Years 2024 operating budget and 2023 actuals.

The District's Operating Budget for Fiscal Years 2025 and 2026 were developed based on revenue assumptions and expenditure assumptions. Changes to the assumptions used in the Budget will be reviewed with the finance committee and the Board at the midterm budget review prior to Spring 2025.

The Operating Budget is divided into three sections as follows:

**Summary** – contains summaries of the District's budgeted revenues and expenditures for Fiscal Years 2025 and 2026 by fund type.

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

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

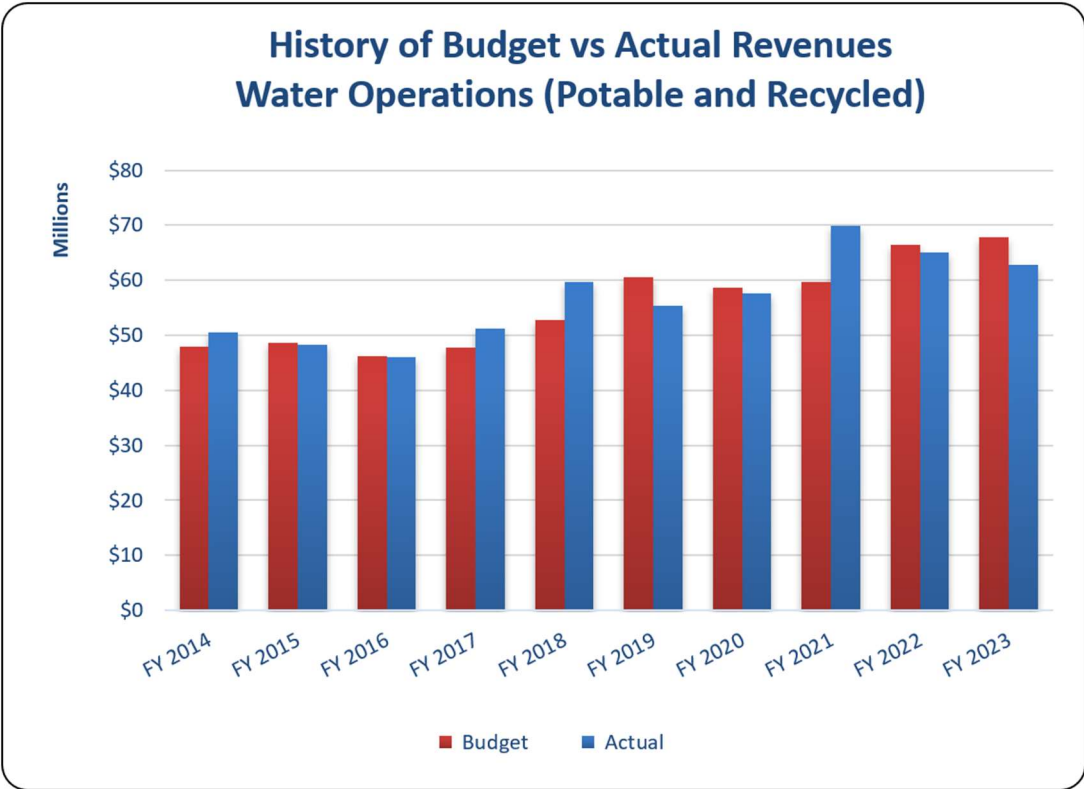
As of the writing of this document, future increases in purchased water costs from SDCWA have not been adopted. The Budget assumes increases to purchased water costs would be passed through to rate payers.

### **Cost Allocation Plan**

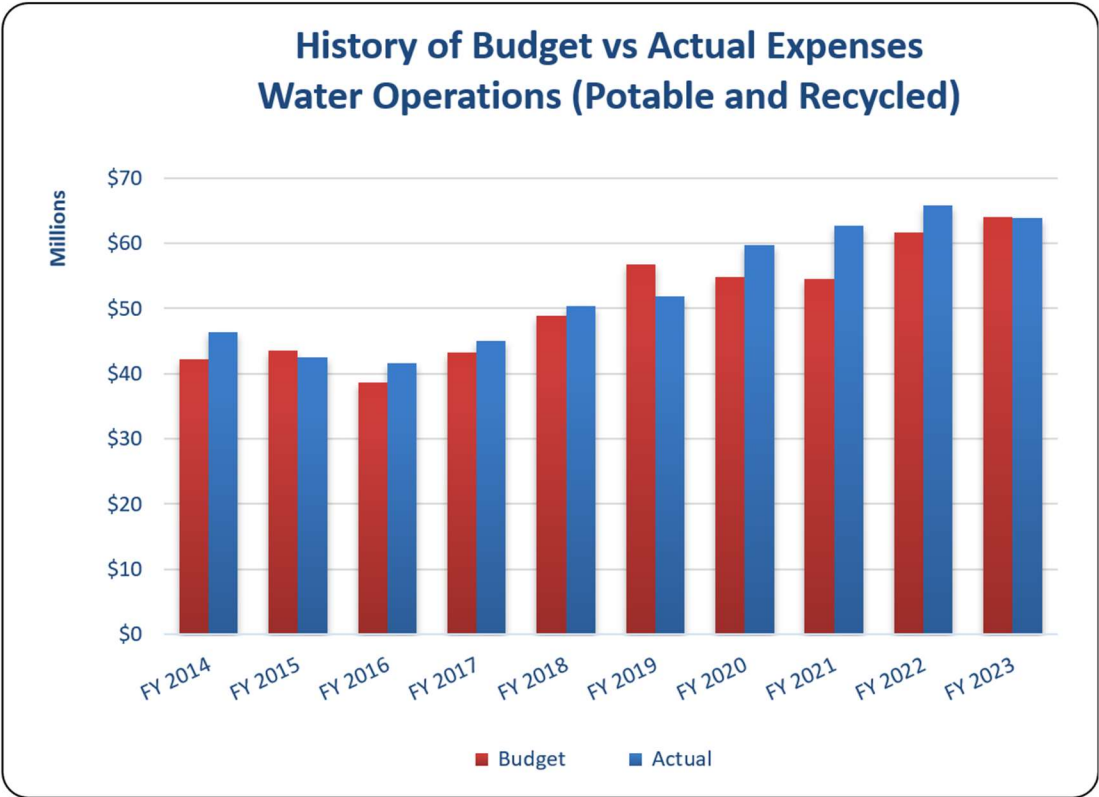
The District prepares and updates its cost allocation plan at the beginning of each Fiscal Year using eCivis software to calculate its indirect cost rate. Having a cost allocation plan and indirect cost rates in place allows the District to maximize funding, especially grant revenues.

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

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



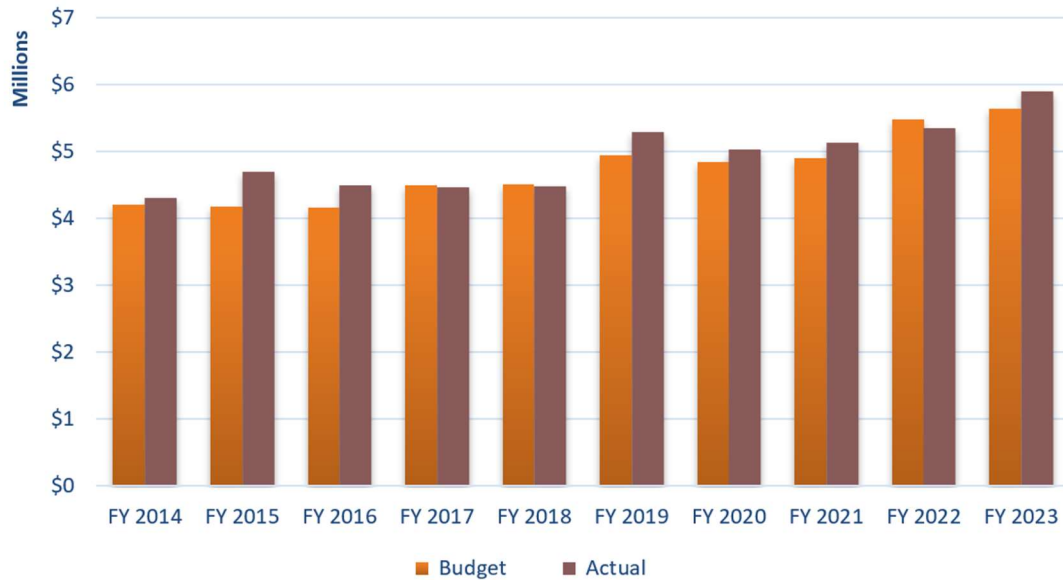
*This chart depicts a summary comparison of the District’s historical operating revenues to the approved budgeted revenue projections for the Water Operating Funds*



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

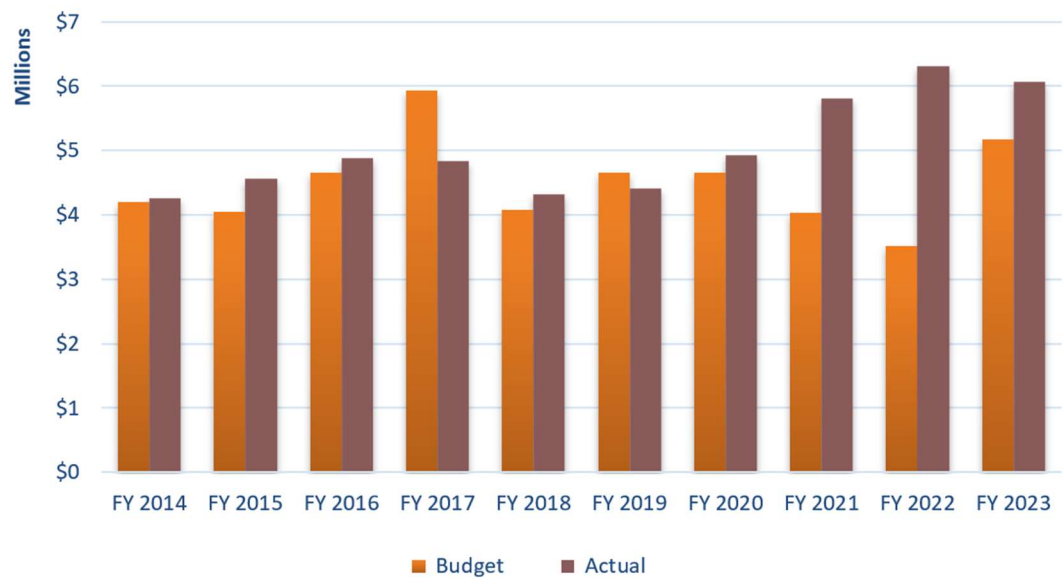


### History of Budget vs Actual Revenues Wastewater Operations

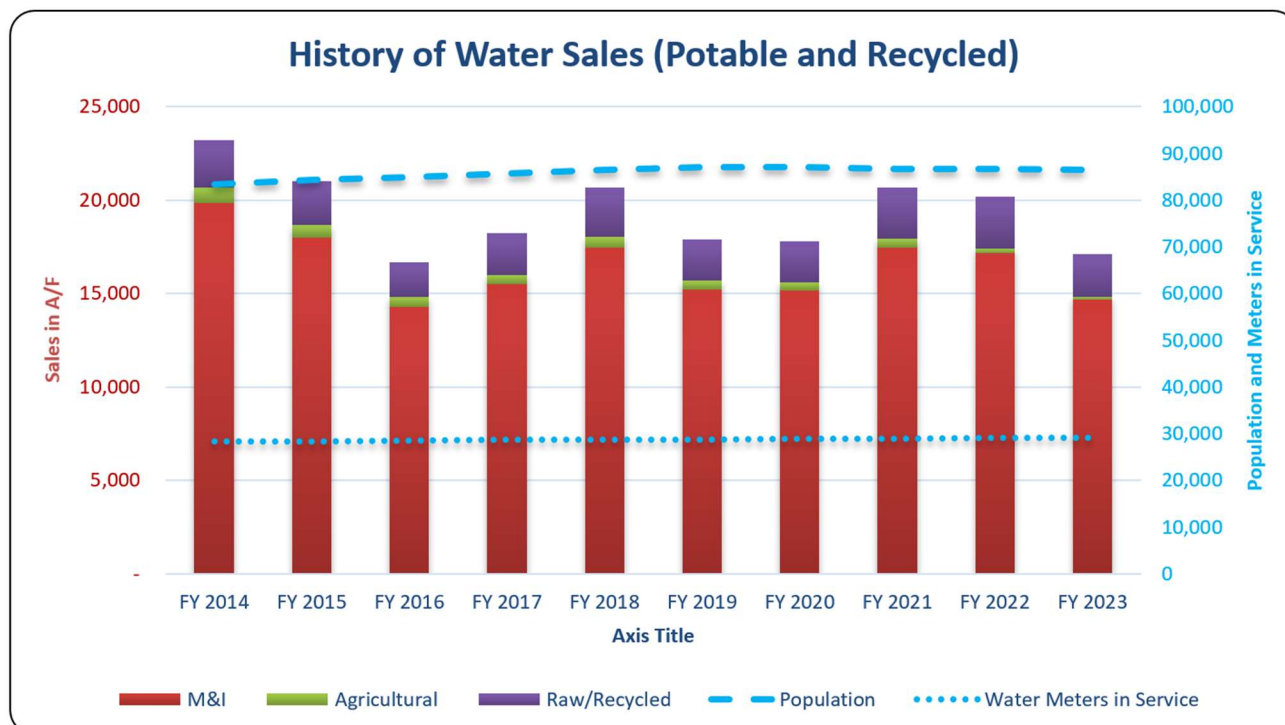


*This chart depicts a summary comparison of the District's historical operating revenues to the approved budgeted revenue projections for the Wastewater Operating Funds.*

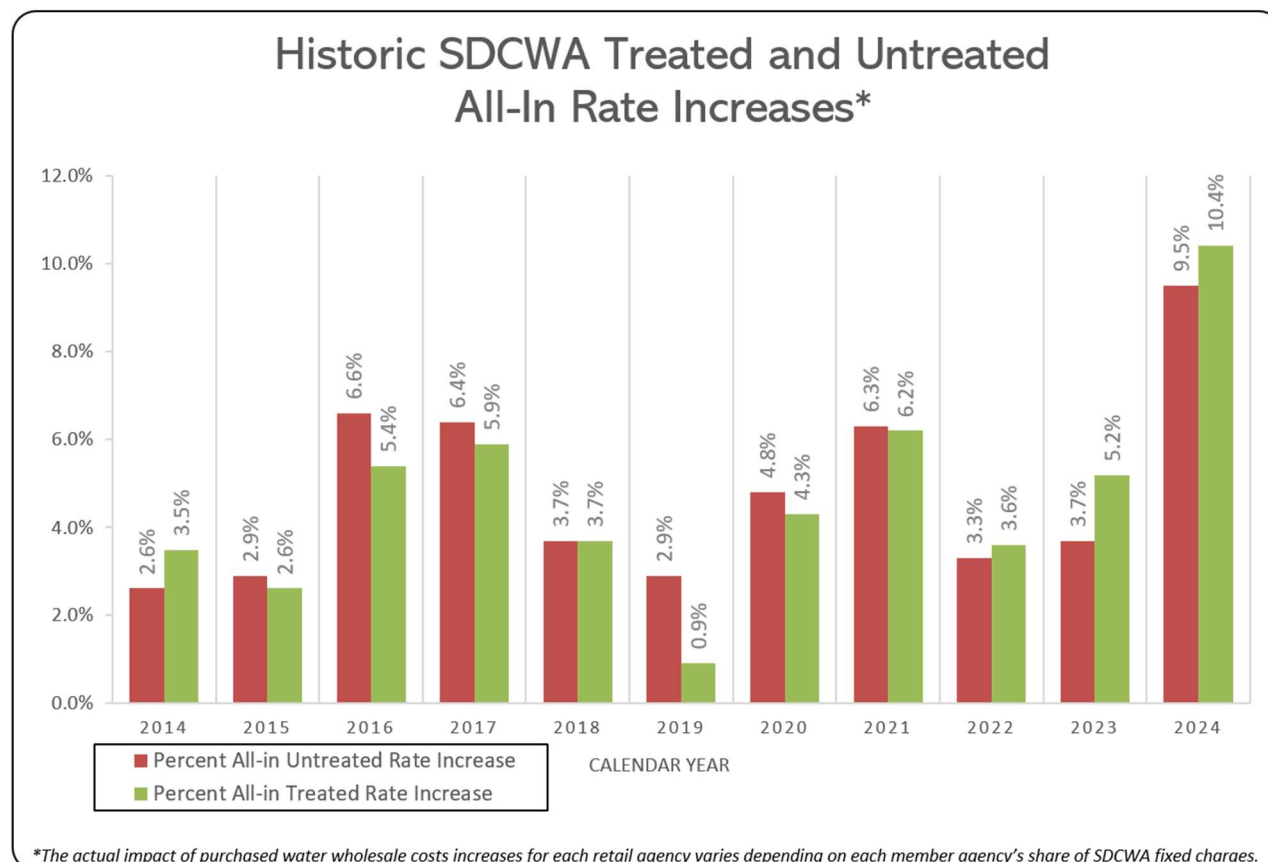
### History of Budget vs Actual Expenses Wastewater Operations



*This chart depicts a summary comparison of the District's historical operating expenditures to budgeted expenditure projections for the Wastewater Operating Funds. Budget variances are due to recordation of accrued expenses accounting adjustments at year-end and fluctuations in annual PAYGO transfers to fund future capital expenditures.*



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



*This chart depicts the historical and projected rate increases for treated and untreated water imposed by the District's water wholesaler, the San Diego County Water Authority.*

**Olivenhain Municipal Water District  
Operating Budget Summary - All Funds  
Fiscal Years Ending 2025 & 2026**

Description	FYE 2023 Actual	FYE 2024 Approved*	FYE 2025 Proposed	% Change From FYE '24 Approved*	FYE 2026 Proposed	% Change From FYE '25 Proposed
<b><u>Operating Revenues</u></b>						
Potable Water Operations	50,523,048	58,721,000	61,153,000	4.14%	65,815,000	7.62%
Wastewater Operations	5,621,985	5,390,000	5,725,000	6.22%	6,040,000	5.50%
Recycled Water Operations	4,195,495	5,645,000	5,365,000	-4.96%	5,738,000	6.95%
<b>Total Operating Revenues</b>	<b>60,340,528</b>	<b>69,756,000</b>	<b>72,243,000</b>	<b>3.57%</b>	<b>77,593,000</b>	<b>7.41%</b>
<b><u>Non-operating Revenues</u></b>						
Fund Potable Water - Property Tax	4,577,755	4,250,000	4,600,000	8.24%	4,650,000	1.09%
Water - Investment and Other **	2,154,473	2,321,200	2,689,000	15.85%	1,343,000	-50.06%
Debt Service	1,269,218	1,044,000	1,057,000	1.25%	1,061,000	0.38%
Wastewater - Investment and Other **	77,675	29,000	145,000	400.00%	101,000	-30.34%
Recycled - Investment and Other	238,091	225,000	342,000	52.00%	252,000	-26.32%
Capital Contributions from Others***	5,227,059	3,227,000	3,229,000	0.06%	2,128,000	-34.10%
<b>Total Revenues</b>	<b>73,884,799</b>	<b>80,852,200</b>	<b>84,305,000</b>	<b>4.27%</b>	<b>87,128,000</b>	<b>3.35%</b>
<b><u>Operating Expenses</u></b>						
<i>Purchased Potable Water Cost</i>	<i>28,174,119</i>	<i>31,775,000</i>	<i>34,740,000</i>	<i>9.33%</i>	<i>37,036,000</i>	<i>6.61%</i>
<i>Purchased Recycled Water Cost, net of credit</i>	<i>1,435,662</i>	<i>1,470,000</i>	<i>2,117,000</i>	<i>44.01%</i>	<i>1,721,000</i>	<i>-18.71%</i>
Potable Water Operations	19,350,887	22,665,300	23,864,500	5.29%	25,308,000	6.05%
Wastewater Operations	2,855,855	3,269,000	3,397,000	3.92%	3,548,000	4.45%
Elfin Forest Recreational Reserve (Park) Operations	387,116	451,000	538,000	19.29%	510,000	-5.20%
Recycled Water Operations	1,151,219	1,293,000	1,252,500	-3.13%	1,306,000	4.27%
Less: Capitalized Operating Expenditures	(2,290,021)	(1,615,000)	(1,975,000)	22.29%	(2,128,000)	7.75%
Transfer To (From) Other Fund Balances	10,190,000	8,700,000	10,327,000	18.70%	9,167,000	-11.23%
<b>Total Operating Expenses</b>	<b>61,254,837</b>	<b>68,008,300</b>	<b>74,261,000</b>	<b>9.19%</b>	<b>76,468,000</b>	<b>2.97%</b>
<b><u>Non-operating Expenses</u></b>						
Loan and Debt Service Payments	6,148,338	6,420,000	6,429,400	0.15%	6,883,500	7.06%
Water Other Non-Operating Expense	1,710,306	523,000	778,000	48.76%	778,000	0.00%
Wastewater Other Non-Operating Expense	133,321	-	-	0.00%	-	0.00%
<b>Total Expenses</b>	<b>69,246,802</b>	<b>74,951,300</b>	<b>81,468,400</b>	<b>8.70%</b>	<b>84,129,500</b>	<b>3.27%</b>
<b>Net Income</b>	<b>4,637,997</b>	<b>5,900,900</b>	<b>2,836,600</b>	<b>-51.93%</b>	<b>2,998,500</b>	<b>5.71%</b>

Notes:

\* Amended budget amounts approved by the Board at mid-year review.

\*\* Includes sale of district parcels, rebates, and investment income on all reserve funds, excluding capital.

\*\*\* Includes cap fees from developers, grant funding and investment income on capital reserve funds.

**Olivenhain Municipal Water District  
Operating Budget Summary by Fund  
Fiscal Years Ending 2025 & 2026**

**Fund: Operating - Water (Potable and Recycled)**

Description	FYE 2023 Actual	FYE 2024 Approved*	FYE 2025 Proposed	% Change From FYE '24 Approved*	FYE 2026 Proposed	% Change From FYE '25 Proposed
<b><u>Operating Revenues</u></b>						
Water Sales	37,503,235	45,715,000	46,817,000 ***	2.41%	50,094,000	7.00%
Other Water Services and Charges	17,215,308	18,651,000	19,701,000	5.63%	21,459,000	8.92%
<b>Total Operating Revenues</b>	<b>54,718,543</b>	<b>64,366,000</b>	<b>66,518,000</b>	<b>3.34%</b>	<b>71,553,000</b>	<b>7.57%</b>
<b><u>Operating Expenses</u></b>						
Purchased Water	29,609,781	33,245,000	36,857,000 ***	10.86%	38,757,000	5.16%
General Manager	1,922,189	2,102,000	2,232,000	6.18%	2,340,000	4.84%
Engineering	2,026,321	2,497,000	2,577,000	3.20%	2,719,000	5.51%
Finance	1,311,694	1,713,000	1,875,000	9.46%	1,917,000	2.24%
Human Resources	709,900	860,300	878,000	2.06%	1,073,000	22.21%
Operations and Maintenance	10,630,534	12,339,000	13,026,000	5.57%	13,659,000	4.86%
Elfin Forest Recreational Reserve (Park) Operations	387,116	451,000	538,000	19.29%	510,000	-5.20%
Customer Services	2,537,670	3,104,000	3,226,500	3.95%	3,550,000	10.03%
Recycled Water Operations	1,151,219	1,293,000	1,252,500	-3.13%	1,306,000	4.27%
Capitalized Operating Expenditures	(2,890,811)	(2,190,000)	(2,513,000)	14.75%	(2,660,000)	5.85%
Other Operating Expenses	212,580	50,000	50,000	0.00%	50,000	0.00%
Fund Transfer**	8,600,000	7,600,000	7,082,000	-6.82%	8,082,000	14.12%
<b>Total Operating Expenses</b>	<b>56,208,192</b>	<b>63,064,300</b>	<b>67,081,000</b>	<b>6.37%</b>	<b>71,303,000</b>	<b>6.29%</b>
<b><u>Non-operating Revenues</u></b>						
Investment Income	1,168,180	501,000	685,000	36.73%	506,000	-26.13%
Property Tax Revenue	4,577,755	4,250,000	4,600,000	8.24%	4,650,000	1.09%
Other Non Operating Revenues	1,055,197	1,820,200	1,986,000	9.11%	852,000	-57.10%
<b>Total Non-operating Revenues</b>	<b>6,801,132</b>	<b>6,571,200</b>	<b>7,271,000</b>	<b>10.65%</b>	<b>6,008,000</b>	<b>-17.37%</b>
<b><u>Non-operating Expenses</u></b>						
Other Non-Operating Expenses	1,470,608	493,000	748,000	51.72%	748,000	0.00%
Loss disposal of Fixed Assets	148,023	-	-	0.00%	-	0.00%
Non-Operating Labor	-	-	-	0.00%	-	0.00%
<b>Total Non-operating Expenses</b>	<b>1,618,631</b>	<b>493,000</b>	<b>748,000</b>	<b>0.52</b>	<b>748,000</b>	<b>-</b>
<b>Net Income Before Debt Service</b>	<b>3,692,852</b>	<b>7,379,900</b>	<b>5,960,000</b>	<b>-19.24%</b>	<b>5,510,000</b>	<b>-7.55%</b>

\* Amended budget amounts approved by the Board.

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

\*\*\* Subject to change

Olivenhain Municipal Water District  
Operating Budget Summary by Fund  
Fiscal Years Ending 2025 & 2026

**Fund: Rate Stabilization - Water**

Description	FYE 2023 Actual	FYE 2024 Approved*	FYE 2025 Proposed	% Change From FYE '24 Approved*	FYE 2026 Proposed	% Change From FYE '25 Proposed
<b><u>Operating Revenues</u></b>						
Total Operating Revenues	-	-	-	0.00%	-	0.00%
<b><u>Operating Expenses</u></b>						
Transfer to Operating Fund						
Total Operating Expenses	-	-	-	0.00%	-	0.00%
<b><u>Non-operating Revenues</u></b>						
Investment Income	166,067	225,000	333,000	48.00%	214,000	-35.74%
Total Non-operating Revenues	166,067	225,000	333,000	48.00%	214,000	-35.74%
<b><u>Non-operating Expenses</u></b>						
Total Non-operating Expenses	-	-	-	-	-	-
Net Income	166,067	225,000	333,000	48.00%	214,000	-35.74%

\* Amended budget amounts approved by the Board.

Olivenhain Municipal Water District  
Operating Budget Summary by Fund  
Fiscal Years Ending 2025 & 2026

Fund: Pension Stabilization - Water

Description	FYE 2023 Actual	FYE 2024 Approved*	FYE 2025 Proposed	% Change From FYE '24 Approved*	FYE 2026 Proposed	% Change From FYE '25 Proposed
<b><u>Operating Revenues</u></b>						
Total Operating Revenues	-	-	-	0.00%	-	0.00%
<b><u>Operating Expenses</u></b>						
Transfer to Operating Fund						
Total Operating Expenses	-	-	-	0.00%	-	0.00%
<b><u>Non-operating Revenues</u></b>						
Investment Income	3,120	-	27,000	0.00%	23,000	-14.81%
Total Non-operating Revenues	3,120	-	27,000	0.00%	23,000	-14.81%
<b><u>Non-operating Expenses</u></b>						
Total Non-operating Expenses	-	-	-	-	-	-
Net Income	3,120	-	27,000	0.00%	23,000	-14.81%

\* Amended budget amounts approved by the Board.

**Olivenhain Municipal Water District  
Operating Budget Summary by Fund  
Fiscal Years Ending 2025 & 2026**

**Fund: Wastewater Operations**

Description	FYE 2023 Actual	FYE 2024 Approved*	FYE 2025 Proposed	% Change From FYE '24 Approved*	FYE 2026 Proposed	% Change From FYE '25 Proposed
<b><u>Operating Revenues</u></b>						
Wastewater Services	5,621,985	5,390,000	5,725,000	6.22%	6,040,000	5.50%
<b>Total Operating Revenues</b>	<b>5,621,985</b>	<b>5,390,000</b>	<b>5,725,000</b>	<b>6.22%</b>	<b>6,040,000</b>	<b>5.50%</b>
<b><u>Operating Expenses</u></b>						
Wastewater Operations	2,855,855	3,269,000	3,397,000	3.92%	3,548,000	4.45%
Capitalized Operating Expenditures	600,790	575,000	538,000	-6.43%	532,000	-1.12%
Fund Transfer**	1,590,000	1,100,000	3,245,000	195.00%	1,085,000	-66.56%
<b>Total Operating Expenses</b>	<b>5,046,645</b>	<b>4,944,000</b>	<b>7,180,000</b>	<b>45.23%</b>	<b>5,165,000</b>	<b>-28.06%</b>
<b><u>Non-operating Revenues</u></b>						
Investment Income	34,309	17,000	60,000	252.94%	42,000	-30.00%
Standby Charges	-	-	-	0.00%	-	0.00%
Other Non-Operating Revenues	-	-	-	0.00%	-	0.00%
<b>Total Non-operating Revenues</b>	<b>34,309</b>	<b>17,000</b>	<b>60,000</b>	<b>252.94%</b>	<b>42,000</b>	<b>-30.00%</b>
<b><u>Non-operating Expenses</u></b>						
Other Non-Operating Expenses	-	-	-	0.00%	-	0.00%
<b>Total Non-operating Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>	<b>-</b>	<b>0.00%</b>
<b>Net Income</b>	<b>609,649</b>	<b>463,000</b>	<b>(1,395,000)***</b>	<b>-401.30%</b>	<b>917,000</b>	<b>252.13%</b>

\* Amended budget amounts approved by the Board.

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

\*\*\* Negative balance due to large PAYGO (Fund Transfer) transfer from Operating to Capital as proposed in District's 2024 Wastewater COS study.



Olivenhain Municipal Water District  
Operating Budget Summary by Fund  
Fiscal Years Ending 2025 & 2026

Fund: Rate Stabilization - Wastewater

Description	FYE 2023 Actual	FYE 2024 Approved*	FYE 2025 Proposed	% Change From FYE '24 Approved*	FYE 2026 Proposed	% Change From FYE '25 Proposed
<b><u>Operating Revenues</u></b>						
Total Operating Revenues	-	-	-	0.00%	-	0.00%
<b><u>Operating Expenses</u></b>						
Total Operating Expenses	-	-	-	0.00%	-	0.00%
<b><u>Non-operating Revenues</u></b>						
Investment Income	42,985	12,000	83,000	591.67%	57,000	-31.33%
Total Non-operating Revenues	42,985	12,000	83,000	591.67%	57,000	-31.33%
<b><u>Non-operating Expenses</u></b>						
Total Non-operating Expenses	-	-	-	-	-	-
Net Income	42,985	12,000	83,000	591.67%	57,000	-31.33%

\* Amended budget amounts approved by the Board.

Olivenhain Municipal Water District  
Operating Budget Summary by Fund  
Fiscal Years Ending 2025 & 2026

Fund: Pension Stabilization - Wastewater

Description	FYE 2023 Actual	FYE 2024 Approved*	FYE 2025 Proposed	% Change From FYE '24 Approved*	FYE 2026 Proposed	% Change From FYE '25 Proposed
<b><u>Operating Revenues</u></b>						
Total Operating Revenues	-	-	-	0.00%	-	0.00%
<b><u>Operating Expenses</u></b>						
Total Operating Expenses	-	-	-	0.00%	-	0.00%
<b><u>Non-operating Revenues</u></b>						
Investment Income	381	-	2,000	0.00%	2,000	0.00%
Total Non-operating Revenues	381	-	2,000	0.00%	2,000	0.00%
<b><u>Non-operating Expenses</u></b>						
Total Non-operating Expenses	-	-	-	-	-	-
Net Income	381	-	2,000	0.00%	2,000	0.00%

\* Amended budget amounts approved by the Board.

**Olivenhain Municipal Water District  
Operating Budget Summary by Fund  
Fiscal Years Ending 2025 & 2026**

**Fund: Capital Improvement (All)\*\***

Description	FYE 2023 Actual	FYE 2024 Approved*	FYE 2025 Proposed	% Change From FYE '24 Approved*	FYE 2026 Proposed	% Change From FYE '25 Proposed
<b><u>Operating Revenues</u></b>						
Total Operating Revenues	-	-	-	0.00%	-	0.00%
<b><u>Operating Expenses</u></b>						
Total Operating Expenses	-	-	-	0.00%	-	0.00%
<b><u>Non-operating Revenues</u></b>						
Investment Income	259,181	678,000	1,334,000	96.76%	894,000	-32.98%
Capacity Fee Revenue	1,326,445	115,000	118,000	2.61%	412,000	249.15%
Ordinance 280 Revenue	850	5,000	5,000	0.00%	5,000	0.00%
Anticipated Grant Funds/Capital Cont.	3,640,583	2,429,000	1,772,000	-27.05%	817,000	-53.89%
Total Non-operating Revenues	5,227,059	3,227,000	3,229,000	0.06%	2,128,000	-34.10%
<b><u>Non-operating Expenses</u></b>						
Engineering	-	-	-	-	-	-
Salaries & Wages - Regular	-	-	-	0.00%	-	0.00%
Employee Benefits	-	-	-	0.00%	-	0.00%
Other Non-Operating Expenses	224,996	30,000	30,000	0.00%	30,000	0.00%
Other Non-Labor Expenses	-	-	-	0.00%	-	0.00%
Total Non-operating Expenses	224,996	30,000	30,000	0.00%	30,000	0.00%
Net Income	5,002,063	3,197,000	3,199,000	0.06%	2,098,000	-34.42%

\* Amended budget amounts approved by the Board.

\*\* Include Capital Improvement for Potable, Wastewater and Recycled.

**Olivenhain Municipal Water District  
Operating Budget Summary by Fund  
Fiscal Years Ending 2025 & 2026**

**Fund: Debt Service (All)\*\***

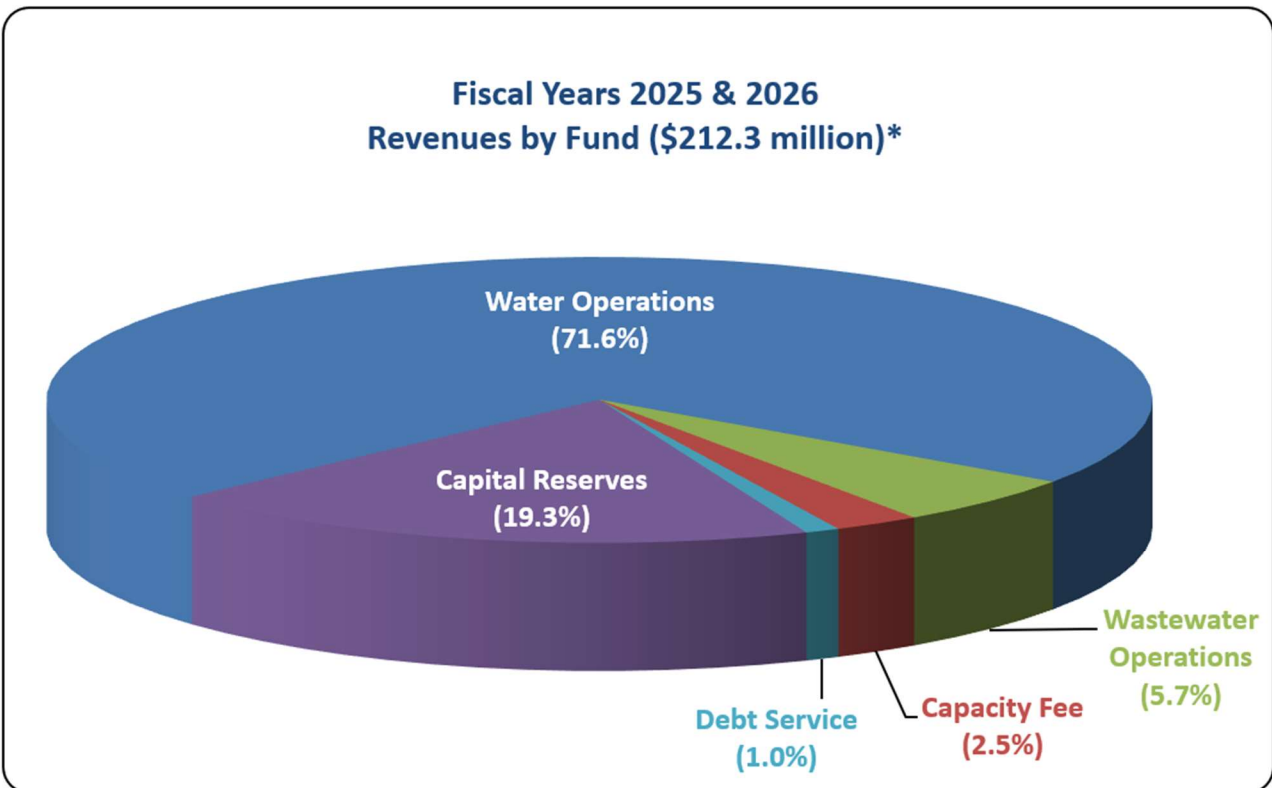
Description	FYE 2023 Actual	FYE 2024 Approved*	FYE 2025 Proposed	% Change From FYE '24 Approved*	FYE 2026 Proposed	% Change From FYE '25 Proposed
<b><u>Operating Revenues</u></b>						
Total Operating Revenues	-	-	-	0.00%	-	0.00%
<b><u>Operating Expenses</u></b>						
Total Operating Expenses	-	-	-	0.00%	-	0.00%
<b><u>Non-operating Revenues</u></b>						
Investment Income	223,903	6,000	6,000	0.00%	7,000	16.67%
RAD 96-1 Benefit Assessment Rev.	984,170	977,000	977,000	0.00%	977,000	0.00%
Administrative Fee Revenues	57,443	49,000	62,000	26.53%	65,000	4.84%
Post-Financing Payoffs	3,243	4,000	4,000	0.00%	4,000	0.00%
Impact Charge Revenues	459	8,000	8,000	0.00%	8,000	0.00%
Total Non-operating Revenues	1,269,218	1,044,000	1,057,000	1.25%	1,061,000	0.38%
<b><u>Non-operating Expenses</u></b>						
Consultants	2,070	-	-	0.00%	35,000	0.00%
Investment Expense	-	-	-	0.00%	-	0.00%
Legal	-	-	-	0.00%	-	0.00%
Bank Svc Chgs	180	-	-	0.00%	-	0.00%
Other admin/gen exp	-	-	-	0.00%	-	0.00%
Outside Service	58,387	62,000	77,000	24.19%	80,000	3.90%
Postage and Shipping	-	-	-	0.00%	-	0.00%
Salaries and Wages	2,145	2,000	2,500	25.00%	2,500	0.00%
Employee Benefits	1,294	1,000	1,500	50.00%	1,500	0.00%
Principal	4,862,729	5,020,000	5,187,000	3.33%	5,462,000	5.30%
Loss on Payoff of Bonds	-	-	-	0.00%	-	0.00%
Interest Expenses	1,215,718	1,329,000	1,155,000	-13.09%	1,296,000	12.21%
Call Fee on Defeased Debt	-	-	-	0.00%	-	0.00%
Amortization	3,502	4,000	4,000	0.00%	4,000	0.00%
Premium/Call Fee Defeased Debt	-	-	-	0.00%	-	0.00%
Fixed Charge County Assessment	2,313	2,000	2,400	20.00%	2,500	4.17%
Other Expenses	-	-	-	0.00%	-	0.00%
Other Non-labor Expenses	-	-	-	0.00%	-	0.00%
Other Labor Expenses	-	-	-	0.00%	-	0.00%
Total Non-operating Expenses	6,148,338	6,420,000	6,429,400	0.15%	6,883,500	7.06%
Net Income ( Loss )	(4,879,120)	(5,376,000)	(5,372,400)	-0.07%	(5,822,500)	8.38%

\* Amended budget amounts approved by the Board.

\*\* Includes RAD 96-1, 2012 State Revolving Fund, 2015A & 2016A Refunding Bonds, 2018 Sewer Revenue Bond.

## Revenues

Total projected revenue for Fiscal Years 2025 and 2026 from all funds is estimated at \$212.3 million. The Potable Water Fund has the largest portion of the District's revenues at approximately 66.1% or \$140.2 million. About 19.3% or \$40.9 million will be a fund transfer from the District's Capital Reserves (PAYGO) to pay for the District's planned capital expenditures for Fiscal Years 2025 and 2026. The remaining 14.7% of revenues will come from Wastewater, Recycled Water, Capacity Fee, and Debt Service funds.



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

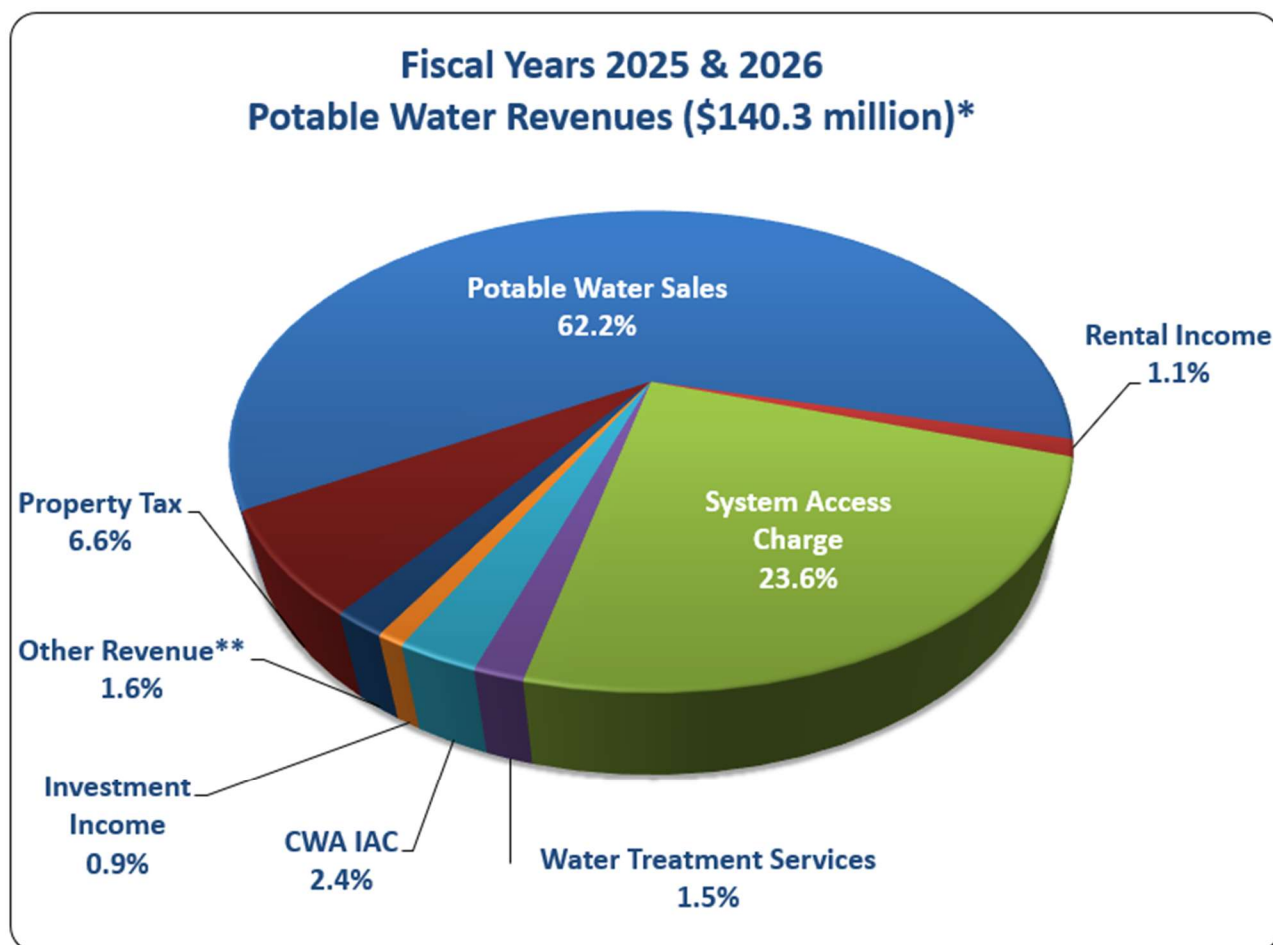
### Water Operations (Potable and Recycled) (71.6%)

#### **Potable Water Fund (66.1%)**

The District completed a Water Financial Plan and Cost of Service study in September of 2019 covering Fiscal Years 2020 through 2024. The objective of this study was to review and evaluate the District's planned water rate increases for the next 5 years. Based on the study, it was concluded that the District would need to adjust its revenue requirements by 3.7% in Fiscal Year 2020, and by 5% per year for Fiscal Years 2021 through 2024 based on projected revenue requirements, capital needs, and debt service coverage over the next five years. This study also considered the District's operating, capital and rate stabilization reserve targets established in the District's financial policy. The District recently revised its capital replacement master plan and is currently undergoing a

revised Cost-of-Service study, conducted by an independent consultant, to determine rates for the next five years (January 1, 2025 through December 31, 2029) which is expected to be completed in the fall of 2024. Recommended rate adjustments including future pass-through increases based on the 2024 Water Rate Study will be reviewed and considered by the Board at the water rate workshops for the proposed rate adjustments to be effective January 1, 2025.

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



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

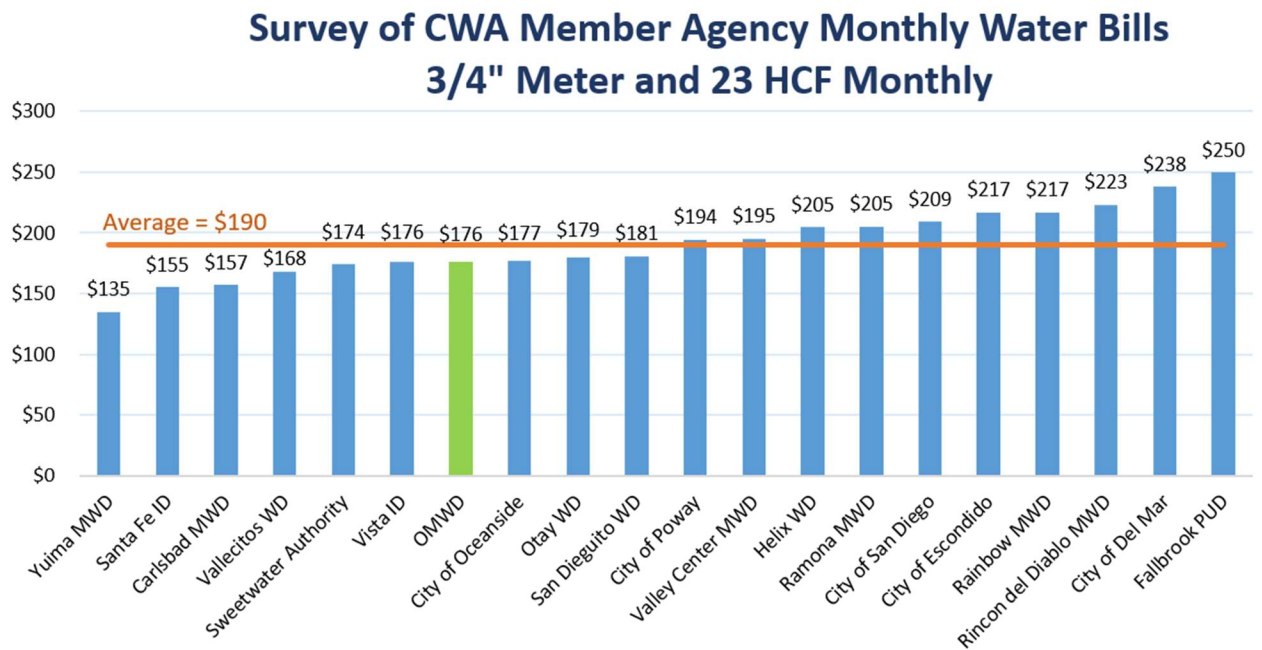
\*\* Includes hydroelectric revenue, delinquency charges, inspection fees, gain on sale of fixed assets, and other water-related fees

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

- Potable Water Sales (62.2%) – Potable water sales make up approximately 62.2% of the total Potable Water Fund projected revenue. Approximately 80% of the potable water sales is sold to residential customers. For Fiscal Years 2025 and 2026 potable water sales are forecasted each fiscal year based on the average volume of water sold in Calendar Years

2022 and 2023. The budget assumes a 7.0% rate adjustment in Fiscal Year 2025 based on the existing rate ordinance approved by the Board in 2019. Proposed rate adjustments effective January 1, 2025, will be reviewed and discussed with the Board after the 2024 Water Rate Study is complete. Results of the study will be reviewed with the Board in July and August of 2024 for consideration and approval in October and November 2024.

The following graph compares a typical residential monthly water bill for an OMWD customer compared to customers of other CWA member agencies using 23 units of potable water with a ¾" meter.



Survey of posted rates as of May 2024  
Does not include all 24 SDCWA member agencies for comparative purpose.

- System Access Charge (23.6%)** - A system access charge is assessed on a monthly basis based on meter size. Monthly system access charge revenue is projected based on the number of water meters in service. The charge is designed to recover fixed charges of purchased water as well as the fixed costs of operating the District. These costs include maintenance of meters, storage facilities and water lines, and customer service costs for meter reading and billing. It is the District's goal to collect no more than 30% of its net water system revenues from fixed charges per the Board's Revenue Policy. The budget assumes 23.6% of the potable water revenue for Fiscal Years 2025 and 2026 will be collected from System Access Charges pending completion of the 2024 Water Cost-of-Service study.
- SDCWA Infrastructure Access Charge (IAC) (2.4%)** – This is a fixed charge imposed by SDCWA on all water meters in the County. The charge is designed to collect a portion of SDCWA's fixed costs and is assessed according to meter size. This charge will have the effect of reducing future water rate increases from SDCWA since having a significant source of



fixed revenue reduces future reserve requirements. This is a pass-through that the District collects from its customers on behalf of SDCWA. Currently, SDCWA-IAC is set at \$4.41 per  $\frac{3}{4}$ " meter equivalent. As of writing this document SDCWA has not released the new SDCWA-IAC for 2025.

- Property Tax Revenue (6.6%) – Property tax revenue is expected to experience small year-to-year increases due to changes in assessed property values and increasing median home prices. The District uses this revenue to as an additional resource to fund its capital improvement projects to avoid higher rate increases in future years. Property Tax revenue is estimated to be \$4.6 million annually in Fiscal Years 2025 and 2026.
- Water Treatment Services (1.5%) – The District has an agreement with Vallecitos Water District (VWD) to sell excess treatment services from the David C. McCollom Water Treatment Plant (DCMWTP). This additional revenue reduces DCMWTP fixed costs and increases plant efficiency. The selling of excess treated services to VWD is estimated to be \$850k in Fiscal Year 2025 and \$1.2M in Fiscal Year 2026. Fiscal Year 2025 includes a reduction in projected revenue due planned shut downs at the District's water treatment plant for membrane replacement. Fiscal Year 2025 is set at the minimum purchase amount of 2,750 AF per fiscal year at 80% of the SDCWA's Melded M&I Treatment Rate per the agreement. The Budget assumes SDCWA's Melded Treatment rate is \$418/AF for fiscal year 2025.
- Rental Income (1.1%) – The District collects rent for the use of reservoir sites for the placement of cellular and paging transmission towers. The District expects to collect approximately \$790,000 in Fiscal Year 2025 and \$805,000 in Fiscal Year 2026 from rental income activities.
- Investment Income (0.9%) – The District invests funds to earn interest according to the approved statement of investment policy. The policy emphasizes the safeguarding of principal over the earning of interest. Interest earned is allocated by the source of funds based upon the average cash balances within each fund from month to month. Investment income in all funds is estimated to provide an average yield of 3.0% for Fiscal Year 2025, and 2.0% thereafter.
- Other Revenue (1.6%) – This revenue includes hydroelectric revenue, delinquency charges, inspection fees, gain on sale of fixed assets, and other water-related fees. The District operates a hydroelectric generation plant and sells the electricity generated from the plant to San Diego Gas & Electric Company (SDG&E). The hydroelectric plant revenue is projected to be \$110,000 annually in Fiscal Years 2025 and 2026. Included in other revenue is the selling of the District's Wiegand parcels for approximately \$1.15 million of gross proceeds.
- SDCWA Reimbursement of Parks Costs - Per the Elfin Forest Recreational Reserve (EFRR) settlement agreement, SDCWA is responsible for 75% of EFRR operating and maintenance costs. This allocation has been in effect since Fiscal Year 2011. In Fiscal Year 2025, this

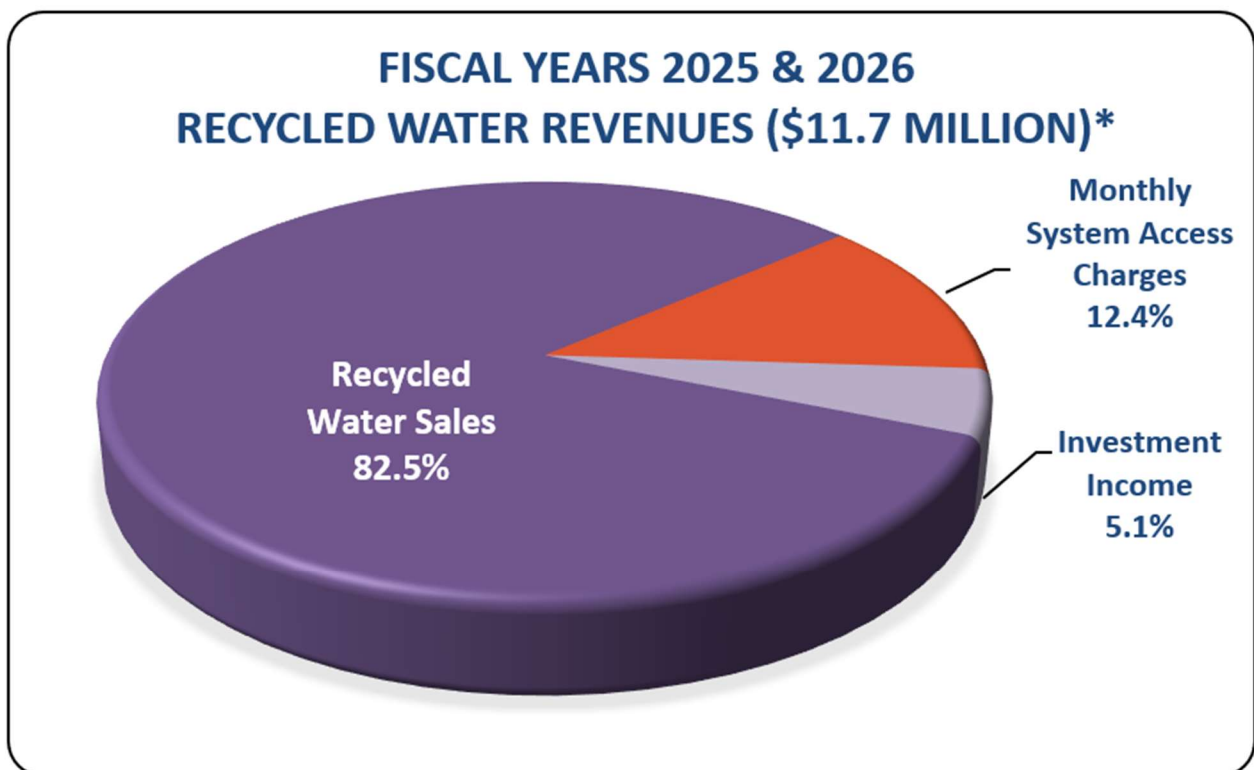
reimbursement is projected to increase to approximately \$397,000, and to \$412,000 for Fiscal Year 2026. SDCWA's reimbursement amount is adjusted annually based on annual increases in the consumer price index for San Diego County and are applied directly against the operating expenses of EFRR. EFRR operating costs in excess of SDCWA's reimbursement are paid by the District's ratepayers.

### Recycled Water Funds (5.5%)

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

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

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

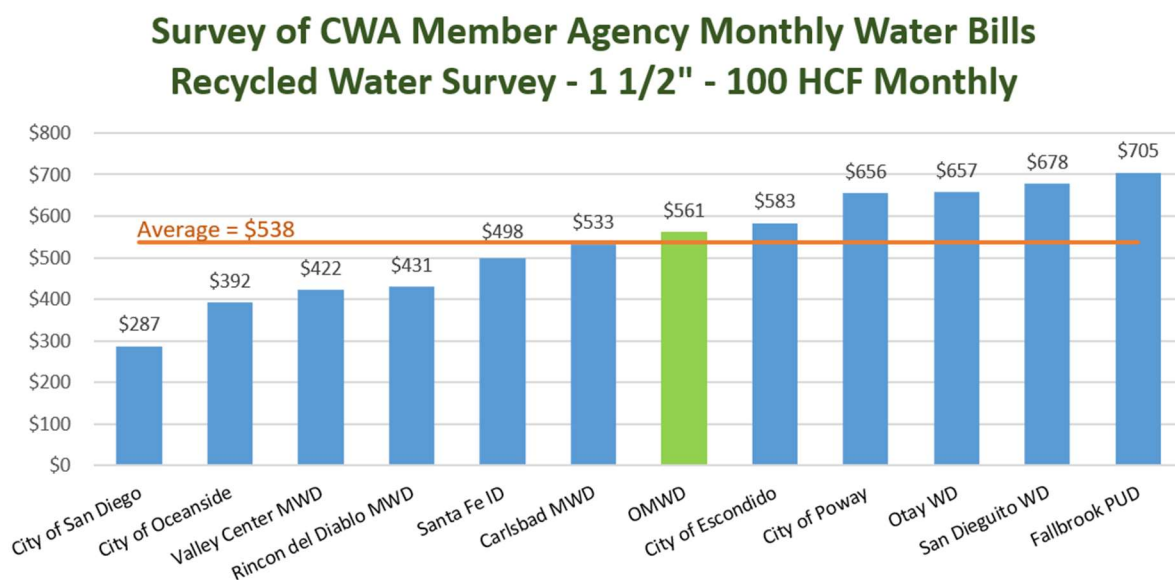


\* Total may not add up to 100% due to rounding.

## Description and Summary of Major Budget Elements and Variances

- **Recycled Water Sales (82.5%)** – Recycled water deliveries are expected to increase due to the conversion of large irrigation meters from potable to recycled water from the NW Quadrant of the District’s recycled water area. Consequently, increases in recycled water sales are offset by a decrease in potable water sales. Included in the Fiscal Year 2025 budget for recycled water is a 6.2% approved increase in recycled commodity rates approved by the Board effective March 1, 2024. Any future adjustments to the District’s recycled water rates and charges will be reviewed and considered by the Board with the 2024 Water Cost-of-Service study results in August 2024. Proposed changes to the recycled water sales assumptions will be discussed with the Finance Committee and the Board during the midterm budget review process in Spring 2025.

The following graph compares a typical monthly recycled water bill for an OMWD customer compared to customers of other CWA member agencies using 100 units of recycled water with a 1 ½” meter.



Survey of posted rates as of May 2024

Does not include all 24 SDCWA member agencies for comparative purpose

\* Ramona provides an untreated melded supply of water to its agricultural customers

- **Monthly System Access Charges (12.4%)** – A system access charge is assessed on a monthly basis based on meter size. Monthly System Access Charge (SAC) revenue is projected based on the number of water meters in service. The charge is designed to recover a portion of the fixed costs of operating the District. The costs include maintenance of meters, storage facilities, water lines, and customer service costs for meter reading and billing. For Fiscal Year 2025, SAC revenue growth includes a 6.8% increase, per a ¾” meter, to the District’s SAC effective March 1, 2024. Adjustments to the District’s monthly system access charge

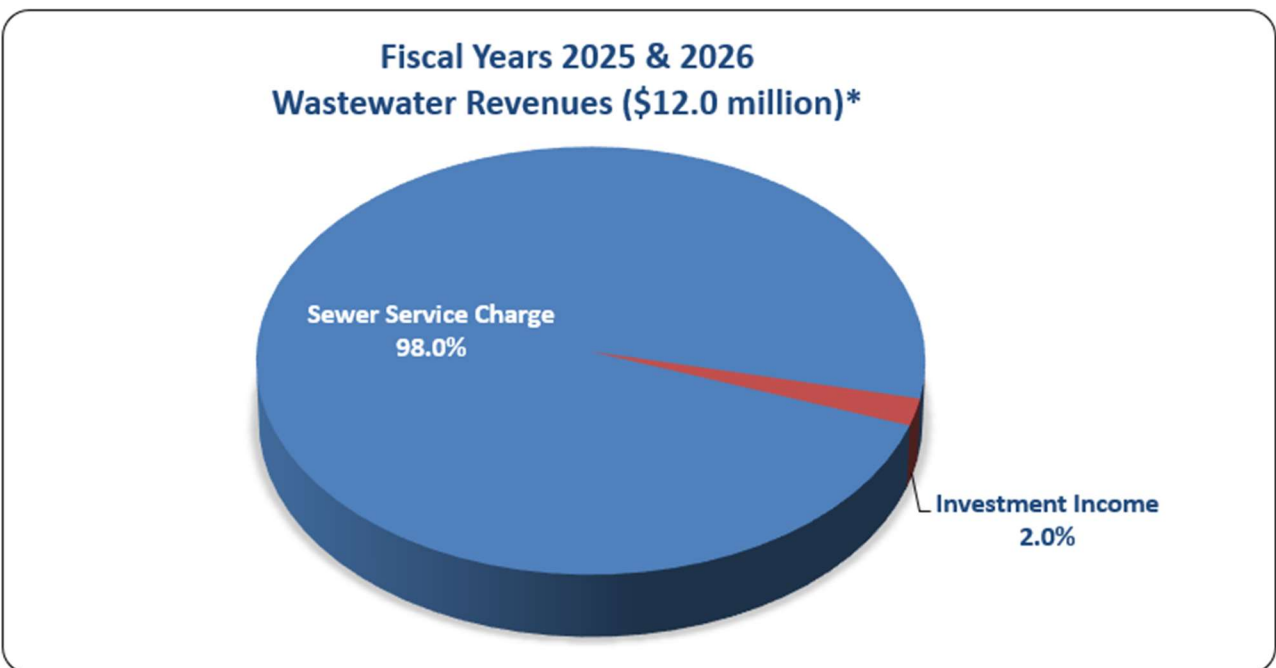
based on the 2024 Cost-of-Service study will be considered for approval by the Board in October 2024.

- Investment Income (5.1%) – The District invests funds to earn interest in accordance with the approved investment policy. This policy emphasizes the safeguarding of principal over the earning of interest. Interest earned is allocated by the source of funds based upon the average cash balances within each fund from month to month. Investment income is estimated based on an average yield of 3.0% for Fiscal Year 2025 and 2.0% thereafter.

#### Capital Reserves (19.3%)

Capital Reserves includes transfers from the Capital Reserve Fund to cover the cost of capital expenditures. The District funds most of its capital projects using the pay as you go (PAYGO) method. The District annually transfers a fixed amount of revenues from its water and wastewater operations to pay for its planned capital spending for the next 10 years. The PAYGO method of using current revenues to pay for long-term infrastructure and other projects is the preferred method of financing when sufficient revenues and reserves are available and when long-term borrowing rates are higher than expected cash reserve fund earnings.

#### Wastewater Funds (5.7%)



The District provides wastewater collection and treatment services in the 4S Ranch and Rancho Cielo areas. The 4S Ranch service area is comprised of a wide variety of commercial, industrial, and residential uses, including the annexed areas of Black Mountain Ranch and Santaluz. The 4S Ranch and Rancho Cielo areas encompass a total of approximately 5,300 acres and will serve approximately 7,450 Equivalent Dwelling Units (EDUs) when they are fully built out. An EDU is the

standard measurement of water discharged into the wastewater collection and treatment system equal to the average discharge from a detached single-family unit.

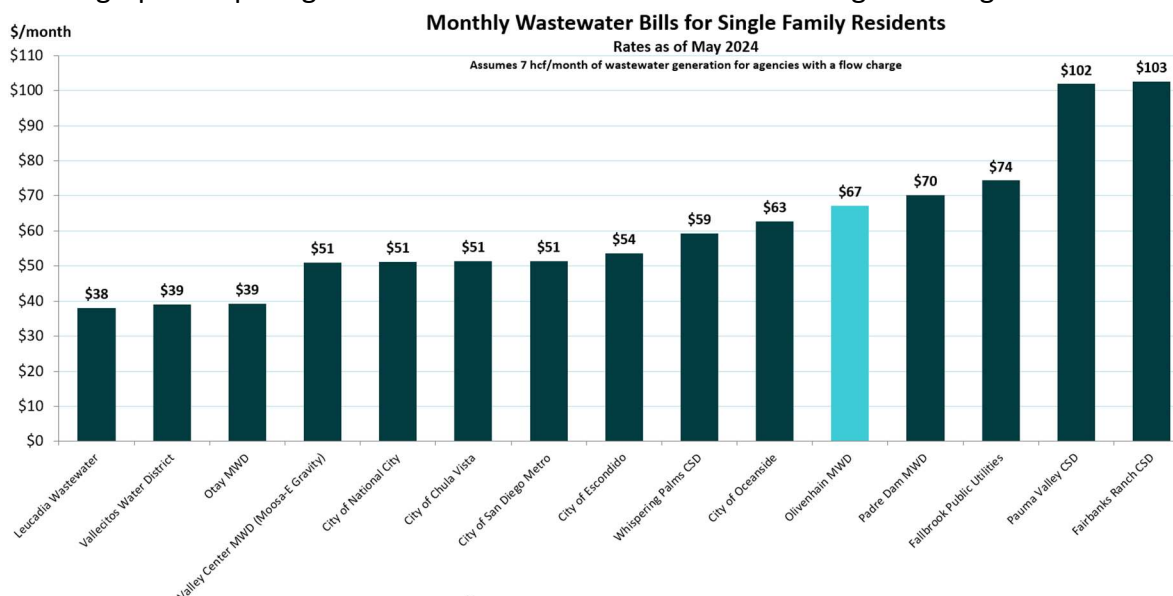
Wastewater revenues are collected from service fees. Service fees are charged to each wastewater customer based on EDUs. Wastewater fees and charges for single-family homes are in compliance with the California Urban Water Conservation Council's Best Management Practice No. 11 (BMP-11).

Wastewater service fees are billed through the County of San Diego property tax rolls and are collected by the County of San Diego Property Treasurer-Tax Collector's Office on behalf of the District. The District recently underwent a Wastewater Cost of Service study, conducted by an independent consultant, to determine necessary wastewater rates for the next five-year period. The District's Board of Directors held a public meeting in May 2024 to consider the proposed rate adjustments and hear from the public. The Board will consider an ordinance at the June 2024 meeting to formally adopt an increase wastewater service fees and charges by 5.5% effective July 1, 2024, and by 5.5% each July thereafter for the next four years through Fiscal Year 2029.

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

- Wastewater Service and Charges (98.0%) – The amount of wastewater processed in Fiscal Year 2025 is predicted to be inline with the amount processed in Fiscal Year 2024. The commodity revenue portion of the District's wastewater revenue is budgeted based on the customer's minimum winter monthly usage up to a maximum of 10 units. As of writing this document, Wastewater revenue for Fiscal Year 2025 is assumed to increase from the prior year due to a 5.5% increase in rates to cover rising treatment costs. Fiscal Year 2026 is budgeted to have similar usage as Fiscal Year 2025 also with a 5.5% increase in wastewater revenue due to proposed rate adjustments pending approval by the Board in June 2024.
- Investment Income (2.0%) – The District invests cash available in reserves to earn interest in accordance with the approved statement of investment policy. This policy emphasizes the safeguarding of principal over the earning of interest. Interest earned is allocated by the source of funds based upon the average cash balances within each fund from month to month. Investment income is estimated based on an average yield of 3.0% for Fiscal Year 2025 and 2.0% thereafter.

Below is a graph comparing the annual wastewater service fee amongst local agencies.

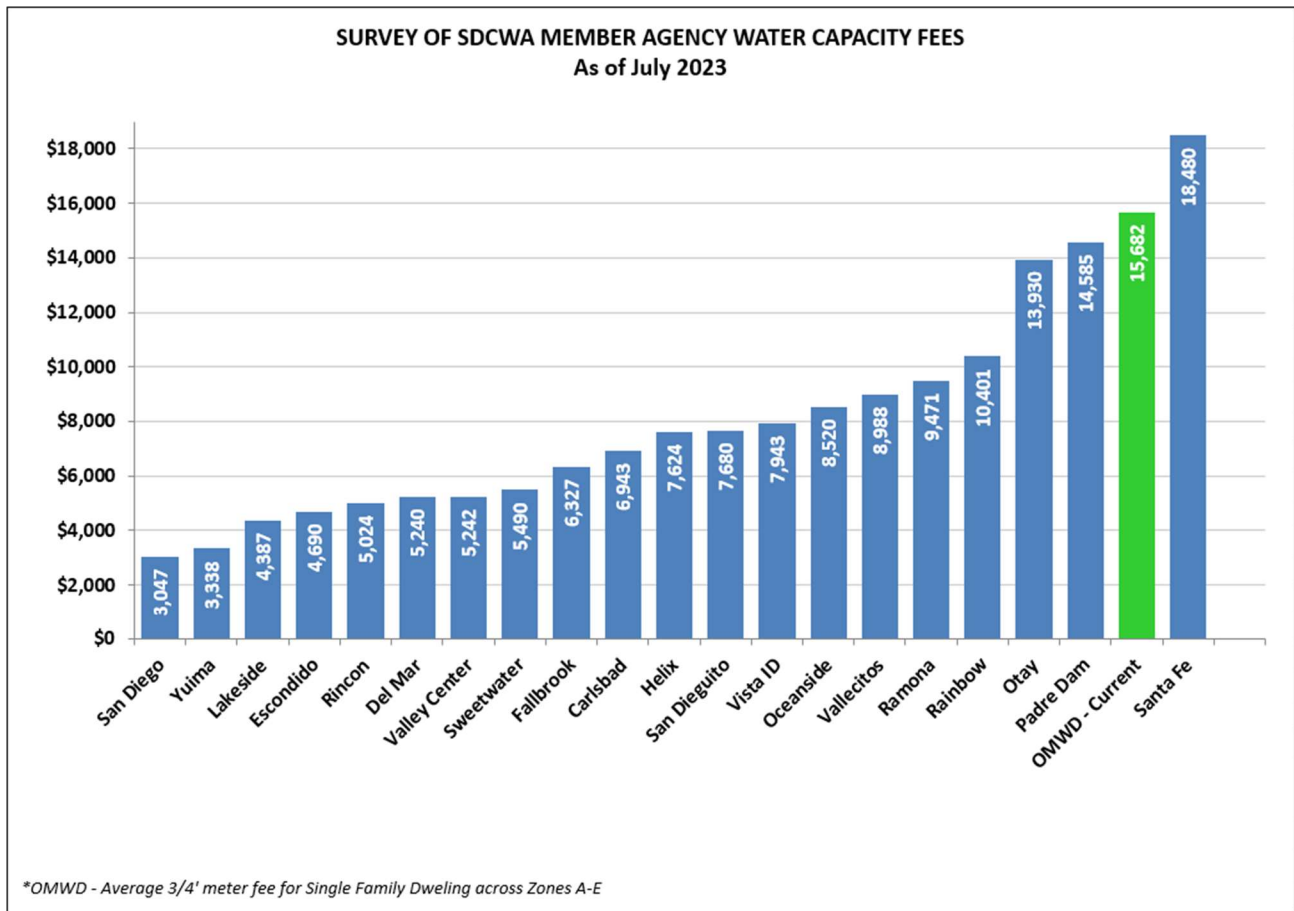


### Capital Contributions (2.5%)

Includes capacity fees paid by developers, investment income on the District's investments, and grant revenue for the construction of District projects.

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

- Capacity Fee Revenues** – Capacity fees are one-time fees assessed by the District to new users to pay their fair share of the costs of existing infrastructure required to serve them. Revenue collected from capacity fees is used to pay for the District's planned capital expenditures as well as reimbursing the existing users for capital investment in the District's transmission and distribution system (via lower rates and charges). The District has about 1,180 Equivalent Dwelling Units (EDUs) remaining until it is completely built-out in 2050. The District's capacity fee revenues fluctuate from year-to-year depending on developer plans for new construction in the District's service area. Capacity fee revenue is anticipated at \$118,000 Fiscal Year 2025 and \$412,00 in Fiscal Year 2026 but is dependent on developers timing.



- Investment Income – The District invests cash available in reserve funds to earn interest in accordance with the approved statement of investment policy which emphasizes the safeguarding of principal over the earning of interest. Interest earned is allocated by the source of funds based upon the average cash balances within each fund from month to month. Investment income is projected to be 3.0% for Fiscal Year 2025 and 2.0% thereafter.
- Grant Revenue – The District consistently pursues local, state, and federal grants to reduce the fiscal impact of projects on its ratepayers. For Fiscal Year 2025 the District is expecting to receive grant monies of approximately \$1.8 million, and another \$817,000 in Fiscal Year 2026 to reimburse the District for project costs. These grant funds have been awarded to the District to fund its projects, including: various recycled water projects (Title XVI and Proposition 1 Round 2), the Elfin Forest Recreational Reserve parking expansion project (Department of Parks and Recreation), and the District's Advanced Metering Infrastructure Project (US Bureau of Reclamation).



### Debt Service (1.0%)

These funds are used to accumulate revenues and transfers necessary to make all required debt service payments and to account for funds as investment income received from investment activities of unexpended bond proceeds. These funds are considered restricted funds because they are restricted for specific uses as governed by the bond covenants.

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

- Benefit Assessment Revenues – These are the assessments levied each year via the property tax rolls against properties located within Reassessment District 96-1 (which is contiguous with the water district’s boundaries) and are utilized to make debt service payments on the Reassessment District 96-1 Limited Obligation Improvement Bonds. Benefit Assessment Revenue for Fiscal Years 2025 and 2026 are projected at approximately \$977,000 annually.
- Investment Income – Investment of restricted cash held in bond reserve and service funds are to be made in accordance with the related bond indentures.
- Administrative Fees Revenue – Administrative fee revenues are expected to remain consistent with previous fiscal year’s revised budget, based on staff’s estimate.
- Other Revenue – Includes Post-Financing Payoffs and Impact Charge Revenues. Post-financing payoffs are revenues collected when property owners pay their benefits assessment in advance. This revenue will be used to call a portion of the Reassessment District 96-1 bonds early. Impact charges are revenues collected due to property owners installing larger size meters than originally planned and assessed. Both post-financing payoffs and impact charge revenues are insignificant to the overall budget.

**Olivenhain Municipal Water District  
Revenue  
Fiscal Years Ending 2025 & 2026**

**Fund: 100 & 120      Operating - Water (Potable and Recycled)**

		<b>FYE 2023</b>	<b>FYE 2024</b>	<b>FYE 2025</b>	<b>% Change From FYE '24</b>	<b>FYE 2026</b>	<b>% Change From FYE '25</b>
		<b>Actual</b>	<b>Approved*</b>	<b>Proposed</b>	<b>Approved*</b>	<b>Proposed</b>	<b>Proposed</b>
<b><u>Operating Revenues</u></b>							
41100-100-000-000	Potable Water Sales - Res/Comm/Irrig/Cons	33,633,754	40,122,000	41,621,000	3.74%	44,570,000	7.09%
41400-100-000-000	Potable Water Sales - Agriculture	284,957	568,000	525,000	-7.57%	525,000	0.00%
41500-100-000-000	Water Sales - Raw Water	-	-	-	0.00%	-	0.00%
41600-100-000-000	Potable Water Sales - Miscellaneous	1,443	10,000	10,000	0.00%	10,000	0.00%
41700-120-000-000	Recycled Water Sales	3,583,081	5,015,000	4,661,000	-7.06%	4,989,000	7.04%
	<b>Water Sales</b>	<b>37,503,235</b>	<b>45,715,000</b>	<b>46,817,000**</b>	<b>2.41%</b>	<b>50,094,000</b>	<b>7.00%</b>
41800-100-000-000	System Access Charge - Potable	14,033,343	14,718,000	15,998,000	8.70%	17,151,000	7.21%
41800-120-000-000	System Access Charge - Recycled	603,504	630,000	704,000	11.75%	749,000	6.39%
41900-100-000-000	SDCWA Infrastructure Access Charge	1,493,795	1,511,000	1,631,000	7.94%	1,781,000	9.20%
43210-100-000-000	Selling of Water Treatment Services	310,174	1,292,000	848,000	-34.37%	1,258,000	48.35%
43170-100-000-000	Hydro-electric Plant Revenues	109,436	100,000	110,000	10.00%	110,000	0.00%
43001-100-000-000	Turn Off/On Fees/ NSF Charges - Potable	28,850	20,000	20,000	0.00%	20,000	0.00%
43001-120-000-000	Turn Off/On Fees/ NSF Charges - Recycled	60	-	-	0.00%	-	0.00%
43002-100-000-000	Delinquency Charges - Potable	132,790	120,000	120,000	0.00%	120,000	0.00%
43002-120-000-000	Delinquency Charges - Recycled	5,789	-	-	0.00%	-	0.00%
43003-100-000-000	Transfer Fees - Potable	29,400	30,000	30,000	0.00%	30,000	0.00%
43003-120-000-000	Transfer Fees - Recycled	-	-	-	0.00%	-	0.00%
43004-100-000-000	Meter Installations, net	2,017	15,000	15,000	0.00%	15,000	0.00%
43008-100-000-000	Cross Connection/Inspection - Potable	205,606	195,000	205,000	5.13%	205,000	0.00%
43008-120-000-000	Cross Connection Inspection - Recycled	-	-	-	0.00%	-	0.00%
43020-100-000-000	Outside District Boundary Charges	8,866	10,000	10,000	0.00%	10,000	0.00%
43500-100-000-000	CWA Reimb of Park Costs	-	-	-	0.00%	-	0.00%
43100-100-000-000	Other Operating Revenues	251,678	10,000	10,000	0.00%	10,000	0.00%
	<b>Other Water Services</b>	<b>17,215,308</b>	<b>18,651,000</b>	<b>19,701,000</b>	<b>5.63%</b>	<b>21,459,000</b>	<b>8.92%</b>
	<b>Operating Revenues</b>	<b>54,718,543</b>	<b>64,366,000</b>	<b>66,518,000</b>	<b>3.34%</b>	<b>71,553,000</b>	<b>7.57%</b>
<b><u>Non-operating Revenues</u></b>							
44100-100-000-000	Investment Income - Water	930,089	276,000	343,000	24.28%	254,000	-25.95%
44100-120-000-000	Investment & Interest Income - Recycled	238,091	225,000	342,000	52.00%	252,000	-26.32%
44200-100-000-000	Property Tax Revenue	4,577,755	4,250,000	4,600,000	8.24%	4,650,000	1.09%
43123-100-000-000	Rental Income	972,716	775,200	791,000	2.04%	807,000	2.02%
47000-100-000-000	Gain on Sale of Fixed Assets	-	1,025,000	1,175,000	14.63%	25,000	-97.87%
47100-100-000-000	Other Non-Operating Revenues	82,481	20,000	20,000	0.00%	20,000	0.00%
	<b>Non-operating Revenues**</b>	<b>6,801,132</b>	<b>6,571,200</b>	<b>7,271,000</b>	<b>10.65%</b>	<b>6,008,000</b>	<b>-17.37%</b>
	<b>Total Revenue</b>	<b>61,519,675</b>	<b>70,937,200</b>	<b>73,789,000</b>	<b>4.02%</b>	<b>77,561,000</b>	<b>5.11%</b>

\* Amended budget amounts approved by the Board.

\*\*Subject to change

Olivenhain Municipal Water District  
Revenue  
Fiscal Years Ending 2025 & 2026

Fund: 100

Rate Stabilization - Water

		FYE 2023 Actual	FYE 2024 Approved*	FYE 2025 Proposed	% Change From FYE '24 Approved*	FYE 2026 Proposed	% Change From FYE '25 Proposed
	<b><u>Operating Revenues</u></b>						
	<b>Total Operating Revenues</b>	-	-	-	0.00%	-	0.00%
	<b><u>Non-operating Revenues</u></b>						
44102-100-000-000	Investment Income	166,067	225,000	333,000	48.00%	214,000	-35.74%
	<b>Total Non-operating Revenues</b>	<b>166,067</b>	<b>225,000</b>	<b>333,000</b>	<b>48.00%</b>	<b>214,000</b>	<b>-35.74%</b>
	<b>Total</b>	<b>166,067</b>	<b>225,000</b>	<b>333,000</b>	<b>48.00%</b>	<b>214,000</b>	<b>-35.74%</b>

\* Amended budget amounts approved by the Board.

Olivenhain Municipal Water District  
Revenue  
Fiscal Years Ending 2025 & 2026

Fund: 100

Pension Stabilization - Water

		FYE 2023 Actual	FYE 2024 Approved*	FYE 2025 Proposed	% Change From FYE '24 Approved*	FYE 2026 Proposed	% Change From FYE '25 Proposed
	<b><u>Operating Revenues</u></b>						
	<b>Total Operating Revenues</b>	-	-	-	0.00%	-	0.00%
	<b><u>Non-operating Revenues</u></b>						
44104-100-000-000	Investment Income	3,120	-	27,000	100.00%	23,000	-14.81%
	<b>Total Non-operating Revenues</b>	<u>3,120</u>	<u>-</u>	<u>27,000</u>	<u>0.00%</u>	<u>23,000</u>	<u>-14.81%</u>
	<b>Total</b>	<u>3,120</u>	<u>-</u>	<u>27,000</u>	<u>0.00%</u>	<u>23,000</u>	<u>-14.81%</u>

\* Amended budget amounts approved by the Board.

**Olivenhain Municipal Water District  
Revenue Summary  
Fiscal Years Ending 2025 & 2026**

**Fund: 110 Wastewater Operations**

	<b>FYE 2023 Actual</b>	<b>FYE 2024 Approved*</b>	<b>FYE 2025 Proposed</b>	<b>% Change From FYE '24 Approved*</b>	<b>FYE 2026 Proposed</b>	<b>% Change From FYE '25 Proposed</b>
<b><u>Operating Revenues</u></b>						
Wastewater Services	5,621,985	5,390,000	5,725,000	6.22%	6,040,000	5.50%
<b>Total Operating Revenues</b>	<b><u>5,621,985</u></b>	<b><u>5,390,000</u></b>	<b><u>5,725,000</u></b>	<b><u>6.22%</u></b>	<b><u>6,040,000</u></b>	<b><u>5.50%</u></b>
<b><u>Non-operating Revenues</u></b>						
Investment Income	34,309	17,000	60,000	252.94%	42,000	-30.00%
Standby Charges	-	-	-	0.00%	-	0.00%
Other Non-Operating Revenue	-	-	-	0.00%	-	0.00%
<b>Total Non-operating Revenues</b>	<b><u>34,309</u></b>	<b><u>17,000</u></b>	<b><u>60,000</u></b>	<b><u>252.94%</u></b>	<b><u>42,000</u></b>	<b><u>-30.00%</u></b>
<b>Total</b>	<b><u>5,656,294</u></b>	<b><u>5,407,000</u></b>	<b><u>5,785,000</u></b>	<b><u>6.99%</u></b>	<b><u>6,082,000</u></b>	<b><u>5.13%</u></b>

\* Amended budget amounts approved by the Board.

Olivenhain Municipal Water District  
Revenue Summary  
Fiscal Years Ending 2025 & 2026

Fund: 110

Rate Stabilization - Wastewater

		FYE 2023 Actual	FYE 2024 Approved*	FYE 2025 Proposed	% Change From FYE '24 Approved*	FYE 2026 Proposed	% Change From FYE '25 Proposed
	<b><u>Operating Revenues</u></b>						
	<b>Total Operating Revenues</b>	-	-	-	0.00%	-	0.00%
	<b><u>Non-operating Revenues</u></b>						
44102-110-000-000	Investment Income	42,985	12,000	83,000	591.67%	57,000	-31.33%
	<b>Total Non-operating Revenues</b>	<b>42,985</b>	<b>12,000</b>	<b>83,000</b>	<b>591.67%</b>	<b>57,000</b>	<b>-31.33%</b>
	<b>Total</b>	<b>42,985</b>	<b>12,000</b>	<b>83,000</b>	<b>591.67%</b>	<b>57,000</b>	<b>-31.33%</b>

\* Amended budget amounts approved by the Board.

**Olivenhain Municipal Water District  
Revenue Summary  
Fiscal Years Ending 2025 & 2026**

**Fund: 110**

**Pension Stabilization - Wastewater**

		<b>FYE 2023</b>	<b>FYE 2024</b>	<b>FYE 2025</b>	<b>% Change</b>	<b>FYE 2026</b>	<b>% Change</b>
		<b>Actual</b>	<b>Approved*</b>	<b>Proposed</b>	<b>From FYE '24</b>	<b>Proposed</b>	<b>From FYE '25</b>
					<b>Approved*</b>		<b>Proposed</b>
<b><u>Operating Revenues</u></b>							
<b>Total Operating Revenues</b>		<u>-</u>	<u>-</u>	<u>-</u>	<u>0.00%</u>	<u>-</u>	<u>0.00%</u>
<b><u>Non-operating Revenues</u></b>							
44104-110-000-000	Investment Income	381	-	2,000	100.00%	2,000	0.00%
<b>Total Non-operating Revenues</b>		<u>381</u>	<u>-</u>	<u>2,000</u>	<u>0.00%</u>	<u>2,000</u>	<u>0.00%</u>
<b>Total</b>		<u><u>381</u></u>	<u><u>-</u></u>	<u><u>2,000</u></u>	<u><u>0.00%</u></u>	<u><u>2,000</u></u>	<u><u>0.00%</u></u>

\* Amended budget amounts approved by the Board.



**Olivenhain Municipal Water District  
Revenue Summary  
Fiscal Years Ending 2025 & 2026**

**Fund: Capital Improvement (All)\*\***

	<b>FYE 2023 Actual</b>	<b>FYE 2024 Approved*</b>	<b>FYE 2025 Proposed</b>	<b>% Change From FYE '24 Approved*</b>	<b>FYE 2026 Proposed</b>	<b>% Change From FYE '25 Proposed</b>
<b><u>Operating Revenues</u></b>						
<b>Total Operating Revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>	<b>-</b>	<b>0.00%</b>
<b><u>Non-operating Revenues</u></b>						
Investment Income	259,181	678,000	1,334,000	96.76%	894,000	-32.98%
Capacity Fee	1,326,445	115,000	118,000	2.61%	412,000	249.15%
Ordinance 280 Revenue	850	5,000	5,000	0.00%	5,000	0.00%
Anticipated Grant Funds	3,640,583	2,429,000	1,772,000	-27.05%	817,000	-53.89%
<b>Total Non-operating Revenues</b>	<b>5,227,059</b>	<b>3,227,000</b>	<b>3,229,000</b>	<b>0.06%</b>	<b>2,128,000</b>	<b>-34.10%</b>
<b>Total</b>	<b>5,227,059</b>	<b>3,227,000</b>	<b>3,229,000</b>	<b>0.06%</b>	<b>2,128,000</b>	<b>-34.10%</b>

\* Amended budget amounts approved by the Board.

\*\* Include Capital Improvement for Potable, Wastewater and Recycled.

**Olivenhain Municipal Water District  
Revenue  
Fiscal Years Ending 2025 & 2026**

**Fund: 120, 400, & 500 Capital Improvement - Water (Potable and Recycled)**

	<b>FYE 2023 Actual</b>	<b>FYE 2024 Approved*</b>	<b>FYE 2025 Proposed</b>	<b>% Change From FYE '24 Approved*</b>	<b>FYE 2026 Proposed</b>	<b>% Change From FYE '25 Proposed</b>
<b><u>Operating Revenues</u></b>						
<b>Total Operating Revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>	<b>-</b>	<b>0.00%</b>
<b><u>Non-operating Revenues</u></b>						
44100-500-000-000 Investment Income **	60,693	627,000	1,070,000	70.65%	652,000	-39.07%
44300-500-000-000 Capacity Fee	1,326,445	115,000	118,000	2.61%	412,000	249.15%
44103-120-000-000 Investment Income	42,668	-	-	0.00%	-	0.00%
44100-400-000-000 Investment Income	1,573	-	-	0.00%	-	0.00%
44300-400-000-000 Ordinance 280 Revenue	850	5,000	5,000	0.00%	5,000	0.00%
49302-100-000-000 Contributed Revenue/Grants	3,640,583	2,429,000	1,772,000	-27.05%	817,000	-53.89%
<b>Total Non-operating Revenues</b>	<b><u>5,072,812</u></b>	<b><u>3,176,000</u></b>	<b><u>2,965,000</u></b>	<b><u>-6.64%</u></b>	<b><u>1,886,000</u></b>	<b><u>-36.39%</u></b>
<b>Total</b>	<b><u>5,072,812</u></b>	<b><u>3,176,000</u></b>	<b><u>2,965,000</u></b>	<b><u>-6.64%</u></b>	<b><u>1,886,000</u></b>	<b><u>-36.39%</u></b>

\* Amended budget amounts approved by the Board.

\*\* Income from investment in Capacity Fees

Olivenhain Municipal Water District  
Revenue  
Fiscal Years Ending 2025 & 2026

Fund: 110

Capital Improvement - Wastewater

		FYE 2023 Actual	FYE 2024 Approved*	FYE 2025 Proposed	% Change From FYE '24 Approved*	FYE 2026 Proposed	% Change From FYE '25 Proposed
<b><u>Operating Revenues</u></b>							
	<b>Total Operating Revenues</b>	-	-	-	0.00%	-	0.00%
<b><u>Non-operating Revenues</u></b>							
44103-110-000-000	Investment Income - Capital Replacement	154,247	51,000	264,000	417.65%	242,000	-8.33%
44171-110-000-000	Investment Income - Capacity Fee	-	-	-	0.00%	-	0.00%
44300-110-000-000	Capacity Fee Revenue - 4S	-	-	-	0.00%	-	0.00%
44171-111-000-000	Capacity Fee Revenue - Rancho Cielo	-	-	-	0.00%	-	0.00%
49302-110-000-000	Contributed Revenue/Grants	-	-	-	0.00%	-	0.00%
	<b>Total Non-operating Revenues</b>	<b>154,247</b>	<b>51,000</b>	<b>264,000</b>	<b>417.65%</b>	<b>242,000</b>	<b>-8.33%</b>
	<b>Total</b>	<b>154,247</b>	<b>51,000</b>	<b>264,000</b>	<b>417.65%</b>	<b>242,000</b>	<b>-8.33%</b>

\* Amended budget amounts approved by the Board.

**Olivenhain Municipal Water District  
Revenue Summary  
Fiscal Years Ending 2025 & 2026**

**Fund: Debt Service (All)\*\***

	<b>FYE 2023 Actual</b>	<b>FYE 2024 Approved*</b>	<b>FYE 2025 Proposed</b>	<b>% Change From FYE '24 Approved*</b>	<b>FYE 2026 Proposed</b>	<b>% Change From FYE '25 Proposed</b>
<b><u>Operating Revenues</u></b>						
<b>Total Operating Revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>	<b>-</b>	<b>0%</b>
<b><u>Non-operating Revenues</u></b>						
Investment Income	223,903	6,000	6,000	0.00%	7,000	16.67%
RAD 96-1 Benefit Assessment Revenue:	984,170	977,000	977,000	0.00%	977,000	0.00%
Administrative Fee Revenues	57,443	49,000	62,000	26.53%	65,000	4.84%
Post-Financing Payoffs	3,243	4,000	4,000	0.00%	4,000	0.00%
Impact Charge Revenues	459	8,000	8,000	0.00%	8,000	0.00%
<b>Total Non-operating Revenues</b>	<b><u>1,269,218</u></b>	<b><u>1,044,000</u></b>	<b><u>1,057,000</u></b>	<b><u>1.25%</u></b>	<b><u>1,061,000</u></b>	<b><u>0.38%</u></b>
<b>Total</b>	<b><u>1,269,218</u></b>	<b><u>1,044,000</u></b>	<b><u>1,057,000</u></b>	<b><u>1.25%</u></b>	<b><u>1,061,000</u></b>	<b><u>0.38%</u></b>

\* Amended budget amounts approved by the Board.

\*\* Include RAD 96-1, 2006A & 2015A Refunding Bonds, 2009 Water Revenue Bond, 2012 State Revolving Fund, 2012 California Bank an Trust Note.

**Olivenhain Municipal Water District  
Revenue  
Fiscal Years Ending 2025 & 2026**

Fund: 570

Debt Service - Reassessment District 96-1

		FYE 2023 Actual	FYE 2024 Approved*	FYE 2025 Proposed	% Change From FYE '24 Approved*	FYE 2026 Proposed	% Change From FYE '25 Proposed
<b><u>Operating Revenues</u></b>							
	<b>Total Operating Revenues</b>	-	-	-	0%	-	0%
<b><u>Non-operating Revenues</u></b>							
44100-570-000-000	Investment Income	(303)	1,000	1,000	0.00%	1,000	0.00%
44400-570-000-000	RAD 96-1 Benefit Assessment Revenues	984,170	977,000	977,000	0.00%	977,000	0.00%
44410-570-000-000	Administrative Fee Revenues	57,443	49,000	62,000	26.53%	65,000	4.84%
44420-570-000-000	Post-Financing Payoffs	3,243	4,000	4,000	0.00%	4,000	0.00%
44430-570-000-000	Impact Charge Revenues	459	8,000	8,000	0.00%	8,000	0.00%
	<b>Total Non-operating Revenues</b>	<b>1,045,012</b>	<b>1,039,000</b>	<b>1,052,000</b>	<b>1.25%</b>	<b>1,055,000</b>	<b>0.29%</b>
	<b>Total</b>	<b>1,045,012</b>	<b>1,039,000</b>	<b>1,052,000</b>	<b>1.25%</b>	<b>1,055,000</b>	<b>0.29%</b>

\* Amended budget amounts approved by the Board.

Olivenhain Municipal Water District  
Revenue  
Fiscal Years Ending 2025 & 2026

Fund: 561

Debt Service - 2015A Water Revenue Refunding Bonds

		FYE 2023 Actual	FYE 2024 Approved*	FYE 2025 Proposed	% Change From FYE '24 Approved*	FYE 2026 Proposed	% Change From FYE '25 Proposed
	<b><u>Operating Revenues</u></b>						
	<b>Total Operating Revenues</b>	-	-	-	-	-	-
	<b><u>Non-operating Revenues</u></b>						
44100-561-000-000	Investment Income	25,906	1,000	1,000	0.00%	1,000	0.00%
	<b>Total Non-operating Revenues</b>	<b>25,906</b>	<b>1,000</b>	<b>1,000</b>	<b>0.00%</b>	<b>1,000</b>	<b>0.00%</b>
	<b>Total</b>	<b>25,906</b>	<b>1,000</b>	<b>1,000</b>	<b>0.00%</b>	<b>1,000</b>	<b>0.00%</b>

\* Amended budget amounts approved by the Board.

Olivenhain Municipal Water District  
Revenue  
Fiscal Years Ending 2025 & 2026

Fund: 580 & 581		Debt Service - 2009 Water Revenue Bond & 2016A Water Revenue Refunding Bond					
		FYE 2023 Actual	FYE 2024 Approved*	FYE 2025 Proposed	% Change From FYE '24 Approved*	0.00% FYE 2026 Proposed	% Change From FYE '25 Proposed
<b><u>Operating Revenues</u></b>							
	<b>Total Operating Revenues</b>	-	-	-	-	-	-
<b><u>Non-operating Revenues</u></b>							
44100-581-000-000	Investment Income	8,506	1,000	1,000	0.00%	1,000	0.00%
	<b>Total Non-operating Revenues</b>	<b>8,506</b>	<b>1,000</b>	<b>1,000</b>	<b>0.00%</b>	<b>1,000</b>	<b>0.00%</b>
	<b>Total</b>	<b>8,506</b>	<b>1,000</b>	<b>1,000</b>	<b>0.00%</b>	<b>1,000</b>	<b>0.00%</b>

\* Amended budget amounts approved by the Board.

Olivenhain Municipal Water District  
Revenue  
Fiscal Years Ending 2025 & 2026

Fund: 510

Debt Service - 2012 State Revolving Fund

		FYE 2023 Actual	FYE 2024 Approved*	FYE 2025 Proposed	% Change From FYE '24 Approved*	FYE 2026 Proposed	% Change From FYE '25 Proposed
	<b><u>Operating Revenues</u></b>						
	<b>Total Operating Revenues</b>	-	-	-	-	-	-
	<b><u>Non-operating Revenues</u></b>						
44100-510-000-000	Investment Income	3,806	1,000	1,000	0.00%	1,000	0.00%
	<b>Total Non-operating Revenues</b>	<b>3,806</b>	<b>1,000</b>	<b>1,000</b>	<b>0.00%</b>	<b>1,000</b>	<b>0.00%</b>
	<b>Total</b>	<b>3,806</b>	<b>1,000</b>	<b>1,000</b>	<b>0.00%</b>	<b>1,000</b>	<b>0.00%</b>

\* Amended budget amounts approved by the Board.



Olivenhain Municipal Water District  
Revenue  
Fiscal Years Ending 2025 & 2026

Fund: 521

Debt Service - 2021A Sewer Rev. Bonds

		FYE 2023 Actual	FYE 2024 Approved*	FYE 2025 Proposed	% Change From FYE '24 Approved*	FYE 2026 Proposed	% Change From FYE '25 Proposed
	<u>Operating Revenues</u>						
	<b>Total Operating Revenues</b>	-	-	-	-	-	-
	<u>Non-operating Revenues</u>						
44100-521-000-000	Investment Income	185,978	1,000	1,000	0.00%	1,000	0.00%
	<b>Total Non-operating Revenues</b>	<u>185,978</u>	<u>1,000</u>	<u>1,000</u>	<u>0.00%</u>	<u>1,000</u>	<u>0.00%</u>
	<b>Total</b>	<u>185,978</u>	<u>1,000</u>	<u>1,000</u>	<u>0.00%</u>	<u>1,000</u>	<u>0.00%</u>

\* Amended budget amounts approved by the Board.

Olivenhain Municipal Water District  
Revenue  
Fiscal Years Ending 2025 & 2026

Fund: 522

Debt Service - 2021B Sewer Rev. Refunding Bonds

		FYE 2023 Actual	FYE 2024 Approved*	FYE 2025 Proposed	% Change From FYE '24 Approved*	FYE 2026 Proposed	% Change From FYE '25 Proposed
	<u>Operating Revenues</u>						
	<b>Total Operating Revenues</b>	-	-	-	-	-	-
	<u>Non-operating Revenues</u>						
44100-522-000-000	Investment Income	10	1,000	1,000	0.00%	1,000	0.00%
	<b>Total Non-operating Revenues</b>	<u>10</u>	<u>1,000</u>	<u>1,000</u>	<u>0.00%</u>	<u>1,000</u>	<u>0.00%</u>
	<b>Total</b>	<u>10</u>	<u>1,000</u>	<u>1,000</u>	<u>0.00%</u>	<u>1,000</u>	<u>0.00%</u>

\* Amended budget amounts approved by the Board.

Olivenhain Municipal Water District  
Revenue  
Fiscal Years Ending 2025 & 2026

Debt Service - Proposed 2026 Sewer Rev. Refunding Bonds

	FYE 2023 Actual	FYE 2024 Approved*	FYE 2025 Proposed	% Change From FYE '24 Approved*	FYE 2026 Proposed	% Change From FYE '25 Proposed
<b><u>Operating Revenues</u></b>						
<b>Total Operating Revenues</b>	-	-	-	-	-	-
<b><u>Non-operating Revenues</u></b>						
Investment Income	-	-	-	0.00%	1,000	100.00%
<b>Total Non-operating Revenues</b>	-	-	-	<b>0.00%</b>	<b>1,000</b>	<b>0.00%</b>
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>	<b>1,000</b>	<b>0.00%</b>

\* Amended budget amounts approved by the Board.

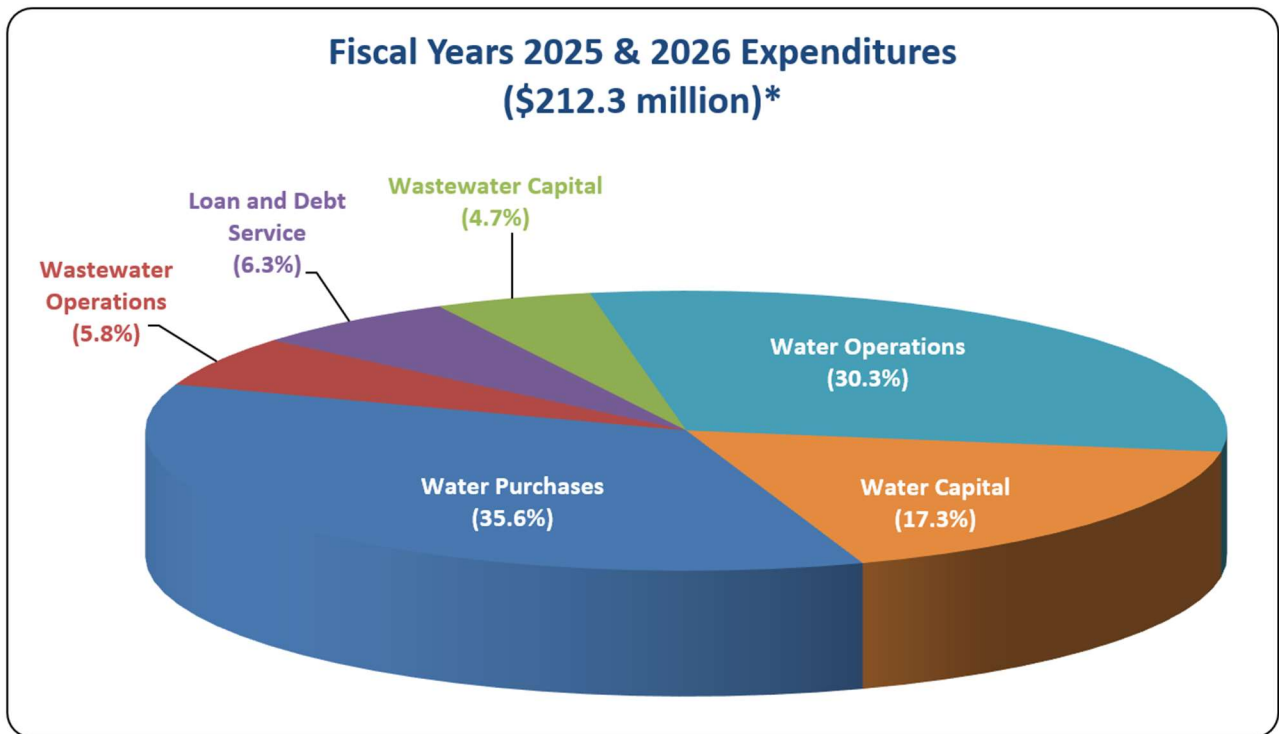
## Expenditures

The District's expenditures for the biennial budget covering Fiscal Years 2025 and 2026 are divided into three major categories:

- Operating Expenditures are potable and recycled water operations (with purchased water cost shown separately), wastewater operations, maintenance expenses, and fund transfers to capital reserves (PAYGO) from rates and charges to pay for aging infrastructure.
- Non-Operating Expenditures are costs that are not directly attributable to day-to-day potable water, recycled water, and wastewater operations, such as loan and debt service payments.
- Capital Project Expenditures are defined as funds spent on the District's capital improvement program. More information on the District's capital expenditures funding sources can be found in the Capital Budget section.

Operating and non-operating expenditures are discussed as part of the operating budget section of this document. Detailed Information on Fiscal Years 2025 and 2026 Capital Expenditures can be found in "Section II - Capital Budget."

The District's two-year total expenditures for Fiscal Years 2025 and 2026 are projected to be \$212.2 million. The breakdown of these expenditures by category is depicted in the graph below.



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

## Water Purchases (35.6%)

### **Potable Water Purchases**

The District purchases 100% of its untreated water supply from San Diego County Water Authority (SDCWA). Untreated water deliveries from SDCWA are processed at the District's David C. McCollom Water Treatment Plant to meet potable water demand. SDCWA's water supplies come from imported water providers such as the Metropolitan Water District of Southern California (MWD), Imperial Irrigation District, American and Coachella Canal Lining and the Carlsbad Water Desalination Plant. It is then transported through MWD's water transmission and distribution system to 24 member agencies, including SDCWA, which distributes the water to retail agencies like the District throughout San Diego County.

Fiscal Years 2025 and 2026 untreated water purchases are estimated at 16,585 AF per year based on projected potable water sales volume and an allowance of 6.5% for unaccounted water loss.

SDCWA's untreated purchased wholesale water cost increased by 11.8% effective January 1, 2024. As of the writing of this budget, proposed increases to the purchased water wholesale variable and fixed costs have not been finalized and approved by SDCWA's Board of Directors.

The wholesale purchased water costs are broken down as follows:

### Purchased Water Wholesale Variable Charges per Acre-Foot (AF)

1. **Melded Untreated Municipal and Industrial (M&I) Supply Rate** is a uniform volumetric rate set to recover the costs of purchasing Tier 1 water from MWD, water purchases from Imperial Irrigation District (IID), payments in connection with the All American and Coachella Canal lining projects, and other associated supply costs. The Melded Supply Rate increased from \$1,085 per acre-foot to \$1,200, an increase of 10.6%, from Calendar Year 2023 to 2024. At the time of writing this document SDCWA has not finalized their Calendar Year 2025 rates. Therefore, the "High" All-In Untreated M&I rate from the High/Low forecasts included in SDCWA's 2021 long range financial plan was used in the budget for purchased water costs for Fiscal Years 2025 and 2026. Purchased water wholesale costs include in Fiscal Year 2026 will be updated as part of the midterm budget review process in Spring 2025.
2. **Melded M&I Treatment Rate** is a uniform volumetric rate that is set to recover costs related to the treatment of raw water. The District treats almost all of its customer's potable water demand at its David C. McCollom Water Treatment Plant. SDCWA's melded M&I Treatment Rate increased from \$350 per AF to \$400 per AF, or 14.3%, from Calendar Year 2023 to 2024. As noted above, this budget assumed increases to SDCWA purchased water cost components based on SDCWA's 2021 long rang financial plan.

3. **Transportation Charge** is a uniform volumetric rate that is set in order to recover capital, operation, and maintenance costs of SDCWA's aqueduct system, including all facilities used to physically transport the water to member agency meters. In February 2024, the SDCWA board approved splitting the Transportation Charge into both a fixed and variable component. Effective January 1, 2025, SDCWA will collect 40% of their Transportation revenue requirement from its member agencies through a monthly fixed charge and the remaining 60% from a volumetric rate. Therefore, the current volumetric rate of \$189 per AF will decrease when the Calendar Year 2025 rates take effect, and the new fixed charge component will be added.
4. **SDCWA Permanent Special Agricultural Water Rate Program (PSAWR):** This program exempts farmers and growers from paying storage charges in exchange for receiving a reduced level of water delivery during water shortages or emergencies. In September 2020, the Water Authority Board of Directors approved a Permanent Special Agricultural Water Rate (PSAWR) Program – with an effective start date of January 1, 2021. The current untreated and treated agricultural water rates under the PSAWR program are \$903 and \$1,303 per AF.

#### Purchased Water Wholesale Fixed Charges

1. **Customer Service Charge:** This is a fixed charge to recover costs that are necessary to support the functions of SDCWA, to develop SDCWA policies, and to implement programs that benefit the San Diego region as a whole. It is charged monthly and allocated among member agencies based on each agency's five-year rolling average of water purchases. The SDCWA customer service charge allocated to the District for CY 2024 is \$1.3 million. At the time of writing this document SDCWA CY 2025 rates are not yet approved. Therefore, the District used SDCWA's 2021 long range plan for forecasting future rate increases.
2. **SDCWA Emergency Storage Charge:** This is a fixed charge to recover costs associated with the Emergency and Carryover Storage Program. It is charged monthly and allocated among member agencies based on each agency's five-year rolling average of non-agricultural water deliveries. The SDCWA storage charge allocated to the District for CY 2024 is \$3.1 million. As stated above SDCWA CY 2025 rates are not yet approved.
3. **MWD Readiness-To-Serve Charge (RTS):** This is a fixed charge collected by MWD to recover costs associated with standby and peak conveyance activity and system emergency storage capacity. The RTS charge is allocated by SDCWA to all member agencies on the basis of each agency's ten-year rolling average of firm deliveries, including water transfers and exchanges conveyed through system capacity. The District's portion of MWD RTS for CY 2024 is \$617,000. As stated above SDCWA CY 2025 rates are not yet approved.
4. **MWD Capacity Charge (CRC):** This is a fixed charge set by MWD on an agency's peak week deliveries over the previous five fiscal years. It recovers the cost of providing peak capacity within the distribution system and is designed to encourage member agencies to shift demands and avoid placing large daily peaks on the MWD system during the summer months. The District's allocation of MWD CRC for CY 2024 is \$392,200. SDCWA CY 2025 rates are not yet

approved. SDCWA allocates this fixed charge to all of its member agencies based on a five-year rolling average of member agency deliveries during regional peak weeks.

5. **SDCWA Infrastructure Access Charge (IAC):** This is a fixed monthly charge which is set by SDCWA based on meter size of all active potable water meters to cover a portion of debt service costs associated with the construction of county-wide water infrastructure projects. SDCWA's portion of the IAC allocated to the District is \$1.5 million for CY 2024. SDCWA CY 2025 rates are not yet approved.
6. **SDCWA Supply Reliability Charge:** This is a fixed monthly charge intended to recover a portion of the costs associated with the purchase and distribution of water from the Carlsbad Desalination Plant, IID, and the Canal Lining Project. SDCWA allocates this charge based on a five-year rolling average of firm, non-agricultural MWD deliveries. The District's share of the SDCWA supply reliability charge in CY 2024 is \$2.1 million. SDCWA CY 2025 rates are not yet approved.

## Recycled Water Purchases

The District delivers recycled water to large irrigation customers, such as golf courses and homeowners associations, in the Northwest Quadrant and Southeast Quadrant of its service area. The Northwest (NW) and Southeast (SE) quadrants are each separate transmission and distribution systems.

In the Northwest Quadrant, the District purchases 100% of its recycled water from Vallecitos Water District and San Elijo Joint Powers Authority through water purchase agreements. The District is expanding its recycled water distribution system to increase its recycled water use and reduce its dependency on potable water for irrigation purposes.

In the Southeast Quadrant, the District purchases a portion of its recycled water from the City of San Diego and Rancho Santa Fe Community Service District (RSFCSD). About 70% of the District's recycled water demand in the Southeast Quadrant is supplied through treated effluent from the 4S Water Reclamation Facility, owned and operated by the District.

### The District purchases recycled water from the following suppliers:

1. **City of San Diego (City):** The District is contractually obligated to buy at least 300 AF of recycled water from the City. The purchase price for this recycled water is set based on an agreement between the District and the City for the purchase of recycled water from the North City Water Reclamation Plant. This agreement is a take-or-pay recycled water purchase arrangement for 20 years effective December 2004. The District agrees to pay the City the commodity rate adopted by the San Diego City Council. The District currently pays \$1,041 per AF for recycled water supplied by the City. The District is in the process of negotiating with the City for an amendment to the existing agreement.

2. **Rancho Santa Fe Community Services District (RSFCSD):** The District agrees to purchase available recycled water from the Santa Fe Valley Water Reclamation Facility (SFV WRF), which is owned by the RSFCSD. For Fiscal Year 2025, the District projects approximately 215 AF of recycled water will be available from SFV WRF. The purchase price for this recycled water is set at \$375 per AF, plus 50% of the difference between the District's projected recycled water rate and the District's actual Fiscal Year 2008 recycled water rate. Currently, the purchase price for recycled water from RSFCSD is \$974.36 per AF.
3. **Vallecitos Water District (VWD):** The District entered into an agreement to purchase up to 1.5 million gallons per day of recycled water from VWD and to use VWD's Mahr Reservoir for operational storage for the purchased recycled water. For fiscal year 2025, recycled water purchases from VWD are projected at approximately 450 AF. The ceiling price for recycled water purchased from VWD is not to exceed 75% of SDCWA's Treated M&I Rate, which includes the Tier 1 Melded Untreated M&I Supply Rate, Customer Service Charge, Transportation Rate, Storage Charges and Melded M&I Treatment Rate. For Fiscal Years 2025 and 2026, the price for recycled water from VWD shall not exceed an estimated amount of \$1,717 and \$1,878 per AF, respectively. The District is currently in negotiations with VWD and Carlsbad Water District to amend the existing recycled water purchase agreement, including a uniform recycled water price for future years.
4. **San Elijo Joint Powers Authority (SEJPA):** The District also executed a recycled water purchase agreement with the SEJPA to purchase a minimum of 225 AF of recycled water during Fiscal Year 2025. The Fiscal year 2025 price for recycled water purchased from SEJPA is \$1,931 per AF. The District also gets an infrastructure credit of \$450 per AF for recycled water facilities contributed by the District under the agreement. SEJPA 's price for recycled water will increase to \$2,027 starting July 1, 2025. The infrastructure credit will result in a net recycled water rate of \$1,481 per AF for Fiscal Year 2025, and \$1,577 per AF for Fiscal Year 2026.

## Water Operations (30.3%)

### **Potable Water Operations Expenditures (27.3%)**

The District is committed to providing safe, reliable, and high-quality water to each customer in a cost-effective manner. Potable water operations include not only water facilities operations but also maintenance of the District's transmission and distribution system, meter maintenance, reading and billing of water meters on a monthly basis, and other on-site services requested by customers. The District's service area is approximately 48 square miles, with 466 miles of water main lines, 66.9 million gallons of potable water storage capacity, and 12 treated water reservoirs. The District provides potable water services to approximately 28,700 water meters.

Fiscal Year 2025 potable water operating expenditures are budgeted at \$27.0 million which includes \$21.7 million of operating expenditures net of capitalized labor and non-labor expenses, and \$5.4 million of fund transfers. A 4.8% increase in potable water operating expenditures for Fiscal Year 2025, net of capitalized expenditures, is primarily due to increased labor and benefit



costs and other cost increases such as utilities, supplies, and outside services to keep up with annual inflation adjustments.

Detailed information on the personnel and benefit costs is included in the Employee Benefit section of this budget.

### **Recycled Water Operations Expenditures (3.0%)**

Recycled water operating expenditures for Fiscal Year 2025 are budgeted at \$3.19 million which includes \$1.49 million of operating expenditures net of capitalized labor and non-labor expenses, and \$1.7 million of fund transfers. This represents a 15.3% decrease compared to the Fiscal Year 2024 budget primarily due to a decrease in capital transfers, plus a decrease in anticipated capital labor needed. Recycled water operating expenditures for Fiscal Year 2026 are budgeted at \$3.24 million, including \$1.54 million of operating expenditures net of capitalized labor and non-labor expenses, and \$1.7 million of fund transfers, which represents a 1.6% increase compared to the Fiscal Year 2025 proposed budget. The increase is due to an adjustment in salary and wages based on the current labor agreement between the District and its employee association groups, and increases in the cost of supplies, power cost, and facilities repair and maintenance expenditures to keep up with annual inflation adjustments. The increase over Fiscal Year 2025 is slightly offset by a further decrease in capital labor with the anticipated completion of several recycled water projects in Fiscal Year 2025.

### **Wastewater Operations Expenditures (5.8%)**

The District owns and operates the 4S Ranch Water Reclamation Facility (4S WRF) to provide wastewater collection and treatment services to two sanitation districts within its boundaries, namely 4S Ranch and Rancho Cielo, as well as other annexed areas. These service areas, comprised of a wide variety of commercial, industrial, and residential uses, encompass approximately 5,500 acres and provides wastewater service to about 7,330 equivalent dwelling units (EDUs), from its ultimate build-out of 7,450 EDUs.

Fiscal Year 2025 wastewater operating expenditures are budgeted at \$7.6 million which includes \$3.9 million of operating expenditures net of capitalized labor and non-labor expenses, and \$3.6 million of fund transfers. A 2.4% increase in wastewater operating expenditures for Fiscal Year 2025, net of capitalized expenditures and excluding fund transfers, is primarily due labor and benefit costs and other cost increases such as utilities, supplies, insurance, and outside services to keep up with annual inflation adjustments.

For Fiscal Year 2026, wastewater operating expenditures, net of capitalized labor and non-labor expenses and excluding fund transfers, are expected to increase 3.7% due to an increase in labor and benefit costs, chemical supplies for wastewater treatment, and utilities. The increase is partially offset by a reduction in capitalized labor for employee time spent on District projects, which is anticipated to decrease due to completion of the several projects in Fiscal Year 2025. Fiscal

Year 2026 also includes a \$1.0 million transfer from the wastewater operating fund to the capital fund to pay for the wastewater capital improvement program.

Information about the District's wastewater capital improvement program can be found in the District's 10-year spending plan as well as in the Capital Budget section of this document.

### **Loan and Debt Service Fund (6.3%)**

Included in this category are amortization expenses and administrative costs. These costs are incurred by the District to administer current outstanding bonds and loans.

The District's financial goal is to keep the level of bond indebtedness within reasonable limits and legal limitations. To meet the bond indebtedness obligation and to avoid rate spikes, the District has a long-term financial plan and rate model that are used by staff as financial tools to forecast water rates. It has been the District's mission to keep water rates stable over time through utilization of rate stabilization funds whenever practicable.

Debt Service expenses for Fiscal Years 2025 and 2026 are budgeted at \$13.3 million combined, with \$13.1 million budgeted for debt service payments and \$180 thousand budgeted for other debt expenses. The District currently has six outstanding bond issues: These are the 2019 Reassessment District 96-1 (2019 RAD 96-1); 2015A Water Revenue Refunding Bonds; 2016A Water Revenue Refunding Bonds; 2021A and 2021B Wastewater Revenue Bonds; and the State Revolving of California Revolving Fund Loan Program (2012 SRF).

The 2019 RAD 96-1 bonds were issued to refund the 2007 RAD 96-1 bonds which were issued to refund the Assessment District 96-1 bonds. Assessment District 96-1 bond proceeds were used to pay for the District's portion of the Olivenhain Water Storage project. The 2019 RAD 96-1 bonds will mature in September 2027.

The 2015A Water Revenue Refunding bonds were issued to refund the 2006A Water Revenue Refunding Bonds, which refunded the 1997 Certificates of Participation (1997 COP). The District used the 1997 COP proceeds to pay for construction of the David C. McCollom Water Treatment Plant (DCMWTP). The District estimates it will save \$1.79 million over the life of the bonds due to the 2015 refunding. The District pledged its net water system revenues to pay for the 2015A annual debt service payment. The 2015A Water Revenue Refunding bonds will mature in June 2028.

The 2016A Water System Refunding Revenue bonds were issued to refund the outstanding balance of the 2009 Water Revenue Bonds. The 2009 Bonds were used to finance the required improvements at the David C. McCollom Water Treatment Plant. The primary sources of repayment for these bonds are net system revenues. The 2016A Water System Refunding Revenue bonds will mature in June 2039.

The 2021A Wastewater Revenue bonds were issued on a private placement basis to finance wastewater improvements at the 4S Wastewater Treatment Plant, including rehabilitations,

replacements, and modifications to the existing Neighborhood One Sewer Pump Station and the Headworks Screening System at the 4S Wastewater Treatment Plant. The 2021A Wastewater Revenue bonds will mature in June 2041.

The 2021B Wastewater Revenue bonds were issued on a private placement basis to refund and refinance the existing 2018A Sewer Revenue Bonds, which were issued in fiscal year 2018 to finance improvements to the District's administrative and operations building at 1966 Olivenhain Road, Encinitas, CA. The District received an interest rate of 1.14% for the 2021B Refunding Revenue Bonds, which resulted in an estimated net present value savings of \$243,900 after the cost of issuance. The 2021B Wastewater Revenue bonds will mature in June 2028.

The 2012 SRF loan was awarded by the California Department of Public Health in December 2011 and was used to fund a portion of the LT2-related construction improvements at the DCMWTP. The 2012 SRF loan will be paid off in July 2034.

Additionally, as part of the 2024 Wastewater Cost-of-Service study conducted by an independent financial consultant, the District reviewed the need for future debt to help smooth rates increases and still meet the financial obligation for the operating and capital needs of its Wastewater facilities and infrastructure. The 2024 Wastewater Study recommended issuance of new bonds in Fiscal Year 2026 to pay for the wastewater capital improvements program and to smooth out future rate increases. Annual debt service payments of \$423 thousand beginning in Fiscal Year 2026 is assumed in this budget.

### **Debt Coverage Ratio**

The 2015A Water Revenue Refunding bonds and the 2016A Water System Refunding Revenue bonds require the District to maintain net system revenues equal to 125% or greater of debt service on senior obligations for each fiscal year and 100% of debt service on all obligations. Net system revenues equal all income and revenue received by the District from the operation or ownership of the water system, including all rates and charges received by the District for water system services, investment income, property taxes, and connection fees less costs expended or incurred by the District for maintaining and operating the water system, excluding depreciation expenses.

The coverage ratio is defined as net system revenues divided by senior liens overall debt service. The District has been and will remain in compliance with all of its bond covenants, which include meeting its debt service ratio requirements. In March 2024, Fitch Ratings reaffirmed the District's AAA credit rating for its 2015A and 2016A Water Revenue bonds.

The District's Debt Coverage Ratio information are shown on the following page. The consolidated debt service schedule of principal and interest payments through maturity and a separate debt service schedule by fund type are shown in the Debt Service section.

### **Water and Wastewater Capital (22.0%)**

Detailed information on the District's capital expenditures, including project description, estimated project costs, and funding sources can be found in "Section II – Capital Budget" of this document. Project costs are estimated based on an updated list of capital improvement projects to be completed within the next ten years.

**Olivenhain Municipal Water District**  
**Projected Financial Water Operations Debt Service Coverage**

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

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
<b>Water System Revenue</b>										
Water Sales	63,519	67,994	71,820	74,821	77,948	81,205	84,597	88,131	91,813	95,649
Other Operating Revenues	2,999	3,559	3,779	3,931	4,074	4,223	4,377	4,559	4,769	4,989
Capacity Fee, Net of Credit	118	412	4,047	4,687	803	1,544	1,118	952	2,504	155
Investment Income	1,755	1,158	1,207	1,293	1,352	1,403	1,519	2,064	1,703	1,758
Property Taxes	4,600	4,650	4,700	4,700	4,700	4,700	4,700	4,700	4,700	4,700
Other Non-Operating Revenues	836	852	852	852	852	852	852	852	852	852
<b>Total Water System Revenue</b>	<b>73,827</b>	<b>78,625</b>	<b>86,405</b>	<b>90,284</b>	<b>89,729</b>	<b>93,927</b>	<b>97,163</b>	<b>101,258</b>	<b>106,341</b>	<b>108,103</b>
<b>Water System Expenditures</b>										
Purchased Water Cost - Potable	34,740	37,035	39,449	41,331	43,158	45,067	47,059	49,312	51,847	54,511
Purchased Water Cost - Recycled	2,117	1,721	1,803	1,868	1,932	1,998	2,066	2,150	2,242	2,339
Operations and Maintenance	22,327	23,649	24,595	25,581	26,608	27,679	28,795	29,958	31,170	32,433
<b>Total Water System Expenditures</b>	<b>59,184</b>	<b>62,405</b>	<b>65,847</b>	<b>68,780</b>	<b>71,698</b>	<b>74,744</b>	<b>77,920</b>	<b>81,420</b>	<b>85,259</b>	<b>89,283</b>
<b>Net System Revenues</b>	<b>14,643</b>	<b>16,220</b>	<b>20,558</b>	<b>21,504</b>	<b>18,031</b>	<b>19,183</b>	<b>19,243</b>	<b>19,838</b>	<b>21,082</b>	<b>18,820</b>
<b>Coverage Calculation for Existing Debts</b>										
2015A Refunding Bond Debt Services <sup>1</sup>	2,414	2,407	2,405	2,404	-	-	-	-	-	-
2016A Refunding Bond Debt Services	978	977	975	978	974	974	977	975	975	975
2012 SRF Debt Services	1,070	1,070	1,070	1,070	1,070	1,070	1,070	1,070	1,070	1,070
2032 Proposed Debt <sup>2</sup>	-	-	-	-	-	-	-	3,318	3,318	3,318
<b>Total Debt Services</b>	<b>4,462</b>	<b>4,454</b>	<b>4,450</b>	<b>4,452</b>	<b>2,044</b>	<b>2,044</b>	<b>2,047</b>	<b>5,363</b>	<b>5,363</b>	<b>5,363</b>
<b>REVENUE TO DEBT COVERAGE RATIO</b>	<b>3.28</b>	<b>3.64</b>	<b>4.62</b>	<b>4.83</b>	<b>8.82</b>	<b>9.38</b>	<b>9.40</b>	<b>3.70</b>	<b>3.93</b>	<b>3.51</b>
Debt Coverage Ratio Requirement: 1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25

1) 2015A Refunding Bond Debt Services will be paid off by the end of Fiscal Year 2028

2) Proposed Debt issuance

**Olivenhain Municipal Water District**  
**Projected Financial Wastewater Operations Debt Service Coverage**

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

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
<b>Wastewater System Revenue</b>										
Service Charges	5,725	6,040	6,372	6,722	7,092	7,447	7,819	8,210	8,621	9,052
Investment Income	60	42	44	45	47	49	51	53	55	55
<b>Total Wastewater System Revenue</b>	<b>5,785</b>	<b>6,082</b>	<b>6,416</b>	<b>6,767</b>	<b>7,139</b>	<b>7,496</b>	<b>7,870</b>	<b>8,263</b>	<b>8,676</b>	<b>9,107</b>
<b>Water System Expenditures</b>										
Operations and Maintenance	3,935	4,080	4,243	4,413	4,590	4,774	4,965	5,164	5,371	5,586
<b>Total Water System Expenditures</b>	<b>3,935</b>	<b>4,080</b>	<b>4,243</b>	<b>4,413</b>	<b>4,590</b>	<b>4,774</b>	<b>4,965</b>	<b>5,164</b>	<b>5,371</b>	<b>5,586</b>
<b>Net System Revenues</b>	<b>1,850</b>	<b>2,002</b>	<b>2,173</b>	<b>2,354</b>	<b>2,549</b>	<b>2,722</b>	<b>2,905</b>	<b>3,099</b>	<b>3,305</b>	<b>3,521</b>
<b>Coverage Calculation for Existing Debts</b>										
2021A Sewer Revenue Bonds	310	310	310	309	310	310	310	310	310	310
2021B Sewer Revenue Bonds <sup>1</sup>	609	609	609	609	-	-	-	-	-	-
2026 Proposed Debt <sup>2</sup>	-	423	423	423	423	423	423	423	423	423
<b>Total Debt Services</b>	<b>919</b>	<b>1,342</b>	<b>1,342</b>	<b>1,341</b>	<b>733</b>	<b>733</b>	<b>733</b>	<b>733</b>	<b>733</b>	<b>733</b>
<b>REVENUE TO DEBT COVERAGE RATIO</b>	<b>2.01</b>	<b>1.49</b>	<b>1.62</b>	<b>1.76</b>	<b>3.48</b>	<b>3.71</b>	<b>3.96</b>	<b>4.23</b>	<b>4.51</b>	<b>4.80</b>
Debt Coverage Ratio Requirement: 1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25

1) 2021B Sewer Revenue Bond Debt Services will be paid off by the end of Fiscal Year 2028

2) Proposed Debt issuance

**Olivenhain Municipal Water District  
Expense Summary  
Fiscal Years Ending 2025 & 2026**

**Fund: 100 & 120 Water Operations (Potable and Recycled)**

	<b>FYE 2023 Actual</b>	<b>FYE 2024 Approved*</b>	<b>FYE 2025 Proposed</b>	<b>% Change From FYE '24 Approved*</b>	<b>FYE 2026 Proposed</b>	<b>% Change From FYE '25 Proposed</b>
<b><u>Operating Expenses</u></b>						
Purchased Potable Water - Variable	19,647,127	23,013,000	25,114,000	9.13%	26,543,000	5.69%
Purchased Potable Water - Fixed	4,141,877	4,234,000	4,685,000	10.65%	5,107,000	9.01%
Purchased Potable Water - Agricultural Credits	29,062	31,000	33,000	6.45%	36,000	9.09%
MWD- Readiness-to-Serve	609,946	622,000	673,000	8.20%	734,000	9.06%
MWD- Capacity Reservation Charge	385,113	360,000	392,000	8.89%	427,000	8.93%
SDCWA - Infrastructure Access Charge	1,445,148	1,465,000	1,608,000	9.76%	1,753,000	9.02%
Purchased Recycled Water	1,435,662	1,470,000	2,117,000	44.01%	1,721,000	-18.71%
Recycled Credit	-	-	-	0.00%	-	0.00%
Supply Reliability Charge	1,915,846	2,050,000	2,235,000	9.02%	2,436,000	8.99%
<b>Purchased Water</b>	<b>29,609,781</b>	<b>33,245,000</b>	<b>36,857,000 **</b>	<b>10.86%</b>	<b>38,757,000</b>	<b>5.16%</b>
Personnel	12,209,793	14,870,000	15,620,000	5.04%	16,674,000	6.75%
Operations	8,252,793	9,274,300	9,742,000	5.04%	10,183,000	4.53%
Capitalized Operating Expenditures	(2,676,755)	(1,975,000)	(2,270,000)	14.94%	(2,443,000)	7.62%
Other Operating Expenses - WFO	212,580	50,000	50,000	0.00%	50,000	0.00%
<b>Other Operating Expenses</b>	<b>17,998,411</b>	<b>22,219,300</b>	<b>23,142,000</b>	<b>4.15%</b>	<b>24,464,000</b>	<b>5.71%</b>
<b>Total Operating Expenses</b>	<b>47,608,192</b>	<b>55,464,300</b>	<b>59,999,000</b>	<b>8.18%</b>	<b>63,221,000</b>	<b>5.37%</b>
<b><u>Non-operating Expenses</u></b>						
Other Non-Operating Expenses - Potable	449,680	493,000	748,000	51.72%	748,000	0.00%
Loss disposal of Fixed Assets	148,023	-	-	0.00%	-	0.00%
Other Non-Operating Expenses - Recycled	1,020,928	-	-	0.00%	-	0.00%
Non-Operating Labor	-	-	-	0.00%	-	0.00%
<b>Total Non-operating Expenses</b>	<b>1,618,631</b>	<b>493,000</b>	<b>748,000</b>	<b>51.72%</b>	<b>748,000</b>	<b>0.00%</b>
<b>Total Expenses</b>	<b>49,226,823</b>	<b>55,957,300</b>	<b>60,747,000</b>	<b>8.56%</b>	<b>63,969,000</b>	<b>5.30%</b>

\* Amended budget amounts approved by the Board.

\*\*Subject to change

Note: Other District water operation expenditures can be found in the "Expenditures by Department" section of this document, broken down by department.

**Olivenhain Municipal Water District  
Expense Summary  
Fiscal Years Ending 2025 & 2026**

**Fund: 110 Wastewater Operations**

	<b>FYE 2023 Actual</b>	<b>FYE 2024 Approved*</b>	<b>FYE 2025 Proposed</b>	<b>% Change From FYE '24 Approved*</b>	<b>FYE 2026 Proposed</b>	<b>% Change From FYE '25 Proposed</b>
<b><u>Operating Expenses</u></b>						
Personnel	1,229,350	1,620,000	1,633,000	0.80%	1,732,000	6.06%
Operations	1,626,506	1,649,000	1,764,000	6.97%	1,816,000	2.95%
Capitalized Operating Expenditures	600,790	575,000	538,000	-6.43%	532,000	-1.12%
<b>Total Operating Expenses</b>	<b><u>3,456,645</u></b>	<b><u>3,844,000</u></b>	<b><u>3,935,000</u></b>	<b><u>2.37%</u></b>	<b><u>4,080,000</u></b>	<b><u>3.68%</u></b>
<b><u>Non-operating Expenses</u></b>						
Other Non-Operating Expenses	-	-	-	0.00%	-	0.00%
Loss disposal of Fixed Assets	-	-	-	0.00%	-	0.00%
<b>Total Non-operating Expenses</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>0.00%</u></b>	<b><u>-</u></b>	<b><u>0.00%</u></b>
<b>Total</b>	<b><u>3,456,645</u></b>	<b><u>3,844,000</u></b>	<b><u>3,935,000</u></b>	<b><u>2.37%</u></b>	<b><u>4,080,000</u></b>	<b><u>3.68%</u></b>

\* Amended budget amounts approved by the Board.

Note: More detailed information about each of the expenditures line items shown above can be found in the " Expenditures by Department - Wastewater Operations"



**Olivenhain Municipal Water District  
Expenses Summary  
Fiscal Years Ending 2025 & 2026**

**Fund: Capital Improvement (All)\*\***

	<b>FYE 2023 Actual</b>	<b>FYE 2024 Approved*</b>	<b>FYE 2025 Proposed</b>	<b>% Change From FYE '24 Approved*</b>	<b>FYE 2026 Proposed</b>	<b>% Change From FYE '25 Proposed</b>
<b><u>Operating Expenses</u></b>						
<b>Total Operating Expenses</b>	-	-	-	-	-	-
<b><u>Non-operating Expenses</u></b>						
Engineering	-	-	-	0.00%	-	0.00%
Salaries & Wages - Regular	-	-	-	0.00%	-	0.00%
Employee Benefits	-	-	-	0.00%	-	0.00%
Other Non-Operating Expenses	224,996	30,000	30,000	0.00%	30,000	0.00%
Other Non-Labor Expenses	-	-	-	0.00%	-	0.00%
<b>Total Non-operating Expenses</b>	<b>224,996</b>	<b>30,000</b>	<b>30,000</b>	<b>0.00%</b>	<b>30,000</b>	<b>0.00%</b>
<b>Total</b>	<b>224,996</b>	<b>30,000</b>	<b>30,000</b>	<b>0.00%</b>	<b>30,000</b>	<b>0.00%</b>

\* Amended budget amounts approved by the Board.

\*\* All operations include Potable water, Recycled water, and Wastewater.

**Olivenhain Municipal Water District  
Expense Summary  
Fiscal Years Ending 2025 & 2026**

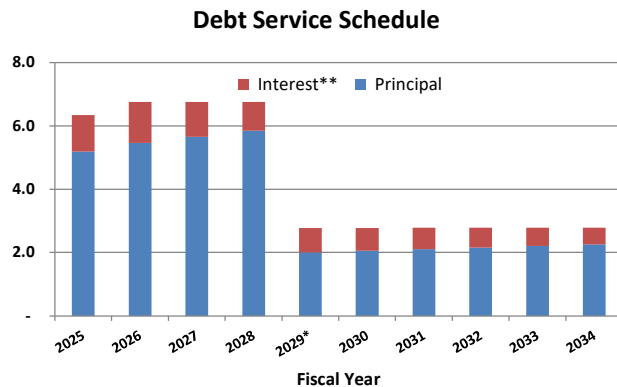
**Fund: Debt Service (All)\*\*\***

	<b>FYE 2023 Actual</b>	<b>FYE 2024 Approved*</b>	<b>FYE 2025 Proposed</b>	<b>% Change From FYE '24 Approved*</b>	<b>FYE 2026 Proposed</b>	<b>% Change From FYE '25 Proposed</b>
<b>Operating Expenses</b>	-	-	-	-	-	-
<b>Total Operating Expenses</b>	-	-	-	-	-	-
<b>Non-operating Expenses</b>						
Consultants	2,070	-	-	0.00%	35,000	100.00%
Investment Expense	-	-	-	0.00%	-	0.00%
Legal	-	-	-	0.00%	-	0.00%
Bank Svc Chgs	180	-	-	0.00%	-	0.00%
Other admin/gen exp	-	-	-	0.00%	-	0.00%
Outside Service	58,387	62,000	77,000	24.19%	80,000	3.90%
Postage and Shipping	-	-	-	0.00%	-	0.00%
Salaries and Wages	2,145	2,000	2,500	25.00%	2,500	0.00%
Employee Benefits	1,294	1,000	1,500	50.00%	1,500	0.00%
Principal	4,862,729	5,020,000	5,187,000	3.33%	5,462,000	5.30%
Loss on Payoff of Bonds	-	-	-	0.00%	-	0.00%
Net Interest Expense**	1,215,718	1,329,000	1,155,000	-13.09%	1,296,000	12.21%
Call Fee on Defeased Debt	-	-	-	0.00%	-	0.00%
Amortization	3,502	4,000	4,000	0.00%	4,000	0.00%
Premium/Call Fee Defeased Debt	-	-	-	0.00%	-	0.00%
Fixed Charge County Assessment	2,313	2,000	2,400	20.00%	2,500	4.17%
Other Expenses	-	-	-	0.00%	-	0.00%
Other Non-labor Expenses	-	-	-	0.00%	-	0.00%
Other Labor Expenses	-	-	-	0.00%	-	0.00%
<b>Total Non-operating Expenses</b>	<b>6,148,338</b>	<b>6,420,000</b>	<b>6,429,400</b>	<b>0.15%</b>	<b>6,883,500</b>	<b>7.06%</b>
<b>Total</b>	<b>6,148,338</b>	<b>6,420,000</b>	<b>6,429,400</b>	<b>0.15%</b>	<b>6,883,500</b>	<b>7.06%</b>

\* Amended budget amounts approved by the Board.

\*\* Net interest expense is adjusted for amortization of the bond premium, where applicable.

\*\*\* Includes RAD 96-1, 2012 State Revolving Fund, 2015A & 2016A Refunding Bonds, 2018 Sewer Revenue Bond.



\* Reduction due to retirement of the 2015A and RAD 96-1 bonds in 2028.

\*\* Net interest expense is adjusted for amortization of the bond premium, where applicable.

<b>Schedule of Payments</b>			
<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest**</b>	<b>Total</b>
2025	5,187,000	1,155,000	6,342,000
2026	5,462,000	1,296,000	6,758,000
2027	5,653,000	1,102,000	6,755,000
2028	5,848,000	907,000	6,755,000
2029*	2,005,000	772,000	2,777,000
2030	2,053,000	724,000	2,777,000
2031	2,107,000	673,000	2,780,000
2032	2,155,000	623,000	2,778,000
2033	2,210,000	568,000	2,778,000
2034	2,267,000	511,000	2,778,000
2035	1,795,000	454,000	2,249,000
2036	1,297,000	409,000	1,706,000
2037	1,341,000	370,000	1,711,000
2038	1,376,000	328,000	1,704,000
2039	1,420,000	285,000	1,705,000
2040	491,000	242,000	733,000
2041	506,000	225,000	731,000
<b>TOTAL</b>	<b>61,385,000</b>	<b>16,715,000</b>	<b>78,100,000</b>

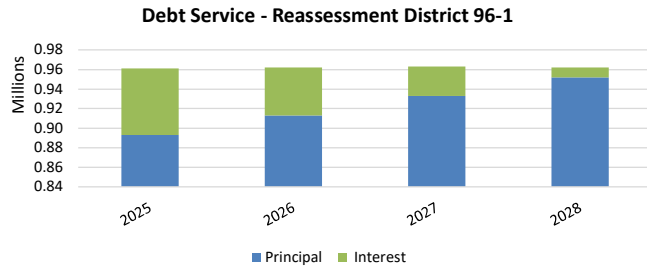
**Olivenhain Municipal Water District  
Expenses  
Fiscal Years Ending 2025 & 2026**

**Fund: 570      Debt Service - Reassessment District 96-1**

Account No. and Description	FYE 2023 Actual	FYE 2024 Approved*	FYE 2025 Proposed	% Change From FYE '24 Approved*	FYE 2026 Proposed	% Change From FYE '25 Proposed
<b>Operating Expenses</b>						
<b>Total Operating Expenses</b>	-	-	-	0.00%	-	0.00%
<b>Non-operating Expenses</b>						
52250-570-000-000 Consultants	-	-	-	0.00%	-	0.00%
52660-570-000-000 Investment Expense	-	-	-	0.00%	-	0.00%
52800-570-000-000 Legal	-	-	-	0.00%	-	0.00%
53250-570-000-000 Outside Service	47,446	50,000	65,000	30.00%	65,000	0.00%
51100-570-000-000 Salaries and Wages	2,145	2,000	2,500	25.00%	2,500	0.00%
51150-570-000-000 Employee Benefits	1,294	1,000	1,500	50.00%	1,500	0.00%
22510-570-000-000 Principal	863,064	885,000	893,000	0.90%	913,000	2.24%
59750-570-000-000 Interest Expense**	99,035	87,000	68,000	-21.84%	49,000	-27.94%
59200-570-000-000 Call Fee on Defeased Debt	-	-	-	0.00%	-	0.00%
59265-570-000-000 Amortization	-	-	-	0.00%	-	0.00%
59365-570-000-000 Fixed Charge County Assessment	2,313	2,000	2,400	20.00%	2,500	4.17%
59460-570-000-000 Other Non-labor Expenses	-	-	-	0.00%	-	0.00%
59560-570-000-000 Other Labor Expenses	-	-	-	0.00%	-	0.00%
53200-570-000-000 Other Admin and General Cost	-	-	-	0.00%	-	0.00%
<b>Total Non-operating Expenses</b>	<b>1,015,297</b>	<b>1,027,000</b>	<b>1,032,400</b>	<b>0.53%</b>	<b>1,033,500</b>	<b>0.11%</b>
<b>Total</b>	<b>1,015,297</b>	<b>1,027,000</b>	<b>1,032,400</b>	<b>0.53%</b>	<b>1,033,500</b>	<b>0.11%</b>

\* Amended budget amounts approved by the Board.

\*\* Net interest expense is adjusted for amortization of the bond premium.



Schedule of Payments			
Fiscal Year	Principal	Interest	Total
2025	893,000	68,000	961,000
2026	913,000	49,000	962,000
2027	933,000	30,000	963,000
2028	952,000	10,000	962,000
2029	-	-	-
<b>TOTAL</b>	<b>7,101,000</b>	<b>613,000</b>	<b>7,714,000</b>

**Olivenhain Municipal Water District  
Expenses  
Fiscal Years Ending 2025 & 2026**

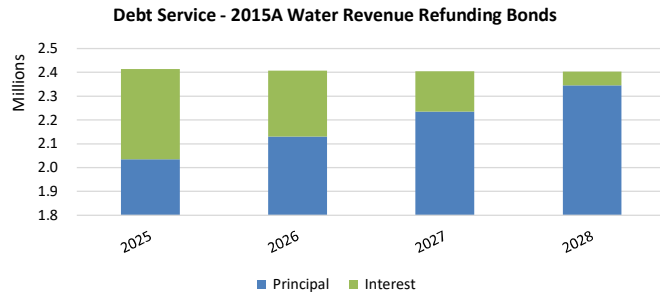
**Fund: 561**

**Debt Service - 2015A Water Revenue Refunding Bonds**

Account No. and Description	FYE 2023 Actual	FYE 2024 Approved*	FYE 2025 Proposed	% Change From FYE '24 Approved*	FYE 2026 Proposed	% Change From FYE '25 Proposed
<b>Operating Expense</b>						
<b>Total Operating Expenses</b>	-	-	-	0.00%	-	0.00%
<b>Non-operating Expenses</b>						
53250-561-000-000 Outside Services	2,870	3,000	3,000	0.00%	3,000	0.00%
22800-561-000-000 Principal	1,845,000	1,935,000	2,035,000	5.17%	2,130,000	4.67%
59750-561-000-000 Net Interest Expense**	306,507	475,000	379,000	-20.21%	277,000	-26.91%
59265-561-000-000 Amortization	3,502	4,000	4,000	0.00%	4,000	0.00%
52250-561-000-000 Consultants	-	-	-	0.00%	-	0.00%
<b>Total Non-operating Expenses</b>	<b>2,157,879</b>	<b>2,417,000</b>	<b>2,421,000</b>	<b>0.17%</b>	<b>2,414,000</b>	<b>-0.29%</b>
<b>Total</b>	<b>2,157,879</b>	<b>2,417,000</b>	<b>2,421,000</b>	<b>0.17%</b>	<b>2,414,000</b>	<b>-0.29%</b>

\* Amended budget amounts approved by the Board.

\*\* Net interest expense is adjusted for amortization of the bond premium.



Schedule of Payments			
Fiscal Year	Principal	Interest	Total
2025	2,035,000	379,000	2,414,000
2026	2,130,000	277,000	2,407,000
2027	2,235,000	170,000	2,405,000
2028	2,345,000	59,000	2,404,000
2029	-	-	-
<b>TOTAL</b>	<b>15,940,000</b>	<b>3,321,000</b>	<b>19,261,000</b>

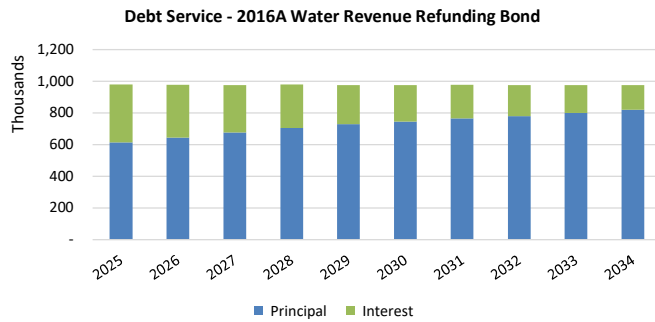
**Olivenhain Municipal Water District  
Expenses  
Fiscal Years Ending 2025 & 2026**

**Fund: 580 & 581      Debt Service - 2016A Water Revenue Refunding Bond**

Account No. and Description	FYE 2023 Actual	FYE 2024 Approved*	FYE 2025 Proposed	% Change From FYE '24 Approved*	FYE 2026 Proposed	% Change From FYE '25 Proposed
<b>Operating Expense</b>						
<b>Total Operating Expenses</b>	-	-	-	0.00%	-	0.00%
<b>Non-operating Expenses</b>						
52250-581-000-000 Consultants	-	-	-	0.00%	-	0.00%
53250-581-000-000 Outside Services	2,875	3,000	3,000	0.00%	3,000	0.00%
22800-581-000-000 Principal	560,000	585,000	615,000	5.13%	645,000	4.88%
59750-581-000-000 Interest Expense**	415,929	392,000	363,000	-7.40%	332,000	-8.54%
<b>Total Non-operating Expenses</b>	<b>978,804</b>	<b>980,000</b>	<b>981,000</b>	<b>0.10%</b>	<b>980,000</b>	<b>-0.10%</b>
<b>Total</b>	<b>978,804</b>	<b>980,000</b>	<b>981,000</b>	<b>0.10%</b>	<b>980,000</b>	<b>-0.10%</b>

\* Amended budget amounts approved by the Board.

\*\* Net interest expense is adjusted for amortization of the bond premium.



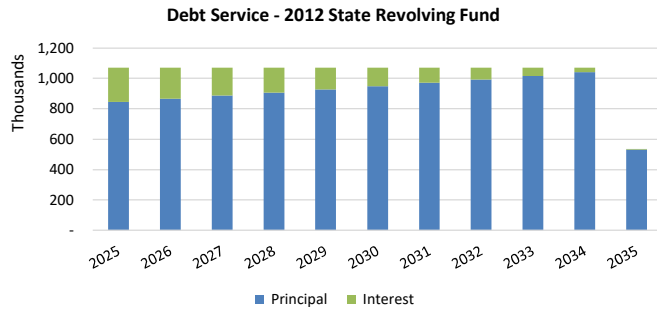
Schedule of Payments			
Fiscal Year	Principal	Interest	Total
2025	615,000	363,000	978,000
2026	645,000	332,000	977,000
2027	675,000	300,000	975,000
2028	705,000	273,000	978,000
2029	730,000	244,000	974,000
2030	745,000	229,000	974,000
2031	765,000	212,000	977,000
2032	780,000	195,000	975,000
2033	800,000	175,000	975,000
2034	820,000	155,000	975,000
2035	845,000	134,000	979,000
2036	865,000	109,000	974,000
2037	895,000	83,000	978,000
2038	915,000	56,000	971,000
2039	945,000	28,000	973,000
<b>TOTAL</b>	<b>13,925,000</b>	<b>4,618,000</b>	<b>18,543,000</b>

**Olivenhain Municipal Water District  
Expenses  
Fiscal Years Ending 2025 & 2026**

**Fund: 510                      Debt Service - 2012 State Revolving Fund**

Account No. and Description	FYE 2023 Actual	FYE 2024 Approved*	FYE 2025 Proposed	% Change From FYE '24 Approved*	FYE 2026 Proposed	% Change From FYE '25 Proposed
<b><u>Operating Expense</u></b>						
<b>Total Operating Expenses</b>	-	-	-	0.00%	-	0.00%
<b><u>Non-operating Expenses</u></b>						
53150-510-000-000 Bank Svc Chgs	180	-	-	0.00%	-	0.00%
29800-510-000-000 Principal	817,585	827,000	846,000	2.30%	866,000	2.36%
59750-510-000-000 Interest Expense	252,457	243,000	224,000	-7.82%	204,000	-8.93%
<b>Total Non-operating Expenses</b>	<b>1,070,222</b>	<b>1,070,000</b>	<b>1,070,000</b>	<b>0.00%</b>	<b>1,070,000</b>	<b>0.00%</b>
<b>Total</b>	<b>1,070,222</b>	<b>1,070,000</b>	<b>1,070,000</b>	<b>0.00%</b>	<b>1,070,000</b>	<b>0.00%</b>

\* Amended budget amounts approved by the Board.



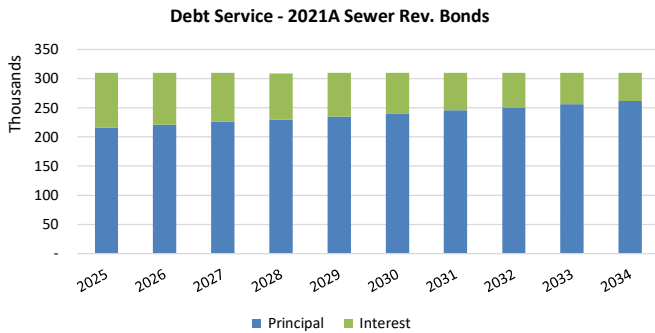
<b>Schedule of Payments Remaining</b>			
Fiscal Year	Principal	Interest	Total
2025	846,000	224,000	1,070,000
2026	866,000	204,000	1,070,000
2027	866,000	184,000	1,070,000
2028	906,000	164,000	1,070,000
2029	927,000	143,000	1,070,000
2030	949,000	121,000	1,070,000
2031	971,000	99,000	1,070,000
2032	993,000	77,000	1,070,000
2033	1,016,000	54,000	1,070,000
2034	1,040,000	30,000	1,070,000
2035	531,000	6,000	537,000
2036	-	-	-
<b>TOTAL</b>	<b>13,128,000</b>	<b>2,389,000</b>	<b>15,517,000</b>

**Olivenhain Municipal Water District  
Expenses  
Fiscal Years Ending 2025 & 2026**

Fund: 521                      Debt Service - 2021A Sewer Rev. Bonds

Account No. and Description	FYE 2023 Actual	FYE 2024 Approved*	FYE 2025 Proposed	% Change From FYE '24 Approved*	FYE 2026 Proposed	% Change From FYE '25 Proposed
<b>Operating Expense</b>						
Total Operating Expenses	-	-	-	0.00%	-	0.00%
<b>Non-operating Expenses</b>						
52250-521-000-000 Consultants	1,035	-	-	0.00%	-	0.00%
53250-521-000-000 Outside Services	2,698	3,000	3,000	0.00%	3,000	0.00%
29800-521-000-000 Principal	207,240	212,000	216,000	1.89%	221,000	2.31%
59750-521-000-000 Interest Expense	102,273	98,000	94,000	-4.08%	89,000	-5.32%
59460-521-000-000 Other Non-Labor Expenses	-	-	-	0.00%	-	0.00%
Total Non-operating Expenses	313,246	313,000	313,000	0.00%	313,000	0.00%
Total	313,246	313,000	313,000	0.00%	313,000	0.00%

\* Amended budget amounts approved by the Board.



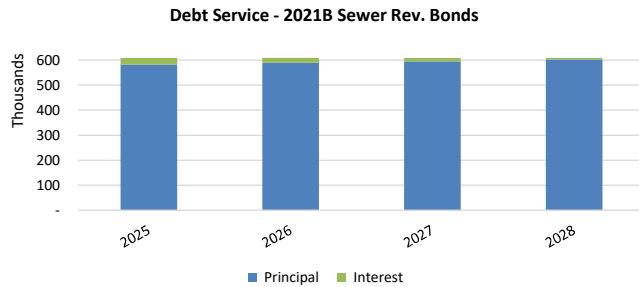
Schedule of Payments			
Fiscal Year	Principal	Interest	Total
2025	216,000	94,000	310,000
2026	221,000	89,000	310,000
2027	226,000	84,000	310,000
2028	230,000	79,000	309,000
2029	235,000	75,000	310,000
2030	240,000	70,000	310,000
2031	246,000	64,000	310,000
2032	251,000	59,000	310,000
2033	256,000	54,000	310,000
2034	262,000	48,000	310,000
2035	267,000	43,000	310,000
2036	273,000	37,000	310,000
2037	279,000	31,000	310,000
2038	285,000	25,000	310,000
2039	291,000	19,000	310,000
2040	297,000	13,000	310,000
2041	303,000	6,000	309,000
<b>TOTAL</b>	<b>5,043,000</b>	<b>1,155,000</b>	<b>6,198,000</b>

**Olivenhain Municipal Water District  
Expenses  
Fiscal Years Ending 2025 & 2026**

**Fund: 522                      Debt Service - 2021B Sewer Rev. Bonds**

Account No. and Description	FYE 2023 Actual	FYE 2024 Approved*	FYE 2025 Proposed	% Change From FYE '24 Approved*	FYE 2026 Proposed	% Change From FYE '25 Proposed
<b><u>Operating Expense</u></b>						
<b>Total Operating Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>	<b>-</b>	<b>0.00%</b>
<b><u>Non-operating Expenses</u></b>						
52250-522-000-000 Consultants	1,035	-	-	0.00%	-	0.00%
53250-522-000-000 Outside Services	2,498	3,000	3,000	0.00%	3,000	0.00%
29800-522-000-000 Principal	569,840	576,000	582,000	1.04%	589,000	1.20%
59750-522-000-000 Interest Expense	39,517	34,000	27,000	-20.59%	20,000	-25.93%
<b>Total Non-operating Expenses</b>	<b>612,890</b>	<b>613,000</b>	<b>612,000</b>	<b>-0.16%</b>	<b>612,000</b>	<b>0.00%</b>
<b>Total</b>	<b>612,890</b>	<b>613,000</b>	<b>612,000</b>	<b>-0.16%</b>	<b>612,000</b>	<b>0.00%</b>

\* Amended budget amounts approved by the Board.



Schedule of Payments			
Fiscal Year	Principal	Interest	Total
2025	582,000	27,000	609,000
2026	589,000	20,000	609,000
2027	595,000	14,000	609,000
2028	602,000	7,000	609,000
2029	-	-	-
<b>TOTAL</b>	<b>3,933,000</b>	<b>169,000</b>	<b>4,102,000</b>

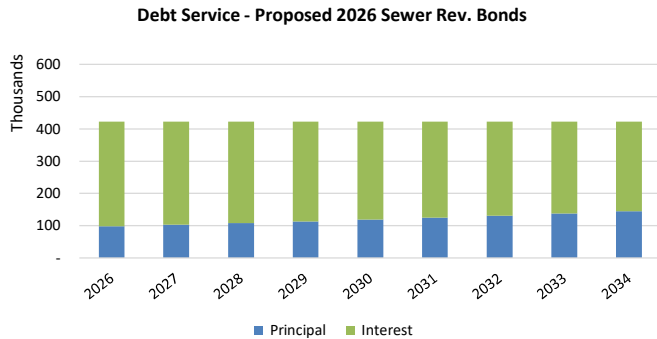


**Olivenhain Municipal Water District  
Expenses  
Fiscal Years Ending 2025 & 2026**

**Debt Service - Proposed 2026 Sewer Rev. Bonds**

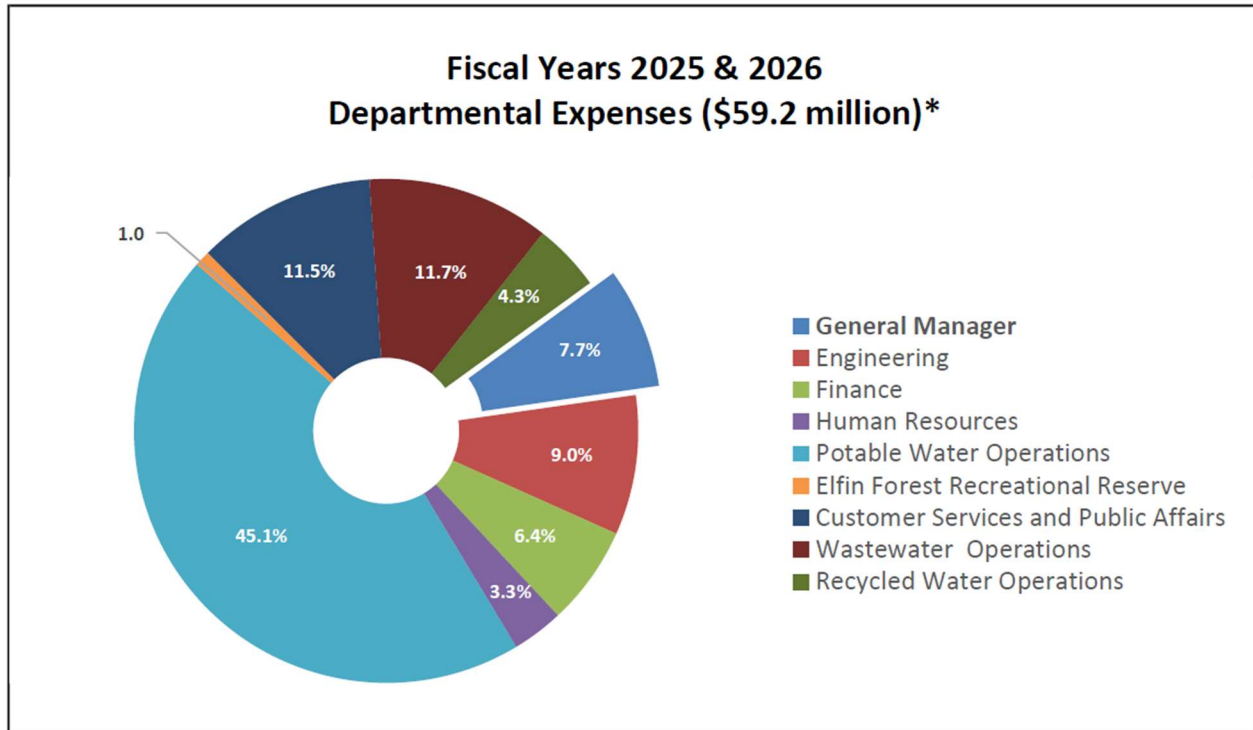
Account No. and Description	FYE 2023 Actual	FYE 2024 Approved*	FYE 2025 Proposed	% Change From FYE '24 Approved*	FYE 2026 Proposed	% Change From FYE '25 Proposed
<b><u>Operating Expense</u></b>						
Total Operating Expenses	-	-	-	0.00%	-	0.00%
<b><u>Non-operating Expenses</u></b>						
Consultants	-	-	-	0.00%	35,000	100.00%
Outside Services	-	-	-	0.00%	3,000	100.00%
Principal	-	-	-	0.00%	98,000	100.00%
Interest Expense	-	-	-	0.00%	325,000	100.00%
Total Non-operating Expenses	-	-	-	0.00%	461,000	0.00%
Total	-	-	-	0.00%	461,000	0.00%

\* Amended budget amounts approved by the Board.



Schedule of Payments			
Fiscal Year	Principal	Interest	Total
2025	-	-	-
2026	98,000	325,000	423,000
2027	103,000	320,000	423,000
2028	108,000	315,000	423,000
2029	113,000	310,000	423,000
2030	119,000	304,000	423,000
2031	125,000	298,000	423,000
2032	131,000	292,000	423,000
2033	138,000	285,000	423,000
2034	145,000	278,000	423,000
2035	152,000	271,000	423,000
2036	159,000	263,000	422,000
2037	167,000	256,000	423,000
2038	176,000	247,000	423,000
2039	184,000	238,000	422,000
2040	194,000	229,000	423,000
2041	203,000	219,000	422,000
<b>TOTAL</b>	<b>2,315,000</b>	<b>4,450,000</b>	<b>6,765,000</b>

## General Manager



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

\* Departmental budgets without application of depreciation, support allocation and capitalization

### Personnel Requirements:

Description	Approved FY 2023	Approved FY 2024	Proposed FY 2025	Proposed FY 2026
Assistant General Manager	1.00	1.00	1.00	1.00
Department Assistant I	1.00	1.00	1.00	1.00
Executive Secretary	1.00	1.00	1.00	1.00
General Manager	1.00	1.00	1.00	1.00
<b>Department Total</b>	<b>4.00</b>	<b>4.00</b>	<b>4.00</b>	<b>4.00</b>

## **Responsibilities**

The General Manager Department is responsible for the overall vision, mission, and direction of the District. It ensures that all operations of the District, including legal, administrative, financial, operational, customer service, engineering, conservation, public relations, grant administration, human resources, regulatory compliance, and other responsibilities are exercised and carried out effectively and efficiently in order to exceed the needs of District customers in accordance with District policy.

The department manages and directs all of the day-to-day activities of the District and is also responsible for preparation of board packets, including agendas, reports, presentations, ordinances, resolutions, and minutes; approval of public outreach communications and initiatives; and any and all interviews with the local media. It also oversees the implementation of the District's Master Plans of Facilities, Urban Water Management Plans, operating permits, and is responsible for negotiating agreements in support thereof.

## **Major Accomplishments – Fiscal Years 2023 & 2024**

- Coordinated elections with Registrar of Voters in 2022 (District goal 12 – Cultivated supportive and positive relationships with federal, state, and local agencies which may impact OMWD's operations).
- Participated on regional SDLAFCO workgroup on the "out of agency" service policy, which was adopted in May of 2024 (District goal 12 – Cultivated supportive and positive relationships with federal, state, and local agencies which may impact OMWD's operations).
- Pursued and received award of \$2.8 million from USBR Title XVI Water Reclamation funding program for recycled water expansion projects; \$850,000 from Department of Parks & Recreation's Recreational Trails Program for EFRR Visitor Access Expansion Project; \$500,000 from USBR's waterSMART Grant for phases 9 and 10 of the AMI expansion project, \$471,148 from DWR's Proposition 1, Round 2 Integrated Regional Water Management grant funding for recycled water expansion projects among other funding opportunities (District goal 7 – Minimizing all of OMWD's operational costs while maintaining a high level of customer service).
- Achieved District of Distinction and District Transparency Certificate of Excellence re-accreditation from Special District Leadership Foundation in July 2022 (District goal 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).
- Developed new fixed rate (Phase 1) at SDCWA with regional workgroup (District goal 12 – Cultivated supportive and positive relationships with federal, state, and local agencies which may impact OMWD's operations).
- Continued investigations to determine viability for the San Dieguito Valley Groundwater Project – held special board meetings on Project status, community meeting at Solana Santa Fe Elementary, and an independent risk analysis workshop. Additional investigations include ongoing hydrogeologic investigations, performing a siting analysis and further refinement of

the economic analysis. (District goal 11 – Establishing programs and policies to develop alternative water supplies to serve existing and future customers).

- Continued efforts with Water for All statewide coalition. Conducted first water summit in 2023 and met with legislators on SB 366 (District goal 12 – Cultivated supportive and positive relationships with federal, state, and local agencies which may impact OMWD’s operations).

### **Objectives - Fiscal Years 2025 & 2026**

*Departmental Objectives are listed in relation to District goals. Please see Strategic Plan section for complete list of District goals.*

- Continue efforts with SDCWA on the development, implementation, and phase-in of the next component of equitable fixed rates to SDCWA rates via the Member Agency Workgroup, the Financial Strategy Workgroup, and OMWD's SDCWA board representative (District goal 12 – Cultivating supportive and positive relationships with federal, state, and local agencies which may impact OMWD’s operations).
- Continue to evaluate the San Dieguito Valley Groundwater Project on revised schedule approved by Board in the 25/26 budget (District goal 11 – Establishing programs and policies to develop alternate water supplies to serve existing and future customers).
- Continue to pursue local, state, federal, and private grant funding to offset costs (District goal 7 – Minimizing all of OMWD’s operational costs while maintaining a high level of customer service).
- Achieve Special District Leadership Foundation’s Transparency Certificate of Excellence and District of Distinction re-accreditation (District goal 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).
- 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 (District goal 10 – Planning and constructing the Master Plan of Facilities to meet the long-term water shortage, treatment, transmission, and distribution needs of OMWD).
- Actively participate and advocate for OMWD interests on the San Diego Local Agency Formation Commission (SD LAFCO) key initiative areas (District goal 12 – Cultivating supportive and positive relationships with the federal, state, and local agencies which may impact OMWD’s operations).
- Complete MSR with SDLAFCO for OMWD (District goal 12 – Cultivating supportive and positive relationships with federal, state, and local agencies which may impact OMWD’s operations).
- 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 (District goal 12 - Cultivating supportive and positive relationships with the federal, state, and local agencies which may impact OMWD's operations).

- 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 (District goal 12 - Cultivating supportive and positive relationships with the federal, state, and local agencies which may impact OMWD's operations).
- Work with legislators and member agencies to pursue equitable voting structure at SDCWA (District goal 12 - Cultivating supportive and positive relationships with the federal, state, and local agencies which may impact OMWD's operations).
- Work with SDLAFCO on the wholesale agency MSR, addressing key issues submitted by the OMWD Board of Directors in 2023 (District goal 12 – Cultivating supportive and positive relationships with federal, state, and local agencies which may impact OMWD's operations).

**Olivenhain Municipal Water District  
DEPARTMENTAL EXPENSES  
Fiscal Years 2025 and 2026**

Fund: 100

**Operating - Water**

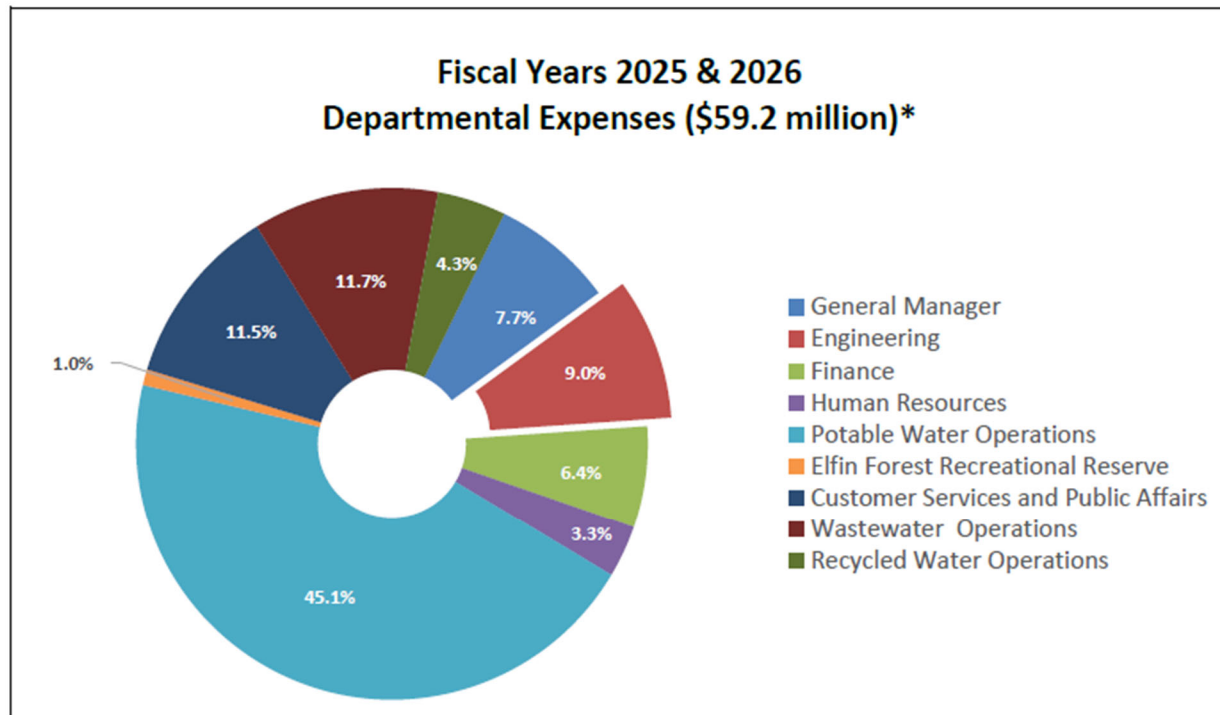
Department: **210**

**General Manager**

Account No. and Description		FYE 2023 Actual	FYE 2024 Approved*	FYE 2025 Proposed	% Change from FYE 2024 Approved*	FYE 2026 Proposed	% Change from FYE 2025 Proposed
<b>Personnel:</b>							
51100	Salaries and Wages - Regular	635,788	666,000	685,000	2.85%	728,000	6.28%
51110	Salaries and Wages - Overtime	1,106	1,000	1,000	0.00%	1,000	0.00%
51120	Salaries and Wages - Training	1,873	5,000	5,000	0.00%	5,000	0.00%
51130	Salaries and Wages - Safety	1,692	8,000	8,000	0.00%	8,000	0.00%
51140	Salaries and Wages - Jury Duty	805	-	-	0.00%	-	0.00%
52400	Directors' Fees	30,150	62,000	62,000	0.00%	64,000	3.23%
51150	Allocated Employee Benefits	437,122	600,000	622,000	3.67%	661,000	6.27%
Subtotal		1,108,535	1,342,000	1,383,000	3.06%	1,467,000	6.07%
<b>Operations:</b>							
52000	Collection and Regulatory Fees	-	-	-	0.00%	-	0.00%
52030	Computer Supplies	-	-	-	0.00%	-	0.00%
52350	Customer Outreach Prog and Conservation	-	-	-	0.00%	-	0.00%
52250	Consultants	92,528	100,000	100,000	0.00%	103,000	3.00%
52500	Engineering	4,701	14,000	10,000	-28.57%	10,000	0.00%
52600	Equipment Rental	6,774	15,000	15,000	0.00%	15,000	0.00%
52800	Legal	347,221	280,000	350,000	25.00%	361,000	3.14%
52900	Maintenance and Repairs - General	-	4,000	4,000	0.00%	4,000	0.00%
53000	Membership Dues and Subscriptions	90,431	85,000	85,000	0.00%	88,000	3.53%
53100	Office Supplies and Expenses	20,611	15,000	15,000	0.00%	15,000	0.00%
53200	Other Admin and General Expenses	21,557	22,000	22,000	0.00%	23,000	4.55%
53250	Outside Services	11,525	16,000	16,000	0.00%	16,000	0.00%
53300	Postage and Shipping	4,801	5,000	5,000	0.00%	5,000	0.00%
53400	Printing and Copying	2,701	4,000	4,000	0.00%	4,000	0.00%
53500	Property Insurance	169,489	155,000	178,000	14.84%	183,000	2.81%
53800	Seminars and Meetings	26,492	30,000	30,000	0.00%	31,000	3.33%
53900	Supplies - Operations	2,649	2,000	2,000	0.00%	2,000	0.00%
53903	Supplies - Safety	-	1,000	1,000	0.00%	1,000	0.00%
54000	Telephone and Communications	12,175	12,000	12,000	0.00%	12,000	0.00%
51160	Temporary Labor	-	-	-	0.00%	-	0.00%
Subtotal		813,654	760,000	849,000	11.71%	873,000	2.83%
<b>Capitalized Operating Expenditures:</b>							
59009	Depreciation	-	29,000	30,000	3.45%	30,000	0.00%
59008	Support Allocation	(1,628,400)	(1,628,000)	(1,590,000)	-2.33%	(1,590,000)	0.00%
59004	Capitalized Labor	(4,235)	(7,000)	-	-100.00%	-	0.00%
59005	Capitalized Non-labor Expenses	(6,591)	(11,000)	-	-100.00%	-	0.00%
Subtotal		(1,639,226)	(1,617,000)	(1,560,000)	-3.53%	(1,560,000)	0.00%
Total, Net of Capitalized Expenses		282,963	485,000	672,000	38.56%	780,000	16.07%

\* Amended budget amounts approved by the Board.

# Engineering



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

\* Departmental budgets without application of depreciation, support allocation and capitalization

## Personnel Requirements:

Description	Approved FY 2023	Approved FY 2024	Proposed FY 2025	Proposed FY 2026
Cathodic Protection Tech	1.00	1.00	1.00	1.00
Department Assistant I	1.00	1.00	1.00	1.00
Engineering Manager	1.00	1.00	1.00	1.00
Engineering Project Administrator	1.00	1.00	1.00	1.00
Engineering Services Supervisor	1.00	1.00	1.00	1.00
Engineering Technician II	1.00	1.00	1.00	1.00
Facilities Coordinator	1.00	1.00	1.00	1.00
Inspector I	1.00	1.00	1.00	1.00
Inspector II	2.00	2.00	2.00	2.00
<b>Department Total</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>

## **Responsibilities**

The Engineering Department is responsible for providing planning, design, coordination, and inspection of all District CIP and developer-contributed projects within District boundaries, including potable water, sewer, and recycled water facilities. This includes the creation and maintenance of records and specifications necessary to process proposed development of these facilities. In addition, the Engineering Department maintains the GIS system through the use of an independent consultant; maintains rights-of-way, easements, and encroachments; and contributes to the maintenance and repairs of all District-owned and operated facilities.

## **Major Accomplishments – Fiscal Years 2023 & 2024**

- Completed preliminary design for the Unit A North Rancho Santa De Road potable water replacement or rehabilitation project (District Goal 1 – Providing safe, reliable, high quality drinking water in a cost-effective manner).
- Completed maintenance of five impacted easements annually (District Goal 1 - Providing safe, reliable, high-quality drinking water in a cost-effective manner).
- Completed a condition assessment and structural integrity analysis of the DCMWTP membrane basins and chemical feed rooms (District goal 1 – Provide safe, reliable, high-quality drinking water to each customer in a cost-effective manner).
- Commenced and completed construction of the Manchester Avenue Recycled Water Pipeline Project (District goal 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).
- Completed preliminary design for the 4S Ranch Water Reclamation Facility Headworks Screening System Project (District Goal 2 - Provide high quality wastewater services and recycled water).
- Commenced design of Extension 153 Flow Control Facility (District Goal 2 - Provide high quality wastewater services and recycled water).
- Commenced construction of the 4S Ranch Neighborhood 1 Sewer Pump Station Replacement Project (District Goal 2 - Provide high quality wastewater services and recycled water).
- Commenced overhaul and rehabilitation of one DCMWTP energy recovery turbine to ensure continuous energy savings (District goal 4 – Pursuing alternative and renewable energy sources as a means of offsetting costs and energy charges, providing sustainability).
- Filed application with SWCB to remove the industrial permit status for the 4S WRF for the purpose of securing a Storm Water Pollution Plan exemption (District Goal 6- Exceeding all



federal, state, and local regulatory requirements for providing potable water, wastewater treatment, and recycled water).

- Commenced planning documents for the Potable and Recycled Water Master Plan (District Goal 10 – plan and construct facilities to meet needs).
- Create Pipeline Sampling Program for data collection and infrastructure assessment (District Goal 10 - plan and construct facilities to meet needs).
- Completed the Long-Term CIP Study and reported findings to Facilities Committee (District goal 10 – Planning a constructing the Master Plan of Facilities to meet the long-term water shortage, treatment, transmission, and distribution needs of OMWD).

### **Objectives – Fiscal Years 2025 & 2026**

*Departmental Objectives are listed in relation to District goals. Please see Strategic Plan section for complete list of District goals.*

- Commence construction of the Unit A North Rancho Santa Fe Road Potable Water Pipeline Replacement Project (District Goal 1 - Providing safe, reliable, high-quality drinking water in a cost-effective manner).
- Commence construction of two pressure reducing station replacements to minimize water loss and control replacement of aging infrastructure (District Goal 1 - Providing safe, reliable, high-quality drinking water in a cost-effective manner).
- Commence construction of DCMWTP Stage 4 Upgrades, including second centrifuge (District Goal 1 - Providing safe, reliable, high-quality drinking water in a cost-effective manner).
- Complete maintenance of five impacted easements annually (District Goal 1 - Providing safe, reliable, high-quality drinking water in a cost-effective manner).
- Complete construction on Calle Barcelona, Village Park, and Summerhill recycled water pipelines (District Goal 2 - Provide high quality wastewater services and recycled water.)
- Complete construction of the Neighborhood 1 Sewer Pump Station Replacement Project (District Goal 2 - Provide high quality wastewater services and recycled water).
- Complete design of the 4S Ranch Water Reclamation Facility Headworks Project (District Goal 2 - Provide high quality wastewater services and recycled water).
- Continue interdepartmental Stormwater Pollution Prevention Plan committee to provide greater oversight for stormwater issues at headquarters (District Goal 6 - Exceeding all federal, state and local regulatory requirements for providing potable water, wastewater treatment and recycled water.)

- Update the 10-year Capital Improvement Plan (District Goal 10 - plan and construct facilities to meet needs).
- Complete the Potable and Recycled Water Master Plan and hydraulic model updates (District Goal 10 - plan and construct facilities to meet needs).
- Complete update to Wastewater Master Plan (District Goal 10 - plan and construct facilities to meet needs.)

*Note: Summary of all capital improvement projects for fiscal years 2023 & 2024 by funding sources and project details can be found in the CIP summary section of this budget. Lists of all District capital improvement and replacement projects for future years are included in both the Long-Term Financial and CIP by Funding Source sections.*

### Performance Indicators

Activity/ Criteria	2024 Strategic Plan Goal	FYE 2023 Actual	FYE 2024 Actual	Annual Target	Target Met? FY '23   FY '24	FYE 2025 Target	FYE 2026 Target
Track Capital Projects Budgeted vs Expensed or Encumbered (Engineering Managed) <sup>1</sup>	1, 2, 10	44%	77%	75%	● ●	75%	75%
Labor Capitalized or Billed to Projects	1, 2, 10	26%	31%	30%	● ●	30%	30%
Construction Cost Deviations: Final Construction Costs/Bid Amount	1, 2, 10	106%	106%	110% or less	● ●	110% or less	110% or less

● Target met ● Target not met ● Target not available ■ Performance Measure Only

<sup>1</sup>Large construction projects were under contract in Fiscal year 2023 and progressing but experienced supply chain delays affecting the timing of expenditures. KPI has been adjusted for future years to include encumbered funds to better illustrate project progress.

**Olivenhain Municipal Water District  
DEPARTMENTAL EXPENSES  
Fiscal Years 2025 and 2026**

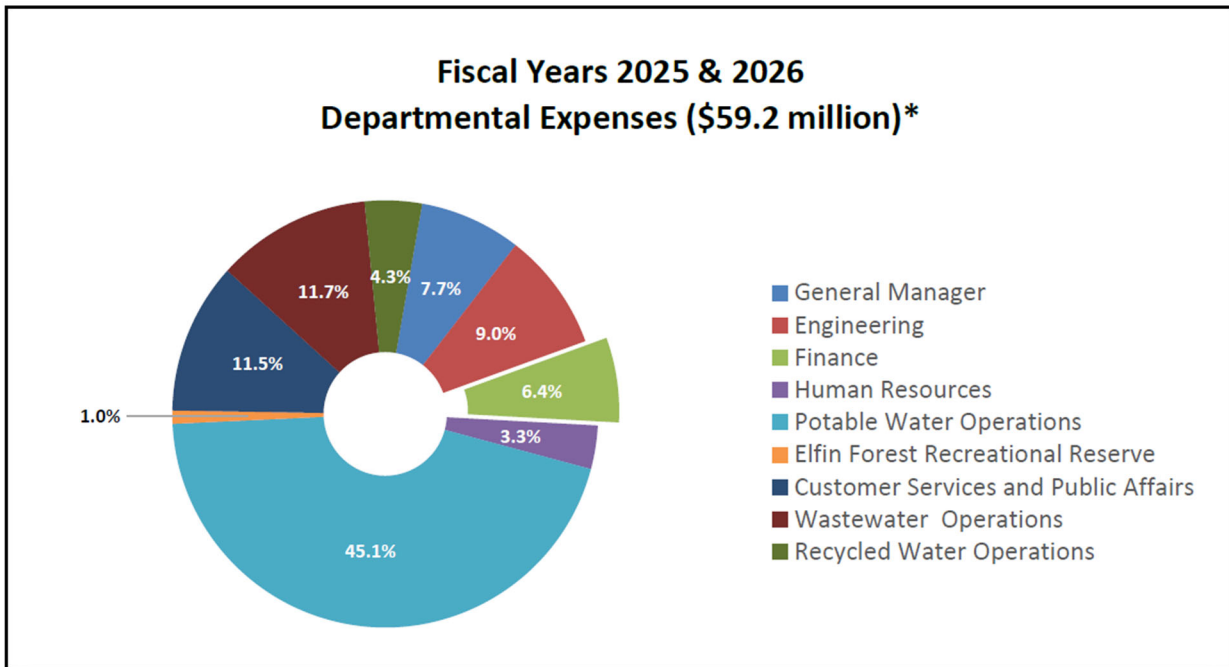
Fund: 100  
**Operating - Water**

Department: **220**  
**Engineering**

Account No. and Description		FYE 2023 Actual	FYE 2024 Approved*	FYE 2025 Proposed	% Change from FYE 2024 Approved*	FYE 2026 Proposed	% Change from FYE 2025 Proposed
<b>Personnel:</b>							
51100	Salaries and Wages - Regular	822,503	931,000	948,000	1.83%	1,006,000	6.12%
51110	Salaries and Wages - Overtime	8,973	13,000	7,000	-46.15%	7,000	0.00%
51120	Salaries and Wages - Training	2,838	4,000	4,000	0.00%	4,000	0.00%
51130	Salaries and Wages - Safety	2,358	4,000	5,000	25.00%	5,000	0.00%
51140	Salaries and Wages - Jury Duty	-	-	-	0.00%	-	0.00%
51150	Allocated Employee Benefits	542,025	835,000	859,000	2.87%	912,000	6.17%
	Subtotal	<u>1,378,697</u>	<u>1,787,000</u>	<u>1,823,000</u>	<u>2.01%</u>	<u>1,934,000</u>	<u>6.09%</u>
<b>Operations:</b>							
52200	Collection and Regulatory Fees	12,255	15,000	16,000	6.67%	16,000	0.00%
52250	Consultants	27,293	40,000	35,000	-12.50%	37,000	5.71%
52500	Engineering	30,093	73,000	70,000	-4.11%	73,000	4.29%
52600	Equipment Rental	1,489	2,000	2,500	25.00%	3,000	20.00%
52900	Maintenance and Repairs - General	53,052	52,000	54,000	3.85%	56,000	3.70%
53000	Membership Dues and Subscriptions	3,290	4,000	5,000	25.00%	5,000	0.00%
53100	Office Supplies and Expenses	3,815	2,000	2,500	25.00%	3,000	20.00%
53200	Other Admin and General Expenses	41	1,000	1,500	50.00%	2,000	33.33%
53250	Outside Services	299,977	310,000	319,000	2.90%	329,000	3.13%
53300	Postage and Shipping	99	1,000	1,500	50.00%	2,000	33.33%
53400	Printing and Copying	763	1,000	1,500	50.00%	2,000	33.33%
53800	Seminars and Meetings	5,681	6,000	3,500	-41.67%	4,000	14.29%
53900	Supplies	49,009	62,000	64,000	3.23%	66,000	3.13%
53902	Supplies - Tools/Small Equip	3,920	7,000	7,500	7.14%	8,000	6.67%
53903	Supplies - Safety	4,718	5,000	5,500	10.00%	6,000	9.09%
54000	Telephone and Communications	9,334	12,000	12,500	4.17%	13,000	4.00%
51160	Temporary Labor	\$829.92	3,000	3,500	16.67%	4,000	14.29%
54300	Utilities	141,966	114,000	149,000	30.70%	156,000	4.70%
	Subtotal	<u>647,624</u>	<u>710,000</u>	<u>754,000</u>	<u>6.20%</u>	<u>785,000</u>	<u>4.11%</u>
<b>Capitalized Operating Expenditures:</b>							
59009	Depreciation	-	53,000	50,000	-5.66%	50,000	0.00%
59008	Support Allocation	470,400	470,000	381,000	-18.94%	381,000	0.00%
59004	Capitalized Labor	(265,321)	(279,000)	(329,000)	17.92%	(350,000)	6.38%
59005	Capitalized Non-labor Expenses	(615,147)	(608,000)	(734,000)	20.72%	(781,000)	6.40%
	Subtotal	<u>(410,068)</u>	<u>(364,000)</u>	<u>(632,000)</u>	<u>73.63%</u>	<u>(700,000)</u>	<u>10.76%</u>
	Total, Net of Capitalized Expenses	<u>1,616,253</u>	<u>2,133,000</u>	<u>1,945,000</u>	<u>-8.81%</u>	<u>2,019,000</u>	<u>3.80%</u>

\* Amended budget amounts approved by the Board.

## Finance



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

\* Departmental budgets without application of depreciation, support allocation and capitalization

### Personnel Requirements:

Description	Approved FY 2023	Approved FY 2024	Proposed FY 2025	Proposed FY 2026
Accountant I	3.00	3.00	3.00	3.00
Accounting Supervisor	1.00	1.00	1.00	1.00
Finance Manager	1.00	1.00	1.00	1.00
Financial Analyst I	1.00	1.00	1.00	1.00
Financial Analyst II	1.00	1.00	1.00	1.00
Purchasing/Warehouse Clerk	1.00	1.00	1.00	1.00
<b>Department Total</b>	<b>8.00</b>	<b>8.00</b>	<b>8.00</b>	<b>8.00</b>

## **Responsibilities**

The Finance Department performs accounting and financial services that are part of the District's administration, including: day-to-day accounting, the issuance of debt financings, the management and investment of District funds, the development of cost of service rate and fee studies, and the development of cost allocation plan for water and sewer operations. The department is responsible for financial reporting and forecasting, accounting, budgeting, investments, debt service administration, grant claims, rate-setting, and treasury functions of the District.

## **Major Accomplishments – Fiscal Years 2023 & 2024**

- Successfully maintained the District's AAA bond rating (District goal 9 - ensure financial plans and practice).
- Completed the 2023 Water Capacity Fee Study and implemented new capacity fees (District goal 9- ensure financial plans and practice).
- Completed annual review of water and wastewater rates and charges (District goal 9- ensure financial plans and practice).
- Completed request for proposal (RFP) process for professional auditing services (District goal 9- ensure financial plans and practice).
- Completed the 2024 Wastewater (Sewer) Cost of Service Study and rate setting process, including Proposition 218 notice and rate hearing (District goal 9 - ensure financial plans and practice).
- Received Government Finance Officers Association's (GFOA) Certificate of Achievement in Financial Reporting award for the fiscal year 2021-2022 Annual Comprehensive Financial Report. (District goal 9 - ensure financial plans and practice).
- Completed and submitted the fiscal year 2022-2023 Annual Comprehensive Financial Report to GFOA for its Certificate of Achievement in Financial Reporting award program (District goal 9 - ensure financial plans and practice).
- Received GFOA's Distinguished Budget presentation Award for the Biennial Operating and Capital Budget for fiscal years 2023 and 2024 (District goal 9 – ensure financial plans and practice).
- Received California Society of Municipal Finance Officers' (CSMFO) Operating Budget Excellence Award for fiscal years 2023 and 2024 (District goal 9 – ensure financial plans and practice).
- Completed a Single Audit for the District's federal grants and received no findings from external auditors (District goal 9- ensure financial plans and practice).
- Completed the District's midterm budgeted adjustments for fiscal year 2024 (District goal 9 - ensure financial plans and practice).

- Completed Biennial Operating and Capital Budget for fiscal years 2025 and 2026.
- Completed annual review of water-related service charges (District goal 9- ensure financial plans and practice).
- Secured \$49,213.60 in funds from FEMA to help cover the District's COVID-19 costs (District goal 9 – ensure financial plans and practice).
- Expanded Electronic Fund Transfer payment process to reduce manual checks (District goal 9- ensure financial plans and practice).
- Continued to build, develop, and mentor a cohesive team (District goal 5- providing a safe, healthful, and rewarding work environment which encourages communication as well as values employee participation and personal achievement).

### **Objectives - Fiscal Years 2025 & 2026**

*Departmental Objectives are listed in relation to District goals. Please see Strategic Plan section for complete list of District goals.*

- Maintain the District's AAA bond rating (District goal 9 - ensure financial plans and practice).
- Complete the 2024 Water Cost of Service Study and rate setting process, including Proposition 218 notice, rate hearing, and review of the Rate Reimbursement Credit Program (District goal 9 - ensure financial plans and practice).
- Complete annual reviews of and update the District's water and wastewater (sewer) rates and charges (District goal 9 - ensure financial plans and practice).
- Implement second and third phase of water capacity fee increases recommended in the 2023 Water Capacity Fee Study (District goal 9 - ensure financial plans and practice).
- Complete annual review of water-related service charges (District goal 9 - ensure financial plans and practice).
- Complete fiscal year 2026 midterm budget adjustments (District goal 9 - ensure financial plans and practice).
- Complete fiscal years 2027 and 2028 General Manager's Recommended Biennial Operating and Capital Budget (District goal 9 - ensure financial plans and practice).
- Submit the District's Annual Comprehensive Financial Reports to GFOA for its Certificate of Achievement in Financial Reporting award program (District goal 9 - ensure financial plans and practice).
- Submit the District's Biennial Operating and Capital Budget to GFOA for their Distinguished Budget Award program (District goal 9 - ensure financial plans and practice).

## Performance Indicators

Activity/ Criteria	2024 Strategic Plan Goal	FYE 2023 Actual	FYE 2024 Actual	Annual Target	Target Met? FY '23   FY '24	FYE 2025 Target	FYE 2026 Target
Budgetary Management Variance: Operating Expenses to Budget <sup>1</sup>	1, 9	87%	95%	100% or less	● ●	100% or less	100% or less
Account Write-Offs: Total Amount of Accounts Written-off Each Year	1, 9	\$19,977	\$14,779	Less than \$25,000	● ●	Less than \$25,000	Less than \$25,000
Year End Inventory Physical Count	9	2 working days	2 working days	Complete in 2 working days for all facilities	● ●	Complete in 2 working days for all facilities	Complete in 2 working days for all facilities
Month End Closing	9	7 working days average completion	7 working days average completion	Complete within 7 working days after month ends	● ●	Complete within 7 working days after month ends	Complete within 7 working days after month ends
% of vendor payments made via Electronic Fund Transfers <sup>2</sup>	1, 9	16%	32%	50 % or more	N/A - New KPI	50 % or more	50 % or more
Amount of Payments Processed Within 24hrs	9	100% except for holidays	100% except for holidays	100%	● ●	100%	100%

● Target met ● Target not met ● Target not available ■ Performance Measure Only

<sup>1</sup>Excludes PAYGO, capitalized expenses, and purchased water costs. FY 2024 as of 8/08/2024 (unaudited).

<sup>2</sup>Implemented Electronic Fund Transfers (EFT) as a payment option in 2022.

**Olivenhain Municipal Water District  
DEPARTMENTAL EXPENSES  
Fiscal Years 2025 and 2026**

Fund: 100  
**Operating - Water**

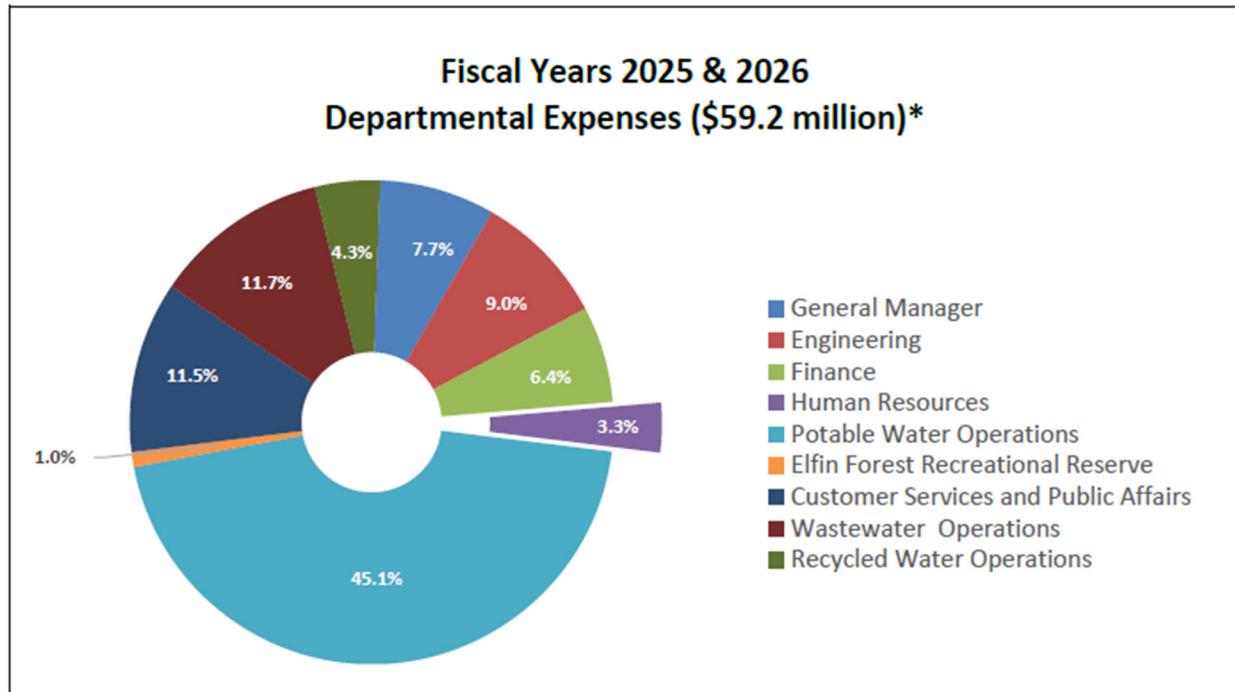
Department: 230  
**Finance**

Account No. and Description		FYE 2023 Actual	FYE 2024 Approved*	FYE 2025 Proposed	% Change from FYE 2024 Approved*	FYE 2026 Proposed	% Change from FYE 2025 Proposed
<b>Personnel:</b>							
51100	Salaries and Wages - Regular	668,003	718,000	759,000	5.71%	805,000	6.06%
51110	Salaries and Wages - Overtime	1,721	2,000	2,000	0.00%	2,000	0.00%
51120	Salaries and Wages - Training	4,126	4,000	4,000	0.00%	4,000	0.00%
51130	Salaries and Wages - Safety	913	2,000	2,000	0.00%	2,000	0.00%
51140	Salaries and Wages - Jury Duty	-	1,000	1,000	0.00%	1,000	0.00%
51150	Allocated Employee Benefits	482,478	637,000	685,000	7.54%	727,000	6.13%
	Subtotal	<u>1,157,242</u>	<u>1,364,000</u>	<u>1,453,000</u>	<u>6.52%</u>	<u>1,541,000</u>	<u>6.06%</u>
<b>Operations:</b>							
52100	Auditing and Accounting	20,822	35,000	38,000	8.57%	40,000	5.26%
52200	Collection and Regulatory Fees	636	5,000	4,000	-20.00%	4,000	0.00%
52230	Computer Supplies	-	2,000	2,000	0.00%	2,000	0.00%
52250	Consultants	37,023	63,000	109,000	73.02%	64,000	-41.28%
52600	Equipment Rental	1,601	10,000	5,000	-50.00%	5,000	0.00%
52900	Maintenance and Repairs - General	20,580	36,000	38,000	5.56%	40,000	5.26%
53000	Membership Dues and Subscriptions	1,520	2,000	2,000	0.00%	2,000	0.00%
53100	Office Supplies and Expenses	645	5,000	3,000	-40.00%	3,000	0.00%
53150	LockBox and Bank Service Charge	47,139	41,000	48,000	17.07%	49,000	2.08%
53200	Other Admin and General Expenses	2,100	5,000	5,000	0.00%	5,000	0.00%
53250	Outside Services	84,519	101,000	106,000	4.95%	109,000	2.83%
53300	Postage and Shipping	67	1,000	2,000	100.00%	2,000	0.00%
53400	Printing and Copying	5,833	9,000	25,000	177.78%	15,000	-40.00%
53800	Seminars and Meetings	4,066	6,000	5,000	-16.67%	5,000	0.00%
53900	Supplies - Operations	127	1,000	1,000	0.00%	1,000	0.00%
54000	Telephone and Communications	3,234	4,000	4,000	0.00%	4,000	0.00%
51160	Temporary Labor	-	-	-	0.00%	-	0.00%
54200	Uncollectible Accounts	(75,459)	23,000	25,000	8.70%	26,000	4.00%
	Subtotal	<u>154,452</u>	<u>349,000</u>	<u>422,000</u>	<u>20.92%</u>	<u>376,000</u>	<u>-10.90%</u>
<b>Capitalized Operating Expenditures:</b>							
59009	Depreciation	-	\$122,000.00	132,000	8.20%	132,000	0.00%
59008	Support Allocation	(1,764,000)	(1,764,000)	(1,819,000)	3.12%	(1,819,000)	0.00%
59004	Capitalized Labor	(5,856)	(7,000)	(15,000)	114.29%	(16,000)	6.67%
59005	Capitalized non-labor Expenses	(8,876)	(11,000)	(23,000)	109.09%	(24,000)	4.35%
	Subtotal	<u>(1,778,732)</u>	<u>(1,660,000)</u>	<u>(1,725,000)</u>	<u>3.92%</u>	<u>(1,727,000)</u>	<u>0.12%</u>
	Total, Net of Capitalized Expenses	<u>(467,039)</u>	<u>53,000</u>	<u>150,000</u>	<u>183.02%</u>	<u>190,000</u>	<u>26.67%</u>

\* Amended budget amounts approved by the Board.



# Human Resources



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

\* Departmental budgets without application of depreciation, support allocation and capitalization

## Personnel Requirements:

Description	Approved FY 2023	Approved FY 2024	Proposed FY 2025	Proposed FY 2026
Human Resources Analyst	1.00	1.00	1.00	1.00
Human Resources Manager	1.00	1.00	1.00	1.00
Records and Contracts Coordinator	1.00	1.00	1.00	1.00
Safety/Risk Compliance Administrator	1.00	1.00	1.00	1.00
Senior Risk Administrative Analyst*	-	-	-	1.00
<b>Department Total</b>	<b>4.00</b>	<b>4.00</b>	<b>4.00</b>	<b>5.00</b>

\*Senior Risk Administrative Analyst position added in FY 2026

## **Responsibilities**

The Human Resources Department is responsible for providing leadership in employee and labor relations, classification and compensation, benefits administration, records administration, workers' compensation, and the District's risk and safety compliance programs.

The Department oversees coordination of recruitment and selection, employee training, leadership development, and performance planning.

## **Major Accomplishments – Fiscal Years 2023 & 2024**

- Participated in the San Diego County Water Authority (SDCWA) regional water industry internship program by hosting interns during the year (District goal 12 - cultivate relationships with other agencies).
- Updated the Employee Handbook and relevant Administrative Code sections to comply with labor law changes and insurance carrier recommendations (District goal 5 - provide safe and rewarding work environment).
- Conducted a lunch and learn for staff regarding the District's performance review and merit pay system (District goal 5 – provide safe and rewarding work environment).
- Prepared the 2023 and 2024 five-year Staffing Analysis succession planning documents (District goal 5 - provide safe and rewarding work environment).
- Completed the comprehensive salary survey in spring of 2024 as negotiated per the current MOU (District goal 5 - provide safe and rewarding work environment).
- Conducted training sessions on the power of interdependence as well as effective workplace communication skills for all employees (District goal 5 - provide safe and rewarding work environment).
- Hosted several events to show appreciation for staff and enhance employee morale including the National Public Works Week luncheon, Healthy Heart Walk, Safety Recognition luncheon, and Kids Day (District goal 5 - provide safe and rewarding work environment).
- Enhanced employee health and wellness by hosting voluntary wellness challenges for staff (District goal 5 - provide safe and rewarding work environment).
- Maintained the workers' compensation experience modification (ex-mod) rating to below industry average (District goal 6 - exceed regulatory requirements).
- Conducted numerous recruitments to quickly fill vacancies and provided internal, promotional opportunities for staff when appropriate (District goal 5 – provide safe and rewarding environment).

## Objectives – Fiscal Years 2025 & 2026

*Departmental Objectives are listed in relation to District goals. Please see Strategic Plan section for complete list of District goals.*

- Participate in the San Diego County Water Authority (SDCWA) regional water industry internship program by hosting interns during the year (District goal 12 - cultivate relationships with other agencies).
- Maintain the workers' compensation experience modification (ex-mod) rating to below industry average (District goal 6 - exceed regulatory requirements).
- Prepare the five-year Staffing Analysis succession planning document annually (District goal 5 - provide safe and rewarding work environment).
- Implement a new online employment application system on District website to improve data security (District goal 5 - provide safe and rewarding work environment).
- Conduct review of staff turnover in summer of 2025 as negotiated in the MOU to evaluate if moving to the 65<sup>th</sup> percentile in compensation has reduced turnover (District goal 5 – provide safe and rewarding work environment).
- Complete a comprehensive salary survey in spring of 2026 as negotiated per the current MOU (District goal 5 - provide safe and rewarding work environment).
- Provide sexual harassment training for employees and supervisors as required by legislation (District goal 5 - provide safe and rewarding work environment).
- Enhance employee health and wellness by hosting a wellness challenge for staff (District goal 5 - provide safe and rewarding work environment).

## Performance Indicators

Activity/ Criteria	2024 Strategic Plan Goal	FYE 2023 Actual	FYE 2024 Actual	Annual Target	Target Met? FY '23   FY '24	FYE 2025 Target	FYE 2026 Target
Interagency cooperative agreements for training, wellness, or safety	5	3	3	2	● ●	2	2
Conduct all required staff safety training on assigned topics	5	6	8	3	● ●	3	3
Total non-management safety training hours	5	1,886	1,895	1,500	● ●	1,500	1,500
Total preventable lost time injuries (as accepted by the Safety Committee)	5	0	0	=< 2	● ●	=< 2	=< 2
Total lost workdays due to a preventable injury	5	0	0	=< 1	● ●	=< 1	=< 1
Percentage of Annual Performance Evaluations (PPRs) completed by due date	5	97%	100%	100%	● ●	100%	100%
Percentage of Mid-year Performance Evaluations (PPRs) completed by due date	5	93%	100%	92%	● ●	92%	92%

● Target met ● Target not met ● Target not available ■ Performance Measure Only

**Olivenhain Municipal Water District  
DEPARTMENTAL EXPENSES  
Fiscal Years 2025 and 2026**

Fund: 100

**Operating - Water**

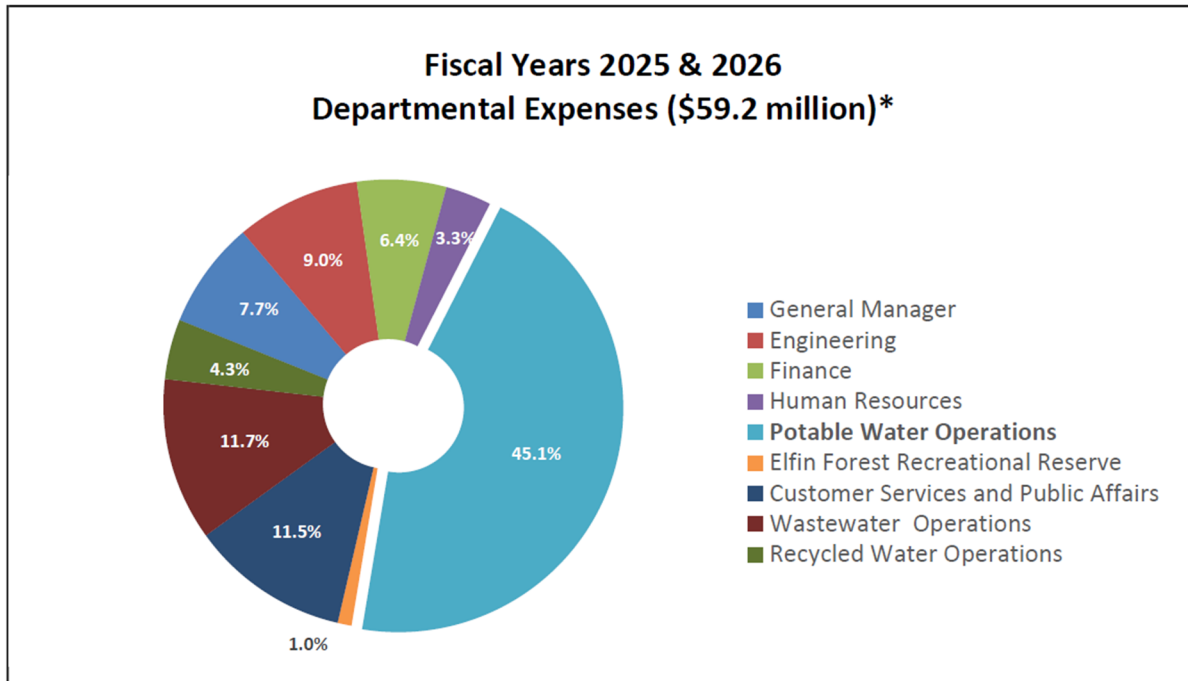
Department: **240**

**Human Resources**

Account No. and Description		FYE 2023 Actual	FYE 2024 Approved*	FYE 2025 Proposed	% Change from FYE 2024 Approved*	FYE 2026 Proposed	% Change from FYE 2025 Proposed
<b>Personnel:</b>							
51100	Salaries and Wages - Regular	399,939	423,000	441,000	4.26%	571,000	29.48%
51110	Salaries and Wages - Overtime	127	1,000	1,000	0.00%	1,000	0.00%
51120	Salaries and Wages - Training	-	1,000	1,000	0.00%	1,000	0.00%
51130	Salaries and Wages - Safety	-	-	-	0.00%	-	0.00%
51140	Salaries and Wages - Jury Duty	-	-	-	0.00%	-	0.00%
51150	Allocated Employee Benefits	280,452	373,000	394,000	5.63%	419,000	6.35%
	Subtotal	<u>680,519</u>	<u>798,000</u>	<u>837,000</u>	<u>4.89%</u>	<u>992,000</u>	<u>18.52%</u>
<b>Operations:</b>							
52250	Consultants	1,751	27,000	3,000	-88.89%	43,000	1333.33%
52800	Legal	-	-	-	0.00%	-	0.00%
52900	Maintenance and Repairs - General	776	2,000	2,000	0.00%	2,000	0.00%
53000	Membership Dues and Subscriptions	5,206	5,000	6,000	20.00%	6,000	0.00%
53100	Office Supplies and Expenses	165	1,000	1,000	0.00%	1,000	0.00%
53200	Other Admin and General Expenses	614	1,000	1,000	0.00%	1,000	0.00%
53250	Outside Services	12,195	13,000	15,000	15.38%	15,000	0.00%
53300	Postage and Shipping	-	200	-	-100.00%	-	0.00%
53400	Printing and Copying	(15)	100	-	-100.00%	-	0.00%
53800	Seminars and Meetings	639	3,000	3,000	0.00%	3,000	0.00%
53900	Supplies - Operations	4,751	5,000	5,000	0.00%	5,000	0.00%
53903	Supplies - Safety	1,497	3,000	3,000	0.00%	3,000	0.00%
54000	Telephone and Communications	1,802	2,000	2,000	0.00%	2,000	0.00%
51160	Temporary Labor	-	-	-	0.00%	-	0.00%
	Subtotal	<u>29,381</u>	<u>62,300</u>	<u>41,000</u>	<u>-34.19%</u>	<u>81,000</u>	<u>97.56%</u>
<b>Capitalized Operating Expenditures:</b>							
59009	Depreciation	-	24,000	24,000	0.00%	24,000	0.00%
59008	Support Allocation	(802,800)	(803,000)	(872,000)	8.59%	(872,000)	0.00%
59004	Capitalized Labor	-	-	-	0.00%	-	0.00%
59005	Capitalized Non-labor Expenses	-	-	-	0.00%	-	0.00%
	Subtotal	<u>(802,800)</u>	<u>(779,000)</u>	<u>(848,000)</u>	<u>8.86%</u>	<u>(848,000)</u>	<u>0.00%</u>
	Total, Net of Capitalized Expenses	<u>(92,900)</u>	<u>81,300</u>	<u>30,000</u>	<u>-63.10%</u>	<u>225,000</u>	<u>650.00%</u>

\* Amended budget amounts approved by the Board.

# Water Operations and Maintenance



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

\* Departmental budgets without application of depreciation, support allocation and capitalization

## Personnel Requirements:

Description	Approved FY 2023	Approved FY 2024	Proposed FY 2025	Proposed FY 2026
Equipment Technician	1.00	1.00	1.00	1.00
Information Technology Coord*	1.00	1.00	1.00	1.00
Information Technology Supervisor	1.00	1.00	1.00	1.00
Instrument Control Tech I	2.00	2.00	2.00	2.00
Instrument Control Tech II	2.00	2.00	2.00	2.00
Operations Coordinator*	1.00	1.00	1.00	1.00
Operations Manager*	1.00	1.00	1.00	1.00
Operations Supervisor	2.00	2.00	2.00	2.00
Pump/Motor Technician II*	2.00	2.00	2.00	2.00
Senior Systems Administrator*	1.00	1.00	1.00	1.00
Systems Administrator*	2.00	2.00	2.00	2.00
Systems Operator I ***	0.90	0.90	0.90	0.90
Systems Operator II ***	2.70	2.70	2.70	2.70
Utility I**	4.00	4.00	4.00	4.00
Utility II	4.00	4.00	4.00	4.00
Utility III**	3.00	3.00	3.00	3.00
Valve Maintenance Tech I	2.00	2.00	2.00	2.00
WT Facilities Supervisor	1.00	1.00	1.00	1.00
WTP Operator Level II	1.00	1.00	1.00	1.00
WTP Operator Level III	4.00	4.00	4.00	4.00
WTP Operator Level IV	1.00	1.00	1.00	1.00
<b>Department Total</b>	<b>39.60</b>	<b>39.60</b>	<b>39.60</b>	<b>39.60</b>

\* Positions also support other departments, but are budgeted under Water Ops and Maintenance

\*\* One Utility I position and one Utility III position are frozen through FY 2026

\*\*\* Positions are shared with Recycled Water Operations and reflect approx. FTE split percentage

## **Responsibilities**

The Operations and Maintenance Department is responsible for providing customers with high-quality, safe drinking water 24 hours per day, 365 days per year. Operations personnel maintain and operate 467 miles of pipelines and service laterals, 105 pressure control vaults, 2 hydroelectric facilities, close to 29,000 customer meters, 16 treated water reservoirs, 6 pump stations, and nearly 9,000 valves. The department also supports a comprehensive cathodic protection program and is responsible for maintaining the District's fleet.

This department is also responsible for the planning and ordering of water supplies and the operation of the 34 MGD potable David C. McCollom Water Treatment Plant.

## **Major Accomplishments – Fiscal Years 2023 & 2024**

- Completed Train 4 membrane replacement at the David C. McCollom Water Treatment Plant. (District goal 1 - Provide safe, reliable drinking water).
- Obtained approval from SWRCB's Division of Drinking Water of the District's Lead Service Line Inventory plan; implemented the geographic information systems (GIS) module to track and report service line inventory. (District goal 3 - Provide safe, reliable drinking water).
- Completed refurbishment of Energy Recovery Turbine No. 124 (District goal 24 – Pursuing alternative and renewable energy sources as a means of offsetting costs and energy charges, providing sustainability).
- Completed registration with the EPA to perform UCMR 5 testing requirements and selected a water quality laboratory. (District goal 35 – Exceeding all federal, state, and local regulatory requirements for providing potable water, wastewater treatment and recycled water).
- Completed satellite scans and "boots on the ground" investigation of potential leaks; presented cost-benefit analysis to Facilities Committee. (District goal 43 – Minimizing all of the District's operational costs while maintaining a high level of customer service).
- Piloted two new leak monitoring devices in the distribution system and presented the findings to the Facilities Committee. (District goal 44 - Minimizing all of the District's operational costs while maintaining a high level of customer service).
- Completed the Electronic Annual Report for CY 2023 and successfully submitted it to DDW. (Goal not listed in Annual Objectives).

## **Objectives – Fiscal Years 2025 & 2026**

*Departmental Objectives are listed in its relations to District goals. Please see Strategic Plan section for complete list of District goals.*

- Commence construction of two pressure reducing station replacements to minimize water loss and control replacement of aging infrastructure. (District goal 1 – Provide safe, reliable drinking water).
- Complete Train 5 membrane replacement at David C. McCollom Water Treatment Plant (DCMWTP). (District goal 1 – Provide safe, reliable drinking water).
- Complete Phase 1A of systemwide programmable logic controller upgrades. (District goal 1 – Provide safe, reliable drinking water).
- Develop first phase strategy to address new California Air Resources Board zero-emission vehicle requirements, including timeline, compliance, phasing, budgets, financing options, and exemption requests.
- Complete Customer Side Lead Service Line Inventory and report results to State Water Resources Control Board (SWRCB) Division of Drinking Water (DDW). (District goal 1 – Provide safe, reliable drinking water).
- Enhance experience of in-house staff by completing the replacement of 25 valves in support of the Valve Replacement Project. (District goal 1 – Provide safe, reliable drinking water).
- Prepare a SWRCB DDW request for treatment operator staff to receive partial distribution credit towards advanced certification. (District goal 5 – Provide a safe, healthful, and rewarding work environment which encourages communication as well as values employee participation and personal achievement).
- Commence United States Environmental Protection Agency Unregulated Contaminant Monitoring Rule 5 sampling and approve certified lab results. (District goal 6 – Exceed all federal, state, and local regulatory requirements for providing potable water, wastewater treatment, and recycled water).
- Complete the Electronic Annual Report for CY 2024 and submit it to DDW. (Goal not listed in Annual Objectives).

*Note: Summary of all capital improvement projects for Fiscal Year 2023 and Fiscal Year 2024 by funding sources and project details can be found in the CIP summary section of this budget. Lists of all District capital improvement and replacement projects for future years are included in both Long-Term Financial and CIP by Funding Source sections.*



## Performance Indicators

Activity/ Criteria	2024 Strategic Plan Goal	FYE 2023 Actual	FYE 2024 Actual	Annual Target	Target Met? FY '23   FY '24	FYE 2025 Target	FYE 2026 Target
Number of main valves replaced	1	49	50	50	● ●	50	50
Rebuild PR stations, per year	1	12	12	100%	● ●	10	10
Lowest monthly percentage DCMWTP Combined Filter Effluent Turbidity $\leq 0.1$ NTU	1	>95%	>95%	>95%	● ●	>95%	>95%
Highest monthly percentage of Distribution System total coliform positive samples	1	0%	0%	<5%	● ●	<5%	<5%
Minimum measured Distribution System total chlorine residual	1	>0.2 100% of time	>0.2 100% of time	>0.2 100% of time	● ●	>0.2 100% of time	>0.2 100% of time
Percentage of customer demand met by DCMWTP	1	95.29%	95.07%	>90%	● ●	>90%	>90%
Distribution system water loss <sup>1</sup>	1	6.7%	<i>pending<sup>1</sup></i>	<8.00%	● ●	<8.00%	<8.00%
Number of reservoir spills	1	0	0	0	● ●	0	0
Track Capital Projects Budgeted vs Expensed or Encumbered (Operations Managed) <sup>2</sup>	1, 2, 10	79%	75%	75%	● ●	75%	75%
Fix major leaks within 48 hours	1	100%	100%	100%	● ●	100%	100%
O&M Dept. Cost per MG processed <sup>3</sup>	1	2,114	2,265	<\$1,575	● ●	<\$1,575	<\$1,575

● Target met ● Target not met ● Target not available ■ Performance Measure Only

<sup>1</sup>KPI based on prior calendar year to align with state-mandated reporting for SB 555. FY 2024 is pending results of the calendar year 2023 water loss audit.

<sup>2</sup>Excludes placeholder projects for unscheduled replacement of pipelines, pumps, and motors.

<sup>3</sup>Fiscal Years 2023 and 2024 experienced above average rainfall reducing customer water demand which increased the cost per MG processed.

**Olivenhain Municipal Water District  
DEPARTMENTAL EXPENSES  
Fiscal Years 2025 and 2026**

Fund: 100

**Operating - Water**

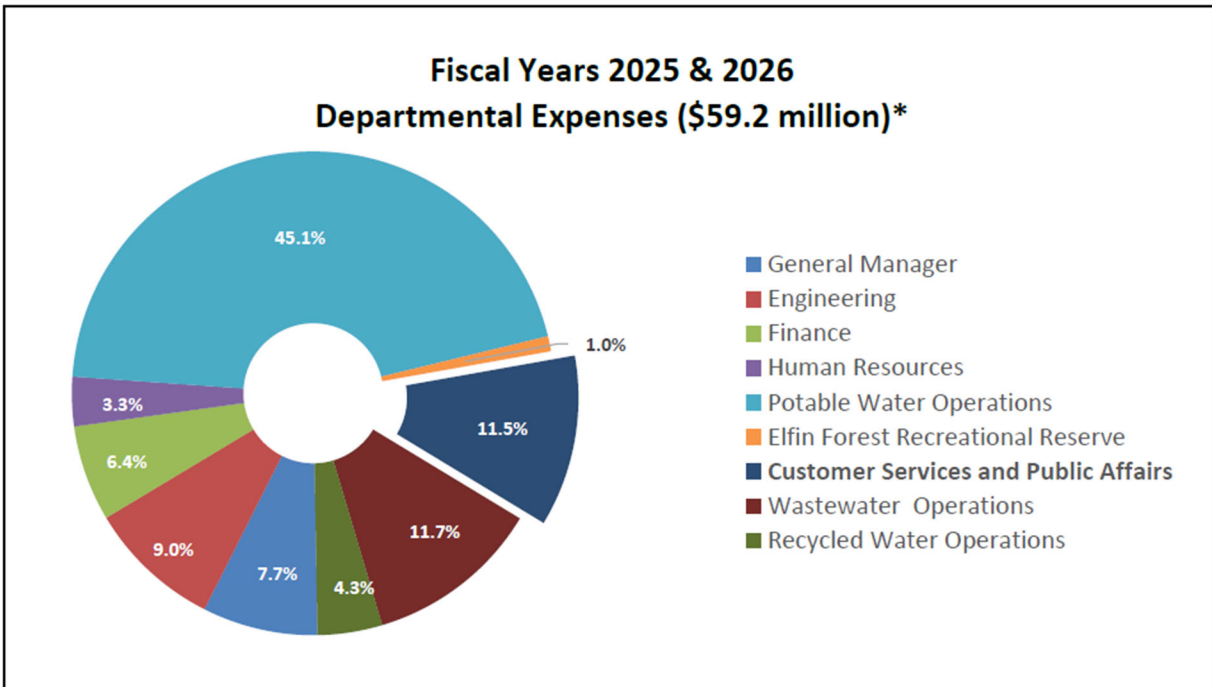
Departments: 250 to 258

**Operations and Maintenance (Water O&M and Water Treatment Plant)**

Account No. and Description		FYE 2023 Actual	FYE 2024 Approved*	FYE 2025 Proposed	% Change from FYE 2024 Approved*	FYE 2026 Proposed	% Change from FYE 2025 Proposed
<b>Personnel:</b>							
51100	Salaries and Wages - Regular	2,741,101	2,951,000	3,190,000	8.10%	3,381,000	5.99%
51110	Salaries and Wages - Overtime	311,411	266,000	255,000	-4.14%	271,000	6.27%
51120	Salaries and Wages - Training	16,237	31,000	31,000	0.00%	33,000	6.45%
51130	Salaries and Wages - Safety	10,436	23,000	23,000	0.00%	24,000	4.35%
51140	Salaries and Wages - Jury Duty	907	1,000	1,000	0.00%	1,000	0.00%
51150	Allocated Employee Benefits	2,128,682	2,909,000	3,121,000	7.29%	3,313,000	6.15%
	Subtotal	5,208,773	6,181,000	6,621,000	7.12%	7,023,000	6.07%
<b>Operations:</b>							
52200	Collection and Regulatory Fees	100,623	144,000	134,000	-6.94%	137,000	2.24%
52230	Computer Supplies	6,391	21,000	21,000	0.00%	22,000	4.76%
52250	Consultants	76,643	85,000	85,000	0.00%	87,000	2.35%
52375	Dam ops & maint	13,331	-	16,000	0.00%	17,000	6.25%
52500	Engineering	-	5,000	-	-100.00%	-	0.00%
52600	Equipment Rental	18,969	36,000	26,000	-27.78%	25,000	-3.85%
52900	Maintenance and Repairs - General	1,151,874	1,431,000	1,375,000	-3.91%	1,417,000	3.05%
52950	Maintenance and Repairs - Roads	-	68,000	38,000	-44.12%	39,000	2.63%
53000	Membership Dues and Subscriptions	64,750	11,000	69,500	531.82%	72,000	3.60%
53100	Office Supplies and Expenses	4,825	8,000	8,000	0.00%	8,000	0.00%
53200	Other Admin and General Expenses	1,468	3,000	3,000	0.00%	3,000	0.00%
53250	Outside Services	952,063	899,000	1,043,000	16.02%	1,074,000	2.97%
53260	Laboratory Services	112,951	134,000	155,000	15.67%	160,000	3.23%
53300	Postage and Shipping	1,317	4,000	3,500	-12.50%	4,000	14.29%
53400	Printing and Copying	1,612	3,000	3,000	0.00%	3,000	0.00%
53500	Property Insurance	282,481	266,000	306,000	15.04%	315,000	2.94%
53800	Seminars and Meetings	10,628	28,000	32,000	14.29%	32,000	0.00%
53900	Supplies - Operations	829,239	669,000	729,000	8.97%	751,000	3.02%
53901	Supplies - Fuel	154,417	152,000	157,000	3.29%	162,000	3.18%
53902	Supplies - Tools/Small Equip	35,591	45,000	41,000	-8.89%	36,000	-12.20%
53903	Supplies - Safety	31,469	35,000	42,000	20.00%	42,000	0.00%
53904	Supplies - Chemical	694,846	988,000	998,000	1.01%	1,068,000	7.01%
54000	Telephone and Communications	82,988	114,000	114,000	0.00%	116,000	1.75%
51160	Temporary Labor	29,393	111,000	35,000	-68.47%	36,000	2.86%
54200	Uncollectible Accounts	-	-	-	0.00%	-	0.00%
54300	Utilities	763,892	898,000	971,000	8.13%	1,010,000	4.02%
	Subtotal	5,421,761	6,158,000	6,405,000	4.01%	6,636,000	3.61%
<b>Capitalized Operating Expenditures:</b>							
59009	Depreciation	-	359,000	368,000	2.51%	368,000	0.00%
59008	Support Allocation	1,274,400	1,274,000	1,485,000	16.56%	1,485,000	0.00%
59004	Capitalized Labor	(260,355)	(295,000)	(262,000)	-11.19%	(277,000)	5.73%
59005	Capitalized Non-labor Expenses	(552,139)	(642,000)	(585,000)	-8.88%	(618,000)	5.64%
	Subtotal	461,906	696,000	1,006,000	44.54%	958,000	-4.77%
	Total, Net of Capitalized Expenses	11,092,440	13,035,000	14,032,000	7.65%	14,617,000	4.17%

\* Amended budget amounts approved by the Board.

## Customer Services & Public Affairs



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

\* Departmental budgets without application of depreciation, support allocation and capitalization

### Personnel Requirements:

Description	Approved FY 2023	Approved FY 2024	Proposed FY 2025	Proposed FY 2026
Administrative Analyst	3.00	3.00	3.00	3.00
Customer Service Public AF Sup	1.00	1.00	1.00	1.00
Customer Service Rep I	2.00	3.00	3.00	3.00
Customer Service Rep II	1.00	1.00	1.00	1.00
Customer Services Manager	1.00	1.00	1.00	1.00
Field Services Supervisor	1.00	1.00	1.00	1.00
Field Services Technician I	4.00	4.00	4.00	4.00
Field Services Technician II	1.00	1.00	1.00	1.00
Field Services Technician III	2.00	2.00	2.00	2.00
<b>Department Total</b>	<b>16.00</b>	<b>17.00</b>	<b>17.00</b>	<b>17.00</b>

## **Responsibilities**

The Customer Services Department is the lead department for all contact with OMWD customers. It is responsible for billing, account services, reading and maintaining customer meters, public outreach, customer conservation and education programs, and grant administration.

The department was founded in 2014 to consolidate all points of customer contact into one department, with the intent of ensuring that all staff members engaged in direct communication with customers are optimally engaged, trained, and educated on issues facing OMWD.

## **Major Accomplishments – Fiscal Years 2023 & 2024**

*Departmental Objectives are listed in relation to District goals. Please see Strategic Plan section for complete list of District goals.*

- Completed Phases 8 & 9 of the Advanced Metering Infrastructure implementation project (District goal 7 – minimizing all of OMWD’s operational costs while maintaining a high level of customer service).
- Reviewed eligibility requirements for OMWD’s Agricultural Water Program and conducted audit and recertification process on Agricultural Water Program participants (District goal 7 – minimizing all of the District’s operational costs while maintaining a high level of customer service).
- Conducted a comprehensive customer survey to measure customer satisfaction that demonstrated that 97% of customers interviewed were satisfied with our efforts to provide reliable water service and 92% were generally satisfied with our customer service (District goal 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).
- Continued to engage and influence State Water Resources Control Board regulations and water use efficiency legislation utilizing OMWD’s advocate in Sacramento (District goal 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).
- Transitioned customers on the legacy Direct Payment Program to online autopayment to improve data security and customer self-service (District goal 7 – minimizing all of the District’s operational costs while maintaining a high level of customer service).
- Implemented campaign to increase customer use of online billing services, surpassing the goal of 500 accounts newly enrolled in online payments with over 2,200 newly enrolled accounts. (District goal 7 – minimizing all of the District’s operational costs while maintaining a high level of customer service).

- Surpassed the addition of 500 new subscribers to the MyWaterUse by AquaHawk digital dashboard with over 1,400 new subscribers. (District stretch goal 7 - minimizing all of OMWD's operational costs while maintaining a high level of customer service).
- Won the following awards: 4S WRF won California Water Environment Association's 2023 Plant of the Year award at both the local and state levels; American Public Works Association San Diego & Imperial Counties Chapter's Project of the Year for Manchester Potable Pipeline Project; won Industrial Environmental Association's Environmental Excellence Award for Recycled Water Pipeline Extension 153A Project; won WaterReuse's Outreach and Education Excellence Award; won California Society of Municipal Finance Officers' Operating Budget Excellence Award (District goal 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).
- Commemorated 4S WRF's 20<sup>th</sup> and OMWD's 65<sup>th</sup> anniversaries (District goal 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).
- Held ribbon-cutting ceremony to celebrate the completion of the Manchester Avenue Recycled Water Pipeline Project, which was attended by United States Congressman Mike Levin and other dignitaries. (District goal 12 – Cultivating supportive and positive relationships with the federal, state, and local agencies which may impact OMWD's operations).

### **Objectives – Fiscal Years 2025 & 2026**

- Implement a new online employment application system on OMWD website to improve data security (District goal 5 – providing a safe, healthful and rewarding work environment which encourages communication as well as values employee participation and personal achievement).
- Develop and implement process to increase customer communication by email, including sending new customer welcome letters electronically, reducing printing and postage costs (District goal 7 – minimizing all of the District's operational costs while maintaining a high level of customer service).
- Increase customer use of online billing services, targeting 500 accounts newly enrolled in online payments (District goal 7 – minimizing all of the District's operational costs while maintaining a high level of customer service).
- Complete 10<sup>th</sup> and final phase of the Advanced Metering Infrastructure Expansion Project, upgrading nearly 1,400 meters to AMI technology (District goal 7 – minimizing all of the District's operational costs while maintaining a high level of customer service).

- Add 500 new subscribers to the MyWaterUse by AquaHawk digital dashboard (District goal 7 – minimizing all of the District’s operational costs while maintaining a high level of customer service).
- Install informational signage at David C. McCollom Water Treatment Plant to improve guest experience (District goal 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).
- Partner with local businesses, vendors, and community organizations on a public service announcement and/or event about water use efficiency (District goal 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).
- Continue to develop messaging to protect customers’ interests and ensure customer awareness of SWRCB water use efficiency regulations and new legislative requirements (District goal 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).
- Engage and influence SWRCB regulations and water use efficiency legislation utilizing OMWD’s advocate in Sacramento (District goal 12 – cultivating supportive and positive relationships with the federal, state and local agencies which may impact the District’s operations).

### Performance Indicators

Activity/ Criteria	2024 Strategic Plan Goal	FYE 2023 Actual	FYE 2024 Actual	Annual Target	Target Met? FY '23   FY '24	FYE 2025 Target	FYE 2026 Target
New grant applications per year	7	6	5	3	● ●	3	3
Education/outreach events per year	8	8	5	5	● ●	5	5
Facility tours per year	8	7	5	2	● ●	4	4
Social media posts per year	8	282	238	180	● ●	180	180
Application for awards per year	8	13	5	4	● ●	4	4

Water Use Evaluations (Commercial, Industrial and Residential)	8	125	108	75	● ●	110	110
Electronic bill accounts to total accounts	7	62%	67%	55%	● ●	55%	55%
Billing accuracy rate	7	100%	100%	99%	● ●	99%	99%
Percentage of meters read per month	7	100%	100%	100%	● ●	100%	100%
Number of meters replaced or retrofitted	7	734	1,011	160	● ●	350	350

● Target met ● Target not met ● Target not available ■ Performance Measure Only

**Olivenhain Municipal Water District**  
**DEPARTMENTAL EXPENSES**  
**Fiscal Years 2025 and 2026**

Fund: 100

**Operating - Water**

Departments: 290 to 292

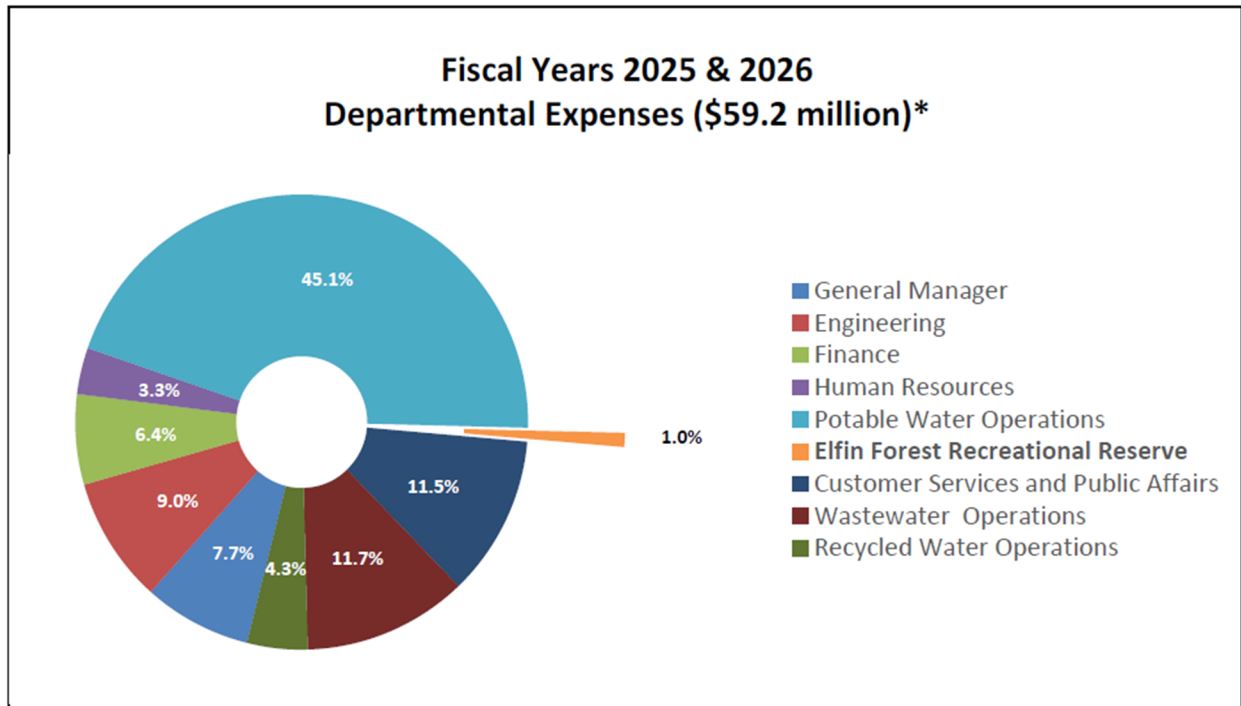
**Customer Services & Public Affairs**

Account No. and Description		FYE 2023 Actual	FYE 2024 Approved*	FYE 2025 Proposed	% Change from FYE 2024 Approved*	FYE 2026 Proposed	% Change from FYE 2025 Proposed
<b>Personnel:</b>							
51100	Salaries and Wages - Regular	1,076,631	1,227,000	1,291,000	5.22%	1,369,000	6.04%
51110	Salaries and Wages - Overtime	31,019	45,000	45,000	0.00%	48,000	6.67%
51120	Salaries and Wages - Training	5,936	3,000	3,000	0.00%	3,000	0.00%
51130	Salaries and Wages - Safety	8,645	3,000	3,000	0.00%	3,000	0.00%
51140	Salaries and Wages - Jury Duty	-	1,000	1,000	0.00%	1,000	0.00%
51150	Allocated Employee Benefits	785,452	1,129,000	1,198,000	6.11%	1,272,000	6.18%
	Subtotal	<u>1,907,683</u>	<u>2,408,000</u>	<u>2,541,000</u>	<u>5.52%</u>	<u>2,696,000</u>	<u>6.10%</u>
<b>Operations:</b>							
52230	Computer Supplies	-	2,000	2,000	0.00%	2,000	0.00%
52250	Consultants	108,793	69,000	50,000	-27.54%	200,000	300.00%
52350	Customer Outreach Programs	13,949	24,000	25,000	4.17%	26,000	4.00%
52600	Equipment Rental	-	-	-	0.00%	-	0.00%
52900	Maintenance and Repairs - General	92,322	111,000	120,000	8.11%	125,000	4.17%
53000	Membership Dues and Subscriptions	240	12,000	12,000	0.00%	12,000	0.00%
53100	Office Supplies and Expenses	1,351	3,000	4,000	33.33%	4,000	0.00%
53200	Other Admin and General Expenses	74	-	1,000	0.00%	1,000	0.00%
53250	Outside Services	104,749	213,000	227,000	6.57%	233,000	2.64%
53300	Postage and Shipping	93,681	113,000	101,000	-10.62%	104,000	2.97%
53400	Printing and Copying	74,362	80,000	82,000	2.50%	84,000	2.44%
53800	Seminars and Meetings	3,527	10,000	7,000	-30.00%	8,000	14.29%
53900	Supplies - Operations	64,191	15,000	15,000	0.00%	15,000	0.00%
53902	Supplies - Tools/Small Equip	7,194	10,000	10,000	0.00%	10,000	0.00%
53903	Supplies safety	1,032	2,000	3,000	50.00%	3,000	0.00%
54000	Telephone and Communications	13,146	18,000	18,500	2.78%	19,000	2.70%
51160	Temporary Labor	51,375	14,000	8,000	-42.86%	8,000	0.00%
54200	Uncollectible Accounts	-	-	-	0.00%	-	0.00%
	Subtotal	<u>629,987</u>	<u>696,000</u>	<u>685,500</u>	<u>-1.51%</u>	<u>854,000</u>	<u>24.58%</u>
<b>Capitalized Operating Expenditures:</b>							
59009	Depreciation	-	161,000	153,000	-4.97%	153,000	0.00%
59008	Support Allocation	1,292,400	1,292,000	1,272,000	-1.55%	1,272,000	0.00%
59004	Capitalized Labor	(76,226)	(61,000)	(129,000)	111.48%	(137,000)	6.20%
59005	Capitalized Non-labor Expenses	(180,401)	(133,000)	(288,000)	116.54%	(306,000)	6.25%
	Subtotal	<u>1,035,773</u>	<u>1,259,000</u>	<u>1,008,000</u>	<u>-19.94%</u>	<u>982,000</u>	<u>-2.58%</u>
	Total, Net of Capitalized Expenses	<u>3,573,444</u>	<u>4,363,000</u>	<u>4,234,500</u>	<u>-2.95%</u>	<u>4,532,000</u>	<u>7.03%</u>

\* Amended budget amounts approved by the Board.



# Elfin Forest Recreational Reserve



\*EFRR total is net of SDCWA reimbursement. Total may not add up to 100% due to rounding

\* Departmental budgets without application of depreciation, support allocation and capitalization

## Personnel Requirements:

Description	Approved FY 2023	Approved FY 2024	Proposed FY 2025	Proposed FY 2026
Park Ranger I	1.00	1.00	1.00	1.00
Park Ranger II	1.00	1.00	1.00	1.00
Park Ranger Supervisor	1.00	1.00	1.00	1.00
<b>Department Total</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>

## **Responsibilities**

OMWD's park rangers are responsible for the operation and maintenance of Elfin Forest Recreational Reserve (EFRR), a 784-acre open space reserve. Through an agreement with the County of San Diego, the rangers also manage a county-owned 100-acre parcel located in the heart of EFRR. Responsibilities include trail and facility maintenance, visitor services, maintenance of the Elfin Forest Interpretive Center Honoring Susan J. Varty (IC), docent program, volunteer trail patrol program, education program, emergency management, and enforcement of reserve rules and regulations.

## **Major Accomplishments – Fiscal Years 2023 & 2024**

- Recruited and trained eight new docents to staff the IC and patrol EFRR trails, bringing the total number of volunteers to 64 docents. (District goal 3 - operating EFRR in cost-effective and service oriented manner).
- Hosted two water conservation workshops at Interpretive Center. (District goal 8 - maintain open communication with public).
- Continued partnership with the Escondido Creek Conservancy on standards-based watershed and adaptation programs that brought over 4,000 students to EFRR on field trips. These programs are facilitated by docents and Escondido Creek Conservancy staff. (District goal 3 - operating EFRR in cost-effective and service oriented manner).
- Provided 84 docent-led educational hikes/walks/concerts to the public, and hosted 82 school field trips. (District goal 3 - operating EFRR in cost-effective and service oriented manner).
- Held 22 Special Events and collected \$4,100 in fees through the Special Event Policy. (District goal 4 - pursue alternative resources/sustainability).
- Hosted two Creek to Bay cleanup events in partnership with I Love a Clean San Diego. (District goal 8 - maintain open communication with public).
- Hosted the 16th and 17<sup>th</sup> annual photo contests and recognized winners at board meetings. (District goal 8 - maintain open communication with public).
- Utilized volunteers to host Interpretive Center open hours and conduct trail patrols. (District goal 3 - operating EFRR in cost-effective and service oriented manner).
- Conducted two EFRR awareness and scenario trainings with Rancho Santa Fe Fire Protection District. (District goal 3 - operating EFRR in cost-effective and service oriented manner; District goal 12 - Cultivating supportive and positive relationships with the federal, state and local agencies which may impact the District's operations).
- Completed rehabilitation work to Equine Incline trail utilizing \$25K in grant funding from the County of San Diego. (District goal 3 - operating EFRR in cost-effective and service oriented manner; District goal 7 - minimize costs while maintaining high level of service).

- Incorporated shoulder striping on EFRR driveway to improve pedestrian safety. (District goal 3 - operating EFRR in cost-effective and service oriented manner).
- Replaced aging wood fencing on lower Cielo trail with steel post and cable fencing (District goal 3 - operating EFRR in cost-effective and service oriented manner; District goal 7 - minimize costs while maintaining high level of service).
- Improved security of Interpretive Center by upgrading security camera system (District goal 3 - operating EFRR in cost-effective and service oriented manner; District goal 7 - minimize costs while maintaining high level of service)
- Achieved funding through Recreational Trails Program for EFRR Access Improvement Project (District goal 3 - operating EFRR in cost-effective and service oriented manner; District goal 7 - minimize costs while maintaining high level of service).
- Partnered with Escondido Creek Conservancy to complete third and fourth annual surveys of oak trees within EFRR for Gold-Spotted Oak Borer. Treated trees for GSOB in 2023 and 2024 based on data collected from surveys. (District goal 3 - operating EFRR in cost-effective and service oriented manner).

#### **Objectives – Fiscal Years 2025 & 2026**

*Departmental Objectives are listed in relation to District goals. Please see Strategic Plan section for complete list of District goals.*

- Continue education program for elementary schools in partnership with the Escondido Creek Conservancy. (District goal 8 - maintain open communication with public).
- Host annual EFRR photo contest, Earth Day, and OMWD water conservation workshop at IC. (District goal 8 - maintain open communication with public).
- Utilize volunteer groups such as San Diego Mountain Bike Association, I Love a Clean San Diego, and EFRR Trail Patrol for maintenance, upkeep, and repairs. (District goal 7 - minimize costs while maintaining high level of service).
- Complete design and begin construction phase of EFRR Access Improvement Project utilizing grant funding. (District goal 7 - minimize costs while maintaining high level of service).
- Complete comprehensive assessment of all trail signage and make replacements/repairs as needed. (District goal 3 - operating EFRR in cost-effective and service oriented manner).
- Continue with Gold-Spotted Oak Borer surveying within EFRR utilizing volunteers. (District goal 3 - operating EFRR in cost-effective and service oriented manner).

## Performance Indicators

Activity/ Criteria	2024 Strategic Plan Goal	FYE 2023 Actual	FYE 2024 Actual	Annual Target	Target Met? FY '23   FY '24	FYE 2025 Target	FYE 2026 Target
Number of educational/ community outreach events per year	3	119	109	100	● ●	100	100
Number of days taken to repair damaged signs/vandalism	3	<12	<12	<12	● ●	<12	<12
Maximum number of days to patrol full trail network	3	<14	<14	14	● ●	14	14
Number of ranger-led and docent-led hikes/interpretive orientations per month	3	>25	>25	25	● ●	25	25
Number of days/year Interpretive Center open/ volunteer trail patrol	3	242	247	225	● ●	225	225
Number of volunteer maintenance/cleanup events	3	7	5	5	● ●	5	5
Number of volunteer appreciation events	3	3	4	3	● ●	3	3

● Target met ● Target not met ● Target not available ■ Performance Measure Only

**Olivenhain Municipal Water District**  
**DEPARTMENTAL EXPENSES**  
**Fiscal Years 2025 and 2026**

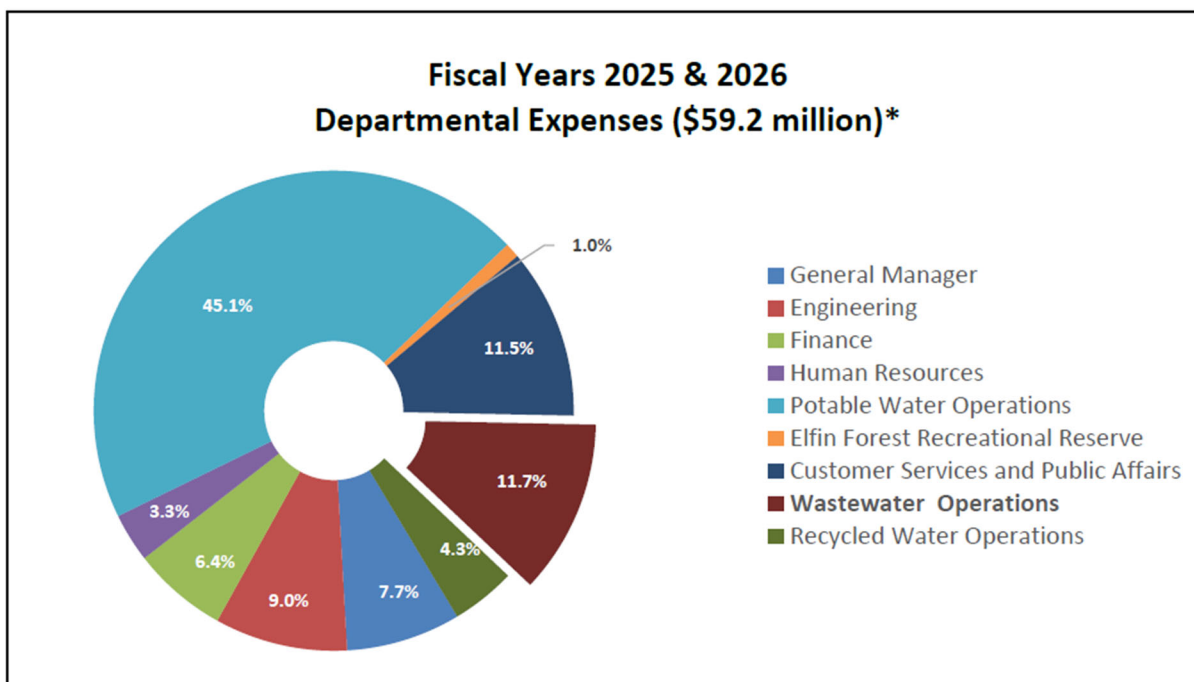
Fund: 100  
**Operating - Water**

Department: **280**  
**Elfin Forest Recreational Reserve**

Account No. and Description		FYE 2023 Actual	FYE 2024 Approved*	FYE 2025 Proposed	% Change from FYE 2024 Approved*	FYE 2026 Proposed	% Change from FYE 2025 Proposed
<b>Personnel:</b>							
51100	Salaries and Wages - Regular	206,208	224,000	237,000	5.80%	252,000	6.33%
51110	Salaries and Wages - Overtime	16,263	14,000	14,000	0.00%	15,000	7.14%
51120	Salaries and Wages - Training	935	2,000	2,000	0.00%	2,000	0.00%
51130	Salaries and Wages - Safety	1,957	2,000	2,000	0.00%	2,000	0.00%
51140	Salaries and Wages - Jury Duty	-	-	-	0.00%	-	0.00%
51150	Allocated Employee Benefits	164,045	213,000	227,000	6.57%	241,000	6.17%
	Subtotal	389,407	455,000	482,000	5.93%	512,000	6.22%
<b>Operations:</b>							
52230	Computer Supplies	75	1,000	1,000	0.00%	1,000	0.00%
52250	Consultant	-	1,000	1,000	0.00%	1,000	0.00%
52600	Equipment Rental	3,036	3,000	12,000	300.00%	12,000	0.00%
52800	Legal	1,124	-	2,000	0.00%	2,000	0.00%
52900	Maintenance and Repairs - General	5,828	11,000	27,000	145.45%	7,000	-74.07%
53000	Membership Dues and Subscription	180	1,000	1,000	0.00%	1,000	0.00%
53100	Office Supplies and Expenses	457	1,000	1,000	0.00%	1,000	0.00%
53200	Other Admin and General Expenses	(354,102)	(382,000)	(397,000)	3.93%	(412,000)	3.78%
53250	Outside Services	41,117	37,000	47,000	27.03%	48,000	2.13%
53300	Postage and Shipping	-	1,000	1,000	0.00%	1,000	0.00%
53400	Printing and Copying	3,493	3,000	3,000	0.00%	3,000	0.00%
53500	Property Insurance	18,832	16,000	18,000	12.50%	19,000	5.56%
53800	Seminars and Meetings	1,452	2,000	1,000	-50.00%	1,000	0.00%
53900	Supplies	29,461	18,000	18,000	0.00%	19,000	5.56%
53901	Supplies - Fuel	6,069	5,000	7,000	40.00%	7,000	0.00%
53902	Supplies - Tools/Small Equipment	3,167	2,000	2,000	0.00%	2,000	0.00%
53903	Supplies - Safety	646	1,000	1,000	0.00%	1,000	0.00%
54000	Telephone and Communications	5,624	7,000	6,000	-14.29%	6,000	0.00%
51160	Temporary Labor	10,570	8,000	12,000	50.00%	12,000	0.00%
54300	Utilities	6,627	6,000	8,000	33.33%	8,000	0.00%
54500	Park Depreciation	-	39,000	41,000	5.13%	41,000	0.00%
	Subtotal	(216,346)	(219,000)	(187,000)	-14.61%	(219,000)	-17.11%
<b>Capitalized Operating Expenditures:</b>							
54400	Support Allocation	214,800	215,000	259,000	20.47%	259,000	0.00%
59004	Capitalized Labor	(233)	-	(5,000)	0.00%	(13,000)	160.00%
59005	Capitalized Employee Benefits	(512)	-	(11,000)	0.00%	(29,000)	163.64%
	Subtotal	214,056	215,000	243,000	13.02%	217,000	-10.70%
	Total, Net of Capitalized Expenses	387,116	451,000	538,000	19.29%	510,000	-5.20%

\* Amended budget amounts approved by the Board.

# Wastewater System Operations



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

\* Departmental budgets without application of depreciation, support allocation and capitalization

## Personnel Requirements:

Description	Approved FY 2023	Approved FY 2024	Proposed FY 2025	Proposed FY 2026
Collection Systems Operator	-	0.85	0.85	0.85
WRF Operator Level III*	3.40	3.40	3.40	3.40
WRF Operator Level IV*	0.85	0.85	0.85	0.85
WRF Supervisor*	0.85	0.85	0.85	0.85
<b>Department Total</b>	<b>5.10</b>	<b>5.95</b>	<b>5.95</b>	<b>5.95</b>

\*Positions are shared with Recycled Water Operations and reflect approx. FTE split percentage

**Note: Staffing requirements to supervise and to provide administrative support for the wastewater operations are included in the General Manager, Engineering, and Finance Departments.**

## **Responsibilities**

The District provides wastewater collection and reclamation services within the District's southeast service area. This includes the 4S Ranch and Rancho Cielo communities. The plant currently recycles wastewater discharge from approximately 7,100 Equivalent Dwelling Units (EDUs) within this service area. By 2030, these two areas will have nearly 7,450 EDUs from a combination of residential, commercial, industrial, and public uses.

This department is responsible for operating and maintaining the sewer collection and treatment system of the 4S Ranch Water Reclamation Facility (4S WRF).

## **Major Accomplishments – Fiscal Years 2023 & 2024**

- Completed design of the Headworks Screening System Replacement Project (District Goal 10 - Plan and construct facilities to meet needs).
- Completed design of the Overflow Pond Strainer Project (District Goal 10 - Plan and construct facilities to meet needs).
- Commenced construction of the Neighborhood #1 Sewer Pump Station Rehabilitation Project (District Goal 10 - plan and construct facilities to meet needs).
- Completed the installation of 3 flow meters at 3 sewer pump stations in the Rancho Cielo Collection System (District Goal 10 - plan and construct facilities to meet needs)
- Updated Sewer System Master Plan (SSMP) (District goal 6 – Exceed all federal, state, and local regulatory requirements for providing water reclamation, and recycled water).
- Operated the wastewater collection and water reclamation systems in full compliance with permits and regulatory requirements (District goal 6 – Exceed all federal, state, and local regulatory requirements for providing water reclamation, and recycled water).
- Completed Closed-Circuit TV (CCTV) Inspections and Sewer Line Cleaning (District goal 2 – Provide high quality wastewater services and recycled water).

## **Objectives – Fiscal Years 2025 & 2026**

*Departmental Objectives are listed in relation to District goals. Please see Strategic Plan section for complete list of District goals.*

- Operate the wastewater collection and water reclamation systems in full compliance with permits and regulatory requirements (District goal 6 – Exceed all federal, state, and local regulatory requirements for providing water reclamation, and recycled water).
- Commence construction of the Headworks Screening System Replacement Project (District Goal 10 - Plan and construct facilities to meet needs).

- Commence construction of the Overflow Pond Strainer Project (District Goal 10 - Plan and construct facilities to meet needs).
- Complete construction of the Neighborhood #1 Sewer Pump Station Rehabilitation Project (District Goal 10 - plan and construct facilities to meet needs).

### Performance Indicators

Activity/ Criteria	2024 Strategic Plan Goal	FYE 2023 Actual	FYE 2024 Actual	Annual Target	Target Met? FY '23   FY '24	FYE 2025 Target	FYE 2026 Target
Percentage of compliance with Discharge Water Quality parameters	2, 6	100%	100%	100%	● ●	100%	100%
Wastewater Preventable Permit Violations	6	0	0	0	● ●	0	0
District Responsible Sewer Spills	2	1	0	0	● ●	0	0
Actual vs. Budgeted Expenses	7	100%	98%	102% or Less	● ●	102% or Less	102% or Less

● Target met ● Target not met ● Target not available ■ Performance Measure Only



**Olivenhain Municipal Water District**  
**DEPARTMENTAL EXPENSES**  
**Fiscal Years 2025 and 2026**

Fund: 110 + 111

**Operating - Wastewater**

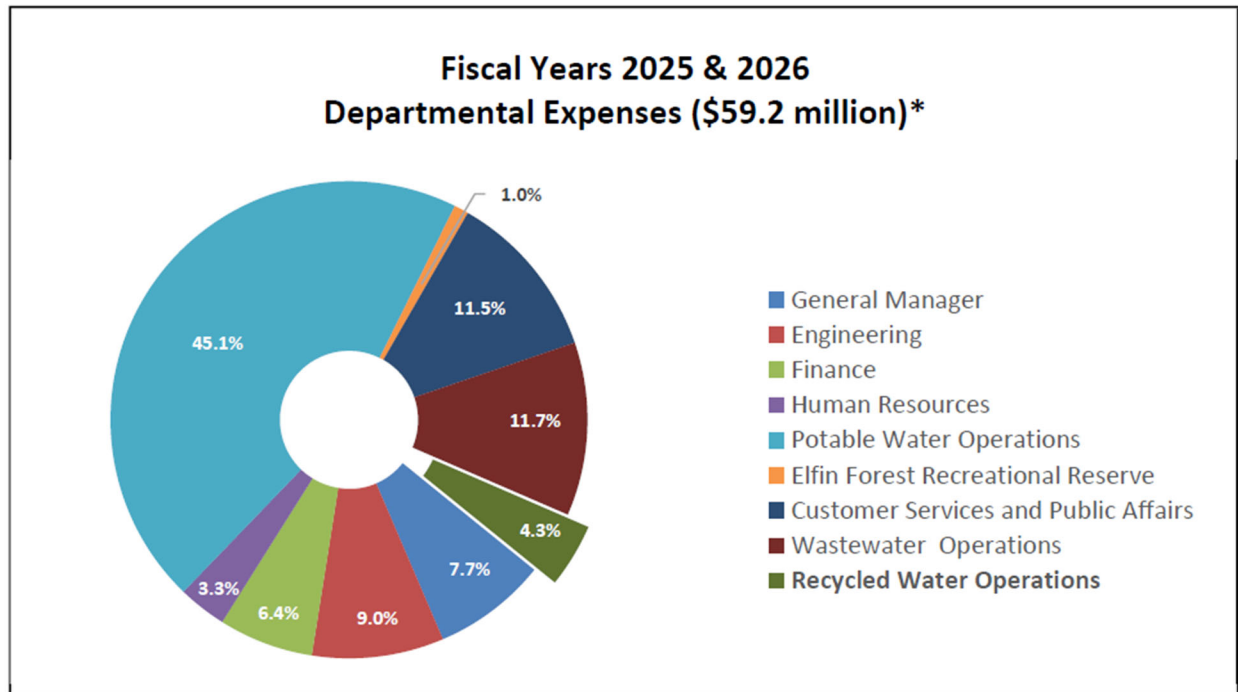
Department: **270 & 271**

**Wastewater (4S and RC Combined)**

Account No. and Description		FYE 2023 Actual	FYE 2024 Approved*	FYE 2025 Proposed	% Change from FYE 2024 Approved*	FYE 2026 Proposed	% Change from FYE 2025 Proposed
<b>Personnel:</b>							
51100	Salaries and Wages - Regular	620,642	743,000	741,000	-0.27%	786,000	6.07%
51110	Salaries and Wages - Overtime	99,353	108,000	108,000	0.00%	114,000	5.56%
51120	Salaries and Wages - Training	-	8,000	8,000	0.00%	8,000	0.00%
51130	Salaries and Wages - Safety	6,020	6,000	6,000	0.00%	6,000	0.00%
51140	Salaries and Wages - Jury Duty	829	1,000	1,000	0.00%	1,000	0.00%
51150	Allocated Employee Benefits	502,506	754,000	769,000	1.99%	817,000	6.24%
	Subtotal	1,229,350	1,620,000	1,633,000	0.80%	1,732,000	6.06%
<b>Operations:</b>							
52100	Auditing and Accounting	4,361	6,000	5,000	-16.67%	5,000	0.00%
52200	Collection and Regulatory Fees	46,259	55,000	45,000	-18.18%	46,000	2.22%
52230	Computer Supplies	398	-	-	0.00%	-	0.00%
52250	Consultants	7,708	21,000	15,000	-28.57%	15,000	0.00%
52350	Customer Outreach Programs	-	2,000	1,000	-50.00%	1,000	0.00%
52500	Engineering	-	1,000	1,000	0.00%	1,000	0.00%
52600	Equipment Rental	6,380	3,000	2,500	-16.67%	3,000	20.00%
52800	Legal	893	1,000	1,000	0.00%	1,000	0.00%
52900	Maintenance and Repairs - General	172,739	166,000	170,000	2.41%	175,000	2.94%
53000	Membership Dues and Subscriptions	35,050	16,000	25,000	56.25%	26,000	4.00%
53100	Office Supplies and Expenses	2,981	3,000	3,000	0.00%	3,000	0.00%
53200	Other Admin and General Expenses	149	2,000	1,000	-50.00%	1,000	0.00%
53250	Outside Services	418,873	468,000	480,000	2.56%	494,000	2.92%
53260	Laboratory Services	78,342	64,000	85,000	32.81%	88,000	3.53%
53300	Postage and Shipping	291	1,000	500	-50.00%	1,000	100.00%
53400	Printing and Copying	629	1,000	1,000	0.00%	1,000	0.00%
53500	Property Insurance	8,000	8,000	9,000	12.50%	9,000	0.00%
53800	Seminars and Meetings	7,711	7,000	8,000	14.29%	8,000	0.00%
53900	Supplies	108,152	182,000	140,000	-23.08%	144,000	2.86%
53901	Supplies - Fuel	8,004	11,000	9,000	-18.18%	9,000	0.00%
53902	Supplies - Tools/Small Equipment	2,123	4,000	3,000	-25.00%	3,000	0.00%
53903	Supplies - Safety	3,314	5,000	5,000	0.00%	5,000	0.00%
53904	Supplies - Chemicals	96,468	83,000	120,000	44.58%	124,000	3.33%
54000	Telephone and Communications	8,553	9,000	9,000	0.00%	9,000	0.00%
51160	Temporary Labor	314	5,000	-	-100.00%	-	0.00%
54300	Utilities	608,274	525,000	625,000	19.05%	644,000	3.04%
58370	Fixed Charge County Collect Fee	545	-	-	0.00%	-	0.00%
	Subtotal	1,626,506	1,649,000	1,764,000	6.97%	1,816,000	2.95%
<b>Capitalized Operating Expenditures:</b>							
59009	Depreciation	-	35,000	41,000	17.14%	41,000	0.00%
59008	Support Allocation	657,600	658,000	617,000	-6.23%	617,000	0.00%
59004	Capitalized Labor	(17,865)	(37,000)	(37,000)	0.00%	(39,000)	5.41%
59005	Capitalized Non-labor Expenses	(38,945)	(81,000)	(83,000)	2.47%	(87,000)	4.82%
	Subtotal	600,790	575,000	538,000	-6.43%	532,000	-1.12%
	Total, Net of Capitalized Expenses	3,456,645	3,844,000	3,935,000	2.37%	4,080,000	3.68%

\* Amended budget amounts approved by the Board.

# Recycled Water Operations



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

\* Departmental budgets without application of depreciation, support allocation and capitalization

## Personnel Requirements:

Description	Approved FY 2023	Approved FY 2024	Proposed FY 2025	Proposed FY 2026
Backflow & Cross Conn Coord I	1.00	1.00	1.00	1.00
Backflow & Cross Conn Coord II	1.00	1.00	1.00	1.00
Collection Systems Operator	-	0.15	0.15	0.15
Systems Operator I **	0.10	0.10	0.10	0.10
Systems Operator II **	0.30	0.30	0.30	0.30
WRF Operator Level III *	0.60	0.60	0.60	0.60
WRF Operator Level IV *	0.15	0.15	0.15	0.15
WRF Supervisor *	0.15	0.15	0.15	0.15
<b>Department Total</b>	<b>3.30</b>	<b>3.45</b>	<b>3.45</b>	<b>3.45</b>

\*Positions are shared with Wastewater Operations and reflect approx. FTE split percentage

\*Positions are shared with Water Operations and Maintenance and reflect approx. FTE split percentage

Note: Staffing requirements to supervise and to provide administrative support for the recycled water operations are included in the General Manager, Engineering, and Finance Departments.

## **Responsibilities**

The Recycled Water System serves two areas of the District, the Northwest Quadrant, and Southeast Quadrant. The Northwest Quadrant's service area recycled water needs are supplied through purchase agreements with Vallecitos Water District and San Elijo Joint Powers Authority.

This department operates the District-owned 4S Ranch Water Reclamation Facility (4S WRF). Personnel responsible for operating the 4S WRF are also responsible for delivering tertiary-treated wastewater to the recycled water distribution system where it is then delivered to major irrigation users such as golf courses, large landscape areas, parks, and school grounds within the 4S Ranch and Santa Fe Valley (Southeast Quadrant) portions of the District.

## **Major Accomplishments – Fiscal Years 2023 & 2024**

- Completed four new connections in The Lakes community, one connection to Rancho Paseana, and 7 to Village Park Manor Condo HOA. (District goal 10 - 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).
- Completed connection of the Rancho Paseana site which has an estimated use of 300 AFY of recycled water. (District goal 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).
- Implemented Wet Weather Incentive Program (District goal 2 – Provide wastewater collection services and reclamation in an environmentally responsible manner; and produce and supply high-quality recycled water to irrigation customers in support of regional water conservation efforts).
- Completed and submitted updated Emergency Action Plan for 4S Wet Weather Storage Pond dam to Department of Safety of Dams (District goal 6 – Exceed regulatory requirements).
- Constructed recycled water flow meter facility (Ext. 153) serving the SE quadrant (District goal 10 – Plan and construct facilities to meet long term water storage, treatment, transmission, and distribution needs).
- Continued to operate the 4S Recycled Water Storage Pond in a safe, compliant, and effective manor (District goal 2 – Provide wastewater collection services and reclamation in an environmentally responsible manner; and produce and supply high-quality recycled water to irrigation customers in support of regional water conservation efforts).

## **Objectives – Fiscal Years 2025 & 2026**

*Departmental Objectives are listed in its relations to District goals. Please see Strategic Plan section for complete list of District goals.*

- 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. (District goal 11 – 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).
- Complete additional new recycled water distribution line extensions to take advantage of Title 16/WIIN grant funding (District goal 1 – Provide safe, reliable, high-quality drinking water to each customer in a cost-effective manner).
- Continue to operate the 4S Recycled Water Storage Pond in a safe, compliant and effective manor (District goal 2 – Provide wastewater collection services and reclamation in an environmentally responsible manner; and produce and supply high-quality recycled water to irrigation customers in support of regional water conservation efforts).
- Meet deliveries of take or pay recycled water contracts with City of San Diego, Vallecitos Water District, and San Elijo JPA (District goal 1 – Provide safe, reliable, high-quality drinking water to each customer in a cost-effective manner).

### Performance Indicators

Activity/ Criteria	2024 Strategic Plan Goal	FYE 2023 Actual	FYE 2024 Actual	Annual Target	Target Met? FY '23   FY '24	FYE 2025 Target	FYE 2026 Target
<b><i>Recycled Water Program</i></b>							
Number of Recycled Water Meter Connections	2	328	336	+3	● ●	339	342
Percentage of user compliance with District Recycled Water Rules and Regulations	6	100%	100%	100%	● ●	100%	100%
<b><i>Backflow Program</i></b>							
Number of Recycled Water sites inspected annually	2	100%	100%	100%	● ●	100%	100%
Percent of Backflow Assemblies tested	2	100%	100%	100%	● ●	100%	100%

● Target met   ● Target not met   ● Target not available   ■ Performance Measure Only

**Olivenhain Municipal Water District  
DEPARTMENTAL EXPENSES  
Fiscal Years 2025 and 2026**

Fund: 120

**Operating - Recycled**

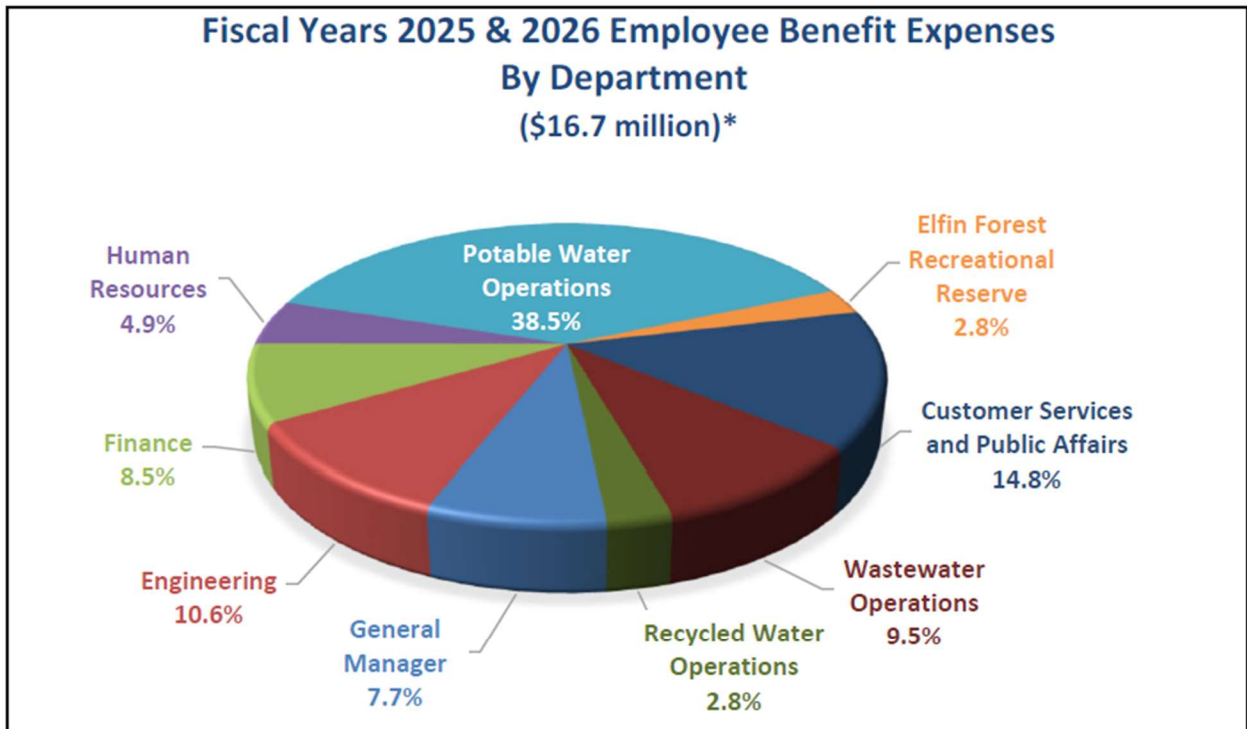
Department: **260 to 262**

**Recycled Water Operations (4S, SE, and NW)**

Account No. and Description		FYE 2023 Actual	FYE 2024 Approved*	FYE 2025 Proposed	% Change from FYE 2024 Approved*	FYE 2026 Proposed	% Change from FYE 2025 Proposed
<b>Personnel:</b>							
51100	Salaries and Wages - Regular	222,518	282,000	229,000	-18.79%	243,000	6.11%
51110	Salaries and Wages - Overtime	10,563	17,000	17,000	0.00%	18,000	5.88%
51120	Salaries and Wages - Training	-	4,000	4,000	0.00%	4,000	0.00%
51130	Salaries and Wages - Safety	-	3,000	3,000	0.00%	3,000	0.00%
51140	Salaries and Wages - Jury Duty	-	-	1,000	0.00%	1,000	0.00%
51150	Allocated Employee Benefits	145,856	229,000	226,000	-1.31%	240,000	6.19%
	Subtotal	378,937	535,000	480,000	-10.28%	509,000	6.04%
<b>Operations:</b>							
52100	Auditing and Accounting	1,061	3,000	1,000	-66.67%	1,000	0.00%
52200	Collection and Regulatory Fees	9,655	32,000	14,000	-56.25%	14,000	0.00%
52230	Computer Supplies	-	1,000	1,000	0.00%	1,000	0.00%
52250	Consultants	18,724	51,000	30,000	-41.18%	31,000	3.33%
52500	Engineering	-	4,000	4,000	0.00%	4,000	0.00%
52600	Equipment Rental	758	2,000	1,500	-25.00%	2,000	33.33%
52800	Legal	63,898	-	6,000	0.00%	6,000	0.00%
52900	Maintenance and Repairs - General	45,404	32,000	50,000	56.25%	51,000	2.00%
53000	Membership Dues and Subscriptions	672	5,000	1,500	-70.00%	2,000	33.33%
53100	Office Supplies	1,674	1,000	2,000	100.00%	2,000	0.00%
53200	Other Admin and General Expenses	-	1,000	500	-50.00%	1,000	100.00%
53250	Outside Services	198,567	216,000	205,000	-5.09%	212,000	3.41%
53260	Laboratory Services	-	-	-	0.00%	-	0.00%
53300	Postage and Shipping	-	-	-	0.00%	-	0.00%
53400	Printing and Copying	56	1,000	500	-50.00%	1,000	100.00%
53500	Property Insurance	4,000	5,000	6,000	20.00%	6,000	0.00%
53800	Seminars and Meetings	5,384	4,000	6,500	62.50%	7,000	7.69%
53900	Supplies - Operations	42,106	42,000	38,000	-9.52%	39,000	2.63%
53901	Supplies - Fuel	7,504	9,000	8,000	-11.11%	8,000	0.00%
53902	Supplies - Tools/Small Equipment	346	-	-	0.00%	-	0.00%
53903	Supplies - Safety	892	3,000	2,000	-33.33%	2,000	0.00%
53904	Supplies - Chemical	64,498	78,000	100,000	28.21%	103,000	3.00%
54000	Telephone and Communications	4,611	3,000	5,000	66.67%	5,000	0.00%
51160	Temporary Labor	-	-	-	0.00%	-	0.00%
54300	Utilities	302,472	265,000	290,000	9.43%	299,000	3.10%
	Subtotal	772,282	758,000	772,500	1.91%	797,000	3.17%
<b>Capitalized Operating Expenditures:</b>							
59009	Depreciation	-	15,000	17,000	13.33%	17,000	0.00%
59008	Support Allocation	285,600	286,000	266,000	-6.99%	266,000	0.00%
59004	Capitalized Labor	(13,622)	(8,000)	(14,000)	75.00%	(15,000)	7.14%
59005	Capitalized Non-labor Expenses	(29,643)	(18,000)	(31,000)	72.22%	(33,000)	6.45%
	Subtotal	242,335	275,000	238,000	-13.45%	235,000	-1.26%
Total, Net of Capitalized Expenses		1,393,554	1,568,000	1,490,500	-4.94%	1,541,000	3.39%

\* Amended budget amounts approved by the Board.

# Employee Benefits



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

## TOTAL BENEFITS BY DEPARTMENT - Fiscal Years 2025 & 2026

<u>Department</u>	<u>Benefit Expense Percentage</u>	<u>Benefit Expense Amount<sup>1</sup></u>
General Manager (includes Board)	7.7%	\$ 1,283,000
Engineering	10.6%	1,771,000
Finance	8.5%	1,412,000
Human Resources	4.9%	813,000
Potable Water Operations	38.5%	6,434,000
Elfin Forest Recreational Reserve	2.8%	468,000
Customer Service	14.8%	2,470,000
Wastewater	9.5%	1,586,000
Recycled Water	2.8%	466,000
<b>TOTAL</b>	<b>100%</b>	<b>\$ 16,703,000</b>

<sup>1</sup> Amounts are rounded to the nearest thousand, and thus are approximations

## Staffing Projections

The District updates its staffing projections annually. The result of this exercise is the District's annual Staffing Analysis. The report analyzes and projects personnel changes needed to accommodate water and wastewater operation's staffing needs in order to meet service growth over the next five years.

The District's Staffing Analysis is submitted to the Board for review and consideration prior to the adoption of the District's budget by the Board. The objective of this analysis is to show the necessary staffing levels in order to increase department efficiencies, provide better business practices, aid in succession planning, and prepare the District's future leaders (including Grow Your Own "GYO" promotional opportunities). Labor and Employee Benefits expenditures for Fiscal Years 2025 and 2026 were estimated based on current staffing level needs included in the 2024 Staffing Analysis report.

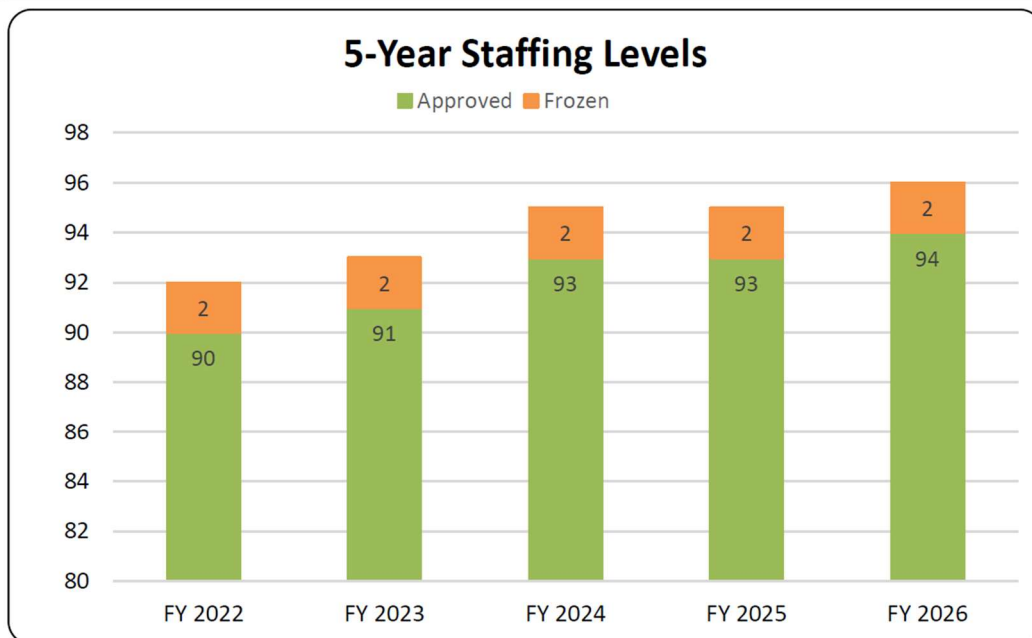
The District's annual Staffing Analysis, approved by the Board in April 2024, does not include any staffing changes in Fiscal Year 2025. Staffing levels are projected to increase by one additional full-time Senior Risk Administrative Analyst position in Fiscal year 2026, bringing the total employee count to 96 positions in fiscal year 2026. Two (2) Utility positions remained unfilled.

The addition of one Senior Risk Administrative Analyst position in Fiscal Year 2026 will primarily be responsible for assisting the Human Resources and General Manager's departments with litigation preparation and claims processing. These duties are currently being performed by staff in the Human Resources and General Manager's departments.

The charts below depict the District's historical and approved staffing trends by fiscal year.



CURRENT AND FUTURE STAFFING			
<u>Department</u>	<u>Approved Fiscal Year 2024</u>	<u>Approved Fiscal Year 2025</u>	<u>Proposed Fiscal Year 2026</u>
General Manager	4.00	4.00	4.00
Engineering	10.00	10.00	10.00
Finance	8.00	8.00	8.00
Human Resources	4.00	4.00	5.00
Potable Water Operations	40.00	40.00	40.00
Elfin Forest Recreational Reserve	3.00	3.00	3.00
Customer Service	17.00	17.00	17.00
Wastewater and Recycled Water	9.00	9.00	9.00
<b>TOTAL</b>	<b>95.00</b>	<b>95.00</b>	<b>96.00</b>



2021 Froze two positions indefinitely to mitigate impacts of COVID-19  
 2023 New WTP Operator Level III Position  
 2024 New Waste Collections System Operator and Customer Service Rep I Positions  
 2026 New Senior Risk Administrative Analyst

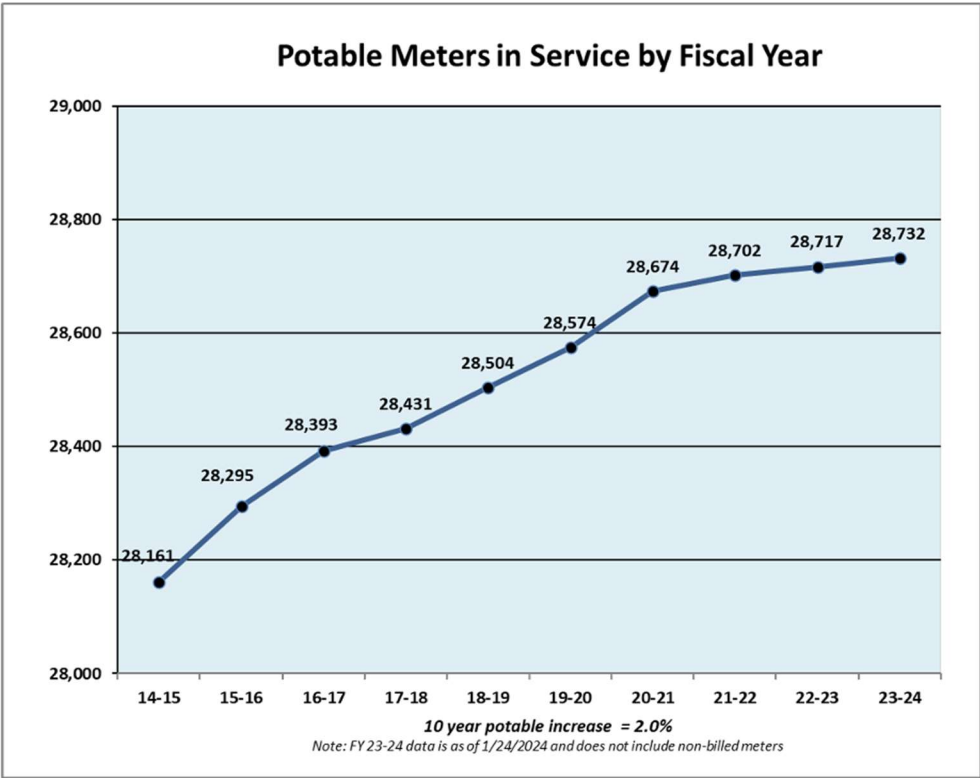


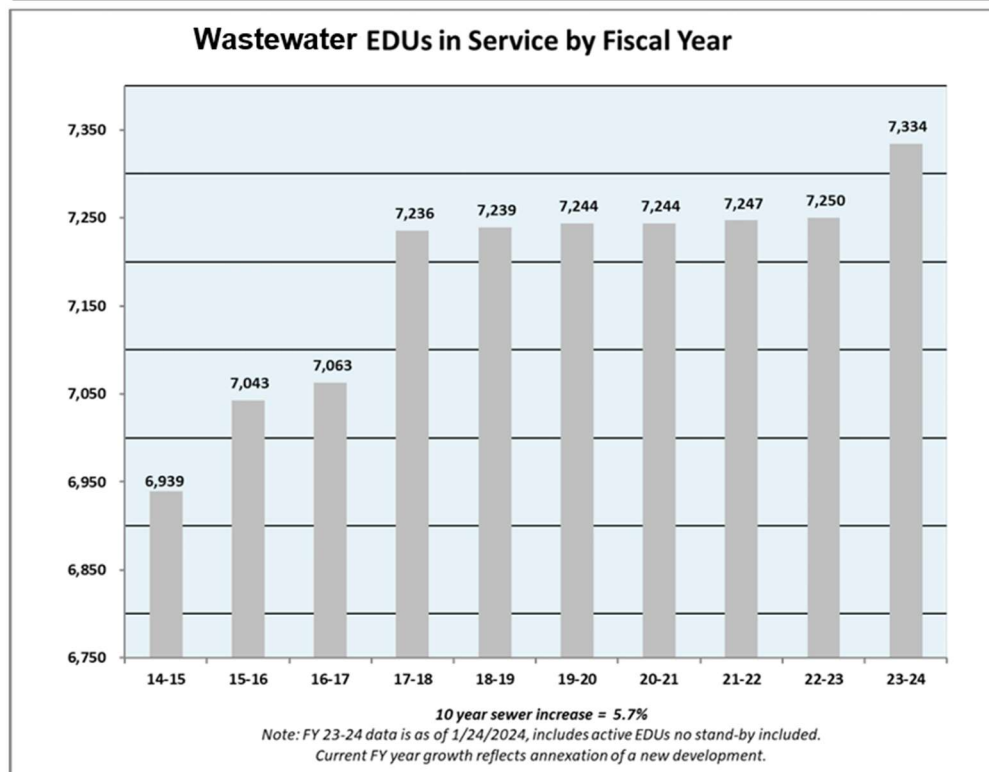
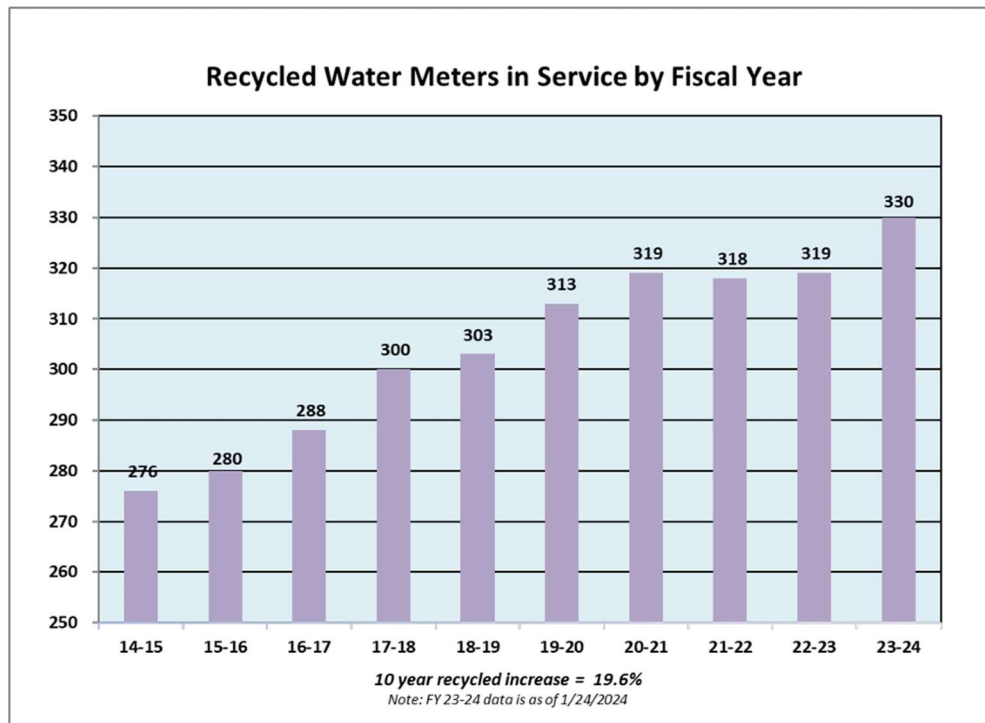
Staffing Analysis

The Staffing Analysis takes into consideration the District’s Mission Statement, Goals and Objectives, budget, economic revenue and constraints, and the Comprehensive Water Master Plan. Areas that impact the forecasting of the analysis include determining the levels of service provided, operating satellite facilities (including the Water Treatment Plant, 4S Water Reclamation Facility and Elfin Forest Recreational Reserve), and contracting labor. Staff is committed to seeking innovative and better ways of doing business to contain costs, improve efficiency, and meet regulatory requirements while meeting customer expectations. The challenge facing the District is to effectively perform the core District functions while maintaining established customer service levels, costs, and staffing at acceptable levels.

The District continues to increase its water and wastewater service connections from each year. New recycled water connections were added to expand the District’s recycled water system.

As of the preparation of the 2024 Staffing Analysis, the District had 28,732 active potable meters and 330 active recycled meters. The graphs below depict historical District growth as shown by the number of in service potable water meters (2.0% increase), recycled water meters (19.6% increase), and sewer equivalent dwelling units (EDUs) (5.7% increase) over the past 10 fiscal years.





## Labor and Employee Benefits

For Fiscal Year 2025 the total projected costs for labor and benefits is \$17.3 million, an increase of approximately 4.6% compared to Fiscal Year 2024. For Fiscal Year 2026, total projected costs for labor and benefits is \$18.4 million which is an increase of approximately 6.7% compared to Fiscal Year 2025.

Employee benefits expenditures are expected to increase by approximately 5.5% in Fiscal Year 2025 compared to the Fiscal Year 2024, and increase by 6.2% in Fiscal Year 2026 compared to Fiscal Year 2025.

The increase in labor and benefit costs for Fiscal Years 2025 and 2026 are based on the anticipated increase in staffing included in the Staffing Analysis Report, and negotiated terms of the Memorandum of Understanding (MOU) between the District, its District Employee Association, and the Bargaining Unit Members Association.

The current MOU went into effect January 2022. Key changes from the prior MOU were a lower ceiling for the San Diego Consumer Price Index (SD CPI) portion of the District's merit pool from 4% to 3.5% The District's merit pool is made up of a SDCPI portion and a 2.5% merit portion.

Also, as part of the current MOU, the District's compensation policy was updated to reflect the current labor market which resulted in across-the-board salary grade change adjustments to all positions except the General Manager.

The 2022 MOU includes a re-opener of the existing MOU for health insurance if the average increase of the health insurance plans increases by more than 15% in one year.

District employees pay 100% of their employee's share of District pension costs and the District does not offer Other Post-Employment Benefits to its employees other than pension.

### **Major Benefits Changes in the Fiscal Year 2025 & 2026 Biennial Budget**

Increases in employee benefit costs for Fiscal Years 2023 and 2024 are mainly due to projected increases in group health insurance premiums, payments to California Public Employees Retirement System (CALPERS) for pension costs, and an increase in accrued benefits. Which is offset by a decrease in workers compensation premiums.

- **Group Health Insurance** – Group health insurance expenditures are projected to increase based on estimated quotes received from Blue Cross of California and Kaiser Permanente. The District pays 100% of its employees, spouses, and dependents monthly group health insurance premiums for the Kaiser Permanente health plans and the lower cost option Blue Cross HMO/PPO plans. Employees participating in the District's higher cost Blue Cross HMO/PPO plans are required to contribute towards the premiums with the amount depending on which plan they participate in.
- **PERS Contribution** – Employer contributions to CalPERS pension fund for all members, including additional payments to reduce the District's unfunded liability, is approximately 15.3% of estimated total payroll for Fiscal Year 2025. More information on the District's Pension Funding Policy and Pension Stabilization Fund can be found in the Financial Policy and Long-Term Financial Plan sections of this budget document.

- **Accrued Benefits** – Accrued benefits current rate of pay increases commensurately with increases in salary and wages based on the 2022 labor MOU. Accrued Benefits are paid out at the employee’s pay rate when used even if accrued when the employee was at a lower pay rate.
- **Workers Compensation Insurance** – In Fiscal Year 2025, Workers Compensation insurance is expected to increase by 53% compared to Fiscal Year 2024, after strong decreases in Fiscal Years 2023 and 2024. Fiscal Year 2025 premiums are expected to be approximately the same as Fiscal Year 2022 premiums. The District’s outstanding safety records help reduce the overall worker's compensation premium.

**Olivenhain Municipal Water District  
Employee Benefits Summary  
Fiscal Years 2023 & 2024**

**Fund: All**

<b>Account Number</b>	<b>Description</b>	<b>FYE 2023 Actual</b>	<b>FYE 2024 Approved*</b>	<b>FYE 2025 Proposed</b>	<b>% Change from FYE 24 Approved*</b>	<b>FYE 2026 Proposed</b>	<b>% Change from FYE 25 Proposed</b>
51200	Employee Programs	\$ 36,342	\$ 50,000	\$ 54,000	8.00%	\$ 59,000	9.26%
51205	Employee Recreation Club	10,512	11,000	12,000	9.09%	12,000	0.00%
51210	Employee Training and Education	45,205	64,000	70,000	9.38%	66,000	-5.71%
51215	FICA - Employer's Share	675,772	714,000	754,000	5.60%	802,000	6.37%
51220	Insurance - Dental	103,453	113,000	113,000	0.00%	114,000	0.88%
51225	Insurance - Group Health	2,064,662	2,211,000	2,412,000	9.09%	2,648,000	9.78%
51230	Insurance - Long Term Disability	23,088	25,000	26,000	4.00%	28,000	7.69%
51235	Insurance - Unemployment	7,097	4,000	4,000	0.00%	4,000	0.00%
51240	Insurance - Vision	18,775	20,000	19,000	-5.00%	20,000	5.26%
51245	Insurance - Worker's Compensation	123,103	113,000	173,000	53.10%	181,000	4.62%
51250	Leave - Employee Sick	521,658	427,000	452,000	5.85%	484,000	7.08%
51260	Leave - Holiday	493,428	498,000	527,000	5.82%	566,000	7.40%
51265	Leave - Vacation	613,774	586,000	620,000	5.80%	673,000	8.55%
51270	Others - Employer's share (457 and VEBA)	171,196	174,000	181,000	4.02%	193,000	6.63%
51275	PERS Contributions (UL, Normal Costs, ADP)	2,341,605	2,629,000	2,645,000	0.61%	2,714,000	2.61%
51280	Uniforms	53,968	40,000	40,000	0.00%	40,000	0.00%
<b>Total Employee Benefit Cost</b>		<b>\$ 7,303,640</b>	<b>\$ 7,679,000</b>	<b>\$ 8,102,000</b>	<b>5.51%</b>	<b>\$ 8,604,000</b>	<b>6.20%</b>

\* Amended budget amounts approved by the Board.

## Capital Budget Overview

A capital planning process involves identifying current and future capital needs and prioritizing these needs using certain operating assumptions. The primary objective of District capital planning process is to create a stable long-range financial plan to support an orderly, efficient program of improvement, expansion, and replacement of its capital needs. The goal of a capital plan is to develop an independent, self-sustaining capital improvement program using a mixture of financial resources.

In order to achieve its capital planning and objectives, the District has developed two separate 10-Year Capital Improvement Program (CIP) Spending Plans for its water and wastewater operations. The 10-Year Capital Spending Plans include planned and projected water and wastewater capital expenditures over the next ten years to provide funding for critical water and wastewater infrastructure needs and included in the District's Long-Term Financial Plan. More information about the 10-Year Capital Spending Plans can be found in the Long-Term Financial Section of this document.

The 10-Year Capital Spending Plans are brought to the Board for adoption as part of the District's Biennial Operating and Capital Budget approval process. Water and Wastewater Capital Improvement Projects included in the capital budget section of this document for fiscal years 2025 and 2026 are consistent with the list of projects included in the 10-Year Capital Spending Plans for water and wastewater.

### Water and Wastewater Capital Improvement Program – Objectives

The following are the District's Capital Improvement Program Goals and Objectives for Fiscal Years 2025-2034:

- Within the resources available each fiscal year, in order to provide safe and reliable services to all customers, maintain and safeguard the District's capital assets and infrastructure through implementation of various replacement and betterment programs based on the District's on-going 10-year Capital Improvement Program.
- Complete replacement and betterment critical projects to sustain water and wastewater operations to meet demands.
- Continue efforts to develop alternate water supplies, including recycled water, through cooperative agreements with various agencies, to provide a reliable and drought-proof water supply to our customers in a cost-effective manner.

- Continue to operate the David C. McCollom Water Treatment Plant and the 4S Ranch Water Reclamation Facility in a cost-effective manner through operational enhancements and replacements as necessary.
- Use of advanced technology to increase operational efficiency.

The District's capital plan is a dynamic process. The 10-Year Capital Spending Plans are updated regularly to ensure the focus and scope of the District's Water and Wastewater Capital Improvement Programs remain in line with the District's Strategic Plan. CIP are reviewed regularly. Updates on approved capital projects are reported to the District Facilities Committee regularly. Proposed adjustments to the District's planned capital expenditures are brought to the board for consideration and approval as part of the District's mid-term budget review process. Proposed changes to the District's projected capital expenditures are primarily due to the timing of the construction of projects.

## Summary of Completed Capital Improvement Projects Fiscal Years 2023 and 2024

The District completed several significant projects during the Fiscal Year 2023 and 2024 biennial budget period. Most notably were the Manchester Avenue Recycled Water Pipeline project, refurbishment of the David C. McCollom Hydropower Turbines, and completion of the Bob Topolovac Memorial Courtyard.

Completion of the Manchester Avenue Recycled Water Pipeline project added 1.4 miles of new pipeline to the District's recycled water system and will enable the District to deliver recycled water to schools, businesses, and other customers along the Manchester Avenue corridor. The drought-resilient water source will be used for irrigation and will offset the demand of imported drinking water by more than 27 million gallons per year.

To celebrate the completion of the Manchester Avenue Recycled Water Pipeline project, the District held a ribbon-cutting ceremony on April 11, 2023 at Mira Costa College. Congressman Mike Levin attended the celebration along with representatives from Senator Catherine Blakespear's office and Assembly member Tasha Boerner Horvath's, as did local agency partners San Diego County Water Authority, San Elijo Joint Powers Authority, and the City of Encinitas. The District aggressively sought grant funding for this pipeline project to make it cost-effective for ratepayers and was successful in securing \$1,350,000 in grant funding from California's Department of Water Resources.



*Ribbon cutting ceremony at Mira Costa College to celebrate the completion of the Manchester Avenue Recycled Water Pipeline project*

The District was also successful in refurbishing the two hydroelectric turbines at its David C. McCollom Water Treatment Facility. Imported water passes through turbines that convert the



kinetic energy into electricity, which is used to power a portion of the plant. By refurbishing the turbines, in place of replacing them outright, the District was able to save on replacement costs while continuing to help reduce the need for purchased electricity to operate the plant.



*Refurbished turbines being reinstalled at the District's David C. McCollom Water Treatment Plant*

Finally, the District completed the Bob Topolovac Memorial Courtyard which was in commemoration of Robert F. Topolovac, who served on the OMWD Board of Directors from 1999 until he passed away on October 7, 2022. During his time on the board, Mr. Topolovac served as Board Secretary, President, and Vice President. He served on the District's Safety, Personnel, Ad Hoc Facilities, Ad Hoc Cybersecurity, and Ad Hoc Public Policy committees. Mr. Topolovac served for over two years as the District's representative to the San Diego County Water Authority (SDCWA), the District's potable water wholesaler. Mr. Topolovac was Past Chair of SDCWA's Legislative, Conservation, and Outreach Committee, a member of its Administrative and Finance Committee, and a past representative of its Recycled Water Committee. Additionally, Mr. Topolovac impacted regional conservation and outreach efforts, most recently initiating the inclusion of water supply infrastructure lessons in SDCWA's school program. Mr. Topolovac was a tireless proponent of local government's need to protect the environment while tenaciously pursuing alternative, local water supplies.



*Bob Topolovac Memorial Courtyard*



*Mr. Robert F. Topolovac*

**Olivenhain Municipal Water District**  
**Summary of Completed Capital Improvement Projects**  
**Fiscal Years 2023 and 2024 Biennial Budget**

Project Name	Total Project Budget	Total Capital Expenditures			Total Project Cost	Over (Under) Project Budget
		Capital Improvement Funds *				
		Water	Recycled	Wastewater		
Vault Upgrades	20,400	20,395	-	-	20,395	(5)
Advanced Metering Infrastructure (AMI)	1,592,000	1,527,518	-	-	1,527,518	(64,482)
DCMWTP PH Control System	737,000	693,198	-	-	693,198	(43,802)
DCMWTP Analyzer Replacement	305,000	296,862	-	-	296,862	(8,138)
Network User Enhancements	200,000	173,970	-	-	173,970	(26,030)
Parking & Site Access Improvements	556,200	556,690	-	-	556,690	490
Hydropower Turbine Refurbishment	850,000	813,480	-	-	813,480	(36,520)
Landscape HQ Courtyards	54,000	52,317	-	-	52,317	(1,683)
SWPPP Facility Improvements	107,100	108,650	-	-	108,650	1,550
General DCMWTP Inspect & Condition Assessment	690,000	688,532	-	-	688,532	(1,468)
Lone Jack PRS	385,000	398,144	-	-	398,144	13,144
Replace PRS Valves	52,000	43,558	-	-	43,558	(8,442)
DCMWTP Backpulse Pipeline Repair	34,000	33,925	-	-	33,925	(75)
Catalytic Converter Theft Prev	38,000	12,091	-	-	12,091	(25,909)
Bob Topolovac Memorial Courtyard	68,700	68,652	-	-	68,652	(48)
Emergency Repair RSF Rd	105,000	89,052	-	-	89,052	(15,948)
Manchester Recycle Pipeline Extension	5,075,000	-	4,779,438	-	4,779,438	(295,562)
Ext. 153 RW Flow Meter	285,000	-	124,592	-	124,592	(160,408)
Wastewater Master Plan Update	170,000	-	-	174,534	174,534	4,534
Cielo SPS Flow Meters	163,000	-	-	174,289	174,289	11,289
Collection System SPS Rehab	169,000	-	-	168,916	168,916	(84)
4SWRF Emergency Wiring Replacement	224,000	-	-	156,105	156,105	(67,895)
4SWRF Digester Blower Replacement	200,000	-	-	207,677	207,677	7,677
	\$ 12,080,400	\$ 5,577,034	\$ 4,904,030	\$ 881,521	\$ 11,362,585	\$ (717,815)

Note: Project list excludes ongoing capital infrastructure replacement projects

## Construction Project Awards

American Public Works Association (APWA) is a professional association of public works agencies, private companies, and individuals dedicated to promoting public awareness through education, advocacy, and the exchange of knowledge. APWA's local chapter annually recognizes the best public works projects and professionals in San Diego and Imperial Counties. The District received one award in 2023 and two awards in 2024 for projects completed in 2022 and 2023, respectively. The awards raise awareness of the necessary cooperation between public agencies, contractors, and consultants, such as architects and environmental engineers, to complete public works projects.

The District's Manchester Avenue Potable Water Pipeline Replacement project (completed in Fiscal Year 2022), the Lone Jack Pressure Reducing Station project (completed in Fiscal Year 2023), and the Manchester Avenue Recycled Water Pipeline project (completed in Fiscal Year 2023) were recognized as 2023 and 2024 Projects of the Year by APWA's San Diego and Imperial County Chapter at its awards event in Mission Valley.

### Manchester Avenue Potable Water Pipeline Replacement Project

The Manchester Potable Pipeline Replacement project replaced 3,700 linear feet of aged potable water pipeline along Manchester Avenue, Rancho Santa Fe Road, and Encinitas Boulevard. The pipelines previously serving water in this area were installed in 1961 and were approaching the end of their lifespan. The District worked closely with the City of Encinitas to adhere to timelines and milestones while ensuring the least possible impact to the public and traffic for this critical pipeline replacement. Innovative construction management techniques, such as making necessary design and alignment changes in the field concurrent with construction, allowed mitigation of significant project delays due to unforeseen conditions and existing utilities. This project was completed on time and under budget.



*Construction crews installing potable water pipeline along Manchester Avenue*





*Night crew working to install new potable water pipeline along Manchester Avenue*

### **Lone Jack Pressure Reducing Station Project**

The Lone Jack Pressure Reducing Station project replaced aging facilities, originally installed in 1971, at the end of their useful life. This advanced planning ensured reliable water service to the community and protected open space habitat by replacing the asset prior to failure. The Lone Jack Pressure Reducing Station Replacement project specifically consisted of the demolition and removal of the existing PRS and replacement with an above-ground premanufactured PRS, reconnection to the distribution system, and the installation of a gate valve and manual air release - all occurring within an unpaved, previously disturbed easement. The District completed the project on time and within budget.



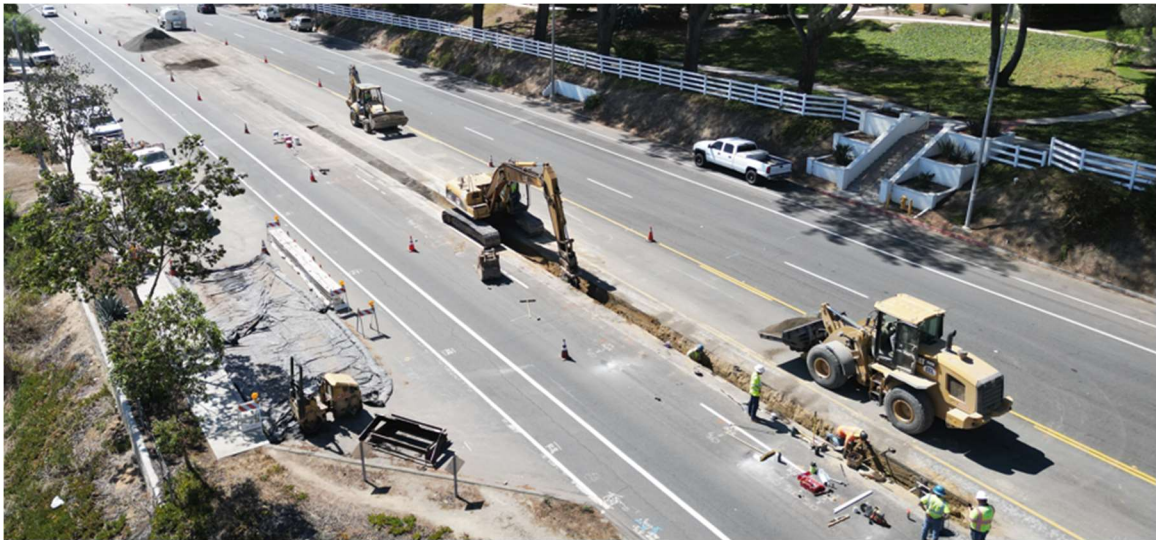
*New pressure reducing stations being lowered*



*Newly installed pressure reducing stations at Lone Jack location*

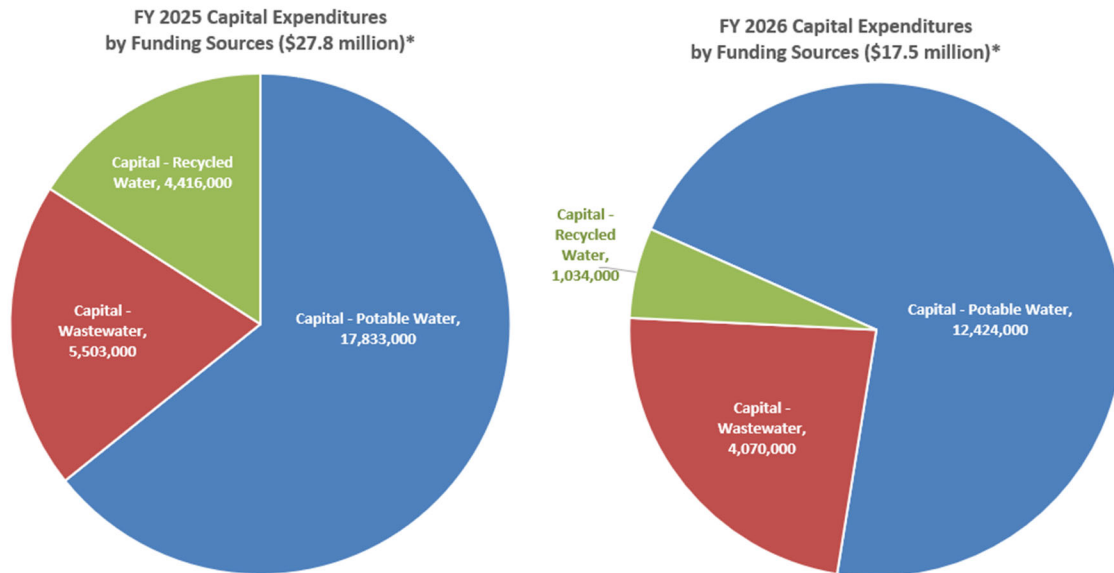
## Manchester Avenue Recycled Water Pipeline Project

The Manchester Avenue Recycled Water Pipeline project added approximately 1.4 miles of new recycled water pipeline which will serve Mira Costa College, homeowners associations, religious centers, and other customers in Encinitas, offsetting imported potable water used for irrigation by up to 82 acre-feet (or approximately 27 million gallons) annually. In line with the City of Encinitas's 2020 Climate Action Plan, the addition of the newly constructed recycled water pipeline increases water reliability along the Manchester Avenue corridor. Maximizing potable water conservation and regional water reliability is also in line with the District's mission statement and the responsibility it has to its ratepayers. The District completed the project under budget due to effective management and collaboration efforts with the City of Encinitas, contractors, and consultants. More information on this project can be found in the Summary of Completed Capital Improvement Projects section.



*New recycled water pipeline being installed along Manchester Avenue*

## Summary of Capital Expenditures



The District's capital expenditures include capital item purchases and capital facilities. Total capital expenditures for Fiscal Years 2025 and 2026 are projected to be \$46.3 million, consisting of \$1.03 million in capital item purchases and \$45.3 million in capital facilities.

**Capital item purchases** are capital and equipment required for the District's operational needs that cost at least \$10,000 each and have a life of more than three years. These purchases include vehicles, shop and field equipment, office furniture and equipment and computers and peripheral equipment. Summaries of capital item purchases for Fiscal Years 2025 and 2026 can be found on the following pages.

**Capital expenditures** are costs to complete Board's approved water and wastewater infrastructure-related projects that require at least one year to complete. Capital expenditures include accumulated costs incurred for a project under construction, including design, construction, and capitalized expenses for District Staff's time on a project and material/supplies. The District pays its capital improvement program from revenues collected from capacity/annexation fees, user rates and charges accumulated in the Water and Wastewater Capital Equipment Funds, and new debt issuances (when practicable).

The Board adopted a debt management policy that provides guidelines for the use of debt for financing District water and wastewater capital improvement program. The

District's debt management policy can be found in the Introduction section of this document.

When prioritizing and making decisions on funding for its capital improvement project included in the 10-Year Capital Spending Plans, the following criteria are used:

- Safety, restoration of service, immediate need, Board-directed or critical system need.
- System upgrades or requirements to improve or enhance system reliability
- Diversification of water supply portfolio

### **Capital Improvement Projects- Funding Sources**

The District funds its Water and Wastewater Capital Improvement Projects separately from available funds in Water - Capital and Equipment Fund and Wastewater - Capital and Equipment Fund and new debt issuance, when practicable. The breakdown of funding sources and uses in Water- Capital and Equipment Fund and Wastewater-Capital and Equipment Fund are shown on the following pages in this section of the document for illustration. More detailed information on the District's Water-Capital and Equipment Fund and Wastewater-Capital Equipment Fund can be found in financial policy section of this document. More details on projected and forecasted balances in Water- Capital and Equipment and Wastewater- Capital and Equipment funds are provided in the Long-Term Financial Plan section of this document.

For Fiscal Years 2025 and 2026, total projected capital expenditures and small capital item purchases for Water and Wastewater CIP of \$28.2 million and \$18.1 million, respectively, will be financed through PAYGO from reserves available in the Water-Capital and Equipment Fund and Wastewater-Capital and Equipment Fund.

### **Water-Capital and Equipment Fund:**

Proposed potable and recycled water capital budget expenditures for Fiscal Years 2025 and 2026 are \$22.2 million and \$13.5 million, respectively. Proposed potable and recycled capital item purchases for Fiscal Years 2025 and 2026 are \$421 thousand and \$512 thousand, respectively.

Revenues collected from water rates and charges, capacity fees, excess property revenue, and other one-time revenues, such as selling of District's parcels and grant monies, are used to fund Water-Capital and Equipment Fund. The District makes annual contributions from water rates and capacity fees to this fund to provide funding for District water capital improvement projects included in the 10-Year Capital Spending Plan. Cash available in this fund is used to construct, improve, and replace water capital

infrastructure and to purchase capital items approved by the Board and included in the District's Biennial Capital Budget.

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

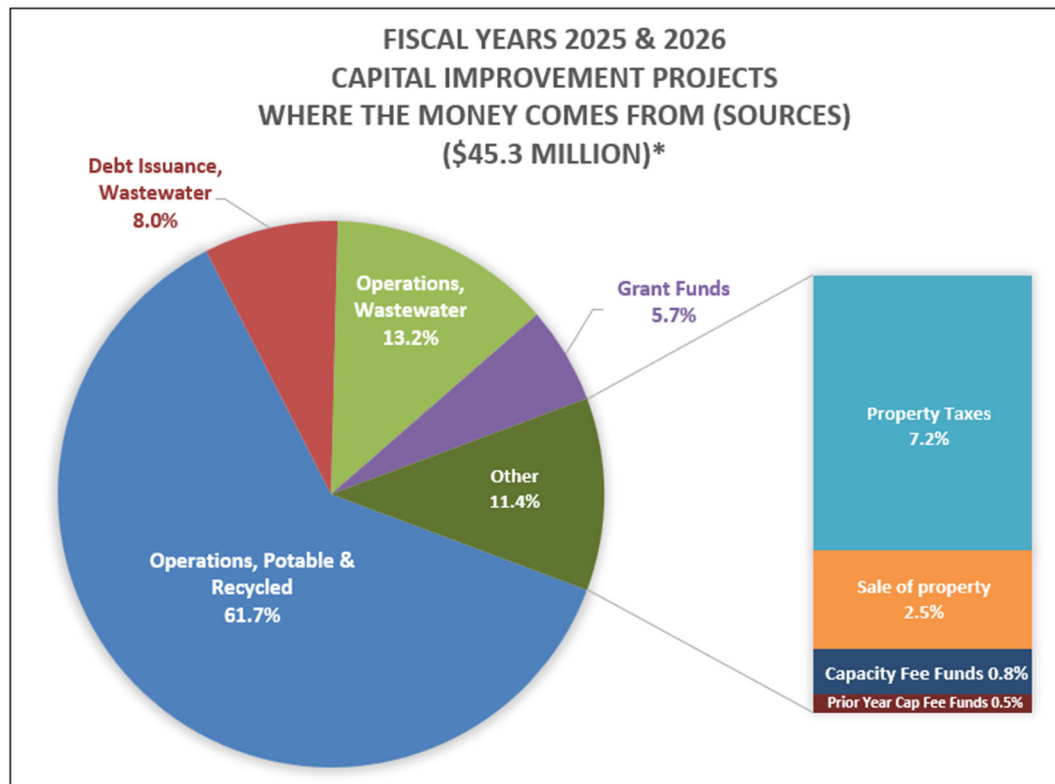
Proposed wastewater capital budget expenditures for Fiscal Years 2025 and 2026 are \$5.5 million and \$4.1 million, respectively. Proposed wastewater capital item purchases for Fiscal Years 2025 and 2026 are \$46 thousand and \$56 thousand, respectively.

Revenues collected from wastewater rates and charges and annexation fees are funding sources for the Wastewater-Capital and Equipment Fund. The District issued debt in 2021 in the amount of \$5 million to pay for the Neighborhood 1 Sewer Pump Station Project. Detailed information about this project is included in the project summary sheet of this document. The District recently completed its 2024 Wastewater Cost of Service Study. To avoid future wastewater rate hike, the 2024 study is recommending a new debt issuance of \$6.5 million in Fiscal Year 2026 to help finance the District's wastewater capital improvement program.

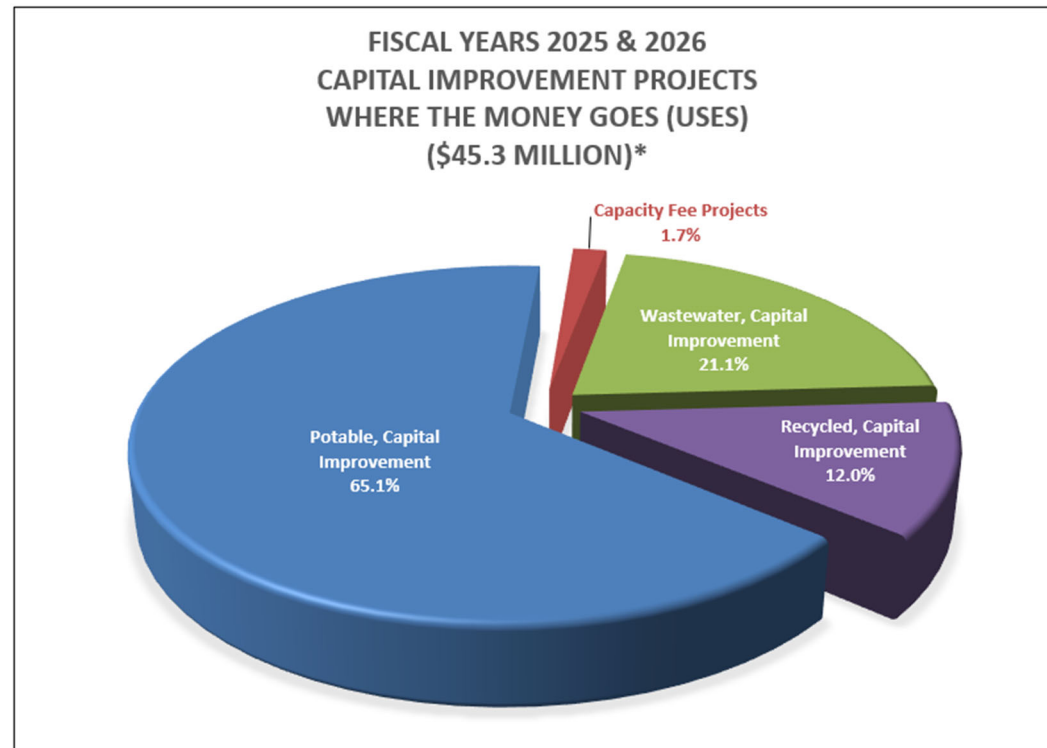
Additional information on Fiscal Years 2025 and 2026 capital budget expenditures by funding sources is provided in the Capital Improvement Projects Summary and in the Summary of Small Capital Item Purchases sections of this budget document.

More details on each capital improvement project can be found in the CIP Detail by Funding Source section of the budget document.





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



\* Total may not add up to 100% due to rounding. Excludes capital item purchases

**Olivenhain Municipal Water District**  
**SUMMARY OF SMALL CAPITAL ITEM PURCHASES**  
**WATER, WASTEWATER AND RECYCLED OPERATIONS**  
**Fiscal Year 2025**

Asset Class	Qty.	Item Description	Budget Amount	Source of Funds *		
				Potable Water	Wastewater	Recycled Water
<b>Shop and Field Equipment</b> Project # D139820 - Potable Water Project # D739820 - Wastewater Project # D839820- Recycled Water	1	Forklift for 4S WRF (Replacement)	36,000	-	22,000	14,000
	1	SXS Honda Pioneer 700 side-by-side (New)	20,000	18,000	-	2,000
	10	Leak Detection Equipment (Replacement)	17,000	15,000	-	2,000
	2	Mobiltex Remote Monitor Unit (New)	6,000	6,000	-	-
	1	CX36B Mini Excavator (New)	100,000	90,000	5,000	5,000
<b>Subtotal Shop and Field Equipment</b>			<b>\$ 179,000</b>	<b>\$ 129,000</b>	<b>\$ 27,000</b>	<b>\$ 23,000</b>
<b>Automotive Equipment</b> Project # D139830 - Potable Water Project # D739830 - Wastewater Project # D839830- Recycled Water	1	Ford F-650 Dump Truck (Replacement)	150,000	128,000	8,000	14,000
	1	Ford F-250 for Sys Ops (Replacement)	60,000	51,000	3,000	6,000
<b>Subtotal Automotive Equipment</b>			<b>\$ 210,000</b>	<b>\$ 179,000</b>	<b>\$ 11,000</b>	<b>\$ 20,000</b>
<b>Computer Hardware/Software</b> Project # D139860- Potable Water Project # D739860 - Wastewater Project # D839860 - Recycled Water	9	Desktop Computers	16,000	16,000	-	-
	14	Laptops	28,000	28,000		
	2	Servers	20,000	20,000		
	3	Desktop Computers	6,000			6,000
	2	Desktop Computers	4,000		4,000	
	2	Laptops	4,000		4,000	
<b>Subtotal Computer Hardware/Software</b>			<b>\$ 78,000</b>	<b>\$ 64,000</b>	<b>\$ 8,000</b>	<b>\$ 6,000</b>
				<b>Potable Water</b>	<b>Wastewater</b>	<b>Recycled Water</b>
<b>TOTAL</b>			<b>\$ 467,000</b>	<b>\$ 372,000</b>	<b>\$ 46,000</b>	<b>\$ 49,000</b>

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

**Olivenhain Municipal Water District**  
**SUMMARY OF SMALL CAPITAL ITEM PURCHASES**  
**WATER, WASTEWATER AND RECYCLED OPERATIONS**  
**Fiscal Year 2026**

Asset Class	Qty.	Item Description	Budget Amount	Source of Funds *		
				Potable Water	Wastewater	Recycled Water
<b>Shop and Field Equipment</b> Project # D139820 - Potable Water Project # D739820 - Wastewater Project # D839820- Recycled Water	11	Automated External Defibrillators (AED Machines)	23,000	19,000	4,000	-
	10	Leak Detection Equipment (Replacement)	17,000	15,000	-	2,000
	2	Mobiltex Remote Monitor Unit (New)	6,000	6,000	-	-
<b>Subtotal Shop and Field Equipment</b>			<b>\$ 46,000</b>	<b>\$ 40,000</b>	<b>\$ 4,000</b>	<b>\$ 2,000</b>
<b>Automotive Equipment</b> Project # D139830 - Potable Water Project # D739830 - Wastewater Project # D839830- Recycled Water	1	Crew Truck for Operations (Replacement)	250,000	213,000	13,000	24,000
	1	PV 500 Vacuum Excavator Trailer (Replacement)	100,000	90,000	5,000	5,000
	1	F-450 Flatbed Truck for Operations (Replacement)	75,000	64,000	4,000	7,000
				-	-	-
<b>Subtotal Automotive Equipment</b>			<b>\$ 425,000</b>	<b>\$ 367,000</b>	<b>\$ 22,000</b>	<b>\$ 36,000</b>
<b>Computer Hardware/Software</b> Project # D139860- Potable Water Project # D739860 - Wastewater Project # D839860 - Recycled Water	6	Potable Desktop Computers	11,000	11,000	-	-
	9	Potable Laptops	20,000	20,000	-	-
	3	Potable Servers	35,000	35,000	-	-
	3	Wastewater Desktop Computers	6,000		6,000	
	4	Wastewater Laptops	8,000	-	8,000	-
	1	Wastewater Servers	10,000	-	10,000	-
	1	Recycled Desktop Computers	2,000			2,000
	2	Recycled Laptops	5,000	-	-	5,000
<b>Subtotal Computer Hardware/Software</b>			<b>\$ 97,000</b>	<b>\$ 66,000</b>	<b>\$ 24,000</b>	<b>\$ 7,000</b>
				<b>Potable Water</b>	<b>Wastewater</b>	<b>Recycled Water</b>
<b>TOTAL</b>			<b>\$ 568,000</b>	<b>\$ 473,000</b>	<b>\$ 50,000</b>	<b>\$ 45,000</b>

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

**Olivenhain Municipal Water District**  
**Capital Improvement Projects Summary**  
**Fiscal Years 2025 and 2026**

Project Name	Total Project Budget	FY 2025 Capital Expenditures			Total FY 2025 Capital Exp.	FY 2026 Capital Expenditures			Total FY 2026 Capital Exp.	
		Water	Recycled	Wastewater		Water	Recycled	Wastewater		
<b><u>On-Going Projects</u></b>										
San Dieguito Valley Groundwater Desalination Plant	75,437,000	(1)	417,000	-	-	417,000	344,000	-	-	344,000
DCMWTP 4th Stage Centrifuge Addition	3,340,000		2,956,000	-	-	2,956,000	-	-	-	-
RSF Unit A North PL Repl	2,094,000		1,428,000	-	-	1,428,000	-	-	-	-
District-Wide PLC Replacements (PW/RCW)	1,466,000		1,237,000	-	-	1,237,000	-	-	-	-
Gardendale PRS Replacement	1,110,000		984,000	-	-	984,000	-	-	-	-
Village Park PRS Replacement	1,110,000		969,000	-	-	969,000	-	-	-	-
Advanced Metering Infrastructure (AMI)	1,454,000		715,000	-	-	715,000	-	-	-	-
Encinitas Blvd Pipeline Inspection and Rehab	677,000		271,000	-	-	271,000	403,000	-	-	403,000
DCMWTP Raw Water Equal (RWEQ) Tanks Rehab	671,000		668,000	-	-	668,000	-	-	-	-
Rancho La Cima/Aliso Canyon PL Relocation	315,000		102,000	-	-	102,000	150,000	-	-	150,000
Golem 14" Pipeline Inspection and Rehab	150,000		133,000	-	-	133,000	-	-	-	-
PW and RCW Master Plan Update	1,133,000		117,000	-	-	117,000	-	-	-	-
Tank Safety Improvements	1,900,000		516,000	-	-	516,000	-	-	-	-
District Wide Scada Upgrades	256,000		127,000	-	-	127,000	-	-	-	-
District Wide Physical Security Improvements	130,000		52,000	-	-	52,000	-	-	-	-
DCMWTP Chlorine Gen Rm Lining Rehab	145,000		123,000	-	-	123,000	-	-	-	-
Unit B & K Rehab	2,142,000		327,000	-	-	327,000	1,000,000	-	-	1,000,000
Palms I and II Reservoirs Replacemt	1,792,000		194,000	-	-	194,000	303,000	-	-	303,000
EFRR Parking Lot Expansion	1,385,000		381,000	-	-	381,000	909,000	-	-	909,000
CIS Infinity System Upgrade	400,500		213,000	-	-	213,000	184,000	-	-	184,000
Fleet Electrification Project (PW/RCW)	2,450,000		165,000	-	-	165,000	750,000	-	-	750,000
DCMWTP 2nd Stage Membrane Train Overhaul	472,500		126,000	-	-	126,000	100,000	-	-	100,000
Calle Barcelona, VP, & Summerhill HOA Exten	4,145,000		-	3,298,000	-	3,298,000	-	-	-	-
Wanket RW Reservoir Rehabilitation	175,000		-	157,000	-	157,000	-	-	-	-
Manchester Recycled Pipeline Ext.	150,000		-	129,000	-	129,000	-	-	-	-
Headworks Screening System Improvements	3,369,000		-	-	1,034,000	1,034,000	-	-	1,890,000	1,890,000
District-Wide PLC Replacements (WW)	1,456,000		-	-	1,261,000	1,261,000	-	-	-	-
Rehab Neighborhood 1 Pump Station	8,132,000		-	-	1,903,000	1,903,000	-	-	-	-
Replace Overflow Pond Strainer	50,000		-	-	37,000	37,000	-	-	-	-
4S WRF SCADA Upgrades (Inductive Automation)	64,000		-	-	16,000	16,000	-	-	-	-
Total, On-going Projects	117,571,000		12,221,000	3,584,000	4,251,000	20,056,000	4,143,000	-	1,890,000	6,033,000
<b><u>Recurring Replacement Projects</u></b>										
Network Security	1,210,000		100,000	-	-	100,000	104,000	-	-	104,000
Replace Pumps and Motors	2,004,000		175,000	-	-	175,000	180,000	-	-	180,000
Replace Potable Meters	9,304,000		830,000	-	-	830,000	927,000	-	-	927,000
Replace Pipelines	5,725,000		500,000	-	-	500,000	515,000	-	-	515,000
Replace Valves	8,604,000		750,000	-	-	750,000	773,000	-	-	773,000
Steel Mains Protection	3,484,000		304,000	-	-	304,000	313,000	-	-	313,000
Replace Meter Anodes	1,811,000		158,000	-	-	158,000	163,000	-	-	163,000
Rehab Concrete Tanks	295,000		25,000	-	-	25,000	26,000	-	-	26,000
Replace PRS Valves	642,000		54,000	-	-	54,000	56,000	-	-	56,000
Replace DCM WTP Membranes	11,231,000		936,000	-	-	936,000	973,000	-	-	973,000
WTP Misc Equipment and Instrumentation Replacement	1,434,000		100,000	-	-	100,000	106,000	-	-	106,000
WTP Membrane Train Control Wiring Replacement	395,000		35,000	-	-	35,000	36,000	-	-	36,000
Recycled Conversions (formerly Retrofit Potable to Recycled)	819,000		-	65,000	-	65,000	-	80,000	-	80,000
Replace Recycled Meters	543,000		-	30,000	-	30,000	-	41,000	-	41,000
Replace Recycled Pipeline	590,000		-	50,000	-	50,000	-	52,000	-	52,000
Replace Recycled Valves	850,000		-	75,000	-	75,000	-	77,000	-	77,000
4S WRF Physical Security Upgrades	180,000	(2)	-	12,000	18,000	30,000	-	12,000	18,000	30,000
Small Pump and Motor Replacement Program	2,539,000	(2)	-	80,000	120,000	200,000	-	85,000	128,000	213,000
Miscellaneous Equipment Replacement Program	269,000	(2)	-	12,000	18,000	30,000	-	12,000	18,000	30,000
Valve and Gate Replacement Program	935,000	(2)	-	-	-	-	-	10,000	15,000	25,000
Collection System Pipeline Rehabilitation and Replacement	865,000		-	-	75,000	75,000	-	-	78,000	78,000
Collection System Manhole Rehabilitation Program	770,000		-	-	43,000	43,000	-	-	71,000	71,000
Pump Station Rehabilitation and Maintenance Program	813,000		-	-	50,000	50,000	-	-	75,000	75,000
Total, Recurring Projects	55,312,000		3,967,000	324,000	324,000	4,615,000	4,172,000	369,000	403,000	4,944,000
<b><u>Proposed Projects</u></b>										
DCMWTP 2nd Stage Basin Rehab and Beam Replacement	1,784,000		577,000	-	-	577,000	1,207,000	-	-	1,207,000
DCMWTP Bridge Crane Rehab	65,000		65,000	-	-	65,000	-	-	-	-
DCMWTP Inlet Strainer MOV Actuator Replacement	63,000		63,000	-	-	63,000	-	-	-	-
DCMWTP 1st Stage Beam Replacement	2,206,000		560,000	-	-	560,000	980,000	-	-	980,000
Dusty Trail PL Replacement	1,180,000		120,000	-	-	120,000	710,000	-	-	710,000
DCMWTP Combined Filter Influent & Backwash Pipe Replacement	708,000		180,000	-	-	180,000	528,000	-	-	528,000
Harris Ranch Right-of-Way Acquisition	150,000		-	-	-	-	150,000	-	-	150,000
DCMWTP Fluoride Room, Permeate Pump Stanchion, Bldg Rehab	142,000		-	-	-	-	142,000	-	-	142,000
RSF Rd Pipeline Inspection	688,000		-	-	-	-	164,000	-	-	164,000
Del Lago PRS Replacement	969,000		-	-	-	-	123,000	-	-	123,000
Site Asphalt Improvements	200,000		60,000	-	-	60,000	50,000	-	-	50,000
Access improvements to pipe below Gano to San Dieguito Road	75,000		20,000	-	-	20,000	55,000	-	-	55,000
Off-Spec and High Flow Diversion Pipeline	685,000	(2)	-	244,000	366,000	610,000	-	-	25,000	25,000
Santa Fe Valley RW Reservoir Improvements	150,000		-	150,000	-	150,000	-	-	-	-
Replace Main Switchboard S (MSB-S) and Automatic Transfer Switch	1,286,000	(2)	-	75,000	113,000	188,000	-	439,000	659,000	1,098,000
Replace WRF Electrical Conduits, Enclosures, and Lighting	367,000	(2)	-	22,000	32,000	54,000	-	125,000	188,000	313,000
Upgrade Filter Electrical	118,000		-	17,000	-	17,000	-	101,000	-	101,000
Replace Existing 75 HP Digester Blower	263,000		-	-	263,000	263,000	-	-	-	-
Del Dios SPS Structural Improvements	773,000		-	-	139,000	139,000	-	-	634,000	634,000
Fleet Electrification (WW)	950,000		-	-	15,000	15,000	-	-	187,000	187,000
Neighborhood #3 Liner Improvements	84,000		-	-	-	-	-	-	84,000	84,000
Total, Proposed Projects	12,906,000		1,645,000	508,000	928,000	3,081,000	4,109,000	665,000	1,777,000	6,551,000
Total All Projects	\$ 185,789,000		\$ 17,833,000	\$ 4,416,000	\$ 5,503,000	\$ 27,752,000	\$ 12,424,000	\$ 1,034,000	\$ 4,070,000	\$ 17,528,000

\* Includes Capacity Fee and Capital and Equipment Funds

(1) This project is still being considered by the Board. Construction costs have been deferred until FY 2032.

(2) These are multi-fund projects with 60% of the cost being funded by Wastewater and 40% by Recycled.

## Significant Capital Improvement Projects

A list of significant capital improvement projects, with at least \$1 million in capital expenditures in Fiscal Years 2025 and 2026, are summarized below:

<u>Project</u>	<u>FY 2025 Capital Expenditures</u>	<u>FY 2026 Capital Expenditures</u>	<u>Total Cost to Complete</u>
Rehab Neighborhood 1 Pump Station	1,903,000	-	8,132,000
Calle Barcelona, VP, & Summerhill HOA Extension	3,298,000	-	4,145,000
Headworks Screening System Improvements	1,034,000	1,890,000	3,369,000
DCMWTP 4th Stage Centrifuge Addition	2,956,000	-	3,340,000
Fleet Electrification Project - Water & Wastewater	180,000	937,000	3,400,000
DCMWTP 1st Stage Beam Replacement	560,000	980,000	2,206,000
Unit B & K Rehab	327,000	1,000,000	2,142,000
RSF Unit A North PL Replacement	1,428,000	-	2,094,000
Palms I and II Reservoirs Replacement	194,000	303,000	1,792,000
DCMWTP 2nd Stage Basin Rehab and Beam Replacement	577,000	1,207,000	1,784,000
District-Wide PLC Replacements - Water & Wastewater	2,498,000	-	2,922,000
Advanced Metering Infrastructure (AMI)	715,000	-	1,454,000
EFRR Parking Lot Expansion	381,000	909,000	1,385,000
Dusty Trail PL Replacement	120,000	710,000	1,180,000
Gardendale PRS Replacement	984,000	-	1,110,000
Village Park PRS Replacement	969,000	-	1,110,000
San Dieguito Valley Groundwater Desalination Plant (A)	417,000	344,000	75,437,000
<b>Total</b>	<b>18,541,000</b>	<b>8,280,000</b>	<b>117,002,000</b>

(A) This project is still being considered by the Board. A debt issuance of \$47 million is proposed to pay for construction of the project based on the Economic Feasibility Assessment Report released in June 2023. The District is pursuing federal and state grants and other funding opportunities to pay for at least 25% of the costs.

The enclosed project summary sheets contain details of each significant project including each project's potential impact on District water and wastewater operations, where applicable. To replace and maintain existing water and wastewater facilities, the District has developed Recurring Replacement Projects in the 10-Year Capital Spending Plan.

## Project Summary

### Project 1.

### 4S Ranch Neighborhood 1 Sewer Pump Station (SPS) Rehab

#### Project Description

Replacement of the SPS (except for certain structural components) to include new pumps, electrical systems, instrumentation and vault.

#### Estimated Schedule and Costs

	Start	Finish	Cost
<i>Planning and Design Phase</i>	FY 2014	FY 2022	1,140,000
<i>Construction Phase</i>	FY 2023	FY 2025	6,992,000
<b>Total</b>			\$ 8,132,000
<i>Total Spent Through FY 2024</i>			

#### Funding Source

Wastewater capital improvement funds.

#### Estimated Annual Impact on Operating Costs

	INC (DEC)	COMMENTS
<i>Labor and Benefits</i>	(5,000)	Anticipate saving overtime costs due to a decrease in after-hours calls. New system has a chopper pump to eliminate stuck pumps.
<i>Other</i>	-	The new SPS will be more cost-effective due to more efficient motors and VFDs including elimination of submersible pumps which are susceptible to electrical shorting.
	\$ (5,000)	

#### Non-Financial Impacts

More reliable operation due to duplicity of equipment and elimination of submersible pumps will reduce likelihood of emergencies and spills. The project is also addressing electrical equipment that was in poor condition from corrosion and improving reliability and safety.

#### Why is Project Necessary

Redesign will eliminate maintenance and reliability issues which require significant staff time for correction. Replacement of the SPS will increase efficiency by resizing the new pumps, and replace/upgrade electrical equipment.

Project Summary

Project 2. Calle Barcelona, VP, & Summerhill HOA Extension

Project Description

Approx 5400 ft of recycled water main extensions will extend District recycled water service to customers in Village Park and La Costa areas of the District. Title XVI grant money will be used to fund a portion of the project.

Estimated Schedule and Costs

	Start	Finish	Cost
Planning and Design Phase	FY 2022	FY 2023	500,000
Construction Phase	FY 2024	FY 2025	3,645,000
Total			\$ 4,145,000
Total Spent Through FY 2024			\$ 847,000

Funding Source

Water capital improvement and grant funds

Estimated Annual Impact on Operating Costs

	INC (DEC)	COMMENTS
Labor and Benefits	-	Limited - expansion of system will be managed with existing staff; future O&M will be limited
Other	-	None
	\$ -	

Non-Financial Impacts

Expansion of recycled water system will help make the District less dependent on potable water for irrigation purposes.

Why is Project Necessary

Expansion of the District's recycled water system will allow existing potable water irrigation users to be switched to recycled water and reduce the District's demand on imported potable water.

## Project Summary

### Project 3.

### Headworks System Improvements

#### Project Description

To provide redundancy and improve operational performance, a parallel automatic screen and wash press will be installed in place of the existing manual bar rack. Project includes improvements to the grit handling equipment and odor scrubber.

#### Estimated Schedule and Costs

	Start	Finish	Cost
<i>Planning and Design Phase</i>	FY 2018	FY 2024	406,000
<i>Construction Phase</i>	FY 2025	FY 2026	2,963,000
<b>Total</b>			<b>\$ 3,369,000</b>

*Total Spent Through FY 2024*

#### Funding Source

Wastewater capital improvement funds

#### Estimated Annual Impact on Operating Costs

	INC (DEC)	COMMENTS
<i>Labor and Benefits</i>	-	Limited - rehabilitated system will continue to be managed with existing staff
<i>Other</i>	-	Limited - additional equipment will have limited additional O&M
<b>\$</b>	-	

#### Non-Financial Impacts

None.

#### Why is Project Necessary

To provide redundancy in the event of a headworks screen failure. With a redundant screen system, the plant can remain in operation while maintenance and repairs are performed.



## Project Summary

### Project 4.

### DCMWTP 4th Stage Centrifuge Addition

#### Project Description

Upgrades to the 4th stage of the DCMWTP, including addition of a second dewatering centrifuge, will increase system reliability and provide operational flexibility.

#### Estimated Schedule and Costs

	Start	Finish	Cost
<i>Planning and Design Phase</i>	FY 2022	FY 2024	340,000
<i>Construction Phase</i>	FY 2024	FY 2026	3,000,000
<b>Total</b>			<b>\$ 3,340,000</b>
<i>Total Spent Through FY 2024</i>			<b>\$ 384,000</b>

#### Funding Source

Water capital improvement funds

#### Estimated Annual Impact on Operating Costs

	INC (DEC)	COMMENTS
<i>Labor and Benefits</i>	-	Limited - system will continue to be managed with existing staff
<i>Other</i>	-	Limited - additional equipment will have limited additional O&M
<b>\$</b>	-	

#### Non-Financial Impacts

None.

#### Why is Project Necessary

Upgrades to the 4th stage of the DCMWTP, including addition of a second dewatering centrifuge, will increase system reliability and provide operational flexibility.

## Project Summary

### Project 5.

### Fleet Electrification Project (Water & Wastewater)

#### Project Description

Future legislative guidelines mandating the sale of electric vehicles will require facility necessary for the charging of District vehicles.

#### Estimated Schedule and Costs

	Start	Finish	Cost
<i>Planning and Design Phase</i>	FY 2024	FY 2025	620,000
<i>Construction Phase</i>	FY 2026	FY 2027	2,780,000
<b>Total</b>			\$ 3,400,000
<i>Total Spent Through FY 2024</i>			\$ 45,000

#### Funding Source

Water capital improvement funds

#### Estimated Annual Impact on Operating Costs

	INC (DEC)	COMMENTS
<i>Labor and Benefits</i>	-	Project is in the feasibility stage. Impact to operating costs is difficult to estimate at this time.
<i>Other</i>	-	
\$	-	

#### Non-Financial Impacts

None.

#### Why is Project Necessary

Comply with legislative guidelines.

Project Summary

Project 6. DCMWTP 1st Stage Beam Replacement

Project Description Based on 2024 condition assessment results, replace structural membrane support beams in all 1st-Stage basins

Estimated Schedule and Costs

	Start	Finish	Cost
Planning and Design Phase	FY 2025	FY 2025	420,000
Construction Phase	FY 2026	FY 2027	1,786,000
Total			\$ 2,206,000

Total Spent Through FY 2024 \$ -

Funding Source Water capital improvement funds

Estimated Annual Impact on Operating Costs

	INC (DEC)	COMMENTS
Labor and Benefits	-	Limited - rehabilitated system will continue to be managed with existing staff
Other	-	Limited
\$	-	

Non-Financial Impacts None.

Why is Project Necessary Results of the 2024 condition assessment determined structural aluminum support beams are inadequate to support stacked cassettes.

## Project Summary

### Project 7.

### Unit B & K Pipeline Rehabilitation

#### Project Description

This project will replace defects in the interior lining of the Unit B and Unit K pipelines based on condition assessment results from 2019 inspections.

#### Estimated Schedule and Costs

	Start	Finish	Cost
<i>Planning and Design Phase</i>	FY 2025	FY 2026	327,000
<i>Construction Phase</i>	FY 2026	FY 2027	1,815,000
<b>Total</b>			\$ 2,142,000
<i>Total Spent Through FY 2024</i>			\$ 235,000

#### Funding Source

Water capital improvement funds

#### Estimated Annual Impact on Operating Costs

	INC (DEC)	COMMENTS
<i>Labor and Benefits</i>	-	Limited - rehabilitated system will continue to be managed with existing staff
<i>Other</i>	-	Limited
\$	-	

#### Non-Financial Impacts

Reduce unplanned potable water service interruptions, improve water loss.

#### Why is Project Necessary

Condition assessment inspections revealed areas of internal corrosion and missing lining material. Project will repair those areas of defect and prolong the useful life of the pipelines.

Project Summary

Project 8. Rancho Santa Fe Road Unit A North Pipeline Replacement

Project Description This project will replace or rehab 1500-ft of 1961 12-inch steel pipeline with new PVC including connections to Avenida La Posta.

Estimated Schedule and Costs

	Start	Finish	Cost
Planning and Design Phase	FY 2022	FY 2024	228,000
Construction Phase	FY 2024	FY 2025	1,866,000
Total			\$ 2,094,000
Total Spent Through FY 2024			\$ 666,000

Funding Source Water capital improvement funds

Estimated Annual Impact on Operating Costs

	INC (DEC)	COMMENTS
Labor and Benefits	-	Limited - rehabilitated system will continue to be managed with existing staff
Other	-	Limited
\$	-	

Non-Financial Impacts None.

Why is Project Necessary The existing pipeline, which was put into service in 1961, is nearing the end of its useful life and needs to be replaced before a major failure occurs.

## Project Summary

### Project 9.

### Palms I and II Reservoirs Replacement

#### Project Description

Replacement of the existing 0.6MG and 1.2MG Palms I and II reservoirs with a pressure reducing station to supply necessary water pressure/supply to Pressure Zone 321.

#### Estimated Schedule and Costs

	Start	Finish	Cost
<i>Planning and Design Phase</i>	FY 2025	FY 2025	150,000
<i>Construction Phase</i>	FY 2026	FY 2026	1,642,000
<b>Total</b>			<b>\$ 1,792,000</b>
<i>Total Spent Through FY 2024</i>			<b>\$ 83,000</b>

#### Funding Source

Water capital improvement funds

#### Estimated Annual Impact on Operating Costs

	INC (DEC)	COMMENTS
<i>Labor and Benefits</i>	-	Limited - rehabilitated system will continue to be managed with existing staff
<i>Other</i>	-	Limited - new and rehabilitated infrastructure will have limited additional O&M
<b>\$</b>	-	

#### Non-Financial Impacts

None.

#### Why is Project Necessary

Existing tanks are aging and no longer needed for supply. Replace existing tanks with PR stations instead of rehabilitating two aging tanks.

## Project Summary

### Project 10.

### DCMWTP 2nd Stage Basin Rehab and Beam Replacement

#### Project Description

Based on 2024 condition assessment results, rehabilitate all three 2nd stage basins to replace liner and repair concrete, rehabilitate the associated pipe supports, and replace all cassette support beams in each basin.

#### Estimated Schedule and Costs

	Start	Finish	Cost
<i>Planning and Design Phase</i>	FY 2025	FY 2025	360,000
<i>Construction Phase</i>	FY 2026	FY 2027	1,424,000
<b>Total</b>			\$ 1,784,000
<i>Total Spent Through FY 2024</i>			\$ -

#### Funding Source

Water capital improvement funds.

#### Estimated Annual Impact on Operating Costs

	INC (DEC)	COMMENTS
<i>Labor and Benefits</i>	-	Limited - rehabilitated system will continue to be managed with existing staff
<i>Other</i>	-	Limited
\$	-	

#### Non-Financial Impacts

None.

#### Why is Project Necessary

Condition assessment revealed failed liner and degraded concrete behind liner. Also, condition assessment determined structural aluminum support beams are inadequate to support stacked cassettes.

Project Summary

Project 11. District-Wide PLC Replacements (Water & Wastewater)

Project Description Many PLCs are at end of life and will no longer be supported. This project will encompass potable, recycled water, and wastewater.

Estimated Schedule and Costs

	Start	Finish	Cost
Planning and Design Phase	FY 2022	FY 2022	322,000
Construction Phase	FY 2023	FY 2025	2,600,000
Total			\$ 2,922,000
Total Spent Through FY 2024			\$ 229,000

Funding Source Water and wastewater capital improvement funds

Estimated Annual Impact on Operating Costs

	INC (DEC)	COMMENTS
Labor and Benefits	-	Limited - rehabilitated system will continue to be managed with existing staff
Other	-	Limited
\$	-	

Non-Financial Impacts Increase the reliability of PLCs throughout the District's system and reduce unplanned service interruptions.

Why is Project Necessary Existing PLC units are at end of life and no longer supported by manufacturer. Replacement of critical PLCs with supported units will ensure continuity of service throughout the District.



Project Summary

Project 12.

Advanced Metering Infrastructure (AMI)

Project Description

The District is planning to replace all AMR (Automated Meter Reading) meters which are read by the "drive-by" system, to AMI meters which can be read by radio-read towers.

Estimated Schedule and Costs

	Start	Finish	Cost
Current Biennial Years	FY 2023	FY 2024	
Future Fiscal Years	FY 2025	FY 2025	
Total			\$ 1,454,000
Total Spent Through FY 2024			\$ 739,000

Note: Annual expenditures for this project are capitalized at the end of each fiscal year as AMI meters are placed in service.

Funding Source

Water capital improvement and grant funds

Estimated Annual Impact on Operating Costs

	INC (DEC)	COMMENTS
Labor and Benefits	-	The time spent driving to read AMR meters will be available for other work, such as meter maintenance, customer service, conservation, and meter testing.
Other	-	Limited - additional equipment will have limited additional O&M
\$	-	

Non-Financial Impacts

Customers will be able to access real-time usage data from the AMI system, which will help them better manage their water use and reduce water loss by finding potential leaks prior to their meter being read.

Why is Project Necessary

AMI will allow staff to continue providing a high level of customer service while reaping the benefits of the latest meter-reading technology. The AMR system provides meter data once per month, whereas the AMI system provides meter data up to several times per day. The AMI system will enable greater conservation efforts, help pinpoint leaks on a timely basis, allow customers access to read data to better manage their usage, and reduce water loss.

## Project Summary

### Project 13.

### EFRR Parking Lot Expansion

#### Project Description

This project will expand the parking lot at the Elfin Forest Recreation Reserve and will be partially funded with grants.

#### Estimated Schedule and Costs

	Start	Finish	Cost
<i>Planning and Design Phase</i>	FY 2015	FY 2025	258,000
<i>Construction Phase</i>	FY 2026	FY 2027	1,127,000
<b>Total</b>			\$ 1,385,000
<i>Total Spent Through FY 2024</i>			\$ 95,000

#### Funding Source

Water capital improvement funds

#### Estimated Annual Impact on Operating Costs

	INC (DEC)	COMMENTS
<i>Labor and Benefits</i>	-	Limited - system will continue to be managed with existing staff
<i>Other</i>	-	Limited - additional infrastructure will have limited additional O&M
\$	-	

#### Non-Financial Impacts

Increased safety by allowing more visitors to park in the expanded parking lot rather than on the main road heading into EFRR.

#### Why is Project Necessary

To increase the overflow parking lot capacity to accommodate the public's growing recreation demand due to population increases and development. Expansion of the overflow parking lot will renovate an existing 16-stall parking lot to an approximate 60-stall parking lot.

## Project Summary

Project 14.

Dusty Trail PL Replacement

Project Description

Replacement of existing 10" ACP pipeline on Dusty Trail which has failed numerous times over the past several years. Includes easement access improvements over a portion of the pipeline.

Estimated Schedule and Costs

	Start	Finish	Cost
<i>Planning and Design Phase</i>	FY 2025	FY 2026	120,000
<i>Construction Phase</i>	FY 2027	FY 2027	1,060,000
<b>Total</b>			\$ 1,180,000
<i>Total Spent Through FY 2024</i>			\$ -

Funding Source

Water capital improvement funds

Estimated Annual Impact on Operating Costs

	INC (DEC)	COMMENTS
<i>Labor and Benefits</i>	-	Limited - rehabilitated system will continue to be managed with existing staff
<i>Other</i>	-	Limited
\$	-	

Non-Financial Impacts

None.

Why is Project Necessary

Several repairs along pipeline. Pipeline needs to be replaced before major failure occurs.

Project Summary

Project 15. Gardendale PRS Replacement

Project Description Pressure reducing station constructed in 1972 is at end of life and requires replacement.

Estimated Schedule and Costs

	Start	Finish	Cost
Planning and Design Phase	FY 2022	FY 2024	160,000
Construction Phase	FY 2025	FY 2025	950,000
Total			\$ 1,110,000
Total Spent Through FY 2024			\$ 126,000

Funding Source Water capital improvement funds

Estimated Annual Impact on Operating Costs

	INC (DEC)	COMMENTS
Labor and Benefits	-	Limited - rehabilitated system will continue to be managed with existing staff
Other	-	Limited
\$	-	

Non-Financial Impacts None.

Why is Project Necessary Existing PRS at the end of its useful life and needs to be replaced to sustain system pressure zones.

Project Summary

Project 16. Village Park PRS Replacement

Project Description Pressure reducing station constructed in 1978 is at end of life and requires replacement.

Estimated Schedule and Costs

	Start	Finish	Cost
Planning and Design Phase	FY 2022	FY 2024	170,000
Construction Phase	FY 2025	FY 2025	940,000
Total			\$ 1,110,000
Total Spent Through FY 2024			\$ 141,000

Funding Source Water capital improvement funds

Estimated Annual Impact on Operating Costs

	INC (DEC)	COMMENTS
Labor and Benefits	-	Limited - rehabilitated system will continue to be managed with existing staff
Other	-	Limited
\$	-	

Non-Financial Impacts None.

Why is Project Necessary Existing PRS at the end of its useful life and needs to be replaced to sustain system pressure zones.

Project Summary

Project 17. San Dieguito Groundwater Desalination

Project Description

This project is in the early feasibility/design stage. The District is planning a brackish groundwater desalinization project to provide 1.0 million gallons per day local water supply to its customers. The supply will come from the San Dieguito Groundwater Basin. A pipeline would deliver the raw water to a reverse osmosis desalinization treatment plant. The product water would then be delivered directly into the District's existing system.

Estimated Schedule and Costs

	Start	Finish	Cost
Planning and Design Phase	FY 2012	FY 2029	9,701,000
Construction Phase	FY 2032	FY 2033	65,736,000
Total			\$ 75,437,000
Total Spent Through FY 2024			

Funding Source

Capacity Fee and capital improvement funds, future debt to be issued, and grant funds.

Estimated Annual Impact on Operating Costs (full year to begin in 2028)

	INC (DEC)	COMMENTS
O&M Costs	-	Project is in the feasibility stage. Impact of operating costs is difficult to estimate at this time.
Other	-	
\$	-	

Non-Financial Impacts

Less dependent on imported water supply as stated below.

Why is Project Necessary

This local product will help the District diversify its current water supply portfolio and improve local reliability. Because the supply is local, it is less subject to reduction from water supply shortages, or wholesale conveyance infrastructure interruptions.

Note: This project is still being considered by the Board. A debt issuance of \$47 million is proposed to pay for construction of the project based on the Economic Feasibility Assessment Report released in June 2023. The District is pursuing federal and state grants and other funding opportunities to pay for at least 25% of the costs.

## Recurring Replacement Projects

### Infrastructure Replacement Program

#### Project Description

This summarizes major replacement and betterment projects (budgets of \$1 million or more) which are included in the 10-Year Plan. Various infrastructure components will be replaced annually, based on historical information (year placed in service, etc.), maintenance records and prioritized need.

#### Projects:

*Replace DCM WTP Membranes*

*Replace Potable Meters*

*Replace Valves*

*Replace Pipelines*

*Steel Mains Protection*

*Replace Pumps and Motors*

*Replace Meter Anodes*

*Small Pump and Motor Replacement Program - Wastewater*

*WTP Misc Equipment and Instrumentation Replacement*

*Network Security*

*Small Pump and Motor Replacement Program - Recycled*

***Total***

FY 2025	FY 2026	FY 2027 - 2034	Total
936,000	973,000	9,322,000	11,231,000
830,000	927,000	7,547,000	9,304,000
750,000	773,000	7,081,000	8,604,000
500,000	515,000	4,710,000	5,725,000
304,000	313,000	2,867,000	3,484,000
175,000	180,000	1,649,000	2,004,000
158,000	163,000	1,490,000	1,811,000
120,000	128,000	1,275,000	1,523,000
100,000	106,000	1,228,000	1,434,000
100,000	104,000	1,006,000	1,210,000
80,000	85,000	851,000	1,016,000
\$ 4,053,000	\$ 4,267,000	\$ 39,026,000	\$ 47,346,000

#### Funding Sources

Water and wastewater capital improvement funds

#### Estimated Annual Impact on Operating Costs

*Labor and Benefits*

*Other*

INC (DEC)	COMMENTS
-	Anticipate saving overtime costs due to a decrease in after-hours calls due to system leaks.
-	None
\$ -	

#### Non-Financial Impacts

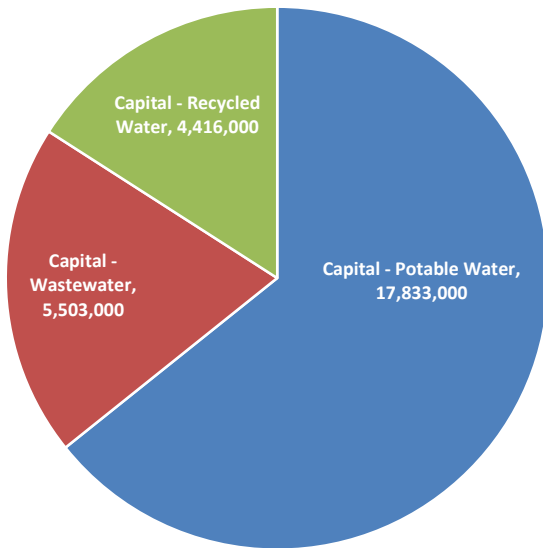
Customer service is negatively impacted when the District has unanticipated service shut-downs from equipment or system failures. The District wants to assure ratepayers that we have a plan for the orderly replacement of major facilities.

#### Why Projects are Necessary

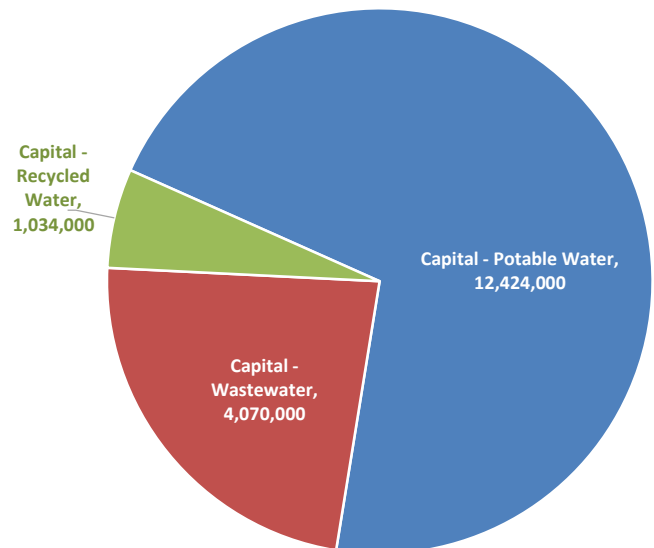
The District is shifting it's focus from building new infrastructure, to replacing existing infrastructure. Planned replacement makes better use of District resources and allows the District to budget costs in a methodical manner, thereby avoiding spending spikes as well as having sufficient funds available.

## Capital Improvement Project Expenditures By Fund

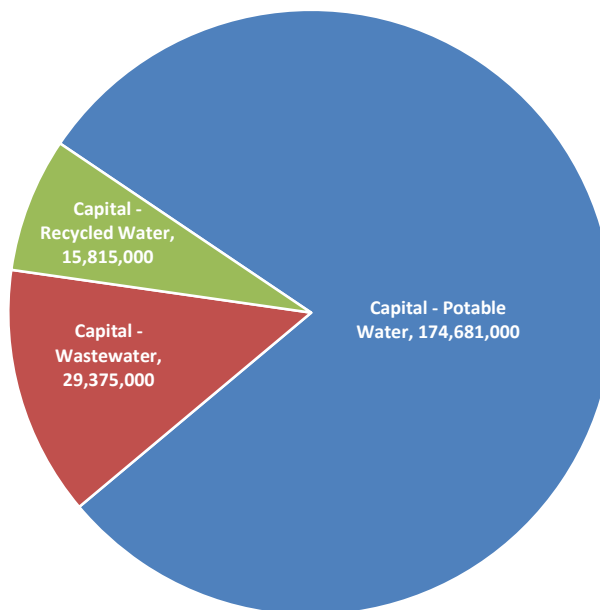
**FY 2025 Capital Expenditures  
by Funding Sources (\$27.8 million)\***



**FY 2026 Capital Expenditures  
by Funding Sources (\$17.5 million)\***



**10 Year Capital Improvement Project  
Expenditures by Fund (\$219.9 million)\*  
FY 2025-2034**



\* Total amounts are rounded



Olivenhain Municipal Water District  
Fiscal Years 2025 and 2026 Capital Improvement Program - Budget Review  
Capital Improvement Fund - Water (Potable and Recycled)

		Construction in Progress Budget			
Project Name		Project Budget 7/1/2023	Approved FY 2024	Increase (Decrease)	Project Budget 7/1/2024
<b><u>On-Going Projects</u></b>					
San Dieguito Valley Groundwater Desalination Plant	(1)	42,837,000	-	32,600,000	75,437,000
DCMWTP 4th Stage Centrifuge Addition		3,340,000	-	-	3,340,000
RSF Unit A North PL Repl		2,094,000	-	-	2,094,000
District-Wide PLC Replacements (PW/RCW)		1,280,000	186,000	-	1,466,000
Gardendale PRS Replacement		960,000	-	150,000	1,110,000
Village Park PRS Replacement		960,000	-	150,000	1,110,000
Advanced Metering Infrastructure (AMI)		2,416,000	-	(962,000)	1,454,000
Encinitas Blvd Pipeline Inspection and Rehab		682,000	-	(5,000)	677,000
DCMWTP Raw Water Equal (RWEQ) Tanks Rehab		250,000	-	421,000	671,000
Rancho La Cima/Aliso Canyon PL Relocation		300,000	-	15,000	315,000
Golem 14" Pipeline Inspection and Rehab		150,000	-	-	150,000
PW and RCW Master Plan Update		583,000	-	550,000	1,133,000
Tank Safety Improvements		590,000	-	1,310,000	1,900,000
District Wide Scada Upgrades		256,000	-	-	256,000
District Wide Physical Security Improvements		240,000	-	(110,000)	130,000
DCMWTP Chlorine Gen Rm Lining Rehab		145,000	-	-	145,000
Unit B & K Rehab		2,095,000	-	47,000	2,142,000
Palms I and II Reservoirs Replacem		1,307,000	-	485,000	1,792,000
EFRR Parking Lot Expansion		990,000	-	395,000	1,385,000
CIS Infinity System Upgrade		305,000	-	95,500	400,500
Fleet Electrification Project (PW/RCW)		150,000	-	2,300,000	2,450,000
DCMWTP 2nd Stage Membrane Train Overhaul		807,500	-	(335,000)	472,500
Calle Barcelona, VP, & Summerhill HOA Exten		2,645,000	1,500,000	-	4,145,000
Wanket RW Reservoir Rehabilitation		150,000	-	25,000	175,000
Manchester Recycled Pipeline Ext.		5,225,000	-	(5,075,000)	150,000
<b><u>Recurring Replacement Projects</u></b>					
Network Security		1,175,000	-	35,000	1,210,000
Replace Pumps and Motors		1,022,000	-	982,000	2,004,000
Replace Potable Meters		4,921,000	-	4,383,000	9,304,000
Replace Pipelines		8,983,000	-	(3,258,000)	5,725,000
Replace Valves		8,856,000	-	(252,000)	8,604,000
Steel Mains Protection		3,375,000	80,000	29,000	3,484,000
Replace Meter Anodes		1,754,000	-	57,000	1,811,000
Rehab Concrete Tanks		904,000	-	(609,000)	295,000
Replace PRS Valves		602,600	-	39,400	642,000
Replace DCM WTP Membranes		8,970,000	-	2,261,000	11,231,000
WTP Misc Equipment and Instrumentation Replacement		-	-	1,434,000	1,434,000
WTP Membrane Train Control Wiring Replacement		-	-	395,000	395,000
Recycled Conversions (formerly Retrofit Potable to Recycled)		719,000	-	100,000	819,000
Replace Recycled Meters		241,000	-	302,000	543,000
Replace Recycled Pipeline		-	-	590,000	590,000
Replace Recycled Valves		-	-	850,000	850,000
4S WRF Physical Security Upgrades	(2)	-	-	72,000	72,000
Small Pump and Motor Replacement Program	(2)	-	-	1,016,000	1,016,000
Miscellaneous Equipment Replacement Program	(2)	-	-	108,000	108,000
Valve and Gate Replacement Program	(2)	-	-	374,000	374,000
Total, On-Going and Replacement Projects		\$ 112,280,100	\$ 1,766,000	\$ 40,964,900	\$ 155,011,000
<b><u>Proposed New Projects</u></b>					
DCMWTP 2nd Stage Basin Rehab and Beam Replacement		-	-	1,784,000	1,784,000
DCMWTP Bridge Crane Rehab		-	-	65,000	65,000
DCMWTP Inlet Strainer MOV Actuator Replacement		-	-	63,000	63,000
DCMWTP 1st Stage Beam Replacement		-	-	2,206,000	2,206,000
Dusty Trail PL Replacement		-	-	1,180,000	1,180,000
DCMWTP Combined Filter Influent & Backwash Pipe Replacement		-	-	708,000	708,000
Harris Ranch Right-of-Way Acquisition		-	-	150,000	150,000
DCMWTP Fluoride Room, Permeate Pump Stanchion, Bldg Rehab		-	-	142,000	142,000
RSF Rd Pipeline Inspection		-	-	688,000	688,000
Del Lago PRS Replacement		-	-	969,000	969,000
Site Asphalt Improvements		-	-	200,000	200,000
Access improvements to pipe below Gano to San Dieguito Road		-	-	75,000	75,000
Off-Spec and High Flow Diversion Pipeline	(2)	-	-	294,000	294,000
Santa Fe Valley RW Reservoir Improvements		-	-	150,000	150,000
Replace Main Switchboard S (MSB-S) and Automatic Transfer Switch	(2)	-	-	514,000	514,000
Replace WRF Electrical Conduits, Enclosures, and Lighting	(2)	-	-	147,000	147,000
Upgrade Filter Electrical		-	-	118,000	118,000
Total, Proposed New Projects		\$ -	\$ -	\$ 9,453,000	\$ 9,453,000
Total		\$ 112,280,100	\$ 1,766,000	\$ 50,417,900	\$ 164,464,000

(1) This project is still being considered by the Board. A debt issuance of \$47 million is proposed to pay for construction of the project based on the Economic Feasibility Assessment Report released in June 2023. The District is pursuing federal and state grants and other funding opportunities to pay for at least 25% of the costs.

(2) These projects are also funded by wastewater, only the costs funded by recycled are shown here.

Olivenhain Municipal Water District  
Fiscal Years 2025 and 2026 Capital Improvement Program - Expenditure and Appropriation Review  
Capital Improvement Fund - Water (Potable and Recycled)

			Projected 10-Year Capital Expenditures					Construction in Progress Appropriation					
Project Name	Capital Project Budget		Carryover at 6/30/2024	FY2025	FY2026	FYs 2027-2034	Total	As of 7/1/2023	Approved FY2024	Adjust	Balance 7/1/2024	Adjust	Balance 7/1/2025
<b>On-Going Projects</b>													
San Dieguito Valley Groundwater Desalination Plant	(1)	75,437,000	6,612,000	417,000	344,000	68,064,000	75,437,000	6,662,000	-	367,000	7,029,000	344,000	7,373,000
DCMWTP 4th Stage Centrifuge Addition		3,340,000	384,000	2,956,000	-	-	3,340,000	3,340,000	-	-	3,340,000	(3,340,000)	-
RSF Unit A North PL Repl		2,094,000	666,000	1,428,000	-	-	2,094,000	2,094,000	-	-	2,094,000	(2,094,000)	-
District-Wide PLC Replacements (PW/RCW)		1,466,000	229,000	1,237,000	-	-	1,466,000	1,280,000	186,000	-	1,466,000	(1,466,000)	-
Gardendale PRS Replacement		1,110,000	126,000	984,000	-	-	1,110,000	960,000	-	150,000	1,110,000	(1,110,000)	-
Village Park PRS Replacement		1,110,000	141,000	969,000	-	-	1,110,000	960,000	-	150,000	1,110,000	(1,110,000)	-
Advanced Metering Infrastructure (AMI)		1,454,000	739,000	715,000	-	-	1,454,000	679,000	60,000	715,000	1,454,000	(1,454,000)	-
Encinitas Blvd Pipeline Inspection and Rehab		677,000	3,000	271,000	403,000	-	677,000	145,000	-	129,000	274,000	403,000	677,000
DCMWTP Raw Water Equal (RWEQ) Tanks Rehab		671,000	3,000	668,000	-	-	671,000	250,000	-	421,000	671,000	(671,000)	-
Rancho La Cima/Aliso Canyon PL Relocation		315,000	63,000	102,000	150,000	-	315,000	165,000	-	-	165,000	150,000	315,000
Golem 14" Pipeline Inspection and Rehab		150,000	17,000	133,000	-	-	150,000	150,000	-	-	150,000	(150,000)	-
PW and RCW Master Plan Update		1,133,000	466,000	117,000	-	550,000	1,133,000	583,000	-	-	583,000	(583,000)	-
Tank Safety Improvements		1,900,000	74,000	516,000	-	900,000	1,490,000	590,000	-	-	590,000	(590,000)	-
District Wide Scada Upgrades		256,000	129,000	127,000	-	-	256,000	256,000	-	-	256,000	(256,000)	-
District Wide Physical Security Improvements		130,000	78,000	52,000	-	-	130,000	150,000	-	(20,000)	130,000	(130,000)	-
DCMWTP Chlorine Gen Rm Lining Rehab		145,000	22,000	123,000	-	-	145,000	145,000	-	-	145,000	(145,000)	-
Unit B & K Rehab		2,142,000	235,000	327,000	1,000,000	580,000	2,142,000	562,000	-	-	562,000	1,000,000	1,562,000
Palms I and II Reservoirs Replacemnt		1,792,000	83,000	194,000	303,000	1,212,000	1,792,000	223,000	-	54,000	277,000	303,000	580,000
EFRR Parking Lot Expansion		1,385,000	95,000	381,000	909,000	-	1,385,000	218,000	-	258,000	476,000	909,000	1,385,000
CIS Infinity System Upgrade		400,500	3,500	213,000	184,000	-	400,500	38,500	-	178,000	216,500	184,000	400,500
Fleet Electrification Project (PW/RCW)		2,450,000	45,000	165,000	750,000	1,490,000	2,450,000	150,000	-	60,000	210,000	750,000	960,000
DCMWTP 2nd Stage Membrane Train Overhaul		472,500	146,500	126,000	100,000	100,000	472,500	232,500	-	40,000	272,500	100,000	372,500
Calle Barcelona, VP, & Summerhill HOA Exten		4,145,000	847,000	3,298,000	-	-	4,145,000	4,145,000	-	-	4,145,000	(4,145,000)	-
Wanket RW Reservoir Rehabilitation		175,000	18,000	157,000	-	-	175,000	150,000	-	25,000	175,000	(175,000)	-
Manchester Recycled Pipeline Ext.		150,000	21,000	129,000	-	-	150,000	150,000	-	-	150,000	(150,000)	-
<b>Recurring Replacement Projects</b>													
Network Security		1,210,000	-	100,000	104,000	1,006,000	1,210,000	115,000	-	(15,000)	100,000	4,000	104,000
Replace Pumps and Motors		2,004,000	-	175,000	180,000	1,649,000	2,004,000	123,000	-	52,000	175,000	5,000	180,000
Replace Potable Meters		9,304,000	-	830,000	927,000	7,547,000	9,304,000	415,000	-	415,000	830,000	97,000	927,000
Replace Pipelines		5,725,000	-	500,000	515,000	4,710,000	5,725,000	1,070,000	(105,000)	(465,000)	500,000	15,000	515,000
Replace Valves		8,604,000	-	750,000	773,000	7,081,000	8,604,000	1,106,000	-	(356,000)	750,000	23,000	773,000
Steel Mains Protection		3,484,000	-	304,000	313,000	2,867,000	3,484,000	292,000	101,000	(89,000)	304,000	9,000	313,000
Replace Meter Anodes		1,811,000	-	158,000	163,000	1,490,000	1,811,000	152,000	-	6,000	158,000	5,000	163,000
Rehab Concrete Tanks		295,000	-	25,000	26,000	244,000	295,000	-	-	25,000	25,000	1,000	26,000
Replace PRS Valves		642,000	-	54,000	56,000	532,000	642,000	52,000	-	2,000	54,000	2,000	56,000
Replace DCM WTP Membranes		11,231,000	-	936,000	973,000	9,322,000	11,231,000	900,000	-	36,000	936,000	37,000	973,000
WTP Misc Equipment and Instrumentation Replacement		1,434,000	-	100,000	106,000	1,228,000	1,434,000	-	-	100,000	100,000	6,000	106,000
WTP Membrane Train Control Wiring Replacement		395,000	-	35,000	36,000	324,000	395,000	-	-	35,000	35,000	1,000	36,000
Recycled Conversions (formerly Retrofit Potable to Recycled)		819,000	-	65,000	80,000	674,000	819,000	62,000	-	3,000	65,000	15,000	80,000
Replace Recycled Meters		543,000	-	30,000	41,000	472,000	543,000	18,000	-	12,000	30,000	11,000	41,000
Replace Recycled Pipeline		590,000	-	50,000	52,000	488,000	590,000	-	-	50,000	50,000	2,000	52,000
Replace Recycled Valves		850,000	-	75,000	77,000	698,000	850,000	-	-	75,000	75,000	2,000	77,000
4S WRF Physical Security Upgrades	(2)	72,000	-	12,000	12,000	48,000	72,000	-	-	12,000	12,000	-	12,000
Small Pump and Motor Replacement Program	(2)	1,016,000	-	80,000	85,000	851,000	1,016,000	-	-	80,000	80,000	5,000	85,000
Miscellaneous Equipment Replacement Program	(2)	108,000	-	12,000	12,000	84,000	108,000	-	-	12,000	12,000	-	12,000
Valve and Gate Replacement Program	(2)	374,000	-	-	10,000	364,000	374,000	-	-	-	-	10,000	10,000
Total, On-Going and Replacement Projects		\$ 155,011,000	\$ 11,246,000	\$ 20,096,000	\$ 8,684,000	\$ 114,575,000	\$ 154,601,000	\$ 28,583,000	\$ 242,000	\$ 2,517,000	\$ 31,342,000	\$ (13,176,000)	\$ 18,166,000
<b>Proposed New Projects</b>													
DCMWTP 2nd Stage Basin Rehab and Beam Replacement		1,784,000	-	577,000	1,207,000	-	1,784,000	-	-	577,000	577,000	1,207,000	1,784,000
DCMWTP Bridge Crane Rehab		65,000	-	65,000	-	-	65,000	-	-	65,000	65,000	(65,000)	-
DCMWTP Inlet Strainer MOV Actuator Replacement		63,000	-	63,000	-	-	63,000	-	-	63,000	63,000	(63,000)	-
DCMWTP 1st Stage Beam Replacement		2,206,000	-	560,000	980,000	666,000	2,206,000	-	-	560,000	560,000	980,000	1,540,000
Dusty Trail PL Replacement		1,180,000	-	120,000	710,000	350,000	1,180,000	-	-	120,000	120,000	710,000	830,000
DCMWTP Combined Filter Influent & Backwash Pipe Replacement		708,000	-	180,000	528,000	-	708,000	-	-	180,000	180,000	528,000	708,000
Harris Ranch Right-of-Way Acquisition		150,000	-	-	150,000	-	150,000	-	-	-	-	150,000	150,000
DCMWTP Fluoride Room, Permeate Pump Stanchion, Bldg Rehab		142,000	-	-	142,000	-	142,000	-	-	-	-	142,000	142,000
RSF Rd Pipeline Inspection		688,000	-	-	164,000	524,000	688,000	-	-	-	-	164,000	164,000
Del Lago PRS Replacement		969,000	-	-	123,000	846,000	969,000	-	-	-	-	123,000	123,000
Site Asphalt Improvements		200,000	-	60,000	50,000	90,000	200,000	-	-	60,000	60,000	50,000	110,000
Access improvements to pipe below Gano to San Dieguito Road		75,000	-	20,000	55,000	-	75,000	-	-	20,000	20,000	55,000	75,000
Off-Spec and High Flow Diversion Pipeline	(2)	294,000	-	244,000	-	50,000	294,000	-	-	244,000	244,000	(244,000)	-
Santa Fe Valley RW Reservoir Improvements		150,000	-	150,000	-	-	150,000	-	-	150,000	150,000	(150,000)	-
Replace Main Switchboard S (MSB-S) and Automatic Transfer Switch	(2)	514,000	-	75,000	439,000	-	514,000	-	-	75,000	75,000	439,000	514,000
Replace WRF Electrical Conduits, Enclosures, and Lighting	(2)	147,000	-	22,000	125,000	-	147,000	-	-	22,000	22,000	125,000	147,000
Upgrade Filter Electrical		118,000	-	17,000	101,000	-	118,000	-	-	17,000	17,000	101,000	118,000
Total, Proposed New Projects		\$ 9,453,000	\$ -	\$ 2,153,000	\$ 4,774,000	\$ 2,526,000	\$ 9,453,000	\$ -	\$ -	\$ 2,153,000	\$ 2,153,000	\$ 4,252,000	\$ 6,405,000
Total		\$ 164,464,000	\$ 11,246,000	\$ 22,249,000	\$ 13,458,000	\$ 117,101,000	\$ 164,054,000	\$ 28,583,000	\$ 242,000	\$ 4,670,000	\$ 33,495,000	\$ (8,924,000)	\$ 24,571,000

- (1) This project is still being considered by the Board. Construction costs have been deferred until FY 2032.  
(2) These are multi-fund projects with 60% of the cost being funded by Wastewater and 40% by Recycled.

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

	Project Description	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
(1)(2)	San Dieguito Valley Groundwater Desalination Plant	417,000	344,000	1,146,000	1,921,000	3,098,000	2,922,000	1,814,000	28,010,000	29,153,000	-
(1)	DCMWTP 4th Stage Centrifuge Addition	2,956,000	-	-	-	-	-	-	-	-	-
	DCMWTP 2nd Stage Basin Rehab and Beam Replacement	577,000	1,207,000	-	-	-	-	-	-	-	-
(1)	RSF Unit A North PL Repl	1,428,000	-	-	-	-	-	-	-	-	-
(1)	District-Wide PLC Replacements (PW/RCW)	1,237,000	-	-	-	-	-	-	-	-	-
(1)	Gardendale PRS Replacement	984,000	-	-	-	-	-	-	-	-	-
(1)	Village Park PRS Replacement	969,000	-	-	-	-	-	-	-	-	-
(1)	Advanced Metering Infrastructure (AMI)	715,000	-	-	-	-	-	-	-	-	-
(1)	Encinitas Blvd Pipeline Inspection and Rehab	271,000	403,000	-	-	-	-	-	-	-	-
(1)	DCMWTP Raw Water Equal (RWEQ) Tanks Rehab	668,000	-	-	-	-	-	-	-	-	-
(1)	Rancho La Cima/Aliso Canyon PL Relocation	102,000	150,000	-	-	-	-	-	-	-	-
(1)	Golem 14" Pipeline Inspection and Rehab	133,000	-	-	-	-	-	-	-	-	-
(1)	PW and RCW Master Plan Update	117,000	-	-	-	-	550,000	-	-	-	-
(1)	Tank Safety Improvements	516,000	-	-	-	-	-	-	-	200,000	700,000
(1)	District Wide Scada Upgrades	127,000	-	-	-	-	-	-	-	-	-
(1)	District Wide Physical Security Improvements	52,000	-	-	-	-	-	-	-	-	-
(1)	DCMWTP Chlorine Gen Rm Lining Rehab	123,000	-	-	-	-	-	-	-	-	-
	DCMWTP Bridge Crane Rehab	65,000	-	-	-	-	-	-	-	-	-
	DCMWTP Inlet Strainer MOV Actuator Replacement	63,000	-	-	-	-	-	-	-	-	-
	DCMWTP 1st Stage Beam Replacement	560,000	980,000	666,000	-	-	-	-	-	-	-
(1)	Unit B & K Rehab	327,000	1,000,000	580,000	-	-	-	-	-	-	-
(1)	Palms I and II Reservoirs Replacemt	194,000	303,000	1,212,000	-	-	-	-	-	-	-
	Dusty Trail PL Replacement	120,000	710,000	350,000	-	-	-	-	-	-	-
(1)	EFRR Parking Lot Expansion	381,000	909,000	-	-	-	-	-	-	-	-
	DCMWTP Combined Filter Influent & Backwash Pipe Replacement	180,000	528,000	-	-	-	-	-	-	-	-
(1)	CIS Infinity System Upgrade	213,000	184,000	-	-	-	-	-	-	-	-
(1)	Fleet Electrification Project (PW/RCW)	165,000	750,000	1,490,000	-	-	-	-	-	-	-
(1)	DCMWTP 2nd Stage Membrane Train Overhaul	126,000	100,000	100,000	-	-	-	-	-	-	-
	Site Asphalt Improvements	60,000	50,000	30,000	30,000	30,000	-	-	-	-	-
	Access improvements to pipe below Gano to San Dieguito Road	20,000	55,000	-	-	-	-	-	-	-	-
	Harris Ranch Right-of-Way Acquisition	-	150,000	-	-	-	-	-	-	-	-
	DCMWTP Fluoride Room, Permeate Pump Stanchion, Bldg Rehab	-	142,000	-	-	-	-	-	-	-	-
	RSF Rd Pipeline Inspection	-	164,000	524,000	-	-	-	-	-	-	-
	Del Lago PRS Replacement	-	123,000	846,000	-	-	-	-	-	-	-
	DCMWTP BWWEQ Tank Rehab	-	-	596,000	-	-	-	-	-	-	-
	DCMWTP FCV Actuators Replacement	-	-	310,000	-	-	-	-	-	-	-
	DCMWTP 1st Stage Basins Rehab	-	-	1,295,000	1,295,000	1,295,000	1,295,000	-	-	-	-
	Gaty I Reservoir Decommissioning	-	-	-	398,000	-	-	-	-	-	-
	DCMWTP Brine Area Rehab	-	-	-	192,000	-	-	-	-	-	-
	DCMWTP Plate Settler Coating Rehab	-	-	-	123,000	-	-	-	-	-	-
	Unit B & K EM CCTV Inspect & Rehab Phase 2	-	-	-	412,000	1,838,000	-	-	-	-	-
	DCMWTP Sodium Hypochlorite Room Rehab	-	-	-	-	98,000	-	-	-	-	-
	DCMWTP HVAC Replacement	-	-	-	-	46,000	-	-	-	-	-
	SE #1 PRS Replacement	-	-	-	-	135,000	936,000	-	-	-	-
	DCMWTP RWEQ BFVs Replacement Project	-	-	-	-	-	525,000	-	-	-	-
	DCMWTP General WTP Inspect & Cond Assessment	-	-	-	-	-	500,000	-	-	-	-
	DCMWTP Septic Pipe Relining & Drain Pipe Cleaning	-	-	-	-	-	469,000	-	-	-	-
	Concrete Tank Condition Assessment	-	-	-	-	-	275,000	-	-	-	-
	OMWD Parking and Access Improvements	-	-	-	-	-	255,000	-	-	-	-
	DCMWTP WTP Repl Main Compressors	-	-	-	-	-	194,000	-	-	-	-
	DCMWTP WTP Replace Strainer Isolation Valves	-	-	-	-	-	90,000	-	-	-	-
	Long-term Pipeline Budget per HDR	-	-	-	-	-	50,000	-	-	-	-
	DCMWTP Replace Chemical Storage Systems	-	-	-	-	-	215,000	222,000	228,000	-	-
	DCMWTP Replace Chemical Feed Systems	-	-	-	-	-	100,000	103,000	106,000	-	-
	DCMWTP Backpulse Tanks Replacement Project	-	-	-	-	-	-	849,000	-	-	-
	DCMWTP Plate Settlers MOV Actuators Replacement	-	-	-	-	-	-	33,000	-	-	-
	Encinitas Blvd Pipeline Replacement	-	-	-	-	-	-	710,000	5,280,000	2,110,000	-

Project Description	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
DCMWTP Sodium Hypochlorite Generation System Rehab	-	-	-	-	-	-	-	959,000	-	-
DCMWTP Replace Strainers	-	-	-	-	-	-	-	-	1,073,000	-
Replace Maryloyd Pump Station	-	-	-	-	-	-	-	-	510,000	-
RSF Rd Pipeline Replacement	-	-	-	-	-	-	-	-	655,000	675,000
Quail Gardens PRS Replacement	-	-	-	-	-	-	-	-	152,000	1,075,000
Via Valle Verde PSR Replacement	-	-	-	-	-	-	-	-	152,000	1,075,000
Gano Reservoir Improvements	-	-	-	-	-	-	-	-	27,000	178,000
Berk Reservoir Improvements	-	-	-	-	-	-	-	-	9,000	53,000
DCMWTP Bridge Crane Coating Rehab	-	-	-	-	-	-	-	-	-	112,000
<b>Recurring Replacement Projects</b>										
Network Security	100,000	104,000	109,000	114,000	119,000	124,000	129,000	133,000	137,000	141,000
Replace Pumps and Motors	175,000	180,000	185,000	191,000	197,000	203,000	209,000	215,000	221,000	228,000
Replace Potable Meters	830,000	927,000	849,000	874,000	900,000	927,000	955,000	984,000	1,014,000	1,044,000
Replace Pipelines	500,000	515,000	530,000	546,000	562,000	579,000	596,000	614,000	632,000	651,000
Replace Valves	750,000	773,000	796,000	820,000	845,000	870,000	896,000	923,000	951,000	980,000
Steel Mains Protection	304,000	313,000	322,000	332,000	342,000	352,000	363,000	374,000	385,000	397,000
Replace Meter Anodes	158,000	163,000	168,000	173,000	178,000	183,000	188,000	194,000	200,000	206,000
Rehab Concrete Tanks	25,000	26,000	27,000	28,000	29,000	30,000	31,000	32,000	33,000	34,000
Replace PRS Valves	54,000	56,000	58,000	60,000	62,000	65,000	68,000	71,000	73,000	75,000
Replace DCM WTP Membranes	936,000	973,000	1,012,000	1,052,000	1,094,000	1,138,000	1,184,000	1,231,000	1,280,000	1,331,000
WTP Misc Equipment and Instrumentation Replacement	100,000	106,000	115,000	124,000	134,000	145,000	157,000	170,000	184,000	199,000
WTP Membrane Train Control Wiring Replacement	35,000	36,000	37,000	38,000	39,000	40,000	41,000	42,000	43,000	44,000
Impressed current system protection	-	-	74,000	63,000	50,000	135,000	152,000	-	-	-
<b>Recycled Projects</b>										
(1) Calle Barcelona, VP, & Summerhill HOA Exten	3,298,000	-	-	-	-	-	-	-	-	-
Off-Spec and High Flow Diversion Pipeline	244,000	-	-	-	-	-	-	10,000	40,000	-
(1) Wanket RW Reservoir Rehabilitation	157,000	-	-	-	-	-	-	-	-	-
Santa Fe Valley RW Reservoir Improvements	150,000	-	-	-	-	-	-	-	-	-
(1) Manchester Recycled Pipeline Ext.	129,000	-	-	-	-	-	-	-	-	-
Replace Main Switchboard S (MSB-S) and Automatic Transfer Switch	-	439,000	-	-	-	-	-	-	-	-
Replace WRF Electrical Conduits, Enclosures, and Lighting	22,000	125,000	-	-	-	-	-	-	-	-
Upgrade Filter Electrical	17,000	101,000	-	-	-	-	-	-	-	-
Chemical Area Upgrades	-	-	37,000	-	-	-	-	-	-	-
Rehabilitation of Generator Enclosure Top	-	-	8,000	-	-	-	-	-	-	-
Upgrade Flow Equalization Basins	-	-	382,000	2,227,000	-	-	-	-	-	-
Recycled Water Storage Pond Upgrades	-	-	-	390,000	2,278,000	-	-	-	-	-
Replace Roll-up doors	-	-	-	-	-	91,000	-	-	-	-
Replace Existing Recycled Water Pump Station VFDs	-	-	-	-	-	-	-	243,000	-	-
Site Paving Improvements	-	-	-	-	-	-	-	-	63,000	134,000
Recycled Conversions (formerly Retrofit Potable to Recycled)	65,000	80,000	100,000	73,000	76,000	79,000	82,000	85,000	88,000	91,000
Replace Recycled Meters	30,000	41,000	52,000	54,000	56,000	58,000	60,000	62,000	64,000	66,000
Replace Recycled Pipeline	50,000	52,000	54,000	56,000	58,000	60,000	62,000	64,000	66,000	68,000
Replace Recycled Valves	75,000	77,000	79,000	81,000	83,000	85,000	88,000	91,000	94,000	97,000
4S WRF Physical Security Upgrades	12,000	12,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Small Pump and Motor Replacement Program	80,000	85,000	90,000	96,000	101,000	106,000	109,000	113,000	116,000	120,000
Miscellaneous Equipment Replacement Program	12,000	12,000	14,000	16,000	18,000	7,000	7,000	7,000	7,000	8,000
Valve and Gate Replacement Program	-	10,000	20,000	30,000	40,000	52,000	53,000	55,000	56,000	58,000
Instrumentation Replacement Program	-	-	-	10,000	16,000	33,000	34,000	36,000	36,000	38,000
Mechanical and Yard Piping Replacement Program	-	-	-	16,000	20,000	77,000	80,000	84,000	84,000	87,000
Plant A Rehabilitation	-	-	-	-	-	25,000	26,000	27,000	28,000	28,000
<b>Total</b>	<b>\$ 22,249,000</b>	<b>\$13,458,000</b>	<b>\$ 14,269,000</b>	<b>\$11,841,000</b>	<b>\$13,843,000</b>	<b>\$13,846,000</b>	<b>\$10,602,000</b>	<b>\$40,447,000</b>	<b>\$39,942,000</b>	<b>\$ 9,999,000</b>

Source: Capital Projects Budget for Fiscal Year Ended June 30, 2025

(1) These projects are carried over from the prior year and have incurred costs prior to FYE 2025

(2) This project is still being considered by the Board. Construction costs have been deferred until FY 2032. More information on this project can be found with the on the applicable project summary sheet in the Capital section.

**Olivenhain Municipal Water District**  
**Summary of Ten Year Planned Capital Improvement Program**  
**Water (Potable and Recycled) - Capital and Equipment Fund**

Project Name	Cumulative Appropriation thru FY '26	Project Budget	Fiscal Year		Project Description
			Begin	Complete	
<b>Ongoing Projects</b>					
San Dieguito Valley Groundwater Desalination Plant*	\$ 7,373,000	\$ 75,437,000	FY '12	FY '33	This project is in the early feasibility/design stage. The District is planning a brackish groundwater desalinization project to provide 1.0 million gallons per day local water supply to its customers. The supply will come from the San Dieguito Groundwater Basin. A pipeline would deliver the raw water to a reverse osmosis desalinization treatment plant. The product water would then be delivered directly into the District's existing system.
DCMWTP 4th Stage Centrifuge Addition	\$ 3,340,000	\$ 3,340,000	FY '23	FY '25	Upgrades to the 4th stage of the DCMWTP, including addition of a second dewatering centrifuge, will increase system reliability and provide operational flexibility.
RSF Unit A North PL Repl	\$ 2,094,000	\$ 2,094,000	FY '22	FY '25	This project will replace or rehab 1500-ft of 1961 12-inch steel pipeline with new PVC including connections to Avenida La Posta.
District-Wide PLC Replacements (PW/RCW)	\$ 1,466,000	\$ 1,466,000	FY '22	FY '25	Many PLCs are at end of life and will no longer be supported. This project will encompass potable and recycled water.
Gardendale PRS Replacement	\$ 1,110,000	\$ 1,110,000	FY '22	FY '25	Pressure reducing station constructed in 1972 is at end of life and requires replacement.
Village Park PRS Replacement	\$ 1,110,000	\$ 1,110,000	FY '22	FY '25	Pressure reducing station constructed in 1978 is at end of life and requires replacement.
Advanced Metering Infrastructure (AMI)	\$ 1,454,000	\$ 1,454,000	FY '20	FY '25	The District is planning to replace all AMR (Automated Meter Reading) meters which are read by the "drive-by" system, to AMI meters which can be read by radio-read towers.
Encinitas Blvd Pipeline Inspection and Rehab	\$ 677,000	\$ 677,000	FY '24	FY '26	Condition assessment of these critical pipelines will determine any immediate repairs and make recommendations on eventual replacement
DCMWTP Raw Water Equal (RWEQ) Tanks Rehab	\$ 671,000	\$ 671,000	FY '24	FY '25	As identified in 2024 DCMWTP Condition Assessment, rehabilitate raw water equalization tanks that are in poor condition to maintain operational reliability.
Rancho La Cima/Aliso Canyon PL Relocation	\$ 315,000	\$ 315,000	FY '17	FY '26	The County of San Diego is constructing a 60-inch storm drain which will conflict with District pipeline. The District needs to relocate the pipeline as the County is senior in the road right-of-way.
Golem 14" Pipeline Inspection and Rehab	\$ 150,000	\$ 150,000	FY '23	FY '25	Conduct condition assessment of 14" CMLC steel pipeline which feeds the Golem Reservoir. Project is necessary to determine reliability of source water for future development.
PW and RCW Master Plan Update	\$ 583,000	\$ 1,133,000	FY '22	FY '25	Develop a plan that assesses current status of systems and create future outline of each distribution system to update the District's 10-year CIP project list and capital cost estimates.
Tank Safety Improvements	\$ 590,000	\$ 1,900,000	FY '23	FY '25	Safety improvements recommended as part of the 2022 concrete tank inspection project.
District Wide Scada Upgrades	\$ 256,000	\$ 256,000	FY '23	FY '25	Software version upgrade to SCADA that decreases network security risks and improves mobile device usage.
District Wide Physical Security Improvements	\$ 130,000	\$ 130,000	FY '22	FY '25	DCMWTP Physical Security Upgrades. A security assessment completed in 2019 discovered outdated and incomplete physical security systems. The project will upgrade the alarm system to better secure the facilities.
DCMWTP Chlorine Gen Rm Lining Rehab	\$ 145,000	\$ 145,000	FY '23	FY '25	Install protective lining inside the Chlorine Generation Room at the DCMWTP to protect concrete surfaces from corrosive environment
Unit B & K Rehab	\$ 1,562,000	\$ 2,142,000	FY '24	FY '27	This project will replace defects in the interior lining of the Unit B and Unit K pipelines based on condition assessment results from 2019 inspections.
Palms I and II Reservoirs Replacemnt	\$ 576,000	\$ 1,788,000	FY '24	FY '27	Replacement of the existing 0.6MG and 1.2MG Palms I and II reservoirs with a pressure reducing station to supply necessary water pressure/supply to Pressure Zone 321.
EFRR Parking Lot Expansion	\$ 1,385,000	\$ 1,385,000	FY '22	FY '27	This project will expand the parking lot at the Elfin Forest Recreation Reserve and will be partially funded with grants.
CIS Infinity System Upgrade	\$ 400,500	\$ 400,500	FY '24	FY '26	Upgrade CIS Infinity (Customer Information & Utility Billing System) to latest version before v4 is no longer supported
Fleet Electrification Project (PW/RCW)	\$ 960,000	\$ 2,450,000	FY '24	FY '27	Future legislative guidelines mandating the sale of electric vehicles will require facility necessary for the charging of District vehicles.
DCMWTP 2nd Stage Membrane Train Overhaul	\$ 372,500	\$ 472,500	FY '23	FY '27	Upgrade hardware on membrane train 2.
Calle Barcelona, VP, & Summerhill HOA Exten	\$ 4,145,000	\$ 4,145,000	FY '22	FY '25	Approx 5400 ft of recycled water main extensions will extend District recycled water service to customers in Village Park and La Costa areas of the District. Title XVI grant money will be used to fund a portion of the project.
Wanket RW Reservoir Rehabilitation	\$ 175,000	\$ 175,000	FY 23	FY '25	In partnership with SEJPA who desires to use the tank for recycled service, rehabilitate tank per 2022 condition assessment report.
Manchester Recycled Pipeline Ext.	\$ 150,000	\$ 150,000	FY 17	FY '25	The District will install approximately 1.4-miles of pipeline and then retrofit irrigation customers, to annually provide recycled water to users along the Manchester corridor. Grant funds were secured for this project.

\*This project is still being considered by the Board. Construction has been delayed until FY 2032.

Project Name	Cumulative Appropriation thru FY '26	Project Budget	Fiscal Year		Project Description
			Begin	Complete	
<b><u>Recurring Replacement Projects</u></b>					
Network Security	\$ 204,000	\$ 1,210,000	FY '25	N/A	This project covers ongoing improvements suggested by the Department of Homeland Security. Mission critical Network Security upgrades are required to meet the changing cybersecurity threat environment.
Replace Pumps and Motors	\$ 355,000	\$ 2,004,000	FY '25	N/A	As part of the District's on-going maintenance program, equipment will be regularly and systematically replaced to maintain operational reliability.
Replace Potable Meters	\$ 1,757,000	\$ 9,304,000	FY '25	N/A	Meters and related equipment which are at the end of their useful life are systematically replaced.
Replace Pipelines	\$ 1,015,000	\$ 5,725,000	FY '25	N/A	This is an annually recurring program for the unplanned replacement of potable pipeline which may arise during the course of the year.
Replace Valves	\$ 1,523,000	\$ 8,604,000	FY '25	N/A	This is an annually recurring program for the planned replacement of valves in the potable system.
Steel Mains Protection	\$ 617,000	\$ 3,484,000	FY '25	N/A	This annual recurring program to protect pipelines from corrosion. Project includes sacrificial cathodic protection systems and stations.
Replace Meter Anodes	\$ 321,000	\$ 1,811,000	FY '25	N/A	This is an annually recurring program to assess and replace meter anodes, in order to protect water services and maintain a reliable distribution system.
Rehab Concrete Tanks	\$ 51,000	\$ 295,000	FY '25	N/A	This is a recurring program to periodically rehabilitate the District's 5 prestressed concrete water reservoirs to maintain system reliability and water quality.
Replace PRS Valves	\$ 110,000	\$ 642,000	FY '25	N/A	This is an annually recurring project to replace Cla-vals and valves in the pressure reducing stations to maintain system reliability.
Replace DCM WTP Membranes	\$ 1,909,000	\$ 11,231,000	FY '25	N/A	The membranes need to be replaced at the end of their estimated useful life, in order to maintain a safe and reliable treatment system.
WTP Misc Equipment and Instrumentation Replacement	\$ 206,000	\$ 1,434,000	FY '25	N/A	This is an annually recurring project to replace miscellaneous equipment and instruments at the DCMWTP on an as-needed basis based on equipment's useful life.
WTP Membrane Train Control Wiring Replacement	\$ 71,000	\$ 395,000	FY '25	N/A	Replace control wiring at each basin at the DCMWTP.
Impressed current system protection	\$ -	\$ 474,000	FY '27	N/A	This annual recurring program to protect pipelines from corrosion. Project includes impressed current cathodic protection systems and stations.
Recycled Conversions	\$ 145,000	\$ 819,000	FY '25	N/A	This is an annually recurring project to support and inspect customers who retrofit existing sites to be served by recycled.
Replace Recycled Meters	\$ 71,000	\$ 543,000	FY '25	N/A	Meters and related equipment at the end of their useful life are systematically replaced.
Replace Recycled Pipeline	\$ 102,000	\$ 590,000	FY '25	N/A	This is an annually recurring program for the unplanned replacement of recycled pipeline which may arise during the course of the year.
Replace Recycled Valves	\$ 152,000	\$ 850,000	FY '25	N/A	This is an annually recurring program for the planned replacement of valves in the recycled system.
4S WRF Physical Security Upgrades	\$ 24,000	\$ 72,000	FY '25	N/A	Assess 4S WRF physical security and plan upgrades such as perimeter security including adding cameras and enhanced fencing along with additional technologic features. This recycled's share.
Small Pump and Motor Replacement Program	\$ 165,000	\$ 1,016,000	FY '25	N/A	As identified in the 2024 Wastewater Master Plan Update, this is an annual placeholder, used to replace failing equipment so as to maintain operational reliability. Budget reflects recycled's share.
Miscellaneous Equipment Replacement Program	\$ 24,000	\$ 108,000	FY '25	N/A	As identified in the 2024 Wastewater Master Plan Update, this is an annually recurring program to replace miscellaneous equipment at the 4S Ranch WRF on an as-needed basis based on equipment's useful life. Miscellaneous equipment including compressors, conveyor belts, hoists, cranes, and other ancillary equipment. Budget reflects recycled's share.
Valve and Gate Replacement Program	\$ 10,000	\$ 374,000	FY '26	N/A	As identified in the 2024 Wastewater Master Plan Update, replace existing valves at the 4S Ranch WRF on an as-needed basis. Assuming a valve and gate average useful life of 25 -30 years. Includes valve actuators. Budget reflects recycled's share.
Instrumentation Replacement Program	\$ -	\$ 203,000	FY '28	N/A	As identified in the 2024 Wastewater Master Plan Update, program to replace existing instrumentation equipment at the 4S Ranch WRF on an as-needed basis. Instrumentation includes floats, level switches, level transmitters, level transducers, flow meters, analyzers, and samplers. Budget reflects recycled's share.
Mechanical and Yard Piping Replacement Program	\$ -	\$ 446,000	FY '28	N/A	As identified in the 2024 Wastewater Master Plan Update, this is an annually recurring project for the replacement of mechanical and yard piping at 4S Ranch WRF which may arise during the course of the year. Budget reflects recycled's share.
Plant A Rehabilitation	\$ -	\$ 134,000	FY '30	N/A	As identified in the 2024 Wastewater Master Plan Update, rehabilitate and maintain the 4S WRF "Plant A" system Plant A to keep the facility available for operation. Budget reflects recycled's share.

Project Name	Cumulative Appropriation thru FY '26	Project Budget	Fiscal Year		Project Description
			Begin	Complete	
<b><u>Proposed Projects</u></b>					
DCMWTP 2nd Stage Basin Rehab and Beam Replacement	\$ 1,784,000	\$ 1,784,000	FY '25	FY '26	Based on 2024 condition assessment results, rehabilitate all three 2nd stage basins to replace liner and repair concrete, rehabilitate the associated pipe supports, and replace all cassette support beams in each basin.
DCMWTP Bridge Crane Rehab	\$ 65,000	\$ 65,000	FY '25	FY '25	Vital WTP facility requires periodic replacement and rehab for handling equipment and membrane elements.
DCMWTP Inlet Strainer MOV Actuator Replacement	\$ 63,000	\$ 63,000	FY '25	FY '25	Based on 2024 condition assessment results, replace motorized actuators at the inlet strainers for reliability.
DCMWTP 1st Stage Beam Replacement	\$ 1,540,000	\$ 2,206,000	FY '25	FY '27	Based on 2024 condition assessment results, replace structural membrane support beams in all 1st-Stage basins
Dusty Trail PL Replacement	\$ 830,000	\$ 1,180,000	FY '25	FY '27	Replacement of existing 10" ACP pipeline on Dusty Trail which has failed numerous times over the past several years. Includes easement access improvements over a portion of the pipeline.
DCMWTP Combined Filter Influent & Backwash Pipe Replacement	\$ 708,000	\$ 708,000	FY '25	FY '26	Based on 2024 condition assessment results, replace the Combined Filter Influent piping within blower room and membrane room. Replace backpulse pipe elbow and floor penetration within membrane room.
Harris Ranch Right-of-Way Acquisition	\$ 150,000	\$ 150,000	FY '26	FY '26	The District needs to acquire various easements within the Harris Ranch area.
DCMWTP Fluoride Room, Permeate Pump Stanchion, Bldg Rehab	\$ 142,000	\$ 142,000	FY '26	FY '26	Based on 2024 condition assessment results, rehabilitate fluoride room ceiling and replace permeate pump e-stop stanchions; remove vines on external walls and surrounding area; repair or replace leaking administration area windows.
RSF Rd Pipeline Inspection	\$ 164,000	\$ 688,000	FY '26	FY '27	Condition assessment of existing 1960's vintage pipelines will determine repair or replacement of critical infrastructure.
Del Lago PRS Replacement	\$ 123,000	\$ 969,000	FY '26	FY '27	Scheduled PRS replacement due to end of life facility.
Off-Spec and High Flow Diversion Pipeline	\$ 244,000	\$ 294,000	FY '25	FY '25	Install dedicated pipe to convey water to Plant A tanks via the oxidation ditch splitter box to satisfy DDW request to diver off-spec water for re-treatment. Budget reflects recycled water's share.
Santa Fe Valley RW Reservoir Improvements	\$ 150,000	\$ 150,000	FY '25	FY '25	This project will address deficiencies and safety issues identified in the 2022 condition assessment.
Replace Main Switchboard S (MSB-S) and Automatic Transfer Switch	\$ 514,000	\$ 514,000	FY '25	FY '26	Replace 2000 Amp Main Switchboard S (MSB-S) and Automatic Transfer Switch (ATS), NEMA 3R based on 2024 condition assessment for continued reliability and safety. Budget reflects recycled water's share.
Replace WRF Electrical Conduits, Enclosures, and Lighting	\$ 147,000	\$ 147,000	FY '25	FY '26	Replacement of damaged electrical conduits/condulets/fittings, fiberglass enclosures, conduit supports, and light poles. Budget reflects recycled water's share.
Upgrade Filter Electrical	\$ 118,000	\$ 118,000	FY '25	FY '26	Replace damaged electrical conduits and control panel at the tertiary filters to protect conductors and provide process reliability.
Access improvements to pipe below Gano to San Dieguito Road	\$ 20,000	\$ 75,000	FY '26	FY '27	Easement access improvements over a portion of the 24 inch steel pipeline that needs access for emergency and routine cathodic protection inspections.
Site Asphalt Improvements	\$ 60,000	\$ 200,000	FY '26	FY '29	Improve immediate asphalt pavement concerns identified in condition assessment.
DCMWTP BWWEQ Tank Rehab	\$ -	\$ 596,000	FY '27	FY '27	Based on the 2024 condition assessment results, replace the corroded tank floor panels, interior ladders, and rails. Perform coating spot repairs on the interior and exterior of the tank to maintain operational reliability.
DCMWTP FCV Actuators Replacement	\$ -	\$ 310,000	FY '27	FY '27	Based on 2024 condition assessment results, replace all ten (10) 1st stage flow control valve (FCV) actuators to restore valve actuation to full accuracy.
DCMWTP 1st Stage Basins Rehab	\$ -	\$ 6,475,000	FY '27	FY '31	Based on 2024 condition assessment results, remove HDPE liner, perform concrete wall repairs, and replace HDPE liner for all 10 1st stage basins. Rehab pipe penetrations and pipe supports.
Gaty I Reservoir Decommissioning	\$ -	\$ 398,000	FY '28	FY '28	Project will decommission the floating cover Gaty I Reservoir that has reached the end of its useful life. Gaty I reservoir also restricted the usage of the Gaty II reservoir due to hydraulic limitation.
DCMWTP Brine Area Rehab	\$ -	\$ 192,000	FY '28	FY '28	Based on 2024 condition assessment results, remove and replace brine pump, pad, and tank. Project will also remove and replace concrete pad and damaged portion of surrounding pavement. New pad and pavement to received protecting coating to resist UV exposure.
DCMWTP Plate Settler Coating Rehab	\$ -	\$ 123,000	FY '28	FY '28	Based on 2024 condition assessment results, the plate settlers are showing signs of corrosion and minor pitting. Project will recoat interior and exterior of the plate settler units.
Unit B & K EM CCTV Inspect & Rehab Phase 2	\$ -	\$ 2,250,000	FY '28	FY '29	This project will perform EM and CCTV inspection of the lower reaches of Unit B and Unit K pipelines and will rehab the facilities as necessary.
DCMWTP Sodium Hypochlorite Room Rehab	\$ -	\$ 98,000	FY '29	FY '29	Based on 2024 condition assessment results, repair the chemical containment walls and coat pump pads in Raw Water Hypochlorite Pump Room and Finished Water Hypochlorite Pump Room.
DCMWTP HVAC Replacement	\$ -	\$ 46,000	FY '29	FY '29	The WTP HVAC system has three heat pump units. Based on 2024 condition assessment results, one is in poor condition and in need of replacement.
SE #1 PRS Replacement	\$ -	\$ 1,071,000	FY '29	FY '30	Scheduled PRS replacement due to end of life facility.
DCMWTP RWEQ BFVs Replacement Project	\$ -	\$ 525,000	FY '30	FY '30	Based on 2024 condition assessment results, replace raw water equalization butterfly valves.



Project Name	Cumulative Appropriation thru FY '26	Project Budget	Fiscal Year		Project Description
			Begin	Complete	
Proposed Projects (Continued)					
DCMWTP General WTP Inspect & Cond Assessment	\$ -	\$ 1,190,000	FY '30	FY '30	This project will assess the condition of assets and equipment at the DCMWTP and make recommendations regarding replacement.
DCMWTP Septic Pipe Relining & Drain Pipe Cleaning	\$ -	\$ 469,000	FY '30	FY '30	Based on 2024 condition assessment results, re-line the septic pipe in the yard with cure-in-place concrete lining to extend useful life.
Concrete Tank Condition Assessment	\$ -	\$ 275,000	FY '30	FY '30	Conduct condition assessment of concrete tanks/reservoirs to identify safety and rehab issues for correction.
OMWD Parking and Access Improvements	\$ -	\$ 255,000	FY '30	FY '30	Project will improve immediate pavement concerns at OMWD HQ upper employee parking lot and access around Denk Reservoir and budget for a more comprehensive pavement improvement project in 5-years for these 2 locations.
DCMWTP WTP Repl Main Compressors	\$ -	\$ 194,000	FY '30	FY '30	Replace existing equipment which is nearing the end of it's useful life.
DCMWTP WTP Replace Strainer Isolation Valves	\$ -	\$ 90,000	FY '30	FY '30	Replace the existing plant isolation valves which are nearing end of their useful life.
Long-term Pipeline Budget per HDR	\$ -	\$ 50,000	FY '30	FY '30	Strategically analyze the replacement of the District's aging potable and recycled water pipeline infrastructure. The project will establish a long-term pipeline replacement budget that incorporates age, performance, and desired service levels.
DCMWTP Replace Chemical Storage Systems	\$ -	\$ 1,171,000	FY '30	FY '32	Replace existing chlorine storage equipment which is nearing the end of useful it's life.
DCMWTP Replace Chemical Feed Systems	\$ -	\$ 544,000	FY '30	FY '32	Replace the existing chemical feed system which is nearing end of it's useful life.
DCMWTP Backpulse Tanks Replacement Project	\$ -	\$ 849,000	FY '31	FY '31	Based on 2024 condition assessment results, replace both backpulse tanks.
DCMWTP Plate Settlers MOV Actuators Replacement	\$ -	\$ 33,000	FY '31	FY '31	Based on 2024 condition assessment results, replace inlet and outlet valve actuators and drain valves to plate settler units.
Encinitas Blvd Pipeline Replacement	\$ -	\$ 8,100,000	FY '31	FY '33	Existing 12" cmlc steel pipeline between RSF Road and Village Park Way requires replacement for increased reliability.
DCMWTP Sodium Hypochlorite Generation System Rehab	\$ -	\$ 959,000	FY '32	FY '32	Based on 2024 condition assessment results, repair chemical containment walls and pump pads in Raw Water Hypochlorite Pump Room and Finished Water Hypochlorite Pump Room. Project includes coating both chemical areas.
DCMWTP Replace Strainers	\$ -	\$ 1,073,000	FY '33	FY '33	Replace the existing plant isolation valves which are nearing end of their useful life.
Replace Maryloyd Pump Station	\$ -	\$ 510,000	FY '33	FY '33	Project to replace the aging Maryloyd Pump Station which is used for emergency operation and redundancy and reliability in the Cielo area.
RSF Rd Pipeline Replacement	\$ -	\$ 11,441,000	FY '33	FY '35	Existing 12" cmlc steel pipeline constructed in early/mid 1960's requires replacement for increased reliability.
Quail Gardens PRS Replacement	\$ -	\$ 1,227,000	FY '33	FY '34	Scheduled PRS replacement due to end of life facility.
Via Valle Verde PSR Replacement	\$ -	\$ 1,227,000	FY '33	FY '34	Scheduled PRS replacement due to end of life facility.
Gano Reservoir Improvements	\$ -	\$ 205,000	FY '33	FY '34	2022 Condition assessment of concrete tank identified rehab issues for correction.
Berk Reservoir Improvements	\$ -	\$ 62,000	FY '33	FY '34	2022 Condition assessment of concrete tank identified rehab issues for correction.
DCMWTP Bridge Crane Coating Rehab	\$ -	\$ 112,000	FY '34	FY '34	Complete coating rehabilitation based on 2024 condition assessment results.
Chemical Area Upgrades	\$ -	\$ 37,000	FY '27	FY '27	Project will resurface the Sodium Hypochlorite and Sodium Hydroxide system containment area to extend useful life. Budget reflects recycled water's share.
Rehabilitation of Generator Enclosure Top	\$ -	\$ 8,000	FY '27	FY '27	As identified in the 2024 Wastewater Master Plan Update, Rehabilitate deteriorated generator enclosure top. Budget reflects recycled's share.
Upgrade Flow Equalization Basins	\$ -	\$ 2,609,000	FY '27	FY '28	As identified in the 2024 Wastewater Master Plan, upgrade the flow equalization basins to include piping & structural changes including vertical reinforced concrete walls and floors and piping improvements.
Recycled Water Storage Pond Upgrades	\$ -	\$ 2,668,000	FY '28	FY '29	As identified in the 2024 Wastewater Master Plan, replace or relocate duct bank providing power to storage pond pump station located below pond. Replace inlet gates and stem to improve access and mitigate risk of confined space entry.
Replace Roll-up doors	\$ -	\$ 91,000	FY '30	FY '30	As identified in the 2024 Wastewater Master Plan Update, replace four roll up doors to access headworks building reaching end of useful life. Budget reflects recycled's share.
Replace Existing Recycled Water Pump Station VFDs	\$ -	\$ 243,000	FY '32	FY '32	As identified in the 2024 Wastewater Master Plan Update, replace all three existing recycled water pump station VFDs which have reached the ends of their useful lives.
Site Paving Improvements	\$ -	\$ 197,000	FY '33	FY '34	4S WRF site paving improvements. Budget reflects recycled water's share.

**Note:** The cumulative appropriation is the amount approved by the Board as of the second year in the biennial budget, which is the cumulative appropriation as of July 1, 2025.  
The annual appropriations will be recorded on July 1, 2024 and July 1, 2025.



**Olivenhain Municipal Water District**  
**Fiscal Years 2025 and 2026 Capital Improvement Program - Budget Review**  
**Capital Improvement Fund - Wastewater**

Project Name		Construction in Progress Budget			
		Project Budget 7/1/2023	Approved FY 2024	Increase (Decrease)	Project Budget 7/1/2024
<b><u>On-Going Projects</u></b>					
Headworks Screening System Improvements		3,160,000	-	209,000	3,369,000
District-Wide PLC Replacements (WW)		1,280,000	176,000	-	1,456,000
Rehab Neighborhood 1 Pump Station		8,132,000	-	-	8,132,000
Replace Overflow Pond Strainer		231,000	-	(181,000)	50,000
4S WRF SCADA Upgrades (Inductive Automation)		64,000	-	-	64,000
<b><u>Recurring Replacement Projects</u></b>					
4S WRF Physical Security Upgrades	(1)	210,000	-	(102,000)	108,000
Small Pump and Motor Replacement Program	(1)	2,024,000	-	(501,000)	1,523,000
Miscellaneous Equipment Replacement Program	(1)	-	-	161,000	161,000
Collection System Pipeline Rehabilitation and Replacement		-	-	865,000	865,000
Collection System Manhole Rehabilitation Program		206,000	-	564,000	770,000
Pump Station Rehabilitation and Maintenance Program		-	-	813,000	813,000
Valve and Gate Replacement Program	(1)	-	-	561,000	561,000
<i>Total, On-Going and Replacement Projects</i>		\$ 15,307,000	\$ 176,000	\$ 2,389,000	\$ 17,872,000
<b><u>Proposed New Projects</u></b>					
Replace Existing 75 HP Digester Blower		-	-	263,000	263,000
Off-Spec and High Flow Diversion Pipeline	(1)	-	-	391,000	391,000
Del Dios SPS Structural Improvements		-	-	773,000	773,000
Replace Main Switchboard S (MSB-S) and Automatic Transfer Switch	(1)	-	-	772,000	772,000
Replace WRF Electrical Conduits, Enclosures, and Lighting	(1)	-	-	220,000	220,000
Fleet Electrification (WW)		-	-	950,000	950,000
Neighborhood #3 Liner Improvements		-	-	84,000	84,000
<i>Total, Proposed New Projects</i>		\$ -	\$ -	\$ 3,453,000	\$ 3,453,000
<b>Total</b>		<b>\$ 15,307,000</b>	<b>\$ 176,000</b>	<b>\$ 5,842,000</b>	<b>\$ 21,325,000</b>

(1) These projects are also funded by recycled, only the costs funded by wastewater are shown here.

Olivenhain Municipal Water District  
Fiscal Years 2025 and 2026 Capital Improvement Program - Expenditure and Appropriation Review  
Capital Improvement Fund - Wastewater

	Capital Project Budget	Projected Capital Expenditures					Construction in Progress Appropriation					
Project Name		Carryover at 6/30/2024	FY2025	FY2026	FYs 2027-2034	Total	As of 7/1/2023	Approved FY2024	Adjust	Balance 7/1/2024	Adjust	Balance 7/1/2025
<b>On-Going Projects</b>												
Headworks Screening System Improvements	3,369,000	445,000	1,034,000	1,890,000	-	3,369,000	619,000	-	860,000	1,479,000	1,890,000	3,369,000
District-Wide PLC Replacements (WW)	1,456,000	195,000	1,261,000	-	-	1,456,000	1,280,000	176,000	-	1,456,000	(1,456,000)	-
Rehab Neighborhood 1 Pump Station	8,132,000	6,229,000	1,903,000	-	-	8,132,000	8,132,000	-	-	8,132,000	(8,132,000)	-
Replace Overflow Pond Strainer	50,000	13,000	37,000	-	-	50,000	25,000	-	25,000	50,000	(50,000)	-
4S WRF SCADA Upgrades (Inductive Automation)	64,000	48,000	16,000	-	-	64,000	64,000	-	-	64,000	(64,000)	-
<b>Recurring Replacement Projects</b>												
4S WRF Physical Security Upgrades	(1) 108,000	-	18,000	18,000	72,000	108,000	30,000	-	(12,000)	18,000	-	18,000
Small Pump and Motor Replacement Program	(1) 1,523,000	-	120,000	128,000	1,275,000	1,523,000	175,000	40,000	(95,000)	120,000	8,000	128,000
Miscellaneous Equipment Replacement Program	(1) 161,000	-	18,000	18,000	125,000	161,000	-	-	18,000	18,000	-	18,000
Collection System Pipeline Rehabilitation and Replacement	865,000	-	75,000	78,000	712,000	865,000	-	-	75,000	75,000	3,000	78,000
Collection System Manhole Rehabilitation Program	770,000	-	43,000	71,000	656,000	770,000	18,000	10,000	15,000	43,000	28,000	71,000
Pump Station Rehabilitation and Maintenance Program	813,000	-	50,000	75,000	688,000	813,000	-	-	50,000	50,000	25,000	75,000
Valve and Gate Replacement Program	(1) 561,000	-	-	15,000	546,000	561,000	-	-	-	-	15,000	15,000
<i>Total, On-Going and Replacement Projects</i>	\$ 17,872,000	\$ 6,930,000	\$ 4,575,000	\$ 2,293,000	\$ 4,074,000	\$ 17,872,000	\$ 10,343,000	\$ 226,000	\$ 936,000	\$ 11,505,000	\$ (7,733,000)	\$ 3,772,000
<b>Proposed New Projects</b>												
Replace Existing 75 HP Digester Blower	263,000	-	263,000	-	-	263,000	-	-	263,000	263,000	(263,000)	-
Off-Spec and High Flow Diversion Pipeline	(1) 391,000	-	366,000	25,000	-	391,000	-	-	366,000	366,000	25,000	391,000
Del Dios SPS Structural Improvements	773,000	-	139,000	634,000	-	773,000	-	-	139,000	139,000	634,000	773,000
Replace Main Switchboard S (MSB-S) and Automatic Transfer Switch	(1) 772,000	-	113,000	659,000	-	772,000	-	-	113,000	113,000	659,000	772,000
Replace WRF Electrical Conduits, Enclosures, and Lighting	(1) 220,000	-	32,000	188,000	-	220,000	-	-	32,000	32,000	188,000	220,000
Fleet Electrification (WW)	950,000	-	15,000	187,000	748,000	950,000	-	-	15,000	15,000	187,000	202,000
Neighborhood #3 Liner Improvements	84,000	-	-	84,000	-	84,000	-	-	-	-	84,000	84,000
<i>Total, Proposed New Projects</i>	\$ 3,453,000	\$ -	\$ 928,000	\$ 1,777,000	\$ 748,000	\$ 3,453,000	\$ -	\$ -	\$ 928,000	\$ 928,000	\$ 1,514,000	\$ 2,442,000
<b>Total</b>	<b>\$ 21,325,000</b>	<b>\$ 6,930,000</b>	<b>\$ 5,503,000</b>	<b>\$ 4,070,000</b>	<b>\$ 4,822,000</b>	<b>\$ 21,325,000</b>	<b>\$ 10,343,000</b>	<b>\$ 226,000</b>	<b>\$ 1,864,000</b>	<b>\$ 12,433,000</b>	<b>\$ (6,219,000)</b>	<b>\$ 6,214,000</b>

(1) These projects are also funded by recycled, only the costs funded by wastewater are shown here.

**Olivenhain Municipal Water District**  
**10 Year Capital Spending Plan**  
**Capital Improvement Fund - Wastewater**

	Project Description	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
(1)	Headworks Screening System Improvements	1,034,000	1,890,000	-	-	-	-	-	-	-	-
(1)	District-Wide PLC Replacements (WW)	1,261,000	-	-	-	-	-	-	-	-	-
(1)	Rehab Neighborhood 1 Pump Station	1,903,000	-	-	-	-	-	-	-	-	-
(1)	Replace Existing 75 HP Digester Blower	263,000	-	-	-	-	-	-	-	-	-
(1)	Replace Overflow Pond Strainer	37,000	-	-	-	-	-	-	-	-	-
	4S WRF SCADA Upgrades (Inductive Automation)	16,000	-	-	-	-	-	-	-	-	-
	Off-Spec and High Flow Diversion Pipeline	366,000	25,000	-	-	-	-	-	-	-	-
	Del Dios SPS Structural Improvements	139,000	634,000	-	-	-	-	-	-	-	-
	Replace Main Switchboard S (MSB-S) and Automatic Transfer Switch	113,000	659,000	-	-	-	-	-	-	-	-
	Replace WRF Electrical Conduits, Enclosures, and Lighting	32,000	188,000	-	-	-	-	-	-	-	-
	Fleet Electrification (WW)	15,000	187,000	748,000	-	-	-	-	-	-	-
	Neighborhood #3 Liner Improvements	-	84,000	-	-	-	-	-	-	-	-
	Replace RAS Pump Station Suction Valves	-	-	68,000	-	-	-	-	-	-	-
	Chemical Area Upgrades	-	-	55,000	-	-	-	-	-	-	-
	Rehabilitation of Generator Enclosure Top	-	-	13,000	-	-	-	-	-	-	-
	Cielo SPS Flow Meters	-	-	120,000	-	-	130,000	-	-	-	-
	Del Dios SPS Improvements	-	-	552,000	3,223,000	-	-	-	-	-	-
	Midpoint SPS Improvements	-	-	-	319,000	1,860,000	-	-	-	-	-
	Neighborhood #3 SPS Improvements	-	-	-	-	373,000	2,179,000	-	-	-	-
	Wastewater Master Plan Update	-	-	-	-	-	500,000	-	-	-	-
	Replace Roll-up doors	-	-	-	-	-	136,000	-	-	-	-
	Upgrade Headworks Odor Control Scrubber	-	-	-	-	-	231,000	1,346,000	-	-	-
	Fire House Pump Station Replacements	-	-	-	-	-	-	87,000	509,000	-	-
	Biological Treatment Upgrade (Process Study & Pre-Design)	-	-	-	-	-	-	-	150,000	-	-
	Santaluz Pump Station Improvements	-	-	-	-	-	-	-	160,000	933,000	-
	Site Paving Improvements	-	-	-	-	-	-	-	-	94,000	201,000
	Upgrade Plant B Oxidation Ditch Aeration System	-	-	-	-	-	-	-	-	-	303,000
	Connect Plant B clarifier splitter box to Plant A Clarifiers	-	-	-	-	-	-	-	-	-	190,000
	Cerro Del Sol #1 and Cerro Del Sol #2 Pump Station Improvements	-	-	-	-	-	-	-	-	-	41,000
	Avenida Apice and Avenida Orilla Pump Station Improvements	-	-	-	-	-	-	-	-	-	33,000
	4S WRF Physical Security Upgrades	18,000	18,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000
	Small Pump and Motor Replacement Program	120,000	128,000	136,000	143,000	151,000	159,000	164,000	169,000	174,000	179,000
	Miscellaneous Equipment Replacement Program	18,000	18,000	21,000	24,000	27,000	10,000	10,000	11,000	11,000	11,000
	Collection System Pipeline Rehabilitation and Replacement	75,000	78,000	80,000	82,000	85,000	87,000	90,000	93,000	96,000	99,000
	Collection System Manhole Rehabilitation Program	43,000	71,000	74,000	76,000	78,000	80,000	83,000	86,000	88,000	91,000
	Pump Station Rehabilitation and Maintenance Program	50,000	75,000	78,000	80,000	82,000	84,000	87,000	90,000	92,000	95,000
	Valve and Gate Replacement Program	-	15,000	30,000	45,000	60,000	77,000	80,000	82,000	85,000	87,000
	Instrumentation Replacement Program	-	-	-	15,000	24,000	50,000	52,000	53,000	55,000	56,000
	Mechanical and Yard Piping Replacement Program	-	-	-	23,000	30,000	116,000	119,000	123,000	127,000	130,000
	Plant A Rehabilitation	-	-	-	-	-	38,000	39,000	40,000	41,000	43,000
	<b>Total</b>	<b>\$ 5,503,000</b>	<b>\$ 4,070,000</b>	<b>\$ 1,984,000</b>	<b>\$ 4,039,000</b>	<b>\$ 2,779,000</b>	<b>\$ 3,886,000</b>	<b>\$ 2,166,000</b>	<b>\$ 1,575,000</b>	<b>\$ 1,805,000</b>	<b>\$ 1,568,000</b>

Source: Capital Projects Budget for Fiscal Year Ended June 30, 2025

(1) These projects are carried over from the prior year and have incurred costs prior to FYE 2025

Olivenhain Municipal Water District  
Summary of Ten Year Planned Capital Improvement Program  
Wastewater - Capital and Equipment Fund

Project Name	Cumulative Appropriation thru FY '26	Budget	Fiscal Year		Project Description
			Begin	Complete	
<b><u>Ongoing</u></b>					
Headworks Screening System Improvements	\$ 3,369,000	\$ 3,369,000	FY '18	FY '26	To provide redundancy and improve operational performance, a parallel automatic screen and wash press will be installed in place of the existing manual bar rack. Project includes improvements to the grit handling equipment and odor scrubber.
District-Wide PLC Replacements (WW)	\$ 1,456,000	\$ 1,456,000	FY '24	FY '25	Many PLCs are at end of life and will no longer be supported. This project will encompass wastewater.
Rehab Neighborhood 1 Pump Station	\$ 8,132,000	\$ 8,132,000	FY '14	FY '25	Replacement of the SPS (except for certain structural components) to include new pumps, electrical systems, instrumentation and vault.
Replace Overflow Pond Strainer	\$ 50,000	\$ 50,000	FY '22	FY '25	Install automated strainer system, piping changes, and SCADA integration for 4S WRF.
4S WRF SCADA Upgrades (Inductive Automation)	\$ 64,000	\$ 64,000	FY '23	FY '25	Software version upgrade to SCADA that decreases network security risks and improves mobile device usage.
<b><u>Recurring Replacement Projects</u></b>					
4S WRF Physical Security Upgrades	\$ 36,000	\$ 108,000	FY '25	N/A	Assess 4S WRF physical security and plan upgrades such as perimeter security including adding cameras and enhanced fencing along with additional technologic features. This reflects wastewater's share.
Small Pump and Motor Replacement Program	\$ 248,000	\$ 1,523,000	FY '25	N/A	As identified in the 2024 Wastewater Master Plan Update, this is an annual placeholder, used to replace failing equipment so as to maintain operational reliability. Budget reflects wastewater's share.
Miscellaneous Equipment Replacement Program	\$ 36,000	\$ 161,000	FY '25	N/A	As identified in the 2024 Wastewater Master Plan Update, this is an annually recurring program to replace miscellaneous equipment at the 4S Ranch WRF on an as-needed basis based on equipment's useful life. Miscellaneous equipment including compressors, conveyor belts, hoists, cranes, and other ancillary equipment. Budget reflects wastewater's share.
Collection System Pipeline Rehabilitation and Replacement	\$ 153,000	\$ 865,000	FY '25	N/A	As identified in 2024 Wastewater Master Plan Update, this is an annually recurring program to rehabilitate or replace collection system piping within the 4S Ranch and Rancho Cielo Collection Systems as-needed.
Collection System Manhole Rehabilitation Program	\$ 114,000	\$ 770,000	FY '25	N/A	As identified in 2024 Wastewater Master Plan Update, this is an annually recurring program to rehabilitate manholes in the collection system to maintain operational reliability
Pump Station Rehabilitation and Maintenance Program	\$ 125,000	\$ 813,000	FY '25	N/A	As identified in the 2024 Wastewater Master Plan Update, this project was created to allocate funds as necessary to provide minor rehabilitation of assets at any of the Olivenhain Municipal Water District Sewer Pump Stations and to implement proactive inspection/maintenance schedule of pipes, pumps, and valves, and perform routine pump testing and maintenance.
Valve and Gate Replacement Program	\$ 15,000	\$ 561,000	FY '26	N/A	As identified in the 2024 Wastewater Master Plan Update, replace existing valves at the 4S Ranch WRF on an as-needed basis. Assuming a valve and gate average useful life of 25 -30 years. Includes valve actuators. Budget reflects wastewater's share.
Instrumentation Replacement Program	\$ -	\$ 305,000	FY '28	N/A	As identified in the 2024 Wastewater Master Plan Update, program to replace existing instrumentation equipment at the 4S Ranch WRF on an as-needed basis. Instrumentation includes floats, level switches, level transmitters, level transducers, flow meters, analyzers, and samplers. Budget reflects wastewater's share.
Mechanical and Yard Piping Replacement Program	\$ -	\$ 668,000	FY '28	N/A	As identified in the 2024 Wastewater Master Plan Update, this is an annually recurring project for the replacement of mechanical and yard piping at 4S Ranch WRF which may arise during the course of the year. Budget reflects wastewater's share.
Plant A Rehabilitation	\$ -	\$ 201,000	FY '30	N/A	As identified in the 2024 Wastewater Master Plan Update, rehabilitate and maintain the 4S WRF "Plant A" system Plant A to keep the facility available for operation. Budget reflects wastewater's share.
Replace Existing 75 HP Digester Blower	\$ 263,000	\$ 263,000	FY '25	FY '25	As identified in the 2024 Wastewater Master Plan Update, replace 4S WRF digester blower as it approaches end of life to maintain operational reliability.
Off-Spec and High Flow Diversion Pipeline	\$ 391,000	\$ 391,000	FY '25	FY '26	As identified in the 2024 Wastewater Master Plan Update, install dedicated pipe to convey water to Plant A tanks via the oxidation ditch splitter box to satisfy DDW request to diver off-spec water for re-treatment. Budget reflects wastewater's share.
Del Dios SPS Structural Improvements	\$ 773,000	\$ 773,000	FY '25	FY '26	As identified in the 2024 Wastewater Master Plan Update, structural rehabilitation improvements are recommended which include removal of existing wet well and storage tank liner, rehabilitate concrete, and install new liner. Also, install a standpipe with a quick connect and valve to facilitate bypass pumping operations.

Project Name	Cumulative Appropriation thru FY '26	Budget	Fiscal Year		Project Description
			Begin	Complete	
<b><u>Proposed Projects</u></b>					
Replace Main Switchboard S (MSB-S) and Automatic Transfer Switch	\$ 772,000	\$ 772,000	FY '25	FY '26	As identified in the 2024 Wastewater Master Plan Update, replace 4S WRF main electrical switch gear as it reaches end of life to maintain operational reliability. Budget reflects wastewater's share.
Replace WRF Electrical Conduits, Enclosures, and Lighting	\$ 220,000	\$ 220,000	FY '25	FY '26	As identified in the 2024 Wastewater Master Plan Update, Replace weather damaged electrical conduits/condulets/fittings, enclosures, conduit supports, and light poles. Budget reflects wastewater's share.
Fleet Electrification (WW)	\$ 202,000	\$ 950,000	FY '25	FY '27	Future legislative guidelines mandating the sale of electric vehicles will require facility necessary for the charging of District vehicles.
Neighborhood #3 Liner Improvements	\$ 84,000	\$ 84,000	FY '26	FY '26	As identified in the 2024 Wastewater Master Plan Update, localized lined failure in the west well under the manhole covers. Project will address the local liner failures identified at manhole locations.
Replace RAS Pump Station Suction Valves	\$ -	\$ 68,000	FY '27	FY '27	As identified in the 2024 Wastewater Master Plan Update, replace isolation valves on the Plant B RAS pump suction lines have reached the end of their useful life and need to be replaced. Budget reflects wastewater's share.
Chemical Area Upgrades	\$ -	\$ 55,000	FY '27	FY '27	As identified in the 2024 Wastewater Master Plan Update, project will resurface the Sodium Hypochlorite and Sodium Hydroxide system containment area to extend useful life. Budget reflects wastewater's share.
Rehabilitation of Generator Enclosure Top	\$ -	\$ 13,000	FY '27	FY '27	As identified in the 2024 Wastewater Master Plan Update, Rehabilitate deteriorated generator enclosure top. Budget reflects wastewater's share.
Cielo SPS Flow Meters	\$ -	\$ 250,000	FY '27	FY '30	Flow meters are needed in three Cielo SPSs to capture, monitor and track flows.
Del Dios SPS Improvements	\$ -	\$ 3,775,000	FY '27	FY '28	As identified in the 2024 Wastewater Master Plan Update, the Del Dios SPS requires upgrades to pumps, electrical, and other facility improvements.
Midpoint SPS Improvements	\$ -	\$ 2,179,000	FY '28	FY '29	As identified in the 2024 Wastewater Master Plan Update, site/civil, mechanical, and electrical improvements to address equipment conditions reaching the end of useful life.
Neighborhood #3 SPS Improvements	\$ -	\$ 2,552,000	FY '29	FY '30	As identified in the 2024 Wastewater Master Plan Update, replace existing equipment which is nearing the end of its useful life.
Wastewater Master Plan Update	\$ -	\$ 500,000	FY '30	FY '30	As identified in the 2024 Wastewater Master Plan Update, perform a comprehensive Wastewater Master Plan Update that includes an updated condition assessments, Consequence of Failure Analysis update, and technical studies depending on the future planning needs of the District to update the District's 10-year CIP project list and capital cost estimates.
Replace Roll-up doors	\$ -	\$ 136,000	FY '30	FY '30	As identified in the 2024 Wastewater Master Plan Update, replace four roll up doors to access headworks building reaching end of useful life. Budget reflects wastewater's share.
Upgrade Headworks Odor Control Scrubber	\$ -	\$ 1,577,000	FY '30	FY '31	As identified in the 2024 Wastewater Master Plan Update, replace odor scrubbing equipment as it reaches end of life to maintain operational reliability.
Fire House Pump Station Replacements	\$ -	\$ 596,000	FY '31	FY '32	As identified in the 2024 Wastewater Master Plan Update, project will replace major equipment that has reached the end of its expected useful life to maintain operational reliability.
Biological Treatment Upgrade (Process Study & Pre-Design)	\$ -	\$ 150,000	FY '32	FY '32	As identified in the 2024 Wastewater Master Plan Update, perform detailed process study and pre-design of biological treatment system to confirm and select aeration system upgrade needs.

Project Name	Cumulative Appropriation thru FY '26	Budget	Fiscal Year		Project Description
			Begin	Complete	
<b><u>Proposed Projects - Continued</u></b>					
Santaluz Pump Station Improvements	\$ -	\$ 1,093,000	FY '32	FY '33	As identified in the 2024 Wastewater Master Plan Update, project will replace major equipment that has reached the end of its expected useful life to maintain operational reliability.
Site Paving Improvements	\$ -	\$ 295,000	FY '33	FY '34	Perform 4S WRF site paving improvements. Budget reflects wastewater's share.
Upgrade Plant B Oxidation Ditch Aeration System	\$ -	\$ 2,072,000	FY '34	FY '34	As identified in the 2024 Wastewater Master Plan Update, retrofit or replace oxidation ditch aeration system based on biological process study project.
Connect Plant B clarifier splitter box to Plant A Clarifiers	\$ -	\$ 1,249,000	FY '34	FY '34	As identified in the 2024 Wastewater Master Plan Update, construct a new connection to the Plant B clarifier splitter box and a new pipe that conveys Plant B mixed liquor to the Plant A clarifiers, allowing the Plant A clarifiers to be used in case of a failure to one of the Plant B clarifiers, or maintenance / upgrades of the Plant B clarifiers.
Cerro Del Sol #1 and Cerro Del Sol #2 Pump Station Improvements	\$ -	\$ 282,000	FY '34	FY '34	As identified in the 2024 Wastewater Master Plan Update, project will replace major equipment that has reached the end of its expected useful life to maintain operational reliability.
Avenida Apice and Avenida Orilla Pump Station Improvements	\$ -	\$ 223,000	FY '34	FY '34	As identified in the 2024 Wastewater Master Plan Update, project will replace major equipment that has reached the end of its expected useful life to maintain operational reliability.

**Note:** The cumulative appropriation is the amount approved by the Board as of the second year in the biennial budget, which is the cumulative appropriation as of July 1, 2025.  
The annual appropriations will be recorded on July 1, 2024 and July 1, 2025.

## GLOSSARY

### **4S WRF**

4S Ranch Water Reclamation Facility.

### **AB 32**

Assembly Bill 32 – a bill requiring California to develop regulations that will reduce greenhouse gas emissions to 1990 levels by 2020.

### **AB 1668**

Assembly Bill 1668 – a bill requiring the State Water Resources Control Board and the California Department of Water Resources to adopt water efficiency regulations, outlines reporting requirements for water suppliers, and specifies penalties for violations.

### **ACWA**

Association of California Water Agencies. The largest statewide coalition of public water agencies in the country.

### **Accrual Basis of Accounting**

The basis of accounting under which revenue is recognized when earned and expense is recorded as incurred, resulting in a matching of income and expense, regardless of the timing of cash receipts and disbursements.

### **Acre Foot (AF)**

A unit of measure equivalent to 325,900 gallons of water, which meets the needs of two average families in and around the home for one year. Also the equivalent of an acre of land covered in one foot of water.

### **Activities**

The major programs and projects performed by an organizational unit.

### **Ad Valorem**

A tax assessed “according to value” of a property.

### **Additional Discretionary Payment (ADP)**

An optional payment made to CalPERS to help pay down the pension liability. This payment is in addition to the Normal Cost and UAL Payments that are described in this policy. ADPs serve to reduce the UAL and future required contributions and can result in significant long-term savings.

### **Agricultural Credit**

Agricultural users of water receive a discounted rate on their water purchases. To qualify for this credit, the participant must grow or raise certain products for human consumption or for the market. The discount provided under this program is based upon the ability to reduce or interrupt water delivered to participating customers during a water shortage or other emergency.

## GLOSSARY

### **Allocated Employee Benefits**

Calculated as a percentage of labor-related expenses, this account represents a department's proportional share of employee benefits. This amount will be calculated at the end of each month by the accounting system. Refer to the Employee Benefits section of the budget for a detailed listing of expenses included in the benefit calculation.

### **AMI**

Advanced Metering Infrastructure. Smart metering technologies to increase meter reading efficiency, reduce overhead costs and enhance customer service flexibility.

### **Amended Budget**

The original adopted budget plus any amendments passed as of a certain date.

### **Amortization**

Major outlays for intangible items are recorded as an asset, with the cost written off over the estimated useful life of the asset. This portion of the cost written off is amortization, and it is computed using the straight-line method (an equal amount written off each year.) Some examples of intangible assets are: large-scale studies which benefit multiple years; bond formation costs.

### **Amortization Bases (Pension)**

Separate payment schedules for different portions of the Unfunded Accrued Liability. The separate bases consist of changes in the various factors/assumptions described in the "CalPERS Annual Adjustments to UAL/Amortization Bases" section of this policy. Year-to-year changes to the pension liability are added as new amortization bases by CalPERS.

### **Annual Revenue Requirement**

The amount of money that must be generated through water revenues (fixed and commodity) to pay for the District's costs of service.

### **Appropriation**

Action taken by the legislative body of a government that permits officials to incur obligations against and to make expenditures of government resources. Appropriations usually are made for fixed amounts and granted for a one-year period.

### **Appropriation, Cumulative**

The cumulative appropriation is the amount approved by the Board as of the second year in the biennial budget, which is the cumulative appropriation balance as of July 1, 2025. The annual appropriations will be recorded on July 1, 2024 and July 1, 2025.



## GLOSSARY

### **Arbitrage Rebate**

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

### **Assessed Valuation**

An official government value placed upon real estate or other property as a basis for levying taxes.

### **Assessment District Bond**

Limited Obligation Improvement Bonds (LOIB's) issued pursuant to the provisions of the Municipal Improvement Act of 1913 and the Improvement Bond Act of 1915.

The obligations of the District under the bonds are not general obligations of the District, but are limited obligations, payable solely from the assessments and other assets pledged under the bond indenture.

### **Assets**

Resources owned or held which have monetary and economic value.

### **Audit**

An independent analysis by an external auditor is conducted annually to review the District's internal controls, account activity, and compliance with policies and procedures to provide reasonable assurance that the financial statements of the District are free of material misstatements, and in compliance with Generally Accepted Accounting Principles.

### **Balanced Budget**

Anticipated operating expenditures do not exceed the sum of anticipated revenues.

### **Benefit Assessment Revenues**

Assessments levied within the Assessment District, for the purpose of repaying principal and interest on the bonds, as well as to reimburse for administrative costs directly associated with the bonds.

### **BMP**

Best Management Practices. Proven and reliable water conservation technologies and programs that address residential, commercial, industrial, and landscape water uses.

### **Bond**

A written promise to pay a specified sum of money (called the principal) at a specified date in the future, together with periodic interest at a specified rate. In the budget document, these payments are identified as debt service.

## GLOSSARY

### **Bond Covenant**

A contractual provision in a bond indenture.

### **Budget**

A balanced financial plan for a given period of time, which includes appropriations and revenues which finance the various funds. The budget is not only a financial plan; it also serves as a policy guide, as an operations guide, and as a communications medium.

### **Canal Lining Projects**

All-American and Coachella canal lining projects. These projects are a key component of the San Diego County Water Authority's supply diversification and improved water supply reliability goals.

### **Capacity Fee**

Charges paid by new customers prior to connecting to the District's system. Such charges are periodically adjusted based upon changes in construction costs and other factors.

### **Capital Items**

These are major equipment purchases which are used for District operations.

### **Capital Equipment**

Fixed assets such as vehicles, computers, furniture and technical instruments which have a life expectancy of more than three years and a value over \$5,000.

### **Capital Improvement Program**

A multi-year plan – identifying capital projects to be funded during the planning period.

### **Capital Budget**

A government's annual appropriation for capital spending that is legally adopted by the legislative body.

### **Capital Outlay**

Expenditures which result in the acquisition of, or addition to, fixed assets, including land, buildings, improvements, machinery and equipment. Most equipment or machinery is included in the Annual Operating Budget. Capital improvements such as acquisition of land, construction and engineering expenses are included in the Capital Budget.

### **Capital Projects**

Projects that result in the purchase or construction of capital assets.

### **Capitalized Non-labor Expenses**

A transfer of indirect administrative and employee benefit costs, (using a percentage of direct labor,) which are included in the Operating Budget and are for the benefit of projects in the Capital Improvement Program, to the Capital Budget.

## GLOSSARY

### **Capitalized Interest**

Interest costs, less interest earned on long-term debt, are capitalized during the construction period of major capital asset additions.

### **Capitalized Labor**

A transfer of direct labor costs, which are included in the Operating Budget and are for the benefit of projects in the Capital Improvement Program, to the Capital Budget.

### **Cash Basis**

A projection of cash receipts and disbursements anticipated during a fiscal year.

### **Cash Management**

A conscious effort to manage cash flows in such a way that interest and penalties paid are minimized and interest earned is maximized. Funds received are deposited on the day of receipt and invested as soon as the funds are available. The District maximizes the return on all funds available for investment without the sacrifice of safety or necessary liquidity.

### **Cathodic Protection (CP)**

A technique used to control the corrosion of metal surfaces in our water transmission pipelines.

### **CB&T**

California Bank and Trust, a financial institution.

### **Certificates of Participation Bond (COP)**

These Water Revenue Certificates of Participation are a special obligation of the District payable solely from net system revenues. The District is not required to levy or pledge any form of taxation in order to repay this debt if system revenues fail to cover the interest and principal payments.

### **CEQA**

California Environmental Quality Act, a statute that requires state and local agencies to identify the significant environmental impacts of their actions and to avoid or mitigate those impacts, if feasible.

### **Classic Plan (2.5% at 55)**

Benefit formula for employees hired prior to January 1, 2013. Employees on the Classic Plan are eligible for retirement benefits starting at age 50 and can receive full retirement benefits at age 55. Final retirement benefits are calculated based on the employee's final compensation, years of service, and benefit factor.

### **CMP**

Comprehensive Master Plan, a key component in the District's long-term planning process. The CMP is developed to help predict and plan for future facility needs and system planning issues, given the District's anticipated priorities.

## GLOSSARY

### **Collection and Regulatory Fees**

Expenses incurred as a result of the need to obtain licenses or permits. This can include such things as health permits, vehicle registration, dumping fees or county recorder fees. Also included are expenses incurred as a result of assigning delinquent accounts receivable to an outside collection agency.

### **Conservation Mandate**

State of California Executive Order B-29-15 that mandates the State Water Resources Control Board to impose temporary restrictions to achieve a statewide 25% reduction in potable urban water usage through February 28, 2016.

### **Construction Projects**

The cost to construct major additions and extensions to the District's system, including staff labor and benefits, design and engineering costs and construction costs among other cost elements.

### **Consultants**

Expenses incurred as a result of retaining the services of individuals or businesses to perform various professional services. Examples would include computer programming, salary surveys, water rate consultants, and grant acquiring expertise.

### **Consumer Price Index (CPI)**

Measures the prices of consumer goods and services published by the Department of Labor on a monthly basis.

### **CSMFO**

California Society of Municipal Finance Officers.

### **Customer Outreach Programs**

Expenses incurred for the purpose of meeting Best Management Practices, sponsoring conservation, education, and water awareness programs.

### **DCMWTP**

David C. McCollom Water Treatment Plant.

### **Debt Service Coverage Ratio**

The ratio of operating income available to debt servicing for interest, principal and lease payments. It is a popular benchmark used in the measurement of an entity's ability to produce enough cash to cover its debt payments.

### **Debt Service - Expense**

The current year portion of interest costs and current year principal payments incurred on long-term debt issued by the District.

## GLOSSARY

### **Debt Service - Labor Expenses**

Labor costs, including fringe and overhead, directly related to bond administration.

### **Debt Service - Non-labor Expenses**

Costs other than labor directly related to bond administration.

### **Department**

A basic organizational unit of a jurisdiction which is functionally unique in its service delivery.

### **Depreciation**

Major improvements and equipment are recorded as assets, with the cost written off over the estimated useful life of the asset. This portion of the cost written off is depreciation, and it is computed using the straight-line method (an equal amount written off each year.)

### **Director's Fees**

Per diem fees paid to directors for attendance at District Board meetings or other meetings for which the directors serve as District representatives.

### **Disbursements**

Payments made on obligations.

### **Discount Rate (Pension)**

The long-term interest rate used by CalPERS in determining funding for future pension benefits. Also known as the assumed rate of return because it is what CalPERS expects its investments to earn during the fiscal year. CalPERS Board of Administration meets annually to vote on discount rate changes. Lowering the rate generally results in increased employer contributions.

### **Distribution System Water Loss**

A measure of the percentage of produced water that fails to reach customers and cannot otherwise be accounted for through authorized usage. It includes real loss and apparent loss. Real loss is physical water losses from the pressurized system (water mains and customer service connections) and the utility's storage tanks, up to the point of customer consumption. Apparent loss is unauthorized consumption, customer meter inaccuracies, and systematic data handling errors.

### **DPH**

Department of Public Health.

### **EAM**

Enterprise Asset Management. Management of the physical assets of an organization to maximize value.

## GLOSSARY

### **EDU**

Equivalent Dwelling Unit - the standard measurement of water discharged into the sewer collection and treatment system equal to the average discharge from a detached single-family unit.

### **Effluent**

Sewage discharged from the 4S Ranch Water Reclamation Facility.

### **EFRR**

Elfin Forest Recreational Reserve.

### **EIR**

Environmental Impact Report, a study of factors and results which land development or construction projects would have on the environment in the area.

### **Employee Programs**

Expenses incurred for the purpose of District sponsorship of activities or programs that acknowledge the contributions of District employees. Examples may include plaques that recognize an employee's longevity with the District, reward an employee's suggestion for improving a District procedure, or support of employee health and wellness.

### **Employee Recreation Club**

Expenses incurred for the purpose of the District's annual funding of a recreation club that is administered by the employees for group recreational activities.

### **Employee Training and Education**

Expenses incurred for the purpose of sending employees to training classes or seminars. Also included are expenses incurred to reimburse employees for participation in classes in the pursuit of a college degree. Seminar fees for staff are not included in this account, and should be expensed to "seminars and meetings." Travel expenses incurred by employees while attending seminars and classes are also to be included in "seminars and meetings."

### **Engineering**

Expenses incurred as a result of services provided by the District's engineers or any other engineering firms retained by the District.

### **Enterprise Fund**

Fund that provides goods or services to the public for a fee that makes the entity self-supporting.

### **Equipment Purchases**

The purchase of office equipment, furniture, automobiles trucks, shop equipment, office furniture, and other items.

## GLOSSARY

### **Equipment Rental**

Expenses incurred as a result of the one-time or monthly rental of equipment. This may include the rental of heavy machinery, computers, or any other type of equipment of which the District is not the owner.

### **Expansion Fund**

See Capacity Fee Fund.

### **Expenditure**

An amount of money disbursed or obligated. Expenditures include current operating disbursements requiring the present or future use of net current assets, debt service and capital improvements.

### **FICA - Employer's Share**

Expenses incurred by the District for the matching of social security and Medicare taxes withheld from employees' payroll as required by the federal government.

### **Fiduciary**

A person legally appointed and authorized to hold assets in trust for another person.

### **Firm Demands**

Refers to actual water volume delivered by SDCWA, during any given year, to one of its member agencies.

### **Fiscal Year**

The time frame in which the budget applies. This is the period of July 1 through June 30.

### **Fixed Assets**

Long term tangible assets that have a normal use expectancy of more than three years and do not lose their individual identity through use. Fixed assets include buildings, equipment and improvements other than buildings and land.

### **Fixed Charge County Assessment**

A collection fee assessed by the County of San Diego Auditor and Controller to recover costs of placing fixed-charge assessments on the county property tax roll.

### **Fresh Start**

A Fresh Start is the re-amortization of one or more of the Unfunded Accrued Liability amortization bases over a shorter period. The goal of a Fresh Start is to reduce the UAL more quickly and provide significant long-term savings.

## GLOSSARY

### **Fund Balance**

The District segregates and reports revenue and expenses by various sources and/or activities. Each source or activity is identified as a fund, with the fund balance being the difference between the assets and liabilities for that fund.

### **Funded Status (Funding Ratio)**

Assessment of the need for future employer contributions. This is measured by dividing the District's Market Value of Assets by its Accrued Liability.

### **FTE**

Full Time Equivalent.

### **Gann Limit:**

Government Code Section 7910 requires that each year the governing body of the District, by resolution, establish its appropriation limit for the following fiscal year. Any revenue from "proceeds of taxes" is appropriated by the Board of Directors of the District for fixed assets (including land and construction) with a useful life of ten years or more and a value which equals or exceeds \$100,000. Per resolution by the Board of Directors of the Olivenhain Municipal Water District, the appropriation limit for Fiscal Year 2025 is \$3,055,652. Fiscal Year 2026 will go to the Board for approval in June of 2025.

### **GFOA**

Government Finance Officers Association of United States and Canada.

### **Gain/Loss – Disposition of Assets**

Income received or expenses incurred as a result of the voluntary (in the case of items sold by the District) or involuntary (in the case of theft or vandalism) disposition of District assets.

### **Generally Accepted Accounting Principles (GAAP)**

Uniform minimum standards of, and guidelines for, external financial accounting and reporting. They govern the form and content of the basic financial statements of an entity. GAAP encompasses the conventions, rules and procedures necessary to define accepted accounting practices at a particular time. They include not only broad guidelines of general application, but also detailed practices and procedures. The primary authoritative statement on the application of GAAP to state and local governments is Government Accounting Standards Board (GASB) pronouncements and Financial Accounting Standards Board (FASB) pronouncements. GAAP provides a standard by which to measure financial presentations.

### **GIS**

Geographic Information System - an organized collection of computer hardware, software and geographic data designed to efficiently capture, store, update, manipulate, analyze, and display all forms of geographically referenced information.



## GLOSSARY

### **Grow Your Own (GYO) Program**

Program to allow the District to better retain qualified and productive employees for the District's future succession plan. The program does not limit employee's opportunity for growth while maintaining the same headcount.

### **HCF**

Hundred Cubic Feet – equal to 748 gallons.

### **IAWP**

Interim Agricultural Water Program.

### **Impact Charge Revenues**

This charge resulted from an ordinance passed by the District's Board of Directors, and is intended to mitigate impacts to the District's water storage system caused by new development needing greater storage capacity than was originally assessed as part of Assessment District 96-1.

### **Implementing Policies**

Specific guiding principles that directly guide and support achievement of strategic goals and objectives.

### **Improvement District Bond**

Voters of select improvement districts authorize the issuance of these general obligation bonds in which principal and interest are repaid from operating revenues and ad valorem taxes levied upon taxable property located within the improvement district.

### **Infrastructure**

Water, Recycled and Sewer backbone facilities, including collection, treatment and distribution systems, as well as office buildings.

### **Insurance – Dental**

Expenses incurred for the purpose of providing dental insurance for District Board members, employees, and their dependents.

### **Insurance – Group Health**

Expenses incurred for the purpose of providing health insurance for District Board members, employees, and their dependents.

### **Insurance – Long Term Disability**

Expenses incurred for the purpose of providing long-term disability insurance for District employees.

## GLOSSARY

### **Insurance – Unemployment**

Expenses incurred for the purpose of providing unemployment insurance for former District employees.

### **Insurance – Vision**

Expenses incurred for the purpose of providing vision care insurance for District Board members, employees, and their dependents.

### **Insurance –Workers’ Compensation**

Expenses incurred for the purpose of providing workers’ compensation insurance for District Board members and District employees.

### **IRWM**

Integrated Regional Water Management - a local water resources management approach preferred by the Governor, California Department of Water Resources, and State Water Resources Control Board aimed at securing long-term water supply reliability within California by first recognizing the inter-connectivity of water supplies and the environment, and then pursuing projects yielding multiple benefits for water supplies, water quality, and natural resources.

### **LAFCO**

Local Agency Formation Commission.

### **Leave – Employee Sick**

Expenses incurred for the purpose of accruing time-off allowed for illnesses of employees as specified in the District’s Administrative & Ethics Code.

### **Leave – Holiday**

Expenses incurred for the purpose of accruing time-off for District holidays as specified in the District’s Administrative & Ethics Code.

### **Leave – Vacation**

Expenses incurred for the purpose of accruing time-off for vacation as specified in the District’s Administrative & Ethics Code.

### **Legal**

Expenses incurred for the purpose of obtaining legal services from the District’s legal counsel, Nossaman, LLP, or any other legal services retained by the District.

### **M&I**

Municipal and Industrial.

## GLOSSARY

### **Maintenance and Repairs**

General expenses incurred as a result of the need to maintain equipment in normal operating condition or to repair equipment to return it to its normal operating condition. This account should not be used for repairs that extend the life of the equipment. In situations where a major repair extends the life of a piece of equipment, a tank, or a pipeline, one of the District's annual fixed asset work orders should be utilized.

### **Maintenance and Repairs – Roads**

Expenses incurred to repair damages to roads caused by repairs to mains or service laterals. These costs include the charges from outside contractors to make the repairs, traffic control costs and materials.

### **Membership Dues and Subscriptions**

Expenses incurred as a result of the establishment or renewal of District membership in professional or trade associations or the establishment or renewal of subscriptions for professional or trade publications. Both memberships and subscriptions should be in support of District activities.

### **Metropolitan Water District of Southern California (MWD)**

MWD is one of the world's largest water agencies. It imports almost 60 percent of the water used by more than 19 million people in urban Southern California, including San Diego County. This water is wholesaled to Metropolitan's 27 member agencies, including SDCWA which conveys this water to the District. Metropolitan is governed by a 51-member Board of Directors representing its member agencies. MWD receives its water from two main sources: the Colorado River via the Colorado River Aqueduct and Northern California via the California Aqueduct.

### **Mission**

The District's fundamental core responsibility.

### **MOU**

Memorandum of Understanding.

### **Natural Decrease**

Population decrease due to less births and more mortality.

### **Natural Increase**

Population increase due to more births and less mortality.

### **Net Migration**

Total of domestic and international migration.

## GLOSSARY

### **NW**

Northwest Quadrant, a recycled water service area located in the northwest quadrant of the District.

### **Objective**

The yearly organizational levels of achievement expected. A statement of purpose defined more specifically than a goal.

### **Office Supplies and Expense**

Expenses incurred as a result of the purchase of supplies necessary to perform day to day office work as well as other expenses that may be difficult to classify as office supplies. Examples of office supplies are paper, pencils, file folders, etc. and are characterized by their consumable nature. Examples of office expenses are items such as software (unless budgeted as a capital item), staplers, etc.

### **OMWD**

Olivenhain Municipal Water District.

### **Operating Budget**

The normal, ongoing operating costs incurred to operate the District including salaries, employer expenses, professional and outside services, and other operating expenses.

### **Organizational Philosophy**

Formal, general guiding principles for the conduct of District business and the formulation of goals and objectives.

### **Other Administrative and General Expenses**

Expenses incurred for general or administrative purposes that are not included in office supplies and expense. Examples of such expenses may be classified advertisements, plaques, expenses in recognition of ill employees, or application fees.

### **Other Fringe Benefits**

Expenses incurred for fringe benefits not included in other specific fringe benefit accounts.

### **Outside Services**

Services incurred as a result of retaining individuals or businesses to perform non-engineering services. Examples might include bee removal, laboratory testing of water samples, mailing services, couriers, and telephone message producers.

### **Performance**

The measurable unit of types or work related to District activities and, where meaningful, the costs of operation that are used to develop the costs for each unit of activity.

## GLOSSARY

### **Performance Measurement**

A process for determining how a program is accomplishing its mission through the delivery of products, services, or processes.

### **PERS Contributions**

Expenses incurred for the District's contributions to the California Public Employees' Retirement System as specified in the District's Administrative & Ethics Code.

### **Post-Financing Payoffs**

Voluntary payments made by property owners within Assessment District 96-1 to completely pay off the bonded indebtedness on their property. The proceeds from these pay-offs are used to call bonds and reduce the outstanding bond debt.

### **Postage and Shipping**

Expenses incurred for the purpose of mailing or delivering letters, packages, documents, or customer bills.

### **Printing**

Expenses incurred for the purpose of reproducing documents or forms for distribution and use both within and outside of the District.

### **Property Insurance**

Expenses incurred for the purpose of obtaining insurance coverage for District facilities and liability protection.

### **Public Employment Pension Reform Act (PEPRA) Plan (2.0% @ 62)**

Benefit formula for employees hired after January 1, 2013. Employees on the PEPRA plan are eligible for retirement benefits starting at age 52 and can receive full benefits at age 62. Final retirement benefits are calculated based on the employee's final compensation, years of service, and benefit factor.

### **Rate Reimbursement Credit**

An 11 cent credit applied to District customers' monthly water bill for each unit of potable water purchased. The District's Board established the credit to begin passing through \$3.6 million in rebates received from the San Diego County Water Authority from whom the District purchase its untreated water. The credit became effective March 1, 2022 and will remain in effect until the full rebate amount has been refunded to customers.

### **Raw Water**

Water delivered to member agencies which has received only chlorination.

### **Readiness to Serve Charge**

This charge is assessed by MWD on an annual basis, and is a cost of being connected to SDCWA's distribution system.

## GLOSSARY

### **Rentals**

This includes costs to rent equipment, copy machines, temporary easements and other items.

### **Reserves**

Funds segregated by the District to be used for future contingencies. Reserve amounts are authorized by the Board of Directors.

### **Restricted**

Funds shown as restricted have been restricted by debt agreements, by law or regulations, or by contractual obligations to be used for specific purposes, such as service of debt and construction of capital assets.

### **Revenue**

Income generated by taxes, notes, bonds, investment income, land rental, and user charges.

### **Salaries and Wages – Jury Duty**

Wages attributable to employee time spent performing jury duty service.

### **Salaries and Wages – Overtime**

Wages incurred as a result of employees working in excess of nine hours per modified work day or forty hours per modified work week.

### **Salaries and Wages – Regular**

All wages not attributable to overtime, time spent for general training, time spent on safety activities, or time spent on jury duty services.

### **Salaries and Wages – Safety**

Wages attributable to employee time spent attending safety training or safety related activities.

### **Salaries and Wages – Training**

Wages attributable to employee time spent attending classes or seminars for the purpose of increasing knowledge and skills.

### **San Diego CPI-U**

A measure of the average change in prices over time in a fixed market basket of goods and services within San Diego County for a population comprised of all urban consumers. The CPI-U includes, in addition to wage earners and clerical workers, groups such as professional, managerial, and technical workers, the self-employed, short-term workers, the unemployed, retirees, and others not in the labor force.

### **SANDAG**

San Diego Association of Governments.

## GLOSSARY

### **SB 606**

California Senate Bill 606 requires the State Water Board and DWR to adopt water efficiency regulations, outlines requirements for urban water suppliers, and specifies penalties for violations. The bill contains distinct provisions on water shortage planning and water loss reporting for urban wholesale water suppliers, and establishes a bonus incentive for potable reuse water.

### **SB X7-7**

California Senate Bill 7, Seventh Extended Session (2009): Water Conservation Bill of 2009—Bill requiring urban water retailers to achieve 20% per capita water use reduction by 2020.

### **SDCWA**

San Diego County Water Authority, the District's water wholesaler. SDCWA purchases a substantial portion of its water supply from Metropolitan Water District of Southern California (MWD).

### **SDCWA Infrastructure Access Charges (IAC)**

This charge is imposed by the San Diego County Water Authority and is assessed based on meter size. The charge is designed to collect a portion of SDCWA's fixed costs. It is collected by the District and remitted to the SDCWA.

### **SDMBA**

San Diego Mountain Bike Association – the association holds a volunteer trail maintenance event at EFRR every year.

### **SDRMA**

Special District Risk Management Authority.

### **SE**

Southeast Quadrant, a recycled water service area located in the southeast quadrant of the District.

### **SRF**

State Revolving Fund.

### **Seminars and Meetings**

Expenses incurred for the purpose of staff attendance at seminars and meetings. Examples may include seminar fees, meals or lodging. Also included in this account would be travel expenses incurred by non-staff employees for the purpose of attending training. In this case, the fees for the training class would be charged to the fringe benefit account, "employee training."

## GLOSSARY

### **State Revolving Fund**

A state program offering low interest financing agreements. The specific SRF related to the District is used to finance infrastructure improvements to ensure safe drinking water systems.

### **Strategies**

The general approach taken to achieve strategic goals and objectives, inclusive of programs and activities within the programs.

### **Supplies**

Expenses incurred for the purchase of items used to perform operating activities such as water treatment, meter installation, corrosion protection, telemetry, customer service, etc. Also included in this account are charges for auto fuel, small tools and safety supplies. Small tools are defined as tools that cost less than \$300. Small tools should not be charged to the annual work order for shop field and equipment.

### **Supply Reliability Charge**

A new fee imposed by the San Diego County Water Authority to its member agencies intended to recover the cost of making system improvements to accept the desalinated seawater for distribution throughout the region from the Carlsbad desalination plant.

### **Support Allocation**

Distribution of costs incurred by central service units (General Manager, Human Resource, Finance, Information Technology, Facilities Maintenance) for the benefit of operational departments (Engineering, EFRR, Wastewater, Project Team, Potable Water Operations, Recycled Water Operations, Customer Services).

### **SSMP**

Sewer System Management Plan

### **SWRCB**

State Water Resources Control Board - a five-member board in California that protects water quality by setting statewide policy, supporting Regional Water Quality Control Board efforts, and reviewing petitions that contest Regional Board actions.

### **TECC**

The Escondido Creek Conservancy - a non-profit environmental steward of the Escondido Creek with which the District partnered to complete the Elfin Forest Interpretive Center Honoring Susan J. Varty.

### **Telephone and Communications Expense**

Expenses incurred for the monthly service and charges for calls made from District landline and cellular telephones and for the monthly rental of pagers.



## GLOSSARY

### **Temporary Labor**

Expenses incurred for the purpose of obtaining temporary assistance for the completion of special tasks or projects.

### **Tertiary**

A final treated water discharge from the 4S WRF.

### **Tiger Team**

Program incorporating cost-saving efforts by District staff and pursuit of revenue enhancement programs such as energy saving programs to help offset cost increases.

### **Title XVI**

US Bureau of Reclamation's Water Reclamation and Reuse Program - Infrastructure funding program authorized by Title XVI of Public Law 102-575, which directs the Secretary of the Interior to undertake a program to investigate and identify opportunities for water reclamation and reuse of municipal, industrial, domestic and agricultural wastewater, and naturally impaired ground and surface waters, and for design and construction of demonstration and permanent facilities to reclaim and reuse wastewater.

### **Total Budget**

The sum of the total Operating Budget, Debt Service, Water Purchases, and Capital Budget.

### **Total Capital Budget**

The total budget requests for equipment purchases and construction projects.

### **Treated or Potable Water**

Water delivered to customers which has been treated by coagulation, sedimentation, filtration, and chlorination

### **Uncollectible Accounts**

Expenses incurred as a result of the write-off of customer accounts receivable determined to be uncollectible.

### **Unfunded Accrued Liability (UAL)**

Difference between the pension plan liabilities (i.e., money the pension plan owes to current and future retirees) and the pension plan assets (i.e., money coming into the plan via contributions). In other words, it is how much money the pension plan would be short if all benefits for members past and present had to be paid today.

### **Unfunded Accrued Liability (UAL) Payments**

The minimum amount due to CalPERS to fund the District's Unfunded Accrued Liability (UAL). This is an annual lump-sum payment made by the District and in addition to the normal contributions (Normal Cost) that are based made by the District and based on a percentage of payroll.

## GLOSSARY

### **Uniforms**

Expenses incurred for the purchase of District tee-shirts, sweatshirts, and hats, and for the payment to employees for their applicable clothing allowances as specified in the District's Administrative & Ethics Code.

### **Utilities**

Expenses incurred to provide electrical and gas utilities and waste disposal for District facilities.

### **UWMP**

Urban Water Management Plan – a report that must be prepared and submitted to the Department of Water Resources every five years by urban water suppliers by which to adequately demonstrate water supply reliability in future years.

### **Variable Rate Debt**

Debt issued with interest reset on a weekly basis. The rates applicable to variable rate certificates or bonds are to be determined by the remarketing agency.

### **Water System Refunding Revenue Bonds**

These bonds are payable solely from new system revenues. The District is not required to levy or pledge any form of taxation in order to repay this debt if system revenues fail to cover the interest and principal payments.

### **Water Purchases**

The cost of purchasing water from the Metropolitan Water District of Southern California and the San Diego County Water Authority.

### **Wholesalers**

The District's treated and raw water suppliers, Metropolitan Water District of Southern California and the San Diego County Water Authority.

## WATER UNIT EQUIVALENCIES

c.f.s. = cubic feet of water per second

A.F. = acre feet of water

g.p.m. = gallons of water per minute

g.p.h. = gallons of water per hour

g.p.d. = gallons of water per day

m.g.d = million gallons per day

Unit		is equal to		is equal to
1 cubic foot	=	7.48 gallons of water	=	62.4 pounds of water
1 h.c.f.	=	1 unit of water	=	748.5 gallons of water
1 A.F.	=	43,560 cubic feet of water	=	325,851 gallons of water
1 c.f.s.	=	448.8 g.p.m.	=	646,272 g.p.d
1 c.f.s. for 24 hours	=	1.98 A.F.		
1 c.f.s. for 30 days	=	59.5 A.F.		
1 c.f.s. for 1 year	=	724 A.F.		
1 g.p.m.	=	60 g.p.h.	=	1,440 g.p.d.
1,000 g.p.m.	=	4.42 A.F. per day	=	2.23 c.f.s.
1 million gallons of water	=	3.07 A.F.		
1 m.g.d	=	1,122 A.F. per year	=	694 g.p.m.





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*"Water Reflection"*

*Submitted by Sabine Kurz-Sherman*

*2023 Elfin Forest Recreational Reserve Photo Contest*

*Water Winner*

OLIVENHAIN MUNICIPAL WATER DISTRICT, ENCINITAS, CALIFORNIA